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PROCEEDINGS AND DEBATES OF THE 93^{d} CONGRESS, SECOND SESSION

SENATE—*Tuesday, February 26, 1974*

The Senate met at 11 a.m. and was called to order by Hon. Floyd K. Haskell, a Senator from the State of Colorado.

PRAYER

The Chaplain, the Reverend Edward L. R. Elson, D.D., offered the following prayer:

Eternal Father, the same yesterday, today and forever, we pause to thank Thee for life and health and duty and to hear again Thy still small voice. Above and beyond all human utterance may we behold the Living Word, Son of Man and Son of God. Hearing Him may we be quick to obey Him and ready to serve Him. Turn us back to the truth that he who would be greatest among us shall be the servant of all and whosoever loseth his life for the truth shall find it again.

We pray through Him whose name is above every name. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. Eastland).

The assistant legislative clerk read the following letter:

U.S. Senate,
President pro tempore,
Washington, D.C., February 26, 1974.

To the Senate:

Being temporarily absent from the Senate on official business, I appoint Hon. Floyd K. Haskell, a Senator from the State of Colorado, to perform the duties of the Chair during my absence.

James O. Eastland,
President pro tempore.

Mr. HASKELL thereupon took the chair as Acting President pro tempore.

THE JOURNAL

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the reading of the Journal of the proceedings of Monday, February 25, 1974, be dispensed with.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

COMMITTEE MEETINGS DURING SENATE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that all committees may be authorized to meet during the session of the Senate today.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

THE ENERGY BILL

Mr. HUGH SCOTT. Mr. President, everything is reasonably quiet in the Senate and I would not want to contribute to any confusion or delay in our processes. I hope that the other body will act promptly on the energy bill so that we may be able to get a bill back here which can avoid a Presidential veto.

I realize the conflicting points of view in the other body and in this body, and among Members in both bodies; but, in the meantime, we are waiting for action on the energy bill. The Senate has passed a bill. The President does not feel that it meets the energy needs of the country or that it complies with his concept of his responsibility.

The House has granted a rule which permits votes on separate parts of the bill. I hope that they can repair those parts of the bill which would make it acceptable to the President. In any event, I hope that action will occur promptly so that the Senate may, if it is required to do so, conclude its part of the legislative process. If it comes back to us or if it is vetoed and the veto is sustained, I hope that we will avoid additional hearings and will immediately repass some legislation on which the President and the Congress can agree.

It is not a healthy thing for us to be in this impasse between the two bodies of Congress, or among the two bodies of Congress and the President. I am not assessing any blame. That is how our normal legislative processes work. But the urgency is real. The necessity exists. The length of the gas lines is evidence of a very serious part of the problem. I hope that we in Congress can dispose of our part of the responsibility as quickly as possible.

ORDER OF BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order, the distinguished Senator from Rhode Island (Mr. Pell) is recognized for not to exceed 15 minutes.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum and that the time be taken out of the Senator's time.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. PELL. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

(The remarks Senator Pell made at this point on the submission of an amendment to be proposed by him relating to the establishment of a U.S. base on Diego Garcia in the Indian Ocean, are printed later in the Record under Department of Defense Supplemental Appropriations Authorization Act, 1974—Amendment.)

TRANSACTION OF ROUTINE MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order, there will now be a period for the transaction of routine morning business, for not to exceed 30 minutes, with statements therein limited to 5 minutes.

ROLLBACK ON THE PRICE OF LUMBER PRODUCED IN THE STATE OF WASHINGTON

Mr. BARTLETT. Mr. President, on February 20, the Oklahoma House of Representatives passed a resolution calling for a rollback on the price of lumber produced in the State of Washington.

Though the resolution was passed, tongue in cheek, in response to Senator Jackson's proposed crude oil price rollback, it does make an appropriate analogy. As I pointed out on the Senate floor on February 19, rollbacks on oil and lumber would be equally disastrous. Both industries have suffered shortages and both have escalating prices at virtually the same rate.

However, Mr. President, Oklahoma also has lumber production and I know what effect a price rollback would have on that production—it could be devastating.

We are not going to cure or do away with problems of supply in either lumber or oil by cutting the price. The law of supply and demand does not work that way.

While none of us like higher prices, that is the only way we are going to attract the capital necessary to stimulate production—of either lumber or oil. Lumber has already proved the validity of supply and demand. In May of last year the price of plywood reached an all-time high. In response to that price, supplies increased and since, the price of plywood has substantially decreased.

So, Mr. President, I do not propose that we roll back the prices of Washington lumber, but I do propose that the people from States, such as Washington, begin to look more realistically at the required incentive of the oil industry to increase supplies of domestic oil and gas.

While we have heard about $10 crude oil, the average price of domestic crude oil is $5.95 per barrel. The proposed rollback was to $5.25 per barrel. This 70 cent per barrel decrease would result in a net savings to the consumer of only 14 cents on a 10-gallon purchase of gasoline.

I am confident that private enterprise can get us out of our current energy crisis. But we will not get out of it so long as Government continues to work against industry rather than with it. Government got us into our present mess—we should give the oil industry the chance to get us out.

Mr. President, I ask unanimous consent that the resolution passed by the Oklahoma House of Representatives be included, in full, in the Record following my remarks.

There being no objection, the resolution was ordered to be printed in the Record, as follows:

A Resolution Memorializing Congress To Effect a Price Rollback on Lumber Produced in the State of Washington; and Directing Distributon

Whereas, on Tuesday, February 19, 1974, the United States Senate passed and sent to the House of Representatives emergency energy legislation providing for an oil price rollback; and

Whereas, the Chairman of the Senate Interior Committee, a Senator instrumental in the passage of this bill, declared that the rollback could result in a five cent ($0.05) per gallon drop in the pump price of gasoline and could save the consumer Twenty Million Dollars ($20,000,000.00) a day; and

Whereas, this type of saving could possibly be achieved by rolling back the prices of other energy crisis related commodities; and

Whereas, lumber has escalated in price commensurate with other products, thus creating a higher cast for "knocking on wood"; and

Whereas, the U.S. Congress has been so concerned with "loopholes" in the regulation of the oil industry, they have neglected to notice lumber's "knotholes"; and

Whereas, the Oklahoma Legislature has been "pining" for the opportunity to "nail down" the inequities in the lumbering profits "scooped up" by the Board Foot Boys; and

Whereas, "logrolling," an American tradition, has escalated in cost beyond the means of the average "Lumber Jack's Son"; and

Whereas, large amounts of lumber are produced in the State of Washington, thus affording a natural laboratory for experimentation in lumber price rollbacks; and

Whereas, a social experiment of this magnitude deserves serious consideration and in the public interest probably should be carried out.

Now, therefore, be it resolved by the House of Representatives of the 2nd Session of the 34th Oklahoma Legislature:

Section 1. That the House of Representatives respectfully memorializes the Congress of the United States to effect a price rollback on lumber produced in the State of Washington.

Section 2. That duly authenticated copies of this Resolution be delivered to the Chairman of the Senate Interior Committee and to all members of the Oklahoma Congressional Delegation.

Adopted by the House of Representatives the 20th day of February, 1974.

RULES OF SPECIAL COMMITTEE ON AGING

Mr. CHURCH. Mr. President, in accordance with section 133B of the Legislative Reorganization Act of 1946, as amended—which requires the rules of each committee to be published in the Congressional Record no later than March 1 of each year—I ask unanimous consent that the rules of the Senate Special Committee on Aging be printed at this point in the Record.

There being no objection, the rules were ordered to be printed in the Record, as follows:

Rules of the Senate Special Committee on Aging (as Adopted June 12, 1963, as Amended February 28, 1973)

Rule 1: Convening of meetings. The Committee shall meet at the call of the Chairman or at the request of five members of the Committee. The Chairman may, upon proper notice, call such additional meetings as he may deem necessary. Regularly scheduled meetings of the Committee may be postponed or cancelled by the Chairman should there be insufficient business before the Committee to warrant such a meeting. Subcommittee Chairmen may call meetings of the Subcommittees at such time as they deem necessary except that no such meetings may be called at a time when the full Committee is scheduled to meet. Special meetings may be called by a majority of all Committee or Subcommittee members upon written notice to the Clerk of the Committee. The Clerk shall give at least 24 hours notice to every member of the meeting, time, and place.

Rule 2: Presiding officer. The Chairman of the Committee (or Subcommittee) or if the Chairman is not present, the ranking Majority member present shall preside at all meetings.

Rule 3: Quorum. A majority of the Committee or any Subcommittee shall constitute a quorum sufficient for the conduct of business at executive sessions. One member shall constitute a quorum for the receipt of evidence, the swearing of witnesses and the taking of testimony at hearings.

Rule 4: Subcommittees. Matters referred to the Committee shall be considered initially by the full Committee or by such Subcommittees as the Chairman, with the approval of the Committee, shall designate. Subcommittees may be established and their size determined by vote of a majority of all members of the Committee. The Chairman of the full Committee and the ranking minority member shall be ex officio members of all Subcommittees. Party membership of each Subcommittee shall be proportionate to Party membership on the full Committee. Each Subcommittee is subject to these rules and any limitations imposed by the full Committee and is authorized a) to hold and report hearings; b) to sit and act during meetings of the Senate and during recesses or adjournment of the Senate; and c) to require by subpoena or otherwise the attendance of witnesses and the production of documentary evidence.

Rule 5: Agenda and voting at meetings. The business to be considered at any meeting of the Committee or a Subcommittee shall be designated by its Chairman and any other measure, motion or matter substantive or procedural within the jurisdiction of the Committee or a Subcommittee shall be considered at such meeting and in such order as a majority of the members of such Committee indicate by their votes or by presentation of written notice filed with the Clerk. Voting by proxy shall be permitted in the full Committee and all Subcommittees.

Rule 6: Right to counsel. Any witness subpoenaed to a public or executive hearing may be accompanied by counsel of his own choosing who shall be permitted, while the witness is testifying, to advise him of his legal rights.

Rule 7: Amendment of rules. The rules of the Committee may be changed, modified, amended, or suspended at any time, provided, however, that not less than a majority of the entire membership so determine at a regular meeting with due notice, or at a meeting specifically called for that purpose.

Rule 8: Reports. Staff reports and Committee reports shall be printed only with the prior approval of a majority of the full Committee. The printing, as Committee documents, of materials not originating with the Committee or its staff shall also require prior approval of a majority of the full Committee. The printing of a Subcommittee report shall require prior approval of a majority of the Subcommittee concerned. With respect to the printing of Staff reports, the Chairman is authorized to conduct a poll of the Committee. In such cases, the Minority shall have the right to request reconsideration of the results of such poll at the next meeting of the Committee.

COMMUNICATIONS FROM EXECUTIVE DEPARTMENTS, ETC.

The ACTING PRESIDENT pro tempore (Mr. Haskell) laid before the Senate the following letters, which were referred as indicated:

Proposed Legislation by the Secretary of the Treasury

A letter from the Secretary of the Treasury, transmitting a draft of proposed legislation to authorize the Secretary of the Treasury to prescribe regulations to govern the arrival, entry, clearance, and related movements of vessels and vehicles, and for other purposes. Referred to the Committee on Finance.

Report of Architect of Capitol

A semiannual report of the Architect of the Capitol, transmitted, pursuant to law, for the period July 1 through December 31, 1973. Ordered to lie on the table and to be printed.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. CHILES, from the Committee on Government Operations, with an amendment:

S. 2510. A bill to create an Office of Federal Procurement Policy within the Executive Office of the President, and for other purposes (Rept. No. 93–692).

EXTENSION OF TIME FOR FILING REPORT OF SPECIAL COMMITTEE ON AGING

Mr. CHURCH. Mr. President, I ask unanimous consent to move from February 28 to March 29 the date by which the report of the Senate Special Committee on Aging, "Developments in Aging, 1973" shall be submitted. I am making this request in order to give adequate time for completion of minority views.

The ACTING PRESIDENT pro tempore (Mr. Haskell). Without objection, it is so ordered.

EXECUTIVE REPORTS OF COMMITTEES

As in executive session, the following favorable reports of nominations were submitted:

By Mr. SPARKMAN, from the Committee on Foreign Relations:

Armistead I. Selden, Jr., of Alabama, to be Ambassador Extraordinary and Plenipotentiary to New Zealand, and to serve concurrently and without additional compensation as Ambassador Extraordinary and Plenipotentiary to Fiji, to the Kingdom of Tonga, and to Western Samoa;

A. Linwood Holton, of Virginia, to be an Assistant Secretary of State;

Donald B. Easum, of Virginia, a Foreign Service officer of class 1, to be an Assistant Secretary of State;

David B. Bolen, of Colorado, a Foreign Service officer of class 2, to be Ambassador Extraordinary and Plenipotentiary to the Republic of Botswana, to the Kingdom of Lesotho, and to the Kingdom of Swaziland;

David L. Osborn, of Tennessee, a Foreign Service officer of class 1, to be Ambassador Extraordinary and Plenipotentiary to the Socialist Republic of the Union of Burma;

Max V. Krebs, of California, a Foreign Service officer of class 1, to be Ambassador Extraordinary and Plenipotentiary to the Republic of Guyana;

Davis Eugene Boster, of Ohio, a Foreign Service officer of class 1, to be Ambassador Extraordinary and Plenipotentiary to the People's Republic of Bangladesh;

Martin F. Herz, of New York, a Foreign Service officer of class 1, to be Ambassador Extraordinary and Plenipotentiary to Bulgaria;

John L. Ganley, of New Jersey, to be Deputy Director of the Action Agency;

Thomas R. Pickering, of New Jersey, a Foreign Service officer of class 1, to be Ambassador Extraordinary and Plenipotentiary to the Hashemite Kingdom of Jordan;

Robert E. Fritts, of Maryland, a Foreign Service officer of class 3, to be Ambassador Extraordinary and Plenipotentiary to the Republic of Rwanda;

Philip W. Manhard, of Florida, a Foreign Service officer of class 2, to be Ambassador Extraordinary and Plenipotentiary to Mauritius; and

Marshall Green, of the District of Columbia, a Foreign Service officer of the class of career minister, now Ambassador Extraordinary and Plenipotentiary to Australia, to serve concurrently and without additional compensation as Ambassador Extraordinary and Plenipotentiary to the Republic of Nauru.

(The above nominations were reported with the recommendation that the nominations be confirmed, subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

By Mr. MAGNUSON, from the Committee on Commerce:

George M. Stafford, of Kansas, to be an Interstate Commerce Commissioner; and

Charles L. Clapp, of Massachusetts, to be an Interstate Commerce Commissioner.

(The above nominations were reported with the recommendation that the nominations be confirmed, subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

Mr. MAGNUSON. Mr. President, as in executive session, from the Committee on Commerce, I report favorably sundry nominations in the Coast Guard and the National Oceanic and Atmospheric Administration which have previously appeared in the Congressional Record and, to save the expense of printing them on the Executive Calendar, I ask unanimous consent that they lie on the Secretary's desk for the information of Senators.

The PRESIDING OFFICER. Without objection, it is so ordered.

The nominations, ordered to lie on the desk, are as follows:

Raymond K. Kostuk, and sundry other officers, for promotion in the Coast Guard; and

Daniel S. Eilers, and sundry other persons, efor permanent appointment in the National Oceanic and Atmospheric Administration.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first time and, by unanimous consent, the second time, and referred as indicated:

By Mr. HASKELL (for himself and Mr. Dominick):

S. 3056. A bill to authorize the Secretary of Agriculture to amend retroactively regulations of the Department of Agriculture pertaining to the computation of price-support payments under the National Wool Act of 1954 in order to insure the equitable treatment of ranchers and farmers. Referred to the Committee on Agriculture and Forestry.

By Mr. BAKER (for himself, Mr. Allen, Mr. Sparkman, Mr. Brock, and Mr. Eastland):

S. 3057. A bill to amend section 15d of the Tennessee Valley Authority Act of 1933 to provide that expenditures for pollution control facilities will be credited against acquired power investment return payments and repayments. Referred to the Committee on Public Works.

By Mr. HARTKE (for himself and Mr. Hansen) (by request):

S. 3058. A bill to amend chapter 37 of title 38, United States Code, to permit interest on loans under section 1810 of the chapter to be as agreed upon by the lender and borrower, and for other purposes. Referred to the Committee on Veterans' Affairs.

By Mr. McGOVERN (for himself and Mr. Abourezk):

S. 3059. A bill to amend the Public Health Service Act to provide an extension for start-up assistance under section 771(b). Referred to the Committee on Labor and Public Welfare.

By Mr. HARTKE:

S. 3060. A bill to terminate the foreign tax credit for taxes paid with respect to income attributable to oil and gas operations. Referred to the Committee on Finance.

By Mr. MONTOYA:

S. 3061. A bill to amend the Federal Meat Inspection Act, as amended, to require frankfurters and similar cooked sausages to contain a protein level of not less than 12 per centum. Referred to the Committee on Agriculture and Forestry.

By Mr. BURDICK (for himself, Mr. Randolph, Mr. Clark, Mr. Biden, and Mr. Domenici):

S. 3062. A bill entitled the "Disaster Relief Act Amendments of 1974." Referred to the Committee on Public Works.

By Mr. ABOUREZK:

S. 3063. A bill to repeal the depletion allowance on mineral production on lands owned by the U.S. Government. Referred to the Committee on Finance.

S. 3064. A bill to amend section 111(a) of title 38, United States Code, relating to the payment of travel expenses for persons traveling to and from Veterans' Administration facilities. Referred to the Committee on Veterans' Affairs.

By Mr. GOLDWATER:

S. 3065. A bill to repeal the earnings limitation of the Social Security Act. Referred to the Committee on Finance.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. HASKELL (for himself and Mr. Dominick):

S. 3056. A bill to authorize the Secretary of Agriculture to amend retroactively regulations of the Department of Agriculture pertaining to the computation of price support payments under the National Wool Act of 1954 in order to insure the equitable treatment of ranchers and farmers. Referred to the Committee on Agriculture and Forestry.

Mr. HASKELL. Mr. President, I am introducing legislation today in behalf of wool producers in Colorado and other States who during 1969–1970 consigned their wool to a marketing agency in Denver, received from that company promissory notes on which wool incentive payments were made, and who then had their 1972 payments withheld by the Department of Agriculture because the Department found the earlier payments to be improperly determined under existing regulations. This decision has caused considerable hardship for those affected producers who acted in good faith in consigning their wool to a marketing agency they considered to be financially responsible. My bill would give the Secretary of Agriculture the necessary authority to retroactively amend existing regulations governing the computation of wool price support payments and to provide for a reconsideration of these cases. I ask unanimous consent that the text of the bill and letters to me and the Secretary of Agriculture from the Comptroller General commenting on this matter be printed at this point in the Record. I hope that my colleagues will share my view about the need to insure equitable treatment of these ranchers and farmers, and I ask your support.

There being no objection, the bill and letters were ordered to be printed in the Record, as follows:

S. 3056

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of Agriculture is authorized to amend retroactively regulations of the Department of Agriculture pertaining to the computation of price support payments under the National Wool Act of 1954 in order that the amount of such payments may, in the case of any rancher or farmer, be computed on the basis of (1) the net sales proceeds received, or (2) in the case of any rancher or farmer who failed to realize the amount provided for in the sales document, the lesser of the following: (A) the net sales proceeds based on the price the rancher or farmer would have received had there been no default of payment under such document, or (B) the fair market value of the Commodity concerned at the time of sale.

SEC. 2. The Secretary of Agriculture is further authorized to reconsider any application filed for the payment of price support under the National Wool Act of 1954 with respect to any commodity marketed during the four marketing years 1970 through 1974 and to make such payment adjustments as he determines fair and equitable on the basis of any amendment to regulations made under authority of the first section of this Act.

Comptroller General of
the United States,
Washington, D.C., November 27, 1973.
Hon. Floyd K. Haskell,
U.S. Senate.

Dear Senator Haskell: In accordance with your letter of November 9, 1973, there is enclosed herewith a copy of our letter of today to the Secretary of Agriculture, B-114824, concerning the Department of Agriculture's proposal to amend its regulations governing wool price support payments. We conclude therein that the Department lacks authority to in effect retroactively waive the requirement applicable to present and past marketing years that incentive payments be based on actual net sales proceeds realized by wool producers. On the other hand, we perceive no objection to amendment of the actual net sales proceeds requirement on a prospective basis and under the circumstances indicated in our letter.

We understand your concern over equitable considerations relating to this matter, particularly the fact that the producers affected acted in good faith in consigning their wool to a marketing agent which they considered to be reputable. However, as you are aware, our conclusion is based upon a well-established body of prior rulings and precedents, discussed in our letter to the Secretary of Agriculture. We might also note that on the basis of the information supplied to us, recited in our letter to the Secretary, it does not appear that the producers were ever advised by Federal officials that incentive payments could be made on a basis other than actual net sales proceeds. Rather, it seems that some payments were made initially as a result of erroneous or ambiguous statements in the final accounting forwarded to Federal officials.

We appreciate your interest in this matter, and regret that we are unable to reach a disposition more favorable to your constituents.

Sincerely yours,
R. F. Keller,
Deputy Comptroller General of the United States.

Comptroller General of
the United States,
Washington, D.C., November 27, 1973.
The Honorable Secretary of Agriculture.

Dear Mr. Secretary: By letter dated July 6, 1973, the Assistant Secretary of Agriculture for International Affairs and Commodity Programs requested our opinion whether a proposed amendment as hereinafter described may be made to the regulations governing the Commodity Credit Corporation's program for price support payments on marketings of shorn wool and unshorn lambs pursuant to the authority contained in the National Wool Act of 1954, as amended, 7 U.S.C. 1781–1787. The current regulations for this program are published in Part 1472 of Title 7, Code of Federal Regulations.

The Assistant Secretary's letter reads, in part, as follows:

"The [National Wool] Act provides in pertinent part that 'The Secretary of Agriculture shall, through the Commodity Credit Corporation, support the prices of wool and mohair, respectively, to producers thereof by means of loans, purchases, payments, or other operations' (7 U.S.C. 1782(a)), and that 'If payments are utilized as a means of price support, the payments shall be such as the Secretary of Agriculture determines to be sufficient, when added to the national average price received by producers, to give producers a national average return for the commodity equal to the support price level therefor * * *' (7 U.S.C. 1783). The Act further provides that 'the amounts, terms, and conditions of the price support operations * * * shall be determined or approved by the Secretary of Agriculture' (7 U.S.C. 1785).

"Prior to 1954, CCC supported wool prices through loans and purchases, as a result of which CCC took into inventory a considerable part of our domestic wool production. The National Wool Act was enacted as the best way to provide income protection to wool growers while at the same time leaving the marketing process in the hands of wool growers and the trade without Government involvement. As was pointed out during committee hearings on the legislation, it was proposed, in order to provide an incentive to each producer to obtain the maximum price for his wool and thereby reduce the government cost of the program, to base each grower's payment on the amount realized from the marketing of his wool.

Accordingly, the program regulations for the marketing years from 1955 through 1973 have provided that the wool payments will be based on the net proceeds realized by each grower from the sale of his wool (7 CFR 1472.1308), at a rate of payment which is the percentage of the national average price per pound received by producers in the same marketing year which is required to bring such national average price up to the support price for the wool (7 CFR 1472.1305(b)).

In order to determine the net sales proceeds, the regulations require the producer's application to be supported by a final accounting for the wool, evidenced by sales documents which may not include contracts to sell or tentative or pro forma settlements (7 CFR 1472.1310), and the supporting sales document to show, among other things, the net amount received by the producer for the wool (7 CFR 1472.1310(b)).

"A promise to pay, even though supported by a promissory note or post-dated check, has not been accepted as the equivalent of a payment within the meaning of the regulations governing the computation of incentive payments. In certain situations beyond a producer's control, this policy can, and in fact recently did, lead to inequities in the program which would result in a frustration of the purpose of the program. For example, during 1969 and early 1970, a number of wool producers in Colorado, Idaho, and Wyoming delivered wool to a marketing agency under one of several types of agreement whereby the producer delivered his crop of wool to the agency, relinquished title to the wool, and received an advance against either a specified price, or a price to be agreed to at a later date, or the market value at the time of receipt of the wool. The balance was to be paid on delivery, under one type of contract, or when the agency sold the wool, under the others.

In addition, in some instances the wool was turned over to the agency under a marketing agreement pursuant to which an initial advance was made and the proceeds from the sale of the wool were to be accounted for after the wool was sold. Under such an agreement, title to the wool did not pass at time of delivery. For all 1970 transactions, the balance was paid by note in December of 1970, transmitted with a final accounting on the wool and an explanation that although the agency was unable to sell a considerable proportion of the wool, it was completing the purchase in order that the producers might apply for their incentive payments.

Each of the statements of account indicated final payment by check, however, rather than by note and as a result incentive payments were made on the net proceeds set forth in the statements of account. In all cases, the notes were unpaid and uncollectible at and subsequent to maturity. Because of the administrative policy in interpreting the computation provisions of the regulations described hereinabove, it was determined that incentive payments properly should have been made only on that part of the purchase price which was received in the form of a cash advance and the uncollectible notes should not have been considered a part of the net sales proceeds. Consequently, on learning the facts in these cases, claim was made against each of these producers for repayment of the amounts improperly paid. This has resulted in many instances in considerable hardship for the producers.

"In view of the foregoing, it is proposed to amend the regulations to permit the computation of incentive payments, under 7 CFR 1472.1208 (applicable to the marketing years 1966–1970) and 7 CFR 1472.1308 (applicable to the marketing years 1971–1973), to be based on either the net sales proceeds received by the producer or, in the event the producer does not realize the amount provided for in the sales document, as for example where the purchaser has become insolvent between the time all the conditions of a marketing as prescribed by 7 CFR 1472.1307 have been met and the time payment is due (under a note, check or some other contractual arrangement), the lower of (1) the net sales proceeds based on the price the producer should have received had there been no default or (2) the fair market value at the time of sale of the wool. It is further proposed to amend the regulations to permit reconsideration, under the amended sections governing computation of payments, of any application previously filed with respect to a marketing which took place within the current marketing year or the three marketing years prior thereto."

The Commodity Credit Corporation (CCC) regulations governing the wool price support programs, as published in the Code of Federal Regulations, recite as authority for their issuance sections 4 and 5 of the Commodity Credit Corporation Charter Act, as amended, 15 U.S.C. 714b, 714c, and the National Wool Act. Section 4(d) of the Charter Act, 15 U.S.C. 714b(d), authorizes the Corporation to "adopt, amend, and repeal bylaws, rules, and regulations governing the manner in which its business may be conducted and the powers vested in it may be exercised." Section 706 of the National Wool Act, 7 U.S.C. 1785, provides in part, quoting from the United States Code:

"Except as otherwise provided in this chapter, the amounts, terms, and conditions of the price support operations and the extent to which such operations are carried out shall be determined or approved by the Secretary of Agriculture. * * * The facts constituting the basis for any operation, payment, or amount thereof *when officially determined in conformity with applicable regulations prescribed by the Secretary* shall be final and conclusive and shall not be reviewable by any other officer or agency of the Government." (Italic supplied).

Under well-established principles applied in numerous decisions of our Office, regulations promulgated pursuant to express statutory authority, such as the CCC regulations here involved, have the force and effect of law and cannot be retroactively waived. See, e.g., 51 Comp. Gen. 162, 166 (1971); 43 *id.* 31, 33 (1963); 37 *id.* 820 (1958), and decisions cited therein.

Of particular interest here is our 1958 decision to the Secretary of Agriculture, 37 Comp. Gen. 820, wherein we concluded that there was no authority to waive substantive regulations governing the soil bank acreage reserve program, notwithstanding that section 485.240 of the soil bank regulations purported to authorize waiver of any provision of such regulations. Our decision stated:

"While section 124 [of the Soil Bank Act] grants broad discretionary authority for prescribing regulations, it is not dissimilar to numerous provisions in other legislative acts authorizing the issuance of regulations. It is well established in administrative law that valid statutory regulations have the force and effect of law, are general in their application, and may no more be waived than provisions of the statutes themselves. Regulations must contain a guide or standard alike to all individuals similarly situated, so that anyone interested may determine his own rights or exemptions thereunder. The administrative agency may not exercise discretion to enforce them against some and to refuse to enforce them against others. See *United States* v. *Ripley,* 7 Pet. 18; *United States* v. *Davis,* 132 U.S. 334; *Federal Crop Insurance Corporation* v. *Merrill,* 332 U.S. 380; *Sheridan-Wyoming Coal Co.* v. *Krug,* 182 F. 2d 282; 31 Comp. Gen. 193, and decisions cited therein.

* * * * *

"Section 485.240 of the regulations under consideration attempts to create in the Administrator, Commodity Stabilization Service, the right to waive the requirements of any provision of the regulations or the agreements in hardship cases even though such action might give up vested rights of the Government; might permit payments contrary to the regulations or agreement; would be taken on a case-by-case basis; and would be retroactive rather than prospective in that the Administrator, after noncompliance, would determine whether to waive the pertinent regulation. Such authority is so contrary to the principles referred to above and normally associated with statutory regulations that we are convinced that such discretionary authority was not contemplated by the Congress in enacting section 124 of the Soil Bank Act and numerous similar provisions in other laws. While section 103 of the Soil Bank Act, 7 U.S.C. 1821, authorizes you to include in the acreage reserve program such 'terms and conditions' as you deem desirable to effectuate the purposes of the Soil Bank Act and to facilitate the practical administration of the acreage reserve program, we do not believe it authorizes you to include in the regulations a further provision authorizing the waiver on an individual case basis of any 'terms and conditions' prescribed in the regulations. In our view, the authority to regulate and to include in the program such terms and condition as the Administrator deems desirable for the specified purposes does not necessarily imply authority to disregard those terms and conditions thereby creating an unregulated area subject only to his discretion. If any agency requires authority to waive its statutory regulations, we believe that specific statutory authority therefor * * * should be requested from the Congress."

See also 15 Comp. Gen. 869 (1936), wherein we declined to give effect to a provision in regulations implementing the National Housing Act which purported to reserve authority to waive any other provision of such regulations. As noted in our 1958 decision, *supra,* the National Housing Act was subsequently amended to authorize waiver of regulations thereunder.

Turning to the instant matter, it is proposed to amend the wool price support regulations governing past marketing years and the present marketing year so as to permit under certain circumstances payments on a basis other than actual net sales proceeds. Provision would then be made for reconsideration under the amended regulations of applications previously filed and presumably rejected for the present marketing year and three years prior.

Whatever may be the reasons for the particular approach thus suggested, its purpose and effect is clearly to provide for waiver of regulatory requirements applicable at the time transactions were consummated. Accordingly, we must conclude that this proposal is subject to the principles discussed herein precluding retroactive waiver. The instant proposal is, if anything, more tenuous than those disapproved in our 1958 and 1937 decisions, *supra,* since there is nothing in the present wool regulations which even purports to reserve waiver authority. Obviously the requirement that payments be based on actual net sales proceeds is a substantive element in the present regulations. Compare 37 Comp. Gen. 820, 823. Thus, in addition to the detailed requirements set forth in the regulations concerning documentation of net sales proceeds, it is specifically stated that "Contracts to sell as well as tentative or pro forma settlements will not be acceptable as sales documents." 7 CFR § 1472.1310.

For the foregoing reasons, it is our opinion that the proposed regulations may not legally be adopted to the extent that they would permit retroactive waiver of the requirement that payments be based on actual net sales proceeds. We might point out, however, that in view of the broad administrative discretion afforded by section 706 of the National Wool Act in formulating program terms and conditions, we would not object to prospective adoption (i.e., for marketing years subsequent to 1973) and application of a provision for varying the actual net sales proceeds requirement under limited and clearly defined circumstances and subject to a determination that such provision is consistent with the purposes of the Act. See 37 Comp. Gen. 822–823; 17 *id.* 566, 568 (1938).

Sincerely yours,

R.F. KELLER,
Deputy Comptroller General,
of the United States.

NOVEMBER 9, 1973.

Hon. ELMER B. STAATS,
Comptroller General of the United States,
General Accounting Office, Washington, D.C.

DEAR MR. STAATS: I am writing regarding your case #114–824 involving a reconsideration of your office of U.S. Department of Agriculture ASCS payments to wool producers in 1969 and 1970 by amending Section 1472.-1211 of the present regulations.

I understand the original ruling by the Department of Agriculture in March, 1973, was that individuals who had not actually received cash payments for wool consigned to Wilkins and Company in Denver in 1969–70 but had instead been given promissory notes on which basis incentive payments were made by ASCS in 1970, would have their 1972 incentive payments withheld in lieu of repayment of the "improper" 1970 payment.

I realize that this matter is not covered by statute and that determinations are made on the basis of Department regulations or previous rulings and precedents. Nevertheless, I feel that the equity in this particular case rests with the individuals who in good faith consigned their wool to a company they considered to be reputable, received promissory notes, and considered they had made a bona fide sale of their product. I would assume also that the Department did not inform these individuals that the conditions under which they made these sales would not constitute a basis under which they could receive incentive payments.

I would urge you to rule favorably on their behalf so that their 1972 payments would not be withheld in lieu of return of their 1970 payments.

I would appreciate it if you would notify me as soon as a determination is made in this case.

Best regards,
Sincerely,

FLOYD K. HASKELL,
U.S. Senator.

By Mr. BAKER (for himself, Mr. ALLEN, Mr. SPARKMAN, Mr. BROCK, and Mr. EASTLAND):

S. 3057. A bill to amend section 15d of the Tennessee Valley Authority Act of 1933 to provide that expenditures for pollution control facilities will be credited against required power investment return payments and repayments. Referred to the Committee on Public Works.

TVA ENVIRONMENTAL FINANCING BILL

Mr. BAKER. Mr. President, I send to the desk for introduction and proper referral a bill to amend the Tennessee Valley Authority Act to provide that future expenditures by the TVA for pollution control facilities may be credited against required power investment return payments and repayments.

In recent years growing environmental concern has led to extensive capital investments throughout the electrical power industry. In order to encourage such investments and to minimize the impact upon rates the Congress has provided rapid tax writeoffs for private electric companies. These tax provisions have softened greatly the impact upon consumer costs of environmental controls investments by these companies.

The TVA is unable to take advantage of these provisions even though it is required by law to make substantial payments to the Federal Treasury.

The proposal which I now introduce would correct this inequity in a simple logical way: TVA, under Public Law 86–137, pays each year an annual "dividend" on the Federal Government's appropriation investment in TVA's power facilities, plus another $20 billion annually to retire a portion of that appropriation investment.

This bill provides that expenditures by the TVA for certified pollution control equipment—as defined in the United States Tax Code—required in connection with the TVA power program be credited against required payments to the Treasury.

Without this measure both the substantial investment costs of pollution control equipment and the annual payments to the Treasury would force rapidly increasing TVA power rates even higher. With the measure these rates should stabilize somewhat even in the face of other inflationary factors.

It is a strange paradox that under

present Federal law, private companies can obtain huge writeoffs for expenditures on pollution control equipment—on the grounds that this equipment produces benefits to the general public; while TVA gets absolutely no credit for its expenditures on such equipment. These costs under TVA are passed directly on to the power user in his monthly bill. This measure is designed to correct that inequity.

I ask unanimous consent that a memorandum explaining in greater detail the need for this legislation be inserted in the RECORD at the end of these remarks.

There being no objection, the memorandum was ordered to be printed in the RECORD, as follows:

MEMORANDUM: PROPOSAL TO CREDIT TVA FOR ENVIRONMENTAL INVESTMENTS

NATIONAL REQUIREMENTS AND POLICY FOR ENVIRONMENTAL ENHANCEMENT

In recent years a number of national requirements have been placed on various private and public activities for control of air and water pollution. The requirements have been established by legislation such as the Water Pollution Control Act, the Clean Air Act, the Solid Waste Disposal Act, the National Environmental Policy Act, amendments to the acts, Executive Orders, and regulations to implement the acts.

Improvement of the environment is a significant enough national goal to merit national financial support through various means:

1. Direct federal appropriations are provided for pollution control at many federal installations. These include military bases, industrial production facilities, naval vessels, GSA buildings, and recreational areas.

2. Federal grants are provided to state and local governments for many pollution control activities. (Presently, water pollution abatement facilities are eligible for 75 percent federal grants.)

3. Private industry is provided with various tax relief devices to ameliorate the cost of pollution control equipment as well as other investments in facilities. It is estimated that a private firm can recapture, through various tax provisions, within five years, 57.7 percent of a $10 million investment in a new facility. (This is not the maximum possible but a theoretical projection based on investment of $800,000 in land, $3,200,000 in building, $5,400,000 in production equipment, $500,000 in office fixtures, $100,000 in transportation equipment. Building is depreciated by straight-line method. The Asset Depreciation Range (ADR) is utilized. The investment tax credit is taken in the 1st year. Non-building is depreciated by sum-of-the-years digits method.)

TAX RELIEF FOR INVESTMENT

The tax provisions related only to pollution control equipment include the five year amortization provided for facilities installed in existing plants and tax-exempt status for state and local revenue bonds used for pollution control. Other provisions of the tax law provide for investment credits for new plant (7 percent for most industry, 4 percent for regulated utilities) and Asset Depreciation Range (ADR—which provides for a 20 percent alteration of the depreciation life of equipment) which would be available for new plants regardless of whether for pollution control or production.

At the time the pollution control amortization provision was considered, it was estimated that cost to the federal government in tax revenues foregone would be as follows:

[In millions]

1970	$40
1971	130
1972	230
1974	380
1979	400

The full year effect of investment credit is estimated at $3.3 billion annually in federal taxes foregone.

The annual benefits of the asset depreciation range to industry is estimated at $2.5 billion.

Each firm makes its own decision as to which tax procedures, if any, will be most beneficial to use in according for new investments or additions to old facilities.

For example, Consolidated Edison of New York reported to stockholders an income of $144,781,000 for 1972 yet paid no federal corporate tax (received a credit of $1,091,000). American Electric Power reported an income of $168,103,000 and received a credit of $6,700,000 in 1972. In both cases, other provisions of the tax law may have been employed to achieve the credit status. Not all firms are in this situation.

Other types of federal assistance have been authorized by the Congress. For example, a Small Business Loan program to aid private firms in meeting pollution control requirements was established by the Federal Water Pollution Control Act of 1972. The same legislation established an Environmental Financing Authority to assist local governments in financing the 25 percent local funds required under the act.

ALL CITIZENS SHARE IN COST

Thus, because of the national requirements for and the national benefits from enhancement of the environment, all the people share in the attaining of the goal through tax advantages granted to industry and through other programs. In theory, an industry is able to make the required control improvements without the total cost being passed on to either the owners, workers, or customers of the particular firm.

A significant and unintentional inequity in this respect exists for at least one group of citizens—the consumers of electric power produced by the Tennessee Valley Authority.

Inasmuch as the TVA power consumer is the sole source of revenues for operation and improvement of the system, the TVA consumer has been burdened with the total cost of attaining the degree of water and air pollution control imposed by national requirements. These are nonrevenue producing expenditures for the TVA system as well as for private firms.

On the other hand, a similar investment requirement on a private firm has opportunities for recapture of a portion, if not all, of the cost through various tax laws. The capital fund requirements of local governments are lessened by federal grants for water pollution control. Most other federally owned installations are provided with pollution control facilities through direct appropriations.

TVA—A UNIQUE NATIONAL ASSET

Because of the unique charter, purpose, and function of TVA, none of the previously listed conditions apply to this system.

The TVA electric power system has some characteristics of privately owned power systems and some of publicly owned systems such as co-ops and municipals but is not exactly comparable to either.

A privately owned system is organized and operated as a profitmaking venture. Its management selects areas of service and establishes rates to maximize this objective.

An electric co-operative is owned by the people it serves and its objective is to maximize the availability of its services at the lowest possible cost to the consumer-owner.

A municipal system is owned by the people of the city being served and its operational objectives are established by the people through their local government organization.

In the event any of these three kinds of systems are liquidated, those who have paid for the system, as stockholders or as consumer-owners, share in the proceeds from the sale after debts are satisfied.

This is not the case with the TVA.

The TVA was organized by the federal government, through the Congress, to achieve certain national objectives as stated in the TVA Act, that is, to provide for the national defense and enhance the nation generally through the physical, social, and economic development of the area in which it operates.

TVA sells electric power to distributors, a few large industries and government, and, since 1959, financing of the system has been entirely by the consumers of the power. Yet those who are paying for the system through the consumption of power would not share in proceeds of liquidation or in any appreciation of the system as would stockholders of a private system or the consumer-owners of a cooperative.

The federal government is the total owner of the TVA system and is the beneficiary as generating facilities financed by bonds are repaid by the consumers of the power.

In addition, the Congress has established the bounds of the TVA service area, has set out the power rate objectives as well as the rate structure policy, decisions in which other systems have flexibility.

As a by-product of this federally established and owned system the consumers in the TVA service area, as directed by the rate structure policy, have realized slightly lower electric rates made possible by the efficiencies in operation of the system.

POLLUTION CONTROL EXPENSE

To put TVA consumers on a comparative basis in respect to environmental improvement with consumers of privately produced electric power outside the TVA service area, the federal government should make a recognition of and assume the cost of federally required air and water pollution control programs.

Analogous treatment for TVA consumers could be provided through legislation which amends Section 15d to provide that the cost of air and water pollution control equipment be certified as a credit and payment in lieu of that required as dividends and repayment of appropriations.

Coverage would be for equipment installed to meet various standards imposed by legislation which was unanticipated at the time of the 1959 Bonding Act.

LEGISLATIVE PROPOSAL

The proposed legislation would provide that in Fiscal Year 1975 and following, the certified pollution control expenditures by the TVA for the preceding year would be a credit against the dividend requirement and annual repayment sum of $20 million that year. Should the certified pollution control expenditures in the previous year exceed these requirements, the sum in excess would be applied to reduction of the appropriation investment required.

(The TVA amendments of 1959 established a repayment requirement of $1 billion on the appropriations for power plants of approximately $1.2 billion. After the balance of the $1 billion is satisfied, interest would always be required on the remaining $200,000,000 of appropriated funds—and the government will continue to be total owner of the property and improvements which have been paid for by revenues from TVA power consumers.

The TVA board would certify the environmental control investments to the EPA which would certify them to the Treasury as being in compliance with federal regulations and in furtherance of the U.S. policy to prevent water and air pollution.

Although no appropriations would be required under this proposal, the effect would be to afford consumers of TVA power with a treatment similar to that of privately owned facilities in regard to the pollution control investment. Cost of operation of the facilities would still be totally borne by consumers of TVA power. The details of TVA power operations have been established by the Congress after extended debates through the years. This proposal would not alter any of these details concerning area of service, rates for electricity, and rate structure policy.

By Mr. HARTKE (for himself and Mr. HANSEN) (by request):

S. 3058. A bill to amend chapter 37 of title 38, United States Code, to permit interest on loans under section 1810 of the chapter to be as agreed upon by the lender and borrower, and for other purposes. Referred to the Committee on Veterans' Affairs.

Mr. HARTKE. Mr. President, today, at the request of the administration, I have introduced S. 3058, for myself and for the ranking minority member of the committee, Mr. HANSEN. This bill would amend chapter 37 of title 38, United States Code, to permit interest on Veterans' Administration guaranteed loans under section 1810 of that chapter to be agreed upon by the lender and borrower and other related purposes. Because this matter relates to veterans benefits and would amend title 38, United States Code and comes within the jurisdiction of the Committee on Veterans' Affairs, I agreed to introduce this bill which is a part of the larger program of reform of our financial systems, presented for consideration by the President and referred to the Committee on Banking, Housing and Urban Affairs which has jurisdiction over the other matters contained in the program.

While I have done the foregoing by request so that it may receive consideration by the appropriate committee having jurisdiction over the subject matter, I must express my initial reservations concerning the merits of the proposed legislation. At present, the maximum interest rate allowable on GI loans is set by the Administrator of Veterans' Affairs. This bill would permit the borrower and the lender to agree on any interest rate so long as no fees or discounts in the nature of points were charged for making the loan.

Twice before, the Congress has attempted by legislation to eliminate points in connection with GI loans and twice it has proven to be administratively unfeasible. This method of allowing a fee and uncontrolled rate to be set by the lender has other built-in danger signals. It places a heavy burden on the unsophisticated borrowers to assume that he has obtained a reasonable rate of interest for his loan under the existing market climate. "Free" rates usually go as high as the traffic will bear and is restrained only by the ability of borrowers to recognize and not accept rates in excess of the going rate in the marketplace. Many veterans may not be in a position to know when rates are excessive. In addition, many States have exempted GI loans from usury statutes and that restraint would not be present. Because ceilings usually tend to become floors under circumstances such as these, it would appear to me that the veteran is better served by the Administrator of Veterans' Affairs establishing a ceiling rate for GI loans. At a given time, veterans' benefits should be identical, but such will not be the case if each veteran must negotiate with the lender the interest cost of his GI loan. The less knowledgeable in money matters will undoubtedly suffer the most and yet they are those least able to cope with a financial disadvantage.

Nevertheless, I have reached no final judgment in this matter and I believe the Committee on Veterans' Affairs should consider this proposal and other alterations on its merits in hearings to be scheduled later this year.

Mr. President, I ask unanimous consent that the text of the bill and the administration request be printed in the RECORD at this point.

There being no objection, the material was ordered printed in the RECORD, as follows:

S. 3058

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That chapter 37 of title 38, United States Code, is amended as follows:

(1) Subsection (c)(1) of section 1803 is amended by putting a period after the phrase "pursuant to this chapter", striking out all that follows thereafter, and inserting in lieu thereof the following: "The interest rate on loans guaranteed or insured under section 1810 of this chapter shall be as agreed to by the lender and borrower, unless the Administrator determines that such rate is excessive in view of the current interest rates in the mortgage or loan market in the areas involved. The Administrator shall prescribe such regulations as may be necessary to assure that lenders do not, directly or indirectly, make any charges in the nature of discounts or points in connection with loans guaranteed under section 1810 or insured under section 1815 of this chapter.".

(2) Subsection (a)(5) of section 1810 is amended by deleting the second sentence thereof.

(3) Subsection (c)(1) of section 1811 is amended to read as follows: "he is unable to obtain from a private lender in such housing credit shortage area a loan for which he is qualified under section 1810 or 1819 of this chapter as may be appropriate; and".

(4) Subsection (d)(1) of section 1811 is amended to read as follows: "Loans made under this section shall bear interest at a rate determined by the Administrator, and shall be subject to such requirements of limitations prescribed for loans guaranteed under this chapter as may be applicable.".

VETERANS' ADMINISTRATION,
OFFICE OF THE ADMINISTRATOR
OF VETERANS' AFFAIRS,
Washington, D.C., January 21, 1974.

Hon. GERALD R. FORD,
President of the Senate,
Washington, D.C.

DEAR MR. PRESIDENT: There is transmitted herewith a draft of a bill "To amend chapter 37 of title 38, United States Code, to permit interest on loans under section 1810 of the chapter to be as agreed upon by the lender and borrower, and for other purposes," with the request that it be introduced in order that it may be considered for enactment.

On August 3, 1973, the President submitted to the Congress a message proposing "A Program for Reform of Our Financial System." In his message the President pointed out that he would propose to the Congress legislation designed to strengthen and revitalize our country's financial institutions and that these proposals would be divided into seven major subject areas. One of the subject areas provided for the removal of FHA and VA interest ceilings in order to help insure more adequate funds for housing.

At the Administration's request, S. 2591 was introduced in the Congress to implement the President's message of August 3, 1973. The bill, cited as the "Financial Institutions Act of 1973," was referred to the Committee on Banking and Urban Affairs.

That part of the bill which directly relates to the Veterans Administration is set out as section 602, title VI, which together with section 601, is designed to remove maximum interest controls from both VA and HUD/FHA housing programs. Section 602 also would prevent a mortgagee from charging discounts or points, and would make perfecting amendments to section 1811 of title 38 (the direct loan program) to remove reference in that section to interest rates authorized for guaranteed and mobile home loans.

Since section 602 would amend title 38, United States Code, which pertains to veterans benefits, this draft bill, identical to section 602, is submitted as a separate proposal to insure its referral to the Committee on Veterans' Affairs. This would avoid any jurisdictional conflict between Committees which could ensue if the measure relating to our program is retained solely as a part of the overall Financial Institutions bill.

Maintaining an interest ceiling on VA mortgage loans has failed to keep costs down, as evidenced in part by the widespread use of discount points. At the same time, the ceilings have restricted the flow of private funds into mortgage markets. The removal of the interest ceiling will help to ensure more adequate funds for veteran housing.

We do not foresee the enactment of this proposal resulting in any appreciable additional cost.

We are advised by the Office of Management and Budget that there is no objection to the submission of this draft legislation to the Congress and that its enactment would be in accord with the program of the President.

Sincerely,

DONALD E. JOHNSON,
Administrator.

S. 3058

A bill to amend chapter 37 of title 38, United States Code, to permit interest on loans under section 1810 of the chapter to be as agreed upon by the lender and borrower, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That chapter 37 of title 38, United States Code, is amended as follows:

(1) Subsection (c)(1) of section 1803 is amended by putting a period after the phrase "pursuant to this chapter", striking out all that follows thereafter, and inserting in lieu thereof the following:

"The interest rate on loans guaranteed or insured under section 1810 of this chapter shall be as agreed to by the lender and borrower, unless the Administrator determines that such rate is excessive in view of the current interest rates in the mortgage or loan market in the areas involved. The Administrator shall prescribe such regulations as may be necessary to assure that lenders do not, directly or indirectly, make any charges in the nature of discounts or points in connection with loans guaranteed under section 1810 or insured under section 1815 of this chapter."

(2) Subsection (a)(5) of section 1810 is amended by deleting the second sentence thereof.

(3) Subsection (c)(1) of section 1811 is amended to read as follows:

"he is unable to obtain from a private lender in such housing credit shortage area a loan for which he is qualified under section 1810 or 1819 of this chapter as may be appropriate; and".

(4) Subsection (d)(1) of section 1811 is amended to read as follows:

"Loans made under this section shall bear interest at a rate determined by the Administrator, and shall be subject to such requirements or limitations prescribed for loans guaranteed under this chapter as may be applicable."

By Mr. McGOVERN (for himself and Mr. ABOUREZK):

S. 3059. A bill to amend the public Health Service Act to provide an extension for startup assistance under section 771(b). Referred to the Committee on Labor and Public Welfare.

AMENDMENTS TO THE PUBLIC HEALTH SERVICE ACT

Mr. McGOVERN. Mr. President, I introduce for appropriate reference a bill to amend the Public Health Service Act.

The South Dakota State Legislature has voted the necessary authority to extend our 2-year medical school to 4 years. But to be able to carry out that authority it needs the aid offered by a provision of the Public Health Service Act which was designed to help such schools accomplish this conversion. That aid is $50,000 per third year medical student or, in our case, a total of about $1,750,000.

Unfortunately, the funding expires June 30, 1974. The South Dakota school, pending accreditation, cannot be ready to open its doors to third-year students until the fall of 1975.

Therefore, I am today introducing legislation to amend the Public Health Service Act to allow an extra year, until July 1, 1975, for application for the grant. It would also allow an extra year for enrolling the third-year class.

South Dakota has unusual needs for additional physicians. The physician-patient ratio is about 1 to 1,150—among the lowest in the Nation. The school can help make the difference. A further advantage is that community hospitals will give the students their clinical experience. It is expected that the graduates will return to these same communities for their practice. Family medicine is going to be emphasized rather than the specialties which require a dense population for support of the practitioner. And the school will make available continuing education for the doctors already practicing in the State.

This program is not a panacea for South Dakota medical service ills. But Federal assistance to put it into operation will provide the means to solve one very large part of the problem. With the conversion legislations designed for just such efforts, the need for 1 additional year to get ready should not be the factor which would deny the State the services to be provided.

Mr. President, I ask unanimous consent that the text of my bill be printed in the RECORD at this point.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 3059

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 771 (b) (2) of the Public Health Service Act is amended—

(1) by striking "July 1, 1974" and inserting in lieu thereof "July 1, 1975"; and

(2) by striking "June 30, 1975" and inserting in lieu thereof "June 30, 1976".

By Mr. HARTKE:

S. 3060. A bill to terminate the foreign tax credit for taxes paid with respect to income attributable to oil and gas operations. Referred to the Committee on Finance.

Mr. HARTKE. Mr. President, today, I am introducing legislation which effectively eliminates the foreign tax credit granted by our present tax laws to the oil extracting and refining corporations. This legislation will also stop the practice of the oil industry paying royalties to foreign governments and disguising these payments as levied taxes.

I have long been an advocate of correcting our tax laws which have done so much to stimulate investment abroad often at the expense of American jobs. The provisions of my present proposal have been an essential part of the comprehensive trade legislation—the Foreign Trade and Investment Act—which I introduced for the first time in September 1971, and reintroduced during this Congress, S. 151. I warned at that time of the impending chaos which would result if we continued to provide a subsidy in the form of foreign tax credits to corporations going abroad. Just recently, I heard my sentiments echoed by the distinguished Senator from Idaho (Mr. CHURCH) when he told his subcommittee investigating multinational companies that with all of the tax incentives we provide industry which moves overseas, it is a real wonder why any industry would still want to invest in the United States.

Mr. President, it is high time that we eliminated this kind of incentive. To demonstrate just how large a loophole the foreign tax credit has, in fact, been for U.S. oil companies producing abroad, I provide the following figures:

The U.S. oil companies account for more than 45 percent of all the foreign tax credits claimed by all U.S. industry. While U.S. businesses on the whole use the foreign tax credit provision to reduce taxes paid to the United States by 15 percent, the Treasury Department has estimated that oil companies used the foreign tax credit in 1971 to reduce their U.S. taxes by more than 75 percent. And the size of the loophole has increased tremendously since 1971. In Saudi Arabia alone, the so-called taxes paid the government on a barrel of oil have increased over eight times since February 1971.

Because of the oil company's use of foreign tax credits, U.S. corporations earned $1,085 million on mining and oil operations abroad in 1970, but paid not one penny in U.S. taxes on that income. It has been estimated that for fiscal year 1975, the taxes that the oil companies would pay to the United States, were it not for the tax credit, could be as high as $1.75 billion. Yet, because of the foreign tax credit, the companies will in all likelihood pay not 1 cent of taxes. Foreign credits from profitable overseas operations have, in fact, exceeded U.S. tax liabilities every year since 1962 and, therefore, these companies will have a large carryover in foreign tax credits for the next 5 years.

Although the foreign tax credit is a provision which applies to foreign earned income from many types of foreign investments, its impact in reducing U.S. tax liabilities is greatest in cases of the petroleum and mining sectors. The petroleum industry has particularly benefited by the U.S. Treasury's acceptance as creditable foreign taxes, the artificially constructed income taxes which have been levied by major petroleum exporting countries.

Instead of levying a large royalty or bonus payment to extract the economic rent from low-cost reserves, as would a domestic landowner in the United States, these countries have levied a tax as a percentage of the difference between a nonmarket posted price and a fixed per unit cost of production. These taxes are essentially a tax per barrel of oil produced and have little relationship to the profits generated by investments made in the production process. Yet, they are allowed to be credited against U.S. tax liabilities. If, instead, a royalty or bonus payment had been levied, these payments could only be deducted from gross revenue as expenses. The elimination of the foreign tax credit loophole will effectively do away with this deceitful practice.

As mentioned above, in every year since 1962, the aggregate value of the foreign tax credits granted to the petroleum industry has been greater than the U.S. tax liability on its foreign income. In 1968, the excess foreign tax credits were equal to 32 percent of the total creditable foreign taxes and by 1971, the excess foreign tax credits equaled 55 percent of the total foreign taxes paid.[1] In 1968, over 88 percent of the total foreign tax credits available to American multinational oil companies came from these quasi-income taxes levied by the petroleum producing countries, yet, only 28 percent of the net book value of the U.S. petroleum investments abroad were located in these areas.

The serious and damaging effect of the foreign tax loophole has been to provide an incentive for the American multinational oil corporations to shift income and investment for tax purposes out of the United States. By doing this, they avoid paying substantial income taxes. This has been a major factor in making the construction of refineries and petrochemical plants in the United States vastly less attractive than in foreign countries.

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[1] United States Department of the Treasury, "Statistics of Income Supplemental Report, Foreign Tax Credit, 1968," Table 5. Price Waterhouse and Company, "Statistical Data Compiled for Use in Analysis of Federal Income Taxes and Effective Income Tax Rates, Year 1971," January 15, 1973.

Even under the threat of nationalization, U.S. oil firms are more willing to invest in the Middle East than in the United States. Just last week, Occidental Petroleum Corp. announced a study plan for building a $500 million natural gas processing plant in Libya in spite of the recent history of expropriation of U.S. firms in that country. The foreign tax credit evidently is a stronger incentive than the disincentive of expropriation.

One clear way out of the energy shortage is to remove this incentive to invest and produce abroad. The treatment of the foreign tax credit as a deduction rather than as a credit would largely eliminate the tax shelter presently granted to the production, refining, and other downstream investments that have been growing so rapidly outside the United States.

While our present tax laws grant special preferences to an industry that no longer needs it, they also have contributed to our energy crisis by encouraging the oil companies to locate more and more of their business in foreign countries where they can avoid paying any U.S. taxes. The result has been to make the Nation overly dependent on foreign oil. Despite the fact that the demand for energy has been growing at a rate of 4 to 5 percent a year for the last 20 years, refinery capacity hardly grew at all during the 1960's and early 1970's. Production of crude oil in the United States is today at the same rate as it was 3 years ago even though large oil reserves still exist in this country. As a result, our dependence on foreign oil has increased from close to none in 1968 to over one-third of our total demand. The present embargo has forced the country to pay a very high price for this dependence on foreign oil in terms of lost jobs, inflation, disrupted lives, and general inconvenience. We must amend our foreign tax credit laws so it is no longer more profitable to build a refinery, or drill a well, in Saudi Arabia than in the United States.

The immediate elimination of the foreign tax credit as proposed by this legislation will correct this problem and redound to the benefit of all Americans caught in the squeeze of the energy crisis.

Mr. President, I ask unanimous consent that the text of my bill be printed in the RECORD at this point.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 3060

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 901 of the Internal Revenue Code of 1954 (relating to foreign tax credit) is amended by redesignating subsection (f) as (g), and by inserting after subsection (e) the following new subsection:

"(f) Taxes on Income Attributable to Oil and Gas Operations.—This subpart shall not apply to taxes paid or accrued to any foreign country with respect to income attributable to the extraction, production, or refining of oil or gas."

(b) The amendments made by subsection (a) shall apply with respect to taxes paid or accrued in taxable years beginning after the date of the enactment of this Act.

By Mr. MONTOYA:

S. 3061. A bill to amend the Federal Meat Inspection Act, as amended, to require frankfurters and similar cooked sausages to contain a protein level of not less than 12 per centum. Referred to the Committee on Agriculture and Forestry.

Mr. MONTOYA. Mr. President, many years ago the American hot dog was served with pride to visiting heads of state. It was, literally, as American as apple pie. During the depression years it was still a symbol of the good and nutritious daily food of the average man—good enough for President and Mrs. Roosevelt to offer to guests at their Hyde Park home.

Today, unfortunately, American mothers are often afraid to serve it to their families; if they do, they wonder if it has any food value at all. It looks like meat, it smells like meat—but it is sometimes little more than fat and water and pink dye.

The legislation I am introducing today as an amendment to the Federal Meat Inspection Act will provide minimum Federal standards for protein content of frankfurters and similar products. It will attempt to assure that the protein content of the hot dog is once again high enough so that American children can safely eat it and American mothers can know that it is a nutritious part of the family diet.

In 1967, when I introduced the amendments which modernized meat inspection legislation originally passed in 1908, I made clear that my goals included both assistance to the States and labeling and sanitation protections for the consumer. Today, I again seek to further both of these goals.

Many States now wish to establish minimum standards for meat products sold within their borders, and would like to be able to coordinate their efforts with regulations of the Federal Government agencies responsible. Federal standards will assure that interstate commerce does not interefere with the State laws seeking to protect consumers, and will provide needed unanimity in State and Federal regulation.

Unfortunately, in the existing Federal regulations for hot dogs—all the many forms of frankfurter, sausage, bologna, weiners, and so forth, which Americans love to eat—there are no standards other than limitations on the water, fat, and binder content. There is no minimum standard for protein.

But, of course, the purpose of a "hot dog" is to provide protein. Most consumers would agree that their primary reason for purchasing meat and meat products is to provide a high protein content in their diet. The nutritional value of the other elements of the hot dog is negligible.

People buy hot dogs because they are inexpensive and because they believe that the quality has been insured by Government regulation. But although the price has risen along with all other inflated food prices of this period, there is no real Government standard for the most important ingredient in hot dogs—protein.

In investigating the correct protein level which should be mandated, I have discovered that there is agreement among the experts. Dr. William L. Sulzbacher, of the University of Maryland, has expressed the feeling of most agriculture and nutrition experts whom I contacted. Dr. Sulzbacher's statement said:

> I think the proposal to fix the protein content of frankfurters at 12 percent is an excellent one. It is a better approach to the problem of regulating food composition than the present system which fixes the fat content and lets the protein arrange itself by default. By regulating the protein content you are fixing your sights on the primary target of our nutritional concern. So long as current standards for added moisture are maintained, and fillers are restricted, a fixed protein content will assure consumers of a nutritious and well made frankfurter and, at the same time, meat processors will be allowed a reasonable degree of freedom in formulating distinctive products.

The Food and Drug Administration of Canada is also proposing a 12-percent minimum standard for that nation's sausage product. In order to export our product we will have to conform to that nation's standards unless we raise our own.

A uniform standard, high enough to provide a decent food content, will protect consumers and assist State governments in supervising and inspecting meat sales.

Over 14 billion hot dogs were eaten in America last year. We know now that many of them have less than 10 percent protein content. Yet more and more families are eating this relatively inexpensive food. We must offer them better protection than we do now.

Mr. President, I ask unanimous consent that statements in support of legislation of this sort from Dale Ball and William Sulzbacher be printed at this point in the RECORD along with a copy of the proposed Canadian regulation.

I urge support for this legislation.

There being no objection, the bill and material were ordered to be printed in the RECORD, as follows:

S. 3061

Be it enacted by he Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Nutritious Hot Dog Act of 1974".

SEC. 2. (a) Section 1(m) of the Federal Meat Inspection Act, as amended (21 U.S.C. 602) is amended by—

(1) striking out the word "or" at the end of subparagraph (8);

(2) striking out the period at the end of subparagraph (9) and inserting in lieu thereof a semicolon and the word "or"; and

(3) adding at the end thereof a new subparagraph as follows:

"(10) if it is a frankfurter, frank, furter, hot dog, weiner, vienna, bologna, garlic bologna, knockwurst, or similar cooked sausage and the protein level thereof is less than 12 per centum."

STATEMENT BY B. DALE BALL, DIRECTOR, MICHIGAN DEPARTMENT OF AGRICULTURE, IN SUPPORT OF A 12-PERCENT MANDATORY PROTEIN REQUIREMENT IN SAUSAGE PRODUCTS, FEBRUARY 12, 1974

The Michigan Department of Agriculture supports federal legislation which would establish a minimum twelve (12) percent protein standard for sausage products.

Consumers depend on meat products as an important source of high quality protein. Protein is obviously the sought-after nutritional element in meats. Fats are available in many other foods, often to excess in the American diet, and it is not necessary for consumers to purchase meat products to obtain fat. Thus, the federal standard on fat content in sausages, without a protein standard, is not a desirable standard for consumers. In fact, the federal standard for fat content allows a wide variation in protein content, generally less than the twelve percent level.

Michigan has had a law requiring twelve (12) percent protein in sausage products for over two decades and has tested routinely for both fat and protein content. As a result of this experience, we believe federal legislation to mandate a twelve (12) percent protein minimum would not increase costs incurred by regulatory agencies policing the manufacture of these meat products. The Michigan Department of Agriculture's laboratory has found the tests for protein content to be no more expensive nor time consuming than tests for fat content.

As a consumer and as Director of Agriculture I ask these questions: If protein is the important nutrient in meat products, why is protein not the standard? Why do regulations intended to aid the consumer evade the most realistic standard?

Requiring a minimum of twelve (12) percent protein will do more for assuring a quality protein source than provided by present federal regulations. Our laboratory has found that to assure a twelve (12) percent protein level would generally limit total fat content to approximately 27 percent. For the last 186 samples of bologna and wieners tested by this agency's laboratory, the percent of protein averaged exactly twelve (12) percent, but fat averaged only 27.8 percent.

Under the federal standard allowing 30 percent fat (with no protein standard), the range in protein of products tested was from 9.6 percent to 12.1 percent. Thus, many consumers have received products with less than ten percent protein under existing federal standards.

Based on decades of enforcement of a twelve (12) percent protein standard by the Michigan Department of Agriculture, I strongly support federal legislation proposing a mandatory twelve (12) percent protein requirement.

Fulton, Md.,
February 6, 1974.

Hon. Joseph M. Montoya,
Senate Office Building,
Washington, D.C.

Dear Senator Montoya: I think the proposal to fix the protein content of frankfurters at 12 percent is an excellent one. It is a better approach to the problem of regulating food composition than the present system which fixes the fat content and lets the protein content arrange itself by default. By regulating the protein content you are fixing your sights on the primary target of our nutritional concern. So long as current standards for added moisture are maintained, and fillers are restricted, a fixed protein content will assure consumers of a nutritious and well made frankfurter and, at the same time, meat processors will be allowed a reasonable degree of freedom in formulating distinctive products.

It was a pleasure discussing this problem with Mr. Garten. If I can find additional information bearing on the history of protein in American frankfurtres I will write you.

Respectfully yours,
William L. Sulzbacher.

Proposed Regulations for Meat Products

Minimum protein requirements have been proposed in an Information Letter to all food manufacturers. Uncooked sausage should contain not less than 10% protein; and weiners, bologna, meat loaf, luncheon meat, etc., not less than 12%. Objectives of 25% and 30% protein, respectively, have been put forward by the Health Protection Branch.

There is no objection in principle to the sale of simulated meat products; but to assure equivalent nutrition, a regulation is proposed that these contain not less than 12% of high quality protein. Minimum values for thiamine, riboflavin, niacin, pyridoxine, vitamin B_{12}, iron, and magnesium are also specified. Similar nutritional standards are proposed for mixtures of meat and non-meat products.

The Department of Consumer and Corporate Affairs has made proposals regarding the labelling and advertising of simulated meat and these have been sent to food manufacturers for their comments.

By Mr. BURDICK (for himself, Mr. Randolph, Mr. Clark, Mr. Biden, and Mr. Domenici):

S. 3062. A bill entitled the "Disaster Relief Act Amendments of 1974." Referred to the Committee on Public Works.

Mr. BURDICK. Mr. President, on behalf of myself, the Senator from West Virginia (Mr. Randolph) the Senator from Iowa (Mr. Clark), the Senator from Delaware (Mr. Biden), and the Senator from New Mexico (Mr. Domenici). I introduce for appropriate reference a bill to amend the Disaster Relief Act of 1970—Public Law 91-606.

Approved on the last day of the year, the 1970 law has been applied more frequently in a short period than any previous similar act. In only 3 years after its entctment, the President declared 111 major disasters in 41 different States. During that period floods, tornadoes, hurricanes, earthquakes, fires, and other natural catastrophes caused many deaths and injuries, displaced thousands of people from their homes, and left several billion dollars in damages to property. In 1973 alone 46 major disasters covering about one-fourth of all U.S. counties in 31 States necessitated Federal help of some type to more than 75,000 families.

Tragic as is this record, there has been an unusual opportunity to observe and evaluate the various programs authorized by that law. Although certain of its features have been criticized, the basic pattern of public and private assistance provided by the Disaster Relief Act of 1970 received wide support. The President's report to Congress on May 14, 1973, and the administration-sponsored bill—S. 1840—while urging increased responsibility in disaster relief for the States and proposing several significant departures from the present system, recommended retaining many provisions of the 1970 act with little or no change.

Likewise, a large majority of those who testified before the Senate Subcommittee on Disaster Relief during extensive hearings last year favored continuance of most of its programs. At the same time recommendations were made to modify, expand or curtail certain features. Some of the more than 60 specific legislative changes advocated by witnesses seem to be impracticable or of doubtful merit, but numerous others were constructive and have contributed to the formulation of this bill.

Careful consideration of the evidence available to the subcommittee leads me to conclude, however, that a number of sections in the 1970 act should be updated and strengthened, certain kinds of benefits should be modified, and several new provisions should be added. In addition the Executive order in 1973 replacing the Office of Emergency Preparedness—formerly in the Executive Office of the President—with the Federal Disaster Assistance Administration—in the Department of Housing and Urban Development—necessitates many changes in language and cross references in the law.

The more significant amendments I am introducing today can be summarized briefly as follows: First, redefining "major disaster" to include additional causes for disasters and to permit a different level of response for a major disaster than for those of lesser impact; second, strengthening provisions for disaster planning, preparedness, and mitigation; third, requiring acquisition of any available insurance to protect against future disaster losses any property repaired or restored with Federal assistance; fourth, imposing civil and criminal penalties for violations of U.S. disaster relief laws; fifth, authorizing the President at the request of a Governor and in accord with his recommendation to impose controls on maximum wages, rents, and prices in major disaster areas; sixth, authorizing 100-percent grants for repairing or reconstructing public educational and recreational facilities—in addition to other public facilities as now—and private, nonprofit medical and educational facilities—similar to 1971 and 1972 acts—damaged by major disasters, and permitting State and local governments the option of 90-percent grants with greater administrative flexibility for damaged public facilities; seventh, allowing direct expenditures not to exceed $2,500 for restoration of damaged homes to habitable condition; eighth, creating a grant program to States for financial assistance to needy disaster victims; ninth, directing that food commodities be made available for distribution in major disaster areas; tenth, authorizing grants not to exceed 10 percent of annual operating budgets to local governments suffering revenue losses and in financial need because of major disasters; eleventh, providing professional counseling services for mental health problems caused or aggravated by a disaster; and twelfth, establishing a new, long-range economic recovery program for major disaster areas.

INCREASED NUMBERS, SIZE, AND COSTS OF DISASTERS

The management and delivery of Federal disaster assistance have become problems of great magnitude. Losses attributable to natural hazards are impossible to predict, but their trend appears to be markedly upward. Nearly every section of the Nation has incurred substantial damage in recent years from destructive forces unleashed by floods, tornadoes, hurricanes, earthquakes, and other catastrophes. At the same time Federal activities and expenditures for assistance in disasters have significantly increased.

Since 1953 the President has declared a total of 417 major disasters, but the incidence has varied considerably year by year. Despite the approximate annual average of 20 such declarations, the range is from a low of 7—in both 1958 and 1959—to highs of 48 in 1972 and 46 in 1973. In each of 8 different years there were more than 20 major disaster declarations, but in 7 others less than 15 were proclaimed. The latter part of this period has witnessed a marked advance in the number of major disasters; in contrast to a total of 141 declarations by the President in the first decade—1953–62—there were 222 such declarations in the next 10 years—1963–72. Every record was surpassed, of course, during the last 2 calendar years, when almost 23 percent—94—of all declarations for the last 21 years were issued—see table I. Already in 1974 there have been eight additional declarations.

TABLE I.—NUMBER OF MAJOR DISASTERS AND ESTIMATED REQUIRED OEP-FDAA[1] EXPENDITURES

Calender year	Number of declared major disasters	Estimated required OEP-FDAA expenditures[2]
1953	14	$2,634,677
1954	17	9,243,419
1955	18	16,778,942
1956	16	4,528,272
1957	16	13,272,808
1958	7	4,900,749
1959	7	5,071,637
1960	12	$8,939,326
1961	12	12,735,062
1962	22	50,851,736
1963	20	11,438,070
1964	25	134,387,260
1965	25	88,378,156
1966	11	10,765,330
1967	11	28,826,139
1968	19	14,219,629
1969	29	231,666,874
1970	17	94,062,792
1971	17	214,436,787
1972	48	713,889,127
1973	46	173,800,498
1974[3]	8	
Total	417	1,844,827,290

[1] Now Federal Disaster Assistance Administration. Formerly Office of Emergency Planning and Office for Emergency Preparedness.

[2] Estimated required amounts listed for calendar years 1953 through all of 1967 and most of 1968 are identical with actual obligations for those years.

[3] 1974 totals through Feb. 20. Cost data for 1974 not yet available.

Mr. BURDICK. As might be expected, property losses from major disasters have likewise risen sharply. Part of this is due to the extensive devastation caused by several unusually large hurricanes — Betsy — 1965; Camille — 1969; Celia—1970; Agnes—1972—and by the San Fernando Earthquake—1971. Other factors contrbuting to soaring costs of recent disasters, however, have been the concentration of residential units—including mobile homes—commercial establishments, and industrial facilities in relatively small, sometimes vulnerable areas and the very sizable nationwide escalation of all property values. It is a startling fact that the combined property damage attributed to only three recent natural events is some $5 billion: Hurricane Camille—over a billion dollars; the San Fernando Earthquake—half a billion dollars; Hurricane Agnes—over $3 billion. Enormous losses have been inflicted during 1972 and 1973 by a record number of tornadoes and by very widespread, repeated flooding, especially in the Mississippi River watershed.

Federal disaster assistance expenditures have likewise increased in sizable proportions during the last two decades. Not counting the costs of subsidized interest rates for or uncollected principal on disaster loans and such indirect charges as salaries and services rendered by the staffs of numerous governmental agencies performing occasional unreimbursed disaster-related functions, direct Federal expenditures since 1953 for disaster assistance have totaled over $4 billion—see table II.

TABLE II.—DIRECT FEDERAL EXPENDITURES FOR DISASTER ASSISTANCE, 1953–73

Agency	Purpose	Amount
1. Federal Disaster Assistance Administration (formerly Office of Emergency Planning and Office for Emergency Preparedness).	Direct relief expenditures from President's emergency fund and reimbursement of other Federal agencies for disaster-related costs.	$1,844,827,290
2. Small Business Administration	Forgiveness credit or cancellation of principal on disaster loans.	809,254,922
3. Farmers Home Administration	do	448,180,766
4. Department of Agriculture	Cost of food commodities and coupons provided disaster victims without charge, 1969–73.	18,415,159
5. Federal Highway Administration (formerly Bureau of Public Roads).	Repair and reconstruction of disaster damages to highways on Federal-aid systems.	484,637,000
6. U.S. Army Corps of Engineers	Emergency flood preparation, fighting, and rescue operations, and repair or restoration of flood control works threatened, damaged or destroyed by floods (Public Law 84–99).	299,341,940
7. Veterans' Administration	Losses on VA home loans, because of disasters (approximately).	$2,000,000
8. Office of Education	Repair, restoration, and reconstruction of disaster damaged public elementary and secondary school buildings, debris removal, purchase of equipment and supplies, under Public Law 81–815 and Public Law 81–874.	102,330,691
9. Federal Insurance Administration	Net program costs of the national flood insurance program, 1969–73.	46,774,000
Total		4,051,761,768

Mr. BURDICK. Less than half—1.8 billion—of this amount has been expended from the President's emergency fund, which is administered by the Federal Disaster Assistance Administration and its predecessor agencies. The second largest charge, some $1.25 billion, represents subsidies to private property owners since 1965 for that portion of Small Business Administration or Farmers Home Administration disaster loans that has been forgiven outright or cancelled. Emergency relief funds obligated for the repair and reconstruction of highways on various Federal-aid systems cost $448 million, and nearly $300 million has been expended by the U.S. Army Corps of Engineers for disaster-related activities under Public Law 84–99.

The U.S. Office of Education since 1966 has made payments—under amendments to Public Law 81–815 and Public Law 81–847—totaling over $103 million for repair, restoration, and reconstructary and secondary schools, debris removal, and purchase of replacement supplies and equipment, while over $46 million has been expended by the Federal tion of disaster-damaged public elemen- Insurance Administration since 1969 for national flood insurance costs. In addition, more than $18 million worth of food commodities and coupons has been distributed to disaster victims since 1969.

Data on Federal income tax deductions through the years for casualty losses on property damaged by disasters is not obtainable, but the amount is no doubt large. Likewise, records of the Veterans' Administration do not differentiate between the loss sustained on home loans because of disaster and other types of losses. However, according to official estimates, costs to the VA resulting from foreclosures and the acceptance of voluntary deeds to properties as a result of disaster damage from 1966 through 1973 approximates $2 million, exclusive of agency costs for counseling borrowers or inspecting and appraising damaged property.

A more detailed analysis of Federal disaster assistance expenditures made during the last two decades reveals that the Federal Disaster Assistance Administration—and its predecessors—the national agency most directly concerned with disaster relief, has either obligated or estimates that it will be necessary to obligate some $1.8 billion for major disasters, during this period. However, when this total is broken down into 5 year segments as follows, the trend toward multiplying Federal costs becomes very evident: 1953 through 1957—$46.4 million; 1958 through 1962—$82.5 million; 1963 through 1967—$364.7 million; 1968 through 1972—$1,268 million. Estimated obligations for the years 1973, which are not yet final, are likely to appropriate another $200 million—see table I.

Similarly, mounting expenditures for disaster relief purposes by other agencies, such as the Small Business Administration, the Farmers Home Administration the Federal Highway Administration, and the Army Corps of Engineers have kept pace. For example, the SBA share of the more than 500,000 disaster loans which that agency has made during the last 21 years totals more than $3 billion, but only $176.5 million of that amount was committed during the first 10 years, 1954–63. By contrast, about two-thirds of the total was loaned during the last 4 years, 1969–73, and one-half—$1.5 billion—during 1973 alone—see table III.

TABLE III.—SMALL BUSINESS ADMINISTRATION DISASTER LOANS, 1954–74

Fiscal year	Number of loans	Total amount	SBA share	Amount canceled
1954	157	$742, 111	$742, 111	
1955	1, 086	7, 872, 477	7, 799, 477	
1956	3, 309	44, 402, 267	42, 422, 499	
1957	1, 597	12, 991, 664	12, 243, 939	
1958	1, 559	17, 305, 827	16, 771, 341	
1959	908	9, 201, 747	9, 013, 061	
1960	625	4, 514, 860	4, 379, 035	
1961	2, 778	25, 735, 543	24, 726, 193	
1962	6, 106	39, 680, 469	38, 917, 648	
1963	2, 305	20, 230, 360	19, 482, 369	
1964	2, 509	48, 873, 180	47, 315, 003	
1965	3, 891	76, 454, 552	73, 596, 360	$35, 734, 858
1966	30, 950	$199, 253, 693	$197, 463, 022	
1967	2, 035	24, 237, 021	23, 769, 036	
1968	14, 126	114, 176, 638	113, 594, 925	
1969	2, 128	22, 347, 775	22, 231, 869	
1970	17, 011	175, 102, 132	174, 955, 386	$26, 004, 996
1971	57, 407	298, 084, 815	297, 941, 725	29, 923, 029
1972	93, 342	323, 947, 581	322, 865, 126	190, 828, 226
1973	215, 001	1, 518, 363, 263	1, 517, 604, 979	431, 714, 715
1974 (July 1–Nov. 30, 1973)	44, 350	264, 000, 000	263, 000, 000	95, 049, 096
Total	503, 180	3, 247, 518, 075	3, 230, 835, 104	809, 254, 920

Mr. BURDICK. Farmers Home Administration emergency and disaster loans likewise have greatly increased in number and amount. Since 1950 FHA has made emergency loans to farmers for damage to crops and fields caused by natural hazards, and since 1966 it has also made rural housing and crop disaster loans for major disasters declared by the President. During the 24 years since the inception of this program, FHA has made over 672,000 emergency and disaster loans totaling nearly $2.2 billion —see table VI. While the great bulk of these were for emergencies declared by the Secretary of Agriculture under his statutory authority, many of the largest outlays resulted from Presdential major disaster declarations in recent years.

In the first 4 years of the FHA emergency program, 1950–53, nearly 96,000 loans totaled only $128.5 million. However, for the same periods as noted for SBA above, the total amount of FHA loans more than doubled in the last decade from that of the previous decade. From 1954 through 1963 inclusive, 271,000 FHA emergency and disaster loans totaling $615.3 million were made whereas in the next 10 years some 301,000 loans totaled $1,429 million. Because of the extraordinary number of loans engendered by Hurricane Agnes and the enlarged benefits provided by Public Law 92–385, however, more than one-third—$557 million—of this latter amount was committed for 128,000 loans during the 1973 fiscal year—see table IV. Distribution by the Department of Agriculture to disaster victims of free food commodities since 1953 and of free food coupons since 1969 has cost a total of at least $18.4 million—see table VII.

TABLE IV.—FARMERS HOME ADMINISTRATION EMERGENCY LOANS, 1950–73

Fiscal year	Number of loans	Amount obligated	Amount canceled
1950	25, 506	$31, 580, 777	
1951	13, 471	20, 381, 480	
1952	21, 380	32, 467, 909	
1953	35, 585	44, 094, 598	
1954	46, 991	94, 078, 763	
1955	56, 444	89, 126, 550	
1956	45, 847	86, 984, 324	
1957	28, 887	66, 673, 841	
1958	24, 247	63, 419, 194	
1959	11, 404	39, 841, 471	
1960	9, 188	22, 858, 368	
1961	7, 926	26, 512, 165	
1962	20, 861	63, 340, 076	
1963	19, 333	62, 461, 382	
1964	15, 302	50, 095, 845	
1965	22, 279	78, 396, 660	
1966	24, 371	100, 414, 795	$7, 068, 285
1967	22, 174	94, 604, 930	305, 486
1968	22, 228	108, 008, 150	
1969	20, 686	$114, 716, 153	
1970	12, 862	89, 430, 160	$2, 383, 123
1971	19, 869	127, 635, 905	16, 600, 861
1972	13, 056	108, 911, 810	7, 432, 637
1973	128, 667	557, 766, 139	410, 015, 328
Total	668, 564	2, 173, 801, 445	443, 805, 720

TABLE V.—FARMERS HOME ADMINISTRATION RURAL HOUSING DISASTER LOANS

Fiscal year	Number of loans	Amount obligated	Amount canceled
1966	194	$1, 697, 290	
1967	92	1, 161, 500	
1968	309	890, 310	
1969	113	916, 950	
1970	405	4, 449, 830	
1971	486	4, 962, 470	$117, 330
1972	273	2, 031, 700	653, 648
1973	1, 694	7, 549, 440	3, 604, 068
Total	3, 566	23, 659, 490	4, 375, 046

TABLE VI.—FARMERS HOME ADMINISTRATION COMBINED EMERGENCY AND RURAL HOUSING DISASTER LOAN TOTALS

Program	Number of loans	Amount obligated	Amount cancelled
Emergency loans, 1950–73	668, 564	$2, 173, 729, 445	$443, 805, 720
Rural housing disaster loans, 1966–73	3, 566	23, 659, 490	4, 375, 046
Grand totals	672, 130	2, 197, 388, 935	448, 180, 766

TABLE VII.—DEPARTMENT OF AGRICULTURE COST FOR FOOD COMMODITIES AND FOOD COUPONS PROVIDED DISASTER VICTIMS, 1969–74[1]

Fiscal year	Donated food commodities		Free food coupons	
	Number assisted	Cost	Number assisted	Cost
1969	62, 706	$211, 815		
1970	522, 676	1, 190, 542		
1971	247, 463	1, 004, 413	40, 144	$1, 009, 882
1972	160, 557	994, 616	41, 721	771, 290
1973	320, 904	292, 300	662, 668	12, 824, 942
1974[2]			3, 365	115, 359
Total	1, 314, 306	3, 693, 686	747, 898	14, 721, 473

[1] Expenditures for food commodities provided for disaster relief before 1969 and for food coupons before 1971 not available. Food coupon cost does not include expenditures of assistance provided disaster victims for long-term periods under the normal food stamp program.

[2] Food coupon data through Jan. 31, 1974, only.

Note: Total persons assisted, 1969–74—2,062,204; total cost of programs, 1969–74—$18,415,159.

Mr. BURDICK. While substantial portions of outstanding Federal disaster loans have been or will be repaid, the actual burden incurred by the National Government in financing these programs cannot be measured in terms of administrative costs and uncollected obligations only. Two other features, subsidized interest rates and forgiveness credit, by conservative estimates have added at least another billion dollars more to the real total chargeable to this type of assistance.

Both SBA and FHA disaster loans for many years have carried interest charges at levels below those established for similar loans from commercial lending institutions. Fixed at 3 percent until raised by the 1970 act to not more than 2 percent less than the current market yield for long-term U.S. obligations, the rate was dropped to its low point of 1 percent in August 1972—after Hurricane Agnes—then escalated to 5 percent in April, 1973. However, an act passed by Congress late in December and approved by the President on January 2, 1974—Public Law 93–237—reinstated for a 90-day period Farmers Home Administration disaster loans at 1 percent interest with $5,000 forgiveness for farmers living in counties designated as disaster areas between December 27, 1972, and April 20, 1973. Farmers in more than 900 counties in 39 States will be eligible retroactively for these benefits, which had been suspended by Executive order on December 20, 1972, whereas recipients of Small Business Administration disaster loans were accorded the lower interest rate and cancellation features until the rate was raised to 5 percent and the $5,000 forgiveness was abolished on April 20—Public Law 93–24.

Determining accurately the eventual cost of generous interest terms for disaster loans is very difficult, but no doubt it will be large. During fiscal year 1973 alone when for three-fourths of the year the 1-percent rate prevailed, disaster victims received more than $2 billion in loans from SBA and FHA. In view of the fact that such loans can by law be made for periods up to 30 years, the annual subsidy for interest—$50 million or more for 1973 alone—must be taken into account.

Disbursements for forgiveness credit likewise constitute a very sizable amount. This approach was first applied in the Southeast Hurricane Disaster Relief Act of 1965—Hurricane Betsy—which permitted canceling of $1,800 principal of SBA disaster loans. A similar provision incorporated in the 1969 Disaster Relief Act—Public Law 91–79—authorized canceling a maximum of $1,800 in excess of the first $500 of both SBA and FHA disaster loans. Forgiveness credit was increased to $2,500 in 1970 and was doubled to $5,000 in 1972 after Hurricane Agnes. The combined total of forgiveness credit for all disaster loans since 1965 is over $1.2 billion—see tables III, IV, V and VI.

Federal expenditures for repairing Federal-aid highways and for restoring flood control works damaged or destroyed by disasters also have risen remarkably in recent years. Nearly one-half billion dollars has been obligated by the Federal Highway Administration—and its predecessor agencies—during the last 21 years for reconstruction of highways on Federal-aid systems. More than $400 million of the total was spent in the last decade and over $260 million during the last 4 years alone—see table VIII. It should be noted that disaster-related costs for repairing non-Federal-aid roads, which are reimbursed from the President's emergency fund administered by FDAA, have likewise turned sharply upward.

TABLE VIII.—*Federal-aid highway disaster relief expenditures, 1953–73*

[Emergency relief funds obligated for repair and reconstruction of damaged Federal-aid highways]

Fiscal year:	*Amount obligated*
1953	$1, 707, 000
1954	1, 059, 000
1955	1, 704, 000
1956	10, 056, 000
1957	9, 547, 000
1958	9, 657, 000
1959	5, 225, 000
1960	2, 184, 000
1961	3, 795, 000
1962	4, 957, 000
1963	2, 355, 000
1964	17, 522, 000
1965	62, 707, 000
1966	35, 619, 000
1967	15, 228, 000
1968	14, 586, 000
1969	15, 706, 000
1970	73, 897, 000
1971	28, 562, 000
1972	34, 166, 000
1973 *	134, 398, 000
Total	484, 637, 000

* 1973 as of November 30.

Mr. **BURDICK**. Outlays made by the Army Corps of Engineers for flood-disaster related activities have not been quite as concentrated during recent years as those made by other agencies, but they do show a similar trend. Since 1953 the corps has committed $300 million under Public Law 84–99 for flood emergency preparations, rescue operations, shore protection, and restoration of disaster-damaged flood control works. However, approximately two-thirds of this amount was spent in the last decade and more than $80 million in the last fiscal year—see table IX. Likewise, over two-thirds of the expenditures by the Office of Education for aid to disaster-damaged public schools has been made since 1970—see table X. National Flood Insurance costs have been incurred only since 1969—see table XI and table XII.

TABLE IX.—*U.S. Army Corps of Engineers disaster related expenditures, 1953–73**

Fiscal year:	*Amount expended*
1953	$34, 424, 858
1954	2, 809, 796
1955	1, 247, 014
1956	13, 687, 061
1957	8, 025, 806
1958	7, 932, 569
1959	10, 116, 973
1960	5, 431, 633
1961	5, 612, 297
1962	5, 109, 189
1963	5, 060, 597
1964	1, 293, 589
1965	11, 810, 715
1966	19, 763, 018
1967	5, 578, 989
1968	6, 251, 427
1969	27, 115, 195
1970	24, 986, 612
1971	12, 805, 711
1972	9, 741, 167
1973	80, 537, 724
Total	299, 341, 940

* Under Public Law 84–99.

TABLE X.—DISASTER RELIEF EXPENDITURES FOR PUBLIC ELEMENTARY AND SECONDARY SCHOOLS, 1966–74

[Office of Education expenditures under Public Law 81–815 and Public Law 81–874]

Fiscal year	Public Law 815 (reconstruction) payment	Public Law 874–(repair, equipment, supplies, debris removal, etc.) Obligation	Public Law 874–(repair, equipment, supplies, debris removal, etc.) Payment
1966			$3, 936, 145
1967	$566, 149		790, 410
1968	629, 049		3, 300, 296
1969	957, 089		2, 615, 130
1970	4, 328, 548	$5, 172, 071	5, 170, 682
1971	4, 385, 629	11, 800, 927	11, 701, 559
1972	11, 325, 959	41, 662, 891	35, 317, 558
1973	5, 522, 559	66, 838, 545	10, 213, 497
1974[1]	1, 946, 844	1, 089, 963	818, 714
Total	29, 661, 826	126, 564, 397	73, 863, 991

[1] 1974 data incomplete.

Note: Total payments (1966–74) $103,525,817. Total obligated but not expended (1966–74) $52,760,406.

TABLE XI—*National flood insurance program costs, 1969–73 fiscal years*

Program by activities:	*Actual cost*
Insurance underwriting expense	$5, 860, 000
Loss and adjustment expense	26, 046, 000
Interest expense	539, 000
Studies and surveys	14, 901, 000
Administration	3, 087, 000
Adjustment of prior year costs	40, 000
Total program costs funded	50, 473, 000
Reinsurance premium earned	3, 699, 000
Net program cost	46, 774, 000

TABLE XII.—*National flood insurance program estimated costs, 1974–75 fiscal years*

Program by activities:	*Estimated cost*
Insurance underwriting expense	$12, 860, 000
Loss and adjustment expense	62, 500, 000
Interest expense	5, 500, 000
Studies and surveys	26, 270,000
Administration	5, 224, 000
Adjustment of prior year costs	
Total program costs funded	$112, 444, 000
Reinsurance premium earned	12, 560, 000
Net program cost	99, 794, 000

LEGISLATIVE BACKGROUND

Mr. **BURDICK**. Increased national awareness of the dangers inherent in natural hazards and congressional willingness to provide substantially enlarged benefits to disaster victims is clearly reflected in the record of the last quarter century. Federal disaster relief assistance at first was made available primarily for public losses incurred by national, State, and local governments. The Basic Relief Act of 1950, Public Law 81–875, was limited almost entirely to aid for public agencies. Except for low-interest loans, special programs adopted after particular disasters—such as the Alaskan earthquake of 1964 or Hurricane Betsy in 1965—and power conferred in 1966 to refinance existing loans on property damaged in major disasters, Public Law 89–769, it was not until 1969 that the Disaster Relief Act of that year, Public Law 91–79, provided a number of direct benefits for the private sector. In addition to $1,800 forgiveness credit on disaster loans, that act authorized the providing of temporary housing for disaster victims as long as 12 months with rentals adjusted according to financial ability—but no higher than 25 percent of family income—free food coupon allotments to low-income households, unemployment assistance to those out of jobs because of a disaster, and debris removal from privately owned land or waters.

As noted in some detail below, the comprehensive Disaster Relief Act of 1970, Public Law 91–606, which replaced all general legislation then extant, not only incorporated most of the provisions of the 1950, 1966, and 1969 acts but also authorized a number of new and expanded benefits, both for the public and the private sectors. In 1971 an amendment was approved, Public Law 92–209, that provided for assistance up to 100 percent of the cost for repairing or reconstructing nonprofit, privately owned medical facilities damaged in a major disaster, and similar coverage was extended by the so-called Agnes Act, Public Law 92–385, to nonprofit, private educational institutions. The same act also lowered interest rate to 1 percent and doubled forgiveness credit to $5,000 on SBA and FHA disaster loans.

Late in December 1972, the Department of Agriculture suspended the emergency-disaster loan programs of the Farmers Home Administration, and, in an act approved April 20, 1973, Public Law 93–2, Congress repealed both the 1-percent and $5,000 forgiveness features for SBA and FHA disaster loans alike. Subsequently, the Senate and the House passed bills—S. 1672 and H.R. 8606—proposing lower interest rates and cancellation of certain portions of the principal for disaster loans, but on September 25, 1973, the Senate sustained—59–36—a Presidential veto of the agreed-upon version. Among other matters the latter would have offered recipients of SBA and FHA disaster loans an option of either a 3-percent loan with $2,500 forgiveness credit or a 1-percent loan with no forgiveness.

As pointed out previously, a recent act (Public Law 93–237) ordered both the 1-percent interest rate and the $5,000 forgiveness credit to be reactivated during the 90 days after January 2, 1974, for applications made for Farmers Home Administration disaster loans resulting from natural disasters occurring after December 26, 1972, but prior to April 20, 1973. In effect this invalidates executive suspension of such loans during this 4-month period and permits them to be awarded on the same terms that were applicable for Small Business Administration loans. The same act also repealed restrictions inserted in the 1973 act, Public Law 93–24, which stipulated that applicants for FHA disaster loans should be "* * * unable to obtain sufficient credit elsewhere to finance their actual needs at reasonable rates and terms * * *" and substitutes the phrase that such loans shall be made "* * * without regard to whether the required financial assistance is otherwise available from private, cooperative, or other responsible sources."

Several important changes in the national flood insurance program made by the Flood Disaster Protection Act of 1973, Public Law 93–234, could have a significant impact on future Federal disaster assistance. Sizable increases in subsidized insurance coverage for losses caused by flooding were approved: The amount for single family residences was doubled from $17,500 to $35,000; multiple family dwelling units and business structures were made eligible for $100,000 insurance rather than the former $30,000; church properties and contents of such structures were authorized to be covered up to $100,000 for each; and subsidized insurance on contents was doubled for dwelling units from $5,000 to $10,000 and was increased for business properties from $5,000 to $100,000. Moreover, for the first time flood insurance was made available for protection against losses resulting from erosion and undermining of shorelines in lakes and other bodies of water.

In addition to providing much larger coverage, the new act in several ways will encourage more property owners in potentially hazardous areas to purchase flood insurance. After March 1, 1974, no Federal financial assistance can be approved for property acquisition or construction purposes in identified flood-prone areas in which the sale of flood insurance has been made available unless that property has been covered adequately by such insurance.

Within 6 months any communities with flood-prone areas not already participating in the flood insurance program are to be notified of their tentative identification as flood hazardous areas. These places must either apply for participation or demonstrate satisfactorily within 6 additional months that the hazards either do not exist or have been corrected. Although the Secretary at his discretion may grant a public hearing, his determination of the existence or the extent of flood hazard boundaries is conclusive. If a community identified as having special flood hazards fails to participate in the insurance program by July 1, 1975, no Federal financial assistance for acquisition or construction purposes can be provided in any hazardous area in that community. Federal agencies must by regulation prohibit banks, savings and loan associations and similar institutions from making, increasing, extending, or renewing any loan on improved real estate or mobile homes located in an identified flood-prone area unless the community in which it is located participates in the flood insurance program by July 1, 1975. Although the act allows the purchase of flood insurance at subsidized rates until December 31, 1974 on property recently constructed in flood plains, after that date applicable estimated risk premium rates will be imposed in such areas.

Other important sections of the act are worth noting here briefly. The requirement in the 1968 National Flood Insurance Act that disaster assistance should be denied to a property owner who neglected to purchase flood insurance more than a year after it became available to him was repealed. The Secretary was authorized and directed to employ various means of accelerating the identification and mapping of hazardous zones in flood-prone and mudslide-prone areas. Finally, flood hazard areas and land use restrictions are to be based on so-called 100 year flood standards established after consultation with local officials, subject to limited rights of administrative appeal and review.

In view of the fact that flooding has been the most costly of all natural hazards, the expanded coverage and assurance of wider participation in the flood insurance program provided by the 1973 Flood Disaster Protection Act at some future time should significantly reduce the level of governmental assistance to property owners after this type of major disaster. However, until it has been implemented fully in all flood-prone areas, there will be need for continued aid of other kinds.

Considerable interest has been engendered during recent years in the possibility of developing nationwide, comprehensive insurance for all kinds of major disasters. Most of the suggestions contemplate an all-risk type policy, partially subsidized by the Federal Government, to provide compensation for damages caused by all natural hazards, including floods. Those who support this concept argue that most property owners not only would be willing but also might prefer to contribute in the form of a comparatively small insurance premium for protection against disasters than to depend on receiving possible public or private assistance. In the 93d Congress at least a dozen bills have been offered in the House of Representatives and two—S. 1144 and S. 1578—in the Senate to establish a national system of major disaster insurance, but as yet no action has been taken.

The Federal Insurance Administration for several months has been conducting a study on the feasibility of a major disaster insurance program and is scheduled to report its findings to Congress in March of this year. Presumably it will investigate various alternative approaches, such as expanding the present flood-insurance system to include other types of disasters or a simple "add-on" to present property-owners comprehensive policies. Although any recommendation now would be premature, perhaps consideration should be given in the future to the advisability of broadening insurance coverage to apply to other disaster losses, especially if flood insurance, as newly revised, proves to be attractive and successful.

DISASTER RELIEF ACT OF 1970 (P.L. 91–606)

The 1970 Act was designed to provide a permanent, comprehensive Federal disaster assistance program and to strengthen the administrative structure necessary to assure effective management and delivery of aid to disaster victims. Its goal was to authorize immediate relief and recovery assistance for State and local governments, individuals, business establishments and other organizations without the necessity of further action by Congress. To accomplish this end the President, after first determining that damages and losses inflicted by floods, tornadoes, hurricanes, earthquakes, drought, fire and a number of other natural hazards were of such severity and magnitude to warrant Federal assistance, was authorized to declare a major disaster making a specified area eligible for a variety of aid programs and benefits.

Emergency relief for such essentials as temporary housing, debris removal, communications, public transportation, food, and restoration of public facilities could be extended without delay under the act as soon as a Presidential declaration was made. To implement the administration of disaster relief the act stipulated that a Federal coordinating officer should be appointed to appraise extent of relief needed, set up field offices, supervise emergency support teams and other agencies, and coordinate all assistance activities. Likewise, all Federal agencies were authorized to assist disaster areas by utilizing their personnel, facilities, supplies and equipment, distributing medicine, food and other consumables, and performing on public or private lands and waters emergency necessary work to protect life and property.

In order to mitigate potential damage, the President is authorized to use Federal resources, instrumentalities and personel to avert or lessen the effects of a major disaster believed to be imminent. He is also empowered to provide assistance—including grants—to States for the purpose of suppressing any fire on publicly or privately owned forest or grass lands which threatens to become a major disaster. Matching grants not to exceed $250,000, supplemented by annual grants up to $25,000, can also be awarded States to help develop comprehensive plans for preparation against disasters and for restoration of damaged or destroyed facilities.

Both public and private sectors are

made eligible by the 1970 act for a number of programs designed to assist the long-range physical, economic and social recovery of major disaster areas. If the repair or reconstruction of any damaged or destroyed facility owned by the United States is so urgent that it cannot be deferred pending enactment of special legislation, the President is authorized to order any such repair or reconstruction, notwithstanding a lack of insufficiency of funds for that purpose. All State and local government facilities, with the exception of those used exclusively for recreation, can be repaired, restored or reconstructed—according to previous design and conformity with applicable codes—by Federal grants not exceeding 100 percent of the net cost of such repair or reconstruction.

Applications from communities located in disaster areas for public facility and public housing assistance are to be given priority during a period not to exceed 6 months, and any Federal agency is also permitted to modify or waive during a disaster period those administrative procedural conditions which could not be complied with because of a disaster. Grants to local governments suffering substantial loss of property tax revenue because of a major disaster may be made by the President, with the restriction that no grant can exceed the amount needed to equal the annual average total income from property taxes received by a particular government during the last 3 years.

Families and individuals displaced from residential quarters by a major disaster may be provided temporary accommodations for as long as 12 months without rental charges and thereafter at fair market value adjusted to financial abilities of the occupants. Mobile homes or other emergency housing acquired by the Government may be purchased by occupants later at fair and reasonable prices. Mortgages or rental payments for up to 1 year may be made for those who are threatened with eviction because of defaults attributable to financial distress caused by a major disaster.

Although modified by Congress in 1972, Public Law 92-385, and in large part repealed in 1973, Public Law 93-24, sections 231, 232, and 234 of the 1970 act permitted homeowners and businessmen whose property was damaged by a disaster, without regard to whether financial assistance could be secured for other sources, to obtain SBA and FHA disaster loans at an interest rate 2 percent lower than that required for long-term U.S. obligations and with $2,500—after the first $500—of the principal forgiven or canceled. Likewise, existing mortgages or outstanding liens on homes or business concerns destroyed or substantially damaged in a major disaster could be refinanced by SBA or FHA at the same favorable interest rate.

Not repealed, however, was the authority conferred on the Veterans' Administration by the 1970 act to modify the rate of interest, time of payment of principal or interest, or other provisions of mortgages made or acquired by the VA—as well as by previous law those guaranteed or insured—and to extend "forbearance or indulgence" to homeowners with loans guaranteed, insured, made or acquired by the VA whose residential property suffers loss or damage in a major disaster.

Several other benefits provided in the 1970 act for individual disaster victims and private organizations are worth noting here. Persons unemployed as a result of a disaster may receive assistance not exceeding the maximum amount or the duration of payment provided by the unemployment compensation program of a State in which a disaster occurs, reduced to the extent that any regular unemployment compensation or private income protection insurance payments are made. Major sources of employment in areas suffering major disasters are made eligible for loans from the Small Business Administration—for nonagricultural enterprises—and the Farmers Home Administration—for agricultural enterprises—in amounts necessary to resume operations and to assist in restoring economic viability in those areas. Both food coupons and surplus commodities may be distributed to low-income households through the Secretary of Agriculture if the President determines that, because of a major disaster, they are unable to purchase adequate amounts of nutritious food. Low-income individuals and families also may be provided free legal guidance and counsel with the advice and assistance of appropriate Federal agencies and State and local bar associations. Any person displaced by a major disaster will not lose eligibility for relocation payments under urban renewal programs only because of inability to return and reoccupy his property.

The 1970 statute also stipulated certain conditions and procedures to be used in administering disaster assistance. In carrying out relief functions at the site of a disaster, regulations must insure that distribution of supplies, processing of applications and other assistance activities are done impartially and without discrimination on the grounds of race, color, religion, nationality, sex, age or economic status. With their consent the personnel and facilities of private relief organizations, such as the American National Red Cross, Salvation Army and the Mennonite Disaster Service, may be used to disburse food, medicine and other supplies and to help restore community services and essential facilities, but such organizations must agree to comply with nondiscrimination regulations promulgated by the national agency. In addition specific guarantee is made that the age of any adult loan applicant is not to be considered as a factor in determining whether a Federal disaster loan is to be granted or what the amount of the loan should be. To the extent feasible and practicable, preference is to be given to local individuals and firms in awarding contracts for debris clearance, reconstruction and other disaster assistance activities. Finally, no person or business is entitled to receive aid from more than one source, including insurance, for the same disaster loss; if it is determined that assistance for damages caused by a disaster exceed the amount of actual loss, that portion which is ruled to be excessive shall be returned to the Treasury.

DISASTER PREPAREDNESS AND ASSISTANCE BILL OF 1973 (S. 1840)

While retaining many features of the 1970 act, the administration-sponsored "Disaster Preparedness and Assistance Bill of 1973," (S. 1840) proposed a number of constructive and innovative improvements. Several concepts embodied in this measure, which reflects the results of a study conducted by the former Office of Emergency Preparedness and the Office of Management and Budget, received general support and should be enacted. For instance, such features as those making a legal distinction between a "disaster" and a "major disaster," encouraging advance planning and preparedness for disasters, mitigating dangers from natural hazards, requiring acquisition of reasonably available insurance protection to qualify disaster damaged property for future disaster benefits, providing Federal grants to help meet essential human needs and services attributable to major disasters, and imposing Federal criminal and civil penalties for violations of disaster relief laws, in my opinion would all strengthen the present act.

On the other hand the wisdom or usefulness of certain principles inherent in S. 1840, especially those which would curtail or eliminate some kinds of assistance and would shift to the States almost complete responsibility for administering particular federally funded disaster relief activities, is questionable. Perhaps the most commonly criticized section of the bill would reduce by 25 percent—from the present authorization of not to exceed 100 percent of the net cost to the proposed 75 percent of the estimated cost—the amount of Federal contribution to State or local governments for the reconstruction or replacement of disaster damaged public facilities and private, nonprofit medical and educational facilities.

Among the benefits now provided for disaster victims by Public Law 91-606 which are not included in the administration bill are those authorizing occupancy of temporary housing without charge for as long as 1 year, payments on mortgage or rental obligations for those threatened with eviction from their residences, and distribution of free food coupons and agricultural commodities. Sections providing for emergency communications, public transportation systems, indemnity for debris removal, and fire suppression grants are also dropped, although some of these same goals might be achieved under other authority.

It is difficult to understand why these provisions were not considered of sufficient value to be incorporated in S. 1840. Several of them are potentially significant and their elimination would not appear to improve the law. For example, section 225 of Public Law 91-606, which authorizes assistance, including grants—without the necessity of a major disaster declaration—to any State for the suppression of any fire on privately owned forest or grass land which threatens to become a major disaster, was used nine times during 1973 alone to provide aid to three States—Alaska, Montana, and Oregon. Providing occupancy of temporary housing, food coupons, and agricultural commodities to needy disaster victims without charge also have proved to be very helpful. Consequently, the amendments I am submitting today would retain these in somewhat modified form.

Other controversial policy changes recommended by S. 1840 are those relating to temporary housing, amounts of grants to needy families, and distribution of funds within a State for the repair of public facilities and for the removal of debris and timber from public or private lands and waters. In place of the current direct Federal emergency housing program, the bill proposed substituting one administered entirely by the States with Federal funds apportioned according to an unspecified formula—to be determined by the President—based on the number of eligible individuals or families. Several witnesses raised doubts about the readiness, willingness and capability of most States to assume the full burden of acquiring, operating, and disposing of the large quantity of temporary housing needed quickly for any sizable major disaster. The view was also expressed that certain economies and advantages of national management—especially in providing mobile homes or other readily fabricated dwellings—such as centralized purchasing, transportation, and stockpiling, would be lost if each State had to be prepared continuously to mount a large-scale emergency shelter program.

The administration bill would also vest almost unlimited discretion in State Governors to determine the amount of payments to be made from Federal grants to needy families and the allocation of funds to local governments for repairing public facilities and for removing debris and timber from public or private lands and waters. With the exception that no family could receive more than $4,000, the Governor or his representative would set the eligibility requirements for and fix the amount of payments to families for uninsured losses and extraordinary disaster-related expenses. Similarly, there is no requirement that redistribution of Federal grants by the Governor to subordinate units of government would necessarily have to reflect or be in proportion to the extent or severity of their property losses in major disasters. Local officials fear that any advantages gained by freedom from Federal control and redtape by eliminating direct project grants might be offset or nullified by this absolute authority that would be conferred on the chief executive of each State.

One of the most significant changes proposed by S. 1840 involves an issue that does not come within the jurisdiction of the Senate Committee on Public Works. In place of the present system of Small Business Administration, Farmers Home Administration, and Veterans' Administration disaster loans, the bill would centralize all such authority in the President, who would be authorized either to make or to guarantee loans in major disaster areas for repairing, replacing, or restoring damaged property to the extent it is not covered by insurance and also to meet the needs of small business for working capital after major disasters. Similar to power conferred on SBA by section 237 of the present law, the President also would be authorized to make or guarantee disaster loans to any industrial, commercial, agricultural, governmental, or other enterprise that has been a major source of employment in a major disaster area in order to enable it to resume operations. Likewise, he could make disaster loans, not exceeding 10 percent of their operating budgets, to local governments in need of financial assistance because of a major disaster.

Disaster loans would be financed from a revolving fund to be established in the Treasury into which all interest, repayments and congressional appropriations would be deposited. They would bear an interest rate that could not exceed the annual rate on outstanding Federal obligations, and periodic debt service payments—not to exceed $100 million—could be made by the President in amounts sufficient to reduce the interest rates accordingly. New restrictions not appearing in present law, however, would stipulate that disaster loans could not be made or guaranteed if credit is otherwise available on reasonable terms and conditions or unless there is reasonable assurance of repayment. Inasmuch as the loan program will be reviewed by another Senate committee, the amendments proposed today do not attempt to deal with this problem.

After careful consideration of all obtainable evidence, I am convinced that the disaster assistance role of the Federal Government should not be abruptly or substantially diminished. Greater flexibility can be secured by increasing the administrative responsibility of State and local governments for some disaster activities, and the bill introduced today attempts to achieve this laudable goal. Nevertheless, to turn over completely to the States, without adequate national criteria and standards the handling of such crucial problems as emergency housing and various relief and reconstruction Federal grant programs, or to reduce or curtail certain types of assistance, would not, in my opinion, be a step forward.

OTHER PENDING MEASURES

In addition to S. 1840, hearings were held by the subcommittee on several other measures relating to disaster relief. An amendment introduced by Senator SCOTT of Pennsylvania (S. 753) to update the relocation assistance authorization in Public Law 91-606, section 254, by applying it to the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 rather than to the Housing Act of 1949 has been accepted as part of the new bill I am introducing. A proposal in S. 1267—introduced by Senator STEVENSON—that the definition of major disaster causes should be broadened to include "erosion" was not acted upon because of the extension of the flood insurance program by the Flood Protection Act of 1973, Public Law 93-234, to cover losses from erosion and approval by the Senate of new demonstration shoreline and stream bank erosion programs in S. 2798.

Three other bills suggesting changes in the reasons for granting disaster assistance and in the organizational structure for administering relief were considered but are not included in the new bill: First, S. 1297—Senator BIDEN—proposed that the President should be permitted to declare a major disaster for "any act or accident which results in the severance of one or more important means of transportation or communication to any geographic area, and which causes substantial economic injury;" second, S. 1847—Senator MCGOVERN—would allow disaster declarations for "any act or accident caused by man which results in substantial economic injury to that area;" and third, S. 2265—Senator SCHWEIKER—asked that a new Civil Disaster Office be established in the Army Corps of Engineers to which would be transferred all powers to administer disaster relief now belonging to the Federal Disaster Assistance Administration.

PROPOSED 1974 AMENDMENTS

At the outset of the 93d Congress, the Senate Committee on Public Works agreed that several factors justified a review of the Federal role in providing disaster assistance. Both the number of and losses inflicted by major disasters have risen remarkably in the last few years. Also, it was expected that recommendations would be made soon by the Administration for revising some of the programs.

Consequently, the Subcommittee on Disaster relief has conducted an inquiry during the last 9 months on the adequacy, cost, and effectiveness of such assistance. Special attention has been devoted to an examination of the benefits provided by the Disaster Relief Act of 1970, as amended, and the administration of that law in more than 100 major disasters since it was enacted.

Field hearings were held—on the dates indicated below—in four cities which have been subjected to severe losses in recent major disasters: Biloxi, Miss., March 24; Rapid City, S. Dak., March 30-31; Wilkes-Barre, Pa., May 11-12; and Elmira, N.Y., June 1-2. Additional testimony on an administration-sponsored bill—S. 1840—and on other proposed relief measures was received during 3 days of hearings in Washington, September 11-13.

More than 300 witnesses testified in person at these hearings and nearly 90 others submitted statements for the record, which totaled over 2,800 pages. Among those appearing before the subcommittee were several Members of Congress, a few State legislators, numerous Federal, State and local officials involved in administering disaster relief, representatives from various private relief organizations and interest groups, and many private citizens. These spokesmen from different sections of the country presented a cross-section of widely diversified groups and opinions and enabled members to raise relevant questions about the quantity and quality of disaster assistance.

In addition to revisions in language and minor content changes in many sections of the 1970 act, the bill I am submitting today proposes several substantive modifications that, if adopted, would fill certain needs and correct certain defects brought to the attention of the subcommittee and would help improve administration of disaster relief and recovery in the future. Each of these significant amendments deserves separate explanation and comment.

1. DISASTERS AND MAJOR DISASTERS DISTINGUISHED (SEC. 102)

Although damage, or threat of danger, from natural hazards frequently is sufficient to warrant Federal help, its severity or extensiveness may not be enough to justify providing the many varied types of assistance needed for large catastrophic events. When the President declares a major disaster at the request of a State Governor under present law, his action automatically triggers all of the benefits authorized by Federal disaster legislation, even though there are situations in which only limited aid is required.

To alleviate this problem and to make it more practicable for the National Government to extend its resources during smaller emergencies, the definition of major disaster would be amended—as proposed by S. 1840—to create a new category of disaster separate from a major disaster. This would permit such assistance as equipment, food, other supplies, personnel, medical care, temporary shelter, minor housing repairs, and other essentials to be provided during limited emergencies without activating other parts of the law applicable only to those truly major in extent.

The bill defines a "disaster" as any one of a number of natural hazards or other catastrophes causing damage that requires emergency assistance. Added to the existing list of natural hazards that may result in disasters are the following natural phenomena: Tsunami, volcanic eruption, landslide, and snowstorm. A major disaster, on the other hand, is defined as any disaster which the President determines to be of sufficient severity and magnitude to warrant assistance above and beyond Federal emergency services to supplement the efforts and resources of States, local governments, and private organizations.

In accordance with this new definition, various sections of the bill refer only to emergency activities authorized during a disaster and do not contemplate providing a number of benefits unless a major disaster is declared by the President.

2. DISASTER PREPAREDNESS ASSISTANCE (SECS. 201 AND 202)

Because unforeseen disasters undoubtedly will strike many areas in the future with little or no warning, care should be taken to prepare for such catastrophes in advance and to mitigate personal injuries and property damages as much as possible.

In somewhat different language, both the 1969 and 1970 Disaster Relief Acts authorized 50 percent matching grants not to exceed $250,000 to assist States in developing comprehensive plans and programs for combating major disasters. However, for various reasons the States have not fully utilized this aid; 14 States received a total of $217,000 in Federal disaster planning funds during the 15 months the 1969 law was operative, while 11 States have been granted $712,000 under the 1970 law up to the present time. Only one State, California, has so far used the entire $250,000 apportionment, although as many as a dozen or so other State Governors have indicated interest in the program and will probably submit applications in the next few months.

Even though the amount required to be matched by the States under the present formula does not appear to be overly large, testimony presented to the subcommittee indicates that competition from other programs for limited State resources and the low priority sometimes assigned planning of this type has tended to lessen the number of applicants. Under the assumption that advance preparation against disasters is a sound investment, title II of the bill not only authorizes an outright, one-time grant of up to $250,000 for each State without required matching funds, but also provides for additional preparedness measures.

The President is empowered to establish a Federal disaster preparedness program using the services of all appropriate agencies in order to develop plans for disaster mitigation, warning systems, emergency operations, rehabilitation, and recovery and to conduct such activities as disaster training, coordination, research, evaluation, and statutory revision. He is also authorized to provide technical assistance to the States in developing their plans for preparation against disasters—including hazard reduction and mitigation—and for their assistance and recovery programs. Any State receiving a $250,000 planning grant must submit, through an agency designated for that purpose, a comprehensive disaster preparedness program to the President which sets forth provisions for both emergency and permanent assistance and provides for the appointment and training of appropriate staff and for the formulation of necessary regulations and procedures.

To encourage continuous revision and updating by the States of their disaster assistance plans, the provision in the 1970 act authorizing annual 50 percent matching grants not in excess of $25,000 to each State for that purpose is retained in this bill.

3. INSURANCE (SEC. 314)

The increased Federal costs of providing disaster assistance in recent years, especially to the private sector, has focused attention on the need for more extensive insurance coverage against losses caused by natural hazards. Without questioning the need for public aid to those disaster victims who may incur devastating losses beyond the level with which they are able to cope financially, it is not unreasonable to expect the ordinary property owner to purchase basic protection against such losses through any insurance reasonably available to him.

Consequently, the bill stipulates that, to the extent it is reasonably available, insurance must be obtained that is adequate to protect against future loss any disaster-damaged property which has been replaced, restored, repaired, or constructed with Federal funds under the disaster relief law. Moreover, unless such insurance is secured, no applicant for Federal assistance can receive aid for any damage to his property in future major disasters.

To comply with their specific request made during the hearings, State and local governments may elect to provide self-insurance on their public facilities against future disaster damages. However, those who choose to act as self-insurers will not be eligible for disaster assistance because of damage to property on which they previously received aid and for which other insurance is reasonably available.

Although this provision would not in itself have any immediate effect on disaster relief expenditures in the years ahead it could help decrease them very substantially. As expanded coverage and enlarged participation in the subsidized flood insurance program becomes effective under recently adopted amendments, funds for assistance to owners of properties damaged in future floods should be reduced proportionally. Similarly, requiring purchase of protection for disaster-damaged property against such other hazards as tornadoes, earthquakes, fires or other catastrophes where insurance is reasonably available should lessen the burden on public funds.

4. CRIMINAL AND CIVIL PENALTIES (SEC. 317)

None of the previously enacted disaster relief acts have provided specific penalties for those who fail to comply with the terms of those laws. Although subject to general laws regulating fraudulent statements, applicants for disaster assistance have not been made liable by these acts for wrongful conduct related thereto.

To remedy this deficiency, the bill would require a fine of not more than $10,000 or imprisonment for not more than 1 year, or both, for persons who willfully violate any order or regulation issued under the disaster relief law. In addition, each violation of such an order or regulation would be subject to a civil penalty of not more than $5,000, and anyone wrongfully applying the proceeds of any loan or other cash benefit would be civilly liable for one and one-half times the original principal of any loan or cash benefit.

5. EMERGENCY WAGE, RENT, AND PRICE CONTROLS (SEC. 318)

Numerous witnesses during the hearings held by the subcommittee last year recommended that some form of controls should be imposed on wages, rents, and prices in major disaster areas. Complaints were voiced that prices of goods and services and costs of labor often rose quickly to abnormal levels after a disaster, thereby creating hardships on the local populace and unduly delaying reconstruction and rehabilitation.

Although such restrictions certainly are not necessary in every major disaster, those that cause massive economic disruptions because of soaring demand for limited supplies, equipment, housing or personnel may justify special treatment. Similiar to those instances in which standby power has been conferred on the President from time to time to regulate various aspects of the marketplace because of unusual circumstances, a severe major disaster appears to be a situation where such authority would be warranted within specific limits.

Thus section 318 of the bill authorizes the President, at the request of a State Governor and in accordance with his recommendations, if he determines that a major disaster has resulted in substantial dislocation of persons, has caused severe scarcities of housing, goods, and services, or has created unusually high demand for skilled labor and building materials, to impose those controls on maximum allowable wages, rents, and prices for goods and services—including limitation to their predisaster levels—which in his judgment are necessary to assist in the repair, reconstruction, and restoration of public and private housing or other facilities and in the economic recovery of the area. However, any such controls may not extend beyond the period for which the major disaster has been declared.

6. REPAIR AND RESTORATION OF DAMAGED FACILITIES (SEC. 402)

The Disaster Relief Act of 1966, Public Law 89–769, authorized reimbursement of not more than 50 percent of the eligible costs incurred by States and local governments in repairing, restoring or reconstructing public facilities—those used for such purposes as sewage and water treatment, airports, flood control, irrigation, and public power—damaged or destroyed as a result of a major disaster. In the 1970 Disaster Reilef Act, Public Law 91–606, Congress expanded the definition of public facility to include non-Federal aid streets, roads or highways as well as any other type of public building, structure or system except one used exclusively for recreation purposes, and the amount of Federal contribution was doubled to 100 percent of the net costs of restoring such facilities substantially to their condition prior to the disaster. Disaster-damaged private nonprofit medical and educational facilities were made eligible for grants not in excess of 100 percent also by amendments adopted in 1971 and 1972.

As noted earlier, the administration recommended last year (S. 1840) that Federal grants for repair or restoration of public facilities and for private nonprofit medical, custodial care, emergency, utility, educational, and Indian reservation facilities should be authorized at 75 percent of the estimated losses sustained in a major disaster. Except for regulations promulgated by the President and for specific earmarking of funds granted for the nonprofit facilities listed above, the Governor of each State, or his representative, would have full discretion to administer and allocate Federal funds granted for repair or restoration of facilities. The bill did not suggest language that would assure the distribution of such funds among disaster-affected local governments in proportion to their respective losses.

Support for making block grants to States for repair of facilities as proposed by S. 1840 centers on the argument that it would provide greater flexibility and less redtape. Under present law grants are made directly to States, counties, municipalities or other local governments on an individual project basis. Because estimates of damage, authorization, supervision and auditing must be handled separately for each project and because a portion of the grant is withheld until restoration work is finally completed and approved, it is contended that considerable paper work and delay are often encountered.

Furthermore, the fact that Federal assistance is now available only to repair or reconstruct damaged facilities to their former condition and capacity, it is said, means that State and local governments must rebuild those particular facilities as they previously existed in order to obtain replacement funds. The block grant approach would permit making alternative choices for reconstructing facilities elsewhere, consolidating certain structures, or even using funds for other nonrelated public capital investments. Classic examples cited to illustrate this point include the replacement of two or more obsolete bridges or other municipal buildings with larger, more useful structures at more advantageous sites.

As a matter of fact, present law does not require that damaged or destroyed structures for which Federal disaster assistance is provided must be reconstructed on their original sites nor must they be limited to their previous size, capacity or value. Although the Federal contribution under Public Law 91–606 can be no more than 100 percent of the net cost of repairing, restoring, reconstructing or replacing any such damaged or destroyed facility according to its design as it existed immediately prior to the disaster and in conformity with applicable codes and standards, this does not prevent any State or local government from constructing a new facility on another, more appropriate location or building a larger, more expensive structure, as long as that government assumes the whole burden of any additional cost beyond that supplied by the United States. Thus, this provision merely limits the Federal share to a maximum of 100 percent of the amount needed for repair or restoration but does not in itself mandate reconstruction of a particular destroyed facility at the same site.

In this connection it is important to note that disaster mitigation provisions in the recently enacted Flood Disaster Protection Act, Public Law 93–234, and in this bill contemplate land use controls which would discourage reconstruction of any public facility in an area designated as potentially hazardous, such as flood-prone locations or on earthquake fault lines. Ever since the enactment of the Disaster Relief Act of 1970 it has been assumed that Federal funds would not be made available for replacement of public facilities in recognized dangerous areas, clearly indicating that the intent was not to force reconstruction of severely damaged structures in the same location.

Nevertheless, in some instances certain advantages might be gained if a block grant approach for the repair or restoration of public facilities were made available. A State or local government would be able not only to pool the Federal assistance received for damages done to all of its public facilities combined but also to redistribute those funds into capital investments for purposes or functions not served by the original structures. Moreover, the expenditure of those funds would be in accord with its own policy determinations and procedures without the necessity of direct Federal intervention, supervision, approval or review beyond a minimal type audit. In short, those benefits claimed for "revenue-sharing" as opposed to categorical project grants would presumably accompany such a shift in policy.

As a consequence, the bill proposes that assistance for damaged or destroyed public facilities be provided under either one of two plans at the option of eligible State or local governments: First, grants not to exceed 100 percent of cost for repair or reconstruction on a project-by-project basis as authorized by current law; second, a contribution based on 90 percent of the total estimated cost of restoring all damaged public facilities within its jurisdiction, which may be expended either to repair or to restore certain selected facilities or to construct new ones it determines are necessary to meet its needs for governmental services and functions in a disaster affected area. This would permit State or local choice on whether it preferred to receive 100 percent assistance on a project-by-project basis as now or 90 percent of total estimated costs with much greater freedom to dispense such funds with a minimum of Federal control.

For the first time all State and local government facilities, including those used for educational and recreational purposes, would be made eligible by a single disaster relief measure for grants to help repair, restore, reconstruct or replace those damaged by major disasters. Since 1965 public elementary and secondary schools have received Federal funds for this purpose, but they have been allocated through Office of Education budgets under statutes applicable to that agency—Public Law 81–815 for reconstruction of buildings and Public Law 81–874 for repairs, debris clearance, and purchase of replacement equipment and supplies. When such assistance was extended in 1966, Public Law 89–279, to cover facilities used for public higher education and in 1972, Public Law 92–385, to nonprofit private educational institutions, however, administration and funding of the program was given to the Office for Emergency Preparedness—now the FDAA.

Present divided authority for making facility disaster grants would by the bill be vested entirely in the President and all funds used would come from the same source—the President's emergency fund. Even though agencies other than the Federal Disaster Assistance Administration might be directed by the President to manage certain phases of the program, centralized direction should result in improved coordination and oversight. If all educational facilities, whether public or private, elementary, secondary, or college, are to be entitled to the same kinds of benefits, it appears reasonable to combine responsibility for their administration and financing with that for other similar disaster facility grant programs.

The 1970 Act expressly excluded from the disaster grant program any facilities used solely for recreational purposes. Many local officials and other witnesses have requested the removal of this restriction, pointing out that the need for wholesome activities and diversion are especially important in communities struggling to regain some semblance of normalcy following a catastrophe. In response to those who assert that such funds should not be spent on golf courses, football or baseball fields, tennis courts, parks, or picnic areas, the answer is that such outdoor facilities usually suffer little or no damage in major disasters; to the contrary, most of the actual loss is that inflicted on buildings, such as community halls, theaters or gymnasiums, that are essential not only for recreation but also for general assemblages and other community affairs. There seems to be no valid reason in authorizing disaster assistance for treating this type structure differently from any other public facility. Private recreational facilities, of course, would not be made eligible by the bill for such aid.

7. RESTORATION OF PRIVATE HOMES TO HABITABLE CONDITION (SEC. 405)

After the disastrous flooding in Wilkes-Barre in the summer of 1972, a new program of minimal basic repairs to partially damaged homes was instituted in order to make them habitable as soon as possible. If an engineering survey showed that particular houses could be restored to livable condition with limited expenditures through such means as replacing doors and windows, installing new wiring, plumbing or heating systems, fixing a roof, or shoring up a foundation, contracts were let for such work without cost to the former inhabitant. Those agreeing to the restoration work on their residences, which was limited to a maximum cost of $3,000, relinquished any right to occupy other temporary housing provided by the Federal Government.

An opinion rendered by the legal counsel of the former Office for Emergency Preparedness on July 10, 1972, held that the Disaster Relief Act of 1970 would permit the use of Federal funds to restore a disaster victim's predisaster housing to a livable condition in lieu of providing temporary housing for him at some alternate site. This determination rested on the premise that, because the Director had wide discretion in providing temporary housing or other emergency shelter, he could expend funds necessary for repairs as long as they were limited to amounts necessary to make homes suitable for temporary housing and also if there was a reasonable relationship in the time required to accomplish the work. As a consequence, approximately 2,780 houses were restored under the so-called mini-repair program in the Wyoming Valley, considerably reducing the number of families which had to be furnished mobile homes or other kinds of temporary shelter.

Without questioning the correctness of this interpretation or the legality of its application under the 1970 act, I believe it would be preferable to establish the program and fix its limits specifically by statute. Accordingly, the bill authorizes the President to expend up to $2,500, as a substitute for other types of temporary housing, for the purpose of restoring to habitable condition any owner-occupied private residential structure damaged in a disaster if it can be made livable again quickly and with minimal repairs. Such funds could not be used, however, for major reconstruction or rehabilitation projects.

The scope of the program would be broadened by new language permitting "mini-repairs" on houses damaged in disasters less severe than those designated as "major." Under present law Federal aid of this type is not available for such losses unless the President determines that damage is so widespread and extensive as to warrant declaring a major disaster.

Many witnesses brought to the attention of the subcommittee the plight of homeowners dislocated by or suffering damages from natural disasters who were ineligible for assistance to offset noninsured losses only because their particular catastrophe was not classified as a major disaster. To the individual driven out of his residence by an act of nature over which he has no control and for which he is not responsible, the personal loss and deprivation is no less serious merely because his property happens not to be located in a major disaster area. Consequently, it is proposed that the President's authority to help restore residential structures to habitable condition should apply equally to those damaged by natural hazards considered to be disasters as well as those determined to be major disasters.

8. DISASTER GRANTS FOR NEEDY PERSONS (SEC. 408)

Two different kinds of grants to States for disaster victims were proposed by the administration bill, S. 1840: first, the President would be authorized to make grants to States for payments up to a maximum of $4,000 for uninsured losses and for extraordinary disaster-related expenses of needy or low-income families; second, the President could also make grants to States at 75 percent of the estimated costs of relief for disaster-caused losses in order to provide essential human needs and services. In both cases the State Governor with few limits would have broad discretionary power to administer the assistance dispensed to needy families and individuals.

Unquestionably the intent of these suggestions was to replace, at least in part, the previous approach—repealed in 1973—of providing forgiveness credit on disaster loans with an outright grant based primarily on need. Many have rightly questioned the wisdom of a Federal subsidy for disaster-caused property losses which is not related to need and is not proportional to the loss suffered. Irrespective of the economic status of the recipient or the magnitude of injury sustained beyond a fixed amount, the practice of canceling the same dollar portion for all disaster loans alike inherently poses certain unavoidable inequities.

In my opinion Federal aid for this purpose should be related to financial need and to actual losses of disaster victims and it should be administered according to national standards. While it is surely justifiable to use public funds for assistance to persons confronted by severe financial difficulties inflicted by a major disaster, care should be taken to guarantee that those not truly in need do not benefit and that local variations in administration do not result in inequities. Moreover, in view of the large Federal proportion of disaster relief expenditures and the comparatively improved fiscal ability of many States, it is not unreasonable to expect the latter to contribute to the support of this program.

Consequently, the President is authorized by the bill to make grants to States not exceeding 75 percent of the cost of providing direct financial assistance for the losses, needs, and services of persons in major disaster areas which are not provided for under this or other programs or by private means. Aid would be limited to a maximum of $2,500 for each person in need, and would be administered by the Governor—or his designated representative—according to national criteria, standards, and procedures established by the President. An advance payment of 25 percent of the estimated required Federal funds could be made to a State, and compliance with terms of the grant could be determined by a Federal audit.

9. UNEMPLOYMENT ASSISTANCE (SEC. 407)

Federal funds have been available since the Disaster Relief Act of 1969 for assistance to persons not adequately covered by unemployment insurance who are out of work because of a major disaster. Such individuals can receive payments to the extent they do not exceed the maximum amount or the duration of compensation provided by the regular unemployment insurance system of the State in which a major disaster occurs. Duplication of benefits is not possible because regular unemployment insurance payments, if any, must be deducted from those made for unemployment resulting from a disaster. It does, however, enable workers whose jobs are not included in the regular compensation system to be protected.

Income maintenance of this type has proved to be very beneficial during the past 4 years to those who have been forced out of work because of major disasters. Between December 1969 and December 31, 1973, approximately 207,000 disaster victims not entitled to other compensation received more than $48.6 million in such payments; as a result of Hurricane Agnes alone some 43,000 persons were paid over $11 million.

The record clearly appears to warrant continuing assistance for those in noncovered positions whose employment is disrupted by major disasters. As pointed out to the subcommittee by the Department of Labor, it permits replacement of wages at a time of greatest need and helps bolster the economy by restoring purchasing power which would be lost otherwise.

In line with recommendations made in the hearings, however, changes in the administration and in the maximum benefit period of the program are proposed by the bill. The Disaster Relief Acts of 1969 and 1970 both authorized unemployment assistance payments to be made by the President directly to the disaster victim. In view of the fact that competent agencies exist in every State to administer State unemployment insurance systems and that payments for disaster purposes are closely connected, by law and regulation, to those systems, obvious advantages can be gained by using the services and personnel of those established State agencies. Thus the new measure directs the President to provide disaster unemployment compensation through agreements with those States which, in his judgment, have adequate systems for administering the program.

Because unemployment compensation is provided by law in most States for a maximum of 26 weeks, those who lose their jobs because of a major disaster are now restricted to a like period for the duration of such payments. Action by Congress in recent years, however, has authorized extended payments under certain conditions. In 1970 it was provided, Public Law 91–373, that payments for as long as an additional 13 weeks can be made if the national rate of insured unemployment exceeds 4.5 percent during the three preceding calendar months. Even if the nationwide level of unemployment does not reach that level, extended compensation payments can be made in any particular State where insured unemployment exceeds 4 percent and is at least 20 percent higher than it had been for corresponding periods in each of the 2 preceding years. The latter 20-percent requirement was temporarily eliminated by Congress in December for a 90-day period—until March 31, 1974.

Despite these provisions for additional payments, persons unemployed because of a major disaster are not considered eligible under the Disaster Relief Act for extended compensation beyond the maximum period provided by State law. Even if the national rate of insured unemployment exceeds 4.5 percent or if the rate in a particular State is above 4 percent and is 20 percent higher than in previous years, interpretation restricts the number of weeks of eligibility to that authorized by the basic State law.

In most major disasters a maximum unemployment payment period of one-half year should suffice. The average number of weeks for which the more than 200,000 beneficiaries under this program received compensation during the last 4 years was only approximately 6. Nevertheless, in view of the serious, prolonged dislocations of the economy which may be caused in widespread areas by catastrophes of the magnitude of Hurricanes Camille and Agnes, the bill proposes that standby authority should be vested in the President to extend unemployment payments for as much as an additional 6 months.

10. FOOD COMMODITIES (SEC. 410)

For at least two decades general legislation has authorized the President to provide food without charge for use in a major disaster. The basic Disaster Assistance Act of 1950, Public Law 81–875, as amended in 1953, Public Law 83–134, permitted the donation of Federal surplus property and supplies and the distribution through the American National Red Cross or other means of medicine, food, and other consumables. The 1969 act, Public Law 91–79, spelled out in more detail the authority of the President to make surplus food commodities, along with free food coupons, available as long as necessary to low-income households unable because of a major disaster to purchase adequate amounts of nutritious food, and identical provisions were repeated in the comprehensive 1970 act, Public Law 91–606.

Distribution of free food commodities and food coupons has proved to be a significant means of helping meet vital human needs following a major disaster. Use of surplus foodstuffs for mass feeding in evacuation shelters, mobile canteen units, and "meals on wheels" programs are especially essential during the emergency period after a flood, tornado, earthquake, or other catastrophe when thousands may be dislocated and the normal economy has been seriously disrupted. For example, during the last 2 weeks of August 1969, more than 3 million pounds of food was provided to disaster victims in Mississippi and 37,000 pounds in Virginia as a result of Hurricane Camille. After the Rapid City, S. Dak., flood in June 1972, the Food and Nutrition Service, USDA, donated 250,000 pounds of food, the American National Red Cross fed at least 8,500 persons, and the Salvation Army provided more than 7,000 meals. Nearly $1 million worth of surplus food was distributed by the Federal Government in 5 States following tropical storm Agnes in 1972, more than half of it in Pennsylvania.

Similarly, the dispensation of food coupons without charge has enabled many lower-income families to obtain needed food supplies at a time when their livelihood and income have been adversely affected in recent disasters. Large numbers of disaster victims have participated in this program: More than 100,000 persons in Mississippi benefited from $1,358,000 worth of free food stamps after Camille; in Rapid City $507,000 in food coupons were provided for 18,248 individuals; and nearly $11 million in such coupons were distributed after Agnes, with $7.2 million going to 415,952 persons in Pennsylvania alone.

The current lack of surplus commodities and the decision to replace the USDA family food distribution program by July 1, 1974, with food stamps has raised serious concern about the ability to provide sufficient supplies for mass-feeding and for home use after major disasters. In 1973 Congress authorized the purchase of commodities by USDA without regard to price in order to fulfill commitments under other programs, including school lunch, family food, and disaster relief, but that authority is scheduled to expire within a few months.

The task of providing adequate food supplies after a major disaster is one in which the National Government should and must assume a primary role. Contributions to private volunteer relief organizations, such as the American National Red Cross and the Salvation Army, have not been enough to finance even the mass-feeding of people evacuated from their homes during emergency periods of major disasters, so they have depended heavily on donated surplus supplies for this purpose. In addition USDA foods in large quantities have been distributed to disaster victims for home use, sometimes for many weeks after they have returned to their dwellings, until commercial outlets are restored and can resume regular operations.

In order to meet these needs the bill not only retains provisions of the 1970 Disaster Relief Act authorizing the President to make both food commodities and coupons available to disaster victims, it also directs the Secretary to make available enough agricultural commodities to maintain necessary assistance for disaster relief programs authorized by law. The effect of this would be to continue authority to provide agricultural commodities for distribution in major disaster areas even if the present family and child nutrition commodity procurement programs are phased out completely.

11. CRISIS COUNSELING ASSISTANCE (SEC. 413)

The chaotic living conditions and distressing personal experiences often accompanying severe major disasters may cause unusual mental stress and lead to psychological disturbances, especially among the elderly and younger children. Expert observers have noted a definite increase in mental health problems attributable to several recent catastrophes, such as the San Fernando earthquake and the devastating floods in Rapid City, Wilkes-Barre, Corning, and Elmira. Under these circumstances it is not uncommon to find increased anxiety, great fear of subsequent disasters, intense feelings of depression, helplessness, irritation, anger, grief, despondency or even guilt, widespread sleeplessness and nightmares, a marked rise in accidents, inability to concentrate or to perform routine tasks, and stress-induced physical illness.

In recognition of this problem the Office of Emergency Preparedness sponsored a conference attended by 26 professional specialists in October 1972, to explore its ramifications and to develop proposals for coping better with the psychological effects of disasters. The report on this conference suggested at least three approaches that should be helpful in dealing with mental stress resulting from disasters: Improved education and training of all persons involved in disaster relief work; use of professional personnel brought in from nearby community mental health centers; and reliance on mobile groups of professional people in areas lacking community health centers or other sources for consultation. There was agreement that past response to these psychological problems had been uncoordinated and disconnected, that information about dealing with mental stress had not been widely disseminated, and that present efforts should be reinforced, mainly through development of plans and programs by the Department of Health, Education, and Welfare and by local agencies.

Until the present time Federal disaster relief legislation has not provided any specific assistance to help administer psychological first aid to disaster victims. Although a request for funds for this purpose after the San Fernando earthquake in 1971 was not approved, grants totaling over $800,000 were made by the National Institute of Mental Health from regular appropriations for programs to help treat those suffering traumatic experiences in the Rapid City and Wilkes-Barre major disaster areas. Because of the successful impact these funds have had on strengthening community mental health operations and serving demonstrated needs, the bill authorizes the President to provide—through NIMH—professional counseling services, either directly or by financial assistance to State or local agencies, for victims of major disasters to relieve mental health problems caused or aggravated by a disaster or its aftermath. This would remove any doubt that now exists about authority to make such grants or to provide aid for psychological problems resulting from major disasters and would provide financial assistance for such purposes from the President's emergency fund.

12. COMMUNITY DISASTER GRANTS (SEC. 414)

The President was authorized in section 241 of the 1970 Disaster Relief Act to make grants for as long as 3 years to any local government suffering a substantial loss of tax property revenue because of damages caused by a major disaster. Because of restrictive conditions on the exercise of this power, however, a number of witnesses testified during last year's hearings that few cities could qualify for these benefits. In more than 3 years only three such grants have been extended: $27,538 to Pass Christian, Miss., in 1971; $71,014 to San Fernando, Calif., in 1972; and $5,241 to Isleton, Calif., in 1973. However, seven applications to the Federal Disaster Assistance Administration for such grants from local governments affected by Hurricane Agnes in 1972 are still pending, some or all of which might be approved.

In part the difficulty stems from the proper meaning to be applied to the phrase "substantial loss," and in part from the fact that many local governments today are dependent upon other sources besides the property tax for a sizable portion of their revenues. Moreover, there ordinarily is a delay of a year or more before losses in property tax income due to lowered property assessments for disaster damages are reflected in the financial status of the local government. The need of these areas for supplementary funds to carry on normal operations may be more crucial during the first 6 months or so after the disaster than it is a year or two later.

To alleviate this problem the administration-sponsored measure (S. 1840) proposed a substitute for section 241 authorizing the President to make loans not exceeding 10 percent of operating budgets to local governments in need of financial assistance because of a major disaster. Using operational costs as the standard for determining amounts for disaster grants would provide a broader, more realistic base than limiting its application to decreases in property taxes. However, when a community has been so badly damaged by a disaster that it needs financial assistance to perform its essential government functions, it seems neither practicable nor equitable to burden the plagued area with an additional Federal loan. As a consequence, the bill I am introducing recommends continuing a community disaster grant program but adopts the suggestion of S. 1840 that amount should be based on demonstrated need and should not exceed 10 percent of the annual operating budget of the local government concerned.

13. ECONOMIC RECOVERY FOR DISASTER AREAS (TITLE V)

Few issues received more attention during the 1973 subcommittee hearings than the need to establish more effective ways of expediting economic recovery in major disaster areas. Although most emergency or early post-disaster efforts by the Federal Government received general praise, considerable criticism was directed at delays encountered in securing approval of regular Federal-aid programs and at the frequent unavailability of adequate, noncommitted rehabilitation funds. Worth noting among the suggestions offered are proposals that recovery activities should be financed from a special fund, that a city in a disaster area should be allowed additional credit for local public facility investments on its urban renewal share, and that better coordination of all permanent rehabilitation measures should be assured.

The key to implementing economic recovery programs in severely damaged disaster areas appears to be at least threefold. First, in the absence of previous suitable planning, responsible officials representing all affected governments need to develop unified long-range plans setting forth realistic needs, attainable goals, and consistent approaches for restoring and upgrading the local economy. Second, to help finance recovery projects approved in accordance with those plans, a ready source of funds, available only for projects in major disaster areas and not restricted by existing limits on regular programs, must be established. Third, some areawide agency should be authorized to adjust priorities, allocate and schedule use of resources, and provide overall administrative direction to the various phases of the plan.

To help achieve these aims, title V of the bill provides assistance to both public and private sectors for redevelopment activities in major disaster areas. If the impact of a disaster is of such magnitude that a State Governor determines special economic assistance is necessary, he is to appoint within 30 days a recovery planning council of five or more members to plan and oversee recovery efforts in the affected section or sections of his State. Although a majority of the council members must be elected officials of political subdivisions, the national and State governments would each have one representative.

The Chairman of the Federal Regional Council, or another member designated by him, would serve as the Federal representative except where a Federal Regional Commission has been established under the Appalachian Regional Development Act or the Public Works and Economic Development Act. In the latter case, the cochairman—or his designee—of that Commission would be the Federal representative. However, in any area where a multijurisdictional organization—such as a council of governments—already exists and complies with these requirements, the Governor at his option may designate that organization, with the addition of Federal and State representatives, to act as the recovery planning council.

After reviewing any existing land use, development, or other plans already in existence, the recovery planning council may revise those plans, develop new ones, and prepare a 5-year recovery investment plan for submission to the Governor and to responsible local government. The council also may recommend changes in or elimination of any Federal-aid project or program within a major disaster area for which application previously has been made, funds have been obligated but construction not started, funds have been or may be apportioned during the next 5 years, State schedules may become available, or approval might be reasonably anticipated.

Funds authorized for Federal-aid projects or programs in a major disaster area, when recommended by the Recovery Planning Council and requested by the Governor, are to be placed in reserve by the responsible Federal agency for use according to such recommendations. If the Governor requests and affected local governments concur, these funds will be transferred to the Recovery Planning Council for expenditure to implement the Recovery Investment Plan.

From funds authorized to it by the President, both grants and loans may be made by the Recovery Planning Council to any State, local government, and private or public nonprofit organization in a major disaster area to carry out the Recovery Investment Plan. Grants not in excess of 80 percent of project cost can be made for the acquisition or development of land and improvements for public works, public service or public development facilities—including parks and open spaces—and for acquiring, constructing, rehabilitating, expanding, or improving those facilities—including machinery and equipment.

The Federal share of project costs may be increased by supplementary grants where justified to a maximum of 90 percent, but no such limit would apply to grants benefiting Indians and Alaskan natives and to those where the President determines that a State or local government has exhausted its taxing and borrowing capacity. The interest rate for loans made under this section is to be fixed by the Secretary of the Treasury at a rate of 1 percent—adjusted to the nearest one-eighth—less than the current average market yield on outstanding marketable U.S. obligations.

To protect against unfair pirating of industrial or commercial firms from one location to another, no financial assistance can be provided under title V to induce the relocation of establishments or to help subcontractors who are intent upon divesting other contractors or subcontractors of contracts which they customarily perform. However, if the Secretary of Commerce finds that the expansion of an existing business through the establishment of a branch, affiliate, or subsidiary would not result in increased unemployment in its original location, the restriction against such aid would not apply unless the Secretary believes that the branch, affiliate, or subsidiary is being established with the intent of closing down the existing business.

Direct loans to help finance industrial and commercial projects in major disaster areas can be made for such purposes as the purchase and development of land, the acquisition of machinery and equipment, and the construction, rehabilitation, alteration, conversion, or enlargement of buildings. In addition loans made by private lending institutions for working capital in connection with such projects may be guaranteed up to a maximum of 90 percent of their unpaid balance.

To help facilitate economic recovery in major disaster areas, both public and private agencies may be provided technical assistance in handling such matters as project planning, feasibility studies, management and operation problems, and the analysis of economic needs and potential. Such assistance can be extended by use of Federal personnel, by reimbursement of other Federal agencies for services, by contract with private individuals, firms, and institutions, or by grants-in-aid.

Organizations receiving grants for technical assistance may also, subject to certain limitations, be awarded supplementary grants needed to defray not in excess of 75 percent of their administrative expenses.

A disaster recovery revolving fund, for which no more than $200 million is authorized to be appropriated, is to be established in the U.S. Treasury. Funds obtained to carry out this title and any collections or repayments received under this act are to be deposited in the revolving fund, and from it payment of all financial assistance, obligations and expenditures for economic recovery under title V is to be made. Sums necessary to replenish the fund annually are authorized to be appropriated, and interest on outstanding loans under the act is to be paid by the fund into the Treasury at the end of each fiscal year.

CONCLUSION

Mr. President, while retaining the successful features of the 1970 Disaster Relief Act, this bill corrects outdated provisions and references, improves disaster preparedness and mitigation activities, permits extending emergency aid without a major disaster declaration, modifies certain types of assistance and proposes several kinds of aid, encourages public and private insurance protection against disaster losses, imposes civil and criminal penalties for violations of disaster relief laws, increases State and local discretion in the restoration of disaster damaged public facilities, and authorizes a long-range, coordinated economic recovery program designed according to agreed-upon needs and priorities. It does not, however, suggest any changes in the present system disaster loans, a matter which is not within the purview of the Disaster Relief Subcommittee.

In view of large increases in the number, size and cost of major disasters in recent years, a trend apparently continuing with little surcease so far in 1974, it seems to me that prompt consideration should be given to this proposed legislation. The subcommittee has planned additional hearings next week on all phases of the bill and I anticipate that a final version will be referred to the Committee on Public Works in the near future. Enactment would enable governments at all levels to help minimize personal danger and property losses caused by natural hazards and would contribute substantially to restoring normal economic and social life patterns to areas disrupted by major disasters.

Mr. President, I ask unanimous consent that the full text of the bill, along with a condensed section-by-section analysis, be printed in full in the RECORD at the conclusion of my remarks.

There being no objection, the bill and analysis were ordered to be printed in the RECORD, as follows:

S. 3062

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Disaster Relief Act Amendments of 1974".

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TITLE I—FINDINGS, DECLARATIONS, AND DEFINITIONS

FINDINGS AND DECLARATIONS

SEC. 101. (a) The Congress hereby finds and declares that—

(1) because disasters often cause loss of life, human suffering, loss of income, and property loss and damage; and

(2) because disasters often disrupt the normal functioning of governments and communities, and adversely affect individuals and families with great severity; special measures, designed to assist the efforts of the affected States in expediting the rendering of aid, assistance, and emergency services, and the reconstruction and rehabilitation of devastated areas, are necessary.

(b) It is the intent of the Congress, by this Act, to provide an orderly and continuing means of assistance by the Federal Government to State and local governments in carrying out the responsibilities to alleviate the suffering and damage which result from such disasters by—

(1) revising and broadening the scope of existing disaster relief programs;

(2) encouraging the development of comprehensive disaster relief plans, programs, capabilities, and organizations by the States and by local governments;

(3) achieving greater coordination and responsiveness of disaster preparedness and relief programs;

(4) encouraging individuals, States, and local governments to protect themselves by obtaining insurance coverage to supplement or replace governmental assistance;

(5) encouraging hazard mitigation meas-

ures to reduce losses from disasters, including development of land use and construction regulations;

(6) providing Federal assistance programs for both public and private losses sustained in disasters; and

(7) providing a long-range economic recovery program for major disaster areas.

DEFINITIONS

SEC. 102. As used in this Act—

(a) "Disaster" means any damage caused by any hurricane, tornado, storm, flood, high water, wind-driven water, tidal wave, tsunami, earthquake, volcanic eruption, landslide, snowstorm, drought, fire, or other catastrophe in any part of the United States which requires emergency assistance.

(b) "Major disaster" means any disaster which, in the determination of the President, is of sufficient severity and magnitude to warrant disaster assistance under this Act above and beyond emergency services by the Federal Government to supplement the efforts and available resources of States, local governments, and disaster assistance organizations in alleviating the damage, loss, hardship, or suffering caused thereby.

(c) "United States" means the fifty States, the District of Columbia, Puerto Rico, the Virgin Islands, Guam, American Samoa, the Canal Zone, and the Trust Territory of the Pacific Islands.

(d) "State" means any State of the United States, the District of Columbia, Puerto Rico, the Virgin Islands, Guam, American Samoa, the Canal Zone, or the Trust Territory of the Pacific Islands.

(e) "Governor" means the chief executive of any State.

(f) "Local government" means (1) any county, city, village, town, district, or other political subdivision of any State, or Indian tribe, authorized tribal organization, or Alaska Native village or organization, and (2) includes any rural community or unincorporated town or village or any other public or quasi-public entity for which an application for assistance is made by a State or political subdivision thereof.

(g) "Federal agency" means any department, independent establishment, Government corporation, or other agency of the executive branch of the Federal Government, including the United States Postal Service, but shall not include the American National Red Cross.

(h) "Administrator" means the Administrator of the Federal Disaster Assistance Administration.

TITLE II—DISASTER PREPAREDNESS ASSISTANCE

FEDERAL AND STATE DISASTER PREPAREDNESS PROGRAMS

SEC. 201. (a) The President is authorized to establish a program of disaster preparedness that utilizes services of all appropriate agencies (including the Defense Civil Preparedness Agency) and includes—

(1) preparation of disaster preparedness plans for mitigation, warning, emergency operations, rehabilitation, and recovery;

(2) training exercises;

(3) postdisaster critiques and evaluations;

(4) annual review of programs;

(5) coordination of Federal, State, and local preparedness programs;

(6) application of science and technology;

(7) research;

(8) assistance in updating disaster legislation.

(b) The President is authorized to provide technical assistance to the States in developing comprehensive plans and practicable programs for preparation against disasters, including hazard reduction, avoidance, and mitigation; for assistance to individuals, businesses, and State and local governments following such disasters; and for recovery of damaged or destroyed public and private facilities.

(c) Upon application by the States, the President is authorized to make grants, not to exceed $250,000, for the development of plans, programs, and capabilities for disaster preparedness. Such grants shall be available for a period of one year from the date of enactment. Any State desiring financial assistance under this section shall designate or create an agency to plan and administer such a disaster preparedness program, and shall, through such agency, submit a State plan to the President, which shall—

(1) set forth a comprehensive and detailed State program for preparation against, and assistance following, a major disaster, including provisions for emergency and permanent assistance to individuals, businesses, and local governments; and

(2) include provisions for appointment and training of appropriate staffs, formulation of necessary regulations and procedures, and conduct of required exercises.

(d) The President is authorized to make grants not to exceed 50 per centum of the cost of improving, maintaining and updating State disaster assistance plans, except that no such grant shall exceed $25,000 per annum to any State.

DISASTER WARNINGS

SEC. 202. (a) The President is authorized to insure that all appropriate agencies are prepared to issue warnings of disasters to State and local officials.

(b) The President may authorize the Federal agencies to provide technical assistance to State and local governments to insure that timely and effective disaster warning is provided.

(c) The President is further authorized to utilize or to make available to Federal, State, and local agencies the facilities of the civil defense communications system established and maintained pursuant to section 201(c) of the Federal Civil Defense Act of 1950, as amended (50 U.S.C. app. 2281(c)), or any other Federal communications system for the purpose of providing warning to governmental authorities and the civilian population in areas endangered by threatened or imminent disasters.

(d) The President is further authorized to enter into agreements with the officers or agents of any private or commercial communications systems who volunteer the use of their systems on a reimbursable or nonreimbursable basis for the purpose of providing warning to governmental authorities and the civilian population endangered by threatened or imminent disasters.

TITLE III—DISASTER ASSISTANCE ADMINISTRATION

SEC. 301. All requests for disaster assistance from the Federal Government under this Act shall be made by the Governor of the affected State. Such Governor's request shall be based upon a finding that the disaster is of such magnitude and severity that effective response is beyond the capabilities of the State and the affected local governments and that Federal assistance is necessary. Based upon such Governor's request, the President may declare that a major disaster exists, or take whatever other action he deems appropriate in accordance with the provisions of this Act.

FEDERAL ASSISTANCE

SEC. 302. (a) In the interest of providing maximum mobilization of Federal assistance under this Act, the President is authorized to coordinate, in such manner as he may determine, the activities of all Federal agencies providing disaster assistance. The President may direct any Federal agency, with or without reimbursement, to utilize its available personnel, equipment, supplies, facilities, and other resources including managerial and technical services in support of State and local disaster assistance efforts. The President may prescribe such rules and regulations as may be necessary and proper to carry out any of the provisions of this Act, and he may exercise any power or authority conferred on him by any section of this Act either directly or through such Federal agency or agencies as he may designate.

(b) Any Federal agency charged with the administration of a Federal assistance program is authorized, if so requested by the applicant State or local authorities, to modify or waive, for the duration of a major disaster, such administrative conditions for assistance as would otherwise prevent the giving of assistance under such programs if the inability to meet such conditions is a result of the disaster.

(c) All assistance rendered under this Act shall be provided pursuant to a Federal-State disaster assistance agreement unless specifically waived by the President.

COORDINATING OFFICERS

SEC. 303. (a) Immediately upon his designation of a major disaster area, the President shall appoint a Federal coordinating officer to operate under the Federal Disaster Assistance Administration in such area.

(b) In order to effectuate the purposes of this Act, the Federal coordinating officer, within the designated area, shall—

(1) make an initial appraisal of the types of relief most urgently needed;

(2) establish such field offices as he deems necessary and as are authorized by the Administrator;

(3) coordinate the administration of relief, including activities of the State and local governments, the American National Red Cross, the Salvation Army, the Mennonite Disaster Service, and other relief or disaster assistance organizations which agree to operate under his advice or direction, except that nothing contained in this Act shall limit or in any way affect the responsibilities of the American National Red Cross under the Act of January 5, 1905, as amended (33 Stat. 599); and

(4) take such other action, consistent with authority delegated to him by the Administrator, and consistent with the provisions of this Act, as he may deem necessary to assist local citizens and public officials in promptly obtaining assistance to which they are entitled.

(c) When the President determines assistance under this Act is necessary, he shall request that the Governor of the affected State designate a State coordinating officer for the purpose of coordinating State and local disaster assistance efforts with those of the Federal coordinating officer.

EMERGENCY SUPPORT TEAMS

SEC. 304. The President is authorized to form emergency support teams of Federal personnel to be deployed in a disaster area. Such emergency support teams shall assist the Federal coordinating officer in carrying out his responsibilities pursuant to this Act. Upon request of the President, the head of any Federal department or agency is authorized to detail to temporary duty with the emergency support teams on either a reimbursable or nonreimbursable basis, as is determined necssary by the President, such personnel within the administrative jurisdiction of the head of the Federal department or agency as the Administrator may need or believe to be useful for carrying out the functions of the emergency support teams, each such detail to be without loss of seniority, pay, or other employee status.

EMERGENCY ASSISTANCE

SEC. 305. If the President determines, upon request of the Governor of an affected State, that emergency services are necessary to save lives and protect the public health and safety because a disaster either threatens or is imminent, he is authorized to use Federal departments, agencies, and instrumentalities and all other resources of the Federal Government to provide such emergency services as he deems necessary to avert or lessen the effects of such disaster or danger.

COOPERATION OF FEDERAL AGENCIES IN RENDERING DISASTER ASSISTANCE

SEC. 306. (a) In any major disaster or disaster, Federal agencies are hereby authorized, on direction of the President, to provide assistance by—

(1) utilizing or lending, with or without compensation therefor, to States and local governments, their equipment, supplies, facilities, personnel, and other resources, other than the extension of credit under the authority of any Act;

(2) distributing or rendering, through the American National Red Cross, the Salvation Army, the Mennonite Disaster Service, and other relief and disaster assistance organizations, or otherwise, medicine, food, and other consumable supplies, or emergency assistance;

(3) donating or lending equipment and supplies determined in accordance with applicable laws to be surplus to the needs and responsibilities of the Federal Government to State and local governments for use or distribution by them for the purposes of this Act; and

(4) performing on public or private lands or waters any emergency work or services not within the capability of State and local governments and essential for the protection and preservation of public health and safety where endangered by a disaster, including but not limited to: search and rescue, emergency medical care, emergency mass care, emergency shelter, and provision of food, water, medicine, and other essential needs, including movement of supplies or persons; clearance of roads and construction of temporary bridges necessary to the performance of emergency tasks and essential community services; demolition of unsafe structures that endanger the public; warning of further risks and hazards; public information and assistance on health and safety measures; technical advice to State and local governments on disaster management and control; reduction of immediate threats to public health and safety; and making contributions to State or local governments for the purpose of carrying out the provisions of this paragraph.

REIMBURSEMENT

SEC. 307. Federal agencies may be reimbursed for expenditures under this Act from funds appropriated for the purposes of this Act. Any funds received by Federal agencies as reimbursement for services or supplies furnished under the authority of this Act shall be deposited to the credit of the appropriation or appropriations currently available for such services or supplies.

NONLIABILITY

SEC. 308. The Federal Government shall not be liable for any claim based upon the exercise or performance of or the failure to exercise or perform a discretionary function or duty on the part of a Federal agency or an employee of the Federal Government in carrying out the provisions of this Act.

PERFORMANCE OF SERVICES

SEC. 309. (a) In carrying out the purposes of this Act, any Federal agency is authorized to accept and utilize the services or facilities of any State or local government, or of any agency, office, or employee thereof, with the consent of such government.

(b) In performing any services under this Act, any Federal agency is authorized—

(1) to appoint and fix the compensation of such temporary personnel as may be necessary, without regard to the provisions of title 5, United States Code, governing appointments in competitive service;

(2) to employ experts and consultants in accordance with the provisions of section 3109 of such title, without regard to the provisions of chapter 51 and subchapter III of such title relating to classification and General Schedule pay rates; and

(3) to incur obligations on behalf of the United States by contract or otherwise for the acquisition, rental, or hire of equipment, services, materials, and supplies for shipping, drayage, travel, and communications, and for the supervision and administration of such activities. Such obligations, including obligations arising out of the temporary employment of additional personnel, may be incurred by an agency when directed by the President without regard to the availability of funds.

USE OF LOCAL FIRMS AND INDIVIDUALS

SEC. 310. In the expenditure of Federal funds for debris clearance, distribution of supplies, reconstruction, and other major disaster assistance activities which may be carried out by contract or agreement with private organizations, firms, or individuals, preference shall be given, to the extent feasible and practicable, to those organizations, firms, and individuals residing or doing business primarily in the disaster area.

NONDISCRIMINATION IN DISASTER ASSISTANCE

SEC. 311. (a) The Administrator shall issue, and may alter and amend, such regulations as may be necessary for the guidance of personnel carrying out emergency relief functions at the site of a disaster. Such regulations shall include provisions for insuring that the distribution of supplies, the processing of applications, and other relief and assistance activities shall be accomplished in an equitable and impartial manner, without discrimination on the grounds of race, color, religion, nationality, sex, age, or economic status prior to a disaster.

(b) As a condition of participation in the distribution of assistance or supplies under this Act, governmental bodies and other organizations shall be required to comply with regulations relating to nondiscrimination promulgated by the Administrator, and such other regulations applicable to activities within a disaster area as he deems necessary for the effective coordination of relief efforts.

USE AND COORDINATION OF RELIEF ORGANIZATIONS

SEC. 312. (a) In providing relief and assistance following a disaster, the Administrator may utilize, with their consent, the personnel and facilities of the American National Red Cross, the Salvation Army, the Mennonite Disaster Service, and other relief or disaster assistance organizations, in the distribution of medicine, food, supplies, or other items, and in the restoration, rehabilitation, or reconstruction of community services, housing and essential facilities, whenever the Administrator finds that such utilization is necessary.

(b) The Administrator is authorized to enter into agreements with the American National Red Cross, the Salvation Army; the Mennonite Disaster Service, and other relief or disaster assistance organizations under which the disaster relief activities of such organizations may be coordinated by the Federal coordinating officer whenever such organizations are engaged in providing relief during and after a disaster. Any such agreement shall include provisions assuring that use of Federal facilities, supplies, and services will be in compliance with regulations prohibiting duplication of benefits and guaranteeing nondiscrimination promulgated by the Administrator under this Act, and such other regulations as the Administrator may require.

PRIORITY TO CERTAIN APPLICATIONS FOR PUBLIC FACILITIES AND PUBLIC HOUSING ASSISTANCE

SEC. 313. In the processing of applications for assistance, priority and immediate consideration shall be given, during such period as the President shall prescribe by proclamation, to applications from public bodies situated in major disaster areas, under the following Acts:

(1) title II of the Housing Amendments of 1955, or any other Act providing assistance for repair, construction, or extension of public facilities;

(2) the United States Housing Act of 1937 for the provision of low-rent housing;

(3) section 702 of the Housing Act of 1954 for assistance in public works planning;

(4) section 702 of the Housing and Urban Development Act of 1965 providing for grants for public facilities;

(5) section 306 of the Consolidated Farmers Home Administration Act;

(6) the Public Works and Economic Development Act of 1965, as amended;

(7) the Appalachian Regional Development Act of 1965, as amended; or

(8) title II of the Federal Water Pollution Control Act, as amended.

INSURANCE

SEC. 314. (a) An applicant for assistance under this Act shall comply with regulations prescribed by the President to assure that, with respect to any property to be replaced, restored, repaired, or constructed with such assistance, such types and extent of insurance will be obtained and maintained as may be reasonably available, adequate, and necessary to protect against future loss to the property.

(b) No applicant for assistance under this Act shall receive such assistance for any property or part thereof for which he has previously received assistance under the Disaster Relief Act Amendments of 1974 unless all insurance required pursuant to this section has been obtained and maintained with respect to such property.

(c) A State or local government may elect to act as a self-insurer with respect to any or all of the facilities belonging to it. Such an election, declared in writing at the time of accepting assistance under this Act or subsequently, shall be deemed compliance with subsection (a) of this section. No such self-insurer shall receive assistance under this Act for any property or part thereof for which it has previously received assistance under the Disaster Relief Act Amendments of 1974, to the extent that insurance for such property or part thereof would have been reasonably available.

DUPLICATION OF BENEFITS

SEC. 315. (a) The Administrator, in consultation with the head of each Federal agency administering any program providing financial assistance to persons, business concerns or other entities suffering losses as the result of a major disaster, shall assure that no such person, business concern, or other entity will receive such assistance with respect to any part of such loss as to which he has received financial assistance under any other program.

(b) The Administrator shall assure that no person, business concern, or other entity receives any Federal assistance for any part of a loss suffered as the result of a major disaster if such person, concern, or entity received compensation from insurance or any other source for that part of such a loss. Partial compensation for a loss or a part of a loss resulting from a major disaster shall not preclude additional Federal assistance for any part of such a loss not compensated otherwise.

(c) Whenever the Administrator determines (1) that a person, business concern, or other entity has received assistance under this Act for a loss and that such person, business concern or other entity received assistance for the same loss from another source, and (2) that the amount received from all sources exceeded the amount of the loss, he shall direct such person, business concern, or other entity to pay to the Treasury an amount, not to exceed the amount of Federal assistance received, sufficient to reimburse the Federal Government for that part of the assistance which he deems excessive.

REVIEWS AND REPORTS

SEC. 316. The President shall conduct annual reviews of the activities of Federal agencies and State and local governments providing disaster preparedness and assistance, in order to assure maximum coordination and effectiveness of such programs, and shall from time to time report thereon to the Congress.

CRIMINAL AND CIVIL PENALTIES

SEC. 317. (a) Any individual willfully violating any order or regulation under this Act shall be fined not more than $10,000 or imprisoned for not more than one year or both for each violation.

(b) Any individual who violates any order or regulation under this Act shall be subject to a civil penalty of not more than $5,000 for each violation.

(c) Whoever wrongfully misapplies the proceeds of a loan or other cash benefit obtained under any section of this Act shall be civilly liable to the Federal Government in an amount equal to one and one-half times the original principal amount of the loan or cash benefit.

EMERGENCY WAGE, RENT, AND PRICE CONTROLS

SEC. 318. In any area where the President determines that a major disaster has resulted in substantial dislocation of persons from residences and businesses, severe actual or threatened scarcities of housing, food, or other essential goods or services, or unusually high demand for skilled labor, building materials, and related services, upon the request of the Governor and in accordance with his recommendations, the President is authorized to impose such controls on the maximum allowable wages, rents, and prices for goods and services, including a limitation of such wages, rents, and prices to predisaster levels, as in his judgment he finds necessary to assist in the repair, reconstruction, and restoration of public and private housing and other facilities and in the economic recovery of the affected area. Such controls may continue during the period for which the major disaster has been declared.

TITLE IV—FEDERAL DISASTER ASSISTANCE PROGRAMS

FEDERAL FACILITIES

SEC. 401. (a) The President may authorize any Federal agency to repair, reconstruct, restore, or replace any facility owned by the United States and under the jurisdiction of such agency which is damaged or destroyed by any major disaster if he determines that such repair, reconstruction, restoration, or replacement is of such importance and urgency that it cannot reasonably be deferred pending the enactment of specific authorizing legislation or the making of an appropriation for such purposes, or the obtaining of congressional committee approval.

(b) In order to carry out the provisions of this section, such repair, reconstruction, restoration, or replacement may be begun notwithstanding a lack or an insufficiency of funds appropriated for such purpose, where such lack or insufficiency can be remedied by the transfer, in accordance with law, of funds appropriated to that agency for another purpose.

(c) In implementing this section, Federal agencies shall evaluate the natural hazards to which these facilities are exposed and shall take appropriate action to mitigate such hazards, including safe land-use and construction practices, in accordance with standards prescribed by the President.

REPAIR AND RESTORATION OF DAMAGED FACILITIES

SEC. 402. (a) The President is authorized to make contributions to State or local governments to help repair, restore, reconstruct, or replace public facilities belonging to such State or local governments which were damaged or destroyed by a major disaster.

(b) The President is also authorized to make grants to help repair, restore, reconstruct, or replace private nonprofit educational, utility, emergency, medical, and custodial care facilities, including those for the aged and disabled, and facilities on Indian reservations as defined by the President, which were damaged or destroyed by a major disaster.

(c) For those facilities eligible under this section which were in the process of construction when damaged or destroyed by a major disaster, the grant shall be based on the net costs of restoring such facilities substantially to their predisaster condition and of completing construction not performed prior to the major disaster to the extent the increase of such costs over the original construction cost is attributable to changed physical conditions resulting from a major disaster.

(d) For the purposes of this section, "public facility" includes any publicly owned flood control, navigation, irrigation, reclamation, public power, sewage treatment and collection, water supply and distribution, watershed development, park, or airport facility, any non-Federal-aid street, road, or highway, and any other public building, structure, or system, including those used for educational and recreational purposes.

(e) The Federal contribution for grants made under this section shall not exceed 100 per centum of the net cost of repairing, restoring, reconstructing, or replacing any such facility on the basis of the design capacity of such facility as it existed immediately prior to such disaster and in conformity with current applicable codes, specifications, and standards.

(f) In those cases where a State or local government determines that public welfare would not be best served by repairing, restoring, reconstructing, or replacing particular public facilities owned or controlled by that State or that local government which have been damaged or destroyed in a major disaster, it may elect to receive, in lieu of the contribution described in subsection (e) of this section, a contribution based on 90 per centum of the total estimated cost of restoring all damaged public facilities owned by it within its jurisdiction. Funds contributed under this subsection may be expended either to repair or restore certain selected damaged public facilities or to construct new public facilities which the State or local government determines to be necessary to meet its needs for governmental services and functions in the disaster-affected area.

DEBRIS REMOVAL

SEC. 403. (a) The President, whenever he determines it to be in the public interest, is authorized—

(1) through the use of Federal departments, agencies, and instrumentalities, to clear debris and wreckage resulting from a disaster from publicly and privately owned lands and waters.

(2) to make grants to any State or local government for the purpose of removing debris or wreckage resulting from a disaster from publicly or privately owned lands and waters.

(b) No authority under this section shall be exercised unless the affected State or local government shall first arrange an unconditional authorization for removal of such debris or wreckage from public and private property, and, in the case of removal of debris or wreckage from private property, shall first agree to indemnify the Federal Government against any claim arising from such removal.

TEMPORARY HOUSING ASSISTANCE

SEC. 404. (a) The Administrator is authorized to provide, either by purchase or lease, temporary housing or other emergency shelter, including, but not limited to, unoccupied habitable dwellings, suitable rental housing, mobile homes or other readily fabricated dwellings for those who, as a result of such major disaster, require temporary housing or other emergency shelter. During the first twelve months of occupancy no rentals shall be established for any such accommodations, and thereafter rentals shall be established, based upon fair market value of the accommodations being furnished, adjusted to take into consideration the financial ability of the occupant. Notwithstanding any other provision of law, any such emergency housing acquired by purchase may be sold directly to individuals and families who are occupants thereof at prices that are fair and equitable. Any mobile home or readily fabricated dwelling shall be placed on a site complete with utilities provided either by the State or local government, or by the owner or occupant of the site who was displaced by the major disaster, without charge to the United States. However, the Administrator may elect to provide other more economical and accessible sites or he may authorize installation of essential utilities at such sites at Federal expense when he determines such action to be in the public interest.

(b) The President is authorized to provide assistance on a temporary basis in the form of mortgage or rental payments to or on behalf of individuals and families who, as a result of financial hardship caused by a major disaster, have received written notice of dispossession or eviction from a residence by reason of foreclosure of any mortgage or lien, cancellation of any contract of sale, or termination of any lease, entered into prior to the disaster. Such assistance shall be provided for a period of not to exceed one year or for the duration of the period of financial hardship, whichever is the lesser.

RESTORATION OF PRIVATE HOMES TO HABITABLE CONDITION

SEC. 405. (a) In lieu of providing other types of temporary housing or emergency shelter after a disaster or a major disaster, the President is authorized to make expenditures for the purpose of repairing or restoring to a habitable condition owner-occupied private residential structures made uninhabitable by a disaster or a major disaster which are capable of being restored quickly to a habitable condition with minimal repairs at a total cost of no more than $2,500. No assistance provided under this section may be used for major reconstruction or rehabilitation of damaged property.

(b) The President shall promulgate regulations that shall include standards, criteria and procedures for the administration of assistance granted under this section.

MINIMUM STANDARDS FOR PUBLIC AND PRIVATE STRUCTURES

SEC. 406. As a condition of any disaster loan or grant made under the provisions of this Act, the recipient shall agree that any repair or construction to be financed therewith shall be in accordance with applicable standards of safety, decency, and sanitation and in conformity with applicable codes, specifications, and standards, and shall furnish such evidence of compliance with this section as may be required by regulation. As a further condition of any loan or grant made under the provision of this Act, the State or local government shall agree that the natural hazards in the areas in which the proceeds of the grants or loans are to be used shall be evaluated and appropriate action shall be taken to mitigate such hazards, including safe land-use and construction practices, in accordance with standards prescribed by the President, and the State shall furnish such evidence of compliance with this section as may be required by regulation.

UNEMPLOYMENT ASSISTANCE

Sec. 407. (a) The President is authorized to provide to any individual unemployed as a result of a major disaster such assistance as he deems appropriate while such individual is unemployed. Such assistance as the President shall provide shall be available to individuals not otherwise eligible for unemployment compensation and individuals who have otherwise exhausted their eligibility for such unemployment compensation, and shall continue as long as unemployment caused by the major disaster continues or until the individual is reemployed in a suitable position but no longer than one year after the individual becomes eligible for such assistance. Such assistance shall not exceed the maximum weekly amount authorized under the unemployment compensation program of the State in which the disaster occurred, and the amount of assistance under this section to any such individual shall be reduced by any amount of unemployment compensation or of private income protection insurance compensation available to such individual for such period of unemployment. The President is directed to provide such assistance through agreements with States which, in his judgment, have an adequate system for administering such assistance through existing State agencies.

(b) The President is further authorized for the purposes of this Act to provide reemployment assistance services under other laws to individuals who are unemployed as a result of a major disaster.

DISASTER GRANTS FOR NEEDY PERSONS

Sec. 408. (a) The President is authorized to make grants to States to provide financial assistance to persons adversely affected by a major disaster who are limited in their ability to meet extraordinary disaster-related expenses or needs or to obtain human needs and services, including but not limited to food, communications, water, clothing, utility services, and public transportation. Such grants shall be made for use only in cases where assistance under section 407 and other provisions of this Act is insufficient to allow persons to meet such expenses or needs.

(b) The amount of funds to be granted under this section shall not exceed 75 per centum of the estimated cost of providing assistance pursuant to subsection (a) of this section.

(c) The Governor or his designated representative shall be responsible for administering the grant program authorized by this section. An initial advance may be provided which shall not exceed 25 per centum of the estimated Federal funds required to implement the purposes of this section.

(d) The President shall promulgate regulations that shall include national criteria, standards, and procedures for the determination of eligibility and the administration of individual assistance grants made under this section. No family shall receive grants under this section which total in excess of $2,500. Grants shall be made only during the period for which the major disaster has been declared.

(e) Not more than 3 per centum of the total grant provided to an affected State shall be utilized for administrative purposes.

(f) Administration of this grant program shall be subject to Federal audit for purposes of determining whether the criteria, standards, and procedures required by subsection (d) have been complied with.

FOOD COUPONS AND DISTRIBUTION

Sec. 409. (a) Whenever the President determines that, as a result of a major disaster, low-income households are unable to purchase adequate amounts of nutritious food, he is authorized, under such terms and conditions as he may prescribe, to distribute through the Secretary of Agriculture or other appropriate agencies coupon allotments to such households pursuant to the provisions of the Food Stamp Act of 1964 and to make surplus commodities available pursuant to the provisions of this Act.

(b) The President, through the Secretary of Agriculture or other appropriate agencies, is authorized to continue to make such coupon allotments and surplus commodities available to such households for so long as he determines necessary, taking into consideration such factors as he deems appropriate, including the consequences of the major disaster on the earning power of the households to which assistance is made available under this section.

(c) Nothing in this section shall be construed as amending or otherwise changing the provisions of the Food Stamp Act of 1964 except as they relate to the availability of food stamps in a major disaster area.

FOOD COMMODITIES

Sec. 410. (a) The Secretary of Agriculture is authorized and directed to assure that adequate stocks of food will be readily and conveniently available for emergency mass feeding or distribution in any area of the United States which suffers a major disaster.

(b) The Secretary shall utilize funds appropriated under section 32 of the Act of August 24, 1935 (7 U.S.C. 612c), to purchase food commodities necessary to provide adequate supplies for use in any area of the United States in the event of a disaster in such area.

RELOCATION ASSISTANCE

Sec. 411. Notwithstanding any other provision of law, no person otherwise eligible for any kind of replacement housing payment under the "Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970" (Public Law 91–646) shall be denied such eligibility as a result of his being unable, because of a major disaster as determined by the President, to meet the occupancy requirements set by such Act.

LEGAL SERVICES

Sec. 412. Whenever the Administrator determines that low-income individuals are unable to secure legal services adequate to meet their needs as a consequence of a major disaster, he shall assure the availability of such legal services as may be needed by these individuals because of conditions created by a major disaster. Whenever feasible, and consistent with the goals of the program authorized by this section, the Administrator shall assure that the programs are conducted with the advice and assistance of appropriate Federal agencies and State and local bar associations.

CRISIS COUNSELING ASSISTANCE

Sec. 413. The President is authorized (through the National Institute of Mental Health) to provide professional counseling services, including financial assistance to State or local agencies or private mental health organizations to provide such services, to victims of major disasters in order to relieve mental health problems caused or aggravated by the disaster or its aftermath.

COMMUNITY DISASTER GRANTS

Sec. 414. (a) The President is authorized to make disaster grants to any local government which has suffered a substantial loss of tax and other revenues as a result of a major disaster, and has demonstrated a need for financial assistance in order to perform its governmental functions. The amount of any such disaster grants shall be based on need, and shall not exceed 10 per centum of the annual operating budget of that local government for the fiscal year in which the major disaster occurs.

(b) Any disaster grants made under this section shall not reduce or otherwise affect any grants or other assistance under this Act.

EMERGENCY COMMUNICATIONS

Sec. 415. The Administrator is authorized during, or in anticipation of, an emergency to establish temporary communications systems in any major disaster area in order to carry out the functions of his office, and to make such communications available to State and local government officials and other persons as he deems appropriate.

EMERGENCY PUBLIC TRANSPORTATION

Sec. 416. The Administrator is authorized to provide temporary public transportation service in a major disaster area to meet emergency needs and to provide transportation to governmental offices, supply centers, stores, post offices, schools, major employment centers, and such other places as may be necessary in order to enable the community to resume its normal pattern of life as soon as possible.

FIRE SUPPRESSION GRANTS

Sec. 417. The President is authorized to provide assistance, including grants, equipment, supplies, and personnel, to any State for the suppression of any fire on publicly or privately owned forest or grassland which threatens such destruction as would constitute a major disaster.

TIMBER SALE CONTRACTS

Sec. 418. (a) Where an existing timber sale contract between the Secretary of Agriculture or the Secretary of the Interior and a timber purchaser does not provide relief from major physical change not due to negligence of the purchaser prior to approval of construction of any section of specified road or of any other specified development facility and, as a result of a major disaster, a major physical change results in additional construction work in connection with such road or facility by such purchaser with an estimated cost, as determined by the appropriate Secretary, (1) of more than $1,000 for sales under one million board feet, (2) of more than $1 per thousand feet for sales of one to three million board feet, or (3) of more than $3,000 for sales over three million board feet, such increased construction cost shall be borne by the United States.

(b) If the appropriate Secretary determines that damages are so great that restoration, reconstruction, or construction is not practical under the cost-sharing arrangement authorized by subsection (a) of this section, he may allow cancellation of a contract entered into by his Department notwithstanding contrary provisions therein.

(c) The Secretary of Agriculture is authorized to reduce to seven days the minimum period of advance public notice required by the first section of the Act of June 4, 1897 (16 U.S.C. 476), in connection with the sale of timber from national forests, whenever the Secretary determines that (1) the sale of such timber will assist in the construction of any area of a State damaged by a major disaster, (2) the sale of such timber will assist in sustaining the economy of such area, or (3) the sale of such timber is necessary to salvage the value of timber damaged in such major disaster or to protect undamaged timber.

(d) The President, when he determines it to be in the public interest, and acting through the Administrator of the Federal Disaster Assistance Administration, is authorized to make grants to any State or local government for the purpose of removing from privately owned lands timber damaged as a result of a major disaster, and such State or local government is authorized upon application, to make payments out of such grants to any person for reimbursement of expenses actually incurred by such person in the removal of damaged timber, not to exceed the amount that such expenses exceed the salvage value of such timber.

TITLE V—ECONOMIC RECOVERY FOR DISASTER AREAS

PURPOSES OF TITLE

SEC. 501. It is the purpose of this title to provide assistance for the economic recovery, after the period of emergency aid and replacement of essential facilities and services, of any major disaster area which has suffered a dislocation of its economy of sufficient severity to require (a) continued assistance for the restoration of an employment base less vulnerable to disruption by disaster; (b) assistance in planning for development to replace that lost in the disaster; and (c) continued coordination of assistance available under Federal-aid programs.

DISASTER RECOVERY PLANNING

SEC. 502. (a) (1) In the case of any major disaster area which the Governor has determined requires assistance under this title and for which he has requested such assistance, the Governor, within thirty days after authorization of such assistance by the President, shall designate a Recovery Planning Council for such area or for each part thereof.

(2) Council shall be composed of not less than five members, a majority of whom shall be local elected officials of political subdivisions within the affected area, a representative of the State, and a representative of the Federal Government.

(3) The Federal representative on such Council shall be the Federal Cochairman of the Regional Commission established pursuant to title V of the Public Works and Economic Development Act or the Appalachian Regional Development Act, or his designee, where all or part of the affected area is within the boundaries of such Commission. In all other cases, the Federal representative on such Council shall be the Chairman of the Federal Regional Council for the affected area, or a member of the Federal Regional Council designated by the Chairman.

(4) The Governor may designate an existing multijurisdictional organization as the Recovery Planning Council where such organization complies with paragraph (2) of this subsection with the addition of State and Federal representatives.

(b) The Recovery Planning Council shall (1) review existing development, land use and other plans for the affected area; (2) make such revisions as it determines necessary for the economic recovery of the area, including the development of new plans and the preparation of a recovery investment plan for the five-year period following the declaration of the disaster; and (3) make recommendations for such revisions and the implementation of such plans to the Governor and responsible local governments.

(c) (1) A recovery investment plan prepared by a Recovery Planning Council may recommend the revision, deletion reprograming, or additional approval of Federal-aid projects and programs within the area—

(A) for which application has been made but approval not yet granted;

(B) funds have been obligated or approval granted but construction not yet begun;

(C) for which funds have been or are scheduled to be apportioned within the five years after the declaration of the disaster;

(D) which may otherwise be available to the area under any State schedule or revised State schedule of priorities; or

(E) which may reasonably be anticipated as becoming available under existing programs.

(2) Upon the recommendation of the Recovery Planning Council and the request of the Governor, any funds for projects or programs identified pursuant to paragraph (1) of this subsection shall be placed in reserve by the responsible Federal agency for use in accordance with such recommendations. Upon the request of the Governor and with the concurrence of affected local governments, such funds shall be transferred to the Recovery Planning Council to be expended in the implementation of the recovery investment plan.

PUBLIC WORKS AND DEVELOPMENT FACILITIES GRANTS AND LOANS

SEC. 503. (a) The President is authorized and directed to provide funds to any Recovery Planning Council for the implementation of a recovery investment plan by public bodies. Such funds may be used—

(1) to make direct grants or loans for the acquisition or development of land and improvements for public works, public service, or development facility usage, including the acquisition or development of parks or open spaces, and the acquisition, construction, rehabilitation, alteration, expansion, or improvement of such facilities, including related machinery and equipment, and

(2) to make supplementary grants to increase the Federal share for projects for which funds are reserved pursuant to subsection (c) of section 502 of this Act, or other Federal-aid projects in the affected area.

(b) Grants and loans under this section may be made to any State, local government, or private or public nonprofit organization representing any major disaster area or part thereof.

(c) The amount of any direct grant under this section for any project shall not exceed 80 per centum of the cost of such project. No supplementary grant shall increase the Federal share of the cost of any project to greater than 90 per centum, except in the case of a grant for the benefit of Indians or Alaska Natives, or in the case of any State or local government which the President determines has exhausted its effective taxing and borrowing capacity.

(d) Loans under this section shall bear interest at a rate determined by the Secretary of the Treasury taking into consideration the current average marketing yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the average maturities of such loans, adjusted to the nearest one-eighth of 1 per centum, less 1 per centum per annum.

(e) Financial assistance under this title shall not be extended to assist establishments relocating from one area to another or to assist subcontractors whose purpose is to divest, or whose economic success is dependent upon divesting, other contractors or subcontractors of contracts therefore customarily performed by them: *Provided, however,* That such limitations shall not be construed to prohibit assistance for the expansion of an existing business entity through the establishment of a new branch, affiliate, or subsidiary of such entity if the Secretary of Commerce finds that the establishment of such branch, affiliate, or subsidiary will not result in an increase in unemployment of the area of original location or in any other area where such entity conducts business operations, unless the Secretary has reason to believe that such branch, affiliate, or subsidiary is being established with the intention of closing down the operations of the existing business entity in the area of its original location or in any other area where it conducts such operations.

LOANS AND GUARANTEES

SEC. 504. The President is authorized to provide funds to Recovery Planning Councils (1) to purchase evidences of indebtedness and to make loans (which for purposes of this section shall include participations in loans) to aid in financing any project within a major disaster area for the purchase or development of land and facilities (including machinery and equipment) for industrial or commercial usage, including the construction of new buildings, and rehabilitation of abandoned or unoccupied buildings, and the alteration, conversion, or enlargement of existing buildings; and (2) to guarantee loans for working capital made to private borrowers by private lending institutions in connection with projects in major disaster areas assisted under subsection (a) (1) hereof, upon application of such institution and upon such terms and conditions as the President may prescribe: *Provided, however,* That no such guarantee shall at any time exceed 90 per centum of the amount of the outstanding unpaid balance of such loan.

TECHNICAL ASSISTANCE

SEC. 505. (a) In carrying out the purposes of this title the President is authorized to provide technical assistance which would be useful in facilitating economic recovery in major disaster areas. Such assistance shall include project planning and feasibility studies, management and operational assistance, and studies evaluating the needs of, and developing potentialities for, economic recovery of such areas. Such assistance may be provided by the President through members of the staff, through the payment of funds authorized for this Act to other departments or agencies of the Federal Government, through the employment of private individuals, partnerships, firms, corporations, or suitable institutions, under contracts entered into for such purposes, or through grants-in-aid to appropriate public or private nonprofit State, area, district, or local organizations.

(b) The Administrator is authorized to make grants to defray not to exceed 75 per centum of the administrative expenses of Recovery Planning Councils established pursuant to section 502 of this Act. In determining the amount of the non-Federal share of such costs or expenses, the Administrator shall give due consideration to all contributions both in cash and in kind, fairly evaluated, including but not limited to space, equipment, and services. Where practicable, grants-in-aid authorized under this subsection shall be used in conjunction with other available planning grants, authorized under the Housing Act of 1954, as amended, and highway planning and research grants authorized under the Federal-aid Highway Act of 1962, to assure adequate and effective planning and economical use of funds.

DISASTER RECOVERY REVOLVING FUND

SEC. 506. Funds obtained by the President to carry out this title and collections and repayments received under this Act shall be deposited in a disaster recovery revolving fund (hereunder referred to as the "fund"), which is hereby established in the Treasury of the United States, and which shall be available to the President for the purpose of extending financial assistance under this title, and for the payment of all obligations and expenditures arising in connection therewith. There are authorized to be appropriated to carry out this title not to exceed $200,000,000 to establish such revolving fund and such sums as may be necessary to replenish it on an annual basis. The fund shall pay into miscellaneous receipts of the Treasury, following the close of each fiscal year, interest on the amount of loans outstanding under this Act computed in such manner and at such rate as may be determined by the Secretary of the Treasury, taking into consideration the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the average maturities of such loans, adjusted to the nearest one-eighth of 1 per centum, during the month of June preceding the fiscal year in which the loans were made.

TITLE VI—MISCELLANEOUS

TECHNICAL AMENDMENTS

SEC. 601. (a) Section 701(a)(3)(B)(ii) of the Housing Act of 1954 (40 U.S.C. 461(a)(3)(B)(ii)) is amended to read as follows: "(ii) have suffered substantial damage as a result of a major disaster as determined by the President pursuant to the Disaster Relief Act Amendments of 1974".

(b) Section 8(b)(2) of the National Housing Act (12 U.S.C. 1706(b)(2)) is amended by striking out of the last proviso "section 102(1) of the Disaster Relief Act of 1970" and inserting in lieu thereof "section 102(b) of the Disaster Relief Act Amendments of 1974".

(c) Section 203(h) of the National Housing Act (12 U.S.C. 1709(h)) is amended by striking out "section 102(1) of the Disaster Relief Act of 1970" and inserting in lieu thereof "section 102(b) of the Disaster Relief Act Amendments of 1974".

(d) Section 221(f) of the National Housing Act (12 U.S.C. 1715(f)) is amended by striking out of the last paragraph "the Disaster Relief Act of 1970" and inserting in lieu thereof "the Disaster Relief Act Amendments of 1974".

(e) Section 7(a)(1)(A) of the Act of September 30, 1950 (Public Law 874, Eighty-first Congress, as amended; 20 U.S.C. 241-1(a)(1)(A)), is amended by striking out "pursuant to section 102(1) of the Disaster Relief Act of 1970" and inserting in lieu thereof "pursuant to sections 102(b) and 301 of the Disaster Relief Act Amendments of 1974".

(f) Section 16(a) of the Act of September 23, 1950 (79 Stat. 1158; 20 U.S.C. 646(a)) is amended by striking out "section 102(1) of the Disaster Relief Act of 1970" and inserting in lieu thereof "section 102(b) of the Disaster Relief Act Amendments of 1974".

(g) Section 408(a) of the Higher Education Facilities Act of 1963 (20 U.S.C. 758(a)) is amended by striking out "section 102(1) of the Disaster Relief Act of 1970" and inserting in lieu thereof "section 102(b) of the Disaster Relief Act Amendments of 1974".

(h) Section 165(h)(2) of the Internal Revenue Code of 1954, relating to disaster losses (26 U.S.C. 165(h)(2)) is amended to read as follows:

"(2) occurring in an area subsequently determined by the President of the United States to warrant assistance by the Federal Government under the Disaster Relief Act Amendments of 1974,".

(i) Section 5708(a) of the Internal Revenue Code of 1954 (26 U.S.C. 5064(a)), relating to losses caused by disaster, is amended by striking out "the Disaster Relief Act of 1970" and inserting in lieu thereof "the Disaster Relief Act Amendments of 1974".

(j) Section 5703(a) of the Internal Revenue of 1954 (26 U.S.C. 5708(a)), relating to losses caused by disaster, is amended by striking out "the Disaster Relief Act of 1970" and inserting in lieu thereof "the Disaster Relief Act Amendments of 1974".

(k) Section 3 of the Act of June 30, 1954 (68 Stat. 330; 48 U.S.C. 1681), is amended by striking out of the last sentence "section 102(1) of the Disaster Relief Act of 1970" and inserting in lieu thedeof "section 102(b) of the Disaster Relief Act Amendments of 1974".

(l) Section 1820(f) of title 38, United States Code (80 Stat. 1316), is amended by striking "the Disaster Assistance Act of 1970" and inserting in lieu thereof "The Disaster Relief Act Amendments of 1974".

(m) Whenever reference is made in any provision of law (other than this Act), regulation, rule, record, or document of the United States to the Disaster Relief Act of 1970 (84 Stat. 1744), or any provision of such Act, such reference shall be deemed to be a reference to the Disaster Relief Act Amendments of 1974 or to the appropriate provision of the Disaster Relief Act Amendments of 1974 unless no such provision is included therein.

REPEAL OF EXISTING LAW

SEC. 602. The Disaster Relief Act of 1970 (84 Stat. 1744) is hereby repealed, except section 231, 232, 233, 234, 235, 236, 237, 301, 302, 303, and 304. Notwithstanding such repeal the provisions of the Disaster Relief Act of 1970 shall continue in effect with respect to any major disaster declared prior to the enactment of this Act.

PRIOR ALLOCATION OF FUNDS

SEC. 603. Funds heretofore appropriated and available under Public Laws 91-606, as amended, and 92-385 shall continue to be available for the purpose of completing commitments made under those Acts as well as for the purposes of this Act. Commitments for disaster assistance and relief made prior to the enactment of this Act shall be fulfilled.

EFFECTIVE DATE

SEC. 604. This Act shall take effect upon the date of enactment, except as otherwise indicated.

AUTHORIZATION

SEC. 605. Such funds as may be necessary are hereby authorized to be appropriated for the purpose of this Act.

SECTION-BY-SECTION ANALYSIS: 1973-74 DISASTER RELIEF ACT

TITLE I. FINDINGS, DECLARATIONS AND DEFINITIONS

Section 101. Findings and Declarations

Because of losses and adverse effects caused by disasters, this section declares that special measures are necessary to provide emergency services and assistance and to help reconstruct and rehabilitate devastated areas.

The purpose of the bill is to provide assistance by (1) revising existing disaster relief programs, (2) encouraging development of State and local disaster relief plans and capabilities, (3) improving coordination and responsiveness of disaster relief programs, (4) encouraging acquisition of insurance coverage, (5) encouraging hazard mitigation measures to reduce disaster losses, (6) providing Federal assistance programs for both public and private losses sustained in disasters; and (7) providing a long-range economic recovery program for major disaster areas.

Section 102. Definitions

A "disaster" is defined to include damage caused by any hurricane, tornado, storm, flood, high water, wind-driven water, tidal wave, tsunami, earthquake, volcanic eruption, landslide, snowstorm, drought, fire or other catastrophe which requires emergency assistance.

A "major disaster" is any disaster determined by the President to be of sufficient severity and magnitude to warrant assistance above and beyond emergency services provided for lesser disasters.

The words "United States", "State", "Governor", "local government", and "Federal agency", are given standard definitions, except that "local government" includes any rural community, unincorporated town or village, or any other public or quasi-public entity for which an application for assistance is made by a State or political subdivision.

"Administrator" is defined for the first time as the Administrator of the Federal Disaster Assistance Administration in the Department of Housing and Urban Development.

TITLE II. DISASTER PREPAREDNESS ASSISTANCE

Section 201. Federal and State Disaster Preparedness Programs

The President is empowered to establish and conduct disaster preparedness programs, using the services of all appropriate agencies, to accomplish the following: (1) preparation of plans for disaster mitigation, warnings, emergency operations, rehabilitation and recovery; (2) disaster training and exercises; (3) post-disaster evaluations; (4) annual reviews; (5) coordination; (6) application of science and technology; (7) disaster research; (8) revision of legislation.

Technical assistance may be provided the States by the President for the development of disaster mitigation, relief, and recovery plans and programs.

Grants to the States not in excess of $250,000 may be made by the President within one year after enactment for the preparation of comprehensive disaster plans and programs, including provisions for aid to individuals, businesses and local governments, for training of staffs, for formulating regulations and procedures, and for conduct of exercises. Annual 50% matching grants not in excess of $25,000 may be made to States for improving, maintaining and updating disaster assistance plans.

Section 202. Disaster Warnings

The President is authorized to insure that agencies are prepared to issue disaster warnings, to use or make available the civil defense or other Federal communications systems for threatened or imminent disasters, to make agreements for the use of private communications systems for disaster warnings, and to assist State and local governments to provide timely and effective disaster warnings.

TITLE III. DISASTER ASSISTANCE ADMINISTRATION

Section 301. Procedures

Based upon a Governor's request that Federal disaster assistance beyond State and local capabilities is necessary, the President is authorized to declare that a major disaster exists or to take other appropriate action in accordance with this Act.

Section 302. Federal assistance

In providing Federal disaster assistance, the President may coordinate the activities of all Federal agencies and may direct them to use their available personnel, equipment, supplies, facilities and other resources in support of State and local efforts. The President may also prescribe rules and regulations to carry out any provisions of this Act and may exercise any authority conferred on him either directly or through Federal agencies.

Any Federal agency administering disaster assistance programs is authorized to modify or waive administrative conditions if such conditions can not be met because of a disaster.

All disaster assistance under this Act must be provided according to a Federal-State agreement unless specifically waived by the President.

Section 303. Coordinating officer

Upon the declaration of a major disaster, the President shall appoint a Federal coordinating officer to operate in the disaster area under the Federal Disaster Assistance Administration. The Federal coordinating officer shall make an appraisal of the relief needed, establish field officers, coordinate the administration of relief, and take other actions to assist local citizens and public officials in promptly obtaining assistance.

The President shall request the Governor of a disaster affected State to designate a State coordinating officer to coordinate State and local disaster assistance efforts with those of the Federal coordinating officer.

Section 304. Emergency Support Teams

The President is authorized to form emergency support teams of Federal personnel to be deployed in disaster areas to assist the Federal coordinating officer. For this purpose the head of any department or agency may detail personnel to temporary duty with such emergency support teams without loss of seniority, pay or other status.

Section 305. Emergency Assistance

The President is authorized to provide, upon request of an affected State, such emergency services as he deems necessary to save lives and protect public health and safety because a disaster either threatens or is imminent.

Section 306. Cooperation of Federal Agencies in Rendering Disaster Assistance

As directed by the President, Federal agencies are authorized in a disaster to provide assistance in the following ways: (1) using or lending to States and local governments (with or without compensation) their equipment, supplies, facilities, personnel and other resources; (2) distributing medicine, food and other consumable supplies through relief and disaster assistance organizations or by other means; (3) donating or lending surplus Federal equipment and supplies; (4) performing on public or private lands or waters any emergency work or services not within State or local government capability that is essential for protection and preservation of public health and safety.

Section 307. Reimbursement

Federal agencies may be reimbursed from appropriated funds for expenditures under this Act, with such funds deposited to the credit of current appropriations.

Section 308. Nonliability

The Federal government is not liable for any claim based on performance or failure to perform by any Federal agency or employee of any discretionary duty or function under this Act.

Section 309. Performance of Services

Federal agencies carrying out the purposes of this Act may accept and use (with their consent) the services or facilities of State or local governments, may appoint and fix compensation of necessary temporary personnel, may employ experts and consultants without regard to classification and pay rates, and may incur obligations on behalf of the United States for the acquisition, rental, or hire of equipment, services, materials and supplies for shipping, drayage, travel and communications and for supervision and administration of such activities.

When directed by the President, such obligations may be incurred without regard to the availability of funds.

Section 310. Use of Local Firms and Individuals

To the extent feasible and practicable, preference is to be given in the expenditure of Federal disaster assistance funds to those organizations, firms and individuals who reside or do business primarily in a disaster area.

Section 311. Nondiscrimination in Disaster Assistance

The Administrator shall issue regulations insuring the equitable and impartial distribution of supplies and processing of applications and forbidding discrimination on the grounds of race, color, religion, nationality, sex, age, or economic status in the handling of disaster assistance.

Section 312. Use and Coordination of Relief Organizations

The personnel and facilities of such disaster relief or assistance organizations as the American National Red Cross, the Salvation Army, the Mennonite Disaster Service, and others may be used (with their consent) by the Administrator for distributing medicine, food supplies or other items, and in the restoration rehabilitation or reconstruction of community services, housing and essential facilities after a disaster. Such disaster relief or assistance organizations shall enter into agreements with the Administrator assuring that use of Federal facilities, supplies and services will comply with regulations prohibiting duplication of benefits and guaranteeing nondiscrimination promulgated by the Administrator under this Act as well as such other regulations the Administrator may require.

Section 313. Priority to certain applications for public facility and public housing assistance

Priority and immediate consideration is to be given, during a period prescribed by the President, to applications for assistance from public bodies situated in major disaster areas under several Housing Acts, the Public Works and Economic Development Act, the Appalachian Regional Development Act, and the Federal Water Pollution Control Act.

Section 314. Insurance

Applicants for assistance under this Act must obtain any reasonably available, adequate and necessary insurance to protect against losses to property which is replaced, restored, repaired or reconstructed with that assistance.

Property for which assistance was previously provided under this Act is not eligible to receive additional assistance in the future unless all insurance required by this section has been obtained and maintained.

Section 315. Duplication of benefits

The Administrator is required to ascertain that no person, business concern or other entity receives financial assistance from more than one source for the same damage or loss from a disaster.

No person, business or other entity could receive Federal aid for any loss compensated by insurance, but partial compensation for a particular loss would not preclude additional assistance for that part of the loss not compensated or otherwise.

The Administrator is to determine whether any person, business concern or other entity may have received duplicate benefits and, on such a finding, to direct that person, business concern or other entity to reimburse the Federal Government for that part determined to be excessive.

Section 316. Reviews and reports

The President is to conduct annual reviews of the disaster assistance activities of the Federal, State and local governments to assure maximum coordination and effectiveness of these programs and to report periodically thereon to Congress.

Section 317. Criminal and civil penalties

Persons willfully violating orders or regulations under this Act would be subject to a fine of not more than $10,000, imprisonment for not more than one year, or both.

Each violation of any order or regulation under this Act would be subject also to a civil penalty of not more than $5,000.

Any persons wrongfully applying proceeds of a loan or other cash benefit would be civilly liable to the Federal Government for an amount 1½ times the original principal of a loan or cash benefit.

Section 318. Emergency wage, rent, and price controls

Upon request of a State Governor, the President is authorized, if he determines that a major disaster has caused substantial dislocation of persons, severe scarcities of housing, goods or services, and unusual demand for skilled labor and building materials, to impose controls for the duration of the disaster period on maximum allowable wages, rents and prices for goods and services which in his judgment are necessary to assist in restoring housing and other facilities and in promoting economic recovery of the area.

TITLE IV. FEDERAL DISASTER ASSISTANCE PROGRAMS

Section 401. Federal facilities

The President may authorize immediate repair, reconstruction, restoration or replacement of any disaster-damaged facility owned by the United States if he determines that such action is so important and urgent that it cannot be deferred until required legislation, appropriations, or Congressional committee approval is obtained.

Section 402. Repair and restoration of damaged facilities

The President is authorized to make grants to help repair, restore, reconstruct or replace the following facilities damaged or destroyed by a major disaster: (1) public facilities belonging to State or local governments, including those used for educational and recreational purposes; (2) private nonprofit educational, utility, emergency, medical and custodial care facilities, including those for the aged and disabled; (3) facilities on Indian reservations as defined by the President; and (4) facilities listed above in the process of construction.

Federal grants for these purposes shall not exceed 100% of the net cost of restoring such facilities as they previously existed in conformity with applicable codes, specifications and standards.

If a State or local government determines that public welfare would not be best served by repairing, restoring, reconstructing or replacing particular publicly owned or controlled facilities damaged in a disaster, in lieu of the above grant it may elect to receive a contribution equal to 90% of the total estimated cost of restoring all damaged public facilities within its jurisdiction. Such funds may be used to repair or restore certain selected damaged public facilities or to construct new public facilities which would better meet its needs for governmental services and functions.

Section 403. Debris removal

The President is authorized, either by using Federal departments and agencies or by making grants to States and local governments, to clear debris and wreckage resulting from a disaster from publicly and privately owned lands and waters.

In order for this section to be carried out, a State or local government must first arrange unconditional authorization for removal of debris from public or private property and, in the latter case, must agree to indemnify the Federal Government for any claims resulting from such removal.

Section 404. Temporary housing assistance

The Administrator is authorized to provide, either by lease or purchase, temporary housing or other emergency shelter for persons and families displaced by a major disaster. Such housing may include, but not be limited to, unoccupied habitable dwellings, suitable rental housing, mobile homes or other readily fabricated dwellings.

No rental is to be charged during the first twelve months occupancy of such emergency shelter, but thereafter rentals based on fair market value and on financial ability of the occupants are to be established. Emergency housing acquired by purchase may be sold directly to occupants at fair and equitable prices.

Mobile homes or fabricated dwellings are to be installed on sites complete with utilities without charge to the United States provided either by the State or local government or by the owner or occupant of a site displaced by a major disaster. However, the Administrator is authorized to provide other more economical and accessible sites or to authorize installation of essential utilities at Federal expense if it is in the public interest.

The President is authorized to provide, for a period not to exceed one year, grants for mortgage or rental payments for individuals or families who, because of financial loss caused by a major disaster, have received an eviction or dispossession notice resulting from foreclosure of any mortgage or lien, cancellation of any contract of sale, or termination of any lease.

Section 405. Restoration of private homes to habitable condition

The President is authorized, in place of providing other types of temporary housing, to make expenditures at a total cost of no more than $2,500 each to repair or restore to a habitable condition owner-occupied private residential structures made uninhabitable by a disaster which are capable of being restored quickly to a habitable condition with minimum repairs.

Standards, criteria and procedures for administering such expenditures are to be established in regulations promulgated by the President.

Section 406. Minimum standards for public and private structures

Recipients of disaster loans or grants must agree to comply with applicable standards of safety, decency and sanitation and with applicable codes, specifications and standards in any repair or reconstruction financed by such assistance.

State and local governments must agree that, in areas where disaster loans or grants are to be used, natural hazards will be evaluated and action taken to minimize them, including safe land-use and construction practices according to standards prescribed by the President.

Section 407. Unemployment assistance

Individuals unemployed as a result of a disaster who are not eligible for or who have exhausted their eligibility for unemployment compensation may be authorized by the President to receive assistance not exceeding the maximum weekly amount authorized under the unemployment compensation program of the State in which the disaster occurred. The amount of such assistance, which cannot be provided for more than one year, is to be reduced by the amount of unemployment compensation or of private income protection insurance payments otherwise available to the unemployed person.

Reemployment services to those unemployed as a result of a major disaster may also be provided by the President under other laws.

Section 408. Disaster Grants for Needy Persons

The President is authorized to make grants to States for financial assistance not in excess of $2,500 to persons adversely affected by a disaster where assistance under Section 407 and other provisions of this act are not sufficient to enable them to obtain essential human needs and services.

Grants to States for this purpose can not exceed 75% of the estimated cost of providing such needs and services and are to be administered by the Governor or his designated representative. As much as 25% of the estimated Federal contribution may be provided as an initial advance, but no more than 3% of the total grant may be used by the State for administrative purposes.

National criteria, standards and procedures for eligibility and administration of individual assistance grants are to be provided in regulations promulgated by the President.

Section 409. Food Coupons and Distribution

The President is authorized to distribute through the Secretary of Agriculture food coupons and surplus commodities to low-income households which, because of a disaster, are not able to purchase adequate amounts of nutritious food.

The distribution of food coupons and surplus commodities may continue as long as the President determines it to be necessary in view of a major disaster's effects on the earning power of recipients.

Section 410. Food Commodities

The Secretary of Agriculture is authorized and directed to provide food commodities which will be readily and conveniently available for mass feeding and distribution purposes in major disaster areas, and to utilize funds appropriated to the Department of Agriculture for the purchase of commodities necessary to provide adequate food supplies in any major disaster area.

Section 411. Relocation assistance

No person otherwise eligible for replacement housing payments under the Uniform Relocation Assistance Act of 1970 is to be denied that eligibility because he is prevented by a major disaster from meeting the occupancy requirements of that Act.

Section 412. Legal services

The Administrator is authorized to assure the availability in a disaster area, with the advice and assistance of Federal agencies and State and local bar associations, of legal services to low-income individuals not able to secure such services because of a major disaster.

Section 413. Crisis counseling assistance

The President is authorized to provide professional counseling services through the National Institute of Mental Health, including financial assistance to State or local agencies or to private mental health organizations, in order to relieve mental health problems caused or aggravated by a major disaster.

Section 414. Community disaster grants

Grants not exceeding 10% of annual operating budgets may be made by the President to local governments suffering substantial tax and revenue losses and demonstrating need for financial assistance because of major disasters.

Section 415. Emergency communications

The Administrator is authorized to establish temporary communications systems in any major disaster area to help carry out his functions and to make them available to other government officials and individuals.

Section 416. Emergency public transportation

Temporary public transportation service may be provided by the Administrator in a major disaster area to meet emergency needs and to provide transportation to governmental, supply, educational and employment centers in order to restore normal life patterns.

Section 417. Fire suppression grants

The President is authorized to provide assistance and grants to States to assist in the suppression on publicly or privately owned lands of any fire which threatens to become a major disaster.

Section 418. Timber sale contracts

If damages caused by a major disaster result in additional costs for constructing roads specified in existing timber sale contracts made by the Secretaries of Agriculture and Interior, such additional costs will be borne by the Federal government under the following conditions: (1) if the cost is more than $1,000 for sales under one million board feet; (2) if the cost is more than $1 per thousand board feet for sales of one to three million board feet; or (3) if the cost is more than $3,000 for sales over three million board feet.

The appropriate Secretary may allow cancellations of a contract entered into by his department if he determines that disaster damages are so great that construction, restoration or reconstruction of roads is not practical under the above cost-sharing arrangement.

Whenever the Secretary of Agriculture determines that the sale of timber from national forests in an area damaged by a major disaster will assist in construction of that area, will assist in sustaining the economy of that area, or is necessary to salvage the value of damaged timber, he may reduce to seven days the minimum period of time for advance public notice of such sale required by the Act of June 4, 1897 (16 U.S.S. 476).

The President is authorized to make grants to States or local governments to remove timber damaged by a major disaster from privately owned lands. State or local governments may reimburse any person from these funds for those expenses incurred in removing such damaged timber which exceed the salvage value of the timber.

TITLE V. ECONOMIC RECOVERY FOR DISASTER AREAS

Sec. 501. Purpose of title

The purpose of Title V is to authorize additional recovery assistance for any major disaster area in which economic dislocation is so severe that cooperative planning for development, restoration of employment base, and continued coordination of Federal-aid programs are required for long-range restoration and rehabilitation of normal commercial, industrial and other economic activities in the area.

Section 502. Disaster recovery planning

After determining that special assistance is required under this title because of a major disaster in his State, a Governor may designate a Recovery Planning Council of not less than 5 members, a majority of whom are to be local elected public officials from political subdivisions in the disaster area. One appointed member is to represent the State, while the Federal government is to be represented by either the Chairman of the Federal Regional Council (or another member designated by him) or the Cochairman of the Federal Regional Commission (or his designee) in those areas where such a body has been established under the Appalachian Regional Development Act or the Public Works and Economic Development Act. If a qualified multijurisdictional organization already exists in the major disaster area, the Governor may elect to designate that organization, with Federal and State representatives added, to act as the Recovery Planning Council.

The Recovery Planning Council is to review existing development, land use or other plans, revise those plans it determines to be necessary, develop new plans, prepare a 5-year Recovery Investment Plan, and make recommendations to the Governor and to local governments for revising and implementing those plans. It may recommend revising, deleting, reprogramming or further approval of Federal-aid projects in the major disaster area for which applications are pending, funds have been obligated but construction not started, funds have been or may be apportioned during the next five years, State scheduling may become available, or approval might be reasonably anticipated.

If recommended by the Council and requested by the Governor, any funds for Federal-aid projects or programs noted above will be placed in reserve by the responsible Federal agency to be used in accordance with such recommendations of the Council. If affected local governments concur with a request by the Governor for such action, these funds will be transferred to the Recovery Planning Council to be expended according to the Recovery Investment Plan.

Section 503. Public Works and Development Facilities Grants and Loans

The President is authorized and directed to provide funds to Recovery Planning Councils for the implementation of Recovery Investment Plans in major disaster areas. Both grants and loans can be made from these funds to any State or local government and to public or private nonprofit organizations representing all or part of any major disaster area. Such grants and loans can be used for the acquisition or development of land and improvements for public works, public service or public development facilities (including parks and open spaces), for acquiring, constructing, rehabilitating, expanding or improving those facilities (including machinery and equipment). Grants for these purposes are not to exceed 80% of project cost, except that the Federal share may be increased by supplementary grants to a maximum of 90% in some cases and without limit for grants benefiting Indians (or Alaskan Natives) or in those cases the President determines that a State or local government has exhausted its taxing and borrowing capacity. The interest rate for loans made under this section is to be fixed at a rate one percent less than the current average market yield on outstanding marketable U.S. obligations.

No grant or loan is to be made which would help establishments relocate from one area to another or would assist subcontractors in divesting other contractors or subcontractors of the contracts they customarily perform. If the Secretary of Commerce finds, however, that the establishment of a branch, affiliate or subsidiary would not increase unemployment in the original location of an existing business, aid for such expansion is not prohibited unless the Secretary believes that it is being done with the intent of closing down operations of the existing business.

Section 504. Loans and Guarantees

Loans may be made also to help finance in major disaster areas projects for the purchase or development of land and facilities for industrial and commercial usage. Funds made available under this section may be expanded for such purposes as the construction, rehabilitation, alteration, conversion or enlargement of buildings or the acquisition of machinery and equipment.

Loans made by private lending institutions to private borrowers for working capital in connection with projects in major disaster areas assisted by direct loans provided in this section may be guaranteed to a maximum of 90% of the unpaid balance of such loans.

Section 505. Technical Assistance

To help facilitate economic recovery in major disaster areas, technical assistance may be provided to both public and private agencies in accordance with the purposes of Title V. Included among the types of assistance to be provided are project planning, feasibility studies, management and operational assistance, and analyses of economic recovery needs and potential. Technical assistance may be extended through grants-in-aid, contracts, employment of persons, firms, or institutions, reimbursement of other Federal agencies, or direct use of personnel under the Administrator's direction. Not to exceed 75% of the administrative expenses incurred by organizations which receive grants for technical assistance may be authorized as supplementary grants, subject to certain specified limitations.

Section 506. Disaster recovery revolving fund

Not to exceed $200 million is authorized to be appropriated for a disaster recovery revolving fund which is to be established in the Treasury and is to be replenished annually. Funds obtained to carry out Title V and all collections or repayments received from its programs are to be deposited in this special fund. Financial assistance extended under this title and payment of all related obligations and expenditures are to be made from the revolving fund. At the end of each fiscal year interest on the amount of loans outstanding under the act, based on current average yield on outstanding marketable U.S. obligations, is to be paid by the fund into miscellaneous receipts of the Treasury.

TITLE VI. MISCELLANEOUS

Section 601. Technical amendments

A number of existing statutes are amended by substituting the title of this Act for that of the Disaster Relief Act of 1970.

Section 602. Repeal of existing law

All sections of the Disaster Relief Act of 1970 are repealed except those dealing with disaster loan programs and interest rates (sections 231, 232, 233, 234, 235, 236 and 237), technical amendments (section 301), repeal of prior law (section 302), prior allocation of funds (section 303) and effective date (section 304).

Section 603. Prior allocation of funds

Funds previously appropriated under P.L. 91–606 and P.L. 92–385 will continue to be available for purposes of completing commitments made under those acts as well as for purposes of this act, and any prior commitments are to be fulfilled.

Section 604. Effective date

Except for those sections for which other times are indicated, the effective date of this act is its day of enactment.

Section 605. Authorization

Funds necessary for the purposes of this act are authorized to be appropriated.

REASONED LEGISLATION FOR DISASTER RELIEF PROGRAM IS NEEDED

Mr. RANDOLPH. Mr. President, I join with the able Senator from North Dakota (Mr. BURDICK), the chairman of our Subcommittee on Disaster Relief, and other members of the Committee on Public Works in cosponsoring the Disaster Relief Act Amendments of 1974.

The Disaster Relief Act of 1970 was a significant step forward in enabling the Federal Government to respond efficiently and effectively to the disasters that strike without warning throughout our country. Prior to its enactment, there was not sufficient standing authority to provide relief immediately after a disaster. Each of these tragedies had to be handled on an individual basis with separate legislation acted upon by the Congress.

The 1970 act, drafted by the Committee on Public Works, changed that and since that time there have been people and funds available in an orderly fashion immediately after a disaster.

When the 93d Congress convened in early 1973 the Committee on Public Works agreed that it was time to review the provisions of the Disaster Relief Act of 1970 and how they had been implemented. As chairman of the committee I reestablished our Subcommittee on Disaster Relief as a standing subcommittee and appointed Senator BURDICK its chairman.

Under the leadership of Senator BURDICK and Senator DOMENICI, the ranking minority member, the subcommittee for the past year has given careful scrutiny to the act and of its ability to ease suffering and hardship. Extensive hearings were conducted both in Washington and in areas which had suffered disasters. The legislation we introduce today incorporates what we believe to be modifications based on those hearings that will improve the basic statute.

The experience of more than 3 years with this law has shown us both strengths and weaknesses, as is the case in any new program.

I anticipate that the Subcommittee on Disaster Relief and the Committee on Public Works will expedite their consideration of this matter so that it can be brought to the Senate for debate. The subcommittee intends to conduct an additional hearing in the near future to receive the responses of the administration and other interested groups to this legislative proposal. During development of this bill members of the subcommittee and its staff have maintained close contact with representatives of the executive branch. Through this continuous liaison we hope to avoid clashes between the legislative and executive branches on the provisions of this bill. While neither branch may be in total agreement with the other, we attempted to work together, and as a result, many sound suggestions of the administration and, indeed, provisions of the administration bill, were included in this bill as we now introduce it.

Senator BURDICK has reviewed in detail the provisions of the bill. I will call attention at this time to only one specific feature of the measure, for it is one in which I have a particular interest. Just 2 years ago, 125 West Virginians died when a mine refuse dam collapsed sending a torrent of water through the narrow Buffalo Creek Valley. After the initial rescue and relief operations, planning started for long-range rehabilitation of the Buffalo Creek area. A number of State and Federal agencies were concerned with this effort but progress has not been as rapid as I would have liked, and the people there have not been able to rebuild a satisfactory community.

Because of the Buffalo Creek experience and the subcommittee's experience with other post-disaster recovery efforts, particularly in Rapid City, S. Dak., and with Hurricanes Agnes and Camille, this bill provides a new long-range recovery program. Essentially, it provides for a coordinating mechanism for all facets of recovery, including all Federal-aid programs, and provides a $200 million disaster recovery revolving fund. Long-range recovery would be directed by a Recovery Planning Council in each area. Along with a State and a Federal representative, local elected officials would comprise the membership of each council and would have authority to coordinate or redirect the expenditure of Federal funds for 5 years following the disaster. The Council mechanism is intended to assure a coordinated recovery effort to avoid the confusion that can result when a number of well-intentioned agencies operate independently.

Mr. President, no part of the United States is immune from disasters. Hurricanes, fire, flood, and earthquakes can strike, and without warning. We must be prepared to respond with aid following disaster without delay. That is why this legislation is of great importance to every Member of the Senate. I urge my colleagues to examine this proposal closely and to share with the subcommittee their thinking on this subject.

Mr. DOMENICI. Mr. President, as ranking Republican Member of the Public Works Disaster Relief Subcommittee, I am pleased to join with the distinguished chairman of the committee, Senator RANDOLPH, the subcommittee chairman, Senator BURDICK, and other members of the subcommittee in introducing the Disaster Relief Act Amendments of 1974.

The bill we introduce today would continue and build upon the basic programs and mechanism established in the Disaster Relief Act of 1970, Public Law 91-606. The 1970 Disaster Relief Act was the first effort by the Congress to establish a permanent comprehensive program for Federal disaster assistance, culminating many years of experience and activity in this legislative area.

The Disaster Relief Act authorizes the President to declare major disasters, to provide specific kinds of assistance, including lifesaving and emergency measures, shelter, food, loans to homeowners and businesses, and grants for repair and reconstruction of public facilities. Besides the programs specifically authorized in the law, the Federal Coordinating Officer for the disaster, appointed by the President, is charged with administering and coordinating all Federal relief activities in the disaster area. Federal disaster aid has grown in a fragmented, ad hoc fashion and today there are over 30 Federal agencies, bureaus, and offices providing some form of disaster assistance either under Public Law 606 or their own statutory authority. The main purpose of the 1974 act is to coordinate these separate activities and authorities, simplifying the Federal side of disaster relief.

Last year the Public Works Committee reinstated the Disaster Relief Subcommittee to evaluate the adequacy and effectiveness of the 1970 act and to make recommendations, as may be necessary, to improve the law. Public Law 606 has been utilized in over 104 disasters since 1970 giving us extensive experience with the program in a wide variety of disasters.

The amendments being proposed are based on the extensive hearing record compiled by the Disaster Subcommittee last year. The subcommittee held 7 days of field hearings receiving testimony from over 200 witnesses in Biloxi, Miss., Rapid City, S. Dak., Wilkes-Barre, Pa., and Elmira-Corning, N.Y. All of these in recent years have been ravaged by natural calamities. Biloxi was struck by hurricane Camille in 1969 and represented the most costly natural disaster up to that time. Rapid City was devastated by floods in 1972 with serious loss of life. Wilkes-Barre and Elmira-Corning were among the worst hit areas during tropical storm Agnes. Storm Agnes is now considered the most destructive natural disaster in the history of this country.

In addition to field hearings, the subcommittee held 3 days of hearings in Washington on specific proposals to amend the 1970 Disaster Act, including S. 1840, the Disaster Preparedness and Assistance Act of 1973, proposed by the administration.

I believe there was general agreement expressed throughout the hearings that the authorities and procedures established in Public Law 606 are adequate and responsive as far as they go. Amendments and changes have been recommended but there is agreement that we have a basically sound disaster relief program.

I do not consider the bill introduced today as the final product. I believe it is important to present this bill for consideration by our colleagues, Governors, mayors, and others who have experience with the current law and who have already made valuable suggestions and comments. Several sections of the bill would authorize entirely new programs and while we have testimony on the general concepts embodied in these sections, the subcommittee has not had the advantage of hearings or full deliberation.

Senator BURDICK has placed a detailed analysis of the provisions of the bill in the RECORD but I would like to note a few important changes.

Section 408 of the bill would authorize a new program of direct grants to individuals who may, as a result of the disaster, need cash assistance to meet extraordinary disaster-related needs or to obtain immediate human needs and services.

The grant program proposed in this section would be supplemental to all other forms of aid under the act and would be extended only in those cases where those programs are not adequate. The Disaster Relief Act authorizes several programs to help individuals and families recover from the disaster including shelter, food commodities and food stamps, home loans, and unemployment compensation. There are, however, individuals who, after receiving assistance under these sections, may still be in need of cash to meet their disaster related needs.

"Needy" as used in this section refers to need created by the disaster and is not tied to a means test or an individual's income before the disaster. The approach proposed in this bill is to permit those victims most in need to obtain the most relief. Rather than the artificial structure of forgiveness which is now a feature of the disaster loan program, we must determine which families require extra assistance and approach it directly with a grant.

As proposed, the President would develop national eligibility criteria and regulations for the program which the individual States would administer in the disaster area.

In addition to the needy grants, the bill would write into law the "minirepair" program. The purpose of the program is to provide grants up to $2,500 for emergency repairs to damaged dwellings, allowing owners to reoccupy their homes as quickly as possible after the disaster. The program was used fairly successfully in several recent disasters as an alternative to the use of mobile homes and other temporary housing measures.

The bill would not affect the current disaster loan programs of the Small Business Administration and Farmers Home Administration. These would continue as part of the comprehensive disaster package. It could be that the needy grant and minirepair, if enacted, and the disaster loan programs would be handled by one application form and one individual at the one-stop service center established in a disaster area, facilitating coordination of these individual assistance efforts.

The bill, for the first time, includes Indian reservations and tribal organizations in the definition of "local government." This enables the President to make grants to these groups for repair or reconstruction of damaged facilities pursuant to a major disaster declaration for the area.

Under existing law, some Indian facilities, not covered by other Federal programs, are eligible for grant assistance where the State or local government is willing to apply on their behalf. The new language would allow the President to make grants to these groups as he would to other local governments so they can be assured of receiving all the assistance available to a community under the act for restoration purposes.

This language does not alter the authorities and duties of the Bureau of Indian Affairs, the Indian Health Service in HEW and other Federal programs responsible for restoration of facilities under existing law. There may, however, be some facilities not covered by the regular Federal programs which would be eligible for assistance from the President's Disaster Funds. This new language would assure that these reservations and areas are not discriminated against when applying for the program.

The grant would cover not only public facilities but would also include private nonprofit educational, utility, emergency, medical, and custodial care facilities including those for the aged and disabled.

Grants authorized under this section would be made on the same basis as grants to State or local governments for restoration of public facilities. That is, the grant would be up to 100 percent of the net cost of restoration on the basis of the design of the facility as it existed prior to the disaster. Allowance is made for bringing such facility up to current applicable codes, specifications, and standards.

By virtue of their inclusion in the definition section, Indian tribes, and reservations would also be eligible for community grants authorized under section 414. These grants may be made to "local governments" suffering substantial tax and revenue losses and demonstrating need for financial assistance because of a major disaster.

Section 402 would provide assistance for the repair or reconstruction of damaged facilities, both publicly owned facilities and certain facilities owned by private nonprofit entities.

Under Public Law 606, grants are made to States and local governments for the repair or reconstruction of public facilities damaged in a disaster. Several witnesses during our hearings recommended more flexibility in the replacement program with less direct Federal involvement. The administration's proposal recommended a public facility block grant program.

Under the proposed amendments States and local governments would be given the option of receiving a block grant to cover up to 90 percent of the estimated cost of replacement of all damaged public facilities or proceeding with the present system of 1-to-1 replacement with the Federal oversight and red-tape now associated with the program. I am convinced many communities will take advantage of the opportunity to assess their needs and future plans and with the flexibility of the block grant replace the dated system with a new infrastructure better suited to current needs.

As I stated earlier, the testimony received by the subcommittee on Public Law 606 indicated wide support for the act as far as it goes. The most critical testimony our subcommittee received related to Federal activity in the post disaster, long-range recovery phase. The hearings pointed up a serious lack of policy direction and planning for long-range recovery efforts.

At the present time, States and communities trying to rebuild after a disaster have had to turn to the separate Federal categorical aid programs which happen to be on the books and available at the time. These programs were not designed for disaster situations, and we have had to bend these regular programs to meet the particular needs created by the disaster. The numerous time-consuming requirements and regulations are more frustrating when imposed on the already beleagured communities digging out from a disaster. The local problem is further exacerbated in a disaster area by the wide variety of needs which must be met within a far shorter time frame than is true under normal circumstances.

I believe that flexibility, some certainty of funding and adequate planning could well be more important in this phase than the overall amount for long-range recovery.

The Federal Government, through its various categorical programs, is already heavily involved in long-range recovery of disaster areas. The question now becomes how to better plan and manage that effort.

Title V would authorize a long-range disaster recovery program under a Disaster Recovery Planning Council of locally elected officials and Representatives of the State and Federal Governments. The Council would pull together and implement an overall recovery plan for an area.

One purpose of the Recovery Investment Plan prepared by the Council is to identify and mobilize Federal programs either operating in the disaster area being proposed or which could be tapped for the rebuilding effort.

Federal agencies, following Council recommendation and the request of the Governor, would place funds for previously planned or eligible projects in reserve. These funds would go to the Recovery Planning Council to implement the Recovery Investment Plan if local public bodies concurred and the Governor requested this action.

Section 503 authorizes grants, loans, and loan guarantees for implementation of the recovery plan.

In addition, grants for administrative expenses of the Councils and technical assistance would be available.

Many questions could be raised regarding this title—not the least of which is to define the objective of Federal long-range recovery and the extent of our commitment. Long-range recovery is a completely new, very significant program equal in scope and importance to the Disaster Relief Act. The proposal in this bill is only one way to meet the very real need for coordinated long range recovery in communities devastated by a disaster. Because it is new and a major program, title V should be given close scrutiny and full, complete discussion.

Mr. President, I want to take this opportunity to acknowledge the attention and hard work Senator BURDICK has given this legislation. I have enjoyed working with him over the past year and look forward to working with him and other members of the subcommittee after we have received the views of the Federal agencies, the Governors and all who must exercise responsibility in this field.

By Mr. ABOUREZK:

S. 3063. A bill to repeal the depletion allowance on mineral production on lands owned by the U.S. Government. Referred to the Committee on Finance.

Mr. ABOUREZK. Mr. President, during this current period of political and economic crisis in our country, the Congress will make a number of important decisions regarding the future of our political economy. A major problem that has been raised in the past and is currently being discussed with much fervor is the critical issue of taxation.

In its original conception our system of taxation was designed to be just, fair, and equitable in its application to all classes in our society. Yet, over the years, because of the corrupting influence on our political process by major industrial groups in our economy, the tax system has become riddled with so many loopholes that advantages and benefits have disproportionately accrued to the rich at the expense of the poor.

In short, the great economic power of a few has been used to gain political power and this political power has been used to maintain and increase the economic power of the same few. The deficiencies in our tax laws result in a condition nothing short of legalized tax evasion. And one of the major perpetrators of securing Government sanction for tax evasion has been the oil industry. Philip Stern has estimated that in 1971 alone just five major oil companies—Exxon, Texaco, Mobil, Gulf, and Standard of California—deprived the U.S. Treasury of $2.585 billion in revenue. In the period 1962–71, these same companies deprived the U.S. Treasury of roughly $16.6 billion.

To accomplish this raid of the Treasury the oil companies through various legal and illegal means convinced the Congress and the executive branch to grant it certain tax privileges, one of the most outrageous of which is the depletion allowance. This allowance is permitted for numerous mineral and fuel resources. As originally conceived it was designed to compensate the owners for the gradual exhaustion of a nonrenewable asset, because it was argued that oil found beneath privately owned land constituted a capital asset. Therefore, since it was not the intent of the income tax law to tax capital as income, this allowance has been consistently defended by the oil, gas and other mineral producers as legitimate compensation for the loss of capital value as the nonrenewable oil is removed from the ground.

Prof. Robert Engler has written in his excellent book, "The Politics of Oil":

> Originally, the depletion has been limited to the cost of the investment, with the provision that once the cumulative allowance equaled this investment the grant was to cease. This was modified so that the capital investment, for tax purposes, came to include an estimate of the value of the oil and gas. Discovery valuation for each well was soon viewed as too complex to administer. Under the pressure of the industry, the Congress redrafted the tax laws and depleted capital became calculated on the arbitrary basis of 27½ per cent (changed in 1969 to 22 per cent, a provision tacitly approved by the major oil companies who were earning more than enough tax credits from their overseas operation) of gross income. It was assumed that in a period of lower oil costs, profits and corporate taxes, this percentage depletion would average out at a rate comparable to the allowance under the earliest discovery depletion. No account is taken any longer of the average cost. Nor is any calculation made of the depletion allowance already accumulated or any estimate made of the reserves of a given property. Percentage depletion can be deducted through the full producing life of the property. Thus, the owner of the wells in which $500,000 has been invested and which produce a million dollars' worth of oil each year for ten years can deduct a total of $2,750,000 from his taxable income during that period (recoupling over 5 times his original investment). It should also be noted that the increase in the corporate income tax rate from 13 per cent in 1926 to 52 per cent in 1959 has meant the quadrupling of the worth of the depletion allowance to oil producers.

Recently, one major oil company, Arco, stated publicly that it could live without the depletion allowance. In one of those rare ironies or history, I find myself in agreement with this position. Percentage depletion has been a subsidy by the taxpayers to a particular class of businessmen—the producers of crude oil, coal, natural gas, uranium, oil shale, and other vital mineral resources. The current shortages of energy testify to the fact that these subsidies have proven worthless to the consumer, while extraordinarily beneficial to the producers.

Taken together with another welfare subsidy, intangible drilling deductions, U.S. taxpayers have, according to Philip Stern in his book, "The Rape of the Taxpayer":

> Been making an annual "tax expenditure" of more than one and a half billion dollars per year . . . supposedly to encourage more exploration for oil and gas.

Stern asks the key question and supplies the answer:

> Have the taxpayers been getting their money's worth? A lengthy and highly technical study commissioned and made public by the US Treasury Department in 1969 suggests that this may be one of the most wasteful expenditures tolerated by the American public. The study concluded that the $1.6 billion annual "tax expenditure" had been resulting in added outlays for oil exploration of just $159 million—only one-tenth the annual revenue loss from depletion and "intangibles."

The depletion allowances which now extend to over 100 specifically enumerated minerals, including such things as gravel and underground water and steam, do not benefit small businesses. In fact, argues Stern:

> The latest available government statistics on the subject show that in 1967 nearly 92 per cent of all depletion deductions were taken by the most colossal corporations in the country—those with assets of more than a quarter of a billion dollars. And about $99.70 out of every $100 went to companies with assets of a million dollars or more.

Not only does the depletion allowance provide billions of dollars in Government handouts to the major extractive industries, but it also encourages a more rapid exploitation of our finite resources. Faced with the pressing need to establish a rational national energy policy, Congress must take a long view of how our natural resources are going to be taxed.

While a number of Senators have introduced legislation to eliminate all the tax loopholes granted to the oil industry, the legislation I am introducing today would eliminate just one in a very specific circumstance.

As my colleagues in the Senate are aware, the original justification for the depletion allowance was to compensate owners for the depletion of thier assets on private lands. The depletion allowance was never intended to be taken by privately owned corporations on assets belonging to the people of the United States. Yet, this is precisely what has happened. Oil, natural gas, oil shale, coals, uranium, and other vital natural resources exist in great quantities on federally owned land. These mineral and energy assets are owned solely by the people, with the Federal Government acting as a steward protecting these assets for their benefit. Therefore, there is entirely no justification for any company to take the depletion allowance for a mineral asset owned by the people.

This thought was stated quite well by former Senator Paul Douglas who wrote:

> It is the government's asset, not the oil companies', that will be depleted, and to compensate private producers who are not owners for this would be close to highway robbery.

I fully agree with a number of my colleagues that all the welfare payments in the form of tax subsidies to the major oil companies ought to be ended. However, the legislation I am introducing today ought to be voted on without delay, for it simply prohibits anyone from taking a depletion allowance on assets owned by the U.S. Government. The argument for such a prohibition, it seems to me, is so clear and simple.

By Mr. ABOUREZK:

S. 3064. A bill to amend section 111(a) of title 38, United States Code, relating to the payment of travel expenses for persons traveling to and from Veterans' Administration facilities. Referred to the Committee on Veterans' Affairs.

Mr. ABOUREZK. Mr. President, I am today introducing a bill which will amend section 111 of title 38, in the United States Code, relating to the payment of travel expenses for persons traveling to and from Veterans' Administration facilities.

In the year ending on June 30, 1973, there were 10.7 million visits by veterans to Veterans' Administration facilities throughout the country. According to a recent article in the U.S. News & World Report, over 83,000 veterans received treatment on an average day last November.

Yet, there is a growing problem for a large number of veterans who require regular treatment in our VA centers. With the high cost of gasoline, food, and lodging, they simply can no longer afford to make the necessary trips to the centers to obtain their medical care. Hence, many are left with no choice but to forgo their treatment rather than sacrifice part of their limited income for food and clothing at home.

Since the current VA rate of 6 cents per mile and $12 per day was instituted in 1968, the cost of living has increased over 30 percent. The cost of operating an automobile has risen even more awesomely. The American Automobile Association estimate for the average variable cost, per mile, of operating an automobile in 1968 was 3.8 cents. Now, 6 years later, that figure has risen to 16.5 cents per mile based on a Department of Transportation report issued in December of last year. With the meteoric rise in gasoline prices since then, I am sure that even this estimate falls below actual operating costs.

Mr. President, my bill would amend the present law by providing that the VA mileage rate would not be less than the current Department of Transportation estimate of the average variable costs, per mile, of operating an automobile. In addition, it allows the per diem rate to reflect the current costs of meals and lodging more adequately by setting a minimum per diem of $20.

I believe that the enactment of this bill would immeasurably help the millions of veterans who require treatment in our Veterans' Administration hospitals and centers. President Nixon's promise that "the best of medical assistance shall not be denied our veterans" demands that we insure that all of our veterans have sufficient access to that medical assistance. In many cases, to deny them sufficient funds for travel, is to deny them their treatment.

Mr. President, this bill will insure that every veteran, no matter what their financial condition, will be allowed their treatment. I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 3064

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 111(a) of title 38, United States Code, is amended by adding at the end thereof the following: "In no event shall the per diem rate for meals and lodging be less than $20 or the mileage rate be less than the current Department of Transportation estimate of the average, variable costs, per mile, of operating an automobile."

SEC. 2. The amendment made by this Act shall be effective with respect to travel performed on and after the date of enactment of this Act.

ADDITIONAL COSPONSORS OF BILLS AND JOINT RESOLUTIONS

S. 1218

At the request of Mr. GRAVEL, the Senator from South Carolina (Mr. HOLLINGS) was added as a cosponsor of S. 1218, a bill to amend title II of the Communications Act of 1934 to authorize common carriers subject to such title to provide certain free or reduced rate service for individuals who are deaf or hard of hearings.

S. 2343

At the request of Mr. MCCLURE, the Senator from Oregon (Mr. PACKWOOD) was added as a cosponsor of S. 2343, to authorize the Secretary of the Interior to convey, by quitclaim deed, all right, title, and interest of the United States in and to certain lands in Coeur d'Alene, Idaho, in order to eliminate a cloud on the title to such lands.

S. 2495

At the request of Mr. MAGNUSON, the Senator from Alaska (Mr. STEVENS) was added as a cosponsor of S. 2495, to amend the National Aeronautics and Space Act of 1958 to apply the scientific and technological expertise of NASA to the solution of domestic problems.

S. 2510

At the request of Mr. CHILES, the Senator from New York (Mr. JAVITS), the Senator from Utah (Mr. MOSS), the Senator from Connecticut (Mr. RIBICOFF), the Senator from Alaska (Mr. GRAVEL), and the Senator from Alabama (Mr. ALLEN) were added as cosponsors of S. 2510, a bill to create an Office of Federal Procurement Policy within the Executive Office of the President, and for other purposes.

S. 2647

At the request of Mr. STEVENS, the Senator from Alaska (Mr. GRAVEL) was added as a cosponsor of S. 2647, a bill to amend section 5343(c)(1) of title 5, United States Code, to expand the data base for Federal wage surveys in certain areas of the United States wherein there is insufficient private industry to determine comparable wages or where State and local governments exert a major influence on wage rates.

S. 2650

At the request of Mr. CRANSTON, the Senator from New York (Mr. JAVITS) was added as a cosponsor of S. 2650, the Solar Home Heating and Cooling Demonstration Act.

S. 2657

At the request of Mr. Moss, the Senator from New Mexico (Mr. Montoya) was added as a cosponsor of S. 2657, to provide scholarships for the dependent children of public safety officers who are the victims of homicide while performing their official duties, and for other purposes.

S. 2658

At the request of Mr. Moss, the Senator from Arizona (Mr. Goldwater) and the Senator from North Dakota (Mr. Burdick) were added as cosponsors of S. 2658, directing the National Aeronautics and Space Administration to provide, in cooperation with other Federal agencies, for the early commercial demonstration of the technology of solar heating and for the early development and commercial demonstration of technology for combined solar heating and cooling.

S. 2782

At the request of Mr. Nelson, the Senator from Ohio (Mr. Metzenbaum) was added as a cosponsor of S. 2782, to establish a National Energy Information System, to authorize the Department of the Interior to undertake an inventory of U.S. energy resources on public lands and elsewhere, and for other purposes.

S. 2784

At the request of Mr. Hartke, the Senator from Colorado (Mr. Dominick) and the Senator from Alaska (Mr. Stevens) were added as cosponsors of S. 2784, a bill to amend title 38, United States Code, to increase the vocational rehabilitation subsistence allowance, education assistance allowances, and the special training allowances paid to eligible veterans and persons under chapters 31, 34, and 35 of such title; to improve and expand the special programs for educationally disadvantaged veterans and servicemen under chapter 34 of such title; to improve and expand the veteran-student services program; to establish a veteran's education loan program for veterans eligible for benefits under chapter 34 of such title; to promote the employment of veterans and the wives and widows of certain veterans by improving and expanding the provisions governing the operation of the Veterans' Employment Service and by providing for an action plan for the employment of disabled and Vietnam-era veterans; to make improvements in the educational assistance program; to recodify and expand veterans' reemployment rights; to make improvements in the administration of educational benefits; and for other purposes.

S. 2801

At the request of Mr. Proxmire, the Senator from Idaho (Mr. McClure) was added as a cosponsor of S. 2801, a bill to amend the Federal Food, Drug, and Cosmetic Act to include a definition of food supplements, and for other purposes.

S. 2823

At the request of Mr. Chiles, the Senator from Tennessee (Mr. Brock) was added as a cosponsor of S. 2823, a bill to amend the Occupational Safety and Health Act of 1970.

S. 2832

At the request of Mr. Taft, the Senator from Colorado (Mr. Haskell) was added as a cosponsor of S. 2832, the Earned Immunity Act of 1974.

S. 2854

At the request of Mr. Cranston, the Senator from Connecticut (Mr. Ribicoff) and the Senator from Colorado (Mr. Dominick) were added as cosponsors of S. 2854, a bill to amend the Public Health Service Act to expand the authority of the National Institute of Arthritis, Metabolic and Digestive Diseases in order to advance a national attack on arthritis.

S. 2883

At the request of Mr. Biden, the Senator from New York (Mr. Buckley) was added as a cosponsor of S. 2883, the Fair Credit Reporting Act Amendments of 1974.

S. 2900

At the request of Mr. Montoya, the Senator from West Virginia (Mr. Randolph), the Senator from New Jersey (Mr. Williams), and the Senator from Arizona (Mr. Fannin) were added as cosponsors of S. 2900, to improve the safety of motor vehicle fuel systems.

S. 2932

At the request of Mr. Montoya, the Senator from South Dakota (Mr. McGovern), the Senator from Colorado (Mr. Haskell), the Senator from Indiana (Mr. Bayh), the Senator from Vermont (Mr. Stafford), the Senator from Maryland (Mr. Mathias), the Senator from Minnesota (Mr. Mondale), and the Senator from Florida (Mr. Chiles) were added as cosponsors of S. 2932, to amend title 38 of the United States Code to provide that veterans' pension and compensation will not be reduced as a result of certain increases in monthly social security benefits.

S. 2938

At the request of Mr. Robert C. Byrd, (for Mr. Jackson) the Senator from North Dakota (Mr. Burdick), the Senator from Nevada (Mr. Cannon), the Senator from Kansas (Mr. Dole), the Senator from Wyoming (Mr. McGee), the Senator from Utah (Mr. Moss), and the Senator from Alaska (Mr. Stevens) were added as cosponsors of S. 2938, the Indian Health Care Improvement Act.

S. 3006

At the request of Mr. Proxmire, the Senator from Rhode Island (Mr. Pell), the Senator from Kentucky (Mr. Cook), the Senator from Wyoming (Mr. Hansen), and the Senator from Florida (Mr. Chiles) were added as cosponsors of S. 3006, the Fiscal Note Act.

S. 3016

At the request of Mr. Bentsen, the Senator from Maine (Mr. Hathaway) was added as a cosponsor of S. 3016, a bill to provide that an individual, who for December 1973, was entitled to disability benefits under a State program approved under title XIV or XVI of the Social Security Act may be presumed, for purposes of the supplemental security income program, to be disabled, during the first 6 months of 1974.

S. 3024

At the request of Mr. Ribicoff, the Senator from New Jersey (Mr. Case) was added as a cosponsor of S. 3024, the Energy Crisis Unemployment Benefits Act of 1974.

S. 3036

At the request of Mr. Abourezk, the Senator from Wisconsin (Mr. Nelson) was added as a cosponsor of S. 3036, to protect the public health and welfare by providing for the inspection of imported dairy products and by requiring that such products comply with certain minimum standards for quality and wholesomeness and that the dairy farms on which milk is produced and the plants in which such products are produced meet certain minimum standards of sanitation.

S. 3037

At the request of Mr. Stevenson, the Senator from Alaska (Mr. Gravel) was added as a cosponsor of S. 3037, the Full Disclosure Act of 1974.

SENATE JOINT RESOLUTION 184

At the request of Mr. Magnuson, the Senator from Texas (Mr. Tower) was added as a cosponsor of Senate Joint Resolution 184, to protect whales and certain other living marine resources.

ADDITIONAL COSPONSORS OF CONCURRENT RESOLUTIONS

SENATE CONCURRENT RESOLUTION 63

At the request of Mr. Percy, the Senator from New York (Mr. Buckley) was added as a cosponsor of Senate Concurrent Resolution 63, to seek new efforts to obtain compliance with the terms of the Paris peace agreement as they apply to prisoners of war and personnel missing in action.

SENATE CONCURRENT RESOLUTION 66

At the request of Mr. Percy, the Senator from California (Mr. Tunney) and the Senator from Delaware (Mr. Biden) were added as cosponsors of Senate Concurrent Resolution 66, to urge the release from prison of Simas Kudirka, the Lithuanian seaman.

ADDITIONAL COSPONSOR OF A RESOLUTION

SENATE RESOLUTION 281

At the request of Mr. Mansfield, the Senator from Alaska (Mr. Gravel) was added as a cosponsor of Senate Resolution 281, to express the sense of the Senate with respect to the allocation of necessary energy sources to the tourism industry.

DEPARTMENT OF DEFENSE SUPPLEMENTAL APPROPRIATIONS AUTHORIZATION ACT, 1974—AMENDMENT

AMENDMENT NO. 973

(Ordered to be printed and referred to Committee on Armed Services.)

DIEGO GARCIA

Mr. PELL. Mr. President, the United States, with its military forces, dominates every ocean of the world except the Indian Ocean, which has until now remained largely nonmilitarized.

The administration, by its recent proposal to establish a U.S. air and naval base on Diego Garcia in the Indian Ocean apparently is moving to round out American control of the world's oceans, seeking a "Mare Americanum per Mundum"—an American World Ocean.

I believe this proposal to extend our military involvements, commitments and responsibilities into a whole new area of the world would prove costly, unwise, and contrary to our long-range national interests. For that reason I am submitting today, for appropriate reference, an amendment to delete from the supplemental military authorization bill, S. 2999, $29 million for establishing a U.S. air and naval base on Diego Garcia in the Indian Ocean. Euphemistically, the administration refers to the $29 million as needed to improve support facilities there. It is obvious, however, that the objective is the creation of a full-fledged base capable of additional expansion in the future.

The amendment expresses my strong opposition to this U.S. military intrusion into the Indian Ocean. I previously stated (CONGRESSIONAL RECORD, February 7, 1974, p. 2642) my view that this action would not serve American nor any other interests.

Further study of the proposed expenditure, the way it has been put forward, and the reaction among countries in a wide area from India to New Zealand, have only deepened my concern about the expansion of U.S. military involvement into a new and heretofore largely nonmilitarized ocean area. Under these circumstances, I believe it is the duty of Congress not just to speak out, but to use its powers at an early stage to prevent this expansion.

From our experience in Indochina, we know too well the cost of early, easy congressional—and State Department—acquiescence to Pentagon demands. Unquestioning acceptance of Pentagon evaluations has sometimes led us into deep trouble. We must profit from past errors. Our handling of this authorization request for Diego Garcia offers such an opportunity.

Study of the request reveals a familiar pattern of the Pentagon's backdoor approach to Diego Garcia. To establish the initial U.S. installation on the island, described as only a small communications facility, the executive branch obtained an agreement in principle from the British in late 1970. It then asked for and received funds from Congress permitting construction to be well underway before a formal agreement was sent to the Senate in 1972.

This tactic is being repeated now. The British Government revealed on February 5 that agreement in principle had been reached for the United States to expand its facilities on Diego Garcia with the exception that "a formal agreement will be concluded in due course."

But again Congress is being asked to authorize funds for this expansion before any formal agreement is concluded or submitted to Congress. This evasive sequence is a case of putting the cart before the horse—the dinghy before the ship. This time the Congress should not consider the authorization or appropriation of a single penny until it has carefully weighed and approved a formal agreement with the British in accordance with our statutory procedures. To proceed as proposed by the administration in S. 2999 is to abrogate congressional responsibility.

If and when a formal agreement is submitted, much militates against congressional approval. Several years ago, both Congress and the Defense Department leadership rejected Navy development plans for Diego Garcia similar to those now being put forward again.

Now we are told that the possibility of opening the Suez Canal in perhaps 2 years hence, thus increasing Soviet access to the Indian Ocean, combined with the possible termination of U.S. Naval facilities in Bahrain, justifies the immediate construction of an air and naval base on Diego Garcia.

The opening of the Suez Canal would be a welcomed, energy-saving development for the whole world. It would also increase the accessibility of the Indian Ocean to American ships and those of our allies. Why think of it only in terms of Soviet accessibility? Why must our response be an immediate increased American presence in the Indian Ocean to counter only a Soviet possibility? Such premature U.S. action places the blame on us and not on the Soviet Union for disturbing the peace of the area.

Will not this Pavlovian U.S. response stimulate the very Soviet threat we fear and precipitate an escalation in our costly arms race which we both can ill-afford? I am convinced it will.

Certainly alternatives to our proposed catalyzing expansion should be considered. Congress should be as reluctant to close off options as the Pentagon often is—in its opposition to moving ahead with a multilateral treaty to ban the military use of environmental modification, for instance. The administration is pursuing an admirable policy of substituting negotiations for confrontation in other areas. Why not in the Indian Ocean? In the past, the Soviets have been reported willing to consider negotiations to preserve the Indian Ocean from militarization. It would be reasonable to explore this alternative to avoid the confrontation of an escalated naval race there. Both the Soviet Union and the United States share a common objective in maintaining the right of free passage through the Indian Ocean. This objective need not involve an entrenched presence by either side.

Britain is the owner of Diego Garcia and is more indigenous to the area than the United States. Another alternative would be for Britain to expand facilities and make them available to the United States when needed, instead of vice versa as with the current proposal. This would also avoid the cost of building expensive installations on another country's real estate.

In my previous statement, I warned of an unfavorable reaction of countries in the general area to any step which would transform the Indian Ocean from a pacific to an armed sea.

After the announcement of our expansion plans for Diego Garcia, almost immediately an international chorus broke out in protest. This protest was not restricted to countries that might be expected to be most concerned, such as India and Ceylon. It includes the voices of two of our closest allies and friends, Australia and New Zealand, who do not share the executive branch's belief that the construction program will promote the security and stability in their general area.

Over a year ago, the Defense Department stated that:

> The establishment of the Diego Garcia facility (then just a communications facility) does not imply any extension of the United States defense commitment in the Indian Ocean area.

Now the Defense Department states that under the plan to extend the present runway from 8,000 to 12,000 feet, to expand the airfield parking area, to increase bunkering and fuel shortage capacity, to deepen the lagoon to provide an anchorage, to improve existing communication facilities and construct additional personnel quarters, the United States will be assured of a "continued presence of U.S. naval forces in the Indian Ocean," where none exists today. With that presence, which God forbid, would go the requirement to assure the defense of a new target of opportunity in the event of hostilities. And so up would go our overseas defense commitment. And up would go the bill for the American taxpayer, with the expectation of even bigger bills in the future.

I hope that the request for the $29 million for Diego Garcia will not reach the floor of the Senate. But if it does, I believe the Senate should reject it. That is why I am now substituting an amendment to delete the authorization for that sum from S. 2999. I think that the reasons I have outlined as to why this should be done are compelling.

Mr. President, I ask unanimous consent that the text of my amendment to S. 2999 be printed in the RECORD.

There being no objection, the amendment was ordered to be printed in the RECORD, as follows:

AMENDMENT NO. 973

On page 3, beginning with line 6, strike out all down through line 13. Renumber sections 302 and 303 as sections 301 and 302, respectively.

FEDERAL ACT TO CONTROL EXPENDITURES AND ESTABLISH NATIONAL PRIORITIES—AMENDMENT

AMENDMENT NO. 974

(Ordered to be printed, and to lie on the table.)

Mr. CHILES submitted an amendment, intended to be proposed by him, to the bill (S. 1541) to provide for the reform of congressional procedures with respect to the enactment of fiscal measures; to provide ceilings on Federal expenditures and the national debt; to create a budget committee in each House; to create a congressional office of the budget; and for other purposes.

ADDITIONAL COSPONSOR OF AN AMENDMENT

AMENDMENT NO. 542

At the request of Mr. Ribicoff, the Senator from Colorado (Mr. Haskell) was added as a cosponsor of amendment No. 542 intended to be proposed to the bill (H.R. 3153), the Social Security Amendments of 1974.

NOTICE OF HEARINGS ON DISASTER RELIEF ACT AMENDMENTS OF 1974

Mr. BURDICK. Mr. President, I wish to inform my colleagues and all interested parties that the Subcommittee on Disaster Relief of the Public Works Committee has scheduled hearings on Wednesday, March 6, on legislation I have introduced today, the Disaster Relief Act Amendments of 1974. The hearings will begin at 9:30 a.m. in room 4200, Dirksen Senate Office Building. Those interested in appearing before the subcommittee or submitting statements pertaining to this legislation should contact subcommittee staff as soon as possible at extension 58427.

HEARING ANNOUNCEMENT ON S. 3020

Mr. JACKSON. Mr. President, I wish to announce a hearing by the Public Lands Subcommittee of the Interior and Insular Affairs Committee on S. 3020, a bill to designate certain lands in the National Key Deer Refuge, Great White Heron National Wildlife Refuge, and the Key West National Wildlife Refuge, Monroe County, Fla., as wilderness.

This bill is in addition to public land bills previously announced.

The hearing will be held on March 19, 1974 at 10 a.m. in room 3110, Dirksen Senate Office Building. Those who wish to testify or submit a statement for inclusion in the hearing record should contact Steven P. Quarles, Special Counsel to the committee, at 225–2656.

NOTICE OF HEARING ON NOMINATIONS

Mr. ROBERT C. BYRD. Mr. President, on behalf of the Committee on the Judiciary, I desire to give notice that a public hearing has been scheduled for Tuesday, March 5, 1974, at 9:30 a.m., in room 2228, Dirksen Office Building, on the following nominations:

Carla Anderson Hills, of California, to be Assistant Attorney General, vice Harlington Wood, Jr., resigned (Civil Division).

Thomas E. Stagg, Jr., of Louisiana, to be U.S. District Judge for the Western District of Louisiana, vice Benjamin C. Dawkins, retired.

At the indicated time and place persons interested in the hearing may make such representations as may be pertinent.

The subcommittee consists of the Senator from Mississippi (Mr. Eastland) chairman; the Senator from Arkansas (Mr. McClellan) and the Senator from Nebraska (Mr. Hruska).

NOTICE CONCERNING NOMINATION BEFORE THE COMMITTEE ON THE JUDICIARY

Mr. ROBERT C. BYRD. Mr. President, the following nomination has been referred to and is now pending before the Committee on the Judiciary:

Hosea M. Ray, of Mississippi, to be U.S. attorney for the northern district of Mississippi, for the term of 4 years. (Reappointment.)

On behalf of the Committee on the Judiciary, notice is hereby given to all persons interested in this nomination to file with the committee, in writing, on or before Tuesday, March 5, 1974, any representations or objections they may wish to present concerning the above nomination, with a further statement whether it is their intention to appear at any hearing which may be scheduled.

ADDITIONAL STATEMENTS

THE PRESIDENT'S PAY PROPOSAL

Mr. McGEE. Mr. President, in attempting to weigh the merits of the President's recommendations on executive, legislative, and judicial salaries, I have as chairman of the Post Office and Civil Service Committee, solicited the informed views of a number of our Government's top officials in all branches. I have received responses from the Chief Justice of the United States, as well as from retired Justice Tom C. Clark.

All Senators, I believe, should have access to the thoughts of these distinguished jurists.

Justice Clark, who, in his letter to me as chairman of the committee, discusses some of the recent cases of judges who have chosen to step down from the bench for financial reasons, writes of his distress at hearing Federal judges speak of the difficulty they have in making ends meet.

Justice Clark adds:

> In my judgment we will lose a good percentage of our Judges unless some steps are taken to correct the situation by meaningful salary increases. I concur wholeheartedly in the letter that the Chief Justice is sending you today regarding this matter and write only to underscore the urgency of the problem.

Mr. President, the Chief Justice's letter should speak for itself in this matter, so I ask unanimous consent that it be printed in the Record.

There being no objection, the letter was ordered to be printed in the Record, as follows:

> Supreme Court of the United States,
> *Washington, D.C., February 25, 1974.*
>
> Dear Senator McGee: I have your letter of February 19 advising that, as Chairman of the Post Office and Civil Service Committee, you intend to oppose any action disapproving the President's proposal on salary increases for the Federal Judiciary and other categories and asking my views on this matter.
>
> Although the recommendation departs substantially from the recommendations of the Commission on Executive, Legislative and Judicial salaries, my colleagues on this Court and I agree with your position that the President's proposal should be accepted. One of its important consequences will be to encourage judges in the District Courts and Courts of Appeals to remain in service even though the pending proposal is patently discriminatory against those judges when compared with approximately one-third increase in government salaries generally since the 1969 salary adjustment for Federal judges. Adoption of the President's proposal may help stem the resignations of District Judges in particular. We have had more resignations in the past year, based on economic grounds, than at any time in the past 100 years. I am also reliably informed that many qualified lawyers have declined appointment because the pay of a District Judge now is only double the starting salary of law graduates hired by large law offices. It is surely not in the public interest to have some of the best qualified lawyers resigning or declining appointment because of inequitable and inadequate compensation.
>
> I feel bound to comment also on the increase provided for the Associate Justice of the Supreme Court which is limited to $4,500 and is deferred nearly one year. This increase of $4,500 is less than one-half the increase provided over three years for Court of Appeals judges and Members of Congress.
>
> Notwithstanding that the pending proposal fails to take into account the severe inflation of recent years and fails to give due weight to the studies and recommendations of the Commission, its adoption will serve as an important interim function until appropriate legislation can be enacted.
>
> Cordially,
>
> Warren E. Burger.

THE POLITICAL SCENE—ADDRESS BY REPRESENTATIVE JOHN J. RHODES

Mr. HUGH SCOTT. Mr. President, the distinguished House Republican leader, John Rhodes, recently addressed the National Press Club. I believe his remarks to be a candid and realistic assessment of the current political scene. Therefore, I ask unanimous consent to print this speech in the Record.

There being no objection, the address was ordered to be printed in the Record, as follows:

Realistic Prospects for the Republican Party in the Year of Watergate

(Speech by the Honorable John J. Rhodes)

Ladies and gentlemen, it is indeed an honor for me to address such a distinguished group of journalists. In the two and one-half months since my election as House Republican Leader, I have had the pleasure of meeting many of you personally for the first time and have enjoyed the experience.

I am particularly grateful to your new President, Clyde LaMotte, for having extended this invitation to me. He has some rather large shoes to fill in replacing Don Larrabee as President . . . but I understand he is showing every indication of being up to the task.

I have some rather large shoes to fill also. Gerry Ford was one of the most capable House Leaders of this century—energetic, accessible, and open-minded. These qualities have already made him an effective Vice President.

Moving into Gerry's office in the Capitol was quite an experience. It was the first time I had ever seen the Boy Scout oath carved into a mirror. I suppose I can use the 14 cases of "Mr. Clean" detergent he left behind. But what am I supposed to do with 37 scratch pads that have "1600 Pennsylvania Avenue" written all over them?

As the new House Republican Leader, I intend to attempt the impossible—namely, to outdo my predecessor in terms of energy. Last week, I was fortunate to have been able to speak on behalf of six Republican candidates in five states.

This schedule will be accelerated in the coming months. Thomas Edison once said that "genius is one percent inspiration and ninety-nine percent perspiration." So I intend to do my best to qualify as a "genius" in the upcoming campaigns.

No one can predict with any certainty what the voters will or will not do some eight months before an election. Public opinion polls have an interesting history of reversing themselves before Election Day. The Democrats are fond of reminding us that this is so. They point to the dramatic come-from-behind victory of Harry Truman as an example.

I like to recall 1965, when only one-third of the people said they would vote Republican. But a funny thing happened on the way to the polls the next November. We picked up 47 seats.

I do not know for sure what will happen this November. But this I can categorically state before you without the slightest hesitation—1974 does not have to be the disastrous political year for Republicans that many people proclaim it will. Let me tell you why . . .

The branch of government up for judgment before the American people in November is not the Republican Executive. It is the Democratic Congress. And the Congress is in pretty bad shape.

Finding fault with the Legislative Branch has long been a favorite American past-time. When he was Chaplain of the U.S. Senate, Edward Everett Hale was once asked: "Do you pray for the Senators?" "No," he replied, "when I see the Senators, I pray for the country."

More recently, I asked the Library of Congress to provide me with some quotations from the founding fathers in praise of Congress. After several days, they sent me *one* vaguely flattering quotation from Thomas Jefferson with a cover note explaining that even the founding fathers did not hold Congress in too high regard.

In Sherman Edwards' imaginative musical, "1776," John Adams laments:

> . . . a catastrophic earthquake
> I'd accept with some despair.
> But Lord—You sent us Congress.
> Good God, Sir, was that fair?

Congress is in trouble and the American people know it. The latest Harris Poll substantiates this fact—only 21% of the American people are satisfied with the job Congress is doing. They say that garbagemen and used car salesmen deserve more respect than their elected representatives. And with some reason.

Consider how "the sapless branch" (as former Pennsylvania Senator Joe Clark referred to the Congress) goes about the business of spending the taxpayers' money. Every year, Congress blindly appropriates bill after bill, with no regard for either where that money is to come from or overall spending priorities. At the end of the year, Congress registers surprise when spending goes through the roof, and quite often then imposes a spending ceiling on the Executive. The ludicrous cycle is then completed when the Congress complains bitterly because the Executive impounds funds in order to stay within *their* spending limit. Then they return home every other year to lament "big spending" when they know full well that they never made the effort to create a system through which spending can be rationally controlled.

The challenge of the 93rd Congress will be to correct this. Legislation has already passed in the House which includes the essential recommendations of the special Joint Committee on Budget Control. That legislation is now in the Senate. I hope it will be adopted soon.

Another fundamental problem area for the Congress is the committee system. The present system of committee jurisdictions was devised in the late 1940's, and has not been changed since. How can the Congress hope to solve the major problems of the '70s with a system of committees that was devised in the late '40s?

There is hope this year that this problem, too, can be solved. The report of the Select Committee on Committees—chaired by Congressman Richard Bolling—is a work of monumental dimension. I hope most of it will be translated into sound legislation soon.

During the past forty years, Congress has served as little more than a glorified echo chamber for the Executive Branch—usually content to approve or disapprove; rarely willing to initiate anything.

When I was elected Minority Leader, I made the observation that Pennsylvania Avenue should be a two-way street. I believe that Members of Congress should insert themselves into the legislative equation before a message reaches the Hill. I intend to work to see that this happens.

I also said that the lack of Congressional input into policymaking is not the fault of the Executive. He, after all, has merely filled a Congressionally-created void that needed to be filled. The ultimate responsibility for the Congressional sterility that led 69% of the American people to give Congress a negative rating must be assumed by Congress itself. For the Congress has stood apathetically by while its influence has melted over the years, without lifting a finger to counteract the trend.

So Congress will be hard pressed to justify itself to the American voters in November. And the bottom line to this has to be the question: Who controls the Congress?

Answer: The Democrats.

As one of your colleagues, William S. White, observed just last week: "If the presidency under the Republicans is in disrepute, the Congress under the Democrats is even more so."

No investigation is necessary to conclude that the Congress is in disrepute.

And the question for the voters this November is not which party is best fit to run the Executive Branch—that one is for two years from now. This November, the question is which party is best equipped to run the Congress?

So let's take a look at the Legislative Branch under the Democrats. They have had iron-bound control for the past twenty years, shaping—or mis-shaping all of the legislation that went to the various Presidents. And their performance has been less than inspiring.

We need look no further than the energy crisis to point to a clear example. The Democrat-run Congress has yet to produce the emergency energy bill, some of which is vital to coping with the energy crisis. They first muffed it in December. They couldn't get together in January.

No production by Congress could continue long lines at the gas station for motorists. The Democrats just can't seem to settle their internal squabbling in the public interest long enough to see vital legislation through.

Practically every committee in Congress is trying to get a piece of the energy action. No less than 25 committees and sub-committees are in the process of holding hearings. What kind of hard-hitting, coordinated, do-the-job legislation can be expected from this jig-saw puzzle approach? Inevitably, the man on the street suffers—but the blame for his suffering lies squarely on the majority leadership of Congress.

The list of Congressionally-inspired problems is almost endless. If the Nation's 300,000 pension plans are a hodge-podge of ineffective and often tragically under-funded programs, who sat around for 20 years watching and doing nothing? In fact, it was a Republican President who called attention to the pension mess. Yesterday, the House Republican Policy Committee finalized a statement in support of pension reform legislation. No bill has yet been passed, although two of them will be considered next week. I will predict—and I hope I'm wrong—that this vital issue will also be left unresolved, because of bickering and jurisdictional strife between two House Committees.

Two years ago, the Education and Labor Committee decided to look into the pension situation. They set up a Task Force to study pension plans. This angered Ways and Means Committee Members. They in turn began work on their own bill. This past month we have been in a hassle trying to keep these two committees from committing internecine warfare on the House Floor.

Consider another example of how petty jurisdictional disputes prevent progress. When they couldn't have their own way on the Fair Labor Standards Act—better known to us all as the minimum wage bill—the Democratic Leaders refused to act at all. The President vetoed a bill that he felt was unreasonable. Was there any attempt at compromise? Not at all. The result was that millions of workers were denied the chance to earn higher wages—all because the Democratic leadership could not see its way clear to enact a sound, sensible bill that would protect the right of teen-agers to work.

The Democrats, I have noticed, are fond of talking about "the little man." We hear him mentioned prominently at campaign time. Ironically, it is the little man who suffers most from the lack of leadership in the Congress. The Democrats talk a good game for the working man. But they just do not produce.

If our mass transit systems fall far short of providing adequate transportation, who was it that sat on their hands for 20 years while rolling stock, roadbeds and service deteriorated? It is also ironic that the Democrats hold the vast majority of urban area seats in Congressional areas now hard-hit by the lack of transit foresight.

If some people do not pay enough taxes—if there are loopholes—if the tax structure is hopelessly complex—who is responsible? Who has raised taxes 14 times since 1900, thus fulfilling the dour forecast of the late Senator Harry Byrd who said 50 years ago that these taxes would become an onerous burden on the common man?

If it is true that power has flowed too freely to Washington, reducing the states to a network of vassals of an all-powerful centralized Federal Government, who was it that established the alphabet soup agencies, split functions into dozens of programs, preempted the major sources of tax revenue, and then cracked the whip to make localities jump to secure grants and loans?

If the welfare system grew from a humanitarian program of assistance to a way of life—who was it that enacted the vague laws, committed huge sums, and failed to supervise the program?

The examples are many. I am talking about accountability. We hear this word often, particularly in reference to Watergate. Who is accountable for the lack of Congressional relevance over the years? It is the party that has controlled the Congress.

Twenty years is a long time to control things, yet for 20 years we have had Democratic control of Congress. We feel that this is a reasonable time period in which to prove ability on Capitol Hill. We feel it is time for a change—new directions, new ideas, and the vigor and vitality needed to produce for the American people.

And so we intend not to turn to the defensive in this "year of Watergate." And why should we? The official Republican Party had nothing whatsoever to do with the disgraceful abuses that took place in 1972. We intend to take the offensive. We are going into every District to tell the people that the only way they can get Congress off dead center is to change the guard—break up the old crony club. We are going to take the Democratic Party's Congressional record to the people and make their candidates wear it around their necks during the campaign.

As a practical matter, we are not exempting any Democrats from this effort. I happen to know a lot of Democrats in the Congress, many of whom I respect and like a great deal. But they are inhibited by a rigid party machinery that literally controls their caucuses. Often times they are forced to support Party positions that may be at complete odds with their personal moral code, or philosophy towards Government. The penalty for individual integrity for Congressional Democrats is frequently loss of party seniority and privilege. The Republican Conference, on the other hand, does not bind its members to any position or point-of-view.

Politics being what it is, the Democrats will try to shift the focus elsewhere. We won't let it happen—not without a fight. Elections for seats in the United States Congress should not be "referendums" for anything, except for first, which candidate is best qualified and second, which party should control Congress.

In fact, the question of who controls Congress is so important this year that it may even outweigh the personal qualifications of the individual candidate. This is why we will be talking about the Democratic failures in Congress. This is why we will "pin the tail on the donkey."

I would be less than honest with you if I tried to contend that 1974 does not present unusual problems for the GOP. I do not minimize the difficulties we face as a party. Republicans will have to fight like tigers to make their case to the American people. And any Republican who is not scared in this political year—indeed, any incumbent of either party who is not scared—does not understand what this political year is all about.

I am suggesting that a case for Republicans can easily be made this fall. I have always believed that during non-Presidential elections, the focus of the parties should be directed towards Congress. That, coupled with the signs of strength that we see emerging on Capitol Hill, may serve to create in effect a "Congressional Republican Party." That would suit me fine. Because I feel that the Republican Members of the Congress are an extremely able group of individuals. If these Members can present to the voters of the Nation an image of a united front—of a group of highly motivated people who know where they want to go and, more importantly, how to get there, then we may surprise everyone come November.

Some think I'm too optimistic. Columnist William F. Buckley recently suggested that I am playing "Knute Rockne to the Republican Party." I recall that the great Notre Dame coach is best remembered for this philosophy:

"When the going gets tough, the tough get going."

The Republican Party is tough, and we intend to prove it once again. We must be tough and we must be sensible. On the impeachment question, every Member must vote according to his or her conscience. Party position should not be a factor. We must all weigh the evidence, then do the right thing—that is what I intend to do.

That the American voters are capable and willing to cast their votes on the basis of extra-Watergate issues—and what the Congress has or has not done to solve these issues—is reasonable to expect from an informed and sophisticated electorate.

I have traveled quite widely around the country. The people are tired of Watergate. They remain concerned. They want to see it resolved. But they are of the opinion that Watergate has inhibited the effectiveness of their government. And they are correct.

The answer for Republicans in 1974 is to remain responsible on all the Watergate-related issues; to remain committed to seeing the matter proceed to a vote in the House of Representatives or in the House Judiciary Committee—and then to address the other genuine issues of concern to the American people—an energy crisis that won't go away, an ever-growing Federal bureaucracy, and the wide range of localized issues that always dictate, to a large extent, the outcome of any election.

The Republican Party—in the year of Watergate and beyond—will strive to be honest with the American people and outline what needs to be done in order to solve the Nation's problems. That would seem to me to be a pretty effective political strategy for any year.

Thank you.

THOUGHTS IN THE GAS LINE

Mr. McINTYRE. Mr. President, according to the daily press most people waiting in the ever lengthening gas lines do not have very constructive or pleasant thoughts.

But, if they do have the chance while in the line to consider what they are doing there they might want to read Tom Wicker's column which appeared recently in the Washington Star-News.

Wicker asks where we should put the blame for the lines? He replies:

> Maybe there is enough blame to go around. The oil companies, their political lackeys, the Nixon administration, its predecessors, the various state governors and agencies—take your pick the next time you wait in line two hours for a $3.00 purchase of 53-cent gas. You can hardly go wrong, especially if you start from the top.

Mr. President, I ask unanimous consent that these interesting thoughts by Tom Wicker be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Washington Star-News]

THOUGHTS IN THE GAS LINE

(By Tom Wicker)

NEW YORK.—From Page One of the New York Times of Feb. 13: "The Gulf Oil Corp. yesterday announced operating results for 1973. The report indicated a 153 percent gain in fourth-quarter earnings . . . a fourth-quarter profit of $230 million, compared with $91 million in the 1972 quarter."

From an advertisement by the Gulf Oil Corp. on Page 19 of the same issue of the Times: "There is no digit on earth less pertinent to the solution of the energy crisis than 'the pointing finger.' If there is blame, there is certainly enough to go around . . . After all, a helping hand is a far more productive tool than any number of pointing fingers. To find energy, find facts—not fault."

Baloney. "If there is blame," and there certainly is, it lies only marginally on the hapless driver of the great American gas-guzzler or the housewife-consumer of electricity, both victims of relentless advertising, and neither of whom failed to build sufficient refinery capacity when it obviously was needed, or managed a 153 percent gain in quarterly profits in one year, or lobbied for oil import quotas to "protect" the American market from 1959 to 1973, or gets a depletion allowance to help explore for oil.

And if, as the Gulf ad urges, we are to reach a sensible national energy policy (naturally, Gulf tells us, with the "expertise of private industry, aided and abetted by government" and "free market pricing and fair profit"), the fact is that quite a bit of fault will have to be found with the present chaotic situation, events leading to it, and those responsible for them.

To begin with, and whatever the effect on newspaper and television profits, I, for one, point the finger of fault at pious, self-serving, devious, mealy-mouthed, self-exculpating, holier-than-thou, positively sickening oil company advertisements in which these international behemoths depict themselves as poverty-stricken paragons of virtue embattled against a greedy and ignorant world.

Did you realize, before some of these ads suggested it, that the real purpose of ocean exploration for oil deposits in fact is to protect the fish of the sea? No profit in that. And did you understand that after some unnamed villain causes a horrid oil spill somewhere, your public-spirited local oil company bankrupts itself buying bales of hay to soak up all that nasty oil on the beach?

But this is a relatively insignificant if satisfying point of fault. There are at least four other areas in which the finger—like Dr. Strangelove's arm—can hardly be stopped from rising:

Oil Company Profits: Gulf, in this regard, is a relative piker. Exxon recently announced the largest annual profit ever earned by any industrial company—$2.4 billion after taxes. The others of the so-called "Seven Sisters" are doing just fine, too. No one, we are advised in those ads, should begrudge them these windfalls, since in preceding years oil company profitability was down. But it still has to be asked: Isn't there an undeserved reward here for the companies' lack of foresight and unwillingness to take the kind of risks they are forever extolling? And what is to be done with those newfound profits?

The Environment: In its Feb. 13 ad, Gulf called for development of a strong national energy policy, "without either destroying the environment or babying it to death." Aside from the question of where the environment of this sad planet ever was babied to death rather than being destroyed by predator industries and developers, the fact is that the oil shortage so far has resulted in authorization of the Alaska pipeline, and the companies' improved ability to circumvent environmentalist restrictions on offshore drilling and processing oil shale.

Regulation: Gasoline fuels the most dominant mode of transportation in the United States; 87 percent of the population went to work by automobile in 1970, as against only 80 percent in 1963. Yet, trains, planes, buses, and the power companies, are regulated as public utilities, while the oil producers are not. They are so unregulated that the government does not know for sure how much oil is produced, on hand, in reserve, imported, or refined.

The Current Shortage: Does Gulf or anyone else seriously propose that no finger of blame should be pointed at anyone for the present situation in which vitally needed gasoline is so unevenly available around the nation, at such steep prices, under a system that no one seems to be administering effectively, and in which differences from state to state, in both availability and the regulation of sales, harass retailer and consumer alike and mock the very idea of equity?

So, come to think of it, maybe there is enough blame to go around. The oil companies, their political lackeys, the Nixon administration, its predecessors, the various state governors and agencies—take your pick the next time you wait in line two hours for a $3 purchase of 53-cent gas. You can hardly go wrong, especially if you start from the top.

LESSONS OF LINCOLN

Mr. RIBICOFF. Mr. President, on February 6 I had the pleasure of introducing my distinguished colleague from New Hampshire (Mr. McIntyre) at the annual Lincoln Day dinner of the Catholic Club at Darien, Conn.

Senator McIntyre, in one of the most timely speeches I have heard, spoke of the lessons we can learn from President Lincoln in this modern age and the need for more humility in politics.

I ask unanimous consent that Senator McIntyre's remarks be printed in the Record.

There being no objection, the remarks were ordered to be printed in the Record, as follows:

REMARKS BY SENATOR MCINTYRE

Senator Ribicoff, President Flaherty, Reverend Fathers, officers and members of the Catholic Club, guests and friends: This being your annual Lincoln Day Banquet, I intend to draw upon the character of the man we are honoring by arguing the case for more humility in politics.

Watergate happened during a Republican Administration. There is simply no denying that fact.

Nor is there any way it can be dismissed as "politics as usual." It was not, It differed so much in degree from, "politicis as usual" that it actually differed in kind. And there is no denying that.

One look at the growing list of people whose lives were ruined by its taint—people at the very highest level of office and esteem—should convince anyone that the dimensions of this scandal are unprecedented.

Moreover, it isn't finished yet. Almost certainly there are more revelations to come—and agonizing days ahead.

But just as I believe it is a great disservice to the Nation to attempt to minimize the horrors of Watergate, I believe it would be equally as great a disservice to make it a partisan political issue!

I say this, my friends, not to curry favor with the Republicans in this audience. I feel no need to do that. I say it because I sincerely believe that the seeds of Watergate were sown long before the Nixon Administration and conceivably could have flowered in any Administration deluded by its own sense of power and authority.

I believe those seeds were sown in ground fertilized and cultivated by an overabundance of political money—money from the wrong sources, money with strings attached to a promissory note from the recipient—and by an unhealthy awe of the men who became President!

Money in politics is a speech in itself, so let me confine my observations tonight to that "unhealthy awe of Presidents" . . . an awe that would have been rejected out of hand by men like Abraham Lincoln and Thomas Jefferson.

Some of you may recall the difficulty our Founding Fathers had in coming up with an appropriate title for the leader of our newborn Republic.

"Your highness," "Your excellency," "Your grace" were all thrown out. Not only were they bitterly remindful of the crown we had just escaped, but they sounded an alien note in a egalitarian society.

So they settled on the homely title: "Mr. President." An eloquently simple term to make it unmistakably clear that our elected leader was a citizen such as we—a man to be treated under the law exactly as his fellow countrymen—a man, in short, who put his trousers on one leg at a time.

Now let me ask you this, my friends: Think back as far as you can and consider just how many Presidents really fit that humble title of Mister.

In our time, perhaps Harry Truman. And before that? Jefferson, surely, despite his culture, wealth and privilege.

But above all, Lincoln.

So let us consider Lincoln tonight in the context of modern America's concept of the Presidency.

I'm not sure when it all began, but surely the public attitude toward the man in the office was transformed by Franklin Roosevelt. Anyone who lived through that era knows how his confidence and charisma not only lifted hearts and spirits—but made them his—through four elections.

Suddenly the President was, indeed bigger than life . . . and with the temporary exception of the Man from Missouri who followed Roosevelt . . . the pattern was set.

Eisenhower, the father figure who could do no wrong. Kennedy and the romance of Camelot. Johnson, who collected and wielded unprecedented power.

With each the "unhealthy awe" grew. Grew not only among the people—but more importantly, among the people closest to the President.

And thus the seeds of Watergate were sown.

For in a climate where the President's closest aides come themselves, to believe that only their man can run the Nation, only their man can be trusted with the people's destiny . . . it becomes all too easy to abuse power and subvert the public trust . . . to accept illegal contributions, to launder the money and use it to finance burglaries and wiretaps and safecracking, to conjure up enemy lists, and harass those on the list, to spend and withhold government funds to political advantage . . . and to justify it all in the name of national security or the misbegotten excuse that it was done for the good of the people . . . or to hide it behind the cloak of executive privilege.

Who can forget Mr. Colson's assertion that he would walk on his grandmother's grave to re-elect the President, or John Mitchell saying the President's re-election was far more important than getting at the truth about Watergate during the summer of 1972?

In this climate, the leader is elevated to splendid isolation by sycophants who slowly but surely close off his access to statesmen and the people's access to him!

And in this climate—so grossly burlesqued a few years ago when White House guards in comic opera uniforms blew six-foot trumpets to Hail the Chief—that humble title Mr. President becomes a mockery.

And then, under the siege of Watergate, the White House drew further and further in upon itself, until at last, it became a citadel surrounded, in the minds of the leader and sycophants within, by enemies on all sides—the press, liberals, democrats, critical Republicans—by anyone who was not satisfied by the grudging answers coming from behind the moat.

Tell me, my friends, could this have happened under Abraham Lincoln?

All those sycophants who elevated Franklin Roosevelt, Dwight Eisenhower, John F. Kennedy, Lyndon Johnson or Richard Nixon to the rank of unquestioned deity, might well have heeded these words by Lincoln:

"Men are not flattered by being shown that there has been a difference of purpose between the Almighty and them. To deny it, however, is to deny that there is a God governing the world. It is a truth which I thought needed to be told, and, because whatever humiliation there is in it falls most directly on myself, I thought others might afford for me to tell it."

All those Presidents who came to believe in their own omnipotence—including the President who last fall said *"I've got what it takes"*—might better have said what Lincoln said: *"I claim not to have controlled events, but confess plainly that events have controlled me."*

And for all those who spied on, eavesdropped and poked in the mail of their fellow Americans because they had no *faith* in their fellow Americans, I would recommend these words by Lincoln:

"It has long been a grave question whether any government, not too strong for the liberties of its people, can be strong enough to maintain its existence in great emergencies."

For those in this Administration, as well as those before them, *who become paranoid about criticism,* hear these words by Lincoln:

"If I were to try to read, much less answer, all the attacks made on me, this shop might as well be closed for any other business. I do the very best I know how—the very best I can; and I mean to keep doing so until the end. If the end brings me out all right, what is said against me won't amount to anything. If the end bears me out wrong, ten angels swearing I was right would make no difference."

For those who have said one thing, only to change it and say another, only to change that and say still another, and finally to declare all previous words *"inoperative"* Lincoln had this to say:

"If there ever could be a proper time for mere catch arguments, that time surely is not now. In times like the present, men should utter nothing for which they would not willingly be responsible through time and in eternity."

And finally, for all those who paid lip-service to turning Watergate over to the courts and then threw every conceivable *stall* and *roadblock* in the way of process hear these words by Lincoln:

"Why should there not be patient confidence in the ultimate justice of the people? Is there any better or equal hope in the world?"

On another occasion he said:

"Truth is generally the best vindication against slander."

And he lived up to his words.

How refreshing in these days of tugging and hauling between the Executive and the Legislative branches of government to recall how Lincoln handled the problem of a Senate committee looking into a rumored link between Mrs. Lincoln and the Confederates.

The President of the United States suddenly appeared at the Committee room, walked in, took the witness chair, denied the rumors and returned to the White House.

Was this a sign of weakness—or of strength?

Was this a demeaning experience for a President—or was it the forthright action of a man whose title was mister and who claimed no higher privilege under the law than his fellow countrymen?

To be humble is not to be weak. To be humble is to be strong. For it takes strength to admit to one's own fallibilities. And Lincoln never forgot that he was human—and fallible.

Nor did he forget the fallibility of all mankind.

"Human nature," he said, "will not change. In any future great national trial, compared with the men of this, we shall have as weak and as strong, as silly and as wise, as bad and as good."

We need his kind again. We need a humble President. This is a torn and divided, bitterly troubled nation that further arrogance will wound anew, and only humility can heal.

I do not pretend to know what is going to happen next in President Nixon's ongoing ordeal.

I do not know if the good of the nation would be served by his resignation.

I do not know if there is evidence enough to impeach or to convict.

I sincerely hope that neither must come to pass.

But with equal sincerity, I would hope that the President abandons his hard-line defense and replaces it with conciliatory humility.

Lincoln said,

"If you once forfeit the confidence of your fellow citizens you can never regain their respect and esteem"—unquote.

Mr. Nixon's ratings in the polls are at an all time low. But is it too late to turn them around? I don't know. But I think if I were Mr. Nixon I would consider something else Abraham Lincoln once said:

"I shall try to correct errors when shown to be errors, and I shall adopt new views so fast as they appear to be true views."

I have a feeling that the American people yearn to regain their trust in their President.

I have a feeling that all it might take is for Mr. Nixon to adopt "new views"—to return to "Operation Candor without restrictions; to voluntarily testify before a grand jury. To cooperate fully with the House impeachment inquiry, to release the tapes and memoranda he claims prove his non-involvement; in short, to make full disclosure.

The Nation will survive no matter what.

But the healing process cannot begin until the President voluntarily releases all the facts or impeachment forces their release.

I pray for the President to take the disclosure initiative, for that would speed the healing. . . and get America moving again.

I would conclude now with a final quote from the man we honor tonight, a quote that seems to sum up much of what I've tried to say:

On September 30, 1859, Lincoln addressed the Wisconsin State Agricultural Society, and in that address he said this:

"An Eastern monarch once charged his wise men to invent him a sentence to be ever in view, and which should be true and appropriate in all times and situations. They presented him the words: 'And this, too, shall pass away.'

"How much it expresses!" Lincoln continued. "How chastening in the hour of pride! How consoling in the depths of affliction! . . . And yet, let us hope, it is not quite true.

"Let us hope, rather," he concluded, "that by the best cultivation of the physical world beneath and around us, and the best intellectual and moral world wtihin us, we shall secure an individual, social, and political prosperity and happiness, whose course shall be onward and upward, and which, while the earth endures, shall not pass away."

PHOTOGRAPHER BAKER

Mr. BROCK. Mr. President, we all know my distinguished colleague from Tennessee, Senator BAKER, as a remarkably effective legislator. But this past month another of Senator BAKER's talents drew national attention in the pages of Popular Photography. An article written by LaRue F. Zancker, which accompanies a number of the Senator's photographs, explains that he has been "hooked" on taking and developing pictures since he was 12 years old.

The article also mentions one talent Senator BAKER will not become noted for. While plans for two darkrooms were drafted by the Senator, he confesses that the actual carpentry work was done by professionals, explaining:

> I am the world's worst carpenter. I can look at a hammer and suffer and sustain grievous injury.

That is probably true, but it in no way diminishes his genius with a camera. Although proof of the Senator's photographic talents cannot become a part of the RECORD, I would ask unanimous consent that the article about them be printed.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

HOWARD BAKER OF TENNESSEE—OCCUPATION: SENATOR—PREOCCUPATION: PHOTOGRAPHY

(By LaRue F. Zancker)

Senator Howard Baker's youthful good looks and boyish grin made him a popular subject of television cameramen and photographers during the recent Watergate hearings. Yet, the Senator is more at home *behind* a camera than in front of one. From the time he developed his first picture in a makeshift darkroom at his Huntsville, Tn., home when he was 12 years old, Howard Baker has been "hooked" on photography. He recalls the incident as the beginning of his love for photography: "I took an old negative, printed it and ran it through the developer. When the image started coming up, it was the biggest thrill of my life. I yanked out the print and ran through the house showing it to everyone." From that time on, Howard Henry Baker found the outlet for his interests in his new-found hobby, bypassing the usual boyish enthusiasm for sports or camping in favor of the exhilaration of seeing his work take shape in the more permanent darkroom he set up in the family basement.

Today, the Senator's staff members jokingly refer to politics as his hobby and photography as Senator Baker's real profession. "They may just be right," the soft-spoken Senior Senator from Tennessee admits. But his fellow Tennesseeans and television viewers across the nation are coming to believe that Baker is doing very well at his "hobby" of politics. Howard Baker comes from a family deeply committed to public service. Senator Baker's father served 13 years in Congress until his death in 1964, when his wife (the Senator's mother) was chosen to fill his unexpired term.

Senator Baker's wife, Joy, is the only daughter of the late Senator Everett Dirksen. Baker has the distinction of being the first popularly elected Republican Senator from the state of Tennessee, in 1972 sweeping more than 65 percent of Tennessee's young people and 35 percent of the state's traditionally Democratic vote.

Recently, Senator Baker played an important role in landmark legislation which broadens the ways in which the Highway Trust Fund can be used, thereby giving extra impetus to saving the environment. Because of his deep concern with ecology and pollution control, Senator Baker has become known as one of the Senate's foremost environmentalists.

This love of the land is part of Howard Bakers' heritage from the tiny Cumberland Mountains community of Huntsville, where there have been Bakers for many generations. Howard Baker's interest in photography is enhanced by a beautiful natural setting surrounding his home in Huntsville, which has provided many of the subjects he photographs. Yet, Senator Baker is quick to state that he is a "people" photographer, and his many outdoor pictures almost invariably have a person as the focal point of the composition. Of all his photos, the one he likes best is a stark, snowy scene, shot some years ago, showing his son Derek making his way up a hill with his sled. "The loneliness of that scene has always appealed to me," Senator Baker states, when naming the print as his favorite. Today, Derek is developing into a fine photographer, too. There is much good-natured banter between the Senator and his tall, 20-year-old son. They frequently compare cameras, with Derek staunchly defending his inexpensive Japanese model, while his father proclaims the virtues of the Leica M3 he favors. "Derek has a keener eye for photography than I ever had," the Senator states with fatherly pride. "And he's done everything on his own." Derek, on the other hand, credits his father with having inspired his interest in photography.

The Senator does admit that the darkroom at his Washington residence is an outgrowth of Derek's interest in photography. "I really bought some of the equipment for speeding up processing in that darkroom when Derek was printing pictures for his high school yearbook at St. Albans, and was printing pictures when he should have been studying," the Senator reminisces with a chuckle. "That was when I bought an automatic processor for color work," he recalls.

Senator Baker also maintains a darkroom at his Huntsville home—still in the basement until his current residence was built. That one is principally for black-and-white work, while the darkroom in his Washington home is outfitted for color work. The Huntsville darkroom has an accumulation of equipment which the Senator has put together over a period of 30 years. He still relies on an old Kodak Precision A enlarger, which he bought in 1946, and he calls it the "best piece of machinery" he owns. There is nothing fancy about the Washington darkroom either, but the Senator cares more about producing quality prints than about what model equipment he uses. He uses an old D–2 Omega enlarger, with a new dichroic head, a model 16 drum, a thermostatic mixer for water, and the usual range of timers and electronic stabilization equipment.

The darkroom is very much the Senator's own work. He drafted the plans himself, but demurred when it came to performing the actual carpentry work. "I am the world's worst carpenter," the Senator drawled. "I can look at a hammer and suffer and sustain grievous injury."

The same efficiency and organization that enable Howard Baker to maintain a busy legislative schedule and still make at least one trip to his state to visit constituents weekly are applied to his photographic methods.

Time is one commodity that is very short for Baker, but he tries to keep the weekends free for printing his work. A really excellent filing system enables the Senator to utilize every spare minute in the darkroom effectively. All his color work is done with a Hasselblad, using Ektacolor S. Generally, Senator Baker sends the film to a custom-processing lab to have it developed and to have contacts made. "I used to do the processing myself, but it got to be a chore with so little time to do it," Baker said. He has short-circuited that phase of photography, since the lab uses the same type of dichroic head that the Senator had on his own enlarger. In this way, he does not have to correct for imbalances in printing, since the lab sends a notation with each contact as to the set of filters used.

Standardization is the key to success in printing, Baker feels, and he uses additional methods to insure consistent quality. Paper is bought in 200-sheet packs of 16x20. This is then either cut into 8x10 sizes or left at the original dimensions. "I only print two sizes—8x10 and 16x20. I freeze the paper, so I know that the balance will be consistent there," Baker states. Film, too is bought in bulk to guard against variation. The finished prints are dry-mounted on 11x14-in. or 22x26-in. white board. Sometimes a ⅛-in. undermount of a color complementary to the picture is used.

Filing systems are an additional asset in the Senator's utilization of time. Each set of negatives is accompanied in the file envelope by corresponding contacts, with the printing technique noted on each, thereby enabling Senator Baker to quickly retrieve any negative for rapid printing. However many short-cuts Howard Baker uses, he still enjoys his darkroom work greatly, and only wishes that there were more time for such satisfying occupations. "He who retreats into the darkroom knows himself darn well. The solitude is good for you; it's a good antidote to public life," Senator Baker affirms.

Photography has become part of that public life, too. In the 1968 presidential campaign, Senator Baker took time out to photograph many of the scenes on the campaign trail. These have been incorporated into a keepsake album. The same activities invited the Senator's attention during the 1972 campaign. Baker spent many long hours behind the scenes at the Republican National Convention, catching politicians and other cameramen off-guard.

Senator Baker's battered Leica M3 is a constant companion on such tours. He confesses that he is "set in his ways" and prefers the old M3 (bought in 1958) to some newer models, but is interested in the Leica M5.

"I grew up with the rangefinder," Senator Baker recalls. His first camera was a folding Kodak of his mother's and he still recalls fondly the first camera he was given for his own—a Univex Mercury—a Christmas gift from his parents. Says Baker: "Nobody had ever heard of it, but it was quite an advanced camera for its age. It cost very little, but it has a rangefinder and focal-plane shutter. In my filing cabinets I still have negatives shot with it, and I print one now and then just to marvel at how sharp it is." From there, Baker moved on to an Argus and a Kodak Bantam Special, but settled on the Leica after World War II, and has stuck with it for 35mm.

As this is written the Leica has yet to make an appearance in the Watergate hearings, however. "I have not taken a camera to the hearings," Baker admits. "I really didn't feel it would be proper. But I have succumbed a time or two and borrowed a camera to take a picture or two. I confess to some embarrassment or reticence to taking pictures from the committee. You're sitting there—a group of senators—listening to a witness making a point and sometimes fighting for his freedom, and to pull out a camera and stick it up to your eye is inappropriate." Nevertheless, Baker's borrowing of various newsmen's cameras during recess periods prompted one group of reporters recently to bring him a press card at the Senate's hearings.

At the Senate Select Committee hearings, Senator Baker was destined to be on what he calls "the wrong side" of the camera. His deceptively gentle manner masks a shrewd, inquisitive mind. Throughout the hearings, Senator Baker persistently asked witnesses why they became involved in Watergate—the other senators sought only to know what witnesses *did*, but Howard Baker is concerned with motivation.

Accordingly to Joy Baker, the Senator is basically shy, a loner, on the Washington scene. Perhaps this yearning for some privacy from the limelight causes the Senator to enjoy those peaceful hours spent at his real "profession" in his darkroom even more. Perhaps, too, those hours which provide "an antidote to public life" give the Senator a chance to contemplate comments being made about his future. More than one reporter in recent months has referred to the moderate, genial young Senator as "presidential timber." Certainly, Howard Baker has come to be regarded as a potential candidate for the Republican party in 1976.

For the time being, however, all the Tennessee Senator asks is more time to pursue his "profession" as a photographer, to spend a little more time in his darkroom, and in his native hills of east Tennessee. Yet, there are many forces at work in politics and public life that tend to make those quiet hours fewer and fewer. In the next few months, Senator Baker will be talking with publishers about a book of his photographs, and he will be hard at work again winding up hearings of the Senate Select Committee on Watergate. As for the future, whether Senator Baker is on the "right" side or the "wrong" side of the cameras, it's a sure bet that he will remain "hooked" on photography.

RULES OF PROCEDURE OF SELECT COMMITTEE ON STANDARDS AND CONDUCT

Mr. STENNIS. Mr. President, as required by the Legislative Reorganization Act of 1970, I submit herewith for publication in the RECORD the Rules of Procedure adopted by the Select Committee on Standards and Conduct.

There being no objection, the rules were ordered to be printed in the RECORD, as follows:

Resolved, That the Select Committee on Standards and Conduct, United States Senate, adopt the following rules governing the procedure for the Committee:

1. *Meeting time.*—The meetings of the Committee shall be on the first Monday of each month at 10:30 a.m. or upon call of the Chairman.

2. *Organization.*—Upon the convening of each Congress, the Committee shall organize itself by electing a chairman and a vice chairman, adopting rules of procedure, and confirming staff members.

3. *Quorum.*—A majority of the Members of the Committee shall constitute a quorum for the transaction of business, except that two Members shall constitute a quorum for the purpose of taking sworn testimony.

4. *Proxies.*—A Member may vote by special proxy on any issue which comes before the Committee for decision except as otherwise designated in these rules.

5. *Record of Committee action.*—The Chief Counsel of the Committee shall keep or cause to be kept a complete record of all Committee action. Such record shall include a record of the votes on any question on which a record vote is demanded.

6. *Public hearings.*—All hearings conducted by this Committee shall be open to the public, except executive sessions for voting or where the Chairman orders an executive session. The Committee, by a majority vote, may order a public session at any time. In making such determination, the Committee will take into account evidence which may tend to defame or otherwise adversely affect the reputation of any person.

7. *Secrecy of executive testimony.*—All testimony taken in executive session shall be kept secret and will not be released for public information without the approval of a majority of the Committee.

8. *Stenographic record of testimony.*—An accurate stenographic record shall be kept of the testimony of all witnesses in executive or public hearings. The record of his own testimony, whether in public or executive session, shall be made available for inspection by a witness or his counsel under Committee supervision; a copy of any testimony given in public session, or that part of the testimony given by the witness in executive session and subsequently quoted or made part of the record in a public session, shall be made available to any witness at his expense if he so requests.

9. *Release of reports to public.* No Committee report or document shall be released to the public in whole or in part without the approval of a majority of the Committee. In case the Committee is unable to reach a unanimous decision, separate views or reports may be presented and printed by any Member or Members of the Committee.

10. *Subpenas.*—Subpenas may be issued by the Committee Chairman or any other Member designated by him, and may be served by any person designated by the Chairman or Member. The Chairman or any Member may administer oaths to witnesses.

11. *Swearing of witnesses.*—All witnesses at public or executive hearings who testify to matters of fact shall be sworn unless the Chairman, for good cause, decides that a witness does not have to be sworn.

12. *Counsel for witnesses.*—Any witness summoned to a public or executive hearing may be accompanied by counsel of his own choosing who shall be permitted while the witness is testifying to advise him of his legal rights.

13. *Right to submit interrogatories.*—Any person who is the subject of an investigation in public hearings may submit to the Chairman of the Committee questions in writing for the cross-examination of other witnesses called by the Committee. With the consent of a majority of the Members of the Committee present and voting, these questions shall be put to the witnesses by the Chairman, by a Member of the Committee, or by counsel of the Committee.

14. *Written witness statements.*—Any witness desiring to read a prepared or written statement in executive or public hearings shall file a copy of such statement with the counsel or Chairman of the Committee 24 hours in advance of the hearings at which the statement is to be presented. The Committee shall determine whether such statement may be read or placed in the record of the hearing.

15. *Prohibition of cameras.*—Television, motion picture and other cameras and lights will not be permitted to operate during a hearing.

16. *Interrogation of witnesses.*—Interrogation of witnesses at Committee hearings shall be conducted on behalf of the Committee by Members and authorized Committee staff members only.

17. *Right to testify.*—Any person whose name is mentioned or who is specifically identified, and who believes that testimony or other evidence presented at a public hearing, or comment made by a Committee Member or counsel, tends to defame him or otherwise adversely affect his reputation, may (a) request to appear personally before the Committee to testify in his own behalf, or, in the alternative, (b) file a sworn statement of facts relevant to the testimony or other evidence or comment complained of. Such request and such statement shall be submitted to the Committee for its consideration and action.

18. *Confirmation of staff.*—All staff members shall be confirmed by a majority of the Committee.

19. *Changing rules.*—These rules may be modified, amended, or repealed by a decision of the Committee, provided that a notice in writing of the proposed change has been given to each Member.

A NEW COST-PRICE SQUEEZE

Mr. McGOVERN. Mr. President, the Legislature of the State of South Dakota has enacted a resolution which calls upon the Congress to investigate the marketing and pricing structure in the livestock industry.

In the last several weeks, prices of feed cattle have dropped substantially from their high levels of last summer and fall, but the retail price of beef to the consumer has not dropped commensurately.

Preliminary evidence suggests that the investigation requested by the South Dakota Legislature is fully warranted. It is important to determine factually whether, indeed, there are undue spreads between the farm price and the retail price. Farmers and consumers need to know the facts, and if investigation should show it is not true, the processors and the retailers stand to have such information disseminated widely and understood.

In the meantime, however, the administration can take two steps to grant some relief to livestock growers caught between falling fed cattle prices and rising feed prices.

First, the USDA can reinstate and increase its program of meat purchases for school lunch programs.

Second, the administration can reimpose import quotas on foreign beef.

Both steps are in the long-term interests of farmer and consumer.

Mr. President, I ask unanimous consent that the text of the resolution of the South Dakota Legislature, an article from South Dakota Food and Fiber, official publication of the South Dakota Department of Agriculture, and a chart showing increases in the farm-retail price spread in beef be printed in the Record.

There being no objection, the material was ordered to be printed in the Record, as follows:

House Concurrent Resolution No. 514

A Concurrent Resolution, Memorializing the Congress of the United States to direct the Federal Trade Commission to undertake an investigation of the present marketing and pricing structure in the livestock industry with a view towards providing a more equitable distribution of profits among producers, processors and retailers

Be it Resolved by the House of Representatives of the State of South Dakota, the Senate concurring therein:

Whereas, a critical situation threatens the consumer's future supply of meat, present meat price trends at farm and retail levels threaten both the nation's economy and the consumer's supply of food; and

Whereas, livestock prices the past four months have resulted in multibillion dollar losses to the livestock feeder and the nation's economy; and

Whereas, the problem touches every rural and urban resident as the economic drain suffered at producer level becomes a concern of our nation's economy; and

Whereas, producer costs are up, income is down and the retail consumer costs for meat have not adequately reflected the drastic losses suffered by our feedlots; and

Whereas, it is the concern of the Legislature of the state of South Dakota that an even flow of food products exist between producer and consumer; and

Whereas, it is important that the consumer be advised that livestock prices at farm level are at depressed levels, that unrealistic price spreads between producer and consumer at retail level are unfair to the consumer and hinder the ultimate flow of food products from farm to dinner table; and

Whereas, necessary information must be made available to the consumer to substantiate the need for improved livestock income and a full account of the processor and retailer costs must be public knowledge to consumers for public assurance that proper returns are realized to maintain continuity of our nation's food supply:

Now, therefore, be it Resolved, by the House of Representatives of the Forty-ninth Legislature of the state of South Dakota, the Senate concurring therein, that the Congress direct the Federal Trade Commission to undertake an investigation of the present marketing and pricing structure in the livestock industry with a view towards providing a more equitable distribution of profits among producers, processors and retailers and bringing the marketing spread back in balance; and

Be it further resolved, that copies of this resolution be forwarded by the Chief Clerk of the House of Representatives of the state of South Dakota to the Chairman of the Committee on Agriculture of the House of Representatives and Senate of the United States, to each member of the South Dakota Congressional delegation, to the Agricultural Committee Chairman of each house of all the states in the Midwestern Conference of the Council of State Governments, and to the Federal Trade Commission.

Lag in Retail Response Seen Detrimental to Producer Image

Evidence presented today by the State Department of Agriculture shows that middlemen not only passed on beef price increases to the consumer during 1973 but also tacked on an additional markup of 12 per cent for themselves.

Marketing Director Dale Gullickson said the data had been gathered at the request of Legislator Julian Cheney of Creighton, S. Dak.

Gullickson said that while South Dakota cattle producers saw their prices rise and fall 18 cents per pound during the year, by December their prices were three cents per pound less than in the previous January.

"I hate to point a finger at others," Gullickson continued, 'but the consumer who blames the cattlemen entirely for over-the-counter beef prices needs to know the full facts."

He says that in January 1973, middlemen shared a markup of about 40 cents per pound on choice beef. By November, this spread had increased to nearly 55 cents per pound. The 15-cent jump amounted to a 37.5% increase over the January spread, yet cattle prices had a net decline during this time.

Only in August were markups for middlemen less than in January. Their costs for choice beef that month peaked at $1.08, while selling price rose to an average of $1.44. At that point, middlemen realized four cents per pound less than in January. However, by the week of September 13, markups had risen to 13.3 cents above the January level.

"Our study clearly indicates that higher meat prices today are a direct result of increased charges after the product leaves the farm," Gullickson continued. "My regret is that cattle producers were unduly criticized throughout the past year by certain consumer groups who do not understand our problem."

Comparisons were made with data including the average monthly prices for choice steers at Sioux Falls public markets taken from daily reports by U.S. graders and U.S. Department of Agriculture Economic Research Service monthly surveys of selected retail outlets across the country. Gullickson also used farm-to-retail price spreads from USDA averages and average weekly prices of all slaughter steers at six larger U.S. markets. Data for December was not fully available, so the comparison encompasses only 11 months of 1973.

"I fail to see why the price spread remained 12 cents more in December despite the fact that prices to producers had fallen to January levels," he said.

"When cattle prices rise, retail prices respond quickly," Gullickson says. "But when cattle prices fall, the retail response lags considerably. And while there may be possibly valid explanations for this phenomenon, its result was to harm the relationship between producers and the ultimate consumer."

Cumulative Changes in Farm-Retail Beef Price Spread—1973

(From the South Dakota Department of Agriculture)

	Cents per pound
January (price spread: 39.7 cents per pound)	0
February	+3.1
March	+3.3
April	+5.0
May	+3.6
June	+1.2
July	−0.1
August	−4.0
September	+13.3
October	+13.1
November	+15.2

PROPOSED COMMISSION ON REVISION OF THE FEDERAL COURT APPELLATE SYSTEM

Mr. HUGH SCOTT. Mr. President, I should like to voice my support for the bill introduced by Senator Hruska yesterday to extend the life of the Commission on Revision of the Federal Court Appellate System. I urge speedy enactment of this measure.

The Chairman of that Commission is the distinguished senior Senator from Nebraska, Senator Hruska, and I have noticed that the Chief Justice in his recent review of the year and the newspapers have referred to that Commission as the "Hruska Commission."

As you know, the chairman's name is often attached to a commission as a pro forma matter, but in this case the title is well earned. The distinguished senior Senator from Nebraska has given unstintingly of his time and thought to the work of the Commission and has played a leading role in its deliberations. In addition to presiding over the meetings of the full Commission, he has presided over sessions of the executive committee, spent many hours with the Commission's staff, and taken part in the hearings which the Commission has held.

Perhaps I should say a word about these hearings, Mr. President. We hear a good deal these days about a lack of communication between governmental institutions and the people they serve. The Commission on Revision of the Federal Court Appellate System, under the leadership of my distinguished colleague, has made every effort to assure that the public was heard and listened to in its deliberations. Hearings were held in 10 cities. Dozens of witnesses testified and engaged in colloquies with members of the Commission. Scores of judges, attorneys, and other concerned citizens engaged in correspondence with the Commission; every letter was carefully read and personally answered. Most important, the Commission issued a preliminary report of its views concerning realinement of the several judicial circuits. In that report the Commission summarized its thinking and described the alternatives under serious consideration. Thousands of copies were circulated to members of the bench and bar. Through the courtesy of the West Publishing Co., the report also received wide circulation in the advance sheets of the Federal Reporter and the Federal Supplement. In response to that preliminary report, the Commission received many additional communications and expressions of views. These were carefully considered, and taken into account in the preparation of the final report.

The accomplishments of the Commission are all the more remarkable in the light of the short span of time in which they were effected. It was not until June of last year that the Commission came into existence. In the 6 months between that time and the filing of the final report on realinement, Senator Hruska, his colleagues on the Commission, and the Commission staff worked untiringly to give thorough consideration to the problems of the courts of appeals and the possible realinements that might be recommended in the light of those problems.

I am sure that the distinguished senior Senator from Nebraska would want to give full credit to the other members of the Commission and to its staff. The membership of the Commission includes four Senators, four Members of the House of Representatives, four Members appointed by the President, and four appointed by the Chief Justice. In addition to Senator Hruska, Commission members include my distinguished colleagues Senator Quentin N. Burdick, Senator Edward J. Gurney, and Senator John L. McClellan. From the House there are Congressman Jack Brooks, Congressman Walter Flowers, Congressman Edward Hutchinson, and Congressman Charles E. Wiggins.

Appointed by the President are the Honorable Emanuel Celler, Dean Roger C. Cramton, Francis R. Kirkham and Judge Alfred T. Sulmonetti. Members appointed by the Chief Justice include Judge J. Edward Lumbard, Judge Roger Robb, Bernard G. Segal and Prof. Herbert Wechsler.

The Executive Director of the Commission is Prof. A. Leo Levin of the University of Pennsylvania Law School. Prof. Arthur D. Helman is Deputy Director.

In conclusion, Mr. President, I am confident that my colleagues join me in extending to the distinguished senior Senator from Nebraska our appreciation for a job well done. The Hruska Commission has discharged its obligations with respect to the first phase of its assignment in a manner appropriate to the magnitude of the problem besetting the Federal judicial system and the importance of that system to the well-being of the Nation. The distinguished senior Senator from Nebraska has performed a public service of which he can be proud and I know that this report of the Hruska Commission will be an important document in the history of the Federal courts.

WATER POLLUTION ABATEMENT FUNDING RAISES FALSE HOPES

Mr. McINTYRE. Mr. President, 1972 was a landmark year for clean water in America. Passage of the Federal Water Pollution Control Act set in motion action which not only had statutory authority but provided monetary support for programs designed to make our national goal a reality—quality water for fish, wildlife, recreation, and navigable waters.

Public Law 92–500 authorized appropriations of $5, $6, and $7 billion during fiscal years 1973, 1974, and 1975 for Federal grants for construction of sewerage collection systems and treatment works. Unfortunately, President Nixon has made available only $9 billion total as opposed to $18 billion authorized for these projects for fiscal years 1973, 1974, and 1975. This proposed funding of $9 billion—$2 billion fiscal year 1973, $3 billion fiscal year 1974, and $4 billion fiscal year 1975—would not supply sufficient funds to the States to continue projects now under construction or to start new projects.

My own State of New Hampshire is being extremely hard hit by these impoundments. New Hampshire has enjoyed rapid growth in the past decade with an increased permanent population of 150,000 persons and numerous new part-time residents who are part of the second-home boom. Tourism is a major industry in New Hampshire and our lakes and streams attract hundreds of thousands each year.

All our citizenry has joined in the battle against water pollution. Bond issues, ease of site selection, and matching State funds reflect New Hampshire's desire to meet quality water levels. This cannot be accomplished without Federal aid.

In fiscal year 1975 funding New Hampshire's allocation has been reduced to $35 million. With a balance in 1974 funds of about $14 million this will allow a total of only $49 million to fund all projects ready for this year. A $12 million deficit can certainly not be absorbed by the State government.

I am deeply concerned by this seeming failure on the part of the Federal Government to fulfill monetary promises for pollution abatement. Not only have the States been filled with false hopes but these erratic funding changes have worked havoc with State pollution budgets.

I deplore these impoundment actions and intend to do all I can to see our water pollution abatement programs restored to the funding level originally set by Congress.

BLACK ON BLACK

Mr. METZENBAUM. Mr. President, Friday, February 22, marked the fifth anniversary of a television program "Black on Black" produced by WEWS–TV in Cleveland.

Because of the unique character of this program, by and for blacks, and the fact that it has survived a competitive television market for the past 5 years of this ABC affiliate, I believe it deserves commendation.

By providing a vehicle for prominent blacks to respond to the needs of all black people, and to be able to communicate these needs to the entire viewing audience, "Black on Black" assumes an essential role in the area's lifestyle.

The program's producer, Willa Benge, succeeded in accepting a challenge for more and better black programing that was issued at the conference on media and race relations held at Case Western Reserve University during the fall of 1968, when she first developed the show.

Guest appearances by such personalities as Julian Bond, Shirley Chisholm, Angela Davis, and Roy Wilkins on this respected speaker's platform has provided varied viewpoints on issues essential to blacks while at the same time strengthening the pride in a black population that is an integral component of the whole community.

PRESIDENTIAL CANDOR

Mr. BROCK. Mr. President, my colleagues are aware of my position on the urgent need to clear up the Watergate mess so that we can return to the more critical issues facing this country.

Last week a number of newspaper columnists and editorial writers, those who are not clamoring for Mr. Nixon's immediate impeachment or resignation, noted that Senator Hugh Scott has been frustrated in his attempts to get through White House aides to urge the release of any information that might clear up the mysteries about the President's involvement in the matter. I share his frustration.

The delaying of further disclosures, rather than providing some strategic advantage, can only add to the growing sense of dismay among the American people. I would ask unanimous consent that these two articles, which appeared in the Washington Star-News, be printed in the Record.

There being no objection, the articles were ordered to be printed in the Record, as follows:

NIXON AND THE SEEMLINESS OF THINGS

(By William F. Buckley, Jr.)

It becomes clearer day by day that the concern of President Nixon's enemies to formulate a high crime or misdemeanor of which he can be judged guilty is politically motivated. By this I mean that they desire that Nixon should cease to be President—they begin that way—then reason *a posteriori* to the question: What crime can we get him on?

It is after all very simply not established that Nixon knew about Watergate before it happened, or that he knew about the cover-up after it happened. It is known only that John Dean said he knew about the latter, but lots of people say John Dean is a liar. So the boys are talking about such things as bombing Cambodia, and setting up the "plumbers" unit, and being in contempt of court—the kind of thing that, when FDR or Truman or Kennedy did it, used to make the professors at Harvard shine with pride at the flexibility of the Constitution and the ennobling uses of the presidency.

What happened over the holidays is that the politicians went home and consulted their constituents. They didn't stop the man on the street and say: "Sir, is it your opinion, having looked into the matter, that President Nixon is guilty of the kind of thing Madison and Hamilton had in mind when they devised the phrase 'high crimes and misdemeanors' "? They said rather: "Do you think Nixon should be impeached?" In the same sense that they would use the term: "Do you think we should take the presidency away from Nixon?"

Absent a formal and incontrovertible crime, my feeling is that this is probably the correct approach. I have been saying, lo these many months, that impeachment has evolved in the American experience as something you do not in order to punish a president, but in order to replace him.

Meanwhile, Nixon, the lawyer, finds himself cast into the role of advocate. And this surely is what counts most heavily against him in terms of the seemliness of things.

Consider the incredible tape business. It is as safe as to say that somebody poured the concrete that sank the mobster into the East River, that somebody erased that section of the tape that recorded a conversation between Nixon and Haldeman. Six experts "developed" the tape and came unanimously to a conclusion that presumes to the status of certitude. So what did we get from Nixon? Something garbled about how maybe other experts should be called in.

Yet Nixon as chief executive is supposed to be the principal law enforcer. And the erasure of the tape was an illegal act. It was an illegal act performed under the very window of the President of the United States, for the benefit of the President of the United States, by, presumably, an employee of the President of the United States

Why hasn't Nixon expressed his outrage at this having happened? Because his lawyer's reflexes are trained to admit nothing, to protect his household: He is behaving, towards himself and his brood, the way William Kunstler behaved toward the Chicago Seven.

And then last summer. Whatever Dean did or didn't say to Nixon, and whatever Nixon did or didn't say to Dean in their myriad meetings, it is not disputed that John Dean wrote a memorandum addressed to Colson and circulated to Haldeman in which he solemnly proposed coordinating all the departments in the executive for the purpose, as he delicately put it, of "screwing" Nixon's opponents. The documents exists; no one has alleged that it is a forgery. And yet, in the eight months that have gone by, Nixon has not once alluded to it, not once expressed his disgust at its having circulated, apparently without protest, in his household. Why? Again, because his instincts are defensive, protective: Don't give in on anything.

That, as much as anything, is the cause of the overwhelming popular conviction that Nixon is simply lying to the American people. They are not yet clamoring to remove him, but he is making it less and less difficult for his critics to do so.

TIME TO TELL ALL

Unless appearances are totally deceiving, the Watergate overcast hangs darker than ever over the White House since those recent expert testimonies about multiple tape erasures. Out across the land, the rumbles of disaffection have intensified, and Dr. Gallup says the President's popularity rating is back down to its previous all-time low. Lesser but far from trivial jolts include last week's utterances of Representatives Wilbur Mills, the first really powerful conservative in the House to urge Mr. Nixon's resignation. But one member of Congress, at least, seems to see behind the thick murk a redemptive light that is not visible to the rest of us.

And the reason, we were told last Sunday, is that Senator Hugh Scott knows something the rest of us do not know—secrets that could put President Nixon immediately in a much better light. The Senate minority leader says he has "some information available to me . . . which would indicate that on specific items the President would be exculpated entirely. . . ." But alas, he feels bound not to reveal what the White House doesn't want to tell, even to its own benefit.

The senator's remarks almost coincided with an Associated Press story from "an informed source" to the effect that transcripts of White House tapes could refute some of John Dean's allegations against the President. Of course this cannot be vouched for until the relevant portions of the tapes are revealed. A primary reason why these haven't been released, the story goes, is that the White House fears this would bring demands for still more disclosures. If this is true, the reasoning is unacceptable.

It is long past time to be holding any high cards secretly in the Watergate affair, and no one realizes this better than Senator Scott. He has stood up stoutly for the President through all the torrid preliminaries to a congressional impeachment inquiry. Now he feels enormously frustrated, he said in Sunday's television interview, by White House withholding of information that might clear Mr. Nixon on some aspects of Watergate. For the senator says he simply "cannot break through the shell down there of all of his (Mr. Nixon's) advisers . . . who feel that the President no longer needs to make some of these replies."

Again, if this truly is the case, it speaks poorly of White House perception and decision-making at a juncture of crisis. We have no idea how many "specific items" of Watergate might be clarified to the President's advantage by complete revelation, or whether that also would bring out something else to damage his case. Those distinctions are unimportant; the vital point is that full disclosure must come, sooner or later, and the White House should make up its mind that sooner is better. Otherwise, the House Judiciary Committee's work is clearly cut out—to go after all this information with all the power it has, which can prove dominant in the case of an impeachment inquiry.

But first the full, House must vote to give the subpoena authority which the committee needs for full exercise of its constitutional power. We hope that Senator Scott's remarks will spur the House to do this, without delay.

GAO REPORT STRONGLY URGES PROCUREMENT REFORM LEGISLATION

Mr. CHILES. Mr. President, on February 6, the Government Operations Committee ordered reported, on a unanimous vote, S. 2510, legislation to create an Office of Federal Procurement Policy in the Executive Office of the President. In anticipation of a Senate vote on this bill, I would like to bring to the attention of my colleagues some pertinent information from a recent General Accounting Office report, dated January 31, 1974, concerning procurement reform and the urgent need for this legislation, a need confirmed by the 2½ year study of the Congressional Commission on Government Procurement; a need confirmed by the 23 witnesses who appeared during 5 days of hearings before my Federal Procurement Subcommittee; and a need that cannot be met by executive branch promises.

The Comptroller General raises some troubling questions about the administration's response to this legislation.

The Commission on Government Procurement, on which I served, reported over 149 recommendations for improving the procurement practices of the Federal Government. Almost half of these recommendations will require some legislative action. Some will merely require executive branch implementation. But the key to them all—the linchpin for effective procurement reform—was the Commission's No. 1 recommendation to create an Office of Federal Procurement Policy—OFPP.

At the same time that Congress is pushing ahead on procurement reform, the executive branch has also instituted a response to the recommendations before them. According to the GAO report. however, there are several factors which will prolong the complete evaluation of the recommendations. Those factors are:

The program is basically a part-time effort.

Executive branch review and coordination steps are extensive and time consuming.

A legislative program involving almost half the recommendations has yet to be established and coordinated between the executive branch and appropriate congressional committees.

A focal point of procurement policy making authority does not exist in the executive branch.

In summary, the Comptroller General stated last September that—

> Continued delay in establishing this (executive branch plan) management structure and the lack of assurance that this approach can achieve the objectives sought by the Procurement Commission confirms (our) opinion that a statutory mandate is required at the earliest possible time.

Further, the January report states that, as of January 1, 1974, only one item in the entire agenda of 149 recommendations had reached a completion stage, going through task group evaluation to management review, leading to the conclusion that—

> Early enactment of legislation (S. 2510) will help to insure timely and effective implementation of the more basic reforms recommended by the Commission.

More than anything else, the GAO report underscores the need for the central executive focal point that S. 2510 would create in order to:

Provide leadership and coordination for the many Federal agencies engaged in procurement operations.

Initiate legislation to reform the presently fragmented and outmoded statutory base for procurement policy and, at the same time, consolidate or repeal the many redundant and obsolete laws.

Arrest the proliferation of laws and regulations and to achieve uniformity when desirable.

Aggressively monitor the policy of relying on the private sector.

Bring about Government-wide exchange of successful ideas and to increase efficiency and economy in Government procurement operations—involving 80,000 personnel and some $50 billion in annual expenditures.

Build public confidence in Federal procurement practices with a visible improvement program responsive to both the President and the Congress.

The Comptroller General is not alone in supporting this legislation. During subcommittee hearings, we heard strong support from major industrial trade associations, the small business community, Federal employee unions, the Small Business Administration, the Administrator of the General Services Administration, and independent public and expert witnesses.

I would like to request that my colleagues seriously consider joining me in cosponsoring S. 2510, along with Mr. Roth, Mr. Nunn, Mr. Huddleston, Mr. Brock, Mr. Gurney, Mr. Muskie, Mr. Percy, Mr. Javits, Mr. Moss, Mr. Ribicoff, and Mr. Allen.

Mr. President, I ask unanimous consent that some pertinent sections of the GAO report be printed in the Record.

There being no objection, the excerpts were ordered to be printed in the Record, as follows:

Excerpt From Report to the Committee on Government Operations

INTRODUCTION

In 1969, following extensive public hearings, the Congress created a Commission on Government Procurement and gave it a broad charter to study Federal Government procurement. A bipartisan 12-member Commission representing the executive and legislative branches and private business conducted the study.

The Commission examined the procurement process in three ways.

1. General setting—organizations, personnel, basic authorities, and controls.
2. Sequence of procurement events.
3. Types—acquisition of research and development, major systems, commercial products, professional services, and construction.

The 5 volume Commission report contains 149 recommendations.[1] (See appendix for a summary of each recommendation.) To implement most of them, some form of coordinated Government-wide action will be required in the executive branch. Almost half the recommendations will also require legislation. Others may be accomplished through individual agency action.

PROGRESS TOWARD ESTABLISHING FOCAL POINT FOR LEADERSHIP AND COORDINATION

The Commission found that procurement policy and regulations had become needlessly complex, diverse, uncoordinated, and outdated and that the executive branch had to focal point of leadership and coordination where fundamental procurement policies could be developed, debated, coordinated, and finally, published and implemented with authority and reasonable consistency. The executive branch needs such a central point to:

Provide leadership and coordination for the many Federal agencies engaged in procurement operations.

Initiate legislation to reform the presently fragmented and outmoded statutory base for procurement policy and, at the same time, consolidate or repeal the many redundant and obsolete laws.

Arrest the proliferation of laws and regulations and to achieve uniformity when desirable.

Aggressively monitor the policy of relying on the private sector.

Bring about Government-wide exchange of successful ideas and to increase efficiency and economy in Government procurement operations (involving 80,000 personnel and some $50 billion in annual expenditures).

Build public confidence in Federal procurement practices with a visible improvement program responsive to both the President and the Congress.

The Commision report pointed out that OMB had not evidenced a continuing concern about overall procurement management and had little direct involvement in formulating procurement policy.[2] The Commission's first recommendation was to create by law a small Office of Federal Procurement Policy (OFPP) in OMB or elsewhere in the Executive Office of the President.

At the time the Commission report was released, OMB had established a limited capability for procurement management but at a relative low organizational level. The limited capability was transferred to GSA in June 1973 following a Presidential Executive order [3] which assigned a series of management functions to GSA.

OMB has assumed lead agency responsibility for developing an executive branch position on the Commision recommendation to create an OFPP. There have been no meeting of the task group and no report is contemplated. (See appendix, recommendation A–1). In congressional hearings, OMB testified to the need for stronger central leadership but took the position that such leadership could be accomplished through revitalizing the existing structure. Our earlier reports discussed the proposed revitalizing of the executive branch management structure, including:

Strengthening procurement policy leadership in GSA and assigning it responsibility for directing and coordinating executive branch action on Commission recommendations subject to OMB oversight in major policy matters.

Establishing a group of interagency procurement policy advisors to assist GSA and OMB.

Establishing in OMB a small office headed by a deputy assistant director and a Procurement Council in the Executive Office of the President to help resolve major policy matters. (These two elements of the management structure, planned to be in operation from August 1973, have not yet been implemented.)

OFFICE OF FEDERAL PROCUREMENT POLICY

The House and Senate have held hearings on two bills (H.R. 9059 and S. 2510) to create an OFPP. Our last report summarized the July 1973 House hearings, and, for the reasons described in chapter 2, we strongly recommended early congressional action to create such an office.

In October 1973 a new bill was introduced in the Senate containing several revisions to the House bill, including some suggested by our Office and other witnesses during the House hearings. This Senate bill was referred to the newly formed Ad Hoc Subcommittee on Federal Procurement. The major changes from the House bill:

Clarified that the OFPP Administrator's directive authority flows from and is subject to the direction of the President within the terms of the OFPP Act.

Removed emphasis on procedures and forms and made policies and regulations OFPP's principal concern.

Included in the Administrator's functions (1) oversight responsibility for developing procurement personnel, (2) sponsorship of research in procurement policy and procedures, and (3) development of a uniform procurement transaction-reporting system.

Explicitly clarified that OFPP would not interfere with individual procurement decisions or require grantee use of Federal source of supply.

Added a declaration of general policy on Federal procurement of goods and services.

The Ad Hoc Subcommittee held hearings in October and November 1973 on the revised bill. Public, private, and academic viewpoints were provided by such executive agencies as OMB, GSA, DOD, NASA, AEC, HEW, and SBA; industrial and professional associations; outside independent experts; and the Comptroller General. Table 4 summarizes the testimony on key issues.[4]

TABLE 4

Witness	Need for OFPP [1]	Need for legislation	OFPP location	OFPP functions
OMB	Yes	Defer	OMB-GSA	No comment.
GSA	Yes	Yes	Not in GSA	Do.
DOD	Yes	Defer	Use Federal procurement council	Coordination only.
NASA	Yes	Defer	High level	Policy, not regulations.
SBA	Yes	Yes	Defer decision	Emphasize simple uniform regulations.
Other executive agencies	Yes	Defer	OMB-GSA or OMB	No comment.
Industrial associations	Yes	Yes	OMB or Executive Office of the President	Confine to principles and policies.
Outside experts	Yes	Yes	Regulatory board or commission	Various comments.
Comptroller General	Yes	Yes	OMB or elsewhere in Executive Office of the President	Endorsed bill.

[1] Agencies indicated a need either for an OFPP or for stronger central leadership-coordination.

Most executive agencies contended that the objectives of the OFPP bill could be accomplished through executive action. Some reasoned that steps to revitalize the current management structure should proceed; then, if that does not do the job, legislation should be considered in the spring of 1974.

GSA and SBA were two notable departures from the general tone of executive branch testimony. The Administrator of GSA said:

"It is my judgement that without any OFPP, and substituting any form of the status quo, modified, invigorated, or whatever you want to call it would change the time frame from maybe 5 to 7 years for reform to maybe 100 years. I do not think we are going to get the major reforms that are required by maintaining the status quo, no matter how you change it.

"I agree with the Commission, and as a Commissioner, that you have to have an OFPP. It has to have directive authority. This is the only way we are going to reform Government Procurement."

All witnesses outside the executive branch supported immediate legislation, believing that further delay was unwarranted because the executive branch would not act decisively without a congressional mandate.

Our position was that a clear congressional mandate, with the stature, authority, and continuity this would confer, was essential.

FOOTNOTES

[1] *Report of the Commission on Government Procurement* (Washington: Government Printing Office, 1972.)

[2] *Report of the Commission on Government Procurement*, vol. 1, pt. A, p. 11.

[3] Executive Order 11717, May 9, 1973.

[4] A more detailed summary of the testimony can be found in the soon-to-be-released Subcommittee report on S. 2510.

The Comptroller General observed that the Commission's evidence indicated that such a leadership role could not be credibly satisfied by a low-key revitalization of the present structure and that the executive and legislative branch approaches need not be in conflict because;

1. OMB has committed itself to a stronger leadership role in procurement policy.

2. Legislation being considered would permit the President to assign OFPP policy responsibility to OMB.

3. Passage of legislation would greatly enhance the present role of OMB and resolve the conflict over authority to issue policy guidance for agencies covered by the Armed Services Procurement Act.

In December the Ad Hoc Subcommittee considered all suggestions made during the hearings, agreed on several revisions to the bill, and reported out a new bill to the Senate Committee on Government Operations. The principal additional changes:

Clarified that meetings to promulgate new policies would be open to the public, with ample notice.

Provided for a 5-year life, with a comprehensive congressional review required for OFPP extension.

Required that new and major changes in policy be reported in advance to the Congress and be subject to disapproval within a 60-day period by either house.

Limited the Administrator's power to delegate his basic authority and responsibilities to other executive agencies.

Made a policy statement with a budget limitation to restrict OFPP to a small but highly qualified and competent staff.

IMPLEMENTATION OF THE NOISE CONTROL ACT OF 1972

Mr. TUNNEY. Mr. President, almost 18 months ago, the Congress passed and the President signed the historic Noise Control Act of 1972, the first comprehensive Federal program to control the effects of unwanted sound.

As chief sponsor and Senate floor manager of the legislation, I felt at the time—and still feel—that the regulatory framework was adequate to do the job needed, provided that those administering the act do a good job.

I have participated in two Senate hearings to oversee implementation of the legislation. I have also communicated on numerous occasions with those Federal agencies—especially the Environmental Protection Agency—responsible for carrying out various sections of the act. In general, EPA's small staff, which has operated on an even smaller budget, has waged a heroic struggle to meet deadlines and take tough positions—especially with respect to aircraft and airport noise issues—in the face of stiff opposition from other Federal agencies and the industry. Nonetheless, numerous tasks remain incomplete, and because of interpretations of preemption under various sections of the legislation, there is a growing fear that inaction or inadequate action by the EPA may prevent States from implementing strong programs of their own.

This problem is illustrated most clearly with respect to State statutes to control airport noise. At the time of enactment of the Noise Control Act, California had already passed a comprehensive law to control airport noise by means of monitoring, single event noise limitations, and most importantly, compelling airport proprietors to reduce cumulative noise exposure around airports by means of land use controls and use of their proprietary powers.

Also at the time of passage of the Noise Control Act, there was pending before the U.S. Supreme Court the issue of whether the imposition by a city of a curfew at a privately owned airport was a proper exercise of the city's police power and was not preempted by Federal regulations. (*City of Burbank* v. *Lockheed Air Terminal,* No. 71–1637, October term 1972.)

Before Burbank was decided but after passage of the Noise Control Act, the Air Transport Association filed, in Federal District Court in northern California a suit to invalidate the California law. (*Air Transport Association, et. al.* v. *J. R. Crotti, Director of Aeronautics of the State of California,* No. C–72–2189 WTS). That suit is still pending. Since the suit was filed, the Burbank decision was handed down, and in a 5 to 4 opinion, the Supreme Court held that the setting of a curfew was an improper exercise of a city's police power because the regulation of aircraft in flight was preempted under the Federal Aviation Act of 1958, as amended in 1972 by the Noise Control Act. (*City of Burbank,* v. *Lockheed Air Terminal,* 411 U.S. 624 (1972)). Indeed, Justice Douglas, speaking for the majority stated:

> The (Noise Control) Act reaffirms and reinforces the conclusion that FAA, now in conjunction with EPA, has full control over aircraft noise, preempting state and local control. (Id. at 633)

The Court reached this result despite the fact that the Noise Control Act intentionally does not address the issue of preemption. Indeed, the legislative history in both the House and Senate states that:

> No provision of the bill is intended to alter in any way the relationship between the authority the Federal Government and that of State and local governments that existed with respect to matters covered by section 611 of the Federal Aviation Act of 1958 prior to the enactment of the bill." (H. Rep. No. 92–842, 10 (1972); similar language in S. Rep. No. 92–1120 (1972)).

We thought our statement of intent was clear. We intended not to address the issue of preemption. Nonetheless, in briefs in the Burbank case, one side argued that by not including a preemption clause we intended not to preempt, and the other side argued that we intended to reemphasize the fact that the Federal Government had preempted in all respects the regulation that the lack of a preemption provision was "not decisive." (Id.)

What saddens me about the Burbank result is that it has created a regulatory vacuum. States like California, which have strong legislation, now face the arduous task of distinguishing programs in those laws from activities preempted by Burbank.

Airport operators—who could theoretically impose on their own initiative numerous programs to reduce aircraft and airport noise—for example, alterations in uses of runways or changes in angles of landing and take-off—are now claiming they lack regulatory authority to do anything to solve the problem.

For the past 15 years the Federal Government has had clear regulatory authority to curb aircraft noise, but it has only nipped at the edges of a solution. Before passage of the Noise Control Act, FAA aircraft regulations covered about 2 percent of the commercial fleet. Since 1972, the FAA has proposed a rule to reduce fleet noise by the end of this decade, but, even with tentative EPA approval, this rule has never been promulgated. EPA has made a recommendation under the Noise Control Act with respect to propeller-driven aircraft, but recommendations concerning certification of airports and changes in flight procedures—both of which were addressed in EPA's aircraft/airport study prepared as required by the Noise Control Act—are not expected to surface until this fall—at the earliest.

Another gap is a long-overdue regulation to curb SST noise. At the present time, no noise limits whatsoever apply to SST's which may soon land at and take-off from airports in the continental United States—an FAA rule to ban overflights of SST's at supersonic speeds over the continental United States does not affect landing and takeoff at subsonic speeds.

In view of an express promise by the FAA almost 2 years ago that an SST noise rule would be forthcoming, I have joined a number of my colleagues in demanding FAA action. At the same time, the Environmental Defense Fund and others have brought suit on February 1, 1974 in Federal district court here to compel this action.

In sum, what is very troublesome about interpretations of preemption of regulations to curb aircraft and airport noise is that so little is happening at the Federal level, and strong State statutes are in limbo.

Another troublesome area is noise limits for interstate motor carriers. States like California have on the books numerous statutes curbing highway vehicle noise. Yet, in contrast to the airport and aircraft area, the Noise Control Act provides for virtually total preemption once Federal noise limits for interstate motor carriers are promulgated. Federal regulations for interstate motor carriers were due last July 27, but have not yet been promulgated. I understand that they are soon to be promulgated, but, unfortunately, they will be based on cost of compliance for the heaviest and noisiest highway vehicles. Indeed, the Federal standards will be higher than the noise emitted from the majority of heavy-duty interstate motor vehicles in operation at the present time. Fortunately, the regulations will only apply to vehicles over 10,000 pounds, so that regulations for lightweight vehicles will not be preempted.

In a letter to me dated January 17, 1974, EPA's Acting Assistant Administrator for Hazardous Substances Control stated, in response to my letter on this subject:

> We agree with your view, however, that the legislative history—of the Noise Control

Act—clearly shows that it is intended that the preemption only occurs in areas of regulation where adequate Federal regulations are in effect.

I will be interested to see how EPA justifies these regulations as protective to public health and welfare as required by the legislation.

These are some problem areas. In my view, the demands of interstate commerce do justify preemption in many instances. However, the preemption should not be used to rationalize the "least common denominator" or regulation. I was insistent that the Noise Control Act allow considerable leeway to States and localities to enact noise limits at the source and that it leave States and localities entirely free to regulate levels of environmental noise. Only in this way can the Federal Government be prodded to take strong action of its own to curb adverse effects of unwanted sound.

THE MOVEMENT TOWARD INTEGRITY

Mr. BROCK. Mr. President, there is a movement in this country today that deserves all the encouragement we can give it, a movement that can restore some of the lost faith in our goals and institutions. The thrust of the movement is to make dishonesty unpopular through education and return to higher ethical standards in all our institutions.

Spearheading the effort is American Viewpoint, Inc., a public-spirited, nonprofit organization in Chapel Hill, N.C., under the direction of Ivan Hill. His growing campaign was brought to national attention first by a full-page advertisement in the Wall Street Journal, and again more recently by newspaper columnists who realize that Government alone cannot reverse the tide of sleazy ethics that has brought mistrust to all of our national institutions. A January 25 column by Roscoe Drummond perhaps summarizes the movement most succinctly. I would ask unanimous consent that his remarks be printed in the RECORD.

There being no objection, the remarks were ordered to be printed in the RECORD, as follows:

HONEST ENOUGH TO STAY FREE

(By Roscoe Drummond)

WASHINGTON.—Based on the latest poll of the University of Michigan's Institute for Social Research, the headline reads: 66% Feel Distrust in Government.

This is the highest and most perilous level of public distrust in memory. And not just distrust in government but in almost everything—in business and industry, in labor unions, in advertising, in merchandising, in the media, in politics and the whole election process.

It is easy to assume that government and politics have a kind of monopoly on sleazy ethics and dishonesty. But consider signs of the times like these:

A Chicago meatpacker handles $15 million worth of meat a month but can't show a profit because of an employee theft ring.

A New Orleans architect finds that public officials consider a 10% kickback normal—a widespread practice.

A San Diego bank goes bankrupt because its principal stockholders were making dubious loans to themselves.

A hot insurance company collapses after inventing thousands of fictitious policyholders.

In cities, shoplifters are stealing billions upon billions of dollars of merchandise.

This is a fair sample of the mounting and pervasive dishonesty and decaying ethics cited by a nonprofit and public-spirited organization called American Viewpoint, Inc., located at University Square, Chapel Hill, N.C., which is setting out to do something about it.

It is not too late but it is surely not too soon. Hopefully, what it is saying and what it is beginning to do will find a responsive public.

There is no doubt that Watergate in all its related crimes and offenses against decent government has weakened the moral fiber of those who were looking for an excuse for their own misconduct. Watergate has impaired our faith in each other and in all our institutions.

The need is to arrest and reverse the downward trend of ethical standards.

"Maybe it's too late," says Ivan Hill, a former advertising and business executive who is the energizing president of American Viewpoint, Inc. "Maybe there are already too many people who simply don't care about having a bundle of freedoms. Maybe faith in one another is a thing of the past. But we don't think so. And we propose to help bring back honesty, ethics and self-respect. Our simple aim is to make honesty a working social principle rather than a moral issue apart from our daily lives."

The most valuable thing which Mr. Hill and American Viewpoint are doing is to relate ethics to the survival of freedom in the United States. They are indispensable to each other.

Honesty and ethics form the cement which holds together our whole free society, and without a recovery of a higher standard of ethics and honesty we will lose both our democracy and our freedom.

Ethics cannot be legislated and the end result of social decay, which comes from pervasive dishonesty, is enforced discipline, and down the road from there is political dictatorship.

This is why Alan L. Otten warns in an article in The Wall Street Journal that "Americans may be ripe for a man on horseback."

This is why America must make itself honest enough to stay free.

'76 MEETING HOUSE—A GREAT BIRTHDAY IDEA

Mr. McINTYRE. Mr. President, I was pleased earlier this year to join Senator TOWER in cosponsoring the Meeting House Preservation Act. This plan would enhance our celebration of the American Revolutionary Bicentennial allowing each of the 55 States and territories to select one historic site to be preserved and honored as a focal point in each State's celebration.

It is most important that the citizens of each State have a place to go to obtain information on how to protect their environment with daily participation in conservation and preservation activities. The whole concept of rethinking our physical environment to include historic conservation could bring fresh life to many communities. It would make history relevant to our everyday lives and give young Americans a feeling of belonging to a well-rooted family tree.

The Heritage '76 "Meeting House" program would embody the theme of the Bicentennial: "A Past to Honor: A Future to Mold," by presenting to the Nation and the world a new concept of embracing all the disciplines concerned with improving the quality of our physical life through preservation of our total environment.

New Hampshire has submitted three proposals to the American Revolution Bicentennial Commission for prospectus designation under the '76 "Meeting House" concept. Each of these is a truly worthy site to be saved, restored, and used as a meeting place for all citizens concerned with the preservation of our cultural heritage.

The Belknap-Sulloway Mill, located on the Winnepesaukee River at Laconia, N.H., meets in every respect the criteria set by the American Revolution Bicentennial Commission in its "meeting house" proposal.

Built between 1823 and 1828 to replace an earlier wooden mill which burned in 1823, this structure represents a highly significant and almost vanished style of early 19th century American mill architecture. The building is a product of an important phase in the development of the northeastern United States from a predominantly agrarian into a major industrial region. The Meredith Cotton and Woolen Manufacturing Co., early proprietor of the mill, was founded in 1811 at a time when disputes leading up to the War of 1812 cut off supplies of imported manufactured goods. The first effects of the American industrial revolution were being felt; clothing and other articles were being made in factories, rather than in individual farmhouses or small shops.

The burgeoning textile industry of the 19th century played a central role in the development of modern New Hampshire and its people. Workers came, not only from the farms and villages of New Hampshire, but from French Canada and Europe, broadening the character of the population of the States, whose original settlers came largely from the British Isles.

Details of the architecture and history of the building itself are included in the nomination form provided for the National Register of Historic Places maintained by the Office of Archeology and Historic Preservation of the National Park Service.

Its clerestory monitor roof, derived from the Roman basilica and early European church architecture was adopted in the first New England textile mills because it allowed for use of the attic story for parts of the cotton or woolen manufacturing process. The bell in the Georgian-style cupola was recast by Holbrook, a Revere apprentice, in Medway, Mass., from one he made for the original wooden mill while he lived in Laconia—then called Meredith Bridge.

Robert M. Vogel of the Smithsonian Institution has pointed out that:

> The Belknap-Sulloway Mill is the oldest standing brick textile mill in New England (and thus virtually by definition in the United States) that is essentially unaltered from its original construction.

Thus the mill building is atypical, if not unique, and is important both historically and architecturally. The mill is given a first priority rating on the Historic American Engineering Record list of sites.

Exeter, N.H., site of the State's earliest permanent inland settlement—1637—is an appropriate location for a "meeting house" to fulfill the functions outlined in the "meeting house" proposal of the American Revolution Bicentennial Commission. Located in the southeastern section of the State, the town and its environs contain many buildings of historic and architectural importance. Since the major population centers of New Hampshire are also in the southern half of the State, Exeter is accessible to those who would be attracted by programs concerned with historic preservation and natural conservation.

THE TOWNHALL

The building proposed is part of the Front Street Historic District listed in the National Register of Historic Places maintained by the Office of Archeology and Historic Preservation of the National Park Service. It is located in the very heart of an area which has been singled out for preservation because of its historic and architectural significance. The townhall is one of the more recent buildings included in the historic district. Most of the others are framehouses currently in use as dwellings or offices and are not available or suitable for the purposes of the proposal.

The third proposal for a "meetinghouse" is the Stoodley's Tavern at Strawbery Banke, Portsmouth, N.H.

The present Stoodley's Tavern was built in 1761 on the site of Col. James Stoodley's first tavern, "The Sign of the King's Arms," which had burned that same year. The tavern was conveniently located on the north side of busy King street—now Daniel Street—in Portsmouth, and in its day was the most fashionable hotel in Portsmouth and its environs. The building was the usual stopping place for travelers between Boston and points in Maine, and the New Hampshire Gazettes of the 1760's contain advertisements of the stage to Falmouth—now Portland—which started from Stoodley's. The tavern's proprietor, James Stoodley, was at one time a member of Rogers' Rangers, and served for a time as collector of excise taxes on liquors, using this building as a receiving office for the moneys.

The third story of the tavern contains a large hall, which was used for Masonic meetings—probably those of St. Patrick's Lodge—and for public dancing parties for the elite of the town. The building thus served as the focus of social activities in Portsmouth, as well as serving the traveling public.

After Colonel Stoodley's death, his widow married a Mr. McHurd but continued to operate the building as a boarding house. The Honorable Elijah Hall, who married Colonel Stoodley's daughter Elizabeth, later came into possession of the house, which he maintained as his own dwelling until his death there in 1830 at the age of 84. Hall had been a lieutenant under John Paul Jones on the *Ranger*, and was aboard that ship during her noted engagement with the British vessel *Drake*. Hall also held many political offices, including State counselor, and was naval officer for the Portsmouth district even after he was 80.

I am proud to see New Hampshire's citizens taking such an active role in preparing for our bicentennial. All Americans should visit New Hampshire to enjoy the beauty of our State and to understand the role New Hampshire plays in our developing American heritage.

FARAH STRIKE VICTORY

Mr. CRANSTON. Mr. President, the Amalgamated Clothing Workers strike against the Farah Manufacturing Co. has ended in a resounding victory for the union—a victory which reaffirms the basic right of all American workers to organize and bargain for better wage and working conditions.

The strike succeeded because the workers did not give in, because of a highly effective boycott of Farah pants, and because of the law. It was a National Labor Relations judge who gave the strikers a major moral and legal victory last month, describing Farah's antiunion tactics as "lawless."

I am pleased that Farah has now abandoned union busting and I hope it will soon enter into good-faith collective bargaining with its 9,500 mostly Mexican-American employees.

The time has long since passed in this country when one employer's idea of 19th century "rugged individualism" is allowed to ride roughshod over the legitimate rights of his workers.

DANGER OF THE BUREAUCRACY

Mr. BROCK. Mr. President, a lot of things have been said and written recently about the power of the American Presidency and the potential for its abuse. But there is another power, which is more vast and pervasive, but over which the people of this country seemingly have little say. That is, the power of the Federal bureaucracy. Nonelected officials have been delegated broad authority to determine the priorities, policies, and projects funded by their various offices and agencies. The inability of citizens to hold elected officials responsible for these actions has contributed significantly to the frustration people feel toward Government in general.

The crisis in public confidence is not limited to any single branch of the Government. Likewise, confidence cannot be restored by any one method. Howard Phillips, former Acting Director of the Office of Economic Opportunity, has formed an organization called "Public Monitor," which seeks to expose bureaucratic abuse and hold those responsible publicly accountable for their actions. Speaking on the CBS commentary program "Spectrum," Jeffrey St. John described the organization's purpose and noted the hypocrisy shown by those who blame only the Presidency for public mistrust. I ask unanimous consent that his remarks be printed in the RECORD.

There being no objection, the remarks were ordered to be printed in the RECORD, as follows:

REMARKS BY JEFFREY ST. JOHN

Arthur Schlesinger, Jr., writes in his book "The Imperial Presidency": "The expansion and abuse of Presidential power constituted the underlying issue, the issue, as we have seen, Watergate raised to the surface . . ."

So long as Mr. Nixon is in the White House we shall hear such rhetoric. One would think that liberal historians and intellectuals like Dr. Schlesinger would have come to their senses after Vietnam and Watergate and swear off a belief in the powerful Presidency. But, as "The Imperial Presidency" makes clear, this is not the case. The liberal assault on the office of the Presidency is tactical not philosophical.

We can see proof of this by noting that while Professor Schlesinger in his book spends much time and effort analyzing, from the early beginnings of the Republic, the growth of the power of the President, he ignores totally the power of bureaucracy at the disposal of the President.

Howard Phillips, former acting OEO director, knows something about the abuse and power of the federal bureaucracy. "The real issue of 1973," he noted back in early November, "is not Presidential power—but the power of the bureaucracy. The power of bureaucracy is making democracy inoperative. Increasingly, we have assigned policy-setting functions to non-elected bureaucrats, according them broad discretion to establish priorities, finance pet projects, reward friends, and punish their enemies. Our democratic process is being dangerously eroded by the diminishing ability of citizens to hold elected officials accountable for actions of this new, fourth branch of government." Emd quote.

Howard Phillips, dumped by Nixon as OEO director after a savage liberal smear campaign, has formed an organization called "Public Monitor" to expose bureaucratic abuse and make it publicly accountable. One doubts that many liberals will join this worthwhile and much-needed effort.

While Mr. Phillips is taking on the power of the bureaucracy, another organization of liberals and leftists is gearing up next year to make the power of the federal bureaucracy larger! "A Coalition for Human Needs" has been formed, comprised of 100 organizations such as Americans for Democratic Action, to lobby Congress for enlarging social spending programs. Some of these organizations have been active in attacking the concept of a powerful Presidency under Nixon. Illustrating that power is only evil and dangerous when the other guy has it.

THE GENOCIDE CONVENTION: IDEALS IN ACTION

Mr. PROXMIRE. Mr. President, 25 long years have passed since President Truman first submitted the Genocide Treaty to us for ratification. During this time I have spoken time and again, imploring the Senate to ratify this Convention on the Prevention and Punishment of the Crime of Genocide.

Critics of the treaty may think those of us who call for approval of the Genocide Treaty are overly idealistic for believing that the Genocide Convention is necessary to prevent the destruction of a national ethnic, racial, or religious group. I would like to answer them by quoting the words of the late President Woodrow Wilson:

> Sometimes people call me an idealist. Well, that is the way I know I am an American. America is the only idealistic nation in the world.

Americans have created ideals and striven to fullfill them since 1776. We can attribute much of the success of this great Nation to the striving for ideals which we have established for ourselves. Over the past year, the national political scene has exposed us to politics without ideals and to officials who did not look beyond their own short-term political gains.

Idealism pervades our most cherished documents. Is not the Declaration of Independence the paragon of idealism? And yet opponents of the Genocide Convention argue that the convention is too idealistic. How idealistic is the Genocide Convention? Is it a bad treaty, because it is too idealistic? This is nonsense.

The Genocide Convention is a constructive attempt to diminish the threat of genocide. It is designed to prevent the destruction of a national, ethnic, racial, or religious group by defining genocide, outlawing it, and establishing procedures for punishing it.

We cannot reject the treaty on the grounds that it is too idealistic.

RETIREMENT OF CONGRESSMAN JOHN BLATNIK

Mr. MONDALE. Mr. President, John Blatnik, dean of the Minnesota congressional delegation, has announced that he will retire at the end of the current session of Congress.

There is one thing we all know—he was not worried about reelection. He has dedicated 27 years on the House Public Works Committee—and for the past 3 years the chairmanship of that committee—to the causes of economic development and a healthy environment. And it is a bad election for John Blatnik when he falls below 75 percent of the vote. He is loved by all who know him.

His legislative record speaks for itself. Just for example:

He sponsored the St. Lawrence Seaway, establishing the city of Duluth as a major seaport, and he succeeded in widening and deepening its channels, and in providing for an extended navigational season.

He fathered the Water Pollution Control Act of 1956 and helped it grow from a $50 million program into a multibillion dollar national commitment to clean water.

He was one of the five original authors of the interstate highway program.

He led the fight for the Area Redevelopment and Community Facilities Act, which established the Economic Development Administration, the accelerated public works program, and the Upper Great Lakes Regional Commission.

And within Minnesota he established the Boundary Waters Canoe Area, the Grand Portage National Monument, and secured legislative authority for Voyageurs National Park.

The people of Duluth and the Iron Range know John Blatnik as a man with unparalleled commitment to economic development and a deep respect for the values of conservation.

Minnesota will miss his leadership. And I will miss a friend who has always given the best advice in the toughest times.

But our loss is a clear gain for John's wonderful wife, Gisela, and his children, Thomas, Stephanie, and Valerie. John Blatnik returns to private life with his health, his family, and the respect and best wishes of all of us who served with him in the Congress over the years.

FREEDOMS AND CABLE TV

Mr. BROCK. Mr. President, Congress may soon be faced with a rare opportunity to show that it can learn from past mistakes and pass responsible legislation that will assure the self-regulation of a public utility. The utility I refer to is cable television, which already serves over 8 million households across the country.

In its report to the President January 16, the Cabinet Committee on Cable Communications recommended that once a cable system has gained wide acceptance, a system that is theoretically capable of carrying an unlimited number of channels, that TV programing should enjoy the same rights to freedom of the press that newspapers and magazines now possess. To prevent private monopolies over programing, the committee further suggests that cable operators become the equivalent of common carriers, without the authority to control programing.

As is pointed out in the January 17, "Review and Outlook" column of the Wall Street Journal, this course is likely to be opposed by Federal bureaucrats, private cable operators, and "public airwave broadcasters. Yet industry competition with the necessary safeguards against monopoly formation, has proven to be the most effective means of fulfilling public needs. I would ask unanimous consent that this thought provoking article be printed in the Record.

There being no objection, the article was ordered to be printed in the Record. as follows:

[From the Wall Street Journal, Jan. 17, 1974]

TV AND 1984

In its report to the President yesterday, the Cabinet Committee on Cable Communications said "we were concerned both literally and figuratively with '1984'."

We applaud the committee for its concern about preventing the burgeoning cable TV industry from turning into the medium for the figurative, fearful "1984" envisioned by George Orwell. We doubt that cable TV will bring anything quite so terrifying as the Orwellian "Big Brother" government keeping electronic watch on all its citizens. But we do confess to some misgivings over whether the cable communications system this country will literally have in 1984 will be the desirable system the committee proposes.

What the committee proposes is not only desirable but of vital importance in the shaping of policy toward an increasingly pervasive communications system. The report renounces all claims that the government has any authority to regulate the program content of TV once that medium no longer makes use of the finite number of "public airwaves." Once TV signals come into homes on private cables, with a theoretically unlimited number of channels, TV programming should enjoy the same First Amendment right to freedom of the press that newspapers, books and magazines have, the committee avers.

The report holds that this freedom should be coupled with a future means of preventing cable system operators from having a private monopoly over programming. This is based on the sound assumption that costs and right-of-way problems will likely preclude having more than one cable system in most localities.

The committee's antimonopoly prescription is simple enough. It proposes that once cable TV has become a "mature" industry, with perhaps 50% of TV viewing households on coaxial wires, operators be required to divest themselves of all programming functions. They would become something equivalent to common carriers, much like phone companies (although the report discourages the idea of rate regulation). They would have to make their channels available to all comers—the local school board, commercial sponsors, political candidates, what have you—in return for use fees.

Even before the industry became "mature" the FCC would be required to give up authority it already has asserted over cable programming, which is similar to the authority it asserts over broadcasting. It would not be able, for example, to apply the so-called "fairness doctrine" dictating "balance" in the discussion of public issues, or its "equal time" rules for opposing political views. It would have none of the coercive authority that now is inherent in its authority to license broadcasters.

This is indeed the direction to take but we have few illusions that it will be easy to roll back what already has developed in cable TV. The committee is asking the FCC to give up measurable control over an industry, something government agencies and their friends in Congress seldom do willingly. Broadcasters are not keen about having cable programimng unregulated while they remain under the FCC thumb. Cable operators, with 3,000 systems serving eight million households, already are a formidable political force and are not likely to favor a long-range policy that would call for eventual divestiture of the programming function.

The committee was not so naive as to not anticipate these huge political obstacles and try to deal with them in its report with more detailed proposals than we can recount here. Clay T. Whitehead, the committee chairman, already has had some lumps from broadcasters over his frontal assault, some time back, on political bias in government subsidized broadcasting, which was interpreted as an attack on freedom of the press. As director of the White House Office of Telecommunications Policy, he carries the added burden of being associated with a damaged presidency. Now that he has helped compose a formula for real broadcast freedom, he may find himself being jeered by folks who should be offering cheers.

We only suggest that Congressmen and media commentators read the report and then ask themselves what kind of electronic information medium they would like in 1984. The most likely prospect, we fear, is one in which programming is controlled by the coalition of a federal bureau and private local monopolies. That might not be as bad as the Orwellian 1984 but it wouldn't be good either. It will be a shame if some historian a decade hence digs up a dust-covered report and laments that it all could have been different.

LITHUANIAN INDEPENDENCE

Mr. RIBICOFF. Mr. President, this month Lithuanians all over the world observe the 56th anniversary of Lithuanian Independence Day. It is important for all those who cherish human freedom to mark this occasion.

The passage of time has dimmed the memory of the forced incorporation in 1940 of all three of the Baltic States—Lithuania, Estonia, and Latvia—into the Soviet Union. But by their continued acts of courage, the peoples of these countries have reminded the world that they still long to be free and independent.

To its credit, our own Government still refuses to recognize the Russian military takeover of the three Baltic States. But aside from this lack of formal recognition, little has been done to offer hope of a change in the present status quo. Too little attention is being given to aspects of "human détente" by our policymakers in our relations with the Soviet Union. It has taken men like Simas Kudirka—a Lithuanian—and the great Russian writer Alexander Solzhenitsyn to remind us in the West of the brutal and repressive nature of Soviet society. The heroism of these two men has not been forgotten by this body. Just as I am proud to be a cosponsor of Senate Joint Resolution 188 proclaiming Solzhenitsyn an honorary citizen of the United States, I am pleased to cosponsor Senate Concurrent Resolution 66 calling on the Soviet Union to release Simas Kudirka from imprisonment. It is through legislation such as this that the finest tradition of American humanitarian concern and love of individual freedom can be expressed.

The people of Lithuania enjoyed the right of national self-determination as the Republic of Lithuania for only a brief period in their long history. Let us hope that this cherished dream will come closer to reality in the year ahead.

I ask unanimous consent that the text of the 56th Anniversary Resolution of the Hartford, Conn., Branch of the Lithuanian American Community of the United States be printed in the Record.

There being no objection, the resolution was ordered to be printed in the Record, as follows:

[Lithuanian American Community of the U.S.A., Inc., Hartford Branch]

Resolution

We Lithuanian-Americans of the Greater Hartford at a meeting held on February 17 1974 commemorating the 723rd anniversary of the formation of the Lithuanian Kingdom in 1251 and the 56th anniversary of the establishment of the Republic of Lihuania in 1918, unanimously adopt the following resolution:

Whereas in 1918 the Republic of Lithuania was established by the free exercise of the right of self-determination by the Lithuanian people; and

Whereas by the Peace Treaty of July 12, 1920 Soviet Russia officially recognized the sovereignty and independence of Lithuania and voluntarily renounced forever all sovereign rights and claims by Russia over Lithuanian soil and her people; and,

Whereas from 1920 to 1940 Lithuania was a fully independent and sovereign nation, a member of the League of Nations and a signatory of numerous international treaties with the Soviet Union; and

Whereas the Soviet Union during June 15–17, 1940 invaded and occupied Lithuania by overwhelming force of arms and subsequently forcibly annexed the Lithuanian Nation into the Soviet Union; and

Whereas the Soviet Union has systematically conducted a policy of colonialization ethnic dilution and Russification within Lithuania; and

Whereas the United States Government maintains diplomatic relations with the government of the Free Republic of Lithuania and consistently has refused to recognize the seizure of Lithuania and forced incorporation of this freedom-loving country into the Soviet Union; and

Whereas the people of Lithuania to this very day are risking and sacrificing their lives in defiance of the Communist regime in seeking political and religious freedom as demonstrated by the Lithuanian sailor, Simas Kudirka, the self-immolation of Romas Kalanta, and the subsequent demonstrations of thousands of young Lithuanians, and the petition of 17,000 Lithuanian Roman Catholics to Kurt Waldheim of the United Nations; and

Whereas the 89th U.S. Congress unanimously passed House Concurring Resolution 416 urging the President of the United States to direct the question of the Baltic Nations status at the United Nations and other international forums focusing attention on the denial of the rights of self-determination for the peoples of Lithuania, Latvia and Estonia, and to bring the force of world opinion to bear on behalf of the restoration of these rights to the Baltic people; now therefore be it

Resolved that we Lithuanian-Americans will urge the President of the United States, members of Congress, and the United States Department of State to publicly reaffirm the United States Policy of non-recognition of the forceful annexation of the Baltic States by Soviet Russia, and to maintain that policy during all negotiations with the Soviet Union, especially those concerned with the new Détente policy; and further

Resolved to request the President of the United States to vigorously implement House Concurring Resolution 416 to the fullest extent; and further

Resolved, that copies of this resolution be forwarded this day to the President of the United States, the United States Secretary of State, the United States Ambassador to the United Nations, the United States Senators from Connecticut, Republican and Democratic leaders in the United States Congress, the Lithuanian Minister in Washington, D.C., and the Lithuanian Consuls in New York City, Los Angeles, Chicago, and the press.

R. P. Grajauskas,
President.

FREQUENTLY OVERLOOKED INCOME TAX DEDUCTIONS FOR THE ELDERLY

Mr. METZENBAUM. Mr. President, I am deeply concerned with the problems faced by the elderly of this Nation—low income, inadequate transportation, rising medical costs, and unsafe housing. One goal toward which I intend to work is that all Americans can look forward to their older years with assurance rather than dread, with hope rather than fear.

Low income in retirement is one of the most serious problems confronting the elderly. Still, this segment of the population is required to file income tax returns, unaware of several deductions available to them and thus paying more than is required by law.

The Senate Committee on Aging has heard testimony that perhaps as many as one-half of the aged population overpay their taxes. To prevent this, the committee publishes each year a list of commonly overlooked deductions to be used as a checklist at the time of filing tax returns.

Mr. President, I ask unanimous consent that this summary of tax relief measures be printed in the Record.

There being no objection, the summary was ordered to be printed in the Record, as follows:

Checklist of Itemized Deductions for Schedule A (Form 1040)

MEDICAL AND DENTAL EXPENSES

Medical and dental expenses are deductible to the extent that they exceed 3% of a taxpayer's adjusted gross income (line 15, Form 1040).

INSURANCE PREMIUMS

One-half of medical, hospital or health insurance premiums are deductible (up to $150) without regard to the 3% limitation for other medical expenses. The remainder of these premiums can be deducted, but is subject to the 3% rule.

DRUGS AND MEDICINES

Included in medical expenses (subject to 3% rule) but only to extent exceeding 1% of adjusted gross income (line 15, Form 1040).

OTHER MEDICAL EXPENSES

Other allowable medical and dental expense (subject to 3% limitation):

Abdominal supports, ambulance hire, anesthetist, arch supports, artificial limbs and teeth, back supports, and braces.

Capital expenditures for medical purposes (e.g., elevator for persons with a heart ailment)—deductible to the extent that the cost of the capital expenditure exceeds the increase in value to your home because of the capital expenditure. Taxpayer should have an independent appraisal made to reflect clearly the increase in value.

Cardiographs, chiropodist, chiropractor, christian science practitioner, authorized; convalescent home (for medical treatment only); crutches, dental services (e.g., cleaning teeth, X-rays, filling teeth).

Dentures, dermatologist, eyeglasses, gynecologist, hearing aids and batteries, hospital expenses, insulin treatment, invalid chair, and lab tests.

Lip reading lessons (designed to overcome a handicap).

Neurologist, nursing services (for medical care); ophthalmologist, optician, optometrist, oral surgery, osteopathy, licensed pediatrician, and physical examinations.

Physician, physiotherapist, podiatrist, psychiatrist, psychoanalyst, psychologist, psychotherapy, radium therapy, sacroiliac belt, seeing-eye dog and maintenance, and splints.

Supplementary Medical Insurance (Part B) under Medicare.

Surgeon.

Transportation expenses for medical purposes (6¢ per mile plus parking and tolls or actual fares for taxi, buses, etc.).

Vaccines.

Vitamins prescribed by a doctor (but not taken as a food supplement or to preserve general health).

Wheelchairs.

Whirlpool baths for medical purposes and X-rays.

TAXES

Real estate, State and local gasoline, general sales, State and local income, and personal property.

If sales tax tables are used in arriving at your deduction, you may add to the amount shown in the tax tables only the sales tax paid on the purchase of 5 classes of items: automobiles, airplanes, boats, mobile homes and materials used to build a new home when you are your own contractor.

When using the sales tax tables, add to your adjusted gross income any nontaxable income (e.g., Social Security or Railroad Retirement Annuities).

CONTRIBUTIONS

In general, contributions may be deducted up to 50 percent of your adjusted gross income (line 15, Form 1040). However, contributions to certain private nonprofit foundations, veterans organizations, or fraternal societies are limited to 20 percent of adjusted gross income.

Cash contributions to qualified organizations for (1) religious, charitable, scientific, literary or educational purposes, (2) prevention of cruelty to children or animals, or (3) Federal, state or local governmental units (tuition for children attending parochial schools is not deductible). Fair market value of property (e.g. clothing, books, equipment, furniture) for charitable purposes. (For gifts of appreciated property, special rules apply. Contact local IRS office.)

Travel expenses (actual or 6¢ per mile plus parking and tolls) for charitable purposes (may not deduct insurance or depreciation in either case).

Cost and upkeep of uniforms used in charitable activities (e.g., scoutmaster).

Purchase of goods or tickets from charitable organizations (excess of amount paid over the fair market value of the goods or services).

Out-of-pocket expenses (e.g. postage, stationary, phone calls) while rendering services for charitable organizations.

Care of unrelated student in taxpayer's home under a written agreement with a qualifying organization (deduction is limited to $50 per month).

INTEREST

Home mortgage, auto loan, and installment purchases (television, washer, dryer, etc.).

Bank credit card—can deduct the finance charge as interest if no part is for service charges or loan fees, credit investigation reports. If classified as service charge, may still deduct 6 percent of the average monthly balance (average monthly balance equals the total of the unpaid balances for all 12 months, divided by 12) limited to the portion of the total fee or service charge allocable to the year.

Points—deductible as interest by buyer where financing agreement provides that they are to be paid for use of lender's money. Not deductible if points represent charges for services rendered by the lending institution (e.g. VA loan points are service charges and are not deductible as interest). Not deductible if paid by seller (are treated as selling expenses and represent a reduction of amount realized).

Penalty for prepayment of a mortgage—deductible as interest.

Revolving charge accounts—may deduct the "finance charge" if the charges are based on your unpaid balance and computed monthly.

CASUALTY OR THEFT LOSSES

Casualty (e.g. tornado, flood, storm, fire, or auto accident provided not caused by a willful act or willful negligence) or theft losses to nonbusiness property—the amount of your casualty loss deduction is generally the lesser of (1) the decrease in fair market value of the property as a result of the casualty, or (2) your adjusted basis in the property. This amount must be further reduced by any insurance or other recovery, and, in the case of property held for personal use, by the $100 limitation. You may use Form 4684 for computing your personal casualty loss.

CHILD AND DISABLED DEPENDENT CARE EXPENSES

The deduction for child dependent care expenses for employment related purposes has been expanded substantially. Now a taxpayer who maintains a household may claim a deduction for employment-related expenses incurred in obtaining care for a (1) dependent who is under 15, (2) physically or mentally disabled dependent, or (3) disabled spouse. The maximum allowable deduction is $400 a month ($4,800 a year). As a general rule, employment-related expenses are deductible only if incurred for services for a qualifying individual in the taxpayer's household. However, an exception exists for child care expenses (as distinguished from a disabled dependent or a disabled spouse). In this case, expenses outside the household (e.g., day care expenditures) are deductible, but the maximum deduction is $200 per month for one child, $300 per month for 2 children, and $400 per month for 3 or more children.

When a taxpayer's adjusted gross income (line 15, Form 1040) exceeds $18,000, his deduction is reduced by $1 for each $2 of income above this amount. For further information about child and dependent care deductions, see Publication 503, Child Care and Disabled Dependent Care, available free at Internal Revenue offices.

MISCELLANEOUS

Alimony and separate maintenance (periodic payments).

Appraisal fees for casualty loss or to determine the fair market value of charitable contributions.

Campaign contributions (up to $100 for joint returns and $50 for single persons).

Union dues.

Cost of preparation of income tax return.

Cost of tools for employee (depreciated over the useful life of the tools).

Dues for Chamber of Commerce (if as a business expense).

Rental cost of a safe-deposit box for income producing property.

Fees paid to investment counselors.

Subscriptions to business publications.

Telephone and postage in connection with investments.

Uniforms required for employment and not generally wearable off the job.

Maintenance of uniforms required for employment.

Special safety apparel (e.g., steel toe safety shoes or helmets worn by construction workers; special masks worn by welders).

Business entertainment expenses.

Business gift expenses not exceeding $25 per recipient.

Employment agency fees for securing employment.

Cost of a periodic physical examination if required by employer.

Cost of installation and maintenance of a telephone required by the taxpayer's employment (deduction based on business use).

Cost of bond if required for employment.

Expenses of an office in your home if employment requires it.

Payments made by a teacher to a substitute.

Educational expenses required by your employer to maintain your position or for maintaining or sharpening your skills for your employment.

Political Campaign Contributions: Taxpayers may now claim either a deduction (line 33, Schedule A, Form 1040) or a credit (line 52, Form 1040), for campaign contributions to an individual who is a candidate for nomination or election to any Federal, State or local office in any primary, general or special election. The deduction or credit is also applicable for any (1) committee supporting a candidate for Federal, State, or local elective public office, (2) national committee of a national political party, (3) state committee of a national political party, or (4) local committee of a national political party. The maximum deduction is $50 ($100 for couples filing jointly). The amount of the tax credit is one-half of the political contribution, with a $12.50 ceiling ($25 for couples filing jointly).

Presidential Election Campaign Fund: Additionally, taxpayers may voluntarily earmark $1 of their taxes ($2 on joint returns) to help defray the costs of the 1976 presidential election campaign. If you failed to earmark $1 of your 1972 taxes ($2 on joint returns) to help defray the cost of the 1976 presidential election campaign, you may do so in the space provided above the signature line on your 1973 tax return.

For any questions concerning any of these items, contact your local IRS office. You may also obtain helpful publications and additional forms by contacting your local IRS office.

OTHER TAX RELIEF MEASURES FOR OLDER AMERICANS

Required to file a tax return if gross income is at least

Filing status	*Required to file a tax return if gross income is at least*
Single (under age 65)	$2,050
Single (age 65 or older)	2,800
Married couple (both spouses under 65) filing jointly	2,800
Married couple (1 spouse 65 or older) filing jointly	3,550
Married couple (both spouses 65 or older) filing jointly	4,300
Married filing separately	750

Additional Personal Exemption for Age: In addition to the regular $750 exemption allowed a taxpayer, a husband and wife who are 65 or older on the last day of the taxable year are each entitled to an additional exemption of $750 because of age. You are considered 65 on the day before your 65th birthday. Thus, if your 65th birthday is on January 1, 1974, you will be entitled to the additional $750 personal exemption because of age for your 1973 Federal income tax return.

Multiple Support Agreement: In general, a person may be claimed as a dependent of another taxpayer, provided five tests are met: (1) Support, (2) Gross Income, (3) Member of Household or Relationship, (4) Citizenship, and (5) Separate Return. But in some cases, two or more individuals provide support for an individual, and no one has contributed more than half the person's support.

However, it still may be possible for one of the individuals to be entitled to a $750 dependency deduction if the following requirements are met for multiple support:

1. Two or more persons—any one of whom could claim the person as a dependent if it were not for the support test—together contribute more than half of the dependent's support.

2. Any one of those who individually contribute more than 10 percent of the mutual dependent's support, but only one of them, may claim the dependency deduction.

3. Each of the others must file a written statement that he will not claim the dependency deduction for that year. The statement must be filed with the income tax return of the person who claims the dependency deduction. Form 2120 (Multiple Support Declaration) may be used for this purpose.

Sale of Personal Residence by Elderly Taxpayers: A taxpayer may elect to exclude from gross income part, or, under certain circumstances, all of the gain from the sale of his personal residence, provided:

1. He was 65 or older before the date of the sale, and

2. He owned and occupied the property as his personal residence for a period totaling at least five years within the eight-year period ending on the date of the sale.

Taxpayers meeting these two requirements may elect to exclude the entire gain from gross income if the adjusted sales price of their residence is $20,000 or less. (This election can only be made once during a taxpayer's lifetime.) If the adjusted sales price exceeds $20,000, an election may be made to exclude part of the gain based in a ratio of $20,000 over the adjusted sales price of the residence. Form 2119 (Sale or Exchange of Personal Residence) is helpful in determining what gain, if any, may be excluded by an elderly taxpayer when he sells his home.

Additionally, a taxpayer may elect to defer reporting the gain on the sale of his personal residence if within one year before or one year after the sale he buys and occupies another residence, the cost of which equals or exceeds the adjusted sales price of the old residence. Additional time is allowed if (1) you construct the new residence or (2) you were on active duty in the U.S. Armed Forces. Publication 523 (Tax Information on Selling Your Home) may also be helpful.

Retirement Income Credit: To qualify for the retirement income credit, you must (a) be a U.S. citizen or resident, (b) have received earned income in excess of $600 in each of any 10 calendar years before 1973, and (c) have certain types of qualifying “retirement income”. Five types of income—pensions, annuities, interest, and dividends included on line 15, Form 1040, and gross rents from Schedule E, Part II, column (b)—qualify for the retirement income credit.

The credit is 15 percent of the lesser of:

1. A taxpayer’s qualifying retirement income, or

2. $1,524 ($2,286 for a joint return where both taxpayers are 65 or older) minus the total of nontaxable pensions (such as Social Security benefits or Railroad Retirement annuities) and earned income (depending upon the taxpayer’s age and the amount of any earnings he may have).

If the taxpayer is under 62, he must reduce the $1,524 figure by the amount of earned income in excess of $900. For persons at least 62 years old but less than 72, this amount is reduced by one-half of the earned income in excess of $1,200 up to $1,700, plus the total amount over $1,700. Persons 72 and over are not subject to the earned income limitation.

Schedule R is used for taxpayers who claim the retirement income credit.

The Internal Revenue Service will also compute the retirement income credit for a taxpayer if he has requested that IRS compute his tax and he answers the questions for Columns A and B and completes lines 2 and 5 on Schedule R—relating to the amount of his Social Security benefits, Railroad Retirement annuities, earned income, and qualifying retirement income (pensions, annuities, interest, dividends, and rents). The taxpayer should also write “RIC” on line 17, Form 1040.

MILITARY STRENGTH

Mr. BROCK. Mr. President, with the administration’s proposed budget now in hand, we will soon be debating another military appropriations bill. Last year such a bill was passed without the sort of indepth study that is needed to move the American defense program into a post-Vietnam era. We simply cannot claim we are giving any kind of careful consideration to defense priorities if we approach the process in the usual fashion, as a matter of “cuts” and “increases.”

I have proposed that an ad hoc Subcommittee on National Security be established to debate some of the broad policy questions, and in the process to develop some general baseline concepts on which to base our discussions. I have also made suggestions, in the hope that others in this body will present their ideas before we are again faced with the immediate need to pass some sort of appropriation.

Among the four specific streamlining techniques I suggested for discussion is the concept of continuing research and development of a sophisticated weapons system, while delaying production until the system is actually needed. In this way, we can preserve our technical leadership in the arms race, while we save the production costs of a system that becomes obsolete or is not needed. I was encouraged to note that Secretary Schlesinger is placing a priority on the request for $9.4 billion for new weapons research and development in fiscal 1975. We must maintain our leadership footing in weapons technology if we are to bargain from a position of strength at future sessions of the Strategic Arms Limitations Talks.

As Time magazine pointed out in the cover story of its February 11 issue, “Russia is indeed trying to surpass the American nuclear arsenal.” Estimates of what the Soviet Union spends on military R. & D. range anywhere from $10 to $16 billion, or even higher. At the same time, this country’s defense spending has remained essentially static since 1968, which means that in terms of constant dollars it fell. A recent column in the Wall Street Journal outlines this decline and its implications very well. I would urge my colleagues to read it, and accordingly I ask unanimous consent that it be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

DEFENSE SPENDING

With the approaching release of a new federal budget, the annual debate on defense spending is already gathering. The Pentagon is said to believe it will have an easier time this year, because of the passing of the Vietnam irritant and spreading realism about the nature of the Soviet regime.

If so, it will be about time. For the sad truth is that military power is by no means irrelevant to world affairs, and that the United States’ military position has been sharply eroded on nearly all fronts over the last five years. Yet these realities have been obscured by a whole series of myths.

We are told, for example, of a greedy “military-industrial complex” and an “arms-race spiral.” Yet the fact is that since 1968 defense spending has been essentially static, which means that in terms of constant dollars it fell. Meanwhile, as the accompanying St. Louis Fed chart shows, civilian spending ballooned. In any such comparison, the defense sector is not bloated but starved.

The Pentagon proposals for fiscal 1975 will break out of the 1968 plateau. It proposes to spend $85.8 billion, and will also ask for a $6.2 billion supplemental appropriation for the current fiscal year. But even at that, the defense part of the budget will expand less rapidly than civilian outlays.

Meanwhile the Soviet Union has been expanding its defense establishment. Problems of secrecy and exchange rates make it hard to evaluate Soviet defense spending, but after running through various calculations, the Institute for Strategic Studies in London concludes, “The equivalent dollar costs of Soviet resources devoted to defense may well be comparable to American spending and perhaps well above it.”

This is confirmed by the appearance of several new Soviet strategic weapons, by the re-equipping of its tank forces in Europe, by a startling naval expansion and by its lavish support of Arab clients in their war with Israel. In area after area, the United States is falling dangerously behind.

In strategic nuclear forces, American negotiators were forced to accept inferiority in numbers and crucial throw-weight in the interim agreements on offensive weapons. The Soviet building programs were so large that without the agreements they might have increased the disparity even further. Unless the U.S. gets moving with its strategic programs, its SALT–II negotiators will face the same dismal choice.

Naval forces are particularly important to a power like the United States, which must rely on sea-lanes in nearly any military confrontation. Yet even here it has been overtaken by the Soviets, who have been historically and geographically a land power. The Institute now reports that the United States has 221 surface combat ships and 84 tactical submarines, while the Soviets have 212 surface ships and 285 submarines. By and large, also, the Soviet navy is more modern than the American one.

The resources for this Soviet buildup have come off the backs and out of the dinner plates of the Soviet people. The ability to at least match and probably outspend the United States despite a far smaller gross national product and a vastly lower standard of living tells a great deal about the Soviet regime. Alexander Solzhenitsyn tells us the same thing far more dramatically. If there is to be detente with such a regime, its absolute prerequisite is an American military posture sufficient to offset the Soviet one.

Detente probably does give us a bit of leverage with the Soviet Union; apparently the U.S. was able to exploit their need of good relations to moderate their behavior after the recent Middle Eastern war. But their adventurism in the early stages of the war shows again their tendency to be tempted by opportunity. The weakness America’s European allies showed during that episode also partly reflects the decline in the American military power they once relied on for protection. As the Soviet power grows, it will be tempted more often, our allies will make further adjustments, and in times of crisis the U.S. may well have to back down in the face of Soviet expansion.

If the U.S. fails to keep a healthy military, in other words, a Soviet imperium will gradually spread over much of the globe. The survival of the United States may not be directly threatened, but the world would become a far nastier place in which to live. To avoid such an outcome the defense budget will at some point have to start upward, and this year is less likely to prove too soon than too late.

NO PEACE, NO HONOR

Mr. McGOVERN. Mr. President, this year we will be asked to consider an increased budget for military and economic aid to the Thieu government in South Vietnam.

In reality, it is a proposal to increase Mr. Thieu’s wherewithal to sabotage the peace negotiated by Secretary Kissinger, to repress his own people, and to continue pressing a bloody war in violation of the Paris accords.

For the past year we have basked in the relief of having our troops and prisoners home. In order to be evenhanded, we have been anxious to believe that the continuing violence in Vietnam was the work of cease-fire violations on both sides.

In contrast, D. Gareth Porter, a scholar on East Asia from Cornell University, describes in an article in the Progressive this month how the Thieu government has been working systematically to undermine the agreement, while the leaders of North Vietnam and the provisional revolutionary government have demonstrated an interest in making it work. And the United States, on the premise that we are helping to rebuild a war-ravaged land, has meanwhile supplied billions in aid not to sustain and strengthen the peace but to underwrite Mr. Thieu's war and his totalitarian rule.

In another article, in today's New York Times, Correspondent David K. Shipler describes American involvement in military activities in Vietnam, including not only money and material but the technicians who keep Mr. Thieu's sophisticated war machine running. Based upon what Mr. Shipler writes, it is difficult to avoid the conclusion that both the provisions of the Paris agreement and the specific enactments of the Congress are being routinely ignored, in many cases by our own activities.

These are matters we need very urgently to keep in mind as we consider upward of $3.5 billion in new aid to the Thieu regime. I, therefore, ask unanimous consent that the two articles I have mentioned be printed in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

No Peace, No Honor

(By D. Gareth Porter)

After a year of heavy and continuous fighting which has left the ceasefire provisions of the Paris Agreement a shambles, South Vietnam is now closer to all-out warfare than at any time since the agreement was signed a year ago. Following President Nguyen Van Thieu's open break with the ceasefire agreement in January 1974, the only factor still limiting the fighting is that Communist forces have not yet been authorized to attack the Saigon zone or Saigon military units as such, but only to push back and punish specific offensive operations by ARVN (Army of the Republic of Vietnam).

How long this limitation will remain in effect, given the absence of any prospect for a stand-still ceasefire, depends on a number of factors difficult for outsiders to assess. But it would be naive to assume that the present state of affairs can persist indefinitely. The fighting must be brought to a halt or it will inevitably reach the 1972 level of hostilities and lead to demands by the Thieu government, and its sponsors in Washington, for the use of American airpower to save Saigon from defeat.

The task of analyzing the failure of the Paris Agreement to restore peace and assessing the responsibility for that failure has generally been avoided by the media, which prefer not to become involved in the politically sensitive issue of "blame" for the disintegration of the ceasefire. Moreover, the press has consistently given more prominence in covering the issue of the ceasefire to American charges of North Vietnamese infiltration and reminders of Communist capability of launching a new military offensive, than to the actual military actions of the two sides after the agreement went into effect.

What most of the American public has not been told is that the primary responsibility for the absence of a ceasefire, as well as for the present level of fighting, must rest squarely on the Saigon government and the Nixon Administration, which, by its silence on Saigon's actions and by its threats of reintervention, has encouraged Thieu to stay on the offensive.

The Paris Agreement could have provided a peaceful political process for resolving the conflict if Washington had seen it as in its interest to help make it effective. For the fact is that the leaders of North Vietnam and the Provisional Revolutionary Government (PRG) had a positive interest in seeing it work. The agreement, if implemented, would have provided not only a legal framework for a political solution which deprives Thieu of his claim to be the sole and final arbiter of the nation's political future, but also the peaceful conditions under which the PRG could carry on a successful campaign of political struggle against Thieu while reconstructing its own economically shattered and demographically weakened zone in Vietnam.

When it signed the Paris Agreement, therefore, Hanoi embarked on a new phase of its revolutionary strategy in the South: slowly to rebuild its own revolutionary forces while bringing about a weakening of Thieu's hold on the population through political means. A top secret directive, issued in January 1973 by the Lao Dong Party's Central Office for South Vietnam and captured by Saigon's forces soon after, made it clear that the Hanoi and PRG leaders wanted the ceasefire to work in order to pursue this strategy of political struggle. As translated by the U.S. Mission, it called on cadres in the South to mobilize the people for political struggle in order to 'create basic conditions to guarantee the implementation of the agreement, maintain peace, and enable the revolution to continue its march forward."

The People's Liberation Armed Forces (PLAF) were not to attempt to improve their military or territorial position but to "firmly maintain our new strategic deployment by protecting our base areas and liberated areas, protecting our party, administration and people, [and remaining] ready to take the initiative in any circumstances to smash the enemy's plot to resume hostilities."

This basic strategy, which was supported by more specific directives to military units to observe the ceasefire during the first sixty days, gave the Nixon Administration the opporunity to avert a military resolution of the conflict it had always claimed it wanted to gain. But that would have meant making it clear to Thieu that the United States would not tolerate blatant violations of the ceasefire by Saigon's forces. And the Nixon Administration was apparently not prepared to put any such limitations on Thieu. Instead, when the ceasefire deadline arrived, the Administration continued to arm Thieu as he ordered his forces to go on the offensive all across the country.

In order to regain control of the highways, Thieu mobilized a number of infantry regiments to smash through the PRG roadblocks and clear opposing forces from strategic hills, along the roads—operations which in some cases went on for more than two weeks. On the Central Coast, at Sa Huynh, Quang Ngai Province, where the PRG had captured a potenial seaport the night before the ceasefire deadline, Saigon launched a three-week offensive on January 28, 1973, to retake the area. And in Quang Tri, ARVN Marines launched what was officially described as a "last minute" offensive against a key PLAF naval base at the mouth of the Cua Viet River. While they claimed the remarkable feat of having captured the base just two minutes before the ceasefire deadline, no outside observer was there to verify the claim, and it is doubtful that they ever did gain full control of the base, since they were reported the following day to have retreated with heavy losses.

The Saigon government also tried to grab as many villages as it could following the ceasefire deadline. One American official told *The Washington Post* that about 350 hamlets had been seized by the PRG *before* the deadline and that it took Saigon about three weeks to recapture all of those hamlets as well as some controlled by the PRG for much longer periods. Moreover, those PRG villages which could not be entered on the ground were subjected to air and artillery attacks wherever they were in range of ARVN bases or the South Vietnamese air force.

Perhaps the most significant aspect of this offensive, however, was that Thieu ordered his troops to begin to move back into areas which had been lost during the 1972 offensive, when ARVN was forced to pull back from hundreds of posts around the country where it had been overextended. ARVN troops moved into both the PRG zone and contested areas to build new permanent military outposts and thus try to establish control over the area, in violation of Article Two of the cease-fire protocol, which provides that there can be "no major redeployments or movements that would extend each party's area of control."

For example, ARVN built new outposts all along Route Four between My Tho and Vinh Long, making that area one of the major battlegrounds throughout 1973. In nearly Kien Hoa province, ARVN troops constructed outposts in a well-established Communist base area near Giong Trom. Other such operations in the Mekong Delta as well as on the Central Coast, in places where Saigon had lost ground in 1972, were the subject of many PRG demands for investigations by the International Control Commission; they were also the cause of much of the fighting. As the U.S. Defense Attache's Office admitted to Senate Foreign Relations Committee investigators in April 1973, Saigon had "initiated several operations designed to expand areas of control," to which the PRG had "reacted strongly."

After two months during which the PLAF had deliberately maintained a low profile, foregoing the use of main force units in defending against Thieu's "nibbling operation," the Lao Dong Party issued a second directive that discussed the problems which had arisen since the agreement was signed and how to deal with them. This document, published by the U.S. Mission in September and, like the earlier directive, ignored by the American press, revealed even more clearly how the PRG's military policy was related to its long-term revolutionary strategy. Pointing out that the situation in the South was "not yet stable" due to the "police operations and aggression and infringement" by the Saigon government, the directive nevertheless reaffirmed the strategy of "mobilization of the masses to stand up in large numbers and struggle" so as to "force the enemy to implement, step by step, the ceasefire agreement, even though he might be totally obstinate. . . ."

As for the PLAF, the directive specified that when Saigon's forces attacked, it had to "fight back and eradicate the enemy," but that any military response had to contribute to the political objective of strengthening the Paris Agreement: "We are not opening a military campaign of attacks everywhere; we only attack to extinguish plots of destruction and obstruction. to force the enemy to implement the ceasefire and the Agreement and not to prolong the war or to return to the war of the past."

Despite the Kissinger-Tho communique of June 13, 1973, calling anew for the full implementation of the ceasefire and the political provisions of the Paris accord, reporters in Vietnam found that Saigon's commanders had received no ceasefire orers. Instead, Saigon's offensive operations were noticeably stepped up.

In one of the most significant offensives, two regiments of Saigon's Twenty-second Infantry Division and three battalions of rangers were moved into Northern Binh Dinh Province in August and September to seize twenty square miles of riceland from the PRG. The heavy fighting in this area during these months had been routinely attributed by ARVN spokesmen in Saigon to North Vietnamese attacks. But then Thomas Lippmann of *The Washington Post*, tipped off by a U.S. official who feared that the ARVN offensive in Binh Dinh was going to trigger a major military response in the area by the Communists, went to Binh Dinh to get the real story from ARVN officers themselves. Similar land-grabbing operations were carried out during the summer in Quang Nam and Quang Ngai provinces.

Despite the fact that Thieu had been able to violate the ceasefire with relative impunity, at least in terms of American reactions, it now seems clear that by the autumn of 1973 South Vietnam's president, who had never made any secret of his hostility toward the agreement, wanted to return to a situation of all-out warfare as soon as possible. He hoped it could be presented as Sagon's response to an offensive by the other side.

There were apparently several considerations which weighed heavily in Thieu's decision to move toward an early and open break with the Agreement. First, the very fact that he had to continue negotiating with the PRG over the political outcome in South Vietnam impaired his regime's legitimacy and lent credence to the idea that there were indeed two administrations in the country, as the PRG claimed. These negotiations, and the National Council of National Reconciliation and Concord to which they were intended to lead, also implied that his own government's sovereignty was only temporary—even in his own zone. Second, his defiance of the provisions of the Paris Agreement which called for the restoration of democratic freedoms was the subject of sharp political attacks by the opposition in Saigon, who also charged that his carefully rigged Senate elections on August 27 violated the spirit of the Agreement. Thieu was clearly irritated by these criticisms and felt that he was being put on the political defensive.

Probably more important in Thieu's calculations, however, was his feeling that Saigon faced a military showdown with the Communists at some point anyway, and that it might as well come early, when, if he could obtain U.S. air support, it would be on his terms. Seeing the growing mood of noninvolvement in the United States as well as the deepening political crisis of his primary ally, Richard Nixon, Thieu recognized the indefinite continuation of limited war as dangerous to him in the long run.

Thieu had to reopen the possibility of American bombing in Indochina, which Congress had at least temporarily closed during the summer of 1973. His strategy for bringing about the complete breakdown of the agreement and a return to full-scale war with U.S. air support consisted of (1) a concerted propaganda campaign to create American anticipation of a Communist offensive, and (2) the launching of his own "preemptive" attacks against the other side, which he hoped would provoke a significant Communist military response. *Any* Communist attack could then be portrayed to the American public as the start of the alleged Hanoi offensive.

It was a desperate strategy, but it could succeed if Thieu were able to persuade the Western press to concentrate on speculation about an imminent Communist offensive rather than on covering his own offensive operations. Thus, at the beginning of October, he launched his campaign to focus media attention on an alleged Communist plan for a "general offensive," which he said would come early in 1974. U.S. intelligence analysts concede that these charges came at a time when there was no evidence whatsoever of any such plan. Traveling from one military base to another, Thieu coupled his charges with calls for "preemptive attacks" by ARVN units against the Communist forces in their areas. The results were soon apparent: Saigon's air force, without any public announcement, vastly increased its bombing attacks on the PRG zone, especially in Tay Ninh, Gia Dinh, and Bien Hoa provinces north of Saigon, portraying these sorties to correspondents as "preventive attacks."

At the same time, ARVN troops launched new offensive operations into PLAF base areas, not simply to expand Saigon's areas of control but to attack PLAF main force units, presumably in order to provoke Communist attacks in response. At the end of September, three battalions of Regional Forces and two of the Twenty-fifth Infantry Division were ordered to assault a long-standing PLAF base area in Tay Ninh Province, where they were ambushed and had to retreat with heavy losses, as ARVN soldiers told reporters in Tay Ninh after the battle. The Saigon spokesman charged, however, that a Communist regiment had attacked two ARVN battalions at their base, and the Thieu government continues to cite this battle as a major Communist violation of the ceasefire.

For their part, the Hanoi and PRG leaders had decided by the beginning of October that they had to push back harder in response to Saigon's military pressures against PRG territory, which had been reduced by then by as much as five to ten per cent of its original area at the time of the Agreement. Directives went out at the beginning of October to local units to punish Saigon's offensive operations by attacking not only the units so engaged but their rear bases as well. The directives added, however, according to U.S. intelligence analysts, that the purpose of such counterattacks was still limited to punishing Saigon's ceasefire violations and that they must not cause the breakdown of the ceasefire itself.

The PLAF then began to roll back some of Saigon's earlier expansion into the PRG zone. On October 12, ARVN troops were forced to withdraw from Bach Ma outpost, which they had established on a previously unoccupied mountain top after the ceasefire in an effort to push beyond the ceasefire line in Thua Thien Province. (Saigon has since claimed this to be another major Communist violation of the ceasefire.) The PRG also claimed, in October, to have forced Saigon troops to retreat from a number of posts built since the ceasefire in My Tho and Kien Phong provinces.

Finally, on November 4, the PLAF overran the newly built ARVN bases in Quang Duc as well as two of the three pre-ceasefire bases in the province, one of which was the command post for ARVN's military operations there. Two days later, the PLAF overran the last ARVN military outposts in Quang Duc and launched a rocket attack against Bien Hoa air base, the source of the heavy bombing attacks on PRG villages and military units in the Third Military Zone.

The Thieu government immediately seized on these PLAF counterattacks to move another step toward an open rupture and renunciation of the entire Agreement. Declaring that the "Third Indochina War" had begun, Saigon ordered fifty air force planes to bomb civilian targets in Loc Ninh, the only PRG town which has direct communications with Saigon via the twice-weekly flights under the auspices of the Joint Military Commission. Then, in a broadcast on November 8, Saigon Radio quoted a military spokesman as threatening to "launch operations deep into their sanctuaries" to punish alleged PRG violations of the ceasefire. And on the same day, the Saigon press spokesman said his government's policy was to respect the Agreement "as long as its good will allows." When pressed to clarify the statement, he said, "If they launch a big offensive—and small attacks around the country could also be considered a big offensive—the negotiations can break up."

The Loc Ninh bombing, and the two statements which came on its heels, were clear signals that the Saigon government wanted to find a pretext for breaking off the negotiations and that they were ready to renounce any limitation on their military activities. They anticipated later statements by Thieu to the same effect. On December 28, Thieu said that he wondered "whether or not we should continue to be at the bargaining tables." And on January 4 of this year, Thieu, again raising the specter of a Communist offensive—now discounted by U.S. intelligence—ordered his troops to carry out operations "in the areas where their army is now stationed" and declared, "As far as the armed forces are concerned, I can tell you the war has restarted."

Thieu's open defiance of the Paris Agreement clearly reflects the fact that he has been given a virtually free hand by the Nixon Administration. In addition to replacing everything Thieu's forces have used up on the battlefield, the Administration seems bent on increasing his military strength. Disregarding Article Seven of the Agreement regulating "piece by piece" replacement of military equipment, the Pentagon has decided to supply Saigon's air force with F–5E aircraft, which are far more advanced than the F–5A's they now have. (Article Seven permits only the provision of weaponry "of the same characteristics and properties" as those being replaced.)

The New York Times has reported $813 million in U.S. military aid being sent to Thieu in fiscal 1974, and Pentagon plans for $1 billion more thereafter to enlarge and modernize Saigon's forces. Some 8,000 "civilian" advisers and technicians have been provided to assist Thieu's military and police for three to five more years. On top of all this, the Secretary of Defense has promised to ask Congress for authorization to intervene with air power in the event of a Communist offensive.

Saigon's complete military and economic dependence on Washington gives the United States the key to peace in South Vietnam. But while Secretary of State Kissinger insists that Hanoi's suppliers restrain the Communist forces, the United States is giving Thieu the green light to wage unlimited war against the PRG. Whether or not this reckless gamble results in the renewal of American military involvement, for which Thieu so fervently hopes, the main victims of the Kissinger-Nixon-Thieu policy are once again the Vietnamese people, who are being cheated of the peace they were promised a year ago and instead subjected to savage and unending war.

[From the New York Times, Feb. 25, 1974]

Vast Aid From United States Backs Saigon in Continuing War

(By David K. Shipler)

Saigon, South Vietnam, February 16.—Ray Harris of Ponca City, Okla., has come back to Vietnam. This time he is not behind the machine gun of an Army helicopter but behind a workbench at Bien Hoa air base, sitting next to South Vietnamese Air Force men and repairing jet fighter engines.

Mr. Harris is a civilian now, safer and better paid. But his changed role in the continuing Vietnam war has scarcely diminished his importance, for as a 27-year-old jet-engine mechanic he remains as vital to the South Vietnamese military as he was in 1966 as a 19-year-old helicopter gunner.

He is among 2,800 American civilians without whose skills South Vietnam's most sophisticated weapons would fall into disrepair. Employed by private companies under contract to the United States Defense Department, these men constitute one facet of a vast program of American military aid that continues to set the course of the war more than year after the signing of the Paris peace agreements and the final withdrawal of American troops.

Whether the United States is breaking the letter of the agreements could probably be argued either way. But certainly the aid directly supports South Vietnamese violations and so breaks the spirit of the accords.

The United States, far from phasing out its military involvement in South Vietnam, has descended from a peak of warfare to a high plateau of susbtantial support, dispatching not only huge quantities of weapons and ammunition but also large numbers of American citizens who have become integral parts of the South Vietnamese supply, transport and intelligence systems.

These include not just the Vietnam-based mechanics and technicians but also the Pentagon-based generals who tour airfields to ascertain the needs of the South Vietnamese Air Force, the "liaison men" who reportedly give military advice from time to time, the civilian Defense Department employes who make two-to-three-week visits to provide highly specialized technical help, and the Central Intelligence Agency officials who continue to advise South Vietnam's national police on intelligence matters.

The total budgeted cost of military aid to South Vietnam is $813-million in this fiscal year, and the Pentagen has asked Congress for $1.45-billion next year, with most of the increase probably going for ammunition, which the South Vietnamese forces have expended at a high rate.

TRUE COST EVEN HIGHER

The true costs of the military support probably rise considerably above the official figures. Some of the aid, for example, comes in through economic programs that dump millions in cash into the Saigon Government's defense budget. And other costs—salaries of Pentagon technicians who make special visits, for example—are hidden in the vast budgets of the United States Air Force, Army and Navy and are not labeled "Vietnam."

These valuable military goods and services have a sharp political impact. They are indispensable to the South Vietnamese Government's policy of resistance to any accommodation with the Communists. Militarily, the extensive aid has enabled President Nguyen Van Thieu to take the offensive at times, launching intensive attacks with artillery and jet fighters against Vietcong-held territory.

Furthermore, the American-financed military shield has provided Mr. Thieu with the muscle to forestall a political settlement. He has rejected the Paris agreements' provision for general elections, in which the Communists would be given access to the press, permission to run candidates and freedom to rally support openly and without interference from the police.

VIETCONG MAINTAIN PRESSURE

Mr. Thieu has offered elections, but without the freedoms. The Vietcong, refusing to participate unless the freedoms are guaranteed, have maintained military pressure throughout the country, mostly with artillery and rocket attacks on Government outposts and, from time to time, with devastating ground assaults against Government-held positions.

United States intelligence officials contend that continuing American aerial reconnaissance, as well as prisoner interrogation and radio monitoring, shows that the North Vietnamese have sent thousands of troops and hundreds of tanks and artillery pieces south in violation of the Paris agreements. They have also refurbished a dozen captured airfields and built a large network of roads that threatened to cut South Vietnam in two.

Yet in battle the Communists appear more frugal with ammunition than the Government troops, who have been seen recently by Western correspondents spraying artillery across wide areas under Vietcong control as if there was no end to the supply of shells. This difference has bolstered the view of some diplomats that China and the Soviet Union, unwilling to support an all-out offensive now, have placed limits on the rate of resupply to Hanoi.

Amid the political stalemate then, the inconclusive war continues.

KEEPING JETS IN THE AIR

Ray Harris is at his workbench in the huge engine shop at the Bien Hoa air base just north of Saigon. He works for General Electric, which manufactures the jet engine that drives the Northrop F-5 fighter, the mainstay of Saigon's air force.

He hunches over a circular fuser assembly, the last part of the engine before the afterburner. The assembly is invisibly cracked, and Mr. Harris is using a machine about the size of a dentist's drill to grind down the metal so the crack can be welded.

There are Americans everywhere in the shop, which is devoted to repairing and overhauling fighter and helicopter engines. There is virtually no workroom or machine or assembly line where Americans are anything less than essential parts of the process. Although a few are training Vietnamese to take over the work eventually, most are simply doing the work, especially the highly technical jobs, themselves.

The line where rebuilt jet engines are finally assembled, for example, looks more like a factory somewhere in the United States than a shop belonging to the Vietnamese Air Force. Eight or 10 Americans work on several engines, and not a Vietnamese is in sight.

There are 25 Vietnamese assigned here, a technician says with a shrug, but he adds, "I never see them."

OUTPUT IS KEPT HIGH

Ken Martin of G.E. is crouching with another American behind a jet engine that he has just assembled himself in four 12-hour days. Without the American technicians, he says the shop could produce no more than 40 per cent of what it does. Another American, asked what would happen if he and his colleagues pulled out, replied, "This would turn into a big Honda repair shop."

As self-serving and exaggerated as these assessments seem, they underscore the long-term military role that American civilians will have to play if the South Vietnamese are to have continued use of their complex weapons.

Without long training, mechanics in any modern air force probably could not match the skills of the American technicians, most of whom are not young Vietnam war veterans like Mr. Harris but seasoned experts who have been building and rebuilding engines for years on bases here in in the United States.

"Most of our people—this is the only work they've ever done," said Glenn Miller, the 47-year-old G.E. supervisor at the shop. Mr. Miller has 22 years' experience with the company, all on jet engines.

His men are so vital that they—and those working on helicopters for Lycoming Aircraft—were all placed on 12-hour shifts last month during the week before Tet, the Lunar New Year holiday. Their objective was to get as many aircraft flying as possible, Mr. Miller explained, to be ready for any Communist offensive.

ABOUT $1,000 IN A LONG WEEK

Mr. Miller figures that with overtime and other bonuses, some of the men made $1,000 apiece that week.

High pay is cited by many of the civilians as the main reason for their choice of Vietnam as a place of work. After a year on the job G.E. employes get double their base salaries, bringing the average pay to $20,000 or more, plus $16 a day for food and lodging—an annual total in excess of $25,000.

Since living costs are low by American standards, and since the employes do not have to pay any Federal income tax on $20,000 a year if they are off American soil for at least 18 months, many say they save a good deal of money. Some add that the money has become a silent source of resentment among the Vietnamese Air Force men, who earn only $10 to $35 a month.

This, plus profound war-weariness, has made many Vietnamese men difficult to teach, the contractors say. "They are only kids, all of them—they don't want to be in the military to begin with," said Elmer Adams, a former United States Air Force man who works for Lycoming supervising helicopter repairs.

"It's a lack of desire," said a technician for Cessna Aircraft working at the Da Nang air base. "They're been under so much pressure for so long they just want peace. They're peace-minded."

CRITICISM OF AMERICANS

It was said sympathetically, and the Cessna man went on: "All they know is that Americans came over here and tore up their country, unrooted their villages and now they're looking for food."

Gilbert Walker, another technician, who asked that his company not be identified, observed: "The people I talk to in town care very little about the form of government they have. I guess I don't feel much difference. I don't feel too much admiration for the present Government."

In that case, he was asked, why is he helping the South Vietnamese carry on the war? "I work for my company and I try to keep the aircraft flying," he replied. "I'm working on helicopters, that's all I know. Sometimes I sit back and think, What's it all for, what's the good of it all? It seems like an exercise in futility, what I'm doing."

Futile or not, the Americans' work has carried some of them to positions of considerable authority in the South Vietmanese military supply system. The South Vietnamese still call many of them "co van," which means "advisers," and the American office at the Da Nang base has a big sign over the door that reads, "Co Van."

The Americans often come to identify closely with their jobs, perhaps taking more responsibility than their contracts call for. In a revealing slip of the tongue, Mr. Adams of Lycoming looked around the Bien Hoa engine shop and remarked, "We're in the process—they're in the process, rather—of reorganizing the shop."

MANY STILL ON PAYROLL

The fact is that supply and transportation have remained an American operation. "We Vietnamized logistics," said a Defense Department official based in Saigon.

That is reportedly the principal reason the United States Defense Attache's Office—originally scheduled to be dismantled early this year—still contains about 1,150 people, of whom 50 are military men, according to official figures.

In addition, the reduction in the number of Americans working for private defense contractors has halted, allowing the figure to level off at approximately 2,800, down 2,200 since July, according to a spokesman for the Defense Attaché's office.

The logistics effort—provision of maintenance, ammunition, weapons, trucks, fuel, electronics parts and the like—is now the basis for the Americans' most pervasive and intimate contacts with the South Vietnamese military. Depending on how such terms as "military" and "advisers" are defined, there is evidence that the contacts occasionally cross into areas of relaitonship prohibited by the Paris agreements.

"The United States will not continue its military involvement or intervene in the internal affairs of South Vietnam," Article 4 of the cease-fire agreement declares.

"TOTAL WITHDRAWAL"

Article 5 says: "Within 60 days of the signing of this agreement, there will be a total withdrawal from South Vietnam of troops, military advisers and military personnel, including technical military personnel and military personnel associated with the pacification program, armaments, munitions and war material of the United States and those of the other foreign countries mentioned in Article 3(a). Advisers from the above-mentioned countries to all paramilitary organizations and the police force will also be withdrawn within the same period of time."

According to both American and South Vietnamese officials, the American civilians—both employes of private companies and those of the Defense Department—who help with supply activities not only see that the South Vietnamese get the equipment and ammunition they ask for but also advise them on what to ask for.

Some of these activities came to light as a result of the capture by the Chinese last month of a former United States Army Special Forces captain, Gerald E. Kosh, who was aboard a South Vietnamese naval vessel during a two-day battle with Chinese forces in the Paracel Islands, in the South China Sea.

Mr. Kosh, who was taken prisoner and later released, was described by a spokesman for the United States Embassy as a "liaison officer" with the South Vietnamese military whose job was to observe the efficiency of various army, navy and air force units and report to the Pentagon.

American officials steadfastly refused to provide further details of Mr. Kosh's job. They would not say exactly what he was supposed to observe or whether his reports were ultimately shared with the South Vietnamese. They did say that there were 12 such liaison men based in various parts of Vietnam.

EXTENT OF ROLE UNCLEAR

What is not clear is whether they confine their observations to such matters as the condition of equipment and the rate of ammunition expenditure, or whether they evaluate military tactics and strategies and go so far as to suggest alternatives.

What is fairly certain is that their reports end up in the hands of the South Vietnamese, perhaps providing indirect advice of one sort or another.

A South Vietnamese officer in a position to know said recently that normal procedure called for an American and a South Vietnamese to make an inspection or auditing tour of a military unit together. Then they write up their reports, sometimes separately, sometimes together. The reports, he said, are forwarded up the chain of command in the United States Defense Attaché's Office, which then relays copies of them to Lieut. Gen. Dong Van Khuyen, head of the Logistic Command for the South Vietnamese Joint General Staff.

More direct, overt advice is sometimes given by zealous Americans who are still stationed in every province. An embassy official reported recently that an American based in one province boasted to him about a successful military operation: "I told them to clear the Communists out of there."

Actually, South Vietnamese military men do not seem anxious for such guidance, noting with some pain that their country has suffered for years under American advice. What they want from the United States is military aid.

SIX GENERALS PAY A VISIT

Clearly, the Pentagon continues to attach high priority to the success of the South Vietnamese military. Last fall a group of six Air Force generals based in the Pentagon visited the Da Nang air base to find out what equipment and aid were needed, according to the base commander, Lieut. Col. Nguyen Tan Dingh. He said they were scheduled to come again this month.

A few weeks ago two civilian employees of the Air Force—one based in Hawaii and the other in Texas—were flown to Vietnam for a short stay so they could give advice on the repair and upkeep of plants that manufacture oxygen for jet fighters. One said he had been in and out of Vietnam frequently on similar missions since 1964, the other since 1968.

Although the Paris agreements explicity rule out advisers to the police force, the South Vietnamese National Police continue to receive regular advice from Americans.

In a recent conversation with this correspondent, two high-ranking officers said they and their staffs met frequently with the Saigon station chief of the C.I.A. and his staff. Sometimes, they said, the C.I.A. chief asks the police to gather intelligence for him, and often they meet to help each other analyze the data collected.

A police official confirmed that in some provinces "American liaison men" who work with the police remain on the job. "There are still some, but not so many," he said.

EPISODE IN POLICE STATION

Local policemen still refer to "American police advisers," according to James M. Markham, Saigon bureau chief of The New York Times, who was detained by the police late in January after a visit to a Vietcong-held area.

Mr. Markham said that in both Qui Nhon, where he was held overnight, and Phan Thiet, where he was detained briefly while being transferred to Saigon, policemen, talking among themselves, referred to the "police adviser." In Phan Thiet, he reported, a policeman was overheard saying, "Let's get the American police adviser over here."

In the last six weeks The New York Times has made repeated attempts to interview officials in the United States Agency for International Development who are responsible for American aid to the police. Although the officials appeared ready to discuss the subject, they were ordered by the United States Ambassador, Graham A. Martin, to say nothing.

In the absence of official United States figures, the best information on police aid comes from Senator Edward M. Kennedy, who calculated that as of last June 30 the Agency for International Development and the Defense Department has spent $131.7-million over the years for police and prisons in South Vietnam. Despite a Congressional ban on such assistance enacted last December, such support has continued, according to American officials, but they say that no decision has yet been made on how to phase out the programs.

Section 112 of the new foreign aid bill reads: "None of the funds appropriated or made available pursuant to this act and no local currencies generated as a result of assistance furnished under this act may be used for the support of police or prison construction and administration within South Vietnam, for training, including computer training, of South Vietnamese with respect to police, criminal or prison matters, or for computers, or computer parts for use for South Vietnam with respect to police criminal or prison matters."

TRAINING IN WASHINGTON

South Vietnamese policemen are reportedly still being trained at the International Police Academy in Washington, and technical contracts with private companies that provide computer services and communication equipment have not been terminated.

Senator Kennedy reported that the Nixon Administration had requested $869,000 for the current fiscal year for police computer training, $256,000 for direct training of policemen, $1.5-million for police communications and $8.8-million for police equipment, presumably weapons and ammunition, from the Defense Department.

Although these figures are not normally included in the totals for military aid, the police here have military functions, and engage in infiltration, arrest, interrogation and torture of Communists and political dissidents.

This activity violates the cease-fire agreement, which states in Article 11: "Immediately after the cease-fire, the two South Vietnamese parties will . . . prohibit all acts of reprisal and discrimination against individuals or organizations that have collaborated with one side or the other, insure . . . freedom or organization, freedom of political activities, freedom of belief."

INTERVIEWS ARE REFUSED

Not only has Ambassador Martin ordered American officials to remain silent on the subjects of military and police aid; both he and the Defense Attaché, Maj. Gen. John E. Murray, refused requests by The New York Times for interviews. Furthermore, the embassy told at least two private companies—Lear-Siegler, which employs a large force of aircraft mechanics here, and Computer Science Corporation, which works on military and police computer systems—to say nothing publicly about their work, according to company executives.

The official nervousness is attributed by an embassy employe to the Nixon Administration's apprehension about the inclination of Congress to cut aid to South Vietnam. The Ambassador has reportedly told several non-Government visitors recently that South Vietnam is in a crucial period and that he sees his role as unyielding support to build up and preserve a non-Communist regime.

He is reported to have pressed Washington to provide new weapons for Saigon to counteract the infiltration of troops, tanks and artillery from North Vietnam since the cease-fire. For example, plans have been made for the delivery of F–5E fighter planes to replace the slower, less maneuverable and less heavily armed F–5's, many of which were rushed to South Vietnam in the weeks before the cease-fire.

VIOLATION IS CHARGED

Privately, officers in the International Commission of Control and Supervision scoff at the American contention that supply of the planes does not violate the Paris agreements, which permit only one-for-one replacement of weapons "of the same characteristics and properties." A high-ranking official of one of the non-Communist delegations, asked recently if he thought the United States was faithfully observing the one-for-one rule, replied, "Of course not."

There is nothing the commission can do about it without permission from both the South Vietnamese Government and the Vietcong to investigate, and permission is unlikely to be forthcoming from the Saigon side. Similarly, the commission has been unable to audit other incoming weapons and ammunition for both sides. During the first year after the cease-fire, the United States provided South Vietnam with $5.4-million worth of ammunition a week, apparently unaccompanied by pressure to restrain military activities.

Several weeks ago Elbridge Durbrow, who was Ambassador to South Vietnam from 1957 to 1961, came to Saigon and met with Ambassador Martin and General Murray, Mr. Durbrow, who denounced the Paris agreements and who declares, "I am a domino-theory man," was asked by newsmen whether the American officials had indicated that they were trying to keep South Vietnam from violating the cease-fire.

"Not from anybody did we hear that," he replied. Then, referring to General Murray, he said: "He's not that kind of man at all—just th opposite. If you are not going to defend yourself you might as well give up and let Hanoi take over."

ENERGY IDEAS FROM CALIFORNIANS

Mr. CRANSTON. Mr. President, Washington, D.C., is not the only place where people are doing serious thinking about the energy crisis. Not by any means.

My mail last month was full of good ideas from Californians for conserving our fuels and for developing new sources of energy. I ask unanimous consent that just a few of the hundreds of interesting ideas that were sent in to my Washington office be printed in the RECORD.

There being no objection, the suggestions were ordered to be printed in the RECORD, as follows:

ENERGY IDEAS FROM CALIFORNIANS

"My husband changes the oil in our car every 4,000–8,000 miles. What happens to all that discarded oil? Can it be re-cycled for heating purposes? If service stations can collect and re-cycle motor oil, how about the thousands like us who change their own oil? Depots could be set up where people could discard used oil."—Mrs. Juanita Hendrickson, Smith River.

"Why do businesses have to keep their outside advertising lights long after they are closed at night? Why do billboards have to be lit? In a city the size of San Jose, the savings from turning off outdoor lighting displays would be enormous."—Elizabeth Fortin, San Jose.

"By making California's right turn on red light legal across the country, we could minimize idling and excessive stop-and-start traffic, thus conserving gasoline. Also synchronize all traffic signals to facilitate traffic flow.—John Patton, Los Gatos.

"I recently visited Israel and saw solar heaters in wide use heating water for households. I would think heaters of this type could be similarly used in the United States as well—at least in the southern states."—Rudolf Steiner, Los Angeles.

"The underground gasification of coal is an extremely promising remedy for many of our energy problems. In this process two or more wells are driven into the strata which contain veins of coal. Air or oxygen is pumped down through one of these wells and the coal is set 'afire.' The burning process is incomplete so the gases which emerge from the second well are rich in the chemical constituents of fuels."—James Goodykoontz, Santa Monica.

"The Indianapolis 500 should be changed to make awards based on miles-per-gallon per pound weight of car, rather than speed. This would stimulate the auto industry to produce a true economy car and reduce the potential for fatal accidents like last year."—John Walling, Sunnyvale.

"How about a federal employees shuttle bus system in communities where large numbers of federal buildings and installations are located? In Los Angeles where there are ten major federal locations, a minimum of 6 buses could move thousands of federal employees to and from work with enormous savings in fuel and reduced air pollution."—John M. Embry, Inglewood.

"In El Cajon they're creating methane gas from garbage. The same is being done with sewage at Huntington Beach and the methane gas created runs their municipal industrial plants. The know-how already exists. So does an unlimited and perpetual source of raw material. All that is missing is the will and the money—two problems that Congress could solve in a hurry."—John E. Harrison, Oceanside.

"The Navy has run torpedoes on pure alcohol for 50 years. Many other machines have been run effectively with a mixture of gasoline and alcohol. Alcohol and similar gases and liquids can be produced from sugar, grain, silage, garbage, wood, etc. Why not a new fuel?"—Rear Admiral R. H. Rodgers, USN, Ret., San Diego.

"Use of alcohol for auto fuel would eliminate air pollution. It would also solve the gasoline crisis. Conversion of auto engines to use alcohol would create many jobs. Race car fuel even now is largely methanol, a refined wood alcohol."—Lyle Litton, Auburn.

"At the Lawrence Berkeley Laboratory, we are saving one half to two-thirds of our fuel bill in certain buildings by shutting down the heat systems at night and on weekends, and by lowering the room thermostats. Another area where a significant savings can be made is in the use of pilot lights which continuously burn gas. It is estimated that such pilot lights waste the equivalent of one-sixth of a million barrels of gasoline per day."—Andrew M. Sessler, Director, Lawrence Berkeley Laboratory, Berkeley.

"Has anyone given thought to the practicality of using our Navy ships to generate power in coastal cities? I don't mean the nuclear ships so much as the turbo-electrics and the "mothballed" steamers. They produce a large amount of electricity and have been used on occasion to furnish power in disaster areas."—E. R. Stowell, Oakland.

EXTENSION OF USDA SPECIAL AUTHORITY TO PURCHASE FOODS AT MARKET VALUE FOR DISTRIBUTION TO EDUCATIONAL AND CHARITABLE INSTITUTIONS

Mr. DOMENICI. Mr. President, recently the Department of Agriculture has clearly indicated its intention to discontinue the purchase of commodities which have been of so much benefit to American schools, charitable institutions and summer camps for children. I view this development with mixed emotions for I have supported the concept of conversion to a system of "target prices" rather than the direct purchases used in the Department's past market administration programs. The loss to New Mexico school children of in excess of $2 million per year of USDA donated foods is alarming. It is somewhat offset by USDA's plans to provide 7 cents per school lunch to each school to purchase foods to replace the last distribution. School lunch officials in New Mexico fear that rising wholesale food costs and their lack of comparative volume buying power will significantly reduce the purchasing power of this 7 cents.

Additionally, I am unaware of any USDA plan to provide money in lieu of the foods now going to charitable institutions and summer camps for children. The New Mexico Legislature is aware of these potential losses and has addressed them in House Joint Memorial No. 14 which was signed by Gov. Bruce King in February of this year. I share this concern and ask unanimous consent that this joint memorial be printed in the RECORD.

There being no objection, the joint memorial was ordered to be printed in the RECORD, as follows:

HOUSE JOINT MEMORIAL NO. 14

A joint memorial requesting the Congress of the United States to enact legislation extending the authority of the United States Department of Agriculture to purchase food items at market prices for distribution to the needy and to educational and charitable institutions

Whereas, the United States department of agriculture has had increasing difficulty in acquiring the variety and quantities of various food items that they historically have been purchasing and distributing to needy persons in households, schools operating a non-profit food program, charitable institutions, orphanages, child care centers and similar agencies serving the needy; and

Whereas, the restrictive provisions of the Agriculture and Consumer Protection Act of 1973 imposed limitations on the variety and quantities of food that could be purchased for food distribution programs, and, to alleviate this problem, congress enacted Section 4(a) of Public Law 93–96 to authorize the department of agriculture to purchase food at market prices until June 30, 1974; and

Whereas, an extension of Section 4(a) of Public Law 93–86 is needed to allow the food help programs for the needy, the school and institutional recipient agencies and other food programs to reap the benefits of the ability of the United States department of agriculture to purchase in volume based upon expert guidance on the availability and quality of food;

Now, therefore, be it resolved by the legislature of the State of New Mexico that the congress of the United States be requested to enact legislation to extend the provisions of Section 4(a) of Public Law 93–86 until June 30, 1975 or any later date; and

Be it further resolved that copies of this memorial be transmitted to the speaker of the United States house of representatives, the president pro tempore of the United States senate, Senators Brooke, McGovern and Kennedy and to the New Mexico delegation to the Congress of the United States.

NATIONAL STUDENT LOBBY

Mr. HUMPHREY. Mr. President, last evening I had the special privilege of addressing the third annual conference of the National Student Lobby. This organization, sprung from early successful student lobbying efforts in California, has a membership of 300 colleges and universities and more than 2.4 million students from across the country.

These young people have determined that they have a stake in the policies of government. They have set about to make known their views on issues which vitally affect their ability to take advantage of meaningful educational opportunities.

Delegates to the conference will converge today on the offices of Senators and Congressmen to express their concerns on a number of specific issues, such as problems of skyrocketing tuition, the need to continue guaranteed student loans, proposed reductions in college work-study funds, assuring a full minimum wage for students and young people, and instituting reduced air fares where feasible. As citizens, voters, and, very often, taxpayers, these students have a right to be heard. I urge my colleagues here and in the House to listen to the voices of these young people.

Mr. President, I call to the attention of the Senate an address by Willis Edwards, chairman of the board of directors of the National Student Lobby, as well as a Los Angeles Times article which relates to the conference which now is in progress.

I ask unanimous consent that these items, along with an open letter to Members of Congress and a congressional checklist of student concerns, be printed in the Record.

There being no objection, the material was ordered to be printed in the Record, as follows:

Speech of Willis Edwards to National Student Lobby Conference

Despite Gordon Strachan's much echoed advice that young people should stay away from Washington, we did not. We did not and we will not—we will not because we know that what happens here in Washington, on Capitol Hill and in the White House affects our lives as students and affects it daily.

When the American people did not understand the tragedy of the war in Vietnam, we as students told them. When the American people did not understand the civil rights movement, we as students told them. When the American people did not understand environmental issues, we as students told them. When the American people do not understand the crisis in education, we as students tell them—and that is why we are here.

For students when organized and when well prepared we present a formidable political *force* which cannot be ignored. NSL is such a force.

NSL is students fighting for their education, fighting for their future. NSL is students fighting the inequities in Federal aid to education that denies an education to those who need it most and can afford it least. NSL is students fighting to halt rapidly mounting tuition that causes a two-and-a-half percent drop-out rate for every $100 increase in tuition. NSL is students fighting to minimize the impact of the energy crisis on students. NSL is fighting for a decent minimum wage equal to—not less than—the going rate. NSL is students concerned with child care centers, with the problems of the Vietnam veteran, with women's rights, and discrimination against minorities.

NSL is students being heard—student's needs. NSL has been and will continue to be successful in Congress. Last year, we lobbied Congress for passage of a $1.6 billion Federal aid package for the 1974–75 school year—which meant a-half-a-billion dollars more for students this year than last. That's money—money for education. NSL has successfully lobbied Congress for passage of the Harris amendment to the higher education bill placing Congress on record as advocating students on boards of trustees. In my region alone, Valerie McIntyre has been appointed to the Oregon board of education as has Seth Bruner in California. NSL means $350 million more in supplemental student aid for undergraduates. More money for education. NSL aided in the adoption of the $1 billion basic opportunity grants program in 1972. And NSL was successful in beating back a bill, dubbed "the McDonald's plan" sponsored by business interests that would have lowered the student minimum wage to 80 percent of the regular wage. That would have cost students millions of dollars in lost wages.

NSL aided in the narrow defeat of the food stamp eligibility provision that would have declared students ineligible for food stamps unless they were on welfare or married with one or more children. NSL called for and got a congressional hearing to review the Civil Aeronautics Board decision to abolish student air fares. The Senate passed a bill based on those hearings. Though still in the House, the bill if passed means a $50 million annual savings for students. That's more money.

From air fares to scholarships, from food stamps to wages—NSL is about money. Money issues that affect us as students.

Now, once again, we are here in Washington to educate the American people about our concerns for education. We are here to actively lobby Congress on behalf of students. Our goals for this conference are clear—to make known that in an age of skyrocketing costs, Federal aid to education must increase not decrease, that tuition increases must be halted to stop the robbery of educational opportunities from all citizens. We are here to increase the minimum wage, create an awareness of the need for funding child-care centers, to protect the rights of the Vietnam veteran, to increase women's rights, and to halt the disproportionate impact of the energy crisis on the student, which means a one dollar increase in tuition for every one dollar increase in the price of a tankful of of gas.

This conference seeks to make NSL well-known—to widen our recognition with Members of Congress, to build and perpetuate our reputation as being knowledgeable of exactly what we are discussing, to emphasize the necessity of an effective on-going organization here in Washington open to input from the campuses, and to elect a board of directors from candidates who thoroughly understand the issues confronting us and are prepared to make a personal commitment to raising money, organizing regional conferences, and attending board meetings here in Washington, among other responsibilities.

Our work does not end with this conference. We must take back to our campuses what we have learned here. We must establish lobby offices on each campus, and seek out interested students. We must build and maintain an efficient communications network among campuses at the local, State, regional, and national levels to reduce our dependence on mailings from Washington. NSL on the campus level must involve itself in public interest research groups, in voter registration, with child-care centers, and with issues that affect students as individuals: political issues.

Why must we do these things? Why must this conference be a success? SIMPLY because NSL has the potential for being the most powerful lobby group in Washington and the Nation as a whole. If 2,000 schools were members of NSL—no one but no one could ignore us, our presence would be too great. There are ten million students in the United States and for as long as there are students there will be NSL to represent them—because ten million students cannot and will not go unnoticed.

We have been right too often to let anyone tell us to stay away from Washington. We know that we are right because education is the right of every American. We are here to protect that right and to insure that the injustices of the past are not repeated.

Getting Kids Off Streets and Into Congress

(By Marlene Cimons)

Washington.—Remember that dramatic moment last summer during the Senate Watergate hearings, when Sen. Joseph Montoya (D-N.M.) asked former White House aide Gordon Strachan what advice he would give young people interested in public service and in the future of their country?

Strachan, near tears, replied: "My advice would be to stay away."

Seven months have passed since those tense few seconds in the old Senate Caucus Room and Strachan's words seem to have affected some members of America's student population—but not quite the way he might have anticipated.

"I can't stay away. There's no way I can stay away," Willis Edwards said. "I have to live in this country for the rest of my life."

Edwards is chairman of the board of directors of the National Student Lobby and head of its California state operation. The lobby is a federation of state organizations, student governments and individuals who have come together at both the state and national levels to work for the interests of college and university students all over the country.

One indication of Strachan's influence on students might well be in evidence here this weekend as hundreds of members of the lobby arrive in Washington for a five-day national conference and lobbying effort. Leaders of the organization are hoping for an attendance of from 700 to 1,000, with member students paying their own way to the capital from their respective schools. There will be two days of issue workshops followed by two days of actual lobbying on Capitol Hill.

"One of the big things in the conference will be role-playing," said Arthur Rodbell, executive director of the lobby, who is based in its national office here. "We're going to bring congressmen in to work with the students, to practice with them. Then we're going to send the students right to the Hill."

One of the conference goals, Edwards said, is a mutual understanding between the lobbyist and the legislator. "We want the congressmen to take off their jackets and relax," Edwards said. "We want to try to understand what their problems are and we want them to understand what our problems are."

The lobby, which now claims a membership of 2.4 million students and 300 member schools, grew out of a 1969 effort in California.

Two state student lobbies were created then to work in Sacramento for increased student financial aid and low tuition rates and against proposed education cuts in the budget. In April, 1971, encouraged by the successful response in California, a group of students formed into a coordinating committee for a national lobbying office.

Four student advocates arrived in Washington that summer to begin work. Funding came from individual membership dues, as well as fees paid by the student governments of member schools.

"The term lobbying has had a very negative connotation in this era of Watergate, a connotation of corruption and all that goes with it—and in my mind it just shouldn't be that way," said Steve Pressman, an 18-year-old freshman at UC Berkeley, who is serving as California state coordinator for the lobby. "Lobbying is an effective way of influencing people.

"The National Student Lobby thinks of itself as consumers of education. A collective group with common goals and interests.

INTO THE SYSTEM

"The whole purpose of the lobby is to get students within the system," Pressman continued. "It's probably the only way we're going to get things done. This is a change from the early 1960s.

"This may sound like a cliche, but we're getting kids off the streets and into the halls of Congress. They don't want to get their heads beaten in. If we could get all the thousands of schools in the country, we would be the most influential lobby in Washington. That might sound idealistic, since we don't have the money of other lobbies, but we have the potential of more than 9 million students."

Most of the concerns of the National Student Lobby are financial. It wants more federal money for higher education. It wants to keep tuition rates at a standstill. One of its biggest current priorities is the restoration of youth fare airline discounts which have been ordered phased out by the Civil Aeronautics Board.

"Our position is that by eliminating the youth fare, they are taking away a student's mobility," Rodbell said. "There are 1.5 million students who travel more than 500 miles to school, and by taking away youth fares they are adding $300 a year to travel expenses."

To mobilize students who cannot lobby in person, they have run a series of ads, part of which read: "If you've flown recently, you know that a youth fare ticket costs about 50% more than it did last year. By this time next year, youth fares will be a thing of the past. Unless you do something about it.

"That's because the Civil Aeronautics Board thinks that airlines shouldn't 'discriminate' by charging some people less money than other people. Despite the fact that some people have less money than other people."

They urge student constituents to write to Rep. John Jarman (D-Okla.), chairman of the House subcommittee on transportation and aeronautics of the House Interstate and Foreign Commerce Committee, requesting hearings on a bill introduced by Rep. Jerry L. Pettis (R-Calif.) that would reestablish youth and family fares, as well as initiate reduced rates for the elderly and the handicapped. The bill was originally introduced in January, 1973, and reintroduced in an updated form last May.

"We felt at the time that the airlines weren't hurting as far as money was concerned and they were flying many of the planes half full or less," said Kenna Haggart, legislative assistant to Pettis. The bill, she said, has not been rewritten since the onslaught of the fuel shortage and she admits its chances have been damaged as a result.

"This energy thing is a change," Ms. Haggart said. "Now there are fewer flights and less room. Now the airlines may actually be losing money.

"I think it has hurt chances for the bill's passage, but the Congressman and I haven't discussed it at all since the energy crisis took hold. We may have to change it."

AREAS OF CONCERN

Although the energy crisis may have weakened the student lobby's position on this particular issue, it also has resulted in new areas for the lobby's concern and attention.

"Commuting students use their automobiles to get to and from schools," Rodbell said. "Also, a lot of students work in cities where they go to school. Often they attend classes in the morning on campus, and then go to work, and then sometimes drive back to campus again. They can't car pool and they probably drive about 30 miles a day."

The objectives of the lobby are to keep the cost of gas at 50 cents a gallon and have students treated as workers when it comes to obtaining gas. "They really are workers," Rodbell said. "But they only earn about one-third of what regular workers earn. And if rationing goes into effect, coupons would be issued at the driver's place of residence. That means students would have to go home to get their coupons—and without a reduced airline rate."

In California, the local lobby is organizing a conference on car pools at Cal State L.A. in March and may attempt to set up a system for Southern California schools. "Energy problems are local as well as national," Edwards said.

In California and in other states where lobbying on the local level is taking place, the emphasis is on keeping tuition down. The pressure from students began more intensely last summer after the Carnegie Commission on Higher Education, in a report released July 12, recommended that public college tuition double within the next decade in order to account for one-third of college's income. At current levels, the report said, tuition covered about 17% of total education costs, with the rest being paid from public funds. Raises of 5.8% a year were suggested for private college tuition, slightly less than the current 7%.

(The commission also called for increased federal aid, especially in the form of direct grants to students, which it said should rise from a 1970–71 level of $3 billion to $8.5 billion in the same period was recommended for aid institutions.)

The National Student Lobby is at odds with the commission's request for the tuition hike.

"If tuitions are doubled, it will create an elitist system that would shut down a lot of schools and cut off students," Rodbell said. "It's a Catch-22 where everybody loses. It just does not make any sense."

Edwards said his staff was working particularly hard in Sacramento talking with legislators, members of the board of regents and school trustees to maintain the current levels. "The latest figures we have show tuition for the UC system is about $637 a year, Edwards said. "It's between $200 and $300 a year in the California state systems and we want to keep it that way.

"It's considerably higher—between $2,500 and $3,000—in private universities—can you imagine minority students or low income students trying to get into those schools? We feel higher tuition hurts all students, rich and poor, and an education should not be denied to anyone."

The western region student lobby already has taken credit for several victories, including more money in the state of California for education and the appointment of several young people to education-related commissions and committees. Valerie McIntyre, 21, a graduate student at the University of Oregon, active in the lobby, was appointed recently to the Oregon state board of higher education.

"I've been appointed to Mayor Tom Bradley's commission of social services," Edwards said. "And Robert Moretti (speaker of the state Assembly) has just appointed a UC Davis student to the state commission on higher education, an advisory body. We feel that's a tremendous push-through. We need students there. Our aim is to get students on state boards all across the country if it takes from now to doomsday."

NATIONAL STUDENT LOBBY,
Washington, D.C., February 26, 1974.

DEAR CONGRESSPERSON: This week 900 students from 44 states are in Washington to speak with Congresspersons and Senators on issues concerning access to post-secondary education and issues of concern to students as citizens. In specific terms:

(1) There is a severe money crunch on campus. Tuitions and other costs of attending college are soaring. In the last decade, per capita income rose 5.8 percent annual rate, but average tuition and fees rose by an average of 7 percent. Also, the recent increase in the rate in inflation threatens higher education even further. Therefore, appropriations for student assistance programs are our First Priority. Students are here to work with the educational system, Congress, and the Administration to redeem the bi-partisan pledge of both Republicans and Democrats that "no person be denied access to post-secondary education for financial reasons." The U.S. Office of Education figures show that Federal, State, and private financial aid programs are funded at only approximately 50 percent of "financial need" (as determined by students/parents confidential financial statements) at the present time. The Educational system as well as the political system *must* be opened up for all.

(2) Because the new Basic Opportunity Grant program is available only to first and second year students, College Work-Study money is critical to students trying to work their way through college as juniors or seniors. Though the number of students eligible for work-study has increased by 25% since 1972, the funding has not even kept pace with the inadequate funds of 2 years ago. The Administration has again requested *no increase* for fiscal year 1975 college work-study money. We urge your support this year in lifting the funding significantly above the woefully inadequate $270 million figure. An increase of 150 million to the $420,000,000 authorized level would mean over 200,000 student jobs, and opportunity for the current 500,000 work-study students to work more hours. We feel this is particularly needed as the economy may take a downturn and students are often the first released from jobs.

(3) The needs test (or "means test") which was implemented in March 1973 after passage of the 1972 Education Amendments has forced families, regardless of income, to demonstrate a *need* for a Guaranteed Student Loan from banks. Before the implementation of the needs test Congress had determined that a family with an adjusted income of under $15,000 was enough of a demonstration of need. In these times of inflation, even the $15,000 ceiling has come into question. This has caused large numbers of families to turn away from this source of bank loans and the program is down 32% (as of December 1973) from 1972. The House Special Education Subcommittee is currently considering legislation to abolish the means test and thereby increase access to these loans. The Senate has already acted on this issue. We encourage your support for this legislation.

(4) The National Student Lobby's efforts to reinstate discount fares will focus on the need to increase the average number of filled seats on airplanes, trains, and buses. We expect that students, youths, and senior citizens can fill 2–5% of the empty seats available. This is *crucial* in a time when our energy resources *cannot* afford to be wasted. Public transportation must be utilized, since the reliance on the private auto has helped bring about the current energy shortage. Youth and senior citizens, working together, ask no special favors. In fact, we do *not* favor legislation allowing discounts on a reserved seat basis for any one group, with the exception of the handicapped. What we support is a discount that will in no way adversely affect the full-fare paying passengers. We also support the principle that *anyone,* regardless of age, who adjusts his or her schedule to travel after 9:00 p.m. ought to be able to obtain a "night coach" discount for these less-traveled hours.

(5) Today's high tuition charges make the traditional idea of "working your way through college" a questionable, even a laughable, proposition. Adding to an already difficult situation, the Administration is requesting a "Youth Differential" Amendment to this year's Minimum Wage legislation. This proposal would put students at subminimum of 80 to 85% of the full minimum wage. For thousands of students on marginal budgets the few extra dollars earned under full minimum wage guidelines can mean the difference between finishing college or dropping out. We believe that if new jobs can actually be created for students and youth by a subminimum wage, this should be done through the Department of Labor's *certificate process* as is currently in the law. We favor this approach as opposed to an across-the-board subminimum wage rate.

We appreciate the opportunity to discuss these and other issues with you, and we look forward to working with you—especially in areas of special importance to your committee work.

NATIONAL STUDENT LOBBY,
Washington, D.C.

NATIONAL STUDENT LOBBY CONGRESSIONAL CHECKLIST

Congressperson ———, recorder, ———, Legislative admin. asst. ———, date/time, ———, building ———, room ———.

1. Do you support the abolition of the "Means Test" for students from families with less than $20,000 adjusted income for guaranteed student loans? (This would increase access for middle income students. H.R. 12523, which includes this provision, is currently being marked up in House Education and Labor Committee).

Yes.
No.
Comments.

2. For the past 2 years work study money has not increased above the $270 million figure, during which time inflation and eligibility of new types of students has severely eroded this program. Would you support an increase of college work-study funds up to $420 million authorized level without depleting the funding for other student assistance programs such as basic grants and guaranteed student loans?

Yes.
No.
Comments.

3. Are you willing to endorse the enclosed statement (attached) in support of maintaining low or no tuition at public 2-year and 4-year colleges, while closing the "tuition gap" between public and private colleges through State scholarship programs (aided by matching Federal funds)?

Yes.
No.
Comments.

4. Would you be willing to co-sponsor a bill similar to S. 2651 (sponsored by Senator Magnuson, D-Wash., which passed the Senate unanimously on Nov. 5, 1973) to allow stand-by discount fares on air, bus, and train transportation for persons over 65 and under 22, *provided* it is guaranteed that this *will not* increase regular fares, and it *will* increase "load factor" efficiency? (Today the average load factor is under 60 percent. This means an average airplane is flying with 40 per cent of its seats empty. If action is not taken by the House on this legislation, all youth discount fares will cease as of June 1 of this year under order of the Civil Aeronautics Board).

Yes.
No.
Comments.

5. Do you support the minimum wage bills S. 2747 and H.R. 12435 as reported by the Senate and House Committees, (both of which support the concept of "full minimum wage" for students and youth) subject to some exceptions for agricultural, small retail and service businesses and for employment on campus)?

Yes.
No.
Comments.

6. Comments on other issues.

THE PRESIDENT'S PAY RECOMMENDATIONS

Mr. McGEE. Mr. President, the Chief Executive has forwarded to Congress his recommendations with regard to executive, legislative, and judicial salaries. It is no secret that this set of recommendations, which includes the suggestion that congressional salaries themselves be increased by three annual raises of 7.5 percent each, is somewhat controversial. Several resolutions have been presented to disapprove of the recommendations in whole or in part.

In considering the President's salary recommendations, Senators should give consideration to more than their own circumstances as elected officials. Indeed, last year the Senate did approve legislation brought to it by the Committee on Post Office and Civil Service to make some needed changes in the machinery by which pay recommendations are made but that movement failed in the other body. Thus, the controversy continues to swirl around the Halls of the Congress. But it affects many other people, including some who are peculiarly restrained from arguing their own case. I refer to Federal judges.

Like Members, judges have had no increase in their pay for 5 years. In that period, prices have risen, as we all know, nearly 30 percent. Pay outside the Government, and at the lower levels in Government service as well, has gone up 30 percent and more. Some excellent jurists with earning ability far exceeding their present $40,000 salary, have left. Other men approached about accepting appointment to the bench have said no.

In the January issue of the Journal of the American Bar Association, president Chesterfield Smith of the ABA wrote on this very subject. His cogent comments deserve the attention of every Member of the Senate, and I therefore ask unanimous consent, Mr. President, that they be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

PRESIDENT'S PAGE

(By Chesterfield Smith)

The central figure in the administration of justice in this country is the judge. Nothing is more important to the quality of justice than to attract and retain the best qualified men and women for our courts; in truth, the quality of justice is the quality of the judge.

Inasmuch as the legal profession has a duty to the public to do whatever it can to ensure justice for all citizens, the American Bar Association has worked for years to improve the manner of selecting judges at both state and federal levels as well as the conditions under which they work. For that same reason, it has continuously championed the cause of providing fair and reasonable compensation for judges. All that has been done in merit selection and in enhancing the professional environment of the judiciary will go for naught unless steps are taken to make a judgeship an economically viable possibility to a lawyer whose learning, skill, and experience place her or him in the front rank of the profession.

The salaries of federal judges have been frozen since March 1, 1969. During that same period and in spite of wage controls and postponements, the salary level of general federal employees has increased by 34 per cent. No one who has hired employees, paid tuition, or bought food in the past five years needs to be reminded of ever increasing costs and prices. Federal judges have been severely penalized by the fixed nature of their compensation, and for each day that goes by without a salary adjustment they will continue to be penalized.

Although basic fairness should characterize the relation of our society to its public servants, something even more important than fairness to specific individuals is here involved. In very general terms, what we pay our judges is a measure of our evaluation of the function they perform. We ask of judges that they provide solutions to problems that, on one hand, may involve complex economic interrelationships or, on the other, the most intense and basic of human conflicts. We ask of judges that they serve as the ultimate guardians of our liberties. We ask them to provide remedies for those situations in which, by definition, we and our society have failed.

In very practical terms, what we pay our judges must be sufficient to attract the individuals who can perform these tasks competently, and who will do so in an honest and ethical way. At present, a United States district judge is paid $40,000 a year. There is always the danger of falsely equating financial success with professional success. It is also true that fine lawyers may be in a variety of circumstances by choice and otherwise. Still, mindful that there are and will continue to be exceptions, I believe that appointment to a federal judgeship at the present time would represent a substantial sacrifice of present and future earning capacity for very many of the lawyers whom I believe are well qualified for that position.

The subject of judicial salaries is timely. The Federal Commission on Executive, Legislative, and Judicial Salaries has submitted its report to President Nixon. The recommendations of the commission have not been made public, and while not bound by the commission's recommendations, President Nixon will make his own specific proposals for adjustments in federal judicial salaries as part of his budget message in early 1974.

At its October, 1973, meeting the Board of Governors of the American Bar Association found specifically that, while adequate compensation is essential to attract the best qualified lawyers to the judiciary, the present rate of compensation is no longer comparable to the income of the best qualified lawyers. The board, therefore, resolved to urge President Nixon to recommend a substantial increase for members of the federal judiciary.

The board of governors did not recommend a specific figure, and in transmitting its resolution to President, Nixon, I too mentioned no amount. Speaking personally, however, and not for the Association, I believe that as of today any salary for a federal judge of less than $60,000 is not adequate.

Compensation for state court judges poses a similar problem. Much of what I have written with respect to federal judges is equally applicable to state judges. The board of governors has urged that each state bar association conduct a continuing examination of the adequacy of the compensation of judges in its state.

Our concern with the adequacy of judicial salaries should not be interpreted as concern with the quality of those who now serve on our courts. Their acceptance of appointment and their continuing service in spite of financial sacrifice are to their credit. Ours is a profession with a long and continuing tradition of public service, and these judges honor that tradition. Nevertheless, we have no right to ask nor can we reasonably expect our judges to make a financial sacrifice that will last for the remainder of their professional lives. The judiciary must not be open only to those whose private means or willingness to earn at less than capacity permits them to serve at the present salary scale.

Of all government employees, judges are most peculiarly unable to lobby for their own interest. This is the natural result of the standards we have fixed as appropriate conduct. It means, however, that the organized bar and members of the legal profession individually and collectively have the obligation to support appropriate salary increases for judges and to do so with determination and vigor. The time to meet this obligation is now.

CONGRESSIONAL PAY INCREASE

Mr. TAFT. Mr. President, I plan to oppose the proposed congressional pay increase when it is brought to the floor for consideration. I believe it inappropriate for the Congress to permit a commission and the President to bring about increases in their compensation at a time when we are asking the country to take responsible measures to check inflationary pressures present in the economy. I oppose this procedure and this action.

I ask unanimous consent that an editorial from the Cleveland Plain Dealer of Saturday, February 16, 1974, entitled "Congress Should Speak Up on Pay," be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

CONGRESS SHOULD SPEAK UP ON PAY

Members of Congress are becoming more and more uneasy about helping themselves to a big pay raise next month. At least that much is indicated by the recent introduction of a score of bills dealing with the issue.

That is a good sign, so far as it goes.

For some sponsors who face hard reelection contests in November, introduction of the bills may be a simple exercise in good politics. For others, the bills may represent an earnest reply to what the folks back home are saying, or an honest, conscientious effort to head off something that is all wrong at this time.

The pay raise proposal, for step-ups totaling $10,300 over the next three years, was made by a federal commission and included in President Nixon's new budget. Under the law, and barring veto in either house of Congress, the raises take effect automatically.

Here it should be noted that either house of Congress has only three more weeks in which to act to nullify the automatic feature. The recently introduced bills which would require members to stand up and be counted are tucked away in committees. Current activity is mostly only talk about prying the legislation out of committees.

It is time now for the individual maneuvering and gamesmanship to end, for the Senate and House of Representatives as legislative units to deal openly with what some of their own members say is a "sneaky" or "backdoor" pay raise arrangement.

It is time also for those same legislative units to make a case, if they can, for getting much more money than most other citizens can get for themselves in these very uncertain economic times.

Above all, it is a good time for members of Congress collectively to set their own example of restraint when other citizens are being asked by government to conserve, to sacrifice and to prepare themselves for possibly even worse economic conditions.

AN UNQUIET QUIET ON CAMPUS

Mr. PELL. Mr. President, I am pleased to bring to the attention of my colleagues an excellent article written by Dr. Ronald Berman, chairman of the National Endowment for the Humanities.

The article appeared in the February 10 edition of the New York Times Magazine. It examines conditions on our college and university campuses today and finds them disturbing and greatly in need of revitalization.

Dr. Berman finds an uneasy quiet prevalent on campuses and relates it to a stultifying inertia shared by students and faculty alike and rooted in many cases in policies adopted by college and university administrations.

Dr. Berman points to the causes of campus violence in the 1960's but finds the present apparent calm of almost equal concern.

A withdrawal from the challenges and intellectual stimulation of unfettered discussion has occurred, Dr. Berman writes. It applies to students as well as to their teachers.

Dr. Berman offers no quick solutions to the problems he details, and their inherent dangers, but he argues strongly against innovation merely to produce something new in education. Novelty and originality, taken by themselves, he points out, are no cures for ignorance.

He argues persuasively for a greater emphasis on the traditions of learning, and for an educational climate which will encourage a spirit of intellectual challenge, and an enthusiastic response to that challenge.

As chairman of the Subcommittee on Education and as chairman of the Subcommittee on Arts and Humanities, I commend highly Dr. Berman's thoughtful and significant article, and I ask unanimous consent that the full text of this article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

AN UNQUIET QUIET ON CAMPUS

(By Ronald Berman)

At the end of the sixties the academic world gratefully welcomed the cessation of violence. It assumed that campus problems were finite and political; with their disappearance, we would be back to normal. The academy hoped for tranquility and, attaining it, confused it with order. Few realized at the beginning of the seventies that an entirely new set of problems had arisen and that their solution depended on values and traditions that were dealt a staggering blow in the sixties. The traditional university was imperfect but equitable. The same cannot be said of today's.

The seventies began with a shortage of money caused by a shortage of public confidence. There have been other external problems: fluctuations in the student population: inflation; changes in Federal and state education policies; the sudden constriction of employment. But internal problems are even more severe. We have been left a politicized environment in which disinterested argument is at a loss. The curriculum is more or less in shreds after its attempts to reflect, with ever increasing speed for most of a decade, the relevancies of the moment. Students are without grades and requirements, while professors are without traditional responsibilities; in both cases there is great anxiety about loss of structure and equity. A new generation of academics has appeared, but, having for some years now argued the superior claims of politics, they find themselves unhappily detained by subjects merely parochial. Innovation, a concept rightly honored when most necessary, has become sterile and mechanical. In the race to attract foundation funds—and because it implies a certain style—innovation has become more of an end than a means. Finally, students are evidently bored by the kind of debate long familiar on campus and are deserting the liberal arts for the vocations in enormous numbers. Because of these issues, the campus is naturally agitated. Because of the difficulty of their solution, it is in a state of anxiety, not to say depression.

The report of the Carnegie Commission states that the universities are undergoing a trauma of self-doubt. Kenneth Clark has written in The American Scholar that they have shown an abject failure of nerve. A great variety of such statements on the crisis of confidence in education are now appearing. None of them refer simply to the issues I have just described. They apply to the conditions those issues have both created and encountered. I would put the matter this way: The essential loss of the past decade was not material but moral. The attention of the public was focused on violence, barbarism and physical destruction; what escaped notice was the end of discourse, objectivity and freedom. Without these, academe is powerless to face the issues and is, in fact, in a state of twittering inertia.

A brief historical review may be useful. There have been two revolutionary changes on campus, one material and the other political. From 1958 to 1968 the American university boomed along with the rest of the economy. There were many benefits as intellectual life became part of the knowledge industry: decent wages and research facilities; *carriére ouverte aux talents;* the end of cultural isolation. But on the whole the experience resembled nothing so much as the effect of the capitalist ethic on medievalism, at least as described by Marx and Engels. If the old campus was paternalistic, the new one was frigidly aloof—there were verifiable stories of students at Berkeley whose only direct contact with their professors was a single annual conversation. Burkeian affection for people, places and institutions disappeared; it was replaced by a freedom easily confused with neglect. The campus atmosphere changed in a way reminiscent of the opening of "Hard Times," in which the prisons looked like hospitals and the schools looked like prisons.

The role of the administration expanded even beyond those horizons foreseen by Jacques Barzun in his "Teacher in America." A large state university in the sixties would have literally thousands of clerks, advisers, maintenance men, technicians, staff assistants, deans, deanlets and deanlings. As the decade advanced, they were joined by psychological counselors, racial and sexual advisers "affirmative-action" personnel and directors of various remedial or research projects. In short, education became typically an enterprise of the state supported by tax moneys and similar to other state bureaucracies. While it was certainly a good thing to have undergraduate education demythologized, it was an error to turn it into an assembly line.

The script for the sixties was perhaps implied by the work of Emile Durkheim, the first modern sociologist and our great theorist of social decay. Students with few connections to their teachers, inhabiting campuses unintelligible without a road-map, sitting in classes by the hundreds or thousands, became the natural constituency for unrest. It was only natural for them to turn to exaggerated "community," or humanity," or "commitment," because these had recently been in such short supply. And it was only natural that they should be led into fearful excess, if we are to be guided by that body of work which, from Arendt to Palmer to Talmon, describes the passage from revolutionary expectancy to disillusion.

With the uproar over ownership of the Bancroft Strip, the sidewalk in Berkeley reserved for student causes, intellectual life—the knowledge industry itself—became historically transformed. The earthy issues and tactics of protest engendered problems by

1970 that virtually no one in 1964 had predicted. The first issues were free speech and Vietnam; the first tactics were occupation of physical space, varieties of rudeness, ingenious harassment. But the tactics escalated to armed confrontation (Cornell) mob violence (Berkeley), arson (Stanford), blackmail (San Francisco State) and murder (Wisconsin). We became accustomed to the destruction of records and property and the disruption of education. There were fatalities on campus by bomb and self-immolation—not to mention self-destruction by narcotics.

The tactics changed because the issues changed. Although the Vietnamese war was unmistakably the central issue, it was also catalytic. It had two important contingent effects: the assimilation of other issues relating to social life and the annulment of a whole set of habits and principles. The other issues were legion: the power of students versus that of faculty; the relationship of the university to the military-industrial complex; the participatory requirements of democracy; the condition of minorities. Many of these issues deserved contemplation. All of them needed the exposure that objectivity, disinterest and academic freedom could provide. *But it was precisely those habits and principles that were the casualties of the revolution of the sixties; they did not survive as absolutes.*

The sixties were a time of troubles, but the seventies, far from being their antithesis, are in some respects a continuation. The leading problem is that of the university's mode: dialogue itself. Both as a habit and as one of the components of academic freedom it has been damaged. One of the first to note that life on campus has become tolerant of failure but not of disagreement was Roger Rosenblatt of Harvard, who observed in The Harvard Alumni Bulletin:

"Much of the faculty has become politicized and politicization is antithetical to its nature. A colleague recently exclaimed how much he had enjoyed a certain dinner party because 'everyone there thought exactly the way we do.' When intellectual conformity becomes the criterion for success, social or otherwise, the reverberations may eventually be felt in the curriculum, and the university is in trouble."

Tranquillity differs from inertia, which is what now seems to prevail on campus. As Rosenblatt suggests, the former implies healthy opposition, the latter only that difference is unthinkable. Inertia may even imply that the act of discrimination inherent in the power of intelligence is not important. Another member of the Harvard faculty, Martin Kilson, has written in The Times of the importance of a particular debate which was to have taken place at Harvard between Messrs. Shockley and Innis. While virtually everyone would agree that this debate of itself cannot settle the matter of genetic intelligence, most of those concerned about academic freedom are deeply worried by its cancellation. As Kilson puts it, "These and other actions by faculty members suggest the unfortunate spread of insensitivity toward unfettered discussion at a great institution of higher learning like Harvard. We can now expect more actions of this sort around a number of emotionally charged issues involving blacks, women, homosexuals and Israelis or Jews."

Tranquillity differs not only from inertia but from consensus. It would then be a mistake to interpret the relative quiet of the campus as a sign that its troubles are over. It may simply mean that public debate has been discouraged.

One of the most disturbing cases of enforced consensus has involved the University of California at San Diego. There, a faculty member who ventured to teach, although he did not support, the Jensen hypothesis was harassed by a coalition of student groups. Upon appeal to the administration, he was informed that he had only these alternatives: to clear the lectures with his antagonists; to debate them instead of carrying on his lectures; to give up his lectures; to endure harassment. One assumes that the meek shall inherit the earth, but not quite with this kind of encouragement. The effects were demoralizing to the man, his students and his school. And, of course, the effects are felt outside a single locality. As The Times editorial of Nov. 23 said after a similar fiasco at Staten Island Community College: The violent suppression of genetic debate on Staten Island was nothing less than subversion of the Bill of Rights.

Sidney Hook has written of an allied problem of academic freedom at the University of California; the acceptance of censorship in a good cause. Measure, the publication of University Centers for Rational Alternatives, observed in its September issue that any sub-group which feels threatened within a culture may now have recourse to the prohibition of those ideas it finds disagreeable. The Berkeley administration felt, in brief, that research should be discouraged which "may place the reputation or status of a social group or an institution in jeopardy." The implications are such as to make the recent Supreme Court decision on pornography seem Aristotelian. For one thing, the damage to "reputations and self-esteem" liable to be suffered on campus considerably exceeds that permitted by the law of libel! And the truth may in fact be pejorative, so that it is useless to suppress bad news. It is certainly dangerous to give powers to censorial university bureaucracies that we have for generations resisted giving to courts or elected officials.

Threats of this sort relate directly to the degree of public confidence enjoyed by the universities. Legislatures in almost every state have considered (and some have passed) restrictive budgets for university education because they believe that their own values and those of the taxpayers have too long been attacked by the academic world. One's natural instinct is of course to assert that if politicians sincerely believe that partisan values should be taught on campus, or that a single interpretation of American culture should be adopted, or that faculty should be the unthinking spokesmen of a national majority view, then they should be taught the meaning of academic freedom. But if *faculty and administrators* believe that partisan values should be taught on campus and that a single interpretation of American culture should prevail or that faculty should be the unthinking spokesmen of a local majority view, then they too should learn something about academic freedom.

Violations of that freedom are generally a matter of record, but other aggressions and encroachments, perhaps equally threatening, are diffused through daily life. There is a superb account of this civility by Thomas Hobbes: "By manners, I mean not here decency of behavior, as how one should salute another, or how a man should wash his mouth, or pick his teeth before company, and such other points of the *small morals;* but those qualities of mankind that concern their living together in peace and unity." In fact, what Hobbes sees as manners we may see as human relationship itself: the implication of thought and mutual feeling by style. For a current perception of this, we need not restrict ourselves to Harvard or the University of California. Far from these places—at the University of Utah—a new style has been borne by the winds of doctrine:

"A scholar from Michigan, another from California, from Columbia, or Minnesota now seek a place at Utah. Why? Because they feel, mistakenly I think, that in our little backwater of academic society we may have preserved, even by accident, some of the things they loved. . . . Scholars who would leave greater institutions to come here would hope, somehow, that they might find again an atmosphere of peace and serenity, perhaps even of intellectual fair play, although that is wishing for a great deal now. . . . But such hopes are romantic dreams."

The writer, Prof. Jack Adamson, reflects on a lifetime of teaching he is about to depart. His point, that the provinces are now more like the capitals of culture than may be wished, can easily be granted. As he puts it, there is at least as much floating despair at Utah as at Harvard; and perhaps the phrase for it might be anomie, which so usefully denotes the effect on social structures of personal anxiety. Things are quiet because people do not relate to each other, because the fragile web of cultural assumptions has been broken without being replaced. At Utah (and at a number of places more familiar to me), there is a sterile discord among those who can no longer find neutral ground for disagreement.

The things that Adamson mentions are overly familiar: political righteousness of absolutely Bourbon proportions; the fierce opposition between those who teach their subjects and those who teach things deemed more important; the subversion of academic values and authority; the hypocrisy of moral views so elevated and distant that they make all practical pursuits seem untenable. Perfect righteousness means eventually that nothing human is acceptable.

Some of the things I have mentioned were of course characteristic of the sixties; others were made possible by those subsequent changes of assumption that were caused by the sixties. Irving Kristol has remarked, for example, that obligatory innovation has only just reached the vulnerable smaller schools and secondary systems. It has now become methodologically orthodox—although it was intended to bring about specified changes (some of them necessary) in university study. So what began as an attempt to replace classroom work with other forms, or to illuminate and expand the boundaries of conventional history or biography, was incarnated finally as part of the educational establishment.

It is now *de rigueur* to "innovate" with no regard whatsoever to the necessity. Sometimes, in fact, innovation is regressive. I was recently approached to support the teaching of Leonardo Da Vinci in upstate New York secondary schools, a consummation devoutly to be wished. But the method was "innovative"—which is to say that the Government would pay some half-million dollars for the manufacture of new textual materials able automatically to convey their contents. Knowing the tremendous volume of materials on the subject, their relative cheapness and availability, I had some doubts about the cost and artificiality of the method. It turned out that the reason I had been invited to contribute was intellectual default: The teachers of that district did not themselves want to master Leonardo and hoped that the new materials would teach students without their intervention. Their administrators preferred to ask the Government to pay for imbecile "digests" rather than train people properly. I was approached in another case to support "innovative courses" whose principal claim was that they destroyed the old authority of teacher over student. In the new course, everyone taught everyone else, a demonstration of personal independence. That constituted, to our panelists reviewing the grant proposal, a reasonable argument for preserving its financial independence.

I have been approached, in fact, to support an untold variety of projects whose single virtue was novelty. I certainly do not want to claim that in education (as has been said not entirely seriously of theology) originality is a vice. But on the other hand, it is not of itself a cure for ignorance. Some of these projects involved the substitution of the comics for the classics, of the Beatles for Dr. Johnson. If these were proposed in seriousness, so much the worse. But I should think that this replacement is designed to imply that the campus has a good hold on the tail of the *Zeitgeist*. For those uncertain of themselves and anxious for approval, this style passes current for substance.

True innovation allows for greater knowledge. It brings more people into the world of education, it disseminates knowledge to those who need it most; and, with luck, it even converts knowledge to wisdom. It has something to do with method, of course—but it is essentially a matter of substance. When this is forgotten at universities, then we face a real educational loss, to rely on method is to capitulate to fashion.

The loss of substance in the liberal arts is already having demoralizing effects. Teachers unsure of their allegiance are unsure of their professions and of themselves. Students are learning the liberal arts in droves. At Yale, at Brandeis, at Wright State University (all representative of different points on the spectrum of American education), undergraduates are rushing to vocational or professional studies. Interest in these subjects is understandable, even praiseworthy, but one hopes that this trend is not a reaction to the recent climate of ideological fury and that it is not accompanied by the loss of confidence in the humanistic disciplines. There has of course always been vocationalism on campus. But the new kind has sent students in great numbers to courses which, like economics, seem to provide direct access to security. It may be suggested that although many are rightly interested in the ideas of Friedman or Galbraith, even more are interested in the employment curve of computer technology. One corollary is that few students are interested in values and ethics or, more accurately, in the possibility of coming to terms with them at the university.

For practical purposes there are three forms of equity on campus to consider, the interests of the faculty, those of the students and those of intellectual work itself. The simplest form of equity for faculty is the freedom to conduct classes without inhibition. It is matched by the duty to do so according to those contracts and traditions governing professional life. The contract implies that we teach what we were hired for. The tradition implies that we do it honestly and objectively. And academic freedom implies that we do both of these things in security. As the final report of the Carnegie Commission indicates, the equity of faculty faces severe internal dangers. The commission states in fact that campus judicial procedures ought now to have a dual purpose. "Processes of faculty hearings established in part to protect faculty members from attacks by external powers must now also be capable of protecting the integrity of the campus against those who undertake internal attacks on academic freedom. . . ."

Equity for students involves three main points: the obligation to give them knowledge of the world and themselves; the responsibility of doing so in the form of alternative rather than of indoctrination; the right they have to competent teaching. There isn't a method in the world that can substitute for competence. And there is no escape from the conclusion that authority must match this responsibility. Authority is not tyranny, but the natural relationship of knowledge to ignorance.

Finally, there is the equity involved in the work and its evaluation. In Steven Cahn's just-published "The Eclipse of Excellence," there is a powerful set of arguments for the tradition of grades and requirements. The point of view is not that of authority alone (which, for my part can't ever be a satisfactory end) but it is, on the contrary, based on the premise that all men are equal before an impartial system of evaluation. That idea has served the law and surely can serve the academy as well. Grading provides a still point in the turning world of thought. It gives both student and teacher a measure of accomplishment over time, while providing a common standard. Grades are not a measure of personality or moral worth; hence the argument that they are traumatic cannot prevail. And, of course, even if they were, is a little trauma such a bad thing? We cannot leave the womb without it.

Our regression toward the intellectually invertebrate is nowhere more clearly shown than in the matter of courses and requirements. "Relevance," for example, is much praised but rarely analyzed. It offers a short-term answer for problems which, like those of history or language, require a basis of memory and discipline. There is in fact a considerable logical problem to relevance. If we accept the idea that a curriculum should be immediately open to present concerns, then we accept also a chronology. For example, if courses are to be contemporary and crucial, then they ought to change their content in order to survey new problems each year. But if those problems are so vital, then they should really be taken up with even more immediacy and the focus of study changed each month. Correspondingly, a course that sincerely seeks true relevance can only gain by taking up events each week as they insistently develop. And, if they matter that much, changing issues should affect and change courses every day, hour and moment. In short, there is no finite end to relevance, so that a question of value is implied when we decide on the appropriate unit of time to consider it. And that question, involving a choice of alternatives, is of course the same issue with which we began.

Sidney Hook has written recently of the war against standards that it allows anything neither illegal nor hazardous. Course credit at one university has been allowed for candle-making, conversation and love. According to The Times, one faculty member met his class under a table so that everyone could be on the same level. My own experience in foundation work has been less mordant. But I have been urged to support courses that would grade the feelings of students, which may be sincere but are certainly difficult to measure. That is especially true when the student gets pleasure from having learned nothing. And I have seen proposals to rewrite history not in order to rectify untruth but to create it. There have been proposals to give course credit for the ordinary business of life—which could be matched by the wish to give degrees for the same purpose. The problem is not that the human imagination is so comically various (for that we can be grateful), but that academic credit should be granted to 1 per cent of the people for doing what the other 99 per cent normally does. And of course, pastimes, devotions and ideologies, while probably interesting and entirely necessary, are not in themselves educational.

As we reflect on these things, we can see why so many teachers are more anxious now than ever before. It is not only that their authority is called into doubt (a reasonable man should be able to survive that), but that the courses they teach have lost conviction. Their colleagues too often are politically righteous and anti-intellectual; their students have no structure of tradition, rationale, grading or requirement to which they can relate. In addition to the external problems, there is the horrid example of capitulation on many campuses; academic freedom is simply forgotten if the teachers have the wrong views. Lacking their own conviction, without the security of academic freedom, uncertain even of that discourse and debate which were thought to be characteristic of the academy, they retire into themselves and become resigned to years of impotence. As if the university has come a thousand years through war and inquisition for that.

MACALESTER COLLEGE CELEBRATES 100TH ANNIVERSARY OF CHARTER

Mr. HUMPHREY. Mr. President, on March 5, 1874, the Minnesota Legislature granted a charter to launch what was to become one of the outstanding liberal arts colleges in the Nation, Macalester College, St. Paul, Minn. This fine institution of higher education, now concluding its first 100 years and beginning its second, occupies a very special place in my heart, since I served on the faculty of Macalester College during 1969 and 1970.

In this day of difficulty for the private liberal arts college, colleges like Macalester should serve to remind us of the reasons why we should strive to protect such institutions against the mounting dangers, financial and otherwise, that threaten the survival of this important element in our Nation's system of higher education. The private college is a necessary alternative to the large public college or university. Each serves its own unique purpose.

The private colleges, with Macalester a leading example of their kind, have provided this Nation with countless gifted, well-trained, enlightened leaders in virtually every major field of endeavor. If schools like this were allowed to be snuffed out by neglect, we would lose one of our brightest sources of intellectual illumination.

Macalester College is beginning a year-long centennial celebration continuing through March 5, 1975. So that my distinguished colleagues might become better informed of its history and background, I ask unanimous consent that the text of a recent article in a campus periodical, "Macalester Today," be printed in full in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

Philadelphia, *August 23, 1873*.

Reverend E. D. Neill,
Minneapolis, Minnesota.

Dear Sir: Yours of the 5th is at hand. I am willing to donate the Winslow House property upon the terms set forth in your letter, with a promise that it is to be used for educational purposes and is not to be sold or encumbered, but if the contemplated enterprise should be a failure, or the building should cease to be used for the purpose above referred to, that the property should revert to me.

Faithfully yours,

C. Macalester.

With this short, businesslike letter to his fellow Philadelphian, Charles Macalester conveyed the property to establish a college, long the cherished dream of Edward Duffield Neill, to offer "the Prospect of making the Falls of Saint Anthony an educational center for the valley of the upper Mississippi . . ."

The College was named "Macalester College" and on March 5, 1874, the Legislature of the State of Minnesota granted the new institution an educational charter. The special law naming the College went on to identify the fifteen individuals, eight were to be from Minneapolis and seven from Saint Paul, who would serve as trustees of the new school. Included were such prominent men as Alexander Ramsey, Edmund Rice, Levi Butler, John S. Pillsbury and J. C. Whitney.

Earlier, in 1872, Neill had rented Winslow House for $1,200 a year from Macalester to house Jesus College, intended as a student residence, a grammar school, a preparatory school for the University of Minnesota and as a religious education adjunct to the University. As Provost, Neill described his hopes for the precursor to Macalester College in a letter to the Mayor of Minneapolis:

"It is hoped that in time, Christian parents will send their sons to Jesus College, where they will be under the same roof as the Provost, subject to all rules necessary to a gentle home culture, while at the same time enjoying all the advantages of University instruction at no additional expense."

Winslow House itself was an imposing stone structure constructed as a hotel on the eastern banks of the Mississippi overlooking the Falls of Saint Anthony. Costing over $100,000 to build, it had a dining room which could accommodate five hundred guests. In the summers of the 1850s, it served as a fashionable vacation spot for Southern guests. After the Civil War, the guests no longer came, the hotel closed, and the building passed through mortgage foreclosure into the hands of the Philadelphia real estate investor and banker, Charles Macalester.

Macalester, born in 1798 in Philadelphia, the son of a Scottish ship captain, was a self-made millionaire, who had made his fortune mainly through investing in real estate in Western cities, especially Chicago.

A Jackson Democrat and personal friend of the leading political figures of his day, including Jackson, Polk, Clay, Webster, Lincoln and Grant, Macalester supported the Union in the Civil War and switched to the Republican Party, voting for Lincoln in 1864.

Macalester was well known for his charitable contributions and his work on behalf of the less fortunate; a dedicated Second Presbyterian Church of Philadelphia. Above all, he was known for his tolerance; his obituary in the Public Ledger of Philadelphia, December 10, 1873, reads in part:

"His toleration was a leading trait. The Catholic priest, the Episcopal bishop, the Presbyterian minister, the Quaker precision, were often seen in his home, and the Republican and Democrat, the Federal and the Confederate, joined hands over his social board."

Given Macalester's interests, it was to him that Neill petitioned for and found help in establishing a nonsectarian college for men patterned after Yale, Amherst, Dartmouth and Princeton colleges. Soon, however, a series of mills were built at the Falls and the Trustees decided to move the College. Macalester's will contained a codicil bequeathing Winslow House to the College and allowing its sale if the proceeds "shall be used in and towards the erection of other buildings for such college."

Winslow House was sold and the building demolished to make way for the Minneapolis Exposition Company. The proceeds were used to build the East Wing of Old Main on a forty acre portion of Holyoke Farm given to the College by a group of the Trustees, thus ending the first phase in the history of Macalester College.

Now, several phases and 100 years later, we make ready a year-long commemoration to celebrate, starting on March 5, 1974, the 100th anniversary of the grant of the Charter. Much has happened in the intervening century, but many of those goals which our founders cherished still distinguish the College.

Knowledge, compassion, judgment, character, tolerance, community—these have been implicit or explicit in our objectives. Each has been defined and refined from time to time, and the means to these ends have taken ever-changing forms. We may look still very different at the end of two hundred years.

I hope that this year of commemoration may also be a year in which we not only pay homage to the past but take significant steps, as bold and as distinctive as did Neill and Macalester, to shape our future.

FIFTY-SIXTH ANNIVERSARY OF ESTONIA'S DECLARATION OF INDEPENDENCE

Mr. TAFT. Mr. President, 56 years ago, on February 24, 1918 the small, proud Baltic State of Estonia was rejoicing in its new found freedom from dictatorial tyranny and oppression. It was the day of Estonia's declaration of independence, an independence that was to endure for little more than 30 years.

Today, Estonia, along with its Baltic neighbors, is once again sadly struggling and suffering under colonial imperialism, enslaved to a dictatorial force, yearning and longing for freedom and liberty. It is with this dream that Estonian Americans pause each year at this time to rededicate themselves to the cause of Estonia liberation.

We are fortunate to have Estonian Americans, who understand the value of true democracy, living in the United States and contributing to our great country. I honor those who celebrate Estonia's brief rise to independence and sincerely hope that Estonia will once again realize the goal of liberation. Let us all join to support those who come to us in the name of freedom.

U.N. AND INTELSAT

Mr. MUSKIE. Mr. President, I would like to commend the efforts of my colleague from Illinois, Senator STEVENSON, for his work in recent weeks to enhance the emergency peacekeeping and disaster relief capabilities of the U.N. through more effective communications. Senator STEVENSON has long been an eloquent spokesman for a strong, active United Nations. And he is a man who matches his eloquence with practical achievements to further his goal.

Last month, Senator STEVENSON communicated to Secretary Kissinger his strong interest in having the United States support improved U.N. access to Intelsat international communications facilities. Subsequently, at the February 4–8 meeting of the Intelsat Assembly of Parties, the U.S. delegation urged that the U.N. be given priority access to Intelsat satellite capacity during emergency peacekeeping and disaster relief efforts. The Assembly then accepted the U.S. proposal, and the Board of Governors of Intelsat will now implement this decision.

At present, the U.N. is dependent upon an outdated and relatively ineffective communications system. As a result, it is often at a great disadvantage in effectively carrying out its peacekeeping operations and in coordinating international disaster relief efforts. U.N. priority access to INTELSAT satellite capacity should help remedy this communications problem and improve the U.N.'s capabilities in building and maintaining international peace and security.

Mr. President, I ask unanimous consent that a recent letter from Senator STEVENSON to Secretary of State Kissinger on INTELSAT and the U.N. be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

U.S. SENATE,
Washington, D.C., January 29, 1974.

Hon. HENRY A. KISSINGER,
Secretary of State, Department of State, Washington, D.C.

DEAR MR. SECRETARY: I am writing to ask you to express to the U.S. INTELSAT representatives your support for United Nations access to INTELSAT international communications facilities on concessional terms.

As you may know, the United Nations is currently dependent on its own antiquated and inadequate short-wave radio system. Reliance on this limited communications system, has, in the past, put the UN at a great disadvantage in effectively carrying out its peace-keeping operations and in coordinating international disaster relief.

Given the fact that UN peace-keeping forces are an integral part of the Middle East cease-fire, which you worked diligently to achieve, it is imperative to ensure that the UN does not become a weak link in implementation of the cease-fire because it lacks a modern communications system. In order for the United Nations to respond with the necessary dispatch, efficiency, and reliability to new crises, arrangements should be made now to make INTELSAT's modern communications equipment available to the UN.

The United Nations has requested limited access to INTELSAT communications facilities at preferential rates for peace-keeping operations, environmental monitoring, and operational communications with major UN offices located away from its New York Headquarters. The Secretary General has also requested cost-free use of INTELSAT space segments for emergency communications with UN peace-keeping operations and UN disaster relief teams.

The United Nations has been entrusted with important responsibilities by its 135 member nations. These responsibilities include maintenance of international peace, the promotion of world-wide economic development, disaster relief, humanitarian programs and protection of the human environment. Every member of the world community, including the members of INTELSAT, has a stake in the success of the UN's efforts. To assure that the UN's limited resources are utilized as effectively and efficiently as possible, modern communications are essential.

The United States has a weighted vote of 40% in INTELSAT. If the U.S. representatives were to support the United Nation's request, the likelihood of its approval would be greatly enhanced.

Unfortunately, present indications are that the U.S. position is not to approve this request, and to require the UN to pay the full rate for use of INTELSAT facilities. While this position may be consistent with commercial interests, it is not consistent with U.S. national interests. Recognizing the growing interdependence of nations and the immediate importance of the UN Middle East Peace-keeping Force, the United States should take the initiative to assure the United Nations access to the most modern means of communication available.

Your support of the UN's request can have a positive influence on INTELSAT's Board of

Governors and Assembly of Parties. INTELSAT's Board of Governors is presently meeting in Washington, and its Assembly will meet here next week. These meetings will determine INTELSAT policy for the next two years, and, therefore, your support is essential now.

Sincerely,
Adlai E. Stevenson III,
U.S. Senator.

INTERSTATE SHIPMENT OF MEAT

Mr. ALLEN. Mr. President, the Subcommittee on Agricultural Research and General Legislation of the Committee on Agriculture and Forestry held a hearing September 20, 1973 on S. 1919, to authorize interstate shipment of meat inspected by State systems declared equal to the Federal meat inspection program. Dr. Clarence H. Pals, executive vice president of the National Association of Federal Veterinarians, was personally assured that he could file a statement for the record and on September 24 he addressed a letter to me for insertion in the hearing record. Neither the committee nor my office has any record of receiving it and therefore it was not included in the printed hearing. I am sure the subcommittee will give his recommendations every consideration when it marks up the bill, and in order to bring it to the attention of others interested in this legislation, I ask unanimous consent that Dr. Pals' statement be printed in the Record following my remarks.

There being on objection, the statement was ordered to be printed in the Record, as follows:

The National Association of
Federal Veterinarians,
Washington, D.C., September 24, 1973.

Hon. James B. Allen,
Chairman, Subcommittee on Agricultural Research and General Legislation, Committee on Agriculture and Forestry, U.S. Senate, Washington, D.C.

Dear Senator Allen: We appreciate this opportunity to comment on S.1919, which would "amend the Federal Meat Inspection Act to provide that State-inspected facilities after meeting the inspection requirements shall be eligible for distribution in establishments on the same basis as plants inspected under title I".

The National Association of Federal Veterinarians, organized in 1917, represents veterinarians employed in the Federal Government. Over seventy percent of the 1,485 veterinarians in Federal Meat and Poultry Inspection are members of NAFV. These veterinarians have dedicated their lives and their professional careers in service to the American public. From 1890 to 1906 the inspection of meat was primarily to assure acceptance of the meat in foreign markets. From 1906 on, the Federal Meat Inspection Service covered all meat prepared in plants selling their product interstate or for export.

Since the Doctor of Veterinary Medicine is the only professional trained to fully understand questions of health in animals, the overall responsibility for assuring the wholesomeness of meat is vested in the Veterinary Medical Officer. The VMO assigned in meat plants is assisted by food inspectors who have been trained to assist in the examinations of animals before slaughter and at the time of slaughter. They also supervise the preparation and labeling of all meat food products to assure that standards are met, the product is clean, sound, wholesome and truthfully labeled. The mark of inspection may be applied only after all of the inspection requirements have been met. This mark of inspection is assurance to the packer that he can ship with confidence and it also assures the purchaser that an employee of the Federal Government has found the product to be in compliance with the law and regulations at the time it was prepared. Consumers in the United States purchase their meat products with confidence when they see the mark of Federal inspection on the meat or on the package. The export certificate that is issued for exports of meat and meat food products from the United States permits world-wide distribution of these products.

The requirement for blueprints of plants desiring Federal meat inspection has often been questioned by persons who did not understand the expert service they were receiving. These experts have been able repeatedly to point out to the owner and architect ways in which their operations could be improved while at the same time assuring that the plant and equipment will meet all of the sanitary and inspection requirements. The guidebooks developed by Meat Inspection officials have also been used around the world as other countries have tried to follow the United States system. Instead of being a burden to a packer the examination and eventual approval of blueprints of a meat plant can be a real money saver.

For many years prior to the passage of the Wholesome Meat Act of 1967 few states had an inspection system worthy of the name, to cover the meat that was prepared for intrastate commerce only. Consumers became more vocal and demanded that all meat sold should be of unquestioned wholesomeness. In states where enforcement of food laws was lax, meat was being prepared under conditions that were sometimes deplorable and animals affected with conditions that would be condemned under Federal Meat Inspection were sold for food to the unsuspecting public. Plants were opened in states that had little or no enforcement with the specific purpose of adulterating the meat such as hams and corned beef with excessive water. The response in some states was to provide for a greatly improved State inspection program. Other states made little effort to develop an adequate meat inspection program. The Federal Meat Inspection Service provided training for the state veterinary medical officers, food inspectors, laboratory and administrative personnel long before the passage of the 1967 law.

After extensive hearings and extended debate the Meat Inspection Act was amended on December 15, 1967 to provide for the inspection of all meat sold to the public whether or not it moved interstate. Section 2 of the Act found that ". . . all animals and articles which are regulated under this Act are either in interstate or foreign commerce or substantially affect such commerce, and that regulation by the Secretary and cooperation by the States and other jurisdictions as contemplated by this Act are appropriate to prevent and eliminate burdens upon such commerce, and to protect the health and welfare of consumers. (21 U.S.C. 602.)" States were given two years to develop programs or modify existing programs so as to meet the requirement that the program be "equal to" the Federal program. Where substantial progress was being shown, states were given an additional year to get into compliance. These were trying times in some states but real progress was made in many of the states. Some were unable for one reason or another to reach an acceptable level. These have been "designated" after due official notice and acceptable plants that met minimum requirements continued to operate but under Federal rather than state inspection. The 13 designated to date are: Guam, Kentucky, Minnesota, Missouri, Montana, Nebraska, Nevada, North Dakota, Oregon, Pennsylvania, Puerto Rico, Virgin Islands, and Washington. (In the case of poultry 22 states have been designated).

Prior to the passage of the Act of 1967 the entire cost of State meat inspection was borne by the state. The Federal input was limited to the advice, counsel and training that was given to state employees. All of the states excepting North Dakota entered into an agreement with the United States Department of Agriculture to operate their meat inspection program in a manner that could be found to be "equal to" the Federal program. North Dakota elected to have the Federal program applied in all of their plants. Since that time it has been necessary for Federal meat inspection to assume the entire responsibility in twelve additional jurisdictions. The reasons varied from hazards to human health to inability or unwillingness to provide the program. Others may have to follow. Federal officials have been extremely patient as they have tried to keep the State Meat Inspection programs going.

In order to give states an additional incentive for maintaining inspection systems "equal to" the Federal, the costs have been shared on a 50–50 basis. This permitted those states with programs to make theirs better and those that had little or no program to get started. Most states had to revise or enact new food laws. Attempts have been made to have the Congress increase the Federal contribution to 80 percent of the total cost to the state. Fortunately this has not been done. It would have been one more step toward the weakening of the Federal system that has earned the unquestioned respect and confidence of American and foreign consumers. States should be encouraged to continue to assume their responsibility for the inspection of product for sale and distribution only within the state, by providing inspection of product for sale and distribution only within the state. By providing half the cost the Federal government is assuming its share. The surveillance given by Federal veterinarians and inspectors is still financed by the Federal government and not charged as a contribution to the state.

Emotional pleas are frequently heard that the small packer or processor cannot operate under the Federal program. This is not true. If the inspection and facility standards are equal as are required by the Act then there is absolutely no reason why the packer cannot apply for and receive the inspection. No plant is too small to be denied the right to engage in interstate shipment of meat. This was also the policy for many years prior to the passage of the Act of 1967. The drawings required to be furnished with the application are only those that will assure the ability to operate with due regard for good sanitation and the ability to perform inspections.

Much has been said in the past about the qualifications of the inspectors and the conditions under which they are employed, compensated and supervised. We have tried repeatedly to obtain information on whether states operate under a merit system comparable to the Federal system. The Act of 1967 has not been interpreted as requiring a system "equal to" for probably the most important element in a good inspection program, the men and women who perform the inspections. The enforcement of a program with such extensive control over product of high monetary value requires the highest standards of loyalty, integrity and morality. This is only assured when the inspector has good supervision and is assured of freedom to operate without threats of intimidation, assault or other interference with his ability to protect the health and welfare of the public. This is not provided in all of the state programs.

The United States exports large amounts of products from the meat industry that are surplus to our needs. We are deficient in the amount of certain red meat and have to import large amounts of the leaner cuts of beef and mutton. On the other hand we must dispose of large amounts of edible fats and such products as livers and tongues which are surplus to our needs. We can expect that several foreign countries would not accept our products if other than Federally inspected products could be offered for export. We have only to look at our own requirements. In order to offer product for importation into the United States it must have been prepared under a *National* inspection system that has been specifically recognized as equal to that of the United States. In addition only those plants that have been specifically approved by the foreign government and accepted by the U.S. veterinary medical officer assigned to that country, are permitted to offer products for importation into the United States. At the time of entry the product is again inspected by the United States inspectors to be sure that it meets all requirements. It would be extremely unfortunate if our right to export was questioned due to a change in the present system where we set the standard for much of the world.

We strongly believe that S. 1919 should be rejected. The present system of Federal-State cooperation is a marked improvement over what we had prior to the time the Act of 1967 became operative. That job is not yet complete. The difficulties in a few states may result in some additional programs coming under the Federal Program. This will be determined by the citizens, legislators and top officials of those states. If they have the will to do so they will be encouraged to keep their programs. In actual practice some states just don't trust their neighbors in this important field and this might be a deterrent rather than an aid to free movement of meat.

We urge you to let the present law and its administration continue to operate without major change. To do otherwise would complicate the administration of this vital program and be a disservice to the American public.

Please make this letter a part of the hearing record.

Sincerely,

CLARENCE H. PALS, D.V.M.,
Executive Vice President.

P.S.—I retired as Director of the Federal Meat Inspection Service in 1965 after over 33 years in the program.

THE PRESIDENT'S PAY PROPOSALS

Mr. STEVENS. Mr. President, in the near future the Senate will be considering a resolution regarding the President's recommendation for salary increases for the top officials in the three branches of Government. As you know, unless we disapprove the President's recommendation it becomes law after 30 days of its receipt by this body. I intend to oppose any resolution disapproving this pay proposal because it is needed, and is very modest in its cost. Let me emphasize the modesty of this proposal. The Commission on Executive, Legislative, and Judicial Salaries recommended to the President a 25-percent increase as being fair and just. The President, with an eye to restraining national overall inflation, reduced this to 22½ percent and reduced it still more by phasing it over a 3-year period. If, in fact, we were to consider what the Cost of Living Council would have allowed for State and local governments, we can see how really modest the recommendations are. Where the law has kept a State or local government from raising the salaries of its top officials for several years, the Cost of Living Council allows multiplying the 5.5-percent annual guideline by the number of years since the last increase. Applying this principle to the Federal executive situation would produce a 27.5-percent immediate increase plus yearly increases of 5.5 percent. Thus, one can again see that this proposal is certainly in line with the overall attempt by the legislative and executive branches to keep inflation under control. Remember that Government officials have not received a salary adjustment since 1969, 5 years ago, yet the Consumer Price Index has gone up almost 30 percent; the average hourly earnings in the nonfarming economy has increased 29.5 percent; executives in private industry have seen their salaries go up to 25 to 30 percent; the salaries of Governors of our 50 States have moved up on the average of 26.5 percent; the general schedule salaries for Federal employees have increased 42.3 percent, and yet there are those who contend that this increase is uncalled for.

Let me remind you that we are not just dealing with salaries of Members of Congress, but of salaries of immediate concern to some 10,000 Federal employees. What we do on this matter will have a great impact on the ability of the Federal Government to attract or retain highly qualified individuals for Government service. I could cite a number of top executives who have left Government service to accept higher paying positions in private industry or State government. For example, recently two outstanding Federal judges resigned from the bench to accept positions in private practice. These individuals, one from Pennsylvania and one from Georgia, attributed the reason for departing to the need to improve for the financial security of their family.

This example points up a crisis in the judiciary. The legal profession generally is lucrative for exceptional lawyers in private practice. When a person is nominated for the bench he must make a decision weighing the income loss with the desire to make a contribution in public service. This is no small matter if he must worry about items such as educational opportunities for his children, mortgages, or other financial commitments. We expect our judiciary to be drawn from the highest caliber of talent in the legal profession. If that talent is to be drawn into public service then we should expect to provide an income sufficient to meet their needs. And, I feel Federal judicial salaries should be sufficient to justify an experienced trial or appellate court judge from the State systems to move to the federal system.

The Commission on Executive, Legislative, and Judicial Salaries surveyed the salaries paid to State court judges during the period 1968 to 1972. During that period the salaries of judges of State appellate courts of last report, excluding allowances, averaged an increase of 21 percent. The 1972 salaries ranged from $20,500 per annum in South Dakota to $45,150 in New York.

Thus, at the present time, the judges of the Federal courts are paid salaries almost on a par with the lower State courts. The current rate of $42,500 is in effect for judges of the circuit court of appeals, the Court of Claims and the Court of Customs and Patent Appeals. The rate of $40,000 is in effect for judges of the district courts and the Customs Court.

If we disapprove the recommendations for an increase in Federal judicial salaries it will be to the economic disadvantage of an experienced jurist to seek appointment to a Federal bench. State judicial salaries are being adjusted to meet the increase in living costs; if we disapprove this increase, it will be a signal that the Federal judiciary will be reserved for those who are financially independent. Nothing could harm the Federal judiciary more than to have this occur. Can the prestige of being a Federal judge and the knowledge of giving service on the national level outweigh the fact that a person earns more as a State judge and still give public service by serving on the bench? Can those factors outweigh the higher income of private practice?

I am not suggesting that we set Federal judicial salaries at a rate that it becomes an offer not to be refused. However, there is a matter of equity involved in this issue. When the first commission reported in 1968 their recommendations provided for Federal judicial salaries ranging from $67,500 for the Chief Justice to $47,500 for judges of the district and Customs Courts. Those recommendations were not acceptable to the President and were reduced to the present level.

Under the current recommendations, from the President, the judges of the district and Customs Courts will receive $43,000 in 1974, $46,200 in 1975 and $49,700 in 1976. In other words, it will be 1976 before their salaries reach the level recommended by the first commission to go into effect in 1969. Incidentally, the second commission recommended that these members of the judiciary have their salary increased to $50,000 per annum effective immediately.

These examples point up the problem all departments and Federal agencies in the Government are facing with regards to its best career executives. More than 1,000 of those in supergrade positions are now eligible to retire. Another 400 to 500 become eligible each year. By remaining in Government service these individuals are foregoing a cost of living annuity increase which raised annuities more than 10 per cent last year. Unless this pay raise increase is allowed to become effective, many of these individuals can and will substantially better themselves financially by retiring and accepting non-Government employment.

There is a situation in Government now where the executive GC–15, step 10, is drawing the same salary as his boss, his boss' boss, and on up to executive schedule V. This unfortunate situation is called the "compression factor." "Compression" is the term given when subordinates are given the same salary as his boss and his boss' boss, et cetera. Currently, this compression factor exists down through five levels of executives.

This situation is totally inconsistent with the American tradition of equal pay for equal work. What incentive is there for an individual in GS–16 to accept or even strive for a promotion which will mean the same amount of income, but much more work and a greater amount of responsibility and no greater retirement income?

Frankly this represents a problem that would never be allowed to occur under a system with any semblance of good labor relations or good management. No organization would create a situation in which six echelons of management are being paid at the same rate.

I need not remind you that if this legislation for disapproval of the President's proposal is passed it will be another 4 years before top Federal officials can hope for an increase in their income. By 1976 the situation will become even more critical. An individual at GS–18 level, for example, will be making some $15,200 less than his counterpart in private industry. This is contrary to the comparability principle adopted by Congress in 1962. But the comparability factor is only one way in which to gage how necessary this salary increase is.

The compression factor in 1976 will be equally unreasonable. Unreasonable in that from the upper levels of GS–14 through GS–15, 16, 17, 18, and executive schedule V will all be making the same amount. The situation is bad today; it will be much worse in 1976. I urge that the President's pay proposal be allowed to take effect.

One final note, most of us were Members who voted to fund the Commission on Executive, Legislative, and Judicial Salaries. We enacted those appropriations and gave the Commission the mandate to study those salaries and to determine what the rates of pay should be. I doubt that there are very many Members of Congress who did not expect that the Commission would recommend increased salaries. I find it somewhat difficult to understand why we expended the money for the Commission if we are now prepared to scuttle the results. The modest increase, a maximum of 22.5 percent for any one position over the next 3 years, are not beyond the realm of reasonability. I suggest that we accept the recommendations.

CIGARETTE ADVERTISING

Mr. MOSS. Mr. President, Action on Smoking and Health, an organization which has long been at the forefront of legal activities concerning cigarette advertising and promotion, has filed a petition with the Federal Trade Commission designed to regulate cigarette billboards.

I believe that this petition has much merit and should be closely studied for its recognition of the unique impact of billboards as an advertising technique. Therefore, I urge my colleagues to read this petition.

Mr. President, I ask unanimous consent that the text of the petition for rulemaking submitted by Action on Smoking and Health be printed in the RECORD.

There being no objection, the petition was ordered to be printed in the RECORD, as follows:

[Before the Federal Trade Commission,
Washington, D.C.]

PETITION FOR RULEMAKING IN THE MATTER OF ADVERTISING OF CIGARETTES ON BILLBOARDS

Petitioners: Action on Smoking and Health, Dr. Douglas A. Campbell, Interagency Council of D.C. Seventh-Day Adventist Temperance Department.

Attorneys for petitioners: John F. Branzhaf III and Joel D. Joseph.

I. ABSTRACT

Action on Smoking and Health (ASH) is herein petitioning the Federal Trade Commission to establish rules to regulate the advertising of cigarettes on billboards. Currently, cigarette billboards must display health warnings with two-inch high letters. ASH is proposing that cigarette billboards be banned as unfair and deceptive trade practice.

II. PETITIONERS

Petitioner Action on Smoking and Health (ASH) is a national non-profit charitable organization which serves as the legal action arm of the antismoking community. ASH has approximately 15,000 individual contributing members who support its activities and whose interests in the problems of smoking ASH seeks to further. In addition, ASH is supported and sponsored by a wide variety of health, educational and social welfare organizations, and a distinguished panel of individual Sponsors, including leading figures in the fields of medicine and public health. Attached, and hereby made a part of this petition, is a report more fully describing ASH, its supporting organizations, and its Board of Sponsors. ASH has initiated and engaged in numerous proceedings before the Federal Communications Commission and the Federal Trade Commission concerning cigarette advertisements and promotions, and before the Federal Aviation Administration and Interstate Commerce Commission concerning separate nonsmoking sections on aircraft, buses and trains. Thus its standing to initiate and participate in action before such agencies on behalf of the interests of its contributing members, supporting organizations, and individual sponsors has been clearly established.

Dr. Douglas Campbell maintains homes in Los Angeles, California, and Sun Valley, Idaho. Several years ago he led a successful campaign to rid Blair County, Idaho, home of Sun Valley, of billboards.

The Interagency Council on Smoking of D.C. consists of the following member organizations: American Cancer Society, D.C. Division; American Temperance Society; Community Health and Hospitals Administration of D.C.; the Congress of Parents and Teachers of D.C.; the Council of Churches of Greater Washington, D.C.; the Dental Society of D.C.; D.C. Public Schools; the League for Nursing of D.C.; the Lung Association of D.C.; the Medical Society of D.C.; the Medico-Chirurgical Society of D.C.; National Medical Association, Inc.; and the Washington Heart Association.

The Seventh-day Adventist Temperance Department represents over 500,000 members in North America and nearly three million members in 198 countries of the world. The Temperance Department conducts educational programs for the betterment of society and desires to end cigarette advertising because of its effects on the youth of this nation.

III. INTRODUCTION

The advertising of cigarettes on billboards in view of our nation's highways and in our cities should be controlled. Smoking of cigarettes is widely recognized as one of our major health problems, a contributing cause of heart disease, lung cancer, emphysema, and bronchitis.

There are several reasons why billboards were chosen from other forms of advertising. The reasons closely parallel the reasons that were given for the ban on TV and radio cigarette ads. The viewer cannot ignore billboards. Before children can read they see billboards, and may be influenced by a supersized cowboy or cowgirl smoking cigarettes.

Cigarette advertising on billboards is an unfair and deceptive trade practice. First of all, health warnings are too small to read from more than 120 feet. This difficulty is compounded when driving past at fifty miles an hour. Secondly, children who don't read can be influenced by the larger than life sized pictures of adults smoking cigarettes. Finally, billboards may have a subliminal effect on the viewer because of the speed at which he is passing and may not realize that he even saw the advertisement.

Banning cigarette billboards is consistent with Congressional policy and is constitutional. The FTC was given the authority, after July 1, 1971, to prevent unfair and deceptive advertising of cigarettes. The State of Utah banned cigarette billboards more than forty years ago, and their statute was upheld by the U.S. Supreme Court.

IV. THE UNIQUE HARM OF CIGARETTE BILLBOARDS

There are three basic reasons why cigarette billboards are more harmful than other cigarette ads. First of all, billboards are difficult to ignore, since they are thrust upon the viewer. Secondly, young children will see the ads and will be unable to understand the severity of the health hazard created by smoking. Both of these reasons were given for the Congressionally mandated ban on television and radio cigarette ads. Finally, eliminating cigarette billboards would remove some of the visible pollution from the sides of our highways in furtherance of the goals of the Highway Beautification Act of 1965.[1]

People do not choose to look at billboards as they choose to read magazines or newspapers. Billboards are intentionally placed on the sides of roadways and in our cities in order to attract the eyes and minds of people who are looking for something else, a street address, scenery, or whatever. These advertisements often have a short verbal message or a picture and seek to influence their audience at the first glance. Turning away from the billboard does not remove the effects of the advertisement, since the damage may have already been done.

Children are particularly susceptible to the ill effects of cigarette advertisements. Even before they can read, young children enjoy looking out of car windows at the new world around them. They are likely to be attracted and influenced by a cowboy smoking a cigarette, or by a huge, larger than life sized, adult smoking cigarettes. Our hope of reducing the amount of cigarettes consumed rests clearly on the possibility of preventing young people from getting hooked on this harmful and often deadly habit.

Removal of billboards will be beneficial to those interested in seeing an uncluttered view of our cities and countryside. If billboards are going to be eliminated, it would make sense to remove the most harmful ones first: the ones which preach for death and disease.

V. CIGARETTE BILLBOARDS AS AN UNFAIR AND DECEPTIVE TRADE PRACTICE

The advertising of cigarettes on billboards is an unfair and deceptive trade practice within the meaning of sections 5 and 12 of the Federal Trade Commission Act, 15 U.S.C., Sections 45 and 52, for three distinct reasons. First of all, health warnings are not currently

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Footnotes at end of article.

clear and conspicuous. Secondly, young children who see these advertisements cannot understand the health hazard, and could not understand the hazard even if the warnings were larger. Third of all, viewers who pass by billboards at fifty or sixty miles per hour may be subliminally affected and increase purchases of cigarettes.

The Commission has the power to deal effectively with unfair and deceptive acts or practices. In *F.T.C.* v. *Sperry & Hutchison Co.*,[2] the Supreme Court stated that the Commission has broad authority to declare what commercial practices are unfair and/or deceptive. The Court approved the use of the following factors to determine unfairness and deceptiveness, enunciated by the F.T.C. in the Cigarette Labeling Rule: [3]

(1) whether the practice *offends public policy;*

(2) whether it is *immoral, unethical, oppressive, or unscrupulous;*

(3) whether it causes *substantial injury to consumers.*

Cigarette advertising on billboards falls within the scope of all three of these factors. Warnings that are too small to be read offend the public policy. Cigarette billboards are immoral, unethical, oppressive and unscrupulous because children cannot understand the warnings and because of the subliminal effects of these advertisements. It would be difficult to find a product more injurious to consumers than cigarettes.

A. Clear and conspicuous warnings

Pursuant to six consent orders,[4] cigarette advertisements are required to clearly and conspicuously disclose the dangers to health associated with cigarette smoking. The consent orders specifically require that on large billboards the following warning be displayed in two-inch high letters: "WARNING: THE SURGEON GENERAL HAS DETERMINED THAT CIGARETTE SMOKING IS DANGEROUS TO YOUR HEALTH." The consent order is contradictory. A warning with two-inch high letters on a twelve-foot-by-twenty-five-foot billboard is not *clear and conspicuous*. Petitioners contend that this ambiguity should be clarified by a rule prohibiting cigarette ads on billboards.

In the six consent orders the major tobacco manufacturers were ordered to "cease and desist from advertising any such cigarette unless respondent makes *in all advertisements* of such cigarettes a *clear and conspicuous* disclosure of the statement prescribed in Section 4 of the Public Health Cigarette Smoking Act of 1969 (Public Law 91–222) quoted above.

On July 1, 1971, the FTC "notified the six major cigarette advertisers that the Commission intended to issue complaints alleging that these firms violated the Federal Trade Commission Act by failing to make a *clear and conspicuous* disclosure in all cigarette advertising of the dangers to health associated with cigarette smoking." [5]

An FTC Press Release issued on July 1, 1971, stated: [6]

"The firms' failure to include a warning in advertising when they have information giving them knowledge of reason to believe that cigarette smoking is dangerous to health is unfair and deceptive and violates the FTC Act. . . . The proposed orders contained in the complaints would require that all future advertisements by the firms *clearly and conspicuously* include the same warning the Public Health Cigarette Smoking Act of 1969 requires to appear on every package. . . ."

The six consent orders were identical. Part I, subpart D, of the orders required that the Surgeon General's warning be at least two inches in height on large billboards. Two-inch warnings on billboards are not clear and conspicuous when motorists are driving past at high speeds and hopefully are paying full time and attention to their driving.

1. Current Warning Too Small To Be Seen

Beyond any reasonable doubt, the health warning now required and displayed on cigarette billboard advertisements is far too small to be seen, even by a person standing still, and under ideal conditions. Letters two inches in height can normally be seen by persons with so-called "normal" 20/20 vision, from a distance of no more than 120 feet.[7] This calculation assumes that the lighting is ideal, and that the viewer is standing still looking at one letter at a time, that the line of sight is perpendicular to the letter, and that the letter is black, on a white background, with the thickness of the lines of the letter being one-fifth of its height. Thus, even a person with normal vision, under ideal circumstances, could not read the letters of the warning from a distance of more than about 120 feet.

Even assuming that the viewer is standing still, it is highly unlikely that these other circumstances will exist. Lighting is usually far from ideal. Only in rare instances will the viewer be perpendicular to the billboard. The letters are not designed for optimal distance viewing. The contrast in many cases may be weak, and the warning may, in fact, be in color, or not in the black-on-white of sufficient density for optimal viewing.

Unfortunately, many people do not even have ideal vision. Thus, a substantial number of the population have vision which is no better than 20/30. Indeed, many of these people may be licensed drivers, and certainly many others have skilled occupations. People with 20/30 vision could see these letters under ideal circumstances at a distance no greater than 80 feet.

As the Commission knows, many billboards are situated far further than 120 feet from the viewer. Indeed, many billboards are more than 660 feet from the viewer, and others may even be further.[8] In contrast to the two-inch-high letters of the health warning, the pictures on billboards may be 10, 20, or more feet in height, and the size of the letters of the advertising message may be measured in feet, rather than inches. Clearly, these can be seen from great distances, whereas the warning cannot. Good examples of the invisibility of the warnings, even under static viewing conditions, are shown in Exhibits 1, 2, 4, and 5.

2. Viewing the Warning Is Complicated by Speed

In addition to the problems already mentioned, most billboards are viewed by drivers or passengers in cars which are moving past the billboard at reasonable rates of speed. This further complicates the problem of reading the health warning message. As previously indicated, any billboard more than 120 feet from the viewer cannot be read at all, regardless of the rate at which the viewer is moving. Where the billboard is closer to the highway than 120 feet, the speed at which the viewer is ordinarily moving nevertheless renders it almost impossible to see the warning.

To take just one example, assume that a billboard is no more than 20 feet from the road. Assume that the motorist is driving at a modest rate of 30 miles per hour. Under these circumstances the viewer will be within a distance at which it is theoretically possible to read the individual letters of the warning for no more than 2.6 seconds. In that brief period his eyes will have to notice the billboard, focus upon it, locate the health warning, focus upon the health warning, and then attempt to read it. The warning required on the cigarette billboards is 14 words in length. An average reading speed for adult, educated, literate Americans is approximately 250 words per minute.[9] Thus, even assuming that the motorist instantly located the warning, and looked directly at it during the entire period that he was within the viewing range, he would not be able to read the 14 words of the warning in the 2.6 seconds.

Moreover, in addition to the other impediments to viewing previously discussed, bad lighting, reflection, lack of perpendicularity, poor contrast, etc., a viewer under these circumstances would be required to continually refocus his eyes very rapidly, as the perceived size of the letters changed, as he moved toward it. In other words, the average reading speed of 250 words per minute is based upon a book which is held still, and at an optimal distance from the viewer's eyes. In this case the problem is one of reading a "book" hurdling toward us at 30 or more miles per hour.

Some small indication of the difficulty of reading the health warning while moving can be obtained by driving down an average city street and attempting to read street signs at 30 to 40 miles per hour. Typically, the size of the letters on such signs is far larger than two inches, and clearly the message is far shorter.

It must also be emphasized that, unfortunately, many Americans cannot read at 250 words per minute, and that children, and those with reading difficulties, may in fact be among the most impressionable. Again, by way of contrast, the messages on the cigarette billboards are made large, clear, simple, and distinct so that they can easily be appreciated, even if they are viewed only momentarily. Indeed, as will be indicated in some greater detail hereafter, it may very well be to the advantage of the cigarette companies to have their messages impressed upon the minds of viewers only fleetingly.

Exhibits 1 through 5 demonstrate that the warnings are too small to be seen unless the photographs are studied with a magnifying glass. When driving past a billboard at highway speeds, the warning becomes invisible.

Exhibit 3 demonstrates that some billboards do not even meet the minimal requirements of the consent orders. That some cigarette billboards should fail to include a health warning is an indication of the lack of respect that some tobacco companies have for the Federal Trade Commission.

The tiny warnings required by the FTC are even less visible, if that is possible, at night. Occasionally the health warnings on billboard ads will be blocked from the view of the public by an obstruction. Exhibit 4 is an example of this.

The health warnings are less visible in some of the ads because of the lack of contrasting colors. See Exhibits two and five.

In summary, the health warning on cigarette billboards is too small to be seen by motorists and passengers driving by at highway speeds. The requirement of two-inch letters is not adequate. The intent of the consent decrees to make the Surgeon General's health warning *clear and conspicuous* is being flouted.

B. Protection of children

Obviously, the most critical audience for the health warning notice is children. Most adults have already made a determination as to whether or not they should smoke. The very limited success of the warning on packs of cigarettes is a good indication that a person who has already decided to smoke is not apt to be effectively influenced by a warning. By way of contrast, children typically do not make this determination until their early teens.

Up to that point, they are receiving a variety of impressions, images, and ideas from society around them. Although parents and peers are a major force in determining a child's attitude with regard to smoking, it is clear that other stimuli also play a major role. It is, of course, largely for this reason that cigarette advertising on radio and tele-

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Footnotes at end of article.

vision was banned. It was a media which was viewed or listened to by children, and one which they could appreciate and receive the message from, even before they knew how to read. Cigarette billboards, almost uniquely among other means now used to advertise cigarettes, have exactly the same vices.

By and large, pre-teenage children do not read newspapers. They therefore are not exposed to cigarette advertising in this medium. To a great extent, pre-teenage children, and most certainly the younger children, do not read general circulation magazines which contain cigarette advertising. The day when a young child would leaf through a large picture magazine such as *Post, Life,* and *Collier's* has disappeared with the demise of the large picture magazine. Indeed, if one were to take the top 10 or 20 magazines in this country which do feature cigarette advertising, it would be unlikely that young children would be among their readership. Thus, children are not exposed to that source of advertising. Other popular means of advertising cigarettes, such as point-of-display advertising, paper back book inserts, coupon offers, etc., also have very little, if any, impact on children, particularly those who do not read.

In contrast, children are incessantly exposed to cigarette billboards. Their curiosity and restlessness while driving, in fact, makes them prime candidates, as any harrassed parent will testify. Even before they can read, children can appreciate cigarette billboard advertising. As the FTC knows, and as indicated very briefly in our exhibits, the messages cigarette billboards convey are very easily received by children. Even before they can read, they see cigarettes being smoked by happy, healthy-looking people, many of whom, such as cowboys, have a special appeal to children. Thus, as they drive down a typical highway, children will see billboards showing large authority figures happily, and apparently healthily, smoking. On occasion, cigarettes will also be associated with visual images which appeal to children. Cigarettes shown before woodland pools, flowing streams, outdoor scenes, and in connection with people engaged in outdoor and sports activities, e.g., hiking, bicycling, etc., naturally appeal to the children. Those who cannot, of course, be protected by the exsting health warning, or, indeed, by any other warning made up simply of words they cannot read. Even those above a certain age with a limited ability to read cannot, as we have previously demonstrated, be expected to read and comprehend the minuscule health warning stuck off in a corner of large billboards as they whiz by.

There are additional reasons why we should be increasingly concerned with the effect of cigarette billboard advertising on children. Our long-term hope for reversing the continuing increase in cigarette consumption and the resulting disability and mortality clearly lies with the young people. Deception which touches them on this life and death matter is far more critical than otherwise. In addition, the demonstrated inability of people to stop smoking once they have begun the habit increases the need for a clear and adequate health warning when they are young. A deceptive ad for cigarettes aimed at children is far more serious than one for virtually any other product. Many other products as to which they might conceivably be deceived present little, if any, danger and, at most, the harm to them and to society is a waste in resources through the purchase of products which do not perform as promised. Where the products are dangers to the children, the dangers are normally many degrees of magnitude below that of cigarettes. Cavities from candy, poor nutrition from soft drinks, lack of exercise, etc., have no comparison with consumption of a product that could easily cause premature death and disability. Finally, even where the decision relates to a product which presents some kind of a danger, children can generally, upon obtaining maturity, re-think the decision and cease to consume the product or engage in the activity. In striking contrast, we know today that the majority of adult smokers would like to stop smoking, but are unable to do so. A large proportion have, in fact, tried one or more times. Large clinics, plans, devices, medications, and programs in ever-growing number are dramatic testimony to the inability of a person to later change his mind about the problem of smoking.

The FTC, with a long-standing policy to protect children, can act to prevent tobacco companies from preying on the innocence of our younger generation in order to keep sales of their deadly products at high levels. If we can prevent our youngest generation from becoming addicted to tobacco, we will have gone a long way toward reducing lung cancer, heart disease, emphysema, and bronchitis.

"Because the audience exposed to cigarette advertising included substantial numbers of children, the Commission viewed broadcast cigarette advertisements as one of the principal problems posed by the promotion of cigarettes in this country in 1967." [10] The Commission estimated that approximately one-fourth of the exposure to cigarette commercials broadcast on network television programs during the month of January 1967 were viewed by persons who were two to 17 years of age.

In its June 30, 1969 report to Congress, the Commission stated at page 14:

"This trend toward smoking at earlier ages should be considered in light of the recognized medical fact that the earlier the starting age, the greater is the risk of contracting lung cancer and other diseases associated with cigarette smoking. Furthermore, it has been reported that even though an individual has been smoking for a relatively short period of time, significant changes in blood chemistry may have occurred which may cause detrimental long range effects." (Citations omitted)

In its June 30, 1967 Report to Congress, the Commission stated at page 13:

"Whatever effect this exposure of youth to cigarette advertising may have, it is a fact that in this country the general trend is toward smoking at an even earlier age. The only national survey on the subject, conducted in 1955 by the Bureau of Census under the auspices of the United States Public Health Service, revealed that the median age at which males began smoking was 19.3 for those born prior to 1890; 18.4 for those born in the decade 1901–1910; and 17.9 for those born 1921–1930. The female experience has been even more pronounced, the median age for the three periods being respectively 39.9, 26, and 20."

Even the Cigarette Advertisers Code, Appendix D to the June 30, 1969 FTC Report to Congress, has provisions relating to the protection of children from the harm of cigarette advertising. The Code:

1. Banned smokers in ads who are or appeared to be under 25 years of age.
2. Stated that ads may not appear to come from a campus.
3. Stated that "Scenes involving children have been almost completely eliminated."
4. Stated that recognizable rock and roll tunes in cigarette commercials are considered to appeal directly to youth, and are so ruled out.

C. Subliminal effects of billboards

The use of subliminal techniques in advertising is clearly an unfair and deceptive trade practice. Both the Federal Communications Commission [11] and the Federal Trade Commission [12] have issued statements warning that such techniques should not be used. The FCC stated that use of subliminal cuts on televised advertisements could be reason for denial of license renewals. Even the advertising industry's "Television Code" prohibits use of "any technique whereby an attempt is made to convey information to the viewer by transmitting messages below the threshold of normal awareness. . . ." [13]

Subliminal techniques appeal to the subconscious mind without the viewer being aware that he is being seduced. The most common subliminal technique is the "subliminal cut." A subliminal cut is when one frame is spliced into a film with a simple message, e.g., "Buy X." The viewer does not consciously read the subliminal cut, but studies have shown that viewers' behavior is affected.[14]

Billboards may have an effect on people driving past them similar to that of a subliminal cut. Driving past a billboard at sixty miles an hour is quite similar to seeing one frame of a movie. What billboards did you see today?

The average family is exposed to approximately 178 outdoor billboards every day.[15] Do you remember the forty or so billboards you saw today, or the 300 you saw last week, or the 15,000 you saw last year? You might not remember, but your subconscious probably does.

What does all this have to do with cigarette billboards? First of all, when a smoker trying to give up cigarettes, constant conscious reminders—let alone subconscious reminders—may prevent him or her from giving up the habit. Secondly, children may be subliminally attracted to cigarettes by billboard advertisements, and started on their way toward a deadly habit. How many people do you know who smoke who have no idea why they started smoking?

All billboard advertising may have subliminal effects, but subliminal cigarette advertising is particularly abhorrent when it may prevent adults who consciously want to break their cigarette addiction from doing so. It is similarly despicable when it leads innocent children to take their first puff, and subconsciously urges them to continue. Cigarettes are associated with "healthy" activity: A viewer who could actually read the health warning on a billboard, but subconsciously be "convinced" by the associative themes of the advertisements. The Commission has summarized cigarette advertising themes as follows: [16]

"Cigarette smokers continue to be depicted as a class worthy of emulation, albeit occasionally for inconsistent reasons. For example, some brands are associated with individuality and independence, others with doing what is popular. But the net effect is to portray smoking as socially desirable, healthful, youthful and contributing to, or reflecting material success. The health hazards of smoking are ignored or denied, usually by means of indirect references."

These associative themes become imprinted in the subconscious mind of the viewer when seen again and again on the sides of roads and highways. Cigarette ads of this type cause children to start smoking and make it exceedingly difficult for adults to stop smoking.

VI. CONGRESSIONAL POLICY REGARDING CIGARETTE ADVERTISEMENT ON BILLBOARDS

Banning cigarette billboard advertising is clearly consistent with Congressional policies. The Public Health Cigarette Smoking Act of 1969 [17] (P.H.C.S.A.) establishes Congressional policy with respect to the relationship between smoking and health and the advertising of cigarettes. The Highway Beautification Act of 1965 [18] sets the national legislature's stand on the issue of billboards generally.

Footnotes at end of article.

The P.H.C.S.A. stated in its declaration of policy:

§ 1331. Congressional declaration of policy and purpose.

It is the policy of the Congress, and the purpose of this chapter, to establish a comprehensive Federal program to deal with cigarette labeling and advertising with respect to any relationship between smoking and health, whereby—

(1) the public may be adequately informed that cigarette smoking may be hazardous to health by inclusion of a warning to that effect on each package of cigarettes; and

(2) commerce and the national economy may be (A) protected to the maximum extent consistent with this declared policy and (B) *not impeded by diverse, nonuniform, and confusing cigarette labeling and advertising regulations with respect to any relationship between smoking and health.* (Italics added)

The same Act prohibited advertisements for cigarettes on television and radio.[19] The legislative history of this provision establishes that one reason the media of electronic communication was singled out was because of its effect on youth. Senator Moss stated it as follows:[20]

"It is not in the public interest any longer that cigarettes be advertised on the airways, a medium that is unique, reaches into every household, *and is particularly viewed by the young.*" (Italics added)

The Federal Trade Commission has had authority to act to prevent unfair and deceptive advertising of cigarettes since July 1, 1971.[21] Since advertising cigarettes on billboards is prohibited in some areas of the country, and permitted in others, the FTC could create a national standard of "no cigarette billboards" to implement Congressional policy of uniform advertising regulations. The Highway Beautification Act establishes a national policy to eliminate billboards near interstate and primary national highways:

§ 131. Control of outdoor advertising.

(a) The Congress hereby finds and declares that the erection and maintenance of outdoor advertising signs, displays, and devices in areas adjacent to the Interstate System and the primary system should be controlled in order to protect the public investment in such highways, to promote the *safety* and recreational value of public travel and to preserve natural beauty. (Italics supplied)

The Commission has four grounds for banning the billboard advertisement of cigarettes, each perfectly consistent with Congressional policy:

1. Cigarette advertising on billboards is an unfair and deceptive trade practice because the warnings are not clear and conspicuous, and because of the possible subliminal effects of such ads.

2. To protect the youth of this nation from cigarette solicitation.

3. To provide a uniform national standard of "no cigarette billboards" since they are prohibited in several states.

4. To remove billboard clutter from the sides of our nations roads and highways.

VII. CONSTITUTIONALITY OF A CIGARETTE BILLBOARD BAN

The State of Utah has banned the advertising of cigarettes and tobacco products on billboards, street car signs, street cars, placards and other places of display for about fifty years.[22] The same Utah statute permitted the advertising of cigarettes and other tobacco products in newspapers, magazines and periodicals. This statute was found to be constitutional in *Packer Corp.* v. *Utah*, 285 U.S. 105, 76 L.Ed. 643, 52 S.Ct 273 (1932).

Mr. Justice Brandeis delivered the opinion of the court in *Packer:*[23]

"Advertisements of this sort are constantly before the eyes of the observers on the streets and in street cars to be seen without the exercise of choice or volition on their part. Other forms of advertising are ordinarily seen as a matter of choice on the part of the observer. The *young people* as well as the adults have the message of the billboard thrust upon them by all the arts and devices that skill can produce. In the case of newspapers and magazines, there must be some seeking by the one who is to see and read the advertisement." (Italics added)

Most states have banned the sale of tobacco products to minors. Since the sale of tobacco can be regulated, solicitation of sales can similarly be regulated. In *State* v. *Packer*, 77 Utah 500, 297 P. 1013 (Supreme Court of Utah 1931) the court stated:

"We see no reason why the state which may prohibit or limit the sale of this article, may not also limit or restrict the solicitation of the sale, especially where, as here, it has prohibited the sale to minors. Such solicitation by advertisement is for the purpose of increasing the demand for and use of tobacco. These advertisements do not appeal alone to the class of persons who may lawfully purchase and use cigarettes and tobacco; they are general in their nature, and appeal to all classes and ages of our population. *It is inconsistent to say that the Legislature may lawfully prohibit the sale of tobacco to minors of both sexes, but is without power to place any restriction on the solicitation of such persons by advertisements.* Laws have been enacted in almost every state in the union prohibiting the sale of tobacco or some of its manufactured forms to minors, but, notwithstanding the enactment of these laws and the attempt to enforce them, the tobacco habit has made great inroads into the youth of the country. The reason would seem quite plain. Manufacturers and dealers have been left free to appeal to the boys and girls as well as adults with most alluring and attractive cigarette and tobacco advertisements. It is almost useless to pass laws prohibiting the sale of tobacco to minors, and at the same time make no attempt to restrict the solicitation of these same minors. . . ."

VIII. RELIEF REQUESTED

Petitioners respectfully contend that the only effective way to eliminate the unfair and deceptive practices discussed herein is to ban the advertising of cigarettes on billboards. To do less would be playing into the hands of an industry which thrives on an addiction which causes serious illness and death.

Even if warnings were ordered to be significantly larger, children would still not be protected. The hazards to health of smoking are certainly a very material factor which should not be hidden in small print.

Respectfully submitted,

JOHN F. BANZHAF III.
JOEL D. JOSEPH.
Attorneys for Petitioners.

Dated: February 6, 1974.

FOOTNOTES

[1] Public Law 89-285, October 22, 1965, 79 Stat. 1028, 23 USC §§ 131, 135, 136 and 319.

[2] 405 U.S. 233 (1972).

[3] Trade Regulation Rule on Unfair and Deceptive Advertising and Labeling of Cigarettes In Relation To Health Hazards of Smoking, 29 Fed. Reg. 8324, 8355 (1964).

[4] In the Matter of Lorillard, A division of Loew's Theatres, Inc., File No. 712-3731.

In the Matter of Phillip Morris, Inc., File No. 712-3732.

In the Matter of American Brands, Inc., File No. 712-3733.

In the Matter of Brown and Williamson Tobacco Corp., File No. 712-3734.

In the Matter of R. J. Reynolds Tobacco Co., File No. 712-3735.

In the matter of Liggett and Myers, Inc., File No. 712-3736.

Docket Nos. C-2180 to C-2185, 80 FTC 455, Mar. 30, 1972.

[5] F.T.C. Report to Congress Dec. 31, 1971 at pp 15, 16.

[6] F.T.C. Press Release July 1, 1971.

[7] See attached affidavit of Dr. Allen R. Konstoroom, Optometrist; Lionel Laurance and H. Oscar Wood, *Visual Optics and Sight Testing* (1936); and W. D. Zoethout, *Physiological optics* (4th ed. 1947).

[8] See Public Law 89-285, October 22, 1965, 23 USC § 131.

[9] Albert J. Harris, *How To Increase Reading Ability*, 508 (4th ed. 1961). See also Paul D. Leedy, *Read With Speed And Precision*, 15 (1963).

[11] F.C.C. Information Bulletin, "Sublim-

[10] F.T.C. Report to Congress Dec. 31, 1971.

inal Projection," Feb. 1971.

[12] F.T.C. [According to a January 4, 1974 conversation with Gerald J. Thain, Assistant to Director of Bureau of Consumer Protection Federal Trade Commission, he was unable to locate this statement after a diligent search, but he believes that such a statement was issued in 1958.]

[13] The Television Code, National Association of Broadcasting, 17th Ed., April 1973, p. 5.

[14] *Subliminal Seduction*, Wilson Bryan Key, 1973, Prentice-Hall Inc., Englewood Cliffs, New Jersey, p. 23.

[15] Speech delivered by Edwin W. Ebel, then Vice President and Marketing Director of General Foods Corporation, quoted in Bauer and Greyser, Advertising in America: The Consumer View, 1968, p. 173.

[16] F.T.C. Report to Congress June 30, 1969, p. 262.

[17] Public Law 91-222, 84 Stat. 87 Stat. 87, 15 U.S.C. 1331 *et seq.*

[18] 23 U.S.C. § 131.

[19] 15 U.S.C. 1335.

[20] 1969 U.S. Code Congressional and Administrative News at 2671.

[21] 15 U.S.C. 1336.

[22] 1953 Utah Code Annotated § 76-11-1.

[23] At 110.

AFFIDAVIT OF DR. ALLEN R. KANSTOROOM, OPTOMETRIST

District of Columbia ss:

Dr. Allen R. Kanstoroom, Optometrist, having been duly sworn on oath, deposes and says as follows:

1. I am a graduate of Northern Illinois College of Optometry (1949) and have practiced Optometry for 23 years in the District of Columbia.

2. The science of optometry has determined a range of visual acuity which it considers to be "normal." In this system 20/20 is considered to be the norm. This means that a person with 20/20 vision can distinguish a letter as small as 8.7 mm in height (25.4 mm = 1 inch) from a distance of 20 feet. A person with 20/30 vision can see from 20 feet what a person with 20/20 vision can see from 30 feet. All these determinations are made under optimal illumination conditions, by the person looking at one letter at a time, perpendicular to the plane on which the letter appears, and the lines of the letters of optimal thickness and intensity.

3. There is a linear relationship between the height of letters which a person can see and the distance from which he can see them. In other words, if a person has 20/20 vision he can distinguish letters as small as 8.7 mm from 20 feet; from 40 feet this same person could distinguish letters as small as 17.4 mm [2 x 8.7 mm]; at 100 feet, 43.5 mm [5 x 8.7 mm] (1.7 inches).

4. Using the principles demonstrated in paragraph 3, a person with 20/20 vision should be able to see two-inch-high letters from a distance of no more than 117 feet. This calculation assumes that the lighting is ideal and that the viewer is standing still, looking at one letter at a time, that the line

of sight is perpendicular to the letter, and that the letter is black on a white background with the thickness of lines of the letter being one-fifth of its height.

5. The ability of a person with 20/20 vision to distinguish letters is significantly diminished when illumination is less than ideal, when the letters are thinner than one-fifth of their height, when the viewer is at an angle less than 90 degrees from the letter, and when the viewer is driving past in an automobile.

6. At a distance of 100 feet it would be virtually impossible for the average person to read a warning in two-inch-high letters while driving past at 25 miles per hour.

Dr. ALLEN R. KANSTOROOM.

WHEAT SHORTAGE DANGER

Mr. HUMPHREY. Mr. President, an important article by Morton I. Sosland, entitled "Is the United States Running Out of Wheat?" appeared in the New York Times of February 24, 1974.

The author highlights a concern that the present Administration does not see the need for maintaining an adequate grain reserve, but rather is interested primarily in selling as much as possible. The serious adverse impact of this viewpoint upon American consumers and other nations, is made abundantly clear in this article.

Mr. Sosland notes that the expected carryover of U.S. wheat by July 1 will be only 178 million bushels—the lowest level in 27 years. This compares with stock of 438 million bushels a year ago, and it would amount to only about one-third of domestic food use.

Mr. President, I have strongly urged early action by Congress to prevent critical grain shortages in our Nation. Senate committee consideration will be given in the near future to legislation I have introduced, calling for the establishment of domestic and world food reserves.

As the New York Times article points out, we must address not only a potential "domestic nightmare," but also the serious possibility of extensive starvation in less developed nations.

Mr. President, I ask unanimous consent that the article by Mr. Sosland be printed in the RECORD.

Mr. President ,I also call your attention to another article of Febraury 26 in the New York Times entitled "Wheat Stocks are Depleted by Huge Exports." This article highlights again the debate over levels of grain reserves and the impact on food prices. I request unanimous consent that this article by Douglas Kneeland be printed in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the New York Times, Feb. 24, 1974]

IS THE UNITED STATES RUNNING OUT OF WHEAT?

(By Morton I. Sosland)

The possibility that American stocks of wheat may be exhausted sometime this spring and that flour and bread may become scarce items on grocers' shelves should be perceived as part of an issue far beyond the supply of sandwich bread or hamburger buns.

The issue gradually surfacing is to determine who is responsible for assuring an adequate food supply not only for this country's people, but for hundreds of millions around the world.

At the center of the debate is a conscious Government decision not just to let the marketplace encourage production of crops (which it can do better than any other known device) and determine channels of disappearance (which it does with cold economic logic) but also to let the marketplace be the judge of how low year-end stocks should be allowed to go.

It is the latter decision that accounts for much of the current controversy. Does someone or something beyond the law of supply and demand have responsibility for establishing food stockpile policy?

This is no small issue. It will be the central focus of a special United Nations session to be held this November in New York. The initiative for that world food conference came from Secretary of State Kissinger last summer.

One senses that the Kissinger suggestions were made without much input from Secretary of Agriculture Earl L. Butz, who almost simultaneously was telling a meeting of the U.N.'s Food and Agriculture Organization in Rome that he saw no need for alarm over world food supplies.

Mr. Butz said the United States had grave doubts on the advisability of a stockpile of food held under international auspices.

As if to underscore the problem, Secretary Butz's principal policy adviser, Assistant Secretary Carroll G. Brunthaver, resigned at the start of this year.

Dr. Brunthaver, who loyally had defended the line of the Agriculture Department (perhaps he developed it) that the Government had no responsibility for holding or establishing a food reserve, has joined the staff of the Brookings Institution in Washington where he will conduct a six-month study of the food reserve question.

The food-reserve issue can best be explained in the context of wheat.

According to Government calculations, the United States carryover of wheat (that is, the stock of the grain held on farms, in elevators and in transit) will be 178 million bushels this July 1, the smallest in 27 years.

That stock is down from 438 million a year earlier and compares with more than a billion bushels held for many years in the nineteen-sixties. Such a stock would be only a little more than a third of domestic food use in the United States and would be less than 10 per cent of total annual disappearance, right now near 2 billion bushels.

The Department of Agriculture maintains great bravado in casting aside all concerns over such a dramatic drawdown. That official attitude is highly distressing to millers and bakers.

The industry spokesmen not only see the possibility of the stock being smaller than the forecast, due to larger exports than the Agriculture Department expects, but they also warn that confidence over such a supply hinges largely on our having perfect growing and harvesting conditions for the 1974 wheat crop.

Much of the official confidence stems from the expectation that the harvest of the new wheat crop in the early producing areas—mainly Texas and Oklahoma—will be under way well before the start of the new crop year on July 1.

Thus, Mr. Butz and his associates say, a 178-million-bushel carryover on July 1 neglects the availability of the new crop.

That argument is fallacious on two grounds. Having large quantities of new-crop wheat available in late May and June depends on perfect weather for harvesting in an area that historically has very erratic late spring weather.

Another serious fault is that mills in northern areas of the nation—such as the Upper Midwest and North Atlantic states—do not have wheat from the new crop available until August and September at the earliest. Thus the stocks these areas hold on July 1 have to last for a month or longer.

The possibility of a poor 1974 crop is a grim prospect for the United States consumer, whose reliance on flour-based foods has been increased by soaring prices of other foods.

Heaviest consumption of flour-based foods is among people with low income levels. To penalize them for the absence of an American food-reserve policy is an unpardonable neglect of minimal government responsibilities.

The threat of our running out of wheat is not just a domestic nightmare. It extends to many corners of the world.

Because North America—the United States and Canada—has long been the principal grower of wheat for export, and in most past years had a surplus that had to be moved into world markets at concessional sales while building up mountainous stocks at home, other nations have been lulled into a casual attitude about protecting their own supplies.

Right up to the summer of 1972, when the Russian buyers came to New York and bought more wheat (422 million bushels) than any country had ever bought from another, official United States policy was to encourage other nations to rely upon American supplies.

This country was the candy store to which buyers could come and select the types of wheat wanted in unlimited supply and at almost constant prices over a long period of years.

Few countries built facilities to hold their own stocks and many embarked on programs of economic expansion fueled by the availability of cheap American wheat. Japan is a leading example.

Although the fantastic upturn in prices has stimulated major expansion in seeded acreage and in prospective production, no nation, except perhaps the Soviet Union, has been able to build up its own reserves.

In a season like the present one, when the United States is making its wheat available without regard for either domestic requirements or without ascertaining whether all real food needs are being met in foreign countries, most developing nations are forced to refrain from buying all the food they need by the price factor alone.

Soaring oil prices have served to compound the food-supply problems of countries like India, Bangladesh and Chile.

Thus, the 178-million bushel carryover in the United States along with several hundred million in Canada and some additional wheat in a few other industrialized nations, becomes the total world stockpile of grain.

It is probable that aggregate world holdings of grains at the end of the current crop year this summer will be equal to hardly a month's needs.

If a short crop occurs, due to poor growing weather in any sizable area of the globe, many millions could starve.

[From the New York Times, Feb. 26, 1974]

WHEAT STOCKS ARE DEPLETED BY HUGE EXPORTS; OUTLOOK ON PRICE IS UNCERTAIN BEFORE NEW CROP COMES IN

(By Douglas E. Kneeland)

WASHINGTON, February 25.—For the first time in a generation, American wheat supplies have been depleted so low that the bottom of the bin is almost in sight.

And there are some who contend the bottom will be scraped before enough of the new crop can get to market to prevent soaring prices of wheat, then of flour, and finally of bread and other baked goods.

Others, both in and out of government, consider that view to be somewhat hysterical. They do acknowledge concern about the tight supply situation that will exist for the rest of the 1973–74 crop year, which ends June 30. But they argue that predictions that the United States will be out of wheat on July 1 might create a panic that would drive prices up still further.

Moreover, they maintain that the nation will have a small surplus of wheat from the 1973–74 crop.

The American Bakers Association touched off the debate early last month by calling a news conference. Their spokesmen declared that unless the Government acted to slow wheat exports, shortages could cause the price of a pound-and-a-half loaf of bread to go as high as $1.

Since then, the bakers, supported by some experts on the grain industry, have not been moved by Department of Agriculture assurances that there would be, as usual, a carryover of wheat despite the high level of projected exports.

In their Pennsylvania Avenue headquarters, about a block from the White House, the bakers are preparing a campaign to try to marshal the support of Congress and the American consumer.

"Earl Butz [the Secretary of Agriculture] is really the Minister of Agricultural Propaganda," said Robert Wager, the intense, dark-haired president of the bakers association. "That's what he is and that's what he does. He's been playing a shell game for the American consumer for a year and a half. The question is, when are the American people going to call him to account?"

He turned out a statement to be mailed by the thousands across the country. It said:

"Unless U.S.D.A. acts, and acts quickly, there may be a bread shortage or no bread in America this spring and summer. People may have to stand in line for a loaf of bread, at much higher prices, the way they now wait in line to buy gasoline."

CAN'T BAKE WORDS

"Bread shortages and empty bakery shelves can be avoided. If there is enough wheat there will be enough bread. But the Agriculture Department gives us nothing but words. We can't bake words and Americans can't eat words. Inaction now will mean breadlines later."

Tomorrow, the bakers and their allies will hold a rally in the New Senate Office Building. The reason, as Mr. Wager explained, is "to say to the Administration, 'You're wrong. It's not only bad for industry, it's bad for the American consumer.' "

Senator Henry M. Jackson, the Washington Democrat who has been critical of the 350 million-bushel Soviet wheat deal consummated two years ago, will speak.

Although the bakers have devoted most of their public expressions of outrage to the possible threat of higher bread prices and serious shortages of baked goods, they acknowledged having other worries.

"At lot of our people could not stay in business for four weeks if there was no flour," Mr. Wager said. "Their cash position isn't that good."

He said that many bakers, especially the smaller independents, could not risk ordering flour more than the usual 60 to 90 days ahead in the event that prices dropped and they were left with large stocks of high-priced ingredients.

The crux of the bakers' dispute with the Department of Agriculture is whether the United States has oversold its 1973–74 wheat crop.

In debating the most recent projections that 178 million bushels of wheat will be carried over on July 1 (the lowest amount since 1947, when only 83.8 million bushels remained on that date), the bakers use the Department of Agriculture's own figures.

With a carryover last year of 438 million bushels, imports of one million and a record crop of 1.711 billion, the total supply for this crop year was 2.15 billion bushels.

The department estimated that 772 million bushels would go for domestic use for the year, 532 million would be used for food, 80 million for seed and 160 million for feed for livestock. This left a balance for export of 1.378 billion bushels. However, counting the exports already shipped, those already committed for shipment and export products from wheat and flour, the bakers came up with a total need of 1,378.9 billion bushels, a shortfall of 900,000 bushels.

FIGURES DISPUTED

Not so, says the Department of Agriculture. Its spokesmen argue that the bakers erred by including 155 million bushels reported by shipping companies in an "unknown destinations" category.

"We happen to think that many of those 155 million bushels marked for unknown destinations will never be shipped," said Richard E. Bell, a deputy assistant secretary.

He and other department officials said they considered the companies' reports on such wheat "a hedge against possible export controls." In other words, they believe that the grain traders listed some supplies of wheat for export even though they had no firm commitments for them just in case the Government decided to bow to domestic pressures and shut off new sales.

However, department officials, who believe the country's credibility in international markets was severely injured by the embargo on soybean shipments for two months last summer, insist that the nation should never take such an action again.

"What we're saying," said Dawson Ahalt, a department economist, "is that we've opened these markets up in free world trade and no way can we turn around and slap on export controls because one segment of our food industry has not covered itself for the next two or three months."

Mr. Wager, the bakers president, suggested that if rising bread prices should further anger consumers about the time the full House of Representatives was considering the impeachment of the President the White House might have a change of heart about limiting exports for the remainder of the crop year.

However, Mr. Bell, the deputy assistant secretary, said he considered the 1.2 billion bushels (rather than the 1.378.9 billion cited by the bakers) projected for total exports "quite reasonable." He noted that the Soviet Union had agreed to help by deferring the shipment of 37 million bushels. Half of the total being deferred was not included in the figures available to the bakers.

WINTER WHEAT

Moreover, he pointed out that while the official new crop year did not begin until July 1, a considerable amount of winter wheat is harvested before that date in Texas, Oklahoma and Kansas. That wheat, a hard red winter, is used principally for bread.

"Looking into this," Mr. Bell said, "we think about 300 million bushels will be available by June."

As for the 1974–75 crop, the department is predicting another bumper year. Spokesmen expect a record production of 2.06 billion bushels to go with the 178 million carryover, and a million in imports for a total availability of 2.239 billion bushels. With domestic use projected at 760 million bushels and exports at one billion, the carryover on July 1, 1975, would be 479 million bushels.

If such prospects are fulfilled, most experts don't expect the price of wheat to shoot up to levels later in the year that would make $1-a-loaf bread a possibility. Neither do they expect the price, which is about $6 a bushel now, to fall back even to the $3 level that was every farmer's dream a year or so ago.

While they don't see the country running out of wheat or bread, representatives of millers and wheat growers and some independent experts in the field were somewhat more cautious than the department.

Most of these experts agreed that the country should have a minimum carryover of 125 million bushels to keep enough wheat in the pipeline in case of crop failures in some areas or transportation problems. And most thought that if the department was guessing wrong on total exports, some shortages could develop.

"Regardless of what we say of the carryover, we're guessing," said Jerry Rees, executive vice president of the National Association of Wheat Growers.

AMNESTY

Mr. STEVENS. Mr. President, on January 22, 1974, my good friend, former Secretary of the Army, Robert F. Froelke, delivered a speech in Los Angeles covering several contemporary issues, including the important and controversial subject of amnesty. Secretary Froelke's soul-searching remarks in support of the concept of encouraging the return of those who fled America in violation of draft laws should be brought to the attention of the Senate for he is convinced that the time has come to seriously consider what can be done to secure the return of those young Americans residing in self-imposed exile in foreign countries.

I ask unanimous consent that the remarks of Robert F. Froelke be printed in the Record.

There being no objection, the statement was ordered to be printed in the Record, as follows:

Remarks of Robert F. Froelke

Today there are three areas I wish to cover:

1. My view as to why I believe a U.S. armed force is important.
2. Why the army is the most important part of that armed force.
3. My opinions as to the kind of an army necessary in the 70's.

Before we cover these areas, however, I have two other observations. Many people have commented that it was unusual for someone from the insurance industry to be running the U.S. Army. Others have thought it even more inconsistent that I returned in 1973 to the same insurance company I had left in 1969 rather than join a firm associated with the military-industrial complex.

I believe the move from Army to insurance business is most consistent because of the parallels between the two. In both institutions I heard carping occasionally about premiums being too high. (But never did I hear those remarks from anyone when their home was burning or when their car was involved in an accident.)

From 1969 through September, 1973, there was considerable criticism of the high cost of defense. It was a major 1972 campaign issue. But suddenly, as of October, 1973, and the Mid-East hostilities the criticism ceased and Congress rushed to ADD two billion to defense budgeting for aid to Israel rather than further paring of the budget as Congress had been debating. The insurance-Army parallel continues as I look back on four and one half years in Defense and Army. For those years I was insuring peace.

My second point in this prologue involves Watergate and all the word stands for. It is not that I enjoy discussing Watergate for I do not. But, I have learned in talking with varied audiences that if I don't bring Watergate up half of you believe I am involved and the other half think that I am ashamed even to mention it.

How do I feel about Watergate? I have mixed emotions—all bad. One, I am terribly embarrassed. I am embarrassed because I was a part of the Nixon administration. I truly do not know who did what to whom, but obviously some high ranking members of this administration did something illegal, probably immoral and without question, very stupid.

As a part of this administration I cannot wash my hands completely, and I am embarrassed. I am also angry because I am success oriented. I went to Washington proud to be a part of this administration and I left Washington in May proud of what the administration had done the first four years.

Particularly in international affairs the administration was extremely successful. From Southeast Asia we extricated our troops and reclaimed our prisoners of war. We have renewed conversations with the Peoples' Republic of China and with the USSR. We have kept the peace in Western Europe for 28 years, the longest peace period there in over 200 years.

This is the description of a successful administration. I would enjoy having people occasionally volunteer, "Oh, you're a part of the Nixon administration which was successful." But, I haven't heard that said since I left government.

Instead, I am a part of the administration that perpetrated Watergate. That makes me angry.

But, perhaps my key emotion is that of concern, concern for three reasons. First, I am a lawyer who is concerned about trial by press rather than trial by law. Yet, what is happening in the press must happen in a free society. I also believe the judicial process under Leon Jaworski and the Justice Department must go on to determine whether illegal acts were committed, and if they were, by whom.

Concurrently, I agree that the Ervin Committee had to conduct hearings to determine what occurred and whether legislation should be enacted to avoid a recurrence in the future. Yet, while those hearings continued certain individuals appearing before the Ervin Committee were being tried by the press.

For the dilemma I have no remedy. I do hope that every American cries a bit fully knowing that people who should be presumed innocent until proven guilty by the judicial process are being tried in the press and are assumed guilty by the vast majority of Americans. That causes me immense concern.

A second cause for concern deals with people like myself leaving successful business careers to serve their government in Washington. I had gone there in 1969 somewhat reluctantly, believing I was interrupting that career for myself. But, also, I went proudly and eagerly, the good feeling of serving one's country.

I fear there are few U.S. businessmen today proudly and eagerly going to Washington to become a part of this administration. Today, more than ever, we need good people in Washington and it is difficult attracting them there. That should concern all of us.

My third concern for Watergate deals with the trust and credibility our government has to its stockholders—the American people. In a democracy, if our government is to be successful, it must be creditable to its constituents. Because of Watergate, far too many people and certainly the majority of our young people, just don't believe what government leaders tell them.

This attitude I believe is unfair. It is unfair because, with one exception, there appears to be only one professional politician involved in Watergate. The many others are amateur zealots in the profession of politics. Why, then, should most Americans blame Watergate on the politicians? Not only is such an accusation grossly unfair; it is also unfortunate in destroying government's credibility.

Having addressed Watergate, I now wish to discuss "Why an Army?" The bald heads here in this audience—like myself—and the white-haired chaps wherever I go scoff at that question. Their attitude—don't waste your time, mister, telling ME why we need an Army. I know why.

Not so with our young people who will be helping mold public opinion for the next 40–50 years. Especially on our college campuses, I would find among students and faculty far more opposition to an army than approval.

"Why an Army?" is a good question too because of the nature of an Army. An Army uses resources, it doesn't create them. In an energy conscious society, if we can exist without an army we should try to do so.

My pragmatic answer has been then the U.S. needs an army because a world power has never existed without an armed force. The reply on campuses would then be, how do you know a world power can't exist without an army until we try it.

Most college students realize their life style is, indeed, affluent, dramatized by the fact alone that they are on a college campus. Only world powers can achieve the affluence of America in 1973. Give up our world power status and you give up your affluence, I have pointed out.

Another point of fact I describe to our young people is that of the three world powers—USSR, The People's Republic of China and the USA, only in America does individual freedom reign today. Do we give up our military strength today, leaving power with two totalitarian nations, neither of which has respect for the freedoms we cherish?

One pragmatic answer to "Why an Army?" which was not accepted by the young was to point out that wars have paralleled history. If there will always be wars, then shouldn't we have an army to fight those wars? The campus people, in their idealism, will not buy the belief that wars are inevitable.

I do tell them that armies do not create wars. Often they would try and blame the U.S. Army for Vietnam. Absolutely false. Civilian political leadership led us down the Vietnam path from Day One. Also, civilian political leadership made and properly sold all the decisions as to how the war should be fought in Vietnam.

That fact alone depicts the terrible unfairness for the men and women in uniform being the target of the criticism from the unthinking throughout the Vietnam era. Our military people were only following orders as the U.S. Constitution declares they must.

An Army, why? To help achieve for this world its prized goal—world peace. We realize now, after the trauma of Vietnam, that all else we desire is risked if peace is not at hand. There is no reason for an Armed Force greater than that it gives us a chance to achieve peace.

Military strength does not cause wars. But, strength matched against weakness does. A possible exception is the Middle East today where presumably near equal strength is being exhibited on both sides. But, I assure you there would have been a Middle East war long before October, 1973, if that balance of power had not been maintained.

Strength plus weakness causes war, even in a period of detente. Political scientists agree that at anytime, Detente without Defense is Delusion. It is utter delusion for the U.S. to talk with the USSR and the People's Republic of China while we are slashing our military defenses. Only through talking from strength can detente accomplish what we hope and pray is possible.

Some ask, "Do you think then that this arms race should continue?"

No, I answer. To whatever extent we can, I feel this nation should disarm. But, I think it is naive for anyone to believe disarmament should come about unilaterally. If we disarm, and again, I hope and pray we will, we should do so bilaterally or multilaterally. It would be foolish to enter the mutual and balance force reduction talks in Vienna, or SALT talks in Helsinki with an introductory statement that regardless of the talks' outcome we will be withdrawing our forces from Europe. Or, to state at SALT talks that we are about to reduce our nuclear weapons. Such a posture can only assume curtailing disarmament on the part of the Soviets.

What is their motivation in bargaining disarmament when we're DOING unilaterally what you're Talking about doing on a bilateral and multilateral basis? I am pro-disarmament; I am anti a senseless, naive approach which assumes only one side disarms.

Then, too, the United States has 42 international commitments which the U.S. Senate has approved. Without exception, NATO, SEATO, SENTO armed forces play a valuable role in enforcing those agreements. If we are to remain a part of the international community, then our armed forces must be equal to the tasks undertaken. To talk about the North Atlantic Treaty Organization and pretend that we don't have an Army in Western Europe doesn't make sense because that Army is the cement holding NATO together.

Those are the major reasons I believe that we must have an armed force.

Now, what kind of an Army? The nuclear age in which we live tells some people that if there is to be a war, then it's going to be a nuclear war. Then all which is needed is the ability to deliver nuclear weapons.

False. First, because in my opinion there will be no nuclear war. The reason—because today the USSR and USA have parity of nuclear weapons. One side may be five percent ahead or five percent behind, but we're playing in the same ballpark.

But, that does not assure us we will not have another war. There will always be disagreements among nations. If a powerful nation has only nuclear weaponry, then the President will have only one option in an international emergency: The ultimate weapon—the nuclear warhead.

It would be a terrible mistake for this nation's people to give their President as Commander-in-Chief of the military forces only one option—that which begins a nuclear exchange.

Then, too, nuclear weapons cannot replace the need for the foot soldier. It's a fact, the Air Force is more glamorous than the Army; the Navy life is cleaner than Army life. Yet, it is equally true that there hasn't been a war fought where the foot soldier hasn't taken and held the ground. It may not be clean nor pleasant, but someone to win a war other than a nuclear holocaust must do the ground-taking and holding.

What kind of an army is it going to be? To begin with, it's going to be a volunteer army. I am often asked, do you support the volunteer army? If I hadn't, I assure you once the Selective Service law was abolished I would have handed my resignation to the President.

Of course I supported the volunteer army concept, but with very mixed emotions.

(A digression if you will permit. The volunteer army, as I will demonstrate, invites honest, reasonable men to disagree honestly. So it is with most critical issues today.)

Before campus audiences I would raise this point, usually to the same response from students. How can you possibly have mixed emotions or see two sides to such a simple issue? There is a right way and a wrong way to meet this issue, and here is the right way.

Confession. In four years at the Pentagon not one major issue ever came across my desk for decision where I could confidently sit back and say that we're going to do it this way and I am absolutely confident it's the right decision. I'd make the decision thinking it was right, but never really being sure.

Perhaps that is a sign of maturity, realizing there are very few easy decisions. I realize we cannot expect maturity from college students; I have been disappointed on several campuses in not finding it in their teachers.

The volunteer army was one of those tough decisions where I may well have been wrong. I think it's the right decision for this time. We must acknowledge that the decision to go the volunteer route now was not a military decision. It was a political decision made by civilian political leadership.

Obviously, from a military point of view, the easiest, cheapest and best way of getting people to serve their country is through the draft. The draft permits military leadership to get the exact amount of people needed at any time. The political climate during the 1968 campaign dictated that President Nixon come out for the volunteer force.

Let's look closer at the politics of the situation. We had an unfair draft, one where your children and mine were going to college. Not necessarily because of their intense hunger for a college education, but college did provide a sure way to avoid serving one's country.

The poor, of course, were drafted and they served their country in Vietnam.

That comparison is, of course, an oversimplification, but one with too much truth in it. There just was no good way to defend the draft as equitable.

Then, add the political pressures of a vastly unpopular war and you easily understand why a political leadership concerned with re-election had to stop the draft. Note, however, the key question is not whether or not the Army will get enough people. Obviously we can get enough people if we lower the standards to do so. It won't, however, be an Army on which we can depend. The key question becomes, can we get enough of the right kind. I believe we will. This was not achieved in 1973 and that does concern me, although I am still not pessimistic.

The volunteer Army wrought a major change in the nation's thinking, especially young America. It would have been naive to expect overnight we would have made our task. We are chipping away at it, and I think, moving in the right direction.

The prime question remains: Mr. & Mrs. Taxpayer, are you willing to pay the Volunteer Army price in tax dollars? We know that attracting our sons and daughters, born and raised in this affluent world, is going to demand a high price.

For military life to appeal to them it must compete fairly with the socio-economic world they have known. The young recruit should find he or she can earn about as much in service as in a comparable job outside. The soldier must now have privacy in the barracks, a varied, enticing menu.

Some of my WW II friends are quick to remember they survived three or four years Army service without these luxuries and expect their own children to do so today. Yet, they admit that like myself, they have raised their children in the affluent manner and these kids haven't been running down to the Army enlistment center on their 18th birthday.

To them the Army has looked like a step down in life style. This attitude from your sons and daughters, and mine, is fraught with danger, the danger of this nation developing an all poor, all uneducated and possibly predominantly black army. What a tragedy for a nation defined as a democracy.

Of course the U.S. Army must be a cross section of the U.S. population. The only way to achieve this is for the U.S. people to pay in tax dollars for the kind of army which appeals to a cross section of volunteers. There is, in my opinion, no short cut.

How long a volunteer army? Certainly not forever. But, it will undoubtedly take into the late 70's before this nation will have largely forgotten an unpopular war and will accept some form of universal conscription. Then, perhaps, we will steer our young people to 18 months or two years of service to their fellowman via the military, VISTA, Peace Corps or their counterparts as a substantially reduced salary from today's military pay.

I feel this is necessary for sociological as well as military defense reasons. Where else but in the army do you find an organizational melting pot for all people? Where else are young people of all racial, social, economic and educational backgrounds thrown together and told to learn to live together, learn to understand one another, and learn to work together?

Unfortunately, in today's America this phenomenon doesn't occur in your neighborhood, your church, or your business.

Someday, these attributes of universal service may be remembered and the politicians will react to it singing the praises again of our young people serving their fellowman.

Another event will, of course, quickly end the volunteer army concept. For there is no way we could or should fight a war with a volunteer army. When a democracy goes to war, the risk of death must be shared by all its citizenry, not only a few.

Selfishness on the part of the American taxpayer may well terminate the volunteer army concept. With Vietnam only a dim memory that taxpayer may note that if we again drafted young people we could cut taxes. The opportunist politician will then see the draft as a vote-getter and support its return for the wrong reason.

What will the new Army look like? It will depend greatly on the reserve and the National Guard. In 1974, 45% of our army will be Reserve and Guard. It is difficult in many parts of this nation for the guard to appeal to our young people. There, employers are not supporting reserve training and Guard duty as they should. I don't refer to vacation time for two weeks' summer duty alone. I refer to simply acknowledging the army youngster in your plant or your office. He deserves recognition and encouragement.

The new Army must be well-equipped. The Middle East war has demonstrated that only money buys good equipment. Lots of money. Some say to me, we are already spending more and more money on defense. My answer—we are spending less and less real dollars on defense. Note these statistics: When the Nixon Administration took office in 1969, 9.6% of the gross national product went for defense. Last year it was less than 6%. When I went to Washington, 42.6% of the total budget was defense. Last year it was about 30%.

I've heard that talk of "reordering the nation's priorities". And, we have done so! We have had a radical reshaping of our priorities.

But, responsible citizens and politicians who acknowledge that we need an army, must also note that we need a well-equipped Army. Only significant research and development monies will make it so.

I will predict a personnel breakthrough for the Army. There will be a vastly increased utilization of the ladies in that Army. Just over a year ago I announced we were going to double the number of WACS serving in the Army. Big deal. from 12,500 to 25,000. I anticipate that in the 70's we will quadruple that number for one simple reason: Quality! We can get a higher quality individual from women than from men.

I should make it perfectly clear, as someone once said, that I do not believe in women serving in the front lines. I don't want my wife or daughters serving there unless they are defending the homeland.

But front line duty is less than 10% of total job opportunities in the Army. There is little reason why good Army women cannot drive trucks, work in office jobs, as medics and 1,000 other tasks. I predict that the Army of the later 70's will be comprised of 20 to 30 percent women. We will then have a better Army than the Army today.

As Secretary of the Army I saw my duty as to help end our involvement in the Vietnam War and bring our troops home.

This was accomplished.

I also saw my duty was to help Institute the volunteer army as a viable replacement for the draft.

This, too, was accomplished.

Now, I believe as a citizen and former servant of my government I have another duty: To help heal the hurt caused by the Vietnam War. Amnesty is a giant step in that direction.

I want the American people, through the U.S. Congress, to devise a plan for amnesty.

Some may accuse me of being inconsistent as I opposed amnesty during the Vietnam war.

But, then young men were obeying the law and reporting for the draft, some being drafted and fighting and dying in Vietnam.

To those disobeying that draft law and fleeing from America we could not then say "Come home, all is forgiven."

But, why now amnesty for them? Amnesty now because the draft and the killing is over.

Amnesty now because we need to begin mending in every way possible the heartbreak and wounds left by that war. Vietnam deeply hurt America. Now is the time to heal the hurt.

Amnesty now because it is America's youth who are involved and America has always shown mercy and restraint with its young people.

Earlier I pointed out why we will probably again be drafting our young people into the Army, perhaps within four or five years. Therefore, any plan for amnesty cannot work in conflict with a successful future draft law.

There are those who plead for amnesty saying that the best of our youth ran away. Let us then welcome them back with open arms, accepting them as heroes, they ask.

But, others answer if we do that, come that next war the best will run again, whether they judge it as a moral or immoral war.

I cannot accept those on one side who say "Let the long haired radicals who ran away stay where they are. They are no good anyway."

Just as I refuse to accept those who claim the very best of our young men ran away. Make no mistake about it, the very best served their country when asked to do so.

The perimeters then run from the position of mercy and total lack of vindictiveness to the hard liners opposed to any leniency.

Somewhere between those perimeters there can be a plan for forgiveness which accomplishes the following:

(1) It encourages those who left America to return.

(2) It clearly states that those who left America disobeyed the law of the land and must compensate in some manner.

(3) It cleary states that we welcome back to America, as well, those who refused to serve and chose jail instead. When we bring back our young men who ran away we must at the same time pardon those others who refused to run and chose instead a prison sentence.

(4) It clearly states that motives for those who left are unimportant. It would be convenient, indeed, if one could devise a plan whereby those who ran away for selfish reasons were not welcomed back; those who ran for high principles could return with honor.

But obviously, no such judgment is possible.

Therefore, I suggest for your consideration the following proposal. Welcome your critique. I ask that if you concur that amnesty with such a plan is possible today that here in Southern California you tell your congressman or either Senator Cranston or Senator Tunney of your opinions.

My proposal is that—

As citizens we all begin talking about amnesty and ways to achieve that forgiveness.

Any plan conceived must clearly state that those who fled instead of serving their country made a mistake.

The plan must not be vindictive, but those who ran away must now serve some time in some form of national service.

Those who serve this duty must serve long enough to perform some useful service. The time involved could vary depending upon the type of service chosen. Personally, I would settle for three months if any worthwhile duties could be found where useful service could be performed in this short of a time period.

Those who refused this compensatory service are not welcome to return to their country. For, if they do not wish to serve for so short and safe a term, I reluctantly conclude that their desire to return to family and country is not strong enough.

There are perhaps over 4500 young Americans who fled the draft and war and are living in foreign lands. Most now want to come home.

Yes, we can get along without them.

But, we really don't want to. Do we?

And we do want to heal the hurt. Don't we?

THE LYMAN IRRIGATION PROJECT, WYOMING

Mr. McGEE. Mr. President, Wyomingites are becoming increasingly concerned over delays in completion of the Lyman irrigation project in our State. This concern was recently expressed in the form of a resolution recently approved by the Wyoming legislature, requesting the U.S. Government to immediately complete its contractual obligation for the Lyman project which is now running 5 years behind schedule.

Presently, the Lyman project is 70 percent completed. The unfulfilled portion of the project, as noted by the joint resolution of the Wyoming legislature, involves the construction of a second dam. The project has the full and unqualified support of the Wyoming legislature, the Governor and members of the Wyoming congressional delegation. To further delay completion of this project is not in the best interests of our State and would continue to impose a hardship on our citizens.

I ask unanimous consent that the resolution be printed in the Record.

There being no objection, the resolution was ordered to be printed in the Record, as follows:

Forty-Second Legislature of the State of Wyoming 1974 Session

A Joint Resolution requesting the United States Government to immediately complete its contractual obligation for the Lyman Project, now five years behind schedule.

Whereas, the Bridger Valley Water Conservancy District, a legal entity under the laws of the State of Wyoming, was organized specifically for the purpose of contracting with the United States Government for construction of the Lyman Project, an original participating project and Wyoming's entitlement under the Colorado River Storage Project Act of April 11, 1956 (70 Stat. 105); and

Whereas, said contract was executed in good faith on April 8, 1964; and

Whereas, the United States Government acting through the Bureau of Reclamation has completed approximately seventy percent (70%) of its obligation with the construction of the Meeks Cabin Dam and Reservoir on the Blacks Fork; and

Whereas, said contract called for completion of the total project in 1969, but construction of the second dam on the Smiths Fork has not commenced five years after it was to have been completed; and

Whereas, a tax disparity exists because the Smiths Fork subscribers are unable to benefit from stored water as are their neighbors on the Blacks Fork, making it impossible for the conservancy district to fulfill its obligation to the people of this State and the purpose for which it was organized; and

Whereas, now more than ever, water storage is vital if shortages in food commodities are to be overcome;

Now, therefore, be it resolved that the Legislature of the State of Wyoming, both Houses concurring therein, respectfully insist that the United States Government complete its obligation under said contract and requests immediate construction of the second dam on Smiths Fork, the unfulfilled thirty percent (30%) of said contract.

Be it further resolved that certified copies thereof be promptly transmitted to United States Senator Gale W. McGee, United States Senator Clifford P. Hansen, Congresman Teno Roncalio and Secretary of the Interior Rogers C. B. Morton.

CREDIT REFORM

Mr. BIDEN. Mr. President, as the principal sponsor of the Fair Credit Reporting Act, Senator Proxmire, of Wisconsin, has long advocated credit reform in order to promote sound business practices and to protect consumers from false information that may greatly damage their credit and employment ratings.

In this session of Congress, Senator Proxmire has introduced additional legislation to strengthen the legislation where experience has suggested it is now needed. As chairman of the Subcommittee on Consumer Credit of the Senate Banking Committee, Senator Proxmire has already held extensive hearings to examine industry practices.

A recent article in the Los Angeles Times written by Senator Proxmire details the need for his legislation. An example, he points out, taken from the files of the FTC is that of—

> A man in Tennessee [who] learns by mail that his 4-year-old son has a bad credit rating. Upon complaining, the man learns—again by mail—that he can straighten out the file of the credit reporting company by going to one of its offices. But he would have to go to New Jersey, Illinois or California to do that. Or, if he made arrangements by mail beforehand, the credit company would be glad to telephone him—collect.

In order to correct such false information, Senator Proxmire has proposed four further reforms to the present legislation:

First. A consumer should be entitled actually to see and inspect his credit file and obtain a copy at nominal charge, either in person or through the mail;

Second. Anyone wanting an investigative report on a person's private life through interviews with friends, neighbors, and acquaintances should be required to have the subject's permission. The investigator should also be required to give a clear and complete explanation of the scope of the proposed inquiry;

Third. Consumers should be given access to medical information in files about them;

Fourth. Consumers should be entitled to know the source of information in investigative reports—that is, they should be given the rights to face their accusers.

The time for reform is now. As Senator Proxmire points out, the Federal Trade Commission, charged with enforcing the Fair Credit Reporting Act since it became effective in 1971, has received more than 2,000 complaints about it. Members of Congress have received countless more. I urge that Senator Proxmire's bill, together with other reform legislation including my own, will receive prompt enactment by Congress.

Mr. President, I ask unanimous consent that Senator Proxmire's article be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

Senator Proxmire Suggests Four Reforms—Fair Credit Reporting Act: It's Not Fair—Yet

(By William Proxmire)

A man in Tennessee learns by mail that his 4-year-old son has a bad credit rating. Upon complaining, the man learns—again by mail—that he can straighten out the file of the credit reporting company by going to one of its offices. But he would have to go to New Jersey, Illinois or California to do that. Or, if he made arrangements by mail beforehand, the credit company would be glad to telephone him—collect.

That incident—a real complaint made to Washington—summarizes some of the major deficiencies in the Fair Credit Reporting Act. Since April 25, 1971, when the act became effective, the Federal Trade Commission—which is charged with enforcing the law—has received more than 2,000 complaints about it. Members of Congress, myself included, have received countless more.

The Fair Credit Reporting Act is a good beginning, but it is by no means perfect. Its purpose is to protect consumers from inaccurate or out-of-date information in reports, which are used in granting credit, selling insurance and filling jobs. The act has been successful in uncovering—and bringing to an end—many abuses in the consumer credit reporting business. But other problems—particularly in regard to investigative reports and consumer access to all reports—have not been so squarely met.

Some distinctions might be in order here. Simple credit reports, which provide basic information about employment, salary and bill-paying history, are relatively trouble-free. But investigative reports—the ones based on interviews with friends and neighbors about a consumer's personal habits and behavior—are more prone to error.

The errors in these reports crop up for a number of reasons—lack of investigative time, the way questions are slanted and, incredibly, a requirement by at least one company that investigators provide derogatory information.

The five largest investigative reporting firms have dossiers on more than 54 million Americans. These companies wrote nearly 20 million reports in 1972, mostly for insurance companies but also for employment and credit purposes.

The largest agency, Retail Credit Co. of Atlanta, has—or at least had at last report—a quota system: Each investigator is required to produce 16 credit reports each work day—and, according to company practice, at least 10% must be derogatory.

What kind of information is sought? Drinking habits: how much, how often, what kind? Living habits: what kind of neighborhood, what kind of house or apartment, how clean? Sex habits: married, divorced, living with a woman (man), or another woman, another man?

The answers beg hearsay.

In fact, a lot of hearsay. In March, 1972, Retail Credit issued instructions on how detailed investigators' information should be. "We haven't done the job unless we've found out and reported":

"Current marital status—

"If divorced, when, why, whose fault?

"If separated, how long, cause, divorce planned?

"Past and present moral reputation—

"If promiscuous, extent, class of partners?

"If particular affinity, how long, criticized, partner beneficiary?

"If living with partner, how long, children, stable home, criticized, is there living undivorced spouse?

"Possible homosexuality—

"How determined, living together, demonstrates affection for partner in public, dress and/or manner, criticized, associated with opposite sex?"

Assuming that all that detail is necessary, how can it be obtained in 30 minutes (16 reports in an eight-hour day) and still be accurate and fair? How objective can the investigators be when they have to produce nearly two adverse reports each day? How good can this investigating system be when it confuses a 4-year-old boy for his father?

But there are deeper, even more unsettling problems in the Fair Credit Reporting Act: There is no provision which would allow a subject to examine reports about himself. How can a consumer know that a report about him is inaccurate? How can he take steps to refute it, if he does not know what it contains?

If a person's application for credit, insurance or a job is rejected, the Fair Credit Reporting Act requires that he be told whether a reporting agency was involved and, if so, the agency's address. He may go to the agency's office, but he is not entitled by law to see, copy or even handle his file. Even though it might contain much personal information, he might never learn its details. He is only entitled to an oral summary of its nature and substance. If he lives at a distance from the office, he is required to ask in writing for a collect phone call, which could be costly.

What is wrong with just an oral disclosure?

Lewis A. Engman, chairman of the Federal Trade Commission, told the consumer credit subcommittee last October about an FTC survey on reporting agency disclosure practices.

"We found," Engman said, "that there is often wholesale withholding of information concerning character, reputation or morals. Since the consumer does not have the right to examine his own file or receive a copy of the information, he is unable to question the completeness of the disclosure."

In his testimony, Engman also questioned the vagueness of the required notification given consumers who are about to be investigated by a reporting agency.

The FTC is not the only critic of the present FCRA. Others are officials of the Federal Deposit Insurance Corp., a study group of the Department of Health, Education and Welfare, legal scholars, several consumer groups, the AFL–CIO and the American Civil Liberties Union.

I believe four major reforms of the Fair Credit Reporting Act are in order:

—A consumer should be entitled actually to see and inspect his credit file and obtain a copy at nominal charge, either in person or through the mail.

—Anyone wanting an investigative report on a person's private life through interviews with friends, neighbors and acquaintances should be required to have the subject's permission. The investigator should also be required to give a clear and complete explanation of the scope of the proposed inquiry.

—Consumers should be given access to medical information in files about them, including those held by the Medical Information Bureau, a largely secret group run by life insurance companies. This organization has medical information on more than 12 million persons, plus data on their habits, morals and finances; but not all of this is necessarily true. A loophole exempts the bureau from some key provisions of the Fair Credit Reporting Act.

—Consumers should be entitled to know the source of information in investigative reports—that is, they should be given the right to face their accusers.

For months I have been pushing for reform of the act along these lines. In late November, the consumer credit subcommittee tabled a bill containing my proposals—chiefly as a result of intense lobbying by the credit reporting industry.

I hope to revive interest in reform in this session of Congress. It took eight years to get a decent Truth in Lending Act. I trust it won't take as long to get a workable Fair Credit Reporting Act that guarantees the consumer's right to fair play.

A NATIONAL ATTACK ON ARTHRITIS

Mr. TOWER. Mr. President. I have long felt it inadvisable, in most instances, for the Congress of the United States to authorize special programs to concentrate large sums of Federal funds into research to combat individual diseases and health problems on a piecemeal basis. Instead, I have supported increased funding for the National Institutes of Health to be concentrated at the discretion of the Director, where they can be used most effectively at a particular time. Nevertheless, it is important to make exceptions now and then when is appears that a concentration of funds in one area can contribute to prevention and treatment of serious health problems which affect a very large number of individuals. Such an exception was made when the Congress launched its drive to find a cure for cancer, and again in its campaign against heart disease.

Today, I feel it is important that we consider yet another exception—a national attack on arthritis. As many of my colleagues know—arthritis and related musculoskeletal diseases represent one of the most serious and widespread health problems in the world. They afflict over 50 million Americans at a cost to the Federal Government and the national economy in excess of $9 billion per year in social security and supplemental security income, disability, benefit payments, medicare and medicaid, as well as lost wages and workdays. More importantly, however, we must consider the fact that almost a quarter of our Nation's population suffers the pain of these crippling diseases.

These reasons, I feel, more than justify an all out attack directed by the Federal Government to advance research efforts in this area.

In recognition of the exceptional circumstances, the distinguished Senator for California, Mr. CRANSTON, has introduced S. 2854, which would amend the Public Health Service Act to expand the authority of the National Institute of Arthritis, Metabolism, and Digestive Diseases in order to advance a national attack on arthritis. This measure proposes a four point approach: First, establishment of a task force to develop a national arthritis plan; second, designation of the position of associate director for arthritis within the National Institute of Arthritis, Metabolism, and Digestive Diseases who would be given the responsibility of administering programs with regard to arthritis within the Institute and in conjunction with the task force; third, implementation of an arthritis screening, early detection, and control program; and fourth, establishment of national research and demonstration of advanced diagnostic prevention, treatment and controls methods.

Mr. President, I commend the Senator from California for this significant initiative and am delighted to join him in cosponsoring this important measure. I urge the members of the Committee on Labor and Public Welfare to give it expeditious and favorable consideration.

INTERNATIONAL DEVELOPMENT ASSOCIATION

Mr. McGEE. Mr. President, who says Americans do not care? When the House of Representatives voted last month to deny funds to the International Development Association, many excuses were offered for this shortsighted action.

We have heard, in both the Senate and the House, that the American people are tiring of our international development efforts. However, I do not believe these statements are an accurate reflection of American public opinion. In fact, I believe the American people may be much more farsighted than the House vote purports to represent.

Since that vote, I have received numerous letters and statements from individuals and organizations around this Nation condemning this action. Today, I will put a sampling of these statements in the RECORD.

Resolutions of support for the funding of IDA come from such organizations as the National Rural Electric Cooperative Association, the Conference of Bishops, the YWCA, the United Auto Workers, and the League of Women Voters of the United States.

These resolutions and statements represent a vast cross section of opinion in this country. In my mind, it is clear that it is time for the Congress to catch up with public opinion. I believe the American people have been underestimated in their commitment to such programs as IDA. With this in mind, I would hope my colleagues in the Senate give serious consideration to the expressions of support for IDA and the intelligent and sensitive reasons behind this support on the part of so many organizations.

I ask unanimous consent that the above-mentioned statements and resolutions be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

Resolution No. E-2

From: Management Advisory Committee.
Approved by: Resolutions Committee.
Subject: World Bank Programs.

The House of Representatives recently defeated legislation that would provide for development loans to the poorest nations of the world through the World Bank's International Development Association.

The contribution to this fund represented a reduction in the share borne by the United States.

The International Development Association has provided loans and technical assistance to numerous developing nations used primarily to improve food production capabilities and to assist them in providing basic housing for the rural poor.

The nation's rural electrics continue their support of the sound programs of the World Bank and urge the Congress to favorably reconsider its support of this important International Development Association legislation.

Statement by Bishop James S. Rausch, Conference of Bishops, February 1974

The House of Representatives voted overwhelmingly to end U.S. financial assistance to the world's poorest nations. It did so by refusing to provide development funds to the International Development Association (IDA), an agency of the World Bank set up specifically to assist the 21 poorest nations by providing long-term, low-interest loans.

This House action reflects the profound malaise which presently dominates the American scene, and it once again exhibits the terrible vulnerability of the poor to the actions of the powerful.

If we have learned anything from the energy crisis, it is that we live in an interdependent world. Our lives have been directly influenced, and even changed, by the decisions of others. What we must understand, however, is that this process goes on all the time for the poor of the world. Their lives are constantly shaped by the decisions of the powerful of the world.

The action taken by the House will have an impact far more drastic and damaging on the poorest people on earth than anything we Americans have experienced during the energy crisis. That impact must be understood in its political and human dimensions.

Politically, the U.S. refusal to contribute its pledged share of funds to IDA creates a chain reaction. The other developed nations in the IDA consortium are released from their obligations if one partner defaults. The entire program, therefore, was literally devastated in the House.

Humanly, the impact of the vote is appalling. The IDA funds provide medium and long-range developmental assistance to people in the situation Robert McNamara, President of the World Bank, describes as absolute poverty. The per capita income in many of these countries is less than $100 per year. In many, also, starvation is a distinct possibility for large numbers of their people in the coming year.

In addition to the potentially devastating effect the House vote may have on the lives of the world's most desperate people, the vote also underestimates the American people. Representatives opposing IDA stated that, although it may be true that these nations have genuine needs, that argument will no longer wash with their constituents while numerous necessary projects for Americans' needs go begging for funds. American voters are faced with rising food costs and interest rates, critical shortages and unemployment, and Congressmen do not believe that, at this time, it is in the best interests of the nation or their own political careers to vote in favor of increasing foreign aid.

If the conditions of impoverishment in which millions of people subsist were presented to the American public, it is our contention that the voters would respond favorably. For example, Americans consistently respond generously to appeals made by Catholic Relief Services and Church World Service to alleviate human misery.

It is the task of the nation's political leadership to make such a case to their constituency. To do less is to play politics with these peoples' very lives. It is to pit the subsistence needs of the poor of the world against the needs of lower and middle class Americans in a conflict which neither really wins. Further, it signifies that there is no attempt to confront the real causes of poverty either here or abroad.

If the House action accurately reflects the national sense of priorities, it provides us with a severe indictment of the political leadership of the Congress and the moral leadership of both the Congress and the churches on an issue of immense importance today.

We therefore urge the Congress to reconsider the matter and vote in favor of replenishing the funds for IDA. We, for our part, will communicate our deep concern about this issue and urge American Catholics to support the replenishment of the International Development Association.

YWCA Views on International Development Association Funding

The National Board of the YWCA of the U.S.A. is deeply disturbed over the implications for the United States role in world affairs of the House of Representatives' rejection January 24th of U.S. participation in the International Development Association. While the American people continue to give to development projects in poor countries at unprecendented levels through private channels, their elected representatives deny the public support for development which can make private programs effective. We hope the Senate will speedily act to clear the way for House reconsideration in time to meet the full U.S. share of $500 million a year for the next three years by the June 30th deadline.

The World Bank's soft loan program through IDA, of all development assistance efforts, should be the most politically acceptable. The U.S. has worked for six years to enlist other industrial nations' cooperation in this form of lending for self-help initiatives by the poorest nations. Other members have now taken over two-thirds of the funding, at the request of the U.S., which negotiated its reduced share last fall at IDA's Nairobi meeting. We agree with the unprecedented statement of World Bank President, Robert McNamara, that the withdrawal of the U.S. and consequent termination of IDA would be an "unmitigated disaster." Frustration over the rising price of oil and allied problems may well have distorted House of Representatives perception on this issue. We urge that it be reconsidered in the context of whether the United States intends to attempt the impossible: to withdraw from a world so interdependent that poverty and oppression anywhere affect people everywhere.

The YWCA's work with girls and women in developing countries and in the underdeveloped sector of the United States makes us acutely aware of the importance of outside help for development efforts. If humanity is to enjoy a measure of peace and progress we believe it is of the utmost importance that the American people understand the purpose and the necessity of true development assistance, particularly through multilateral channels, whether it be loans, grants or trade concessions. The Congress, the Administration and voluntary organizations should undertake to dispel the myth that these programs are "give-aways." Rather they provide the extra small percentage of incentive which spurs development efforts. In a larger sense they are programs for human survival.

January 30, 1974.

UAW Urges Restoration of Funds for International Development Association (IDA)

The IEB of the UAW deplores the precipitous and short-sighted refusal of the U.S. House of Representatives to replenish the U.S. portion of funds for the International Development Association (IDA), and urges the Senate to restore the funds.

The Association, usually called the "soft loan" window of the World Bank, is not some mythical "giveaway" program, but is a real multilateral development aid program funded on sound criteria and repaid with interest. As such, then, IDA is a necessary and significant link between developed and developing countries. In a world as interdependent as ours has become, where no economy is invulnerable or isolated, no nation can turn its back on any others—and survive long.

It should be noted that the U.S. share of IDA's replenishment has actually *declined* in recent years—from one-half to one-third—while that of other developed countries such as Japan has proportionately risen. The House action thus seriously hinders delicate and critical international understanding.

The 248 to 155 House of Representatives vote against IDA was apparently an expression of anger at a handful of oil-producing Arab countries. But legislators erred, for these countries do not benefit from IDA programs. More typical beneficiaries are the sub-Saharan African countries and India, Pakistan and Bangladesh. The latter receive more than half of their development loans through IDA.

We find it necessary to remind legislators that while the energy crisis has a grave impact on the industrial economies it has disastrous effects on the poorest economies of the developing world.

It is folly to think that the poorest nations of the world can be pushed to one side without affecting the industrial world. We trust the Senate will restore the replenishment appropriations.

The League of Women Voters
of the United States,
Washington, D.C., February 15, 1974.

Hon. Gale W. McGee,
Committee on Foreign Relations, U.S. Senate,
Washington, D.C.

Dear Senator McGee: The League of Women Voters of the United States objects in the strongest terms to the House action of January 23 denying funds for the International Development Association (IDA). The decision of 248 Members of Congress to vote against the authorization for the U.S. contribution to the Fourth IDA replenishment showed a tragic reversal of traditional American commitment to international development, as well as a lack of economic and political farsightedness.

Although the opponents of the IDA authorization gave different reasons for their vote, we found a common line of thought running through their explanations. In effect, what they were really saying with their vote was that the United States is rattled by the energy crisis to the point where we have to hoard our resources, forsake our commitments and build a wall around ourselves. This stance is as spurious in our aid policy as it is in our trade policy.

While we do not doubt the good intentions of these legislators, we question the assumptions on which they based their vote. Those who think that domestic programs will be the automatic beneficiaries of the funds withheld from IDA are as mistaken as those who think they can punish the oil-producing Arab states by lashing out against the poor nations of the world.

If Congress cannot see interdependence in human terms, why not look at it in economic and political terms? The energy crisis has blurred the distinction between "have" and "have not" countries. The U.S. with the world's highest GNP, is dependent for many of its raw materials on the developing countries. We have a stake in their development and we cannot afford to talk about interdependence only when we are concerned about "getting" (access to supplies) and forget about interdependence when it comes to "giving" (aid).

The U.S. contribution to IDA (reduced from 40% to 33%) is not a dole. IDA funds are an investment which the industrialized nations are making in a future world order. Without the U.S. contribution, the agreement under which other countries are to give $2 for every $1 we give cannot become effective. We urge the Senate Foreign Relations Committee to help rectify a great mistake by restoring the funds for IDA.

Sincerely,

Lucy Wilson Benson,
President.

BUDGET ITEMS RELATED TO AGING

Mr. BEALL. Mr. President, on February 5, President Nixon submitted a $304.4 billion budget for fiscal year 1975. This budget contained a number of items that are of direct importance to older Americans. Mr. President, I ask unanimous consent that the salient points of the President's budget relating to older Americans be printed in the Record at this point in my remarks.

Older Americans Act: $203.6 million total: $96 million for title III—social service programs, $7 million for title IV—research, and $99.6 million for title VII—nutrition programs.

Older Americans volunteer programs—action agency: $28 million for foster grandparents; $15.98 for RSVP, and $400,000 for SCORE and ACE, an increase of $4 million over last year.

Supplemental security income program: Estimated at $1.6 billion at end of 1974 and $3.9 billion for 1975. Estimated number of participants: 4.8 million by end of 1974 and 5.6 million in 1975.

Medicare: Estimated at $13.4 billion for fiscal 1975, almost $2 billion above the projected 1974 level.

Social services for adults: $499 million for aged, blind, and disabled, or about 25 percent of the proposed $2 billion estimate for all age groups.

Age discrimination in employment: $1,755,000 for enforcement activities.

Food stamps: $4 billion for fiscal 1975, nearly $1 billion above the fiscal 1974 appropriation.

Aging research and training: $13,855,000 for aging activities at the National Institute of Child Health and Human Development—Gerontological Research Center.

Mr. President, this last item, $13.8 million for research and aging, constitutes a significant reduction in appropriations for aging research at NIH. The fiscal year 1974 budget contained $15,985,000 for NICHD's aging research. As one who has consistently supported and cosponsored legislation designed to create a National Institute on Aging, I believe that it is extremely important for us to increase, not decrease, the Federal research effort in the field of aging. I am therefore deeply disappointed by the decision to reduce the funding for aging research. This budget cut demonstrates once again the need to increase the visibility and effectiveness of aging research at NIH. Thus, I believe that it is incumbent upon the 93d Congress to complete work on legislation designed to establish a National Institute on Aging so that the Director of this Institute will have the institutional position to fight his or her own budget battles within NIH, HEW, and OMB. In addition, Mr. President, I have written to the Honorable Warren G. Magnuson, chairman of the Appropriation Committee's Subcommittee on Labor, Health, Education, and Welfare and the Honorable Norris Cotton, ranking minority member, urging them to at least restore the $2.1 million reduction which is manifest in the fiscal year 1975 budget.

Mr. President, I ask unanimous consent that the text of my letter to Senator Magnuson and Senator Cotton be printed in the Record at the conclusion of my remarks.

There being no objection, the letter was ordered to be printed in the Record, as follows:

U.S. Senate,
Washington, D.C., February 26, 1974.

Hon. Warren G. Magnuson,
Chairman, Subcommittee on Labor, Health, Education, and Welfare, Dirksen Senate Office Building, Washington, D.C.

Dear Mr. Chairman: In reviewing the Fiscal Year 1975 budget which was submitted by the President on February 5, 1974, I am deeply concerned to note that there has been a reduction in the funds committed to Aging Research at the National Institutes of Health.

Specifically, the budget requests $13,855,000 for Aging Research at the National Institute of Child Health and Human Development. This is a drop of approximately 2.1 million over the FY 1974 figure ($15,985,000). I am concerned that the priorities of the National Institute of Health are being distorted. I am in no way opposed to an accelerated research program to overcome the dread diseases of cancer, strokes, heart attacks, etc. However, I am opposed to fighting these diseases at the expense of the other institutes at NIH.

There are currently 20,000,000 senior citizens in this nation. The low birth rate, coupled with greater life expectancy will gradually increase the percentage of older Americans as we move further into the 20th century. I therefore strongly believe that we should move ahead with research in the field of aging so as to improve the quality of life for our nation's senior citizens. I have supported efforts to create a National Institute on Aging because I believe that the proponents of Aging Research need greater visibility and greater institutional strength within the budget making process at NIH, HEW, and OMB, which they clearly do not currently possess. In the interim I would hope that the Subcommittee on Labor; Health, Education, and Welfare would give serious consideration to *at least* restoring the 2.1 million cut which occured in the FY 1975 budget request. As the Ranking Minority Member of the Labor and Public Welfare Committee's Subcommittee on Aging I would be more than willing to testify before your subcommittee, at the appropriate time, with regard to this matter.

Thanking you once again for your cooperation and with best wishes, I am

Sincerely yours,

J. Glenn Beall, Jr.

ELDERLY OVERPAYMENT OF TAXES

Mr. ABOUREZK. Mr. President, low income in retirement is the most serious problem facing the elderly in this country today. In all too many cases, this problem is compounded by the devastating impact of taxation.

Recent hearings conducted by the Special Senate Committee on Aging revealed that an alarming number of older Americans pay more taxes than the law requires each year. Unable to afford tax counsel, they often overlook the deductions, exemptions, and credits that are available to them.

This disclosure is particularly disturbing when viewed in the overall context of our tax system. It has been ably demonstrated that low- and moderate-income Americans pay sizable portions of their income in taxes, while the rich and powerful often pay little or no taxes at all. It is an indisputable and unfortunate fact that our present tax system works to the advantage of the privileged few and that individuals with more modest means end up bearing a disproportionate share of the tax burden.

There has been much discussion that the Congress will enact tax reform legislation this year. I am hopeful that this will be the case, for I am convinced that the time has come to restore tax equity for all Americans.

In the meantime, however, many older Americans, confused by the complexities of tax forms and unaware of many of the tax relief provisions available to them, will overpay their taxes this year. The Senate Special Committee on Aging, recognizing this fact, has compiled a checklist of itemized deductions and a description of provisions of the tax code applicable to older Americans which is designed to protect the elderly from overpayment of taxes.

Mr. President, I ask unanimous consent that these documents be printed in the Record.

There being no objection, the material was ordered to be printed in the Record, as follows:

Checklist of Itemized Deductions for Schedule A (Form 1040)

MEDICAL AND DENTAL EXPENSES

Medical and dental expenses are deductible to the extent that they exceed 3% of a taxpayer's adjusted gross income (line 15, Form 1040).

INSURANCE PREMIUMS

One-half of medical, hospital or health insurance premiums are deductible (up to $150) without regard to the 3% limitation for other medical expenses. The remainder of these premiums can be deducted, but is subject to the 3% rule.

DRUGS AND MEDICINES

Included in medical expenses (subject to 3% rule) but only to extent exceeding 1% of adjusted gross income (line 15, Form 1040).

OTHER MEDICAL EXPENSES

Other allowable medical and dental expense (subject to 3% limitation):

Abdominal supports.
Ambulance hire.
Anesthetist.
Arch supports.
Artificial limbs and teeth.
Back supports.
Braces.

Capital expenditures for medical purposes (e.g., elevator for persons with a heart ailment)—deductible to the extent that the cost of the capital expenditure exceeds the increase in value to your home because of the capital expenditure. Taxpayer should have an independent appraisal made to reflect clearly the increase in value.

Cardiographs.

Chiropodist.

Chiropractor.

Christian science practitioner, authorized.

Convalescent home (for medical treatment only).

Crutches.

Dental services (e.g., cleaning teeth, X-rays, filling teeth).

Dentures.

Dermatologist.

Eyeglasses.

Gynecologist.

Hearing aids and batteries.

Hospital expenses.

Insulin treatment.

Invalid chair.

Lab tests.

Lip reading lessons (designed to overcome a handicap).

Neurologist.

Nursing services (for medical care).

Ophthalmologist.

Optician.

Optometrist.

Oral surgery.

Osteopath, licensed.

Pediatrician.

Physical examinations.

Physician.

Physiotherapist.

Podiatrist.

Psychiatrist.

Psychoanalyst.

Psychologist.

Psychotherapy.

Radium Therapy.

Sacroiliac belt.

Seeing-eye dog and maintenance.

Splints.

Supplementary Medical Insurance (Part B) under Medicare.

Surgeon.

Transportation expenses for medical purposes (6c per mile plus parking and tolls or actual fares for taxi, buses, etc.).

Vaccines.

Vitamins prescribed by a doctor (but not taken as a food supplement or to preserve general health).

Wheelchairs.

Whirlpool baths for medical purposes.

X-rays.

TAXES

Real estate.

State and local gasoline.

General sales.

State and local income.

Personal property.

If sales tax tables are used in arriving at your deduction, you may add to the amount shown in the tax tables only the sales tax paid on the purchase of 5 classes of items: automobiles, airplanes, boats, mobile homes and materials used to build a new home when you are your own contractor.

When using the sales tax tables, add to your adjusted gross income any nontaxable income (e.g., Social Security or Railroad Retirement Annuities).

CONTRIBUTIONS

In general, contributions may be deducted up to 50 percent of your adjusted gross income (line 15, Form 1040). However, contributions to certain private nonprofit foundations, veterans organizations, or fraternal societies are limited to 20 percent of adjusted gross income.

Cash contributions to qualified organizations for (1) religious, charitable, scientific, literary or educational purposes, (2) prevention of cruelty to children or animals, or (3) Federal, state or local governmental units (tuition for children attending parochial schools is not deductible). Fair market value of property (e.g. clothing, books, equipment, furniture) for charitable purposes. (For gifts of appreciated property, special rules apply. Contact local IRS office.)

Travel expenses (actual or 6c per mile plus parking and tolls) for charitable purposes (may not deduct insurance or depreciation in either case).

Cost and upkeep of uniforms used in charitable activities (e.g., scoutmaster).

Purchase of goods or tickets from charitable organizations (excess of amount paid over the fair market value of the goods or services).

Out-of-pocket expenses (e.g. postage, stationary, phone calls) while rendering services for charitable organizations.

Care of unrelated student in taxpayer's home under a written agreement with a qualifying organization (deduction is limited to $50 per month).

INTEREST

Home mortgage.

Auto loan.

Installment purchases (television, washer dryer, etc.)

Bank credit card—can deduct the finance charge as interest if no part is for service charges or loan fees, credit investigation reports. If classified as service charge, may still deduct 6 percent of the average monthly balance (average monthly balance equals the total of the unpaid balance for all 12 months, divided by 12) limited to the portion of the total fee or service charge allocable to the year.

Points—deductible as interest by buyer where financing agreement provides that they are to be paid for use of lender's money. Not deductible if points represent charges for services rendered by the lending institution (e.g. VA loan points are service charges and are not deductible as interest). Not deductible if paid by seller (are treated as selling expenses and represent a reduction of amount realized).

Penalty for prepayment of a mortgage—deductible as interest.

Revolving charge accounts—may deduct the "finance charge" if the charges are based on your unpaid balance and computed monthly.

CASUALTY OR THEFT LOSSES

Casualty (e.g. tornado, flood, storm, fire, or auto accident provided not caused by a willful act or willful negligence) or theft losses to nonbusinesses property—the amount of your casualty loss deduction is generally the lesser of (1) the decrease in fair market value of the property as a result of the casualty, or (2) your adjusted basis in the property. This amount must be further reduced by any insurance or other recovery, and, in the case of property held for personal use, by the $100 limitation. You may use Form 4684 for computing your personal casualty loss.

CHILD AND DISABLED DEPENDENT CARE EXPENSES

The deduction for child dependent care expenses for employment related purposes has been expanded substantially. Now a taxpayer who maintains a household may claim a deduction for employment-related expenses incurred in obtaining care for a (1) dependent who is under 15, (2) physically or mentally disabled dependent, or (3) disabled spouse. The maximum allowable deduction is $400 a month ($4,800 a year). As a general rule, employment-related expenses are deductible only if incurred for services for a qualifying individual in the taxpayer's household. However, an exception exists for child care expenses (as distinguished from a disabled dependent or a disabled spouse). In this case, expenses outside the household (e.g., day care expenditures) are deductible, but the maximum deduction is $200 per month for one child, $300 per month for 2 children, and $400 per month for 3 or more children.

When a taxpayer's adjusted gross income (line 15, Form 1040) exceeds $18,000, his deduction is reduced by $1 for each $2 of income above this amount. For further information about child and dependent care deductions, see Publication 503, Child Care and Disabled Dependent Care, available free at Internal Revenue offices.

MISCELLANEOUS

Alimony and separate maintenance (periodic payments).

Appraisal fees for casualty loss or to determine the fair market value of charitable contributions.

Campaign contributions (up to $100 for joint returns and $50 for single persons).

Union dues.

Cost of preparation of income tax return.

Cost of tools for employee (depreciated over the useful life of the tools).

Dues for Chamber of Commerce (if as a business expense).

Rental cost of a safe-deposit box for income producing property.

Fees paid to investment counselors.

Subscriptions to business publications.

Telephone and postage in connection with investments.

Uniforms required for employment and not generally wearable off the job.

Maintenance of uniforms required for employment.

Special safety apparel (e.g., steel toe safety shoes or helmets worn by construction workers; special masks worn by welders).

Business entertainment expenses.

Business gift expenses not exceeding $25 per recipient.

Employment agency fees for securing employment.

Cost of a periodic physical examination if required by employer.

Cost of installation and maintenance of a telephone required by the taxpayer's employment (deduction based on business use).

Cost of bond if required for employment.

Expenses of an office in your home if employment requires it.

Payments made by a teacher to a substitute.

Educational expenses required by your employer to maintain your position or for maintaining or sharpening your skills for your employment.

Political Campaign Contributions: Taxpayers may now claim either a deduction (line 33, Schedule A, Form 1040) or a credit (line 52, Form 1040), for campaign contributions to an individual who is a candidate for nomination or election to any Federal, State or local office in any primary, general or special election. The deduction or credit is also applicable for any (1) committee supporting a candidate for Federal, State, or local elective public office, (2) national committee of a national political party, (3) state committee of a national political party, or (4) local committee of a national political party. The maximum deduction is $50 ($100 for couples filing jointly). The amount of the tax credit is one-half of the political contribution, with a $12.50 ceiling ($25 for couples filing jointly).

Presidential Election Campaign Fund: Additionally, taxpayers may voluntarily earmark $1 of their taxes ($2 on joint returns), to help defray the costs of the 1976 presidential election campaign. If you failed to earmark $1 of your 1972 taxes ($2 on joint returns) to help defray the cost of the 1976 presidential election campaign, you may do so in the space provided above the signature line on your 1973 tax return.

For any questions concerning any of these items, contact your local IRS office. You may also obtain helpful publications and additional forms by contacting your local IRS office.

OTHER TAX RELIEF MEASURES FOR OLDER AMERICANS

Filing status:	*Required to file a tax return if gross income is at least*
Single (under age 65)	$2,050
Single (age 65 or older)	2,800
Married couple (both spouses under 65) filing jointly	2,800
Married couple (1 spouse 65 or older) filing jointly	3,550
Married couple (both spouses 65 or older) filing jointly	4,300
Married filing separately	750

Additional Personal Exemption for Age: In addition to the regular $750 exemption allowed a taxpayer, a husband and wife who are 65 or older on the last day of the taxable year are each entitled to an additional exemption of $750 because of age. You are considered 65 on the day before your 65th birthday. Thus, if your 65th birthday is on January 1, 1974, you will be entitled to the additional $750 personal exemption because of age for your 1973 Federal income tax return.

Multiple Support Agreement: In general, a person may be claimed as a dependent of another taxpayer, provided five tests are met: (1) Support, (2) Gross Income, (3) Member of Household or Relationship, (4) Citizenship, and (5) Separate Return. But in some cases, two or more individuals provide support for an individual, and no one has contributed more than half the person's support.

However, it still may be possible for one of the individuals to be entitled to a $750 dependency deduction if the following requirements are met for multiple support:

1. Two or more persons—any one of whom could claim the person as a dependent if it were not for the support test—together contribute more than half of the dependent's support.

2. Any one of those who individually contribute more than 10 percent of the mutual dependent's support, *but only one of them,* may claim the dependency deduction.

3. Each of the others must file a written statement that he will not claim the dependency deduction for that year. The statement must be filed with the income tax return of the person who claims the dependency deduction. Form 2120 (Multiple Support Declaration) may be used for this purpose.

Sale of Personal Residence by Elderly Taxpayers: A taxpayer may elect to exclude from gross income part, or, under certain circumstances, all of the gain from the sale of his personal residence, provided:

1. He was 65 or older before the date of the sale, and

2. He owned and occupied the property as his personal residence for a period totaling at least five years within the eight-year period ending on the date of the sale.

Taxpayers meeting these two requirements may elect to exclude the entire gain from gross income if the adjusted sales price of their residence is $20,000 or less. (This election can only be made once during a taxpayer's lifetime). If the adjusted sales price exceeds $20,000, an election may be made to exclude part of the gain based on a ratio of $20,000 over the adjusted sales price of the residence. Form 2119 (Sale or Exchange of Personal Residence) is helpful in determining what gain, if any, may be excluded by an elderly taxpayer when he sells his home.

Additionally, a taxpayer may elect to defer reporting the gain on the sale of his personal residence if within one year before or one year after the sale he buys and occupies another residence, the cost of which equals or exceeds the adjusted sales price of the old residence. Additional time is allowed if (1) you construct the new residence or (2) you were on active duty in the U.S. Armed Forces. Publication 523 (Tax Information on Selling Your Home) may also be helpful.

Retirement Income Credit: To qualify for the retirement income credit, you must (a) be a U.S. citizen or resident, (b) have received earned income in excess of $600 in each of any 10 calendar years before 1973, and (c) have certain types of qualifying "retirement income". Five types of income—pensions, annuities, interest, and dividends included on line 15, Form 1040, and gross rents from Schedule E, Part II, column (b)—qualify for the retirement income credit.

The credit is 15 percent of the lesser of:

1. A taxpayer's qualifying retirement income, or

2. $1,524 ($2,286 for a joint return where both taxpayers are 65 or older) minus the total of nontaxable pensions (such as Social Security benefits or Railroad Retirement annuities) and earned income (depending upon the taxpayer's age and the amount of any earnings he may have).

If the taxpayer is under 62, he must reduce the $1,524 figure by the amount of earned income in excess of $900. For persons at least 62 years old but less than 72, this amount is reduced by one-half of the earned income in excess of $1,200 up to $1,700, plus the total amount over $1,700. Persons 72 and over are not subject to the earned income limitation.

Schedule R is used for taxpayers who claim the retirement income credit.

The Internal Revenue Service will also compute the retirement income credit for a taxpayer if he has requested that IRS compute his tax and he answers the questions for Columns A and B and completes lines 2 and 5 on Schedule R—relating to the amount of his Social Security benefits, Railroad Retirement annuities, earned income, and qualifying retirement income (pensions, annuities, interest, dividends, and rents). The taxpayer should also write "RIC" on line 17, Form 1040.

REDUCED LONG-DISTANCE PHONE RATES FOR THE DEAF AND HARD OF HEARING WHO HAVE ACCESS TO A TELETYPEWRITER

Mr. TOWER. Mr. President, over 500,000 Americans are deaf or hard of hearing, making use of the telephone impossible. Consequently, communication over long distances is extremely difficult for these individuals. Through the work of a number of civic groups across the country, however, many of these people have been able to extend their horizons with teletypewriters which are linked by our telephone system.

The fortunate few who have gained access to this means of communication have found their lives enriched beyond measure. For many, however, the costs have proven prohibitive. Not only is the cost to install the equipment high for many, but monthly service charges for local use are much higher than standard telephone service rates and long-distance charges are exhorbitant because vocal communication can be accomplished much more rapidly than typed communication. For individuals whose earning capacity is limited by the handicap of deafness, these expenses all too often prove prohibitive.

In recognition of this problem, the Senator from Alaska (Mr. GRAVEL) has introduced legislation to allow any common carrier to reduce the long-distance phone rates for the deaf and hard of hearing who have access to a teletypewriter. I am pleased to join him as a cosponsor of this measure and commend it to my colleagues for their thoughtful consideration.

VAST AID FROM UNITED STATES BACKS SAIGON IN CONTINUING WAR

Mr. ABOUREZK. Mr. President, section 112, of the Foreign Assistance Act of 1973 prohibits all training or financial support of the South Vietnamese police force with respect to prisons, police administration, and computer training.

Recently in a discussion I had in my office with Mr. Lauren Goin, the Director of the International Police Academy and Mr. Mathew Harvey, the Assistant Administrator for Legislative Affairs for the State Department, I was assured that the Office of Public Safety was abiding by this prohibition and that, while the OPS program had been stopped in South Vietnam, the International Police Academy would continue to train a minimum of SVN police officers through June 14, 1974.

I was, therefore, surprised to read the article written by David K. Shipler in the New York Times of February 25, that contrary to these assurances, the OPS program in South Vietnam is apparently still very much alive.

Mr. Shipler quotes police officials in South Vietnam who confirm that American advisers remain on the job. In addition, in fiscal year 1975, the Nixon administration is planning to give Saigon's police force over $11.6 million in additional financial assistance.

Mr. President, one is compelled to ask just what this Congress and the American people have to do to stop the incessant funding of President Thieu's repressive police forces. What does it take to tell AID, OPS, and others in the State Department, no? We have passed a law, we have protected this funding on the floors of both Houses of Congress, and thousands of Americans have registered their shock and disbelief in regard to AID's persistent financing of police training and yet, the programs go on, almost unabated.

Not only does AID persist in violating section 112; there are other legalities which seem to matter little to them.

The Paris Peace Agreement, signed supposedly in good faith 1 year ago, states:

> The United States will not continue its military involvement or intervene in the internal affairs of South Vietnam.

Yet, there are over 3,900 U.S. military and technical advisers stationed in Vietnam who continue to advise the South Vietnamese on almost every technical facet of their military efforts.

In addition, the Pentagon has asked Congress for $1.45 billion for military aid to Saigon for next year, not to mention the $450 million they want in a supplemental to this year's military budget.

Mr. President, what kind of honor is it when the United States insists on violating agreements, signed in good faith, with other nations, and disregards even its own laws?

I sincerely hope that we will soon address this question, again, here in the Senate. These AID and DOD actions have made a mockery of our laws—both national and international. It is time, once again, for Congress to reckon with this grave situation.

I ask unanimous consent that the article by Mr. Shipley be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

VAST AID FROM UNITED STATES BACKS SAIGON IN CONTINUING WAR

(By David K. Shipler)

SAIGON, SOUTH VIETNAM, February 16.—Ray Harris of Ponca City, Okla., has come back to Vietnam. This time he is not behind the machine gun of an Army helicopter but behind a workbench at the Bien Hoa air base, sitting next to South Vietnamese Air Force men and repairing jet fighter engines.

Mr. Harris is a civilian now, safer and better paid. But his changed role in the continuing Vietnam war has scarcely diminished his importance, for as a 27-year-old jet-engine mechanic he remains as vital to the South Vietnamese military as he was in 1966 as a 19-year-old helicopter gunner.

He is among 2,800 American civilians without whose skills South Vietnam's most sophisticated weapons would fall into disrepair. Employed by private companies under contract to the United States Defense Department, these men constitute one facet of a vast program of American military aid that continues to set the course of the war more than a year after the signing of the Paris peace agreements and the final withdrawal of American troops.

Whether the United States is breaking the letter of the agreements could probably be argued either way. But certainly the aid directly supports South Vietnamese violations and so breaks the spirit of the accords.

The United States, far from phasing out its military involvement in South Vietnam, has descended from a peak of warfare to a high plateau of substantial support, dispatching not only huge quantities of weapons and ammunition but also large numbers of American citizens who have become integral parts of the South Vietnamese supply, transport and intelligence systems.

These include not just the Vietnam-based mechanics and technicians but also the Pentagon-based generals who tour airfields to ascertain the needs of the South Vietnamese Air Force, the "liaison men" who reportedly give military advice from time to time, the civilian Defense Department employees who make two-to-three-week visits to provide highly specialized technical help, and the Central Intelligence Agency officials who continue to advise South Vietnam's national police on intelligence matters.

The total budgeted cost of military aid to South Vietnam is $813-million in this fiscal year, and the Pentagon has asked Congress for $1.45-billion next year, with most of the increase probably going for ammunition which the South Vietnamese forces have expended at a high rate.

TRUE COST EVEN HIGHER

The true costs of the military support probably rise considerably above the official figures. Some of the aid, for example, comes in through economic programs that dump millions in cash into the Saigon Government's defense budget. An other costs—salaries of Pentagon technicians who make special vists, for example—are hidden in the vast budgets of the United States Air Force, Army and Navy and are not labeled "Vietnam."

These valuable military goods and services have a sharp political impact. They are indispensable to the South Vietnamese Government's policy of resistance to any accommodation with the Communists. Militarily, the extensive aid has enabled President Nguyen Van Thieu to take the offensive at times, launching intensive attacks with artillery and jet fighters against Vietcong-held territory.

Furthermore, the American-financed military shield has provided Mr. Thieu with the muscle to forestall a political settlement. He has rejected the Paris agreements' provision for general elections in which the Communists would be given access to the press, permission to run candidates and freedom to rally support openly and without interference from the police.

VIETCONG MAINTAIN PRESSURE

Mr. Thieu has offered elections, but without the freedoms. The Vietcong, refusing to participate unless the freedoms are guaranteed, have maintained military pressure throughout the country, mostly with artillery and rocket attacks on Government outposts and, from time to time, with devastating ground assaults against Government-held positions.

United States intelligence officials contend that continuing American aerial reconnaissance, as well as prisoner interrogation and radio monitoring, shows that the North Vietnamese have sent thousands of troops and hundreds of tanks and artillery pieces south in violation of the Paris agreements. They have also refurbished a dozen captured airfields and built a large network of roads that threatened to cut South Vietnam in two.

Yet in battle the Communists appear more frugal with ammunition than the Government troops, who have been seen recently by Western correspondents spraying artillery across wide areas under Vietcong control as if there was no end to the supply of shells. This difference has bolstered the view of some diplomats that China and the Soviet Union, unwilling to support an all-out offensive now, have placed limits on the rate of resupply to Hanoi.

Amid the political stalemate then, the inconclusive war continues.

KEEPING JETS IN THE AIR

Ray Harris is at his workbench in the huge engine shop at the Bien Hoa air base just north of Saigon. He works for General Electric, which manufactures the jet engine that drives the Northrop F-5 fighter, the mainstay of Saigon's air force.

He hunches over a circular fuser assembly, the last part of the engine before the afterburner. The assembly is invisibly cracked, and Mr. Harris is using a machine about the size of a dentist's drill to grind down the metal so the crack can be welded.

There are Americans everywhere in the shop, which is devoted to repairing and overhauling fighter and helicopter engines. There is virtually no workroom or machine or assembly line where Americans are anything less than essential parts of the process. Although a few are training Vietnamese to take over the work eventually, most are simply doing the work, especially the highly technical jobs, themselves.

The line where rebuilt jet engines are finally assembled, for example, looks more like a factory somewhere in the United States than a shop belonging to the Vietnamese Air Force. Eight or 10 Americans work on several engines, and not a Vietnamese is in sight.

There are 25 Vietnamese assigned here, a technician says with a shrug, but he adds, "I never see them."

OUTPUT IS KEPT HIGH

Ken Martin of G.E. is crouching with another American beside a jet engine that he has just assembled himself in four 12-hour days. Without the American technicians, he says the shop could produce no more than 40 per cent of what it does. Another American, asked what would happen if he and his colleagues pulled out, replied, "This would turn into a big Honda repair shop."

As self-serving and exaggerated as these assessments seem, they underscore the long-term military role that American civilians will have to play if the South Vietnamese are to have continued use of their complex weapons.

Without long training, mechanics in any modern air force probably could not match the skills of the American technicians, most of whom are not young Vietnam war veterans like Mr. Harris but seasoned experts who have been building and rebuilding engines for years on bases here in the United States.

"Most of our people—this is the only work they've ever done," said Glenn Miller, the 47-year-old G.E. supervisor at the shop. Mr. Miller has 22 years experience with the company, all on jet engines.

His men are so vital that they—and those working on helicopters for Lycoming Aircraft—were all placed on 12-hour shifts last month during the week before Tet, the Lunar New Year holiday. Their objective was to get as many aircraft flying as possible, Mr. Miller explained, to be ready for any Communist offensive.

MAKES $1000 IN A LONG WEEK

Mr. Miller figures that with overtime and other bonuses, some of the men made $1,000 apiece that week.

High pay is cited by many of the civilians as the main reason for their choice of Vietnam as a place of work. After a year on the job G.E. employes get double their base salaries, bringing the average pay to $20,000 or more, plus $16 a day for food and lodging—an annual total in excess of $25,000.

Since living costs are low by American standards, and since the employees do not have to pay any Federal income tax on $20,000 a year if they are off American soil for at least 18 months, many say they save a good deal of money. Some add that the money has become a silent source of resentment among the Vietnamese Air Force men, who earn only $10 to $35 a month.

This, plus profound war-weariness, has made many Vietnamese men difficult to teach, the contractors say. "They are only kids, all of them—they don't want to be in the military to begin with," said Elmer Adams, a former United States Air Force man who works for Lycoming supervising helicopter repairs.

"It's a lack of desire," said a technician for Cessna Aircraft working at the Da Nang air base. "They've been under so much pressure for so long they just want peace. They're peace-minded."

CRITICISM OF AMERICANS

It was said sympathetically, and the Cessna man went on: "All they know is that Americans came over here and tore up their country, uprooted their villages and now they're looking for food."

Gilbert Walker, another technician, who asked that his company not be identified, observed: "The people I talk to in town care very little about the form of government they have. I guess I don't feel much difference. I don't feel too much admiration for the present Government."

In that case, he was asked, why is he helping the South Vietnamese carry on the war? "I work for my company and I try to keep the aircraft flying," he replied. "I'm working on helicopters, that's all I know. Sometimes I sit back and think, What's it all for, what's the good of it all? It seems like an exercise in futility, what I'm doing."

Futile or not, the Americans' work has carried some of them to positions of considerable authority in the South Vietnamese military supply system. The South Vietnamese still call many of them "co van," which means "advisers," and the American office at the Da Nang base has a big sign over the door that read, "Co Van."

The Americans often come to identify closely with their jobs, perhaps taking more responsibility than their contacts call for. In a revealing slip of the tongue, Mr. Adams of Lycoming looked around the Bien Hoa engine shop and remarked, "We're in the process—they're in the process, rather—of reorganizing the shop."

MANY STILL ON PAYROLL

The fact is that supply and transportation have remained an American operation. "We Vietnamized the fighting, but we never Vietnamized logistics," said a Defense Department official based in Saigon.

That is reportedly the principal reason the United States Defense Attaché's Office—originally scheduled to be dismantled early this year—still contains about 1,150 people, of whom 50 are military men, according to official figures.

In addition, the reduction in the number of Americans working for private defense contractors has halted, allowing the figure to level off at approximately 2,800, down 2,200 since July, according to a spokesman for the Defense Attaché's office.

The logistics effort—provision of maintenance, ammunition, weapons, trucks, fuel, electronics parts and the like—is now the basis for the Americans most pervasive and intimate contracts with the South Vietnamese military. Depending on how such terms as "military" and "advisers" are defined, there is evidence that the contracts occasionally cross into areas of relationship prohibited by the Paris agreements.

"The United States will not continue its military involvement or intervene in the internal affairs of South Vietnam," Article 4 of the cease-fire agreement declares.

"TOTAL WITHDRAWAL"

Article 5 says: "Within 60 days of the signing of this agreement, there will be a total withdrawal from South Vietnam of troops, military advisers and military personnel, including technical military personnel and military personnel associated with the pacification program, armaments, munitions and war material of the United States and those of the other foreign countries mentioned in Article 3(a). Advisers from the above-mentioned countries to all para-military organizations and the police force will also be withdrawn within the same period of time."

According to both American and South Vietnamese officials, the American civilians—both employes of private companies and those of the Defense Department—who help with supply activities not only see that the South Vietnamese get the equipment and ammunition they ask for but also advise them on what to ask for.

Some of these activities came to light as a result of the capture by the Chinese last month of a former United States Army Special Forces captain, Gerald E. Kosh, who was aboard a South Vietnamese naval vessel during a two-day battle with Chinese forces in the Paracel Islands, in the South China Sea.

Mr. Kosh, who was taken prisoner and later released, was described by a spokesman for the United States Embassy as a "liaison officer" with the South Vietnamese military whose job was to observe the efficiency of various army, navy and air force units and report to the Pentagon.

American officials steadfastly refused to provide further details of Mr. Kosh's job. They would not say exactly what he was supposed to observe or whether his reports were ultimately shared with the South Vietnamese. They did say that there were 12 such liaison men based in various parts of Vietnam.

EXTENT OF ROLE UNCLEAR

What is not clear is whether they confine their observations to such matters as the condition of equipment and the rate of ammunition expenditure, or whether they evaluate military tactics and strategies and go so far as to suggest alternatives.

What is fairly certain is that their reports end up in the hands of the South Vietnamese, perhaps providing indirect advice of one sort or another.

A South Vietnamese officer in a position to know said recently that normal procedure called for an American and a South Vietnamese to make an inspection or auditing tour of a military unit together. Then they write up their reports, sometimes separately, sometimes together. The reports, he said, are forwarded up the chain of command in the United States Defense Attaché's Office, which then relays copies of them to Lieut. Gen. Dong Van Khuyen, head of the Logistic Command for the South Vietnamese Joint General Staff.

More direct, overt advice is sometimes given by zealous Americans who are still stationed in every province. An embassy official reported recently that an American based in one province boasted to him about a successful military operation: "I told them to clear the Communists out of there."

Actually, South Vietnamese military men do not seem anxious for such guidance, noting with some pain that their country has suffered for years under American advice, What they want from the United States is military aid.

SIX GENERALS PAY A VISIT

Clearly, the Pentagon continues to attach high priority to the success of the South Vietnamese military. Last fall a group of six Air Force generals based in the Pentagon visited the Da Nang air base to find out what equipment and aid were needed, according to the base commander, Lieut. Col. Nguyen Tan Dingh. He said they were scheduled to come again this month.

A few weeks ago two civilian employes of the Air Force—one based in Hawaii and the other in Texas—were flown to Vietnam for a short stay so they could give advice on the repair and upkeep of plants that manufacture oxygen for jet fighters. One said he had been in and out of Vietnam frequently on similar missions since 1964, the other since 1968.

Although the Paris agreements explicitly rule out advisers to the police force, the South Vietnamese National Police continue to receive regular advice from Americans.

In a recent conversation with this correspondent, two high-ranking officers said they and their staffs met frequently with the Saigon station chief of the C.I.A. and his staff. Sometimes, they said, the C.I.A. chief asks the police to gather intelligence for him, and often they meet to help each other analyze the data collected.

A police official confirmed that in some provinces "American liaison men" who work with the police remain on the job. "There are still some, but not so many," he said.

EPISODE IN POLICE STATION

Local policemen still refer to "American police advisers," according to James M. Markham, Saigon bureau chief of The New York Times, who was detained by the police late in January after a visit to a Vietcong-held area.

Mr. Markham said that in both Qui Nhon, where he was held overnight, and Phan Thiet, where he was detained briefly while being transferred to Saigon, policemen, talking among themselves, referred to the "police adviser." In Phan Thiet, he reported, a policeman was overheard saying, "Let's get the American police adviser over here."

In the last six weeks The New York Times has made repeated attempts to interview officials in the United States Agency for International Development who are responsible for American aid to the police. Although the officials appeared ready to discuss the subject, they were ordered by the United States Ambassador, Graham A. Martin, to say nothing.

In the absence of official United States figures, the best information on police aid comes from Senator Edward M. Kennedy, who calculated that as of last June 30 the Agency for International Development and the Defense Department has spent $131.7-million over the years for police and prisons in South Vietnam. Despite a Congressional ban on such assistance enacted last December, such support has continued, according to American officials, but they say that no decision has yet been made on how to phase out the programs.

Section 112 of the new foreign aid bill reads: "None of the funds appropriated or made available pursuant to this act and no local currencies generated as a result of assistance furnished under this act may be used for the support of police or prison construction and administration within South Vietnam, for training, including computer training, of South Vietnamese with respect to police, criminal or prison matters, or for computers, or computer parts for use for South Vietnam with respect to police criminal or prison matters."

TRAINING IN WASHINGTON

South Vietnamese policemen are reportedly still being trained at the International Police Academy in Washington, and technical contracts with private companies that provide computer services and communication equipment have not been terminated.

Senator Kennedy reported that the Nixon Administration had requested $869,000 for the current fiscal year for police computer training, $256,000 for direct training of policemen, $1.5-million for police communications and $8.8-million for police equipment, presumably weapons and ammunition, from the Defense Department.

Although these figures are not normally included in the totals for military aid, the police here have military functions, and engage in infiltration, arrest, interrogation and torture of Communists and political dissidents.

This activity violates the cease-fire agreement, which states in Article 11: "Immediately after the cease-fire, the two South Vietnamese parties will . . . prohibit all acts of reprisal and discrimination against individuals or organizations that have collaborated with one side or the other, insure . . . freedom of political activities, freedom of belief."

INTERVIEWS ARE REFUSED

Not only has Ambassador Martin ordered American officials to remain silent on the subjects of military and police aid; both he and the Defense Attaché, Maj. Gen. John E. Murray, refused requests by The New York Times for interviews. Furthermore, the embassy told at least two private companies—Lear-Siegler, which employs a large force of aircraft mechanics here, and Computer Science Corporation, which works on military and police computer systems—to say nothing publicly about their work, according to company executives.

The official nervousness is attributed by an embassy employe to the Nixon Administration's apprehension about the inclination of Congress to cut aid to South Vietnam. The Ambassador has reportedly told several non-Government visitors recently that South Vietnam is in a crucial period and that he sees his role as unyielding support to build up and preserve a non-Communist regime.

He is reported to have pressed Washington to provide new weapons for Saigon to counteract the infiltration of troops, tanks and artillery from North Vietnam since the cease-fire. For example. plans have been made for the delivery of F–5E fighter planes to replace the slower, less maneuverable and less heavily armed F–5's, many of which were rushed to South Vietnam in the weeks before the cease-fire.

VIOLATION IS CHARGED

Privately, officers in the International Commission of Control and Supervision scoff at the American contention that supply of the planes does not violate the Paris agreements, which permit only one-for-one replacement of weapons "of the same characteristics and properties." A high-ranking official of one of the non-Communist delegations, asked recently if he thought the United States was faithfully observing the one-for-one rule, replied, "Of course not."

There is nothing the commission can do about it without permission from both the South Vietnamese Government and the Vietcong to investigate, and permission is unlikely to be forthcoming from the Saigon side. Similarly, the commission has been unable to audit other incoming weapons and ammunition for both sides. During the first year after the cease-fire, the United States provided South Vietnam with $5.4-million worth of ammunition a week, apparently unaccompanied by pressure to restrain military activities.

Several weeks ago Elbridge Durbrow, who was Ambassador to South Vietnam from 1957 to 1961, came to Saigon and met with Ambassador Martin and General Murray. Mr. Durbrow, who denounced the Paris agreements and who declares, "I am a domino-theory man," was asked by newsmen whether the American officials had indicated that they were trying to keep South Vietnam from violating the cease-fire.

"Not from anybody did we hear that," he replied. Then, referring to General Murray, he said: "He's not that kind of man at all—just the opposite. If you are not going to defend yourself you might as well give up and let Hanoi take over."

CRUDE OIL ALLOCATIONS

Mr. BARTLETT. Mr. President, the crude oil allocation provision of the Emergency Petroleum Allocation Act of 1973 is a perfect example of Congress failing to provide the President with the flexibility to accomplish desired goals.

The consumer is the ultimate loser.

The law provides for "equitable distribution of crude oil, residual fuel oil, and refined petroleum products at equitable prices among all regions and areas of the United States and sectors of the petroleum industry, including independent refiners, small refiners, nonbranded independent marketers, branded independent marketers, and among all users;".

At the time this law was passed I said:

> S. 1570 mandates rigid programs to be carried out by the President to allocate crude oil, residual fuel oil and refined products . . . and if enacted into law, will worsen and perpetuate the energy shortage. It does nothing to increase energy supplies. Instead, it merely spreads out the pain of shortages in such a way as to discourage competition as it eliminates the free market.

That prediction has proven accurate, as can be seen by the long lines at gasoline stations.

The regulations adopted by the Federal Energy Office, pursuant to the Allocation Act, are causing less petroleum products to be available to the consumers of the United States.

The regulation discourages imports of crude oil because the importers of crude oil often must allocate some of their oil to other refineries which are operating at a lesser percentage of capacity until all refiners are operating at the same percentage of capacity.

Crude oil imports have dropped from about 2.8 million barrels per day to only 1.9 million barrels per day.

Whenever possible it is more advantageous to the oil companies to import products instead of crude oil, because if crude oil is refined abroad and then brought in as a product the importer of the product gets the full advantage of the crude oil with a cost passthrough on the price of the product and possibly even gets additional crude oil allocated to him domestically rather than having to sell crude oil if he had imported it.

Another objection to the crude oil allocation regulation is that the crude oil seller is required to sell based on the average cost of all his crude plus a small additional amount. So, if a company imports crude oil at a high price, say $13 per barrel, he is forced to sell it at a weighted average price of all his crude at perhaps $8 per barrel; there is undoubtedly a disincentive to work hard to find crude oil to import. The customers of these individual companies bear the burden of selling the more expensive foreign oil at a lesser price to another domestic refinery.

Another situation, that I am sure was unintended by Congress, is that some small refiners which worked diligently to acquire sufficient crude oil are forced to sell some crude oil to big major refiners; and particularly irritable to some of the larger refiners is that they must sell crude oil to another large competitor who does not need such assistance.

Some of the smaller refiners, before the allocation bill was passed, had competitively bid to obtain additional crude oil for their refinery. Now, some of those refineries are being asked to sell to giants like Texaco, Union Oil of California, Sun Oil Co., Atlantic Richfield, Marathon, and other large companies who should be capable of obtaining their own crude oil.

Granted, there are some small refineries which do benefit as was intended from the crude oil allocation program, and they should continue to be provided crude oil to meet their minimum operational requirements, but the other inequities should be removed by Congress.

In my State, small refineries such as Allied Materials Corp.—4,500 barrels per calendar day—and Apco Oil—12,000 barrels per calendar day—are having to make their crude oil available to the giants that I have just listed.

Other larger companies, such as Skelly, Conoco, Gulf, Phillips, Champlain, Cities Service, Kerr-McGee, Teneco, Amoco, and Mobil are having to make some of their crude oil available to other major oil companies. This decreases competition.

The regulation favors the company that does the least to help itself, which is not in the American tradition of competition.

Flexibility is needed in the law to allow highly efficient plants to operate at higher capacities so that we can get more product from each barrel of oil and so that the few plants which are able to make certain specialized products will not be unnecessarily curtailed.

The expense of reselling and relocating crude oil must be borne by the consumer, so that cost must be kept to a minimum.

The result is less gasoline and petrochemicals at a higher price from the available crude oil.

Congress should consider an alternate proposal that would not act as a disincentive to import crude oil and would promote competition to exist again.

Congress should adopt language that will give to the administration the flexibility needed to accomplish the objectives intended by Congress, including the provision of crude oil to a very important segment of our economy—the small independent refiner.

If Congress does not make the needed changes, there will continue to be insufficient incentive to import oil or to bid for "new" oil. There will be no incentive at the end of the quarter in April to compete to obtain "new" oil since all oil would be allocated anyway, and each refiner would receive a proportional share of all crude available.

"Stripper" oil is the only remaining vestige of the free market because "new" oil and matching oil must be allocated according to the 1973 allocation act.

The problems of allocating crude oil are too complex for a slow-moving body like the Congress to try to fix in legislation the specific manner in which allocations should be conducted. Once the intent is set out in legislation, then the administration should be given the reins so that it can accomplish the goals set forth.

VOTER REGISTRATION

Mr. MOSS. Mr. President, inevitably, future generations of Americans will remember the 93d Congress as the one that considered the impeachment of President Nixon.

Regardless of the outcome of the inquiry, this Congress is assured of its place in history simply because of the profound significance of impeachment. Only once before in history has Congress faced this grave question, one embodying the ultimate step that can be taken by the legislative branch to preserve our system of checks and balances.

But given the great historical importance of impeachment, I hope I am not consigning myself to oblivion when I say that up until now most of my time has been occupied with other matters. The same is probably true of most of my colleagues. In time, the Senate may be forced to devote its full attention to the question of impeachment, but until then, there is other important business of the Nation to attend to.

History may record the 93d Congress as the impeachment Congress, but, in my view, it should be remembered as the Congress that produced legislation of great consequence for the American people.

One of the vital areas of congressional concern this past year—indeed for the past several years—has been energy. Because of the efforts of the 93d Congress, there will be several new statutes on the books designed to conserve and increase our energy resources.

I believe that this Congress also will enact legislation in the areas of trade, pension reform, auto insurance reform, tax reform, and health insurance—legislation of great import to every American.

Finally, I hope that the Congress will pass legislation to remove the obstacles that now exist to exercise of the right to vote. This right is the basis of American democracy. Last year, the Senate passed a bill that would facilitate the exercise of the franchise and, hopefully, the House will soon follow suit.

Since I have argued for a better method of voter registration, a number of times in the past, I will not repeat the argument that I and a number of other Senators have put forward.

But, I request unanimous consent that the editorial from Sunday's Washington Post be printed in the Record. Despite the media's preoccupation with Watergate and impeachment, the Post editorial demonstrates an awareness that Congress does have other very important business at hand.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

Voter Registration by Mail

This year, millions of Americans will go to the polls to determine the shape of the 94th Congress—in a series of electoral rites guaranteed to undergo much scrutiny and analysis in the wake of what's been happening on the national scene since 1972. Regardless of what the voters decide, however, millions of other Americans will *not* have gone to the polls—because they weren't registered to vote. Undoubtedly, this phenomenon will then generate a spate of interpretations examining voter "apathy" and "alienation." What is too often overlooked, though, is the amount of administrative red tape still attached to the election system, including procedures for voter registration.

Specifically, the requirement in most states that people must appear in person for registration at some appointed time and some prescribed place in advance of Election Day is a serious limitation on the franchise in this country. Registration can be quite troublesome for citizens who live in rural areas at some distance from the nearest courthouse, as well as for those whose jobs make it difficult to get to registration places at times when registrars are ready to sign them up. In urban areas, too, there is the problem of volume.

The precise effect on voter participation is hard to gauge, but one poll by the public opinion research firm of Daniel Yankelovich, Inc., found that three-fourths of those who did not vote in the last presidential election had stated that they would have voted had they been registered. Moreover, according to a report by the House Administration Committee, preliminary statistics of the Bureau of Census indicated that 87 per cent of those citizens who did register stated they voted.

It can be argued that people ought to care enough to make sure they're properly registered to vote. Nevertheless, the process ought to be a simple as possible. A simplified, convenient and uniform system of registration through the mails would go a long way toward that objective.

Right now, Congress has an important opportunity to effect this reform. The Senate already has passed a bill providing for registration by mail, and the House Administration Committee has approved a companion measure that is now before the House Rules Committee. Basically, the legislation would establish voter registration by mail throughout the country for federal elections.

Registration forms would be sent to postal addresses at least once every two years, and would be available at all post offices and military installations. Distribution also could be made through other federal agencies or through state officials. Completed forms would be returned to the appropriate state or local election officials for verification, and applicants would be sent forms notifying them whether their registrations have been accepted or rejected.

To help guard against abuses of this system, the legislation provides for federal assistance, at the request of states, in preventing fraudulent registration or voting. In addition to current federal criminal penalties and other existing actions possible under state laws, civil actions could be brought; and the measure provides for severe criminal penalties of fines and imprisonment for various offenses.

Opponents of H.R. 8053, the House bill, claim that postcard registration would encourage fraud and lead to administrative chaos. But the fact is, registration by mail is already working—quite well—in a number of areas around the country, including Montgomery County, which joined with four other Maryland jurisdictions in opting to be covered under a new state law.

We fail to see any persuasive reason for Congress refusing to permit this sensible reform, which seeks to lower the barriers to voting in the United States. H.R. 8053 deserves prompt passage by the House and final congressional approval in this election year.

THERE'S NO SUCH THING AS A FREE LUNCH

Mr. McCLURE. Mr. President, during these times of higher prices and product shortages, either existing or threatened, it is essential that the Congress keep in mind the first basic law of economics: "There is no such thing as a free lunch."

When meat prices rose last year, the political outcry was "more Government price controls." The resulting shortage should have been an obvious outcome to every Member of Congress.

Today, we are hearing the same narrowminded political outcries—for export controls and renewed price controls, among other equally irrational schemes.

Certainly I am concerned about the rising cost of living, but if this Nation is to avoid a long range continuing pattern of worsening shortages and increasing prices, then the first steps must be taken here. And, these steps have to be taken based on the principle, "There's no such thing as a free lunch."

Mr. President, the Secretary of Agriculture, Earl L. Butz, recently explained this principle in a short article, appearing in the March 1974, issue of the American Farmer magazine. I ask unanimous consent that his article be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

There's No Such Thing as a Free Lunch

(By Earl L. Butz)

In the old days the king called in his three wise men to tell them he'd become interested in economics. "But," he said, "it sounds confusing and complicated. I want you to go out and boil it down for me in a way that I can understand."

Nine months later they came back and reported they had completed the job. They said they had condensed all of economics into a single book of 200 pages. The king said, "That's too long. I don't have time to read that much."

He had the chairman beheaded, and told the other two: "Now I want it boiled down."

They came back in 30 days and said they had economics boiled down into a single chapter of 20 pages. The king said, "That's too long. I don't have time for it."

He had the chairman beheaded, and turned to the remaining wise man: "You know your job. Now, boil it down."

"Yes sir, Mr. King!"

This wise man came back in three days: Mr. King, I think I have it. I have boiled down the entire subject of economics into a single sentence of eight words."

The king said, "That's fine. I have time for that. What is it?"

"There's no such thing as a free lunch."

I tell that story because I think those eight words sum it up pretty well. Economics is a description of what you and I, and others like us, do in order to get our share of the things that are in the real life around us.

Unfortunately, there are a lot of people around—you know them and I know them—who think that there is such a thing as a free lunch.

Take the role of the Federal government—Uncle Sam, if you will. Some people look on him as a kind, benevolent old gentleman who hands out free gifts. They look on him as a child might look at a grandfather.

Take most any state or local project. If there's work or money involved, it's easy to say: "Let's have the Federal government do it." You see this happening all the time. Maybe it's a new courthouse in the county seat, or a sewage plant, or just one of many things: "Let Washington do it."

"There's only one way the government can do anything—that's with your money. The government is not a form of voluntary giving; it is a form of compulsory giving. You lose your home or your land if you don't pay your taxes. There's nothing benevolent about old Uncle Sam when it comes to you paying the tax bill. There's no such thing as a free lunch.

The next time you see a headline saying that the Congress has voted a $1 billion project, just figure that on the average this is about $5 out of your pocket and out of the pocket of every other member of your family.

"But," somebody says, "we're just talking about our own little community project. If we don't get that Federal money, somebody else will use the money. This project costs only a few thousand dollars. That's a drop in the bucket compared with what the Federal government spends on other things."

You've heard that, or something like that, many times, I'm sure.

Fact is, most everything the government does is, of itself, a drop in the bucket. However, when you add up all the little drops, it makes quite a bucketful. And the bucket is spilling over.

We're already spending about 34% of our gross national product for government—Federal, state or local. That means that we have given to the government one-third of the decision-making power over how our money is spent.

There are many things that we want and need to have the government do. The problem develops when it seems so painless and easy to add "just one more." That's how we got the 34%—by adding "just one more." We have direct control over the dollars that we spend individually; however, we lose direct control over our dollars when we pay them out as taxes. The control then becomes diffused and political and hard for any one of us as an individual to do very much about.

If you don't think so, pick up the newspaper almost any day. Chances are you can read one to several stories about this or that proposal to launch a government project of some kind. Each one is a proposal to spend more of your money. Some are worthy causes, but how much "say" do you have in deciding whether you want to pay more for each of these projects?

The farther away from your local government the decision gets, the harder it is for you to exercise control. That's why the Federal budget has been balanced only 4 of the past 20 years. That's why inflation is eating us up. That's why we ought to reverse the trend in this country and return more government to local decision-making. That's why we should ask about every public project, "Is it worth what it costs if we had to pay for it directly?"

Even then there are problems. If your local government is making a capital improvement of some kind, you'll probably find you can't save tax dollars in the budget ahead of time and pay cash. You'll probably have to borrow, float bonds, build up a debt and pay for the project twice through interest payments. There's no such thing as a free lunch.

All right, but we run out of the rich pretty quick. The great bulk of the tax load comes out of the pockets of ordinary people. There's no other way. If we held every rich guy by his heels and shook out all his money, it would still be a drop in the bucket.

Tax the corporations? When you tax them, they have to get the money somewhere, since it is strictly illegal for them to manufacture money. When the corporation is taxed, the corporation tacks the cost onto the price of the article you buy. When you buy Corporation X, Y, Z's handy dandy little gizmo, you pay the corporation's tax.

A corporation, then, is a tax collection agent for Uncle Sam. That kind, benevolent old gentleman is a wily old cuss who has his hand in your pocket in a way and at times when you don't suspect it. There's no such thing as a free lunch.

Take ceilings on prices. We've heard a lot about them in the last few months. Inflation has been chasing prices of many things up the trees. It happened on food last summer. Housewives not only complained; some of them became activists and picketed. They demanded that "something be done."

Well, the government is also a listening post. When somebody in political office hears the chant loud and clear from back home, he figures he'd better do something or he won't be around to hear the chant the next time. The urge for personal survival in Washington is a powerful instinct. It's the primary political instinct, you might say.

Last summer, in response to the cry from back home, controls were put on food. All of a sudden, the market was telling farmers not to produce as much. The market after all is nothing more than a sounding board for the desires of people. You might call it an echo chamber. Each day people all around the country, by spending their money, say, "I want more of that." The price goes up. Or they say, "I want less of that." The price comes down.

Each person, including you and me, whispers something to the market each time we make even a little decision about how we spend our money. Those little whispers, billions of them a day, echo back from the market echo chamber. It shouts back that nationally we want more of this, or more of that, or less of it.

Stock markets reverberate. Corporations shake. The little store down at the corner quivers. All before the loud echo of those billions of little decisions that we make everyday.

Let's say the market thunders that it wants more of something—the price goes up. But the housewife fusses that "it's already too high priced." So the government puts on a ceiling. Well, that doesn't make any more of the product. We go right on making all those little decisions, each of us, that put the price up in the first place. Now that the price isn't going up anymore, as a result of the ceiling we buy even more of it.

Pretty soon, there's not enough to go around. We keep right on buying—but the fellow who makes it is getting a wrong signal. The market is telling him not to produce as much. The price isn't attractive anymore. His costs keep climbing, but the price for what he makes doesn't. So he quits. Or his banker makes him quit. There is less of the product around.

There's only one thing you can do then—ration the product with ration stamps. If you don't, there won't be any of it down at the store when you get there. People don't like that. What good is a controlled price if the product isn't there to buy?

What controls do is substitute government ration stamps for our dollar bill ration stamps. Instead of you and me setting the price by our own decisions with the way we spend our dollar bills, we let the government make the decisions by parceling out ration stamps to us—so many for each one of us. The same for each. That's the bureaucratic way of being fair.

So controls, then, which set out to do us a favor, end up discouraging production, instead of encouraging it. The ration stamp cure for the disease of low supply makes more of the disease by discouraging production. There's no such thing as a free lunch.

Another common principle is that most everything has a cost-benefit ratio to it. The item has a benefit, or we don't want it. And it has a cost, or we can't get it. That's the way it is with anything where there isn't enough to go around.

You can walk out and look at the moon. It's pretty on a clear, crisp night, and you can take in all of the scene you want to; it doesn't cost you a cent. Unless maybe you wear glasses, which I do. Then even looking at the moon isn't free.

The point is, if something is scarce, and practically everything is, it has a cost. Whether you pay that cost or not depends on how you look at the benefit and whether you have the money to pay.

Most everything has a cost-benefit ratio. You can't escape it. Are we going to have completely clear air and not enough energy? Are we going to poison coyotes—and maybe some birds while we're at it—and have enough wool and lamb; or are we going to listen to the howl of more coyotes at the cost of less lamb?

Are we going to feed DES to cattle and perhaps have a residue in some beef livers in an infinitesimal amount which has never been known to harm anyone's health; or are we going to avoid even one particle of DES per trillion in beef liver and pay more for beef, since it costs more to raise it without DES?

Are we going to disrupt a narrow strip of tundra and disturb some wildlife in remote parts of Alaska, while tapping the rich oil supplies there, or are we going to have gas rationing? Are we going to have well-planned forest harvests and reforestation, or are we going to look at the undisturbed wilderness and hoard resources? For every benefit, there is an offsetting cost.

There's no such thing as a free lunch!

PRESIDENT NIXON'S NEWS CONFERENCE

Mr. HUMPHREY. Mr. President, I take this opportunity to express my serious concern about certain statements made by the President at his latest news conference, on the evening of February 25. Either the President is trying to manufacture good news to disguise a bad situation, or else he is terribly out of touch with the realities facing the American people.

For instance, the President repeated his statement that there will be no recession this year. Yet some 600,000 people have lost their jobs since last October. The economy is no longer growing and may already be contracting. All forecasters—including the President's own economic advisers—predict large additional increases in unemployment and inflation in 1974. Probably we are already in a recession, but Mr. Nixon is quibbling about whether it is a recession or just a "downturn."

The President also declared that the energy crisis is over and that all we have left is a "serious problem." This, too, is just semantic nonsense. It is true that we have been spared—for this year—the kind of fuel shortage that would have meant widespread work stoppages or cold homes. But the energy crisis is far from over. The adjustment needed to end it will take several years to complete. The President should level with the American people and not cut the ground out from under his own energy officials and their efforts to encourage our citizens to persevere in their energy conservation measures.

Mr. Nixon says there is a better than even chance now that we will not need to ration gasoline. This will come as small comfort to people waiting for hours in long gas lines. This problem will not go away even with the end of the Arab oil embargo, and the Government must take more decisive action to end the present chaos instead of continuing to handle it with press conference rhetoric.

Mr. Nixon said also that he expects inflation to be brought under control in the latter part of this year. That is exactly what administration officials told us last year at this time, but things only got worse. The fact is that no one really can say what will happen to prices more than 6 months from now. Answering a different question about the future of his party, Mr. Nixon stated that no one can predict what will happen in politics by election day. I think it is the same with the economy.

The President says that Secretary Butz expects food supplies to increase and to restrain food prices. This presupposes good yields from crops, some of which are not even planted yet. Neither the President nor Mr. Butz can promises good weather and other conditions needed for good crops. But we do know that there is a worldwide shortage of fertilizer. In fact, the fertilizer shortage abroad could create critical shortages of food—even famine conditions—in some parts of the world, and we could not isolate ourselves from such a situation.

The President puts part of the blame for our present situation on the Congress and part on the Arab oil embargo. But economic growth was declining long before the embargo; the embargo only made the slump more sudden. And people should remember that we had gasoline shortages last summer and that they were expected even then to get worse for several years.

As for Congress, the President states that the Emergency Energy Act fashoned by the Congress would aggravate fuel scarcity and might even bring gas rationing because it would impose tighter controls on crude oil prices. He, therefore, would veto it. I say that this bill would not deter supply. It would rollback "new" crude prices to $7.09, a level just below that already under consideration by the administration's energy officials. Such a rollback would just cut some of the fat out of the excess profits the oil industry stands to make this year. The President himself promised that no profiteering from the oil crisis would be permitted, but his tax proposals would hardly scratch the surface of this year's excess profits.

In summary, Presidential declarations do not make things so. If the President is so out of touch as his news conference indicates, then the Nation is indeed in severe straits. If he is just making good news to cheer people up, he would do better to work toward real solutions to the Nation's problems rather than papering them over with self-serving political rhetoric and economic fiction.

McCLURE COMMENDS MISS IDAHO TEENAGER

Mr. McCLURE. Mr. President, we read a great deal about the negative aspects of youth in America today, and if we were to believe all we read * * * but recently Miss Debbie Cox who, incidentally, is Miss Idaho Teenager, wrote an essay entitled "What's Right About America." Miss Cox, from the small community of Buhl, Idaho, typifies something not generally expressed in the media: what is right about young people. Mr. President, I would like to comment to my colleagues Miss Cox's short essay, and I ask unanimous consent to have it printed in the Record.

There being no objection, the essay was ordered to be printed in the Record, as follows:

What's Right About America

(By Miss Debbie Cox)

What's right about America? Look around!! What other country offers so much freedom or so much beauty as our America?

Never in her history as a nation has she suffered the terror of famine or starvation, as have India and China. She has no impersonal or dictatorial government, rather one that is just and democratic. She has no lasting scars of war, for she has the pride and the willingness to continue her pursuit for freedom, justice and equality.

America stands uniquely alone with the courage to look at herself with a critical eye and with the determination, not only to survive, but to contribute to the betterment of all mankind.

There is no other country as wonderful as my country. My life is her life, and I thank God I can say: "I Am An American!"

QUORUM CALL

The ACTING PRESIDENT pro tempore. Is there further morning business?

Mr. GRIFFIN. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

CONCLUSION OF MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Is there further morning business? If not, morning business is closed.

ACTIVITIES OF OVERSEAS PRIVATE INVESTMENT CORPORATION

The ACTING PRESIDENT pro tempore. Under the previous order, the Senate will now proceed to the consideration of the unfinished business, S. 2957, which the clerk will state by title.

The legislative clerk read the bill (S. 2957) by title, as follows:

A bill relating to the activities of the Overseas Private Investment Corporation.

The Senate resumed the consideration of the bill.

QUORUM CALL

Mr. CHURCH. Mr. President, I suggest the absence of a quorum and ask unanimous consent that the time be taken equally from both sides under the unanimous consent agreement.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BUCKLEY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

SENATE RESOLUTION 291—RELATING TO MISSING NEWSMEN IN SOUTHEAST ASIA

Mr. BUCKLEY. Mr. President, I ask unanimous consent to suspend the regular order for the consideration of a resolution, which I send to the desk.

The ACTING PRESIDENT pro tempore. The resolution will be stated.

The legislative clerk read the resolution.

The ACTING PRESIDENT pro tempore. Without objection, the Senate will proceed to its immediate consideration.

Mr. BUCKLEY. Mr. President, I believe that the resolution speaks for itself. There are missing newsmen known to be alive in Cambodia; 48 of our colleagues have cosponsored this resolution to ask the President to insist that they be identified, located, and liberated.

I have consulted with the majority leader (Mr. Mansfield), and he has approved the immediate consideration of this resolution.

Mr. President, I am submitting the resolution on behalf of myself and the following:

Tower, Tunney, Gravel, McGovern, Helms, Pastore, Goldwater, Hart, Pell, Pearson.

Biden, Nelson, Domenici, Allen, Stevens, Mansfield, Williams, Hansen, Brooke.

McClure, Percy, McClellan, Dole, Metzenbaum, Bennett, Griffin, Javits, Mathias, Curtis.

Burdick, Byrd, Robert C., Eastland, Fannin, Huddleston, Packwood, Bellmon, Dominick, Beall.

Baker, Fong, Fulbright, Stafford, Roth, Gurney, Muskie, Weicker, Bartlett, Hugh Scott, Adlai Stevenson and Inouye.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the resolution.

The resolution (S. Res. 291) was agreed to.

The preamble was agreed to.

The resolution, with its preamble, reads as follows:

S. Res. 291

Resolution Relating to missing newsmen in Southeast Asia

Whereas the Associated Press reported on January 26, 1974:

"The American Committee to Free Journalists Held in Southeast Asia says it has new evidence that as many as 10 of the missing newsmen are being held in eastern Cambodia . . ."; and

Whereas the Associated Press report went on to state:

"The committee said 21 civilian noncombatant war correspondents and photographers are listed as missing in Cambodia. Seventeen of them disappeared between April and May, 1970, while covering the early stages of the Cambodian war . . ."; and

Whereas these missing newsmen, if they are in fact alive, are detained illegally and without any justification or purpose since they are noncombatants: Now, therefore, be it

Resolved, That it is hereby declared to be the sense of the Senate that the President of the United States shall make every possible diplomatic effort through the Department of State and other relevent agencies to (1) ascertain the truth of the present whereabouts or fate of United States newsmen missing in Southeast Asia, and (2) obtain the release of those still alive and an accounting of those who may be dead.

Sec. 2. The Secretary of the Senate shall transmit copies of this resolution to the President and the Secretary of State.

ACTIVITIES OF OVERSEAS PRIVATE INVESTMENT CORPORATION

The Senate resumed the consideration of the bill (S. 2957) relating to the activities of the Overseas Private Investment Corporation.

Mr. BUCKLEY. Mr. President, I suggest the absence of a quorum, and ask unanimous consent that the time for the quorum call be equally divided.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. JAVITS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JAVITS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. JAVITS. What is the situation with respect to time allotted on the bill?

The PRESIDING OFFICER. The Senator from Idaho has 40 minutes, and the Senator from New Jersey has 40 minutes.

Mr. JAVITS. Mr. President, I ask the Senator from New Jersey whether he will yield me 10 minutes on the bill.

Mr. CASE. Will the Senator please repeat his request?

Mr. JAVITS. As I understand it, 40 minutes remain to each side, and I am asking for 10 minutes on the bill.

Mr. CASE. The Senator certainly may have the time.

Mr. JAVITS. I thank the Senator.

Mr. President, this measure was debated very thoroughly yesterday, and the amendments will come along in due course, though I have not yet consulted with my colleagues who are on the same side that I am on respecting the order in which they would like to see these amendments called up. One or two things have emerged from my overnight study with which I would like to familiarize the Senate.

First, we have a report from the Subcommittee on Foreign Economic Policy of the other body, which heard this matter very completely—I testified before them, as did many others—certainly as completely, I believe, as was heard on this side. That subcommittee came to an exactly opposite conclusion. Whereas the decision of our subcommittee was, in effect, over a period of years to bring about a termination of the Agency, and with what I consider to be extremely restrictive provisions—quick death provisions, which is what I have protested against in the amendments I am going to propose. The subcommittee in the other body, under Representative CULVER, its chairman, provided for a 2-year continuance of the Agency and gave various guidelines for working out its problems within that period of time. This, it seems to me, is a much more constructive approach and would give every opportunity to terminate the Agency if the Congress did not approve of the way in which this reorganization took place.

But on the key items respecting what is contained in the Senate bill—that is, the participation of insurance companies in all the forms of insurance which are written, and in respect of the continuance of Yugoslavia and Romania as proper countries for guarantees by OPIC—the House subcommittee came to a diametrically opposite conclusion to the findings of the majority of the Committee on Foreign Relations.

Mr. President, I think that is important, because what was stated here as holy writ did not appeal to another group of legislators who also heard the matter.

The other thing that I think is important is the finding of fact in the other body that private investment is very desirable and that this is a very good way in which to foster it.

Indeed, one of the major recommendations made there was the fact that there should be a much greater outreach in looking for propositions in the developing countries and outside areas where there had been a concentration of guarantees, in order to be able to put up propositions that we backed, coupled with an OPIC guarantee, on the ground that this was the best way to deal with foreign aid problems, so far as we were concerned. I think this is very illuminating, because it strikes exactly the right note in my judgment. It should be an important factor because of what we do here.

Assuming the House deals with the matter and recommends, as I hope very much it will, a conference between the two Houses, there will be a conference. As we all know, the closer it is possible to aline the viewpoint of each House in a given approach to a proposition, the more likely it is that some positive result will occur.

One other thing that is important, and was mentioned in the debate yesterday, is that in 1969 OPIC was organized as an amendment to the Foreign Aid Act to carry on the program which had been the responsibility of the AID organization itself, under an investment guarantee. As I mentioned yesterday, in 1949, along with Representative Vorys, of Ohio, I was the author of this proposal myself. The various reforms were incidental, such as high premium rates, corporate management, and great solicitude for these questions.

Two every important aspects of the matter were encouraged in a kind of unforeseen situation which would have had a tendency to take away rather than to add jobs in the United States. We at that time understood that OPIC was to have 5 years in which to work out and develop its situation. It took about 2 years to get OPIC organized, because there was still a tremendous hassle about who would run it. I was very much in the middle of that, because there seemed to be insistence on the part of the White House to have somebody run it who, in my judgment and that of many others, would perhaps not give it a chance. We finally did get a very able man to run it, chosen by the White House, not by me. We finally landed the right fellow, and he remained on the job until the last few months.

But 2 years were taken in that total demonstration period of 5 years. So I think the original idea which they came in with to extend the act for 2 years was right, in order to give a full 5-year term for this corporation to demonstrate its capability and its relevance to the foreign policy objectives of the United States.

In the course of the hearings before the subcommittee headed by the Senator from Idaho (Mr. CHURCH), of which the Senator from New Jersey (Mr. CASE) is the ranking minority member, OPIC has been given a much longer term—6 years. But it has been so hedged in, in the way of operations, that this 6 years is much worse than a straight 2-year extension. Really, in this body, it is impossible to go against the grain and simply to adopt a provision of 2 years as a substitute. After consultation with the officials of OPIC, we decided to go on and at least give them a reasonably fair opportunity to utilize this time in which to demonstrate conclusively to Congress its ability to handle the job which Congress entrusted to it.

If we fail to adopt the amendment which I shall be proposing, authorizing Yugoslavia and Romania, it will affect the desirability of encouraging American business to be attracted into these East European nations.

As to the other two amendments, if we do not adopt them, we shall really be hobbling this operation and preventing OPIC from succeeding. We cannot negotiate with insurers with that sort of dominance hanging over them.

In the first place, it drains confidence from them——

The PRESIDING OFFICER. The Senator's 10 minutes have expired.

Mr. JAVITS. May I have 2 additional minutes?

Mr. CASE. Will the Senator be able to finish in that time?

Mr. JAVITS. Oh, yes.

Mr. CASE. Very well. I yield 2 minutes to the Senator from New York.

The PRESIDING OFFICER. The Senator may proceed.

Mr. JAVITS. Mr. President, in the first place, it drains confidence from the people with whom OPIC would be doing business in the insurance field. It also drains confidence from those who would get the OPIC guarantee because in the final analysis, aside from its reserves, it depends on its standing, its prestige, and ability to move about, as a private insurance company in the market, in order to deal with its business and meet its obligations and responsibilities.

We would show our lack of confidence in the OPIC operation by this quick death provision at the end of the first year, because on January 1, 1975, OPIC would be under mandate to get out of an important element of its business unless it begins to get 25-percent participation by insurers, and there is no assurance of that whatever. So I submit the only way we can carry out the original design upon which OPIC was based, as brought out by the House subcommittee, is to adopt the amendments which I shall propose.

Mr. President, I yield the floor.

Mr. CASE. Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. The Senator has 28 minutes remaining.

Mr. CASE. Only 28 minutes remaining—on the bill.

Is there an amendment pending?

The PRESIDING OFFICER. There is no amendment pending.

Mr. AIKEN. Will the Senator yield? I plan to use about 4 minutes on the amendment.

Mr. CASE. Fine. If the Senator will give us back the time, I am glad to give it to him now.

Mr. JAVITS. Mr. President, if the Senator will yield at that point, I hope that the Senator from New Jersey will bear in mind that yesterday I agreed to the unanimous-consent request with the understanding that the hour which the Senator from New Jersey reserved would be with reasonable accommodation available to the opponents, to wit, to me, and those associated with me. I hope very much the Senator bears that in mind.

Mr. CASE. The Senator bears this in mind: that he was opposed to the bill and—having made his comment will the Senator please listen to mine?

Mr. JAVITS. I will.

Mr. CASE. The Senator from New Jersey wants time on the bill for his position on the bill which is diametrically opposed to the Senator from New York.

Mr. JAVITS. I thank the Senator.

Mr. CASE. I think it is a fair comment.

Mr. JAVITS. I think it is. I regret the Senator was not here yesterday.

Mr. CASE. I could not imagine that anyone would take time away from the Senator from New Jersey in his absence.

Mr. AIKEN. I will wait until the Senator from New York offers one of his amendments which I strongly favor before asking for time.

Mr. CASE. Excellent.

The PRESIDING OFFICER. No amendment has been offered at this time.

Mr. CHURCH. I yield to the distinguished Senator from Vermont such time as he may require.

Mr. AIKEN. I thank the Senator.

The PRESIDING OFFICER. The Senator from Vermont is recognized.

Mr. AIKEN. Mr. President, I wish to speak briefly on one of the amendments which I understand the Senator from New York will offer. This amendment seeks to correct what I consider to be a slap at two countries, Romania and Yugoslavia.

Just 2 years ago OPIC was given the authority by Congress to write insurance for projects in Yugoslavia and Romania. To single out these two countries for a cutoff of insurance would be a diplomatic affront to their governments and might damage the cordial relationship our Government shares with them.

Both countries allow foreign equity investment. The OPIC insurance does not guarantee contractual compliance by the Governments of Yugoslavia and Romania. Rather, in these two countries OPIC insures against exactly the same risks as it does elsewhere in the world.

Mr. JAVITS. Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will be in order.

Mr. AIKEN. Mr. President, to bar these countries from coverage is to perpetuate the myth of a monolithic Communist bloc. These countries are largely independent of Russia and their economic systems vary greatly from those of the Soviet Union and China. Both countries have passed laws allowing for foreign equity investment and there does not appear to be any greater danger of expropriation of U.S. investment in Yugoslavia or Romania than there is in other countries, some of which lean in the opposite political direction.

The amendment which the Senator from New York proposes to offer will not affect the goal of S. 2957, which is to remove the U.S. Government from its role of direct insurer. Rather, this amendment is in accord with the spirit of the legislation—as I understand it—which is to remove political considerations from the decisionmaking process regarding the issuance of OPIC insurance.

Mr. President, I might say a word regarding these two countries of Yugoslavia and Romania. Yugoslavia, in the days when the genuine Communist forces were coming down from the north and threatening to take everything between Moscow and the Mediterranean, stood there and said: "We are not going to permit it. If you want to fight, we will fight." That was probably the reason Greece was saved from a fate which befell some of the other countries in that part of the world.

As to Romania, that is the only Eastern European country that has kept a relationship with Israel all these years, against the desires of many of the neighboring states, particularly the larger ones. Even today Romania does not require payment for visas for Americans who want to visit that country.

I might add a word regarding Yugoslavia. Twenty-two or 23 years ago they had a crop failure. The United States sent food and grain to them and the government distributed it among the people who were hungry. To every one of them the Government gave a note saying, "This grain is contributed by the United States." Not all the other countries we have helped have been that generous.

In addition, I have seen Yugoslavia stand up in the United Nations and directly oppose the U.S.S.R. on things we considered important.

I am not speaking with reference to the other amendments the Senator from New York proposes to offer, matters in which I do not feel qualified in the field of insurance and banking, but do when it comes to eliminating a section of the bill which could not help but be offensive to Romania and Yugoslavia, two countries that I consider friendly to the United States, I think we should adopt that amendment. I would go further than that and I would grant most-favored-nation status to Romania. Yugoslavia already has the most-favored-nation status, along with Poland. I think Romania is also entitled to that consideration.

Mr. JAVITS. Mr. President, if the Senator will yield, I thank the Senator for his comments. In deference to my senior colleague I intend very soon to call up the amendment.

Mr. AIKEN. I thank the Senator. I intend to support the amendment.

The PRESIDING OFFICER. The Senator from Idaho is recognized.

Mr. CHURCH. Mr. President, I have listened with sympathetic interest to the argument that has been presented here by the Senator from Vermont.

Certainly, it was not the intention of the Foreign Relations Committee to take a slap at either Yugoslavia or Romania by eliminating these two countries from the scope of the OPIC programs. The reason had nothing whatever to do with any negative view with regard to either country, but the decision was taken in recognition of the fact that these are Communist countries; that private ownership of property is not possible in either country without some special arrangement for a joint enterprise with the Governments themselves.

The whole purpose of the foreign governments insurance program administered by OPIC is to make the property holdings of the American companies secure against expropriation, against the hazards of war or insurrection, or against the inconvertibility of the currency of the foreign country involved. It is exceedingly difficult to apply these objectives in a Communist country where no American firms can totally own the facilities in which they invest.

We should be clear as to what we are doing if we continue to include Yugoslavia and Romania under this program. In effect, we are saying that the full faith and credit of the U.S. Treasury should be placed behind insurance policies that in effect guarantee contractual obligations assumed by two Communist governments.

Mr. President, do we really want to do that? I, myself, am not opposed in principle to joint business ventures involving large multinational corporations and Communist governments, but if an American corporation wants to assume the risk of such a joint venture, I think it ought to be up to the corporation and its stockholders. I do not think it ought to be the burden of the taxpayers of the United States.

If a large company, doing business on a global scale, wants to enter into a joint venture with the Government of Romania under arrangements that are satisfactory to the company, then why should the company itself not assume the risk of that business undertaking? Its purpose is to make profit for itself, and if it chooses to enter into an arrangement with a Communist government for that purpose, then let the company assume the risk in the event that the Communist government later reneges on the deal. Why should the U.S. Government, through the OPIC insurance program, shift the ultimate risk off the shoulders of the company to the shoulders of the American people as a whole? I personally cannot justify writing Government insurance in cases of this kind.

I respect the views of the senior Senator from Vermont, and want to emphasize that the decision taken by the committee was not based upon any desire to indict or attack the Governments of Yugoslavia or Romania.

Certainly, the committee's decision was not intended as a reprisal against the two Governments, but, rather, in recognition of the fact that a Communist system exists in Yugoslavia and in Romania that does not permit private industry to invest there in the way it is possible to invest elsewhere; more importantly, if private industry wants to enter into joint ventures with these Communist governments, it ought to be willing to assume the risk, and not pass it on to the Government.

I think these are sound reasons. I am certain that if the American people were allowed to take a vote on it, there would be no doubt as to the outcome of the vote on the amendment that will be offered by the Senator from New York. I just express hope that the Senate would reflect the wish of the American people as a whole and reject the amendment.

Mr. CASE. Mr. President, on my own time, I would like to ask a question of the Senator from New York in respect to the amendment he intends to offer with regard to Romania and Yugoslavia.

Nothing in his intended amendment would affect existing controls under other laws in regard to strategic materials, information, and matters of that sort; is that correct?

Mr. JAVITS. The Senator is entirely correct. The amendment would not affect anything but OPIC's authority to grant a guarantee, if it wished to, but the transaction itself would be subject to substantive law, including export control or whatever other law was applicable to that particular transaction.

Mr. CASE. I thank my colleague.

Mr. JAVITS. I thank my friend.

Mr. President, may I be recognized?

The PRESIDING OFFICER. The Senator from New York.

Mr. JAVITS. Mr. President, I would like to consult, if I might, with the manager of the bill as to a very practical situation which we have at this moment.

The PRESIDING OFFICER. On whose time is the Senator speaking?

Mr. CASE. Mr. President, I yield the Senator 1 minute.

Mr. JAVITS. I notice the manager of the bill is absent, but a very practical situation exists. I am prepared to present my amendments, beginning with amendment No. 972, which I would call up. Our immediate problem is that the Republicans are engaged in a meeting right now, and hope that meeting would not be interrupted, and I would hope so, too, but that must yield to the exigencies of the matter.

As there is further time remaining with respect to the vote on the bill, I would like to ask unanimous consent that we may have a quorum call so that we may unscramble these matters, without time being charged to either side.

Mr. CASE. Mr. President, speaking for myself, and I think I may speak for the manager of the bill, there is no objection.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. JAVITS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECESS TO 1:30—REVISION OF UNANIMOUS-CONSENT AGREEMENT

Mr. JAVITS. Mr. President, I wish to propose a procedural unanimous-consent request. I ask unanimous consent that the Senate stand in recess until 1:30; that I may lay before the Senate amendment No. 972 for consideration, but that the consideration of that amendment begin at 1:30, and that the time allotted to that amendment may be reduced from the 2 hours stipulated in the unanimous-consent agreement to 1 hour, the time to be divided as specified in the unanimous-consent agreement, without any changes in the unanimous-consent agreement.

The PRESIDING OFFICER. Is there objection to the request of the Senator from New York?

Mr. SYMINGTON. Mr. President, reserving the right to object, would the able Senator state what his amendment is?

Mr. JAVITS. Mr. President, amendment No. 972 is the amendment that would strike out Romania and Yugoslavia.

Mr. SYMINGTON. Mr. President, I have no objection.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will state the amendment.

The assistant legislative clerk read as follows:

On page 13, strike out line 24.

RECESS

The PRESIDING OFFICER. Without objection, the Senate will stand in recess until 1:30 p.m.

At 12:50 p.m., the Senate took a recess until 1:30 p.m.; whereupon, it was called to order by the Presiding Officer (Mr. Hathaway).

Mr. ERVIN. Mr. President, I suggest the absence of a quorum, and make the unanimous-consent request that the time for the quorum call not be charged against either side.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. CHURCH. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

ACTIVITIES OF OVERSEAS PRIVATE INVESTMENT CORPORATION

The Senate continued with the consideration of the bill (S. 2957) relating to the activities of the Overseas Private Investment Corporation.

Mr. CHURCH. Mr. President, last week I circulated a letter to Members of the Senate informing them of the purpose of the bill. I ask unanimous consent that that letter be printed in the Record.

There being no objection, the letter was ordered to be printed in the Record, as follows:

U.S. Senate,
Committee on Foreign Relations,
Washington, D.C., February 19, 1974.

The Honorable U.S. Senate,
Washington, D.C.

Dear Colleague: Following extensive hearings by its Subcommittee on Multinational Corporations, the Foreign Relations Committee approved the enclosed bill which substantially modifies the Overseas Private Investment Corporation (OPIC). The main function of OPIC is to directly insure private corporations against three types of political risks in lesser developed countries. If an insured investment in a foreign land is lost or damaged by war, expropriation or inconvertibility of currency, OPIC reimburses the parent United States company.

Approximately *eighty percent* of the insurance issued by OPIC is to corporations on the Fortune Magazine list of the largest 500 corporations and the 50 largest banks—companies which can easily self-insure. OPIC has provided these giant corporations with *subsidized* insurance. Over half of the current OPIC reserves consists of money the Congress has appropriated in the last four years—over *$106,000,000 since 1970.*

As alarming as the size of these appropriations is, even more alarming is the precarious financial position in which OPIC finds itself today. Claims against OPIC *exceed* its reserves by *over $227 million*. There are strong indications that there may be further expropriations in countries where OPIC has over $500 million of insurance. The *full faith and credit clause* which covers all OPIC insurance means that currently *three and one-half billion dollars* of the United States taxpayers' money is at risk in OPIC.

A majority of the Foreign Relations Committee believes that it is time to call a halt to the OPIC program, as presently administered.

* * * * *

A majority of the Foreign Relations Committee believes that it is time to call a halt to the OPIC program, as presently administered.

The bill approved by the Committee provides for a phasing out of OPIC's direct writing of insurance (over a five year period). At the end of that time, OPIC would become solely a reinsurer in case of global loss. The bill directs OPIC to work with private insurance companies to allow them to take over the role of writing political risk insurance on a *non-subsidized free market* basis, which the testimony showed the private sector to be willing and able to do.

The minority report to OPIC states the intention of some of our colleagues to introduce amendments to this bill. These amendments would have the effect of making the private insurance companies merely salesmen for OPIC without really reducing the risk of tremendous financial loss to the United States Treasury.

Since experience shows how difficult it is to end a government program, once begun, it is hoped that you will accept the Committee's recommendations that the bill be approved without amendment.

Sincerely,
Frank Church,
Chairman, Subcommittee on Multinational Corporations.

Mr. JAVITS. Mr. President, I yield myself 10 minutes.

The PRESIDING OFFICER. The Senator from New York is recognized.

Mr. JAVITS. Mr. President, the first of the three amendments that I shall call up relates to the question of whether or not we should allow OPIC to insure investments in Yugoslavia and Romania.

Mr. President, the provision of the committee bill which I seek to strike out would terminate OPIC authority to offer insurance and financial programs to U.S. investors in those two countries.

Until 1972, just 2 years ago, OPIC was barred from operating its programs in Yugoslavia and Romania because of a provision of the Foreign Assistance Act of 1961, which prohibits the furnishing of "assistance" to any Communist country. Although it may be debatable whether OPIC's programs are the type of "assistance" which should be barred by that provision, OPIC's predecessor had given a broad reading to that term and OPIC has followed this practice.

In considering the Foreign Assistance Act of 1971, the Senate Foreign Relations Committee adopted an amendment which would have removed this and other barriers to the operation of OPIC's programs in less developed countries which are prohibited from receiving normal government-to-government assistance, if the President made a determination that it was in the national interest for OPIC to operate in one or more of such countries. The Senate accepted this amendment, and it was approved by the House-Senate conference committee, but limited to Yugoslavia and Romania.

On the basis of the authority granted by the Congress, the President, on March 16, 1972, made a determination that it was in the national interest for OPIC to operate its programs in Yugoslavia and Romania, and OPIC and the State Department began negotiations with those two countries for the normal bilateral agreement for the institution of OPIC's programs.

A full-scale bilateral was signed by Yugoslavia on January 18, 1973, and by Romania on April 28, 1973, and OPIC thereafter began offering its insurance and finance services to U.S. companies who might be interested in expanding their business investments into those two countries.

Mr. President, let me point out that there is nothing under this law that guarantees any investments. It makes it if it chooses to and if the investor agrees to the terms and conditions stipulated in that agreement, that is if OPIC agrees to the soundness of the venture and its viability, and that there is a good legal guarantee that it will not be revoked. The assumption is that it will expand. I know that it is not necessary for most investments, only for some. And the facts and the figures show that 25 percent of the aggregate made by any investments, the United States established in the two countries.

Second, the investment has to measure up. Otherwise, they will not give the insurance. And that is as true in Yugoslavia and in Romania as in any other investment.

Yugoslavia first began allowing foreign equity investments in 1967, in order to further its economic development independent from the Soviet bloc, and by 1973 had attracted investments by some 70 foreign firms. Only four U.S. companies, however, had made investments there, and this was of considerable concern to both Governments, particularly in view of the independent position Yugoslavia was attempting to maintain and the importance in this respect of its decisions to decentralize economic controls from the state to individual businesses and to allow foreign equity investments.

Acting in reliance on the congressional initiative in the OPIC amendment of 1972, U.S. companies are now negotiating or have completed more than 25 joint ventures with Yugoslav firms, and 21 of these companies have applied for OPIC insurance.

Although Romania does not have a domestic market economy, such as exists in Yugoslavia, it has, since October 1972, permitted foreign firms to establish joint companies with Romanian enterprises, and these joint companies are operated as profitmaking firms and guaranteed by Romanian law against interference from the state.

Since its foreign investment laws are more recent than those of Yugoslavia, the number of foreign equity investments in Romania is still below 10. Several U.S. companies are, however, negotiating the formation of joint companies in Romania, and three of these firms have applied for OPIC insurance.

Despite the success thus far in achieving what the Foreign Relations Committee said in 1972 was a "desirable goal," the committee has now reversed itself and proposed the termination of OPIC's authority to operate in Yugoslavia and Romania.

According to the majority report, this reversal is based on the dual assumptions that neither Yugoslavia nor Romania is a less developed country, and that OPIC's insurance will guarantee against contractual defaults by the Governments of Yugoslavia and Romania.

Neither of these assumptions is valid. Statistics developed by the International Monetary Fund and the standards of the World Bank classify both countries as less developed.

It is also an incorrect assumption that OPIC would simply insure against contractual defaults by the Governments of Yugoslavia and Romania. Both countries allow equity investments by foreigners in what are essentially autonomous business firms. OPIC's insurance would operate in these countries as it does elsewhere, that is, to protect U.S. investors, for a fee, against those political risks—inconvertibility of local currency, expropriation and war damage—which are outside the scope of normal business risks.

Mr. President, I submit, and this is based upon naturally the information supplied by OPIC, that neither of these assumptions is valid. According to the statistics developed by the IMF and according to the standards of the World Bank, both countries are less developed countries. So, it is an incorrect assumption that OPIC would simply insure against default by the Government.

Both countries, as I have just explained, allow equity investment by a foreign country. They are essentially all Communist business firms. OPIC insurance would operate in these countries as it does elsewhere.

In short, the majority report recommends that the Congress overturn what it enacted just 2 years ago, and support the recommendation with inaccurate information and without the benefit of testimony. I see no reason to go along with this. For the Senate to do so now would be interpreted by these countries as a sharp reversal of U.S. policy toward economic cooperation with them for totally incredible reasons.

The grounds are stronger now for authorizing OPIC to operate in Yugoslavia and Romania than they were in 1972. Considerable progress has been made in East-West economic relations, and this provision would be a serious blow to two independent East European countries that are seeking to develop their economies by increased contacts with the West. The 20 or so companies that have negotiated investments in reliance on the availability of OPIC insurance would have a justified grievance against the Congress for reversing itself in only 2 years, and should be protected against retroactive application of the bill, if it should pass.

One final word with respect to this amendment. There may be some who feel that Romania should be denied the benefits of OPIC's programs because of its emigration policies. I note in this regard that the trade bill contains a provision which would have that effect, if the facts concerning Romanian emigration policies justify its application. It is in that bill that this question should be answered, not here. In fact, to abolish OPIC's authority to operate in Romania in this bill would remove some of the incentive for Romania to meet the conditions of the trade bill.

One final word. There may be some who feel that Romania should be denied the benefit of OPIC. It still has a rather Communist-oriented economy. However, I do not believe, Mr. President, under the circumstances since it is trying to free itself of the provisions which have been made by Romanian law respecting private enterprise, that this is a valid objection.

For all of those reasons, Mr. President, I believe that this amendment should be approved, and that the effort to eliminate Yugoslavia and Romania from the operation of OPIC should be prevented.

Mr. President, just one other point which does appeal to me as a very strong point: There is nothing that this would do, really, except to deny something which could be useful to our country in relations with these two countries which are straining away from strict Communist orthodoxy. This, I think, is very much to our interest and to the interest of the people of the world.

If the President does not like the way they are operating, he can take away the OPIC guarantee, as well as do lots of other things which would indicate our Nation's displeasure. But I think it very unwise for Congress, in this rather left-handed way, to indicate its displeasure with those countries, which would be stunned by it.

Therefore, I hope very much that the Senate will approve this amendment.

The PRESIDING OFFICER. Who yields time?

Mr. CHURCH. Mr. President, how much time remains to either side?

The PRESIDING OFFICER. The Senator from Idaho has 24 minutes. The Senator from New York has 12 minutes.

Mr. CHURCH. Mr. President, I yield myself such time as I may require to respond to the argument of the Senator from New York.

Sometimes, Mr. President, it seems to me that Congress is deeply involved in some chapter out of "Alice in Wonderland." Those who believed strongly in the OPIC program argued, in the first instance, that the justification for the program was that it would create an incentive for the outflow of private capital from the United States into the underdeveloped countries of the third world. We have seen, in the course of our hearings, that such a premise is highly questionable. Witnesses appeared at the hearings to bear out that business investment goes where business and profit opportunities exist. The insurance tends to follow the investment, rather than the investment following the insurance.

Nevertheless, it was an article of faith on the part of those who believed in the OPIC program that if the U.S. Government would insure private investments of American corporations in foreign lands against expropriation, against the risks entailed in insurrection and war, or against decisions by local foreign governments that made it impossible to convert earnings from the foreign currency to the American dollars, that would be a stimulus causing more of our private capital to flow out of the United States into foreign lands.

When the OPIC bill was first passed, the target countries were the developing countries in the Third World. The argument made, Mr. President, was that by stimulating private investment to flow into those "Third World" countries, we would add to the flow of foreign aid money from the public treasuries of the developed countries, that we would supplement this public money with private money, that we would contribute to the development of the economies of those countries in Africa, Asia, and South America, and that we would do so in such a way as to create a viable alternative in those lands to communism, to the radicalization of their politics leading toward solutions of an extreme leftist character.

In other words, Mr. President, this was to be a free enterprise program to promote the investment of American corporations in foreign countries, to build and strengthen the free enterprise system abroad.

Now, however, we are told, less than 2 years later, that we ought not to strike from the bill a provision that extends this insurance protection to Communist countries. What a strange reversal of the basic argument upon which the program was justified in the first place.

It is argued that because Yugoslavia and Romania have been good Communist countries, we ought to foster a closer economic relationship to those two countries. Mr. President, I am not a judge of which country is a good Communist country and which is a bad. I think that tends to change from time to time, depending upon the policies adopted by a given government and its attitude toward the United States.

When the committee made its decision to strike Yugoslavia and Romania from the coverage of this program, it did so without regard to any animosity toward either of those Governments, but rather out of a simple recognition that this program is incompatable with the Communist economic system.

The Senator from New York can argue that you do not have to strike a deal with a Communist government in order to invest in Yugoslavia or Romania, but I challenge that. I would like to see any American company enter into a business venture in either country without first working out the arrangements with the government concerned. Of course, that has to be done. There is no private property ownership in Romania. A joint business venture has to be a venture into which the American company enters with the Communist Government of Romania.

Now, if the American company wants to undertake such a venture, I do not think that American law should prohibit it. But is it not the essence of reasonableness to say that in such a case the American company ought to assume the risk? Why should the U.S. Government guarantee the performance of contracts by the Government of Romania, or, for that matter, the Government of Yugoslavia? Why should the American taxpayers bail out the American company involved, if those Governments fail in the performance of their contracts? Why should we put the full faith and credit of the U.S. Treasury behind the promises of either Government to fulfill their contractual obligations.

Mr. President, you can be sure that if this amendment prevails, it will be just the first step toward opening the door even wider. Next it will be Poland, then it will be Czechoslovakia, and finally it will be the Soviet Union itself.

Do we really want to establish a public policy in this country of using the Treasury of the United States to underwrite a contractural performance by Communist governments and to protect American corporations against the consequences of default by Communist governments?

Do we really want to transfer the whole risk of investment from the shoulders of the corporations involved onto the shoulders of the taxpayers of this country?

What a curious policy for the United States to adopt, one that can only benefit the big corporations, that could not possibly benefit the Government of this country or the American people as a whole.

Now, Mr. President, the distinguished Senator from New York (Mr. JAVITS) has said that no one is forcing American business to invest in Romania or Yugoslavia, that they will do so only if they find the arrangmeents satisfactory.

He treats this subject as though OPIC is a matter of little consequence in the decision made.

Well, I suggest, Mr. President that the real world is very different. As soon as Yugoslavia and Romania became eligible for OPIC insurance, a promotional effort was immediately launched by OPIC as the agency of the Federal Government and the Romanian Embassy as the agency for the Government at Bucharest. The purpose of that concerted action was to attract American private business investment into Romania under the protective umbrella of the federally subsidized insurance program.

I hold in my hand a press release dated April 30, 1973, issued by the OPIC agency. It reads as follows:

> Business opportunities in Romania and the laws governing foreign investment in that country were the subject of a seminar held today at the offices of the Overseas Private Investment Corporation.
>
> Top executives from more than forty U.S. corporations interested in the markets of Eastern Europe were greeted by Romanian Ambassador Corneliu Bogdan and Bradford Mills, president of OPIC, who hailed the occasion as "another positive step toward new and lasting relationships which will mean much to both our countries."
>
> "We are opening a door to enable the U.S. investor to find new business opportunities which will lead to the exchange of goods and ideas between people of both our countries," Mr. Mills said. "Inevitably, this exchange will lead to closer ties and a mutually beneficial relationship."
>
> Jointly sponsored by the Romanian Embassy here and OPIC, the meeting followed the April 28 signing of a bilateral agreement authorizing the U.S. Government corporation to insure and finance projects in Romania. The agreement, signed in Bucharest, is the second to be completed with an Eastern European country. Two months ago, a similar pact was signed with Yugoslavia.
>
> Major points covered during the working seminar concerned joint ventures, accounting, tax regulations, labor practices and other subjects of general business interest. Questions were answered by a special team of experts under the direction of Napolean Fodor, Romanian Economic Officer.
>
> At a luncheon held at the Romanian Embassy following the seminar, Ambassador Bogdan thanked OPIC for arranging to bring together potential U.S. private investors interested in Romania. He said, "we are endeavoring to create the best possible environment for joint ventures, based on mutual advantages for both our countries.
>
> "A fundamental requirement for progress in a modern society is participation in the international exchange of goods and knowledge, and Romania is promoting a policy of international cooperation at all levels. Cooperation through joint ventures is a major new dimension of the policy, imperative for genuine, meaningful participation in international life.
>
> "It is in this spirit that we welcome the agreement just signed by OPIC and the Romanian Ministry of Foreign Trade, and we trust that it will give a new impetus to businesslike, direct negotiation between American companies and Romanian enterprises to make those joint ventures an effective factor of the continuous expansion of Romanian-American relations."

Mr. President, is it not obvious that a concerted effort is underway to promote joint ventures by large American corporations with the Governments of Romania and Yugoslavia? It has the very purpose of opening the door to these two countries. It is just the beginning. Therefore, Mr. President, as one who believes in increasing trade with Communist countries, as one who has recognized the benefits that might flow from conferring the most-favored-nation status on countries behind the Iron Curtain, and as a person who has generally approved of the effort to achieve détente with the Soviet Union, I come to this question without a closed mind and certainly from a position that most would regard as highly moderate.

It has not been my role in the Senate to espouse the hard line, the anti-Communist position, with respect to the major objectives being sought by American foreign policy; nevertheless, as a moderate, I ask the Senate to consider what it is doing, if it undertakes to pledge the full faith and credit of the American Treasury to the faithful performance of the contractual obligations assumed by Communist governments.

I ask the Senate to consider what it is doing, if it would transfer all the risk of business ventures behind the Iron Curtain from the big corporations—to the American people who would have to stand the loss should any of the Communist governments default.

What kind of bargain is that?

How does it possibly serve the best interests either of the American Government or the American people?

No, Mr. President, the committee acted with its eyes open. It sought to close the gate before it opened any wider. We do so in the name of the very objective that was ostensibly to be served by OPIC when it was established in the first place; namely, to serve as an incentive to stimulate the growth of the free enterprise system elsewhere in the world.

That objective is in fundamental conflict with the extension of this program to either Yugoslavia or to Romania or, for that matter, to any other Communist country.

Thus, I would hope that the Senate would support the committee in its effort to restrict the scope of this program to foreign countries where it is possible for private investment to take the form of equity ownership or where it is possible for the business concerns to own property and, thus, preserve the essence of the program as it was originally adopted.

If that is not possible either in Romania or in Yugoslavia, and since it could not be possible in any other Communist land, I hope that the amendment offered by the Senator from New York will be rejected.

Mr. PERCY. Mr. President, will the Senator from New York yield?

Mr. JAVITS. I yield 5 minutes to the Senator from Illinois.

The PRESIDING OFFICER (Mr. BARTLETT). The Senator from Illinois is recognized for 5 minutes.

Mr. PERCY. Mr. President, I find myself in opposition to two of the proposed amendments of the distinguished Senator from New York (Mr. JAVITS), but I find that I can look with considerable favor on the present amendment. It is entirely a different kind of situation.

I actually had to recall the experience some years back, when I landed in Belgrade after being in a number of Communist countries and after constant frustration with the bureaucracy and the inability even to get transportation.

At the airport in Belgrade, I was met by a taxicab whose driver, as we drove to the hotel, asked me how long I intended to be in the country. He wanted to know whether he could come and pick me up at the hotel and take me back to the airport.

I said to him, "You sound like you own this taxicab. Is this not a Communist country?"

He said, "Well, I do own this taxicab. You do not think I would be asking to pick you up if I did not, do you?" There is a good deal of private enterprise in Yugoslavia. I think that is the difference between a totally Communist country, where everything is owned by the state, and countries which allow a certain amount of private enterprise.

As the President said last night in his press conference, we have some sharp differences of opinion with the Communist countries and the Soviet Union, but certainly when we find that they are coming toward an economic system that is far more compatible with our trading practices and patterns, we should do everything we possibly can to encourage that kind of participation, that kind of enterprise, that kind of ownership, rather than discourage it.

So I ask the distinguished Senator from New York, is the purpose of his amendment merely to add back this particular section of the original bill, which says:

> Except for the provisions of this title, no other provision of this or any other law shall be construed to prohibit the operation in Yugoslavia or Romania of the programs authorized by this title, if the President determines that the operation of such program in such country is important to the national interest.

Mr. JAVITS. That is correct. That is the only purpose of this amendment.

Mr. PERCY. So that the President, himself, determines that there must be a national interest for the United States of America, not for anyone else.

Second, does it in any way remove the qualification that the nation so favored with OPIC insurance coverage must also be a developing nation under the connotation of that term?

Mr. JAVITS. It does not. That is the way in which the World Bank has defined both Yugoslavia and Romania, according to its criteria.

Mr. PERCY. I ask this question of the distinguished Senator, from the standpoint of legislative history: What was the purpose of Congress in late 1971 when it passed the exceptions for Yugoslavia and Romania, and does this purpose still hold?

Mr. JAVITS. The purpose holds now more than ever, because East-West economic relations are in the balance right now; and we do not want to deal a blow to the two East European countries—Yugoslavia and Romania—that show some evidence of economic independence. Yugoslavia has long been a beacon in that regard. Romania is developing in that direction.

This is specific: It says Yugoslavia and Romania. To deal a blow to them at this moment seems to me most unpropitious.

Mr. PERCY. From the standpoint of risk, has the use of this particular provision for Romania and Yugoslavia been so extensive and so great—the number of applications and the number of contracts committed—that it actually would in any way incur too much risk for the United States?

Mr. JAVITS. I do not think so. We have one agreement in Yugoslavia with OPIC—20 are pending. We have none in Romania; 3 are pending. I think that rather than being undesirable, it is highly desirable. I wish there were more consummated agreements rather than just pending negotiations.

Mr. PERCY. In other words, it is a relatively insignificant proportion we are talking about. The risk is minimal. But as the world is moving, East and West, toward closer cooperation, we would really be taking two countries with whom we have worked more closely than certain other Communist countries—Romania's President has been here, and the President of the United States has been there—and this would be an unnecessary slap in the face and would really accomplish no good purpose.

It is for this reason that I concur with the distinguished Senator from New York in his amendment. I am favorably disposed toward it. It would be an excellent amendment.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. JAVITS. I yield the Senator 1 additional minute.

Mr. PERCY. It would strengthen the bill. This would be the wrong time to reverse the course of action we have had. It would accomplish nothing, and it could do some damage to the national interests of the United States.

Mr. JAVITS. I thank the Senator very much. I agree thoroughly that that would be the result. I hope that we will not engage in this kind of improvidence.

The PRESIDING OFFICER. Who yields time?

Mr. JAVITS. Mr. President, to give Senator CHURCH an opportunity to return, I will yield myself 1 minute. How much time do I have remaining?

The PRESIDING OFFICER. The Senator has 6 minutes plus remaining.

Mr. JAVITS. Mr. President, I ask for the yeas and nays on the pending amendment.

The yeas and nays were ordered.

Mr. JAVITS. Mr. President, I think that the point which has just been made by Senator PERCY is very pertinent; and the point is, what are we doing? What provision of law are we really dealing with? We are dealing with a provision of law which today gives flexibility to the President; generally it is figured that the Executive can give very much faster action in foreign policy matters of this sort than we can here in the Congress through legislation.

What this provision would do would be to excise a section of the law which enables the President to extend the OPIC guarantee opportunity to Yugoslavia and Romania specifically. It says:

> Except for the provisions of this title, no other provision of this or any other law shall be construed to prohibit the operation in Yugoslavia or Romania of the programs authorized by this title . . .

To wit, OPIC. When we strike that out, we strike directly against those two countries by name.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. JAVITS. I yield myself 1 additional minute.

I repeat what I said earlier, when fewer Members were in the Chamber. The President can take them out of the program tomorrow if he feels, and if we feel—we can do it by law—that their conduct is not such as to qualify them, and add that to the complete discretion in OPIC as to whether or not it will give guarantees.

I think that the whole thing falls of its own weight and that the Senate should approve this amendment.

The PRESIDING OFFICER. Who yields time?

Mr. JAVITS. I do not know about Senator CHURCH. I would be prepared to vote, now that we have the yeas and nays.

Mr. President, I ask unanimous consent that I may suggest the absence of a quorum, with the time to be charged equally to both sides.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. JAVITS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HUGH SCOTT. Mr. President, I urge the adoption of the amendments being offered by the distinguished Senator from New York, Senator JAVITS, to the Overseas Private Investment Corporation Amendments Act.

The minority views of the report of the Committee on Foreign Relations on the OPIC legislation, signed by the Senator from Alabama (Mr. SPARKMAN), the Senator from Wyoming (Mr. MCGEE), the Senator from Minnesota (Mr. HUMPHREY), the Senator from New York (Mr. JAVITS), the Senator from Michigan (Mr. GRIFFIN), and myself, reflected the following findings:

First, the OPIC investment insurance program constitutes a significant incentive to corporate investment abroad.

Second, private investment promotes the economic development of low-income countries.

Third, the investment insurance program as administered by OPIC depoliticizes investment disputes and focuses attention on financial matters. The record of the OPIC program clearly indicates that OPIC helps to avoid government confrontations which often occur in noninsured cases.

Fourth, OPIC is in good financial condition.

Fifth, OPIC contributes significantly to the U.S. balance-of-payments.

Sixth, since March 1972, when OPIC adopted a new, stringent "runaway industry" policy, OPIC has protected the interests of U.S. labor.

Seventh, OPIC's authority to operate in Yugoslavia and Romania should be continued.

Eighth, OPIC's insurance saves the U.S. taxpayer money in the event of an uncompensated expropriation suffered by an American company.

Ninth, although it is highly desirable for OPIC to continue its efforts to involve private insurance companies in its program, S. 2957 is unnecessarily rigid and unworkable.

In particular, the "sudden death" penalty for not achieving the mandatory interim goal of 25 percent private participation by January 1975 is unnecessary. The goal is needlessly restrictive and undermines OPIC's negotiating posture with private insurance companies.

In addition, the section which establishes the level of reinsurance OPIC can provide the private companies is unacceptable. We must bear in mind that private participation in the OPIC program is voluntary. Congress cannot force private insurance companies to participate. Under the committee legislation, if private insurance companies do not participate as required, the OPIC program is automatically terminated for the coverages concerned.

For this reason, I strongly support the amendments being offered by the distinguished Senator from New York (Mr. JAVITS). These amendments will permit OPIC to achieve the objectives of the legislation, but in a reasonable way which allows OPIC to protect the interests of the U.S. Government as it develops private participation in its program.

In addition, I strongly support the continuation of OPIC's program in Yugoslavia and Romania. To cut the program off in these two countries only 2 years after the original authority was given does not make sense. It would destroy the important diplomatic and trade initiatives achieved by our Government with these countries. They have had serious problems with their socialist economic systems and they are looking to private enterprise for help. Furthermore both countries are increasingly leaning toward the West and I think we ought to do everything we can to encourage that tendency. I hope my colleagues will bear in mind that the implications of this vote on Yugoslavia and Romania go far beyond the OPIC program itself. Repeal of this authority would be taken as a significant change in the U.S. foreign policy toward these two countries. I therefore strongly urge the adoption of the amendment to retain this authority which is being offered by the ditsinguished Senator from Vermont (Mr. AIKEN).

Mr. THURMOND. Mr. President, I rise in support of the amendments to the Overseas Private Investment Corporation Amendments Act being offered by the distinguished Senator from New York (Senator JAVITS).

OPIC is an independent U.S. Government corporation formally established in January 1971 to stimulate American private investment in friendly developing countries. Its main function is to insure U.S. private investors going into less-developed countries against the risks of expropriation, currency inconvertibility and physical damage due to war, revolution, or insurrection. It is a rare Government agency that operates at a profit, with a staff no bigger than when it was organized.

OPIC has had sound business leadership and direction for its first 3 years. It has achieved a profit in its operations while rendering an important service to private investors.

S. 2957, as reported by the Foreign Relations Committee, provides that OPIC must become solely a reinsurer by 1979 for the risks of expropriation and inconvertibility and by 1980 for war risk insurance. Private insurance companies would be required to assume direct insurance liabilities and, by the deadlines, take over OPIC's direct underwriting function. Mandatory interim goals are set forth in an effort to force increasing private participation before the deadlines. If OPIC does not achieve the initial interim goals, the penalty is suspension of its issuing authority. In addition, the amount of losses which private insurers would be required to sustain before OPICs' reinsurance would be triggered is very substantial, far higher than we have required in other U.S. Government programs such as the flood insurance and riot insurance programs.

OPIC readily accepts the basic goal of the legislation of bringing in private insurance companies as much as possible, as quickly as possible. In fact, OPIC has been working successfuly toward this goal since it was formaly organized and has already achieved substantial private risk-sharing in its insurance program through Lloyd's of London.

The problem is that private insurance companies have publicly stated that key provisions in the legislation are unacceptable. If they are unacceptable, the private companies simply will not participate and the program will end. The amendments which are being offered, then, are designed to give OPIC a reasonable chance of achieving the basic goals of the legislation. We cannot, through legislation, force the private companies to participate. Rather, the legislation must be designed in such a way as to encourage participation by private insurance companies, who have indicated substantial interest in participating on an experimental basis.

I think there are strong reasons for supporting OPIC. First, it helps U.S. businessmen to compete in foreign markets, where their competitors have similar insurance at lower cost. In fact, the Japanese and German agencies like OPIC charge fees about one-third of OPIC's premiums. Second, OPIC enables U.S. companies to accept the high political risks of investing in mining projects, to obtain raw materials which are essential to our economy, such as bauxite, copper, and nickel. Third, OPIC operates on its own earnings. Last year, OPIC's net income was $32 million. OPIC has successfully managed this program since it took it over from AID. At the time of OPIC's formal organization, it had reserves of $85 million and claims of $400 million. Now, OPIC's reserves are $184 million and claims are about $26 million. OPIC has denied two large claims on contracts it inherited from AID, which are now in arbitration. Fourth, OPIC reviews each project in careful detail to assure that it will not be harmful to the U.S. balance of payments or to the interests of U.S. labor. OPIC denies its support to "runaway industry" projects. Fifth, this program reduces the need for government-to-government foreign aid.

In summary, I strongly believe that this is a program which should be continued. I therefore strongly support these amendments which will enable OPIC to achieve its goal of increasing private participation in this important program.

Mr. DOLE. Mr. President, I rise today in support of the amendments being offered by the Senator from New York, (Mr. JAVITS) to S. 2957, the Overseas Private Investment Corporation Amendments Act. I was an original cosponsor with Senator JAVITS of the 1969 amendment which created OPIC. Its function of enhancing the abilities of U.S. corporations to do business overseas was valid then, and its role in our country's foreign economy policy is even more important today. OPIC is an important element of this policy, because it helps U.S. businesses—including several from Kansas—compete in the less-developed-country markets where their competitors, particularly Japanese and German companies, have similar protection at one-third the cost.

By charging higher premiums and operating the program on principles of risk management, OPIC has been able to turn management of the program completely around from the way it was operated by AID in the 1960's. OPIC performs its functions in a manner which should serve as an example to many other Government programs. It operates entirely on its own earnings, and last year OPIC's net income exceeded $30 million. Over the life of the program premiums paid by investors have exceeded administrative costs and claim payments by over $160 million not counting appropriations to its reserves. Thus the OPIC program has proven to be an outstanding investment for the American taxpayer.

While private investment generally contributes to development and is sought after by almost all developing countries, OPIC's project selectivity helps assure that insured projects assisted by OPIC have a better development impact than the overall average run of projects.

On the U.S. side, this project selectivity also assures that OPIC as presently managed screens out investments which would harm the U.S. economy or U.S. jobs. For example, OPIC denies insurance to "runaway industry" projects. The Comptroller General's report on OPIC concluded that "we believe that the more recent OPIC procedures, if properly implemented, should provide reasonable assurance that U.S. interests are protected."

Mr. President, the amendments offered by the Senator from New York will not relieve the pressure on OPIC to increase private sector participation in the program. There are other forces operating to keep the pressure on OPIC, including an internal OPIC management desire to see the U.S. private insurance companies assume greater liability sharing. These amendments to S. 2957 will permit OPIC to negotiate effectively with the private companies and reach agreement that is based on the market. Without these amendments OPIC's negotiating position will be compromised resulting in the sacrifice of public policy and financial interests.

I also want to express my strong support at this time for the amendment which will continue OPIC's authority to do business in Yugoslavia and Romania. The committee bill would repeal this authority, which was only given to OPIC in 1972. The repeal of this authority, only 2 years after it was enacted, would severely disrupt the successful trade and diplomatic initiatives achieved by our Government with these two countries. The repeal of this authority would be taken by both the Yugoslavians and the Romanians as a clear signal to them that our foreign policy has changed dramatically. The implications of the repeal of the authority go far beyond the OPIC program and into the realm of America's efforts to construct a stable and lasting structure for world peace Therefore, I strongly urge my colleagues to support the amendment being offered to preserve OPIC's authority to do business in these two countries.

Mr. JAVITS. Mr. President, I am prepared to yield back the remainder of my time on the amendment.

Mr. CHURCH. I yield back the time on the amendment on this side of the aisle.

Mr. JAVITS. I yield back my time.

The PRESIDING OFFICER. All time has been yielded back. The question is on agreeing to the amendment of the Senator from New York. The yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Indiana (Mr. Bayh), the Senator from Mississippi (Mr. Eastland), the Senator from Arkansas (Mr. Fulbright), the Senator from Mississippi (Mr. Stennis), and the Senator from Louisiana (Mr. Long) are necessarily absent.

I also announce that the Senator from Hawaii (Mr. Inouye) is absent because of death in the family.

Mr. GRIFFIN. I announce that the Senator from Kansas (Mr. Pearson) is absent on official business.

I further announce that the Senator from New York (Mr. Buckley) and the Senator from Maryland (Mr. Mathias) are necessarily absent.

The result was announced—yeas 54, nays 37, as follows:

[No. 40 Leg.]

YEAS—54

Aiken
Allen
Baker
Bartlett
Beall
Bellmon
Bennett
Brock
Brooke
Cotton
Cranston
Curtis
Dole
Domenici
Fannin
Fong
Gravel
Griffin
Gurney
Hartke
Hatfield
Hathaway
Hruska
Hughes
Humphrey
Javits
McGee
McIntyre
Metcalf
Metzenbaum
Mondale
Moss
Muskie
Nunn
Packwood
Pastore
Pell
Percy
Randolph
Roth
Schweiker
Scott, Hugh
Sparkman
Stafford
Stevens
Symington
Taft
Talmadge
Thurmond
Tower
Tunney
Weicker
Williams
Young

NAYS—37

Abourezk
Bentsen
Bible
Biden
Burdick
Byrd, Harry F., Jr.
Byrd, Robert C.
Cannon
Case
Chiles
Church
Clark
Cook
Dominick
Eagleton
Ervin
Goldwater
Hansen
Hart
Haskell
Helms
Hollings
Huddleston
Jackson
Johnston
Kennedy
Magnuson
Mansfield
McClellan
McClure
McGovern
Montoya
Nelson
Proxmire
Ribicoff
Scott, William L.
Stevenson

NOT VOTING—9

Bayh
Buckley
Eastland
Fulbright
Inouye
Long
Mathias
Pearson
Stennis

So Mr. Javits' amendment (No. 972) was agreed to.

Mr. JAVITS. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. TUNNEY. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENTS NO. 970

Mr. JAVITS. Mr. President, I call up my amendments No. 970 and ask that they be stated.

The PRESIDING OFFICER. The amendments will be stated.

The assistant legislative clerk proceeded to read the amendments.

Amendments No. 970 are as follows:

On page 4, beginning with line 5, strike out everything through line 2 on page 5, and insert in lieu thereof the following:

"(4)(A) It is the intention of Congress that the Corporation achieve participation by private insurance companies, multilateral organizations or others in liabilities incurred in respect of the risks referred to in paragraphs (1) (A) and (B) of this subsection under contracts issued commencing January 1, 1975, of at least 25 per centum, and, under contracts issued commencing January 1, 1978, of at least 50 per centum. If for good reason it is not possible for the Corporation to achieve these objectives, the Corporation shall report to the Senate Foreign Relations Committee and the House Foreign Affairs Committee in detail, the reasons for its inability to achieve these objectives and the date by which they are to be achieved."

On page 5, change "(C)" to "(B)" on line 3.

On page 5, beginning with line 8, strike out everything through line 5 on page 6, and insert in lieu thereof the following:

"(5)(A) It is the intention of Congress that the Corporation achieve participation by private insurance companies, multilateral organizations or others in liabilities incurred in respect of the risks referred to in paragraph (1)(C) of this subsection under contracts issued commencing January 1, 1976, of at least 12½ per centum, and, under contracts issued commencing January 1, 1979, of at least 40 per centum. If for good reason it is not possible for the Corporation to achieve these objectives, the Corporation shall report to the Senate Foreign Relations Committee and the House Foreign Affairs Committee in detail the reasons for its inability to achieve these objectives, and the date by which they are to be achieved."

On page 6, change "(C)" to "(B)" on line 6, and change "limitations" to "objectives" on lines 11 and 20.

On page 9, strike out lines 3 through 11.

The PRESIDING OFFICER. Who yields time?

Mr. MANSFIELD. Mr. President, in the absence of the Senator from Idaho, I will take the liberty of yielding myself 2 minutes to suggest the absence of a quorum. I want to raise some questions about the Overseas Private Investment Corporation which, to me, seems to involve a concept that borders on socialism for the rich. I think that the facts ought to be laid out. Therefore, I yield myself that much time so that I can ask some questions of the manager of the bill.

The PRESIDING OFFICER. The clerk will call the roll.

The second legislative assistant proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, would the distinguished Senator from Idaho yield me 5 minutes?

Mr. CHURCH. Mr. President, I am happy to yield 5 minutes to the Senator from Montana.

Mr. MANSFIELD. Mr. President, could the Senator from Idaho tell the Senate what kind of corporations are involved in this measure and what their standing is in yearly designations put out by, let us say, Fortune magazine?

Mr. CHURCH. Mr. President, I would be happy to respond to that question. Approximately 80 percent of OPIC's insurance has been issued to corporations that will be found on Fortune's list of the 500 largest corporations in the country.

Mr. MANSFIELD. Are those corporations which could carry their own insurance on a private basis rather than have the Government subsidize them?

Mr. CHURCH. There is no question that most of these corporations are capable of self-insurance or, in the alternative, paying fees that would cover the risk on the basis of normal commercial rates. However, these corporations are being subsidized by the OPIC program.

Mr. MANSFIELD. Mr. President, OPIC took over the insurance program which used to be under the supervision of the AID program, is that correct?

Mr. CHURCH. The Senator is correct.

Mr. MANSFIELD. How much money has the Government put into OPIC to keep it functioning?

Mr. CHURCH. The Government has directly appropriated $106,250,000 since fiscal year 1970 to augment the reserves of the OPIC program.

This, of course, illustrates that the program is not self-sustaining as it is advertised to be. The premiums that have been collected have been insufficient.

Mr. MANSFIELD. Mr. President, how much have they paid out to participating countries and industries?

Mr. CHURCH. I will supply that figure as soon as it can be secured by the staff. However, I would say to the Senator that presently there is outstanding $369 million in claims against OPIC, and the total reserves are only $161 million. So, the claims now outstanding against OPIC exceed the reserves by more than $200 million. The committee concluded that the OPIC program is presently in default.

Mr. MANSFIELD. Could the Senator inform the Senate of the names of the companies whose claims are outstanding and whose claims, in toto, exceed by more than 3 to 1 the reserves OPIC has at the moment?

Mr. CHURCH. I shall furnish a complete list, but just offhand, the Anaconda Copper Co. is one of the larger claimants. ITT is another; the ITT alone has $100 million in outstanding claims against OPIC.

Mr. MANSFIELD. Is that the company which tried to interest the CIA in investing $1 million in a Chilean election some years ago?

Mr. CHURCH. Yes; that is the company that undertook to offer a million dollars to the CIA for the purpose of interfering with the constitutional processes in Chile, and preventing the congressional confirmation of Allende as President of Chile.

Mr. MANSFIELD. And that was admitted in testimony before the Committee on Foreign Relations?

Mr. CHURCH. Yes; it was admitted, and it was well established. It was established both on the basis of positive testimony given by the CIA and admissions on the part of the ITT executives.

Mr. MANSFIELD. I note that the Kaiser Aluminum Co. and the Reynolds Metals Co. likewise have claims against OPIC.

Mr. CHURCH. The big aluminum companies are presently insured for more than half a billion dollars by the Government, covering their investments in bauxite in Jamaica. The political situation there is becoming increasingly unstable, and it does not take much of a prophet to foresee the day when Congress will be asked to appropriate hundreds of millions of dollars to pay these companies, in the event that the Jamaican Government nationalizes the properties.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. CHURCH. I yield 3 more minutes to the majority leader.

Mr. MANSFIELD. Is it not true that the vice president and the assistant to the chairman of the board, Mr. James J. Meenaghan, of the Firemen's Fund-American Insurance Companies, testified that the private insurance companies now meeting with OPIC could process a firm proposal for private insurance participation with OPIC in from 6 to 9 months?

Mr. CHURCH. Yes. And the committee has every reason to believe that the private insurance companies could form a consortium and take over this insurance business within a reasonable period of time, and then operate it on a fiscally sound basis. But they cannot do so as long as the Government insists upon subsidizing the program.

Mr. MANSFIELD. If the proposal before the Senate is passed today or tomorrow, what will be upcoming in the way of further appropriations for OPIC?

Mr. CHURCH. Well, this year OPIC is asking for an additional $25 million from Congress, and I could only assume, on the basis of its present precarious financial position, that Congress will be asked for additional appropriations in the following year.

Mr. MANSFIELD. What is the Government doing in this area when U.S. private enterprise in the insurance field can do the job more cheaply, more effectively, and without coming to Congress for appropriations or authority?

Mr. CHURCH. That is the very question that the committee raises. We feel that this bill would permit an orderly transition of this program out of the Government's hands and into the hands of private enterprise. We believe it belongs to private enterprise.

We are not taking the position that big American companies or anyone else, ought not to be insured against special risks that can be incurred abroad, but we do not see why that cannot be done by the private insurance community rather than by the Government, particularly when the Government has administered the program in a way that has required large and continuing public subsidies.

Mr. MANSFIELD. If the Senator will yield further, I would like him to reiterate again the number of companies involved and their rating financially in such publications as Fortune and other bibles of business and industry.

Mr. CHURCH. Mr. President, this program really can best be described as socialism for the rich. I suppose that is why it draws such strong support in this Chamber, 83 percent of OPIC's present coverage goes to 25 companies on Fortune's list of the 500 largest American corporations.

They are the biggest, the ones that least need a public subsidy, the ones that can best afford to insure themselves or pay adequate premiums to private insurance companies. Yet we continue to subsidize them at heavy cost to the American taxpayer.

All the Committee asks is that the Senate support a program that will affect the orderly transfer of this program from the Government to the private insurors over the next 6 years. I cannot imagine a more modest proposal, or one that would more clearly serve the interests of the American taxpayer.

Mr. MANSFIELD. And private insurance companies are ready, eager, able, and willing to take over this function at no cost to the Government of the United States?

Mr. CHURCH. All that they have asked is a clear signal from Congress that we are serious about their entering the field. This bill constitutes that signal. The bill not only sets up the machinery that will permit an orderly transition, but it clearly indicates that we expect private industry to take a substantial part in the beginning, and ultimately to take over all of the direct front line insurance.

There is no question in my mind that private industry is capable of doing this once they are certain that Congress intends for them to do so, and there would be no better way of making that clear than to pass this bill.

The PRESIDING OFFICER. The additional time of the Senator from Montana has expired.

Mr. MANSFIELD. With this type of legislation—the type of aid program which we now undertake to pass—it is no wonder that the country is going downhill, and that we are going broke at the same time. The Senator expressed it well when he said that this is socialism for the rich. These are truly the interests that can well afford to participate in what we cherish as a system of free enterprize and yet here we have to undermine that system by subsidizing them and undertake the payment of insurance where there is no justification for it under any fact whatsoever. This trend to establishing government assistance for wealthy and powerful business interests while neglecting the interests of the small and weak business enterprise must be reversed. What we are creating otherwise amounts to free enterprise for the poor and socialism for the rich.

I thank the Senator.

Mr. CHURCH. I thank the majority leader very much for his time.

Mr. HARRY F. BYRD, JR. Mr. President, will the Senator yield?

Mr. CHURCH. Yes. Mr. President, I yield myself such time as may be required from the time remaining to me for this colloquy.

Mr. HARRY F. BYRD, JR. Do I read accurately from page 28 of the report, where it shows OPIC's maximum potential contingent liability, netting out the Lloyds reinsurance coverage, to be $2.776 million? Do I correctly understand that to mean that it is the contingent liability of the U.S. Government?

Mr. CHURCH. I think that the question can best be answered in this fashion. In an effort to determine the present risk to which the Government is exposed by the program, the committee has compared the claims now outstanding against OPIC with the reserves that OPIC has available to pay those claims.

Mr. HARRY F. BYRD, JR. Those reserves are very small.

Mr. CHURCH. The reserves amount to about $161 million. The claims presently outstanding against OPIC are $369 million.

The potentiality liability to the Government under this program is very much larger. OPIC's total exposure to risk is of the magnitude of $9 billion. But our analysis is based on comparing present claims to present reserves. We say that even on the basis of that restricted amount, OPIC is insolvent.

Mr. HARRY F. BYRD, JR. May I ask this question? The Senator mentioned the potential of $9 billion. Does that mean that the full faith and credit of the Federal Government is behind that $9 billion?

Mr. CHURCH. The full faith and credit of the United States is behind every insured policy issued by OPIC.

Mr. HARRY F. BYRD, JR. This is an open-ended proposition.

Mr. CHURCH. Yes. Obviously experience to date indicates that OPIC will be unable to look to its premiums to cover the losses which it is likely to have to pay and, therefore, will have to come to Congress for additional appropriations to meet its obligations under existing contracts.

Mr. HARRY F. BYRD, JR. If the claims already made against OPIC are substantiated, then several hundred millions of dollars are involved in that, over and above the reserves; do I correctly understand that?

Mr. CHURCH. The Senator is correct. I might point out that the reserves are not the accumulated premiums. Over one-half of the reserves consist of appropriated money.

Mr. HARRY F. BYRD, JR. And the claims are $369 million——

Mr. CHURCH. $369 million against $161 million in reserves. That is the current situation.

I would call to the Senator's attention the fact that there is a tremendous concentration of this insurance in certain countries where the risk of eventual expropriation must be regarded as very great.

I think in Jamaica, where political instability is growing, our Government has written $500 million of insurance to cover the losses for the big aluminum companies, in the event of nationalization. We have a tremendous concentration of insurance in Guyana. Already we have experienced the adverse impact of this program with the nationalization of the American copper company properties in Chile. So, looking down the road, the losses and the books now are just the beginning.

There are those who say that we need the program in order to assure ourselves of a secure supply of raw materials. Nonsense. The experience insuring raw material ventures has been disastrous, and OPIC policy is to refuse to insure American companies looking for sources of raw materials. That argument is out of date and no longer has any application to the reality of the program.

Mr. HARRY F. BYRD, JR. Business corporations are investing in these properties because they expect to make a profit.

Mr. CHURCH. That is correct.

Mr. HARRY F. BYRD, JR. The U.S. Government is not going to get any of that profit other than through the normal taxes that every individual and corporation has to pay.

Mr. CHURCH. The Senator is correct. We have tipped the scale in favor of investment abroad as against investment in our own land. As the Senator from Montana (Mr. MANSFIELD) just pointed out, no wonder we are in such trouble. If a major company invests abroad, it does not have to pay any tax to the United States on any profits earned abroad, unless and until it repatriates its profits, that is to say, it returns them to the United States.

So, as long as it keeps this money abroad, it pays no tax at all to the United States. Furthermore, if it pays any income taxes to foreign governments where those properties may be located, it can credit any taxes paid to the foreign governments directly against any taxes it would owe to the United States. So there are immense tax advantages we give our companies if they invest abroad instead of in the United States. Add to the tax advantages this insurance program which takes the whole of the risk of foreign investment off the backs of the companies that seek the profit and onto the backs of the American taxpayers through the full faith and credit clause in each of these insurance contracts, and I wonder how an executive of a major company could justify a large investment in this country if the company concerned had the option of investing in a foreign land instead.

He would have to say, "I do not think we could say to our board that we are justified in making an investment in the United States in view of the tremendous fiscal advantage that attaches if the investment is made in a foreign country."

That is public policy. I do not know why we have tilted it so much in favor of investment elsewhere, but I am not surprised that in the past few years over $100 billion in private capital has been exported abroad because, obviously, the advantages are so great—the inducement is to invest abroad, rather than to invest in this country. That is part of the general public policy of tilting the advantage to foreign investment as against domestic investment.

Mr. HARRY F. BYRD, JR. I am a strong advocate of the free enterprise system. But I think that the free enterprise system must work two ways. While business must be free to make a profit, business must also be free to take what losses may occur in trying to make that profit. I do not see why the taxpayers should be called upon to guarantee losses by business because of certain actions that might be taken by a foreign country.

I think the proposal that the Senator from Idaho has presented to the Senate is a big improvement over the legislation we now have. The point I am not quite clear on is whether it is an improvement over what the Senator from New Jersey (Mr. CASE) advocates; namely, defeat the proposal now before the Senate, and let the law expire at the end of this year. I am not quite clear on that point. Maybe the Senator from Idaho would address himself to that.

Mr. CHURCH. I can only say that I would not weep any crocodile tears if the Senate were to reach that judgment. I honor the position of the Senator from New Jersey, but I felt—and the majority on the committee felt—that in view of the fact the Government has maintained such a subsidized insurance program for big American corporations——

Mr. HARRY F. BYRD, JR. Not for very long——

Mr. CHURCH [continuing]. For about 25 years—actually, it was administered before by AID. OPIC took over the program from the AID agency.

Mr. HARRY F. BYRD, JR. But this is a program of more recent vintage—in 1970, I believe.

Mr. CHURCH. That is right. OPIC took over from AID in 1970. But the program was administered by AID for 20 years or more.

Since in the interim other foreign governments have imitated us and have established similar programs of their own, on the strength of the argument that they had to do so because we had to do so, but now it might put American business to an unfair disadvantage if we were suddenly to cut the program off and simply refuse to issue new insurance.

So, rather than take that abrupt action, we have proposed an orderly method of transition that would permit the Government to be phased out of the present program as a direct frontline insurer, and private insurance companies would come in and take over the program in an orderly manner.

Mr. HARRY F. BYRD, JR. The Government would be the reinsurer then.

Mr. CHURCH. The Government would become the reinsurer; yes. This is necessary, first, to provide the inducement to private companies to enter the field. It is a new field for private insurance companies. We felt that if we were to succeed in engaging in it, in weaning the Government away from the present program, it would be necessary for the Government to remain as reinsurer. In time, after the companies have had sufficient experience in the field, we believe it would be possible for the Government to withdraw even from the limited role of reinsurer. It was for the purpose of making the transition feasible that we left the Government in the temporary role of reinsurer.

I also say to the Senator that we think that once the private insurance industry is engaged in writing frontline insurance in this program, they will then police the program in such a way as to make it fiscally sound. Private insurance companies cannot afford to lose the kind of money that is being lost in OPIC. They cannot come to Congress for $25 million a year in subsidy. Therefore, they will insist that the policies are written in such a way as to reasonably relate the risk assumed to the premium charged, and the subsidy will thus be taken out of the program even though the Federal Government remains in a reinsurer role.

Mr. HARRY F. BYRD, JR. That is certainly a distinct improvement over the situation that exists today, and I commend the Senator from Idaho.

Mr. CHURCH. I thank the Senator from Virginia for his comment. I concur with him in his conclusion that our effort here is really to restore to private enterprise an insurance program that ought to have been assumed by private enterprise interests. We think the bill will accomplish that objective in an orderly way.

Mr. JAVITS. Mr. President, one of the anomalies of this Chamber is that the people who ask the questions, to which they think they have answers, immediately leave and do not stay around to wait for the other side to give its point of view. In this case it is really sad, because Senator CHURCH has given a brilliant description of what he wishes the facts were, not what the facts are.

Let us go after them one by one. I am really sorry because I thought we had already gone over all this ground in great detail. But it seems to be necessary to go over it again. Members have pretty well decided what they are going to do, based on the facts they have. I do not know what they are going to do, any more than does Senator CHURCH. But when you get into such a maze of image making, it is necessary, in fairness to this agency and to what it is trying to accomplish, to put some things on the record.

I would like to know what we think in this country. The Supreme Court says that bigness per se is not a violation of the antitrust laws. It is not a crime. Some 17 million direct stockholders and approximately 80 million holders of life insurance policies and savings bank deposits and investment trust funds and pension and welfare funds live on all these big companies. They give the preponderant number of jobs in the country.

What are we talking about? This almost sounds like the robber barons of the 1880's, for whom we passed the antitrust laws. If we do not think our Government and our laws are effective enough to deal with that at this late stage in our history, then we have done a lot worse than we think, and I do not think we have done very well.

Be that as it may, aside from those general statements, which may or may not appeal to some people, I think the Senate ought to take a look at the facts.

Fact No. 1: This OPIC agency took over in 1969. Beginning in 1969, it was responsible for a very large amount of premium income—an average of $30 million a year out of premiums—and its reserves today, built up out of premiums, are $184 million, not $161 million. I have reiterated that figure time and again. It comes from OPIC, and it represents the figure as of January 1974, not the figure which is in the committee report, which is, as of June 30, 1973. It is an up-to-date figure. That is how rapidly their reserves grow, because they do get a very substantial premium.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. JAVITS. I yield.

Mr. PASTORE. The Senator is quite right in saying that those who have been asking the questions, I suppose to suit their own philosophy in this matter, have left the Chamber. But I have been sitting here, and I have been listening very attentively to those who have asked the questions and those who have answered the questions. There are three very important allegations that have been made here that I think ought to be answered very specifically by the distinguished Senator from New York.

No. 1. The charge is made here that this is socialism for the big business of this country. I think that ought to be answered categorically, because I am very much concerned as to whether or not that is so.

No. 2. It is admitted that every industrialized nation of the world is doing this, but it has been alleged here that they are doing it only because they are copying us.

No. 3. I think this is the most important question of all, the $64 question. What does this mean to the American economy? Is it true that the private insurance companies are willing to underwrite this kind of insurance exactly as OPIC is doing?

Mr. JAVITS. I thank the Senator from Rhode Island. I respect him. Indeed, it goes beyond respect, as he knows, as we have served together for a long time. I shall answer his questions specifically.

First, as to socialism for big business, here are the facts. The facts are that the United States, since 1949, has been trying to substitute for elements of aid to the developing countries. That is all this is confined to—private investment which it considered to be desirable toward aid objectives. In pursuance of that, it has had a guarantee for private investment. It does not cover all private investment. It is estimated that it might cover as much as a quarter of the private investment in developing countries.

Question: If the U.S. Government guarantees against certain risks—not not business risks; there is no business risk insurance—but guarantees against governmental risk; guarantees against incontrovertibility and against expropriation and against war and insurrection. The United States should do that in order to encourage private investment abroad in which it considers it has a public interest because it helps the developing countries in a way which is the least expensive and the least onerous to us, it is not socialism for big business. It is conducive to our own foreign policy, and that is the way this thing has run for years and years.

The reason we put OPIC into business in 1969 is that we wanted a more efficient way to run it. As a matter of fact, it has proved to be more efficient. OPIC in that period of time has taken in about $30 million a year in premiums, and its actual payments on claims in that period of time, in round figures, has been $35 million. So on that trade off—in other words, roughly $130 million to $35 million—it certainly has done very well. No insurance company has, dollar for dollar, all the liabilities it incurs. Neither has OPIC.

OPIC has to operate with a given amount of capital and the capital was furnished by the U.S. Government in the sense of appropriations, but it is a very profitable business in which capital is invested—if we let it continue, with $30 million a year income for about $2 million a year in administration expenses for out-go.

It is claimed, and this is incomprehensible to me, that this is socialism because it gives a guarantee. My goodness, we give guarantees to maritime companies to build ships, and to banks to guarantee deposits, and have mortgage guarantees and very many more. It is really quite difficult for me to understand how at one and the same time a Senator can advocate the program and urge that it be continued and then make a speech which can lead to only one conclusion, that it should be terminated, not only on financial grounds but also on moral grounds. There must be something wrong with that argument.

The Senator from Rhode Island is on the Commerce Committee. We have spent a fortune trying to get export business. We have given them bank services and seminars, yet a very small percentage of American business is engaged in export. If we want overseas investment, we have to look to these massive companies. No one has found a better scheme.

So with all due respect I must dismiss the argument of socialism which implies some sort of handout.

In the business judgment of any Member, I wish to ask, is a large corporation going into foreign investment for the purpose of collecting the insurance? Does that make any sense? It seems to me that it falls of its own implausibility. Are they going to make investments in Romania or Yugoslavia for the insurance? They are going into it because they have made a business decision that it is a wise thing to do businesswise. Then, they come to the next step. Is it wise to do so so far as the government, or political system within whose confines they will be doing business? That is where this OPIC guarantee pushes them to an affirmative decision because it gives certain guarantees along those lines. We felt it was desirable for the last 25 years, and this committee thinks it is desirable today, notwithstanding all the argument.

So we are only arguing about how it should be done. The other arguments are irrelevant unless we are going to defeat the bill and I do not think the Senator from Idaho (Mr. CHURCH) brought the bill to the floor of the Senate thinking that it would be defeated, although he did say he would not weep crocodile tears if it did go by the board.

The next question was: Are the industrialized nations copying us? I do not know whether they are or not. They have organized corporations and we have organized corporations. All I know is they are not dismantling their corporations. And their premiums are lower than ours.

The third point made by my colleague

is: What does this mean to the interests of America? The fact is we are going downhill in foreign aid, 15 percent in terms of per capita income, or any other standard. Notwithstanding all of our troubles and everything one can say about America, we are still the richest nation on Earth. We do not want to be the rich man on a poor street, and this world is a poor street. We are in the Inter-American Bank, the International Monetary Fund, and so forth. We are trying to get out of the direct aid business, either in loans or grants and this is one of the great programs that helps us to do that. It is as direct and simple as that. It is an economical program. This is to the benefit of our country.

Mr. PASTORE. The last question is: Are the private insurance companies ready and willing to assume this kind of insurance?

Mr. JAVITS. My answer to that is flatly no. I absolutely part, with all the greatest respect in the world, from my friends who say they are.

In the first place, the worst way in which you can get private enterprise to participate as a partner is to mandate it. They are sure to run from that like the most scared hares on Earth. I have represented business. They would not know what else is going to be mandated. You have no power to mandate it, anyway, because they can come in or not.

Suppose we told the Firemen's Fund Insurance Co. what they must do. Forget it; they are gone; you cannot do it. In addition, you tie the hands of OPIC. Why should they negotiate with OPIC? They will just tell them what they want, or otherwise OPIC goes out of business.

Here is what the Firemen's Insurance Co. said in a public statement. It is found on page 66 of the report:

> On November 9, 1937, Fireman's Fund American Insurance Companies issued a public statement again indicating that private insurance companies "might be willing to participate in a trial program on a sound fiscal basis with federal government reinsurance backup, but not with the knowledge that direct government participation would end on a specified date several years hence."
>
> The statement continued:
>
> "The recommendations . . . which are extremely specific as to the schedules of industry percentages, precise reinsurance amounts, retentions, etc., will, in our opinion, not create the proper atmosphere or incentive for the solicitation of private participation."

Now, there is the public statement of the Firemen's Insurance Co. I ask Senators to read that statement and say they have agreed to participate, that they are dying to participate, that they just love it—that would be absolute nonsense.

The surest way to drive them away, would be the way this bill proposes.

The second point: This company has had the initiative to try it out. They made a deal with Lloyds of London to take up $400 million worth of reinsurance in one of the fields in which they operate. That is a very significant initiative. If you apply the principles of this bill to Lloyds they have to cancel out because it is not that kind of deal.

So, one, the Firemen's Insurance Co. has not said any such thing as claimed. The only insurance company with which they could make a deal would be out of business if this bill were agreed to.

What do we suggest? Let us remember what the committee did, notwithstanding these great arguments. This committee divided 9 to 7—really by a vote of 9 to 8, because the Senator from Alabama (Mr. SPARKMAN) said he was on our side in this controversy—in reporting the bill in the way in which is was reported out of the committee. So there are some good people on both sides, but it is by no means the open-and-shut argument that we are hearing talked about, that we are buttering up the rich.

It seems to me, therefore, we ought to do what we are trying to do with this amendment. In the first place, I think the best solution would have been a straight extension for a year or two. Then, if we did not like it, we could terminate it. But we did not go that route. My colleagues felt it was a footless road, considering the feeling of the Foreign Relations Committee, and that we had better adopt their way of doing it—to wit, a 6-year phaseout, giving it a business basis on which to work.

We say that, taking the same time limitations as the committee does, if by January 1, 1975, it begins to have a 75-percent participation of the insurance companies, they have to tell us why and how exactly they expect to get it and give us that in a detailed and special report. Then we can choose to put them out of business or whatever we want to do.

From the practical point of view, no business concern will do that, and corporations, as we all know, can be very effective. I have yet to see a business organization, organized by us under a law, defy us and say, "We do not care what you do; we are going to do it this way or that way." So we think this is adequate control, keeping tight rein on the proposition, giving it the new standards and criteria which are needed in this respect—the next amendment will have the reinsurance factor—and give them a chance to make the grade or phase into a public enterprise.

The bill reported by the committee itself contemplates a continuing reinsurance role by OPIC. It goes right on, and in a big guarantee. As a matter of fact, the committee raises our proposal by almost $5 billion. We are perfectly willing to continue with it the way the bill does, which goes to $7.5 billion, but they raise the reinsurance to $12 billion. Albeit their scheme is impractical, it raises the limit to $12 billion. So they are not contemplating ending the role of OPIC. It is going to have a continuing role. The question is, Will it have a chance to live or be cut off by the death sentence which I have described? And if it has a chance to live, can it live wisely and prudently? That is the whole purpose of this amendment and the next one.

Then I close on the question of their financial condition.

Mr. President, how much more time do we have?

The PRESIDING OFFICER. The Senator from New York has 32 minutes left.

Mr. JAVITS. Please let me know when I have used 2 more minutes, as I wish to yield to the Senator from Minnesota (Mr. HUMPHREY).

The actual figures are as follows: Since they started on June 30, 1969, their total premium income has been $189.2 million. They have earned interest on their premiums from January 1, 1970, to December 31, 1973, of $18.6 million, making a total of $207.8 million.

They have actually paid claims of $29.3 million. They have estimated administrative expenses in all this time of $17 million, making a total of $46 million.

So the excess of receipts over disbursements—and this is what the Senator from Idaho (Mr. CHURCH) was referring to—is $161 million.

That does not represent their reserves, but the excess of receipts over disbursements.

As to the claims which are against them, the fact is that the $120 million worth of claims which have been liquidated, in the sense that they have guaranteed Government obligations, I think essentially of Chile, which allowed settlement of a claim OPIC owes and a long-term payout over a long period of years, certainly does not represent any insolvency. There is no immediate claim on OPIC, and will not be for many years, and it will be well within their capacity, considering their premium increments.

Then there are two other claims: $154 million from Anaconda, again with respect to Chile, and $92.5 million from I.T. & T.

We hear it argued that the reason for OPIC, and one reason why OPIC ought to be dismantled, is that it butters up the big companies. I should like to ask Senators, when OPIC challenges the claims of Anaconda and I.T. & T. is that buttering up big companies, or is that letting them stand on their hind legs? I am glad OPIC challenges them. I think we have to take companies in both situations. There is no reason for assuming that OPIC is going to lose them because, it is said, OPIC is practically insolvent today.

By the way, this act was to start mandating private companies to go into business with OPIC by declaring that they are solvent. So I believe that the amendments which have been designed and architected by many colleagues and myself on the Committee on Foreign Relations, relating to this matter, are the right way to proceed. They are even better than the bill. I hope very much that the Senate will adopt this amendment.

Mr. President, I yield to the distinguished Senator from Minnesota such time as he may require.

Mr. HUMPHREY. Mr. President, I am particularly pleased to associate myself with the brilliant argument made by the distinguished Senator from New York (Mr. JAVITS). There are obviously arguments on both sides of this issue, otherwise we would not be on the floor of the Senate arguing as we are today.

As the Senator from New York has indicated, the committee has split almost down middle on the matter of the proposed legislation before us. But I want to express my support for S. 2957, the Overseas Private Investment Corporation Amendments Act. I support the amendments being proposed by the distinguished Senator from New York.

The first one we have acted on already. It relates to Yugoslavia and Romania. I must say that the decision of the Senate to support the inclusion of OPIC operations with respect to Yugoslavia and Romania is very encouraging to me. Keep in mind that this body has already gone on record on several occasions to promote East-West trade. We have also gone on record to try to encourage what we call joint ventures in those countries which have different economic and social systems from ours. Therefore, the decision that was made here today with respect to the first amendment, to include Yugoslavia and Romania under the terms of the Overseas Private Investment Corporation Act, was, I think, wise. It follows the precedents and the actions that we have arrived at in the Senate relating to East-West commerce with other nations.

As the minority views of the Foreign Relations Committee report on OPIC has said, this legislation would not achieve the objective of increasing the participation of private insurers in the OPIC program. Rather, it would discourage private insurance companies from participating as required, thus insuring the early termination of the program rather than transforming it into an effective private enterprise. I believe the distinguished Senator from New York has presented persuasive arguments on this point; namely, that if we pass the bill as it is before us, we will not be bringing into the program more of the private insurance companies, but, rather, fewer.

If the bill passes without the amendment being offered by the distinguished Senator from New York, it will, for all practical purposes, in the near future kill the OPIC program. It will not assist OPIC in its efforts to develop more private participation.

I want to emphasize again that as the trend develops on the part of the Government to get out of the foreign aid program, it is very important that our private sector be encouraged and strengthened to move into the investment field in other parts of the world, especially in the developing countries.

Second. I challenge the basic assumption propounded by Senator Church's subcommittee that investment by multinational corporations in developing countries is not in those nations' interest and that, therefore, the U.S. Government should not encourage such investment through an insurance system such as OPIC. I admit that some multinational corporations may have been guilty of abusing their economic power. In fact, that has happened. However, most economists would agree that foreign private investment does contribute significantly to economic development. I have never believed that because abuses have occurred in any system, the organization or system should be totally abolished. We should seek to remedy the defects which have permitted the abuse. I saw the administration attack the poverty program and cripple it in the name of correcting abuse. It is not necessary to eliminate a program in order to rid it of its problems.

I know that Senator Church would claim that his approach will not abolish OPIC. But it is clear from extensive testimony that if the Senate adopts the committee bill, OPIC cannot survive.

Third. What does foreign private investment contribute to the development process?

I have talked about this repeatedly. I thought that it was a matter that was pretty well settled. However, apparently it is not. What are just a few of the things we receive?

It provides training in industrial skills for the host company. That is very vital.

It provides badly needed managerial expertise. One cannot run any of these industries that are assisted either by multinational assistance or bilateral aid unless he has management people who know how to operate the business.

It provides technical know-how in private investment.

It provides the scarce capital needed to develop natural resources.

It provides the most up-to-date technology.

It provides access to world markets.

What else does foreign private investment contribute to the development process?

It allows the development of foreign exchange reserves.

It allows national governments to earn revenues for their development programs through taxation of the industrial enterprise.

There are specific benefits that are ascertainable or measurable from private investment in a developing company.

Fourth. It is indeed ironic that as dissatisfaction with our bilateral foreign economic assistance program grows, the Multinational Corporation Subcommittee is trying to weaken or destroy this significant private effort to develop the resources of the world's poorest countries.

I know that the committee majority will dispute this. However, the fact is that without the insurance program there will be a weakening of the investment effort at the very time, may I say, that we need continued investment.

Fifth. It is clear that there are great risks for private investment in developing countries. Political and economic instability, threat of nationalization, civil war, and so forth. Corporations definitely need insurance against these risks if they are to invest. After all, these corporations are the product of investment for the benefit of American citizens. And the American investors in a public corporation would like to know that their investments have a reasonable protection. At the same time, it is the policy of our Government and it has been a policy for a long time to encourage overseas private investment, and particularly in developing countries. So, corporations definitely need insurance against these risks if they are to invest.

I believe that the approach contained in the legislation before us would mean that multinational corporations would be deprived of the necessary risk insurance—from the Government or private insurers—to enable them to invest in many of the developing countries.

I suppose it is possible that they would invest on their own. However, we ought to be looking to an expanded investment opportunity.

In fact, those corporations which would invest without the necessary insurance protection against drastic changes would be more likely to interfere in the political and economic affairs of a host nation than an insured corporation.

That is because that is the only protection this company would have. Otherwise they would become involved in politics to protect themselves by moving within the political sphere within the host country. Our corporations ought not to do that. However, that is one of the abuses that we see.

The OPIC system should encourage good corporate citizenship—that is, corporations which make their contributions to the development process, pay their taxes and do not interfere in a nation's internal affairs. They can do this, because they are insured against losses that might result from radical political and economic change.

Sixth. If the subcommittee's position prevails and the entire OPIC program is handled by the private sector—and it is, of course, highly unlikely that the private sector could handle this load—but if this happens—there is a good possibility that private insurance companies will write policies only in cases where the risk is minimal.

That is understandable. The private insurance company is going to be very, very careful what kind of insurance it writes. Therefore, where the investment is needed the most, the insurance will be available the least.

This would mean that multinational corporations would end up investing only in the more prosperous and stable developing countries. This would deprive investment benefits to the countries most in need of them.

Those are the reasons that I have noted for my support of the amendments being offered today by the distinguished Senator from New York (Mr. Javits). He has made his own argument and has made it more convincingly and brilliantly than I could ever do.

I do not think that the Senator from New York or I or any of the others who support these amendments would deny that the committee, particularly the subcommittee, has done some extraordinarily good work in reviewing this program and in pointing out some of its excesses and abuses.

My argument is that we ought to try to remedy those excesses and abuses and not design any kind of program that would ultimately challenge the believability and the survival of the Overseas Private Investment Corporation Act.

I think that is exactly what the committee bill would do. I have heard no evidence that indicates, for example, that the private investment corporation could or would take this over. We hear assertions that they would. However, we do not have the evidence. Yet there is a considerable amount of evidence that the program, as presently constituted, even with its weaknesses and the limitations has served the national interest and has served it well.

I think that the Senator from New York has pointed out that even with the losses contemplated, those losses as they relate to the amount of investment, particularly when that investment goes to countries where there would have been no investment or no appreciable amount without OPIC, are minimal.

So I join the Senator from New York in his amendment and urge the Senate to act upon it favorably.

I thank the Senator from New York for the time he has yielded to me.

Mr. JAVITS. Mr. President, I yield myself 1 minute, just to say that I appreciate very much the views of the Senator from Minnesota. Senator HUMPHREY has had vast experience in Government, and indeed in the Presidency as an office, and his opinion, in my judgment, is a very, very important one. Therefore, I am deeply pleased that he has joined in the position which a group of us, including myself, have taken in the Committee on Foreign Relations.

Mr. President, I am prepared to yield back my time, as I understand Senators would like to vote now.

Mr. CHURCH. Mr. President, I shall be prepared to yield back the remainder of my time shortly. However, I would like to make a concluding argument against the pending amendment.

Mr. President, there should be no illusion that the investment guarantee program is self-sustaining, or as presently administered, that it can be financed out of current premium income. Rather, it is a program heavily subsidized by direct appropriations of tax money. The fundamental issue is whether we wish to continue public subsidy to private investment abroad, particularly that investment which has been made by the largest American corporations, that are quite capable of insuring themselves or paying adequate premiums for policies that are based upon sound commercial principles.

That is the issue, and that is the only issue, insofar as this committee bill is concerned.

It is relevant, then, to consider who are the primary beneficiaries of this subsidized program. When OPIC was first proposed in 1969, it was alleged that more flexible administration of the program would lead to its being more widely used by medium-sized U.S. businesses rather than the largest ones. But this has not been the case. As with the AID-administered program before it, the major beneficiaries of the investment guarantee program, whether administered by AID or OPIC, have been companies on the "Fortune Five Hundred" list of the largest U.S. corporations.

I can feature some kind of argument being made in favor of a publicly subsidized program for small companies that cannot afford to pay commercial rates for insurance offered by the private sector of our economy. I do not think I would be persuaded by such an argument, but at least I can understand how such an argument might be made. The fact is that it has nothing to do with the facts. This program has not stimulated small business to invest abroad. It continues to be a program that is primarily directed toward the biggest American corporations, and I cannot possibly justify subsidizing the biggest corporations with public tax money.

The distinction of users under the OPIC administration varies hardly at all from that of AID: Under OPIC administration, 79 percent of all insurance issued went to corporations on the Fortune 500 list, while under AID administration the percentage was 78 percent.

Thus, there should be no doubt that this program is administered for the benefit of America's largest multinational corporations—companies which can certainly afford to self-insure or pay premiums based upon sound commercial insurance principles.

Similarly, we found in the course of our hearings that OPIC-insured investment, like that of AID before it, tended to be concentrated in a relatively few countries. In terms of geographic coverage, under AID management 57 percent of the coverages issued by AID were concentrated in eight countries; under OPIC management the degree of concentration has been even greater, since 83.3 percent of its issued coverage has been concentrated in eight countries. Nor is this surprising. The tendency of investment to come from a limited number of companies and to flow to a limited number of countries seems to have a momentum of its own which is not changed by the availability of political risk insurance.

As I listen to the arguments made here by such distinguished Members of this body as the Senator from Minnesota (Mr. HUMPHREY) and the Senator from New York (Mr. JAVITS), I am transported back to the 1950's, when these propositions were put forward as articles of faith that no one must question, because they were the pillars of a bipartisan foreign policy.

But, Mr. President, it is no longer the decade of the 1950's. We have had 20 years of experience, and more. We have had an opportunity to test these postures. We no longer have to respect them as articles of faith. And when you put these postulates to the test, they are not borne out by the facts.

Are we just going to stand here on this floor and repeat old axioms because they fit like old shoes because there is a certain comfort and reassurance in repeating them or are we going to look carefully at the facts as we have found them, and test the axioms against the experience of more than a generation?

If we are going to do the reasonable thing, and look to the facts, the principal justification for the OPIC program is not borne out by the facts, that is to say, the foreign policy justification for this program, which was that it would spread American private investment throughout the Third World, and thus assist in the development of the free enterprise system in South America, Asia, and Africa. The truth is that that has not happened. The concentration of this insurance is even greater under OPIC than it was under AID. There has been no spreading of American private investment, and there will not be, no matter how many times we stand here and invoke pious axiom. It has not happened.

Thus, the committee could find no basis in fact for the principal foreign policy justification for OPIC; namely, that it stimulates the spread of American private investment throughout the underdeveloped world. The proof rebuts the contention.

So we were left, Mr. President, to ask whether the program, as it sometimes alleged, helps to assure the U.S. economy of secure, American-owned sources of raw materials abroad. Here again, the evidence seems to suggest just the opposite effect. Indeed, Mr. President, the concentration of this insurance risk in places like Jamaica, Guyana, and Chile has exposed the program to such undue risks that today OPIC has abandoned the policy of insuring American companies that want to invest in minerals or in petroleum or other natural resources.

So once again, instead of standing here repeating this kind of postulate as if it had some kind of catechismal effect upon our mental processes to produce a knee-jerk reaction, something we are familiar with which gets us back in the old familiar rut of voting for certain old and familiar propositions, let us look at the facts.

It simply cannot be argued, on the basis of the facts, that this program helps the United States to obtain a secure source of raw materials from abroad. Therefore, Mr. President, I feel strongly that this amendment offered by the Senator from New York should be rejected. I think that its adoption would mean that the requirements that give us some assurance that this Government program will be transferred to the private insurance community over a reasonable period of time would be thrown to the winds, in which Congress would express the hope that within the next 6 years, OPIC will find it possible to work out arrangements with the private insurance community that will permit it to confine its future role to reinsurance while the private companies accupy the frontline.

If we take the pieces that remain in this bill and fold them, we will be gumming that proposition for the next 5 or 6 years and we should not be surprised when OPIC turns up at the end of the 6-year period that it has been unsuccessful in negotiating its own liquidation. Common experience, I think, will bear that out. So we presented a bill that can accomplish its purpose. But if we remove the minimal requirement for performance of this transition problem from the bill, I am afraid that it will become a mockery, an empty shell, and we will be left with no reasonable assurance that this transition will, in fact, be effectual.

So I hope that the amendment offered by the Senator from New York will be rejected.

Mr. JAVITS. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

OPIC AS A SIGNIFICANT INVESTMENT INCENTIVE

Mr. McGEE. Mr. President, the allegation has been made that OPIC does not provide a significant incentive for investment in the politically risky developing nations, and that these investments would go ahead even without OPIC. There is ample evidence to the contrary.

OPIC is a significant factor in whether or not U.S. investors actually do go forward with investment plans in the developing nations. This is particularly true of investments by smaller U.S. companies, by large companies going into more politically sensitive fields such as mining, by both large and small banks and other financial institutions whose tendency otherwise would be to lend to projects in Europe.

Obviously, each investment must be commercially feasible but this commercial attractiveness can be easily overcome by the political risks inherent in doing business in the poor countries. The result often is that the investment does not go forward. In these cases, OPIC's insurance is a sine qua non for many investors.

This significant role for OPIC insurance in many investments is clearly indicated by a 1971 Business International survey of U.S. companies with investments abroad. Ninety-three percent of the companies responding said political risk insurance was either a necessity or desirable for its foreign investment operations.

In addition, there are many specific examples where investors have stated that without insurance they would not have been able to make their investments. There are also numerous examples of planned projects which were not made due to the unavailability of OPIC insurance. I have several illustrative examples of the importance of the insurance program to small and large U.S. companies and request that they be made part of the record at this time.

There being no objection, the survey was ordered to be printed in the Record, as follows:

SURVEY

Evidence that significant investments would not have occurred if OPIC (AID) insurance or financing had not been assured.

Kaiser Engineers, Venezuela: "The Political Risk Insurance Program is highly valued by the affiliated Kaiser companies, and in many cases has facilitated investments in less-developed countries which would not have otherwise been made."—Carl R. Pagter, Associate Counsel (Washington Office)

Kennecott Copper, Chile: "The overall agreement is contingent upon enabling legislation by the Chilean Congress, investment guarantees by the U.S. Agency for International Development, certain tax rulings, and favorable action by international lending agencies."—Frank R. Milliken, President. (Letter to shareholders)

Seaboard Allied Milling, Africa, Latin America: "Were it not for the availability of OPIC programs, we would not be involved in five developing nations (Nigeria, Liberia, Sierra Leone, Guyana, and Ecuador). As a medium-sized company . . . incentive programs such as those offered by OPIC make it possible for us to invest in countries where political risks must be considered along with the economic factors which enter into business decisions."—Richard Myers, Executive Vice President

Greyhound, Korea: "Our first step in evaluating this investment opportunity was to determine if we could obtain reasonable security guarantees from governmental sources. Without some protection against risks of war, foreign government expropriation and foreign currency inconvertibility, we would not have proceeded further."—Carl J. Fleps, Vice President—Government Relations

Alcoa, Costa Rica: Alcoa did not sign grant of performance until assured of OPIC contract.

Brown Bros. Harriman (Copper Mining), Philippines: Insurance contract required prior to closing.

TAW, Africa (Regional): Investor unable to proceed without financing and insurance included in total finance package.

Gulf Oil, Korea: Insurance was a precondition for making the investment.

Pfizer, Korea: Pfizer's Board of Directors made the obtaining of an OPIC contract a precondition to their investment.

Englehard Minerals, Bolivia: Commitment to the Government of Bolivia withheld until OPIC contracts were executed.

Commercial Credit, Israel: Availability of specific risk insurance was a major consideration in persuading Commercial Credit's Board of Directors to make company's first investment in LDC.

Falconbridge, Dominican Republic: Falconbridge lawyer represented that they would not be able to go forward if insurance was not available. In connection with the very large debt for the project, the lending institution wanted guaranties.

Alpart, Alcoa, Revere, Jamaica: During the second round expansion AID attempted to reduce insurance below requested amounts and/or refuse insurance altogether. The companies were already substantially committed but vigorously resisted efforts to reduce insurance by threatening to refuse signing loan commitments if insurance was withheld.

Philadelphia National Bank, Thailand: Loan for purchase of Thai tankers would have fallen through if insurance was refused.

Coilcraft, China: Controller stated that their president would not invest overseas without OPIC insurance.

Abbey Etna Machine Company, India: "Abbey Etna consists of a consortium of some 20 American investors. . . . We are positive that the majority of these investors would not have made an equity investment without the insurance coverages inherent in your Contracts of Guarantee. We believe that the Contracts of Guarantee sponsored by the A.I.D. is a necessary requirement for any prudent American investor planning to make a dollar investment in developing countries."—John J. Mullen, President

Intercontinental Hotels, Worldwide: "With overseas commitments so widely scattered and hotels operating under such varying conditions, we feel very strongly that we need the protection which OPIC programs provide, and it is an important factor in our decision to establish projects in the developing nations."—Reynolds Burgund, Staff Vice President—Development

International Nickel, Indonesia: Insurance is a very important consideration in the company's investment decision, and the project has been postponed indefinitely due to the lack of availability of insurance. The company is continuing to try to obtain such insurance through either OPIC or its Canadian counterpart, or both.

Union Oil, Korea: Location of project site within 35 miles of North Korea rendered insurance critical.

Listed below are a few additional planned investments representative of those which were cancelled and not made as a result of OPIC refusal to grant insurance for the projects:

Loans to credit institutions (Venezuela)	$17,000,000
Grain warehousing (Thailand)	5,500,000
Diamond mining (Lesotho)	3,000,000
Construction of port facilities (Malaysia)	$3,000,000
Meat packing (Malagasy Republic)	600,000
Cattle ranch (Brazil)	250,000

A recent survey by OPIC of a sampling of companies which have been rejected for insurance on proposed investments indicates that a very substantial proportion of such projects refused insurance are cancelled and the investments not made. This is true judging both by the number of contracts and the proposed dollar investment.

Mr. McGEE. Mr. President, also too frequently overlooked is the important ground-breaking role of OPIC insurance. In the early 1960's, U.S. private investment was a venture into the unknown in such countries as Korea and India. The first American companies to become interested in investments in these countries have stated that they would not have invested there without OPIC insurance. These insured investments both expand local markets and call attention to the host country among other investors, as well as expand markets for U.S. exports.

Now, OPIC is beginning to play a ground-breaking role in other countries in which investment is becoming economically feasible. As local markets develop, OPIC is attempting to foster more investment in countries relatively neglected by investment patterns of the past.

Thus, OPIC is a significant and important incentive for U.S. investments in the developing nations, investments which are in turn significant and important for America's domestic economy—her jobs and her balance of payments.

Mr. BROOKE. Mr. President, I call the attention of my colleagues to a letter I recently received from Mr. Paul C. Baldwin, vice chairman of Scott Paper Co. In his letter he seriously challenges the argument that OPIC insurance is not an important consideration for private companies contemplating investments in foreign countries. I think this letter should be of interest to this body as it passes judgment on the legislation pending before it.

I ask unanimous consent that the entire text of Mr. Baldwin's letter be printed in the Record at this point.

There being no objection, the letter was ordered to be printed in the Record, as follows:

January 16, 1974.

Hon. Edward W. Brooke,
U.S. Senate,
Washington, D.C.

Dear Senator Brooke: The Senate Foreign Relations Committee is presently reevaluating the status and merits of the Overseas Private Investment Corporation (OPIC), a U.S. Government corporation active in the insurance of private investments abroad, primarily against the risk of expropriation. OPIC also conducts lending activities, generally in support of new ventures in less developed countries. These ventures often represent partnerships between American and local capital, as in our case.

Criticism has been leveled at OPIC, alleging in substance that OPIC is largely unnecessary and ineffective, that its purposes would be better fulfilled by private institutions, and that it abets the export of American jobs by large multinational corporations.

Based on the experience of Scott Paper Company with OPIC, we strongly disagree with this critique. We carry OPIC insurance for our investments in several so-called third world nations. The availability of such protection is a major factor in the decision to operate in these countries, which in many instances present potential risks which private investors alone cannot reasonably assume wholly. We are unaware of any private insurance carriers who could provide similar surety, which is understandable because the nature of these risks does not lend itself to actuarial evaluation.

For similar reasons, adequate capital on reasonable terms is frequently unavailable for investment in these countries. Here, too, we have benefited significantly from OPIC activities, specifically their project loan program. Our investment by its nature is long term, yet the international capital markets are primarily short and medium term. OPIC's approach enabled us to finance a major project in Brazil on terms suited to the venture's ability to repay. No other lender offered what we required in this particular case. At the same time, we found OPIC to be professional and business-like. We were required to agree to a number of covenants providing for appropriate equity capital, working funds, limitations on indebtedness, management assistance to the venture, and other provisions lenders normally seek. In short, the OPIC programs seem to us to be either unnecessary nor ineffective, nor a well-dressed grant-in-aid. Instead, they are an important support service for private ventures in the less developed world.

Another important misconception is the argument that OPIC abets the export of American jobs by encouraging investment abroad. If we, and many companies like us, did not invest abroad, the foreign markets would not be served from the United States. They would simply be lost to us, and so would the attendant benefits to our balance of payments from interest and dividend income, to our American shareholders from increased earnings per share, to many of our employees who work in our international operations, to American capital goods producers who supply a share of the equipment installed abroad, and to many other similar factors in the American economy who directly or indirectly are involved in the international investment process. The reasons for the widespread lack of the alternative to foreign investment—supplying the foreign market from here—are generally severe import restrictions by many developing countries because of chronic payments deficits; or, as in our case, adverse economics. Low unit value, high bulk items, like Scott's well known products, cannot be shipped any great distance and still be price competitively.

For all the reasons we have discussed, the programs of OPIC are necessary and desirable if we and many other American companies wish to participate in a considerable portion of world markets, and hope to see these markets develop at least in part on a private enterprise basis. We therefore urge you to support a continuation of the insurance and financing activities of the Overseas Private Investment Corporation.

Sincerely,

Paul C. Baldwin.

Mr. JAVITS. Mr President, I yield back the remainder of my time.

Mr. CHURCH. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER (Mr. Bartlett). All time on this amendment has now expired.

The question is on agreeing to amendment No. 970 of the Senator from New York (Mr. Javits).

On this question the yeas and nays have been ordered and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Indiana (Mr. Bayh), the Senator from Mississippi (Mr. Eastland), and the Senator from Arkansas (Mr. Fulbright) are necessarily absent.

I further announce that the Senator from Hawaii (Mr. Inouye) is absent because of death in the family.

Mr. GRIFFIN. I announce that the Senator from Kansas (Mr. Pearson) is absent on official business.

I further announce that the Senator from New York (Mr. Buckley) is necessarily absent.

The result was announced—yeas 48, nays 46, as follows:

[No. 41 Leg.]

YEAS—48

Aiken
Allen
Baker
Bartlett
Beall
Bellmon
Bennett
Bentsen
Brock
Brooke
Chiles
Cotton
Curtis
Dole
Domenici
Dominick
Fannin
Fong
Goldwater
Gravel
Griffin
Gurney
Hansen
Hathaway
Hruska
Humphrey
Jackson
Javits
Long
Mathias
McClure
McGee
Moss
Packwood
Pastore
Roth
Scott, Hugh
Sparkman
Stafford
Stennis
Stevens
Taft
Talmadge
Thurmond
Tower
Tunney
Weicker
Young

NAYS—46

Abourezk
Bible
Biden
Burdick
Byrd,
  Harry F., Jr.
Byrd, Robert C.
Cannon
Case
Church
Clark
Cook
Cranston
Eagleton
Ervin
Hart
Hartke
Haskell
Hatfield
Helms
Hollings
Huddleston
Hughes
Johnston
Kennedy
Magnuson
Mansfield
McClellan
McGovern
McIntyre
Metcalf
Metzenbaum
Mondale
Montoya
Muskie
Nelson
Nunn
Pell
Percy
Proxmire
Randolph
Ribicoff
Schweiker
Scott,
  William L.
Stevenson
Symington
Williams

NOT VOTING—6

Bayh
Buckley
Eastland
Fulbright
Inouye
Pearson

So Mr. Javits' amendment (No. 970) was agreed to.

Mr. JAVITS. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. HUMPHREY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 971

Mr. JAVITS. Mr. President, I call up my amendment No. 971.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

Mr. JAVITS. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered; and, without objection, the amendment will be printed in the Record.

The amendment is as follows:

On page 7, beginning with line 3, strike out everything through the period on line 14, and insert in lieu thereof the following: "The amount of reinsurance liabilities which the Corporation may incur under this paragraph shall not exceed $600,000,000 in any one year and shall not exceed at any one time an amount equivalent to the amount of insurance the Corporation is authorized to issue pursuant to section 235 (a)(1). All such reinsurance shall require that the reinsured party retain for his own account specified portions of liability, whether first loss or otherwise, and the Corporation shall endeavor to increase such unreinsured exposures to the maximum extent and as rapidly as possible.".

Mr. JAVITS. Mr. President, I yield to the Senator from West Virginia.

Mr. ROBERT C. BYRD. Mr. President, I have discussed this request with the distinguished mover of the amendment, Mr. Javits, and with the distinguished manager of the bill, Mr. Church.

I ask unanimous consent that time on this amendment be limited to 40 minutes, the division and control of the time to be in accordance with the usual form.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. ROBERT C. BYRD. I thank the Senator.

Mr. JAVITS. I yield myself 5 minutes.

Mr. President, I understand the desire of the Senate to get on with this business. I will do my best to cooperate. This is the final amendment I have.

This amendment deals with the issue of reinsurance. The whole question boils down to whether or not a particular condition written into the committee bill by the majority of the committee, on the matter of reinsurance, shall stay in the bill or whether it shall not.

If Members will follow me, the matter can be understood quickly. The provision is contained at page 7, lines 10 through 14 of the bill. The provision reads as follows:

> The reinsured party will absorb in any one year a loss equal to at least 50 per centum of the face value of all the insurance it has outstanding in the country in which it has issued the most insurance subject to reinsurance by the Corporation.

In addition, the committee bill would provide for reinsurance liabilities of $600 million which the Corporation can assume in any one year, but that the aggregate roof of all reinsurance shall not exceed $12 billion. The basic OPIC measures gives a roof on reinsurance of $7.5 billion.

The PRESIDING OFFICER. The Senator will suspend. The Senator is entitled to be heard. The Senators who wish to hold conversations will please go to the cloakroom. The Senate will be in order.

The Senator may proceed.

Mr. JAVITS. Mr. President, the basic OPIC legislation has a ceiling on reinsurance of $7.5 billion. That ceiling is upped by the committee bill to $12 billion with the condition I just expressed.

The amendment cuts back the $12 billion to $7.5 billion, as I believe and those who join with me believe that the $7.5 billion is adequate for the purpose of reinsurance.

But the amendment does eliminate one provision which I have just read, and that is that the insurance company which has reinsurance has a deductible in respect of that reinsurance; that is, it cannot collect from OPIC on that reinsurance, more than 50 percent of the value of all insurance it has outstanding in the country in which it has issued the most insurance, subject to reinsurance by the corporation.

What we contend, all other arguments in respect of OPIC having been made, is that, first, the purpose of the whole bill to introduce insurance coverage into this section will be nullified by this particular condition on OPIC reinsurance because insurance companies simply will not accept this condition, again for the same reason the previous amendment was carried, that it just represents an impossibility and, therefore, that OPIC will be unable to get the a basic insurance we want it to get through division with private insurance companies because it is unable to meet the condition the legislation would call for in respect of reinsurance. That is the essential point respecting the matter.

I wish to refer specifically to the position taken by OPIC in this particular matter. They feel that private insurance companies that have studied the committee bill simply find the reinsurance section unacceptable to them. Unless it is changed they will not write any political risk insurance.

The company most prominently mentioned, the Firemen's Insurance Co., has said:

> The proposed legislation stipulates the amount of reinsurance coverage which in our opinion are inadequate and stipulations that are unrealistic.

I call the continuing liability of insurance companies "deductibles" but they call them "retentions," but it comes to the same thing. If the desire is to bring about a system by which private insurance companies insure these investors, subject to reinsurance by OPIC, we must have a realistic OPIC plan and this plan, according to the very insurance company that is being constantly cited by the proponents of the bill, is unsatisfactory in regard to reinsurance.

The PRESIDING OFFICER (Mr. GOLDWATER). The time of the Senator has expired.

Mr. JAVITS. Mr. President, I yield myself 2 additional minutes.

Therefore, Mr. President, I do not believe, and those with me do not believe, that in this matter we should tie one hand behind our backs immediately as we go back to seek private insurance coverage by being unable at least to give adequate and satisfactory reinsurance which will attract new insurance companies to the deal.

In addition, we point out that the $7.5 billion is a more realistic figure, and there is no need for putting the figure at the $12 billion level, which the committee bill would do.

Finally, we point to the example of the only insurance company which they have been able to get to share these risks, to wit, Lloyds, and the experience from Lloyds indicates in the reinsurance arrangements with them that this part of the committee bill will immediately invalidate any expectation of doing business with Lloyds and cause them to cancel.

For all those reasons, and again following the concept of this bill that we are going to phase OPIC out of direct guarantees and into a reinsurance role, if it is going to do that at least the reinsurance role should be noted in the committee bill.

For these reasons we say the Senate should approve the amendment which strikes those provisions.

Mr. President, I ask for the yeas and nays on the amendment.

The yeas and nays were ordered.

Mr. CHURCH. Mr. President, I yield myself such time as I may require.

The PRESIDING OFFICER. The Senator from Idaho is recognized.

Mr. CHURCH. Mr. President, the amendment proposed by the Senator from New York would remove the deductible provision from the reinsurance section. It would allow OPIC, if negotiations with private insurance companies were to so proceed, to repay private insurance companies almost 100 percent of any loss they sustained in insuring political risks abroad. This proposed amendment would result in OPIC sharing its premiums with the private insurance companies and at the same time would leave OPIC continuing to bear nearly all of the risk of loss.

The one concern of the committee was that the bill should be written in such a way as to make any participation by the private insurance companies bona fide. The last thing we want is window dressing for the OPIC problem creating an illusion that private insurance companies are engaged while the fact is that the risk continues to be borne by the Government in its reinsurance role. With that in mind, I suggest, Mr. President, that the formula in the bill is very sound. It should not be deleted. It requires that any insurance company which is reinsured by OPIC, must bear a loss equal to at least 50 percent of the total face value of the insurance it has outstanding in that country in which it has the largest amount of insurance.

For example, if a private insurance company has purchased from OPIC reinsurance with a face value of $50 million in countries A, B, and C, and for $100 million in country D, the deductible would equal $50 million per year. Under the bill the private insurance company in this example must pay—in any 1 year—the first $50 million of loss it sustains.

This deductible does not, as claimed by Senator JAVITS, demand too much of private insurance companies. It reinsures private insurance companies against global catastrophy such as a continental war or a wave of expropriations in several countries in 1 year. But it means that private insurance companies will bear a significant share of losses before OPIC's reinsurance becomes operative, thus insuring careful evaluation by the private companies of the riskiness of their insurance.

But the reinsurance formula does more than simply keep the Government from paying every time there is a small claim.

The deductible formula contained in our bill encourages the private insurance companies to spread their insurance over projects in as many different countries as possible. It encourages them not to concentrate their projects in one country or in only a few countries, as OPIC has done. Thus, the private insurance companies will wish to spread their insurance fairly evenly over as many countries as possible if this amendment is defeated. They will not get into a situation like OPIC's. OPIC has issued 85 percent of its insurance for projects in eight countries and over one-seventh of all of OPIC's outstanding insurance is for one country—Jamaica.

If the bauxite investment in Jamaica were to be expropriated, all of OPIC's insurance reserves would be used up and about $350 million of U.S. Treasury funds would have to be used because of the full faith and credit clause in the insurance contracts.

So the committee sought to avoid this kind of undue concentration of the insurance risk and at the same time to make certain that the assumption of the frontline risk by private insurance companies was bona fide.

If we eliminate this protection in the bill, as the Senator from New York (Mr. JAVITS) seeks to do, I am afraid that we will have opened the door to an arrangement between OPIC and the private insurance companies where the real risk will continue to be borne by the Government, with a very heavy slice of the premiums given to the private insurance companies involved.

I do not think that is what the Senate wants to do. I think we take a very serious risk that that will happen if we strike this protective language from the bill.

On the other hand, if we retain the language, we can be certain not only that the participation by the private companies will be bona fide, but we will also tend to spread the program over a larger number of countries, which was the foreign policy objective that we had in mind when we adopted OPIC in the first place.

For those two reasons, then, Mr. President, it would seem to me to be inadvisable for the Senate to adopt the amendment offered by the Senator from New York, and I hope the Senate will vote to reject it.

The PRESIDING OFFICER. Who yields time?

Mr. JAVITS. Mr. President, I yield myself 2 minutes.

The argument just made by the manager of the bill is exactly what has been happening all afternoon—the theory is that we can lay down a mandate and that that is what is going to happen. We are trying to get insurance companies to get into this deal—the Senate has pretty well made that clear in its voting—and in order to get them in, we cannot tie the hands of the agency in working out a deal.

Those of us on my side of the case feel that Marshall Mays is an able man and that he can work it out if we give him a mandate which he has any chance of carrying through; and he—not I but he—says that this is absolutely impossible. He cannot see an insurance company that is going to do it. Perhaps he will be able to work out something with insurance company A or B, and not with insurance company C, D, E, and F; but if we write this restriction into the legislation, we are telling him in advance he cannot do it.

So, again, just as in the case of the previous amendment—and even more so, because reinsurance is the key to getting the private insurance companies in—it is a sentence of death, because we are giving him a condition he cannot meet.

Therefore, it seems to me, if we do have a desire to carry on this enterprise—and that is ultimately what it comes down to—we have to give it a chance. He calls the mandatory reinsurance deductible absolutely impossible in terms of negotiation; and giving him that handicap in advance puts him out of business as effectively as if we do not renew it.

For that reason, it is an important amendment. It goes to the heart of what they are able to do, if anything. It gives them a chance. If he is going to negotiate any kinds of deals to bring in the private insurance companies, we should not tie his hands behind his back, which is exactly what the committee has done. There is not a shred of evidence that the private insurance companies are going to go into this deal on the basis on which the committee says they are going to do it. He may be able to make deals as good as or better than these, but if we write this provision into the legislation, he is finished.

Mr. President, I am prepared to yield back my time and vote on the amendment, if that is agreeable.

The PRESIDING OFFICER. Does the Senator from Idaho yield back his time?

Mr. CHURCH. Yes.

Mr. JAVITS. Mr. President, I yield back my time.

The PRESIDING OFFICER. All time on the amendment has been yielded back.

The question is on agreeing to the amendment of the Senator from New York (No. 971). The yeas and nays have been ordered, and the clerk will call the roll.

The second assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Indiana (Mr. BAYH), the Senator from Mississippi (Mr. EASTLAND), the Senator from Arkansas (Mr. FULBRIGHT), and the Senator from West Virginia (Mr. RANDOLPH) are necessarily absent.

I also announce that the Senator from Hawaii (Mr. INOUYE) is absent because of a death in the family.

I further announce that, if present and voting, the Senator from West Virginia (Mr. RANDOLPH) would vote "nay."

Mr. GRIFFIN. I announce that the Senator from Kansas (Mr. PEARSON) is absent on official business.

I further announce that the Senator from New York (Mr. BUCKLEY) and the Senator from Wyoming (Mr. HANSEN) are necessarily absent.

The result was announced—yeas 45, nays 47, as follows:

[No. 42 Leg.]

YEAS—45

Aiken
Allen
Baker
Bartlett
Beall
Bellmon
Bennett
Bentsen
Brock
Brooke
Cotton
Curtis
Dole
Domenici
Dominick
Fannin
Fong
Gravel
Griffin
Gurney
Hathaway
Hruska
Humphrey
Jackson
Javits
Long
Mathias
McClure
McGee
Moss
Nunn
Pastore
Roth
Scott, Hugh
Sparkman
Stafford
Stennis
Stevens
Taft
Talmadge
Thurmond
Tower
Tunney
Weicker
Young

NAYS—47

Abourezk
Bible
Biden
Burdick
Byrd, Harry F., Jr.
Byrd, Robert C.
Cannon
Case
Chiles
Church
Clark
Cook
Cranston
Eagleton
Ervin
Goldwater
Hart
Hartke
Haskell
Hatfield
Helms
Hollings
Huddleston
Hughes
Johnston
Kennedy
Magnuson
Mansfield
McClellan
McGovern
McIntyre
Metcalf
Metzenbaum
Mondale
Montoya
Muskie
Nelson
Packwood
Pell
Percy
Proxmire
Ribicoff
Schweiker
Scott, William L.
Stevenson
Symington
Williams

NOT VOTING—8

Bayh
Buckley
Eastland
Fulbright
Hansen
Inouye
Pearson
Randolph

So Mr. JAVITS' amendment was not agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. CHURCH. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. CASE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. JAVITS. Mr. President, on behalf of the Senator from Tennessee (Mr. BAKER), I submit an amendment which I understand is acceptable to the manager. It is acceptable to me. I ask that it be reported.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

On page 13, line 23, strike "and".

On page 13, line 24, strike out the period and insert in lieu thereof a semicolon and the word "and."

On page 13, between lines 24 and 25, insert the following:

(C) Add at the end thereof the following:

"(h) Within six months of the date of enactment of this subsection, the Corporation shall develop and implement a specific criteria intended to minimize the potential environmental implications of projects undertaken by investors abroad in accordance with any of the programs authorized by this title."

The PRESIDING OFFICER. Who yields time?

Mr. CASE. Mr. President, will the clerk read again the substantive part of the amendment?

Mr. JAVITS. Mr. President, may we have order, so that Senators may hear?

The PRESIDING OFFICER. The Senate will be in order. Senators engaging in conversations will please retire to the cloakrooms.

The clerk will reread the substantive part of the amendment.

The assistant legislative clerk read as follows:

(h) Within six months of the date of enactment of this subsection, the Corporation shall develop and implement a specific criteria—

Mr. CASE. Is that word "criteria"?

The assistant legislative clerk read: "Criteria."

Mr. CASE. Mr. President, I suggest we strike the word "a," then; "criteria" is a plural word.

Mr. CHURCH. The Senator is technically correct.

Mr. JAVITS. Mr. President, will the clerk finish his reading?

Mr. CASE. That was why I asked that it be read.

The PRESIDING OFFICER. The clerk will proceed.

The assistant legislative clerk read as follows:

(h) Within six months of the date of enactment of this subsection, the Corporation shall develop and implement specific criteria intended to minimize the potential environmental implications of projects undertaken by investors abroad in accordance with any of the programs authorized by this Title.

Mr. JAVITS. Mr. President, I so modify the amendment.

The PRESIDING OFFICER. The amendment is so modified.

Mr. CASE. The Senator would not have had to, had it been his bill.

The PRESIDING OFFICER. Who yields time?

Mr. JAVITS. Mr. President, I ask unanimous consent to have printed in the RECORD a statement by the author of the amendment, the Senator from Tennessee (Mr. BAKER).

The PRESIDING OFFICER. Without objection, it is so ordered.

STATEMENT BY SENATOR BAKER

Over two years ago, I served as chairman of the Secretary of State's Advisory Committee on the United Nations Conference on the Human Environment. That conference took place in June 1972, in Stockholm, Sweden. I was a delegate, as were many of our colleagues; and the Conference marked the beginning of a global effort to preserve, protect, and restore the common environment which we, as inhabitants of this planet, must share.

The Conference covered a multitude of environmental matters; but one of the primary issues, and by far the most controversial, was the question of development and the environment. Are those two terms compatible in the broadest sense; or is air, water, and noise pollution a luxury of industrialization, as some of the developing nations have asserted.

The summer before the meeting in Stockholm, I traveled to several developing nations in Africa and Asia to discuss this matter with the appropriate officials. With few exceptions, their response to my query was the same. We cannot, they would argue, bear the additional burden of incorporating environmental safeguards into our development processes. The reason, quite simply, is the expense involved and the fact that it would detract from their more fundamental efforts to feed the hungry and treat the sick. Moreover, in the 3 years which have elapsed since I spoke with those officials, the problem has been greatly exacerbated by a combination of problems, including, more recently, the sharp increase in the price of oil and the growing food shortage already affecting parts of Africa.

And so, Mr. President, it would seem fair to submit that for a majority of developing nations, environmental safeguards will have to take a semipermanent backseat. This is understandable, but must it be inevitable? One of the many conclusions reached at Stockholm was that pollution is not a national problem. It respects no boundaries nor political or cultural differences. It is, instead, a global phenomenon with the attendant mobility of our jet streams and ocean currents. Consequently, it must be dealt with at the international level and not solely by the action of individual states. That was the purpose of the Stockholm Conference, and great progress has been made in the wake of that historic gathering; but much more remains to be done. Moreover, it is clear that the wealthier nations of the world will have to play their characteristic leadership roles in dealing with this problem, as they have with others.

The United States has led the way in contributing to the institutional mechanism established within the United Nations to deal with international environmental problems. But, this should not be merely a government-to-government effort. American multi-national corporations and businesses have played, and will continue to play, a major role in providing a source of employment and income to many of the people in the developing countries. Although most of those countries do not have strict environmental regulations, nor even minimum standards in many instances, it is almost entirely because they are afraid that it will reduce the attraction of securing Western or Japanese investment in their countries.

American interests investing abroad are required to comply with the laws of the respective countries in which they invest. However, where those laws do not exist, as in the case of environmental guidelines, there is no obligation for the investors to minimize the environmental degradation which may result. In fact, at one point, the Japanese candidly stated that they were going to attempt to export polluting industries to the developing countries where the cost of complying with environmental standards was not so prohibitive. And I have little doubt that this issue plays a role in where American interests invest abroad.

It is perfectly understandable; and I have always opposed requiring American firms, whether they manufacture automobiles or heavy machinery, to comply with U.S. environmental standards abroad when those standards exceed the requirements of the respective countries. Moreover, my amendment is not an attempt to alter that view. It is, instead, an effort to encourage American investors to find a reasonable compromise between U.S. standards and no standards at all, and to do so by requiring the Overseas Private Investment Corporation to develop and implement a specific criteria for bringing this about. The objective is to minimize the environmental implications of projects undertaken by American investors, in lieu of domestic statutes requiring the same thing.

Presently, OPIC requires that applicants for political risk investment insurance answer the following questions:

"What adverse ecological effects, if any, will result from this project?" and

"Have you discussed these with the host government?"

This is as much as could be expected in view of our policy not to require U.S. multinational concerns to comply with domestic standards abroad. Moreover, OPIC does far more than is required by statute to make sure that the applicant is aware of the environmental damage which will result and that they have made the host government fully cognizant of the potential hazards involved. But, I would be willing to guess that nine times out of ten, the host government is more than willing to accept the damage so long as it means jobs and income for their people. It is for this reason that I offer this amendment. It is my hope that by requiring the Overseas Private Investment Corporation to develop and implement this environmental criteria, we might not only become better aware of the magnitude of the problem, but also encourage American investors to impose upon themselves some reasonable environmental standards, for the sake of international goodwill and in the interest of a healthy, clean, global environment.

The Overseas Private Investment Corporation is one of those rare ventures in which the United States has reaped impressive success. With my amendment, I am convinced that that success will continue and, indeed, be enhanced.

Mr. JAVITS. Mr. President, I am prepared to yield back the remainder of my time.

Mr. CHURCH. Mr. President, I have no objection to the adoption of the amendment. I yield back the remainder of my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment, as modified.

The amendment, as modified, was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. PERCY. Mr. President, I send an amendment to the desk, and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

On page 9, line 2, strike out "1980" and insert in lieu thereof, "1976".

The PRESIDING OFFICER. Who yields time?

Mr. PERCY. Mr. President, the purpose of the amendment can be stated very briefly. It is the original proposal of the administration to provide an authorization for 2 years for OPIC. Now that we no longer have a 6-year phaseout because of the acceptance of the Javits amendment, I feel it advisable to go back to a 2-year authorization, so that OPIC can come back after 2 years.

I understand that the amendment will be looked upon favorably by the floor manager, and if there is no objection, it can be voice-voted.

Mr. JAVITS. Mr. President, I claim the time in opposition.

The PRESIDING OFFICER. Does the Senator from Idaho yield the time in opposition?

Mr. CHURCH. Mr. President, it had been my intention to ask a couple of questions just for purposes of clarifying the objective of the amendment offered by the Senator from Illinois, in the anticipation that it would be possible then to accept it.

The PRESIDING OFFICER. I remind the Senator that he controls the time in opposition, unless he intends to accept the amendment.

Mr. CHURCH. I anticipate that I will be prepared to accept the amendment, so therefore I would suggest that the time in opposition be controlled by the Senator from New York.

Mr. JAVITS. Or the Senator from New Jersey.

Mr. CASE. Well, the Senator from New Jersey has made his contribution; therefore I yield the control of the time in opposition to the Senator from New York, since I also favor the amendment. Perhaps the Senator from New York favors the amendment also.

Mr. JAVITS. No, not yet. I thought I would talk about it.

Mr. CASE. I yield the time in opposition to the Senator from New York.

The PRESIDING OFFICER. How much time in opposition does the Senator from New York yield himself?

Mr. JAVITS. I yield myself 5 minutes.

Mr. President, the amendment which the Senator from Illinois presents relates to the language at the top of page 9, line 2, to strike December 31, 1980 and insert December 31, 1976.

This bill is a unitary effort by the Senate Foreign Relations Committee majority to strike out, on some kind of a different plan, the future of OPIC. The other body has not yet acted, except that a subcommittee of that body has recommended a straight 2-year extension.

The theory of the mover of the amendment, the Senator from Illinois (Mr. PERCY), is that the fact that I have prevailed in two amendments means that the bill now is a simple extension of OPIC for 6 years.

To that, I reply that there is no justification for destroying the whole scheme of the bill at this late moment in its consideration.

Any Member has the right to propose anything, and to propose it, as it were, based upon the ad hoc situation, which is what I think Senator PERCY has done. But we, on the other hand, have the right to consider categorically what it means, and whether we should go that route, which has not really been considered or passed upon by either the committee majority or the committee minority.

So I, in a sense, ask the Senate to pause while we take a look at it, instead of accepting it without knowing what it will do or what it will mean. The fact is that the bill is not quite a 2-year extension now. Indeed, a very important point has been registered with respect to the last amendment which failed, that deals with the whole reinsurance situation in which the corporations take OPIC's hands—as it has been with regard to the 2-year extension—to be completely free for negotiations; but now, the way in which we have written the reinsurance provision, their hands are tied and they say it is impossible to work out reinsurance.

I argued that in connection with the amendment, and I argued that on the terms stipulated here in the Senate bill. Therefore it seems to me that before we eliminate yet another opportunity for them, which is to eliminate it, if the time is completely shortened, we should be thoughtful; and that is the reason I am taking the position I do on this amendment, about leaving that to a conference between the two bodies. In other words, keep the pattern of the committee's bill insofar as the minority and majority both considered it in the Foreign Relations Committee, and leave to the conference the settlement of the differences because from present appearances, although we cannot tell, the other body will go a different route—to wit, on a planned 2-year extension, whereas we have written a good many conditions into the bill—one of the risks which resulted from the fact that my amendment failed. The other was, for example—which is a consequential one—I have to do this quickly and so I hope the Senate will forgive me for literally thinking out loud while I am on my feet, but that is the situation we face.

On the top of page 4, we say:

> Not more than 10 per centum of the total face amount of investment insurance which the Corporation is authorized to issue under this subsection shall be issued to a single investor.

So, frankly, I do not know whether it is or is not, under the circumstances which we now face in the Senate, but as I have pointed out in respect of the reinsurance, which is the backbone of the whole situation so far as the ability to go on with the program is concerned, we have materially curtailed the authority of OPIC and put it in the position where, according to its own management, it cannot get that kind of reinsurance. Obviously, if it cannot get it now, the fact that it cannot get it in 2 years is a lot more likely than the fact that it would have a longer period over which to stretch the effort to get it, assuming the Senate bill remains what it is.

So, for the following three reasons, I think the Senate should reject the amendment:

One, it is a totally new approach to the situation, coming in at the last minuite without anyone having been able to give it any considered judgment;

Two, because there are provisions in the bill which differ materially from the 2-year extension. By the way, the administration is against the 2 years. I have just ascertained that, as is the OPIC management—they are against this amendment.

Three, because we will have a conference with the other body and it will be possible to straighten out the basic substance of the differences—and there obviously will be some—between ourselves and the other body.

Finally, let us remember, too, that so far as the manager of the bill is concerned, he said he is not going to weep any crocodile tears if the whole thing goes down the drain. So he is not especially in love with the program, either.

Therefore, I have to, and I consider it my duty, to raise this question and ask for a rollcall vote.

This is the way the Senate wants to go so, in my judgment, it is impossible to ascertain whether it is the right or the wrong way. That is the Senate's privilege.

So, Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. CHURCH. Mr. President, originally the administration asked for a 2-year extension of OPIC as is. That I understand is the position of the House, simply to extend the program as it now exists for another 2 years. The bill contemplated an effective transition of the program from Government control to private insurance over a 6-year period.

Now we have, by the adoption of the amendments offered by the Senator from New York, actually given OPIC carte blanche authority to proceed to negotiate its own liquidation in terms that it finds acceptable over a 6-year period.

I think, in view of the action taken by the Senate in adopting the amendments, and in view of the fact that we have given carte blanche authority to OPIC to proceed as it will to its own self-liquidation, nothing can be lost by calling them back in 2 years for a progress report instead of waiting for 6 years to be told that they could not do it.

If we are going to give them all the latitude in the world to proceed with the negotiations and take out all the bench marks in the legislation, as we have effectively done by adopting the amendments of the Senator from New York, at least bring them back within 2 years for a progress report and then determine whether we should go ahead with the transition, whether they have made sufficient progress—let us make this realistic, or we should consider terminating the program altogether.

Therefore, I would hope that the Senator's amendment would be adopted.

Mr. SYMINGTON. Mr. President, for a good many years I was in private business in this country and I do not remember ever having the Government guarantee me anything.

I was in one of the countries in Africa where there was an unsound development project being carried out by a supercorporation with this type of Government assistance. I finally said to this fellow, "I think this is a lot of bunk. You cannot get it out. You cannot pay the freight." He said, "Well, it does not make too much difference. We have got a 90-percent Government guarantee."

Mr. President, I do not see why we are so anxious to guarantee the doing of foreign business by a supercorporation. We do not guarantee any small manufacturer, wholesaler, or retailer in this country with Government money.

Putting it mildly, therefore, I fully support the suggested amendment of the Senator from Illinois.

From the inception, I have opposed the OPIC-type guarantee and after serving on the subcommittee that has been looking into this matter, I am even more against it today. With the condition of the American economy the way it is today, I do not believe we should subsidize these big business operations with the taxpayers' money.

Mr. PERCY. Mr. President, my comments will be brief, indeed. I simply wish to respond to the Senator from New York by saying that I think, quite rightfully, he does say, pause and let us take a look and see what effect the amendment will have. The effect simply would be to give the Senate and the House the right of oversight. If we extend this for 6 years and know, during that period, that we are phasing out our liability to the private sector, that is one thing; but if we extend it for 6 years and have the authority to go up to $7½ billion and do not proceed with oversight in the meantime, that is quite another thing.

The question raised by the Senator from New York is appropriate. I feel that we would be abdicating our responsibility to give authorization for a 6-year period of time involving as much as $7.5 billion. The exposure right now is $3.5 billion.

The Senator also raised the question about paragraph 3 on top of page 4 of the bill as to whether 10 percent of the total face amount of investment insurance which the corporation is authorized to issue shall be issued to a single investor.

All we have done in this bill, is to embody into law what has been an established administrative practice of OPIC. The question raised by the Senator from New York is a valid one and a rollcall is appropriate.

I yield back the remainder of my time.

Mr. JAVITS. Mr. President, I am not going to argue with the Senator from Missouri (Mr. SYMINGTON) because we have been debating that for 24 hours. The Senate in one form or another has expressed its views on that. I do not think Members want to go over the whole debate again. But I am going to take very real issue with Senator CHURCH and Senator PERCY, for this reason: It is one thing to have oversight. You have oversight where you have a program, and where you have no program, there is no need for oversight, and that is the end of the matter—the patient is dead.

The difference is a very real and practical one, because the committee felt the agency was entitled to 6 years in which to make a transition. We felt—those of us who oppose the committee's bill—that in order to enable them to make that transition to private insurance, you had to give them a reasonably free hand to negotiate. We can always put them out of business any time we wish. But is is another thing to have the agency expire in 2 years and expect any insurance companies to do business with them when their hands are tied.

We have the point that Senator CHURCH did not mention, which I know the Senate understands clearly, and it is that while the Senate did go with me on one amendment, let us remember that the Yugoslavia and Romania amendment is a separate thing and has nothing to do with the insurance. Senator PERCY, himself, voted with me on that. There is just one amendment. That amendment eliminated the requirement for 25 percent insurance participation on the 1st of January 1975. But the Senate has just defeated an amendment which is a very serious handicap to negotiating reinsurance and which they simply cannot do.

The fact is that the 2-year extension idea, if straight, with a perfectly free hand, which is what the administration originally sought, is a very different attitude from this one, which ties their hands in the critical element of reinsurance.

If the Senator would like to accept the amendment which the Senate just rejected, then I could see the point of the committee—to wit, according to its manager and Senator Case, changing their position in midstream. But, with all respect, I feel that this is just another way of canceling this thing out. One condition has been attached which they cannot meet, and the time has been shortened so they surely cannot meet it, and that is the end of that.

Do we want this or do we not? I do not argue with Senator Symington and those who feel as he does. He voted "no" constantly, and he properly should; that is his belief. But the majority of the Senate voted the other way, and I am appealing to that majority. If Senators want to have handiwork left, something to negotiate with, then they should vote for this amendment. It is a totally different route from that which the administration originally recommended and which I recommended, and which I proposed to the committee, and they rejected it.

It was then that we went the route of this program, which the committee itself is abandoning. Having proposed it to the Senate, it is now abandoning it. I respectfully submit that a very material element of that program still is present, by the Senate action on the last amendment.

For all those reasons, I ask that we not bolt this thing quite so fast. That is what this is. I am always worried about that, when I am faced with that kind of decision. The Senate will vote its will, but I think the Senate ought to understand—and I am trying very hard to contribute to that—the components which go into this decision.

The PRESIDING OFFICER. Do Senators yield back their time?

Mr. JAVITS. I am willing to yield back my time.

Mr. CHURCH. I am willing to yield back the remainder of my time.

The PRESIDING OFFICER. All time on the amendment has been yielded back.

The question is on agreeing to the amendment. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Indiana (Mr. Bayh), the Senator from Mississippi (Mr. Eastland), the Senator from Arkansas (Mr. Fulbright), the Senator from West Virginia (Mr. Randolph), and the Senator from Ohio (Mr. Metzenbaum) are necessarily absent.

I also announce that the Senator from Hawaii (Mr. Inouye) is absent because of a death in the family.

I announce that, if present and voting, the Senator from West Virginia (Mr. Randolph) would vote "yea."

Mr. GRIFFIN. I announce that the Senator from Kansas (Mr. Pearson) is absent on official business.

I further announce that the Senator from Tennessee (Mr. Baker), the Senator from New York (Mr. Buckley), and the Senator from Wyoming (Mr. Hansen) are necessarily absent.

The result was announced—yeas 53, nays 37, as follows:

[No. 43 Leg.]

YEAS—53

Abourezk
Bentsen
Bible
Biden
Burdick
Byrd, Harry F., Jr.
Byrd, Robert C.
Cannon
Case
Chiles
Church
Clark
Cotton
Cranston
Eagleton
Ervin
Goldwater
Griffin
Hart
Hartke
Haskell
Hollings
Huddleston
Hughes
Jackson
Johnston
Kennedy
Magnuson
Mansfield
McClellan
McClure
McGovern
McIntyre
Mondale
Montoya
Moss
Muskie
Nelson
Nunn
Packwood
Pastore
Pell
Percy
Proxmire
Ribicoff
Schweiker
Scott, William L.
Stennis
Stevenson
Symington
Talmadge
Weicker
Williams

NAYS—37

Aiken
Allen
Bartlett
Beall
Bellmon
Bennett
Brock
Brooke
Cook
Curtis
Dole
Domenici
Dominick
Fannin
Fong
Gravel
Gurney
Hatfield
Hathaway
Helms
Hruska
Humphrey
Javits
Long
Mathias
McGee
Metcalf
Roth
Scott, Hugh
Sparkman
Stafford
Stevens
Taft
Thurmond
Tower
Tunney
Young

NOT VOTING—10

Baker
Bayh
Buckley
Eastland
Fulbright
Hansen
Inouye
Metzenbaum
Pearson
Randolph

So Mr. Percy's amendment was agreed to.

Mr. PERCY. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. CHURCH. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. MANSFIELD. Mr. President, I ask for the yeas and nays on final passage.

The yeas and nays were ordered.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. KENNEDY. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will state the amendment.

The legislative clerk proceeded to read the amendment.

Mr. KENNEDY. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 2, line 10, strike out the word "and".

On page 2, between lines 10 and 11, insert the following:

(E) strike out clause (e) and insert in lieu thereof the following:

"(e) to give preferential consideration in its investment insurance and reinsurance activities, to the maximum practicable extent consistent with the accomplishment of its purposes, to investment projects involving the skills and resources of small business;".

On page 2, line 11, strike out "(E)" and insert in lieu thereof "(F)".

Mr. KENNEDY. Mr. President, I shall explain the amendment briefly to the Senate.

May we have order?

The PRESIDING OFFICER. There will please be order in the Senate. The Senator cannot be heard. He deserves to be heard.

Mr. KENNEDY. Mr. President, the purpose of the amendment is to provide preferential consideration for small business in the investment insurance program of OPIC, as provided for under this legislation. I think all of us are aware of the charges and allegations that most of OPIC's insurance coverage goes to large companies and banks that have taken advantage of the legislation.

The PRESIDING OFFICER. Will Senators carry on their conversations in the cloakrooms? The Senator cannot be heard.

The Senator from Massachusetts.

Mr. KENNEDY. Mr. President, we have heard the allegations and charges—which I think have a considerable amount of credibility—that the companies and banks that have taken advantage of OPIC's insurance procedures have largely been the Fortune magazine 500 and the large banks of this country.

This amendment provides preferential consideration for small companies that want to take advantage of this OPIC program. I think this change is worthwhile and valuable. It will stimulate additional interest on the part of small companies in developing world investments, and will open up additional opportunities for them. And it will also help answer one of the principal criticisms that has been made of OPIC; namely, that the major companies and major banks have an extraordinary amount of influence in the host countries themselves. This amendment could help curtail that influence, by increasing the role of small rather than large business. For all these reasons, I believe this amendment would strengthen the legislation we are considering.

I have talked with the floor manager and the ranking member of the committee about the amendment. I hope they will take it to conference.

I reserve the remainder of my time.

Mr. CHURCH. Mr. President, I have no objection to the amendment. I agree with the sentiment expressed by the distinguished Senator from Massachusetts. However, I think, as a practical matter, if the past is any evidence of the future, the program will continue to be highly concentrated in favor of big companies. That is the history of the program, even though Congress has attempted to indicate that small and medium size businesses should be given special attention.

Nevertheless, as I say, I have no objection to including this language in the bill, and I hope it might have more effect in the future than it has in the past.

Mr. CASE. Mr. President, the minority has no objection.

Mr. JAVITS. Mr. President, will the Senator yield to me?

Mr. CHURCH. I yield.

Mr. JAVITS. Mr. President, I have no

objection to the amendment and think it should be adopted.

The PRESIDING OFFICER. Is all time remaining on the amendment yielded back?

Mr. KENNEDY. I yield back my time.

Mr. CHURCH. Mr. President, I yield back my time.

The PRESIDING OFFICER. All time on the amendment having been yielded back, the question is on agreeing to the amendment.

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. KENNEDY. Mr. President, I have another amendment at the desk, which I call up and ask to have considered at this time.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk proceeded to read the amendment.

Mr. KENNEDY. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 2, between lines 12 and 13, insert the following:

(G) strike out the word "and" at the end of clause (j), and insert the word "and" at the end of clause (k); and add at the end of the section the following new clauses:

"(1) to give preferential consideration in its investment insurance and reinsurance activities to investment projects in the least developed among the developing countries.

Mr. KENNEDY. Mr. President, the purpose of this amendment is to provide preferential consideration in OPIC's insurance and reinsurance. Activities for investment projects in the least developed among the developing countries, in accordance with the concept of the Foreign Assistance Act, as amended by the Congress last year.

All of us are mindful that the greatest concentration of OPIC's investment insurance has been in the most developed of the least developed countries—the reverse of Congress intentions in foreign aid legislation.

In the original language of the amendment, I had designated as the least developed countries the 25 that are so defined by the United Nations. I have left that particular language out, in order to provide flexibility for OPIC. But the amendment as introduced still provides that, to the maximum extent possible, the Congress wants these benefits to go to the least developed countries.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. KENNEDY. I yield.

Mr. JAVITS. I think the Senator inadvertently used the wrong language. It is not "to the maximum extent possible." It is "to the maximum extent practicable," just as it was in the previous one. So if the Senator will proceed to change the language to "to the maximum extent practicable," I think that will be what is intended.

Mr. KENNEDY. Mr. President, I ask to have my amendment modified accordingly.

The PRESIDING OFFICER. Without objection, the amendment is so modified.

The amendment, as modified, is as follows:

On page 2, between lines 12 and 13, insert the following:

(G) strike out the word "and" at the end of clause (j), and insert the word "and" at the end of clause (k); and add at the end of the section the following new clause:

"(1) to the maximum extent practicable to give preferential consideration in its investment insurance and reinsurance activities to investment projects in the least developed among the developing countries.

Mr. CHURCH. Mr. President, again I concur in the sentiment expressed in the amendment, but I must say in all frankness, if past history is any evidence of the future, the concentration is to be as great and as limited as it has been both under the AID and OPIC administration of this program. Nevertheless, it puts the Congress on record as favoring investment in the least developed countries. That is a sentiment I endorse. On that basis I am pleased to accept the amendment.

Mr. KENNEDY. Mr. President, I yield back the remainder of my time.

Mr. CHURCH. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. All time on the amendment having been yielded back, the question is on agreeing to the amendment of the Senator from Massachusetts, as modified.

The amendment, as modified, was agreed to.

Mr. CHURCH. Mr. President, I do not believe there are any further amendments to be offered.

The PRESIDING OFFICER. If there be no further amendments to be proposed, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, and was read the third time.

The PRESIDING OFFICER. Is all time on the bill yielded back?

Mr. CHURCH. Mr. President, I have no further argument to make. I am prepared to yield back the remainder of my time, if the Senator from New Jersey is willing to yield back the remainder of his time.

Mr. CASE. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. All time on the bill having been yielded back, and the bill having been read the third time, the question is, Shall it pass? The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Indiana (Mr. BAYH), the Senator from Mississippi (Mr. EASTLAND), the Senator from Arkansas (Mr. FULBRIGHT), the Senator from West Virginia (Mr. RANDOLPH), and the Senator from Ohio (Mr. METZENBAUM) are necessarily absent.

I also announce that the Senator from Hawaii (Mr. INOUYE) is absent because of a death in family.

I further announce that, if present and voting, the Senator from West Virginia (Mr. RANDOLPH) would vote "nay."

Mr. GRIFFIN. I announce that the Senator from Kansas (Mr. PEARSON) is absent on official business.

I further announce that the Senator from Tennessee (Mr. BAKER) and Senator from New York (Mr. BUCKLEY) are necessarily absent.

The result was announced—yeas 56, nays 35, as follows:

[No. 44 Leg.]

YEAS—56

Aiken
Allen
Bartlett
Beall
Bellmon
Bennett
Bible
Biden
Brock
Brooke
Chiles
Church
Cranston
Curtis
Dole
Domenici
Dominick
Fannin
Fong
Griffin
Hansen
Hart
Haskell
Hatfield
Hathaway
Hruska
Hughes
Humphrey
Javits
Kennedy
Long
Mathias
McClure
McGee
McGovern
McIntyre
Mondale
Moss
Muskie
Nunn
Pastore
Pell
Percy
Roth
Scott, Hugh
Sparkman
Stafford
Stevens
Stevenson
Taft
Talmadge
Thurmond
Tower
Tunney
Weicker
Williams

NAYS—35

Abourezk
Bentsen
Burdick
Byrd, Harry F., Jr.
Byrd, Robert C.
Cannon
Case
Clark
Cook
Cotton
Eagleton
Ervin
Goldwater
Gravel
Gurney
Hartke
Helms
Hollings
Huddleston
Jackson
Johnston
Magnuson
Mansfield
McClellan
Metcalf
Montoya
Nelson
Packwood
Proxmire
Ribicoff
Schweiker
Scott, William L.
Stennis
Symington
Young

NOT VOTING—9

Baker
Bayh
Buckley
Eastland
Fulbright
Inouye
Metzenbaum
Pearson
Randolph

So the bill (S. 2957) was passed as follows:

S. 2957

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Overseas Private Investment Corporation Amendments Act".

SEC. 2. Title IV of chapter 2 of part I of the Foreign Assistance Act of 1961 is amended as follows:

(1) In section 231—

(A) in the first sentence, strike the word "progress" and insert in lieu thereof the word "development";

(B) strike out clause (a) and insert in lieu thereof the following:

"(a) to conduct financing, insurance, and reinsurance operations on a self-sustaining basis, taking into account in its financing operations the economic and financial soundness of the project;";

(C) strike out clause (b);

(D) in clause (d), strike out ", when appropriate,", and insert after "efforts to share its insurance" the following: "and reinsurance";

(E) strike out clause (e) and insert in lieu thereof the following:

"(c) to give preferential consideration in its investment insurance and reinsurance activities, to the maximum practicable extent consistent with the accomplishment of its purposes, to investment projects involving the skills and resources of small business;";

(F) in clause (i), after "balance-of-payments" insert "and employment"; and

(G) strike out the word "and" at the end of clause (j), and insert the word "and" at the end of clause (k); and add at the end of the section the following new clause:

(1) to the maximum extent practicable, to give preferential consideration in its investment insurance and reinsurance activities to investment projects in the least developed among the developing countries."

(2) Section 234 is amended—

(A) by striking out the section caption and inserting in lieu thereof the following: "INVESTMENT INSURANCE AND OTHER PROGRAMS"; and

(B) by striking out subsection (a) and inserting in lieu thereof the following:

"(a) INVESTMENT INSURANCE.—(1) The Corporation is authorized to issue insurance, upon such terms and conditions as the Corporation may determine, to eligible investors assuring protection in whole or in part against any or all of the following risks with respect to projects which the Corporation has approved:

"(A) inability to convert into United States dollars other currencies, or credits in such currencies, received as earnings or profits from the approved project, as repayment or return of the investment therein, in whole or in part, or as compensation for the sale or disposition of all or any part thereof;

"(B) loss of investment, in whole or in part, in the approved project due to expropriation or confiscation by action of a foreign government; and

"(C) loss due to war, revolution, or insurrection.

"(2) Recognizing that major private investments in less developed friendly countries or areas are often made by enterprises in which there is multinational participation, the Corporation may make arrangements with foreign governments (including agencies, instrumentalities, or political subdivisions thereof) or with multilateral organizations and institutions for sharing liabilities assumed under investment insurance for such investments and may in connection therewith issue insurance to investors not otherwise eligible hereunder, except that liabilities assumed by the Corporation under the authority of this subsection shall be consistent with the purposes of this title and that the maximum share of liabilities so assumed shall not exceed the Corporation's proportional share as specified in paragraphs (4) and (5) of this subsection.

"(3) Not more than 10 per centum of the total face amount of investment insurance which the Corporation is authorized to issue under this subsection shall be issued to a single investor.

"(4)(A) It is the intention of Congress that the Corporation achieve participation by private insurance companies, multilateral organizations or others in liabilities incurred in respect of the risks referred to in paragraphs (1)(A) and (B) of this subsection under contracts issued commencing January 1, 1975, of at least 25 per centum, and, under contracts issued commencing January 1, 1978, of at least 50 per centum. If for good reason it is not possible for the Corporation to achieve these objectives, the Corporation shall report to the Senate Foreign Relations Committee and the House Foreign Affairs Committee in detail, the reasons for its inability to achieve these objectives and the date by which they are to be achieved.

"(B) The Corporation shall no longer participate as insurer under insurance policies issued after December 31, 1979, in respect to the risks referred to in paragraph (1)(A) and (B) of this subsection unless Congress by law modifies this paragraph.

"(5)(A) It is the intention of Congress that the Corporation achieve participation by private insurance companies, multilateral organizations or others in liabilities incurred in respect of the risks referred to in paragraph (1)(C) of this subsection under contracts issued commencing January 1, 1976, of at least 12½ per centum, and, under contracts issued commencing January 1, 1979, of at least 40 per centum. If for good reason it is not possible for the Corporation to achieve these objectives, the Corporation shall report to the Senate Foreign Relations Committee and the House Foreign Affairs Committee in detail the reasons for its inability to achieve these objectives, and the date by which they are to be achieved.

"(B) The Corporation shall no longer participate as insurer under insurance policies issued after December 31, 1980, in respect to the risks referred to in paragraph (1) (C) of this subsection unless Congress by law modifies this paragraph.

"(6) Notwithstanding the percentage objectives of paragraphs (4) (A) and (5) (A) of this subsection, the Corporation may agree to assume liability as insurer for any policy, or share thereof, that a private company or multilateral organization or institution has issued in respect of the risks referred to in paragraph (1) of this subsection, and neither the execution of such agreement nor its performance by the Corporation shall be considered as participation by the Corporation in any such policy for purposes of such objectives. Commencing January 1, 1981, the Corporation shall not further enter into any agreement to assume liability as a direct insurer for any policy issued after that date by any company, organization, or institution.

"(7) The Corporation is authorized to issue, upon such terms and conditions as it may determine, reinsurance of liabilities assumed by other insurers or groups thereof in respect of risks referred to in paragraph (1) of this subsection. The amount of reinsurance liabilities which the Corporation may incur under this paragraph shall not exceed $600,000,000 times the number of years from the date of enactment of this paragraph, and shall never exceed $12,000,000,000 in the aggregate. All such reinsurance shall require that the reinsured party retain for his own account specified portions of liability so that, before the Corporation is required to make any reinsurance payment, the reinsured party will absorb in any one year a loss equal to at least 50 per centum of the face value of all the insurance it has outstanding in the country in which it has issued the most insurance subject to reinsurance by the Corporation. All reinsurance issued by the Corporation shall be issued in a businesslike manner.

"(8) On December 31, 1979, the Corporation shall cease to write or manage direct insurance issued after such date in respect to risks referred to in paragraph (1) (A) or (B) of this subsection unless Congress by law modifies this sentence. On December 31, 1980, the Corporation shall cease to write or manage direct insurance issued after such date in respect to risks referred to in paragraph (1) (C) of this subsection unless Congress by law modifies this sentence. It shall thereafter act solely as a reinsurer except to the extent necessary to manage its outstanding insurance and reinsurance contracts and, subject to the restrictions of paragraph (6) of this subsection, any policies the Corporation assumes when private insurance companies and multinational organizations and institutions fail to renew their short-term policies.

"(9) For purposes of this subsection, new policies include renewals and extensions of policies.

"(10) The Corporation is authorized, subject to the provisions of paragraph (8) of this subsection, to make and carry out contracts of insurance and reinsurance, and agreements to associate and share risks, with insurance companies, financial institutions, or others, or groups thereof, employing the same, where appropriate, as its agent, or acting as their agent, in the issuance and servicing of insurance, the adjustment of claims, the exercise of subrogation rights, the ceding and accepting of reinsurance, and in other matters incident to doing an insurance business, and pooling and other risk-sharing arrangements with other national or multinational insurance or financing agencies or groups thereof, and to hold an ownership interest in any association or other entity established for the purposes of sharing risks under investment insurance."

(3) In section 235—

(A) in subsection (a)(4), strike out "section 234 (a) and (b)" and insert in lieu thereof "section 234(a)", and strike out "December 31, 1974," and insert in lieu thereof the following: "December 31, 1976.";

(B) in subsection (d), after the words "investment insurance" add the words "and reinsurance"; and

(C) strike subsection (f) and insert in lieu thereof the following:

"(f) There are authorized to be appropriated to the Corporation, to remain available until expended, such amounts as may be necessary from time to time to replenish or increase the insurance and guaranty fund, to discharge the liabilities under insurance, reinsurance, and guaranties issued by the Corporation or issued under predecessor guaranty authority, or to discharge obligations of the Corporation purchased by the Secretary of the Treasury pursuant to this subsection. However, no appropriations to augment the Insurance Reserve shall be made until the amount of funds in the Insurance Reserve is less than $25,000,000. Any appropriations to augment the Insurance Reserve shall then only be made either pursuant to specific authorization enacted after the date of enactment of the Overseas Private Investment Corporation Amendments Act, or to satisfy the full faith and credit provision of section 237(c). In order to discharge liabilities under investment insurance or reinsurance, the Corporation is authorized to issue from time to time for purchase by the Secretary of the Treasury its notes, debentures, bonds, or other obligations; but the aggregate amount of such obligations outstanding at any one time shall not exceed $100,000,000, which shall be repaid within one year of the date of issue. Such obligations shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average market yield on outstanding marketable obligations of the United States of comparable maturities during the month preceding the issuance of such obligations. The Secretary of the Treasury is hereby authorized and directed to purchase any obligation of the Corporation issued hereunder.".

(4) In section 237—

(A) in subsection (a), strike out "and guaranties" and insert in lieu thereof a comma and "guaranties, and reinsurance"; and strike out "or guaranties" and insert in lieu thereof a comma and "guaranties, or reinsurance";

(B) strike out subsection (b) and insert in lieu thereof the following:

"(b) The Corporation shall determine that suitable arrangements exist for protecting interest of the Corporation in connection with any insurance, guaranty, or reinsurance issued under this title, including arrangements concerning ownership, use, and disposition of the currency, credits, assets, or investments on account of which payment under such insurance, guaranty, or reinsurance is to be made, and any right, title, claim, or cause of action existing in connection therewith.";

(C) strike out subsection (c) and insert in lieu thereof the following:

"(c) All guaranties issued prior to July 1, 1956, all guaranties issued under sections 202(b) and 143(b) of the Mutual Security Act of 1954, as amended, all guaranties heretofore issued pursuant to prior guaranty authorities repealed by the Foreign Assistance Act of 1969, and all insurance, reinsurance, and guaranties issued pursuant to this title shall constitute obligations, in accordance with the terms of such insurance, reinsurance, or guaranties, of the United States of America and the full faith and credit of the United States of America is hereby pledged for the full payment and performance of such obligations.";

(D) strike out subsection (d) and insert in lieu thereof the following:

"(d) Fees shall be charged for insurance, guaranty, and reinsurance coverage in amounts to be determined by the Corporation. In the event fees charged for investment insurance, guaranties, or reinsurance are reduced, fees to be paid under existing policies for the same type of insurance, guaranties, or reinsurance and for similar guaranties issued under predecssor guaranty authority may be reduced.";

(E) in subsection (e), after the word "insurance" strike out "or guaranty" and insert in lieu thereof a comma and "guaranty, or reinsurance";

(F) add the following sentence at the end of subsection (f): "Notwithstanding the foregoing, the Corporation shall limit the amount of direct insurance and reinsurance issued by it under section 234(a) so that risk of loss as to at least 10 per centum of the total investment of the insured or its affiliates in the project is borne by the insured or such affiliates on the date the insurance is issued.";

(G) in subsection (g), after the word "guaranty", insert a comma and "insurance, or reinsurance";

(H) in subsection (h), after the word "Insurance", strike out "or guaranties" and insert in lieu thereof a comma and "guaranties, or reinsurance";

(I) in subsection (i), after the word "insurance", insert ", reinsurance,"; and

(J) strike out subsection (k) and insert in lieu thereof the following:

"(k) In making a determination to issue insurance, guaranties, or reinsurance under this title, the Corporation shall consider the possible adverse effect of the dollar investment under such insurance, guaranty, or reinsurance upon the balance of payments to the United States.".

(5) In section 239—

(A) in subsection (b), add the following new sentences at the end thereof: "On December 31, 1979, the Corporation shall cease operating the programs authorized by section 234 (b) through (e) and section 240. Thereafter, the President is authorized to transfer such programs, and all obligations, assets, and related rights and responsibilities arising out of, or related to, such programs to other agencies of the United States. Upon any such transfer, these programs shall be limited to countries with per capita income of $450 or less in 1973 dollars."; and

(B) add at the end thereof the following:

"(h) Within six months of the date of enactment of this subsection, the Corporation shall develop and implement specific criteria intended to minimize the potential environmental implications of projects undertaken by investors abroad in accordance with any of the programs authorized by this title.".

(6) In section 240, relating to agricultural credit and self-help community development projects, strike out subsection (h).

(7) In section 240A, strike out subsection (b) and insert in lieu thereof the following:

"(b) Not later than January 1, 1976, the Corporation shall submit to the Congress an analysis of the possibilities of transferring all of its activities to private insurance companies, multilateral organizations and institutions, or other entities.".

Mr. CHURCH. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. SPARKMAN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

NO-FAULT CAN SAVE LIVES

Mr. MAGNUSON. Mr. President, much of the debate surrounding no-fault auto insurance in this and previous Congresses has been based on lawyers' language. We have heard a great deal about the "right to sue for pain and suffering" and the "value of tort liability as a deterrent to unsafe driving."

But the things that really matter in this debate are the human issues. The questions that each Member must ask himself are human questions. What happens today to the typical, seriously injured auto accident victim? How long must he wait to be compensated for his lost wages, his medical bills, his out-of-pocket expenses? Who will pay for endless months of medical and vocational rehabilitation services to teach him to use prosthetic devices and to develop new employment skills? And how much of his losses will ultimately be paid, and what are the odds that he will get this compensation?

The chairman of the department of rehabilitation medicine in my State, Dr. Justus Lehmann, has just written a letter that gets to the heart of the matter. Speaking for his colleagues at the Harborview Medical Center, the Veterans Hospital, the Public Health Hospital, and the Children's Orthopedic Hospital in Seattle, Dr. Lehmann writes that—

> We are strongly in favor of this bill (S. 354)—because we see the terrible aftermath of automobile accidents which may ruin not only the life of an individual but also the future of entire families. . . . They end up on welfare—perhaps with only a future goal of staying in a nursing home. In many instances whole families are forced on the welfare payroll.

I am pleased that the rehabilitation doctors believe that this bill can "drastically change the dismal picture" and give the auto accident victim a chance to come back to an independent and rewarding productive life.

I ask unanimous consent that Dr. Lehmann's letter and my response be included in the RECORD as we prepare for floor consideration of this too long postponed need.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

UNIVERSITY OF WASHINGTON,
Seattle, Wash., February 4, 1974.

Hon. WARREN G. MAGNUSON,
Old Senate Office Building,
Washington, D.C.

DEAR SENATOR MAGNUSON: On August 2, 1973 the Senate Commerce Committee reported the No-Fault Auto Insurance Bill S. 354 favorable by a 15–3 vote. The bill was then referred to the Senate Judiciary Committee. The Committee agreed to report the bill so that the full Senate could vote on it.

We in Rehabilitation Medicine are very much in favor of this bill, especially in favor of the provisions for medical and rehabilitation care as reported by the Senate Commerce Committee and we sincerely hope that these will be retained. We are strongly in favor of this bill here at the University of Washington Rehabilitation Center which includes Harborview Medical Center, Veterans Hospital, Public Health Hospital, and Childrens Orthopedic Hospital because we see the terrible aftermath of automobile accidents which may ruin not only the life of an individual but also the future of entire families. This bill can drastically change the dismal picture which is presented by these patients. The real problem is that the cost of getting these people back on their feet to work or to school is formidable. They end up on welfare payroll perhaps with only a future goal of staying in a nursing home. In many instances whole families are forced on the welfare payroll. I think this bill is really progressive. I think, as a matter of fact, that the burden to society for such accidents would be greatly relieved. I sincerely hope that these provisions will therefore be retained.

I know that you have been very much in favor of such bills and therefore I wanted to bring the importance of this bill to our area and to our state to your attention.

Thank you for your considerations.

Sincerely yours,
JUSTUS F. LEHMANN, M.D.,
Professor and Chairman.

FEBRUARY 25, 1974.

JUSTUS F. LEHMANN, M.D.,
Professor and Chairman, Department of Rehabilitation Medicine, RJ–30, School of Medicine, University of Washington, Seattle, Wash.

DEAR DR. LEHMANN: Thank you for your good letter of February 4, 1974, urging strong support of the National No-Fault Motor Vehicle Insurance Act (S. 354) on the ground that it will drastically change the dismal situation that now confronts many victims of automobile accidents and their families.

I am taking the liberty of inserting your letter in the CONGRESSIONAL RECORD in hopes that more Members and readers will realize that the most important justification for Federal standards no-fault auto insurance is that it will save and restore lives.

The President of the Appalachian Regional Hospitals system, Dr. Theodore P. Hipkins, testified before the Commerce Committee last year that "the principal advantage of a no-fault system of automobile insurance is that all parties involved in the system—the accident victims, the insurer, the state and agencies providing help and rehabilitative service—have positive incentives to restore the individual who is involved in an accident to maximum physical and occupational functions as rapidly as possible."

I have noted with interest your suggestion that under S. 354 *all* of the benefits provided to victims are really rehabilitation benefits because their effect is to restore victims to productive lives rather than to let many of them be condemned to live "on the welfare payroll".

Thank you for your interest and helpful insights.

Sincerely yours,
WARREN G. MAGNUSON, *Chairman.*

THE RETIREMENT OF REPRESENTATIVE JULIA BUTLER HANSEN

Mr. MAGNUSON. Mr. President, Representative JULIA BUTLER HANSEN—dean of Washington State's delegation in the House of Representatives, chairman of the House Interior Appropriations Subcommittee, and my very close friend and colleague for so many years—has announced she will retire from Congress at the end of the year. While I would be the first to acknowledge that Mrs. HANSEN long ago earned every right to shed the burdens of elective office, I also know how much her presence in the Congress will be missed by the Nation, the Congress, all of us in the Washington delegation and, especially, by her district.

Having served for 8 years on her hometown city council and for 22 years in the Washington State legislature, Mrs. HANSEN arrived in Congress in 1960 with more legislative experience and savvy than many Members have when they leave. She will depart after 37 years in elective office and with a record of solid legislative achievement of which she can rightfully be proud.

Throughout her career, Mrs. HANSEN has again and again broken traditions that previously had excluded women from positions of public responsibility and authority. She was the first woman to serve on the city council of her hometown of Cathlamet, Wash. She was the first woman to serve as chairman of a County Democratic Central Committee. She was the first woman to be Speaker pro tempore of the Washington State House of Representatives. She was the first woman subcommittee chairman in either the U.S. House or Senate. She was the first Democratic woman to serve on the House Appropriations Committee. And she is the first and only woman to serve on the House Democratic Steering Committee.

Mrs. HANSEN has succeeded where so many others—men and women alike—fail because she has worked hard, spoken bluntly and battled fiercely for what she believes to be right. And if anyone doubts that statement, he should talk with those here in the Senate who have confronted her in conference.

In announcing her decision to retire, Mrs. HANSEN spoke with the same blunt honesty that has always been her trademark.

> I am a Westerner and I want to return to the West.

She said:

> At the end of the year, when my term expires, I shall return to my home in Cathlamet, Wash., with my husband, to write, garden, do as I please, hang up the telephone or take the damn telephone off the hook, and when people I do not know appear at my door and walk in without knocking, I will have the great opportunity of telling them it is my private home.

But no one gives up their privacy and leisure hours for 37 years to serve the public unless they have a great love for their country and a deep commitment to their fellow citizens. So I was not at all surprised that Mrs. HANSEN also said in her announcement:

> As a private citizen, I shall continue, as long as I live, to have a strong interest in my community, district, State, and Nation.

That, as all of us in the Washington congressional delegation know, is a profound understatement. All of us, and particularly I, will continue to seek her advice, ask her assistance, and value her friendship. And I know she will continue to be as blunt as ever in her advice, as valuable as ever as an ally, and as sincere as ever in her friendship.

Mr. President, I ask unanimous consent that the full text of Mrs. HANSEN'S announcement be printed in the RECORD at this point.

There being no objection, the announcement was ordered to be printed in the RECORD, as follows:

REPRESENTATIVE JULIA BUTLER HANSEN

Congresswoman Julia Butler Hansen, D., of Washington State's Third District, announced today that she will not seek re-election to a ninth term in the U.S. House of Representatives this fall.

A distinguished member of Congress, Rep. Hansen achieved high ranking through her service on the powerful House Appropriations Committee, the Democratic Steering Committee and as head of the Democratic Organization Study and Review Committee of the House.

In making known her decision not to seek another term, Mrs. Hansen said: "I want to express my gratitude to the people of the district for their consistent support during the years that I have served both in the State Legislature and in Congress.

"I am a Westerner and I want to return to the West," she said. "At the end of the year, when my term expires, I shall return to my home in Cathlamet, Wash., with my husband, to write, garden, do as I please, hang up the telephone or take the damn telephone off the hook, and when people I don't know appear at my door and walk in without knocking. I'll have the great opportunity of telling them it is my private home.

"As a private citizen I shall continue as long as I live to have a strong interest in my community, district, state and nation.

"I have many regrets about leaving public office, but not nearly as many regrets as anticipations about what life as a private citizen can be.

"Life is not going to be long enough to do all the things that I want to do," she said. "I have so many interests."

"Thirty-seven years is a long time to be pursued by an endless string of people who want everything from post offices to gasoline. It is also a long time to receive telephone calls on Christmas Eve or New Year's Eve from the United Press or Associated Press," she continued.

"Traveling east to west is one of the biggest trials and tribulations there is and Main Street in Cathlamet, where I own my home, will never look as good as it will after all my encounters with Washington, D.C., houses where the plumbing won't work; landlords won't weather strip, and charge everyone ungodly rents, particularly to members of Congress. I am delighted at the prospect of being Mrs. Julia Hansen again—citizen of the U.S.A.," she continued.

"I am probably one of the few people who didn't really ever want to come to Congress and had to be pushed, because I had never considered that politics were really a career," Rep. Hansen said. "It played an important part of my life. When I was born my mother was in public office. I was married while serving in public office. And my granddaughter was born while I was serving in Congress."

"But this long association with public office has had its ups and downs," she declared. "When I was a small youngster I was admonished by my mother, 'Now remember I hold public office and you can do certain things and you can't do certain things.' I can remember when I was a small girl, and my father was sheriff, of angry culprits coming to the house and threatening to shoot him."

Continuing, she said, "I was bathing my son when he was a baby and an irate constituent showed up and told me in no uncertain terms to drop him because she needed and demanded my time. But I have loved and appreciated all the people in the Third District and I have loved the district. It is the most beautiful part of the United States and I return with great affection for the land and wonderful neighbors."

She expressed appreciation for the support and encouragement she had received during her political career from J. M. McClelland Sr., president of the Longview, Wash., Daily News. "I doubt that I would have sought election to the State Legislature if it had not been for his encouragement."

"I want to thank all of the people representing the communications media for their courtesy and consideration throughout my career in public office," Mrs. Hansen said.

She added that during the months ahead she hopes to visit every county in her district and say, "Thank you," to all her many friends and supporters. "I am not only grateful for their support, but for their interest in government and their participation in the programs with which my office has been associated. They have always participated and worked with the office to make possible some of these things."

Mrs. Hansen has achieved a unique record for a woman in public office. Congressional Research Service has indicated it is possible that she has served longer than any other woman, a period of 37 years, as a city council member, legislator and Member of Congress.

Mrs. Hansen's career as an elected official began as a member of the Cathlamet City Council, where she was first elected on December 7, 1937, and took office on Jan. 11, 1938. In the fall of 1938 she was elected to the State Legislature, where she served for 22 years.

She resigned from the Legislature in November 1960, after being elected to fill an unexpired term and, at the same time, was voted a full two-year term in Congress. Mrs. Hansen has served continuously in the House of Representatives since late 1960.

There were eight years early in her political career where she was involved in an election campaign every fall. From her first city council campaign in 1937 through 1944 she was busy with a campaign for office each year. First it was election to the council, the next year it was a campaign to retain her seat in the Legislature. It was a grueling experience, one that she will never forget. She served eight years on the council and 22 years in the Legislature.

Mrs. Hansen has pioneered the way in breaking with tradition that has kept women out of key positions of government at the local, state and national levels.

Mrs. Hansen, during her political career, has achieved the following "firsts" for women in government:

First woman to serve on the Cathlamet City Council.

First woman to serve as chairman of a County Democratic Central Committee.

First woman chairman of the Roads and Bridges Committee of the Washington State House of Representatives.

First woman to be speaker pro tempore of the Washington State House of Representatives.

First woman to become chairman of the Western Interstate Committee on Highway Policy Problems of the 11 western states, a position she held for ten years from 1950 to 1960.

First woman subcommittee chairman in either the House or Senate of the U.S. Congress.

First Democratic woman to serve on the House Appropriations Committee.

First woman to serve as a member of the House Appropriations Subcommittee on Transportation.

First and only woman to serve on the House Democratic Steering Committee.

During her service in the State Legislature, Mrs. Hansen made major contributions to the development of the state's highway system. As chairman of the House Roads and Bridges Committee she worked with great vigor toward establishing a long-range highway construction program reaching all parts of the state. She also initiated the legislation that resulted in the establishment of a state highway commission that took the highway program out of the hands of the political forces working in the Legislature.

Mrs. Hansen expressed the belief that her most important highway legislation was the law that provided for development of limited access highways, placing the state of Washington in a position of nationwide leadership in highway safety and management. She also was responsible for initiating research by two state universities that provided the basis for a priority system of allocating highway funds, a system now used both nationally and internationally. Other important highway legislation she introduced provided for speedier truck licensing and placing the State Patrol on a sound fiscal basis.

She turned her attention to the problem of mass transit during her service in the Legislature and through the years has supported the idea of providing means for moving large numbers of people conveniently and quickly at a limited cost and a minimum consumption of energy.

"We must seek better ways to manage traffic on our highways and streets," she commented. "Mass transit is one of the methods that can be utilized. And it will contribute to savings in energy."

Because of her legislative efforts in behalf of highways, she was selected as the keynote speaker for the 1952 conference in Washington, D.C., on Project Adequate Roads.

Mrs. Hansen was named to the Legislature's Education Committee in 1939 and was chairman from 1941 to 1947. While serving on the committee she successfully sponsored legislation for school lunches, teacher contract laws, a new approach to junior college basic financing and an employee retirement program, along with the 1945 basic school support bill which established the system of distributing school funds on a basis of need. Mrs. Hansen also co-sponsored a bill authorizing construction of a new state library. She served as chairman of the State Legislature's Elections and Privileges Committee where she authored legislation that gave women equality on county and state party central committees.

Her work on behalf of highways in the State Legislature was widely recognized and she was named chairman of the Western Interstate Committee on Highway Policy of the 11 western states. Mrs. Hansen held this position for ten years, gaining wide recognition for her contributions to state highway programs throughout the entire West.

Following her election to Congress in 1960, Mrs. Hansen immediately plunged into the work of the House. At various times she served on the Education and Labor, Veterans Affairs, and Interior and Insular Affairs Committees. She was named to the House Appropriations Committee, the first Democratic woman to serve on the committee. She was assigned to the Interior and Related Agencies subcommittee and was elevated to chairman of the subcommittee in 1967. She made her first floor appearance in this significant role when she presented the 1968 appropriations bill for the departments and agencies funded through her subcommittee.

She continues as chairman of this subcommittee, which is responsible for funding that runs upwards from $2.5 to $3 billion annually. Many of the activities funded in these departments are of vital importance to the Pacific Northwest.

Rep. Hansen's subcommittee has the responsibility of reviewing the appropriations requests for 28 different agencies plus management for key energy programs, 300,000 miles of federal roads, 753 million acres of public lands, vital natural resources including the national parks and federally-owned timber and mineral lands, research in the field of oil and coal, pollution abatement and federal programs for approximately 600,000 American Indians, as well as the Trust Territories in the Pacific.

Mrs. Hansen has traveled throughout the United States and Alaska on her committee work and has probably spent more hours on Indians reservations, U.S. Forests and Department of Interior programs than any other subcommittee chairman for many years. She will continue to head the subcommittee and carry out these responsibilities during the balance of 1974.

She has maintained a deep interest in the problems of the American Indians, both those on reservations and those living in urban areas. During appropriations hearings Mrs. Hansen has consistently sought increased funding for hospitals, schools and employment opportunities for the Indians.

Her great interest in the best possible utilization of the nation's natural resources is revealed in her questioning of witnesses before her appropriations subcommittee. This can cover a wide range from development of processes for increased use of the nation's coal reserves, search for new oil and shale fields, better utilization of the national forests, as well as funding for the arts and humanities.

The departments and agencies funded through the subcommittee include:

The Forest Service, Bureau of Land Management, Joint Federal-State Land Use Planning Commission of Alaska, Bureau of Sport Fisheries and Wildlife, Bureau of Outdoor Recreation, Land and Water Conservation Fund, National Park Service, Smithsonian Institution, Bureau of Mines, Federal Metal and Nonmetallic Mine Safety Board of Review, Geological Survey, Office of Coal Research, Office of Coal and Gas, Office of the Secretary, Office of the Solicitor, Office of Water Resources Research, Bureau of Indian Affairs, Indian Claims Commission, Indian Health Service, National Council on Indian Opportunity, Territorial Affairs, American Revolution Bicentennial Administration, National Endowment for the Arts and Humanities, National Gallery of Art, Pennsylvania Avenue Development Corp. and the Woodrow Wilson International Center for Scholars.

In 1970 Mrs. Hansen was assigned the challenging task of serving as chairman of the Democratic Committee on Organization, Study and Review, which later became known as the "Hansen Committee." Through the efforts of the committee, numerous rules and policy changes were carried out in the House. Some of the achievements of the committee included abolishing the old seniority rule for elevating committee members to chairmanships; a provision that no Member may chair more than one subcommittee; providing that no Member shall be a member of more than two committees with legislative jurisdiction. She also supported legislation that cut off funds for continuation of the U.S. military activities in Cambodia, marking the first time the House has passed legislation limiting U.S. involvement in the Indochina war.

Mrs. Hansen is the dean of the Washington State delegation in the House. And, in this connection, she remarked, "I'm not quitting because of Watergate."

Mrs. Hansen is a member of the board of directors of the American Revolution Bicentennial Commission as the representative of Congress. She was named to the position by Speaker Albert.

Numerous honors have been bestowed on Mrs. Hansen in recognition of her outstanding efforts in the field of lawmaking. At the 125th annual commencement at St. Mary's College, Notre Dame, Ind., she was presented with the degree of Doctor of Laws for her outstanding work in public life. The award took note of her outstanding work in the State Legislatiure and Congress in the fields of environmental protection, resource and energy management, historic preservation, improvement of Indian health and education programs, and for advancing the arts and humanities.

In 1973 Mrs. Hansen, along with Sen. Sam Ervin, D.–N.C., were honored by the National Congress of American Indians with the Henry M. Teller Award for outstanding efforts in behalf of legislation benefitting the Indian people. Rep. Hansen also has been honored for her work in behalf of the nation's Indian tribes by the Cherokee, Chickasaw, Choctow, Creek and Seminole tribes. The Makah Tribe in the State of Washington also honored her for support of a youth opportunities program.

Mrs. Hansen is a member of the Board of Directors of historic Fords Theater in Washington, D.C., honorary board of directors of Wolf Trap Farm Theater; a member of the board of directors of the Forest History Society; a member of the Advisory Committee of the Woodrow Wilson International Center for Scholars, and an honorary director of the Chinook Heritage Foundation.

Congresswoman Hansen has been deeply interested in the arts and humanities. David G. Barry, chairman of the Washington State Commission for the Humanities, wrote in a letter to Gov. Daniel J. Evans: "I believe it is important to note and give special recognition as well that Congresswoman Julia Butler Hansen is chairperson of the House Subcommittee on the Interior and Related Agencies of the House Committee on Appropriations. It is through her vision and leadership at the national level that the state-based Commissions of the National Endowment for the Humanities have grown from approximately six when our commission came into being to approximately 40 at the present date. This joining of Federal and State leadership will contribute much to decision-making that will influence the future quality of life in our state and country."

Jay Gordon Hall, director for government relations, General Motors Corp., said, "As a patron of the arts, I wish to express my appreciation for all that Mrs. Hansen has done for the arts since becoming chairman of the Appropriations subcommittee funding the National Endowment for the Arts. She has given the arts program its greatest impact by supplying needed federal support."

She is an honorary state member of Delta Kappa Gamma, national education society. Her state honorary membership was awarded in 1947 for "outstanding service to education." Mrs. Hansen is an honorary member of the Washington State Patrol Retired Officers Association and National Association of State Outdoor Liaison Officers. She has received the Washington State Good Roads Association's meritorious public service award, a certificate of recognition from the Washington State University Student Chapter of the American Road Builders Association and a certificate of merit from the Washington State War Fund Committee.

Mrs. Hansen has been a force in Democratic Party affairs through the years. She served as chairman of the Wahkiakum County Central Committee for 20 years; served as vice president of the Washington State Young Democrats in 1939; Nine-County League chairman in 1944 and 1945; a member of the State Executive Committee from 1936 to 1940, and a member of the Democratic National Advisory Committee from 1955 to 1957.

She was "Democratic Woman of the Year" in 1958 and woman's chairman of the Magnuson for Senator state campaign in 1956. Mrs. Hansen also was elected unanimously as chairman of the platform committee at the state Democratic conventions in Yakima in 1958 and Spokane in 1960.

Mrs. Hansen is a member of numerous organizations including the Society of Naval Sponsors, having christened the nuclear submarine Queenfish, Mt. Rainier Chapter L.E.S., the University of Washington chapter of the D.A.R., Elochoman Grange, Longview Business and Professional Women, American Association of University Women, Clark

County Historical Society, National Capital Democratic Club and the Cathlamet Commercial Club.

Mrs. Hansen was formerly manager of the Wahkiakum County Abstract Co. and G. Henry Hanigan Insurance Co. in Cathlamet. She also served as office assistant in the Wahkiakum County Engineer's Office.

Rep. Hansen is well known as a creative writer. She is the author of the prize-winning Northwest historical juvenile novel, "Singing Paddles," published by Sutton House, Henry Holt Co. and Binfords and Mort. She also has written a historical play, "Birnie's Retreat," which has been performed by local casts in Cathlamet and will be presented through the American Revolution Bicentennial celebrations in 1976.

She is a graduate of the University of Washington, working to earn her way through the university.

Mrs. Hansen's maternal ancestors founded Groton, Mass., in 1634 and her paternal ancestors helped Daniel Boone settle Kentucky.

Her family moved to Washington Territory in 1877, settling first in Tumwater before moving to Cathlamet in 1882. Her father, former Wahkiakum County sheriff, was a Spanish American War veteran with the Second Oregon Volunteers. Her mother, a teacher, was Wahkiakum County school superintendent and was named Washington State Mother of the Year in 1960.

Mrs. Hansen's husband, Henry A. Hansen, is a retired logger and a native of Cathlamet. They have one son, David, and a new granddaughter. Mrs. Hansen's brother, Dr. James Butler, is on the faculty of the Department of Drama at the University of Southern California after serving several years as chairman of the department. He is author of several books on the history of drama.

THE DISPOSITION OF ABANDONED MONEY ORDERS AND TRAVELER'S CHECKS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of S. 2705, with the understanding that there will be no further action on this bill today.

The PRESIDING OFFICER. The bill will be stated by title.

The second assistant legislative clerk read as follows:

A bill (S. 2705) to provide for the disposition of abandoned money orders and traveler's checks.

The PRESIDING OFFICER. Without objection, the Senate will proceed to consider the bill.

Mr. JAVITS. Mr. President, is there any unanimous-consent request pending?

The PRESIDING OFFICER. There is no unanimous-consent request pending.

ORDER FOR ADJOURNMENT UNTIL TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in adjournment until the hour of 12 o'clock noon tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

QUORUM CALL

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR RECOGNITION OF SENATOR MANSFIELD TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that tomorrow, after the distinguished senior Senator from Delaware (Mr. ROTH) has been recognized, the distinguished majority leader be recognized for not to exceed 15 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR TRANSACTION OF ROUTINE BUSINESS TOMORROW AND FOR CONSIDERATION OF S. 2705

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that tomorrow, after the distinguished majority leader has been recognized, there be a period for the transaction of routine morning business of not to exceed 30 minutes, with statements therein limited to 5 minutes, and that thereafter the Senate proceed to the consideration of S. 2705, a bill to provide for the disposition of abandoned money orders and traveler's checks.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROGRAM

Mr. ROBERT C. BYRD. Mr. President, the Senate will convene tomorrow at the hour of 12 noon.

After the two leaders or their designees have been recognized under the standing order, the distinguished junior Senator from Delaware (Mr. BIDEN) will be recognized for not to exceed 15 minutes.

The distinguished senior Senator from Delaware (Mr. ROTH) will then be recognized for not to exceed 15 minutes.

Following the recognition of the senior Senator from Delaware, the distinguished majority leader (Mr. MANSFIELD) will be recognized for not to exceed 15 minutes.

There will then be a period for the transaction of routine morning business of not to exceed 30 minutes, with statements therein limited to 5 minutes.

Upon the conclusion of the transaction of routine morning business, the Senate will resume the consideration of S. 2705, a bill to provide for the disposition of abandoned money orders and traveler's checks. Yea-and-nay votes are expected to occur thereon.

ADJOURNMENT

Mr. ROBERT C. BYRD. Mr. President, if there be no further business to come before the Senate, I move, in accordance with the previous order, that the Senate stand in adjournment until 12 o'clock noon tomorrow.

The motion was agreed to; and at 5:57 p.m. the Senate adjourned until tomorrow, Wednesday, February 27, 1974, at 12 o'clock noon.

HOUSE OF REPRESENTATIVES—*Tuesday, February 26, 1974*

The House met at 12 o'clock noon.

The Chaplain, Rev. Edward G. Latch, D.D., offered the following prayer:

Be not conformed to this world, but be ye transformed by the renewing of your mind, that ye may prove what is that good, and acceptable, and perfect will of God.—Romans 12: 2.

O God and Father of Mankind, in whose will is our peace, in whose love is our life, and in whose service is our joy, send us forth into the demanding duties of these decisive days determined to be loyal to the royal within ourselves and ready to respond wholeheartedly to the call "to be true for there are those who trust us, to be pure for there are those who care, to be strong for there is much to suffer, and to be brave for there is much to dare."

In these critical times when our decisions mean so much to our Nation, save us from thinking too highly of ourselves and help us to live soberly, thinking clearly, speaking carefully, and acting courageously.

Keep us ever mindful of the grand traditions wherein we stand and the great cloud of witnesses which daily surround us in this historic Chamber. Give to us now an unwavering faith in the power of our presence, in the future of our freedom, and in Thy providential care which protects us and provides for us always and all the way.

In the spirit of Him who is the Lord of Life we pray. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Without objection, the Journal stands approved.

There was no objection.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Arrington, one of its clerks, announced that the Senate had passed a bill and concurrent resolution of the following titles, in which the concurrence of the House is requested:

S. 2394. An act to authorize the acquisition of certain lands for addition to Rocky Mountain National Park in the State of Colorado, and for other purposes; and

S. Con. Res. 70. Concurrent resolution relating to supply of wheat for domestic consumption during the remainder of the 1973–74 marketing year.

The message also announced that the Vice President, pursuant to Public Law

86–420, appointed Mr. MANSFIELD, Mr. HUMPHREY, Mr. MONTOYA, Mr. CHILES, Mr. NUNN, Mr. BIDEN, Mr. HUDDLESTON, Mr. AIKEN, Mr. JAVITS, Mr. PERCY, Mr. FANNIN, and Mr. DOMENICI to the Mexico-United States Interparliamentary Conference to be held at Washington, D.C., May 13 to 18, 1974.

CALL OF THE HOUSE

Mr. GROSS. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. O'NEILL. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The call was taken by electronic device, and the following Members failed to respond:

[Roll No. 41]

Andrews, N.C.
Badillo
Blackburn
Blatnik
Brasco
Brown, Calif.
Carey, N.Y.
Carney, Ohio
Chamberlain
Chisholm
Clark
Clausen, Don H.
Clawson, Del
Clay
Conyers
Crane
Davis, Ga.
Diggs
Drinan
Eshleman
Fraser
Frelinghuysen
Gray
Gubser
Hébert
Heckler, Mass.
Heinz
Hogan
Holifield
Howard
Jones, Tenn.
Kluczynski
Litton
McEwen
Maraziti
Meeds
Mills
Mink
Minshall, Ohio
Mosher
Moss
Murphy, N.Y.
Nichols
Peyser
Pike
Powell, Ohio
Preyer
Price, Tex.
Quie
Reid
Roberts
Rooney, N.Y.
Rostenkowski
Ryan
Seiberling
Shipley
Shoup
Stephens
Stubblefield
Sullivan
Teague
Vander Jagt
Vander Veen
Veysey
Ware
Wiggins
Wilson, Charles, Tex.
Wright

The SPEAKER. On this rollcall 363 Members have recorded their presence by electronic device, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

CONFERENCE REPORT ON S. 386, AMENDING THE URBAN MASS TRANSPORTATION ACT OF 1964

Mr. PATMAN submitted the following conference report and statement on the bill (S. 386) to amend the Urban Mass Transportation Act of 1964 to authorize certain grants to assure adequate commuter service in urban areas, and for other purposes:

CONFERENCE REPORT (H. REPT. No. 93–813)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 386) to amend the Urban Mass Transportation Act of 1964 to authorize certain grants to assure adequate commuter service in urban areas, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House to the text of the bill, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following:

That this Act may be cited as the "Emergency Urban Mass Transportation Assistance Act of 1974".

TITLE I—EMERGENCY COMMUTER RELIEF

FINDINGS

SEC. 101. The Congress finds—

(1) that over 70 per centum of the Nation's population lives in urban areas;

(2) that transportation is the lifeblood of an urbanized society and the health and welfare of that society depends upon the provision of efficient economical and convenient transportation within and between its urban areas;

(3) that for many years the mass transportation industry satisfied the transportation needs of the urban areas of the country capably and profitably;

(4) that in recent years the maintenance of even minimal mass transportation service in urban areas has become so financially burdensome as to threaten the continuation of this essential public service;

(5) that the termination of such service or the continued increase in its cost to the user is undesirable, and may have a particularly serious adverse effect upon the welfare of a substantial number of lower income persons;

(6) that some urban areas are now engaged in developing preliminary plans for, or are actually carrying out, comprehensive projects to revitalize their mass transportation operations; and

(7) that immediate substantial Federal assistance is needed to enable many mass transportation systems to continue to provide vital service.

URBAN MASS TRANSIT PROGRAM; ASSISTANCE TO MEET OPERATING EXPENSES

SEC. 102. (a) The Urban Mass Transportation Act of 1964 is amended by striking out section 5 and inserting in lieu thereof the following new section:

"URBAN MASS TRANSIT PROGRAM

"SEC. 5. (a) As used in this section—

"(1) the term 'construction' means the supervising, inspecting, actual building, and all expenses incidental to the construction or reconstruction of facilities and equipment for use in mass transportation, including designing, engineering, locating, surveying, mapping, acquisition of rights-of-way, relocation assistance, and acquisition and replacement of housing sites;

"(2) the term 'Governor' means the Governor, or his designate, of any one of the fifty States or of Puerto Rico, and the Mayor of the District of Columbia; and

"(3) the term 'urbanized area' means an area so designated by the Bureau of the Census, within boundaries which shall be fixed by responsible State and local officials in cooperation with each other, subject to approval by the Secretary, and which shall at a minimum, in the case of any such area, encompass the entire urbanized area within the State as designated by the Bureau of the Census.

"(b)(1) Upon the enactment of the Emergency Urban Mass Transportation Assistance Act of 1974, the Secretary under regulations appropriate thereto shall apportion the sums authorized by subsection (c) for apportionment in the fiscal years 1974 and 1975 to urbanized areas in various States on the basis of a formula under which each urbanized area or part thereof will be entitled to receive an amount equal to the sum of—

"(A) one-half of the total amount so apportioned multiplied by the ratio which the population of such urbanized area or part thereof, as designated by the Bureau of the Census, bears to the total population of all the urbanized areas in all the States as shown by the latest available Federal census;

"(B) one-fourth of such total amount multiplied by the ratio which the total number of revenue passengers carried by mass transportation systems in such urbanized area or part thereof bears to the total number of such passengers carried by mass transportation systems in all the urbanized areas in all the States; and

"(C) one-fourth of such total amount multiplied by the ratio which the total mass transportation vehicle miles traveled in such urbanized area or part thereof bears to the total mass transportation vehicle miles traveled in all the urbanized areas in all the States.

"(2) In any urbanized area in which at least 75 per centum of the population is served by a public transit authority or by a local public body providing transit services, a designated recipient of the urbanized area shall receive the funds apportioned under paragraph (1). The Secretary, after consultation with the transit authority or the local public body providing such services, and with other State and local public bodies providing financial support to the transit authority or public body, shall designate such recipient.

"(3) Where a recipient is not designated under paragraph (2), funds apportioned for use in any urbanized area shall be made available to the Governor of the State in which such area or part thereof is located for use in such area or part thereof, for expenditure on project development or distribution to a public transit authority or local public body providing transit services in accordance with subsection (1) and in cooperation with appropriate local officials, including the chief elected officials of general units of local government within such urbanized area or part thereof.

"(c)(1) Sums apportioned to the designated recipient of any urbanized area or to the Governor under subsection (b) shall be available for obligation by the recipient or the Governor for a period of two years after the close of the fiscal year for which such sums are apportioned, and any amounts so apportioned remaining unobligated at the end of such period shall lapse and shall be returned to the Treasury for deposit as miscellaneous receipts.

"(2) To finance grants under this section the Secretary is authorized to incur obligations on behalf of the United States in the form of grant agreements or otherwise in amounts aggregated not to exceed $800,000,000.

"(d)(1) The Secretary may approve as a project under this section, on such terms and conditions as he may prescribe, (A) the acquisition, construction, and improvement of facilities and equipment for use, by operation or lease or otherwise, in mass transportation service, and (B) the payment of operating expenses to improve or to continue such service.

"(2) The Secretary shall issue such regulations as he deems necessary to administer this subsection and subsection (e), including regulations regarding maintenance of effort by States, local governments, and local public bodies, the appropriate definition of operating expenses, and requirements for improving the efficiency of transit services.

"(e) The Federal share payable on account of any project financed with funds made available under this section shall not exceed 80 per centum of the cost of the project. The remainder of the cost of the project shall be provided from sources other than Federal funds. Federal funds available for expenditure for mass transportation projects under this section shall be supplementary to and not in substitution for the average amount of State and local government funds and other revenues expended on the operation of mass transportation service in the area involved for the two fiscal years preceding the fiscal year for which the funds are made available; but nothing in this sentence shall be construed as preventing State or local tax revenues which are used for the operation of mass transportation service in the area involved from being credited (to the extent necessary) toward the non-Federal share of the cost of the project for purposes of the preceding sentence.

"(f) (1) As soon as practicable after the apportionment pursuant to subsection (b) has been made for any fiscal year, any applicant desiring to avail himself of the benefits of this section shall submit to the Secretary for his approval a program, or programs, of proposed projects for the utilization of the funds authorized. The Secretary shall act upon programs submitted to him as soon as practicable, and he may approve a program in whole or in part.

"(2) An applicant for assistance under this section (other than a Governor) shall submit the program or programs to the Governor of the State affected, concurrently with submission to the Secretary. If within 30 days thereafter the Governor submits comments to the Secretary, the Secretary shall consider such comments before taking final action on the program or programs.

"(g) (1) The Governor or the designated recipient of the urbanized area shall submit to the Secretary for his approval such surveys, plans, specifications, and estimates for each proposed project as the Secretary may require. The Secretary shall act upon such surveys, plans, specifications, and estimates as soon as practicable after they are submitted, and his approval of any such project shall be deemed a contractual obligation of the Federal Government for the payment of its proportional contribution thereto.

"(2) In approving the plans, specifications, and estimates for any proposed project under this section, the Secretary shall assure that possible adverse economic, social, and environmental effects relating to the proposed project have been fully considered in developing the project, and that the final decisions on the project are made in the best overall public interest, taking into consideration the need for fast, safe, and efficient transportation, public services, and conservation of environment and natural resources, and the costs of eliminating or minimizing any such adverse effects, including—

"(A) air, noise, and water pollution;

"(B) destruction or disruption of man-made and natural resources, aesthetic values, community cohesion, and the availability of public facilities and services;

"(C) adverse employment effects, and tax and property value losses;

"(D) injurious displacement of people, businesses, and farms; and

"(E) disruption of desirable community and regional growth.

"(h) Upon submission for approval of a proposed project under this section, the Governor or the designated recipient of the urbanized area shall certify to the Secretary that he or it has conducted public hearings (or has afforded the opportunity for such hearings) and that these hearings included (or were scheduled to include) consideration of the economic and social effects of such project, its impact on the environment, including requirements under the Clean Air Act, the Federal Water Pollution Control Act, and other applicable Federal environmental statutes, and its consistency with the goals and objectives of such urban planning as has been promulgated by the community. Such certification shall be accompanied by (1) a report which indicates the consideration given to the economic, social, environmental, and other effects of the proposed project, including, for construction projects, the effects of its location or design, and the consideration given to the various alternatives which were raised during the hearing or which were otherwise considered, and (2) upon the Secretary's request, a copy of the transcript of the hearings.

"(i) (1) The Secretary may discharge any of his responsibilities under this section with respect to a project under this section upon the request of any Governor or designated recipient of the urbanized area by accepting a certification by the Governor or his designee, or by the designated recipient of the urbanized area, if he finds that such project will be carried out in accordance with State laws, regulations, directives, and standards establishing requirements at least equivalent to those contained in, or issued pursuant to, this section.

"(2) The Secretary shall make a final inspection or review of each such project upon its completion and shall require an adequate report of its estimated and actual cost, as well as such other information as he determines to be necessary.

"(3) The Secretary shall promulgate such guidelines and regulations as may be necessary to carry out this subsection.

"(4) Acceptance by the Secretary of a certification under this section may be rescinded by the Secretary at any time if, in his opinion, it is necessary to do so.

"(5) Nothing in this section shall affect or discharge any responsibility or obligation of the Secretary under any other Federal law, including the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.), section 4(f) of the Department of Transportation Act (49 U.S.C. 1653(f)), title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000(d) et seq.), title VIII of the Act of April 11, 1968 (Public Law 90-284, 42 U.S.C. 3601 et seq.), and the Uniform Relocation Assistance and Land Acquisition Policies Act of 1970 (42 U.S.C. 4601 et seq.).

"(j) (1) As soon as practicable after the plans, specifications, and estimates for a specific project under this section have been approved, the Secretary shall enter into a formal project agreement with the Governor or designated recipient of the urbanized area. Such project agreement shall make provision for non-Federal funds required for the State's or designated recipient's pro rata share of the cost of the project.

"(2) The Secretary may rely upon representations made by the applicant with respect to the arrangements or agreements made by the Governor or the designated recipient where a part of the project involved is to be constructed at the expense of, or in cooperation with, local subdivisions of the State.

"(k) (1) The Secretary may in his discretion, from time to time as the work progresses, make payments to the applicants for costs of construction incurred by him or it on a project. Such payments shall at no time exceed the Federal share of the costs of construction incurred to the date of the voucher covering such payment plus the Federal share of the value of the materials which have been stockpiled in the vicinity of such construction in conformity to plans and specifications for the project. Such payments may also be made in the case of any such materials not in the vicinity of such construction if the Secretary determines that because of required fabrication at an offsite location the materials cannot be stockpiled in such vicinity.

"(2) After completion of a project in accordance with the plans and specifications, and approval of the final voucher by the Secretary, an applicant shall be entitled to payment out of the sums apportioned to him of the unpaid balance of the Federal share payable on account of such project.

"(3) No payment shall be made under this section except for a project covered by a project agreement.

"(4) In making payments pursuant to this section, the Secretary shall be bound by the limitations with respect to the permissible amounts of such payments contained in subsection (e).

"(5) Such payments shall be made to such official or officials or depository as may be designated by the Governor or designated recipient of the urbanized area and authorized under the laws of the State to receive public funds of the State.

"(l) The Secretary shall not approve any project under this section unless he finds that such project is needed to carry out a program, meeting criteria established by him, for a unified or officially coordinated urban transportation system as a part of the comprehensively planned development of the urban area, and is necessary for the sound, economic, and desirable development of such area. A project under this section may not be undertaken unless the responsible public officials of the urbanized area in which the project is located have been consulted and, except for projects solely to pay operating expenses, their views considered with respect to the corridor, location, and design of the project.

"(m) The Secretary shall not approve any project under this section unless the applicant agrees and gives satisfactory assurances, in such manner and form as may be required by the Secretary and in accordance with such terms and conditions as the Secretary may prescribe, that the rates charged elderly and handicapped persons during nonpeak hours for transportation utilizing or involving the facilities and equipment of the project financed with assistance under this section will not exceed one-half of the rates generally applicable to other persons, whether the operation of such facilities and equipment is by the applicant or is by another entity under lease or otherwise.

"(n) (1) The provisions of section 13(c) and section 3(e) (4) shall apply in carrying out mass transportation projects under this section.

"(2) The provision of assistance under this section shall not be construed as bringing within the application of chapter 15 of title 5, United States Code, any nonsupervisory employee of an urban mass transportation system (or of any other agency or entity performing related functions) to whom such chapter is otherwise inapplicable."

(b) Section 4(a) of such Act is amended by striking out "Except as specified in section 5, no" and inserting in lieu thereof "No".

INCREASE IN BASIC ASSISTANCE AUTHORITY

SEC. 103. (a) The third sentence of section 4(c) of the Urban Mass Transportation Act of 1964 is amended—

(1) by striking out all that follows "which amount may be increased"; and

(2) by inserting in lieu thereof "to not to exceed an aggregate of $310,000,000 prior to July 1, 1972, not to exceed an aggregate of $1,000,000,000 prior to July 1, 1973, not to exceed an aggregate of $2,000,000,000 prior to July 1, 1974, not to exceed an aggregate of $3,000,000,000 prior to July 1, 1975, not to exceed an aggregate of $4,500,000,000 prior to July 1, 1976, not to exceed an aggregate of $5,500,000,000 prior to July 1, 1977, and not to exceed an aggregate of $6,100,000,000 thereafter."

(b) The first sentence of section 4(c) of such Act is amended by inserting immediately before the period at the end thereof the following: "to the extent that such amounts are or were appropriated to finance such grants and loans and have not been reserved or made available for any other purpose."

(c) The fourth sentence of section 4(c) of such Act is amended by inserting after "Act" the following: "(to the extent that such amounts are or were appropriated to finance the grants and loans described in the first sentence of this subsection and have not been reserved or made available for any other purpose)".

PROHIBITION AGAINST CHARGING OF EXTRA FARES ON ASSISTED TRANSIT FACILITIES

SEC. 104. Section 5 of the Urban Mass Transportation Act of 1964 (as added by section 102(a) of this Act) is amended by adding at the end thereof the following new subsection:

"(o) No financial assistance shall be provided under this section to any designated recipient or Governor unless the applicant agrees and gives satisfactory assurances, in such manner and form as may be required by the Secretary and in accordance with such terms and conditions as the Secretary may prescribe, that the rates charged for transportation utilizing or involving the facilities and equipment financed with such assistance will be uniform (subject to any reasonable charges which may be made for transfers), and will not vary on the basis of length of route or distance traveled except in accordance with a zone system or other uniform system which is in effect throughout the area served by such facilities and equipment, whether the operation of such facilities and equipment is by the applicant or is by another entity under lease or otherwise."

ELIGIBILITY OF QUASI-PUBLIC DEVELOPMENT CORPORATIONS

SEC. 105. (a) The first sentence of section 3(a) of the Urban Mass Transportation Act of 1964 is amended by inserting "(1)" after "financing", and by inserting before the period at the end thereof the following: ", and (2) the establishment and organization of public or quasi-public transit corridor development corporations or entities".

(b) The second sentence of section 3(a) of such Act is amended to read as follows: "Eligible facilities and equipment may include personal property including buses and other rolling stock and real property including land (but not public highways), within the entire zone affected by the construction and operation of transit improvements, including station sites, needed for an efficient and coordinated mass transportation system which is compatible with socially, economically, and environmentally sound patterns of land use."

COORDINATION OF URBAN MASS TRANSIT PROGRAMS WITH MODEL CITIES PROGRAMS

SEC. 106. Section 103(a) of the Demonstration Cities and Metropolitan Development Act of 1966 is amended—

(1) by redesignating paragraphs (4) and (5) as paragraphs (5) and (6), respectively, and

(2) by inserting after paragraph (3) the following new paragraph:

"(4) any program which includes a transportation component as a project or activity to be undertaken meets the requirements of section 3(e) of the Urban Mass Transportation Act of 1964;".

PROCUREMENT

SEC. 107. The fifth sentence of section 3(a) of the Urban Mass Transportation Act of 1964 is amended by inserting before the period at the end thereof the following: ", nor shall any grant or loan funds be used to support procurements utilizing exclusionary or discriminatory specifications".

STUDY OF RURAL TRANSPORTATION NEEDS

SEC. 108. The Secretary of Transportation shall conduct a full and complete study and investigation of the public transportation needs of rural and other nonurban areas in the United States, giving particular attention to the needs of cities, towns, and other political subdivisions (outside urban areas) having a population of 50,000 or less, and of any changes in the Federal law which would be required in order to meet such needs. The Secretary shall report his findings and recommendations to the Congress within one year after the date of the enactment of this Act.

INVESTIGATION OF SAFETY HAZARDS IN URBAN MASS TRANSPORTATION SYSTEMS

SEC. 109. The Secretary of Transportation shall investigate unsafe conditions in any facility, equipment, or manner of operation financed under this Act which creates a serious hazard of death or injury for the purpose of determining its nature and extent and the means which might best be employed to eliminate or correct it. If the Secretary determines that such facility, equipment, or manner of operation is unsafe, he shall require the State or local public body or agency to submit to the Secretary a plan for correcting the unsafe facility, equipment, or manner of operation, and the Secretary may withhold further financial assistance to the applicant until such plan is approved or implemented.

FARES FOR ELDERLY AND HANDICAPPED PERSONS

SEC. 110. Nothing contained in this title shall require the charging of fares to elderly and handicapped persons.

TITLE II—FARE-FREE MASS TRANSPORTATION DEMONSTRATIONS

SEC. 201. The Secretary of Transportation (hereinafter referred to as the "Secretary") shall enter into such contracts or other arrangements as may be necessary for research and the development, establishment, and operation of demonstration projects to determine the feasibility of fare-free urban mass transportation systems.

SEC. 202. Federal grants or payments for the purpose of assisting such projects shall cover not to exceed 80 per centum of the cost of the project involved, including operating costs and the amortization of capital costs for any fiscal year for which such contract or other arrangement is in effect.

SEC. 203. The Secretary shall select cities or metropolitan areas for such projects in accordance with the following:

(1) to the extent practicable, such cities or metropolitan areas shall have a failing or nonexistent or marginally profitable transit system, a decaying central city, automobile-caused air pollution problems, and an immobile central city population;

(2) several projects should be selected from cities or metropolitan areas of differing sizes and populations;

(3) a high level of innovative service must be provided including the provision of crosstown and other transportation service to the extent necessary for central city residents and others to reach employment, shopping, and recreation; and

(4) to the extent practicable, projects utilizing different modes of mass transportation shall be approved.

SEC. 204. The Secretary shall study fare-free systems assisted pursuant to this title, and other financially assisted urban mass transportation systems providing reduced fares for the purpose of determining the following:

(1) the effects of such systems on (i) vehicle traffic and attendant air pollution, congestion, and noise, (ii) the mobility of urban residents, and (iii) the economic viability of central city business;

(2) the mode of mass transportation that can best meet the desired objectives;

(3) the extent to which frivolous ridership increases as a result of reduced fare or fare-free systems;

(4) the extent to which the need for urban highways might be reduced as a result of reduced fare or fare-free systems; and

(5) the best means of financing reduced fare or fare-free transportation on a continuing basis.

SEC. 205. The Secretary shall make annual reports to the Congress on the information gathered pursuant to section 204 of this title and shall make a final report of his findings, including any recommendations he might have to implement such findings, not later than June 30, 1975.

SEC. 206. In carrying out the provisions of this title, the Secretary shall provide advisory participation by interested State and local government authorities, mass transportation systems management personnel, employee representatives, mass transportation riders, and any other persons that he may deem necessary or appropriate.

SEC. 207. There is hereby authorized to be appropriated not to exceed $20,000,000 for each of the fiscal years ending on June 30, 1974, and June 30, 1975, respectively, to carry out the provisions of this title.

And the House agree to the same.

That the House recede from its amendment to the title of the bill.

Wright Patman,
Joseph G. Minish,
Tom Gettys,
Jim Hanley,
Frank J. Brasco,
Edward I. Koch,
William Cotter,
Andrew Young,
John J. Moakley,
Garry Brown,
William B. Widnall,
Lawrence G. Williams,
Stewart B. McKinney,
Managers on the Part of the House.

John Sparkman,
William Proxmire,
Harrison Williams,
John Tower,
Edward Brooke,
Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 386) the Emergency Urban Mass Transportation Assistance Act of 1974, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

The House struck out all of the Senate bill after the enacting clause and inserted a substitute amendment.

The Committee of Conference has agreed to a substitute for both the Senate bill and the House amendment. Except for clarifying, clerical, and conforming changes, the differences are noted below:

DRAFT OF JOINT STATEMENT OF MANAGERS ON CONFERENCE REPORT TO ACCOMPANY S. 386, THE EMERGENCY URBAN MASS TRANSPORTATION ASSISTANCE ACT OF 1974

Statement of findings

The short title of the House amendment was cited as the "Urban Mass Transportation Assistance Act of 1974". The Senate short title of the bill was cited as the "Emergency Commuter Relief Act". The conference report cites the bill as the "Emergency Urban Mass Transportation Assistance Act".

The House amendment contained no Congressional statement of findings. The Senate bill contained seven statements of findings which outlined the importance and necessity of quality urban mass transportation for the United States. The conference report contains the Senate findings.

Operating assistance

The House amendment contained a provision providing that operating assistance grants would be on a formula basis to reflect equally (1) the population of the area served by the mass transit system in relation to the total population of the U.S.A., (2) the number of revenue passengers carried by a mass transportation system in relation to the total number of passengers of mass transportation systems throughout the country, and (3) revenue vehicle miles travelled by an urban mass transit system in relation to the total number of revenue vehicle miles travelled by mass transit systems throughout the country. Operating assistance grants would be 100 percent Federal grants. The House amendment also provided that no assistance shall be provided under this provision unless the rates charged the elderly and handicapped during nonpeak hours of transportation will not exceed one-half of the rates generally applicable to other persons.

The Senate bill provided the Secretary with discretionary contract authority to allocate funds under the bill in the form of either grants or loans. However, the Secretary could not allocate more than 12½ percent of the total authorization to any one state except that 15 percent of the aggregate amount of grant funds may be used by the Secretary without regard to this limitation for grants in states where more than two-thirds of maximum amounts of funds permitted under this provision has been obligated. The Senate bill provided a grant ratio of two-thirds Federal and one-third local contribution, and prohibited financial assistance unless the applicant has submitted to the Secretary a comprehensive mass transportation plan including reasonable fare structure and the assurance that the system is providing efficient operations in accordance with regulation promulgated by the Secretary. The Senate bill provided that any grant shall not exceed twice the amount of financial assistance provided by the State or local source. The Senate bill required the submission by the applicant of an annual report describing the implementation of its mass transportation service improvement plan.

The conference report contains generally the House formula based on three factors of population, revenue passengers, and vehicle miles. The funds would be distributed according to a formula to the urbanized areas of each State. The conference report would allocate the funds under a formula based upon three factors weighted as follows: 50 percent of the population of the area served by the mass transportation system, 25 percent of the total number of revenue passengers carried by the system, and 25 percent of the total revenue vehicle miles travelled by the system. The population, passengers, and miles of each eligible recipient would be weighted against the total population, passengers, and miles of all designated recipients and the funds distributed accordingly.

The Federal share for such grants would not exceed 80 percent of the cost of the project with the remaining funds to be provided by the applicant. State or local tax revenues which are used for the operation of mass transportation service in the area involved may be credited toward the non-Federal share of the cost of the project. To be eligible for grants under this provision, the recipient must continue to maintain State and local operating and capital funds, and the transit system must maintain other revenues such as advertising, concessions, and property leases. This maintenance of effort provisions is to be a two-year average of the total of State and local funds used to finance operating costs, and State and local funds used to finance the local share of Federal capital grant funds.

The conferees agreed that every effort would be made to hold hearings as soon as possible on the Administration's mass transit proposals. Included in these hearings would be consideration of whether the contributions of local government to operating deficits should become part of the distribution formula. The conferees discussed the measurement of local taxes as a factor in the distribution formula, but because of insufficient information and the emergency situation that now exists in mass transit, a decision was deferred. The conferees agreed that the legislation was short term and that the issue of local taxing effort would be thoroughly explored in subsequent hearings.

The conference report provides that the $800 million will be in the form of contract authority to be used for either operating assistance or capital grants at the option of local authorities. These funds may be made available immediately for obligation during fiscal years 1974 and 1975. These funds would come solely from general treasury revenue funds and would in no part come from the highway trust fund.

The grants under this provision would be made to designated recipients in urbanized areas in which at least 75 percent of the population is served by a public transit authority, or by a local public body providing transit services. These designated recipients shall be chosen by the Secretary of Transportation after consultation with the appropriate State and local public bodies. Where such a recipient is not in existence, the funds apportioned for the urbanized area shall be available to the Governor of the State for distribution to these areas. Mass transportation systems receiving assistance under this provision must charge half fares to the elderly and the handicapped during non-peak hours. In the case of areas served by privately owned bus operators, the applicant will be the governor or designated recipient as who shall include only those elements of population, ridership and vehicle miles it intends to seek financial assistance for. The governor or designated recipient may add criteria to condition the pass through of the funds to the private body, but it is intended that the private operator should receive its proportionate share.

The Governor or the designated recipient of the urbanized area shall submit to the Secretary for his approval such surveys, plans, specifications, and estimates for each proposed project as the Secretary may require. In addition, the Governor or the designated recipient must certify to the Secretary that he has conducted public hearings or afforded the opportunity for such hearings.

The conferees recognize that in order to minimize the deficits now being incurred, all possible efficiencies of operation should be encouraged. There is also a need to improve the operating systems and eliminate inefficiencies in them. The conferees desire that no part of this conference report shall be construed to limit or alter the responsibility of each recipient of assistance from initiating and implementing all necessary and desirable efficiencies.

Reallocation of Capital Grant Funds

The House amendment provided for the establishment of a new schedule for the disbursement of the existing $6.1 billion in capital grant funds already authorized to be appropriated to liquidate contracts: $310 million for fiscal year 1972; $1 billion for fiscal year 1973; $2 billion for fiscal year 1974; $3 billion for fiscal year 1975; $4.5 billion for fiscal year 1976; and $5.5 billion for fiscal year 1977, and not to exceed $6.1 billion thereafter. The Senate bill contains no similar provision and the conference report retains the House provision.

The House amendment contained a provision that capital grant contracts shall not be reserved or made available for any other purpose than is otherwise stated in section 4(c) of the Urban Mass Transportation Act. The Senate bill contained no similar provision. The conference report retains the House provision.

Prohibition Against Charging Extra Fares on Assisted Transit Facilities

The House amendment contained a provision prohibiting financial assistance under the Urban Mass Transportation Act to any mass transit system charging fares that vary on the basis of length of route or distance travelled except in accordance with a zone system or other uniform system which is in effect throughout the area served by such mass transit facility and equipment. The Senate bill contained no similar provision. The conference report retains the House provision with an amendment limiting this prohibition to those assisted under section 102 of this Act.

Eligibility of Quasi-Public Development Corporations

The House amendment contained a provision making eligible for capital grants quasi-public transit corridor corporations and would expand the definition of facilities eligible for such grants to include station sites and transit corridors. The Senate bill contained no similar provision. The conference report contains the House provision.

Coordination of Urban Mass Transportation Programs With Model City Programs

The House amendment contained a provision requiring that model city transit programs must comply with the labor provisions of the Urban Mass Transportation Act. The Senate bill contained no similar provision. The conference report retains the House provision.

Sole Source Procurements

The House amendment contained a provision prohibiting except in unusual circumstances, sole source procurements utilizing exclusionary or discriminatory specifications. The Senate bill contained no similar provision. The conference report contains the House provision with an amendment that strikes out the reference to sole source procurements, but would retain the prohibition on exclusionary or discriminatory specifications.

Limitation of Mass Transit Funding Related to Pupil Transportation

The House amendment contained a provision prohibiting financial assistance to any eligible mass transit agency involved directly or indirectly in transporting school children or school personnel in competition to or supplemental service concurrently provided by public transportation companies except that it would not apply with respect to a mass transit system that was so engaged at any time during the 12-month period immediately prior to the date of enactment of this provision. The Senate bill contained no similar provision and none is contained in the conference report.

Study of Rural Transportation Needs

The House amendment contained a provision directing the Secretary of Transportation to conduct a full and complete study and investigation of the public transportation needs of rural, and other nonurban areas of the United States giving particular attention to those communities having a population of 50,000 or less. The Senate bill contained no similar provision. The conference report retains the House provision.

Investigation of Safety Hazards

The House amendment contained a provision directing the Secretary of Transportation to conduct investigations into unsafe conditions in any facility, equipment, or operation financed under the Act which creates serious safety hazards and would direct the Secretary to require mass transit systems to submit a plan for correcting any unsafe conditions and directs him to withhold further financial assistance until such plan is approved or implemented. The Senate bill contained no similar provision. The conference report retains the House provision.

Elimination of Assistance in the Form of Project Loans

The House amendment contained a provision that eliminated assistance in the form of loans under the capital grant program. The Senate bill contained no similar provision and none is contained in the conference report.

Fares for Elderly and Handicapped

The House amendment contained a clarification with regard to the fares for elderly and handicapped persons. The clarification specified that fares for such persons may be lower than one-half the regular fare. The

Senate bill contained no similar provision. The conference report contains the House provision.

Demonstration Projects for Free Fares

The Senate bill contained provisions authorizing the Secretary of DOT to enter into contracts or other arrangements for research, development, establishment, and operation of demonstration projects to determine feasibility of free fare urban mass transit systems. Federal grants for such payments shall cover not to exceed 80 percent of the cost of the project. This provision authorizes not to exceed $20 million for fiscal year 1974 and $20 million for fiscal year 1975.

WRIGHT PATMAN,
JOSEPH G. MINISH,
TOM GETTYS,
JIM HANLEY,
FRANK J. BRASCO,
EDWARD I. KOCH,
WILLIAM COTTER,
ANDREW YOUNG,
JOHN J. MOAKLEY,
GARRY BROWN,
WILLIAM B. WIDNALL,
LAWRENCE G. WILLIAMS,
STEWART B. MCKINNEY,
Managers on the Part of the House.
JOHN SPARKMAN,
WILLIAM PROXMIRE,
HARRISON WILLIAMS,
JOHN TOWER,
EDWARD BROOKE,
Managers on the Part of the Senate.

CONGRESSIONAL PAY RAISE

(Mr. MONTGOMERY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MONTGOMERY. Mr. Speaker, I was greatly disappointed last week when the House Post Office and Civil Service Committee failed to muster a quorum to reach a decision one way or another on the resolution to disapprove the President's recommended pay raise for Members of Congress. I feel this matter should be brought to the house floor for a vote and certainly hope the discharge petition will receive the required number of signatures.

I do not feel that Members of Congress are entitled to any additional compensation until we begin exhibiting a sense of fiscal integrity to stem the tide of inflation and bring a measure of relief for the hard pressed American taxpayers.

The pocketbooks of the American people cannot afford a pay raise for Members of Congress that will amount to over $5 million a year in additional funds by 1976.

Mr. Speaker, I urge my colleagues to sign the discharge petition and bring this pay raise recommendation to the House floor for a vote. Those who favor the increased pay should be willing to go on record with their yea vote and those of us who oppose the pay raise will be very willing to express our opposition with a loud and resounding "no."

MAJORITY LEADER THOMAS P. O'NEILL, JR., SAYS NIXON POLICY MEANS MORE INCREASES IN FOOD AND FUEL PRICES

(Mr. O'NEILL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. O'NEILL. Mr. Speaker, it is all very well for President Nixon to say the energy crisis is over. He does not have to wait in gas lines.

I am sure that his pronouncement was small comfort to everyone lined up out there in Washington's 20-degree cold this morning, waiting to get gas.

President Nixon made it clear at last night's press conference that he intends to let prices ration fuel. That means the lines will get shorter because people will not be able to afford gasoline.

The President said that two-thirds of the inflation we suffered last year was caused by fuel and food prices. What does he propose to do about it?

First, he attacks Congress for trying to pass legislation aimed at holding fuel prices to reasonable levels. On the food front, the Secretary of Agriculture is still worrying about foreign markets while people here at home are paying more for less in the supermarkets.

Americans are faced with a bread and meat shortage; yet, the administration expects us to outbid other countries for the food that our Nation produces.

Congress is trying to meet its responsibilities by passing a law to deal with the energy crisis, to prevent profiteering and to hold down inflationary pressures. Now President Nixon says he will veto it. For a nation already beset with inflation, rising unemployment and impending recession, it is regretable that the President seems content.

CONGRESSIONAL PAY RAISES

(Mr. BURLISON of Missouri asked and was given permission to address the House for 1 minute, to revise and extend his remarks, and include extraneous matter.)

Mr. BURLISON of Missouri. Mr. Speaker, apparently this is the week that the Congress is making a determination on whether there will be a pay raise for legislative, executive, and judicial officials of the Government. This procedure, under the law, was supposed to have arisen 1 year ago, but was delayed by the President. It seems the President continues to succeed in placing the Congress in the very worst light by forcing the matter at this time.

Salaries in the above-mentioned categories were last increased in January 1969. Federal civil service employees have been increased 36.5 percent since that time. The cost of living index—Consumer Price Index—has increased 28.4 percent. Increases for salaries and wages in the private sector have been 28 percent for the same period. Social security benefits have been increased 70 percent.

So we see that a strong case can be made for increasing the salaries even more than the 7.5 percent that is being proposed. In fact, equity would seem to dictate it. At the same time, I have consistently voted and stood against congressional pay increases since I have been in the Congress—since 1969—in view of the battle against inflation which must be waged by our Government and the need to set an example in the realm of fiscal responsibility.

Not only am I publicly announcing my opposition to the pay raise, I intend to sign the discharge petition to force a vote on this issue on the House floor.

THE SHORTAGE OF FUEL AND FERTILIZER

(Mr. MATHIS of Georgia asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MATHIS of Georgia. Mr. Speaker, it sometimes amazes me that after Congress focuses attention on the severity of certain problems, the Department of Agriculture is quick to acknowledge that a problem does exist even though they have repeatedly stated that no such problem exists.

Such a case is the extreme shortage of fuel and fertilizer for the 1974 crop year. At the present time my bill to impose an embargo on exports of fertilizer until the domestic supply is adequate has 60 cosponsors and apparently the Department is paying attention.

The press release from the Department of Agriculture dated yesterday states that nitrogen fertilizer is short in 29 States and tight in 15. It also states that phosphate and potash supplies were reported up somewhat from 2 weeks ago but phosphate was still short in 30 States and potash in 24.

I challenge Secretary Butz to reappraise the Department's estimates on total yields for the 1974 crop and to realistically approach this problem rather than painting rosy pictures to the American consumers.

PENDING ACTION ON PAY INCREASES

(Mr. GROSS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GROSS. Mr. Speaker, I have pending before the Committee on Rules House Resolution 900 for the purpose of discharging the Committee on Post Office and Civil Service from further consideration of House Resolution 807, disapproving a pay raise for Members of Congress, the Federal Judiciary, and the elite corps in the executive branch of Government.

Those Members desiring to vote on the resolution disapproving the proposed pay increases for those whom I have enumerated should contact the members of the Committee on Rules or write letters today to every member of that committee urging that House Resolution 900 be brought to the House floor for immediate consideration.

IN OPPOSITION TO THE PROPOSED PAY INCREASES

(Mr. MAYNE asked and was given permission to address the House for 1 minute, to revise and extend his remarks.)

Mr. MAYNE. Mr. Speaker, I certainly wish to commend my colleague, the gentleman from Iowa (Mr. GROSS) for the statement he has made. I support him in his effort to block this untimely and unwise congressional pay increase, and I want the gentleman to know that I have already written the chairman and all members of the Committee on Rules last Friday urging that his resolution, H.R. 900, and a similar resolution, H.R. 911, filed by me on Thursday to block the salary hike, be taken up immediately by that committee.

Mr. Speaker, I appeal to all Members to join Mr. Gross in this fight. A pay increase at this time would seriously undermine the national effort to curb inflation. Allowing the recommendation of the Presidential commission to go into effect automatically while we look the other way will further reduce public confidence in the Congress which has already hit an all-time low. The Nation is watching to see if a Congress, which has been asking everyone else to tighten belts and make sacrifices, will now turn its back on economy when its own pocketbook is involved. If Congress accepts such an increase for itself, it will be at the mercy of every pressure group which lobbies for higher profits, higher wages, and more Government spending to benefit its own special interest. Clearly, we should not abdicate our own personal responsibility to do what we can to hold the line on spending and check inflationary pressures.

Mr. Speaker, it is particularly important that no pay increase should be put into effect in the manner in which this one is proposed, going automatically into effect through the guise of a commissions' recommendation. At the very least, every Member should stand up and be counted on this very important issue.

Mr. SCHERLE. Mr. Speaker, will the gentleman yield?

Mr. MAYNE. I am happy to yield to the gentleman from Iowa.

Mr. SCHERLE. Mr. Speaker, I do not know if my colleague, the gentleman from Iowa, is aware of the Senate's recent action on this legislation.

It is my understanding that the other body has exempted Members of Congress from the increase. However, in committee they authorized an increase pay boost for members of the Judiciary and for fat bureaucrats throughout the Nation.

Mr. MAYNE. Mr. Speaker, I know not what if any action the Senate may finally take, but I very strongly feel that we in the House should ourselves act responsibly by moving promptly and decisively to block our pay increase while there is yet time. We should not rely upon what the Senate may or may not do.

We can do this by persuading the Rules Committee to approve the resolutions which the gentleman from Iowa (Mr. Gross) and I have introduced.

AN END TO PRICE FIXING

(Mr. YOUNG of South Carolina asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. YOUNG of South Carolina. Mr. Speaker, the great strength of our political system is its realism. Our forefathers gave us a structure that does not ignore the flawed nature of man, but builds from it a wonderful array of checks and balances.

Showing similar wisdom, we here should give up our attempt to ignore the nature of economic man. Trying to rewrite the law of supply and demand is an effort doomed to failure. A resource, a service, or a manufactured item is worth whatever others are willing to pay for it to the one who possesses it. When government tells the seller he may not receive the worth of what he is selling, he discontinues his trade in that item. If the item had any economic usefulness to start with, its removal from the marketplace has repercussions that none of us view as desirable.

It forces those who had depended upon that item to do without, and it encourages those who have possession to hoard—waiting for the end of controls, or the beginnings of a black market.

In my own district we have already seen the shortages—in textiles, fertilizer, steel, and farm equipment. We in the Congress must allow our fixing of wages and prices to stop before our production channels are so hopelessly distorted that the free market and consumer choice become historical curiosities.

Mr. Speaker, I would also like to join with my colleague, the gentleman from Iowa, concerning the pay raise for the House.

We ran for this office on a fixed salary of $42,500. This was a contract, as far as I am concerned. This is a very bad way for us to operate, for we are not facing up to the facts. We should either vote up or down on a pay raise.

Mr. Speaker, I object to the way in which this is being done.

PERMISSION FOR COMMITTEE ON RULES TO FILE CERTAIN PRIVILEGED REPORTS

Mr. SISK. Mr. Speaker, I ask unanimous consent that the Committee on Rules may have until midnight tonight to file certain privileged reports.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

H.R. 2, EMPLOYEE BENEFIT SECURITY ACT

Mr. SISK. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 896 and ask for its immediate consideration.

The Clerk read the resolution as follows:

H. Res. 896

Resolved, That upon the adoption of this resolution it shall be in order to move, clause 7 of rule XIII to the contrary notwithstanding, that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 2) to revise the Welfare and Pension Plans Disclosure Act. After general debate, which shall be confined to the bill and shall continue not to exceed four hours, two hours to be equally divided and controlled by the chairman and ranking minority member of the Committee on Education and Labor, and two hours to be equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means, the bill shall be read for amendment under the five-minute rule. It shall be in order to consider without the intervention of any point of order, in lieu of the committee amendment now printed in the bill H.R. 2, as one amendment in the nature of a substitute for the bill H.R. 2 the text of the bill H.R. 12906 as title I of said substitute and the text of the bill H.R. 12855 as title II of said substitute. Said substitute shall be read as an original bill for the purpose of amendment under the five-minute rule by parts instead of by sections, and title II of said substitute shall be considered as having been read for amendment. No amendments shall be in order to title II of said substitute except amendments offered by direction of the Committee on Ways and Means, which amendments shall be in order, any rule of the House to the contrary notwithstanding and which shall not be subject to amendment, and germane amendments to subsections 2001(a)(1)(A), 2001(a)(2), 2001(b) and 2001(a)(3) of title II relating to the maximum dollar amount or maximum percentage deductible for contributions on behalf of self-employed individuals and shareholder-employees. At the conclusion of the consideration of H.R. 2 for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and any Member may demand a separate vote in the House on any amendment adopted in the Committee of the Whole to the bill or to the amendment in the nature of a substitute made in order by this resolution. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

The SPEAKER. The gentleman from California (Mr. Sisk) is recognized for 1 hour.

Mr. SISK. Mr. Speaker, I yield 30 minutes to the gentleman from Illinois (Mr. Anderson), pending which I yield myself such time as I may consume.

Mr. Speaker, House Resolution 896 provides for a modified open rule with 4 hours of general debate, 2 hours to be equally divided and controlled by the chairman and ranking minority member of the Committee on Education and Labor, and 2 hours to be equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means, on H.R. 2, a bill to revise the Welfare and Pension Plans Disclosure Act.

House Resolution 896 provides that it shall be in order to consider without the intervention of any point of order, in lieu of the committee amendment now printed in the bill H.R. 2, as one amendment in the nature of a substitute for the bill H.R. 2, the text of the bill H.R. 12906 as title I of the substitute and the text of the bill H.R. 12855 as title II of the substitute.

House Resolution 896 provides the substitute shall be read as an original bill for the purpose of amendment under the 5-minute rule by parts instead of by sections, and title II of the substitute shall be considered as having been read for amendment.

House Resolution 896 also provides that no amendments shall be in order to title II of the substitute except: First, amendments offered by direction of the Committee on Ways and Means, which shall be in order, any rule of the Rules of the House of Representatives to the contrary notwithstanding and which shall not be subject to amendment: and second, germane amendments to subsections 2001(a)(1)(A), 2001(a)(2), 2001(b) and 2001(e)(3) of title II relating to the maximum dollar amount or maximum percentage deductible for contributions on behalf of self-employed individuals and shareholder-employees, commonly known as the "Keogh plan."

Both titles I and II of the substitute include similar provisions dealing with participation and coverage, vesting and funding of individual private pension rights. The substitute requires companies having pension plans to extend coverage to all employees who have reached the age of 25, with at least 1 year of service to the company. It also requires the adoption of one of three minimum vesting standards: First, graduated vesting beginning with at least 25 percent after 5 years, increasing to 100 percent after 15 years; second, 100 percent after 10 years; or third, 50 percent when years of service and age of employee total 45 and 10 percent per year over the next 5 years.

In addition to the above provisions, title II increases the tax deduction allowed for retirement plans for self-employed persons from the present 10 percent of earnings up to $2,500 to 15 percent of earnings up to $7,500. Title II also permits individuals not covered by qualified or Government pension plans to take a deduction of up to 20 percent of their earned income, not to exceed $1,500.

Mr. Speaker, I urge the adoption of House Resolution 896 in order that we may discuss and debate H.R. 2.

Mr. ANDERSON of Illinois. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, this rule, House Resolution 896, that will, if adopted, make in order consideration of the Employee Benefit Security Act, or the bill that is more commonly referred to, I think, in popular parlance, as pension reform, is a most unusual rule, and therefore I think requires some comment from both sides of the aisle.

Mr. Speaker, we are confronted with a very unusual situation, and one, in all candor, with which I am not completely happy.

What happened is that the Committee on Rules met in the 1st session of this 93d Congress on the 24th of October of 1973 to consider legislation that had been referred out of the House Committee on Education and Labor on the subject of pension reform. At that time we were confronted with the fact that the Committee on Ways and Means, which also claims jurisdiction in this area, had not completed work on a bill of its own. In an effort—and understandably so, I think—to accommodate that committee and to make it possible for them to present their ideas as well before the Committee on Rules, we deferred any final consideration of the matter.

We next met on the 30th of October, 1973, for the same purpose, and at that time again we found that there had been an inability on the part of these two very important committees of the House, the Committee on Education and Labor and the Committee on Ways and Means, to reconcile their conflicting approaches to this particular matter.

So again our hearings were continued over until the 2d session of this 93d Congress when we met again on the 29th of January of 1974. Again the Committee of Rules found itself confronted with a situation where, even though, as I recall it, both the acting chairman of the Committee on Ways and Means and the chairman of the subcommittee, the gentleman from Pennsylvania (Mr. Dent) appeared before our committee, there was no clear agreement or consensus as to the manner in which this bill should be handled in all of its phases here on the floor of the House. It was therefore not until the 19th of February of 1974 that these gentlemen again came before the Committee on Rules and presented what we have essentially before us today in House Resolution 896.

What it does, in essence, is to make in order the consideration of not just one bill, but actually two pension reform bills, one, as I explained before, worked out in the Committee on Education and Labor, and the other one eminating from the Committee on Ways and Means.

In all frankness, Mr. Speaker, I would have much preferred the opportunity this afternoon and in the time that we spend on this very important subject matter, a simple rule which would have provided for the consideration of a single pension reform bill, under the circumstances that would have permitted proper amendments from anyone offering them here on the floor of the House.

Mr. Speaker, House Resolution 896 is an unusual rule because this is an unusual situation, and, I might add, a situation with which I am not entirely happy. For what this rule really does is to make in order the consideration of not one but two pension reform bills—one from the Education and Labor Committee and the other from the Ways and Means Committee. I would have much preferred bringing out a simple rule providing for the consideration of just one pension bill, and our Rules Committee made every effort to bring these two committees together for the purpose of drafting a consolidated bill. But even the powerful Rules Committee was not able to pull off this miracle of compromise and reconciliation, and so we are faced today with the difficult task of considering two separate, yet overlapping, pension bills simultaneously.

I think this is especially unfortunate because this means that we are superimposing on the already complex issue of pension reform a most complex parliamentary situation, and as debate on the rule and the bill proceeds, the truth of this understatement will become self-evident. It is most regrettable that so much of our energy and attention will be focused today on the procedural aspects of the proceedings to the detriment of the substantive aspects of these pension reform bills.

The rule now before us provides for 4 hours of general debate on H.R. 2, to be equally divided between the Ways and Means and Education and Labor Committees, and it also makes in order as a substitute for H.R. 2, two bills: H.R. 12906, a revised version of H.R. 2 as reported from Education and Labor, which shall be considered title I of the substitute; and H.R. 12885, as reported from Ways and Means, which shall be considered as title II of the substitute. While title I, the Education and Labor bill, will be open for amendment under the 5-minute rule, title II, the Ways and Means bill, will be considered under what is essentially a closed rule, with the exception that the H.R. 10 or "Keogh" portion of the bill may be amended, and committee amendments will also be in order.

This perhaps wouldn't be too difficult and confusing if titles I and II were supplementary yet complementary to each other. But the fact is that both titles contain provisions on participation, vesting and funding, and while these provisions are essentially identical now, they may not still be so following the amendment process. In addition, while title I puts the overall administration of these matters in the hands of the Department of Labor, title II puts them with the Department of the Treasury. In other words, if we adopt this substitute as it has been presented to us, we will have a dual administrative setup, as some have described it, a "hydraheaded monster." I think I am safe in observing that it is probably this difference which is primarily responsible for the fact that we are considering two bills rather than one bill today.

Recognizing the confusion and costs involved in such a dual system, it is my understanding that two attempts will be made to place this under either Labor or Treasury. I have been informed that my colleague from Illinois (Mr. Erlenborn) will ask that the previous question on this rule be defeated so that he may offer a revised rule which would permit a final vote, following the amendment process, on placing the administration under either Labor or Treasury.

I have also been informed that my colleague from Texas (Mr. Archer) will be attempting a similar feat by offering an amendment to title I to eliminate the role of the Labor Department in administering participation, vesting, and funding, with respect to qualified plans, thus placing this solely with the Department of Treasury. There is no difference over the jurisdiction the Department of Labor would have with respect to the reporting, disclosure, and fiduciary standards provisions contained in title I.

These are the basic procedural questions confronting this body today, though they obviously touch upon very important substantive questions. Other important amendments which will be offered at the appropriate time include a substitute "termination insurance" proposal authored by Congressman Erlenborn, and an attempt to either reduce or eliminate the increased deduction for the self-employed. I will not go into these further at this time since I am sure they will be adequately covered during general debate. But I would urge my colleagues, in conclusion, to follow these proceedings very closely or it will be very easy to get lost in the parliamentary maze which stretches before us.

Mr. Speaker, I yield 5 minutes to the gentleman from Illinois (Mr. ERLENBORN).

Mr. ERLENBORN. Mr. Speaker, some 5 or 6 years ago the General Subcommittee on Labor of the Committee on Education and Labor began consideration and extensive hearings in the area of private pension reform. We have spent considerable of our time over the ensuing years on this.

At the outset I want to say I am pleased to come here in the well today in substantial agreement with the chairman of the subcommittee, the gentleman from Pennsylvania, JOHN DENT. As we are all aware the gentleman from Pennsylvania (Mr. DENT) and I do not always agree, but this is one case where we are in very substantial agreement. There is only one element in the bill I would like to see amended and improved.

A few years ago the gentleman from Pennsylvania (Mr. DENT) saw the wisdom of acquiring staff that could be devoted entirely to the consideration of private pension reform, so we began a task force under the auspices of the General Subcommittee on Labor, acquired expert staff, and over the past 2 years with the task force have traveled extensively in gathering statements and evidence from those who are interested in the field of private pension reform, including employers and employees and labor organizations and people who operate private pension plans, and the members of the subcommittee have devoted substantial time to this effort.

Finally in the fall of last year we were able to reach, as I say, very substantial agreement. Almost all of the elements of the bill as it is reported—disclosure and fiduciary relationships and vesting and funding—with the one exception of termination insurance, we agreed upon.

The bill was reported from the subcommittee and the full committee with virtually no opposition. I am pleased that we were able to do this in a way that was very responsible and responsive to the needs of the workers of America for the protection that they so desperately need, to see that they do get the pensions that they have been promised, that the funds will be there, that they have vested rights and it cannot be taken away from them.

Last October we were ready to come to the floor of this House with pension legislation. Almost concurrently with the reporting from the Committee on Education and Labor of this private pension reform bill, interest was shown by the Committee on Ways and Means on the same subject. This is not surprising. The same scenario was true in the other body, in the Congress, preceding this. The Committee on Labor and Public Welfare reported the bill and the Committee on Finance in the other body expressed interest, and in this Congress when they did pass a bill both committees exercised jurisdiction over the bill; so it was not surprising that the Committee on Ways and Means of the House would have an interest in this bill.

It was announced by the acting chairman of the Committee on Ways and Means at that time that they would devote a week to marking up the bill and they began with the Senate-passed bill.

I think in the intervening time from last October until the present time, the Committee on Ways and Means has devoted an exceptional amount of time to studying the provisions of this legislation and making judgments as to what the provisions ought to be.

Now we have before us in title II of the bill under consideration that which will be offered by the Committee on Ways and Means as the result of their efforts. By and large they have agreed with the judgments made by the Committee on Education and Labor.

The one problem that we were faced with, was the question of who should have jurisdiction, which committee and, therefore, which Department of Government would have jurisdiction for administration.

The Committee on Rules suggested to the acting chairman of the Committee on Ways and Means and the chairman of our subcommittee, the gentleman from Pennsylvania (Mr. DENT) that they resolve their differences.

It was very easy for these gentlemen to resolve their differences as to reporting and fiduciary and tax provisions, the former going to the Committee on Education and Labor, the tax provisions to the Committee on Ways and Means.

In the area of participation, vesting and funding, the two chairmen were unable to agree as to which should have jurisdiction, so they went to the Committee on Rules and asked that both bills be considered in full.

The SPEAKER. The time of the gentleman has expired.

(At the request of Mr. ANDERSON of Illinois, and by unanimous consent Mr. ERLENBORN was allowed to proceed for an additional 5 minutes.)

Mr. ERLENBORN. Mr. Speaker, they asked the Committee on Rules that both bills be considered in full, Education and Labor as title I and Ways and Means as title II. After perfecting title I and title II to the extent it can be perfected, then adopt both the Education and Labor reported bill and the Ways and Means bill as one bill.

The problem is that in title I we have one set of laws relating to participation, vesting, and funding to be administered by the Department of Labor, and in title II we have another set of laws in exactly the same area; participation, vesting, and funding to be administered by the Treasury Department.

I think the House would be made to look foolish if we passed legislation of this sort in the same bill, adopting two sets of laws in the same area, providing two different Departments of Government with concurrent jurisdiction for administration and forcing those who are administering private pension plans to go to two different governmental agencies on the same questions.

No doubt we all know how bureaucrats can look at laws and regulations and have differing interpretations; no doubt these plan administrators will get two different interpretations, one from the set of bureaucrats on the Department of Labor and another set of interpretations from the Treasury Department.

It would be virtually impossible to satisfy both at the same time since both have jurisdiction in the same area. For this reason, Mr. Speaker, though I am supporting the rule, I am asking that the previous question on the rule be voted down.

If that is done, I will offer an amendment to the rule that will provide that upon perfecting both title I and title II, a separate vote shall be taken on the question as to whether we shall have jurisdiction in the Labor Department or in the Treasury Department.

The language of the amendment is that upon perfecting title II, a separate vote should be taken on part 1 of title II. Part 1, as the Members will recall, is participation, vesting and funding in the Ways and Means provision.

The language goes on to say that if part 1 of title II is adopted, parts 2 and 3 of title I will be considered as stricken because they are the same area of participation, vesting, and funding. So that on this one vote the Members will have a clear choice as to Labor Department or Treasury Department, and the House will not be put into the position of having to pass a bill that has jurisdiction in both in the same bill.

Mr. STEIGER of Wisconsin. Mr. Speaker, will the gentleman yield?

Mr. ERLENBORN. Mr. Speaker, I yield to the gentleman from Wisconsin.

Mr. STEIGER of Wisconsin. Mr. Speaker, I appreciate the gentleman yielding to me. I wish to commend him for the statement he has made, and to ask a question.

Mr. Speaker, is it clear that at some point during the consideration under this rule, if the previous question is not voted down, a vote can be obtained on striking section 1 of title II?

Mr. ERLENBORN. No, I will answer the gentleman by saying that under this rule, if it is not amended, no separate vote could be taken on part 1 of title II, so we would be locked in to either rejecting all of title II, the entire ways and means provision, or accepting all of title II.

Mr. STEIGER of Wisconsin. Mr. Speaker, I appreciate the gentleman's response to the question, and I am grateful for his clarification.

Mr. Speaker, I concur fully with the gentleman that it makes absolutely no sense to see this House try to take a bill to the other body in which we have conflicting, overlapping dominant jurisdiction on those issues.

Mr. Speaker, I support the gentleman's position. I hope we can have a separate vote on that issue, Labor versus Treasury.

Mr. ERLENBORN. Mr. Speaker, I thank the gentleman from Wisconsin for his contribution.

Mr. SISK. Mr. Speaker, I yield 6 minutes to the gentleman from Pennsylvania (Mr. DENT).

Mr. DENT. First, Mr. Speaker, let me say that this is a very difficult rule, and some sections are rather strange. However, it must be said in all honesty that the Committee on Rules was faced with making a Solomon's decision, and it had to be made prior to floor action, a question of jurisdiction that would have completely buried the contents and the intent of this legislation.

There is no such thing as a conflict in the provisions on vesting and funding between the Labor provisions and the Ways and Means provisions. They are identical in their concept, their provision and in criteria.

For instance, under the title coming from the Labor Committee, we have a 10-year vesting. The Ways and Means bill has a 10-year vesting. Under the Labor bill, we have a graduated 15-year vesting; 5 years, 75 percent; 10 years, 50 percent; 15 years, 100 percent of vesting. The identical provisions are in the bill coming from the Ways and Means Committee.

The third rule of vesting is a rule of 45, including age and service, which is identical to the provisions of the other bill.

The provisions of both bills require funding the normal cost, amortization of past service costs over 30 years (40 years, multiemployer plans) is identical to the language in the Ullman bill.

Now, the reason that we had to agree that it was proper for both bills to contain these provisions is that in our bill it is a question of setting minimum standards for contracting bodies to agree to come to some vesting period that is a minimum vesting period for the labor negotiations.

In the Ullman bill it is there for the purpose of establishing tax treatment for the plans that are approved as they are today by the IRS. However, we do not in any way spell out any provisions of vesting that are superior or better than the minimum standards that we set, nor are we asking that there be any such restrictions.

Now, the reason that the IRS has asked that it have funding and vesting provisions in its portion of the bill is because if a contract is made where there is a different type of vesting, they still have the responsibility, and they have to then determine whether that additional or different type of vesting and funding can be treated in the same manner as the minimum requirements that are contained in both bills.

Mr. Speaker, we cannot interfere with the provisions of the act that deal with tax treatment. We do not do it in this section, nor do we do it in the so-called section of the bill dealing with private or individual pensions for self-employed persons. And yet they have to set standards. Up until this point, participation in or qualification of a plan was based upon certain minimum standards issued by the IRS.

The labor section of the bill has always contained the qualifying standards set by the IRS, but when we spelled out specific minimum requirements, then they had to either change their qualifications to some other base or accept our minimum standards.

So there is no conflict there. On top of all of it, the most important part is that these two agencies are involved in this area for different purposes but with the same criteria. These committees have provided identical statutory standards and have required the two agencies to issue joint regulations. In other words, there will be no conflict of regulations, and only in that particular instance could there be the kind of a situation that had been conjured up before the House by my worthy colleague, the minority Member.

Mr. Speaker, I wish to say to the Members that I consider the patience of the Committee on Rules with regard to this difficult problem to be an outstanding development in legislative enactment. I believe that the committee's decision was a decision worthy of Solomon, and I want to compliment the gentleman from Illinois (Mr. ERLENBORN) who is my ranking member. Throughout all of these years of discussion and debate we have disagreed about many of the features of the act, and we have come together on many of them, but there has never been a point where we have not worked together. Although there are still some areas in which we differ and although we may differ in context as to what we want to put into the legislation, at no point is there any argument as to the justice of his proposal or the justice of our opposition to his proposal.

Therefore, Mr. Speaker, I wish to say that this is the only way by which I know we can get this legislation before the House, legislation which is so essential to the welfare of hundreds of thousands of American workers.

Mr. ULLMAN. Mr. Speaker, will the gentleman yield?

Mr. DENT. I yield to the gentleman from Oregon.

Mr. ULLMAN. Mr. Speaker, I wish to commend the gentleman and to join with him in saying that this is a responsible rule. It is a responsible legislative procedure. It has been worked out in great detail with expert staff members, both on the Committee on Labor side and the Committee on Ways and Means side.

This proposed legislation recognizes the basic responsibility of the Internal Revenue Service and the Treasury Department in administering the qualified plans, which involve some $4 billion of tax revenue, and at the same time recognizing the responsibility of the Labor Department.

We have adopted a procedure under which uniform regulations can be accomplished. It is workable, responsible, and sound, and I commend the gentleman in the well.

Mr. DENT. I thank the gentleman.

Mr. ANDERSON of Illinois. Mr. Speaker, I yield 4 minutes to the gentleman from Texas (Mr. ARCHER).

Mr. ARCHER. Mr. Speaker, I also would like to commend all members of both committees and the staffs of the Committee on Ways and Means and the Committee on Education and Labor who have worked many long hours in putting together this package of pension reform legislation.

I must also say I agree with my colleague from Illinois (Mr. ERLENBORN) that there is great danger in any bill that sets up dual administration between two Federal agencies no matter how carefully designed that dual administration is. Even if the regulations are the same, the interpretation of the regulations will often be different between those two organizations. As a result, you could very well have an employer taken to court by the Department of Labor for failing to comply with its interpretation while that same employer has been given a clean bill of health by the Department of the Treasury under its interpretation of the same rules.

I disagree, however, with my colleague from Illinois in his procedural method of attempting to cure this problem. It is not necessary to vote down the previous question in order to offer an amendment that would provide the only means of truly consolidating the administration of pension plans under this new law and the existing law. Even if the gentleman from Illinois is successful in his effort, we will be left with a continuing dichotomy in the administration of these bills, because even if all administration under this new law is put into the Department of Labor, the Treasury Department still has a responsibility under the existing law, which is left intact, to regulate vesting, funding and participation in the implementation of the nondiscriminatory features that it must apply. So even if the gentleman is successful in voting down the previous question and is successful in his effort to do what he calls consolidate, he will still end up with a conflict where employers must go both to the Department of Labor and the Department of the Treasury for the determination of how their plans are to be administered.

I think we have a vital obligation to workers and small businessmen in this country to see that their dollars are spent on benefits and not on administrative redtape. We have testimony from a number of experts in the pension field that with respect to small employers dual administration will double their administrative costs and in some instances run it up to over 50 percent of the total cost of their pension programs.

I say to you that we will look ridiculous if we do this. But it is not necessary to change the rule. The Committee on Rules has done, in my opinion, an excellent job in putting together a difficult package. If we vote for the previous question and accept the rule they have given us, I will offer an amendment to accomplish the only way to consolidate the administration of funding, vesting, and participation requirements under this bill, and that is to put it under the Department of the Treasury.

I hope you will vote for the previous question, and I hope you will vote for the amendment which I will offer as the only means of consolidating the administration, which I think is so vital in order to continue to attract more plans and prevent existing plans from being terminated as a result of higher administrative costs.

Mr. ICHORD. Will the gentleman yield?

Mr. ARCHER. I am glad to yield to my friend from Missouri.

Mr. ICHORD. What will your amendment leave under the Department of

Labor and what will it leave under the Department of the Treasury?

Mr. ARCHER. The Department of Labor would be left with the responsibility to administer rules for disclosure fiduciary responsibility and termination insurance as well as all requirements for nonqualified plans.

Mr. SISK. Mr. Speaker, I have no further requests for time.

Mr. Speaker, I move the previous question on the resolution.

The SPEAKER. The question is on ordering the previous question.

The question was taken, and the Speaker announced that the ayes appeared to have it.

Mr. ERLENBORN. Mr. Speaker, I object to the vote on the ground that a quorum is not present, and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 331, nays 53, not voting 47, as follows:

[Roll No. 42]

YEAS—331

Abzug
Adams
Addabbo
Anderson, Calif.
Anderson, Ill.
Andrews, N. Dak.
Annunzio
Archer
Ashley
Aspin
Bafalis
Barrett
Bell
Bennett
Bergland
Bevill
Biaggi
Biester
Bingham
Blatnik
Boggs
Boland
Bolling
Bowen
Brademas
Bray
Breaux
Breckinridge
Brinkley
Broomfield
Brotzman
Brown, Ohio
Broyhill, Va.
Buchanan
Burke, Calif.
Burke, Fla.
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Burton
Byron
Camp
Carey, N.Y.
Carter
Casey, Tex.
Cederberg
Chamberlain
Chappell
Chisholm
Clancy
Clark
Cleveland
Cochran
Cohen
Collins, Ill.
Conte
Corman
Cotter
Coughlin
Cronin
Culver
Daniel, Dan
Daniel, Robert W., Jr.
Daniels, Dominick V.
Danielson
Davis, Ga.
Davis, S.C.
de la Garza
Delaney
Dellums
Denholm
Dennis
Dent
Devine
Diggs
Dingell
Donohue
Dorn
Downing
Drinan
Dulski
Duncan
Eckhardt
Edwards, Ala.
Edwards, Calif.
Eilberg
Esch
Evans, Colo.
Fascell
Fish
Fisher
Flood
Flowers
Flynt
Foley
Ford
Forsythe
Fountain
Fraser
Frenzel
Fulton
Gaydos
Gettys
Giaimo
Gibbons
Gilman
Ginn
Goldwater
Gonzalez
Goodling
Grasso
Green, Oreg.
Green, Pa.
Griffiths
Grover
Gubser
Gude
Gunter
Guyer
Haley
Hamilton
Hammerschmidt
Hanley
Hanna
Hanrahan
Hansen, Idaho
Hansen, Wash.
Harsha
Hastings
Hawkins
Hébert
Hechler, W. Va.
Heinz
Helstoski
Henderson
Hicks
Hillis
Hinshaw
Holifield
Holt
Holtzman
Hosmer
Hudnut
Hungate
Hunt
Hutchinson
Ichord
Jarman
Johnson, Calif.
Johnson, Colo.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jordan
Karth
Kastenmeier
Kazen
Kemp
Ketchum
King
Koch
Kyros
Landrum
Latta
Leggett
Lehman
Lent
Litton
Long, La.
Long, Md.
Lott
Lujan
McClory
McCloskey
McCollister
McCormack
McDade
McFall
McKay
McKinney
McSpadden
Macdonald
Madden
Madigan
Mahon
Mailliard
Mallary
Mann
Maraziti
Martin, Nebr.
Matsunaga
Mazzoli
Melcher
Metcalfe
Mezvinsky
Milford
Miller
Minish
Mink
Mitchell, Md.
Mitchell, N.Y.
Mizell
Moakley
Mollohan
Montgomery
Moorhead, Calif.
Moorhead, Pa.
Morgan
Mosher
Murphy, Ill.
Murtha
Myers
Natcher
Nedzi
Nelsen
Nichols
Nix
Obey
O'Hara
O'Neill
Owens
Parris
Passman
Patman
Patten
Pepper
Perkins
Pettis
Peyser
Pickle
Pike
Poage
Podell
Price, Ill.
Pritchard
Railsback
Randall
Rangel
Rarick
Rees
Regula
Reuss
Riegle
Rinaldo
Rodino
Roe
Rogers
Roncalio, Wyo.
Roncallo, N.Y.
Rooney, Pa.
Rose
Rosenthal
Roush
Rousselot
Roy
Roybal
Runnels
Ruppe
Ryan
St Germain
Sandman
Sarasin
Sarbanes
Schneebeli
Schroeder
Sebelius
Seiberling
Shipley
Shriver
Shuster
Sikes
Sisk
Skubitz
Slack
Smith, Iowa
Smith, N.Y.
Snyder
Spence
Staggers
Stanton, J. William
Stanton, James V.
Stark
Steed
Steele
Steelman
Stephens
Stokes
Stratton
Studds
Symms
Talcott
Taylor, Mo.
Taylor, N.C.
Teague
Thompson, N.J.
Thomson, Wis.
Thone
Thornton
Tiernan
Towell, Nev.
Udall
Ullman
Van Deerlin
Vanik
Vigorito
Waggonner
Waldie
Walsh
Wampler
Whalen
White
Whitehurst
Whitten
Widnall
Wiggins
Williams
Wilson, Bob
Wilson, Charles H., Calif.
Wilson, Charles, Tex.
Winn
Wylie
Wyman
Yates
Yatron
Young, Alaska
Young, Ga.
Young, Tex.
Zablocki
Zion
Zwach

NAYS—53

Abdnor
Alexander
Arends
Armstrong
Ashbrook
Baker
Bauman
Beard
Brown, Mich.
Broyhill, N.C.
Burgener
Butler
Collier
Collins, Tex.
Conable
Conlan
Davis, Wis.
Dellenback
Derwinski
Dickinson
du Pont
Erlenborn
Evins, Tenn.
Findley
Frey
Froehlich
Fuqua
Gross
Harrington
Hogan
Horton
Huber
Landgrebe
Martin, N.C.
Mathis, Ga.
Mayne
Michel
O'Brien
Quie
Rhodes
Robinson, Va.
Robison, N.Y.
Ruth
Satterfield
Scherle
Steiger, Ariz.
Steiger, Wis.
Treen
Wyatt
Wydler
Young, Fla.
Young, Ill.
Young, S.C.

NOT VOTING—47

Andrews, N.C.
Badillo
Blackburn
Brasco
Brooks
Brown, Calif.
Carney, Ohio
Clausen, Don H.
Clawson, Del
Clay
Conyers
Crane
Eshleman
Frelinghuysen
Gray
Hays
Heckler, Mass.
Howard
Jones, Tenn.
Kluczynski
Kuykendall
McEwen
Mathias, Calif.
Meeds
Mills
Minshall, Ohio
Moss
Murphy, N.Y.
Powell, Ohio
Preyer
Price, Tex.
Quillen
Reid
Roberts
Rooney, N.Y.
Rostenkowski
Shoup
Stubblefield
Stuckey
Sullivan
Symington
Vander Jagt
Vander Veen
Veysey
Ware
Wolff
Wright

So the previous question was ordered.

The Clerk announced the following pairs:

Mr. Rostenkowski with Mr. Symington.

Mr. Rooney of New York with Mr. Powell of Ohio.

Mr. Howard with Mr. Brown of California.

Mr. Hays with Mr. Price of Texas.

Mr. Brasco with Mr. Mills.

Mr. Jones of Tennessee with Mr. Shoup.

Mr. Roberts with Mr. Quillen.

Mr. Reid with Mr. Blackburn.

Mrs. Sullivan with Mr. Frelinghuysen.

Mr. Wolff with Mrs. Heckler of Massachusetts.

Mr. Murphy of New York with Mr. Vander Veen.

Mr. Moss with Mr. Kuykendall.

Mr. Carney of Ohio with Mr. Del Clawson.

Mr. Badillo with Mr. Minshall of Ohio.

Mr. Andrews of North Carolina with Mr. Don H. Clausen.

Mr. Stubblefield with Mr. Mathias of California.

Mr. Stuckey with Mr. Crane.

Mr. Wright with Mr. McEwen.

Mr. Brooks with Mr. Eshleman.

Mr. Clay with Mr. Gray.

Mr. Kluczynski with Mr. Vander Jagt.

Mr. Conyers with Mr. Meeds.

Mr. Preyer with Mr. Ware.

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the resolution.

RECORDED VOTE

Mr. ERLENBORN. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 373, noes 7, not voting 51, as follows:

[Roll No. 43]

AYES—373

Abdnor
Abzug
Adams
Addabbo
Alexander
Anderson, Calif.
Anderson, Ill.
Andrews, N. Dak.
Annunzio
Archer
Arends
Armstrong
Ashley
Aspin
Bafalis
Baker
Barrett
Bauman
Beard
Bell
Bennett
Bergland
Bevill
Biaggi
Biester
Bingham
Boggs
Boland
Bolling
Bowen
Brademas
Bray
Breaux
Breckinridge
Brinkley
Brooks
Broomfield
Brotzman
Brown, Mich.
Brown, Ohio
Broyhill, N.C.
Broyhill, Va.
Buchanan
Burgener
Burke, Calif.
Burke, Fla.
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Burton
Butler
Byron
Camp
Carey, N.Y.
Carter
Casey, Tex.
Cederberg
Chamberlain
Chappell
Chisholm
Clancy
Clark
Cleveland
Cochran
Cohen
Collier
Collins, Ill.
Conable
Conlan
Conte
Corman
Cotter
Coughlin
Cronin
Culver
Daniel, Dan
Daniel, Robert W., Jr.
Daniels, Dominick V.
Danielson
Davis, Ga.
Davis, S.C.
Davis, Wis.
de la Garza
Delaney
Dellenback
Dellums
Denholm
Dennis
Dent
Devine
Dickinson
Diggs
Donohue
Dorn
Downing
Dulski
Duncan
du Pont
Eckhardt
Edwards, Ala.
Edwards, Calif.
Eilberg
Erlenborn
Esch
Evans, Colo.
Evins, Tenn.
Fascell
Findley
Fish
Fisher
Flood
Flowers
Flynt
Foley
Forsythe
Fountain
Fraser
Frenzel
Frey
Fulton
Fuqua
Gaydos
Gettys
Giaimo
Gibbons
Ginn
Goldwater
Gonzalez
Goodling
Grasso
Gray
Green, Oreg.
Green, Pa.
Griffiths
Gross
Grover
Gunter
Guyer
Haley
Hamilton
Hammerschmidt
Hanley
Hanna
Hanrahan
Hansen, Idaho
Hansen, Wash.
Harsha
Hastings
Hawkins
Hays
Hébert
Hechler, W. Va.
Heinz
Helstoski
Henderson
Hicks
Hillis
Hinshaw
Hogan
Holifield
Holt
Holtzman
Horton
Hosmer
Huber
Hudnut
Hungate
Hunt
Hutchinson
Ichord
Jarman
Johnson, Calif.
Johnson, Colo.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jordan
Karth
Kastenmeier
Kazen
Kemp
Ketchum
King
Koch
Kyros
Landrum
Latta
Leggett
Lehman
Lent
Litton
Long, La.

Long, Md.
Lott
Lujan
McClory
McCloskey
McCollister
McCormack
McDade
McFall
McKay
McKinney
McSpadden
Macdonald
Madden
Madigan
Mahon
Mailliard
Mallary
Mann
Maraziti
Martin, Nebr.
Martin, N.C.
Mathias, Calif.
Mathis, Ga.
Matsunaga
Mayne
Mazzoli
Melcher
Metcalfe
Mezvinsky
Michel
Milford
Miller
Minish
Mink
Mitchell, Md.
Mitchell, N.Y.
Mizell
Moakley
Mollohan
Montgomery
Moorhead, Calif.
Moorhead, Pa.
Morgan
Mosher
Murphy, Ill.
Murtha
Myers
Natcher
Nedzi
Nichols
Nix
Obey
O'Brien
O'Neill
Owens
Parris
Passman
Patman
Pepper
Perkins
Pettis
Peyser
Pickle
Pike
Poage
Podell
Price, Ill.
Pritchard
Quie
Quillen
Railsback
Randall
Rangel
Rarick
Rees
Regula
Rhodes
Riegle
Rinaldo
Robinson, Va.
Robison, N.Y.
Rodino
Roe
Rogers
Roncalio, Wyo.
Roncallo, N.Y.
Rooney, Pa.
Rose
Rosenthal
Roush
Rousselot
Roy
Roybal
Runnels
Ruppe
Ruth
Ryan
St Germain
Sandman
Sarasin
Sarbanes
Satterfield
Scherle
Schneebeli
Schroeder
Sebelius
Seiberling
Shipley
Shriver
Shuster
Sikes
Sisk
Skubitz
Slack
Smith, Iowa
Smith, N.Y.
Snyder
Spence
Staggers
Stanton, J. William
Stanton, James V.
Stark
Steed
Steele
Steelman
Steiger, Ariz.
Steiger, Wis.
Stephens
Stokes
Stratton
Stuckey
Studds
Symms
Talcott
Taylor, Mo.
Taylor, N.C.
Thompson, N.J.
Thomson, Wis.
Thone
Thornton
Tiernan
Towell, Nev.
Treen
Udall
Ullman
Van Deerlin
Vanik
Vigorito
Waggonner
Waldie
Walsh
Wampler
Whalen
White
Whitehurst
Whitten
Widnall
Wiggins
Williams
Wilson, Bob
Wilson, Charles H., Calif.
Wilson, Charles, Tex.
Winn
Wolff
Wyatt
Wydler
Wylie
Wyman
Yates
Yatron
Young, Alaska
Young, Fla.
Young, Ga.
Young, Ill.
Young, S.C.
Young, Tex.
Zablocki
Zion
Zwach

NOES—7

Ashbrook
Collins, Tex.
Derwinski
Drinan
Harrington
Landgrebe
Reuss

NOT VOTING—51

Andrews, N.C.
Badillo
Blackburn
Blatnik
Brasco
Brown, Calif.
Carney, Ohio
Clausen, Don H.
Clawson, Del
Clay
Conyers
Crane
Dingell
Eshleman
Ford
Frelinghuysen
Froehlich
Gilman
Gubser
Gude
Heckler, Mass.
Howard
Jones, Tenn.
Kluczynski
Kuykendall
McEwen
Meeds
Mills
Minshall, Ohio
Moss
Murphy, N.Y.
Nelsen
O'Hara
Patten
Powell, Ohio
Preyer
Price, Tex.
Reid
Roberts
Rooney, N.Y.
Rostenkowski
Shoup
Stubblefield
Sullivan
Symington
Teague
Vander Jagt
Vander Veen
Veysey
Ware
Wright

So the resolution was agreed to.

The Clerk announced the following pairs:

Mr. Rooney of New York with Mr. Brown of California.

Mrs. Sullivan with Mrs. Heckler of Massachusetts.

Mr. Rostenkowski with Mr. Ford.

Mr. Kluczynski with Mr. Vander Jagt.

Mr. Brasco with Mr. Minshall of Ohio.

Mr. Carney of Ohio with Mr. Gubser.

Mr. Dingell with Mr. Price of Texas.

Mr. Howard with Mr. Shoup.

Mr. Jones of Tennessee with Mr. Crane.

Mr. Stubblefield with Mr. Nelsen.

Mr. Wright with Mr. Del Clawson.

Mr. Patten with Mr. Frelinghuysen.

Mr. O'Hara with Mr. Gude.

Mr. Murphy of New York with Mr. Don H. Clausen.

Mr. Blatnik with Mr. Eshleman.

Mr. Andrews of North Carolina with Mr. Froehlich.

Mr. Badillo with Mr. Conyers.

Mr. Clay with Mr. Reid.

Mr. Meeds with Mr. Blackburn.

Mr. Moss with Mr. Gilman.

Mr. Vander Veen with Mr. Kuykendall.

Mr. Teague with Mr. McEwen.

Mr. Symington with Mr. Powell of Ohio.

Mr. Roberts with Mr. Ware.

Mr. Mills with Mr. Preyer.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Mr. DENT. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill—H.R. 2—to revise the Welfare and Pension Plans Disclosure Act.

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 2, with Mr. Boland in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Pursuant to the rule, general debate will continue for not to exceed 4 hours, 2 hours to be equally divided and controlled by the chairman and ranking minority member of the Committee on Education and Labor, and 2 hours to be equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means.

Under the rule, the gentleman from Pennsylvania (Mr. Dent) will be recognized for 1 hour, and the gentleman from Illinois (Mr. Erlenborn) will be recognized for 1 hour, controlling the time for general debate for the Committee on Education and Labor.

The Chair now recognizes the gentleman from Pennsylvania (Mr. Dent).

Mr. DENT. Mr. Chairman, I yield 5 minutes to the gentleman from Kentucky (Mr. Perkins), the chairman of the full Committee on Education and Labor.

Mr. PERKINS. Mr. Chairman, I would be derelict in my responsibility if I did not take this opportunity to compliment the distinguished chairman of the General Subcommittee on Labor, the gentleman from Pennsylvania (Mr. Dent), on the untiring efforts and the extraordinary skill that made this legislation possible. The gentleman has done a marvelous job. In addition, he worked out with the acting chairman of the Committee on Ways and Means, the gentleman from Oregon (Mr. Ullman), a bill that coordinates the substantive and standard setting provisions of H.R. 2 with applicable provisions of the Internal Revenue Code. American working men and women owe a great debt to both these gentlemen for their great achievement. That fact will become evident as this debate continues.

Mr. Chairman, America's private pension plans, which had their beginnings almost a hundred years ago, have grown to enormous importance.

Roughly 36,000,000 workers are currently participating in some pension or retirement plan. The number of participants has roughly doubled in each decade since 1940. The combined resources of existing pension plans are estimated to be in excess of $150,000,000,000. They are increasing at a rate in excess of $10 billion annually.

Our private pension plans have served the needs of many workers very well. But the system is subject to one very simple defect. Too many people pay money into private pension plans year after year expecting eventually to receive retirement income, and they end up getting nothing.

And that, Mr. Chairman, is what this bill is all about. It is unfair and inequitable, and almost invariably tragic as well, for workers to defer income from wages or salary in anticipation of retirement benefits which they will never get.

The workers who fail to get expected pension benefits have reason to feel cheated just as they feel cheated if, having worked a week or a month, their employer refuses to pay them.

In America today the loss of pension benefits, the frustration of workers' reasonable expectation, occurs in wholesale fashion.

It happens because of breaches of faith and self-dealing on the part of fund trustees and administrators; because of bad investments on the part of managers of pension plans; and because of inadequate funding.

It happens because plants close and companies go out of business, because companies are purchased or are merged. It happens because these things occur under circumstances which leave the workers involved without any rights and without any recourse.

Those of us in the Congress who represent districts where there are many mineworkers know very well the hardship and anguish caused by the failure of the United Mine Workers welfare and retirement plan to provide benefits that many miners and their beneficiaries had expected.

I have dozens of letters in my files from the years 1971 and 1972—letters seeking my assistance because of denials on account of rigid, arbitrary, and unreasonable eligibility standards.

The recent settlement of two class action suits against the welfare and retirement fund confirmed what many of us had believed for some time—that the eligibility requirements of that plan was being administered in an arbitrary and capricious fashion.

U.S. District Judge Gerhard Gesell had even earlier upheld charges of mismanagement brought against the miners' pension fund and had forced the trustees to step down.

The experience of miners with the UMW pension fund is not unique, however. Many Members of Congress have written the committee citing cases of this kind. The gentleman from Texas (Mr. Brooks) called my attention in January of this year to a case. One of his constituents had been cut off from the retirement benefits he had been receiving from his former employer. That company had recently been purchased by another company which felt no obligation in his behalf, and apparently had no legal obligation to do otherwise.

Daily newspapers regularly call our attention to tragic cases where benefits are lost and the solvency of pension funds destroyed by plant closings. The Newark, N.J., Star Ledger, on Thursday, January 31 of this year, reported on the expected closing of a brewery which in turn threatened the solvency of the entire New Jersey brewery employee welfare plan.

Just a week later, the New York Daily News of Wednesday, February 6, reported a case where the manager of a bankrupt Brooklyn laundry had used the employee retirement fund as collateral for a personal loan. The workers not only did not get paychecks and severance pay but they lost their pension rights as well.

That, Mr. Chairman, is what this bill is all about. It is a bill designed to provide improved Federal standards to make America's private pension system work.

Our committee in both the 92d and in this Congress has had a special task force which has been conducting a professional study of vesting, funding, portability, beneficiary insurance, fiduciary responsibility, disclosure and other aspects relating to the effectuation of private welfare pension plans. The bill, H.R. 2, which we are considering today, is the product of that task force and of the full Committee on Education and Labor.

The substitute which will be offered to H.R. 2 is of important significance. It brings together in one consolidated and coordinated piece of legislation, the combined efforts of the House Committee on Education and Labor and the House Committee on Ways and Means. These committees have considered the regulations and standards being proposed in the substitute. Substantive differences have been worked out and agreed upon.

Regulations of private pension plans by the Secretary of Labor will for the first time be coordinated with the administration of the Internal Revenue Code by the Secretary of Labor. This coordination should greatly serve the interests of working men and women.

I am proud to say that substantively the substitute does not depart greatly from the committee reported H.R. 2, which as the Members of the House will recall, was so widely endorsed by both American business and labor unions.

This accomplishment has not been easy, Mr. Chairman. The subject of welfare and pension plan reform is a very complex and difficult one. In spite of the acknowledged need documented in public documents as early as the President's Cabinet Committee Report of 1965 and in the studies of the House and Senate Committees, it is not a simple subject on which to legislate. It has not been easy to draft a law which protects individual pension rights and, at the same time, recognizes the voluntary nature of pension plans.

Each regulation has to be weighed against the burdens and pressures it imposes on the system. Each requirement has to be weighed against the cost increase which might result.

In addition to the weighing and balancing of substantive issues and costs, it has been necessary to consider the appropriate mechanisms through which Federal policy is to be administered. Difficult decisions of this kind have occupied us in recent weeks in the negotiations between the House Committee on Education and Labor and the House Committee on Ways and Means.

The successful result of those negotiations and that effort at coordination of the two committees has resulted in a substitute which I think merits the support of every Member of this body.

It is a modest bill. It does not purport to solve every problem. Further study and deliberation by our own committee and by other committees of the Congress will be necessary.

We do hope that we have provided relief for the worst inequities. Basically, our effort is designed to protect the long-service employee participating in and contributing to a pension plan who would otherwise lose it. We seek to reduce the adverse pension effects of plant closings and bankruptcy on such people.

We seek to eliminate or substantially reduce unduly restrictive qualification requirements. We seek to reduce the probability of self-serving actions by pension fund administrators and trustees, to reduce the likelihood that such funds will go broke, and we seek to provide insurance against the possibility that they may.

The main features of title I of the bill are as follows:

FIDUCIARY RESPONSIBILITY AND DISCLOSURE

The committee bill replaces the generalized reporting requirements of existing law with disclosure and reporting requirements of a much more specific nature, which will give participants and beneficiaries a much better chance to protect themselves.

Similarly, since trustees and managers of plans have not always been above manipulating or investing funds for their own gain rather than in the interest of the beneficiary, fiduciary standards are established which will provide additional safeguards against mismanagement. Anyone exercising power or control, management or disposition with respect to money or other assets of an employee benefit fund would be required to act in a manner consistent with the fiduciary principles developed in the evolution of the law of trusts. The bill would impose on fiduciaries the same duty in his dealings with the assets of a fund as a prudent man would exercise in the same or similar circumstances and under like conditions.

He would be required to act consistent with the principles applicable to the administration of trusts and for the exclusive purposes enumerated in the benefit plan.

Any doubts as to his culpability and vulnerability in courts are removed.

PARTICIPATION AND VESTING

Many, if not most, workers covered by private pension plans have no right to anything until the very day they are eligible to retire. If for any reason a worker's employment is terminated before he is eligible to retire—regardless of his length of service, regardless of his contribution and the contribution made in his behalf—it is very likely that that worker will never receive any benefits at all.

Another way of describing his situation is to say that he has no vested rights. Vesting has not occurred.

This bill provides minimum vesting standards. It helps a worker participant to achieve a nonforfeitable claim to benefits which have been earned by him and which have accrued to him. Even though his job is terminated, once he has a vested claim, he will be eligible for the same retirement benefits.

Vesting after a reasonable period of service is, I think, at the heart of the problem of the pension system. The bill requires the adoption of one of three alternatives—

First, full vesting after 10 years of covered service;

Second, a graded vesting standard under which the employee must be at least 25 percent vested in his accrued benefit after 5 years of covered service, with a gradual increase in this percentage in subsequent years so as to be 100 percent vested after 15 years; and

Third, a "rule of 45" under which an employee after 5 or more years of covered service must be at least 50 percent vested when the sum of his age and years of covered service total 45, with 10 percent additional vesting for each year thereafter.

No longer will it be possible for a person to pay into a plan for many, if not most, of the years of his working life—only to be denied any retirement benefits because he had to leave his job before he reached retirement age, or before he had accumulated the required number of years of service.

FUNDING

The most vigorous vesting standards would be meaningless, however, and provide only empty promises in the absence of assets sufficient to pay the claims against them. There must be money to pay the vested benefits to the workers when they are due.

Perhaps the best-known case of a funding failure occurred in the 1963 shutdown of the Studebaker operation in South Bend, Ind. Some 4,500 workers lost 85 percent of their vested benefits because the plan had insufficient assets to pay the liabilities.

A recent Government study shows that in 1972, some 19,000 workers lost vested benefits because of the termination of insufficiently funded plans.

Funding refers to the accumulation of sufficient assets in a pension fund to assure the availability of money for payments of benefits due to the pensioners as obligations arise. The bill requires actuarily sound funding designed to lessen the risk to the beneficiaries by requiring every plan to be funded in a way which will amortize unfunded liabilities.

Annual contributions to pension funds must be sufficient to equal current service costs and to amortize past service costs over no more than 30 years—40 years for existing plans. Funds must be adjusted and losses experienced must be amortized.

TERMINATION INSURANCE

Unexpected financial or other difficulties, embezzlement, mismanagement, and simple honest mistakes can lead to premature termination of underfunded plans. Termination insurance will provide a backup for the funding requirements and safeguard workers who might otherwise be deprived of benefits or retirement credit.

It must be anticipated that some plans will fail—just as some banks fail. The purpose of the bill is to keep such failures to a minimum. Even after the bill has reached its full effect, some plans will inevitably terminate and fail because of economic downturns, business failures, and other unfortunate happenings.

For this reason, the bill establishes a termination insurance similar in operation to the Federal Deposit Insurance Corporation which will require a contribution from pension benefit plans which in turn will be paid out to those which are terminated.

Mr. Chairman, I have previously mentioned the unfairness and inequity caused by the failure of our private pension plans to insure the payment of expected retirement benefits. Fairness and equity are reason enough for us to favorably consider the bill before the House today. But there are additional reasons of a broader economic and social nature that support favorable action.

Only if private pension plans are effectively regulated will they be responsive to the need of workers for adequate retirement income. Only if they are effectively regulated can we expect extended coverage of more and more of our workers. Only through adequate regulation and minimum Federal standards, can we reduce pressure on the Social Security System and reduce the enormous costs of public welfare.

Because of the failure of the private pension system many retirees have come to be totally dependent on social security. As all of us know, social security was originally intended to provide only supplemental retirement income. Many of the older American citizens presently being helped by welfare assistance could have lived out their retirement years in dignity and independence but for a failure of their private pension plans.

Mr. Chairman, we cannot afford not to reform the pension system. There is every justification for us to do so today.

Mr. DENT. Mr. Chairman, I yield myself such time as I may consume.

Mr. BRADEMAS. Mr. Chairman, will the gentleman from Pennsylvania yield?

Mr. DENT. I yield to the gentleman from Indiana.

Mr. BRADEMAS. I thank the gentleman for yielding.

Mr. Chairman, I rise in support of H.R. 2, the Employee Benefit Security Act of 1974.

Mr. Chairman, at the outset, I would like to congratulate my colleagues on the Committees on Education and Labor and on Ways and Means who worked with such dedication and energy for passage of this comprehensive pension reform legislation.

This bill is not only one of the most complicated measures to be considered by the House; it also falls within the jurisdiction of two separate House committees. And that we are able to vote on it this week is in large measure due to the close cooperation and hard work of the members of those committees.

Mr. Chairman, I would like to pay special tribute to the distinguished chairman of the General Subcommittee on Labor, the Honorable John Dent, who has performed yeoman service to this country in having worked so long and hard on this legislation. As a former member of Mr. Dent's subcommittee, I have worked closely with him on pension reform legislation, and I can, therefore, speak from experience when I say there is no Member of the House more committed to the passage of meaningful pension legislation than John Dent.

I want also to commend the ranking minority member of the General Subcommittee on Labor, the gentleman from Illinois (Mr. Erlenborn); the chairman of the Education and Labor Committee, the gentleman from Kentucky (Mr. Perkins); and the ranking minority member of the committee, the gentleman from Minnesota (Mr. Quie), for their cooperation and tireless support of this legislation.

In addition, Mr. Chairman, I want to commend the chairman of the Ways and Means Committee, the Honorable Wilbur Mills; the gentleman from Oregon (Mr. Ullman); and the gentleman from Pennsylvania (Mr. Schneebeli), the ranking minority member of the committee, for their efforts which have been so instrumental in achieving bipartisan House support for this bill.

Mr. Chairman, this is, indeed, an important day for the millions of men and women who have worked for comprehensive Federal legislation to protect their retirement benefits.

Although private pension systems have served the needs of many workers, they have failed countless others. The promise of pension benefits upon retirement has been an illusion for too many American working men and women.

The critical need for comprehensive pension reform legislation has been carefully documented by Mr. Dent's Labor Subcommittee. The record of his subcommittee includes testimony taken at hearings here in Washington and in other cities, including South Bend, Ind., from witnesses who have been the victims of broken pension promises.

Mr. Chairman, although this is not a perfect bill, it does provide a good beginning by establishing certain minimum standards to protect the retirement benefits of the more than 30 million Americans who are covered by private pension plans.

The bill will not solve all the problems of private pension plans nor does it propose to establish an ideal plan for all workers. Rather, it seeks to set up standards to which all pension plans must conform to assure that all workers will receive the benefits they have earned.

Mr. Chairman, I would like to address myself to a particular section of the bill which is of special importance to me and to the workers of the Third District of Indiana—the section which provides for plan termination insurance.

One of the principal reasons that many workers have failed to receive their pension benefits is that, because of shutdowns or some other reason, pension plans have terminated without sufficient assets to meet the vested benefits of plan participants.

Mr. Chairman, although there are countless examples of pension plan failures, the classic example grew out of the Christmas Eve shutdown of the Studebaker plant in my hometown of South Bend in 1963, when many thousands of workers lost their jobs and received only a fraction of the pension benefits they thought they had earned. Indeed, some workers received no pension at all.

Although the Studebaker plan was a liberal one which called for the systematic funding of liabilities, when the plan terminated, there were not enough assets available to pay all claims.

The Studebaker plan covered a total of 11,000 workers. Of these 11,000, some 3,600 had already retired or had reached the age of 60, and the fund had sufficient assets to continue to pay their pensions. But 4,000 other workers between the ages of 40 to 60 were left with only 15 percent of their vested benefits while another 2,900 under the age of 40, some with vested benefits, were left with nothing at all.

As a result of the shutdown, workers with as much as 40 years seniority were left with next to nothing and were far too old to start receiving new pension credits from another employer.

Mr. Chairman, although Studebaker is perhaps the most dramatic example of the effect of plant closings on workers' retirement benefits, it is by no means unique.

Last summer, the Departments of Treasury and Labor released a joint study which indicated that during 1972 alone more than 15,000 pension plan participants lost retirement benefits because their pension plans terminated without sufficient assets to meet all plan obligations. These losses amounted to more than $40 million in anticipated retirement incomes. And several thousand of these victims of pension plan terminations actually lost their entire earned pensions.

Mr. Chairman, the legislation we are debating today will meet the problems of involuntary plan terminations represented by the Studebaker shutdown: First, by providing for minimum funding standards to assure that pension plans are accumulating sufficient assets to meet their obligations; and second, by providing for plan termination insurance to guarantee payment of all vested benefits in the event the plan has to terminate with insufficient assets to meet its obligations.

Mr. Chairman, the lesson of the Studebaker shutdown over 10 years ago in South Bend and the collapse of its pension fund has taught us a critical lesson.

Perhaps if such insurance had been available then, thousands of workers, pensions would have been saved.

Mr. Chairman, enactment of comprehensive pension reform legislation is long overdue. The bill we are debating today is a good one, and I urge all my colleagues to give it their full support.

Mr. MADDEN. Mr. Chairman, will the gentleman yield?

Mr. DENT. I yield to the gentleman from Indiana.

Mr. MADDEN. I thank the gentleman for yielding.

I wish to commend Congressman DENT, chairman of the subcommittee, for the outstanding work that he and his committee have accomplished, in bringing this legislation before the Committee on Rules and also today before the House.

This bill will protect millions of families and individual workers from losing their pension or retirement benefits. Over the years, when employers, corporations, or industries closed operations, moved to new locations, failed under bankruptcy or fired employees, they escaped their obligation to carry out their pension or retirement contracts.

This bill would protect working men and women from being arbitrarily deprived of the comfortable and dignified retirements toward which they have worked so hard. The Private Pension Tax Reform Act is another landmark which will stand beside the National Labor Relations Act and the Fair Labor Standards Act which now protect the worker during his active career.

Pension safeguards are becoming increasingly important as the private plans grow and increasing numbers of Americans come to depend upon them as major sources of retirement income. An estimated 25 to 30 million Americans are covered today, and their number is expected to reach 42 million by 1980. Pension plan assets now exceed $150 billion and are expected to be $225 billion by 1980. Such funds have become a major source of investment capital.

Yet there is still no law governing the management of such funds or assuring that workers will receive the pensions they have been promised, even though workers may have been contributing toward them for many years.

Most employees—one estimate puts it as high as two-thirds—have no vested right to their pensions and may forfeit all benefits if they leave their firms or lose their jobs, no matter how long they have worked for a company. Employees may lose their pensions because of the failure of a firm—as with the Studebaker plant at South Bend, Ind.—or a merger of companies, or arbitrary termination of a plan by a company. Another hazard is insufficient funding, whether through accident or intention, which jeopardizes a pension plan's solvency and its ability to pay pension benefits as they come due.

The bill before the House would seek to remedy shortcomings and to encourage more companies to establish such plans by preserving tax advantages. Under this bill, a company offering a pension plan would be required to extend coverage to every employee who has reached 25 and completed 1 year of service. Vested rights would be conveyed in increments under any of three methods; most employees would have 100-percent vesting after 15 years' service. Adequate funding would be required for current and prior liabilities. Strict fiduciary standards would be established for persons who manage pension funds. An insurance program against plan termination would be created. The Labor Department and the Internal Revenue Service would enforce appropriate provisions of the bill.

Other sections of the bill would apply to persons not covered by pension plans.

Mr. DENT. Mr. Chairman, we have before us today, H.R. 2, the Employee Benefit Security Act of 1974. This landmark legislation represents the culmination of over 10 years of work on the part of our committee and, if I may be allowed a small measure of pride, ranks as a milestone in my legislative career. No more important piece of legislation will be before us this year. With the protections afforded to participants in this bill, we will extend for the first time minimum Federal performance standards for the singlemost important source of retirement security aside from social security. Those whose efforts fuel our economy will enjoy a Federal guarantee of:

First. Minimum vesting standards—Partial retirement benefits will be earned even by those who serve less than full careers with employers;

Currently, the vast majority of those covered by private pension plans can have no protection against forfeiture of their accrued benefits, in the event they leave coverage before attaining retirement age or fulfilling stringent minimum service requirements extending in some cases to as long as 30 years.

Second. Minimum funding standards—Defined benefits will be required to be funded currently as they accrue and past service credits will be amortized over reasonably short periods of time. These new requirements will help prevent the accrual of benefits without concurrent payments into the plan to pay those benefits when they come due.

Third. Termination insurance—Defined benefit plans will be covered by insurance to protect participants against the loss of benefits on account of plan terminations prior to completion of the funding cycle.

This provision will provide a backup guarantee to every pension plan that, regardless of the economic fortunes of the companies sponsoring the plan, its obligations will be met.

Fourth. Fiduciary standards — All plans will be subject to new Federal trust standards which will delineate the rights and responsibilities of those who are covered by and those who deal with pension plans.

These standards, embodying existing trust concepts, will prevent abuses of the special responsibilities borne by those dealing with plans.

Fifth. Disclosure and reporting—All plans will be required to provide each participant with certain limited information, publish comprehensive financial and actuarial data and provide special reports on the occurrence of certain critical events. The availability of this information will enable both participants and the Secretary of Labor to monitor the plans' operations.

H.R. 2 was reported from our committee by a unanimous vote last session, but in the intervening period of time, events have overtaken that bill and Mr. ULLMAN and I are offering today an amendment in the nature of a substitute for H.R. 2, comprising H.R. 12906, as approved by the Committee on Education and Labor, and H.R. 12855, as reported by the Committee on Ways and Means.

H.R. 12906 contains all of the constituent provisions of H.R. 2, modified slightly to accommodate the broader scope of this substitute. As I view H.R. 12906, all of the purposes of H.R. 2 are served by its provisions but unlike H.R. 2, it does not stand on its own. It is a part of a larger measure which utilizes the jurisdictional resources of our committee, as well as the Committee on Ways and Means, to establish a protective framework of enormous strength. We have blended the civil contractual guarantees contained in H.R. 2 with the enforcement mechanisms of both the Labor and Treasury Departments. I view this substitute as a strengthened version of H.R. 2 and take pride in the work of both Mr. ULLMAN's and my own committee.

Others have expressed the view that the "overlap" between the bills—parts II and III of H.R. 12906 and subtitle A of H.R. 12855 contain comparable provisions—is a destructive rather than constructive approach. My only rebuttal to them is to point to the comprehensive scope of the bill and ask which of these two committees alone could accomplish what has been done through a joint effort.

First. Could Ways and Means have provided civil contractual remedies through the Internal Revenue Code?

Second. Without the vesting and funding standards in the Labor bill could we accomplish preemption of State laws in this field?

Third. Could we hope to coordinate the competing interests of Federal revenue and participants and plan contractual requirement?

My answer is that only through the method chosen by our two committees could we accomplish what is needed by the participants in pension plans. We have recognized the serious risks involved with the joint jurisdiction created as between the Labor and Treasury Departments. The substitute provides that in the area of the "overlap" both agencies will be required to issue joint regulations precluding them from developing inconsistent administrative practices. Beyond that, the statutory provisions are all but identical, save for technical variations. Whatever potential problems might exist have been more than adequately dealt with.

I commend to my colleagues the extensive explanatory material published in yesterday's CONGRESSIONAL RECORD dealing with the provisions of H.R. 12906. That material explains in great detail the committee's purposes and policy in approving that bill and directing that it be offered as part of a substitute for H.R. 2.

Mr. GAYDOS. Mr. Chairman, will the gentleman yield?

Mr. DENT. I yield to the gentleman from Pennsylvania.

Mr. GAYDOS. Mr. Chairman, I thank my colleague for yielding. It has been my pleasure to serve with him for the last 6 years. I appreciate his very meticulous analysis of this legislation.

In my particular district, where we have the greatest concentration of United States Steel and spin-off industries, we find a crying need for this legislation. We have example after example where pension benefits have been denied to employees after years of service and high contributions of deferred wages into various pension plans.

Our hearings have proved the need for this bill; workers know and feel the need for this legislation; and all of us know in good conscience that the time has come to provide pension protection for all Americans.

Mr. Chairman, I rise in support of the committee substitute for H.R. 2.

I. INTRODUCTION

Growth of private pension plans.

In order to fully appreciate the need for this legislation, it is necessary to review the growth of the private pension system to date. The following statistics most vividly demonstrate the great expansion since 1940:

Employees covered
(In millions)

1940	4
1950	9.8
1960	21
1970	30
1980 (estimated)	42

Additionally the value of the assets of these pension plans have increased from $2.4 billion in 1940 to $150 billion in 1970, and are expected to increase to $250 billion by 1980.

Whereas, in 1950, 450,000 beneficiaries received $370 million in benefits, in 1970 the figures were 4.7 million beneficiaries and $7.4 billion in pension payments.

Current Federal law pertaining to pension plans.

There are only three Federal laws which can be considered as having some regulatory effect on such plans. These are:

Section 302 of the Labor-Management Relations Act (1947) provided fundamental guidelines for the establishment and operation of pension funds administered jointly by an employer and a union. This was not intended to, nor does it, provide standards for the preservation of vested benefits, funding adequacy, security of investment, or fiduciary conduct.

The Welfare and Pension Plan Disclosure Act of 1958 was enacted for the purpose of protecting the interest of welfare and pension plan participants and beneficiaries through disclosure of information with respect to such plans by requiring the plan administrator to file with the Secretary of Labor and to make available to participants and beneficiaries the annual report of the plan.

This law was amended in 1962 to make theft, embezzlement, bribery, and kickbacks Federal offenses if they occurred in connection with welfare and pension plans. The amendments also required bonding of plan officials and provided limited investigatory and regulatory power to the Secretary of Labor.

Experience since 1962 has demonstrated the weakness of this law in its limited disclosure standards and the absence of fiduciary standards. The main shortcoming of this law is its reliance on the individual employee to police the management of the plan.

The Internal Revenue Code provides certain tax deduction benefits for employers for contributions made to a plan as well as tax exemption for the investment earnings on such plans. To be eligible for such "qualified status" the plan must: first, be for the exclusive benefit of the participants; second, exist for the purpose of distributing the corpus or income to the participants; third, be established in such a manner as to make it impossible for the employer to use or divert funds before satisfying the plan's liabilities; and fourth, not discriminate in favor of officers, stockholders, or highly compensated or supervisory employees.

Since the primary function of this law is to produce revenue and prevent tax evasion, enforcement consists in the Internal Revenue Service's grant or disallowance of "qualified status" to a pension plan. Accordingly, there is only a very limited protection for the rights of the participants and beneficiaries of a plan.

II. PURPOSE OF THIS LEGISLATION

Very succinctly the purpose of this legislation is to require:

That plan administrators will adhere to certain fiduciary standards when handling the affairs of the plan;

That the plan administrator will provide in a meaningful manner the necessary information as to the current status of the plan on an annual basis;

That employees be included in pension plans at or near the inception of their employment;

That employees will earn nonforfeitable rights in the plan after a short period of employment;

That the employer make contributions to the plan to cover the vested rights acquired by the employees; and

That, in the event of plan termination, sufficient assets will be available to meet the plan's obligations to its participants and beneficiaries.

III. ANALYSIS OF THIS LEGISLATION

To go into further detail the following are the significant provisions of this legislation:

Fiduciary responsibility and disclosure.

This part of the proposed legislation would cover all private employee benefit plans under commerce clause jurisdiction except:

Plans of Federal, State, and local government.

Plans established and maintained solely for the purpose of complying with workmen's compensation or unemployment compensation disability insurance laws.

Plans established and maintained outside the United States for the benefit of non-U.S. citizens.

Certain church plans.

Unfunded deferred compensation plans for top executives.

Plans subject to this part would be required to conform to the fiduciary and disclosure standards no later than 6 months after passage.

With respect to fiduciary standards, anyone who exercises any power of control, management, or disposition with regard to a fund's assets or who has the authority to do so or who has the authority or responsibility in the plan's administration must act "solely in the interest of the participants and with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims."

A fiduciary would be required, with certain exceptions, to diversify investments so as to minimize losses.

A fiduciary would be prohibited from dealing with such fund for his own account, acting on behalf of any party adverse to the interests of the plan or its participants, receiving any personal consideration from any party dealing with the fund in connection with any transaction involving the fund, transferring property to any party in interest for less than adequate consideration, and permitting the acquisition of property from any party in interest for more than adequate consideration.

The administrator of a pension or welfare plan would be required to publish a description of the plan setting forth the identity of the administrator, the benefit schedule, the plan's vesting provisions, and the procedure to be followed in presenting a claim as well as for appealing claims that were denied.

The administrator would also be required to publish an annual report setting forth in detail substantial financial information as to the assets of the plan, the benefits paid, number of employees, receipts and disbursements, known party-in-interest transactions, loans in default, et cetera, as well as an audit and opinion of independent qualified public accountant and an actuarial statement.

Upon request, the administrator would be required to furnish a participant information as to his or her rights and the amount of any nonforfeitable benefit.

The Secretary of Labor would have authority to investigate any plan and would have authority to bring any legal action to enjoin any act or practice which appears to him to violate the law. Participants and beneficiaries would also have the right to institute such proceedings.

Vesting.

Vesting refers to the nonforfeitable right or interest which an employee participant acquires in the pension fund. The benefit credits may vest in an employee immediately, although in most cases participants do not become eligible for vesting of benefits until a stipulated age or period of service, or a combination of both, is attained.

At present, only one of every three employees participating in employer-financed plans has a 50 percent or greater vested right to his accrued retirement benefits. Moreover, 58 percent of covered employees between the ages of 50 and 60 and 54 percent of covered employees 60 years of age or over do not have a qualified vested right to even 50 percent of their accrued retirement benefits. Extreme cases have occurred in which employees have lost retirement rights at advanced ages as a result of being discharged shortly before they would have been eligible to retire.

Title I, part 2 of the proposed legislation would require minimum vesting standards for all private pension benefit plans including profit-sharing plans which provide benefits after retirement except—

Federal, State, and local plans;

Certain church or fraternal society or association plans;

Plans established or maintained outside the United States for workers who are non-U.S. citizens;

Executive deferred compensation plans;

Secondary plans providing class year vesting; and

Keogh plans.

Plans subject to this part would be required to include in the plan an employee after 1 year's service or age 25 whichever occurred later, except for a plan which provided that after 3 years of service or age 25, whichever is later.

Every plan subject to this part would be required to adopt one of the following vesting rules:

One hundred percent vesting after 10 years of service; 25 percent vested after 5 years of covered service with an annual increase of 5 percent for the following 5 years of covered service, leading to 100 percent vesting after 15 years; and 50 percent vested when age plus covered service equals 45, with an annual increase for 10 percent until 100 percent vesting is reached.

A plan would be allowed to provide for vesting of benefits after a lesser period of time and in a greater amount than required by any of the above three rules, and a plan could change its vesting rules at any time provided that the vested benefits not be delayed or reduced for participants in the plan at the time of the change.

With certain exceptions, such as service prior to age 25, an employee's entire service with the employer contributing to or maintaining the plan shall be considered in computing the employee's period of covered service.

Plans in existence on January 1, 1974, shall conform to the vesting requirements of this part with respect to plan years commencing after December 31, 1975, except that in the case of multiemployer plans subject to collective bargaining such conformity shall occur between December 31, 1976, and December 31, 1980, depending when the bargaining agreement terminates within such period.

Plans adopted subsequent to enactment must conform to the vesting requirements at the commencement of the first plan year.

In view of the fact that requiring plans in existence on December 31, 1973 to conform to one of the three vesting rules provided by this legislation, might subject the plan to substantial additional costs to provide for the increased vesting, which might lead to reduced benefits or possibly plan termination, a transitional rule is provided by title II of the legislation whereby such a plan would have reduced vesting requirements for the first 5 years it is subject to this part of the legislation. This would allow a plan to provide at least 50 percent of the required vesting pursuant to the vesting rule applicable to the plan for the first year with the percentage increasing 10 percent per year so that the vesting rule would be complied with by the end of the sixth year.

Funding.

Funding refers to the accumulation of sufficient assets in a pension plan to assure the availability of funds for payments of benefits due to the employees as such obligations arise.

Pension plans which are qualified under the Internal Revenue Code must meet certain minimum funding requirements by irrevocably setting aside funds in trust or through the purchase of insurance contracts. Contributions to such plans must generally be at least large enough to pay the normal pension costs plus the interest on unfunded accrued liabilities which generally are attributable to the past service of the covered employees. This minimum funding requirement is not adequate, however, as it is designed only to prevent the unfunded liabilities from growing larger and does not require any payment to reduce the amount of the outstanding unfunded liabilities which may be substantial. Without mandatory funding of past service liabilities, a pension plan may never be able to meet its pension obligations to its employees.

Title I, part 3 of the proposed legislation would apply to all pension benefit plans subject to the vesting provisions except for profit-sharing and other individual account plans not providing for employer contributions. It would require each plan to provide a minimum level of contributions equal to the normal cost of the plan for the year—which it currently must make pursuant to Internal Revenue Service requirements—plus an amount—for plans in existence on January 1, 1974—to amortize in equal amounts the unfunded liabilities over a 40-year period. In the case of plans which come into existence after January 1, 1974, the period would be 30 years except in the case of a multiemployer plan it would be 40 years.

Where subsequent amendments to the plan result in increases in the unfunded liabilities, such increase is to be amortized by equal annual payments over 30 years—40 years in the case of a multiemployer plan.

In view of the fact that assets of the fund may appreciate or depreciate in value over the life of the plan, any appreciation in value or depreciation in value must be amortized over a 15-year period.

There is also provided by the legislation an alternative method of funding which is to be used if it brings a higher level of funding in any year than would the basic funding standard.

Plan termination insurance.

A study of pension plan terminations for the year 1972 prepared by the Departments of Labor and Treasury disclosed that following:

There were 1,227 plans terminated involving 42,000 claimants; 19,500 claimants in 546 plans lost benefits; the claimants which losses represented eight-one-hundreths of 1 percent of all workers covered by private pension plans; 8,500 of the claimants with losses where either retired, eligible for retirement or fully vested; the total present value of the lost benefits amounted to $48.7 million for all claimants and $34.4 million for those retired, eligible for retirement or whose rights were fully vested; plans that were at least 5 years old at time of termination accounted for most claimants with losses; and half of the claimants with losses were in plans of unprofitable employers.

These statistics indicate that while compared to the total number of employees covered by private pension plans those who experienced losses represented a very minor percentage, the fact remains that there were 8,500 persons who experienced losses who were either removed from the labor force by retirement or ready to retire or whose benefits were fully vested. Obviously their loss was very substantial and may well have had a catastrophic effect on their well-being.

While the vesting and funding provisions which are required by this legislation should go a long way to minimize the possibility of loss from future plan terminations, still and all, as long as a plan contains unfunded accrued liabilities, there is the distinct possibility that termination of a plan with such unfunded liabilities will result in a loss of vested benefits to participants and beneficiaries of the plan.

Accordingly, title I, part 4 of the proposed legislation provides a method to protect participants and beneficiaries from loss of benefits in the event the plan terminates. It establishes a Pension Benefit Guaranty Corporation with the Department of Labor, with the Board of Directors consisting of the Secretary of Labor and two officers or employees of the Department of Labor. The purpose of the Corporation is to:

Encourage the continuation and maintenance of voluntary private pension plans to the benefit of their participants;

Provide for the timely and uninterrupted payment of pension benefits to the participants and beneficiaries under all insured plans; and

Minimize over the long run the premiums charged by the Corporation.

All plans covered under the funding provisions of the bill and which cover more than 25 participants—where at least 10 have obtained nonforfeitable benefits—at all times during any period of 5 consecutive plan years, and with assets equal to at least 10 percent of the present value of insured benefits are covered and required to pay premiums.

The Corporation is required to establish two separate funds, the single employer primary trust fund for single employer plans and the multiemployer trust fund for multiemployer plans.

The Corporation shall proscribe separate premium schedules for each trust fund and is authorized to revise any premium schedule whenever it determines such revision is necessary, but such revision may only take place if Congress approves.

The Corporation is authorized to pay participants and beneficiaries in the event a plan terminates according to a formula which is intended to protect the participants and beneficiaries from a loss of benefits as a result of inadequate assets to meet the vested liabilities of the plan.

Obviously the purpose of plan termination insurance is to protect the participants and beneficiaries from any loss of benefits, and where the employer contributing to the plan which terminates is insolvent, there is no claim against the employer for the amount of funds expended by the Corporation. But where the employer is solvent, the Corporation is authorized to recover any funds expended up to 50 percent of the net worth of the employer.

Such a procedure is necessary to prevent a solvent employer from terminating a plan and transferring the amount of the unfunded vested liabilities to the Corporation. Absent this procedure the solvent employer would be able to renege on his agreement to contribute to the plan with impunity.

The premiums charged by the Corporation and benefits paid out by the Corporation shall apply to plans subject to the part of the legislation for plan years commencing after June 1, 1974, except that in the case of a multiemployer plan, it shall apply during the period December 31, 1976 and December 31, 1980, depending on the date which the collective-bargaining agreement relating to the plan expires.

IV. CONCLUSION

The need for this legislation is abundantly clear. If we are to provide financial security for the increasing percentage of the work-force which will be attaining retirement age in the years to come, it is incumbent on the Congress to pass this legislation at this time.

Mr. Chairman I include the following statement from the steelworkers legislative appeal:

H.R. 2—Private Pension Reform

THE CASE FOR PLAN TERMINATION INSURANCE ADMINISTERED BY A PUBLIC CORPORATION

One of the essential protections for pension beneficiaries is in Part 4 of H.R. 2 which provides for public insurance of pension plans against the risk of termination. Currently, no such insurance program is available in the private sector. Furthermore, no such reinsurance system is feasible unless it is a mandatory one.

Private insurance is based upon the principle of voluntarism and screening out of high risk cases. Neither of these principles can assure an adequate program of reinsurance for the private pension plan system. The basic weakness in the system—namely, termination of some plans—requires a mandatory social insurance program.

Congressman Erlenborn, who has voiced objection to even the concept of a reinsurance program on the basis that it is not needed, attempted in the Labor Committee to convert the public corporation concept in H.R. 2 into a quasi-public (quasi-private) corporation controlled by private sector groups. He probably will make similar attempts when the bill reaches the floor. Since the pension reinsurance system can function only under government mandate, it is inconsistent to put its control in private interest hands. Therefore, we oppose any such attempts.

A number of arguments have been made against a social insurance system administered by a government corporation chaired by the Secretary of Labor.

1. Allegation: Premium Rates Would Be Higher

It is charged that the Secretary of Labor would direct the insurance corporation to liquidate immediately the investment assets of terminated plans. Since plans may more likely terminate in periods of economic downturns, the value of such assets may be depressed. Immediate dumping would, therefore, result in a low return thereby putting a greater strain upon the trust account and the premium contributions thereto.

Response

H.R. 2 provides the Secretary with the option of retaining such assets in order to minimize increased premiums. There is no assurance that the judgment of a private board of directors on this matter would be any more sound than that of the government corporation. Furthermore, pension plans may terminate irrespective of economic conditions; in some cases terminations are caused more by reasons unique to the particular plant or industry. Hence, the general market conditions would not affect the liquidation of the assets of the particular terminated plan.

Furthermore, during a downturn, there may be no indication of its duration. Hence, the reinsurance corporation, whether publicly or privately directed, will have to make its decision to liquidate dependent upon its own resources to meet the worker benefit payments of the terminated plan.

2. Allegation: The reinsurance trust account should be operated like the FDIC and NLRB

The charge is made that private representatives should be named to the corporation in order to keep it consistent with other types of government entities.

Response

The Federal Deposit Insurance Corporation is a public corporation, not a quasi-public corporation as contemplated by the Erlenborn amendment. Its Board of Directors does not represent specific self-interest groups. Membership based upon interest groups would create a conflict-of-interest situation which would be injurious to pension beneficiaries.

Reference to NLRB commissioners is also irrelevant because the NLRB is a quasi-judicial body established to apply and interpret the NLRA. In performing that function, it was deemed necessary and fair that both management and labor interests be represented in the decision process of what is essentially an adversary situation. Reinsuring pension plans is not an adversary proceeding.

The AFL-CIO is not advocating that labor representatives be selected as actuarial experts for membership on a multilateral board. It is sufficient that the workers' interest be recognized by placing the responsibility for the administration of termination insurance in the hands of the Secretary of Labor.

3. Allegation: The public corporation would be unable to attract qualified personnel

Response

The social security system has not been plagued by such a problem in attracting qualified personnel, and there is no reason to suspect that the situation will be different for the pension insurance corporation.

Furthermore, qualified actuaries and other needed experts will best and most objectively be able to administer the reinsurance system in the public interest from a civil service stature. They would not be able to do so as an adjunct of the private insurance or banking industry as would be the orientation of the employees of a quasi-public corporation.

4. Allegation: Pension fund investment portfolios would be unduly regulated by a public corporation

Probably the primary objection to a public corporation administering the reinsurance system is the fear or anticipation of government regulation. It is alleged that government officials would question the character of some investments both as to their reliability and rate of return. Pension trustees would be hampered by such public oversight.

Response

The bill does have sections governing the investment policies of plan trustees relative to "prudent man" judgements and conflict-of-interest transactions. There are also prohibitions on the amount of stock to be held by the sponsoring employer's corporation. In addition, regulations regarding actuarial standards would limit many actuarial assumptions now being made by plan trustees. All these restrictions and government regulations pertaining to them are in other sections of the bill to be administered by the IRS and Department of Labor.

It would be inconsistent to allow the plan termination insurance program to be administered without relationship to these regulations. But this is what the advocates of the quasi-public corporation really want. They fear that the public corporation, in assessing the premiums, would evaluate the pension plan assets.

Yet objective evaluation is the very goal which we seek for both the beneficiaries of the pension plans and for solvent employers who must continue to pay premiums to cover terminated plan liabilities. We think that since this insurance system is more properly a social one, its administration is also more properly public so that the public interest can be served.

If bank deposits can be not only reinsured but also their reinvestment and use by banks be regulated by government regulations, surely so too can the pension deposits of workers be reinsured and their investments regulated.

5. Allegation: Secretary of Labor would have an undue influence in the stock market

This argument is just the opposite of the Allegation No. 1. It alleges that the Secretary could withhold liquidation to serve other government purposes, such as the control of prices.

Response

While such a purpose may actually be positive at times, the effectiveness of such control is unrealistic. The Secretary of Labor is under the duty of investing the assets of the insurance corporation in a manner calculated to best promote its purposes; that is, to make good on all vested liabilities of pension plans at the least possible cost to the solvent plans paying premiums.

The purposes of the corporation would not be promoted by rapid liquidation of any security since any such action—regardless of timing with respect to the business cycle—would reduce the amount realized. Similarly, taking an action unrelated to the purpose of the corporation would, of course, not be promoting its interests, and would in fact be in violation of the law. To allege that the Secretary will engage in these practices is to allege that he will be guilty of impeachable offenses.

The market power of the insurance corporation will be miniscule in relation to the assets of pension funds, insurance companies, savings and loan associations, mutual funds, banks, and trusts. Over a period of years the assets of the corporation might, almost, accumulate to 1/10 of one per cent of the total market. Even at that improbably high figure, the maximum market impact of any action of the corporation would be miniscule. Many hundreds of other investing agencies would individually have a far greater influence in the market.

When the Federal Reserve Board changes the rediscount rate up or down, the immediate impact on the stock market is measured in the tens of billions of dollars. A pessimistic or optimistic forcast of crops by the Department of Agriculture, price index announcements by the BLS, offering of new securities by the Treasury, estimates of the federal deficit, all have influence on markets in comparison with which the power of the pension insurance corporation would be puny indeed.

CONCLUSION

Administration of plan termination insurance is a public responsibility. H.R. 2 rightfully places that responsibility in the Department of Labor. We urge the rejection of any amendments to convert the reinsurance corporation into a quasi-public corporation controlled by private interest groups.

Support H.R. 2 with no amendments.

Mr. ERLENBORN. Mr. Chairman, I yield such time as he may consume to the gentleman from California (Mr. Pettis).

Mr. PETTIS. Mr. Chairman, I would like to ask the chairman of the committee a brief question.

As I understand it, Mr. Chairman, church plans under the provisions of this bill are exempt from the new participation, vesting and funding provisions of the bill.

Are they also exempt from the fiduciary and reporting registration provisions of the bill

Mr. DENT. The fiduciary and reporting provisions are in part 1 of subtitle B of title I. They, of course, cover all of the fiduciary and reporting provisions, and since church plans are exempt from the provisions of that part, it is clear that church plans are not subject to these new fiduciary and reporting provisions.

Mr. PETTIS. I thank the gentleman.

Mr. ERLENBORN. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, as I mentioned earlier in the debate on the rule, our subcommittee has been for 5 or 6 years spending a good deal of its time in this area of private pension reform. Over this period of time there has been a good deal that we have seen in newspaper accounts, press releases by Members of Congress, and so forth, as to the horror stories that exist in the field of private pensions.

Very frankly, many of these horror stories were greatly exaggerated. Some, for instance, coming from the efforts of the Committee on Labor and Public Welfare in the other body suggested that only 1 out of every 10 plan participants now participating in private pensions would ever get any benefits whatsoever

We can look to actual studies of the question of who is going to get pensions and who is not.

There was a study that was commissioned by the Department of the Treasury and the Department of Commerce that showed in the neighborhood of 66 percent of present plan participants would draw benefits from the plan in which they are now participating. Another 20 percent would terminate without vested rights, yet young enough to acquire vested rights in another plan; so somewhere in the neighborhood of 86 percent would ultimately get some benefit from the private pension system.

Although I question the horror stories, there is no question that as a result of extensive studies by our subcommittee there are problems existing in the private pension system. Plans do have difficulties. There are some that do not have any sort of decent vesting standards. There are some that have no decent funding standards; so there is certainly an area, a reasonable area within which legislation is necessary and can do a job to protect the working men and women of this country.

I think the legislation that is brought before us today addresses those very real problems. It does not necessarily address itself to the kind of horror stories that we have heard, and I think rightfully so.

I think we have done a good workmanlike job in fashioning legislation in this area.

I will confine my comments to H.R. 2, as reported by the Committee on Education and Labor. Time will be made available for members of the Committee on Ways and Means to discuss the part of the bill reported by them.

In H.R. 2, the first and very noncontroversial part of the bill has to do with disclosure, reporting, and fiduciary standards. At the present time the Department of Labor under the Welfare and Pension Plan Disclosure Act does have jurisdiction in the area of reporting and these reports are available to the public; so a certain amount of disclosure is available.

Building upon this present jurisdiction of the Labor Department, we expand the requirement for those operating private pension plans to make available information in the form of reports to the Department of Labor.

In addition, we are providing that in meaningful layman's language those who are participants in private pension plans be given information as to what their plan provides, what kind of benefits they can rightfully expect.

As a matter of fact, if people do have this sort of meaningful information made available to them, I think some of the unwarranted expectations that gave rise to the horror stories that people were not getting what they anticipated will be a thing of the past, because many of them are based on what people anticipated getting that they never were entitled to, because they did not honestly know what was in their pension plan; they did not honestly know what their rights would be.

In addition, we at the present time have no national fiduciary standards that would be applicable to those who stand in the fiduciary relationship to the plan and plan participants. In this first part of our bill, we do provide a set of national fiduciary standards.

Getting on to the more relevant and important parts of the bill, we have in this legislation before us minimum vesting standards. In the initial stages of considering this legislation, there were many different suggestions. Some said that we ought to have straight years of participation as a vesting standard, and it was suggested 10 years would be a reasonable length of time.

The gentleman from Pennsylvania (Mr. Dent) in his original legislation provided such a minimum vesting rule. There were others, noticeably in the other body, who suggested that graded vesting would be a better way of doing it; that is, to start with some percentage in the beginning and over a period of time be graded into 100 percent pension rights.

So, it was proposed in the other body a graded vesting return of 8 to 15 years, starting with 30 percent vesting at the end of 8 years with 10 percent each additional year until at the end of 15 years a person would be 100 percent vested.

I think it is important to point out at this point how people can misconstrue this. I know that when they look at vesting and we talk about 10 percent, 30 percent, 50 percent, they believe we mean that percentage of the final pension. But, it is important to note that that is not what is meant. If a person is 50 percent vested, that means that he is credited with one-half of the time that he has accumulated as a participant in the plan.

For instance, if the man is 50 percent vested at the end of 10 years participation, it means he gets credit for 5 years and he builds his pension credits on the basis of that. So, there has been, I think, a misunderstanding as to what vesting really is.

One additional rule for vesting that was proposed by the administration is the rule of 50. The rule of 50, briefly, is this: When a person's age plus his years of participation added up to 50, he is 50 percent vested. That is, he gets credit for half the time he has participated in the plan. Each additional year thereafter, he would get an additional 10 percent until 5 years after the rule of 50's full application, he would be 100 percent vested.

In our consideration, it became apparent, I think, to the gentleman from Pennsylvania (Mr. Dent) and to me, that there was no magic as to any one of these types of vesting. It really was very difficult to accept the argument that all plans—150,000 or 200,000, however many there might be existing in the United States—ought to have straight years as a vesting standard or ought to have graded vesting, or ought to have an age-weight vesting—that is, a rule of 50 or some like rule.

So, we agreed before reporting the bill that we would make available to the plans that are existing and to any that may form after the passage of this law an option as to the type of vesting they might like; either straight years, in which case it would be 10 years, and the number could be fewer but a minimum of 10 years; or graded vesting, and we reported out 8- to 15-year rule which has since been modified to 5- to 15-year rule; or age-weight vesting, and we adopted a modified rule of 45.

So that now, under this bill, we have three options for vesting. A plan can tailor its vesting standards within the proscriptions as to minimum standards in a way that will best satisfy its needs and the needs of the participant in that particular plan.

We give them these options instead of trying by law to put them all into the same mold, which may be all right for some, but not good for others.

Mr. Chairman, as to funding, it became apparent, under our present regulations relative to funding of pension plans at the Federal level, which is wholly within the Department of Treasury and the Internal Revenue Code, that so far the Federal Government has been worried primarily about overfunding. The Treasury Department is worried about the impact on the Treasury or putting in too much money in any one year.

So that is really all the Government has been worried about up to the present time. What we now are worried about is the protection of the worker, for minimum funding standards. That is what we will provide for in the bill before us.

So each employer who is holding out a promise to his employees that the operation of this fund will provide a pension in the future will be required to amortize the unfunded portion of his liabilities in that fund over a reasonable length of time. There are different standards for differing types of unfunded liabilities, but generally speaking, a 30-year amortization is provided. As to multiple employer pension plans, a 40-year amortization is provided. This means that there will be a better chance that the funds will be in the pension trust at the time the employee seeks to get his pension or at the time the trust may terminate because of the employer's inability to continue in business or for whatever reason the plan may terminate.

It has been my argument that this application of minimum funding standards for the first time in Federal legislation will help to eliminate the need for the other provision which is in part 4 of title I, and that is termination insurance.

Lastly, Mr. Chairman, I would like to talk about termination insurance. This is the only portion of the bill upon which I have disagreement with the gentleman from Pennsylvania.

Termination insurance holds out the hope that everyone who participates in a pension plan will get the full pension that is offered to him or that has been promised to him. It has some hazards, however.

The only way that one can make termination insurance something other than a dumping ground for the obligations of the employer is to put some sort of obligation on the employer. At the present time the legal foundation of pension plans is that the employer sets up a pension trust and promises to make periodic contributions into that trust. If there are sufficient assets, the employee will get the pension that has been described; if there are not, he does not get it; he gets something less. But the employer up until the present time generally has not made a promise to pay the pension, only to make periodic contributions.

In this way the employer has no obligation under the law for the total amount of the promised pension benefits. It is because of this device that we have been able to build the large private pension system that exists today. I can say very confidently that if the law had required the employer to guarantee the payment of the pension 15 or 20 years ago when that system began to grow, it would not have grown in the proportions that it has up until the present time.

With termination insurance we are now going to change the basic legal obligation of the employer, because under the concept of employer liability we are saying to the employer, in essence, as follows: "You no longer make a promise to only make periodic contributions, based upon the actuary's computation of what your obligation is; under this law if there is not sufficient money in that pension trust, for whatever reason whatsoever, your assets will be liable toward the payment of the pensions to make up the difference between what is in the pension trust and the total of the pensions that have been earned at the time of termination."

For whatever reason, if there are insufficient assets, the employer will be liable.

That means, if the pension trust assets fall in value because of poor judgment on the part of the trustees, the employer will have to make up the difference, or if we have a recession or a depression and the assets, which are generally invested in marketable securities, such as stocks and bonds and so forth, reduce in value while the pension promises remain at a stable level, there is going to be that big gap between the assets and the promises, and the employer's assets will be liable for that difference. We will have in effect made the employer an insurer of the value of the trust assets.

If the trust does not produce the funds necessary, then the employer will be personally liable.

As I say, it is difficult to envision termination insurance without some employer liability, because without that another difficulty arises; that is, the employer looking at this new insurance corporation which guarantees the payment of pensions could say, "Why should I continue to make these contributions to the pension trust, because if I terminate my plan today, the insurance company will make payment?" So we have this real dilemma upon the horns of which I find myself impaled.

I do not think insurance will work without employer liability and I do not think insurance with employer liability will be good for working men and women.

Why do I say this? I say it because of this reason: If you are a good business manager and are managing a business that has no private pension system today and this is enacted into law and you know you will have your assets liable to the payment of pensions, you will be very unlikely to decide to choose a defined benefit pension system for your employees. You will have other options. You could go to money purchase, or you could go to profit sharing. But I submit that the working men and women of this country will be ill served if we discourage the defined benefit pension system. I say that because it is only this system that guarantees people when they retire that they will have a certain set income month by month whether they live for 5 years or 50 years after their retirement.

If we force the employers to choose instead the money purchase plan, which is a savings account, or the profit-sharing plan, we will make it impossible for those who will retire to have this security in their retirement years.

However, I wish we would wait for a few years and see how these first faltering steps we have taken into the private pension regulation field work. But barring that, the least we can do is to change the pension termination insurance concept that is in the bill.

One of the difficulties I perceive is that the provision in H.R. 2 will set up this pension termination insurance wholly within the Department of Labor. The Secretary of Labor and two of his employees will constitute the board. You understand in the future when pension plans terminate the assets will be assumed by the insurance company. That means after several terminations of substantial plans the Secretary of Labor will have large blocks of private securities in his control for investment purposes. So what would a political appointee do in determining how he would invest or reinvest these private assets? I submit we ought not to wait to find out the answer by giving authority to the Secretary of Labor to do this. I submit that it would be better to have representatives of organized labor and of the business community and representatives of the public generally form a board to operate the pension termination insurance and to make these determinations as to the investment of private funds and private securities in the private market free from political influences. I will offer an amendment for that purpose.

Mr. GAYDOS. Mr. Chairman, will the gentleman yield?

Mr. ERLENBORN. I yield to the gentleman from Pennsylvania.

Mr. GAYDOS. Mr. Chairman, I thank my colleague for yielding to me, and I join with and commend my colleague for his remarks at the beginning of his statement. I think they were very clear and concise, and I think will be informative to the Members who are listening.

However, Mr. Chairman, I am diametrically opposed to the observations made by the gentleman from Illinois regarding termination insurance.

Do I understand my friend and colleague, the gentleman from Illinois (Mr. ERLENBORN) correctly when the gentleman says that he advocates that we do nothing with termination insurance for the next 2 or 3 years?

Mr. ERLENBORN. Mr. Chairman, I will answer the gentleman from Pennsylvania by saying that if I were left the right to make that decision my choice would not be to enact termination insurance at this time. This is based on the fact that recent studies show that only 8/100ths of 1 percent of plan participants are subject to losing anything as a result of plan termination, and those who do have lost on an average no more than $2,500 total—not annual income, but $2,500 total. This shows the scope of the problem as being relatively small. And if it is relatively small before we have any Federal regulation of private pension plans, and before we have had minimum funding standards, I submit that we can anticipate that it will shrink and become even smaller.

To solve this relatively small problem by putting in the employer liability provision in the pension, the insurance provision, will precipitate termination of plans so that they can avoid this liability. It will discourage the improvement of plans because as soon as you grant an increase in pension benefits you increase the unfunded liabilities in the pension trust, therefore increasing the employer's personal liability, and it will therefore discourage present employers from improving the pensions that they presently operate.

Mr. GAYDOS. Mr. Chairman, if the gentleman will yield further, I again congratulate the gentleman for a very clear presentation of his position, but may I inquire of the gentleman from Illinois as to what his remedy, if any, would be regarding those who find themselves, particularly under existing situations and a potential unemployment problem, further the effects of a conglomerate closing of a pension plan, or where economic conditions dictate that steel plants close?

Mr. ERLENBORN. I am happy the gentleman from Pennsylvania asked that question because there are other provisions in the bill that meet these difficulties.

First of all, I have already mentioned the minimum funding standards that will help assure the money will be there when the plan terminates. Second, there are provisions in the bill that specifically prohibit diluting of the assets of a plan that becomes merged with another plan because of a business merger. And, third, there is a provision for equitable distribution of funds upon plan termination.

This became quite apparent to us as being a necessity when viewing some of the difficulties that were brought before our committee. For instance, in our hearings in Washington we were advised, of what one paper pulp mill experienced. They had a pension trust that was overfunded; it had $1 million more in assets than were needed to pay the pensions. There was a strike, and the result of that strike was to increase the pensions by about 50 to 80 percent over what they had been before. Immediately that plan became underfunded by over half a million dollars. At this point the company was forced to go out of business. Those who were already retired and those who were eligible for early retirement got much, much more than they would have before the benefits were increased. Those who were not eligible for early retirement or who were unvested were wiped out, got nothing at all.

In other words, this shows the inequity when we increase pension benefits and we allow those benefits to go into effect immediately in determining the priority in the distribution of assets to the retired and those eligible for early retirement. We can just by one simple amendment to the plan wipe out the rights of those who do not fall in the higher classification of priority. In this bill we are providing a schedule of priorities for distribution of assets on termination.

We say you must go back to the benefits in effect 5 years prior to termination to make that distribution of assets, so that a recent plan improvement will not work to the detriment of the employees. These provisions, if they had been the law at the time of the Studebaker plan termination, would have made sure that many, many people would have gotten at least a good portion of their pension.

One of the problems in Studebaker case was that the employee organization, the union, continued to negotiate plan improvements, larger pensions, knowing the company was in difficulty. When the company folded, only a few got the higher pensions, and they got everything they were entitled to. Those who were not high in the list of priorities were wiped out.

This, I submit to the Members, was the fault not only of the company, but it was the fault of the employee union as well that they did not look out for the rights of all of the employees. What they did was to see that some got much more than they should have at the expense of other employees.

Mr. GAYDOS. Mr. Chairman, will my colleague, the gentleman from Illinois, yield further?

Mr. ERLENBORN. I yield to the gentleman from Pennsylvania.

Mr. GAYDOS. I thank the gentleman for yielding.

Let me try another question. Is the gentleman saying that should we exclude from the provisions of this legislation any type of reinsurance, that the funding and vesting as projected in the language of this legislation would take care of my steelworker after this legislation is passed. Particularly, if any economic condition forces him to leave? Is that not the problem?

Mr. ERLENBORN. I would tell the gentleman that it would take some time for the funding standards to protect them, but the schedule of priorities of distribution of assets on termination would take effect immediately, so there would be some help. I would further answer the gentleman in this fashion: I do not think it is practical to expect that this House will reject termination insurance. I know the pressures that have been put on by the Steelworkers and the United Auto Workers, and I know that, even though other elements of organized labor do not favor termination insurance, there is sufficient pressure, sufficient lobbying that has taken place, to guarantee, in my opinion, that there probably will be termination insurance in this bill when it passes. What I am going to offer is not to strike termination insurance from the bill, so the gentleman need not worry about making that point.

What I am going to offer is to see that the termination insurance that is in this bill will be more workable than it is at the present time.

One of the difficulties is that there is an optional account in the termination insurance as proposed by the gentleman from Pennsylvania (Mr. DENT) in the bill. The optional account would allow the employers, upon the payment of a higher premium, to escape employer liability totally.

In my opinion, if we do have this type of optional account, those employers who are anticipating terminating their plans will pay the higher premium and then will dump all of their liability on the insurance corporation, free and clear of any rights of the employees to look to the employer. I think that would be unfortunate.

What I will propose is a modified employer liability that would see that the employer in that optional account could not do this and then turn around the next day and start another pension plan. In the bill before us today, the employer could dump his liabilities, terminating the plan, have the insurance corporation pick up those liabilities, and then turn around the very next day and start a new pension plan. How fair is that to the other employers who, through their insurance payments, are picking up the liabilities of this employer who has dumped? How fair is that to the employees who are the beneficiaries of the other plans, who are going to have their pensions reduced because the employer is forced to pay insurance premiums into a pension trust that has picked up the obligations of an employer who is so unscrupulous as to dump his obligations on the insurance company? I think we can improve this insurance to have modified employer liability that will not interfere with the employers' ability to get financing to keep their businesses going in hard times, and it will prohibit this employer from dumping his liabilities and then starting another pension plan right away.

The package of amendments that I intend to offer when we reach part 4 of title I will accomplish that, as well as taking investment decisions out of the political arena. I would hope that the gentleman would support that package of amendments.

Mr. GAYDOS. Will my friend, the gentleman from Illinois, yield further?

Mr. ERLENBORN. I yield to the gentleman from Pennsylvania.

Mr. GAYDOS. Unless my memory fails me, I think that I had begun my questions, to which the gentleman has so kindly responded, based upon his observations that he wished there were no insurance provisions. If the gentleman has changed, as he has so concisely stated, I agree with him. We agree it is necessary to have reinsurance in the bill and it should be there.

Mr. ERLENBORN. I would repeat to the gentleman I do not think it is necessary but I think, as I said, very practically it is going to be in the bill, the pressures are there, and if it is going to be in the bill let us see that it is drawn in a way that will not allow unscrupulous employers to dump their liabilities on other employers and employees who are participants in the insurance trust.

Mr. GAYDOS. Mr. Chairman, will the gentleman yield further?

Mr. ERLENBORN. I am sorry, I do not feel I can yield further to the gentleman because if I use up all the time Members on this side of the aisle will not be able to join in the debate.

Mr. Chairman, I reserve the balance of my time.

Mr. DENT. Mr. Chairman, I yield to the gentleman from New York (Mr. Biaggi) such time as he may consume.

Mr. BIAGGI. Mr. Chairman, I thank the chairman of the committee for yielding.

Mr. Chairman, I rise in support of this bill. I am privileged to be associated with the gentleman from Pennsylvania, the chairman of the subcommittee (Mr. Dent), who is without parallel in his advocacy of the workingman's plight. He has over the past 5 years during my time in the Congress been the spearhead of this activity and he has managed to overcome all the obstacles to the point where we see fruition or almost fruition on this day.

Also I congratulate the gentleman from Oregon (Mr. Ullman), of the Ways and Means Committee, my colleague who has worked so compatibly with the gentleman from Pennsylvania (Mr. Dent).

I would also like to observe that my colleague, the gentleman from Illinois (Mr. Erlenborn), makes his position very clear for the most part and he agrees with the committee.

But I am a little perplexed. We have come a long way in this endeavor. We are talking about the working man, the man who like so many of us looks forward to a little more security with pension systems, and who works and who has hopes to retire one day, like all of us, being free and clear of financial problems, and then one day the bad news comes. He is no longer in business. He is unemployed. The firm with which he has given so much of his life is no longer in existence.

My friend and colleague, the gentleman from Illinois (Mr. Erlenborn), says it is not a horror, it is a problem. Well, perhaps the gentleman comes from an area where the people are more affluent, but in my district I have listened to my people who have been subjected to this type of treatment. I have known many of them for years. They were straight standing and bright and proud of their achievements and contributions. That is they were until the bad news came. Then I saw the husband and wife who were long in years come to my office and seek assistance in this very tragic illustration of injustice. They were no longer straight standing and bright. They were crestfallen and burdened with a sense of insecurity that logically follows as a consequence of such drastic action.

I have often talked with them. I was frustrated because I recognized the desperation of their plight and the justice of their complaint, but I also knew there was no recourse and I said: "We are working on it in Congress and hopefully one day we will provide resolution."

That day has come. That day is here. Resolution can be provided whether we talk of it in terms of problem or horror. That is of no moment or consequence. To be academic it is a problem. To be realistic and personal it is a horror.

It is a mark of the end of living for many. It is the mark of a new course of life that is burdened every day with a sense of fear and insecurity that comes in advanced years, of uncertain futures, uncertain income, where industries disappear from our economic sphere, where opportunities no longer exist.

So we have dealt with this problem. The chairman has been with it as a matter of principle all of his adult life.

I guess most of us were. I was exposed to the privilege of joining in the legislative process as a member of that subcommittee and a cosponsor of the bill. I am grateful to be here and say that one day we helped produce what in my judgment is the Magna Charta of pensions to the working people of our country. If it is nothing but a single first step, an imperfect first step, it is a very significant first step.

I would be happy to vote for this bill. I regret that it does not contain within it the element I wanted incorporated in it. Hopefully, one day we will perhaps with more experience; but as far as the absence of termination in which my colleague, the gentleman from Illinois (Mr. Erlenborn) said that a survey indicates only a small amount, a small number of people would be affected, if it would be one it is wrong. I know it is more than one.

I suggest that it runs in the numbers of thousands and tens of thousands, the potential even being greater, because we have witnessed in the last decade a new phenomenon in the business world, the advent of the conglomerate, that went about just sucking the very guts out of local industry and in the process wreaking havoc on the working man. Unless that is stayed, or conversely, unless we are provided with the protection that we have been provided in this bill, the working man continues to be exposed to pressures.

Title I establishes the baseline requirement for fair handling of a worker's money, a must if pensions are to be fair and honest. the rules on disclosure of all information relating to pension funds are very, very strict. This is the only way abuse can be detected and corrected. Without information there is no protection. In this bill we are making sure there is going to be access to all relevant information.

Second, equally important, are the rules on fiduciary responsibility. We are all familiar with the colloquial phrase "guard as if it were your own." Too often where pension funds are concerned, that statement is not lived up to. The men in charge do not—and have not—guarded other people's money as if it were their own. That is intolerable and we must put an end to it. There is only one sure solution to this and we have taken it: require personal liability on the part of all those who deal with pension funds; in effect, require the money managers to treat the fund as if it were their own money. This section alone goes a long distance toward securing the basic rights of the worker to a secure pension.

The next section, vesting, is critically important to the concept of fairness. A pension plan is not fair if, given the conditions of the modern marketplace, an individual's rights to a pension never vest. For it is wrong to make a worker choose between a job offer and his pension, as is now the case. It is immoral to require a worker to forfeit 25 years of pension contributions and benefits if he exercises his God-given right to take another job just a few years before his retirement. He is sacrificing what is his—his contributions—and what he and his family need—his retirement fund. That is unrealistic, unfair, intolerable and wrong in today's society.

The answer to this injustice is vesting. Once his rights in the pension fund are vested, the worker retains his share arising from the period he worked for the employer, regardless of where he works later on in his career. The worker need never again sacrifice his pension to take a better job.

But for vesting to work well, it must occur early in the employment period. If this requirement is not included, a worker could spend 19 years on the job only to find the gross injustice that, when leaving it, he has no rights to a pension because they do not arise—his rights do not vest—unless he has been on the job for 20 years. To remedy this wrong, we have set vesting relatively soon after the worker comes onto the company's payroll.

But we are conscious of the variety of pension plans and of the importance of private sector decisions on this important matter. Thus, we have left it to the company offering a plan to chose one of three different vesting procedures: Graduated vesting beginning with at least 25 percent after 5 years, reaching 100 percent after 15 years, or simple 100 percent after 10 years, or, finally, 50 percent when years of service and age of employee total 45, 10 percent per year over the succeeding 5 years. Behind all of these provisions stands the just and necessary rule that all persons serving in a company with a pension plan must be covered if they have worked with the company for at least 1 year and are at least 25 years of age.

The next critical feature of pension reform and our effort to secure justice for the American worker is the funding section. There is no security to a pension plan if it is not funded properly. Improper funding, whether arising through inexcusable ignorance or outright fraud, leads to bankruptcy. We cannot permit that if the worker is to be sure of his pension. The subcommittee of which I was a member conducted careful and thorough surveys of various funding procedures which would guarantee solvency. We reached the conclusion there is no financial security to a plan which does not fund normal costs currently, and we have so required in the bill.

Existing past service costs we found could safely be amortized over a 40-year period, and unfunded costs arising in the future could be amortized over 30 years with a slightly longer period for multiemployer plans. I am confident these provisions will insure pension solvency and protect the worker.

All that we have required, however, is meaningless—is a fraud—without part 4 of title I, the all important termination insurance provision. This is a particularly controversial section, but it must be adopted if our promise of reform is to be anything more than an empty illusion.

The requirements for funding, vesting, fiduciary responsibility, and disclosure go a long distance toward making plans safe, fair, and secure. There remains, however, the risk that the employer company will go out of business, be bought up or merged with another firm. When a company effectively goes out of business all of its assets and commitments go into the general fund of bankruptcy and are lost to the worker. He receives no pension payments. He is cheated out of not only what his company promised him, but out of his own contributions toward his retirement. The incompetence of a business would result in a virtual theft of his own, hard earned money. This represents the ultimate nightmare for the retired pensioner, primarily dependent on his retirement income and now plunged into poverty. It is heartbreaking for the worker looking forward to his retirement pension, for which he has struggled all his working life. Just last month, the Rheingold Beer Co. in New York City went bankrupt, and workers of 25 and 30 years employment with the company are now in danger of losing their pensions and facing just such a nightmare.

The termination insurance program will stop this scandal. Its operation is simple. A company is required to pay insurance premiums on its unfunded liabilities to an insurance program administered by the Secretary of Labor. If the company becomes insolvent, the insurance program pays the worker his pension under any and all circumstances. This guarantee means that never again will the worker lose what is his by right, and never again will the pensioner be thrown into poverty. It goes a long way toward making retirement the truly safe haven it should be for those who have worked hard all of their lives.

The termination insurance program is thus the critical section of the bill. If we fail to enact it, we are merely improving the operation of pension plans, not insuring the delivery of moneys. This would make pension reform a heartbreaking fraud on the American worker.

Title II of the bill represents the Ways and Means Committee contribution toward pension reform. The most important provisions of this title relate to the contributions employees may make to their pension plans above the required minimum and the granting of tax deductions for allowable amounts. This is especially important in the so-called Keogh plan self-employment situation, the tax qualified plans which are generally regulated by title II, and for individuals not covered by other plans. I believe title II represents a valuable and significant contribution to the overall structure of pension reform as laid out in title I.

In sum, Mr. Chairman, we cannot delay any longer. We must pass this bill now. I urge quick passage of the Employee Benefit Security Act of 1974.

Mr. BIAGGI. Mr. Chairman, I have two questions I would like to pose to the chairman, for the record, and I would appreciate his response.

Section 411(a)(1)(E) of section 1012 states that a multiemployer pension plan may suspend payment of benefits whenever a participant resumes employment in the industry. For purposes of clarification, it is appropriate to define the maritime industry generally as that sector presently under the jurisdiction of the Merchant Marine Subcommittee of the House Merchant Marine and Fisheries Committee, namely, commercial, exploratory, service and mining vessels operating on the high seas, inland waterways, Great Lakes, coastal zones, harbors, and noncontiguous areas, or serving offshore ports, platforms or other sites.

Mr. DENT. Well, in my opinion it is appropriate and has that designation.

Mr. BIAGGI. I have another question, Mr. Chairman. Under section 105(b)(3) of title I, the plan is required to furnish certain information to plan participants and beneficiaries each year. In the maritime industry many seafarers maintain no permanent address. In fact, frequently the union headquarters or the union hall in port cities is the address used by seafarers. In addition those seafarers having a permanent address are frequently at sea for extended periods of time. Many do not return to home port or to a permanent residence for months and sometimes for more than a year. For many years the Seafarers International Union has published full information on the pension plan covering its members in the Seafarers Log. The Seafarers Log is sent to each seafarer's last furnished address. In addition, multiple copies of this newspaper are available at all times in each union hall and are also placed aboard every vessel on which members of the SIU are employed. The Seafarers Log is published every month. If all of the information required by the act is printed at least once a year in the Seafarers Log, would this constitute compliance with the requirements of section 105(b)(3)?

Mr. DENT. I expect it would be proper for the Secretary of Labor to issue regulations along that line, because as I understand it now, the same conditions prevail in the reporting that has to be done at the moment. I am sure that the Secretary will issue a regulation along that line, if he has not yet.

Mr. BIAGGI. I thank the chairman.

Mr. ERLENBORN. Mr. Chairman, I yield 5 minutes to the gentleman from Illinois (Mr. YOUNG).

Mr. YOUNG of Illinois. Mr. Chairman, I would like to review two or three features of this proposed legislation. I think that the present legislation like most legislation, has some forward looking improvements, but it also has some handicaps and defects also encompassed in this proposed legislation and I would like to join with the remarks of my colleague from Illinois (Mr. ERLENBORN) with respect to certain of the criticisms of this legislation which I think need to be emphasized.

First of the purpose of this legislation is to improve the protection of the employees who are to benefits by these types of deferred compensation programs, and in particular the benefits of the pension, or the defined benefit type of plan, as that term is used in this legislation.

The defined benefit plans, under this legislation, have specific provisions with respect to funding and with respect to participation and vesting.

By adopting the rules of law in this legislation and applying them across the board to both the defined benefit plan, and also to the defined contribution plan, some companies with which I am familiar will not be able to afford both plans, and in such cases, we will be creating a detriment to the employees of such companies. Why? The reason is that this legislation requires both types of plans, defined benefit plan and defined contribution plan, to meet these minimum requirements with respect to funding and vesting and participation. As a result, the additional cost of amending these plans to meet such criteria, may well cause that company or some of such companies to reduce the benefits in one of their two plans in order to be able to afford to keep both plans in effect, or they may have to eliminate one of the plans.

So, I think we might have drafted better legislation. We might have improved this legislation if we had provided that the three items I have referred to, participation, vesting and funding, where a company has two plans in effect, that if the pension plan meets the requirements of participation vesting and funding, then the profit sharing plan would not have to meet the same strict requirements. That is one point I want to emphasize.

The second point I want to make is, as my colleague from Illinois (Mr. ERLENBORN) has very clearly pointed out, that the net effect of this legislation may well be that many employers will decide to discontinue their pension plans and go to a profit-sharing plan, because the insurance termination provisions of this legislation are going to require them to make contributions. Such contributions will be deducted from the amounts of moneys which would otherwise go into the retirement plan. As a result it is either going to cost employers more money or it will serve to reduce the amount the employees would otherwise get. Many employers are going to say, "I think the thing we must do is discontinue this pension plan," particularly in view of the fact that the employers are now being saddled with the higher cost of social security which is now becoming a very major factor in the compensation plans of most companies around the United States.

Therefore, I think that just as has been so well stated by Congressman ERLENBORN, the net effect of this legislation may well be to discourage not only the existing pension plans from continuing, but also to discourage the formation of new pension plans. The effect will be that we will have more profit-sharing plans which avoid the requirements of pension plans that have to be met with respect to funding and with respect to the insurance termination provisions that apply to the fixed benefit type of plans.

Therefore, I join with my colleague from Illinois in saying that I wish we could eliminate the insurance provisions from this bill, at least for a year or 2 years, to study the effects of this legislation on the existing plans.

We could then see if this type of legislation unduly discriminates against the pension types of plan in such a manner that it will discourage the continuation of those plans or discourage the future creation of such types of plans.

Mr. ERLENBORN. Mr. Chairman, I yield such time as he may consume to the gentleman from Illinois (Mr. RAILSBACK).

Mr. RAILSBACK. Mr. Chairman, I wish to commend the two committees that worked so hard in bringing out a pension reform bill. I have had a great deal of concern expressed by people in my particular congressional district, many of whom are membrs of the United Auto Workers, particularly—it is the Farm Implement Workers really.

I know that this has been a very laborious task.

Mr. Chairman, I wish to commend particularly my friend, the gentleman from Illinois (Mr. ERLENBORN) who, I think, has done an outstanding job.

Mr. Chairman, today is indeed a historic occasion. Finally, we have pension reform legislation on the floor of the House. I was beginning to wonder if we were ever going to see this day. Back in the 92d Congress, I introduced several bills to strengthen and improve the private pension system. Unfortunately, no action was taken by the House on any pension reform measure that Congress. Therefore, early last year, I again reintroduced my bills.

H.R. 932 would have established standards of conduct that pension plan fiduciaries would have been required to adhere to in order to protect the rights of pension plan participants and beneficiaries. This measure would have also called for improved reporting and disclosure of pension plan operations, terms, and conditions. Another bill I sponsored, H.R. 934, would have permitted individuals to set aside certain amounts of income for their own personal retirement savings, while at the same time enabling them to receive a tax deduction for their savings, similar to that already available to self-employed under Keogh plans. Individuals would have received tax incentives, for the first time, for their own retirement savings when their employer or their union did not already have a pension plan, or in instances where the individuals wished to provide additional retirement benefits because the plan under which they were covered did not provide sufficient benefits. My third proposal, H.R. 935, would have called for minimum standards of vesting and funding, established a pension plan reinsurance program, and provided for a study on portability.

I am most heartened to see that the legislation before us today embodies the substance of my proposals and what I have been advocating over the last few years. Hopefully, we are finally coming to grips with the serious and pressing problems facing far too many Americans today concerning their pension and profit-sharing plans.

However, I would like to mention one aspect of our private pension system which desperately needs improving.

Mr. Chairman, you may recall that when termination insurance was being considered by the committees last Congress, the charge was made that we did not have enough data to shape effective legislation. Because of the lack of sound data, the President directed the Secretaries of the Treasury and Labor to undertake a joint study and report back to him.

That study was made and revealed that a program of pension plan termination insurance is indeed needed. Some opponents state that the 19,400 workers who lost $48.7 million of pension benefits according to the 1972 study represented only about eight one-hundredths of 1 percent of all workers covered by private pension plans. Granted, eight one-hundredths of 1 percent sounds like a small number. However, I hasten to add that the 19,400 workers and the $48.7 million in pension benefit losses are by no means insignificant considerations.

The chance of a worker losing his pension goes on year after year. The Treasury-Labor Department termination study recognizes this, and includes an estimate of the projected risk of loss over a 30-year period. The chance of having your pension terminate during the 30-year period is 1 in 41—or 2.4 percent. That is hardly insignificant.

Mr. Chairman, by passing legislation here today calling for minimum standards of vesting we will in fact be calling for a "bigger" promise under many pension plans. We will unfortunately also be contributing to the present "pension illusion" if we fail to write a termination insurance program into this legislative package. Any pension reform legislation which fails to address itself to the problems of termination is at best unresponsive to the overriding concerns of workers for the safety of their pensions.

We must now usher in a new era of pension reform.

Mr. ERLENBORN. Mr. Chairman, I yield 2 minutes to the gentleman from Pennsylvania (Mr. GOODLING).

Mr. GOODLING. Mr. Chairman, I thank the gentleman for yielding time to me.

Mr. Chairman, I have asked for this time in order that I may ask the chairman of the subcommittee a question, if he will, please.

First of all, I would like to tell the Members my little story, and then I will ask the gentleman a question. Some years ago I had in my city of York, Pa., a rather sizable plant owned by one family that was doing an excellent job. There were people who worked in that plant for 20 and 30 years; they had a retirement plan.

Some of the elder members of this family which controlled the plant died and the plant was sold to a bigger company. The new company came in, got all of the patents they wanted, and then closed the plant. As a result of that action, these people who had paid into this pension plan practically all their lives got not one penny out of it.

Mr. Chairman, my question to the gentleman is this: Under the legislation that we are considering today, can that happen?

Mr. DENT. Mr. Chairman, in answer to the gentleman's question, I will say that it cannot.

Mr. GOODLING. It cannot?

Mr. DENT. As far as termination of the plant is concerned, if they shut the plant down, at that point everybody on the payroll will automatically be vested into a position and placed in a special group. Everyone will get what is available to him, whatever is vested in his pension, and all moneys will be received. No funds will go anywhere except to the participants in the plan.

Mr. GOODLING. Mr. Chairman, I am happy to hear the gentleman say that, because I know the gentleman can appreciate what this meant to these people who paid in all their lives and did not get one penny in return.

Mr. DENT. Mr. Chairman, I appreciate the gentleman's concern.

Mr. Chairman, I yield such time as he may consume to the gentleman from Pennsylvania (Mr. GAYDOS).

Mr. GAYDOS. Mr. Chairman, I wish to ask the chairman of the subcommittee a few questions in order to make legislative history.

Mr. DENT. I would be very happy to answer the questions.

Mr. GAYDOS. I would like to make sure of the vesting requirements under the substitute 12906. Allow me to ask about the application of the requirements to a specific plan.

An existing plan provides, upon retirement at age 62 or later, a benefit equal for each year of service to 2½ percent of the employee's final average pay, defined as his average compensation in his best 5 consecutive years. The plan pays a maximum of 50 percent of final average pay. The plan now provides that an employee who has completed 20 years of service is to be vested in the full benefit—50 percent of final average pay—payable at age 62.

The bill would, of course, require this plan to extend the right to vested benefits to employees who terminate before 62 and with less than 20 years of service. Let us assume that this plan elects to provide 100 percent vesting after 10 years of service.

Is it correct that this plan could be amended, after enactment of the law, but before the vesting provision becomes effective, to identify age 65 as its normal retirement age for payment of benefits to participants who terminate before 62 if they have completed 10 to 19 years of service?

Mr. DENT. Yes.

Mr. GAYDOS. Is it clear that this plan could establish 65 as its normal retirement age even though it would continue to pay unreduced benefits to participants who terminate at 62?

Mr. DENT. Yes.

Mr. GAYDOS. Now assume that this

plan decides to use the 3 percent formula in section 205(a), paragraph 1 and in the newly proposed section 411(b)(1)(A) of the Internal Revenue Code. Is it correct that the rate of accrual for vested benefits could be fixed by the plan at 3 percent, for each year of service, of the maximum benefit of 50 percent of final average pay?

Mr. DENT. Yes.

Mr. GAYDOS. Now, if we apply 3 percent to the maximum benefit of 50 percent, we get an annual rate of accrual of 1½ percent. Is my understanding correct that this plan could fulfill the vesting requirements of the bill by providing any participant whose employment terminates before age 62 after 10 to 19 years of service with a pension payable from age 65 equal to 1½ percent of his final average pay for each year of his credited service?

Mr. DENT. Yes.

Mr. GAYDOS. That would mean, then, that the vested deferred benefit for a terminated participant with 10 years of service would be 10 times 1½ percent or 15 percent of pay, starting at 65. Is my understanding correct?

Mr. DENT. Yes.

Mr. GAYDOS. And the vested deferred benefit for a terminated participant with 19 years of service would be 19 times 1½ percent or 28½ percent of his final average compensation payable from age 65?

Mr. DENT. Yes.

Mr. GAYDOS. This is true, I gather, even though the plan could continue to pay the full maximum benefit of 50 percent starting at age 62 to any participant whose employment terminated after 20 years of service?

Mr. DENT. Yes.

Mr. GAYDOS. In the face of these vesting provisions, it could continue to provide 2½ percent of final average pay per year of service to any participant who terminated at 62, could it not?

Mr. DENT. Yes.

Mr. GAYDOS. Of course, there is nothing in the bill to prevent the employer from providing a greater deferred vested benefit than the 3-percent formula requires; is that correct?

Mr. DENT. Yes; the bill establishes minimum requirements for vesting. Plans can, of course, accrue benefits at a faster rate and can vest their employees in those benefits sooner than would be required under the bill.

Mr. GAYDOS. Will the gentleman yield further to me?

Mr. DENT. I will.

Mr. GAYDOS. I want to thank my chairman.

Following the discussion I had with my colleague from Illinois (Mr. ERLENBORN whom I most emphatically commend for his concise approach and explanation to the legislation generally, except in a specific area where we disagree, I would like to make these observations in order to clarify my position on the general discussion that we had.

It seems to me while the vesting and funding provisions that my colleague from Illinois (Mr. ERLENBORN) referred to and which are required by this present legislation, should go a long way toward minimizing the probability of loss from future plan terminations, still in all, as long as a plan contains unfunded accrued liabilities—and a lot of them do—there is always that distinct possibility and even probability, particularly taking into consideration the present economic climate, that the termination of a plan with such unfunded liabilities will result in a loss of vesting benefits to participants and beneficiaries of the plan.

As a matter of record and for the purposes of explanation, I would like to make reference to a recent study of pension plan terminations for the year 1972 prepared by the Department of Labor and Treasury. Their findings disclose the following: First, there were 1,227 plans terminated involving 42,000 claimants; second, 19,500 claimants in 546 plans lost benefits; third, 8,500 of the claimants with losses were either retired or eligible for retirement or fully vested; and fourth, the total present value of these losses amount to $48.7 million for all claimants and $34.4 million for thise eligible for retirement or whose rights were fully vested.

Mr. ERLENBORN. Will the gentleman yield?

Mr. GAYDOS. I will in just 1 minute.

Half of these losses were participants in plans of unprofitable employers. I do concede that this is minuscule in a way when we consider any relation to the overall participants in pension plans, but I do make the point in good conscience and urge my colleagues to accept the position that under the circumstances we have experienced, as indicated in the numerous hearings we had, if even one employee loses a benefit under these circumstances, regardless of the statistics, still to him it is a fiasco and an important item.

Mr. ERLENBORN. Will the gentleman yield?

Mr. GAYDOS. I yield to the gentleman.

Mr. ERLENBORN. Is the gentleman aware of the fact that under this legislation before the effective date of termination of the insurance those companies that operate pension plans that are not collectively bargained will have the option to terminate their plan before the insurance takes effect? And in this way many hundreds of thousands of employees may be denied private benefit coverage in the future.

Mr. GAYDOS. I am not proud of that provision. I wish we could change it. In fact, we had an amendment that was designed to do just that. It is not the best situation, but we are talking about the present legislation generally.

Mr. ERLENBORN. Will the gentleman yield further?

Mr. GAYDOS. I yield to the gentleman.

Mr. ERLENBORN. The gentleman is aware at the present time it is customary when a new plan is begun to give credit for past service of all employees for their service with the company even before the pension plan is begun.

Mr. GAYDOS. If that were not true, you could never start a pension plan. But go ahead. I do not want to interrupt the gentleman.

Mr. ERLENBORN. This then means that the plan starts with large unfunded past-service liabilities, because you have not had an opportunity before starting a plan to get it funded, then you do not have sufficient funding. Is the gentleman aware that the creation of these vast unfunded liabilities combined with insurance that makes it a personal liability of the employer will probably even further discourage the employer from either starting a plan or, if he does start the plan, then not to give past service credits?

Does the gentleman feel that this sort of legislation is really ultimately to the best interest of the working men and women of this country? I personally do not think so. I think we ought to encourage the expansion of the private pension industry, and encourage more employers to give larger pensions, but the introduction of insurance termination will do exactly the opposite, and will hurt hundreds of thousands more working men and women than will ever be affected by the termination that the gentleman from Pennsylvania is opposed to.

Mr. GAYDOS. The gentleman from Illinois is a very difficult man to carry on a colloquy with because, for want of a better descriptive term, the gentleman hogs the time. But let me ask the gentleman from Illinois, is the gentleman or is the gentleman not in support—and I think I understand the position of the gentleman, but I would like to have the gentleman clarify it, I ask again, is the gentleman in support of plan termination insurance?

Mr. ERLENBORN. If the gentleman will yield, I think I made it clear that I do not believe it is workable. I am sorry that it is in the bill, but the provisions can be made more workable. We can take out the political determination as to investments. We can give organized labor and business a voice in operating this insurance corporation.

No, I would rather we not have insurance, because I will predict, and I think I will be proven correct, that many more people will be adversely affected by the termination insurance than will ever be benefited by it.

Mr. GAYDOS. Mr. Chairman, I want to thank my colleague, the gentleman from Pennsylvania (Mr. DENT), who is the chairman of the subcommittee, for yielding me this time and, further, Mr. Chairman, I do want to congratulate the gentleman from Pennsylvania on his foresight in insisting upon and presently supporting the plan termination aspect of this legislation.

Mr. ERLENBORN. Mr. Chairman, I yield such time as he may consume to the gentleman from Wisconsin (Mr. THOMSON).

Mr. THOMSON of Wisconsin. Mr. Chairman, I would ask the distinguished gentleman from Pennsylvania (Mr. DENT) if he would enter into a colloquy with me for the purpose of answering some questions?

Mr. DENT. Mr. Chairman, I will be happy to do that.

Mr. THOMSON of Wisconsin. Mr. Chairman, as I am sure the gentleman from Pennsylvania knows, the State of Wisconsin was one of the first States in the Union requiring pension trust supervision, and we in Wisconsin are a little bit disturbed about the preemption by the Federal Government of this plan that has worked so successfully for many, many years.

The question is: Will the preemption of State law nullify any pending litigation a State may be involved in concerning violations of State law which occurred prior to the preemption?

Wisconsin, for example, has legal actions pending due to violations of State law. If the cases cannot be brought to court prior to the Federal preemption, will Wisconsin be able to proceed?

Mr. DENT. Mr. Chairman, in reply to the inquiry of the gentleman from Wisconsin (Mr. Thomson) may I say that in my opinion they would be able to proceed with any pending judicial proceeding. So far as I know we have no retroactivity in any such case.

Mr. THOMSON of Wisconsin. Question No. 2: If States now have laws to be preempted by this act, will there be a period between preemption of State law and the effectiveness of the Federal law?

With respect to fiduciary responsibility and disclosure, for example, that portion of the bill becomes effective 6 months after enactment. When is a State law preempted? On the date of enactment or 6 months after enactment?

Mr. DENT. It would be my opinion it would become effective at the same time as the relevant substantive part itself. In other words, 6 months after the passage of the act.

Mr. THOMSON of Wisconsin. Mr. Chairman, I thank the gentleman from Pennsylvania.

Mr. DENT. Mr. Chairman, I have no further requests for time, and yield back the balance of my time.

The CHAIRMAN. The Chair would like to inquire of the gentleman from Pennsylvania (Mr. Dent) whether the gentleman from Pennsylvania intends to yield back all of his remaining time?

Mr. DENT. I do, Mr. Chairman. I yield back the remainder of my time.

The CHAIRMAN. The Chair would like to make the same inquiry of the gentleman from Illinois (Mr. Erlenborn).

Mr. ERLENBORN. Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. All time for debate for the Committee on Education and Labor having expired, the Chair will now recognize, under the rule, the gentleman from Oregon (Mr. Ullman) for 1 hour, and the gentleman from Pennsylvania (Mr. Schneebeli) for 1 hour, controlling the time for general debate for the Committee on Ways and Means.

The Chair now recognizes the gentleman from Oregon (Mr. Ullman).

Mr. ULLMAN. Mr. Chairman, I yield myself 10 minutes.

Mr. Chairman, first I want to commend the committee members and the staff and the chairman of the subcommittee, the gentleman from Pennsylvania (Mr. Dent), and the members of his committee and their staff, for what I consider to be one of the most difficult legislative operations that we have had in Congress for a long time.

The Employee Benefit Security Act of 1974 is one of the most important bills to come before the House in many years. It deals with a basic problem affecting practically every individual in this country—namely, more adequate provision for retirement. It represents landmark legislation whose beneficial effects in protecting the pension rights of individuals and encouraging more adequate provision for the retirement of all gainfully employed people will be felt for decades to come.

This legislation concerns the legitimate interests and jurisdiction of both the Ways and Means Committee and the Committee on Education and Labor. The Ways and Means Committee, for example, is concerned with pension legislation because over $14 billion of tax deductions were taken for contributions to qualified corporate plans in 1971. For over three decades the tax laws have been used to grant inducements for the growth and development of nondiscriminatory pension plans for the benefit of the rank and file of employees. Under rules laid down in the Internal Revenue Code, employer contributions to such nondiscriminatory plans may be deducted within specified limits, employees defer payment of tax on the employer contributions made on their behalf to such plans until they receive them in the form of benefits, and the earnings of the pension plan itself are exempt from tax. And for over 30 years, the Internal Revenue Service has been administering the vital provisions of the Internal Revenue Code relating to pension plans, examining such questions as coverage, participation, and vesting practices in order to determine whether particular plans are in fact nondiscriminatory and qualify for the special tax treatment.

However, we on the Ways and Means Committee recognize that the Education and Labor Committee also has a legitimate concern in pension legislation, particularly since such subjects as coverage, vesting, and funding practices directly affect the welfare of many millions of employees.

This dual jurisdiction over pension matters has undoubtedly raised some technical problems in bringing this legislation to the floor. But I think that the two committees working together have successfully resolved these technical problems. In fact, it is probable that the dual jurisdiction has resulted in a better bill because it has meant that the joint experience and resources of both the Ways and Means Committee and the Committee on Education and Labor have been brought to bear on the complex issues involved in pension reform. In particular, we on the Ways and Means Commitee want to acknowledge the very substantial contribution to this legislation that has been made by Mr. Dent and his fellow members on the Education and Labor Committee.

I might also add that the Ways and Means Committee has worked very hard on this bill and has given it very considerable consideration. We held public hearings on pensions earlier this year and we have met in 38 executive sessions over the period from October 1 of last year and to February of this year to develop the legislation.

The substitute, therefore, represents the combined cooperative efforts of the two committees. Title I was developed by the Education and Labor Committee and title II by the Ways and Means Committee. To a considerable degree, these two titles deal with different matters. Title I, for example, makes provision for plan termination insurance as well as for new requirements regarding fiduciary responsibility and disclosure, matters which are not dealt with in title II. Similarly, title II contains provisions relating to purely tax matters, such as tax deductions under pension plans, not covered in title I since they are of no direct concern to the Education and Labor Committee. Title I and title II each contain provisions dealing with participation, vesting, and funding—reflecting the concern of each of the two committees in these areas. However, I do not think this will create any problem because the language in the overlap areas in title I and title II is virtually identical and the bill provides for the development of joint regulations by the Treasury Department and the Labor Department in the overlap areas. In addition, it is our intention that these two departments coordinate their efforts to avoid duplicate enforcement.

Before turning to the substantive provisions of the pending legislation, I think it only fair to point out that the private pension system has many important achievements to its credit. Estimates of the coverage of private pension plans range from 23 million to 30 million employees for 1972 and 42 million employees are expected to be covered by 1980 without any change in law. Similarly, in 1970 about $14 billion was contributed to pension plans by employees and employers and 4.7 million beneficiaries received $7.4 billion in pension payments. Moreover, pension plan assets amounted to $150 billion, book value, in 1972 and are expected to reach $225 billion by 1980.

However, despite these achievements, a number of serious problems have arisen in regard to pension plans which require remedial action. Only about one-half of all employees in private nonagricultural employment are covered by pension plans. Many private pension plans give covered employees vested rights to benefits—that is, the right to receive benefits if he leaves or loses his job before retirement age. However, many plans provide inadequate vesting or no vesting at all prior to retirement. The result is that large numbers of employees who are now covered by pension plans may never receive benefits in the absence of remedial action. Although many plans are adequately funded, a significant number of plans are not, raising a serious question as to whether adequate funds will be available to pay benefits to employees when they fall due. Finally, present law discriminates against individuals not covered by pension plans with regard to the tax treatment of retirement savings. It also accords widely disparate pension tax treatment to corporate employees as compared with self-employed individuals that cannot be justified.

In dealing with these problems, title II, or H.R. 12855, continues to rely primarily on the tax laws to secure needed improvements. In general, it retains the tax incentives granted under present law for the purpose of encouraging the establishment of plans which contain socially desirable provisions. However, it improves the effectiveness of these tax incentives by extending the incentives where this is justified and by pruning them where this is indicated to prevent abuses. In addition, the title requires qualified plans to comply with specified standards designed to make such plans a better instrument for providing benefits for employees.

Let me be more specific in describing the provisions of title II of the bill.

Qualified plans are prohibited from requiring overly restrictive coverage standards by providing that generally an employee cannot be excluded from a plan on account of age or service if the employee is at least 25 years old and has had at least 1 year of service. The 1-year service requirement may be extended to 3 years if immediate vesting is provided.

Qualified plans are also required to comply with one of three alternative minimum vesting standards. The first of these provides for at least 25 percent vesting at the end of the fifth year of covered service. Thereafter, the vesting percentage is increased by 5 percent a year until a level of 50 percent is reached at the end of the 10th year. Following this, vesting increases at the rate of 10 percent a year until 100 percent vesting is reached at the end of the 15th year.

The second vesting standard under the bill is 100 percent vesting at the end of 10 years of covered service.

The third vesting standard is the so-called rule of 45. Under this standard, there must be 50 percent vesting when the sum of the age of the individual and the number of years of covered service equal 45—provided there is at least 5 years of service. An additional 10 percent per year is then required to be vested in each of the next 5 years of service.

These vesting rules are phased in over a 5-year period beginning, in the case of existing plans, in 1976.

The title provides three alternative minimum vesting standards because we did not believe that it would be desirable to force all retirement plans into one rigid mold in regard to vesting. These alternative standards have the advantage of providing adequate flexibility to the hundreds of thousands of retirement plans to enable them to provide adequate vesting protection to their covered employees in the light of the individual circumstances and conditions confronting them. Moreover, the additional cost of financing pension plans involved in these minimum vesting requirements is expected to be moderate. Overall, for all plans, these cost increases will range from 0 to 1.5 percent of payroll.

The title also provides minimum funding standards for qualified plans to assure that adequate funds will be available to pay retirement benefits when they fall due. Under the bill, normal costs are to be funded currently. Accrued costs attributable to already existing liabilities are to be amortized over a 40-year period. Liabilities under plan amendments and new plans generally are to be amortized over a 30-year period, except that in the case of multiemployer plans the amortization period is to be 40 years—in this latter case the Secretary of Labor can extend this for a further period of 10 years. Experience gains and losses are to be amortized over 15 years generally. However, for multiemployer plans, experience gains and losses are to be amortized over 20 years and the Secretary of Labor can add an additional 10 years to this 20-year amortization period. These experience gains and losses generally will be required to be recomputed only every 3 years.

The funding standards that I have just described are based on accrued liabilities. However, if funding requirements are higher under a second general standard which is based on accrued "vested" liabilities, this standard is to apply. Under this standard, accrued vested liabilities are determined, as also are the value of the plan's assets. Where the former exceeds the latter, the contribution for that year must be sufficient to cover the level annual payment required to amortize the difference in 20 years. A determination for a new 20-year amortization period is made in each of the succeeding years.

Where any of the requirements set forth above present hardship under a plan, the Secretary of the Treasury can under certain specified conditions permit variances spreading the current liability in this case over a 15-year period.

In addition, the title recognizes the special problems of multiemployer plans by authorizing the Secretary of Labor to authorize exceptions to the vesting and funding standards which I have described where he finds that they seriously endanger the continuation of a plan.

Finally, the title gives existing plans time to comply with the new participation, vesting, and funding standards. Under the title, the new standards generally do not apply until plan years beginning on or after January 1, 1976. In the case of collective bargaining plans, the January 1, 1976, date is to be extended to January 1, 1977, or the expiration date of the current collective bargaining agreement, but not beyond January 1, 1981. For new plans adopted after January 1, 1974, the participation, vesting, and funding provisions are to be effective as of the date of enactment.

Your committee's bill also requires qualified plans to provide annuities to pay benefits in the form of a joint and survivor annuity, giving the surviving spouse an annuity equal to at least 50 percent of the annuity paid during the joint lives, unless the participant elects in writing before the annuity starting date not to take a joint and survivor annuity.

Let me turn now to the provisions in title II which are unrelated to provisions in title I. At present, the tax treatment of different taxpayer groups under pension plans is highly inequitable because widely disparate treatment is given to different groups. The deductible contributions to pension plans on behalf of a self-employed person are limited to a maximum of 10 percent of earned income or $2,500 a year. However, there is no specific limitation on the amount of deductible retirement plan contributions that can be made for corporate employees.

As a practical matter, cost considerations tend to place some limitations on the amount of contributions or benefits that can be provided for highly paid executives under qualified corporate plans since the nondiscrimination provisions of the code generally require that rank and file employees be provided with contributions or benefits which are as large in relation to their salaries. However, under smaller plans, such practical cost considerations do not operate to the same extent in limiting contributions or benefits for highly paid individuals. Perhaps the worst discrimination of all applies to individuals who are not covered by qualified plans and who therefore are required to save for retirement out of taxed income.

Because the present tax treatment in regard to pension plans is so diverse for the different groups of individuals involved, it is not feasible at this time to move to a single and completely uniform system of treatment for all the taxpayers involved. However, title II of the bill makes a giant step toward this goal. In effect, it substantially narrows the present differences in tax treatment under pension plans by liberalizing the tax treatment of those who are now restricted in this regard—namely, the self-employed and individuals not covered by pension plans—and by imposing limitations to prevent undue tax advantages under pension plans for highly paid individuals through provisions for inordinately large contributions or benefits for such individuals.

More specifically, the bill increases the maximum deductible contributions that a self-employed individual is allowed to make on his own behalf to a qualified plan to 15 percent of earned income up to $7,500 a year. At the same time, provision is made to assure that self-employed people who wish to utilize this full maximum tax allowance for their own contributions will also have to provide significant pension contributions for their regular employees who are covered by the pension plan.

Individuals who are not receiving the advantages of current coverage under qualified retirement plans are permitted to take deductions for annual contributions to a new type of individual retirement plan, up to 20 percent of earned income or $1,500, whichever is less. To encourage the widespread use of such individual retirement plans, your committee has provided that the contributions to such plans can be invested in a wide range of investments, including special government retirement bonds which would be issued for this purpose, annuity contracts sold by insurance companies, mutual funds, corporate securities, banks, and credit unions.

This amount cannot be drawn down without penalty before age 59½—except in the case of death or disability—and the individual must begin drawing the amount down by age 70½ if penalty is to be avoided. An individual may establish the account directly himself or, alternatively, an employer or labor union may maintain accounts of this type for employees or members.

Finally, we have placed limits on the amount of contributions or benefits that may be provided for any individual under qualified plans. In taking this action we have not been motivated by the desire to limit retirement benefits as such. Your committee believes that it is generally desirable to encourage large retirement benefits provided that they do not constitute unreasonable compensation. However, I am sure that you will agree with me that there is no reason to subsidize extraordinarily large retirement benefits through the tax system.

For this reason, the bill provides that annual contributions on behalf of any individual under defined contribution plans—profit sharing and money purchase pension plans—cannot exceed 25 percent of his compensation or $25,000, whichever is less.

In the case of defined benefit plans, the pension which may be paid with respect to any individual may not exceed 100 percent of his compensation in his high 3 years of employment or $75,000, whichever is the lesser. Both the $25,000 amount and the $75,000 amount are subject to cost-of-living allowances. A "grandfather clause," provides that if an individual is eligible for more than a $75,000 pension based upon his current compensation by taking into consideration his additional period of employment up to the time of his expected retirement, this amount may be paid despite the $75,000 limitation.

If an employee is under both a defined benefit plan and a defined contribution plan, then an overall limit is applied to coordinate the two limits discussed above. In this case, the sum of: First, the percentage utilization of the maximum limit under the defined benefit plan and; second, the percentage utilization of the maximum limit under the defined contribution plan cannot exceed 140 percent. Amounts in excess of these limits may be provided under the plan, but may not be paid out of a qualified trust.

I would like to add that the Ways and Means Committee worked very hard in developing the limitations on contributions or benefits for individuals that I have just described. We believe that these limitations will not impose hardship for individuals covered by qualified plans such as the Sears, Roebuck plan. This is not to say that you won't hear of some cases where individuals are affected by the limitation.

This is the purpose of the limitations since if they didn't affect anybody there would be no purpose to having them. However, I want to assure you that these limitations permit pensions that are generous, judged from any reasonable standard.

The tax provisions affecting retirement plans when fully effective will result in an estimated net revenue loss of $460 million a year. This figure covers the revenue losses resulting from the liberalized H.R. 10 provisions and the new individual retirement plans offset by increased revenue attributable to the limitations on pension contributions and benefits and other tax provisions. I might add that the equity gain resulting from the fairer tax treatment of individuals in regard to pension plans resulting from the tax provisions in the bill is worth the revenue loss.

This completes my general statement outlining the major provisions of the bill. Because of the importance of these provisions, however, I would like to insert in the RECORD a more detailed explanation at this point.

I have already said enough to show how essential this bill is and how much it merits your support. Many millions of individuals are counting on us to adopt this vital legislation and we should do so promptly.

GENERAL EXPLANATION OF TITLE II OF THE EMPLOYEE BENEFIT SECURITY ACT OF 1974

One of the most important matters of public policy facing the Nation today is how to assure that individuals who have spent their careers in useful and socially productive work will have adequate incomes to meet their needs when they retire. This legislation is concerned with improving the fairness and effectiveness of qualified retirement plans in their vital role of providing retirement income. In broad outline, the objective is to increase the number of individuals participating in employer-financed plans; to make sure to the greatest extent possible that those who do participate in such plans actually receive benefits and do not lose their benefits as a result of unduly restrictive forfeiture provisions or failure of the pension plan to accumulate and retain sufficient funds to meet its obligations; and to make the tax laws relating to qualified retirement plans fairer by providing greater equality of treatment under such plans for the different taxpayer groups concerned.

Essentially, the bill represents a significant improvement in the tax treatment now applicable with respect to qualified retirement plans. Your committee regards the present legislation as part of an evolutionary process which keeps this basic framework but which builds on it new provisions which experience indicates are necessary for the proper functioning of these plans.

A fundamental aspect of present law, which the committee bill continues, is reliance on voluntary action by employers and employees under contributory plans for the establishment of qualified retirement plans. The bill also continues the approach in present law of encouraging the establishment of retirement plans which contain socially desirable provisions through the granting of tax inducements. In other words, under the new legislation as under the present law, no one is compelled to establish a retirement plan. However, if a retirement plan is to qualify for the favorable tax treatment, it will be required to comply with specified new requirements which are designed to improve the retirement system. Since the favorable tax treatment is quite substantial, presently involving a revenue loss of $4 billion a year, it is anticipated that plans will have a strong inducement to comply with the new qualification rules and thereby become more effective in fulfilling their objective of providing retirement income.

The tax advantages associated with qualification under the Internal Revenue Code are substantial. Employers, within certain limits, are permitted to deduct contributions made to such plans on behalf of covered employees, whether or not the interests of covered employees are vested; earnings on the plan's assets are exempt from tax; and covered employees defer payment of tax on employer contributions made on their behalf until they actually receive the benefits, generally after retirement when their incomes and hence applicable tax rates tend to be lower.

THE ENCOURAGEMENT OF NONDISCRIMINATORY PLANS UNDER PRESENT LAW

As already indicated, our tax laws now provide substantial tax incentives for the establishment of nondiscriminatory retirement plans. In order to qualify as nondiscriminatory, a retirement plan must cover a specified percentage of employees or cover employees under a classification found by the Internal Revenue Service not to discriminate in favor of employees who are officers, shareholders, supervisory employees, or highly compensated employees. Similarily, either the contributions to the plan or the benefits paid out by the plan must not discriminate in favor of officers, and so forth.

In adopting this legislation, your committee is aware of the achievements of the private pension system under the 1942 legislation. The private retirement system has grown rapidly over the past three decades. While the precise coverage of retirement plans is not known, estimates of the number of employees now covered by such plans range from 23 million to 30 million. This compares with coverage of 4 million in 1940 and 9.8 million in 1950. By 1980, these retirement plans are expected to cover 42 million employees.

The growth which has occurred is also evidenced in other ways. Between 1950 and 1970, total annual contributions made to retirement plans by employees and employers rose from about $2.1 billion to about $14 billion. In 1950, 450,000 beneficiaries received $370 million from retirement plans; in 1970, 4.7 million beneficiaries received $7.4 billion in pension payments. Moreover, retirement plan assets soared from $12.1 billion in 1940 to $150 billion in 1972—book value—and are expected to reach $225 billion by 1980.

PROBLEM AREAS

Despite the substantial achievements of retirement plans, it has become apparent that a number of problems have arisen which prevent many of these plans from achieving their full potential as a source for retirement income. These problem areas are outlined below.

Inadequate coverage.—Despite the rapid growth in retirement plan coverage in recent years to its 1970 level of from 23 to 30 million employees, somewhere in the vicinity of one-half of all employees in private, nonagricultural employment are still not covered by retirement plans. Retirement plans are still relatively rare among small business firms and in agriculture. Moreover, even where employees work for a firm with a retirement plan, the age and service requirements for participation in the plan may be overly restrictive, excluding many employees.

Discrimination against the self-employed and employees not covered by retirement plans.—Another problem area is that present law discriminates against employees not covered by retirement plans and against the self-employed. This is primarily because the personal retirement savings of individuals not covered by pension plans must be made out of after-tax income, while those covered by retirement plans are permitted to defer tax on their employer's retirement contributions. In addition, the earnings on the retirement savings of noncovered persons are subject to tax as earned, while the tax on earnings of pension funds is deferred until paid out as a retirement benefit.

Self-employed people also frequently maintain that they are discriminated against as compared with corporate executives and owner-managers of corporations in regard to the tax treatment of retirement savings. At present, there is no comprehensive limit on the amounts the employer can contribute on behalf of corporate executives and owner-managers of corporations; similarly, there is no statutory limit on the amount of pension benefits that the latter can receive—so long as those contributions or benefits do not discriminate in favor of employees who are shareholders, officers, supervisors, or highly paid and do not constitute unreasonable compensation. As a result of legislation enacted in 1962 and amended in subsequent years, self-employed people can establish retirement plans for themselves and their employees but their deductible contributions to such plans on their own behalf are limited to 10 percent of earned income up to $2,500 a year.

Inadequate vesting: Present law generally does not require a retirement plan to give a covered employee vested rights to benefits—that is, the right to receive benefits even if he leaves or loses his job before retirement age. Over two-thirds of the private retirement plans provide vested rights to retirement benefits before retirement. However, as a general rule, employees do not acquire vested rights until they have accumulated a fairly long period of service with the firm and/or are relatively mature.

At present, only one of every three employees participating in employer-financed plans has a 50 percent or greater vested right to his accrued retirement benefits. Moreover, 58 percent of covered employees between the ages of 50 and 60 and 54 percent of covered employees 60 years of age and over do not have a qualified vested right to even 50 percent of their accrued retirement benefits. As a result, even employees with substantial periods of service may lose retirement benefits on separation from employment. Extreme cases have been noted in which employees have lost retirement rights at advanced ages as a result of being discharged shortly before they would be eligible to retire. In addition, failure to vest more rapidly is charged with interfering with the mobility of labor, to the detriment of the economy.

Inadequate funding: Another problem area is that a significant portion of present pension plans are not adequately funded—that is they are not accumulating sufficient assets to pay benefits in the future to covered employees. As a result, there is concern that many employees now covered by pension plans may not actually receive pensions when they retire because the funds will not be available to pay for those pensions.

In general, pension plans that are qualified under the Internal Revenue Code must meet certain minimum funding requirements by irrevocably setting aside funds in a trust or through the purchase of insurance contracts. Contributions to such plans must generally be at least large enough to pay the normal pension costs plus the interest on unfunded accrued liabilities which generally are attributable to the past service of the covered employees. However, this minimum funding requirement is not adequate because it is designed only to prevent the unfunded liabilities from growing larger and does not require any payment to reduce the amount of the outstanding unfunded liabilities, which may be substantial.

The available evidence suggests that many pension plans are adequately funded—but that a significant proportion of the plans have not been adequately funded. This is indicated, for example, by a survey made by the Senate Labor Subcommittee of 469 trustee-administered pension plans covering 7.1 million employees. In 1970, about one-third of the plans in the study covering one-third of the participants reported a ratio of assets to total accrued liabilities of 50 percent or less; while 7 percent of the plans covering 8 percent of the participants reported a ratio of assets to accrued liabilities of 25 percent or less.

In general, the older plans are better funded than the newer ones. Over one-half of the plans covered by the study which were 6 years old or less had an assets-liabilities ratio of 50 percent or less, while 35 percent of the plans in existence for 17 years to 21 years had such an assets-liabilities ratio.

Loss of pension benefits due to plan terminations.—Concern has also been expressed over the possible loss of pension benefits as a result of termination of pension plans. The Studebaker case, which has been widely publicized, illustrates how pension benefits can be lost as a result of termination of a plan. When Studebaker closed its South Bend, Ind., plant in 1964, the employees were separated and the pension plan was terminated. The plan provided fairly generous vested rights and the funding apparently would have been adequate had the firm remained in business and the plan continued in operation. However, at termination, the plan had not yet accumulated sufficient assets to meet all its obligations. As a result, full pension benefits were paid only to employees already retired and to employees age 60 or over with 10 years or more of service. Little or no benefits were paid to large numbers of other employees, many of whom had vested rights.

A joint study of the Treasury Department and the Department of Labor indicates that there were 1,227 plan terminations in 1972. These terminations resulted in the loss of $49 million of benefits—present value—by 19,400 pension participants in 546 of the terminated plans. The average loss of benefits for participants amounted to $2,500. Participants losing benefits represented about eight one-hundredths of 1 percent of workers covered by pension plans. The data, of course, cover terminations occurring over a 1-year period and may not be the typical experience.

Misuse of pension funds and disclosure of pension operations.—There also has been concern about the administration of pension plans. It has been charged that all too frequently pension funds have not been used in the best interest of covered employees. There have been cases of extreme misuse of pension funds.

The Welfare and Pension Plans Disclosure Act, which is administered by the Labor Department, was adopted in 1958 to protect the interests of welfare and pension plan participants and beneficiaries by requiring disclosure of information regarding such plans. This act requires the plan administrators to file with the Secretary of Labor and to send to participants upon written request a description and annual report of the plan. The act was amended in 1962 to make theft, embezzlement, bribery, and kickbacks Federal crimes where these occur in connection with welfare and pension plans. The 1962 amendment also conferred limited investigatory and regulatory powers upon the Secretary of Labor. However, abuses in the administration of pension plans and in the handling of pension funds have continued.

The Internal Revenue Code at present seeks to prevent abuses in the use of funds held under qualified retirement plans by prohibiting qualified trusteed plans from engaging in certain specified prohibited transactions such as lending funds without adequate security and a reasonable rate of interest to the creator of the plan, his family, or corporations controlled by him. Other prohibited transactions include payment of excessive salaries, purchase of property for more than an adequate consideration, sale of property for less than an adequate consideration, or any other transactions which result in a substantial diversion of funds to such individuals. Special additional rules apply to payment of excessive salaries, purchase of property for more than a trust benefiting owner-employees.

OBJECTIVES OF THE MAIN PROVISIONS OF THE BILL

Although there have been significant legislative changes since the present basic framework of the tax laws relating to pensions was first adopted—principally in allowing self-employed people to establish retirement plans for themselves and their employees and in requiring the disclosure of information regarding welfare and pension plans—it has been more than 30 years since these basic pension provisions were first adopted. It is time for new legislation to conform the pension provisions to the present day situation and to provide remedial action for the various problems that have arisen in the retirement plan area during the past three decades.

As indicated above, the present provisions of the Internal Revenue Code provide tax inducements for the adoption of nondiscriminatory plans and to a limited extent other objectives. These nondiscrimination provisions are retained, but the new legislation also requires retirement plans to conform to additional requirements in order to qualify for the favorable tax treatment under the Internal Revenue Code. In taking this action, the committee has been mindful of the need to construct the new requirements so that they will provide meaningful improvement in the various problem areas noted under the present law. At the same time, the committee is aware that under our voluntary pension system, the cost of financing pension plans is an important factor in determining whether any particular retirement plan will be adopted and in determining the benefit levels if a plan is adopted, and that unduly large increases in costs could impede the growth and improvement of the private retirement system. For this reason, in the case of those requirements which add to the cost of financing retirement plans, the committee has sought to adopt provisions which strike a balance between providing meaningful reform and keeping costs within reasonable limits.

Generally, it would appear that the wider or more comprehensive the coverage, vesting, and funding, the more desirable it is from the standpoint of national policy. However, since these plans are voluntary on the part of the employer and both the institution of new pension plans and increases in benefits depend upon employer willingness to establish or expand a plan, it is necessary to take into account additional costs from the standpoint of the employer. If employers respond to more comprehensive coverage, vesting and funding rules by decreasing benefits under existing plans or slowing the rate of formation of new plans, little if anything would be gained from the standpoint of securing broader use of employee pensions and related plans. At the same time, there are advantages in setting minimum standards in these areas both to serve as a guideline for employers in establishing or improving plans and also to prevent the promise of more in the form of pensions or related benefits than eventually is available.

The provisions described below are contained in title II of the bill as developed by the Ways and Means Committee.

Coverage: One of the major objectives of the new legislation is to extend coverage under retirement plans more widely. For this reason, title II of the committee bill sets minimum standards on the age and service requirements which can be used to exclude employees from participation in plans. Under the new rules, a qualified plan cannot require an employee to serve longer than 1 year or attain an age greater than 25; whichever occurs later; as a condition of eligibility to participate in the plan. Thus, an employee who reaches age 25 and has at least a year of service would be eligible to participate; unless he is excluded for some reason other than age or service. However, a plan that provides vested rights immediately on participation will be permitted to set the participation requirements at no more than 3 years of service and age 25.

The Ways and Means Committee believes that these rules are reasonable. They provide a balance between the need to grant employees the right to participate in pension plans at a relatively early age so that they can begin to acquire pension rights and the need to avoid the administrative drawbacks that would be involved in granting coverage to immature and transient employees whose benefits would in any event be small. The participation rules also prevent potential avoidance of the vesting rules in the committee bill.

The bill also adopts a number of provisions which are carefully designed to make the minimum age and service requirements for participation work effectively. The Secretary of the Treasury or his delegate is given the authority to determine under regulations what constitutes a year of service for purposes of fulfilling the participation requirement in order to make the service requirement sufficiently flexible to meet the many varying situations which arise in different industries operating under different conditions of employment. At the same time, guidance is provided to those framing the regulations so as to minimize the possibilities of abuse. The bill, for example, provides that a qualified plan may not establish a service requirement for participation which has the practical effect of treating as a year of service an average period for all employees of more than 12 months or which excludes any employee who has more than 17 months of continuous service. In addition, the bill provides that a seasonal employee whose customary employment is for at least 5 months in a 12-month period is generally to be given credit for a year of service if he works his customary season months in a 12-month period.

The Secretary of the Treasury or his delegate is also given authority to prescribe by regulations different rules for determining a "year of service" for those industries whose normal work schedules are substantially different from those that are generally applicable. For example, the regulations could, where consistent with the practice of an industry, permit 100 hours of employment to be treated as 1 month, or 1,000 hours of employment to be treated as 1 year.

The bill also provides guidance to the Secretary or his delegate in issuing regulations in regard to the computation of the years of service of an employee who has a break in service. This is of significance since an employee will generally receive greater vested rights if all his periods of service with the employer are combined and treated as one period of service than if each period of service interrupted by a break is treated separately. This matter involves difficult issues. On the one hand, it appears desirable not to require service prior to the break to be merged with service after the break where the break in service is of substantial duration and the period of prior service is relatively short. This is because in such cases, the plan frequently will not have records regarding the employees' prior service and the administrative difficulties resulting from any requirement to merge service prior to the break with service after the break might make employers reluctant to rehire employees and yet at the same time would not provide substantial benefits for the latter. On the other hand, where the break in service is of relatively moderate duration, treating each period of service as a separate period could give rise to abuses by giving employers an inducement to discharge covered employees and then rehire them after a short time in order to reduce the cost of financing plan benefits. An additional consideration is that where an employee has acquired an attachment to the firm by serving a substantial number of years, and particularly where he has accumulated substantial vested rights to benefits, it seems reasonable that all his service including service prior to the break should be taken into consideration in determining his participation under the plan.

The bill resolves these issues by providing that where an employer rehires an employee who has had a break of service of at least one year after serving with the employer for less than 4 consecutive years, the plan will not be considered to be following an unreasonable procedure merely because it does not take into consideration his prior service. However, where a rehired employee had completed at least 4 consecutive years of service before the break, his prior years of service must be taken into consideration for purposes of computing his years of service unless the break is for 6 years or more. However, if a rehired employee acquired a nonforfeitable right to at least 50 percent of his accrued benefits derived from employer contributions prior to the service break, all his prior service must be taken into consideration in computing his years of service, regardless of the duration of the break.

Under plans which provide defined or specified benefits, it is more expensive for an employer to finance an equivalent retirement benefit for an older employee than for a young employee. To avoid making it more difficult for older workers to find employment, the bill permits plans which provide defined benefits to exclude from participation employees who begin employment within 5 years of the normal retirement age. This, for example, permits a defined benefit plan which provides for a normal retirement age of 65 to exclude an employee who begins work at the age of 60. Such exclusions are not permitted under money purchase pension plans or profit sharing plans. Under these plans, an employee is not promised any specified benefits, but instead is entitled only to the amount that is in his account—employer contributions, forfeitures, and employee contributions, adjustments for earnings, losses, and expenses—with the result that it is no more expensive for the employer to cover older employees than younger employees under such plans.

For purposes of satisfying the coverage rules of the Internal Revenue Code, a plan is permitted to exclude from participation employees covered by a collective bargaining agreement where the agreement does not provide that such employees are to be included in the plan and there is evidence that retirement benefits were the subject of good faith bargaining. This provision has two objectives: first, it recognizes that employees who are represented in collective bargaining agreements may prefer other forms of compensation, such as cash compensation, to coverage in a plan; and second, it makes it possible for employees who are not covered by a collective bargaining agreement to receive the advantages of coverage in a qualified plan where some employees of the same firm have elected through collective bargaining agreement not to be covered by the plan. At present, it frequently is not feasible for the former employees to receive the advantages of a qualified plan because the very fact that the employees covered by the collective bargaining agreement rejected coverage results in disqualifying the plan on the ground that it does not satisfy the coverage requirements for nondiscrimination. Also in the case of a plan covering airline pilots under a collective bargaining agreement, the bill permits the exclusion of the employees who are not covered by the collective bargaining agreement for purposes of the coverage requirements for nondiscrimination.

Finally, all Government plans, including the Federal civil service pension plan, and plans of church—unless they elect to be subject to the new rules—are exempted from the new participation standards as well as from the minimum vesting and minimum funding standards described below. However, both Government plans and church plans must continue to meet the requirements for qualification under present law in order to make their employees eligible for the tax benefits associated with qualified plans. The committee exempted Government plans from the new higher requirements because adequate information is not now available to permit a full understanding of the impact these new requirements would have on Government plans. For this reason the bills specifically provide that the Committee on Ways and Means and the Committee on Education and Labor are to study the participation, vesting, and funding practices of Government plans, Government plan fiduciary standards, factors affecting the mobility of Government employees and those employed under Federal procurement contracts, and the need for Federal standards in each of these matters. Each committee is to submit to the House of Representatives not later than December 31, 1976, the results of the studies, together with its recommendations.

In order to minimize administrative problems, and insure insofar as possible that plans which satisfy the requirements of the Internal Revenue Code also meet the pension standards which are to be administered by the Labor Department, and vice versa, the bill provides that the Treasury regulations with respect to the participation, vesting, and funding requirements of the bill, other than regulations to enforce the antidiscrimination requirements of the code, are to be effective for plan years beginning after December 31, 1975, only if approved by the Secretary of Labor. Where the bill's provisions apply before that date, as in the case of new plans and plans which elect earlier dates, then the regulations may be prescribed without the necessary approval of the Secretary of Labor. However, these regulations are not to apply beyond the December 31, 1975, plan year cutoff date.

To give existing plans time to adjust to the new age and service participation requirements, the effective date of these requirements is deferred to January 1, 1976, for plans in existence on January 1, 1974. For plans adopted on or after January 1, 1974, the new minimum age and service requirements will be effective in the first plan year beginning after the date of enactment. However, for existing plans which were the subject of collective bargaining agreements, the new participation standards are not to apply until the later of, first, the expiration date of the last of the present collective bargaining agreements, but not later than January 1, 1981, or second, January 1, 1977.

Vesting.—Coverage under a pension plan does not aid an individual if he later forfeits his right to his pension benefits upon voluntary or involuntary termination of employment. This is an important consideration in view of the fact that ours is a fairly mobile economy where employees tend to change jobs frequently, especially in their younger years. Moreover, the cyclical and technological nature of certain industries results in frequent layoffs over a work career for employees in those industries, as in aerospace and defense. The committee bill deals with this problem by requiring qualified pension plans to grant covered employees reasonable minimum vested rights to their accrued benefits.

The bill helps to assure that covered employees will actually benefit from pension plans by requiring qualified plans, as a condition of qualification under the Internal Revenue Code to meet reasonable minimum vesting standards. Qualified plans are required to grant covered employees nonforfeitable rights with respect to their own contributions. In addition, such plans are required to provide covered employees minimum vested rights with regard to employer contributions after they have fulfilled certain specified requirements. In adopting these minimum vesting requirements, your committee was guided by two broad considerations. The first relates to the need to balance the protection offered by the minimum vesting provision against the additional cost involved in financing the plan. Employees, of course, would be accorded the maximum protection if they were granted immediate and full vested rights to plan benefits. However, it is generally recognized that a requirement for immediate and full vesting would not be feasible because it would involve such substantial additional costs that it would impede the adoption of new plans and the liberalization of existing ones.

The second broad consideration guiding the committee in regard to minimum vesting is the need to provide adequate flexibility to the hundreds of thousands of retirement plans, to enable these plans to provide adequate vesting protection to their covered employees in the light of the individual circumstances and conditions confronting them. In other words, the committee does not believe that it would be desirable to force all retirement plans into one rigid mold so far as vesting is concerned.

In view of these considerations, the bill provides three alternative vesting options:

Under one option, a qualified plan would be required to provide an employee with vested rights to at least 25 percent of his accrued benefits from employer contributions after 5 years of covered service, plus an additional 5 percent for each of the next 5 years and 10 percent for each of the next following 5 years. This means that under this option, at least 50 percent of the employer-provided benefits must be vested after 10 years of covered service and 100-percent vested after 15 years of covered service. This option is designed to enable plans to provide the required vesting on a gradual basis according to years of service, generally without reference to the age of the employee. This option is neutral with respect to age, since all employees who fulfill the required service requirements are entitled to the specified vesting without regard to their age.

A second option permits firms which wish to provide faster vesting for their more mature employees than for their younger ones to do so by taking into consideration the age of the employee as well as his service for purposes of computing his vested rights. Under this option, the plan is required to provide a covered employee who has at least 5 years of covered service a vested right in at least 50 percent of the accrued benefits financed by the employer's contributions when the sum of his age and years of service equals 45; the minimum required vesting percentage would thereafter be increased by 10 percentage points a year in each of the following 5 years. This would, for example, provide an employee who began work for the employer at the age of 25, a vested right in 50 percent of his accrued benefits financed by employer contributions after 10 years of covered service when he reaches the age of 35. After completing an additional 5 years of service and attaining age 40 he would then be vested in 100 percent of his accrued benefits. On the other hand, an employee who starts to work for the employer at the age of 40 under this option would at the age of 45, upon completion of 5 years of service, receive a 50-percent vested right in his accrued benefits.

The third option provided under the bill permits qualified plans to fulfill the minimum vesting requirements by providing employees a 100-percent nonforfeitable right to accrued benefits derived from employer contributions when they have achieved at least 10 years of service. The committee provided this option because it grants covered employees complete vesting protection after the completion of a reasonably short period of service.

Because the objective is to encourage more adequate provision for retirement, plans are permitted to defer the payment of the benefits to individuals with vested rights until they reach normal retirement age and are separated from the firm. However, to avoid requiring a plan to carry relatively small amounts of benefits on its books for a long period of time, the bill permits a plan to elect to pay off the employee's vested rights in the form of a lump-sum payment when the employee is separated if the amount of the distribution is less than $1,750. In addition, at the election of the employee, a plan which so provides may make lump-sum payments of any amount to employees at the time they are separated from service in lieu of retirement benefits.

As a general rule, the plan will specify what is normal retirement age for this purpose. However, in order to prevent undue delay in the payment of benefits, payment must begin not later than 60 days after the close of the last plan year in which the participant first, attains age 65, second, reaches the 10th anniversary of the start of his participation, or third, terminates his employment. The "10th anniversary" provision was adopted to encourage the employment of individuals who are hired at mature ages for a long enough period to enable them to earn significant benefits under the plan.

The committee further decided to apply the minimum vesting requirements to benefits accrued prior to the effective date of the provision as well as to benefits accrued after this date on the ground that employees merit equal protection with regard to plan benefits regardless of when these benefits accrued. This is achieved by generally taking into account the employee's entire service with the employer in determining both his nonforfeitable vesting percentages and the amount of accrued benefits to which these vesting percentages are applied.

To keep the operation of the minimum vesting requirement reasonable and to avoid imposing undue burdens on plans, certain periods of service are permitted to be excluded in determining the employee's nonforfeitable rights. The service which may be excluded is:

First. Service before age 25;

Second. Service during a period for which the employee declined to contribute to a plan requiring employee contributions;

Third. Service during any period for which the employer did not maintain the plan;

Fourth. Seasonal service which does not include a sufficiently long period of time in each 12-month period to be counted as service for purposes of the plan;

Fifth. Certain service broken by periods of suspension of employment; and

Sixth. Service before January 1, 1969, unless the employee has had at least 5 years of service after December 31, 1968. This latter exclusion was adopted to prevent the possibility that plans would otherwise be required to incur extremely large costs for benefits to previously retired employees who would otherwise have the incentive to come back to a firm for relatively short periods of time, primarily in order to obtain plan benefits for their prior service.

How much protection is actually afforded to employees under the minimum vesting provision depends not only on the minimum vesting percentages set forth in the bill but also in the case of defined benefits on the accrued benefits to which these minimum vesting percentages are applied. For this reason, your committee has devoted particular attention to the development of fair and equitable procedures for the computation of accrued benefits.

Under the first option, the accrued benefit is determined by providing that the plan may not allow employees to accrue benefits in any year of service at a rate which is more than 133⅓ percent of the rate of accrual in any other year. However, it is permissible for a plan to provide an accrual rate for any year before the 11th year of service which exceeds 133⅓ percent of the accrual rate after the 10th year of service. The primary purpose of this provision is to prevent attempts to defeat the objectives of the minimum vesting provisions by providing undue "backloading," that is, by providing inordinately low rates of accrual in the employee's early years of service when he is most likely to leave the firm and by concentrating the accrual of benefits in the employee's later years of service when he is most likely to remain with the firm until retirement. Of course, a plan under which employees accrue benefits at a uniform rate would satisfy the requirements of this option. The 133⅓ percent rule also is obviously not intended to place a limit on the amount of benefit increases for future service that may be provided under plan amendments. Moreover, this rule is not to apply to the accrual rate of any plan year after the participant is eligible to retire with benefits which are not actuarially reduced on account of age or service.

Under a second option, a defined benefit plan may provide for an annual rate of accrual which is not less than 3 percent of the maximum benefit to which the participant would be entitled if he became a participant at the earliest possible entry age under the plan and served continuously until the earlier of age 65 or the retirement age specified under the plan. This treatment provides equal amounts of accrued benefits to employees who are separated prior to retirement age after having worked the same number of years, regardless of their respective ages at the time the service was performed.

Under present law, highly mobile employees such as engineers, frequently do not derive benefits from pension plans even when such plans have liberal vesting provisions because they tend to change jobs before they acquire vested rights in any particular plan. The bill approved by your committee will help such employees to secure actual benefits from pension plans. It provides that where an employer sets up different pension plans for different groups of employees the rate of vesting granted under the different plans need not be the same so long as the combined effect of all the plans is nondiscriminatory. This permits an employer to cover his highly mobile employees in a separate plan which provides faster vesting but lower benefits at normal retirement age than the other plans that he establishes for his other employees.

In addition, the committee bill instructs the Secretary of Labor to conduct a full and complete study of the steps necessary to insure that professional, scientific, and technical personnel and others working in associated occupations employed under Federal procurement, construction or research contracts or grants will, to the extent feasible, be protected against the forfeitures of pension or retirement rights as consequence of job transfers or loss of employment resulting from terminations or modifications of Federal contract grants or procurement policies. The Secretary of Labor is further instructed to report the results of his study to the Congress within 2 years after the date of enactment of the act. Also, if he determines it to be feasible, the Secretary is to develop regulations within 1 year after the date on which he submits his report to the Congress, which will provide for the better protection of the vesting rights of the employees concerned. These regulations are to take effect unless either House of the Congress adopts a resolution disapproving the regulations within 90 days after they are submitted to the Congress.

Under certain circumstances, a plan's vesting rules may cause the prohibited discrimination. Questions have arisen as to whether a plan which satisfies the vesting requirements provided by your committee automatically satisfies the vesting requirements of the nondiscrimination rules. To remove any possible ambiguity on this subject, the committee bill specifically provides that a plan which satisfies the minimum vesting requirements provided by this legislation is to be treated as satisfying any requirements regarding the vesting schedule and the rate at which benefits accrue, resulting from the application of the Internal Revenue Code requirements regarding nondiscrimination, unless (a) there has been a pattern of abuse under the plan—such as a firing of employees before their accrued benefits vest—or (b) there have been, or there is reason to believe there will be an accrual of benefits or forfeitures tending to discriminate in favor of employees who are officers, shareholders, or highly compensated.

The additional costs of financing plans involved when the minimum vesting requirement adopted by your committee becomes fully effective is expected to be moderate. These cost estimates are necessarily based on assumptions as to turnover rates, age distribution, and so forth. However, the range of costs is believed to be broadly indicative of the expected experience of employers generally.

The additional costs will, of course, be zero or smallest for those plans which now have liberal vesting provisions and greatest for those plans which now provide no vesting prior to retirement. This reflects the fact that the minimum vesting provisions will generally bring the costs of the latter plans up to the level of those plans which now have liberal vesting provisions. Overall, for all plans, the cost increases resulting from the new minimum vesting requirements will range from 0 to 1.5 percent of payroll.

In the case of plans adopted after January 1, 1974—which will have been adopted with knowledge of the new requirement—the effective date is the first plan year beginning after the date of enactment. However, for plans in existence on January 1, 1974, to provide time to adjust to the new minimum vesting requirements, the effective date of the minimum vesting standards is plan years beginning after December 31, 1975. For plans, which are maintained pursuant to collective bargaining agreements, however, the minimum vesting requirements take effect for plan years beginning after the expiration of the latest agreement or December 31, 1980, whichever is earlier, but in no event before January 1, 1977.

In addition, for all plans in existence on December 31, 1973, the vesting provisions are to become effective gradually over a 5-year transition period. Under this rule, 50 percent of the vested rights generally called for under the legislation are to become effective in the first year in which the vesting requirement applies. Thereafter the required vesting is to increase 10 percentage points each year until reaching 100 percent of the vested rights generally required under the legislation after the fifth year.

Finally, the Secretary of Labor is authorized to provide variances from the generally applicable minimum vesting requirements for multi-employer plans whenever he finds that the application of these requirements would increase the cost of the parties to the plan to such an extent that there would be a substantial risk to the voluntary continuation of the plan, or a substantial curtailment of pension levels or the levels of employees' compensation, or impose unreasonable administrative burdens regarding the operation of the plan, and where the application of these requirements would be adverse to the interest of plan participants generally. Under such variances, the Secretary of Labor would prescribe alternative methods by which the multiemployer plan concerned could satisfy the minimum vesting requirements for the period of time this is necessary. These variances from the vesting requirements are not, however, to be prescribed unless all plan participants and other interested persons have received adequate notice from the plan administrator of any hearing to be held to consider the variance.

Minimum funding standard.—The Ways and Means Committee believes that it is essential for plans to be adequately funded in accordance with a contributions schedule which will produce sufficient funds to meet the obligations of the plan when they fall due. Such an adequate contributions schedule for funding plans not only protects the rights of employees under the plan but also provides an orderly and systematic way for employers to pay their plan costs.

Your committee believes that the minimum funding requirements under present law are inadequate because they do not require any provision to be made to amortize unfunded past service liabilities. Instead they merely require the contributions to the plan to be sufficient to pay normal costs—the costs attributable to the current operation of the plan—and to prevent an increase in unfunded liabilities. To remedy this, your committee has provided new minimum funding standards for qualified plans. In the most typical case, the standard requires contributions to the plan to be sufficient not only to pay normal costs but also to amortize all unfunded past service liabilities in level payments over specified periods of time. A second standard requires contributions to be based on the accrued unfunded vested liabilities of the plan if this results in higher annual payments than the general funding standard. It is anticipated that this second standard will be used for only a small minority of the plans which have relatively large unfunded vested liabilities.

The new funding standards do not apply to the following types of qualified plans:

First. Profit-sharing and stock bonus plans. There is no need for a requirement that contributions be sufficient to fund a specified level of benefits in the case of these plans since they do not specify that participants are to receive any designated amount of benefits, but instead require the paying out of whatever benefits the funds in the plan will purchase on the date the benefits are to begin.

Second. Plans funded exclusively through the purchase of individual insurance contracts which provide for level annual premium payments. These plans are excluded from the funding requirements because they have behind them the funding of the insurance companies involved.

Third. Government plans. However, government plans are still required to meet the present funding standards which require contributions to be sufficient to pay normal pension costs plus the interest on past service liabilities. Also, as noted previously, your committee has provided for a study of Government plans to determine the need for supplying funding standards.

Fourth. Church plans unless these plans elect to be covered by such requirements, and

Fifth. Plans which after the date of enactment of the legislation do not provide for employer contributions.

In the most typical case where the first general funding standard is employed, employers maintaining single-employer plans not in existence on the effective date of the legislation must pay normal costs currently and amortize their past service liabilities in level payments over no more than 30 years. A similar amortization period of no more than 30 years is required for past service liabilities arising as a result of a single-employer plan amendments after the effective date. However, in recognition of the fact that large numbers of plans assumed heavy past service liabilities prior to any requirement to amortize such liabilities, plans in existence on the effective date of the legislation are allowed a longer period—up to 40 years—to amortize past service liabilities existing at the beginning of the first plan year to which the requirement applies. In addition, multiemployer plans are allowed to amortize all past service liabilities, including those created after the effective date of the legislation, over a period of up to 40 years. This recognizes that multiemployer plans generally have an added element of financial strength in that their contributions come from a number of employers who as a group are less likely than comparable single employers to experience business difficulties.

This funding standard, which will apply to the overwhelming majority of plans, is comprehensive since it requires amortization of all accrued past service liabilities, that is, both vested and nonvested unfunded past service liabilities.

The level payment method of funding adopted by your committee is analogous to the payment of a home mortgage in that each specified payment includes a payment for both interest and principal. It has the advantage of spreading the payments out evenly over the payment period which generally makes it easier for the employer to plan for meeting the payments. Another factor in your committee's decision is that the level payment method, while providing for adequate amortization of past service costs, initially adds only relatively moderate amounts to an employer's existing funding costs. This is because interest on unfunded accrued past service costs, which accounts for the bulk of the payments under the level payment method in the early years, is already required to be contributed to a defined benefit plan under present law.

Provision is also made for the equitable funding of experience deficiencies which arise when the actual plan costs turn out to be greater than were previously estimated on the basis of the actuarial assumptions—for example, when the value of the plan assets is less than was expected. In establishing a minimum funding standard for such experience deficiencies, the committee sought to avoid two problems. If it allowed the experience deficiencies to be funded over a very long period of time, an incentive would be provided for the use of actuarial assumptions which understate the costs since any resulting deficiencies could then be made up over a long period of time without penalty. On the other hand, if the experience deficiencies were required to be amortized over too short a period, employers would encounter hardships in meeting the annual payments. This is especially pertinent in view of the fact that most actuarial or experience difficulties are inadvertent.

The bill seeks to avoid both these problems by allowing experience deficiencies to be funded in level amounts over a period of up to 15 years for single employer plans and up to 20 years for multiemployer plans. Symmetrical treatment is provided for experience gains which are attributable to a favorable variation between actual experience and the actuarial assumptions entering into the determination of the employer's cost and contributions.

The determination of experience gains and losses for this purpose will generally be made every 3 years except where the Secretary or his delegate, pursuant to regulations, finds it necessary to require the determination to be made more frequently.

Relief measures are provided to mitigate the impact of the funding requirements in cases where it would otherwise result in hardship. The bill gives the Internal Revenue Service the authority to waive the minimum funding requirement in cases where the application of this requirement would involve substantial business hardship to the employer and would be adverse to the interests of plan participants in the aggregate.

However, the waived contribution must be made up in level payments over a maximum of 15 years. To avoid the indefinite postponement of the fulfillment of the funding standards, the committee bill further provides that not more than five such waivers may be made in any 15-year period.

The Ways and Means Committee also recognizes that multiemployer plans which are negotiated as a result of collective bargaining agreements may involve different considerations in regard to funding than individual employer plans. While it is the objective of the committee's bill to require adequate funding for multiemployer plans as well as for individual employer plans, the committee is aware that a number of multiemployer plans are not as well funded as they might be at the present time and that the application of the new funding standards to such plans without an adequate transition period might cause hardship and be detrimental to the interests of the employees covered by such plans. For this reason, if 10 percent or more of the number of employers contributing to a multiemployer plan demonstrate to the satisfaction of the Secretary of Labor that they would experience substantial business hardships if they were required to amortize past service liabilities and experience deficiencies over the periods of time specified by the bill—40 years and 20 years, respectively—and if this requirement would be adverse to the interests of plan participants in the aggregate, then upon certification by the Secretary of Labor to the Secretary of the Treasury, these plans are to be allowed an additional 10 years to amortize such costs.

In addition, the Secretary of Labor is authorized to provide variances from the minimum funding requirements for multiemployer plans where he finds that the application of these requirements would increase costs to the extent that there would be a substantial risk to the voluntary continuation of the plan, impose unreasonable administrative burdens in regard to the operation of the plan and be adverse to the interests of plan participants in the aggregate. The conditions under which such variances from the funding requirements may be granted are identical to those applying to variances from the minimum vesting requirements described above.

Your committee believes that the generally applicable funding standard, which requires past service liabilities to be amortized in level payments over a specified number of years, will generally provide an equitable and adequate approach to funding the vast majority of plans. However, in some cases where plans have very substantial vested liabilities and relatively small asset values, it appears desirabe to require the unfunded vested liabilities to be amortized more rapidly than under the generally applicable funding standard. For this reason, your committee has provided a second funding standard, based on accrued unfunded vested liabilities. This standard is to apply in lieu of the generally applicable funding standard if it results in a higher annual contribution. Under this standard, the accrued vested liabilities of the plan and the value of its assets are determined. Where the former exceeds the latter, the contribution for that year must be sufficient to cover the first year's payment under a level annual payment schedule required to amortize the difference in 20 years. A new determination with respect to the applicability of this second funding standard is to be made in each of the succeeding years. It is contemplated that this funding standard will be required for only a small minority of qualified plans.

In general, for purposes of funding, the value of the plan's assets is to be determined on the basis of any reasonable actuarial method of valuation which takes fair market value into account under regulations prescribed by the Secretary of the Treasury or his delegate. However, to permit fixed obligations, which frequently are held until maturity, to be given stable values for funding purposes, the plan administrator is given the option of determining the value of a bond or other evidence of indebtedness, which is not in default as to principal or interest, on an amortized basis.

The Ways and Means Committee is aware that the actuarial assumptions made by actuaries in estimating future pension costs are crucial to the application of minimum funding standards for pension plans. This is because in estimating such pension costs, actuaries must necessarily make actuarial assumptions about a number of future events, such as the rate of return on investments—interest—employee future earnings, and employee mortality and turnover. In addition, actuaries must also choose from a number of funding methods to calculate future plan liabilities. As a result, the amount required to fund any given pension plan can vary significantly according to the mix of these actuarial assumptions and methods.

Conceivably an attempt might be made to secure uniform application of the minimum funding standards by authorizing the Secretary of the Treasury or some other authority to establish the specific actuarial assumptions and methods that could be used by pension plans. This would involve, for example, setting a specific rate of interest that could be used by certain pension plans or by specifying certain turnover rates for specified types of firms. However, the committee does not believe that this would be an appropriate procedure, since the proper actuarial assumptions may differ substantially between industries, among firms, geographically, and over time. Further, in estimating plan costs each actuarial assumption may be reasonable over a significant range and it would appear that the proper test would be whether all actuarial assumptions used together are reasonable. These considerations strongly indicate that any attempt to specify actuarial assumptions and funding methods for pension plans would in effect place these plans in a straitjacket so far as estimating costs is concerned, and would be likely to result in cost estimates that are not reasonable.

However, your committee's bill requires the actuarial assumptions of each plan to be certified by an actuary every 3 years, or more frequently if required by the Internal Revenue Service. These certifications will be reported to the Service. Moreover, in order to insure that such certification will be made by competent actuaries, the bill provides that the Secretary of the Treasury is to establish qualifications for actuaries and is to certify for practice before the Internal Revenue Service the persons who meet these standards. In the case of individuals applying for enrollment as actuaries before January 1, 1976, the standards and qualifications set forth by the Secretary shall include a requirement for an appropriate period of responsible actuarial experience or of responsible experience in the administration of pension plans. The Secretary of the Treasury is also to review the actuarial assumptions used by particular plans and an advisory board of actuaries is to be established to assist him in setting up general standards as to reasonableness of assumptions.

The bill also provides new and more effective penalties where employers fail to meet the funding standards. In the past, an attempt has been made to enforce the relatively weak funding standards existing under present law by providing for immediate vesting of the employees' rights, to the extent funded, under plans which do not meet these standards. This procedure, however, has proved to be defective since it does not directly penalize those responsible for the underfunding. For this reason, the bill places the obligation for funding and the penalty for underfunding on the person on whom it belongs—namely, the employer.

This is achieved by imposing an excise tax where the employer fails to meet the funding standards, which starts out at a relatively modest level and increases sharply where there is continued failure to make the indicated contributions. More specifically, if an employer fails to contribute sufficient amounts to meet the new funding requirements, he will be subject to a nondeductible excise tax of 5 percent per year on the amount of the underfunding for any year. If the employer fails to make up the underfunding by 90 days after original notification by the Internal Revenue Service—but with the Service in a position to grant extensions of time—then the employer is subject to a second level excise tax amounting to 100 percent of the underfunding. This determination by the Service is appealable to the tax court and no assessment may be made until after the end of the litigation. Since the employer remains liable for the contributions necessary to meet the funding standards even after the payment of the excise taxes, it is anticipated that few, if any, employers will willfully violate these standards.

For plans adopted after January 1, 1974, which will have been adopted with knowledge of the new requirement, the effective date of the new funding requirements is the first plan year beginning after the date of enactment. For plans in existence on January 1, 1974, which are not maintained pursuant to collective bargaining agreements, the effective date of the minimum funding standards is deferred to plan years beginning after December 31, 1975. And for plans which are maintained pursuant to collective bargaining agreements, the minimum funding requirements take effect for plan years beginning after the expiration of the latest agreement; if this is after December 31, 1975, or after December 31, 1980, whichever is earlier.

Other provisions to protect covered employees and their beneficiaries—in addition to the minimum participation, vesting and funding standards provided in the bill, your committee has adopted a number of specific provisions to protect the rights of employees and beneficiaries under qualified plans.

Qualified plans that provide annuities must pay benefits in the form of a joint and survivor annuity, giving the surviving spouse an annuity equal to at least 50 percent of the annuity paid during the joint lives, unless the participant elects in writing before the annuity starting date not to take a joint and survivor annuity.

Qualified plans must provide that retirement benefits may not be assigned or alienated, except for voluntary and revocable assignments of not more than 10 percent of the benefits.

Provision is made to prevent mergers or consolidation of plans from reducing the rights of participants. This is achieved by specifying that immediately after the merger each participant would be entitled to receive a benefit equal to or greater than the benefit he would have been entitled to receive immediately before the merger had the plan been terminated.

Protection is given to retired individuals who are separated from the service of the employer against reductions in private plan benefits when social security benefit levels increase. In general, under present integration procedures, social security benefits attributable to employer contributions are treated as though they were part of the private plan. As a result when the level of social security benefits increases, some integrated plans have reduced the amount of the retirement benefits that they provide for covered employees.

Present law under administrative practice provides that qualified plans may not use increases in social security benefit levels to reduce the benefits that they pay where the employees concerned are retired and are already receiving integrated plan benefits. The bill codifies this treatment for retired persons. It also extends the prohibition against reducing plan benefits where social security benefit levels are increased to cases where the individuals concerned are separated from service prior to retirement and have deferred nonforfeitable rights to plan benefits. This provision is effective for increases in social security benefits which take place after the date of enactment or on the date of the first receipt of plan benefits or the date of separation from service—whichever is applicable—if that date is later.

These changes do not affect the ability of plans to use the integration procedures to reduce the benefits that they pay to individuals who are currently covered when social security benefits are liberalized. Your committee, however, believes that such practices raise important issues. On the one hand, the objective of the Congress in increasing social security benefits might be considered to be frustrated to the extent that individuals with low and moderate incomes have their private retirement benefits reduced as a result of the integration procedures. On the other hand, your committee is very much aware that many present plans are fully or partly integrated and that elimination of the integration procedures could substantially increase the cost of financing private plans. Employees, as a whole, might be injured rather than aided if such cost increases resulted in slowing down the rate of growth of private retirement plans.

In view of the serious issues involved in the integration of private plans with the social security system, your committee believes that it is desirable to postpone action on this issue pending further study of this problem. More specifically, your committee plans to consider this overall problem again at the earliest opportunity, possibly in connection with future tax reform or social security legislation. However, your committee believes that no further integration of social security and pension benefits should be allowed under any further regulations issued by the Secretary or his delegate at least until June 30, 1975.

Portability.—In view of the fact that ours is a highly mobile economy, characterized by high employee turnover rates, various proposals have been made to establish a system for the portability of vested rights to benefits from one plan to another when an employee changes jobs.

While the complete portability of vested rights to benefits from one pension fund to another is hard to achieve because of the numerous basic differences in private pension plans, your committee's bill contains a number of provisions which will achieve much of the advantage of portability. Under present law, when an employee changes jobs, it is already possible for funds representing his vested rights to benefits under his old employer's plan to be transferred to the retirement plan of his new employer without payment of tax on an optional basis—that is, if the employee and the administrators of the plans involved agree to the transfer. Your committee's bill adds another way in which individuals can transfer their retirement funds on a tax-free basis to a tax-exempt retirement account. It allows them to establish a new type of account called a "rollover account." Under the new arrangement, individuals will have the right to roll over into individual retirement accounts, without payment of current tax, complete distributions of funds financed by employers under qualified plans, H.R. 10 plans, as well as funds from individual retirement accounts, provided that the transfer into the new account is made within 60 days of the withdrawals of the funds from the old plans.

Provision also is made to supply adequate information to plan participants regarding their vested rights to retirement benefits so that they will not neglect to claim these benefits when they become eligible to receive them. In this connection, plan administrators are required to furnish each separated employee who has vested rights an individual statement showing the nature, amount and form of the deferred vested benefit to which he is entitled.

Also, in order to insure that employees will be fully alerted to their retirement benefits, the Social Security Administration will keep records regarding the vested rights of separated employees under single employer plans. Annual information pertaining to such vested rights will be forwarded by plan administrators to the Social Security Administration through the Internal Revenue Service. The Social Security Administration will then furnish this information regarding vested rights to individuals both on request and at the same time that official information is supplied to the employee or his beneficiary regarding social security benefits.

Because the furnishing of such information involves considerably more difficulties for multi-employer plans than for single-employer plans, the bill does not require multi-employer plans to supply individual statements regarding vested rights to separated employees; nor does it require multi-employer plans to file information showing the vested rights of separated employees. However, the Secretary of the Treasury after consultation with the Secretary of Health, Education and Welfare, may prescribe regulations requiring multi-employer plans to submit such information, to the extent it is found feasible.

Plan termination insurance.—Although the Ways and Means Committee regards the development of an adequate program of plan termination insurance as essential to protect the rights of covered employees, title II of the bill, which it developed, makes no provision for such plan termination insurance. This is because provision for plan termination insurance is made in Title I of the bill which was prepared by the Committee on Education and Labor.

Fiduciary requirements.—Title I of the bill makes no change in the rules relating to fiduciaries of qualified retirement plans. As with plan termination insurance, this is not because your committee regards this matter as unimportant but rather because title I of the bill which was prepared by the House Committee on Education and Labor, contains provisions providing for additional rules regarding fiduciary requirements.

Enforcement.—Title II of the bill relies heavily on the tax laws in order to secure compliance with the new requirements that it imposes on pension plans. Plans, for example, are required to comply with the new coverage, vesting, and funding standards in order to qualify for favored tax treatment under the Internal Revenue Code. In addition, excise taxes are imposed for failure to meet the funding standards. As a result, these substantive pension provisions would be administered by the Internal Revenue Service.

The Ways and Means Committee believes that primary reliance on the tax laws represents the best means for enforcing the new improved standards imposed by the bill. Historically, the substantive requirements regarding nondiscrimination, which are designed to insure that pension plans will benefit the rank and file of employees, have been enforced through the tax laws and administered by the Internal Revenue Service. As a result, the Internal Revenue Service is already required to examine the coverage of the retirement plans and their contributions and benefits as well as funding and vesting practices in order to determine that the plans operate so as to conform to these nondiscrimination requirements. Also, the Internal Revenue Service has administered the fiduciary standards embodied in the prohibited transactions provisions since 1954.

Your committee believes that the Internal Revenue Service has generally done an efficient job in administering the pension provisions of the Internal Revenue Code. The very extensive experience that the Service has acquired in its many years of dealing with these related pension matters will undoubtedly be of great assistance to it in administering the new requirements imposed by the committee bill.

However, because the bill increases the administrative job of the Service in this respect, your committee believes that it is desirable to add to its administrative capability for handling pension matters. For this reason, the committee bill provides for the establishment by the Internal Revenue Service of a separate office headed by an Assistant Commissioner of Internal Revenue to deal primarily with pension plans and other organizations exempt under section 501(a) of the Internal Revenue Code, including religious, charitable, and educational organizations. In order to fund this new office, the bill authorizes appropriations at the rate of $70 million per year for such administrative activities. It is intended that the Internal Revenue Service obtain from all appropriate pension administration sources annual statistical data to indicate the operations of the private retirement system for the purpose of evaluations and public information.

In addition to providing additional opportunities for redress in case of disagreement with the decisions of the Internal Revenue Service on pension matters, both employees and employers will be allowed to appeal determination letters issued by the Internal Revenue Service to the Tax Court after exhausting their remedies under the Internal Revenue Service administrative procedures.

Equalizing tax treatment: in general.—Another objective of the bill is to provide more rational and equitable tax treatment under retirement plans.

The committee believes that there is need on equity grounds to grant individuals who are not covered by any kind of qualified pension plan some of the tax advantages associated with such plans by providing them with a limited tax deduction for their retirement savings.

In addition, there is no justification for the present widely disparate treatment which places no specific limitation on the amount of deductible retirement plan contributions for corporate employees and at the same time limits the deductible contributions to pension plans on behalf of the self-employed to a maximum of 10 percent of earned income or $2,500 a year.

This unjustifiable difference in treatment has resulted in unduly large tax advantages for certain corporate employees: it also discriminates against the self-employed and has had the undesirable result of encouraging large numbers of self-employed people to incorporate merely to secure the larger tax advantages available with respect to corporate retirement plans. This includes large numbers of professional people who are now permitted by all 50 States and the District of Columbia to incorporate.

In view of these considerations, the committee has provided the following three changes which should be regarded as one package in the sense that the adoption of all three changes are needed at the same time in order to improve the tax laws in regard to pension plans.

Equalizing tax treatment; individual retirement plans.—The bill allows individuals who are not receiving the advantages of current coverage under qualified retirement plans to take deductions for annual contributions to a new type of individual retirement plan, up to 20 percent of earned income or $1,500, whichever is less.

These retirement plans will be available to all employees who are not active participants in a qualified retirement plan, in a governmental pension plan or in an annuity plan established by a tax-exempt or public educational institution under section 403(b) of the Internal Revenue Code. Self-employed individuals who are not covered by qualified retirement plans—H.R. 10 plans—are also eligible to establish individual retirement plans for themselves.

The employer of any individual who establishes a personal retirement plan will be allowed to make tax deductible contributions to that individual retirement account on behalf of the employee which will not be currently taxable to the employee so long as the sum of the employee's own deductible contribution and the employer's contribution do not exceed the allowable 20 percent of compensation—$1,500 annual limit. Unions may also establish individual retirement accounts for their members.

In order to encourage the widespread use of such individual retirement plans, your committee has provided that the contributions to such plans can be invested in a wide range of investments, including special government retirement bonds which would be issued for this purpose, annuity contracts sold by insurance companies, mutual funds, corporate securities, banks and credit unions.

The earnings on the amounts put aside in the individual retirement accounts are to remain free of tax until they are distributed. Distributions from the individual retirement savings plans are to be taxable when received by the employee, generally upon retirement or upon death or disability. However, since the individual's incomes will generally be relatively low when they receive such distributions, the latter will ordinarily be taxed at relatively low rates. Individuals will also enjoy tax savings from being able to defer payment of tax on the earnings of the retirement funds during the time they are retained in the tax-free plans.

Since the objective of the new provision is to encourage adequate provision for retirement needs, withdrawal of the retirement savings prior to age 59½ will result in a penalty tax equal to 10 percent of the amount of the premature distribution. However, early withdrawals are permitted without penalty where the taxpayer becomes disabled. In addition, to prevent the individual retirement savings plans from being used to postpone tax indefinitely, the retirement savings must either be distributed by the time the individual reaches age 70½ or distributed over the lives or life expectancy of the individual and his spouse beginning no later than age 70½.

Your committee anticipates that by encouraging employers to make modest contributions initially for the retirement needs of their employees, such individual retirement plans will lead eventually to the establishment of a significant number of new qualified retirement plans by employers. An employer who believes he cannot afford the entire cost of a retirement plan can start by contributing small amounts for employee individual retirement accounts, can increase his contributions over the years—if it does not exceed the 20 percent-$1,500 annual limits per participant—and then can subsequently convert to an employer-financed qualified plan. The provisions allowing individuals to deduct contributions within the specified limits to individual retirement plans generally take effect for taxable years beginning after December 31, 1973.

Equalizing tax treatment; increasing deductions for H.R. 10 plans.—Your committee's bill grants self-employed people tax treatment with respect to retirement plans—H.R. 10 plans—which is more nearly comparable to that now accorded to corporate employees under qualified retirement plans. This is achieved by increasing the maximum deductible contributions a self-employed individual is allowed to make on his own behalf to a qualified plan from the present level of 10 percent of earned income up to $2,500 a year to 15 percent of earned income up to $7,500 a year. For H.R. 10 plans which are of the defined benefit type, provision is made for applying comparable limitations on the benefits that may be paid to self-employed individuals under regulations to be prescribed by the Secretary of the Treasury or his delegate.

In keeping with the major objective of securing more uniform tax treatment of self-employed people and corporate individuals under qualified retirement plans, contributions or benefits for self-employed people under qualified plans are also made subject to the same overall limitations that are placed on contributions or benefits for regular employees under qualified plans.

Your committee has also made provision to allow self-employed individuals, whose earned income fluctuates sharply, declining to low levels in some years, to continue to set aside a specified minimum amount regularly for retirement under an H.R. 10 plan. This is achieved by permitting a self-employed individual to deduct contributions to such plans amounting to $750 or 100 percent of their earned income, whichever is less, even though these amounts are in excess of the regular deduction limits.

The new more liberal limitations on contributions or benefits for self-employed people under qualified plans are also to apply to shareholder employees of subchapter S corporations—small business corporations—who are generally subject to the same limitations as self-employed people under qualified plans. This means, for example, that contributions of up to the lesser of 15 percent of earned income or $7,500 a year may be made under qualified defined contribution plans on behalf of such shareholder employees without giving rise to current tax for them.

In addition, provision is made to insure that self-employed individuals who wish to utilize the full maximum tax allowance for their own contributions will also provide significant pension contributions for their regular employees who are covered by the pension plan. This is achieved by allowing self-employed people to count no more than $100,000 of their earned income in computing pension contributions or benefits for themselves. This prevents a self-employed individual with an extremely large income from achieving the $7,500 maximum annual deduction for his own pension contribution through the use of a low contribution rate which would be detrimental to his employees since the pension contributions on their behalf are computed using the same contribution rate. For example, a self-employed individual who counts his first $100,000 of earned income for this purpose, must contribute to the plan at least 7.5 percent of the wages of his covered employees in order to be permitted a deductible contribution of $7,500 on his own behalf.

Finally, your committee adopted provisions to improve the effectiveness of H.R. 10 plans in achieving their retirement objectives and preventing abuses in the operation of such plans. Present law disqualifies the plan if willful contributions in excess of the allowable limits are made on behalf of owner-employees since such excess contributions unduly build up their tax-free accumulations in the plan. Experience has shown that this is not an adequate remedy since disqualification of the plan for excess contributions on behalf of owner-employees penalizes the regular employees who are not in any way responsible for the excess contributions. For this reason, instead of disqualifying the plan, where excess contributions are made on behalf of the self-employed individuals, the bill adopts a new more effective penalty; namely, a tax on the employer, amounting to 6 percent a year on the amount of the excess contribution. In addition, to discourage premature withdrawal of the H.R. 10 funds by owner-employees prior to retirement age, withdrawals before such individuals attain the age of 59½, except in case of disability, are subject to an additional tax amounting to 10 percent of such premature contributions.

The new more liberal limits in regard to contributions on behalf of self-employed people under H.R. 10 plans are effective for taxable years beginning after December 31, 1973. However, the new limits on benefits under defined H.R. 10 benefit plans, which are designed to secure comparability with the limitations applying to H.R. 10 plans of the defined contribution type, the 6-percent tax on excess contributions for self-employed individuals, and the 10-percent tax on premature withdrawals by owner-employees are effective for taxable years beginning after December 31, 1975.

Overall limitations on contributions and benefits for employees under plans.—In view of the vital role that the favorable tax treatment accorded under the Internal Revenue Code plays in stimulating the growth and development of nondiscriminatory retirement plans, your committee believes that it is essential to continue this treatment. In fact, as noted above, the bill adopted by your committee extends the favorable tax treatment more generally by increasing the allowable deductible contributions of self-employed people under H.R. 10 plans and by providing for the establishment of limited retirement savings plans for individuals who are not covered by qualified retirement plans

However, after careful consideration, your committee has concluded that it is not in the public interest to make the substantial favored tax treatment associated with qualified retirement plans available without any specific limitation as to the size of the contributions or the amount of benefits that can be provided under such plans. The fact that present law does not provide such specific limitations has made it possible for extremely large contributions and benefits to be made under qualified plans for some highly paid individuals. While there is, of course, no objection to large retirement benefits in themselves, your committee believes it is not appropriate to finance extremely large benefits in part at public expense through the use of the special tax treatment. Moreover, the fact that there are no specific limits on the size of the contributions or benefits that may be made under qualified plans on behalf of highly paid employees discriminates against the self-employed whose contributions or benefits under H.R. 10 plans are limited by law. For this reason, your committee has provided specific limitations on the amount of contributions and benefits that can be provided for any one individual under a qualified plan. These limitations, which apply to both employees and self-employed people under qualified plans, have been designed to avoid abuse of the favored tax treatment to finance extremely large pensions. However, the limitations are generous enough to permit substantial retirement benefits which are adequate judged from any reasonable standard.

Under defined contribution plans—money-purchase pension plans and profit-sharing plans—the sum of the employer's contributions for the employee, a specified portion of the employee's own contributions, and any forfeitures allocated to the employee cannot exceed 25 percent of the employee's compensation or $25,000, whichever is less. These limits would also apply to contributions made to qualified plans of exempt organizations under section 403(b).

Your committee decided to take employee contributions to qualified plans into account for purposes of this contribution limit because the employee gets a tax advantage from the fact that the earnings on his contributions remain free of tax so long as they are kept in the plan, thus permitting a tax-free buildup of funds. However, unlike employer contributions under qualified plans, employee contributions are made out of taxed income. For this reason, for purposes of counting employee contributions for purposes of the 25 percent and $25,000 annual limits on contributions on behalf of any employee under a defined contribution plan, there is to be excluded the greater of (*a*) employee contributions amounting to 6 percent of compensation or (*b*) one-half of the employee's contributions.

For plans which provide defined benefits, your committee has phrased the limit in terms of the amount of annual benefits that may be paid to a participant. More specifically, the annual benefit paid under such plans cannot exceed 100 percent of the participant's average compensation for his highest 3 years of earnings, regardless of the age at which the benefits start, or $75,000 beginning at age 55 or later, whichever is less. Where the annual benefit starts before age 55, the $75,000 annual limit on benefits is adjusted downward actuarially. However, to avoid any possible adverse effect on individuals with relatively modest retirement benefits, this benefit limitation is not to apply to retirement benefits which do not exceed $10,000 for the plan year or for any prior plan year. This exception from the benefit limitation is available only where the employer has not at any time maintained a defined contribution plan in which the participant was covered.

While any specific dollar limit on the amount of benefits under qualified plans is necessarily a matter of judgment, your committee believes that the annual limitation of $75,000 at age 55 or later achieves a reasonable balance in view of the considerations involved. Benefits starting at any age are allowed to amount to as much as 100 percent of average pay during the high 3 years of earnings after study disclosed that any lower percentage limit would adversely affect individuals with relatively modest earnings who are covered under generous plans. Your committee believes that it would be unwise to discourage liberal benefits for such individuals.

As noted above, the $75,000 annual limit is applied to a benefit financed by the employer which is payable in the form of a straight life annuity beginning at age 55. Correspondingly, higher benefits may be paid to the extent that they are financed by employee contributions. No actuarial adjustment is required to be made in the maximum annual limit on benefits under defined benefit plans where ancillary benefits which are not related to retirement are provided. For example, no downward actuarial adjustment in the limit is to be required for disability benefits before normal retirement age. In addition, no downward adjustment is to be made for a normal joint and survivor feature.

Moreover, to prevent abuse, the full maximum benefit may be paid only to individuals who have 10 years or more of service. Where an individual has served for less than 10 years, the maximum permissible benefit is reduced proportionately.

The contribution and benefit limits are applied in a way which prevents any individual from securing higher limits for himself merely because he is covered by several retirement plans financed by the same employer. For purposes of applying these limits, all defined contribution plans established by an employer are combined and treated as one defined contribution plan, and all defined benefit plans established by an employer are combined and treated as one defined benefit plan.

Also, if an individual is covered by both a defined contribution plan and a defined benefit plan established by his employer, then an overall limit is applied to coordinate the two limits discussed above. In this case, the sum of one, the percentage utilization of the maximum limit under the defined benefit plan and two, the percentage utilization of the maximum limit under the defined contribution plan cannot exceed 140 percent. For example, if, under the defined benefit plan, the employee is to receive a pension of $75,000 a year—using up 100 percent of the defined benefits limit—then the maximum additions to his defined contributions plan may not exceed 40 percent of what would otherwise be his defined contributions limit. Put another way, this overall limit, if both types of plans are used equally, may be satisfied by using up 70 percent of the limits applicable to each type of plan.

The rule described above is not intended to require the aggregation of section 403(b) plans which the participant did not control with qualified plans which the participant did not control. For example, a teacher who is covered by a section 403(b) plan as well as by a qualified State or local government plan which he did not control would not be forced to aggregate his contributions and benefits under the two plans.

Because of the vital importance of maintaining the real value of retirement benefits, the bill instructs the Secretary or his delegate, through regulations, to make annual adjustments in the allowable limits to take account of increases in the cost of living. This includes adjustments in the $75,000 annual limit to benefits paid by defined benefit plans, the $25,000 limit to contributions under defined contribution plans and, in the case of a participant who was separated from service with the firm, the amount of his average earnings in his highest compensated 3 consecutive years of service.

Your committee has provided adequate time for adjustment to the new limits on benefits and contributions under retirement plans. In general, these limits apply to contributions made or benefits accrued in years beginning after December 31, 1975. However, to ease the transition to the new rules, an active participant in a defined benefit plan on October 2, 1973, will be permitted to receive an annual benefit, based on his annual rate of compensation on that date and the plan provisions in effect on that date, which exceeds $75,000 a year, provided the benefit does not exceed 100 percent of his annual compensation on October 2, 1973. Where this "grandfather" treatment is utilized, the cost-of-living adjustments in the limits, described above, are not available.

Finally, because the objective of the limits on contributions and benefits is to keep the tax advantages associated with qualified plans within reasonable bounds and not to restrict the amount of retirement benefits that may be paid to individuals under other arrangements, the bill specifically indicates that nothing in the provisions relating to such limits (or in the provisions of the bill which relate to minimum funding standards) is to be construed to require the disqualification of any plan solely because additional benefits are provided to the employee under nonqualified portions of the plans.

Lump-sum distributions under qualified plans.—Prior to the Tax Reform Act of 1969, lump-sum distributions made by qualified pension plans were generally taxed as long-term capital gains. Such capital gains treatment, however, had the disadvantage of allowing employees to receive substantial amounts of deferred compensation in the form of lump-sum pension distributions at more favorable tax rates than other compensation received currently. The 1969 Tax Reform Act sought to ameliorate this problem by providing that any part of such lump-sum distributions which represented employer contributions accrued in plan years beginning after 1969 was to be taxed as ordinary income rather than as capital gains. In addition, the 1969 act provided a special 7-year averaging procedure for the portion of the lump-sum distribution taxed as ordinary income.

However, while the 1969 provisions were intended to provide more equitable treatment for such lump-sum pension distributions, they have not achieved their purpose. The Treasury has had great difficulty in providing regulations to carry out this provision. Problems have arisen both in determining the amount of the ordinary income element of a distribution and in determining the precise amount of tax imposed on account of the "ordinary income" element. Moreover, in practice the new proposed regulations have proved to be very complex and it is frequently maintained that individuals receiving lump-sum distributions have been unable to compute their taxes and that accountants and tax lawyers have been refusing to attempt the computations.

Your committee believes that this situation cannot be permitted to continue. For this reason, it has provided a new method of taxing such lump-sum pension distributions which is relatively simple and yet at the same time equitable. Under the new provision, that portion of the distribution representing pre-1974 value receives capital gains treatment. The balance of the lump-sum distribution is to be taxed as ordinary income under a separate tax schedule—the tax schedule applicable to single people—generally without reductions, exclusions, or consideration of the taxpayer's other income. However, to insure that the tax paid by lower income individuals on their lump-sum distributions will generally not be more than under present law, a special minimum distribution allowance is provided under the separate tax rate schedule. In addition, averaging relief is provided for the portion of the lump-sum distribution which is taxed as ordinary income under the separate tax rate schedule by providing 10-year averaging for such income. This in effect provides a tax payable at the time of the distribution, but no greater in amount than the taxpayer could expect to pay were the income to be spread over his remaining life expectancy.

The new treatment of lump-sum distributions from qualified retirement plans is to apply to distributions made after December 31, 1973, in taxable years beginning after that date.

Salary reduction plans: Under present law, employee contributions to qualifield retirement plans are generally made out of taxed income without any tax allowance. However, in certain cases, employees have entered into arrangements with employers to accept salary reductions in return for contributions on their behalf to qualified retirement plans. If employer contributions to such plans are not taxed currently to the covered employees, this results in tax advantages for the covered employees as compared with making their own contributions to the retirement plan. Until the latter part of 1972, the Internal Revenue Service under administrative rulings recognized such salary reduction plans, providing that the amount of the reduction was not in excess of 6 percent of compensation and the plan met certain antidiscrimination requirements.

However, on December 6, 1972, the Internal Revenue Service issued proposed regulations, providing that amounts contributed by an employer to a retirement plan in return for a reduction in the employee's basic or regular compensation or in lieu of an increase in such compensation are to be considered to have been contributed by the employee and consequently be taxable income to the employee.

The proposed regulations dealing with salary reduction plans raise major issues of tax policy. The basic question is the extent to which employees should be allowed to convert what would otherwise be a nondeductible employee contribution to a retirement plan to tax-deferred employer contributions on their behalf. This, in turn, involves issues regarding the equitable treatment under the tax laws of employee contributions and employer contributions to qualified retirement plans.

In view of these basic issues, your committee has concluded that it would be desirable for the Internal Revenue Service to defer action on its regulations until the Congress has had further opportunity to consider this matter. For this reason, the bill directs the Secretary of the Treasury to withdraw the proposed salary reduction regulations issued on December 6, 1972. Moreover, no other salary reduction regulations may be issued in proposed form before January 1, 1975, or in final form before March 16, 1975. The bill further specifies that until new salary reduction regulations have been issued in final form, the law with regard to salary reduction plans is to be administered along the lines of the administration before January 1, 1972. Any salary reduction regulations which become final after March 15, 1975, for purposes of individual income tax, are not to take effect before January 1, 1975.

Labor unions providing pension benefits.—Your committee considered a provision recognizing the right of tax-exempt labor unions to provide pension benefits to its members from funds derived from members' contributions and the earnings on the contributions, without affecting their tax-exempt status. However, the committee concluded that labor unions are permitted to provide benefits in this manner under present law and as a result it decided such a provision is unnecessary. The Internal Revenue Service has recognized this result in a published ruling which provides "that payment by a labor organization of death, sick, accident or similar benefits to its individual members with funds contributed by its members, if made under a plan which has as its object the betterment of the conditions of the members does not preclude exemption of the organization under section 501(c)(5) of the code."

REVENUE EFFECT

There are several kinds of revenue effects which can be expected to arise from H.R. 12855.

First, three provisions designed to equalize the tax treatment of pensions have an impact on tax deductions. These are the provisions raising the maximum deductible amount that the self-employed can set aside annually for their retirement; making provision for employee retirement savings deductions for those not now covered under qualified retirement plans, Government plans, or section 403(b) plans; and a provision which limits the maximum retirement benefit and the maximum deductible contribution on behalf of employees.

Tax revenues are also affected by the modification of the tax treatment of lump-sum distributions.

Finally, a third category of revenue effect from the bill arises not because of any change in tax deductions as such, but rather because increased amounts may be set aside by employees for vesting and funding. The bill imposes additional requirements in the areas of vesting and funding which must be met if the present favorable treatment for pensions is to continue to be available. These new requirements may result in employers making larger contributions to retirement plans, resulting in larger income tax deductions.

Provisions designed to equalize tax treatment of retirement plans: It is estimated that the provision increasing the maximum annual deductible pension contribution by self-employed persons on their own behalf to the greater of $750—but not in excess of earned income—or 15 percent of earned income—up to $7,500—will result in an annual revenue loss of $175 million.

The provision allowing an individual not covered by a qualified retirement plan, Government plan, or section 403 (b) plan to deduct annually the lesser of $1,500 or 20 percent of compensation for contributions by him or on his behalf to a tax-exempt retirement account, annuity, or bond plan established by him, or to certain trusts established by employers or associations of employers, is estimated to involve a revenue loss amounting to $225 million for 1974 and rising to $355 million for 1977, at 1973 income levels.

On the other hand, a revenue increase of $10 million a year at 1973 income levels is estimated to result from limiting the maximum annual benefit under defined benefit plans to the lesser of $75,000—where benefits begin at age 55 or later—or 100 percent of average compensation for the 3 consecutive calendar years aggregating the highest compensation and limiting annual contributions under defined contribution plans to the lesser of $25,000 or 25 percent of compensation, with a cost-of-living adjustment to the dollar ceilings in the case of active participants and to the resultant amount under the 100-percent rule in the case of participants separated from service.

Altogether, when fully effective, these three provisions involve an estimated annual net revenue loss of $520 million.

Tax treatment of lump-sum distributions: The revised tax treatment of lump-sum distributions from retirement plans, which provides for taxing that part of lump-sum distributions which is attributable to 1974 and later years as ordinary income subject to 10-year averaging, is expected to result in the long run in annual revenue gains amounting to $60 million a year based on 1973 levels of income.

Revenue effect of minimum vesting and funding provisions: The new minimum vesting standards, which generally become effective for plan years beginning after 1975, will also involve an indirect loss of revenue, ranging from zero to an estimated $265 million a year, at 1973 income levels.

The minimum vesting requirement involves little or no revenue loss to the extent that the benefit levels of plans are adjusted to absorb the increased employer costs resulting from the requirement. This is because, in that event, the requirement would have no effect on the deductions taken for contributions to plans or on the taxable income of covered employees. If the additional amounts required to be contributed to pension plans as a result of the vesting standards are a substitute for cash wages, rather than a net addition to cash wages, the annual revenue loss is estimated at $130 million. This could occur, for example, if the additional employer payments into the pension plan are taken into consideration in setting future wage increases. In this event, the revenue loss results from the fact that the covered employees are permitted to postpone payment of tax on the employer contributions involved, instead of being required to pay tax currently, as would be the case had they received an equivalent amount of wages. Some part of this postponed $130 million of taxes presumably will be recovered in the future in tax payments on the benefits paid out by the plan.

The upper range of the estimate, $265 million, represents the revenue loss if it is assumed that the additional employer payments into the pension plans required by the new vesting standards constitute an addition to the cash wages that will be paid in any event. In this case employers will have large total wage bills, for the sum of cash wages and wage supplement, and hence will take larger tax deductions, giving rise to a $265 million revenue loss.

It appears that realistically there is likely to be a combination of the three effects suggested above.

No revenue estimate is given for the increased funding requirements under the bill. Data are not available which would make a reliable estimate of this type possible. However, it is believed that the minimum funding requirements will have a relatively modest revenue effect.

I yield to our very able and distinguished colleague from Michigan, who has served with such distinction on the Committee on Ways and Means. We learned with a great deal of sorrow the other day that she will not be with us another year, but her service has been tremendous and outstanding and her impact on this bill has been vital.

Mrs. GRIFFITHS. Mr. Chairman, I would like to make clear my understanding of this, that is, I would like to recite my understanding and ask if the gentleman would agree with this.

The effective date provisions of title II of the substitute, relating to participation and vesting will, as I understand them, be interpreted in a way that insures against disruption of collective bargaining agreements concluded under present law. For example, 3-year collective bargaining agreements were negotiated in the car and truck industry in 1973, and these generally may be reopened in 1976, although major provisions of the pension plans under the agreements cannot be reopened before 1979. The committee report on H.R. 12855—which is the source of title II—at pages 51 and 52 makes it clear that the effective date provisions in this situation will leave the pension plan provisions undisturbed until 1979 even though relatively narrow pension issues, illustrated by the examples in the report, may be reopened in 1976.

The committee report also clarifies the situation where the employer has a second pension plan, primarily for nonunion employees, which is essentially the same as the collectively bargained plan. From the report it is clear that the two plans will be considered as one for purposes of applying the delayed effective date provisions of title II of the substitute. Thus, in the car and truck industry example, amendment as to both plans would first be required in 1979.

Would that be the understanding of the gentleman from Oregon?

Mr. ULLMAN. Mr. Chairman, that is my understanding.

Mrs. GRIFFITHS. There is a related situation that arises because of union opposition to contributory features in a collectively bargained plan, and the desire of other employees for the additional security the plan can provide if they contribute toward their own retirement benefits. In this situation, the employer's second plan typically consists of noncontributory features essentially the same as are found in the collectively bargained plan, plus additional features relating to employee contributions and to the additional retirement benefits provided for employees who contribute. Several of the companies having collectively bargained plans follow different patterns in the "second plans".

It is my understanding that the rules of interpretation set forth in the committee report will require, in this situation, that the collectively bargained plan and part of the employer's second plan consisting of essentially similar noncontributory features will be considered as one plan for purposes of applying the deferred effective date provisions of the bill, with amendments first required in 1979. On the other hand, I understand that the remaining portion of the second plan, consisting of the features relating to employee contributions and related benefits, would not be entitled to the delayed effective date provisions, so that any amendments would be required in 1976.

Is my understanding in respect of these matters correct?

Mr. ULLMAN. The gentlewoman's understanding is entirely correct.

Mrs. GRIFFITHS. It is my further understanding that this matching of the collectively bargained plan and the related part of the second plan will be only for the limited purpose of determining the application of the delayed effective date provisions. For example, this rule of interpretation will not adversely affect the employer's right to continue to treat both parts of the second plan as a single plan for qualification purposes under section 401(a) of the code. Am I correct in this understanding also?

Mr. ULLMAN. The gentlewoman's understanding in this regard is entirely correct.

Mrs. GRIFFITHS. Mr. Chairman, I thank the gentleman from Oregon very much.

The CHAIRMAN. The time of the gentleman from Oregon has expired.

Mr. ULLMAN. Mr. Chairman, I yield myself 2 additional minutes.

Mr. KARTH. Mr. Chairman, will the gentleman yield?

Mr. ULLMAN. Mr. Chairman, I yield to the gentleman from Minnesota (Mr. KARTH), a member of the committee.

Mr. KARTH. Mr. Chairman, I thank the gentleman for yielding.

So that some legislative history can be made on that subject, I ask the following question:

Mr. Chairman, the bill provides that a plan may be retroactively amended within a limited period of time without the approval of the Secretary of Labor. Do you agree that within limits specified by the bill, a plan may be amended under this provision to reduce plan liabilities that have accrued in a previous year and thereby eliminate a funding deficiency and also avoid the excise taxes that otherwise would have been due on the funding deficiency?

Mr. ULLMAN. The gentleman is correct. Under the bill, if there is an accumulated funding deficiency with respect to a plan as of the end of a plan year, the plan may be amended after the end of that plan year. Such an amendment could be effective as of a date within that year to reduce the benefits accrued under the plan in that year and thereafter. This could eliminate a funding deficiency that otherwise would have occurred during that year, and also avoid the excise taxes that otherwise would have been due. This may be done only within a limited time period without the approval of the Secretary of Labor as specified in the bill. The purpose of allowing this type of amendment is to allow plans an opportunity to correct unforeseen funding deficiencies without being subject to a penalty.

There are a number of ways that a retroactive amendment might be made without the approval of the Secretary of Labor to reduce an accumulated funding deficiency and avoid the excise taxes. For example, if the benefits accrued under the plan initially were $5 per month per years of service—up to a maximum of 25 years of service under a plan using the 3-percent vesting rule—and it was determined that an accumulated funding deficiency had occurred at the end of the plan year but could be avoided by reducing the $5 benefit to $4, the plan might be amended to reduce benefits accrued—whether or not vested—during the year in question and for future years.

Following this example, if the benefits were reduced from $5 to $4 per month for all years of service, a person who had 10 years of service at the beginning of the plan year in question would have accrued $50 per month of benefits. These $50 of benefits would not be reduced by the amendment in questio, but this individual would not accrue additional benefits under the amendment until after he had 12½ years of service in the plan, at which time he would have accrued $50 in benefits under the new benefit schedule—$4 times 12½ years.

For single employer plans, such amendments may be made without approval of the Secretary of Labor within the time required to file the employer's tax return for the year in question. For multiemployer plans, such an amendment may be made without the approval of the Secretary of Labor within 2 calendar years after the end of the plan year for which the amendments are to be effective. For example, with a multiemployer plan if a funding deficiency would have occurred for a plan year ending on December 31, 1980, the plan could be amended on or before December 31, 1982, to reduce benefits that otherwise would have accrued after the beginning of the plan year that ended on December 31, 1980.

Mr. KARTH. Mr. Chairman, I thank the gentleman very much. If he would yield for just another moment, may I proffer the same question to the distinguished gentleman from Pennsylvania (Mr. GAYDOS)?

Mr. GAYDOS. Mr. Chairman, in response to the gentleman from Minnesota, the question was thoroughly discussed with Chairman DENT. He was momentarily called from the floor, but authorizes me as a matter of record to respond to the question by emphatically agreeing with Mr. ULLMAN.

Mr. KARTH. Mr. Chairman, I thank the gentleman for yielding.

Mr. SCHNEEBELI. Mr. Chairman, I yield myself 7 minutes.

Mr. BROYHILL of Virginia. Mr. Chairman, will the gentleman yield?

Mr. SCHNEEBELI. I yield to the gentleman from Virginia, a valued member of the committee.

Mr. BROYHILL of Virginia. Mr. Chairman, I rise in support of H.R. 2 and the amendments of the Education and Labor Committee and the Ways and Means Committee which will be offered to it. The joint package which has been put together by these two committees represents an important milestone along the road to equity in the private pension system.

I wish to direct my remarks today to several aspects of this legislation which relate to the pensions of public employees—both at the Federal level and at the State and local level.

The bill before us provides increased protection to workers in the private sector by imposing new standards for participation, vesting, and funding of their pension plans. During consideration of this legislation, the Committee on Ways and Means spent a considerable amount of time on the question of whether these standards should be applicable to Government plans generally. I continually made the argument that public employees should be afforded at least as much protection and given equal consideration in our tax laws as those workers in the private sector.

Under present law, the civil service retirement system and most employee retirement plans of State and local governments are qualified under the tax law; that is, the employees covered by those plans do not have to take into account currently for income tax purposes the contributions to those plans made by their employers. Rather, they can defer the payment of tax until they receive the pension benefits during retirement. At that time, presumably, they will be in lower tax brackets and, therefore, will be paying a lower rate of tax. There are also certain other tax benefits resulting from the plan being considered qualified.

During discussion of whether to include Government plans under this bill, it became apparent that many of the plans—including the Federal plan—might be unable to meet the new participation, vesting and funding standards with the result that they would lose their "qualified" status and the workers covered by them would be denied the special tax benefits previously described. Such a result is, of course, totally unacceptable and, therefore, the committee decided to exempt these Government plans from the requirements of the bill thus allowing them to continue to remain qualified as under present law. However, in order to determine the desirability of ultimately bringing Government plans under the new standards, both the Education and Labor Committee and the Ways and Means Committee have been charged with conducting studies of this entire question. The committees are to report to the House on the results of these studies no later than December 31, 1976. I plan to take an active role in the study to be conducted by the Ways and Means Committee.

Another provision in this legislation of great significance is the one establishing individual retirement accounts for that half of the work force not presently covered by any pension plan. This is another stride toward equity and will make it possible for millions of workers who would have no private pension at retirement to provide one for themselves and their families. Such a device is in the best tradition of self-help and in contrast to total reliance on the Government.

The original IRA proposal submitted by the administration was broader in coverage than the one adopted by the committee and recommended in its report. Simply stated, the administration's proposed IRA would have allowed employees covered by plans with low benefit levels to establish and contribute tax free to an IRA as a supplement to their regular pension plan. Since a person with a poor pension plan needs more security than those with better benefits, such an approach makes sense. The provision would have made it possible for a large number of Government workers in the lower wage brackets to establish IRA's and thus help improve their own retirement income situation. Basically, those Government employees making less than $10,000 per year would have been eligible.

Unfortunately, despite every effort the committee decided to not include the IRA provision for the low benefit plans due in part to the revenue loss of which would have occurred if this had been included. I was distressed that this decision was made but feel that the establishment of IRA's in general is important. In the future I plan to work for inclusion of a provision which will allow workers under low benefit plans—including the Federal civil servants—to participate in IRA.

Finally, Mr. Chairman, I want to briefly discuss the increase in allowable pension deductions for self-employed persons. Under present law, the annual deductible contribution a self-employed individual can make to a so-called H.R. 10 plan is the lesser of 10 percent of his earned income or $2,500. This low limit—in contrast to no limit on the contributions corporate employees can make—has caused serious equity problems in the pension law field. In many instances, self-employed persons have established professional service corporations in order to be able to set aside amounts necessary for an adequate retirement pension. Such a course should not be necessary.

In an effort to balance the equities between corporate and self-employed employees, this legislation would increase the deductible amounts for H.R. 10 plans to the lesser of 15 percent of earned income or $7,500 per year. This is an essential increase and should be supported.

Finally, I would like to mention another item which is not in this bill but is related to the pension area. I am referring to the need to liberalize the retirement income credit. The retirement income credit is intended to equate the tax treatment of individuals with retirement income but no social security coverage with those who are covered by social security. It is of particular value to many Federal employees who are covered under the Federal civil service retirement plan but not social security.

The credit provisions have long needed to be updated and simplified and this was done in H.R. 1 in 1971 by both the House and Senate but was dropped in conference. I again raised the issue during consideration of the pension legislation and the committee urged that this change be delayed until we take up general tax reform. I have been patient about this matter but the time for making necessary adjustments to liberalize the retirement income credit is past and I shall press with all my energy to see that it is achieved in our tax reform bill so that those retirees who are supposed to benefit from the credit will be able to do so.

Mr. Chairman, I believe this pension legislation is as important to the future generations as to those presently covered by pension plans. It may require certain changes in the future including those I have mentioned but it is a solid base upon which to build. I urge its passage.

Mr. SCHNEEBELI. Mr. Chairman, the legislation before the House provides needed reform of the present rules governing private pension programs. Since 1942, significant incentives have been contained in the income tax law to encourage employers to develop pension plans benefiting their employees on a broad and nondiscriminatory basis.

Our private retirement system has grown rapidly under these rules. In 1940, it was estimated that 4 million employees were covered by pension programs. Estimated coverage grew to 9.8 million in 1950 and then to between 23 and 30 million today. It is expected to grow to 42 million by 1980.

Between 1950 and 1970 contributions grew from $2.1 billion to $14 billion. During the same period the number of beneficiaries grew from 450,000 to 4.7 million, with benefits increasing from $370 million to $7.4 billion. During the last 30 years, assets of retirement plans rose from $12.1 billion to $150 billion, and it is estimated that they will increase to $225 billion by 1980. This is an important segment of our economy—a huge potential purchasing power.

This is a commendable record, and we should continue to encourage private economic security measures within a framework that is fair to all of our citizens. This requires us to focus on areas of existing law that need improvement. The legislation before the House does precisely this.

There is a need to increase coverage, to provide greater vesting of accrued benefits, and to remedy inadequate funding.

We also need to improve equity between corporate employees and the self-employed as well as provide a mechanism for employees to save for retirement even when their employers decline to establish a pension program. Administration should be improved, fiduciary standards and disclosure rules strengthened, and termination insurance considered.

The substitute bill before the House today deals fully with all these problems. In developing legislation there has been a division of responsibilities on some items and shared responsibilities on other items, by the Education and Labor Committee and the Ways and Means Committee. The portion of the substitute reported by the Education and Labor Committee (H.R. 12906) deals with the subject of fiduciary standards, reporting and disclosure, and plan termination insurance. These matters are not, therefore, dealt with in the portion of the substitute reported from the Ways and Means Committee (H.R. 12855). The Ways and Means Committee dealt with all the matters relating to the taxation of private pension plans, and the bill from the Education and Labor Committee, therefore, contains no provisions in this regard.

However, in the areas of eligibility and participation, vesting, and funding, the two committees shared responsibility, and the bills reported by both committees contain provisions on these subjects which are substantially identical. A requirement for joint regulation contained in the substitute is designed to insure that there will be uniformity of interpretation of these standards by the executive branch.

One of the central features of the substitute before the House is the improved rules provided for eligibility and participation, vesting, and funding. The legislation will generally require that a retirement plan cover individuals after they attain age 25 or complete 1 year of service, whichever is later.

Additionally, plans must meet one of three alternative rules relating to vesting of benefits. In framing these rules the committee attempted to improve employee protection while avoiding the imposition of costs that would discourage the establishment of new plans and the broadening of benefits for an existing plan.

The first alternative gradually increases vesting over a period of years, resulting in 25 percent vesting at the end of 5 years, 50 percent vesting at the end of 10 years, and 100 percent vesting at the end of 15 years. The second option is the so-called "Rule of 45," requiring that an individual with 5 years of service have a vested right of 50 percent when the sum of his age and years of service equals 45, with the remaining benefits vesting uniformly over an additional 5-year period. The third option provides for 100 percent vesting when an individual has 10 years of service. The different options should provide flexibility that will accommodate individual circumstances and varying conditions.

The only requirements relating to funding under existing law are those promulgated under the Internal Revenue Code. They require the funding of current liabilities as well as the payment of interest due on past service costs. While this keeps the amount of unfunded pension liabilities from increasing, it does not require the amortization of existing unfunded liabilities. The new rules would require that existing past service liabilities be amortized over a 40-year period. Past service liabilities created by plan amendment and the establishment of new plans will be amortized over a 30-year period, while existing gains and losses will be amortized over a 15-year period. Special rules are provided for multiemployer plans. Additionally, extensions would be available under certain circumstances.

The proposed legislation also provides greater equity betwen self-employed individuals and corporate employees. Under existing law there are generally no limitations on the benefits an employee can receive from a qualified plan. Presently a self-employed individual may only deduct 10 percent of his earned income or $2,500 in a given year, whichever is less. This disparity is not only inequitable, but has provided a substantial incentive for the incorporating businesses in order to get the more generous pension benefits applicable to corporate employees.

This disparity between the unincorporated and the incorporated self-employed persons is in part remedied by increasing the limit of 10 percent of earned income or $2,500 on deductions for the self-employed to 15 percent of earned income or $7,500. This increase is also justified because of substantial inflation that has occurred during the 10 years since the Self-Employed Individuals Tax Retirement Act was first enacted.

Additionally, the bill places overall limitations on the amount of deductible contributions that may be made in the case of defined benefit plans and money purchase plans covering corporate employees. While providing generous limits on the amount of retirement income that can be set aside, the bill recognizes that after a certain point an individual should save out of pretax dollars. While accomplishing this through the limitation imposed on these plans, the bill also narrows the disparity between benefits provided the self-employed and corporate employees.

This legislation also contains provisions enabling an employee to establish his own individual retirement account, IRA, when his employer has not established a qualified plan in which he can participate. This program, recommended by the Treasury and pushed vigorously and effectively in committee by Congressman BROTZMAN will enable an individual in these circumstances to deduct contributions of up to 20 percent of earned income, as long as this amount is not in excess of $1,500. The amount contributed can be set aside in a special custodial account. Like qualified retirement plans, the account will draw interest tax free during an individual's working years, and he will not pay taxes on this amount until he begins drawing retirement benefits.

There are other changes in the existing law and its administration that I will not discuss in detail. Some of my colleagues will do so. However, the bill does provide for a separate administrative unit in the Internal Revenue Service to supervise exempt organizations and pension plans. Judicial remedies are provided for plans receiving adverse rulings from the Internal Revenue Service, and the Social Security Administration is required to maintain certain information on benefits accrued under private pension plans.

Mr. Chairman, this is an extremely comprehensive and complex bill that will have a pervasive effect on private economic security measures. It is a needed bill and despite many difficulties I believe it has been carefully worked out on the House side. In view of the magnitude of the new program, legislative oversight will be required and changes will undoubtedly be in order as we gain experience. However, the legislation before the House is a needed step forward and I urge my colleagues to join me in supporting it.

Mr. Chairman, I yield at this time 7 minutes to the gentleman from Illinois (Mr. COLLIER).

Mr. COLLIER. Mr. Chairman, the legislation before the House represents the first comprehensive overhauling of legislation affecting private pensions since I have been in Congress. There have been improvements of significance through the years, but Congress has not undertaken the pervasive review of pension legislation that the measure before the House today represents.

In the last 30 years, private economic security measures have grown profoundly. Undoubtedly, the incentives contained in the tax law for employers to provide nondiscriminatory plans for their employees have played a significant role. It is estimated that as many as 30 million employees were covered by private pension plans in 1972, and 42 million employees are expected to be covered by 1980—even without the changes provided by this bill. In 1970, $14 billion was contributed to pension plans by employees and their employers and 4.7 million individuals receive $7.5 billion in payments. The assets of pension plans now exceed $150 billion and are expected to reach $225 billion by 1980.

Despite the significant progress we have experienced, there are areas of the law that need improving. Coverage should be expanded, vesting improved, adequate funding provided, honest, open and efficient administration assured, and protection against plan terminations considered.

The substitute before the House deals with all of these measures. The portion of the substitute developed by the Education and Labor Committee deals with fiduciary standards, reporting and disclosure, and plan termination. The Ways and Means Committee portion of the substitute deals with the taxation of private pension plans. Additionally, both the bill reported by Education and Labor and the bill reported by Ways and Means provide common standards relating to eligibility and participation, vesting, and funding. The standards are virtually identical and it is provided that joint regulations will be issued to insure uniformity of interpretation. If not, the bill is too comprehensive to discuss in its entirety, and it has been adequately explained in a general way by speakers who have preceded me.

However, I would like to express my support for the legislation as it now stands and providing it is not emasculated by amendment and particularly for the central core of the substitute improving coverage, vesting, and funding. These provisions were carefully worked out to insure flexibility accommodating the individual characteristics of different plans and to balance the disincentives for wider coverage associated with increased costs against the need to provide greater protection. I think the bill in this regard represents a significant improvement over existing law.

I would like to address myself specifically to the improvements in the Self-Employed Individuals Tax Retirement Act. It has been about 10 years since we enacted this landmark legislation, and the present annual limitation on deductible contributions for self-employed individuals of 10 percent of earned income or $2,500, whichever is less, has been severely eroded by inflation.

Additionally, these limitations have provided incentives for individuals to incorporate in order to avail themselves of the more generous benefits available to corporate employees. The form in which a particular business activity is conducted should not be so directly dependent upon tax consequences.

The bill reported by the Ways and Means Committee would increase the present limitation applicable to the self-employed to 15 percent of earned income or $7,500, whichever is less. This significant increase will provide greater equity for self-employed individuals vis-a-vis employees in general, and will also provide substantial incentives for self-employed individuals to establish qualified plans providing for the economic security of their employees. The present rules require immediate vesting in the case of self-employed plans and these requirements would be maintained. Thus, these increases are justified both by historical events, considerations of equity, and the need to insure broader coverage.

I also feel the provisions of the bill enabling employees who do not have access to qualified employer plans to establish an individual retirement account, IRA, on their own behalf should be enacted. Under this procedure, an employee could contribute 20 percent of his earnings up to a maximum contribution of $1,500 annually. This contribution would be deductbile and interest on the IRA would accumulate tax free during the individual's working years. The account would be administered by a bank, life insurance, savings and loan, or other appropriately qualified financial institution. As with employer-administered, qualified plans, the tax consequences would inure when an individual begins receiving benefits upon retirement.

Mr. Chairman, there are other important features of this legislation. The bill provides for improved administration by establishing an Assistant Commissioner for Exempt Organizations and Employee Benefit Plans in the Internal Revenue Service; the bill provides a new set of rules for the taxation of lump-sum distributions from qualified pension plans; the bill requires the Social Security Administration to maintain certain information about the benefits an individual has accrued under private plans, and the bill makes other changes that are improvements over existing law. With the growth of private economic security measures, as well as the tax costs attributable to these items, Congress must be more concerned about insuring that they are meeting the reasonable expectations of the working public.

I believe this bill takes a major step in this regard and deserves the support of the House.

Mr. SCHNEEBELI. Mr. Chairman, I yield 5 minutes to the gentleman from New York (Mr. CONABLE) who served very valiantly and well on this committee in the consideration of this legislation.

Mr. CONABLE. Mr. Chairman, I would like briefly to make a reprise of what we are trying to do in this legislation, and some of the difficulties we faced. Of course, our basic goal is to provide protection for working people, to prevent the kind of disappointment that comes after a long and fruitful life of toil, to find that one does not have the retirement one expected when one went to work in the first place.

A second purpose of this bill is to spread the benefits of a tax preference which now is of assistance to roughly only half our work force. This has to be a major goal. One of the tests of tax preference is: Does it benefit a wide number of people, and does it, therefore, contribute to the benefit of a substantial enough block of citizens to justify the loss of revenue that is involved?

We have had some very obvious difficulties in putting together this somewhat disorderly package of legislation. First of all, quite obviously we have had jurisdictional problems. It has required a great deal of patience to come up with a formula which would present the Members of this body with comprehensible choices. I think we are going to have some difficulty in the amending process, and I hope all of the Members will be able to give their close attention to what the choices actually are.

A second problem arises over the diversity of our economic system itself. There are a great many different kinds of companies with a great many different types of plans, and we had to be careful in formulating this legislation that we did not in fact create serious dislocations to an already very diverse voluntary pension movement.

The third difficulty we had was that this is a voluntary movement and, therefore, there is no real necessity, outside of the collective bargaining agreements which are frequent in this area, for an employer to maintain a plan which has become too expensive for him. We have had some difficulty in the Committee on Ways and Means adjusting to this fact. We are used to legislating with respect to social security, a mandatory program, and so, of course, when we increase benefits and taxes, employers have no choice but to comply with what we have imposed on them in the way of obligations.

They do have some choice with respect to a voluntary pension plan, and while we had every desire to make it as splendid a set of protective requirements as we could, for the working people of this country, we had to be careful. If we overdid it, quite obviously we would have people writing us letters saying: "How come you helped us so much that now we have no pension plan at all because our employer has decided he cannot afford it any longer under the new rules?"

Having described these difficulties, I should like to look just briefly at what we did in title II of this bill. There were three major improvements we wanted there. First of all, we wanted to impose some reasonable limitations on corporate pensions. In fact, there are some very substantial sums of money set aside tax free for the largest corporate pensions. We believe that we have come up with a reasonable formula—the maximum defined benefit of $75,000 with a cost-of-living increase—which is certainly as liberal as anyone would wish, certainly offering no hardship to anyone, yet imposing a limitation where previously there was none.

The second thing we wanted to do was to liberalize Keogh plans, and we have gone, of course, to the $7,500 limit.

It seems to me in the interest of symmetry that we should have a cost-of-living factor added to that as well as to the corporate pension plans, and so at the appropriate time I will offer an amendment to permit the further liberalization of Keogh plans by the adding of this cost-of-living factor to the maximum that can be set aside under self-employment plans of this sort.

The third factor has to do with the independent retirement account, the IRA. Our friend, the gentleman from Colorado (Mr. BROTZMAN), can take particular credit for this provision, a Treasury recommendation, in his determination that it be added to the bill before we completed the work of the Committee on Ways and Means. I think it is a necessary addition and that it makes retirement income available to millions of people who have no voluntary pension plan, through their employment——

The CHAIRMAN. The time of the gentleman has expired.

Mr. SCHNEEBELI. Mr. Chairman, I yield 2 additional minutes to the gentleman from New York.

Mr. CONABLE. I thank the gentleman for yielding.

This, while it will doubtless not be used by a large number of people, because it is a voluntary device, it will be available for those who do wish to use it. We hope it will get increasing use by wage earners of modest income who now have no benefit of this sort at all.

Mr. YOUNG of Illinois. Mr. Chairman, will the gentleman yield?

Mr. CONABLE. I yield to the gentleman from Illinois.

Mr. YOUNG of Illinois. Mr. Chairman, I noted under the terms of the act we set forth clearly the vesting provisions. It is my understanding if a profit sharing plan or commitment plan meets those vesting provisions, there will no longer be the bargaining session that has hitherto taken place with IRS when a particular company seeks to qualify a plan that meets the requirements. In other words, if it meets the requirements set forth in this act, it will be acceptable.

Mr. CONABLE. I see no reason why there should be the need for bargaining with IRS after this became law. Although a plan still cannot be discriminating, the vesting options are clear.

Mr. YOUNG of Illinois. Also, for the first time in history that I know of in the Internal Revenue Code, this provides for a declaratory judgment with respect to the qualification of the plan in the event there is disagreement between the Service and the proponents of the plan. I commend the committee for that. I hope the committee will widely open that door for other types of arguments with the IRS.

There is one other thing I want to ask about. What I want to ask about is with respect to the individual retirement accounts and the provision that there can be a trustee other than a bank. I think that is very desirable, because certainly a bank cannot handle and nobody can afford to pay the bank to act as a trustee of a $1,500 retirement account, but I would assume that the language which says another person if he satisfies the Secretary as to the proper custodianship of the assets may qualify as a trustee, I would think if the trustee will have those assets with the bank as an agency account, that certainly should satisfy the Secretary; should it not?

Mr. CONABLE. I would judge so. Of course, there will be regulations under this act, but the intent certainly is to try to remove a great many of the prevailing uncertainties in the absence of legislation.

Mr. YOUNG of Illinois. If the gentleman will yield further, would it not be proper under this legislation that if a trustee would put those assets with a brokerage firm in what they call a safekeeping account, that it would be also a satisfactory custodianship of the assets?

Mr. CONABLE. I cannot tell the gentleman right offhand on that. If there were adequate safeguards for the funds involved in such an arrangement I see no reason why it could not be done.

Mr. YOUNG of Illinois. I think we would have to be careful in connection with this regulation that the regulation would not in effect make this provision which is wisely put in the law be nullified because the cost of such custodianship is too prohibitive and then there would not be any validity to the provision.

Mr. CONABLE. As the gentleman is well aware, there is a need for this type of legislation and there has been for a long time. We believe this legislation is adequately comprehensive so it will take care of most of the situations he raises. It is our intent, of course, that we contribute to a government of laws and not of men by not putting unnecessary reliance on administrative regulations hereafter. While their is some flexibility in this law, the old freedom of the IRS to exercise wide latitude in approval of plans should be considerably circumscribed.

Mr. SCHNEEBELI. I yield to a member of the committee, the gentleman from Tennessee (Mr. DUNCAN) such time as he may consume.

Mr. DUNCAN. Mr. Chairman, I thank the gentleman from Pennsylvania for yielding.

I rise in support of this legislation. I think it is the very best legislation that the committee could write.

Mr. SCHNEEBELI. I yield to a member of the committee, the gentleman from Michigan (Mr. CHAMBERLAIN) such time as he may consume.

Mr. CHAMBERLAIN. Mr. Chairman, I rise in support of the pension reform legislation presently under consideration. It is the product of a laborious effort by both the Education and Labor Committee and the Committee on Ways and Means.

This bill will no doubt be a landmark piece of legislation in the annals of Congress. It extends new and vital protection to workers presently under pension and profit-sharing plans by imposing new standards for participation, vesting and funding of those plans. It provides flexibility where needed so that employees will not face terminations of their plans if and when economic hardship falls on their employer. At the same time, however, it imposes meaningful penalties on employers who fail to comply with the requirements of the bill. Thus, for those employees presently covered by existing pension plans and for those who, in the future, will be under such a plan, this legislation is vital and of great meaning.

In addition to assuring the improvement of existing plans, and increasing the protection to workers under them, who comprise roughly one-half of the work force, it also takes a major step toward equity by permitting those employees who are covered by no pension plan to set aside, tax free, up to $1,500 per year of earned income for their retirement. This is accomplished by the inclusion in the ways and means part of this bill of a provision allowing for the establishment of individual retirement accounts—IRA.

IRA, which was first proposed by the President in his April 11, 1973, pension message, will allow about 25 million "pensionless employees" to participate in the private pension system should they so desire. Let me emphasize again that this would permit these employees to set aside annually, tax free, up to $1,500 per year which would accumulate tax free until retirement age when the funds could then be withdrawn and taxed at the time of withdrawal. The IRA funds could be invested in a wide choice of funding media including bank accounts, savings and loan accounts, bank trusts, bonds and annuities. While the funds could be withdrawn at any time prior to age 59½, a penalty of 10 percent—nondeductible—would be imposed on amounts withdrawn prematurely as a deterrent to early withdrawals. Since the IRA is designed as a device for providing retirement income, this penalty is provided to help achieve this goal.

Again, IRA represents a major step toward equity. Let me explain. The reason IRA is needed if we are to be fair is that 53 percent of the work force presently does not participate in the private pension system. This group includes 64 percent of the working women and 88 percent of the employees making under $5,000 per year. It is simply not fair to make them pay taxes to help finance somebody else's pension without giving them even the right to set aside a modest sum for their own retirement. This bill would give them that right.

It should be of particular benefit to part-time workers and women, many of whom work part time as a supplement to their husband's wages Under the bill, each person—whether or not married—would be able to deduct up to $1,500 per year for funds deposited in an individual retirement account. For example, if an individual age 30 in 1974 began contributing $1,500 per year into an IRA, at age 65, he would have an annual pension of $4,905. Assuming he was covered by social security, he would have an income from both of these sources in his retirement years.

The effect of including the IRA provision in this legislation is that in the future every American worker will have the chance to participate in some sort of pension plan. Such a result is not only fair but necessary if we are to avoid a totally different type of social security program which would amount to a kind of negative income tax or greatly expanded and more costly welfare program for the aged. That is why IRA is so important.

Mr. Chairman, I believe this legislation is as mandatory as it is important. It contains features which should greatly improve our existing pension plan law. I urge its adoption.

Mr. SCHNEEBELI. Mr. Chairman, I yield such time as he may consume to the gentleman from Colorado, a member of the committee, who has put a lot of effort into this.

Miss JORDAN. Mr. Chairman, will the gentleman yield?

Mr. BROTZMAN. I yield to the gentlewoman from Texas.

Miss JORDAN. Mr. Chairman, the bill before us today represents the culmination of nearly 10 years of study and work to improve workers' rights in private pension plans. With the passage of meaningful pension reform legislation this Congress will be guaranteeing to covered workers that their pensions are secure and that their pensions will be available when promised and due.

Those workers who were once doomed to disappointment upon reaching retirement age, to learn that their pension would not be forthcoming, will have administrative recourse to seek a redress of their penison rights before the Federal Government. With the passage of this bill it will not be possible for pension rights to be negotiated away in company mergers, plant shutdowns, or other unanticipated developments. In addition, the minimum reserve requirements of this bill will assure workers their pension fund will not wane with every passing economic downturn. With the passage of this bill, promises of economic security at a future time to offset wage demands in the immediate future will have to be fulfilled. No longer will it be possible for the pension systems of this country, with a net worth of nearly $160 billion, with tax subsidies amounting to an additional $8 billion, to continue to pay benefits to only half of those contributing to pension systems. No longer will it be in order for one-half of those who receive pension benefits to receive less than $1,000 per year.

The goals of this legislation are relatively straightforward: to increase participation in pension plans, to assure participants the solvency of the pension system in which they are a member, and to guarantee to the greatest extent possible that benefits are actually paid to recipients through liberalized portability, vesting, and disclosure requirements.

The procedure under which the House is considering this legislation demonstrates the importance of reforming the rules of the House in order that the Speaker may jointly refer bills to two or more committees, either in sequence or simultaneously, and for the development of a systematic means of adjudicating jurisdictional disputes among committees. The membership of both the Ways and Means Committee and the Education and Labor Committee have strived valiantly to bring to the House floor a comprehensive bill covering an exceedingly technical and complicated subject It is to the credit of these two committees under the leadership of their distinguished chairmen that we are able to debate this bill and respond to the proposal of the other body. But the fact remains; what we really have before us today are two bills, each duplicative of the other in some respects, and each with its own scheme of administrative enforcement.

The Select Committee on Committees has submitted to the House Members a preliminary report which contains recommendations for the establishment of a permanent mechanism for resolving jurisdictional contests between committees and a procedure for joint referral of legislation. I would hope my colleagues, especially after having heard the debate today, would not question the need for provisions in the rules of the House such as those recommended by the Select Committee on Committees. On the contrary, I would hope my colleagues would communicate to the committee their comments on the proposals for joint referrals and any additional suggestions they might have, in order that those proposals might be strengthened.

This will not be the last bill we will have occasion to consider which could have been improved by such a procedure. The ability of the House of Representatives to respond to the complicated issue of pension reform could have been improved if such rules were in effect today. In addition, should it be necessary for the Congress to consider technical changes in the bill we are debating today or to correct unforeseen inequities, the Congress may not be able to respond on a timely basis unless such rules are adopted in the near future.

Mr. BROTZMAN. Mr. Chairman, first may I take this opportunity to congratulate the chairman of the committee, the gentleman from Oregon (Mr. ULLMAN); the ranking member of the committee, the gentleman from Pennsylvania (Mr. SCHNEEBELI); the members of the committee and the staff, for presenting what I believe to be on balance a fine piece of legislation to the floor of this Chamber.

As has been stated, in view of the fact that the taxpayers of America invest roughly $4 billion in private pension plans, certainly it behooves the Congress to ascertain if the plans are being administered properly in the public interest.

Mr. Chairman, the pension bill, when enacted and signed into law, will be among the most significant legislation to emerge from Congress in recent years. I will restrict my remarks to that part of the bill which has been reported by the Ways and Means Committee. On balance, I believe the bill from our committee is worthy of support.

Federal legislation to encourage the development of private pension plans and set parameters for their operation is hardly a new thing. The three decades of operation under the current law have been a remarkable success. Somewhere between 23 million and 30 million Americans now enjoy private pension coverage. In 1940, only 4 million Americans were participants, and even by 1950 the figure had only grown to 9.8 million. Without any changes in Federal law it has been projected that 40 million people will be covered by private pension plans by 1980. The dramatic growth in coverage can be illustrated in other ways. Between 1950 and 1970, total annual contributions made to retirement plans by employees and employers rose from $2.1 billion to $14 billion. In 1950, 450,000 beneficiaries received $370 million from retirement plans. By 1970, 4.7 million beneficiaries were receiving $7.4 billion in pension payments.

In large measure, the growth of private retirement funds is attributable to the favorable tax treatment accorded employer and self-employed contributions to retirement plans. There presently is a revenue loss of some $4 billion by virtue of retirement plans qualifying under the provisions of the Internal Revenue Code. That being the case, even though the plans are voluntary, it is incumbent upon the Congress to assure that the beneficiaries of this revenue loss are conducting their affairs in a manner consistent with the public interest. There must be assurances that the revenue loss benefits American taxpayers in a fair and equitable manner. There must be assurances that the public purpose behind the tax reduction is being fulfilled. Stated another way, if an employer is given a tax incentive to provide pension benefits for his employees, then the public, through its elected Representatives, must see to it that the benefits are, in fact, being provided.

Despite all the progress, certain problems with regard to the current law are evident.

About one-half of all employees in private employment still are not covered.

There is discrimination against the self-employed. Under current law, there is no limit on what corporations can do for their executives, but self-employed persons can only deduct 10 percent of earned income up to $2,500 for their retirement plans.

In all too many instances there is adequate vesting. A plan's vesting provision determines whether the beneficiary keeps or loses his accumulated pension benefits if he leaves the company before retirement. Once vested, he can leave and retain the right to an annuity at retirement age. Some plans permit employees to draw out vested rights in cash rather than waiting. Much of the pension reform effort centers on vesting because people change jobs from time to time and can easily end up with no pension. One-third of existing private pension plans have no vesting rights, and when the person leaves his job he loses his pension rights.

In recent years, there has been mounting evidence that in some cases, the promised benefits are illusory. At present, only one of every three employees participating in employer-financed plans has a 50 percent or greater vested right to his accrued retirement benefits. Moreover, 58 percent of covered employees between the ages of 50 and 60, and 54 percent of covered employees 60 years of age and over do not have a qualified vested right to even 50 percent of their accrued retirement benefits.

Inadequate funding has been a problem. The end product of a pension plan is some sort of annuity that starts paying a steady income when you retire. The acquisition of that annuity may be funded with the cash value of a life insurance company contract bought for the employee when he joins the plan, by purchasing small deferred annuities each year as he builds up pension rights, by making payments to a trust that invests the money to build the sum needed for an annuity or by other methods. Many plans are not accumulating sufficient assets to pay benefits in the future to covered employees.

Pension benefits can be lost due to plan terminations. The most celebrated instance of this was when Studebaker closed its South Bend, Ind., plant in 1964. The plant closed and the pension plan was terminated. In 1972, there were 1,227 plan terminations resulting in the loss of $49 million by 19,400 pension participants in 546 of the terminated plans. The average loss to the individual was $2,500.

Finally, in spite of numerous laws, abuses continue with respect to the misuse of pension funds.

To remedy the problems I have enumerated, the Ways and Means Committee has reported a bill which would make some substantial changes in our tax laws. The bill would impose new requirements on pension funds which qualify for preferred tax treatment. Let me outline the major features.

MINIMUM PARTICIPATION STANDARDS

Generally, an employee cannot be excluded from a plan on account of age or service if he is at least 25 years old and has had at least 1 year of service. An alternative would provide for coverage after 3 years' service if immediate vesting is provided.

MINIMUM VESTING STANDARDS

Three alternative minimum vesting standards are provided. The first of these provides for 25-percent vesting at the end of the fifth year of covered participation. Thereafter the vesting percentage is increased by 5 percent a year until a level of 50 percent is reached at the end of the 10th year. Following this, vesting increases at the rate of 10 percent a year until 100 percent is vested at the end of the 15th year.

The second form of vesting permitted is 100-percent vesting at the end of 10 years.

The third form of vesting is the so-called rule of 45. Under this standard, there must be 50-percent vesting when the sum of the age of the individual and the number of years of participation equals 45.

These vesting rules are phased in over a 5-year period beginning, in the case of existing plans, in 1976.

MINIMUM FUNDING STANDARDS

Normal costs are to be funded currently. Costs attributable to already-existing liabilities are to be amortized over a 40-year period. Liabilities under plan amendments and new plans generally are to be amortized over a 30-year period, except that in the case of multiemployer plans the amortization period is to be 40 years with provision for the Secretary of Labor to extend this for a further period of 10 years. Experience gains and losses are to be amortized over 15 years generally, but in the case of multiemployer plans over a period of 20 years. In this last case, the period can be extended an additional 10 years by the Secretary of Labor. Generally, these experience gains and losses only will be required to be recomputed every 3 years. The above standards are based upon accrual liabilities.

If funding requirements are higher under a second general standard which is based on accrued "vested" liabilities, this standard is to apply in lieu of the rules set forth above. Under this standard, accrued vested liabilities are determined, as also are the value of the plan's assets. To the extent the former exceeds the latter, one-twentieth of this amount plus interest is to be paid in the current year. A new determination is made in each of the succeeding years.

Where any of the requirements set forth above present hardship under a plan—and certain standards are met—the Secretary of the Treasury can permit variances spreading the current liability over a 15-year period.

CONTRIBUTIONS ON BEHALF OF SELF-EMPLOYED INDIVIDUALS

This subtitle provides that the limitation on deductions for self-employed individuals is to be increased from 10 percent of self-employment income, not to exceed $2,500 up to 15 percent of self-employment income, not to exceed $7,500. A minimum of $750 may be deducted in these cases without regard to the percentage limitation.

INDIVIDUAL RETIREMENT ACCOUNTS

To me, a most important part of the bill is the section dealing with the establishment of individual retirement accounts. As you probably know, individual retirement accounts were not included in the earlier drafts of the Ways and Means Committee bill. However, thanks to the fairness of Chairman ULLMAN, the matter was reconsidered and I was most gratified when my amendment was included in the final version.

Why was I so insistent? Because, despite the outstanding success of private pension plans, 53 percent of the American work force is not presently covered, 65 percent of the Nation's working women have no pension coverage, and 88 percent of all employees making under $5,000 per year are not covered. It simply is not fair to make these people pay taxes to finance the pensions of those who are covered without even giving them the right to set aside some modest sum for their own retirements. Yet, under current tax laws, they must bear their share of the $4 billion per year that we give up in taxes to finance the private pension system, and they have no right to set aside anything in their own behalf unless they set aside fully taxed dollars. Half of the revenue loss attributable to private pension plans goes to finance the retirement of the upper 8 percent of wage earners. The lower 50 percent of wage earners receive only 6 percent of the tax benefits.

To rectify this inequity, the pension bill, as reported by the committee, now provides that an employed individual who is not covered by a pension plan may set aside tax free, up to $1,500 per year or 20 percent of his salary, whichever is lower, in an individual retirement account. To guard against abuse, the money set aside would have to be deposited with a responsible third party such as a bank, savings and loan, credit union, annuity program, or the like. Moreover, penalties are included for premature withdrawal. Each account could be drawn down beginning at age 59½ and withdrawals would have to commence by age 70½. To guard against utilizing individual retirement accounts for the purpose of avoiding estate taxes, each program must anticipate full withdrawal within the life expectancy of the beneficiary. An exception to the premature withdrawal rule is provided in the case of death or disability prior to retirement age.

Originally, I had hoped to have inadequately covered workers in other private pension plans eligible for participation in partial individual retirement accounts. That part of my amendment would have allowed the $1,500 annual deduction reduced by the amount of the employer's contribution to the individual's retirement fund. Unfortunately, a majority of my colleagues on the committee were unwilling to extend individual retirement opportunities that far.

Even so, I believe the amendment which did pass establishes within our tax laws an important principle. Namely, it should be the policy of the Federal Government to encourage individuals, through their employers and through their own initiative, to provide for their retirements. I believe it is perfectly sound to permit people a deferred tax liability on their income for as long as the beneficial use of the income is deferred. Why not simply allow individuals the werewithal to provide for their own comfort during retirement? I believe the individual retirement accounts amendment represents major progress toward the achievement of that goal.

Mr. SCHNEEBELI. Mr. Chairman, I yield 5 minutes to the gentleman from Texas (Mr. ARCHER) a very capable Member of the Committee.

Mr. ARCHER. Mr. Chairman, we have labored long, both in the Ways and Means Committee and in the Committee on Education and Labor, on this piece of legislation in an effort to protect against abuses in the management of pension funds and to encourage coverage for more employees by private pension systems. We have had many problems. This is not a perfect bill, but it does include a number of excellent provisions.

Mr. Chairman, I have joined with my colleagues in attempting to work out many of the difficulties that came up as we went through our deliberations. I am particularly pleased that we have increased the H.R. 10 plan contribution limits and permit those who use them to compete, as it were, with corporate plans that we have adopted, as my colleague from Colorado (Mr. BROTZMAN) just told the House, the individual retirement accounts so that one-half of our people who are not covered today will have an opportunity to share in this tax deduction in providing for their retirement years.

I have been particularly concerned about the impact of this legislation on small businessmen, because most of the employees who are not covered today by a private pension plan work for what we would call small business. Realizing this, I asked for an evaluation of this bill by the National Federation of Independent Businessmen.

Mr. Chairman, I would like to insert their critique at this point in the RECORD:

NATIONAL FEDERATION OF INDEPENDENT BUSINESS ANALYSIS OF PROPOSED PENSION LEGISLATION

I. INTRODUCTION

This analysis of proposed pension legislation was made by the National Federation of Independent Business with the primary objective of assessing the administrative and cost impact on small businesses.

The basic data for this analysis was obtained from the Survey of Employee Retirement Plans which was conducted by the National Federation of Independent Business in October, 1973. Data from the survey and supporting details of estimated costs are included in Section VIII.

The Survey of Employee Retirement Plans was based on a scientific random sample of all members of the National Federation of Independent Business. A total of 4,720 members in locations throughout the United States were asked to complete the survey during October, 1973. This is 1.3% of all members and the responses are statistically representative of the 367,000 members. Eight hundred and seventy-three responses (18%), were returned as of December, 1973.

II. MINIMUM PARTICIPATION STANDARDS

Under proposed legislation a plan shall not require, as a condition of participation, that an employee complete a period of service extending beyond the date on which he attains 25 years of age, or the date on which he completes 1 year of service, whichever is later.

It is estimated that these minimum participation standards will affect the plans of 607,000 small corporations which now exclude from their plans, based on present eligibility requirements, an average of 15 employees. If 10 of these 15 employees will be included under the proposad standards, and the average contribution for each participant is $900 a year, the small corporations will have to increase their contributions by a total of $5 billion a year. Alternatively, the contributions for present participants may be reduced to partially offset the increased costs.

Under the present regulations, a corporation may exclude from its plan those employees covered by a collective bargaining agreement if it proves to the Internal Revenue Service that the terms of its plan are not more favorable than those of the collective bargaining unit. The proposed exclusion from consideration of employees covered by a collective bargaining agreement will eliminate this problem.

III. MINIMUM VESTING STANDARDS

Under proposed legislation a plan shall provide for 100% vesting after 10 years of service; graded vesting with 25% after 5 years and 100% after 15 years; or vesting according to the "rule of 45".

It is estimated that these minimum vesting standards will affect the plans of 248,000 small corporations which have an average of 38 employees. If 33 of these employees will be included under the proposed standards, and the average contribution for each participant is $900 a year, the total contributions of these corporations will be $7.2 billion a year. This indicates that, if the reduction in forfeitures, due to the minimum vesting standards, is equal to 10% of contributions, the small corporations will have to increase their contributions by a total of $720 million a year. Alternatively, the benefits for present participants may be reduced.

IV. MINIMUM FUNDING STANDARDS

The proposed legislation provides for minimum standards for the amortization of unfunded accrued liabilities for plan benefits.

Based on the assumption that the minimum funding standards affect 25% of the plans of small corporations and would require the contributions to these plans to be increased by 10%, the total cost is estimated to be $498 million a year. However, many corporations may not be able to afford the additional contributions and will consequently have to reduce the benefits of participants.

H.R. 2 (but not H.R. 12481) provides an important exemption from the minimum funding standards for plans which provide individual accounts for each participant and where the benefits payable at retirement are based solely upon the amount contributed to the participant's account and any accumulated investment gains or losses.

V. REGISTRATION AND REPORTS

The proposed legislation requires plans to: file an initial registration statement and report subsequent amendments; furnish participants with a plan description and annual individual statements; obtain plan termination insurance; bond all fiduciaries; file annual reports, audited by an accountant and certified by an actuary. H.R. 2 (but not H.R. 12481) provides exemptions from the annual reporting requirement for plans with under 26 participants.

More than one-half of the respondents to the N.F.I.B. Survey indicated that one reason they had not started a plan was due to the present cost of establishing, administering, and reporting to Internal Revenue Service and Department of Labor.

More than two-thirds of respondents to the N.F.I.B. Survey indicated that only one report to the federal government should be required.

The proposed registration and reporting requirements will discourage more employers from starting a plan and probably result in many existing plans being terminated. The filing of annual reports audited by an accountant and certified by an actuary is likely to cost each plan over $2,000 a year and be an impossible burden for the plans of small businesses.

The exemption of plans with less than 100 participants from the proposed requirements, especially the audit by an accountant and certification by an actuary, would be very beneficial to the encouragement of the retirement plans of small businesses.

VI. CONTRIBUTIONS ON BEHALF OF SELF-EMPLOYED INDIVIDUALS AND SHAREHOLDER-EMPLOYEES

H.R. 12481 (but not H.R. 2) proposes that the minimum tax-deductible contribution on behalf of a self-employed individual or shareholder-employee be increased to 15% of earned income with a ceiling of $7,500.

The NFIB Survey indicates that:

A. More than one-half of self-employed respondents, who do not have a retirement plan, would start a plan if the tax-deductible limit is increased to 15% of earned income, with a ceiling of $7,500.

B. More than three-quarters of those who have a plan would increase their contributions if the tax-deductible limit is increased.

This indicates that the proposed increase in the amount of tax-deductible contributions will result in more employees receiving larger benefits from retirement plans of self-employed individuals and Sub Chapter S corporations.

VII. CONCLUSION

Many small corporations may not be able to afford the substantial increase in contributions required by the proposed minimum standards for participation, vesting, and funding. As a consequence they will be forced to reduce the benefits of their participating employees.

Under the present regulations, a corporation may exclude from its plan those employees covered by a collective bargaining agreement if it proves to the IRS that the terms of its plan are not more favorable than those of the collective bargaining unit. The proposed exclusion from consideration of employees covered by a collective bargaining agreement will eliminate this problem.

H.R. 12481 does not provide the important exemption from minimum funding standards for plans which provide individual accounts for each participant, where the benefits payable at retirement are based solely upon the amount contributed to the participant's account, adjusted by any accumulated investment gains or losses.

The proposed registration and reporting requirements will discourage more employers from starting a plan and probably result in many existing plans being terminated. The cost of filing annual reports audited by an accountant and certified by an actuary will be an impossible burden for small businesses. The exemption of plans with less than 100 participants from the proposed requirements, especially the audit by an accountant and certification by an actuary, would be very beneficial to the encouragement of the retirement plans of small businesses.

The proposed increase in the amount of tax-deductible contributions on behalf of a self-employed individual or shareholder-employee will result in more employees receiving larger retirement benefits. However, the complete elimination of the discrimination in favor of the large corporations would encourage small businesses to establish more plans and reduce the number of employees who will be dependent upon Social Security and Welfare programs when they retire.

VIII. SUPPORTING DETAILS OF ESTIMATED COSTS

A. Estimate of number of corporations with plans:

1. The number of small businesses in the United States having less than 100 employees is 3.4 million based on Department of Commerce data.

2. Responses to NFIB Survey Question 1 indicate that 44% of small businesses are corporations.

3. Based on the above, there are 1.5 million small corporations in the United States.

4. Responses to NFIB Survey Question 4 indicate that 46% of corporations have retirement plans.

5. Based on the above, there are 690,000 small corporations with retirement plans. This includes plans which have not applied to IRS for approval.

B. Estimate of cost of proposed minimum participation standards:

1. Responses to NFIB Survey Question 3 indicate that corporations with retirement plans have an average of 38 employees.

2. Responses to NFIB Survey Question 5 indicate that corporations with retirement plans include an average of 23 employees in their plans.

3. The above responses indicate that corporations with retirement plans presently exclude, on an average, 15 employees due to participation requirements.

4. Assuming the average wage of participating employees is $9,000 a year and that the average contribution to retirement plans is 10%, the average amount of the contribution for each participant would be $900 a year.

5. Based on the above, a change in participation standards requiring a corporation to include one more employee in its retirement plan would cost the corporation an additional $900 a year.

6. If the change in participation standards requires a corporation to include 10 of the 15 employees presently excluded, the additional cost would be $9,000 a year.

7. It is estimated in VIII (A) above that there are 690,000 corporations with retirement plans.

8. Responses to NFIB Survey Question 9 (a) indicates that 88 per cent of corporations with retirement plans have a participation requirement of 1 year or more.

9. Based on the above, 607,000 (88% of 690,000) corporate retirement plans would be affected by changes in participation requirements.

10. If the changes in participation standards require a corporation to include 1 of the 15 employees presently excluded, the additional cost would be $546 million a year. If 10 more employees are required to be included, the additional cost would be $5 billion a year.

C. Estimate of cost of minimum vesting standards:

1. Refer to paragraphs (1), (2), (3), (4) and (7) of VIII (B) above.

2. Responses to NFIB Survey Question 9 (b) indicate that corporations with retirement plans provide for 100% vesting as follows:

	Percent
Over 15 years service, no age requirements	5
Over 3 years service and attainment of age over 40	31
	36
Other service and age requirements which presently comply with the proposed vesting standards	64
	100

3. Based on the above, 248,000 (36% of 690,000) corporate retirement plans will be affected by changes in vesting requirements.

4. If the proposed changes in participation standards require a corporation to include 10 of the 15 employees presently excluded, the contribution will be $29,000 a year.

5. If the proposed changes in vesting requirements result in a reduction of forfeitures equal to 10% of contributions, a corporation with 33 participants will have to increase its contribution by $2,900 a year, and the total increase in contributions to the 248,000 corporate retirement plans will be $720 million a year.

D. Estimate of cost of minimum funding standards:

1. Refer to paragraphs (1), (2), (3), (4) and (7) of VIII (B) and paragraph (4) of VIII (C) above.

2. Based on the assumption that the minimum funding standards affect 25% of the 690,000 plans of small corporations and result in an increase in contributions of 10%, a corporation with 33 participants will have to increase its contribution by $2,900 a year and the total increase in contributions to 172,000 plans will be $498 million a year.

Mr. Chairman, one of the major reasons stated in this report for the lack of pension plans by small businessmen is the cost of administration, and one of the major problems still remaining in this bill, in my opinion, is the requirement for dual administration by both the Labor Department and the Department of the Treasury.

Such dual administration will greatly add to the cost of the administration for the small businessman.

I will at an appropriate time offer an amendment to consolidate the regulations for vesting, funding, and participation in the Treasury Department in order to eliminate a great deal of this administrative cost. I hope I will have the support of the House in this effort.

Mr. Chairman, another problem which I hope will be worked out in the bill is the provision for plan termination insurance, which, if adopted in its present language, could well force out the majority of small business-operated pension plans. I do not think that is what we want. I think we want to encourage a greater degree of pension coverage in small businesses, and I hope that we will be able to cure these two major problems that I see still left in the bill: The heavy administrative costs as a result of dual administration and the provisions with respect to plan termination insurance.

Mr. SCHNEEBELI. Mr. Chairman, I yield 5 minutes to the gentleman from Illinois (Mr. YOUNG).

Mr. YOUNG of Illinois. Mr. Chairman, I want to thank the ranking minority member for granting me this time.

I also wish to compliment the Committee on Ways and Means for this very forward-looking piece of legislation. I think that in many ways the committee has made a major contribution to the employees of this country. In certain minor ways I think the committee may have detracted from certain employees, but on the whole the legislation is very beneficial.

In particular, I think that the provision in this legislation pertaining to the H.R. 10 plans, bringing up the benefits of those plans to permit deductions up to $7,500 per year and up to 15 percent of compensation, is a very much needed piece of legislation.

Mr. Chairman, I think the changes that the committee has made permitting persons other than banks to act as trustees of such plans is also a very desirable piece of legislation, one which will encourage the further creation of such types of plans. The provisions permitting deductions up to $1,500 for individual retirement accounts is excellent and provides equity to persons who are not participants in qualified retirement plans.

I also think that the committee has done a very good job of eliminating some of the restrictions that were put in original bill H.R. 2 as introduced. I know that employees of Sears, Roebuck and the employees of several of the banks in my area, including the First National Bank of Chicago, were very critical of some of the provisions in H.R. 2. The proposed limitations would have eliminated some of the benefits provided for such employees.

I think that the committee's elimination of those limitations is excellent.

Mr. Chairman, I would like to state that I think this legislation deserves the support of the Members of this House. I am hopeful that we will make some changes with respect to the dual administration of the act.

I am hopeful that we will select just one agency to administer this act.

I also believe that certain of the provisions pertaining to termination insurance for defined benefit plans should be eliminated or changed. We need to amend this section to encourage the continuation of fixed contribution plans rather than discourage those plans.

Mr. Chairman, I thank the gentleman from Pennsylvania (Mr. SCHNEEBELI) for granting me the time.

Mr. ANDERSON of Illinois. Mr. Chairman, I rise in support of the substitute pension reform bill presented to us by the House Ways and Means and Education and Labor Committees. The growth of the private pension plan system over the last 30 years has been dramatic. Whereas, in 1940 only 4 million employees were covered by such plans, by 1950 this had grown to 10 million, in 1960, 21 million, and today some 30 million workers are covered by these retirement plans. Nevertheless, this still represents only about one-half of the private nonfarm work force. And the hearing record on this legislation clearly indicates that there is not only a need for the expansion of coverage, but for improving the administration of plans and for protecting the rights of plan participants.

The two bills which comprise the substitute under consideration are thus aimed at these problem areas. The matters dealt wth exclusively in H.R. 12906 as reported from the Education and Labor Committee, that is, title I of the substitute, include, first, plan reporting and disclosure requirements which include filing annual reports with the Secretary of Labor and providing participants with periodic descriptions of the plan; second, fiduciary standards which define the responsibilities or plan administrators as well as prohibited activities; and, third, creation of a Pension Benefit Guarantee Corp. in the Department of Labor to insure participants and beneficiaries of covered plans against loss of benefits resulting from partial or complete termination of their plans.

The matters dealt with exclusively in H.R. 12855 as reported from the Ways and Means Committee, or title II of the substitute, include, first, limits on pension plan benefits and contributions for tax deduction purposes; second, an increase in the allowable deduction for annual contributions by the self-employed to H.R. 10 or "Keogh" plans from 10 percent of income up to $2,500, to 15 percent of income up to $7,500; third, provision for a tax deduction of the lesser of 20 percent of income or $1,500 annually for employees not covered by a plan who wish to establish their own individual retirement account; and, fourth, the treatment of lump-sum distributions as ordinary income for tax purposes, distributed over a 10-year period—except for benefits attributable to service prior to January of 1974 which would still be taxed as a capital gain.

In addition, both bills or titles of the substitute contain nearly identical provisions with respect to plan participation, vesting, and funding, the main difference being that these provisions would be administered by the Department of Labor under title I and the Department of Treasury under title II.

With respect to participation and coverage, as a rule, plans may not require, as a condition for participation, service of more than 1 year or the age of 25, whichever occurs later. An exception to this is plans which provide for 100 percent immediate vesting, in which case a 3-year minimum service condition may be required.

With respect to vesting, plans may choose one of three vesting schedules: First, 25 percent vesting after 5 years of covered service, increasing by 5 percent annually thereafter for the next 5 years, and 10 percent annually for the next 5 years, meaning 100 percent vesting would be reached by the 15th year; second, full vesting after 10 years of service; or, third, 50 percent vesting when the service plus the age of the participant equals 45, with 10 percent annual vesting over the next 5 years when 100 percent vesting would be achieved.

To absorb the costs of these new vesting standards, a 5-year transition period is allowed for all plans in existence at the beginning of this year. This vesting schedule applies retroactively, and all of an employees prior service—since the age of 25—must be taken into account, even if it includes preparticipation service. But this would not apply to service during which an employee did not make contributions to a plan or the employer did not maintain a plan. With respect to the distribution of vested benefits, plans are permitted to defer the payment of benefits to individuals with vested rights until they reach the normal retirement age and are separated from the firm. However, payments must be made not later than 60 days after the participant reaches the age of 65, or reaches the 10th anniversary of participation in the plan, or terminates service with the employer—whichever of these three events occurs later.

Both titles also require minimum funding of plans in order to insure that sufficient funds are available to meet the obligations of the plan when they fall due. Finally, provision is made for voluntary portability of vested benefits from one plan to another in situations where the old and new employer plans allow for such a transfer, and participants are allowed a tax free roll-over period for this purpose.

Mr. Chairman, in the time remaining I wish to express my position on two amendments which will be offered. I intend to support the amendment which will be offered by my colleague from Illinois (Mr. ERLENBORN) to make the board of directors of the Pension Benefit Guarantee Corp. more representative of labor, management and public interests, and second, to provide greater safeguards against abuse of the termination insurance program.

Finally, I wish to indicate my support for the increased deduction for contributions to retirement plans for the self-employed—the so-called H.R. 10 or Keogh plans. The Rules Committee has allowed for amendments to this section, and it is my understanding that attempts will be made to either reduce or eliminate the $7,500 limitation. I am unequivocally opposed to any such amendment. The whole rationale for the increase from $2,500 to $7,500 is to put the self-employed on a comparable footing with corporate employees. One of the major thrusts of this bill is to encourage retirement savings and at the same time achieve greater tax equity. This bill accomplishes the latter by putting a limitation on deductions for corporate plans and liberalizing the deductions for the self-employed plans. At present, the self-employed are discriminated against in comparison with corporate executives and proprietary employees of corporations in regard to the tax treatment of their retirement savings. Because the existing limitation for the self-employed is so unreasonably low, an artificial incentive has been created for the incorporation of businesses which traditionally would not or should not be incorporated. The provision contained in this bill for allowing a more reasonable and realistic deduction for the self-employed retirement plan will go a long way in eliminating this incentive for incorporation by putting the self-employed on a more equal footing with corporate and proprietary employees in terms of retirement plan tax incentives. I urge the defeat of any amendments to alter the provision now contained in title II.

Mr. ROSTENKOWSKI. Mr. Chairman, the consideration of this legislation by the full House of Representatives marks the culmination of many months of extensive analysis of pension systems and their particular needs by both my Committee on Ways and Means and the Committee on Education and Labor. In addition to the members and staff of these committees, countless hours of work were devoted to this bill by the staff of the Education and Labor's pension task force and by Dr. Woodworth and his very capable staff of the Joint Committee on Internal Revenue Taxation. Their technical expertise immeasurably aided the committee in their evaluation of the alternative courses of action available to us during our consideration of this landmark legislation.

The resolution of the jurisdictional disputes inherent in legislation of this type can be credited to the determination of both the acting chairman of the Ways and Means Committee, AL ULLMAN, and the dedicated head of the pension task force, my colleague, JOHN DENT. Their ability to construct a workable compromise has resulted in legislation that will hopefully tighten the tax laws and strengthen the regulatory standards applicable to both qualified and nonqualified plans.

During our deliberations in the Ways and Means Committee, our primary concern was in tightening the existing standards for qualified plans while at the same time continuing to encourage voluntary participation in such plans. As a result, the committee found it necessary to strike a very delicate balance between what we felt companies with pension plans should do and what they were willing to do, since no employer can be compelled to offer any plan at all.

The committee was challenged with the task of strengthening existing plans without creating barriers that would unnecessarily slow the rapid increase in the establishment of private pension plans that this country has witnessed during the past 30 years.

Since the Internal Revenue Code was first amended in 1942 to encourage employers to establish pension plans which did not discriminate as to coverage or benefits in favor of a selected few employees, the number of employees covered by these plans has increased by over 750 percent. While the tax incentives established at that time are undoubtedly responsible for the incredible growth of the system, these same incentives have been the basis of a growing number of schemes of tax avoidance in recent years. Studies have shown that in some corporations, particularly small, closely held ones with but a few highly paid employees, the incentives provided for under subchapter D of the Code were being utilized primarily to defer taxation on both corporate profits and employee salaries in amounts far in excess of what was needed to fund even the most generous of pension plans. By doing so, employees of these corporations—who are often the only stockholders, as well—would be able to defer taxation on a portion of their share of the corporate profits until they had retired and thus, would undoubtedly be in a lower tax bracket.

Confronted with this problem, the committee settled on a formula which would limit the amount of the employer's contributions to both defined benefit plan as well as to profitsharing plans, without imposing the undue restrictions on the average employees pension account that would have resulted from the Senate version of the legislation. In addition, it was necessary for the committee to resolve the problem created where the employer had established not only a defined benefit pension plan but a profit-sharing plan as well. In these cases, the committee has decided to limit the employers' contributions that would qualify for the tax deferral advantages, to a percentage of the maximum allowable under both plans. In this manner, the committee has tried to put more realistic limitations on presently deferrable income without unduly restricting the pension program of those employees at the lower end of the pay scale—employees that are traditionally most adversely affected by any percentage limitations.

In addition, the Ways and Means Committee's title of this bill will also substantively reform the Federal taxation of pension accounts for not only the self-employed, but for individuals not covered by any qualified plan or Government plan, but these are aspects of the legislation that have already been described at some length by other members of this committee.

I believe that the committee bill represents a workable solution to a myriad of complex and emotional problems. It is legislation that will narrow the possibility for abuse of the tax laws in this area, while at the same time provide the opportunity to save for retirement to millions who have been unable to adequately do so in the past. I urge my colleagues to support both the inclusion of title II and final passage of the legislation itself.

Mr. CLANCY. Mr. Chairman, I should like to comment on two provisions in the pension reform legislation which I believe are of particular importance, namely, the Individual Retirement Account program and the limitation on contributions to defined contribution plans. The need for individual retirement accounts is obvious, because millions of workers today do not have the opportunity to participate in qualified pension plans. Since they do not have this option, any earnings they might derive from pension savings of their own are subject to tax and cannot be deferred until retirement, and such earnings also grow at a much slower rate than earnings on contributions in qualified plans. The Individual Retirement Accounts program will benefit low- and middle-income workers formerly without pension plan protection, and distribute tax benefits equitably among all workers.

The bill makes available a special deduction for contributions to an individual retirement annuity, or a qualified retirement bond, the maximum annual deduction being $1,500 or 20 percent of compensation, whichever is less. This tax deduction from gross income is allowed for any taxpayer even though he or she uses the standard deduction rather than itemizing. Since an individual retirement account can be established by an individual for himself, by an employer for his employees, or by a union for its members, this program will be available to a substantial group of employees not presently participating in a qualified pension plan.

Many Members may be skeptical as to whether the individual retirement accounts program will be utilized to a large extent by the workers presently without pension plan coverage. It is not a question of utilization of the individual retirement accounts program, but rather its availability to workers who are not presently covered by qualified pension plans and who do not receive any tax benefits on their personal retirement savings.

The pension bill also includes a provision which would limit the annual additions that could be contributed to any employee's defined contribution plan in any given year to 25 percent of compensation, not to exceed $25,000 in that year. Defined contribution plans include profit-sharing and stock bonus plans as well as money purchase and target benefit plans. The annual addition means the employer's contribution to the plan, any forfeitures during the year and the lesser of one-half of all an employee's contributions or all of an employee's contribution over 6 percent of compensation.

The bill includes this limitation on contributions in order to achieve parity between corporate qualified pension plans and H.R. 10 plans, and the limitation must be met to retain the favorable tax status accorded any plan. Additionally, this provision will achieve a measure of comparability with the limitation in the bill imposed on benefits paid under a defined benefit plan. This limitation on contributions may seem restrictive to some. However, it is our understanding that very few profit-sharing programs have contributions which approach this limitation.

In that we were dealing with the future as well as the present, I felt it necessary to amend this provision to include a cost-of-living escalator clause, and I am pleased that the committee accepted such an amendment. It is necessary that any pension reform legislation enacted help, not hurt, the kind of pension and profit-sharing programs which have been so successful.

Mr. NIX. Mr. Chairman, I am pleased to support H.R. 2, the Employee Benefits Security Act. I am sure all of us have heard many stories of workers who have given years of dedicated service to their employers, only to find, at retirement age, that the pension plans they have participated in are worthless to them. Too often a worker who thought he would have a pension to help support him in his old age is forced to subsist on social security alone.

This situation can and will be remedied. The legislation now before us will establish reasonable standards that all private pension plans must meet. It will insure that pension plans serve the people they are supposed to serve.

Private pension plans, which were once limited to only a handful of workers, now cover more than 30 million workers. Passage of this bill will help assure that these workers, and the millions more who will join pension plans in the future, will have a fair chance at financial security in their retirement years.

Mr. TIERNAN. Mr. Chairman, tomorrow we will vote on a major piece of labor legislation, H.R. 2, the Employee Benefits Security Act. This bill will help to give to many retired employees the benefits they have worked so hard to obtain.

This legislation must be passed immediately. Last week I received a letter from a Rhode Island resident outlining a situation that has become all too familiar. An elderly citizen had worked for the same company for more than 32 years. Prior to his death, he had applied for pension benefits, but due to a quirk in the rules governing the administration of the plan, he received no payments. His surviving spouse was denied widows' rights even though the plan contains a "sixty-payments certain" clause. Now this elderly widow is faced with a long, grueling legal battle in order to obtain a meager pension.

It is shameful for situations like this to exist. But this is not an isolated instance. Thousands of our older citizens have already been deprived of a reasonable standard of living after retirement because the expected pension benefits, for which they had worked many years, were sharply reduced or had evaporated completely, because of business failures, relocations, termination of employment after many years of service, and even just plain mishandling of pension funds. Congress now has before it legislation that will prevent these abuses from occurring in the future, and we must pass this bill.

This legislation was carefully drafted to adequately safeguard the pensioners' rights and at the same time to avoid undue burdens that would discourage an employer from establishing new pension plans.

In the area of vesting, the employer is given three options. The 10-year service rule would provide for an automatic 100-percent vesting after 10 years of covered service. The graded 15-year service rule provides for 25-percent vesting after 5 years of covered service, increasing to 50 percent by the 10th year, and achieving 100-percent vesting by the 15th year. The rule of 45 provides for 50-percent vesting when age plus covered service equals 45, thereafter increasing in 10-percent intervals until the employee is 100-percent vested. The three vesting plans provide flexibility for the employer while providing guaranteed vesting for the employee.

This bill will also correct the problem of the loss of pension rights due to bankruptcy. Two provisions work hand in hand to acquire this goal. The employer is required to make payments toward the principal of the unfunded accrued liabilities of a pension plan. Plans will also be required to insure any unfunded vested liabilities. More adequately funded plans combined with the protection of insurance will take away the danger of loss of retirement income if the employer goes bankrupt.

We must assure individuals who have spent their careers in useful and socially productive work an adequate retirement income. Of those who have worked and then left jobs with pension plans over the past 20 years, only about 5 percent will ever receive any benefits. Today, we can take a giant step forward in providing comfort for our deserving older citizens. I urge my fellow colleagues to vote in favor of this pension bill.

Mr. BURKE of Florida. Mr. Chairman, I rise in support of H.R. 2, to revise the Welfare and Pension Plans Disclosure Act.

As our economy has matured, an ever increasing number of employers have recognized their responsibility for the physical and economic welfare of their employees. This development parallels the change from rural agrarian life styles to the present urbanized wage earner society.

Private pension systems have had such dynamic asset growth, that today, they influence the level of savings, the operation of our capital markets, and the relative financial security of millions of consumers.

The private pension movement in the United States proceeded slowly until the years preceding World War II. At that time the economic changes in the Nation started to be felt, and American beliefs and attitudes regarding retirement security changed. The turning point in American thinking and dissatisfaction with early pension programs was the passage of the Railroad Retirement Act and the Social Security Act. The wage freezes during World War II and the Korean conflict focused increased attention on the deferred component of compensation as a means of avoiding the freeze restrictions.

By 1940, approximately 4 million employees were covered by private pension plans; by 1950 the number had grown to 10 million; by 1960 21 million people were covered, and the current estimate is that one half of the private nonfarm work force, or 30 million employees, are covered by these plans.

It is obvious that this expanded coverage for U.S. employees means that pensions have become big business. In fact, today, amounts in excess of $150 billion in assets are held in reserve to pay benefits credited to private plan participants.

Federal regulation of private pension systems has been minimal. There are essentially three Federal statutes presently in existence. These are the Welfare and Pension Disclosure Act, the Labor Management Relations Act, and the Internal Revenue Code.

In the absence of Federal standards, pension participants have had to rely on the traditional equitable remedies of the common law of trusts. A few States have codified existing trust principles and enacted legislation which requires, in many instances, a degree of disclosure similar to that required by Federal statute. However, the fact that statutory rules exist says little as to their efficacy in adjusting inequities suffered by plan participants. Repeatedly instances occur where participants lose their benefits because of the manner in which the plan is executed with respect to its contractual requirements of vesting or funding as distinguished from instances where participants lose their benefits because of some violation of Federal law.

Congress has been reluctant to act due to the belief that legislation might impede plan growth. However, as a matter of equity and fair treatment, an employee covered by a pension plan should be entitled, after a reasonable period of service, to protection of his future retirement benefits against any termination of his employment.

H.R. 2 and amendments which we will consider today are designed to remedy certain defects in the private retirement system which limit the effectiveness of the system in providing retirement income security. The primary purpose of the bill is the protection of individual pension rights. I wholeheartedly support legislation which will truly protect an individual's pension rights, and I am hopeful that the House of Representatives will pass such a bill today.

It is regrettable that this type of legislation is being brought to the House in two separate packages since the combination of the two on the House floor will inevitably cause parliamentary confusion and obscure the choices to be made. H.R. 2 is designed to: First, establish equitable standards of plan administration; second, mandate minimum standards of plan administration; third, require minimum standards of fiscal responsibility by requiring the amortization of unfunded liabilities; fourth, insure the vested portion of unfunded liabilities against the risk of premature plan termination; and fifth, promote a renewed expansion of private retirement plans and increase the number of participants receiving private retirement benefits. I hope the final bill adheres to these aims. The goals of extending pension plan coverage to more working people, of assuring different categories of employees equitable pension treatment and benefits, and of protecting covered employees from loss of benefits because of bankruptcy, merger, or change of jobs, are laudable and worthy of our best efforts.

Present law places no specific limitation on the amount of deductible retirement plan contributions for corporate employees, limits deductible contributions for self-employed workers to a maximum of 10 percent of earned income or $2,500 a year, and makes no provision at all for workers not covered by any kind of qualified pension plan.

I favor a reasonable limit on the amount of deductible retirement plan contributions for corporate employees, liberalized limitations on "Keogh plans" so that self-employed individuals can have pension coverage more comparable to that accorded corporate employees, and the establishment of individual retirement accounts by the half of the work force not otherwise covered by qualified retirement plans for their own future retirement income needs.

It is my hope that the House of Representatives will be able to fashion, during the debate today, a bill which conforms to the views I have expressed above and which I will be able to support and proclaim to my constituents as a truly beneficial bill which brings order to the morass of existing private pension plans, and equitable treatment to the individual participant.

Mr. REUSS. Mr. Chairman, I rise in strong support of the Education and Labor pension reform bill, H.R. 2 as amended, and in equally strong opposition to H.R. 12855, the Ways and Means Committee pension bill.

In particular, I object to section 2001 of H.R. 12855—the section tripling the "Keogh plan" tax deduction for self-employed individuals from the current $2,500 to $7,500. This section is open to amendment under the rule, and I intend to offer an amendment tomorrow to strike the increase and keep Keogh plan deductions at their present levels.

I am anxious to see self-employed professionals get their just deserts—but no more. Let me point out the following facts:

For 10 years, self-employed individuals—mainly doctors, lawyers—have received a tax break for their retirement savings—first, a deduction of $1,250 maximum, then $2,500. In 1968, the Treasury Department included in their annual statistics of income a detailed breakdown of those who used the Keogh plan deduction. Over half of the taxpayers using the deduction had adjusted gross incomes of over $25,000—how far over the study does not show. This income puts Keogh users in the richest 5 percent of American families—not necessarily, or even probably, Rockefellers, but certainly in the fortunate upper middle income brackets.

During these years, more than half of American workers had neither qualified pension plans, nor tax-deferred retirement accounts. The 1973 Treasury figures put the exact figure at 53 percent of all workers. Included in this majority, according to the Treasury, are most low-paid workers, employees in small businesses, farmers, and fishermen.

H.R. 12855 deals with these two groups by giving self-employed professionals a $7,500 tax deduction and uncovered employees a $1,500 tax deduction. This disparity is unjustified.

Low- and moderate-income families are in greatest need of help right now. They are the ones who have suffered most under inflation and increased payroll taxes. They are the ones who spend every cent they earn on food, fuel, and housing, with maybe a small savings account for their children's education. They are the ones who need the greatest encouragement to save for retirement. If H.R. 12855 is adopted, they will have some help—a $1,500 maximum tax deduction.

The relatively wealthy Keogh plan beneficiaries spend a smaller percent of income for basic necessities. They invest in stocks—in happier days—in real estate, in hobby farms, and other tax shelters. And they have, under present law, a $2,500 maximum deduction a year for money put into a retirement account.

For the time being, the Keogh plan should be kept where it is, and a $1,500 tax deduction for uncovered employed workers enacted. Some disparity would continue to exist—but we would then have the chance to see how the new program is working before making further changes.

The argument is made that the Keogh plan deduction must be raised to prevent self-employed professionals from incorporating to take advantage of greater corporate pension benefits. This is circular reasoning. The way to prevent professionals from incorporating is to remove the incentive to incorporate—that is, to place a reasonable limit corporate pension benefits. Instead of meeting the issue head on, H.R. 12855 sidesteps by opening up the tax code a little further. The incentive to incorporate still exists—and taxpayers are $175 million poorer.

While H.R. 12855 ostensibly does "limit" maximum corporate benefits, it does so in such a way that few top corporate executives will notice the difference. An SEC survey of the pension benefit of the highest paid executives in private industry showed an average annuity expected after retirement of $61,000. H.R. 12855 imposes an upper limit of $75,000—which Treasury estimates could permit an annual tax-free setaside of about $35,000—hardly a drastic reduction, even for these most highly paid executives.

In short, H.R. 12855 is a haphazard, poorly coordinated, embarrassingly discriminatory hodge-podge of tax provisions. Section 2001 permits doctors and lawyers to deduct up to $7,500, section 2002 lets uncovered employees deduct up to $1,500, and section 2003 lets corporations take a deduction of up to about $35,000 for top executives: three different tax-financed living standards for three different income groups.

The only explanation of these tax disparities lies in the relative strengths of the lobbies for corporate executives, well-to-do professionals, and average workers. Not surprisingly, they have made out in about that order.

Mr. Chairman, many of us have had occasion in the past to protest the persistent use of the closed rule to prevent the House from legislating effectively on tax matters. H.R. 12855, on which the Ways and Means Committee sought and nearly got a totally closed rule, is a perfect example of the problems of that approach. Those of us who are committed to pension reform are forced to accept the unacceptable tax provisions of sections 2002 and 2003—unacceptable morally, intellectually, and economically.

The rule does permit amendment of section 2001—the Keogh plan deduction increase—and I urge all Members to support an amendment on the floor tomorrow striking the increase and keeping Keogh deductions at their present level. Such action would force the tax-writing committees to report out legislation that would give pension tax preferences on a basis that is fair and equal.

Mrs. SCHROEDER. Mr. Chairman, I would like to express my enthusiastic support for the two bills being offered today as substitutes to H.R. 2; H.R. 12906 and H.R. 12855. Together these bills provide a series of reforms in private pension plans to transform what has been up to now an amalgam of giant lotteries into a sensible, standardized, supervised plan of retirement income for older persons in America.

Private pension plans have assumed increasing importance in this country over the past 10 years. Today, some 30 million Americans are covered by pension plans, including nearly half of all fulltime nongovernment employees. Another 14 million persons are covered by government plans; this represents a 50-percent increase in one decade of persons covered by these two types of plans. The median pension payment for those retiring has doubled over this same period of time; and today these plans have an excess of $150 billion in assets. Up to now, pension plans have been characterized by gross deficiencies in organization and gross inequities in distribution of benefits. Far too many people never draw the pensions toward which they have contributed their hard earned dollars, money they had counted on, and to which they are entitled—not as a reward but as a matter of right.

The legislation before us would protect working men and women from being arbitrarily deprived of these retirement benefits by establishing minimum standards for companies offering such plans and by preserving tax advantages to encourage their participation. H.R. 12906 would establish tighter reporting and disclosure requirements to provide each participant or beneficiary with a written description of the plan and a summary of the annual financial report to be submitted to the Secretary of Labor. Members would thus be informed of their schedule of benefits, eligibility and vesting provisions, claim procedures and remedies, bases of financing, and any other plan provisions which affect their rights as employees. Fiduciaries of the plans are required to discharge their duties solely in the interest of the participants; they are prohibited from engaging in transactions purely for their own gain, directed to diversify investments so as to minimize the risk of loss to plan members, and to make available copies of the plan description and annual report to keep the public well informed.

Under this bill, a company offering a

pension plan would be required to extend coverage to every employee who has reached the age of 25 and completed one year of service; employers may choose one of three plans by which to convey increments; most employees would receive 100 percent vesting after 15 years of service. Adequate funding would be required for current and prior liabilities; and a Pension Benefit Guaranty Corp. would be created to provide insurance against termination in case a company folded before its employees began to receive their benefits. Both the Labor Department and the Internal Revenue Service are authorized to enforce various aspects of the legislation; and the bill has the sanction of both criminal and civil penalties to be imposed in the event of violations.

H.R. 12855, title 11 of the substitute bill, offers identical provisions for participation and coverage, vesting, and funding. In addition, this bill would also increase the tax deduction for retirement plans of self-employed persons; limit the amount companies can set aside as part of profit sharing and money purchase pension plans; and allows individuals not covered by any qualified private or Government pension plans to deduct up to 20 percent of their earned income up to $1,500 to be set aside in a special custodial account, in a credit union, a bank, a savings and loan account, or a life insurance company, whichever they choose. It mandates automatic joint and survivor annuities unless an individual, with full knowledge of the terms of the annuity, voluntarily in writing "opts out." Finally, title 11 would require the Social Security Administration to maintain records of retirement plans in which former employees who have not yet retired have vested benefits, and to provide this information to plan participants and their beneficiaries on request. This information reserve is a major step in the direction of instituting portability of pension rights, so that a person will one day be able to transfer benefits from job to job.

The repercussions of this extensive reform will be widespread indeed; retired persons in this country will have more money to spend, enabling them to live more comfortable lives in a more self-sufficient way, and providing them with the purchasing power necessary to contribute to the overall stability of the economy. Accumulated security plans appear to be gradually leading toward earlier retirements, enabling people to enjoy the middle and later years of their lives, exploring new ways in which to experience their leisure time. In addition, pension funds are themselves becoming a source of financial power, as a source of corporate capital and real estate investment. Finally, retirement programs will become an increasingly important component of the overall benefits package used by companies to attract and retain employees. They will provide an incentive for both union and nonunion industries to formulate pension plans where none presently exist and to improve existing benefits for the worker.

While H.R. 12481 and H.R. 12855 address themselves to a number of long overdue, much needed reforms, they represent only a beginning in solving some of the problems in our private pension system, especially as that system affects women. Private pension plans have not looked kindly on women who work and then leave their jobs temporarily to give birth or to raise a family, or women who work part time. Moreover, women generally receive less benefits than men simply because they are still discriminated against in employment and salary opportunities. We should not hesitate to do away with these inequities now.

The present pension bill provides for vesting at age 25. I would support a provision to set eligibility at age 25 or after 3 years of service, whichever occurs first. Many persons in this country begin to work upon graduation from high school, at age 18. A number of women who start to work at 18 leave the workforce for a couple of years to have children and then return—80 percent of all first births in this country occur before a woman reaches 25. If vesting is to be truly a nonforfeitable right, it should not be deferred for any arbitrary reason, particularly when this results in hardship to both blue collar workers and to working women.

While the legislation under consideration does mandate survivorship benefits to be automatic unless they are explicitly waived, I would support a plan whereby both the worker and the spouse are required to waive their rights to these benefits. Since it is the spouse who is directly affected, he or she should participate directly in the process of waiver.

Part-time employment is often a necessity for many women in this country, particularly those with family responsibilities or who are over the age of 65. One third of all working women work only part time or part of a year; yet, many private pension plans exclude employees whose customary employment is less than 24 hours per week. I would support a provision which would include pension credit for part-time work, reducing the baseline figure to 20 hours per week and allowing proportional credit for such employment on a pro-rata basis.

The Labor Department has declared pensions to be a form of salary; yet we know all too well, despite legislation to the contrary, that there exist gross discrepancies between male and female earning power in this country. Women are more apt to be white collar workers than men, but the jobs they hold usually pay far less than those of men. The existence of separate actuarial tables for men and women in the same jobs are discriminatory against women, for they include statistics for nonworking women and compute their figures to arrive at an average, not a median, age. The result has been that women in the same occupation as men are given a life span up to 10 years longer, a figure which is very misleading. It is imperative that we continue to fight to reverse the trend toward sex discrimination in employment by making explicit in this legislation the prohibition of such discrimination in granting benefits, implementing programs, and in any way administering the act. It is also important that we continue to give meaning to title VII of the 1964 Civil Rights Act by encouraging stronger enforcement of its provisions by the EEOC.

From board room to boiler room, working women have been deprived of financial security in this country. The patterns of employment for women are rapidly changing; let us pass legislation which both reflects these facts and protects these fundamental rights.

Mr. FRENZEL. Mr. Chairman, the measure we are considering this afternoon is one of utmost importance to the working people in this country. It is also extremely important to their employers who contribute funds into their pension plans. There are few bills which Congress will consider this year which will have such a direct effect on the well-being of both America's labor force and its management.

The bill, or rather two bills, which are before us today are the result of months of hearings by the House Education and Labor Committee and Ways and Means Committee, as well as many years of investigative hearings, studies, and legislative false starts. In spite of some of the obvious drawbacks with this legislation, and my objections to some of them, I support the bill with enthusiasm. The rule under which it is being brought to the floor is complicated, indicative of the complexity of the legislation itself, and the overlapping committee structure which conceived it. While I recognize the necessity of such a rule, I hope that we do not have to repeat it. It is confusing, unwieldly, and perhaps discriminatory. Nevertheless, for the purpose of passing pension reform today, it is essential.

As far as the legislation itself goes, I support most of it. The stronger minimum standards for vesting, funding, and participation are good building blocks for future pension plan stability. Working people who rely heavily on planned pension benefits, need that stability. The provisions increasing the allowable tax deductions for contributions by self-employed individuals to their own pension plans is only fair, and I will oppose amendments to reduce the allowable deduction. The concept of allowing deductions for pension plan contributions to individuals who are neither self-employed nor covered by a regular plan is also an innovative and worthy proposal by the Ways and Means Committee, which deserves much credit for reshaping a terrible Senate bill.

The major objection to this legislation, however, is the plan termination insurance contained in the education and labor title.

Plan termination insurance does provide protection for workers benefits should a plan be ended. But it does not provide the employer with any incentives to prevent the plan from terminating, because the employer knows he can escape the expense. The alternative of placing the entire cost of a plan termination on the employer might risk unnecessary failures of the firms themselves through such pitfalls as the loss of credit with the banks.

The proper course lies, I believe, somewhere in between. We cannot force well-managed pension plans to bail out the failure of poorly managed ones. Neither can we ruin companies, nor stifle the incentives to establish plans in the first place, by dumping it all on the employer. The idea of plan termination insurance obviously needs more study. We will have the basics for better and more financially sound plans with the vesting, funding, and participation standards already contained in the bill. Let us give them a chance to work while we figure out a better way to protect against plan termination. A sizable employer in my district terminated his business several years ago causing vast hardships to people already on pension, and to those who had expected and earned pensions. Termination insurance might have preserved those benefits or it might have provided disincentives so there would be no plan. Clearly we need a better proposal.

In spite of these objections, however, I intend to support the final version of the bill, unless it is substantially altered. Whatever its drawbacks, it is a significant achievement in our efforts toward providing safeguards for pension plan participants, whiel retaining incentives to create more plans. Some experts claim we will see widespread termination of smaller plans and even some major ones, because of the additional costs. But it is surely wiser to get the basics in place, rather than let plans fail, and let participants suffer, as they have in my district recently. On balance, the bill deserves support and it will get mine.

Mr. DONOHUE. Mr. Chairman, I earnestly urge and hope that this pending bill, the Employee Benefit Security Act, is resoundingly approved by the House this afternoon.

The basic purpose of this measure is to remedy the defects in the private retirement system which greatly limit, and in some instances negate, the effectiveness of the system in providing retirement income security to millions of American workers and their families.

Today, some 30 million employees in private industry or about one-half of all workers are covered by private pension plans.

However, and unfortunately, the experience of the last 10 to 15 years very clearly reveals that, despite the frequent attempts to enforce the reporting requirement and the criminal provisions of existing laws and regulations the fact is that the individual retirement protection intended by the Congress has not yet been achieved.

This pending bill is, therefore, designed to realistically accomplish the original congressional intent. In summary, this proposal will encourage the expansion of private retirement plans and increase the number of individuals receiving retirement benefits; insure the vested portion of unfunded liabilities against the risk of premature plan termination; raise the standards of fiscal responsibility by requiring the amortization of unfunded liabilities; set up minimum standards with respect to an employee's vesting eligibility; and establish equitable standards of plan administration.

In other words, Mr. Chairman, the adoption of this bill will encourage greater worker participation and enrollment in private pension plans, require a much higher degree of fiscal responsibility and accountability by those who are managing pension funds and practically guarantee, through the termination insurance program, that every worker entitled to a pension will not be deprived of it if, by any chance, his business fails or his employer becomes bankrupt.

Mr. Chairman, the adoption of this bill will represent the extension of but simple justice to the average American worker and his family; it will remove, especially during this most distressing economic period, the average worker's haunting fear of poverty if he has to change his employment or if he should lose it after many years of diligent production, and it will serve to reestablish the trust and confidence of millions of workers that the very, very great majority of business and Government leaders are truly and fairly concerned about their personal welfare and family progress.

Mr. Chairman, by any ordinary standard of judgment, the provisions and objectives of this measure are obviously in the national interest and I very earnestly believe they merit approval by the great majority of this House.

Mr. ANNUNZIO. Mr. Chairman, we all know that pension reform is necessary. The need is well documented and enough has already been said. Rather, I think now we should be asking ourselves whether the legislation we are considering today will provide the retirement security that this Nation's workers have been led to believe will be theirs on final passage.

I think this legislation is a giant step toward reforming the private pension system, although perhaps I am using the phrase too broadly. I would venture to say that a good number of workers will not notice or experience any significance change in the operation of their present pension plan; nor will many others wake up in the morning and suddenly find themselves participating in a pension plan. In all candor, this legislation—while of course highly significant—provides reasonable, not optimum standards. Most pension plans would already meet the participation, vesting, and funding standards called for. For instance, about 75 percent of covered workers are already permitted to start participating in their employer's plan by age 25—the age called for in the bill. Furthermore, although about 23 percent of covered workers are in plans without vesting provisions, something like four out of five workers in plans already providing some form of vesting would qualify for full vesting after 15 years of service.

The legislation before us would, however, have a noticeable and desirable effect on a significant minority of plans which have caused this legislation to be justified in the first place. What annoys me most, Mr. Chairman, is that the people who squawk the most about pension reform, are those who administer the plans which provide the least in the way of retirement security. It is with respect to these plans that the legislation is most welcomed and should have the greatest impact. The legislation will provide equity to thousands of individuals who spend their careers in useful and socially productive work, but who are unfortunately participating in plans which border on indentured servitude.

Mr. Chairman, the reason I have sponsored pension reform legislation myself stems from the years of experience that I gained as educational and legislative representative for the United Steelworkers of America after World War II and my subsequent position as director of the Illinois Department of Labor during Adlai Stevenson's governorship. I feel that I know and understand the problems of retirement security faced by our working men and women. Furthermore, I understand the importance of soundly run and administered pension plans.

I should like to point out to some of my younger colleagues that the original surge in the negotiations of pension plans came as a result of union demands for old-age security shortly after World War II. When I was with the steelworkers in 1947, the National Labor Relations Board issued the well-known Inland Steel case ruling which made pensions part of collective bargaining. The NLRB ruling went all the way to the Supreme Court in 1949. It took a nationwide strike by the steelworkers in 1949 to establish pensions for their members. We have all come a long way since then, but we can still go a long way forward from here.

I am glad to see we are finally establishing reasonable standards for private pension plans. I am particularly glad to see that the legislation before us embodies the substance of earlier bills that I have either sponsored or cosponsored.

But the provision which I am most happy to see incorporated is the termination insurance program. As far as I am concerned, the termination insurance program will provide the backbone of confidence that our workers must have in the private pension system—just as we have confidence in the safety of our personal savings in financial institutions as a result of FDIC and FSLIC. Termination insurance will eliminate the legitimate fears of thousands of our workers that the pension plan which they so desperately depend on will not pay off at retirement. It will also put an end to the actual losses which have been experienced by about 20,000 workers a year who unfortunately find out that their pension plan is unilaterally terminated without sufficient assets to pay all benefits due.

I think it is unconscionable that an employer is presently under no legal obligation to make good on his pension promise. With the exception of collectively bargained plans, an employer can alter, modify, or terminate a pension plan at any time—and for any reason. Moreover, he generally reserves the right to suspend, reduce, or discontinue payments to the plan—whether or not previous payments have been sufficient to provide all benefits earned to date. In other words, Mr. Chairman, if the pension plan is terminated, the participants and beneficiaries can only look to the accumulated assets in the pension fund for the satisfaction of their claims. Simply stated, if the assets are insufficient, claims cannot be met in full. Is that any way to run a retirement program?

Just as with vesting, the legislation before us would insure benefits earned before as well as after the effective date. I think this is extremely important in view of the uncertain economic climate, coupled with the fact that substantial numbers of workers have already "logged-in" their working careers and cannot start over again if their plan is terminated.

Mr. Chairman, there are a few other matters which I would like to briefly stress to explain why the pension reform bill we pass must include termination insurance. The general Subcommittee on Labor hearings in Chicago focused on pension plans that were terminated with insufficient funds to pay off all pension benefits. Needless to say, it was most disheartening to hear about the hardships experienced when a worker loses his pension. Responsible pension legislation must therefore include a Federal program of plan termination insurance similar to other successful Government programs which I have already mentioned, as well as those Government programs insuring housing mortgages, and protecting investors against difficulties experienced by brokerage houses.

Mr. Chairman, I do not feel that funding standards alone will adequately protect participants from a loss in benefits. For instance, the funding schedule called for in this legislation may not be met for any one of a number of reasons. Foremost among these may be the sheer inability of the employer to meet the funding schedule because of adverse business conditions. Furthermore, no funding standard alone could be expected to provide complete protection from the day of adoption or amendment of the plan since this would require full and immediate funding of all vested benefits. I should also add that we are being most generous in allowing present plans a period of 40 years to fund their past service liabilities. A lot can happen in 40 years to the financial well-being of any corporation, as we all know.

Lastly Mr. Chairman, I believe we have to reserve judgment on how effective this legislation will be. While it is of course landmark labor legislation, its true benefits will not be known for several years to come. I am glad we have had the foresight to include several studies aimed at examining the effectiveness of the legislation. One of the chief purposes of the research studies which are mandated under the bill is to ascertain the role that private pensions play in meeting the economic security needs of the Nation. The operation of private pension plans will also be studied, including the degree of reciprocity and portability, and methods of encouraging the growth of the private pension system.

But most important, Mr. Chairman, pension reform legislation will be a reality at last.

Ms. HOLTZMAN. Mr. Chairman, the bill which is before us today, the Employee Benefit Security Act of 1974, is an important and badly needed first step in the direction of pension reform. For that reason, I am supporting it. Our hard-working citizens forego higher salaries in the expectation of receiving promised pensions. They surely deserve a measure of security in their retirement years when they are no longer able to earn a living. Yet, I know I am not alone in testifying to the number of letters constituents have sent me, detailing "horror stories" of unfulfilled pension promises. Hopefully, the worst of these abuses will now become a thing of the past.

The bill will afford improved protection to long-service employees who are covered by pension plans. The vesting provisions of the bill assure an employee of full rights to this pension benefits after 10 or 15 years of employment, even if he leaves his company before retirement. In addition, the funding requirements contained in the bill will reduce the possibility of insufficient funds to pay benefits. And, as a final backup measure, the bill's termination insurance program will safeguard an employee's pension in the event that a plan is terminated due to a shut-down, mismanagement, or other cause.

We must not, however, leave the public with the impression that this bill will solve all pension problems or fulfill all pension promises. The pending legislation is an important step, but it is only one step—and a first one at that. Significant gaps remain. Certain aspects of pension promises are still a gamble, with the odds against the working man and woman. I think it is important to point out a few of these problems, both to inform the public and to begin looking down the road toward further pension reform.

First, the bill's improved vesting requirements, will not protect the large segment of our mobile work force which does not remain on the same job for 10 or 15 years. Earlier vesting rights will be required to protect these workers.

But even earlier vesting rights would not adequately protect mobile workers. Their pensions will be much lower than those received by persons who remain with the same employer until retirement. A nationwide transfer system is needed, whereby pension credits could be transferred to new employers' plans. Such a "portability" provision is sorely lacking in the pending bill and must be a key ingredient of further penison reform.

The bill does not require that participants be given access to specific information regarding investment transactions with pension funds. How, then, can they determine if their pension funds are being made in their interests?

The bill permits part-time employees to be excluded from pension coverage. This is particularly hard on women who must work part time and on our hard-pressed middle class who often work at part-time jobs in order to make ends meet.

Under the bill, an employee who takes a leave of absence or is laid off for less than 1 year may lose all accrued pension rights. This provision particularly affects workers who are periodically laid off as well as those women who must take time off for childbirth, but who cannot afford to take more than a year off.

Especially disturbing are the bill's provisions regarding survivors' benefits. Even though her husband's pension plan provides for survivors' benfits, a widow will receive those benefits only if she has been married to the participant for 5 years and if he dies after he reaches retirement age—regardless of how early his benefits were fully vested. Older widows comprise the poorest segment of our population—6 out of 10 have incomes below the poverty level. The bill does very little to correct the present, sad state of the law regarding widows' benefits.

The thousands of workers presently threatened with unemployment due to the energy crisis will derive very little comfort from this bill. Its vesting and insurance provisions will not become effective for between 2 and 3 years. Until these provisions become a reality, we will have to find ways of providing these workers with a measure of security.

These gaps in the legislation are almost impossible to detect behind the complex and technical language of the bill, and we cannot expect the public to be aware of them. The bill's disclosure provisions might have remedied this problem. But, in fact, the bill does not even require a plan manager to inform participants of gaps in coverage or how they might lose benefits. I think this kind of disclosure is important, and the bill's failure to require it is a significant omission.

Finally, it should be emphasized that three-fifths of the work force is not covered by any pension plan and will derive no benefits from today's legislation. Yet, these workers must bear the tax burden created by tax-deductible pension plans whose benefits are received by others. Future pension reform legislation must surely address itself to this problem.

Mr. SCHNEEBELI. Mr. Chairman, I have no further requests for time.

Mr. ULLMAN. Mr. Chairman, I have no further requests for time, and I yield back the balance of my time.

Mr. SCHNEEBELI. Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The time of the Committee on Ways and Means has expired.

Under the rule, it shall be in order to consider, in lieu of the committee amendment now printed in the bill H.R. 2, as one amendment in the nature of a substitute for the bill H.R. 2 the text of the bill H.R. 12906 as title I of said substitute and the text of the bill H.R. 12855 as title II of said substitute. Said substitute shall be read as an original bill for the purpose of amendment under the 5-minute rule by parts instead of by sections, and title II of said substitute shall be considered as having been read for amendment.

The Clerk will now read by parts the text of the bill H.R. 12906 as title I.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE AND TABLE OF CONTENTS

SECTION 1. This Act may be cited as the "Employee Benefit Security Act of 1974".

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TITLE I—REGULATION OF EMPLOYEE BENEFIT PLANS

Subtitle A—Policy; Definitions

FINDINGS AND DECLARATION OF POLICY

SEC. 2. (a) The Congress finds that the growth in size, scope, and numbers of employee benefit plans in recent years has been rapid and substantial; that the operational scope and economic impact of such plans is increasingly interstate; that the continued well-being and security of millions of employees and their dependents are directly affected by these plans; that they are affected with a national public interest; that they have become an important factor affecting the stability of employment and the successful development of industrial relations; that they have become an important factor in commerce because of the interstate character of their activities, and of the activities of their participants, and the employers, employee organizations, and other entities by which they are established or maintained: that a large volume of the activities carried on by such plans are affected by means of the mails and instrumentalities of interstate commerce; that owing to the lack of employee information and adequate safeguards concerning their operation, it is desirable in the interests of employees and their beneficiaries, and to provide for the general welfare and the free flow of commerce, that disclosure be made and safeguards be provided with respect to the establishment, operation, and administration of such plans; that they substantially affect the revenues of the United States because they are afforded preferential Federal tax treatment; that despite the enormous growth in such plans many employees with long years of employment are losing anticipated retirement benefits owing to the lack of vesting provisions in such plans; that owing to the inadequacy of current minimum standards, the soundness and stability of plans with respect to adequate funds to pay promised benefits may be endangered; that owing to the involuntary termination of plans before requisite funds have been accumulated, employees and their dependents have been deprived of anticipated benefits; and that it is theresite funds have been accumulated, employees and their beneficiaries, for the protection of the revenue of the United States, and to provide for the free flow of commerce, that minimum standards be provided assuring the equitable character of such plans and their financial soundness.

(b) It is hereby declared to be the policy of this title to protect interstate commerce and the interests of participants in employee benefit plans and their beneficiaries, by requiring the disclosure and reporting to participants and beneficiaries of financial and other information with respect thereto, by establishing standards of fiduciary conduct, responsibility, and obligation upon all persons who exercise any powers of control, management, or disposition with respect to employee benefit funds or have authority or responsibility to do so, or have authority or responsibility in the administration of employee benefit plans, and by providing for appropriate remedies, sanctions, and ready access to the Federal courts.

(c) It is hereby further declared to be the policy of this title to protect interstate commerce, the Federal taxing power, and the interests of participants in private pension plans and their beneficiaries by improving the equitable character and the soundness of such plans by requiring them to vest the accrued benefits of employees with significant periods of service, to meet minimum standards of funding, and by requiring plan termination insurance.

DEFINITIONS

SEC. 3. For purposes of this title:

(1) The term "employee welfare benefit plan" means any plan, fund, or program which is communicated or its benefits described in writing to the employees, and which was heretofore or is hereafter established or maintained by an employer or by an employee organization, or by both, for the purpose of (A) providing for its participants or their beneficiaries, through the purchase of insurance or otherwise, medical, surgical, or hospital care or benefits, or benefits in the event of sickness, accident, disability, death or unemployment, or vacation benefits, apprenticeship or other training programs, or day care centers, scholarship funds, or prepaid legal services, or (B) in the case of a fund subject to the restrictions of section 302(c) of the Labor Management Relations Act, 1947, providing any other benefit which may be permitted by section 302(c)(5), 302(c)(6), or 302(c)(7) of that Act.

(2) The term "employee pension benefit plan" or "pension plan" means any plan, fund, or program which is communicated or its benefits described in writing to the employees, and which was heretofore or is hereafter established or maintained by an employer or by an employee organization, or by both, if by its express terms or as a result of surrounding circumstances such plan, fund, or program results in a deferral of income by participants for periods, extending to the termination of participation or beyond, regardless of the method of calculating the contributions made to the plan, the method of calculating the benefits under the plan or the method of distributing benefits from the plan.

(3) The term "employee benefit plan" or "plan" means an employee welfare benefit

plan or an employee pension benefit plan or a plan providing both welfare and pension benefits.

(4) The term "employee organization" means any labor union or any organization of any kind, or any agency or employee representation committee, association, group, or plan, in which employees participate and which exists for the purpose in whole or in part, of dealing with employers concerning an employee benefit plan, or other matters incidental to employment relationships; or any employees' beneficiary association organized for the purpose, in whole or in part, of establishing such a plan.

(5) The term "employer" means any person acting directly as an employer or indirectly in the interest of an employer in relation to an employee benefit plan, and includes a group or association of employers acting for an employer in such capacity.

(6) The term "employee" means any individual employed by an employer.

(7) The term "participant" means any employee or former employee of an employer or any member or former member of an employee organization who is or may become eligible to receive a benefit of any type from an employee benefit plan which covers employees of such employer or members of such organization, or whose beneficiaries may be eligible to receive any such benefit.

(8) The term "beneficiary" means a person designated by a participant or by the terms of an employee benefit plan who is or may become entitled to a benefit thereunder.

(9) The term "person" means an individual, partnership, corporation, mutual company, joint-stock company, trust, unincorporated organization, association, or employee organization.

(10) The term "State" includes any State of the United States, the District of Columbia, Puerto Rico, the Virgin Islands, American Samoa, Guam, Wake Island, and the Canal Zone. The term "United States" when used in the geographic sense means the States and the Outer Continental Shelf lands defined in the Outer Continental Shelf Lands Act (43 U.S.C. 1331–1343).

(11) The term "commerce" means trade, traffic, commerce, transportation, or communication between any State and any place outside thereof.

(12) The term "industry or activity affecting commerce" means any activity, business, or industry in commerce or in which a labor dispute would hinder or obstruct commerce or the free flow of commerce and includes any activity or industry "affecting commerce" within the meaning of the Labor Management Relations Act, 1947, or the Railway Labor Act.

(13) The term "Secretary" means the Secretary of Labor.

(14) The term "party in interest" means any administrator, officer, fiduciary, trustee, custodian, counsel, or employee of any employee benefit plan, or a person providing benefit plan services to any such plan, or an employer any of whose employees are covered by such a plan or any person controlling, controlled by, or under common control with, such employer or officer or employee or agent of such employer or such person, or an employee organization having members covered by such plan, or an officer or employee or agent of such an employee organization having members covered by such plan, or a relative or partner of, or joint venturer with, any of the above described persons.

(15) The term "relative" means a spouse, ancestor, child, grandchild, brother, sister, son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law, or sister-in-law.

(16) Except as used in section 111, the term "administrator" means—

(A) the person specifically so designated by the terms of the plan, collective-bargaining agreement, trust agreement, contract, or other instrument, under which the plan is operated; or

(B) in the absence of such designation, (i) the employer in the case of an employee benefit plan established or maintained by a single employer, (ii) the employee organization in the case of a plan established or maintained by an employee organization, (iii) the association, committee, joint board of trustees, or other similar group of representatives of the parties who established or maintain the plan, in the case of a plan established or maintained by two or more employers or jointly by one or more employers and one or more employee organizations, or (iv) in any case to which clause (i), (ii), or (iii) does not apply, such other person as the Secretary may prescribe.

For purposes of section 111, the term "administrator" means a person described in subparagraph (A) or (B) (i), (ii), or (iii), or any person who under the terms of the plan has been expressly given the authority to amend the terms of the plan or the authority to compel action under the terms of the plan on the part of any person named in subparagraph (A) or (B) (i), (ii), or (iii).

(17) The term "separate account" means an account established or maintained by an insurance company under which income, gains, and losses, whether or not realized, from assets allocated to such account, are, in accordance with the applicable contract, credited to or charged against such account without regard to other income, gains, or losses of the insurance company.

(18) The term "adequate consideration" when used in section 111 means (A) in the case of a security for which there is a generally recognized market, either (i) the price of the security prevailing on a national securities exchange which is registered under section 6 of the Securities Exchange Act of 1934, or (ii) if the security is not traded on such a national securities exchange, a price not less favorable to the plan than the offering price for the security as established by the current bid and asked prices quoted by persons independent of the issuer and of any party in interest; and (B) in the case of an asset other than a security for which there is a generally recognized market, the fair market value of the asset as determined, in good faith by the trustee or administrator pursuant to the terms of the plan.

(19) The term "nonforfeitable" when used with respect to a pension benefit or right means a claim obtained by a participant or his beneficiary to that part of an immediate or deferred pension benefit, which arises from the participant's service, which is unconditional, and which is legally enforceable against the plan under State or Federal law. For purposes of this paragraph, a right to an accrued benefit derived from employer contributions shall not be treated as forfeitable merely because the plan provides that it is not payable where the participant dies (except in the case of a qualified joint and survivor annuity as provided in section 204 (c)); that payment of benefits is supended during periods when the participant has resumed employment with the employer (or, in the case of a multiemployer plan, has resumed employment in the industry before normal retirement age); or that plan amendments may be given retroactive application as provided in section 203(f) or pursuant to section 501 of this Act.

(20) The term "security" has the same meaning as such term has under section 2 (1) of the Securities Act of 1933 (15 U.S.C. 77b(1)).

(21) (A) Except as otherwise provided in subparagraph (B), a person is a fiduciary with respect to a plan to the extent (i) he exercises any discretionary authority or discretionary control respecting management of such plan or exercises any authority or control respecting management of disposition of its assets, (ii) he renders investment advice for a fee or other compensation, direct or indirect, with respect to any moneys or other property of such plan, or has any authority or responsibility to do so, or (iii) he has any discretionary authority or discretionary responsibility in the administration of such plan.

(B) If any money or other property of an employee benefit plan is invested in shares of an investment company registered under the Investment Company Act of 1940, such investment shall not by itself cause such investment company or such investment company's investment adviser or principal underwriter to be deemed to be a "fiduciary" or a "party in interest" as those terms are defined in this title, except insofar as such investment company or its investment adviser or principal underwriter acts in connection with an employee benefit plan covering employees of the investment company, the investment adviser, or its principal underwriter. Nothing contained in this subparagraph shall limit the duties imposed on such investment company, investment adviser, or principal underwriter by any other law.

(22) The term "regular retirement benefit" means only that benefit payable under a pension plan at the normal retirement age in the event of service or age related retirement and excludes other benefits related to participant disability or plan termination.

(23) The term "accrued benefit" means—

(A) in the case of a defined benefit plan, the individual's accrued benefit determined under the plan and, except as provided in section 205(d)(3), expressed in the form of an annual benefit commencing at normal retirement age, or

(B) in the case of a plan which is an individual account plan, the balance of the individual's account.

(24) The term "normal retirement age" means the earlier of—

(A) the time a plan participant attains normal retirement age under the plan, or

(B) the later of—

(i) the time a plan participant attains age 65, or

(ii) the time a plan participant has completed 10 years of participation in the plan.

(25) The term "vested liabilities" means the present value of the immediate or defered benefits available at regular retirement age for participants and their beneficiaries which are nonforfeitable.

(26) The term "current value" means fair market value where available and otherwise the fair value as determined in good faith by the trustee or administrator, assuming an orderly liquidation as of the statement date.

(27) The term "present value", with respect to a liability, means the value adjusted to reflect anticipated events. Such adjustments shall conform to such rules and regulations as the Secretary may provide.

(28) The term "normal service cost" or "normal cost" means the annual cost of future pension benefits and administrative expenses assigned, under an actuarial cost method, to years subsequent to a particular valuation date of a pension plan.

(29) The term "present value of an annuity certain" means the single sum required to pay $1 monthly annually for "N" years, assuming interest is earned at the rate "i" per annum, which term may be expressed algebraically as follows:

$$1+\left(\frac{1}{1+i}\right)+\left(\frac{1}{1+i}\right)^2+\left(\frac{1}{1+i}\right)^3+\cdots+\left(\frac{1}{1+i}\right)^{N-1}.$$

(30) The term "accrued liability" means the excess of the present value, as of a particular valuation date of a pension plan, of the projected future benefit costs and administrative expenses for all plan participants and beneficiaries over the present

value of future contributions for the normal cost of all applicable plan participants and beneficiaries.

(31) The term "unfunded accrued liability" means the excess of the accrued liability, under an actuarial cost method which so provides, over the present value of the assets of a pension plan.

(32) The term "advance funding actuarial cost method" or "actuarial cost method" means a recognized actuarial technique utilized for establishing the amount and incidence of the annual actuarial cost of pension plan benefits and expenses. Acceptable actuarial cost methods shall include the accrued benefit cost method (unit credit method), the entry age normal cost method, the individual level premium cost method, the aggregate cost method, the attained age normal cost method, and the frozen initial liability cost method. The terminal funding cost method and the current funding (pay-as-you-go) cost method are not acceptable actuarial cost methods. The Secretary shall issue regulations to further define acceptable actuarial cost methods. Regulations for purposes of this paragraph, paragraph (27), and paragraph (38) shall be effective for a plan year beginning after December 31, 1975, only if approved by the Secretary of the Treasury.

(33) The term "governmental plan" means a plan established and maintained for its employees by the Government of the United States, by the government of any State or political subdivision thereof, or by any agency or instrumentality of any of the foregoing. The term "governmental plan" also includes any plan to which the Railroad Retirement Act of 1935 or 1937 applies, and which is financed by contributions required under that Act.

(34) (A) Except as provided in subparagraphs (B) and (C), the term "church plan" means a plan established and maintained by a church or by a convention or association of churches which is exempt from tax under section 501 of the Internal Revenue Code of 1954.

(B) The term "church plan" does not include a plan—

(i) which is established and maintained primarily for the benefit of employees (or their beneficiaries) of such church or convention or association of churches who are employed in connection with one or more unrelated trades or businesses (within the meaning of section 513 of the Internal Revenue Code of 1954), or

(ii) which is a multiemployer plan, if one or more of the employers in the plan is not a church (or a convention or association of churches) which is exempt from tax under section 501 of the Internal Revenue Code of 1954.

(C) For the purposes of this paragraph, if—

(i) a plan described in subparagraph (A) was in existence on January 1, 1974, and

(ii) such plan on such date covered employees of any organization which is exempt from tax under section 501 of the Internal Revenue Code of 1954 and which is an agency of the church or convention or association of churches which established and maintained the plan,

then the employees of such agency who are at any time covered by such plan shall be treated as employees whose employer is such church or convention or association of churches, as the case may be.

(35) The term "individual account plan" means a pension plan which provides for an individual account for each participant and for benefits based solely upon the amount contributed to the participant's account, and income, expenses, gains and losses, and any forfeitures of accounts of other participants which may be allocated to such participant's account.

(36) The term "defined benefit plan" means a pension plan other than an individual account plan.

(37) The term "supplementary plan" means a pension plan which covers only participants each of whom is covered by one or more primary plans to which parts 2 and 3 of subtitle B of this title apply. For purposes of this paragraph, the term "primary plan" means a pension plan which is designed to provide a life annuity (or equivalent annuity) as determined by the Secretary, which commences not later than age 65 and which provides an annual benefit (or the equivalent) in an amount not less than 2.0 percent of the final five-year average annual compensation for the participant times the number of his years of covered service (determined under regulations of the Secretary).

(38) (A) The term "multiemployer plan" means a plan—

(i) to which more than one employer is required to contribute,

(ii) which is maintained pursuant to a collective bargaining agreement between employee representatives and more thán one employer,

(iii) under which the amount of contributions made under the plan for a plan year by each employer making such contributions is less than 50 percent of the aggregate amount of contributions made under the plan for that plan year by all employers making such contributions, and

(iv) which satisfies such other requirements as the Secretary may by regulations prescribe.

(B) For purposes of this paragraph—

(i) If a plan is multiemployer plan within the meaning of subparagraph (A) for any plan year, clause (iii) of subparagraph (A) shall be applied by substituting "75 percent" for "50 percent" for each subsequent plan year until the first plan year following a plan year in which the plan had one employer who made contributions of 75 percent or more of the aggregate amount of contributions made under the plan for that plan year by all employers making such contributions.

(ii) All corporations which are members of a controlled group of corporations (within the meaning of section 1563(a) of the Internal Revenue Code of 1954, determined without regard to section 1563(e) (3) (C) of such Code) shall be deemed to be one employer.

(9) The term "investment manager" means any fiduciary (other than a trustee or administrator) who has the power to manage, acquire, or dispose of any asset of a plan and who—

(A) is registered as an investment adviser under the Investment Advisers Act of 1940; or is a bank, as defined in that Act, and

(B) has acknowledged in writing that he is a fiduciary with respect to the plan.

Subtitle B—Regulatory Provisions

PART 1—FIDUCIARY RESPONSIBILITY AND DISCLOSURE

COVERAGE

SEC. 101. (a) Except as provided in subsection (b) this part shall apply to any employee benefit plan if it is established or maintained: (1) by any employer engaged in commerce or in any industry or activity affecting commerce, or (2) by any employee organization in which employees engaged in commerce or in any industry or activity affecting commerce participate, or (3) by both.

(b) This part shall not apply to an employee benefit plan if—

(1) such plan is a governmental plan (as defined in section 3(33));

(2) such plan is a church plan (as defined in section 3(34)) with respect to which no election has been made under section 201(c);

(3) such plan was established and is maintained solely for the purpose of complying with applicable workmen's compensation laws or unemployment compensation disability insurance laws;

(4) such plan is established and maintained outside the United States primarily for the benefit of persons who are not citizens of the United States, or

(5) such plan is unfunded and is maintained by an employer primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees.

DUTY OF DISCLOSURE AND REPORTING

SEC. 102. (a) The administrator of an employee benefit plan shall cause to be published in accordance with section 105 to each participant or beneficiary covered thereunder: (1) a description of the plan, and (2) the information described in sections 105 (b) (3) and 106(e). Such description and the annual report of the plan shall contain the information required by sections 103 and 104 of this Act, shall be published in accordance with section 105, and shall be in such form and detail as necessary to fully and fairly disclose all pertinent facts.

(b) The Secretary shall require the filing of special terminal reports respecting an employee pension benefit plan which is winding up its affairs, and he may require such a report respecting any employee welfare benefit plan which is winding up its affairs. Such reports shall be on such forms and filed in such manner as the Secretary may by regulation prescribe. A report respecting a pension plan shall be required to be filed regardless of the number of participants remaining in the plan.

(c) The Secretary may by regulation require that the administrator of any employee benefit plan furnish to each participant or his surviving beneficiary a statement of the rights of participants and beneficiaries under this title.

DESCRIPTION OF THE PLAN

SEC. 103. (a) A description of any employee benefit plan shall be published as required herein within one hundred and twenty days after the establishment of such plan or within one hundred and twenty days after such plan becomes subject to the part, whichever is later.

(b) The description of the plan shall be comprehensive and shall be written in a manner calculated to be understood by the average plan participant and shall include the name and type of administration of the plan; the name and address of the administrator; names, titles, and addresses of any trustee or trustees (if they are persons different from the administrator); a description of any relevant collective-bargaining agreement in which the plan is mentioned; the plan's requirements respecting eligibility for participation and benefits; the schedule of benefits; a description of the provisions providing for nonforfeitable pension benefits; the source of the financing of the plan and the identity of any organization through which benefits are provided; whether the records of the plan are kept on a calendar year basis, or on a policy or other fiscal year basis, and if on the latter basis, the date of the end of such policy or fiscal year; the procedures to be followed in presenting claims for benefits under the plan and the remedies available under the plan for the redress of claims which are denied in whole or in part. All amendments to the plan shall be included in the description on and after the effective date of such amendments.

ANNUAL REPORTS

SEC. 104. (a) (1) An annual report shall be published with respect to any employee benefit plan to which this part applies. Such report shall be published as required under section 105, within two hundred and seventy days after the end of the calendar, policy, or fiscal year on which the records of the plan are kept (hereafter in this title referred to as "plan year" or "fiscal year of the plan").

(2) If some or all the benefits under the plan are provided by an insurance carrier or other organization, such carrier or organization shall certify to the administrator of such plan, within one hundred and eighty days after the end of the fiscal year of the plan, such information as is necessary to enable such administrator to comply with the requirements of this title. If some or all of the information necessary to enable the administrator to comply with the requirements of this title is maintained by one or more persons described in section 3(16)(B) (i), (ii), or (iii), such person or persons shall transmit such information to the administrator within one hundred and eighty days after the end of the fiscal year of the plan.

(3)(A) Except as provided in subparagraph (B), the administrator of an employee benefit plan shall engage, on behalf of all plan participants, an independent qualified public accountant, who shall conduct an examination of the financial statements of the plan as he may deem necessary to enable him to form an opinion as to whether the financial statements required to be included in the annual report by subsection (b) of this section are presented fairly in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year. Such examination shall be conducted in accordance with generally accepted auditing standards, and shall involve such tests of the books and records of the plan as are considered necessary by the independent qualified public accountant. The independent qualified public accountant shall also submit a report as to whether the supplementary financial data specified in subsection (b)(3) of section 105 presents fairly in all material respects the information contained therein when considered in conjunction with the financial statements taken as a whole. The opinion by the independent qualified public accountant shall be made a part of the annual report.

(B) The opinion required by subparagraph (A) need not be expressed as to any statements prepared by a bank or similar institution or insurance carrier as required by subparagraph (G) of paragraph (b)(3) of this section if such statements are certified by the bank, similar institution, or insurance carrier as accurate and are made a part of the annual report.

(C) For purposes of subparagraph (A) of this paragraph, section 105(a)(3), and section 114(a), the term "qualified public accountant" means—

(i) a person who is a certified public accountant, certified by a regulatory authority of a State,

(ii) a person who is a licensed public accountant, licensed on or before December 31, 1973, by a regulatory authority of a State, or

(iii) with respect to audits performed before January 1, 1976, any other person who meets, in the opinion of the Secretary, standards of education and experience which are representative of the highest prescribed by the licensing authorities of the several States which provide for the continuing licensing of public accountants and which are prescribed by the Secretary in appropriate regulations;

except that if the Secretary deems it necessary in the public interest, he may prescribe by regulation higher standards than those required for the practice of public accountancy by the regulatory authorities of the States, and a person shall be considered a qualified public accountant for purposes of subparagraph (A), section 105(a)(3), and section 114(a) only if he meets such standards.

(4)(A) The administrator of an employee benefit plan subject to the reporting requirement of subsection (d) of this section shall engage, on behalf of all plan participants, an enrolled actuary who shall supervise the computation of the "present value of accrued benefits" and "accrued benefits" required under subsection (b)(2) of this section and shall supervise the preparation of the materials comprising the actuarial statement required under subsections (d) and (g) of this section.

(B) The enrolled actuary shall utilize such assumptions and techniques as are necessary to enable him to form an opinion as to whether the contents of the matters reported under subsection (d) of this section—

(i) are reasonably related to the experience of the plan and to reasonable expectations; and

(ii) utilize assumptions which in combination, offer his single best estimate of anticipated experience under the plan.

The opinion by the enrolled actuary shall be made with respect to, and shall be made a part of, each annual report.

(C) For purposes of subparagraph (A) of this paragraph, section 105(a)(3), and section 114(a), the term "enrolled actuary" means an actuary enrolled under this subparagraph. The Secretary shall, by regulations, establish reasonable standards and qualifications for individuals performing actuarial services described in subparagraph (A) and section 105(a)(3). Upon application by any individual, the Secretary shall enroll such individual if the Secretary finds that such individual satisfies such standards and qualifications. With respect to individuals applying for enrollment before January 1, 1976, such standards and qualifications shall include a requirement for an appropriate period of responsible actuarial experience or of responsible experience in the administration of pension plans. With respect to individuals applying for enrollment on or after January 1, 1976, such standards and qualifications shall include—

(i) education and training in actuarial mathematics and methodology, as evidenced by—

(I) a degree in actuarial mathematics or its equivalent from an accredited college or university, or

(II) successful completion of an examination in actuarial mathematics and methodology to be given by the Secretary, or

(III) successful completion of other actuarial examinations deemed adequate by the Secretary, and

(ii) an appropriate period of responsible actuarial experience.

The Secretary may, after notice and an opportunity for a hearing, suspend or terminate the enrollment of an individual under this subparagraph if the Secretary finds that such individual does not satisfy the requirements for enrollment which were in effect at the time of his application for enrollment. Regulations prescribed for purposes of this subparagraph shall be effective after December 31, 1975, only if approved by the Secretary of the Treasury.

(b) A report under this section shall include a financial statement containing the following information:

(1) With respect to an employee welfare benefit plan: a statement of assets and liabilities; a statement of revenues and expenses for the period aggregated by general sources and applications; a statement of changes in fund balance; and a statement of changes in financial position. In the notes to financial statements, disclosures concerning the following items shall be considered by the accountant: a description of the plan including any significant changes in the plan made during the period and the impact of such changes on benefits; a description of material lease commitments and contingent liabilities; a description of agreements and transactions with persons known to be parties in interest; a general description of priorities upon termination of the plan; information concerning whether or not a tax ruling or determination letter has been obtained; and any other matters necessary to fairly present the financial statements of a particular welfare benefit fund.

(2) With respect to an employee pension benefit plan: a statement of assets and liabilities including with respect to any employee benefit plan subject to the reporting requirements of subsection (d) of this section the estimated actuarially determined present value of accrued benefits to be paid under the plan as calculated by an enrolled actuary and aggregated by the termination distribution categories enumerated in section 112; and a statement of changes in net assets available for plan benefits which shall include details of revenues and expenses and other changes aggregated by general source and application. In the notes to financial statements, disclosures concerning the following items shall be considered by the accountant: a description of the plan including any significant changes in the plan made during the period; the funding policy (including policy with respect to prior service cost), and any changes in such policies during the year; the most recent valuation date used to compute the present value of accrued benefits and the actuarial cost methods and assumptions; a description of any significant changes in plan benefits made during the period and the impact of such changes on the present value of accrued benefits; a description of material lease commitments, other commitments, and contingent liabilities; agreements and transactions with persons known to be parties in interest; a general description of priorities upon termination of the plan; information concerning whether or not a tax ruling or determination letter has been obtained; and any other matters necessary to fully and fairly present the financial statements of a particular pension benefit fund.

(3) With respect to all employee benefit plans:

(A) a statement of the assets and liabilities of the fund aggregated by categories and valued at their current value, as well as the same data, displayed in comparative form for the end of the previous fiscal year of the plan;

(B) a statement of receipts and disbursements during the preceding twelve-month period aggregated by general sources and applications;

(C) a schedule of all assets held for investment purposes aggregated and identified by issuer, borrower, or lessor or similar party to the transaction, maturity date, rate of interest, collateral, par or maturity value, cost, and current value;

(D) a schedule of each transaction involving a person known to be party in interest, the identity of such party in interest and his relationship to the plan, employer, employee, or other person, a description of each asset to which the transaction relates; the purchase or selling price in case of a sale or purchase, the rental in case of a lease, or the interest rate and maturity date in case of a loan; expenses incurred in connection with the transaction; the cost of the asset, the current value of the asset, and the net gain (or loss) on each transaction;

(E) a schedule of all loans made from the fund which were in default as of the close of the plan's fiscal year or were classified during the year as uncollectable and the following information with respect to each loan on such schedule: the original principal amount of the loan, the amount of principal and interest received during the reporting year, the unpaid balance, the identity and address of the obligor, a detailed description of the loan (including date of making and maturity, interest rate, the type and value of collateral, and other material terms), the amount of principal and interest overdue (if any) and an explanation thereof;

(F) a list of all leases which were in default or were classified during the year as uncollectable; and the following information with respect to each lease on such schedule: the type of property leased (and, in the case of fixed assets such as land, buildings, leasehold, and so forth, the location of the property), the identity of the lessor or lessee from or to whom the plan is leasing, the relationship of such lessors and lessees, if any, to the plan, the employer, employee organization, or any other party in interest, the terms of the lease regarding rent, taxes, insurance, repairs, expenses, and renewal options; the date the leased property was purchased and its cost, the date the property was leased and its approximate value at such date, the gross rental receipts during the reporting period, expenses paid for the leased property during the reporting period, the net receipts from the lease, the amounts in arrears, and a statement as to what steps have been taken to collect amounts due or otherwise remedy the default;

(G) if some or all of the assets of a plan or plans are held in a common or collective trust maintained by a bank or similar institution or in a separate account maintained by an insurance carrier or a separate trust maintained by a bank as trustee, the report shall include the most recent annual statement of assets and liabilities of such common or collective trust, and in the case of a separate account or a separate trust, such other information as is required by the administrator in order to comply with this subsection. In such case the bank or similar institution or insurance carrier shall certify to the administrator of such plan or plans, within one hundred and eighty days after the end of each fiscal year of the plan the information necessary to enable the plan administrator to comply with the requirements of this part; and

(H) a schedule of each transaction (or transactions) involving an amount (or the aggregate amount resulting from multiple transactions with or in conjunction with a person during the plan year) which exceeds the lesser of $300,000 or 3 per centum of the value of the fund, the name of such person and a description of each asset to which the transaction applies; the purchase or selling price in case of a sale or purchase, the rental in case of a lease, or the interest rate and maturity date in case of a loan; expenses incurred in connection with the transaction; the cost of the asset, the current value of the asset, and the net gain (or loss) on each transaction.

(c) The administrator shall furnish as a part of report under this section the following information: the average number of employees covered by the plan; the name and address of each fiduciary; the name of each person who received compensation in excess of $5,000 from the fund during the preceding year for services rendered to the plan or its participants, the amount of such compensation, the nature of his services to the plan or its participants, his relationship to the employer of the employees covered by the plan, or the employee organization, and any other office, position, or employment he holds with any party in interest; and an explanation of the reason for any change in appointment of trustee, qualified public accountant, insurance carrier, actuary, administrator, investment manager, or custodian.

(d) With respect to an employee pension benefit plan (other than (A) a profit sharing, savings, or other plan, which is an individual account plan, or (B) a plan described in section 301(d)), a report under this section for a plan year to which part 2 or part 3 of this subtitle (or both) apply shall include an actuarial statement applicable to the plan year which shall include the following:

(1) The number of years the plan has been in effect, the date of the plan year, and the date of the actuarial valuation applicable to the plan year for which the report is filed. An actuarial valuation shall be made no less frequently than every three years.

(2) The date and amount of the contribution (or contributions) made by the plan for the plan year for which the report is filed and contributions for prior plan years not previously reported.

(3) A complete copy of the actuarial report, including the following information applicable to the plan year for which the report is filed: the amount of the minimum contribution, the normal costs, accrued liabilities, present value of accrued nonforfeitable benefits; value of assets; an identification of benefits not included in the calculations; and a statement of the other facts and actuarial assumptions used in the calculation of the minimum contribution required under section 302 and a justification for any change in actuarial assumptions or cost methods.

(4) The number of participants and beneficiaries, both retired and nonretired covered by the plan.

(5) The current value of the assets accumulated in the fund, and the present value of the assets of the plan used by the actuary in any computation of the amount of contributions to the plan required under section 302 and a statement explaining the basis of such asset valuation.

(6) The present value of all of the plan's liabilities for nonforfeitable pension benefits allocated by the termination priority categories as set forth in section 112(b) and the actuarial assumptions used in these computations. The Secretary shall establish regulations defining (for purposes of this section) "termination priority categories" and acceptable methods, including approximate methods, for allocating the plan's liabilities to such termination priority categories.

(7) The ratio of (A) the current value of the assets (as set forth in paragraph (5)) allocated to each termination priority category as set forth in section 112(b) to (B) the liabilities (as set forth in paragraph (6)) allocated to each such termination priority category.

(8) In the case of a plan to which section 302 applies a statement of the amount, if any, by which the aggregate contributions made since section 302 first applied to the plan either exceed or fall below the aggregate contributions required in order for the plan to meet the funding requirements of section 302.

(9) A copy of the opinion required by subsection (a)(4).

(10) Such other information as may be necessary to fully and fairly disclose the actuarial positions of the fund.

The actuary shall make an actuarial valuation of the plan for every third plan year, unless he determines that a more frequent valuation is necessary to support his opinion under subsection (a)(4) of this section.

(e) If some or all of the benefits under the plan are purchased from and guaranteed by an insurance company, a report under this section shall include a statement from such insurance company covering the fiscal year and enumerating—

(1) total premiums received from the plan;

(2) the amount paid in the form of benefits;

(3) the amount charged on account of administrative expense;

(4) the amount of any commissions or any other acquisition costs paid by the insurance company and to whom paid; and

(5) the amount held to pay future benefits.

(f) If the only assets from which claims against an employee benefit plan may be paid are the general assets of an employer or an employee organization, the report shall include (for each of the past five years) the benefits paid and the average number of employees eligible for participation.

(g) In the event of termination of any employee pension benefit plan the annual report of such plan for the year shall include any supplementary information required to be filed with the Secretary by section 102(b).

PUBLICATION

SEC. 105. (a)(1) The administrator of any employee benefit plan subject to this part shall, within 270 days after the close of each fiscal year of the plan, file with the Secretary a copy of the plan description and each annual report. The Secretary shall make copies of such descriptions and annual reports available for inspection in the public document room of the Department of Labor. The Secretary—

(A) shall exempt from the annual filing requirement of this paragraph any employee benefit plan with fewer than twenty-six participants.

(B) may exempt from such filing requirement any other class or type of employee benefit plan with fewer than one hundred participants, if the Secretary finds that the application of such requirement to such other plans is not required to implement the purposes of this title, and

(C) may by regulation, as to any class or type of employee welfare benefit plan, grant an exemption from all or part of the reporting, disclosure, and publication requirements of this part.

(2) The Secretary may reject any filing under this section:

(A) after notice, hearing, and a determination on the record by the Secretary that such filing is incomplete for purposes of this part; or

(B) if he finds after notice and opportunity for presentation of views, that there is any material qualification by an accountant or actuary contained in an opinion submitted pursuant to section 104(a)(3)(A) or section 104(a)(4)(B).

(3) If the Secretary rejects a filing of a report under paragraph (2), if a revised report satisfactory to the Secretary is not submitted within forty-five days after the Secretary makes his determination under paragraph (2) to reject the filing, and if the Secretary deems it in the best interest of the participants, he may take any one or more of the following actions:

(A) Retain an independent qualified public accountant (as defined in section 104(a)(3)(C)) on behalf of the participants to perform an audit.

(B) Retain an enrolled actuary (as defined in section 104(a)(4)(C) of this Act) to make an actuarial report.

(C) Bring a civil action for such legal or equitable relief as may be appropriate to account for or safeguard the assets of the plan.

The Administrator shall permit such accountant, auditor, or actuary to inspect whatever books and records of the plan are necessary for such audit. The plan shall be liable to the Secretary for the expenses for such audit or report; and the Secretary may bring an action against the plan in any court of competent jurisdiction to recover such expenses.

(b) Publication of the plan descriptions and annual reports required by this part shall be made to participants and beneficiaries of the particular plan as follows:

(1) The administrator shall furnish to each plan participant or his beneficiaries a copy of the plan description (including all amendments or modifications thereto). Such description shall be furnished—

(A) to a plan participant within thirty days after he commences covered employment (or in the case of a plan to which more than one employer is required to contribute, within ninety days after he commences covered employment), and

(B) to all plan participants at least once every five years.

If there is any material modification in the terms of the plan, a description of such modification shall be furnished not later than one year after the modification takes effect.

(2) The administrator shall make copies of the latest annual report (except the information described in sections 106(a) and (c)) and the bargaining agreement, trust agreement, contract, or other instruments under which the plan was established and is operated available for examination by any plan participant or beneficiary in the principal office of the administrator and in such other places as may be necessary to fully and fairly disclose all pertinent facts to all participants.

(3) Within two hundred and seventy days after the close of the fiscal year of the plan, the administrator shall furnish to each participant, or his beneficiaries, a copy of the statements and schedules for such fiscal year, described in subparagraphs (A) and (B) of paragraph 104(b)(3) and paragraphs (5), (6), and (7) of subsection 104(d), and such other material as is necessary to fairly summarize the latest annual report.

(4) The administrator shall, upon written request of any participant or beneficiary, furnish a complete copy of the latest annual report (except the information described in sections 106 (a) and (c)), the bargaining agreement, trust agreement, contract, or other instruments under which the plan is established and operated. The administrator may make a reasonable charge to cover the cost of furnishing such complete copies. The Secretary may by regulation prescribe the maximum amount which will constitute a reasonable amount under this paragraph.

REPORTING OF PARTICIPANT'S BENEFIT RIGHTS

SEC. 106. (a) Each pension plan which files a report under section 105(a) for a plan year beginning after December 31, 1975, shall include in such report the following information:

(1) The name and social security number of each participant in the plan—

(A) who, during such plan year, separated from the service covered by the plan,

(B) who is entitled to a deferred nonforfeitable benefit under the plan as of the end of such plan year, and

(C) with respect to whom retirement benefits were not paid under the plan during such plan year.

(2) The nature, amount, and form of the deferred nonforfeitable benefit to which such participant is entitled.

(3) Such other information as the Secretary may require.

At the time he files the information under this subsection, the administrator shall furnish evidence satisfactory to the Secretary that he has complied with the requirement contained in subsection (e).

(b) Any administrator required to submit information under subsection (a) shall also notify the Secretary, at such time as may be prescribed by regulations, of—

(1) any change in the name of the plan,

(2) any change in the name or address of the administrator,

(3) the termination of the plan, or

(4) the merger or consolidation of the plan with any other plan or its division into two or more plans.

(c) To the extent provided in regulations prescribed by the Secretary, the Secretary may receive from—

(1) any plan to which subsection (a) applies, and

(2) any other plan (including any governmental plan or church plan), such information (including information relating to plan years beginning before January 1, 1974) as the administrator may wish to file with respect to the deferred nonforfeitable benefit rights of any participant separated from the service covered by the plan during any plan year.

(d) The Secretary shall transmit copies of any statements, notifications, reports, or other information obtained by him under this section to the Secretary of Health, Education, and Welfare.

(e) Each plan administrator required to submit information under subsection (a) shall, before the expiration of the time prescribed for the filing of such information, also furnish to each participant described in subsection (a)(1) an individual statement setting forth the information with respect to such participant required to be contained in information submitted to the Secretary under subsection (a)(2).

(f)(1) The Secretary, after consultation with the Secretary of Health, Education, and Welfare, may prescribe such regulations as may be necessary to carry out the provisions of this section. Any such regulations shall be effective with respect to plan years beginning after December 31, 1975, only if approved by the Secretary of the Treasury.

(2) This section shall apply to a plan to which more than one employer is required to contribute only to the extent provided in regulations prescribed under this subsection.

REPORTS MADE PUBLIC INFORMATION

SEC. 107. (a) Except as provided in subsection (b), the contents of the descriptions and reports filed with the Secretary pursuant to this part shall be public information, and the Secretary shall make any such information and data available for inspection in the public document room of the Department of Labor. The Secretary may use the information and data for statistical and research purposes, and compile and publish such studies, analyses, reports, and surveys based thereon as he may deem appropriate.

(b) Information described in section 106 (a) and 106(c) with respect to a participant may be disclosed only to the extent that information respecting that participant's benefits under title II of the Social Security Act may be disclosed under such Act.

RETENTION OF RECORDS

SEC. 108. Every person subject to a requirement to file any description or report or to certify any information therefor under this title or who would be subject to such a requirement but for an exemption under section 105(a)(1) (A), (B), or (C) of this title shall maintain records on the matters of which disclosure is required which will provide in sufficient detail the necessary basic information and data from which the documents thus required may be verified, explained, or clarified, and checked for accuracy and completeness, and shall include vouchers, worksheets, receipts, and applicable resolutions, and shall keep such records available for examination for a period of not less than six years after the filing date of the documents based on the information which they contain, or six years after the date on which such documents would have been filed but for an exemption under section 105(a) (1) (A), (B), or (C).

RELIANCE ON ADMINISTRATIVE INTERPRETATIONS

SEC. 109. In any criminal proceeding under section 503 based on any act or omission in alleged violation of sections 102 through 110 of this Act, no person shall be subject to any liability or punishment for or on account of the failure of such person to (1) comply with sections 102 through 110 of this Act if he pleads and proves that the act or omission complained of was in good faith, in conformity with, and in reliance on any regulation or written ruling of the Secretary, or (2) publish and file any information required by any provision of this part if he pleads and proves that he published and filed such information in good faith, and in conformity with any regulation or written ruling of the Secretary issued under this part regarding the filing of such reports. Such a defense, if established, shall be a bar to the action or proceeding, notwithstanding that (A) after such act or omission, such interpretation or opinion is modified or rescinded or is determined by judicial authority to be invalid or of no legal effect, or (B) after publishing or filing the description and annual reports, such publication or filing is determined by judicial authority not to be in conformity with the requirements of this part.

BONDING

SEC. 110. (a) Every fiduciary of an employee benefit plan and every person who handles funds or other property of such a plan shall be bonded as provided in this section; except that—

(1) where such plan is one under which the only assets from which benefits are paid are the general assets of a union or of an employer, the administrator, officers, and employees of such plan shall be exempt from the bonding requirements of this section, and

(2) no bond shall be required of a fiduciary (or of any director, officer, or employee of such fiduciary) if such fiduciary—

(A) is a corporation organized and doing business under the laws of the United States or of any State;

(B) is authorized under such laws to exercise trust powers or to conduct an insurance business;

(C) is subject to supervision or examination by Federal or State authority; and

(D) has at all times a combined capital and surplus in excess of such a minimum amount as may be established by regulations issued by the Secretary, which amount shall be at least $500,000.

The amount of such bond shall be fixed at the beginning of each fiscal year of the plan. Such amount shall be not less than 10 per centum of the amount of funds handled, determined as provided in this section; but except that any such bond shall be in at least the amount of $1,000 and no such band shall be required in an amount in excess of $500,000, except that the Secretary, after due notice and opportunity for hearing to all interested parties, and after consideration of the record, may prescribe an amount in excess of $500,000, which in no event shall exceed 10 per centum of the funds handled. For purposes of fixing the amount of such bond, the amount of funds handled shall be determined by the funds handled by the person, group, or class to be covered by such bond and by their predecessor or predecessors, if any, during the preceding reporting year, or if the plan has no preceding reporting year, the amount of funds to be handled during the current reporting year by such person, group, or class, estimated as provided in regulations of the Secretary. Such bond shall provide protection to the plan against loss by reason of acts of fraud or dishonesty on the part of such administrator, officer, or employee, directly or through connivance with others. Any bond shall have as surety thereon a corporate surety company which is an acceptable surety on Federal bonds under authority granted by the Secretary of the Treasury pursuant to sections 6 through 13 of title 6, United States Code. Any bond shall be in a form or of a type approved by the Secretary, including individual bonds or schedule or blanket forms of bonds which cover a group or class.

(b) It shall be unlawful for any administrator, officer, or employee to whom subsection (a) applies, to receive, handle, disburse, or otherwise exercise custody or control of any of the funds or other property of any employee benefit plan, without being bonded as required by subsection (a) and it shall be unlawful for any administrator, officer, or employee of such plan, or any other person having authority to direct the performance of such functions, to permit such functions, or any of them, to be performed by any such person, with respect to whom the requirements of subsection (a) have not been met.

(c) It shall be unlawful for any person to procure any bond required by subsection (a) from any surety or other company or through any agent or broker in whose business operations such plan or any party in interest in such plan has any control or significant financial interest, direct or indirect.

(d) Nothing in any other provision of law shall require any person, required to be bonded as provided in subsection (a) because he handles funds or other property of an employee benefit plan, to be bonded insofar as the handling by such person of the funds or other property of such plan is concerned.

(e) The Secretary shall from time to time issue such regulations as may be necessary to carry out the provisions of this section. When, in the opinion of the Secretary, the administrator of a plan offers adequate evidence of the financial responsibility of the plan, or that other bonding requirements would provide adequate protection of the beneficiaries and participants, he may exempt such plan from the requirements of this section.

FIDUCIARY RESPONSIBILITY

Sec. 111. (a)(1) Every employee benefit plan shall be established pursuant to a written plan, which shall identify and appoint (or provide for the identification and appointment of) an administrator or administrators. The administrator (in the case of a plan with a single administrator) or the administrators (in the case of a plan with more than one administrator) shall be deemed to have full authority and responsibility for the operation of such employee benefit plan including the authority (i) to establish a funding policy and method consistent with the objectives of the plan, and (ii) to amend such plan (except with respect to contribution rates) where such an amendment is necessary to meet the requirements of this title or where such an amendment is necessary to protect the interests of the participants. Except as provided in section 112 of this title or in paragraph (2) of this subsection, the assets of such a plan shall never inure to the benefit of any employer and shall be held for the exclusive purposes of providing benefits to participants in the plan and their beneficiaries and defraying reasonable expenses of administering the plan. Nothing in this title shall prohibit any person or group of persons from serving as both trustee and administrator for any plan. Notwithstanding any provision of this paragraph, a plan may provide that—

(A) an administrator or trustee may employ any person to provide investment advice with regard to any assets of a plan; and

(B) an administrator, or a trustee at the written direction of the administrator, may appoint an investment manager or managers to manage (including the power to acquire and dispose of) any assets of a plan. Where an investment manager or managers have been so appointed—

(i) no trustee shall be liable for the acts or omissions to act of such investment manager or managers, or be under an obligation to invest or otherwise manage any asset of the plan which is subject to the management of the investment manager; and

(ii) no administrator shall be liable for the acts or omissions to act of such investment manager or managers if such administrator meets the requirements of subsection (b)(1) of this section in selecting and retaining such investment manager.

Nothing in this subparagraph shall relieve any trustee or administrator of any liability under this section for any act of such trustee or administrator.

(2) A contribution—

(A) which is made by an employer as a mistake of fact, or

(B) which is conditioned upon approval by the Secretary of the Treasury or his delegate of the deduction of the contribution under section 401 of the Internal Revenue Code of 1954, in a case in which the deduction is not approved,

may be returned to the employer within one year after the payment of the contribution.

(b)(1) A fiduciary shall discharge his duties with respect to a plan solely in the interest of the participants and beneficiaries and—

(A) for the exclusive purpose of:

(i) providing benefits to participants and their beneficiaries; and

(ii) defraying reasonable expenses of administering the plan;

(B) with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims;

(C) by diversifying the investments so as to minimize the risk of large losses unless under the circumstances it is prudent not to do so; and

(D) in accordance with the documents and instruments governing the plan insofar as is consistent with this title.

(2) Except as permitted under subsection (a)(2) of this section, a fiduciary with respect to a plan shall not—

(A) deal with the assets of the plan for his own account,

(B) in his individual or any other capacity act in any transaction involving the plan on behalf of a party whose interests are adverse to the interests of the plan or the interests of its participants or beneficiaries,

(C) receive any consideration for his own personal account from any party dealing with such plan in connection with a transaction involving the assets of the plan,

(D) permit the transfer of any property of the plan to or its use by any person known to be a party in interest, except in return for no less than adequate consideration, or

(E) permit the acquisition of any property or services from any person known to be a party in interest, except in exchange for no more than adequate consideration.

(3) In the case of an individual account plan which is a profit-sharing, stock bonus, or thrift and savings plan, the diversification requirement of subparagraph (C) of paragraph (1) of this subsection and the prudence requirement (to the extent that it requires diversification) of subparagraph (B) of paragraph (1) of this subsection is not violated by acquisition or retention of:

(A) Parcels of real property if:

(i) a substantial number of the parcels are dispersed geographically;

(ii) each parcel of real estate and the improvements thereon are suitable (or adaptable without excessive cost) for more than one use;

(iii) even if all of such real property is leased to one lessee (which may be a party in interest); and

(iv) such acquisition and retention otherwise complies with the provisions of this part; or

(B) Securities issued by an employer or a corporation controlling, controlled by, or under common control with the employer.

The preceding sentence shall only apply if such plan explicitly provides for acquisition or retention of such real property or securities, except that it shall apply until the expiration of one year from the effective date of this part to such plans which are in existence on the date of enactment and which acquire or retain such real property or securities without explicit provision in the plan.

(c) Nothing in this section shall be construed to prohibit any fiduciary from—

(1) receiving any benefit to which he may be entitled as a participant or beneficiary in the plan under which the fund was established, so long as the benefit is computed and paid on a basis which is consistent with the terms of the plan as applied to all other participants and beneficiaries;

(2) receiving any reasonable compensation for services rendered, or for the reimbursement of expenses properly and actually incurred, in the performance of his duties with the fund; except that no person so serving who already receives full-time pay from an employer or an association of employers, whose employees are participants in the plan under which the fund was established, or from an employee organization whose members are participants in such plan shall receive compensation from such fund, except for reimbursement of expenses properly and actually incurred and not otherwise reimbursed; or

(3) serving as a fiduciary in addition to being an officer, employee, agent, or other representative of a party in interest.

(d) Any person who is a fiduciary with respect to a plan who breaches any of the responsibilities, obligations, or duties imposed upon fiduciaries by this title shall be personally liable to make good to such plan any losses to the fund resulting from each breach, and to restore to such plan any profits of such fiduciary which have been made through use of assets of the fund by the fiduciary and shall be subject to such other equitable or remedial relief as the court may deem appropriate, including removal of such fiduciary. A fiduciary may also be removed for a violation of section 113 of this Act.

(e) All assets of any employee benefit plan (other than any contract for the payment of annuities which is guaranteed by an insurance company and not issued to a trustee of the plan) shall be held in trust by one or more trustees. Such trustee or trustees shall either be named in the trust instrument or appointed by the administrator or administrators and, upon acceptance of their appointment, shall have exclusive authority and discretion to manage, and exclusive control of, the assets of the plan (subject to proper directions of the administrator which are made under the terms of the plan and which are not contrary to this title and except to the extent that authority to manage, acquire, or dispose of assets of the plan is delegated to one or more investment managers). If the assets of a plan are held by two or more trustees—

(1) each shall use reasonable care to prevent a cotrustee from committing a breach, notwithstanding language to the contrary in the trust agreement; and

(2) they shall jointly manage and control the assets of the trust, except that nothing in this paragraph (2) shall preclude any agreement authorized by the trust instrument allocating specific responsibilities, obligations, or duties among trustees, in which event a trustee to whom certain responsibilities, obligations, or duties have not been allocated shall not be liable by reason of this paragraph (2) either individually or as a trustee for any loss resulting to the fund arising from the acts or omissions to act on the part of another trustee to whom such responsibilities, obligations, or duties have been allocated, unless the trustee to whom the responsibilities, obligations, or duties were not allocated participated knowingly in the activities constituting a breach of the specific responsibilities, obligations, or duties allocated to any other trustee.

(f) No fiduciary shall be liable with respect to a breach of fiduciary duty under this title if such breach was committed before he became a fiduciary or after he ceased to be a fiduciary.

(g) Except as provided in subsections (a) (1) (B) and (e) (2) of this section, any provision in an agreement or instrument which purports to relieve a fiduciary from responsibility, obligation, or duty under this part shall be void as against public policy.

(h) No action may be commenced under subsection (d) of this section with respect to a fiduciary's breach of any responsibility, duty, or obligation, or with respect to a violation of section 113, after the earlier of—

(1) six years after (A) the date of the last action which constituted a part of the breach or violation, or (B) in the case of an omission, the latest date on which the fiduciary could have cured the breach or violation, or

(2) three years after the earliest date (A) on which the plaintiff had actual knowledge of the breach or violation, or (B) on which a report from which he could reasonably be expected to have obtained knowledge of such breach or violation was filed with the Secretary under this part.

(i) Each pension plan to which this part of this subtitle applies shall provide that benefits provided under the plan may not be assigned or alienated. For purposes of the preceding sentence, there shall not be taken into account any voluntary and revocable assignment of not to exceed 10 percent of any benefit payment, or any irrevocable assignment or alienation of benefits executed before June 1, 1974.

PLAN TERMINATION

SEC. 112. (a) Subject to the authority of the Secretary under section 501 of this Act to prescribe an alternative method for satisfying this section (which method shall take into account the requirements of section 401 (a) (4) of the Internal Revenue Code of 1954)—

(1) upon the complete termination of a pension plan (except to the extent that such plan is an individual account plan), the net assets of the plan shall be distributed as provided in subsection (b) through (h) of this section; and

(2) upon a partial termination of a pension plan (except to the extent that such plan is an individual account plan), a portion of the net assets shall be distributed as provided in subsection (i).

(b) Subject to subsections (c) and (e), the net assets of the plan shall be applied in accordance with the following priorities:

(1) First, to refund to each participant in the plan the amount of contributions (less withdrawals) made by him, less the amount of any benefits received by him under the plan prior to termination,

(2) Second, to pay to each participant (or his beneficiaries) in the plan who (A) has been receiving benefits under the plan or (B) on the date of such termination, has reached the earliest age on which he could, under the terms of the plan, elect to receive retirement benefits (other than on account of disability) under the plan, the present value of his nonforfeitable benefits, reduced (but not below zero) by the amount of contributions distributed under paragraph (1),

(3) Third, to pay to each participant in the plan, other than a participant described in paragraph (2) who had acquired nonforfeitable benefits under the plan prior to termination of the plan, the present value of such nonforfeitable benefits reduced (but not below zero) by the amount of contributions distributed under paragraph (1),

(4) Fourth, to pay to any participant in the plan, to the extent his accrued benefit is not payable under paragraphs (2) and (3), the present value of such benefit reduced (but not below zero) by the amount of contributions distributed under paragraph (1).

(c) (1) If the net assets of a plan are insufficient to meet all the liabilities for the participants described in subsection (b) and the level of benefits under the plan has been increased within the five-year period preceding termination by reason of a plan amendment affecting the benefit schedule, then the net assets shall be distributed as follows (except as otherwise provided in regulations of the Secretary in cases (i) where a change in the benefit schedule during such period resulted in a decrease in benefits for any class of participant, (ii) where the amount of the present value of the benefits of any class of participant cannot be determined under this subsection, or (iii) where the distribution of assets to participants described in subsection (b) (4) of this section would result in the payment of deferred pension benefits of less than $10 per month to such participants):

(A) After satisfying the first priority class in subsection (b), any remaining assets shall be distributed to the participants from the second through the fourth priority classes using the earliest benefit formula in effect during the past five years (but using vesting and eligibility provisions in effect on date of plan termination).

(B) Any remaining net assets shall be distributed to each participant in the second through the fourth priority classes using the increment (over such earliest benefit formula) of the second earliest benefit formula in effect during the past five years (but using vesting and eligibility provisions in effect on date of plan termination) until all net assets have been distributed.

(C) Any remaining net assets shall be distributed as above using each successive increment of each successive benefit formula in effect in such period (but using vesting and eligibility provisions in effect on date of plan termination) until all net assets have been distributed.

(2) If after the application of paragraph (1) of this subsection, the aggregate amount of distribution of assets of the plan available for distribution to any class of participants specified under subsection (b) does not satisfy the aggregate liabilities to such participants (determined after the application of paragraph (1)), then an amount shall be distributed to each such participant which bears the same ratio to the liabiliy to him under this section (after the application of paragraph (1)) as the aggregate of such aggregate amount of assets bears to the aggregate liability to all participants in such class; except that the plan may provide that the claims of a part of any such class (established on the basis of age or length of service or both) will receive priority over the remainder of such class.

(d) (1) Any assets remaining after the satisfaction of the liabilities described in subsection (b) which are attributable (under regulations of the Secretary) to accumulated investment earnings on employee contributions shall be ratably distributed to the employee contributors according to their rate of contribution.

(2) Any assets remaining after satisfaction of liabilities described in subsection (b) and paragraph (1) of this subsection shall be used to satisfy any such liabilities (other than those described in subsection (b) and paragraph (1)) as the plan may set forth as being payable only if the plan terminates.

(3) Any assets remaining after the satisfaction of all the liabilities described in subsection (b) and paragraphs (1) and (2) of this subsection may, upon application to the Secretary and after notice, hearing, and a finding that the purposes of this subsection has been complied with, be distributed as provided in the plan. If the plan has no provision for such distribution, such assets shall be distributed pro rata to each person otherwise receiving a distribution under this section.

(e) (1) The aggregate reductions which are made in amounts distributed to a participant under subsections (b) (2), (3), and (4) or under subsection (c) and which are attributable to contributions returned under subsection (b) (1) may not exceed the aggregate contributions returned to such participant under subsection (b) (1).

(2) In the case of a plan to which only participants contribute, subsection (b) shall be applied by reversing the priorities set forth in paragraphs (1) and (2) of such subsection and by deducting amounts received under pargaraph (2) from amounts otherwise due under paragraph (1).

(f) For purposes of this section, the term "net assets" means the assets of a plan less (1) reasonable administrative expenses of termination, and (2) assets of the plan which are irrevocably allocated to accounts of individual participants in accordance with a plan provision which has been in effect for at least two years prior to plan termination.

(g) The Secretary shall issue regulations to define acceptable methods for paying to each participant the value of his account, as determined under the priority distribution of assets in this section. Such methods shall provide (to the extent feasible) for the payment of the value of the participant's account as a monthly pension.

(h) Any plan which provides that participants may elect to have retirement benefits paid in the form of one of several types of annuities and which terminates under this section shall permit all participants who have terminated service under the plan to make such an election.

(i) (1) In the event of a complete or partial termination of a plan, the plan shall file a special report on such forms and in such manner as the Secretary may prescribe to carry out the purposes of this section.

(2) (A) A plan shall file a report (as required in paragraph (1)), and the Secretary shall make a determination as to whether or not a partial termination has occurred, if the present value of the accrued benefits (whether forfeitable or nonforfeitable, but excluding the present value of any benefit to the exent that the employee had an immediate right to receive such benefit upon exclusion from coverage) for all employees excluded from coverage (for any reason) in any period of five consecutive plan years equals or exceeds 25 per centum of the present value of the accrued benefits for all plan participants determned as of the close of any plan year in such five-year period.

(B) In the event the Secretary determines a partial termination has occurred, the net assets shall be distributed to the participants and beneficiaries giving rise to the partial termination in accordance with subsections (b) through (h) of this section as if a complete termination had occurred.

(3) The term "partial plan termination" for purposes of this section shall be defined by the Secretary by regulation. Such regulations shall provide that whether or not a partial termination of a pension plan occurs when a group of participants who have been covered by the plan is subsequently excluded from such coverage either by reason of an amendment to the plan, or because of any event or circumstance substantially beyond their control, shall be determined on the basis of all the facts and circumstances; and whether or not a partial termination occurs when benefits or employer contributions are reduced, or the eligibility or vesting requirements under the plan are made more restrictive shall be determined on the basis of all the facts and circumstances.

PROHIBITION AGAINST CERTAIN PERSONS HOLDING OFFICE

SEC. 113. (a) No person who has been convicted of, or has been imprisoned as a result of his conviction of, robbery, bribery, extortion, embezzlement, fraud, grand larceny, any crime described in section 9(a) (1) of the Investment Company Act of 1940 (15 U.S.C. 80a–9(a)(1)), or a violation of any provision of this title, or a violation of section 302 of the Labor Management Relations Act, 1947 (29 U.S.C. 186), or a violation of chapter 63 of title 18, United States Code, or a violation of section 874, 1027, 1503, 1505, 1506, 1510, 1951, or 1954 of title 18, United States Code, or a violation of the Labor-Management Reporting and Disclosure Act of 1959 (29 U.S.C. 401), or conspiracy to commit any such crimes or attempt to commit any such crimes, or a crime in which any of the foregoing crimes is an element, shall serve or be permitted to serve—

(1) as an administrator, officer, trustee, custodian, counsel, agent, or employee of any employee welfare or pension benefit plan, or

(2) as a consultant to any employee welfare or pension benefit plan,

during or for five years after such conviction or after the end of such imprisonment, whichever is the later, unless prior to the end of such five-year period, in the case of a person so convicted or imprisoned, (A) his citizenship rights, having been revoked as a result of such conviction, have been fully restored, or (B) the Board of Parole of the United States Department of Justice determines that such person's service in any capacity referred to in paragraph (1) or (2) would not be contrary to the purposes of this title. Prior to making any such determination the Board shall hold an administrative hearing and shall give notice of such proceeding by certified mail to the State, county, and Federal prosecuting officials in the jurisdiction or jurisdictions in which such person was convicted. The Board's determination in any such proceeding shall be final. No person shall knowingly permit any other person to serve in any capacity referred to in paragraph (1) or (2) in violation of this subsection. Notwithstanding the preceding provisions of this subsection, no corporation or partnership will be precluded from acting as an administrator, trustee, custodian, counsel, agent, or employee of any employee benefit plan or as a consultant to any employee, welfare, or pension benefit plan without a notice, hearing, and determination by the Secretary that such service would be inconsistent with the intention of this section.

(b) Any person who intentionally violates this section shall be fined not more than $10,000 or imprisoned for not more than one year, or both.

(c) For the purposes of this section:

(1) A person shall be deemed to have been "convicted" and under the disability of "conviction" from the date of the judgment of the trial court or the date of the final sustaining of such judgment on appeal, whichever is the later event.

(2) The term "consultant" means any person who, for compensation, advises or represents an employee benefit plan or who provides other assistance to such plan, concerning the establishment of operation of such plan.

(3) A period of parole shall not be considered as part of a period of imprisonment.

(d) This section shall not apply to a conviction for a crime committed before the date of enactment of this Act.

ADVISORY CONDUCT

SEC. 114. (a) There is hereby established an Advisory Council on Employee Welfare and Pension Benefit Plans (hereinafter referred to as the "Council") which shall consist of fifteen members to be appointed in the following manner: One from the insurance field, one from the corporate trust field, one qualified public accountant (as defined in section 104(a)(3)(C) of this Act), one enrolled actuary, three from management, three from labor, one from the investment management field, and one from the multiemployer benefit plan field, all appointed by the Secretary from among persons recommended by organizations in the respective groups; and three representatives of the general public appointed by the Secretary.

(b) It shall be the duty of the Council to advise the Secretary with respect to the carrying out of his functions under this title, and to submit to the Secretary recommendations with respect thereto. The Council shall meet at least twice each year and at such other times as the Secretary requests. At the beginning of each regular session of the Congress, the Secretary shall transmit to the Senate and House of Representatives each recommendation which he has received from the Council during the preceding calendar year and a report covering his activities under this title for the preceding fiscal year, including full information as to the number of plans and their size, the results of any studies he may have made of such plans and this title's operation and such other information and data as he may deem desirable in connection with employee welfare and pension benefit plans.

(c) The Secretary shall furnish to the Council an executive secretary and such secretarial, clerical, and other services as are deemed necessary to the conduct of its business. The Secretary may call upon other agencies of the Government for statistical data, reports, and other information which will assist the Council in the performance of its duties.

(d)(1) Members of the Council shall each be entitled to receive the daily equivalent of the annual rate of basic pay in effect for grade GS–18 of the General Schedule for each day (including traveltime) during which they are engaged in the actual performance of duties vested in the Council.

(2) While away from their homes or regular places of business in the performance of services for the Council, members of the Council shall be allowed travel expenses, including per diem in lieu of subsistence, in the same manner as persons employed intermittently in the Government service are allowed expenses under section 5703(b) of title 5 of the United States Code.

(e) Section 14(a) of the Federal Advisory Committee Act (relating to termination) shall not apply to the Council.

REPEAL AND EFFECTIVE DATE

SEC. 115. (a)(1) The Welfare and Pension Plans Disclosure Act is repealed; except that such Act shall continue to apply to any conduct which occurred before the effective date of this part.

(2)(A) Section 664 of title 18, United States Code, is amended by striking out "any such plan subject to the provisions of the Welfare and Pension Plans Disclosure Act" and inserting in lieu thereof "any employee benefit plan subject to any provision of title I of the Employee Benefit Security Act of 1974".

(B)(i) Section 1027 of such title 18 is amended by striking out "Welfare and Pension Plans Disclosure Act" and inserting in lieu thereof "title I of the Employee Benefit Security Act of 1974"; and by striking out "Act" each place it appears and inserting in lieu thereof "title".

(ii) The heading for such section is amended by striking out "Welfare and Pension Plans Disclosure Act" and inserting in lieu thereof "Employee Benefit Security Act of 1974".

(iii) The table of sections of chapter 47 of such title 18 is amended by striking out "Welfare and Pension Plans Disclosure Act" in the item relating to section 1027 and inserting in lieu thereof "Employee Benefit Security Act of 1974."

(C) Section 1954 of such title 18 is amended by striking out "any such plan subject to the provisions of the Welfare and Pension Plans Disclosure Act, as amended" and inserting in lieu thereof "any employee welfare benefit plan or any employee pension benefit plan, respectively, subject to any provision of title I of the Employee Benefit Security Act of 1974"; and by striking out "sections 3(3) and 5(b) (1) and (2) of the Welfare and Pension Plans Disclosure Act, as amended" and inserting in lieu thereof "sections 3(4) and 3(16) of the Employee Benefit Security Act of 1974".

(b) Except as provided in subsection (c), this part (including the amendments and repeal made by subsection (a)) shall take effect six months after the date of enactment of this Act.

(c) The provisions of this title authorizing the Secretary to promulgate regulations shall take effect on the date of enactment of this title.

(d) In order to provide for an orderly disposition of any investments held on the date of enactment of this Act, the retention of which would be prohibited by section 111(b)(1)(C), and in order to protect the interest of the fund and its participants and beneficiaries, a fiduciary may in his discretion effect the disposition of such investment within three years after the date of enactment of this Act or within such additional time as the Secretary may be rule or regulation allow, and such action shall be deemed to be in compliance with section 111(b)(1)(C).

Mr. DENT (during the reading). Mr. Chairman, I ask unanimous consent that part 1 of title I be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. DENT. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. BOLAND, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee having had under consideration the bill (H.R. 2) to revise the Welfare and Pension Plans Disclosure Act, had come to no resolution thereon.

GENERAL LEAVE

Mr. ULLMAN. Mr. Speaker, I ask unanimous consent that I may revise and extend my remarks and include extraneous matter on the pension bill, and that all Members may have 5 legislative days in which to revise and extend their remarks and include extraneous matter on this bill.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

There was no objection.

PROHIBITING USE OF COUNTERFEIT AND LOST OR STOLEN AIRLINE TICKETS

(Mr. FLYNT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. FLYNT. Mr. Speaker, on behalf of Mr. MOSS, Mr. EDWARDS of California, Mr. MCCLORY, and myself, I have today introduced legislation to amend title 18 of the United States Code to prohibit the transportation or use in interstate or foreign commerce of counterfeit, fraudulent, altered, lost, or stolen airline tickets.

This Nation's scheduled airline industry has become a national target for organized crime which is making a flourishing business in the trafficking of stolen and counterfeit ticket stock. During 1973 over 12,000 tickets were stolen from travel agents in the United States. This does not include the thefts from individual scheduled airlines. During 1973 one carrier alone had approximately 49,000 tickets stolen, and approximately 8,000 have been recovered. Since each carrier is responsible for its own ticket stock, an industry total is not now available. However, it is estimated that during the last several years there have been as many as 150,000 carrier tickets lost or stolen in transit, presenting a tremendous potential for airline loss. It is estimated that the dollar loss to the scheduled airlines could be in excess of $20,000,000 for 1974, at a time when many airlines are already in a difficult financial position.

Latest reports indicate one airline had an operating loss of $55 million and another $42 million in their most recent accounting period. Additional losses from stolen or counterfeit tickets would increase these operating losses and cause other airlines operating near the break-even point to join those already suffering net operating losses.

The problem involves theft from the many thousands of individual travel agencies plus the thefts from scheduled airlines.

The investigation and prosecution of stolen and counterfeit ticket stock poses a severe problem for the police officials in State jurisdictions. Stolen ticket stock is seldom utilized where the theft occurs—tickets being transferred quickly from one jurisdiction to another, with the prosecution beginning where the stolen ticket is first utilized, often in a State far removed from the initial point of theft.

Organized crime has developed many complex and devious methods for utilization of stolen or counterfeit ticket stock. And because of the multijurisdictional nature of the criminal operation, local law enforcement personnel are handicapped when investigating stolen ticket operations and seeking prosecution.

The legislation I am introducing will redefine the term "security" in title 18 and thus include airline ticket stock, which does not presently qualify as a security under title 18. The theft or fraudulent use of airline ticket stock does not presently qualify as a Federal crime. It is absolutely necessary that airline ticket stock be redefined and included under the Criminal Code as a thing of value so that the travel agents and the scheduled airline industry can seek the assistance of the Federal Bureau of Investigation in combating the burgeoning national black market industry in airline tickets.

Introduction and subsequent passage of this amendment to title 18 would clearly provide the Federal Bureau of Investigation the authority to investigate, prosecute, and prevent the mass black marketing of stolen and counterfeit tickets.

SOCIAL SECURITY TAX REDUCTION PROPOSAL

(Mr. BURKE of Massachusetts asked and was given permission to address the House for 1 minute to revise and extend his remarks and include extraneous matter.)

Mr. BURKE of Massachusetts. Mr. Speaker, at this time I would like to advise my colleague of the rapidly increasing media coverage which is being afforded to my social security tax reduction proposal that now numbers more than 65 cosponsors. Many publications have communicated the merits of this legislation, among them, the Boston Globe and the Boston Herald American, both of which in editorial columns implore this Congress to alleviate the gross injustices involved in the social security system. I believe that these messages in the press are indicative of a public mood, expressing a desire that this burdensome and unfair tax be reduced. I, therefore, summon my colleagues in the House and Senate to respond to this public plea. We now have a chance to ease the financial hardship which is visited upon the low- and middle-income segment of our work force in the form of the regressive social security tax. I urge you to join with me in a real effort to correct this grievance.

Various newspaper articles follow:

[From the Boston Globe, Feb. 11, 1974]

Burke Trying To Ease Injustices of Social Security System

(By David Wilson)

Massachusetts' Rep. James A. Burke, who is one of the best friends elderly people have in Washington, has decided to try to do something about the gross injustices involved in the Social Security system, and one can only wish him luck.

Burke, with three other Democratic members of the House Ways and Means Committee and at least the benign attention of its chairman Rep. Wilbur D. Mills, wants low-income working people—and their employers—to carry less of the burden.

His proposal, embodied in legislation, is so sensible and humane that it is hard to think up any argument against it or figure out why it has not already been put into effect.

By redistributing the impact of the tax up the income scale, it is possible to put more money in the pockets of working people in a time of severe inflation and at the same time lower the cost of doing business for employers.

The bill would cut the payroll tax from its present employer-matched 5.85 percent to 3.9 percent and increase the wage base subject to the tax from the current $13,200 to $25,000.

A person earning $13,200 now has a total of $722.20 deducted from salary annually. If the Burke bill passed, the tax would drop to $514.80.

A person earning $25,000 now pays the same $722.20. His annual tax would rise to $975.

In addition, the revenues flowing from the application of the reduced tax rate to the larger wage base would help make it possible to reduce the employer's matching contribution from one-half to one-third of the total.

Economists generally agree that most of the employer contribution would be paid out to workers in wages if the money did not have to be sent to Washington.

The bill also implies appropriation of some $20 billion in general tax revenues to support the funding of Social Security, according to Burke's staff.

It is not generally perceived that persons who derive their income from rents, dividends, capital gains, etc., make no contribution to the approximately $80 billion annual pay-out of Social Security. Nor do Federal corporate income taxes or other sources of government cash have any input. The thing is entirely funded through the flat-rate payroll deduction.

By placing some of the burden on the progressively graduated income tax and other Federal revenue sources, the bill would take a step toward restoring Social Security to its original role as income guarantor for old people and placing the cost of its compassionate social service function on general government revenues, where it belongs.

Reducing the employer contribution to one-third would, in Burke's view, have the effect of reducing the employer's cost of doing business, thereby making American manufactured goods more competitive with those of this country's trading partners.

It seems unconscionable that a citizen attempting to support a family on $10,000 a year now has the equivalent of $1070 removed from his earnings before he even gets them.

It is generally agreed that for more than half the working population—and that half whose income is below the median—Social Security taxes are more burdensome than personal income taxes.

It is particularly unfair, I think, that persons with large numbers of children to support—and birth rates are higher down the economic scale—receive no relief from the payroll tax. They are certainly the folk who need it the most.

The Burke bill represents a compromise between those who fear or oppose any change in the system and those who would finance it entirely from general funds. Because it is not radical, it may not get the attention it merits.

"It is high time," Burke said in announcing the bill, "that the burdens of the program were spread more evenly throughout the population. The obligation . . . falls to heavily on the lower and middle income people of the working force. The regressive features of the present Social Security tax actually penalize their working, and it is a long time before they reap the benefits of their labor."

If you don't believe it, check the stub on your pay check.

[From the Boston Evening Globe, Feb. 13, 1974]

Now Is Time for Social Security Reform Fight

(By Joseph Levin)

This second session of the 93d Congress, in an election year, is an ideal moment politically to fight for reform of the Social Security tax structure.

A strong move in that direction has been mounted by Rep. James A. Burke of Massachusetts and three of his colleagues on the tax-writing House Ways and Means Committee which would have to pass on the measure before it gets to the House floor. Burke's allies are Rep. James C. Corman of California, William J. Green of Pennsylvania and Charles A. Vanik of Ohio.

Their bill would reduce the SS withholding tax (which is matched by an employer payroll tax) to 3.9 percent from the present 5.85 percent. The wage base subject to the withholding and payroll taxes would rise from the present $13,300 to $25,000. In addition, the bill would provide for a three-way split of the overall cost of the SS program among the US Treasury General Fund, the employer and the employee.

This bill would go far towards ironing out the inequities in the SS tax system. But to call these inequities "injustices," as some writers do habitually beclouds the issue. An injustice would be for the SS Administration to refuse to pay a benefit for which one is eligible, or connive with an employer or worker to help them escape their tax burden.

The present SS tax structure is not "injustice" but simply inequitable and regressive. The state income tax is also regressive, but you could hardly call it unjust when the state's voters in the recent referendum refused to approve a graduated income tax.

What the Burke bill needs if it is to pass Congress is overwhelming grassroots support—personal letters to your own Congressmen do the most good. Support from organizations likewise helps.

[From the Herald Advertiser, Feb. 24, 1974]

ELDERLY MALIGNED WHEN BLAMED FOR INCREASED COSTS

(By Wendell Coltin)

We do a "slow burn" everytime we see and hear the elderly being maligned whenever Social Security benefits and taxes are increased.

There are people who are either unaware of things with which they should be familiar, or they ignore them in their writings and mouthings.

Take, for example, this single paragraph which appeared in a prestigious business paper:

". . . They (new benefits) go to 29.3 million retirees who have stopped contributing to the system, as well as those who will soon retire."

Those 29-million beneficiaries are not all retirees!

Furthermore, retirees who continue to work pay Social Security taxes—contributions—on their earnings.

Oh, you can be sure that when Social Security benefits are raised, elderly persons who labored a lifetime will be put in a bad light, made to look like parasites living off the contributions of others who have come behind them in the labor market.

Indeed, cash benefits are raised for the elderly, who are on limited fixed incomes, generally—and safely—speaking; but overlooked by those who "put it all" on them in their writings and oral commentaries is the fact many others share the increases, too. Would you believe 10-million; one-third of the beneficiaries?

Why, some of the beneficiaries are just infants! Some are students who are able to continue their education beyond high school with the help of monthly checks payable on the earnings' records, under Social Security, of deceased, disabled, or retired parents. Some are even adopted children collecting on earnings' records of parents or grandfathers who are raising them. Wonderful, isn't it?

We have a dear little friend—an adopted girl now 10 years of age—whose father was a victim of sudden death, by natural causes, three years ago. The little girl and her mother are receiving monthly cash benefits under Social Security on the account of the deceased husband-father. The mother has said frankly she doesn't know how they could manage without Social Security.

The little girl will continue to receive benefits until she is 22, if she continues with her schooling after age 18 and remains unmarried; just as there are many students in college today—and others before them—who were able to complete higher education with the assistance of benefits on the accounts of deceased, disabled, or retired parents.

The mother of the little girl, now receiving mother's benefits because she has in her care a child entitled to benefits, will be able after the child reaches 18—and her benefits as a mother are terminated—to switch to a widow's account, because she will then be in her 60's.

We know of several young men and women who would have had to drop out of school, or college, upon the sudden death of Social Security-covered parents, but for the benefits.

We are familiar with cases of disabled persons, who have been able to qualify for Social Security benefits. Fortunately, a long overdue change in the Medicare law was enacted in October, 1972—put into effect July 1, 1972—qualifying those disabled beneficiaries under age 65 for Medicare in the 25th month of their receiving cash benefits under Social Security.

Like elderly retirees, these disabled persons are on limited fixed incomes, with high medical expenses. They are not getting a public handout. Certainly, the money they contributed to Social Security helped finance benefits for older persons who retired ahead of them, but at the same time they were providing insurance for themselves against disability and also survivors' insurance for their families, in the event of their death.

This recalls a conversation recently with a man in a high Social Security position in Baltimore. He related a conversation he had with a young woman on the staff of a New York TV outlet.

She pulled out that old chestnut of how much money a person would have at 65 if he banked every week the amount of money taken out of his wages for Social Security. Our friend told her he has a brother with seven children and he "can't save a nickel," but if he should become disabled, his family would be financially protected. Furthermore, he is providing for retirement and building an earnings' record for survivors insurance.

On occasions someone has mentioned to us this matter of how much he—or another contributor to Social Security might have—if he were to put into the bank every week the amount being deducted from his check and we have come up with a stopper, when we have inquired, "Can you save a $2 Christmas Club every week?"

All the Social Security benefits go to retirees and persons soon to retire, do they? How about the wife and nine children, ages 7 to 17, of a wage-earner, who died at age 47 after a long illness. Also the three young children of a woman who died as a result of a kidney ailment? She had sufficient credits for them to benefit.

Strange how cases come so quickly to mind; such as that of the young father killed in an automobile crash. His widow and two children, under age five, qualified for benefits of $495 a month. The 11 percent increase this year will be welcomed in that household.

The need for reforming the Social Security tax structure has been for many years. It has been pointed up in this column and in special Social Security-Medicare sections we have published. We expect the Social Security tax burden to be given serious attention in Congress this year and recently in our news columns, we mentioned that U.S. Rep. James A. Burke (D-Mass.), and three other high-ranking members of the Ways and Means Committee have recommended the current rate of 5.85 for employer and employes be reduced to 3.9 percent and the base lifted from $13,200 to $25,000.

The Social Security tax burden has been getting heavier for the lower and middle income wage-earners. Burke has long advocated that instead of the 50–50 split of the tax—with the employe's contributions matched by his employer—the program be financed with one third of the tax being paid by the employer, one third by the worker and the remaining third paid from general revenue. There are persons who don't feel there should be contributions from general revenue, despite the need for relief from the increasingly heavy tax burden.

The employe and employer's share would be 3.9 percent for the years 1975 through 1977; and the proposed rates for self-employed persons, now 7.90 percent, would be 5.40 percent for 1975 through 1977.

One can sympathize with retirees on limited fixed incomes, who contributed to Social Security over many years. One can also sympathize with young people trying to purchase homes and raise families in the face of astronomical costs of living and having to pay what has been called a regressive (Social Security) tax; but let's not make the elderly Social Security-receiving retiree look like a villian, or parasite. Along with being a cash beneficiary on merits, he deserves to be a beneficiary of fair reporting.

GASOLINE SHORTAGE

(Mr. PARRIS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PARRIS. Mr. Speaker, over the last few days and weeks I have received a great many letters from my constituents concerning the energy situation. My staff and I have tried to decide how best to respond to the hundreds of letters and the 200 to 300 phone calls we receive everyday regarding the gasoline crisis. Each letter and call is as different as the individual with whom it originated—and yet they all have a great deal in common—a sincere concern about the inconveniences and serious repercussions of our current gasoline shortages.

I have talked on several occasions with Mr. Simon of the FEO, with independent service station owners, with oil company executives and on literally hundreds of occasions with individual citizens. In trying to fit the pieces of all this together, the one thread that runs throughout the mail and the conferences is frustration. "Why can't someone do something?" "Why can't we pinpoint the problem and, therefore, solve it?" "Who is responsible?"

The shortage of gasoline is a unique problem to a unique society; it is felt immediately by everyone. This is a psychological and sociological phenomenon amounting to cultural shock. An imminently personal inconvenience, felt at once, by 200 million people in a society almost totally dependent on mobility for our livelihood, as well as the preservation of our way of life, in a country with instant mass media.

The oil industry runs the length and breadth of the country—a dozen major oil companies—service stations on every corner in the smallest village and largest city and scattered along roadways in between; a distribution system involving countless thousands of trucks; a Federal Government, renowned for its bureaucratic redtape. The brutal fact is that trying to solve a problem of this magnitude and complexity, involving a giant industry in a country of the size of the United States, the citizens of which own and operate over 60 million cars, is an almost staggering challenge to all parties involved—including the individual.

How to solve this crisis as quickly as possible and as equitably as possible? The possible solutions and corresponding disadvantages are:

SOLUTION

Free gasoline market in which the law of supply and demand raises the price of gasoline so as to cause individuals to be very frugal with its use.

DISADVANTAGE

Individuals on fixed and low incomes will suffer the most, with increased costs adversely affecting our already excessive inflationary rates.

SOLUTION

Rationing.

DISADVANTAGE

Almost impossible to administer in an equitable and efficient manner. During World War II, when rationing was in effect, there were black markets and other criminal activities which resulted from a situation that was found even then, before the growth of our suburban society, to be impossible to control. In addition, any authorized amount of fuel now being considered would make it impossible for many of our citizens to continue to commute to and from their places of employment if all of their individual allocation was used solely for that purpose.

SOLUTION

Present system of allocation.

DISADVANTAGE

Some States apparently have no shortage while others have gas lines miles long. Again, we see tangible evidence of the problems of administration and efficiency of such a program. Clearly the present allocation program, based on figures that are 2 years old, has simply not worked and is, in fact, magnifying the problem. The allocation formulas are currently being revised and in the event they do not prove effective in bringing the available supplies from the oil fields to the pumps at the local station in the near future, alternative programs or the termination of the present system must be considered.

Is there a solution that has not been considered?

It is my opinion that there is no question that the oil industry benefits from unusual tax benefits which must be immediately reexamined, particularly since they are poorly designed to meet the Nation's current needs in this time of shortage. As you know, the principal tax benefits that have been granted as a unique advantage to the oil industry are: Allowances for intangible drilling costs deductible from taxable income; depletion allowances of 22 percent of gross revenues as compensation for the decreasing value of an oil property as it is pumped out; and foreign tax credits permitting a company to deduct from U.S. taxes due the taxes which it pays to a foreign government. These measures are simply not designed to promote the real solution to our problems—additional supplies—as a result of increased domestic exploration.

The question of excess, or "windfall" profits for the petroleum industry is one which is receiving priority attention by the Congress and the administration. However, this is a hotly debated issue and is one of the primary reasons for the failure to date of Congress to approve the emergency energy bill. One must consider profits "excess" if they result not from a corporation's efficiency or inventiveness, but from outside circumstances that remove the normal restrictions of the free market and allow unreasonable profits at the expense of the public.

The current shortage establishes a set of circumstances under which oil companies have an opportunity to obtain higher prices for their products than normal conditions would justify. Some modestly increased prices may be justified and may have to be tolerated to provide capital for industry expansion and additional supplies and production—the oil industry estimates that financing the costs of additional exploration, leasing new oil fields, building refineries and distribution systems will require an awesome $800 billion between now and 1985—but Goverment policy should insure that abnormal profits generated by those prices are returned for the public good—by capturing them through additional taxation. Simple justice demands that no company or individual profits unconscionably from a national crisis.

One of the major problems which the Government now faces in dealing with the energy crisis is the fact that under existing law, there is no authority to demand of the oil industry those facts and figures necessary for proper governmental planning to compensate for the shortages we face today and in upcoming months. I might add that without this authority, there is currently no means to insure that the price increases requested by oil companies are actually justified.

Accordingly, I recently sponsored legislation to require the petroleum industry to report all oil and gas reserves, refinery capacity and current production, and inventories on all petroleum products on hand to assist in dealing with the energy crisis. In addition, my bill would authorize the General Accounting Office to investigate, audit, and verify the accuracy of all information required by the Federal Government and would subject anyone failing to provide the required information or submitting inaccurate information to heavy fines. The Federal Energy Office is actively seeking the enactment of this type of legislation, and I have great hopes that the Congress will approve the bill in the near future.

The end-of-the-month allotments now being authorized by the Federal Energy Office, and the additional allotment of 5 percent amounting to some 7.5 million gallons of gasoline that we were successful in obtaining for the Commonwealth of Virginia recently, will help a little; but represents only a temporary relief. Although permanent additional supplies can be expected in the future, allotment shortages on a month-by-month basis under the current program can be expected. The rest of the problem is the lack of adequate information, on which to base intelligent allocation decisions; the fact that allocations are inherently arbitrary; and in giving more to some, you must give less to someone else.

Americans have made many sacrifices in this and other situations that have faced this Nation over the period of our history. The simple fact is, however, that most Americans do not understand how or why this particular situation exists or the suddenness in which it arose. The endless lines and traffic jams at the stations that serve our daily community and business requirements must be eliminated. Our citizens are looking to us for a solution to this problem, and soon. Simple justice and the preservation of our way of life require that we take affirmative and early action to satisfy their demands, regardless of what those steps may be or how extraordinary these actions may seem. To do less would be unsatisfactory and irresponsible.

COUGHLIN ANNOUNCES SIX-POINT PLAN TO COPE WITH ENERGY CRISIS

(Mr. COUGHLIN asked and was given permission to address the House for 1 minute, to revise and extend his remarks and include extraneous matter.)

Mr. COUGHLIN. Mr. Speaker, I would like to bring to the attention of my colleagues the following letter which I sent on Friday, February 22, to Mr. William E. Simon, Administrator of the Federal Energy Office.

At that time I proposed to him a six-point program requiring both legislative and executive action to help alleviate the energy crisis. It is clear that both the Congress and the administration have failed to act decisively on this matter, and critical shortages have been felt not only in my own State of Pennsylvania, but in many other areas of the country as well. I feel that the six proposals I have made will provide a significant step forward in encouraging domestic fuel production and making additional fuel supplies available to the general public.

It is important to note that one of my recommendations already has met with positive results. Shortly after the issuance of my letter on Friday, Mr. Simon announced the release of 24.39 million gallons of gasoline to Pennsylvania in recognition of severe emergency shortages in certain areas of the State. This extra supply was in addition to 6 million gallons which Pennsylvania had been allotted on February 19.

While I am gratified by these recent actions, these immediate results must not overshadow the need for more long-range and all-encompassing measures. I commend your attention to my program and urge your active cooperation and participation toward its enactment and implementation. Although I realize that my proposals will not solve the energy crisis, I feel they do provide a cornerstone on which to build, and I encourage all Members of Congress to continue their work toward making this country energy self-sustaining.

The letter follows:

FEBRUARY 22, 1974.

Mr. WILLIAM E. SIMON,
Administrator, Federal Energy Office,
Washington, D.C.

DEAR BILL: The fuel shortage and spiraling costs have reached disastrous proportions in my Congressional District as in many others. At the same time, I have come away from meeting after meeting with you and other representatives of the Administration with an increasing sense of frustration.

As a result, I would propose the following six point program involving both legislative and executive action to alleviate the immediate effects:

1. We have had an impossible time getting information on allocation formulas and figures. Can we not be told what percentage of 1972 usage is allocated to Pennsylvania and to other states? Can we not be given the absolute figures as to the total number of barrels and gallons allocated to Pennsylvania? Can we not be told the basis for granting Pennsylvania a two percent increase in allocations whereas some other states received a five percent increase?

Within Pennsylvania itself there is an urgent need to reallocate fuel from surplus areas to shortage areas. The three percent allocation to the state for emergency purposes is not sufficient to cover geographic disparities because of different growth rates in different parts of the state and the fast growing suburban areas are particularly shortchanged. Until this is corrected and in view of the admitted shortcomings of the original allocation plan, I urge you to release immediately to hard-pressed Pennsylvania additional supplies of gasoline which are reported to be more than adequate in storage facilities.

2. As a result of substantial savings of fuel by the American people, I understand that the originally predicted 2.7 million barrels a day projected shortfall for 1974 has been reduced to one million barrels a day or less. This shortfall could be made up from the following sources all of which are estimated to be available within from three months to one year:

A total of 300,000 barrels a day from the Elk Hills Reserve. I voted to appropriate the funds to tap this reserve last year but the proposal is still being held up by the Armed Services Committee. I ask you to join in impressing upon the Committee the urgency of releasing these reserves.

A total of 300,000 barrels per day savings from 42 power plants now using petroleum which could be easily converted to coal. These plants have all been identified by the Environmental Protection Agency as providing a minimal risk to the environment if converted. I supported this move in Congress. The authority for this is in the Energy Emergency Act still before the Congress and I urge your assistance in retaining this provision in the measure.

A total of 500,000 barrels per day could be available within a year from the West Coast of California.

These two sources and one savings would more than make up the shortfall projected by your office, and the program should be implemented immediately.

3. Encourage importation of foreign crude in particular by the independents. It appears that such crude is available on the world market, even though the cost of such crude might translate into a price of 75 cents per gallon of gasoline. This would help allow an individual who must have gasoline for his livelihood to at least be able to obtain it.

4. Independent service station dealers must be allowed to take into account increased costs. Early action is needed to avoid shutdowns by dealers who are being forced to absorb these costs. If they cannot receive a price increase to avoid such shutdowns, I suggest they be permitted to add a service charge to each bill in a percentage sufficient to cover this.

5. The tax credit for foreign royalties received by the international oil companies would appear to have the unfortunate effect of encouraging the oil companies to cooperate with the producing nations to increase the royalties and consequently the cost of oil to the American consumer. The higher the royalties, the greater the tax credit and the larger the profit to the international oil company. This has at least been a substantial factor in the soaring profits of the international oil companies at the consumer's expense. Although I know that this is a legislative matter, encouragement from your office could help to alleviate this situation. This provision must be eliminated or modified.

6. While I realize that the President already has some authority to curtail exports of petroleum products from the United States, I am cosponsoring legislation to clarify that authority. I would urge that the President exercise existing authorities to curtail exports where that action would not create a retaliatory action that would have an adverse effect on fuel supply in the United States.

I would appreciate your attention to and comments on these proposals on a high priority basis. We need answers—and quickly.

With all best wishes,
Cordially,
LAWRENCE COUGHLIN.

SENATOR GOLDWATER HAS NOW BEEN PROVEN RIGHT

(Mr. ROUSSELOT asked and was given permission to address the House for 1 minute, to revise and extend his remarks and include extraneous matter.)

Mr. ROUSSELOT. Mr. Speaker, Columnist James J. Kilpatrick has sounded a note of interest to which many Americans now probably subscribe; that is, that BARRY GOLDWATER, in 1964, stated many truths. At that time people were not willing to listen, but he has now proven to be correct. It is unfortunate that there sometimes has to be a passage of time before we can properly evaluate statements of truth that are given to us by leaders who try to explain their honest thoughts and convictions. I urge my colleagues to read carefully the remarks of James J. Kilpatrick which appeared in yesterday's Washington Star-News as they relate to the senior Senator from Arizona who bore the standard of the Republican party in 1964:

IN MANY HEARTS BARRY'S STILL RIGHT

(By James J. Kilpatrick)

> The text of a speech delivered in Washington on Feb. 6 has just come to hand. It was a honey of a speech, and it prompts me to wonder aloud if its author, Sen. Barry Goldwater, could be talked into running for president once more.
>
> A prudent columnist knows better than to ask the senator himself about this, for the senator would only say "no," or maybe "hell, no." And there's no point in drowning a nice warm idea in cold water. The proposition ought not to be brushed aside.
>
> When the senator ran as the Republican nominee in 1964, every conceivable political factor counted against him. He himself was little-known; he came from a small state with no political clout; from the very night of his acceptance speech, partly through his own fault, he was unable to shake an image of right-wing extremism. John Kennedy had been killed in November 1963; Lyndon Johnson still commanded enormous support; the country was not about to vote for a third president in barely a year. Goldwater polled a respectable 27 million votes, but he got swamped in the electoral college.
>
> The situation is vastly different now. Goldwater is "Mr. Republican." He has grown in the country's respect and affection. He is untouched by Watergate. He was born in 1909, which would make him 68 at inaugural time in 1977. It would be pretty old for an incoming president—but we hear much talk of Nelson Rockefeller (1908), Ronald Reagan (1911), and Henry Jackson (1912). It would be interesting to see Dr. Gallup test Goldwater's name in an iffiness poll: If the election were being held tomorrow, how would Goldwater do against Ted Kennedy? He might do remarkably well.
>
> Goldwater began by criticizing the typical performance of an ill-prepared businessman before a congressional committee. He warned the industrialists that they must expect tough questions prepared by "brilliant young staff members who mistrust or totally disbelieve the attributes of the enterprise system."
>
> Turning to broader themes, Goldwater took note (by implication) of recent legislative trends affecting railroads, health care, communications, and petroleum: "I believe that competitive enterprise is now face to face with one of the greatest threats in this country's 100-year history."
>
> Determined forces are working toward nationalization, Goldwater said, though they call it something else. "You can butter up the term, sweeten it, pour syrup on it, do anything you want with it—but it is nothing but socialism, and that is the system that has never done anything for any people."
>
> Goldwater urged the industrial leaders to promote the profit system in their own communities, to compete in the intellectual marketplace of ideas, and to employ all the legitimate means at their disposal in support of candidates who believe in private enterprise. He wound up with a ringing defense of economic freedom, which he termed "the essential freedom." What good is the right to life, Goldwater asked, "if a man does not control the means to life?"
>
> It was a real bell-ringer of a speech, clear and clean. It recalled Goldwater's fine little book, "The Conscience of a Conservative," written 15 years ago, and it echoed the best of his campaign speeches of 1964. The Republican slogan in that election was, "You know in your heart that he's right." Ten years later, Barry Goldwater is still right, and a great many concerned Americans still know it in their hearts.

PRIVACY FOR AMERICAN CITIZENS

(Mr. KOCH asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. KOCH. Mr. Speaker, it has been revealed by the media that the FBI has made available files on Members of Congress and the public for the purposes of intimidation. The New York Times on February 25 stated:

> The source recalled one Senator who had been told of an investigation concerning his daughter, a college student who had "gotten involved in demonstrations and free love", and a Republican Representative who had been told the Bureau possessed evidence indicating that he was a homosexual.
>
> "We had him in our pocket after that," the source said of the Representative. He added that he could not recall the Senator, a liberal Democrat, ever criticizing the F.B.I. in public

The President just established a Cabinet-level White House committee "to draw up safeguards for protection of the privacy of individual citizens against misuse of information about them stored in computers." The names of "over 150 million Americans" are now in computer banks "scattered across the country" he said. "Data banks affect nearly every man, woman, and child in the United States", he added, and the result is often that the citizen's right to privacy is "seriously damaged—sometimes beyond repair."

He further said:

> Frequently, the side effect is financial damage but it sometimes goes even further. Careers have been ruined, marriage have been wrecked and reputations built up over a lifetime have been destroyed by the misuse or abuse of data technology in both private and public hands.

I would like to point out to the President and others interested in this subject that this is not a new matter. While I am pleased that there is new concern about this matter, legislation has already been drafted. No new commissions or studies are needed. In fact the Department of Health, Education, and Welfare released a report on the need to provide safeguards to protect the citizens of this country from the overzealous collection of information now going on in both the public and private sectors. This report was the result of a study conducted by the Secretary's Advisory Committee on Automated Personal Data Systems, and was released July 1973.

It was on February 19, 1974, 5 years to the date after I first introduced the first privacy bill in Congress, H.R. 667, that hearings were held on that legislation. Today the administration chose to testify against the bill.

What must be avoided is an attempt to defer legislation by calling for new studies which are unnecessary.

When I ascertained that the FBI had been accumulating dossiers on Members of Congress, I along with Congressmen BENJAMIN ROSENTHAL and JONATHAN BINGHAM asked the Director of thet FBI to provide us with our respective files. The FBI did not do so and so the three of us initiated a lawsuit to compel the opening of those files to us. Subsequent to the lawsuit, FBI Director Kelley announced he was modifying his prior refusal to make our files available to us. I have received my file which includes newspaper clippings, a flyer which lists my opposition to the Vietnam war, my correspondence with the FBI on the subject of dossiers, my testimony against Acting Director Patrick Gray's confirmation before the Senate Judiciary Committee and a fact sheet which opened my file with the FBI when I was elected. That fact sheet is very interesting and I am setting forth the information exactly as it appears.

NOVEMBER 7, 1968.

U.S. GOVERNMENT MEMORANDUM

Mr. Bishop.
Mr. A. Jones.
Edwin I. Koch (D-New York), Congressman-elect—17th District.

DETAILS

On 11-5-68 Democrat Edwin I. Koch of New York City, was elected to the 17th Congressional District seat held by retiring Repr. Theodore R. Kupferman (R). Koch who was born in 1924 in New York City attended the College of the City of New York and received his LL.B. degree from New York University. He is a former councilman and has been a Democratic leader since 1963.

INFORMATION IN BUFILES

A check of Bureau indices reflects no reference identifiable with Koch.

RECOMMENDATION

None. For information.

If the FBI failed to ascertain correctly what my name was, it has always been Edward and never Edwin, one cannot help but speculate on what other inaccuracies its voluminous dossiers contain. There is no question but that the FBI and every other agency has a legitimate interest in collecting certain kinds of information needed for Government business. There is also no question that there must be limitations on the kind of information collected and how it is used. There is a balance to be maintained, however between the need for information and the need for personal privacy.

I have introduced two principal bills to regulate the collection and maintenance of information on individuals. The first is H.R. 667, as amended, which I have mentioned earlier. It affects all Federal data collections. Basically it would permit an individual to inspect a file maintained on him by a Federal agency, supplement and correct information in his records, and remove erroneous material. Regulations for data collection and maintenance would be published for public review by each agency. Exceptions to the disclosure rule would be made only for files held for national defense and foreign policy purposes and law enforcement investigations.

A complementary bill, H.R. 9759, would provide similar protection to individuals from abuses by private and non-Federal public data banks. The provisions of this bill, now before the Judiciary Committee, would be implemented by a Federal Privacy Board which it would establish.

I hope that the Judiciary Subcommittee on Civil Rights and Constitutional Rights will schedule this bill for early hearings.

The problems have been recognized. Now we must make certain we deal with them, not with more studies, but with legislation long overdue.

COAL STRIP MINING BILLS COMPARED

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. HOSMER) is recognized for 30 minutes.

Mr. HOSMER. Mr. Speaker, tomorrow the House Interior and Insular Affairs Committee will decide between H.R. 11500 and H.R. 12898 as the vehicle for marking up its proposed legislation regulating surface coal mining operations.

COMMENT ON BASIC DIFFERENCES

The basic difference between H.R. 11500 and H.R. 12898 is the philosophy underlying their respective approaches to regulating strip mining to the end that unconscionable abuses of the environment characteristic of the past will not be the pattern of the future.

H.R. 11500 is Federal control and hard-nosed in its approach. It overweighs environmental values and underweighs energy values, seeming almost to tackle the surface mining problem by imposing such severe and detailed regulations that coal mining will be driven underground.

H.R. 12898 relies on the States to regulate and do so strictly. It brings in the Feds when they won't. It weighs environment and energy values evenly, recognizing some limited deterioration of the environment as the price for availability of coal from surface mines as an essential energy resource. Thus its demands are comparatively less rigid and inflexible while still preserving essential environmental values.

ADMINISTRATION POSITION

The Nixon administration in its February 6, 1974, letter to Mr. Haley objects to H.R. 11500, saying that the bill goes too far toward the environmentalist viewpoint and will make it very expensive and quite difficult to dig the coal needed to replace petroleum which is either unavailable or for other reasons can no longer be depended upon to meet the Nation's energy demands. No suggested amendatory language is supplied.

The Nixon administration in its February 22, 1974, letter to me says that H.R. 12898 goes too far in its weighing of energy values in relation to environmental values, but recommends it as a superior vehicle for markup purposes. The letter lists 12 recommended changes toward the direction of H.R. 11500 and supplies the suggested amendatory language.

COMMENT ON MAJOR SPECIFIC DIFFERENCES BETWEEN THE TWO BILLS

DOWNSLOPE PLACEMENT OF SPOIL

H.R. 11500 dictates that the only spoil allowed to go downslope is that from the initial cut necessary to gain access to the seam. Thereafter additional spoil must be placed behind the initial and subsequent cuts, no matter what, and that can be a difficult or prohibitive way to mine. H.R. 12898 allows some flexibility. When environmental damage can be avoided, the regulatory authority can permit other spoil from uncovering the seam to be placed downslope if it is shaped, graded and revegetated. No other or additional spoil is allowed downslope. More than 100 million tons of current coal production per year comes from steep slopes. Much of it is unlikely to be mined unless this difficulty with H.R. 11500 is removed by H.R. 12898.

RETURN TO ORIGINAL CONTOUR

The demand in H.R. 11500 for the return of the land after mining it to its approximate original contour also would impede, and in many cases, prohibit access to this same 100 million tons of current coal production and future increases in the production. H.R. 11500 requires the return even though in some cases it may stand in the way of slope stability and erosion control. H.R. 11500's meager discretion for relaxing this requirement is unrealistically rigid. H.R. 12898 sensibly says that you have to protect streams against siltation and acid runoff, insure the stability of slopes, and guarantee that revegetation does occur—but it also sensibly says that you do not have to go to all the trouble and expense of returning to original approximate contour in cases where, after mining, the land can be put to an equal or better use without doing so.

Note: 100 million tons of coal displaces about 400 million barrels of oil.

OPEN PIT MINES

Strip mines and open pit mines are two vastly different things requiring totally different treatment. H.R. 11500 attempts to deal with these and does so badly.

H.R. 12898 recognizes the problem, does not complicate this bill with it, but leaves the matter open to a separate legislative approach, where it belongs.

COVERAGE OF UNDERGROUND MINES

H.R. 12898 is clearly limited to surface activities of underground mines. H.R. 11500 is ambiguous as to whether subsidence caused by underground activities is also covered, thus unnecessarily opening up an area for litigation and disputation.

TIMING OF THE REGULATORY PROGRAM

H.R. 11500 directs the Secretary of the Interior to develop a regulatory program within 18 months, and new mining starts on Federal land would be prohibited in the meantime. By the time impact statements are drafted and circulated, administrative hearings and court actions concluded and leases issued, 2½ to 3 years could go by before anyone could get a license to open a new surface coal mine on public land. Alternatively, H.R. 12898 puts its interim performance standards in effect 90 days and does not prevent the licensing and opening of new mines complying with these standards. The Nation's need for coal to replace petroleum is not ignored.

DESIGNATION OF LANDS UNSUITABLE FOR MINING

Both bills require States to designate areas unsuitable for strip mining. Both base it upon the suitability of land for reclamation after mining. H.R. 11500, however, goes into considerable details as to the definition of such lands and locks them up permanently. H.R. 12898 applies a much simpler test: it says lands which cannot be reclaimed under applicable standards are unsuitable for mining. If at sometime thereafter, new techniques emerge for reclamation which do meet the standards, then permits can be issued.

ENFORCEMENT

Both bills provide for Federal enforcement if States fail to act. H.R. 11500 gets the Federal Government in quicker and deeper and out slower. It also threatens Federal injunctive action at an earlier time and otherwise generally undermines the philosophy of State responsibility and State accountability.

MINING ON CERTAIN FEDERAL LANDS

H.R. 12898 provides for existing laws as to where mining can take place on Federal lands to remain in effect. But, H.R. 11500 would set up a new series of "no-no" mining areas, such as within national park boundaries, national forests the national wildlife refuges and preservation system and wild and scenic river systems.

CONFIDENTIALITY OF DATA

H.R. 12898 gives protection against unauthorized disclosure or use of proprietary data. H.R. 11500 contains no such provision except as to information on mineral seams.

CITIZENS SUITS

H.R. 12898 limits them to persons aggrieved by action or inaction of a regulatory authority. H.R. 11500 allows anybody, aggrieved or not, to sue—as such it is a wide open invitation for endless litigation.

CESSATION ORDERS

Federal inspectors under H.R. 12898 can shut down operations when the operator is alleged to be in violation of the act. Under H.R. 11500 the order can be issued whenever the operator is alleged to be in violation of any requirement of the act or any permit condition.

RECLAMATION OF ORPHAN LANDS

No provision in H.R. 12898.

MINERAL EDUCATION INSTITUTES

No provision in H.R. 12898.

ADMINISTRATION OBJECTIONS TO BOTH BILLS

Although preferring H.R. 12898 as a markup vehicle, the Nixon administration wants a number of changes whichever bill is selected for markup. It puts its recommendations for changes in H.R. 11500 in a letter to the chairman of the House Interior and Insular Affairs Committee under date of February 6 and for changes in H.R. 12898 in a letter to me as ranking member under date of February 22. The salient objections to each bill involved the following subjects:

Objections to H.R. 11500

1. Interim program.
2. Designating lands unsuitable for surface coal mining.
3. Protection of public areas.
4. Performance criteria.
   a. Restoring original contour.
   b. Hydrologic.
   c. Impoundments.
   d. Underground mine buffer.
   e. Explosives.
   f. Augering.
5. Underground mining.
6. Public notice and hearings; Decisions of Regulatory Authority and Appeals.
7. Federal enforcement.
8. Abandoned mine reclamation fund.
9. Responsibility for surface mining reclamation program.
10. Program for non-coal mine environmental impact control.
11. Procurement.
12. Continuing Federal Grants to States.
13. Surface owner protection.
14. Mining and mineral research centers.

Objections to H.R. 12898

1. Spoil on downslope.
2. Surface disturbance incident to underground mining.
3. Open pit coal mining.
4. Air and water quality-concurrence of EPA.
5. Citizens suits.
6. Impoundments.
7. Exception to interim performance standards.
8. Time limits for actions on permits.
9. Steep slope definition.
10. Judicial review.
11. Federal enforcement.
12. Performance standard departures for developing new technology.

MINING INDUSTRY POSITION

Insofar as I can ascertain, the mining industry is unalterably opposed to H.R. 11500 on the basis that no one can dig much coal under it and that it would hardly be worth while to try doing so, considering the detailed and oppressive regulatory pattern of the bill, the exposure to harassing lawsuits and criminal penalties and its other deterrents to enterprise. On the other hand, the industry seems to be alterably opposed to H.R. 12898, hoping some of the strictness of its regulation will be toned down, but possibly willing to swallow the thing if it passes, in which event they would make an honest effort to dig coal under it.

CONCLUSIONS

From the foregoing it is almost impossible to make any definitive conclusions about what is likely to happen. Too many people are sour about too many things. The parliamentary position Wednesday is that of taking a vote on substitution of H.R. 12898 for H.R. 11500 as the markup vehicle.

My guess is that, should the substitution be approved, considerable by way of amendments along lines proposed by the administration will ensue and the amended H.R. 12898 will eventually make its way past the Interior Committee, past the Rules Committee, and past the House, all by small margins

If, on the other hand, the environmental coalition insists on having its way and H.R. 11500 is the markup vehicle, then I think these people will be able to vote down most amendments to the bill and that there will be sufficient objection to it from enough sources to insure that it will never see the black of print.

These zealous people will have won their battle and lost their war. All the people of this Nation will have to wait another year for reasonable legislation to protect the country from the depredations of such operators in the surface coal mining industry as are unconscionable and callous to the legitimate environmental objectives of our society. That will be too bad.

CLEAN WATER PROGRAM

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. GROVER) is recognized for 5 minutes.

Mr. GROVER. Mr. Speaker, reference is made to my remarks of February 13, 1974, in which I discussed the implementation of the Water Pollution Control Act Amendments of 1972.

In view of the numerous typographical errors which appeared in the reprint in the RECORD of February 14, 1974, I ask unanimous consent that the RECORD be corrected accordingly and that I be permitted to resubmit my remarks in their entirety:

Mr. GROVER. Mr. Speaker, the chairman of the Subcommittee on Investigation and Review of the Committee on Public Works, my good friend from Texas, JIM WRIGHT, and the ranking minority member, my good friend from New Hampshire, JIM CLEVELAND, deserve a full measure of credit for initiating hearings on our clean water program.

Just over 2 years ago, the Congress passed over the President's veto of the 1972 amendments to the Federal Water Pollution Control Act. This massive new approach toward providing the quality of water that our Nation needs and deserves was hailed as the finest piece of environmental legislation ever passed by the Congress. Even so, those of us who served on the committee of conference on the part of the House were concerned at that time that control requirements by specific dates may have been too strict. The agreement reached with the representatives of the other body, however, was embraced by all, and we expected great progress in our water pollution control efforts.

I recognize that the Congress set out many and varied, new and difficult requirements in the legislation. However, we did not expect that our requirements would become stumbling blocks and excuses for not making the water pollution control progress which we expected and required. The bill set requirements that were stringent. We expected, however, that a new, dedicated, energetic agency would seize every opportunity to move ahead rather than delay the effort.

It seems to me from what I heard during the 3 days of hearings held to date that there has been a strong tendency to use opportunities to delay rather than forthrightly to develop techniques and methods consistent with the law for moving ahead. We heard one witness state that the Environmental Protection Agency tended to adopt a rigid interpretation of the law when a rigid interpretation would add delays, and that the Environmental Protection Agency tended to adopt a flexible interpretation when a flexible interpretation would cause delays. I certainly hope this has not been the case, because I know there are many able and dedicated people within the Environmental Protection Agency. Unfortunately, one who had the opportunity to participate in the subcommittee's hearings, as I did, is led to believe that where there is smoke there must be fire. There have been delays, and they all do not have a reasonable excuse.

One overriding aspect of the 1972 amendments was clearly defined in section 101(b):

> It is the policy of the Congress to recognize, preserve, and protect the primary responsibility and rights of States to prevent, reduce, and eliminate pollution, to plan the development and use . . . of land and water resources and to consult with the Administrator in the exercise of his authority under this Act.

We meant what we said.

As we have learned from our hearings, it is obvious, neither this policy as declared by the Congress nor the spirit of the law that was enunciated has been carried out.

Some States, certainly not all, have had, do have, and will continue to have superior capabilities to handle water pollution control programs. It is incumbent upon the Environmental Protection Agency to recognize the capability of the States, to coordinate with the States, to turn over as much as possible to the States, and then to depend upon the States to do the job.

I urge the Environmental Protection Agency to concentrate their efforts in the next few months on determining how they may lawfully structure the grant program and operate it in a manner to start more new construction projects. I urge the Environmental Protection Agency to work with the States and municipalities to get more new construction underway. On the other hand, I urge the Congress, and particularly the other body, to recognize that it is more important to get new construction projects started, consistent with the intent of the law, than it is to dot every "i" in every regulation and requirement.

I, at this time, would like to urge the Subcommittee on Investigation and Review to continue these most worthwhile hearings on the water pollution control program throughout the next 5 or 6 months or more. I would suggest that the Members and staff consider at least 3 days of hearings each month to review various aspects of the water pollution control program. For example, I believe it will be useful to devote our scrutiny to the questions of industrial effluent limitations; the impact of the user fee requirements; the research and development program; the planning program, or lack of it; the enforcement program; control of toxic materials; and last but not least, the results in the way of clean water that have been achieved to date.

An important and laudatory effort has been started by Chairman JIM WRIGHT and JIM CLEVELAND and the subcommittee. There is a lot more to do, Mr. Speaker, and I look forward to the coming months.

LABOR—FAIR WEATHER FRIEND, NO. 1

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. GONZALEZ) is recognized for 5 minutes.

Mr. GONZALEZ. Mr. Speaker, I come from a State where not very long ago organized labor was only slightly more respectable than communism. Decades into the 20th century, labor organizers would be hounded and even run out of Texas towns by overzealous local sheriffs—not because they had violated any law, but simply because the local panjandrums wanted nothing to do with labor. Indeed, my State still has as comprehensive a set of antilabor statutes as you can find anywhere.

When I first began to get involved in politics the worst thing that you could do was admit that labor had a right to organize and bargain collectively. It was the kiss of death to be endorsed by a labor union. Politicians in those not-so-distant days scrambled to see who could be the most antilabor, just as then Dick Nixon made it a contest to see who could be the most anti-Communist.

But I believed that labor had a right to organize. I admired the courage and tenacity of those who worked against incredible odds, and even at personal danger, to organize labor unions. And when they succeeded, I was happy that at least some of those unions worked hard to uplift their members—by offering them courses in citizenship, by teaching them their rights, and defending them, and by countless other small efforts that only the truly dedicated would undertake. So I defended the right of labor to organize, and made it plain that I would never deny that right.

People told me that this was a liability, and in a sense, it was. There was no voting power of any consequence in organized labor; I got no money from the unions, except what a few members could spare; and I had to bear the brunt of attacks equating me with what my opponents were pleased to call labor goons. There was no such thing as COPE. So my support of organized labor did not come painlessly, or without cost, but I was glad to do it, because I believe that workers have a right to organize and act in their own behalf.

All during my career, organized labor has looked with favor on my voting record—as good as any, they would say. I was glad to have the praise, and glad too when labor in Texas started to become respectable, if not yet strong in terms of membership.

In short, without detailing the story, I think that by any standards, including those of labor itself, I have been a steadfast friend of labor and the workingman.

But I am like anyone else. I have my share of enemies in labor. That is understandable. What has surprised me is that the great movers and shakers of organized labor seem to think these days that HENRY GONZALEZ is one steadfast friend they can do without.

This painful discovery came about when not very long ago I was attacked by something called the Labor Council for Latin-American Advancement. As it turned out this organization had not at the time even been established, except in name, and to this day has no real structure. The attack was engineered by a few of my more dedicated enemies, for reasons that they alone can understand.

What surprised me was that these fellows have access to all the organs and instruments of the AFL-CIO. And when I aked the AFL-CIO what I had done to deserve this slander from an unheard of instrumentality of theirs, I got no answer at all, not even the courtesy of a reply. I tried again, but without any success. Only a few of my friends in the labor movement have asked to hear the facts, or spoken out in my defense.

With this experience I can better understand how the great chieftains of the AFL-CIO have been able to cozy up to their heretofore mortal enemy, Richard Nixon, and how they have turned on him again. It seems that they were much more interested in obtaining some momentary, elusive advantage than in defending the real interests of their friends and members. It is hard to stand for truth and right when the tables of the powerful and wealthy are laid before you.

So here I am, after years of being a steadfast friend of labor, unable to be heard in the councils of its mighty, apparently unworthy for them to speak a word in response to my questions.

My principles have not changed. I still believe in the right of the workingman to organize and bargain collectively. But I can only wonder now if labor will stand by those who have stood by them. It does not change my principles, offended though I have been. But I have seen the shadow of a fair-weather friend, and only wonder today if it means anything to labor that it does have friends of long standing.

I can only wonder if labor today deserves the epitaph of the great Inca historian Garciloso de la Vega, who mourn-fully wrote of the fallen Inca, centuries ago:

> Who is to counsel the willful and powerful, confident of themselves . . . Such a person does not seek advice, does not want to receive it, and cannot abide those who are willing to give it.

DEVELOPMENTS IN SOUTH ASIA

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Indiana (Mr. HAMILTON) is recognized for 5 minutes.

Mr. HAMILTON. Mr. Speaker, I would like to bring to the attention of my colleagues an important, recent event that serves well the cause of peace in one strife-torn region of the world. I refer to Pakistan's decision to recognize its former eastern province, Bangladesh, as an independent and sovereign state.

While this recognition has only been announced and has not been backed up by deeds, it has caused some criticism in Pakistan, but it does represent an important move on the part of the Government of Pakistan. We should credit Pakistan for helping to advance the cause of peace in South Asia and for trying to help resolve some of the complex problems that divided and brought conflict and misery to the subcontinent in 1971.

A lot was heard at the recent Lahore Islamic Conference about Muslim unity and oil prices and availability problems, but the most significant product of that conclave had little to do with the meeting itself. The simple arrival of Shiekh Mujibur Rahman, Prime Minister of Bangladesh, in a country where he was a prisoner less than 30 months ago, evidences a will on the part of both Bangladesh and Pakistan to turn a new page in their relations. Whether this recognition move was long overdue or not is not the issue. The issue is that peace in South Asia is essential so that these poor states can get on with the business of development and away from the arms business.

It is hoped that this breakthrough in South Asia coupled with the Delhi Agreement allowing for the exchange of populations will lead to further reconciliation and more steps in the normalization of the relationships between India, Pakistan, and Bangladesh. The United States should help as best it can and with its limited resources available to aid this process.

H.R. 13019 WOULD PROVIDE TAX RELIEF FOR LOW- AND MODERATE-INCOME TAXPAYERS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Wisconsin (Mr. REUSS) is recognized for 20 minutes.

Mr. REUSS. Mr. Speaker, I introduced yesterday for appropriate reference H.R. 13019, to provide income and payroll tax relief for low- and moderate-income taxpayers.

The bill does two things:

First, benefits all taxpayers who use the standard income tax deduction—mainly those with incomes under $15,000—by raising the low income allowance—minimum standard deduction—from $1,300 to $1,800, the standard deduction rate from 15 to 20 percent, and the standard deduction ceiling from $2,000 to $2,200.

Second, eliminates or reduces payroll taxes for families with wage income below the poverty threshold by allowing personal exemptions and a liberalized minimum standard deduction of $1,800 per family. The deductions are phased out dollar for dollar for wages earned in excess of the deduction total.

The combined effect of the income and payroll tax provisions of this bill would affect families of varying sizes and incomes as follows—assuming married couple filing jointly, single wage-earner:

Four-person families:

Income of $4,800—this family currently pays combined income and payroll taxes of $350.80. Under H.R. 13019, this family would pay no income or payroll tax.

Income of $6,000—this family currently pays total payroll and income taxes of $596 a year. The bill would reduce their tax burden to $310.40.

Income of $10,000—at present, this family has to pay $1,490 in taxes. Under the proposal, the family would pay only $1,395.

Income of $15,000—under current law, this family pays $2,592.20 in taxes. The bill would reduce the load to $2,548.20.

Six-person families:

Income of $4,800—under current law, this family pays $280.80 in taxes, under the proposal, nothing.

Income of $6,000—at present, this family pays payroll and income taxes of $379, under the bill, nothing.

Income of $10,000—this family now pays taxes of $1,205, under the proposal, $967.90.

Income of $15,000—this family pays $2,262.20 currently, under the bill, $2,218.20.

Tax relief for low- and moderate-income families—particularly for the often overlooked $3,000-$13,000 families—is desperately needed, not just for simple equity but for the overall economic health of this country.

Simple justice: Families with $15,000 a year or less have steadily lost ground, before taxes, under President Nixon. From 1947 through 1968, Census Bureau data show that the income shares—percentage of pre-tax total income—of poor and middle-income families increased, while the share of the richest one-fifth declined. In 1969, the trend began to reverse. By 1972—the most recent Census figures—over $8 billion had been redistributed from the bottom three-fifths of American families to the richest one-fifth.

PERCENTAGE SHARE OF AGGREGATE INCOME RECEIVED BY EACH 5TH OF FAMILIES

	Lowest (under $5,000)	2d (under $8,500)	3d (under $13,000)	4th (under $17,000)	Highest ($17,000 and over)
1972..	5.4	11.9	17.5	23.9	41.4
1971..	5.5	12.0	17.6	23.8	41.1
1970..	5.4	12.2	17.6	23.8	40.9
1969..	5.6	12.4	17.7	23.7	40.6
1968..	5.6	12.4	17.7	23.7	40.5
1967..	5.1	11.8	16.2	23.2	43.3

Source: Bureau of the Census, "Money Income in 1972 of Families and Persons in the United States," December 1973.

While the real income of the very poorest families has been boosted by Federal in-kind transfers—food stamps, housing subsidies, medicaid—which do not appear in the census figures, the next lowest two-fifths are generally not eligible for these programs and are suffering greatly. The administration's proposed guaranteed minimum income will not benefit moderate-income families.

The shift in income shares is particularly rough for these below-$15,000 families because they are hardest hit by inflation. They spend a higher proportion of their income on basic necessities than do the wealthy, and the soaring costs of food, fuel, and housing make sharp inroads on their real income.

Tax increases must be added to rising prices as the special burden of the moderate-income family. The only general tax increases of the last few years have been payroll tax increases. On January 1, 1973, the OASDHI rate was increased from 5.2 to 5.85 percent, and the wage base on which the tax is computed raised from $9,000 to $10,800. On January 1, 1974, the wage base was again raised from $10,800 to $13,200. A family earning $12,000, for example, in 1972 paid a payroll tax of $624. Today, on that same earnings, the family must pay $702—a 12.5 percent increase in a little over 15 months.

As a result of tax increases and inflation, real spendable weekly earnings—computed by adjusting gross weekly earnings for inflation and taxes—actually declined 2.8 percent during the first 9 months of 1973. Thus, simple justice demands that we provide tax relief to low- and moderate-income families to make up for the ravages of the last 5 years.

Averting a depression: January figures show that production is down, not only in petroleum-dependent industries, but across the board. And dollar weekly earnings also declined in every sector—construction, manufacturing, and retail—by an average 2.2 percent in January.

It is an ominous sign when not only real income but even dollar income goes down. The implications are clear. Americans are in hock to the highest interest rates and the largest consumer debt ever. Unless demand can be expanded to take goods off the shelves and stimulate production, we face a serious recession.

We also face increased cost-push inflation, unless we can give the average wage-earner, who has been left way behind by spiralling prices, some reason to moderate his demands for a wage increase.

H.R. 13109 would give approximately $10 billion in tax relief to low- and middle-income taxpayers. The cost of the program would be recouped, so far as necessary, by plugging loopholes such as the foreign oil tax laws, which encourage exploration and production abroad, the failure to tax capital gains at death, which distorts the securities market, and hobby farm tax losses, which bid up farmland prices—loophole-plugging desirable both for equity and to eliminate economic inefficiency. Raising the wage base on which the payroll tax is computed to $20,000 could also provide $5.7 billion in additional revenues.

There are many different proposals designed to give tax relief—raising the personal exemption, lowering the payroll tax rate, or lowering income tax rates. But these measures would waste scarce revenues by distributing benefits to others than those who need help. H.R. 13019 gives relief where it is most needed. The section-by-section analysis of the bill follows:

SECTION-BY-SECTION ANALYSIS OF H.R. 13019

Section 1 amends the Internal Revenue Code of 1954 to increase the standard deduction and low income allowance (minimum standard deduction), as follows:

1. The standard deduction rate is raised from 15 to 20 percent.
2. The standard deduction ceiling is raised from $2,000 to $2,200.
3. The low income allowance is raised from $1,300 to $1,800.

The standard deduction was designed to simplify the complexity of the income tax for most taxpayers. From 1944 to 1969, the standard deduction was 10 percent. The Tax Reform Act of 1969 raised it to 13 percent in 1970, 14 percent in 1971, and 15 percent in 1972. Since then, rising prices, state and local taxes, and interest rates have created an incentive to more taxpayers to itemize deductions.

Raising the rate to 20 percent will do two things. First, it will give tax relief to moderate income taxpayers who find it difficult to itemize deductions. Second, it will reduce the growing disparity between itemized deductions and the standard deduction.

Not only the rate, but also the standard deduction ceiling should be raised to reflect the higher cost of deductible items.

The low income allowance was created in 1969 to exempt income below the poverty level from income tax. However, the poverty threshold has risen substantially since the provision was enacted, and now families below the poverty level are paying income taxes. In the following table, column two shows income exempt from income tax by application of the existing low income allowance and qualified personal exemptions, column three shows projected 1974 nonfarm poverty thresholds based on Bureau of Labor Statistics data, and column four shows income exempt from income tax under H.R. 13019.

INCOME EXEMPT FROM FEDERAL INCOME TAX BY APPLICATION OF LOW INCOME ALLOWANCE AND PERSONAL EXEMPTIONS

	Income exempt: current law	Projected 1974 poverty thresholds	Income exempt: H.R. 13019
Number of persons in family:			
1	$2,050	$2,370	$2,550
2	2,800	3,060	3,300
3	3,550	3,751	4,050
4	4,300	4,804	4,800
5	5,050	5,668	5,550
6	5,800	6,374	6,300
7 or more (and so forth)	6,550	7,846	7,050

Under H.R. 13019, families of three or fewer members would find slightly more than poverty level income exempt from taxation, families of four would have poverty level income exempted, and families of five and more persons would receive tax-free very slightly less than poverty level income. This is clearly a necessary change.

Section 1 would cost an estimated $3 billion annually. Approximately 95 percent of the tax relief would accrue to taxpayers earning less than $15,000 a year.

Section 2 amends the Internal Revenue Code of 1954 and the Social Security Act to allow personal exemptions and an $1,800 low income allowance per family to be deducted from wages subject to OASDHI withholding (limited by a dollar-by-dollar phase-out for wages in excess of the total deduction), and to provide that the revenues lost to the Social Trust Funds through application of this section be transferred to the Trust Funds from the general fund of the Treasury.

Payroll taxes, even more than federal income taxes, fall heavily upon low- and moderate-income families. Permitting wage-earners to deduct personal exemptions and the low-income allowance from their taxable wage base ensures that income below the poverty threshold will not be taxed, while the phase-out provision ensures that only those with such income will receive the maximum relief.

Here is how the payroll tax relief provision works (assuming one earner per family):

1. Four person families:

a. $4,800—instead of $280.80 in OASDHI under current law, under H.R. 13019, this family would pay nothing.

b. $6,000—this family now pays $351 in payroll taxes, under H.R. 13019, $140.40.

c. $8,000—this family now pays $468, under the proposal, $432.90.

d. $10,000—this family now pays $585, under the proposal, there would be no change in liability.

2. Six person families:

a. $4,800—this family now pays $280.80 in payroll taxes, under the proposal, nothing.

b. $6,000—this family now pays $351, under the proposal, nothing.

c. $8,000—this family now pays $468, under the proposal, $198.90.

d. $10,000—this family currently pays $585, under the proposal, $432.90.

The deductions are permitted only from contributions paid by self-employed workers and by employees—the employer's contribution remains the same. In order that no wage-earner's benefits be reduced as a result of his lessened contribution, an amount equal to the reduction in contributions is transferred from the general fund of the Treasury to the Federal Old Age and Survivors Insurance Trust Fund, the Federal Disability Insurance Trust Fund, and the Federal Hospital Insurance Trust Fund, as applicable.

Section 2 is estimated to cost approximately $7 billion annually.

VOICE OF DEMOCRACY CONTEST

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Tennessee (Mr. FULTON) is recognized for 5 minutes.

Mr. FULTON. Mr. Speaker, each year the Veterans of Foreign Wars of the United States and its ladies auxiliary conducts a Voice of Democracy Contest. The winning contestant from each State is brought to Washington, D.C., for the final judging in this contest. It is always a source of pride when young students are cited for making valuable contributions to their community and their country and it is for this reason, that I would like to call to the attention of my colleagues the winning speech from my State written by David Scott Harron, 4840 Briarwood Drive, Nashville, Tenn.:

SPEECH BY DAVID SCOTT HARRON

I can remember several years ago when my favorite piece of music was a folk song describing the costs of freedom. I can especially recall one line, "You've got to pay the price, you've got to sacrifice, for your liberty." Although at the time, I was too young to grasp the true meaning, I see now how the thought pertains to each persons responsibilities to his nation. Most people my age tend to believe that until they are eligible for the draft, and the right to vote, that they have no responsibilities. But I have found that electing one's leaders and fighting for one's country are not the only responsibilities with which a citizen is faced, nor are a ballot and a gun the only way to fulfill those two. I feel that my responsibilities as a citizen, even if only a young one, are extensive, stretching into every phase of our nation. First, the way in which our government is run, the way it operates and what it does. Secondly, the manner in which the people are governed, our system of laws and their enforcement. And lastly in preparing myself, others, and the nation as a whole for the future.

I suppose that my definition of responsibility centers around the word involvement, because getting involved means taking an actve part, which I believe to be the responsibility of each citizen. The vast majority of my friends seem to think that since they are too young to run for office, or to vote, that there is no way for them to become involved. What they don't seem to realize is that the ballot box is not the only way to influence government or that the vote is not the only way to influence a ballot. Last year several of my friends and I spent time as campaign workers for the various candidates and in doing so we possibly influenced some decisions of those who could vote. But just because a candidate is elected doesn't mean that he stops listening to the people. I have found that elected officials do not ignore the wishes of their young constituents, the problem is usually that the youth do not brother to make their opinions clear. In this respect it can well be said that the mail box may prove as powerful as the ballot box in the shaping of policy. An even more powerful tool than the mail box is often a direct representation of our opinions to those in charge, not like a demonstration, a sit-in, or a riot, but in a constructive form. I belong to an interhigh school student council, one which takes its views directly to the school board. And to the surprise of many, we are not scorned as a group of over-ambitious teen agers. Instead, the board seems to realize that, as students, we know more about student problems and student opinions than anyone else. Thus by getting ourselves involved in a constructive manner, and by cooperating with the school board, we have done much to improve the type and quality of education we receive. By accepting our sponbilities and becoming involved in government, we improve that which needs improvement.

Through government we can change laws, but while a law is still in effect it is our duty as citizens to obey that law. Laws are created to protect individuals and the freedoms of individuals, therefore we should do more than merely obey the laws, we should aid in their enforcement. Recently, in my city, a young woman was assaulted and severly beaten, and her cries for help went ignored by passing pedestrians and motorists. Later, those who admitted to hearing the woman's screams said that they didn't help her mainly because they "didn't want to get involved". Our laws must be enforced or else civil chaos would result, and our under staffed and under-equipped police cannot be expected to bare the entire burden. This leaves a great deal of responsibility to the individual, to you and me.

Of course, all this involvement would be a waste if we could not guarantee that it would continue in the future. By setting a good example of citizenship now, perhaps those who are younger than myself would develop a desire to meet their responsibilities also. They, in turn, may be expected to teach the following generation, and so on. As we grow older, we will be the ones fighting our country's wars while others, by meeting their responsibilities, will protect the nation from internal collapse.

As we gain in years, our responsibilities increase in number. We gain the right to vote as we wish and the duty to serve our country in time of war. To keep pace with our growing responsibilities we are going to have to become better informed, and practice good citizenship until it is first nature to us. Josiah C. Stamp once wrote "It is easy to dodge our responsibilities but we cannot dodge the consequences of dodgeing our responsibilities." We must all pay the price, we must all become involved lest we encounter the consequences, which in a case such as this could only mean the fall of government by the people, liberty.

SPEAKING OUT FOR FREEDOM

(Mr. KOCH asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. KOCH. Mr. Speaker, I would like to bring to my colleagues attention two very significant events which are currently taking place in the Soviet Union. One event demonstrates the tremendous courage of the Soviet Jews, and the other reminds us to what lengths the Soviet Union will go to silence its critics and those who have expressed a desire to emigrate to Israel.

Three Soviet Jews are courageously in the process of conducting a hunger strike to dramatize their plight and that of the thousands of Soviet Jews who have been denied the right to emigrate to Israel. The three men—David Azbel, a retired physicist; Vitaly Rubin, a sinologist; and Vladimir Galatsky, an artist—have submitted applications for visas for Israel, and have repeatedly been denied permission for "state interests." They have been the victims of arrest, harassment and intimidation by Soviet authorties, tactics commonly used against Soviet Jews who have expressed a desire to emigrate to Israel. David Azbel, who spent 16 years in Stalinist labor camps, cannot easily be broken and in spite of his age, continues to protest and demand his right, and that of other Soviet Jews, to emigrate to Israel.

Concerned Americans have remained in communication with David Azbel and other Soviet Jews by means of the telephone and telegrams. To the Soviet Jew who in all likelihood has lost his job, and faces constant harassment and possible imprisonment for "parasitism", a telephone call or a telegram from our friends in the West is a vital source of hope and encouragement.

To cut off this source of hope is to further isolate the Soviet Jew, and this is precisely what the Soviet authorities are attempting to do. I have just been informed that approximately 100 telephones belonging to Soviet Jewish activists residing in Moscow have been disconnected, thereby eliminating virtually all outside communication with these activists. I have also learned that $3,000 worth of telegrams were sent to David Azbel from the West this past week, expressing support for his courageous hunger strike. Unfortunately, David Azbel has never received any of these telegrams, and is not aware that friends in the West have heard about and support his efforts.

It is unconscionable that, while out of one side of the collective mouth, the Soviet Union pledges its commitment to détente and better understanding among our peoples, and at the same time, it denies its own citizens the very basic right of communicating with one another and with friends in the West. I would urge my colleagues to protest this blatant disregard for individual freedom.

ESTONIA

(Mr. KOCH asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. KOCH. Mr. Speaker, it is a pleasure for me to join Estonian-Americans throughout the country in recognizing the 56th anniversary of the Declaration of Estonian Independence. It is particularly important that this event be commemorated in 1974 and especially just 1 week following the exile of Alexandr Solzhenitsyn. For the rising tide of international protest directed toward Soviet oppression can find lasting inspiration in the Estonian achievement of self-determination a half-century ago. Indeed, it is Solzhenitsyn who has written that his disillusionment with the Soviet system was fed by the recollection of the Estonian democracy established in 1918. He writes:

> I had never before dreamed that I would become interested in Estonia or bourgeois democracy. It was not clear why, but I began to like it all, and the new information was stored away.

The Estonian experience yields not only the symbolic vision of liberty, but the real, continuing struggle to regain the freedom that was lost. The community of nations has long condemned the illegal Russian occupation of the Estonian nation in 1940 and the continued Soviet control of Estonia represents a gross contravention of international law. But the issue is not simply one of political sovereignty. It has become a question of the right of a people to ethnic and cultural identity. For 50 years, the Soviet Union has made a concerted effort to destroy the Estonian nation by the systematic diffusion of its population.

It has been estimated that 140,000 Estonians were deported from 1940 to 1954. Since then, the Soviet Government has conducted a massive settlement of Russians in Estonia and a corresponding dispersal of Estonians over the hinterlands of the U.S.S.R. Stalinist terror tactics have been replaced by the application of administrative and economic pressure, but the policy remains methodically effective. According to U.S.S.R. census statistics for 1970, Estonians constituted only 68.2 percent of the population of Estonia, as opposed to 88.2 percent in 1939. Demographic studies published in 1973 show that the proportion of Estonians has declined even further since the 1970 U.S.S.R. census. The Estonian struggle has truly become one for national survival.

In many ways, Alexandr Solzhenitsyn has given voice to the Estonian cause. Whether directed toward an individual or an ethnic group, Soviet policy ultimately contains one message—that freedom of diversity, whether in the intellectual or cultural realm, will not be tolerated. The continued destruction of freedom-loving groups like the Estonians can only enhance the strength of that policy. Mr. Speaker, I submit that we are faced with a basic moral imperative to lend our active support to the cause of intellectual and national freedom in the Soviet Union. It is appropriate that tribute be paid to the oppressed of the Russian nation. But, in this case, our words are given meaning by our actions. Our accolades will be empty if we are willing to forget the plight of the Russian people in our quest for détente with the Soviet Government. To honor the Estonian people would be to act as a nation according to the message of Alexandr Solzhenitsyn:

> The salvation of mankind lies only in making everything the concern of all.

TOWARD A MORE BALANCED TRANSPORTATION SYSTEM

(Mr. BINGHAM asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. BINGHAM. Mr. Speaker, if the current crisis teaches us anything, it is that we no longer have unlimited drawing rights on what we once naively regarded as an inexhaustible energy bank. We must, instead, move toward new and more innovative patterns of growth and development especially in our urban areas where most Americans, not without some difficulty, live, breathe, and move about.

As a longtime advocate of improved rail and bus transit to create a more balanced transportation system, I was delighted to learn recently that New York City and Los Angeles have proposed to purchase a small number of double-decker buses to test their usefulness in this country. One of these buses, I am told, can carry half again as many people in the same amount of road space as our regular bus with almost no difference in fuel consumption or exhaust emissions. And, if my experience with these buses in New York during their first tour there some years ago is any indication, I suspect that most people will find the double-decker a far more pleasant way to ride.

Mr. Russell Train, Administrator of the Environmental Protection Agency, commented on this proposed project during a recent speech before the Annual Congress of Cities as follows:

> This is just one promising idea worth pursuing. I have no doubt that a nation as innovative as ours can come up with many more. There are some, I know, who say that anything that discourages auto traffic in cities will only drive more customers and businesses out. I am convinced on the contrary, that as mass transit improves and offers people a real alternative, as the city air becomes crisp and clean again, as the streets are no longer clogged with cars—that cities can take advantage of the opportunity to become the centers of activity and excitement that they are, in fact, supposed to be.

The New York Times recently ran the following article on the proposed double-decker bus project in New York City. I commend it to the attention of readers of the Record who are interested in alternative and innovative means of transportation.

DOUBLE-DECKER BUSES RETURNING

(By Robert Lindsey)

The double-decker bus, a venerable New York institution that vanished 21 years ago, is coming back—with a British flavor.

Federal sources in Washington said yesterday that the Department of Transportation would finance a trial program to test the performance, economics, safety and public acceptance of double-decker buses here and in Los Angeles.

FOUR BUSES IN TEST

Under the plan, four British-built buses—larger versions of the big red buses that are as much a symbol of London as Big Ben—will be put into use here. And two German-built double-decker buses will be put into trial service in Los Angeles.

Transit industry sources said the two-level buses would probably be carrying passengers here by late this year, although the exact timetable was not available yesterday.

Bringing back the double-decker bus was first suggested more than two years ago by Dr. William J. Roman, chairman of the Metropolitan Transportation Authority, as a way to increase the number of people that could be carried on M.T.A. express bus lines from Queens and other points into Manhattan.

Federal officials said the possibility of being able to increase the productivity of buses and bus drivers—had taken on new importance recently because of what is expected to be a resurgence of public transit ridership in some cities because of gasoline shortages and price increases.

Government sources said the cost of the buses and the research studies evaluating their performance and acceptance would be financed by a grant of more than $1-million from the Urban Mass Transportation.

They said the grant application had been approved within the transit agency and was awaiting the signatures of Frank C. Herringer, the transportation administrator, and Claude S. Brinegar, Secretary of Transportation. The research aspects of the program will be conducted by the National Transportation Center of Pittsburgh.

The double-decker bus was a fixture of life in Manhattan for 46 years—from 1907, when the motorbus replaced horse-drawn buses, until 1953, when "economics" finally did them in. Until 1946, many of the buses had open tops, and for generations of young people a ride on the top deck of such a bus along Fifth Avenue and Riverside Drive was part of the essence of growing up here.

It was not just a bus ride that New Yorkers got for a nickel or a dime, but an experience—a place to spend an hour or two, to go courting, a place to cool off a bit on hot summer nights.

LAST BUS HERE IN 1953

The last two-decker bus was retired in April, 1953, largely, city officials said then, because of economics. The buses required two crewmen—a driver and a conductor who collected fares. Compared with one-man buses, the double-deckers cost too much to operate. Besides, the big buses were not as easy to maneuver in traffic as the smaller one-level buses.

The F.T.A. has decided to give double-decker buses a second chance because of changes in mass transit, particularly the growing popularity of the nonstop express runs into Manhattan. Although the agency said it had not ruled out a revival of the double-decker buses on Fifth Avenue or other main thoroughfares, the main goal at first is to experiment with them to increase the capacity of express bus lines.

M.T.A. officials said that it should be relatively easy to run express buses with only one crewman because, in most cases, passengers are picked up at a single point, and therefore a driver could collect fares before he started a run.

EXACT FARE NEEDED

The regulation imposed in 1969 that bus passengers must have the exact fare before boarding buses—drivers no longer carry change to deter robberies—also reduces some of the previous shortcomings of double-deckers, according to M.T.A. officials.

The buses to be used here will be purchased from British Leyland Motors Corporation, which manufactures the London bus, as well as similar buses used in many other cities in Europe. Those to be used in Los Angeles—probably on an express lane reserved for buses on a city freeway—will be built by Neo-Plan Corporation, a major bus manufacturer in West Germany.

Federal officials said European companies had been selected because no American manufacturers had the capability to build double-decker buses.

The double-decker buses that will be used for the experiment here will have at least 70 seats. Conventional buses now operating in the city have 45 to 49 seats.

LITHUANIAN INDEPENDENCE DAY

(Mr. STRATTON asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. STRATTON. Mr. Speaker, last February 16 was Lithuanian Independence Day, the 56th anniversary of the independence of that brave nation and people.

As we pause again this year to pay tribute to the people of Lithuania, who have kept alive their deep devotion to freedom in spite of a quarter century of Soviet domination, there are some significant new developments that not only demonstrate dramatically the pervasive nature of Soviet suppression, but also give real proof that the fires of freedom still burn strongly in peoples under the Soviet heel and so hold out real hope for the day when all these people will once again be free.

Three years ago it was the brutal treatment of Simas Kudirka, the Lithuanian seaman virtually kidnaped by Soviet police in American waters. This year it is the incredibly crude treatment of the Soviet Nobel Laureate Alexandr Solzhenitsyn, forcibly dragged by Soviet police from his home in the middle of the night and sent into exile without trial or even explanation.

Both events have stimulated a tremendous outpouring of world opinion against these repressive actions. The vote in the House on the trade bill was one clear demonstration of how the people of America feel about Soviet citizens in this case her Jewish citizens. All of a sudden even the Soviets realize that even the new policy of détente will not prevent the American people from protesting these acts of barbarism and inhumanity.

Another reflection of this deep feeling is the continuing concern of the American people, 3 years later, over the fate of Seaman Kudirka. Recently I joined with other Members of the House in cosponsoring a concurrent resolution which would direct the State Department to bring to the immediate attention of the Soviet Government the deep and growing concern among citizens of the United States over the plight of Mr. Kudirka.

More than anyone else, Mr. Kudirka exemplifies the courage and spirit of the Lithuanian people in their quest for liberation. On November 23, 1970, he jumped from his Soviet fishing trawler onto the U.S. Coast Guard cutter, *Vigilant*, seeking political asylum in the United States. Due to a series of misjudgments, crew members of the Soviet ship were allowed to board the *Vigilant*, seize Kudirka, beat him, and forcibly remove him to the Soviet ship. All this took place while both ships were moored in U.S. territorial waters.

Shortly thereafter Mr. Kudirka was sentenced to imprisonment in Russia, and there has been no official word on his welfare or the welfare of his family since that sentencing. Is he rotting in jail, in Siberia, or what?

Since Kudirka is just one Lithuanian caught in the iron grip of the Russian bear, but on the aniversary of Lithuanian independence he symbolizes the resolve of all Lithuanians throughout the world who still thirst for freedom and independence in their homeland.

So I urge this House to move swiftly to adopt the concurrent resolution as a pledge to the people of Lithuania that we fully support their continuing battle for independence. Freedom is the birthright of every man and its denial in whole or in part, in any place in the world, including the Soviet Union, is absolutely intolerable. This is the basic lesson to remember on this Lithuanian Independence Day, 1974.

CONGRESSMAN STRATTON MAKES PUBLIC A STATEMENT OF HIS NET WORTH AND A SUMMARY OF HIS 1972 TAX RETURN

(Mr. STRATTON asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. STRATTON. Mr. Speaker, I have long supported the idea that public officials should be required to make a much fuller disclosure of their personal finances than is presently mandated by the rules of the House. The need for such fuller disclosure has been pointed up in recent months by all the many revelations associated with what now goes under the heading of the Watergate affair. Public officials must make it clear that they are not involved in any financial conflicts of interest and are not profiting personally from their positions of public trust.

In this vein the New York Times recently requested every Member of the House and Senate from New York, New Jersey, and Connecticut to furnish them with a statement of the Member's current net worth and a copy of his most recent income tax return. In compliance with that request I have forwarded to the New York Times a statement of my estimated net worth and copies of pages 1 and 2 of my Federal and State income tax returns for 1972.

Since I believe that this information, if it is to be disclosed, should be disclosed generally and not just to one newspaper, I am, therefore, including here for the RECORD a full statement of the material presented in response to the request of the New York Times:

JOINT 1972 FEDERAL TAX RETURN OF SAMUEL S. AND JOAN H. STRATTON, 244 GUY PARK AVENUE, AMSTERDAM, N.Y.

(Four dependent children: Debra, Kevin, Kim, and Brian)

Wages, salaries	$42,500.00
Dividends	None
Interest income	103.56
Other income:	
(Net gain on matured life insurance policy	272.82
Excess of travel reimbursement over travel costs	3.00
	275.92
Total of above	42,879.38
Less adjustments to income:	
(Net impact of congressional reimbursements and congressional busines expenses)	2,689.68
Adjusted gross income	40,189.70
Itemized deductions:	
Medical	150.00
Taxes	4,583.19
Contributions	305.00
Interest exp	2,397.39
Misc. (congressional office expenses over allowances)	833.54
Total of above	8,269.12
Subtract	31,920.58
Exemptions (6)	4,500.00
Taxable income	27,420.58
Federal tax due	6,891.41
Federal tax withheld	9,012.91
Tax refund	3,121.50
Other taxes paid 1972:	
N.Y. State income tax	3,042.28
Md. real estate tax	974.33
Subtotal	4,016.81
Plus Federal tax	6,891.41
Total taxes paid	10,908.42

Net worth as of February 18, 1974

Assets:	
Cash on hand and in bank accounts	517.77
Cash value of VA Life Insurance	473.53
Accumulated dividends in SBLI policy	356.66
Home, Bethesda, Md. (estimated market value)	65,000.00
Government bonds (cash value)	1,225.00
Furniture, clothes, etc. (est)	3,500.00
Automobiles (est):	
1970 Ford	1,200.00
1969 VW	900.00
Horse (est)	300.00
Sailboat (est)	$300.00
Accumulated contributions to congressional retirement fund available only for retirement purposes)	36,026.73
Total assets	109,768.69

Notes on assets: *Home:* Purchased in 1965. *Cost* $42,600. Term Life Insurance Held: $55,000 (Federal Employees Term Life Insurance). Amsterdam residence is a rented apartment.

Liabilities:	
Accounts payable	$1,000.50
Notes (National Bank of Washington)	5,615.00
(salary advance loans)	
Mortgage on Bethesda Home	29,220.00
Total liabilities	36,085.50

Computation of net worth:	
Assets	109,768.69
Less Liabilities	36,035.50
Net worth	73,733.19

THE RIGHT-TO-LIFE AMENDMENT

(Mr. MAZZOLI asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. MAZZOLI. Mr. Speaker, following the Supreme Court's 1973 decision restricting the right of the States to regulate abortion, I cosponsored House Joint Resolution 261, known as the right-to-life amendment. This resolution would amend the Constitution so as to nullify the Court's decision.

This proposal—along with many other similar measures—was referred to the House Judiciary Committee where, for months, it has been denied a hearing.

In view of this, I today signed a petition to discharge the Judiciary Committee from further consideration of House Joint Resolution 261, so that measure can come to the House floor for a vote.

Although the "discharge petition" is a legitimate and necessary legislative tool, long provided for by the rules of the House, it has been my general policy not to employ this means of bringing a measure to the House's attention. Thus, I have not heretofore signed any discharge petitions.

In this instance, however, the evident unwillingness of the Judiciary Committee even to hold hearings—much less to take definitive action—on this profoundly important topic leaves me no choice but to join—with no little reluctance—those who are petitioning to bring House Joint Resolution 261 to the floor for a vote.

"HOT MEALS AND SOCIABILITY FOR ELDERLY": PROPOSED 3-YEAR EXTENSION TO SERVE 500,000 MEALS DAILY

(Mr. PEPPER asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. PEPPER. Mr. Speaker, our distinguished colleague and chairman of the House Select Education Subcommittee, Representative JOHN BRADEMAS, recently informed me that his subcommittee recommended the increases in authorization which I and others urged before his subcommittee for title VII, providing a nutrition program for the elderly under the older Americans services amendments.

The evidence justifying the extension and expansion of this program is overwhelming. None of us dispute the terrible impact that inflation and other social ills have on older Americans; and we are aware of all the benefits that have been provided to thousands of the elderly during the first year's implementation of the nutrition program.

I am pleased to learn that in addition to the benefits we anticipated, several marriages have resulted from the program. According to a front page story appearing in the Christian Science Monitor for Monday, February 25, 13 marriages resulted in a group of 400 people taking part in the nutrition program sponsored by the Washington Urban League in the District of Columbia.

Miss Louise Sweeney, staff correspondent of the Monitor, describes many other benefits that are being provided in the nutrition program, and at this point in the RECORD, I wish to insert the full text of the story:

HOT MEALS AND SOCIABILITY FOR ELDERLY: PROPOSED 3-YEAR EXTENSION TO SERVE 500,000 MEALS DAILY

(By Louise Sweeney)

WASHINGTON.—They drift slowly into the church basement, but they are all there by one o'clock, seven men in well-worn but neat suits and shirts and ties, eight women in cheerful dresses and an occasional burst of rouge.

The men and women—all over 60—sit patiently, chatting a little over the striped tablecloths about the new minister, then lapsing into polite silence as a Red Cross volunteer makes a first aid speech. Then what they have all been waiting for arrives:

Two large tan sacks stacked with meals on trays: They are twice the size of airline trays, full of seafood loaf, mashed potatoes, broccoli, a relish grouping of carrots, celery, and olives, bread and butter, coffee, milk, orange juice, and mixed fruit.

These trays are part of the 212,000 hot meals for the elderly being dished up five days a week under "Title VII" of the Older Americans Act.

To continue this $100 million project for older citizens past its present cutoff date of late June, U.S. Reps. Claude Pepper (D) of Florida, and John Brademas (D) of Indiana, have introduced a bill to extend the Nutrition Program for the Elderly Act three years.

A parallel Senate bill was introduced earlier by Sens. Charles H. Percy (R) of Illinois, and Edward M. Kennedy (D) of Massachusetts. Both bills call for identical funding: $150 million the first year (about 319,277 daily meals), $200 million for the second year (425,702 meals), and $250 million for the third year (532,128 meals). There is apparently no opposition to the bills in their present form.

Under the provisions of Title VII the meals are to be hot, nutritious, served five days a week, and contain at least one-third of the normal adult daily food requirement. The provisions also stipulate that older Americans are to be employed as much as possible in the program.

MORE THAN HOT LUNCHES

"The impact of inflation on the budgets of elderly Americans has made the hot meal program a virtual necessity for vast numbers of elderly Americans," Senator Kennedy noted in introducing the bill.

It is estimated that there are nearly four million older Americans who need these nutritionally balanced meals, often because their incomes are near the poverty level.

"It's called a hot lunch program, but it's not," says Mrs. San Juan Barnes, director of the Senior Neighbors and Companions Clubs of the Washington Urban League, which runs some of the programs here. "It's a leisure program for senior citizens living alone, not involved, to bring them out of that one room into the mainstream of life. . . ."

The program is designed to include "auxiliary services," such as recreational, educational, and counseling programs, and to provide them in a group or social setting.

TO FIGHT LONELINESS

"As great as the nutritional need is the need to overcome loneliness. Loneliness can be a serious illness," says an aide to Senator Pepper, underling the importance of older citizens' contact with the world outside. "Often they're living on such little income that there's no money for a bus or a daily newspaper," said the aide.

Most of the sites for the nutrition program are chosen for their neighborhood accessibility: schools, churches, senior citizens' groups, Some of the money in the program does go for "meals on wheels"—hot meals to elderly shut-ins like the 91 year-old Washington woman who has not been out of her walk-up for two years.

But the emphasis of the program is on "congregate" feeding with its social benefits so that no more than 10 percent of the money goes to meals-on-wheels, with the exception of far-flung rural areas where that ratio is not practical.

SEVERAL MARRIAGES RESULTED

There are indications that in some areas the social aspect of the program is particularly successful: Mrs. Barnes estimated that 13 marriages resulted in a group of 400 people taking part in the nutrition program via the Washington Urban League.

Senator Pepper's aide notes that the program offers information on consumer protection, nutrition, help with things like income tax and social security questions, as well as movies and socializing. But she adds it is all on a voluntary basis for the citizens who participate. Instances like the one cited earlier, in which a mandatory lecture prefaced a meal, are isolated and not typical or intended as part of the program, she added.

The nutrition for the elderly program is still in its infancy (it did not get rolling till last fall). But there are a few early signs of popularity. In congressman Pepper's Dade County in Florida word has gotten out at senior citizens clubs, and an aide says, "We're having to turn people away every day."

The program calls for allotment of the present $100 million state-by-state on the basis of each state's 60-plus population, with the federal government underwriting the cost on a 90:10 matching formula with the states.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. Price of Texas (at the request of Mr. Rhodes), for today and tomorrow, on account of official business.

Mr. Jones of Tennessee (at the request of Mr. O'Neill), for today and the balance of this week, on account of illness in his family.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered was granted to:

(The following Members (at the request of Mr. du Pont) and to revise and extend their remarks and include extraneous matter:)

Mr. McKinney, for 5 minutes, today.
Mr. Railsback, for 5 minutes, today.
Mr. Hosmer, for 30 miiutes, today.
Mr. Hogan, for 30 minutes, today.
Mr. Grover, for 5 minutes, today.

(The following Members (at the request of Mr. Breckinridge), to revise and extend their remarks, and to include extraneous matter:)

Mr. Matsunaga, for 10 minutes, today.
Mr. Gonzalez, for 5 minutes, today.
Mr. Hamilton, for 5 minutes, today.
Mr. Reuss, for 20 minutes, today.
Mr. Fulton, for 5 minutes, today.
Mr. Murphy of New York, for 10 minutes, today.
Mr. Alexander, for 60 minutes, on February 28.
Mr. Flood, for 60 minutes, on March 5.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

(The following Members (at the request of Mr. du Pont), and to include extraneous matter:)

Mr. Broomfield.
Mr. du Pont.
Mr. Wyman in two instances.
Mr. Conlan in five instances.
Mr. Bell.
Mr. Nelsen.
Mr. Brotzman.
Mr. Gilman.
Mr. Skubitz in five instances.
Mr. Dellenback.
Mr. Broyhill of Virginia in two instances.
Mr. Cohen in five instances.
Mr. Archer in two instances.
Mr. Anderson of Illinois in two instances.
Mr. Whalen.
Mrs. Holt.
Mr. Walsh.
Mr. McClory.
Mr. Froehlich.
Mr. McCloskey.
Mr. Ashbrook in two instances.
Mr. Robison of New York.
Mr. Derwinski.
Mr. Hogan.
Mr. Symms.
Mr. Rousselot.
Mr. Bafalis.

(The following Members (at the request of Mr. Breckinridge) and to include extraneous matter:)

Mr. Harrington in two instances.
Mrs. Boggs.
Mr. Ford.
Mr. Teague in seven instances.
Mr. Brinkley in two instances.
Mr. Won Pat in six instances.
Mr. Aspin in 10 instances.
Mr. Culver in 10 instances.
Mr. Byron in 10 instances.
Mr. Gonzalez in three instances.
Mr. Rarick in three instances.
Mr. Carey of New York in two instances.
Mr. Benitez.
Mr. Fulton.
Mr. Hamilton.
Mr. Cotter.
Mr. Rees in two instances.
Mr. Gibbons.
Mr. Stokes in three instances.
Mrs. Schroeder in 10 instances.
Mr. Sikes in two instances.
Mr. James V. Stanton.
Mr. Boland in two instances.
Mr. Vanik in three instances.
Mr. Studds.
Mr. Conyers.
Mr. Burke of Massachusetts.
Mr. Ashley.
Mr. Wolff in three instances.
Mr. Reuss in five instances.
Mr. St Germain in 10 instances.
Mr. Waldie.
Mr. Mann in 10 instances.
Mr. Tiernan.

SENATE BILL AND CONCURRENT RESOLUTION REFERRED

A bill and a concurrent resolution of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 2394. An act to authorize the acquisition of certain lands for addition to Rocky Mountain National Park in the State of Colorado, and for other purposes; to the Committee on Interior and Insular Affairs.

S. Con. Res. 70. Concurrent resolution relating to supply of wheat for domestic consumption during the remainder of the 1973–74 marketing year; to the Committee on Agriculture.

BILL PRESENTED TO THE PRESIDENT

Mr. HAYS, from the Committee on House Administration, reported that that committee did on February 25, 1974, present to the President, for his approval, a bill of the House of the following title:

H.R. 10203. An act authorizing the construction, repair, and preservation of certain public works on rivers and harbors for navigation, flood control, and for other purposes.

ADJOURNMENT

Mr. BRECKINRIDGE. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 6 minutes p.m.), the House adjourned until tomorrow, Wednesday, February 27, 1974, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1940. A letter from the Adjutant General, Veterans of Foreign Wars of the United States, transmitting the proceedings of the 74th National Convention of the Veterans of Foreign Wars of the United States, pursuant to Public Law 88–224 (H. Doc. No. 93–222); to the Committee on Armed Services and ordered to be printed with illustrations.

1941. A letter from the Secretary of Health, Education, and Welfare, transmitting a draft of proposed legislation to extend the authority for the program known as Project Headstart to provide comprehensive services to aid disadvantaged preschool children in order to enable such children to attain their full potential; to the Committee on Education and Labor.

1942. A letter from the Assistant Secretary of the Interior, transmitting a draft of proposed legislation to authorize appropriations for the saline water program for fiscal year 1975, and for other purposes; to the Committee on Interior and Insular Affairs.

1943. A letter from the Assistant Secretary of the Interior, transmitting the 1973 annual report of the Office of Water Resources Research, pursuant to the Water Resources Research Act of 1964, as amended; to the Committee on Interior and Insular Affairs.

1944. A letter from the Assistant Secretary of the Interior, transmitting notice of receipt of an application for a loan from the Gering Irrigation District, Gering, Nebr., pursuant to section 10 of the Small Reclamation Projects Act of 1956; to the Committee on Interior and Insular Affairs.

1945. A letter from the Secretary of Commerce, transmitting the annual report of the activities of the Department of Commerce during fiscal year 1973 under the Fair Packaging and Labeling Act, pursuant to section 8 of Public Law 89-755; to the Committee on Interstate and Foreign Commerce.

1946. A letter from the Administrator, Federal Energy Office, transmitting a draft of proposed legislation to authorize coordination of acquisition and analysis of energy information, to provide for acquisition of accurate, timely energy information necessary of the formulation of public policy, and for other purposes; to the Committee on Interstate and Foreign Commerce.

1947. A letter from the Governor of the Canal Zone, transmitting a draft of proposed legislation to amend title 6 of the Canal Zone Code to permit, under appropriate controls, the sale in the Canal Zone of lottery tickets issued by the Government of the Republic of Panama; to the Committee on Merchant Marine and Fisheries.

Received From the Comptroller General

1948. A letter from the Comptroller General of the United States, transmitting a report on improvements needed in managing nonexpendable end-item equipment in the Air Force; to the Committee on Government Operations.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. HOLIFIELD: Committee on Government Operations, H.R. 11143. A bill to provide the authorization for fiscal year 1974 and succeeding fiscal years for the Committee for Purchase of Products and Services of the Blind and Other Severely Handicapped, and for other purposes; with amendment (Rept. No. 93-808). Referred to the Committee of the Whole House on the State of the Union.

Mr. HOLIFIELD: Committee on Government Operations. House Joint Resolution 905. Joint resolution extending the filing date of the 1974 Joint Economic Committee report (Rept. No. 93-809). Referred to the House Calendar.

Mr. HAYS: Committee on Foreign Affairs. H.R. 12341. A bill to amend the Foreign Service Buildings Act, 1926, to authorize sale of a property in Venice to Wake Forest University; with amendment (Rept. No. 93-810). Referred to the Committee of the Whole House on the State of the Union.

Mr. HAYS: Committee on Foreign Affairs. H.R. 12465. A bill to amend the Foreign Service Buildings Act, 1926, to authorize additional appropriations for the fiscal year 1974 (Rept. No. 93-811). Referred to the Committee of the Whole House on the State of the Union.

Mr. HAYS: Committee on Foreign Affairs. H.R. 12466. A bill to amend the Department of State Appropriations Authorization Act of 1973 to authorize additional appropriations for the fiscal year 1974, and for other purposes; with amendment (Rept. No. 93-812). Referred to the Committee of the Whole House on the State of the Union.

Mr. PATMAN: Committee of Conference. Conference report on S. 386; (Rept. No. 93-813). Ordered to be printed.

Mr. MURPHY of Illinois: Committee on Rules. House Resolution 929. A resolution providing for the consideration of H.R. 8053. A bill to amend title 13, United States Code, to establish within the Bureau of the Census a Voter Registration Administration for the purpose of administering a voter registration program through the Postal Service. (Rept. No. 93-814). Referred to the House Calendar.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ASPIN (for himself and Mr. Brown of California):

H.R. 13030. A bill to amend the Securities and Exchange Commission Act of 1933 to authorize the Securities and Exchange Commission to regulate the structure of certain corporations and other firms engaged in petroleum refining; to the Committee on Interstate and Foreign Commerce.

By Mr. BYRON:

H.R. 13031. A bill to amend the Internal Revenue Code of 1954 to eliminate, in the case of any oil or gas well located outside the United States, the percentage depletion allowance and the option to deduct intangible drilling and development costs and to reduce the foreign tax credit allowed with respect to the income derived from any such well; to the Committee on Ways and Means.

By Mr. DOWNING:

H.R. 13032. A bill to amend title 10, United States Code, to provide severance pay for regular enlisted members of the U.S. Armed Forces; to the Committee on Armed Services.

By Mr. FLYNT (for himself, Mr. Moss, Mr. Edwards of California, and Mr. McClory):

H.R. 13033. A bill to amend title 18 of the United States Code to prohibit the transportation or use in interstate or foreign commerce of counterfeit, fictitious, altered, lost or stolen transportation tickets; to the Committee on the Judiciary.

By Mr. FROEHLICH:

H.R. 13034. A bill to prohibit for a temporary period the exportation of ferrous scrap, and for other purposes; to the Committee on Banking and Currency.

By Mrs. GRASSO:

H.R. 13035. A bill to authorize recomputation at age 60 of the retired pay of members and former members of the uniformed services whose retired pay is computed on the basis of pay scales in effect prior to January 1, 1972, and for other purposes; to the Committee on Armed Services.

H.R. 13036. A bill to establish identification and reporting procedures to determine the existence and causes of shortages of products in interstate commerce; to the Committee on Interstate and Foreign Commerce.

By Mr. HANLEY:

H.R. 13037. A bill to amend section 1201 of title 18 of the United States Code to clarify the intent of the Congress by creating a presumption that a person who voluntarily agrees to travel with another to a particular destination, but does not arrive at such destination after a reasonable period of time, is inveigled or decoyed, within the meaning of such section; to the Committee on the Judiciary.

H.R. 13038. A bill to amend title 5, United States Code, to protect civilian employees of the executive branch of the U.S. Government in the enjoyment of their constitutional rights, to prevent unwarranted governmental invasions of their privacy, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. KYROS:

H.R. 13039. A bill to provide for establishment of a national advisory commission to develop a natonal plan for the control of epilepsy and its consequences; to the Committee on Interstate and Foreign Commerce.

H.R. 13040. A bill to amend section 902 of the Federal Aviation Act of 1958 to prohibit smoking aboard certain aircraft opreating in air transportation; to the Committee on Interstate and Foreign Commerce.

By Mr. McDADE:

H.R. 13041. A bill to amend title II of the Comprehensive Employment and Training Act of 1973 (to provide that an area is deemed an area of substantial unemployment for purposes of such title if such area has a rate of unemployment of at least 6 percentum; to the Committee on Education and Labor.

H.R. 13042. A bill to amend the Clean Air Act for Energy Conservation and Conservation Requirements; to the Committee on Interstate and Foreign Commerce.

By Mr. OBEY (for himself, Mr. Dominick V. Daniels, Mrs. Schroeder, Mr. Riegle, and Mr. Moakley):

H.R. 13043. A bill to amend the Internal Revenue Code of 1954 to provide that interest shall be paid to individual taxpayers on the calendar year basis who file their returns before March 1 if the refund check is not mailed out within 30 days after the return is filed, and to require the Internal Revenue Service to give certain information when making refunds; to the Committee on Ways and Means.

By Mr. PATMAN:

H.R. 13044. A bill to amend the Defense Production Act of 1950; to the Committee on Banking and Currency.

By Mr. PRICE of Texas:

H.R. 13045. A bill to amend title 18 of the United States Code to provide in certain circumstances the death penalty for kidnapping, and to establish a rebuttable presumption with respect to certain unexplained disappearances; to the Committee on the Judiciary.

By Mr. SARASIN:

H.R. 13046. A bill to amend title 5 of the United States Code with respect to the observance of Veterans Day; to the Committee on the Judiciary.

By Mr. THOMSON of Wisconsin:

H.R. 13047. A bill to support the price of milk at 90 percentum of the parity price for the period beginning April 1, 1974, and ending March 31, 1976; to the Committee on Agriculture.

By Mr. ZWACH:

H.R. 13048. A bill to amend the Internal Revenue Code of 1954 to increase to $1,200 the personal income tax exemptions of a taxpayer (including the exemption for a spouse, the exemptions for dependents, and the additional exemptions for old age and blindness); to the Committee on Ways and Means.

By Mr. BAFALIS:

H.R. 13049. A bill to amend section 1201 of title 18 of the United States Code to impose penalties on the acceptance of a benefit extorted through kidnaping and on assisting in the distribution of such a benefit; to the Committee on the Judiciary.

By Mr. EILBERG (for himself and Mr. Fish):

H.R. 13050. A bill to clarify the authority of the Attorney General of the United States to exclude and deport aliens for fraudulent entry; to the Committee on the Judiciary.

By Mr. MATSUNAGA:

H.R. 13051. A bill to provide for additional Federal financial participation in expenses incurred in providing benefits to Indians, Aleuts, Native Hawaiians, and other aboriginal persons, under certain State public assistance programs established pursuant to the Social Security Act; to the Committee on Ways and Means.

By Mr. REES:

H.R. 13052. A bill to provide that the number on a person's American passport and his social security account number shall be the same; to the Committee on Foreign Affairs.

By Mr. ROGERS (for himself, Mr. Staggers, Mr. Satterfield, Mr. Kyros, Mr. Preyer, Mr. Symington, Mr. Roy, Mr. Nelsen, Mr. Carter, Mr. Hastings, Mr. Heinz, and Mr. Hudnut):

H.R. 13053. A bill to amend the Public Health Service Act to improve the National Cancer program and to authorize appropriations for such program for the next 3 fiscal years, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. ROONEY of Pennsylvania (for himself and Mr. McClory):

H.R. 13054. A bill to eliminate discrimination based on sex in the youth programs offered by the Naval Sea Cadet Corps; to the Committee on the Judiciary.

By Mr. ST GERMAIN:

H.R. 13055. A bill to improve the conduct and regulation of Federal election campaign activities and to provide public financing for such campaigns; to the Committee on House Administration.

By Mr. JAMES V. STANTON (for himself, Mr. Rostenkowski, Ms. Holtzman, Mr. Owens, and Mr. Stokes):

H.R. 13056. A bill to amend the Internal Revenue Code of 1954 to provide for income averaging in the event of downward fluctuations in income; to the Committee on Ways and Means.

By Mr. TALCOTT:

H.J. Res. 916. Joint resolution in support of continued undiluted U.S. sovereignty and jurisdiction over the U.S.-owned Canal Zone on the Isthmus of Panama; to the Committee on Foreign Affairs.

H.J. Res. 917. Joint resolution to authorize the President to proclaim April 9, 1974, as "Bataan-Corregidor Day"; to the Committee on the Judiciary.

By Mr. BROOMFIELD:

H. Con. Res. 437. Concurrent resolution expressing the sense of the Congress with respect to the imprisonment in the Soviet Union of a Lithuanian seaman who unsuccessfully sought asylum aboard a U.S. Coast Guard ship; to the Committee on Foreign Affairs.

By Mr. du PONT:

H. Con. Res. 438. Concurrent resolution to express the sense of the Congress with respect to certain vocational and career student organizations; to the Committee on Education and Labor.

By Mr. KING:

H. Con. Res. 439. Concurrent resolution commending the American Song Festival as an important addition to the cultural life of the United States and paying tribute to the songwriters of the world; to the Committee on the Judiciary.

By Mr. CHAPPELL:

H. Res. 919. Resolution disapproving the recommendations of the President with the respect to the rates of pay of certain Federal officials transmitted to the Congress in the budget for the fiscal year ending June 30, 1975; to the Committee on Post Office and Civil Service.

By Mr. EVINS of Tennessee:

H. Res. 920. Resolution to provide funds for the expenses of the investigations and studies authorized by H. Res. 19; to the Committee on House Administration.

By Mr. GUNTER (for himself, Mr. Lehman, Mr. Madden, Mr. Steele, Mr. Stokes, Mr. Sisk, and Mr. Gaydos):

H. Res. 921. Resolution creating a select committee to conduct an investigation and study of the role of the oil and gas industry in contributing to the current energy crisis; to the Committee on Rules.

By Mr. HANRAHAN:

H. Res. 922. Resolution disapproving congressional pay raises; to the Committee on Post Office and Civil Service.

By Mr. HAYS:

H. Res. 923. Resolution providing additional compensation for services performed by certain employees in the House Publications Distribution Service; to the Committee on House Administration.

By Mr. HECHLER of West Virginia:

H. Res. 924. Resolution disapproving the recommendations of the President with respect to the rates of pay of Federal officials transmitted to the Congress in the budget for the fiscal year ending June 30, 1975; to the Committee on Post Office and Civil Service.

By Mr. THOMSON of Wisconsin:

H. Res. 925. Resolution disapproving the recommendations of the President with respect to the rates of pay of Federal officials transmitted to the Congress in the budget for the fiscal year ending June 30, 1975; to the Committee on Post Office and Civil Service.

H. Res. 926. Resolution relative to consideration of H. Res. 807; to the Committee on Rules.

By Mr. TOWELL of Nevada:

H. Res. 927. Resolution disapproving the recommendations of the President with respect to rates of pay of Members of Congress transmitted to the Congress in the appendix to the budget for the fiscal year 1975, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. YATES (for himself, Mr. Mitchell of Maryland, Mr. Bingham, Mr. Stokes, Mr. Cleveland, Mrs. Collins of Illinois, Mr. Pepper, Mr. Fascell, Mr. Frenzel, and Mr. Diggs):

H. Res. 928. Resolution providing for television and radio coverage of proceedings in the Chamber of the House of Representatives on any resolution to impeach the President of the United States; to the Committee on Rules.

MEMORIALS

Under clause 4 of rule XXII, memorials were presented and referred as follows:

358. By the SPEAKER: A memorial of the Legislature of the State of Ohio, ratifying the proposed amendment to the Constitution of the United States relative to equal rights for men and women; to the Committee on the Judiciary.

359. Also, memorial of the Legislature of the State of South Dakota, relative to energy crisis revenue sharing; to the Committee on Ways and Means.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII,

Mr. REES introduced a bill (H.R. 13057) for the relief of Jack and Susan Soll; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII,

394. The SPEAKER presented a petition of the Maui County Council, Hawaii, relative to the preservation as a National Historic Site of the Kalaupapa Settlement; to the Committee on Interior and Insular Affairs.

EXTENSIONS OF REMARKS

OGONTZ FIRE COMPANY HONORS 50-YEAR VETERAN

HON. RICHARD S. SCHWEIKER

OF PENNSYLVANIA

IN THE SENATE OF THE UNITED STATES

Tuesday, February 26, 1974

Mr. SCHWEIKER. Mr. President, like all States, Pennsylvania is greatly dependent upon its force of volunteer firemen. There are some 245 volunteer fire departments in Pennsylvania, and approximately 165,000 of the State's 170,500 firemen are volunteers.

One of those volunteers, John Gottschalk, has served the Ogontz Fire Department in Cheltenham Township for 50 years, having joined it on his 17th birthday in 1924. He will be honored at a March 2 banquet as the first member of the Ogontz Department to complete 50 years of continuous, active service.

Mr. President, I join with the members of the Ogontz Fire Company in wishing John Gottschalk congratulations on his half a century of dedicated public service, and I ask unanimous consent that a Philadelphia Bulletin article describing his career be printed in the Extensions of Remarks.

There being no objection, the article was ordered to be printed in the Record, as follows:

Fire Company Will Honor 50-Year, Deaf Veterans

(By Judy Tucker)

If John Gottschalk couldn't read lips, he would not have found out about the party. Or about the watch that will be presented to him next month by the Ogontz Volunteer Fire company, Cheltenham township.

Gottschalk just happened to be looking when some of the firehouse crew were discussing plans to honor him for his 50 years of active service.

Gottschalk, 67, doesn't seem to mind that the surprise was spoiled. He is enjoying the anticipation.

Born deaf, Gottschalk attended special schools so he could learn to read lips and to make the guttural sounds which his close friends and family have come to understand.

During an interview last week, Gottschalk used sounds and motions to tell the story of his fire company service to his wife.

Mrs. Gottschalk repeated it to a reporter.

"From the time he was five years old, he says he wanted to be a fireman," Mrs. Gottschalk said. "His father was chief at Ogontz and his four brothers were all firemen there . . . all of them officers and one of them was Cheltenham Township fire marshal."

Mrs. Gottschalk said the women's auxiliary of the fire company had been founded by her mother-in-law and the fire training center, on Tookany Creek Parkway, named in memory of his brother William.

On John Gottschalk's 17th birthday, in 1924, he joined the Ogontz Fire Company—then located on Old York road, just north of the Reading Railroad overpass. At that time, however, no one under the age of 21 could serve as a fire fighter. So Gottschalk had to satisfy himself with the chores of a "junior fireman"—polishing the trucks at the firehouse and working as a "runner," or message carrier.

Since his 21st birthday, however, he has been an active member of the Ogontz Company, racking up hundreds of hours each year at fires, in training sessions and just by doing chores around the firehouse.

Jack Washington, Ogontz fire chief, calls Gottschalk "a remarkable man . . . a really great person."

"WE DON'T CARRY HIM"

"With his handicap, he can't get right into a hazardous situation because all of our commands are verbal," Washington said. "But there are so many things that John does efficiently on the fire ground (at the scene of a fire). He can drag hose, set up lights and service the equipment."

Washington said that Gottschalk has taught every member of the fire company the art of recoupling hose.

"You see, we don't just carry him along," the chief said. "He is an active, contributing member of the company . . . and really is looked up to at the firehouse."

Washington lives directly across Rock lane from Gottschalk. Whenever the chief leaves his house at night to go to a fire, the red, flashing lights on his car alert Gottschalk to get to the firehouse.

STILL WORKING

Daytime fires are no problem.

Gottschalk—now retired from his job as a wire plater—works as a handyman at a restaurant next door to the firehouse. When the siren sounds during working hours, Gottschalk's boss gives him a signal and permission to leave.

On March 2 the Ogontz Fire Company will hold its 82d annual banquet. Gottschalk will be honored that night as the first member to complete 50 years of continuous, active service.

URBAN ENVIRONMENTAL CENTER

HON. WILLIAM F. WALSH

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 26, 1974

Mr. WALSH. Mr. Speaker, for the second year in succession, the U.S. Forest Service submitted a plan to the Agriculture Department for inclusion in this year's budget which would have established a research unit on the campus of the State university of New York College of Environmental Science and Forestry at Syracuse University. For the second year in a row, the project was not included in the Department's budget submission to the Congress.

I think this is a vital project and I feel that it should be added to the budget at the congressional level. What follows is a summary of the program and I call the attention of my colleagues to it and ask for their support.

Every State in the Nation, particularly throughout megalopolis, is currently involved in an environment-energy crisis—caused mainly because much of the information needed to apply ecological criteria in land use policies is lacking. The maintenance and protection of environmental quality—while at the same time meeting the energy crisis—has become a firm national commitment and an integral part of our institutions and values.

At the same time, man's misuse of forest and water resources throughout megalopolis has caused a regional kaleidoscope of conditions that are so lacking in concern for the basic underlying needs of society for ecological support systems as to make land use planning an exercise in futility.

The idea that unlimited, uncontrolled growth is good is no longer an unquestioned dogma. Indeed, quite the contrary, communities across the land are alarmed by pollution, congestion, ugliness, sprawl, decaying neighborhoods, and a shortage of energy. Many aspects of the problems are tied inexorably to the destruction of open space, forest conditions, and water resources that are required for community enhancement and life support systems.

Some communities are attacking these problems. Vermont now strictly regulates development of mountainsides. Delaware has outlawed heavy industry along her coasts. Florida has adopted a tough land-use bill. Oregon, Pennsylvania, Michigan, Colorado, and a dozen other States are considering moves which a few years ago would have been denounced as un-American.

The California Supreme Court has held that the State's Environmental Quality Act applies to licensing activities as well as State projects. This interpretation, which follows the explicit intent of the National Environmental Policy Act, had a drastic positive impact on California building permit practices.

One thing is certain. We must begin to look at the use of open space and forest resources—that surround and interlock our metropolitan centers—from a very long-range point of view. That means not decades but generations. For example, the city fathers of Los Angeles would never have torn up their commuter rail lines back in the 1920's if they had anticipated the air pollution and energy crisis consequences of relying almost entirely on the automobile as a means of transportation. Nor, if New Jersey had it to do over again, would they probably convert so much priceless farm land into tract housing and shopping centers, at the price of sacrificing valuable watershed resources needed for metropolitan man's survival.

Some of our society tends to see many such decisions that eventually destroy our air, water, soil, flora and fauna, as ill considered choices. In reality, however, the detrimental changes we see in our natural forest and water environments around our cities were not perpetuated by unwise men; these changes were set in motion by decisionmakers who simply did not have the knowledge and facts necessary to calculate the long-range impact of their policies.

Before ecological criteria can be applied in forest land-use policies, a major Forest Service research effort is needed in at least three interrelated problem areas. First, ecological baseline information through biological research is needed to insure adequate understanding of the forest environment as it relates to the soil, water, and forest vegetation. Second, systems analysis research needs to measure the impact of present and future technology and social systems—and to forecast the conseqences of these systems on the ecological baseline data. Finally, multidisciplinary teams of political scientists, biologists, and systems analysts must synthesize the information gathered in the first two phases and suggest or document imaginative courses of action that will insure the ecological integrity of those forest environments within and surrounding metropolitan regions of the Northeast that are required for man's ultimate survival.

As part of its Pinchot Institute program, the Northeastern Forest Experiment Station of the U.S. Forest Service plans to establish a research project at Syracuse, N.Y., on these complex problems. The first stage of this research effort will require $425,000 in fiscal year 1975 and the second stage an additional $425,000 in fiscal year 1976.

INCREASED BENEFITS FOR VETERANS

Hon. Yvonne Brathwaite Burke

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 26, 1974

Mrs. BURKE of California. Mr. Speaker, I am concerned that our returning Vietnam veterans receive the fair break they need to reenter the mainstream of American life. Jobs are hard enough to find in 1974, but is especially difficult for veterans who must compete with civilians who have already established themselves in the work force.

In order to make up for this lost time, veterans must be given every opportunity to receive a good education or useful vocational training. But because of spiraling inflation and skyrocketing tuitions, today's veterans often cannot afford to undertake the educational training they need to lead productive and satisfying lives. It is a sad fact of life that the soaring cost of living has prevented the Vietnam veteran from receiving the same break that we provided the returning World War II veteran. Moreover, without remedial action, it is clear that the present-day veteran would be in great danger of slipping even further behind in the way of benefits.

For this reason, I am pleased to note the recent action of the Congress in extending and increasing the educational and training allowances to Vietnam veterans under the GI bill.

On February 19 of this year, the House of Representatives unanimously approved a 5-year $2.1 billion program which would increase the allowances and extend the eligibility period for Vietnam era veterans. Specifically, this program would increase educational and training benefits by 13.6 percent and extend the period of eligibility for benefits from the present 8 years following discharge to 10 years.

These increases, which are needed just to keep pace with inflation, are significantly larger than the meager 8 percent increase recommended by President Nixon in the state of the Union address.

I believe that the increase in veterans benefits must reflect the dramatic rise in the cost of living and the cost of education. The President's program does not do this. The recent action by the

House of Representatives goes a long way in meeting this goal.

It is also important that today's veterans be given more flexibility to choose the educational programs that suit their particular needs. The number of years that a veteran is eligible for benefits is a prime ingredient in fashioning one's educational program. Where a single veteran may be able to finish his education in 4 years, one with heavy family responsibilities may take several years. While I have cosponsored legislation which would eliminate these time requirements entirely, the extension of the eligibility period by 2 years under the House-passed bill is a significant improvement over the present situation.

HALL BARTLETT AND "JONATHAN LIVINGSTON SEAGULL"

HON. THOMAS M. REES

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 26, 1974

Mr. REES. Mr. Speaker, in these times of unrest both at home and abroad, it gives me great pleasure to call your attention to a remarkable motion picture and the man responsible for bringing it to the screen. The film is "Jonathan Livingston Seagull," and the producer-director is the distinguished filmmaker Hall Bartlett. The inspirational theme of the Richard Bach book, which has become one of the greatest literary successes in modern times, has been transferred to the screen by Mr. Bartlett with the dedicated care of a man who has already received many honors for making films of the highest quality. This was not a typical Hollywood production in which a bestseller was developed into a film project primarily for financial reward. Mr. Bartlett read the book while it was still relatively unknown, and from that day forward he had but one mission in life, to bring it to the screen. Many of his peers expressed the opinion that the philosophical content of the book was so delicate that it could not be made into a film.

Bartlett undertook the challenge, developing photographic techniques that had never been used before to bring the majestic sweep of the story to the screen intact. Instead of calling upon the major studios for financing, he risked his own money to the point of mortgaging his home to complete the film and retain artistic control. The critical acclaim awarded the film by many of the Nation's foremost critics proves that his faith was justified.

In this period of our history when so much emphasis is being focused on the negative aspects of life, it is, indeed, gratifying to see an artist step forward with an inspirational work that is uplifting to man. This film, distributed by Paramount Pictures, promises to become one of the great motion picture classics that will be viewed by generations to come. It gives me the greatest pleasure to salute Mr. Bartlett and his film, "Jonathan Livingston Seagull."

COLORADO SCHOOL OF MINES CENTENNIAL

HON. DONALD G. BROTZMAN

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 26, 1974

Mr. BROTZMAN. Mr. Speaker, on February 9, 1974, I was privileged to take part in the centennial convocation at the Colorado School of Mines. This institution, which has a worldwide reputation for academic excellence in mining and mineral technology, will play an increasingly important role as we search for new sources of energy. Under the leadership of its president, Dr. Guy McBride, the School of Mines is prepared to meet its obligations to the public, and I know its second 100 years will be as productive as the first 100 have been.

The main speaker at the centennial convocation was Mr. David Rockefeller, chairman of the Board of the Chase Manhattan Bank. Mr. Rockefeller addressed himself to the challenges facing our country with respect to energy in a concise, straightforward fashion. I believe many of my colleagues would appreciate the opportunity to peruse Mr. Rockefeller's remarks. Accordingly, Mr. Speaker, I include them in the RECORD at this point:

Living in an Energy-Scarce World

(Address by David Rockefeller)

I'm delighted to have this opportunity to participate in today's Convocation. From the impressive roster of guests who have been with you these past two days, I can see that you've had a most interesting and productive experience—as well as a lot of stiff competition for any speaker to follow.

There is, of course, a special excitement in being part of the one-hundredth anniversary of The School of Mines—an institution renowned throughout the world as a center of learning for mining and mineral technology.

In my own case, I also have to admit to a certain layman's sense of awe on the occasion. Being trained myself in economics, I particularly value a chance to associate with experts noted for their practical accomplishments. As you may know, it has been said by some that one could stretch out all the world economists end-to-end and never reach a conclusion!

Although I would hesitate to pass so harsh a judgment on my fellows in the economics profession, nevertheless, viewing the many serious problems we face, there is one conclusion that all of us, including economists, can reach: namely, it is clear that the world will be increasingly reliant in the years ahead on engineers as creators of technology. As we find ourselves living more and more in a world which is running short of energy and other natural resources, we have to be guided to a far greater degree by expert advice on both the limits and the potential of technological innovation.

Many have long sought to bring concern with our dwindling resources closer to the American consciousness, though their audiences have been very small in number and reluctant to respond. It was some 40 years ago that humorist Will Rogers was reminding the nation that, while the pioneer was usually thought of as a hero, he could also be seen as a man who cut down a tree and never planted one, and who plowed under grass that perhaps should have been left undisturbed.

From long before Rogers' time, we have had a history of often wasteful and shortsighted consumption of our resources and a misdirection of the benefits of technology.

Since we've done precious little about either, the energy crisis may prove to be a blessing in disguise—though, as one commentator has noted, a blessing that is exceedingly well disguised.

Americans are finally realizing that our prosperity and our life-style depend on energy and other resources which have limits, and on technologies which are not magical but also have limits and require vast investments. Now, perhaps at long last, the nation will be prepared to take the very difficult steps that are necessary to any real solution to the problem of both short- and long-range resource shortages. Today I shall confine myself to a discussion of the shortage of energy, although shortages in other natural resources are also very acute.

In approaching the energy crisis, I believe there are at least three critical steps we must take.

First, we must sharply curtail over the next several years the growth of our energy usage and focus energy allocations on those areas most critical for the country's overall economy.

Second, we must stress much more than we have in the past, self-sufficiency in meeting long-term energy needs. Toward this end, we must devise better ways to make vitally needed capital available to the energy industry, as well as to evaluate realistically the trade-offs between our energy and environmental priorities.

Finally, we must recognize that, while self-sufficiency in energy, as in anything else, gives one a sense of independence and security, the energy problem is a global one which will demand global, and not parochial, solutions. Thus, we must cooperate with other nations of the world in finding more universal answers.

On the first point, we already know that the oil embargo and price rises by the oil-producing nations have taken a considerable toll. We at Chase project a period of economic recession during the first half of the year both at home and abroad, in large part directly attributable to the impact of the embargo.

The embargo, however, was only a worsening factor in an already bad situation. For some time now, we have been moving toward a serious strain on our energy capacity, as consumption has continued to increase rapidly while our major domestic supplies, for various reasons, have not kept pace.

For example, at a time when domestic reserves of natural gas have been steadily dwindling, the artificially low, government-controlled price of gas in the United States has discouraged new investment by the industry to find new gas and oil sources.

By the same token, very little new oil refining capacity has been added in the past several years, in part due to the unwillingness of States and regions to permit the construction of new refineries because of environmental concerns as well as uncertainties surrounding new auto pollution control standards, and in part due to the delay of the Alaska pipeline which reduced the rate of growth in domestic production.

Furthermore, environmental concerns and community opposition have both blocked the building of new nuclear energy facilities and encouraged the use of gas as a replacement for coal as a fuel.

For all these reasons, our domestic generation of energy, coupled with expected imports, is not likely to be sufficient to sustain a growing, high employment economy through 1974, 1975, and 1976, regardless of what happens to Mideast oil imports!

The present system of allocation and voluntary conservation measures so far adopted by the Administration may be enough to get us through the period of the embargo's immediate effects and the normal high energy demands of winter. In addition, sharply higher gasoline prices will put moderate downward pressure on demand and accelerate changes such as the already noticeable shift to smaller cars.

All these factors, however, will not produce miracles. In the months ahead, we will have to bite the bullet a good deal harder than we are at present.

To protect the base of our economy, we must further reduce gasoline and heating oil consumption drastically and direct that energy to the most essential uses. This may even require rationing as the only effective—and fair—means of achieving the change. It is important to note, though, that in order to avoid a major adverse effect of the oil embargo on industry, it would be necessary to reduce private use of automobiles by 25–30%. However, anything over a 15% reduction would severely impair people's ability to get to work and shop. Thus cutting back car usage enough to be really effective is no panacea.

This brings me to the second major step toward living in an energy-scarce world—the hard task of developing new and expanded energy resources in the United States.

Energy self-sufficiency has great emotional appeal, especially in view of the international political aspects of the current crisis. And the present deprivation will doubtless make it easy to get universal agreement that something should be done to guarantee a more secure source of domestic energy in the longer-term. The question of what should be done, however, will elicit considerable controversy.

I need not dwell before this audience on the technical aspects of achieving greater self-sufficiency. With higher prices of crude oil, we may be able to develop more economical methods of extracting oil and gas from coal, our most abundant fossil fuel resource. We can further develop nuclear power which could conceivably generate up to 35% of our necessary electricity in another decade. We can learn to tap our huge supplies of oil shale such as those here in Colorado. We can pursue research into more exotic power sources such as solar energy and the conversion of hydrogen, though substantial benefits here are probably for a more remote future. Most importantly, we can encourage new discoveries and increased production of oil and gas, including greater emphasis on offshore wells.

In all of these cases, it is immediately obvious that tough choices between energy generation and environmental priorities must be made. The effects of strip-mining for coal, thermal pollution from nuclear energy, and the risk of spills from offshore drilling are all important environmental concerns. But these concerns, can also be viewed as obstacles to developing the only resources we have as a nation to meet more fully our energy needs on our own.

I do not believe for a moment that we should or that we need to abandon our national goals to achieve rigorous environmental standards. At the same time, I am convinced that we must recognize more clearly than we have the costs involved in terms of national security, vital services, and jobs. In my judgment we must avoid sensational slogans and must weigh very carefully the complex ramifications of the options available to us. We should strive for a sensible balance between our energy needs and our ecological concerns.

Equally, important as a factor in meeting domestic energy needs, we must face some tough decisions involving the availability of capital for the U.S. energy industry.

No matter what new sources are developed, oil will have to supply at least 50% of this country's vastly increased energy needs up to 1985. As things stand today, the U.S. will have to import half its total crude oil consumption by that year, as compared with only a third at present. Furthermore, our greatest reliance will be on Middle Eastern and North African supplies.

This not only has political implications involving a dependency that most Americans find distasteful. If not unacceptable, it is also a monstrous economic prospect. Even at the old prices of a few months ago, the cost of such an import level would be $25 billion annually, an impossible burden on the U.S. balance of payments and, consequently, a disruption to orderly world trade and monetary stability. At the new prices, the costs would be astronomical—perhaps prohibitive.

However difficult, the only tenable option is to encourage a new and improved domestic oil production. Here, the major challenge for the U.S. oil industry will be finding ways to finance the huge new investment that is involved.

Economists at Chase estimate that to meet the anticipated consumption of the years from 1970 to 1985, our domestic petroleum industry will need some $450 billion in financing. This enormous amount can come, of course, from only two sources—industry earnings and borrowings.

I'll have more to say in a moment about borrowings, but it is reasonable to assume that external sources of capital cannot meet anything like the entire need. Some large portion of new investment outlays will have to be made out of increased industry earnings.

This will inevitably mean higher prices for domestic petroleum products ranging from crude oil to gasoline and derivatives. Because of the crisis, the entire energy industry has become closely regulated, and the prices of petroleum products are likely to remain strictly controlled by government for the foreseeable future.

It will be up to Washington, then, to decide, after the immediate crisis has been "weathered," if the industry is to receive the needed inflow of cash to sustain the needed outflow of investment.

The political temptation will be all too great to give consumers a supposed "break" by holding product prices down. Americans will do well to shun such "breaks," however, for they will pay dearly for them in ensuing years.

Another source of added income for investment that is under public policy control would be increased tax incentives for oil exploration and other energy development. Unfortunately, the drift of political sentiment over recent years—and, indeed, in recent weeks has been against such tax devices as the oil depletion allowance. The present prospect is that the depletion allowance may be eliminated altogether.

Once again, perhaps the energy crisis will be a blessing in disguise if it serves to bring home to Americans why needed tax incentives are not "loopholes." There is a clear and immediate necessity for less fantasy and more facts in determining an appropriate and realistic tax status for the oil and other energy industries.

Without added funds from these and other sources, it will be impossible to undertake the massive research and development required for a greater degree of energy self-sufficiency.

Even under the best of circumstances, anything approaching self-sufficiency in energy is a long way off—probably around 1990! The cost, in any event, would be enormous and we must ask ourselves how far in this direction we really want to go. Moreover, even if we were to achieve this goal, the impact of energy shortages, shortages on others would continue to have profound economic, trade and political ramifications that will affect us as well.

It must be recognized that the energy challenge is global, requiring nothing less than global solutions. I would like to close with a few of the directions I see those solutions taking.

First, we must not forget that the rest of the world—including our friends in Europe and Japan—has far heavier dependence on oil imports than we—and no chance for self-sufficiency. We must strengthen trilateral ties among Europe, Japan and North America in an effort to find solutions for all countries.

Second, the development needs of the oil industry worldwide are increasing even faster than our domestic needs. At Chase, we estimate a global financing requirement for the industry exceeding $1.3 trillion for the period 1970–1985! Funding this requirement, obviously, will require the closest international cooperation in a number of ways.

Third, a truly global approach including the Communist countries should enable the Western nations to draw upon important energy resources such as natural gas in the U.S.S.R. and other parts of Eastern Europe. This would be consistent with our policy of détente and expanded East-West trade.

Finally, when peace and stability have been restored to the Middle East, the political climate should again make possible a clear view of the mutual interest of the large oil-producing nations and the large oil-consuming nations in a fair and uninterrupted market for oil.

The single most important step toward living in an energy-scarce world is insuring the fair and responsible allocation of energy among the nations of the world. Where oil is concerned, the large producers and large consumers will have to sit down together at some point to resolve their differences and work with one another on the allocation question, as well as on the development of an energy industry that will keep pace with the needs of all nations.

An indispensable ingredient needed to accomplish this is the means to finance vast new investments by the world's energy industry.

This is in part a problem of marshaling large amounts of capital in the right place at the right time. In the face of capital shortages aggravating a mounting global crisis in energy, the nations of the world have for years seriously restricted the flow of that most basic resource to the points of greatest need.

In this regard, it was very encouraging to note less than two weeks ago that the United States ended several major controls over the movement of dollars abroad. Hopefully, this will be an enduring step toward the elimination of all barriers to the free flow of capital funds across national boundaries. Controls are a two-way street and the demise of these American restrictions should lead to increased foreign investment in the United States, as well as more American investment abroad.

The highest priority must be given to encouraging unimpeded access to capital globally. The U.S. tax system, for example, can make international investment more attractive by eliminating withholding taxes on interest and dividends from foreign investments in the U.S. This would stimulate an inflow of billions of dollars.

Neither the United States nor any other nation will be able to count on a secure energy supply over the long term without facing up to this fundamental challenge.

Of course, a closely related problem is where to find the huge amounts of funds needed. I mentioned with regard to the U.S. oil industry that borrowings would no doubt account for a sizable portion of the need, and this is true of the industry worldwide. But where beyond traditional sources can funds be found?

One answer is to look to the huge earnings of the oil producing nations—which are growing so large as to create a monetary threat unless some creative solution can be found. Based on a recent trip to the Middle East, I believe these nations can be persuaded it is in their interest to put a portion of their earnings to use for the further development of the world's energy industry.

They have an opportunity to supply much of the capital needed to expand vastly the horizons of our energy technology and production over the coming decades. By the year 2000, the world cannot possibly hope to depend as much on fossil fuel sources for its energy needs, and the full-scale development of alternative sources is one of the energy industry's greatest—and most capital-expensive—challenges. The industrial nations should welcome the participation of the producing nations in this gigantic but essential endeavor.

If an appropriate mechanism were established that would assure the oil producers of an ample return on a long-term basis, I think they would see the wisdom of such an investment. They realize that their oil reserves are limited and that the hundreds of billions of dollars they will have earned from oil should be well placed by the time these reserves are depleted—for otherwise these are resource-poor countries.

Both oil producers and consumers share a responsibility to future generations to assure a continued supply of energy from new sources. We are now dependent for our economic well-being on setting a match to precious resources that took millions of years to come into being and are consumed in an instant. Surely, we must all accept the burden of finding some replacement for what we use.

There are numerous diplomatic and other problems to overcome, but creating some kind of credit pool mechanism that would make a portion of the oil earnings of producing nations available to energy companies throughout the world for future development would constitute a giant step toward fulfilling this responsibility.

Short-term conservation, building self-sufficiency, cooperating on global aspects of a global problem—these, then, are some of the steps toward living in an energy-scarce world I believe we must be prepared to take.

They are by no means easy, however, and will demand hard work, sacrifice and great effort from all of us—and especially from the highly trained specialists of The School of Mines and their professional colleagues everywhere in the world.

Recently, I read in the press of one man who has developed a uniquely imaginative approach of his own to the energy crisis. He's a 92-year-old dentist in Florida and his solution is to stop talking for four days a week, because, as he says, "We lose more energy through the mouth than anywhere else!"

With that admonition in mind, I'll simply close by saying that, with regard to energy, we've been both a prodigal and a lucky nation. Our luck, like our oil, is now running out. Given a reasoned strategy and serious determination, however, I am convinced we can transform the current crisis into a real opportunity for national growth and international cooperation.

THE GREAT PROTEIN ROBBERY: NO. 14

HON. GERRY E. STUDDS

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 26, 1974

Mr. STUDDS. Mr. Speaker, during the 1st session of the 93d Congress I rose on 13 separate occasions to warn my colleagues in the House of the very serious danger that within our lifetime we might see the end of the U.S. commercial fishing industry and the resulting loss of a great source of protein. The reason for this serious situation is simple: Unregulated foreign overfishing in our rich offshore waters is literally sweeping the ocean floor clean of all forms of fish life with no regard for size limitations, spawning females or conservation measures to insure the continuation of any species. These vastly superior, Government-subsidized foreign fishing fleets are literally robbing us of not only a valuable source of protein but the livelihood of thousands of American fishermen.

The passage of the bill designating the American lobster a creature of the Continental Shelf was a good first step in reversing this trend. We can now give this uniquely American shellfish the protection of U.S. law—regulating the foreign fishing of this species which is found only in the waters of the Northwest Atlantic. But we must do more.

I am the sponsor of an interim 200-mile fish conservation zone bill which now has 71 cosponsors in the House. This legislation would extend our legal authority over fishermen to 200 miles off our shores. It would not affect our present 3-mile territorial waters. It would give us the chance to begin regulating foreign fishermen now while we still have fish left to protect. If and when the Law of the Sea Conference reaches some international agreement on fisheries jurisdiction, this bill would be superseded. I urge my colleagues to give this legislation their urgent consideration and to contact me if they have any questions.

Mr. Speaker, I intend to continue to bring to the attention of this body the seriousness of this situation. I enter in the RECORD at this point an excellent article by Mr. Paul Kemprecos of the Cape Codder of Orleans, Mass., entitled "Haddock Headed for Extinction?":

FISHING

HADDOCK HEADED FOR EXTINCTION?

(By Paul Kemprecos)

The first thing you notice about Dr. Robert Livingstone's laboratory is its size. It hasn't any to speak of. Perhaps 12 by 12 feet crammed with book shelves, reports, every inch of desk or counter space covered with something or other, a microscope, calculator, electric mixer, on the walls charts, color photos of fish reproductive parts, vials containing mysterious looking fatty blobs.

And in the corner by the window overlooking Woods Hole Harbor a contraption made up of large glass containers, plastic tubes, and strange gadgets all leading somehow into an electronic calculator.

Bob Livingstone is a tallish, pleasant faced man with gray hair and moustache. With his glasses, navy blue crew neck sweater and tan cotton slacks he looks very much like a marine biologist which, in fact, he is.

Dr. Livingstone is with the Marine Fisheries Service. He is also probably the only one doing any sort of detailed research on haddock, their biology and reproduction. He's been at it since 1968. That was shortly after the haddock, a species once so abundant that it filled the nets of fishermen in search of cod, began its slide into a population decline that seems to be heading toward extinction.

We went to see Dr. Livingstone with three general questions in mind: what is the status of the haddock? Have conservation measures worked? And what is the future of the species?

The haddock is part of the family that also includes cod, pollock and the hakes. It has several obvious differences from the cod. It is smaller (a haddock over 30 inches long is rare). And it has a smaller mouth in proportion. The most distinctive mark of the haddock is the black patch on its shoulder known as the "devil's thumbprint,"

Haddock live deeper than cod and their range in the North Atlantic is restricted by the fact that they live at temperatures from about 34 to 50 degrees and in depths of less than 600 feet.

Almost all haddock landed through the years have come from three areas: the Grand Banks, the Nova Scotian shelf and easterly of Cape Cod. They spawn in the spring, usually in March or April off New England. A female may produce from 150,000 to one million eggs. The fish matures in three years and can reproduce at this age. An adult haddock will be about 16 to 18 inches and 1½ to 2 pounds in weight.

Fishermen know that the abundance of the haddock has always varied from year to year regardless of the fishery. The crop is dependent on several variables, the number of larvae that hatch, the number that survive and the number that stays in the same general area.

Haddock was once less favored than cod. But later, at Chatham, for instance, haddock replaced cod as a major catch before its numbers began to diminish. Or as one Chatham fishermen described the situation: "haddock? that's an extinct animal."

Most haddock has not been caught with the long line trawl method used in Chatham but by net. Until 1960 most haddock fishing was conducted by U.S. fishermen. In 1962 Canada and Russia came into the fishery. In 1964 these two countries caught a quarter of the 140 million pounds of haddock taken on Georges Bank. In 1965 more than 330 million pounds were taken on Georges but this was because the foreign fleets exploited a bumper crop.

The catch that year may have dealt the death blow to the haddock fishery and possibly the haddock as a species.

Shortly after that big catch an international agreement was reached on the size of the mesh of nets used. Next it was agreed to close off part of the haddock spawning grounds for a part of each year. Quotas were established as well.

Dr. Livingstone's project started as the haddock population appeared to be skidding to an all time low. Working with the help of college students, he planned to look into the reproductive biology of the haddock. He wanted information on its sexual maturity and the structure of spawning patterns as they related to the fishery.

He hoped to explore the questions of how spawning is affected by fishing. For instance, if fishing reduced the fish population, did that mean that the growth rate of the survivors might change? He also wanted to study the egg production or "fecundity" of the female haddock. The last detailed information on this was published in the 1880's. Dr. Livingstone is now ready to summarize and publish his findings.

One of the problems with a fish that lays a million eggs is how to count them. A million eggs could fit into an empty nip of Jack Daniels with room for company.

Haddock were caught during trips on the research vessel "Albatross IV." Plugs, or core samples were taken from the ovaries which are elongated fatty looking globs several inches long. Each plug contained between 12,000 and 65,000 eggs.

The plugs are mixed to separate the eggs and whirled in a container with water. They move along plastic tubes and past a photoelectric cell to be caught in another container. The electric eye counts the passing eggs and the figure registers on an electronic calculator.

Dr. Livingstone said the haddock fishery is in serious trouble. In 1972 US fishing vessels only brought in 4700 metric tons, not even making the allowable quota of 5000. In 1964 from the same area fishing boats got 57,027 tons.

The last successful spawning of haddock was in 1963. Some of those spawned then are still providing part of the current catch. On its spring survey in 1972 the Albatross found that 39 per cent of the samples were three years old from the 1969 class year.

"There really isn't enough spawning to really make a dent in the fishing," Dr. Livingstone said. The fishermen are running into a smaller haddock, 35 to 40 centimeters, on south east Georges.

He said "we may be getting a change in the growth rate." But some fish are being caught before they have a chance to mature. With the high price of haddock fishermen are bringing in even the smaller "snapper schrod" that might have been passed up before.

Dr. Livingstone said that the accelerated growth rate might be caused by a warming cycle or it might be because the population has been reduced so much that more food is available. It might be a way Nature has of compensating for a decrease in the population of a species.

He said the haddock had its real decline in the 1960's. The foreign boats fishing for herring with bottom trawls ran into the fish from that unusually good class year of 1963. In 1964 and '65 he said this class was heavily overfished. "In those two years you had those haddock before they had a chance to mature . . . they were really overfished."

He said he didn't think the conservation methods have had very much of an effect on the fisheries. If they had been instituted earlier they would have, he said. "I think the fishery is in pretty serious condition because the price is high."

He said a problem is that haddock are often taken in mixed catches with other species, making control difficult. "This is quite a problem when you talk about conservation."

He said there has been a small spurt of fish in the last year or so. It is probably from the 1972 spawning. He said some New Bedford fishermen are excited over this increase but the pattern is that when the fish are caught at the age of two or three years, the numbers are so depleted that the survivors probably can't contribute much to the population when they do become mature.

It would appear that several conclusions can be drawn from the research. The haddock is maturing earlier. Females taken in 1973 have had more eggs proportionately than those caught in 1972. And the number of haddock is showing a small increase.

There are still questions to be answered, Dr. Livingstone said. How big an adult population is needed to perpetuate the fishery? What happens when cod and haddock spawn at the same time?

Dr. Livingstone said the "bump" in the population is a good sign but what it means in terms of the future of the haddock is anyone's guess.

Outside of the establishment of some sort of 200 mile limit, Dr. Livingstone said, the only major help for the haddock might be its scarcity. "In terms of the total amount of fish it might not be economically feasible to continue fishing this species."

CITIZENS SUPPORT PRESIDENT

HON. RICHARD H. FULTON

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 26, 1974

Mr. FULTON. Mr. Speaker, recently I received a petition from my district upon which a number of citizens affixed their signatures in support "for the President of the United States and the Presidency as a coordinate branch of Government" and requesting me to make known their views to this body.

This request I am pleased to grant by placing these names in the RECORD at this point:

LIST OF SIGNATURES

Mrs. A. C. Woodall, Gerald Goldberg, Mickie Morris, Terry Johnson, Charles F. Warring, Marjorie Luton, Dorothy B. Simmonds.

Suzanne Williamgan, Katherine H. Banay, Louis W. Davis, Mrs. Betty A. Bandy, Jonathan Harold Bandy, G. Wilson Simmonds, Geo. W. Chancce, Mrs. Geo. W. Chance.

SOLZHENITSYN

HON. BILL ARCHER

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 26, 1974

Mr. ARCHER. Mr. Speaker, the recent action of the Soviet Government sending the great writer Alexander Solzhenitsyn into exile should be a lesson to all Americans regarding the price one must pay for freedom of thought and freedom of speech in a totalitarian society. He pointed out to the world by the power of his pen the sufferings of millions of people in forced labor camps. Although Russia under the rule of the Czars punished its dissidents, Solzhenitsyn has documented that the punishments under the Communist regime in Russia made the Czarist persecutions—in style and in numbers—insignificant by comparison.

Solzhenitsyn's "One Day in the Life of Ivan Denisovich" provided an indictment of Communist tryranny as well as the story of one man's heroic spirit in struggling to survive in one of the Soviet work camps. The columnist James Jackson Kilpatrick wrote an excellent column on this literary figure entitled "Solzhenitsyn Shows Force of Truth" which appeared in the Washington Star-News of February 20, 1974. It is a fine tribute to this brave man.

SOLZHENITSYN SHOWS FORCE OF TRUTH

(By James J. Kilpatrick)

The first stories last week on the arrest of Alexander Solzhenitsyn said that the Russian police sent seven men to pick him up. Seven men! If laughter can be found in this affair, let us find laughter here.

Seven men! The masters of the Kremlin might as well have sent a battalion, or two divisions, or a thousand armored cars. In making this arrest, the many would have been as helpless as the few.

How do you arrest an idea? How do you put truth in irons? They came too late for Solzhenitsyn. They should have seized him 50 years ago, before the boy learned to write.

The story speaks at two levels of time and truth. The first has to do with the Soviet Union in this century. The second has to do with man past and man future.

Nothing could more clearly reveal the fundamental weakness of communism— the rotten core at the heart of the ideology—than the story of Solzhenitsyn. A vast deal of nonsense has been written in recent years to the effect that the Communist revolution has "matured," or "come of age." Specialists in Kremlinology have found "cracks in the Iron Curtain." The cheery watchword is "detente."

Yet nothing has changed, nothing at all. Communism is as fearful, as suspicious, as paranoid as it was in the bloody day of Stalin. The party cannot rule by region; it can rule by force alone. In Hungary, in Czechoslovakia, in Poland, on Gorky Street last week, it is always the same: Dissent is equated with heresy, and public criticism with darkest treason. The Soviet Union has the mightiest army on earth, the greatest navy and the deadliest missiles. And the Soviet Union is afraid—afraid of a novelist, afraid of a man's ideas.

But the encouraging thing—the part of the story that lifts us up—is that man endures. For 50 years the Communist masters have labored to put out the fires of human freedom. They have made the press an instrument of propaganda. They have herded their children into state nurseries. They have purged their libraries and monopolized the book stalls. They have jammed the air waves and stopped up the people's ears. They have banned travel in the free world. They have corrupted law and perverted education.

Solzhenitsyn is 55. He was reared in this darkness, punished by imprisonment, denied access to every tool that might sharpen his intellect. But the fires cannot be wholly extinguished. The spark never quite goes out. It is a lesson that tyrants learn in time: Something in the soul of stubborn man goes on. They could pave Red Square with granite blocks and cover the blocks with thick concrete. One day, in some distant spring, a seed still would come up.

To speak in terms of man or of mankind is to speak in abstract terms. Survival is personal. It manifests itself in the one human being—Joan at the stake, Luther at the door, Patrick Henry in a schoolhouse, Rosa Parks in an Alabama bus. The trees of freedom are metaphorical trees, but they are watered in real blood and tears. Solzhenitsyn is a symbol; he is also a very courageous man.

As for today's world, it has to be said that his act of martyrdom will not accomplish much. He has not loosened so much as one stone in the monolith. The Russian people will not be roused to counter-revolution. After a week or two, when the story drops out of the news, detente will continue as before. If Solzhenitsyn had been executed or imprisoned, the prospect might be different, but the Kremlin masters are brutal, not stupid. Exile, even brilliant exiles, get to be tedious old men. Banishment was better.

Yet things will not be precisely as before. Within the Soviet Union, the story will be told, and told again, of how the seven came for Solzhenitsyn; and under the snows of Russia the story will sleep like a single, indomitable seed.

INCOME TAX REFORM OR TAX FORM SIMPLIFICATION?

HON. SAM GIBBONS

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 26, 1974

Mr. GIBBONS. Mr. Speaker, a friend of mine, Liz Carpenter, who many of us know, called to my attention a survey made by Opinion Research Corp. of Princeton, N.J., concerning taxpayer opinion of the Federal tax system.

Mrs. Carpenter provided me a complete copy of the survey and I understand copies can be obtained from Mrs. Carpenter or the H & R Block Co. which commissioned Opinion Research Corp. to do this piece of research and whose address is 4410 Main Street, Kansas City, Mo. 64111.

I think most Members would be interested in the following statement that briefly summarizes the survey:

U.S. Taxpayers Opt for Reform First, 6 to 1

Princeton, N.J., February 26.—Given a choice, would American taxpayers opt for federal income tax law changes aimed first at assuring that each person pays his fair share or at simplification or the calculation of taxes due?

How does the public consider it is now treated by the Federal government at tax-paying time, fairly? Unfairly? O.K.?

These and other questions were asked recently of a representative sample of 2,073 persons age 18 and above in a nationwide public opinion survey conducted by Opinion Research Corporation of Princeton at the assignment of H & R Block Inc., the nation's leading income tax service firm.

Not surprisingly, the survey found that no tax is popular with the American public. Opinions on the federal income tax were mixed. The majority of respondents felt that present federal income tax laws were fair to them personally, but about the same number believed that tax laws are unfair to the "average" taxpayer.

Middle income people were most often named as paying more than their "fair share" of federal income tax. The second ranking group in this category was the low-income segment. Last named were people in the upper income brackets. Also, in a direct comparison with the upper income taxpayer, the middle income taxpayer was seen to be unfairly treated by an overwhelming majority (87%) of the public.

On the question of an overall need for reform, more than 75% of the people surveyed believed that at least minor changes in present tax laws were needed, while more than 50% supported major revisions.

Nearly 75% of the respondents agreed that present tax forms were "too complicated for the average person to understand." However, tax reforms aimed at ensuring fairness rather than simplification were favored by a margin of better than six to one (79% to 12%). And, the survey indicated, nearly half the public believed that simplification of the tax process would result in unfair treatment of taxpayers because differing personal circumstances could no longer be considered.

Not surprisingly, public reaction was favorable to changes in tax laws which might reduce the amount of tax paid. The survey showed an overwhelming majority (85%) supported an increase in the current $750 allowance for dependents, and 84% favored a deduction for at least some of the cost of a child's college education.

A majority of persons opposed elimination of itemized deductions or joint returns. Among those deductions of which the average taxpayer currently can take advantage, only contributions to political candidates were singled out by a sizable number (47%) as a deduction which might be eliminated.

The survey indicated that even special tax provisions benefiting investors were not opposed by a majority. The only provisions opposed by as many as a fourth of the respondents were the depletion allowance (31%) and the special tax treatment for investors in commercial real estate (25%).

Reaction to a proposal for a flat rate tax on total income, regardless of the source with no exclusions or deductions, was more favorable (45%) than not (30%). However, the survey indicated respondents were fairly evenly divided in their opinion of how a flat rate tax would affect them individually. About 48% of the public believed that such a flat rate system either would have no effect on the amount of federal income tax paid, or would result in their paying more tax than at present. Perhaps that accounts somewhat for the less than a majority favorable vote.

According to the study, nearly half the public sought professional assistance in the filing of their 1972 income tax returns. Of these, about half sought the help of an accountant, and half the help of a firm specializing in preparation of tax returns.

Of those who used professional assistance, an overwhelming number (93%) indicated satisfaction with the work done, while 88% felt that the charges for these services were reasonable."

H&R Block Inc., which commissioned the survey, is headquartered in Kansas City, Mo. It has 6,500 offices throughout the country and is the nation's largest firm specializing in prepartion of income tax returns.

MY RESPONSIBILITY AS A CITIZEN

HON. JOE SKUBITZ

OF KANSAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 26, 1974

Mr. SKUBITZ. Mr. Speaker, a bright man from my district, whose record of achievements is as long as he is tall—6 foot 4 inches, at least—has won the Voice of Democracy contest in Kansas. Speaking on "My Responsibility as a Citizen," Steven Alan Steinbach of Winfield, Kans., delivered a very challenging message. He asks each American to make a personal vow:

> . . . to stop living for the tomorrows, and to begin living for today. . . . A today that will guarantee life, liberty, and the pursuit of happiness—for everyone.

Mr. Speaker, America's future lies in the hearts of her young people—in their hopes, in their dreams, in their personal determination to shape their own destinies. Steven Steinbach bolsters my faith in youth. We are going to see a new generation of young leaders who may find better answers to our problems than any generation to date. I would like to share Steven's message with my colleagues:

VFW Voice of Democracy—"My Responsibility as a Citizen"

(By Steven Steinbach)

The day is almost over. A day I will never have again. Was it wasted? Would I do it different? It was so easy to say *Tomorrow* and so hard to say *Today*. It was so easy to say *I'm busy* and so hard to say *I'm ready*. It was so easy to say *Later* and so hard to say *Now*.

The day is almost over. Did I do justice to America today, or did I shove America into a corner? Would America shove me into a corner? Did I soak the resources of this country without regard for my descendents? Did I hoard the treasures of this country without regard for my counterparts? Did I receive the bounties of this country without respect for my ancestors?

I ask myself: Today: Did I work for America, so that America was strengthened and continued? Did I speak for America so that America was defended and promoted? Did I act for America, so that America was preserved and protected? Did I pray for America, so that America was guided and directed? Did I hope for America, so that America was remembered and loved?

Or, did I even *think* of America?

So today wasn't what it should have been. So I turned the other way as the sick, the needy, the hungry, and the lonely filed by. So I didn't see the emptiness and the longing in the eyes of my neighbors. So today was wasted. So today, I shoved America into the corner.

But there still is tomorrow. There still is time. There still is time to "bind up the nation's wounds, to go firmly in the right, as God shows us the right." There still is time to build a Square Deal, a New Deal, a Fair Deal, and a Great Society. There still is time. Time for me to fulfill my responsibility as a citizen of this great country. There still is time—time to dream those impossible dreams—to fight those unbeatable foes—to right those unrightable wrongs—to climb every mountain—to reach that unreachable star.

There is more to bring a citizen of this country than loving it; supporting it; obeying it; respecting it; and defending it. There is serving it. And doing my part to guarantee that the true "American Dream" is enforced: life, liberty, and the pursuit of happiness for *all*. For I an NOT a citizen when I eat and others do not; I am NOT a citizen when I work and others cannot; I am NOT a citizen when I am satisfied and others are not; I am NOT a citizen when I have and others have not. Americans, as well as America, must not remain in the corner.

There still is time, and there still is tomorrow. But what can I, as one and only one, what can I do? Robert Kennedy said, "Each time a man stands up for an ideal, or acts to improve the lot of others, or strikes out against injustice, he sends forth a tiny ripple of hope, and crossing each other from a mission different centers of energy and daring, those ripples build currents that can sweep down the mightiest walls of oppression and resistance." The defense of my citizenship falls squarely on *my* shoulders—If I don't serve my government, and everyone was like me, no one would serve. And if I don't "dream on", and everyone was like me, no one would dream, and nothing would change.

So as today blends into tomorrow, as tomorrow becomes today, I must make one vow as a citizen of the United States of America: to stop living for the tomorrows, and to begin living for today. A today that will right the unrightable wrong. A today that will guarantee life, liberty, and the pursuit of happiness—for everyone.

THE 56TH ANNIVERSARY OF LITHUANIAN INDEPENDENCE

HON. WILLIAM S. BROOMFIELD

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 26, 1974

Mr. BROOMFIELD. Mr. Speaker, on February 16, Lithuanians throughout the world observed the 56th anniversary of the Lithuanian Declaration of Independence. I would like today to voice my admiration for the courage of these people and join them in paying tribute to that historic event.

Sadly enough, the only country where the people will be unable to commemorate this event will be in Lithuania itself because of the continuing domination and oppression by the Soviet Union. It is fitting then, that we in the free world rededicate ourselves at this time to the continuing struggle to free all the Baltic States from foreign domination.

Although the Lithuanians were overrun by the Communist forces in 1940 after only 22 years of independence, the flame of democracy that they lit has never been extinguished by the ruthless tactics of the Soviet Union. It has continued to grow and today provides hope for all Lithuanians that the day will soon come when their nation will once again be independent.

It is a tribute to the spirit of the Lithuanian people that they continue to risk their lives today in their quest for freedom.

The efforts of Lithuanian-Americans in this country to keep the cause of freedom alive for their countrymen has been an inspiration to all of us who value democracy.

In closing, Mr. Speaker, I would like to urge my colleagues to lend their support to Mr. HANRAHAN's resolution, of which I am proud to be a cosponsor, to encourage the Secretary of State and the President to seek freedom for Lithuanian seaman Simas Kudirka. Mr. Kudirka symbolizes the Lithuanian struggle for freedom, and I can think of no better way of paying tribute to this struggle than for Congress to lend its full support to this resolution.

A POET HONORS ALEXANDER SOLZHENITSYN

HON. JAMES A. BURKE

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 26, 1974

Mr. BURKE of Massachusetts. Mr. Speaker, in the past weeks we have all been outraged and disappointed by the harsh and cruel actions taken by the Soviet Union against one of the world's greatest literary giants of our time, Alexander Solzhenitsyn. It is indeed discouraging to see and watch a man stripped of his citizenship in a desperate attempt to cut a man off from his national heritage simply for writing, for all the world to know, a devastating but well documented account of Lenin's and Stalin's reign of terror—a grim reminder of how unfree Soviet society was, and still is.

As a constituent of freedom and Democracy, a poet from Randolph, Mass., who wishes to be known only by his pen name, "Tobe," has submitted to me, in the name of the American people, the following poem in honor of Alexander Solzhenitsyn.

The poem follows:

"ALEXANDER"

For you
A Noble's just a flashing flicker
As you await the surer aura
Of purer purest Being,
Your Light
  Liquidates
  Lies
  Like a
  Laser
Listen:
  Witless, conspiring
  Waves whispering
  Againest the banks
  Of the lapping lamenting
  Oka Da-Da
Listen:
  You can hear the hissing pulse of humanity unhumanitized
Listen:
Feel:
In the darkest
  debilitate
  dastardness
  of the Gulag
You can hear; feel
The cringing world cringe
But for the hope of these words the hope of
The whole world
  whole world
Being out weighted out waited. Da-Da

U.S. AID BACKS CONTINUING WAR IN SOUTH VIETNAM

HON. RONALD V. DELLUMS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 26, 1974

Mr. DELLUMS. Mr. Speaker, according to an important analytical article in the February 25, New York Times, American foreign aid is the main funding apparatus for the still on-going war in Vietnam.

In this significant inspection of what our aid to South Vietnam is accomplishing, David K. Shipler notes:

> American military aid continues to set the course of the war more than a year after the signing of the Paris Peace Agreements and the final withdrawal of American troops.
>
> American aid directly supports South Vietnamese violations and so breaks the spirit of the accords.
>
> American involvement has descended from a peak of warfare to a high plateau of substantial support, dispatching not only huge quantities of weapons and ammunition, but also large numbers of American citizens who have become integral parts of the South Vietnamese supply, transport and intelligence systems.

The effect of this aid has been to provide Thieu with the muscle to forestall a political settlement. In recent months, the Saigon regime has announced that it will not allow elections called for under the Paris Agreement to be held, while at the same time, Thieu has been stepping up offensive military operations upon PRG zones.

The Shipler article brings together much of the information we have been receiving during recent months about the continuing nature of the Vietnam war and the continuing authoritarian and repressive regime in Saigon—a clique which survives only because of U.S. funding.

Or, in other words, take away American aid to Thieu and it is possible that there indeed may be an enduring political and military solution in Vietnam; continue that aid and American taxpayers can expect even higher funding of Thieu and his cohorts in the future.

The article follows:

VAST AID FROM UNITED STATES BACKS SAIGON IN CONTINUING WAR

(By David K. Shipler)

SAIGON, South Vietnam, Feb. 16—Ray Harris of Ponca City, Okla., has come back to Vietnam. This time he is not behind the machine gun of an Army helicopter but behind a workbench at the Bien Hoa air base, sitting next to South Vietnamese Air Force men and repairing jet fighter engines.

Mr. Harris is a civilian now, safer and better paid. But his changed role in the continuing Vietnam war has scarcely diminished his importance, for a 27-year-old jet-engine mechanic he remains as vital to the South Vietnamese military as he was in 1966 as a 19-year-old helicopter gunner.

He is among 2,800 American civilians without whose skills South Vietnam's most sophisticated weapons would fall into disrepair. Employed by private companies under contract to the United States Department of Defense, these men constitute one facet of a vast program of American military aid that continues to set the course of the war more than a year after the signing of the Paris peace agreements and the final withdrawal of American troops.

Whether the United States is breaking the letter of the agreements could probably be argued either way. But certainly the aid directly supports South Vietnamese violations and so breaks the spirit of the accords.

The United States, far from phasing out its military involvement in South Vietnam, has descended from a peak of warfare to a high plateau of substantial support, dispatching not only huge quantities of weapons and ammunition but also large numbers of American citizens who have become integral parts of the South Vietnamese supply, transport and intelligence systems.

These include not just the Vietnam-based mechanics and technicians but also the Pentagon-based generals who tour airfields to ascertain the needs of the South Vietnamese Air Force, the "liaison men" who reportedly give military advice from time to time, the civilian Defense Department employees who make two-to-three-week visits to provide highly specialized technical help, and the Central Intelligence Agency officials who continue to advise South Vietnam's national police on intelligence matters.

The total budgeted cost of military aid to South Vietnam is $813-million in this fiscal year, and the Pentagon has asked Congress for $1.45-billion next year, with most of the increase probably going for ammunition, which the South Vietnamese forces have expended at a high rate.

TRUE COST EVEN HIGHER

The true costs of the military support probably rise considerably above the official figures. Some of the aid, for example, comes in through economic programs that dump millions in cash into the Saigon Government's defense budget. And other costs—salaries of Pentagon technicians who make special visits, for example—are hidden in the vast budgets of the United States Air Force, Army and Navy and are not labeled "Vietnam."

These valuable military goods and services have a sharp political impact. They are indispensable to the South Vietnamese Government's policy of resistance to any accommodation with the Communists. Militarily, the extensive aid has enabled President Nguyen Van Thieu to take the offensive at times, launching intensive attacks with artillery and jet fighters against Vietcong-held territory.

Furthermore, the American-financed military shield has provided Mr. Thieu with the muscle to forestall a political settlement. He has rejected the Paris agreements' provision for general elections, in which the Communists would be given access to the press, permission to run candidates and freedom to rally support openly and without interference from the police.

VIETCONG MAINTAIN PRESSURE

Mr. Thieu has offered elections, but without the freedoms. The Vietcong, refusing to participate unless the freedoms are guaranteed, have maintained military pressure throughout the country, mostly with artillery and rocket attacks on Government outposts and, from time to time, with devastating ground assaults against Government-held positions.

United States intelligence officials contend that continuing American aerial reconnaissance, as well as prisoner interrogation and radio monitoring, shows that the North Vietnamese have sent thousands of troops and hundreds of tanks and artillery pieces south in violation of the Paris agreements. They have also refurbished a dozen captured airfields and built a large network of roads that threatened to cut South Vietnam in two.

Yet in battle the Communists appear more frugal with ammunition that the Government troops, who have been seen recently by Western correspondents spraying artillery across wide areas under Vietcong control as if there was no end to the supply of shells. This difference has bolstered the view of some diplomats that China and the Soviet Union, unwilling to support an all-out offensive now, have placed limits on the rate of resupply to Hanoi.

Amid the political stalemate then, the inconclusive war continues.

KEEPING JETS IN THE AIR

Ray Harris is at his workbench in the huge engine shop at the Bien Hoa air base just north of Saigon. He works for General Electric, which manufactures the jet engine that drives the Northrop F-5 fighter, the mainstay of Saigon's air force.

He hunches over a circular fuser assembly, the last part of the engine before the afterburner. The assembly is invisibly cracked, and Mr. Harris is using a machine about the size of a dentist's drill to grind down the mental so the crack can be welded.

There are Americans everywhere in the shop, which is devoted to repairing and overhauling fighter and helicopter engines. There is virtually no workroom or machine or assembly line where Americans are anything less than essential parts of the process. Although a few are training Vietnamese to take over the work eventually, most are simply doing the work, especially the highly technical jobs, themselves.

The line where rebuilt jet engines are finally assembled, for example, looks more like a factory somewhere in the United States than a shop belonging to the Vietnamese Air Force. Eight or 10 Americans work on several engines, and not a Vietnamese is in sight.

There are 25 Vietnamese assigned here, a technician says with a shrug, but he adds, "I never see them."

OUTPUT IS KEPT HIGH

Ken Martin of G.E. is crouching with another American beside a jet engine that he has just assembled himself in four 12-hour days. Without the American technicians, he says, the shop could produce no more than 40 per cent of what it does. Another American, asked what would happen if he and his colleagues pulled out, replied, "This would turn into a big Honda repair shop."

As self-serving and exaggerated as these assessments seem, they underscore the long-term military role that American civilians will have to play if the South Vietnamese are to have continued use of their complex weapons.

Without long training, mechanics in any modern air force probably could not match the skills of the American technicians, most of whom are not young Vietnam war veterans like Mr. Harris but seasoned experts who have been building and rebuilding engines for years on bases here and in the United States.

"Most of our people—this is the only work they've ever done," said Glenn Miller, the 47-year-old G.E. supervisor at the shop. Mr. Miller has 22 year's experience with the company, all on jet engines.

His men are so vital that they—and those working on helicopters for Lycoming Aircraft—were all placed on 12-hour shifts last month during the week before Tet, the Lunar New Year holiday. Their objective was to get as many aircraft flying as possible, Mr. Miller explained, to be ready for any Communist offensive.

MAKES $1,000 IN A LONG WEEK

Mr. Miller figures that with overtime and other bonuses, some of the men made $1,000 apiece that week.

High pay is cited by many of the civilians as the main reason for their choice of Vietnam as a place of work. After a year on the job G.E. employes get double their base salaries, bringing the average pay to $20,000 or more, plus $16 a day for food and lodging—an annual total in excess of $25,000.

Since living costs are low by American standards, and since the employes do not have to pay any Federal income tax on $20,000 a year if they are off American soil for at least 18 months, many say they save a good deal of money. Some add that the money has become a silent source of resentment among the Vietnamese Air Force men, who earn only $10 to $35 a month.

This, plus profound war-weariness, has made many Vietnamese men difficult to teach, the contractors say. "They are only kids, all of them—they don't want to be in the military to begin with," said Elmer Adams, a former United States Air Force man who works for Lycoming supervising helicopter repairs.

"It's a lack of desire," said a technician for Cessna Aircraft working at the Da Nang air base. "They've been under so much pressure for so long they just want peace. They're peace-minded."

CRITICISM OF AMERICANS

It was said sympathetically, and the Cessna man went on: "All they know is that Americans came over here and tore up their country, uprooted their villages and now they're looking for food."

Gilbert Walker, another technician, who asked that his company not be identified, observed: "The people I talk to in town care very little about the form of government they have. I guess I don't feel much difference. I don't feel too much admiration for the present Government."

In that case, he was asked, why is he helping the South Vietnamese carry on the war? "I work for my company and I try to keep the aircraft flying," he replied. "I'm working on helicopters, that's all I know. Sometimes I sit back and think, What's it all for, what's the good of it all? It seems like an excercise in futility, what I'm doing."

Futile or not, the Americans' work has carried some of them to positions of considerable authority in the South Vietnamese military supply system. The South Vietnamese still call many of them "co van," which means "advisers," and the American office at the Da Nang base has a big sign over the door that reads, "Co Van."

The Americans often come to identify closely with their jobs, perhaps taking more responsibility than their contracts call for. In a revealing slip of the tongue, Mr. Adams of Lycoming looked around the Bien Hoa engine shop and remarked, "We're in the process—they're in the process, rather—of reorganizing the shop."

MANY STILL ON PAYROLL

The fact is that supply and transportation have remained an American operation. "We Vietnamized the fighting, but we never Vietnamized logistics," said a Defense Department official based in Saigon.

That is reportedly the principal reason the United States Defense Attaché's Office—originally scheduled to be dismantled early this year—still contains about 1,150 people of whom 50 are military men, according to official figures.

In addition, the reduction in the number of Americans working for private defense contractors has halted, allowing the figure to level off at approximately 2,800, down 2,200 since July, according to a spokesman for the Defense Attache's office.

The logistics effort—provision of maintenance, ammunition, weapons, trucks, fuel, electronics parts and the like—is now the basis for the Americans' most pervasive and intimate contacts with the South Vietnamese military. Depending on how such terms as "military" and "advisers" are defined, there is evidence that the contacts occasionally cross into areas of relationship prohibited by the Paris agreements.

"The United States will not continue its military involvement or intervene in the internal affairs of South Vietnam," Article 4 of the cease-fire agreement declares.

"TOTAL WITHDRAWAL"

Article 5 says: "Within 60 days of the signing of this agreement, there will be a total withdrawal from South Vietnam of troops, military advisers and military personnel, including technical military personnel and military personnel associated with the pacification program, armaments, munitions and war material of the United States and those of the other foreign countries mentioned in Article 3(a). Advisers from the above-mentioned countries to all para-military organizations and the police force will also be withdrawn within the same period of time."

According to both American and South Vietnamese officials, the American civilians—both employes of private companies and those of the Defense Department—who help with supply activities not only see that the South Vietnamese get the equipment and ammunition they ask for but also advise them on what to ask for.

Some of these activities came to light as a result of the capture by the Chinese last month of a former United States Army Special Forces captain, Gerald E. Kosh, who was aboard a South Vietnamese naval vessel during a two-day battle with Chinese forces in the Paracel Islands, in the South China Sea.

Mr. Kosh, who was taken prisoner and later released, was described by a spokesman for the United States Embassy as a "liaison officer" with the South Vietnamese military whose job was to observe the efficiency of various army, navy and air force units and report to the Pentagon.

American officials steadfastly refused to provide further details of Mr. Kosh's job. They would not say exactly what he was supposed to observe or whether his reports were ultimately shared with the South Vietnamese. They did say that there were 12 such liaison men based in various parts of Vietnam.

EXTENT OF ROLE UNCLEAR

What is not clear is whether they confine their observations to such matters as the condition of equipment and the rate of ammunition expenditure, or whether they evaluate military tactics and strategies and go so far as to suggest alternatives.

What is fairly certain is that their reports end up in the hands of the South Vietnamese, perhaps providing indirect advice of one sort or another.

A South Vietnamese officer in a position to know said recently that normal procedure called for an American and a South Vietnamese to make an inspection or auditing tour of a military unit together. Then they write up their reports, sometimes separately, sometimes together. The reports, he said, are forwarded up the chain of command in the United States Defense Attache's Office, which then relays copies of them to Lieut. Gen. Dong Van Khuyen, head of the Logistic Command for the South Vietnamese Joint General Staff.

More direct, overt advice is sometimes given by zealous Americans who are still stationed in every province. An embassy official reported recently that an American based in one province boasted to him about a successful military operation: "I told them to clear the Communists out of there."

Actually, South Vietnamese military men do not seem anxious for such guidance, noting with some pain that their country has suffered for years under American advice. What they want from the United States is military aid.

SIX GENERALS PAY A VISIT

Clearly, the Pentagon continues to attach high priority to the success of the South Vietnamese military. Last fall a group of six Air Force generals based in the Pentagon visited the Da Nang air base to find out what equipment and aid were needed, according to the base commander, Lieut. Col. Nguyen Tan Dingh. He said they were scheduled to come again this month.

A few weeks ago two civilian employes of the Air Force—one based in Hawaii and the other in Texas—were flown to Vietnam for a short stay so they could give advice on the repair and upkeep of plants that manufacture oxygen for jet fighters. One said he had been in and out of Vietnam frequently on similar missions since 1964, the other since 1968.

Although the Paris agreements explicitly rule out advisers to the police force, the South Vietnamese National Police continue to receive regular advice from Americans.

In a recent conversation with this correspondent, two high-ranking officers said they and their staffs met frequently with the Saigon station chief of the C.I.A. and his staff. Sometimes, they said, the C.I.A. chief asks the police to gather intelligence for him, and often they meet to help each other analyze the data collected.

A police official confirmed that in some provinces "American liaison men" who work with the police remain on the job. "There are still some; but not so many," he said.

EPISODE IN POLICE STATION

Local policemen still refer to "American police advisers," according to James M. Markham, Saigon bureau chief of The New York Times, who was detained by the police late in January after a visit to a Vietcong-held area.

Mr. Markham said that in both Qui Nhon, where he was held overnight, and Phan Thiet, where he was detained briefly while being transferred to Saigon, policemen, talking among themselves, referred to the "police adviser." In Phan Thiet, he reported, a policeman was overheard saying, "Let's get the American police adviser over here."

In the last six weeks The New York Times has made repeated attempts to interview officials in the United States Agency for International Development who are responsible for American aid to the police. Although the officials appeared ready to discuss the subject, they were ordered by the United States Ambassador, Graham A. Martin, to say nothing.

In the absence of official United States figures, the best information on police aid comes from Senator Edward M. Kennedy, who calculated that as of last June 30 the Agency for International Development and the Defense Department have spent $131.7-million over the years for police and prisons in South Vietnam. Despite a Congressional ban on such assistance enacted last December, such support has continued, according to American officials, but they say that no decision has yet been made on how to phase out the programs.

Section 112 of the new foreign aid bill reads: "None of the funds appropriated or made available pursuant to this act and no local currencies generated as a result of assistance furnished under this act may be used for the support of police or prison construction and administration within South Vietnam, for training, including computer training, of South Vietnamese with respect to police, criminal or prison matters, or for computers, or computer parts for use for South Vietnam with respect to police, criminal or prison matters."

TRAINING IN WASHINGTON

South Vietnamese policemen are reportedly still being trained at the International Police Academy in Washington, and technical contracts with private companies that provide computer services and communication equipment have not been terminated.

Senator Kennedy reported that the Nixon Administration had requested $869,000 for the current fiscal year for police computer training, $256,000 for direct training of policemen, $1.5-million for police communications and $8.8-million for police equipment, presumably weapons and ammunition, from the Defense Department.

Although these figures are not normally included in the totals for military aid, the police here have military functions, and engage in infiltration, arrest, interrogation and torture of Communists and political dissidents.

This activity violates the cease-fire agreement, which states in Article 11: "Immediately after the cease-fire, the two South Vietnamese parties will . . . prohibit all acts of reprisal and discrimination against individuals or organizations that have collaborated with one side or the other, insure . . . freedom of organization, freedom of political activities, freedom of belief."

INTERVIEWS ARE REFUSED

Not only has Ambassador Martin ordered American officials to remain silent on the subjects of military and police aid; both he and the Defense Attaché, Maj. Gen. John E. Murray, refused requests by The New York Times for interviews. Furthermore, the embassy told at least two private companies—Lear-Siegler which employs a large force of aircraft mechanics here, and Computer Science Corporation, which works on military and police computer systems—to say nothing publicly about their work, according to company executives.

The official nervousness is attributed by an embassy employe to the Nixon Administration's apprehension about the inclination of Congress to cut aid to South Vietnam. The Ambassador has reportedly told several non-Government visitors recently that South Vietnam is in a crucial period and that he sees his role as unyielding support to build up and preserve a nonCommunist regime.

He is reported to have pressed Washington to provide new weapons for Saigon to counteract the infiltration of troops, tanks and artillery from North Vietnam since the cease-fire. For example, plans have been made for the delivery of F–5E fighter planes to replace the slower, less maneuverable and less heavily armed F–5's, many of which were rushed to South Vietnam in the weeks before the cease-fire.

VIOLATION IS CHARGED

Privately, officers in the International Commission of Control and Supervision scoff at the American contention that supply of the planes does not violate the Paris agreements, which permit only one-for-one replacement of weapons "of the same characteristics and properties." A high-ranking official of one of the non-Communist delegations, asked recently if he thought the United States was faithfully observing the one-for-one rule, replied, "Of course not."

There is nothing the commission can do about it without permission from both the South Vietnamese Government and the Vietcong to investigate, and permission is unlikely to be forthcoming from the Saigon side. Similarly, the commission has been unable to audit other incoming weapons and ammunition for both sides. During the first year after the cease fire, the United States provided South Vietnam with $5.4-million worth of ammunition a week, apparently unaccompanied by pressure to restrain military activities.

Several weeks ago Elbridge Durbrow, who was Ambassador to South Vietnam from 1957 to 1961, came to Saigon and met with Ambassador Martin and General Murray. Mr. Durbrow, who denounced the Paris agreements and who declares, "I am a domino-theory man," was asked by newsmen whether the American officials had indicated that they were trying to keep South Vietnam from violating the cease-fire.

"Not from anybody did we hear that," he replied. Then, referring to General Murray, he said: "He's not that kind of man at all—just the opposite. If you are not going to defend yourself you might as well give up and let Hanoi take over."

UTOPIA GOES BELLY UP

HON. JEROME R. WALDIE

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 26, 1974

Mr. WALDIE. Mr. Speaker, professional engineer Robert Kuntz has written an excellent article examining basic inconsistencies with our economic system: That to continue to function well, the system needs unlimited natural resources, an inexhaustible supply of energy and a bottomless dump. The first warning that the system was malfunctioning was the growing waste management problem, termed the environmental crisis. The second sign has manifest itself as the energy crisis. And the third, if the preceding are valid, is a dwindling supply of raw materials which threatens our ability to continue supplying our basic needs.

As all of us realize, basic changes are imperative. In discussing the many needed modifications of our system, Mr. Kuntz emphasizes the need to utilize our great wealth of scientific and engineering people. Only the scientific and engineering community has the technological acumen enabling them to translate statute and policy directives into actual plans and substantive action.

His article is very perceptive, and I submit it so that my colleagues will have an opportunity to benefit from it.

The article follows:

UTOPIA GOES BELLY UP

(By Robert J. Kuntz, P.E.)

The United States, and the other developing nations of the world, have evolved an "open loop" economic system that has been approaching a loss of control for many years. The present energy crisis is just the second and stronger signal that the control system is not functioning. In the early 1960's major concern was raised with the waste management problem. Rachel Carson in her book, "The Silent Spring," alerted society to the ominous conditions that existed in our environment and predicted catastrophe for future wild life and even man if changes in behavior were not instituted. As we all know, Rachel had a profound affect upon the ecology movement. Unfortunately, the damage created in some areas is beyond repair. Some have referred to Lake Erie as the world's largest cesspool. Raw sewage, toxic chemicals, and effluents of all kinds have been dumped into that once beautiful body of water. Pollution has hit every fresh water supply in the Nation and world. The seas and oceans are also being subjected to the wastes from our industrialized societies at such rates that "digestion" is impossible. Thor Heyerdahl on his voyage across the Atlantic on his papyrus boat Ra II observed pollution in the open sea to an extent previously not recognized. He has expressed concern with the damage being done to the continental shelves sea life by toxic discharges either directly into the ocean or into steams emptying into the oceans. Some areas in the Pacific Ocean near Hawaii have lost almost all sea life because of the dumping of horrendous quantities of raw sewage and other toxic wastes. The quest for profits prevents the construction of sewage treatment facilities, and local governments, controlled by the same interests, have not had the intestinal fortitude to stop the rape.

The economic system in the U.S. can be compared to a giant electrical coil. The figure shown (described) below may not be completely correct in terms of electrical engineering, but the parallel can be seen just the same. The primary coil has two poles. The one marked "NR" represents our natural resources. The other marked "D" represents all of our dumps—land, air and water. The battery connected across the poles represents our energy resources. The secondary coil is connected to a resistor and a galvanometer. The galvanometer reads the induced current or cash flow which is measured as the gross national product (GNP).

To explain, our economic system functions by taking low-cost raw materials from natural resources of all kinds, organic and inorganic and adds to them large quantities of energy. The manufactured materials and products are then moved to the dumps as quickly as the consumer will tolerate. In some cases, obsolescence is designed into the product so that artificial wear out will occur before actual wear out. In the latter case, energy is somtimes applied to the system to insure this in the form of "romance" advertising.

The flow of goods and materials in the primary causes a current to be induced in the secondary which passes through the resistor which in turn gives off heat. When the flow in primary slows down, it is referred to as a *recession*. A more severe slow down or stoppage is called a depression. Though not mentioned specifically, there are some human resources added to this system, but these are minimized to maintain a high "productivity". This term really means that less human resources and more energy resources are used to *add value* to the raw materials on their way to the dump. Thus, up to this time the solution to a potential recession has been to accelerate the flow of materials from natural resources to the dumps.

This system has functioned rather *well* over the past few years in the U.S. We have only consumed more energy resources in the past 35 years than was consumed by all mankind prior to that time since the beginning of the world. Mineral sources are now so depleted in this country that over 50% of our raw materials must be imported. The great iron range in Minnesota once produced 65% ore. It has been so depleted that it now produces only 15% ore. And where has all of this material gone? It is now in low concentration form spread over the country side, lying at the bottom of the ocean, or clogging and poisoning our rivers and streams.

The fallacy of our economic system is that it is based upon completely erroneous premises. To continue to function well, we must have *unlimited natural resources*, and *inexhaustable supply of energy*, and a *bottomless dump*. This is the "open loop" civil system that has been giving us the highest standard of living ever known to man. However, storm clouds began to appear on the horizon in the 1960's. The first sign that the system was going unstable was the waste management problem. Our dumped "garbage" was fouling the air, polluting the water, and covering our landscape with unsightly discards creating in some cases severe health hazards. The group most vocal in alerting society to the potential disaster was referred to as the "ecology freaks". Our economic system was telling us that the *dumps were not deep enough*. Our response to this data was ocean dumping, transporting garbage to mountain valleys, compacters (using more energy to reduce the volume of the discards), and developing various methods to incinerate or make building blocks with the discarded materials.

Our economic system has now given its second warning as control is lost and the *error* increases. This time it is saying that the energy supply is *not* inexhaustable. Of course, there may be some blame levied on those who stimulated the energy crisis to occur so quickly; and there are many who feel that it was prompted by the large oil trusts in their quest for greater profits. Some of this may be true, but the fact remains that had the "crisis" not happened in 1973, it would eventually happen, since the oil and natural gas we are using are not being replaced.

If we have interpreted correctly the message that our "open loop" system is sending, then we can predict the next and final behavior. The dwindling supply of raw materials will no longer be able to supply our basic needs. When artificial fertilizer is not available (much of it is made from oil and natural gas), and we suddenly discover that a large portion of our fertile land is buried beneath asphalt and houses and the remaining cannot produce sufficient food without artificial fertilizer to meet the basic needs of our people, the final coup de grace will be levied. Shall we continue to allow ourselves to be lulled into a state of complacency that all will be well, and that our great institutions will rise to the challenge and increase "productivity" and satisfy all of our needs? Our legislators will just pass another law and legislate the problem away, or the profit motive will stimulate solutions. Well, possibly; but it is also *possible* that there may be some basic deficiency in the design of the system.

What is needed is a "closed loop" system which can provide a high standard of living and still preserve that standard for generations to come. Let's examine some of the changes that would be required to "close the loop". The first is that *waste must be significantly reduced*. To accomplish this, it will require some initial engineering. Products will have to be designed for maximum life instead of minimum life. Instead of discarding a worn item, it should be designed to be completely refurbished. An automobile is a good example. Little change has occurred in the design of the auto in the past 30 years, yet the new models every year *force* depreciation of the last year's model. The internal combustion engine for a car is designed to last about 3,000 hours before major overhaul. This is equivalent to about 100,000 miles. With sufficient care, 150,000 miles can be obtained. The point is that with proper design, an auto could last a lifetime with modular replacement of the parts that wear. In the latter case, human resources are substituted for natural resources and energy, and there would be no need to consume the large quantities of energy to make new fenders, bodies, etc., and smelter additional iron from ore. The example could be applied to many other products in our system.

Devices using energy must be *designed for maximum efficiency* compatible with a total thermal balance. By this it is meant that the energy needed to increase the efficiency of a device does not exceed the energy saved. The same philosophy applies to building design. If it takes more energy to produce insulation 10 inches thick instead of 6 inches, and install vacuum-seal windows and aluminum reflectors than the energy saved by the devices over the life of the structure, the optimum trade off point should be chosen. However, we are far from that condition at the present level of design where *fuel cost* is merely traded off against capital investment amortized over the life of the structure.

Total energy systems must be considered in every application. The heat rejected from one process can often be the heat input for another.

New energy sources must be developed which minimize the use of *fossiled fuels*. Though the near term will demand the use of *fission nuclear power plants*, they must be eliminated as quickly as possible. The radioactive wastes from these plants will be toxic for over 250,000 years and create waste management problems that boggle the mind for generations to come. *Fusion power plants*, which use "heavy hydrogen" from the ocean, must be developed on a crash basis, since the reaction does not produce radioactive waste. *Solar and geothermal energy* must be developed, since these energy sources are already available and have the most benign effect upon the environment. Work should be done to develop low-cost and efficient means for producing *hydrogen*, since it will become the basic combustion and fuel cell fuel for tomorrow. It can be used as a substitute for natural gas, will replace hydrocarbon fuel for internal combustion engines, and it can keep the jet aircraft flying as a jet fuel. It can also be used to produce synthetic liquid fuels that have longer storage life than hydrogen alone. *Coal gasification* and other fossil-fuel development will have to satisfy the interim, since the other solutions will require long term development and implementation.

In all of this, the only common denominator is engineering and the engineer. All of the rhetoric flowing from the state houses and Washington will do little to solve the basic needs of the system. It is time that the engineering profession assumes its proper role in providing the planning and solutions to the nation's pressing problems. Presently, the nonscientific trained legislator's approach to the problem of the energy crisis has some recognizable buzz words. Over 1000 bills have been introduced in Congress, and many of them have terminology such as: statute, rule, regulation, policy, requirements, curtailment, restriction, allocation, rationing, etc. Words that may result in solving the problem would be more pleasing, such as: definition, hypothesis, thesis, empirical evaluation, selection, implementation, modification, and maintenance. If there were more engineering-trained legislators, the latter terminology may be more prevalent than the former.

As the nation moves into gasless Sundays, 68 degree homes, dim offices, and other curtailments, the engineering profession enjoys average salaries that now have the purchasing power equivalent to the 1963 time period. While trucks block the highways because of shortages of diesel fuel and supplier "rip-off", while airline pilots contemplate strike because of a shortages of jet fuel which has caused flight curtailment and personnel layoffs, while the president rides the train, while grain rots in the fields because of shortages in fuel for tractors, over 100,000 professionals (engineers and scientists) have "evaporated" from the job market. Over the past 3 years, the nation has thrown away over 300,000 man years of engineering and scientific talent as a result of a shift in "national priorities". Much of that talent can no longer be recruited back into technical cadres because of disillusionment on the part of the professionals. What is now needed is a long-term national commitment to properly utilize one of the nation's great resources—its engineering and scientific people—and direct their efforts to the solution of the nation's most critical problems. Additionally, our citizens must modify their consumptive and wasteful habits. If this isn't done, our economic system will truly go "belly up"!!

AMENDMENT NECESSARY FOR PENSION BILL

HON. GEORGE E. BROWN, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 26, 1974

Mr. BROWN of California. Mr. Speaker, I acknowledge the necessity for pension bill H.R. 12906, knowing the extreme need for protecting working men and women. In our struggle to achieve this protection we must not overlook certain points in the pension bill that is before Congress today, points that will have major effects on a large segment of our labor force. I am referring to the provision in H.R. 12906 that stipulates an eligibility requirement for pension plans of 25 years of age, or 1 year of service, whichever comes latest. Though this is an improvement on H.R. 4200, which had a minimum age limit of 30, I feel that H.R. 12906 still excludes an unnecessarily large segment of our labor force.

I am proposing, along with Congresswoman ABZUG, that H.R. 12906 be amended to read that eligibility requirements be: 3 years of service or a minimum of 24 years of age and 1 year of service, whichever comes first. The 3-year stipulation would rule out any employees who work only a year or two at one job, thereby eliminating the additional costs of bookkeeping that would be encountered if the employers had to include such transient workers in their pension plans. Statistics show that 16-to-19-year-olds work an average of 6 months at one job, and 20-to-24-year-olds work 1 year on the average. These workers would not be able to participate in their companies' pension plans. The advantage would be for those young workers who do stay with their jobs for a period of at least 3 years, and I feel they have a right to coverage.

We are speaking not only of the young, who are just beginning work, but of our older citizens at the age of retirement. There are many workers that have worked from the age of 16 to 25 for one company. As the bill now stands, when the time comes for retirement, these people cannot count those 9 years of service before the age of 25. This 3-year provision will aid that situation, allowing a 16-year-old to begin participation in the company pension plan at the age of 19.

With respect to vesting plans, I propose that the 25-year-old minimum be deleted from the bill. H.R. 12906 states that any service before the age of 25 is to be disregarded in computing the period of service for purposes of determining the percentage of nonforfeitable accrued benefits. Thus, in the 5-to15-year vesting plan, an employee who works from age 25 to 30 begins receiving 25 percent of his nonforfeitable accrued benefits, but an employee working from age 18 to 23 will receive nothing. By deleting the age limit, those beginning work for a company between the ages of 16 to 24 will have their first years of service count toward their vesting privileges.

Tomorrow, I will offer this amendment to the pension bill, H.R. 12906, so that these discriminatory features will be eliminated. I hope my fellow Representatives will join Congresswoman ABZUG and me in this endeavor.

GROWING TRADE WITH RED CHINA: IN WHOSE INTEREST?

HON. JOHN M. ASHBROOK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 26, 1974

Mr. ASHBROOK. Mr. Speaker, within the past year the Congress has started debating the problems to American security of dealing with the Soviet Union and the House has begun the process of putting some of the necessary conditions on that trade. There are still a number of other steps that must be taken in this regard if America's interests are to be safeguarded.

Unfortunately, there has been little discussion of the rapidly expanding trade with Red China and what its effect may be on the United States. The Red Chinese, by their sending of troops to the Paracel Islands to battle the South Vietnamese troops already there, would seem to put the lie to the contention that the Communist Chinese leadership is a pacific one.

In a previous speech that appears in the RECORD on January 30, 1974, I raised the question "Is the United States building Communist China's military might?" At that time, I discussed the building of five fertilizer-ammonia plants which also may be converted to the making of explosives. Is this in the interests of the United States? Should the Congress be passing enforceable restrictions on such trade? Does the building of Communist China's industrial base with American technology serve the cause of free men?

Within the past month a number of new deals are being negotiated or have been announced as finalized. These include Bucyrus-Erie Co.'s selling $19.6 million worth of mining equipment, Reed Tool's supplying $1 million worth of oilfield equipment, the Rucker Corp.'s providing a $2 million order of pressure gears for oil drilling, Gleason Works' selling $8.2 million worth of machinery to produce gears and axles ostensibly for automobiles—but possibly for jeeps? Additionally, the U.S. State Department has approved a sale by Litton Industries of highly advanced computerized navigation systems for commercial jets. United Aircraft has held preliminary discussions with Communist officials about the sale of Sikorsky S61N helicopters which is a newer model of the Navy's SH-3 helicopter.

I ask what are the goals of this trade: Is it the old, tired view that trade will lead to peace and a better world? I hope not. This theory has been historically tested time and time again and each time it has failed that test. Trade does not stop conflicts or wars. Trade can build the strength of a country so that it can then engage in war. Is the United States presently helping Red China to become strong which will then allow that same Red China to more effectively threaten the independence of smaller countries in Asia and to work against American interests? I hope not, but it is time to take off the rose-colored glasses in regard to trade with Red China and to realistically assess the results that that trade is having and will have.

ESTONIAN INDEPENDENCE

HON. CLARENCE D. LONG

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 26, 1974

Mr. LONG of Maryland. Mr. Speaker, Sunday, February 24 marked the 56th anniversary of the declaration of Estonian independence. I would like to take this time to praise the freedom-loving people of Estonia who are forced to refrain from celebration due to Soviet repression.

Estonia, the smallest of the Baltic States, has struggled for peace and freedom throughout its history. When the Communists became masters of Russia late in 1917, they enforced a rule of "red terror" over most of Estonia. In the midst of World War I, German troops entered Estonia and the Communists fled the counrty. On the next day, February 24, 1918, Estonia proclaimed its independence.

Many Estonians fled the German-occupied country to seek the support of the Allied nations in behalf of their compatriots back home. As a result, in the spring of 1918, France, Great Britain, and Italy accorded de facto recognition to Estonia as an independent state. With the withdrawal of Germany in November 1918, the Soviets again attacked Estonia. But with the support of the British and the Finns, Estonia was able to put down the attack of the Red army.

At long last the people of Estonia were truly independent, to live in the cherished freedom they sought for so long. They drafted a Constitution with principles similar to those embodied in our Constitution.

Unfortunately, Estonian independence was to last no longer than two decades. With the outbreak of World War II, the Soviet Union constructed military bases in Estonia. In June of 1940, the Soviets again entered and occupied Estonia. Some 14 months later, with at least 10 percent of its population killed, Estonia was taken over by the Nazis. For more than 3 years Estonians were forced to work for Hitler's war effort.

In October 1944, the Red army reoccupied Estonia. The country has remained under the control of the Kremlin since that time.

Despite their history of Communist domination, the spirit of freedom endures in the hearts of all Estonians. We who are blessed with liberty must never cease to encourage the citizens of Estonia in their struggle for dignity and peace.

LAND USE PLANNING AND HISTORIC PRESERVATION

HON. JOHN F. SEIBERLING

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 26, 1974

Mr. SEIBERLING. Mr. Speaker, this week the House of Representatives will probably vote on the Land Use Planning Act of 1974. This is landmark legislation which will help our country use our resources more wisely. It will help assure that the environmental, social, and economic implications of major decisions concerning the use of the Nation's land will be given adequate consideration and that the public will be involved in these decisions.

One area of concern that is inextricably bound with any land use planning process is historic preservation. Indeed, the bill requires that participating States give special attention to "areas of critical environmental concern," which include historic as well as cultural, scientific, and natural values of more than local significance. It is important that the States, in developing their land use planning, process, give equal consideration to both the historical and natural environments. Both are vital in creating and maintaining conditions under which man and nature can exist in productive harmony.

Last month, I spoke to Federal and State officials at the annual State Historic Preservation Officers meeting, sponsored by the National Park Service. They were concerned about how the Land Use Planning Act would affect their mission, on both the State and Federal level. Since Members will be voting soon on this bill, I would like to share with them my remarks to the historic preservation officers, which explains how historic preservation would relate to the land use planning process. My remarks follow:

HISTORIC PRESERVATION AND LAND USE PLANNING

The Ohio Historical Society publishes a very good newsletter, Echoes, which I read faithfully each month when it comes across my desk. Last year they had a rather nice little story in it about a Connecticut minister who went out to the Ohio country, as it was called before the American Revolution. He was looking into the possibilities of converting the Indians to Christianity, and he spent a few weeks at an Indian village in central Ohio. He had to leave, finally, because the Revolution was about to break out and the British were stirring up the Indians against the colonists who were getting obstreperous. (The Indians weren't very happy anyway because the European settlers were encroaching on their hunting lands.) Finally one of the chiefs came to him and said, "Brother, it is time to go." But before he went, the minister had a long talk with the same chief about religion. And the chief finally said to him, and the minister recorded this all in his diary, "Well, I have no doubt that your Bible is a great book, and for you it is undoubtedly a great thing to have a book so that whenever you have a problem, it will tell you what to do. But we don't have that kind of a book and so when we have a problem we have to think," and he pointed to his forehead. And I've often thought that while there are times when we need religious books, there also are times when books won't help and we just have to think.

I feel it's the time to think about the status of historic preservation and its relation to other important values that we are trying to preserve in this day and age.

Thomas Jefferson said that that the earth belongs to the living generation. And of course he was trying to break what he called "the dead hand of the past" under which, by law, owners of property could entail their property so that subsequent owners were put in a strait jacket. They couldn't sell the property, they couldn't develop it, they couldn't do anything. And I think we all agree that he was right in so doing. But Jefferson left out one thing in his efforts to break the dead hand of the past: the concept that the earth also is held in trust by the living generation for future generations. That puts it all in a little bit different light, and it seems to me that we need to develop that ethic a little more in this day and age.

When Abraham Lincoln made his famous first inaugural address, he was, as you know, making a last plea to the Southern States not to break their ties with the union. It always struck me that he saved for the very last of his address what he thought was the most powerful, emotional argument of all. He said, "The mystic chords of memory, stretching from every battlefield and patriot grave to every living heart and hearthstone all over this broad land, will yet swell the chorus of the union, when again touched, as surely they will be, by the better angels of our nature." It's rather interesting to me that he appealed to a sense of place when he appealed to their emotions. He appealed to their remembrance of the battlefield and to the patriots' grave. He understood that the land itself, and the places where our people sacrificed and fought and died, have a tremendous impact on our thinking. And I would like to talk a little about that today.

As a land-rich nation, we have for too long treated our land as if it were an unlimited supply. Today, as a result, we're verging on a land use crisis. Our farmlands are being swallowed up by sprawling cities. Our historic and cultural treasures are being bulldozed to make way for skyscrapers and shopping centers. Power lines and massive highways are cutting ugly swaths across our rural landscapes, and open space around our major metropolitan centers is being consumed by haphazard and uncontrolled development. You who are here today are here because of your interest in historic preservation. But you should not, and indeed you cannot, think of historic preservation without also thinking of environmental preservation. Both are linked together under the broader concept of land use planning.

Land use planning is a pivotal issue in this country and in the Congress. How we use or misuse our land affects our environment, our economy, our cultural, physical, and social well being. It affects our transportation systems and our use and methods of obtaining energy. It affects our sense of the present and our identification with the past. It affects the historic character of the land itself, which has colored and shaped our past and will likewise color and shape our future. The values of the past were in part derived from our sense of the land and its peculiar qualities, the qualities of beauty, harshness, challenge.

Right now a powerful example of the need for land use planning is beginning to occur in the West. Our Western lands are being threatened by the onslaught of industrialization. Up to now the West has remained a symbol of the frontier, clear skies and magnificent open spaces. This land is still sparsely populated, and is largely government-owned and mainly used for agriculture and grazing. But a dark cloud hangs over the big sky country, literally as well as figuratively. Strip mining threatens hundreds of thousands of acres of near-virgin land. Nobody knows whether they can even be revegetated because of the dry climate. Huge power plants are being developed and plans are being drawn for enormous complexes with energy-producing capabilities. LIFE magazine had an article a few years ago about the Four Corners Power Plant development. The title of the article was "Goodbye Big Sky" because the big sky is going to be filled with big air pollution. Industry has plans for some 40 or 50 coal gasification plants out in the Northwest States. And precious waters are about to be diverted from agriculture to provide for the insatiable thirst of industrialization.

The glitter of industrialization promises economic rewards for a few, but it often turns to fool's gold for the many who must inhabit and contend with a degraded environment. Without intelligent planning the insatiable thirst for industrialization may well destroy our Western heritage. It may wipe out, literally, whole landscapes, and whole lifestyles as well. And our country may become one huge industrial megalopolis from sea to shining sea.

Ownership in this country has always implied the private owner's right to do anything he wants with his land. This is not true in other parts of the world, particularly in Europe. In those countries the public interest must be considered.

The scope of such public interest and the mechanism for expressing and enforcing that public interest are broad indeed. Anyone who has traveled in England cannot fail to be impressed with the way that the small villages in the countryside have been preserved; free of the squalid blight that affects almost every community, large and small, in our own country. Yet the population density of England is almost twenty times that of the United States. Both countries share a common legal heritage. The difference lies in the realization of the people as to their true situation and what they've done by legislation to cope with it.

We have a doctrine in the common law which goes way, way back, and it modifies the right of ownership. It's called the doctrine of "sic utere tuo ut alienum non lædas." It means "so use your property that you do not injure with the rights of others." I've been down in Southern Ohio where I've seen land that's been absolutely destroyed by strip mining without any reclamation worthy of the name, and it's been done in the name of private ownership. Yet what right does the farmer have who refuses to sell out when the land all around him is stripped and the water table is lowered and the aesthetic appeal is gone, and the dust and the mess is all around, and the very value of this land is cut to a fraction of what it was by others exercising their right to do something on their land. It's quite obvious that our concept of private ownership, and the rights that go with it, is going to have to change radically. That doesn't mean it must be socialized, but it must be harmonized with the overall needs of the American people.

In contrast to Europe, historic preservation in the United States is in its infancy. We're only now beginning to think of historic preservation in terms of the total environment and not merely in relation to specific people and events. But in Europe whole cities have been declared historic districts where strict controls have been put on any alteration, conversion or demolition of buildings built before a certain specified date. Regardless of their local or national significance, these historic treasures reflect very definitive cultures in their time and in their place.

I was in Nuremberg in 1945 and it was a depressing sight. Here was the great merchant city of the Middle Ages in ruin. Those of you who have been to Nuremberg in recent years and were not there right after the war will find it hard to believe that that beautiful inner-walled city was almost totally destroyed. The Germans had very carefully collected all the stones from the buildings and they had carefully collected all the photographs and postcards and reconstructed, with the very original stone wherever possible, the buildings as near to their original form as possible. They had a sense of the importance to their culture of recreating Nuremberg as it was.

By contrast, Americans lack a strong sense of place, just as they lack a strong sense of the continuity of history. Our history is too new. Fifty percent of us move every five years. Mobility has its economic advantages, but lost are our roots and our identification with our ancestral heritage. We're becoming a homogeneous society. As we travel this land, only the geography changes; the man-made forms remain the same. The Golden Arches are the same in Cheyenne, Wyoming, as in Atlanta, Georgia. Downtown Oklahoma City looks much like downtown Akron, Ohio.

But this need not be so. If you look beyond the main streets, the vestiges of our varied heritage are there—the white clapboard house of New England is not the same as the farmhouse of Indiana or the adobe hacienda of New Mexico. Each remains singular and each retains a statement of its time and place.

If we're to save the uniqueness of our past, and make it workable for the future, historic preservation and land use planning must go hand in hand. This will not be an easy job. For many of us the subject is new and untried. Land use planning is still embryonic; zoning remains the only major practiced form of land use control. But zoning only deals with type and density of development. It does not deal with the larger issues of people as individuals, neighborhoods and cultures.

Historic preservation is also new; it began as a fragmented effort by people who lived with and loved their historic treasures. They did not view their history from the outside—they were part of it. In contrast, most of us in this room are beginners. In our work-a-day world we must identify with these pioneer efforts. Concerted state and Federal efforts have only taken place within this generation. Congress is now working on major legislation to create an integrated approach to land-use planning. The Senate has passed a land use planning bill. The House Interior Committee completed work in mid-January on a similar bill. This is truly landmark legislation, but of itself it only provides a bare framework which must be added to. Its effectiveness will largely depend on how well Federal, state and local officials and private individuals work together.

Contrary to the views of its opponents, the land use planning bill would not create Federal zoning. It would not threaten private property. It would not remove land use decisions from local government. What it would do is to provide grants to states to help them prepare and implement a comprehensive land use planning process. The process would be developed by and tailored to the needs of each state. The bill sets some guidelines for preparing these plans and, once prepared, for administering them. Participation is voluntary. There are no sanctions in the bill, only a carrot, not a stick; and the carrot is that the states in order to obtain the Federal grants must meet the basic requirements of the bill.

The key to the bill is the requirement that a participating state must develop a comprehensive land use planning process which must take into account all lands and all other natural resources within the state and the cost and benefit of their use and conservation. The process must include the development of an adequate data base, technical systems and training programs for state and local agency personnel and public involvement on a continuing basis. It must coordinate land use planning activities with local governments and with state, interstate, and Federal agencies. Natural and physical resources and recreation needs must be considered and the suitability of land for various purposes.

I'm not going to give you a section-by-section analysis of the bill, but I would like to highlight a few key portions which will affect your mission both on the Federal and state level. For you, as leaders in historic preservation, have a unique opportunity to assume a leadership role in this process. But if you want to have a significant voice in it, and I feel it's vital that you do, you will have to assert yourselves actively from the very beginning. I believe that just as historic preservation must be viewed in the broader spectrum of the total environment, you must view your jobs within the wider context of land use planning.

How can you do this? Well, on the Federal level it's already begun. The National Historic Preservation Act of 1966 provides protection for any property included in the National Register that might be endangered by a Federally-funded or licensed project. And the President's Executive Order 11593 requires that Federal agencies designate historic properties under their jurisdiction for nomination to the National Register. The fact that so many of you are from a variety of Federal agencies shows that Federal participation is viable and healthy. It shows that the government understands that historic preservation is not under the sole purview of the historian; many of our country's historic properties are owned by Federal agencies, and these properties are part of our cultural heritage.

But the Federal role as a result of the land use planning bill may be more significant in the future and it will not be achieved in isolation. You will need a good working relationship with other Federal agencies and with State and local governments in order to be effective.

The bill is a two-way street; it requires states to consider the impact of their actions on areas near Federal public lands such as national parks, forests, wilderness areas and wildlife refuges. It also requires Federal agencies and Federal projects to have similar responsibilities. Federal projects and activities affecting the use of non-Federal lands must be consistent with the states' comprehensive land use planning process, except in cases where the President determines there is an overriding national interest not to comply. The bill would require each Federal public land management agency to prepare and maintain an inventory of all public lands and resources under its jurisdiction. The bill provides the framework for the Federal government to develop land use policies and plans for these lands. These could also serve as standards for the states to consider developing their own plans, just as the Federal agencies can learn much from the work done by the states. As a matter of fact, in my opinion, the portion of the bill that lays out the priorities and standards for the Federal government is much better than the section that covers the priorities for the states. The reason is that we did not feel that we were in a position to dictate to the states what these standards should be, but merely to say that they should develop them.

I think it's only fair to recognize that many states are already working on land use legislation. Vermont, for example, has a very strong land use planning law, probably a model for other states. But it's important that State Historic Preservation Officers act now to shape such legislation before it's passed.

You already have a working tool in the guidelines outlined in the State Historic Preservation Plan required for historic preservation grants-in-aid. Basic to the plan is an inventory of the state's historical properties. I suggest that that is the place to begin, in analyzing and reevaluating this inventory. As I pointed out earlier, the development of the data bank is only one of the requirements for the state's comprehensive land use planning process. You should look at your inventory within the broader context of that land use planning approach. You'll need to ask and answer such questions as these: What are your state's historical resources? How do they fit in with the state's environment? How is the land in the state currently being used? What areas are most threatened? These are the kinds of questions the planners will be asking, and you should be armed with the answers.

In addition, I suggest that you begin now to ensure that historic preservation is given adequate consideration in any state land use legislation and policy. Take a look at the Federal bill; learn what's specifically required of you; notice what language is used to provide for consideration of historic preservation. In working on the bill, we in the Interior Committee were particularly concerned that the states give special attention to certain problem areas. We called them "areas of critical environmental concern."

These were defined as areas of more than local significance where uncontrolled or incompatible development could result in irreversible damage to important historic, cultural, scientific, and natural values, in that order; or where development could endanger life and property or future productivity of water, wood and fibers. The states under this bill must designate these areas of critical environmental concern and must regulate how they are to be used. It's very significant that the term "areas of critical environmental concern" includes both natural and historic areas. You should be alert to any attempt to give less than equal protection status to either, for the historic environment and natural environment are inseparable.

Some years ago when my family gave Stan Hywet Hall, the Tudor-style estate built by my grandparents, to the community of Akron, some people said, "Well, of course the house is the big thing and the grounds aren't that important; concentrate on preserving this house." It just happens that the plans for the grounds—there are some 70 acres of lawns and gardens—were drawn by the firm founded by Frederick Law Olmsted, the great landscape architect who laid out New York's Central Park, who laid out and designed the west porch of the U.S. Capitol. The house without the grounds would be diminished and much less significant. And that's true of many of our historic sites. Both the natural and historic environment are irreplaceable, and both yield information about the past, giving us understanding and appreciation of our physical and human evolution.

Linking historical and natural resources may seem obvious to those of us who are accustomed to thinking that way, but unfortunately most people in this country don't make that connection. The industrial opportunist sees these lands as a commodity to exploit, and man-made objects as a potential return on the dollar.

I remember riding to Cleveland one day with a county engineer, and we passed a particularly beautiful tract of woodland that bordered the highway. I said, "You know, it's interesting that all this area is becoming filled up with suburban sprawl but that particular area has remained open." I was just about to say that we ought to figure out some way to keep it that way, and the engineer said, "Yeh, we've been trying for years to figure out what we could put in that space." His idea was that unless you fill up every inch of space with some man-made creation, you haven't really developed it.

Well, some things are better left undeveloped.

Even without that extreme, however, most people do not understand the varying degrees of what we call nature and of what we call history. They do not understand how the natural elements interact with man to produce a total environment. I have a Sierra Club calendar at home and the January page has a picture of a little area in New England. The caption under it contains a quotation from Thoreau in which he said, "A village is preserved not more by the people in it, than by the swamps and woods that surround it." This was a puzzling thing the first time I read it and I had read it several times to begin to get what he was talking about, but it's true.

The practice of strip mining of coal is a perfect example of how we destroy our historical heritage when we destroy the land. Southeastern and east central Ohio is, I think, one of the most beautiful parts of our state. An area of really magical charm, it reminds you somewhat of the Downs of southern England; it has that special mystical quality about the landscape. It's a rolling, beautifully unspoiled, pristine landscape, except that it's being rapidly destroyed by huge earthmovers 20 stories high that are tearing it apart. Whole towns have disappeared from the face of the earth, whole highways have been removed. Woods and fields have all been turned under and replaced by heaps of rubble. This isn't just destroying productive land, although that is also the case, but it's destroying our past, it's destroying our youth. The people who do that are killers of the dream. We don't have a word for it, but we ought to have a word that covers that kind of destruction, and somehow we have got to stop it.

Not all of man's historic treasures are beautiful, and not all of nature is pristine. But something in all of it is worth saving if we can put it in proper perspective. And the signs of change are here. Last week I met with a representative of one of our country's major conservation groups and we discussed the proposed Cuyahoga Valley National Historical Park and Recreation Area between Akron and Cleveland. Normally this person would only have been interested in preserving wilderness, but he said he realized that we will not preserve our wilderness unless we also provide attractive alternatives for outdoor recreation like the Cuyahoga Valley close to the cities where most of our people live. And that's also the way we give people who live in the filled-up parts of our city a sense of what it means to be out in open country.

The Cuyahoga Valley is not pristine like the backcountry of Yellowstone, a superior national wilderness area. But each has unique qualities to preserve. And in preserving places like the Cuyahoga Valley we can ensure that the wilderness of Yellowstone will be preserved as a wilderness for future generations.

A similar analogy holds true for historic preservation. Not every historic building needs to be a museum. Ghirardelli Square in San Francisco and Canal Square here in Washington, D.C., are examples of how old structures can be given new life while maintaining a sense of their original integrity. Historic resources interact with the contemporary environment giving a region its character and sense of place. Another example is Independence Square in Philadelphia. A tremendous job was done to restore it to its 18th century scale and appearance. However, many beautiful old 19th century structures were demolished in the process. Historic preservation shouldn't mean that we're frozen to one period of the past. Rather, we must recognize that we have a series of pasts that should and can live together harmoniously. Then we can truly recognize and personally understand how we fit into the patterns of history.

If you ever go to Stan Hywet Hall, the former family home I've been telling you about, you'll be interested to learn that the interior of the house was designed to look as though it had been added on to in various generations. The house starts out with a Tudor or pre-Tudor style and it carries rooms in it of every style of English interiors right up to the 19th century. So, this has recreated a sense of various ages.

As State Historic Preservation Officers, you are no doubt accustomed to looking within the patterns of history and identifying our cultural, racial, and ethnic diversity. Ours is a nation of contrast; our country's identity lies in the slums and ethnic ghettoes, as well as within our magnificent mansions and public buildings. And the worthwhile features of these contrasts, if they're not identified and preserved now, may well be lost forever. Someday the people of this country, hopefully, will not have to live in any slums. But they'll want to know what one looked like, and that's worth preserving to remind them.

Hopefully one day we'll not even need a National Register. Historic preservation will be a personal ethic in each of us; it will be part of our ingrained culture in all its aspects—legal, governmental, commercial and educational. How we treat the land today, and more importantly, tomorrow, hopefully will be the result of this changing system of values.

We will never see the land as our ancestors did; for we can never totally reconstruct or preserve the past. But we can understand what made it beautiful, and why they lived and died to preserve it for us. And in preserving it for future generations we'll preserve something of ourselves. I think the young people of this country sense this. One of the songs they seem to like to sing most often has these familiar words in it: "This land is your land, this land is my land; from California to the New York island; from the redwood forests to the Gulf stream waters, this land was made for you and me."

If indeed we all have an interest in this land, then we all have a stake in its preservation. I think there's no more worthwhile cause. Thank you very much.

AMERICAN PEOPLE SUPPORT RIGHT TO ABORTION

HON. RONALD V. DELLUMS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 26, 1974

Mr. DELLUMS. Mr. Speaker, recent mail and public reaction have displayed the support of the American people for the Supreme Court decision that has insured every woman of the right to determine whether or not she will have an abortion. As this public response indicates, women were denied a basic right for too long. Any legislative effort to restrict women from having abortions would be regarded as an attempt to violate human rights and to inflict the moral judgment of a minority on the American people as a whole.

The letters and information that follow show strong support for abortion from one community organization and two national organizations. The board of directors of the Young Women's Christian Association of Oakland has reaffirmed its support for a woman's right to have an abortion. The board expresses its opposition to antiabortion constitutional amendments and "sleeper amendments" that would restrict the availability of abortions.

The National Association of Laity, the independent lay organization in the U.S. Catholic community applauds the Supreme Court decision for preventing the moral judgment of some from being forced upon everyone. The NAL sent a copy of a press release that explains its position and a table that indicates the support of the Catholic people for the right to an abortion.

The National Abortion Rights Action League provides information that shows that a majority of the American people support the Court's decision. Broad public support of the decision is made apparent by these revealing statistics.

It is encouraging to see these organizations take a firm stand in favor of the protection of the human right to choose. I am proud to include the letters and information from these three distinguished organization in the RECORD:

YOUNG WOMEN'S CHRISTIAN
ASSOCIATION OF OAKLAND,
Oakland, Calif., February 5, 1974.

Hon. RONALD DELLUMS,
House Office Building.

DEAR SIR: On February 4, 1974, the Board of Directors of the YWCA of Oakland voted to reaffirm the 1973 National Convention Resolution regarding "a woman's right to determine whether or not she wishes to have an abortion . . . therefore the YWCA shall support efforts to provide safe, low-cost abortions to all women who desire them."

The Board of Directors wishes you to be fully aware of its opposition to the various anti-abortion Constitutional Amendments as listed below:

1. Hogan Amendment H.J. 261 & 473
2. Buckley Amendment S.J. 119
3. Whitehurst Amendment

In addition, and in keeping with the resolution, we therefore openly register our opposition to the various anti-abortion "sleeper Amendments":

1. Buckley Amendment to the Social Security Amendment of 1973.
2. Legal Services Amendment to the Legal Services Act.
3. Resolution introduced by Harold Froehlich.
4. Church Amendment extending the Public Services Act.
5. Helms Amendment to the Foreign Assistance Act.

A copy of our recommendations, as passed by our Board of Directors, is enclosed. We urge you to take strong action in this matter at every opportunity.

Thank you,

ORTHA WULFING, *President.*

NATIONAL ASSOCIATION OF LAITY,
January 1974.

DEAR READER: The National Association of Laity (NAL) is the independent, lay organization in the U.S. Catholic community, dedicated to implementing Vatican II Council reforms.

During the public debate about criminal laws on abortion, the NAL Board felt that Catholic Lay opinion was being distorted or ignored. Thus, NAL publicly praised the Supreme Court for its decision heeding U.S. Catholic opinion rather than episcopal policy. On January 26, 1974, our Board of Directors confirmed the Assembly's statement of June, 1973, which "affirms the sanctity of life", yet "rejects . . . attempt to force a moral judgment on others."

We applaud the Supreme Court for stressing an individual's "right to privacy" and "free exercise of conscience." We feel the decision "in no way impedes the rights of our church to teach" but insures "a civil right and a personal option."

Enclosed is a press release explaining the National Association of Laity's position on abortion and the results of a study which indicate that our stand is truly representative of the U.S. Catholic community.

Thank you.

Sincerely,

DR. JOSEPH T. SKEHAN,
Secretary of the National Association of Laity.

LAY CATHOLICS APPLAUD SUPREME COURT ON ABORTION DECISION

NATIONAL ASSOCIATION OF THE LAITY.

After studying the decision, the Board of Officers of the National Association of the Laity (NAL), applauds the Supreme Court on its decision emphasizing the individual's right to privacy in making a decison on abortion. The Court's decision is not inconsistent with the Catholic Church's teaching that responsible persons exercise their conscience in matters of morality.

The NAL is the independent national Catholic lay reform organization in the U.S. For three years it has researched and debated this complex issue. Given the many aspects of this sensitive issue, the NAL is not yet ready to present a full position in a consensus. But implicit in the NAL's study has been dissatisfaction with their hierarchy's rigid position and with its insensitivity to the moral complexity of this issue.

The Court's decision in no way impedes the rights of our church to teach a doctrine limiting or prohibiting its members' use of abortion. But it also permits the free exercise of conscience for those citizens who regard abortion as a civil right and a personal option.

The Court has fulfilled its responsibility to the whole of the American people in dealing with this constitutional question. Now the Church can concentrate on re-examining its abortion teaching and restating it lucidly to Catholics, while not imposing its position on our fellow citizens who may not agree with us.

The National Catholic Reporter published this to indicate its concern for declining Church influence.

TABLE 3.—ATTITUDES TOWARD ABORTION BY RELIGIOUS AFFILIATION, 1972-73

[Percent approve]

	Protestant		Catholic		Jew	
Reason for abortion	1972	1973	1972	1973	1972	1973
Danger to mother's health	83	91	80	88	96	100
Rape	74	81	70	75	96	98
Chance of defective child	75	83	67	77	91	100
Does not want more children	36	46	29	34	70	91
Mother is unwed	39	48	32	34	80	88
Too poor to have more children	45	52	36	39	78	92

TABLE 4.—ATTITUDES TOWARD ABORTION FOR PROTESTANTS AND CATHOLICS UNDER 30, 1972-73

[Percent approve]

	Protestant		Catholic	
Reason for abortion	1972	1973	1972	1973
Health	89	93	89	93
Rape	76	82	77	79
Defective child	84	81	74	83
Does not want more	45	53	32	47
Unwed mother	44	52	32	41
Too poor	50	58	43	47
Number	222	193	111	112

TABLE 5.—DIFFERENCES BETWEEN PROTESTANTS AND CATHOLICS UNDER 30 IN ABORTION ATTITUDES

[Percent Protestant margin approve over Catholic]

Reason for abortion	1972	1973
Health	10	2
Rape	1	3
Defective child	0	0
Does not want more	13	6
Unwed mother	12	11
Too poor	7	11

NATIONAL ABORTION RIGHTS
ACTION LEAGUE,
Washington, D.C., February 13, 1974.

DEAR REP. DELLUMS: The National Abortion Rights Action League, NARAL, is dedicated to protecting and implementing the Supreme Court decisions legalizing abortion. Formerly known as the National Association for the Repeal of Abortion Laws, NARAL is a coalition of over 90 state and local organizations.

The information that we are sending you today appears to confirm what we have known for some time—that is, that a majority of the American people support the Supreme Court decisions on abortion. As you can see, of the 28 polls by Members of Congress of their own districts that we are aware of where the question was asked, 21 show clear support of the Court position and only two demonstrate majority disapproval.

Of perhaps more interest are the results of a recent major survey of the metropolitan Washington, D.C. region, conducted by the Bureau of Social Science Research. Over one thousand people were questioned on a variety of subjects, in a sample drawn to be highly representative. The results of a special analysis of one question on abortion, recently done for NARAL, are enclosed. It is of special interest to note that Prince George's County, Maryland, which is represented by Hon. Lawrence Hogan, would overwhelmingly oppose a Constitutional amendment outlawing abortion.

RESULTS OF CONGRESSIONAL QUESTIONNAIRES ON THE ABORTION ISSUE

[Answers in percent]

MAJORITY SUPPORT THE RIGHT TO ABORTION

Edward G. Biester, Jr. (8th District, Pennsylvania, Republican): The Supreme Court recently handed down a decision liberalizing abortion. What is your opinion regarding the decision and future policy?

Agree with the Supreme Court decision	50.0
Favor a constitutional amendment banning abortions	14.0
Favor a constitutional amendment giving the States the power to decide under what circumstances an abortion may be performed	27.0

	Adults	Youths
Jonathan B. Bingham (23d District, New York, Democrat): Abortion:		
Should be left entirely to the worman and her doctor	80	90
Should be allowed only under special circumstances (like danger to the mother's life)	14	9
Should not be permitted	5	1
Don't know, no opinion	1	0

Thad Cochran (4th District, Mississippi, Republican): Do you approve the recent legal decision that abortion can be permitted under certain guidelines?

Yes	69.4
No	30.6

Harold R. Collier (6th District, Illinois, Republican): Do you approve the Supreme Court ruling that abortions are permissible under certain circumstances?

Yes	72.2
No	25.6
No response	2.2

R. Lawrence Coughlin (13th District, Pennsylvania Republican): Do you approve the Supreme Court decisions on abortion?

Yes	61.0
No	26.0
Undecided	13.0

John N. Erlenborn (14th District, Illinois, Republican): In light of the recent Supreme Court decision declaring a constitutional right to abortion, which course of action do you favor?

Do nothing. Let the decision permitting abortion stand:	
Men	60.3
Women	59.2
Combined	59.7
Enact a constitutional amendment allowing the people of each state, through their legislatures, to prohibit or regulate abortions:	
Men	39.7
Women	40.8
Combined	40.3

Paul Findley (20th District, Illinois, Republican): The Supreme Court has stated that during the 1st 3 months of pregnancy, a woman and her doctor should have the right to decide whether she will have an abortion. Only in the last 3 months can States prohibit all abortions. Do you feel this decision is right?

	Yes	No	Undecided
His	8,260	5,843	1,376
Hers	8,219	6,399	1,252
Total	16,479	12,242	2,628

Bill Frenzel (3d District, Minnesota, Republican): Do you favor a Constitutional amendment prohibiting abortion?

Yes	24.0
No	67.0
No response	9.0

Benjamin A. Gilman (26th District, New York, Republican): Do you favor Congress:

(1) Letting States devise their own abortion laws	21.0
(2) Upholding the Supreme Court decision permitting abortion	55.0
(3) Enacting a constitutional amemdment prohibiting abortions	21.0
(4) No opinion	3.0

Gilbert Gude (8th District, Maryland, Republican): I would like to see:

(a) The recent Supreme Court decision on abortion stand	41.1
(b) A constitutional amendment eliminating all abortions	11.3
(c) An amendment returning to the States the power to restrict abortions	14.1
(d) Further liberalization	27.9

H. John Heinz (18th District, Pennsylvania, Republican): Do you favor constitutionally outlawing abortion?

Yes	38.0
No	55.0
Undecided	7.0

Morgan F. Murphy (2d District, Illinois, Democrat): Abortion—Agree with the recent Supreme Court decision on abortion:

Agreed	52.0
Disagreed	39.0
Undecided	9.0

L. Richardson Preyer (6th District, North Carolina, Democrat): Do you agree with the Supreme Court decision establishing the legality of abortion during the 1st 3 months if the woman and her physician agree?

Yes	72.0
No	22.0
No answer	6.0

MAJORITY SUPPORT THE RIGHT TO ABORTION—Continued

Tom Railsback (19th District, Illinois, Republican): Do you agree with the Supreme Court ruling on abortion that it is permissible under certain guidelines?

	Yes	No
His	76	24
Hers	67	33

Howard W. Robison (27th District, New York, Republican): Would you favor an amendment to the Federal constitution to (in effect) repeal such laws and allow abortion only to save the life of the mother? 68 percent oppose

James W. Symington (2d District, Montana, Democrat): The Constitution is the basic document of our American political system. From this fundamental document our laws are derived. In our Nation's history it has been altered only 26 times, and only after long debate and serious thought. Recently, several new amendments have been proposed; which, if any, would you support?

An amendment to prohibit abortion under all circumstances except to save the life of the mother?

His	18.0
Hers	21.0

Lionel Van Deerlin (41st District, California, Democrat): The Supreme Court has acted to relax State abortion control laws. Do you think abortions should be:

Left to the woman and her doctor?	82.1
Regulated by Government?	5.2
Other (specify)	12.7

Larry Winn (3d District, Kansas, Republican): Do you agree with the recent Supreme Court decision regarding the liberalization of abortion laws?

	Yes	No
Male	62	33
Female	63	37

Chalmers Wylie (15th District, Ohio, Republican): On the question of abortion do you favor:

(a) The Supreme Court decision:		
His	74	26
Hers	72	28
(b) Absolute prohibition:		
His	19	81
Hers	20	80
(c) Limited laws permitting abortion when medically judged necessary to preserve the health or life of the mother:		
His	61	39
Hers	61	39
(d) Limited laws including the above and adding pregnancies resulting from rape and incest:		
His	71	29
Hers	72	28

C. W. Bill Young (6th District, Florida, Republican): Do you believe that a woman and her doctor should have a legal right to make a decision regarding abortion?

Yes	79.9
No	14.7
No opinion	5.4

Samuel Young (10th District, Illinois, Republican): Do you approve the Supreme Court ruling that abortion is now permissible?

	Yes	No
His	75.6	24.4
Hers	68.4	31.6
Total	72.1	27.9

NO CLEAR MAJORITY

Frank Annunzio (11th District, Illinois Democrat): Abortion—amend the Constitution to overturn the Supreme Court decision which liberalizes abortion regulations?

Yes	43.0
No	44.0
Undecided	13.0

Harold Froehlich (8th District, Wisconsin, Republican): Abortion: Agree with the recent Supreme Court decision?

Yes	48.0
No	38.0
Undecided	14.0

Joseph E. Karth (4th District, Minnesota, Democrat):

(a) Agree with U.S. Supreme Court decision	49.0
(b) Disagree with the court decision and favor a Federal Constitutional Amendment that would:	
(1) Forbid all abortions	10.0
(2) Forbid all abortions except under special medical circumstances (danger to mother's life, victims of rape or incest)	36.0
(3) Let each state decide whether or not to legalize abortion	5.0

Sam Steiger (3rd District, Arizona, Republican): On abortion do you favor:

(a) A constitutional amendment to prohibit abortion in all but extreme circumstances?	37.0
(b) A constitutional amendment to allow each state to decide the abortion question?	28.0
(c) Do nothing at all and let the Supreme Court decision permitting abortion stand?	35.0

MAJORITY OPPOSE SUPREME COURT DECISION

M. G. Snyder (4th District, Kentucky, Republican): Do you favor the recent Supreme Court ruling making abortions permissible?

Yes	45.3
No	51.3
No opinion	3.2

William A. Steiger (6th District, Wisconsin, Republican): Abortion:

Allowing the Supreme Court decision to stand	36.0
Amending the Constitution to restore to the States the power to regulate abortion	11.5
Amending the Constitution to prohibit in all but extreme circumstances	52.0
No abortion in any circumstance	5.0

MAJORITY FAVORS STATES RIGHTS

George M. O Brien (17th District, Illinois, Republican): Do you favor a constitutional amendment which would return the power to the states to enact laws with respect to abortion?

Yes	59.0
No	41.0

BUREAU OF SOCIAL SCIENCE RESEARCH, INC.,
Washington, D.C., February 1974.

THE ISSUE OF ABORTION

In a study carried out by The Washington Survey last summer, 78 percent of adult residents in the Washington metropolitan area agreed that "the decision to have an abortion should be made solely by a woman and her physician." As reported by WTOP–TV, the proportions in favor of this proposition varied only marginally (77–79%) across the area's six major jurisdictions. Eighteen percent of the respondents disagreed, and 4 percent expressed no opinion. Excluding this latter group, four adults out of five (81%) held this point of view. Thus, the residents in the Greater Washington area generally support the position enunciated in the January, 1973 Supreme Court decision concerning abortion.

More intensive analysis showed little variation in the views held by different segments of the adult population. When answers were analyzed by sex, race, martial status, age, and income, few significant variations were found. Only with respect to religion were substantial differences observed. As expected, Catholic respondents were less often in favor of this concept: only 67 percent agreed with the proposition quoted above, compared with 82 percent of Protestants, 89 percent of those in other religious groups, and 95 percent of those with no religious preference (see accompanying table). Among those least in favor of this concpt were Catholic men and Catholics over the age of 45: a sharply reduced majority (60%) of these subgroups agreed with this position on the abortion issue. No such sex or age-linked variations were observed in the answers given by Protestants.

These findings emerged from a study done by The Washington Survey, a research facility of the Bureau of Social Science Research. Personal face-to-face interviews were conducted in the period mid-June through August, 1973, with a representative cross-section of 1,209 Washington area residents. They were selected by means of an area probability sample design which insured that respondents formed a valid cross-section of Greater Washington, and also of each of its majority components: Washington, D.C.; Alexandria; Arlington and Fairfax counties in Virginia; and Prince George's and Montgomery counties in Maryland.

ABORTION DECISION

[Proportion who agree or disagree with this statement: "The decision to have an abortion should be made solely by a woman and her physician."]

[In percent]

	Agree	Disagree
Total	81	19
Sex:		
Male	79	21
Female	82	18
Race:		
White	82	18
Nonwhite	78	22
Marital status:		
Never married	86	14
Married	80	20
Other	81	19
Age:		
18 to 24 yr	84	16
25 to 44 yr	81	19
45 and over	79	21
Income:		
Below $10,000	82	18
$10,000 to $20,000	80	20
$20,000 and up	82	18
Religion:		
Protestant	82	18
Catholic	67	33
Other	89	11
None	95	5

[Analysis of religious groups, by age of respondents]

Protestant:		
18 to 24	81	19
25 to 44	83	17
45 and over	82	18
Catholic:		
18 to 24	74	26
25 to 44	69	31
45 and over	60	40
Other:		
18 to 24	77	23
25 to 44	91	9
45 and over	92	8
None:		
18 to 24	100	0
25 to 44	91	9
45 and over	100	0

[Proportion who agree or disagree with the abortion question from the 6 communities included in the sample]

	District of Columbia	Arlington	Alexandria
Agree	77	77	79
Disagree	18	14	20
No opinion	5	9	2

	Fairfax	Montgomery	Prince Georges
Agree	79	78	79
Disagree	17	20	19
No opinion	4	2	2

THE BALTIC STATES

HON. RICHARD S. SCHWEIKER

OF PENNSYLVANIA

IN THE SENATE OF THE UNITED STATES

Tuesday, February 26, 1974

Mr. SCHWEIKER. Mr. President, February and March 1974 mark the 56th anniversaries of the Republics of Estonia, Latvia, and Lithuania.

It is fitting that we pause to commemorate the struggle of the Baltic States for freedom and self-determination, and to reaffirm our support for that struggle.

I ask unanimous consent that a portion of a 1959 New York Times editorial on the plight of the Baltic States be printed in the Extensions of Remarks.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

BALTIC STATES

We do not propose to go to war for the liberation of the Baltic States. Nor do the citizens of those states, still resident there or in exile in other lands, argue for the sort of nationalism that existed between the first and second World War. What they do ask for is political, religious and cultural freedom. They are as aware as the rest of us that such freedom can exist only in a world of freedom.

In the Baltic countries the path to a better future is still dark, but it is not lost and will not be. The day of the overlords will not last forever. The time will come when the three lost little nations will be able to come out and join us.

LITHUANIAN INDEPENDENCE DAY

HON. ELLA T. GRASSO

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 26, 1974

Mrs. GRASSO. Mr. Speaker, earlier this month—on February 16—the 724th anniversary of Lithuanian independence was observed.

Certainly, this is an important milestone in the history of these freedom-loving people. Yet, one is saddened by the fact that those living in Lithuania probably were unable to commemorate this day.

Since the emergence of Lithuania as a free nation so many centuries ago, its people have been masters of their destiny for only 21 years. Currently, of course, Lithuanians are under the cruel yoke of Soviet domination, a harsh fate for these peaceful, hard-working people who are so dedicated to the ideals of liberty and justice for all the citizens of the Earth.

Despite their domination, however, the Lithuanians have retained their spirit and still long for a time when once again they will be able to guide the course of their country's history and provide for the welfare of all their brothers and sisters.

The mettle of the people of Lithuania and their desire for freedom and peace and justice are indeed admirable traits—qualities which make them truly deserving of the independence they seek.

The character of Lithuania and its people is reflected in the diligence and patriotism exhibited by Americans of Lithuanian descent in Connecticut and throughout the Nation, who have made so many lasting contributions to the well-being of this great country of ours.

At this time, then, let us renew our commitment to insure that in the years ahead Lithuanians can once again become members of that community of free and sovereign states whose people are blessed with freedom in abundance.

THE OIL COMPANY BLUES

HON. FORTNEY H. (PETE) STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 26, 1974

Mr. STARK. Mr. Speaker, my colleague LES ASPIN has written a most revealing and analytical article on the U.S. oil industry that appears in the current New York Review of Books. He raises questions that are all too frequently ignored, but that will be recurrent until we face the issue squarely. I cannot commend my colleague too highly for saying in a most straightforward manner what so many in Government have been reluctant even to discuss.

It seems that we are now at somewhat of a stalemate in our attempts to solve the energy crisis. Everyone who stands in line for gas accuses the oil companies of withholding supply for higher profits. We in this body respond by agreeing that, indeed, there must be a new look taken at our national oil and energy policies. But we go no deeper. We consider rollbacks on certain prices and even windfall profits taxes. Nowhere do we honestly address what lies at the heart of the crunch—the fact that the oil industry occupies a uniquely advantageous position in our economy. It is totally unregulated and free to operate clandestinely, while it also benefits from advantages granted by the Federal Government matched in no other industry.

As my colleague from Wisconsin so accurately observes, we treat the oil industry as a member of the free enterprise system while we grant it preferential treatment reserved traditionally for semipublic companies subsidized by the Government. We do not regulate the oil companies, but we turn around and give them tax shelters and import assistance.

This is the very basic question that must be resolved before there can be a real, lasting end to our fuel shortage. As long as the oil industry remains securely above and protected from all other free market forces, we can expect to be treated according to its own best interest. Nationalize and regulate the industry or break it up and make it competitive. We have no other alternatives.

The article follows:

THE OIL COMPANY BLUES

(By LES ASPIN)

The seven oil executives who testified on the energy crisis before Senator Jackson's subcommittee in January claimed that Jackson was picking fights with the oil witnesses, was making unsubstantiated accusations, and was generally acting like a politician seeking his party's presidential nomination. Many journalists and editorial writers seem to share some of the industry's misgivings. The Jackson hearings and the oil companies' rapidly intensifying public relations campaign may have left the public more confused than ever about the current energy shortage. The consumers know they are paying higher and higher energy prices. But are the gains enjoyed by the oil companies fair and equitable, or not?

To evaluate fairly what the oil companies have gained, it is necessary to examine their recent record, or at least what we know of it, since they have been more secretive about their operations than most other industries. According to the Consumer Price Index, calculated by the US Government of Labor's Bureau of Statistics, the price of gasoline rose 19.7 percent during 1973, while the price of fuel oil rose 46.8 percent. Some petroleum products such as propane, used for home heating in the South and crop drying in agricultural sections of the Midwest, have increased in price by 300 percent.

In recent weeks the price of gasoline has continued to climb at an accelerated pace without any sign of leveling off. Spot shortages in a number of cities, particularly in the Northeast, have led to price gouging and long waits for motorists who are allowed to buy a limited amount of gas on each visit to the stations. Naturally, these rising prices have been reflected in higher profits for the oil industry. Profits for the top ten companies this year will total $7.8 billion—up 51.2 percent over last year's figure.

In the face of these rather disturbing statistics, the oil companies argue that their higher profits are needed to provide the capital necessary to search for new sources of oil and gas around the world. In fact, the industry estimates that between now and 1985 more than $800 billion in investment capital will be needed in order to keep pace with the US demand for fossil fuels (assuming that the demand for these fuels continues to grow at the current rate).

However, these claims about the need for higher profits for investment are somewhat suspect in view of the oil industry's unwillingness to go into debt to find new capital. Traditionally the oil industry—and it is nearly alone in this respect—has depended heavily on retained earnings for investment. For example, during the third quarter of 1972, according to the Federal Trade Commission, for every five dollars invested from profits for all US manufacturing the companies also borrowed two dollars, a ratio of 2.5:1. For the oil industry, however, the ratio was closer to 6:1, a figure reflecting the oil industry's reluctance to borrow.

The most convincing test of the oil industry's seriousness about reinvesting profits for exploration and development of new sources of oil would be its willingness to retain earnings and not increase dividends as profits go up. The evidence, although preliminary and incomplete, suggests that many of the oil companies may plan to increase dividends relatively more and reinvestment less. Exxon has already announced a 12 percent increase in dividends. Mobil and Standard of California, Standard of Indiana, Texaco, Union, Continental Oil, Getty, Murphy Oil, and Ashland are all increasing their dividends. As corporate profits continue to grow, further increases in dividends will tell much about their real intentions to develop new sources of energy in the public interest.

In addition to arguing that higher profits are needed, the oil industry, in its latest round of newspaper advertisements, is claiming that 1973 profits should not be compared to the previous year's profits or to profits in the last few years, since oil profits have in the past been too low.

It is true that at the beginning of this decade the oil companies fell on relatively hard times so far as profits are concerned. Although sales went up 6.2 percent in 1970, the profits of thirty-eight integrated oil companies actually went down 1.9 percent. The Tax Reform Act of 1969 reduced the oil companies' depletion allowance from 27.5 percent to 22 percent and on August 15, 1971, the President imposed Phase I economic controls freezing the price of petroleum products at a low profit level.

By the fall of 1972, the Nixon Administration became concerned about fuel supplies for the coming winter in view of the industry's sluggish production. According to officials at the Cost of Living Council, the oil industry could, under controlled prices, have made what government officials believed was a reasonable profit on #2 home heating oil. But the oil companies did not produce as much as needed. According to one staff member of the Office of Emergency Preparedness, CITCO the fifteenth largest oil company acknowledged that it was deliberately producing less fuel oil, for "economic reasons."

Apparently, the oil companies in the fall of 1972 could have made a profit by producing fuel oil, but they felt that the size of the profit and profit margin were unsatisfactory. Later the Office of Emergency Planning calculated that if the oil industry had maximized production during the autumn, a surplus of 4 million barrels of fuel oil would have been produced. Instead, production lagged and there was a 26 million barrel deficit.

Nothing in the industry's apparent hesitance to produce fuel oil suggests any collusion on the industry's part; but it says something about the impotence of the government. The Nixon Administration thought there was enough profit for the oil companies to produce at maximum output, but when they did not do this the government was unable (or unwilling) to do anything about it.

For its part, the industry maintains that its rate of return on equity—i.e., on total net investment—is too low. Since 1969 the average rate of return has been approximately 10 percent, which, the companies argue, is considerably lower than the rate of return on equity in manufacturing. Interestingly, according to the Federal Trade Commission, the rate of return on equity for manufacturing since 1969 has, on the average, been the same as the rate of return on oil (both exactly 10.3 percent). It was only in 1972 that the oil industry's rate of return lagged (8.5 percent as compared with 12.0 percent for manufacturing). But it is estimated that in 1973 both the oil and other manufacturing industries earned about 12 percent on their investments. In short, the oil industry's claim that their rate of return has fallen below other industries simply is not justified by the facts.

More important, measuring the oil industry's profits on the basis of rate of return on equity only creates a distorted and incomplete picture of oil industry profitability. A more accurate picture of profits is provided by measuring profit as a percentage of sales. By this standard, the oil industry's average in the last two years has been well above the average for all manufacturing. During the first three quarters of 1972, oil industry profits were 6.5 percent of sales, compared to 4.2 percent for all manufacturing. The gap widened during the first three quarters of 1973 when oil industry profitability reached 7.4 percent and all manufacturing profitability was 4.7 percent. Dramatically increasing gasoline prices this year will obviously have their effect, and first quarter 1974 profits on sales for the oil industry should be spectacular.

Any analyst should consider both rate of return on equity and profit as a percentage of sales in analyzing the profits of a major industry. But, in an industry with a rapid turnover in sales, such as gasoline marketing, profit as a percentage of sales is a much more convincing measure of corporate success. Some analysts completely discount the measure of rate of return on equity as irrelevant to the profits of the oil industry. They point out that the return on investment in normal manufacturing such as automobile production will appear quite quickly on the corporate balance sheet. But return on investments in the oil industry for exploration and development may not appear on the books for decades either because actual production does not take place immediately or because the value of the new oil acquired cannot be fully estimated in the short run. This time lag in realizing gains in real dollars makes rate of return on equity a less accurate measure.

Although the oil companies' claims that they must have higher profits are not very persuasive, their attitude is typical of the attitude many large businesses take toward government: when it is in their best interest to be treated as part of the "free enterprise system," they insist on being treated that way. But when it is to their advantage to be considered wards of the state they forget their dedication to free enterprise.

The oil companies want to be treated like any other business when they oppose price and wage controls, resist new environmental standards, and fight government efforts to restrain the mergers and mutual price agreements and discrimination against independent gas stations that prevent the industry from being competitive. But the oil companies also want to be treated like wards of the state when it comes to subsidies in the form of tax breaks or import quotas. The oil import quota system was established during the Eisenhower Administration, ostensibly on the grounds that oil is an important national resource and the US must have its own supply. In fact the quotas blocked the entry of cheap foreign oil into the US and kept the domestic price from falling. Not only did this policy hurt consumers but it resulted in a system of "drain America first." But import quotas are what the oil companies wanted, and only when the price of Mideast oil was already rising did the Nixon Administration relax them in 1973.

Similarly, the oil industry avoids an estimated $1.5 billion per year in taxes because of the 22 percent depletion allowance and an additional $325 million in taxes from deductions derived from so-called intangible drilling expenses, on the grounds that these promote further exploration and greater supplies. Moreover, the Treasury Department estimates that U.S. oil corporations will claim nearly $3 billion in credits against their 1974 income taxes on the basis of taxes paid to foreign governments—another special privilege. The fact that supplies of oil are a little short—because of the oil companies' own actions, including their failure to expand refinery capacity does not deter them. The oil companies will still argue that they must have the depletion allowance and foreign tax credits because of the need to find new sources of energy.

The government's position toward the oil companies has been to encourage free enterprise so far as economic controls are concerned but to provide public welfare in matters of tax policy and imports. This goes a long way toward explaining why the Nixon Administration has been able to do so little about the current crisis. The government has a hands-off policy that provides a carrot for the oil industry; but it has no stick.

It is time for American citizens and the Congress to decide: Are the oil companies to be treated as part of the free enterprise system they claim to defend or are they not? If they are, then all of their special tax and other privileges should be abolished, our policy should be to break up the oil industry, above all by requiring that the functions of production, refining, transport by pipeline, and marketing each be performed by independent companies. If this were done, real competition would provide the stick and we could expect both a lowering of prices and intensive efforts in the industry to open up new sources of energy.

On the other hand, Congress and the nation could decide that energy is so important that the oil industry should truly be a ward of the state that in the public interest the oil industry must be subject to strict government control in its pricing, its effects on the environment, and its planning for the future. In that case nationalization, or something approaching it, should be our policy. Then the government would control the stick.

To make either of these choices will be immensely difficult for American politicians. One need only take account of the millions of dollars in campaign contributions by the oil companies to candidates in both parties to see just how difficult both choices are. The oil companies and their officers and directors, for example, made legal and illegal contributions of more than $4.9 million to Mr. Nixon's 1972 campaign. But as the oil industry bears more and more heavily on every aspect of economic life this is the kind of choice our political system will have to face.

MEDICAL RESEARCH SHOWS THE DANGER OF MARIHUANA

HON. JAMES V. STANTON

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 26, 1974

Mr. JAMES V. STANTON. Mr. Speaker, recently a friend of mine sent me an article about a medical research project which proved, contrary to many assertions, that marihuana is a harmful drug. While this study was completed some time ago, I had not heard of it, and I believe that relatively few people outside the medical profession have heard of it either. Thus I would like to insert this article into the RECORD, for this research and the other projects like it should be a significant influence in deciding what our policy toward narcotics should be:

MARIHUANA

The UPI in a recent news release reported that two Philadelphia psychoanalysts studied 38 previously normal individuals who had smoked marihuana regularly. The results show that this drug produces a serious mental disturbance, including psychosis in some cases. The researchers said that "these patients consistently showed very poor social judgment, poor attention span, poor concentration, confusion, anxiety, depression, apathy, passivity, indifference, and often a slowed and slurred speech." They also listed among other symptoms "an alteration of consciousness which included a split between an observing and an experiencing portion of the ego, an inability to bring thoughts together, a paranoid suspiciousness of others, and a regression to a more infantile state". Other symptoms noted were sexual promiscuity, "a marked interference with personal cleanliness, grooming, dressing and study habits or work habits or both".

A spokesman for the AMA said that the report, published in the April 19, 1971 issue of the "Journal of the American Medical Association", is "the first real evidence, based on good research, of harmful effects from smoking marihuana. Heretofore, medicine has been able to say only that there was no good evidence of harm from smoking pot. Now we have some evidence."

The findings of these researchers are reminiscent of the warning given by Pope Paul VI last December, when, in an address to a group of teachers and social workers concerned about the growing drug problem, he pointed out that contrary to the myth that drugs help people to discover more personal and authentic values, no one with his brains addled by powerful narcotics was fit to accomplish much of anything, least of all a better world or reformed society.

VOICE OF DEMOCRACY WINNER

HON. STEVEN D. SYMMS

OF IDAHO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 26, 1974

Mr. SYMMS. Mr. Speaker, my colleagues are well aware of the wonderful opportunity given by the Veterans of Foreign Wars to the young people in our country with its Voice of Democracy contest which is held annually.

This year, the winner from Idaho is a young lady from my district, Sally Anne Wellman of Kellogg, Idaho. I have read Sally's speech and in reading it, it is apparent this fine competition brings out everything good in our young people today. It is my pleasure to commend Sally's speech to the reading of my colleagues:

I AM AN AMERICAN

(By Sally Anne Welliman)

I am an American—a citizen of the United States of America. My citizenship is part of me. I cannot escape it. In a sense it is inherent. I can put it to use as I do my time and talents. It is a responsibility requiring courage, love, faith, and hope.

You see, ours is a young country. It was conceived in the hearts of the Pilgrim Fathers. In embryo it survived the colonial years and it was born in bloodshed and sacrifice in 1776. It became lusty and independent and grew and flourished. It conquered—yet bestowed kindness. With open arms it has embraced the world. It has been repulsed and has experienced hurt because of its youthful innocence. But in spite of this our country has grown and grown until today it is a teenager, so to speak.

It has grown under the government for the people and by the the people. It has been nourished by its citizens. Its citizens voted or forgot to vote. They kept the laws they made or they neglected them. They sometimes knowingly or ignorantly followed leaders who sought mastery rather than stewardship—but they were citizens—they contributed.

We still have our United tSates free, true and beautiful. As an eighteen year old, I ponder my responsibilities.

Gibran has said: "Citizenship is to acknowledge the other person's rights, before asserting your own, but always to be conscious of your own. It is to be free in word and in deed, but it is also to know that your freedom is subject to the other person's freedom. It is to create the useful and beautiful with your own hands and to admire what others have created in love and faith."

Citizenship, then, means that I must look outward to the other fellow knowing my own responsibilities and recognizing and respecting his. I must realize that I can only be free if I allow others to be free. The overseer is less free than the slave.

My citizenship allows me to create what I consider beautiful with both my hands and my mind. And the more I appreciate the works of others, the worthier will my works shine.

Only by observing these moral laws can I keep the civil ones which I must do with all my might.

I pledge my allegience—I vow to thee, my country—all earthly things above—entire and whole and perfect—the service of my love.

BAYARD RUSTIN: LABOR AND BLACK HISTORY

HON. CHARLES B. RANGEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 26, 1974

Mr. RANGEL. Mr. Speaker, one of the pioneers in the fight for labor rights, Bayard Rustin, has written a timely article on labor and black history. I would like to share Mr. Rustin's thoughts with my colleagues at this point in the RECORD:

[From the New York Amsterdam News, Feb. 23, 1974]

LABOR AND BLACK HISTORY

(By Bayard Rustin)

The debate over the effectiveness of Black capitalism as a strategy for racial progress has intensified with the revelations of widespread scandal within the Nixon Administration's minority opportunity effort.

But the most significant issues are not the details of venality, partisanship, and corruption which pervaded the operation of the Office of Minority Business Enterprise.

More important is the extent to which the abysmal failure of this program forces Blacks to reexamine the means by which they hope to achieve a society that is equal and just.

Since the end of slavery Black leaders have argued over how to end discrimination and poverty, but the most fundamental debate has centered on the question of which social force—capital or labor—Blacks should align themselves with.

Thus today's proponents of Black capitalism have their historical ancestors in such figures as Booker T. Washington and Marcus Garvey, who, despite their differences, both believed that Blacks would be best advised to cast their lot with the forces of capitalism. (Garvey once went so far as to assert that for Blacks to join together with trade unions would lead to "complete economic and general extermination.")

There are, of course, important differences between the Black economic structure envisioned by Garvey, the accommodationist doctrine of Washington, and the various schemes of black business advancement proposed today.

But there is also a basic, and quite important similarity: Black capitalism, whether it consists of buying shares in a ship company or operating a corner grocery store, can at best lead to the economic uplift of a very marginal segment of the Black community. It cannot reach the masses of working people or impoverished families that comprise the vast majority of the black populace.

The only institution capable of transforming the conditions of working people—Black and white—is the labor movement. And in the wake of the demise of Black capitalism, and the inability of separatism to elicit a mass following, I think it is essential to reevaluate labor's role in the struggle for racial advancement.

TWO PERIODS

This century has seen two periods of significant economic progress for Blacks, and labor played a pivotal role on each occasion. The first period was in the 1930's, when the industrial unions which came to form the CIO, along with the AFL unions like the garment workers, initiated a broad campaign to organize the nation's mass production industries.

Until that time the trade union movement, like almost every other American institution, had with a few notable exceptions systemically excluded Black workers, or had relegated Blacks to separate and inferior segregated locals.

The advent of industrial unionism changed all that. Now all workers were organized regardless of race; the standards of living of these newly-organized workers, moreover, were substantially improved because of the contracts negotiated by the unions.

The second period of Black advancement was, of course, the 1960's, when the Social, legal and political structures of Jim Crow were broken under the weight of the civil rights movement.

Here labor's role was essentially political: the AFL–CIO was the driving force behind both the measures which laid the groundwork for the abolition of racial bias, and for those efforts to guarantee a measure of economic justice to those who had been shut out from the economic mainstream.

In all of this labor has been acting in the interest of millions of American workers, both those who belong to its ranks, and those unorganized workers who benefit from the political gains secured by the unions.

It can be argued that criticizing a discredited program like Black capitalism is like flaying a dead horse.

The point, however, is that Black capitalism was not created in a vacuum; it was the progeny of some profoundly flawed thinking.

Bad ideas have a way of taking root in social policy. The accommodationist philosophy infected the Black movement for generations, while separatism diverted the civil rights movement at precisely the time of greatest opportunity for success.

Black people can afford no further diversions. History has taught us that progress is gained only through a strategy which seeks the economic and social elevation of great masses of people. And that strategy is best embodied in the programs and ideals of the American labor movement.

A LAW TO ELIMINATE THE REQUIREMENT OF CORROBORATION IN RAPE CASES

HON. ELIZABETH HOLTZMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 26, 1974

Ms. HOLTZMAN. Mr. Speaker, last week the State of New York enacted a law to eliminate the requirement of corroboration in rape cases. Until the passage of this law, the word of a woman who was raped in New York was insufficient to bring about a conviction for rape—additional, independent evidence was required to "corroborate" the word of the victim. Yet in other crimes, such as purse-snatchings or beatings, the word of the victim has always been sufficient to bring about a conviction.

Surely the word of a rape victim can be no less believable than that of the victim of a purse-snatching, beating, or other crime. The fact that the "corroboration" rule, as it is known, has only been applied to rape cases would seem to justify the widespread attack on it as sexually discriminatory and as contributing to make conviction for rape virtually impossible to obtain.

I am very pleased by the action of New York State. I would hope the example of New York might persuade the remaining jurisdictions in which the corraboration rule is still in force to take similar action.

LABOR APPORTION TO METRIC CONVERSION NOT JUSTIFIED

HON. ROBERT McCLORY

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 26, 1974

Mr. McCLORY. Mr. Speaker, in view of the allegations that conversion to the metric system of weights and measures would create hardships or exorbitant expenses to business and industrial concerns, I feel that a substantial refutation is to be found in a recent issue of the Industrial Construction magazine. According to this report, some 155 businesses, large and small, were surveyed on various aspects relative to conversion to the metric system of weights and measures, and the results support the position that I have maintained for many years; namely, that the costs of conversion will be assimilated and defrayed rapidly and at far less than most estimates of objectors to the metric system.

The summary of this article reporting on the American Management Association survey is inserted in the RECORD for the enlightenment of my colleagues who will be considering the Metric Conversion Act (H.R. 11035) within the next few days:

PUSH FOR GOVERNMENT AID IN METRIC SWITCH COULD PERIL FEDERAL LEGISLATION

Metric conversion legislation in this Congress could be killed, according to Rep. Robert McClory (R. Ill.), by related lobbying drives by organized labor and business for federal aid to firms for conversion to the metric system.

The AFL–CIO is demanding that the government provide compensation and adjustment aid to workers for cost of tools, costs of educational retraining, and other conversion transition costs, including relocation, job loss, downgrading and loss of income or promotion opportunities due to workers' lack of familiarity with the metric system.

The National Federation of Business also is seeking money and aid from the taxpayer, McClory reports. NFIB wants the Small Business Administration to have power from Congress to make loans to help small firms change equipment, facilities, methods of operations, or to retrain and educate workers to conform to a metric system.

McClory charged that these groups are seeking aid unnecessarily and points out that no other country in the world that has undergone conversion has found such aid necessary and has let the costs fall where they may.

McClory's warning that if these groups obtain the aid they are seeking, this may well destroy any federal metric legislation that was placed in the Nov. 14 Congressional Record. He stressed that the United States is going metric at an ever increasing rate with or without federal legislation, and the main argument for a federal conversion law is that it would cost less to convert under a carefully coordinated plan rather than to "continue our present drift".

The Senate Commerce Committee is now holding in abeyance a conversion bill it had approved for a 10-year voluntary metric conversion plan. A similar measure (H.R. 11035) won House Space Committee approval only to be sidetracked for the time being in the House Rules Committee.

McClory noted that two years ago the Commerce Secretary called for a deliberate and careful conversion on a voluntary basis, to make the metric system the "predominant" one in this country, with the changeover costs to lie where they fall. That meant costs would be borne by those benefiting from the changeover.

The Commerce Secretary has felt so strongly about keeping government cost factors low, that he indicated enactment of metric legislation without higher costs could only help smaller business, McClory said. McClory added that any improvement in the economy brought about by conversion to a metric system will help small and big business as well as labor. But labor and business will both be hurt if conversion can't be done in an orderly manner with little or no costs.

Small business needs a coordinated metric conversion plan while bigger firms have the technical and financial resources to make their own changeover. General Motors, Ford, Caterpillar Tractor, International Harvester, and Timken Roller Bearing are among big corporations already into the conversion process and assuming all costs for the process.

"Why forfeit such beneficial legislation by asking for unreasonable handouts?" McClory asked. The National Bureau of Standards concluded that retraining of workers will not be any problem, and workers need learn only a small part of the metric system, an educational process, that will take only a few hours.

The United States needs metric conversion to stay competitive in world markets, McClory believes, and if it does not make the conversion, then other nations will simply not buy U.S. goods or trade with the U.S.—AMM/MN.

FARM TALK

HON. JOE SKUBITZ

OF KANSAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 26, 1974

Mr. SKUBITZ. Mr. Speaker, there is a new newspaper in my district. It is called Farm Talk, and it is getting to be well known in farm homes in southeast Kansas.

The commonsense editor of Farm Talk is Thayne Cozart. He resigned a faculty position at Washington State University in order to return to his native State of Kansas and be close to the farming communities he knows so well.

I would like to share a bit of his agricultural wisdom with my colleagues by reading to you his editorial comment in the first edition of Farm Talk:

No one seems to have noticed yet, but there's a valuable lesson for folks, both in and out of agriculture, to learn from the present energy crisis. The energy crisis is partial testimony to America's voracious energy appetite, but even more of a testimonial to our shortsightedness in funding and conducting research into sources of energy other than fossil fuels.

Just as the energy crisis traces back to our willingness to accept tight pursestrings on energy research budgets in the name of tax dollar savings, so could a similar new technology crisis engulf agriculture if we lack the foresight to insist upon adequate funding of agricultural research and development on both a statewide and national scale.

Research results do not happen overnight in response to a crisis. They are the returns on long-term, sustained investments of tax dollars and private dollars in research and development programs. Research and development is insurance against a crisis.

The annual legislative and bureaucratic struggles in Kansas, Oklahoma, and Missouri to fund agricultural research and development look like a rerun of the energy pennypinching that preceded our energy crisis.

In spite of our agricultural bounty, we're still behind in agricultural research.

It's time for all of us—as farmers, businessmen, legislators, and citizens—to insist upon future agricultural security based upon adequate research and development. By so doing, we can probably avert an agricultural crisis similar to the energy crisis.

ESTONIAN INDEPENDENCE DAY—1974

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 26, 1974

Mr. BIAGGI. Mr. Speaker, I would like to join with my colleagues and my Estonian-American friends in commemorating the 56th anniversary of Estonian independence day. Yet this represents a hollow celebration because for more than half of these 56 years, independence and freedom has been nothing but an elusive dream for the people of Estonia, who have been forced to live under the harsh and ruthless regime of the Soviet Union.

The pill of Russian rule has been a particularly hard one for the freedom-loving people of Estonia to swallow. Prior to their being overrun by the Russians, the small nation had registered rapid economic growth, and the nation had a bright and promising future. Yet since the Russian takeover in 1939, life for the Estonian people has been characterized by economic regression as well as social and political repression, and the future looks none too bright.

As we view the sad state of the Estonian nation today let us not overlook the nation which is responsible for this tragedy, the Soviet Union. As we rush headstrong into a policy of détente with the Soviets, let us remember the Estonians and their constant search for freedom and dignity. Let us remember the tragic case of Alexander Solzhenitsyn who was ruthlessly arrested and then exiled from his family and homeland. As we reflect on these events, let us use the utmost caution in our dealings with the U.S.S.R.

We in the United States must be firm in its dealings with the Russians. We must instill in them the strong wishes of the people of this Nation that all nations have the right to self-determination. The people of Estonia will continue their lonely fight to regain the freedom and dignity which was once theirs. They desperately need our help. Let us answer their call.

THE RAVAGES OF INFLATION

HON. DAVID C. TREEN

OF LOUISIANA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 26, 1974

Mr. TREEN. Mr. Speaker, at a time when the average wage earner in this country already works 2 hours and 39 minutes out of every day just to pay his tax bill the ravages of inflation are all the more important.

Mr. W. T. Freeland of New Orleans, La., recently brought an article to my attention by the University of Chicago economist, Milton Friedman. The article discusses the problems of inflation, as well as some of the measures which could be undertaken by Congress to protect the American wage earner. I am inserting the article in the RECORD at this time for the consideration of my colleagues.

The article follows:

MORE ON LIVING WITH INFLATION

(By Milton Friedman)

The hard truth is that we face continuing inflation at a substantial though uncertain rate. The hard truth is that it is extremely difficult for the ordinary man to protect himself from the ravages of inflation. The encouraging fact is that there are feasible innovations that would reduce the ravages of inflation. The sooner these are adopted the better.

The basic *principle* is simple: express all transactions that have a time duration in terms that eliminate the effect of inflation. The *application* of this principle is anything but simple—indeed, the great virtue of relatively stable prices is precisely that it makes such costly and cumbersome arrangements unnecessary.

CURRENT ARRANGEMENTS

The basic principle has already been applied to some transactions in this country and to a much larger number in other countries that have suffered more from inflation.

WAGES

Many union contracts contain escalator clauses that adjust wages automatically to changes in the cost of living.

INTEREST RATES

Loans to small businesses guaranteed by the government and many private loans are at interest rates that vary over the life of the loan with the prime rate—which produces a rough adjustment for inflation. Variable interest rates are being experimented with for mortgage loans and some bank certificates of deposit.

SOCIAL SECURITY

A recent law provides that payments shall be automatically adjusted to the cost of living.

INSURANCE

The face value of some property policies is automatically adjusted for inflation. Variable annuity retirement and life insurance policies have spread rapidly, but they are linked to the stock market, which offers a highly imperfect protection against inflation.

Though this list is far from exhaustive, such arrangements apply as yet to only a tiny fraction of all transactions. We need to go much farther.

PRIVATE MEASURES

The most important private measures would be the inclusion of escalator clauses in a much wider range of employment contracts and the issuance of purchasing-power bonds.

A wage escalator clause is familiar to most of you. A purchasing-power bond is much less familiar. Like an ordinary bond, it consists of a promise to pay a certain amount in interest each year and to repay the principal at the end of a definite period. Unlike an ordinary bond, the annual interest and the terminal repayment are not stated as a fixed number of dollars but are adjusted for changes in a price index. For example, such a bond might pay each year a sum equal to $4 times a price index and repay at the end of ten years $100 times a price index. If prices rose by 5 per cent in the first year that such a bond was outstanding, the interest payment would be $4.20, not $4. If prices rose a further 10 per cent the next year, the interest payment would become $4.62, and so on. If prices doubled over the ten-year life of the bond, the amount repaid would be $200, not $100.*

I conjecture that the time is ripe for private purchasing-power bonds. A breakthrough awaits only an imaginative bond underwriter.

The issuance of purchasing-power bonds on a large scale is a prerequisite for any extensive issuance of price-escalated life insurance, in order to provide the appropriate assets to match such liabilities.

GOVERNMENT MEASURES

The most critical governmental measures are inflation-proofing the income tax and issuing purchasing-power securities.

INCOME TAX

Suppose your income goes up by 10 per cent when prices go up by 10 per cent. You have no more purchasing power than before. Yet you will pay a larger fraction of your income as income tax because the personal exemption will mean less and you will be pushed into higher tax brackets.

The simplest way to inflation-proof the income tax is to express both the personal exemption and the limits of the tax brackets as a number of dollars times a price index. For example, if prices rise by 10 per cent, the personal exemption should become $825 instead of $750, the first bracket taxed at 14 per cent should become 0 to $550 instead of 0 to $500. This adjustment can be incorporated in the printed tax returns so that it does not complicate the taxpayer's task.

In addition, the base for capital gains and for depreciation of assets should be redefined as the present base multiplied by a price index. If you bought a house in 1960 for, say, $20,000 and sell it now for $30,000, you will be taxed on a $10,000 capital gain, even though prices have risen by 50 per cent in the interim. You have only a paper capital gain, not a real gain, and should pay no tax at all. Similarly, business enterprises are required to calculate depreciation on machines at original cost rather than at today's higher replacement cost.

PURCHASING-POWER BONDS

If you have invested your savings in Treasury savings bonds, you have been taken for a ride. The sum you get for the bonds when they mature will buy less at today's prices than the amount you paid for the bonds would have bought at the earlier prices. To add insult to injury, you are required to pay taxes on the so-called "interest"!

High government officials have urged citizens to buy savings bonds to help the country and themselves. At the same time, the government has produced inflation. The result has been to fleece innocent and patriotic citizens on a scale that no bucket-shop operator has ever approached.

Personally, I regard this confidence game as no less destructive of faith in the democratic process than Watergate. Congress should end this disgraceful practice by mandating that the Treasury issue purchasing-power securities, thereby giving the small saver a way to protect his savings from inflation.

The Congressional tax committees that are now considering tax measures have been urged by a number of legislators to give pride of place to inflation-proofing the income tax and to requiring the Treasury to issue purchasing-power securities. If the tax bill that comes out of committee does not embody these reforms, Sen. James Buckley has said that he will offer them as amendments.

These reforms deserve wide support. They would reduce the harm done by inflation and would ease the withdrawal pains from reducing inflation. They would also lower the revenue that the government gets from inflation and hence the government's incentive to engage in inflation. This is at one and the same time a major argument in their behalf and the chief obstacle to their enactment.

GROSS TO GO

HON. MARJORIE S. HOLT

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 26, 1974

Mrs. HOLT. Mr. Speaker, the decision by our colleague from Iowa (Mr. GROSS) to retire after 25 years of service to his country has been lamented by Members from both sides of the aisle.

During his quarter of a century in this Chamber, Mr. GROSS has vigorously pursued his quest of saving the taxpayer's money from unnecessary and wasteful uses. His direct and probing questions have made all of us think a little harder; his abundant wit has entertained and educated us.

The Baltimore Sun on February 18, 1974, had the following editorial dealing with Mr. GROSS' retirement:

GROSS TO GO

Even his name has the flavor of the House of Representatives about it. For he is H. R. Gross, and the initials H. R. often come up in debate in reference to House Resolutions. An intriguing curmudgeon, Congressman Gross has spent much of his quarter-century on Capitol Hill calling his colleagues to order. His has been the voice demanding quorum calls, ranting against junketing, opposing all government spending except that benefiting his Iowa farm district. When he retires at the end of this term, the House will lose one of its prickliest yet engaging personalities. Who but H. R. Gross could oppose a public works bill by saying if it were passed, "I would like to make a trip to New York, climb the Statue of Liberty, remove the torch and put a tin cup in the statue's hand." Who but he would tell colleagues who disbelieved the government would have to subsidize Washington subway bonds that they could also look outside "and see pigs flying by." We will miss him, if not his voting record.

Yes, Congressman GROSS will be sorely missed. Let us hope that his crusade for fiscal responsibility will continue long after his retirement.

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*An alternative is to have the annual interest rate equal a fixed number plus the rate of price rise but to make the terminal repayment a fixed number of dollars. In effect, this involves gradual amortization of the real value of the bond during inflationary periods.

GENERAL TRANSIT FUNDING NEEDED NOW

HON. HUGH L. CAREY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 26, 1974

Mr. CAREY of New York. Mr. Speaker, the administration has proposed to spend about $2.4 billion per year, beginning in fiscal year 1975, on assisting general transit. This is too late and too little, particularly, since about $1 billion of these funds are not new funds, but are coming from the highway trust fund, and there is no guarantee that they will be used to assist general transit.

Legislation which House Ways and Means Chairman WILBUR MILLS and I will introduce shortly, will provide between $2.2 and $2.4 billion annually for the next 5 years. This is all new money—raised by variable taxes on windfall profits of the major oil companies and on various wasteful uses of energy—taxes that cannot be passed on to the individual energy consumer.

All this new money will go to assist general transportation now—not in the summer of 1975. It will be used for capital investment, spurring a boom in industries that build and equip buses, subway, and rail cars, and items needed to operate transportation systems efficiently and economically. It will be used to subsidize operating expenses, thus permitting transit authorities to stabilize or even lower transit fares. It will be used to improve commuter systems and service.

The funds I propose to make available can be at work as soon as the House and the Senate can pass legislation I propose. There is no need for an appropriation, as the bill is a tax measure. Surely, Mr. Speaker, as the Christian Science Monitor states in its lead editorial of Monday, February 11, 1974, what Congress does in assisting mass transit, "will help mold the lifestyles of Americans for decades to come."

As I have stated before, the administration's plan is "fiscal-foolery"—another example of loud talk but no dough. I am very pleased to see that the Monitor has seen through this latest of the administration's tent shows and has evaluated its plan as a bare minimum, or a "base line" upon which the Congress must build a realistic structure of assistance to general transportation—a structure the Carey-Mills general transit legislation will build and will pump new life into our transit systems and facilities: expansion of bus and rail fleets, reasonably priced services, a viable alternative to continued overuse of private autos and the needless fuel consumption and pollution they leave in their wakes.

Mr. Speaker, I commend the Monitor editorial to my colleagues and await the next transit editorial, which hopefully will be an endorsement of the transportation concepts and financing contained in the Carey-Mills General Transit Assistance Act. Mr. Speaker, I include the text of the editorial as the conclusion of my remarks:

MONEY FOR MASS TRANSIT

President Nixon sent to Congress a $16 billion, six-year mass transit bill. It reflects a welcome awakening commitment to mass transit by the administration—albeit at the prompting of the energy crisis.

It should be noted that the $16 billion, or about $2.5 billion a year, is not all new money. More than a billion dollars each year, for example, is urban transportation money now being spent under the Highway Act. Perhaps a fourth of the $16 billion, if Congress approves the proposal, would be newly allocated.

Also, the proposal should be viewed in terms of what level of spending is necessary. The American Transit Association has been calling for $2.5 billion a year in federal aid for capital spending alone, plus another $1 billion a year for the next two years for "emergency" aid, including relief for operating deficits of local transit systems. This would mean outlays of $3.5 billion per year, a billion more than the President's request.

The case for greater mass transit spending has been easier to see for many Americans while they have sat in long lines waiting to fill their tanks with gasoline. But as we have earlier warned in these columns, the case for mass transit should not be so closely tied to the inconvenience of the moment that enthusiasm for it might wane with the availability of more gasoline. The ATA is correct in calling for the development of a farsighted national transportation policy, with federal leadership and coordination. The administration, however, appears to want to stay on the underside of the range of possible mass transit efforts.

The administration, with an echo of its revenue sharing proposals, proposes that part of the federal mass transit money be spent at the discretion of local leaders for buses or rail transit—or, conceivably, and to the horror of mass transit supporters, for roads.

Congress should look at the administration's proposals as a base-line target for its mass transit decisions. Just in terms of new rider loads on existing transit systems, greater funds are needed to offset higher deficits. A 50 percent larger bus fleet is called for.

The United States continues to spend some $20 billion a year on highways. Hundreds of billions of dollars will be invested by the oil industry in the next decade to fuel the automobile fleet on the highways. Next to these outlays, even the proposed new level of investment in mass transit seems low.

Government policy in such areas is crucial. The growth of the second most populous urban region in America, Los Angeles, during the car age finds 88.8 percent of workers dependent on the auto to get to work. But in New York, the most populous urban area with a transit system developed before the huge federal push for the auto, only 50 percent of the workers must drive to work.

Congress's mass transit decision on the White House proposal will help mold the lifestyle of America for decades to come.

THE 56TH ANNIVERSARY OF THE INDEPENDENCE OF THE REPUBLIC OF ESTONIA

HON. ALPHONZO BELL

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 26, 1974

Mr. BELL. Mr. Speaker, yesterday marked the 56th anniversary of the independence of the Republic of Estonia. Although Estonia was forcibly incorporated into the U.S.S.R. in July 1940, and today remains under Soviet rule, the people have kept alive their national identity and Western orientation. Since 1940, a total of 140,000 Estonians have been deported and now only 66.2 percent of the population of Estonia consists of persons of Estonian heritage.

The Estonians have inhabited their country for at least five to six millenniums. Estonia is located along the coast of the Baltic Sea, at the northernmost part of the Baltic nations. The people are proud of their folklore, and their collection is considered among the richest in the world. Every 5 years since 1869, Estonians have held a traditional festival that includes songs, and bands consisting of 5,000 players. They have also established their place in the sports world. Chess, track, and ball games are some of the strong points of the Estonian athletes. Marksmanship was a former highlight for the Estonians, and in 1937 and 1939, their marksman team held the Argentine trophy. However, with the Soviet occupation, this sport was quickly terminated.

It is important that we recognize the determination with which the Estonians have struggled to retain their national identity and cultural heritage. We must also admire them for their unity in attempting to regain independence. I would like to pay tribute to the people of Estonia and Estonian heritage by recalling that today in 1918, they achieved independence and join many others in hoping that independence will again be theirs in the near future.

SUBCOMMITTEE ON CRIME RESCHEDULES HEARING ON H.R. 4191 AND H.R. 8722 TO AMEND THE FEDERAL KIDNAPING STATUTE

HON. JOHN CONYERS, JR.

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 26, 1974

Mr. CONYERS. Mr. Speaker, I would like to announce that the hearing of the Subcommittee on Crime of the House Judiciary Committee scheduled for Thursday, February 28, 1974, has been rescheduled to Wednesday, February 27, 1974, due to matters pending in the full committee. The hearing will commence at 10 a.m., in 2141 Rayburn House Office Building.

Under consideration are two bills to amend section 1201 of title 18 of the United States Code. The subcommittee will consider H.R. 4191 which would remove the parental exception to kidnaping and H.R. 8722 which would permit the FBI to investigate certain missing persons cases.

Witnesses testifying before the subcommittee will include Representative CHARLES E. BENNETT, author of H.R. 4191; Representative EDWIN B. FORSYTHE, author of H.R. 8722; John C. Keeney, Deputy Assistant U.S. Attorney General, Department of Justice; and public witnesses.

Those wishing to testify or submit a statement for the record should address their requests to the Committee on the Judiciary, U.S. House of Representatives, Washington, D.C. 20515.

FERROUS SCRAP EXPORTS

HON. HAROLD V. FROEHLICH

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 26, 1974

Mr. FROEHLICH. Mr. Speaker, I am very concerned that America's steel and ferrous casting industries are facing a serious shortage of scrap metals at reasonable prices. Many of these industries, large and small alike, rely on bulk scrap metal for 80-85 percent of their raw materials used in the production of final metal products and castings. The restricted availability of scrap, spurred on by escalating prices and exportation, has already resulted in shortages of reinforcing bars, baling wire, tubular steel and ferrous castings for machinery.

Industry leaders are publicly stating that unless some relief is provided soon, these shortages could approach the proportions of the current energy shortage in the United States. Already, hundreds of orders are backlogged because the domestic supplies of scrap metal are being exported and controlled final product prices have discouraged the investment in these industries which is necessary to expand facilities. It should be obvious to even the casual observer that a very serious situation is developing.

The United States is the only major industrial power in the world to allow bulk scrap metal exports. Our foreign competitors have long recognized that scrap ferrous metals are far cheaper to recycle than new metal is to produce and they are vital supplements to the supply of new ferrous ores as raw materials for industry. Japan, in particular, but other countries as well, have entered the U.S. scrap ferrous metal markets prepared to buy huge quantities at high prices. In fact, during 1973, bulk scrap prices were forced up nearly 100 percent by foreign competition. And, actual exports were 4 to 5 million tons more in 1973 than in 1972. There has been no visible change in this trend during the first 2 months of 1974.

Under normal conditions, the Congress might expect domestic industries to compete with foreign buyers in the marketplace for bulk ferrous scrap, but unfortunately, the economic stabilization program has completely disrupted economic conditions in the United States. Domestic bulk scrap dealers are not subject to domestic price controls under phase IV regulations, but domestic industries which rely on scrap metals as raw materials must hold down the prices of their final products to levels imposed by the Cost of Living Council. Unable to pass through increased costs for raw materials even on a dollar-for-dollar basis, domestic industries and foundries are unable to compete with the prices offered by foreign buyers for ferrous scrap. Low returns on investment in the casting industry have already discouraged further investments and the profit pinch caused by high scrap prices has reduced the attractiveness of these industries even further.

Equally important as the shortages caused by bulk scrap exports is the effect that these exports have on the depletion of domestic natural resources and the unnecessary use of energy. For every ton of scrap denied to domestic industries, these industries must convert 1½ tons of new ore, 1 ton of coke and ½ ton of limestone into new metal for production. Continued exportation of scrap ferrous metals not only means continued depletion of our natural resources, but it also means in effect that we are depleting these resources for the use of our foreign competitors. That simply does not make good sense.

Exportation also contributes to the unnecessary use of energy and energy resources. Each ton of new ore used to replace exported scrap requires 12.5 million B.t.u. of energy for conservation in excess of the energy needed to process scrap. If the exports of scrap last year had been used in the United States in place of new ore, we could have conserved the equivalent of 25.5 million barrels of oil or 150 billion cubic feet of natural gas. Those would have been phenomenal savings.

Moreover, most manufacturers of tubular steel used for drilling oil wells rely upon ferrous scrap as their basic raw material. Foundries which produce the parts for oil rigs and other related machinery also rely on scrap metals for their production. At a time when expanded production of domestic energy resources is so vital, it seems senseless to promote shortages of those products which are vital to that expanded production. But, this is exactly what is being done by the U.S. Government.

Needless to say, it is time that we recognize ferrous scrap as an important resource for our domestic industries. I am introducing legislation today requiring the Secretary of Commerce to prohibit the exportation of ferrous scrap from the United States for 180 days after the enactment of this bill. In the meantime, the Secretary would prepare a report to the Congress including estimations of the domestic requirements for scrap during the next 3 years and the amounts, if any, that could be exported during this 3-year period without endangering domestic supply and demand.

I am convinced that this legislation will temporarily halt the drain on our industrial resources and provide the Congress and the U.S. Department of Commerce the necessary time to devise a commonsense policy for international and domestic trade in ferrous scrap.

While I recognize that the administration has taken steps to limit scrap exports, these limitations have been of minimal effect. Now is the time to take strong and effective measures to halt this problem before it causes even more serious hardship.

The text of the bill I have introduced follows:

H.R. 13034

A bill to prohibit for a temporary period the exportation of ferrous scrap, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That in the administration of the Export Administration Act, the Secretary of Commerce shall take such action as may be necessary and appropriate to prohibit the exportation of ferrous scrap from the United States during the period beginning on the date of the enactment of this Act and ending on the close of the one hundred and eightieth day after such date.

SEC. 2. Before the close of the one-hundred-and-eighty-day period referred to in the first section of this Act, the Secretary of Commerce shall complete and send to Congress a report setting forth his estimates of (1) the domestic requirements for ferrous scrap during the three-year period immediately following the close of such one-hundred-and-eighty-day period, and (2) the amount, if any, of such scrap which could, during such three-year period, be made available for exportation from the United States without adversely affecting the domestic supply of such scrap.

SOLZHENITSYN: ANOTHER VOICE THAT CANNOT BE SILENCED

HON. FRANK J. BRASCO

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 26, 1974

Mr. BRASCO. Mr. Speaker, recently the Soviet Union exiled its greatest living writer, Alexander Solzhenitsyn, giving to the rest of the world a glittering, priceless gift it could never have bought or produced otherwise.

For quite a while now, the word détente has been much in fashion among the literati, cognoscenti, and avant-garde drawing room crowds. To hear them hold forth, the Soviets had suddenly been transformed into agrarian reformers and peaceful factory workers.

Cocktail parties and society pages burst forth with gasps of praise and reams of copy regarding the new thaw and the fresh breath of togetherness between Russia and the West. Certain industrial and business types, who would sell their grandmothers into Arabian slavery, if they had any, crowded Washington to Russia flights, eager to stick their homburgs under the promised golden cascade of rubles. Magic factories and pipedreams of industrial complexes elbowed descriptions of 240 million muzhiks gulping Pepsi Cola and driving Fords.

Prophets of progress and boomers gushed over prospects of Soviet Chambers of Commerce and Rotary Clubs in the shadow of the Kremlin. It was enough to make coupon clippers swoon in the penthouses of Park Avenue and the suburbs of Dubuque.

Cold war? Over with. Slave labor? Nonsense. Growing military machine? Humbug. Czechoslavakia? Not any more, old boy. Finished with that stuff years ago. Hungary? Stuff and nonsense. Old history. ICBM's?

Disarmament is the word. Have some more caviar, my dear. And what do you think of that simply marvelous Russian art show?

Meanwhile, some lonely, virtually unnoticed voices were being raised from behind the still closed Iron Curtain. Only few bothered about them Why? Because they were only Jewish voices, and you know how those Jews are always making trouble. Never satisfied, those people. All they want is more, and more and then more. They want to be free to be religious and free to educate their children and free to emigrate and travel to Israel. You know, all that nonsense.

For several years, 3½ million stifled Russian Jews cried out in their agony, and the world closed its ears to their cries, with notable exceptions. It was the same old story as before World War II. Everyone was perfunctorily sympathetic, but no one would really get upset.

There were honorable exceptions, I noted. The Jackson and Vanik amendments were produced and have been pushed, to the credit of their sponsors and supporters. But the State Department, as usual, deplored, and the large industrialists warned about losses of Russian trade. How many more wheat deals can we afford to lose out on. I wonder. And a major delaying action was fought to prevent further pressure from being placed upon the Soviets.

And suddenly the blinding genius of Alexander Solzhenitsyn burst like a new Sun upon the world at large, blinding the eye with its literary brilliance and flooding the mind with its ideological enlightenment.

We saw the slave labor camps. We saw the secret police. The midnight raids. The travesties of trials and procedures. The exile. The starvation. The torture. The deaths of body and spirit. We saw the horror that was Joseph Stalin and the devotion to his tradition that is so much a part of Soviet Russian life today, even as we sit here. We saw the face of tyranny and despotism, masquerading as a milder form of Bolshevism. And the scales dropped from many eyes.

Suddenly, certain columnists and media types became terribly indignant over the suppression of literary freedom. They waxed angry and outraged over persecution of a leading creative mind. Curious that previous to this little of the plight of the others being persecuted within Russia caught their eye or commanded their allegiance. But no matter.

Solzhenitsyn has joined with Sakharov to tell the world that Russia today is virtually as dark a tyranny over light as before. That the only peace known there to dissenters is that of the grave and that the only silence is that of the isolation cell. That genius, if it seeks iconoclastic paths, is in ever present danger of being trampled into the Earth and of never being heard from again. That books are still suppressed and burned in the Russia of Brezhnev, and others.

Alexander Solzhenitsyn is more than perhaps the world's greatest literary genius alive today. He is the symbol of the second soul of Russia; the soul that led the underprivileged masses rise up in many times past against oppression. It is the soul that dreamt a great dream in 1917, only to have it stolen and warped. A dream betrayed by Stalin and his minions.

Today, if we do not heed the voice of that writer and his friends in Russia, we shall have committed perhaps the worst mistake the West has ever made. Sakharov has warned that no meaningful détente and peace with Russia can be made by the West until the Soviet system has undergone a meaningful, significant change. By this, he means that until men like him may protest, and until men like Solzhenitsyn may write and publish and until Jews may live as Jews and travel as they wish, then there can be no real detente, no matter how the foolish romanticize the phrase. Woe unto us if we ignore the lessons their devastating sacrifices offer the West.

OIL: THE INDOCHINA SIPHON

HON. RONALD V. DELLUMS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 26, 1974

Mr. DELLUMS. Mr. Speaker, the current energy shortage is the last major economic legacy of the overall distortions brought about by a decade of direct U.S. adventurism in Southeast Asia. In addition, existing American support of repressive regimes in Saigon, Cambodia, Laos, and Thailand is diverting from domestic supplies as much as 65,000 barrels a day.

That information comes from a new—and revealing—study made by Bill Goodfellow of the Indochina Resource Center. Mr. Goodfellow's study presents an important perspective on both our commitment to Southeast Asia and on the energy shortage.

The report follows:

OIL: THE INDOCHINA SIPHON

(By Bill Goodfellow)

If the Defense Department were to curtail its fuel shipments to Southeast Asia and instead allocate that fuel to this country's over-the-road truckers, no fuel would have to be diverted from other sectors of the economy to satisfy the truckers demands for 100 per cent fuel allocation. The US military presence in Southeast Asia requires an estimated 65,000 barrels per day of petroleum, all of which must be shipped from naval reserves in the United States by ocean tanker, which consumes additional thousands of barrels of fuel per day.

On February 7 the Federal Energy Office announced a change in their allocation program, making an additional 76,000 barrels per day of diesel fuel available to truckers. The Energy Office expects this new allocation to eliminate the current shortfall and fulfill 100 per cent of the trucker's current fuel needs. Although the energy office did not indicate where they would find the extra fuel, it will probably be diverted from supplies available to consumers, who are given the lowest priority in the allocation program.

The Pentagon's shipments of fuel to Southeast Asia are consumed by the six US bases in Thailand, where 35,000 US troops are stationed, and by the naval and aircraft operations of that part of the Seventh Fleet currently operating just off the shores of North and South Vietnam and Cambodia. The Thai bases consume approximately 26,000 barrels per day of fuel. This estimate is derived from the average daily consumption for the most recent month for which the Pentagon had data available, October 1973.

The 140 aircraft stationed on two of the Seventh Fleet's aircraft carriers cruising just off the shores of Indochina consume approximately 13,000 barrels per day of fuel, and the Seventh Fleet's naval operations in waters surrounding Indochina consume approximately 26,000 barrels per day of fuel. Until the Arab oil boycott, the Thai bases and the Seventh Fleet met their fuel requirements with purchases from Singapore and the Philippines. Yielding to pressure from their Arab suppliers of crude, the refineries in Singapore and the Philippines, including Exxon, cut-off all sales to US Navy ships and ships chartered by the US Navy. Sales to the US bases in Thailand were also curtailed.

The total bill for all this fuel going to Southeast Asia, using February 1 prices supplied by the Defense Supply Agency, is over $700,000 per day, not including shipping costs from the United States to Southeast Asia. Calculated on a yearly basis, and provided the price of refined petroleum products climbs no higher, it will cost the United States $256 million, not including shipping, to supply its forces in Southeast Asia with fuel.

In addition, US dollars from the Military Assistance Funded Program pay for the 18,000 barrels per day of fuel consumed by South Vietnam's military, and the Commercial Import Program, of the Foreign Assistance Act, pays for most of the 30,000 barrels per day of petroleum consumed by South Vietnam's civilian population. Cambodia's military consumes 1,100 barrels per day and its civilian consumption is almost 5,000 barrels per day, virtually all of which is purchased with dollars from US aid programs. Assuming stable petroleum prices for the next year, the United States will spend over $200 million just to pay for Vietnam's and Cambodia's purchases of petroleum during calendar year 1974. Add to this the cost of the fuel consumed by the US forces in Southeast Asia and the total cost is well over $450 million.

Last December the Pentagon announced that the United States was shipping 22,000 barrels of petroleum per day from "reserve stocks" to South Vietnam, and another 1,500 barrels to Cambodia, all for military use. No mention was made of the additional 65,000 barrels that since November was being shipped to the U.S. forces in Southeast Asia.

Even though the American people and the Congress were being misled about the actual amount of petroleum being shipped to Southeast Asia, the outrage was sufficient to prompt conservative Senator Norris Cotton, Republican from fuel-short New Hampshire, to introduce an amendment prohibiting the expenditure of funds from the fiscal year 1974 Defense Appropriations bill for shipping fuel from the United States to South Vietnam or Cambodia. The final Defense bill, as well as the final Foreign Aid bill, contained a provision stating "none of the funds contained in this act shall be used to furnish petroleum fuels produced in the continental United States to Southeast Asia for use by non-United States Nationals."

Upon passage of the amendment the military insisted that its shipments of fuel to South Vietnam and Cambodia were exempt from the prohibition since they come from "reserve inventories". However, since mid-October, according to Arthur I. Mendolia, Assistant Secretary of Defense for Logistics and Installations, the Department of Defense, because of the Arab oil embargo, has had to make up its loss of over 300,000 barrels per day of foreign oil from domestic sources.

In the face of continuing criticism from the press and Congress, the Defense Department moved quickly to find another source for oil to ship to South Vietnam and Cambodia. On January 7th the Pentagon announced that South Vietnam and Cambodia were at that time able to meet "almost all" their military petroleum needs with commercial purchases from Singapore. These purchases, however, are still being made with U.S. dollars.

During fiscal year 1972 the Defense Department bought 48 per cent of its petroleum products from foreign sources, most of which is now being denied as a direct or indirect result of the Arab oil embargo. Under the Defense Production Act the Pentagon has the authority to commandeer petroleum from civilian reserves. In December the Pentagon asked the Interior Department to order 22 major oil companies to deliver 19.6 million barrels of fuel and other petroleum distillates to the military by January 16, 1974.

Although the shipments of fuel from U.S. military reserves to Indochina remain high even today, an increase in hostilities in Vietnam and/or Cambodia would be accompanied by a further dramatic rise in fuel consumption for the entire region. According to the South Vietnamese Embassy's Vietnam Bulletin of January 1, 1974, South Vietnam's armed forces during the spring 1972 offensive used 3 times the amount of petroleum they are currently consuming. If the United States were to resume bombing anywhere in Indochina, a possibility about which Secretary of Defense James Schlesinger has been speaking in recent weeks, the increase in fuel consumption would be astronomical. Congressman Elwood H. Hillis (R-Ind.), in the Congressional Record of May 10, 1973, revealed that experts estimated the U.S. Cambodian bombing operations alone were consuming 3 million gallons of fuel per day. And in 1968, at the height of the Vietnam War, the Defense Department's share of the total national consumption of oil fuels had doubled, then totaling almost 8 per cent.

In light of the present fuel shortage in this country and the sacrifices Americans are making to conserve energy, the Defense Department's massive shipments of oil to Indochina seem excessive and unjustifiable. Furthermore, the presence of 35,000 U.S. troops and U.S. aircraft in Thailand, and the huge 77 vessel Seventh Fleet, a large part of which is operating just off the coast of Vietnam, not only tempt the U.S. military to again become directly involved in fighting in Vietnam and Cambodia, but also prolongs President Thieu's and Premier Lon Nol's reliance on the United States to bail them out should their military adventures backfire. Withdrawal of U.S. forces from Southeast Asia would not only save a significant quantity of fuel in the present, it might well prevent untold suffering and further bloodshed in the future, for Asians as well as Americans. It is time for a re-ordering of our priorities.

ACTION NEEDED TO THWART FUTURE TERRORISTS KIDNAPINGS

HON. L. A. (SKIP) BAFALIS

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 26, 1974

Mr. BAFALIS. Mr. Speaker, people all over America have expressed shock and dismay at the heartless kidnaping of newspaper publisher Randolph Hearst's daughter, Patricia.

In a desperate attempt to secure the release of his daughter, Mr. Hearst has met demands to establish a statewide food giveaway program. Although more than $2 million has been spent and another $4 million offered in this "good faith endeavor," the kidnapers still refuse to even discuss terms for Miss Hearst's release.

It is impossible not to sympathize with Mr. Hearst. He has done what any father, faced with the same terrible predicament, would clearly do. But his actions—aimed at saving his daughter—will not prevent further terrorist activities and may, in fact, encourage them.

It is my grave concern that this tragic kidnaping could serve as a model for terrorist activity in the future. While we cannot prevent kidnapings and we cannot destroy small terrorists groups throughout the country, we can take legislative action which will hinder similar uncivilized demands in the future.

Today I have introduced a bill which would make it a Federal crime for anyone to accept food, money, or any other commodity made available as the result of a kidnaping. This crime would be punishable by a fine of not more than $1,000 and/or a sentence of not more than 1 year. No one should be able to benefit from an act of terror and violence which brings tragedy and suffering to their fellow human beings.

The sole purpose of my bill is to prevent any repeat of the Hearst terrorist kidnaping. If no one can benefit from such a heinous crime without facing a stiff penalty, then we should go far toward preventing future kidnapings.

Strong action by the Congress of the United States in this regard is essential if we are to show those who would use these tactics that their demands cannot and will not be sanctioned by a civilized society.

LAND USE PLANNING LEGISLATION

HON. MORRIS K. UDALL

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 26, 1974

Mr. UDALL. Mr. Speaker, Americans have suffered a temporary and unexpected setback in the fight for sensible land planning, but the struggle will go on and I am confident we will get a good land use planning bill in this Congress.

Today's Rules Committee vote results from another and almost classic example of the kind of immoral White House double dealing we have come to expect on environmental issues.

First we hear a series of pious Presidential announcements about the need for land use planning; Mr. Nixon calls it his No. 1 environmental priority. The good guys of the administration are allowed up front to present the program to the Congress and Nation—decent, honorable men like Russell Train and Rogers Morton who believe in sensible land use planning and put their sincere efforts and reputations on the line.

Then, as passage approaches, some of the big interests who provided much of that $60 million CREEP fund, go through the back door of the White House to make their case. All the sudden mealy-mouth equivocal statements begin appearing. The whispers begin: The President really does not support the bill: he really did not understand what he was getting into. Republican House leaders suddenly discover that the bill needs more study and, why yes, they favor the idea of land use planning, but the House cannot be trusted to vote on these impulsive proposals emerging from the Interior Committee. That is, legislation molded and scrutinized over a period of 3 years, legislation that was approved in the Senate by 64 to 11 and in the House Interior Committee by 26 to 11.

The cynicism of all this ought to be apparent. It is a defeat for the quality of life, responsible planning for future energy needs, for the intelligent use of natural resources, for the next generation. The hysteria of a few right wing organizations and the selfish interests of a few industries have delayed a bill all Americans need.

REMARKS BY REV. W. GRAHAM SMITH OF ALEXANDRIA, VA.

HON. JOEL T. BROYHILL

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 26, 1974

Mr. BROYHILL of Virginia. Mr. Speaker, under leave to extend my remarks, I would like to call to the attention of my colleagues excellent comments made by the Reverend W. Graham Smith at the Fairlington Presbyterian Church, Alexandria, Va., on Sunday, February 3, 1974, following the National Prayer Breakfast:

REMARKS AT FAIRLINGTON PRESBYTERIAN CHURCH, ALEXANDRIA, VA., BY REV. W. GRAHAM SMITH, FOLLOWING THE NATIONAL PRAYER BREAKFAST

Before we come to the sermon, there is a matter that I would like to mention to you. I would not do so had it not been for some reports that I read in the Press on Friday past.

Again this year Mrs. Smith and I had the privilege of attending the National Prayer Breakfast last Thursday morning, and it was a rich experience of the grace of God, and was Christ-centered from beginning to end.

What a joy it was to hear Senator Stennis give thanks to God for the amazing healing which he has experienced after the tragic shooting which almost claimed his life last year. The Senator spoke very earnestly about the power of prayer in his own life, and we rejoiced in that witness.

Congressman Dorn from South Carolina spoke on behalf of the House and told of his personal experience of Christ, and how he had endeavored to put the principles of the Christian life to work in the political arena to which God had called him.

Then we had the main address from Senator Hughes of Iowa. I have not heard such a challenging message for a long time. No one could ever be in any doubt as to what it means to be a Christian after hearing the ringing accents of Senator Hughes, who is himself a living example of the saving, renewing power of our Lord.

After a prayer of great humility and great power offered by the Vice President, President Nixon himself spoke, earnestly, quietly, and with great power and dignity, reminding us, among other things, of the prayer life of President Lincoln, and telling us of the influence upon his own life of his own grandmother, a Quaker lady of spiritual depth and power. She had taught him early in life that one great element in prayer is just to be quiet and listen to God, and hear what He wants you to do with your life.

The proceedings were concluded by a moving prayer offered by Congressman Andrew

Young of Georgia, in which he drew together every strand in the service, and committed us all, our country, and the whole fellowship of mankind to the grace and love of God.

The whole experience was one of spiritual refreshment and spiritual power, and we rejoiced in it.

What a tragedy, then, and with what surprise and sadness of heart, we read in the Press that this was a white Anglo-Saxon Protestant demonstration of middle-aged American folk religion! Well, if that was American folk religion, it was Evangelical, New Testament Christianity, and we need a lot more of it. But I become deeply disturbed, as I know you do too, when I witness such a blatant, inexcusable distortion of facts as we had presented to us in the Press in its reporting of this event. Indeed I fear that the Press of this country today, as one of the most powerful agents in the national life, can be a very definite menace to the whole political process at this present time. What a tragedy that people will prostitute their professional talents and dignity by descending to do things like this, and to make reports like this that are patently false and devastating to the whole national life.

Let us pray that the Press may be touched by the Spirit of God to write the truth. We have seen the way in which matters have been moving recently, and how gratifying it was to attend a gathering such as that on Thursday morning, and see Democrats and Republicans gathered together as brothers and sisters in Christ. I always rejoice to know of the Christians on the Hill who are seeking to put their Christian faith into practice in government which is the civil arm of God's Kingdom.

Then to call Thursday morning a WASP gathering was a crushing insult to the many black Christians who shared with us in that rich fellowship. Sitting next to me was the United Nations Ambassador from Liberia—one of the choicest Christian spirits I have encountered in a long time. He told me of his own prayer life and what Christ meant to him, and how the President of his country is a practicing Christian.

Let us continue to pray for our leaders as never before—for the President, and for the Members of the Congress, their staff and associates, the members of the Judiciary and all who engage in the difficult, responsible and thankless tasks of government. And let us be less ready to believe all that we read in the Press. You know the old saying—"If you believe all you read, you will eat all you see!"

MARYLAND STATE TROOPERS COMMENDED FOR ROLE IN WHITE HOUSE HELICOPTER INCIDENT

HON. GOODLOE E. BYRON

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 26, 1974

Mr. BYRON. Mr. Speaker, Troopers Louis W. Saffran and Don L. Sewell of the Maryland State Police were recently commended by Gov. Marvin Mandel and Col. Thomas S. Smith, superintendent of the Maryland State Police, for their role in protecting the White House and apprehending the pilot of the stolen helicopter that penetrated restricted airspace in Washington. Troopers Saffran and Sewell were also promoted for their heroic efforts in attempting to provide protection for the White House. I would like to join the Governor and Colonel Smith in the commendation of these two fine young troopers.

Troopers Saffran and Sewell, after being notified of the approximate location of the stolen helicopter, followed the helicopter to the Washington Monument and tried to block access to the White House. After the helicopter was forced down at the White House, Troopers Saffran and Sewell who had landed their aircraft between the Army helicopter and the White House assisted in the apprehension of the pilot.

It is clear that Troopers Saffran and Sewell, at great personal risk and jeopardy, performed magnificently in their efforts to protect the residence of the President. Their sense of responsibility and attention to their duties deserve the respect and commendation of all American citizens.

COMMUNITY ACTION AGENCY WEEK

HON. JACK BRINKLEY

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 26, 1974

Mr. BRINKLEY. Mr. Speaker, this week—February 24–March 2—has been proclaimed "Community Action Agency Week" in my home State of Georgia. Because of the many significant contributions which the community action program has made in Georgia and throughout the Nation, I would like to take this opportunity to commend to the attention of our colleagues the following resolution.

In particular, I would like to commend the men and women who have made the program work effectively. An example of this type individual is Mrs. Virginia G. Barfield, who is executive director of the Lower Chattahoochee Community Action Agency in Columbus, Ga. Her creed is in terms of service to the poor on the local levels. This outstanding lady has very surely left her footprints in the sands of time.

The resolution reads:

PROCLAMATION—COMMUNITY ACTION AGENCY WEEK

Whereas: Through offering self-help opportunities to the poor and attacking poverty and its attendant conditions, the Community Action Program in Georgia has helped reduce the poverty level in the State from 30% of the population to 20%; and

Whereas: Our citizens believe in the worth and dignity of all individuals, regardless of age, sex, race or economic status; and

Whereas: The Community Action Agencies strive to fill the economic, social and educational gaps which exist in our local communities; and

Whereas: Community Action Agencies join together all segments of the community—schools, churches, local governments, social agencies and individuals—in the attack on poverty and its related problems facing many of our citizens; now

Therefore: I, Jimmy Carter, Governor of the State of Georgia, do hereby proclaim the week of February 24–March 2, 1974, as "Community Action Agency Week" in Georgia.

PAUL F. CRAIG, DISTINGUISHED MANAGING EDITOR OF THE SPRINGFIELD UNION FOR 34 YEARS, 1896–1974

HON. EDWARD P. BOLAND

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 26, 1974

Mr. BOLAND. Mr. Speaker, I wish to inform the House of the death last Wednesday, February 20, of Paul F. Craig, one of the most distinguished and competent newspaper editors in western Massachusetts.

Mr. Craig was managing editor of the Springfield Union for 34 years when he retired in 1965, and had worked on the newspaper as reporter, copy editor, suburban editor, assistant city editor, city editor, and news editor for 47 years.

A graduate of Wesleyan University in 1918, Mr. Craig joined the military immediately for World War I service and following discharge began his long and brilliant newspaper career. In World War II he took military leave as managing editor of the Springfield Union and reentered the Army for service in Europe as a major.

Mr. Craig was known throughout the New England area as an honest, courageous, perceptive, candid, and completely fair newspaper editor whose courteousness to all in our community underscored his reputation for being a patient and perfect gentleman. He was a member of the American Society of Newspaper Editors and the New England Society of Newspaper Editors.

Long active in civic, charitable, cultural, and educational activities, Mr. Craig was a corporator and trustee of the United Fund of Greater Springfield and a corporator of Wesson Memorial Hospital, Wesson Women's Hospital, and American International College in Springfield, which conferred an honorary doctorate on him in 1957 in recognition of his efforts for community advancement.

Mr. Craig was a member, president, and director of the Springfield Adult Education Council where he was active in the movement that led to the establishment of the Springfield Symphony Orchestra. He was a member of the board of control of the Junior Achievement Foundation, the Connecticut Valley Foreign Policy Foundation, and the advisory board of the Springfield Aviation Council and the New England Trails Conference.

In 1966 Mr. Craig was named the 98th recipient of the highly coveted William Pynchon Award, one of Springfield's highest tributes to distinguished citizens. One of his fondest projects was the annual Christmas charity now known as the Toy for Joy Fund, sponsored by the Springfield newspapers, which Mr. Craig founded many years ago.

Mr. Speaker, I wish at this time to express my profound sympathy to Mrs. Louise M. "Garbe" Craig on the passing of her brilliant and accomplished editor husband, and include with my remarks editorials from the Springfield

Union and Springfield Daily News, and the tribute to Mr. Craig written by Horace Hill, retired associate editor of the Springfield Union and the Sunday Republican:

[From the Springfield (Mass.) Union, Feb. 21, 1974]

Paul F. Craig: Editor, Citizen

An editor's responsibility goes deeper than supervising the gathering and organizing of news for public consumption. That was Paul F. Craig's firm belief, and it showed clearly in his 47 years as a newspaperman and community leader.

Gentlemanly, in its fullest meaning was the word for Paul Craig. This was said of him by those who knew him slightly or who were long and closely associated with him. His life was replete with the kind of deeds the word implied.

His death yesterday, three days short of his 78th birthday, could not impair the example he had set as a working newspaperman—first as a reporter, then by steps to the post of editor in chief of the Union, which he held for 34 years.

In the span of those years, he guided this newspaper through times of public crisis, technical change and challenges to the job of newsgathering, always insisting on thoroughness, accuracy and fairness in the Union's columns.

The files of the newspaper itself are a lasting, and perhaps the finest, tribute to Paul Craig's abilities in his chosen profession. Those who worked with him knew also his capacity for quietly evoking their best efforts.

His service to the community took various forms, too many to relate here in full. They ranged from the charitable to the cultural to the educational; some reflected a special personal interest but most were devoted to the betterment of the community.

For such achievement he received the highly-regarded William Pynchon Award in 1966. Earlier, in 1957, he was similarly recognized in the conferral of an honorary doctorate by American International College.

In every facet of his active life (including Army service in World Wars I and II) Paul Craig was an outstanding citizen and, as those closest to him knew best, a man of special human qualities. We mourn his passing.

[From the Springfield (Mass.) Daily News, Feb. 21, 1974]

Paul Craig Leaves Varied Monuments

Newspaper editors are tempted to indulge in the conceit that Paul Craig was a typical newspaper editor.

We should like to maintain that his interest in travel, education, ecology, music, history and foreign policy was only typical of the broad interests of all journalists.

We should also like to claim that his intense interest in his own newspaper and in journalism generally is commonplace among newspapermen.

However, those who knew him through his newspaper or through his active community life know that Paul Craig could never be described as average or typical. This was also true in the larger fraternity of journalism.

It is easy to illustrate Paul Craig's interest in his profession: He brought Ben H. Bagdikian and Tom Wolfe into journalism.

Bagdikian, who became the most proficient and most devastating critic of American journalism and is now national correspondent for the Columbia Journalism Review, was educated at Clark to be a chemist and came to Springfield to work for Monsanto. His interviewer was delayed en route from St. Louis, and Bagdikian wandered into the newspaper building to while away some time. He met Paul Craig and, in their conversation, mentioned that he had written for his college newspaper and was therefore somewhat interested in journalism. Mr. Craig convinced him to change directions, and the man who came to Springfield as a chemist remained as a reporter for The Springfield Union. When he became national editor of The Washington Post, he himself told the story of how he was directed into the profession.

Even some who claim that they can understand Tom Wolfe say that he is the best journalist and best writer in the United States today. Long before he joined the Washington Post and the New York Herald Tribune, Wolfe was for three years a reporter for The Springfield Union. When he came here, he was thinking of beginning in another phase of the business, and it was Mr. Craig who hired him, put him at a typewriter, and encouraged him to illustrate his own material.

Paul Craig's many services to his readers and his neighbors are well known, but, as his obituaries are written, we should add that he also brought into American journalism sagest critic and one of its most innovative writers.

[From the Springfield (Mass.) Union, Feb. 22, 1974]

Tribute to an Editor: "One of the Finest and Most Competent"

(Horace Hill, who has served The Union and The Republican in various reporting and editing capacities over 50 years, most recently as an associate editor of the two newspapers, tells below of his personal association with the late Paul F. Craig, who was editor of The Union for 34 years.)

When I walked into the city room of the morning Union, on Jan. 24, 1924, to begin my first day's work as a reporter, the only familiar face I saw was that of Paul F. Craig.

He was then in the "slot" on the evening Union copy desk. Seeing him there helped give me confidence, because I had known him for years as the older brother of a school classmate, Donald Craig.

I had admired Paul Craig long before our newspaper careers brought us closely together. When I went to the Craigs' house as a grade-school student to visit Don, I would often see Paul, then in high school, studying diligently with big textbooks spread out on the dining room table.

I was impressed then, by his calm demeanor, his knowledge, his quiet courtesy, and his easy friendship—qualities that marked his whole life.

After Paul Craig became managing editor of The Union, following the death of Maurice Dickey, he gave me the opportunity to become news editor of the morning Union, when an opening occurred. I was still relatively young for such a responsible position, and I tried hard to justify his faith in me. Whether I fully did, I don't know. But from time to time he would say a word or two of appreciation. And to me, one kind word from him was the equivalent of volumes from almost anyone else.

Paul Craig was, in my opinion, one of the finest and most competent newspaper editors that this city has ever had in modern times. He was the only editor I ever knew who could do top-grade work every day, cope with every imaginable problem, give perfect directions to a whole staff of temperamental newspaper people, all with total poise, sound judgment, and complete fairness and sympathy.

Both as a newspaper editor and a private citizen, he was honest, straightforward, kind, generous, and courteous. Like every other human being, he could get upset occasionally when things went very wrong. But he never let this affect his fair and equitable dealings with his co-workers.

He was one of those relatively rare occurrences in the newspaper business—or perhaps in any other: a topnotch technician in his chosen field, and at the same time a perfect gentleman.

Paul Craig inspired affection, as well as loyalty and trust, in all the many people who worked with and for him. In nearly half a century, I never heard one single word uttered against him; but I heard countless thousands in his praise.

He was one of the very few men—perhaps a total of a dozen or so—for whom I have always held complete respect, regard and affection. If he ever did a small, mean thing, I never heard of it. But that he did innumerable fine things, I know.

When a prominent person passes away, it is somewhat customary to say the community has suffered a severe loss. In some cases, these may be empty words. But in the case of Paul Craig they are as true as anything possibly could be. Greater Springfield is a better place because he lived and worked here.

His contributions to the advancement and welfare of the community were numerous, both as a newspaper editor and a private person. And the affection and esteem that he inspired in all who knew him will continue to live, until their hearts, too, are stilled forever.

TWO OREGON STUDENTS AVOID SCHOOLBUS TRAGEDY

HON. JOHN DELLENBACK

OF OREGON

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 26, 1974

Mr. DELLENBACK. Mr. Speaker, I am extremely proud of the actions of two young people in my district who helped to have the lives of almost 40 students last month, and it is a very real personal pleasure for me to call their deeds to the attention of my colleagues in the House.

Mrs. Ruth Bond, a schoolbus driver for Josephine County in Oregon, suffered a sudden tragic heart attack while driving a busload of students up a mountain on the way from Sunny Valley to Wolf Creek in southern Oregon. Ten-year-old Jack Wytcherley, who attends Wolf Creek School, was sitting in the front of the bus when he saw Mrs. Bond fall from her seat. He demonstrated the remarkable presence of mind to immediately run forward, put on the brakes, and turn the key off, successfully bring the bus to a stop. According to the State policeman who arrived on the scene a short time later, the bus was on a fairly steep grade and would have rolled back down the mountain if Jack had not brought it under control. Jack's ability to think clearly and quickly in such a dangerous situation insured the safety of all students aboard the bus and deserves our highest commendation.

Another student, 17-year-old Destiny Thomas, also showed great responsibility in the crisis by administering mouth-to-mouth resuscitation to Mrs. Bond in a vain attempt to save her life. She, too, deserves commendation for her efforts.

Apparently all of the students on the bus remained calm and stayed where they were until help arrived. They even set up emergency flashers on the expressway after the bus was brought to a halt.

It is always refreshing to learn of bright quick-thinking young people such as these. While their actions have been recognized and praised in the local community, I believe they deserve recognition here in the House of Representatives and I want to repeat how very proud I and others in the Fourth District of Oregon are of them.

CITIZEN OF THE UNITED STATES OF AMERICA

HON. PIERRE S. (PETE) du PONT

OF DELAWARE

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 26, 1974

Mr. DU PONT. Mr. Speaker, the following essay was submitted by the winner of the Delaware VFW Voice of Democracy Contest, Ms. Ellen Joseph of Wilmington, Del. It is an excellent speech that will be of interest to all Members.

I insert it in the RECORD.

The essay follows:

CITIZEN OF UNITED STATES OF AMERICA

I am a citizen of the United States of America. Almost 200 million people can say that, and do, every time they fill out a job or college application, an income tax form, or even a marriage certificate. Yet, I wonder how many of that 200 million people realize what that statement means or what it should mean.

To me it means that I am a part of the greatest nation on Earth—one whose history of liberty and justice for all is also a promise to be fulfilled. Yes, I am a part of this nation; and as a part of it, I have a responsibility to help insure that that promise continue to be fulfilled. This responsibility manifests itself in countless ways.

First and foremost, to fully obey the laws of this country—laws that are in existence to protect the individual, not to oppress him. If it happens that I disagree with a law, I should strive to change it through the proper means. These means are embodied in the United States Constitution and practiced by local, state, and nationals governments; the means of democracy: the government of the people, by the people, and for the people.

Since this is my government, I am responsible for it, through working for, and when I am of age, voting for the candidates whom I think are most capable of leading our country in a responsible manner. In order to do this, I must be aware of what is happening in the Nation, both the problems and the triumphs, history to current events. In past years I have, and plan to do so in the future, worked for the candidates of my choice through active campaigning or simply debating with my peers about their political and social philosophies; and I try to familiarize myself with America's many aspects through studying courses of American History and social problems in school, and reading newspapers and news periodicals. As a result of this, I think I will be sufficiently prepared to fulfill my responsibility as an American voter.

Another responsibility I have as a citizen of the United States is to show the proper respect and love for my country. This is not to say that I am a flag-waving hardhat shouting, "love it or leave it;" but that I love my country while admitting its faults rather than pretending they don't exist. For only in America can one criticize the government or society and hope to profit by it. This type of love and respect I owe my country, the feeling which comes from seeing America as not a perfect nation but as the best man can create. Though this is not a physical responsibility but an intangible, emotional one, I feel it is a large part of living as an American citizen.

These three things, obeying the laws of the country, responsibility for and awareness of the government, and love and respect for what America stands for are what I consider to be the most important thing every American citizen owes to the United States and its society. I, as a young American, promise to strive to do all these. I accept the responsibility!

EXODUS '73

HON. BENJAMIN S. ROSENTHAL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 26, 1974

Mr. ROSENTHAL. Mr. Speaker, Robert Abrams, president of the borough of the Bronx, has recently returned from a visit to the Soviet Union and he has written a very moving article about the plight of Jews who want to leave the country so that they may live in Israel.

He is personally involved in the struggle to assure free emigration and I wish to salute his untiring efforts in behalf of Russian Jewry. So that all my colleagues may share Mr. Abrams' insights and experiences, I am inserting his article in the RECORD at this point:

[From the Congress Journal, Dec. 14, 1973]

EXODUS '73

(By Robert Abrams)

As we approached the woman at the desk in the entranceway of Professor Levich's apartment house, Victor placed his finger over his lips to signal that conversation must come to a halt. I was warned that she would submit a report of my visit to the KGB in the morning. In the next few days I was to walk up many dark staircases in Leningrad and Moscow to meet with the Jewish activists who have been denied permission to leave the USSR. These men and women courageously continue to lead the struggle for freedom for more than one-quarter of the world's Jewish population trapped in the Soviet Union.

My Moscow contact for Prof. Levich, Victor Fiermark, carefully spaced the buzzer rings at the apartment door, alerting the family that a friendly caller was at hand. I was warmly greeted by Tania Levich, the charming and stalwart wife of the internationally respected physicist who was fired from his job as head of the Department of Chemical Hydrodynamics at Moscow University as soon as he filed for an exit visa. In the book-filled study I met the humble, soft-spoken, 55-year-old scientist. During several hours of conversation, we shared ideas and information about this chilling contemporary chapter in the history of the Jewish people.

There are more than 100,000 requests for exit visas pending, although Soviet authorities with whom I met disputed this figure. Each Jewish family takes a grave risk in applying for an exit visa: loss of employment, ostracism by co-workers, friends and sometimes even family, imprisonment for many, harassment by the KGB, and the blocking of young Jews from gaining entrance into the university. Prof. Levich reviewed the problems of members of academia who are refused the right to emigrate to the nation of their choice because this would represent a "security risk," despite the fact that their current work does not include a knowledge of sensitive matters.

Each member of the Levich family has felt the bruising power of a hostile Soviet government. Levich's oldest son, Alexander, 29, an engineer, was fired shortly after he applied for a visa. Levich's youngest son, Yevgeny, an astrophysicist, is the youngest person in Soviet history to earn a doctorate (at the age of 20). Yevgeny's wife, Janna, displayed great stoicism while recounting her husband's abduction several months ago by the KGB and his placement in the army performing ardous physical labor in a camp in Siberia, despite ill health. Fearful of recriminations by the authorities for close association with the Levich family, relatives of Tania Levich failed to notify her of her sister's death because they did not want her to come to the cemetery for the funeral where she would be publicly seen with others in the family.

"The Jackson Amendment is very important to us," Prof. Levich said, referring to a measure pending in Congress which would deny "most favored nation" trade status to the USSR unless it honors a free emigration policy. Professor Levich passionately stated: "If the United States grants the Soviets economic benefits without insisting upon basic human justice and freedom—the right to emigrate, which is guaranteed by the United Nations Declaration of Human Rights—then my family and thousands like us are doomed. Emigration will cease, the Education Tax will be reimposed, scores will be imprisoned, and the level of persecution and harassment will be brought to new heights."

Levich expressed gratitude for all that Americans have done for Soviet Jewry, but also stressed that much is yet to be achieved. All of the activists pointed to America's increased leverage now that Russia needs our wheat and other goods, and because the Soviets must develop a friendlier posture toward the U.S. in light of their increasingly hostile relations with China.

When I speak to groups here at home, imploring them to protest pending trials or to write letters and send telegrams to Soviet authorities in behalf of the prisoners of conscience (who now number more than 40, some of whom are serving up to 15 years at hard labor), I am often asked whether such actions are worthwhile. The most cogent and dramatic responses to this inquiry are the words of Isaac Goldstein, a young, courageous Jew from Tblisi, Georgia. "The prosecutor told me I was guilty of Zionist activities, which is against the interests of the state, and that I belong in prison. But, he said—you are a very lucky man because this stack of letters from the United States and other countries has saved you."

I spent many hours with Goldstein and his brilliant and attractive wife, Elizabeta, who is six months pregnant, expecting their first child. Isaac, 35, an author of 24 published works on cybernetics, has written letters to the highest Soviet authorities demanding the right to emigrate. He has participated in protests and hunger strikes, decrying severe penalties imposed on other Jewish activists, and has defied warrants confining him to Tblisi. One day, upon meeting at our predetermined location, with Stars of David proudly and visibly displayed around Isaac and Elizabeta's necks and glistening in the sun, Isaac grasped my arm and said: "Look over there, do you see that man? He is a KGB agent from Tblisi." Undaunted, rejecting my concern about our continued visibility together—which clearly imperiled their safety—the young couple completed their round of visits to Leningrad activists who wanted to inform me of the status of their cases and problems they were encountering.

Viktor Boguslavsky was not as fortunate as Goldstein. After the arrest of his friend in June, 1970, Boguslavsky, a young architect, wrote letters of protest to government officials. He was arrested, tried, convicted, and sentenced to three years at hard labor in Potma Prison. He had just been released when I met him. A young man with a beard, Viktor was still lean from a 3-year diet of less than 2,000 calories a day and eight hours daily of arduous physical labor. Innocently I asked, "What exactly was the crime you were accused of?" The question was met with laughter. It was a face steeled with commitment that responded, "Openly identifying myself as a concerned Jew."

One of the objectives of my trip was to meet with Soviet officials to convey the strong feelings of Americans—Jews and non-Jews alike—on the Soviet Jewish emigration issue. Before I left New York City, I met with the Russian Ambassador to the United Nations, Yakov Malik, who assured me that I would be provided the opportunity to meet with ranking policy makers and administrators who would answer my questions. After some initial roadblocks in Moscow, I eventually got the opportunity to have an extended session with Vladimir Promyslov, Mayor of Moscow; Deputy Minister of Internal Affairs, Viktorov; Deputy Chief of the Department of Militia, General Shukayev; Deputy Chief of OVIR, Ovchinnikov, and Deputy Chief of the International Department of Foreign Affairs, Ulanov. We covered considerable ground, often generating sharp exchanges. Some of my specific inquiries in behalf of certain prisoners and applicants for visas were noted and I received a firm commitment that written reports would be delivered to me upon my return to New York City.

The thrust of the Soviet position was that life for Jews in the USSR is "peaches and cream." All who want to leave are allowed to go. Ninety-eight percent of all requests for visas are granted. Only 2,000 persons apply each month. The two percent who are rejected are people with government secrets who would endanger Soviet security by leaving the country. "How then do you explain the denial of Valery Panov's application?" I asked (Panov is the world renowned ballet dancer who was the star of the Kirov Ballet Company. The moment he made application to emigrate, he was fired.) After 15 minutes of questioning relating to Panov's case. Deputy Minister Viktorov said, "He will positively leave with his wife."

I wanted to convey this information to Panov personally. Through Jewish activists, I was able to meet Panov and his ballerina wife, Galina, in their apartment in Leningrad. On the walls were posters announcing his performances and photos displaying the spectacular grace and skill that won him worldwide acclaim. He was not as excited by my news as I had expected. Apparently, others in the past offered hope, but in the end, to no avail. It had been so long since he danced that he was in a state of melancholy. He first applied for his visa in March, 1972, and has been idle since then. "Life without dance for me is death," he said.

There were scores of others with whom I met and spoke. Some perhaps less famous, but none less courageous.

Thus, the world is witnessing another great chapter in the history of the Jewish people—another miracle! Notwithstanding a calculating, systematic attempt at cultural extermination, the Jewish spirit lives on in Russia and, indeed, is perhaps more vital today that at any time in this century, despite the fact that there are only 60 synagogues left in the entire Soviet Union (there were 450 in the 1950s), that only a handful of weddings, Bar Mitzvahs, circumcisions or religious burials take place each year in the USSR, that there are no yeshivas and that teaching Hebrew is prohibited and can be grounds for arrest under "anti-Zionist activity" statutes, there remains a strong feeling of Jewish identity and pride. The young Russian Jews—those who have been denied ritual practice and full understanding of Jewish culture—are the ones leading this revolution. It is young Russian Jews between 18 and 30 who are filing for visas and prompting their parents and friends to take this bold step.

I witnessed this embryonic revolution on my first visit to Russia in August, 1970, just two months after the government's arrest of the Leningrad Eleven, relating to the alleged hijacking of an Aeroflot plane. The subsequent trials and sentences in December, 1971 crystallized a great deal of this latent sentiment. A spirit of resistance was percolating within the minds and hearts of young Jews spread throughout the massive Soviet continent. On my 1970 trip, in Kiev, after two hours of conversation with several young Russians about conditions in the USSR, one of them divulged the fact that he was a Jew. A few minutes later, I disclosed to this young man that I, too, was Jewish. An extraordinary thing occurred. His face flushed, his arms reached for me, and unabashedly, he embraced me. The next few minutes of conversation disclosed that he was the son of a high ranking member of the Communist Party in the Ukraine; he had not been circumcised, he had received no religious or Hebrew training, he was not Bar Mitzvahed, and indeed, he had never set foot inside a synagogue in his entire life. And yet, how remarkable, I thought, that a young man, totally cut off from all things that are Jewish, was able to have an emotional experience with another person whom he had never seen before, from a different society seven thousand miles away.

Upon reflection, it was clear that a spectacular phenomenon was taking place within the Jewish community. The Soviet government's attempt to destroy understanding and identification with the Jewish heritage and legacy would fail! Sure enough, the world has seen astonishing developments over the last three and a half years!

A year ago, I was in Israel at Lod Airport, watching an El Al plane taxi toward me. It was coming from Vienna, its seats filled with Russian Jews who had won their freedom. Indelibly etched in my mind is the sight of one of the elderly men who, as he emerged through the door of the plane, his hands full of packages and his worldly goods, lifted his head to the sky and uttered the *Shecheyanu*, the blessing for special occasions. As I stood at the bottom of the steps to the plane, I thought: "This is not only a special occasion for this man, but for Jews around the world."

The heroism of Russian Jews should serve as a clarion call for all of us who live here in a free society, to rededicate ourselves and redouble our efforts in behalf of those of our brethren living under the yoke of oppression. Each of us as individuals, and those of us who hold leadership positions in civic and communal organizations, in the world of business and politics, must chart for ourselves a specific agenda of concrete action which will have a direct impact on the Soviet Jewish dilemma. Groups should "adopt" individual prisoners of conscience and organize mail campaigns to authorities indicating interest in that particular prisoner. Some groups may want to focus on specific families who have been denied visas. Letter-writing campaigns have proved to be successful in the past in reversing negative Soviet action on particular cases. Telephone calls to activists at various points in the Soviet Union should be made on a regular basis so that Soviet authorities listening in and recording these conversations know that we care and have considerable current information relating to conditions. Public demonstrations and protests must be generated on a continuing basis so that the problem can be kept fresh in the consciousness of the general public.

In the words of Esfira Mofkova, who was quoted by Western correspondents as she stood in the frigid air of Moscow awaiting the result of the tribunal in one of the trials in December, 1970: "The world must make noise—it cannot stand by."

MEMORIES OF THINGS PAST

HON. ELLA T. GRASSO

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 26, 1974

Mrs. GRASSO. Mr. Speaker, a host of good wishes honored the birthday of Winsted's most distinguished citizen on his coming of age. One hundred years of loving and living was the occasion of a birthday celebration that extended from the greetings of the President to the well-wishes of the Littlest Angel in the St. Joseph Day Feast in which Antonio Filli has played a major role. The chronicle of this happy event is recorded in the articles from the Winsted Evening Citizen and the Hartford Courant. I am proud to present this Connecticut vignette to my colleagues.

The articles follow:

Antonio Filli Is 100 Today

(By Claire Vreeland)

WINSTED.—Antonio Filli of 24 Rock St., Winsted's oldest resident, is 100 years old today.

Filli sat erectly in his favorite chair today, spruce in a gray sports jacket, gray slacks and a blue and gold tie. He was happy to be receiving visitors but the big celebration will be Sunday, Feb. 24 at the Garibaldi Hall, when from 1:30 to 4:30 p.m., Filli will receive all his friends and relatives.

What are his thoughts as he receives visitors on his 100th birthday? "I'm thankful to be alive and to have my family to take care of me," he said. Mr. Filli lives in five downstairs rooms and his daughter, Mrs. Angeline Aquilino and family live in the same house at 26 Rock St.

He came to the United States in 1904, landing in New York City from St. Catherine, Sicily. He worked in New York City for three years, moved to Rochester, N.Y., then back to New York City. In 1911, he moved to Winsted and has remained a resident here ever since.

Filli said he is glad to live in Winsted where he knows so many people, and where everyone is so good to him.

"When he was ill a couple of years ago, the police came up and were ready to take him to the hospital. They treated him like a king," Mrs. Aquilino said.

Filli voted in the past town elections. "Town Clerk Russell Didsbury brought me the ballot," he said.

And he hopes to vote in the next. He takes a lively interest in everything that is happening in town.

To what does he attribute his longevity? Up until two years ago when he was struck by a car while out walking, Filli walked up to four and five miles a day. He attributes his good health to the long walks, a daily glass of wine with the noon meal, and to the fact that he does not smoke.

Filli used to walk to Highland Acres to visit residents at that home, and "way over north past the clock shop to visit another shut-in" Mrs. Aquilino said. "He used to walk up to the First National on South Main Street to get groceries," she said. (The First National building is now the college library.)

Formerly an avid walker, Filli now gets about with the help of a walker which he must use for support.

Filli has little interest in television shows but will not miss the televised news programs. He is concerned about inflation, the lack of gas, and current economic trends.

He enjoys reminiscing about the trip he took to Italy in August of 1970 where he received nationwide newspaper coverage.

A family trip to Miami, Fla., a few years ago is another of his favorite memories. "I remember driving a big boat along the canal near Biscayne Bay," he chuckled as he remembered.

And of course, he has many marvelous memories of life in Italy.

Filli for many years played the part of St. Joseph and read prayers in Italian at the annual Feast of St. Joseph in March at the Garibaldi Hall.

A cobbler by trade, Filli opened a cobbler shop on Main Street where he was self-employed for many years. He later located his cobbler shop in the Elm Street Block, formerly the Pete's Steak and Lobster House.

In his later years, Filli worked at the New England Knitting Mill and retired in the early 1950s.

His grandson, Joseph C. Barber, Democratic town chairman and a teacher at Irving A. Robbins Junior High School in Farmington said that Filli was deeply involved in music back in the days of concert and marching bands.

"He was a member of the Winsted Concert and Marching Band and has been well known for excellence on the French horn, which he still plays on occasion," Barber said.

Filli has three children: Mrs. Angeline Aquilino, Mrs. Salvatore Te, Tracy Avenue, Torrington and Samuel Filli of Meadow Street. He has 11 grandchildren, 17 great grandchildren and five great great grandchildren.

ANTONIO FILLI

(By John W. Parker)

WINSTED.—His handshake still firm and his smile still warm after a century of living, Winsted's oldest citizen greeted visitors at a public celebration in his honor Sunday in Garibaldi Hall.

Antonio Filli of 24 Rock St. reached the ago of 100 Wednesday. More than 200 relatives and friends attended Sunday's birthday festivities.

Birthday greetings came from President and Mrs. Richard M. Nixon, Gov. Meskill, Senators Abraham Ribicoff and Edward Kennedy, Congresswoman Ella Grasso, State Attorney General Robert Killian, and Mayors Kingsley H. Beecher of Winsted and Frederick Daley of Torrington.

To the cheers and applause of guests, Filli played a tune on the French horn he has owned for nearly 50 years, recalling days when he performed with local marching and concert bands. Using a walker, he made his way to the buffet table and cut the first slice of a large birthday cake inscribed "Happy Birthday Grandpa." He beamed at the many children who came forward to greet him and once stooped to plant a kiss on the forehead of a young visitor.

MAYOR FOR LIFE

On a table near Filli's seat were many birthday tributes. Among these was a proclamation from Mayor Beecher naming Filli "honorary mayor of Winsted for life."

A plaque from the Garibaldi Society was inscribed with a dedication to Filli "for his interest in the 'Feast of St. Joseph' and his inspiration as a life member of the Young Garibaldi Society."

A letter from President Nixon wished Filli "the peace, joy and contentment you so richly deserve."

"Mrs. Nixon and I are delighted to join family and friends in helping you celebrate your 100th birthday."

Senator Kennedy's letter offered "warm personal congratulations," and Attorney General Killian, who attended the celebration, hailed Filli as "a great Democrat and a great citizen of Connecticut."

Filli received a bouquet from Valerie Cappello, Miss Connecticut. He posed for pictures with her and with representatives of five generations of his family. He has three children, 11 grandchildren, 17 great-grandchildren and five great-great-grandchildren.

NOT TIRED

Filli arrived in Winsted in 1911. He opened a cobbler's shop on Main Street and later moved the shop to Elm Street. He retired in the early 1950's after a period of employment for the New England Knitting Co.

Until he was struck by a car two years ago, Filli often took a daily walk. But the accident has confined him to the home he shares with his daughter, Mrs. Angeline Aquilino, who cares for him. She describes him as alert and happy, sometimes receiving elderly visitors in his five-room, first floor apartment. "He says it would be nice to take a trip to Florida in the winter," Mrs. Aquilino said Sunday. "Maybe next year it will be possible."

Filli's alertness never flagged during Sunday's celebration. At one point his grandson, Joseph C. Barber, who arranged the festivities, asked Filli in Italian if he was tired. The guest of honor smiled and shook his head. "No," he said.

FOES DO NOT DARE RUN AGAINST POPULAR HBG

HON. OLIN E. TEAGUE

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 26, 1974

Mr. TEAGUE. Mr. Speaker, I submit to you the fourth of five parts in a series of articles about Congressman HENRY B. GONZALEZ. My friend and colleague was featured in the San Antonio Express and News between January 7 and January 10 by Mr. Jim McCrory.

The fourth of five parts follows:

FOES DON'T DARE RUN AGAINST POPULAR HBG—WHAT MAKES HENRY B. RUN?

(By James McCory)

With a whole stable of candidates for Congresman O. C. Fisher's post bunching at the gate, Professor Bill Crane urged candidates to fashion themselves after Congressman Henry B. Gonzalez.

Gonzalez, Crane noted, returns to the district nearly every weekend to mend fences and take the pulse.

Crane, it must be explained, is an unapologetic liberal, but there is evidence his picture of Gonzalez is shared to some degree by an increasing number of moderates and conservatives.

In 12 years in Congress, Gonzalez has logged more than 1.5 million air miles between Washington and San Antonio.

BUILDING FENCES

But Gonzalez more than mends fences when he returns. He builds new ones.

And that is why he has survived in a political climate that in recent years has seen such popular liberals as Sen. Ralph Yarborough, Sen. Joe Bernal, and Com. Albert Pena go own in defeat.

Gonzalez is the number one politician in Bexar County, and its top vote-getter.

A walk down the street with Gonzalez, or lunch or dinner with him, can be revealing. The cop on the beat, a city street employee, a passing citizen or two, will stop the congressman for a little conversation. Nine times out of 10 Gonzalez will know them by their first names.

A two-block walk could take 20 minutes.

In the dining room, a waitress may come over to thank Gonzalez for helping her with a pension matter, or the cook might come out to ask him for a favor or thank him for a favor, done.

CIVIC LEADERS, TOO

And now, with 20 years of consecutive public office behind him and a record of accomplishments at which to point, there is an added dimension to his support. Businessmen and civic leaders, some of whom would hardly give him the time of day in his earlier years, will stop by the table to converse with him.

In dealing with the humble, Gonzalez remains a humble man. He remembers his San Antonio beginnings.

Not that there is any false modesty about Gonzalez. He is not one to depreciate his own worth.

"He that tooteth not his own horn gets it not tooteth," he replies to criticism he is a headline hunter.

An indication that Gonzalez is as secure in his 20th congressional district as any man in politics can be is the decision of County Republican Chairman Van Henry Archer Jr. to run for Fisher's congressional post. Archer lives in Gonzalez's district.

Archer last year took a poll of County Republican Party leaders. He asked, among other questions, whether the GOP should oppose Gonzalez and Fisher. Fisher had not announced his future plans at the time, and the belief was he would seek re-election.

OPPOSITION SHY

Results of the poll are significant.

Only 29 Republicans polled favored opposing liberal Gonzalez, while 59 favored opposition to conservative Fisher. A total of 48 said they did not favor fielding an opponent for Gonzalez, while only 16 said they did not favor opposing Fisher.

Realism, of course, played a part in the results of the Republican poll.

Latest figures reflect that the 20th district has 59.7 per cent Spanish-speaking population, the largest percentage of Spanish-speaking in any congressional district in the U.S. except Kika de la Garza's 15th district.

While the Republican Party wisely recognized Gonzalez's strength in his own district, militant Chicanos who consider Gonzalez a Tio Thomas have been equally wise in not running anyone against him.

HE WAS IN DALLAS

Gonzalez's language sometimes may get fluid, but it doesn't fly off into the range of violence.

In fact, Gonzalez saw more than enough violence to do a man a lifetime when President Kennedy was shot to death in Dallas Nov. 22, 1963.

Gonzalez, who had been complimented by the President for the warm reception he received in San Antonio the day before his assassination, was riding in the cavalcade in Dallas when Kennedy was shot.

It was Gonzalez who saw Mrs. Kennedy, caked with blood from her husband, bend over his lifeless body at Parkland hospital, kiss him on the lips, and take a ring from her finger and place it on Kennedy's finger.

Senate Majority Leader Mike Mansfield later was to use the "Ring from her Finger" theme for his funeral oration at the Capitol rotunda, but it was Gonzalez who witnessed it and passed it on to an Express and News reporter the night of the assassination.

And it was Gonzalez and several White House aides who carried the coffin from Parkland to the waiting ambulance for Kennedy's final voyage home.

CHICANO'S TARGET

Once a favorite target of the far right, Gonzalez now receives more criticism from militant Chicanos.

At a time when today's La Raza militants were playing before many of them were even born. Gonzalez was campaigning for unification of the race.

"A vote for Henry B. Gonzalez is one more step to the unification and defense of nuestra Raza," a La Prensa newspaper ad read in his 1950 campaign.

In a 1971 speech at Rice University, Gonzalez was to report:

"My citizenship is not in any way qualified—I am an American, plain and simple—and as it happens I am of Mexican descent."

DISTURBANCES

Twice now militant Chicanos have created disturbances at universities where Gonzalez was to speak. One, in 1970, was at St. Mary's University, and the other, last year, at the University of Colorado at Boulder. Outside influences motivated both disturbances, Gonzalez contended.

At Boulder, where the militant were successful in keeping the congressman from making his speech, the demonstrators were bused in. Only one was a student. Indicating they may not have been well prepared on their subject, majority of the demonstrators' signs against Gonzalez spelled his name Gonzales.

In a series of speeches on the House floor, Gonzalez has denounced the MAYO approach to separatism and radicalism. One of the speeches questioned the Ford Foundation grants to MAYO, and resulted in a cutoff of foundation funds. He charged MAYO youth with "stereotyped thinking," and said "they shout La Raza but they can't speak Spanish."

LIMITED INFLUENCE

In a 1973 speech at Southern Methodist University, Gonzalez assessed that "the reach of La Raza Unida extends only to the limits of the personal influence of its leader, Jose Angel Gutierrez." The further one goes from Crystal City, the congressman added, the fewer party victories.

Gonzalez suggested that the 20th congressional district, with its heavy Mexican-American concentration, was the ideal spot for Raza Unida to test its theories.

Yet, he noted, Raza Unida gubernatorial candidate Ramsey Muniz lost the district to Gov. Dolph Briscoe, the Democrat, by better than 2-to-1 in 1972. Muniz edged Republican Hank Grover, who had refused to make a pitch for Mexican-American votes, in the district by less than 400 votes. Republican U.S. Sen. John Tower, in fact, ran 6,000 votes ahead of Muniz in the district, Gonzalez said.

RAZA'S FRIENDS

If Raza Unida hurt anyone in 1972, Gonzalez assesses, it was Democrats portrayed as being "favorably inclined" to Raza Unida. Both Com. Albert Pena and State Sen. Joe Bernal were defeated, with Pena losing to "a complete political rookie, and Bernal losing in a district he had drawn himself," Gonzalez said.

His Chicano critics, Gonzalez feels, use a double standard when judging him in relation to other elected Chicano officials.

NO CRITICISM

For example, Gonzalez said, he didn't hear any La Raza criticism of Pena when he supported David Carter against Bernal for the Texas Senate, nor any criticism of Bernal when he ran for State representative against Rudy Esquivel.

And what about 1974? Well, Gonzalez' name will be in the Democratic columns again for re-election to his seventh full term, and anyone inclined to test any new or old political theories against him will find room on the ballot.

BAN THE HANDGUN—XXV

HON. JONATHAN B. BINGHAM

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 26, 1974

Mr. BINGHAM. Mr. Speaker, the widespread availability of handguns makes for needless deaths. Often, simple disputes result in injury and even death when guns are present. The following article appearing in the New York Times, February 25, makes the point succinctly:

Two Motorists Shot, One of Them Fatally, After Accidents

Two men were shot, one fatally, early yesterday during arguments after two similar auto accidents in Brooklyn.

Earl Evans of 400 East 21st Street, Brooklyn, was killed by a bullet in the back of his head in front of 760 Nostrand Avenue near Sterling Place in the Crown Heights section shortly after 6 A.M., according to the police. The driver of one car, Ronald Brown of 569 Wyona Street, hit another car with six men in it. Apparently, one of the cars involved in the collision then struck a car parked nearby in which Mr. Evans was sitting.

According to the police, Mr. Evans, who was 25 years old, got into an argument with the six men and was shot after the group had dragged Mr. Brown from his car and beat him.

The other shooting took place around 3 A.M. at Kings Highway and Clarendon Road in the East Flatbush section. James Hands, a gypsy cab driver, told the the police another car collided with his taxi. When Mr. Hands, who is 44 years old, jumped out and started toward the other car, its driver fired two shots, hitting him in the head and stomach.

Mr. Hands, who lives at 27 Spencer Place, Brooklyn, was reported in critical condition at Kings County Hospital.

COMMEMORATION OF ESTONIAN INDEPENDENCE

Hon. Yvonne Brathwaite Burke

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 26, 1974

Mrs. BURKE of California. Mr. Speaker, February 24 marked the 56th anniversary of the declaration of independence of the Republic of Estonia, now under Soviet control. I ask my colleagues to join me in expressing the hope that the native land of this courageous and spirited people shall some day again enjoy the dignity of liberty and self-determination.

The history of the Estonian people is a history of repeated attacks upon their pursuit of political and cultural independence; yet conquerors of many ages have been unable to suppress the strong desire to be free, which is so characteristic of this great people. Their fascinating, expressive culture lives on not only inside Estonia, but in thriving communities around the world.

The Estonians belong to the family of Finno-Urgric nations, distinct from the Teutons and the Slavs both in race and language. They have inhabited the Northwestern shores of the Baltic Sea for some 5,000 or 6,000 years, establishing thereby longstanding and legitimate entitlement to self-determination. We commemorate the Republic of Estonia's short-lived independence, which began and ended in 1918, as the realization of that hard-earned autonomy.

Estonians take justified pride and satisfaction in everything they have been able to achieve both as a people and as a nation, and we look to Estonian Americans today as Americans whose heritage is rich, and merits our respect.

ENERGY DISASTER LOANS

HON. HOWARD W. ROBISON

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 26, 1974

Mr. ROBISON of New York. Mr. Speaker, on the 14th of this month, I introduced a bill (H.R. 12843) which calls for short-term, low-interest loans to provide operating expenses for small businesses which are seriously affected by our continuing energy shortages. I am sure that I am not alone in having received a countless number of pleas from small businessmen who seek our help in keeping them operating and protecting their investments. In the past year we have witnessed the closing of filling stations and auto dealerships across the Nation as a result of the hardships created by fuel shortages. However, the effects of this crisis extend far beyond the small, but, nonetheless, important group of gasoline station operators and auto dealers. We stand on the brink of a serious economic disaster for a wide variety and substantial number of businessmen who are unable to meet their immediate financial obligations during this period of uncertainty and adversity.

In this regard, I would like to share with my colleagues in the House, an article published in the February 16 issue of Business Week magazine. This article discusses the problems which confront big and small businesses alike, and the need for legislative action to provide relief for the more vulnerable of these people:

A Detour for Roadside America

Last week Denver lost a $3-million Shriners' convention that was to have been held there in September. And the Greenbrier, the posh executive retreat in White Sulphur Springs, W. Va., was no longer preparing to greet the top brass of J. C. Penney Co., who were supposed to arrive Feb. 28 to begin their quadrennial management conference. The Shriners and Penney executives explained that, like countless other Americans, they had to change their plans because of the gasoline shortage.

Indeed, the rippling effects of the fuel crunch are reaching well beyond the beleaguered service stations and suffering automobile showrooms into toll booths, shopping centers, parking lots, motels, diners, and other elements of roadside America. They are producing some winners as well as some losers, but mainly they are creating fundamental changes in the lifestyle of a U.S. public denied unlimited use of their automobiles, and headaches for businesses that cater to them.

The magnitude of the impact on roadside America is uncertain, but clues can be found in Labor Dept. statistics. They show that employment in the services sector, which had been rising at a lively rate of more than 25,000 per month through November, flattened out to a 2,000 increase in December, and actually fell by 17,000 in January.

Labor Dept. officials, not ready to say how much of this drastic swing can be attributed to a general softening of the economy, concede they show adverse effects of the gasoline shortage on service industries. Meanwhile, the Nixon Administration this week asked Congress to extend unemployment benefits in areas where jobs have been hardest hit.

The problems for businessmen have yet to reach the critical stage, except in such places as Orlando, Fla., heavily overbuilt with motels in unrealized expectation of an overflow from nearby Walt Disney World. Business, to be sure, was off 20% for motels scattered along Florida's Sunny Isles Strip, north of Miami Beach, but none appeared ready to close. Traffic and revenues were off an average of 11% on toll roads and bridges last month in the Northeast, but Wall Street specialists said the drop-off would have to be much more severe—perhaps 25%—to affect their bonds.

Convention and conference hosts, admitting to scattered cancellations, claim that the automobile's role is not yet that clear. Denver, amply served by common carriers, shrugs off the Shriners' defection, because Shriners truck more gear, such as horses and motorcycles, than most conventioneers. The Greenbrier, owned by the Chessie System, Inc., has both Amtrak and airport facilities nearby.

ERRATIC

Most troubling to large chain operators is the erratic nature of the pinch and the reaction to it. Brooklyn-based Abraham & Straus, for instance, did not feel the impact until last weekend, when business dropped dramatically at its shopping center stores in suddenly gas-starved New Jersey. At the Boston headquarters of Howard Johnson's, a spokesman says of recent occupancy figures: "One week they're up, and the next week they're down." Phoenix-based Ramada Inns has dips in occupancy ranging from 10% to 40%. The uncertainty has been strong enough for Howard Johnson to postpone indefinitely merger talks with Sirloin Stockade, an Oklahoma City chain of 80 steak houses.

Korvettes, the New York-based discount department store chain with 80% of its stores in suburban shopping centers, has observed at least one pattern in the pinch: Sales drop off markedly the last week of the month, when local service station gasoline allocations tend to run out.

Business geared to weekends and Sundays (a gasless day in many parts of the country) is also showing signs of drying up. In the Pacific Northwest, where sports fishing is a minor industry this time of year, fishermen are being warned by the Automobile Club of Washington to stay home this weekend or run the risk of being stranded.

Changing commuter patterns also have been having a marked effect in some cities. Eglin Garages, which operates a chain of parking facilities in mid-Philadelphia, notes a 15% drop in business since the fuel shortage hit. In San Francisco, Metropolitan Parking Corp. has watched revenues from all-day parking lots drop 25% since November, and night business is down 40% from normal, perhaps partly because of a recent crime scare in the city. But mid-city stores, hotels, and other businesses feel they may be regaining customers once lost to outlying shopping centers and motels.

URBAN SUCCESS

Among the fast-food chains, Heublein, Inc.'s Kentucky Fried Chicken (KFC Corp.) is in a particularly self-contgratulatory mood for deciding more than 18 months ago to concentrate in mid-city and urban-residential neighborhoods, KFC's president, James H. Wille, estimates his average customer travels less than two miles to reach one of the 4,500 fried chicken shops. As a result, expansion plans are moving ahead of schedule, Wille says, and gasoline is a minimal problem.

Location, always vital to motel operations, is becoming even more important. Memphis-based Holiday Inns, Inc., disclosed this week that occupancy was only three percentage points off in December, when some other motels were suffering. "Airport and downtown locations have been stable," says a spokesman. "Those hurting the most are motels heavily dependent on auto traffic and which have done little to cultivate local customers."

Similarly, shopping centers within easy reach of their customers are showing strength in the gasoline drought. Indeed, a Marlboro (Mass.) developer, Thomas W. Callahan, says he is convinced that "subregional" shopping centers, which he defines as drawing all the customers they need from within a 6-mi. radius, are an answer to a long-term cutback in automobile use. He is planning to start one at Marlboro next August.

Even in shopping centers that feel secure in the gasoline pinch, storekeepers are increasingly finding that the impulse buyer is fading from the scene.

"We're not getting the guy who swings by for a magazine, a cup of coffee, or cigarettes," say Richard Horn, manager of Lloyd Center of Portland, Ore., which houses 125 stores. Gas-conscious shoppers now come armed with shopping lists to insure they get everything they need in the first trip. "But we're experiencing a good average sale increase," notes Bert Williams, a general merchandising manager at the center.

Mr. Speaker, as you can see, this dilemma is widespread; but the article discloses only a fraction of the difficulties that we will face if action is not taken. Fuel shortages have plagued large corporations and small businesses alike. But while the larger concerns have ample financial resources to tide them over, the small businessman is powerless. He is unable to raise the funds necessary to "keep his head above water" during this difficult period, until the supply-and-demand equation again becomes more balanced.

During the "Agnes" flood, Congress and the administration worked promptly together to aid those who saw their hard work and lofty dreams vanish as a result of a disaster over which they had no control. The situation which we face today is not dissimilar. The inability to attract customers, plus mounting inflation, and fuel and materials shortages paint a pessimistic and painful picture for much of the small business community. The Nation stands to lose a great deal if this trend is not halted.

If we are to be true to our commitment to the small business segment of free enterprise, and if we wish to avert a financial crisis of more crippling proportions in the future, we must respond to this need. I have written to my colleagues, Representative WRIGHT PATMAN of Texas, chairman of the House Banking and Currency Committee, and Representative WILLIAM WIDNALL of New Jersey, the committee's ranking minority member, in an effort to "set the wheels in motion" on this issue. It is my hope that others will join me—as some have already done—in drawing attention to the need for prompt and effective relief for those small businessmen now facing economic disaster as a result of the burgeoning energy crisis and the public reaction thereto.

ESTONIAN INDEPENDENCE DAY

HON. JOHN H. ROUSSELOT

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 26, 1974

Mr. ROUSSELOT. Mr. Speaker, yesterday was the 56th anniversary of Estonian independence, which was established on February 24, 1918. At the conclusion of World War I the Estonians had to repulse an attack by Bolsheviks in order to preserve freedoms which were based on a constitution which was to a significant extent inspired by our own.

Estonia managed to remain free until August 1940, when it was annexed by the Soviet Union pursuant to a secret agreement between Hitler and Stalin. Except for 3 years of Nazi occupation, from 1941 to 1944, Estonia has remained under Soviet control ever since the annexation. For its part the United States recognized the free government of Estonia in 1922 and has never acknowledged the legitimacy of the occupation of the Baltic states.

The Estonian people have suffered profoundly under the oppressive rule of their Soviet captors. Many Estonians were either killed or deported while such a large number of people from other parts of Russia have been resettled in Estonia that the unity and integrity of the nation are seriously threatened.

As we mark this anniversary of Estonian Independence Day, let us strengthen our resolve to stand by the Estonian people and all other peoples who value their lost freedom and yearn for its restoration now.

SENATOR JOHN BRICKER: A PROPHET IN HIS TIME

HON. JOHN M. ASHBROOK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 26, 1974

Mr. ASHBROOK. Mr. Speaker, on February 26, 1954, the Bricker amendment to the Constitution fell 1 vote short of achieving the necessary two-thirds majority in the Senate—60 yeas to 31 nays. This amendment, named after its original sponsor, former U.S. Senator John Bricker of Ohio, would prevent treaties and executive agreements from overriding the freedoms and safeguards found in the Constitution. It would also put constitutional safeguards on the use of executive agreements in conducting foreign policy.

Chief opponents of the Bricker amendment were liberals, who at that time were arguing that the President should have almost unchecked power in foreign affairs. Their victory on this vital issue led us into the Vietnam tragedy. Ironically most liberals now decry the excessive power of the Presidency. Senator John Bricker, a man who foresaw the potential abuse of Presidential power longer before his liberal colleagues, truly deserves to be called a prophet in his time.

Despite the passage of 20 years, the Bricker amendment seems as necessary today as when it was first introduced. Therefore during the last session of Congress I reintroduced this amendment. It now has 20 cosponsors including JOHN RHODES, Republican of Arizona, ROBERT TIERNAN, Democrat of Rhode Island, SAM DEVINE, Republican of Ohio, SAM STEIGER, Republican of Arizona, JOHN ROUSSELOT, Republican of California, Clarence Long, Democrat of Maryland, William Ketchum, Republican of California, John Conlan, Republican of Arizona, David Treen, Republican of Louisiana, Robert Huber, Republican of Michigan, Charles Thone, Republican of Nebraska, Steve Symms, Republican of Idaho, John Rarick, Democrat of Louisiana, Clarence Miller, Republican of Ohio, J. Kenneth Robinson, Republican of Virginia, Jack Edwards, Republican of Alabama, Clair Burgener, Republican of California, Robert Bauman, Republican of Maryland, and Ben Blackburn, Republican of Georgia.

On this day, the 20th anniversary of the Senate rejection of the Bricker amendment, I call on all those of my colleagues who are truly interested in helping to restore a proper congressional role in foreign affairs to join with me in working to pass the Bricker amendment.

OIL: THE DATA SHORTAGE

HON. BILL GUNTER

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 26, 1974

Mr. GUNTER. Mr. Speaker, the "best kept secrets of the Energy Crisis," writes Julius Duscha, director of the Washington Journalism Center, is accurate data on just how much oil is available and what the actual extent of reserves are.

Once again I commend the Progressive magazine for an excellent article on the energy crisis. "Oil: The Data Shortage," concisely states where the "facts" come from—the industry itself—and why they are unreliable as primary sources of information for planning governmental responses to the energy emergency.

The need to thoroughly assess the information submitted by the oil and gas industry is one of the crucial motivations behind the sponsorship by nearly 70 of my colleagues of legislation to create a Select Committee of the House of Representatives to investigate all aspects of the industry.

In little more than a month, House Resolution 747, originally introduced by Bill Lehman and I, has attracted widespread and bipartisan support throughout this Chamber.

I earlier reported the endorsement of House Administration Committee Chairman Wayne L. Hays and Interior and Insular Affairs Committee Chairman James A. Haley of this legislation.

The sponsors are now proud to add names of cosponsors including a third committee chairman, the Honorable Ray J. Madden, Jr., of the Rules Committee.

Chairman Madden joins B. F. Sisk, Claude Pepper and Spark M. Matsunaga as sponsors of House Resolution 747 from the committee which has original jurisdiction on the creation of Select Committees. It is the sponsors' hope that hearings can be held before the Rules Committee in the near future so that we may state our case for the need for a Select Committee which will not be confined by jurisdictional boundaries and able, therefore, to investigate all aspects of the role of the oil and gas industry in the current emergency and report back to the Congress.

Among the new sponsors of House Resolution 747 reported for the first time in the Record are:

New Cosponsors of Select Committee Bill

Mr. Addabbo; Mr. Andrews, North Carolina; Mr. Badillo; Mr. Biaggi; Ms. Chisholm; Ms. Collins, Illinois; Mr. Dent; Mr. Derwinski; Mr. Edwards, California; Mr. Fulton.

Mr. Giaimo; Mr. Green, Pennsylvania; Mrs. Hansen, Washington; Mr. Hungate; Mr. Ketchum; Mr. Long, Maryland; Mr. Martin, North Carolina; Mr. Minish; Mr. Mitchell, New York; Mr. Podell.

Mr. Roybal; Mr. Ryan; Mr. Snyder; Mr. Tiernan; Mr. Charles Wilson, Texas; Mr. Rinaldo; Mr. Litton; Mr. Madden; Mr. Sisk; Mr. Steele; Mr. Stokes.

We welcome additional sponsors.

Oil: The Data Shortage

(By Julius Duscha)

Last October 12, when the Arab-Israeli war was beginning to raise fears of an Arab boycott of oil sales to the United States, White House petroleum expert Charles Di Bona said American imports of Arab oil had been averaging 1.2 million barrels a day. Eight days later, on October 20, the Nixon Administration was talking about U.S. dependence on Arab oil totaling 1.6 million barrels daily. Four more days passed, and on October 24 the Administration estimate escalated to two million barrels. By October 30 the figure was up to 2.5 million barrels, and then, early in November, the Defense Department, never to be outdone even by the White House, proclaimed a three-million-barrel-a-day U.S. dependence on Arab oil.

When estimates varied within a month all the way from 1.2 million to three million barrels, it was obvious that no one in the Federal Government knew with any accuracy how much Arab oil was being used in the United States. The problem isn't that Federal oil economists and statisticians can't count; it is rather that there are no reliable figures for them to count.

The statisticians do know that last September shipments of oil directly from the Middle East to the United States averaged 1.2 million barrels a day. However, U.S. petroleum experts believe—but have no way of knowing for certain—that as much or more Arab oil also got here after being transshipped or processed somewhere along the way, usually in the Caribbean.

Once crude oil from the Middle East or from any other area enters world commerce, its route is difficult to follow; oil bears no serial numbers or other distinguishing marks of manufactured goods. The Federal Government could be forgiven the wide variances in its estimates of Arab oil imports were it not for the fact that the Arab import statistics are symptomatic of the problem with most petroleum figures.

As everyone concerned with the oil crisis, from energy czar William Simon to Senator Henry M. Jackson, has quickly come to realize, the United States has all too few solid figures on oil and natural gas, and for what statistics are available the Government is almost wholly dependent on the oil industry itself.

Just as Arab import figures have jumped all over the place, so have Administration estimates of the dimensions of the overall U.S. oil shortage this winter. Early in November, when President Nixon first talked about a serious shortage, he put the likely daily shortfall at 3.5 million barrels. Since then estimates by experts within the Administration and on Capitol Hill have ranged all the way down to 1.6 million barrels; Simon came out at 2.7 million barrels at the news conference late in December at which he outlined the Administration's standby gasoline rationing plans.

Whether the oil statistics are proclaimed by Simon's Federal Energy Office or by Jackson's Senate Interior Committee, almost all of the figures originate with the American Petroleum Institute, the trade association of the major U.S. oil producers.

The API's basic statistical document is its *Weekly Statistical Bulletin*, which purports to keep track of the output of U.S. refineries, available supplies of refined petroleum products, exports and imports, production of domestic oil wells, and gasoline consumption. Of these figures, the only up-to-the-minute ones are for refinery production and available supplies, and even these must be viewed with some skepticism.

They are, first of all, industry figures supplied on a voluntary basis, with no independent check on their accuracy.

Every Wednesday, refinery production and available-supply figures are made public for the previous week, and even oil industry critics agree that the statistics could hardly be produced much faster and still be put together with reasonable accuracy and cost.

Import and export statistics are based on U.S. Customs Bureau figures, with which no one quarrels much, except that the figures give no hint of the country where the crude oil was produced, or any indication of U.S. oil being exported and then re-imported under more favorable prices.

As for the domestic crude oil production figures, they are estimates based on the most recent statistics from the Texas Railroad Commission and the other regulatory agencies that monitor production in the thirty-one oil-producing states. The official state figures lag months behind, as do accurate gasoline consumption figures based on state and Federal tax figures.

Once fuel oil, gasoline, and other petroleum products have left refineries, bulk terminals, and pipelines, neither the API nor any Government agency keeps track of the products. How much gasoline is generally in the supply pipelines beyond the primary storage facilities of the refiners, the bulk terminals, and the big pipelines? How much No. 2 heating oil is in supply lines? How much oil and gasoline is kept in storage, or perhaps being hoarded, by large corporations and other heavy users of petroleum products? A recent *New York Times* survey indicated that major users of oil products have been building up their supplies, but there is no reliable statistical information available.

Oil pricing information is even scarcer. Not until last fall did the U.S. Bureau of Labor Statistics start collecting enough information on retail gasoline prices to come up with reasonably accurate figures on gasoline price trends throughout the nation. And there simply are no reliable figures on crude oil production costs, refinery costs, and costs on down the petroleum supply pipelines. There is more information on natural gas because most of its production and prices at the wellhead are still regulated by the Federal Power Commission, but the Nixon Administration has called for ending such regulation. And even data published by the FPC on natural gas production are heavily dependent on unaudited reports from the industry.

What government oil statistics there are come largely from the Interior Department's Bureau of Mines and Office of Oil and Gas. These are unchecked industry figures issued only monthly. To keep up with the fast-moving oil and gasoline situation, energy director Simon and his aides rely, however, not on the ponderous Bureau of Mines and Office of Oil and Gas, but rather on the API weekly bulletins. For it is true, as John E. Hodges, director of API's Division of Statistics and Economics says, that "if the Government didn't have our weekly statistical bulletin, it wouldn't have anything."

Oil is by no means the only industry for which audited statistics are hard to come by. American corporations jealously guard their figures—in part because of fears that competitors will use them to exploit market situations and in part because of the traditional feeling that the Government (and the public) have no right to pry into the affairs of private corporations, no matter how big or dominant they may be. Most Census Bureau figures, as well as statistics compiled by other government agencies, are based on unchecked material submitted by industry sources. BLS and population figures are, of course, the Government's own.

But if oil production and supply statistics cause problems, figures on oil and natural gas reserves are even more difficult to weigh and interpret. The API and the American Gas Association are the only sources for systematic compilations of what oilmen call proved reserves. Such reserves are defined as oil and gas in the ground that can be efficiently recovered under current economic conditions in the industry, which means that reserves increase as oil prices go up.

Every spring API, AGA, and the Canadian Petroleum Association jointly publish a detailed compilation of crude oil and natural gas reserves in the United States and Canada. The figures are based on surveys made by geologists and others employed by oil and natural gas companies. It is generally assumed that the industry has a vested interest in underestimating reserves, but government oil experts cannot even agree on that. A recent Federal Trade Commission study concluded that natural gas reserves were overestimated, while a FPC study showed that gas reserves were being underestimated in at least one rich field.

"I wouldn't argue one way or another about the reliability of the oil and natural gas reserve figures," a Senate staff aide who has been immersed in the quarrels over oil statistics observes. "There's just too much guesswork in estimating reserves. The only thing that's clear to me is that we still have an awful lot of oil in the world, and are likely to find a lot more."

However unreliable figures on U.S. oil and natural gas reserves may be, there is general agreement even among oil industry economists that statistics on foreign reserves are hopeless. API's Hodges says flatly that there are no good figure on overseas reserves.

The United States thus finds itself groping for facts as it faces what appears to be the most serious fuel shortage in its history. But are things as bad as the Nixon Administration has made them seem? There is wide skepticism in Washington and elsewhere in the country—not only because of Nixon's personal credibility crisis, but also because of the uneasy feeling so many people have that the oil companies and not the Nixon Administration are in charge of whatever crisis there may be.

The oil industry certainly is in charge of whatever statistical evidence there is to back up the crisis atmosphere. And the industry obviously does not want the Government to get into the information-gathering business. Industry lobbyists fought against inclusion of a Government fact-gathering clause in the energy legislation that was shoved aside in the pre-Christmas Congressional adjournment rush. But Simon's energy office has set up a committee to review oil and gasoline statistics, and Simon himself told reporters at his late December news conference: "You're darn right we're going to get better figures."

Senator Gaylord Nelson has presented the Senate with a plan to establish a Bureau of National Energy Information in the Commerce Department to collect and verify statistics involving all aspects of energy. "We have failed to manage energy because we have failed to manage energy information," Nelson says. "We are sitting in the dark because he have been making our energy policy in the dark.

"Beyond the energy crisis," Nelson continues, "the basic premises of this legislation are, first, that the power of giant corporations over the quality of life has become so great that such corporations must now be regarded as if they were governments, for govern they do; second, that governments—including corporate governments—derive their just powers from the consent of the governed; third, that consent, to be meaningful, even to be real, must be informed consent, fourth, that the free exchange and availability of industrial, as well as political information are therefore the lifeblood of a free society; and fifth, that the Congress has no higher duty than to provide channels and mechanisms for the exchange and availability of information about the holders and uses of government power."

It seems also but certain that out of the energy crisis will emerge audited government figures on the facts of oil and natural gas. It would be useful to know as much about the oil industry as advertisers know, for example, about television audiences. The fact that more information is available about how to influence television viewers than about oil says much about the haphazard ways of the American economy and the relationship of the Government to it.

HUNTINGTON'S DISEASE

HON. TENO RONCALIO

OF WYOMING

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 26, 1974

Mr. RONCALIO of Wyoming. Mr. Speaker, while we have rejoiced at breakthroughs achieved in treating and preventing major illnesses, we have yet to develop and implement effective treatment, care, and prevention of Huntington's disease. The hereditary nature of this affliction of the nervous system makes its occurrence and very existence even more tragic. The time is long overdue for a major effort to attack Huntington's disease.

Today, I am introducing legislation which is not new to this Chamber, but which does demand our attention and action. This legislation would amend the Public Health Service Act to provide Federal assistance for programs for the diagnosis, research in, prevention, and treatment of this cruel and ruthless disease affecting thousands of American families:

A bill to amend the Public Health Service Act to provide assistance for programs for the diagnosis, prevention, and treatment of, and research in, Huntington's disease

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "National Huntington's Disease Control Act".

FINDINGS AND DECLARATION OF PURPOSES

SEC. 2. (a) The Congress finds and declares—

(1) that Huntington's disease is a chronic, progressive, degenerative disorder of the nervous system. It is described in medical journals as a hereditary disease of the basal ganglia and cerebral cortex characterized by the onset in adult life of choreiform movements and mental deterioration. The age of onset of the symptoms may be at any time from infancy but in the vast majority of cases it is first discerned between the ages of thirty and fifty years;

(2) that this debilitating, inheritable disease which makes its first appearance in the very prime of life already affects great numbers of Americans and will begin to afflict an even greater number as our young adult population expands;

(3) that the exact cause of Huntington's disease is still unknown. Although severity of the choreiform movements may be reduced by the administration of certain medication or treatment that has been developed, there is no known treatment that will influence the course of the disease;

(4) that efforts to prevent Huntington's disease must be directed toward increased research in the cause and treatment of the disease, and the education, screening, and counseling of carriers of the trait;

(5) that programs to prevent Huntington's disease must be based entirely upon the voluntary cooperation of the individuals involved; and

(6) that the attainment of better methods of prevention, diagnosis, and treatment of Huntington's disease deserves the highest priority.

(b) In order to preserve and protect the health and welfare of all citizens, it is the purpose of this Act to establish a national program for the diagnosis, prevention, and treatment of, and research in Huntington's disease.

AMENDMENTS TO PUBLIC HEALTH SERVICE ACT

SEC. 3. (a) Section 1 of the Public Health Service Act is amended by striking out "titles I to X" and inserting in lieu thereof "titles I to XI".

(b) The Act of July 1, 1944 (58 Stat. 682), as amended, is amended by renumbering title XI (as in effect prior to the enactment of this Act) as title XII, and by renumbering sections 1101 through 1114 (as in effect prior to the enactment of this Act) and references thereto, as sections 1201 through 1214, respectively.

"TITLE XI—HUNTINGTON'S DISEASE PROGRAM

"PROGRAMS RELATING TO HUNTINGTON'S DISEASE

"SEC. 1101. (a) (1) The Secretary may make grants to public and nonprofit private entities, and may enter into contracts with public and private entities, for projects for the establishment and operation, primarily through other existing health programs, of Huntington's disease screening, treatment, and counseling programs.

"(2) The Secretary may make grants to public and nonprofit private entities, and may enter into contracts with public and private entities and individuals, for projects for research in the diagnosis, treatment, and prevention of Huntington's disease including projects for the development of effective tests which will identify those who have the disease or carry the trait.

"(3) The Secretary shall carry out a program to develop information and educational materials relating to Huntington's disease and to disseminate such information and materials to persons providing health care and to the public generally. The Secretary may carry out such program through grants to public and nonprofit private entities or contracts with public and private entities and individuals.

"(b) (1) For the purpose of making payments pursuant to grants and contracts under subsection (a) (1), there are authorized to be appropriated $500,000 for the fiscal year ending June 30, 1975, and for each of the next two fiscal years.

"(2) For the purpose of making payments pursuant to grants and contracts under subsection (a)(2), there are authorized to be appropriated $1,500,000 for the fiscal year ending June 30, 1975, and for each of the next two fiscal years.

"(3) For the purpose of carrying out subsection (a)(3), there are authorized to be appropriated $25,000 for the fiscal year ending June 30, 1975, and for each of the next two fiscal years.

"VOLUNTARY PARTICIPATION

"SEC. 1102. The participation by any individual in any program or portion thereof under this title shall be wholly voluntary and shall not be a prerequisite to eligibility for or receipt of any other services or assistance from, or to participation in, any other program.

"APPLICATIONS; ADMINISTRATION OF GRANT AND CONTRACT PROGRAMS

"SEC. 1103. (a) A grant under this title may be made upon application to the Secretary at such time, in such manner, containing and accompanied by such information, as the Secretary deems necessary. Each applicant shall—

"(1) provide that the programs and activities for which assistance under this title is sought will be administered by or under the supervision of the applicant;

"(2) provide for strict confidentiality of all test results, medical records, and other information regarding screening, counseling, or treatment of any person treated, except for (A) such information as the patient (or his guardian) consents to be released; or (B) statistical data compiled without reference to the identity of any such patient;

"(3) provide for appropriate community representation in the development and operation of any program funded by a grant under this title;

"(4) set forth such fiscal control and fund accounting procedures as may be necessary to assure proper disbursement of and accounting for Federal funds paid to the applicant under this title; and

"(5) provide for making such reports in such form and containing such information as the Secretary may reasonably require.

"(b) In making any grant or contract under this title, the Secretary shall (1) take into account the number of persons to be served by the program supported by such grant or contract and the extent to which rapid and effective use will be made of funds under the grant or contract; and (2) give priority to programs operating in areas which the Secretary determines have the greatest number of persons in need of the services provided under such programs.

"(c) The Secretary may make a grant under section 1111(a)(1) for a screening, treatment, and counseling program when he determines that the screening provided by such program will be done through an effective Hunington's disease screening test.

"PUBLIC HEALTH SERVICE FACILITIES

"SEC. 1104. The Secretary shall establish a program within the Public Health Service to provide for voluntary Huntington's disease screening, counseling, and treatment. Such program shall utilize effective Huntington's disease screening tests and shall be made available through facilities of the Public Health Service to any person requesting screening, counseling, or treatment, and shall include appropriate publicity of the availability and voluntary nature of such programs.

"REPORTS

"SEC. 1105. (a) The Secretary shall prepare and submit to the President for transmittal to the Congress on or before April 1 of each year a comprehensive report on the administration of this title.

"(b) The report required by this section shall contain such recommendations for additional legislation as the Secretary deems necessary.".

SOLAR HEATING AND COOLING DEMONSTRATION ACT OF 1973

HON. WILLIAM R. COTTER

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 26, 1974

Mr. COTTER. Mr. Speaker, because I was an original cosponsor of H.R. 11864, the "Solar Heating and Cooling Demonstration Act of 1973," I have developed a deep and abiding interest in its progress. For this reason, I was very pleased to see that the bill had been quickly reported out of committee. I would like to express my gratitude to my colleague from Texas, OLIN E. TEAGUE for his competent and expeditious handling of this bill, and to my colleague from the State of Washington, MIKE MCCORMACK, who also worked hard on this bill.

We all realize that the current energy crisis will continue for an indefinite period of time. Commonsense requires that alternative sources of energy be developed. One of the more practical and economical of the various alternatives is solar energy.

The early demonstrations of the use of solar energy for heating and cooling purposes could help relieve the ever-increasing demand on existing energy supplies. The development and use of solar heating and cooling equipment in the home and offices possesses other advantages as well. For example, it will benefit the environment, improve our balance of trade, and eliminate our dependence upon foreign energy sources.

With this in mind, I would like to review the provisions and benefits contained in this major piece of legislation.

The bill is to demonstrate within 3 years, using current technology, the practical use on a large scale of solar heating technology and to develop and demonstrate on a large scale within 5 years, the practical application of combined solar heating and cooling technology.

The bill provides $50 million over a 5-year period for commercial demonstration of solar energy for the heating and cooling of residential and commercial buildings. The bill accomplishes the very important and timely "next step" required to implement large scale, knowledgeable use of solar energy in the near future. So far only 30 solar heated buildings have been constructed in the entire world. It is obvious from this fact that the knowledge necessary for large scale implementation of this technology does not yet exist. With this fact in mind, we must realize that a commercial demonstration of the economic feasibility of solar heating and cooling is imperative for attaining our goal of becoming self-sufficient in energy resources.

The bill further provides for a two-step demonstration program. NASA will be in charge of the initial phase which will consist of contracting for the research, development, and manufacture of solar heating and combined solar heating and cooling equipment.

The second phase of the bill will be under the jurisdiction of the Department of Housing and Urban Development. This agency will be responsible for the installation and monitoring of the necessary equipment. In order to assure continuing public benefit from this program, HUD is required to implement programs that would provide disclosure and distribution of all pertinent data produced under this demonstration program. HUD is further expected to establish a solar heating and cooling information bank, the purpose of which will be to collect, review, process, and disseminate information on solar heating and cooling in order to support the goals of the bill.

Finally, HUD is charged with investigating and reporting on ways to amend building codes and zoning ordinances in order to facilitate and encourage widespread use of solar energy for heating and cooling of buildings.

The bill also respects the precarious financial position of the homeowner in that it raises the ceiling on federally assisted mortgage loans, in order to compensate for the increased cost which will result from installation of solar heating and cooling systems.

In conclusion, I believe that this bill "legislates for the future." The effects of this bill are far-reaching in nature. The bill strives to insure that the energy needs of this and future generations of Americans will be met. The potential of solar energy is still unclear, but this prudent bill is the first step to testing that potential.

WHIO-TV IN DAYTON MARKS 25TH ANNIVERSARY

HON. CHARLES W. WHALEN, JR.

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 26, 1974

Mr. WHALEN. Mr. Speaker, I am very pleased to note that WHIO-TV in Dayton, Ohio, has passed the quarter century mark.

Television is now ubiquitous in the United States and is an integral part of our communications system, our culture, and our very way of life. It is difficult for many of our citizens under the age of 30 to comprehend that television is really a relatively new development and that radio itself is not much older.

During the 25 years of its existence as part of the Cox Broadcasting operation in Dayton, WHIO-TV has distinguished itself as a responsive, concerned member of the community. WHIO-TV has compiled an enviable record particularly in news and public affairs programing, reflected by its large news staff, and the presence in Washington of an excellent news bureau.

As the first television station in Dayton and the Miami Valley, WHIO-TV has been acknowledged as a leader in the industry and a tough competitor by the area's other television stations. WHIO's operation is a credit to its employees and corporation.

I am happy to extend my congratulations to the staff and management on this auspicious occasion.

POLITICAL PRISONERS IN SOUTH VIETNAM

HON. BILL ARCHER

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 26, 1974

Mr. ARCHER. Mr. Speaker, critics of the Government of South Vietnam have focused an attack on the prison system in that country and have charged that the government in Saigon has held thousands and thousands of political prisoners. The most popular figure which has been used is 200,000 prisoners, a charge repeated by the Vietcong representatives in Paris. It appears that this figure was a misquotation by Western journalists of an estimate of prisoners held throughout Indochina including prisoners held in all of North Vietnam and Communist-controlled areas in South Vietnam.

This estimate was made by Amnesty International. Even the Vietcong representatives, who could cite no evidence for this high number, finally reduced their own figures to 100,000 and then to 50,000. The impossibility of the claim has been exposed since all the prison facilities of South Vietnam, if filled to capacity, would hold no more than 40,000 individuals.

Although their system may differ from the one in the United States, we must remember that the prisoners in South Vietnam—both civilian criminal prisoners and the Vietcong—are entitled to certain legal and constitutional safeguards, for example, a formal indictment, a public trial, and the right to a defense lawyer.

We should consider that in contrast to the open society in South Vietnam, North Vietnam is a closed society where the citizens of North Vietnam can be arbitrarily arrested and sentenced to prison without the basic guarantees of due process which we have come to expect in societies based upon a rule of law. We should recall that between 1954 and through the first part of 1973, a total of over 67,501 South Vietnam citizens were kidnapped by the North Vietnamese and Vietcong agents. Yet, the Communists have claimed that they have only 637 prisoners. In investigating the question of prisoners, we may ask North Vietnam what has happened to the over 67,000 people abducted. Were they assassinated? Did they die in captivity? Are they still prisoners?

The prisoner question has illustrated the differences between these two societies. The prisons in South Vietnam are open for inspection. The prisons in North Vietnam are closed to inspection.

One of the prison areas in South Vietnam is the prison camp on Con Son Island, an island located off the mainland of South Vietnam near Saigon. The island contains almost 6,000 prisoners including 500 Vietcong prisoners. The prison has been visited by various newspapermen throughout the world. A report of one of these visits appeared recently in the San Diego Union of February 3, 1974. It provides a thorough and balanced view. I would like to enter the article in the RECORD:

[From the San Diego Union, Feb. 3, 1974]

POLITICAL PRISONERS: A MATTER OF DEFINITION

CON SON ISLAND, VIETNAM.—The faces crowded against the cell door were stark, drained, peering through the bars at the strange group of visitors from the United States.

Other black-clad figures moved and shuffled in the gloom of the damp cavernous chamber behind.

Almost on signal a young prisoner moved forward and began to answer questions in halting English:

"I am 27 . . . I was caught Feb. 13, 1969. Yes, I want to go back to our revolutionary government . . . our life is very miserable . . . we have not enough rice . . . in two months we eat fish one time . . .

"We have many diseases . . . I am in very bad health . . . I have tubercular disease . . ."

The visiting Americans were face to face with the most serious charge that has been raised against the South Vietnamese government—that it has imprisoned, tortured and abused 202,000 of its own citizens who are guilty of no crime other than opposing President Nguyen Van Thieu.

The prisoners talked to were hard core Viet Cong, jailed for widely varying offenses ranging from terrorist murders to carrying guns or working with the Communist infrastructure against the Saigon government.

Whether this properly places them in the category of "political prisoners" is a matter of definition and political outlook, although presumably, if there are political prisoners, they would be among this group.

Likewise it is equally impossible to sort out the truth or falsity of the many charges that swirl around the issue. Many men of good will have already broken lances over the elusive facts involved.

But it is possible to relay impressions and observations after a rarely-permitted day-long tour of this most infamous of Vietnam's prison facilities, and extensive conversations with government officials and highly informed members of the U.S. embassy staff in Saigon.

Those impressions are a mixture of both good and bad.

Con Son Island, 65 miles off the southeast coast of Vietnam, is unexpectedly large, fertile, well watered and semi-tropical. Formerly a French penal colony dating back to 1862, it has been operated by the Vietnamese since 1954.

The greatest number of prisoners ever held here was 7,000 in 1969. Now the prison population is down to 5,739, all civilians, including 500 Viet Cong awaiting exchange for South Vietnamese civilians held by North Vietnam whenever arrangements can be completed.

At the time the Vietnam peace agreement was announced a year ago, 5,081 Viet Cong were held throughout all of South Vietnam. Of these, 1,575 have been returned and 3,506 remain, including the 500 on Con Son.

The Con Son prison, under Col. Nguyen Van Ve, 52, operates five prison farms, a brick factory, a pig farm and a workshop.

More than 3,000 of the prisoners are trustees. They work on the farms or in one of the other facilities under relatively relaxed conditions, in the open air and under minimum guard.

The other 2,000 including the Viet Cong, have refused to work. Classified as "uncooperative" they are kept in stark 50-man cells, fed 570 grams of rice (1 pound 4 ounces), daily compared to 650 to 700 for the other prisoners, and are brought out twice daily for exercise.

Ve says they can change their status any time by agreeing to work and undergo rehabilitative indoctrination. Only 10 per cent of the Viet Cong have done so.

And standing there at the cell door, talking to the VC spokesman, it appeared very few more have any intention of changing. Some said they had been kept there 10 years.

The prisoners were lean but showed no evidence of starvation, and were obviously well organized. One suddenly produced a neat, handwritten letter and shoved it through the bars toward me. A prison official seized and opened it. The basic thrust of its contents, in French, was that the prisoners were being mistreated solely because of their political beliefs, that they did not have enough to eat, and needed medical attention.

The poignancy and heart rending impact of the scene, of men, regardless of past misdeeds, being caged like animals was inescapable. It was underscored further as the Americans moved on while Viet Cong in other cells shouted desperately in English, "Come back! We want to see you!"

In a nearby building stood the now empty, double row—30 to a side—of 60 "tiger cages," where obstreperous and unruly prisoners were held until 1970.

To an outsider they appeared, if anything, less oppressive than the 50-man cells. Contrary to popular belief, fostered by a series of sensational articles on the "tiger cages" three years ago, they are above ground, are well ventilated and relatively spacious if only two to three prisoners were held there at a time as claimed.

They were built in 1941 by the French, not the Vietnamese.

The "cages" are five feet wide, approximately 10 feet long and 12 feet deep. A door opens into them through an outside wall of the building. There are bars across the top.

In testimony given by a battery of witnesses before the House Foreign Affairs subcommittee on Asian and Pacific Affairs last September it was charged that until 1970 prisoners were shackled to the floor in the "cages," or handcuffed to a bar, were starved, beaten and often emerged paralyzed.

Such cases were cited as typical of treatment meted out to all of the 200,000 "political prisoners" in Vietnam.

To this, one can only reply there are no signs now that leg irons were once attached to the floor. And if previous inmates were handcuffed to the only bars in the cage—those across the top—they would have been suspended 6 feet in the air, an obvious impossibility.

The Vietnamese government also charges that paralyzed "tiger cage" prisoners, portrayed in widely circulated photographs, were actually Saigon street beggars who were rounded up, paid to pose and claim they were victims of the Con Son cages.

The real truth of this crossfire may never be known. But one aspect of the political prisoner issue is ascertainable with some degree of accuracy—the numbers involved.

Most of the figures have come from an anti-government, Catholic-activist priest, Father Chan Tin. Tin a quiet, French-educated man, deeply concerned about human problems, heads a group called "the committee for the improvement of prison conditions in South Vietnam."

He has made his own survey and claims there are 202,000 "political prisoners" in South Vietnam. He says 60 per cent of them were arrested for no reason, 25 per cent for their non-Communist dissident activities and only 15 per cent for Communist activities.

Because his and similar charges of others have created such a stir in the U.S. Congress, the U.S. embassy in Saigon made its own study of the South Vietnamese prison system.

After an exhaustive survey, aided by intelligence agents, the embassy concluded there were only 35,130 persons held in the South Vietnamese prison system, and that this was the system's total capacity, even with overcrowding.

Father Tin, it was charged, had been "swayed by his sources, some of whom may be less scrupulous than he . . . they appear to have either an ax to grind or an emotion-clouded concept of the numbers that can be held in some of these prisons and detention centers.

To this can only be added that the South Vietnamese prison system is obviously far from exemplary. It is stark, grim and depressing, as are all prisons. Treatment of prisoners who are willing to work seems relatively humane under the conditions that prevail in a war-torn nation.

Treatment of prisoners who refuse to work is strict, perhaps even harsh. But it is highly questionable that very many of the men in this category are being held solely because of their political beliefs.

And finally there is the statement of U.S. Ambassador Graham Martin, made after the embassy survey was completed.

"We have not been able to identify a single person put in jail for the sole purpose of opposing the Thieu regime," he said. "All would be in jail if they had committed the same type offense in the United States or elsewhere."

JEFFREY ALLAN JONES—A LIFE SAVER

HON. LES ASPIN

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 26, 1974

Mr. ASPIN. Mr. Speaker, it has recently been brought to my attention that a young boy in my congressional district was instrumental in saving the life of his baby sister. The boy is 5-year-old Jeffrey Allan Jones, of Sturtevant, Wis.

He and his 1-year-old sister were bathing together when the little girl suffered a convulsion causing her head to go under water. Jeffrey quickly pulled the child out of the tub first and then went to call his mother. I have been told that without his quick action the baby would probably have died.

I would like to commend Jeffrey for his intelligent and quick-witted action, and also the Sturtevant Volunteer Fire Department for their help in saving this child.

The Jones can be very proud of their young son. It is obvious that he is on the way to becoming a very responsible young man.

HAPPY BIRTHDAY, SARAH VAUGHAN

HON. THOMAS M. REES

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 26, 1974

Mr. REES. Mr. Speaker, it is with much pleasure that I take this opportunity to say a few words in tribute to a great lady, who I am happy to say, is now a California resident. She is a legendary figure in the entertainment world, one who bridges gaps—generation and otherwise—incorporating into every performance a special warmth and rare depth of feeling which can only be accomplished by one who is blessed with "soul."

I am, of course, referring to Sarah Vaughan whom many call "The Divine Sarah." Scarcely a year passes without honor after honor being bestowed upon her. Not only is she a consistent winner in polls conducted among the public, but she is also an acknowledged favorite in surveys conducted among her musical peers.

It is my pleasure to report to you that on March 27, 1974, this giant of the music industry—this lovely, talented lady—will mark an important milestone in her life—the celebration of her 50th birthday.

Sarah Vaughan in those 50 years has consistently provided the world with the very best in entertainment. For many years she has been an official ambassador of good will for the United States; sharing her joyful gift of talent with people in the Orient, in Europe, in South America, in Australia—indeed, just about wherever people walk on this Earth.

I am sure that all of us in this forum have been deeply moved and thrilled by her brilliant musical interpretations of every type of music; from gospel to jazz, from semiclassical to contemporary. I am sure I speak for all of us in wishing Sarah at least another 50 years of doing her "thing" here on this Earth.

Sarah Vaughan has been called "the greatest singer in the world" by Tony Bennett and many other greats of the entertainment world. If music is, indeed, the universal language, "The Divine Sarah" is a linguist without peer. She is not merely a vocalist; she is a brilliant interpretative musician able to improvise, leave her audience breathless with her fantastic versatility, whether in person or via her many recordings.

Speaking of her versatility, this summer, in addition to touring on foreign soil, Sarah Vaughan will star in concert with the Los Angeles Philharmonic Orchestra at the Hollywood Bowl—an event that none of us who has the opportunity to be in California will want to miss.

In conclusion I would like to go on record as saying that in giving this long-overdue tribute to a great lady I am certain that after all of us, and even she, herself have passed from this Earth, people throughout our world, and by then perhaps on other worlds, will listen to her recordings and continue to applaud the talent and genius of this great entertainer.

Happy birthday, Sarah Vaughan.

SAVE OUR PRESIDENT

HON. JOEL T. BROYHILL

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 26, 1974

Mr. BROYHILL of Virginia. Mr. Speaker, under leave to extend my remarks, I would like to insert into the CONGRESSIONAL RECORD an article by Paul B. Lowney, 1808 40th Avenue East, Seattle, Wash., which has been referred to me by an outstanding constituent of mine:

[From the Washington Post, Feb. 8, 1974]

SAVE OUR PRESIDENT

Our President should not resign. Instead, the biased national news media should resign—resign themselves to a philosophy of fairness, objectivity, and unslanted news reporting.

If the American public is losing confidence in the President, it was inevitable, once the biased national media decided that Watergate, finally, was the issue they could keep alive indefinitely with headlines until they weakened and destroyed the President. Watergate is more of a crisis by media than a crisis by deed.

The gradual evolution in this nation of a grossly biased think-alike, sound-alike national news media—capable of immediate and direct access to the minds and emotions of virtually our entire population—poses a serious threat to our republic's vital system of checks and balances. The national news media—devoid of competition in social and political philosophies—constitutes a powerful monopoly of ideas. By using this monopolistic power, they can mold public and lawmakers' opinions in the image of media philosophies. In the final analysis, the national news media—elected by no one—can control our national Government. Their success in the Watergate matter proves it.

This coalition of the biased national news media and media pets in Congress should call a moratorium on pummeling the Administration with the Watergate affair, and should focus national attention on the normal business of government and critical problem solving.

This short-sighted coalition sees only one evil—the Administration. It is trying to investigate this country to death. During Colonial times, there was a medical practice known as bleeding. Bleeding was supposed to be good for the patient. Only, sometimes it was so good for the patient, it killed him. Whom are they trying to kill with endless investigations and headlines?

Foreign capitals are bewildered by our national masochism. Under a headline, "Masochistic America," a Parisian journal, Valeurs Actuelles, stated: "The destruction of President Nixon is nonsensical, both constitutionally and politically. This is revenge."

The monolithic national news media continue to use this trite rationale: "We are only the messengers. Blame the people who make the bad news. If this was true under the old-style objective journalism, it is not true anymore under the new advocacy journalism. The "Big Brother" national news media, with their enormous investigative and opinion-making powers not only deliver the news, they create the news! They decide for us—depending upon their own biased political and sociological philosophies—who will get a "good press" and who will get a "bad press"; who is a "good guy" and who is a "bad guy"; what is a crisis and what is not a crisis.

Commenting on the power of the media, Pulitzer prize-winning author-historian Theodore H. White, in his new book, "The Making of the President—1972" aptly noted: "The power of the press is a primordial one. It sets the agenda of public discussion; and this sweeping political power is unrestrained by any law. It determines what people will talk and think about—authority that in other nations is reserved for tyrants, priests, parties and mandarins."

England's author-philosopher Malcolm Muggeridge said on a recent U.S. talk show that he wondered how any government in this nation could survive, if all its deficiencies were constantly magnified and paraded on national television. Jack Paar, in an article in Look magazine a decade ago, pointed out the basic problem of a power source, which has no check and balance on its power, when he wrote: "The American press has always been in the position of wielding the whip, never of being lashed by it."

Historical perspective will prove that the issue of Watergate is primarily a media issue rather than an issue of mortal importance. Good men, and great men, are capable of misdeeds. But one must balance, with realism and pragmatism, the importance and benefit of good deeds against the harm of bad deeds. Despite Watergate and related matters, Richard Nixon is a good man—a man of wisdom, courage and strength, who, fortunately, for our nation's survival, has a keen sense of global perspective and national direction.

But, unfortunately, Mr. Nixon does not have the special style, charisma and the super-liberal philosophy to earn the love of the national news media. He is simply not their man. In Watergate, the national news media found a mini-issue, and employing McCarthyism tactics, blew that mini-issue into crisis proportions to destroy the President. They uncovered a germ and spread it into a national disease.

The misguided coalition of the national news media and media pets in Congress has wrong priorities. Attacking and investigating the Administration is not our most vital business. Any far-sighted view of the basic problems affecting our daily lives, and the unfolding events in foreign lands, would prove that these are the issues toward which we should direct our national energies: 1) Striving for world peace, and insuring America's military and diplomatic ability to survive on this planet in peace; 2) solving the energy crisis; 3) Freeing our cities from the fear and repression of violent crimes; 4) Improving our national health and living conditions; 5) Maintaining ample national resources; 6) Maintaining a healthy economy.

But these issues do not seem to overly concern this coalition. It is too obsessed with plaguing the public consciousness with its national pastime—searching out and publicizing anti-Nixon minutiae in a campaign to destroy him.

KIDNAPING

HON. ROBERT PRICE

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 26, 1974

Mr. PRICE of Texas. Mr. Speaker, the tragedy of San Francisco involving the daughter of publisher Randolph Hearst, and now the more recent shocking news of the kidnaping of the editor of the Atlanta Constitution, Mr. Reg Murphy, dramatically underscore the need for a get-tough policy with those who brazenly abduct innocent citizens and subject their families and the community at large to untold mental and physical anguish.

Accordingly, I am today introducing legislation to restore the death penalty in certain instances in kidnaping cases which come under the jurisdiction of Federal law. Although I personally believe that kidnaping itself is an act heinous enough to be worthy of the death penalty, nevertheless, the seriousness of the crime can be increased in those instances when the kidnaping victim suffers injury or death. Therefore, to deter the temptation of the kidnapers to dispose of or to inflict bodily injury upon the victim, my bill would provide that—

> In case a victim is not returned physically unharmed, whoever violates this subjection shall suffer death.

Again, it is my belief that kidnaping is an offense worthy of the death penalty. Unfortunately, Congress recently amended the law to provide a penalty of "for any term of years or for life," which means that it is entirely possible that a convicted kidnaper or conspirator never see the inside of a jail. For this reason, my bill also toughens the penalty for the act of kidnaping where no harm comes to the victim by providing that the sentence shall upon conviction be a minimum of 10 years up to life imprisonment, and that "no term of imprisonment imposed under this subjection shall be reduced by suspending the sentence, probation, or parole."

Mr. Speaker, the family of Patricia Hearst is enduring unspeakable agony, and our sympathy and prayers are with her for her safe return, just as Reg Murphy has been returned. If the Congress really feels a sense of remorse and grief over these senseless and barbaric kidnapings, let us demonstrate our resolve to discourage similar actions in the future and to strengthen the chance that victims will be returned unharmed, by taking quick action upon my bill. No Member of this body would want his or her loved one to exchange places with Patricia Hearst; it is my prayer that we will not wait to take prompt action before such a possibility becomes a reality.

PROPOSED DECONTROL OF REGULATION OF NATURAL GAS COULD INCREASE INDUSTRY'S SALES INCOME BY $12.5 BILLION ANNUALLY

HON. JOE L. EVINS

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 26, 1974

Mr. EVINS of Tennessee. Mr. Speaker, 1 year ago President Nixon proposed Federal decontrol of natural gas prices. The President said that this would be one of his top priorities in dealing with the energy crisis.

However, an article published in the current issue of the Progressive, written by Stephen E. Nordlinger, Washington correspondent for the Baltimore Sun, reports that removal of Federal control of natural gas prices could increase the industry's sales income by $12.5 billion per year.

The natural gas industry is dominated by big oil giants such as Exxon, Shell, Amoco, Gulf, and Phillips. We have heard much about the windfall profits these companies already are reaping at the expense of the American people.

Because of the interest of my colleagues and the American people in this important matter, I place the article in the RECORD:

TAKING THE LID OFF NATURAL GAS

(By Stephen E. Nordlinger)

One day in 1956 the late Senator Francis Case of South Dakota rose in the Senate to inform his colleagues that an out-of-state oil company had attempted to give him a cash contribution of $2,500. A wild controversy was raging at the time over the oil industry's tactics in pressing for an end to the Federal regulation of natural gas prices. Senator Case, who had been in the sure column, switched and voted against deregulation. But the bill passed, only to be vetoed by President Eisenhower in the uproar that followed the Case disclosure. Since then, over the last eighteen years, the major oil companies, which produce the bulk of America's natural gas, have sought with varying degrees of intensity to persuade Congress to remove controls from natural gas prices. All attempts have failed; the issue seemed far from urgent while the nation went on its way consuming a third of the World's power with no fear of scarcity.

Just a year ago, as awareness of a coming fuel shortage increased, the situation changed abruptly. President Nixon, the beneficiary of $5 million in 1972 campaign contributions from oil executives and principal shareholders, took a firm stand in favor of Federal decontrol of natural gas prices. It became one of his top priorities in dealing with the "energy crisis." To rally public support, the industry itself started publishing newspaper advertisements with such headlines as "The Unnatural Gas Shortage" and "The Unnatural Gas Shortage Revisited." A full-scale campaign began on Capitol Hill. In the Congressional climate of acute concern over fuel scarcity, the industry pressed for approval of the trans-Alaska pipeline and for a relaxation of restrictions on offshore drilling and construction of deep-water ports for supertankers. But gas deregulation was placed at the top of the industry's legislative agenda.

Enormous amounts of money are at stake. If all contracts between gas producers and pipelines were to be renegotiated on the basis of unregulated rates in present market conditions, the industry would receive an estimated additional $12.5 billion a year in sales income. If decontrol were to be applied only to contracts that expire this year, the added annual income would be $1.5 billion. For each penny per thousand cubic feet above the regulated rates the industry receives about $220 million. It is small wonder, then, that oil lobbyists roam the halls of Congress intent on mustering support for various versions of gas bills, all of which have the purpose of removing controls from the wellhead price that the Federal Power Commission has regulated for the last twenty years.

The industry—buttressed by the Administration and the Commission itself, all of whose five members are Nixon appointees—maintains that regulation has kept prices artificially low, thus encouraging demand beyond the willingness and ability of gas producers to provide the needed supply. The result, according to the industry, is a critical shortage of gas, which meets a third of the nation's energy requirements. Diminished supplies of gas have, in turn, contributed to increased demand for oil. Compounding the problem, at a time of environmental constraints, is the advantage of natural gas as a "clean" fuel with a low sulphur content.

Under the classical rules governing a competitive market system, the industry's remedy should be appropriate: Higher prices would, presumably, dampen demand to some extent and encourage expanded production to the point where a new equilibrium would be established. Few experts doubt the existence of huge supplies of natural gas in the ground to be explored and developed; potential gas reserves amount to 2,100 trillion cubic feet—about 100 times current annual levels of consumption.

The central question at the nub of the controversy over deregulation is how to get these resources out of the ground and into the market at a price that adequately compensates the producer and, at the same time, protects the interests of the consumer. The oil industry argues that if the Federal lid were taken off the wellhead prices, they would rise until they reached the price of level of competing sources of energy.

This theory, however, disregards a crucial aspect of the natural gas business: Contrary to all of its contention, the industry is not workably competitive. An increase in its prices, therefore, will provide no assurance of new supplies. Under competition, producers would respond to higher prices and enter the market, increasing supplies as their rewards rose. But under the monopolistic and oligopolistic situation prevalent in the gas industry, which blocks the new entry of independent-producers, higher prices beyond those that cover costs and bring a fair rate of return could merely generate windfall profits. Supplies to the consumer could well remain inadequate as the producers capitalized on the shortages. They would merely sit on their gas reserves as prices spiraled, waiting for their highest return.

The realities of the industry, dominated by such giants as Exxon, Shell, Amoco, Gulf, and Phillips have been vividly described by members of the Office of Economics of the Federal Power Commission. While the Nixon appointees on the Commission have been busily advocating deregulation, the economists on the FPC staff have developed detailed information that points to a gas industry marked by interlocking relationships among major producers and between these producers and pipelines; joint bidding combines for offshore leases; bank director interlocks among major oil companies; and dual roles for producers as buyers of gas within the producing states and sellers of gas in the interstate market.

When eight corporations in one industry hold more than half of the sales in a market, economists are ready to contemplate the possibility of monopolistic concentration of power: Studies by the FPC's economists show that between 1965 and 1970, eight companies controlled between sixty-one per cent and eighty-six per cent of supplies in Southern Louisiana, seventy-six and ninety-four per cent in the Permian Basin of New Mexico and West Texas, and seventy-two and ninety-nine per cent in the Gulf Coast. In terms of anticipated future supplies, eight companies controlled gas from about seventy per cent of all three combined wildcat offshore Louisiana lease sales in 1970 and 1972. The offshore lease sale in the Texas Gulf Coast last June reflected an eight-company concentration of eighty-seven per cent.

Against these facts, the industry cites the existence of 3,218 corporations, 35,738 individuals, and 10,795 partnerships in the producing business as evidence of competition. This large number, it is argued, precludes the possibility of effective combination to any significant extent. Even the joint bidding for leases of public lands promotes competition by allowing companies with limited financial resources to participate. Nationwide, it is said, the eight largest producers account for about forty-five per cent of total sales, short of the fifty per cent benchmark.

But the relevant figures, as the FPC economists point out, are not aggregates nationwide, but concentrations of control over new supplies and measurements of company activity in separate producing areas. On these points, concentration of more than fifty per cent is strongly indicated.

The pipeline companies that buy from the producers might be expected to inject competitive price restraint as they did for supplies, but this has not happened. According to David S. Schwartz, assistant chief of the FPC's Office of Economics, "all major pipeline purchasers have producing affiliates." In these circumstances, there is obviously no incentive for a pipeline to bargain vigorously with producers for lower prices.

In fact, any meaningful bargaining between producers and pipelines is frustrated by such vertical integration. Any increased prices paid by a pipeline for gas can be used as a basis for paying equally higher prices to its producing affiliate, thus enhancing the profits of the parent company. In addition, any price paid by a pipeline is considered a legitimate cost of doing business by the FPC, and the pipeline can simply pass the cost along in higher rates. It is not to be expected that the pipelines will fight for lower prices; it is reasonable to anticipate just the opposite.

There was a time when gas consumers could look to local public utilities to exercise some restraint on prices through their opposition to unwarranted increases before the FPC. A new development of major significance may doom even this control, Schwartz notes: As shortages mount, these utilities are forming affiliates to search for and produce gas, or to participate in joint ventures with established producers for the same purpose. In consequence, he observes, "Of late the opposition of private gas distributors [utilities] to escalating producer price requests at the Commission level has evaporated." Maximizing profits dictates the opposite course. In the absence of Federal regulation, and with minimal resistance, if any, to higher producer prices from pipelines or utilities, what is likely to happen to the price paid for gas by forty-three million customers who have no alternative source of energy? The answer is not too difficult to calculate, given the FPC's propensity to soften controls and, in fact, to deregulate prices on an "emergency" basis even without authorization from Congress.

Last September, the Commission allowed emergency purchases under 180-day contracts without Federal approval of the prices. The Commission's so-called "area rates" now average thirty-five cents per thousand cubic feet, but prices in an "emergency sale" in South Louisiana rose to sixty-five cents, in the Permian Basin of New Mexico to sixty cents, and in Oklahoma to seventy-five cents. Should all contracts nationwide be renegotiated at the seventy-five-cent level, the added annual return to the producers would reach $12.5 billion.

Calculated on another basis—and an equally reasonable one, judging from industry comments—the new return to producers could reach $18 billion. This is the price at which gas is selling in the *intra*state market—the market within the states where gas is produced—which falls outside Federal regulatory jurisdiction. Such sales are currently in the price range of eighty cents to $1 per thousand cubic feet. At eighty cents, the income gain would be $13.5 billion; at $1, it would total $18 billion.

In pressing for deregulation, producers often cite those figures as the true "market value" of gas—the level at which it should be selling in the interstate market to elicit the necessary supplies. But are the prices arrived at under "emergency" contracts or in the intrastate system competitive? The evidence points in the other direction. These prices are not based on the cost of finding and developing the gas plus a fair rate of return, but rather on the power of the producers to exploit their monopolistic position.

Proponents of deregulation also refer to the high prices of imported liquefied natural gas, which range from $1 to $1.25 per thousand cubic feet to as high as $2 for limited purchases. The industry contends that there is no justification for paying Algeria or other foreign sources such prices while keeping domestic prices artifically low. However, the foreign price level is no more reliable a guide to true market value than is the intrastate price. Both reflect monopolistic control—one by a foreign government and the other by the oil corporations.

In determining whether FPC price regulation has been a major factor contributing to the gas shortage, as the industry alleges, it should be noted that in the twenty years since the famous Supreme Court decision in the Phillips case that required the FPC to regulate the wellhead price of gas, prices of natural gas have been allowed to rise by 125 per cent. Over this period, the Consumer Price Index has risen fifty-seven per cent.

It makes no sense, then, to attribute the gas shortage to price regulation. Rather, it it is clear that the industry deliberately decided to hold down drilling and production for two reasons: first, because the relatively low cost of gas, compared to oil, poses a threat to maximizing the profits of the major companies that produce both fuels, and second, because it has been hoped that the regulated price ceilings would be removed. The more President Nixon and the members of the FPC have spoken of deregulation, the less advisable it has appeared to produce. With each passing day, the gas in the ground has become increasingly valuable. According to George L. Donkin, industry economist with the FPC's Division of Economic Studies, there were 743,000 acres in gas-bearing offshore Louisiana Federal land that companies had "shut in" as of January 1973. The U.S. Geological Survey reported last August that there were 943 shut-in wells in the Gulf of Mexico. The industry reports these facts, but the detailed explanations, verified by the Government, are lacking.

The controversy over whether the industry is holding back on production, thus contributing to a contrived gas shortage, is closely related to growing suspicions that the producers have understated their underground reserves to gain higher prices. The lower the amount available for the market, the greater the price the companies can expect to be allowed to charge by the FPC.

The Government depends on industry to supply the reserve figures, but their accuracy is open to serious question. The subcommittees of the American Gas Association, the trade group that submits the statistics, is made up exclusively of employes of the petroleum companies in the various areas surveyed. Only aggregate information is passed along. Furthermore, doubt has been raised about the FPC's recent attempt to verify the industry's figures.

Howard William Pifer III of the Harvard Business School, who served on the staff that prepared the data for the inventory of proved reserves for the FPC's National Gas Reserve Survey, says the report, issued last July, failed "to meet the criterion of an independent evaluation" of the gas industry. He said that two-thirds of the members on the supply study group were affiliated directly or indirectly with the producing industry or Government. It is little wonder, in these circumstances, that the survey reported even lower gas reserves than the AGA had claimed.

The Commission also sent questionnaires recently to producers to obtain information on their uncommitted reserves available for sale. In response, some companies reported either zero or negligible reserves. Nonetheless, only a few months after the reporting date, the Commission received filings showing substantial new commitments.

In testimony before the Senate Antitrust and Monopoly Subcommittee, John W. Wilson, former chief of the FPC Division of Economics, said that the vagueness of the questionnaire allowed for "semantic juggling" in calculating reserves which rendered the resulting numbers "meaningless."

Rather than run the risk of having this information, no matter how incomplete or ambiguous, fall into public hands, a staff member of the Commission ordered that the documents be destroyed. They were torn up and stuffed in a burn bag, but the incinerator failed to function. Senator Philip A. Hart, chairman of the Antitrust Subcommittee, discovered their existence and subpoenaed them. Subsequent hearings by Senator Hart disclosed the deep antagonism between some of the top members of the FPC staff and the Commission economists who oppose deregulation. An effort had been made to change the status of the economists to a noncivil service classification so they would serve at the pleasure of the Commission chairman, thus subjecting them to political influence.

These developments—the contradictory reports of reserves, the loosely worded questionnaire, the attempted burning of documents—point up the high stakes involved in the deregulation issue. Rates for the half of the American homes that use gas might double over a relatively short period if controls were removed. Furthermore, such increases would remove competitive restraint, causing higher prices for oil, coal, and other fuels. The lid would be off.

What steps, then, could be taken to increase supplies without penalizing the consumer? A key improvement would be the Federal regulation of intrastate gas. As Lee C. White, former chairman of the FPC, had said, it is a "national scandal" that prices remain unregulated within the states that produce the gas. A third of the nation's supplies are consumed in those states—Texas and Louisiana primarily—and a lot is wasted as boiler fuel, a much less economical use than for residential heating. In recent years, these states have virtually monopolized new gas supplies. As a national resource, this gas should be made available to the entire nation under controlled prices.

To inject competition into the industry, the Government's method of selling offshore leases should be radically changed so that the smaller producers of gas as well as oil get a better chance to win some of the acreage. The present 5,000-acre blocks should be scaled down. The royalty rate, now 16.5 per cent, should be raised, but the initial acquisition cost of the "cash bonus system" should be scaled down or eliminated so as to avoid the hundreds of millions of dollars now needed to acquire some leases. Leases should also be forfeited if there is no full production within a prescribed, limited period to be determined by the physical characteristics of the reservoir, so that smaller producers could enter the market and allow supplies to increase. Now, for as little as $15,000 a year, producers can delay actual production indefinitely.

The procedures of the FPC should be streamlined to speed up the processing of rate increases, some of which have taken years to complete. Gas rates may go higher, but they should be based on costs plus a fair rate of return.

Finally, a new oil and gas corporation patterned on the Tennessee Valley Authority, which some Congressmen—most notably Senator Adlai Stevenson, Illinois Democrat—have been promoting, should be formed to explore for gas on Federal land and, most importantly, to set a yardstick against which the industry's actual costs of production could be measured.

Congress is being asked to make some historic decisions in this session, and growing numbers of Americans wonder whether the lawmakers are capable of measuring up to their responsibilities. Watergate has eclipsed such questions as gas deregulation, but on these issues, too, is the measure of Congress taken.

THE SENATE'S SLOW LEARNERS

HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 26, 1974

Mr. DERWINSKI. Mr. Speaker, it is my understanding that House consideration of the energy conference report has been delayed at least until Thursday since there is some confusion and difficulty involved in the final proposed bill involving legislative technicalities which are clearly violated.

In hopes that the Members will have time to thoroughly and objectively study the measure and the economic glaring deficiencies, I insert in the RECORD an editorial from the Thursday, February 21, issue of the Wall Street Journal.

The editorial follows:

THE SENATE'S SLOW LEARNERS

If nothing else, the four months the Senate has spent thrashing around on the "emergency" energy bill should have resulted in the education of a few Senators. Alas, four months is not long enough. By a 67-to-32 vote, the Senate Tuesday finally coughed forth the fruits of its deliberations, one that qualifies at least 67 members for a course in remedial economics.

We say at least 67 because a number of those who voted against the package, Mr. Abourezk of South Dakota for one, believe nothing short of a government takeover of the oil industry can solve the energy crisis, a state of mind that remedial studies would not improve.

The slowest learner of the bunch, however, is Sen. Henry Jackson of Washington, still fixed with the notion that the United States can make itself independent of foreign oil producers by holding down the price of domestic oil. A barrel of foreign crude fetches about $10. So does a barrel of crude from new domestic fields or from stripper wells, those wells that had been abandoned in years past because the going price for crude was so low that it was uneconomic to pump them. Oil from these two sources has been exempt from price controls.

Mr. Jackson's contribution to the energy bill is a "rollback" of all domestic oil to the government-set price of $5.25 the barrel for "old oil." His measure would permit the President to raise this to $7.09, but no higher. In effect, it would take away authority the President now has to decontrol crude oil prices entirely.

For some time, Mr. Jackson has been arguing that freeing new wells from price controls has produced an "oil loophole"; that is, to take advantage of the higher prices of uncontrolled oil, an oilman can cleverly dig a new well and presto, he has some more unregulated oil. Teams of Senators from the oil states took turns trying to explain to Mr. Jackson that if this were true it would be good, not bad, because oil therefore not being produced would be produced, and eventually find its way into the gas pumps of Spokane, Flatbush and Elizabeth, N.J. But to no avail.

Nor was Senator Jackson moved by Senator Gravel's lucid argument that if world oil is at $10 and U.S. oil is held at $5.25, U.S. producers will not be able to compete with the rest of the world in buying "anything they need to drill for oil. . . . are we talking about an embargo on steel pipe, or the technology, or an embargo on the cybernetics?" Mr. Jackson's retort is that $5.25 a barrel is plenty.

Meanwhile, the whole Northeast corridor is suddenly outraged to find there is plenty of foreign gasoline around, and legislators in New Jersey and Connecticut are running around the Federal Energy Office to broker shipments that run to 50 cents a gallon and up. This roughly translates into $20 a barrel. In other words, at the very moment U.S. Senators are attacking the crisis by voting to halve the price of new domestic crude, state politicians are attacking the crisis by going out and finding foreign-produced black-market oil at double the world price. Of course, if the Senate's energy bill becomes law, X number of domestic wells would shut down and more state legislators would have to get into the business of brokering foreign gasoline at speculative prices.

Fortunately, it now appears the legislation will pass into oblivion. In its wisdom, the House Rules Committee yesterday reported the bill, but refused to waive points of order. The House thus has a chance to vote separately on the rollback provision as well as the title that authorizes gas rationing. If either provision is deleted, the bill will be dead. And if the House, too, has learned nothing about the law of supply and demand in the last four months, and agrees with the Senate, surely Mr. Nixon will veto the bill.

Before the Congress returns to its deliberations on "emergency" energy legislation, a process likely to take another four months, it would be nice if it took time out to adopt a simple measure energy czar Simon has requested. Mr. Simon would like to eliminate the crude-allocation program, which Congress forced on him at the beginning of the emergency. The program is discouraging the importation of perhaps a million barrels of crude oil every day, an amount the folks in Spokane, Flatbush and Elizabeth, N.J., would be pleased to get their hands on. When it comes to learning things, Mr. Simon is well ahead of the folks on Capitol Hill.

LOUISE OWENS ADDRESSES LIONS CLUB

HON. JACK BRINKLEY

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 26, 1974

Mr. BRINKLEY. Mr. Speaker, Henry Adams once stated:

> A teacher affects eternity; he can never tell where his influence stops.

I can think of no finer example of the truthfulness of this statement than that of one of my constituents, Miss Louise Owens, a retired history and government teacher in LaGrange, Ga., who, prior to her retirement in 1971, was named to receive the Teacher Hall of Fame Award.

On January 22, Miss Owens addressed the members of the LaGrange Lions Club—which is, incidentally, the No. 1 Lions Club in the State of Georgia. The president of the LaGrange Lions, Mr. Frank E. Hurst, has written to me—

> Miss Owen's teaching of history and government has had great influence on our young people strengthening their faith in our State and Nation and their desire to be responsible citizens.

After having reviewed a copy of Miss Owen's speech—and as a former teacher myself—I can certainly understand why she is held in such high esteem.

Mr. Speaker, I commend herewith to the attention of our colleagues the text of Miss Owen's most excellent speech. The speech reads:

Uncle Sam Is Sinking in the Quicksands of Apathy, Affluence, and Materialism

(Prepared by Louise Owen)

You may be expecting a former government teacher to mention Watergate, Energy Crisis, the Middle East and Impeachment. They have been mentioned—just remember that impeachment does not mean removal from office and we will close the book on those issues for the time being, at least.

Do you like to think? Few people do, but it is always interesting to try to challenge people to think. All of you are familiar with the statement that "History repeats itself." How many of you would agree with Hegel's statement that "History teaches us that man learns nothing from History"?

For the past 24 months Americans have been shocked by the corruption in high places in our country, but how many have stopped to realize that reports on corruption in high places together with the sequential results may be found throughout the Old and New Testaments, as well as, secular history. If you are doubtful, lay your sports page and your Wall Street Journal aside for a brief period and read the book of Jeremiah or Joel.

All students of history are aware of the fact that the rise and fall of great civilizations have followed a rather definite sequence. History does prove that it repeats itself but few people in the 1970's are willing to accept the fact—it can't happen here! Time does not permit a resume of history, suffice it to look at the developmental sequence of the great civilizations:

From Bondage to Spiritual Faith;
Spiritual Faith to Great Courage;
Great Courage to Liberty;
Liberty to Abundance;
Abundance to Selfishness;
Selfishness to Complacency;
Complacency to Apathy;
Apathy to Dependence; and
Dependence back to Bondage. (Copied from Congressional Record.) Western civilization and the United States are right here between Apathy and Dependence.

In 1787, that great American, Benjamin Franklin said, "We have given you a Republic, if you can keep it". During the last four decades that last phrase has become increasingly important. ". . . If you can keep it", because Uncle Sam has been slowly sinking in the quicksands of apathy, materialism, and affluence. It is alarming to note how rapidly this great Republic is slipping toward a welfare state—a state of dependence. Why? Because, despite the fact that we are the most affluent nation in recorded history, more and more individuals are looking to the government for more and more things, including fixed incomes—work or no work. People in general are striving to accumulate more and more things for "Me, My Wife, My Son John, His Wife, Us Four and No More".

May I take one phrase from the causes of the Fall of the Great Roman Empire and use it as a spring board for what I really want to say . . . "the decay of individual responsibility" (Edward Gibbons)

Individual responsibility has been abandoned to a very great extent in every phase of American life. Individuals are more interested in getting more and more money than they are in the basic values of life, such as: faith in God, faith in one's fellowman, faith in self, honesty, dependability, self-discipline, every privilege has a corresponding responsibility, relative freedom, sanctity of the home, morality, and a recognition of the sovereign power of God.

Affluence and materialism have almost completely overshadowed the responsibility of an individual to do a job to the best of his or her ability, no matter how small or how gigantic. In the "throw-away" culture that has developed in the last two decades, too many individuals feel that it is useless to build anything or do anything that has lasting value because tomorrow we shall discard the present and do something else. Basic values never change.

The men who established this great Republic were willing to get involved, to study, to think, to work, to die for what they wanted for today and for tomorrow—Liberty. They were a self-disciplined group, they were a minority group, they were a group dedicated to a cause—the cause of Freedom. One of those men, Thomas Jefferson said, "The price of liberty is eternal vigilance". As a people, we seem to have by-passed this admonition and feel that we have very little responsibility in maintaining a strong Republic.

What are Americans dedicated to in the 1970's? Don't be offended, present company is excepted and the exceptions throughout the nation may well be the salvation of this great nation. An increasing number in the present day are dedicated, either consciously or unconsciously, to unadulterated selfishness—making a fast buck, no matter how, shoddy work, cheating, stealing, robbing, killing, keeping up with the Joneses—there must be a three car garage now because Johnny or Susie must have his or her status symbol—pleasure seeking, being a spectator rather than a participant . . . my rights, to hell with the rights of everybody else . . . give me things, things, and more things. Affluence, materialism and apathy.

The minority group who laid the foundation for the United States believed in God and they wrote that belief into the early documents. They believed in basic values. They were leaders with convictions and the guts to stand up for those convictions. They built the foundation for a government that would have written guarantees that the people would govern themselves and written guarantees against the development of a dictatorship. Such a foundation was laid but the responsibility for the success of the written law lay within the people themselves.

The nation has had its ups and downs, its depressions and its prosperity, its successes and its failures, and its growing pains of progress, but, only during the last four decades, since 1933, have the people demanded more than they were willing to give. For a short period in the 1940's the people rallied to the call of patriotism in support of men who faced death to preserve freedom for those whom they loved. Since that time there has been an increasing mockery of love of country and pride in one's homeland. Why? The rejection of individual responsibility for keeping our country strong. We had best find time to do some serious thinking and work in order to nurture the little bit of freedom that we have left, lest it be swallowed up. When we become dependent on the government for most things, we are only one step away from bondage and being servants of the government. Remember that the opposing ideologists have said that on our 200th anniversary, they will replace Old Glory with the Hammer and Sickle. My blood ran cold yesterday afternoon when I read the following quote in this week's issue of the U.S. News and World Report:

The Bicentennial Center for the District of Columbia, the nation's capital, was dedicated on January 14 by the Mayor of Washington. A representative of the White House was there. So were other dignitaries.

Looking down on the occasion was a new mural, done for the Bicentennial office by an artist named H. H. Booker II. Among the personages depicted—

Karl Marx, the father of Communism.
Friedrich Engels, Marx's associate.
Joseph Stalin of the Soviet Union.
Mao Tse-tung of the Chinese Communists.

For extra measure, the muralist included a caricature of President Nixon wearing a mustache and clad in the costume of a movie gangster. He sketched the President's daughter, Tricia Nixon Cox, with an Afro hairdo. He included a portrait of Angela Davis . . . It is . . . a desecration of everything truly American from 1776 to today. Go back to your office and get this week's U.S. News and World Report, read the whole editorial and see if your blood doesn't run cold. (January 28, 1974)

The opening words of the United States Constitution places the responsibility for a strong government, not on the President, not on Congress, not on the Supreme Court, but on "We, the people . . ." That responsibility is just as relevant in the 1970's as it was in 1787. The last purpose stated in the opening paragraph says, ". . . to secure (that is to protect) the blessings of liberty to ourselves and our posterity (those who come after us)." Just suppose that the generations who preceded us had done no more to uphold that purpose than individuals in the 1970's are doing to uphold it for succeeding generations—what of the future? "We have given you a Republic, if you can keep it."

Time does not permit even a resume of the safeguards written into the United States Constitution, but those safeguards provide for the power of the government to be determined by the people. When individuals renounce the exercise of such powers as guaranteed to them, those powers are lost. When "We, the people . . ." fail to protect our guaranteed powers, then a thief steals them away in the night and many have been stolen simply because "We, the people . . ." have gone to sleep on the job. We have always enjoyed freedom, we have not worked to get freedom, it will always be here because it always has been, so far as we are concerned . . . apathy, apathy, apathy.

I simply cannot resist calling this to your attention—Were you among the 243 who went to the polls and participated on the first Wednesday in December 1973? If you were not among that 243, you have no right to open your mouth regarding any decision made by our very fine Mayor and Council. Many of you may disagree with me but that is my firm conviction and I will stand on it. Registered voters who are spectators have never won an election and have never lost an election. Hundreds of thousands of Americans do not accept the responsibility of voting but let one privilege be abridged ever so little and those same non-voters will howl to the high heavens.

The United States Constitution has expressly stated the powers to be exercised by the Congress, the President and the Supreme

Court. In order for the document to be flexible, provisions were made for implied powers to be exercised but each had to be related to an expressed power. During the past four decades, "We, the people . ." have permitted these implied powers to be stretched beyond recognition. The constitution provides for emergency powers to be given to the President by Congress. Since 1933, these emergency powers have been doubled and tripled until in the 1970's, the tail is wagging the dog. No one individual can sit behind a desk in the White House and protect or preserve freedom in the United States—only when the people of the United States are willing to accept the responsibility and go to work to restore lost freedoms and keep America free can we remain a free country. Have you considered the possibilities that exist in letting one individual have control of the current energy crisis? Almost overnight, this country could grind to a screeching halt. If, during the past six months, 535 legislators in Washington had had to climb over mail bags filled with letters from their constituents, in order to get to each of their desks, many things currently in the headlines could be different. 1974 is an election year and few of those legislators want to lose the approximate $150,000 a year that each receives in benefits and salary.

What I am about to suggest is an impossibility and I recognize that, nevertheless, I wish it were possible. I wish every individual who has an income of any kind had to add up all the taxes that he or she pays—income, property, sales, gasoline, luxury, excise, et cetera, et cetera—for one year, then divide the sum total by 365 to determine how much tax he or she pays each day. And that is not all, I wish each individual had to deposit that daily amount in a meter before he or she could get out of his or her house to do anything. If this utterly fantastic idea could become a reality, I guarantee that the interest in government would blow the roof off. Have you ever figured your income tax on that basis? It might startle you.

The awakening of the "great silent majority" in America is long overdue, because there is an increasing number screaming for absolute freedom which is nothing short of anarchy. It is imperative that the "great silent majority" wake up and get into action. Edmund Burke said, "The only thing necessary for the triumph of evil is for good men to do nothing". Alexis de Tocqueville said, ". . . if America ever ceases to be good . . . America will cease to be great". It is my firm conviction that the gates of Pax Americana are beginning to swing closed and if we as individuals do not accept the responsibility of keeping them open they will close—and, where will your grandchildren be?

Ere now, you have probably decided that I am a confirmed pessimist. Your decision would be wrong, because I believe there is hope, if individuals will accept it. During the period of apathy, affluence, and materialism in the reign of King Solomon, God said, "If my people, which are called by my name, shall humble themselves, and pray, and seek my face, and turn from their wicked ways; then will I hear from heaven, and will forgive their sin and heal their land".

I challenge you as individuals to do your part in helping to pull Uncle Sam out of the quicksands of Apathy, Affluence, and Materialism.

An anonymous writer said it this way and I concur:

"I am only one,
Yet one is 100% more than none.
I cannot do everything but I can do something.
That which I can do, I will do,
So help me, God!"

RUSSIANS HAVE NEGOTIATED ACCESS TO WASHINGTON AIR SPACE

HON. JOHN R. RARICK

OF LOUISIANA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 26, 1974

Mr. RARICK. Mr. Speaker, while Pentagon officials express concern over the current Soviet arms buildup in Peru, including tanks, planes, and advisers, they have expressed little or no concern over the announced plans to allow the Soviet Union's international airline, Aeroflot, to begin weekly flights into Washington, D.C. Presumably, the planes will be provided with flight plans and other data concerning the air space over the Nation's Capital and the surrounding area, which includes some of our most sensitive defense complexes, as well as the Pentagon itself.

Aeroflot is also planning to open offices in downtown Washington to conduct its operations. It should be remembered that the FBI estimates that about 50 percent of the Soviet representatives in the United States, including trade officials, Tass correspondents, et cetera, are actually agents of the KGB.

The new Moscow-Washington flight plans were quietly arranged during last summer's visit from Communist Party boss Brezhnev. This latest result of "détente" may raise questions by many Americans as to what other "arrangements" were also made during that historic meeting.

I insert the related newsclippings at this point in the Record:

[From the Washington Star-News, Feb. 25, 1974]

Soviet Advisers Move Into Peru

(By Fred S. Hoffman)

U.S. intelligence sources say Russian military advisers have moved into South America for the first time.

They report that Russian technicians have arrived in Peru to train Peruvian soldiers in the use of T55 medium tanks bought from Russia last year.

Soviet military advisers have been present in Cuba for about a dozen years, but they have never been accepted by a South American nation.

Peru's purchase of Russian tanks and other military hardware has alarmed Chile and other neighboring countries. The appearance of Russian military advisers is certain to deepen that concern, U.S. military officials said.

American intelligence is uncertain how many Russian tanks and advisers have reached Peru. The Peruvian government has bought as many as 200 medium tanks, heavy artillery and other arms, and may be planning to order small SA7 antiaircraft missiles from the Soviet Union.

Russia has been trying for some years to gain an arms sales foothold in South America.

Moscow concentrated on Chile until the overthrow of the leftist Allende government by a rightist military junta last fall. Despite offers of low-price, low-interest, long-term arms deals, Russia was not able to open up a market there.

Then the Soviet Union switched its focus to Peru, and Peruvian President Juan Velasco acknowledged two months ago that his government had bought tanks and other weapons from Russia.

This was followed by reports that Chile's new military rulers were negotiating with the French for the possible purchase of more than 40 AMX30 medium tanks, which the Chilean army regards as comparable to the Russian armor bought by Peru.

Meanwhile, Chilean officers asked for American tanks and planes, arguing that these new armaments are essential to maintain an armed balance with Peru.

The Chileans have been telling American diplomats and military men that the Peruvians might use their new military muscle to try and take back territory lost to Chile in the War of the Pacific nearly 100 years ago.

U.S. officials appear to take little stock in talk of a new Chilean-Peruvian war, but they are disturbed at what is shaping up as an arms race in Latin America.

Ecuador, another neighbor of Peru, reportedly has indicated to American officials recently that it wants to buy arms from the United States. This came after it was reported that Peru is planning to form a new army division, and possibly an air force wing, to be stationed in a region bordering Ecuador.

[From the Washington Post, Feb. 22, 1974]

Soviet Airline Plans Dulles-Moscow Flight

(By Jack Egan)

Aeroflot, the Soviet Union's international airline, will begin weekly direct air service between Washington and Moscow on April 5.

The new air service was part of a bilateral agreement negotiated last summer between President Nixon and Communist Party Secretary Leonid Brezhnev.

As part of the agreement, Pan American World Airways—which flies a once-a-week service between New York and Moscow—was given the rights to serve Leningrad from New York.

A Pan American spokesman said plans to fly to Leningrad are "in limbo," adding that the airline itself did not seek the agreement.

Aeroflot currently operates two flights a week between New York and Moscow which will be continued. The new flight from Washington will leave each Friday at 8:10 p.m. from Dulles International Airport and will arrive in Moscow at 3:30 p.m. the next day, after a two hour stopover in Paris.

Aeroflot will use a 138-passenger Ilyshin 62 for the service linking the two capitals, according to spokesman Alexander Manyanin. The round-trip fare for the service will be $742 during the winter travel season and $932 in summer.

Aeroflot is also seeking to open an office in Washington around 16th and L streets, Manyanin confirmed.

IS A TEAPOT DOME SCANDAL BREWING IN THE OIL SHALE LANDS OF COLORADO?

HON. CHARLES A. VANIK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 26, 1974

Mr. VANIK. Mr. Speaker, during the past several months, I have raised a number of points about questionable practices and improprieties in the conduct of the Federal oil shale lease program.

Oil shale is an enormous national treasure.

The oil shale deposits of the Rocky Mountains contain hundreds of billions of barrels of oil and most of the deposits are on public lands. The Department of the Interior has begun a program of leasing these lands so that the production of oil from these deposits may be available within the next few years.

I support the development of this enormous mineral wealth. But I fear that the public's interest is being ignored in the present lease process.

During the past few weeks, I have commented on the fact that the oil companies are being permitted to use public lands free of charge. I have released a GAO report on the leasing program which raises serious questions about the validity of many of the Department's actions. And most recently, I pointed out that there is a tremendous disparity between the per barrel bid value of the first lease and the second lease. If the public had received the same per barrel value on the first lease as it received on the second lease, the Treasury would have received an extra $400 million.

On Monday, February 25, I reported that the Office of Oil Shale is being quietly disbanded. While I have not been pleased with the work of the Office, it at least has provided some semblance of coordination. Now even that is gone and the old line, pro-oil-company Federal agencies are back in full control. It is incomprehensible that during this time of constant talk of energy crisis, the administration is actually disbanding the one office which has attempted to deal with oil shale.

Now, information has just reached me of a very peculiar, noncompetitive, lease of land in the oil shale area. Ten thousand acres were leased last October for the mining of a low-value sodium salt called nahcolite. The companies who will be mining this mineral will also be digging up enormous amounts of oil shale. Under the terms of the lease, they will not use this shale—estimated to contain a billion barrels per square mile—but will simply store it—receiving a storage fee from the Federal Government. I simply cannot believe that these leases will be limited to the mining of this sodium salt. I believe that the way has been opened, improperly, for future control and processing of this oil shale by the companies involved. Mr. Speaker, something is fishy about this program. I fear that with hundreds of billions of dollars of oil at stake, the public is being taken for a ride. The oil shale program could well be turning into the Teapot Dome Scandal of the 1970's.

Congressional oversight and review of this entire program must be intensified.

I would like to enter into the RECORD at this point a copy of the letter which I sent to the Secretary of the Interior on February 25, 1974, as well as a copy of the press release containing my comments on the disbanding of the Oil Shale Task Force:

CONGRESS OF THE UNITED STATES,
Washington, D.C., February 25, 1974.
Hon. ROGERS C. B. MORTON,
Secretary of the Interior,
Department of the Interior,
Washington, D.C.

DEAR MR. SECRETARY: In October, 1972, the Bureau of Land Management leased four tracts of Colorado land, allegedly for the commercial recovery of a sodium salt, nahcolite. Totalling about 10,000 acres, the land is located in the center of the Piceance Creek Basin, just to the east of "C–a" prototype tract that has already been leased for $210 million for commercial recovery of shale oil. Government evaluations have estimated that at least one billion barrels of shale oil are contained in each square mile of land in that region.

There is every indication that the leasing of these lands was nothing but a backdoor attempt to allow the eventual recovery of the shale oil, and not the nahcolite.

It is my understanding that:

a. The leases were let *non-competitively* on a "preference right" basis. The leases were made for the recovery of sodium salts despite the very obvious and proven value of the shale oil located on the lands.

b. The sodium salts in the leased areas are in the form of *scattered crystals* interspersed throughout the massive beds of oil shale. A member of the Oil Shale Task Force told my staff just last week that this was the exact reason the C–a and C–b tract prototype lessees would *not* mine the associated minerals—implying that only a *continuous bed* of nahcolite would be economically harvestable.

c. The BLM leases allow mining only at the "sodium horizons" (the various strata where sodium is located). The large amounts of shale oil that must be moved to reach the nahcolite still belong to the government, but the lease provides that the government must pay equitable "storage fee" to the miners for the mined shale ore. This arrangement will apparently allow a large part, if not all, of the sodium mining, to be financed with the receipts from the "storage fees." At the same time, the relatively crushed shale oil will be brought to the surface for later easy processing by private individuals.

d. No environmental impact statement has ever been filed to evaluate the repercussions of the mining or the subsequent storage of what would be huge amounts of oil shale ore.

e. After the initial leasing of the four separate sodium leases, the Department of the Interior allowed the leases to be consolidated into a *single* lease, because it "wasn't economical" otherwise. This provision apparently violates the Mineral Leasing Act's limitation on leased tract size. Additionally, the lessees were required to prove that the *sodium* salts were the *more valuable* resource in order to accomplish the consolidation.

f. Four *more* such sodium leases are quietly pending.

g. The ownership and names of the lease holders have changed frequently since preference rights were first filed in 1964. Companies with a demonstrated interest in shale oil have apparently been among the holders. (Current holder is Advance-Ross Corp).

All of these facts seem to confirm the questionable nature of the sodium lease-oil shale relationship. I am highly doubtful that these leases were purchased so the lessees could mine and sell only the sodium salts. Instead, what is at stake are billions of dollars of oil shale and control over the future development of that recoverable oil. There is every indication that another federally sanctioned abuse of the public's interest is in the works in the area of shale oil development.

I would appreciate you explaining this entire situation to me; what is the future of this oil shale-sodium situation.

How can the Department of the Interior ensure that the public is not, again, the eventual loser in another abuse of their interests? Will you release to the public the sodium leases themselves and any BLM studies or evaluations that have examined the sodium lease arrangements?

Can you assure the public that the leases are a *bona fide* transaction, and not a subterfuge to allow the further exploitation of public oil shale land?

I would appreciate your early reply.

Sincerely yours,
CHARLES A. VANIK,
Member of Congress.

VANIK OPPOSES INTERIOR DEPARTMENT DISBANDING OF OIL SHALE TASK FORCE

Congressman Charles A. Vanik (Ohio-D) today criticized the Department of the Interior for its current policy disbanding the Oil Shale Task Force, an agency within the Department of the Interior that has overseen the planning and initial implementing of the Federal Prototype Oil Shale Leasing Program.

Functions of the Task Force are now to be spread out among several Interior offices that were involved in the program: the Bureau of Land Management, the Bureau of Mines, and the U.S. Geological Survey.

None of these agencies has the capacity to undertake the responsibility for proper oil shale development during the Nation's present energy crisis, according to Vanik.

"I cannot imagine how Interior can expect such a disjointed, decentralized, and uncoordinated assemblage of musty, old-line groups to effectively complete the Federal Oil Shale Program," said Vanik. "It is unrealistic to expect these agencies to carry on with this vital program that is estimated to have huge domestic energy potential."

"How can Administration officials and the Department of the Interior stimulate proper oil shale development as part of the solution to national energy self-sufficiency, while at the same time they are breaking up the only office that devotes *full time* to that development?" Vanik asked.

"I am informed that such disbanding of Interior agencies is not unusual," Vanik said, "but it is certainly not logical to break up the coordinating agency before its program is fully and successfully implemented."

Two prototype oil shale tracts have already been leased; four remain still to be bid on. Substantial problems have arisen already in the Federal program. These include plans by the Bureau of Land Management to allow dumping of waste shale residues on other, non-leased public lands, *at no cost to the oil companies*. In addition, there is a huge disparity in the amount of money per barrel that the public will receive in "bonus bid" payments from oil company operators of the two tracts already leased.

Said Vanik, "The Bureau of Land Management appears to be a 'Bureau of Mismanagement' if the handling of recent bids can be used as an example."

"Despite this poor record," Vanik said, "there is no indication that this quiet dissolution of the Task Force will result in anything but an even worse operation of the Federal Oil Shale program.

"A scattering of responsibility for management and use of the oil shale lands which belong to the American people can only precipitate an assault on the integrity of the program and serve to erode and destroy the public's confidence. Public confidence is the cornerstone on which a successful shale oil program must be built.

"I hope that the Department can explain

to the public why this policy of scattered responsibility is warranted," Vanik said. "Who is to be 'in-charge' of the overall Federal oil shale program now? Who can be held accountable if the public domain is violated? Or is it simply left up to the apparently uncordinated responses of a handful of offices?"

DRINAN SUPPORTS REGULATION OF NATURAL GAS

HON. ROBERT F. DRINAN

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 26, 1974

Mr. DRINAN. Mr. Speaker, on Friday, February 22, the Washington Star-News carried an article wherein for the first time since becoming a Commissioner of the Federal Power Commission, Don S. Smith discussed the regulation of natural gas. In particular, he discussed his recent vote at the FPC which provided the swing vote for a 3-to-2 decision in favor of raising the price of natural gas to an unprecedented $0.55 under a contract between a producer and a pipeline company.

Mr. Speaker, I have spoken out before about the bad effects which I believe this particular February 1 decision of the Federal Power Commission will have. I urge my colleagues to pay the closest attention to the regulation of natural gas, and submit the following article for their consideration:

MORE GAS REGULATION?

(By Stephen M. Aug)

Federal regulation of major natural gas production companies covering not only the interstate market but the currently unregulated intrastate market may help moderate sharply rising natural gas prices, the newest member of the Federal Power Commission believes.

Don S. Smith, a former Arkansas utility regulator who joined the FPC in mid-December, said in an interview last night—his first as a commissioner—that "regulation of intrastate sales of large producers may become necessary not only for the interstate market, but may become advantageous to the intrastate market."

The FPC has been regulating well-head prices of natural gas since a Supreme Court decision in 1954 ordered it to do so. The intrastate market—gas produced, sold and used within a single state—has been exempt from federal regulation.

Prices in the unregulated intrastate market have soared to five times the ceiling prices set in recent years by the FPC. This has happened because the economies of certain Southern states are based almost entirely on natural gas as an energy source, and users are willing to pay virtually any price to get fuel.

One result is that producers are not willing to sell gas in the interstate market at prices of 22 to 25 cents per thousand cubic feet when they may get perhaps $1 per thousand on the intrastate market.

This activity, Smith said, is in accordance with what he terms "Sutton's principle." The term, he explained, refers to the bank robber Willie (The Actor) Sutton, who was asked why he robbed banks. Sutton's answer, Smith said, was, "That's where the money is."

Smith added that "a producer, as any businessman, will choose a market where he gets the highest returns."

Smith pointed out that in the last quarter of 1973 only about 8 percent of all new gas that was sold in the interstate market was brought in under the FPC's longstanding area pricing procedures under which so-called "just and reasonable rates" were determined after lengthy hearings. Nearly all of the rest, he said, was brought in under so-called "emergency" procedures—short-term sales of natural gas under perhaps six-month contracts, compared with contracts as long as 10 to 20 years under other procedures.

As a result, he said, "the very large majority of gas coming into the interstate market came in with no real inquiry being made as to whether a just and reasonable rate was being charged."

The basic inquiry by the commission in cases in which limited-term commitments of gas are made, Smith said, concerns "the existence of an emergency on the buyer's system (a natural gas pipeline) and whether those higher prices were justified because the buyer needed it so badly."

In his first vote as a commissioner on Feb. 1, Smith cast the swing vote to break a month-long stalemate among the other four members and authorized a 55-cent price for natural gas under a new contract between a producer and a pipeline company. The vote has hurt Smith's reputation among consumer groups as a pro-consumer commissioner.

Smith, a Democrat, had wide consumer backing when he was nominated to the agency after the Senate rejected a California Democrat for the post because he had served for a number of years as a lawyer for an oil company.

The 55-cent price was the same amount the company involved had sought from the commission. The FPC staff had recommended the gas be sold at 35 cents; an administrative law judge had recommended 50 cents and the two-member minority—which included FPC Chairman John N. Nassikas—had recommended 41 cents.

Smith did not want to comment directly on the case because an appeal is pending. But he believes that the staff's 35-cent estimate was based on an outdated estimate of the cots of drilling a gas well, while the administrative law judge's 50-cent figure resulted from a miscalculation. He believes the 55-cent price to be fully justified under today's costs of drilling new wells.

The decision was made under a controversial FPC program called "optional pricing." This allows producers to charge virtually whatever price they wish—even above FPC ceiling prices—providing they can justify it to the commissioners.

The theory behind it is that the policy will allow higher prices, which will encourage development of more gas supplies.

Consumer groups don't like the policy precisely because of the higher prices which they believe will lead to windfall profits for gas producers, who will drill wells and simply cap them while they wait for prices to rise.

Smith believes the optional pricing procedure is currently the best of several options for bringing gas to the interstate market because it provides the commission with an opportunity to determine whether the higher prices are justified. In emergency sales, he noted, the commissioners do not rule on the price, and producers can charge whatever the market will bear although only for a limited time.

18-YEAR-OLD MEMBERSHIP, H.R. 12380

HON. ANTONIO BORJA WON PAT

OF GUAM

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 26, 1974

Mr. WON PAT. Mr. Speaker, recently I introduced H.R. 12380, which would amend the Organic Act of Guam to lower the age qualification in the Guam Legislature from the present 25 years to 18 years of age.

My action in this matter has the support of the current Guam Legislature which recently enacted a resolution calling upon Congress to authorize this timely change in Guam's Organic Act.

I call the change "timely" in the best sense of the word. Our young people on Guam are much like young people throughout the world. Their interests are rapidly changing. They are taking a much greater part in their society than did the young people of just a decade ago. While 18-year-olds in Guam are not prone to civil disobedience—a fact which we older folks on Guam are proud to note—they are not complacent either. They know that Guam is undergoing the greatest sociological and economic change in its history. And from the letters I have received in my office and from the discussions I have had with young men and women on Guam, I have been extremely impressed with their desire to be an active part of the process of change.

I appreciate that there are some who say 18-year-olds are too young to participate in government; that they lack the experience age has given their elders, and, that 18-year-olds are too occupied with the pleasures of youth to be truly concerned with the hard facts of governing.

These same arguments have been used time and time again to withhold the franchise from the young. As one who is regrettably past his 18th birthday, and as a parent of eight children. I recognize that 18-year-olds are not as preoccupied with the grueling necessity of earning a living and raising a family as are those of us who have assumed these responsibilities.

But today's technology with its ability to instantly bring the world into our living rooms via television has changed the process of growing up. Whereas it took young people in my day years to acquaint themselves with the world around them, this generation is far more worldly. The understanding of government that took my generation years to gather now seems almost an integral part of their surroundings. To a remarkable degree, the young people of today possess an almost startling comprehension of what makes a government operate. And, to a remarkable degree, they have all too quickly acquired the cynicism about politicals which one usually associates only with an older generation, grown more callous and expecting less.

These young people are the leaders of tomorrow. If we expect them to honor and respect the cherished practices of democracy, I believe it is crucial that we afford our young people the widest possible opportunity to participate in their government at all levels.

My belief in this matter goes back a number of years to when I was speaker of the Guam Legislature. At that time, the minimum voting age on Guam was 21. After considerable reflection, I felt that this was too high and successfully sponsored legislation to lower the voting age on Guam to 18.

Then, as now, there were voices raised in opposition to giving 18-year-olds greater participation in government. I am proud to state, however, that Guam, which was the first American area to give the vote to 18-year-olds, has never regretted the move. Our young people have taken their franchise seriously, consistently showing up at the polls and voting their conscience.

Lowering the eligibility age for the Guam Legislature will not, I am confident, result in a mass displacement of older members in the next election. To the contrary, it is quite possible that some years may pass before an 18-year-old is seated as a member of the Guam Legislature. I do not believe that young people will vote for a candidate solely on the basis of age and the major factor in their political allegiance will be that candidate's overall qualifications.

But, if we expect our young people, 18 years or older, to lay down their lives for our country on the field of battle, then can we continue to deny them the right to play a role in the legislative branch of their government?

I, and the majority of the membership of the 12th Guam Legislature, believe not. I support their resolution calling for a change in the law, and I call on my colleagues in Congress to support my bill, H.R. 12380.

ENERGY CRISIS IS REAL

HON. DON H. CLAUSEN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 26, 1974

Mr. DON H. CLAUSEN. Mr. Speaker, in recent trips to my district on the north coast of California, I, like many of my colleagues, have attempted to observe and assess the social and economic impacts of the current fuel shortages on my constituents. In discussing the shortages with local government officials, representatives of business, industry and labor, fuel distributors and service station dealers, small businessmen and working men and women, I find that a lack of believable information about the energy "crunch" has led to confusion, frustration, and anger.

People are being literally "bombarded" with conflicting news accounts and statements from public figures which are often based on half-truths and speculation, and if pollster Lou Harris is to be believed, the credibility of the administration, the Congress, the business and industrial community and virtually every other institution in American society, has dropped dramatically in the last year.

In the hope of setting the record straight concerning what in my judgment is a serious and very real energy crisis facing our Nation, I am taking this opportunity to include the following article, entitled "About Energy" by Erwin D. Canham, which appeared in the January 28, 1974 edition of the Christian Science Monitor, in the RECORD:

ABOUT ENERGY

(By Erwin D. Canham)

A conference mainly of American business executives which we have been attending gives a fair indication of the intense concerns of the business community. These men sought to be informed about the energy situation, and they listened to first-rank authorities. Here are some of the salient points, familiar perhaps, but stark:

Any notion that the crisis is "phony" is tragically untrue. It is in many respects the most challenging economic problem many nations in the world have ever faced.

Any notion that it will be solved by a resumed and large-scale flow of Middle Eastern oil is equally false. Indeed, such a resumption—if it aroused false confidence—might do grave harm.

The world will never again have cheap energy in the terms it has recently enjoyed.

The United States will not become self-sufficient in energy by 1980; indeed its need to import oil may increase steadily in this decade and might go from the present 12 percent to perhaps 50 percent.

The American oil companies are in very bad public-relations trouble. Not only is it difficult to justify their enormous profits, or the holding back of oil from the market to obtain higher prices, but they face stringent taxes to recapture or divert their profits, and even the grim threat of nationalization or its equivalent.

MUCH TO DO

Against the background of such urgencies, there are many things Americans must do. And there are far greater challenges to other peoples, such as the Japanese who are so overwhelming dependent on oil. Moreover, huge societies such as the Indians have scarcely any foreign exchange with which to pay for their minimal desperate needs.

For private Americans, an earnest continuation of conservation measures is essential, and it is more than a mere stopgap. But the programs which will bring other sources of fuel into effective production are mostly very long range. Coal may most quickly help. But it would not be nearly enough to achieve more than a modest supplement. It takes from five to 10 years to bring atomic plants into production and they have grave problems even now.

EXOTICS NOT ENOUGH

The various exotic ways of getting energy, like fusion, shale oil, wind or sun or tides, are in no way near to providing practical and sufficient supply. They must be explored and researched, no doubt with expensive and massive programs. They are far down the road and some of them will probably never yield significant amounts of energy.

All these points may seem elementary to people who have been following the energy situation closely. But there is much evidence that the general public is confused at best, cynical at worst. Its understanding of the challenge is vital. For it is ordinary people, all of us, who will have to do much of the acting in the face of a major energy revolution.

It is plain that that much-discussed change in our ways of life is essential. Economy is the watchword. It is far from adequately perceived or acted upon.

The tremendous escalation of almost all prices which the unavoidable boost in energy costs brings about may itself do much to change our consumerist practices. Unemployment is already hitting hard. Shortages are widespread. The depth of the challenge no doubt will come home to all of us.

A PRICE TO PAY

Farther down the road, beyond the ken of most of us, is the problem of how to pay for imported gas and oil at moderately projected rates in the years ahead.

One authoritative calculation expects that the United States would need to pay $108 billion a year by 1985 for imported fuel. Such a sum could not be heaped on top of the United States' balance of payments. It could not be absorbed by the producing countries. Such looks into the future lead to total absurdity, and suggest fundamentally different arrangements will have to be worked out.

In a word: energy and the economy, now and in the years ahead, are a challenge such as the concerned nations have never before faced. It can be mastered, and in the end 20th century society may be much the better for it.

TRIBUTES TO THE LATE HONORABLE JOHN O. HENDERSON

HON. THADDEUS J. DULSKI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 26, 1974

Mr. DULSKI. Mr. Speaker, February 22, 1974, I joined the family, friends, and colleagues who filled Holy Trinity Lutheran Church of Buffalo to capacity in paying final tribute to New York Federal Court Chief Judge John O. Henderson.

It was a sad occasion as we mourned the loss of a fine man and a fine public servant. It was a remarkably warm occasion, too, as those who knew him best reminisced about his outstanding personal and public characteristics.

Dr. Ralph W. Loew's invocation set the dignified tone of the service of remembrance, and tributes to a friend were paid by Federal Court Judge John T. Curtin; Manly Fleischmann, former law partner and close friend of many years; and Anthony Cardinale, newspaper reporter and admirer of the judge's courtroom skills and humanity.

Judge Curtin, who is in line to be the next chief judge, told of his relationship dating back to the time when Judge Henderson served as district attorney, and took staff member John Curtin under his wing. He related stories of the wise and kind guidance of the district attorney, and of how that help and friendship flourished through the years and into their service in the U.S. court system.

Tony Cardinale related his memories of John Henderson, and wrote a sorrowful and fond remembrance in the Buffalo Evening News, speaking of the judge's "irrepressible sense of humor" and "his enormous sense of outrage over injustice or dishonesty." Both the anecdotes and the private dedication to public service were integral parts of his personality, and were sympathetically recounted.

I think the qualities of the man John O. Henderson was are aptly expressed in the eulogy of Manly Fleischmann, and as part of my remarks it is my privilege to insert it in the RECORD:

IN MEMORY OF JOHN O. HENDERSON

Said the English poet John Donne:

"Any man's death diminishes me because I am involved in mankind; and therefore never send to know for whom the bell tolls; it tolls for thee."

The bell tolls for all of us today; for a beloved wife and daughter; for men and women across the land, some in high places and some in modest circumstances; for a countless legion of friends whose lives have been touched and enriched in small or great measure over a period of many years by the character, the matchless personality and the public example of integrity of this unique man to whom we say a sad farewell today. It is a paradox of life that we are all the lesser today by his passing, yet we are all better and larger because he lived and worked among us and because we shared his friendship.

Our ceremonies here today are brief, as John would have wished it. No one in this company needs to be reminded of the distinguished contributions he made to the community, the nation and to the judicial institution he adorned. Instead, I think, let us remember that parting is *in fact* sweet sorrow; we should not let the day pass without recalling some of the many facets of John Henderson as a warm, wise and witty man that endeared him to all of those gathered here to do him honor. For my own part, this can only be a personal memoir of a deeply satisfying friendship that extended over more than forty years, quite unbroken by occasional separations of time and geography.

That friendship began in 1931 when we were both students at the University of Buffalo Law School, though it is not to be claimed that all of our time was dedicated to the pursuit of that jealous mistress, the law. Even in those early years it was perfectly clear that John Henderson was cut from no ordinary mold and that in fact he often seemed to march to a distant drum, not always audible to his comrades.

One small example was John's extraordinary empathy with the animal world—a two-way street if there ever was one. It is pleasant today to remember my first visit with John to the Buffalo Zoo. We had hardly entered the gate when it became apparent that the animal equivalent of "passing the word" was taking place—birds were screaming, elephants trumpeting and bears dancing, all to welcome the return of a native son bearing gifts of popcorn and peanuts, and striding down the paths to an unbelievable cacaphony of animal approval. So it was only a matter of small surprise when I met him on Main Street a few days later bundled up in a great coat, facing a Buffalo wind; hearing noises emerging from the middle of the six foot four bundle, I investigated and made the acquaintance of a baby racoon riding warmly and happily on the broad Henderson chest.

Well, law school days ended and we each went our separate professional ways for a time.

The war years intervened and John made a predictable though unusual ascent from private to colonel; I started nearer the top but ended without comparable recognition of my martial capabilities. Along the way, we spent an unusual evening at our home in Virginia. We were both in boot training at the time; in any event at approximately 3:00 A.M. it suddenly seemed essential to us both that we should have a foot race through the forest that lined the Potomac River. The contest ended when I was felled by a blow in the eye from an overhanging branch; it was always my claim (a disputed one) that I was in the lead at the time.

Some time after the war we became law partners and here too were happy days to remember. Our firm was long on talent, I like to think, but short on clients and capital. One result was that the first partner to arrive in the morning found himself in a commanding position with respect to the occasional check received in the mail. It is my recollection that John's fine physical condition and habit of early rising stood him in good stead in those impecunious days.

The years rushed along and recognition came to John inevitably; a new career began for him in the Courts, first as United States Attorney and finally as Senior Judge of the United States Court. We have had distinguished judges in this district, but Judge Henderson had few peers in that proud history. He was first of all a lawyer's judge, mindful of his kinship with our profession, sensitive and understanding of our problems, generous in his praise and mild in rebuke. Of equal importance, he was a people's judge, a wise, tolerant and humane man who knew and sympathized with the fragile nature of the human condition.

I return finally to what was completely unique about this great man—his gift for friendship. Here, if ever, was a boon companion, humorous and gentle, brave and resolute! I shall ever be grateful that I enjoyed the previous privilege of that companionship—in the law school and law office, in the courts and in our homes, even on the trout streams that he loved so well. He was indeed, to borrow Lord Cecils' statement of the British opinion of President Truman:

"A good man to have on a tiger hunt."

Thus, what was written by Robert Willington of Sir Thomas More might serve as a fitting epitaph for our beloved friend:

"He is a man of angel's wit and singular learning. I know not his fellow. For where is the man of that gentleness, lowliness and affability? And as time requireth, a man of marvelous mirth and pastimes; and sometimes of as sad a gravity; a man for all seasons."

Farewell, John Henderson—you shall be sorely missed and warmly remembered.

A WATERSHED YEAR FOR U.S. NATIONAL DEFENSE

HON. JOHN B. CONLAN

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 26, 1974

Mr. CONLAN. Mr. Speaker, the latest Mideast conflict told us a great deal about the advanced state of Soviet weapons technology.

The Arab belligerents were heavily armed with Russian-built Mig-25 Foxbat aircraft, large numbers of sophisticated long-range SAM-6 and SAM-7 antiaircraft missiles, self-propelled radar-assisted 23-mm cannon, T-62 tanks, and other modern weapons.

Defending Israeli forces, on the other hand, were armed with much older American weapons. It was only because of extraordinary human skill that the Israelis were able to hold their own against the quality and quantity of Soviet arms assistance to Egypt.

The Soviet Union is now ahead of the United States in every category of military equipment, according to military experts. The Russian Air Force and Navy passed us about 4 years ago, and the Soviets have always been stronger than us on the ground.

A pervasive antimilitary bias among too many in the Congress has helped to prevent the Pentagon from obtaining necessary rearmament funds since the end of our Vietnam involvement. This has left us 8,500 aircraft short, 300 fewer ships than a year ago, and woefully behind in developing new weapons.

In addition, defense experts have repeatedly warned us that U.S. surveillance, interceptor aircraft, missiles, and missile defenses are inadequate, making us vulnerable to enemy attack from almost anywhere in the world.

This is aside from the fact that free world forces depend heavily upon modern American weaponry for their own ability to survive attack. Without American strength and defense know-how behind them, our allies are dangerously susceptible to Soviet mischiefmaking, raising the danger that we might be dragged into a shooting war at any time even though our own national security might not be directly at stake.

Mr. Speaker, the current defense budget calls for expenditures of more than $90 billion—almost a third of total Federal spending. Much of that spending is necessary to replace wornout and obsolete weapons, and to develop and produce new-generation weapons, such as the high-priority supersonic long-range B-1 bomber.

Modern weapons systems require a tremendous length of time to develop. And the forces we have 8 or 10 years from now will be determined by decisions we make today. It is because we did not make such a commitment to force modernization and buildup 10 years ago, when Soviet arms buildup was moving forward with considerable momentum, that we have been left so far behind and susceptible to Soviet attack today.

Defense has accounted for a steadily decreasing portion of total Federal spending since the mid-1960's. When adjusted for inflation, defense outlays this year add up to the lowest level since 1940.

This is in spite of former Assistant Marine Corps Commandant Gen. Lewis Walt's recent warning about the tremendous disparity between the United States and the Soviet Union in missile strength:

> The U.S.S.R. is decisively surpassing the U.S. in virtually all aspects of military strength. Four years ago, Russia had 550 ICBMs—today they have over 1,600, including over 300 monstrous SS-9s with 25 million ton TNT equivalent warhead explosive capability.
>
> Four years ago, the U.S. had 1,054 ICBMs—today we have 1,054, the largest having less than one-tenth of SS-9 power.

Add to this the fact that Soviet missiles now have multiple warheads, otherwise known as MIRV's, increasing the number of individually targetable Soviet warheads by somewhere between five and six times. And defense experts warn that in a few years the Soviets will have 7,000 to 8,000 nuclear missile warheads in the megaton range, as against about half that number of U.S. warheads in the kiloton range—that is, 1/1,000th the destructive power of a megaton.

Despite this ominous nuclear imbalance, we can nonetheless expect defense critics to demand even further cuts in the 1975 budget. But as the Arizona Republic wisely observed in a recent editorial, which I would like to include in the RECORD at this point, Congress will do well to ignore such demands. The time is short for corrective action.

The article follow:

[From the Arizona Republic, Feb. 5, 1974]

THE MILITARY BUDGET

The American taxpayer should brace for an all-out wave of anguished rhetoric from the liberal lobbyists against military spending. This will take the form of arm-waving in Congress, weeping in the Washington press and ugly distortions by career Pentagon antagonists.

Their target is President Nixon's $87.7 billion request for defense spending in the new $304.4 billion budget for fiscal 1975. The request is up $7.1 billion over the current budget, or about 9 per cent.

It is at this point, and this point only, the antimilitary clique will equate the increase to the new warmongering by the United

States. Don't expect the Washington media to challenge their arguments.

But a high school freshman mathematics student can see holes in the arguments by simply looking at the overall tilt in government spending.

Despite the 9 per cent defense increase, military appropriations have dropped another percentage point as a part of total spending—from 29 per cent in the current budget to 28 per cent in the new budget.

While this is happening, the so-called "social" spending by the federal government spurts upward with dizzying speed.

The "social" agencies are gaining a percentage point as a portion of the total budget—going up from 45 per cent of the budget to 46 per cent—with a new dollar record of $142.7 billion compared to $125 billion this year.

Unemployment pay, for example, is up 25 per cent to $7.1 billion. Food stamps and other assistance are up 22 per cent to $14.5 billion. Social Security is up 15 per cent to $64 billion. Medicare is up 13 per cent to $26.3 billion. And so on.

Not only is the military increase defensible, it is utterly necessary. As successive congresses have knuckled to pressure groups to whittle military spending from 52 per cent of the federal budget in 1960 to a new low of 28 per cent. Russia and Red China have plowed more and more of their national resources into modern naval fleets, air forces and missile arsenals.

In all statistics, the United States now ranks second in the world in military armaments. Some of the same congressmen who helped disarm the United States prior to World War II and prior to the Korean War were the first to shriek with alarm when the U.S. military warehouses were discovered to be barren of any fighting equipment. Heaven knows, history can repeat again.

Not only has the all-volunteer armed forces concept pushed personnel costs to nearly 60 per cent of the total Pentagon budget, the armed forces must also replace equipment lost in Vietnam and rushed to Israel during the recent Mideast war.

Detente is illusory. It works so long as Russia receives favorable trade deals, excels at outfoxing the United States in arms limitation talks and gets its way in the Mideast. Yet, the Soviet Union's armament's factories still hum 24 hours a day producing new-generation fighters and bombers, bigger and more lethal missiles and arms for satellite armies.

For its own security, the United States cannot afford to be any worse off than second best.

THE CASE FOR A FEDERAL OIL AND GAS CORPORATION—NO. 1

HON. MICHAEL HARRINGTON

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 26, 1974

Mr. HARRINGTON. Mr. Speaker, an article in the February 13, 1974, issue of the New York Times reported that Gulf Oil Co.'s profits for the fourth quarter of 1973 were up an unbelievable 153 percent over the comparable period for 1972. This is merely one of the most recent indications that a competitive market does not obtain in the petroleum industry. Gulf surely would have encountered some competitive checks before realizing this unprecedented increase, if the other major oil firms had been engaging in any kind of genuine price competition.

The prospects for future competition appear even bleaker. A study prepared for the Joint Economic Committee's Subcommittee on Economic Progress revealed a total of 3,222 joint ventures involving the major international oil companies; many of these ventures involve future production in areas like Alaska and the Outer Continental Shelf. A Federal Trade Commission antitrust complaint filed last summer reported that the largest 20 oil corporations control 70.21 percent of the Nation's domestic crude oil production, and 93.55 percent of the country's proven domestic reserves—confirmed future sources of petroleum. So the major companies already dominate the lion's share of oil, but they stand to increase their position of dominance even more.

To reverse this trend, which portends increasing problems for our efforts to control the prices the major companies charge while still inducing them to produce sufficient oil, I have introduced legislation to establish a Federal Oil and Gas Corporation. The Corporation would operate within the petroleum industry with an aim of increasing competition, not extending a Government monopoly in place of the present private oligopoly.

I believe the need for the Government to enter into the production sector of the petroleum industry is imperative. The Corporation is intended to operate primarily on public lands, which contain enormous supplies of oil and natural gas. For example, the U.S. Geological Survey estimates that the oil industry could recover 160–190 billion additional barrels of oil from the Outer Continental Shelf alone. This is approximately twice as much petroleum as the oil industry has produced domestically in its entire history of operation. In my own mind, there are considerable environmental and economic problems to be considered before any decision to commence OCS development along the Atlantic coast can responsibly be reached. But if development does go forward there and on other undeveloped parts of the shelf, it should not be monopolized by the oil "majors." Independent producers and a Federal Oil and Gas Corporation must take part in such economic activity as well.

The cause of competition within the oil industry will also be served by the requirement that the Oil and Gas Corporation give preference to independent refineries when it sells its crude oil. Presently the 20 largest oil companies control 86.15 percent of the country's refining capacity. If we are to reverse the "integrated" nature of the oil industry, we must increase the strength of independent businessmen in its refining sector. Yet independent entrepreneurs will not be willing to sink the huge amounts of capital required into refinery construction until they are assured that the major companies, which dominate crude oil production, do not have the power to deny them petroleum. This past year, the major companies have in fact used the shortage of crude oil to reduce deliveries to independent refineries and favor their own operations.

In contrast, the Federal Oil and Gas Corporation would be an assured source of crude oil supply. And since independent refineries in turn sell a large proportion of their refined products to independent marketers, the Corporation would be the originator of ripple effects which would serve to increase competitive activity in all sectors of the industry.

Mr. Speaker, at this point, I insert into the RECORD the February 13 article in the Times describing the increased profits accrued by Gulf in the latest quarter of 1974:

GULF OIL PROFIT ROSE 153 PERCENT IN FOURTH QUARTER

(By Ernest Holsendolph)

The Gulf Oil Corporation yesterday announced operating results for 1973. The report indicated a 153 per cent gain in fourth-quarter earnings. Net income for the full year climbed to $800-million, ending a four-year slide in profitability.

Gulf, the nation's fourth largest oil company, did not announce earnings for the last three months. However, subtraction of the first ninth months' earnings from the full-year figure showed a fourth-quarter profit of $230-million, compared with $91-million in the 1972 quarter.

Earnings in all 1973 totaled $800-million, or $4.06 a share, up 79 per cent from 1972's $447-million, or $2.15 a share, before an extraordinary writeoff of $250-million that year.

Gulf's revenues last year climbed 29 per cent. Like most other major oil companies, Gulf said the bulk of its earnings growth came from overseas operations rather than domestic.

In a year marked by high profits in the oil industry, Gulf's results outshone most other large companies in terms of a percentage increase over 1972.

The Pittsburgh-based company's record 1973 performance ended a decline since the previous high in 1968—a slide relieved only by a slight increase in 1971.

Gulf said its earnings last year "represent a profit of 8 cents per dollar" on revenues, compared with 5.8 cents a year earlier.

Approximately $480-million was earned in Gulf's petroleum operations in the United States, a 14 per cent increase over 1972. Foreign petroleum operations showed earnings of $560-million compared with the year-earlier $150-million, the company said.

Gulf said the rest of its operations showed an aggregate loss of $124-million, largely because of the continued high cost of establishing the company's nuclear power generation facilities.

The company's 1973 earnings represent a return of 11.7 per cent on employed capital, from 6.8 per cent in 1972, according to Bob R. Dorsey, chairman of Gulf.

Mr. Dorsey said that "in normal times" the company's improved showing would be hailed as a reflection of an improved economy and indication that Gulf's programs to increase efficiency were working.

Instead, he said, the accomplishments were a reminder that there remains "the challenge to provide adequate energy supplies" as well as "the challenge to provide insight and understanding to our fellow countrymen on the facts of the oil business."

Mr. Dorsey said domestic oil operations were more profitable because of higher prices for Gulf crude and a 12.3 per cent increase in the volume of refined products sold.

Even though the production of crude declined by 37,000 barrels a day, this was more than offset by refinery runs that reached 96 per cent, made possible by "significant increases in crude oil imports," he said.

As to foreign operations, Gulf said rising overseas profits were made possible by higher product prices in the fourth quarter, an unanticipated 6 per cent increase in European sales and increased capacity of the company tanker fleet that reduced dependence on the charter market.

Gulf, which is less dependent on Persian Gulf production (primarily in its Kuwait holdings) than most other multinational companies, said its production of foreign crude dropped only 1.4 per cent.

Increased volume from Ecuador, Venezuela, Canada, Nigeria, and Cabinda (in Africa) made up for most of Gulf's shortfall of foreign crude from the Middle East.

Gulf's domestic chemical operations showed a profit increase of $13-million, the company reported, largely because of improved results in the plastics division and an increase of $39-million in foreign activities—made possible because of the decline of start-up costs.

GAS SHORTAGE CRITICAL IN SOUTH FLORIDA

HON. WILLIAM LEHMAN

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 26, 1974

Mr. LEHMAN. Mr. Speaker, the gas shortage in south Florida was horrendous 2 weeks ago, and all indications are that the situation is not getting any better. Dade County's estimated gasoline shortfall is 38 percent, taking into account both growth factors since the 1972 base allocation year, and already implemented conservation measures. At this rate, by March Dade County should have a shortfall of 41.3 percent. The people in south Florida have tightened their belts as much as they can—much more of this diet may result in starvation.

Ninety three percent of Florida's energy comes from petroleum and natural gas, and over 50 percent of the energy end-use in Florida is for transportation, compared to 15 percent nationwide. Furthermore, Dade County has seen a 17.1-percent increase in motor vehicle registrations since 1972.

A year ago this month, Florida used 344 million gallons of gasoline. This month, February 1974, the State is using only 280 million gallons. With Florida's estimated established need for gasoline at 382.5 million gallons, Florida's shortfall is 27 percent.

At this point, refineries are moving to increase the percentage of their crude stocks going to gasoline from 42 to 45 percent. This is a normal increase for this time of year, in preparation for the greater amounts of travel done in the summer months, and probably won't provide much relief.

There are two problems in particular in south Florida. First, the mandatory allocation formula fails to consider population growth. According to the 1970 census, the 13th District has seen a 35.1-percent increase in population since 1960. Census Bureau estimates for 1971 and 1972 indicate that Dade and Broward counties have gained more new residents than any other counties in Florida. Between 1971 and 1973, Dade County's population has increased by 6.9 percent.

Second, the distribution of gasoline within the State must be more equitable. Portions of Florida are having little difficulty getting enough gasoline, while south Florida is being seriously shortchanged. General Hutchinson, who is administering the program in Florida, has indicated that the additional 5.86 million gallons of gasoline now being pumped into Florida will be distributed on the basis of each county's present allocation, with priority given to hard-pressed businesses. Although I can appreciate the difficulty of allocating gasoline on a spot-by-spot basis, this route may well be necessary to alleviate the severe shortages in certain areas of the State.

I have sent telegrams to Governor Askew and William Simon, Administrator of the Federal Energy Office, on the serious situation, and urging greater allocations of gasoline. Last weekend, I met in Atlanta for 3 hours with Kenneth Dupuy, Administrator of the FEO regional office, to discuss the severe hardships in south Florida. At present, I am organizing a community effort, that will include organized labor, business leaders, consumer groups, civic organizations, and the county energy office, to provide assistance to gas station operators in completing and expediting the paperwork on form 17 that is necessary for them to get greater gasoline allotments. The various groups plan to meet together on Thursday, February 28, at 2:30 p.m. in the county energy office, and I will report any further information or developments that result from this meeting.

VOICE OF DEMOCRACY CONTEST

HON. PAUL N. McCLOSKEY, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 26, 1974

Mr. McCLOSKEY. Mr. Speaker, a young high school student in my district, Steven B. Russo of Santa Clara, Calif., recently won the Veterans of Foreign Wars Voice of Democracy speech contest for the State of California.

I am inserting his speech in the CONGRESSIONAL RECORD at this point, believing it to be worthy of careful attention by our colleagues and the public:

MY RESPONSIBILITY AS A CITIZEN

On the morning of July 24, 1973, I was sitting in my living room watching on television what had become the most newsmaking event of the year—the Senate Watergate Hearings. Before me sat the Ervin committee with its distinguished group of inquirers and the witness of the day Gordon Strachan, the young former aide to H. R. Haldeman.

As the committee was just about to break for lunch the stately Senator Montoya of New Mexico then asked of the witness this vitally important question: "Mr. Strachan", he asked "What advice would you give to other young people like yourself who wish to come to Washington to work for the government?

Strachan, showing great emotional strain answered in sincere, almost sobbing tones: "Stay away!"

And in accordance with the prevailing post-Watergate rationale many people are doing just that—staying away. Not just young people either, but people of all ages and all walks of life are beginning to ignore the very political system which has made our country great. Having witnessed men at the highest levels of government come under suspicion, many Americans are experiencing a growing disenchantment with politics, patriotism, and citizenship. Some have even gone so far as to refuse to vote because they believe this nation is so corrupt that their actions no longer count.

But as Adlai Stevenson once said: "as citizens of this democracy you are the rulers and the ruled, the lawgivers and the lawabiding, the beginning and the end." No, ignoring one's role as a citizen is not the answer. Apathy is what creates the problems. There will always be corrupt individuals who will seek to misuse the reigns of power, the danger lies where there aren't enough people around who are involved enough to stop them.

That is why my responsibility to citizenship is to get involved. To get involved as an active participant in the way of life we call democracy.

I intend to do this first through involvement in my government, for that is the means by which the will of the people is fulfilled. But getting involved in government means more than just voting for the candidates of my choice. It also means being informed about the issues of the day and expressing my views on these issues to those officials I do not vote for. Further, involvement means such things as sitting on jury duty, paying my share of the tax burden, and serving in the military when called upon to do so. In these ways I can try to see to it that my government remains a government of, by, and for the people, instead of just a government over the people.

But there is much more to responsible citizenship than just getting involved in the government. I also have a responsibility to get involved in my community as well. For the community is the foundation of society. As such I have a stake in preserving its natural environment. Further, I have a duty to help the people of my community to live better lives by supporting worthy charitable organizations. My cooperating with law enforcement officials is also a crucial part of participation in the community. But more importantly I must promote a better understanding among the various community members as peaceful and harmonious communities are critical to the task of a great nation.

Ultimately, however, I have a responsibility to get involved in the betterment of myself for a nation can only be as great as the people who inhabit it. This is why to be a responsible citizen I must also be a hardworking, lawabiding citizen as well. I must strive to get a good education and school myself in wisdom.

Finally, I must better establish my moral principles to live by them more thoroughly. For the crisis in America today find their roots more than anywhere else in the failure of key individuals to distinguish right from wrong and to live by that distinction.

By doing these things I intend to fulfill my responsibility to citizenship through involvement in my government, in my community, and in the betterment of myself.

But just I alone keeping my responsibility to citizenship means next to nothing unless all of you are willing to keep your responsibilities to citizenship as well. For we are living in a convulsive and crucial age. More than ever before the future of nations is being determined by the will of their people's to meet the challenges they face, and overcome them.

This makes it imperative that we the citizens of the United States of America be actively united as never before to accomplish our purpose of preserving liberty for all. If we fail to do this, undoubtedly freedom and we as her caretakers are doomed. But, if we stand together strong as a great people must, freedom cannot help but reign for generations.

So instead of staying away from the affairs of the state as Gordon Strachan suggests, let us get involved as responsible citizens that future generations may continue to know as we have, what it is like to be free.

PROBLEMS IN THE FUEL OIL INDUSTRY

HON. LESTER L. WOLFF

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 26, 1974

Mr. WOLFF. Mr. Speaker, on February 8, I held an informal hearing in New York on the problems that have developed in the fuel oil industry. This statement is the second in a series I am making in the RECORD in order to share with my colleagues the testimony received at the hearing. Mr. William F. Kenny, Jr., of the Meenan Oil Co., Inc., presented the views of the Independent Fuel Terminal Operators Association, of which he is a vice president. His statement, which includes recommendations for correcting the two-tier price system, follows:

MEENAN OIL CO., INC.,
New York, N.Y., February 8, 1974.

Hon. LESTER L. WOLFF,
Rayburn House Office Building,
Washington, D.C.

DEAR CONGRESSMAN WOLFF: I am grateful for the invitation to testify at your hearing to be held on February 8th at 10:00 A.M. at 26 Federal Plaza, New York, N.Y.

Our Company operates in the counties of Nassau and Suffolk in New York, in the state of New Jersey, and eastern Pennsylvania. We serve over 70,000 homeowners and also sell at wholesale to other fuel oil dealers.

The opinions of our Company in relation to two-tier pricing and the petroleum price regulations as put forth by the Federal Energy Office are expressed in the attached comments of the Independent Terminal Operators Association of which I am a Vice President.

Sincerely,
WILLIAM F. KENNY, Jr.,
Chairman.

STATEMENT OF INDEPENDENT FUEL TERMINAL OPERATORS ASSOCIATION

The Independent Fuel Terminal Operators Association is deeply disappointed at the continuing delay in meeting the two-tier pricing problem. Each week that passes costs the consumers of the Northeast millions of dollars in added fuel costs and weakens the competitive position of hundreds of independent retail fuel oil dealers. The Federal Energy Office has known of this problem for more than a month; our Association presented a solution nearly 4 weeks ago. Our proposal involves a simple, one-time adjustment in the inventories of the few terminal operators who have high priced foreign oil in those inventories. No windfall is involved; the resulting lower costs will immediately be passed on to the dealers and consumers in the form of lower prices.

Instead of acting on our plan quickly and solving the problem, the Federal Energy Office has come up with a proposal that will go into effect much too late, will simply not do the job, will disrupt the national fuel oil distribution system, and will impose upon the oil industry a massive new set of controls, regulations and reports.

The current Mandatory Allocation Program is working well; there is no need to disrupt and destroy it, which is what the new rules would do.

INDEPENDENT FUEL TERMINAL OPERATORS ASSOCIATION,
Washington, D.C., January 31, 1974.

Subject: Comments on petroleum allocation and price regulations.

EXECUTIVE SECRETARIAT,
Federal Energy Office,
Washington, D.C.

GENTLEMEN: On behalf of the Independent Fuel Terminal Operators Association, I am pleased to submit comments with reference to the "Petroleum Allocation and Price Regulations," Federal Energy Office, Federal Register, January 15, 1974, (F.R. Doc. 74-1425).

The Independent Fuel Terminal Operators Association is composed of 18 companies who operate deepwater oil terminals along the East Coast from Maine to Florida. None is affiliated with a major oil company. Members market No. 2 fuel (home heating) oil, No. 6 (residual) fuel oil and gasoline at the wholesale and retail level. Members of our Association market at wholesale 25% of the No. 2 fuel oil consumed in District I (the East Coast from Maine to Florida) and 40% of the No. 2 fuel oil consumed in New England. Members also market more than 70% of the No. 6 fuel oil consumed, exclusive of utilities, in the New York-New Jersey area and more than 65% of the No. 6 fuel oil consumed in New England.

This submission is divided into two parts—the first containing our general comments and the second dealing with specific proposals for amendment.

A. GENERAL COMMENTS

The regulations issued and implemented on January 15 are a distinct improvement over the proposed rules published for comment on November 27 and December 13. The organization is much improved, the language is more understandable, and many of the changes reflect comments filed by our Association. Mr. Simon and his staff are to be highly commended for producing a first-rate job, dealing with a complicated problem, under the pressures of a short deadline.

We are pleased at the emphasis on company-to-company cooperation in seeking solution to problems and hope that all suppliers and purchasers will adopt a constructive attitude toward the new allocation program. In brief, we believe it can work, if the Federal Government and industry are determined to make it work.

However, there are five general aspects of the new regulations which need review and correction.

1. Price and discrimination provisions

The price and discrimination provisions of the original middle distillate program have been deleted.* These provisions are essential in preventing serious abuses and discriminatory actions by refiner-suppliers against independent wholesalers and retailers. Despite assurances to the contrary, we do not believe that the Mandatory Petroleum Price Regulations deal effectively with this problem. Examples of such discrimination have been referred to the General Counsel's office, and we are awaiting a ruling as to whether a refiner-supplier is permitted to charge a terminal operator (i.e. cargo buyer) a higher price than is charged the wholesale purchasers (i.e. rack buyers) of that same refiner-supplier.

2. Base period obligation

Serious confusion still surrounds the suppliers' obligations under the allocation program, particularly relating to middle distillate fuels. This requires prompt attention and clarification, and, if necessary, enforcement measures directed at refiner-suppliers who are not in compliance.

The base period obligation for middle distillate fuels is 100% of the actual base period deliveries to a wholesale purchaser—that is the quantity actually delivered during the corresponding month of 1972. Reduction below 100% is only permitted when the refiners' supplies are less than those available during the base period.

Some refiners have confused the standard of the *100% of base period (1972 consumption* which governs the supplier-wholesale purchaser relationship with the *85% of current (1974) consumption* which governs wholesale purchaser-end user (home-owner) relationship. As a result, some refiners have established the middle distillate allocation fraction or percentage at 85%, on the mistaken assumption that this is the allocation level required by the allocation rules.

This misinterpretation must be corrected immediately; refiner-suppliers must be required to establish allocation percentages of 100%, unless their supply situation warrants a reduction.

3. Reporting requirements

The reporting requirements of the January 15 regulations are a distinct improvement over those proposed in December. However, as indicated in our more specific comments, below, care must be taken to insure that wholesalers and retail dealers are not required to maintain voluminous—and essentially useless—records. This is more a matter of interpretation of the existing rules rather than specific amendment of those rules.

4. State set-aside procedure

Here again, the January 15 rules are a distinct improvement over earlier proposals, but interpretation and clarification is required to avoid needless and costly disruption of customary supply patterns. We are particularly concerned that oil in transit through a state (i.e. delivered to a terminal operator by a refiner for storage in one state but for resale in another state) not become part of the set-aside available to that state.

5. Reduction of electric and natural gas consumption

A major failing of the Federal Energy Office has been the lack of a sustained, effective program to insure reduced consumption of electricity and natural gas, particularly for home heating. The major burden of conservation has been borne—and borne most commendably—by the homeowner who has oil heat. The homeowner who burns oil is being discriminated against; he is being asked to bear the full burden of the cut-back in energy consumption. No similar sacrifices have been asked or expected of homeowners who heat with gas or electricity, despite the direct impact of gas and electric consumption on oil supplies. As a result of the failure of the FEO to seek full cooperation from consumers of other fuels, the conservation performance by home heating oil consumers has been in excess of any other.

Further, natural gas utilities are permitted to make massive cut-backs in interruptible service to industry facilities in order that those utilities may take on new residential business. This discriminates against the marketers of fuel oil, and even worse, causes unnecessary shut-downs in many industrial operations.

B. SPECIFIC COMMENTS

1. General provisions (subpart A)

a. § 211.13 Adjustments to the allocation program

The adjustment procedures specified in paragraph 211.13 provide necessary flexibility and delegate a number of essential allocation decisions to the supplier. We endorse this concept but have some concern that the procedures may be used by some refiner-suppliers to increase their share of the market by discrimination against independent wholesale purchasers. While suppliers are prohibited from such discrimination (§ 211.13 (g)), FEO must be alert to this difficult problem and must vigorously enforce anti-discrimination rules. In fact, the President is required to report monthly to the Congress on any changes with respect to aggregate market shares in accordance with Section 4(c)(2)(A) of the Emergency Petroleum Allocation Act of 1973.

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*Section 8 and 14, "Mandatory Allocation Program for Middle Distillate Fuel," effective November 1, 1973 (EPO Reg. 1, 32A CFR, Ch XIII, 38 FR 28660, as amended.

b. § 211.51 General Definitions

Wholesale Purchaser. The annual gallonage cutoff level (e.g., 50,000 gallons per year for multi-family residences) used to define a whole purchaser is much too low. The lower the cutoff points, the greater the paperwork, and dealers and distributors are already overburdened by paperwork. Federal designation of an apartment building operator as a wholesale purchaser does not improve his service or his rates; it does increase the paper burden on the supplier.

We strongly recommend: that the wholesale purchaser gallonage cutoff be increased for all categories of end-users who are wholesale purchasers to 300,000 gallons per year.

c. Guide to the Petroleum Allocation Regulations for Petroleum Products Supplies (Suppliers Guide).

This is an excellent document; it sets forth in a simplified form the procedures to be used by suppliers. However, two changes to the Suppliers Guide are necessary:

The prohibition against the supply of wholesale purchasers not served in the base period (second sentence, paragraph IIA) is quite inconsistent with the allocation regulations. The regulations, for example, direct that suppliers shall accept new customers, but the Suppliers Guide prohibits supply of new customers. We must assume that the regulations are correct and urge that the Suppliers Guide be made to conform with the regulations.

The detailed workload imposed in the Suppliers Guide in connection with the "Suppliers Monthly Allocation Worksheet" (Form 22) is intolerable. Suppliers simply cannot afford the time, or the money required for such unnecessary paperwork—unnecessary because every supplier already has an acceptable system for recording deliveries to his customers. The instructions must be modified to permit the use of *normal* records for each customer and the aggregation of customer requirements by end-use category.

2. Middle Distillate (Subpart G)

Prior to the implementation of the Petroleum Allocation and Price Regulations, on January 15, 1974, there was in effect as of November 1, 1974, a mandatory middle distillate program which showed good promise of success; it was simple, clearcut, and easy to work with. The current regulations have introduced some unnecessary complexities that make the program difficult for the average fuel oil distributor and dealer; in addition, parts of the regulation are subject to misinterpretation which can be advantageous to refiner-suppliers. Comments on these complexities and other related matters follow:

a. § 211.123 Allocation Levels

While we do not take issue, at this time, with the priorities established, we are quite concerned by the complexity of computing recording, and reporting by end-user the authorized allocation levels for all of the various categories of users. Although there remains some doubt as to where certain end-users fit into the scheme, it is clear that every end-user is to be allocated by some special rule. The Suppliers Guide published by FEO infers that each individual account be recorded on some special new form for possible Federal audit. The typical dealer who follows such an inferred reporting scheme will find it difficult to keep up with his deliveries.

It is vital, therefore, that the operational procedures be simplified to the greatest extent possible. It must be made quite clear that records kept by individual dealers in this regard be only those normal records required for proper business bookkeeping purposes.

Ideally, as we suggested in our earlier comments priority categories should be treated as guidelines for suppliers rather than as a detailed reporting device.

b. § 211.124 supplier/purchaser relationships

The requirement that suppliers supply all of their purchasers of record in the base period expresses the fundamental goal of the program but is an incomplete statement of the suppliers responsibilities. For example, subparagraph 211.124(a) does not cover customers assigned by FEO under the November 1 program; it does not cover new customers, nor does it specify the level at which customers shall be supplied.

Subparagraph 211.124(b) specifies that supplier-purchaser relationships are set forth in paragraph 211.24. The statement ignores paragraphs 211.13, 211.25, and possibly others.

Paragraph 211.124 does not require, as does paragraph 211.11(b), that:

"Suppliers shall allocate their *total* allocable supply among their wholesale purchasers in proportion to their wholesale purchaser's base period volumes, or adjusted base period volumes, where applicable." (Emphasis added.)

This omission has led to confusion and misinterpretation stemming in part from space heating reductions which are perceived by some as requiring an allocation level of only 85%. The net result is that, as we have indicated above, some major suppliers have arbitrarily and erroneously (but probably in good faith) cut allocations back to 85% when in fact larger supply levels of distillate are now available.

It is essential that the middle distillate regulations be revised to conform with § 211.11(b) so that *total* allocable supply will be made available.

c. § 211.125 method of allocation

The recording and reporting difficulties of the regulated delivery method have been discussed above in comments on § 211.123.

There does not appear to be a need to specify such a detailed delivery system when simpler solutions which could better accomplish program objectives.

FEO goals would be better served by introducing additional flexibility into the program. For example, delayed deliveries (rather than reduced gallonage) will achieve a specified heating reduction with greater simplicity. Many dealers are already equipped to achieve the Federal goals by increasing the time span between deliveries.

Further, the regulations must be amended to free wholesale purchasers from liability from any damage to homes or equipment resulting from compliance with the program (i.e. pipes that freeze and break in a home where fuel oil has been cut off).

3. Residual fuel oil (subpart I)

a. § 211.161 Scope

Subsection (a) should be amended to read:

"This subpart applies to the mandatory allocation of residual fuel oil produced in, imported into or sold for importation into the United States." (additions underlined)

This amendment will extend coverage of the program to sales by American companies abroad to other American companies during the base period. Given the severe shortage of residual oil, every effort must be made by the Federal Energy Office to insure cooperation by the major American refiners and maximum participation by those refiners and the importers they sold to during the base period in achieving the objectives of the Mandatory Allocation Program.

b. § 211.163 Allocation Levels

The comments pertaining to middle distillate allocation levels pertain also to residual fuel levels.

c. § 211.165 Method of Allocation

It is not clear how the FEO will determine the portion of total supply for non-utility use and the portion of total supply for utility use. Most importantly, it is impossible to perceive what these announced portions or percentages will mean both to non-refiner suppliers and to refiner suppliers.

If 80% of total supply were specified as the amount of supply for non-utility use, what allocation factor would be applied to a distributor already at an 85% allocation level? The hypothesized percentages of 80 and 85% are "apple and orange" numbers.

The Federal Register notice, dated January 26 and published January 30, did not announce, as required by the regulations, the portions of total supply for utility and non-utility use. This failure on the part of FEO is quite practical and is clear evidence that paragraph 211.165(b) should be changed to conform with the practical actions taken by the FEO.

Respectfully submitted,
ARTHUR T. SOULE,
President.

CONSTITUENT OFFERS PRESIDENT AND CONGRESS MUCH FOOD FOR THOUGHT

HON. BILL ALEXANDER

OF ARKANSAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 26, 1974

Mr. ALEXANDER. Mr. Speaker, while we in Washington may think at times that we have a firm grasp of the problems that plague our Nation, it is more often than not the folks back home who have the real perspective on the situation. I wish to share with my colleagues a letter to the President from a constituent which poses some questions that should make us all justifiably uncomfortable. I hope we as a Congress can likewise meet the challenges he sets forth. The letter follows:

JONESBORO, ARK.,
February 10, 1974.

The PRESIDENT,
The White House,
Washington, D.C.

Mr. PRESIDENT: I am a loyal citizen of this great nation, proud of my heritage, love, freedom and pray that we will continue to be the greatest nation on earth. I was reared on a small farm, have worked with civic organizations, served as mayor of a small town and now work for a large corporation, therefore, might be considered an average citizen.

My great concern now lies in the apparent inability of our government (executive and congressional branches) to function with positive programs. We have committees who make endless studies with little or no results. We have bureaus which spend great sums of money with little or no purpose. We are investigating, studying, and discussing ourselves into nothing.

We deserve and must have honest and truthful answers to questions that affect our welfare. We have a government "by the people." Does this mean professional politicians who only have concern for their own achievements? Elected officials are to be "for the people." Is this certain segments or organizations? Can we place men on the moon, yet are unable to determine whether we have sufficient fuel without rationing? Will we believe that data cannot be accumulated as to our oil supplies? Are we unable to stop price gouging and unfair profits yet able to get the Arabs and Israeli to cease fighting?

The people of this nation want and deserve an answer to the above and many other questions. We look to our elected leaders for these answers. Are we so weak that we cannot stand the truth? Are we afraid to face the consequences of the truth? This was not so in the past. Men fought and died because they believed in this nation and we still believe today but we must have a leadership who will accept this faith. We are a people, not perfect but willing to accept and forgive imperfection, not quitters but runners to the end, not afraid but willing to face any problem or foe at hand. Our confidence has been shaken but is not lost. Our faith has wavered but can be renewed. We beg for assurance and know it will come. How long must we wait?

You are our elected leaders, we expect leadership. We can follow but we must follow with pride.

Yours respectfully,

B. C. KENNON.

COURT DECISION SHOWS NEED FOR CUYAHOGA VALLEY PARK

HON. JOHN F. SEIBERLING

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 26, 1974

Mr. SEIBERLING. Mr. Speaker, legislation is now before the House Interior Subcommittee on Parks and Recreation to create the Cuyahoga Valley National Historical Park and Recreation Area between Akron and Cleveland, Ohio. The Cuyahoga Valley is the last large expanse of open space between these two heavily industrialized areas. The valley is rich in natural, cultural and historical resources. It is a sleepy, rural area—a remarkable, almost magical, contrast to the nearby bustling cities.

Thus far, with the help of the State and local governments, the valley has yet been spared from heavy development. The valley is located on a flood plain, and the steep slopes along the river make development precarious. But the threat is there and growing. Already, despite the protests of the citizenry, a huge sports coliseum is being built on the valley's edge, and developers are eyeing the land as the suburbs of Akron and Cleveland spread even closer. Immediate Federal help is vital if the valley is to be preserved in its present natural state.

An example of the intense pressures on the valley is a recent attempt by the Cleveland Electric Illuminating Co.—CEI—to construct a high voltage powerline directly through much of the valley. The towers supporting the cables would have ranged from 145 to 260 feet high. They would have destroyed the scenic values of the landscape and could have severely damaged the environmental and ecological values of the entire valley. CEI persisted in its efforts, despite the fact that alternative routes were available and despite the protests of the State of Ohio, the Akron and Cleveland Metropolitan Park Districts and local citizens.

Suit was filed against CEI in the Court of Common Pleas in Cleveland by Frank and Matilda Scapell of Brecksville, Ohio. In addition the city of Independence, Ohio, joined the city of Brecksville and the State of Ohio in seeking a temporary and permanent injunction against the CEI enjoining the construction of the power line. The Court ruled against CEI and granted the permanent restraining order. In making his decision, Judge Ralph S. Locher spoke forcefully on the need to preserve this precious and fragile resource and on the potential of the valley as a proposed national park.

Mr. Speaker, at this time I would like to introduce portions of Judge Locher's decision for the RECORD. I think his eloquent remarks speak for themselves, and demonstrate the growing recognition of the need to create the Cuyahoga Valley National Historical Park and Recreation Area:

THE WELFARE OF THE GENERAL PUBLIC

. . . The State and the Park District possess the power of eminent domain. Objectors, the State of Ohio and the Cleveland Metropolitan Park District are, therefore, insurmountable obstacles to the proposed CEI line and towers over the route chosen through the Cuyahoga River Valley.

The Cleveland Metropolitan Park District and the State of Ohio are inextricably intertwined with the general public for whom they exist and whom these bodies corporate serve. If the line is not congruent with the welfare of these public entities, it perforce is not consonant with the welfare of the general public.

What . . . the cases tell us is that where there exists a paramount public interest—the existing as well as the embryo park—that interest is preponderant and will prevail over the proprietary interest of the electric company. The priceless health and welfare of the 3,000,000 Ohioans to whom the park is accessible defeat the right of the utility to appropriate through eminent domain.

Now in so far as the Cuyahoga Valley Park is concerned, the 345 KV line should be discussed in conjunction with the equities of a park and the aesthetics which are indigenous to it versus the emphasis and preoccupation with the engineering and commercial aspects of the utility. Natural beauty, relatively unspoiled, is challenged by man's need for material and secular fulfillment with resulting violation of the park. Individual and collective commitment is called for.

Our nation is presently faced with an energy crisis. Those who espouse the theory that the United States of America should adopt a zero growth rate, thereby avoiding the problems of further industrialization are not realistic, in this Court's view. It is evident that the demand of the future upon the environment will not lessen. Rather, they will escalate dramatically as great numbers of people cluster in urban centers imposing greater and greater burdens upon all our resources demanding their wise use, conservation and preservation, including the land itself. Judicious planning of high tension rights-of-way go hand in hand with sound land policies.

To illustrate the magnitude of the problem—in 1970 approximately 6,000 square miles constituted the aggregate of power line rights-of-way, an area slightly smaller than the State of Hawaii. By the year 2,000 with increased power demands, the area required for rights-of-way and the towers will occupy land equal to the combined areas of the States of New Jersey and Connecticut. Something to ponder over, particularly when the earth's surface under the lines and towers is rendered partially sterile.

These statistics should persuade the power companies and the regulatory agencies that they have resisted too strongly, too predictably the alternative of undergrounding in selected areas of the transmission facilities. As the state of the art of undergrounding advances, and it had advanced in recent years, the disparity in cost between overhead and undergrounding reduces itself.

Physical progress must be respectful and sensitive to life and to the rapidly diminishing area still open and available for wilderness, parks and recreation. Conversely, conservation and preservation measures must be in tune with the admitted need for enlarged, adequate electric energy supplies.

How do we accommodate the good life, its superabundance of material goods and services with the soul of man which has very significant, almost insatiable psychological needs which only Nature can satisfy? The city dweller longs for solitude and beauty, the trees—the sycamore, the cottonwood and sumac, the lovely flowers and the sturdy weeds, the birds and their light music and graceful flight. Were the intangibles, these perishable resources and the millions of Ohioans who will draw refreshment and renewal from the Cuyahoga Valley Park given their day in Court? Obviously, they were not in the courtroom; however, dedicated volunteers championed their cause by taking the witness stand and portraying the historical, botanical and cultural wonders of the Cuyahoga Valley encompassed by the proposed park.*

These stewards sense a mandate to preserve, to conserve; they envision an exodus of tired, nature starved people streaming into the park to enjoy the wonderful mysteries of nature in an uncluttered surrounding.

The Court feels that to place the ecological issues in proper perspective we must conceive not in terms of decades or lifetimes but in terms of ages of ages. We must form an awareness of the long run, not the immediate, for once the high voltage line has violated the park, it will be there forever. And then it's too late! The presently existing intrusions should be systematically removed and the natural beauty and the wonders nature holds must be preserved for all time.

LITHUANIAN INDEPENDENCE

Hon. Yvonne Brathwaite Burke

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 26, 1974

Mrs. BURKE of California. Mr. Speaker, on February 16, people of the ancient nation of Lithuania celebrated the 56th anniversary of their declaration of independence.

On that day the nearly 23,000 Americans of Lithuanian descent living in the State of California, and millions of expatriate Lithuanians throughout the world, were reminded once again of their friends and relatives for whom "freedom" and "liberty" and "self-determination" are no longer living ideas but handed down, hollow memories.

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* "Each life is precious—
unto itself—
from the tiniest insect
to the greatest tree . . .
Vigorously it must protect
its right to be—
—and to become . . ."
"To Those Who See" by Gwen Frostic

The Los Angeles Chapter of the Lithuanian American Council commemorated the occasion with a resolution of sovereignty, the text of which I would like to introduce into the Congressional Record at this time:

Resolution

We, the Lithuanian Americans of Greater Los Angeles area, assembled on this 17th day of February, 1974 at Marshall High School, Los Angeles, in order to commemorate the Lithuanians Independence Day hereby state the following:

Whereas on February 16, 1918 the ancient Lithuanian nation after a long struggle proclaimed itself as a free democratic Republic of Lithuania and was recognized as such by all the nations and was installed as a full member of the League of Nations:

Whereas the Soviet Union after forming mutual assistance pact with Hitler and on June 15, 1940 broke all her agreements and treaties and forcibly occupied Lithuania, and even now this Stalin-Hitler pact is still in force and Lithuania, Latvia and Estonia are occupied by Russian Communist government;

Whereas the Soviet Union through a program of mass deportation, labor camps, resettlement of the peoples and importation of new settlers from Russia continues to change the population and its ethnic character and commits the genocide of this small but ancient nation;

Whereas these occupants after more than 30 years of persecutions and constant acts of terrorism were still unable to suppress the religion and aspirations of these peoples to be free as shown by the fact of the 17,000 Lithuanian Catholics under threat of severe punishment had the courage to sign a petition to the Secretary General of the United Nations charging Soviets with the religious persecutions;

And whereas there is still no free communication between Lithuania and other countries including United States. Only 5 days visits by special permits are allowed in one city in the assigned hotel which is under surveillance as not to permit to visit the country and relatives in their places of living. Furthermore, the gift packages to Lithuania are charged prohibitively high duty as to the most unfavored country and so to exploit this sad situation, therefore be it resolved

That the American of Lithuanian heritage demand that the Soviet-Hitler pact at last be terminated, permitting the Lithuanian people to exercise their sovereign rights. We also deplore the fact that this occupation and terrorism was permitted to exist for more than 30 years and thousands upon thousands of lives were lost.

That knowing the methods and modes led by Moscow, we consider the cultural exchanges in present form as one way exchange, benefiting the red propaganda in the entire United States with failure to represent the American way of life there.

We believe that human consideration between the nations and people must take precedence over trade benefits or political concessions.

We are watching with utmost gratitude all the endeavor of President R. M. Nixon and of the members of both Houses to stop red aggression and bring peace.

We also trust that the President will recognize these facts and will take a firm stand during pending negotiations and also instruct his representatives in Security Conference at Geneva to do the same.

As we approach the end of the 20th Century we are ashamed that our civilization is able to tolerate conditions where police states with their slave camps and "hospitals" are allowed to exist.

We beg all the freedom loving peoples to unite and use their means to repeal the brutality rule over peoples and nations.

HOUSE OF REPRESENTATIVES—*Wednesday, February 27, 1974*

The House met at 12 o'clock noon.

The Chaplain, Rev. Edward G. Latch, D.D., offered the following prayer:

Whatever is true, and honorable, and just, and pure, and lovely, and gracious . . . think about these things.—Philippians 4: 8.

O God, our Father, amid the difficulties of these disturbing days, we turn to Thee seeking the quiet peace of Thy healing presence. In Thy strength we would be made strong, with Thy wisdom we would be made wise, and by Thy love we would be made loving, too.

As we enter into the portal of Lent and live through this period of prayer and self-denial, give us grace to accept the call to moral discipline the mind to develop inner life of the spirit and the desire to increase our faith in Thee which will enable us to lead our Nation in the ways of peace and justice and good will.

"God save America 'mid all her splendors;
Save her from pride and from luxury.
Enthrone in her heart the unseen and and eternal;
Right be her might and the truth make her free."

Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Without objection, the Journal stands approved.

There was no objection.

APPOINTMENT TO TECHNOLOGY ASSESSMENT BOARD

The SPEAKER. Pursuant to the provisions of section 4(a), Public Law 92–484, the Chair appoints as a member of the Technology Assessment Board the gentleman from Michigan, Mr. Esch, to fill the existing vacancy thereon.

A BILL TO PROVIDE FOR LOANS TO SMALL BUSINESS CONCERNS AFFECTED BY THE ENERGY CRISIS

(Mr. EVINS of Tennessee asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. EVINS of Tennessee. Mr. Speaker, I have today introduced a bill, urgently needed, to aid and assist American small business concerns affected by the present energy crisis. This proposed legislation is being cosponsored by every member of the House Committee on Small Business—19 in number—and by Representative Albert H. Quie.

Specifically, the bill provides for amendment of the Small Business Act to authorize financial assistance to small businessmen who are seriously and adversely affected by the shortage of fuel or raw or processed materials resulting from the energy crisis.

The permanent Select Committee on Small Business of the House has for a period of several months investigated and studied problems involving our energy resources. With the introduction and passage of this bill, our committee believes some relief to American small business can be provided during this energy crisis period.

WHEN CAN THE AMERICAN PEOPLE EXPECT ACTION TO ELIMINATE THE BLOCKS-LONG GASOLINE LINES?

(Mr. GUDE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GUDE. Mr. Speaker, from all evidence and data available to me, it has become obvious that unless major alterations are made immediately in the FEO gasoline allocation program, the State of Maryland will again in March be at the low end of the stick in terms of getting its fair share of available gasoline supplies. To date, we have received promises and more promises that the allocation program would be adjusted, and that additional factors would be cranked into the allocation program. Promises are simply not adequate. In the words of the poet, we still have "miles to go," assuming of course that there is enough fuel to take us there.

We have been told, time and time again, that the system FEO has established can work if we all cooperate and be patient. The public and the Congress has been patient to the extreme.

I must pose a question to FEO. When can the American people expect definitive action to eliminate the blocks-long gasoline lines?

If the allocation system cannot be made to work, then it, and perhaps the FEO itself, should be scrapped.

AN ATTEMPT TO CONTROL EXCESSIVE FEDERAL SPENDING AND OTHER GOVERNMENT POLICIES SHOULD BE MADE

(Mr. ARMSTRONG asked and was given permission to address the House for 1 minute, to revise and extend his remarks and include extraneous matter.)

Mr. ARMSTRONG. Mr. Speaker, unless Congress enacts a further extension of the so-called Economic Stabilization Act, wage-price controls will soon expire.

This expiration should be a cause for national celebration.

Obviously, inflation has not been controlled by these illogical economic measures.

But while failing in their intended purpose, wage-price controls have succeeded conspicuously in creating economic dislocations, product quality deterioration, black markets and shortages in such products as gasoline, propane, petrochemicals, plastics, natural gas, lumber, papers, steak, eggs, candles, blue jeans, tennis balls, freezers, wheat, leather, air conditioners, sardines, chicken, turkey, hot water bottles, and flour—to name a few.

Instead of trying to extend control of wages and prices—an aim unworthy of a free people—I trust Congress will at last attempt to control excessive Federal spending and other Government policies that have fostered inflation and which even now threaten permanent damage to our national economy and the stability of our political institutions.

LET US END ALL CONTROLS ON PETROLEUM PRODUCTS

(Mr. ROUSSELOT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ROUSSELOT. Mr. Speaker, it is evident that the Nation's fuel allocation program has failed to meet the needs of American consumers. Most people can agree on that, but, unfortunately, there are those who say the solution to the problem is more government control and interference in the economy rather than less.

The misconception bubble that surrounds this bureaucratic nonsolution to the energy problem was squashed in the March 4, 1974, issue of Newsweek magazine by the distinguished economist, Dr. Milton Friedman.

Dr. Friedman points out it was a panicky Federal Energy Office that forced oil companies to shift so much of their production to heating oil "that we face a glut of heating oil but a paucity of gasoline." As a result, we have those long frustrating lines at the gasoline pump, courtesy of the FEO, and Government interference in the free market.

Dr. Friedman has a solution to the problem that makes more sense than reliance on allocation programs and unworkable controls. He proposes—as I have proposed—that we abolish the FEO and end all controls on petroleum products. On February 25, I introduced a bill (H.R. 13021) to repeal the Emergency Petroleum Allocation Act of 1973, a piece of legislation which directed the President to provide for the mandatory allocation of each refined petroleum product.

I urge my colleagues to join with me in support of this effort to restore some semblance of sanity to the rapidly deteriorating fuel situation by ending Federal control of our fuel supplies.

CONGRESS FAILS THE PUBLIC AGAIN

(Mr. WYMAN asked and was given 1 minute and to revise and extend his remarks.)

Mr. WYMAN. Mr. Speaker, we are going to act on energy this afternoon. I want to make the observation that the one thing this Congress can do and do right now to help save gasoline in this country is to take emission controls off of cars in the 90 percent of America in which they have no adverse effect on public health. This would apply to vast areas in this country whose residents, with the assistance of automobile dealers, could immediately improve the gasoline mileage of their cars that now suffer a fuel penalty from existing emission controls that ranges anywhere from 10 to 20 percent per vehicle.

This would save hundreds of thousands of gallons of gasoline each day.

How this Congress can pretend action to save energy and not act to reduce the long lines at the pump is beyond me. Such action would cut the gas shortage in half virtually overnight.

Congress should do this. The public wants relief. Those responsible for holding it up in committee and subcommittee should and will face public wrath and outrage for their inaction.

CAMBODIA'S CONTINUING TRAVAIL

(Mr. DERWINSKI asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DERWINSKI. Mr. Speaker, I want to draw the attention of the House to the continuing travail of the peaceful people of Cambodia, caught up in a war that has become a nightmare. The news reports are replete with the horror of the sufferings of a civilian population whose only sin is that they inhabit territory contiguous to Vietnam and coveted by the Communists. The Cambodians have been fighting on their own with the exception of U.S. air support which was halted last year by the joint action of Congress. Cambodian soldiers are fighting and dying every day, proof of their loyalty to the Cambodian Government. The Cambodian Government has offered to negotiate a cessation of the war but, in return, the Communists shell innocent civilians in residential areas of no military value. In the past 2 weeks, over 200 civilians have been killed in Pnompenh alone, hundreds of others wounded, and some 10,000 rendered homeless. In defense of such acts, Prince Sihanouk only states that he has warned his former subjects to evacuate the capital and to surrender to his Communist allies.

I, for one, wish to register my horror and repugnance for the senseless killing perpetrated by the Communists in Cambodia and call upon the latter to halt the slaughter of civilians and to open negotiations leading to peace.

TRIBUTE TO MR. WILLIAM DROWER

(Mr. GIBBONS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GIBBONS. Mr. Speaker, we are all well aware that for many years the British Government has placed a great deal of importance on maintaining a good relationship with our Congress.

I would like to call to the attention of my colleagues today the retirement of one of the finest diplomats that I have had an opportunity to meet in my 12 years here in Congress. Mr. William Drower who has represented his government here in Washington for 9 years will be returning to his native country shortly. He has served his government here as First Political Secretary and then as Counsellor for Political Affairs and Congressional Liaison. All of us who have had an opportunity to work with Mr. Drower can attest to the great credit he is to his government. Diplomats like Bill Drower are few and far between. I regret to see Bill and his wife Constance leave. His successor, Mr. Mark Russell, has a big pair of shoes to fill and we welcome him to Washington and look forward to working with him.

WILL THE REAL RICHARD NIXON PLEASE STAND UP?

(Mr. LEGGETT asked and was given permission to revise and extend his remarks.)

Mr. LEGGETT. Mr. Speaker, 2 nights ago the President told the Nation that "a criminal offense on the part of the President is the requirement for impeachment."

Yet, only last August, he told us a President could be impeached for violation of his oath of office. I await with interest his explanation of his change of mind.

For the record, here is the question and answer from his press conference of August 22, 1972:

> Q. . . . Now under the Constitution you swore an oath to execute the laws of the United States faithfully. If you were serving in Congress, would you not be considering impeachment possibility against an elected public official who had violated his oath of office?
>
> A. The PRESIDENT. I would if I had violated the oath of office.

> A. Well, Mr. Rather, you don't have to be a constitutional lawyer to know that the Constitution is very precise in defining what is an impeachable offense. And in this respect it is the opinion of White House counsel and a number of other constitutional lawyers who are perhaps more up to date on this than I am at this time, that a criminal offense on the part of the President is the requirement for impeachment, . . .

CALL OF THE HOUSE

Mr. FLYNT. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. O'NEILL. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The call was taken by electronic device, and the following Members failed to respond:

[Roll No. 44]

Baker
Brasco
Burton
Carney, Ohio
Chisholm
Clark
Crane
Davis, Wis.
Dellums
Diggs
Dorn
Dulski
Edwards, Ala.
Ford
Forsythe

Frelinghuysen
Goldwater
Gray
Hansen, Wash.
Hébert
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Kluczynski
Lott
Michel
Mills
Moss
Murphy, N.Y.
Powell, Ohio
Price, Tex.
Reid
Roberts
Rooney, N.Y.
Rostenkowski
Sikes
Staggers
Stanton, J. William
Steed
Sullivan
Teague
Young, S.C.

The SPEAKER. On this rollcall 389 Members have recorded their presence by electronic device, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

PROVIDING FOR CONSIDERATION OF CONFERENCE REPORT ON S. 2589, ENERGY EMERGENCY ACT

Mr. PEPPER. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 901 and ask for its immediate consideration.

The Clerk read the resolution as follows:

H. RES. 901

Resolved, That immediately upon the adoption of this resolution it shall be in order to consider the conference report on the bill (S. 2589) to declare by congressional action a nationwide energy emergency; to authohize the President to immediately undertake specific actions to conserve scarce fuels and increase supply; to invite the development of local, State, National, and international contingency plans; to assure the continuation of vital public services; and for other purposes, and all points of order against said conference report except against sections 105 and 110 thereof for failure to comply with the provisions of clause 3, rule XXVIII are hereby waived. Debate on said conference report shall continue not to exceed two hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Interstate and Foreign Commerce. At the conclusion of the debate, it shall be in order, on the demand of any Member, for a separate vote to be had on a motion to strike out section 104 of the conference report. At the conclusion of any separate vote demanded under this procedure, and if section 104 has not been stricken out by such separate vote, the previous question shall be considered as ordered on agreeing to the conference report.

The SPEAKER. The gentleman from Florida (Mr. PEPPER) is recognized for 1 hour.

Mr. PEPPER. Mr. Speaker, I yield 30 minutes to the able gentleman from Illinois (Mr. ANDERSON) pending which I yield myself such time as I may consume.

Mr. Speaker, House Resolution 901 provides for a rule with 2 hours of general debate on the conference report S. 2589, the Emergency Energy Act.

House Resolution 901 provides that all points of order against the conference report are waived except against sections 105 and 110 for failure to comply with the provisions of clause 3, rule XXVIII of the Rules of the House of Representatives—pertaining to amendments accepted by the conferees which are beyond the scope of the House and Senate bills.

House Resolution 901 also provides that at the conclusion of the debate on the conference report, it shall be in order, on the demand of any Member, for a separate vote to be had on a motion to strike out section 104 of the conference report.

S. 2589 creates a Federal Energy Emergency Administration to carry out authorities under this act and the Emergency Petroleum Allocation Act of 1973. The conference report also gives standby rationing authority to the President. S. 2589 also provides that the Administrator of the new Federal Energy Emergency Administration is authorized to issue regulations restricting public and private consumption of energy. All such regulations are subject to a congressional veto.

Mr. Speaker, I urge adoption of House Resolution 901 in order that we may discuss and debate S. 2589.

Mr. Speaker, I yield 1 minute for the purpose of discussion only to the distinguished gentleman from West Virginia, the chairman of the Committee on Interstate and Foreign Commerce (Mr. STAGGERS).

Mr. STAGGERS. Mr. Speaker, I take the floor to urge the defeat of the previous question on this rule. As I am sure my colleagues are aware, the rule would permit a single Member of this House to assert a point of order against two sections of the bill—section 105 dealing with energy conservation plans and section 110, the so-called price rollback provision. In so doing the Rules Committee has provided an opportunity for a single opponent of this legislation to defeat it. Such a result most certainly would not be in the public interest.

I do not have to tell you that this has been a long and difficult legislative effort. In conference many compromises have been made. Your conferees have looked hard to find a middle ground and means of doing things which would overcome the objections of either House.

I know that the conference agreement remains controversial. I would expect legislation this important and complex to be so. But I urge that we permit the conference agreement to stand the test of a vote by the 435 Members of this House.

If the previous question is defeated, I will offer an amendment to the rule in the nature of a substitute which waives points of order on the entirety of the conference agreement, but permits separate votes on its most controversial sections. Accordingly, Members would have an opportunity to specifically express their assent or dissent to sections 104, 105, and 110 of the bill. If the House defeats the conference agreement then so be it. But at least let us give the House the chance to vote on it. Accordingly, I respectfully ask you to defeat the previous question on this rule.

Mr. PEPPER. Mr. Speaker, I yield 1 minute to the able gentleman from Georgia (Mr. FLYNT).

Mr. FLYNT. Mr. Speaker, ordinarily on a rule of this kind I would be inclined to vote for the previous question. However, today I will vote against the previous question. I will do so because I think this House has a right to vote on whether or not we want an emergency energy bill.

If the previous question is sustained, there will be no vote on any item in this bill, because the entire report would be rejected on a point of order.

In addition to the Members of this House, Mr. Speaker, deserving the opportunity and the right to vote on this bill, the people of my district and the people of your district and the people of the United States of America have the right to know whether the House of Representatives is serious about combating this energy crisis or whether we are going to let it roll on and on and on and let the lines at the gasoline stations get longer every day that passes.

Ordinarily on procedural issues I am a purist because I believe in the orderly processes and procedures and rules of the House of Representatives, but today I rise in violent opposition to this rule, which would deny the House and each Member of this House the right to vote on possibly the most critical issue to face this Congress and this Nation during 1974.

Mr. Speaker, I urge a no vote on the previous question on the resolution in order that the House of Representatives will have an opportunity to work its will on the conference report.

If the majority of the House sees fit on a separate vote to reject any one of the three controversial sections in the conference report, the conference report as a whole will fail. If a majority sees fit to reject any one section, it has that right, but by the same rule of fairness each of us—each Member of the House—has the right to vote yes or no on each of these provisions.

As I see it, the issue is clear-cut and squarely put: Are we going to permit this conference report to go down the drain by the objection of a single Member on a point of order, or are we going to accept or reject each one of these controversial sections on a recorded yea and nay vote on the merits of each one?

I believe the people in my district would want this conference report accepted or rejected on its merits rather than to let it die in a parliamentary morass.

There are some sections of this bill with which I do not agree and naturally there are some sections which I would like to change or modify, but I believe that the circumstances which exist at this time require action as opposed to nonaction.

I hope that each of these sections will stand and that the conference report will be adopted. I believe that the many advantages so heavily outweigh its disadvantages that we should put aside our reservations about an individual section or sections and pass something that may bring order out of the chaos that many sections of the country are experiencing today.

Mr. Speaker, let me make my position as clear as the English language can make it: I shall vote against the previous question; I shall vote for the Staggers substitute rule; on a separate recorded rollcall vote I shall vote for each of the three controversial sections; I shall vote for adoption of the conference report.

Mr. PEPPER. Mr. Speaker, I yield 1 minute to the able gentleman from Texas (Mr. MAHON).

Mr. MAHON. Mr. Speaker, I rise in support of the rule, and in support of the previous question. We have had enough uncertainty already in the fuel situation, and in my view if we want fuel, if we want the people who can produce the fuel to get moving, we have got to give stability to the effort and the people have got to know what they can expect from the Government.

The rollback of crude oil prices as proposed can only have one result. It will slow down exploration and production of oil and gas. What the present energy crisis demands is the stimulation of production. The pending bill moves in the opposite direction. It will slow down and discourage the production of oil and gas. It will deprive the American people of much-needed fuel which can be made available.

I urge Members to vote for the previous question, vote for the rule, and against the bill on final passage.

Mr. PEPPER. Mr. Speaker, I yield 1 minute to the able gentleman from Washington (Mr. ADAMS).

Mr. ADAMS. Mr. Speaker, because of the desperate situation in our country today, with exorbitant fuel prices and long lines of cars at the gas pump, I am going to vote down the previous question on this rule in spite of reservations I have about the conference report. Then I shall vote for the STAGGERS' substitute rule.

Our people are in desperate need of a direct system which assures them a definite supply of fuel, such as a priority rationing system. This conference report repeats the existing discretionary authority on rationing. It is my belief that under the Defense Production Act and the Emergency Petroleum Allocation Act, the President has had adequate authority to ration if he were so inclined, but again this decision has been avoided for too long and much public goodwill has been wasted. Rationing at the first signs of the shortage for a limited period would have prevented the present chaos and given a base on which to build a voluntary allocation system.

The conference report also includes a badly needed price rollback provision. Although I would like to see and will work for a rollback to $4.25 a barrel and strict cost justification for any increases above that amount, the rollback in this bill is a step in the right direction and will provide some relief for the consumer.

Equally as important is section 124, requiring the oil companies to disclose certain vital information. Once again this section should be much more comprehensive, but it is an improvement. As it now stands the only shortage we can be certain about, is a shortage of information.

In spite of these reservations, I will support the conference report because of other valuable sections I do support such as: providing for the protection of franchised dealers, establishing the Federal Energy Emergency Administration, restricting exports and equitable sharing of shortages among classes of users. These are emergency matters that need to be dealt with on an emergency basis in this bill.

However, many sections in this conference report are both dangerous and unnecessary. I am fearful that our hasty action in these areas will result in little additional energy and may do great harm to our people. Section 105, "Energy Conservation Plans," is a grant of discretionary power to the Administrator far broader than was approved by either House. The administration and the Federal Energy Office have demonstrated time and time again that they are unwilling to use existing authority to deal with an obvious problem until it reaches crisis proportions. We have seen this in their treatment of the airline industry, the truckers, and now the gas station dealers. It seems to me that a further grant of discretionary power would not bring about carefully thought out plans, but only more stop-gap measures that placate a special interest and penalize the consumer. We are at a crucial time that requires considered and deliberate action, with full attention to the possible results of any proposed conservation plans. Now more than ever, Congress must assert its rightful authority and use its power well.

Equally as disturbing is the vast destruction done by this conference report to environmental standards and safeguards. The statutory requirement for coal conversion and the accompanying lengthy suspensions of stationary emission standards are hardly an emergency matter and there is serious question whether such legislation is necessary at all. Even without a statutory requirement, conversion to coal is occurring at a rapid rate if for no other reason than the fact that it is more economical. As the Environmental Protection Agency already has the authority to grant suspensions of emission limits up to June 1977, it seems to me that these provisions are not needed at this time and in fact will do serious harm as included in the conference report.

I feel similarly that all of title II, relaxing various environmental safeguards, is an unnecessary gamble. We have no reason to believe that significant amounts of energy will be saved and we have every reason to believe that our environment and the health of our people will be threatened.

I would much prefer to vote on a truly emergency measure not embellished with so many unnecessary, special-interest provisions. I have introduced such a bill, H.R. 12678, which would allow Congress to meet the emergency without abdicating its right to give new proposals the serious consideration they deserve. Our bill includes a price rollback to November 1 levels with only cost-justified increases above that level; full disclosure of vital oil industry information; authority and administrative procedures for rationing; authority to restrict exports of petroleum products; and establishment of the Federal Energy Administration.

Mr. PEPPER. Mr. Speaker, I yield 5 minutes to the able gentleman from Texas (Mr. ECKHARDT).

Mr. ECKHARDT. Mr. Speaker, I am in favor of the rule on the conference committee report, and I should like to state as succinctly as I can why I am.

In the first place, this House should always support its rules unless an exceptional situation exists. If an exceptional situation exists, the Committee on Rules has the power to make exceptions to the rules.

I think that the Committee on Rules acted properly in this case in not making an exception with regard to sections 105 and 110 of the conference report as regards rule XXVIII, clause 3.

Mr. Speaker, let me remind the House that we have gone through this debate before. The point was very well made by the gentleman from California (Mr. SISK) at the time of the Legislative Reorganization Act of 1970 in which rule XXVIII, clause 3, was strengthened. At that time the gentleman from California (Mr. SISK) pointed out that under existing rules, and by the relatively lenient interpretations on them at that time, the conferees had been able to come to agreement outside the four corners of either the House or the Senate bill, and arrive at a compromise which had never had the benefit of any consideration by a committee of primary jurisdiction of this House. Therefore the rule was strengthened to prevent this offense.

The discussion of this rule at a later time in 1970 I think expresses the proposition very well.

At that time Mr. BOLLING was presenting a report of the Committee on Rules providing for consideration of H.R. 4246, extending certain provisions of law relating to interest rates and cost of living stabilization. In response to Mr. BOLLING's statement concerning the rule involved here, in which he referred to the language here involved, Mr. MARTIN stated:

> Mr. Speaker, I want to concur in the comments made by the gentleman from Missouri concerning the intent and understanding of the Rules Committee in drafting the amendments to clause 3 of rule XXVIII with respect to the authority of House conferees.

Here is the language that is pertinent:

> Stated simply, the intent of the committee was to insure first, that no issue or question not committed to the committee on conference by either House could be included in conference reports, and second, to insure that with respect to those issues committed to conference, no resolution thereof would be reported which had the effect of going beyond the differences as framed by the two Houses in their individual passage of the legislation.

That is the rule. It is a salubrious rule. It should never be waived unless there is a technical question in which there is so slight a difference between the position of either the House or the Senate which has been altered that the Committee on Rules in its judgment feels that the rule should be waived so that it will not have its severe technical effect. That is what the Committee on Rules did in this case. The Committee on Rules waived all rules, including rule XXVIII, clause 3, with respect to the bill in general.

But there were two points on which the committee on conference had gone far beyond the authority of either the House amendment or the Senate bill. In these instances there was a quite substantive difference between the position of the committee on conference and the position of either the House or the Senate. Those two cases were in section 105 of the conference report and section 110, and these are the sections which the Rules Committee left exposed to a point of order under rule XXVIII, clause 3.

The SPEAKER. The time of the gentleman has expired.

Mr. PEPPER. Mr. Speaker, I reserve the remainder of my time and now yield to the able gentleman from Illinois (Mr. ANDERSON).

Mr. ANDERSON of Illinois. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, House Resolution 901 provides for 2 hours of general debate on the Energy Emergency Conference Report, waiving points of order against the conference report with the exceptions of sections 105 and 110, and providing for a separate vote to strike section 104.

Specifically, this rule would permit a point of order to be raised against section 105, which deals with energy conservation plans, and section 110, commonly known as the price roll-back provision, for failure to comply with clause 3 of rule XXVIII of the House Rules. That rule prohibits the inclusion of new matter in a conference report which was not committed to the conference committee by either House; and it also prohibits the modification of a proposition committed to the conference by either or both Houses if that modification "is beyond the scope of that specific topic, question, issue, or proposition" as committed to the conference committee.

I want to make it very clear that if a point of order is raised against either of these sections for failure to comply with clause 3 of rule XXVIII, and if that point of order is sustained, the section is automatically eliminated from the conference report without further debate or a vote. This is not treated in the same way we deal with a nongermane Senate amendment in a conference report. In that situation, under clause 4 of rule XXVIII, if the provision was adopted by the Senate but is ruled nongermane under the Rules of the House, 40 minutes of debate is provided on the amendment which is followed by a vote on a motion to reject the amendment.

But the situation before us today is governed by clause 3, not 4, of rule XXVIII, and clause 3 is a prohibition against new matter being added in conference or the broadening of the scope of a matter passed by either or both Houses. And under clause 3, unlike clause 4, if a point of order is sustained against a section on these grounds, that section is knocked out of the conference report then and there, unless, of course, there is a two-thirds vote to overrule the decision of the chairman.

If either or both of these sections are knocked out of the conference report, what then is the status of the conference report? Obviously, the House version will be different from that already adopted by the Senate, and the Senate conferees have already been disbanded. Given this situation, the House could ask the Senate for a new conference. We would have the same situation if, as allowed for in this rule, the House should vote to strike section 104 which grants standby rationing authority to the President.

It is my understanding that an attempt probably will be made to defeat the previous question on this rule so that an amended rule could be offered to provide for a separate vote on both the energy conservation plan and rollback sections. I am opposed to such a revised rule for several reasons. First, it seems to me that it would be wrong to start down the road of waiving clause 3 of rule 28, for we would be saying to future conferees that they can completely rewrite legislation in conference and bring back something totally different from what was originally passed by either the House or Senate. I don't want to begin today granting such broad legislative latitude to conferees, for to me that amounts to a dereliction and abdication of the duties and responsibilities of our standing committees and the Committee of the Whole. Clause 3 is a part of the House rules for a very good reason: it places very proper restraints and limitations on the role of our conferees; it is a binding reminder that they are agents representing the positions taken by the Whole House, and they are not appointed as a supercommittee which may superimpose new positions on both Houses.

Second, I would like to make a very practical point. There are some who have argued and will argue today that by granting this type of rule, the Rules Committee has in effect killed the Energy Emergency Act conference report. I beg to differ with that view by submitting that if we throw clause 3 out the window and accept the new matter added by the conferees, we may be saving the conference report but killing the Energy Emergency Act; for make no mistake about it, the conference report as presently written is headed for a veto and I seriously doubt that this body can come close to mustering a two-thirds vote to override that veto. I would therefore challenge the proponents of this conference report to put it to a realistic and practical test today, not by changing this rule, which only requires a majority vote, but by appealing the ruling of the Chair on the point of order, which requires a two-thirds vote—the same ratio needed to override a veto.

Consider, if you will, the real alternatives before us today: if we change this rule and thereby adopt the conference report as it now stands, it will be vetoed, the veto will be sustained, and we will be forced to start from scratch in committee on a new energy emergency bill; and that means bringing this back through the House and Senate again and subjecting it to dozens of amendments, and going to conference again and attempting to reconcile the differences. If, on the other hand, we adopt this rule and the objectional rollback section is knocked out on a point of order, we need only ask the Senate for a new conference and I am confident that this can be resolved so as to avoid a veto. I would ask my colleagues, which of these alternatives is the most realistic and expeditious approach to enacting an emergency energy bill. To me, at least, it is obvious that going the route of this rule is the most practical course in achieving the early enactment of an acceptable energy emergency bill.

In the time remaining, Mr. Speaker, I would like to briefly discuss what is really at issue here today, and that is the controversial section 110 rollback provision. This section, which was drafted in conference as a substitute for the windfall profits provision in the original House bill, would place a ceiling price on domestic oil production under a formula which would result in an average price of $5.25 per barrel. The President could raise the ceiling for classifications of crude production to prices which are 35 percent over the ceiling, or, in other words, up to $7.10 a barrel. Any cost reductions resulting from this would have to be passed through to lower prices for residual fuel and refined petroleum products.

This rollback provision is designed to do two things: First, provide price relief for consumers from skyrocketing fuel costs; and second, to curtail the bulging profits of the major oil companies.

During the initial Senate debate on February 8, Senator WILLIAMS, an avid supporter of the rollback, summed up these arguments neatly:

> I am appalled that this bill has now been delayed even further . . . While all of us recognize the necessity for petroleum producers to receive a fair return on their investment, we cannot allow unrestrained profiteering. We must prevent the energy shortage from draining the consumers bank account the same way it is draining his gas tank. And while we want to make it profitable for producers to expand their production, I think the windfall profits recently reported by *every major oil company* makes it clear that we are going well beyond that point.

Senator WILLIAMS' rhetoric notwithstanding, the rollback will, first, not appreciably reduce consumer prices for gasoline, heating, oil, and other refined products; second, fail to noticeably curtail major oil company profits because last year's increases were not primarily due to higher domestic crude prices; third, impact strippers, small producers, and other independents far more severely than the majors; and fourth, establish a precedent for political manipulation of the energy problem rather than the fashioning of effective long-term solutions. The basis for these assertions follows.

1. UNCONTROLLED OIL ACCOUNTS FOR ONLY 17 PERCENT OF U.S. PETROLEUM SUPPLY

When advocates of the amendment juxtapose skyrocketing consumer fuel prices and $10 per barrel domestic oil, there is a clear suggestion that the rollback to $5.09 will make a substantial difference in the average consumer's fuel oil or gasoline bill. This is highly deceptive because the price of petroleum products is determined by the average price of all crude supplies which go into it. However, only stripper, small producer, and released oil, accounting for about 25 percent of total domestic supply is selling at $10 per barrel.

The rollback will not affect the remaining 75 percent which is already controlled at $5.25 per barrel or less, nor will it affect the price of almost one-third of our daily supply which is imported. Thus, as is shown in the table below, the full rollback will lower the average price of U.S. crude by only 80 cents per barrel or 2 cents per gallon of gasoline; if the 35-percent increase option is exercised by the President so that prices are only effectively rollbacked to the $7.09 maximum level, the average crude price will be lowered by 49 cents per barrel or slightly more than 1 cent per gallon of gasoline:

IMPACT OF ROLLBACK ON AVERAGE CRUDE OIL PRICE

Source	Share of total supply (percent)	Current prices	Prices with rollback: Maximum[1]	Prices with rollback: Minimum[2]
Domestic controlled	50.6	$5.00	$5.00	$5.00
Domestic uncontrolled	16.9	10.00	5.25	7.09
Imported[3]	32.5	10.00	10.00	10.00
Weighted average price[4]		7.47	6.67	6.98

[1] Full rollback as provided for in conference report.

[2] Assumes President exercises option to increase rollback price by 35 percent to $7.09.

[3] Some of this is landed in the form of product refined overseas and in the Carribbean but it is still refined from foreign crude selling for $10 per barrel.

[4] Weighted average price (plus) equals .506 domestic controlled plus .169 domestic uncontrolled plus .325 imported.

2. SEVENTY-EIGHT PERCENT OF MAJOR'S 1973 PROFIT INCREASE DERIVED FROM OVERSEAS OPERATIONS

If the Jackson roll-back will not affect consumer prices appreciably, neither will it do much to restrain the much publicized profit gains of the major integrated producers. According to a Businessweek survey, the 30 top U.S. petroleum companies increased their combined earnings from $6.8 billion in 1972 to $10.5 billion, or by about 54 percent, during 1973. However, the profit increase on foreign operations was a much more modest 20 percent. As a result, $2.9 billion of a total worldwide profit increase of $3.7 billion is attributable to overseas operations.

This huge disparity is due to the fact that profits on overseas operations had slumped considerably during 1972 and then rose precipitously during the second half of 1973, and, perhaps more importantly, to the fact that these 1973 overseas profits were being counted in sharply devalued dollars. Exxon, for example, maintains that more than $120 million of its 1973 profits were merely paper gains attributable to devaluation. In any case, whether paper or real, fully 78 percent of the major oil company profit increase was due to the vagaries of foreign economic developments, something totally outside the reach of a domestic crude price roll-back.

3. DOMESTIC CRUDE OIL SUPPLY IS NOT DOMINATED BY MAJORS

The U.S. petroleum industry is often assumed to be as highly concentrated as the steel industry, in which the top four firms control 50 percent of production and the top eight control 66 percent, the rubber industry, where the ratios are 70 percent and 89 percent respectively, or electrical equipment where the ratios are 60 percent and 78 percent for the top four and eight firm share of the market. While this image is accurate in some measure at the transportation, refining and distribution level, it would not appear to be true at the initial stage of production where the proposed price rollback would have its impact.

As is shown in the table below, the top four companies accounted for less than 30 percent of domestic petroleum production in 1972. More significantly, this share was almost equalled by the thousands of small independent producers, who, producing less than 1,000 barrels per day, do not even show up in the top 90 companies.

SHARES OF DOMESTIC PETROLEUM PRODUCTION, 1972

Company rank	Production (millions of barrels per day)	Share of production (percent)
1 to 4 (Exxon, Texaco, Gulf, Shell)	3.25	29.1
5 to 8 Chevron, Amoco, Arco, Mobil)[1]	1.80	16.1
9 to 23 (Union, Getty, Sun, Phillips, Continental, Cities Service, and 8 others	1.48	13.2
23 to 37	.95	8.5
38 to 90	.66	5.9
All others	3.04	27.2
Total	11.18	100.0

[1] Chevron—Standard Oil of California; Amoco—Standard Oil of Indiana; Arco—Atlantic-Richfield Co.

It should be stated that these figures are not precise because they were pieced together from two different sources—Office of Oil and Gas and the FTC—and from 2 different years—1970 and 1972. Nevertheless, they give a working approximation of industry structure at the production level, and make clear that in an effort to swat at the bloated profits of the dozen or so large integrated majors, the Jackson amendment would directly affect hundreds of independent producers who account for a large share of total production.

Moreover, it is likely that a large share of the current "uncontrolled oil" is attributable to producers on the bottom end of the ranking, rather than the large majors at the top. This is due to the fact that at least half of the roughly 2.7 million barrel/day of uncontrolled production is accounted for by stripper wells or wells producing less than 10 barrels per day. These were explicitly exempted from controls by the Alaskan pipeline conference report rider amendment. Thus, half of the oil subject to the rollback is produced by firms who do not even show up in the top 90 companies in the industry.

The remainder of uncontrolled oil is accounted for by so-called "new" oil and "released" old oil that was decontrolled by phase IV in August. Undoubtedly, the majors are producing some of this, but industry trade publications suggest that most of this "new" oil—and the corresponding amount of exempt "old" or "released" oil—is accounted for by independent and small producers. We expect to get more definite data on this Tuesday.

Two things should be noted about these considerations. First, it is the strippers and small producers who have been hit hardest by rapid increases in prices of oilfield supplies, machinery, and services because they frequently make these purchases on the used or spot market over which the stabilization program exercise no price control. Just as oil prices have risen to an unsustainable short-run level due to temporary shortages, there is considerable evidence to indicate that those producers not protected by large supply inventories or long-term supply contracts—that is, nonmajors—have experienced the same phenomena on the "input" or production cost side of the industry. Concomitantly, as oil prices must come down when the boycott ends and new supplies are brought onstream, these rapidly rising costs of production should also subside as suppliers produce more oilfield machinery, equipment, and materials. Thus, the market is in disequilibrium on all sides and any effort to impose order by edict is bound to produce inequities and distortions. Indeed, given the likely distribution of production subject to the rollback, it is probable that those producers who would be affected most severely are also those who have the least ability to resist these short-run increases in production costs.

Although I think the industry scare stories about production disincentives due to the rollback are largely unwarranted, it should also be remembered that short-run price prospects are likely to have the strongest effect on the marginal, undercapitalized producer who will be hit hardest by the rollback. Since it seems inevitable that in the next 2 or 3 years crude prices will stabilize in the $7/barrel range, the large majors can afford to wait it out. By contrast, the prospect of continued political manipulation of oil prices may substantially reduce the ability of small producers to raise capital for expanded production.

Viewed in the abstract, the industry can readily survive the Jackson price rollback. As he has pointed out on a number of occasions, as recently as 6 months ago, most industry spokesmen were saying that a price in the $5 range would be more than ample to bring on additional long-term supplies. Nevertheless, the point here is that the actual economic victim of the rollback is likely to be just the opposite of the intended political target. If anything, the rollback would probably allow the majors to sustain or increase their share of the crude production market whereas the current two-tier system is working to decrease it.

4. PRICES, PROFITS, AND PRODUCTION IN THE LONGER TERM

The rollback provision is largely a political response to the fact that within a short 5-month period reported petroleum industry profits have skyrocketed while consumers have felt the first serious energy supply/price pinch since World War II. In my view, Jackson's effort to forge a populistic linkage between these two contains double mischief. On the one hand, it will only defer the adoption of an appropriate policy response to the longer term energy crisis—that is, curtailment of demand and expansion of supply through attainment of a new, higher price equilibrium—and, on the other, will compound, and set precedent for further compounding, the underlying problem that national policy must rectify. The conference report should therefore be defeated so that this counterproductive linkage can be nipped in the bud. The next section presents some alternative, but more benign, means by which consumer sentiment can be mollified. This section focuses on why the current clumsy attempt to manipulate petroleum prices and profits is so misguided.

In the first place, the measurement of aggregate profits on a quarter-to-quarter or year-to-year basis is next to meaningless in economic years. The year 1972 represented the culmination of a 4-year period of petroleum industry profit stagnation; in real dollar terms, 1972 oil profits were 10 percent below 1968 profits, compared to a 12-percent increase in real GNP during the same period. In the case of many individual companies, the inappropriateness of the 1972 base year is even more dramatic. As is shown in the table below, 1972 profits expressed in constant dollars were from 20 to 60 percent below 1968 levels for 11 of the 13 companies. Moreover, while all of them reported huge 1973 increases over 1972, ranging from a low of 24 percent for SOHIO to a phenomenal 267 percent for Clark, nearly half of them had 1973 profit levels which were still below 1968 levels in constant dollars; only 5 of the 13 companies had 1973 profit increases over 1968 which were larger than the 18.5-percent increase in real GNP during the same period. Thus, it can be fairly said that screaming press headlines have seriously distorted the real profit situation in the oil industry:

PETROLEUM INDUSTRY PROFIT CHANGES, 1968–73

[In percent]

Company	Reported 1972–73 increase	1972 compared to 1968 [1]	1973 compared to 1968 [1]
Marathon	62.1	−19.9	23.5
Phillips [2]	55.2	−24.7	11.7
Gulf	70.0	−40.3	−3.5
Shell	28.0	−30.2	−15.2
SoHio	24.1	−28.7	−15.9
Union	44.9	−32.4	−4.3
ARCO [3]	40.4	−26.2	−2.1
Cities Service	36.8	−31.6	−11.1
Amerada Hess	228.6	−57.2	34.0
Clark	267.5	−42.8	100.0
Continental	42.6	−5.1	28.6
Exxon	59.2	.3	51.9
Sun	48.7	−21.3	11.2

[1] Constant dollars.
[2] 1967 base period.
[3] 1969 base period.

Source: Office of Tax Analysis, Treasury.

Whatever the base year chosen, however, profit volumes are not a good way to measure the profitability of business because they give no indication of the changes in the volume of sales or the stock of invested assets which produced them. The legitimate way to measure profits is not in aggregate terms but as a rate of return on investment. Though the media and the demogogs may conveniently ignore these figures, they are the only way of measuring in industry's performance relative to other sectors—by definition "excess" profits must be excess in relationship to some independent standard—and are also the primary consideration of investors and others who supply capital for increased production. In large measure, whether or not we are successful in generating the new domestic capacity needed to achieve energy independence will be a direct function of the cost of capital for energy investment, which in turn will vary closely with the rate of return.

The table following compares petroleum rates of return over time and in relationship to other sectors of the economy. Four trends are noteworthy:

First. Prior to the 1960's, the petroleum rate of return was slightly above the average for manufacturing, including both the durable and nondurable sectors, but considerably below the really high profit industries like automobiles and high technology instruments and computers.

Second. During the sustained economic expansion and boom of the 1960's, industry generally boosted rates of return above the historical average; this was true for both traditionally high and low profit sectors. By contrast, petroleum moved in just the opposite direction as the industrywide trend during this period (column 2), sustaining a lower average rate of return than during the 1950's.

Third. After the peak of the economic cycle in 1967–68 profits in most industries deteriorated sharply, hitting bottom with the trough of the 1970 recession. As the economy recovered in 1971–72, profits recouped even more dramatically—although not fully to 1963–68 levels. Petroleum industry profits also declined but subject to a unique lag. Instead of bottoming out in 1970 and then recovering during the next 2 years, they continued to seriously deteriorate through 1972. This lag is the primary reason for the so-called profit surge in 1973: in reality, the petroleum industry was making a 1-year recovery of the magnitude that other sectors took 3 years to accomplish.

Fourth. Despite the aggregate profit surge of 1973, petroleum profits are still below the manufacturing average—at least for the first three quarters covered by this data. Indeed, the secular trend seems to be that petroleum profits have moved from a place traditionally somewhat above the industry mean to a place somewhat below the average during the last two decades. If excess profits is really such a concern, then 1973 profits for automobiles (16.4), high technology and computers (16.1), chemicals (14.9), lumber (24.5) or nonelectrical machinery (13.3) would seem to be far higher priority targets for action. Given the capital intensity of the petroleum industry and the $100 plus billion that will be needed for new investment before 1980, it seems difficult to conclude that profits or rates of return have yet really gotten out of hand.

PETROLEUM INDUSTRY RATES OF RETURN RELATIVE TO OTHER INDUSTRIES, 1950–73

[In percent]

Industry/Sector	Average rate of return		Actual rate of return		
	1950–59	1963–68	1970	1972	1973 [1]
Petroleum	12.7	11.9	11.0	8.7	10.8
All manufacturing	11.3	12.2	9.3	10.6	12.6
Durables	11.9	12.3	8.3	10.8	13.2
Nondurables	10.8	11.8	10.3	10.5	12.1
High rate sectors:					
Motor vehicles	15.3	16.0	6.1	14.7	16.4
Instruments and computers	12.6	16.6	14.3	14.9	16.1
Low rate sectors:					
Iron and steel	10.7	8.5	4.3	6.0	9.2
Textiles	5.8	8.7	5.1	7.5	9.4

[1] First three quarters only.

Note: All figures expressed as after tax rates of return on stockholders' equity.

Source: Economic report of the President, 1974.

Part of the reason for the serious deterioration in petroleum rates of return—from a peak of 12.5 percent in 1966 to 8.7 percent in 1972—was a price/cost squeeze at the production level, traditionally the major source of petroleum profits. As is so shown in the table below, average domestic crude prices rose about 21 percent from 1964 to 1972, while costs of drilling—the major production expense—increased by 65 percent per well-foot. More importantly, in terms of cost per successful well, costs rose by 90 percent or four times the price rise during the same period:

OIL PRODUCTION COSTS AND PRICES, 1964–72

	Average crude price	Drilling cost per well-foot	Average cost per successful well
Year:			
1964	$2.88	$10.80	$334,000
1968	2.94	13.40	562,000
1970	3.18	16.13	575,000
1972	3.50	17.72	633,000
Percent change, 1964–72	21.5	64.1	89.5

Source: American Petroleum Institute.

The profit slump brought about by this cost/price squeeze had a number of important effects on the ability to finance new exploration, development and production capacity. As the oil industry has traditionally financed a large portion of new investment out of retained earnings, the relative profit slump forced them to turn more heavily to external sources. Given the general stock market slump during this period and the unattractiveness of low industry rates of return, however, this meant primarily debt rather than equity financing. As a result, the ratio of debt to total capital for the industry climbed from 16 percent in 1968 to 24 percent in 1972. While these ratios vary from industry to industry and there is obviously no absolute standard, most investors and financial analysts are wary of such high debt ratios in a high risk industry like oil. The inevitable consequence is higher financing costs per unit of physical capital in external markets. Efforts to rollback allegedly excessive profits will only compound this problem because it will lower the amount of internally generated capital and force the companies to do even more high cost external financing. Since there is no such thing as a free lunch, consumers will sooner or later end up paying higher prices to cover higher capital service costs, or alternatively, will have to put up with shortages and inconveniences longer than otherwise.

This latter possibility is underscored by the data for exploration and development activity during the latter part of the 1960s and early 1970s. As is shown in the table below, both the number of wells drilled and the footage drilled declined steadily during this period. As a result, additions to reserves and the reserve production ratio fell to dangerously low levels. Whereas new reserves added in 1955 equalled 118 percent of production that year, by 1972 new reserves amounted to only 47 percent of annual production.

The adverse trends in these latter two

indicators are the primary reason why we currently have such limited ability to quickly expand domestic production. If for political reasons Congress wants to continue to keep the petroleum industry locked into low profit levels relative to the risk involved, it is difficult to see how domestic production capacity can be expanded to self-sufficiency levels:

TRENDS IN EXPLORATION AND DEVELOPMENT AND RESERVES

Year	Wells drilled	Footage drilled (thousands of feet)	Reserves added (millions of barrels)	New reserve/production ratio
1955	14,937	69.1	2,870	1.18
1964	10,747	55.5	2,664	1.00
1968	8,879	53.9	2,454	.78
1970	7,693	45.3	(1)	(1)
1972	7,129	52.8	1,557	.47

[1] Not meaningful because of 1-year bulge of Alaska discovery add-on.

Source: American Petroleum Institute.

5. ALTERNATIVE POLITICAL RESPONSES TO THE OIL PROFIT QUESTION

Clearly the perception that oil profits have become excessive is a political problem that cannot be ignored. Since the public insists on action, even if only symbolic as in the case of the rollback, the real need is to find some way to constructively channel it. In my view, modification or repeal of the special petroleum industry tax breaks would be a far wiser course than direct manipulation of prices and profits. The depletion allowance, for example, is said to be worth roughly 50 cents per barrel, but even the price of "old" domestic oil has risen far beyond that amount in the last year. The intangible drilling expense allowance, which is worth even less on a per-barrel basis, is in the same category, as is the foreign tax credit on 100 percent of royalty payments.

It seems to me that the pending energy tax bill soon to be reported by Ways and Means should offer plenty of opportunity for castigating the oil companies for raiding the treasury, taxpayer financed bonanza and the like, and at the same time for fashioning good public policy. The depletion allowance and other tax breaks are essentially taxpayer subsidies that keep the true cost petroleum products lower than what would otherwise prevail in the private market. As such, they encourage some measure of overconsumption—a pattern we are trying to reverse with other energy conservation programs—and result in an arbitrary transfer of income from general taxpayers to specific energy consumers. Milton Freedman and other market economists have long argued against the depletion allowance on just these grounds, but never before now has there been a more propitious moment for taking action.

By doing so, we could appease the public and improve national energy policy in one stroke. The price roll-back, by contrast, will only disillusion the public, as the promised benefits fail to materialize, and lead to a retrogression in policy that might not be reversed for some time to come.

I yield to the gentleman from Texas (Mr. ECKHARDT).

Mr. ECKHARDT. Mr. Speaker, the gentleman made an excellent statement and in his statement he has shown the extremely difficult and technical nature of the new matter which is brought into this bill.

Will the gentleman confirm to me that the price of $7.09 to which oil could move under the bill could apply to both old and new oil?

Mr. ANDERSON of Illinois. Absolutely, and for that very reason I would say to the gentleman, it was correctly pointed out in our committee, we should not even call this a price roll-back provision.

I think the gentleman who just spoke suggested it was rolling forward the price of oil to that of control at a lower price than the $7.09 per barrel.

Mr. ECKHARDT. It could be a roll forward from $5.25 to $7.09 on 70 percent of the oil that the country produces; could it not?

Mr. ANDERSON of Illinois. The gentleman again is absolutely correct, because what we are talking about when we talk about uncontrolled oil, we are talking about between 25 and 30 percent of the production of this country. We are not touching with this price roll-back 75 percent of the oil that goes in to make up the over-all price of crude oil in this country.

Mr. ECKHARDT. Except possibly to increase the price on that oil, is that correct?

Mr. ANDERSON of Illinois. Exactly. I would submit further that this is not a price rollback, this is a production rollback. This is telling the entrepreneurs, the independent producers in this country, those many times under capitalized producers, "You go out of business and let the big boys, let the majors who can afford to sit back and absorb that lower price and can afford to wait until this moment of folly passes and prices seek their own level in the market, and then they will go in and capture a bigger share of the domestic crude production than they have at the present time."

What kind of nonsense is that?

Mr. ECKHARDT. Mr. Speaker, if the gentleman will yield briefly further, furthermore with respect to that oil which is commanding a higher price today, that is, new oil; explored oil, it is my understanding—but I understand it would in truth and in fact roll back the price that independent producers could get from their new exploration; that is, the oil that now can be brought on to the market which requires additional expenditures because it is deep or difficult to obtain. So, in effect, we roll back those who are exploring and risking their capital and we roll forward those who do not need increases but are making inordinate profits.

Mr. ANDERSON of Illinois. Mr. Speaker, the gentleman from Texas has stated the case, I think, very succinctly. His argument reemphasized the argument I have sought to make. If we want to help the consumers, for God's sake, do not vote for a provision in a piece of legislation that is going to have the very obvious, almost immediate effect of discouraging the very efforts that have to be made for additional exploration and production.

Mr. ZION. Mr. Speaker, will the gentleman yield?

Mr. ANDERSON of Illinois. Mr. Speaker, I yield to the gentleman from Indiana.

Mr. ZION. Mr. Speaker, I thank the gentleman from Illinois for yielding to me.

Mr. Speaker, the gentleman from Texas has talked about the increased need for funds for the difficult to reach oil, such as deep oil. The gentleman from Illinois knows that in the Illinois-Indiana basin most of the oil is now coming from what we call stripper wells. These are wells which have declining production. The people operating them now have the option of expending considerable funds for water injection, chemical injection, or other procedures needed to go after the secondary and tertiary production.

Mr. Speaker, at the present time, as soon as the well becomes unproductive at the current price, these operators are required to fill the hole with concrete and they lose forever some 30 or 40 percent of the oil potentially available in our area of the country.

Mr. Speaker, I ask the gentleman, if the Federal Government is going to put a ceiling on the money that can be received from them, would these producers have adequate incentive to go to these very expensive procedures in order to continue the production of stripper wells?

Mr. ANDERSON of Illinois. Obviously, the answer to the gentleman's question is "No." If we discourage production and cut out incentives to explore and produce, it immediately becomes economically unfeasible for them to get that out to the extent that we are increasing the supply of oil.

Mr. BROWN of Ohio. Mr. Speaker, will the gentleman yield?

Mr. ANDERSON of Illinois. Mr. Speaker, I yield to the gentleman from Ohio.

Mr. BROWN of Ohio. Mr. Speaker, I have been fascinated by the colloquy between the gentleman from Illinois (Mr. ANDERSON) and the gentleman from Texas (Mr. ECKHARDT) because it seems to me that it brings into focus the whole argument against the so-called rollback provision.

Mr. Speaker, I gather from what both these gentlemen have said that the effect of that rollback provision is going to be to reduce the supply of oil that we now have in this country and increase the price of whatever petroleum products we have left. Is that correct?

Mr. ANDERSON of Illinois. Exactly, and not do one thing about 75 percent of the crude oil we use in this country.

Mr. BROWN of Ohio. And that does not even speak to the parliamentary precedent we are setting if we go ahead and change the rule here and allow the consideration of previously unconsidered material?

Mr. ANDERSON of Illinois. Mr. Speaker, the gentleman is correct.

Mr. CARTER. Mr. Speaker, will the gentleman yield?

Mr. ANDERSON of Illinois. I yield to the gentleman from Kentucky.

Mr. CARTER. Mr. Speaker, I thank the distinguished gentleman for yielding.

I will ask the gentleman this question: Since stripper wells have been producing and have been brought back into production, how much has that meant in terms of the production of oil in the country in the past year?

Mr. ANDERSON of Illinois. Of course, the figures which I gave earlier indicate that exploration generally has been on the decline, and the ratio, as I say again, between current production and reserves has gone down precipitously, from 118 to 47 percent, because the economic incentive has not been there.

Mr. Speaker, I submit that this is exactly the wrong time, with lengthening gas lines and considering our desire to attain the goal of petroleum independence, to adopt this kind of legislation, legislation which does not make any legislative sense.

Mr. MAHON. Mr. Speaker, will the gentleman yield?

Mr. ANDERSON of Illinois. I yield to the gentleman from Texas.

Mr. MAHON. Mr. Speaker, I wish to commend the gentleman from Illinois for putting this whole problem in better focus.

The oil industry is a rather complex industry; as a matter of fact, the entire energy industry is complex. However, the gentleman hit the nail on the head when he said simply that this conference report represents a production rollback. It is just that simple.

I would ask this: Who among us wants to go home and defend a production rollback? I do not.

Mr. ANDERSON of Illinois. Mr. Speaker, I will not yield further to other Members at this time, since there are others who have asked for time.

Mr. Speaker, let me simply conclude at this time by imploring the Members of this House not to yield to what is a totally false and illusory solution to a very real problem. Let us vote up the previous question, adopt the rule, and get on with the business of considering an energy bill.

Mr. PEPPER. Mr. Speaker, I yield 3 minutes to the able gentleman from Massachusetts (Mr. MACDONALD).

Mr. MACDONALD. Mr. Speaker, I appreciate the colloquy which took place among the two gentlemen from Texas and the gentleman from Illinois, and I appreciate their eloquence, and in some ways, their excitability.

However, I do not believe they touched on the real issue that we are to be faced with very soon, within the very near future, and that is whether or not to permit every Member to be recorded, since each Member's constituents would like to know where he stands concerning rollback. They would like to know where each Member stands as far as rollback is concerned and as far as the two other matters which will follow price rollback, conservation, and rationing known to be exercised by the President. That is the real issue.

Now, I listened to the words of the eloquent gentleman from Illinois, when he said that this upsets the orderly procedure of the House. Well, in some ways, of course, he is right. It is a little unusual. But then, too, the present rule was a little unusual as well.

Mr. Speaker, I would recommend to the gentleman, even if it is not true in Illinois, that it might be important for him to try to get gasoline in an orderly fashion here in Washington, D.C., where I get gasoline, and/or in Massachusetts where they are lucky to have any gasoline at all. I think that the rights of the public are more important at this particular juncture than upholding the antiquated rules of this House.

I have no quarrel with the Committee on Rules. They did what they thought was right. It was a very close vote on all three issues. However, it is getting a little ridiculous for us now to go back and tell the public we are trying to protect them and we are trying to do what is right without actually being recorded as to where they stand on this important bill.

I agree with the gentleman who said there has been a lot of debate, but there have not been any votes.

So all we are asking for at this moment is this: We must recognize that all the arguments that have been made for the rule are not all completely true, and I can give concrete examples. I am not going to get into a dispute at this juncture, since I do not have time, but all the figures that are given have been unofficial figures which come from the oil industry itself, as I think the gentleman from Illinois knows. There are no official Government figures. One can get figures from no department in the Government that are believable or official.

Now, it is the proponents of the people who want this rule upheld, and who start calling these industries the "bloated seven sisters." I do not really care if they are bloated or not bloated.

Everyone in America, in the American system, is in business for profit. But when a business or an industry reaches the state where they can put out their hand and stop the orderly democratic procedures of this Congress, then it is time for us to put up or shut up and go back to our constituents and say, "You may not agree with what I did, but at least I did what I thought was right for you." I urge a no vote on the rule.

Mr. PEPPER. Mr. Speaker, I yield 1 minute to my able colleague, the gentleman from Florida (Mr. ROGERS).

Mr. ROGERS. I thank the gentleman for yielding.

Mr. Speaker, I understand the arguments that are made by those who represent the oil States. It is certainly their very sincere judgment that they are expressing, but I happen to come from a consumer State where people are ready for the Congress to do something about this question. They are tired of standing in line in order to get gasoline.

I do not think the oil companies are really concerned so much about this price rollback which goes to $7. Where old oil is being sold for $5.25, this bill says that we will let new oil go to $7 or slightly over $7. The oil industry itself testified earlier that they thought just over $4 would be sufficient through 1980 in order to give them an incentive. If you will bring that up to the current dollar price, it is about $4.35 or $4.50.

The SPEAKER. The time of the gentleman has expired.

Mr. ROGERS. Will the gentleman yield me one additional half minute?

Mr. PEPPER. I yield the gentleman a half minute.

Mr. ROGERS. I thank the gentleman.

The main thing that they are concerned with is that in this bill it says the Federal Energy Office will have the authority to make the petroleum industry report their reserves and what they have stored and where this gasoline is. The American people are looking to us in this Congress to provide that authority, and that authority is in this bill. We can later change the rollback provision if we need to, but we had better get on with the job and find out how much oil we have.

Let us vote down the previous question and then vote for the rule which Chairman STAGGERS will present.

Mr. PEPPER. Mr. Speaker, reserving the remainder of my time, I yield now to the able gentleman from Illinois (Mr. ANDERSON).

Mr. ANDERSON of Illinois. Mr. Speaker, I yield 4 minutes to the distinguished minority leader, the gentleman from Arizona (Mr. RHODES).

Mr. RHODES. Mr. Speaker, the situation as I see it right now is that very shortly we will have a vote on the previous question. If the previous question is voted up, then presumably the rule will be adopted.

The rule provides, among other things, that points of order may be made against the section which deals with the rollback of prices on oil and gas. As I understand it, if the point of order is made, there is every likelihood it would have to be sustained.

I think that is a salutary situation, because I associate myself completely with the remarks of the gentleman from Illinois (Mr. ANDERSON) and the remarks of the gentleman from Texas (Mr. ECKHARDT) as to the probable effects of this rollback provision.

The people of the United States of America, unless I am badly mistaken, want more gasoline and they want to get that gasoline just as rapidly as they can. They are not interested in having people make inordinate profits on that gasoline, but their priority runs just about like this: Give us the gasoline and worry about the excess profits later. That is exactly what I hope this House, the Senate, and the administration are programed to do.

If it is possible to get this bill adopted, then, of course, the next thing we should address ourselves to is the question of excess profits. As a matter of fact, the Committee on Ways and Means is now addressing itself to this problem of excess profits. An excess profits tax is the best mechanism by which the American people can be assured that nobody will make inordinately large profits because of the energy crisis. Nobody wants inordinately large profits. It is not in the minds of any of the Members of the House to allow it to happen.

The best thing to do is to vote up the previous question. Then we can do what is necessary to remove the rollback provision from this bill.

I understand there have been some rumors going around the floor—of course, this is a very good rumor mill on the floor—that when the chips are down, and this bill is sent to the President, he will sign it.

Mr. Speaker, let me tell all the Members, with all the sincerity at my command, that is not the situation. If this conference report goes to the President of the United States with the rollback provision in it, the President will undoubtedly veto this bill. He will veto it because, as he has said, he wants a bill which will produce more energy rather than less energy. In my opinion, the bill, in its present form, would produce less energy in the long run.

Mr. ECKHARDT. Mr. Speaker, will the gentleman yield briefly for a question?

Mr. RHODES. I yield to the gentleman from Texas.

Mr. ECKHARDT. Mr. Speaker, the gentleman from Florida (Mr. Rogers) pointed out that there was something in this bill with respect to petroleum reporting. Will the gentleman from Arizona confirm to me that the same general type of provision is in the Holifield bill that creates the Federal Energy Agency, and concerning which there is very little dispute on this floor—and that if this bill were out of the way we could proceed with that bill almost immediately?

Mr. RHODES. The gentleman from Texas is absolutely correct. In fact, I have been wondering all along why we have not already taken up and passed the FEA bill. The FEA bill, which was worked out to allow the Energy Administration to do the things which the gentleman from Texas has mentioned. Moreover, and even more importantly, it is necessary in order for the FEA to be able to recruit the people who are necessary to do the job that has been entrusted to this office.

I am told by FEA Administrator Simon that he is terribly handicapped by lack of personnel. He cannot get people to go to work because his office is set up on a temporary basis. So I believe that it is necessary that we enact the FEA bill, and the other energy bills in the administration's package. I hope we will be able to do that just as soon as we dispose of the present bill here.

Mr. ECKHARDT. Mr. Speaker, I thank the gentleman for yielding.

Mr. RHODES. Mr. Speaker, at this time I would like to include a copy of a letter addressed to me from Deputy Secretary Simon, dated February 20, 1974.

(The material referred to follows:)

The Deputy Secretary
of the Treasury,
Washington, D.C., February 20, 1974.

Hon. John J. Rhodes,
House of Representatives,
Washington, D.C.

Dear John: The Energy Emergency Conference Report (S. 2589) which soon will be before the House of Representatives contains so many objectionable provisions that the President will have no choice but to veto the bill should it reach his desk in its current form.

We do believe that additional statutory authority is needed in the energy area, and the Energy Act does address several of these areas. We do need the authority to mandate conservation measures. We do want direct authority to institute end use rationing. We do want authority to require conversion of power plants, so that greater use may be made of coal. Finally, we do support changes in the environmental area which the Act also addresses. Nevertheless, in total, the legislation goes far beyond these areas and has so many unworkable provisions and unwarranted controls that it would exacerbate the fuel shortage rather than relieve it.

For example, the provision which would "roll back" the price of all crude oil to an artificially established price creates economic uncertainty and would have the effect of discouraging production of domestic crude oil at a time when the Administration's policy and the Nation's need is to increase supply. We need flexibility in setting prices so that we may be sure that prices will be reasonable to the consumer and yet will stimulate needed investment and increase domestic production. Our experience in administering the crude allocation program has shown how difficult it can be if enough flexibility is not provided by statute. We asked Congress not to require the allocation of crude oil at all levels, but the current law does so and makes administering such a program most difficult.

We must work together to build a strong domestic energy industry so that our country will not be so dependent on foreign sources of crude oil. At the same time, we are concerned that the industry does not profit excessively at the expense of the consumer. I feel the President's "windfall profits" proposal will assure that no one will take advantage of the shortage by unreasonable profits.

Another unworkable portion of the Act is the creation of the Federal Energy Emergency Administration. It contains virtually no administrative authorities, no viable executive structure and no provision for continuity with existing activities under the Federal Energy Office. We prefer enactment of a measure more along the lines of the Energy organization already passed by the Senate and now on the House calendar. We must have the right kind of agency to do the proper job.

An unworkable employment assistance provision is also included in the Conference Report. The states would determine eligibility using vague open-ended guidelines that would make it very difficult to define unemployment due to "the energy crisis." We support the President's unemployment compensation proposals pending before Congress which are workable and reasonable.

The legislation before the Senate contains authority for HUD and SBA to make low interest loans to homeowners and small businesses to finance insulation, storm windows and heating units. If every eligible homeowner and small businessman took advantage of this section, the government could spend as much as $75 billion on this provision alone. The actual energy savings produced by these vast expenditures would be disproportionately small.

These are just a few of many objectionable features of S. 2589. It unfortunately contains very few needed authorities and imposes costly requirements that hinder rather than help deal effectively with the energy shortage. There are some provisions in this bill, such as the requirement for increased reporting of energy data, which are important. However, every one of these provisions is addressed in separate and more reasonable legislation already in the Congressional process.

I know most Members of Congress are eager to be helpful in solving fuel problems, but the Conference Report now before the House will have the opposite effect. The President, after careful consideration, has decided that the only reasonable course is for him to veto S. 2589.

With warm personal regards,
Sincerely,
William E. Simon.

Mr. ANDERSON of Illinois. Mr. Speaker, I yield 3 minutes to the gentleman from Pennsylvania (Mr. Williams).

Mr. WILLIAMS. Mr. Speaker, as I understand this matter, if we vote up this rule today there are sections in this bill which are subject to a point of order, and the objections based on a point of order will be sustained.

If we vote down the previous question, I understand the rule to be proposed by the gentleman from West Virginia (Mr. Staggers) will waive all points of order, and permit separate votes on sections 104, 105, and 110 and, Mr. Speaker, I think this is the way we could work the will of this House today.

If we reject any of these three sections upon which we can have a separate vote then we will move forward today with measures to solve the energy crisis.

I did not quite understand the comments made by the gentleman from Illinois (Mr. Anderson), when the gentleman agreed with the gentleman from Texas (Mr. Eckhardt), that section 110 could mean a price increase, and at the same time reach a conclusion that section 110 could be a production rollback.

The fact of the matter is that section 110 sets the price of a barrel of oil in a given area at the same level that it was on May 15, 1973, plus it also gives the President the right to set prices not to exceed 35 percent. If that is not coming close to a windfall profit, I do not know what is.

So I would urge, Mr. Speaker, that the previous question be voted down so that we can have the separate votes on these three issues, and if any of these sections are voted down then we can go back to conference.

Mr. MACDONALD. Mr. Speaker, will the gentleman yield?

Mr. WILLIAMS. I yield to the gentleman from Massachusetts.

Mr. MACDONALD. Mr. Speaker, I appreciate the gentleman from Pennsylvania yielding to me, and I would like to point out that so far as the costs are concerned that in January of this year the Independent Petroleum Association of America was asking for a price of approximately $6.65 per barrel, and said that if they got that price they could maximize domestic production by 1980.

In January of this year, Deputy Secretary Simon stated that the long-term supply price of crude oil; that is, the level needed to bring supply and demand into balance and to eliminate the shortage—in his own words—would be in the neighborhood of $7 per barrel within the next few years. The gentleman is 100 percent correct.

Mr. WILLIAMS. Mr. Speaker, I should just like to conclude by urging my colleagues to vote down the previous question and adopt the rule proposed by the gentleman from West Virginia (Mr. STAGGERS), because there are very important issues in this conference report, including section 111, protection of franchised dealers.

Mr. PEPPER. Mr. Speaker, I yield 5 minutes to the distinguished gentleman from Louisiana (Mr. WAGGONNER).

Mr. WAGGONNER. Mr. Speaker, I urge the Members of the House as sincerely as I can to sustain this rule and vote "aye" on the previous question. This procedure makes a mockery of House rules.

The reason we are having a problem today with this legislation stems from the very simple fact that last year when the same emergency was portrayed to exist, the distinguished gentleman from West Virginia (Mr. STAGGERS) supported an amendment to the energy bill at that point in time which would strike coal from the windfall provisions of that proposal, but he as a matter of equity refused to do so in an unworkable situation for oil and gas. This is the only reason that the problem exists today.

Let me remind you that when a problem arises in this country, the attitude today is, get Congress to do something about it. All Congress knows to do about a problem in these days is to regulate and stagnate with too much regulation.

This Congress passed an allocation bill last year, and we heard all of these promises of what the allocation bill would do to solve the problem of energy and its supply. This allocation bill, even in the minds of the Washington Post, if you can believe that, is a total and dismal failure and has to be repealed or drastically modified.

The problems we are having today with the supply of crude comes from that allocation bill. Some of us tried to tell you that there were only two things that could happen if we passed that allocation bill: we would disrupt feedstocks, and we would raise the price. This has happened, but we have not learned our lesson yet.

Then this House was told to pass a year-round daylight saving time bill. Let us do something about saving more energy. Almost all of you who voted for it today would like to have that little vote back, would you not, when you face these mothers and fathers who are complaining about what these youngsters are having to put up with when they have to go to school early and in darkness.

This bill will hurt; it will not help. The problem in this country is supply does not meet demand. That means with the problem we have we have to have more energy. We cannot get it with more regulation. We can only make the problem worse, and that is exactly what is going to happen.

Most all Members here today say that you want to provide here at home an incentive to provide for increased exploration and to provide after awhile for self-sufficiency. But, believe me, if we roll the price of American domestic crude back below the market price on a worldwide basis, these people are going to continue to send these dollars overseas and explore overseas. They are not going to invest sufficiently these dollars here in the United States to provide for self-sufficiency. It does not work that way. An investor has to have a return on his money.

Listen to me again. We are going to nullify the provision that we wrote into the allocation bill exempting stripper wells.

You have heard many times that this is a large part of our production, production which is marginal, production which can be lost at any time. On January 1, 1973, there were 359,471 stripper wells in this country and their average production was 3.13 barrels a day. You should put your economic pencil to that statistic and decide what you are going to be doing to that marginal production. Give some consideration to the cost for secondary and tertiary recovery if you are interested in more supply in this country.

We have got to have more energy. But to get more energy we must think about the economics of the situation. We have got to have more capital. The oil and gas industry alone by all responsible studies is said to demand by 1985 some $450 billion to meet their capital needs. Where is that money going to come from? For all energy sources to provide self-sufficiency by 1985 it will require $1.350 trillion of capital.

Are we going to let these people make a reasonable amount of money so they can do this, or are we going to roll the price back, shorten the supply, and not solve any of this Nation's problems? Think about the capital demand. It can not all be borrowed and the Government does not have the money either.

What we are proposing today is not even going to be good short-range politics. We are not attacking the substance of the issue. But if you think it is even good short-range politics to do this and let the problem become worse, then let November come and tell the people you are among those who voted to complicate this problem, because we are going to be asked that question.

The SPEAKER. The time of the gentleman has expired.

Mr. PEPPER. Mr. Speaker, I yield one-half minute additional to the able gentleman from Louisiana.

Mr. WAGGONNER. Mr. Speaker, it is economic folly, pure foolishness for this Congress to establish the precedent of writing a price for anything into a piece of legislation that will remain law until the law expires or is repealed. It is stupidity to allow and worse to mandate the sale of a depletable reserve at less than the replacement value. If you establish the price of an item now in this way tell us please how you will resist doing the same in the future when pressure builds. What about meat, wheat, or milk?

There was no emergency need for this bill in December and there is none now. Authority already exists to do everything this bill provides. It is sure to be vetoed.

The answer is, if you believe in the free market system, to let that system work. The windfall tax would be far more advisable. Consider only the failure of controls in recent months.

But why single out oil? Vepco says they were paying $16.73 a ton for coal a year ago and now they are paying $31.77. Why not roll that price back? Sure, the price of propane must be reduced, but we do not need a new law.

It has been said that prices should be rolled back because Exxon profits increased 59 percent last year. Hold your hats now, but did you know that the Washington Post which owns Newsweek had an increase in profits of 249 percent in 1973? They did, but you will never see that in print unless it is hidden in the want ads. They do not have the nerve to print it and never where it will be read. Oh no, they are too busy criticizing Congress for considering a 7½-percent pay raise after 5 years. Should the Post be nationalized for making too much money? Of course not, but the principle is the same.

Use some commonsense and let the free market work. Prices will adjust as supply meets demand, it always does.

Mr. PEPPER. Mr. Speaker, I yield one-half minute to the able gentleman from Arkansas.

Mr. ALEXANDER. Mr. Speaker, those of us from the rural States such as Arkansas know of a loophole in the COLC regulations that permitted a 350-percent increase in the price of propane over the last 12 months. Section 110, providing for a rollback of prices and attempts to address this injustice and provide relief for the citizens who have suffered from this hardship.

Mr. Speaker, this section provides for a proportional passthrough of costs from the refinery to the consumer. I urge my colleagues to vote down the previous question so we can get some relief for the propane consumers of America.

Mr. ANDERSON of Illinois. Mr. Speaker, I yield 2 minutes to the gentleman from North Carolina (Mr. BROYHILL).

Mr. BROYHILL of North Carolina. Mr. Speaker, the energy shortage we are facing is a complex problem and of course, when the Congress is called upon to deal with a crisis of this magnitude, there is going to be great divergence of opinion as to the best approach to take to deal with it.

There is much in this legislation that has some merit. I do not have the time in the 2 minutes to really go into it, but there are some legislative authorities that are needed in this legislation to positively deal with the energy shortage. For example, there are amendments to the Clean Air Act contained in this bill. We provide for temporary relaxation of automobile emissions standards. There are other authorities in here which we need, but of course all the controversy, and I recognize there is controversy, is coming on section 110 of the bill.

Of course, there are many approaches suggested to deal with this problem of how we price petroleum products to make them available. The approach that is supported by the conferees, and I was a member of the conference committee, to provide the consumer with the pricing protection in the petroleum market, is the most controversial feature of the conference report.

Here is the parliamentary situation:

PARLIAMENTARY SITUATION ON THE CONFERENCE REPORT ON S. 2589, THE ENERGY EMERGENCY ACT

The Conference Report on the Energy Emergency Act is subject to points of order because of certain rewriting which was done in Conference. The managers on the part of the House asked the Rules Committee for a rule which would waive points of order. However, the Rules Committee has granted a rule which waives points of order for all sections except Section 105 (granting FEO authority to promulgate energy conservation plans) and Section 110 (the price rollback section). Also under the rule, a separate vote can be demanded on Section 104 (authorizing the President to impose rationing).

What this means is that if a point of order is made to the language of Sections 105 or 110, it is believed that the Speaker would sustain a point of order on the grounds that the Conferees went beyond the scope of the Conference in the new language of these sections. If the point of order is sustained, the entire Conference Report falls.

Chairman Staggers will ask the House to vote down the previous question so that he can offer a substitute rule, waiving points of order and permitting an up or down vote on one or more of the above-named sections. He feels that he has the votes to sustain the Conference Committee action on these sections. However, in the event that any of these sections are voted down, that, too, has the effect of killing the Conference Report.

If at any point, the Conference Report is rejected either by vote or point of order or any other parliamentary means, the Chairman can at that time move that the House ask the Senate for a new conference. However, if the Conference Report goes to final passage and is sustained by the House, the President has stated that he will veto the bill. If this occurs, the general feeling is that there are sufficient votes to sustain the veto. This means that all action on the bill would have to start over again at the committee level.

Mr. Speaker, all that we are asking Members to do is to vote down the previous question, as suggested by the chairman of the Committee on Interstate and Foreign Commerce, Mr. STAGGERS. This will give this House an opportunity to vote on these issues and not have the conference report to fall just on a point of order. If we adopt this substitute rule suggested by the chairman, then the House could work its will. If the conference report is to fall, let it be by a vote and not by a parliamentary means, such as a point of order.

Mr. ANDERSON of Illinois. Mr. Speaker, I yield 2 minutes to the gentleman from New York.

Will the gentleman yield for one brief comment?

Mr. HASTINGS. I yield to the gentleman.

Mr. ANDERSON of Illinois. I want to reply to the argument made by the gentleman from Arkansas (Mr. ALEXANDER). I sympathize with the gentleman on the high price of propane and the necessity of doing something about the 300-percent increase that has taken place.

We do not have to adopt this conference report, we do not have to vote down the previous question to get at this particular problem.

Mr. HASTINGS. Mr. Speaker, I intend to vote against the previous question. I think it is perfectly reasonable that the House should have an opportunity to vote separately on the three sections we have been made aware of.

I am a free enterpriser. I do not philosophically believe in rollbacks, but I hear people tell me we ought to have the oil depletion allowances changed, the excess profit taxes imposed, the foreign royalties for oil companies revised, and have antitrust action on vertical integration of major oil companies.

I predict if we do not do something, the only thing now available is a rollback, a year from now, we will still be here talking about actions that this Congress will not take.

The Senate, as far as excess profits, is not willing to discuss the issue; so though I do not believe philosophically in rollbacks, I feel we should proceed here; since I do not believe any other action will be taken.

As far as the stripper wells are concerned, western New York happens to have a few stripper wells. Our oil is higher in price than the average price in this country. They were getting $4.60 a barrel a year ago in November. Today they get $10.35. This bill will allow them to go to $9.20 a barrel and they tell me privately they will get in new production at $7.50 or $8 a barrel.

I intend to vote against the previous question.

The SPEAKER. The time of the gentleman from Illinois has expired.

The gentleman from Florida (Mr. PEPPER) is recognized.

Mr. PEPPER. Mr. Speaker, I yield 3 minutes to the able majority leader, the gentleman from Massachusetts (Mr. O'NEILL.)

Mr. O'NEILL. Mr. Speaker, the debate today reminds me of the American public in 1946, when the signs read, "Like a little meat? Vote Republican." Or, "Had enough?"

Well, the technical argument of the gentleman from Illinois was really brilliant. No question he is an able man and gave a brilliant argument; but the people will say, "Where is the gas and where is the oil?"

That is the only issue. "Where is the gas and where is the oil?" That is what the people want to know.

Now, let us review what is going to happen here this afternoon. The gentleman from Florida will move the previous question.

Mr. STAGGERS, myself, and so many of us, have asked that the previous question be voted down, so that Mr. STAGGERS can then offer a rule to allow 435 Members to work their will on the three controversial and explosive provisions of the bill: No. 1, a price rollback; No. 2, energy conservation plans; and No. 3, rationing authority.

Now, if this substitute rule is adopted, there will be 2 hours of general debate on these three crucial provisions. Following the debate there will be a vote on each one of those matters separately.

Now, that is the situation as it is. I say that it is just a replica of 1946 when people were saying, "Yes, there were technical arguments and there were great debates."

As a matter of fact, we have been deliberating over this legislation for more than 4 months now. Are we going to let all this work go down the drain by allowing one person to object to a provision and thus kill the whole conference report? Are we going to have one-man rule in the House or are we going to let the 435 duly elected Members of the House, who represent 200 million Americans, work their will on emergency energy legislation?

The American people are crying out to be heard on energy. The gas lines are getting longer and longer in California, in Minnesota, in Florida, and in Massachusetts. The energy crunch is not a regional anxiety; it is a national problem and needs a nationally directed policy to resolve the problem.

But the American people deserve to be heard. And the only way this can happen is to vote down the previous question.

The American people want to know the accurate status of our oil and gas supplies. No one in the administration or Congress will be able to give them a straight answer unless we adopt this conference report which forces the administration and oil companies to periodically report to Congress on our oil supplies.

If we have an energy problem, if it is indeed a crisis or if, as the President says, we have weathered the storm, then the American people have a right to know. That is why we have an obligation to the American people to vote on the emergency energy legislation before us today.

Mr. Speaker, this is the crux of the issue. The only people who do not want us to vote on rationing and rollback are the oil oligarchists of this Nation. But we all know, if it were not for their actions, we would not have this energy crisis. And the American people are not deceived. The oil companies are the most unpopular group in this country today.

I understand there have been 672 days of hearings on the energy crisis by this Congress; nevertheless we cannot go back to our constituents and say that we debated it for 4 months or that we had 672 days of hearings. They are going to say to us, "But where is the gas and where is the oil?"

To be true to the American public, the only way to go on this issue today is by voting on each one of these issues independently. Let our American public, let our people back home know how we feel on these questions.

There is a crisis, there is no question about it. This is one of the biggest issues we as Congressmen are going to face in our years here in the House of Representatives.

Mr. Speaker, I hope the previous question is defeated.

Mr. PEPPER. Mr. Speaker, I yield 5 minutes to the able gentleman from West Virginia (Mr. STAGGERS).

Mr. STAGGERS. Mr. Speaker, this is not a perfect bill. I admit that, and anyone would have to admit that. Nothing man has made has ever been perfect. If there are mistakes made in the bill, they can be corrected, but if we do not pass something, we cannot correct it.

Mr. Speaker, I think it is the most important bill any of us are going to vote on in our entire time in the Congress. I think the American people are going to do just exactly what the distinguished majority leader says. They are going to ask, "What did you do and how did you vote when the crisis was on."

That is what they did in 1946, I can say that, when there was a lot of debate and no action.

This is only a temporary bill, did the Members know that? It is to get through this crisis now. One would think that this was an eternity, but it is only until May 15, 1975. Then, if we get through the crisis, everything will be gone and we can do something else.

Do the Members want to do away with the long lines around Washington? Did the Members see the headlines stating that there is no gas around the area? I think this bill will help to do that. Do the Members want to know what the supplies are in America of oil and gas? Do they want the people to know? If they do, then they will vote down the previous question and vote for the bill.

That is the only way we are going to find out. Are the Members going to go back home to their people and tell them that they do not want to know how much gas is here, where it comes from, how much is being spent for it? We will know if the previous question is voted down. They will make a report within 60 days.

This is a crucial bill for the people of America, for the little people, the poor people; not for the rich. A lot of people say, "Let the prices go, let the rich get richer and let the poor pay for it."

I say, let us protect the poor people. Nine months ago, oil was selling in America for $3.86 a barrel for all oil, old and new oil. In 9 months, new crude production has gone to $10, and over in some cases.

In Canada, a person can get all the gas that he wishes, and they have a gas war. This morning on the news, they are vying for prices and trying to sell gas. Yet, they want to sell us oil at a high price, because our prices have gone up and they say, "We are not going to undersell you."

That is the reason we want to roll these prices back to where they are reasonable. By the petroleum industry's own figures in December 1972, they said:

> Projecting ahead, give us $4.03 a barrel in 1974, and we can make 20 percent profit; if you give us $3.92 a barrel, we will make 10 percent profit.

We are not saying that. We are saying that flowing oil may stay at $5.25 a barrel and up to $7.09 a barrel may be charged for the stripper wells.

Mr. Speaker, I have just been told today, a few moments ago, by a man who knows his business and is in this business, that 50 percent of these stripper wells are owned by the big oil companies. We are saying that they can go to $7.09.

Now, if the Members want to help their farmers, bring down the price of propane which is selling at three times the price. If not, they can go back home to the glassmakers, the business people, the farmers, and tell them they were not willing to bring down the price of propane—just vote this previous question in.

But if a Member votes down the previous question and votes for this bill, he can say, "I voted to bring down the price of propane, which has gone up over 300 percent." But otherwise I do not know how the Members can explain to the farmers and the little business people and the plastics people and all the rest of them in America that they were down here trying to help them. They could not say that.

America is willing to sacrifice. The people are willing to pay any price and do anything if they think it is right. But I cannot go back into my hills and tell one out of a hundred that there is a shortage in America and have them believe it. I have had meetings with them in courthouses, and I know they do not believe that there is a shortage in Amercia. We have to get the reports to show them. Nobody knows. This will let them know.

Mr. Speaker, let me just say this: It just comes down to one simple question. Do the Members want to let one man get up and say that this bill should not pass, or do the Members want to let the people of America vote on it, let the elected Representatives of the people in America vote on it?

Is this not a democracy? Should we not allow everybody in America who has a voice to speak?

This is all we are asking for in the committee, that all the Members in this House will have a chance to express their vote on the three most important issues. We are not saying that we should vote this thing up or down. We are not saying that at all. We are saying, let us give the House a chance.

So the object is to vote down the previous question, and I will ask that the three issues have a vote taken on each one of them.

Mr. PEPPER. Mr. Speaker, I yield one-half minute to the gentleman from Texas (Mr. GONZALEZ).

Mr. GONZALEZ. Mr. Speaker, I take this opportunity to say that I am once again dismayed to see that we are repeating the experience of December 20, when we flailed and floundered around with this energy legislation.

This legislation is superfluous; it is redundant. We have already passed on all the authority that is necessary to the President to do what they intend to do under this bill. The only thing we are going to get here is "legislative constipation."

Mr. PEPPER. Mr. Speaker, I move the previous question on the resolution.

The SPEAKER. The question is on ordering the previous question.

RECORDED VOTE

Mr. PEPPER. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 144, noes 259, answered "present" 3, not voting 25, as follows:

[Roll No. 45]

AYES—144

Anderson, Ill.
Archer
Arends
Armstrong
Ashbrook
Bauman
Beard
Blackburn
Boggs
Bray
Breaux
Brooks
Brotzman
Brown, Ohio
Broyhill, Va.
Buchanan
Burgener
Burke, Fla.
Burleson, Tex.
Butler
Camp
Casey, Tex.
Cederberg
Chamberlain
Clawson, Del
Cochran
Collier
Collins, Tex.
Conable
Conlan
Daniel, Dan
Daniel, Robert W., Jr.
de la Garza
Dellenback
Dennis
Derwinski
Devine
Eckhardt
Edwards, Ala.
Erlenborn
Esch
Findley
Fisher
Forsythe
Frey
Goldwater
Gonzalez
Goodling
Green, Oreg.
Gross
Gubser
Guyer
Hammerschmidt
Hansen, Idaho
Hébert
Hinshaw
Hogan
Holt
Horton
Hosmer
Huber
Hutchinson
Ichord
Jarman
Johnson, Colo.
Johnson, Pa.
Jones, Okla.
Jordan
Kazen
Kemp
Ketchum
Landgrebe
Latta
Long, La.
Lott
Lujan
McCloskey
McEwen
McSpadden
Mahon
Mailliard
Martin, Nebr.
Martin, N.C.
Mathias, Calif.
Milford
Miller
Minshall, Ohio
Montgomery
Moorhead, Calif.
Mosher
Myers
Nelsen
O'Brien
Parris
Passman
Pepper
Pettis
Pickle
Poage
Quie
Quillen
Rarick
Regula
Rhodes
Robinson, Va.
Rose
Rousselot
Runnels
Ruth
Satterfield
Scherle
Sebelius
Shoup
Shriver
Skubitz
Smith, N.Y.
Spence
Steed
Steelman
Steiger, Ariz.
Symms
Talcott
Taylor, Mo.
Thornton
Towell, Nev.
Treen
Vander Jagt
Veysey
Waggonner
Wampler
White
Whitehurst
Wiggins
Wilson, Bob
Wilson, Charles, Tex.
Winn
Wright
Wyatt
Wylie
Young, Alaska
Young, Ill.
Young, S.C.
Young, Tex.
Zion

NOES—259

Abdnor
Abzug
Adams
Addabbo
Alexander
Anderson, Calif.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Ashley
Aspin
Badillo
Bafalis
Barrett
Bennett
Bergland
Bevill
Biaggi
Biester
Bingham
Blatnik
Boland
Bolling
Bowen
Brademas
Breckinridge
Brinkley
Broomfield
Brown, Calif.
Brown, Mich.
Broyhill, N.C.
Burke, Calif.
Burke, Mass.
Burlison, Mo.
Byron
Carey, N.Y.
Carter
Chappell
Chisholm
Clancy
Clark
Clausen, Don H.
Clay
Cleveland
Cohen
Collins, Ill.
Conte
Conyers
Corman
Cotter
Coughlin
Cronin
Culver
Daniels, Dominick V.
Danielson
Davis, Ga.
Davis, S.C.
Delaney
Dellums
Denholm
Dent
Dickinson
Diggs
Dingell
Donohue
Downing
Drinan
Dulski
Duncan
du Pont
Edwards, Calif.

Eilberg
Eshleman
Evans, Colo.
Evins, Tenn.
Fascell
Fish
Flood
Flowers
Flynt
Foley
Fountain
Fraser
Frenzel
Froehlich
Fulton
Fuqua
Gaydos
Gettys
Giaimo
Gibbons
Gilman
Ginn
Grasso
Gray
Green, Pa.
Griffiths
Grover
Gude
Gunter
Haley
Hamilton
Hanley
Hanna
Hanrahan
Hansen, Wash.
Harrington
Harsha
Hastings
Hawkins
Hays
Hechler, W. Va.
Heckler, Mass.
Heinz
Helstoski
Henderson
Hicks
Hillis
Holifield
Holtzman
Howard
Hudnut
Hungate
Hunt
Johnson, Calif.
Jones, Ala.
Jones, N.C.
Karth
Kastenmeier
King
Koch
Kyros
Landrum
Leggett
Lehman
Lent
Litton
Long, Md.
McCollister
McCormack
McDade
McFall
McKay
McKinney
Macdonald
Madden
Madigan
Mallary
Mann
Maraziti
Mathis, Ga.
Matsunaga
Mayne
Mazzoli
Meeds
Melcher
Metcalfe
Mezvinsky
Minish
Mink
Mitchell, Md.
Mitchell, N.Y.
Mizell
Moakley
Mollohan
Moorhead, Pa.
Morgan
Murphy, Ill.
Murtha
Natcher
Nedzi
Nichols
Nix
Obey
O'Hara
O'Neill
Owens
Patman
Patten
Perkins
Peyser
Pike
Podell
Preyer
Price, Ill.
Pritchard
Railsback
Randall
Rangel
Rees
Reid
Reuss
Riegle
Rinaldo
Robison, N.Y.
Rodino
Roe
Rogers
Roncalio, Wyo.
Roncallo, N.Y.
Rooney, Pa.
Rosenthal
Roush
Roy
Roybal
Ruppe
Ryan
St Germain
Sandman
Sarasin
Sarbanes
Schroeder
Seiberling
Shipley
Shuster
Sikes
Sisk
Slack
Smith, Iowa
Snyder
Staggers
Stanton,
  J. William
Stanton,
  James V.
Stark
Steele
Steiger, Wis.
Stephens
Stokes
Stratton
Stubblefield
Stuckey
Studds
Symington
Taylor, N.C.
Thompson, N.J.
Thomson, Wis.
Thone
Tiernan
Udall
Ullman
Van Deerlin
Vanik
Vigorito
Waldie
Walsh
Whalen
Whitten
Widnall
Williams
Wilson,
  Charles H.,
  Calif.
Wolff
Wydler
Wyman
Yates
Yatron
Young, Fla.
Young, Ga.
Zablocki
Zwach

ANSWERED "PRESENT"—3

Bell
Schneebeli
Ware

NOT VOTING—25

Baker
Brasco
Burton
Carney, Ohio
Crane
Davis, Wis.
Dorn
Ford
Frelinghuysen
Jones, Tenn.
Kluczynski
Kuykendall
McClory
Michel
Mills
Moss
Murphy, N.Y.
Powell, Ohio
Price, Tex.
Roberts
Rooney, N.Y.
Rostenkowski
Sullivan
Teague
Vander Veen

So the previous question was not ordered.

The Clerk announced the following pairs:

On this vote:

Mr. Teague for, with Mr. Rostenkowski against.

Mr. Roberts for, with Mr. Frelinghuysen against.

Mr. Price of Texas for, with Mr. Kluczynski against.

Mr. Kuykendall for, with Mr. Rooney of New York against.

Mr. Crane for, with Mr. Murphy of New York against.

Mr. Baker for, with Mr. Brasco against.

Mr. Michel for, with Mr. Moss against.

Until further notice:

Mr. Burton with Mr. McClory.

Mr. Dorn with Mr. Davis of Wisconsin.

Mr. Jones of Tennessee with Mr. Carney of Ohio.

Mr. Ford with Mr. Powell of Ohio.

Mrs. Sullivan with Mr. Mills.

The result of the vote was announced as above recorded.

AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. STAGGERS

Mr. STAGGERS. Mr. Speaker, I offer an amendment in the nature of a substitute.

The Clerk read as follows:

Amendment in the nature of a substitute offered by Mr. STAGGERS: Strike out all after the resolving clause of House Resolution 901 and insert in lieu thereof the following:

"That immediately upon the adoption of this resolution it shall be in order to consider the conference report on the bill (S. 2589) to declare by congressional action a nationwide energy emergency; to authorize the President to immediately undertake specific actions to conserve scarce fuels and increase supply; to invite the development of local, State, National, and international contingency plans; to assure the continuation of vital public services; and for other purposes, and all points of order against said conference report for failure to comply with the provisions of clause 3, Rule XXVIII, are hereby waived. Debate on said conference report shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Interstate and Foreign Commerce. At the conclusion of the debate, it shall be in order, on the demand of any Member for a separate vote to be had on motions to strike out the following provisions of the conference report: Sections 110, 105, and 104, and such separate votes, if demanded, shall be taken in the foregoing order. At the conclusion of all of the separate votes demanded under this procedure, and if none of the sections have been stricken by such separate votes, the previous question shall be considered as ordered on agreeing to the conference report."

The SPEAKER. The gentleman from West Virginia is recognized for 1 hour.

Mr. STAGGERS. Mr. Speaker, at the outset I want to say I am very grateful for the vote that just took place a minute ago because I think it is to the great interest of America. I think the Members of this House recognize every Member should have an opportunity to vote on the different issues. This is democracy in action.

I am grateful and I know every American is, whether we win or lose on the matter before us. I am hopeful every section of the bill will be voted up because at the start of this bill when it was brought to the House floor, in December, it was debated for a long time and into the wee hours of the night. Afterward we went to conference and worked on the bill again. It was taken up by the Senate and passed, after long and full debate, by a two-thirds majority, 67 to 32.

The vote of the House just now showed me the Members want some kind of bill to take back home. They do not want their people to say this House is not capable of legislating for this land in order to try to help our people.

No one says this is a perfect bill.

I say it ought to be voted up or down and we should give everybody a chance to vote on the bill, so I am willing to vote on it right now. I ask, Mr. Speaker, that we have a vote on this, unless the gentleman from Illinois wants me to yield some time.

Mr. ANDERSON of Illinois. Mr. Speaker, if the gentleman from West Virginia will yield, I shall not ask for any extended amount of time, because I think that this amendment in the nature of a substitute for the resolution offered by the Committee on Rules has been thoroughly explained and debated during the hour allowed that has just taken place.

I cannot help but express some regret that I think we have established an unfortunate precedent and, in effect, I think we have stricken clause 3 of rule XXVIII from the rule book, as far as the future is concerned. It seems to me that may be the tendency from now on, but I think the Members understand the issue that is now before them.

Mr. STAGGERS. Mr. Speaker, I thank the gentleman from Illinois for his comments. I am certain he is very sincere.

Mr. Speaker, I move the previous question on the amendment and on the resolution.

The SPEAKER. The question is on ordering the previous question.

The previous question was ordered.

The SPEAKER. The question is on the amendment.

The amendment was agreed to.

The SPEAKER. The question is on the resolution.

The resolution was agreed to.

A motion to reconsider was laid on the table.

The SPEAKER. Under the provisions of the resolution just adopted, the conference report is now before the House, and that resolution provides that it shall be in order following the completion of debate on the adoption of the conference report for separate votes to be demanded on sections 110, 105, and 104 of the report.

Is a seperate vote demanded on any of the sections?

Mr. LATTA. Mr. Speaker, I ask for a separate vote on section 104.

The SPEAKER. The gentleman from Ohio asks for a separate vote on section 104.

Is a separate vote demanded on any of the other sections?

Mr. ECKHARDT. Mr. Speaker, I ask for a separate vote on section 105.

The SPEAKER. The gentleman from Texas asks for a separate vote on section 105.

Mr. ANDERSON of Illinois. Mr. Speaker, I ask for a separate vote on section 110.

The SPEAKER. The gentleman from Illinois asks for a separate vote on section 110.

The Chair will now put the question on these sections in the order specified in the resolution.

PARLIAMENTARY INQUIRY

Mr. ECKHARDT. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state his parliamentary inquiry.

Mr. ECKHARDT. Mr. Speaker, does the gentleman from Texas misunderstand the rule in that it provided for a motion to strike each of these sections? The gentleman from Texas had thought there would be some debate with respect to these sections.

The SPEAKER. The Chair will advise that under the rule as amended 1 hour of debate is now permitted on the conference report itself.

The gentleman from West Virginia is recognized for 30 minutes and the gentleman from North Carolina is recognized for 30 minutes.

Prior to the debate, may the Chair announce that the sections will be voted on in the following order: Section 110, section 105, and section 104.

The Chair now recognizes the gentleman from West Virginia for 30 minutes.

PARLIAMENTARY INQUIRY

Mr. BROYHILL of North Carolina. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state his parliamentary inquiry.

Mr. BROYHILL of North Carolina. Mr. Speaker, I was under the impression that 40 minutes of debate would be in order on each one of the sections, in addition to the 1 hour.

The SPEAKER. The rule provides 1 hour of debate now under the control of the gentleman from West Virginia and the gentleman from North Carolina.

PARLIAMENTARY INQUIRY

Mr. RHODES. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. RHODES. Mr. Speaker, at what stage of the proceedings does a motion to strike become in order?

The SPEAKER. Immediately after the 1 hour of debate on the conference report.

The Chair recognizes the gentleman from West Virginia (Mr. STAGGERS) for 30 minutes.

Mr. STAGGERS. Mr. Speaker, I shall make my statement very brief.

Mr. Speaker, I rise in support of the conference report on the Emergency Energy Act (S. 2589).

Mr. Speaker, there is much in this legislation which is needed now if we, as a Government, are to respond positively to the energy crisis. Standby authority is provided to permit end-use rationing of petroleum products should the President determine that he is unable otherwise to preserve public health, safety, and welfare of this Nation. Authority has been given to the President to compel the allocation of materials for energy production which are in short supply such as pipes and drill bits to prevent the hoarding of these supplies which is reportedly now going on.

The administration is given authority, tempered by congressional veto, to prevent wasteful and unnecessary energy consumption. The consumer is provided with pricing protection in the petroleum market. Steps are authorized to be taken to begin to make fuller and more efficient use of this Nation's abundant coal supplies. And the States are to be granted assistance in providing compensation for those whose unemployment is attributable to energy shortages. And perhaps most importantly, provision has been made to obtain complete and accurate data reflecting this Nation's energy supply so that both the administration and this Congress can measure the extent of the problem and fashion additional means to deal with it.

I know this legislation is extremely complex and controversial. To assist the Members in their consideration of its terms, I have instructed the staff of the committee to prepare a summary of the major provisions of this bill. This summary is available on the floor for your reference.

I wish to emphasize that this bill contemplates temporary measures to extend only for the next 14 months until May 15, 1975. As we gain further experience and acquire additional information, amendments in its provisions may become necessary. But we cannot and should not defer action awaiting a more perfect solution to our problems. I respectfully urge your support of this current legislative effort.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. STAGGERS. Mr. Speaker, I yield to the gentleman from Iowa.

Mr. GROSS. Mr. Speaker, is there any pullback provision on rationing that gives Congress the power to intervene to stop rationing at any time, or is this power delegated to the President without limitation?

Mr. STAGGERS. No; the bill runs out in 14 months. It is a temporary bill.

Mr. GROSS. Well, the rationing could go on for 14 months or longer, but would have to be extended by Congress. Is that what the gentleman is saying?

Mr. STAGGERS. No; I am saying that the President is prohibited from any kind of rationing until he has exhausted every means at his command, and then only after hearings and judicial review.

Mr. GROSS. But there is no pullback provision in section 104, no pullback on the part of the Congress?

Mr. STAGGERS. No. But, we do stop him from rationing now, which he can do now. We say he cannot do it until he has exhausted every other means at his command, and after hearings and after judicial review.

Mr. SKUBITZ. Mr. Speaker, will the gentleman yield?

Mr. STAGGERS. Mr. Speaker, I yield to the gentleman from Kansas.

Mr. SKUBITZ. Mr. Speaker, what the gentleman is saying is that this is an antirationing bill?

Mr. STAGGERS. No; I do not say that at all.

Mr. KAZEN. Mr. Speaker, will the gentleman yield?

Mr. STAGGERS. Mr. Speaker, I yield to the gentleman from Texas.

Mr. KAZEN. Mr. Speaker, what does the gentleman mean by "judicial review"? Does he mean that there will be judicial review by the Courts?

Mr. STAGGERS. Mr. Speaker, I believe I am right on that.

Mr. MACDONALD. Mr. Speaker, will the gentleman yield?

Mr. STAGGERS. Mr. Speaker, I yield to my friend from Massachusetts.

Mr. MACDONALD. Mr. Speaker, I appreciate the gentleman yielding to me.

Mr. Speaker, it is up to the President to make a decision on whether or not he will ration. If so, he will then issue appropriate regulations.

Mr. KAZEN. Then it is not mandatory that we have judicial review, if what the gentleman is saying is correct.

Mr. MACDONALD. Mr. Speaker, the deep-seated trouble is that many people, many lawyers both in the White House and outside the White House, say that he already has the power. He himself has said that he does not have the power, and this bill will give him the power under certain conditions.

Mr. KAZEN. It will give him power to do what, to go to the courts and get judicial review?

Mr. MACDONALD. To impose rationing subject to review by the courts.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. STAGGERS. I yield to the gentleman from Iowa.

Mr. GROSS. Mr. Speaker, must the President declare an emergency either before or after the fact of rationing?

Mr. MACDONALD. Mr. Speaker, if the gentleman will yield to allow me to answer the question, technically the emergency is still on. It goes back to 1933 or some such date. There is still a declared state of emergency. It has never been declared that the state of emergency is over.

Mr. GROSS. So the state of war emergency with respect to rationing gasoline and other fuels has never been declared to have come to an end?

Mr. MACDONALD. No. The President has retained his power as President. He has emergency powers that the Congress has never lifted.

Mr. STAGGERS. Mr. Speaker, I know that my people at home are demanding that something be done now and they are looking to the Congress of the United States to do it. We in Congress are the ones they are blaming. One can say that they are blaming the President, but I do not believe that; I believe they are blaming the Congress.

So something must be done, and now is the time to do it, and now is the time for the Congress to act positively.

Mr. MILFORD. Mr. Speaker, will the gentleman yield?

Mr. STAGGERS. I yield to the gentleman from Texas.

Mr. MILFORD. Mr. Speaker, I thank the gentleman for yielding.

I respect the gentleman, the Chairman of the Committee, although I must say that I disagree with him.

Mr. Speaker, what I am about to say will probably be just about as popular as a skunk at a dinner dance. Nonetheless, I feel that it is imperative that it be said.

A roll-back in domestic crude oil prices would be an absolute disaster to this Nation.

Mr. Speaker, I know that many of you do not like to hear Texans talking about the oil business. Some of you even believe that the powerful oil lobbies own the Texas Members, and that our delegation is simply used as a tool by them. I can assure you that is untrue.

If any rational person will stop and learn some very basic facts about the production of oil and then do some unprejudiced thinking, you will quickly see the fallacy of some of the arguments presented on this floor.

The most important fact that you must learn about oil production is that the cost of getting a barrel of crude out of the ground is different for every situation, for every field, and for every well within a field.

For example, if we have a new discovery where the reservoir pressure is high, the oil may flow to the surface without pumping. The cost of that crude recovery is very low. As more wells are developed and more oil is taken out of the reservoir, the pressure is lowered, and the producer must begin to pump the crude to the surface. His production cost goes up. In the latter stages of the oil field's history, the reservoir pressure is depleted, and the well becomes a stripper.

I think that it is very important for us to pause a moment and be sure that every Member fully understands the definition of a stripper oil well. This is extremely important because strippers contribute a significant amount to our overall energy supply.

In the oil business, a well is classified as a stripper when it produces less than 10 barrels of oil per day. The cost of bringing this oil to the surface is very expensive.

There are two other very important facts that every Member should know about stripper oil wells. First, they produce 11.9 percent of our total domestic oil. Second, they are not owned by the big oil companies. They are owned by independent producers—small producers—small businessmen.

The big oil companies will not fool with strippers. They are a headache—they require too much maintenance—they require too much bookkeeping, and therefore, they are not profitable to large operations.

If you roll back the prices of domestic crude, you will shut down stripper oil well operations over the Nation. The small independent operators simply cannot operate at a loss. If it costs them $6 per barrel to produce from a stripper well, and you place a price ceiling of $5.25 on crude, they will simply shut down their wells. They have no choice. You will have done nothing to the big oil companies—they do not operate stripper wells. But, you will have reduced overall crude supplies.

Now, the stripper well is not the end of the line in oil production. It is simply one of the most expensive production wells.

Once we believed the stripped well to be the end of the line in oil production. Most folks thought that the well would soon be dead when it reached the stripper stage. Some oil fields were even closed down with the wells capped.

Now we know that this is not the case. When we have pumped a field until no new oil can be brought to the surface, we have actually recovered only approximately 30 percent of the oil that is in the reservoir beneath. The rest is still there, waiting to be brought to the surface and into the gas tanks of your constituents.

New techniques have been developed to get the remaining oil out of the ground. They are called secondary recovery and tertiary recovery. We have techniques of rebuilding the underground reservoir pressure and forcing the crude oil from the sands underneath.

But, these are expensive techniques. They require large capital investments, and the cost of getting the crude to the surface is high. Believe me, my colleagues, you will never see a drop of that oil with a ceiling price of $5.25 per barrel. The operators simply cannot get it to the surface at that price.

On the other hand, if the independent operators are allowed to develop this potential, it will mean an effective increase in domestic crude oil production. While the cost of that production will be higher than we are accustomed to paying for domestic crude, it will still be much lower than the $15 to $20 per barrel that we are now having to pay for foreign crude.

I plead with my colleagues to recognize a fact of life. If you place a ceiling price on crude oil production, you immediately stop all marginal productions that cost more than ceiling price. This can only aggravate our shortage and force us to purchase higher priced foreign oil. This simply does not make sense.

Mr. Speaker, I would like to make another point about which many of my colleagues grossly misunderstand. I am in agreement with every person in this House when it comes to preventing oil companies, or any kind of company, from exploiting the public during this energy shortage. I am not here today to defend the big oil companies, and I am certainly not here to defend exploitation of the public.

The point I would like to make is that by rolling back crude oil prices, you do not really affect the big oil companies. What you will do is blow the little independent operator out of the tub. Big oil companies do very little oil exploration.

To solve our energy shortage, we must find more oil and recover more from the fields. Exploration is our real answer. Exploration is done by the small independent producers. The big companies do exploration only in the expensive offshore reserves, or the Alaskan reserves, or other indicated reserves requiring large capital investments. The Christopher Columbuses of the oil industry are the independent oil operators. These are little guys.

They are investors that are simply looking for the best return on their capital investments. If they do not get it in oil, they will invest in the stock market, or real estate, or peanuts in Peru.

The moment you place a ceiling on their potential return that will lower the return below other investment potentials, you have stopped oil exploration. Without new oil exploration, we cannot meet the increased demands of our constituents.

Mr. Speaker, I want to make one final point—a very important point. Every Member of this House is concerned about the prices his constituents are having to pay for fuel. Please believe me, the people in Texas do not like to pay high prices any more than the people in Massachusetts, New York, or Wisconsin.

Big oil companies and big oil profits are no more popular in Texas than they are in New Jersey. I also have to face my constituents, just as you do, every 2 years.

I am just an anxious as any other Member from any other State to prevent exploitation of consumers due to a shortage. I am equally anxious to see that my constituents receive fuel to keep their homes warm and to provide for business operations.

A price rollback is not the answer. That will not stop big oil company profits; it will only stop oil exploration and limit oil production. You will not be doing your constituents a favor—you will be hurting them.

If you want to stop excess profits, as I do, the answer does not lie in price ceilings. The answer lies in levying an excess profits tax. Our own Ways and Means Committee is now working on such a plan. That makes sense. It will limit profits, but will not limit production.

An excess profits tax will allow independent producers to place capital back into the exploration for new oil. It will allow stripper well production to continue. It will allow producers to reclaim old oil fields and regenerate production through secondary recovery and tertiary recovery techniques. This generates increased fuel supplies and eases the shortage.

Surely the Members of this House have not forgotten the great meat price rollback that we enacted just 1 year ago. We learned that we could, indeed, pass a law to freeze meat prices. We also learned that such action immediately created a shortage.

Any way you look at it, my colleagues, you cannot make a man operate his business at a loss. It will not work with cattle growers. It will not work with oil men.

I urge each of you to reject this conference report, and vote down the rollback and ceiling price on new crude oil. Otherwise you will surely bring about further shortages and force this Nation into rationing.

Mr. WAGGONNER. Mr. Speaker, will the gentleman yield for a question?

Mr. STAGGERS. I yield for a question to the gentleman from Louisiana.

Mr. WAGGONNER. Mr. Speaker, will the gentleman answer this one question for me:

Will the gentleman tell me what there is in this bill that produces one more barrel of energy?

Mr. STAGGERS. Well, we have a conservation section in the bill, and we let loose of a lot of materials that are now tied up, materials that will be distributed equally so there can be other things done.

Mr. ROGERS. Mr. Speaker, will the gentleman yield?

Mr. STAGGERS. I yield to the gentleman from Florida.

Mr. ROGERS. Mr. Speaker, if the

gentleman will permit me, I would just like to say to the gentleman that I think the most important provision in this bill, as far as every American I have talked to is concerned—and I will bet that if the gentleman has talked to people in his home district, it is true there—the most important feature in this bill is the provision to give the Federal Energy Office the right to require every producer of oil and gas in this country to give them a proper inventory, saying what is in the ground in their wells, what is stored and where it is stored, what is refined and where it is going, so that we will know. There is no current authority in law to require this.

That is going to bring us more oil than any of us can conceive, because we are going to find out exactly what we do have, and the Energy Office then can make intelligent judgments on what must be done.

And I predict that we are going to find out there are a lot of wells tapped that only have about 20 percent or 30 percent taken out of them.

We are going to find out that there is some inventory stored up that nobody knows about now. The gentleman is going to be surprised, and he will just find out a lot of things as soon as we pass this bill. We ought to give them this authority right away.

I know the gentleman is sincerely concerned about the rollback provision, but that shows that it is a little strict, and we can handle that later if we need to. That can be done.

Mr. Speaker, we had better move on and get something done and cut down these gas lines and find out what we have in this Nation and allocate it properly.

Mr. PRITCHARD. Mr. Speaker, will the gentleman yield?

Mr. STAGGERS. I yield to the gentleman from Washington.

Mr. PRITCHARD. Mr. Speaker, I would like to make it very clear in my mind as to the issue of rationing.

The gentleman said,

> As I understand it, it will really impede the President from putting in rationing.

Is that what the gentleman said?

Mr. STAGGERS. I said the President must exhaust all his means before he puts in rationing.

Mr. PRITCHARD. If you will allow me to go on, one of the things the gentleman said further was that the public was clamoring for action, and I think they are demanding rationing and they want it now. I am a little surprised that we are bringing forth a bill now that will make it more difficult to put in rationing.

Mr. STAGGERS. It will not make it more difficult. Let me say to the gentleman that if we put in rationing, you are also putting in billions of dollars in the way of rackets that we cannot stop in America. It will be just like prohibition and it will be just like the situation we had in 1946, and this Congress had to change it completely in 1948 because they were tired of rationing in America.

Mr. PRITCHARD. Then I think this bill makes it tougher to put in rationing.

Mr. BROYHILL of North Carolina. Mr. Speaker, I yield myself 5 minutes.

Mr. Speaker, as I pointed out a few moments ago, when we were considering the other rule, this is a complex problem dealing with an energy shortage and we are being called upon to deal with it here.

Of course, there is a great deal of divergent opinion as to how best to approach this problem, but I do want to point out that there is much more in this legislation than is found in this one section 110, which is the pricing section.

For example, the Clean Air Act in this bill is amended to provide for some temporary relaxation of automobile emission standards in an attempt to conserve fuel. I wish the Members would study that section.

In addition to that there is authority contained in this bill that would suspend certain stationary source emission standards. The purpose of this section is an effort to permit fuller and more efficient use of the Nation's very abundant coal supply.

As the chairman pointed out, there is standby authority in this bill which provides for rationing of petroleum products. But, as the chairman pointed out, the President has to determine that such a program is necessary and all other practicable and authorized methods to limit energy demands will not achieve the objectives of the act.

There is also increasing evidence that many aspects of the energy crisis cannot be rapidly corrected and that these problems may burden the Nation for some time. In light of this situation, and in response to it, in section 105, the administration is granted the very essential authority, subject to congressional veto, to issue regulations designed to prevent wasteful and unnecessary use of our energy resources, and to reduce energy consumption to a level which can be supplied by available energy resources. There are also other provisions in the bill designed to promote energy conservation such as authority to encourage the use of carpools and a requirement that all agencies of Government, where practical, make use of economy model motor vehicles.

It is well recognized that when a product is in great demand and short supply the price is going to increase correspondingly. When the product is essential to the Nation's economy and to its welfare, steps must be taken to assure that the price will not become prohibitive during the period of short supply. There were many approaches suggested to deal with this problem and none of those suggested were completely satisfactory to all the conferees. The approach adopted by the conferees to provide the consumer with pricing protection in the petroleum market is the most controversial feature of the conference report. The provisions of the bill dealing with this problem are contained in section 110, the so-called price rollback provisions. There have been strong attacks on this provision based on the theory that a price rollback will reduce capital available for exploration and production of new energy resources.

Others are equally strong in their opinion that the price limitation contained in section 110 will provide more than adequate capital needed for the maximum exploration and production of new domestic energy resources. The problem is an extremely complex one and an informative statement in support of the provision can be found in Chairman STAGGERS' letter of February 25, 1974, which was sent to all Members of the House.

It is my sincere belief that on the whole this bill contains numerous authorities that are essential to deal with this Nation's energy crisis and for this reason I ask for your support in passing this measure. I would like to emphasize that this bill provides only temporary authorities that extend for 14 months until May 15, 1975. As we acquire additional information we may find that amendments to this measure are necessary, but with the magnitude of the problem facing us today we cannot allow further delay by rejecting the good in pursuit of the perfect.

I want to point out—and this is very essential—that these energy conservation programs that would be promulgated under section 105 would be subject to congressional veto.

Mr. ECKHARDT. Will the gentleman yield?

Mr. BROYHILL of North Carolina. I will be delighted to yield to the gentleman.

Mr. ECKHARDT. Is it not true until March 15 they are not subject to veto but, rather, go into effect without congressional action, but the Congress would have the authority in either House to in effect reverse them?

Mr. BROYHILL of North Carolina. That is true. But March 15 is almost upon us, and I doubt that the Federal Energy Office would even have that authority. So I want to point out that this matter, of course, has been debated up and down as to whether this authority should be granted. I want to point out further it is subject to congressional veto plus the fact that this is a temporary bill and is not permanent legislation.

It is temporary because the authority granted in the bill to promulgate regulations would expire on May 15, 1975. There are other provisions in this bill designed to promote energy conservation. I hope that the Members will have the opportunity, if they have not already done so, to study the conference report. All of the provisions are designed to try to promote energy conservation so as, hopefully, not to have to rely upon rationing.

Section 110, of course, is the controversial section. There have been many approaches suggested to deal with this problem of pricing of petroleum products, and of course none of those suggested were completely satisfactory to all of the conferees. There have been very strong attacks made upon this provision, but I would like to call to the attention of the Members a very informative and thoughtful statement that was circulated by the chairman of the full committee, the gentleman from West Virginia (Mr. STAGGERS), dated February 25, which goes into all aspects of this section 110, and all aspects of the pricing section. And I would hope that the Members, if they do not already have one, would get a copy of this, because I believe it is very complete and it is accurate.

In conclusion, Mr. Speaker, the conferees believe that on the whole this bill does contain numerous authorities that are essential to deal with this energy shortage, and that is the reason we are asking for the support of the Members in passing the measure.

I want to say again that this is temporary—I repeat that—temporary and that as we acquire additional knowledge and as we acquire additional information, that when we feel amendments to this measure are necessary that we can take them up, but with the magnitude of the problem facing us today we cannot allow further delay by rejecting the good in pursuit of perfection.

Mr. McCOLLISTER. Mr. Speaker, will the gentleman yield?

Mr. BROYHILL of North Carolina. I yield to the gentleman from Nebraska.

Mr. McCOLLISTER. Mr. Speaker, I wish to associate myself with the remarks of the gentleman from North Carolina.

Mr. ICHORD. Mr. Speaker, will the gentleman yield?

Mr. BROYHILL of North Carolina. I yield to the gentleman from Missouri.

Mr. ICHORD. Mr. Speaker, I appreciate the gentleman from North Carolina yielding to me. I wold say to the gentleman from North Carolina that perhaps I am a little old fashioned, but I still believe in the free enterprise system, a system based upon the law of supply and demand, price competition, and profit, and I still have not received an answer to the question of the gentleman from Louisiana.

There was a rather oblique answer, I would say, from the gentleman from Florida (Mr. ROGERS). But if I may repeat the question: What is there in this bill to assure the production of 1 additional barrel of oil? That is the problem we face, the problem of a shortage of supply.

The SPEAKER. The time of the gentleman from North Carolina has expired.

Mr. BROYHILL of North Carolina. Mr. Speaker, I yield myself 1 additional minute.

Mr. Speaker, I will ask the gentleman from Missouri if the gentleman is referring to one particular section of the bill?

Mr. ICHORD. To any section of the bill. I have not yet heard an answer to the question posed by the gentleman from Louisiana: What is there in the bill to cause the production of 1 additional barrel of oil?

Mr. BROYHILL of North Carolina. If the gentleman will permit me to respond, I am trying to point out that this is an energy conservation bill, as I see it. We need to take some steps right now in order to conserve energy, and certainly that will provide a considerable amount of petroleum products.

Mr. ICHORD. If the gentleman will yield further, then I take it that the committee anticipates further legislation to provide incentives for the production of additional supplies of petroleum products?

Mr. BROYHILL of North Carolina. I think that any tax incentives, or any legislation of that sort, will have to come from another committee of the House.

Mr. MACDONALD. Mr. Speaker, if the gentleman will yield, in answer to the inquiry of the gentleman from Missouri, and also the gentleman from Louisiana, I can point out that specifically in the bill we have tried to help the independent producers by giving the President authority to allocate the drilling machinery that is in such short supply for the independents.

The SPEAKER. The time of the gentleman from North Carolina has again expired.

Mr. BROYHILL of North Carolina, Mr. Speaker, I yield myself 1 additional minute.

Mr. MACDONALD. Mr. Speaker, if the gentleman will yield still further, as I say, the President will have the authority to take drilling equipment from companies who may be accused of hoarding it, and we will stop the exportation of such equipment into the Middle East, and in that way the independents will have the equipment in order to drill, which they now find in such very short supply, so that they will be able to produce more oil. In that specific way we will be helping the independent.

Mr. ICHORD. Mr. Speaker, will the gentleman yield further on that point?

Mr. MACDONALD. I yield to the gentleman from Missouri.

Mr. ICHORD. Does the gentleman from Massachusetts feel that the price set for the production from stripper wells will be sufficient to bring additional production into being? I understand that a little greater than one-quarter of our total domestic oil production comes from stripper wells, and the gentleman has provided for a differential in price. Does he feel that this is high enough to increase production from stripper wells?

Mr. BROYHILL of North Carolina. The only thing we can do is to quote what the Independent Petroleum Council reported to Congress, that in order to achieve the greatest feasible level of domestic self-sufficiency, the domestic price of crude oil would have to rise to 3.65 per barrel in 1975.

I insert at this point a joint statement prepared by me and Chairman STAGGERS:

JOINT STATEMENT

There is much in this legislation which is needed now if we as a government are to respond positively to the energy crisis. For example, standby authority is provided to permit end-use rationing of petroleum products should the President determine that he is unable otherwise to preserve public health, safety, and welfare of this nation. Authority has been given to the President to compel the allocation of materials for energy production which are in short supply such as pipes and drill bits to prevent the hoarding of these supplies which is reportedly now going on. The Administration is given authority—tempered by Congressional veto—to prevent wasteful and unnecessary energy consumption. The consumer is provided with pricing protection in the petroleum market. Steps are authorized to be taken to begin to make fuller and more efficient use of this nation's abundant coal supplies. And the states are to be granted assistance in providing compensation for those whose unemployment is attributable to energy shortages. And perhaps most importantly, provision has been made to obtain complete and accurate data reflecting this nation's energy supply so that both the Administration and this Congress can measure the extent of the problem and fashion additional means to deal with it.

Most certainly this is a most complex and controversial bill. Objection to its terms is principally focused on section 110—the so-called price rollback provisions.

Let us take a moment to describe how these provisions will affect the current prices of domestically produced crude oil. As you undoubtedly know, the President has imposed ceiling prices for so-called "flowing oil" produced in the United States. The formula that he has employed for doing this is identical to that contained in section 110 of the Conference Substitute (i.e., producers are permitted to charge the field price in effect on May 1, 1973, plus an additional $1.35). Thus the pricing provisions of the Conference Substitute will not force a change in the current price levels for flowing crude production. There are, at present, no price ceilings for new oil production nor for production from stripper wells which produce 10 barrels or less per day. According to recent testimony given by officials of the Federal Energy Office, on a national average, the price of new crude and stripper well production has risen to about $9.51 per barrel. In many cases, the price is well over $10—approximating the international market prices set by the cartel of Mideastern oil producing countries. The provisions of section 110 would require a rollback of these prices to an average range of between $5.25 and $7.09. Your Conferees believe that this price range is sufficiently broad to permit the President to establish prices which are adequate to induce production of additional crude supply while providing pricing protection to industrial and individual consumers at a time when the market mechanism of supply and demand is not working so obviously.

For example, in December, 1972, the National Petroleum Council reported to this Congress that, in order to achieve the greatest feasible level of domestic self-sufficiency, the domestic price of crude oil would have to rise from $3.18 per barrel in 1970 to $3.65 per barrel in 1975. In August, 1972, the Independent Petroleum Association of America testified that a domestic price of $4.10 per barrel would be adequate to assure the United States 100 percent self-sufficiency by 1980. While these projections were stated in "constant dollars", after adjustment, the National Petroleum Council's price would be projected at $4.35 and the Independent Petroleum Association of America's price would be increased to $4.55. It is to be emphasized that these price estimates are well within the national average ceiling price of $5.25 called for in section 110 of the Energy Emergency Act. Moreover, it should be kept in mind that this section permits the President to increase the ceiling price to levels which would result in a national average price of $7.09. This is well above the most recent projection of the Independent Petroleum Association of America calling for an average price of approximately $6.65 per barrel for crude oil in order to maximize domestic production by 1980. Let us point out also, that as recently as January 23 of this year Deputy Secretary Simon stated that the long term supply of crude oil—i.e., the level needed to bring supply and demand into balance and to eliminate the shortage—would be "in the neighborhood of $7 per barrel within the next few years". In Secretary Simon's words, any price higher than that creates "a windfall—a price to pro-

> ducers which is more than producers could have anticipated when investments were made and more than that required to produce all that we can in fact expect to be supplied".
>
> We believe that you share my concern and the concern expressed by the Conference Committee with the inflationary spiral which confronts this nation. Because fuel is so basic to every industry and every homeowner, the continued acquiescence of the Administration in permitting market prices of petroleum products to increase by as much as 300 to 350 percent in the last year could well have a multiple inflationary impact which could threaten our nation's ability to remain economically viable. It is patently clear that the Congress must act to restore rationality to the market in petroleum products.
>
> The people of this nation have, over the course of this last year, voluntarily made considerable sacrifices. As your constituent mail clearly indicates, their patience has been exhausted, and frustration with long lines at the gas pump coupled with significantly increasing prices has markedly increased. It is incumbent on us in the Congress to respond to their needs and to act forthrightly to equip the Executive with full powers to deal with this situation. This legislation is an important and necessary step in that direction. It is one we must take now without further delay.
>
> We wish to emphasize that this bill contemplates temporary measures to extend only for the next 14 months until May 15, 1975. As we gain further experience and acquire additional information, amendments in its provisions may become necessary. But we cannot and should not defer action awaiting a more perfect solution to our problems. We respectfully urge your support of this current legislative effort.

Mr. McCOLLISTER. Mr. Speaker, I intend to vote for the conference report even though some provisions are objectionable to me.

My support comes from these provisions:

First, the reporting provisions contained in the bill will give us verified, timely, uniform information on reserves, refining capacity and utilization and inventories. Hearings before the Select Committee on Small Business the third week in January demonstrated beyond any reasonable doubt to this participant in these hearings the great need for reliable information. Regrettably, the American people lack confidence in the assurances that the energy crisis is real, that it is not contrived. Better information will greatly help in determining the facts upon which confidence must be based.

Second, title II provides for the relaxation of clean air standards which allows certain stationary powerplants to convert from oil or gas to coal. Because the petroleum shortage, is in part, caused by the earlier conversion from coal to oil and gas this provision will in certain cases relieve the strain on scarce oil inventories.

Also, the provision to freeze auto emission standards at the 1975 standard for 2 years will, I believe, make it possible to increase automobile gasoline economy significantly.

I would have preferred to have the amendment of the gentleman from New Hampshire (Mr. WYMAN) adopted when the bill was considered in the House. It would have made it possible to remove emission control devices on automobiles in those areas of the country where air quality standards are not in jeopardy. Unfortunately, Mr. WYMAN's amendment did not carry. Thus, the provision to freeze emission standards at the 1975 levels is all the more necessary.

Finally, I shall vote for the conference report because of the rollback provisions. Some have said that the rollback from $8 to $10 per barrel to a maximum of $7.09 will be a disincentive for increased production. I think in judging that question we need to be reminded that the price of crude was approximately $3.28 only a few months ago. Only a little more than a year ago the National Petroleum Council said that to stimulate production to achieve domestic self-sufficiency the price would have to increase from $3.18 per barrel to $3.65 per barrel by 1975.

In August 1972, the Independent Petroleum Association testified that $4.10 per barrel was necessary to achieve domestic self-sufficiency by 1980. The most recent projection by this same group was an average crude price of $6.65 per barrel. This legislation permits a price of $7.09 per barrel which it seems to me is a most adequate incentive. I do not believe that less product will be available.

I do not favor the provisions for rationing contained in section 104 nor the conservation power given to the President in section 105 and shall vote against those sections when given that opportunity.

Mr. Speaker, I urge support for the conference report.

Mr. STAGGERS. I yield 1 minute to the gentleman from Texas (Mr. PICKLE).

Mr. PICKLE. I thank the chairman for yielding.

I want to address a question to the chairman or to the gentleman from Massachusetts. With respect to the price of crude at $7.09, it is an arbitrarily set sum, and I do not suppose anyone knows for sure whether it is going to be enough or too little. Since foreign oil or imported oil comes in now at $10, $12, or $14 or more per barrel, there is every reason to believe that this bill might cut down domestic production. We hope it will not. But if the figures show that production is not forthcoming and that the price of $7.09 is not a realistic figure, and if that is so determined by the President or the FEO office, would the gentleman or the committee recommend legislation that would make this correction? Otherwise, we will find ourselves in a position of giving great favor to imported oil producers, and a disservice to domestic producers.

Mr. MACDONALD. Will the gentleman yield?

Mr. PICKLE. I yield to the gentleman from Massachusetts.

Mr. MACDONALD. In answer to the gentleman's question, and I cannot speak for the committee, nor do I intend to, I do know that it is in the intent of the committee to try to treat everybody fairly. If domestic oil cannot be produced——

The SPEAKER. The time of the gentleman has expired.

Mr. STAGGERS. I yield 1 additional minute to the gentleman from Texas (Mr. PICKLE).

Mr. MACDONALD. Will the gentleman yield?

Mr. PICKLE. I yield to the gentleman from Massachusetts.

Mr. MACDONALD. I would personally guarantee the gentleman that, under the statements given by Mr. Simon and by the independent producers that were just read into the RECORD by the gentleman from North Carolina, such will not be the case. I think it is perfectly possible to make a decent profit at $7.09. I do not believe there is anyone in the industry who can tell exactly what a fair price is. I have asked various people, and they come up with various answers. I am sure the gentleman has done the same thing. As of now, it seems like $7.09 is more than a reasonable figure to produce the oil and to have an incentive to get more oil for our people, and still keep the gas and oil people's incentive enough to stay in business to produce energy for the American people.

Mr. PICKLE. I appreciate the gentleman's willingness to consider this possibility. The proposed rollback is an arbitrary sum, so we still must do what is right and fair for the domestic or independent producer.

Mr. MACDONALD. My personal response to the gentleman is that, in my judgment, that would happen; yes.

The SPEAKER. The time of the gentleman has expired.

Mr. BROYHILL of North Carolina. Mr. Speaker, I yield 2 minutes to the gentleman from New York (Mr. PEYSER).

Mr. PEYSER. Mr. Speaker, I only take the floor at this time because of something that has just come to my attention. It seems to me part of this bill outlined as No. 9 in the staff summary certainly will have an impact on a piece of correspondence that I have just received. This is a letter sent out by a major oil company in New York, and it was sent to its franchised dealers. The letter is dated February 25. I will read in part from the letter. This is from the Mobil Oil Corp., and it is to a franchised dealer in my district:

> If you have a contract with Mobil, this will serve as notice to you that your contract will not be renewed and will expire at the end of its current period.

It goes on to say:

> At the expiration of your current contract or effective immediately if you have no contract, sales of Mobil products will be made on the following terms and conditions:

And it goes on to outline the terms and conditions which are such that the dealer would never have any notification of whether his orders were going to be delivered or not or accepted or not until the day of delivery. It is obvious nobody can stay in business on the basis of not knowing at any time whether he is going to get anything regardless of what the allocation is.

My question to the chairman is: Is it the chairman's understanding of section 109 of the conference agreement, that the issue on which I am addressing myself, is covered and the franchise dealer will be protected?

Mr. STAGGERS. This section is written especially to protect the franchise dealers.

Mr. PEYSER. I think this is a very important part of this bill. The independent station owners are entitled to this protection. In turn, the public will be protected and assured of a place to get gasoline when it is available. After nearly 2 months of waiting, it is about time that this Congress took some positive action.

Mr. STAGGERS. Mr. Speaker, I yield 1 minute to the gentleman from Arkansas (Mr. Alexander).

Mr. ALEXANDER. Mr. Speaker, during the past year the oil refineries have been permitted to increase the wholesale price of propane gas to the retail dealer, and therefore, to the consumer, as much as 350 percent. Since most of the people using propane in States such as Arkansas are rural, elderly, or poor people, the practice has been discovered there to be patently unfair and causing extreme hardship.

I am advised that after refining a barrel of crude oil only 3 percent of the volume is refined into propane gas and the rest is refined into gasoline and fuel oil, middle distillates and other fuel oil products. Only 3 percent of the oil is refined into propane gas where an increase of 350 percent in the wholesale price has been permitted.

I have a question or two I would like to ask the chairman. Referring specifically to section 110, prohibition of inequitable prices, if this legislation becomes law will there be a rollback of the propane prices?

Mr. STAGGERS. Yes, there will.

Mr. ALEXANDER. Is it intended in this conference report that under section 110 only those costs which are traditionally and directly related to the production of propane gas shall be considered in determining the new price of propane gas?

Mr. STAGGERS. That is the intention of the committee.

Mr. ALEXANDER. If this provision becomes law then it is my understanding that a propane price rollback amounting to approximately 50 percent of the current price would occur, a reduction of 50 percent in the current price. Is that the gentleman's understanding?

Mr. STAGGERS. That or more. The gentleman is talking about propane?

Mr. ALEXANDER. Yes. In other words if the price is approximately 27 cents at this time, we could expect a 12 to 15 cents per gallon reduction in the current prices of propane?

Mr. STAGGERS. I would say to the gentleman that is the intent of the committee and the conferees, but I must say this in fairness, that will happen only in certain cases, in certain market areas.

Mr. ALEXANDER. I thank the chairman.

Mr. BROYHILL of North Carolina. Mr. Speaker, I yield 2 minutes to the gentleman from Texas (Mr. Eckhardt).

Mr. STAGGERS. Mr. Speaker, I yield 2 additional minutes to the gentleman from Texas (Mr. Eckhardt).

The SPEAKER. The gentleman from Texas is recognized for 4 minutes.

(Mr. ECKHARDT asked and was given permission to revise and extend his remarks and include extraneous material.)

Mr. ECKHARDT. Mr. Speaker, I thank the distinguished chairman of my committee, and my distinguished friend, the senior member of the subcommittee on which I serve. I have a very brief time to make, I think, a very important point.

I suppose there has not been an action since 1322 in England or in the United States in which the sovereign has been given authority to make law in a broad range of affairs and in which the parliamentary body has only been given authority to negate that law; but section 105 does precisely that. These provisions, with respect to the making of law taking effect before Congress has been given an opportunity to act upon it, came into being as a result of the conference committees action.

Nothing appeared in either the House or Senate version that clearly authorized the making of law by the President by which he could, for instance close night grocery stores; he could close bowling alleys at night; he could close the whole display lighting industry in the country without any opportunity for Congress to stop it, except to rescind the Presidential fiat before the terminal date, the 15th of March this year, or after March 15 by vetoing it after it is submitted to Congress.

I think it is wrong to have only 4 minutes before this body to argue against a process that has not been before either House of Congress; that provision which was of somewhat the same nature was rejected in this body by over 100 votes. It was rejected in committee by 19 to 10. Yet the conference committee came back, not with a compromise between the Senate and the House, but a compromise between the President and the Senate.

Now, that is, of course, the point at which section 105 would have been subject to the provisions of rule XXVIII, clause 3. But at the very least, we should strike from this bill new legislation that for the first time in Anglo-American history since 1322 gives authority to the sovereign or the President to put into effect law and only tells the parliamentary body that it may at a later time approve it or overturn it.

Now that, I think, is most offensive to the democratic process and that is the reason that rule XXVIII, section 3, was devised to protect this body from such an action. If we waive that rule, we run into the kind of situation that compels me today to discuss one of the most important, sweeping, and drastic changes in our democratic system, within the scope of 4 minutes of debate.

Mr. Speaker, I have a letter here that I addressed to Mr. Simon asking if he had authority in the allocation bill to ration without further action before this body. I have the answer of his General Counsel, which is somewhat equivocal, but there is no question that he has the right to ration.

The letters follow:

Federal Energy Office,
Washington, D.C., February 21, 1974.

Hon. Bob Eckhardt,
House of Representatives,
Washington, D.C.

Dear Congressman Eckhardt: Mr. Simon has asked me to respond to your letter concerning the President's authority under the Emergency Petroleum Allocation Act of 1970 to implement a system of gasoline rationing at the retail level. I hope you will forgive our delay in responding, and apologize for any inconvenience we may have caused you.

We have examined carefully the points made in your letter and both the language and full legislative history of the Act. Having done so, we believe a respectable argument can indeed be made for the proposition that the allocation authority therein conveyed includes authority for end use rationing.

On the other hand, we cannot close our eyes to the fact that since enactment of the Emergency Petroleum Allocation Act, the President, other spokesmen for the administration and numerous members of Congress have taken the position that further legislative authority is needed in this area. As you know, the Senate has just approved and sent to the House the Conference Report on the Energy Emergency Act, S. 2589, one of the principal provisions of which expressly grants the President authority to promulgate a rationing plan.

In view of this Congressional action, and in light of the fact that both Congressional and Administration officials have apparently been proceeding on the assumption that such additional legislative action was necessary, the Congressional intent underlying the Emergency Petroleum Allocation Act and hence the necessary effect of the language itself must be viewed as open to serious question. We are constrained to conclude, therefore, that the issue you raised cannot be definitely resolved pending a more explicit statement from Congress.

I regret that I could not be more definite in my reply, and hope that this statement of our understanding of the matter will be of assistance to you.

Sincerely,

William N. Walker,
General Counsel.

House of Representatives,
Washington, D.C., January 4, 1974.

Mr. William E. Simon,
Administrator, Federal Energy Office, New Executive Office Building, Washington, D.C.

Dear Mr. Simon: Senator Henry Jackson has been quoted recently in various news reports as saying that the President presently has the authority to draw up a standby rationing plan but cannot order such a plan into law without further Congressional action. I strongly disagree with such a statement, for I feel that the Emergency Petroleum Allocation Act of 1973 does authorize the President to implement rationing.

Section 4(a) of the Emergency Petroleum Allocation Act mandates Presidential promulgation of a "regulation providing for the mandatory allocation of crude oil, residual fuel oil, and each refined petroleum product, in amounts . . . and at prices specified in . . . such regulations." Section 4(b)(1) states that the regulation "to the maximum extent practicable, shall provide for . . . equitable distribution of crude oil, residual fuel oil, and refined petroleum products at equitable prices . . . among *all users*." (emphasis added) Gasoline rationing is no more than the allotment of specific amounts of gasoline to end-users and is clearly embraced within the above language.

In December of 1973 your Federal Energy Office issued draft regulations instructing refineries to limit their gasoline output to

95 percent of the gasoline produced in the first quarter of 1972. Subsequent reports from FEO officials indicate that the 95 percent figure may be scrapped in favor of a flexible system allowing the government to order refineries to change their product mix on a periodic basis. Whatever the means, it is clear that action by your office will result in a considerable reduction of the amount of gasoline available to the ultimate consumer. Without an allotment system for the end-user, the effects of reduced gasoline production are likely to include forcing consumers to stand in long lines at gas pumps without being assured that gasoline will be available once they reach the front of the line, pay outrageous prices or be left to the mercy of individual gasoline companies and dealers who can exact whatever demands they want before an individual can obtain gasoline. It was to prevent just such results from shortages that the Emergency Petroleum Allocation Act stipulated that the allocation regulations are to provide for the "equitable distribution of . . . refined petroleum products at equitable prices . . . among all users."

That the Emergency Petroleum Allocation Act does authorize the allocation of gasoline to end-users is further supported by the Emergency Petroleum Allocation Act Conference Report (Report No. 93-628).

On page 13 of that report, the conferees stated:

"[B]ut it is not generally expected that the regulation promulgated by the President will be burdened with the complexities of assigning fuels to users *unless such assignment is necessary to carry out the purposes of the Act*. When required, however, it is intended that the President would have full authority under this Act to identify permissible uses of covered fuels and to restrict the amounts which may be made available to such uses." (emphasis added)

This language, adopted by both Houses of Congress, read in conjunction with the purposes expressed in section 2(b) that the "Act is to grant to the President of the United States and direct him to exercise specific temporary authority to deal with shortages of crude oil, residual fuel oil, and refined petroleum products . . ." and in section 4(b) that the regulations are to provide for the "equitable distribution of refined petroleum products . . . among all users" should leave no doubt that the Act authorizes the President to undertake the end-use allocation of gasoline.

For these reasons I am convinced that the President now has the authority to implement gasoline rationing. But the various statements which have been made by persons in both the executive and legislative branches, have, I think, created some confusion in the public mind on the point. It is necessary, of course, for me to respond to questions from constituents concerning the matter. Therefore, it is a matter of very pressing interest to me to have your understanding of the Emergency Petroleum Allocation Act as to the authority of the President to undertake end-use allocation of gasoline (rationing). Would you please give me your response setting forth your views at your very earliest convenience.

Sincerely,

BOB ECKHARDT.

Mr. BROYHILL of North Carolina. Mr. Speaker, I yield 5 minutes to the distinguished minority leader (Mr. RHODES).

Mr. RHODES. Mr. Speaker, I would like to address myself to the so-called rollback section of the conference report. It is my hope that when the separate vote occurs, as provided in the rule, that the section will be voted down. In my opinion this section would result in the production of less energy, instead of more energy.

I am at a loss to understand how anybody can think that we are going to produce more oil by cutting the price on new production, or new crude oil.

I am also at a loss to know how anybody thinks that the American consumer will be well served by the price structure created in this bill. The price on oil, which we have anyway in production, would be raised, causing the price of gasoline and other petroleum products to go up. The price increase on refined products would be to no avail, however. The ceiling on crude oil prices would not produce one drop of oil in excess of that which we now have.

Also, I think we ought to look to the future with regard to new production, not only production by conventional methods, but by other, newer methods. There are deposits of oil shale on the western slope of the Rocky Mountains which I am told contain three times as much oil as there is under the Middle East. We say that the Middle East is the greatest pool of oil in the world. Apparently, it is not; the American Rocky Mountains are.

At a price, and I understand the price is estimated to be something near $10 a barrel, it would be feasible under existing technology for the oil companies who have leases for that purpose to extract oil from oil shale and to market it in the markets of the world to add to the energy supply of the world. However, if the inflexibility which is inherent in the provisions of this conference report are to become law, then of course it would not be possible for oil to go to a price which would allow the production of oil from oil shale.

As I stated before, it has been said by the President that if this provision which, as he says, only manages the scarcity instead of producing more—if this provision were to become law, it will be vetoed, so that there will be no opportunity to get this particular conference report into the law. I hope that if this happens, if the veto is upheld, as I rather assume that it might be, that the Members of the House and Senate, the committees move to get a bill adopted which will be passed. There are provisions of the bill which are needed.

Mr. Simon, the Federal Energy Administrator, certainly needs a provision which will at least allow rationing in the event it becomes necessary. He does not think it will become necessary; I do not think it will become necessary, but the existence of the authority to ration I regard as very important. I think it is good psychology for the people who are in the business of producing and selling petroleum products to know that they can be rationed in the event that it becomes necessary. I think that is an important feature.

I think the conservancy part is an important feature. Therefore, it is certainly not my idea to say that this bill in toto is bad. It is not, but there are provisions of it which are so counterproductive that the President of the United States, I am sure, will find it necessary to exercise a veto.

As far as excess profits are concerned, of course we do not want the situation involving the energy crisis to redound to the benefit of anyone who tries to exploit it at the expense of the American consumer. But the Committee on Ways and Means is doing its thing. It is going to get out an excess profits bill, and that is exactly where the matter should rest. The Committee on Ways and Means has expertise in the field. I am satisfied that at the proper time, before too long, a bill will be brought out which is adequate to take care of the excess profits tax situation.

Mr. Speaker, another point which I think the Members of the House should understand, is that this is a nongermane provision of the bill; nongermane because this was not in the Senate bill nor in the House bill. We amended the rules of the House not many months ago to provide that this sort of thing would come up for a vote on the floor of the House. I hope we will not undo what we did before by allowing nongermane material to become a part of the conference report.

Mr. BROYHILL of North Carolina. Mr. Speaker, I yield 2 minutes to the gentleman from Kansas (Mr. SKUBITZ).

Mr. SKUBITZ. Mr. Speaker, I take this opportunity just to make a few observations.

Mr. Speaker, this body some time ago accepted an amendment that would exempt the small stripper well operators from price and allocation provisions. These are the high-cost producers of oil. These are the operators that produce 11 barrels or less per day. In my State, the average production from these wells is 3.9 barrels per day. As a result of that provision, wells that have been capped for years have been reopened, and with the profits that have been made the wildcatters have gotten into the field and began looking for new oil. These are the gamblers who in yesteryears found new reserves.

Now, what are we doing? Well, over in the other body they beat the big majors across the backs about what they were doing. Screamed about these profits. I make no case for the majors; my plea is that we do not kill the small operators in order that the profits of the majors are reduced. In this legislation we are aiming not at the big producers, but also the small stripper operators.

Mr. Speaker, when the gentleman from North Carolina, said this is an oil conservation bill, he is exactly right. That is exactly what we are going to do. We are not going to bring oil out of the ground for the use of people; we are going to keep it in the ground because these small operators cannot exist and neither can they afford to seek new production.

You want more oil? Then do not eliminate the small producer. I hear many of colleagues weep for the small businessmen—I sometimes wonder if they ever listen to them—do they really give a damn.

Mr. STAGGERS. Mr. Speaker, I yield 3 minutes to the gentleman from Washington (Mr. ADAMS) a member of the committee.

Mr. ADAMS. Mr. Speaker, I have been

quite surprised at some of the remarks that have been made concerning whether or not there are incentives in this bill for the production of gasoline, and also whether or not we will have to manage a scarcity.

I think it is very important for 1 minute that we look at what this bill tries to do as one overall package. First, it says, "Let us inventory and find out what we have." Second, if we find we have a scarcity, let us put the authority in here to manage that scarcity.

The third there is a flexible provision on the rollback of prices so the consumer will be fairly treated.

The gentleman from Texas (Mr. Eckhardt) and the gentleman from Illinois (Mr. Anderson) both attacked the rollback provision from different directions, one saying too much and the other not enough. The reason they did so is because at the present time we have a situation where as Mr. Simon stated on "Issues and Answers" and before the committee, and as the petroleum industry has testified, $5.25 a barrel is enough to give an incentive for production, and we give flexibility to go even above that to as much as $7.09.

At the present time old oil is at $5.25 a barrel. We have the right in the so-called rollback provision here for a 35-percent flexibility, so it could go up to $7.09. That flexibility is in the President. The matter was well considered in the committee. There is the problem of whether or not enough incentive is in this bill.

Mr. Speaker, I think probably there is too much incentive, but we have left the right to adjust the situation with the President.

I want to speak for a moment to the point which the gentleman from Texas made, and I think it is a very important one. Section 105 is a dangerous part of the bill. These are the energy conservation plans. I have not liked granting these powers to the President and neither has the gentleman from Texas.

But at the present time under the Emergency Allocation Act, Mr. Simon and Mr. Sawhill are changing the regulations now without the Congress doing anything.

They said, for example, that distributors could not use a flag system to determine his regular customers or his nonregular customers or the fact that he was not pumping gasoline at all. There were a number of dealers who used these flags to prevent riots in their lines.

Those regulations are changing now.

This is in the bill in order to provide an orderly system until March 15, and I want to state to the gentleman that this bill is probably not going to get to the President's desk much before March 15. What we have after the date of March 15, is to provide a veto of the regulations, and after September 1, then we have to go through the regular congressional processes.

I do not like it, but I am going to vote for it.

Mr. ECKHARDT. Mr. Speaker, will the gentleman yield?

Mr. ADAMS. I yield to the gentleman from Texas.

Mr. ECKHARDT. Mr. Speaker, I understand that until September 1, this authority exists in the President unless vetoed?

Mr. ADAMS. The gentleman is correct.

Mr. ECKHARDT. And it enlarges his authority beyond mere allocation regulations. In other words, the existing law limits the authority to allocation regulations?

Mr. ADAMS. It has limited it, but they have gone beyond that in their interpretations of what is equitable and what is a proper allocation system.

What I am saying to the gentleman is that we have tried to produce an orderly system of regulation here rather than issuing regulations as they do now.

Mr. BROYHILL of North Carolina. Mr. Speaker, I yield 2 minutes to the gentleman from Texas (Mr. Archer).

Mr. ARCHER. Mr. Speaker, as I sat here and listened to the debate it became very clear to me what this House is going to do. Perhaps it is useless to take this podium to discuss many of the things that have been said and a few that have not been said.

However, it should be put in the Record that my colleague from Kansas (Mr. Skubitz) is 100 percent accurate: This is an oil conservation bill; wells will be shut down that are now producing oil if this bill is passed. Make no mistake about that. When you vote for this bill you are voting for longer lines at the service stations and less crude oil in the United States of America.

There are wells today producing throughout this land, where the cost of production is in excess of $6 per barrel, so-called stripper wells, secondary and tertiary production methods, which are highly expensive and which would have been closed down before. They are producing today because they have the right under the current law to make a profit. A common example is one field in west Texas which is producing 200 barrels of oil a day, from 60 wells, with the cost of production being over $6 per barrel.

When you pass this bill you will shut down every one of them and much of that oil will be lost and will be lost forever, because many of these wells once capped cannot produce again. Unfortunately, outdated figures from 1972 were quoted by Mr. Broyhill of North Carolina. They no longer represent the cost of exploring and producing a barrel of oil. In the last year alone, the cost of drilling a well has increased 40 percent or more. No mention of this was made by the proponents of this legislation. The price permitted in this bill will make the drilling of many new wells uneconomical. Exploration will be curtailed, production will suffer, and the consumer and our overall economy will be the losers. It is rather incredible to me that we would take a position that would deny the people of this country desperately needed oil and at the same time add more and more power to a Presidency where we have condemned the policy of giving power to that Presidency.

Mr. BROYHILL of North Carolina. Mr. Speaker, I yield 1 minute to the gentleman from California (Mr. Goldwater).

Mr. GOLDWATER. Mr. Speaker, I rise in support of the response by the chairman of the Interstate and Foreign Commerce Committee to the question asked by the gentleman from Texas (Mr. Pickle). At this point I ask permission to revise and extend my remarks.

Mr. Speaker, the need for household moves is one this House addressed when we originally considered this bill. I am pleased to know that it remains the intent of Congress that fuel be provided for household moves.

It is apparent that Congress must make this intent clear to the administration. To date the administration has not addressed this vital need.

The allocation regulations are set forth in the Federal Register, of Tuesday, January 15, 1974, vol. 39, No. 10, part 3, at page 1944. Servicemen and other people using do-it-yourself moving methods are not included under those regulations.

This is a significant problem. To put the scope of the situation in proper perspective we should note certain facts. In 1973, 12.5 million families moved or 18.7 percent of the Nation's 66,890,000 households. It should also be noted that 46.8 percent of these household moves utilized do-it-yourself household moving equipment.

And these figures are for 1973. They do not include the effects of the energy crisis. A week ago the Department of Labor released information showing that the number of workers claiming they lost jobs because of the energy shortage has risen steadily since early December and the latest count stood at 226,000.

The Manpower Administration said more than 2,618,000 workers are receiving unemployment insurance benefits for the week ending January 19, an increase of 98,100 from the previous week and more than double the number receiving benefits last September 15.

We must concern ourselves with the productive individuals who lose their jobs due to the energy shortage. These people want to work. Past experience shows that many people will move their households to locations where employment is available. We must protect and assist the mobility of the American work force.

I am pleased that this report makes clear our concern and determination to get fuel to those people who have to make a household move. Otherwise we will continue to find the Federal Government standing in contradictory positions.

One example of the contradictions I refer to is the Federal Energy Office's consistent pronouncements decrying the energy crisis' effect on employment while, at the same time, the regulations they have formulated for the allocation of fuel actually eliminate the availability of fuel to the families who find it necessary to relocate for employment purposes.

Another example of the Government's current contradictory position can be seen by looking at the activities of two executive agencies.

There have been instituted in the past programs for the relocation of workers who have lost their jobs in difficult times. During the 1971 aerospace employment cutbacks the Department of Labor provided up to $1,200 for the relocation of workers. We have now heard talk that such a program is again under consideration.

What could be more contradictory than for the Government to consider on the one hand providing financial assistance for necessary and purposeful household moves and, on the other hand, eliminate the availability of the fuel needed for such moves.

There is an energy crisis before us. Its effects are raising serious concerns about a related unemployment crisis. We must address these problems with reason, not with bifurcated programs and regulations borne out of myopic reaction.

We must assist the American people in their efforts to help themselves. I submit that providing the fuel so that a family suffering unemployment in one area can relocate in another area where employment is available is a type of assistance needed.

We should also remember that 46.8 percent of the household moves undertaken in this country utilized do-it-yourself household moving equipment.

The Federal Energy Office must recognize that the trucks and trailers of the do-it-yourself household moving industry are unique. They are all powered directly or indirectly by motor gasoline. Gasoline that the moving family itself purchases at retail stations along the route to their destination. People who find it necessary to utilize the service provided by the do-it-yourself household moving industry must receive fuel.

Family moving is not undertaken lightly, it is a difficult experience. People who undertake household moves do so out of necessity. It is not a recreational activity.

The household mobility needs of the American people are of National concern. I am pleased to see that this legislation provides for the availability of gasoline for the necessary and purposeful moves of the American people. I compliment my colleagues who served as conferees for addressing and providing for this very important need.

Mr. PICKLE. Mr. Speaker, upon the passage of S. 2589, amended by this House, there was a colloquy on the floor, December 12, between the chairman, Mr. STAGGERS, and Mr. ANNUNZIO with reference to the intent of the so-called Pickle amendment as follows:

> Mr. ANNUNZIO. Does subsection (4)(J), found on page 55 of the report, include under the term "household moves" the situation where a soldier moves his family's personal possessions from one base to another in a trailer which may be rented or borrowed or belong to him?
>
> Mr. STAGGERS. That is included in the bill and taken care of in the provisions of movement of persons.
>
> Mr. ANNUNZIO. They would be supplied with gasoline; would your answer be yes?
>
> Mr. STAGGERS. Yes; my answer would be yes.

I would like to point out that in the House-Senate conference on S. 2589, the Pickle amendment and other amendments were deleted; however, a recognition of the effect and need for my amendment was agreed to in the Conference Report No. 93-793 and can be found on page 48 as follows:

> The Conferees also recognize that end-use rationing plans should give consideration to the personal transportation needs of American military personnel re-assigned to other duty stations and of those persons who are required to relocate for employment purposes.

I would like to point out further that in the Senate debate of January 29, a colloquy was had between Senator JACKSON and Senator ALLEN specifically on this language of the conferees as follows:

> Senator ALLEN. Mr. President, I read from Senate Conference Report No. 93-663, page 45. Does this language mean that the intent of the conferees is to accommodate the do-it-yourself movement of both people and their personal possessions from one job site to another during these times of national stress, when jobs in the country are either opening up or closing down and people may be very mobile; seeking greater opportunities or greater economic security?
>
> Senator JACKSON. Mr. President, the needs of the Armed Services necessitate the periodic reassignment of personnel and the transport of these personnel, their families and their household goods from one duty station to the next. In addition, we Americans are a very mobile people. The family move from one city to another in search for better employment is probably more common here than in any other nation. It is a routine facet of our society and of our economy. In incorporating in the Conference Report the passage which my esteemed colleague has cited, it is the intent of the conferees to acknowledge those two facts. Furthermore, it is their intent that, insofar as it may be possible, and consistent with the other provisions of this Act and of the Emergency Petroleum Act of 1973, end-use rationing plans should be so developed as not to unduly inhibit this normal movement of people and their personal possessions be it by van line or by hired vehicle.

Mr. Speaker, the proposed gasoline rationing contingency plan, issued by the Federal Energy Office and printed in the Federal Register on January 16, 1974, does not express any concern or show any recognition of the need pointed up by my amendment. I would ask the gentleman from West Virginia, if as chairman of our committee and as a conferee, he is still convinced of the need for the Federal Energy Office to carry out the intent of Congress as expressed by the Senator from Washington and by the Senator from Alabama and by his answer on this floor, December 12, to the question made by the gentleman from Illinois?

Mr. STAGGERS. I believe that the Senator from Washington has properly stated the concern of the conferees.

Mr. PICKLE. Mr. Speaker, never before in the history of our country has the mobility of families who are moving to seek employment, or an education, or a healthier environment been so threatened as it is by the current energy crisis. I find nothing in the proposed gasoline rationing contingency plan of the Federal Energy Office that promises any relief to lower income families who for reasons either of employment, health, education, change of marital status, or retirement must utilize do-it-yourself moving equipment when they take to the road for a household move. These are essential, purposeful, nonrecreational moves made by families who have no other viable alternative except to liquidate their household belongings. Those of my colleagues who remember the "Grapes of Wrath" migrations from the dustbowls of the 1930's know what I am talking about.

The expected displacement of people due to the energy crisis could further intensify the need for mobility to where the jobs are, and the need for an economic, flexible system of household moving.

No group of people in our economy feel these economic pressures so acutely as the younger families with school-age children, young couples, young unmarrieds and the elderly. These are the age groups who have the lowest job stability, rising needs, and limited savings. They are the ones most likely to face the psychic and monetary traumas that are connected with moving from one locality to another. They are the ones who must stuff what few household goods or tools they can into the back of a car or into a rented trailer when they have to make a move. When such families must set out for a destination hundreds or even thousands of miles away, they should have assurance that they will not become stranded en route due to lack of fuel.

Mr. Speaker, the only recourse so far proposed by the administration, for servicemen's families and other people using do-it-yourself methods of moving, is to apply to the individual States for gasoline under the State setaside provisions. The State in turn must justify the hardship application to the appropriate Federal office. Such recourse is a virtual impossibility, only further compounding the problem for the approximately one out of five families in our country who must relocate each year. Few Governors can be expected to provide gasoline to persons who are only passing through their States when it must be provided from the meager amount allocated to the States under the setaside provisions of the proposed gasoline rationing contingency plan.

Mr. Speaker, the intent of this Congress with relation to the provision of gasoline for those families who have to move their household possessions must be clearly and forcibly brought to the attention of the appropriate agency drafting the necessary regulations so they will incorporate our intent in whatever rationing plan may be adopted. Family moving is rarely undertaken lightly—it is a difficult experience at best involving large psychic costs as well as considerable monetary expenditures.

It is a matter of national concern that our populace be able to carry out considered decisions on where to live to best meet the economic and social demands of these hard times.

Mr. BROYHILL of North Carolina. Mr. Speaker, I yield 4 minutes to the gentleman from Ohio (Mr. BROWN).

Mr. BROWN of Ohio. Mr. Speaker, unfortunately a vote for this bill and for this conference report with the language which it has in it on so-called price rollbacks is a vote for a shortage of oil and a vote for the higher price of the oil that we do have moving through the supply systems of our country.

This was very effectively illustrated by the colloquy between the gentleman from Texas (Mr. ECKHARDT) and the gentleman from Illinois (Mr. ANDERSON) during the debate on the rule.

$3.80 a barrel oil—and there is some in this country now flowing into the supply systems—will, under this conference report rollback, cost $5.25 a barrel or, if the President chooses to raise the price or allow it to be raised, will cost $7.09 a barrel. So low-priced oil will now become higher priced oil, and the $8 a barrel oil which has come in since the imported oil was cut off will not not be in the marketplace at all because people are producing from wells that cost $8 a barrel to drill and you are putting a cap on that well, so you will not have that oil.

The result is that we will have less oil, and that the oil or the product that we do have in the marketplace will generally cost more, which will result in foreign oil not finding its way into the United States because the foreign oil will go abroad where it can sustain a higher price. The companies who are getting foreign oil now will have a higher price at their pumps than do the companies using domestic oil, and the result will be that people will go to those outlets that have the lowest of the two prices. Anybody who tries to sell foreign crude oil through the system in this country will say to heck with the United States, let us get the oil into England where it costs a dollar a gallon, or where the barrel price equivalent is much higher.

The conclusions I have come to, having served on the conference committee, is that a candidate for the U.S. Presidency should not be permitted to participate in conference negotiations because, in fact, that is where this section came from, from the other side of the Capitol, and who are making an effort to put into this piece of legislation really one of the more attractive things about our system, and that is a short-term result that would look good politically, but would be disastrous economically.

Of course we have done a very clever thing here. We have given the President the right to ration gasoline, when we create the shortages, and the result is that by the time we get into the elections this fall, the results of this piece of legislation will be devastating for those people who voted for the conference report. I think it is a gross error to look at a vote for this conference report as a matter of political advantage. I think it will be a definite disadvantage by the time the people, this fall, face the problems that will grow out of it.

Mr. MAYNE. Mr. Speaker, if the gentleman will yield, I want to say that I did not vote for the price rollback, but when the price of propane to the people in my district has risen 300 percent, and has risen 300, 400, and 500 percent in other places in the country, it would seem to me that there is total bankruptcy in the leadership in this industry, and that the purpose was to stop this sort of thing——

Mr. BROWN of Ohio. Mr. Speaker, I might say to the gentleman from Iowa that this effort in oil is brought to us by the same group of people who brought us the beef shortage. They tried to roll back and hold down the prices of beef, and the result was that beef prices went higher than ever, and in the marketplace beef became scarcer and scarcer until the price control was lifted.

Mr. STAGGERS. Mr. Speaker, I yield 2 minutes to the gentleman from New Jersey (Mr. Roe).

Mr. ROE. Mr. Speaker, the chairman of the full committee has allotted me 2 minutes in which to say what I would like to say on this most vital issue, and that is that it seems to me everybody in this House is worried about whose ox is being gored, and they are worried about their own ox being gored, but what about the essential needs and rights of our people. I have not heard too many Members get up today and talk about a simple, basic point, and that is that there is a certain thing we are responsible for in this House, I believe, and that has to do with the consent of the governed who are the American people.

I wonder if their direct representatives in this House are listening to their people. Our people are not concerned with the feelings of the oil industry. My people in my State are coming back and saying let me tell you something, Democrats and Republicans alike, I think you will have to answer to us for what you have done or not done for us the American people. And certainly we will have to answer for our actions because we have granted to this administration the right to allocate our fuel and our oil and they have done their thing, and they have botched it up terribly. Prices are the highest they have ever been for gasoline throughout every State in this Nation, certainly in my State, and I see no point of equity to the American people in that situation.

Let me say one thing about this bill. I do not like two sections of it, but I will definitely vote for the price rollback because I think it is fair to the American people.

I believe we ought to share the wealth, and I believe we ought to share the economy of this country, and this has to be done through the power of our people through the consent of the governed by their elected representatives.

I think there is just one final thought to keep in mind if you believe in this wisdom, and that is if you give the administration legislation to be able to allocate the fuel, and if we have the chaos and the disorder that we have now, where we have a lack of the truth, and where people do not understand, and they disagree, and they are literally badgering each other and battering each other, would it be such a terrible thing to say to Mr. Nixon, to say to our good President, "Here we have tried in concert to present an approach and a new idea, we have tried to do this in concert with the Congress. So let us try one more time, and put some teeth into this law to give the people of the United States fair play and justice."

That is what my people are saying about it in New Jersey, not the oil industry.

The SPEAKER. The time of the gentleman has expired.

Mr. STAGGERS. Mr. Speaker, I yield such time as he may consume to the gentleman from New Mexico (Mr. Runnels).

Mr. RUNNELS. Mr. Speaker, I rise in opposition to the conference report on the National Energy Emergency Act, S. 2589. Our Nation has been bound and gagged by a restricting fuel allocation program and a restraining set of wage-price controls for far too long. The various haphazard cures to our fuel shortage malady which have been administered to this country have turned out to be worse than the disease.

The best remedy available for our energy crisis and especially for the gasoline shortage is to transfuse a heavy dose of free enterprise into Uncle Sam's body. Supply and demand have been the lifeblood of our Nation and it is time we realized that fact. Our immediate problem is that the National Energy Emergency Act contains provisions which would kill off one of the most important elements of the free enterprise system still in operation by rolling back the price of stripper oil and new oil. I am talking about section 110 of the bill.

Stripper wells are operated by almost 4,000 independent oil and gas producers throughout the Nation. These independents are responsible for approximately 80 percent of the exploratory drilling that takes place from year to year. The price of crude pumped out of a stripper well is now in the vicinity of $10. If this price is rolled back to a national average of $5.25, these independents are going to lose an awful lot of incentive to continue in their exploration activities.

In New Mexico, in mid-January of 1973, we had 382 locations holding or awaiting drilling rigs, 46 of them were exploratory locations and 336 were development locations. In mid-January 1974, our State had 433 locations holding or awaiting rigs. That is an increase of 51 locations in 1 year. The exploratory location increase was from 46 to 117.

Now what do you think the figures will be for mid-January 1975 if the price of the crude out of these new locations is set at $5.25 per barrel? I will tell you that there is not a roughneck in the oil patch who will bet on those figures going up. When you consider that two-thirds of all the oil we consume in this country is domestically produced and one-fourth of our domestic production is from stripper and new wells, you see that we are talking about a major portion of an oil supply.

Approximately 1.9 million barrels of the 9.2 million barrels produced each day is produced by these independents. If you figure that this oil is currently priced at $9.51 per barrel, a rollback to $5.25 per barrel will dry up over $3 billion per year in possible domestic exploration funding for the independents.

In addition to considering how this price rollback provision will seriously curtail domestic exploration, let us consider what this bill means to the consumer. The Federal Energy Office has indicated that this price rollback will probably only mean a decrease of 1.4 cents per gallon of gasoline sold. The Independent Producers Association sets that price decrease figure at 1 cent per gallon and the Secretary of the Treasury, George Shultz, sets the same figure at less than 2 cents.

A good argument can be made for the

proposition that this rollback provision will increase prices instead of decreasing them. From all the facts and figures I have read concerning the fuel shortage, it apparently is an undisputed fact that the high price of gasoline today is the direct result of the high price of imported foreign crude, which costs between $10 and $20 per barrel these days, and higher charges for marketing and refining. If this rollback provision is enacted into law and if $3 billion in exploration funds is eliminated, the end result could very well be an increased dependence on foreign crude. That would mean an increase in costs to the refiner and thus to the consumer.

While I am discussing price increases let me point out that the price of wheat has gone up from $2.46 per bushel on February 19, 1973, to $6.12½ per bushel on February 19, 1974, a percentage increase quite similar to the oil price percentage increase during the same period of time. Is a similar rollback being proposed for the wheat producers of this Nation? Obviously not, which makes a person wonder why the independent oil producers are being singled out for a rollback.

There is another important consideration to be made here. It concerns the tax revenues derived from the oil business. In 1973 New Mexico collected $45.5 million in State royalty, school, severance, conservation, and ad valorem taxes from the oil companies. If the average price of oil is $7 per barrel in 1974, New Mexico will collect $72.3 million. If the price is rolled back to $5.25, our State will receive $20 million less in these revenues, a decrease which is extremely important since it concerns revenues used to finance our school system.

Finally, let us not forget the fact that thousands and thousands of plugged and abandoned stripper wells could be reactivated if the price of stripper oil is allowed to vary according to the laws of supply and demand. These wells are expensive to operate in relation to their production but they are an additional source of oil. I think it would be far wiser to make it possible to put these wells back into production instead of making it impractical to even operate many of those stripper wells that are now in production on a marginal basis.

There is one other reason why I will oppose this conference report and that is section 104 of the bill which explicitly reserves to the President the sole power to institute nationwide mandatory coupon gasoline rationing.

I am strongly against rationing. This Sunday I listened to Mr. Simon of the Federal Energy Office discuss the rationing problem on a television program. He indicated that he does not feel that the President now has clear, undisputable authority to initiate rationing. I do not want to give him that authority now and, even if it becomes necessary, I want to have something to say about when, how, and under what procedures it will be placed into effect. I urge all of my colleagues to think about the fact that a vote for the conference report on S. 2589 is a vote for gasoline rationing and the bureaucratic nightmare which will be concomitant with it.

Mr. STAGGERS. I yield 1 minute to the gentleman from Texas (Mr. WHITE).

Mr. WHITE. Mr. Speaker, I have just returned from west Texas recently, and let me tell the Members what I found there. After we reduced the oil depletion allowance and made other regulations that forced oil producers to reduce their production, towns were being depopulated; rigs were dismantled; some oil wells were capped, and many drilling crews dispersed. Now that oil is severely needed by this country, the crews are beginning to come back; the rigs, when they can find them, are being set up; and some of the oil wells previously closed are being uncapped and put into production. I have been answering mail all morning pleading that Congress not reverse this development by rolling back the price of crude oil.

I can assure the Members that production will fall if we roll back crude prices. Do not do this if we really want to produce oil for this country in order to alleviate our shortage. The independent oil producer who finds and produces 70 percent of our domestic oil will be most hurt by this disincentive.

Mr. STAGGERS. I yield 2 minutes to the gentleman from Massachusetts (Mr. MACDONALD), chairman of the subcommittee.

Mr. MACDONALD. Mr. Speaker, I just have 2 minutes. I am not going to argue with anybody, but I do think that certain things should be straightened out, especially concerning prices. I just state what I know to be facts, that on May 15, 1973, the average price for domestically crude oil was $3.86 per barrel. That was just 9 months ago. That price included the stripper well and the new crude production as well as the so-called flowing oil. Today the price of flowing oil is ceilinged at $5.25. The price on new crude and stripper production as of now is $9.51 per barrel. In many cases the price is over $10 a barrel, an increase of 150 percent in just the last few months.

The market mechanism of supply and demand simply is not working in this case. We are not dealing with a free market structure, and our economy cannot any longer afford to pay the price.

I should like also to point out that the provisions of section 110 require a rollback of prices on an average of between $5.25 and $7.09. That range obviously is broad enough to permit the President to establish prices which are adequate to induce production of additional crude supply and still keep prices from becoming really an unreasonable burden on not just our consumers for the home but also for our industrial production, so that we can try to avoid, perhaps, the oncoming recession.

For example, in December 1972, the National Petroleum Council reported to this Congress that, in order to achieve the greatest feasible level of domestic self-sufficiency, the domestic price of crude oil would have to rise from $3.18 per barrel in 1970 to $3.65 per barrel in 1975. In August 1972, the Independent Petroleum Association of America testified that a domestic price of $4.10 per barrel would be adequate to assure the United States 100 percent self-sufficiency by 1980. While these projections were stated in "constant dollars," after adjustment, the National Petroleum Council's price would be projected at $4.35 and the Independent Petroleum Association of America's price would be increased to $4.55. It is to be emphasized that these price estimates are well within the national average ceiling price of $5.25 called for in section 110 of the Energy Emergency Act.

Moreover, it should be kept in mind that this section permits the President to increase the ceiling price to levels which would result in a national average price of $7.09. This is well above the most recent projection of the Independent Petroleum Association of America calling for an average price of approximately $6.65 per barrel for crude oil in order to maximize domestic production by 1980. Let me point out also, that as recently as January 23 of this year Deputy Secretary Simon stated that the long term supply price of crude oil—that is, the level needed to bring supply and demand into balance and to eliminate the shortage—would be "in the neighborhood of $7 per barrel within the next few years." In Secretary Simon's words, any price higher than that creates "a windfall—a price to producers which is more than producers could have anticipated when investments were made and more than that required to produce all that we can in fact expect to be supplied."

The SPEAKER. The time of the gentleman has expired.

Mr. BROYHILL of North Carolina. Mr. Speaker, I yield such time as he may consume to the gentleman from Indiana (Mr. HILLIS).

Mr. HILLIS. Mr. Speaker, after carefully studying the conference report on the Energy Emergency Act, I am concerned that certain measures incorporated into this act will be counterproductive to the goals stated. I refer specifically to the provision for a price rollback.

The price rollback is an unkind ruse on the American public. It promises a price reduction in oil products while, in truth, the long-term effect will be higher prices and more shortages. The price rollback will affect the small independent producers, those companies which drastically need a higher price in order to survive. By reducing the income of these independent producers, we shall reduce production and exploration for additional petroleum sources. The net result will be a need to import more oil from foreign countries at astronomical prices.

I fail to see how representatives of the people can propose and support this price rollback measure which is so deleterious to the welfare of our Nation. The damage of this provision is far reaching in that it may have the effect of postponing the passage of needed energy legislation.

The administration desperately needs responsible legislation which will enable it to deal more effectively with this crisis. Thousands of Amercans are unemployed as a result of the lack of energy. It is urgent that we provide assistance to the people who are bearing the brunt of energy shortages. It is also urgent that we come forth with incentives to increase production of petroleum here in America rather than in the Middle East.

I strongly urge my colleagues to work for effective energy legislation. I also urge you to deplore the type of irresponsible measures, such as the price rollback, which are counterproductive and which delay the passage of responsible energy legislation.

Mr. BROYHILL of North Carolina. Mr. Speaker, I yield my remaining time to the gentleman from Illinois (Mr. Anderson).

Mr. ANDERSON of Illinois. Mr. Speaker, I think it is clear at this point in these proceedings that we are suffering very much this afternoon from the syndrome, as someone recently described it, or the attitude: "Don't just sit there, do something, do something even if it is wrong." And in the desire on the part of some in this House to convince the American people that they are making genuine progress toward a workable solution of the energy crisis, they are going to go ahead and pass this conference report notwithstanding the assurance that it is going to receive a Presidential veto which will not be overridden and which will therefore necessitate the Congress once again beginning the laborious process of working out the kind of bill that should be passed.

I want to say something else in brief reply to what the distinguished majority leader said earlier this afternoon when he participated in the debate, and incidentally I thank him for his more than generous remarks, but the sum and substance of what he had to say was, yes, that the arguments the gentleman from Illinois has made are very good and they ring very well but the question in November is still going to be: Where is the gas and where is the oil?

I say to Members of the House they should not deceive themselves. When this conference report is passed, if and when it should ever become the law of the land, the question will still ring out: When or where are we going to produce the oil and the gas that we need to supply the energy needs of the American people?

This bill is not going to produce one single additional pint of crude oil for the American people. Quite to the contrary. When we build into our economic system the kind of disincentives—yes, disincentives—that are embodied in this artificial distortion of the pricing system, the pricing mechanism of our country, we are simply going to do what the gentleman from Kansas (Mr. Skubitz) and what the gentleman from Texas (Mr. White) and what numerous other spokesmen on the floor this afternoon have said will happen. We are going to discourage some of the small marginal operators from going out and making the additional effort and investing additional capital that needs to be invested to increase the total supply of oil in this country.

I further think we are really doing violence to the rules of this House and wiping out, as I said earlier, clause 3, rule XXVIII of our own rules when we adopt new matter entirely, as we are doing in this conference report.

I do not know how many Members have read pages 11, 12, and 13 of the conference report. I suppose there are almost 1,000 words of very technical and closely written and very sophisticated language there dealing with what is said to be a prohibition on inequitable prices. It is material that was never confided to the jurisdiction of a committee of this House, but rather new material that was written in conference, new material on which this House has had only the very briefest opportunity to even debate and discuss it this afternoon, because under the procedures we are following, when the motion to strike is offered on section 110 and the other objectionable sections of this conference report, there is no further debate. The only time that we have had this afternoon is the 60 minutes that was allotted under the rule for discussion of the conference report itself.

When I think of what the consequences of this action may be, when I think—and I use the term advisedly—"of the cynical, political, partisan, manipulation of the energy crisis" that this alleged rollback represents, I think it is a travesty on the procedures of this body that we should undertake to legislate in this faulty manner on something fundamentally so important to the American people.

Notwithstanding the vote that took place a little while ago, earlier this afternoon, I hope that when the motion to strike is offered on section 110, the Members will yet take time to reconsider and vote in favor of the motion deleting that matter from this conference report.

The SPEAKER. All time of the gentleman from North Carolina has expired.

Mr. STAGGERS. Mr. Speaker, I have listened to the debate and some of the arguments made. I would remind the Members that only 9 months ago the price of crude petroleum in America was only $3.86 a barrel, 9 months ago. It was adequate then. They said so, and since that time it has gone way up.

Why will wells suddenly be capped, as somebody said? Has anybody had any evidence or any hearings to show that? They are speaking out of fantasy, wild figures, grasping for something they do not know anything about. It was never testified before our committee.

So many are saying wild things. I cannot understand where they are saying that wells be capped because this bill permits amounts far above the $3.86 they were getting 9 months ago. Mr. Simon said on ABC last month $5.25 was all that was needed. I have that quotation exactly from the ABC, that he said that was enough.

We allow them for the stripper wells and independents to go up to $7.09, which was testified to by the Independent Petroleum Institute before the Senate, that $6.65 was adequate. We are allowing $7.09 to do the job.

I would read the testimony to the gentleman of Mr. Miller. He said that—

> Given todays' prices of natural gas, the IPA analysis shows that an average price of about $6.65 per barrel on domestic crude oil would be required over the long run to achieve or permit self-sufficiency in oil and gas by 1980.

This is a long time ahead. This gentleman said it is enough.

I want to remind the gentleman again, that 50 percent of those wells are owned by the big petroleum companies.

Mr. HAYS. Mr. Speaker, will the gentleman yield?

Mr. STAGGERS. I yield to the gentleman from Ohio.

Mr. HAYS. I just want to make the point, the more I see Mr. Simon on television the more I feel like if there is an energy crisis, it would go away if Mr. Simon would go away.

Mr. STAGGERS. Mr. Speaker, I just want to say that this thing of saying that $7.09 is not sufficient, just is not so. Nobody has the evidence to show that.

I want to say again, the gentleman mentioned awhile ago about the price of propane going out of sight at 350 percent. This bill says it has to come down. We mentioned it specifically.

If some Members go back home and cannot run their glass plants and plastic plants and so forth and they vote against this, how can they explain it? They cannot explain it. That is all I say.

This thing of the capping of the wells, I say again, where is the evidence? No one has shown us anything in any way.

Mr. SKUBITZ. Mr. Speaker, will the gentleman yield?

Mr. STAGGERS. I cannot right now.

Mr. SKUBITZ. The gentleman asked a question. Let somebody answer it.

Mr. STAGGERS. Let me ask this. Are the Members thinking of all the lost jobs, the jobless back home, caused by the fuel shortage?

Yesterday in West Virginia many thousand miners did not go to work because they did not have the fuel to get to work. What is going to happen in this State?

We are trying to resolve these things, these long lines in America, and we are asking for help.

We want to say that propane will be given to the farmer and to those that have to have it.

Gentlemen, just one further thing I would like to point out, that we are going to vote separately on sections 110, 105, and 104. Let us all understand this, and I would like to make this very clear, that if either one of these sections is deleted, the conference report goes down.

I would like to say, let us vote up all three of them and send the bill to the President and get on with the business of this country. Americans have waited long enough for an energy bill. I think the time is now, not next week. Let us not say, "Let's vote it down and come back later."

Members cannot explain to their people why they voted "no." I cannot go back into my district and say that I voted against something to stop the long lines at the gasoline stations and to make the price of gasoline reasonable once again.

This is the one thing I wanted to make plain, that if any one section of the bill is voted down, the whole bill fails. Members may say, "You can go back to your committee, back to conference." It would be months before we could come back, and I know the people of America would never understand this Congress. This Congress only received a 21-percent vote of confidence by the people, and if this is voted down, I would say that the people would have no confidence in the Congress of the United States; none whatsoever.

Mr. Speaker, we worked hard and long on this. There were good men on this conference, and I would put them up against any other Member in the House. There were at least two other committees on the Senate side, and they worked for many days and far into the night to come out with the conference report. I say it is the best we can possibly do. It would not matter how many more months we would debate it; how many more months in committee or in conference, so I say at the present time it is our only objective, our only hope to do something for this land. There are a lot of people who have come to me and said that they want to help the people who use propane. Now is the time to help them. There are a lot of people who say, "We want to know what resources there are in America, what fuel resources there are."

If the Members want to know, vote for this bill. It says that within 60 days they must report back to the Congress and tell us what the fuel supplies are in the country, where energy is coming from, where supplies are coming from, and where they are going. At that time we will move and we can make a judgment, but at the present time we are in the dark and we do not know what is going on.

Mr. Speaker, I urge approval of these three sections.

Mr. DINGELL. Mr. Speaker, one of the landmark provisions of the conference report (H. Rept. 93-793) on S. 2589, the Energy Emergency Act, is section 124 which is entitled "Reports of National Energy Resources." For the first time, the Congress has established a mandatory system for full disclosure of information on reserves, production, distribution and use of petroleum products, natural gas and coal. This will for the first time give the executive branch, the Congress, the States, and, most importantly, the public an opportunity to know the true facts about these essential resources and the shortages which now affect our country. For too long the companies dealing in these resources have hidden the facts from the American people and from the government under a heavy and tight veil of secrecy, misinformation and partial information.

Mr. Speaker, I sponsored this section in the House on December 14, 1973 (See CONGRESSIONAL RECORD, daily issue, pp. 41703-41707). The House adopted it unanimously. It was unanimously accepted by the conferees without change—and I will note that for a brief time I was one of those conferees.

The objective of the section is as stated; that is, to provide "reliable," which means truthful, data to the new Federal Energy Administration. The basic objective of the section is that the information be fully available to Congress, the States, and the public, and it is the intention of Congress that this section be construed by the FEA, the courts, and other Federal agencies in such a way as to provide maximum information to achieve this objective. It covers all "reserves, production, distribution, and use of petroleum products, natural gas, and coal." The term "petroleum products" is defined in section 102(3) of the act.

To further this objective, the section directs the FEA to "promptly" publish implementing regulations in the Federal Register. The term "promptly" was deliberately chosen by me to insure that FEA will act with utmost speed to publish these regulations. Since the Administrator, Mr. Simon, has been fully cognizant of this provision for several weeks, I would consider it to be dilatory and not in compliance with this requirement if the publication of the proposed regulation is delayed more than 45 days after the law is enacted. The Congress showed its intention to have these regulations become operative quickly, by the provision allowing only 30 days between publication and final adoption.

The proposed regulation will apply to all persons—as that term is defined in title I, United States Code, section 1—including but not limited to subsidiary and parent corporations and brokers, who are "doing business in the United States"—as that term is defined in section 102(3) of the act—and who, on the date of enactment, "are engaged" in exploring, developing, processing, refining, or transporting by pipeline, any petroleum product, natural gas, or coal, either in the United States or in some other country, or both. The clear intent of the language is full disclosure. This intent should not be allowed to be defeated by gimmicks or other means.

The regulation will require "detailed" written reports every 60 calendar days to FEA on:

First, all known reserves of crude oil, natural gas, and coal wherever located, including estimates of such reserves, that are owned, leased, or otherwise subject to control, wholly or partially, or jointly, by such persons.

Second, the production and destination of any petroleum product, natural gas, and coal. This will enable FEA and the public to know more precisely how much of each of these fuels is being produced or mined over a 60-day period, who is going to use them and for what purpose, where they are stored, including fuels stored under bond, and who is stockpiling the produced fuels;

Third, the refinery runs for each product; and

Fourth, such other data as the Administrator deems necessary to help him achieve the purposes of this section. This provision gives him broad authority to carry out his duties under this and other laws effectively and efficiently. I expect to use this authority for the purpose of obtaining and providing to the public "maximum" and "reliable" information as directed by this section.

The regulation is not only prospective, but also requires similar reports covering the past 4 years—beginning January 1, 1970—so that we will have a base bank of data with which to evaluate the adequacy and accuracy of future data. This provision should be extremely important.

All data in the reports furnished to the FEA must be truthful. If any person willfully and knowingly falsifies, conceals or covers up any material fact or makes any false, fictitious or fraudulent statement or representation or makes or uses any false writing or document knowing it contains any false, fictitious or fraudulent statement or entry, he will, of course, be subject to a fine of up to $10,000 or imprisonment for up to 5 years or both, pursuant to title 18, United States Code, section 1001.

Section 124 requires that four times each year FEA shall publish in the Federal Register "a meaningful summary analysis" of the reported data. This is an important feature. It is deigned to inform the public and the States fully in an understandable manner. Such summaries should not be brief. They should be fully informative. They will, of course, contain much technical information. But even technical documents can be written so that they are understandable.

The reporting requirements of this section will not apply to retail operations, such as service stations. But this term "retail operations" should not be construed so as to defeat the purpose of the section. For example, the Washington Gas Light Co. should not be required to report how much gas is used by each and every one of its residential customers. But it should be required to show, at the very least, how much gas goes to all or the largest consumers in its categories of residential, commercial, and so forth, customers in each area.

If a person is already reporting some or all of the required data to another Federal agency, such as the Geological Survey, he may obtain from the FEA Administrator an exemption from duplicating the reporting of such data to the FEA. But in such case the other Federal agency must make the data available to the FEA. The burden will be on the person to show to FEA that the required data is, in fact, being fully reported by such person to another Federal agency and FEA must verify this fact, before an exemption is granted. Any exemption granted shall continue so long as the data is supplied to the other agency and the other agency makes the data available to FEA. The existence of the exemption and the basis therefor shall be made known to the public.

The reporting requirements shall be enforced by FEA by such means as it deems appropriate. If FEA requires court assistance to help enforce these reporting requirements, FEA is authorized to invoke the enforcement provisions of sections 119 and 120 of the act and the Federal courts are specifically authorized to enforce the reporting requirement.

Section 124 recognizes that there may be some instances in which the reports or some of the information in the reports obtained under this section should be kept confidential. It therefore incorporates the provisions of 18 United States Code section 1905 which provides protection against disclosure of trade secrets and other proprietary information.

However, section 124 does not grant blanket confidentiality to the reported data. To obtain confidentiality, the person reporting the data must make a written "showing" that confidentiality is warranted because disclosure would "divulge methods or processes entitled to protection as trade secrets or other proprietary information of such person," and the Administrator must be satisfied that confidentiality is, in fact, warranted.

It is intended that FEA grant confidentiality judiciously and only after a clear showing that it is warranted. Of course, even this limited confidentiality blanket will not apply to any person or agency to whom the Administrator has delegated any of his responsibilities for carrying out the Energy Emergency Act. Nor will the confidentiality blanket apply to the Attorney General, the Secretary of the Interior, the Federal Trade Commission, the Federal Power Commission, or the General Accounting Office when the data is needed by any of those agencies to carry out its "duties and responsibilities" under this new law or other laws. I emphasize that it is the responsibility of each of the latter agencies to determine which and how much data the agency needs to carry out its duties and responsibilities. The FEA Administrator is not authorized to second-guess any of these agencies or to deny its requests for any data it deems it needs.

Thus, for example, the GAO would be granted access to the data in carrying out its functions of review and evaluation of FEA operations, including audit and examination of the FEA's use of Federal funds, or as part of its investigative functions which are performed for Congress or its committees or Members. The clear objective of this requirement is to allow access to GAO so it can verify all data pertinent to its responsibilities.

The data would also be available to Congress or any committee thereof. The committee chairman on his own initiative or pursuant to the direction of the committee can request and obtain this data.

Mr. Speaker, if this section is effectively utilized, much of the public skepticism that hangs heavy over the present fuel emergency could be lifted. I hope Mr. Simon realizes this and will use it effectively.

At this juncture, I insert a letter which I have today received from Mr. Simon concerning this section and an accompanying January 18, 1974, statement by Mr. Sawhill which he presented to my subcommittee:

FEDERAL ENERGY OFFICE,
Washington, D.C., February 19, 1974.

Congressman JOHN D. DINGELL,
House of Representatives,
Washington, D.C.

DEAR MR. DINGELL: In reply to your letter of February 11, 1974, we regret that our communication of January 23, 1974 was not completely responsive to your letter of January 2, 1974.

We sincerely regret this occurrence and appreciate the opportunity to furnish the additional information you require.

Regarding the question you raised concerning the compromise version of section 124 of S. 2589, it must be understood that this version was worked out on the Senate floor and the FEO had no time to develop an official position.

As Mr. John Sawhill, Deputy Administrator, advised in his opening statement on January 18, 1974 before the Small Business Committee, the FEO supports both the intent and general thrust of the original provisions.

We realize the need for better data and that the FEO is the agency which should collect it. However, we believe there are some changes which would be appropriate. These changes are detailed in Mr. Sawhill's statement (copy attached).

We are in the final stages of developing proposals which will incorporate these changes and which we believe will satisfy the goals of section 124. As soon as these proposals are finalized, members of FEO will be available to discuss them with you or your staff.

I am attaching copies of tables containing the information requested in your January 2, 1974 letter.

We are currently studying your comments regarding the composition of the FEO Advisory Committees and will furnish you our views by separate letter in accordance with conversation with your staff.

If you require additional information, please contact us.

Sincerely,

WILLIAM E. SIMON,
Administrator.

JOINT TESTIMONY BY HON. JOHN SAWHILL, DEPUTY ADMINISTRATOR OF THE FEDERAL ENERGY OFFICE, AND GERALD PARSKY, EXECUTIVE ASSISTANT TO THE ADMINISTRATOR, SMALL BUSINESS COMMITTEE, JANUARY 18, 1974

Mr. Chairman, thank you for the opportunity to appear before you today to discuss our energy data requirements.

The Arab embargo will reduce our petroleum supplies almost 14 percent below expected demand. Some have questioned the accuracy of these estimates. I welcome the opportunity to address the credibility of our estimates, the sources of the data we use in making them and our plans to improve our energy information capabilities.

While many doubt the accuracy of the data being provided by industry, there is no doubt in my mind that we do indeed have a serious shortage. Consumption this year is expected to reach over 19.1 million barrels per day or an increase of 1.5 million barrels per day over 1973.

This growth represents a continuation of the historic trends in demand growth. Domestic production on the other hand leveled off in 1971 and has been steady or declining since. We have had to make up the difference between demand and domestic supply with imports * * *.

NEW LEGISLATION ON ENERGY REPORTING

While we have sufficient authority to mandate the petroleum data we now need, I still feel that specific mandatory reporting legislation is required. First, tailored sanctions and enforcement provisions may be more appropriate than those in our current authorities. Secondly, expansion of mandatory reporting to other energy sources, such as coal and uranium, is a necessity in the months ahead and may not be practical under our existing authorities.

We are now developing the information needed to propose specific mandatory reporting legislation. Such legislation will go beyond information on petroleum inventories, imports and refinery operations. The more complex problems of reserves, and non-petroleum products will be included.

Let me briefly comment on the basic provision of Section 124 of S. 2589 which was considered before the recess. There have been widespread reports that FEO was either against or substantially weakened the provision. Let me say now without reservation that we support both the intent and general thrust of the original provisions. We need better data; it should be collected and FEO should be the agency to collect it. However, there are some changes which we feel are appropriate.

First, Section 124 would require comprehensive reporting from the energy industries once every 60 days. I feel we need more frequent information for certain categories of data—such as inventories of key fuels during a shortage—and probably less frequent information in other areas, such as reserves which do not change significantly on a month-to-month basis.

Secondly, retail operations are exempt from reporting under Section 124. I feel we may well need the authority for spot checks or statistical sampling procedures, if we are to deal with problems such as hoarding.

Finally, the Section also requires FEO quarterly reports. I feel that quarterly reports are insufficient. Right now we are reporting weekly to the American people and would intend to continue to do so during this crucial time.

PUBLIC DISCLOSURE

A central issue, and one which is very important, is the extent to which the information which is reported to us ought to be made available to others. The public has a right to complete and accurate information on the energy situation. This policy should give way only where limitations are imposed by statute and where important public policy considerations dictate otherwise.

For example, there will undoubtedly be national security constraints upon the release of certain information about military fuel supply levels. Further, competitive considerations will dictate confidentiality in cases where disclosure of future production or shipment plans could be used for anti-competitive or predatory purposes. We will be conferring with the Justice Department and Federal Trade Commission on the anti-trust risks involved in disclosure, on a company-by-company basis, of certain sensitive commercial information. But I would expect these limitations to be relatively narrow and that most of the information would be more widely available.

Both the government and the public are entitled to much more information about the petroleum industry than is now available. We intend to see that it is gathered and made available. To this end, we will be presenting proposals recognizing three categories of information disclosure. The first will be that information generally available to the public; second is that information which should be available only to other government bodies with a legitimate interest in and need for the material; and, third, that information which ought properly to be limited to FEO in the carrying out of its responsibilities. I believe these proposals will mitigate concerns about excessive confidentiality, and will greatly broaden public acceptance of the information which the government collects and publishes on this subject.

SUMMARY

In summary, the Federal Energy Office fully intends to get all the information needed to do our job and fairly present the facts to the American people. We have already made substantial progress in our energy data systems. Under the authorities we now have, we will implement mandatory reporting requirements for the petroleum industry. And, under authorities which we are now evaluating, and would hope to work closely with Congress in finally formulating, to develop the broad-based energy information systems needed not only to deal with our current problems but with the challenges in the decade ahead.

Mr. Speaker, Mr. Sawhill makes several points concerning section 124 which I believe deserve comment.

First. I am pleased that FEO supports "without reservation both the intent and general thrust" of section 124, and the concept that FEA should collect this data. I think that is encouraging.

Second. Mr. Sawhill suggests that reporting of "detailed" data more frequently than 60 days may be necessary for such purposes as obtaining data on "inventories" of key fuels during a shortage. I do not think section 124 precludes this. But I point out that FEA has adequate authority under the Emergency Petroleum Allocation Act of 1973 to obtain such data.

Third. Mr. Sawhill suggests that FEA may need authority "for spot checks" of retail operations "to deal with problems such as hoarding." Here again I believe FEA has adequate authority in the above cited statute to deal with this problem. I have some difficulty believing that service station operators could hoard much fuel.

Fourth. Mr. Sawhill indicates that quarterly reports to the public "are insufficient" and points out that FEA is reporting "weekly" to the public and intends to continue this practice.

The weekly reports should be continued. However, they do not suffice for the more detailed quarterly reports required by section 124. Such weekly reports are generally given by FEA through press conferences. Section 124 requires a far more comprehensive report to be printed each quarter in the Federal Register where it is more widely available for critical analysis by the public.

Fifth. Mr. Sawhill notes, on the issue of confidentiality, that "there will undoubtedly be national security constraints upon the release of certain information about military fuel supply levels."

I agree with Mr. Sawhill's comment, but it is my expectation and I feel sure it is the expectation of Congress, that the "national security" label not be used loosely to prevent the publication of data whose publication will not actually endanger the national security. Subparagraph (1) of title 5, United States Code, section 552(b)—the Freedom of Information Act—provides adequate protection for the confidentiality of information which the President has specifically required by Executive order "be kept secret in the interest of the national defense or foreign policy." However, I want to make it plainly understood that the Energy Emergency Act will in most cases conflict with, and therefore it will clearly override, the exemption contained in subparagraph (9) of 5 U.S.C. 55(b), which heretofore exempted from disclosure under the Freedom of Information Act "geological and geophysical information and data, including maps, concerning wells." This exemption has been used to justify the withholding of information about reserves and production of oil and gas, and it is precisely this very withholding practice which section 124 of the Energy Emergency Act was expressly and directly designed to change and prevent.

Sixth. Mr. Sawhill then states:

> Further, competitive considerations will dictate confidentiality in cases where disclosure of future production or shipment plans could be used for anti-competitive or predatory purposes. We will be conferring with the Justice Department and Federal Trade Commission on the anti-trust risks involved in disclosure, on a company-by-company basis, of certain sensitive commercial information. But I would expect these limitations to be relatively narrow and that most of the information would be more widely available.

The provisions of section 124, including 18 U.S.C. 1905, adequately deal with the confidentiality of commercial information, such as trade secrets and proprietary data. The considerations suggested by Mr. Sawhill appear to go back to the very thing that section 124 seeks to prevent, namely, the granting of confidentiality for all manner of reasons under the guise of encouraging competition or preventing some unidentified antitrust risks. Section 124 is clearly intended to preclude such sweeping use of confidentiality.

Mr. KEMP. Mr. Speaker, we are—once again—considering the proposed National Energy Emergency Act. This legislation has bounced back and forth between the floor of the Senate and the Joint House-Senate Committee of Conference like a tennis ball during the 2 months. That action would have been amusing, were it not for the gravity—the seriousness—of the problem this legislation is allegedly intended to help resolve.

THE NATIONAL ENERGY EMERGENCY ACT IS NOT THE RIGHT ANSWER

Of the many important measures to come to this floor for action since I began service here, this one has distressed me the most.

This bill is a cumbersome piece of legislation. It tries to do everything within the confines of its pages. This is an approach which will "lock into concrete" our immediate present perception of the problem. Yet, as these perceptions change—as they surely will—the old perceptions will remain, nonetheless, the law of the land. And, Congress has seldom moved with the speed and versatility of the people and a free economy.

This bill would, also, give the Executive powers so broad as to be of questionable constitutional validity.

It embodies a significant threat to the free market economy which provided adequately all the peoples' needs for fuels before Government began interferring with the market structure.

It discourages production, rather than encouraging it, at a time when it should be obvious that the most effective way to alleviate the shortages is to increase production of fuel supplies.

It sets into motion a mammoth, new Federal interventionist program which will produce endless regulations, countless forms, thousands of tax-consuming Government jobs, and power brokering not always necessarily in the public interest.

And, it will perpetuate the "horrors" of the energy crisis—high prices because Government price setting is artificial—that is not based on the realities of supply and demand; long lines at the gasoline stations because Government policies do not allow adequate production; threats of strikes and dangers of plant shutdowns as competing interests—forced now by Government policies to view each other as threats to each's livelihood—browbeat the decisionmakers. This crisis has already resulted in the loss of jobs and incomes, in production line closings, in countless shortages in other industries, in loss of tax revenues, in violence, and even in death.

It seems to me, measured against this factual background, that the Congress should seek genuinely to remedy the crisis—not to continue it for whatever purpose—refusing to postpone longer that day when the market system is restored for the benefit of the people.

I have addressed the House on a number of occasions since the Yom Kippur War in October 1973 and the subsequent imposition of the Arab oil embargo. I had spoken a number of times, even before that war broke out, on what was about to happen in the energy field unless the Congress acted promptly to remove disincentives to production, and I had introduced bills to help meet that objective. This crisis had been brewing for a long time—well over a decade—as demand continued to mount but production leveled off.

PRICES SHOULD BE REGULATED BY THE LAWS OF SUPPLY AND DEMAND

I consider the debate over the price of fuels to be among the most important aspects of the bill before us. Unfortunately, because it effects directly the consumers' pocketbooks, the debate over pricing policies has tended toward immediate, political solutions, rather than crucial, long-term economic solutions. And, this is an economic problem. In a quest for perceived advantages at the voting booth this fall to be supposedly had by holding prices down to levels wholly unrealistic to today's supplies and demands, we run the high risk of discouraging production, perpetuating Federal interventions continuing shortages, and paying more—much more—over the long run.

Why do we hear so much about allocation? About rationing? Especially, when both are but temporarily remedial solutions—perhaps, illusions—to the real solving of the problem? Because it is the Government's political answer to keep the prices from going up—maybe even from going down.

The price mechanism is the only instrument the Government could ever use that will handle a million variables an hour, that will enable New Yorkers to buy gas from California when New Yorkers have too little gas, or to reverse the process without having to go through a maize of Federal regulations and approvals when New Yorkers have too much gas and want to sell it. Decontrol of petroleum prices is the only solution which will work, and I think it will be the ultimate one used. Unfortunately, that may be after the Government has produced fiasco after fiasco, failing each time to reckon with the reality that the market system works more efficiently and effectively than does Government regulation.

Will decontrol—deregulation—result in soaring, outrageous prices? According to an editorial commentary in Barron's of February 18, the answer is "No." Enough return on investment to reinvest in badly needed capital improvements with which to explore, recover, refine, and distribute fuels is needed and should be allowed. This will result in more realistic and higher prices than we were paying a full year ago. Beyond that, major suppliers compete for increasing their respective shares of the market—they try to win consumers over to buy their products. How? By lowering the price, so that their products are more attractive to those consumers—in other words, cost less. Enforcement of antitrust and price-fixing laws must be active to insure this, for such antitrust as price-fixing actions are as antithetical to a market system as are Government's arbitrary and mandatory controls. Name an example? Barron's cites the experience of Western Europe since the Yom Kippur War.

When the Arab nations announced their embargoes, every nation feared the worse. As in the United States, the democracies of Western Europe established allocation and rationing systems. Long lines formed, tempers flared, prices soared. How did those governments first deal with the crisis? By imposing more controls and more regulations, by allocating and rationing, by shifting supplies around, and by drawing down reserves? Such policies did not work. Then, what was done? They abandoned rationing and other futile devices and allowed the market price to prevail. As a result, the Continent already has restored the balance between supply and demand. Life is, once again, somewhat normal.

What about price? On the average, prices rose by about 38 percent. If this holds true here, the top rate would be about 42 cents for regular and 55 cents for high test. This is less than is being paid today at most pumps. Then prices should start to steadily recede.

Only in America, thanks to controls and our Congress penchant for getting its nose into everything and calling such intervention "leadership," are we now "blessed" with continuation of the problem.

What about those who say that the time is not now right for removal of these controls?

The fact is that the time is never right to abolish controls, if one is trying to avoid totally the short term rises in price which will inevitably result immediately after their removal. This happened in 1947 after the wartime controls were lifted. But that is shortsighted. After the immediate rise—and this is not speculation, it is fact—the laws of supply and demand begin to take effect, reflecting accurately their interrelationship. Prices then start to decline, as they did after 1947; production starts upward, and so forth. All that we do by keeping these oppressive controls is postpone the day in which we must lift them or risk the total destruction of our economic system.

SELF-RESTRAINT IS LEADERSHIP TOO

There is an unfortunate tendency in public life: A tendency to think the people will believe you are really doing your job only if you are doing something very visible, very vocal, very news worthy. Thus, one's quality of performance is erroneously equated with the amount of one's publicity-oriented ventures. Nothing could be further from the truth—the diligent, countless hours of homework performed by Members, away from the glare of the lights, the hum of the cameras, the ink of press releases. Yet, this quiet leadership often holds the best answers for really resolving issues before the Nation.

Speaking to a member of the other body before a recent hearing, Secretary of the Treasury, George Shultz, rightly observed:

> In the stampede for "action, action, do something," you find yourself doing the wrong thing.

That is true of both the leadership of the administration and of the Congress, for it is a reflection of human inadequacy when emotion controls reason, when political exigencies are given priority over conviction and the truth.

There are those who cry out against what they call a "do nothing" Congress, when on some issues, like this one, the public interest might be much better served if the Congress did adopt a hands-off policy, not "do-nothing" in the sense of abandoning responsibility but rather a "do-nothing" in the sense of consciously recognizing and appreciating the fact that by doing nothing in the way of imposing controls, regulations, and statutes, we might be doing a lot to remedy the problem. Government policy fostered this chaos; by removing such policies, we will go a long way toward removing the chaos too.

THE FEDERAL ENERGY OFFICE IS NOT AN ANSWER

I have a somewhat different attitude about the Federal Energy Office and its Administrator, William E. Simon, than others. I think Bill Simon is one of the most capable, dedicated, and intelligent men in this administration. No man could have gone as solidly and as far in the private sector as he did in his relatively few years in business without "having something on the ball." And, I believe the vast majority of FEO regional and headquarter administrators, managers, and employees are dedicated, sincere, and willing to work endless hours to help resolve energy problems. They certainly have always tried to help me help my constituents.

But, that's the bulk of the problem. The problem is inherent to using Government policy and a Federal agency as a substitute for the dynamism of the American people and their economy.

No matter how hard FEO strives to resolve one crisis, another crops up; and, it will always be that way. Statutes, regulations, and rules cannot be a substitute for the mechanics of a diverse economy—an economy which has produced the prosperity we have always heretofore enjoyed in this land.

As an example of such an agency's inability to deal with a problem of this magnitude, not as a reflection on FEO or its leadership, let me read from a recent column:

> From the outset, despite the considerable talents of its Administration, FEO has been plagued by one snafu after another. Barely a week after opening its doors, the Office erroneously announced cutbacks of 25% in the production of gasoline, a figure which it later in embarrassment changed to 5%. Again, in choosing 1972 as the base period for allocations, regulator and regulated alike inevitably have fallen afoul of regional differences and local quirks. Because it launched its own voluntary program of conserving energy a year ago, Oregon, for example, used relatively less petroleum than the other 49 states; hence its allocations were lower and its shortages worse. In New England, where ski resorts have had a bad season, service stations are awash with gas. Fearful of a scarcity of heating oil, FEO ordered refineries to maximize such output at the expense of gasoline. Now everyone has more of the former than he can use and not enough of the latter.
>
> Legalities aside, the mischievous impact of the allocations program is painfully clear. Under its strictures, crude must be diverted to inefficient, antiquated and even obsolete capacity. One refinery blessed by an FEO quota has been closed for over a decade. In consequence, as Gulf argues, "the nation will have less gasoline, heating oil, petrochemical feedstocks and other petroleum products." Indeed, by reducing the incentive of surplus and deficit refiners alike to import costlier foreign crude—a barrel of oil commands several more dollars abroad than in the U.S.—the program virtually mandates perennial shortage. In recent weeks, according to the American Petroleum Institute, oil imports have dropped sharply; if the bureaucrats and lawmakers, in unholy alliance, succeed in rolling back domestic oil prices, as they threaten, things will go from bad to worse. Townsend-Greenspan & Co., economic consultants, recently observed, "Our current shortages seem to be developing largely from (1) our suppressing prices below world levels and (2) our allocating machinery. If we fumble our way into gasoline rationing, the problems will be of our own making and not attributable to the Arab boycott."

The consumer, through his exercise of individual choice, collectively creates demands which are met by supplies. The interaction of producer and consumer results in a price. That is so very simple. The use of this system has produced the most productive economy in the history of the world—ours. And, we did it without Federal regulations, redtape, and bureaucracy. The sooner the Government gets its nose out of the people's livelihood, the better off the people—and their Government—will be.

The House should reject this conference report and make a decision on each of the meritorious measures in this bill by voting on them separately.

Mr. FRENZEL. Mr. Speaker, after long consideration last December, I decided to support the conference report on the emergency energy bill, even though I believed that it contained major flaws.

As I would have voted for it then, I shall vote for it now because there is no alternative. When Congress adjourned in disorganization in December, we chose the alternative of nothing. Nothing is a poor alternative. A flawed energy bill was better than no energy bill in December, and it still is.

The title II deferral of air standards is absolutely necessary so the FEA can mandate reconversions of utility plants back to coal, or prevent conversions from coal to other sources. Our overall energy strategy is totally dependent on this alteration of air standards for stationary sources.

Also in that title II is authority to defer auto standards for at least 1 and probably 2 years. Further, the EPA, in making determinations for the second year, must take fuel economy into consideration.

Title II alone is enough reason to vote for this conference report. Without it, Congress will have done nothing to prevent serious economic disruption and possible danger to the health and safety of our people.

Title I is primarily a grant of power to the President to carry out conservation policies with certain safeguards. Its major flaw is that it grants rationing authority to the President without the safeguard of a congressional veto. That is a useful safeguard. At a time when we mourn the erosion of congressional powers, it is hardly appropriate to grant such sweeping power without some sort of legislative braking device. Other conservation programs are subject to congressional veto. The bill is already under criticism for reversing the traditional executive and legislative roles. Even so, I think the executive policymaking and the legislative veto can be justified in the name of "crisis" or "emergency." Most of us agree that rationing should be a last resort and that the power to make a timely determination on rationing is better vested in the executive branch. But to exempt the rationing power from legislative veto is a real cop-out. The Congress should have maintained its veto as a matter of legislative prerogative.

As a practical matter, the President, through FEA Administrator William Simon, is probably less likely to impose rationing than the Congress. A further practical consideration is that the whole thrust of title I is to encourage fuel conservation other than rationing. The FEA Administrator has said he will use the authority of this bill to try to avoid rationing. The critical period is the first quarter of 1974. If we can survive this quarter, we may avoid rationing. That should have been a pretty good incentive to legislate these authorities in December.

There are other flaws. The worst is the oil price rollback. Its terms may seem generous today, but it freezes into law a rigid price inflexibility which almost certainly will inhibit oil production. How could Congress approve a counterproductive law at a time when everyone agrees we need more production?

Surely we need price controls. Nobody is for unjust enrichment. But we do have price controls now. Fortunately they are flexible. If we are silly enough to make them rigid by statute, we will only be re-creating in oil the beef shortage of last year. Price controls, yes. Windfall profits tax, yes. But never statutory, counterproductive rollbacks.

The unemployment compensation feature is untidy, and I am not sure that all working people can be protected. Some unemployment generated by energy may be difficult to prove. I believe we ought to have a single program that is fair to all working people. But here, again, we do have time to improve this section by other legislation.

We have required too many studies in this bill. Both Houses called for studies of every item they did not know what to do with. The conference seems to have approved most of them. I only hope we do not waste the resources of the FEA on all these studies.

In general, flaws can always be found in legislation of this complexity. But, I think the people expect this Congress to act. This Congress failed the people when it went home for Christmas without passing the emergency energy bill. I can find lots of things wrong with the bill, but I could not justify a negative vote in December, and I cannot now. The people wanted action in December. We failed them then. The people want action now.

I voted "No" on the previous question so we could vote on the three items in dispute. A yes vote on the previous question would have killed the bill. I could not vote for that.

I will vote against two of the three disputed features, but in any case I shall vote for the bill. The Congress owes the people some action.

Mr. ICHORD. Mr. Speaker, The gentleman from Louisiana and I have asked the question but still have not gotten the answer detailing in what fashion the legislation before us today will result in the production of additional oil. It is my intention to vote against this legislation because I see in the measure several provisions which will deter the production of oil. I fear that this legislation will guarantee the rationing of gasoline in the future for the American consumer.

Oil in the United States is now in serious short supply and the actions of oil producing Arab States have prevented the importation of sufficient supplies to bridge the gap between demand and supply.

I have no sympathy for the large oil companies. They are responsible in part for the situation in which we now find ourselves, just as Government, both the executive and the Congress, as well as the American consumer must share a part of the fault. However, I feel very strongly, Mr. Speaker, that by this measure we are departing from the principles of the American free enterprise system. The action we are taking today could very well mean the beginning of the end. We have followed in this Nation from its very inception a system of production and distribution based upon the laws of supply and demand, price, profit and competition. It is not a system which always works with perfection. In fact, one of its imperfections is that it has had a consistent tendency, until Government started to tinker promiscuously with the system, to overproduce. Why, my friends, in this emergency situation, when we face a shortage of supply do not we use this system which has the best track record of production, to overcome a shortage of supply. If this conference report is adopted and signed into law by the President, I predict we will have frozen the United States into a permanent condition of domestic underproduction. We will have put politicians and bureaucrats directly into the business of the production and distribution of oil and the end result will be chaos. I cannot in good conscience cast my vote other than in the negative.

Mr. WRIGHT. Mr. Speaker, every Member of this House would like to solve the energy shortage. If there were just some magic wand someone could wave to dispell the shortage and to turn on a spigot of unlimited fuel, we would be falling over one another to get our hands on that wand and wave it.

But let us not aggravate the disease in a clumsy effort to treat its symptoms.

The disease is a shortage of petroleum in the face of ever increasing demand. The price of petroleum is an uncomfortable symptom of that disease, but it is not the disease.

There are intelligent and effective ways to treat the disease. But rolling back fuel prices is not one of them, however politically attractive it may presently appear.

Such an approach is not only superficial. It could be tragically counterproductive. It easily could result in less petroleum rather than more.

Up and down the east coast, our citizens already are suffering the harassing indignities of long waiting lines at the fuel pumps. What ultimate good would it do them to reduce the price by a few cents a gallon if in the process we doubled their waiting time?

What we desperately need is more oil. We get this only through exploration and discovery, and then through expanded refining capacity.

Seventy-five percent of all domestic oil and gas has been discovered not by the giant companies but by independents, relatively small companies operating on borrowed capital and at high risk. Eight out of every nine exploratory wells have been dry holes.

Most of the shallow strata have already been explored and exploited. Most of the remaining oil would seem to lie in deeper strata, which means higher drilling costs.

Do we encourage the high-risk venture of exploratory drilling by reducing the price of the product? Of course not.

Like many of you, I have been appalled at the recital of statistics showing a few big, integrated international companies enjoying increased profits while the rest of us sweat in line to buy gasoline.

But the rollback here proposed would hurt those companies less than it would hurt the independents, the very ones on whom we are relying to find more oil.

If you want to vent your wrath upon unjustified profiteering, then draft some reasonable language barring excess profits.

Or draft a law requiring all profits in excess of a previous level to be reinvested in exploration.

Or put a severance tax upon the exploitation of these exhaustible resources and channel the proceeds back into the finding and development of new sources, as some of us have proposed.

But let us not in a fit of pique kill all the goslings because the goose hasn't laid more eggs. For that's the way to have even fewer eggs—or none at all—in the future.

I will admit that this move to rollback prices has a superficial political attraction, but it could be extremely shortsighted.

Some of you think you are slaying a dragon in the dark of night, but it could turn out to be the family cow. And its ghost could return to haunt you for your lack of vision.

Mr. WYLIE. Mr. Speaker, I would like to explain my vote to strike section 110, the provision which would roll back crude oil prices.

This is the second time around for this conference report and the conferees have added a new controversial section authorizing the President to roll back and set prices on petroleum products. Any price reductions for petroleum must be passed through for a dollar to dollar basis to the consumer.

Here we go again taking the Alice in Wonderland path of bureaucrats and politicians attempting to manage an essential segment of the economy. Legislating lower fuel prices for the American people—How can anyone be opposed to that? Everyone knows how the pocketbook has suffered from the energy crunch, and the people have a right to demand relief. Consequently, section 110 of the amended conference report will peg the price of so-called "new" and "stripper well" crude oil at between $5.25 and $7.09 per barrel. Currently, these two categories of production are uncontrolled; and the market brings about $10 a barrel. The price of "old" domestic crude is already controlled at an average of $5.25 per barrel. Under the present price control, 76 percent of domestic crude is controlled and 24 percent is uncontrolled, Section 110 is aimed at the 24 percent category.

It is very tempting for those of us in politics to support such a proposal considering the current mood of the public. It is therefore essential that such a proposal be given a rational analysis. The issue basically hinges on the broad question of the effect of past Federal attempts to regulate by bureaucracy the workings of the market economy. In this context it is important to remember that in a Government-controlled economy prices and production levels are not determined by business-consumer decisions based on a supply and demand situation. Under economic controls prices and related decrees are essentially political decisions instead of economic decisions.

The difficulty with control is that a truly efficient economy must necessarily be regulated by market decision based on products supply and consumer demand. When politics ventures into the market, gross distortions are introduced into the economy that would never have occurred under the discipline of market forces.

A classical example is the recent independent truckers' strike which never would have occurred if the Government was not in the business of regulating freight rates and fuel prices. The regulations here involved appeared to be a good idea designed to protect the public's interest. In actual operation, however, they drove a major segment of the Nation's independent small businessmen to the brink of bankruptcy.

Shortages of beef are again predicted in the near future. Why? Well, in the not too distant past, retail food prices especially beef shot up rapidly. The Government responding to political pressures clamped on controls to allegedly protect the consumer. While these prices were rising, farmers started increasing their herds to cash in on what appeared to them as an improving market for beef. As soon as price controls were imposed, a lot of these ranchers decided that the incentive to expand their herds was no longer there and they cut back on beef in order to channel their assets into more profitable agricultural endeavors. Growing a steak is not like manufacturing toasters, and the production rates cannot simply be turned on and off at will.

A beef shortage was caused by Government policies which were attempting to solve the very problem which the Government helped create. In short, it becomes a rather vicious cycle.

The Congress has enacted wage-price control authority so that the President can regulate the economy. We are now somewhere in phase IV of said controls. Have they worked? A look at the accelerating rate of inflation since controls were first implemented under phase I provides the obvious answer. What the controls have caused in this period is twofold. One result is an expensive bureaucracy with the inevitable redtape recordkeeping and reporting costs imposed on the business community. Second, there were a number of serious economic dislocations suffered by numerous segments of the economy because wages and prices were being determined by "politics" instead of market forces.

And now, the same dreamers who believe that the State is capable and competent to do all things, are pushing for the same economic regulatory practices on crude oil. Will we ever learn the dismal lessons of past experience in this area? Is there any remote reason to believe that total price controls on crude oil and related products will somehow be effective this time, that there will be no serious economic dislocation, that the bureaucrats and their regulations will be more effective than the disciplines of the marketplace. In my judgment, this is a very dangerous provision and I will vote to strike it.

The price rollback provisions are totally unrealistic when viewed objectively and should be defeated.

Mr. GILMAN. Mr. Speaker, I applaud the work of the committee in reporting this energy bill from Conference with many of the House provisions in tact.

I was particularly concerned about section 112 of the conference report, "Prohibitions on Unreasonable Actions," and am pleased with the committee's clarification of that provision.

My concern reflects the disrupting effects our energy shortages have brought to bear on many small industries throughout our Nation.

One sector of our economy, the decorative lighting industry, has been particularly hard hit. As a result of the Federal Energy Office release of December 11, 1973, in which the Administrator called for a ban on "promotional, display and ornamental lighting of homes and apartments," the decorative lighting industry has experienced severe imbalances in business operations.

One small business engaged in the manufacture, sale and distribution of Christmas lighting in my own district, the Leco Electric Co., Inc., of Florida, N.Y., has provided my office with financial data which verifies a drastic reduction of sales since the FEO release.

While we all recognize that energy shortages call upon each of us to sacrifice to weather the storm, major disruptions to some small industries emphasize the critical burden shortages have created in some sectors of our economy.

For this reason I am pleased that the conference report clearly states the committee's legislative intent with regard to section 112. Accordingly, I include the following section of that report in this portion of the RECORD:

> The Committee has added a separate section to this legislation creating a statutory standard of reasonableness to be observed in the allocation of refined petroleum products and electrical energy among users or in taking actions which result in restrictions on use of such products and electrical energy. The Committee intends the term equitable to be applied in its broadest and most general sense. As such, the term denotes the spirit of fairness, justness, and right dealing. No user or class of users should be called upon during this shortage period to carry an unreasonably disproportionate share of the burden. This is fundamental to the traditional notion of fairness, and equal protection. The Committee expects the President and the Administrator of the Federal Emergency Energy Administration created under this Act to adiduously observe these requirements in the conduct of their functions.

This language is very clear in its intent. While the decorative lighting industry is more than willing to make reductions in their production and assume their fair share of the burden of our crisis, it is totally unfair to ask this portion of the economy to bear the full brunt of the shortages. The language cited above evidences the committee's recognition of this inequity.

I appreciate the fine work of the committee and am pleased to support the passage of this bill.

Mr. GRAY. Mr. Speaker, I first want to commend my friend and neighbor the distinguished gentleman from West Virginia (Mr. STAGGERS) and all of the members of his committee on both sides of the aisle for working so long and hard to resolve a complicated problem concerning the energy crisis. With so many divergent views I know everyone in Congress has agonized over how best to resolve the energy crisis by providing an adequate amount of gasoline, heating oil, propane and other oil products at reasonable prices.

Answers to these questions are not easy and I think the conference report now before us will help but certainly is not the total answer to meeting the energy crisis.

Mr. Speaker, we need to have better cooperation from the oil industry on supplying the Government with true and accurate figures on just what oil is on hand and what their total capability is for supplying the needs of the American people in the future. The figures given us so far do not square with the present facts. For example, we are told by the oil companies that all imports from the Middle East amounted to only 13 to 15 percent of total consumption of gasoline and other products in this country. The administration including the President recently announced that the American people through their car pooling, elimination of pleasure driving, and other conservation measures have reduced consumption by 20 percent. If we can believe these figures, then we should have 5 percent more gasoline on hand than we had before the Middle East oil embargo and therefore we should see no lines at service stations. We know this is not correct, therefore, where is the problem? Are the oil companies deliberately holding back their supplies in order to force higher prices? If so, the amendment in this conference report rolling back prices will only add insult to injury.

Therefore, Mr. Speaker, I intend to vote for the conference report to give the President authority to deal with this crisis but I plan to vote to strike the rollback provisions for two reasons: First, the President will veto the conference report with this provision in the bill and therefore we will have no legislation at all; second, the Middle Eastern countries are now charging $15 per barrel for crude oil and if you force a price rollback to $7 a barrel in this country, how many oil companies do you believe will pay $15 a barrel or even $10 after the embargo is lifted and then turn around and sell the oil to the independents and others for half price.

I want cheaper gasoline and other fuels for my people in southern Illinois and across the Nation but we have seen what controls have done to the entire American economy. It has caused shortages in many commodities which in turn inevitably causes higher prices. What we need to do is make more oil available through increased exploration, conversion of coal to gas and conserve fuel wherever possible. Price controls 2 or 3 years ago across the board would have worked along with wage controls. However, at this late date, piecemeal approach to price controls is unworkable with oil or any other commodity. The price of gasoline will automatically come down when we produce more than we are using. When the oil embargo is lifted and we find new sources of oil in this country, as we can and will, the Arab nations will then roll back their prices in fear of losing their customers. Right now they have us over the oil barrel, as it were. I have many independent oil producers in southern Illinois who are willing to invest their high risk capital in exploring for new oil reserves, however, they must have a free market as a proper incentive. We also have a number of power and gas companies interested in joining the Federal Government in a partnership arrangement to build coal to oil conversion plants in southern Illinois. Mr. Speaker, we have over 150 billion tons of minable coal reserves in my congressional district. More than any other State in the Union. We are ready and willing to help solve the energy crisis. The best way to do it is to take the shackles from all segments of this industry and put them in the arena of competition, thereby letting them exemplify the American tradition of seeing "who can get there firstest with the mostest." If we vote for the conference report, we will be giving the President some additional tools to deal with the energy crisis on an immediate basis and if we vote against the rollback, we will see more gasoline, no lines at service stations, and in the long run much cheaper prices.

Mr. DONOHUE. Mr. Speaker, I very earnestly urge and hope that the great majority of this House will accept and approve this Energy Emergency Act conference report now before us.

In approaching our voting decision on this conference report, let us calmly and patiently remind ourselves that no human instrument can be perfect and that no legislative action can be entirely satisfactory to everyone involved.

On this score, let us further remember and emphasize, in our action here today, that effective response to a national emergency in the overall national interest is the very highest obligation of the Congress and it is our additional high duty to insure that necessary sacrifices in a national emergency are equally imposed on every group and sector within our American society.

Mr. Speaker, it is only too clear that existing energy shortages with their attendant confusion, aggravation and disruption of everyday American life has brought our average citizen practically to the breaking point of personal patience. It is only too clear that the energy crisis has accelerated the inflationary spiral and is visiting even more extreme financial hardships upon already overburdened millions and millions of American workers and their families and particularly our older citizens.

It is only too clear that the energy emergency is solely responsible for vastly increasing unemployment for millions of Americans. It is only too clear that increasing numbers of our citizens are daily questioning the ability and determination of the Congress to effectively act on their behalf at a time of national emergency.

This conference report is a reasonable overall compromise of most of our varying convictions and it presents us all with a timely opportunity to answer the question about our ability to act and to resolve the growing doubt about our paramount concern for the national interest.

In effect the approval of this report will constitute a first step toward the eventual solution of this agonizing energy supply problem. In summary, the adoption of this bill will provide for a freeze on domestic crude oil prices, a rollback, after 30 days, of crude oil prices that are not now subject to control, to offset windfall profits, and a passthrough to consumers of any resultant reductions in fuel cost. It will expand imperatively needed unemployment assistance and require compensation to be paid to all persons who become unemployed as a result of the energy crisis.

It will also grant standby authority to the President to initiate gasoline rationing if necessary; instruct certain electric utilities to switch from oil to coal; provide franchise protection to gasoline dealers; require major oil companies to disclose information about reserve supplies, price structures and operating practices; establish antitrust review action; permit the President to raise the price of oil on the condition that such action will stimulate new oil production and research; temporarily suspend the limitations on stationary or motor vehicle fuel emissions and authorize low interest loans to homeowners and small businesses to assist in improvement projects designed to conserve energy.

Mr. Speaker, as I previously indicated, this conference proposal is by no manner of means inherently perfect nor fully satisfactory to each one of us. For instance, I and many others feel that the fuel price ceiling established in this report is still too high for the average consumer's pocketbook but it is a step in the right inflation control direction while we continue to work for further and more realistic price reductions. Also the opportunity for the oil companies to extract excess profits is not completely eliminated and it does generate some justifiable concern about restrictions.

However, Mr. Speaker, I believe that, in its entirety, the adoption of this report will initiate imperatively needed government action to alleviate a great many of the hardships and discomforts that have been inflicted upon this Nation by the sudden energy shortages and it will provide vitally needed assurance to the average American that the Congress is truly concerned about his welfare and determined to find solutions for the short- and long-term problems associated with this energy crisis. Therefore, I hope that the conference report is resoundingly adopted by the House today while we plan and work for even more effective legislative action to enlarge our domestic energy production sources and establish our everlasting independence from political pressure threats and caprices of foreign supply sources.

Mr. HORTON. Mr. Speaker, today is another sad chapter in Congress pitiful response to an energy crisis. President Nixon has said recently that we no longer have an energy crisis, but an energy "problem." I do not agree with the President on that score, but just think what that says of the Congress. We have seen a crisis come and go and all we have been able to do is reduce highway speeds and return to daylight saving time.

I will not recount my frustrations with getting congressional approval of bills creating a Federal Energy Administration and an Energy Research and Development Administration. There is no good reason why those crucial bills should not have become law many weeks ago. But today we must concern ourselves with the emergency energy legislation, a long-overdue product in its own right.

Unfortunately, the conference report before us contains so many questionable provisions that the veto stamp is poised for action. Granted, as the legislative branch, we should not succumb to veto threats and merely pass bills that are totally acceptable to the administration. But surely we could have done a better job of keeping this bill free of provisions which are of dubious merit and which should be resolved in separate legislation.

The price rollback provisions in section 110 of the conference report are a case in point. Rolling back prices sounds good to the American consumer whose fuel costs are soaring along with everything else. They have tremendous political appeal. But they are a hoax. They do not solve the problem and they will probably make our fuel situation worse.

In the first place, as much as five-sixths of the oil consumed in this country would not be affected by the rollback. About a third of our oil comes from imports and no act of Congress is going to change the prices being charged on foreign crude oil. The oil producing nations are exhibiting tactics which are nothing short of extortion and they can only be dealt with through diplomatic channels. In addition, about two-thirds of the oil produced domestically in the United States is now under price controls at levels equal to or below the rollback level, and the rollback would have no effect on this oil. That leaves the so-called new oil, the new discoveries and the small, marginal stripper wells. These are the very sources we must encourage if we want to increase domestic production and become less dependent on foreign oil. Our experience with price controls should have taught us by now that people do not produce goods at a loss or at a low rate of return on investment.

I would agree that the current uncontrolled price for new domestic crude is probably excessive, and that new exploration and production could be encouraged by a somewhat lower price. However, the $5.25 rollback ceiling price that would be imposed by this provision of the bill is so low, by comparison to the current price, that it could seriously endanger our ability to develop new domestic sources. I must oppose the setting of artificial prices which would discourage domestic oil production and only compound our problems. If we want to act in the true interest of the consumer, we should concentrate our efforts on preventing the oil companies from profiting excessively. A windfall profits tax, with plowback provisions to encourage increased investment and research, is the proper vehicle to prevent the oil companies from getting rich on the sacrifices of Americans.

Mr. Speaker, I will also vote to strike the rationing provisions of the conference report. I am not against rationing should it become necessary as a last resort and I am adamantly opposed to placing a tax on fuel or any other scheme that uses economic disincentives to reduce fuel use. But the rationing authority provided in this legislation offers no opportunity for congressional input or veto. The President could implement any plan he wants to. He should not have that blanket authority. Rationing, if it comes, will change the lives of every American and their representatives should have a voice in it.

Mr. Speaker, I expect the rollback and rationing provisions to remain in the conference report. I will vote to send the bill to the President despite my concerns with these provisions. Congress must get a bill to the President's desk. We have delayed far too long. The administration cannot continue to cope with the energy crisis by Executive order. This conference report appears to be our only hope of getting congressional authority and guidelines to the White House.

Mrs. BURKE of California. Mr. Speaker, I would like at this time to clarify briefly the intended scope and purpose of section 206(d) of the Emergency Energy Act.

This section of the bill was offered as a floor amendment by Congressman JOHN ANDERSON on December 14, 1973, in behalf of Congressman GLENN ANDERSON and myself. It was originally introduced as a separate bill in the House of Congressman GLENN ANDERSON and myself with over 30 cosponsors and was entitled the "West Coast Corridor Feasibility Study Act of 1973." It was introduced in the Senate by Senator TUNNEY, who succeeded in getting it adopted in the Senate last July 11 by a unanimous vote.

I know that in passing the Emergency Energy Act, the Members of this body recognize the vital and real need to begin now to develop a plan for a high-speed ground transportation system linking the major cities of the west coast—a system that will insure fuel savings, promote the economy of the region, and provide our citizens with an effective and efficient alternative to the automobile and airplane as a mode of transportation.

In conducting this study required in section 206(d) of the bill, the Secretary of Transportation is directed to evaluate and analyze a number of factors, including but not limited to the efficiency of energy utilization, the cost and the impact on the economy of the region. In addition, it is intended that the Secretary will evaluate and analyze those factors listed in the Senate-passed version of the West Coast Corridor Feasibility Study Act of 1973, S. 1328. These factors include—

> The various means of providing such transportation, including both existing modes and those under development, such as the tracked levitation vehicle; the environmental impact of such a system, including the future environmental impact from air and other transportation if such a system is not established; the factors which would determine the future adequacy and commercial success of any such system, including the speed at which it would operate, the quality of service which could be offered, its cost to potential users, its convenience to potential users, and its ability to expand to meet projected increases in demand; and the ability of such a system to be integrated with other local and intrastate transportation systems, both existing and planned, in order to create balanced and comprehensive transit systems.

In carrying out the investigation and study pursuant to this act, the Secretary of Transportation should be permitted to enter into contracts and other agreements with public or private agencies, institutions, organizations, corporations, or individuals, without regard to sections 3648 and 3709 of the Revised Statutes (31 U.S.C. 529; 41 U.S.C. 5).

These are not by any means an exhaustive list of the factors which the Secretary will evaluate, but they are intended to identify the desired nature and scope of the study. Now is the time, in the legislation before us, to recognize the need to undertake a national effort to update our national transportation system to achieve our national goal of fuel conservation and greater development of public mass transportation systems.

Mr. BIAGGI. Mr. Speaker, I rise in opposition to the rule as proposed which will allow consideration of the emergency energy bill conference report. We cannot afford to permit this vital legislation to fall victim once again to a parliamentary quagmire which could consume the bill once and for all.

The rule proposed today will allow points of order to be raised against sections 105 and 110 of this report which could eliminate these sections without even the benefit of a vote by the representatives of the people. Such key provisions as the rollback in crude oil prices—and emergency energy conservation plans are essential to the development of viable solutions to our present energy dilemma. Let us not be afraid to bring these matters to a vote, let the American people know our positions on key energy issues.

This Congress has already been the butt of much criticism as a result of procrastination and inaction on this important legislation. We cannot allow this poor record to continue. How much longer do our gasoline lines have to get before we act responsibly? I say the time is now, to act. Let us begin by defeating this unfortunate rule.

Mr. HANRAHAN. Mr. Speaker, because our country is facing this serious energy crisis today, and because it is becoming difficult for some of us to reach our place of employment, or warm our homes, I will vote to support the Emergency Energy Act. I think the Nation desperately needs decisive legislation in this area without further delay.

However, I would like to go on record as being strongly opposed to the language in this bill which bestows upon the President and the administration of the Federal Energy Office the power to ration gasoline. My opposition is based on the same reasons I first cited: Statistics have proven gasoline rationing would cause unemployment to skyrocket; and the multitude of individual appeal cases that would need immediate attention would create an unworkable flood of red tape. Our lifestyles have not been set up to run on 9, 10, or 15 gallons of gasoline a week, and any attempt to force this rationing could be disastrous to millions of Americans.

In spite of this unbending opposition to gas rationing, I shall vote to pass this emergency energy bill considering the benefits we do stand to gain from the legislation.

Mr. BURKE of Florida. Mr. Speaker, I want to voice my objections to the bill before us—S. 2589—and to the bewildering array of amendments that this body, and the other body have become enmeshed, with the result that it delays coming to grips with the energy crisis.

Frankly, I must admit that I am frustrated and angry and I can well understand the angry frustration of my constituents who daily obtain inaccurate information and rumors regarding the availability or nonavailability of crude oil and gasoline supplies. It does not help matters any either to heap onto this conflicting information, complicated parliamentary maneuvers, and unlimited amendments.

When we considered S. 2589 before for several days last December, it was a foregone conclusion that nothing workable could come out of the prolonged floor fights. Although I favor debate on major issues, yet the time and place to write legislation is not on the House floor with 435 Members expressing 435 different views as to what must be done, and the offering of numerous amendments thus resulting in the final legislation becoming a crazy quilt of do's and don'ts that confuses even the diligent bureaucrat who is called to administer—or I might say try to bring order out of bewilderment.

It is exasperating to even try and explain so little accomplishment. I am, aware of the complexities of the present energy situation but it is our responsibility as representatives of the citizens of the United States to honestly investigate and ascertain the true facts, and then recommend reasonable actions to help alleviate the widespread shortages of gasoline and other petroleum products.

Many of the debates in the Congress are only mere words, and people want helpful action and not rhetoric. They want gasoline. They want heating oil. They want petrochemical products. We all know that many jobs are dependent on adequate supplies of these materials. My job, for example, as the elected representative of the 12th Congressional District of Florida, is made almost impossible by the present situation. I have had to miss scheduled appointments, because I had to wait in long lines to get to a gas pump to buy enough gas to drive to the Capitol. Last weekend, I had a difficult time getting a reservation on an airplane to my district, due in part to the cutback in flights made by the airline because of the energy shortage. When I got to the district, it was difficult to get around because of the severe gasoline shortages there.

The situation is not only exasperating but almost intolerable to the citizens of our country without us belaboring it further with continual debate on a poor piece of legislation.

It seems to me that we must exercise more discipline in our procedures so that legislation that comes to the floor of the House can be handled in an orderly and sensible manner sufficiently so that we will know when the voting is over, just exactly what we have done and that we passed an honest workable bill. Vital problems that our Nation today faces deserve the fine legislative brush strokes of an artist, not the wild, unrestrained strokes of a house painter. It is true that it is hard for a body as diverse as is the House of Representatives, to act in concert, but it must be done. It is the responsibility of both Houses to work in concert with each other without involving itself in politics if we are to the energy problems that plague us today. We, who represent the people, owe this to them.

Mr. NIX. Mr. Speaker, I rise in support of the conference report and the emergency energy bill. While this bill will obviously not satisfy everyone on all counts, it does take several major steps in the right direction. Perhaps the most important step is the rollback of exorbitant price increases that the administration has allowed for nearly a third of all crude oil produced in this country. These price increases have placed unnecessary and intolerable burdens on American consumers. The rollback provision in this bill will allow adequate incentive for more oil production while preventing windfall profits at the expense of the American people.

I am also pleased that this bill contains several other positive features, such as the requirement for energy companies to report accurate information to the Federal Government concerning their resources and production, the extension of unemployment benefits for workers who have lost their jobs due to the energy crisis, new protection for franchised retail dealers, and antitrust safeguards.

Of course passage of this bill will not end our responsibilty to deal with the energy situation. I have introduced, along with many of my colleagues, several bills designed to deal with the long-term energy crisis. I believe we must consider several areas of possible legislation, including the tax structure of the energy industry, monopolistic practices among the giant multinational oil companies, the lack of adequate energy information, and the role of the Federal Government in developing energy resources on Federal lands.

Mr. HANLEY. Mr. Speaker, at this time I wish to make an inquiry with regard to the conference report of the Energy Emergency Act (S. 2589) which is now pending before this body.

I have noted that the purposes of this act, as set forth in section 101(b), are "to call for proposals for energy emergency rationing and conservation measures," and to authorize specific temporary emergency actions necessary to meet the fuel needs of the United States. These purposes must be fulfilled "in a manner, which to the fullest extent practicable: maintains vital services necessary to health, safety, and public welfare."

In my position as chairman of the Subcommittee on Postal Service of the Committee on Post Office and Civil Service, I have become increasingly aware of the necessity for the Postal Service and its contractors to receive the fuel they need to deliver the mail in a prompt and efficient manner. There are few services which touch our constituents as frequently or as regularly as that provided by the U.S. Postal Service—the collection and delivery of some 90 billion pieces of mail each year. It is essential to the wellbeing of the Nation that those who provide this service be given sufficient fuel.

When the Emergency Petroleum Allocation Act of 1973 was pending before this body several weeks ago, a similar inquiry was made with regard to that legislation during the floor debate. I believe you remarked that it was the intention of the committee that the movement of the U.S. mail by the Postal Service was a priority in the allocation of fuel, and that the term "mail delivery," which was contained in the committee report (93–531) at page 18, included the movement of the U.S. mail by the Postal Service, its lessors, rural carriers, contractors, and air carriers.

Mr. Speaker, as I understand section 101(b), of the Energy Emergency Act and its relationship to section 104, entitled, "End-Use Rationing," and section 105, entitled "Energy Conservation Plans," any regulations promulgated pursuant to the aforementioned sections, which codify the purposes of this act, must provide, to the fullest extent practicable, for the maintenance of vital services necessary to health, safety, and the public welfare.

In view of our action on the Emergency Petroleum Allocation Act of 1973, and the statements made during the consideration of the Committee report on the House floor which specifically included the movement of the U.S. mail within the act, am I correct in assuming that the committee intends that the term "vital services" in section 101(b) of the Energy Emergency Act includes the collection, transportation, and delivery of mail by the U.S. Postal Service, its lessors, contractors, and carriers?

Mr. MOAKLEY. Mr. Speaker, once again the House is forced to vote on a crucial measure; one that affects each and every American.

Too often, however, bills such as this come up with laudable intentions, yet the purposes which these bills are intended to serve immediately are frequently outweighed by necessary but more long-term goals.

This bill is a case in point.

I can therefore rise only in reluctant and reserved support for the measure.

As I said earlier, the bill's intentions are noble. But it is not enough. The American consumer must be given some relief. He has suffered long enough at the hand of the major oil companies and the actions of a seemingly uncaring and incompetent administration. The relief that this bill would provide him is minimal.

I am confident that more effective legislation could be written.

Such new legislation must include the basic ideas of this bill, but must go deeper, to get at the heart of the problem in the most efficient manner.

Such new legislation must attack the question of a price rollback on domestic crude oil. The current bill, designed to combat an "artificially high" price of crude, would allow the President to set a ceiling of $7.09 per barrel on some crude, and $5.25 per barrel on the rest. Is this also not artificially high? In January of 1973, not really so long ago, the price of domestic crude was $3.40. Oil currently sells for above $10 per barrel. The rollback suggested in this bill would provide the consumer with only a 1- or 2-cent saving at the gas pump. This simply is not enough.

Opponents of the rollback argue that such a price decrease eliminates the incentive which oil producers have for exploring and drilling new wells. If the current increase of nearly 300 percent has not elicited any new supply, how can we believe that a 200-percent increase will do the same?

I thus am reluctant about the rollback provisions in this bill. It simply does not curb the windfall profits which oil producers are reaping. It simply does not give the consumer adequate and immediate relief.

A second major point which this bill does not adequately serve is of the environmental problem. By authorizing another delay in the timetable for achieving effective emission standards for automobiles, the effort the Congress has made in this area would suffer an extreme setback. Further, the bill would extend in some cases for 5 years pollution requirements on certain powerplants and industries. The previous efforts which the Congress has made on the environmental front must not be so undermined. Effective legislation can be written so as to help the energy problem, and not make our people suffer from unclean air.

I am thus not satisfied with this bill. It sacrifices too much which the American people need so desperately now.

However, this bill, while certainly not perfect, is at least a start. It at least begins to tackle this enormous problem.

Finally, it shows that the Congress is dynamic, that it can respond to the needs of the American consumer when the administration cannot.

I therefore lend my reluctant support to the conference report as it stands.

Mr. MURPHY of New York. Mr. Speaker, as originally reported out of the House Interstate and Foreign Commerce Committee, this Emergency Energy Act contained three amendments of mine, added to different sections of this bill, which would have extended to our educational sector a priority classification in any energy conservation plan or gas rationing system. My reasons for introducing these three amendments were, in principle, rooted in what I consider to be the vital role education plays in our social fabric. I felt then, and always will, that education supplies one of the principle underpinnings to political, social, and economic cohesion in America. I felt that I was not only catering to the needs of education. My motives grew out of the conviction that I was only fulfilling the rights of education, as perceived by me, commensurate with its role in the United States.

As passed by the House, the Emergency Energy Act contained these vital amendments. I pointed out to my colleagues, during debate over these provisions, that the November 27, 1973, edition of the Federal Register had published a series of modifications to the mandatory allocation program for middle distillate fuels which did not give education a fair shake. Section 2 of these regulations had defined "vital community services" in such a fashion that education was not included. What were listed as "vital community services" constituted priority categories. Thus, these regulations implied that education would receive its allotment only after the needs of the priority users had been met. This was unacceptable.

Unfortunately, the first joint House-Senate conference elected to strike out priority listings. It was my understanding, however, that it was the firm intent of the conferees that education be extended top priority in whatever conservation plans or gas rationing systems might be put into effect. They had decided to abolish priority categories for other reasons.

I understand that the Federal Energy Office Mandatory Fuel Allocation Regulations, which went into effect in mid-January, gave our Nation's schools the place of high importance which they deserve and I am very pleased about that.

The distinguished chairman of the Committee on Interstate and Foreign Commerce knows that a general purpose of this act and the Mandatory Petroleum Allocation Act is to protect the public welfare and maintain all essential public services. In this connection, I ask the chairman of the committee about the intent of this measure with regard to education. It is my impression that the intent of this measure is not intended to result in a forced closing of schools, and that the educational process and schools will continue with a minimum of disruption.

It is my understanding also that the conference report language, coupled with the House record on passage of the Emergency Petroleum Allocation Act, insures that education will be treated as a vital public service whenever priorities are established under section 4 of the Emergency Petroleum Allocation Act.

May I also bring to the attention of this body an amendment to this bill, introduced by me in committee, which will permit New York State to import electricity from Canada. It is my firm conviction that anyone familiar with the dire problems New York State is facing in regard to energy will concur with me in the emphasis I have placed on such action.

The next phase of the New York State Power Authority's construction program includes fossil and/or nuclear baseload facilities to serve the Metropolitan Transportation Authority, a second pumped storage plant also in part for the use of MTA and high voltage transmission lines to connect those projects to the State grid and to connect our St. Lawrence hydro project to Quebec and to reinforce its connection via Utica to the Niagara project. Those transmission lines will make it possible to import from Canada each summer beginning in 1977 a minimum of 800,000 kilowatts of power which during 7 months of the year is surplus to Canadian needs.

The new facilities which will be used to import Quebec power will be subject to very thorough review by the New York State Public Service Commission pursuant to article VII of the public service law. The Public Service Commission will examine every possible environmental consequence.

In order to import the power, the authority plans to construct a 765 kilovolt transmission line from a point on the international boundary between the State of New York and the Province of Quebec approximately 2 miles east of the village of Fort Covington, N.Y., to a substation located near the authority's St. Lawrence power project and thence to a substation near Utica where it will connect with the New York statewide transmission system. The transmission line will be approximately 150 miles in length. The arrangement with Hydro-Quebec will result in a very substantial net importation of electric energy into the State of New York thereby resulting in substantial savings of fossil fuel resources which would otherwise be used to generate the power within the State of New York. Also, of significant importance, this project will improve the air quality within the State in areas where the power would otherwise be generated by fossil fuels. If the minimum 3 billion kilowatt-hours of electric energy to be imported through the border connection were to displace an equivalent amount of gas turbine generation, the savings of petroleum resources would amount to at least 7.8 million barrels annually. Since the agreement with Hydro-Quebec provides that additional amounts of energy can be imported, the savings of petroleum resources could be even greater. All of the electric energy imported through the border connection will be sold within the State of New York, primarily within the New York City area. I consider this provision to be of critical importance to New York State.

May I also take this time to stress, very briefly, the value of this Congress encouragement of public usage of mass transit facilities in combating this energy shortage. We are all aware of the vital necessity of seeing to it that the people of America wake up to the importance of their utilizing mass transit. This will be of direct benefit to this Nation as it attempts to combat this energy crisis. It will also contribute to the continued and habitual use of these facilities so that our long-term needs are met. We all have a responsibility at this time, despite the fact that this is an emergency bill, to look ahead. In this vein, I introduced, and the House adopted, an amendment calling for Federal planning and studies of ways mass transit usage can be encouraged.

I oppose rationing. However, since this bill is designed to give the President the flexibility necessary to imposing a rationing system, if he sees fit, I am in favor of the President's having this domain of authority. Under the provisions of this Emergency Energy Act, our President will be able to declare the necessity for a rationing system, draft a specific policy formula in this regard, and impose it. He will have the responsibility to decide when such a measure is called for. He will have the responsibility for implementing it properly. He will also have the responsibility for its consequences.

As the problems involved within this energy crisis multiply, with the concomitant public outrage, certain recent discoveries startle me. Why are American citizens waiting for 3 hours in line at service stations to buy gas while 214 million gallons of gas are in storage? Is the public supposed to accept this fact in a hands-down manner? While immersed in acute shortages of energy fuels, why is propane being flared in New Jersey because it abounds in excess? Are there not certain dimensions to this energy shortage that need clarifying if a responsible course of action is to be followed?

The first step in meeting this monster is to intelligently delineate the respective areas of responsibility for those involved. The Federal Energy Office should not have a monopoly on decisionmaking with regard to the distribution process. It does not have the expertise and wisdom to merit such power. Let the Federal Energy Office cooperate with the oil industry. The oil companies know the real problems involved in distribution. They have a wealth of experience here. The Federal Energy Office, no matter how good its intentions, lacks this. A rational balance must be found in order to adequately work out these difficulties.

The Federal Energy Office might have the genuine capacity to rule in the area of pricing. The Office does have experienced, knowing personnel in this sector. It might be able to unilaterally handle this. But not in the distribution field. Lets bury the illusions and pursue a program of sound public policy.

Mrs. HECKLER of Massachusetts. Mr. Speaker, prompt passage of emergency energy legislation is essential.

Each day, millions of Americans are forced to wait for hours in line to get gasoline for their cars. Mothers have to watch their children trudge off to school in darkness each morning and pray they make it safely. Hundreds of thousands of people are losing their jobs because of the energy crises.

The people cannot wait any longer for their leaders to respond to this crushing problem.

The Energy Emergency Act (S. 2589) before us is a start toward resolving our short-range energy problems. However, this bill contains a great many serious shortcomings.

For example, in Massachusetts unemployment was at about 7 percent before the full impact of the energy crisis was felt. In Fall River, in my 10th Congressional District, the jobless rate was 9 percent. These figures could go even higher before the crisis reaches its peak.

To assist workers who lose their jobs because of the energy crisis, the Energy Emergency Act (S. 2589) offers little help. A paltry $500 million would be divided among the 50 States, and benefits would be provided for 6 months to a year.

This is outrageous. Unemployment benefits should be continued for as long as they are needed, for as long as we have the crisis. And we cannot even get officials of this administration to agree on how long that will be.

The bill does contain provision for low interest loans to homeowners and small businessmen to stimulate installation of storm windows, insulation, and more efficient heating units as a step toward long-range conservation of energy. As you know, I cosponsored such a measure H.R. 11615, along with 13 other of my colleagues, on November 28, 1973.

I am disappointed, however, that the basic contents of the Energy Reporting and Information Act on which I am currently working have not been included. With the passage of this energy bill the American people must continue to depend on oil company figures as the major source of energy data. Approval of such self-reporting is totally irresponsible. The Federal Government desperately needs an objective means of obtaining verifiable energy data. Provisions for such information-gathering are not found in this bill.

The gasoline price rollback outlined in this legislation is a first step toward fairer treatment of the consumer. Increasing gas prices and never-ending lines at the pumps are infuriating the American public and rightly so. Excessive oil company profits appear to be lifted right out of the consumer's pocket. Such excesses cannot be tolerated.

This bill leaves a great deal to be desired. I regret that it cannot be amended. However, the American people have a right to expect their leaders to act swiftly. They have waited in mile-long lines, sent children to school in the dark, and paid skyrocketing home heating fuel bills for weeks. Congress must act and must act now.

Mr. CULVER. Mr. Speaker, I am supporting final passage of the conference report on the Energy Emergency Act, even though in my judgment, the bill shows all the earmarks of the tremendous pressures brought to bear on the conferees in November and fails adequately to address the emerging problems as we now perceive them near the end of the winter season.

It is no disparagement to the conferees to say that they have been subjected to tremendous time and lobbying pressures, and have labored under the severe handicap of not knowing the true dimensions of the problems they were asked to remedy. The perhaps inevitable reaction has been to hand over excessive power to the administration and the industry, in the hopes that emerging information would allow for meaningful congressional oversight. I believe we must pledge ourselves to redress this imbalance through an ongoing and carefully deliberated legislative program.

What is needed, as I see it, is first to collect the necessary energy information and then to develop fully matured legislative proposals in each of the interrelated areas that bear on both short-term and long-term remedies. I have myself set forth an agenda for such action in a special order that appeared in the RECORD on February 7. The conference report does not preclude our acting on such an agenda, and the Federal Energy Administration Act will provide a solid institutional foundation for our doing so when we act on that bill. Thus, although I have serious misgivings about the conference bill now before us, I am hopeful that it will be administered with restraint until such time as we can come up with better solutions.

I am not at all satisfied that the emergency authorities conferred on the President by this bill are justified by any current necessity. We are very nearly through the winter, we have managed to avoid any serious heating-oil shortages, and I am not happy at all with the idea of Federal bureaucrats ordering schools to close or regulating office hours by decree. We should make clear our intent that decisions on these matters should be taken largely by private individuals and by State and local authorities. The 15-day congressional veto by itself is unlikely to provide an adequate check on excessive bureaucratic zeal.

The price rollback provisions of this bill are a considerable disappointment. They would fix all domestic crude prices at a national average of $5.25 per barrel, yet give the President an essentially unreviewable discretion to raise these prices to more than $7 a barrel if he finds that it is needed to balance supply and demand and is not "inequitable." This is really buckpassing, and we know what is likely to happen because the administration is publicly committed to a long-term $7 price—which I consider and even the National Petroleum Council has conceded to be far too high. Under the bill, even "old" oil from non-stripper wells could be removed from its present price controls, although there is no justification whatever for doing so. Higher prices are certain to be "inequitable" to specific classes of consumers—particularly the poor, the elderly, and those on fixed incomes—yet the President could determine that such higher prices should prevail. Clearly this is one area that the Congress must closely monitor and revisit at the earliest opportunity.

The environmental and antitrust aspects of the bill are similarly disturbing. Fidelity to principle is professed, but in practice significant degradation of environmental and competition goals is made possible. Here, too, we need to move beyond emergency reactions to well-considered legislation confining the discretion of the administration and the industry.

I am voting for the bill because it does provide us with the only present opportunity to authorize end-use rationing. It seems to me that we have reached a point where rationing may well be needed to assure smooth and equitable distribution of available fuel supplies. What we have now in many areas are lengthening lines of motorists with shortening tempers, and skyrocketing prices for certain essential fuels like propane. The Federal Energy Office is meeting these problems with a blizzard of press releases but no effective action. It takes political courage to recognize realities and impose unpopular remedies, and I think we are right to insist on that kind of courage rather than allowing the President a continuing opportunity to escape it.

Having said all that, I must confess that I think we have labored long enough on emergency legislation and that the thing to do now is to put it behind us and get on with the unfinished energy agenda that confronts us. It is with that definite objective and on that understanding that I have determined to vote "yea" on final passage of the conference report.

Mr. CLEVELAND. Mr. Speaker, if those of us who are opposed to the rationing section in the conference report are unsuccessful in having it removed, I intend to vote against the bill. Colleagues may recall that I voted for the measure when it first came before this body, though with considerable reservations. I can only say that my misgivings have intensified in the period since.

My principal objection relates to the standby powers to impose gasoline rationing, which were rewritten in conference. This represents another abdication of congresional responsibility in two respects: First, it vests a great deal of arbitrary power in the executive branch at a time when the Congress has otherwise been exhibiting some faint stirrings of independence. Second—and this is a related point—Members should stand and be counted on whether rationing is necessary and in the public interest, rather than drop the problem in the administration's lap. Instead, we offer the spectacle of Congress refusing to face its own responsibilities.

This body has been fearless and forceful in acting to limit the powers of the Executive to do unpopular things like committing U.S. forces to hostilities and impounding funds for programs voted by the Congress. I have supported these in the name of needed reform. Similarly, I have supported reassertion of our own responsibility to determine national priorities through the budgeting process and am now in the process of developing other initiatives to strengthen the Congress.

But if the Congress wants to be treated as a coequal branch, it should start acting like one. With the latest survey on the subject now showing that the Congress ranks lower than the post-Watergate White House in pubic esteem, our performance on this bill may only generate more of the same.

I wish to emphasize that my opposition to the rationing powers should not be interpreted as any slighting of Mr. Simon, who has been performing a most difficult task as well as can be expected to date, under the emergency fuel allocation program. But I cannot say the same for the contingency rationing program published by the Federal Energy Office in the Federal Register on January 16, whereby the most a driver can expect to get is 10 to 12 gallons a week. If instituted, this would work an incredible hardship on many residents of New Hampshire who must use the automobile. It would also be a crippling blow to the recreation and tourism industry which is a significant factor in the economy of the State and others in New England.

Mr. BAUMAN. Mr. Speaker, with the passage of the conference report on S. 2589, the National Emergency Energy Act, the House has brought to a close the 4-month drama in which all the worst angles of our nature were revealed. Not only have we succeeded in twisting the rules of the House, but today we have made a valiant but doomed attempt to repeal the laws of economics.

We have taken the totally mistaken step of trying to write into Federal law the price for a named commodity, domestic crude oil. We voted to extend and expand the powers of Mr. William Simon whose administration of his existing powers has already been called into question and rightfully so. And lastly we have abrogated our constitutional duty to pass upon the issue of rationing by turning over to the President the power to impose rationing plans without our consent.

All the hot air of politicians will not produce one drop of additional fuel, and the measure we have passed today will in all likelihood produce economic chaos in our country. Waiting lines that have been long should now double, fuel that has been scarce should disappear and those who have voted against this so-called Emergency Energy Act will soon be able to say "we told you so." I am pleased to be in that group.

Sadly enough, the economic havoc we are creating is not the most serious byproduct of this legislation. Even graver is the demonstration that the House is unable to act responsibly in a time of national crisis.

Mr. BADILLO. Mr. Speaker, I urge passage of the Energy Emergency Act conference report without further delay. And let us make it clear, Mr. Speaker, that while the President has criticized the Congress for inaction on this legislation, it has been White House lobbyists who have been up here since December battling the bill every inch of the way. First they were against a prohibition on windfall profits, and now it is the price rollback provision. But it is clearly our responsibility to deal with the problem of runaway oil prices at the same time we grant the President authority to ration gasoline and take other emergency steps that might be necessary to deal with the present crisis.

The cost of living went up 8.8 percent in 1973, the highest increase since 1947, and inflationary pressures have gotten stronger rather than abating so far in 1974. With skyrocketing food and fuel prices leading the way, real earnings declined almost 2 percent last year, and the surge of energy-related unemployment in the last few months promises more hardships for the average American.

If the oil companies were in distress, the White House might have a point. But in a period of retrenchment and sacrifice for most of us, reflected in long lines of cars at gas stations and partially heated apartment buildings, the oil industry has racked up record profits. The oil shortage has enabled Exxon to increase its 1972 earnings of $1.5 billion to $2.44 billion in 1973; Mobil to advance from $574 to $834 million; Socal from $547 to $843 million; Texaco from $889 million to $1.3 billion; and Gulf from $447 to $760 million.

I have no objection to earnings levels that will allow the oil companies to carry on needed exploration and development of new energy sources. Regrettably, we have learned that the oil companies have not been plowing their profits into expansion in the United States but have instead been investing development funds in their more profitable overseas ventures. The oil majors' corporate investment abroad has in fact leaped in 10 years from $6 billion to $16 billion while going up only from $6 billion to $10 billion in this country.

A year ago domestically produced crude oil was selling for $3.40 a barrel. Today the price is $5.25, and new oil and oil from small stripper wells is selling for as much as $10 a barrel. The 1973 earnings of the industry reflect the profits built into that price range. The price rollback provision in S. 2589 would lower only the higher figure and would allow ample profits for investment in domestic exploration and development. We simply cannot justify continued rising prices that will double the $9 billion earnings of last year during 1974.

Mr. Speaker, the demand for exorbitant profits in the midst of national deprivation cannot be acceded to. The oil companies have shown little inclination in recent years to develop new energy sources here in the United States with their earnings, and there are no guarantees that they will do so under any price structure.

American multinational oil companies have prospered from an artificial pricing system for Mideast oil that has enabled them to avoid nearly all U.S. tax liability on overseas profits. The same companies have lobbied vigorously to keep the oil import quota system in place as a barrier to import of new supplies, with the fallout of discouraging development of new refining capacity in this country. In fact, the majors have successfully opposed efforts by independents to build new facilities; for example, Occidental's planned new terminal at Machiasport, Maine, in the 1960's. Consequently, capital spending by the oil companies in the United States peaked in 1970 and there has been no expansion since.

The monopolistic pattern of the oil industry has also contributed to the current shortage. Profits are a function of supply in a free market, Mr. Speaker. But the oil majors are vertically integrated from wellhead to retail outlets, and their transactions amount to a continual process of selling oil to themselves over and over again right through the production-distribution cycle. With the almost total dependence of independent refiners on the willingness of the multinationals to supply them, oil coming onto the American market can be effectively controlled so that prices can be maintained at artificial levels. The revelation that some of the companies are holding out badly needed supplies of crude oil because of disagreement with the Government's mandatory allocation program illustrates the total unaccountability of this industry and its undivided devotion to its own prosperity.

Amidst the loss of jobs, personal inconvenience, and cutbacks in services and amenities caused by the oil shortage, we cannot condone an unprecedented bonanza for one industry. Equity requires us to see that sacrifice is borne equally and that one sector does not prosper out of all proportion in a period of severe national distress.

This conference report is but a beginning in our attempt to bring a runaway situation under control. It deserves an overwhelming vote in the affirmative to demonstrate our concern to the public and to send a message to the White House. Further measures will be needed, but let us pass this emergency bill to give the country the assurances it wants that sacrifices will be uniform.

The additional unemployment insurance in the bill is already necessary, and I believe that we should have the rationing authority in place should the shortage worsen. Our obligation is to all the people, and the conference report before us is a fair and rational beginning for the long-range efforts to deal with the crisis we face.

Ms. HOLTZMAN. Mr. Speaker, it is with grave misgivings that I am voting for the energy conference report. The report has some good provisions. It rolls back prices. It improves benefits for people who lose their jobs as a result of the energy crisis. It will also allow us to get the facts about the true extent of the oil and gasoline shortages.

I strongly suport a rollback of oil and gasoline prices. In fact, I had introduced a bill calling for such a rollback earlier this year and I hope that that effort was helpful in getting Congress to recognize the need for such a provision. I am not sure, however, that the rollback provision in this report is the best one we could have had. While it will reduce prices on "new crude," it will raise prices on "old crude" supplies. On the whole, however, we are told that the consumer should be able to save a few cents on a gallon of gas as a result of this price rollback.

The conference report, however, has some very bad features. It contains no windfall profits provision. I know that the American public will not tolerate oil companies' exploiting the energy situation to make windfall profits on the backs of the consumer. We should have dealt with this problem in this report.

In addition, the report gives the President enormous powers over the entire economy without specifying how those powers are to be used. We have seen in the past the dangers that result when Congress gives up its responsibilities and prerogatives over the legislative process to the President. For this reason, I voted against the section of the report that allows the President to put into effect a vast array of "conservation" measures. I hope that the enormous grants of power in this bill do not come back to haunt us.

Under prior legislation, the President has already been given the power to allocate gas and oil supplies, to control prices, and to ration petroleum products. In my view, he has failed to exercise wisely the powers he already has. The Federal Energy Office has just admitted today that its first month of gasoline allocation was a shambles and a failure. I believe that that accurately categorizes the administration's handling of the entire energy crisis. Therefore, it seems to me that instead of giving the same and even more power to the President to do what he had been doing before, the Congress should have specified the course of actions which we feel appropriate to this situation and give the country some real leadership.

Finally, the bill goes too far in relaxing environmental standards. Until we know the true extent of our shortages, such a wholesale rejection of the major environmental advances we have made in the past seems to me unwarranted. Also, there is no guarantee in this bill that areas of high pollution, such as New York City, will receive first priority on clean fuels.

On balance, therefore, while the bill has some important features, it will not in itself provide any ultimate solution to the energy crisis. For the most part, it merely passes the buck to the Nixon administration which has shown no real capability of providing the leadership or the answers the country so desperately needs.

Mr. KOCH. Mr. Speaker, when the separate sections of the Emergency Energy Act were considered today, I voted for the rollback of crude oil prices because they are unreasonably high. I voted to give the President authorization for gas rationing because long gas lines make it essential that we deal with that problem. I voted for energy conservation plans because it makes sense to conserve energy.

We prevailed on the price rollback, on rationing, and on conservation of energy. However, we were unable to include a restoration of all previous environmental safeguards in the final version of the act.

I believe this energy crisis to be fueled by oil company avarice, companies which encourage gas-guzzling cars, companies happy to denigrate environmental health provisions needed to protect the atmosphere.

Yet our cost of living has risen so high, and our gas lines have grown so long, that I decided on balance to vote for the bill.

This Congress and the President have failed miserably to deal with the energy situation. Finally the Congress has acted, not as I would prefer it to, but it has at least addressed the problem.

On final passage, those representing the oil interests opposed the bill because of the rollback. That rollback, if fairly executed, should prevent further escalations in rent and food prices due to increases in fuel prices.

I have been asked by manufacturers making diverse equipment such as outdoor lighting to ask the President to consider very carefully section 112 of the bill when he applies it. This section requires equitable treatment whereby no one sector of the economy suffers unduly.

What we all must remember is that which is unessential to some is essential to others who earn their living through making it.

An old saying could not be more germane today: "It depends on whose ox is being gored."

Unfortunately, the oil companies are goring all of us.

The President has stated that he will veto the bill if it includes the price rollback, which it now does. I would urge the American public to let the President know by letter that they oppose any such veto.

Mr. BIAGGI. Mr. Speaker, I rise in support of the conference report to accompany the emergency energy bill. After a long and bruising legislative battle the final version which has emerged is adequate and contains a number of key provisions which will aid this country a great deal in its efforts to find both immediate and long-range solutions from our present energy crisis.

Ironically since November when this legislation was first introduced, our national energy situation in the eyes of the administration has come full circle. During this 4-month period they have gone from classifying it as a problem to a crisis, and now according to the latest Presidential assessment, the energy crisis is over and it is again merely a problem.

Yet when the crisis is viewed in the eyes of my constituents, many of whom waited up to 2 hours to get $2 of gasoline at 65 cents a gallon, they are far from ready to celebrate the end of the energy crisis. I also contend that this premature estimate is not shared by too many of my colleagues in the House, who are more concerned with passing responsible legislation to provide the beleaguered people of this Nation with relief from their present energy burdens.

Without a doubt the most serious consequence of our current energy crisis has been the astronomical increases in the prices of crude oil and petroleum products. In New York City alone these prices have risen by a whopping 77.4 percent in the last year alone. In the last 3 months of 1973, the cost of residual fuel oil to utilities has risen by 150 percent. What these dismal statistics conclude is that the cost of heating a home, of filling an automobile tank, has become a luxury which fewer Americans, particularly our elderly citizens on fixed incomes, can afford.

The other main consequence of the energy crisis has been a drastic shortage of petroleum products. Even with the institution of certain quasi-rationing plans in several States, gasoline for automobiles remains at a premium, with the end of each month being a particularly hard time. For some in this Nation the remedy for this problem is nationwide mandatory rationing, for others it is the limiting exports of petroleum products and for others increased production. An indication of the comprehensive nature of this legislation, all three of these remedies are included.

Section 13 limits the exports of coal, petroleum products.

Section 106 authorizes certain domestic oilfields to operate at full efficiency so as to increase production.

Section 104 deals with rationing. While I am opposed to nationwide rationing, as it is written in this bill this will only be utilized after the President has exhausted every alternative to avert any drastic emergency which could arise.

One of the major difficulties we have faced is the lack of knowledge of just what supplies of oil and gasoline are available. I continue to maintain that sufficient supplies exist and that the monopolistic oil companies are withholding supplies from the market to force prices up, drive out competition, and increase profits. A key provision will compel the oil companies to reveal their total reserves on hand and their production of gasoline and other distillates. This provision above could end the shortage and bring supplies—heretofore hidden—to the marketplace.

The American consumer then can look to this legislation for some real relief. One of the factors which has contributed to these drastic price increases has been this administration's archaic economic policies which allowed the release of certain categories of domestic crude oil from price controls. As a result the barrel of crude which sold for $3.40 last year now sells for $10.35.

This bill proposes to roll back these prices as well as impose a freeze on remaining domestic crude oil prices. However, the most important aspect of this section is the fact that any decreases in the prices of crude oil will be passed on to the consumer, in the form of lower gasoline and home heating.

While this legislation provides relief for the American consumer, it does not ignore the plight of the independent and franchised dealers. Not only do they stand to benefit from anticipated increased production, section 109 also provides assurances to franchised dealers from unreasonable actions on the part of major oil companies with respect to canceling, renewing contracts.

I am also pleased to see that the great strides this Nation has made with respect to restoring and preserving our environment will not be totally negated by this legislation. It seeks to strike a fair balance between our immediate energy needs and the future environmental concern of this Nation.

The bill contains many additional provisions, some important others not. I consider the most positive aspect of the legislation to be its wide-ranging commitment at providing relief to a nation which has been forced to endure a long and cold winter without the benefit of such essential commodities as heat and gasoline. The average American has been forced to do continuous battle with rising prices and dwindling supplies. Yet until now the Federal Government has been terribly remiss in providing the necessary leadership to help the country out of the cold. Today could be the major step forward. We have proposed a viable, working plan to deal with the crisis. Yet while we might make great strides with this legislation, we will have to overcome one final hurdle first, the President—who has indicated his opposition to it in its present form. I implore the President to listen to the pleas of the American people, the pleas of the infirm and elderly who fear their very survival in the raw cold heatless months ahead; pleas of doctors who are forced to sit in gasoline lines while their patients are in desperate need of their assistance; and the pleas of the average American consumer who finds his wages can no longer provide his family with a warm home. Their cries are real and deserve not to be ignored. We have waited long enough to act, it is time to pass this legislation and get it onto the President's desk for his prompt signature.

Mr. RANDALL. Mr. Speaker, I rise in support of S. 2589, the conference report on the Energy Emergency Act. This measure and its House equivalent have been considered by Congress since last November. I am pleased that although it has been 6 weeks since the second session of the 93d Congress convened, we have today acted decisively and I think wisely. In any event we have not avoided our responsibility to take some action that will hopefully contribute to a lessening of the energy shortages.

I voted against the previous question to permit an amended rule which in turn allowed three separate rollcall votes on three different sections of the conference report, being section 110, section 105, and section 104.

Section 110 covers the so-called rollback provision. With oil at about $10 a barrel, a control price of $5.25 is certainly needed. However, latitude is given the President to raise the ceiling by as much as 35 percent or to $9.09 a barrel. This kind of latitude should avoid a major reduction in production from stripper wells that produce 10 barrels or less a day.

In this context I have been shown letters and transcripts by the members of the Interstate and Foreign Commerce Committee taken from testimony given by the major oil companies that they can live, meaning can continue to produce, with a ceiling of $7 a barrel. This ceiling should lower prices of refined petroleum products including propane.

Some slight progress has been made administratively in the adjustment of propane prices but section 110 should accomplish much more to restore lower propane prices.

There are two other record votes taken under the amended rule after the previous question was rejected. On the vote on section 105, being that section devoted to energy conservation plans, I voted to strike that section because the provision for congressional veto, in my judgment, would not be workable or effective.

Regulations could be put into effect before March 15 without any possible veto and then as to those regulations submitted to Congress after March 15 would take effect with only a 15-day delay within which Congress would have the opportunity to veto the regulation. In my judgment, this was not enough time. This provision gave the President absolute, complete, and unfettered authority to regulate the opening and closing hours of every small businessman in America. Under section 105 of the conference report the power was so broad and absolute it included not only all business and industry but all transportation of every sort, kind, or nature in this country. Surely the Congress should retain some right of review better than a short 15-day delay before the implementation of such absolute authority.

The third and last separate rollcall vote on the conference report was the vote on section 104 which covers what is described in the report as end-use rationing. At least the conference report is less misleading and more straightforward in the use of terms than the description of rationing in our House bill which called it end-use allocation. I voted to strike this section from the conference report, notwithstanding the requirement that the President make a finding that all other actions he has taken are not sufficient to preserve public health, safety, and welfare.

I voted against section 104 because I believe rationing would have an adverse effect on those who have to commute. Adjustments could be made but that would take time. Now I am on record as against rationing by a rollcall vote. I shall express my further opposition to rationing by the immediate introduction of legislation that will give Congress a counterveto over any rationing plan imposed by the President.

But after the House worked its will and failed to strike from the conference report the rationing section, what is left at this juncture for those of us against rationing to do? Should we vote against the entire conference report which contains such meritorious provisions as lower ceilings on crude, coal conversion plans, unemployment assistance authorization for those whose unemployment results from the energy crisis, as well as the very worthwhile fuel energy information section which will require full information or some exploration, development processing of any petroleum products? The obvious answer is "No."

So frequently we are served a package of legislation that contains some items that are objectionable or less acceptable, in the same measure with provisions that are in general beneficial and meritorious, such a situation we have with us today in S. 2589. This brings us back again to the hard decision whether the good outweighs the bad. In this instance, Mr. Speaker, I am convinced that even though the rationing authority is accorded the President, I also find that in section 118 of the report that any rule or order having any substantial impact on the Nation's economy issued by the authority of this conference report is subject to such hearings no later than 45 days after the implementation of the rule or order. Thus it would seem that if rationing should be imposed, hearings would have to be held in 45 days and after that a judicial review could be had in the circuit court of appeals.

If for no other reason I must support S. 2589 on final passage because its section 106 may well be the salvation of this country in the future. Section 106 requires, where practicable, for all major fuel burning installations to convert to coal. That not only means our electric powerplants but also our industries. Coal is the one fossil fuel of which we have unlimited supplies perhaps enough for hundreds of years. The time may come when the Arabs will be begging our country for some of its coal, long after their oil supply has been exhausted.

Then I have to ask myself, who can vote against section 116, which provides for grants that States provide unemployment assistance for those who lose or have lost their jobs because of the energy crisis?

Also let me ask who can vote against section 115, which for the first time gives the power to the Administrator to restrict exports of coal, petroleum products, and petrochemical stocks?

Finally, someone has said that there may be an Arab oil embargo, but there is also an information embargo. We do not know the capacity of our refineries, the amount of crude they have available, how much we have in our pipelines, or how much we have in our storage tanks, or any of the necessary data from which the Administrator must make his decisions.

Section 124 for the first time gives the Administrator the tools to require reports on all of our energy resources. Who can vote against a conference report which contains such a valuable and essential provision?

Yes, I am against rationing. I do not believe that we will ever have coupon rationing. I voted against the rationing section, but those who voted for this bill on final passage, also voted for the first effective tool to get energy information which is so desperately needed. To vote for the conference report on final passage, is a vote for ceilings on crude until such times as another committee of Congress can look into the matter of windfall profits. Everything considered, the only wise course is to vote for the conference report of S. 2589.

Mr. DRINAN. Mr. Speaker, I support the Energy Emergency Act before us today because of this country's great need for legislation to help ease the great energy shortages which have confronted us.

There are many difficult and controversial aspects of this bill, but, on the whole, I think the legislation is needed and it is important that the House pass it.

I had been hopeful that the provision for the rollback of prices would be more comprehensive and of greater help to the consumer. I think that the environmental provisions in this bill which relax the hard-won environmental standards which the Congress has enacted are regrettable. The provision granting standby authority to the President to ration gasoline will be a helpful one if indeed rationing is needed at some point.

Title I of this bill provides, in summary, as follows:

Creates a Federal Energy Emergency Administration.

Gives stand-by rationing authority to the President, to be exercised on a finding that all other actions are not sufficient to preserve public health, safety and welfare.

Authorizes the Federal Energy Administrator to issue regulations restricting public and private consumption of energy, with such regulations being subject to congressional veto.

Requires the Administrator, where practicable, to order major fuel burning installations to convert to coal, if they have the capability and necessary plant equipment to do so.

Requires the Administrator to develop a contingency plan for allocation of supplies of materials and equipment necessary for energy production.

Authorizes the Administrator to require designated domestic oil fields to be produced at their maximum efficient rate of production without detriment to the ultimate recovery of oil and gas under sound engineering and economic principles.

Amends the Emergency Petroleum Allocation Act of 1973 to require adjustments in the allocation program to reflect regional disparities in use, population growth, or unusual factors influencing use—including unusual changes in climatic conditions.

Provides a rollback provision which places a ceiling price on domestic oil production under a formula which would result in an average price of $5.25 per barrel, with resulting cost reductions in the price of crude mandated by this section to be passed through to lower the prices of residual fuel oil and refined petroleum products—including propane.

Prevents major oil companies from unreasonably canceling, failing to renew, or otherwise terminating their franchise agreement with retailers of petroleum products.

Exempts from the antitrust laws those engaged in voluntary action undertaken to achieve the purposes of this act.

Authorizes the Federal Energy Administrator to restrict exports of coal, petroleum products, and petrochemical feedstocks, and requires those restrictions if either the Secretary of Commerce or the Secretary of Labor certifies that such exports would contribute to unemployment in the United States.

Requires the President to minimize adverse impacts of actions taken pursuant to this Act upon unemployment.

Directs the Secretary of Transportation to establish an office to assist in carpool promotion throughout the United States.

Imposes criminal and civil penalties for violations of this act.

Authorizes the President, notwithstanding provisions of the Natural Gas Act, to authorize, on a shipment-by-shipment basis, the importation of liquified natural gas from a foreign country.

Authorizes the Small Business Administration and the Department of Housing and Urban Development to make loans to homeowners and small businesses to permit the installation of insulation and other energy-saving equipment.

Directs the Secretary of Transportation to establish an office to assist in carpool promotion throughout the Nation.

Requires the Administrator to obtain full energy information every 60 days from those engaged in the exploration, development, processing, refining, or transporting of any petroleum product, natural gas, or coal.

While I support the gas rationing provisions of this bill, it is not without considerable reluctance that I support the concept of gas rationing. The question of rationing is a complex one. Ultimately, any system of rationing must be fair. If it is unfair, individuals and businesses will be hurt, and it will not enjoy the support of the people. Perhaps the most effective system might be one where each individual could make known his specific gasoline needs and then share equally with all others in the shortage, with limited exceptions. For instance, if there were 10 percent less gasoline available than was needed to meet the Nation's requirements, then each person should get 10 percent less than he needs. I think that this system would be fairer and less discriminatory than a rationing system which arbitrarily assigns 30 or 40 gallons to all individuals for a specific period of time. Individual needs must be considered. Some may require 60 gallons over the same period of time; others, 10 gallons.

Title II of this bill attempts to co-ordinate emergency energy plans with environmental protection requirements now in the laws. Section 201 amends the Clean Air Act to authorize the Environmental Protection Agency to suspend, until November 1, 1974, stationary source fuel or emission limitations, based on the unavailability of clean fuel necessary for compliance.

Section 202 requires the Environmental Protection Agency to review and make "reasonable and practicable" revisions in air quality implementation plans for those regions in which coal conversion may result in a failure to achieve ambient air quality standards on schedule.

Section 203 amends the Clean Air Act to continue the emission standards established for 1975 model year automobiles during the 1976 model year, thus delaying until 1977 the 90-percent reduction in hydrocarbon and carbon monoxide emissions required by law.

I am unpersuaded that relaxation of environmental standards as proposed in these and other sections of this bill will have any impact on increasing fuel supplies. We simply do not have data to support that proposition. What is known is that relaxing environmental standards will significantly increase dangers to public health and will negate the progress we have made to this date in cleaning up our air. The freeze on auto emission standards may have a negative effect on the energy shortage since installation of pollution control devices may actually save fuel by increasing gasoline mileage.

I oppose the exemption of actions taken under this legislation from the requirements of the National Environmental Policy Act. It is very difficult for me to believe that this landmark legislation protecting the environment exists for the sole purpose of being disregarded at times when it is needed most.

I vigorously support those principles on which the legislation is based. I believe that the Congress must curb outrageous oil company profits and compel disclosure of fuel reserves. This will also call for immediate recommendations on means for developing short- and long-term increases in energy supply or reductions in energy consumption. This bill also requires progress reports from the President to the Congress every 60 days.

It is difficult in the extreme to explain the President's announced intention to veto this legislation except for his willingness to protect the giant oil companies. The havoc which the increases in energy prices—and profits—has played with every citizen's pocketbook is woeful. I cast my vote in favor of this bill today to end that favoritism, that havoc, and those price increases.

Mr. MELCHER. Mr. Speaker, price rollbacks on oil would assure continued foreign investments of U.S. capital to develop oil and gas abroad rather than in our own country.

We are paying high prices for oil because the Arab countries control enough of the world supply to force prices higher and all other countries have followed their lead. An artificial rollback in the United States at this time would only hold up a direct solution to the Arab oil power play.

The right answer is to develop our own domestic oil and gas supplies, but if the new oil discoveries are more profitable in Canada, Venezuela, the North Sea, Africa, the Near East, Sumatra, et cetera, et cetera, et cetera, that is where the money will go. As night follows day, just as certainly American oil investment dollars will seek the higher prices and go to the more profitable foreign oil fields if we roll back prices here.

And we will buy that oil at the world price, whatever it is, because we have to have sufficient quantity to keep our industries going and keep our economy from a further recession with massive shutdowns and job losses.

At our current rate of petroleum consumption, America depends for 30 percent of its needs on foreign sources. Only a few years ago we did not need to import oil but because Arab and other foreign oil discoveries were so plentiful and so cheap, big oil companies invested billions of dollars abroad and less and less in domestic production.

Even conservation methods to fully pump out developed fields were sidetracked or almost abandoned completely because secondary recovery did not pay out as good as drilling new wells in the lucrative foreign oil fields.

Recently Congress acted to correct this by lifting all price controls on low production wells—the so-called stripper wells that produce less than 10 barrels of oil per day. This turned unprofitable wells which had been shut down into profitable producers. Old oilfields scattered around the country are now getting secondary treatment to recover oil heretofore left there because the economics of recovering it was unprofitable.

A rollback would be a pullback from the obvious need to put American oil dollars to work in America—not abroad.

Ms. ABZUG. Mr. Speaker, I am unable to support the conference report on the Energy Emergency Act. I will vote for retention of sections 104, 105, and 110 of the act only because I feel that some legislation is essential in all these areas—rationing, consumption control, and price rollbacks—and not because I feel that these provisions are adequate, but because I feel that this is a poor piece of legislation, I feel constrained to vote against adoption of the conference report on the Energy Emergency Act.

Through errors of commission and omission, this legislation presents serious consequences for our Nation and its people. It grants broad, ill-defined powers to the executive branch; it removes or suspends environmental protection controls; it fails to provide for mandatory rationing; it lacks any adequate restriction on windfall profits; and it fails to provide adequately for the immediate relief of those individuals already adversely affected by energy shortages. In attempting to deal with both long and short-range needs, it does neither effectively. Like many of my colleagues, I feel we must act at once to solve some basic, immediate problems.

First of all, we must provide for a more equitable distribution of our fuel supplies. Second, we must impose some meaningful controls on prices and profits. Equally important, we must start to obtain the information necessary to enable us—as a legislative body—and the administration to deal with some of the more vital, long range problems posed by the energy shortage. The executive branch already has the power to deal with some of these issues. We have already granted the executive broad authority under the Emergency Petroleum Allocation Act and I see no justification for a further abdication of our legislative function. When will we stop passing the buck and start to exercise some of our legislative responsibilities?

Whether the President calls the present situation a crisis or a problem, certain facts are clear. Our present system of fuel allocation is not working. Rather than providing an equitable distribution of fuel supplies throughout the country and protecting the small independent refiners and retailers against the big companies, it is having just the opposite effect. And it is doing nothing whatever to improve the lot of the ordinary consumer. If we feel that rationing is necessary—and I for one am convinced that it is—let us say so. Instead of telling the President again that he may impose rationing—this time only as a last resort measure—which is just what section 104 of the conference bill provides—let us mandate rationing.

As for price controls, we know that these are needed and that prices of fuel and petroleum products have skyrocketed. We must put an end to this inflationary spiral and rollback prices to give some relief to long-suffering consumers. We also know that the large oil companies have enjoyed ever-increasing profits as a result of this energy shortage. The best way to regulate prices and to relieve the plight of the consumer is to impose a limitation on these exorbitant profits—at least at 1972 levels. Section 110 of the conference bill imposes a price rollback and ceiling prices on new domestic crude oil and, through a pass-through arrangement, on residual fuel oil and refined petroleum products, including propane. This represents only a small portion of our total fuel resources.

Moreover, section 110 makes no attempt to impose direct limitations on the huge profits now being reaped by the large oil companies. I, for one, cannot condone profiteering by any group while hundreds of thousands of workers are losing their jobs as a direct result of the energy crisis, and other segments of our population—those that must rely on driving to make a living, the elderly, the handicapped, and even the ordinary middle-class consumer—are suffering severe hardships.

There are two provisions in the conference bill which warrant some favorable comment. The bill authorizes $500 million for grants to the States to provide additional unemployment compensation benefits for energy-related unemployment. On its face, this is commendable. But all one need do is look at the broad definition of energy-related unemployment set forth in section 116 to realize that the funds authorized would not even begin to pay the bill for these benefits.

Unlike President Nixon, I foresee continuing and worsening inflation accompanied by more and more unemployment. I am frankly more than a little worried about how working people, the poor, the elderly, and even the middle-class are going to survive under these conditions. I see a real need for economic relief for those segments of our society who always take the brunt of any crisis. Hundreds of thousands of auto workers and others have already lost their jobs as a direct result of the energy crisis.

There is clearly a need for extending the period of eligibility for unemployment benefits and for providing other economic relief. If this bill did not have so many objectionable features, I would support this provision even though I feel it is inadequate to meet the real problem. I believe there is immediate need for separate legislation in this area and I plan to sponsor such legislation.

I see only one provision in this conference bill which I can wholeheartedly support and that is section 124, requiring detailed reporting by persons engaged in various aspects of the petroleum, natural gas, and coal industries. This provision, if enacted and adequately enforced, should provide us with information that is long overdue. I would hope that if the conference bill does not become law, we will immediately enact a similar requirement. In this connection, I hope that we will be able to define our terms and definitions precisely so that we will know exactly what information we are getting; and that we will also provide adequate penalties for willful or negligent false reporting. I cannot stress too strongly the necessity for this or a similar reporting requirement.

I, in fact, would go further and grant subpena powers to the Administrator to obtain necessary data. Until we have some reliable facts and figures—and not just those supplied voluntarily by the oil, gas, and coal industries—we cannot begin to know the dimensions of or the reasons for or the ways of dealing with this energy crisis.

There are grave questions as to whether we have a genuine energy shortage or a shortage at the consumer level manipulated by the oil monopolies so that they can boost prices and profits and reduce competition at the producer and retail levels. Yet this bill would allow the President, in the name of a shortage, to suspend urgently needed environmental protection programs, thus endangering the health and safety of the American people.

I do not agree with many of my colleagues who will be supporting this conference agreement that some action is better than none. My concern is that once having passed legislation which most may agree is inadequate, we will lose the incentive to take significant action in many of these areas. Moreover, I have very grave concerns about this Congress continuing to abdicate its legislative functions to the executive branch while, at the same time, criticizing the Executive for usurping its legislative functions.

The proposed Energy Emergency Act vests much too much power in the hands of the Nixon administration. Such an unjustifiable delegation of legislative power becomes particularly shocking when one considers that this administration bears a major responsibility for our current energy problems. Despite repeated warnings during the past several years, the Nixon administration has taken no action to forestall an energy crisis—through support for mass transportation, development of alternative energy resources, or otherwise, but has, instead, been guided in its policy by what is best for big business.

For all these reasons, I must vote against adoption of the conference agreement on the Energy Emergency Act.

Mrs. HOLT. Mr. Speaker, it is extremely difficult to vote against any bill with "energy" in its title, especially in these days of short gas supplies, short tempers, and long gas lines. The American people are rightfully demanding action from Congress and from the administration and from their State and local governments. We must act decisively in this crisis and we must make sure that our actions are responsible and responsive to the situation.

The conference report before us today is not, in my opinion, responsible legislation; it is rather an abrogation of responsibility. It was poorly and hastily written and amended and reamended on the floor of both Chambers. Rather than solve the problem, it is an attempt to get the problem off the back of Congress; it is in essence a buckpassing bill with an appealing title.

Let us look at some of the provisions of this legislation. One section provides for a rollback of crude oil prices. This will certainly have popular appeal, but will it mean lower prices at the pump for consumers? We are all concerned about the rising price of petroleum and profit gouging during this period of crises, but will this provision prevent such activities? The answers to both questions are "No." The authors of this provision have guaranteed that it will be ineffective. Only 13 percent of current crude oil consumption will be affected; the remaining 87 percent is being sold at a price equal to or less than the rollback figure. And if this is not enough, the vast majority of the portion of oil which would be rolled back in price is produced by small, independent producers—not the giant international oil companies. And finally, the rollback provision allows the President to increase prices by up to 35 percent provided that he informs Congress of his action.

There are also many provisions in this bill which substantially increase the power of the Federal Energy Office and the President in energy-related matters. We are asked to give the administration the authority to institute rationing and to order priorities for the consumption of energy resources. We are asked to give the Federal Energy Administrator sweeping powers to propose energy conservation plans to reduce consumption. Have we already forgotten that the results of the allocation program in Maryland and many other States has been highly unsatisfactory? We were shortchanged. Now we are going to solve the problem by giving the bureaucracy even more power? It must also be remembered that the granting of these additional powers is taking place at the same time that the majority of Congress is objecting to the flow of power from the legislative to the executive branch of Government.

Mr. Speaker, it is no secret that Government is lacking in credibility. The American people are crying out for leadership. The bill before us today does not provide leadership; it is another example of abrogation of congressional responsibilities.

I urge the defeat of the Emergency Energy Act and immediate attention to drafting meaningful legislation to deal with the energy crisis.

The SPEAKER. The Chair will now put the question on these sections in the order specified in the resolution. The sections will be voted on in the following order:

Section 110; section 105 and section 104.

The question is, Shall Section 110 be stricken from the conference report?

The question was taken; and the Speaker announced that the noes appeared to have it.

RECORDED VOTE

Mr. ANDERSON of Illinois. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 173, noes 238, answered "present" 1, not voting 19, as follows:

[Roll No. 46]

AYES—173

Anderson, Ill.
Archer
Arends
Armstrong
Ashbrook
Ashley
Aspin
Bauman
Beard
Blackburn
Boggs
Bray
Breaux
Brooks
Brotzman
Brown, Mich.
Brown, Ohio
Broyhill, Va.
Buchanan
Burgener
Burleson, Tex.
Butler
Camp
Casey, Tex.
Cederberg
Chamberlain
Clawson, Del
Cochran
Collier
Collins, Tex.
Conable
Conlan
Culver
Daniel, Dan
Daniel, Robert W., Jr.
de la Garza
Dellenback
Denholm
Dennis
Derwinski
Devine
Dickinson
Downing
Duncan
Eckhardt
Edwards, Ala.
Erlenborn
Esch
Findley
Fisher
Frenzel
Gibbons
Goldwater
Gonzalez
Goodling
Gray
Griffiths
Gross
Gubser
Hamilton
Hammerschmidt
Hanna
Hansen, Idaho
Hébert
Hillis
Hinshaw
Hogan
Holt
Horton
Hosmer
Huber
Hudnut
Hutchinson
Ichord
Jarman
Johnson, Colo.
Johnson, Pa.
Jones, Okla.
Jordan
Kazen
Kemp
Ketchum
Kuykendall
Landgrebe
Litton
Long, La.
Long, Md.
Lott
McClory
McCloskey
McDade
McEwen
McKay
McSpadden
Mahon
Mailliard
Mann
Martin, Nebr.
Martin, N.C.
Mathias, Calif.
Melcher
Milford
Miller
Minshall, Ohio
Mizell
Montgomery
Moorhead, Calif.
Murphy, Ill.
Myers
Nelsen
Obey
Passman
Patman
Pettis
Parris
Pickle
Poage
Pritchard
Quie
Quillen
Railsback
Rarick
Reuss
Rhodes
Robinson, Va.
Robison, N.Y.
Rose
Rousselot
Runnels
Ruppe
Ruth
Ryan
Satterfield
Schneebeli
Sebelius
Shipley
Shoup
Shriver
Skubitz
Slack
Smith, N.Y.
Spence
Steed
Steelman
Steiger, Ariz.
Steiger, Wis.
Symms
Talcott
Taylor, Mo.
Teague
Thornton
Towell, Nev.
Treen
Ullman
Vander Jagt
Veysey
Waggonner
Ware
White
Whitehurst
Wiggins
Wilson, Bob
Wilson, Charles, Tex.
Winn
Wright
Wyatt
Wylie
Wyman
Young, Alaska
Young, S.C.
Young, Tex.
Young, Ill.
Zion

NOES—238

Abdnor
Abzug
Adams
Addabbo
Alexander
Anderson, Calif.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Badillo
Bafalis
Barrett
Bennett
Bergland
Bevill
Biaggi
Biester
Bingham
Blatnik
Boland
Bolling
Bowen
Brademas
Breckinridge
Brinkley
Broomfield
Brown, Calif.
Broyhill, N.C.
Burke, Calif.
Burke, Fla.
Burke, Mass.
Burlison, Mo.
Byron
Carey, N.Y.
Carter
Chappell
Chisholm
Clancy
Clark
Clausen, Don H.
Clay
Cleveland
Cohen
Collins, Ill.
Conte
Conyers
Corman
Cotter
Coughlin
Cronin
Daniels, Dominick V.
Danielson
Davis, Ga.
Davis, S.C.
Delaney
Dellums
Dent
Diggs
Dingell
Donohue
Dorn
Drinan
Dulski
du Pont
Edwards, Calif.
Eilberg
Eshleman
Evans, Colo.
Evins, Tenn.
Fascell
Fish
Flood
Flowers
Flynt
Foley
Ford
Forsythe
Fountain
Fraser
Frey
Froehlich
Fulton
Fuqua
Gaydos
Gettys
Giaimo
Gilman
Ginn
Grasso
Green, Oreg.
Green, Pa.
Grover
Gude
Gunter
Guyer
Haley
Hanley
Hanrahan
Hansen, Wash.
Harrington
Harsha
Hastings
Hawkins
Hays
Hechler, W. Va.
Heckler, Mass.
Heinz
Helstoski
Henderson
Hicks
Holifield
Holtzman
Howard
Hungate
Hunt
Johnson, Calif.
Jones, Ala.
Jones, N.C.
Karth
Kastenmeier
King
Koch
Kyros
Landrum
Latta
Leggett
Lehman
Lent
Lujan
McCollister
McCormack
McFall
McKinney
Macdonald
Madden
Madigan
Mallary
Maraziti
Mathis, Ga.
Matsunaga
Mayne
Mazzoli
Meeds
Metcalfe
Mezvinsky
Minish
Mink
Mitchell, Md.
Mitchell, N.Y.
Moakley
Mollohan
Moorhead, Pa.
Morgan
Mosher
Murphy, N.Y.
Murtha
Natcher
Nedzi
Nichols
Nix
O'Brien
O'Hara
O'Neill
Owens
Patten
Pepper
Perkins
Peyser
Pike
Podell
Preyer
Price, Ill.
Randall
Rangel
Rees
Regula
Reid
Riegle
Rinaldo
Rodino
Roe
Rogers
Roncalio, Wyo.
Roncallo, N.Y.
Rooney, Pa.
Rosenthal
Roush
Roy
Roybal
St Germain
Sandman
Sarasin
Sarbanes
Scherle
Schroeder
Seiberling
Shuster
Sikes
Sisk
Smith, Iowa
Snyder
Staggers
Stanton, J. William
Stanton, James V.
Stark
Steele
Stephens
Stokes
Stratton
Stubblefield
Stuckey
Studds
Symington
Taylor, N.C.
Thompson, N.J.
Thomson, Wis.
Thone
Tiernan
Udall
Van Deerlin
Vanik
Vigorito
Waldie
Walsh
Wampler
Whalen
Whitten
Widnall
Williams
Wilson, Charles H., Calif.
Wolff
Wydler
Yates
Yatron
Young, Fla.
Young, Ga.
Zablocki
Zwach

ANSWERED "PRESENT"—1

Bell

NOT VOTING—19

Baker
Brasco
Burton
Carney, Ohio
Crane
Davis, Wis.
Frelinghuysen
Jones, Tenn.
Kluczynski
Michel
Mills
Moss
Powell, Ohio
Price, Tex.
Roberts
Rooney, N.Y.
Rostenkowski
Sullivan
Vander Veen

So the motion was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. Roberts for, with Mr. Carney of Ohio against.

Mr. Price of Texas for, with Mr. Burton against.

Mr. Crane for, with Mr. Moss against.

Until further notice:

Mr. Rooney of New York with Mr. Powell of Ohio.

Mr. Rostenkowski with Mr. Frelinghuysen.

Mrs. Sullivan with Mr. Brasco.

Mr. Kluczynski with Mr. Davis of Wisconsin.

Mr. Jones of Tennessee with Mr. Mills.

Mr. Baker with Mr. Michel.

The result of the vote was announced as above recorded.

The SPEAKER. The question is, Shall section 105 be stricken from the conference report?

The question was taken; and the Speaker announced that the noes appeared to have it.

RECORDED VOTE

Mr. ECKHARDT. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 66, noes 343, not voting 22, as follows:

[Roll No. 47]

AYES—66

Anderson, Ill.
Andrews, N. Dak.
Archer
Ashbrook
Bauman
Boggs
Bray
Brooks
Burleson, Tex.
Camp
Casey, Tex.
Cederberg
Clancy
Culver
de la Garza
Denholm
Dennis
Dent
Eckhardt
Fisher
Gaydos
Gonzalez
Goodling
Gross
Hammerschmidt
Hays
Holtzman
Hungate
Hutchinson
Jarman
Jones, Okla.
Jordan
Kazen
McCollister
McSpadden
Mahon
Martin, Nebr.
Mayne
Melcher
Milford
Mizell
Murtha
Myers
Parris
Poage
Randall
Rarick
Roy
Runnels
Scherle
Sebelius
Smith, Iowa
Steed
Steelman
Studds
Symms
Teague
Thornton
Vander Jagt
Waggonner
White
Wilson, Charles, Tex.
Winn
Young, Alaska
Young, S.C.
Young, Tex.

NOES—343

Abdnor
Abzug
Adams
Addabbo
Alexander
Anderson, Calif.
Andrews, N.C.
Annunzio
Arends
Armstrong
Ashley
Aspin
Badillo
Bafalis
Barrett
Beard
Bell
Bennett
Bergland
Bevill
Biaggi
Biester
Bingham
Blackburn
Blatnik
Boland
Bolling
Bowen
Brademas
Breaux
Breckinridge
Brinkley
Broomfield
Brotzman
Brown, Calif.
Brown, Mich.
Brown, Ohio
Broyhill, N.C.
Broyhill, Va.
Buchanan
Burgener
Burke, Calif.
Burke, Fla.
Burke, Mass.
Burlison, Mo.
Butler
Byron
Carey, N.Y.
Carter
Chamberlain
Chappell
Chisholm
Clark
Clausen, Don H.
Clawson, Del
Clay
Cleveland
Cochran
Cohen
Collier
Collins, Ill.
Collins, Tex.
Conable
Conlan
Conte
Conyers
Corman
Cotter
Coughlin
Cronin
Daniel, Dan
Daniel, Robert W., Jr.
Daniels, Dominick V.
Danielson
Davis, Ga.
Davis, S.C.
Delaney
Dellenback
Dellums
Derwinski
Devine
Dickinson
Diggs
Dingell
Donohue
Dorn
Downing
Drinan
Dulski
Duncan
du Pont
Edwards, Ala.
Edwards, Calif.
Eilberg
Erlenborn
Esch
Eshleman
Evans, Colo.
Evins, Tenn.
Fascell
Findley
Fish
Flood
Flowers
Flynt
Foley
Ford
Forsythe
Fountain
Fraser
Frenzel
Frey
Froehlich
Fulton
Fuqua
Gettys
Giaimo
Gibbons
Gilman
Ginn
Goldwater
Grasso
Gray
Green, Oreg.
Green, Pa.
Griffiths
Grover
Gubser
Gude
Gunter
Guyer
Haley
Hamilton
Hanley
Hanna
Hanrahan
Hansen, Idaho
Hansen, Wash.
Harrington
Harsha
Hastings
Hawkins
Hébert
Hechler, W. Va.
Heckler, Mass.
Heinz
Helstoski
Henderson
Hicks
Hillis
Hinshaw
Hogan
Holifield
Holt
Horton
Hosmer
Howard
Huber
Hudnut
Hunt
Ichord
Johnson, Calif.
Johnson, Colo.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Karth
Kastenmeier
Kemp
Ketchum
King
Koch
Kuykendall
Landrum
Latta
Leggett
Lehman
Lent
Litton
Long, La.
Long, Md.
Lott
Lujan
McClory
McCloskey
McCormack
McDade
McEwen
McFall
McKay
McKinney
Macdonald
Madden
Madigan
Mailliard
Mallary
Mann
Maraziti
Martin, N.C.
Mathias, Calif.
Mathis, Ga.
Matsunaga
Mazzoli
Meeds
Metcalfe
Mezvinsky
Miller
Minish
Mink
Minshall, Ohio
Mitchell, Md.
Mitchell, N.Y.
Moakley
Mollohan
Montgomery
Moorhead, Calif.
Moorhead, Pa.
Morgan
Mosher
Murphy, Ill.
Murphy, N.Y.
Natcher
Nedzi
Nelsen
Nichols
Nix
Obey
O'Brien
O'Hara
O'Neill
Owens
Passman
Patman
Patten
Pepper
Perkins
Pettis
Peyser
Pickle
Pike
Podell
Preyer
Price, Ill.
Pritchard
Quie
Quillen
Railsback
Rangel
Rees
Regula
Reid
Reuss
Rhodes
Riegle
Rinaldo
Robinson, Va.
Robison, N.Y.
Rodino
Roe
Rogers
Roncalio, Wyo.
Roncallo, N.Y.
Rooney, Pa.
Rosenthal
Roush
Rousselot
Roybal
Ruth
Ryan
St Germain
Sandman
Sarasin
Sarbanes
Satterfield
Schneebeli
Schroeder
Seiberling
Shipley
Shoup
Shriver
Shuster
Sikes
Sisk
Skubitz
Slack
Smith, N.Y.
Snyder
Spence
Staggers
Stanton, J. William
Stanton, James V.
Stark
Steele
Steiger, Ariz.
Steiger, Wis.
Stephens
Stokes
Stratton
Stubblefield
Stuckey
Symington
Talcott
Taylor, Mo.
Taylor, N.C.
Thompson, N.J.
Thomson, Wis.
Thone
Tiernan
Towell, Nev.
Treen
Udall
Ullman
Van Deerlin
Vander Veen
Vanik
Veysey
Vigorito
Waldie
Walsh
Wampler
Ware
Whalen
Whitehurst
Whitten
Widnall
Wiggins
Williams
Wilson, Bob
Wilson, Charles H., Calif.
Wolff
Wright
Wyatt
Wydler
Wylie
Wyman
Yates
Yatron
Young, Fla.
Young, Ga.
Young, Ill.
Zablocki
Zion
Zwach

NOT VOTING—22

Baker
Brasco
Burton
Carney, Ohio
Crane
Davis, Wis.
Frelinghuysen
Jones, Tenn.
Kluczynski
Kyros
Landgrebe
Michel
Mills
Moss
Powell, Ohio
Price, Tex.
Roberts
Rooney, N.Y.
Rose
Rostenkowski
Ruppe
Sullivan

So the motion was rejected.

The Clerk announced the following pairs:

Mr. Rooney of New York with Mr. Mills.

Mr. Burton with Mr. Jones of Tennessee.

Mr. Rostenkowski with Mr. Ruppe.

Mr. Brasco with Mr. Landgrebe.

Mrs. Sullivan with Mr. Baker.

Mr. Roberts with Mr. Michel.

Mr. Kluczynski with Mr. Crane.

Mr. Kyros with Mr. Davis of Wisconsin.

Mr. Carney of Ohio with Mr. Price of Texas.

Mr. Rose with Mr. Frelinghuysen.

Mr. Moss with Mr. Powell of Ohio.

The result of the vote was announced as above recorded.

PARLIAMENTARY INQUIRY

Mr. LATTA. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. LATTA. Mr. Speaker, on this motion to strike, the Members who are against rationing and wish to strike section 104, which authorizes rationing, will vote aye, is that correct?

The SPEAKER. The Chair will state that that is not a parliamentary inquiry.

The question is, Shall section 104 be stricken from the conference report?

The question was taken; and the Speaker announced that the noes appear to have it.

RECORDED VOTE

Mr. LATTA. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 199, noes 211, not voting 21, as follows:

[Roll No. 48]

AYES—199

Abdnor
Anderson, Ill.
Andrews, N. Dak.
Archer
Arends
Armstrong
Ashbrook
Bafalis
Barrett
Bauman
Beard
Blackburn
Boggs
Bray
Breaux
Brinkley
Brooks
Broomfield
Brotzman
Brown, Ohio
Broyhill, N.C.
Buchanan
Burgener
Burke, Fla.
Burleson, Tex.
Camp
Carter
Casey, Tex.
Cederberg
Chamberlain
Clancy
Clausen, Don H.
Clawson, Del
Cleveland
Cochran
Collier
Collins, Tex.
Conable
Conlan
Conyers
Daniel, Robert W., Jr.
de la Garza
Dellenback
Denholm
Dennis
Dent
Derwinski
Devine
Dickinson
Dorn
Duncan
Edwards, Ala.
Evins, Tenn.
Findley
Fisher
Forsythe
Frenzel
Frey
Froehlich
Fulton
Gaydos
Gettys
Gibbons
Goldwater
Gonzalez
Goodling
Gross
Grover
Gubser
Guyer
Hammerschmidt
Hanrahan
Hansen, Idaho
Harsha
Hastings
Hays
Hébert
Hechler, W. Va.
Hillis
Hinshaw
Hogan
Holt
Horton
Hosmer
Huber
Hudnut
Hungate
Hunt
Hutchinson
Ichord
Jarman
Johnson, Colo.
Johnson, Pa.
Jones, Okla.
Kastenmeier
Kazen
Kemp
Ketchum
King
Kuykendall
Landgrebe
Latta
Lehman
Long, La.
Lott
Lujan
McClory
McCollister
McEwen
McKay
McSpadden
Madigan
Mahon
Mallary
Martin, Nebr.
Mathias, Calif.
Mathis, Ga.
Mayne
Melcher
Milford
Miller
Minshall, Ohio
Mizell
Montgomery
Moorhead, Calif.
Murtha
Myers
Natcher
Nelsen
O'Brien
Parris
Passman
Perkins
Pettis
Poage
Quie
Quillen
Railsback
Randall
Rarick
Regula
Rhodes
Robinson, Va.
Roncallo, N.Y.
Roush
Rousselot
Runnels
Ryan
St Germain
Sandman
Scherle
Schneebeli
Schroeder
Sebelius
Shipley
Shoup
Shriver
Shuster
Slack
Snyder
Spence
Stanton, J. William
Steed
Steelman
Steiger, Ariz.
Steiger, Wis.
Stubblefield
Studds
Symms
Talcott
Taylor, Mo.
Teague
Thomson, Wis.
Thone
Thornton
Tiernan
Towell, Nev.
Treen
Veysey
Waggonner
Wampler
Ware
White
Whitehurst
Whitten
Wiggins
Williams
Wilson, Bob
Winn
Wyatt
Wydler
Wylie
Wyman
Young, Alaska
Young, Fla.
Young, S.C.
Young, Tex.
Zion
Zwach

NOES—211

Abzug
Adams
Addabbo
Alexander
Anderson, Calif.
Andrews, N.C.
Annunzio
Ashley
Aspin
Badillo
Bell
Bennett
Bergland
Bevill
Biaggi
Biester
Bingham
Blatnik
Boland
Bolling
Bowen
Brademas
Breckinridge
Brown, Calif.
Brown, Mich.
Broyhill, Va.
Burke, Calif.
Burke, Mass.
Burlison, Mo.
Butler
Byron
Carey, N.Y.
Chappell
Chisholm
Clark
Clay
Cohen
Collins, Ill.
Conte
Corman
Cotter
Coughlin
Cronin
Culver
Daniel, Dan
Daniels, Dominick V.
Danielson
Davis, Ga.
Davis, S.C.
Delaney
Dellums
Diggs
Dingell
Donohue
Downing
Drinan
Dulski
du Pont
Eckhardt
Edwards, Calif.
Eilberg
Erlenborn
Esch
Eshleman
Evans, Colo.
Fascell
Fish
Flood
Flowers
Flynt
Foley
Ford
Fountain
Fraser
Fuqua
Giaimo
Gilman
Ginn
Grasso
Gray
Green, Oreg.
Green, Pa.
Griffiths
Gude
Gunter
Haley
Hamilton
Hanley
Hanna
Hansen, Wash.
Harrington
Hawkins
Heckler, Mass.
Heinz
Helstoski
Henderson
Hicks
Holifield
Holtzman
Howard
Johnson, Calif.
Jones, Ala.
Jones, N.C.
Jordan
Karth
Koch
Kyros
Landrum
Leggett
Lent
Litton
Long, Md.
McCloskey
McCormack
McDade
McFall
McKinney
Macdonald
Madden
Mailliard
Mann
Maraziti
Martin, N.C.
Matsunaga
Mazzoli
Meeds
Metcalfe
Mezvinsky
Minish
Mink
Mitchell, Md.
Mitchell, N.Y.
Moakley
Mollohan
Moorhead, Pa.
Morgan
Mosher
Murphy, Ill.
Murphy, N.Y.
Nedzi
Nichols
Nix
Obey
O'Hara
O'Neill
Owens
Patman
Patten
Pepper
Peyser
Pickle
Pike
Podell
Preyer
Price, Ill.
Pritchard
Rees
Reuss
Riegle
Rinaldo
Robison, N.Y.
Rodino
Roe
Rogers
Roncalio, Wyo.
Rooney, Pa.
Rosenthal
Roy
Roybal
Ruppe
Ruth
Sarasin
Sarbanes
Satterfield
Seiberling
Sikes
Sisk
Skubitz
Smith, Iowa
Smith, N.Y.
Staggers
Stanton, James V.
Stark
Steele
Stephens
Stokes
Stratton
Stuckey
Symington
Taylor, N.C.
Thompson, N.J.
Udall
Ullman
Van Deerlin
Vander Jagt
Vander Veen
Vanik
Vigorito
Waldie
Walsh
Whalen
Widnall
Wilson, Charles H., Calif.
Wilson, Charles, Tex.
Wolff
Wright
Yates
Yatron
Young, Ga.
Young, Ill.
Zablocki

NOT VOTING—21

Baker
Brasco
Burton
Carney, Ohio
Crane
Davis, Wis.
Frelinghuysen
Jones, Tenn.
Kluczynski
Michel
Mills
Moss
Powell, Ohio
Price, Tex.
Rangel
Reid
Roberts
Rooney, N.Y.
Rose
Rostenkowski
Sullivan

So the motion was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. Roberts for, with Mr. Rostenkowski against.

Mr. Crane for, with Mr. Rooney of New York against.

Mr. Price of Texas for, with Mr. Kluczynski against.

Mr. Frelinghuysen for, with Mr. Brasco against.

Mr. Michel for, with Mr. Carney of Ohio against.

Mr. Baker for, with Mr. Reid against.

Until further notice:

Mrs. Sullivan with Mr. Jones of Tennessee.

Mr. Moss with Mr. Rose.

Mr. Burton with Mr. Powell of Ohio.

Mr. Davis of Wisconsin with Mr. Rangel.

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the conference report.

The question was taken, and the Speaker announced that the ayes appeared to have it.

RECORDED VOTE

Mr. BROWN of Ohio. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 258, noes 151, answered "present" 1, not voting 21, as follows:

[Roll No. 49]

AYES—258

Abdnor
Adams
Addabbo
Alexander
Anderson, Calif.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Ashley
Aspin
Badillo
Bafalis
Barrett
Bell
Bennett
Bergland
Bevill
Biaggi
Biester
Bingham
Blatnik
Boggs
Boland
Bolling
Bowen
Brademas
Breckinridge
Broomfield
Brown, Calif.
Brown, Mich.
Broyhill, N.C.
Burke, Calif.
Burke, Mass.
Burlison, Mo.
Byron
Carey, N.Y.
Carter
Chappell
Chisholm
Clark
Clausen, Don H.
Clay
Cohen
Collins, Ill.
Conte
Corman
Cotter
Coughlin
Cronin
Culver
Daniels, Dominick V.
Danielson
Davis, Ga.
Davis, S.C.
Delaney
Dellums
Dent
Diggs
Dingell
Donohue
Dorn
Drinan
Duncan
du Pont
Edwards, Ala.
Edwards, Calif.
Eilberg
Esch
Eshleman
Evans, Colo.
Evins, Tenn.
Fascell
Fish
Flood
Flowers
Flynt
Foley
Ford
Forsythe
Fountain
Fraser
Frenzel
Frey
Froehlich
Fulton
Fuqua
Gaydos
Giaimo
Gilman
Ginn
Grasso
Gray
Green, Oreg.
Green, Pa.
Griffiths
Grover
Gude
Gunter
Haley
Hamilton
Hanley
Hanrahan
Hansen, Wash.
Harrington
Harsha
Hastings
Hawkins
Hays
Heckler, Mass.
Heinz
Helstoski
Henderson
Hicks
Hillis
Hinshaw
Holifield
Holtzman
Horton
Howard
Hudnut
Hungate
Hunt
Johnson, Calif.
Jones, Ala.
Jones, N.C.
Karth
Kastenmeier
King
Koch
Kyros
Landrum
Leggett
Lehman
Lent
Litton
Long, Md.
McClory
McCloskey
McCollister
McCormack
McDade
McFall
McKay
McKinney
Macdonald
Madden
Madigan
Mallary
Mann
Maraziti
Mathias, Calif.
Matsunaga
Mayne
Mazzoli
Meeds
Metcalfe
Mezvinsky
Minish
Mink
Mitchell, Md.
Mitchell, N.Y.
Moakley
Mollohan
Moorhead, Pa.
Morgan
Mosher
Murphy, Ill.
Murphy, N.Y.
Murtha
Natcher
Nedzi
Nichols
Nix
Obey
O'Brien
O'Hara
O'Neill
Owens
Patman
Patten
Pepper
Perkins
Peyser
Pickle
Pike
Podell
Preyer
Price, Ill.
Pritchard
Quillen
Railsback
Randall
Rangel
Regula
Reuss
Riegle
Rinaldo
Robison, N.Y.
Rodino
Roe
Rogers
Roncalio, Wyo.
Roncallo, N.Y.
Rooney, Pa.
Rosenthal
Roush
Roy
Roybal
St Germain
Sandman
Sarasin
Sarbanes
Seiberling
Shuster
Sikes
Sisk
Smith, Iowa
Smith, N.Y.
Snyder
Staggers
Stanton, J. William
Stanton, James V.
Stark
Steele
Steiger, Wis.
Stephens
Stokes
Stratton
Stubblefield
Stuckey
Symington
Taylor, N.C.
Thompson, N.J.
Thomson, Wis.
Thone
Tiernan
Udall
Ullman
Van Deerlin
Vander Jagt
Vander Veen
Vanik
Vigorito
Walsh
Wampler
Whalen
Whitten
Widnall
Williams
Wilson, Charles H., Calif.
Wolff
Wydler
Yates
Yatron
Young, Ga.
Young, Ill.
Zablocki
Zwach

NOES—151

Abzug
Anderson, Ill.
Archer
Arends
Armstrong
Ashbrook
Bauman
Beard
Blackburn
Bray
Breaux
Brinkley
Brooks
Brotzman
Brown, Ohio
Broyhill, Va.
Buchanan
Burgener
Burke, Fla.
Burleson, Tex.
Butler
Camp
Casey, Tex.
Cederberg
Chamberlain
Clancy
Clawson, Del
Cleveland
Cochran
Collier
Collins, Tex.
Conable
Conlan
Conyers
Daniel, Dan
Daniel, Robert W., Jr.
de la Garza
Dellenback
Denholm
Dennis
Derwinski
Devine
Dickinson
Downing
Dulski
Eckhardt
Erlenborn
Findley
Fisher
Gettys
Gibbons
Goldwater
Gonzalez
Goodling
Gross
Gubser
Guyer
Hammerschmidt
Hanna
Hansen, Idaho
Hébert
Hechler, W. Va.
Hogan
Holt
Hosmer
Huber
Hutchinson
Ichord
Jarman
Johnson, Colo.
Johnson, Pa.
Jones, Okla.
Jordan
Kazen
Kemp
Ketchum
Kuykendall
Landgrebe
Latta
Long, La.
Lott
Lujan
McEwen
McSpadden
Mahon
Martin, Nebr.
Martin, N.C.
Mathis, Ga.
Melcher
Milford
Miller
Minshall, Ohio
Mizell
Montgomery
Moorhead, Calif.
Myers
Nelsen
Parris
Passman
Pettis
Poage
Quie
Rarick
Rees
Rhodes
Robinson, Va.
Rousselot
Runnels
Ruppe
Ruth
Ryan
Satterfield
Scherle
Schneebeli
Schroeder
Sebelius
Shipley
Shoup
Shriver
Skubitz
Slack
Spence
Steed
Steelman
Steiger, Ariz.
Studds
Symms
Talcott
Taylor, Mo.
Teague
Thornton
Towell, Nev.
Treen
Veysey
Waggonner
Waldie
White
Whitehurst
Wiggins
Wilson, Bob
Wilson, Charles, Tex.
Winn
Wright
Wyatt
Wylie
Wyman
Young, Alaska
Young, Fla.
Young, S.C.
Young, Tex.
Zion

ANSWERED "PRESENT"—1

Ware

NOT VOTING—21

Baker
Brasco
Burton
Carney, Ohio
Crane
Davis, Wis.
Frelinghuysen
Jones, Tenn.
Kluczynski
Mailliard
Michel
Mills
Moss
Powell, Ohio
Price, Tex.
Reid
Roberts
Rooney, N.Y.
Rose
Rostenkowski
Sullivan

So the conference report was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Rooney of New York for, with Mr. Crane against.

Mr. Carney of Ohio for, with Mr. Roberts against.

Mr. Frelinghuysen for, with Mr. Price of Texas against.

Mr. Burton for, with Mr. Michel against.

Mr. Kluczynski for, with Mr. Powell of Ohio against.

Mr. Rostenkowski for, with Mr. Baker against.

Until further notice:

Mr. Brasco with Mr. Jones of Tennessee.

Mr. Reid with Mr. Mills.

Mr. Moss with Mr. Davis of Wisconsin.

Mrs. Sullivan with Mr. Mailliard.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

PERSONAL EXPLANATION

Mr. McDADE: Mr. Speaker, just a short time ago the House voted on the question of whether or not a rollback should occur on the price of petroleum products. The parliamentary situation was such that in order to achieve that end it was necessary to cast a nay vote. I inadvertently cast my vote "yea" believing that would effect the rollback when in fact the parliamentary situation to effect a rollback required a "nay" vote. I wish the record to reflect the fact that I am in favor of the price rollback.

GENERAL LEAVE

Mr. STAGGERS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the conference report just passed.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

PERSONAL EXPLANATION

Mr. KYROS. Mr. Speaker, on rollcall No. 47 I was present and voted "nay," but I was not recorded on the electronic voting machine.

EMPLOYEE BENEFIT SECURITY ACT OF 1973

Mr. DENT. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 2) to revise the Welfare and Pension Plans Disclosure Act.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill H.R. 2, with Mr. BOLAND in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee rose on yesterday, there was pending in lieu of the committee amendment now printed in the bill H.R. 2, as one amendment in the nature of a substitute for the bill H.R. 2 the text of the bill H.R. 12906 as title I of said substitute and the text of the bill H.R. 12855 as title II of said substitute. Part 1 of title I of the said substitute, ending on page 73, line 17, had been considered as read.

Are there any amendments to part 1?

AMENDMENTS OFFERED BY MR. ARCHER

Mr. ARCHER. Mr. Chairman, I offer an amendment to part 1. It is the first of a series of amendments which will go to title I, all of which seek the same thing.

Mr. Chairman, I ask unanimous consent to offer all these amendments en bloc inasmuch as they relate to the same subject matter, and to save the Committee and the Members a great deal of time.

Mr. Chairman, in essence the amendments would bring about a consolidation of the administration as to vesting, participation and funding in the Treasury Department.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

Mr. DENT. Mr. Chairman, reserving the right to object, if the ranking minority Member will give me his attention, I have no objection to taking the amendments en bloc if the gentleman has no objection.

Mr. ERLENBORN. Mr. Chairman, will the gentleman yield?

Mr. DENT. I will be happy to yield to the gentleman.

Mr. ERLENBORN. Mr. Chairman, I have no objection to the gentleman's request.

Mr. DENT. Mr. Chairman, I withdraw my reservation of objection.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

The Clerk read as follows:

Amendments offered by Mr. ARCHER: Page 19, in line 1, after "apply" insert "or sections 410, 411, and 412 of the Internal Revenue Code of 1954 apply".

Page 21, line 18, before the semicolon insert the following: or section 410(d) of the Internal Revenue Code of 1954".

Page 35, line 9, after "apply" insert ", or to which sections 410, 411, and 412 of the Internal Revenue Code of 1954 apply,".

Page 36, in line 3, after "302" insert "(or 412 of the Internal Revenue Code of 1954)".

Page 37, in line 3, after "302" insert "(or 412 of the Internal Revenue Code of 1954)".

Page 37, in line 5, after "302" insert "(or section 412 of the Internal Revenue Code of 1954)".

Page 37, in line 8, after "302" insert "(or section 412 of the Internal Revenue Code of 1954)".

Page 75, after line 11, insert the following:

(d) This part (other than section 204) shall not apply to any employee pension benefit plan if sections 410, 411, and 412 of the Internal Revenue Code of 1954 apply to such plan.

Page 100, in line 2, strike out "or".

Page 100, in line 6, strike out the period and insert in lieu thereof "; or".

Page 100, after line 6, insert the following:

(9) sections 410, 411, and 412 of the Internal Revenue Code of 1954 apply to such plan,

Page 126, in line 1, strike out "is" and insert in lieu thereof "to which section 412 of the Internal Revenue Code of 1954 applies or which is".

Page 126, in line 22, strike out "qualified under section 401(a)" and insert in lieu thereof "to which section 412".

Page 126, in line 23, insert the word "applies" after "1954".

Page 127, in line 22, after "203" insert "(or section 411 of the Internal Revenue Code of 1954)".

Page 137, in line 7, after "301" insert "(or section 412 of the Internal Revenue Code of 1954)".

Page 144, in line 10, insert the following before the period: "(or section 412 of the Internal Revenue Code of 1954 becomes effective by operation of section 1017(b)(2))".

Mr. ARCHER. Mr. Chairman, I want to explain and urge support for the amendments which I have offered, which represent a fair resolution of the problem of dual administration of pension plans inherent in the package presented in this legislation.

At the outset let me say that the offering of these amendments is in no way to be considered as a criticism of the efforts of either of the committees or their staffs to reach a reasonable compromise on this incredibly complex legislation. Both have labored diligently and in good faith to bring to this body the compromise before us. Unfortunately, it was not possible for them to agree on every point, and so in a sense they have left it to us to do the job of trying to deal with that which in the minds of many is one of the most critical aspects of this legislation.

That is, of course, the administration and enforcement of the new requirements and its cost to the pension plans in America.

We have heard about the vastness of the private pension system, that it presently covers over 30 million American workers. What has not been stressed to a sufficient degree and what is absolutely critical to any understanding of the pension system is that it is voluntary, and rightly so.

This legislation does not change that. It is not required by government at any level. It is only encouraged by them—primarily by the Federal Government through the special tax incentives that we grant to employers who establish and contribute to private pension plans. This voluntary nature of the system means that employers can either establish a plan or not. They can either end an existing plan or continue it at reduced or increased benefits. While most of the large pension plans are union-negotiated and their establishment, maintenance, and continuance are subject to collective bargaining agreements, most of the smaller plans covering lower paid workers in less skilled jobs are not negotiated and are subject to the volition of the employer. And, as you know, the primary concern to any employer when he considers benefits for employees is cost.

As a result, it is important that as we legislate to improve this voluntary private pension system and give added benefits and protection to workers, that we not so increase the costs of these plans—particularly the non-productive administrative costs—so that employers will find it financially impossible to continue providing pension plans for their workers or will decide—because of the high costs—against establishing them in the first place. The administrative costs associated with pension plans to the small employer under present law can and do run as high as 30 and 40 percent. As we increase costs—as we do in this bill, the increases will fall heaviest on the small plans whose participants generally need the most protection.

I am told by experts in this field that dual administration can double existing costs of administration. That would mean some of the small plans in America would be facing an administrative burden of 60 to 80 percent of the cost of the plan. Obviously this is not workable and the plans will cease to continue in effect.

The problem with the pension reform package agreed to by the two committees is that it will unnecessarily and, in my view, foolishly increase the costs and administrative burdens falling on all pension plans because of the dualism of administration, standards, and enforcement it imposes. This dualism can and, I believe, will force mass terminations of existing plans and greatly discourage the establishment of new plans for the half of the work force not presently covered by any plan. If this results, we in Congress will have achieved exactly the opposite of what pension reform was supposed to have accomplished. We will have, in effect, thrown the baby out with the bathwater.

The reason for this dualism was to satisfy the legitimate jurisdictional concerns of both committees involved. However, although the result does that, it also creates bad law and must be changed. I would like to point out here that two Senate committees faced the same confrontation during consideration of pension reform legislation in that body, and resolved it early in their efforts in a way very similar to that which will result if my amendment is adopted.

The CHAIRMAN. The time of the gentleman has expired.

(By unanimous consent, Mr. ARCHER was allowed to proceed for 3 additional minutes.)

Mr. ARCHER. My amendment is simple. It would provide that the Secretary of the Treasury would be solely responsible for the administration and enforcement of vesting, funding and participation provisions of plans which qualify for special tax treatment under the Internal Revenue Code.

My amendment would not in any way change the responsibilities under the Education and Labor Committee's portion of the bill relating to reporting, disclosure and fiduciary standards. They have been functions carried on by the Department of Labor in the past and should continue under its province.

My amendment is simply designed to eliminate the dual enforcement and dual administration over participation, vesting and funding under the pension package in the present bill.

It is fair to ask why this kind of a sensible legislative dichotomy is not in the compromise package. I believe the answer is that both sides felt they should have the authority over the whole package, neither being willing to cede on the jurisdictional point.

The result is that both got everything, and such a situation is not only absurd, it will be disastrous to the private pension system.

There is no worthy purpose in proliferating the administration of the already complicated pension law by dual standards, dual reporting, dual bureaucracies, and dual enforcement. This dualism will harbor uncertainty about the future, will force duplicative reporting requirements on employers, and of course greatly increase the administrative costs attendant to pension plans.

Mr. CONABLE. Mr. Chairman, will the gentleman yield?

Mr. ARCHER. I yield to the gentleman from New York.

Mr. CONABLE. Mr. Chairman, I would like to thank the distinguished gentleman from Texas (Mr. ARCHER) for the initiative the gentleman has taken in bringing this amendment forward. It is an important amendment, and it is a needed amendment. The gentleman from Texas is doing a service to the House in presenting such an amendment. I hope the amendment will be agreed to by a wide margin.

Mr. SCHNEEBELI. Mr. Chairman, will the gentleman yield?

Mr. ARCHER. I yield to the gentleman from Pennsylvania.

Mr. SCHNEEBELI. Mr. Chairman, I thank the gentleman for yielding to me.

Mr. Chairman, I wish to concur in the remarks of the gentleman from New York (Mr. CONABLE). The amendment offered by the gentleman from Texas (Mr. ARCHER) is indeed a worthwhile amendment, and should have been written in, in the first instance, and I hope the House will support the amendment.

Mr. WINN. Mr. Chairman, will the gentleman yield?

Mr. ARCHER. I yield to the gentleman from Kansas.

Mr. WINN. Mr. Chairman, I rise in support of the amendment offered by the gentleman from Texas (Mr. ARCHER). I would like to ask the gentleman one question. Is it true that there is a difference between the enforcement between the IRS and the legislative process in this bill?

Mr. ARCHER. The enforcement by the IRS under the regulations will always be accomplished within the broad frame of the authority that we grant them, but the enforcement by the Department of Labor, if we continue with these combined administrative standards, could be very much different. The interpretation by the Department of Labor could possibly be different than the same regulation as interpreted by the IRS. This too would be an intolerable situation, even if the regulations were the same, the interpretation could be and very well might be different.

Mr. WINN. There is, of course, the difference, though, is it not true, that the legislative protection that we are about to vote on today or tomorrow is taken away by the differences given to the IRS?

Mr. ARCHER. No. If you have a dual situation you can have a quagmire of controversy as to which interpretation is correct, with no solution benefiting anybody.

I think it is interesting to note that here we are trying to permit small employers to compete with big business, and that this dual situation will have just the reverse effect; the large corporations and the unions have been basically excepted by this bill. But the small employer, faced with this added protection cost of administration on their pension plans, will no longer, in my opinion, be able to compete, in many instances, with the big corporations, and the result could very well be they will be swallowed up by the big corporations, which is exactly what we do not want in this House.

The CHAIRMAN. The time of the gentleman has expired.

Mr. DENT. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Texas (Mr. ARCHER).

Mr. ULLMAN. Mr. Chairman, would the gentleman yield?

Mr. DENT. I am happy to yield to the gentleman from Oregon.

Mr. ULLMAN. Mr. Chairman, I want to say that the gentleman in the well has been most cooperative in working out an arrangement with me in a very difficult matter, and one that is very complicated. And while I fully respect the views of my friend, the gentleman from Texas (Mr. ARCHER) and recognize, in his sincerity, the things that the gentleman believes in, I think it would be a great mistake for the House to accept this kind of an amendment that would upset what I consider to be a very fine and workable arrangement that the gentleman's committee and the Committee on Ways and Means have worked out. This really is an integral part of that understanding, and I would hope that this House would stay with us and not accept the amendment.

Mr. DENT. Mr. Chairman, I thank the gentleman from Oregon for his remarks. I think in essence they are the main reason for this whole situation. We were put into this position by the action of the other body.

There is no way in the world we can dodge our responsibility here to pass legislation in this area. If we cannot dodge that responsibility then we must accept the proposal as it was sent over from the other body, that it be a joint effort between the Committee on Ways and Means and the Committee on Education and Labor.

But there is a very good and sound reason for not accepting the amendment. One very important reason is that the insuring feature, the reinsuring feature is contained only in that part of the bill that is under the jurisdiction of the Committee on Education and Labor, and the Department of Labor.

In order to approve plans for insurance, there have to be some minimum criteria. In this particular area that the gentleman is trying to take out of the legislation are the criteria for approval of the question of whether the fund is sound in its vesting, whether it meets the requirements of that law that is in the hands of the Department of Labor on funding. Therefore, we would take away the criteria that establishes the base for determining whether a plan can be reinsured or an optional base for a lowered rate of payment on the insurance because of the character of that particular plan itself.

Each and every plan will be judged on the question of whether they pay more for their insurance now or less.

The gentleman mentioned the added cost. I have not objected here to added cost which will be given entirely to a certain per capita charge against every participant in the fund to the Internal Revenue for its administration. We already have the machinery in the Department of Labor. There will not be, according to my information, any abnormal increase or prohibitive increase in cost for the administration in the Department of Labor.

Second, and more important—even if I

come down to the basics—is this: The negotiated part of a plan negotiated between labor and management, whether that be a plan that is qualified or not qualified, is a matter of contract. We are prescribing a minimum requirement for that contract, not a maximum. Neither is the IRS restricted to these particular minimum requirements. It may, when it sees fit to do so, add some other criteria before it gives a tax deferment to some wild-eyed proposal that might come across in a non-negotiated plan, for instance, which is still qualified.

I believe that we have struck upon a formula that will endure and will give justice to every person covered by a pension plan, whether he be in a qualified or nonqualified plan. We need the criteria in our section of the bill, and that was agreed upon a long time ago. In fact, for the benefit of the sponsor of the act—and I respect his position on the thing—every member of our committee fought hard to take out of his particular section of the bill the very features that he is taking out of our section of the bill.

The CHAIRMAN. The time of the gentleman has expired.

(By unanimous consent, Mr. DENT was allowed to proceed for 1 additional minute.)

Mr. ARCHER. Mr. Chairman, will the gentleman yield for a question?

Mr. DENT. I yield to the gentleman from Texas.

Mr. ARCHER. I have no doubt as to the gentleman's sincerity in his effort to develop a good pension bill, but I do take issue with the question of the cost to the employer which in effect becomes the cost of the worker for administration. If we have in effect provided all of these fine safeguards but the cost of providing reports in complying with all of the regulations of two Federal agencies, which might and probably will be conflicting, then we have undone all the good safeguards. I should like to point out that he mentioned insurance. My amendment does not touch the question of insurance. This would stay exclusively in the Department of Labor, and that is fine.

I have no real quarrel so much as to whether the Department of Labor or the Department of the Treasury administers it, as to the fact that it be done by one. If we can separate the functions out so that one has exclusive control over one function and another over another, we will simplify this cost.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

(By unanimous consent, Mr. DENT was allowed to proceed for 1 additional minute.)

Mr. DENT. Mr. Chairman, in answer I might say at the present moment both the IRS and Labor Department have supervisory powers, administrative powers, and administrative duties over all the sections on all matters dealing with pension plans. There is less duplication because we have unified the criteria under this particular act on the minimum standards.

In fact, the motion I thought the gentleman was going to make, and I would have had to reject it, was to move to take these features out of the IRS and give them to that particular part of the Government that has jurisdiction over contracts, because all of these plans come from contracts basically and if we do not have criteria to govern contracts certainly we would be in a very weak position to have criteria determining the tax deferment. I would have had to go along with the gentleman from the Ways and Means Committee because we sincerely believe that it is a dual effort and unified and ought to be operated in that manner.

Mr. ERLENBORN. Mr. Chairman, I move to strike the last word.

Mr. Chairman, as I said yesterday when we were debating the rule, the acting chairman of the Ways and Means Committee and the chairman of the Education and Labor Committee, were asked by the Rules Committee to get together and resolve their differences as to jurisdiction. With the wisdom of a Solomon, they cut the baby in half and each one unhappily has half this dead child. This is no compromise.

What we have here is a ridiculous posture for this House to take: to pass in the same bill two separate laws quite similar, not identical, but quite similar in the same area and investing two different departments of the Government with the authority to see that these laws are complied with. This means the plan administrators are going to have to go to the Department of Labor to get an OK relative to the provisions on vesting and funding and then go to the Department of the Treasury and IRS where another set of bureaucrats will look at a similar law and maybe even regulations and interpret them differently. Then the Administrator will find he has not satisfied IRS and he will change the plan to satisfy IRS, and then Labor is going to be unsatisfied.

This is a prescription for utter chaos. If there is one thing we can do to discourage the future growth of private pension plans in industry, this is one of those things, to have so much paper work and conflicting jurisdiction as to discourage any employer from ever beginning a new plan; and those that are operating plans now will be sorry that they are.

I would have preferred to see primary jurisdiction in the Department of Labor. We really have no choice under this rule, working under a closed rule on title II. We could not even move to strike participation and vesting in title II. We do not have that option. We are operating under a closed rule. That being the case, the only way we can avoid dual jurisdiction is to adopt the amendments offered by the gentleman from Texas.

I do not think that is the perfect answer, and the gentleman from Texas himself said he does not think it is the perfect answer, but it will avoid this conflict which is inherent in the bill as it is being considered now.

The gentleman says he would divide the jurisdiction this way: On tax-qualified plans the jurisdiction would be in IRS; those that are not tax qualified would be in the Department of Labor.

When we stop and think about it for a moment, however, if we are adopting the same set of regulations for the right to even operate a plan as to have a plan tax qualified, who is going to have an unqualified plan in the future? Nobody. One might as well be tax qualified and get the tax deductions as to just operate a plan which is not tax qualified. One might as well have the tax qualifications.

I think if the gentleman's amendments are adopted, all the jurisdiction ultimately will be in the IRS. There will not be anything for the Department of Labor to do because we will not have any plans; but I would rather have that than have this House appear so foolish as to adopt two sets of laws in the same area in the same bill and invest two separate departments with the same power to regulate.

That just makes no sense at all, so I think I must support the amendments offered by the gentleman from Texas.

Mr. DENT. Mr. Chairman, will the gentleman yield?

Mr. ERLENBORN. I yield to the gentleman from Pennsylvania.

Mr. DENT. If the gentleman is in support of this amendment, his assumption is that there will be no qualified plans. That is only, of course, a guess on his part. I would say there would be still many thousands of qualified plans, that over 2,000 of them exist, and if we wipe out jurisdiction from us by taking away these features, will the gentleman tell me what qualified features he would set up for a qualified plan?

Mr. ERLENBORN. I cannot imagine any wise business administrator operating a plan that is not tax qualified, if it has to meet all the same rules and regulations as a tax-qualified plan. Why would he be so foolish as not to take advantage of the tax determinations allowed under the rules of tax deduction?

I do not think there would be any unqualified plans if they were under the same set of rules.

I would urge that the amendments be adopted.

Mr. WRIGHT. Mr. Chairman, the legislation now before us is clearly one of the most important bills which will reach this floor for consideration this year. It will have far-reaching and lasting effects upon the lives of many Americans.

This bill is designed to protect the rights earned by millions of our citizens to the fruits of their labor and the reasonable expectation of a decent income on which to live after their retirement.

It has been estimated that upwards of 30 million employees were participating in private pension plans in this country in 1972 and that approximately 42 million will be involved by 1980. Pension plan assets had a book value of $150 billion in 1972. They are expected to reach $225 billion by 1980. So what we do here today will have far-reaching ramifications.

Undoubtedly one of the saddest spectacles of our society, in fact little short of criminal neglect, is to see a conscientious American wage earner spend 20 years or more of his life in the expectation that he is laying aside something of security for his old age, only to be rudely shocked to discover that, for any one of a number of reasons, he really has nothing at all.

A traumatic example of this neglect comes to my mind from an episode in the history of my own family. In 1931, with the onset of the Great Depression, my grandfather at the age of 61 lost his employment with a large nationwide firm which he had served faithfully for 23 years. In only 2 more years he would have been eligible for retirement benefits from a pension plan operated by that company. Thrown out of work in the midst of the Depression at the age of 61, after 23 years in one job, he was unable to find other employment and had nothing—absolutely nothing—by way of vested retirement rights for his years of labor. And this, of course, was before the days of social security.

Nor was my grandfather's case in any way unique. All those with 20 years or more of service to this company were summarily discharged in that massive reduction in force. The company apparently had deliberately chosen to dismiss those with the longest service as a means of avoiding the payment of retirement benefits.

Fortunately, most of American industry today is more humane and less cruelly oblivious to the rights and feelings of its employees than many of its forerunners were in that earlier period.

But examples of this type of criminal neglect still occur. The Studebaker case is one of the most prominent examples. When Studebaker closed its South Bend, Ind., plant in 1964, the employees were separated and the pension plan was terminated. Many—including some who presumably had vested rights—were laid off with little or no benefits at all.

While one of the most celebrated cases, the Studebaker case is far from an isolated incident. According to the Department of Labor, there were 1,227 terminations of pension plans in 1972 alone. A joint study by the Treasury Department and the Labor Department indicates that these terminations probably resulted in the loss of some $49 million of benefits by 19,400 pension participants.

What I am saying should not be misinterpreted as a blanket criticism of private pension plans. Most of them, happily, are sound. A great many of them do a truly excellent job of providing the retired worker with the income for which he has jointly paid with his employer and to which he has looked forward. Private pension plans should by all means be encouraged, not discouraged.

Nevertheless, a study of the wide gamut of such plans as they exist today has revealed a number of deficiencies. I seriously doubt that there is any Member of this House who has not received at least a few letters from dismayed, shocked—and, yes, heartbroken——constituents who relate a series of circumstances through which they have been deprived of what they thought was rightfully theirs.

Any number of inadequacies, and sometimes hidden technicalities in the plan under which they thought they had coverage, have led to a financial disaster for too many retired workers.

In the aerospace industry, for example, it is not uncommon to find a highly skilled workman spending 10 or 12 years of his life in the employment of one company, only to be required by a reduction in force—a circumstance over which he has absolutely no possibility of control—to seek employment at another plant. He may work there for 8 to 10 years and then suffer a recurrence of the same fate. The result would be that a man with anywhere from 15 to 20 or in some cases 25 years of service to various companies in a given industry would end up with no guaranteed pension protection at all.

These facts of economic life argue impellingly for the adoption of certain minimum Federal guarantees to assure to our working force the benefits of vested rights and some portability of pension plan coverage.

We have been at some pains in the Congress to write laws which protect the consumer from being deceived and cheated by fraudulent practices in the market place. How much more unconscionable—how much more irremediable to allow any American to be deprived of his retirement from the fruits of his own labor over an extended portion of his working career.

When a person is deprived of money by fraudulent packaging or advertising, he has suffered some immediate injury but one from which he can recover. When a person is deprived of the fruits of 15 or 20 years of his life, however, he has lost something which he can never recapture.

For each of these reasons, I support the move to strengthen and improve the pension rights of America's working force. We need to correct the injustices that exist. It seems to me that we owe our fellow citizens nothing less.

Mr. BIESTER. Mr. Chairman, I rise in strong support of the substitute to H.R. 2, the Pension Reform Act, comprised of H.R. 12906 and H.R. 12855.

Private pension plans are a rapidly growing and expanding economic reality. From coverage of 4 million employees with assets of $2.4 billion in 1940, private pension programs now cover 35 million workers with assets of $150 billion.

Although private retirement plans established by employers for their employees are of a voluntary nature, it has become increasingly apparent that there are fundamental problems with the present system which must be corrected if we are to protect an individual's right to the pension for which he has worked and planned.

Over the years, thousands of individuals have seen their retirement benefits disappear as a result of inadequate safeguards in their pension plans. A mechanical engineer worked 20 years for a leading electronics corporation and several other companies but never quite accumulated enough time at any one job to earn rights to each company's pension benefits. A worker for a nationwide food chain put in over 32 years with the firm, but when the company closed down the warehouse where he worked he was fired 4 years short of the company's minimum pension age and received nothing. When the Studebaker plant in South Bend closed its doors a decade ago, pension plan participants were shocked to discover that the company had never funded their plans. Similar stories have been repeated too many times.

The private pension system represents a tremendous financial resource. Existing law in this area, minimal as it is, has not done the intended job, and it has become clear that steps must be taken to better guarantee the objectives of the private pension system. This must be accomplished without jeopardizing the ability of private programs to expand and serve more individuals.

In enacting requirements to bring deficient or potentially unsound programs to a minimally acceptable level, we should not unnecessarily impede those which are and have been performing well. The purpose of pension reform legislation, therefore, is not to inhibit or unduly restrict private plans but to insure their continued vitality and viability on a sound basis.

History and experience with private plans has indicated problems in four general areas: vesting, or granting employees a nonforfeitable right to at least a portion of their benefits; funding, or insuring the adequacy of assets for payments under the plan; fiduciary, or assuring the ethical reliability of fund managers and plan operations, and portability, or allowing pension rights to follow an employee from one job to another.

The Pension Reform Act addresses itself to these concerns. Guidelines are set forth in determining eligibility of participants, including such factors as age, years of service and interrupted service. The vesting section provides the employer three differing options from which to choose: 25 percent after 5 years plus 10 percent for each of the next 5 years—full vesting after the 15th year; full vesting after 10 years; or 50 percent vesting when the sum of age and years in covered service equals 45—with 100 percent vesting 5 years later. Covered service prior to the legislation's enactment would be taken into account in determining benefit entitlements.

Minimum funding requirements call for annual employer contributions sufficient to cover normal costs and amortization of all plan benefits. A termination insurance program is included which would protect workers against plans that partially or completely fail. Participants would be covered to a maximum of $20 monthly times the years enrolled in a plan or plans. Pension plan managers would have to meet certain minimum fiduciary standards to assure their competence and trustworthiness, and the funds themselves would have to be placed in diversified investments. Plan participants would be required to be provided with comprehensible explanations of a plan's features and its financial condition.

Provision is made for plan participants moving from one job to another who wish to transfer pension benefit credits accrued in previous employee service. Also included is an arrangement whereby self-employed individuals are encouraged to set up their own retirement plans through a system of tax incentives but with specified limits on the benefits and contributions under such a program.

In reconciling the interests and concerns of both employer and employee in this legislation, Congress is seeking a balance which can fairly satisfy most of those involved. We should be establishing an encompassing program, comprehensive in scope, to cover adequately all those problems which experience tells us should be dealt with. While I support the bill now before us as a considerable improvement over the present approach, I feel it could be stronger in the protection it affords the American worker covered by its provisions. Although this measure is not a final answer to the problems of the private pension plan system, once it is enacted and we have the opportunity to observe its impact over a period of time we will be in a position to evaluate its effects and then recommend whatever changes may be warranted. We should, however, give this legislation the full opportunity to achieve its intended and necessary purposes.

The pension reform measure we pass should assure that private pension systems do what they are intended to do, and do so in a sound and businesslike manner. I believe the legislation, as reported by the two committees which considered it, can help accomplish this.

Mr. MEEDS. Mr. Chairman, for America's working people legislation to protect private pension plans is long overdue. It is perhaps our most important piece of unfinished business. For too long we have permitted tragedies in which the hope of a pension becomes a broken promise.

We, on the Education and Labor Committee, have worked many months and years to shape this legislation. Frankly, pension protection is one of the most complicated subjects ever to come before us. But there is nothing complicated to the letters which I am sure all Members of this House have received from people who, for one reason or another, were shortchanged on the pension they had been promised.

It was my honor to chair a subcommittee hearing in Seattle last April during which we took testimony from local parties concerned about pension reform. Among those who appeared were Chuck Mahlum and Farris Bryson of the Association of Western Pulp and Paper Workers. The three of us live in Everett, Wash., where a local paper mill closed in 1972. Because all the liabilities came due at once, there were insufficient assets in the pension fund to cover the several hundred employees. Workers who had served the company for 20 years got severance checks and directions on how to get to the local employment office.

With the legislation that has already been passed by the Senate and which is pending here today, we can prevent the kind of rending experiences that occurred in Everett. We can assure people that after years of faithful service they will not become throwaways.

I think our substitute bill is a wise and careful compromise. We require in-depth reporting and disclosure standards so that unions and employees will know just where they stand. We require itemized accounts of assets, receipts, disbursements, loans, leases, and other important information. The fiduciary is required to diversify holdings to minimize potential losses.

The legislation's provision on vesting is noteworthy. Followers of White House and congressional pension legislation know that a hangup has been the difference of opinion as to how soon and when an employee should be vested. So what we have done is to give participants three options. In the first option, an employee can become fully vested after 10 years of service. In the second option, he can become vested by 25 percent after 5 years, and then full vesting after 15 years. The third option is the "rule of 45". That is, 50 percent vesting when age plus years of service equals 45, and then increasing to 100 percent by 10 percent each year.

As for eligibility, our compromise requires that a person become eligible not later than age 25 or after 1 year of service. The funding section is simple. For new plans all unfunded liabilities must be funded in 30 years and 40 years is the time schedule for existing plans.

The heart of the bill, in my view, is plan termination insurance. Pensions are deferred wages, and they are also based on the probability that a certain number of people in the pension plan will retire each year. As I said previously, the Everett situation saw all the liabilities come due at once. In our bill we establish a Pension Benefit Guaranty Corporation. All plans are required to insure unfunded vested liabilities.

We have reached a reasonable accord with the Ways and Means Committee on tax treatment of group plans and on Keogh self-employed plans.

Mr. Chairman, the people of America have been asking for this overdue legislation. They deserve it. Let us make sure that deferred wages will never be deferred permanently.

Mrs. SCHROEDER. Mr. Chairman, I would like to express my enthusiastic support for the two bills being offered today as substitutes to H.R. 2, H.R. 12906, and H.R. 12855. Together these bills provide a series of reforms in private pension plans to transform what has been up to now an amalgam of giant lotteries into a sensible, standardized, supervised plan of retirement income for older persons in America.

Private pension plans have assumed increasing importance in this country over the past 10 years. Today, some 30 million Americans are covered by pension plans, including nearly half of all full-time nongovernment employees. Another 14 million persons are covered by Government plans; this represents a 50-percent increase in one decade of persons covered by these two types of plans. The median pension payment for those retiring has doubled over this same period of time; and today these plans have in excess of $150 billion in assets. Up to now, pension plans have been characterized by gross deficiencies in organization and gross inequities in distribution of benefits. Far too many people never draw the pensions toward which they have contributed their hard-earned dollars, money they had counted on, and to which they are entitled—not as a reward but as a matter of right.

The legislation before us would protect working men and women from being arbitrarily deprived of these retirement benefits by establishing minimum standards for companies offering such plans and by preserving tax advantages to encourage their participation. H.R. 12906 would establish tighter reporting and disclosure requirements to provide each participant or beneficiary with a written description of the plan and a summary of the annual financial report to be submitted to the Secretary of Labor.

Members would thus be informed of their schedule of benefits, eligibility and vesting provisions, claim procedures and remedies, bases of financing, and any other plan provisions which affect their rights as employees. Fiduciaries of the plans are required to discharge their duties "solely in the interest of the participants"; they are prohibited from engaging in transactions purely for their own gain, directed to diversify investments so as to minimize the risk of loss to plan members, and to make available copies of the plan description and annual report to keep the public well informed.

Under this bill, a company offering a pension plan would be required to extend coverage to every employee who has reached the age of 25 and completed 1 year of service; employers may choose one of three plans by which to convey increments; most employees would receive 100 percent vesting after 15 years of service. Adequate funding would be required for current and prior liabilities; and a Pension Benefit Guaranty Corporation would be created to provide insurance against termination in case a company folded before its employees began to receive their benefits. Both the Labor Department and the Internal Revenue Service are authorized to enforce various aspects of the legislation; and the bill has the sanction of both criminal and civil penalties to be imposed in the event of violations.

H.R. 12855, title 11 of the substitute bill, offers identical provisions for participation and coverage, vesting, and funding. In addition, this bill would also increase the tax deduction for retirement plans of self-employed persons; limit the amount companies can set aside as part of profit sharing and money purchase pension plans; and allows individuals not covered by any qualified private or government pension plans to deduct up to 20 percent of their earned income up to $1,500 to be set aside in a special custodial account, in a credit union, a bank, a savings and loan account, or a life insurance company, whichever they choose.

It mandates automatic joint and survivor annuities unless an individual, with full knowledge of the terms of the annuity, voluntarily in writing "opts out." Finally, title 11 would require the Social Security Administration to maintain records of retirement plans in which former employees who have not yet retired have vested benefits, and to provide this information to plan participants and their beneficiaries on request. This information reserve is a major step in the direction of instituting portability of pension rights, so that a person will one day be able to transfer benefits from job to job.

The repercussions of this extensive reform will be widespread indeed; retired persons in this country will have more money to spend, enabling them to live more comfortable lives in a more self-sufficient way, and providing them with the purchasing power necessary to contribute to the overall stability of the economy. Accumulated security plans appear to be gradually leading toward earlier retirements, enabling people to enjoy the middle and later years of their lives, exploring new ways in which to experience their leisure time. In addition, pension funds are themselves becoming a source of financial power, as a source of corporate capital and real estate investment. Finally, retirement programs will become an increasingly important component of the overall benefits package used by companies to attract and retain employees. They will provide an incentive for both union and nonunion industries to formulate pension plans where none presently exist and to improve existing benefits for the worker.

While H.R. 12481 and H.R. 12855 address themselves to a number of long overdue, much needed reforms, they represent only a beginning in solving some of the problems in our private pension system, especially as that system affects women. Private pension plans have not looked kindly on women who work and then leave their jobs temporarily to give birth or to raise a family, or women who work part time. Moreover women generally receive less benefits than men simply because they are still discriminated against in employment and salary opportunities. We should not hesitate to do away with these inequities now.

The present pension bill provides for vesting at age 25. I would support a provision to set eligibility at age 25 or after 3 years of service, whichever occurs first. Many persons in this country begin to work upon graduation from high school, at age 18. A number of women who start to work at 18 leave the workforce for a couple of years to have children and then return—80 percent of all first births in this country occur before a woman reaches 25. If vesting is to be truly a nonforfeitable right, it should not be deferred for any arbitrary reason, particularly when this results in hardship to both blue collar workers and to working women.

While the legislation under consideration does mandate survivorship benefits to be automatic unless they are explicitly waived, I would support a plan whereby both the worker and the spouse are required to waive their rights to these benefits. Since it is the spouse who is directly affected, he or she should participate directly in the process of waiver.

Part-time employment is often a necessity for many women in this country, particularly those with family responsibilities or who are over the age of 65. One-third of all working women work only part time or part of a year; yet, many private pension plans exclude employees whose customary employment is less than 24 hours per week. I would support a provision which would include pension credit for part-time work, reducing the baseline figure to 20 hours per week and allowing proportional credit for such employment on a prorata basis.

The Labor Department has declared pensions to be a form of salary; yet we know all too well, despite legislation to the contrary, that there exist gross discrepancies and inequities between male and female earning power in this country. Women are more apt to be white collar workers than men, but the jobs they hold usually pay far less than those of men. The existence of separate actuarial tables for men and women in the same jobs are discriminatory against women, for they include statistics for nonworking women and compute their figures to arrive at an average, not a median, age. The result has been that women in the same occupation as men are given a life span up to 10 years longer, a figure which is very misleading. It is imperative that we continue to fight to reverse the trend towards sex discrimination in employment by making explicit in this legislation the prohibition of such discrimination in granting benefits, implementing programs, and in any way administering the act. It is also important that we continue to give meaning to title VII of the 1964 Civil Rights Act by encouraging stronger enforcement of its provisionns by the EEOC.

From board room to boiler room, working women have been deprived of financial security in this country. The patterns of employment for women are rapidly changing; let us pass legislation which both reflects these facts and protects these fundamental rights.

Mr. PRICE of Illinois. Mr. Chairman, pension safeguards are becoming increasingly important as the private plans grow and increasing numbers of Americans come to depend upon them as major sources of retirement income. An estimated 25 to 30 million Americans are covered today, and their number is expected to reach 42 million by 1980. Pension plan assets now exceed $150 billion and are expected to be $225 billion by 1980. Such funds have become a major source of investment capital.

Yet there is still no law governing the management of such funds or assuring that workers will receive the pensions they have been promised, even though workers may have been contributing toward them for many years. A recent Government study shows that in 1972, there were 1,227 plans terminated involving 42,000 claimants. The total present value of the lost benefits amounted to $48.7 million for all claimants and $34.4 million for those retired, eligible for retirement, or whose rights were fully vested.

There are two outstanding examples of the situation this legislation is intended to remedy in the 23d Illinois District. The closing of the General Steel and American Zinc plants adversely affected the pensions of many workers who had not put in 30 years of service before they were terminated. All contributions to the pension fund were lost to these workers, and most were too old to find other employment but not old enough to collect Government benefits such as social security.

The impact current inadequacies in pension regulation have had in my congressional district persuaded me to become one of the original cosponsors of H.R. 2 and work for its enactment.

Under this bill, a company offering a pension plan would be required to extend coverage to every employee who has reached the age of 25 with 1 year of service. An employee's right in his pension plan would vest—that is, become legally enforceable—under one of three minimum standards: first, graduated vesting beginning with at least 25 percent after 3 years, increasing to 100 percent after 15 years; second, 100 percent after 10 years, with nothing before that period of time; third, 50 percent when years of service and age of employee total 45, 10 percent per year over the next 5 years. Most employees would have 100-percent vesting after 15 years of service.

Adequate funding would be required for current and prior liabilities of the fund, and strict fiduciary standards would be established for persons who manage pension funds. This is to protect the fund's existence. An insurance program would be created to protect against plan termination, as well as a reporting and disclosure requirement so that information about a plan and its transactions may be monitored. Enforcement of the bill's provisions will be carried out by the Labor Department and the Internal Revenue Service.

With regard to self-employed individuals and persons working for companies without pension plans, there are provisions in the bill to improve their situation. There are provisions to increase the amount self-employed individuals can set aside and deduct for retirement purposes from 10 percent of their income up to $2,500 per year to 15 percent up to $7,500. There are also provisions to permit employees not covered by pension plans to set aside and deduct for retirement purposes 20 percent of their yearly income up to $1,500.

Mr. Chairman, I think the case for this legislation is clear, and I hope that my colleagues will vote to protect the pension rights of millions of Americans.

Mr. BOLAND. Mr. Chairman, H.R. 2, the Employee Benefit Security Act, brings before us a genuine milestone amongst all the legislation that has been or will be considered by this Congress. It will go a long way toward providing full protection for millions of American workers participating in pension plans.

I would like to commend the efforts of the distinguished chairman of the General Subcommittee on Labor of the Committee on Education and Labor (Mr. DENT) as well as those of the acting chairman of the Committee on Ways and Means (Mr. ULLMAN) in developing a bill which combines substantive provisions on vesting, funding, portability, termination insurance, fiduciary responsibility, and reporting requirements with tax provisions covering deductible contributions.

Mr. Chairman, some 36,000,000 American workers are presently participating in some sort of pension or retirement scheme. It is essential that comprehensive, effective protection be extended to these workers so that their pension expectations will not be eliminated by business or pension plan failures. In my district alone, two major plant closings in the last decade—those of the Westinghouse vending machine plant in Springfield and the Perkins Machine and Gear Co. facility in West Springfield, have laid bare the inadequacies of present pension regulation.

Hundreds of workers who had been employed for many years suddenly discovered that they had no vested rights to pension benefits, and that the funds upon which they had depended to supply their retirement needs were underfunded. Some have since died without a single penny of reimbursement for the many years' contributions they made. Many others cannot even draw reduced annuity payments because they are too young.

Similarly tragic cases such as these abound throughout the country. It is apparent that improved Federal standards are necessary to halt the inequities they produce.

Title I of the bill provides these options for the vesting of pension rights: full vesting after 10 years of service; 25 percent vesting after 5 years with full vesting after 15 years; and a "rule of 45" whereby a worker with 5 years of service will be 50 percent vested when his age and years of service equal 45, and 10 percent additionally vested each successive year thereafter.

In all cases, when a worker acquires a percentage vesting, he has an undisputedly clear right to benefits no matter what happens subsequently. The bill envisages the possibility of his leaving his employer or the business failing without harm to his right to some pension benefits.

Title I also assures adequate contributions to fund every plan so that it will always be able to meet its obligations. A further guarantee of this is provided by mandatory plan termination insurance, which will set up a pension insurance fund that can back up pension plans that might fail for reasons from embezzlement to business failures.

Title II of the bill concerns itself with the amounts that constitute deductible contributions to individual plans for self-employed individuals as well as to other qualified plans like profit sharing or money purchase plans. It insures that both individuals and employees covered by qualified plans will be able to receive adequate pensions upon retirement from their savings.

Mr. Chairman, I am pleased to give H.R. 2 my support. At present, only one-half of the nonagricultural work force are covered by some sort of pension plan. That section can too easily fall prey to any number of circumstances that might totally deprive them of any equity in their established fund. And for nearly all of these workers, vesting occurs only upon retirement.

This situation is entirely too chance-ridden. It must give way to enforceable standards and effective regulation. The Employee Benefit Security Act will help to encourage expansion and growth of pension plans because it sets up enforceable criteria for the management of all kinds of funds, whether existing or new. The act demands fiduciary standards from those entrusted with the operation of pension plans. Both the Labor Department and the Internal Revenue Service would administer those provisions most appropriate to their area of expertise and collaborate in those areas which require joint action. This, I believe, will satisfy both workers and employers who feel that their interests deserve representation in this crucial sector.

Mr. Chairman, this legislation is both complex and far reaching in effect. It will have a profound impact on the latter years of millions of workers. It can enable them to enjoy their retirement with dignity. I am pleased that I can so wholeheartedly endorse this bill. I urge my colleagues to join me in supporting it.

Mr. CAREY of New York. Mr. Chairman the House will vote soon on final passage of historic pension reform legislation—a joint bill produced by the House Ways and Means Committee and the House Education and Labor Committee. For the first time, the 30 million workers covered by company and union pension programs will enjoy Federal guarantees that their pension plans will provide the retirement benefits to which they look forward and have earned.

Present tax law already encourages the establishment and continuing operation of pension programs in private industry and commerce. For over 30 years, the Federal Government, through favorable tax treatment of retirement fund investments and earnings, has enabled millions of Americans to invest in their futures. Deductions are permitted to employers and employees for contributions to pension plans, plus, increases in the value of these funds are not taxable until the retired worker actually starts receiving payments from the fund—when his tax bracket is substantially lower.

By 1980, 42 million Americans will be covered by pension programs, and pension plan assets will rise from a 1972 book value of $150 billion to $225 billion by 1980. These vast sums will now be protected and will be used to maintain workers and their families in economic security after completion of their active working years.

Mr. Chairman, the House Ways and Means Committee, on which I have the honor to serve, has worked long and hard in producing title II of the composite legislation we are considering today. We have had extensive hearings on this matter and considered the bill during 33 executive sessions of the committee. I wish to salute Chairman MILLS for his leadership and commitment to pension reform legislation; our distinguished acting chairman, Congressman ULLMAN, for his leadership during the exhaustive, day-by-day work of the committee; and Congressman JOHN DENT, for his continuing efforts in behalf of pension protection and reform. I also wish to salute the membership of both the committees for achieving this statesman-like jurisdictional allocation of the bill's provisions—title I to Education and Labor, and title II to Ways and Means. This itself is clear evidence of the firm commitment shared by both committees to making pension reform and pension protection a reality.

The committee has worked diligently to see that, in adding protective guarantees for pension rights, plans currently operating were not harmed. Many amendments were added to the bill to take the special needs of certain existing plans into account, while still maintaining revenue losses to the Treasury at a minimum.

Provisions in both bills for tax treatment, coverage, portability, insurance and funding represent truly landmark legislation in this vital area of insuring tens of millions of Americans with secure retirement years. I mentioned earlier the hundreds of billions of dollars that these combined funds will contain.

It is my hope that that these increasing billions will be used to provide additional badly needed mortgage money for housing. Mortgage interest rates in excess of 8 percent on a national scale have practically brought the home construction industry to a halt. This in turn has a very serious dampening effect on all the industries that service the construction, finishing, equipping and furnishing of these homes. Slack in employment is then further aggravated by decreased production, plus energy crisis unemployment.

The average worker, looking at the housing market right now, can see no way to buy a decent home for himself and his family. Housing averages approximately $30,000 for each new start, and inflationary pressures have driven the prices of other housing up at about 10 percent rate per year. What is needed badly right now is an increase of mortgage money in the private housing market.

Investment of increasing amounts of these institutional investments and portfolios in housing would permit some easing of the cost of credit in this vital area. It would provide a steady growth investment and, most appropriately, it would permit the American worker to borrow pension funds now, in order to provide decent, reasonably priced housing for his family.

Mr. Chairman, I cannot emphasize how significant this legislation is. We are taking the first step in Congress to guarantee the American worker with a certain and secure economic future. We will be looking at pension reform laws in the next several years. We will see whether deductions should be raised or lowered. We will evaluate inclusion of other types of plans in the coverage and tax deduction provisions which will be enjoyed by those coming under the protections of this pending bill.

The bill certainly does not represent nor promise utopia. Making this plan work will require a healthy, productive economy, increased investment opportunities for these funds in housing and other growth investment markets, and a commitment on the parts of both labor and management to see this legislation work. I am confident that all these conditions will be met.

Mr. Chairman, as a member of the House Ways and Means Committee, I support and urge the passage of this bill—legislation easing the mind of the worker who fears loss of pension at retirement, encouraging labor and management to invest in the senior consuming years of retired workers, and protecting and enhancing the security represented by pension plans already in operation.

In closing, Mr. Chairman, I want to say I am pleased I was able to be of direct assistance to a number of concerned groups of workers in securing inclusion of provisions protecting and improving their present pension plans. We can all be proud of this Pension Reform Act of 1974—legislation that will prove a sound investment in America's and our own futures.

The CHAIRMAN. The question is on the amendments offered by the gentleman from Texas (Mr. Archer).

The question was taken; and the Chairman announced that the ayes appeared to have it.

RECORDED VOTE

Mr. DENT. Mr. Chairman, I demand a recorded vote.

A recorded vote was refused.

Mr. DENT. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count.

Sixty-two Members are present, not a quorum. The call will be taken by electronic device.

The call was taken by electronic device, and the following Members failed to respond:

[Roll No. 50]

Addabbo
Baker
Brasco
Burton
Camp
Carey, N.Y.
Carney, Ohio
Chisholm
Clark
Conyers
Crane
Culver
Davis, Wis.
Dulski
Frelinghuysen
Gray
Gubser
Hansen, Wash.
Holifield
Jarman
Jones, Tenn.
Kluczynski
Kuykendall
Long, Md.
Mailliard
Martin, Nebr.
Michel
Mills
Minshall, Ohio
Mitchell, Md.
Mosher
Moss
Nichols
Powell, Ohio
Price, Tex.
Reid
Roberts
Rooney, N.Y.
Rose
Rosenthal
Rostenkowski
Sikes
Sullivan
Thompson, N.J.
Tiernan
Wiggins
Wilson, Charles H., Calif.
Yatron

Accordingly the Committee rose; and the Speaker pro tempore (Mr. McFall) having assumed the chair, Mr. Boland, Chairman of the Committee of the Whole House on the State of the Union, reported that that committee having had under consideration the bill H.R. 2 and finding itself without a quorum, he had directed the Members to record their presence by electronic device, when 383 Members recorded their presence, a quorum, and he submitted herewith the names of the absentees to be spread upon the Journal.

The Committee resumed its sitting.

The CHAIRMAN. For what purpose does the gentleman from Pennsylvania rise?

Mr. DENT. Mr. Chairman, I demand tellers.

PARLIAMENTARY INQUIRIES

Mr. ARCHER. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state his parliamentary inquiry.

Mr. ARCHER. Mr. Chairman, I would like to make a point of order against the request of the gentleman from Pennsylvania for a teller vote. The gentleman had sought to get a vote on the amendment, and he failed to do so, and then he asked for a quorum call. Further, the vote was announced that the ayes had it. Then the gentleman failed to be able to get a recorded vote, and when the gentleman could not get a recorded vote he then made the point of order that a quorum was not present. I would like to have us proceed in the regular order.

The CHAIRMAN (Mr. Boland). The Chair will inform the gentleman from Texas that the Committee has not passed on to other business, and the gentleman from Pennsylvania is entitled to ask for a teller vote on the amendment offered by the gentleman from Texas (Mr. Archer) but he may not ask for a recorded vote.

Mr. ARCHER. Mr. Chairman, a further parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. ARCHER. Mr. Chairman, did the gentleman not have to do that before he asked for a quorum call, and before the vote on the amendment was announced?

This appears to me highly irregular. I have been here for only 3 years, but I have never seen anything like this happen in those 3 years.

The CHAIRMAN (Mr. Boland). The Chair will state to the gentleman from Texas (Mr. Archer) that it is not highly irregular. It is not necessary to take a teller vote before a recorded vote, and the order of preference is within the discretion of the Member asking for the vote. A teller vote is now in order if the gentleman from Pennsylvania requests one, and a sufficient number of the Members of the Committee agree to his request.

PARLIAMENTARY INQUIRY

Mr. DENT. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state his parliamentary inquiry.

Mr. DENT. Mr. Chairman, is it not always in order that any Member of the House, when he suspects or believes there is not a quorum present at any point of order in the business of the House, can call for a quorum?

The CHAIRMAN (Mr. Boland). The Chair will state to the gentleman from Pennsylvania (Mr. Dent) that the gentleman has stated the general principle. The Chair again will inform the Members of the Committee that the gentleman from Pennsylvania is within his rights in demanding a teller vote, but not a recorded vote.

PARLIAMENTARY INQUIRY

Mr. DU PONT. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state his parliamentary inquiry.

Mr. DU PONT. Mr. Chairman, my parliamentary inquiry is this: Is it the ruling of the Chair that at any time following a request for a recorded vote, or a teller vote, in which a sufficient number of Members do not arise, that at any time later on in the proceedings of the House a Member is entitled to get a vote on an amendment that has been adopted on a voice vote?

The CHAIRMAN (Mr. Boland). The answer to the inquiry of the gentleman from Delaware is no; only if the Committee of the Whole House on the State of the Union has not proceeded with further business.

TELLER VOTE

Mr. DENT. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. Archer and Mr. Dent.

The Committee again divided, and the tellers reported that there were—ayes 111, noes 158.

So the amendments were rejected.

Mr. DENT. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker pro tempore (Mr. McFall) having assumed the chair, Mr. Boland, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee having had under consideration the bill (H.R. 2) to revise the Welfare and Pension Plans and Disclosure Act, had come to no resolution thereon.

PROTEST ON TITLE I FORMULA DEVELOPED IN ELEMENTARY AND SECONDARY EDUCATION ACT

(Mr. PEYSER asked and was given permission to address the House for 1 minute, and to revise and extend his remarks.)

Mr. PEYSER. Mr. Speaker, within the next week or two we are probably going to have action on the Elementary and Secondary Education Act, and at this time I want to register a strong protest on the formula developed in this legislation specifically dealing with the question of title I moneys.

Mr. Speaker, I am a member of the Committee on Education and Labor, and deeply disturbed over what has happened in the development of this program—it is going to strike a blow at nearly every urban area in the country, and it is going to change the real thrust of title I, which was supposed to be directing money to the areas where there are poverty children who are in need of extra aid in education.

It seems to me any dilution of this effect which is going to happen if this legislation is passed the way it is now proposed is going to be very detrimental to the entire program.

I am entering into the Record a complete statement as to what the impact of this bill on title I will be.

Mr. Speaker, as a member of both the Education and Labor Committee and its General Education Subcommittee, I have actively participated in the 13 months of hearings and markup session held on H.R. 69. During this time, the committees attempted to carry out a thorough investigation of all aspects of the Elementary and Secondary Education Act, and especially the title I program, aid to disadvantaged children, and its formula for distributing funds. It is unfortunate that after all of its careful deliberations the committee was forced to vote on a formula for title I which it had not seen prior to its being offered as an amendment, and for which there was no data indicating its effect on different areas of this country.

Throughout the hearings and subsequent to full committee passage of H.R. 69, a great number of myths about aspects of the new title I formula and about New York State have been created to cloud the real issues and to insure acceptance of this new formula. I would like to take this opportunity to clarify a number of confusing points and inaccuracies that surround the title I formula.

It has been stated that the new committee formula is better than the old formula because it uses the "more flexible and realistic" Orshansky poverty index to determine low-income eligibility for title I. However, no one has taken the time to truly describe to the Members of this body either what the Orshansky formula is or what its limitations are.

The Orshansky poverty index was developed to be a means of evaluating the relative economic well-being of diverse groups in our society, especially farm and nonfarm dwellers. Its basic concept is that the well-being of a family is indicated by the percentage of income used to purchase necessities, and that families needing to use the same proportion of income for a given level of food expenditures are considered to have the same level of living.

The index was developed in 1963 from an analysis of the percent of income devoted to food expenditures by families and the lowest dollar outlay at which a housewife can hope to provide a recommended nutritional goal for her family. The consumption information for the comparison was supplied by a 1955 Department of Agriculture food consumption survey and a 1961 study of family expenditures conducted by the Departments of Labor and Agriculture. Although food expenditures represented only 30 percent of the use of a person's income, it was felt that by comparing food expenditures, the relative poverty of different groups could be found. Initially, 1963 price and income levels were used with the cost of food figures being derived from the Department of Agriculture's "Economy Food Budget Plan," and it was estimated that a farmer got approximately 30 percent of his food from his farm so farm poverty levels were set at 70 percent of nonfarm levels. In 1968, two modifications were made: one called for the use of the Consumer Price Index to update prices rather than just changes in the food plan cost as had previously been used; and the other revised the farm poverty levels upward to 85 percent of the nonfarm.

The criteria for the Index are: sex of the head of the household; whether the head of household is over 65; number of children under 18 in the household; total size of household; whether the family is a farm or nonfarm family—this is not a rural-urban differentiation, so that nonfarm persons in Los Angeles or Snowflake, Ariz., are considered equivalents.

The limitations of this index start when it is noticed that the base levels of the index were set over 10 years ago, and the data used to derive the base levels was over 9 years old at that time. Furthermore, the index uses only food expenditure data as its basis, ignoring such necessities as cost of housing and transportation, medical expenses, a person's assets, and the difference between the cash income of a farmer, who has a greater ability to use income tax provisions, and a nonfarmer. Mollie Orshansky, the index's developer, has said of the index:

> It (the index) concentrates on the income-food relationship, although in urban families, particularly those handicapped not only by a lack of money but by minority status and large families, the cost of housing may be critical.

It should also be noted that there was no attempt to account for the "cost-of-living" differences in the initial determination of the cost of food and the subsequent updating of price levels for the index, and, thus, the index tends to overstate poverty in "low-cost-of-living" areas—rural—and to understate poverty levels in "high cost-of-living" areas—metropolitan areas. Ms. Orshansky recommended in her testimony before the Special Education Subcommittee that "further analysis" of the formula be conducted before it was used as a poverty index.

Throughout the Education and Labor Committee's consideration of the renewal of the Elementary and Secondary Education Act, the Orshansky poverty index was continually offered as a new and better way of determining eligibility of children for title I moneys. The general shortcomings of the Orshansky formula have already been mentioned, but there are specific failures of it that are especially relevant to its use in title I. It is argued that the index is more flexible than a static poverty level, and that it is better than the "outdated" figure of $2,000 that was set in 1965. Ms. Mollie Orshansky answers these by saying, "The index is a still photograph, not a moving picture," and this still photograph was taken in 1963, 2 years before the "outdated" 1965 determination of $2,000, and its subject was 1955 data. Further, it should be realized that the count of people below the Orshansky poverty level for States, counties, and cities is from the decennial census, and thus Orshansky is as dependent on 10-year-old census data as the old formula.

In considering title I, it must be remembered that the funds appropriated for this program have never been sufficient to meet the needs of all of the eligible children. Under the 1960 census and $2,000 poverty level, the number of children below the title I poverty level was approximately 4,800,000—which is comparable to the number of children under the 1970 census at $3,500 poverty cut off—while the use of Orshansky will increase the number of children to about 7,700,000. This 50-percent increase in the number of children will cause a dispersion of monies to the extent that the true effectiveness of title I in helping disadvantaged children is questionable.

A final effect of the Orshansky formula is to shift the funds out of urban areas and distribute them in farm areas. This shifting of funds is in direct contradiction to the movement of people, including poor people, from rural areas into metropolitan areas, and coupled with the greater dispersion of money, the result is a decrease in funds for almost all urban centers while they are increasing in the number of eligible children.

The use of the Orshansky poverty index in title I will alter the purpose of the program, which was to aid local education agencies with concentrations of disadvantaged children, and this change will severely harm the attempt to provide an equal educational opportunity to all disadvantaged children.

Another point concerns the eligibility for title I assistance of children from families who have income in excess of the poverty cut off from AFDC. It is argued that AFDC is not a reliable poverty indicator since the payment levels differ from State to State and since certain groups do not register for AFDC. It is also argued that AFDC is biased against rural areas, and many ineligible people are receiving payments.

The clearest response to the complaint about the differing level of payments was made by the Social Services Administration in their response to the question: "Does the variance between AFDC eligibility and payment levels reflect the regional variations in cost of living and as such, constitute an important part in an equitable distribution of funds?" The reply was:

> Although there are variations in AFDC eligibility and payment levels which do favor States with less restrictive eligibility rules and higher payment levels, if AFDC data are used to allocate funds, we are unaware of any other more adequate data which is provided county-by-county [Title I is a county distribution formula] on a relatively current basis (yearly) which could be used for an equitable distribution of funds. These data can be augmented by data on the ethnic-racial composition of jurisdictions in such a way as to increase funds to communities with higher proportions of ethnic-racial concentrations [thus compensating for the failure of groups to register].

AFDC payment levels do vary from State to State, but in reality—although the Orshansky index ignores this fact—so does the true level of poverty.

In regard to the argument that AFDC is biased against rural areas, this bias is as much a result of the failure of the States, especially in the Southeast, to provide the necessary assistance as it is caused by any shortcomings with the AFDC program. The lower payment levels and the failure to provide out-reach services are not due to the poorness of the States, but rather are part of a general disinterest of Southern States in providing services to their citizens. This is clearly shown when one compares the average relative tax effort—which is compiled by the Advisory Committee on the Intergovernmental Relations by dividing the personal income adjusted for "tax capacity" by the total State and local tax collections—of the Northeast to the Southeast, which are 12.87 and 10.05 respectively. It should also be noted that over the last 2 years, since 1972, the Southeast's increase of 55.4 percent in the number of children from families over $2,000 from AFDC is far greater than any other regional increase in the country. As these States increase their efforts, the so-called bias of AFDC will disappear.

The last complaint about AFDC was that there were many ineligible people on its roles. This argument does not discredit AFDC, but rather says that there is a need for reforming it to insure that only eligible people receive payments. This reform has been initiated, and the recent social security regulations require that the AFDC rolls be reviewed every 6 months to weed out any ineligible people.

As was stated by the Social Services Administration, AFDC is probably the best way of getting updated accurate data on the number of poverty families in a community. Further, I think it is ridiculous for anyone to try to argue that people on AFDC are not impoverished.

A further point of argument is that permitting a State to use the higher of either its State average per pupil expenditure or the national average per pupil expenditure is a great inequity, and that the committee formula corrects this inequity by limiting States to 120 percent over and 80 percent below the national average per pupil expenditure. The basis of his argument is that New York is getting more than its fair share since—

> The extra cost—the difference between New York's average per pupil expenditure being 150 percent of the national and its average teacher salary being only 120 percent of the national average—are apparently due to a large degree to the very rich pension system which that State maintains.

This myth of the New York State Pension System causing the higher per pupil expenditure in my State was first created during the committee proceedings on the title I formula and is once again being used to justify a section of the new formula that is inequitable. Although New York State does maintain a pension system more liberal than many States, this is not the basic reason that our per pupil costs are 150 percent of the national average, while our average teacher salaries are only 120 percent of the national average. The "richness" of New York's pension system only accounts for approximately 5 percent of the additional costs of educating our students.

The major reason for the difference in costs and teachers' salaries is that New York State has a much higher professional—instructional—staff ratio than exists nationwide. The staffing ratio in New York State exceeds the nationwide ratios by approximately 25 percent in total instructional staff and by 18 percent in classroom teacher staffing. This difference is a result of New York State's commitment to providing quality education for all of the children of our State. It is strange to me that a State which is trying harder than anyone else to provide quality education should be singled out, criticized, and legislated against for its efforts.

Another point that should be made about this argument is that the four States and the District of Columbia that exceed the national average per pupil expenditure by more than 120 percent, are receiving pupil grants under title I, which represent only 19.83 percent of their State per pupil expenditure, while a State such as Minnesota is receiving grants that are equal to over 25 percent of its per pupil expenditure. Although New York may be receiving more dollars than other States under the present title I formula, it is getting comparatively less than other States are for their children.

It is very clear that the committee formula does not correct any of the shortcomings of the existing formula, and that it actually creates some new inequities. It is unfortunate that this formula was secretly contrived and that the committee was forced to vote on it without the availability of requested pertinent data and in an atmosphere of hostility created by myths about New York. I, and all New Yorkers, believe that there is a need for a positive updating of the allotment formula for title I, but, that in developing a new poverty index, the Congress should be concerned with helping all disadvantaged children and not merely cutting funds for New York State and the densely populated areas throughout this country.

The committee's formula is not a good formula and it should be changed.

INTRODUCTION OF "COMPREHENSIVE SCHOOL HEALTH ACT"

(Mr. MEEDS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MEEDS. Mr. Speaker, I am pleased to join with 37 fellow House Members in introducing today the Comprehensive School Health Act. Senator DICK CLARK is introducing a similar bill today in the Senate.

The bill would set up a 3-year program of teacher training, demonstration projects to develop, disseminate and evaluate health education curriculums, and, in the final year of the bill, provide direct grants to State and local schools to start programs. The full range of health programs is included—dental health, disease control, environmental health, family life and human development, nutrition, safety and accident prevention, smoking and health, substance abuse, consumer health, and venereal disease.

I have worked closely with national PTA representatives, health education specialists, and others in drafting this bill. In fact, the PTA has pledged itself to active support in passing meaningful health education legislation this session.

The President's Committee on Health Education, in their 1971 report, found glaring lacks in spending on prevention and health education. Of the $75 billion Americans spend on health care, 93 percent goes for treatment of illness, 5 percent for research, 2 percent for prevention, and one-half of one percent for health education—in short a crisis-oriented health program.

The committee concluded that coherent health education in schools largely does not exist in this country. Each State has a mishmash of requirements varying widely in time, topic, and relevance to current problems. In many cases, health education seems to consist largely of a little first aid training, a few antismoking lectures, dire warnings about loose living, and some nutritional advice from food company propaganda. I am sure there are some splendid programs available in isolated instances, but, overall, school health education is tragically irrelevant to the problems of what I call "cultural" disease—disease caused or aggravated by our way of life and controllable by informed living habits and attitudes.

What I call "cultural" disease includes things like nutritional excess, drug abuse, sedentary living in polluted urban environments—problems that cannot be cured by vaccination, by refrigerating food, or by purifying the town water supply. But they are preventable and they are controllable by informed living habits and attitudes.

For example, the President's committee found that 37 percent of middle-income families were poorly nourished, too fat or too thin. They heard testimony in Los Angeles that 1 of 5 high school students will contract VD before receiving a high school diploma. But in some schools teachers are not even allowed to mention venereal disease in class. Statistics on drug and alcohol abuse among the young and not so young are staggering.

Education for personal health and health citizenship among today's young people should have a high priority. Instead, we find that the quality of health education in our schools is largely inadequate, virtually nonexistent in the crucial first 10 years of life. It is not an isolated problem. It is found in school districts all across the Nation. It is a problem of national impact and national concern. My bill seeks to focus that concern and find solutions to the problem.

CONGRESS SHOULD ENACT LEGISLATION TO DETER SKYJACKING AND ACTS OF TERRORISM

(Mr. HUDNUT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HUDNUT. Mr. Speaker, last Friday morning, February 22, I was in Friendship Airport at Baltimore preparing to return to my district when the abortive skyjacking attempt occurred. I was horrified at the instant barbarism that surfaced, and like everyone else, was frightened by the awful sequence of events that quickly unfolded, which ended in the deaths of a security guard, the copilot, and the deranged skyjacker himself, and the critical wounding of the pilot. But, also, I was very impressed by the dispatch with which the law enforcement authorities and the emergency medical service personnel handled the matter—within an hour or so, they had returned the airport operations to "business as usual." The unfortunate incident reminded me of the fact that many of us, including myself, had introduced antiskyjacking legislation a year or so ago, and that this legislation had not yet been reported to the floor of the 93d Congress. So I resolved, upon my return to Washington from Indianapolis, to take up this matter with the Interstate and Foreign Commerce Committee, of which I am a member, and to make a strong appeal to Congress to act on this important subject.

In broad outline, the different bills that have been introduced would implement the Hague Convention so far as expanding jurisdiction over skyjacking is concerned. Furthermore, they provide for penalties ranging from 20 years up to death as a penalty for skyjacking; give the President power to suspend air service to and from any country that provides sanctuary for skyjackers or assists any terrorist organizations engaged in skyjacking; and authorize the Secretary of Transportation to suspend the operating authority of foreign air carriers that fail to meet minimum security standards. We cannot say what the Interstate and Foreign Commerce Committee will come up with specifically, but we can say that some such legislation seems very much in order.

Not that passage of this or any other law will guarantee the American public complete safety and immunity against the aberrant human behavior of demented persons who resort to kidnap, piracy, murder, assassination, and so forth, to achieve their goals; but we are a government of laws and not of men, and we must protect American citizens against those in our society who illegally take the law into their hands and threaten the well-being of their fellow men. The legislation before the committee will do as much as is humanly possible in Federal law to enact stringent antiskyjack measures that will effectively deter people from undertaking irrational acts of violence that lead to tragedies such as the one that occurred last Friday.

Mr. Speaker, this is not the place to argue philosophically about the advantages and disadvantages of the death penalty, but it is the place to say that the Congress has a responsibility to protect society against crimes of violence such as skyjacking, and that tough laws, effectively enforced, cannot fail to help. We are living in a time of rising terrorism. A young heiress is kidnapped in California to extort free food for the hungry, a newspaper editor is abducted in Georgia because some revolutionaries object to the liberal bias of the press, a would-be skyjacker in Baltimore runs amuck in an effort to commandeer a plane he reportedly wants to crash into the White House, the IRA in the heart of Great Britain carries out a program of systematic ruthless destruction, Arab commandoes kidnap and murder Israeli athletes at the 1972 Munich Oympics, a leading periodical—Newsweek, February 25, 1974—carries an article on "The 'Mortality' of Terrorism" which tells us that over the last 6 years, American intelligence experts have chronicled a total of 432 major acts of international terrorism, including 235 bombings, 94 skyjackings, and at least 57 kidnappings, in which at least 196 people died, some 300 others were injured, and property damage and ransom payments ran to uncounted millions.

The ultimate answer in society's warfare against terrorism lies in changing the hearts of men so that respect for the law and love of one's fellowman can supersede resorts to violence. This is a job of the homes, schools, churches, and synagogues of America, together with other institutions that are concerned about the formation of people's character, beliefs and attitudes. Nonetheless, a partial answer lies in the enactment of legislation that will set the parameters beyond which certain types of behavior are unacceptable. It does not take very much provocation sometimes to scrape away the veneer of civilized behavior that covers the baser instincts in unredeemed human nature. One function of Government is to preserve that veneer and prevent it being ripped off, because there is no grievance that can be considered a fit object for redress by erratic and barbaric behavior in which men take the law into their own hands. Civilization will be preserved, and our society will be held together, at least in part because the rule of law is sustained, and because the laws of the land are swiftly and strictly enforced. No one has a right to do violence to another person, his life or property, anywhere, any time, and it is Government's obligation to protect the citizen from such violence.

I believe that the antiskyjacking legislation currently pending before the Congress, such as is embodied in the bill I am cosponsoring, H.R. 3470, and in other similar measures, will help Government fulfill this essential function—and I urge its speedy passage.

TIME TO INVESTIGATE THE HOARDERS

(Mr. VANIK asked and was given permission to address the House for 1 minute, to revise and extend his remarks and include extraneous matter.)

Mr. VANIK. Mr. Speaker, I am today preparing legislation to impose a tax of 50 cents per barrel on all gasoline held in storage by one owner in excess of 30 days. My legislation would also impose a 10 cents per barrel per month tax on all oil and other petroleum products in excess of 300 barrels held by one owner in excess of 30 days. The gasoline and oil held in reserve under Government order and in quantities of less than 300 barrels would be exempt. Gasoline and oil for agricultural use or held in retail service and available for immediate sale will be exempt.

This tax is directed at the sequestering and hoarding of gas at storage centers, rented ships and vessels, railroad tank cars, and closed retail establishments. It is also designed to provide an accurate registration of supplies on hand with penalties for nondisclosure.

While there may be substance to energy czar Simon's statement that individual motorists are maintaining higher quantities in their gas tanks, this is miniscule when compared to tremendous quantities of gasoline and oil held by others. Today there are practically no large storage facilities available for the storage of gasoline and other petroleum products. They are substantially committed to hoarders, speculators and others hedging against higher prices. The costs of storage are negligible when compared to skyrocketing prices of gasoline and oil as a commodity in future markets. Thousands of tank cars are filled with fuel in railroad yards and on sidings. Monthly rental fees for tank cars are small when compared to the soaring cost of gasoline and petroleum products.

Abandoned gas stations are being utilized for speculators for the storage of fuel. Even tanker ships are being rented and moved around the high seas by American speculators. The gasoline station lines, the skyrocketing prices of gasoline, and the squeeze on the American consumer is a problem substantially made in America by Americans.

The only way that we can fight hoarding and speculation and their damaging effect on our entire economy is to provide a tax system which will compel the reporting of speculated and hoarded supplies. It is time that this vital information on supplies becomes mandated by law. The American people are fed up with circumstances which hold them hostage to the statistics of the American Petroleum Institute and the other big brothers who manipulate our supplies of oil and gasoline.

STUDENT LOAN AMENDMENTS OF 1974

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Oregon (Mr. DELLENBACK) is recognized for 15 minutes.

Mr. DELLENBACK. Mr. Speaker, I have introduced today H.R. 13059 which sets forth a series of amendments to the guaranteed student loan program which are being proposed by the administration. A short title of the bill is the "Student Loan Amendments of 1974."

Mr. Speaker, I commend the Department of Health, Education, and Welfare for developing their legislative recommendations for the guaranteed student loan program on rather short notice. In January the House passed H.R. 12253 to extend the so-called "Tydings amendment" which would allow the expenditure of fiscal year 1973 and fiscal year 1974 education appropriations during 1975. This extension had virtually unanimous support and we should get it to the President at the earliest possible date.

In the other body, H.R. 12253 was amend to drop the needs test for certain students to qualify for in-school interest subsidies under the guaranteed student loan program. This action by the other body prompted our Special Subcommittee on Education to hold a series of hearings on this issue.

Just yesterday, the Special Subcommittee on Education reported out to the full committee a bill which likewise would remove the requirement of a formal needs test for most students so that students from middle income families will find it easier to secure loans for this fall.

Mr. O'HARA, the chairman of the Special Subcommittee on Education, has indicated on several occasions that the legislation which we hope to pass in the next several days is considered by the subcommittee very much an interim solution to the many problems that beset this student loan program. I strongly support the chairman's commitment to begin in-depth studies and hearings quickly to come up with a longer range, comprehensive set of amendments that will enable us to reach the highly desirable goals of increasing the accessibility of student loans, reducing the default rate, and eliminating the requirements that tend to discriminate against certain students because of their parents' income.

Mr. Speaker, the amendments suggested by the administration seek to accomplish these same objectives. They are suggested by the administration as short-range solutions. Other suggestions will be made by the administration in time to be considered by our committee.

A number of my colleagues on the committee join with me in an affirmation of our open-mindedness about and willingness to examine carefully all of the proposals that we hope and expect to receive in the days ahead from lenders, institutions of postsecondary education, State guarantee agencies, students and others.

Mr. Speaker, I feel that the amendments which I am introducing today have substantial merit and are certainly intended to achieve the objectives which many of us have voiced for this program. I hope that my colleagues on the committee and all those involved in this program will study them seriously and give us their views.

Because of the urgency for getting these amendments considered as broadly as possible and as soon as possible, I am inserting as part of my remarks the letter of transmittal from the Department of Health, Education, and Welfare to you, Mr. Speaker, along with a section-by-section analysis of the proposed bill itself:

DEPARTMENT OF HEALTH,
EDUCATION, AND WELFARE,
February 26, 1974.

Hon. CARL ALBERT,
Speaker of the House of Representatives, Washington, D.C.

DEAR MR. SPEAKER: Enclosed for the consideration of the Congress is a draft bill "To amend the Higher Education Act of 1965 to provide for increased accessibility to guaranteed student loans, to extend the Emergency Insured Student Loan Act of 1969, and for other purposes."

This draft bill, which has the short title of the "Student Loan Amendments of 1974," would modify the Guaranteed Student Loan program in order to increase the availability of such loans for all students, simplify the administrative operations of the program, and reduce loan defaults. The bill will also amend the Basic Educational Opportunity Grant program to permit interest expenses on guaranteed student loans to be counted in determining the amount of the award.

First, the bill would extend the Emergency Insured Student Loan Act of 1969 for two years and would increase the maximum amount of the special allowance provided thereunder from three to four percent. This change would increase the flexibility of the Secretary, in conjunction with the Secretary of the Treasury, to increase the amount of the special allowance during periods of high interest rates.

Second, the bill would remove the distinction in the student loan program between those loans which are only guaranteed and those for which an interest subsidy is payable as well, by phasing out the interest subsidy program. During the recent period when the total loan volume has been restricted because of a shortage of available funds, many lenders have been using the needs test (which applies only to eligibility for interest subsidies) as a means of rationing the amount of funds they were willing to commit to the program. The result has been that many middle income students have been unable to obtain even a guarantee. The draft bill would remedy this problem by providing that the interest subsidy, now awarded under the loan program, be made through the Basic Educational Opportunity Grant Program in the years of instruction for which a basic grant is available. When the basic grant program is funded for all undergraduate students, the interest subsidy would cease to exist under this proposal, and thus there would no longer be a needs test in the Guaranteed Student Loan Program.

The bill also contains a provision increasing the aggregate loan limitation for graduate students to $25,000. Many graduates students are unable to take full advantage of the Guaranteed Student Loan Program because they have borrowed up to the current limit of $10,000 during their undergraduate and early graduate years. Examples are found in health professions education (medical and dental training), but this could also be true of law schools and other graduate education. Such students should be able to continue to use the Guaranteed Student Loan Program for their professional education.

Other proposals contained in this bill are compounding of interest when the student and the lender agree to defer interest payments on student loans until the beginning of the repayment period; (2) a provision relating to the determination of need for an interest subsidy for students attending institutions outside the United States; and (3) the elimination of the defense of infancy with resppect to student loans insured by the Commissioner.

The Department will be developing for Congressional consideration a more comprehensive set of proposals designed to improve the operation of Federal student aid programs. The enclosed bill contains only those proposals which are necessary to correct problems which are having an immediate impact and for which corrective action needs to be taken without delay. Those more comprehensive proposals will be submitted to the Congress in sufficient time to be considered in connection with the extension of the Higher Education Act.

I am also enclosing for your convenience a section by section analysis of the bill.

I urge prompt and favorable consideration of this proposal.

The Office of Management and Budget advises that enactment of this proposed legislation would be in accord with the program of the President.

Sincerely,

FRANK C. CARLUCCI,
Acting Secretary.

STUDENT LOAN AMENDMENTS OF 1974, SECTION BY SECTION ANALYSIS

Section 2. *Increase in special allowance and extension of the Emergency Insured Student Loan Act of 1969.* Extends for two years the authorization for a special interest allowance under the Emergency Insured Student Loan Act of 1969 and increases the maximum amount of such allowance from 3 to 4 percent.

Section 3. *Federal payments toward interest costs on insured student loans.* (a) Amends the 7% subsidy provision to cover only students who are undergraduates and who were in college prior to April 1, 1973. Thus, the availability of subsidized loans would correspond to those years of instruction for which basic grants are not available (juniors and seniors in school year 1974–75).

(b) Amends the guaranty provision for State and private nonprofit student insurance programs to cover any insured student loan rather than just those for which an interest subsidy is payable or would be payable except for lack of need. (Conforming amendment.) Also expands the Federal guaranty for such programs to cover not only principal, but also interest accruing up to the beginning of the repayment period. (The Federal program already covers both principal and interest.)

(c) Provides for an increase in the amount of payments under the basic grant program to cover 100 percent of the cost of interest charges payable by the student on loans insured under title IV–B of the Higher Education Act. Such interest charges would be included in determining whether the amount of the basic grant determined for any student meets the minimum $200 requirement in the Act (or the $50 minimum grant which applies when the schedule of reductions is in effect).

Section 4. *Permitting the compounding of interest on student loans.* Would permit lenders in both the State agency and Federal programs to compound the interest in those cases where the note provided for the deferral of interest payments.

Section 5. *Increase in loan limitation.* Increases the maximum amount of loans a graduate student may receive in any year from $2,500 to $5,000 in both the Federal and State agency loan programs. Also increases the aggregate amount of insured loans by a graduate student from $10,000 to $25,000 in both programs. The repayment period for all borrowers would be extended to a maximum of 15 years and the total maximum period of the insured loan would be increased from 15 to 20 years from the initial date of borrowing.

Section 6. *Determination of need outside the United States.* Provides that where a student eligible to receive an interest subsidy attends an institution located outside the United States, any determination of need may be made by the Commissioner, the State, or the private nonprofit agency (whichever is appropriate) rather than by the institution.

Section 7. *Elimination of the defense of infancy with respect to Federally insured student loans.* Provides that a student shall not be under a disability to enter into a student loan contract because of his minority, and that such a contract may not be disavowed because of such minority.

Section 8. *Effective Date.* Provides that, except for those amendments which are effective immediately, the amendments made by this Act shall be effective 90 days after enactment.

GUARANTEED STUDENT LOANS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Minnesota (Mr. QUIE) is recognized for 15 minutes.

Mr. QUIE. Mr. Speaker, I am happy to

join the gentleman from Oregon (Mr. DELLENBACK) the ranking member of the Special Subcommittee on Education, in cosponsoring a bill recommended by the administration to amend the guaranteed student loan program.

Our committee has been investigating the problems associated with this program for some time. Most of us feel that educational institutions and lenders have applied far too rigidly the needs test which was required by the Education Amendments of 1972. Although we have tried to encourage institutions and lenders to consider the figures of such formal needs tests as good guidance rather than final judgment, the result has been a denial of even a guaranteed nonsubsidized loan for many students from middle-income families.

The bill which I am joining in sponsoring today is not the comprehensive proposal which I am sure our committee will be making within the next year or so. It, like other interim measures being considered in the Education and Labor Committee, should be viewed as changes for 1 year. I intend to work with Representatives DELLENBACK, O'HARA, BRADEMAS, and others during the coming months to investigate many major proposals that are being suggested. And I expect that the administration will have further recommendations in the coming months as well.

Mr. Speaker, I like the major proposal of the administration's recommendations—to phase out the so-called subsidized loan and move toward one type of easily accessible loan. Such a loan would not discriminate against some students who happen to have parents that make over $15,000 adjusted family incomes. It would recognize the fact that 18-year-old are adults, that it is they who will repay the loan, and that at least 43 States now give 18-year-olds the right to sign legal contracts on their own behalf.

Further, one type of guaranteed loan, at 7-percent interest to students, would not tempt families and students to take out the largest possible loan—which I believe no-interest loans do many times—but only that amount the student legitimately needs to meet reasonable educational costs. I believe this move, along with other necessary amendments, would reduce the alarming increase in loan defaults.

I fail to see how we are doing any person a favor by tempting him—or even allowing him—to take out one of the present subsidized loans in an amount greater than necessary. That is why I am opposed to the amended version of H.R. 12523 which our Special Subcommittee on Education reported out yesterday.

I favor dropping the formal needs test for students from families below an adjusted $15,000 income. But I feel the lender should be provided information about what the student and his family will actually contribute. I believe lenders want and deserve this information before they make a subsidized loan. I also see there are good reasons for limiting the amount of subsidized loans that can be received without a needs test to $1,500.

GOVERNMENT OVER-REGULATION OF OUR ECONOMY IS ABOUT TO DO IT AGAIN—CREATE MORE SHORTAGES: BREAD AND SUGAR SHORTAGES ARE BEING PREDICTED

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. KEMP) is recognized for 10 minutes.

Mr. KEMP. Mr. Speaker, there was a time—not too many years ago—when we prided ourselves, as a Nation, on not being subject to the shortages and scarcities which plagued other countries.

We could look with pride at our American production capabilities—our factories and our farms. Our granaries and warehouses were full. Goods got to market, and services were performed. This is no idealized image of what our economy and our abundant life which rested upon it were like. It was a reality.

Sure, we had economic problems from time to time; the economy was not always stable. But while we had some unemployment and families suffering the hardships of low income, we tried and did do something about those problems. Why? Because we always were borne forward by a conviction that the spirit and vitality of a free people could rise to meet any economic challenge—and that spirit was well grounded, for it was rooted in the history of our national experience.

Along this prosperous road something happened, slowly at first, then a virtual, headlong rush. Some thought government could do a better job. "All we need," it was argued by proponents of big government," is a little tampering here, a little adjustment there." "It may take a little agency with several hundred employees to do it, and we may even have to pass a law or two, but"—they argued—"the government legislators can aright the imbalances in our economy; they can smooth things over."

Thus, over the past 40 years, Government ceded unto itself more and more power and authority. A few laws became many. A few regulations became thousands. The size of the Federal payroll grew into the millions of employees. The budget mushroomed until it stands as nearly a third of the entire gross national product. And, with this growth there came a repression of the spirit of the people—that spirit to try to do the job for themselves. As Government took more power, people began to acquiesce in it, saying, "Leave it to Uncle Sam."

At some point—no matter who was President, no matter what political party was in power, no matter what party controlled the Congress—it was all bound to start falling apart. Excessive regulation so wore down the capacity of the economy to produce goods and services that scarcities and shortages were not only predictable but also inevitable.

What have we lost—all of us—as a Nation and an economy—because of this?

We have lost our productive edge on other countries. Nations, like the Soviet Union and Japan, are close on our heels. There would be little wrong with that in a freely competitive arena, but this loss of our margin is a result of our own making. That is what is wrong with it.

We have also begun to lose the spirit which buttresses a productive capability of people.

And, we have since 1953 lost a national production level of $1.8 trillion short of reasonably full production; as well as, $451 billion in additional tax revenues with which we could have paid our bills instead of indebting further the taxpayers; and, 48 million man-years of employment. These facts have been recently documented by Dr. Leon H. Keyserling, the former chairman of the Council of Economic Advisers.

We have gone through a beef shortage; we are going through a gasoline shortage. As a matter of fact, according to a recent study released by the National Association of Manufacturers, we are now living through shortages in over 600 commodities—zinc, aluminum, asphalt, steel, nylon, cotton, paper, plastics, coke, iron, silver, and, as I said, about 600 more. Some shortages are more obvious than others; we all eat beef and drive cars, so meat and fuel shortages are more noticeable. Others are when one is personally involved—like in one's business or work.

Against this background, I think one can see why I was so disturbed by this morning's newspaper accounts that we may soon be struck with two additional major shortages: Bread and sugar.

As to bread, the current prediction—and let us hope it does not happen and the Department of Agriculture "assures" us it will not—is that we may be without it on our shelves for a full month late this spring until the new wheat harvests start coming in. The reasons are varied, and their validity and real impact are also varied. Some ascribe the shortages to export-import policies; others to inadequate production: still others to various forms of Government manipulations of the commodity markets. Whatever the reasons, they all have one base: They are all a product of Government regulatory policy—of regulation and control.

The same can be said for the potential sugar shortage.

If we do have a shortage in either or both of these areas, What will happen? First, since the supply will go down, the price will go up. You and I will have to pay more. Unfortunately, Congress may react by trying to control prices, which will decrease production even further; laws will be proposed, some may be passed. New regulations will be promulgated. And, of course, televised hearings will be the feature of mid-morning home viewing.

Are we to have a bread czar too?

Are we to have a sugar czar too?

Where will this end? If we do not stop this excessive regulation and return to the laws of supply and demand—which result in both increased supplies and decreased prices—we are inviting economic chaos. And, the people will—as they should—hold the Members of this body responsible for not having acted intelligently on the matter.

We need a repeal of the control statutes which have accentuated this economic turmoil. Laws intended to alleviate the shortages have merely made them worse. We need a change in attitude in this country, a move toward the realization of economic freedom—the base for all freedom. And, we need these things now.

AVAILABILITY OF THE ARTS TO THE HANDICAPPED

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Maine (Mr. Cohen) is recognized for 5 minutes.

Mr. COHEN. Mr. Speaker, today I am joining with Senator Percy in introducing a concurrent resolution in the House and Senate to encourage greater availability of the arts to the handicapped. Congress over the past 9 years has helped contribute to a better quality of life through our support of legislation for the arts. As President John F. Kennedy once said in words now inscribed on the Kennedy Center for the Performing Arts:

> I look forward to an America which will steadily raise the standards of artistic accomplishment and which will steadily enlarge cultural opportunities for all of our citizens. And I look forward to an America which commands respect throughout the world not only for its strength, but for its civilization as well.

As history points out, we do not measure the success of a society in terms of its gross national product, but in the quality and the character of the men and women it produces.

In my opinion, the challenge expressed in these words is still facing us today. And, its most significant aspect is the need to enlarge these opportunities for the many Americans who are now denied access to the humanizing influence of the arts because of the large number of architectural barriers that are thoughtlessly placed in their way. One out of ten persons has some disability which prevents him from using buildings and facilities designed only for the physically fit. These people include 2 million children with orthopedic handicaps and millions of adults enfeebled by age or suffering from heart disease, arthritis, deafness, blindness, or other chronic disabilities. Over and above the permanently handicapped of our Nation are the millions who are temporarily disabled by accidents.

The barriers these individuals encounter include such basic but formidable impediments as: Doors too narrow for wheelchairs or too heavy to be opened by an individual using crutches; long stairways too steep for the sufferers of respiratory disease; obstructions in the paths of the blind; inadequate turnstiles, and restrooms with toilet stalls not wide enough for the wheelchair-bound.

I believe it is important at this time to emphasize that the goal of a barrier-free environment in the arts is possible. What it takes is a little "Yankee ingenuity" and flexibility. We should commend the Kennedy Center for the Performing Arts for taking an initiative in this area. Here, the handicapped patron is perfectly at ease. He is able to park his car in a space especially reserved for the disabled. He can enter the building by any door, since all entrances are ramped. Inside, elevators with wheelchair-height buttons ascend to balconies and boxes. The orchestra floor has ramped entrances and spaces for wheelchairs. Water fountains and telephones are at wheelchair height. Rest rooms have wide doors and grab-bars. Special features to aid the blind include knurled door knobs to indicate danger areas.

Still, the National Endowment for the Arts needs our assistance in bringing this most serious and least understood problem of architectural barriers to the attention of the public and private artistic endeavors they encourage and support. Despite the large number of citizens affected by these barriers, many people remain unaware that any problem exists. In one nationwide survey, two-thirds of all persons interviewed said they had given the matter little or no thought. However, the same survey indicated that once having been made aware of the handicapped person's situation, two-thirds felt more should be done to overcome these barriers, and 75 percent approved the use of tax money to assist in this task.

Mr. Speaker, I am very pleased that the resolution I am introducing with Senator Percy today has been endorsed by Nancy Hanks, Chairwoman of the National Endowment for the Arts. With this resolution, I believe we have the opportunity not only to encourage the use of the arts, but to respond to the needs of the Nation's handicapped. If we adhere to the goal embodied in it, we can free these citizens to enter fully in a fellowship which knows no cultural or language barrier, the enjoyment of the arts.

The text of the resolution follows:

H. Con. Res. 440

Concurrent resolution expressing the sense of Congress that the arts should be available to all Americans, including those who suffer physical handicaps

Whereas access to the arts is a right and not a privilege of all Americans;

Whereas the arts are central to what our society is and what it can be;

Whereas no citizen should be deprived of the beauty and the insights into the human experience that only the arts can impart;

Whereas cultural institutions and individual artists can make a significant contribution to the lives of citizens who are physically handicapped; and

Whereas the Act of August 12, 1968 (Public Law 90–480) already requires that public buildings constructed, leased, or financed in whole or in part by the Federal Government be accessible to the handicapped: Now, therefore, be it

Resolved by the Senate (the House of Representatives concurring), That it is the sense of the Congress that—

(1) the National Endowment for the Arts should take a leadership role in advocating special provisions for the handicapped in cultural facilities and programs;

(2) private interests and governments at the State and local levels should take into account the intent of Congress in passing Public Law 90–480 when building or renovating cultural facilities;

(3) the National Endowment for the Arts and all of the program areas within the Endowment should be mindful of the intent and purposes of Public Law 90–480 and of this resolution as they formulate their own guidelines and as they review proposals from the field; and

(4) all individuals and groups associated with production and presentation of cultural activities should give consideration to all the ways in which they can further promote and implement the goal of making cultural facilities and activities accessible to Amercans who are physically handicapped.

Sec. 2. The Secretary of the Senate shall transmit a copy of this resolution to the Chairman of the National Endowment for the Arts and to the Governor of each State.

THE ENERGY CRISIS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Maryland (Mr. Hogan) is recognized for 30 minutes.

Mr. HOGAN. Mr. Speaker, the chaos in my district, as a result of the energy crisis, has reached alarming proportions and has caused extreme hardship on all of us.

On February 22, 1974, I, along with other members of the Maryland congressional delegation, met with Energy Administrator William E. Simon and his deputies, seeking an additional gasoline allocation for Maryland. Mr. Simon realized that an emergency situation existed in Maryland and that something had to be done immediately. He responded by allocating the same day an additional 8.8 million gallons of gasoline to Maryland to carry us through February. We are also attempting to convince the FEO that a much larger allocation is needed for March.

There are several problems which have aggravated the gasoline problem in Maryland. The allocation is based on use figures for 1972. Maryland's population has grown significantly since 1972. In addition, the floods from Hurricane Agnes that year caused a lower than normal fuel use for 2 months of 1972. To make things even worse, Maryland is a State located in the heavily traveled Northeast Corridor. Consequently, much of our allocation is used by residents of other States while traveling through Maryland.

We have forcefully brought these factors to the attention of the Federal Energy Office as we argued for an increased allocation for March.

I am told that our problem nationwide is that in 1972 the United States consumed 16.3 million barrels of oil daily; 4.7 million of which was imported. In 1973 it is estimated that the United States consumed 17.3 million barrels daily of which 6.2 million was imported. The Arab nations provide over half of the world's oil exports. When Arab nations embargo oil, the supplies decrease and the price goes up for imported oil.

As a nation we must launch an all-out, crash program comparable to the space program to support our energy resources and to find alternative sources of energy. We must reduce our consumption until oil supplies again equal demand. This might be done voluntarily or through rationing. However, usage by industry is hard to reduce so, as a consequence, we in the commuting public are faced with the greatest curtailment. We wait hours in line at gas stations. We use public transportation if available. We carpool. Those living in my district have exhibited remarkable voluntary restraint. Yet, they must see that their efforts are working if they are to continue the sacrifices they have been making.

If voluntary reductions are not accomplished, the alternative is rationing. Rationing also is not a perfect solution. Any time Government tries to control supply and demand, problems—such as we are experiencing under the current allocation plan—inevitably result. In addition, the consumer will pay the administrative costs of running a program of rationing. It has been estimated that it will take 17,000 employees to administer the program. Rationing would favor those residents who have access to public transportation. It would handicap those suburban workers who have no public transportation. It would probably not inconvenience the bulk gasoline user.

I have been trying to insure that Maryland gets its fair share of gasoline. The 8.8 million gallons for the end of February came as a result of our congressional delegation meeting with the Federal Energy Office. It was not enough, but it was a help. Although I joined in the lawsuit of the State of Maryland for a greater allocation, I realized that legal action was too slow and ineffective. In fact, Governor Mandel's suit was probably counterproductive because FEO felt after the suit was filed, it should deal with Maryland at "arm's length." The Maryland congressional delegation convinced FEO officials to give us additional gasoline.

I have been working with the oil companies and the service station trade associations trying to provide a better distribution of the inadequate supplies we have. I have sent forms to all gas stations in my district which they can use to request increased allocations. In addition. I am trying to help those individuals who have specific problems related to fuel shortages.

As far as legislation is concerned, I have long supported the Alaska pipeline which was delayed for years. Congress approved its construction last year.

Mr. Speaker, it is clear that a short-term energy crisis is upon us. But it is clear that a long-term energy crisis which is even a greater problem. We must make those decisions now to solve that long-term problem.

Energy consumption cannot continue to increase indefinitely. Research programs directed toward development of new and existing energy sources, rational and efficient utilization of energy, the health and safety of our people, and the protection of of the national environment should have the highest priorities.

I am sponsoring legislation which I hope would provide long-range answers to our present shortages. I have introduced a bill which would create in the Executive Office of the President, a Council on Energy Policy. This council would consist of three members who would develop a long-range, comprehensive plan for energy utlization in the United States and would provide assistance to any executive agency concerned with energy and power. It would constantly review the energy situation, both short and long range, taking into account both international and domestic developments. It would assume the responsibility for making policy recommendations to the President, and would oversee the implementation of the policies which are adopted. The council would answer to Congress and its various committees in developing its specific responsibilities and on budgetary matters.

I have also sponsored legislation which would increase our development of solar and geothermal energy sources. The cutoff of Arab oil due to the present Middle East crisis has awakened us to the immediate urgency of developing alternative sources of energy. Even though solar and geothermal energy are some of the more promising possibilities, we have put forth only token developmental efforts, and they have been scattered among half a dozen Government agencies. If we are to avert a calamitous energy crisis in this country without subjecting ourselves to economic blackmail from oil-producing nations, we must undertake a crash program for the research and development of alternative sources of energy. The Judiciary Committee's Subcommittee on Immigration, Citizenship, and International Law is probing the problems related to offshore oil exploration.

A great many Americans are skeptical about the oil companies' profits and statistics. Several committees are addressing themselves to these problems. We must have better data on which to base our decisions.

Presently, there is insufficient information to measure the extent of the petroleum shortage and to plan public policy to ameliorate and resolve the shortage. Consequently, I saw the need to sponsor legislation to direct the producers of petroleum, natural gas, and refined petroleum products to provide the Federal Energy Administration with the information requested regarding the location of natural gas reserves and the potential rates of production of refineries and oil and gas wells.

The Congress has the responsibility for establishing short- and long-term energy priorities. It must act expeditiously and decisively. Congress must shoulder this responsibility and demonstrate to the American people that it can take concrete initiatives in the energy arena. This must have the highest priority. I urge our colleagues to do whatever we can as quickly as we can to help alleviate our energy crisis and bring relief to the American consumers.

STOPPING BEHAVIOR MODIFCATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Idaho (Mr. SYMMS) is recognized for 10 minutes.

Mr. SYMMS. Mr. Speaker, on February 14, the Law Enforcement Assistance Administration announced it will cease funding projects that involve Skinnerian-type behavior modification, psychosurgery, and chemotherapy.

We applaud that decision.

These federally funded Skinnerian behavior modification programs are dangerous and wrong-headed, for they are based on the assumption that man is nothing more than a biological machine, devoid of free will and moral responsibility. In this light, man is viewed as an object to be manipulated by so-called experts.

The same men who have just been stopped from using prisoners as experimental subjects for brain mutilation and castration have larger plans for the entire American society. Federally funded physician Jose Delgado, who promotes the control of violence through brain mutilation, advocates billion dollar Federal involvement in projects for the "physical control of the mind," including educational programs aimed at children and adults to prepare them for the acceptance of these methods. In his 1969 book, "Physical Control of the Mind—Toward a Psychocivilized Society," Delgado offers us a glimpse of the society he is promoting:

> Is it feasible to induce robot-like performance in animals and man by pushing buttons of a cerebral radio stimulator? Could drives, desires and thoughts be placed under the artificial command of electronics?
>
> The individual may think that the most important fact of reality is his own existence, but this is only a personal point of view which . . . lacks historical perspective, for the brief existence of one person should be considered in terms of the world population, mankind, and the whole universe.

Delgado has already formulated his model for a psychobiologically controlled society. It may stun my fellow Members to learn that the Center for the Study of Violence at UCLA had actually requested funding of a project to examine methods of electrophysically controlling an individual's behavior by remote control computers.

Mr. Speaker, these psychiatric visionaries must be stopped. Let me quote Dr. Peter R. Breggin, director of the Center for the Study of Psychiatry here in Washington, D.C. Dr. Breggin has been a leader in the fight against psychiatric totalitarianism:

> The future of the United States and the world may ultimately be determined by who is victorious in the conflict between those who would control man through physical means and mechanistic psychologies, and those who would liberate him through efforts aimed at maximizing each individual's freedom and opportunity within the environment. Big Brother will be a psychiatrist—or a psychosurgeon.

The Federal Government should not fund experiments aimed at the psychiatrical, psychosurgical, and chemical control of American citizens. We are happy to know LEAA shares our concerns about the rights of prisoners who were being used as experimental animals in these projects, as well as the rights all of our citizens who may later be targets of control as these technologies are developed.

We believe that mind control and behavior manipulation are contrary to the ideas laid down in the Bill of Rights and the American Constitution. These documents view man as an autonomous being with the power of moral choice, and are bedrock to our system of political liberty.

ENERGY CRISIS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Alabama (Mr. Edwards) is recognized for 5 minutes.

Mr. EDWARDS of Alabama. Mr. Speaker, few of us saw the energy crisis coming 5 years ago or 10 years ago. But since late 1972, there has been little doubt that a very serious problem was bearing down on us. Yet the last 12 to 18 months have been marked by inaction and false starts on the part of the Congress rather than decisive legislative steps to find a remedy.

One of the worst problems to arise out of the energy crisis is the confusion and uncertainty which has developed for Americans. The small businessman, the service station operator, and many others find themselves at the mercy of forces they cannot control, unable to plan ahead more than a day at a time. Rather than taking firm steps to clear the air the Congress has further muddied the water by starting and stopping, weaving and bobbing, displaying a fair amount of fancy footwork, but never moving to strike decisively.

I am aware that there are no one-dimensional, one-shot solutions to the energy crisis. But we need to start moving toward remedies. We need to allay the understandable concerns of the public. We need to provide some answers, some clear leadership so that Americans can figure out where they stand with this problem. We need to prime the pumps of the legislative process and move energy measures on to enactment.

The Senate finally passed the National Energy Emergency Act conference report last week. But this measure has been bogged down since before Christmas and I am not sure it was worth the wait. I voted for the conference report today, but it leaves much to be desired. It may create more problems than it solves, and I am concerned that it may retard production and exploration. If this concern proves correct, then we must be prepared to move promptly with remedial legislation.

Mr. Speaker, American taxpayers deserve a better deal on the energy crisis. If we buckle down, I believe we can begin to locate solutions rather than contributing to the problem.

WOUNDED KNEE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from South Dakota (Mr. Abdnor) is recognized for 10 minutes.

Mr. ABDNOR. Mr. Speaker, 1 year ago today a band of dissident Indians, principally outsiders, invaded and occupied the small community of Wounded Knee on the Pine Ridge Indian Reservation which is located within my district in South Dakota. That occupation captured the imagination of the national news media, and because Federal law enforcement officials prohibited tribal officials from enforcing the law and protecting the rights and property of the residents of the Wounded Knee area, that tragedy continued for 71 days.

On December 20 of last year I spoke here in support of an amendment to the flood insurance legislation which was then being considered. That amendment would have provided Federal compensation to those innocent victims who lost so much during the episode at Wounded Knee. When that amendment was defeated, I promised to return with separate legislation that would provide to the innocent Wounded Knee victims the reimbursement they deserve.

Therefore, today I have introduced a bill which will create a commission with the power to award compensation, to determine who the innocent victims of the Wounded Knee incident truly are, and what the extent of their damages are. My bill further authorizes an appropriation to administer and pay this compensation and subrogates to the Federal Government the right to recover from those most directly responsible for the damages, to the extent of the compensation paid.

On a number of other occasions I have pointed out what I felt were the failings and shortcomings of the Federal Government's action at Wounded Knee. Those who lived in the Wounded Knee incident looked to tribal and Federal law enforcement officials for protection, but were denied that protection. Consequently their homes, businesses, and ranches were vandalized and in some cases destroyed. Had it not been for the restraint imposed upon the tribal government's law enforcement arm by Federal authorities, those in the Wounded Knee area, who could so ill afford to lose so much, may have received the protection every citizen has been taught to expect.

Because of the bizarre manner in which this lethal farce was handled, those who were wronged find that the lawbreakers that were most responsible for their losses are in almost all cases now judgment-proof or impossible to identify. Had the role of the Federal Government been different, this might not now be so. Had Federal officials responded to the calls for help it would not be necessary to introduce this legislation. If this legislation is not passed into law, those innocent people who did nothing more wrong than select Wounded Knee, S. Dak. as their residence, will continue to suffer and be deprived of the possessions they had accumulated up until their town was occupied by lawbreakers and declared to be a soverign state.

Most of these people who have lost so much are the same people that the Federal Government has tried to induce to become economically self-sufficient by spending millions of dollars on. These people had achieved this, and then watched as Federal officials looked on as their possessions were burned and looted. Although these people have looked to the Federal Government for help, they find that no existing programs provide the relief they deserve.

In Wounded Knee, on the rest of the Pine Ridge Reservation in South Dakota, and for that matter, wherever television and the rest of the media carried blow-by-blow accounts of the confrontation at Wounded Knee, that incident represents injustice and lawlessness. If ever respect for law and order is to be restored in this connection, those who suffered most at Wounded Knee must be made whole.

A year has now gone by and this has not occurred. Now is the time for relief to be forthcoming from the Federal Government, whose action or inaction contributed to the losses. This bill today introduced can do this and I urge the Members of Congress to give it the compassionate consideration it, indeed, deserves.

OPIUM POPPY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Washington (Mr. Pritchard) is recognized for 5 minutes.

Mr. PRITCHARD. Mr. Speaker, my first reaction to the news that the Government of Turkey will again permit the legal cultivation of the opium poppy is one of dismay. If this action was taken without first consulting with our State Department, then I think it shows a lack of good faith. In 1971 the United States negotiated an agreement with Turkey in which the cultivation of opium poppy would be banned in exchange for $35.7 million from the United States to assist the Turkish farmers in shifting from poppy to other crops. The 1971 restriction was beginning, I believe, to have positive affects on the importation of illicit opium into the United States. Testimony before the Special Studies Subcommittee of the Committee on Government Operations, chaired by my distinguished colleague from the State of Washington, Floyd Hicks, indicated that while this might be termed a negative approach to controlling illegal drugs, it was legitimate recognition of the external variables involved with our internal drug abuse problem. I trust our State Department will apprise the Congress of exactly what happened and what its effect will be in our efforts to halt the flow of illicit drugs.

SUGAR LOBBYISTS RECEIVE FAT, SWEET FEES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. Findley) is recognized for 5 minutes.

Mr. FINDLEY. Mr. Speaker, sugar lobbyists for foreign countries are probably the Nation's most overpaid lawyers. If not, they rate high for the sweet deals which bring them a lot of money every year for what appears to be very little effort. They are now parading before the Committee on Agriculture, where extension of the Sugar Act is under consideration.

Best paid is A. S. Nemir Associates, a

Washington firm which receives $198,000 a year for representing Brazil.

Unfortunately these lobbyists—almost all of them are lawyers—have cultivated in foreign capitals the erroneous notion that their representation on Capitol Hill is vital to getting Congress to approve sugar quotas for their client countries. This may have been true in the past. Years ago it probably was. But not in recent years and not today, at least not in the Committee on Agriculture of the House of Representatives.

To his credit, Chairman W. R. POAGE refuses to grant personal interviews with these lobbyists himself and tries to keep their behavior around committee rooms in proper bounds. Most of the other committee members also refuse to meet privately with these lobbyists.

This means that about all these lobbyists do to win fat fees is draft a largely useless statement every 3 or 4 years and present it during committee hearings when extension of the act is under consideration.

The countries wanting quotas would be better off sending the information to the committee through the traditional diplomatic channels and saving the cost of this over-priced talent. In fact, Congress and the sugar industry would be better off too. The existence of this lobby tends to put the Congress and the Sugar Act in a bad light. The lobby perpetuates the illusion that quotas are still passed out as the result of high-powered, behind-the-scenes wheeling and dealing.

Here is current information on the lawyers who represent sugar-quota countries and the size of their fees. It is taken from files of the Registration Unit, Internal Security Section, Criminal Division of the Justice Department:

Brazil, Brazilian Sugar and Alcohol Institute. Registered lobbyist: A. S. Nemir Associates, 1230 Pennsylvania Building, Washington, D.C. 20004. Fee: $198,000 per year. Received $148,500 during twelve-month period ending October 9, 1973.

Barbados, West Indies Sugar Association, Inc.; Ecuador, Compania Azucarera Valdez, Sociedad Agricola Industrial, Azucarera Tropical Americana, S.A. and Tababuela Industrial Azicarera, C.A.; British Honduras, Belize Sugar Industries; Panama, Compania Azucarera La Estrella, S.A., Azucarera Nacional, S.A., Government of Panama; Great Britain, Tate and Lyle, London, England. Registered lobbyist: Arthur L. Quinn and Arthur Lee Quinn, 723 Washington Building, Washintgon, D.C. 20005. Fees: $18,250 from Panama; $15,000 from British Honduras; $25,000 from Great Britain; $35,000 from Barbados; and $25,000 from Ecuador. Received $118,044.03 during twelve-month period ending August, 1973.

South Africa, South African Sugar Association. Registered lobbyist: Casey, Lane and Mittendorf, 26 Broadway, New York, New York 10004. Fee based on time spent on case. Received $63,009.95 during twelve-month period ending January 2, 1974.

Nicaragua, Nicaragua Sugar Estates, Ltd.; Guatemala, Association de Azucareros de Guatemala; Honduras, Azcarera Hondurena, S.A.; El Salvador, Associacion de Azucareros de El Salvador. Registered lobbyist: Central American Sugar Council, 1200 17th Street N.W., Washington, D.C. 20036. Registration contains statement: "The sole activity of the Registrant is to engage the firm Patton, Boggs and Blow to represent its interests in the U.S." Member countries share costs on basis determined by by-laws. Received $61,079.48 during calendar year 1973.

India, Indian Sugar Industry Export Corporation, Ltd. Registered lobbyist Daniels and Houlihan, 1819 H Street N.W., Washington, D.C. 20006. Fee: $50,000 plus $10,000 expense budget. No income listed for twelve-month period ending June 30, 1973. File shows that activities with foreign principal were terminated March 28, 1973.

Central American Sugar Council, Registered lobbyist: Patton, Boggs and Blow, 1200 17th Street N.W., Washington, D.C. 20036. Fee: $36,000 to $50,000 plus $3,000 expense account. Received $61,079.48 during calendar year 1973.

Philippines, Philippine Sugar Institute. Registered lobbyist: John A. O'Donnell, 1001 Connecticut Avenue N.W., Washington, D.C. 20036. Fee: $3,750 per month. Received $52,-500 for twelve-month period ending January 29, 1974.

Venezuela, Distribuidora Venzolana de Azucares, S.R.L. Registered lobbyist: Edward L. Merrigan, c/o Smathers, Merrigan and Herlong, 888 17th Street N.W., Washington, D.C. 20006. Fee: $50,000 per year. Received $50,000 for twelve-month period ending November 24, 1973.

Mauritus, Mauritus Chamber of Agriculture and Mauritus Sugar Syndicate. Registered lobbyist: Sharon, Pierson, Seemes, Croliun and Finley, 1054 13th Street N.W., Washington, D.C. 20007. Fee: $25,000 per year. Received $43,896 for twelve-month period ending August 21, 1973.

Swaziland, Swaziland Sugar Association. Registered lobbyist: Justice N. Chambers, 2300 Calvert Street N.W., Washington, D.C. 20008. Fee: $30,000 per year plus expenses to $5,000. Received $36,190.32 during twelve-month period ending August 28, 1973.

Fiji, CSR, Ltd. Registered lobbyist: Graham Purcell, 1819 H Street N.W., Washington, D.C. 20006. Fee: $2,500 per month. New registration, no previous income shown.

Peru, Central de Cooperativas Agrarias de Produccion Azucarera del Peru. Registered lobbyist: Prather, Levenberg, Seeger, Doolittle, Farmer and Ewing, 1101 16th Street N.W., Washington, D.C. 20036. Fee based on time spent on case. Received $27,500 for twelve-month period ending November 13, 1973.

Bolivia, Embassy of Brazil, Registered lobbyist: Tadco Enterprises, Inc., 1625 Eye Street N.W., Washington, D.C. 20006. Fee: $25,000 per year. New registration, no previous income shown.

Ethiopia, Ministry of Commerce, Industry and Tourism of the Imperial Ethiopian Government. Registered lobbyist: Donald S. Dawson and James W. Riddell, 723 Washington Building, Washington, D.C. 20005. Fee: $25,000 plus expenses in excess of $2,000. Contract also contains statement: "Expenses not exceeding $2,000 annually in connection with such representation shall likewise be paid in connection with services rendered each year in which a quota is allocated, not to exceed a total of $4,000." New registration, no income shown.

Fiji, South Pacific Sugar Mills, Ltd. (a subsidiary manufacturing company of CSR, Ltd.) Registered lobbyist: Charles H. Brown, Suite 400, 1250 Connecticut Avenue, Washington, D.C. 20036. Fee: $2,000 per month plus expenses. Received $26,690.18 during twelve-month period ending August 3, 1973.

Australia, CSR, Ltd. Registered lobbyist: Cleary, Gottlieb, Steen and Hamilton, 1250 Connecticut Avenue N.W., Washington, D.C. 20036. Fee based on services rendered. Received $23,922.44 during calendar year 1973.

Mexico, Union Nacional de Productores de Azucar, S.A. de C.V. (known as "UNPASA"). Registered lobbyist: Rouss and O'Rourke, 1629 K Street N.W., Washington, D.C. 20006. Fee: $1,000 per month plus $80 per month for office and telephone plus "$75 per hour for services beyond the reporting contemplated by retainer." Received $23,514.03 for twelve-month period ending December 26, 1973 (includes $9,885.13 "refund of Mexican income taxes erroneously withheld from fees of predecessor firm Sutton and O'Rourke.").

Gaudeloupe and Martinique, Associated Sugar Producers of Guadeloupe and Martinique; Madagascar, Syndicate des Distillateurs et Producteurs de Sucre de Madagascar et des Comores. Registered lobbyist: Albert M. Prosterman and Associates, Inc., 818 18th Street N.W., Suite 230, Washington, D.C. 20006. Fees: $12,400 per year from Madagascar and $5,000 per year from Gaudaloupe and Martinique. Received $12,400 during twelve-month period ending August 7, 1973.

Thailand, Government of Thailand, Ministry of Commerce. Registered lobbyist: Scott Whitney, 1801 K Street, Suite 220, Washington, D.C. 20006. Fee: $15,000 per year plus expenses. New registration, no previous income listed.

Costa Rica, Camara de Azucareros. Costa Rican Board of Trade, 108 East 66th Street, New York, New York 10021. Fee: $100 per month shared with Taxtile Association of Costa Rica. Received $12,000 during twelve-month period ending August 22, 1973.

Malawi, Government of Malawi. Registered lobbyist: Kerry Collier Trippe, 1801 K Street N.W., Suite 220, Washington, D.C. 20006. Fee: $10,000 per year. Received $13,-857.63 during twelve-month period ending August 18, 1973.

Taiwan, Chinese Government Procurement and Services Mission Division for Taiwan Sugar Corporation. Registered lobbyist: George C. Pendleton, One Farragut Square South, Suite 800, Washington, D.C. 20006. Fee: $650 per month plus expenses. New registration, no previous income listed.

Paraguay, Centri Azucarero Paraguayo. Registered lobbyist: Sheldon Kaplan, 1700 Pennsylvania Avenue, Washington, D.C. 20006. Fee: $500 per month plus not more than $50 expenses per month. Received $6,-300.42 during twelve-month period ending September 10, 1973.

Dominican Republic, Consejo Estatal del Azucar and the Government of the Dominican Republic. Registered lobbyist: James N. Juliana Associates, Inc., Suite 301, 1812 K Street N.W., Washington, D.C. 20006. Fee: no fee from the Dominican Republic government, $3,000 per month from Consejo Estatal del Azucar. Received $32,430.46 during twelve-month period ending September 25, 1973.

Central America, Federacion Centroamercana de Productores de Azucar. Registered lobbyist: Dr. Arnoldo Ramirez-Eva, 6604 Millwood Road, Bethesda, Maryland 20034. Fee: no fee, no income listed.

Haiti, National Bank of Haiti. Registered lobbyist: Philip F. King, 2312 South Nash Street, Arlington, Virginia 22202. Fee: "No fee involved. Out-of-pocket expenses, if any, will be reimbursed."

HEARINGS ON OUTER CONTINENTAL SHELF

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Pennsylvania (Mr. EILBERG) is recognized for 10 minutes.

Mr. EILBERG. Mr. Speaker, I wish to announce that my Subcommittee on Immigration, Citizenship, and International Law will continue its hearings to review the operation of the Outer Continental Shelf Lands Act of 1953.

These additional hearings are scheduled for March 6 and 7 to be held in room 2237 Rayburn House Office Building and will commence at 10 a.m.

Representatives from the Environmental Protection Agency have been invited to appear before the subcommittee on March 6 as well as representatives from several environmental groups.

In fulfilling our oversight responsibilities, it will also be necessary to review the position of the United States on the Law of the Sea negotiations. We have, therefore, requested Prof. John Norton Moore, chairman of the NSC Interagency Task Force on the Law of the Sea as well as other appropriate representatives of the task force to testify on March 7.

LABOR—FAIR WEATHER FRIEND—II

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. GONZALEZ) is recognized for 5 minutes.

Mr. GONZALEZ. Mr. Speaker, occasionally there is an exceptionally bitter dispute between management and labor. In a generally antiunion State like Texas these disputes can be extremely bitter and protracted, and this was true in the Farah strike and boycott. In this case management was determined to keep its plant outside the ranks of organized labor, and evidently used every tactic available, legal and illegal alike, to discourage the efforts of the Amalgamated Clothing Workers to organize their plants. In the tense situation that developed from the struggle, both sides resorted to desperate tactics. As always, in such a struggle innocent parties were victimized.

The management of Farah decided to contest any election that was held and according to the National Labor Relations Board undertook to make any election meaningless, through various unfair practices. Faced with this, the union adopted the strategy of forcing Farah to recognize them by a campaign of economic coercion.

Without going into all the details of this extraordinary struggle, I will simply say that the union boycott succeeded, together with Farah's own management mistakes, in placing the company in a precarious financial condition. Farah began last fall and winter to close down plants.

The day after Farah closed its plant in San Antonio, laying off 900 workers—just before Christmas—I happened to be in the city speaking at a ceremony. Across the street a number of Farah employees were demonstrating, expressing their bitterness at the boycott that had cost them their jobs. I do not know whether they would have voted for the union or not if there had been an election. In any case these people recognized me as I left the event I was attending and yelled at me to hear their grievances. I am charged to represent all my constituents, so I did the thing I am required to do; namely, listen to the grievances of the people who were calling me. I told the people how sorry I was that they had lost their jobs, that I hoped that the plant could reopen, and that Farah would reconsider its position.

Now I have certain dedicated enemies in labor, who chose to interpret this incident as meaning I was against organizing the Farah plant. In fact, all I wanted was for these people to have decent jobs, and if they wanted it, a union.

A few days after this incident, something called the Labor Council for Latin American Advancement supposedly sent me a telegram berating me for a "union-busting" attitude. To this day I have never received such a telegram. The only way I learned about it, or a press release issued through the AFL–CIO's good offices that same day, was from a puzzled letter I received from a person in the AFL–CIO.

I replied to this letter, and asked to be given a copy of the telegram and press release, which this particular writer provided me. Otherwise, I would not to this day have ever had any copy of the message that I was supposed to have been sent.

Well, I was puzzled. After all, here I was, a friend of labor for lo these many years, being treated like a mortal enemy of the workingman. I was not asked what had happened, given the benefit of any doubt, or even accorded the courtesy of being sent the message that the AFL–CIO says was sent. I think that this falls somewhere in the region of dirty pool—but be that as it may, I felt that some kind of mistake might have been made.

I knew that one of the authors of this attack was Don Slaiman, the director of the AFL–CIO Civil Rights Division. I wrote him a letter on December 20, asking for an explanation and requesting that the record be corrected. I never received a reply. I wrote again on January 10, and again, never received a reply, not even an acknowledgment. I've never received such cavalier treatment since the days when I used to ask John Mitchell what he was doing about crooks in the Justice Department. He would not answer, but now I know why—he was one of the crooks.

Now I have been told by people who should know that Mr. Slaiman is one of the more arrogant people on the planet, this side of the Teutonic terrors of Haldeman and Erhlichman. If this is so, then I can understand why Slaiman would not reply to me.

But then he did reply to others who wrote about this cowardly and false attack—by telephone, assuring that all would be well.

Of course, all is not well.

This attack on me was made by the Labor Council for Latin American Advancement, which is probably Slaiman's dream child. I am sure that he is embarrassed that its first action was to attack a friend. And he is probably more embarrassed that the action was taken before the council had ever been formally organized, that it was masterminded by two or three members of its board acting independently and without the knowledge of the rest of the board, for reasons best known only to themselves.

Over the years, I have been helpful to a great many of these fellows; I have fought hard and lonely fights, cast hard and lonely votes, and been there when it counted. So when it came time for me to ask that labor observe a little common decency and courtesy toward me, or at least be honest with me, I really thought that people like Slaiman would remember and maybe lift a finger. All I have gotten from him so far is cold and empty silence, as mean as old John Mitchell, and arrogant as Haldeman and Erhlichman. I know where they are. But where, oh where art thou, Don Slaiman?

THE ROYAL CRUSADERS "AMBASSADORS FOR FRIENDSHIP"

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Pennsylvania (Mr. MORGAN) is recognized for 5 minutes.

Mr. MORGAN. Mr. Speaker, many of my colleagues, as well as Americans across the land, enjoy Drum and Bugle Corps performances. Thus, it is my pleasure to salute the Royal Crusaders Junior Drum and Bugle Corps, which has received an invitation to perform in Romania and along the Black Sea for three weeks this summer. The corps is headquartered in Finleyville, Pa., in my congressional district.

Although the Royal Crusaders are in only their fourth year of existence as a competitive unit, these talented young people have an extensive record of achievement.

They are the 1973 "Pennsylvania State Champions" and are representing the Commonwealth of Pennsylvania as "Musical Ambassadors" during 1974.

The group traveled over 5,000 miles through 13 States in 1973.

They have received acclamation as one of the most professional marching units in the country.

Mr. Speaker, the selection of the Royal Crusaders as "Ambassadors for Friendship" is a distinct honor, and these young people—averaging only 16 years of age—can make a lasting contribution to international friendship and cooperation by sharing their talent and enthusiasm with people everywhere.

The following letter from the Honorable Corneliu Bogdan, Ambassador from Romania, indicates the eagerness of the Romanian people to host the group:

EMBASSY OF THE
SOCIALIST REPUBLIC OF ROMANIA,
Washington, D.C., January 21, 1974.

Mr. GARY INKS,
Royal Crusaders Drum & Bugle Corp.,
Finleyville, Pa.

DEAR MR. INKS: It is with sincere pleasure that I inform you that Mr. Harry Morgan has recommended your group as "Friendship Ambassadors" to our country.

May I take this occasion to congratulate each one of you, and to tell you how very pleased we are that the Romanian public will have opportunities to hear and see you in concert performances in our country.

You will find Romania to be a hospitable country of warm friendly people who are eager to know you, and through you to understand America better. We are confident you will discover an eagerness on our part to make this unique visit a memorable one.

Sincerely,
CORNELIU BOGDAN, *Ambassador.*

Mr. Speaker, under the energetic sponsorship of the Parent Booster Club, the Finleyville Volunteer Fire Department, and American Legion Post No. 613 of Finleyville, the Crusaders have organized, practiced long hours, and developed into a truly outstanding organization.

There are no Federal grants available to finance their trip to Romania, so the members of the corps are soliciting funds from foundations, businesses, and private citizens. As chairman of the Committee on Foreign Affairs, I am especially interested in this type of cultural contact with other nations, and I hope that the corps' efforts are successful.

The following article from the September 2, 1973 Pittsburgh Press roto magazine gives further details of the Royal Crusaders' activities. I commend it to your attention:

FINLEYVILLE'S FINEST ON PARADE

(By William Allan)

Most people still love a parade—where the flag still is The Grand Old Flag.

Teen-agers qualify, too. Last month at Marion, Ohio, 110 drum and bugle corps, from every section of the United States and Canada, took part in the International Championships.

It was more like 5,000 bugles and 10,000 drums. Representing this area were the Royal Crusaders, of Finleyville, 115 teenagers who worked literally day and night to be there. They placed ninth, in the open class.

They practice three days a week—sometimes from 9 a.m. until 9 p.m., with an hour off for lunch and another off for supper.

When they're not practicing, they sell hoagies, hold spaghetti dinners, wash cars, sell Easter candy and otherwise raise money for the Crusaders. Taking the hoagies as an example, the kids buy the ingredients, make the hoagies, sell and deliver them—some 2,000 once a month.

"Our budget runs about $40,000 a year, and they raise all the money themselves," reports director Gary Inks. "Of course, we win about $10,000 a year in prize money."

There's honor among drum and bugle corps.

When the Royal Crusaders won first prize at its own contest in June, the $800 was turned over to the second-place corps on the grounds "it wouldn't be right for us to win our own competition."

And $800 is a lot of hoagies.

No adult directly connected with the Royal Crusaders is paid, according to Inks, including himself.

However, musical expertise is. Mike Humer, percussionist with the Pittsburgh Symphony Orchestra and a professor of music at Duquesne University, is the percussionist in residence with the Crusaders. Dave Hill, equally well known here, is the brass expert.

Amazingly, additional talent is brought in for special teaching. One weekend saw experts from New York and New Jersey for counseling—and that's one of the times the practices went from 9 a.m. to 9 p.m., Saturday and Sunday.

"Some of the children have some training when they join, but most often we start from scratch," Inks explains.

There are 75 musicians, boy drummers and boy and girl buglers (viva women's lib), plus about 40 girls (boo men's lib) in the color guard. Ages run from 13 to 20 years.

What about the antimilitary feeling among young people?

"They do not look upon the Royal Crusaders as the military," Inks replies. (Some of the music is religiously oriented.) "They look upon this as an opportunity to work together toward a common goal. They're disciplined—in the music and in the marching—and although they don't say so, I think they like the discipline.

"And they have pride in the Crusaders," the director emphasizes. "I think that 'pride' is the key word—personally and as a group."

While bugles and drums connote the military, the Crusaders' performances have a religious theme, with good battling evil.

Members act out the parts, to the accompaniment of the music, and it is through these pageants that much of the Finleyville group's success has come.

Pageants, however, call for more concentration and practice, along with more musical expertise.

Normally, the Crusaders work out one main routine and stick to it through various competitions. There have been cases where they perform more than once in a given day, in different towns.

There are, of course, some nice trips.

The Royal Crusaders have traveled as far as Wisconsin and Minnesota, and this year drummed and bugled for nine days in Ohio, Illinois and Wisconsin, winning several competitions.

They travel by leased school bus, sleeping in churches along the way. Each member brings a sleeping bag and one suitcase. Boys and girls sleep in different sections of the church and "we've never had any trouble," reports director Inks.

"They're too busy to get into trouble," says one parent, Don Hilenbrant, whose daughter, Laurel, 15, is a Crusader. "It's an excellent way to keep young people occupied constructively."

So young people also answer to a different drummer, and in Finleyville, the stars and stripes fly high over the Royal Crusaders.

THE CASE AGAINST PUBLIC FINANCING OF POLITICAL CAMPAIGNS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Ohio (Mr. JAMES V. STANTON) is recognized for 60 minutes.

Mr. JAMES V. STANTON. Mr. Speaker, the Watergate crisis is generating a great deal of energy for reform of the electioneering process. Obviously, this is a good thing, but we would be making a serious mistake, Mr. Speaker, if we were to assume that any reform—just so long as it produces change—is better than no reform at all. If our responsibility as politicians, as holders of public office and as lawmakers were limited only to offering proof to the public that we care—from which it would follow that we deserve to be reelected next November—then we would be committing no crime if we were to succumb to the "do something, do anything" impulse. In fact, we could saddle some "idea whose time has come" and ride this wave of the future to still another term in public office. But, of course, our responsibility goes beyond that.

It is our duty to think, as well as to act. It is our duty to be sensible; to write into the law only those reforms that we know are going to be meaningful and that will not lead to further disillusionment; to take care that we do not casually transform and thereby undermine that larger framework of democratic government that served us well for nearly 200 years, and which, having been the target of the Watergate criminals, should not, knowingly or unknowingly, become our target as well. It's our duty, Mr. Speaker, to remember that we are politicians as well as reformers, experienced in the ways of government and elections, and possessed of that inside knowledge that comes only from being a part of these processes. It's our duty to use that knowledge to harness and correctly channel the energy for political reform.

Resent developments in the Senate suggest that we might soon be confronted in this body with one of those "ideas whose time has come." This is the proposal for public financing of campaigns for Federal office—that is, Presidential and congressional electioneering. Besides being a proposal, it has taken on the dimensions of a moral crusade. Mr. Speaker, while I do not question the sincerity of those who advocate public financing, I do challenge their wisdom. I submit rsepectfully that their proposal—I am addressing myself, of course, to the basic concept rather than to any particular legislative formulation of it—is at best a placebo and at worst—I am using this word with forethought—a poison. It's a placebo because it will not succeed in assuring us of "unbought" politicians. It is a poison because it might very well destroy the innards of the American system of government. One organ it would attack is the first amendment, which assures to every citizen and group of citizens not only a voice to influence their political leaders but also the absolute right to chart their own lawful strategy for maximizing that voice. Another organ that would be threatened is our traditional infrastructure of major and minor political parties. The parties might be brought to a state of atrophy by public financing, or—this is another possibility—they might become afflicted with elephantiasis. Even worse, perhaps, is the possibility that they might achieve immortality. A host of new parties might be born, never to die. In what follows, I will elaborate a great deal and become more specific about these substantive objections to public financing.

I. INEFFECTIVENESS OF PUBLIC FINANCING

A. FAILURE OF THE CORRUPT PRACTICES ACT

At this time, however, Mr. Speaker, I would like to pursue for a moment the argument that public financing would prove ineffectual. This intended reform is based on the premise that good money in politics would drive out the bad. Good money would be that money contributed generously and indiscriminately by all the taxpayers to parties and candidates who hold all sorts of views. Bad money would be that contributed selectively to certain parties or candidates by self-seeking special interests. Never mind for the moment that not all the bad money, so defined, is really bad—that much of it in fact is undoubtedly good, if we broadly construe the term "special interest," and if we believe, as we say we do, in a pluralistic body politic where every political entity has a right not only to exist but to compete—where the public is served by the clash of these so-called special interests and the synthesizing, as often occurs, of their separate points of view. Never mind, either, for the moment the consideration that evil cannot inhere in money itself. It grows only out of the spirit in which it might be given, or from the understanding with which it is received, if the spirit and the understanding are corrupt.

The point for us to consider, if we accept the premise that the presumptively bad money is bad per se, is whether it will indeed be purged from the political process by the good money that is poured in. Our historical experience, not to mention our political savvy, gives us the answer. In 1925 we gave the country the Corrupt Practices Act, and in subsequent years we enacted a number of amendments. This law said, in effect, that campaign contributions from business corporations—or, it was added later, labor unions—are bad, period. Therefore, such contributions were outlawed. But to what effect? Corporations and labor unions are still in the very center of the political arena. In the end, despite the 1925 enactment and its amendments, we got Watergate. And during the intervening years through the present time, we got this—as Marc Yacker, of the Library of Congress, wrote in a paper prepared for me:

> Many corporations find ways to circumvent the law. Two of the most common methods are the placement of salaried workers, still on the company payroll, on the campaign staff of a candidate, and the "lumping technique," that is, a corporation arranging to pay a regularly used attorney, public relations firm, etc. for debts incurred by the candidate. Other firms contribute, also in violation of the law, by awarding bonuses to their executives with the understanding that the money will be contributed to a candidate or party. Still others allow their corporate officials to be reimbursed for obviously inflated business expenses, supposedly paid for out of pocket. In reality this provides the excutive with excess money, again to be contributed to a political campaign. . . .

As we know, Mr. Speaker, public cynicism is highly injurious in a democracy; it causes people to lose interest in governing themselves, and to lose confidence in their ability to do it. Two of the prime causes of such cynicism are laws that promise more than they can achieve and laws that are supposedly tough but really are not enforced evenly, if at all. The Corrupt Practices Act was such a law; a statute providing public funds for electioneering, but introducing no further reforms, would be another such law.

Some of the public financing proposals would give us a hybrid system in which candidates could legally receive contributions both from the U.S. Treasury and from private sources. Since this kind of law would permit presumptively bad money to maintain access to the political system and to keep circulating within it, it's difficult to discern what the statute would accomplish, assuming again, as such a law would, in effect, say, that the bad money is truly bad.

Perhaps its principal achievement would be to induce some people into thinking, until they awoke later in disillusionment, that another blow had been struck for reform. Another version of the public financing plan, more forthright and obviously more consistent with its own premises, would outlaw private contributions altogether. This was the strategy of the Corrupt Practices Act, whose weak and hypocritical prohibitions against campaign contributions by corporations and labor unions survive today in our latest piece of reform legislation, the Federal Election Campaign Act of 1971, Public Law 92-225. In other words, preemptive public financing unaccompanied by additional reforms would come to public attention as a dramatic change trumpeting reform but leaving us, in terms of enforcement, exactly where we are today. When the people discover that, they will be that much poorer because their tax moneys will have been used to no effect.

B. ENFORCEMENT: THE MOST NEEDED REFORM

This brings us then, Mr. Speaker, to a third and, in my opinion, the crucial reason for opposing public financing today. In addition to being a placebo and a poison—I shall presently, as I have said, say a great deal more about the poison—public financing would be a diversion. The crusade for it diverts us from giving attention to the reform we really need. What we in Congress, and earnest citizens outside of Congress, should be concentrating on is not the financing problem but the enforcement problem. We should be directing our energies toward establishing in the Government an effective institutional mechanism for enforcement of all the laws we now have, and for whatever additional laws we might yet enact, to regulate the financing of political campaigns. For even if we adopt legislation based on the premise that I challenge; namely, that campaign contributions from anyone except Uncle Sam are inherently bad, what good would such a law do if it were not enforced—if it could not keep the so-called bad money from entering campaigns in some secretive way?

Since the Corrupt Practices Act would be the spiritual progenitor of a public financing law, we ought to examine the reasons why the 1925 legislation failed. Of course, its rationale may have been faulty to begin with, in the sense that perhaps it is unrealistic to suppose that we can really prevent corporations, labor unions, and other special interest groups from somehow finding a way to use their financial muscle when their vital interests are at stake. If this is true, we are not likely to have much more success with a preemptive public financing law. However, if indeed it is an attainable goal to drive the presumptively bad money out of the political arena, then obviously a strong, continuing enforcement effort would be required. The Corrupt Practices Act did not lay the foundation for such an effort—and, in fact, the law appears to have been contrived to render such an effort unlikely, if not impossible. Enforcement was strengthened somewhat, but not very much, in the 1971 law. This is where we are today, and it is on this weak reed that the advocates of public financing ask us to superimpose an elaborate new system of restraints against special interest groups.

The first policing inadequacy of the Corrupt Practices Act was that it dispersed responsibility for enforcement rather than concentrating it. It enthroned the Clerk of the House and the Secretary of the Senate as satraps who were to receive from the candidates public reports disclosing their campaign contributions and expenditures. The Clerk and the Secretary in turn were supposed to advise the Attorney General of failures to file, and it was to be his job to take it from there.

The second inadequacy of the act should already be apparent; the designated enforcement officers had authority which they could not safely exercise. The Clerk and the Secretary owed their tenure to the incumbents they were policing. And the Attorney General, of course, was an appointee of the President, whose day-to-day work enmeshed him in all sorts of entangling alliances with Members of the House and Senate. Predictably, in the decades that followed, there were no prosecutions under the Corrupt Practices Act. In the 1971 updating of the law, it was broadened in scope and new enforcement obligations were spelled out. In addition, a third satrapy was created. The Comptroller General, more independent than the Clerk and the Secretary but still an agent of Congress, was given supervisory authority over the reports filed by Presidential candidates. But the two basic defects of the 1925 legislation were not corrected. We are still stuck today with a policeman on every corner, as it were, operating under no centralized command structure and each of them answerable in subtle ways to the persons they are policing.

What we obviously need, Mr. Speaker, is more self-starting, self-propelled, freewheeling enforcement machinery operating under a grant of authority that bridges the executive and legislative branches. The machinery ought to be centralized in a new agency of Government that would need no one's permission to exercise its police powers with respect to electioneering by candidates for all the Federal elective offices. The agency would have built-in authority to compel reporting by the candidates, to require timely reporting, to verify the completeness and accuracy of the reports to subpena persons and documents, to hold hearings, to publicize its findings and, when necessary, to initiate and prosecute its own cases in court. Such an agency is proposed in a number of bills pending before us, among them S. 372, which passed the Senate last year, and my own H.R. 10218. But the crusade for public financing appears to be monopolizing public attention, diverting us from the more meaningful and effective legislation that would result from a careful examination of the plans for assuring enforcement.

Mr. Speaker, I think most of us would agree that, of all the officials charged with enforcement of the present law, the Comptroller General is the most impartial. As I have indicated, he is one of three so-called supervisory officers, the two others being the Clerk of the House and the Secretary of the Senate. For some time now, he and his agents have been appearing before committees of this Congress to suggest improvements in the law. The thrust of his thinking is highlighted by these excerpts from his testimony last April 12 before the Senate Subcommittee on Privileges and Elections:

> One year's experience with the Federal Election Campaign Act of 1971 has convinced us of the need for more effective enforcement procedures . . . The Supervisory Officer or his equivalent should be given the power: (1) to require written reports and answers to questions; (2) to administer oaths; (3) to compel testimony and documents by subpoena; and (4) to initiate court actions in his own name through his own attorneys . . . In addition, the Supervisory Officer or his equivalent should be authorized to impose civil fines on candidates and political committees or others who violate the Act in ways not appropriate for criminal prosecution, such as late filing of reports, failure to include relevant information, errors in reports, etc. In his discretion, the administrator should be able to impose a fine within statutory limits on the violator and to enforce it through distraint or through a court proceeding.

This is the real business before us, Mr. Speaker. We should get on with it. We would be misleading the people if we were to allow ourselves to become distracted by sideshows produced by outside groups that lack our firsthand knowledge of all that is involved in campaign financing. Because in this instance we are making laws to govern ourselves, no one knows better than we do which restraints on us would really prove effective.

C. DISCLOSURE AS AN ALTERNATIVE REFORM

If we conclude, Mr. Speaker, that even the strictest enforcement would fail to completely insulate campaigns from presumptively bad money, then we ought to consider also proposals to improve the disclosure mechanism in the current law our rationale being that the power of bad money diminishes as it attains visibility. Disclosure, as well as certain outright prohibitions, was a strategy adopted in the 1925 Corrupt Practices Act. Although there was more obfuscation than disclosure in the years that followed, some important strides forward were made in this area in the 1971 legislation. With some of my colleagues, I beileve we ought to proceed still further on this road. For instance, H.R. 10218 contains a proposal for a Federal Elections Campaign Bank. The justice Department endorsed this concept in testimony last September 21 before the Senate Subcommittee on Privileges and Elections. I explained my bill in detail in a presentation to the House last September 25. It was published in the CONGRESSIONAL RECORD that day, starting on page 31382.

I for one am convinced that a combination of full disclosure and energetic, impartial enforcement is the prescription we need for effective reform of campaign financing. The Watergate investigations have served as, among other things, an engine for disclosure. No one will deny that these disclosures have had impact and that they are bringing results. I submit that we ought to live for a time in this atmosphere of disclosure and enforcement, and that we see what it can produce, before we veer off on the tangent of public financing—a possibly irrelevant reform that threatens, as I have said, to destroy certain vital functions of our democratic system.

II. POSITIVE ASPECTS OF PRIVATE FINANCING

Mr. Speaker, I would like to pause once more before turning to my substantive objections against public financing. The reason I leave these objections to the last is that I prefer to address you and our colleagues in positive terms, emphasizing what we ought to be doing rather than what we ought to be avoiding. This is not a polemic in favor of the status quo. But neither is this analysis one that sees no redeeming value at all in certain aspects of the status quo. A conspicuous factor in things as they are is, of course, the system of campaign contributions from nonpublic sources. As I have said, I do not accept the argument that this money is inherently bad. As a matter of fact, I assert the opposite—that such contributions play a constructive and essential role in the unfolding of the democratic process. I think we can see this more clearly if we describe these contributions not as private, not as nonpublic, but rather as quasi-public in nature. They are quasi-public in the sense that they are publicly disclosed and are contributed for the purpose of achieving results that affect the public—for better or for worse—by bringing influence to bear on officials who are elected by the public. This may be said even of the small sums that many citizens contribute directly on their own initiative, without consulting anyone else, to candidates and parties and politically active groups. It is true even more of the much larger sums that the pressure groups themselves contribute to campaigns. I doubt that anyone would dispute the proposition that these groups are quasi-public in nature, a fact that is implicit, for instance, in laws that in effect grant licenses to their lobbyists. Therefore, it is not valid to assume, as many advocates of public financing do, that some unholy dichotomy exists between public money and what they call private money.

In his study "Campaign Financing and Political Freedom," Ralph K. Winter Jr. writes:

> Contributing to a candidate permits individuals to pool their resources and voice their message far more effectively than if each spoke singly. This is critically important because it permits citizens to join a potent organization and propagate their views beyond their voting districts. Persons who feel strongly about appointments to the Supreme Court, for example, can demonstrate their convictions by contributing to the campaigns of sympathetic congressmen. Those who give money to Mr. John Gardner's Common Cause and conceive of that act as a form of free association and expression should not automatically deny the same status to those who give to political campaigns. . . . That a senator receives large union contributions might be perceived as the reason he often supports union causes. Is not the reverse far more commonly the case: the candidate receives contributions because he holds these convictions? . . . Common Cause, we are told, is presently engaged in an empirical study designed to show "a real correlation" between contributions and legislative decisions. . . . Some such correlation can probably be easily established, since contributions are rarely given either at random or to one's political enemies.

Winter cites more reasons why the presumptively bad money really is good:

> The need for campaign money weeds out candidates who lack substantial public support. An attractive candidate with an attractive issue will draw money as well as votes.

And:

> The right to give or not to give to a candidate is an aspect of political freedom. Campaign money . . . serves as a barometer of intensity of feeling over potent political issues . . .

By following this train of thought we can see that the private contribution fosters political action. It promotes a clash of ideas. When one pressure group builds a war chest and starts using it, this action makes it virtually certain that opposing interests, too, will solicit their constituencies for financial support. All this, then, helps to finance public discussion and to draw public attention to the controversies that are the sine qua non of democratic government.

OBJECTIONS TO PUBLIC FINANCING

I realize, Mr. Speaker, that nothing I have said so far necessarily rules out public financing on its own merits as at least an addition to the arsenal of reform. It could be argued, in fact, that a program for reform ought to start with the priorities I have outlined here, culminating finally in a system of public financing. This would complete the process, it might be said, of delivering to the public a package that would preclude any future Watergates. But I hope we stop short of putting together that package. Public financing, in my opinion, is not an antidote to Watergate. Instead, being carried forward mindlessly on the emotions engendered by Watergate, it could cause permanent damage to our elective processes. I submit that public financing ought to be assessed, first, in terms of its impact on our traditional political party structure; second, its impact on candidates and incumbent elective officials; and, third, its impact on public participation in elections. Then I will conclude with certain other considerations that we ought to keep in mind.

A. IMPACT ON POLITICAL PARTY STRUCTURE

The specific ways in which public financing could alter or ensconce the traditional political party structure would depend, of course, on the particular plan that is adopted. Some plans would strengthen the parties in undesirable ways; others would have the opposite—but an equally undesirable—effect. Since we do not know which plan might emerge in a viable legislative form, to be debated on the floors of the House and Senate, our safest course at this point is to consider all the contingencies, even though some of them will be seen as mutually exclusive. In other words, if we do not come to one bad result, it will be another.

1. THE MAJOR PARTIES

We ought to start with the two major parties, examining the consequences in terms of their institutional roles. As we know, Mr. Speaker, the Democratic and Republican parties do not represent a bequest made to us by the Constitution. There is no mention of parties in that document, or in any of its amendments. Although they lack constitutional status, it is true that the parties have evolved as part of our political system, and at the present time they appear to be permanent fixtures within it. Even if we assume that continuing evolution will not some day dictate a phasing out of the parties—that is, that the parties are here to stay, and should stay—where is it written that we must have the Democratic and Republican parties that we know today? Other major parties have come and gone for sound historical reasons. But if we agree to underwrite the existence of today's parties with public funds, we will never be rid of them. They will survive as institutions long after they outlive their vitality, long after their constituents abandon them. But is it right for them to live on? Is it constitutional to grant them immortality? As Justice Black has written:

> There is, of course, no reason why two parties should retain a permanent monopoly on the right to have people vote for or against them. Competition in ideas and governmental policies is at the core of our electoral process and of the first amendment freedoms.

Obviously, when we give public money to the parties, we are subsidizing the ideologies that they espouse. If we subscribe to the wisdom of Jefferson, who called for separation between church and State, we ought to carry this policy to its logical conclusion and prohibit also any conjoining of ideology and the State. I submit that we should be especially sensitive to this danger in today's world, when ideologies are proclaimed and promoted with religious fervor. To the extent that we subsidize majoritarian ideology, I question whether this is wise or constitutional. Does not this perforce discriminate against individuals and groups that hold minority viewpoints? Does not this make it more difficult for new ideologies, better attuned to a rapidly changing world, to gain a foothold? We ought to beware, Mr. Speaker, of so entrenching the party that we belong to, as well as the opposite party to which our colleagues across the aisle adhere. We should keep in mind that it is under fascism and communism that the state and ideology are entwined.

Further, when we grant to a party a continuing subsidy, we strengthen not only the party but also the leaders in control of the party at the time the subsidies start. We can imagine circumstances under which the leadership, having control of the money, could arrange things so that it would be difficult to oust them from power even after they had lost an important election, or in the face of a movement by younger leaders or reform elements to take over. In 1972, in line with this analysis, the Democratic Party could have remained under the thumb of GEORGE MCGOVERN and Jean Westwood, who had less than universal appeal among Democrats, and the Republican Party in 1964 could have become the possession of BARRY GOLDWATER and Dean Burch and the small party faction that they represented.

In the big cities, to cite another example, the machines could live on long after they had lost true popular support. So not only would public financing bring us permanently entrenched major parties but also leadership superbly equipped to assure the succession to loyalists of their own choosing—in short, a sort of monarchial system of party governance.

There is still a third way in which public funding could lock the parties into positions of power. Giving money to them would strengthen them vis-a-vis candidates carrying the party's banner. If there were a public financing scheme that forced candidates to look to the parties exclusively for financial sustenance, this would diminish the independence of those running for office, and possibly cause them to cut or ignore their ties with other interest groups. Bossism would ride again.

If, on the other hand, we were to give the public subsidy to the candidates, rather than to the parties, then we would weaken the party's traditional role as a principal fundraiser, thereby depriving it of an instrument of discipline. Following inevitably, as well, would be a proliferation, if not an explosion, in the number of candidates. With aspirants for office being guaranteed funding by the Government, they would enter the primaries in herds. In large fields such as these, no candidate could hope to achieve more than a modest plurality. The winner then would enter the general election not really as the candidate of a party but merely of a small faction. The overwhelming majority of voters in the primary will have lost. This is true today, of course, in many elections, but public financing of campaigns channeled to the candidates themselves would increase the incidence of such freakish elections, and perhaps make them commonplace.

If we were to give the public money both to the parties and the candidates, as a means of achieving some balance between the alternatives I have just cited, then we could end up being saddled with undesirable aspects of both systems, with neither being able to cure the other.

2. THE MINOR PARTIES

Public financing of elections would also affect profoundly the traditional role of the minor parties in our system of government. Like the major parties, they are not rooted in the Constitution and thus there is no obligation on the part of the citizenry or the Government to perpetuate them. Nonetheless, all of us are familiar with the positive contribution that some of these parties have made throughout our history. Some of the best of them have died, but only after important parts of their platform had been absorbed by the major parties. Others have produced nothing and passed from the scene with good riddance, because their programs were offensive to citizens in a democratic country or because their proposals were foolish or inappropriate to the times. The comings and goings of the minor parties have had the net effect of providing a two-party system, which in turn accounts for the politics of consensus that has kept our country stable and united. Against this background, any tampering with the two-party system and with the means of absorption of the minor parties, or conversely an upset in the political dynamics of our Nation so as to discourage the birth of third parties, is bound to have deleterious results. Jack H. Haskell of the Library of Congress staff, in a paper last August, summed up all that would be at stake for minor parties under varying schemes of public financing. He wrote:

> It is contended by some that since third parties must garner a certain percentage of the vote before being eligible for public funding, the requirement may unfairly discourage the operation and formulation of third or new parties and so may dry up an important source of new ideas and original solutions which are often eventually adopted by the major parties.
>
> On the other hand it has been suggested that the expectation of public funding if a certain number of votes can be polled may encourage the proliferation of minor and new parties. This is seen by some to be a serious threat to the stability of our two-party system of government since varying factions, instead of being encouraged to work for change within the structure of one of the two major parties, would now be encouraged by the expectation of free funding to form a new "splinter" party. Further objections are raised that public funding may perpetuate minor political parties which would otherwise have only short-run or temporary popularity since funding of third parties may partly be based upon performance of the party in the previous election four years before. Others question the wisdom of the government or the desire of the general public to support or perpetuate radical "fringe" parties or racist-oriented third parties which may have established a modicum of public support.

As to the litters of minor parties that might result from a system of public financing, perhaps the ultimate danger would be the formation of a religious party. Would the constitutional prohibition separating church from state then become operative, depriving such a party of the public funds that other parties are getting? If not, would not most Americans find it obnoxious—if not dangerous—to in effect be subsidizing a religious doctrine? On the other hand, if religious parties are to be barred from receiving the public funds that other parties receive, how is a religious party to be defined? It appears to me, Mr. Speaker, that nothing could save the state under these circumstances from becoming entangled with one or more of the religions.

B. IMPACT ON OFFICEHOLDERS

Apart from its impact on the parties, public financing would have a separate effect on candidates and persons already holding public office. It would come as another boon to the incumbents. Frankly, Mr. Speaker, I should think that we ought to be embarrassed about asking the taxpayers for any more favors, in view of the perquisites of office that we already hold and the fact that they have proved so useful in keeping us here. For example, the franking privilege used in certain ways gives us a leg up on our challengers, and we can see the evidence of this in the election results. So we already have our subsidies, the one in this example being an enormous—and unlimited—allowance to pay for the mailing of letters, illustrated newsletters and all sorts of other materials to our constituents. On top of all this, we would get another handout from the Government through public financing of our campaigns. In a public funding plan that gives an equal amount to each candidate, we still would maintain the perquisite gap. In a plan that doles out money based on performance in previous elections, we would automatically get more money than the challengers. In a plan of public financing that is less than preemptive, some incumbents might twist the situation to their advantage by using the taxpayers' funds, in effect, as seed money to attract still more private contributions. Allow me to explain, Mr. Speaker. Suppose we have an incumbent who is fairly well entrenched. He is able to build only a small war chest, election after election, because his opposition is light and financial angels among his supporters see no serious threat to him. But then some public money is thrown into the campaign. As a result, attracted by the certain prospect of financial assistance, a strong challenger enters the race—or a number of challengers do. The survival of the incumbent, under these conditions, is not to be taken for granted. So he goes to his supporters and persuades them to open their wallets. This, of course, stimulates parallel activity by the opposition. But in any such fundraising contest, as studies have shown, the incumbent has important advantages that virtually assure him of outsoliciting his challengers. Surplus funds he might raise could then be put in the bank to give him a headstart 2 years later, or 4 years later, in a race for higher office. In the meantime, the challenger has found the public financing kitty to be of only passing advantage. He himself might be no worse off financially than when he started, but the taxpayer is behind and the incumbent might be ahead, because he has picked up some cash that otherwise would have been withheld from him.

Yet it is not only money that taxpayers might lose. They might also be deprived, under a scheme of public financing, of the opportunity to hear a spirited, truly informative discussion of the issues. Winter has written:

> We are told that subsidies will "reduce the pressure on Congressional candidates for dependence on large campaign contributions from private sources . . ." If, however, one reduces the pressure on candidates to look to the views of contributors, to whom will the candidates look instead? The need to raise money compels candidates to address those matters about which large groups feel strongly. Candidates might well, upon receiving campaign money from the government, mute their views and become even more prepackaged. Eliminate the need for money and you eliminate much of the motive to face up to the issues. Candidates might then look more to attention-getting gimmicks than to attention-getting policy statements. A subsidy combined with spending limits might insulate incumbents both from challengers and the strongly held desires of constituents.

We should not overlook either, Mr. Speaker, the fact that appropriations for a campaign financing program would be controlled by persons already holding those offices that would be at stake in the next election. The implications of this are worth reflecting on, in view of what we in Congress describe as the power of the purse. At the very least, it seems to me, we would be plunging the Federal Government, which heretofore has largely been held at arm's length, into the election process. At worst, this would result in incumbent officeholders, or perhaps their agents, meddling in disputes over what did, or did not, constitute a justified use of public supplied campaign funds. I wonder: Would we end up, for instance, with censorship of political advertising messages?

C. IMPACT ON PARTICIPATORY POLITICS

Mr. Speaker, public financing also would have an adverse impact on public participation in the election process. I question how we would enhance liberties if we clamp restraints on the citizens of any class denying them the right to contribute to a candidate who has already shown by his record that he's a champion of that group, or who has persuaded the group that he definitely will take up their cause. As Haskell has put it:

> It is questioned whether it is wise to diminish the influence of groups which represent the opinion of a large segment of the electorate, such as the political arms of labor organizations or commercial groups. The objective of collective action, such as collective bargaining for instance, is to centralize, and so to increase the bargaining power of individuals to meet the legitimate demands of these persons who may not have the influence to receive consideration as individuals. It is feared that through public financing the needs of certain individuals, for example laborers, may not be met since the means through which they may exert their collective influence, through organizations such as COPE, will be substantially limited. Those who disagree with this premise contend that private interest groups may represent their members by exerting their influence through channels other than direct financial support of candidates. This contention, however, at the same time may weaken the original argument that public financing would free a candidate from the influence of special interest groups.

I would venture to say, Mr. Speaker, that the ordinary workingman has a rather keen sense of the power he is able to command through his union, and an equally accurate estimate of his helplessness if he is forced to stand alone. If he were barred by a new law, for reasons obscure to him, from giving his few dollars to the only candidate who seems interested in him, his sense of there being something foul afoot would sharpen his cynicism, and he probably would turn off politically, retreating to apathy. At the same time, affluent persons with more free time than the workingman would remain on the political stage, and might end up hogging a good part of it for themselves. Also remaining front and center would be the activist, highly educated persons who are able to bring to bear in a campaign more than just money—such as a knowledge of the details of many issues; an ability to articulate their points of view; and all the self-confidence that comes from these attributes. It is these same persons who frequently influence, and in some places also control, the news media. While their role in elections is just as constructive as that of the workingman, we ought not to take action that in effect gives them a greater voice than is justified by their numbers in the population. Of course, this is what we do when we brush aside the workingman.

D. OTHER CONSIDERATIONS

There are a number of other considerations, Mr. Speaker, that militate against public financing. I would like to cite just a few:

If a voter disagrees strongly with a candidate, should he be forced to help pay for his message? Winter has stated the problem this way:

> What would happen if a racist ran for office and delivered radical and quasi-violent speeches? One result might be cries for even more regulation—in particular, for regulation of the content of political speech.

To the extent that the largest sums of money are contributed by those who can best afford it, and whose personal financial stake in our system is greater, is this not after all, as it should be? Does this not unofficially parallel, in a sense, the principle of progressive taxation? Somebody has to pay for political campaigns. If we take the money out of the public till, the cost of it will fall disproportionately on the low-middle and lower income groups. This is so because our Federal income tax system is not as progressive as it is supposed to be, or as we like to pretend that it is.

The cost of public financing might become burdensome, and this could take money away from vital public programs. We can assume a steady escalation of costs because, to cite one reason, for the incumbents to increase the amounts of the grants to themselves enhances their sense of power and their actual power. To political animals like us, having more money to dispense would be akin to having more patronage at our command. I doubt that we would spurn larger and larger grants even if the price for this would be to have to share the extra money with our challengers. Is there a politician among us who would deny that some of us are adept at making deals with the opposition? And who would be the beneficiaries of all this largess? Again, I would like to cite but one example, Mr. Speaker. Arlen Large wrote in the Wall Street Journal last year:

> In recent years a whole industry of campaign advertising specialists has mushroomed to advise candidates on how to spend their privately collected money. With an assured supply of financing from public tax funds, the campaign consultant would become just one more parasitic operator who, like a commercial income tax preparer, thrives merely because the government exists.

IV. CONCLUSION

I would like to conclude, Mr. Speaker, with an observation by Alexander Heard, an authority on campaign costs, who noted in his work "Costs of Democracy:"

> It has been repeatedly demonstrated that he who pays the piper does not always call the tune, at least not in politics. Politicians prize votes more than dollars.

Let us not get carried away, then, Mr. Speaker, by getting hung up on the financial aspects of politics. Let us examine carefully the case against public funding of elections, as it has been outlined here and elsewhere. Or better yet, why not lay the question aside for the time being and get on with the reforms we truly need at this time? Thank you, Mr. Speaker.

A BILL TO AMEND SECTION 174 OF INTERNAL REVENUE CODE OF 1954

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. ROSTENKOWSKI) is recognized for 5 minutes.

Mr. ROSTENKOWSKI. Mr. Speaker, I have today, together with my distinguished colleague the gentleman from Illinois (Mr. COLLIER), introduced a bill which would amend section 174 of the Internal Revenue Code of 1954 to insure its uniform application to business products and would make clear that taxpayers engaged in the publishing business have the same option as other taxpayers to deduct research or development expenses incurred in developing or improving their products.

Section 174, as enacted by the Congress in 1954, grants all business taxpayers alike the option to deduct research or experimental expenditures. However, in September 1973 the Internal Revenue Service published a ruling—Revenue ruling 73-395—which purports to interpret section 174 in a fashion that would deny publishers—apparently even for all years beginning prior to publication of the ruling—the option to deduct expenditures incurred for the writing and editing of textbooks and the design and art work of visual teaching aids that occurred prior to the publication of the textbook and the visual aid. This ruling held, for the first time, that such costs do not constitute research or experimental expenditures under section 174 of the Code.

The new IRS ruling marks a departure from the Service's prior administrative practice of permitting current deduction of such expenditures by book publishers who chose to employ that method of tax accounting. The IRS ought not be allowed, through this attempted reversal of its prior administrative practice, to penalize those publishers whose reliance on continuation of that practice led them to commit themselves to make heavy financial outlay for research and experimentation for the development or improvement of their products.

The bill would make it clear that the recent Service ruling does not reflect the intent of Congress when it enacted section 174 in 1954. The reports of the House Ways and Means Committee and of the Senate Finance Committee which accompanied section 174 upon its enactment in 1954 explain that the purpose of section 174 was to "eliminate uncertainty and to encourage taxpayers to carry on research and experimentation." There is no suggestion in these reports that section 174 would not apply to the costs of research and experimentation necessary to develop products of book publishers, such as textbooks, reference books, visual aids, and other teaching aids, merely because the taxpayer's business is publishing or because the teaching aid or other product of a publisher is in the form of a printed book rather than in the form of a mechanical device. Section 174 should not be interpreted to discriminate against book publishers in the business of developing or in improving reference books, teaching aids or other products.

The Treasury regulations—section 1.174-2(a)(1)—provide that the term "research or experimental expenditures" includes "generally all such costs incident to the development of a product and the improvement of already existing property of the type mentioned." There is no sound reason for discriminating against book products of publishers. Although the Treasury regulations—section 1.174-2(a)(1)—also provide that the term "research or experimental expenditures" does not include expenditures "for research in connection with literary, historical or similar projects," this regulatory exclusion should be confined to its proper scope, for example, to preclude the amateur novelist from deducting his essentially personal expenses in the guise of business research expenses. The regulatory exclusion is no longer necessary because the judicial decisions since 1954 make it clear that section 174 applies only to the development or improvement of products related to a trade or business of the taxpayer.

The bill also makes a technical amendment which makes it clear that the method of accounting permitted by section 174(a) for research or experimental expenditures permits a taxpayer to deduct such expenditures from gross receipts by treating them as an element of cost of goods sold. Consequently, a taxpayer who utilizes this method of deducting such expenditures, and who also reports income from sales on the installment method, will apply the deduction against subsequent receipts from sales.

DEBTS OWED TO UNITED STATES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. WOLFF) is recognized for 5 minutes.

Mr. WOLFF. Mr. Speaker, today, on behalf of myself, Mr. DERWINSKI, and 40 House cosponsors, I am introducing a joint resolution that will serve to insure congressional involvement in all settlements, cancellations, recommendations, and reschedulings of debts owed to the United States by foreign nations. This measure requires the Secretary of State to keep Congress fully informed of the ongoing status of any negotiations regarding the cancellation, renegotiation, rescheduling, or settlement of foreign debts to the United States, and further requires that no such agreement will take effect unless Congress has received a detailed explanation of the interests of the United States in converting such agreement.

Mr. Speaker, at a recent hearing before the Foreign Affairs Foreign Economic Policy Subcommittee, we learned that the United States has negotiated an agreement with the Indian Government that will cost the American taxpayer close to $3 billion. The United States has agreed to cancel outright $2.2 billion of the total $3.3 billion outstanding debt owed to us by India. This is an unprecedented executive agreement with a foreign nation which will result in a virtual giveaway of billions of dollars and yet the Congress, which originally appropriated the funds for India as soft currency loans, not outright grants, was never given the opportunity to approve this writeoff.

One further example of this type of executive agreement was the U.S. arrangement with the Soviet Union regarding the Russian lend-lease debt. This lend-lease debt of some $4 billion was settled for approximately $700 million, in addition to which, the Soviets were granted further credit extensions totalling approximately $700,000 in the form of agricultural credits.

We feel that the so-called Indian rupee agreement and the arrangement with the Soviet Union establishes a very unhealthy precedent, and we have thus introduced our resolution in order to prevent future giveaways or this type of arrangement without prior consultation with the Congress. With the current domestic problems we face and the burdens already placed upon the American taxpayer, giveaways like the Indian rupee agreement cannot continue without congressional surveillance.

Mr. Speaker, I am pleased to report that progress is already being made to move this resolution through Congress. Yesterday, I and Congressmen DERWINSKI and BROOMFIELD were successful in having the House Foreign Affairs Committee adopt our amendment to the Foreign Assistance Act of 1961, to insure congressional surveillance over currency settlements that come under this act. The resolution we are introducing today will apply the rules of this amendment to all similar settlements, involving all American aid, including Public Law 480 funds.

Mr. Speaker, when the Congress of the United States agrees to loan taxpayers' money to foreign countries, it is the Congress which must retain the rights to any change in the repayment or writeoff of those moneys. There still remain vast amounts of excess currencies, billions by conservative estimates, owed to us by foreign nations. At a time when our domestic economy is under such tremendous stress, the executive must not be allowed to engage in giant giveaways involving these debts without answering first to the Congress.

For the RECORD, Mr. Speaker, I am including a list of those Members who have joined as cosponsors of our resolution, as well as a text of the measure:

LIST OF COSPONSORS

Messrs. Wolff, Derwinski, Addabbo, Anderson of Illinois, Archer, Bevill, Broomfield, Brown of California, Cohen, Collins of Texas, Conte, Daniel, Robert of Virginia, Devine, Dickinson of Alabama, Drinan, Eilberg, Fuqua, Gettys, Gross, Harrington, Helstoski, Hinshaw, Hosmer, Hungate, Kemp, Ketchum, Long of Maryland, Lott, Mann of South Carolina, McCormack, Montgomery, Sandman, Sarbanes, Taylor of North Carolina, Tiernan, Whitehurst, Winn, Yates, Young of Florida, Heinz, Podell, Pritchard.

H.J. RES. 920

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of State shall keep the appropriate committees of Congress fully and currently informed of the ongoing status of any negotiations with any foreign government, regarding the cancellation, renegotiation, rescheduling, or settlement of any debt owed to the United States Government by such foreign governments under any program. The Secretary of State shall transmit to the Speaker of the House of Representatives and the chairman of the appropriate Senate committee the text of any international agreement proposing a modification in the terms of such debt no less than thirty days prior to its entry into force, together with a detailed explanation of the interest of the United States Government in converting such agreement.

No debt owed to the United States Government under any program by any foreign government may be cancelled, renegotiated, rescheduled, or settled in any manner inconsistent with the legislative authorization applicable to the original debt as modified by any subsequent amendment, except as provided in this section.

SUBMISSION OF A RESOLUTION RELATING TO THE ALLOCATION OF FUEL FOR THE TOURISM INDUSTRY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Utah (Mr. OWENS) is recognized for 5 minutes.

Mr. OWENS. Mr. Speaker, fuel allocations should not be denied for certain uses which have the false appearance of being nonessential, such as recreational activities and tourism. It is for this reason that I am submitting this resolution to provide adequate fuel supplies for the tourist industry.

My State of Utah shares a common concern with several other States which are largely dependent upon tourism for economic survival. In Utah, the tourist industry accounts for approximately $200 million of the State's income, and it employs approximately 55,000 of the 474,000 work force.

I submit that the adoption of this resolution would help avoid the significant unemployment that would result from a lack of adequate and fair fuel allocation for States dependent on the tourist industry.

The tourist industry depends upon transportation for its economic success. For the continued existence and stabilization of Utah's economy and those of other States it is necessary that the allocation of fuels does not discriminate against any industry. Without reasonable, proper, and wise allocation of fuel resources, the economic failure of tourist-related business areas may follow. The impact on individual States and their economies would be disastrous.

Although it is imperative during this time of emergency to effect conservation measures, such measures when adopted should not create acute economic hardship to any particular industry or to any one State. This means that appropriate steps must be taken to implement the allocation program in such a way that the economy of different areas of the country, including Utah, will be treated equitably, regardless of what industries are prevalent in each particular area.

Mr. Speaker, it must also be realized that tourism and other recreational activities are essential to the maintenance of a strong, healthy, and alert society, especially during this age of growing mechanization. We cannot afford to regard tourism as expendable. The contribution it now makes to our society and the potential it has to improve our quality of life must not be underestimated.

The following resolution recognizes the aforementioned facts and reestablishes a more suitable and equitable order of fuel allocation priorities during the present energy crisis:

H. RES. 933

To express the sense of the House with respect to the allocation of necessary energy sources to the tourism industry.

Whereas tourism spending in the United States in 1972 totaled approximately $61,000,000,000;

Whereas tourism expenditures are the second ranking retail expenditure in the United States;

Whereas the Report of the National Tourism Resources Review Commission (June 25, 1973) estimated that spending for tourism in the United States is expected to total $850,000,000,000 over the decade 1970 to 1980.

Whereas tourism expenditures in the United States directly and indirectly provide employment for approximately four million Americans;

Whereas the leisure activity provided for Americans by the tourism industry is essential for a sound and healthy society;

Whereas the tourism industry is a major economic and social force in the United States;

Whereas the continued viability of the tourism industry depends upon the ability of our public and private transport system, including sightseeing companies, motor coach operators, cruise lines, hotels, motels, and travel agencies to provide in a safe, economic, and efficient manner those goods, facilities, and services which support the tourism industry; and

Whereas the current energy shortage poses a serious threat to the tourism industry and consequently to the national economy and that of many States, areas, and cities: Now, therefore, be it

Resolved, That it is the sense of the House that in any allocation of energy supplies or other actions by Federal departments and agencies to alleviate the energy shortage, proper consideration should be given, in light of the facts expressed in the preamble of this resolution, to the provision of adequate supplies of energy to all segments of the tourism industry.

MATSUNAGA INTRODUCES BILL TO FULFILL FEDERAL RESPONSIBILITY FOR PUBLIC ASSISTANCE TO ALL ABORIGINAL AMERICANS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Hawaii (Mr. MATSUNAGA) is recognized for 10 minutes.

Mr. MATSUNAGA. Mr. Speaker, I am pleased to announce the introduction yesterday of legislation designed to provide full Federal reimbursement for the costs of all public assistance programs to aboriginal Americans.

The historical position of the Government of the United States is that it has a unique and undeniable responsibility to one segment of our society—aboriginal Americans. Indeed, there is a precedent for this type of reimbursement. In the past Congress has provided for an 80-percent reimbursement to Arizona and New Mexico for funds expended in behalf of the Navajo and Hopi Indians who were receiving old age assistance and aid to the blind. Moreover, the Senate has twice approved—in 1970 and again in 1972—a 100-percent reimbursement for all aboriginal Americans on the mainland.

The measure which I am introducing is consistent with what has become one of the basic principles of welfare reform—that welfare is a national problem which transcends legal State boundaries. To a large extent, it is as a result of Federal policies that native Americans have been forced to live in economically deprived areas which cannot meet welfare and other costs from local taxes. In my own State of Hawaii, there are over 10,000 native Hawaiians receiving public assistance. Last year, over $16.6 million was spent on basic welfare services to the Hawaiian population, fully half, or $8.3 million, from the State. Under my bill, Hawaii would be reimbursed for that sum. Financial responsibility for assistance to aboriginal Americans would then be placed where it belongs—on the Federal Government.

The case for additional Federal financial assistance for welfare payments for the Hawaiians is well documented throughout the Federal statutes, as it is also true of the claims of the native Alaskans and American Indians. The Federal Government holds in trust ancestrial lands of the Hawaiian people in a manner similar to the method in which the land of various Indian tribes is held in trust. The enabling statute setting aside trust land is the Hawaiian Home Commission Act of 1920. The fact that Congress has seen fit to amend this act no fewer than 18 times attests to its inadequacy.

Many American aborigines live in poverty as a result of past injustices. The States in which these first Americans live have had their tax bases diluted by reservations not subject to State and local taxes and by loss of income tax revenues due to a high incidence of low economic status among aboriginal Americans. Federal assumption of these limited welfare costs would serve as a useful means of correcting this fiscal dilemma.

The legislation I have introduced would include native Hawaiians along with American Indians and Native Alaskans as aboriginal Americans who have justifiable claims to national consideration. It is my hope that both Houses of Congress and the President will take early and positive action on this bill.

Mr. Speaker, I include the text of my bill to be printed in the RECORD at this point:

H.R. 13051

A bill to provide for additional Federal financial participation in expenses incurred in providing benefits to Indians, Aleuts, native Hawaiians, and other aboriginal persons, under certain State public assistance programs established pursuant to the Social Security Act

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) part A of title XI of the Social Security Act is amended by adding, immediately after section 1123 thereof, the following new section:

"ADDITIONAL FEDERAL PAYMENTS TO STATES ON ACCOUNT OF CERTAIN EXPENDITURES WITH RESPECT TO INDIANS

"SEC. 1124. (a) The Secretary shall pay to each State which has a plan approved under part A of title IV, or under title XIX, for each calendar quarter which commences after the date of enactment of this section, an amount equal to the excess of—

"(1) the total expenditures made during such quarter under such State plan as aid or assistance with respect to individuals who are Indians (within the meaning of subsection (c)), Aleuts, Eskimos, native Hawaiians (as defined in subsection (d)), and other aboriginal persons (including amounts expended by reason of section 1119, to the extent applicable), but not counting so much of any expenditures as exceeds the limitations prescribed for purposes of determining the Federal share of such aid or assistance under the applicable provisions of such part of title, over

"(2) the amounts otherwise payable to such State under section 403 or 1903 (including amounts determined under sections 1118 and 1119, to the extent applicable) as the Federal share of aid or assistance under such plan with respect to such individuals.

"(b)(1) The Secretary shall pay to each State which has entered into an agreement with the Secretary under section 212(a) of Public Law 93–66, or has in effect a program of supplementary cash payments described in section 1616(a), with respect to each calendar quarter which commences after the date of enactment of this section, an amount equal to the total expenditures made during such quarter in providing, pursuant to such agreement or such program (as the case may be), supplementary benefits with respect to individuals who are Indians (within the meaning of subsection (c)), Aleuts, Eskimos, native Hawaiians (within the meaning of subsection (d)), or other aboriginal persons, but not counting so much of any expenditures as exceeds the applicable level of benefits which may be provided pursuant to such agreement or such program (as the case may be) to individuals who are not Indians (within such meaning), Aleuts, Eskimos, native Hawaiians (as so defined), or other aboriginal persons. Except as provided by paragraph (2), amounts payable to a State under this paragraph shall be made, with respect to any calendar quarter, at such time or times during or immediately after such quarter, as the Secretary may establish.

"(2) In the case of any State which has in effect an agreement entered into under section 1616 or under section 212(b) of Public Law 93–66, amounts payable to such State under paragraph (1) shall be payable to such State at the times established, pursuant to section 1616(d) (in the case of an agreement entered into under section 1616) or pursuant to section 212(b)(3) (in the case of an agreement entered into pursuant to section 212(b) of Public Law 93–66), for the payment by such State of amounts payable by it to the Secretary under such agreement. In making such payments at any such time, an appropriate setoff shall be made, and only the balance due shall be paid by the Secretary or by the State (as the case may be), and any amount so set off shall be deemed to have been paid.

"(c) The term 'Indian' refers to any individual (1) any of whose ancestors were natives of the area which consists of the States of the United States (other than Hawaii) and the District of Columbia prior to the discovery of America by Europeans, (2) who regards himself as an Indian and who holds himself out, in the community in which he resides, as being an Indian, and (3) who is regarded, in the community in which he resides, as being an Indian.

"(d) The term 'native Hawaiian' means any individual (1) any of whose ancestors were natives of the area which consists of the Hawaiian Islands prior to 1778, (2) who regards himself as a Hawaiian and who holds himself out, in the community in which he resides, as being a Hawaiian, and (3) who is regarded, in the community in which he resides, as being a Hawaiian.

"(e) There are hereby authorized to be appropriated, for each fiscal year, such sums as may be necessary to enable the Secretary to make the payments authorized by the preceding provisions of this section."

PANAMA CANAL: BRIDGE-ROAD PROJECT AT ATLANTIC END OF CANAL ZONE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Pennsylvania (Mr. Flood) is recognized for 10 minutes.

Mr. FLOOD. Mr. Speaker, as all who have followed my addresses on Isthmian Canal policy questions over a period of years know, the story of the Panama Canal forms one of the most brilliant chapters in U.S. history. It has entitled the statesmen responsible for acquiring the Canal Zone and the great engineers who designed and supervised the construction of the great interoceanic link to enduring fame.

As recognized by such leaders as President Taft, the territory of the U.S. Canal Zone, "runs through the heart" of the Republic of Panama, separating that country into two parts.

At the time of the 1903 treaty under which the Zone territory was acquired there was relatively little traffic between the two sections of Panama other than that which could be handled by existing roads or small vessels. After completion of the canal the need for crossing facilities became increasingly apparent.

One of the most distinguished former members of this body and of the Committee on Appropriations, because of his service on the Isthmus as Governor of the Canal Zone during peak construction, was keenly aware of the cross-canal transportation difficulties and the necessity for a remedy. In 1929 he introduced and in 1930 secured the enactment of legislation establishing a free ferry system across the Pacific entrance of the Panama Canal at Balboa and the construction of a highway in the Canal Zone connecting the western ferry terminus with the road system of Panama, both officially named by the Congress in his honor. These ferries were operated until 1962 when they were replaced by the impressive Thatcher Ferry Bridge, also named in his honor, by the Congress.

During World War II there was a ferry system operated by the United States across the Atlantic end of the canal from Cristobal to Fort Sherman for the heavy traffic of those years in connection with defense activities. But today there are no adequate canal crossing facilities at the Atlantic end of the canal except a small automobile bridge across the locks at Gatun, which is not satisfactory for general use. The time is now approaching for the construction of suitable bridges across the Atlantic end of the canal and the Lower Chagres River with appropriate roads in the Canal Zone to connect with the road system of Panama for the convenience of residents of both the zone and the Republic of Panama. As for the evidence of this need is the recent action of the Panamanian Assembly of Community Representatives recommending such facilities.

To provide them, I have introduced the following measure:

H.R. 12302

A bill to provide for construction of certain bridges, approaches, and roads in the Panama Canal Zone, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) in order to serve the needs of the Canal Zone and the Republic of Panama, the Governor of the Canal Zone, under the supervision of the Secretary of the Army, is authorized and directed—

(1) to construct, or cause to be constructed, across the Atlantic sea level portion of the Panama Canal, and maintain, a bridge clear of all locks and dams of the canal and with a clearance not less than the clearance of the Thatcher Ferry Bridge in the Canal Zone;

(2) to construct, or cause to be constructed, and maintain, a bridge at a suitable point across the Chagres River in the Canal Zone; and

(3) to construct, or cause to be constructed, and maintain, such approaches to each such bridge, and such additional roads in the Canal Zone, as may be necessary to provide appropriate highway connection of each such bridge with the road system of the Canal Zone and the road system of the Republic of Panama.

(b) Such bridges, approaches, and roads shall be constructed and maintained for the accommodation of the public and shall be made available for use by the public free of tolls.

(c) In carrying out the purposes of this Act, the Governor of the Canal Zone may act and exercise his authority as President of the Panama Canal Company and may utilize the services and facilities of that company.

(d) There are authorized to be appropriated such sums as may be necessary to finance the construction, operation, and maintenance of such bridges, approaches, and roads in accordance with this Act.

WHEAT EXPORTS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Rhode Island (Mr. Tiernan) is recognized for 5 minutes.

Mr. TIERNAN. Mr. Speaker, the wheat situation has reached a critical stage. An impending shortage has caused the price to rise to historic levels, topping $6 per bushel. Now, in order to avoid completely bare storage bins, we may be forced to import expensive foreign grain. Last year the consumer was forced to swallow a 22-percent increase in food prices. It is about time we acted to prevent the ludicrous situation where we will be exporting so much grain that we will end up buying it back from foreign markets at higher prices. Let us relieve the heavy burden placed on the American consumers' budget by rising food prices. The legislation I plan to introduce this week seeks to lower the price of domestically consumed wheat. Let us give the consumer a break. Let us do something constructive and effective instead of talking about how terrible the situation is.

I began to monitor our wheat exports last July, at the start of the crop year. The level sustained was alarming, pointing to a shortage before the next harvest in June of 1974. In August, I wrote to both President Nixon and the Secretary of Agriculture, Earl Butz, urging the immediate imposition of export controls. It export controls were gradually imposed last August, there would have been little disruption with our international trade. However, nothing was done by the administration at that time. Now, even with a production 2½ times the amount of domestic consumption, we are faced with a shortage.

The reason for the administration's inaction has been the contention that export restrictions would throw us into a serious balance-of-payments deficit. Wheat has become one of our most important exports; but this does not mean, as the administration appears to believe, that no solution exists. In the last 3 years, wheat exports have increased from $1 billion annually to an estimated $4.02 billion this year. Strict restrictions on wheat could cause a $2 billion dollar balance-of-payment deficit. The legislation I have proposed will lower the price of domestically consumed wheat without having an adverse effect on our balance of payments.

This bill contains two major provisions: A wheat exporting marketing stamp system, and the formation of the National Wheat Council.

The wheat export marketing stamp system is designed to lower the price of domestically consumed wheat. Every exporter will be required to purchase export stamps for the wheat he intends to ship abroad. The price of the stamps are pegged on a graduated scale. The exporter's cost for the stamps will be 50 percent of the price he paid for the wheat above $3.50 per bushel.

With this system in effect, the foreign price of our wheat will remain at the present levels but domestic prices will drop by approximately 20 percent. At the present price of $6 per bushel this marketing system will cause a reduction in the domestic price to around $4.75 per bushel. Our total dollar export amount will be unchanged and the farmer will still earn a healthy return for his labor.

The second major provision of this legislation is the formation of a National Wheat Council. With the growing size and importance of our wheat crop, it is time to establish a national organization that will promote research and production of wheat and keep abreast of the supply and demand situation from both the farmer and the consumer's point of view.

This Council will be composed of 12 members; 3 representing wheat producers, 1 from the Agricultural Research Service, 1 from the Economic Reseach Service of the Department of Agriculture, 1 from the Foreign Agricultural Service, 3 from the processors and end product manufacturers of wheat, and 3 representing consumer interests. The Council will use a portion of the funds collected from the sale of export stamps to encourage research to increase the yield per acre, increase the nutritional quality and encourage production of wheat by finding dependable and permanent markets. This Council will also be responsible to keep abreast of accurate statistics of our wheat supply and demand, thus avoiding tight supply situations that cause skyrocketing prices.

This legislation is urgently needed. With our balance of payments so heavily dependent on agricultural goods, fluctuations in growing conditions around the world have caused rapid food inflation for the American consumer. It is time to insulate the American consumer from this foreign-caused inflation and this is precisely what my bill will achieve. I ask my colleagues for their support of this bill as an active step by Congress to control inflation.

EXPLANATION OF VOTE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Michigan (Mr. DIGGS) is recognized for 5 minutes.

Mr. DIGGS. Mr. Speaker, on January 30, 1974, rollcall No. 11 on the 2d session of the 93d Congress was taken on the adoption of the rule providing for consideration of H.R. 5463, Federal Rules of Evidence. In my haste to record my vote on the floor, I inadvertently pushed "present" rather than "yea" as I had intended.

Mr. Speaker, I ask unanimous consent that the permanent RECORD show, immediately following roll No. 11 on January 30, 1974, that I supported the rule to consider this bill and intended to vote "yea" on the question.

OUT OF THE ENERGY CRUNCH BY 1976—PHILIP H. ABELSON, SCIENCE MAGAZINE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Indiana (Mr. BRADEMAS) is recognized for 5 minutes.

Mr. BRADEMAS. Mr. Speaker, one of the most respected observers of commentators on scientific developments in the United States is Dr. Philip H. Abelson, editor of Science, the weekly journal of the American Association for the Advancement of Science.

I believe that all Members of the House will read with great interest the text of an editorial by Dr. Abelson in the February 22, 1974, issue of Science entitled, "Out of the Energy Crunch by 1976."

The editorial follows:

OUT OF THE ENERGY CRUNCH BY 1976

At the moment, the chief hope for an amelioration of the energy crisis lies in an easing of the oil embargo, but valves that can be opened can be closed. Solemn agreements with the oil producing and exporting countries, ostensibly valid for decades, have been scrapped in weeks. The public and the economy cannot long tolerate the uncertainties of being a Yo-Yo in the hands of others.

Prior to the embargo, we were importing 35 percent of our consumption. If we were to lower that to 20 percent, consumers would pay less for hydrocarbons, foreign exchange problems would ease, and we would no longer need to obtain oil from the Arabs. Such a major step to energy independence could and should be taken by 1976.

The quickest path toward balancing supply and demand is conservation combined with the replacement of use of hyrocarbons by coal. Thus far, the main burden of conservation has been carried by the public, which consumes directly only a minor fraction of the energy. The major potential for quick savings of hydrocarbons lies with industry. It is the largest consumer of energy; it has substantial technical resources; and, with costs soaring, it has incentives to seek economies. Like the public, industry generally has governed its behavior on the assumption of cheap energy. Thus it has much room for improvement.

All of industry has not been asleep. Two good examples of organizations with foresight and ingenuity are DuPont and Dow. Both companies have emphasized conservation of energy in their plant designs and operation. During the past decade, DuPont increased its volume of products 100 percent, while energy used rose only 50 percent. DuPont has advised other large consumers about conservation through a consultant service. Broad experience has shown that significant conservation at an industrial plant will, on the average, result in a 15 percent reduction in the plant's total energy consumption, and about half the saving can be achieved without new investment.[1]

At Dow Chemical during 1972, the company achieved a 10 percent reduction in energy used while increasing yield. The company had as its goal a like reduction in 1973.[2]

Another way of conserving hydrocarbons is to avoid burning them merely to produce heat. "One of the quickest and most effective ways to reduce short-falls in gas and oil is to substitute coal for them under electric utility and industrial boilers. Approximately 65 percent of the natural gas used goes to the electric and industrial sectors. Some 30 percent of the oil used goes to the same sectors. . . ."[3]

Thus far, the Administration has not been even-handed in its efforts to meet the energy crisis. The consumer has been the target of exhortations, shortages, and higher costs, Industry, and especially the utilities, which usually can pass on higher prices, have been largely protected from shortages.

By concentrating more attention on industry and the utilities, by invoking some of the can-do attitudes of World War II, by setting up a priority system to expedite procurement of scarce items, by unleashing coal as a primary energy source, and by making its use mandatory in some applications, an effective government could get us out of the energy crisis within 2 years. It could free us from any need to use oil from undependable sources, and our example and reduced imports would contribute to loosening the worldwide grip of the oil cartel.

—PHILIP H. ABELSON.

PROFITEERING OIL COMPANIES

(Mr. DOMINICK V. DANIELS asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

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[1] D. H. Dawson, *Context* 2, 17 (1973).

[2] J. C. Robertson, *Chem. Eng.* 81, 104 (21 January 1974).

[3] *Report of the Cornell Workshops on the Major Issues of a National Energy Research and Development Program* (College of Engineering, Cornell University, Ithaca, N.Y., rev. ed., 1973), p. 24. The report of the Cornell workshops provides an excellent summary of many aspects of the energy problem. It was prepared for the Atomic Energy Commission. Copies can be obtained from the U.S. Atomic Energy Commission, Technical Information Center, P.O. Box 62, Oak Ridge, Tenn. 37830.

Mr. DOMINICK V. DANIELS. Mr. Speaker, rarely in the history of this country have the American people suffered so greatly from big business profiteers run amuck than during the current energy shortage. While it would have been difficult to prevent the Arab countries from instituting their embargo and raising prices, it would not have been difficult for American corporations, run by American citizens who enjoy all of the benefits of this Nation, to foresee, warn, and provide for preventive measures against the possibilities of such action by the Arab countries. Instead they did nothing. Indeed, they have profited enormously by doing nothing leaving one with the feeling of complicity by the oil executives.

As we learn more and more of the relationship between American oil companies and the Arab sheiks, one cannot help but be impressed with the fact that all the indicia of allegiance by American oil companies has been paid not to the United States but to Arab governments. Ordered by Arab sheiks not to supply necessary fuel to American Armed Forces engaged in emergency activities in the Middle East, for example, American oil executives capitulated without so much as a murmur of an objection.

One can picture them, bowing low, scraping their foreheads on the plush oriental rugs as they left the presence of the Arab sheik-bureaucrats, who issued the order. So much for the concern of Exxon, Amoco, Mobil, and all the rest for American defense and economic security interests.

There is no industry in America which has so sordid a history of profiteering than the oil industry. Since John D. Rockefeller first created Standard Oil, the rule of the industry has been to bleed the American consumer for every possible cent of profit. Over the years I have been warned that if I opposed the oil depletion allowance, oil companies would be unable to underwrite the cost of exploration. Without exploration, oil executives claimed, America would be left to the mercy of foreign governments from whom we would then have to purchase oil. Well, I did not believe them and voted against the depletion allowance. But Congress passed it anyway. In spite of their claims and their allowances, the oil companies seeking to limit supplies in order to maintain prices, neither undertook development of oil resources nor increased refinery capacity. Today, having reaped their depletion allowance and other special tax incentives for a score of years, the oil companies have themselves placed the United States at the mercy of foreign countries from whom we nevertheless import oil. In short, they sold us out.

It seems patently obvious that the oil companies, unregulated by the Federal Government, have pocketed the depletion allowance at the expense and economic jeopardy of the American taxpayer. The fact is, that every time a serious attempt has been made to regulate the oil industry, to bust the oil trusts, to even require that they produce statistical information necessary for the economic well-being and the defense of the country, those attempts have been met with blatant demagoguery, with charges that the Congress was tampering with the free enterprise system. Rarely in history have so many been at the mercy of so few for so long.

I say that Americans have had enough of profiteering and of allegiance to foreign shieks. The time for change is long past. The oil under American soil belongs first and foremost to the American people. It is time they took it back.

I have introduced today legislation that would place under control of a Federal corporation exclusive authority and responsibility for all exploration and development of petroleum and gas resources under U.S. Government jurisdiction. In addition, this corporation would have the exclusive right and authority to import all crude and refined oil and natural gas for sale to domestic suppliers.

I disagree with those who say that America has no energy policy. Our policy has been to permit "private enterprise," controlled by so-called market imperitives, to control the supply, price, and even demand of oil as well as the organization of the oil industry. The sole discretion of how extensively "private enterprise" will explore for and develop petroleum resources lies with those who would gain financially from those decisions in spite of the tremendous effect that discretion has on the lives, welfare, and security of the America people. In addition to permitting such control over an industry critical to the well being of the country, our energy policy has actually permitted the extraordinary subsidy of private efforts through capital gains, through depletion allowances, and through other operating expense tax writeoffs. All of these tax provisions have been defended by the oil companies on the grounds that they are necessary for further exploration of natural gas and petroleum resources.

The fact is, however, that the oil companies have pocketed the moneys to be set aside for exploration and development and have failed to explore for or develop petroleum resources simply because it is more profitable to sell in a scarce market than in a plentiful one. The decision as to what constitutes a necessary inventory of oil and gas has been made by those who have had the most to gain from shortages and high prices. The security interests of the people of the United States have mattered not one whit in the face of exorbitant profits.

It should be plainly obvious by now that the supply of oil is as critical to our economic security as the supply of weapons is to our defense security. Yet we do not allow arms manufacturers to control the flow of intelligence data to the Department of Defense, nor does it control the supply of arms, nor is it in a position to deny the American Armed Forces necessary arms and ammunition. These may be extensive criticism of the arms industry and Federal procurement policies, but to my knowledge, no one has ever seriously alleged that these private companies control the defense of the United States.

I see no difference between defense security and economic security. If an industry is so critical that its actions affect the health, safety, well being and even defense of the American people, then the American people have a right to police and to exercise control over that industry to whatever extent is necessary to assure their health, safety, well-being, and defense.

There will be a great hue and cry among the oil industry and its claque of supporters at the legislation I have introduced today. They will cry that it is confiscatory, that it deprives them of long held and exclusive privileges which in fact they have taken for granted and sorely abused. To those who make this hue and cry, I strongly suggest they appear in Journal Square in Jersey City, which I represent, where I will be pleased to arrange a meeting with residents of Hudson County, N.J. I suggest they confront the American people, not from the safety of media advertising, but in America's towns and cities. Let them come out from behind the barricades of their boardrooms. Let them meet the people of America on their own turf.

The system by which we now provide the fuel for our energy needs does not work. In fact it has never worked to the benefit of those for whom it ought to work—the American consumer and taxpayer. To do less than to take strong and decisive action now in order to correct a long standing and egregious threat to our economic and defense security would be a gross aberration of our responsibility to the American people. This present crisis reaches back through the ages for the counsel of Edmund Burke that "all that is necessary for the triumph of evil, is that good men do nothing."

HON. WILLIAM MORTIMER DROWER TO LEAVE BRITISH EMBASSY

(Mr. PEPPER asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. PEPPER. Mr. Speaker, there will be many Members of Congress as well as many in the executive branch of our Government and many of our citizens who will very much regret that the Honorable William Mortimer Drower, political counselor at the British Embassy and his lovely wife, Constance, will terminate their duties at the embassy and be leaving Washington late this week. The departure of this delightful couple and their beautiful daughter, Sarah, age 16, will be a deep personal loss to many of us in Washington who have become so deeply attached to them during their service here since 1965. Mr. Drower, after graduating from Oxford and Heidelberg Universities, served in the British Army through World War II. Thereafter, he served in the Far and Middle East, and Geneva, in connection with the Laos Conference Test Ban Treaty Negotiating and Disarmament Conference. Since 1965 he has held the position of political counselor at the British Embassy here, charged with the study of American political affairs and institutions and in particular the U.S. Congress. He has been a close observer of the actions of our Congress and has been most helpful to many of us in the Congress in furnishing us information about the British Parliament and British institutions. He has also been a most cordial and helpful contact in bringing about better understanding and closer cooperation between Britain and the United States. His lovely and charming wife and his beautiful daughter have won the hearts of countless friends in Washington who will miss them immeasurably. Mr. Drower now will be going to Harvard for a period of study and teaching. We hope fortunate circumstances will keep the Drowers in our country for a long time.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mrs. Sullivan (at the request of Mr. O'Neill), for February 26 and 27, on account of illness.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. Butler) and to revise and extend their remarks and include extraneous matter:)

Mr. McKinney, for 5 minutes, today.
Mr. Dellenback, for 15 minutes, today.
Mr. Quie, for 15 minutes, today.
Mr. Kemp, for 10 minutes, today.
Mr. Snyder, for 60 minutes, on February 28.
Mr. Cohen, for 5 minutes, today.
Mr. Symms, for 10 minutes, today.
Mr. Burke of Florida, for 5 minutes, today.
Mr. Edwards of Alabama, for 5 minutes, today.
Mr. Abdnor, for 10 minutes, today.
Mr. Pritchard, for 5 minutes, today.
Mr. Findley, for 5 minutes, today.

(The following Members (at the request of Mr. Ginn) to revise and extend their remarks and include extraneous material:)

Mr. Eilberg, for 10 minutes, today.
Mr. Gonzalez, for 5 minutes, today.
Mr. Morgan, for 5 minutes, today.
Mr. James V. Stanton, for 60 minutes, today.
Mr. Rostenkowski, for 5 minutes, today.
Mr. Wolff, for 5 minutes, today.
Mr. Owens, for 5 minutes, today.
Mr. Matsunaga, for 10 minutes, today.
Mr. Flood, for 10 minutes, today.
Mr. Tiernan, for 5 minutes, today.
Mr. Diggs, for 5 minutes, today.
Mr. Harrington, for 5 minutes, today.
Mr. Brademas, for 5 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. Rhodes to include extraneous matter in the remarks he made today.

Mr. Dingell, following the remarks of Mr. Staggers.

Mr. Wright, to revise and extend his remarks in Committee of the Whole on H.R. 2.

(The following Members (at the request of Mr. Butler) and to include extraneous matter:)

Mr. Baker in two instances.
Mr. Derwinski in three instances.
Mr. Kemp in three instances.
Mr. Gubser.
Mr. Rousselot.
Mr. Sarasin.
Mr. Wyman in two instances.
Mr. Frenzel in three instances.
Mr. Duncan.
Mr. Walsh.
Mr. Gilman.
Mr. Hillis.
Mr. Biester in two instances.
Mr. Steiger of Wisconsin.
Mr. Grover in two instances.
Mr. Quie.
Mr. Huber in two instances.
Mr. Ashbrook in two instances.
Mr. McKinney in two instances.
Mr. Spence.
Mr. Nelsen in two instances.
Mr. Regula.
Mr. Anderson of Illinois in two instances.
Mr. Abdnor in two instances.

(The following Members (at the request of Mr. Ginn) and to include extraneous material:)

Mr. Cotter.
Mr. Slack in two instances.
Mr. Rarick in three instances.
Mr. Gonzalez in three instances.
Mr. Stokes in five instances.
Mr. Harrington in two instances.
Mr. Rees.
Mr. Evins of Tennessee in six instances.
Mr. Flood.
Mr. Dingell in two instances
Mr. Mezvinsky.
Mr. Giaimo in 10 instances.
Mr. Leggett in three instances.
Mrs. Collins of Illinois.
Mr. Diggs in two instances.
Mr. Ford.
Mr. Moakley in 10 instances.
Mr. Pickle.
Mr. Reid.
Mrs. Chisholm.
Mr. Jones of Oklahoma.
Mr. Ginn.
Mr. Zablocki in three instances.
Mr. Lehman.

ADJOURNMENT

Mr. GINN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 34 minutes p.m.), the House adjourned until tomorrow, Thursday, February 28, 1974, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1949. A letter from the Chairman, Joint Committee on Judicial Administration in the District of Columbia, transmitting a report of a deficiency in the appropriation for the U.S. Judiciary upon which Congress placed a limiting proviso on the amount to be expended for attorney fees for the representation of indigent defendants in the District of Columbia Court of Appeals and the Superior Court, pursuant to 31 U.S.C. 665(e)(2); to the Committee on Appropriations.

1950. A letter from the Assistant Secretary of Defense (Installations and Logistics), transmitting a report of Department of Defense procurement from small and other business firms for July 1973 through October 1973, pursuant to section 10(d) of the Small Business Act, as amended; to the Committee on Banking and Currency.

1951. A letter from the Acting Secretary of Health, Education, and Welfare, transmitting a draft of proposed legislation to amend the Higher Education Act of 1965 to provide for increased accessibility to guaranteed student loans, to extend the Emergency Insured Student Loan Act of 1969, and for other purposes; to the Committee on Education and Labor.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. WALDIE: Committee on Post Office and Civil Service. H.R. 9440. A bill to provide for access to all duly licensed psychologists and optometrists without prior referral in the Federal employee health benefits program; with amendment (Rept. No. 93–815). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BURLESON of Texas:

H.R. 13058. A bill to provide that an individual, who for December 1973 was entitled to disability benefits under a State program approved under title XIV or XVI of the Social Security Act may be presumed, for purposes of the supplemental security income program, to be disabled during the first 6 months of 1974; to the Committee on Ways and Means.

By Mr. DELLENBACK (for himself and Mr. Quie):

H.R. 13059. A bill to amend the Higher Education Act of 1965 to provide for increased accessibility to guaranteed student loans, to extend the Emergency Insured Student Loan Act of 1969, and for other purposes; to the Committee on Education and Labor.

By Mr. CAREY of New York:

H.R. 13060. A bill to amend the Social Security Act to provide adequate financing of health care benefits for all Americans; to the Committee on Ways and Means.

H.R. 13061. A bill to establish a new program of health care delivery and comprehensive health care benefits (including catastrophic coverage), to be available to aged persons, and to employed, unemployed, and low-income individuals, at a cost related to their income; to the Committee on Ways and Means.

By Mr. CAREY of New York (for himself, Mr. Aspin, Mr. Bafalis, Ms. Boggs, Ms. Grasso, Mr. Howard, Ms. Schroeder, Mr. Walsh, and Mr. Conyers):

H.R. 13062. A bill to amend title II of the Social Security Act to provide that increases in monthly insurance benefits thereunder (whether occurring by reason of increases in the cost of living or enacted by law) shall not be considered as annual income for purposes of certain other benefit programs; to the Committee on Ways and Means.

By Mr. CHAMBERLAIN:

H.R. 13063. A bill to amend section 1951, title 18, United States Code, act of July 3, 1946; to the Committee on the Judiciary.

By Mr. COLLIER (for himself and Mr. Rostenkowski):

H.R. 13064. A bill to amend section 174 of the Internal Revenue Code of 1954 to insure its uniform application to business products; to the Committee on Ways and Means.

By Mr. DOMINICK V. DANIELS:

H.R. 13065. A bill to amend the Natural Gas Act to secure adequate and reliable supplies of natural gas and oil at the lowest reasonable cost to the consumer, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. DEVINE:

H.R. 13066. A bill to amend the Communications Act of 1934 to prohibit television networks from owning, operating, or having a controlling interest in a television station licensed under that act; to the Committee on Interstate and Foreign Commerce.

By Mr. DRINAN:

H.R. 13067. A bill to regulate and control handguns; to the Committee on the Judiciary.

By Mr. EVINS of Tennessee (for himself, Mr. Addabbo, Mr. Bergland, Mr. Broyhill of North Carolina, Mr. Carney of Ohio, Mr. Conte, Mr. Corman, Mr. Dingell, Mr. Hungate, Mr. Kemp, Mr. Kluczynski, Mr. McCollister, Mr. McDade, Mr. Mitchell of Maryland, Mr. Quie, Mr. Steed, Mr. St Germain, Mr. Smith of Iowa, Mr. J. William Stanton, and Mr. Thomson of Wisconsin):

H.R. 13068. A bill to amend the Small Business Act to provide for loans to small business concerns affected by energy shortage; to the Committee on Banking and Currency.

By Mr. FRASER (for himself and Mr. Rinaldo):

H.R. 13069. A bill to amend the Small Business Act to provide for loans to small business concerns affected by the energy shortage; to the Committee on Banking and Currency.

By Mr. FREY:

H.R. 13070. A bill to amend the Internal Revenue Code of 1954 to allow a credit against income tax to individuals for certain expenses incurred in providing higher education; to the Committee on Ways and Means.

By Mr. GILMAN (for himself and Mr. Fish):

H.R. 13071. A bill to amend title 38, United States Code, to increase the rates of disability compensation for disabled veterans, and for other purposes; to the Committee on Veterans' Affairs.

By Mr. GRAY (by request):

H.R. 13072. A bill to increase the size of the Executive Protective Service; to the Committee on Public Works.

By Mr. HAMMERSCHMIDT (by request):

H.R. 13073. A bill to amend title 38, United States Code, so as to provide mustering-out payments for certain members discharged from the Armed Forces after August 4, 1964; to the Committee on Veterans' Affairs.

H.R. 13074. A bill to amend chapter 11 of title 38, United States Code, to provide full wartime benefits for extra-hazardous duty; to the Committee on Veterans' Affairs.

By Mr. HARRINGTON (for himself, Ms. Abzug, Mr. Badillo, Mr. Bergland, Mr. Boland, Mr. Brown of California, Mr. Burton, Ms. Chisholm, Mr. Clay, Mrs. Collins of Illinois, Mr. Conyers, Mr. Corman, Mr. Dellums, Mr. de Lugo, Mr. Diggs, Mr. Drinan, Mr. Edwards of California, Mr. Fauntroy, Mr. Hawkins, Mr. Hechler of West Virginia, Mr. Helstoski, Mr. Kyros, Mr. Leggett, Mr. Macdonald, and Mr. Matsunaga):

H.R. 13075. A bill to provide public service employment opportunities for unemployed and underemployed persons, to assist States and local communities in providing needed public services, and for other purposes; to the Committee on Education and Labor.

By Mr. HARRINGTON (for himself, Mr. Metcalfe, Mr. Mitchell of Maryland, Mr. Moakley, Mr. Nix, Mr. Owens, Mr. Pepper, Mr. Podell, Mr. Rangel, Mr. Rees, Mr. Riegle, Mr. Roe, Mr. Rosenthal, Mr. Roybal, Mr. Stark, Mr. Stokes, Mr. Thompson of New Jersey, Mr. Waldie, Mr. Wolff, Mr. Won Pat, and Mr. Yatron):

H.R. 13076. A bill to provide public service employment opportunities for unemployed and underemployed persons, to assist States and local communities in providing needed public services, and for other purposes; to the Committee on Education and Labor.

By Mr. HEINZ (for himself, Mr. Dellums, Mr. Bell, Mr. Waldie, Mr. Studds, Mr. Patten, Mr. Symington, Mrs. Boggs, Ms. Chisholm, Mr. Moakley, Mr. Metcalfe, Mr. Walsh, Mr. Hogan, Mr. Collins of Texas, Mr. Regula, Mr. Frey, Mrs. Holt, Mr. Culver, Mr. Mezvinsky, Mr. Edwards of California, Mr. Conte, Mr. Corman, and Mr. Hastings):

H.R. 13077. A bill to establish a National Center for the Prevention and Control of Rape and provide financial assistance for a research and demonstration program into the causes, consequences, prevention, treatment, and control of rape; to the Committee on Interstate and Foreign Commerce.

By Mr. KYROS:

H.R. 13078. A bill to amend the Internal Revenue Code of 1954 to provide that the tax on the amounts paid for communication services shall not apply to the amount of the State and local taxes paid for such services; to the Committee on Ways and Means.

By Mr. LITTON:

H.R. 13079. A bill to repeal the Emergency Daylight Saving Time Energy Conservation Act of 1973; to the Committee on Interstate and Foreign Commerce.

By Mr. MATHIS of Georgia (for himself, Mr. Flynt, Ms. Abzug, Mr. Addabbo, Mr. Aspin, Mr. Bauman, Mr. Bevill, Mr. Bowen, Mr. Breaux, Mr. Brinkley, Mr. Byron, Mr. Cederberg, Mr. Chappell, Mr. Conte, Mr. Cotter, Mr. Dan Daniel, Mr. Dominick V. Daniels, Mr. Danielson, Mr. Davis of Georgia, Mr. Davis of South Carolina, Mr. Dellums, Mr. Denholm, Mr. Dent, Mr. Derwinski, and Mr. Dulski):

H.R. 13080. A bill to prohibit the exportation of fertilizer from the United States until the Secretary of Agriculture determines that an adequate domestic supply of fertilizer exists; to the Committee on Banking and Currency.

By Mr. MATHIS of Georgia (for himself, Mr. Duncan, Mr. Flowers, Mr. Fountain, Mr. Fulton, Mr. Fuqua, Mr. Gaydos, Mr. Gettys, Mr. Ginn, Mrs. Green of Oregon, Mr. Hammerschmidt, Mr. Hanley, Mr. Hanrahan, Mr. Harrington, Mr. Harsha, Mr. Hechler of West Virginia, Mr. Henderson, Mr. Hogan, Mrs. Holt, Mr. Hunt, Mr. Hutchinson, Mr. Ichord, Mr. Johnson of California, Mr. Jones of North Carolina, and Miss Jordan):

H.R. 13081. A bill to prohibit the exportation of fertilizer from the United States until the Secretary of Agriculture determines that an adequate domestic supply of fertilizer exists; to the Committee on Banking and Currency.

By Mr. MATHIS of Georgia (for himself, Mr. King, Mr. Kuykendall, Mr. McSpadden, Mr. Mann, Mr. Melcher, Mr. Metcalfe, Mr. Miller, Mrs. Mink, Mr. Mitchell of Maryland, Mr. Mizell, Mr. Morgan, Mr. Murtha, Mr. Nichols, Mr. Pickle, Mr. Podell, Mr. Rarick, Mr. Roberts, Mr. Roe, Mr. Rose, Mr. Runnels, Mr. St Germain, Mr. Satterfield, Mr. Shipley, and Mr. Shoup):

H.R. 13082. A bill to prohibit the exportation of fertilizer from the United States until the Secretary of Agriculture determines that an adequate domestic supply of fertilizer exists; to the Committee on Banking and Currency.

By Mr. MATHIS of Georgia (for himself, Mr. Snyder, Mr. Spence, Mr. J. William Stanton, Mr. Stark, Mr. Stephens, Mr. Stokes, Mr. Stubblefield, Mr. Stuckey, Mr. Taylor of North Carolina, Mr. Thone, Mr. Tiernan, Mr. Waggonner, Mr. Whitehurst, Mr. Winn, Mr. Yates, Mr. Yatron, Mr. Young of Georgia, Mr. Young of Florida, and Mr. Young of South Carolina):

H.R. 13083. A bill to prohibit the exportation of fertilizer from the United States until the Secretary of Agriculture determines that an adequate domestic supply of fertilizer exists; to the Committee on Banking and Currency.

By Mr. MEEDS (for himself, Mr. Perkins, Mr. Badillo, Mr. McClory, Mr. Dellums, Mr. Benitez, Mr. Hawkins, Mr. Sarbanes, Mr. Podell, Mr. Lehman, Mrs. Burke of California, Mr. Won Pat, Mr. Thompson of New Jersey, Mr. Fraser, Mr. Harrington, Mr. Mollohan, Mr. Eilberg, Mr. Rose, Mrs. Chisholm, Mr. Brown of California, Mr. Mitchell of Maryland, Mr. Ford, Ms. Abzug, Mr. Metcalfe, Mr. Foley, and Mr. Helstoski):

H.R. 13084. A bill to authorize the Commissioner of Education to make grants for teacher training, pilot and demonstration projects, and comprehensive school programs, with respect to health education and health problems; to the Committee on Education and Labor.

By Mr. MEEDS (for himself, Mr. Carney of Ohio, Mr. McCormack, Mrs. Collins of Illinois, Mr. Dent, Mr. Hicks, Mr. Roe, Ms. Holtzman, Mr. Gaydos, Mr. Clay, Mr. Moakley, Mr. Bergland, and Mr. Morgan):

H.R. 13085. A bill to authorize the Commissioner of Education to make grants for teacher training, pilot and demonstration projects, and comprehensive school programs, with respect to health education and health problems; to the Committee on Education and Labor.

By Mr. MORGAN:

H.R. 13086. A bill to amend title 38, United States Code, to provide for the payment of pensions to veterans of World War I; to the Committee on Veterans' Affairs.

By Mr. NIX:

H.R. 13087. A bill to amend the Natural Gas Act to secure adequate and reliable supplies of natural gas and oil at the lowest reasonable cost to the consumer, and for other purposes; to the Committee on Interstate and Foreign Commerce.

H.R. 13088. A bill to establish a National Energy Information System, to authorize the Department of the Interior to undertake an inventory of U.S. energy resources on public lands and elsewhere, and for other purposes;

to the Committee on Interstate and Foreign Commerce.

H.R. 13089. A bill to amend the Clayton Act to preserve and promote competition among corporations in the production of oil, natural gas, coal, oil shale, tar sands, uranium, geothermal steam, and solar energy; to the Committee on the Judiciary.

By Mr. OWENS (for himself, Mr. Boland, Mr. Carney of Ohio, Mr. Conyers, Mr. de Lugo, Mr. Edwards of California, Mr. Eilberg, Mr. Harrington, Mr. Hechler of West Virginia, Mr. Hicks, Ms. Holtzman, Mr. Mitchell of Maryland, Mr. Moakley, Mr. Sarbanes, Ms. Schroeder, and Mr. Won Pat):

H.R. 13090. A bill to encourage State and local governments to reform their real property tax systems so as to decrease the real property tax burden of low and moderate income individuals who have attained age 65; to the Committee on Ways and Means.

By Mr. PARRIS:

H.R. 13091. A bill to impose a tax on windfall profits by producers of crude oil; to the Committee on Ways and Means.

By Mr. PATMAN:

H.R. 13092. A bill to amend the Internal Revenue Code of 1954 to increase to $1,250 the personal income tax exemptions of a taxpayer (including the exemption for a spouse, the exemptions for dependents, and the additional exemptions for old age and blindness); to the Committee on Ways and Means.

By Mr. PEYSER (by request):

H.R. 13093. A bill to amend title 39, United States Code, to eliminate certain restrictions upon the methods of reproduction or duplication of periodical duplication to be entered and mailed second class mail; to the Committee on Post Office and Civil Service.

By Mr. RAILSBACK (for himself, Ms. Abzug, Mr. Ashley, Mr. Boland, Mrs. Collins of Illinois, Mr. Dellums, Mr. Fauntroy, Mr. Frenzel, Mr. Gude, Mr. Hanrahan, Mr. Hansen of Idaho, Mr. Heinz, Mr. Horton, Mr. Kyros, Mr. Leggett, Mr. Lehman, Mr. Mathias of California, Mr. Moakley, Mr. Mosher, Mr. Regula, Mr. Robison of New York, Mr. Roush, and Mr. Yates):

H.R. 13094. A bill to provide for appropriate access by the Congress to information required in connection with proceedings relating to the impeachment of the President or the Vice President; to the Committee on the Judiciary.

By Mr. RANGEL:

H.R. 13095. A bill to amend title XVI of the Social Security Act to eliminate the present requirement that supplemental security income benefits be paid to individuals who are drug addicts and alcoholics only through third persons (without changing the present provision permitting the payment of such benefits through third persons, to those individuals as well as to others, in special cases when appropriate); to the Committee on Ways and Means.

H.R. 13096. A bill to amend title XVI of the Social Security Act to authorize the prompt issuance of duplicate supplemental security income benefit check to individuals whose original benefit checks are lost or delayed and who are faced with financial hardship as a result; to the Committee on Ways and Means.

By Mr. RONCALIO of Wyoming:

H.R. 13097. A bill to amend the Public Health Service Act to provide assistance for programs for the diagnosis, prevention, and treatment of and research in, Huntington's disease; to the Committee on Interstate and Foreign Commerce.

By Mr. THONE:

H.R. 13098. A bill to amend title II of the Social Security Act to provide that increases in monthly insurance benefits thereunder (whether occurring by reason of increases in the cost of living or enacted by law) shall not be considered as annual income for purposes of certain other benefit programs; to the Committee on Ways and Means.

H.R. 13099. A bill to amend section 6049(b)(2) of the Internal Revenue Code of 1954 in order to exempt from interest for purposes of information returns amounts forfeited to banks and loan associations as penalties for premature withdrawal of funds from time savings accounts or deposits; to the Committee on Ways and Means.

By Mr. ABDNOR:

H.R. 13100. A bill to provide for the compensation of innocent persons killed or injured or whose property was damaged in the course of the occupation of Wounded Knee, S. Dak., and for other purposes; to the Committee on the Judiciary.

By Mr. BAUMAN (for himself, Mr. Hogan, Mr. Gude, and Mrs. Holt):

H.R. 13101. A bill to amend the Rail Passenger Service Act of 1970 to require the National Railroad Passenger Corporation to initiate additional rail passenger service in the Northeast corridor to determine the feasibility of utilizing such service to alleviate transportation problems caused by the energy crisis; to the Committee on Interstate and Foreign Commerce.

By Mr. BROWN of California (for himself, Mr. Badillo, Mrs. Burke of California, Mrs. Collins of Illinois, Mr. Dulski, Mr. Harringon, Mr. Helstoski, Mr. Leggett, Mr. Moakley, Mr. Moss, Mr. Rosenthal, Mrs. Schroeder, Mr. Seiberling, Mr. Stark, Mr. Thompson of New Jersey, Mr. Tiernan, Mr. Waldie, Mr. Charles H. Wilson of California, and Mr. Won Pat):

H.R. 13102. A bill to reform the present system of escrow accounts used in connection with some real estate mortgages by requiring lenders to offer a plan under which escrow payments are applied to the balance due on the mortgage loan; to the Committee on Banking and Currency.

By Mr. CARTER:

H.R. 13103. A bill to amend title II of the Social Security Act so as to liberalize the conditions governing eligibility of blind persons to receive disability insurance benefits thereunder; to the Committee on Ways and Means.

By Mr. DELLUMS (for himself, Mr. Aspin, Mr. Badillo, Mr. Clay, Mr. Conyers, Mr. Drinan, Mr. Edwards of California, Mr. Fraser, Mr. Harrington, Mr. Hawkins, Mr. Leggett, Mr. Lehman, Mr. Mitchell of Maryland, Mr. Moakley, Mr. Nix, Mr. Pepper, Mr. Rosenthal, Mr. Stark, Mr. Won Pat, and Mr. Young of Georgia):

H.R. 13104. A bill to amend the Civil Rights Act of 1964 to eliminate employment discrimination on the basis of military discharge status; to the Committee on Education and Labor.

By Mr. FORSYTHE (for himself, Mr. Eilberg, Mr. Lent, Mr. Roe, and Mr. Sandman):

H.R. 13105. A bill to prohibit commercial fishing in the waters located in the national seashore recreation areas; to the Committee on Interior and Insular Affairs.

By Mr. HANNA:

H.R. 13106. A bill to amend the National Housing Act to provide a statutory basis for the continuing administration by the Federal Housing Administration of the standard risk programs under such act; to the Committee on Banking and Currency.

By Mr. HANRAHAN:

H.R. 13107. A bill to amend the Economic Stabilization Act of 1970 to insure that advertising expenses are excluded from consideraton as part of the rates and charges of any regulated public utility, and for other purposes; to the Committee on Banking and Currency.

By Mr. HOSMER (for himself, Mr. Collins of Texas, Mr. Ware, Mr. Fisher, Mr. Towell of Nevada, and Mr. Young of Alaska):

H.R. 13108. A bill to provide for the regulation of surface coal mining operations, to authorize the Secretary of the Interior to make grants to States to encourage the State regulation of surface coal mining, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. LEGGETT:

H.R. 13109. A bill to amend title 38 of the United States Code to remove the existing limitation on the amount of educational assistance which may be received by certain persons who are entitled to both war orphans' educational assistance and veterans' educational assistance; to the Committee on Veterans' Affairs.

By Mr. LEHMAN:

H.R. 13110. A bill to amend title II of the Social Security Act to provide that a beneficiary who dies shall (if he is otherwise qualified) be entitled to a prorated benefit for the month of his death; to the Committee on Ways and Means.

By Mr. MOAKLEY:

H.R. 13111. A bill to amend section 4(a) of the Agriculture and Consumer Protection Act of 1973, and for other purposes; to the Committee on Agriculture.

H.R. 13112. A bill to amend the Internal Revenue Code of 1954 to exclude from gross income certain amounts of retirement benefits from public retirement systems; to the Committee on Ways and Means.

By Mr. POAGE (for himself, Mr. Bergland, Mr. Denholm, Mr. Findley, Mr. Foley, Mr. Johnson of Colorado, Mr. Litton, Mr. Mathis of Georgia, Mr. Mayne, Mr. Mizell, Mr. Sebelius, Mr. Stubblefield, Mr. Thone, Mr. Zwach, and Mr. Smith of Iowa):

H.R. 13113. A bill to amend the Commodity Exchange Act to strengthen the regulation of futures trading, to bring all agricultural and other commodities traded on exchanges under regulation, and for other purposes; to the Committee on Agriculture.

By Mr. RANGEL:

H.R. 13114. A bill to authorize assistance to the States and localities to meet increased health care costs resulting from health problems brought on by the energy crisis; to the Committee on Ways and Means.

By Mr. RINALDO:

H.R. 13115. A bill to amend the Export Administration Act of 1969 to provide for the regulation of the export of agricultural commodities; to the Committee on Banking and Currency.

By Mrs. SCHROEDER:

H.R. 13116. A bill to prohibit the use of funds for expanding United States air and naval facilities on the island of Diego Garcia in the Indian Ocean; to the Committee on Armed Services.

By Mr. SHOUP:

H.R. 13117. A bill to amend section 127 of title 23, United States Code, relating to vehicle weight on the Interstate System; to the Committee on Public Works.

By Mr. STEIGER of Wisconsin:

H.R. 13118. A bill to amend the Occupational Safety and Health Act of 1970 by providing for Federal authority to assure safe and healthful working conditions of State and local employees where a pattern or practice of unsafe or unhealthful working conditions or imminent dangers exists; to the Committee on Education and Labor.

By Mr. WALSH:

H.R. 13119. A bill to establish a Bureau of Missing Persons to strengthen interstate reporting and interstate services for parents of runaway children and to provide for the development of a comprehensive program for the transient youth population; to the Committee on the Judiciary.

By Mr. WYMAN (for himself, Mr. King, Mr. Chamberlain, Mr. Schneebeli, and Mr. Burke of Massachusetts):

H.R. 13120. A bill to temporarily suspend required emissions controls in automobiles registered in cetrain parts of the United States, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. PATMAN:

H.J. Res. 918. Joint resolution to provide for the designation of February 20 of each year as "Postal Employees Day"; to the Committee on the Judiciary.

By Mr. SIKES (for himself, Mr. Burke of Florida, and Mr. Cederberg):

H.J. Res. 919. Joint resolution asking the President of the United States to declare the fourth Saturday of each September "National Hunting and Fishing Day"; to the Committee on the Judiciary.

By Mr. WOLFF (for himself, Mr. Derwinski, Mr. Addabbo, Mr. Anderson of Illinois, Mr. Archer, Mr. Bevill, Mr. Broomfield, Mr. Brown of California, Mr. Cohen, Mr. Collins of Texas, Mr. Conte, Mr. Robert W. Daniel, Jr., Mr. Devine, Mr. Dickinson, Mr. Drinan, Mr. Eilberg, Mr. Fuqua, Mr. Gettys, Mr. Gross, Mr. Harrington, Mr. Helstoski, Mr. Hinshaw, Mr. Hosmer, Mr. Hungate, and Mr. Kemp):

H.J. Res. 920. Joint resolution regarding the status of negotiations with foreign governments in relation to debts owed the United States, and for other purposes; to the Committee on Foreign Affairs.

By Mr. WOLFF (for himself, Mr. Derwinski, Mr. Ketchum, Mr. Long of Maryland, Mr. Mann, Mr. McCormack, Mr. Montgomery, Mr. Sandman, Mr. Sarbanes, Mr. Tayor of North Carolina, Mr. Tiernan, Mr. Whitehurst, Mr. Winn, Mr. Yates Mr. Young of Florida, Mr. Heinz, Mr. Pritchard, Mr. Podell, Mr. Delaney, Mr. Burke of Massachusetts, and Mr. Gilman):

H.J. Res. 921. Joint resolution regarding the status of negotiations with foreign governments in relation to debts owed the United States, and for other purposes; to the Committee on Foreign Affairs.

By Mr. COHEN:

H. Con. Res. 440. Concurrent resolution expressing the sense of Congress that the arts should be available to all Americans, including those who suffer physicial handicaps; to the Committee on Education and Labor.

By Mr. ICHORD (for himself, Mr. Dent, Mr. Aspin, Mr. Waggonner, Mr. Dorn, Mr. Brinkley, Mr. Flood, Mr. Frey, Mr. Hogan, Mr. Shipley, Mr. McKay, Mr. Parris, Mr. Mann, Mr. Price of Illinois, Mr. Rogers, Mr. Goldwater, Ms. Holtzman, Mr. Bob Wilson, Mr. Conte, Mr. Rinaldo, Mr. Clancy, Mr. Teague, Mr. Stubblefield, Mr. Mizell, and Mr. Horton):

H. Res. 930. Resolution declaring the sense of the House with respect to a prohibition of extension of credit by the Export-Import Bank of the United States; to the Committee on Banking and Currency.

By Mr. LONG of Maryland (for himself, Mr. Randall, Mrs. Grasso, Mr. Henderson, Mr. Mazzoli, Mr. Rosenthal, Mr. Patten, Mr. Cotter, Mr. Bafalis, Mr. Thone, Mr. Rees, Mr. Koch, Mr. Nix, Mr. Eilberg, Mr. Won Pat, Mr. Mayne, Mr. Walsh, Mr. Harrington, Mr. Winn, Mr. Metcalfe, Mr. Helstoski, Mr. Denholm, Mr. Drinan, Mr. Stubblefield, and Mr. Tiernan):

H. Res. 931. Resolution to authorize the Committee on Interstate and Foreign Commerce to conduct an investigation and study of the importing, inventorying, and disposition of crude oil, residual fuel oil, and refined petroleum products; to the Committee on Rules.

By Mr. MORGAN:

H. Res. 932. Resolution to provide funds for the expenses of the investigation and study authorized by H. Res. 267, 93d Congress; to the Committee on House Administration.

By Mr. OWENS:

H. Res. 933. Resolution to express the sense of the House with respect to the allocation of necessary energy sources to the tourism industry; to the Committee on Interstate and Foreign Commerce.

H. Res. 934. Resolution to amend the Rules of the House of Representatives to provide for the broadcasting of meetings in addition to hearings, of House committees, which are open to the public; to the Committee on Rules.

By Mr. RODINO:

H. Res. 935. Resolution authorization for reprinting additional copies for use of the Committee on the Judiciary of the committee print entitled "Constitutional Grounds for Presidential Impeachment"; to the Committee on House Administration.

By Mr. SCHERLE (for himself and Mr. Ruth):

H. Res. 936. Resolution disapproving the recommendations of the President with respect to the rates of pay of Federal officials transmitted to the Congress in the budget for the fiscal year ending June 30, 1975; to the Committee on Post Office and Civil Service.

By Mr. THOMPSON of New Jersey:

H. Res. 937. Resolution authorizing the expenditure of certain funds for the expenses of the Committee on Internal Security; to the Committee on House Administration.

By Mr. CRANE (for himself, Mr. Flood, Mr. Blackburn, Mr. Waggonner, Mr. Broyhill of Virginia, Mr. Camp, Mr. Sandman, Mr. Steiger of Arizona, and Mr. Veysey):

H. Res. 938. Resolution in support of continued undiluted U.S. sovereignty and jurisdiction over the U.S.-owned Canal Zone on the Isthmus of Panama; to the Committee on Foreign Affairs.

By Mr. RANGEL (for himself, Mr. Moakley, Mr. Mitchell of Maryland,, Mr. Lehman, and Mr. Pepper):

H. Res. 939. Resolution creating a select committee to conduct an investigation and study of the effects of the current energy crisis on the poor; to the Committee on Rules.

By Mr. RIEGLE:

H. Res. 940. Resolution providing for the disapproval of the recommendations of the President of the United States with respect to the rates of pay of offices and positions within the purview of the Federal Salary Act of 1967 (81 Stat. 643; Public Law 90-206) transmitted by the President to the Congress in the budget for the fiscal year ending June 30, 1975; to the Committee on Post Office and Civil Service.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. MILFORD:

H.R. 13121. A bill for the relief of Manuel Suarez; to the Committee on the Judiciary.

H.R. 13122. A bill for the relief of Aurora Garcia Suarez, to the Committee on the Judiciary.

By Mr. REID:

H.R. 13123. A bill for the relief of Eupert Anthony Grant; to the Committee on the Judiciary.

By Mr. SANDMAN:

H.R. 13124. A bill for the relief of Brandywine-Main Line Radio, Inc., WXUR and WXUR-FM, Media, Pa.; to the Committee on the Judiciary.

By Mr. ZABLOCKI:

H.R. 13125. A bill for the relief of Alex E. Winslow; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII,

395. The SPEAKER presented a petition of the city council, Rockledge, Fla., relative to Federal-State revenue sharing; to the Committee on Ways and Means.

SENATE—*Wednesday, February 27, 1974*

The Senate met at 12 o'clock noon and was called to order by Hon. William D. Hathaway, a Senator from the State of Maine.

PRAYER

The Chaplain, the Reverend Edward L. R. Elson, D.D., offered the following prayer:

Eternal Father, whose love never ceases, grant us contrite hearts that the ashes of this day may remind us of our humanity, our mortality and our sin. May the coming penetential season be a time for the scrutiny of character, the assessment of conscience, and searching of the soul which leads to accepting Thy forgiveness, the renewal of our faith and a surer walk in the pathway of the cross.

In the struggle with temptation may we remember Him who was tempted as we are tempted but overcame sin to set us free. By His truth, in His light and by His redemption may we and the people of this land be cleansed and renewed that our Nation may lead the way to Thy promised kingdom.

We pray in His name who was lifted up upon a cross. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. Eastland).

The assistant legislative clerk read the following letter:

U.S. Senate,
President pro tempore,
Washington, D.C., February 27, 1974.

To the Senate:

Being temporarily absent from the Senate on official duties, I appoint Hon. William D. Hathaway, a Senator from the State of Maine, to perform the duties of the Chair during my absence.

James O. Eastland,
President pro tempore.

Mr. HATHAWAY thereupon took the chair as Acting President pro tempore.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Heiting, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session,

The ACTING PRESIDENT pro tempore (Mr. Hathaway) laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(The nominations received today are printed at the end of Senate proceedings.)

THE JOURNAL

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the reading of the Journal of the proceedings of Tuesday, February 26, 1974, be dispensed with.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

COMMITTEE MEETINGS DURING SENATE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that all committees may be authorized to meet during the session of the Senate today.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

EXECUTIVE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate go into executive session to consider nominations on the Executive Calendar.

There being no objection, the Senate proceeded to the consideration of executive business.

The ACTING PRESIDENT pro tempore. The nominations on the Executive Calendar will be stated.

DEPARTMENT OF STATE

The second assistant legislative clerk proceeded to read sundry nominations in the Department of State.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the nominations be considered en bloc.

The ACTING PRESIDENT pro tempore. Without objection, the nominations are considered and confirmed en bloc.

INTERSTATE COMMERCE COMMISSION

The second assistant legislative clerk read the nominations in the Interstate Commerce Commission, as follows:

George M. Stafford, of Kansas, to be an Interstate Commerce Commissioner.

Charles L. Clapp, of Massachusetts, to be an Interstate Commerce Commissioner.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the nominations be considered en bloc.

The ACTING PRESIDENT pro tempore. Without objection, the nominations are considered and confirmed en bloc.

NOMINATIONS PLACED ON THE SECRETARY'S DESK

The second assistant legislative clerk proceeded to read sundry nominations in the Coast Guard and in the National Oceanic and Atmospheric Administration, which had been placed on the Secretary's desk.

The ACTING PRESIDENT pro tempore. Without objection, the nominations are considered and confirmed en bloc.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the President be notified of the confirmation of these nominations.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

LEGISLATIVE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate resume the consideration of legislative business.

There being no objection, the Senate resumed the consideration of legislative business.

ORDER OF BUSINESS

The ACTING PRESIDENT pro tempore. Does the Senator from Pennsylvania desire to be recognized at this time?

Mr. HUGH SCOTT. Mr. President, I yield back my time.

The ACTING PRESIDENT pro tempore. Under the previous order, the distinguished Senator from Delaware (Mr. Biden) is now recognized for not to exceed 15 minutes.

PUBLIC PRESIDENTIAL ELECTION CAMPAIGN FUND

Mr. BIDEN. Mr. President, Senator Roth and I are pleased that several of our colleagues have indicated a desire to speak with us today on the desirability of the taxpayers' checkoff to finance the newly amended Presidential election campaign fund.

I know how busy our colleagues are, but they expect to join us or submit statements.

The Presidential election campaign fund represents a major opportunity to finance democratically—small "d"—election campaigns for the one Federal office in which all American voters vote—the Presidency.

Mr. President, constituents are expressing increasing dissatisfaction with the manner in which political campaigns for elective Federal offices are being financed. Professional polling agencies report similar sentiments are widespread elsewhere in the Nation. There is no cure-all, but certainly, sufficient public funds achieved by means of the taxpayers' checkoff would greatly ease the burden of solicitation of funds from dubious sources, many of us believe the present system is not constructive.

The checkoff is a vehicle of hope in the direction of cleansing campaign-financing practices in this Nation. I hope that sufficient publicity can be generated in order that this hope does not become a disappointment.

Taxpayers should be aware of three principal points in respect to the fund:

First. It authorizes individuals to designate $1—spouses filing jointly, $2—of their tax obligation to be placed in a Presidential election campaign fund, a special account to be administered jointly by the Secretary of the Treasury and the Comptroller General of the United States.

Second. A participating taxpayer does not add to the amount he or she owes the Federal Government—or conversely, any refund due is not reduced.

Third. Republican and Democratic candidates receive the same amount. I shall not dwell on the genesis of this fund other than to make a couple of points. Others here in the Senate fought for its enactment long before I came to the Senate. As I read the Record, the Senator from Louisiana (Mr. Long) first proposed such a fund 7 years ago. He is to be congratulated. In 1971 a dollar checkoff provision was enacted into law. During 1972 the effectiveness of the fund was grossly diminished by the manner in which the Internal Revenue Service handled its operation. Taxpayers had to record their preference on a separate form.

Last June provisions of the fund were revised with the approval of three-fifths of the Senate, and the checkoff provision is now located on line 8 of page 1 of the principal individual income tax return form, either 1040 or 1040A—short form. This should bring the fund's existence to the attention of taxpayers. Moreover, the IRS has produced and distributed a radio and a television "spot" for use by broadcasting stations which some of us have seen. I hope more stations use it and it often.

Mr. President, the three members of the Delaware congressional delegation have undertaken to secure the widest possible publicity for the fund.

Last week, we wrote Governor Tribbitt of Delaware and elected heads of local governments urging them to publicize the fund. We also wrote in a similar vein to more than 1,600 private employers listed in the Delaware State Chamber of Commerce membership list.

Mr. President, I yield the floor in order for other participating Senators to speak, but ask unanimous consent that at this point in my remarks there appear the text of three items:

First. A joint press release issued recently by the Delaware congressional delegation;

Second. A set of questions-and-answers about the Presidential campaign fund prepared by the "Dollar Check-off Committee" located at 1826 Jefferson place NW., Washington, D.C., and whose executive director is Thomas F. McCoy; and

Third. An editorial from the Washington Post of February 26, 1974:

There being no objection, the items were ordered to be printed in the RECORD, as follows:

JOINT PRESS RELEASE—DELAWARE CONGRESSIONAL DELEGATION

WASHINGTON, D.C.—A bipartisan campaign to urge Delawareans to contribute to the new presidential election campaign fund was announced today by the three members of the Delaware congressional delegation, Senators Biden and Roth and Congressman du Pont.

The law enables an individual, whose income tax liability for the 1973 taxable year is $1 or more, to designate that $1 shall be paid into the Presidential election campaign fund. In the case of a joint return, $2 may be designated. The mony will be placed in a Federally supervised fund for use in the next (1976) general election. Democratic and Republican presidential candidates would share equally in the total amount raised. The fund is used only in the general election—not in presidential primaries. The amount of $1 or $2 designated, to the fund, may be checked off on line 8, page one of the 1973 Federal individual income tax form. Designating the money does not increase a taxpayer's payment and it does not reduce any refund he or she may be entitled to.

"In recent years," the three members of the Delaware congressional delegation said, "present contributions to presidential candidates have reached such high proportions that the public has begun to doubt whether a Presidential candidate, if elected, would become his own free agent. The check-off provision would help return Presidential elections to the American people."

Specifically, the Delaware congressional delegation has:

1. Written to nearly 1,500 private employers in Delaware asking them to call the attention of their employes to the new fund and urging their participation.
2. Written to Governor Tribbitt, the heads of the three county governments in Delaware and the Mayors of Dover and Wilmington asking them to urge their employes to participate.

The delegation also suggested that sometime before the April 15th deadline for filing individual tax returns, the pay envelopes of each employe, private and public, contain a slip describing and urging participation in the presidential financing fund.

In addition, Senators Roth and Biden have reserved time on February 27th to speak to the Senate as a body to describe what is being done by the congressional delegation. The two Senators also have invited other members of the Senate to join them in urging Americans everywhere to participate in the presidential fund check-off.

HOW THE DOLLAR CHECKOFF WORKS
QUESTIONS AND ANSWERS

1. What is the dollar checkoff?

In 1971, Congress passed a new law establishing the Presidential Election Campaign Fund. The purpose of the law is to provide public financing of Presidential campaigns by allowing each taxpayer to direct one dollar of his or her Federal income tax to a special fund to be distributed among the candidates.

2. What is the procedure for an individual wishing to make use of the dollar checkoff?

On the regular 1040 and 1040A Federal income tax form, *line 8* is entitled "Presidential Election Campaign Fund." Taxpayers wishing to direct one dollar of their taxes to the Fund simply check the box on that line. If it is a joint return, there is a second box for a total of two dollars.

If the taxpayer did not make use of this option last year (1972), he or she may now do so by additionally checking off a second set of boxes in the enclosed line entitled "Note" directly above the signature line at the bottom. This will direct an additional one dollar (or two dollars in joint returns) from the paid taxes to the Fund.

Thus, in 1973 a taxpayer may direct a total of two dollars (or a total of four dollars in joint returns) to the Fund by checking off both line 8 for 1973 and the additional line at the bottom, in order to retroactively checkoff for 1972.

3. What will this cost the individual taxpayer?

Absolutely nothing. The checkoff simply directs a dollar of the individual's normal taxes to the Presidential Election Campaign Fund established by Congress. It does not increase anyone's taxes, nor does it reduce any tax refunds.

4. Where does the money go?

All funds go directly to a special account in the Treasury Department administered by the Secretary of the Treasury and the Comptroller General of the United States. (Section 9006)

5. How will this Fund be used?

Monies from the fund will be distributed to eligible candidates for President and Vice President based on the formula established in the law creating the Fund. The formula provides that all candidates whose party received 25 percent or more of the total votes cast in the preceeding Presidential election (referred to as major parties) are eligible to receive 15c per eligible voter over 18 years of age, based on the census figures as sus figures as of June 1 of the year preceeding the election.

The candidates of minor parties, i.e., those parties which received more than 5 percent but less than 25% of the vote in the preceeding Presidential election, will receive from the Fund payments which are in the same ratio to the payments received by major party candidates as the vote of that minor party to the average votes received by the major party candidates in the preceeding Presidential election.

Example: Using round figures, let us suppose that in 1972 there were 100,000,000 popular votes cast for President. Of those, suppose that the Republicans received 50,000,000 votes, the Democrats 40,000,000 and the remaining 10 million were cast for various minor parties of which one, The Third Party, received 9,000,000, with the remaining 1 million scattered among a number of other splinter groups.

On June 1, 1975 (the year preceeding the 1976 election) the Bureau of the Census will report its determination of the number of Americans over 18 and therefore eligible to vote. Supposing that the Bureau reports a figure of 160,000,000 eligible voters, the Republicans and Democrats would each be entitled to receive a payment of 15c times that figure, or $24 million each. The hypothetical Third Party, which received 9,000,000 votes, or 9% of the total popular vote, is also entitled to a payment since it received more than 5% but less than 25%. To compute that payment, one calculates the average number of votes received by the major parties, which in this case would be 45,000,000, in order to arrive at a ratio between that average and the number of votes received by the minority party: or 9:45 reducible to 1:5. The same ratio is then applied to the payment due each major party, shown above to be $24 million. The Third Party would then be entitled to ⅕ of that, or $4,800,000, for use in the 1976 election. None of the remaining splinter parties would be eligible since none received over the minimum 5% of the popular vote in 1972.

The actual voting figures in 1972 for the Presidential elections were as follows:

Republicans (Nixon), 47,169,905, 60.7 percent.

Democrats (McGovern), 29,170,383, 37.5 percent.

American Independent (Schmitz), 1,098,635, 1.4 percent.

Total popular vote: 77,734,330.*

Average of Major Parties: 38,168,000.

Since only the two major parties received more than 5% of the votes cast in 1972, only those two will be eligible to receive payments in 1976. Since they both independently received more than 25% of the vote, their payments will be based on the formula for *major parties* and no minor party will be eligible to receive funds in 1976.

6. Can the candidates still solicit or accept private donations?

If enough money is in the Presidential Election Campaign Fund to meet all payments due the candidates according to the formula explained above, then candidates may not solicit or accept private donations.

However, if the candidates under the above formula are entitled to receive $24 million each, but there are only enough funds to provide them with $14 million each, then they may make up the difference through private contributions. But they may not exceed the sum to which they would normally be entitled if adequate monies were available in the Fund. In other words, they may raise the extra 10 million dollars to reach the 24 million dollar figure in the above case, but they may not go beyond the 24 million dollar limit based on the number of eligible voters once they have agreed to participate in the program.

7. How may the funds given a candidate be spent?

The funds may be used only for *qualified campaign expenses*. The law creating the Presidential Election Campaign Fund defines qualified campaign expenses as expenses that a candidate or his authorized committee incurs to further his election to office. This includes everything from television advertising costs to office space to travel expenses. The law itself states: "(Subsection), (11) The term 'qualified campaign expense' means an expense—

(A) incurred—

(i) by the candidate or a political party for the office of President to further the election of the candidate of such political party for the office of Vice President, or both

(ii) by the candidate of a political party for the office of Vice President to further his election to such offices or to further the election of the candidate of such political party of the office of President, or both, or

(iii) by an authorized committee of the candidates of a political party for the offices of President and Vice President to further the election of either or both of such candidates to such offices,

(B) incurred within the expenditure report period (as defined in paragraph (12)), or incurred before the beginning of such period to the extent such expense is for property, services, or facilities used during such period, and

(C) neither the incurring nor payment of which constitutes a violation of any law of the United States or of the State in which such expense is incurred or paid."

Public Law 92–178. 85 Stat. 564.

8. What about groups, committees, special

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*The discrepancy in the total is due to votes cast for minor parties or candidates.

interests, and individuals spending money for the election of a candidate for President or Vice President independent of that candidate's campaign?

It is unlawful for any group or individual to knowingly or willfully incur expenditures above $1,000.00 to further the election of a candidate, when such an expenditure would constitute a qualified campaign expense (as defined above) if made by the candidate or the campaign itself.

9. What if the amount paid to a candidate exceeds the total sum of the qualified campaign expenses he incurred?

Candidates are entitled to receive a total payment equal only to the sum of all their qualified campaign expenses, minus any allowable private contributions. Excess payments, if made, must be repaid to the Federal Treasury as certified by the Comptroller General.

10. What if the amount of money collected through the dollar checkoff exceeds the total amount needed to pay all of the candidates the sums to which they are entitled?

All such excess funds will revert back to the general fund of the Treasury after the election, to be used as normal tax revenue.

11. Who pays for the primaries?

The dollar checkoff law applies only to the general election, the period following the nominating conventions. Primary campaigns will be conducted with funding from private sources as before.

12. Who in the government is responsible for overseeing and reporting on the use of the funds?

The Comptroller General of the United States is generally charged with overseeing the administration of the Presidential Election Campaign Fund. Once the sums have been paid to the candidates, however, the candidate has control over the funds assigned to him. All candidates are required to periodically report on expenses, and after the election the Comptroller General is to carry out a complete audit. The Comptroller General is required to report to Congress after each election on the qualified campaign expenses of each candidate and such information is to be made public as a Senate document.

[From the Washington Post, Feb. 26, 1974]

A TAXPAYER'S REPLY TO POLITICAL CORRUPTION

In the second month of the campaign year 1974, the nation continues to agonize over political corruption and scandals in which secrecy and cold cash played devastating roles. At the same time, Congress continues to wrestle with campaign finance reform legislation, including important proposals for public financing of political campaigns. Yet right now—without waiting for the denouement of these developments—every taxpaying citizen has an effortless way to help solve at least part of the problem—with respect to the presidency a means to make public campaign financing an attractive alternative to big private money in the presidential election of 1976 is already in the law. And the opportunity to make it work is easily available to everyone who is filing a federal income tax return.

We refer to the "dollar checkoff" option on your tax return form, whereby you may instruct the Treasury to allocate $1 of your 1973 income tax ($2 on a joint return) to a nonpartisan public campaign fund for the presidential election of 1976. What's more, if you didn't check this provision last year (for your 1972 return), there's another space on the current form to earmark an additional dollar or two to catch up. The checkoff doesn't involve any extra charge on your tax bill; it is only an instruction from the taxpayer to use these amounts of his or her payments for a public campaign fund, established to offer an alternative to private financing of presidential campaigns in 1976.

The provision has been changed—for the better in our view—since last year. There are no longer three specific checkoff boxes, for the Democratic and Republican parties or a nonpartisan fund. All money checked off is to be deposited in a single fund—to be allocated to presidential candidates who meet certain conditions. The idea is to break the link between big money and big politics, by offering the next presidential candidates a choice: a major candidate deciding to use money from the public pot wouldn't be permitted to raise money from any other source.

Subject to any refinements that Congress may still enact, the system works this way: Public money accumulated in the fund by 1976 will be administered by the Comptroller General and will require congressional appropriation before it may be allocated. Candidates of parties that received more than 25 per cent each of the vote in the last presidential election—that means only the Democratic and Republic candidates in 1976—will be entitled to 15 cents times the certified voting age population as of June 1, 1975. (The figure as of July 1, 1972 was 139.2 million, which would have meant slightly less than $21 million under this formula.)

A candidate nominated by a minority party whose candidate in the preceding election received more than 5 per cent but less than 25 per cent of the popular vote would be entitled to a proportionate share of the amount determined for each major party candidate. Also each candidate nominated by a new party would be entitled to public funds if he or she receives 5 per cent or more of the popular vote in the current election. These funds would not be available until after the election, however, in amounts calculated under a set of formulas.

Last year, the "dollar checkoff" had a rocky debut since the option wasn't included in the regular taxpayers' income tax forms—it was on a separate sheet. Only 4 per cent of the taxpayers checked the option. This year, you'll find the checkoff box right on Page One, Line 8, and the 1972 box (for those who didn't mark this option a year ago) is just above the signature line on the same page. Of the returns filed in the first month of 1974, about 13 per cent included the checkoff order. The bulk of the returns, however, have yet to be filed.

We believe that the checkoff deserves strong public support if it is to cut down the influence of big money on presidential campaigns—to help diminish the illegalities and improprieties which distingushed the 1972 electon in general, and the campaign to reelect President Nixon in particular. The checkoff plan can have a healthy effect on politics if enough taxpayers decide to make it work by seeing to it that their returns are duly marked.

Mr. BIDEN. Mr. President, I shall make one more observation. Beyond the matter of existing Presidential campaign fund, however, is a need for the public financing of additional campaigns for Federal office.

Public financing of Federal elections is the swiftest, surest way to purge our election system of the corruption that, whatever the safeguards, money inevitably brings.

Public subsidy would allow candidates, incumbents, and challengers alike, to compete more on the basis of merit than on the size of pocketbook free from that potentially corroding dependence on personal family fortune or the gifts of special interest backers. If Theodore Roosevelt had his way, we would all do business with "glass pockets"—politics needs those glass pockets.

I have become convinced that efforts to place ceilings on overall campaign expenditures, to prohibit certain groups from contributing funds, to restrict the size of campaign contributions—these and other devices, however well-intentioned and well-designed, are not fully effective.

Any public financing bill should include a central reporting system for contributions, provisions for financing of independent and minor party candidates, and modification of the franking privilege.

Mr. President, I ask unanimous consent that any statements made today on this subject by other Senators be printed immediately following the statements made by me and my colleague from Delaware (Mr. ROTH).

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. ROTH. Mr. President, I am happy to join the junior Senator from Delaware and Representative DU PONT to engage in an effort to make more people in the State of Delaware aware of the dollar checkoff provision for the next Presidential campaign fund. I can think of no way of better helping restore confidence in Government than to get millions of people throughout this great country to contribute financially to the next Presidential campaign.

I was concerned, upon going home and discussing the matter with a number of my fellow citizens, that they were unaware of this checkoff provision. It seemed that very few were aware of the program, even though it has been in effect for some time. As we all know, one reason is that the Internal Revenue tax forms last year, did not highlight this provision and for that reason many people did not contribute as originally hoped.

However, I was pleased and much encouraged by the report that was made yesterday by the senior Senator from Massachusetts and the senior Senator from Pennsylvania which shows that the dollar checkoff is beginning to work. According to this joint report to the Senate, it now appears that, under current returns, approximately 14 percent of the taxpayers are now using the checkoff, with an average designation of $1.50 on each return. I say that this is encouraging because it is estimated that, based on these figures alone, approximately $50 million will be collected for the 1976 Presidential campaign.

According to the Washington Post, which published an editorial on this matter yesterday, it would mean that each principal candidate should receive approximately $21 million under the formula that was established in this legislation, so that even under the present rate of contribuitons, it now appears that we are going to secure adequate funds for the 1976 Presidential race.

Nevertheless, I do not think we should be satisfied with this result. As I said earlier, I was concerned from my survey at home to find that many people were unaware of this program; and when I talked to them about it, they became very much interested in making their contribution. I am hopeful not only that the people of the State of Delaware will increase their contributions, but that the congressional delegation of other States will engage in a similar campaign to that of Delaware in order to make their people aware of the importance of this program, so that we will insure for the future that Presidential campaigns are financed not by a few but by millions of Americans throughout our great country.

If we can make this program succeed, we will have made a major campaign reform that will help restore public confidence not only in our political system, but also in the one who is elected to the highest office. A President who has been elected without large financial contributions from private sources is in a stronger position. He is more independent than those of both parties who have in the past had to rely on large contributions. This does not mean to say—and I think it is important to emphasize this—that all those who have been generous in past years in their contributions to a party do not expect any personal benefit, because this is not the case. The vast majority of donors, whether they gave large or small amounts, are loyal Americans, and they gave in the best interests of the country. This has been the democratic way. But because, as is always the case, a few have taken advantage of the political situation, it has raised serious problems of suspicion, favoritism and even political skulldoggery. For that reason, I believe the dollar checkoff we now have on the books offers a major campaign reform. I like it, because it offers the individual to contribute in a voluntary way. It means involvement in the political systems by millions of Americans.

I am delighted to join my two colleagues from Delaware in an effort to publicize this program back home. I am confident that as a result of this effort, and because of the public's interest in campaign reform, we can make our contributions from the State of Delaware much larger than otherwise possible.

For the reasons I have set forth, I hope that Senators and other political figures from other States will encourage contributions from their taxpayers, so that we can make certain that the program does succeed, not only for the next Presidential campaign, but those of the future.

Mr. BIDEN. Mr. President, I yield to the distinguished Senator from Rhode Island.

Mr. PELL. Mr. President, I am indeed happy to join my colleagues in this discussion of the dollar checkoff for the financing of elections, and to urge that all American taxpayers take advantage of this provision in the law.

I wish to commend Senators BIDEN and ROTH for organizing this discussion, so that it may receive wide attention. And I wish especially to praise my senior colleague, Senator PASTORE, whose pioneering work and leadership helped bring to reality the checkoff system in 1971.

It is particularly appropriate that this discussion take place not only at a time when our Nation's taxpayers are preparing their annual returns, but also at a time when the Senate Committee on Rules and Administration has just reported to the Senate legislation which doubles the dollar checkoff in keeping with new and, I believe, immensely important concepts for the public financing of Federal elections.

Last September, as chairman of the Subcommittee on Privileges and Elections, I conducted 4 days of comprehensive public hearings on public financing. Many thoughtful reforms and recommendations were suggested to us. These were given shape in S. 2718, a bill which I introduced in November, which was reported forward to the Rules Committee, and which formed the basis for our careful deliberations.

As I have stated in the committee report, I believe this legislation will serve to remove "the temptation of seeking or of accepting the large compromising gift. It returns to our people, to our individual voters a rightful share and a rightful responsibility in the choosing of their candidates. And it can serve to establish that climate of public trust in elected officials which this country so earnestly desires."

Therefore, as we consider the dollar checkoff and its importance today in our election process, let us also consider its significance to future elections if this legislation is enacted, and when we truly enter that climate of trust and confidence.

Mr. President, may I also note that an amendment to the dollar checkoff which I offered in committee was adopted during our recent meetings. This would make the increased checkoff—$2 for a single taxpayer, $4 for husband and wife filing jointly—automatic, unless otherwise designated on the tax form.

There was much confusion in the filing of earlier returns in this regard. My amendment is aimed at ending this confusion and at placing emphasis on the positive attributes of the checkoff procedures.

Mr. ALLEN. Mr. President, will the Senator from Delaware yield for a comment?

Mr. BIDEN. I yield.

Mr. ALLEN. Mr. President, I am delighted that the Senators from Delaware are giving publicity to the so-called $1 checkoff.

I was delighted to hear the distinguished senior Senator from Delaware state that by the time of the 1976 Presidential election, there would be some $42 million in this fund, which is the amount that would be authorized for division between the two parties, if they elect to come under this plan. That would seem to the Senator from Alabama to make unnecessary two provisions of the new public campaign fund bill reported by the Committee on Rules and Administration. One provision is that the $1 checkoff would become a $2 and a $4 checkoff. That would be unnecessary. Two, the Rules Committee's bill has a provision stating that if a taxpayer fails to check off the $1, $2, or $4, he will be assumed to have agreed to have it withheld from his income tax.

Also, the report of the Rules Committee indicate that if taxpayers take advantage of the $2 checkoff, which is in effect a $4 checkoff, the cost to the Federal Treasury would be $234,740,000.

So it seems that those two provisions of the new bill would be unnecessary. I hope the Senator from Delaware will be aware of that when the time comes for a vote on the issue.

Mr. BIDEN. As a point of clarification, although what the Senator from Alabama has pointed out is correct—I hope we do not need to exercise those provisions—the fact remains that I do not think the impression should be left with the public that if more money is collected than is authorized under existing law, that will really cost the Federal Government. That goes back into the general revenues and is treated as regular tax dollars, if I am not mistaken. So it is not as if the money that is collected has to be spent.

Under the existing checkoff provision, it is a maximum of $24 million per major candidate and a ratio percentage considerably less than that for a party that gets between 5 and 25 percent of the vote. That is the amount of money that can be spent in a Presidential election, and it is directed under this legislation. I am not aware of any modification in the recent legislation which would change this provision, which is that the excess would go back into the general fund, to be distributed as any other tax dollar would be.

Mr. ALLEN. The full amount is a charge against the Treasury. It costs the individual taxpayer nothing, as the distinguished Senator has pointed out.

Mr. BIDEN. Mr. President, I yield to the distinguished Senator from Maine as much time as he may require.

Mr. MUSKIE. Mr. President, on behalf of myself and my distinguished colleague from Maine, Senator HATHAWAY, who is presiding, I compliment the two Delaware Senators for their interest in undertaking to lift this issue to visibility at this taxpaying time.

I think it is very appropriate that the Washington Post yesterday morning published an editorial on this subject. I wish to read just a paragraph or two from the editorial. It is titled "A Taxpayer's Reply to Political Corruption."

The first paragraph of the editorial reads:

> In the second month of the campaign year 1974 the nation continues to agonize over political corruption and scandals in which secrecy and cold cash played devastating roles. At the same time, Congress continues to wrestle wtih campaign finance reform legislation, including important proposals for public financing of political campaigns. Yet, right now—without waiting for the denouncement of these developments—every taxpaying citizen has an effortless way to help solve at least part of the problem—with respect to the presidency a means to make public campaign financing an attractive alternative to big private money in the presidential election of 1976 is already in the law. And the opportunity to make it work is easily available to everyone who is filing a federal income tax return.

Then, the last paragraph of the editorial states:

> We believe that the checkoff deserves strong public support if it is to cut down the influence of big money on presidential campaigns—to help diminish the illegalities

and improprieties which distinguished the 1972 election in general, and the campaign to re-elect President Nixon in particular. The checkoff plan can have a healthy effect on politics if enough taxpayers decide to make it work by seeing to it that their returns are duly marked.

I commend my distinguished colleagues from Delaware for arranging this colloquy, to alert taxpayers to the possibility of making a "reply to political corruption."

Mr. President, the dollar checkoff will this year give every individual American taxpayer the opportunity to participate in a major reform of Presidential campaign financing. Through the dollar checkoff on every individual tax return, American taxpayers have the option of designating $1 of his or her taxes toward financing the next Presidential general election.

The individual taxpayer pays no more in taxes by using the dollar checkoff. But each dollar designated adds to the funds available for the Presidential election campaign fund, to be used for public financing of the Presidential general election.

If Americans make the dollar checkoff a success, they can help the next Presidential election satisfy the highest of democratic ideals. The dollar checkoff, as an experiment with public campaign financing, has the promise of making the general Presidential election entirely a public process—free from the influence of special interests through large private contributions. And freeing political campaigns from reliance on private fundraising is essential to public confidence in our democracy.

Using the dollar checkoff is simple. On each individual income tax return this year is a well identified box to check to designate $1 of Federal taxes, with separate $1 designations for the husband and wife on a joint return, to the Presidential election campaign fund. After appropriations by Congress, the amounts in this fund will be available to pay the costs of the general election campaigns of Presidential candidates, up to specified limits. Under the formula for making these funds available, candidates of major parties—which received more than 25 percent of the vote in the last election—will receive 15 cents per voter, or about $21 million based on 1972 statistics. Presidential candidates of minor parties or new parties—which receive over 5 percent of the vote in the most recent or current election—are eligible to receive a proportionate share of funds, based on the number of votes cast for them.

But to take advantage of public Presidential campaign funds, candidates in the general Presidential election must renounce private fundraising. The influence of private money—or the suspicion of that influence—would be removed from their campaigns.

Public financing for the general Presidential election will only be a success, however, if the American taxpayer uses the dollar checkoff. And the evidence so far is that the dollar checkoff is in fact working. As of February 15, about 14 percent of individual taxpayers—1.4 million of the 9.8 million tax returns processed—used the dollar checkoff. Of these returns, 640,000—or about 6.5 percent of all returns processed—were joint returns designating $2 for the Presidential election campaign fund. If this pattern holds true for all 1973 tax returns filed, a total of about $16 million will be designated for the Presidential election campaign fund from 1973 taxes. At this rate, we can hope to have about $60 million in the fund for the next Presidential election—enough for the candidates to present their case to the American people without private fundraising and the dangers it presents.

Public campaign financing can safeguard our faith in the process for choosing our political leaders. The dollar checkoff gives all of us the opportunity to endorse this basic reform to make democracy work better.

Americans' frustration with the political process is increasing every day.

Mr. President, I am delighted to join my distinguished colleagues from Delaware in promoting awareness of this opportunity.

Mr. BIDEN. I thank the distinguished Senator from Maine. I am delighted that he has pointed out something that I was unaware of until a week or so ago, and that is that the $1 checkoff can be $2 because a husband and wife in filing a joint return are each entitled to the $1 checkoff, which makes it a $2 checkoff. That point should be emphasized.

Mr. CLARK. Mr. President, will the Senator from Delaware yield?

Mr. BIDEN. I yield to the Senator from Iowa.

Mr. CLARK. Mr. President, first I wish to compliment the two Senators for arranging this discussion and for promoting the tax checkoff system.

The checkoff system has been discussed here thoroughly by both Senators from Delaware, the Senator from Rhode Island, and the Senator from Maine. It seems to me that one of the things that should be emphasized is that the checkoff system, as important as it is, should be viewed only as a beginning.

When we realize how public trust in government has been lost, both in terms of the Presidency and Congress, we begin to see the necessity for trying to restore it through the tax checkoff, first developed by the Senator from Louisiana (Mr. LONG). More recently, Senator KENNEDY and Senator SCOTT and a number of other Senators last year worked to improve and expand on that system, extending it to congressional races. If we are serious about restoring credibility to the Presidency and to Congress this is an essential next step.

Congress does not fare much better than the President in the public opinion polls. A year ago, the Gallup poll showed that public officials were 19th out of 20 in public confidence in various professions. I am not sure we have not fallen to 20. I am not sure the used car salesman has not moved beyond us.

We simply have to do something to restore public confidence, and the checkoff system is only a beginning. From there we have to go to more comprehensive public financing. My own feeling is that total public financing is preferable to matching funds, but that issue will be discussed here later.

It is not going to cure all political corruption. If anyone thinks that if we establish public financing, we will have a system that works perfectly, that all the evils of Watergate will disappear, they are mistaken—that is not going to happen. But public financing will take big money out of elections; it will mean people can run campaigns for office and be elected on the basis of their qualifications and the issues, rather than money.

If we are ever going to do it, if there ever is going to be congressional and public interest in that matter, it is now. So we cannot miss this opportunity.

It is possible to talk about all the problems of the checkoff system—where the money goes and all the difficulties of public financing—but to somehow say we cannot face up to those difficulties is really to say we like the present system, that the present system is working so well that we do not have to make any changes. Every time we raise objections to this phase or that phase or that problem or this problem, whatever they are, we have to remember the central point: Do we want to keep this system? Does the present system work well? I do not think it does. I think the checkoff system is better, and it represents the beginning of a better method of electing public officials in this country.

Mr. BIDEN. I thank the Senator. I think it should be emphasized that we are not talking about passing any new legislation. The law already exists.

The Senator from California (Mr. CRANSTON) indicated he may have an interest in commenting on this matter.

Mr. CRANSTON. I thank the Senator for yielding.

Mr. President, I thank the Senator from Delaware also for bringing about a discussion on a very important matter. To paraphrase what the Senator from Alabama said, the Senator from Delaware is ever aware.

When Americans file their income tax returns sometime between now and April 15, they can strike a blow for good government and clean politics with a simple checkmark.

Near the top of the form 1040 are boxes for assigning one tax dollar—or $2 if it is a joint return—to the 1976 Presidential campaign fund.

Checking one of the boxes will not raise an individual's taxes. And it will not reduce the refund if the Government owes the taxpayer money.

No matter who the people's choice for President may be in 1976, the dollars of millions of private citizens will help make candidates less dependent on wealthy campaign contributors who often have a special ax to grind.

The next Presidential campaign and every political campaign is really the people's campaign—not some candidate's campaign. Political campaigns determine the kind of government they will get and the kind of country—and world—they will live in.

The dollar checkoff will help remove the curse of big private money from politics, and help give us clean politics and good government.

Big money in political campaigns

means big privilege in the form of tax advantages—tax subsidies—and tax loopholes—for multinational corporations, the oil and gas industry, banks, security investors, wealthy individuals and business in general.

The amount of Federal income tax not collected because of these privileged exceptions is staggering. According to a recent study by Tax Analysts and Advocates, a nonprofit corporation specializing in tax information and tax law, in fiscal year 1975 an estimated $78.3 billion will not come into the Federal Treasury because of these exceptions. Various of these exemptions are completely justified and should not be eliminated. But the point is that the exemptions were written into the law because their beneficiaries had easier access to their Congressmen through doors opened by the money these beneficiaries poured into the Congressmen's campaigns.

Closing that door through public financing of campaigns will not and should not eliminate all of these exemptions. But I would estimate that at least 10 percent of them could be cut back amounting to $7.8 billion, which would not have come out of the average taxpayer's income tax return. This would far exceed the cost of public financing.

The dollar checkoff by the average taxpayer will be paid back many times over in both money and good government through ending the privileges which the business world buys in our tax system.

Again, I thank the Senator from Delaware.

The ACTING PRESIDENT pro tempore. Under the previous order, the Senator from Montana is recognized for not to exceed 15 minutes.

Mr. MANSFIELD. Mr. President, I would like to turn over all my time but 1 minute to the distinguished Senator from Delaware, but I want to use that 1 minute just to emphasize the following. First, I am delighted that the Senators from Delaware are showing such leadership in this area. Second, I want to state for the record that this was inaugurated into law in the Revenue Act of 1971. It is not a result of Watergate. It is something which the Senate anticipated before Watergate. So the record should be clear that this is not a Johnny-come-lately piece of legislation, but something which was put into effect almost 3 years ago.

I thank the Senator.

Mr. BIDEN. I thank the Senator.

Mr. President, I yield to the Senator from Massachusetts such time as he may need.

Mr. KENNEDY. Mr. President, I want to join my colleagues in commending the distinguished Senators from Delaware for sponsoring the colloquy taking place on the floor of the Senate. It is extremely timely.

I have had a chance to review the testimony of the Senator from Delaware before the Rules Committee on this issue, and I want to commend him for his contributions to the debate. I think, in many respects, it was some of the most eloquent and telling testimony before the committee. I think the fact that the two Senators from Delaware are sponsoring this colloquy shows the bipartisan nature of the effort for true campaign reform, which can be, perhaps, the single most important legislative action Congress takes this year.

I am also heartened by the presence of the majority leader, who more than anyone else was responsible, with the Senator from Louisiana (Mr. Long) and the Senator from Rhode Island (Mr. Pastore) for the enactment of the dollar checkoff in 1971. I am also pleased to be here with Senator Cranston and Senator Stafford, who have been among the most vigorous and effective leaders in the Senate in working for public financing of elections.

Together, we are here this morning to urge taxpayers throughout the Nation to use the dollar checkoff on their tax forms.

Under present law, the public funds available through the checkoff will be used to pay for the cost of the 1976 Presidential election. In effect, a great new national experiment is underway. If the checkoff proves successful, the 1976 election will be a historic first—an election paid for out of public dollars, and an end to the reign of massive private contributions and the appearance of corruption that travels in their wake.

The results so far indicate a dramatic improvement over 1972, when it was used on only 3.1 percent of the returns and brought in only $3.9 million. By contrast, the early results for 1973 show that the checkoff is beginning to catch on. As of February 22, 29 million tax returns, or approximately 36 percent of the expected returns for 1973, had already been filed. And on 14.4 percent of those returns, taxpayers used the checkoff for 1973 so that a total of $2.9 million has already been accumulated in the fund. In addition, 6.8 percent of the returns are using their current returns retroactively, to also make a checkoff designation for the 1972 tax year, amounting to another $1.4 million for the fund.

The weekly and cumulative results of the checkoff make clear, however, the rate of use of the checkoff has leveled off in recent weeks, at about 15 percent for 1973 and 7 percent for 1972. At that rate, the funds available from the checkoff will bring in about $50 million by April 1976, enough to pay for the 1976 Presidential election.

But that is not good enough. If public financing is necessary for Presidential elections, it is also necessary for Senate and House elections and for primaries as well. To pay the cost of public financing for all Federal primaries and general elections, as proposed under the Rules Committee bill now on the Senate Calendar, the checkoff will have to bring in about $90 million a year. Under the terms of the bill, the checkoff will be doubled, which means that each designation will bring in $2 instead of $1. Still, at this new level, participation will have to increase to the point where one in every three taxpayers are using the checkoff.

That is the real challenge the checkoff faces today. It is doing well, but it has to do even better. That is why I am honored to take this opportunity in the Senate to urge every taxpayer, as he prepares his return between now and April 15, to use the checkoff. It is the wisest possible investment a citizen can make in the future of his country.

In closing, I again commend the Internal Revenue Service for the vigorous and imaginative initiatives it is using this year to publicize the dollar checkoff, especially in the public service radio and television spot announcements that are being broadcast at this time. Let us hope that in the 6 weeks left in the current filing period, people in public and private life will take up the call, so that working together, we can enable the checkoff to meet the goal of public financing for all elections to Federal office.

Mr. President, I ask unanimous consent that a table summarizing the weekly and cumulative results of the dollar checkoff, as made public by the Internal Revenue Service, may be printed in the Record.

There being no objection, the table was ordered to be printed in the Record, as follows:

RESULTS OF DOLLAR CHECKOFF

1973 returns filed in 1974	Returns using checkoff for 1973		
	Number	Percent	Amount
Through Jan. 18	43,198	10.7	$60,066
Week of Jan. 25	120,202	14.0	171,984
Week of Feb. 1	251,312	14.7	365,777
Week of Feb. 8	396,287	14.3	585,519
Week of Feb. 15	553,806	14.1	820,986
Week of Feb. 22	629,822	15.1	930,641
Cumulative:			
Jan. 25	163,400	13.0	232,050
Feb. 1	414,712	14.0	597,827
Feb. 8	810,999	14.1	1,183,346
Feb. 15	1,364,805	14.1	2,004,332
Feb. 22	1,994,628	14.4	2,934,973

Note: Total returns processed: 13,825,954. 81,000,000 returns expected by Apr. 15, 1974; as of Feb. 22, 29,250,000 returns had been filed. The figures in the table are based on returns processed.

RESULTS OF DOLLAR CHECKOFF

1973 returns filed in 1974	Returns using checkoff for 1972		
	Number	Percent	Amount
Through Jan. 18	21,580	5.3	$30,461
Week of Jan. 25	59,360	6.9	85,998
Week of Feb. 1	120,088	7.0	177,418
Week of Feb. 8	186,534	6.7	280,093
Week of Feb. 15	258,172	6.6	390,459
Week of Feb. 22	294,289	7.1	443,390
Cumulative:			
Jan. 25	80,940	6.4	116,459
Feb. 1	201,028	6.8	293,877
Feb. 8	387,562	6.8	573,970
Feb. 15	645,734	6.7	964,429
Feb. 22	940,023	6.8	1,407,819

Mr. BIDEN. I thank the Senator very much.

Mr. President, at this point I ask unanimous consent to have printed at the conclusion of the colloquy a statement by my distinguished colleague from Minnesota (Mr. Mondale) on this subject.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

(See exhibit 1.)

Mr. BIDEN. Rather than take the entire remaining time, unless some other Senator wants to speak on this subject, I would like to close by emphasizing several points.

First, as the distinguished majority leader has said, this is existing legislation. It was on the books before Watergate. It is a telling indictment of the system in that it was anticipated long before Watergate was a big problem, and this was one way of getting around it. It is unfortunate that, for various reasons, without casting blame on anyone in particular, the IRS did not see fit to advertise it last time as widely as is being done now.

Second, there is an absolute ceiling on what can be spent. The American public should not think that if, in fact, more money is raised than allowed for under the law, somehow or other that money is going to be frittered away on balloons and billboards. That is not the case. It will go back into the general revenues to be spent for everything from the military to social welfare programs.

In addition to that, the cost to the taxpayer is nothing. It does not increase or diminish the taxpayer's payment one iota. In addition, it should be pointed out that it is important to emphasize this because it could have an effect in increasing by 25 percent the amount that is returned to the general revenue.

The taxpayer can on a joint return check off $2, not just $1. I would like to emphasize that and implore my colleagues in the Senate and the House to advertise this fact in their newsletters which are about to go out prior to the deadlines for the filing of returns. This provision does in fact exist in the law.

It seems to me that, as one strong supporter of public financing, I would be delighted not to continue contributing to the argument on public financing with those who oppose my position, as I will be able to do, if in fact we eliminate this issue by having enough money derived from this particular method of funding Presidential elections.

I would like nothing better than to never have to talk again on this issue of the public financing of Presidential elections. If we can, in fact, encourage enough Americans to take advantage of the existing law, I will not have to talk about it again.

Mr. President, does my colleague, the distinguished senior Senator from Alabama (Mr. SPARKMAN), intend to comment on the $1 checkoff provision before I yield back the remainder of my time?

Mr. SPARKMAN. Mr. President, if the Senator would yield, I would point out that that provision is already in the law. It was on the tax returns last year. Unfortunately, however, it was badly placed. This year, however, it is right on the front page. I used the checkoff for myself, and my wife used it for herself.

I think it is a good arrangement. I hope that the taxpayers in the country will take advantage of it.

Mr. BIDEN. I thank the Senator. I would like to conclude by saying that I think it is important that the taxpayers of this country realize that there is a method by which this money can be disbursed.

The two major parties would have equal amounts of money to spend, assuming that they get more than a 25-percent vote in the preceding election. The minor parties and third parties will be taken care of if they get a certain percentage of the vote in the preceding election.

We can make the particulars of this legislation made known to the people of Delaware. I hope that we will be able to make it known not only in Delaware, but also across the United States by emphasizing the fairness of the legislation and what it contains.

I thank my colleagues for participating in this colloquy, and particularly I thank my senior colleague, Senator ROTH, who helped arrange this entire colloquy.

I hope that the people will be made known of this. I hope that the ladies and gentlemen of the press who sit up there and look down on us, attribute this effort to Senator ROTH and that the American public can get out of the business of buying elections and can through the Presidential election procedure check off the $1 provision on their returns.

I hope that the American press will help this effort by donating full-page ads advertising this fact.

Mr. President, I am really just being facetious. However, I would hope that the press would disseminate this information.

Mr. President, I yield back the remainder of my time.

EXHIBIT 1

STATEMENT BY SENATOR MONDALE

The revelation yesterday that the President's personal attorney, Mr. Kalmbach, was engaged in selling ambassadorships in exchange for campaign contributions is just one more bit of evidence that our present system of financing campaigns must be changed.

We no longer need opinion polls to tells us that the average American is terribly disillusioned and cynical about government, politics, and politicians.

And they have every right to be, when they see the kind of distortion of our democratic election system that has been revealed in the last year.

What they have seen is a virtual "Buy America" system, in which those who are wealthy enough . . . and powerful enough . . . and cynical enough . . . can buy what they want from government at the expense of the average citizen.

But Americans now have a chance to work a fundamental change in that system.

By checking off $1 on their tax returns, they can assure that the Presidential candidates of the major parties in 1976 will not have to make their peace with wealthy and powerful special interests in order to run for the highest office in the land.

And they can assure that the businessmen of this country will not be subjected to the extortion and shakedown tactics which were such an appalling feature of the last Nixon campaign.

If the $1 check-off is successful, candidates will owe allegiance only to their conscience, the law, and the people. That is the way it should be . . . and must be.

The response to the $1 check-off so far this year has been very encouraging.

Through February 15, more than 14 percent of all returns filed used the check-off, and more than $2 million has been set aside.

This is a striking contrast from last year, when only 3 percent of the returns used the check-off.

In addition, nearly 7 percent of those filing this year are making a retroactive check-off for 1972, which they are allowed to do.

At this rate, there will be more than enough in the $1 check-off Fund to provide each major party candidate with $21 million in public money in 1976.

This is solid evidence that public financing can work, and that the American people are willing to invest a small amount each year to make our democracy as honest and responsive as we possibly can.

Mr. MANSFIELD. Mr. President, I commend the distinguished Senators from Delaware, Senator BIDEN on the Democratic side and Senator ROTH on the Republican side, for the initiative they have displayed this morning.

I especially commend the distinguished Senator from Delaware (Mr. BIDEN) for laying out the facts and for pointing out that it is entirely voluntary and that there is no cost attached to the taxpayers. He has pointed out that there is a way of participating in publicly financing the candidates and furthermore that there is one way to get away from the fat cats who have dominated the Presidential elections for too many decades.

I think that if for no other reason public financing on this basis is far, far superior to the type of participation which has placed a blight on the Presidential elections in recent years. And that applies to both Democratic and Republican candidates.

Mr. BROOKE. Mr. President, Mark Twain once said that although everybody talks about the weather, nobody does anything about it. For a long time that seemed to be the case with the regulation of campaign financing as well.

However, in 1971, Congress passed two major pieces of campaign finance legislation—the Federal Election Campaign Act and the Federal Election Campaign Fund Act.

The former measure required full disclosure of campaign contributions and expenditures and imposed broadcast and media expenditure limitations in order to slow the spiraling cost of campaigns. The political corruption that occurred in the 1972 Presidential election campaign made the need for this full disclosure requirement painfully apparent.

The latter act, establishing the so-called tax check-off, has not yet been utilized—its effective date is the 1976 Presidential election—but it is of perhaps even greater significance, and I look forward to seeing this law live up to its potential as well.

The tax check-off, as originally drafted, allowed all citizens to designate $1 of their taxes for use in financing the campaigns of Presidential candidates in the general election. One could, if he or she wished, stipulate that money be used for the Democratic or Republican standard-bearer; or one could allocate his or her dollar to a general fund to finance all candidates qualifying for assistance.

The checkoff costs the taxpayer nothing extra in taxes owed. The dollar comes from his normal tax payment.

It is a regrettable fact that on only 3 percent of 1972 returns did taxpayers check-off a dollar for the campaign fund.

This deplorably low participation rate can be attributed to a number of factors. Many taxpayers remained ignorant of the "check-off" because it was not on the regular tax form but on a separate sheet. In addition, a number of citizens were perhaps reluctant to designate their tax money for the benefit of one particular political party. Moreover, in this era of increased sensitivities about preserving one's personal privacy, many people, quite frankly, did not want to list a political party preference on their public tax return, feeling that this was a personal item.

In July of 1973, we in the Senate corrected these shortcomings. No longer will taxpayers have to hunt for the "checkoff"—now, by law, it must appear on either the front page or the signature page of every form. And, perhaps more importantly, the Republican and Democratic Party designations have been eliminated—all moneys will now be accumulated in a nonpartisan fund, with the major parties to be allocated equal amounts. Minor parties will also be eligible for funding.

With these corrections, taxpayers are participating at a higher rate than before, 13 percent of the returns for January 1974 included the "checkoff." Although continued participation at this rate might allow the 1976 Presidential campaigns to be financed entirely from public dollars, I would hope that the rate might go yet higher. For only if we remove those seeking public office from their reliance on large donors, can we then be absolutely certain that those holding public office will not be under an obligation to the individuals and interest groups that contributed to their campaigns.

Thus, I would like to join my colleagues today in calling for increased usage of the election fund tax checkoff provision. I believe it to be a significant step forward in restoring the integrity of our electoral process.

Mr. PASTORE. Mr. President, each year at this time millions of Americans must undergo one of life's more unpleasant tasks—payment of their income taxes.

Painful at this experience is we all recognize its necessity. With the privilege of citizenship also comes responsibility.

This year for the first time the front page of IRS form 1040 provides a space were a taxpayer may designate $1 of his 1973 income tax be paid into the Presidential election campaign fund, or $2 with a joint return. This is popularly known as the dollar checkoff. This does not cost the taxpayer any extra money. He or she merely designates that $1 of their tax money should be used for qualified Presidential candidates.

Mr. President, the option to do this was available to taxpayers last year when they paid their income tax for 1972. Due to administrative confusion, however, no space was provided on the IRS form 1040 as Congress intended when it enacted the Presidential Election Campaign Fund Act.

Rather, taxpayers had to file a separate form if they wished to use the dollar checkoff.

Although about $4,000,000 was paid into the Presidential campaign fund through the dollar checkoff last year, this was only 3½ percent participation by the eligible taxpayers. It is reasonable to assume considerably more money would have been paid in had space been provided on the face of the 1040 form.

I might also add, in an attempt to rectify this oversight, this year's form 1040 also contains a separate space where a taxpayer may still check off $1 of his 1972 taxes.

Mr. President, in 1971 I sponsored the amendment which eventually became law and permits the dollar checkoff.

This law is intended to provide public funds for paying the qualified campaign expenses of eligible Presidential and Vice Presidential candidates of a political party.

The General Accounting Office has prepared an excellent summary of the Presidential Election Campaign Fund Act, and how it will work. I ask unanimous consent it be inserted in the CONGRESSIONAL RECORD immediately following my remarks.

In addition, my amendment had two other provisions intended to encourage small political contributions.

These provisions provide tax incentives for contributions to candidates for public office.

The first allows a maximum tax credit against an individual's income tax of $12.50 if filing individually, or $25 in the case of a joint return, for political contributions.

The second provision is an alternative to the first, and permits a maximum deduction in lieu of a credit of $50, or $100 if a joint return.

Mr. President, before Watergate I was among those in the Senate who urged election campaign reform. I also sponsored the legislation which effected the first major overhaul of our Federal campaign laws in over 25 years. I also managed that bill on the floor. It, of course, became the Campaign Reform Act of 1971.

Last year I introduced further amendments to that law designed to tighten it further in view of the experience of the 1972 election campaign.

That bill, S. 372, has passed the Senate and now awaits House action.

Mr. President, the cornerstone of our Republic—the democratic electoral process—is in jeopardy. Unless that process is sanitized, and faith in its integrity restored, people will remain cynical and regard it as a sham.

The quickest and soundest way to restore the voters faith in the electoral process is to remove the necessity of candidates to rely on large individual contributions privately solicited. This is where the trouble starts, and abuse creeps in.

I hasten to add, I am not reflecting on the integrity of any elected official. The fact of contributions creates the appearance of impropriety, and this in and of itself undermines the electoral process.

The Presidential Election Campaign Fund with the "dollar checkoff" is remarkably suited tc accomplish a good deal of the needed reform.

If it succeeds as many of us believe it will, I see no reason why it cannot be extended to other elective offices, such as Senator or Representative.

Mr. President, I therefore urge all Americans to make use of the "dollar checkoff" when they file their 1973 income tax.

Mr. MOSS. Mr. President, on several occasions I have stated my strong support for some form of public financing of campaigns. I am glad to join with several of my distinguished colleagues this morning in stating again that public financing is necessary if the corruption of recent elections is to be avoided.

The traditional practice of campaign revenue raising is susceptible to much abuse. Political campaign costs require a candidate to raise hundreds of thousands, and sometimes millions of dollars. Since most candidates do not possess such extensive means, they solicit them from private sources—primarily wealthy individuals. As a result, 90 percent of all contributions come from only 1 percent of the voters. The lists of contributors is largely made up of representatives of corporations, special interest groups, and certain individuals with loaded personal concern and expectations. I agree with the distinguished Senate majority leader that "it is not healthy for the Nation for politics to become a sporting game of the rich." But, in reality, politics in America in far too many instances, has become a sporting game of the rich.

In order that participation by the American electorate in the political process could be broadened, I have supported the "tax-check-off" approach to financing of political campaigns. My voting record and statements have indicated this. I was happy to join with one-third of my colleagues in support of eight basic principles on public financing of elections. One of these principles supported the tax check-off concept that was adopted in 1971 to provide Treasury financing of qualified candidates for President and Congress in the general elections at a level that would enable a candidate to mount an effective campaign without the need to seek large private contributions.

I believe that the existing tax checkoff provision is a step in the right direction. It provides that future Presidential election campaigns will be financed, at least partially, through the tax-checkoff provision. Taxpayers can indicate on their tax forms that $1 of their tax liability, or $2 on a joint return, can go into a general fund for financing Presidential campaigns.

To date, this method of raising campaign revenue has not been as successful as some had hoped. Some have referred to it as a futile act. Others have called it a dud. This criticism, due to the first year of operation of the tax checkoff provision in which less than 3 percent of the tax returns were accompanied by a checkoff form is not entirely warranted. Several reasons can be given for this low participation. Many individuals were unusually apathetic about their political system. This is still true today to a great extent, but hopefully the evident corruption of the 1972 election will increase interest in how revenue for political campaigns is raised and will generate additional interest in public financing.

Many individuals in 1972 misunderstood from where the money on the checkoff would come. They thought that it would cost them an extra $1. And the contribution was obscured with a separate required form. The advantages to the 1973 tax return over that of 1972 should provide a better means of assessing the success of the tax checkoff provision. The checkoff now appears on the face of the 1040 tax form and on the short form, rather than on a separate form. The IRS has given the tax checkoff much more publicity than a year ago. And the party designation option, which created some hesitancy on the part of a few individuals, has been eliminated.

An important aspect of the tax checkoff is that it provides a means by which the taxpayer can chose whether some of his tax dollar should go to political campaigns. There is no pressure placed upon him. It just gives the average American the opportunity of participating in democratic government.

If the tax checkoff option could be increased to $2 per individual, and $4 per joint return, and if all American voters would participate, all Federal elections, including primaries, could be financed by this means. This, of course, is the ultimate goal. Philip M. Stern, president of the Center for Public Financing of Elections, estimates that the cost for all Federal elections at $262 million, or only $1.88 for each of the 140 million Americans of voting age.

I am happy to report that support for the tax checkoff in Utah was greater than support nationally. A Utah poll, conducted by the Salt Lake Tribune, indicated that slightly more than 10 percent of Utah voters exercised the option to contribute through the tax checkoff.

Utah is one of the few States that provides for a State tax checkoff. In Utah, the taxpayer checks a box on the State tax form designating $1 of his taxes to his party's State committee. The money collected will be split between the State and county party central committees to be spent for campaign purposes. I commend government representatives in my State for their efforts in this regard.

I am confident that the allowance for taxpayers to a checkoff on their Federal income tax for campaign purposes is an alternative to the many scandals of big money contributions and the problems of past elections. I endorse the concept of the tax checkoff entirely. I hope that the real intent of this method of campaign financing will be realized. In order that it will be realized, we must continue to give active support to it.

Mr. MONTOYA. Mr. President, last December I sent a newsletter to my constituents in New Mexico concerning the dollar tax check-off on their Internal Revenue tax forms, and urging their use of this most important alternative method of financing political campaigns.

I said then that it was "a chance to put the public interest first," and I still believe that to be true. Certainly this year every American must be searching for a way to make our political system more responsive to his needs and less open to the corruptive influence of big money and hidden power. Testimony before the Senate Select Committee on Presidential Campaigns has provided an ugly picture of money in brown paper bags, in cash, in secret funds, in illegal corporate contributions, and other questionable ways of paying for the elections of a President.

It has become crystal clear that we must find an honest and simple alternative to the kind of campaign funding which that testimony described.

In 1971 Congress established the Presidential Election Campaign Fund as one option which taxpayers could select if they wished to share in the cost of election campaigns, and thereby dilute or destroy the influence of "big money." The law, as amended, would assure public disclosure of campaign expenses, an audit of financial reports, and equitable financial distribution of campaign money, and the healthy knowledge that no private contributor is being allowed to buy more than his citizen's share of influence with a winning candidate.

Congress believed that this opportunity, if used by taxpayers, would prevent the excessive influence of large contributions of money in national campaigns. The first campaign to be funded will be in 1976—but only if enough taxpayers share our belief. If taxpayers decide to use this way of paying for our national election campaigns, no other funds would be needed by major candidates, and no favors would be owed to any special interest or any special contributor.

Last year, the first time this option was available, the tax information was not clear, and forms did not carry the tax checkoff option. Only 4 percent of taxpayers checked the option either through lack of information or lack of the proper form. As chairman of the Appropriations Subcommittee on Treasury, U.S. Postal Service, and General Government, I urged the Internal Revenue Service to place the checkoff box on both form 1040 and 1040A in a better position, and to make information concerning the Presidential election campaign fund checkoff available to all taxpayers.

I am pleased to note that this year the box is in a prominent place on both forms, and in addition a box has been included, making it possible for those who neglected or did not have the opportunity to checkoff last year to do so this year for 1972 as well as 1973.

In addition, the IRS Publication 585, "Voluntary Tax Methods to Help Finance Political Campaigns," is now available through the Government Printing Office. I have made this publication available to New Mexico taxpayers through my Washington and New Mexico offices, and urge my colleagues to consider this additional tax service to their constituents.

It is essential that all Senators and Representatives who discuss this method of paying for Presidential campaigns with voters emphasize that utilizing the checkoff system will not increase the individual tax of any taxpayer. Despite efforts by the IRS to explain this to taxpayers, the idea seems to persist that the $1 or $2 checked will add to the individual tax. It is up to Congress to help publicize the fact that the dollar checkoff system simply authorizes the establishment of the fund and authorizes Congress to appropriate from the fund in an election year. It will neither increase the tax paid by any citizen nor decrease the amount of his refund.

The first Presidential campaign in which we will have an opportunity to utilize this fund will be in 1976. But the important year for this alternative method of financing Presidential campaigns may well be this year, 1974. This is the year in which a clear-cut opportunity to participate fully in support of democratic government is open to the people of this Nation. The key to success of the system will be the number of taxpayers who understand fully the system and who share the feeling that the only "big contributor" to any candidate should be the American people.

This is our chance to prove the Government of the United States belongs to the people—and not to special interests.

I urge my colleagues to do all in their power to reaffirm the principle of free elections, and to do away with the temptations to illegality and impropriety which the old system provides.

Mr. CASE. Mr. President, the elementary obligations of citizenship can, and often are, reduced to platitudes. We say, "register and vote" and certainly that is just what good citizens, by the millions, do.

As I have noted before, this is the beginning—rather than the end—of a citizen's responsibility. To me, the essence of citizenship is the extent that each individual accepts responsibility for the quality of public life.

Each day I grow more aware that individual citizens are terribly disturbed about the quality of public life.

My mail is heavy with queries from constituents who demand "What in the world is going on down there?"

A few also ask what role is left to the individual citizen as the morass of fact and fiction concerning Watergate grows deeper.

I would like to take this occasion to call attention to one additional way individuals can accept the responsibility for the quality of public life.

I refer, of course, to the dollar checkoff.

The voluntary act of checking off a dollar contribution to establishment of a Presidential election campaign fund is an act of responsible citizenship.

This is a painless way to direct money be spent and, perhaps, it could mark the beginning of the end of one of the most disturbing truths in American politics.

Eighth grade government texts teach that men with wealth are much more likely to be elected to high offices than men and women of modest means.

The eighth grade texts may not go into it, but the fact is that it is difficult for people without wealth to run for high public office. The need for funds has, I believe, been a most corrupting influence.

I see the dollar checkoff as a benchmark in American politics if the American people become more aware of it. In my own State of New Jersey this year about 20 percent of the taxpayers are earmarking $1 for public financing, which is greater than the national average of about 14 percent.

Senator HUMPHREY and I spoke to this point before in urging that the Federal Government include public service notices about the checkoff system with the

1973 W-2 forms. I still hope that we may see the executive branch recognize the potential ability it has, as one of the largest employers, of notifying hundreds of thousands of Americans about the dollar checkoff.

I believe both the Congress and the executive branch must make use of every possible opportunity if last year's record is to be improved.

Mr. BENTSEN. Mr. President, the Congress recently approved a Presidential election campaign fund to be financed through taxpayer contributions. This is the $1 tax checkoff that American taxpayers are considering as part of their income tax returns this year and I believe it may mark a turning point in the history of campaign financing for the Office of the Presidency.

The purpose of the dollar checkoff is to remove Presidential elections from the murky world of private financing and move these elections into the public light and under the people's control. There is the chance, with this checkoff, to reform Presidential elections and to end the present system where our highest office is up for auction to the highest bidder.

If the events of the 1972 Presidential election teach us anything, it certainly must be that campaign spending has grown out of bounds and that the fundraising activities necessary to support that kind of spending have undermined public support for our most important office. The people feel that while their votes may influence the election day outcome it is the contributions of special interests which will influence the major decisions made following that election outcome.

I do not agree with that sentiment for I do not believe that most campaign contributors expect a quid pro quo, a favor for favor return when they make political contributions. Abuses by some, though, have called into question the activities of all and have undermined the confidence of the people in their public officials. The figures behind this loss of confidence are startling.

The campaign for President of the United States is estimated to run over $100 million in a given election. We know that the Committee To Re-Elect the President raised and spent nearly $40 million in 1972 and that was without any meaningful primary campaigns. The figures also indicate that 90 percent of political contributions come from 1 percent of the population.

In truth, Mr. President, the level of campaign spending has grown outrageously and the potential for candidates to become dependent on the purse strings of the moneyed continues to grow as well. If we are concerned with the dangers threatening our democratic form of government, if we are concerned with the eroding confidence of the people in their Government then we must be concerned with the issue of campaign spending.

The Congress, through the dollar checkoff, has given the people an avenue for reform. Their collective dollars can now have the same influence in determining how candidates campaign that their collective votes have always had on how candidates are elected. A candidate for President can now be beholden to the people for their contributions as well as their votes and that combination could create a powerful force for the common good in the Office of the Presidency.

I hope that taxpayers will make their money felt along with their votes. I hope that the public trust of the Nation's highest office can be removed from the campaign finance auction block and placed back in the hands of the people to whom it belongs. I believe it is time to replace the era of suitcases full of laundered, cash contributions with one where public funds are raised in the open and spent according to law.

For those who are wondering what can be done about Watergate, I say that the solution begins with you, the individual taxpayer. Your dollar checkoff can mean the beginning of a new era in campaign financing.

Mr. HUMPHREY. Mr. President, last June, during debate on my dollar-check off amendment to the debt ceiling bill, I noted that only 3.1 percent of all taxpayers used the dollar check-off in 1972. I also observed that this failure of so many Americans to avail themselves of this opportunity to reduce the role of private money in politics was in large part the result of obstacles which the administration put in their way. Executive inaction, and footdragging, thwarted this effort by Congress to build equitable citizen participation into the political process.

It was this failure of the executive branch to publicize this opportunity and to make the check-off as easy as possible for people, that led to my amendment requiring that the check-off box be placed on the front page of the tax return form and that this opportunity be publicized.

The election of 1972, and revelations since then, have hammered an indelible impression into the mind of every American citizen about the elective process and how campaigns are financed. Secret funds, illegal contributions, slush funds and laundered millions, only begin the long list of affronts to the American citizen. Mr. Jeb Stuart Magruder, when asked by the Senate "Watergate" Committee what he considered to be the major impetus for his and other questionable election activities, simply replied, "Too much money."

Never were conditions and public sentiments in our country more supportive of significant campaign finance reform than they are today. Hopefully, Congress will soon move ahead with the substantial campaign finance reform that our people are demanding.

I am very pleased to report to the Senate today that our decision to require the IRS to place the checkoff box on the front page of the income tax return from and to report its public information plan on the check-off to Congress each year, is begining to have the intended result.

Mr. President, the Internal Revenue Service informed me today that, with only 17 percent of the 1973 income tax returns processed, we have already exceeded total collections from the dollar check-off last year. For returns processed as of February 22, participation was running at a 14.4-percent rate for 1973, and this participation rate is increasing further. Moreover, the participation rate of taxpayers who had not used the check-off in 1972 and are correcting for that as provided in this year's forms, is currently at a level of 6.8 percent.

As a result of these participation rates, the IRS has already collected $5.3 million this year, compared to $4 million designated for all of last year. Even if the current rate of participation continues, without the further increase that is expected, we can expect to raise about $25 million this year. Assuming that the rates of participation on 1974 and 1975 returns is about the same, a pessimistic assumption, a public fund of at least $6 million would be available to finance the Presidential campaigns in 1976. This will indeed have a profound impact on the nature of the next Presidential election.

Mr. President, I would also like to take this opportunity to publicly commend all of those in public and private organizations that are making this nearly fivefold increase in the participation rate possible.

The Internal Revenue Service has done a commendable job of publicizing the dollar checkoff. Our labor unions have made a key contribution by heavily publicizing the dollar checkoff in their publications and by working with employers to encourage its use. Private firms have also provided information to their employees encouraging their participation, with many accounting firms reminding clients of this opportunity. Public service organizations like Common Cause also made an important contribution. I am also pleased to note that many Government officials have informed me that they will include an information note on the dollar checkoff, enclosed with the W-2 form sent to all of their employees.

This is the kind of broad-based and active support that can make the dollar checkoff the success that it must be. These and all of the other organizations that have contributed their support are providing a valuable public service.

Mr. President, no less a man than James Madison stated in issue No. 10 of the Federalist Papers that "the more free a people, the greater likelihood that they would choose more knowledgeable and more honest governors." But freedom requires favorable conditions—an educated electorate and equality at the starting gate.

Mr. President, if the rate of participation continues at the current level or increases, the dollar checkoff will move us closer to financial "equality at the starting gate" than ever before in American political history.

Mr. President, I ask unanimous consent that a few examples of efforts to promote use of the dollar checkoff be included at this point in the RECORD. These include a few of the responses by governors to my suggestion to them that they include a note on the dollar checkoff along with the W-2 form that goes to each State employee. I also request that the February 25, Washington Post editorial, entitled "A Taxpayer's Reply to Political Corruption," be printed in the Record.

There being no objection, the material was ordered to be printed in the Record, as follows:

Office of the Governor,
Frankfort, Ky., December 21, 1973.
Hon. Hubert H. Humphrey,
U.S. Senate,
Washington, D.C.

Dear Senator Humphrey: This letter is in response to your suggestion about notifying state employees about the "dollar check-off" for political parties on their income tax forms. You are correct, the time is short, but I am going to try to have our Department for Finance and Administration include a notice with each state employee's W-2 and K-2 individual income tax form.

Sincerely,

Wendell.

State of Ohio,
Office of the Governor,
Columbus, Ohio, December 19, 1973.
Hon. Hubert H. Humphrey,
U.S. Senate,
Washington, D.C.

Dear Senator Humphrey: Thank you for your letter of December 14 and for calling my attention to your most commendable program to encourage all American citizens, and especially public employees, to participate in the "dollar check-off" plan for political contributions.

I shall see to it that our Director of Personnel takes all appropriate steps to inform the 55,000 employees of the State of Ohio of the advantages of this program, and we shall attempt to give this effort the widest possible publicity.

May I take this opportunity to wish you and your family a wonderful holiday season and a marvelous New Year. With warmest personal regards,

Sincerely,

John J. Gilligan.

Executive Chambers,
Honolulu, Hawaii, January 21, 1974.
Hon. Hubert H. Humphrey,
U.S. Senate,
Washington, D.C.

Dear Senator Humphrey: This letter is to let you know, in connection with your letter of December 14 to Governor Burns, that our State of Hawaii government will be including a notice with each 1973 W-2 form, urging the recipients to consider the dollar check-off on their income tax returns to help finance the presidential campaigns of all parties in 1976. Because of the degree of centralization of our State's payroll system, we can assure that the notice will accompany each W-2 form, of which over 56,000 are being issued for 1973.

Governor Burns joins me in expressing our appreciation for your encouragement in support of the campaign financing law. With such support, I am sure that you and your colleagues have advanced significantly the potential for success of this worthwhile effort.

With warm personal regards, I remain

George R. Ariyoshi,
Acting Governor.

State of North Dakota,
Executive Office,
Bismarck, N. Dak., January 3, 1974.
Hon. Hubert H. Humphrey,
U.S. Senator,
Washington, D.C.

Dear Senator Humphrey: Thank you for your letter of December 14, 1973, urging my support of the public financing law. I appreciate your bringing this matter to my attention, especially at this time when W-2 forms will be soon delivered to each state employee.

I believe the unfortunate circumstances of the past two years have proven that an alternative to the dependence of presidential election campaigns on large private contributions is absolutely essential.

I will use your suggested forms or variations thereof to bring this matter to the attention of all state employees.

Sincerely yours,

Arthur A. Link, *Governor.*

[From the Laborer, February 1974]

Excerpts From the Labor Press

There is a way to help reduce the influence of the big money in politics; replace it with an honestly-administered "citizens fund" for presidential campaigns, at least.

And that way is by using a little line on the front of your federal income tax form. The line simply enables you to authorize that $1 be deducted from the tax you owe and be put into a presidential campaign fund for 1976. You can direct the $1 into a fund for a specific party's candidate or into a general fund to help major party candidates equally and other candidates on a sliding scale basis.

Remember, it won't cost you a penny. The check-off is for $1 out of tax money you're already assessed.

If enough citizens use the check-off, there'll be no need in 1976 for presidential candidates to resort to arm-twisting, finagling, or begging from big-money interests.

[From UTU News, Jan. 19, 1974]

Clean Up Politics With Tax Bucks

Money in politics—it has become a national disgrace. Months of revelations about huge sums virtually extorted from big corporations . . . stories about bagmen carrying briefcases loaded with $100 bills . . . other stories about "laundered" funds coming through foreign banks to President Nixon's campaign committee—all this and other muck dredged up by the Senate Watergate committee and other investigators shows as never before the corrupting influence of big money in politics.

The best way out of it is to ban absolutely any private contributions to political candidates and to have the Federal Government finance federal campaigns.

But that may be a long way off, and the need is now.

There is a way to help drive dirty money out and replace it with an honestly administered "citizens fund" for presidential campaigns at least.

And that way is by using a little line on the front of your Federal income tax form. The line simply enables you to authorize that $1 be deducted from the tax you owe and be put into a presidential campaign fund for 1976 to be shared equally by major party candidates and on a sliding scale basis by legitimate minor party candidates.

Remember, it won't cost you a penny. The check-off is for $1 out of tax money you're already assessed.

If enough citizens use the check-off, there'll be no need in 1976 for presidential candidates to resort to arm-twisting, finagling, or begging from big-money interests . . . and there will be no sickening money scandals emerging from the 1976 election.

[From the Machinist, Jan. 24, 1974]

To Help Clean Up Presidential Politics

Two boxes on your Federal income tax Form 1040 give you the chance to help end the corrupting influence of huge corporate contributors in Presidential election campaigns.

Check the top box. This tells the Government to take $1 ($2 in the case of a couple filing jointly) from the tax you have paid and put it in a 1976 Presidential Campaign Fund. It doesn't cost you a cent nor does it tie you to any political party.

All money designated for the years 1972–75 will be divided, with major parties receiving equal shares, minor ones lesser shares on a sliding scale.

This can raise a big campaign fund when you consider that this year alone the Internal Revenue Service estimates 81 million individual income tax returns will be filed. Such a fund would eliminate the need for political parties and candidates to tap huge corporations for contributions. The lower box permits you to do the same thing for last year if you didn't do it then.

December 7, 1973.

The President,
The White House,
Washington, D.C.

Dear Mr. President: Public financing is one method that many feel can eliminate the dependence of presidential candidates on large private contributions to finance campaigns.

Many of us feel this is, indeed, the best answer to the campaign financing problem. However, the only law presently on the books providing for any form of public financing is the Presidential Election Campaign Fund Act, calling for the "dollar check-off" question box to be placed on individual income tax forms.

If utilized by the taxpayer, there is no doubt that a substantial fund can be raised to finance presidential campaigns of all parties.

The Internal Revenue Service has advised that it is appropriate and proper to publicize the check-off by allowing employers to include with 1973 W-2 forms they mail to employees a public service notice calling attention to the check-off system.

Since the federal government is one of the largest employers in the nation, it would seem appropriate for it to take the lead in making the taxpayer aware of the public financing opportunity.

We know you are interested in solutions to the financing problem. Therefore, we are appealing to you to order federal departments to participate in a program to have public service announcements inserted into W-2 form packets distributed to federal employees.

We realize that time is short, but we understand that with prompt action notices can be included with the W-2 forms for 1973.

Respectfully,

Hubert H. Humphrey, Clifford P. Case, Joseph R. Biden, Edward M. Kennedy, Edward W. Brooke, William Proxmire, Charles McC. Mathias, Jr., Dick Clark, Adlai E. Stevenson III, Harrison A. Williams, Walter F. Mondale, Richard S. Schweiker, James Abourezk, Robert T. Stafford, Alan Cranston, William D. Hathaway, Jacob K. Javits, Philip A. Hart.

The White House,
Washington, D.C., January 30, 1974.
Hon. Hubert H. Humphrey,
U.S. Senate,
Washington, D.C.

Dear Senator: Further reference is made to the December 7 letter to the President from you and several of your colleagues urging that a notice be enclosed with W-2 forms to call Federal employees' attention to the dollar check off question box for campaign contributions which appears on income tax forms.

I have been informed by the Treasury Department that the suggestion was received too late to implement in the manner proposed. As an alternative, however, the Treasury has prepared such a notice and will, in the next few days, request each Federal agency to convey the message to its employees.

As you are aware, the Internal Revenue Service also has made plans to publicize extensively the taxpayer's right to make campaign fund designations.

With kindest personal regards,

Sincerely,

Tom C. Korologos,
Deputy Assistant to the President.

To: All employees.
Subject: Presidential Election Campaign Fund.

I want to remind all employees that we have an opportunity to provide for public financing of future presidential election campaigns, on a completely voluntary basis.

Your individual income tax return makes provision for designating that $1 of your taxes will be paid into the Presidential Election Campaign Fund. In the case of joint returns, either spouse may designate $1, or both spouses may designate $1 each for a total of $2. A designation of this kind does not increase your tax or reduce your refund. It is merely an allocation of $1 or $2 of the taxes you pay.

The money in the Presidential Election Campaign Fund will be used to pay the qualified campaign expenses of eligible candidates for the office of President or Vice President. It will be available to candidates of major, minor, and new political parties. If there is enough money in the fund, eligible candidates of all political parties will receive their full entitlement. If not, all candidates will receive their pro rata share.

While each of us has to decide if we want to designate funds for this purpose, we should keep in mind that this method of financing presidential election campaigns is completely non-partisan and could relieve the political parties of their dependence on large private contributions.

Common Cause,
Washington, D.C., February 14, 1974.

Dear Senator: As you know, Congress in 1971 passed a law establishing a $1 income tax check-off system to finance a nonpartisan Presidential Election Campaign Fund beginning with the 1976 election. This is an important step toward removing the excessive influence of big money contributors in Presidential election campaigns. In 1972 few taxpayers availed themselves of the opportunity apparently because of Internal Revenue Service procedures which made it difficult for the taxpayer to know of the opportunity. The procedures have now been simplified and are explained in the attached fact sheet.

In order to ensure that the program is a success this year, Common Cause is working to publicize the check-off as widely as possible during the period when most citizens are preparing their income tax forms. You could help us in this effort by including information about the tax check-off in your newsletter or other mailings to your constituents. Attached for your possible use is a description of the check-off process, a poster, an explanatory illustration suitable for reproduction, and a fact sheet prepared by the Internal Revenue Service.

If we can be of any assistance, please feel free to call us.

Sincerely,

John Gardner.

Department of the Treasury,
Internal Revenue Service,
Washington, D.C., November 30, 1974.

Hon. Hubert H. Humphrey,
U.S. Senate,
Washington, D.C.

Dear Senator Humphrey: This is in reply to your previously acknowledged letter of November 13 asking to see the texts of advertising spot announcements or printed materials on the dollar check-off which the IRS plans to distribute or make available for distribution.

Our program to remind taxpayers of the check-off includes:

1. Public service television announcement, in color, to be distributed to networks and stations throughout the United States,
2. "Drop-in" ads in four sizes for distribution to 700 major national publications and to IRS public information field officers for local media. Drop-in ads are designed to fit into the standard advertising spaces of publications, which print the ads as a public service when they have space available.
3. Poster, 11" x 14", to be placed on walls and counters in IRS offices,
4. News item for Congressional newsletters,
5. News release from Washington for daily newspapers,
6. Two news releases for local daily newspapers to be distributed by IRS field offices,
7. Two news releases for weekly newspapers to be distributed by IRS field offices,
8. Two radio spot announcements to be distributed to networks and stations throughout the United States.

Items 1, 2, and 3 are in final form, and text or facsimiles are enclosed. The balance of the items are being prepared and we will send you copies when they are completed.

The front covers of the 1973 tax form packages for both the 1040 and 1040A contain a prominent reference to the check-off. Boldface type in red ink draws attention to the check-off on the package covers and on the forms themselves. Those who did not indicate a check-off on their 1972 returns will be able to do so right above the block for their signatures. We are enclosing copies of these forms for your information.

Taxpayers who file their 1973 tax returns without making a designation for 1973 will have another opportunity to check off. They will be able to do so by amending their return with Form 1040X, "Amended U.S. Individual Income Tax Return." Form 1040X will also permit a designation for 1972 by those who did not make a check-off for that year.

Form 5185, "Presidential Election Campaign Fund Designation," will be included in all computer-generated notices sent to taxpayers and will enable them to check off if they haven't already done so on their returns. Taxpayers receive those notices whenever they make a mathematical error on their return, are billed for taxes due, or receive a refund larger or smaller than they claimed. An estimated 11 million notices will be mailed concerning 1973 returns.

Forms 5185 and 1040X are at the printers. Copies will be mailed to you when they are available.

Last year, 3.1 percent of all returns included 1976 Presidential Election Campaign Fund designations. We would expect that changes in the law, method of checking off, the residual effect of earlier IRS publicity efforts, and our current efforts to acquaint the public with the check-off will result in a significantly greater participation by taxpayers in the coming months.

Please let us know if we can be of further service.

With kind regards,

Sincerely,

Donald C. Alexander.

A Taxpayer's Reply to Political Corruption

In the second month of the campaign year 1974, the nation continues to agonize over political corruption and scandals in which secrecy and cold cash played devastating roles. At the same time, Congress continues to wrestle with campaign finance reform legislation, including important proposals for public financing of political campaigns. Yet right now—without waiting for the denouncement of these developments—every taxpaying citizen has an effortless way to help solve at least part of the problem—with respect to the presidency a means to make public campaign financing an attractive alternative to big private money in the presidential election of 1976 is already in the law. And the opportunity to make it work is easily available to everyone who is filing a federal income tax return.

We refer to the "dollar checkoff" option on your tax return form, whereby you may instruct the Treasury to allocate $1 of your 1973 income tax ($2 on a joint return) to a nonpartisan public campaign fund for the presidential election of 1976. What's more, if you didn't check this provision last year (for your 1972 return), there's another space on the current form to earmark an additional dollar or two to catch up. The checkoff doesn't involve any extra charge on your tax bill; it is only an instruction from the taxpayer to use these amounts of his or her payments for a public campaign fund, established to offer an alternative to private financing of presidential campaigns in 1976.

The provision has been changed—for the better in our view—since last year. There are no longer three specific checkoff boxes, for the Democratic and Republican parties or a nopartisan fund. All money checked off is to be deposited in a single fund—to be allocated to presidential candidates who meet certain conditions. The idea is to break the link between big money and big politics, by offering the next presidential candidates a choice: a major candidate deciding to use money from the public pot wouldn't be permitted to raise money from any other source.

Subject to any refinement that Congress may still enact, the system works this way: Public money accumulated in the fund by 1976 will be administered by the Comptroller General and will require congressional appropriation before it may be allocated. Candidates of parties that received more than 25 per cent each of the vote in the last presidential election—that means only the Democratic and Republican candidates in 1976—will be entitled to 15 cents times the certified voting age population as of June 1, 1975. (The figure as of July 1, 1972 was 139.2 million, which would have meant slightly less than $21 million under this formula.)

A candidate nominated by a minority party whose candidate in the preceding election received more than 5 per cent but less than 25 per cent of the popular vote would be entitled to a proportionate share of the amount determined for each major party candidate. Also each candidate nominated by a new party would be entitled to public funds if he or she receives 5 per cent or more of the popular vote in the current election. These funds would not be available until after the election, however, in amounts calculated under a set of formulas.

Last year, the "dollar checkoff" had a rocky debut since the option wasn't included in the regular taxpayers' income tax forms—it was on a separate sheet. Only 4 per cent of the taxpayers checked the option. This year, you'll find the checkoff box right on Page One, Line 8, and the 1972 box (for those who didn't mark this option a year ago) is just above the signature line on the same page. Of the returns filed in the first month of 1974, about 13 per cent included the checkoff order. The bulk of the returns, however, have yet to be filed.

We believe that the checkoff deserves strong public support if it is to cut down the influence of big money on presidential campaigns—to help diminish the illegalities and improprieties which distinguished the 1972 election in general, and the campaign to re-elect President Nixon in particular. The checkoff plan can have a healthy effect on politics if enough taxpayers decide to make it work by seeing to it that their returns are duly marked.

THE SENATE AND EDUCATION LEGISLATION

Mr. MANSFIELD. Mr. President, as part of the congressional program for this session of the 93d Congress, education has been accorded the highest priority status. Restoring in this Nation the emphasis given education back in the 1960's is believed a meritorious and compelling objective and, no Member of the Senate would urge otherwise. It is against such a backdrop that I view with some alarm the attack yesterday by some officials of the administration against these efforts. Does it mean that the policies of administration neglect and impoundment are to continue? Does it mean that we in the Senate and the education community including the youngsters—the beneficiaries—are to confront still further delay and resistance?

Those are questions which the administration might well ask itself rather than to find fault with what we in the Senate and the Congress have done or have attempted to do.

For its part, the Senate has moved most efficiently on this issue and will continue to do so. The omnibus education bill was ordered reported by the education committee last December 19. It is now pending before the full committee on labor and public welfare. It is anticipated that the measure can be reported to the floor for full Senate consideration and disposition well in advance of the Easter recess.

At this stage it is my understanding that the proposal contains a number of significant and effective features designed to improve substantially the quality of education in this Nation—features that would include pogram consolidation, major reform, and adequate resources.

It would indeed be helpful if the Senate obtained the full cooperation of the administration in this effort. What is at stake is providing the best possible education for all the youngsters of this Nation. This is the aim; not a partisan attack or an attempt to generate a split between the Senate and the House The Senate will press forward on the issue of education. It will do so, hopefully with administration cooperation.

Time will tell.

Mr. President, I yield back the remainder of my time.

TRANSACTION OF ROUTINE MORNING BUSINESS

The **ACTING PRESIDENT** pro tempore. Under the previous order, there will now be a period for the transaction of routine morning business for not to exceed 30 minutes with statements made therein limited to 5 minutes.

THE PROSPECTIVE WHEAT SHORTAGE

Mr. HUDDLESTON. Mr. President, on February 4, the Agriculture Subcommittee on Production, Marketing and Stabilization of Prices, of which I am chairman, conducted a hearing on the wheat and feed grain situation during the remaining months of the current marketing year.

By the Department of Agriculture's own estimates the wheat situation is going to be tight in the upcoming months. The Department is now projecting that as of June 30, the end of the marketing year, wheat supplies will be at 178 million bushels—a 27-year low.

There are, however, several problems in the estimate. The first is that this is simply that—an estimate—and it could be wrong. The second is that it discounts certain exports which are currently booked for shipment to unidentified destinations, because the Department does not believe these will actually be shipped, but that they will instead reenter the U.S. market. Some grain dealers are not, however, so certain that that will happen. And, the Department is running something of a record on mistaken estimates as far as exports are concerned. Furthermore, the wheat which does remain is stored in widely scattered areas which makes transportation a problem.

Even if its estimates are incorrect, however, the Department has been saying that "things will be OK" because the new winter wheat crop will be ready for harvesting in mid-May, beginning in Texas and Oklahoma. As Morton I. Sosland, editor of Milling and Baking News, noted in an article in last Sunday's New York Times, however, having such wheat available at an early date depends upon good harvesting conditions in an area where weather has traditionally been erratic and there is the problem of getting wheat to the miller and then to the baker. According to Mr. Sosland:

> Mills in the Upper Midwest and North Atlantic States do not have wheat from the new crop available until August or September at the earliest. Thus, the stocks these areas hold on July 1 have to last for a month or longer.

Mr. President, both at the time of the hearings and in a letter to Secretary of Agriculture Butz, I have indicated my strong belief that the Department must take some moderate actions now, so that it does not have to take drastic action later on.

I, among many others, certainly have no desire to see export controls, but unless the Department closely monitors the situation, unless it works closely with the exporters, unless it assumes some real responsibility for overseeing developments, we are likely to reach a point where there will be unreasonably high bakery prices, dislocations in supplies and the need for strict controls.

Good solid farm prices are essential. But, the prices of the moment mainly benefit a few farmers and speculators. Large numbers of farmers have already sold their grains, and high grain costs are a burden to those farmers who must buy feed for their herds, hogs, and poultry.

Thus, the next few months are of critical importance. The Department of Agriculture does have a responsibility to oversee this period and it should assume it.

Mr. President, I ask unanimous consent that the article by Mr. Sosland be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the New York Times, Feb. 24, 1974]

IS THE UNITED STATES RUNNING OUT OF WHEAT?

(By Morton I. Sosland)

The possibility that American stocks of wheat may be exhausted sometime this spring and that flour and bread may become scarce items on grocers' shelves should be perceived as part of an issue far beyond the supply of sandwich bread or hamburger buns.

The issue gradually surfacing is to determine who is responsible for assuring an adequate food supply not only for this country's people, but for hundreds of millions around the world.

At the center of the debate is a conscious Government decision not just to let the marketplace encourage production of crops (which it can do better than any other known device) and determine channels of disappearance (which it does with cold economic logic) but also to let the marketplace be the judge of how low year-end stocks should be allowed to go.

It is the latter decision that accounts for much of the current controversy. Does someone or something beyond the law of supply and demand have responsibility for establishing food stockpile policy?

This is no small issue. It will be the central focus of a special United Nations session to be held this November in New York. The initiative for that world food conference came from Secretary of State Kissinger last summer.

One senses the Kissinger suggestions were made without much input from Secretary of Agriculture Earl L. Butz, who almost simultaneously was telling a meeting of the U.N.'s Food and Agriculture Organization in Rome that he saw no need for alarm over world food supplies.

Mr. Butz said the United States had grave doubts on the advisability of a stockpile of food held under international auspices.

As if to underscore the problem, Secretary Butz's principal policy adviser, Assistant Secretary Carroll G. Brunthaver, resigned at the start of this year.

Dr. Brunthaver, who loyally had defended the line of the Agriculture Department (perhaps he developed it) that the Government had no responsibility for holding or establishing a food reserve, has jointed the staff of the Brookings Institution in Washington where he will conduct a six-month study of the food reserve question.

The food-reserve issue can best be explained in the context of wheat.

According to Governmental calculations, the United States carryover of wheat (that is, the stock of the grain held on farms, in elevators and in transit) will be 178 million bushels this July 1, the smallest in 27 years.

That stock is down from 438 million a year earlier and compares with more than a billion bushels held for many years in the nineteen-sixties. Such a stock would be only a little more than a third of domestic food use in the United States and would be less than 10 per cent of total annual disappearance, right now near 2 billion bushels.

The Department of Agriculture maintains great bravado in casting aside all concerns over such a dramatic drawdown. That official attitude is highly distressing to millers and bakers.

The industry spokesmen not only see the possibility of the stock being smaller than the forecast, due to larger exports than the

Agriculture Department expects, but they also warn that confidence over such a supply hinges largely on our having perfect growing and harvesting conditions for the 1974 wheat crop.

Much of the official confidence stems from the expectation that the harvest of the new wheat crop in the early producing areas—mainly Texas and Oklahoma—will be under way well before the start of the new crop year on July 1.

This, Mr. Butz and his associates say, a 178-million-bushel carryover on July 1 neglects the availability of the new crop.

That argument is fallacious on two grounds. Having large quantities of new-crop wheat available in late May and June depends on perfect weather for harvesting in an area that historically has very erratic late spring weather.

Another serious fault is that mills in northern areas of the nation—such as the Upper Midwest and North Atlantic states—do not have wheat from the new crop available until August and September at the earliest. Thus the stocks these areas hold on July 1 have to last for a month or longer.

The possibility of a poor 1974 crop is a grim prospect for the United States consumer, whose reliance on flour-based foods has been increased by soaring prices of other foods.

Heaviest consumption of flour-based foods is among people with low income levels. To penalize them for the absence of an American food-reserve policy is an unpardonable neglect of minimal governmental responsibilities.

The threat of our running out of wheat is not just a domestic nightmare. It extends to many corners of the world.

Because North America—the United States and Canada—has long been the principal grower of wheat for export, and in most past years had a surplus that had to be moved into world markets at concessional sales while building up mountainous stocks at home, other nations have been lulled into a casual attitude about protecting their own supplies.

Right up to the summer of 1972, when the Russian buyers came to New York and bought more wheat (422 million bushels) than any country had ever bought from another, official United States policy was to encourage other nations to rely upon American supplies.

This country was the candy store to which buyers could come and select the types of wheat wanted in unlimited supply and at almost constant prices over a long period of years.

Few countries built facilities to hold their own stocks and many embarked on programs of economic expansion fueled by the availability of cheap American wheat. Japan is a leading example.

Although the fantastic upturn in prices has stimulated major expansion in seeded acreage and in prospective production, no nation, except perhaps the Soviet Union, has been able to build up its own reserves.

In a season like the present one, when the United States is making its wheat available without regard for either domestic requirements or without ascertaining whether all real food needs are being met in foreign countries, most developing nations are forced to refrain from buying all the food they need by the price factor alone.

Soaring oil prices have served to compound the food-supply problems of countries like India, Bangladesh and Chile.

Thus, the 178-million bushel carryover in the United States along with several hundred million in Canada and some additional wheat in a few other industrialized nations, becomes the total world stockpile of grain.

It is probable that aggregate world holdings of grains at the end of the current crop year this summer will be equal to hardly a month's needs.

If a short crop occurs, due to poor growing weather in any sizable area of the globe, many millions could starve.

ORDER FOR ADJOURNMENT UNTIL 11 A.M. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in adjournment until the hour of 11 a.m. tomorrow.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER FOR RECOGNITION OF SENATORS GRIFFIN AND ROBERT C. BYRD PRECEDING THE TRANSACTION OF ROUTINE MORNING BUSINESS TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that on tomorrow, after the two leaders or their designees have been recognized under the standing order, the distinguished assistant Republican leader and the junior Senator from West Virginia each be recognized for not to exceed 15 minutes, and in that order, at the conclusion of which there be a period for the transaction of routine morning business of not to exceed 30 minutes, with statements therein limited to 5 minutes.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Is there further morning business?

PAY RAISES FOR MEMBERS OF CONGRESS

Mr. GOLDWATER. Mr. President, I should like to commend and express my appreciation to the members of the Senate Post Office Committee for the action it took against pay raises for Members of Congress. I think the whole concept of automatic pay raises for Members of Congress is wrong; in fact, I think automatic pay raises across the board is one of the things that is wrong with industry today. Pay raises should be earned, not given because of tenure, cost of living, and so forth.

Of course, there are extenuating circumstances when, by the very actions of this Congress, we increase inflation, and if we want to correct the mistakes we have made that have harmed others, then the pay raise becomes a necessity. I am opposed to the concept that we must institute proceedings in the committee or on the floor to prevent these raises. I would much rather have a pay raise suggested by a committee and then vote it either up or down on the floor. I will oppose a pay raise for Congress this year, not necessarily because I am a candidate for reelection, but because I do not believe it is the proper time. We are in a fast-paced rate of inflation now and anything we do to increase it would be setting a dangerous precedent. A look at the pay structure of the civil servants, including the Members of the Congress, should convince any of us that what I have said is true. I know Washington is not the cheapest place in which to live, but that is no reason why we should automatically have our pay raised every year.

I will vote against the pay raise. In fact, I will not vote for one until I am convinced the country can afford it and that the Congress, by reducing the ridiculous rate of Federal expenditures, has in some way earned a raise.

In this connection, I ask unanimous consent that a very well thought out column by Mike Causey appearing in the February 27 issue of the Washington Post be printed in the RECORD at this point in my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

MERITS OF PAY RAISE ARE IGNORED

(By Mike Causey)

The legislative rain dance over a "congressional" pay raise is embarrassing, stupid and has almost nothing to do with the merits—or demerits—of the case.

Because of the bad political timing of Mr. Nixon's belated pay proposals our elected officials, saints and snakes, liberals and conservatives, family men, churchgoers, statesmen and hacks alike have all had to act like eleven-year-old boys sneaking a smoke in the washroom.

House members who are champions of a more honest and open government last week skulked away from a Post Office-Civil Service Committee meeting so they would not be forced to cast an honest and open vote on a politically loaded question which is, what are they worth?

Yesterday, the counterpart Senate committee voted 6–3 to exclude any members of Congress from raises for the next two years, although most congressmen want it and are already planning ways to get it come next January.

Most of the public ire and press attention over the administration-backed pay raises has been directed at the 535 members of Congress who would receive a 7.5 per cent raise next month, their first in five years. They would get another 7.5 per cent next year, and a final 7.5 per cent in 1976. The cost would equal the money "lost" to the taxpayers when the government shut down here because of a 2-inch snowfall.

Waiting in the wings, while Congress decides what it should do about a $2,200 per member raise (from the current $42,500) are 842 federal judges and court officials, 600 political appointees and 10,000 top career executives, A medical personnel and Foreign Service officers.

The political appointees and judges are held down because of the congressional pay ceiling, and career federal civil servants in turn are held down by the political salary lid.

The complicated federal-executive salary system is based on a law that says the President, Chief Justice and leaders of Congress should appoint an outside panel every four years to study pay. That panel is supposed to report to the President, who in turn is supposed to pass along his recommendations as part of the next federal budget.

To avoid exactly what has happened this week, the law was set up so that the pay recommendations are made in nonelection years. President Nixon threw that out of whack when he did not appoint his panel members in time, so that the recommendations could have been made in early 1973.

The action of the Senate Committee yesterday, if upheld by the full Senate, would be to deny—in theory—raises this year, next and in 1976 to congressmen while nonelected political officials get them. The Senate is more likely to kill the pay proposals for everybody, which will mean added pay "compression" problems for career federal workers.

Rank-and-file federal pay has gone up from 25 to 31 per cent (depending on whose statistics are at hand) in the past five years. Once officials reach the $36,000 level, however, they are "frozen" because that is the present maximum. Currently there are 10,000 civil servants at that level, although they hold a wide variety of jobs and responsibility.

The General Accounting Office has warned that the lack of pay raises and differentials at the top of the civil service will cause the best officials to retire and has already caused top talents to refuse promotions because the added responsibility doesn't carry any added money.

Many members of Congress still remember the public beating they took in March, 1969, when they permitted themselves a 41 per cent pay raise. It has been five years since Congress had dared ask the taxpayers for more money, and ten years before that. If Congress keeps putting off a pay raise until it feels the political climate is safe, we may be in for another 41 per cent whopper.

There is an outside chance that the Senate might reverse its Post Office-Civil Service Committee this week, and vote that everybody get a 7.5 per cent raise effective next month. More likely, it will kill the pay raise proposals for itself, for judges and political and career appointees.

If that happens, you can bet there will be a pay raise proposal in 1975 that will make the present three-step 22 per cent raise seem downright modest.

Meantime, more career workers will be bunching in at the same pay levels, more good lawyers will refuse federal judgships, and more hard-pressed, nonmillionaire elected officials will dip into their stationery funds and other back-door accounts to help make ends meet.

Airport Policemen: Civil Service Commission has granted Federal Aviation authority to raise starting salaries of policemen who work at Dulles International and Washington National airports. New rate for Grade 4 officers will be $9,118; Grade 5, $9,931 and Grade 7, $10,301. FAA will also be able to pay travel and moving expenses for new officers moved to duty at those two federal airports.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. GOLDWATER. I yield.

Mr. SPARKMAN. Let me say I enjoyed the Senator's remarks, and certainly concur with him with reference to congressional pay. But I gather, from all that I read and hear, that the rest of the pay scale will be going through.

I do not know that this is true, but someone told me that under the increase, our employees will be getting an increase, and that our administrative assistants will be getting almost as much as we get, and that the so-called high level executive employees will get their increase, and the judges will get their increase.

I am somewhat puzzled by this arrangement. It seems to me that probably we ought to forgo all of these increases at this time. I would like to have the Senator's comment on that.

Mr. GOLDWATER. I would agree with the Senator. I think this is a bad time for the Federal Government to be raising wages across the board.

I am not able to say that there are not circumstances in the Federal pay structure that are working a hardship, and that these should be taken care of. This is one of my basic objections to across-the-board increases. I know it is difficult to differentiate between the pay of Senators, and to say that this one has not earned it or that one has earned it, and that we would pretty much have to be on the same level. Neither do I think that the pay of a Senator is necessarily high, when I think of the fact that we are called upon to judge on the merits, this year, of expenditures of some $305 billion, and we are paid $42,500 a year, whereas corporation officers who only have to judge on the merits of expenditures, say, of a half million dollars are paid twice what we are paid; but again, I do not think we can use the argument of commonality in determining either our pay or the pay of administrative assistants and our staffs.

Frankly, I think it would be wise to forego all pay increases, because when we give them here, it is only inevitable that the working man has to have a pay increase, because the cost of living goes up. The Federal pay structure is now probably the largest in the whole country by far. It would be different if we were raising the pay of the employees of a small company or a small corporation. But when we raise the pay of 535 Members of Congress, plus judges, plus the hundreds of thousands or, in fact, millions of people who come under Civil Service, I am afraid the effect on inflation is going to be high. If we could only restrain the increases at the congressional membership level. I would be content with that. We in Congress should set the example, even though it will be tough to live with, and do the best we can.

Mr SPARKMAN. As I understand it, we will probably have a committee bill before us that will omit the congressional pay but allow all the rest to go into effect. It seems to me that a Senator is pushed into a pretty hard corner in voting on a bill like that, because if he votes "no," it will be construed that he is in favor of his pay being increased but would be opposing all the other increases across the board. I would feel a whole lot more comfortable if we would forgo all of them.

Mr. GOLDWATER. I might say that I think we made a big mistake in Congress when we adopted the automatic pay increase. The only way to stop it is with a resolution introduced by a Member of either body, then voted on by the committee, and then voted on on the floor. I would much rather return to the old way where, if we felt that a pay increase was necessary for any branch of the civil service—and we are a member of that—some Member would introduce a bill or a resolution calling for the pay increase and then we could debate it on the floor. The way this is, it is an automatic 7.5-percent increase without any chance of discussing its merits or its demerits.

Frankly, if we had to vote it that way on the floor, I would vote the same way; that is, I have not voted for a pay increase, to my knowledge, since I came to the Senate, not that I do not think we need it, because I have never lived in this town when I have been able to break even. Maybe I have lived high on the hog, but I do not believe anyone in this body has made any money.

Mr. HUDDLESTON. Mr. President, let me say to the distinguished Senator from Arizona that I certainly defer to his long experience in this body and to his great judgment. But I am curious to know, because nearly everyone makes statements similar to the one the Senator just made, that a pay increase is not unreasonable and possibly could be considered on its merits but that this is not the time.

For the benefit of a freshman Senator, and perhaps for the entire Nation, I believe it would be enlightening to have some indication from the distinguished Senator from Arizona as to what his feeling would be as to what conditions would exist in this country that would constitute the right time.

Mr. GOLDWATER. I would say at a time when we were able to stem the tide of Federal spending. Tomorrow, I am going to speak out against President Nixon's budget. I once called the Eisenhower budget a "dime store New Deal," but by comparison with this budget I did not know what we were in for.

This country cannot afford a $305 billion budget. If we keep up these pay increases until 1980, it will take the total assets of America to pay the tax load.

When we show some inclination in this body to say to any President—I do not care who he is—that he is asking for too much money and we are able to chop it down—I do not think we can ever balance the budget, but, by George, we do not have to go in the hole at the rate we are now—then, I would say, if we adopted a pay raise for ourselves and for our civil servants all across the country, it would not have an inflationary effect. But this year it would be very dangerous.

Mr. HUDDLESTON. Then the Senator would suggest that when the wages of the average worker are going down, that would be the proper time for Congress to increase its salary?

Mr. GOLDWATER. No; I do not think those wages will go down. If the Senator wants to get diagnostic about it, he will discover that the average worker today, even though he takes home more money, does not have as much as he had 5 years ago. I think we are pretty much in that fix.

When I came to the Senate, the salary of a Senator was $18,000 a year, or $18,200 I believe. Now it is more than double that and none of us are having any easier time making ends meet. We are in no different a fix than the man living under a negotiated wage increase whereby he is making not so much, maybe, as he was making 5 years ago. We are partly guilty—and now the executive branch has to assume as much of that responsibility as we, as they have tried to heap on us, for the Federal causes of inflation.

My suggestion is that we begin to act responsibly toward the end of reducing inflation, and that wherever we can save a dime in the Federal budget, let us save it. When we have done that, then we can talk about pay increases.

Mr. HUDDLESTON. I am in favor of

that, too, but I was just wondering how we might ever know when the conditions would exist that would make it appropriate. I do not know whether that time will ever occur.

Mr. GOLDWATER. I hope that I am around when that happens, but the way things are going now, I have my doubts.

COMMUNICATIONS FROM EXECUTIVE DEPARTMENTS, ETC.

The ACTING PRESIDENT pro tempore (Mr. HATHAWAY) laid before the Senate the following letters, which were referred as indicated:

REPORT ON RECEIPTS AND EXPENDITURES OF THE SENATE (S. Doc. No. 93-58)

A letter from the Secretary of the Senate, transmitting, pursuant to law, a statement of the receipts and expenditures of the Senate, from July 1, 1973 through December 31, 1973 (with an accompanying report). Ordered to lie on the table and to be printed.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. SPARKMAN, from the Committee on Banking, Housing and Urban Affairs:

S. 3066. An original bill to consolidate, simplify, and improve laws relative to housing and housing assistance, to provide Federal assistance in support of community development activities, and for other purposes (Rept. No. 93-693).

Mr. SPARKMAN. Mr. President, I report favorably from the Committee on Banking, Housing and Urban Affairs, a committee bill (S. 3066) to consolidate, simplify and improve laws relating to housing and housing assistance, to provide Federal assistance to local governments in support of community development activities, and for other purposes.

I ask unanimous consent that the report, together with supplemental and additional views, may be filed as late as midnight tonight.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. SPARKMAN. Mr. President, I would like to say that this is a comprehensive housing bill, as the occupant of the Chair, the Senator from Maine (Mr. HATHAWAY) well knows. It is a voluminous bill. It is 349 pages long. I am not asking to have printed in the RECORD a section-by-section analysis since the report contains such an analysis.

By Mr. EASTLAND, from the Committee on the Judiciary, with an amendment:

S. 581. A bill for the relief of Ludwik Kikla (Rept. No. 93-694); and

S. 1346. A bill for the relief of Leticia (Escobar) Richardson (Rept. No. 93-695).

By Mr. EASTLAND, from the Committee on the Judiciary, with amendments:

S. 2337. A bill for the relief of Dulce Pilar Castin (Rept. No. 93-696); and

H.R. 7363. An act for the relief of Rito E. Judilla (Rept. No. 93-697).

AMENDMENT OF URBAN MASS TRANPORTATION ACT OF 1964—CONFERENCE REPORT—REPORT OF A COMMITTEE

Mr. WILLIAMS, from the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 386) to amend the Urban Mass Transportation Act of 1964 to authorize certain grants to assure adequate commuter service in urban areas, and for other purposes, submitted a report thereon.

EXECUTIVE REPORTS OF COMMITTEES

As in executive session, the following favorable reports of nominations were submitted:

By Mr. EASTLAND, from the Committee on the Judiciary:

Duane K. Craske, of Guam, to be U.S. attorney for the district of Guam;

Wayman G. Sherrer, of Alabama, to be U.S. attorney for the northern district of Alabama;

Thomas F. Turley, Jr., of Tennessee, to be U.S. attorney from the western district of Tennessee;

J. Keith Gary, of Texas, to be U.S. marshall for the eastern district of Texas;

Lee R. Owen, of Arkansas, to be U.S. marshall for the western district of Arkansas;

John W. Spurrier, of Maryland, to be U.S. marshal for the district of Maryland;

William M. Johnson, of Georgia, to be U.S. marshall for the southern district of Georgia; and

Laurence H. Silberman, of Maryland, to be Deputy Attorney General.

(The above nominations were reported with the recommendation that the nominations be confirmed, subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first time and, by unanimous consent, the second time, and referred as indicated:

By Mr. SPARKMAN:

S. 3066. An original bill to consolidate, simplify, and improve laws relative to housing and housing assistance, to provide Federal assistance in support of community development activities, and for other purposes. Placed on the calendar.

By Mr. TALMADGE (for himself, Mr. HARTKE, Mr. HANSEN, Mr. RANDOLPH, Mr. HUGHES, Mr. CRANSTON, Mr. THURMOND, Mr. STAFFORD, and Mr. McCLURE):

S. 3067. A bill to amend title 38, United States Code, to increase the rates of disability compensation for disabled veterans, and for other purposes. Referred to the Committee on Veterans' Affairs.

By Mr. CURTIS (for himself, Mr. BARTLETT, Mr. BENNETT, Mr. BROCK, Mr. GOLDWATER, Mr. HELMS, Mr. HUGH SCOTT, Mr. TOWER, and Mr. YOUNG):

S. 3068. A bill to amend Section 103 of the Internal Revenue Code of 1954. Referred to the Committee on Finance.

By Mr. RIBICOFF (for himself, Mr. MONDALE, Mr. KENNEDY, Mr. McGOVERN, Mr. ROTH, Mr. JAVITS, Mr. HUGH SCOTT, and Mr. CRANSTON):

S. 3069. A bill to extend through December 1974 the period during which benefits under the supplemental security income program on the basis of disability may be paid without interruption pending the required disability determination, in the case of individuals who received public assistance under State plans on the basis of disability for December 1973 but not for any month before July 1973. Referred to the Committee on Finance.

By Mr. TOWER:

S. 3070. A bill to amend the National Labor Relations Act to achieve its aims and objectives; and

S. 3071. A bill to amend the National Labor Relations Act to prohibit secondary picketing. Referred to the Committee on Labor and Public Welfare.

By Mr. HARTKE (for himself, Mr. HANSEN, Mr. TALMADGE, Mr. RANDOLPH, Mr. HUGHES, Mr. CRANSTON, Mr. THURMOND, Mr. STAFFORD, and Mr. McCLURE):

S. 3072. A bill to amend title 38, United States Code, to liberalize the provisions relating to payment of dependency and indemnity compensation, and for other purposes. Referred to the Committee on Veterans' Affairs.

By Mr. MOSS (for himself, Mr. HUMPHREY, Mr. BURDICK, Mr. YOUNG, and Mr. BAYH):

S. 3073. A bill to amend the Higher Education Act of 1965 with respect to certain determinations concerning expected family contributions for basic educational opportunity grants. Referred to the Committee on Labor and Public Welfare.

By Mr. CLARK:

S. 3074. A bill to authorize the Commissioner of Education to make grants for teacher training, pilot and demonstration projects, and comprehensive school programs, with respect to health education and health problems. Referred to the Committee on Labor and Public Welfare.

By Mr. EASTLAND (for himself, Mr. STENNIS, Mr. FULBRIGHT, and Mr. McCLELLAN):

S. 3075. A bill to amend the Agricultural Adjustment Act of 1938. Referred to the Committee on Agriculture and Forestry.

By Mr. EASTLAND (by request):

S.J. Res. 192. A joint resolution to grant the status of permanent residence to Ivy May Glockner formerly Ivy May Richmond nee Pond. Referred to the Committee on the Judiciary.

By Mr. GURNEY:

S. 3076. A bill to amend title 38, United States Code, to increase the rates of vocational rehabilitation, educational assistance, and training assistance allowances paid to veterans and other persons, and for other purposes;

S. 3077. A bill to amend title 38, United States Code, to increase the maximum amount of the grant payable for specially adapted housing for disabled veterans; and

S. 3078. A bill to amend chapter 37 of title 38, United States Code, to increase the maximum limitations on loans made or guaranteed under such chapter for the purchase of homes, and for other purposes. Referred to the Committee on Veterans' Affairs.

By Mr. RANDOLPH:

S.J. Res. 193. A joint resolution to provide for the designation of the second full calendar week in March 1974 as "National Employ the Older Worker Week." Referred to the Committee on the Judiciary.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. TALMADGE (for himself, Mr. HARTKE, Mr. HANSEN, Mr. RANDOLPH, Mr. HUGHES, Mr. CRANSTON, Mr. THURMOND, Mr. STAFFORD, and Mr. McCLURE):

S. 3067. A bill to amend title 38, United States Code, to increase the rates of disability compensation for disabled veterans, and for other purposes. Referred to the Committee on Veterans' Affairs.

VETERANS' DISABILITY COMPENSATION ACT OF 1974

Mr. TALMADGE. Mr. President, today I introduce for myself, for the chairman of the full Committee on Veterans' Affairs, Mr. HARTKE, and for all other members of the committee S. 3067, the Veterans' Disability Compensation Act of 1974. This bill would increase the rates of compensation for veterans who have been disabled in or due to their service.

Our Nation owes no greater debt than that owed men and women who were disabled in the service of their country. This bill represents a partial payment of that debt.

As chairman of the Subcommittee on Compensation and Pensions, I have scheduled hearings on this bill for March 13, 2 weeks from today. At that time, the subcommittee will also consider the proposed Survivors' Dependency and Indemnity Compensation Act of 1974 introduced today by the chairman of the Veterans' Affairs Committee, Mr. HARTKE, and cosponsored by myself and the other members of the committee. It is my hope and intention that the hearings on these two bills as well as other legislation pending before the subcommittee which I chair can be completed quickly so that the full committee and, thereafter, the full Senate can consider these measures at the earliest possible time. If we act expeditiously, enacted rate increases could be effective May 1 of this year.

The bill which I introduce today provides for a 15-percent increase in the basic disability compensation rates. Dependency allowances payable to veterans with service-connected disabilities rated 50 percent or more would also be increased by 15 percent. There are currently 2.2 million veterans receiving disability payments to compensate for the loss or reduction of earning capacities resulting from their service-connected injuries. In recent years the rolls of American disabled veterans have been swelled by the addition of 364,500 Vietnam-era wounded veterans.

Mr. President, I ask unanimous consent that the following table showing disabled veterans by period of service be inserted in the RECORD at this point.

There being no objection, the table was ordered printed in the RECORD as follows:

TABLE 1.—AVERAGE NUMBER OF VETERAN COMPENSATION CASES AND COSTS

	1973 actual	1974 estimate	1975 estimate	Increase (+) decrease (−)
Spanish American War	16	12	10	−2
Mexican border period	12	12	10	−2
World War I	67, 815	62, 500	58, 100	−4, 400
World War II	1, 360, 232	1, 340, 000	1, 320, 000	−20, 000
Korean conflict	240, 488	241, 000	241, 500	+500
Vietnam era	333, 192	364, 500	384, 500	+20, 000
Peacetime service	190, 668	192, 000	193, 000	+1, 000
Total	2, 192, 423	2, 200, 024	2, 197, 120	−2, 904

Mr. TALMADGE. Mr. President, unfortunately, each of these disabled veterans has in the past year once again become a casualty. This time the casualty has been produced not by a bullet or shrapnel but by increases in the cost of living which have deprived many disabled veterans living on fixed incomes. Since Congress provided for a 10-percent increase in compensation rates in Public Law 92–328, effective July 1, 1972, the Consumer Price Index has reflected a cost-of-living increase of 11.3 percent, as of January 31. The following table illustrates the rapid and continuing increase in the Consumer Price Index:

TABLE 2.—U.S. DEPARTMENT OF LABOR, BUREAU OF LABOR STATISTICS—CONSUMER PRICE INDEX

[1967=100]

	1972	1973	1974
January	123. 2	127. 7	139. 7
February	123. 8	128. 6	
March	124. 0	129. 8	
April	124. 3	130. 7	
May	124. 7	131. 5	
June	125. 0	132. 4	
July	125. 5	132. 7	
August	125. 7	135. 1	
September	126. 2	135. 5	
October	126. 6	136. 6	
November	126. 9	137. 6	
December	127. 3	138. 5	

Mr. President, the bill which I introduced today closely resembles suggestions made by the Disabled American Veterans who will appear and present their 1974 legislative program before the full Committee on Veterans' Affairs today. The Veterans' Disability Compensation Act of 1974 would attempt to restore lost purchasing power by increasing the rates by 15 percent. The following table indicates current law and the proposed increases in compensation payments if the Veterans' Disability Compensation Act of 1974 is enacted:

TABLE 3.—COMPARISON OF COMPENSATION RATES UNDER PRESENT LAW AND UNDER S. 3067

Disability	Present law	S. 3067
(a) Rated at 10 percent	$28	$32
(b) Rated at 20 percent	51	59
(c) Rated at 30 percent	77	89
(d) Rated at 40 percent	106	122
(e) Rated at 50 percent	149	171
(f) Rated at 60 percent	179	206
(g) Rated at 70 percent	212	244
(h) Rated at 80 percent	245	282
(i) Rated at 90 percent	275	316
(j) Rated at total	495	569
Limit for veterans receiving payments under (a) to (j) above		
(l) Anatomical loss or loss of use of both hands, both feet, 1 foot and 1 hand, blindness in both eyes (5/200 visual acuity or less), permanently bedridden or so helpless as to require regular aid and attendance	616	708
(m) Anatomical loss of use of 2 extremities so as to prevent natural elbow or knee action with prosthesis in place, blind in both eyes, rendering veteran so helpless as to require regular aid and attendance	678	780
(n) Anatomical loss of 2 extremities so near shoulder or hip as to prevent use of prosthesis, anatomical loss of both eyes	770	886
Limit for veterans receiving payments under (1) to (n) above		
(o) Disability under conditions entitling veteran to 2 or more of the rates provided in (l) through (n), no condition being considered twice in the determination, or total deafness in combination with total blindness (5/200 visual acuity or less)	862	991
(p) If disabilities exceed requirements of any rates prescribed, Administrator of VA may allow next higher rate or an intermediate rate, but in no case may compensation exceed	$862	$991
(r) If veteran entitled to compensation under (o) or to the maximum rate under (p), and is in need of regular aid and attendance, he shall receive a special allowance of the amount indicated at right for aid and attendance in addition to whatever he is receiving under (o) or (p)	370	426
(s) Disability rated as total, plus additional disability independently ratable at 60 percent or over, or permanently housebound	554	637

Mr. President, the fiscal 1975 budget for disability compensation payments is currently projected at $3.18 billion. This bill would provide $408 million in additional benefits for disabled veterans in the coming fiscal year.

I am hopeful that we can move quickly so that additional adjustments in the rates will not be needed prior to enactment.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD at this point.

There being no objection, the bill was ordered to be printed in the RECORD as follows:

S. 3067

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, this Act may be cited as the "Veterans Disability Compensation Act of 1974".

SEC. 2. (a) Section 314 of title 38, United States Code, is amended—

(1) by striking out "$28" in subsection (a) and inserting in lieu thereof "32";

(2) by striking out "$51" in subsection (b) and inserting in lieu thereof "$59";

(3) by striking out "$77" in subsection (c) and inserting in lieu thereof "$89";

(4) by striking out "$106" in subsection (d) and inserting in lieu thereof "$122";

(5) by striking out "$149" in subsection (e) and inserting in lieu thereof "$171";

(6) by striking out "$179" in subsection (f) and inserting in lieu thereof "$206";

(7) by striking out "$212" in subsection (g) and inserting in lieu thereof "$244";

(8) by striking out "$245" in subsection (h) and inserting in lieu thereof "$282";

(9) by striking out "$275" in subsection (1) and inserting in lieu thereof "$316";

(10) by striking out "$495" in subsection (j) and inserting in lieu thereof "$569";

(11) by striking out "$616" and "$862" in subsection (k) and inserting in lieu thereof "$708" and "$991", respectively;

(12) by striking out "$616" in subsection (1) and inserting in lieu thereof "$708";

(13) by striking out "$678" in subsection (m) and inserting in lieu thereof "$780";

(14) by striking out "$770" in subsection (n) and inserting in lieu thereof "$886";

(15) by striking out "$862" in subsections (o) and (p) and inserting in lieu thereof "$991";

(16) by striking out "$370" in subsection (r) and inserting in lieu thereof "$426"; and

(17) by striking out "$554" in subsection (s) and inserting in lieu thereof "$637".

(b) The Administrator of Veterans' Affairs may adjust administratively, consistent with the increases authorized by this section, the rates of disability compensation payable to persons within the purview of section 10 of Public Law 85–857 who are not in receipt of compensation payable pursuant to chapter 11 of title 38, United States Code.

SEC. 3. Section 315(1) of title 38, United States Code, is amended—

(1) by striking out "$31" in subparagraph (A) and inserting in lieu thereof "$36":

(2) by striking out "$53" in subparagraph (B) and inserting in lieu thereof "$61";

(3) by striking out "$67" in subparagraph (C) and inserting in lieu thereof "$77";

(4) by striking out "$83" and "$15" in subparagraph (D) and inserting in lieu thereof "$95" and "$17", respectively;

(5) by striking out "$21" in subparagraph (E) and inserting in lieu thereof "$24";

(6) by striking out "$36" in subparagraph (F) and inserting in lieu thereof "$41";

(7) by striking out "$53" and "$15" in subparagraph (G) and inserting in lieu thereof "$61" and "$17", respectively;

(8) by striking out "$25" in subparagraph (H) and inserting in lieu thereof "$29"; and

(9) by striking out "$48" in subparagraph (I) and inserting in lieu thereof "$55".

SEC. 4. The rate increases provided in this act shall become effective May 1, 1974.

Mr. CRANSTON. Mr. President, I am pleased to join today with the distinguished chairman of the Senate Committee on Veterans' Affairs, Mr. HARTKE, and the chairman of the Subcommittee on Compensation and Pension, Mr. TALMADGE, as well as other committee members in introducing two bills one by Senator TALMADGE to increase substantially the rates of disability compensation—S. 3067, and a second by Senator HARTKE to increase substantially the rates of DIC—dependency and indemnity compensation—S. 3072.

It is most unfortunate that the harsh realities of life in today's overheated economy, particularly for disabled veterans suffering from service-connected disabilities, were so sadly and heartlessly ignored in the recent Presidential message and fiscal year 1975 budget request. I am confident, however, that the Congress will move quickly and compassionately, despite the President's apparent indifference, to enact generous disability compensation and DIC increases.

I believe we have an imperative moral obligation to do this.

Mr. President, rapid increases in the cost of living have had a significant impact on all persons trying to live on fixed incomes, particularly—the 2,197,000 veterans receiving compensation for service-connected injuries and the 375,000 widows of veterans who died of service-connected conditions now receiving survivors benefits. The Vietnam conflict has increased compensation rolls by 371,612 Vietnam-era veterans drawing compensation payments.

The project fiscal year 1975 budget at present rates is $3.18 billion for compensation payments. Depending on the effective date of enactment of a compensation bill this year, inflation will mandate at least a 13- to 15-percent increase. This would provide about $416 million in additional compensation payments in the first year alone.

Mr. President, the fiscal year 1975 budget also includes $760 million for widows currently drawing dependency and indemnity compensation—DIC. Depending on the effective date of enactment of the DIC bill, Congress will raise these rates by approximately 15 to 17 percent. This would provide at least an additional $89 million in DIC benefits for the first year.

Mr. President, with respect to veterans with total and permanent disability ratings of long standing—20 years or more—our DIC bill also proposes establishing an automatic statutory presumption, following the veteran's death, that his widow will be entitled to DIC. It is often difficult to prove that the immediate cause of death of a totally and permanently disabled veteran was service connected, because of numerous side effects of the disabling condition. But I believe that families of totally and permanently disabled veterans who have come to rely over an extended period of time on VA disability compensation payments, should be given peace of mind in the knowledge that income in the form of DIC benefits will continue when the veteran is no longer there.

In addition, our DIC bill would also establish this presumption of service-connected death in the case of a veteran who was discharged or retired from active duty with a total and permanent disability rating.

Finally, our DIC bill proposes elimination of the remaining peacetime/wartime distinction in effect for those receiving survivors benefits under the pre-1956 DIC program known as death compensation. I have led the fight for the past several years to eliminate all wartime/peacetime distinctions under title 38. We have been very successful thus far in removing most of these unfair discriminations.

Mr. President, we will be acting on these bills in March.

We will also be acting in committee on my bill, S. 2363, to increase benefits under and otherwise improve the chapter 39 automobile grant and adaptive equipment program. At present, most of the nearly 12,000 veterans seriously disabled in service during the Vietnam-era and post-Korean period do not now qualify for adaptive auto equipment. The law currently makes the more recent disabled veterans meet a stricter line-of-duty injury criterion than is required of World War II and Korean conflict veterans.

Service-connected disabled veterans of World War II and the Korean conflict—and of post-Korean conflict service under a more restrictive standard—receive a $2,800 VA allowance for purchase of an adapted automobile and also have the adaptive equipment furnished directly by the Veterans' Administration under Public Law 91–666, which I authored in the Senate during the 91st Congress. S. 2363 would give Vietnam and post-Korean conflict veterans equal treatment with these older veterans, as well as increase the basic one-time vehicle allowance for these eligible veterans from $2,800 to $3,300. My bill would further expand the definition of adaptive equipment to include air conditioning, roof and entry alternations, and all devices necessary to assure the safe and healthful operation of the vehicle by the eligible veteran. This measure would also direct the VA to provide driver training to eligible disabled veterans at VA hospitals and clinics.

Mr. President, I will also be moving that the committee act on my proposal to require Presidential appointment, and confirmation by the Senate, of the Deputy Administrator, the Chief Medical Director, and the Chief Benefits Director of the VA. My amendment (No. 499) was printed as an amendment to S. 1076, the proposed "VA Accountability Act of 1973," of which I am a cosponsor with Senator HARTKE and others, but I will be seeking to add it to one of the three bills we will be considering in March.

This measure would correct a serious discrepancy regarding the accountability of the principal VA officials. Right now, in an agency spending $13.4 billion, employing almost 200,000 people, and potentially providing benefits to 29 million veterans, only one official, the Administrator of Veterans' Affairs, is appointed by the President by and with the advice and consent of the Senate.

Mr. President, I am delighted to note that the Veterans of Foreign Wars and the Disabled American Veterans have endorsed both my bill, S. 2363, and amendment No. 499, and that the two bills we are introducing today are in accord with their compensation and DIC resolutions, as well as those of other veterans' organizations.

Mr. President, there are a number of other issues of great importance to our Nation's veterans, to which I, and the members of the committee will be addressing ourselves in the months ahead. Earlier this week, I was privileged to address the winter conference of the Disabled American Veterans, at which time I discussed, in detail, the President's fiscal year 1975 budget message for veterans, including extensive comments on the VA medical budget, and plans for improvements in the current GI bill, as well as the four measures I have just described.

Mr. President, I ask unanimous consent that the full text of my remarks to the DAV be inserted in the RECORD at this point.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

ADDRESS BY SENATOR ALAN CRANSTON

Commander Soave, members of the Disabled American Veterans, and friends, I am honored to be here with you this morning at the opening of your annual mid-winter conference.

I think most of you know that I have had a demonstration of veterans in my Los Angeles office for about the last two weeks—aimed not at me, but at the VA. The way things have been going lately I am delighted to be meeting with a group of veterans anywhere outside my Los Angeles office. I would normally invite you, especially those from California, to stop in my office while you're here, but I think I'd better propose a meeting on some more neutral ground, say Donald Johnson's office.

To return to a more serious note, I think most of you know that working to help disabled and returning veterans has been a number one priority for me during my service in the Senate. I think we in Congress have been quite successful during the period I've been there in improving benefits and programs for veterans. And we intend to keep right on going, dragging the Administration behind us—just as we have for the last five years.

This morning I thought I would review with you where we have been and where I think we will be going this year in the veterans affairs area.

I have been chairman of the Senate subcommittee with responsibility for overseeing the VA hospital system since I entered the Senate—first the Veterans' Affairs Subcommittee of the Committee on Labor and Public Welfare and then the Subcommittee on Health and Hospitals of the Committee on Veterans' Affairs since that Committee was established in the Senate in 1971.

I have already chaired two oversight hearings this year. In January and February, we studied conditions in northern and southern California VA hospitals, and followed up on the VA's implementation of Public Laws 93–82 and 92–541, both of which I authored in the Senate, and the adequacy of the FY 1975 VA budget request. These hearings were a continuation of a series of oversight hearings I began in 1969 to investigate the quality of medical care provided disabled veterans in VA medical facilities throughout the nation.

The information gathered since then has served as a basis for substantial legislative action and lossening of budgetary constraints on the VA medical program.

In these last four years, we in the Congress have managed—with the help of the D.A.V. and other organizations—to increase the VA budget for medical care by a half a billion dollars over the amounts requested in the budget despite the persistent opposition of the Administration.

In these four years, we have seen much of these funds—added by Congress—used to add 26,140 new physicians, nurses, technicians, and other health care workers to the VA hospital and medical staffs across this land. This is real progress.

In these four years, we have authorized new and innovative programs, such as those provided for in my bill, S. 59, the "Veterans Health Care Expansion Act of 1973", which was signed by the President on August 2, 1973 as Public Law 93–82, and in the "Veterans' Administration Medical School Assistance and Health Manpower Training Act of 1972", now Public Law 92–541, which I authored in the Senate two years ago.

In these four years, I think it is fair to say that the Congressional focus on the VA medical program has had a substantial impact on improving the quality, sensitivity, and responsiveness of the Department of Medicine and Surgery in rendering quality patient care.

In these four years, we in the Congress—and you in the veterans' world—must finally have made our point to the Administration regarding veterans health care. The President's fiscal year 1975 budget request, submitted this month, reflects an increase of another $315,900,000 for the VA medical program; an increase for medical facilities construction obligations of $170,200,000; and an increase for medical research expenditures of $7,300,000—all over this year's levels.

This budget request—by far the most adequate for VA medical care submitted since I've been in the Senate—will allow adding 8,745 more VA medical personnel across the country. These increases parallel the increases I sought, and achieved in part, last year as amendments to the current VA Appropriations Act.

Unfortunately, the rest of the VA budget contains much bad news for veteran-students studying under the G.I. Bill and service-connected disabled veterans and their survivors trying vainly to make their disability compensation and D.I.C. checks stretch to cover the same food, housing, and subsistence expenses they did 19 months ago when rates were last increased. I will return to these problems and our plans to correct them later in my remarks.

We face unprecedented challenges in the next several years as the Congress comes to grips with national health insurance, and also deals with legislation to revise and dramatically alter our general Federal health and education grant laws. We must ensure the continued soundness of all VA programs and keep them up-to-date in terms of changes and improvements in related Federal programs.

As a member of the Committee on Labor and Public Welfare, which has the basic jurisdiction over the Federal programs related to most of the programs of veterans' benefits and services run by the VA, I have been in a good position to work on achieving this interchange between VA and other Federal programs. Toward that end, I have amended numerous health and other laws to ensure that the VA and representatives of veterans have the opportunity to cooperate actively with other Federal programs—such as research and treatment programs for cancer, heart and lung disease, and sickle cell disease, the new Emergency Medical Services Program which I authored last year, Regional Medical Programs, Comprehensive Health Planning Agencies, federally funded manpower training and employment programs, the Federal Vocational Rehabilitation program for handicapped persons, and Federal domestic volunteer programs. My goal has been to make sure that the benefits and advantages of these programs are available to veterans and to give these programs the VA's expertise in related fields. I believe this effort has worked well.

As to medical care, I wish to state as Chairman of the Subcommittee responsible for authorizing and overseeing programs for the veterans' health and hospital system, that the VA medical program must remain a separate system—a strong system—and it should certainly be not *one* of the best, as the President said in his January 28 veterans' message, but *the* best system we can possibly bring to the veterans of America.

I pledge to you today to continue the fight to ensure that result. I ask your renewed efforts to work toward that goal with me, Chairman Hartke, Chairman Dorn, "Tiger" Teague, and the other Veterans Committee members in the House and the Senate.

Let me pause for a moment to cite to you the full magnitude of the VA's medical budget for FY 1975. The FY 1975 VA medical care, research, construction, and administration budget outlays will total at least $3.4 billion. This is about twice the size of the total five years ago in the FY 1970 budget—$1.8 billion—when we began our efforts to upgrade the VA medical system.

The magnitude and quality of the VA medical budget request is a tribute to and clear vote of confidence in the quiet, yet effective, leadership provided over the last four years by VA Chief Medical Director, Dr. Jim Musser. As we in Congress have added over a half billion dollars for the VA medical program over budget requests since 1970, Jim Musser unlike others who were so busy proclaiming that the VA could not usefully spend the sums we appropriated, has fought the necessary internal battles, and been able to spend these so-called "unneeded" moneys to hire over 25,000 new medical workers and bring about a substantial upgrading in the whole VA medical program during his first four-year term.

After extensive dialogue that I and leaders on the House side had with the Administration at the highest levels, it was finally decided this past Fall that Dr. Musser would be rewarded, not ousted, for his faithful, selfless, effective service, and not left to twist "slowly, slowly in the wind" as had first been the scheme at the VA.

As you all know, Dr. Musser was reappointed to a second four-year term as VA Chief Medical Director on January 5, 1974. In my book, that's good news for all sick and disabled veterans.

So, I heartily welcome much of this fiscal year 1975 budget proposal for the VA medical program.

I welcome the budget proposal to add 8,745 positions in medical employment and to increase medical care outlays by $316 million. I am also delighted that Sacramento has been chosen for a new Veterans Administration outpatient clinic—the first VA medical facility north of the San Francisco Bay Area in California.

This new outpatient facility, scheduled to open July 1, 1974, will make VA medical care accessible to more than 200,000 eligible veterans and their families in northern California. The new clinic will be affiliated with the University of California Medical School at Davis, and located in the Sacramento Medical Center.

On January 18 this year, I brought the Health and Hospitals Subcommittee to Sacramento for hearings into the quality and accessibility of health care available to northern California veterans and specifically the need there for a new VA outpatient clinic. At that hearing, I heard much specific testimony from all veterans organizations and from local officials pointing to the great need for a new VA outpatient clinic in Sacramento. This hearing and the establishment of the clinic is a culmination of more than two years of negotiations. I have had with the VA, supported by the county supervisors, officials at U. C. Davis, and the California D.A.V. and other veterans organizations.

Presently, the northernmost California VA hospital is in Martinez, 70 miles south of Sacramento and accessible only by private auto. The outpatient clinic in Sacramento will allow many veterans to remain in their home community to receive health care. The clinic staff will be able, under P.L. 93–82, to provide counseling and supportive services to the veteran's family to speed treatment and rehabilitation of the veteran.

I welcome the plans to activate four new regional medical education centers to provide refresher and continuing education for VA and community health care personnel pursuant to my bill S. 2355, incorporated in Public Law 92–541.

I welcome the plan to obligate $284.7 million for construction of medical facilities—up to $170.2 million from this fiscal year—and especially the allocation of $46.5 million to complete the much delayed Los Angeles Wadsworth replacement hospital; $39.4 million to complete the new VA hospital at Loma Linda; $72.6 million for the much needed Bronx, New York, replacement hospital; and $9 million to plan or carry out air conditioning at at least 11 hospitals in some of the most sweltering regions of the Nation.

I welcome the $89 million to be expended for medical and prosthetic research in fiscal year 1975, up $7.3 million from the record high amount to be expended this fiscal year. I especially applaud the emphasis on research on aging, sickle cell disease, hypertension, and alcohol dependence.

I welcome the inclusion of $41.4 million for fiscal year 1975 under the new CHAMPVA program, which I authorized in P.L. 93–82, to pay for care in community facilities for the dependents of 100 percent service-connected disabled veterans and the survivors of veterans who died from service-connected disabilities, pursuant to Public Law 93–82.

I welcome the request for a supplemental appropriation of $29 million for *this* fiscal year to carry out new authorities in Public Law 93–82.

I must, however, note my disappointment that no new funds were requested to implement the basic provisions of the VA Medical

School Assistance and Health Manpower Training Act of 1972, and that the $45 million total we appropriated for that purpose last and this fiscal year is being held back to be spread over 3 fiscal years—$10 million in fiscal year 1974, $20 million in fiscal year 1975, and presumably, $15 million in fiscal year 1976. I strongly believe that the full $45 million available for expenditure *now* under this new law should be obligated *now* to meet the 150 million dollars worth of applications from medical schools and other health care manpower training institutions to utilize VA facilities to start new medical schools, or to expand the training capacities of existing schools and other institutions operating in affiliation with VA facilities.

My Subcommittee will be scrutinizing very closely in the months ahead the full VA budget request and detailed justification to ensure that the moneys proposed are fully adequate and that, after they are appropriated, funds are not arbitrarily withheld.

But dollars alone will not automatically bring about good medical care for disabled veterans. There are still many areas of improvement needed in the VA medical program.

The many steps Congress has taken to increase VA appropriations—and I am proud that I was able to lead this effort in the Congress with my good friend in the House, "Tiger" Teague from Texas—have clearly alleviated some of the hospital staffing shortages. Yet there are still serious shortages in many VA Hospitals.

There remain to be resolved problems of recruitment of qualified and adequate numbers of physicians;

Problems of recruitment of other health-care staff because of arbitrary personnel ceiling levels and grade level reductions imposed by penny-pinching budget-cutters in the Office of Management and Budget;

Problems of personnel recruitment due to the very low entry-level salaries for certain medical technicians;

And problems of too much control of VA hospital operations by some affiliated medical schools, especially in the Admissions Service.

As I indicated the VA medical system faces a great challenge in terms of its survival and viability under a new national health insurance program. At our oversight hearings on February 13 in Los Angeles, I questioned Dr. Musser on numerous aspects of the President's latest national health insurance proposal sent to Congress several weeks ago. It is clear that the Administration has not yet worked out any of the details of the rights of veterans and the role of the VA under the proposal.

But Dr. Musser pledged his cooperation to work with me to try to work out the specifics. My guiding theme in this effort—and I ask again for your help in this—will be to ensure, first, that the VA system remains independent, strong, and of the highest quality; second, that the present level of benefits and services for eligible veterans and dependents is maintained; and third, that the two Veterans Affairs Committees have full jurisdiction and opportunity to deal with these questions legislatively during consideration of national health insurance measures.

Now, I want to turn to the bad news in the President's FY 1975 VA budget proposal. I am gravely disappointed that the President's actual proposals, or lack thereof, show he is not aware of the harsh realities of life in today's overseated economy for returning veterans seeking education or training under the G.I. Bill, and for disabled veterans suffering from service-connected disabilities.

The President has failed to comprehend what every Congressional observer, veterans group, and editorial writer I have read, seems to understand fully, and that is that today's G.I. Bill payment rate and structure are just not equitable given today's accelerating cost of education and living.

The President's 8 per-cent so-called cost-of-living proposal makes no sense on top of the present rate structure. We last amended the G.I. Bill rates, over staunch Administration opposition, to increase rates by 26 per cent. This was fully 14 per-cent—which is $30 per month for the full-time veteran-student without dependents—lower than the Senate had found was necessary to restore comparability to Korean conflict G.I. Bill rates.

It is an insult to those veterans—many with heavy dependency obligations, struggling to stretch G.I. Bill checks, when they finally get them—in schools throughout the Nation. It is an insult to the intelligence of the Congress to try to palm off so meager a proposal—a proposal which already is out of date since it does not take into account the enormous cost-of-living increase over the last four months.

This is why we have proposed a 23-percent increase for GI Bill rates—to try to upgrade the program as well as allow for education and living cost inflation. The House last week passed a comprehensive bill including a 13.6 percent GI Bill rate increase.

I predict Congress will this year categorically reject the President's totally inadequate proposal and enact a rate increase on the order of the 23-percent proposal we have made, or a combination of a lesser allowance increase coupled with a modest tuition support subsidy to help equalize the education cost differential from State to State, and provide greater comparability with the World War II Bill benefit structure.

Service-connected disabled veterans have fared even worse. Their needs—now almost 20 months old—for a cost-of-living increase though enormous, were totally ignored in the Presidential message and budget request. I can assure you today that Congress will quickly correct this by enacting a generous disability compensation and DIC increase—of about 15 percent, I would estimate.

I can tell you this morning that I will be joining with Senator Hartke and Senator Talmadge, Chairman of the Subcommittee on Compensation and Pensions, in introducing this week, bills to increase substantially both compensation and DIC rates.

Rapid increases in the cost of living have had a significant impact on all persons trying to live on fixed incomes, particularly—the 2,197,000 veterans receiving compensation for service-connected injuries and the 375,000 widows of veterans who died of service-connected conditions now receiving survivors benefits. The Vietnam Conflict has increased compensation rolls by 371,612 Vietnam Era veterans. The projected FY 1975 budget at present rates is $3.18 billion for compensation payments. Depending on the effective date of enactment of a compensation bill this year, inflation will mandate at least a 13 to 15 percent increase. This would provide about $416 million in additional compensation payments in the first year alone.

The fiscal year 1975 budget includes $760 million for widows currently drawing dependency and indemnity compensation (DIC). Depending on the effective date of enactment of our D.I.C. bill, Congress will raise these rates by at least 15 to 17 percent. This would provide at least an additional $89 million in D.I.C. benefits for the first year.

With respect to veterans with total and permanent disability ratings of long standing, our bill will propose establishing an automatic statutory presumption, following the veteran's death, that his widow will be entitled to D.I.C. It is often difficult to prove that the immediate cause of death of a totally and permanently disabled veteran was service-connected because of numerous side effects of the disabling condition. But I believe that families of totally and permanently disabled veterans who have come to rely, over an extended period of time, on VA disability compensation payments, should be given peace of mind in the knowledge that income, in the form of D.I.C. benefits, will continue after the veteran's death.

Our bill will also propose elimination of the remaining peace-time/war-time distinction in effect for those receiving survivor benefits under the pre-1956 D.I.C. program known as Death Compensation. I have led the fight for the past several years to eliminate all war-time/peace-time distinctions under title 38.

We will be acting on these bills in March. We will also be acting in Committee on my bill, S. 2363, which your organization has endorsed to increase benefits under and otherwise improve the chapter 39 automobile grant and adaptive equipment program. Also, the Committee will act in my proposal—also endorsed by the D.A.V.—to require Presidential appointment, and confirmation by the Senate, of the Deputy Administrator, the Chief Medical Director, and the Chief Benefits Director of the VA. Right now, only the Administrator of the VA is Presidentially appointed in an agency with a budget of $13.4 billion.

Finally, you should know that the Subcommittee on Compensation and Pension will be looking into the status of the proposed revision of the disability rating schedule which was withdrawn a year ago January for further "intensive study" by the Administrator.

So that's where we are and where I see us going in the area of veterans affairs.

Let's continue talking and working together. There is no more noble or important national goal than ensuring just benefits, services, and programs for those who answered the call to protect our nation's security in time of war.

By Mr. CURTIS (for himself, Mr. BARTLETT, Mr. BENNETT, Mr. BROCK, Mr. GOLDWATER, Mr. HELMS, Mr. HUGH SCOTT, Mr. TOWER, and Mr. YOUNG):

S. 3068. A bill to amend section 103 of the Internal Revenue Code of 1954. Referred to the Committee on Finance.

Mr. CURTIS. Mr. President, we have used in this country for many worthwhile purposes, what have been called tax-free industrial bonds. There was a time when a subdivision of government could issue bonds for industrial expansion in any amount. Usually the bonds were issued and sold, and the proceeds built a plant. An industry would come in, provide jobs and use the building, and the rent paid by the industry retired the bonds.

Criticism of that procedure arose, so Congress some years ago placed a limit on the amount of bonds that could be used for that purpose, intending to help small business. Then, at a later time, Congress made certain provisions for the full use of tax-free industrial bonds for a specific purpose. One of those specific purposes was to combat pollution. So if in a community a facility was needed by a private industry, or otherwise, the local subdivision could use tax-free bonds.

I am today introducing a bill to extend that theory. I would extend the use of tax-free bonds without limit, the bonds to be used in those activities which would contribute toward relieving our energy crisis. In other words, if there were a new industrial activity it might be a powerplant, and it might be owned by a municipality—that was using oil, and money was needed for a conversion to coal—or to bark, peat, or lignite, or even garbage—tax-free industrial bonds could be used for that purpose.

The bill also raises the limit of the general industrial revenue bonds intended for small business. Raising the limits is necessary because of the present price level. It is imperative that the limit be raised. The tax-free bond issues take care of many matters and if they were not used calls would be made upon the Government for direct appropriations. It means local control; it means no appropriations out of the Federal Treasury; and I always have felt it did not hurt the revenue if there is a community that needs a job-producing enterprise and they use their local credit to bring one in and that enterprise succeeds and the industry starts to pay taxes and the individual employees start to pay taxes. That more than offsets the revenue loss by having these bonds tax free.

Mr. President, this proposal would make these changes in order to relieve the energy crisis, as well as raise these limits for small business.

Mr. President, I send the bill to the desk on behalf of myself and Senators Bartlett, Bennett, Brock, Goldwater, Helms, Hugh Scott, Tower, and Young.

By Mr. RIBICOFF (for himself, Mr. Mondale, Mr. Kennedy, Mr. McGovern, Mr. Roth, Mr. Javits, Mr. Hugh Scott, and Mr. Cranston):

S. 3069. A bill to extend through December 1974 the period during which benefits under the supplemental security income program on the basis of disability may be paid without interruption pending the required disability determination, in the case of individuals who received public assistance under State plans on the basis of disability for December 1973 but not for any month before July 1973. Referred to the Committee on Finance.

Mr. RIBICOFF. Mr. President, today I am introducing legislation which will extend through December 1974 the period during which certain disabled persons may continue to receive supplemental security income—SSI—benefits pending the legally required determination of disability.

Unless this legislation is enacted, 185,000 disabled Americans will be cut off from aid at the end of March through no fault of their own. In Connecticut, at least 2,000 and as many as 5,000 recipients of SSI payments to the disabled will lose their aid completely at the end of March without this emergency legislation.

Similar legislation has been introduced in the House by Ways and Means Committee Member James Corman of California to correct an emergency situation which, unless rectified, will result in the complete loss of benefits for thousands of disabled Americans who should be receiving financial help.

A major problem—technical in nature but of grave consequence to those in need—has arisen because of the transition from the old program of aid to the disabled to the new SSI program on January 1, 1974.

The intent of Congress was to assure that no one received a reduction in benefits under the new SSI program. For that reason Congress in June of 1973 enacted a "grandfather" provision under which all aged, blind, and disabled persons on the rolls of the old age assistance, blind, and disabled programs as of December 1973 would be considered to meet SSI eligibility requirements.

And States were required to supplement Federal SSI payments to bring them up to benefit payment levels received by aged, blind, and disabled recipients as of December 1973. This approach was equitable and required a minimum of administrative redtape.

Unfortunately in December of 1973 the "grandfather" provisions enacted in June were modified so that disabled persons would become automatically eligible for SSI only if they had been on the State rolls for at least 1 month prior to July 1973. Disabled persons added to State rolls between June and December of 1973 were required to be reviewed against SSI standards.

The effect of this December modification has been to require the Social Security Administration to ascertain which of the individuals among the 1.3 million disabled recipients came on the rolls after June 1973 and then determine which of these 300,000 or more individuals met SSI disability standards.

Obviously, the Social Security Administration could not complete this monumental task between December 1973 and the January 1, 1974, implementation date. The law presumes disability through March of 1974 for those added to the rolls between June and December of 1973. After that time the Social Security Administration and the States will be required to stop providing benefits.

This bill is a simple one. It extends the period of presumptive disability from March 1974 through December of 1974. This will give the Social Security Administration a chance to determine full eligibility in each case. This will also protect those who are receiving disability payments from a cutoff in benefits. It would clearly be unfair to deny payments to thousands of needy disabled citizens of Connecticut and thousands of others throughout the country.

By Mr. TOWER:

S. 3070. A bill to amend the National Labor Relations Act to achieve its aims and objectives; and

S. 3071. A bill to amend the National Labor Relations Act to prohibit secondary picketing. Referred to the Committee on Labor and Public Welfare.

Mr. TOWER. Mr. President, I introduce today two bills which, if enacted, would go a long way toward restoring a balance in labor-management relations—a legislative goal which I have long sought.

The first bill would amend section 8(b)(4) of the National Labor Relations Act to prohibit all secondary picketing. In passing the Landrum-Griffin Act in 1959, Congress sought to prohibit all picketing aimed at pressuring an employee, not a party to an existing labor dispute, whose connection was secondary—that he carried a product of the primary employer.

Nevertheless, the Supreme Court of the United States in the so-called Tree Fruits decision (*NLRB* v. *Fruit and Vegetable Packers and Warehousemen* 377 U.S. 58 (1964)) disregarded this congressional intent, holding instead that consumer picketing, not interfering with the employees of the secondary employer, but rather picketing to encourage customers not to buy the product sold by the primary employer, was a legal exercise not in violation of the National Labor Relations Act.

I have always considered this decision a most serious misreading of legislative intent. One can easily disagree with both the judicial interpretation of the legislative history and the factual conclusion reached by the Court with respect to the effect which such activity has on the secondary employer.

The results of this decision over the last decade clearly show that the opportunity given to organized labor to utilize such secondary activity has mitigated the usage and effectiveness of the statutory provisions in the National Labor Relations Act that relate to basic collective bargaining tools between a union and the primary employer.

The Landrum-Griffin Act contained a proviso allowing publicity "for the purpose of truthfully advising the public, including consumers and members of a labor organization, that a product or products are produced by an employer with whom the labor organization has a primary dispute and are distributed by another employer as long as such publicity does not have the effect of including any individual employed by any person other than the primary employer in the course of his employment to refuse to pick up, deliver." However, this proviso is qualified by the phrase "other than picketing." Somehow the Supreme Court avoided the obvious meaning of this phrase just quoted which, on its face, affirmatively condones publicity campaigns except for the qualification so stated. The majority opinion even rejected the decisive statement of our distinguished former colleague, the then Senator from Oregon, Mr. Morse, who opposed the conference report on the Landrum-Griffin bill because it prohibited this type of picketing.

Furthermore, the Court's reasoning is based upon a determination that "peaceful consumer picketing to shut off all trade with the secondary employer unless he aids the union in its dispute with the primary employer, is poles apart from such picketing which only persuades his customer not to buy the struck product." I cannot accept this distinction. Instead, it is obvious that if consumers followed the suggestions of the pickets, the decline in demand for the primary employer's product would encourage the secondary employer to get products from another supplier. Thus, the argument that such consumer picketing does not pressure a secondary employer in violation of section 8(b)(4) is fallacious.

In his dissenting opinion, Justice Harlan extracted the weaknesses of the majority's argument:

> The Union's activities are plainly within the letter of subdivision (4)(ii)(B) of 8(b), and indeed the Court's opinion virtually concedes that much. Certainly Safeway is a "person" as defined in those subdivisions; indubitably "an object" of the Union's conduct was the "forcing or requiring" of Safeway, through the picketing of its customers, "to cease . . . selling, handling . . . or otherwise dealing in" Washington apples, "the products of" another "producer"; and consumer picketing is expressly excluded from the ameliorative provisions of the proviso.
>
> Nothing in the statute lends support to the fine distinction which the Court draws between general and limited product picketing. The enactment speaks pervasively of threatening, coercing, or restraining any person; the proviso differentiates only between modes of expression, not between types of secondary consumer picketing. For me, the Court's argument to the contrary is very unconvincing.
>
> The difference to which the Court points between a secondary employer merely lowering his purchases of the struck product to the degree of decreased consumer demand and such an employer ceasing to purchase one product because of consumer refusal to buy any products, is surely too refined in the context of reality. It can hardly be supposed that in all, or even most, instances the result of the type of picketing involved here will be simply that suggested by the Court. Because of the very nature of picketing there may be numbers of persons who will refuse to buy at all from a picketed store, either out of economic or social conviction or because they prefer to shop where they need not brave a picket line. Moreover, the public can hardly be expected always to know or ascertain the precise scope of a particular picketing operation. Thus, in cases like this, the effect on the secondary employer may, rather than simply reducing purchases from the primary employer, deem it more expedient to turn to another producer whose product is approved by the union.

Mr. President, the availability of the consumer picketing tool distorts the collective bargaining process. The intent of the National Labor Relations Act is to give employees the opportunity to bargain collectively. The law provides a variety of tools to achieve collective bargaining representation and the employment of secondary picketing devices, for instance, certainly delays, for example, the usage of the election procedure.

Equally as important is the public policy objective of insulating the truly secondary employer from the effects of a protracted labor-management conflict. If there is a public interest function to be served by Federal labor law, then the Federal Government should not stand idly by while businesses that have no interest in the labor dispute go unprotected to their economic detriment. This bill will give that type of protection to the secondary employer that was originally envisioned by the Landrum-Griffin Act.

The second bill which I am introducing today would modify an internal rule of the National Labor Relations Board. That Agency has adopted a general policy of not proceeding in any representation case or union decertification case where charges of unfair labor practices affecting some or all of the same employees are pending and where the charging party is a party to the representation or decertification matters. Therefore, a request for the Board to implement its election procedures can be delayed or suspended indefinitely pending the Board's full investigation of the unfair labor practice charges. Since it is a fact of life that the Board has never been accused of acting with great speed in processing and investigating unfair labor practices, the filing of such "blocking charges" causes undue delay in the resolution of such representation and decertification actions.

This internal rule of the Board is contrary to the public policy that is envisioned by the National Labor Relations Act. "Labor tranquility" is not served when the issue of collective bargaining is left hanging for such an extended period of time. Neither employers nor employees should have the opportunity to thwart the objectives of the collective bargaining process through the filing of such unfair labor practice charges, many of which are frivolous in nature aimed at only delaying the election procedure so that such charging parties can improve their position during the delay period.

The ultimate objective of the National Labor Relations Act is to provide adequate procedures to encourage the solution of representation issues so that the collective bargaining process can develop in an efficient and productive manner. The bill I am today introducing would amend section 9(c)(1) of the act to provide that representation and decertification petitions will not be held up while such charges are processed.

Mr. President, the labor-management dispute between the Farah Manufacturing Co. and the Amalgamated Clothing Workers has apparently ended. I am relieved by this turn of events for I had strenuously worked to see a resolution of this matter in the interest of the economies of my State that have been so detrimentally affected by this dispute.

Now that an agreement has been reached between the parties, I think the Congress could well benefit by reviewing the background of this problem, particularly since it relates so directly to the proposals I have just outlined.

The union engaged in a drawn out secondary boycott, the legal foundation of which was recognized under the Tree Fruits doctrine. The only reasonable inference that can be made for the utilization of this device was that at the time the boycott and picketing campaign began the union lacked the support needed to either have an election scheduled or to win an election. Therefore, the boycott became a valuable tool for the union. The effect of this boycott, regardless of the end result of the dispute, was to cause hardship to thousands of employees and their families, great pressure on secondary employers, damage to the economy of Texas and New Mexico and the establishment of a hiatus in the collective bargaining process contrary to the stated objectives of the National Labor Relations Act.

Second, Mr. President, the manner in which the agreement to end the dispute became manifested is quite ironic in that the parties arranged such an agreement without the assistance of the National Labor Relations Board. I, myself, became quite frustrated as I inquired about the matter with the Board. Despite nationwide investigations, and countless site inspections and interviews in Texas, the Board became ensnarled in legal and nonlegal technicalities revolving around unfair labor practices charges that had been filed. While plantwide elections seemed to be the best way to resolve the entire matter, the Board's internal rule concerning field charges left it in a position where it could do nothing but watch the dispute grow larger affecting the welfare of thousands of people.

The Board's inaction in failing to meet this problem directly leads one to ask the inevitable question of what purpose is the National Labor Relations Board's existence serving. Certainly, in the Farah dispute it breached its duty owed to the public interest.

The legislation I am introducing today will dramatically restore the interest of the public in labor-management affairs and provide fair treatment for the parties directly involved in the collective bargaining process. While I urge the Senate Labor and Public Welfare Committee to expeditiously schedule hearings on them, I would be less than candid if I did not note my skepticism on such a possibility being realized this session. Therefore, I give notice to the Senate that I will most probably call these proposals up as amendments to the next bill considered that is germane to the collective bargaining process.

Mr. President, I ask unanimous consent that the text of these two bills be printed in the RECORD at this point.

There being no objection, the bills were ordered to be printed in the RECORD, as follows:

S. 3070

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 9(c)(1) is amended by deleting the period at the end of the first sentence inserting in lieu thereof a colon and the following: "*Provided,* That no such petition shall be dismissed or its processing delayed solely because an unfair labor practice has been filed."

S. 3071

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 8(b)(4) of the National Labor Relations Act is amended by striking out in the final provision, the language "other than picketing" and inserting in lieu thereof the following: "except that picketing at a secondary site not controlled by the employer with which the primary labor dispute exists and aimed at encouraging consumers to refuse to purchase products of the primary employer is prohibited."

By Mr. HARTKE (for himself, Mr. HANSEN, Mr. TALMADGE, Mr. RANDOLPH, Mr. HUGHES, Mr. CRANSTON, Mr. THURMOND, Mr. STAFFORD, and Mr. MCCLURE):

S. 3072. A bill to amend title 38, United States Code, to liberalize the provisions relating to payment of dependency and indemnity compensation, and for other purposes. Referred to the Committee on Veterans' Affairs.

SURVIVORS DEPENDENCY AND INDEMNITY COMPENSATION ACT OF 1974

Mr. HARTKE. Mr. President, today I introduce for myself and for all the members of the Committee on Veterans' Affairs which I am privileged to chair, S. 3072, the Survivors Dependency and Indemnity Compensation Act of 1974. This bill would amend title 38, United States Code, to increase the rates of dependency and indemnity compensation—DIC—paid to widows of veterans who died of service-connected conditions. S. 3072 would also make other significant improvements to the DIC program. I have recently conferred with the distinguished and hard-working chairman of our Subcommittee on Compensation and Pensions (Mr. TALMADGE), and am pleased to announce that this bill will be considered in hearings scheduled for March 13, 2 weeks from today. I am confident, as he has in the past, that Senator TALMADGE will move quickly to consider this legislation and report it at the earliest possible moment to the full Senate for consideration.

Currently, approximately 375,000 widows are in receipt of DIC survivor benefits. These rolls have been swelled in recent years by the addition of 49,000 widows of Vietnam era veterans who have died of service-connected conditions. The following chart indicates the number of widows of veterans who died of service-connected conditions by periods of service:

TABLE 1.—AVERAGE NUMBER OF SURVIVOR COMPENSATION CASES

	1973 actual	1974 estimate	1975 estimate	Increase (+) decrease (−)
Indian Wars	1	1	1	--------
Civil War	14	11	9	−2
Spanish American War	312	280	260	−20
Mexican border period	2	2	2	--------
World War I	36, 825	36, 700	36, 600	−100
World War II	202, 817	199, 500	196, 500	−3, 000
Korean conflict	39, 484	39, 600	39, 700	+100
Vietnam era	45, 959	49, 000	51, 800	+2, 800
Peacetime service	49, 161	49, 500	49, 800	+300
Total	374, 575	374, 594	374, 672	+78

Survivor benefits for widows were last increased in Public Law 92–197, effective January 1, 1972, which provided a 10-percent increase in rates. Since that time inflation has taken larger and larger bites out of the fixed income that these widows receive and depend upon. As of January 31 this year, the cost of living has increased 13.4 percent since the last DIC increase as indicated in the following table showing changes in the Consumer Price Index:

TABLE 2.—U.S. DEPARTMENT OF LABOR, BUREAU OF LABOR STATISTICS—CONSUMER PRICE INDEX

[1967=100]

	1972	1973	1974
January	123. 2	127. 7	139. 7
February	123. 8	128. 6	--------
March	124. 0	129. 8	--------
April	124. 3	130. 7	--------
May	124. 7	131. 5	--------
June	125. 0	132. 4	--------
July	125. 5	132. 7	--------
August	125. 7	135. 1	--------
September	126. 2	135. 5	--------
October	126. 6	136. 6	--------
November	126. 9	137. 6	--------
December	127. 3	138. 5	--------

Mr. President, the bill I introduce today would increase DIC benefits by 16 percent which would take into account inflation which has occurred as of January 31 of this year and would further project anticipated continuing inflationary growth. The bill before you contemplates an effective date of May 1 of this year. I am hopeful that we will be able to enact this measure within that time frame so that there will be no need for further reexamination of the rate increases.

Mr. President, the following table indicates the present DIC rates payable to widows and those proposed in the Survivors Dependency and Indemnity Compensation Act of 1974:

TABLE 3.—DIC—WIDOWS

Pay grade	Current rate	Proposed 16-percent increase
E–1	$184	$213
E–2	189	219
E–3	195	226
E–4	206	239
E–5	212	246
E–6	217	252
E–7	227	263
E–8	240	278
E–9	251	291
W–1	232	269
W–2	241	280
W–3	249	289
W–4	262	304
O–1	232	269
O–2	240	278
O–3	257	298
O–4	272	316
O–5	299	347
O–6	337	391
O–7	365	423
O–8	399	463
O–9	429	498
O–10	469	544
E–9—Senior NCO of Service	270	313
O–10—Chairman, Joint Chiefs or Chief of Staff	503	583

The fiscal 1975 budget for widows on DIC recently submitted by the President is currently projected at $760 million. Unfortunately no provision was made for cost of living increases. The cost of living increases provided for in the Survivors Dependency and Indemnity Compensation Act of 1974 will provide $96 million in additional benefits for widows in the first full fiscal year.

Mr. President, the Survivors Dependency and Indemnity Compensation Act of 1974 would also liberalize the eligibility for payment of DIC to certain survivors of disabled veterans. Currently survivors are entitled to DIC payments if it can be established that the veteran died as a direct result of a service-connected disability. The bill before you today would authorize DIC for a survivor of any veteran released from the service with a disability permanent and total in nature. The bill provides that survivors of an eligible veteran whose subsequent release from active duty developed a service-connected disability permanent and total in nature would also be eligible for DIC benefits if the veteran had that rating for at least 20 years prior to his death.

I believe this provision will go a long way to resolve several inequities in the present law. First, it has been a continuing complaint of totally disabled veterans and their families that their disability is not taken fully into account when they die of the substantial impact that their service-connected disability may have as a contributing factor to their death as the result of a disease or disfunction not of service-connected origin. Presently VA regulations provide that a service-connected condition must be a contributory factor either substantially or materially. No consideration is given to the fact that severe and permanent diseases and injuries are proven to severely shorten the life expectancy of those veterans.

A second effect of this proposed amendment would be to assure that survivors will not be denied the economic support which should be available to them because of the service-connected nature of the disability of the deceased veteran. Assured income will continue for those survivors and provide peace of mind to totally disabled veterans during their lifetime that their widows will be cared for. Third, it is my strong belief that all veterans who have suffered such a catastrophic disability as to be rated total and permanent, deserve to be given the benefit of any doubt as to whether the cause of their death was service-connected in nature. These veterans have endured life with a diminished earning power and with much lower monetary expectations than would have been possible had they not been injured in the service of their country. Their survivors deserve our compassion.

Fourth, it should be recognized that catastrophic disabilities cannot be isolated in the body to one organ or limb or particular body disfunction, but rather affect all systems in the body. As such, I believe this provision which statutorily gives the "benefit of doubt" is warranted.

Finally, Mr. President, the bill would provide for peacetime/wartime equalization of rates for those survivors receiving death compensation. Right now there are two programs paying benefits to survivors of veterans who died of service-connected conditions. The largest is the current DIC system authorized in 1956 by Public Law 881 of the 84th Congress. A number of survivors of veterans who died prior to January 1, 1957, however, continued to receive payments under the older death compensation program. There are 116,791 survivors who receive benefits under this program. Of that number, 4,453 are classified as "peacetime" survivors by virtue of the deceased veteran's period of service. Under current law they are entitled to death compensation at the rate of 80 percent of that received by survivors of veterans who served during a "wartime" period. The bill before you today would equalize wartime/peacetime survivor benefits rates, consistent with recent congressional practice most recently illustrated by the equalization of wartime/peacetime disability compensation rates in Public Law 92–328 which I authored in the last Congress. The additional cost of this provision is estimated to be insignificant.

Mr. President, I look forward to quick action on the Survivors' Dependency and Indemnity Compensation Act of 1974 as I do on the Veterans' Disability Compensation Act of 1974 which I joined in introducing with the distinguished senior Senator from Georgia, Mr. TALMADGE, today.

Mr. President, I ask unanimous consent that the text of S. 3072 the Survivors Dependency and Indemnity Compensation Act of 1974 be printed in the RECORD at this point.

There being no objection the bill was ordered printed as follows:

S. 3072

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, this Act may be cited as the "Survivors Dependency and Indemnity Compensation Act of 1974".

SEC. 2. Section 411 of title 38, United States Code, is amended to read as follows:

"(a) Dependency and indemnity compensation shall be paid to a widow, based on the pay grade of her deceased husband, at monthly rates set forth in the following table:

"Pay grade:	*Monthly rate*
E–1	$213
E–2	219
E–3	226
E–4	239
E–5	246
E–6	252
E–7	263
E–8	278
E–9	[1] 291
W–1	269
W–2	280
W–3	289
W–4	304
O–1	269
O–2	278
O–3	298
O–4	316
O–5	347
O–6	391
O–7	423
O–8	463
O–9	498
O–10	[2] 544

[1] "If the veteran served as sergeant major of the Army, senior enlisted advisor of the Navy, chief master sergeant of the Air Force, sergeant major of the Marine Corps, or master chief petty officer of the Coast Guard, at the applicable time designated by sec. 402 of this title, the widow's rate shall be $313.

[2] "If the veteran served as Chairman of the Joint Chiefs of Staff, Chief of Staff of the Army, Chief of Naval Operations, Chief of Staff of the Air Force, or Commandant of the Marine Corps, at the applicable time designated by sec. 402 of this title, the widow's rate shall be $583.

"(b) If there is a widow with one or more children below the age of eighteen of a deceased veteran, the dependency and indemnity compensation paid monthly to the widow shall be increased by $26 for each such child.

"(c) The monthly rate of dependency and indemnity compensation payable to a widow shall be increased by $64 if she is (1) a patient in a nursing home or (2) helpless or blind, or so nearly helpless or blind as to need or require the regular aid and attendance of another person."

SEC. 3. Section 413 of title 38, United States Code, is amended to read as follows:

"Whenever there is no widow of a deceased veteran entitled to dependency and indemnity compensation, indemnity compensation shall be paid in equal shares to the children of the deceased veteran at the following monthly rates:

"(1) One child, $107.

"(2) Two children, $154.

"(3) Three children, $200.

"(4) More than three children, $200 plus $39 for each child in excess of three."

SEC. 4. (a) Subsection (a) of section 414 of title 38, United States Code, is amended by striking out "$55" and inserting in lieu thereof "$64".

(b) Subsection (b) of section 414 of such title is amended by striking out "$92" and inserting in lieu thereof "$107".

(c) Subsection (c) of section 414 of such title is amended by striking out "$47" and inserting in lieu thereof "$55".

SEC. 5. Section 322(b) of title 38, United States Code, is amended to read as follows:

"(b) The monthly rate of death compensation payable to a widow or dependent parent under subsection (a) of this section shall be increased by $64 if the payee is (1) a patient in a nursing home or (2) helpless or blind, or so nearly helpless or blind as to need or require the regular aid and attendance of another person."

SEC. 6. (a) Section 342 of title 38, United States Code, is amended by striking out "equal" and all that follows down through the end thereof and inserting in lieu thereof "those specified in section 322 of this title".

(b) Section 343 of such title is hereby repealed.

(c) The table of sections at the beginning of subchapter V of chapter 11 of title 38, United States Code, is amended by striking out the following:

"343. Conditions under which wartime rates are payable.".

SEC. 7. Section 410(a) of title 38, United States Code, is amended to read as follows:

"(a) The Administrator shall pay dependency and indemnity compensation to the widow, children, and parents of any veteran who dies after December 31, 1956, and who—

"(1) dies from a service-connected or compensable disability;

"(2) was discharged or retired for a service-connected disability permanent and total in nature and at the time of his death in receipt of or entitled to receive compensation for a service-connected disability permanent and total in nature; or

"(3) was at the time of his death in receipt of or entitled to receive compensation for a service-connected disability permanent and total in nature and had been in receipt of or entitled to receive such compensation for a period of twenty years or more.

Notwithstanding the foregoing, where death occurs as a result of accidental causes having no relationship to the service-connected disability, this subsection (a) shall not apply. The standards and criteria for determining whether or not a disability is service-connected shall be those applicable under chapter 11 of this title."

SEC. 8. This Act shall take effect on May 1, 1974.

By Mr. MOSS (for himself, Mr. HUMPHREY, Mr. BURDICK, Mr. YOUNG, and Mr. BAYH):

S. 3073. A bill to amend the Higher Education Act of 1965 with respect to certain determinations concerning expected family contributions for basic educational opportunity grants. Referred to the Committee on Labor and Public Welfare.

AMENDMENT TO THE HIGHER EDUCATION ACT

Mr. MOSS. Mr. President, on behalf of myself, and Senators HUMPHREY, BURDICK, YOUNG, and BAYH, I introduce a bill to amend the Higher Education Act of 1965 with respect to certain determinations concerning expected family contributions for basic educational opportunity grants.

The Basic Educational Opportunity Grant—BEOG—included in the Higher Education Act of 1965 as amended in 1972, provides financial aid for higher education for many needy college students. However, a problem exists where an eligible applicant for a BEOG receives social security. This bill will correct this problem.

Currently, the BEOG section of Public Law 92–318 lessens the grant amount receivable for individuals who receive social security payments. Since the law provides that college students receiving social security payments must use them only for education, many capable students who come from low income families cannot go to post high school institutions because of the extra food and other necessities the social security payments help provide. To meet everyday expenses for them and their families, the potential students have found it more profitable to get a job immediately upon graduation from high school and forfeit social security payments that would enable them to continue their education if additional financing was available.

Students who receive part of their income from social security, and who come from low and moderate income families, should have the opportunity to use some of their social security benefits to meet basic family expenses as well as college expenses. Many students from families with less than $9,000 annual income find it very difficult, if not impossible, to attend a posthigh school institution due to this regulation.

This does not mean that certain individuals who secure a job upon graduation from high school will contribute less to society than the college educated individual. But no qualified student, because of financial reasons, should be denied the right to a higher education.

President Nixon, in his education message of 1974, recognized the worth of the BEOG and the need to expand this program. He said:

> An education beyond high school is a major goal of many young Americans today. In recent years, however, the cost of college or other training has threatened to price this dream beyond the means of many families. This Administration is committed to the goal that no qualified student should be denied a college education because of a lack of funds.

The President asked that the fiscal year 1974 budget of $475 million be increased to $1.3 billion in fiscal year 1975.

This bill provides an opportunity to meet the commitment stated by the President. This bill would prevent social security payments from being counted as effective income for the student if the effective family income of the student is less than $9,000. If the effective family income of the student is between $9,000 and $15,000, one-half of the amount received by the student from social security would be considered as effective income for such student. If the effective family income of the student is over $15,000, all social security payments will be considered as effective income for the student.

Examples of the need for this legislation can be given. Two which have recently come to my attention involve two students from families with effective family incomes of $4,188 and $5,665, respectively. These students obviously need some type of financial aid to meet their college expenses. After computation, each student should have been eligible for a BEOG of $452 per year. But, because each student was a recipient of social security payments, each was able to receive a BEOG of only $59 per year. It is impossible for most students from families with the above income to meet higher education expenses on a grant of $59.

I agree entirely with the views of the financial aids officer from the Utah college attended by these students. He observes:

> Families with low incomes like these should have some leeway where all of the students' Social Security benefits are not required to be counted directly for college, but allow some to meet family expenses.

Where social security payments are not counted as effective family income under certain conditions, students are entitled to a maximum of $1,400 per year.

This legislation would increase the President's suggested fiscal year 1975 BEOG budget by approximately 15 percent. It would affect an estimated 150,000 students who are eligible for basic education opportunity grants and who receive social security payments. These individuals are full-time students between the age of 18 and 22. They are the children of retired workers, survivors, or disabled workers.

The contribution of most individuals to society increases as some additional special training beyond high school is obtained. This legislation would provide for this special training. The increased tax revenue that would accrue due to the additional training received by post-high school students and resulting salary increases would more than offset the cost of the BEOG awarded to a student.

The Office of Education recognizes the need for legislation in this area. And the National Association of Student Financial Aid Administrators supports this legislation.

I ask unanimous consent that a letter from Mrs. Eunice L. Edwards, president, NASFAA, in support of this legislation be printed in the Record.

There being no objection, the letter was ordered to be printed in the Record, as follows:

National Association of Student
Financial Aid Administrators,
Washington, D.C., February 22, 1974.

Senator Frank E. Moss,
New Senate Office Building,
Washington, D.C.

Dear Senator Moss: Thank you for providing us with a copy of your proposed legislation to amend the Basic Education Opportunity Grant program. The financial aid community has been concerned about the treatment of Social Security benefits since the beginning of the program, and we are pleased that you have taken the leadership in attempting to resolve the situation whereby many extremely needy students are being denied access to a program designed particularly for individuals in their financial circumstances.

While we have not had an opportunity to adequately evaluate the precise impact of our proposal upon the eligibility of various classes of students for the Basic Grant, we applaud its introduction and feel confident that the hearings and deliberation which follow will generate an appropriate resolution to the problem. We look forward to further participation in that dialogue.

Our only concern would be the hope that any modification along this line would carry an effective date to apply to the 1975–76 program operation, in as much as any change in the treatment for 1974–75 would further delay the already late processing and awarding of Basic Grant applications.

Respectfully yours,
(Mrs.) Eunice L. Edwards,
President.

Mr. MOSS. I strongly urge all Senators to support this legislation in order that the necessary additional education opportunities for many capable individuals will become a reality.

Mr. President, I ask unanimous consent that the text of this bill to amend the Higher Education Act of 1965 be printed in the Record.

There being no objection, the bill was ordered to be printed in the Record, as follows:

S. 3073

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) division (iv) of section 411(a)(3)(B) of the Higher Education Act of 1965 is amended to read as follows:

"(iv) In determining the expected family contribution with respect to any student, the following rules shall apply with respect to amounts paid under the Social Security Act to, or on account of, the student which would not be paid if he were not a student:

"(I) If the effective family income of that student is less than $9,000 for such year, none of such amount shall be considered as effective income for such student.

"(II) If the effective family income of that student exceeds $9,000 but is less than $15,000 for such year, one-half of such amount shall be considered as effective income for such student.

"(III) If the effective family income for that student is $15,000 or more for such year, any such amount shall be considered as effective income for such student.

In determining the expected family contribution with respect to any student, one-half of any amount paid the student under chapters 34 and 35 of title 38, United States Code, shall be considered as effective income of such student.".

(b) The amendment made by this Act shall take effect with respect to basic educational opportunity grants made after the effective date of this Act.

By Mr. CLARK:

S. 3074. A bill to authorize the Commissioner of Education to make grants for teacher training, pilot and demonstration projects, and comprehensive school programs, with respect to health education and health problems. Referred to the Committee on Labor and Public Welfare.

COMPREHENSIVE SCHOOL HEALTH EDUCATION ACT

Mr. CLARK. Mr. President, 3 years ago the President's Committee on Health Education criticized the absence of a comprehensive program of health education and preventive health habits in this country.

The committees report noted that of the $75 billion Americans annually spend on health care, 93 percent goes for the treatment of illness, 5 percent for research, 2 percent for prevention, and just one-half of 1 percent for health education. It stressed that both the quantity and quality of elementary school health education are seriously deficient—a conclusion which means that children receive precious little in the way of helpful information in their first 10 years of life about forming lifelong habits of proper health care.

This void is particularly dangerous in this modern television age. It has been estimated that on the average a child sees about 25,000 television commercials each year; 20 to 40 percent of those commercials involve edible products, and their central theme is often foods with a high sugar content. That is how sugar—once just a seasoning—has been transformed into a major ingredient of the American diet. As Peggy Charren, president of Action for Children's Television testified before the Senate Committee on Nutrition testified last March:

> Many of you on this Committee are clearly cognizant of the harmful effects of the sugar-rich diet, which prevails in this country. There can be no doubt that this diet is a habitual form of behavior, that it is learned during childhood, and that it is unlearned only with extreme difficulty . . . In spite of this . . . the list of products sold to children over television is dominated by the four most cariogenic groups of foods: Caramel, chocolate, cookies, and pastry.

It is not surprising then, that almost every child in this country suffers from tooth decay. Obesity, protein and vitamin deficiencies, and increased susceptibility to heart disease also are related to sugar-rich diets. Either because of a lack of knowledge, a lack of time, or a lack of money, the majority of parents are unable to offset the harmful habits developed from the thousands of commercials that bombard children. And for the same reasons, the educational system has failed to counteract these habits.

Mr. President, the record of the Federal Government in response to this problem is abysmal. The primary legislation in the area of health education in public schools is section 808 of the Elementary and Secondary Education Act of 1965—a program of meager financial resources, restricted to low-income neighborhood schools, and scheduled to expire with the act.

It is time to close this gap immediately to take a positive step toward improving the quality of life in this country. That is why I am introducing the "Comprehensive School Health Education Act."

It would establish a 3-year program to encourage the Development of sound health habits in children. The act would cover the areas of dental health, disease control, environmental health, family life and human development, human ecology, mental health, nutrition, physical fitness, safety and accident prevention, smoking and health, substance abuse, and venereal disease. The goal of better health education would be accomplished by providing three kinds of grant: for teacher training, pilot and demonstration projects, and comprehensive school programs for health education.

Under the first type of grant, the Commissioner of Education would distribute direct grants to State education agencies and higher education facilities to develop and conduct training programs for elementary and secondary education teachers. The bill authorizes $10 million in fiscal 1975, $12.5 million in 1976, and $15 million in 1977—$37.5 million total—for this purpose, and the funds would be allocated by the Commissioner to achieve a reasonable and equitable geographic distribution.

A second section of the bill provides for direct grants from the Commissioner to State and local education agencies for pilot and demonstration projects. These grants would be available for the development and evaluation of curricula on health education and health problems, the dissemination of successful curricula, and preservice and inservice training programs—institutes, workshops, and seminars for teachers, counselors, and other educational personnel. The bill calls for a total of $52.5 million—$15, $17.5, and $20 million for fiscal years 1975–77 respectively—to initiate these pilot and demonstration projects.

The third provision establishes grants for State and local educational agencies for the development of comprehensive programs in elementary and secondary schools in health education and health problems. The bill authorizes $50 million for this and 40 percent of which is to be distributed equally to the States with the remaining 60 percent to be allocated on the basis of school population.

Mr. President, this bill is a companion measure to one being introduced in the House today by Congressman Lloyd Meeds, a member of the Select Subcommittee on Education of the House Education and Labor Committee, and 36 cosponsors. Representatives of the National PTA, health and education specialists, and other experts were instrumental in drafting the provisions of this bill. This legislation is a comprehensive measure which is long overdue. I urge the Senate to take prompt and affirmative action on it.

By Mr. GURNEY:

S. 3076. A bill to amend title 38, United States Code, to increase the rates of vocational rehabilitation, educational assistance, and training assistance allowances paid to veterans and other persons, and for other purposes;

S. 3077. A bill to amend title 38, United States Code, to increase the maximum amount of the grant payable for specially adapted housing for disabled veterans; and

S. 3078. A bill to amend chapter 37 of the maximum limitations on loans made or guaranteed under such chapter for title 38, United States Code, to increase the purchase of homes, and for other purposes. Referred to the Committee on Veterans Affairs.

Mr. GURNEY. Mr. President, I have today the pleasure of introducing three measures which, if passed, will assist many of our Nation's veterans and their families.

There as been a lot of talk these days about the high cost of education. Like many of my colleagues, I feel that there is an urgent need for an increase in educational benefits for Vietnam era veterans. The need is not based on the rising cost of living, although that too plays a part, instead, this real need stems from the incredibly high cost of education.

I am, therefore, introducing a Vietnam veterans educational assistance bill. This measure, quite simply, would increase the vocational rehabilitation allowance for veterans from the current $170 a month to $193. A veteran with one dependent would receive $240, with two dependents $282 and an additional $20 for each additional dependent.

The educational assistance allowance, which is $220 per month under current law, would rise to $250 per month. A veteran with one dependent would receive $297, with two dependents $339, with more than two an extra $20 for each additional dependent.

Unlike some of the other measures which have been introduced recently, my bill would also provide for increases in war orphans and widows educational assistance along the lines of those provided for the veterans themselves.

Benefits available for special restorative training will go up from $220 per month to $250. Apprenticeship or on-the-job training benefits, currently $160 for the first 6 months, wil increase to $180 for the first 6 months under my bill.

Last, this bill provides for an extension of the time period for utilizing these benefits by another 2 years. Veterans would then have a full 10 years to use the benefits, rather than 8 years as under current law.

Again, I am not introducing this bill because of rises in the cost of living. The GI bill instituted after World War II virtually paid for a veterans' education. What we have today would not even begin to pay for a college education. My bill seeks to bring us back to where we were once before when we provided our veterans with a decent education.

Significantly, my bill is not all that different from several educational assistance bills which have already been introduced in this body. It differs primarily in that it benefits widows of veterans, wives of totally disabled veterans, and wives of our men still missing in action, as well as war orphans.

I want to emphasize here that I am introducing this as an alternative rather than as competitor to the other bills that have been introduced—some of which I have cosponsored. It is my hope that we can act on this subject with all due haste since the time period for using these benefits will be running out for many veterans at the end of May.

I cannot emphasize enough my belief we must move on with this matter. I would like to see my bill passed, of course, but I want to emphasize my support for adequate legislation of this nature whether it is mine or someone else's. I am sure the majority of my colleagues feel the same way, and I certainly invite their support.

I am also introducing two bills which will, if passed, assist veterans in another very important area: housing. The first is very simple. It provides for an increase in the maximum grant payable for specially adapted housing from the current $17,500 to $20,000. This $20,000, which is a gift and not a loan or an insured loan, is specifically for veterans who have lost, or lost the use of, their lower extremities. As we know, the veteran confined to his wheelchair needs ramps instead of stairs as well as wider hallways and bigger doors in order to navigate. With the rising housing costs these days, I think the need for an increase in this maximum amount available to a veteran for specially designed housing is evident. While inflation has brought about an increase in the cost of everything, nowhere have costs risen so rapidly as in housing.

For example, in December 1973, the median price of a new single family dwelling had risen to $35,300, or about 19 percent above a year earlier. Interest rates, too, are measurably higher than a year ago, up to a full percentage point higher.

I am told that part of the reason for higher housing costs stems from the higher quality of new homes. This in turn emphasizes the need to be able to obtain low downpayment housing loans, such as those available under the VA housing program.

My third bill would expand the VA housing program substantially for all veterans and their families. It increases the maximum limitations on loans made or guaranteed for the purchase of homes by 20 percent. In view of the fact that housing costs are up 19 percent over a year ago. I feel a 20-percent increase in VA loan guarantees is necessary at this time.

In closing, I invite the support of my colleagues on these three bills, since their need is evident and the beneficiaries more than worthy.

I ask unanimous consent to have all three bills printed at the end of my remarks, along with an article which appeared in the Veterans of Foreign Wars magazine, which expresses in very strong terms the need for increases in the educational allowances for Vietnam veterans.

There being no objection, the bills and article were ordered to be printed in the Record, as follows:

S. 3076

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the table contained in section 1504(b) of title 38, United States Code, is amended to read as follows:

"Column I	Column II	Column III	Column IV	Column V
Type of training	No dependents	One dependent	Two dependents	More than two dependents
				The amount in column IV, plus the following for each dependent in excess of two:
Institutional:				
Full-time	$193	$240	$282	$20
Three-quarter time	145	180	212	15
Half-time	97	120	141	10
Farm cooperative, apprentice, or other on-job training:				
Full-time	168	203	235	16".

SEC. 2. Chapter 34 of title 38, United States Code, is amended as follows:

(1) By striking out "$200" in the last sentence of section 1677(b) and inserting in lieu thereof "$250".

(2) By amending the table in paragraph (1) of section 1682(a) to read as follows:

"Column I	Column II	Column III	Column IV	Column V
Type of program	No dependents	One dependent	Two dependents	More than two dependents
				The amount in column IV, plus the following for each dependent in excess of two:
Institutional:				
Full-time	$250	$297	$339	$20
Three-quarter time	188	223	255	15
Half-time	145	149	169	10
Cooperative	202	236	268	16".

(3) By striking out "$220" in section 1682(b) and inserting in lieu thereof "$250".

(4) By amending the table in paragraph (2) of section 1682(c) to read as follows:

"Column I	Column II	Column III	Column IV	Column V
Basis	No dependents	One dependent	Two dependents	More than two dependents
				The amount in column IV, plus the following for each dependent in excess of two:
Full-time	$202	$236	$268	$16
Three-quarter time	151	176	202	12
Half-time	101	118	134	8".

(5) By striking out "$220" in section 1696(b) and inserting in lieu thereof "$250".

SEC. 3. Chapter 35 of title 38, United States Code, is amended as follows:

(1) by amending section 1732(a)(1) to read as follows:

"(a)(1) The educational assistance allowance on behalf of an eligible person who is pursuing a program of education consisting of institutional courses shall be computed at the rate of (A) $250 per month if pursued on a full-time basis, (B) $188 per month if pursued on a three-quarter-time basis, and (C) $145 per month if pursued on a half-time basis.";

(2) by deleting in section 1732(a)(2) "$220" and inserting in lieu thereof "$250";

(3) by deleting in section 1732(b) "$177" and inserting in lieu thereof "$202"; and

(4) by amending section 1742(a) to read as follows:

"(a) While the eligible person is enrolled in and pursuing a full-time course of special restorative training, the parent or guardian shall be entitled to receive on his behalf a special training allowance computed at the basic rate of $250 per month. If the charges for tuition and fees applicable to any such course are more than $79 per calendar month, the basic monthly allowance may be increased by the amount that such charges exceed $79 per month, upon election by the parent or guardian of the eligible person to have such person's period of entitlement reduced by one day for each $8.80 that the special training allowance paid exceeds the basic monthly allowance."

SEC. 4. Chapter 36 of title 38, United States Code, is amended as follows:

(1) by deleting in section 1786(a)(2) "$220" and inserting in lieu thereof "$250";

(2) by amending the table contained in paragraph (1) of section 1787(b) to read as follows:

"Column I	Column II	Column III	Column IV	Column V
Periods of training	No dependents	One dependent	Two dependents	More than two dependents
				The amount in column IV, plus the following for each dependent in excess of two:
First 6 months	$180	$199	$213	$9
Second 6 months	135	159	173	9
Third 6 months	90	119	123	9
Fourth and any succeeding 6-month periods	45	79	93	9";

and

(3) by amending paragraph (2) of section 1787(b) to read as follows:

"(2) The monthly training assistance allowance of an eligible person pursuing a program described under subsection (a) shall be (A) $180 during the first six-month period, (B) $135 during the second six-month period, (C) $90 during the third six-month period, and (D) $45 during the fourth and any succeeding six-month period."

SEC. 5. (a) Section 1662(a) of title 38, United States Code, is amended by striking out "eight years" and inserting in lieu thereof "ten years".

(b) Section 1662(b) of such title is amended by striking out "8-year" and inserting in lieu thereof "10-year".

(c) Section 1662(c) of such title is amended by striking out "8-year" and "eight-year" and inserting in lieu thereof (in each case) "10-year".

SEC. 6. The amendments made by this Act shall become effective on the first day of the first calendar month following the month in which this Act is enacted.

SEC. 7. (a) Section 1712(b) of title 38, United States Code, is amended by striking out "eight years" and inserting in lieu thereof "ten years".

(b) Section 1712(f) of such title is amended by striking out "eight years" and inserting in lieu thereof "ten years".

S. 3077

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 802 of title 38, United States Code, is amended by striking out "$17,500" and inserting in lieu thereof "$20,000".

S. 3078

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 1803 (b) of title 38, United States Code, is amended to read as follows:

"(b) Except as provided in sections 1810, 1811, and 1819 of this title, the aggregate amount guaranteed shall not be more than $2,400 in the case of non-real-estate loans, nor $4,800 in the case of real-estate loans, or a prorated portion thereof on loans of both types or combination thereof. The liability of the United States under any guaranty, within the limitations of this chapter, shall decrease or increase pro rata with any decrease or increase of the amount of the unpaid portion of the obligation."

SEC. 2. Section 1810 (c) of title 38, United States Code, is amended by striking out "$12,500" and inserting in lieu thereof "$15,000".

SEC. 3. (a) Paragraph (2)(A) of section 1811 (d) of title 38, United States Code, is amended to read as follows:

"(2)(A) Except for any loan made under this chapter for the purposes described in section 1819 of this title, the original principal amount of any loan made under this section shall not exceed an amount which bears the same ratio to $25,200 as the amount of guaranty to which the veteran is entitled under section 1810 of this title at the time the loan is made bears to $15,000; and the guaranty entitlement of any veteran who heretofore or hereafter has been granted a loan under this section shall be charged with an amount which bears the same ratio to $15,000 as the amount of the loan bears to $25,200; except that the Administrator may increase the $25,200 limitation specified in this paragraph to an amount not to exceed $30,000 where he finds that cost levels so require."

(b) Paragraph (3) of section 1811(d) of such title is amended to read as follows:

"(3) No veteran may obtain loans under this section aggregating more than $25,200; except that the Administrator may increase such aggregate amount to an amount not to exceed $30,000 where he finds that cost levels so require."

SEC. 4. Section 1819(d)(2) of title 38, United States Code, is amended by—

(1) striking out "$10,000" in clause (A) and inserting in lieu thereof "$12,000";

(2) striking out "$15,000" and "$10,000" in clause (B) and inserting in lieu thereof "$18,000" and "$12,000", respectively; and

(3) striking out "$17,500" and "$10,000" in clause (C) and inserting in lieu thereof "$21,000" and "$12,000", respectively.

[From V.F.W. Magazine, February, 1974]

VIETNAM VETS DESERVE FAIR SHAKE

(By Ray R. Soden)

Not long after it was evident the Vietnam war was drawing to a close Congress directed the Veterans Administration to undertake an independent study to determine whether the Vietnam veteran was receiving educational benefits similar to those granted his comrades of past wars.

Congress had heard the plea of the V.F.W. which had been fighting for educational support for veterans since World War II and had also felt the hot breath of the returned Vietnam veteran asking for his fair shake. Congress required the VA to document the educational assistance provided under the three

GI Bills and to reach conclusions concerning the information gathered.

On balance, the report indicates, "In general, the 'real value' of the educational allowance available to veterans of World War II was greater than the current allowance being paid to veterans of the Vietnam Conflict . . ."

The Administrator of Veterans Affairs took issue with the study contracted by his own agency to evaluate the adequacy of its educational assistance. He notified Congress the "VA does not agree that a major change should be made in the nature of the GI educational assistance."

Let us look at the findings of this independent group who analyzed the assistance provided veterans of three wars.

Because World War I veterans received no educational assistance, the V.F.W. and others pressed for a GI Bill for the veterans of World War II.

WWII veterans received a monthly subsistence of $75 plus up to $500 a year for tuition, fees and books for a maximum of 48 months. This permitted them to attend the school of their choice. The Korean War veteran received $110 a month. From this amount, he paid the costs of his education and subsistence up to 36 months.

In 1955, all educational assistance ceased in spite of the continued draft of the so-called Cold War soldier and the disruption of his normal pursuits. During the 10-year period it took for the Vietnam GI Bill to be passed, the V.F.W. continuously urged that these soldiers be extended educational benefits. When the present GI Bill became law, the V.F.W. succeeded in having it cover all veterans, including the period from 1955.

The Vietnam GI Bill initially provided almost the same assistance as the Korean GI Bill. Later it was raised to $220 per month for a maximum of 36 months.

In any discussion of similarity of benefits, it is necessary to measure changes in the cost of an education as well as studying the Consumer Price Index (CPI) which reflects fluctuations in all aspects of the economy. The question to be asked is what type of education is available to the Vietnam veteran on the basis of current benefits? The CPI has not quite doubled since World War II, but tuition and fees at a four-year public college have more than doubled, while at four-year private institutions they have gone up more than five times. Obviously, the Vietnam veteran cannot afford to attend a private college.

In trying to refute the report, the VA was quick to point out that over 80% of all Vietnam veterans are attending a public school and that the report stated, "It is apparent that the average Vietnam veteran attending a 4-year public or 2-year private institution has educational benefits slightly higher than his World War II counterpart when adjustments for changes in the CPI are made."

However, the VA failed to quote the next sentence which reads, "It may well be that this slight gain is overstated for it does not take into account the fact that the World War II veteran was often able to take advantage of low-cost veterans' housing and many other special services that are generally not available to the veterans of the Vietnam Conflict." The VA also failed to point out that with private schools raising costs fivefold, the veteran could attend only public schools.

Another measure of similarity of benefits is additional income available to the veteran to supplement the GI Bill payments in order to pay costs of college and to live. The report found, "It is apparent that inflation and a raising standard of living have taken their toll on the Vietnam veterans benefits and that his 'real' ability to purchase post-secondary education has diminished with respect to his World War II counterpart."

More importantly, the report concludes: "When estimated 9-month resources available to the veteran for the 1972–1973 academic year are compared with his estimates of living expenses for a similar period; only the married veteran with a working wife has sufficient additional resources to meet the average expenses . . ."

It should be clear to all, contrary to the VA Administrator, that a major change is necessary so that the Vietnam veteran receives educational assistance similar to that received by other veterans. The V.F.W. stands firmly for the following principles:

Each veteran should have sufficient educational assistance under the GI Bill to attend the school of his choice, private or public.

There must be an increase in assistance rates to enable the veteran to obtain an education.

The maximum period of schooling should be extended to 48 months to equal that given to veterans of World War II.

The eligibility period after separation from service should be extended from eight years to nine as it was for the World War II veteran.

The V.F.W. will continue to champion the rights of veterans. We will never rest until all veterans have the same opportunities.

By Mr. RANDOLPH:

Senate Joint Resolution 193. A joint resolution to provide for the designation of the second full calendar week in March 1974 as "National Employ the Older Worker Week." Referred to the Committee on the Judiciary.

NATIONAL EMPLOY THE OLDER WORKER WEEK

Mr. RANDOLPH. Mr. President, I introduce for appropriate reference, a joint resolution to authorize the President to designate the second full week in March as "National Employ the Older Worker Week."

This resolution is patterned after Senate Joint Resolution 49, which I introduced last year with widespread bipartisan support. The essence of that proposal was later enacted into law—Public Law 93–10—on March 15, 1973.

Because the commemoration of special weeks is done on a yearly basis, I am again introducing this same resolution.

This measure now takes on added importance because the energy crisis has already produced massive layoffs for middle-aged and older workers. During the past 4 months alone, unemployment for persons 45 and above has increased by 131,000, for almost an 18 percent jump. All too often the mature worker discovers that he is the first to be fired and the last to be hired. Moreover, many have not only lost their jobs but their pension coverage as well.

Over the years the American Legion has been in the forefront in promoting employment opportunities among older Americans. As a result, many jobs—formerly barred to persons in their forties, fifties, and beyond—have been opened.

In fact, since 1959 the American Legion has designated a particular week during each year to make the public aware of the advantages of hiring the mature worker. At first, the Legion selected the first full week in May as "Employ the Older Worker Week." Last year the observance of this week was changed to the second full week in March. The primary reason for this change was to avoid any possible interference with youth employment promotional programs, which are conducted extensively during the month of May.

Once more, I want to pay special tribute to the American Legion for its outstanding and effective leadership in encouraging public and private employers to hire older workers.

The need for continuation of these meritorious efforts is as essential today as it was last year. In many respects the reasons are even more compelling.

Unfortunately, many false stereotypes still exist about the capabilities of older workers.

Educational efforts can, however, inform the public about the many advantages of hiring middle aged and older persons. Such a campaign can also make our Nation aware of the many attributes and true capabilities of persons 40 and above. As a group, these individuals have a vast reservoir of talent, experience, and knowledge.

Several studies have also revealed that their performance on the job is as good or better than their younger counterparts. Hearings by the Subcommittee on Employment and Retirement Incomes—of which I am chairman—have provided very persuasive evidence to suggest that the attendance of older workers is likely to be better than that of younger persons. Moreover, they are less likely to change jobs. And, they are less likely to be absent for trivial reasons.

"Ageism" in employment can be just as cruel and self-defeating as other forms of discrimination. No nation can ever hope to achieve its full potential if some of its most productive and energetic workers are forced prematurely into earlier and earlier retirement. I have always maintained that our Nation has much more to gain through the development of a sound and comprehensive manpower policy to maximize job opportunities for all age groups, the young as well as the old.

One of the essential ingredients for this policy is to remove the roadblocks which deny job opportunities for older workers.

My resolution, it seems to me, can be helpful in this respect—by creating a more favorable climate for the employment of middle aged and older persons.

Mr. President, I urge the adoption of my proposal and ask unanimous consent that it be printed at this point in the Record.

There being no objection, the joint resolution was ordered to be printed in the Record, as follows:

S.J. Res. 193

Joint resolution to provide for the designation of the second full calendar week in March 1974 as "National Employ the Older Worker Week"

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, **That the President is authorized and requested to issue a proclamation designating the second full calendar week in March of 1974 as "National**

Employ the Older Worker Week", and calling upon employer and employee organizations, other organizations officially concerned with employment, and upon all the people of the United States to observe such week with appropriate ceremonies, activities, and programs designed to decrease discrimination in employment because of age.

ADDITIONAL COSPONSORS OF BILLS AND JOINT RESOLUTIONS

S. 2495

At the request of Mr. MANSFIELD (for Mr. MAGNUSON) the Senator from Florida (Mr. CHILES) was added as a cosponsor of S. 2495, to amend the National Aeronautics and Space Act of 1958 to apply the scientific and technological expertise of the National Aeronautics and Space Administration to the solution of domestic problems, and for other purposes.

S. 2650

At the request of Mr. CRANSTON, the Senator from Rhode Island (Mr. PELL) was added as a cosponsor of S. 2650, the Solar Home Heating and Cooling Demonstration Act.

S. 2958

At the request of Mr. CURTIS, the Senator from North Carolina (Mr. HELMS) was added as a cosponsor of S. 2958, to amend title XI of the Social Security Act to repeal the recently added provision for the establishment of Professional Standards Review Organizations to review services covered under the medicare and medicaid programs.

S. 3006

At the request of Mr. PROXMIRE, the Senator from Utah (Mr. MOSS) was added as a cosponsor of S. 3006, the Fiscal Note Act.

SENATE JOINT RESOLUTION 189

At the request of Mr. HARRY F. BYRD, JR., the Senator from South Carolina (Mr. THURMOND) was added as a cosponsor of Senate Joint Resolution 189, to restore posthumously full rights of citizenship to Gen. R. E. Lee.

SENATE RESOLUTION 292—SUBMISSION OF A RESOLUTION REQUIRING "BIG SHOTS" TO STAND IN LINE TOO

(Ordered to lie over under the rule.)

Mr. PROXMIRE submitted the following resolution:

S. RES. 292

Resolved, **It is the sense of the Senate that:**

No Member of the Congress;

No Member of the Cabinet or head of any Government Agency;

No person of the rank of Under Secretary or Assistant Secretary in an Executive Department;

No member of the White House staff or Executive Office of the President; and

No official of the rank of Vice President, or above, of Exxon, Gulf, Citgo, American, Sunoco, Texaco, or Shell oil companies;

Shall for a period of one hundred eighty days use any form of private or governmental automotive transportation (except public bus or taxi services) unless such official shall have affirmed in writing that the fuel for such vehicle used in transit to and from his regular place of business was acquired personally at the stated price from a service station or other facility which makes fuel available to the general public.

(The remarks Senator PROXMIRE made when he submitted his resolution appear later in the RECORD under the appropriate heading.)

ADDITIONAL COSPONSOR OF A RESOLUTION

SENATE RESOLUTION 272

At the request of Mr. HUGH SCOTT, the Senator from Pennsylvania (Mr. SCHWEIKER) was added as a cosponsor of Senate Resolution 272, to disapprove certain pay recommendations of the President.

SENATE CONCURRENT RESOLUTION 71—SUBMISSION OF A CONCURRENT RESOLUTION RELATING TO AVAILABILITY OF ARTS FOR ALL AMERICANS

(Referred to the Committee on Labor and Public Welfare.)

ACCESS TO THE ARTS

Mr. PERCY. Mr. President, I am pleased to introduce today a concurrent resolution expressing the sense of Congress that the arts should be available to all Americans, including those who suffer physical handicaps. And I am equally pleased that Congressman WILLIAM COHEN is today introducing a similar resolution in the House of Representatives.

In my continuing effort to work for the removal of architectural, transportational, and attitudinal barriers that still confront the handicapped in this country, I have found growing public awareness of the problem but slow progress in the changes that are necessary to assure our handicapped citizens equal access to the mainstream of American life. I was, therefore, highly encouraged to see that the National Council on the Arts, under the capable leadership of Nancy Hanks, has unanimously adopted a resolution calling upon the National Endowment for the Arts to provide the necessary leadership to make cultural facilities and activities accessible to Americans who are physically handicapped.

To be isolated from the beauty and stimuli of the arts is to be cut off from what this country is all about. The National Council on the Arts expresses it very well:

> The arts are central to what society is and what it can be.

But the physically handicapped have generally suffered such isolation, for until now, cultural facilities and programs have generally not been accessible to the physically handicapped American, and little attention has been paid to the difficulties they face in their efforts to enjoy the growing wealth of cultural activities that our Nation has to offer.

Wheelchair users are unable to climb stairs, navigate narrow aisles, or be seated in most theaters. The blind cannot see the masterpieces at the National Gallery, the Calder stabile in the Chicago Federal Plaza, or the ballet at the Kennedy Center. The deaf cannot enjoy the National Symphony, an Edward Albee play, or a radio or television broadcast.

Surmounting all of these difficulties in allowing the handicapped to enjoy art will require something of a cultural revolution. But surmounting some of them can be accomplished with existing concepts, facilities, and technology, and we should undertake such efforts right now. Although we are not yet able to allow the blind to "see" visual artworks or the deaf to "hear" auditory performances, we do have the potential capability to allow the physically handicapped to attend and participate in the variety of cultural activities available.

We in Congress have already approved Public Law 90–480, a law requiring public buildings utilizing Federal funds to be accessible to the handicapped. We need now only to focus public attention on enforcing that law and on cooperating with its spirit to assure that efforts will be made nationally to improve the availability of the arts and humanities to the physically handicapped. I believe this resolution will assist us in reaching that goal.

Mr. President, I ask that the concurrent resolution be included at this point in the RECORD. I would also like to share with my colleagues and include a letter from Nancy Hanks, Chairman of the National Endowment for the Arts, in support of the resolution.

There being no objection, the concurrent resolution and letter were ordered to be printed in the RECORD, as follows:

S. CON. RES. 71

Concurrent resolution expressing the sense of Congress that the arts should be available to all Americans, including those who suffer physical handicaps

Whereas access to the arts is a right and not a privilege of all Americans;

Whereas the arts are central to what our society is and what it can be;

Whereas no citizen should be deprived of the beauty and the insights into the human experience that only the arts can impart;

Whereas cultural institutions and individual artists can make a significant contribution to the lives of citizens who are physically handicapped; and

Whereas the Act of August 12, 1968 (Public Law 90–480) already requires that public buildings constructed, leased, or financed in whole or in part by the Federal Government be accessible to the handicapped: Now, therefore, be it

Resolved by the Senate (the House of Representatives concurring), That it is the sense of the Congress that—

(1) the National Endowment for the Arts should take a leadership role in advocating special provisions for the handicapped in cultural facilities and programs;

(2) private interests and governments at the State and local levels should take into account the intent of Congress in passing Public Law 90–480 when building or renovating cultural facilities;

(3) the National Endowment for the Arts and all of the program areas within the Endowment should be mindful of the intent and purposes of Public Law 90–480 and of this resolution as they formulate their own

guidelines and as they review proposals from the field; and

(4) all individuals and groups associated with production and presentation of cultural activities should give consideration to all the ways in which they can further promote and implement the goal of making cultural facilities and activities accessible to Americans who are physically handicapped.

SEC. 2. The Secretary of the Senate shall transmit a copy of this resolution to the Chairman of the National Endowment for the Arts and to the Governor of each State.

NATIONAL ENDOWMENT FOR THE ARTS,
Washington, D.C., January 31, 1974.

Hon. CHARLES H. PERCY,
U.S. Senate,
Senate Office Building,
Washington, D.C.

DEAR SENATOR PERCY: I am responding to your request for our comments on the Concurrent Resolution which you propose to introduce in the Senate, expressing the sense of the Congress that the arts should be available to all Americans, including those who suffer physical handicaps.

We enthusiastically endorse your translation of the National Council on the Arts' resolution on the accessibility of the arts to the physically handicapped into a Concurrent Resolution. I am so pleased that the resolution expresses the goals of the National Council as the goals of the Congress and we sincerely hope that the Congress will see fit to pass it.

Recognition by the Congress of the problems of the handicapped, endorsement of the Endowment's role in advocating special provisions for the handicapped in cultural facilities and programs, and public as well as private cognizance of the intent and purposes of Public Law 90–480, can be instrumental in making this nation aware of its responsibilities and obligations to the physically handicapped and in helping us achieve our mutual goals.

I am happy to inform you that the Endowment is actively engaged in carrying out the National Council's resolution. The Museum guidelines were revised to permit funding of surveys needed by those institutions to ascertain their needs and, already, a grant has been awarded to the Seattle Art Museum for a survey of possible steps which can be taken to make museums more accessible to the handicapped. In addition, a grant has been awarded to the University of Illinois, Chicago Circle, in conjunction with the Rehabilitation Institute of Chicago for a project that will entail choosing a small community outside of Chicago or a small portion of Chicago and developing a model plan for a totally accessible community. The University's Dean of Architecture and the Director of the Institute, Dr. Henry Betts, will act as co-directors of the project. (Incidentally, the initiative for the Council resolution came in good measure from Dr. Betts.) Also the Connecticut Commission on the Arts has passed a resolution similar to the Council's. We hope that many more will follow in the near future.

We know that this is just a beginning, but with the added suport of your proposed resolution, we hope that the Endowment can progress in its efforts to make the arts available to *all* Americans.

My best to you,
Sincerely,

NANCY HANKS,
Chairman.

FAIR LABOR STANDARDS AMENDMENTS OF 1973—AMENDMENT

AMENDMENT NO. 975

(Ordered to be printed, and to lie on the table.)

Mr. BUCKLEY submitted an amendment, intended to be proposed by him, to the bill (S. 2747) to amend the Fair Labor Standards Act of 1938 to increase the minimum wage rate under that act, to expand the coverage of the act, and for other purposes.

FEDERAL ELECTION CAMPAIGN ACT AMENDMENTS OF 1974—AMENDMENTS

AMENDMENTS NOS. 976 THROUGH 978

(Ordered to be printed, and to lie on the table.)

Mr. STEVENSON. Mr. President, I introduce three amendments to S. 3044.

Amendment No. 976 lowers the general election subsidy for major party candidates from 100 to 50 percent, and makes corresponding reductions in the public financing available to nonmajor party candidates.

Amendment No. 977 broadens the financial disclosure provisions of title IV in the following respects: It subjects primary candidates and candidates for President and Vice President to the disclosure requirements; it requires disclosure of the amounts of income and property taxes paid; and it provides that the first disclosure statements shall be filed 30 days after enactment. As the bill now stands, the first disclosure statements will not be filed until May 1975, unless the bill is enacted prior to April 16, 1974.

Amendment No. 978 overturns Revised Ruling 72–355 and thereby prevents large political contributors from escaping gift tax liability by channeling their gifts through dummy committees. This amendment is identical in substance to S. 2065.

Mr. President, I ask unanimous consent that the texts of these amendments be reprinted at this point in the RECORD.

There being no objection, the amendments were ordered to be printed in the RECORD, as follows:

AMENDMENT NO. 976

On page 10, line 19, following the word "to", insert the word "one-half".

AMENDMENT NO. 977

On page 79, strike lines 6 and 7 and insert the following in lieu thereof:

"SEC. 401. (a) Any candidate for nomination for or election to Federal office who,".

On page 79, following line 21, insert the following new subparagraph and renumber subsequent subparagraphs accordingly:

"(1) the amount of each tax paid by the individual, or by the individual and the individual's spouse filing jointly, for the preceding calendar year, *Provided*, That for purposes of this subparagraph 'tax' shall mean any federal, state, or local income tax and any federal, state, or local property tax;".

On page 81, line 9, strike the words "of political parties" and insert the following in lieu thereof: "for nomination for or election to Federal office".

On page 84, strike lines 3–5 and insert the following in lieu thereof:

"(1) The first report required under this section shall be due 30 days after the date of enactment and shall be filed with the Comptroller General of the United States, who shall, for purposes of this subsection, have the powers and duties conferred upon the Commission by this section."

AMENDMENT NO. 978

On page 86, following line 17, insert the following:

"GIFT TAX TREATMENT OF POLITICAL CONTRIBUTIONS"

"SEC. 503. (a) Section 2503(b) of the Internal Revenue Code of 1954 (relating to exclusions from gifts) is amended by adding at the end thereof the following new sentence: 'Gifts made to different political committees which make expenditures (including transfers of funds and contributions by a committee) for the purpose of influencing the nomination or election of any candidate for elective office shall for purposes of this subsection be deemed to have been made to that candidate unless the donor establishes to the satisfaction of the Secretary or his delegate that—

'(1) at the time he made the gift he could not have been reasonably expected to know which candidate would benefit from his gift, and

'(2) at no time did he direct, request, or suggest to the committee, or to any person associated with that committee, that a particular candidate should receive any benefit from his gift.'.

"(b) The amendment made by subsection (a) shall apply with respect to gifts made on or after the date of enactment."

NOTICE OF HEARING ON FERTILIZER SUPPLIES

Mr. McGOVERN. Mr. President, I wish to announce that the Subcommittee on Agricultural Credit and Rural Electrification will hold an additional day of hearings in Omaha, Nebr., on Friday, March 8, 1974, to hear from farmers and local fertilizer dealers regarding the distribution and pricing of fertilizer supplies to farmers.

ADDITIONAL STATEMENTS

SENATOR GOLDWATER'S ADDRESS TO THE BOARD OF DIRECTORS OF THE AMERICAN IRON & STEEL INSTITUTE

Mr. GOLDWATER. Mr. President, several weeks ago, on February 5, to be exact, I had the privilege of speaking before the board of directors of the American Iron & Steel Institute at a meeting here in Washington. At that time, it occured to me that the need for some straight talk aimed at America's corporate heads was perhaps overdue.

As a result, I explained, in pretty stark terms, my great concern that the private competitive enterprise system is poorly prepared to face what I believe may be its greatest threat in the country's 200-year history. I told my distinguished audience that the American business system is faltering under a series of poorly handled shortages and is under attack by those who would like to nationalize all basic enterprise in this country.

Mr. President, I am happy to say my remarks were received enthusiastically by many leaders of the business community who feel as I do. As a result, I have received a great many requests for the text of my remarks and I ask unanimous consent that they be printed in the RECORD.

There being no objection, the address was ordered to be printed in the Record, as follows:

Remarks by Senator Barry Goldwater of Arizona

Gentlemen: It is a distinct pleasure for me to be here this morning and share with you some of my concerns about the situation faced by the business community in the nation today.

What I am going to say you probably won't like. But, having been around this town for 20 years, I think it is time a former businessman, who has never forgotten his regard and affection for the free enterprise system, to deliver a message to America's corporate heads.

Most industry spokesmen come to Washington to testify before Committees when problems affecting their businesses are especially grave, and for some reason, they invariably present a picture of the most poorly-organized, poorly-informed group of witnesses in the whole spectrum. It is not that they don't understand their businesses, not that they can't articulate the problems—rather it is the attitude they carry with them that prohibits their story from getting across.

Too many of the business spokesmen that I see testify assume that the Members of Congress know little or nothing at all about the subject at hand. This may, in all probability, be true, but what they overlook is the fact that the questions put to them will be questions prepared by brilliant young staff members who mistrust or totally disbelieve the attributes of the enterprise system.

Some of you come here without proper preparation; others come with an abiding faith that the Committee Members you speak to will have an appreciation of the merits of your argument. And too many of you believe that your testimony will get the kind of treatment in the news media that you believe it deserves. It almost seems as though many business heads do not understand that the news media contain some people who do not understand nor trust the free enterprise system and delight in presenting business testimony in an embarrassing or detrimental light.

It is not easy for me to say these things, but I sincerely believe that you gentlemen must understand the problems confronting your reception here in Washington and make plans to meet it—if our free enterprise system is to continue.

Believe me I should like nothing better than to outline for you a rosy picture of an abundant and assured future, not only for the steel industry but for the entire economy. I am sorry that this cannot be done. Frankly I am concerned—deeply concerned—over developments which are only now becoming apparent in the business and governmental picture. I believe that the competitive enterprise is now face to face with one of the greatest threats in this country's 200 year history. The system is faltering under a series of poorly handled shortages, and it is under attack by demagogues who would like to nationalize all basic enterprise in this country.

And right here I should like to warn you that we are headed at this very moment toward a determined drive for more nationalization of our businesses, and it has a greater chance for success than at any time in our history. Now you can ignore the fact, or you can pretend that nationalization is something other than what it really is—you can butter up the term, sweeten it, pour sirup on it, do anything you want with it—but it turns out to be socialism and that is the system that has never done anything for any people.

Of course, today, everyone is talking about the energy crisis. When it comes to oil, the reports of a conspiracy by the large oil companies to drive up profits are so widespread that they are almost impossible to combat. All of a sudden an astonishing number of people have become instant experts on energy matters. They have all of the answers, and they are disinclined to listen to reasonable explanations.

What I am saying is that where oil is concerned the situation has become so personal and so emotional with so many people that the industry spokesmen find themselves under attack on all sides by people who want gasoline for their cars and oil to heat their homes rather than arguments and explanations.

But I did not come here today to discuss the troubles that afflict the oil industry. I came here to warn you that today's energy crisis is tomorrow's steel crisis and the next day's crisis of the enterprise system itself. I came here to tell you I believe that today—not tomorrow—is the time to start making plans to head off a concerted assault on the steel industry. I predict that very shortly you gentlemen may find yourselves on the witness stand accused of conspiring to cause a steel shortage, bring about inflation and increase unemployment. You can expect to be accused of reaping windfall profits at the expense of helpless consumers and taxpayers. And I predict that Congress will be considering a barrage of bills to nationalize your industry or to impose price controls and taxes on your domestic and foreign earnings. Unless you plan ahead you will find yourselves in the same position as the oil industry does today. You will be wondering why you couldn't get your message across to the people and their elected representatives.

When I say today is the time to act, I mean in fact that tomorrow will be too late. For it is today that the competitive enterprise system itself is under seige. Tomorrow, or the next day, it may fall.

During this past decade there has been a determined effort—conceived by patriotic, well-intentioned idealists—to replace the "evils of capitalism" and "big, bad" business corporations, with government controlled corporations operated "by and for the people." These people believe that today is the time to take giant steps forward and launch a major offensive. Their strategy is not a frontal attack at the center, but rather a series of nibbling, piecemeal tactics—what our old nemesis Nikita Khrushchev called salami slicing tactics. Their weapons are the national electronic media networks and the well coordinated regiments of liberal politicians, intellectuals, journalists, and educators.

The opposition believes that the polls offer proof positive that the majority of the people will rally to join their ranks because they have become increasingly disenchanted with and distrustful of business in general and big business in particular.

The business community today has two choices. Either it can go on the defense and dig deeper trenches, or it can mount a counter-offensive. I recommend the second option for the following reasons.

I will give it to you straight: I believe your old strategy has not been successful because you have been operating in a crisis-management mode. Instead of employing bold new initiatives based on a coordinated plan, you have settled into an action-reaction effort—often referred to as the "kneejerk reaction" syndrome. That is not a winning strategy. We tried it in Vietnam and it was a tragic disaster.

As a politician I can tell you the opposition has misjudged the attitudes of the American people . . . sure they're disenchanted and distrustful . . . they have a right to be . . . but they are also confused and concerned. They are thirsting for the facts. They are searching for the truth . . . for example, is the energy crisis real or not? If it is they are willing and anxious to unite and make the necessary sacrifices. This is one of the great strengths of our nation, well documented in the pages of our history books.

A poll was taken recently, that the opposition may have overlooked or ignored, which could prove to be its Achilles Heel. It was conducted by a leading public opinion research firm in New York City, a city which has a reputation for being the most liberal in America. The results were released last month and they reflected a dramatic shift to the right. Thirty-three percent rated themselves conservative; thirty-one as moderate. This indicates to me that maybe I was a little premature in 1964, but I think the public realizes now that many of the liberal "pie-in-the-sky," paternalistic, great society programs simply will not work.

Most of the citizens of America are capitalists themselves. They are stockholders in our largest corporations either directly—more than 32 million—or indirectly through pension and insurance funds. They "own a piece of the rock" and they don't want to see it chipped away into small pieces and pass into oblivion. But too many still do not realize that what helps business provides better opportunities at higher pay for them.

Now if you accept this estimate of the situation as being reasonably accurate, then I suggest that it is time today to build your own "personalized" communications network that stretches from border to border and coast to coast. This is not a difficult task because most people in this country work for you and you work for them. You are part of their community. Most important, they want to listen and they want to believe in you. They sense that they are not getting "the whole truth and nothing but the truth" from the octopus TV screen in their living rooms.

At all times we must bear in mind that we all make mistakes, and today, we can be certain that if we try to sweep them under the rug, we will trip over them sooner or later—and probably sooner.

People know that "nobody's perfect," and they respect anyone who's big enough to admit his errors. Don't try to fool them. The tragedy of Watergate offers ample testimony that they will not accept coverups.

Specifically, I'm suggesting that big business organize "truth teams" to go into the community rooms of the schools, the union clubs and rotary clubs—that they appear on local TV and radio to confront the critics and debate the issues.

Members of these teams should be foremen as well as executives. Above all, they must be articulate salesmen of the true facts. In fact, respected blue collar workers may be more convincing than the board chairmen. They may not have college degrees—Hell, I don't have one!—but they know best how to communicate with their peers. The only equipment and training they need are unvarnished pro and con fact sheets on the major issues—plus an incentive.

And always remember, actions speak louder than words. There is nothing less convincing than a preacher who regales his congregation on the evils of demon rum and then goes out and buys a jug from the local moonshiner—unless it's the businessman who sings the praises of unfettered competitive enterprise, decries government interference in the market place, and then goes to Washington and lobbies for the reverse.

Improving your communications network at the grassroots level is only the first task.

The second is to compete effectively in the crucial market place of ideas . . . and I'm not talking about the Madison Avenue market place. I'm referring to the intellectual market place—the deep-water mainstream of idea formulation which has the most pervasive impact on public attitudes and public policies. Lord Keynes once said that "the ideas of economists and political philosophers, both when they are right and when they are wrong, are more powerful than is commonly understood . . . indeed the world is ruled by little else."

When Lyndon Johnson was President he said that most of the "Great Society" programs passed by Congress were developed by scholars whom he had placed on special task forces. If you look at the list of witnesses who appear before our committees in Congress you will find that a large percentage of them are from universities and research institutions.

Business has not only abdicated the intellectual arena to the liberal left but they have also been pouring salt on their own wounds by giving millions of dollars each year to academic institutions who regard free enterprise with contempt. This was one of the major themes of a recent speech by David Packard. I join him in his recommendation that corporations take action to exercise more selectivity in their contributions programs.

The third task for the business community is to use 1974 as a springboard for increased political activity at the local and national levels. You should employ all the legitimate means at your disposal to support candidates

—Who want to improve the competitive enterprise system instead of tearing it down.

—Who are convinced that our system works best with less government interference in the market place rather than more.

Business must play an active role in putting together a strong team in Congress who can break up the disaster lobby, scatter the prophets of doom and dismantle the interventionist bureaucracy.

I'm talking about those people who preach about the "evils of capitalism" instead of its strengths . . . who support more and more federal agencies to regulate business in order to protect "the people" from "the bad guys"—the FTC, FPC, EPA and all the others.

The chilling fact is that the pattern of recent legislation has not been in the public interest. It has been punitive in nature—punitive to the point that the system is half dead already and the lynch mob is clamoring for a noose to strangle what is still alive.

Today the prime target of the disaster lobby is profits, the very life blood of our competitive enterprise system. The word has almost become obscene in our lexicon.

If the opposition can change the word "profit" into a four letter word then they may have a clear field for their drive to nationalize the basic industries. Then profits can be replaced by deficits. We have ample evidence from nations who have already nationalized. The British Railway deficit is more than $200 million a year . . . the German Railway's about $750 million, and the Japanese National Railway has a deficit in the vicinity of $900 million a year . . . in your industry I am told that British steel is losing more than 150 million dollars a year.

Before concluding I want to say a few more words on this subject of profits, because I think it is going to turn into one of the major political issues in the 1974 and 1976 campaigns . . . Yes, it may—or at least it should rank even higher than Watergate in the political arena.

I find it ironic that the American competitive enterprise system, which has produced greater good for more people than any other system in history, is so little understood and appreciated by the vast majority of its beneficiaries. It is surprising how few of our citizens have a clear concept of the key role of profits in fueling economic growth and improving human welfare.

Of equal concern is the strong feeling of many people that the earnings of American business are "excessive." You may recall the results of the Harris Survey last year when only 19 percent of the people thought business was keeping profits at a "reasonable level"—whatever that means! This compares with 46 percent in 1966. And yet, after-tax corporate profits on sales dropped from 5.6 percent in 1966 to about 4 percent last year. What's more, corporate profits as a share of national income dropped from about 13 percent in 1966 to around 9 percent last year, while employee compensation climbed from 70 to 76 percent.

These kinds of statistics are not reaching the public and I suggest that business is partly to blame.

Most corporations prepare profit statements to appeal to security analysts and potential investors. They put emphasis on the percentage profit increase this year versus last year—or this quarter versus last quarter. So even if earnings on sales have only risen from 3 to 4 percent, the year end statement will highlight the fact that profits are up 33 percent. This in turn is translated into banner headlines that the XYZ Corporation is reaping "unconscionable" excess profits.

I know what a dilemma this is for business because of the priority problem to attract investment capital. You must realize, however, that you face an equally formidable task in trying to correct the distortions and misinformation about the size of profits. To do this you must deal with the whole pie and not just one slice of it.

What disturbs me even more than the profit distortions is the lack of understanding of the decisive role of corporate profits on the working of our competitive enterprise system. I recall an article, some years ago, by Ayn Rand. It was entitled: "Profits Are the Root of All Good." This is the message we should put across.

Without adequate profits there would be a crippling lack of the capital formation needed to increase projection to meet increased demand.

As I see it, this is one of the basic economic problems our country faces today and for the remainder of this decade, if profits are held down by price controls, proposed changes in business tax provisions, unrealistic environmental and consumer regulations, and a host of other disincentives for undertaking large capital investment programs to increase productive capacity, then it follows as night the day that shortages and unemployment will spiral upward and we will enter a period of economic stagnation—which is still the worst form of pollution in an industrial society.

If, in our moment of economic peril, we decide to escalate government interference with free market forces, junking what's left of our competitive enterprise system in favor of one that is centrally directed under government control, then all of our freedoms will soon go by the board.

Economic freedom is inseparable from all the other freedoms and liberties we enjoy. It is, in fact, the essential freedom, without which all the rest perish. What good is the right to life if a man does not control the means to life?

In America, the hope of economic and personal freedom rests in the hands of enlightened citizens and their elected representatives who are convinced by their own experiences that the competitive enterprise system is the best system available in this imperfect world of ours.

This is the message that you and I—the politician and the businessman—must carry to America . . . Not tomorrow—but today!

As Supreme Court Justice Lewis Powell warned us, private business and freedom are in danger and . . . "the hour is late."!

GOOD NEWS FOR THE VOLUNTEER ARMY

Mr. CRANSTON. Mr. President, the Volunteer Army is already on the march. It is working and it is real.

That is the overwhelming conclusion I have reached after reading Army Secretary "Bo" Callaway's report to President Nixon, made public on February 20.

The Army received its last draftee on December 29, 1972. Now, 14 months later, I congratulate Secretary Callaway for the boldness and dedication that have launched today's Action Army on an all-volunteer course.

This is a time when people's faith in the honesty of their Government has been at a low ebb. The credibility of elected officials has been weakened. Everyone seems to expect that when the Government predicts good news, it is a bluff.

Small wonder that predictions of success for the All-Volunteer Army have been greeted with widespread skepticism.

A lot of people have been wringing their hands and making gloomy predictions about the Volunteer Army.

Charges of "sabotage" have appeared in print—allegations that the Department of Defense did not want a Volunteer Army and would make sure it would not work.

Visions of a force composed entirely of blacks, criminals, mercenaries, and high school dropouts have been floating around for a long time.

Critics have blamed the high cost of the manpower component in the defense budget on the Volunteer Army, even though those pay raises went into effect before the Volunteer Army was born.

There were not many people who had good things to say about the prospects for the Volunteer Army.

So at a time like this, it is a particular pleasure to find that predictions of good news are coming true, and that a dedicated group of Government officials are putting an idea into practice.

The Callaway report is visible proof that things can and do go right, for a change.

It answers critics who accused top brass of trying to sabotage the new All-Volunteer Army and gives me further reassurance that an all-volunteer force is a sound idea that can succeed.

It is concrete evidence that the Army has not been trying to sabotage the idea and force us back to the draft, as some people have charged.

There have been a number of published reports that senior officers at the Pentagon were trying to discredit the idea of volunteerism by setting unrealistically high recruitment goals and failing to push recruitment efforts. The

Army's integrity and good faith are substantiated by the facts presented in this report.

Sure the Army has problems. It has trouble attracting technically skilled personnel. It has morale problems. It has to cope with drugs and racial tension. It has only reached about 88 percent of its recruitment goal.

But overall statistics are good and getting better.

Take high school graduates, for example.

Some people seem to think that we are going to end with an Army of illiterates.

But if you count people who are already in the Army, in all ranks, no less than 71 percent of enlisted men and women have at least a high school education. Many of these men and women are career Army people who will be around for a long time.

Furthermore, I think it is pretty snooty to say that everyone has to be a high school graduate before he or she can make a good soldier. Although it may be true that nonhigh school graduates are more likely to develop into discipline problems, the Army has found that 4 out of 5 wind up being good soldiers.

Of course, we need high caliber people. And the news on this score is good, too. Over the last 3 calendar years, male "true" volunteers—as opposed to draft-induced volunteers—in high test-score categories have increased from 42 to 50 percent. When you add draft-induced volunteers and women the figures are even better—from 52 percent in calendar year 1971 to 55 percent in calendar year 1973. The Army's goal—61 percent—is not so far away.

The notion that the Army will be all-black also turns out to be a myth.

According to the figures presented in Secretary Calloway's report, non-Caucasian enlistment appears to have peaked in July 1973. Since then it has been moving downward.

It is still high—around the midtwenties in percentage terms, as compared with a non-Caucasian population of about 13 percent nationwide.

But as the report points out:

> This rate . . . is indicative of the awareness among minorities of the opportunities available in the service.

A chance to learn a skill.

A chance to earn steady pay.

A chance to travel.

A chance to compile a good record before moving into a civilian job.

I think that to make a big fuss about non-Caucasian recruitment is an insult both to the advantages offered by the Army, and to the minority people who are smart enough to recognize them.

And let us be careful about slapping on quotas based on race. Why should we turn away a qualified black man who wants to be a soldier?

I think we can trust the Army on this one.

The recruiters there have more than just an eye on the problem. They have a whole battery of new and appealing recruitment ideas that should help to bring in people of all races.

For example, an enlistee now has far more choice of what unit to be assigned to and where he or she will be stationed. Intensive efforts are being made to recruit at the junior college level. The recruiter force is being brought up to authorized strength and staffed with high quality people. And so on.

So let us get behind the volunteer Army. It is here to stay, and it is doing well. Let us help it in all the ways we can.

THE URBAN HOSPITALS EMERGENCY ASSISTANCE ACT OF 1974

Mr. JAVITS. Mr. President, I recently introduced the "Urban Hospitals Emergency Assistance Act of 1974" (S. 2983) with Senators Eagleton and Williams. As evidence of the importance and need for this legislation, today as a case in point I would like to provide for my colleagues additional factual information concerning New York City's public hospitals.

There are 48,000 hospital beds in New York City and 25 percent or 16,000 beds are provided by municipal hospitals; however 80 percent of these 16,000 beds are obsolete. In fact, the old Lincoln Hospital still uses physical facilities originally built to house runaway slaves.

The New York City Health and Hospitals Corp. has a current $840 million construction budget to help correct this physical plant crisis, which involves not just replacement of obsolete beds, but a change in the old open ward system to a more modern care setting in 2- to 6-bed rooms.

Despite this substantial financial commitment 70 percent of the beds in the municipal hospital system will not be replaced and, in some instances, will remain terribly antiquated. The obvious and extensive needs of maintenance and modernization have not yet been met.

The physical plants of the New York public hospital system are valued at $1 billion. However, when 4 to 5 percent of this value, or $40 million, is needed each year to prevent deterioration of the facilities alone and only half that amount is made available, obsolescence is an unavoidable barrier to adequate care.

About half of the budget must come from third-party payments—largely medicaid and medicare—when they can be collected. Collection requires 30 million pages of paper in an average fiscal year to realize a $300 million return. The mere processing of this monstrous amount of paper costs $20 million in personnel.

In the New York City volunteer hospitals, where only 25 percent of the patient population enters through the emergency rooms, there is adequate time to complete paperwork in an orderly manner. On the other hand, three-fourths of the public hospital patients are admitted through the emergency service, forcing decisions between providing patient care and processing paper.

Implied in these figures are other difficulties with reimbursement programs. First, public hospital patients do not generally have insurance coverage, and when they do, it is often insufficient to pay for their care. Second, insurance mechanisms do not cover preventive medicine. So to provide the kind of services needed to the millions of people who need them, public subsidies are essential if our public hospitals are adequately to serve the public. This is what my bill, S. 2983, is all about.

The bill provides that the noncovered costs will be shared by the Federal Government and local governments on a 75/25 basis, and yet the authorization is so modest that the city of New York alone could use it all.

TESTIMONY OF HON. SHERMAN W. TRIBBITT, GOVERNOR OF DELAWARE, ON STATE'S ENERGY IMPACT

Mr. BIDEN. Mr. President, on February 22, 1974, the Honorable Sherman W. Tribbitt, Governor of Delaware, testified before the Senate Subcommittee on Intergovernmental Relations. He spoke of the unemployment and adverse conditions which have afflicted Delaware as a result of the energy crisis.

Governor Tribbitt noted that—

> Due to our unique industrial mix, we have found ourselves particularly vulnerable to recent energy shortages as demonstrated by Delaware's unemployment total—which has almost doubled since the Arab oil embargo began four months ago . . .

The Governor added:

> The outlook for Delaware appears bleaker than for most states. We are heavily dependent on the petro-chemical, automotive assembly, interstate retail trade, agri-business and tourism industries, all of which are highly vulnerable to petroleum shortages. . . . The unemployment rate has risen from 3.7% in October to approximately 7% in January and is expected to be even higher this month.

Mr. President, Governor Tribbitt's valuable testimony sums up the critical difficulties being experienced in my State. These same sort of difficulties, resulting from the energy crisis, are probably being experienced in other localities around the country as well.

Mr. President, I ask unanimous consent that the text of Governor Tribbitt's remarks be printed in the Record.

There being no objection, the speech was ordered to be printed in the Record, as follows:

Remarks by the Honorable Sherman W. Tribbitt, Governor of Delaware

Chairman Muskie, members of the subcommittee, guests: I greatly appreciate the opportunity that you have given me to discuss the impact of the energy crisis on the economy of the State of Delaware.

Due to our unique industrial mix, we have found ourselves particularly vulnerable to recent energy shortages as demonstrated by Delaware's unemployment total—which has almost doubled since the Arab Oil Embargo began four months ago.

I will elaborate on the seriousness of the crisis in Delaware in just a moment.

But first, I would like to point out that the potential impact on employment, public revenues and expenditures is understandably of great concern to all States.

In an effort to generate ideas which might enable State governments to alleviate the harmful effects of the energy crisis, the State of Delaware earlier this week cosponsored with the National Governors' Conference a "seminar on energy, the economy, and State revenues."

This seminar, attended by representatives from seven other States and numerous public interest organizations, included an overview of the impact of the energy crisis on each State's economy—plus a discussion of programs that have been implemented thus far and have proved helpful in gauging the impact.

It was generally agreed during this seminar that all States present were faced with a common problem—the inability to predict the full economic impact of this type of phenomenon due to a lack of historical data.

However, many States reported that petroleum shortages have already begun taking their toll—as evidenced by rising unemployment and lower State revenues.

The outlook for Delaware appears bleaker than for most States.

And as I mentioned earlier, this is largely because of the industrial mix in our economy.

For example, we are heavily dependent on the petro-chemical, automotive assembly, interstate retail trade, agri-business and tourism industries, all of which are highly vulnerable to petroleum shortages.

The automotive assembly plants account for more than 5% of the total State employment. One-fifth of these workers were permanently laid off in December and the bulk of those still employed are *only* working one week out of every three.

The chemical industry employs 12% of the State's total.

Up to this point, layoffs have been minimal.

However, the contracts supplying the petroleum feedstocks for these firms which were in existence when the Arab oil embargo was imposed will soon be expiring.

And unless the foreign embargo is lifted, it appears that this industry will be severely impacted.

Even before severe gasoline shortages appeared, major shopping centers in Delaware reported declines in sales volume as much as 30% below the same period last year.

This is due to the dependence of the shopper on the automobile in most areas of the State.

The outlook for agri-business and tourist industries is *less* than favorable this year.

Farmers may be faced with shortages of agricultural chemicals, fertilizer, fuel, and so forth. And at the very least can expect higher costs for these goods. Therefore, lower net farm incomes are expected.

Gasoline shortages and higher prices are sure to impact the number of vacationers visiting Delaware's summer resorts. The tourist industry is being severely affected in many other States also. Vermont reported at our energy seminar that they are experiencing their worst tourist season in ten years. Both agri-business and the tourist industry are vital to the southern half of the State.

A look at other economic indicators in the last four months reveals some very alarming developments. The unemployment rate has risen from 3.7% in October to approximately 7% in January and is expected to be even higher this month. The number of unemployment claims is averaging 200–300% higher than normal. New registrations were down 10.6% from a year ago in December—the latest month for which data is available. Residential construction was down sharply through the end of 1973.

In addition to the industries I have already mentioned, the businesses in our State that have been hardest hit thus far are as follows:

Retail sales, automobile dealerships, gasoline stations, fast food restaurants, manufacturers of automobile components, automobile transporters, and contract construction.

Of particular concern to us is the anticipated impact on small businesses.

Over 85% of the firms in our State have fewer than twenty employees.

Many of these businesses are engaged in the hardest hit industries which I just mentioned.

Unlike large companies, the small businessman has neither the training nor the capital to survive through sustained economic downturns either by continuing in his present field or switching to another. Hence, we could be faced with a rash of small business failures in 1974.

As if these problems which I have just mentioned were not enough, the crisis in Delaware has been compounded with a new development this week.

Gasoline station operators, irate over the mismanagement of the petroleum allocations by the major oil companies and the Federal Government, have organized statewide and have voted to selloff their entire existing supplies of gasoline.

Estimates are that Delaware stations will have completely exhausted their February supply by this weekend if the selloff continues and new shipments are not expected until March.

Needless to say, a one-week period without any gasoline would be devastating. Rumors are that similar actions are being threatened by station operators in other States.

I have deliberately postponed my discussion of the impact on State revenues until now because it is in this area that I feel the Federal Government can provide the greatest assistance.

We are just now beginning to realize drops in monthly State revenue collections and declines are expected to occur this month in personal income and motor fuel taxes. These two sources alone account for more than 45% of the total revenue received by Delaware. Other major sources which we expect to decline as a result of the energy crisis are the corporate income tax, motor vehicle registrations, pari-mutuel sales and admissions, public utility tax and the real estate transfer tax. The sum total of all these taxes is 63% of State revenue.

Due to the uncertainty of the duration of the petroleum shortages and the seriousness of the overall economic downturn, my economic advisors are experiencing extreme difficulty in assessing the full magnitude of the impact on the 1974 budget. The effect on 1975's budget has been virtually impossible to determine. Compounding the financial squeeze we are faced with are increased State expenditures during this period for unemployment related programs such as welfare and public assistance.

Diminished automobile usage will result in increased pressures for new and increased mass transportation systems which will require additional expenditures by the State government. There are also unbudgeted increased costs to the State for heating fuels, gasoline, and electricity.

Due to the great diversity of tax structures and industrial compositions that exist in each State, it is obvious that State tax revenues will be seriously but unevenly depressed.

For example, while Vermont's tourist industry is severely affected, the State of Alaska, with the pending construction of the pipeline, will likely be impacted only slightly.

On November 21, I urged Senator Biden to introduce legislation in Congress to provide subsidies to the State during the period of the energy crisis. This request was formalized in a resolution proposed at the mid-Atlantic Governors' Conference on December 7, 1973.

Governors of 18 States have endorsed my proposal which requested that Congress quickly proceed to enact legislation to provide substantial energy crisis revenue sharing to the States on this formula basis:

Ten percent of the appropriation would be divided equally among the 50 States (I think you can see here how the formula differs sharply from general revenue sharing.)

Forty-five percent of the total appropriation would be divided among the States on the basis of short-fall in energy supply, using 1972 as the base year.

The remaining 45 percent of the appropriation would be divided among the States, based upon each State's share of unemployment attributable to the energy crisis. In that way every State would receive something.

Larger sums would flow to the States with the biggest problems, thereby evening out the fiscal impact of the crisis.

Those moneys would go directly to the State treasuries.

Although it is not yet possible for the States to fully assess the projected loss of revenue, we do feel that revenue sharing appropriations would be smaller in fiscal years 1974 and 1976 and larger in fiscal year 1975.

At this point, the size of the appropriation necessary has not been determined. However, at our energy seminar on Tuesday, the advisory committee on intergovernmental relations estimated that there will be a loss of $1.2 billion nationwide in gasoline tax revenue alone.

In summary, the impending economic downturn, which is certain to result in lower revenues while requiring higher expenditures, will place the State governments in an unbearable fiscal crunch.

Unless we treat the economic consequences of the energy crisis at the national level with support of the Congress, individual States will have to levy taxes.

This would further fuel the recession in each State's economy and make the national economic situation even more critical than projected.

Gentlemen, I ask your support in this crucial matter.

TERRACES FOR FLOOD CONTROL

Mr. DOMENICI. Mr. President, visitors to New Mexico are often shocked when told that floods are a recurring problem in what appears to them to be a dry and thirsty land. Between 1932 and 1965 the small New Mexico town of Aztec suffered five major floods. The 1965 flood was responsible for $30,500 worth of damages in this city of 3,700 people and smaller more frequent floods occurred almost annually. The community's action to prevent this flooding is described in an article by Bruce Kidman of the Soil Conservation Service in the December 1973 issue of Soil Conservation. This article describes the cooperative efforts of four units of government—one local, one State, and two Federal—to solve Aztec's flood problems.

Such examples of intergovernmental and citizen cooperation merit the attention of this body and I therefore request unanimous consent that it be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

TERRACES FOR FLOOD CONTROL

(By Bruce Kidman)

In 1970, Aztec, New Mexico, had finally had it up to its "first-story windows" with flood problems.

Large floods had occurred in 1932, 1938, 1941, 1954, and 1965. The 1965 flood caused about $30,500 in damages in this city of 3,700 people. The big floods were bad enough, but smaller, more frequent floods occurred almost every year.

The city had asked the Soil Conservation Service for help under the small watershed protection program, but the waiting list for help was long. The SCS area office was able to provide planning assistance, but there was still no financial assistance. Then a commitment for partial funding of a pilot watershed project came from the Four Corner's Regional Commission (FCRC), which is set up to distribute federal grant-in-aid funds in economic development regions.

An engineer, hydrologist, range conservationist, biologist, and economist from the SCS area staff and a geologist from the SCS state office made up the planning team that was charged with producing an abbreviated plan within 30 days.

Four alternatives were presented to the city. These consisted of single elements and combinations of floodwater retarding structures, flood control terraces, and a floodwater diversion plus conservation treatment of the entire drainage area.

One floodwater retarding structure, 7,000 feet of terraces, and supplemental land treatment measures were selected as the best plan for reducing flood damages.

FCRC put up $22,000 to build the terraces, which were completed in the spring of 1972.

The terraces, with a capacity to contain runoff from a 100-year-frequency storm, were built on approximately 108 acres of the 654-acre drainage area. Normally considered a soil conservation measure, these oversize terraces are a major structural component for flood prevention in this watershed. Their effectiveness was proved in the fall of 1972 when a severe thunderstorm hit the community. They prevented an estimated $50,000 in damages from floodwater runoff.

The slope of the land on which the terraces were built ranged from 4 percent to 20 percent. A typical terrace cross section is 30 feet wide at the flat channel bottom, has 2:1 side slopes on the dike, a 10-foot top width on the dike, and is 2 feet from channel bottom to the crest of the emergency spillway.

A 100-year-frequency storm will pond water in the terraces with no discharge. The water will dissipate through seepage and evaporation. Testing of the soils prior to design indicated rapid infiltration.

Most of the upper drainage area is rangeland with sparse vegetation, steep slopes, and much gully erosion. A land treatment program is planned which includes 4 miles of fencing to help control grazing and indiscriminate vehicular traffic; 113 small grade control structures; control of competitive shrubs; 42,000 feet of range furrowing; and 100 acres of seeding.

One might suppose that an average annual rainfall of 8.5 inches wouldn't do much more than settle the dust occasionally. But when the rain comes in high intensity, short duration storms and falls on steep, unprotected slopes, the flood and sediment problems are just as real as anywhere else. Houses, commercial and institutional buildings, roads, and irrigation canals on the 209-acre flood plain are all subject to flood damage.

Water is short in New Mexico and a wary eye is kept on its use by the New Mexico State Engineer. He determined that a water right of 2.3 acre-feet per year would have to be satisfied on this project. The city of Aztec has obtained this water right.

Plans for the future call for obtaining funds to complete the land treatment program and the floodwater retarding structure that will control runoff from 468 acres. In the meantime, the terraces are performing very well. They have paid for themselves several times over already. It must be stressed, however, that complete effectiveness will not be obtained until all planned components of the system on the entire watershed have been installed.

One local unit of government, one state agency, and two federal agencies moved in a cooperative, coordinated effort and got this project underway—and before the next flood season came around.

BALANCED NATIONAL GROWTH ACT WOULD BRING AMERICA'S FUTURE INTO FOCUS

Mr. HUMPHREY. Mr. President, on Monday I was privileged to address a conference of the American Institute of Planners here in Washington. My remarks concerned the Balanced National Growth and Development Act of 1974, S. 3050, which I introduced in the Senate on the same day.

Mr. President, I was gratified by the enthusiastic response which that distinguished body gave to the news that this bill was being introduced, and to my outline of its provisions.

The AIP is an organization that brings together the finest minds and talents in the planning profession. Many members of the group were helpful in recommending key provisions in my bill. Their warm enthusiasm for the bill and its objectives indicates to me that we are clearly on the right track if we vigorously pursue consideration of this measure in the Congress. We have the encouragement of some of the best professionals in planning, to tell us we are heading in the right direction.

As I stressed in talking to the AIP on Monday and in my remarks on introducing this bill, we can trace many of the most serious domestic problems that confront this Nation today to a failure to look ahead, to coordinate and integrate our thinking and action on matters affecting the way the Nation grows and develops.

How can we avoid shortages and dislocations of fuel and foodstuffs when we take no action to prevent dislocations of people? If we have people surpluses in our urban areas we should not be surprised to find product shortages in the same places.

If we neglect to provide the amenities of decent living in rural areas, we can hardly be surprised to find that people continue to leave those areas and crowd still more tightly into the already overcrowded cities.

If we order croplands into production in rural America and then fail to provide means of fertilizing those lands and transporting the crops they produce to market, we can hardly be surprised if they fail to provide as much food as the urban areas demand.

If we consider a $300 billion national budget, without intelligently measuring and controlling the nationwide impact of such a huge and sweeping set of expenditures, programs and policies, how can we expect anything but continued and accelerated imbalance in our Nation's growth and development?

We must recognize that money, programs, and policies that flow from the Federal level and spread out to affect the entire Nation, down to the States and regions and local communities, *must* similarly be coordinated and integrated so that the people and policymakers at all those levels have something to say about those funds and policies and programs and their ramifications.

We must eliminate nearsightedness and tunnel vision in facing our Nation's future development and growth. We must look beyond this year's $300 billion Presidential budget proposals, to the budgets 5 and 10 years ahead. And we must look wide, to both sides, to see all the implications of our spending and policymaking and program activities. In short, we must bring America's future growth and development into focus.

Mr. President, these were the kinds of considerations I had in mind in introducing the Balanced National Growth and Development Act of 1974. And they are the kinds of considerations that I hope would be on the minds of my colleagues in both Houses as we begin to deliberate on these proposals.

My remarks to the AIP conference sum up these considerations. Mr. President, I ask unanimous consent that the text of those remarks be printed in the RECORD.

There being no objection, the remarks were ordered to be printed in the RECORD, as follows:

PLANNING POLICY AND GOVERNMENTAL RELATIONS CONFERENCE, AMERICAN INSTITUTE OF PLANNERS

(Remarks by Senator HUBERT H. HUMPHREY)

Meeting with the American Institute of Planners is always a pleasure. You have been valued co-workers on national concerns we have shared over the years.

I am particularly happy to be with you today, because I have something to discuss that I know you are keenly interested in—in fact, some of your members have been of great help and inspiration in offering comments and ideas on the proposals that I will outline to you today.

I am pleased that the Council of State Planning Agencies is represented here as cosponsor of this conference. You, too, have contributed to the thinking that has gone into these proposals.

I will welcome the advice and counsel of both organizations, and of the planning profession in general, in the months to come.

Today in the Senate I am introducing the Balanced National Growth and Development Act of 1974, a measure that many of you may recall I have discussed with you in the past while the bill was still in its formative stages. Now that it is being formally introduced in the Senate, I have hopes that it will receive the fullest consideration of both Houses of Congress.

The need for this Act should be obvious to us all. We need only look around us.

Our nation is currently in the grips of a fuel shortage.

American manufacturers complain increasingly about scarcities of raw materials which they need to produce their goods.

And we have reason to fear that unless urgent action is taken we may face a food shortage in the coming months and years that will hit some parts of the world so hard that the present energy problems will seem mild by comparison.

Each of these problems has been made worse in some degree by governmental action and policy—or by the Administration's delay or inaction.

Yet, such shortages represent only one aspect of unplanned, uncontrolled growth.

All of you here are familiar with how unplanned growth has contributed to the decay of our cities, the neglectful withering of our small towns, and the deterioration of our rural countryside and its environment.

While city dwellers have moved out to the suburbs in search of the better life, rural blacks—and whites, too, displaced from the land by machines—fled to the city to find work. Federal policies, in this instance designed to make our farm economy the most productive and efficient in the world, helped stimulate this rural migration.

So the nation has had policies which, consciously or not, helped encourage, or force, people to move.

But we have not developed policies to help the poor left behind in decaying rural areas. Nor have we developed policies to help people make the transition from the rural areas to the city.

This is critical to an understanding of the problems which presently plague our urban areas. For it is this vast outmigration of people from rural areas to urban central cities—a migration larger than any in history, amounting to 30 million people—which is at the root of the "urban crisis."

This migration has meant 3 million family farms disappeared, taken over by the continuing technological revolution in agriculture.

At the same time, we have compressed 70 percent of our population into urban areas containing only 2 percent of our land. Those living in the remaining countryside often exist in lonely decline—while the city residents live in cramped disorder. And suburbs grow endlessly, shapelessly, without sense of identity or community.

The results have been seen in the national crisis of the environment, and in human relationships festering with social and economic sores.

If this rush toward an ill-conceived form of "progress" and the continual cramming of more and more people into less and less space goes on unabated, within 30 years we will have pushed 100 million more Americans into megalopolis, where 150 million already live.

This would mean that a new city the size of Portland, Oregon, would have to be created every 30 days for three decades.

Obviously, these trends cannot continue. Fortunately, there are growing numbers of enlightened individuals among us who see the disaster that lies ahead and recognize the need to change our course.

You, as professional planners, are part of the nation's first line of defense against such urban blight and rural decay. Yet, your federal government has failed in many ways to give you the support and the tools you need to do your jobs.

True, we have made some strides. We have provided programs and funds to help the states, cities, and rural areas begin to replace or restore what had decayed, and to control the flow of pollutants into our air and water and onto our precious land. But all too often the will of Congress has been thwarted by wrong-headed and downright illegal withholding of the funds needed to achieve these objectives.

It is true that there have been advances in many parts of the nation. Many urban development and redevelopment agencies, local and regional planning organizations and state governments, have sought to provide for more orderly and rational growth and development. And they deserve praise and encouragement.

But anything that has been achieved has come in the absence of rational, comprehensive policy to promote balance and order in the nation's growth and development.

It is remarkable that as much has been accomplished—or that no worse damage has been done—under the laissez-faire philosophy we have been following.

However, I find it incredible that a proposed federal budget of some $300 billion in fiscal 1975 offers no decisive new direction whatsoever in the national planning for balanced growth and development that is so critically needed today. There is a disturbing philosophy apparently governing the actions of the present Administration, that somehow tomorrow will take care of itself. Meanwhile, we continue with a system of departments and agencies in the Executive Branch too often working at cross purposes as each goes its own way.

The fundamental fact we must face is that tomorrow is already here—we must stop acting as if space in America were a limitless resource.

Government—all levels of government—must begin planning together. We must begin to do those things which will influence our nation's growth in a more orderly way—in a way designed for people, rather than expediency.

We must design a national growth policy that will have as its central premise the relationship of people to land, water, air, and resources. There must be a healthy balance that permits people to live in harmony with their environment.

We must establish the right of all people to have a realistic choice about where they will live and work—not a choice dictated by politics or economics.

This means that young people will not be forced, as they are now, to migrate to metropolitan areas because there are no jobs at home. This means that people who may want to live in small towns can expect to find good schools for their children, a decent transportation system, and the best of medical care and medical facilites.

This means new industries, modern social services, and cultural activities. It means that Americans should be able to enjoy all the benefits of life, liberty and property not only in big cities, not only in suburbs, but all over America.

The Balanced National Growth and Development Act calls for an end to the failure of governmental responsibility in meeting the demands of the present and the critical needs of the future.

This Act would address the imbalances in our national growth. It would create policies which assure that rural areas and inner cities get their fair share of jobs, as well as the suburbs; that environmental considerations are balanced with the need for economic development; that transportation is balanced between mass transit and the private automobile.

This Act would reorganize the legislative and executive branches, so that policies are set with an eye to how they relate to these and other goals of balanced growth. It would make regional planning a reality, and bring to bear the best brains in the nation to consider where we are headed and how to get there.

First, this bill would establish an Office of Balanced National Growth and Development within the Executive Office of the President. This new office would become the core of Executive Branch activities to establish, coordinate, and implement the various policies and programs developed and enacted by Congress under which balanced national growth and development shall evolve.

Associated with this office would be a Council on Balanced National Growth and Development. The Council would be made up of the heads of each of the federal departments and agencies administering programs having an impact on national growth and development.

Cabinet secretaries, regulatory commission chairmen and other top-level officers would be included. The Council will be a focal point for pulling together federal resources and programs.

The Office would be directly linked to state and local planning agencies through a system of regional offices, and would administer all federal planning and planning assistance programs.

The office would evaluate the budget requests of federal agencies to identify and make recommendations on budgets and programs affecting national growth and development policy goals. And it would submit an annual report on national growth and development—not just urban or rural—and would continually monitor state and local growth trends and collect and disseminate important data.

Second, the bill would establish multistate regional planning and development commissions. The commissions would be the mechanism for involving elected officials of the states, both governors and state legislators, and presidentially appointed representatives for each state, in the national growth and development policy and decision-making process.

A third feature of this legislation is the provision for citizen involvement in the federal, regional, and state planning process. A National Citizens Council on the American Future would be created. And the establishment of similar councils at the regional and state levels would be encouraged, to advise the federal office and Congress on planning, growth, and development policies.

In Congress, the bill would establish a Joint Congressional Committee on Balanced National Growth, and a Congressional Office of Policy and Planning.

The Office would be the Congressional counterpart of the Office of Balanced National Growth and Development in the Executive Branch. It would provide the national legislature with the expert policy-making counsel needed for enlightened lawmaking.

The Joint Committee would be in charge of reviewing, with the advice and counsel of the Congressional Office, all proposed legislation affecting balanced national growth development, and would make independent recommendations to all standing committees of Congress. These recommendations would be based upon the Joint Committee's comprehensive assessment of essential national priorties.

To undertake comprehensive and long-range research geared to the development of public policy, the bill proposes the establishment of a Foundation on the American Future, an independent agency with specified powers and responsibilities. The Foundation would prepare and pursue an annual research agenda. Its reports and recommendations will be made available to the general public.

Finally, in an effort to chart the nation's present and future growth trends, the bill establishes an Agency for Population and Demographic Analysis within the Bureau of the Census.

The Agency would consolidate and expand existing federal census efforts. Most important, it would weigh the impact of various levels and distributions of population in the nation. It would project requirements for such things as education facilities, new housing, expanded public facilities, and comprehensive programs for the elderly.

These are the highlights of the bill and what it is intended to accomplish. I do not suggest that it is the final answer. Rather, I view this bill as a major beginning. It goes far beyond anything on the books today, toward establishing an orderly, systematic, comprehensive framework for devising, coordinating and carrying out policies of balanced national growth and development.

The professionals present here today may be the most important group in today's society. You may hold the key to insuring that we have a livable society tomorrow. And the conference you hold here this week could be the most important you have held in your existence.

I hope that the Congress will undertake its own serious "conference" on these vital issues, and will move to early consideration of the Balanced National Growth and Development Act, so that we can all go to work on the issues it deals with—issues that affect our national survival.

But if the provisions of this Act call for a unified approach to a problem that is national in scope, then the political approach to this measure must also be of a unified, national character. Parochial and provincial bickering cannot be permitted to stand in the way of action on issues so vital to all Americans.

It is imperative that city and country stop shooting one another down and begin working together—because rural and urban America are inseparably tied together.

We are not talking about a city problem or a rural problem. It is not a liberal issue nor a conservative issue. It is not Northern, Southern, Eastern or Western. It is the very life of our country.

This is something we must face together as Americans. The issue at hand is the nation's destiny.

In this way we can carry forward the pioneer spirit which made our nation great. We can build an America that may be seen throughout the world as Carl Sandburg saw us:

"I see America, not in the setting sun of a black night of despair ahead of us. I see America in the crimson light of a rising sun, fresh from the burning, creative hand of God. I see great days ahead, great days possible to men and women of will and vision."

LIVESTOCK GRAZING ON FEDERAL LANDS IN THE 11 WESTERN STATES

Mr. DOMENICI. Mr. President, I have recently received and reviewed a report by a task force of the Council for Agricultural Science and Technology entitled "Livestock Grazing on Federal Lands in the 11 Western States."

This report covering the economic and environmental impacts of grazing on Federal lands has been prepared by 15 of the top range scientists in the United States. The group included scientists from New Mexico, Arizona, California, Colorado, Idaho, Utah, Wyoming, and Washington, D.C. Scientific specialties included were range science, economics, agronomy, animal science, and soil science. None of the 15 members of the task force is employed by either the Bureau of Land Management or the U.S. Forest Service. The report, therefore, represents an evaluation of the economic and environmental impact by a group of knowledgeable scientists who are not involved in the administration or management of Federal lands. Listed below are the task force members and a brief background statement of each:

Task Force Members

Harold F. Heady, Professor of Range Management, School of Forestry and Conservation, University of California, Berkeley, California. 35 years in range management teaching and research, 100 publications, Chairman of U.S./Australia Range Panel, Chairman of the Task Force.

Thadis W. Box, Professor of Range Management and Dean, College of Natural Resources, Utah State University, Logan, Utah. 15 years in range management teaching and research. Member of Utah B.L.M. Advisory Board, U.S.D.A. Forestry Research Advisory Com., Sports Fisheries and Wildlife Research Unit Boards, Nat'l. Acad. Sci. Com. on Rehabilitation of Western Coal Lands.

John E. Butcher, Professor of Animal Science, Utah State University, Logan, Utah. 22 years in research and teaching in ruminant nutrition and livestock management including most phases of range, farm, and feedlot production.

Francis T. Colbert, Executive Secretary, Society for Range Management, 2120 South Birch Street, Denver, Colorado. 23 years in professional management of range livestock operations and promoting sound management of all aspects of rangeland use.

C. Wayne Cook, Professor and Head, Department of Range Science, Colorado State University, Fort Collins, Colorado. 30 years in range management teaching and research, over 100 publications. Past President of Society for Range Management. Chairman of joint USDA–USDI advisory committee on Management of Free-Roaming Wild Horses and Burros, Chairman of USDA task force on Range and Forest Resources, Chairman of National Research Council task forces on (a) Pasture and Range and (b) Nonrenewable Energy Sources and member of National Research Council task force on Rehabilitation of Western Coal Lands.

James R. Gray, Professor of Agric. Economics and Agric. Business, New Mexico State University, Las Cruces, New Mexico. 24 years in teaching and research into production factors, organization, and returns to cattle and sheep ranches; recreational demand for resources; economics of multiple uses.

D. W. Hedrick, Professor and Dean, School of Natural Resources, Humboldt State University, Arcata, Calif. 25 years as land manager, teacher, researcher, and administrator.

Harlow J. Hodgson, Principal Agronomist, Cooperative State Research Service, U.S.DA., Washington, D.C. 24 years in research and administration. Responsible for review of all Hatch-supported research in the fields of forage crops and range science.

W. Gordon Kearl, Professor of Agricultural Economics, University of Wyoming, Laramie, Wyo. 17 years in teaching, research, and extension related to costs and returns in ranching and evaluation of range improvements.

James O. Klemmedson, Professor of Range Management, Department of Watershed Management, University of Arizona, Tucson, Ariz. 18 years in teaching and research in soil science, grazing management and wildlife habitat management. Member of Land Planning Committee of Governor's Advisory Commission on Arizona Environment.

Darwin B. Nielsen, Associate Professor of Reseource Economics, Department of Economics, Utah State University, Logan Utah. Research into the economic importance of grazing on public land. Helped develop the grazing fee formula for the Bureau of Land Management and the Forest Service.

Lee A. Sharp, Professor and Academic Chairman, Range Management, College of Forestry, Wildlife, and Range Science, University of Idaho, Moscow, Ida. 25 years in teaching and research in grazing management and resource planning. Forage Resource Report for the Public Land Law Review Commission, member of Idaho Range Use Coordinating Committee.

Gerald W. Thomas, President, New Mexico State University, Las Cruces, New Mexico. Over 25 years in range management teaching and research and in university administration, consulting, and land-use policy.

John P. Workman, Assistant Professor of Range Economics, Department of Range Science, Utah State University, Logan Utah. 8 years in teaching and research, appraisal of ranch properties, wildlife resource development, 23 publications. Member of Editorial Board of Soc. for Range Mgmt.

This report is of such importance to all Americans concerned with the survival of the concept of multiple use of the Federal lands that it merits the attention of the distinguished Members of this body. Therefore, I ask unanimous consent that it be printed in the Record.

There being no objection, the report was ordered to be printed in the Record, as follows:

Livestock Grazing on Federal Lands in the Eleven Western States

SUMMARY

Almost half the land area in the 11 Western States is Federally owned. Domestic livestock graze on 73% of this area. Federal land is estimated to supply 12% of all grazing resources in the region and to provide the equivalent of the feed required yearlong for 1.7 million head of cattle and 1.0 million sheep. These grazing lands provide energy, water, minerals, recreational opportunities, and wildlife in addition to grazing for domestic animals. The forages on Federal lands represent a renewable natural resource and an economical source of feed for production of cattle and sheep.

Loss of the products of grazing currently derived from Federal lands would increase the scarcity of feed, meat, and wool. The mounting demands for both grain crops and meat point to an increase in importance of forages on both private and public lands to support the beef and sheep industries.

Elimination of grazing from Federal rangelands in the 11 Western States would require a shift of animals to other lands or would result in loss of these animals from the productive pool. More animals on non-Federal lands would require more intensive use of private rangeland; acreage increases in pastures, harvested forages, and feed grains; more acres in cultivation; and greater dependence on feed-lot feeding for meat production. Only limited acreage is available for development of additional intensive pastures in the United States.

The alternatives to less grazing on Federal rangelands appear to us to be wasteful of natural resources and uneconomical for the producers dependent on these lands unless prices of meat and wool were to be increased considerably.

Small communities and subsistence-type livestock operations within large areas of

Federal grazing land would suffer most if grazing on Federal lands were eliminated.

The grazing of herbage has been a natural process in grasslands, shrublands, and forests for as long as grazing animals have existed. The effect of grazing on the range environment depends upon the kind of vegetation, the intensity of grazing, the kind of animal, and the degree of management employed to control the animals. Experiments and widespread experiences show that moderate and planned grazing restores protective vegetational cover on deteriorated ranges, thereby reducing accelerated erosion and improving wildlife habitats. Most rangeland is better suited to all types of use today than it was before 1950.

THE FEDERAL RANGELANDS RESOURCE

The Federal lands of the United States constitute a resource of national importance. Of the 1.9 billion acres in the conterminous 48 states, 407 million acres, or 21%, are under Federal ownership. We recognize, as do most people, an obligation to use and care for these lands in a manner that assures their greatest contribution to the national welfare in perpetuity. Constantly growing demands for energy, food, fiber, water, minerals, recreational opportunities, and wildlife give the Federal lands an ever greater intrinsic value. Concomitant with the demand for products is a growing public concern for the preservation of the resources just mentioned, often resulting in conflicts between alternative interests.

One of the land uses, livestock grazing, has generated much historical and current controversy. The purpose of this report is to present a brief analysis of (1) the economic effects of prohibiting livestock grazing on Federal lands, and (2) the impacts of livestock grazing on environmental quality. In considering these effects, we focus attention on the Federal lands in the contiguous 11 Western States, where the nation owns 48% of the total land area and where 88% of all Federal lands of the 48 states is located (see Appendix 1). In particular, our comments are applicable to the 87% of all Federal lands in those 11 states that is administered by the Forest Service or the Bureau of Land Management.

As historical background, we note that livestock production played an important role in the settlement of the 11 Western States and was a significant factor in the economic and cultural development of the Nation as a whole. Prior to 1900, the major uses of the vast expanses of unappropriated lands in the West were mining, homesteading, and unregulated livestock grazing. Numbers of domestic animals increased markedly after the Civil War and reached a high point in the early part of the present century. The withdrawal of substantial portions of the public domain for national parks and forests before 1920 initiated the regulation and management of livestock grazing on Federal lands. For a variety of complex reasons, the use of these lands by livestock—particularly by sheep—has gradually declined from World War I to the present.

Livestock numbers in the 11 Western States are still large. Utilization of Federally owned rangeland to produce meat and wool contributes a significant proportion of the area's economy. In 1970, the total livestock population in the region included 14.6 million head of cattle and 8.4 million head of sheep and lambs (see Appendix 2). Approximately 12% of the necessary forage in terms of animal-unit-months (AUM's) was supplied by grazing on 73% of the Federal lands in those states. An AUM is the forage required to keep a mature cow or its equivalent for a month.

We note also that, because of policies regarding disposal of public land, the western Federal lands are extensively interspersed with private and state-owned lands. As a result, the use and management of land under one ownership has a strong influence on the use and management of adjacent land owned by others.

ECONOMIC CONSIDERATIONS

The subject to be considered in this section is the economic effects—nationally, regionally, and locally—that would be expected if livestock grazing were eliminated from Federal lands.

Production of beef and lamb in the United States involves rearing the young animals in breeding herds and flocks followed by heavy feeding until the desired market weight and degree of fattening are obtained. The breeding animals subsist almost wholly on forages, including range and pasture vegetation, harvested forages, and crop residues, whereas feed grains and concentrates are used in addition for the finishing of animals for the market. Forages now supply 75% of the feed units consumed by beef cattle and 90% of the feed units consumed by sheep in the U.S. (A feed unit is the nutritional equivalent of one pound of corn.) The difference in feeding practices between breeding herds and finishing operations is a consequence of a combination of factors, including the availability of both forages and feed grains, the essentiality of grain feeding for producing the quality of beef demanded by the market, and the high cost of grain relative to forages.

An increase in demand for U.S. grains has resulted recently from a complex set of factors including droughts, crop failures, increased affluence in many countries, dollar devaluation, and expanding populations. We believe this trend will continue and that grains will become increasingly limited and higher priced. The result will be an increased reliance on forages from range, pasture, and harvested supplies for meat and wool production.

The prices of meat and wool, like those of other commodities, are largely determined by the relation of supply and demand. The principal determinant of supply is numbers of breeding animals. The demand for wool may be expected to increase as shortages of fossil fuels reduce the availability of synthetic fibers. Manufacturers of synthetic fibers are now reducing deliveries to customers on account of the shortage of petroleum. Based on current trends, estimated increases in U.S. consumer demand for beef will require an additional 13 to 14 million beef cows by 1985—an increase of about 30% over current numbers. These additional cows and their calves will need the equivalent of about 70 million acres of forage-producing land, assuming the national average of 5 acres for a cow and calf. However, only limited unused acreage of forage-producing land are available in the U.S. In fact, forage-producing areas will likely diminish as the better lands are converted to grain and soybean production and as nonagricultural uses, such as houses, roads, and industry, encroach on productive land. In the 11 Western States, for example, the area of rangeland available for grazing is decreasing at the rate of 1.4 million acres per year. Thus, we see pressures for greater production on less land area to meet consumer demands for meat and wool. Elimination of livestock grazing from Federal lands would intensify these pressures.

Three factors limit the accuracy of information available on livestock produced on Federal rangelands independently of total livestock production: (1) The yearly feeding cycle includes joint use of Federal and private rangelands and cropland feeds. (2) Published statistics on meat production usually combine beef and dairy cattle and do not distinguish between grazing and feedlot operations. (3) Values for specific products, such as feeder calves and yearlings or sheep and lambs, are not separated. In this report we use statistic from Nevada, Oregon, Utah, and Wyoming to estimate production and value per AUM for range-cattle operations (see Appendixes 3, 7, and 8) because these states have few feedlots and the lowest contribution to beef production from dairying. These four states plus Montana and Washington (see Appendixes 4, 5, 7, and 8) provide our estimates of production and value of sheep, lambs, and wool. Most of the meat and wool production in the six states comes directly from rangelands and other forages.

Cattle produce an average of 28.6 pounds of meat (Appendix 3) and sheep produce an average of 23.3 pounds (see Appendix 5) per AUM in the states mentioned in the preceding paragraph. Wool production is 4.3 pounds per AUM. The number of AUM's grazed on Federal land in the 11 Western States in 1972 and the estimated amounts of meat and wool produced by the forage consumed during such grazing may be summarized as follows from Appendix 6:

	AUM's (millions)	Production (million pounds)
Cattle and calves	15.0	429.2
Sheep and lamps wool	3.3	76.9
		14.2

Gross receipts from the sale of livestock represent new money brought into the local economy. This money is respent several times within the community, which expands economic values far beyond the original amount. The multiplier effect of new money at the local level has been estimated conservatively at 2.25. If one uses a gross production value of $10.00 per AUM for cattle (the range is from $9.70 to $11.23 in the four states mentioned in a preceding paragraph—Appendix 3) and $7.00 for sheep (the range is from $5.92 to $9.26 in the six states mentioned in a preceding paragraph—Appendix 5), the contribution to the local economy per AUM grazed on Federal rangelands would be $22.50 for cattle and $15.75 for sheep. The annual values of livestock production due to grazing on Federal rangelands in the 11 Western States may thus be estimated as follows:

	Value of production (millions)	Contribution to economy (millions)
Cattle and calves	$150	$338
Sheep, lambs, and wool	23	52
Total	173	390

As may be inferred from the magnitude of the figures, the withdrawal of Federal lands from livestock grazing would hamper state and local economies. The effects would vary widely among the 11 Western States. In the mid 1960's, the proportion of the total forage supply (in terms of AUM's) derived from Federal land was only about 2% in Washington but was 49% in Nevada. Dependence of individual ranches and counties on Federal land in western rangeland areas often exceeds even the high level of Nevada. If livestock grazing on Federal lands were discontinued, ranches with small grazing permits would, of course, be relatively unaffected, but the large numbers that are highly dependent on such permits would be affected severely.

The interdependency, within a given range livestock enterprise, of Federal, private, and other lands must also be viewed from the standpoint of yearlong forage supplies. The private land holdings of many ranch units can not supply the necessary forage for all seasons of the year. They must combine grazing on Federal land with forage produced on private and other land to obtain a yearlong supply of feed. Many such operations would not survive a complete withdrawal of Federal grazing privileges. On the 21% of all Forest Service and BLM grazing lands where yearlong livestock use is practiced, herd reduction to compensate for decreased Federal grazing would reduce operations in about the same proportion as the decrease in Federal AUM's. In other areas, the loss of forage for summer grazing would cause imbalances in the yearlong feed supply and greater ultimate reduction in over-all ranch grazing capacity than just the loss of summer feed.

Adjustments ranchers could make to compensate for reduced grazing on Federal land include reduction of herd numbers, purchase of more feed, improvement of private rangelands to increase forage productivity, and conversion of cropland to irrigated pasture or hayland. These alternatives to grazing on Federal lands would provide a lower economic return to the ranchers unless meat and wool prices were to increase greatly. A reduction in herd numbers would decrease total production. Purchased feed is expensive. Private rangelands, like most rangelands, have limited physical capabilities for increased forage production. They can not support agronomic ecosystems.

Elimination of grazing from Federal lands would have an adverse effect on minority groups in northern New Mexico where an average of 57 of the 215 animal-unit-months of grazing per ranch would be lost by 990 subsistence-type livestock operations. Based on 1972 livestock sales of $1,565 per family, income would decline by at least $317 or 20%. Similar situations exist in other portions of the Four-Corners States and in scattered locations throughout the West.

The energy required from fossil fuels and electricity to produce beef cattle and sheep is less on the range than anywhere else. Cattle ranches in the Southwest used approximately 4 gallons of gasoline and 62 kilowatt hours of electricity to produce 100 pounds of beef on the hoof in 1972. If range cattle production were shifted from grazing to feeding with a ration of 20 pounds of alfalfa hay per day, fossil fuel requirements would double, and requirements of electrical energy would increase about 50%. In 1969, livestock ranches in the U.S. spent 2.8 cents for fossil fuels per dollar of product sold. If harvested feed grains were substituted for grazing on Federal lands, they would cost more than twice as much in fossil fuels (see Appendix 9).

Fertilizer usage in range livestock operations is small, but some fertilizer is applied to cropland for production of homegrown hays and grains. If additional harvested forages and grains were to replace forage grazed from Federal lands, more fertilizer would be needed to increase yields per acre. As explained in another current report by the Council for Agricultural Science and Technology, there is a scarcity of fertilizer worldwide, and this is partly a consequence of the scarcity of energy required in manufacture. Large quantities of natural gas are used to supply the hydrogen that is reacted with nitrogen to form ammonia, the basic nitrogenous fertilizer material. A shift of livestock production from rangeland to cropland would aggravate the situation by substituting a type of agriculture relatively expensive in fertilizers and in fossil-fuel energy for one relatively economical of both.

In rangeland agriculture, animal wastes are widely dispersed and are readily assimilated by the ecosystem. Substitution of confined feeding for extensive grazing, however, would concentrate the wastes in small areas, where disposal without pollution would present an economic problem. The wastes are of such low value for purposes of soil improvement that the expenditures necessary to spread them over a large area of cropland cannot be economically justified.

ENVIRONMENTAL EFFECTS

Grazing influences the environment on Federal lands. The purpose of this section is to consider in a broad context the nature of the influences and their significance.

Eating of plant materials by animals is a natural process in terrestrial and aquatic systems. Thus, with the coming of European man to the West, the introduction of domestic livestock did not constitute an entirely new component in the environment. More realistically, the domestic livestock replaced, or were added to, the wild animals that were already there. Rangeland vegetation, especially grassland and shrubland, in the Western States evolved to withstand grazing to a moderate degree. Without grazing, different vegetational characteristics develop. The range forage that livestock utilize is a renewable natural resource because the forage regrows each year and has done so for many centuries.

Mistakes in grazing practices have occurred. The most significant of these in the U.S. was the exploitive grazing practiced between 1865 and the 1930's. The effects were near catastrophic. Nevertheless, they were not the result of grazing ranges that had never been grazed before. Rather, they reresulted from several decades of grazing the western ranges with too many animals for too long and often at the wrong season each year. Most range livestock operators at that time were unaware of the limits of grazing pressure that the vegetation and soil could tolerate.

Scientific management of rangeland began at the turn of the century, but the accumulation of knowledge and its application advanced slowly. The management aim was to adjust the number, kind, and location of livestock and the timing of the grazing in such a way as to restore and maintain the natural resources. Range managers and livestock operators found that controlling grazing improved both range condition and livestock production. Development of this new concept marked the end of the exploitative period of grazing and the beginning of managed grazing on the western ranges.

Following World War II, scientific grazing management was undertaken within the limits of available funding and manpower on much of the Federal grazing land. The change from a laissez-faire rangelands attitude to one of planned grazing management improved vegetational and soil conditions. Intensification of grazing management paralleled the development of increasing emphasis on other land uses, including the preservation of natural systems.

Rangeland is often incorrectly thought of as a homogeneous kind of land. In actuality it consists of widely diverse soil and vegetational types, ranging from deserts to high mountain meadows. Productivity and vulnerability to misuse vary accordingly. Practical experience has shown that livestock grazing must be adjusted to meet the ecological requirements for maintenance and improvement of each dissimilar type. When that is accomplished, each site supports vegetative cover in accordance with its production capabilities.

The environmental effects of grazing depend upon the kind of range, the intensity of grazing, and the kind of management employed to control livestock on the range. We have examined the results of long-term grazing studies throughout the Western States. They show that unregulated heavy grazing results in loss of desirable forage plants, increased runoff and erosion, and other indications of range deterioration. Moderate and light grazing result in fairly stable or improving range conditions. Planned seasonal grazing and controlled animal distribution foster rapid vegetational growth. Most grazing experiments have shown that ranges may be improved more rapidly under proper grazing management than with no grazing at all. Knowledge of forage preferences by livestock and of the physiology of plants is employed to plan grazing treatments that will selectively favor some plants over others. The desired changes, however, are achieved only when grazing is carefully regulated to preserve properly functioning biological systems. Overuse or grazing without management tips the balance toward site deterioration, loss of valuable soil and water resources, and impairment of environmental quality.

Based upon widespread experience, we find that livestock grazing is being managed and integrated with other uses of Federal lands. The extent of enhancement of other resources with grazing or lack of grazing varies with the kind of range, the grazing objectives, and the skill of the manager. Desert vegetation responds slowly, but vegetation in moist and humid areas changes rapidly. After giving due weight to these natural landscape differences, we find no evidence to indicate that well-managed grazing of domestic livestock is incompatible with a high quality environment. There is ample evidence that managed grazing by livestock enhances certain uses and that poor management detracts from them. Properly managed grazing is a reasonable and beneficial use of the range.

Big-game numbers on Federal lands have increased during recent years, and wildlife production is an increasingly important use of rangelands. Game habitat can be destroyed by poor grazing management that permits overuse by either wildlife or livestock. Conversely, game habitat improves through management which maintains the type of vegetation preferred by wildlife. For example, cattle grazing has been used to reduce the amount of grass and permit increased production of browse species for big game. Moderate use of browse species by cattle tends to keep forage within reach of wildlife. In all grazing systems, withholding areas from grazing or adjusting the time of beginning grazing provides vegetative cover required by game birds for breeding and nesting sites.

Modification of vegetation by grazing management can create contrasts in landscape color and pattern that convey a different aesthetic impression than uniform vegetation. Although many speculate on the impact of grazing animals on recreational and aesthetic values, however, no firm evidence was found for a general statement that aesthetic values gain or lose when grazing is removed. We believe that severely overgrazed ranges and areas of animal concentration, such as bedgrounds, detract from an outdoor experience for most people. On the other hand, the livestock industry is central to the image and traditions of the American West, and a well-managed range with its cattle herd, roundup, or sheep camp presents positive recreational values. At least two studies have shown that cattle and sheep on the landscape are aesthetically pleasing to tourists who come to view the West and its present-day activities. In the end, the extent to which aesthetics would be affected by discontinuation of grazing would depend on the value system of the individual concerned.

Ungrazed ranges are subject to loss when wildfires occur. Tall stands of mature, ungrazed grasses create extreme fire hazards because fire spreads more rapidly in dry grass than in any other natural vegetation. Ungrazed areas around campgrounds, homesites, and timberlands are especially flammable. Reduced grazing especially in grasslands, often requires construction of additional or larger fire-control lines with disturbed soil conditions and increased investment in fire-fighting equipment.

During the period from 1865 to 1930, overgrazing of western ranges resulted in excessive overland water flow, erosion, nutrient loss from watersheds, flooding, sedimentation, and fouling of water supplies. Range watershed management has brought comparative stability to these areas, largely through restoration of vegetational and litter cover. Exceptions occur on watersheds with unstable soils and steep topography. Well-planned grazing management, often in combination with brush control, seeding, and other soil-protecting practices, achieves soil- and water-conservation objectives.

Ranges properly grazed by hoofed animals produce safe water. Counts of fecal coliform organisms, as indicators of water pollution by warm-blooded animals, relate more closely to quantity of fecal material than to kind of animal. Investigations in mountainous regions of Colorado and Montana showed that the counts of harmful bacteria in the stream were no greater in areas grazed by livestock than in areas grazed by native animals alone. Moreover, moderate livestock grazing had little effect upon the chemical and physical quality of the water.

Animals compact soils by overgrazing and by reducing organic matter returned to the soil, but proper vegetational and litter management, activities of soil organisms, and climatic phenomena correct the problem on an annual basis. The trampling of standing dead material by livestock places it in contact with the soil, where decomposition proceeds. Several studies have shown that litter accumulates without grazing, eventually smothering new plant growth. Broadleaved, flowering, herbaceous plants suffer more than others, and seedlings of browse plants fail to become established under too much standing dead material.

Few western ranges are ever in a stable natural condition, whether or not they are grazed by domestic animals. Most are in a stage of vegetational development following disturbance by such phenomena as drought, flood, avalanche, freezing, or fire. Cyclic phenomena, such as large numbers of deer, rodent epidemics, or insect plagues, temporarily change the natural ecosystems. An absolutely stable rangeland is seldom attained or maintained.

Significantly, the greatest diversity of animal and plant species and the highest rate of reproduction occur when the landscape supports many stages of ecosystem development. Fire, grazing, and drought stimulate plants and animals to new growth. Each stage of vegetational development is more productive of certain animal species than of others. Grazing on Federal rangelands in the 11 Western States helps to keep the natural environmental systems active and productive. However, grazing must be scientifically controlled and responsive to the needs of all users. We cannot allow overgrazing by livestock, by bison in their reserves, by deer on their winter ranges, or by wild horses in their preserves. We manage domestic animals, but rarely game, to maintain ecosystems compatible with all of man's uses.

APPENDIX 1.—AREA AND OWNERSHIP OF LAND IN THE UNITED STATES AND PROPORTION OF FEDERAL LAND ADMINISTERED BY THE U.S. FOREST SERVICE AND THE BUREAU OF LAND MANAGEMENT [1]

State	Total land area (thousands of acres)	Federal ownership (percent)	Federal land administered by USFS and BLM (percent)
Arizona	72,688	44.9	75.1
California	100,207	44.8	79.3
Colorado	66,486	36.4	94.1
Idaho	52,933	63.9	95.7
Montana	93,271	29.6	90.1
Nevada	70,264	86.6	80.5
New Mexico	77,766	33.9	85.0
Oregon	61,599	52.2	96.7
Utah	52,697	66.1	87.9
Washington	42,694	29.4	79.4
Wyoming	62,343	48.4	88.6
11 Western States	752,948	47.8	87.1
6 Plains States	407,182	2.8	44.5
Other States	741,626	4.8	62.0
United States (excluding Alaska and Hawaii)	1,901,756	21.4	83.8

[1] Sources: U.S. Department of the Interior, Bureau of Land Management. Public Land Statistics, 1970. U.S. Govt. Print. Office, Washington, D.C. p. 10. (Statistics are of a June 30, 1969.) U.S. Department of the Interior, Bureau of Land Management, 1967. Public Land Statistics. U.S. Govt. Print. Office, Washington, D.C., table 9.

APPENDIX 2.—AREA USED FOR GRAZING BY DOMESTIC LIVESTOCK, PROPORTION OF LAND AREA GRAZED, AND NUMBERS OF NONDAIRY CATTLE AND SHEEP PLUS LAMBS IN 11 WESTERN STATES

State	Thousands of acres		Proportion of land area grazed (percent)	Nondairy cattle 1970 [3] (thousands)	Stock sheep and lambs 1970 [3] (thousands)
	Range and pasture in farms [1]	Federal land allocated for grazing [2]			
Arizona	35,398	25,441	83.7	812	424
California	20,957	21,169	42.0	2,576	1,185
Colorado	27,159	20,492	71.7	2,374	823
Idaho	8,952	23,934	62.1	1,080	632
Montana	49,057	16,546	70.3	2,474	1,051
Nevada	6,937	48,712	79.2	512	213
New Mexico	44,486	22,326	85.9	1,073	791
Oregon	14,410	24,111	62.5	1,155	449
Utah	10,865	29,600	76.8	576	939
Washington	10,369	5,110	36.3	764	125
Wyoming	30,814	25,011	89.5	1,182	1,784
11 Western States	259,403	262,452	69.3	14,578	8,416

[1] Source: U.S. Department of Agriculture, Economic Research Service, 1968. Major uses of land and water in the United States with special reference to agriculture, summary for 1964. Economic Report No. 149. U.S. Govt. Print. Office, Washington, D.C. pp. 61–62.

[2] Source: Data for 1966 supplied to the University of Idaho by the Public Land Law Review Commission.

[3] Source: U.S. Department of Agriculture, 1971. Agricultural Statistics, 1971. U.S. Govt. Print. Office, Washington, D.C. p. 308.

APPENDIX 3.—VALUE CONTRIBUTIONS TO THE ECONOMY FROM CATTLE AND CALVES ON FEDERAL LANDS IN WESTERN STATES, 1971–72 [1]

State or type of ranch [2]	Per animal-unit-month			Animal-unit-months on Federal lands (AUM's)	Contributions from Federal lands	
	Production (pounds)	Value of cattle	Contribution to economy		Gross receipts	Contribution to economy
Nevada	27.5	$9.81	$22.07	1,985,146	$19,474,282	$43,812,172
Oregon	29.3	9.70	21.82	1,377,400	13,360,780	30,054,868
Utah	28.5	9.89	22.25	860,565	8,510,987	19,147,571
Wyoming	29.3	11.23	25.27	1,792,157	20,125,923	45,287,807
11 Western States		10.00	22.50	15,008,143	150,081,430	337,683,218
Cattle ranches:						
Northern Plains		11.70				
Northern Rocky Mountains		13.62				
Southwest		11.46				
Wyoming ranches:						
Cow-calf		10.90				
Cow-yearling		11.50				
Yearlings only		15.84				

[1] Sources: W. Gordon Kearl, Economic Comparisons of the Cow-Calf and Cow-Yearling System for Northern Plains Cattle Ranching, Wyoming Agr. Exp. Sta., RJ 67, December 1972. W. Gordon Kearl, Unpublished data for stocker systems during 1971 and 1972. Wiley D. Goodsell and M. J. Belfield, Costs and Returns—Northwest Cattle Ranches, 1972, ERS-525. U.S. Dept. of Agriculture, July, 1973. Livestock and Meat Statistics. Statistical Bull. 522, ERS/SRS and AMS, U.S.D.A. pp. 11, 20, 26, 42. 1973.

[2] States not normally fattening large number of cattle in feedlots and low contributors to beef productionf rom dairy animals.

APPENDIX 4.—PRODUCTION OF SHEEP, LAMBS, AND WOOL PER ANIMAL-UNIT-MONTH IN 11 WESTERN STATES, 1971–72

State	Stock sheep (thousands)	Animal-unit-months required (thousands)	Production (thousand pounds)		Production per animal-unit-month (pounds)	
			Sheep and lambs	Shorn wool	Sheep and lambs	Shorn wool
Arizona	412	989	19,836	3,692	20.1	3.7
California	1,011	2,426	68,362	11,655	28.2	4.8
Colorado	720	1,728	82,959	11,473	48.0	6.6
Idaho	678	1,627	58,242	6,949	35.8	4.3
Montana[1]	900	2,160	43,023	8,501	19.9	3.9
Nevada[1]	176	422	10,702	1,627	25.4	3.9
New Mexico	682	1,637	25,106	6,134	15.3	3.7
Oregon[1]	426	1,022	27,039	4,823	26.5	4.7
Utah[1]	891	2,138	52,916	9,218	24.8	4.3
Washington[1]	112	269	6,753	1,240	25.1	4.6
Wyoming[1]	1,561	3,746	67,362	16,062	18.0	4.3
11-State total	7,569	18,164	399,880	81,374	22.0	4.5

[1] States not normally fattening large numbers of lambs in feedlots.

APPENDIX 5.—VALUE AND CONTRIBUTION TO THE ECONOMY FROM SHEEP, LAMBS, AND WOOL ON FEDERAL LANDS IN WESTERN STATES, 1972[1]

State or area[2]	Per animal-unit-month				Animal-unit-months on Federal lands (AUM's)	Contributions from Federal lands	
	Production (pounds)		Value of sheep, lambs, and wool	Contribution to economy		Gross receipts	Contribution to economy
	Sheep and lambs	Wool					
Montana	19.9	3.9	$6.21	$13.97	174,904	$1,086,153	$2,443,409
Nevada	25.4	3.9	7.93	17.84	333,424	2,644,052	5,948,284
Oregon	26.5	4.7	8.58	19.30	62,907	539,742	1,214,105
Utah	24.8	4.3	7.73	17.39	589,197	4,554,492	10,246,136
Washington	25.1	4.6	9.26	20.84	5,034	46,614	104,909
Wyoming	18.0	4.3	5.92	13.32	848,932	5,025,677	11,307,774
6-State total[3]	23.3	4.3	7.61	17.11	2,014,398	15,329,567	34,466,350
11 Western States			7.00	15.75	3,301,013	23,107,091	51,990,955
Wyoming:							
Southwest			8.15	18.34			
North-central			10.05	22.61			
Utah-Nevada			9.09	20.45			

[1] Source: Delwin M. Stevens, An Economic Analysis of Wyoming Sheep Industry (1960, 1964, 1968). Wyoming Agr. Expt. Sta. Bull. 546. June, 1971. Livestock and Meat Statistics, Statistical Bulletin 522, ERS/SRS and AMS, USDA, pp. 11, 20, 26, 42. 1973.

[2] States not normally fattening large number of sheep in feedlots.

[3] Simple totals and averages.

APPENDIX 6.—PRODUCTION OF CATTLE, SHEEP PLUS LAMBS, AND WOOL ON FEDERAL GRAZING LANDS IN 11 WESTERN STATES, 1971–72[1]

State	Cattle		Sheep		
	Animal-unit-months on Federal lands (AUM's)	Total production at 28.6 lb (pounds)	Animal-unit-months on Federal lands (AUM's)	Total production (pounds)	
				Sheep and lambs at 23.3 lb	Wool at 4.3 lb
Arizona	1,898,676	54,302,000	34,757	810,000	149,455
California	601,398	17,200,000	122,397	2,852,000	526,307
Colorado	1,170,474	33,476,000	359,688	8,381,000	1,546,658
Idaho	1,419,611	40,601,000	467,220	10,886,000	2,009,046
Montana	1,760,800	50,359,000	174,904	4,075,000	752,087
Nevada	1,985,146	56,775,000	333,424	7,769,000	1,433,723
New Mexico	2,062,235	58,980,000	302,562	7,050,000	1,301,017
Oregon	1,377,400	39,394,000	62,907	1,466,000	270,509
Utah	860,565	24,612,000	589,197	13,728,000	2,533,547
Washington	79,781	2,279,000	5,034	117,000	21,646
Wyoming	1,792,157	51,256,000	848,933	19,780,000	3,650,412
Total	15,008,143	429,233,000	3,301,013	76,914,000	14,194,356

[1] Source: Livestock and Meat Statistics, Statistical Bulletin 522, ERS/SRS and AMS, U.S.D.A., pp. 9, 32, 45. 1973.

APPENDIX 7.—ANNUAL GRAZING STATISTICS FOR LAND ADMINISTERED BY THE UNITED STATES FOREST SERVICE IN 11 WESTERN STATES, 1971

State	Number of livestock			Animal-months		Total, animal-unit-months
	Cattle and horses	Sheep and goats	Total	Cattle and horses	Sheep and goats	
Arizona	141,307	37,011	178,318	1,226,057	143,193	1,254,695
California	110,729	75,666	186,395	339,877	210,478	381,972
Colorado	196,088	322,846	518,934	688,848	737,250	836,298
Idaho	129,916	380,012	509,928	449,117	1,000,368	649,190
Montana	136,590	70,649	207,239	474,032	140,832	502,198
Nevada	56,508	87,060	143,568	222,002	281,566	278,314
New Mexico	100,467	37,673	138,140	736,644	163,356	769,314
Oregon	114,533	61,332	175,865	352,953	205,477	394,048
Utah	110,894	322,203	433,097	340,936	883,168	516,669
Washington	51,219	9,311	60,530	79,681	25,168	84,714
Wyoming	151,798	283,734	435,532	503,103	697,349	642,572
11 Western States	1,300,046	1,687,497	2,987,543	5,412,000	4,485,000	6,309,584

Source: Public Land Statistics 1972.

APPENDIX 8.—ANNUAL GRAZING STATISTICS FOR LANDS (DISTRICT AND LEASED) ADMINISTERED BY THE BUREAU OF LAND MANAGEMENT IN 11 WESTERN STATES, 1971 [1]

State	Number of livestock			Number of animal-unit-months [2]		
	Cattle and horses	Sheep and goats	Total	Cattle and horses	Sheep and goats	Total
Arizona	92,602	14,345	106,947	672,619	6,118	678,737
California	108,716	254,859	363,575	261,521	80,301	341,822
Colorado	335,510	692,782	1,028,292	481,626	212,238	693,864
Idaho	366,746	674,278	1,041,024	970,494	267,146	1,237,640
Montana	630,370	362,310	992,680	1,286,768	146,738	1,433,506
Nevada	353,237	318,316	671,553	1,763,144	277,111	2,040,255
New Mexico	230,737	220,200	450,937	1,325,591	269,891	1,595,482
Oregon/Washington	272,008	61,755	333,763	1,024,447	21,812	1,046,259
Utah	126,303	602,900	729,203	502,529	412,563	933,092
Wyoming	776,518	1,874,593	2,651,111	1,289,054	709,463	1,998,517
11 Western States	3,292,747	5,076,338	8,369,085	9,595,793	2,403,381	11,999,174

[1] Source: Public Land Statistics 1972, tables 60 and 64.

[2] Assumed same length of grazing season for sheep and cattle.

APPENDIX 9.—EXPENDITURES FOR PURCHASES OF FOSSIL FUELS AND AGRICULTURAL CHEMICALS PER DOLLAR OF PRODUCT SOLD BY TYPE OF FARMS IN THE UNITED STATES, 1969 [1]

[In cents]

Type of farm	Expenditures per dollar of product sold		
	Gasoline and other fuel	Sprays, dusts, and fumigants	Fertilizers
All farms	3.95	1.76	4.73
Cash grain	6.86	3.01	9.05
Tobacco	7.20	1.78	8.38
Cotton	8.42	9.27	8.98
Other field crop	4.17	4.11	9.83
Vegetable	2.89	4.87	7.55
Fruit and nut	2.91	6.19	5.20
Poultry	1.52	.19	.56
Dairy	3.38	.64	3.48
Livestock other than dairy and poultry	3.21	.84	3.54
Livestock ranches	2.81	.30	1.42
General	5.90	3.24	8.22
Miscellaneous	3.55	.88	1.76

[1] Source: Social and Economic Statistics Administration Bureau of Census. "1969 Census of Agriculture", Type of Farm, ch. 8, vol. 11, U.S. Department of Commerce, pp. 36–37, 42–45, 48–49, June 1973.

THE ENERGY CRISIS

Mr. CRANSTON. Mr. President, energy, which used to be plentiful and cheap, has suddenly become in short supply and expensive. Many people are legitimately asking why: Why the sudden change in the supply picture, why the rapidly escalating cost of all forms of energy, and why did we not have some warning that the crisis was approaching?

I, along with my colleagues in the House and the Senate, have been endeavoring to find the answers to these critical questions. In the 1st session of the 93d Congress, which ended on December 22, 1973, more than 500 days of hearings were held by various congressional committees on energy-related issues. And the Senate opened up the 2d session of the 93d Congress with major hearings on the energy crisis and whether it has been contrived or manipulated. On January 21 and 22—the first 2 days of the new session—the Senate Permanent Subcommittee on Investigations received sworn testimony from the chief executive officers of the major oil companies.

An essential piece of legislation is now pending before the Senate, which, if enacted, can help supply the kind of information we need in order to assess and monitor the present crisis and to improve our ability to identify any future supply problems that may be developing. This bill is the National Energy Information Act (S. 2782) on which hearings are now being held in the Senate Interior Committee I am a cosponsor of this bill and will be working hard for its passage.

But beyond our critical need for more adequate energy information and the questions posed about the validity of this crisis is one hard fact: If the world continues to rely primarily on petroleum for energy and if world demand continues at its present level, all known oil reserves on the Earth will be gone within the next 40 years. While 40 years may seem like a long time compared to the time-frame of the present supply crisis, it is a short time indeed to provide energy to the major industrial nations of the world. Moreover, as the economics of the developing nations expand and they begin to consume greater quantities of petroleum the world's recoverable reserves will be depleted even sooner.

The Arab oil embargo, imposed on the world last fall, has merely exacerbated a world situation of growing petroleum shortages. In the United States, it made more critical what had been anticipated as a minor shortfall cf refined petroleum products for this winter and spring. The Arab embargo, while saving a serious short-run impact, has also brought some longer-range positive benefits. It has made us realize that the direction in which we were rather blindly heading was a potentially disastrous one. It has forced us to reevaluate our energy policies before we became so dependent upon unstable foreign supplies that an embargo on shipments to the United States could have brought our economy to an abrupt halt.

The primary cause of our energy crisis, in my opinion, is that we are too dependent upon petroleum and its refined products for energy. Sooner or later we will run out of recoverable oil, a finite resource. This overdependence on petroleum is at the root of other problems as well—particularly the air pollution which results from the combustion of fossil fuels. I believe it is essential, therefore, that our research and development efforts be immediately and substantially enhanced so that we can find and utilize new, clean, and inexhaustible energy sources, like the Sun, the wind, the tides and the natural heat of the Earth.

I am the author of a bill now pending in the Senate (S. 2650) which will provide for a major demonstration of existing technology to use the Sun's energy to heat and cool our homes. This program could have an immediate impact on the current supply crisis because the residential sector—our households—accounts for about 19 percent of total energy consumption. And only two uses—space heating and water heating—account for over 70 percent of household energy consumption. We have the technology now to utilize the Sun for household space heating and water heating.

In addition, the Senate passed in December a major energy research and development bill (S. 1283) providing more than $20 billion to discover new energy sources over the next 10 years. Geothermal energy, which has tremendous potential for California, would get a substantial boost if S. 1283 is enacted. It is now pending in the House of Representatives.

On November 28, 1973, the Senate Banking, Housing, and Urban Affairs Committee, while considering the Omnibus Housing Act, agreed to an amendment that I proposed along with Senator ROBERT TAFT. This amendment would authorize the Secretary of HUD to begin immediately a program of demonstrating the economic and technical feasibility of utilizing solar energy to heat and cool all types of buildings in the United States.

Another amendment to this housing act which I introduced with Senator TAFT, and which has been accepted by the committee, would allow the Federal Housing Administration to guarantee 90 percent of home-improvements loans to finance alterations that cut fuel consumption, including home-improvement loans to install equipment that would convert solar energy to heat homes. In addition, the Senate approved an amendment to the National Energy Emergency Act (S. 2589) which Senator FRANK MOSS and I offered to allow homeowners a tax deduction of up to $1,000 for the installation in their homes of storm windows, caulking, insulation, or solar energy equipment. Passage of this amendment is a dramatic demonstration that solar energy is indeed a good idea whose time has come.

Even under the best of circumstances, however, solar energy and other alternative energy sources will not be available to help meet the current shortfall of supply. The Federal Energy Office has estimated that for the first quarter of 1974, the effect of the Arab embargo is to reduce supplies of both crude oil and refined products by 2.7 million barrels a day below anticipated demand. Since the embargo, imports have been steadily declining, until—in the week ending January 11—they fell 2.3 million barrels a day below the peak preembargo level. The existence of a shortage cannot be denied.

We can meet this challenge in two ways: we can increase the production of domestic recoverable reserves, and we can use the energy we do have more efficiently by curbing unnecessary energy consumption.

An important energy-conserving measure was provided when the Congress approved the implementation of year-round daylight savings time. I supported the bill authorizing year-round daylight savings time for the next 2 years when it was passed by the Senate on December 4, 1973. As you know, this measure has now become law and went into effect on January 6, 1974. It is anticipated that the implementation of year-round daylight savings will provide a 3 percent savings in electric power consumption alone. There is also expected to be a reduction in crime, improved traffic safety, more daylight outdoor playtime for the children and youth of our Nation, and greater utilization of parks and recreation areas.

Another conservation measure, signed into law in January, establishes a nationwide speed limit of 55 miles per hour on our highways. This reduced speed limit not only is saving gasoline but is improving highway safety as well.

One thing that must be assured is that all share equally the burden of a reduced amount of fuel. On December 4, 1973, the Senate approved an amendment offered by Senator DOLE of Kansas that no one industry or activity should be penalized by a cut in its energy supply disproportionate to that in other industries or activities.

Our public transit systems must be given a high priority for purchase of gasoline and diesel fuel to make sure that the buses keep rolling in areas of the State which are threatened with curtailed bus service. With gasoline shortages throughout the Nation, the working commuter must have public transportation or car pools or a rationing program that can guarantee enough fuel to make the daily round trip to his or her job.

The Emergency Petroleum Allocation Act of 1973 (Public Law 93-159) signed on November 27, 1973, grants to the President specific temporary authority to alleviate supply shortages of crude oil, residual fuel oil, and all refined petroleum products produced in, imported into, or refined in the United States. The current allocation regulation promulgated by the Federal Energy Office include mandatory allocation programs for crude oil, propane and butane, aviation fuel, residual fuel oil, and petrochemical feedstocks. Middle distillate fuels, such as diesel fuel, are also allocated under the program. Agriculture, a major California industry, has been allocated 100 percent of its need for fuel. Diesel fuel is especially important for public transportation systems, and a high priority for diesel fuel allocation must be given to essential public transportation services, particularly those in areas that have been ordered by the Environmental Protection Agency to reduce dramatically the use of private automobiles in order to lessen air pollution.

Petrochemical feedstocks are all covered under the mandatory allocation program, with the goal of supplying the current requirements of petrochemical producers. A recent decision by the Cost of Living Council to remove price controls on petrochemicals and plastic raw materials is intended to ease further the critical shortage of these commodities. This should help the plastics industry, which has been hurt by the fact that it was apparently more profitable for the petrochemical industry to sell petrochemical feedstocks abroad than at home.

What may affect more people than any other energy program is the Federal Energy Office's proposal for gasoline rationing; 81 percent of the automotive gasoline in this country is sold at the retail level, with the remainder being sold to bulk purchasers. Under the proposed rationing system, all retail gasoline purchases will be made through coupons distributed to provide for retail sales. The gallons per coupon allowed for any month will be the same across the Nation; however, the amount may be changed from month to month, depending on the availability of gasoline.

The administration assumes that the average monthly distribution will amount to 32-35 gallons per person. The distribution formula will be weighted to take into account such factors as the availability of mass transit facilities, the concentration of places of employment, and urban vs. rural differences in essential personal automobile usage. I am concerned that under this plan many California workers will not be able to get to their jobs. I have expressed my concern to William Simon, Administrator of the FEO, about the inadequacy of proposed gasoline allotments for Californians, and my staff is now conducting a survey of California business and labor leaders to determine the specific gasoline needs that Californians will require to make essential automobile trips.

Another controversial aspect of the administration's rationing plan is that coupons will be distributed to all Americans 18 years or older who hold valid drivers licenses. This discriminates against licensed drivers born after 1956. Constitutional arguments against this aspect of the plan have been raised and must be investigated.

Although I cannot endorse the particular rationing plan the Government has designed, I do favor the idea of rationing gasoline rather than the administration's current strategy of trying to limit gasoline demand by imposing a high tax on each gallon of gasoline sold, or by just letting the price of gasoline rise. Such a tax or price increase as a means of reducing gasoline consumption would work an incredible hardship on the working men and women of the country. Those who can afford to pay the higher price would be able to buy all the gasoline and fuel oil they needed. But the elderly and working people—all who are living on fixed or limited incomes—would be effectively squeezed out of the market. A workable system of gasoline rationing is the only equitable method for allocating scarce supplies.

I have joined with Senator LOWELL WEICKER, JR., in sponsoring a bill (S. 3015) which would require the President to publish and implement immediately a plan for the rationing of gasoline. The bill, called the "Mandatory Gas Rationing Act of 1974," would require the President to impose a system of rationing within 30 days of its enactment. It provides for procedures by which a gasoline user could petition for a review or modification of his monthly gasoline allotment. And it would allow the President to utilize State and local offices to carry out any rationing plan.

We must start today to develop new sources for the fuels we already use to supply our needs. One excellent source of oil for California is Alaska's North Slope. This oil, in addition to all its other attractions, has a low sulfur content, and its availability would help ease California's serious air pollution problems. During Senate debate on S. 1081, the Federal Lands Right-of-Way Act of 1973, which has now been signed into law and which will permit construction of the Alaska Pipeline, I opposed the Mondale-Bayh amendment which would have delayed action on the pipelne for 1 year pending further study of the Trans-Canada alternative pipeline route. I think we must get the North Slope's oil to California as expeditiously as possible. This oil will not be exported. An export limitation provision was included in the final version which was signed into law on November 16, 1973. This provision requires that before any crude oil can be exported "the President must make and publish an express finding that such exports will not diminish the total quantity or quality of petroleum available to the United States, and are in the national interest and in accord with the provisions of the Export Administration Act of 1969."

While we profit from Alaska's rich deposits of oil, we must make every effort to preserve and to protect the environment. In order to prevent major spills, particularly by the supertankers which will transport the oil from Valdez to west coast harbors, Congress included in the law strict vessel construction standards and directed the Coast Guard to establish a vessel traffic control system for Prince William Sound and Valdez. Hopefully, these measures will lessen the chance for spills from these tanker operations.

Another important source of oil for California is the Elk Hills Naval Petroleum Reserve. On December 19, 1973, I was successful in helping to pass by an overwhelming vote Senate Joint Resolution 176, which authorizes the production of petroleum from the Elk Hills Reserve at a maximum rate of 160,000 barrels of oil a day. The resolution is now before the House of Representatives, and I am working with Vice President FORD to secure its passage there.

I testified on December 10, 1973, before the Senate Armed Services Committee in support of this resolution. In light of the serious need of southern California for fuel supplies, especially for nonpolluting low-sulfur oil, I urged the Senate Armed Services Committee that this means of reducing the military drain on civilian oil be authorized. In November and December 1973, 19.7 million barrels of oil from civilian stocks were allocated to the Armed Forces. It is bad planning for the military to be given first priority in the allocation of scarce fuels while oil reserves set aside for national defense lie unused.

I also urged that areas faced with serious air pollution problems such as Los Angeles be permitted to exchange some of their high-sulfur oil for the low-sulfur oil the Navy would get from Elk Hills. Production from Elk Hills, for the 1 year that Senate Joint Resolution 176 authorizes, would not endanger oil reserves for national defense since it would deplete less than 5 percent of the 1 billion barrels of oil known to be in the Elk Hills Reserve. At the same time, it would relieve the energy shortage threatening southern California.

I introduced legislation last August to protect California offshore oil and gas by creating a Federal energy reserve in the Santa Barbara Channel. My bill would permit exploratory drilling to find oil in Federal waters, but it would ban all new production there except in a national emergency. The bill is designed to resolve the controversy about whether environmental considerations necessitate the suspension of oil and gas production in the Santa Barbara Channel. Under the legislation I proposed, a Federal energy reserve would be created in the Outer Continental Shelf waters in the channel. All production of oil and gas on the leases within the reserve, except for the three that are now producing—Union, Sun, and Phillips—would be suspended until we have developed and proven elsewhere an offshore extraction technology that can insure maximum environmental protection. My bill addresses the problem of an energy shortage by allowing the continuation of exploratory activities in the channel, for the purpose of identifying the oil and gas reserves we can tap at some future date. If and when oil is found on any lease, the right to proceed with production would automatically be suspended and held in abeyance in the Federal energy reserve until we have developed and proven an environmentally sound technology. Thus, we would be locating and protecting sources of energy while not harming our environment.

Methods must be found by which shale oil and coal can be extracted from the earth without ravaging its surface. The United States has the richest coal deposits in the world, and in shale oil, the largest petroleum deposits in the world. We must learn to use them without irreparably scarring the earth.

Another source of energy is natural gas. The price of natural gas at the wellhead is established by the Federal Power Commission. Some have charged that the price of this form of energy has been kept artificially low and that this has discouraged exploration. The Senate Commerce Committee is now developing major legislation (S. 2506) to reform the regulatory process by which the Federal Power Commission "regulates" the price of natural gas at the wellhead.

An effort must be made to develop new forms of energy to give us the power we need. Nuclear power from fusion reactions has great potential as a source of electric power for the future. There is a vast supply of fuels to feed fusion reactions, and fusion fuels and reaction products are for the most part nonradioactive. Nuclear fusion reactions, unlike fission reactions, produce no radioactive wastes that can endanger the environment. In addition, it may be possible to convert the energy from fusion reactions directly to electricity, bypassing the steam cycle necessary in fission reactions, and thus eliminating thermal pollution. In general, the environmental and health hazards of fusion reactions are much less than those of conventional fission reactions. To date, however, our understanding of the fusion process is still incomplete and, at best, fusion reactors probably will not be available commercially until the 1990's. A wise expenditure of our national research dollar would be to accelerate greatly our research and development of nuclear fusion technology.

The United States is also beginning to tap its large resources of geothermal energy. Wherever radioactive materials are decaying just beneath the surface of the earth and producing great amounts of heat, we can tap the potential of this form of natural energy. This includes the potential of natural steam to produce electricity. As with other forms of energy contained within the earth, we must be careful not to damage the earth's surface.

While these various efforts are underway to deal with the energy problem, we in government must do everything possible to ease the added burden which energy-related costs place on the American people. As long as demand exceeds available supply, the costs to heat our homes, run our businesses and factories, operate our transportation systems, and drive our cars will bring an unwelcome strain to the budgets of each household.

I supported a provision in the National Energy Emergency Act which would require a rollback of crude oil prices. This rollback would be passed on to the consumer as a reduction in the cost of many fuel products, including gasoline. I am determined to do all in my power to prevent oil companies or any other industry from making exorbitant profits at the expense of the overburdened American consumer.

The American people can meet the challenge presented to them by the current shortage of energy. We may have to make some adjustments in our style of life, particularly our love affair with the internal combustion engine and the single-occupant automobile. We must make these changes not only to save energy, but also to help maintain environmental quality, a goal which we must never abandon.

I am confident that the ingenuity and strength of the American character—qualities which enabled our country to attain its great stature—will provide the American people with the tools to meet the challenge of the energy crisis.

THE MYTH OF STUDENT APATHY

Mr. HUMPHREY. Mr. President, on February 25 I addressed the delegates to the third annual conference of the National Student Lobby.

The enthusiasm I encountered reaffirmed my skepticism of the charge that apathy is the new mood on campus.

It was apparent to me that students have made great strides toward the establishment of a solid political force geared to have an impact on policymaking in hard-core areas of direct concern to the national student community. They have attempted to come to grips with such issues as student financial aid, the minimum wage differential for students, and the impact of the energy crisis on educational opportunity.

I spoke quite candidly to the students about their responsibility to build on the political force that is available on the campuses across the country. I stressed the compelling urgency of their continued involvement in the development of national priorities which will have great impact on the quality of their lives in the coming years.

It is important that young people have a keen awareness that the political habits they develop today will bear a direct relationship to their capacity for effecting the changes which will be necessary to tackle our staggering, unfinished agenda. This includes health care, education, housing, care for the elderly, employment for the jobless, and land use and resource management and development.

It has become increasingly apparent that we have not been equipped to deal with the problems arising out of our modern technocracy. Now, while we still have time, we must establish a mechanism to coordinate the planning functions of all levels of government. We in the Congress owe it to ourselves and this future wave of Americans to get down to the business of assuring that we are prepared to face the future. It is my belief that the students of this country will be a vital component in these efforts.

Mr. President, I ask unanimous consent that the prepared text of my address of Monday evening be printed in the Record.

There being no objection, the remarks were ordered to be printed in the Record, as follows:

Remarks by Senator Hubert H. Humphrey

It is a great pleasure to have a part in your third annual Student Lobby Conference.

I understand you have come to Washington to see the government first-hand and to make some points about the way you want things done. Go to it!

Your work here is serious business. I like to think that each of you is on the way to a personal and collective "rendezvous with destiny," in Franklin Roosevelt's words. Each of you is—or should be—struggling with the difficult problems which threaten our national well-being and your own future.

In just the past few years, the American people have become awakened to the very real force which young people in politics can represent.

This irresistible urge to participate is fired by your refusal to accept the flaws in our society, and this is fundamentally healthy.

You refused, for example, to accept our continued involvement in the quagmire of Vietnam and helped us find the courage to say, finally—No more! Get out!

You refused to accept loose policies which allow a kind of "environmental genocide." With your support we have begun to enact environmental protection legislation with teeth!

You helped us show the American people that civil rights is more than a catchphrase—that it will take more than legislation and Supreme Court decisions to create a sense of community and brotherhood.

But lately, we've heard that apathy has set in on the campus, that somehow the sense of commitment has been lost to selfish interests.

Well, I just don't believe it. Your presence here tells me that your fervor is still very much intact.

You have won substantial gains in the early '70's. Almost while nobody was watching, you mustered the new strength of the under-21 vote to translate the angry mood of the '60's into a powerful force for change. You have elected mayors, city council members, county commissioners, and state representatives.

You have placed members on Boards of Trustees and in other key positions in colleges and universities.

You have brought about rapid changes in antiquated curricula by insisting that the schools offer courses which deal with life in a modern technocracy.

In short, you have laid the foundation for an effective political force.

But you're not off the hook. Now, I challenge you and those you represent to hold onto the steam you have built up.

A myriad of problems command your attention. So much seems to have gone wrong somehow.

You know something is wrong when in the United States—the center of the world's oil producing industry—people have to wait for two hours to buy three dollars worth of gas, and when truckers—the people who move the goods—feel so pushed and cheated that they set up blockades on the nation's highways.

Something is wrong when we find this country experiencing an almost all-time high in inflation and unemployment at the same time!

Something is wrong when our Administration sends a record-high peacetime budget request up to Congress, and the only deliberate increase our President wants is in defense spending. All this, by the way, while we are told to relax, because this is the first period of peace in years!

It's discouraging to hear your President speak glowingly of economic prosperity, and then turn around to find that he's talking about corporate prosperity.

The facts show that the average family income deteriorated last year—at an annual rate of 4.4% by the end of 1973, taking into account the impact of inflation and higher taxes.

I am deeply concerned when I hear the economists predict the loss of an additional 1.2 to 1.8 million jobs in 1974. Something is wrong. And I don't hear any sound proposals from the Administration on how we might deal with this critical situation.

And in education—the Congress has had a time just trying to keep post-secondary education assistance programs alive during the Nixon Administration.

The fiscal 1975 budget would provide a welcome opportunity to increase funds available for Basic Opportunity Grants. But the Administration proposes once again this year to eliminate the Supplemental Opportunity Grants, the State Student Incentive Grants, and the important direct loan and defense loan programs. This would pull the rug out from under one million, 66 thousand (1,066,000) students. That's the total number who were assisted by these programs last year.

In addition, officials estimate that the number of guaranteed student loans is down by more than 35 percent from last year. Banks are hesitant to lend money at the lower rate required by law.

What does all of this mean?

It means that parents, especially those in the middle-income bracket, are finding it harder than ever to finance education for their youngsters.

It means that there is a mad scramble for student jobs on campus, and not enough to go around.

It means that many young men and women will be denied the opportunity to choose the school they want, a school where they can receive training in a special interest area.

This financial crunch means that many fine private colleges will have to either raise their tuitions—or close their doors.

Yes, our national priorities are in bad shape. But you didn't need Hubert Humphrey to tell you that.

We have a staggering, unfinished agenda including health care, education, housing, care for the elderly, employment for the jobless, land-use, resource management and development.

How will we solve these problems? How will we provide for the human needs of our people now, and ten years from now—twenty years from now?

These problems have to be tackled whether we like it or not.

The choices we face, the decisions we make, the priorities we establish today will determine what kind of future your children—and my grandchildren—can look forward to.

You, more than any of us, must be deeply interested in establishing policies which will assure a quality of life in America in the coming years.

Up to now, we have been very concerned with quantity—with things. We have an impressive array of gadgets, wonders of the modern age. Television sets, automobiles, airplanes, telephones—these are among the staples of our society. Add to that everything from trash compactors to machines that compute in the trillions.

This is fine, but there is another side to this pretty picture.

We have overcrowding—in housing, in cities, and in the schools. With the best technology in the world, we still haven't found a way to assure every American decent health care at reasonable cost.

We still don't have an adequate transportation system.

We have extremes of wealth and poverty; of affluence and deprivation, of education and illiteracy.

How did we get this terrible imbalance?

I have a theory about that. I believe we're in the situation we are in today because we've never really had a clear idea of where we are growing!

In our first hundred years as a nation, we didn't have to think about priorities. As a fledgling democracy with no place to go but up, we could afford to open the floodgates of technology. We were heirs to a great fortune in land, natural resources, skill and humanity. No one saw the need to check the progress every now and then to see if it all fit together.

So now, in 1974, we find ourselves trapped in an awesome web of technical know-how, and somehow it just isn't working out right. We ran headlong into the brave new world, tripping over our humanity along the way. Will we continue to be gobbled up by our own creations, or will we begin to make them work for us?

Two thirds of our population now lives in urban areas. When the 21st century is ushered in, our population is expected to rise to somewhere between 270 and 300 million, with 85% living in urban areas.

We—you—are going to have to find a way to feed, educate, house, transport, and provide cultural opportunities for these people.

"Future Shock" is exactly what we will feel if we don't begin today to cope with these problems.

We have to decide—today—whether we will design the future—or resign ourselves to it.

Our challenge is to reach out for the balance in human relationships that can be found between conflict and operation; between growth and stability; between individual free choice and common good; between technology and social responsibility; between economic needs and environmental protection; between urban and rural; between the old and new; and between national and local goals.

But how—and through what means—can we reach out for that balance? What mechanisms and processes do we now have that will permit us to develop the policies and plans to design our nation's future human environment?

The answer to that question, sadly, is that there are none.

There is no mechanism to help us deal with the consequences of the rapid changes resulting from the onrush of science and technology.

As it is, our priorities are subject to a reckless, slipshod budget process which provides no overall analysis of our realistic national needs.

Each department of government—each special interest group—goes to bat for its own share of the pie.

The Executive Branch pieces all of this together and sends it up to Congress, which examines each request individually—again, with no procedure for viewing the whole picture in terms of over-all, long-term national goals and priorities.

Today in the Senate, I introduced a bill which I consider to be one of the most important pieces of legislation of my 30 years in public service. It can help us to design the future, to help create the means to better understand and anticipate the future and bring about orderly change.

My proposal would establish an Office of Balanced National Growth and Development within the Office of the President to develop specific national policies relating to:

Population settlement and distribution patterns;
Economic growth;
Environmental protection;
Income distribution;
Energy and fuels;
Transportation;
Education and health care;
Food and fiber production;
Employment;
Housing;
Recreation and cultural opportunities;
Communications;
Land use;
Welfare;
Technology assessment and transfer; and
Monetary and fiscal policy.

This proposal would set up a framework for a sound mechanism to help us assess our current resources and use patterns.

And it would give us a process whereby we can establish management practices to sustain our resources for your future.

It is imperative that we understand that those precious resources are no longer abundant in this land. We have to act now to conserve and manage our remaining supplies of oil and water and land and trees and the other resources necessary to maintain our vast population.

We're going to have to make some choices about our uses of scarce supplies.

Before the energy crisis, I'll bet you didn't know that you have to have petroleum to produce such things as aspirins, and plastic bottles, and record albums and fountain pens.

Someday—in the not too distant future—we will be forced to make some choices about the kinds of things we can do without.

Right now—today—we'd better be about the business of strictly conserving those resources which are non-renewable, such as oil.

And for those resources which are renewable, we have to establish policies now which will guarantee sustained yields in the years to come. We have to act now to assure proper management of our national forests and grasslands, our water resources, agricultural production and so forth.

If you don't remember anything else from my talk here tonight, I want you to recognize the urgency of this challenge.

What we in the government do now—or fail to do—will literally determine your future. Our failure to act now can cast grave doubts on whether you will have a future at all. We can take some of the speculation out of your rendezvous with destiny.

So when you go up to Capitol Hill tomorrow, tell your representatives in the Congress that you're watching what they do. Tell those mayors and city council members and state representatives you helped elect that it's your future they are investing in, and you're going to keep mighty close watch on the returns!

To those who find this a troublesome prospect, I say, "Get with it—or get out of the way!"

THE GENOCIDE CONVENTION AND WORLD PEACE

Mr. **PROXMIRE**. Mr. President, I believe that we Americans overwhelmingly support international standards of human dignity. We want freedom to live, a most fundamental freedom, for all people of the world.

Nevertheless, cynical voices are raised in objection to the Genocide Convention. They ask: "What can it accomplish and why do we need it when our own laws already protect us from the threat of genocide?" They say: "There is no real need for this Treaty."

Mr. President, my answer to these critics is this: The United States has as its state foreign policy objective, the promotion of peace and freedom. Human rights and peace are historically interdependent. When the human rights of any people are threatened, peace itself is in jeopardy.

In 1945 at the San Francisco Convention which led directly to a strong endorsement of the international promotion of human rights in the U.N. charter, the U.S. delegation supported the human rights decision in that charter. The charter recognized that unchecked domestic oppression too frequently grows into foreign aggression, as demonstrated by the Axis powers during World War II.

It was nearly 29 years ago that the United States led in the worldwide struggle for human rights. Although we can be proud of our leadership at the 1945 convention, we must not rest upon our laurels. For 25 years now we have refused to take a stand on the United Nations Convention on the Prevention and Punishment of the Crime of Genocide.

I call upon the Senate to consider the connection between human rights and world peace. I urge the Senate to assume a position of leadership by ratifying the Genocide Convention.

FIFTY-SIXTH ANNIVERSARY OF THE DECLARATION OF ESTONIAN INDEPENDENCE

Mr. **STEVENSON**. Mr. President, February 24 marked the 56th anniversary of the Declaration of Independence for the Republic of Estonia. This celebration of thousands of Estonian Americans is sobered by the reminder that the 15 million people who still live in their historic homeland remain under Soviet control.

It is my honor today to join my colleagues in the Senate to pay tribute to the proud and courageous people of Estonia. Even though Estonia has been occupied by the Soviet Union since 1940, its people have preserved, against overwhelming odds, their national and ethnic identity.

The desire of Estonians for freedom and national self-determination remains strong, and I am confident that this spirit will always endure in their hearts and minds. Mr. President, I am proud to join the Estonian people in paying tribute to the aspirations of all who yearn for freedom and basic human rights.

QUALITY OF LIFE FOR CONNECTICUT CHILDREN

Mr. **RIBICOFF**. Mr. President, on April 27, 1974, a Quality of Life Conference for Connecticut Children will be held at the University of Connecticut's Health Center in Farmington.

As a part of the conference, the Connecticut Child Welfare Association, the Parent-Teacher's Association of Connecticut, the Judiciary Committee of the State legislature and a number of dedicated private organizations are sponsoring a Declaration of Youth's Rights and Responsibilities.

The purpose of this project is to bring into focus and create a public forum for discussion about the rights and responsibilities of Connecticut youth and their families. The major issues to be discussed will be education, health, human services, economics, and the legal rights and responsibilities.

I am pleased that Connecticut's people are taking such an active interest in the problems of youth. This innovative conference, which is an outgrowth of the 1970 White House Conference on Youth and related conferences sponsored by the American Medical Association, will give youngsters throughout the State of Connecticut an opportunity to come together, to create and formulate a document for their school which will outline their rights and responsibilities.

The plan is to have all participating schools send youth representatives with their draft document to a Constitutional Convention in Hartford on March 16 to draft a final Declaration of Youth's Rights and Responsibilities for the April 27 conference.

Such a program will bring the youth of Connecticut together to learn about their fellow Nutmeggers and at the same time will teach them the need to cooperate in achieving a worthwhile goal.

I strongly support this program and wish the participants success in their work.

I ask unanimous consent that material pertaining to the conference be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

DECLARATION OF YOUTH'S RIGHTS AND RESPONSIBILITIES

Project objective

There are many sources today, public and private agencies, the courts who while working with youth are not clear what are the Rights and Responsibilities of Youths, ages 0–18, under the Constitution of the United States. Much energy and research is going into an examination and evaluation of those rights. These rights pertain to citizen's rights and cover such areas as poverty, adoption, foster care, legal rights of a child (such as a child has the right not to be so physically and emotionally abused that it becomes a detriment to his or her health, welfare and survival). It covers rights before the law to legal representation, regardless of age. A child is entitled to the due process, equal protection and guarantee against cruel and unusual punishment. The Juvenile Courts, working on behalf of children, deny children in many instances that due process, the right not to incriminate themselves (guaranteed to them under the 5th Amendment), etc.

Many youths, particularly those between the ages of 16–18, are not covered by certain legal interpretations. In order for this age group to receive services in the State of Connecticut they have to break a law. Protective Services and Police feel that 16 year olds or above are entitled to certain privileges of adulthood . . . and yet according to Connecticut law, adulthood begins at age 18. On one hand a runaway has the right to decide for himself where he or she wants to live on the other hand the parent is still legally responsible.

It is evident that although many adults very definitely work on behalf of children . . . they are interpreting the rights of the child from an adult standpoint. It has become increasingly clear that youths must be heard from for two reasons: (1) a generation gap begins to exist once age sets in; (2) youths must know their rights under the Constitution of the United States for their better and more enlightened citizenship. Knowing of the greater enlightenment of youths today, who have more information at their fingertips, with life being faster paced, it is vital that in the day-to-day situation youths are aware of their rights—their voting rights, their legal rights, their living rights. It is also important that they also know their Constitution.

WHAT IS QUALITY OF LIFE?

The Quality of Life, is a series of conferences, being held nationally and state wide that deal with a number of subjects that speak to the "bettering" of "the Quality of Life". The Connecticut Conference of Quality of Life deals with Youths and their Families discussing such subjects as EDUCATION, HEALTH, HUMAN SERVICES, JUSTICE (the child before the law) and ECONOMICS. The Connecticut Conference will be held on April 27, 1974 at the University of Connecticut Health Center in Farmington.

WHAT DOES QUALITY OF LIFE HAVE TO DO WITH THE SCHOOLS?

How can you have a Quality of Life Conference for Connecticut Children without the children being represented?

The Jeffersonian principles on democracy suggest that any real flowering of democracy involves a grass roots movement. We are therefore asking the help of the schools to gain us the type of youth representation that indeed involve the "grass roots".

The Quality of Life Conference for Connecticut Children will produce three major position papers divided into three chronological developmental age groups—The Child and His Family from 0–6, 7–12, 13–18. Under those headings the subjects of education, health, human services, justice and economics will be discussed. However, we also need the fourth position paper—The Declaration of Youth Rights and Responsibilities thought out by youth, initiated by youth, and totally representative of youth of our State.

Whereas the developmental Position Papers will be written by adults it seems only proper and right that the fourth position paper be written by youth for youth and that every junior high and high school get the opportunity to participate—public schools, private schools and parochial schools.

THE HOW TO DO IT

Dear Superintendent, Dear Principal, Dear Department Head and Dear Teacher—as if you hadn't enough to do already, we need your kind and generous help to make this a reality and there is a time limit. PLEASE do help us.

1. The Class Level—This project is for each school to write its version of a Youth Bill of Rights. You cannot do this without referring to, of course, the Constitution of the United States. We see this as part of Social Studies, Civics, Government classes, etc. Consideration for the Declaration of Youths' Rights and Responsibilities would have to begin on the class level where youths' research the elements and interpret what their rights and responsibilities are. These would have to be spelled out. Several classes working on this project would begin to caucus first singly and then together in combined sessions. A caucus is a group working together putting together such a document. We realize the youngsters are going to need help . . . and dear teacher you are vital to this process. However, we suggest the involvement on this level of your local legislative representatives. They will know about this project since they will have gotten a letter of invitation informing them of this project. Here is a chance to talk to and get help from the persons who make our laws. They might be quite interested in what your youngsters have to say or the youngsters might be quite interested in what the legislators have to say.

2. The School Level—We suggest that when the classes have finished caucusing and have come up with a combined document that is felt to be representative of the school, that such a document be circulated to all students, teachers, and parents and subsequently prior to March 10th a Constitutional Convention Assembly be held where all items submitted be voted on by a majority of the student body.

You might want to invite to this assembly to speak, the Legislative Representative who has helped you with this process, or all Legislative representatives of your area whether or not they have helped. Let them know what our students have worked on. Let them be participants. Give them a copy of the schools Declaration of Youths Rights and Responsibilities.

Do also invite the news media—your local radio and television station news department, your local newspaper is a vital link in this process since they are the guardians of democracy in many ways. The idea is to create a PUBLIC FORUM. . . . and that's what this is really all about. Please fell free to include your Public Library too.

There are several responsibilities that the student assembly has:

1. To Pass the various points drafted up by classes as your Declaration of Rights and Responsibilities.

2. Elect three representatives who would bring his document to the State Capitol on the weekend of Saturday, March 16, 1974, at which time a Constitutional Convention for the Declaration of Youths Rights and Responsibilities would be held at the Capitol in Hartford. All Schools participating would be represented and a combined document representative of all schools would be molded and voted upon by the youngsters.

Representation should include 1 boy, 1 girl, 1 teacher. Teacher can be voted into that slot or chosen by the principal at the discretion of the school. Included in this group ex-officio would be a parent representing the schools Parent-Teacher organization. Voting at the Constitution in Hartford would be by youth alone.

The completed document when voted and finalized should be forwarded prior to March 10th with names of delegates from your school to: Paul G. Rosenfeld, Program Chairman, Connecticut Child Welfare Association, Inc., Quality of Life for Connecticut Children, 1040 Prospect Avenue, Hartford, Connecticut 06105, 236-5477.

Of course retain a copy for yourself and bring with you to Hartford on March 16th.

You might also wish to forward copies to your elected representatives.

3. Your elected representatives will be asked to participate in Hartford on March 16, with your school representation to help them learn the process of holding and conducting a Constitutional Convention. They hopefully will be on the floor of the Capitol with teacher and parent in staffing or helping staff the Conventional Assembly.

WHO TO CONTACT FOR WHAT:

A. *For General Information* and Forwarding of Enclosed Registration Form which will tell us that you are participating is: Paul G. Rosenfeld, Program Chairman, Connecticut Child Welfare Assn., Inc., 1040 Prospect Avenue, Hartford, Connecticut 06105, 236-5477.

B. When Document is Complete with names of participants on March 16 at Hartford also forward to above address *not later than Friday, March 8, 1974.*

C. Financial costs for participation at the March 16th Constitutional Youth Convention must be born by the school or individually. Please make your own hotel reservations if applicable.

D. If you need help in Constitutional Law—Please contact your own representative from your area or Representative E. Ronald Bard, Judiciary Committee, Judiciary Room, State Capitol, Hartford, Connecticut 06115.

Mr. Bard can be reached at: 853-4444, 566-5507.

SPONSORS FOR THIS PROJECT ARE:

Judiciary Committee, Connecticut State Legislature, Senator George Guidera, Chairman, Representative James F. Bingham, Chairman.

Connecticut Council of Parents-Teachers Association, Sponsor Agencies, Public and Private of the Quality of Life Conference for Connecticut Children.

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Reference: The Constitution of the United States, Articles V and XIV.

ORIENTATION SHEET

The public and private agencies of the State of Connecticut listed below will sponsor an all day Quality of Life Conference for Connecticut Children and their families on Saturday, April 27, 1974 at the University of Connecticut Health Center in Farmington, Connecticut (a suburb of Hartford.).

The sponsoring agencies as of Feb. 10, 1974 were:

1. Auerbach Service Bureau for Connecticut Organizations.
2. American Cancer Society, Conn. Div. Inc.
3. American National Red Cross, Greater Hartford Chapter.
4. Child and Family Services of Conn.
5. Conn. Assoc. for the Education of Young Children.
6. Conn. Assoc. for Retarded Children, Inc.
7. Conn. Heart Assoc., Inc.
8. Conn. Hospital Assoc.
9. Conn. Speech and Hearing Assoc.
10. Cystic Fibrosis Assoc. of Conn.
11. Conn. State Federation of Women's Clubs.
12. Easter Seal Society for Crippled Children and Adults.
13. Elementary School Principals Assoc. of Conn.
14. Conn. Child Welfare Assoc.
15. National Assoc. of Social Workers, Northern Conn. Chapter.
16. Conn. Conference of Christians and Jews.
17. Conn. State Medical Society.
18. Conn. State Grange.
19. Conn. Dairy and Food Council.
20. Women's Auxiliary to the State Medical Society.
21. State of Connecticut Dept. of Mental Health.
22. Dept. of Health.
23. Junior League of Hartford.
24. Conn. Education Assoc.
25. Dept. of Children and Youth Services.
26. Conn. Advisory School Health Council.
27. National Council of Jewish Women.
28. Conn. State Library.
29. Parent-Teachers Assoc. of Conn.

Quality of Life Conferences are an outgrowth of the White House Conference on Youth, and have become a major project of the American Medical Association. A national Quality of Life Conference was held in Chicago, March 22-25, 1972 and a regional conference was held in Boston in April 1973. These conferences will now be held on state levels and the Quality of Life Conference for Connecticut children and their families will be held on April 27th.

The reason and purpose for Quality of Life Conferences is the question: What factors are preventing us from improving a better quality of life for all of Connecticut's children and their families?

It is a planning conference dealing with human needs to the year 2000—in the areas of education, health, justice (The Child Before the Law), human services, and economics.

The Quality of Life Conference for Connecticut Children is headed up by Mrs. Peg Roch, Chairman (RFD 3, Box 417, Willimantic, Ct. 06226—Phone 423-9649) and Mrs. Debbie Leighton, Co-Chairman (Conn. Dept. of Child and Youth Services, 345 Main St., Hartford, Ct.—Phone: 566-3421). Program Chairman is Paul G. Rosenfeld, (Connecticut Child Welfare Asso., 1040 Prospect Ave., Hartford, Ct. 06105—Phone: 236-5477).

What does the Quality of Life Conference for Connecticut's Children entail and has work on the program begun?

The conference entails a lot, since there are some 28 public and private agencies involved. It also entails some major issues that will be discussed in this sheet. *It is more* than a one-day conference. The conference itself is only a focal point. There will be a series of Quality of Life Conferences in Connecticut until the needs of all Connecticut children and their families are met.

What's happening now? Three sub-groups of the Program Committee are now preparing *three* major position-working papers which will be beginning papers for consideration and discussion at this conference. These position-working papers will be available for scrutiny and discussion by March 30th and can be secured by contacting the Program Chairman of the Conference: Paul G. Rosenfeld, Conn. Child Welfare Assoc., 1040 Prospect Ave., Hartford, Conn. 06105, Phone: 236–5477.

Who is writing the three position papers. *All* participating agencies have been invited to participate by submitting materials for these position papers. The co-ordinators for the developmental sequences are: The Child and His Family form Conception to Age 6, Dr. Estelle Siker (MD.), Chief, Community Services, Conn. State Dept. of Health, 79 Elm. St., Hartford, Ct. 566–4282.

Dr. Margaret Wilson, East. Connecticut State College, Willimantic, Ct. 423–4581 ext. 277.

The Child and His Family From Ages 7–12; Dr. Margaret Sheriden, Connecticut College, New London, Connecticut 447–9836, 442–5391 Holmes Hall.

Dr. Lee Stopworth, Central Conn. State College, New Britain, Ct. work: 225–7481, home. 643–4427.

The Child and His Family Ages 13–18, Dr. Albert Allissi, Univ. of Conn., School of Social Work, West Hartford, Conn., home: 658–0784.

Mr. Paul Nuttall, Assoc. Professor, Human Relation Specialist, Co-operative Extension Service, Univ. of Conn., Box U–117, Storrs, Ct. 06268, 486–0724.

The three major papers, although developmental in sequence, will each discuss under these headings needs as indicative of Education, Health, Justice (the Child Before the Law), Human Services, and Economics. A charted subject graph is attached for further enlightenment. The tentative program for the April 27th meeting, a working conference, is also attached for your information.

The first major speaker to confirm her participation in the conference and will give "The State of the Quality of Life" speech is: Dr. Effie O. Ellis (MD.), Special Asst. for Health Services, Office of the Executive Vice President, Chicago, Ill.

Dr. Ellis was one keynote speaker of both the Chicago (1972) Conference and the Boston (1973) Conference.

Several major factors to consider about this conference are:

(1) It's a working conference on problems concerning children and their families.

(2) It will involve a total inter-disciplinary approach.

(3) It will involve youth, lay people, and professionals talking and discussing common problems and common solutions concerning the poor, the middle class, etc.

(4) Discussions will be made up of small groups. (20 or less)

What else does this conference involve?

There will be a fourth position paper:

THE DECLARATION OF YOUTHS RIGHTS AND RESPONSIBILITIES

This is a Bill of Youth's Rights as Connecticut Youth interpret their rights and responsibilities under the Constitution of the U.S.

This is in the process right now. Every secondary school in Connecticut, public, private and parochial, has been invited by three major sponsors to participate by holding a Constitutional Convention Assembly at their school. The major sponsors are:

(1) The Judiciary Committee, of the Connecticut State Legislature, Senator George Guidera, Representative James F. Bingham, Chairmen, 566–4483.

(2) The Parent-Teachers Assoc., of Connecticut, 282 Farmington Ave., Hartford, Conn., 527–5231.

Contact Persons: Mrs. Dolly Schuster, 527–5231, Mrs. Eileen Litscher, 929–3813, Dr. John Onofrid, 934–6631 ex. 204.

(3) Quality of Life Conference for Connecticut Children.

The involvement asks schools to draw up for their school a Declaration of Youth's Rights and Responsibilities by holding a Constitutional Assembly. After finalizing such a document, each school will forward that document with student representatives to a State Constitutional Youth Convention on Saturday, March 16, 1974, to be held in the Hall of the House of Representatives in the Capitol. One document will be drawn up from these by the youth, representing all Connecticut Youth. The document will be a Youth Bill of Rights. This document and a strong representation from this conference will be participants at the Quality of Life Conference on April 27th.

Guide lines for this project are available through: Paul G. Rosenfeld, Conn. Child Welfare Assoc., 1040 Prospect Ave., Hartford, Ct. 06105, 236–5477.

General Information: Representative Ron Bard, Judiciary Committee, Bissell Lane, Norwalk, Ct., 566–5507, or 853–4444.

Concerned issues—The rights of children under the Constitution of the U.S., specifically, Article XIV, Section I, Article V.

(1) A child is entitled to all services, privileges, and perogatives of citizenship and protection as outlined by all legislation passed into law involving federal, state, city, and county government.

(2) A child is entitled to the due process, equal protection under the law, legal representation and guaranties against cruel and unusual punishment.

(3) Police, Protective Services, the Juvenile Court and the schools, for example, interpret a 16 year old as an adult. Connecticut law states an adult to be any person over 18 years or older. There is a conflict of interpretation. A generalization often made which may be generally true states that "the only way a 16–18 year old person can get services in Connecticut is to break a law."

(4) A youth 16 or under in the Juvenile Court is often as not, not represented by counsel and may incriminate him or herself by his or her own testimony—a violation of the 5th Amendment.

(5) What are the rights of the Child in a/ Traffic Cases, b/Motor Vehicle Revocation of License, c/Custody, Separation and Divorce Cases, d/Adoption, e/Foster Care Placement, f/as a Ward of the State, g/the Child's Rights vs. the Parents' Rights, h/the rights of the Child in the School setting—the rights to special education, and quality of education.

(6) The rights of a child from a poor family vrs. the rights of a family of means.

QUALITY OF LIFE CONFERENCE

This meeting should increase the level of public awareness of the importance of all children and initiate a plan for inter-group action on behalf of children in Connecticut. It involves assuring the orderly growth and development of children. This orderly development depends upon the relationship of the physical, social, and educational environments. The cost of blighted individuals in society is seldom considered in relationship with the cost of prevention. Prevention protects the human potential and provides better return for financial expenditure.

Quality of life—Connecticut—April 27, 1974

"What the best and wisest parent wants for his own child, that must the community want for all its children" John Dewey

HEALTH

Ages 0–6

1. Subsidized Health Care.
2. Free Immunization.
3. Nutrition Education Centers.
4. Subsidized Mental Health Care.
5. MH-Family Therapy Centers.

EDUCATION

1. Day Care Centers.
2. Pre-school centers.
3. Comprehensive child development centers.

JUSTICE

1. Child Abuse.
2. The Rights of the Child (Constitutionally).
3. Legal Representation in Custody Cases—Divorce, Foster Care, Adoption.

HUMAN SERVICES

1. Unified Comprehensive one-stop services-community wide-unified intake welfare-public and private agencies.
2. Foster Care.
3. Protective Services.
4. Professional parent as a career field.

ECONOMICS

1. Impact of television.
2. Industry and the rights of the individual.
3. Why Poverty?
4. Cost of Health Care.
5. Cost of Education.

HEALTH

Ages 7–12

1. Subsidized Health Care.
2. Sex Education.
3. Drug Education and Concerns.
4. Subsidized Mental Health Care.
5. MH-Family Therapy Centers.

EDUCATION

1. Special Education.
2. Alternative Education, Open Schools, Free Schools, Co-Existence with Tradition.
3. Redesign of education to meet childrens needs to year 2000.

JUSTICE

1. Child Abuse.
2. The Rights of the Child (Constitutionally).
3. Legal Representation in Custody Cases—Separation, Divorce, Foster Care, Adoption.
4. Modernization of the Juvenile Court.

HUMAN SERVICES

1. Unified Comprehensive total one-stop services—ID card, with Social Security No. using unified intake procedures. All agencies, public and private.
2. Protective Services.
3. Delinquency prevention centers.

ECONOMICS

1. Quality of television.
2. Industry and the rights of the individual.
3. The impact of shortages.
4. Cost of Health Care.
5. Cost of Education.

HEALTH

Ages 13–18

1. Subsidized Health Care to age 16.
2. Venereal Disease.
3. Sex Education-Family Planning.
4. Drug Education and Concerns.
5. Independent Programs for Validation Choices.

EDUCATION

1. Schools without walls.
2. Meeting needs for Vocational Training.
3. Dropouts-Alternatives to School (under age 16).
4. Schools as Community Center.
5. What after high school besides college?
6. Initiative awards—college.

JUSTICE

1. The 16–18 legal (adult) issue.
2. Child Abuse.
3. Modernization of the Juvenile Court.

HUMAN SERVICES

1. Unified intake-child & family.
2. Parent-child counseling.

3. Delinquency prevention centers.
4. Youth-senior citizens corps.
5. Group homes.

ECONOMICS

1. Job opportunity or the lack of it.
2. The responsibility of industry to the young adult.
3. Eco-Socio planned economy.
4. Industry youth guidance education and training centers.

QUALITY OF LIFE—CONNECTICUT

Program Committee's program format recommendation for the Quality of Life Conference on April 27th to be mapped out in the following manner:

8:00 to 9:00 A.M., Registration.

9:00 to 10:00 A.M., Overview Presentation, State of the Union, Quality of Life in Connecticut, Dr. Effie Ellis, MD, American Medical Assoc., Chicago, Ill.

10:00 to 12:00 Noon, Developmental Sequence Sub Group Meetings:

Group A, The Child from Conception—6.
Group B, The Child from 7–12.
Group C, The Child from 13–18.

12:00 Noon to 1:00, Combined Luncheon of all Participants, Inspirational Speaker To be named.

1:30 to 3:30 P.M., Sub Group Meetings A, B, and C, same as morning.

3:30 to 4:00 P.M., Coffee break.

4:00 to 5:00 P.M., Summary Session—All Participants, Conference Chairman Coordinating, Sub-Group Chairman Report, Conference Vote on Next Meeting.

RESEARCH AS A MEANS OF SOLVING OUR FOOD CRISIS

Mr. HUMPHREY. Mr. President, at this time when we are facing a fertilizer shortage and a potential worldwide food shortage of serious dimensions, it is well to give attention to such articles as that appearing in the Wall Street Journal of February 7, 1974, and entitled "Natural Wonder: Man's Best Friend May Be a Bacterium Called the Rhizobium."

This article calls attention to research being conducted by the Agriculture Department's Research Service at Beltsville, Md., to find ways of having the rhizobium bacterium utilize, or fix, nitrogen from the air. The rhizobium already performs this function in growing soybeans; thereby, nitrogen fertilizer is not required. A breakthrough on this front would be extremely helpful in terms of reducing or eliminating the requirement for nitrogen fertilizer and natural gas in producing legumes.

Work is also underway to find out more about other bacteria which gobble up nitrogen from the air and release it into the soil as ammonia. As the world's need for protein increases, its supply and our understanding of these delicate processes may well be enhanced by this research work.

Mr. President, this research is truly an important undertaking which should receive all possible support. I request unanimous consent that the article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Wall Street Journal, Feb. 7, 1974]

NATURAL WONDER: MAN'S BEST FRIEND MAY BE A BACTERIUM CALLED THE RHIZOBIUM

(By David Brand)

BELTSVILLE, MD.—A simple white refrigerator in Deane Weber's laboratory contains 1,000 very ordinary-looking test tubes. But inside each test tube are millions of hard-working bacteria that one day, scientists hope, may become a bacterial horn of plenty.

The bacteria are called rhizobia. In the past few years they have emerged as a vital link between nature and much of man's food supply. For perhaps millions of years they have been nestling in the roots of certain plants and helping to produce protein. Now scientists are attempting to harness the rhizobium as a means of meeting the world's growing demand for protein.

Mr. Weber, a microbiologist with the U.S. Agriculture Department's research service, headquartered here in Beltsville, is custodian of the nation's largest collection of rhizobia. His refrigerated test tubes contain different strains of the bacterium, many of the strains having been collected by scientists in remote parts of the globe. The rhizobia are kept alive in their frigid test-tube world (the cold slows their growth) on a diet of yeast and sugar, awaiting requests for some of their number by researchers around the world.

Because of the rhizobium's remarkable alchemy, the research has become intense. It is only within the past few years that scientists have started to unlock the mechanism by which the bacterium enters the roots and establishes colonies that draw sustenance from the plant and in return provide nitrogen from the air. This the plant converts to amino acids, the building blocks of protein.

AN ESSENTIAL ELEMENT

Nitrogen is the essential element of protein. And since all of our protein requirements come originally from plants, the amount of nitrogen getting into the soil is critical. For much of this century man has met his protein appetite with factory-produced nitrogen fertilizer. But ironically, although nitrogen is all around us (it is 79% of the air we breathe), to produce it in fertilizer form requires massive capital investment and the intensive use of hydrocarbons (mainly natural gas). Hydrocarbon shortages together with insufficient fertilizer production are already causing world-wide nitrogen fertilizer shortages and substantial price increases for what nitrogen fertilizer is available.

Thus the industrious rhizobium has become a possible alternative for our future nitrogen supplies. But there's a major problem. The rhizobium, it seems, is a very selective bacterium and will only make its home in legumes, or members of the bean family. For some reason still not understood, it refuses to work with the vitally important cereal crops such as wheat, corn and rice. The rising yields of such crops have been tied to the use of increasing amounts of nitrogen fertilizer.

It is because of the rhizobium that the world's six major legumes—soybeans, peanuts, checkpeas, string-type beans, cow peas and pigeon peas—are so high in protein yet require little if any nitrogen fertilizer. If only the rhizobium could be made to produce nitrogen for cereal crops, researchers say, then man would no longer be forced to rely on a fertilizer factory's output for his daily bread.

A GLOBAL CRISIS?

It is in the hope of averting a global nitrogen crisis—and therefore a protein crisis—that scientists are making the rhizobium one of the most thorougly researched bacteria in history. Some researchers are attempting to manipulate the bacterium's genes; others are uncovering startling new information about how some nonlegumes obtain their nitrogen; and chemists are trying to mimic the rhizobium's alchemy by devising a manmade chemical system that might be able to produce nitrogen fertilizer on request.

To understand how scientists are attempting to fool Mother Nature it must first be explained how nitrogen is constantly being recycled from the atmosphere, into the ground and then back into the atmosphere again.

Ralph Hardy, a Du Pont Co. plant biologist, estimates that 10 million metric tons of nitrogen annually get into the soil world-wide through the action of lighting and ultraviolet radiation, which create nitrogen compounds from the atmosphere; these compounds are then washed into the soil by rain. Another 35 million metric tons, he says, are made by the agricultural fertilizer industry. But by far the largest amount of nitrogen to reach the soil, estimated by Mr. Hardy at 170 million metric tons a year, is taken from the air by bacteria in the soil.

This vast army of bacteria (estimated to weigh 500 pounds in the top seven inches of an acre of fertile soil) extracts the molecules of nitrogen gas from the pockets of air in the soil and "fixes" them in the form of ammonia, a chemical that can be used by plants.

FREE-LIVING GOBBLERS

There are two groups of these bacteria. First there are the so-called free-living bacteria that live anywhere in the soil and are constantly gobbling up nitrogen and releasing it into the soil as ammonia. In the absence of manmade fertilizer, this is a major source of nitrogen for cereal crops.

The other group is the rhizobia. These are the curiosities of the soil-bacteria world because of their symbiotic relationship with the bean plant: The plant can't grow without the bacteria and the bugs can't survive without the nourishment provided by the plant.

The rhizobia invade the root-hair openings of the young plant and find their way into the plant's cells. There they enclose themselves in a membrance. Soon the invaders have multiplied into colonies some millions strong, producing the bean plant's characteristic root nodules. Inside these nodule factories nitrogen is extracted from the air and converted to ammonia.

Nitrogen fertilizer, which is often in the form of ammonia, curiously enough has little effect on the bean plant's growth. It's theorized that the manmade chemical "turns off" the rhizobium. One avenue of research is to find a strain of rhizobia not affected by fertilizer. Presumably, the plant would then get twice as much nitrogen—from the bacteria and from the fertilizer—thus substantially increasing the world's legume yields.

Many of the strains used in this research come from the world's 50 or so rhizobia collections, among the largest of which is the one kept by Mr. Weber of the Agriculture Department. Mr. Weber says that every year he gets many requests from scientists for samples of his rhizobia.

Often these zhizoba are used for injecting into newly developed legume varieties in the hope of finding a combination that will boost the amount of nitrogen going to the plant (a rhizobium strain is frequently so selective that it will only work with certain bean varieties). However, while this tedious cross-checking of the myriad strains of rhizobia and legume varieties may one day bring results, the research has none of the immediate glamor of the "long-shot" hope of geneticists: that the rhizobium can somehow be transferred to cereal crops.

Scientists have been able to persuade the rhizobium to invade soybean cells inside a test tube. But when the same thing has been tried with wheat or corn cells, the bacterium refuses to enter.

Now, however, scientists believe they may have found a strain of rhizobium that just might work with cereal crops. A few months ago an Australian scientist found growing in New Guinea the first nonlegume that gets its nitrogen from rhizobia colonies inside its roots (the plant is thought to be a variety of elm). This discovery, researchers say, for the first time raises the realistic possibility of breeding rhizobia to invade cereal crops.

American and European researchers are also trying another approach. They're attempting to take the genetic information that controls the rhizobium's nitrogen-producing mechanism and transfer it directly into the cereal-plant's cells. Already they have succeeded in transferring such information to another bacterium, and they now know how to "switch" the mechanism on and off.

BUMPER CROPS

Equally promising, researchers say, is the hope that the free-living bacteria, the nitrogen-producing bacteria that live in the soil, may also play a future role in producing bumper crops. Relatively little research has been done on these bacteria, but scientists are beginning to suspect that they may be an important link to life in many different forms.

Free-living bacteria have been found producing nitrogen in the most curious places: in the guts of termites and the intestines of New Guinea tribesmen. Scientists theorize that the bacteria may enable the tribesmen to stay healthy on a low-protein diet of sweet potatoes and that they may also contribute missing nitrogen to the termites' diet of wood. What's more, scientists in Brazil may have exploded the theory that in the plant world these free-living bacteria live only in the soil. They have found a type of tropical grass with a hitherto unknown strain of free-living bacteria colonizing the root surface. Harold Evans, professor of plant physiology at Oregon State University, says the bacteria seem to settle on the roots inside a mucilage sheath where they draw their food supply from the plant and extract nitrogen from the air in return "at rates approaching that of a legume."

Mr. Evans has also found evidence of a similar association in nature between the free-livers and wheat plants. The bacteria, he says, are either living on the plant roots or in the soil close to the roots. Having isolated such bacteria, Mr. Evans is currently trying to put the isolated bacteria back into the soil with the wheat plants to see if he can reproduce the bacterium-plant relationship. "We're only just beginning to find these associations," he says. "If we can put this system back together it will be of tremendous significance."

COPYING NATURE

Reproducing a system is also a goal of Du Pont's Mr. Hardy, but his aim is to construct a chemical system based on the rhizobium's nitrogen production. Mr. Hardy says it may be possible to build a machine that could extract nitrogen from the air and convert it to ammonia fertilizer. To do this, however, scientists must first have a clear understanding of how the rhizobium performs its alchemy—and such a clear understanding is currently lacking. For while it is definitely known that the bacterium produces an enzyme called nitrogenase, which converts the molecules of nitrogen in the air into ammonia, it is only theorized that atoms of iron and molybdenum in the nitrogenase are involved in this reaction.

The latter theory, Mr. Hardy says, is based on laboratory experiments in which nitrogen gas has been combined with molybdenum and iron, and the combination has resulted in the production of small amounts of ammonia. "Scientists are in fact mimicking nitrogenase to get ammonia from molecular nitrogen at room temeprature," he says. "Researchers now have a variety of metals that will react with nitrogen."

From such experimentation, Mr. Hardy says, may come a farm-based unit that would draw nitrogen from the air and convert it to ammonia. Such a system, he adds, would probably use electricity. In any case, he says, it would "greatly reduce" the amount of energy required for the production of nitrogen fertilizer and would eliminate altogether the present high transportation costs for such fertilizer.

A CONVERSATION WITH DR. ALEXANDER LUNTZ

Mr. CRANSTON. Mr. President, I would like to share with you and my colleagues in the Senate a conversation I had on February 13 with a noted Jewish mathematician and scientist, Dr. Alexander Luntz. Dr. Luntz was recently fired from his position as director of a research institute in Moscow—immediately after—on the very same day—he requested an emigration visa from the Soviet Union.

I am personally inspired by Dr. Luntz's quiet courage and determination to seek freedom—representing, as he does, so many others pursuing the same course. I ask unanimous consent to print the text of our conversation in the Record.

There being no objection, the text of the conversation was ordered to be printed in the Record, as follows:

Conversation With Dr. Luntz

Senator Cranston. Good evening, Sasha.

Dr. Luntz. Senator Cranston?

Senator Cranston. Yes.

Dr. Luntz. I'm very glad to hear you.

Senator Cranston. Thank you. I'm delighted to have this chance to talk to you and tell you of my concern as a United States Senator over the relationships between our country and the Soviet Union. We have a great desire for successful detente and for peace and for trade and an end to the arms race and the dangers of that, and the cost of that and I hope that each of our nations—the leaders and the people—can take steps that will reduce the tensions and develop better relationships. And one problem that has strained these relationships and made the development of trade and a reduction in the tensions of the arms race difficult to achieve is the refusal of the Soviet Union to let all those Jews who would like to go to Israel to leave the country and the difficulties with intellectuals who wish to speak out their views of conditions in the Soviet Union.

That may be looked upon as an internal matter but the matter of people wishing to leave the country becomes a matter relating to other nations and thus strictly is not an internal matter. And I hope that it will be recognized that those of us who believe in the need for a successful detente and believe in friendship between our countries are watching what happens to people like you and to people like Solzhenitsyn who has, as you may or may not know, been exiled to West Germany today. That's better than what would have happened to him in prior days way back in the Stalin era for example in Russia.

But it isn't quite the way we hope things will ultimately be. But at least he is out and he is free and I gather from what has been said by the Government that his family can join him in freedom that can be found outside the Soviet Union. Anyhow, these are the views of one American who represents many in our country and the views of many others in the Government and we would do what we can to help and someday we will have peaceful relations and I think open relations between our country and your country and the Arabs and Israel and all the rest of us too.

Dr. Luntz. Yes. Senator, you see perhaps now the American people can see better what is in this country. What situation is in this country, and I think that these problems, the problems of free emigration and the collective problems are not the inner problems of the country and you are right to speak about this problem and to help us. You see, behind us that have refusals are many, and many thousands of people that are afraid to even apply for visas, and that is very important for the Jewish people and for Israel and for our situation. Of course, we will be very thankful, very grateful to you for all your help.

Thanks from all of my friends.

Senator Cranston. Well thank you, and I respect your courage in applying for that visa to leave the country and I hope that each of our countries through the Governments and their people in one way or another can make gestures that indicate our desires to have the relationships between our countries become more open and free and more peaceful—in the direction of peace rather than conflict—and if each country can make some gestures and moves unilaterally without waiting for something back from the other, that would help. And one thing that the Soviet Union can do would be to make it easy for people to leave who wish to, and we could do some things. We can work on some trade deals from our side that can be mutually advantageous; but sometimes perhaps some one side will gain a bit, sometimes the other. We will all gain if we move toward freedom of movement, freedom of people, freedom of goods and less wasting of so much of our strength and substance in armaments rather than in things that lift the living standards of the people of our two lands and other lands. It's been wonderful to talk to you and we'll be watching what develops and we will stay in touch. And here's another friend to speak to you.

Dr. Luntz. Thank you. Thank you.

THE PRESIDENT'S PAY PROPOSALS

Mr. McGEE. Mr. President, as Members of the Senate know, the Committee on Post Office and Civil Service wrestled Tuesday with the thorny issue arising out of the President's recommendation on executive, legislative, and judicial salaries. The results of that session are, of course, not going to please everyone. I might add, since it is well known already, that the decision of the committee really represented no member's first choice among the alternatives open to us.

As chairman, I would like to commend my colleagues on the committee for the forthright manner in which they approached this issue. We had, Mr. President, four record votes and each of the nine committee members is recorded on all four votes.

One newspaper columnist has observed that the total cost of the salaries in question about equals the loss to the Treasury of 1 snow day in Washington on which the Government excuses many of its employees. Frankly, I do not think it that great in cost. But cost, obviously, is not the issue in this matter. The issue in many Members' minds centers more on the question of Congress and top Government officials giving the Nation an example of frugality, or, if you will, sacrifice, in these inflationary times.

Mr. President, the president of the American Foreign Service Association has addressed this issue of setting "a good example" in a letter addressed to me as chairman of the committee with jurisdiction over matters of Federal salaries. I ask unanimous consent that Mr. Thomas D. Boyatt's letter of February 20 be printed in the Record.

There being no objection, the letter

was ordered to be printed in the Record, as follows:

American Foreign
Service Association,
Washington, D.C., February 20, 1974.

Hon. Gale W. McGee,
Chairman, Committee on Post Office and Civil Service, U.S. Senate, Washington, D.C.

Dear Mr. Chairman: As you may know, the American Foreign Service Association is the professional association, and the duly elected exclusive bargaining representative of the 11,000 men and women of the Foreign Service of the United States working in the Department of State, AID and USIA.

For almost three years now, an increasingly large number of senior Foreign Service personnel in the three Foreign Affairs Agencies have been denied any increase in salary because of the legal requirements in 5 USC 5308 which prohibit their receiving pay in excess of level V of the Executive Schedule. During the same time period, rising State and local taxes, and a very sharp inflation rate both at home and abroad have brought about a situation in which many senior employees in the Foreign Service have had their real, disposable incomes reduced by as much as 30 percent. You will recall that we brought this matter to your attention last spring, and greatly appreciate your efforts in getting the "McGee-Fong" Bill through the Senate. We only regret that the House failed to take parallel action.

The effect of this situation on Foreign Service personnel has been particularly unfortunate because many senior officers in the Foreign Service are regularly required to expend a considerable portion of their own incomes on official entertaining, uncompensated moving expenses, uncompensated educational and educational travel expenses and other extraordinary costs which have long since come to be an expected part of Foreign Service life. Moreover, in the Foreign Service, mandatory retirement comes at age 60, and an employee can only earn 35 years of retirement credit, though in the Civil Service employees can remain to age 70 and earn up to 40 years retirement credit. As a result, Foreign Service personnel rely particularly heavily on a growing "high three" years of income to obtain an adequate pension. Yet, many have seen their opportunities for an adequate pension disappear since they were unable to receive the salary increases to which pay-comparability studies indicated they were entitled.

The President's proposals now before your Committee would only go a small distance in rectifying the situation, but it is at least a start. We believe it would be highly unfortunate if well-justified pay increases were blocked by action of the Congress.

Much has been said in recent days of the need for the Congress to "set a good example" at a time of economic difficulties facing the country. AFSA agrees that the economic privations affecting the entire country should be borne equitably. The question, however, is which example should be set. Would it be good public policy to deny further to senior personnel pay increases already long overdue? Almost everyone else in the country has had increases in income in the past three years which matched or came close to matching increases in the cost of living. Should this group of senior employees be the only significant group in the country to suffer a sharp reversal in their personal well-being?

Personnel who have reached the top normal rank in the Foreign Service, FSO or FSIO Class-1, now receive exactly the same pay as those few personnel granted the extraordinary rank of Career Minister (Executive Level V), and receive no more pay than personnel of FSO or FSIO Class-2. The Class-2 officer thus has nothing to look forward to in terms of monetary reward even if promoted twice. Do we really wish to set an example for the country which established the principle that being the best in your field, and thus rising to the top in a fiercely competitive career service, brings with it no monetary reward? Do we wish to see the best career personnel attracted away from the career service not because they wish to leave, but rather because it has become highly disadvantageous financially for them to stay when the monetary rewards are greater elsewhere? Frankly, we doubt that these are beneficial examples to set for the country.

We hope that the Congress, in the interest of equity and sound public policy, will permit the increases recommended by the President to take effect, and will give serious consideration thereafter to a change in the law which will provide for a review of executive level pay every two years, rather than every four, so that this situation will not recur.

If you think it would be helpful, the Association would be pleased to meet with you or with other members of the Committee to discuss this matter further.

Sincerely yours,
Thomas D. Boyatt,
President.

NIXON BUDGET HURTS MINNESOTA

Mr. HUMPHREY. Mr. President, the Minnesota State Planning Agency has just completed a detailed analysis of the impact of the proposed Federal budget for fiscal year 1975 on Minnesota. While this draft summary shows that little of the disastrous program slashing proposed in last year's budget is evident this year, it also shows that this budget will do little to help State and local government address the many serious problems that our people face. In fact, in many ways the Nixon budget will seriously hurt Minnesota.

More specifically, this analysis shows that Minnesota will receive only $200,000 for water and sewer grants rather than the $6 million that it could be receiving, if this program was funded at its full authorized level.

It also notes that the proposed elimination of Community Action programs means that the State of Minnesota or local governments must assume the financial and management responsibility for at least 28 Minnesota CAP agencies. The elimination of the CAP agencies' Federal support also seriously threatens the Head Start program in my State.

The funds for public service employment activities, just as we enter a period of rapidly rising layoffs, will be reduced by 72 percent. This will exact a serious cutback in Minnesota where we received over $21 million in emergency employment funds in fiscal year 1973.

The administration's proposed area and regional economic adjustment program, which would supposedly replace the EDA and Upper Great Lakes Regional Commission programs, will result in a drop of over $5 milliion dollars for Minnesota compared to fiscal year 1973, a reduction of more than 75 percent.

The continued illegal impoundment of EPA sewage facilities construction program funds, as contemplated in the recently presented Federal budget, will bring losses in Federal assistance to Minnesota to a total of $170 million over 3 years. Moreover, Federal support in housing and community development programs, may drop to one-fourth of the level in fiscal 1973.

The story is the same in many other areas. The expansion in this big deficit budget proposed by the Nixon administration provides very little new help in meeting the critical needs of our people and our States, cities, and towns.

Mr. President, I ask unanimous consent that the draft of the "Summary of the Impact of the Proposed Federal Budget on Minnesota—Fiscal Year 1975," prepared by the Minnesota State Planning Agency, be printed in the Record.

There being no objection, the draft summary was ordered to be printed in the Record, as follows:

SUMMARY OF THE IMPACT OF THE PROPOSED FEDERAL BUDGET ON MINNESOTA—FISCAL YEAR 1975

INTRODUCTION

Almost directly contradicting the austere proposal of last year, the President presented in early February a greatly expanded federal budget for fiscal year 1975. With projected expenditures of $304.4 billion, the 1975 budget proposes a $30 billion increase over estimated actual 1974 expenditures, and reflects an expansion of nearly $34 billion over the $268.7 billion "ceiling" requested in the 1974 Presidential budget.

The primary elements in this budgetary expansion are fixed, "cost of living" increases. The largest single increase in outlays from fiscal year 1974 to 1975 is for social security increases. Amendments to the Social Security Act adopted in December and natural increases will expand the program of social security benefits by over $7 billion in the coming year. The bulk of additional increase is reflected in Medicare and Medicaid, and in veterans retirement increases, increases in Food Stamp benefits and accelerating interest on the public debt.

The additional growth anticipated in the budget is scattered among most agencies and, at first glance, reveals no big surprises. The large increases already noted have left little room in the budget for increased support to state and local governments. Most grant-in-aid programs appear likely to hold at about the same spending level and the most significant changes are those likely to result from renewed efforts at "special revenue sharing." A shift in emphasis among agency programs, or within functional areas does appear, however, and it is the purpose of this study to assess the impact that such shifts of programs or support could have on state and local government in Minnesota.

Rural Development.—Under the proposed budget, Minnesota would receive approximately $200,000 for water and sewer *grants*. If the program is funded at its full authorized level, the state would receive approximately $6 million. The budget proposed to fund the business and industrial development *grant* program at one-fifth its authorized level. This means Minnesota would receive $200,000, rather than $1 million.

O.E.O. Community Action.—The Administration's budget proposes to phaseout the Office of Economic Opportunity and eliminate its Community Action Program. There are now 35 Community Action agencies operating in Minnesota, with approximately 875 employees. Seven of these agencies are Indian agencies, which receive most of their funds directly from the Department of H.E.W. The cancellation of the Community Action Program means that either the state or local government must assume responsibility for the support of the remaining 28 C.A.P. agencies.

Head Start.—All 35 C.A.P. agencies in the state administer Head Start programs, and although the projected funding level of the program increases for fiscal year 1975, the withdrawal of maintenance support for the Community Action agencies leaves the state's ability to utilize the Head Start monies available in doubt.

Economic Development.—Under the Administration's proposed Area and Regional Economic Adjustment program, Minnesota would receive approximately $1.6 million in federal funds. This is more than a 75% reduction from the $6.7 million Minnesota received during 1973 under the existing EDA and Upper Great Lakes Regional Commission programs.

Impact Aid.—The elimination of the impact aid program for "B" children would mean a major loss in Minnesota. In fiscal year 1973, the state received $4.687 million for the "Schools in Federally Affected Areas" program. Of this, $3.286 million was received for category "B" students; this was over 70% of the total impact aid. This "B" money was distributed among 56 school districts while 22 districts also received some "A" aid, the remaining 34 districts would be eliminated entirely from the program.

Comprehensive Employment and Training.—The C.E.T.A. will reduce funds available for public service employment activities by 72%. This will likely lead to a correspondingly significant decrease in Minnesota; the state received over $21 million in emergency employment funds in F.Y. 1973.

EPA Sewer Construction.—The proposed budget for the sewage facilities construction program would result in Minnesota receiving $64.2 million in fiscal year 1975. If the Administration had budgeted the full $7 billion for the program, Minnesota would have been eligible for $114 million. Impoundments of EPA sewage treatment construction funds in fiscal 1973 and 1974 resulted in Minnesota losing $121 million in federal funds. This, along with anticipated impoundments for fiscal year 1975, means that in the three years the state has lost a total of $170 million.

Land and Water Conservation Fund.—The Administration proposal to fund the LAWCON program at its full authorized level will mean that Minnesota would receive approximately $3 million for acquisition and development of state and local parks. This is over $2 million more than the $850,000 received in 1974 and approximately the same as the fiscal year 1973 level.

Better Communities Act.—During fiscal year 1973, Minnesota received almost $40 million under the five grant programs being consolidated. The Department of Housing and Urban Development projects Minnesota's allocation for F.Y. 1975 under the Better Communities Act at $48.3 million. This allotment, however, is figured on the entire $2.3 billion requested appropriation. If, in fact, only $560 million is spent during the first year of the Better Communities Act, Minnesota may more realistically expect to receive $11.7 million in D.H.U.D. community development support for the coming fiscal year.

Responsive Governments Act.—In fiscal year 1973, Minnesota received $1.43 million for the "701" Comprehensive Planning Assistance Program. Estimated fiscal year 1975 receipts for the state equal $1.087 million. Even with a $40,000 additional allocation to support state assumption of administrative responsibility, the F.Y. 1975 allotment will be significantly below the F.Y. 1973 receipts.

Allied Services.—Minnesota has two pilot human resources service projects; one in the seven-county Arrowhead Regional Development Commission area and the other in the nine-county Region Nine Regional Development Commission area. These projects could be eligible for federal funds under the proposed Allied Services program.

AGRICULTURE AND RURAL DEVELOPMENT

President Nixon's proposed budget for fiscal year 1975 calls for only a slight decrease in spending for the Department of Agriculture. However, some major priority changes have been proposed within the department. The sharp rise in farm income has caused a decrease in farmers dependence on price support. Consequently, food programs replaced farm price supports as the big item of the Department of Agricultures 1975 budget.

Food programs such as the Child Nutrition Program, the Special Milk Program and the Food Stamp Program, are budgeted $5.6 billion under the 1975 proposed budget as compared to $3.9 billion in F.Y. 1974. In contrast, the proposed budget includes a decrease in the price support of $2 billion from $2.5 billion in fiscal year 1974 to $500 million in 1975.

Other changes in the programs of the Department of Agriculture as proposed in the new budget are as follows:

Rural housing

The proposed budget provides for continuation of the rural housing programs at about the same funding level as 1974—$2.1 billion. These funds would provide for assistance for over 161,000 housing units as compared to 166,000 units in 1974. The proposed budget calls for several major changes in direction and content in rural housing. Subsidized housing would be redirected to provide more assistance to lower income families through low-interest rehabilitation loans. In addition, home ownership would be assisted primarily through purchase of existing housing units rather than through new construction.

Rural conservation

The Administration's budget proposes to combine the Rural Environmental Assistance Program (REAP), the Water Bank Program, the Emergency Conservation Program, the Great Plains Conservation Program and the forestry incentive programs into a single Rural Environmental Program (REP). Proposed 1975 fund is $118 million for REP as compared to $200 million for the individual programs during fiscal year 1974.

Rural development

The proposed budget includes funds for the funding of portions of the Rural Development Act of 1972. It would provide $400 million in loans for business and industrial development; $600 million for loans for water, sewer and other community facilities; $20 million for grants for water and sewer facilities; and $10 million for grants for business and industrial development. These funds represent an increase over the 1974 estimated funding levels. Under the Act, Congress has authorized funding of the water and sewer facilities grants at a level of $300 million. The grant program for business and industrial development was authorized at a level of $50 million.

IMPACT ON MINNESOTA

Rural conservation

Minnesota received approximately $6 million under the rural conservation programs of the USDA during fiscal year 1973. The reduction in budget authority requested for the rural conservation programs will mean a substantial reduction in these funds in Minnesota in future years.

Rural development

The funding levels for the rural development programs proposed by the Administration would mean that Minnesota would receive approximately the following funds: $8 million for business and industrial loans, $10–12 million for water and sewar loans, $5 million for community facilities loans; $200,000 for water and sewer grants and $250,000 for business and industrial grants. If the water and sewer grant program would be funded at its full authorized level, Minnesota would receive approximately $6 million in grants. At full authorization, Minnesota would receive approximately $1 million in business and industrial development grants.

ANTI-POVERTY

In a striking similarity to last year's budget, the Office of Economic Opportunity is again targeted for phase-out during fiscal 1975. In fiscal year 1974, the Congress defied the Administration, and appropriated $329 million for the O.E.O., but all O.E.O. programs are scheduled to expire this June 30. While no specific appropriation authorization was requested within the President's budget for the Office of Economic Opportunity, the Administration plans to present special legislation detailing the phase-out process shortly. The President's budget does, however, anticipate outlays and transfers for O.E.O. programs during the coming fiscal year. These include:

[Outlays in millions of dollars]

Program	Fiscal year— 1973, actual	Fiscal year— 1975, estimate	Agency
Research and development	$63.5	$26.3	Phase-out.
Community action	396.5	87.1	Phase-out HEW.
Health and nutrition	190.1	25.8	HEW.
Migrants and farmworkers[1]	38.0	40.0	DOL.
Native Americans[1]		33.2	HEW.
Community economic development.	35.6	13.9	Commerce

[1] These program transfers were effected during fiscal year 1974.

Head Start

For Head Start, the President proposed an increased budget, reflecting the higher cost of maintaining the program for the same number of children. The fiscal 1974 appropriation for Head Start programs was $392 million; the 1975 proposal calls for $430 million. $16 million of this increase is to be used for meeting the indirect administrative cost for Head Start projects which are now being operated through the Office of Economic Opportunity's community action agencies.

Legal Services

The Legal Services Corporation proposal remains in the President's budget for 1975, with a requested appropriation of $71.5 million for the fiscal year. The House, in June of 1973, adopted legislation to create an independent Legal Services Corporation along the lines of the Administration proposal. Similar legislation is pending in the Senate at this time. The existing legal services authorization of the O.E.O. will expire on June 30, 1974.

IMPACT ON MINNESOTA

There are now 35 Community Action agencies operating in Minnesota, with approximately 875 employees. Seven of these agencies are Indian agencies, which receive most of their funds directly from the Department of H.E.W.; in fiscal 1973, they received almost $800,000. The remaining 28 C.A.P. agencies received over $4.2 million in federal funds from the Community Action Program of the O.E.O. in fiscal year 1973. Since the President's budget does propose continuation of the Native American program through the D.H.E.W., the Indian agencies may be able to survive. The cancellation of the Community Action Program of O.E.O., however, means that either state or local governments must assume responsibility for support of the other 28 C.A.P. agencies in Minnesota.

Head Start

The Community Action agencies in Minnesota received over $4.7 million in Head Start monies during fiscal 1973. All 35 C.A.P. agencies in the state administer Head Start programs, and although the projected funding level of the Head Start program increases for fiscal year 1975, the withdrawal of maintenance support for these Community Action agencies leaves the state's ability to utilize the Head Start monies available in doubt.

URBAN COMMUNITY DEVELOPMENT

Better Communities Act

In another proposal reminiscent of last year, the President again requested budget authority in the Department of Housing and Urban Development to fund the consolidated grant program of the "Better Communities Act." This legislation, which has been pending in Congress since proposed in last year's budget, would replace seven major categorical programs:

Model Cities;
Neighborhood Facilities;
Open Space;
Water and Sewer Facilities;
Urban Renewal;
Rehabilitation Loans; and
Public Facility Loans.

Of these, the Open Space Land Program, Neighborhood Facilities, Water and Sewer, and Public Facility Loans were terminated in fiscal year 1973, and no new program commitments have been made in fiscal year 1974, or are anticipated in fiscal 1975. The Model Cities program is being phased-out with $75 million in the current fiscal year; participating cities may continue receiving support under the Better Communities Act. No new program commitments are anticipated under the Urban Renewal or Rehabilitation Loan programs either.

The President has requested a budget authority of $2.3 billion for the better Communities Act, although first year outlays are projected at $560 million. This amount, the President explains, is "flexible", depending on the rate at which cities utilize the amounts made available to them. Outlays under the five grant programs in fiscal year 1973 totalled over $1.8 billion.

Responsive Governments Act

The President has also come out strongly on behalf of another proposal that has been pending in Congress since last Fall. The Responsive Governments Act is designed to replace the Comprehensive Planning Assistance ("701") program. $110 million is requested to support this program. Meanwhile, states are being given the option of assuming administrative responsibility for the Comprehensive Planning Assistance Program during fiscal year 1975

IMPACT ON MINNESOTA

Better Communities Act

During fiscal year 1973, Minnesota received almost $40 million under the five grant programs being consolidated. The Department of Housing and Urban Development projects Minnesota's allocation for F.Y. 1975 under the Better Communities Act at $48.3 million. This allotment, however, is figured on the entire, $2.3 billion requested appropriation. If, in fact, only $560 million is spent during the first year of the Better Communities Act, Minnesota may more realistically expect to receive $11.7 million in D.H.U.D. community development support for the coming fiscal year.

Responsive Governments Act

In fiscal year 1973, Minnesota received $1.43 million for the "701" Comprehensive Planning Assistance Program. Estimated fiscal 1975 receipts for the state equal $1.087 million. Even with a $40,000 additional allocation to support state assumption of administrative responsibility, the F.Y. 1975 allotment will be significantly below the F.Y. 1973 receipts.

ECONOMIC DEVELOPMENT

The existing programs of the Economic Development Administration and the Regional Action Planning Commissions are slated for funding under the proposed fiscal year 1975 budget, in order to permit a transition to a new Area and Regional Economic Adjustment program. The Administration is requesting $100 million to fund this new program. However, these new funds are offset by decreases in the funding request for the existing programs of the EDA.

The new budget authority requested for EDA is $170 million; this is $70 million less than the budget for 1974. The budget request for the Regional Action Planning Commission has been reduced from $42 million to $35 million.

The new economic adjustment program, which will be introduced in Congress soon, will closely resemble the special revenue sharing proposal the Administration had submitted for other programs last year. Under the proposal, 80% of the funds would be allocated to states on a formula basis. These funds would then be distributed on the basis of an overall economic adjustment plan approved by federal regional administrators. The federal government would not approve or disapprove individual projects. The remaining 20% of the funds would be distributed to the States by the Secretary of Commerce and the regional administrators by discretion to meet emergency economic adjustment problems.

This new program would eventually replace the following existing Economic Development Administration program:

Grants and loans for public works and development facilities

The purpose of this program is to assist in the construction of public facilities needed to initiate and encourage long-term economic growth in designated geographic areas where economic growth is lagging behind the rest of the nation.

Loans for businesses and development companies

The purpose of this program is to provide low interest long term loans to help businesses expand or establish grants in redevelopment areas for projects that cannot be financed through private lending institutions.

Planning assistance

The purpose of this program is to assist multi-county districts develop planning capability.

Technical assistance

The purpose of this program is to solve problems of economic growth in EDA designated geographic areas and then areas of substantial need through feasibility studies, management and operational assistance, and other studies.

Public works impact projects

The purpose of this program is to provide immediate useful work to unemployed and underemployed persons in designated project areas.

Regional economic development

The purpose of this program is to provide grant-in-aid supplements for a portion of the local share of federal grant programs for the construction or equipping of facilities or the acquisition of land when a community, because of its economic situation, cannot supply the match.

IMPACT ON MINNESOTA

Under the Administration's proposed Area and Regional Economic Adjustment program, Minnesota would receive approximately $1.6 million in federal funds. This is more than a 75% reduction from the $6.7 million Minnesota received during 1973 under the existing EDA and Upper Great Lakes Regional Commission programs.

EDUCATION

The President is again seeking major consolidation of categorical education grant programs. Legislation will be presented to Congress shortly to fold twenty-some programs into six broad areas: Disadvantaged Education, Handicapped Education, Vocational Education, Adult Education, Support Services, and Innovation. Included in this year's budget are requests to continue many of the programs designed for elimination in the Administration's original grants consolidation legislation. Particularly significant is the inclusion of the School Lunch Program intact within the Department of Agriculture, with a proposed budget authority of $420 million. This program was originally targeted for consolidation within the Support Services category of the Better Schools Act, with less budget authority requested for the entire category than had been available for the specific School Lunch program.

A major feature of the proposed education funding is the anticipated request for 1974 supplemental funds of $2.85 billion for use in the 1974–1975 school year. This "forward funding" request includes: $1.88 billion for Title I of E.S.E.A.; $48 million for Education of the Handicapped (Grants to States); $158 million for Titles II and V, E.S.E.A., and Title III, N.D.E.A.; $154 million for Titles III and VIII, E.S.E.A., and Environmental Education; $544 for Vocational Education; and $63 million for Adult Education. In 1975, $2.8 billion is requested in the regular budget for advance funding of the 1975–1976 school year.

The Administration is also again requesting the elimination of federal impact aid payments for "B" children, whose parents work but do not live on federal property. The President does, however, propose 100% payment of the authorization for districts which have an enrollment of at least 25% "A" children—whose parents live *and* work on federal property. A 90% payment would be made for districts with less than 25% enrollment of "A" children.

The President will ask Congress to eliminate payments under Emergency Education Aid, and will instead request that desegregation aid be distributed on the basis of project grants targeted toward specific areas instead of under the formula now employed in the emergency aid program. The program would be cut substantially in this proposal—from $234 million in fiscal 1974 to $75 million in fiscal 1975.

The major feature of the proposed higher education budget is the Basic Opportunity Grants program. Nixon proposed $1.3 billion for the program, a $825 million increase over the current fiscal year. The President also asked for $250 million for work-study grants, but requested no funds for direct loans, supplementary education grants or incentive grants for state scholarships.

CONSOLIDATED EDUCATION GRANTS

[In thousands of dollars]

	1974 appropriation	1975 request
Elementary-secondary education:		
Disadvantaged	$1,700,000	$1,900,000
Handicapped	47,500	50,000
Support services (total)		158,000
Library resources	90,000	
Educational equipment	29,000	
Strengthening State departments of education	39,000	
Innovation (total)		154,000
Supplementary services	146,000	
Dropout prevention	4,000	
Nutrition	2,000	
Environmental education	2,000	
Vocational education	527,000	550,000
Adult education	63,500	63,000
Impact aid	594,000	340,000
Emergency school aid	258,000	75,000
Other:		
Bilingual education	50,000	35,000
Education for handicapped (excluding State grants)	100,000	100,000
Follow-through	41,000	35,000
Higher education:		
Basic opportunity grants	475,000	1,300,000
NDEA direct loans	288,000	0
Supplemental opportunity grants	210,000	0
Work study	270,000	250,000

IMPACT ON MINNESOTA

Consolidated education grants

The uncertainty surrounding the final formula for allocation of E.S.E.A. Title I (disadvantaged) funds makes Minnesota's share impossible to calculate. The national increase of only $200 million for the program, within the consolidation grant, would reflect quite a small increase for each individual state.

Impact aid

The elimination of the impact aid program for "B" children would mean a major loss in Minnesota. In fiscal year 1973, the state received $4.687 million for the "Schools in Federally Affected Areas program". Of this, $3.286 million was received for category "B" students; this was over 70% of the total impact aid. This "B" money was distributed among 56 school districts; while 22 districts also receive some "A" aid, the remaining 34 districts would be eliminated entirely.

Emergency school aid

Minnesota received $133,186 in Emergency School Assistance during fiscal year 1973. The shift to a program of "demonstration" projects, which will greatly decrease the national program, will virtually eliminate the program in Minnesota.

ENERGY

"Project Independence," the Administration's design to achieve self-sufficiency in energy by 1980, was given top billing among domestic programs in the 1975 budget. Included as major components of the energy budget is support for research and development, as well as funds for construction of new energy facilities, manpower development, and environmental studies on alternative energy sources.

Among federal agencies, the Atomic Energy Commission will continue to receive the largest share of research money. Also, the Department of Interior's R and D programs for energy are slated to increase 145%.

Other major energy programs include:

$725 million for nuclear fission R and D, an increase of 36 per cent over the fiscal 1974 budget authority.

$426.3 million for coal research and development programs. This represents an increase of $262 million or 160 per cent over fiscal 1974.

$179 million for environmental control technology, an addition of $113 million or 171 per cent over fiscal 1974.

$169 million for nuclear fusion, $68 million more than in fiscal 1974. The money will be spent to accelerate current research efforts in both the magnetic confinement and laser fusion programs.

$129 million for energy conservation research and development.

The Department of Interior's budget for fuel allocation programs doubles, to $70 million.

In addition, legislation to govern energy resource allocations, such as the Emergency Energy Act, may include grants to states for establishment of energy offices to prepare contingency plans or administer allocation programs.

IMPACT ON MINNESOTA

With both state and national energy policy positions changing almost daily, the impact of the energy budget increases on Minnesota are almost impossible to measure at this time. Since major increases center on research and development programs, the chances for federal agencies contracting studies would appear strong and the University of Minnesota would probably, in such circumstances, be a potential recipient of increased support for energy research.

Until final energy legislation defining allocation and conservation programs is passed by Congress, any grants to the States for development of such programs are not possible to calculate.

HEALTH

The Administration's budget in health programs includes an overall increase but at the same time proposes the elimination of several popular health programs. The major increases in health programs are found in the Medicare and Medicaid programs. When these programs are excluded from the total request for health programs, the Administration is actually asking for a cut in health funds.

The major health programs that would be cut under the Presidents proposed budget are:

The Hill-Burton health facilities construction program

Under this program federal assistance is provided in the construction and modernization of hospitals, teaching facilities, and other health facilities. In 1975, the only funds being requested under this program are to pay the interest subsidy on federally guaranteed loans for the construction or renovation of health manpower teaching facilities.

Regional medical program

The proposed budget requests to no funding of this program for fiscal year 1975. The program provides grant awards for the operation of regional cooperation arrangements among health care providers.

Community mental health centers

The proposed 1975 budget does not include a request for funds for the construction of any new community mental health centers.

Health maintenance organizations and emergency medical services

The HMO and the emergency medical services programs are being funds but not at the full congressional authorization. Congress had authorized fiscal 1975 funding of $130 million for HMO's and $65 million level for the emergency medical services program. The budget calls for funding authority of only $60 million for HMO's and $27 million for Emergency Medical Services.

The Administration's budget proposes two new programs that would revise several existing programs.

Health manpower training

The Administration is proposing a program which would redirect federal aid for health manpower by gradually eliminating most direct support for medical and other health professions *schools*. These programs would be replaced by expanding the availability of government-backed loans to students.

Health resources planning

The budget also proposes a new program that would provide federal support to States for health regulatory and planning activities and regional planning bodies. This proposal would combine elements of the Hill-Burton, Regional Medical, and the Community Mental Health programs.

IMPACT ON MINNESOTA

Health resources planning

The new health resources planning proposal de-emphasizes the role of the State. In Minnesota we have an effective health planning program on the state level.

Hill-Burton

The phasing-out of the Hill-Burton program that priority construction projects in the state will have to turn to other funding sources, which could result in their cost in turn charged to consumers. Minnesota received approximately $3 million in grants annually under this program.

HOUSING

In contrast to previous expectations, the picture for federal housing programs appears brightened slightly for fiscal year 1975. While legislation to restructure D.H.U.D. housing programs suspended last January has not been finalized, new directions are emerging for federal housing activities, both in the type of the activity being proposed and the level of support.

The major Department of Housing and Urban Development housing programs which were suspended in January, 1973, remain suspended. No new program authorizations are anticipated in the rent supplement program, or in "235" or "236" assistance. As an interim substitute for the cancelled programs, Section 23 leased housing is being revised. Just prior to presenting his budget, the President increased to 300,000 (from 200,000) the number of units to be assisted under the revised program. 225,000 of these assisted units could be new construction. Authority to subsidize these units is estimated at $721 million. In addition, operating subsidies are anticipated to rise from $350 million in F.Y. 1974 to $400 million in fiscal 1975. These funds assist Local Housing Authorities meet operating costs.

The shifts anticipated among housing programs are reflected in the increased emphasis being put on "direct assistance" to persons of need within the housing market. The Department of H.U.D. estimates that it will spend $200 million in F.Y. 1975 testing the concept of direct cash payments for its subsidized housing programs. A new "tandem plan" being implemented during the current calendar year includes $6.6 billion for unsubsidized mortgage loans to finance the construction of 200,000 single-family and multi-family housing units.

IMPACT ON MINNESOTA

While some federal funds for housing apparently will be loosening up in the next fiscal year even before the Administration's restructured program is implemented, the continuing suspension on new program commitments will keep federally supported housing activity in Minnesota at a minimum. It may be anticipated that most federally aided housing activity in the state during the 1975 fiscal year will be due either to past commitments made prior to the termination of subsidy programs, or will be under one of the as yet undefined pilot plans alluded to within the budget.

MANPOWER

Comprehensive Employment and Training Act

The most notable element in the Administration's proposed budget for funding manpower activities during the coming year is the inclusion of a "special revenue sharing" plan authorized in the recently-enacted Comprehensive Employment and Training Act. With a budget request of almost $2 billion, this legislation shifts primary authority for running manpower training and development programs from the federal government to state and local governments. This will channel manpower training money directly to counties and cities with populations of 100,000 persons or more, states and other local governmental units. The allocation of monies is designed to insure state and local governments of at least 90% of the funds they had been receiving under the categorical programs.

The new act reserves $350 million in fiscal 1975 for public service employment. This Public Employment Program provides public service jobs in areas of 6.5% or more unemployment.

The total funds to be distributed among state and localities equal $1.67 billion. The remaining authorization of the Comprehensive Employment and Training Act is retained on the national level to administer the Job Corps, special programs for youth, offenders, Indians, migrants, and other target groups, and for research activities.

Eligible Administrators of the consolidated programs include:

a. a state;

b. a unit of general government with a population of more than 100,00 persons;

c. any combination of units of general government which includes one unit with more than 100,000 population;

d. existing rural Concentrated Employment Programs; or

e. any unit, or combination of units, of general government, without regard to population, if exception circumstances warrant designation.

The previous legislation defining manpower activities, the Manpower Development and Training Act, Equal Opportunity Act, and Emergency Employment Act spent an estimated $2.8 billion in F.Y. 1973, of which $1.25 billion was for public service employment.

IMPACT ON MINNESOTA

Eligible "prime sponsors" to administer the Comprehensive Employment and Training Act in Minnesota include the state government, the cities of Duluth, Minneapolis and St. Paul, and the counties of Anoka, Dakota, Hennepin, Ramsey, and St. Louis. Combinations of city, county, or state governments could also be eligible, as well as the Rural Minnesota Concentrated Employment Program. Priorities among manpower activities would be established by the prime sponsors themselves.

While the total national level of funding remains near the general level of previous years for manpower, the regulations and designation of prime sponsors will determine the allocation available to Minnesota in the coming year. The most serious implication, however, involves the significant reduction of funds available for public employment. In fiscal year 1973, the state received over $21 million in E.E.A. funds. Receipts for public employment under the Comprehensive Employment and Training Act are primarily dependent upon an unemployment rate of 6.5% or higher for three consecutive months.

NATURAL RESOURCES AND ENVIRONMENT

Environmental issues are taking a back seat to energy concerns in the fiscal year 1975 budget proposal. Despite this fact, there does appear some modest increases in proposed expenditures for natural resources and environmental programs.

EPA sewer construction

The Administration's budget calls for $4 billion for the Environmental Protection Agency's Sewage Treatment Facilities Construction Program. This $4 billion represents the last of the annual amounts authorized under the Federal Water Pollution Control Act of 1972. Congress had authorized a total of $18 billion for fiscal years 1973, 1974, and 1975, but the President has released only $9 billion.

SEWAGE TREATMENT FACILITIES CONSTRUCTION

	Congressional authorization	President's budget	Impounded funds
1973	$5,000,000,000	$2,000,000,000	$3,000,000,000
1974	6,000,000,000	3,000,000,000	3,000,000,000
1975	7,000,000,000	4,000,000,000	3,000,000,000
Total	18,000,000,000	9,000,000,000	9,000,000,000

Land and water conservation fund

The Department of the Interior's Land and Water Conservation Fund, used by state and local governments to acquire and develop parks, would be funded at full authorization of $300 million under the President's proposed budget. Last year, the Administration asked for only $55 million and Congress appropriated only $76 million.

IMPACT ON MINNESOTA

EPA sewer construction

The proposed budget for the sewage facilities construction program would result in Minnesota receiving $64.2 million in fiscal year 1975. If the Administration had budgeted the full $7 billion for the program, Minnesota would have been eligible for $114 million. Impoundments of EPA sewage treatment construction funds in 1973 and 1974 resulted in Minnesota losing $121 billion in federal funds. This, along with anticipated impoundments for fiscal year 1975, means that in the three years the state has lost a total of $170 million.

Land and water conservation fund

The Administration proposal to fund the LAWCON program at its full authorized level will mean that Minnesota would receive approximately $3 million for acquisition and development of state and local parks. This is over $2 million more than the $850,000 received in 1974 and approximately the same as the fiscal year 1973 level.

TRANSPORTATION

The Administration's proposed budget calls for an overall increase in funding for the programs of the Department of Transportation. The budget calls for a total outlay for the DOT of $9.1 billion in fiscal year 1975. These outlays include $4.9 billion for the Federal Highway Administration, $2.1 billion for the Federal Aviation Administration, and $700 million for the Urban Mass Transportation Administration.

Unified transportation assistance program

The most significant feature of the President's budget for Transportation is the new proposed unified transportation assistance program. This program will provide, over the next six years, approximately $17 billion for use in a wide variety of transportation projects, highway construction, and mass transit systems. The proposal contains amendments to both the urban and rural highway programs. Key features of the program are:

1. The Urban Mass Transportation Administration will make available $2.4 billion to States during the period FY 1975–1977. These funds will be earmarked for major metropolitan areas and will be distributed to the States on the basis of a formula. A local option, these funds could be used for transit operating assistance, as well as transit related capital investments.

2. $4.2 billion in Federal *grants* will be available for major public transit capital projects over the six-year period of the bill. These funds would be distributed on a project by project basis.

3. For fiscal year 1978–1980, $6 billion in general funds would be available for allocation to States for a new unified transportation assistance program—combining transit capital and operating assistance and highway capital funds.

4. Under the program, highway funds for primary and secondary rural systems would be available for bus purchases in rural and small urban areas. Current rural public transportation demonstration programs would be increased and broadened to permit operating assistance in rural areas. Small urban areas are described as urban areas of population between 5,000 and 50,000.

Airport development and planning

The fiscal year 1975 budget proposes $310 million for airport development and $15 million for airport planning. These funding levels are consistent with the Airport Development Acceleration Act of 1973 and show an increase of $8 million over 1974 funding.

WELFARE

The President in his budget calls for welfare reform, but does not indicate the direction this reform will take. Because no plan for changing existing programs has been introduced, the proposed budget indicates funding of the current programs.

Aid to families with dependent children

The number of recipients in its AFDC program is expected to grow only very slowly in 1975, partly because the Administration believes that most eligible families are now receiving benefits, but also because of intensive efforts by the federal government to tighten up the management of the program. The Administration's proposed spending for the program is $3.9 billion, down $14 million from the fiscal year 1974. However, they expect an increase of 300,000 recipients.

Social services

The Administration's budget provides $2.1 billion for the Social Service program. This is $300 million more than was spent in fiscal year 1974, but is $400 million below the limitation established by Congress. Congress has delayed, until December 31, 1974, the implementation of proposed regulations which would limit State expenditures from this program.

Allied services

The Administration has introduced legislation for a new allied services program. This program, for which $20 million has been proposed for fiscal year 1975, is designed to demonstrate the benefits of coordinated planning and delivery of related human service programs at the state and local level.

IMPACT ON MINNESOTA

Social services

The funding level for the Social Services program in Minnesota depends a great deal on what type of regulations are adopted.

Allied services

Minnesota has two pilot human resource service projects; one in the seven county Arrowhead Regional Development Commission area and the other in the nine county Region Nine Regional Development Commission Area. These projects could be eligible for federal funds under the proposed allied services program.

OVERPAYMENT OF INCOME TAXES

Mr. BIDEN. Mr. President, at recent hearings conducted by the Senate Committee on Aging, evidence was submitted which indicates that many older Americans, as many as one-half, overpay their income tax. Too often this occurs, because the elderly are not aware of allowable deductions which could significantly reduce the amounts they pay.

The result is that once again those Americans with low or moderate incomes pay more than they should, while those in the upper income brackets take advantage of abundant loopholes and pay very little.

A checklist of deductions which can provide a valuable savings in taxes for the elderly has been prepared by the Senate Special Committee on Aging. I believe this summary of allowable deductions can provide a much needed service for older Americans who itemize their expenses. The committee, under the chairmanship of Senator Church, has also prepared a helpful summary of additional tax relief provisions for the elderly, which can provide further assistance.

Mr. President, I ask unanimous consent that the Committee on Aging's checklist of allowable deductions for schedule A and the summary of other tax relief provisions for the elderly be printed in the Record.

There being no objection, the checklist was ordered to be printed in the Record, as follows:

CHECKLIST OF ITEMIZED DEDUCTIONS FOR SCHEDULE A—FORM 1040

MEDICAL AND DENTAL EXPENSES

Medical and dental expenses are deductible to the extent that they exceed 3% of a taxpayer's adjusted gross income (line 15, Form 1040).

INSURANCE PREMIUMS

One-half of medical, hospital or health insurance premiums are deductible (up to $150) without regard to the 3% limitation for other medical expenses. The remainder of these premiums can be deducted, but is subject to the 3% rule.

DRUGS AND MEDICINES

Included in medical expenses (subject to 3% rule) but only to extent exceeding 1% of adjusted gross income (line 15, Form 1040).

OTHER MEDICAL EXPENSES

Other allowable medical and dental expense (subject to 3% limitation):

Abdominal supports.
Ambulance hire.
Anesthetist.
Arch supports.
Artificial limbs and teeth.
Back supports.
Braces.

Capital expenditures for medical purposes (e.g., elevator for persons with a heart ailment)—deductible to the extent that the cost of the capital expenditure exceeds the increase in value to your home because of the capital expenditure. Taxpayer should have an independent appraisal made to reflect clearly the increase in value.

Cardiographs.
Chiropodist.
Chiropractor.
Christian science practitioner, authorized.
Convalescent home (for medical treatment only).
Crutches.
Dental services (e.g., cleaning teeth, X-rays, filling teeth).
Dentures.
Dermatologist.
Eyeglasses.
Gynecologist.
Hearing aids and batteries.
Hospital expenses.
Insulin treatment.
Invalid chair.
Lab tests.
Lip reading lessons (designed to overcome a handicap).
Neurologist.
Nursing services (for medical care).
Ophthalmologist.
Optician.
Optometrist.
Oral surgery.
Osteopath, licensed.
Pediatrician.
Physical examinations.
Physician.
Physiotherapist.
Podiatrist.
Psychiatrist.
Psychoanalyst.
Psychologist.
Psychotherapy.
Radium Therapy.
Sacroiliac belt.
Seeing-eye dog and maintenance.
Splints.
Supplementary Medical Insurance (Part B) under Medicare.
Surgeon.
Transportation expenses for medical purposes (6¢ per mile plus parking and tolls or actual fares for taxi, buses, etc.)
Vaccines.
Vitamins prescribed by a doctor (but not taken as a food supplement or to preserve general health).
Wheelchairs.
Whirlpool baths for medical purposes.
X-rays.

TAXES

Real estate.
State and local gasoline.
General sales.
State and local income.
Personal property.

If sales tax tables are used in arriving at your deduction, you may add to the amount shown in the tax tables only the sales tax paid on the purchase of 5 classes of items: automobiles, airplanes, boats, mobile homes and materials used to build a new home when you are your own contractor.

When using the sales tax tables, add to your adjusted gross income any nontaxable income (e.g., Social Security or Railroad Retirement Annuities).

CONTRIBUTIONS

In general, contributions may be deducted up to 50 percent of your adjusted gross income (line 15, Form 1040). However, contributions to certain private nonprofit foundations, veterans organizations, or fraternal societies are limited to 20 percent of adjusted gross income.

Cash contributions to qualified organizations for (1) religious, charitable, scientific, literary or educational purposes, (2) prevention of cruelty to children or animals, or (3) Federal, state or local governmental units (tuition for children attending parochial schools is not deductible). Fair market value of property (e.g. clothing, books, equipment, furniture) for charitable purposes. (For gifts of appreciated property, special rules apply. Contact local IRS office.)

Travel expenses (actual or 6¢ per mile plus parking and tolls) for charitable purposes (may not deduct insurance or depreciation in either case).

Cost and upkeep of uniforms used in charitable activities (e.g., scoutmaster).

Purchase of goods or tickets from charitable organizations (excess of amount paid over the fair market value of the goods or services).

Out-of-pocket expenses (e.g. postage, stationary, phone calls) while rendering services for charitable organizations.

Care of unrelated student in taxpayer's home under a written agreement with a qualifying organization (deduction is limited to $50 per month).

INTEREST

Home mortgage.
Auto loan.
Installment purchases (television, washer, dryer, etc.).

Bank credit card—can deduct the finance charge as interest if no part is for service charges or loan fees, credit investigation reports. If classified as service charge, may still deduct 6 percent of the average monthly balance (average monthly balance equals the total of the unpaid balances for all 12 months, divided by 12) limited to the portion of the total fee or service charge allocable to the year.

Points—deductible as interest by buyer where financing agreement provides that they are to be paid for use of lender's money. Not deductible if points represent charges for services rendered by the lending institution (e.g. VA loans points are service charges and are not deductible as interest). Not deductible if paid by seller (are treated as selling expenses and represent a reduction of amount realized).

Penalty for prepayment of a mortgage—deductible as interest.

Revolving charge accounts—may deduct the "finance charge" if the charges are based on your unpaid balance and computed monthly.

CASUALTY OR THEFT LOSSES

Casualty (e.g. tornado, flood, storm, fire, or auto accident provided not caused by a willful act or willful negligence) or theft losses to nonbusiness property—the amount of your casualty loss deduction is generally the lesser of (1) the decrease in fair market value of the property as a result of the casualty, or (2) your adjusted basis in the property. This amount must be further reduced by any insurance or other recovery, and, in the case of property held for personal use, by the $100 limitation. You may use Form 4684 for computing your personal casualty loss.

CHILD AND DISABLED DEPENDENT CARE EXPENSES

The deduction for child dependent care expenses for employment related purposes has been expanded substantially. Now a taxpayer who maintains a household may claim a deduction for employment-related expenses incurred in obtaining care for a (1) dependent who is under 15, (2) physically or mentally disabled dependent, or (3) disabled spouse. The maximum allowable deduction is $400 a month ($4,800 a year). As a general rule, employment-related expenses are deductible only if incurred for services for a qualifying individual in the taxpayer's household. However, an exception exists for child care expenses (as distinguished from a disabled dependent or a disabled spouse). In this case, expenses outside the household (e.g., day care expenditures) are deductible, but the maximum deduction is $200 per month for one child, $300 per month for 2 children, and $400 per month for 3 or more children.

When a taxpayer's adjusted gross income (line 15, Form 1040) exceeds $18,000, his deduction is reduced by $1 for each $2 of income above this amount. For further information about child and dependent care deductions, see Publication 503, Child Care and Disabled Dependent Care, available free at Internal Revenue offices.

MISCELLANEOUS

Alimony and separate maintenance (periodic payments).

Appraisal fees for casualty loss or to determine the fair market value of charitable contributions.

Campaign contributions (up to $100 for joint returns and $50 for single persons).

Union dues.

Cost of preparation of income tax return.

Cost of tools for employee (depreciated over the useful life of the tools).

Dues for Chamber of Commerce (if as a business expense).

Rental cost of a safe-deposit box for income producing property.

Fees paid to investment counselors.

Subscriptions to business publications.

Telephone and postage in connection with investments.

Uniforms required for employment and not generally wearable off the job.

Maintenance of uniforms required for employment.

Special safety apparel (e.g., steel toe safety shoes or helmets worn by construction workers; special masks worn by welders).

Business entertainment expenses.

Business gift expenses not exceeding $25 per recipient.

Employment agency fees for securing employment.

Cost of a periodic physical examination if required by employer.

Cost of installation and maintenance of a telephone required by the taxpayer's employment (deduction based on business use).

Cost of bond if required for employment.

Expenses of an office in your home if employment requires it.

Payments made by a teacher to a substitute.

Educational expenses required by your employer to maintain your position or for maintaining or sharpening your skills for your employment.

Political Campaign Contributions: Taxpayers may now claim either a deduction (line 33, Schedule A. Form 1040) or a credit (line 52, Form 1040), for campaign contributions to an individual who is a candidate for nomination or election to any Federal, State or local office in any primary, general or special election. The deduction or credit is also applicable for any (1) committee supporting a candidate for Federal, State, or local elective public office, (2) national committee of a national political party, (3) state committee of a national political party, or (4) local committee of a national political party. The minimum deduction is $50 ($100 for couples filing jointly). The amount of the tax credit is one-half of the political contribution, with a $12.50 ceiling ($25 for couples filing jointly).

Presidential Election Campaign Fund: Additionally, taxpayers may voluntarily earmark $1 of their taxes ($2 on joint returns) to help defray the costs of the 1976 presidential election campaign. If you failed to earmark $1 of your 1972 taxes ($2 on joint returns) to help defray the cost of the 1976 presidential election campaign, you may do so in the space provided above the signature line on your 1973 tax return.

For any questions concerning any of these items, contact your local IRS office. You may also obtain helpful publications and additional forms by contacting your local IRS office.

OTHER TAX RELIEF MEASURES FOR OLDER AMERICANS

Filing status	*Required to file a tax return if gross income is at least*
Single (under age 65)	$2,050
Single (age 65 or older)	2,800
Married couple (both spouses under 65) filing jointly	2,800
Married couple (1 spouse 65 or older) filing jointly	3,550
Married couple (both spouses 65 or older) filing jointly	4,300
Married filing separately	750

Additional Personal Exemption for Age: In addition to the regular $750 exemption allowed a taxpayer, a husband and wife who are 65 or older on the last day of the taxable year are each entitled to an additional exemption of $750 because of age. You are considered 65 on the day before your 65th birthday. Thus, if your 65th birthday is on January 1, 1974, you will be entitled to the additional $750 personal exemption because of age for your 1973 Federal income tax return.

Multiple Support Agreement: In general, a person may be claimed as a dependent of another taxpayer, provided five tests are met: (1) Support, (2) Gross Income, (3) Member of Household or Relationship, (4) Citizenship, and (5) Separate Return. But in some cases, two or more individuals provide support for an individual, and no one has contributed more than half the person's support.

However, it still may be possible for one of the individuals to be entitled to a $750 dependency deduction if the following requirements are met for multiple support:

1. Two or more persons—any one of whom could claim the person as a dependent if it were not for the support test—together contribute more than half of the dependent's support.

2. Any one of those who individually contribute more than 10 percent of the mutual dependent's support, *but only one of them,* may claim the dependency deduction.

3. Each of the others must file a written statement that he will not claim the dependency deduction for that year. The statement must be filed with the income tax return of the person who claims the dependency deduction. Form 2120 (Multiple Support Declaration) may be used for this purpose.

Sale of Personal Residence by Elderly Taxpayers: A taxpayer may elect to exclude from gross income part, or, under certain circumstances, all of the gain from the sale of his personal residence, provided:

1. He was 65 or older before the date of the sale, and

2. He owned and occupied the property as his personal residence for a period totaling at least five years within the eight-year period ending on the date of the sale.

Taxpayers meeting these two requirements may elect to exclude the entire gain from gross income if the adjusted sales price of their residence is $20,000 or less. (This election can only be made once during a taxpayer's lifetime.) If the adjusted sales price exceeds $20,000, an election may be made to exclude part of the gain based on a ratio of $20,000 over the adjusted sales price of the residence. Form 2119 (Sale or Exchange of Personal Residence) is helpful in determining what gain, if any, may be excluded by an elderly taxpayer when he sells his home.

Additionally, a taxpayer may elect to defer reporting the gain on the sale of his personal residence if within one year before or one year after the sale he buys and occupies another residence, the cost of which equals or exceeds the adjusted sales price of the old residence. Additional time is allowed if (1) you construct the new residence or (2) you were on active duty in the U.S. Armed Forces. Publication 523 (Tax Information on Selling Your Home) may also be helpful.

Retirement Income Credit: To qualify for the retirement income credit, you must (a) be a U.S. citizen or resident, (b) have received earned income in excess of $600 in each of any 10 calendar years before 1973, and (c) have certain types of qualifying "retirement income". Five types of income—pensions, annuities, interest, and dividends included on line 15, Form 1040, and gross rents from Schedule E, Part II, column (b)—qualify for the retirement income credit.

The credit is 15 percent of the lesser of:

1. A taxpayer's qualifying retirement income, or

2. $1,524 ($2,286 for a joint return where both taxpayers are 65 or older) minus the total of nontaxable pensions (such as Social Security benefits or Railroad Retirement annuities) and earned income (depending upon the taxpayer's age and the amount of any earnings he may have).

If the taxpayer is under 62, he must reduce the $1,524 figure by the amount of earned income in excess of $900. For persons at least 62 years old but less than 72, this amount is reduced by one-half of the earned income in excess of $1,200 up to $1,700, plus the total amount over $1,700. Persons 72 and over are not subject to the earned income limitation.

Schedule R is used for taxpayers who claim the retirement income credit.

The Internal Revenue Service will also compute the retirement income credit for a taxpayer if he has requested that IRS compute his tax and he answers the questions for Columns A and B and completes lines 2 and 5 on Schedule R—relating to the amount of his Social Security benefits, Railroad Retirement annuities, earned income, and qualifying retirement income (pensions, annuities, interest, dividends, and rents). The taxpayer should also write "RIC" on line 17, Form 1040.

CONCLUSION OF MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Is there further morning business? If not, morning business is concluded.

DISPOSITION OF ABANDONED MONEY ORDERS AND TRAVELER'S CHECKS

The ACTING PRESIDENT pro tempore. Under the previous order, the Senate will now proceed to the consideration of the unfinished business, S. 2705, which the clerk will state.

The legislative clerk read as follows:

> Calendar No. 481, S. 2705, to provide for the disposition of abandoned money orders and traveler's checks.

The ACTING PRESIDENT pro tempore. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

Mr. SPARKMAN. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. SPARKMAN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. SPARKMAN. Mr. President, this bill was originally introduced on May 29, 1973, by my distinguished colleagues Senator SCOTT, Senator TOWER, and Senator CRANSTON, and was referred to the Committee on Banking, Housing and Urban Affairs. We reported favorably a clean bill, S. 2705, after accepting some minor changes suggested by the Federal Reserve Board and the Department of the Treasury.

The purpose of the legislation is to clarify and make more equitable the rules governing the disposition of the proceeds of abandoned traveler's checks, money orders, and similar instruments for the transmission of money among the several States. Our intention is to resolve a longstanding and much litigated conflict among the various States as to which State is entitled to these proceeds.

The Supreme Court of the United States, in *Texas* v. *United States,* 379 U.S. 674 (1965) and in *Pennsylvania* v. *New York,* 407 U.S. 206 (1972), held that the State of last known address of the purchaser is entitled to escheat the proceeds of a money order, and if there is no address, the State of corporate domicile of the issuer is entitled to escheat the proceeds. It is worth pointing out that no records of purchasers' addresses are currently kept in the case of money orders and traveler's checks. From a practical standpoint, this means that unless a State wants to develop cumbersome and costly recordkeeping requirements, all of the money to which that State is otherwise entitled will go as windfall to one State, the corporate domicile of the issuer. At the moment, I am told there is more than $4.6 million being claimed by the corporate domicile States which equitably should be distributed among all 50 States.

In my opinion, S. 2705 offers a simple, yet equitable answer. Briefly, it provides that the last known address of the purchaser of traveler's checks and money orders shall be presumed to be in the State wherein such instruments were purchased. Thus, the State of sale—and not the State of corporate domicile—will be entitled to the proceeds of traveler's checks and money orders deemed abandoned under such State's escheat laws.

Some may ask, "How do we know that people purchase traveler's checks and money orders in the States where they reside?" This is a fair question and one that I myself raised earlier. First of all, not every purchaser will purchase these instruments in the State where he or she resides. However, we can say that most people will not inconvenience themselves by traveling great distances to purchase money orders and traveler's checks.

This was confirmed in a recent survey conducted by one of the major issuers. It was found that more than 90 percent of all traveler's checks and 95 percent of all money orders are issued in the State in which the purchaser resides. Second, the small number of residents in State X who cross over to State Y to purchase these instruments should be offset by the number of residents of State Y who cross over to State X for the same reason.

In sum, the legislation is intended to do equity while avoiding unnecessarily cumbersome recordkeeping requirements that would drive up the cost of these instruments to the consumer. We know that many low-income families use money orders instead of checking accounts to pay their bills, because they are readily available and because of their low cost. I believe that S. 2705 will do the job without impairing the usefulness of these instruments.

I urge that S. 2705 be passed.

Mr. President, I ask unanimous consent that a detail explanation of the provisions of this bill be printed in the RECORD.

There being no objection, the explanation was ordered to be printed in the RECORD, as follows:

EXPLANATION OF BILL

The legislation provides that where any sum is payable on a money order, travelers check, or other similar written instrument (other than a third party bank check) on which a banking or financial organization or a business association is directly liable, and the books and records of the obligor show the State in which that instrument was purchased, that State shall be entitled exclusively to escheat or take custody of the sum payable on that instrument, to the extent of that State's power so to do under its own laws.

If the obligor's books and records do not show the State in which the instrument was purchased, then the State where the obligor has its principal place of business shall be entitled to escheat or take custody of the sum payable on the instrument, to the extent of that State's power under its own law so to do, until another State shall demonstrate by written evidence that it is the State of purchase.

If the laws of the State of purchase do not provide for the escheat or custodial taking of the sum payable on such instrument, the State in which the obligor has its principal place of business shall be entitled to escheat or take custody of the sum payable on such instrument, to the extent of that State's power under its own laws to escheat or take custody of such sum, subject to the right of the State of purchase to recover such sum from the State of principal place of business if and when the law of the State of purchase makes provision for escheat or custodial taking of such sum.

This legislation is applicable to sums payable on the various instruments deemed abandoned on or after February 1, 1965, except to such sums which have already been paid to a State prior to the date of enactment.

Mr. TOWER. Mr. President, I agree with the statement of Senator SPARKMAN and would like to point out that there was no dissenting opinion from the Committee on Banking, Housing and Urban Affairs. This particular matter has been reviewed a number of times by the Supreme Court and they have, in essence, asked the Congress to settle this interstate controversy. May I quote from the 1965 decision, Texas against New Jersey, of the Supreme Court:

> With respect to tangible property, real or personal, it has always been the unquestioned rule in all jurisdictions that only the State in which the property is located may escheat. But intangible property, such as a debt which a person is entitled to collect, is not physical matter which can be located on a map. The creditor may live in one State, the debtor in another, and matters may be further complicated if, as in the case before us, the debtor is a corporation which has connections with many States and each creditor is a person who may have had connections with several others and whose present address is unknown. Since the States separately are without constitutional power to provide a rule to settle this interstate controversy and since there is no applicable federal statute, it becomes our responsibility in the exercise of our original jurisdiction to adopt a rule which will settle the question of which State will be allowed to escheat this intangible property.

That decision held that abandoned money orders should go to the State of the creditor's last known address.

However, this rule requires costly and time-consuming recordkeeping to determine the last known address of the purchaser. Under present recordkeeping procedures purchasers' addresses are either nonexistent or very difficult to obtain. Thus, in most instances of abandoned money orders and traveler's checks, the State of corporate domicile of the issuer is getting a windfall. The principal beneficiary of this present ruling is New York. This bill would provide that the State in which the purchase of the instrument was made is presumed to be the address of the purchaser. This information is easy to obtain, and it is clearly in line with the intent of the Supreme Court in its consideration of this problem.

The bill provides that it will apply to "sums payable on money orders, traveler's checks, and similar written instruments deemed abandoned on or after February 1, 1965, except to the extent that such sums have been paid over to a State prior to January 1, 1974."

The date of February 1, 1965, was not just pulled out of the air nor was it the result of a compromise, but rather is the date of the decision of the Supreme Court case, Texas against New Jersey. It is only proper and fitting that for the sake of good and consistent law that we make this law applicable to money orders deemed abandoned on or after February 1, 1965, so that there is no hiatus or differential treatment in the interim period.

I believe that this is a fair and equitable bill. It is my hope that the Senate will pass the bill as it was reported by the committee and that any amendments proposed to it will be rejected.

Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. TOWER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

SENATE RESOLUTION 292—"LET THE BIG SHOTS STAND IN LINE, TOO"

Mr. PROXMIRE. Mr. President, I am today submitting a resolution which I call "Let the Big Shots Stand in Line, Too," resolution.

My resolution states that no Member of the Congress, cabinet, head of any Government agency, or their major subordinates, member of the White House staff or Executive Office of the President, or an official of the rank of Vice President or above of the seven major oil companies; namely, Exxon, Gulf, Citgo, American, Sunoco, Texaco, or Shell, shall get gas unless he does what every other automobile driver of the country must do.

My resolution requires that for the next 180 days none of these people shall use any form of private or Government vehicles unless they have affirmed that they got their fuel personally from a regular place of business at the stated price which makes fuel available to the general public.

This resolution, if carried out, and I believe that it would be carried out in good faith, would prevent those in high places from sending their chauffeurs to stand in line and prevent them from getting gas for either their private cars or their Government limousines from Government or private sources not available to the man in the street.

If we have an energy shortage, it should be shared by all.

Further, if people in high places have to stand in line, if those who make public policy have to actually taste what its like to wait hour upon hour to get gas, solutions to the energy problem will be found a lot faster.

It is a cardinal rule of public policy that those who make policy should not be too far removed in either pay for their jobs or the routine burdens of life that they lose touch with what the ordinary citizen has to go through. Those who make policy should share the consequences of their policies.

We have all heard stories of how some are getting their gasoline from Government or private sources not available to the man in the street. I think the passage of this resolution is one way to bring those in policymaking position in closer touch with the realities of life.

I commend it to the Senate and to the public. I send the resolution to the desk, ask that it be read, and I will then ask unanimous consent for its immediate consideration.

The ACTING PRESIDENT pro tempore. The resolution will be stated.

The legislative clerk read as follows:

S. RES. 292

Resolved,

It is the sense of the Senate that:

No Member of the Congress;

No Member of the Cabinet or head of any Government Agency;

No person of the rank of Under Secretary or Assistant Secretary in an Executive Department;

No member of the White House staff or Executive Office of the President; and

No official of the rank of Vice-President, or above, of Exxon, Gulf, Citgo, American, Sunoco, Texaco, or Shell oil companies;

Shall for a period of one hundred eighty days use any form of private or governmental automotive transportation (except public bus or taxi services) unless such official shall have affirmed in writing that the fuel for such vehicle used in transit to and from his regular place of business was acquired personally at the stated price from a service station or other facility which makes fuel available to the general public.

Mr. PROXMIRE. Mr. President, I ask for the immediate consideration of the resolution.

Mr. TOWER. I object.

The ACTING PRESIDENT pro tempore. Objection is heard. The resolution will go under the rule.

DISPOSITION OF ABANDONED MONEY ORDERS AND TRAVELER'S CHECKS

The Senate resumed the consideration of the bill (S. 2705) to provide for the disposition of abandoned money orders and traveler's checks.

The ACTING PRESIDENT pro tempore. The bill is open to amendment.

Mr. JAVITS. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. TOWER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

THE FERTILIZER SITUATION

Mr. McGOVERN. Mr. President, I ask unanimous consent that the Senate now proceed to the consideration of Calendar No. 667.

The ACTING PRESIDENT pro tempore. The measure will be stated by title.

The legislative clerk read as follows:

Calendar No. 667 (S. Res. 289), a resolution relating to the serious nature of the supply, demand, and the price situation of fertilizer.

The ACTING PRESIDENT pro tempore. Is there objection to the unanimous consent request of the Senator from South Dakota? The Chair hears none, and it is so ordered.

Mr. McGOVERN. Mr. President, I ask unanimous consent the following Senators be added as cosponsors: The Senator from Michigan (Mr. HART), the Senator from Georgia (Mr. NUNN), the Senator from Indiana (Mr. BAYH), the Senator from Texas (Mr. BENTSEN), the Senator from Maine (Mr. MUSKIE), the Senator from Idaho (Mr. MCCLURE), the Senator from Iowa (Mr. HUGHES), the Senator from New Mexico (Mr. DOMENICI), and the Senator from Missouri (Mr. SYMINGTON).

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. McGOVERN. Mr. President, Senate Resolution 289, now the pending business of the Senate, was favorably reported unanimously by the Senate Committee on Agriculture and Forestry last week. This resolution, which I introduced on behalf of all members of our committee and myself, is designed to deal with a very serious situation which could ultimately affect the future food and fiber supply of this Nation and much of the world.

The availability of fertilizer supplies to American farmers this year will determine, assuming normal weather conditions, whether we, as a nation, meet our maximum food and fiber production goals this year. And more than ever before, we must do everything we can to reach those goals. Both United States and world reserves of food grains are now approaching near record lows. Therefore, we will be approaching this year's production of these commodities with little or nothing to fall back on should something go wrong. In other words, next year's food supply—for both this Nation and much of the world—is now either in the ground or is about to be planted.

The amount and price of bread and cereal products, milk, meat, and eggs consumers will have available next year will be determined by how much fertilizer—especially nitrogen fertilizer—will be made available to farmers over the next few months.

About one-third of the total food and fiber production in the United States is directly attributable to the application of fertilizer.

Almost 270 million acres of land will be planted to wheat, feed grains, soybeans, and cotton. This amounts to almost 20 million more acres of land in production this year over last year, or almost 50 million acres more than was in production in 1972.

The increase in wheat, corn, and cotton acreage this year over last alone will require an additional 4 million tons of fertilizer, almost 10 percent more than was utilized last year.

Aggravataing these domestic shortages is the worldwide shortage of fertilizer. Like the United States, worldwide demand for fertilizer was given a strong stimulus about 2 years ago when countries began pushing for expanded production following crop failures and sharp drawdowns in world food grain supplies.

Recent Arab oil embargoes and price hikes are now further complicating these worldwide fertilizer shortages. Japan, who has been a major supplier of fertilizers—especially nitrogen and urea—to India and the rice bowl countries of Southeast Asia, already has begun cutting back on earlier contracted for shipments.

U.S. Ambassador Moynihan advised our committee recently that Indian farmers this year will get about 17 percent less total fertilizer tonnage this year than they got last, or about 40 percent short of demand this year. Such shortages, he suggested, will very likely cause major famines in various parts of India later this year and early next. Of course, unlike the 1960's when we helped India avert a similar famine threat, the United States may not have the reserve supplies this year or next to help meet such a life-and-death crisis.

In my judgment, what we are dealing with here is nothing short of a "national emergency." When as much of the world's food supply is at stake, as is now the case, little or nothing should be permitted to stand in the way of all out crop production this year. The United States alone provides over 50 percent of the world's wheat exports, 75 percent of the world's corn exports and about 90 percent of the world's soybean exports. If we are to continue to export such contributions to the world's food basket, our farmers must be provided with the input supplies—especially fertilizer—they require to produce at such levels.

U.S. fertilizer productive capacity is currently insufficient to meet the increased farmer demands for these inputs.

Unfortunately, due to a sharp expansion and then contraction of the fertilizer industry in the United States during the 1960's, followed by the imposition of government price controls on the industry in 1971—a time when the industry was just beginning a slow recovery toward expansion—the industry was caught with insufficient capacity to respond to the sudden increased demands placed upon it.

The convergence of these factors—sharp expansion of national agricultural production goals and insufficient fertilizer productive capacity—may result in the inability of this country to maximize agricultural production at a time when it needs to do so more than ever before.

Further hampering full achievement of current U.S. agricultural production goals is the fact that the current productive capacity of the U.S. fertilizer industry is not being fully realized. Full realization of capacity and future expansion in the industry are both dependent upon government priority commitments, both Federal and State, to fertilizer producers regarding assured supplies of fuels and feedstocks—natural gas, in particular.

In that the U.S. fertilizer industry, like many other industries, was brought under Federal Government mandatory wage-price controls in early 1971, it had little financial incentive to expand production to meet growing U.S. demands. While U.S. demand was expanding during this period, so was foreign demand. The combination of these demands and domestic price controls, led in 1973, to an increasing amount of U.S. fertilizer production moving into the export market. Foreign buyers were able to offer prices for these supplies higher than what manufacturers could obtain from U.S. buyers.

This situation led the Cost of Living Council, in October 1973, to remove the fertilizer industry from price controls. United States fertilizer manufacturers, in return for removal of these controls, promised Dr. John T. Dunlop, Director of the Cost of Living Council, the following: first, that every effort would be made to increase the availability of fertilizer supplies to U.S. farmers—in other words, to voluntarily constrain future export shipments—and second, to hold-the-line on wholesale price increases as much as possible.

Our Subcommittee on Agricultural Credit and Rural Electrification held a 1-day hearing on February 19, 1974, on the serious nature of the current supply, demand and price situation of fertilizer. Representatives of the Fertilizer Institute, the National Council of Farmers Cooperatives, several major fertilizer manufacturers, the Cost of Living Council, the Departments of Agriculture and Commerce, the Federal Energy Office, the Federal Power Commission, and the Tennessee Valley Authority testified at this hearing.

The Fertilizer Institute representative testified that the U.S. fertilizer industry is expecting to supply about 5 to 8 percent more total fertilizer tonnage during the current fertilizer year—1973–74—to American farmers than last year, or about 46 million tons of material. However, he pointed out that despite this added tonnage, the industry would still fall short of farmer demands this year by 1.5 million nutrient tons of nitrogen material and 830,000 tons of phosphate material. The U.S. Department of Agriculture estimate of these shortfalls is less: 150,000 to 450,000 tons of nitrogen and about 700,000 tons of phosphate material. Potash supplies appear adequate, with availability to farmers nonetheless still being influenced by the availability of transportation facilities.

The shortage that now exists in phosphate fertilizer is also creating shortages in the availability of phosphates used in animal feed rations.

The general acknowledgement of nitrogen and phosphate material shortages this year underscores the importance of also examining the distribution of available supplies and the wholesale and retail pricing of such supplies—which the subcommittee intends to do.

U.S. fertilizer manufacturers are now operating under a voluntary allocation distribution system. While the Cost of Living Council indicated to the subcommittee that the fertilizer industry has generally kept its decontrol commitments, wholesale prices of fertilizer materials since last October have risen to levels higher than were anticipated.

Producer prices of all fertilizer materials are much higher than in 1973. The Cost of Living Council said a January telegram survey showed an average increase of 65 percent over the controlled levels of October 1973. However, all major producers have indicated that current price levels will be maintained through June 30 unless there are substantial increases in production costs.

The U.S. Department of Agriculture reported on Monday of this week that its field surveys continue to show fertilizer shortages, with nitrogen shortages most severe. Its report stated:

> Nitrogen is short in 40 states and tight in five. Mixed fertilizer is short in 29 states and tight in 15. Phosphate and potash supplies were reported up somewhat from two weeks ago with phosphate still short in 30 states and potash in 24.

The potash shortages that have been reported, are apparently due to a lag in distribution rather than to an unbalanced supply-demand situation.

The Department also stated that the tight situation has caused some delays in field work and other farming operations and has also caused some delays in movements of grain to livestock feeders and terminal markets.

Based upon our subcommittee hearing findings and other analysis of the situation, the full Committee on Agriculture and Forestry adopted and favorably reported Senate Resolution 289. This resolution, if adopted by the Senate, would express the sense of this body that:

> (1) All agencies of the Federal Government having any responsibility for the establishment of priorities regarding the allocation of materials and facilities utilized in the production or distribution of fertilizer should give the highest priority to the U.S. fertilizer industry in establishing such allocation priorities.
>
> (2) The U.S. fertilizer industry is to do its utmost in distributing available fertilizer supplies among farmers in a timely and equitable manner, and at reasonable prices.
>
> (3) The Federal Power Commission, and appropriate State regulatory agencies, should establish priorities for the allocation of natural gas to nitrogen fertilizer producers sufficient to insure them of supply levels required to maintain maximum production levels.
>
> (4) The Federal Energy Office should give the highest priority allocation to the fertilizer industry's needs for gasoline, middle-distillates, and other liquid fuels utilized in the production, distribution, and application of fertilizer.
>
> (5) The Cost of Living Council and the Departments of Agriculture and Commerce should continue their monitoring and reporting of fertilizer supply availabilities, wholesale and retail prices, and export shipments.
>
> (6) The Cost of Living Council should establish a monitoring and investigatory program through the offices of the Internal Revenue Service to determine the factual basis of any alleged price gouging involving either fertilizer wholesalers or retailers. This monitoring and investigatory program also is to embrace (a) any changes in manufacturer marketing operations or changes in relationships between local dealers and their farmer customers which may adversely affect the continued supply or price of fertilizer to farmers.

With respect to this last item referred to in the resolution, I wish to announce that our Subcommittee on Agricultural Credit and Rural Electrification will hold an additional day of hearings in Omaha, Nebr., on Friday, March 8, 1974, to hear from farmers and local fertilizer dealers regarding the distribution and pricing of fertilizer supplies to farmers.

Mr. President, another problem discussed at our February 19 hearing on fertilizer, but which is not addressed in Senate Resolution 289, is the shortage of feed grade phosphates which are essential to the proper growth of livestock and poultry.

There are two principal sources of phosphorous for animal feed. One is dicalcium phosphate and the other is defluorinated phosphate.

Estimated demand for these products and equivalent material this year is 1.6 million tons, yet supply is estimated to be only 1.3 million tons. Unless action can be taken to increase the production of these materials and soon, the production of livestock, especially hogs and poultry, will be dramatically and adversely affected. In South Dakota alone, livestock income could drop by as much as $100 million if these phosphate feed supplies are not made available.

I have discussed this situation with my distinguished colleague from Iowa, Senator CLARK, and he has an amendment to offer to Senate Resolution 289 regarding this situation which I urge my other Senate colleagues to accept.

Mr. President, I ask unanimous consent to have the hearing statements of Mr. Ed Wheeler of the Fertilizer Institute; Dr. John Dunlop of the Cost of Living Council and Paul Weller of the National Farmer Cooperative Council printed in the RECORD.

I also ask unanimous consent to have a Commodity News Service wire regarding the phosphate feed shortage which appeared yesterday printed in the RECORD following the hearing statements of Mr. Wheeler, Dunlop, and Weller.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

TESTIMONY OF EDWIN M. WHEELER

Mr. Chairman and Members of the Committee: None of us should be surprised that we meet here today to inquire about the fertilizer shortage. Considering all the factors to be discussed today you will readily agree, I am sure, that while our industry is making a Herculean effort to supply our farmers—the simple fact is that we are going to fall short in obtaining our goal of full dealer supply. Every consumer should want us to attain this high level because of what it means insofar as food supply and ultimately, supermarket prices are concerned. While it would be easy to gloss over the situation, we believe the Committee and the nation want the truth.

I

It has been years since we have had a major overhaul in farm legislation which encouraged all-out farm production. From 1932 to 1940 all legislative efforts were to stifle overproduction. After World War II (with the exception of the Korean War and the mid-1960 effort on wheat) our farmers have been told to hold down the acreage, directed as to specifically what they could or could not plant and on and on. The goal was always the same, namely to stifle what our U.S. farmers do best—produce in abundance.

Last year the Congress completely altered this historic pattern by legislating floor prices, i.e., it guaranteed our farmers a minimum price, leaving only the acreage question to the Executive Branch. Even then the Administration fought the floor prices established because they were "too high." The current market prices are double the floor in most instances and show no sign of moving toward them. Indeed, based on the short supply of nearly every agriculture commodity both at home and abroad, this can't happen for at least a year. Were the Congress to step up our foreign assistance program it is my personal judgment that we would never again approach the floors. *It was the clear intent of the Congress that it wanted maximum food production to curtail or lower consumer food prices without harming our farmers.* As with additional fertilizer production, there had to be an incentive and this body provided it.

Slowly the Administration responded and today the farmers can plant all they want with minimal restrictions. Prior to this release we were harvesting about 285 million acres annually. During 1972–73, harvested cropland jumped to 332 million acres, an increase of 16.5%. And, just recently, USDA issued data on 1974 intentions for three crops—corn, wheat and cotton—which show a 20-million-acre increase over 1973. This increase alone will require an additional 4 million tons of fertilizer, or an increase of nearly 10% over 1973. To understand the magnitude of the numbers I will use, consider a 100-car train made up of 100-ton hopper cars. This train will handle 10,000 tons and be about one mile long. Thus, just the acreage increase for 1974 alone requires 400 solid train loads of fertilizer. Now, add in the additional acreage put into crops in 1973, many of which were not adequately fertilized because of poor weather, and these 40 to 50 million acres in and of themselves make for a major market.

A second factor triggering the insatiable fertilizer demand is the price of farm commodities themselves. We have never enjoyed a strong fertilizer market in the wheat belt. Some of the more aggressive or progressive farmers, it is true, were fertilizer buyers but no where near commensurate with, say, the corn farmer. Even after the bottom fell out of fertilizer prices the wheat farmer wasn't particularly interested with $1.75 wheat. With wheat now selling at $5.00 at the country elevator I can hardly describe what occurred to us last fall when the winter crop was put in. We simply couldn't meet the demand from a suddenly created new large market. The situation in Canada is exactly the same, hence the reluctance of the Canadian fertilizer producers to ship into the U.S. markets where less than two years ago they were actively seeking American customers. Canadian consumption for 1973 was 2.5 million tons and for '74 the projection is 2.8 million, an increase of 11 percent.

Accordingly, new acreage and high commodity prices which encourage heavy per acre application on all crops add up to making it impossible for us to meet the demand.

Committee members in close touch with their farmers know full well that *every* agricultural input is in tight supply. Bailing wire, farm equipment, fuel—you name it—it is in short supply. Large diesel tractors have a waiting list of at least one year and combine deliveries are even slower. These input shortages as well as our own were created by this unprecedented peace-time demand on our farmers.

We are *not* being critical of the Administration but our industry was never consulted on either the 1973 or 1974 acreage release as to (1) whether the industry could supply the demand or (2) a quasi embargo should be invoked to meet U.S. internal requirements. We shall later examine how inconsistent governmental policies have and are affecting the industry, but suffice it to say here that it is unreasonable, if not capricious, to expect any industry to have reserve production facilities of the magnitude now required.

We can honestly say we tried but in vain to warn the Department of Agriculture, the Price Commission and later the Cost of Living Council of the approaching storm. They could read the numbers they themselves generated, but they either wouldn't or did not. These numbers showed beyond doubt we were using far more material than we could produce. Hence, we were pulling down our inventories at an alarming rate—no recognition of this was afforded until it was too late.

At the time this statement was prepared USDA forecasts a nitrogen shortage of 5% and phosphate at 10%. We simply can't believe these figures. Like you, we are buried under an avalanche of complaints from the dealers over the inability to obtain material. I shudder to think of the farmers reaction when they become fully aware of the facts.

Based on our current knowledge of production, inventories, transport capabilities and demand, we conclude that the following will obtain:

The industry should end up the '73–74 year delivering 5 to 8% more tonnage to American farmers than last year—or about 46 million tons of material. But, we'll still come up short of demand by:

3 million tons short of nitrogen material.

1.5 million tons short of phosphate material.

As a generally accepted rule of thumb, one ton of fertilizer will produce five tons of additional grain. If our calculations are correct, therefore, we could lose 22.5 million tons of grain production.

These assumptions, of course, are based on reasonable spring weather and take into account record-breaking deliveries which have already occured. For the 6 months beginning in July through December, producers shipped 15% more material for domestic use than in the same period a year ago which was, in itself, a record year. Fertilizer sales, as reported by USDA, show even a sharper increase. For the July-November period in '73, fertilizer delivered to consumers was up 35% over the same period in '72.

II

All of agriculture is bound together. That is to say, when our farmers do well, so do their suppliers. Unfortunately, the reverse is also true. In the 1960's there was a general euphoria that the U.S. farmer was going to feed the world's growing hungry millions. The chance to get into the action was not overlooked by major U.S. corporations, particularly the oils. In addition, the oil companies had access to plenty of cheap gas—the basic feedstock of all nitrogen. Very rapid expansion of all fertilizer production soon occured. The fertilizer industry is a very heavy capital intensive industry as the big plants are expensive to build. Like the farmers, no one was worried about over-production—it could be exported. Alas, our farmers and our industry pie in the sky turned out to be pie on our faces. The foreign markets for grain and fertilizer were there only so long as the U.S. taxpayer was willing to underwrite the cost. Our overseas customers, in the main, were on the dole of P. L. 480 or AID. Meanwhile, to avert catastrophe the producers put up retail outlets at every corner of every cross-road town. Price cutting, ridiculous credit terms, give away services were all employed. Thus, the die was cast by the producers themselves. Profits completely disappeared and in 1968 the industry lost $61.2 million; these losses soared to $160 million in 1969 and dropped back to $45.4 million in 1970. Continental, Cities Service, and Gulf, among others, gave up absorbing huge losses just to get out. Old marginal plants were closed, research stopped, sales and marketing forces were decimated in attempt to stem the flow of red ink. No new facilities were constructed and only minimal maintenance was carried on. Local retail facilities were not only closed but producers withdrew from their least profitable geographic areas.

While our farmers plunged into the doldrums as exports dried up, they nevertheless expanded their use of fertilizer. Each year the rate of growth was about 5% compounded. So quiet, so unsensational was this growth that few grasped its meaning. They were, in the main, the leaders of the cooperatives. Today the coops supply nearly 40% of all retail sales. In effect, then, the market inexorably expanded to the industry capacity.

By mid-1971 it was clear to everyone that once again additional capacity was going to be needed within the next several years. Lead time was then 18 months on a major ammonia plant but, even then, the gas shortage was on the horizon. While these hallmarks were clear, sanity prevented anyone approaching a Board of Directors or the financial community to secure the needed sums. Financial prudence dictates that one doesn't add to capacity when the present facilities are already losing tremendous sums. The cost of a new ammonia facility is nearly double compared to five-seven years ago. Substantial price increases therefore are absolutely mandatory if new facilities are to be built.

Nevertheless, additional plant capacity was in the study stage when Phase I struck like a thunder bolt. Phase I, II, III, all had profit margins based on three years which were all loss years for our industry. In December 1971, The Fertilizer Institute filed with the Price Commission, then headed by John Connally, for a complete exemption on prices and profits. It was an undeniable fact that during the inflationary period fertilizer prices were falling like the proverbial rock in the mill pond and the profit picture outlined above was known to every reader of the Wall Street Journal.

Our pleas for relief were denied time after time, thus two years more elapsed with no addition to capacity. Yet, the demand was on our heels. This was the scene when a dramatic turn of events occurred in the export market.

III

Year in and year out our exports have represented a modest amount when compared to total production. The two devaluations changed this, for now American fertilizer was discounted by 20%. Additionally, there was a further but realistic discount imposed by holders of large amounts of dollars. Thus, in the industrialized nations their dollars would buy nearly a third more U.S. produced fertilizer, grain, cotton, etc., than before our currency was cheapened. Nearly simultaneously, a cruel drought and/or flooding hit Bangladesh, India and Pakistan, putting great pressure in both the public and private sector to buy the same aforesaid commodities.

To recap then, we had:

1. A frozen U.S. price.
2. No price ceiling on exports.
3. A practical 30% discount of prices due to re-evaluation.
4. Millions of people on the verge of starvation.
5. U.S. companies seeking to make up for their losses started a concentrated drive for export.
6. The spectre of depleted grain and fiber reserves around the world suddenly made point 3 superfluous with foreign customers literally tearing down the door to get American fertilizer.

The change in fertilizers exported was dramatic, for example:

	Millions of tons
1971	4.8
1972	5.1
1973	6.6

Keep in mind that up until fall 1973 we were being cheered for our efforts in export because of the trade imbalance. Please also bear in mind that it was not the astuteness of our industry, particularly, that caused the outpour. It was in fact the spectre of either starvation or the booming rise in the standard of living of emerging nations such as Brazil. U.S. domestic prices were frozen at a level far below any nation in the world and they lined up at the bargain counter. This is precisely what had been forecast by The Institute and our forecast of shortage is now a fait accompli.

Enters now the Mid East oil embargo and the action of Morocco and Tunisia. In September, 1973, at the time of our last (and successful) request for de-control, the following F.O.B. prices obtained:

	Export (not frozen)	Domestic (frozen)
Ammonia	$70	$40
Urea	110	67
DAP	100	75

In mid-October the two biggest competitors of the U.S. in the production of phosphate rock, Morocco and Tunisia, announced an increase in phosphate rock price of 183%! The tremor was felt 'round the world, particularly in the emerging nations, but even Continental Europe was stunned as they are very large importers from these two countries. At nearly the same time the Mid East oil embargo began to take effect. Nearly all non-U.S. produced nitrogen is not only based on oil, but Arab oil as well.

This double action in the face of an obvious shortage caused prices in the world market to reach unheard of levels. Prices around the world are rising so rapidly that it is difficult to say with accuracy what the prices are with certainty. Based on our general knowledge, however, we repeat the earlier data with the highest permissible (See IV) U.S. price also shown:

	Domestic	Export
Ammonia	$120	$200–210
Urea	105	200–210
DAP	120	220–230

World conditions, over which our nation has no control, be it weather, oil or governmental price action have caused a traumatic change. Even at these export prices our producers are foregoing this super lucrative market as will be seen next.

IV

Following decontrol a coordination group was established to work out a joint governmental-industry problems. Among other "requests" made upon the industry were:

1. A commitment to put all possible uncommitted tonnage into the domestic market.

2. Industry was to help establish a reporting system on current and future export commitments.

3. On January 10, 1974, following a meeting with Secretary Butz and Dr. Dunlop tne producers were asked and an overwhelming number committed themselves to no further price increases until at least the end of the fertilizer year, June 30, 1974.

4. Government, for its part, pledged aid in securing gas, fuel, steel, equipment, etc.

Industry has fulfilled its obligation. *During the first 6 months of the current season our computer studies show we delivered a record 15% more material than for the same period a year ago.* USDA data for 15 selected states show a whopping 35% gain. We did assist in the export reporting service, but at the time this testimony was prepared we have not seen the results which are within the sole control of the Department of Commerce.

A fair understanding of the thrust of putting maximum tonnage in the U.S. market and export reporting plus all the discussions on exports can be summed up as a quasi-embargo. Likewise, the industry has in a sense returned to price ceilings per the meeting of January 10, and subsequent monitoring by the Cost of Living Council. This monitoring through the Dallas Internal Revenue Office could be said to be ripe with implication and needs no further comment.

One can not describe with preciseness the export demand. It is regarded here and abroad with awe. AID tenders for the fourth quarter of '73 asked for bids *from all non-communist nations* on 643,000 tons of material. They received bids of only 178,500 or a 72% shortfall. To the best of my knowledge, every emerging nation in Asia is seeking material in vain save the Peoples Republic of China who appears to be receiving continued large tonnage from Japan per an earlier contract. We know of continued unfilled orders for many nations in Central and South America.

It must be clearly borne in mind that while our consumers are complaining of high food prices, many overseas nations are perilously close to starvation. In these circumstances their governments are desperate to purchase fertilizer and price becomes secondary. It is axiomatic that starvation will cause such violent political upheaval that not only will governments of those countries fall, but chances are good that alien political philosophies will rise with success to its proponents.

This brings us squarely to the question of considering either an embargo or a licensing system. One must be fully cognizant of the implications and/or real effects of such a move on our part for dangers are not apparent but none-the-less real. Among things to be considered:

(a) We are dependent on Canadian potash.

(b) New York, Michigan, Wisconsin, North and South Dakota, Montana, Idaho, Washington and Oregon receive large tonnage of finished Canadian fertilizer.

(c) Canada is wholly dependent on the U.S. for phosphate rock.

(d) We have exported 3.7 million tons of fertilizer July-December '73. We imported 3.9 million tons at the same time.

(e) Restricting exports (phosphate rock) to Europe would cut us off from urea, ammonium nitrate and anhydrous ammonia.

(f) It would constitute a devastating blow to our Latin American neighbors and customers who are dependent on the U.S. as their major supplier.

We have given only the highlights of the problems created. Most salient of any argument, it would be a departure so radical from our post-World War II humanitarian programs that one could not defend it. Consider the virtual cessation of P.L. 480 grains—is it to be our policy to cut off the only possible means of self-help to these millions of people? I can't believe we have come to that state of selfishness.

It is my judgment that a fertilizer embargo or licensing system would cause repercussions far beyond that we experienced last fall with soybeans. We, as a nation, are quick to decry others who impose embargoes in what those nations believe to be in their self-interest. We, as a nation, should be quick to practice those doctrines which we say would be good for others.

Our industry, however, is in a quandary in view of the quasi embargo as to what the national policy is going to be in the future, i.e., beyond June 30, 1974. Guidelines as to whether precedence shall be given to emerging nations vs. developed countries is one issue. Certainly with nations like Canada, etc., any guide should recognize interdependence of exchange of materials. We believe that if guidelines were established the producers would adhere to them. Our producers know full well that their principal long-term market is the U.S. and they will always cater to it so long as the domestic market is profitable.

▼

Our most recent data shows that our ammonia plants were operating at 97.5%; phosphate rock 89.2%; wet phosphoric acid 91.8%, etc. We are running close to maximum capacity. Expansion is a must if the nation's agricultural machine is to reach its maximum.

To obtain maximum fertilizer production, we must have energy. Current estimates for 1973 are a production loss of 300,000 tons of ammonia due to gas curtailment. While this is not large it has a serious effect in this time of shortage. The Federal Power Commission has granted No. 2 priority to those who use gas as a feedstock. It must be borne in mind that *any* feedstock user with a *firm* contract is a No. 2 priority. This means the agricultural ammonia plants compete with acetylene, caprolactan, carbon black and those ammonia plants which do not ship to our farmers. The Federal Power Commission should have the authority or be required, therefore, to give agricultural ammonia plants, regardless of a firm or interruptible contract, the highest priority second only to residential heating. Second, a basic problem is that many of our plants are on intrastate gas supply over which the Federal Power Commission has no Congressionally-mandated jurisdiction. Each state is free to do as it wishes and, thus, there is no uniformity of treatment or policy. This is a matter that needs careful consideration in view of the next point of discussion.

Third, by 1980 we need to expand our U.S. domestic nitrogen production by 8 million tons. Only two major plants are now being built, both of which are in Oklahoma and one of them on the cooperative's own captive gas. Unless there is the aforesaid high priority established soon, any new gas discovered under intensified drilling will not be available to our industry. A large number of producers are willing to commit capital but they cannot get gas from any source.

As has been evidenced by the mid-East crisis, it would be a major risk we should not subject the country to by depending on off-shore nitrogen plants. It may be an inconvenience to reduce driving because some far-off potentate suddenly doesn't like the U.S. but it would literally be deadly serious if our nitrogen supplies were similarly cut off. Congress needs to be bold in its quest for a proper policy.

Our industry is just the production of fertilizer uses 250 million gallons of kerosene, mid-distillates and No. 4, 5 and 6 oil. Under current Federal Energy Office directives, agriculture is to receive 100% of its current requirements. Agriculture, under the regulation, is defined (in part) as "services directly related to the planting, cultivation . . . of fiber, timber, tobacco and food intended for human consumption" (Section 211.51). Use of plain English would lead one to construe this to mean every activity in our industry from production to field application would be covered. Not so. We have repeatedly had to make calls on Mr. Gary

Cook, who is the Co-Chairman of the Coordinating Group and a member of the Department of Commerce, to twist the necessary arms to obtain this interpretation. We see no reason why the Federal Energy Office will not clearly encompass our industry. Failing that, every retailer in the country is going to be on the phone to you this Spring because of the state and regional offices' lack of clear directives. A very heavy tonnage is applied by custom applicators or by the retailers themselves. Why not head off the complaints from every level by clarifying this situation now?

Without energy in all forms, we can neither mine, produce, manufacture, transport or apply these vital nutrients.

VI

Transport for us, like all other users, is a problem. Based on our most recent figures of car shortages for the week of February 8, we lacked 511 boxcars and 1094 hopper cars for material now available for shipment. The lack of cars is very serious in the phosphate producing areas of Florida. Our data does not include Canadian potash cars which are in very short supply. Usually, our car problems occur in early Fall and very late Winter or early Spring. Now it is a year 'round thing, varying only in intensity. Winter flooding on the Mississippi river is adding to our woes.

A shocker this coming Spring will be a potash shortage caused in the main by Canadian transport problems. We have a poor record of prompt return on these cars when empty. Our small dealers on potash, indeed on all materials, usually do not have sufficient storage to promptly unload these cars, especially the 100-ton hoppers. The smaller dealer in many instances has not kept pace in material handling and storage, thus he simply uses the rail car—be it box, hopper, or tanker—for on-site warehouse. We have stepped up our educational efforts to encourage prompt emptying and release of these expensive, scarce and sorely needed cars.

We again urge the Congress to adopt a forward looking program of computer utilization, car construction and branch line refurbishment because of the fast-growing demands for fertilizer. Last year our farmers used 43 million tons and by 1980 this figure could easily reach 60 million. We are absolutely dependent on a sound rail system if we are to obtain this goal.

VII

Effective in March we have three years in which to comply with the Clean Water Act of 1970. The Environmental Protection Agency estimates that the cost of the industry will be $160 million for this aspect. Our own industry estimates are that between $400–500 million will be required just for the so-called Clean Water requirements. We have not yet seen the regulations to come on air standards. Construction costs are rising between 10–15% a year compounded so that we feel quite comfortable with our own estimates. EPA believes that between 16–35% of the total ammonia nitrate facilities, because of age, simply aren't going to meet the standards. We wish to point out that at the very time we need to raise tremendous capital sums for expansion this additional burden is going to become a major factor. The loss of the ammonia nitrate production used for crops or explosives speaks for itself. We believe that many of the EPA requirements are based on unavailable and/or unrealistic technology which will be expensive and not accomplish the task of contributing to a better environment.

We are to expand phosphate production in the U.S. by 40% hopefully by mid 1976. This is being thwarted by the difficult, if not impossible, task of securing the many zoning changes and permits required by the State of Florida or the governmental sub-divisions thereof. Like natural gas, the state rules are all different and vexatious. Farmers in Florida are vehemently complaining about price and supply, yet, their state which is the principal supplier of the U.S. phosphates is imposing every obstacle to expansion and, ultimately, cheaper fertilizer.

As with energy, a much better coordinated environmental policy consistent with reality and financial strain is sorely needed.

Our farmers and, ultimately, our consumers will soon feel these high environmental costs which do not make any contribution to better fertilizer or crops.

VIII

Every growing animal must have dicalcium phosphate in its diet or it will die. As many members of the Congress know from the flood of complaints received from the feed industry this material, too, is in very short supply. Feed grade phosphates compete for the same materials as are used by our farmers. Phosphoric acid from which the fluorides have been removed is reacted with limestone to obtain this ingredient. Estimated demand is placed at 1.6 million tons versus an apparent supply of 1.3 million or a minimum shortage of 300,000 tons (19%).

When fish meal production nosedived due to the still unexplained disappearance of anchovies off the West Coast of South America, this situation was thereby created. Additional pressures were put on soybean meal. Fish meal contains the "dical" plus very high protein. We imported 725,000 tons of fish meal in 1972—this declined to 400,000 tons in 1973. Meat and bone scraps (commonly known as tankage) production, likewise a source of dical, declined in 1973. The market for dical in Europe boomed when fish meal was no longer available and a substantial Belgian producer quit shipping to the U.S. where lower frozen prices prevailed. Over the last few years, for several reasons, imports of guano from Curco Islands containing dical have slowly declined for a number of reasons.

The loss of these various sources principally account for the shortage. Put another way, 300,000 tons of dical would make up for the fish meal, tankage, Belgian and Curco products.

At the urging of the Secretary of Agriculture, strenuous voluntary action is taking place in the fertilizer industry to bridge the gap. Additionally, the Peruvian government has announced anchovy fishing will begin again in March, although the success and ability to refill the supply pipeline remains to be seen.

One of our major producers, Smith-Douglass, a division of Borden, is losing better than 10% of its annual capacity because it cannot get adequate natural gas. When they switch to oil, the efficiency of the plant drops markedly due to gas providing greater heat to remove the animal-poisoning fluorides and the inherent engineering problems. Some relief is in sight, but not a solution. Here again, the proper type of energy is a key.

IX

A trade association is precluded, as a practical matter, from securing current pricing because of the anti-trust implications. Therefore, the dollar figures used here will be based on public data.

Much has been made in recent days of the rise in fertilizer price. We have already shown what the world prices have done, one thing we cannot be oblivious to. For this discussion, however, we will seal the borders of the U.S. and see what obtains.

Since 1950 farm machinery rose 275%; farm labor rose 315%; farm land rose 375%; fertilizer during this same 23 years rose only 19%, or less than 1% per year. If anhydrous ammonia had gone up proportionally during this same period, its farm gate price today would be at the $450 level. The latest data (Dec. 10, 1973) from USDA shows farmers were paying $153. Ammonia is typical—it is not an isolated instance. Not only did fertilizer hold relatively steady, the nutrient value of mixed fertilizer was nearly doubled. In other words, the farmer got twice as much value for nearly the same amount of money.

We think in fairness that when people ask about "the high prices of fertilizer" the answer is, "Compared to what?" Nothing the farmer buys has given him value received as have our products. True, recently fertilizers have risen very rapidly. Equally true, they started from a very low point of departure. I recently received a publication from Kansas showing the following:

Commodity	Mid-January 1974	Mid-January 1973	Percent increase
Wheat per bushel	$5.22	$2.44	114
Corn per bushel	2.49	1.53	63
Sorghum	3.82	2.66	44

Assuming $200 ammonia at the farm gate (which is $80 above the highest producers price) the farmers input cost has risen only 9¢ per bushel over last year. At the so-called fertilizer high price level, the farmer is also receiving a so-called high price and can well afford this incremental increase. Can he afford not to use fertilizer? Certainly not! We cannot state strongly enough that to have an assured supply, to construct new plants, to open new mines, to meet the new environmental costs, to meet soaring costs we must have higher prices. The lack of an adequate rate of return in the long pull would be disastrous.

Our producers, insofar as I am aware, have maintained their January 10 pledges. Still all of us have heard of $275-$300 ammonia; $200-$225 DAP and so on. In this period of shortages there will always be some individuals who will take advantage of a given situation or of their fellow man. No responsible person in our industry, be he retailer or producer, will condone it. A word of caution, however, is that $300 retail ammonia, if based on recent import, is in line. Again, when importers bring off-shore produced material to the U.S. dealer the world price is going to be super self-evident. One should first challenge any report of sky-high price by inquiring who the producer was to be certain if there are unconscionable practices going on.

The fertilizer industry pledges its maximum best effort to supply the American farmer every pound of fertilizer that it can produce and ship consistent with those factors it can control. The industry needs more than the understanding of the Congress and the Executive. Positive policies on energy, transport and export are needed if the industry is to assist the nation's farmers in attaining maximum agricultural production.

Statement on Behalf of the Department of Agriculture, Department of Commerce, and Cost of Living Council Before the Subcommittee on Agricultural Credit and Rural Electrification of the Senate Agriculture and Forestry Committee, February 19, 1974

This statement on the current status of the fertilizer situation is presented jointly by the Cost of Living Council, Department of Agriculture, Department of Commerce, and the Federal Energy Office.

1. DEMAND

The Department of Agriculture now estimates 1974 crop year demand at 9.3 million tons of nitrogen, 5.5 million tons of phosphate fertilizers, and 4.7 million tons of potash. This represents a 12 percent increase in nitrogen, a 9 percent increase in phosphate, and an 8 percent increase in potash fertilizers over 1973 consumption. These estimates of demand are larger than the 1973 use because farmers intend to increase their acreages of many crops and hope to increase yields from planted acres. In addition, 1973 net farm income was the highest on record, which will help farmers fund larger fertilizer purchases. In truth, it will be impossible to predict precisely how much fertilizer farmers would actually apply in this crop year, since there will undoubtedly be some gap in what they wish to apply and what will be available, even under conditions of maximum fertilizer production.

2. SUPPLY

It now appears that the net domestic supply of plant nutrients in crop year 1974 will be about 21 million tons or 9 percent greater than in crop year 1973 (ending June 30, 1973). The major factors leading to this increased supply are increased projected production of all three plant nutrients, projected reductions in exports of nitrogeneous fertilizers and a near 40 percent increase in net imports of potash.

A. Nitrogen

Production of anhydrous ammonia, the basis for almost all nitrogeneous fertilizer, increased by about 12% for the first five months of the 1974 crop year. Based upon the current rate of production, adjusted for inventory change, we can expect 10.2 million tons of domestically produced nitrogen during crop year 1974 or an increase of almost 675,000 tons more than for crop year 1973. For the first five months of the crop year, total exports of nitrogeneous fertilizers have increased slightly over the comparable 1973 period. The increased exports have amounted to less than 100,000 tons of nitrogen, with most of the increase being represented by increased shipments of anhydrous ammonia and diamonium phosphates.

However, as part of the decontrol agreement, domestic producers have pledged to divert substantial tonnages from the export market to domestic use. The Department of Commerce monitoring system indicates that most producers are substantially reducing export commitments of nitrogeneous fertilizers under their 1973 actual exports (see Table 1). Imports of nitrogen materials have been slightly higher this year but they account for a small percentage of U.S. apparent consumption.

At the producer level, beginning inventories of nitrogen materials for this crop year were appreciably lower than unusually high beginning inventories for 1973—the equivalent of at least one-half million tons of nitrogen.

On balance, despite the substantially lower beginning inventories of this crop year, a combination of substantially increased production, stable exports and somewhat higher imports should result in a slight increase (3-4%) in nitrogeneous fertilizer materials available to the American farmer this crop year. Specifically, we expect a net supply of about 9.8 million tons of nitrogen for fertilizer for crop year 1974. However, in the process of distributing the nitrogen materials to farmers, an additional amount equal to 7 to 10 percent of the final consumption will be needed to cover such items of handling loss and unused retail inventories. Thus, the estimated requirements for crop year 1974 are 10.0 to 10.2 million tons. This results in an estimated shortfall of as much as 5 percent this year. Table 2 presents more detailed figures on demand, production, exports, imports, inventories, and the net supply picture in nitrogeneous fertilizers.

B. Phosphatic fertilizers

Production of all phosphatic fertilizers this crop year has been close to production last year, with a small increase in the production of wet process phosphoric acid being offset by decreases in use of electric furnace-produced acid for fertilizers. We expect production to be about 6.5 million tons, slighly greater than last year. Exports of phosphatic fertilizers are expected to marginally exceed exports of last year even though industry has curtailed export orders from planned 1974 levels, as part of its commitment under price decontrol.

Imports are at or below last year, but they account for less than 1% of net supply. Producer inventories at the beginning of this year were approximately equal to inventories at the beginning of the 1973 crop year, although there is some evidence to suggest stocks at retail outlets were lower. On balance, we believe there may be 5.2 million tons of phosphatic fertilizers available in crop year 1974, a 4-5% increase over the 1973 crop year. To service the estimated demand of 5.5 million tons of phosphate the total requirement is expected to be about 5.9 million tons. (This additional quantity is needed to cover such items as product loss and unused retail inventory). Thus, we expect a shortfall of about 12 percent in the supply of phosphates. Table 3 presents more detailed information on production, exports, imports, and beginning inventories.

C. Spring supply of nitrogen and phosphates

Despite the above analysis of increases in domestic fertilizer availability over the full 1974 crop year, because fall distribution and sales of both nitrogen and phosphates were appreciably higher last fall, there will be less fertilizer available for spring application this year than was available last year. For example, a Department of Agriculture survey of 14 states indicated a 44% increase in July-November 1973 sales of the three major fertilizer nutrients.

D. Potash

While some shortages of potash have been reported, they appear not to relate to a general imbalance in supply and demand—shipments of potash are up 46% this crop year, but rather to lags in distribution. Indeed, we're projecting a surplus of 815,000 tons for this crop year. (See Table 4)

3. PRICES

Producer prices have increased to levels higher than was expected when fertilizer materials were deregulated. According to a January 5th telegram survey by the Cost of Living Council, domestic producer prices have increased 65% on average over their controlled levels of October 25, 1973 (see Table 5). These increases in producer prices have been reflected in the retail prices of fertilizers charged to the farmer. Based on spot checks in fifty states by the Department of Agriculture, the January retail prices of fertilizers appear to have increased over the October 25 prices by the following amounts:

	Percent
Anhydrous ammonia	71
Ammonium nitrate	55
Urea	69
Triple superphosphate	41
Potassium chloride	26

Dr. John T. Dunlop, Director of the Cost of Living Council, has sent telegrams to 60 producers of fertilizers requesting their intentions with regard to fertilizer materials prices through June 30. He has received replies from all major producers indicating that current price levels will be maintained and that no additional price increases are intended unless there are substantial increases in production costs. In addition, he has requested the Internal Revenue Service to monitor on a regular basis fertilizer materials prices charged by manufacturers for the balance of the crop year.

4. ACTIONS TAKEN TO INCREASE AVAILABILITY

In addition to decontrol of prices, a number of other actions have been taken to increase domestic production and availability, improve distribution, and maximize the benefits of fertilizer application.

The most pressing problem has been to assure adequate supplies of feedstocks for the production of nitrogen fertilizers and of fuel to operate both nitrogen and phosphate manufacturing facilities.

The Interagency Committee on Fertilizer production and the Department of Agriculture have provided memoranda to the Federal Power Commission outlining the importance of natural gas for the production of ammonia, and to date, in all cases of which we are aware, the Federal Power Commission has granted assistance to ammonia producers.

In those cases where plants have relied on gas regulated by state authorities, the Interagency Committee has informed the appropriate state agency of the need for natural gas for ammonia production, and the nature and extent of the possible fertilizer shortfall facing us. To date, the only case of which we are aware—in Illinois—was decided in favor of the producing plant: We hope that states will continue to recognize the importance of natural gas to fertilizer production and insure its availability to the extent possible.

There have been several cases of fertilizer production being slowed or curtailed due to the lack of fuel oil allocations, particularly for residual fuel oil. Federal agencies have steered producers to the appropriate Federal Energy Office Regional Offices for assistance. Again to date, the local FEO offices have been decisive, and in all cases of which we are aware, have decided in favor of the fertilizer producer's processing requirements.

Transportation difficulties have been a traditional problem for this industry, particularly in the months of February and March, when large tonnages are normally moved from inventories to retail distributors and farmers.

There is again this year a shortage of railroad hopper cars and covered cars. For example, there are reported shortages in the Florida are of hopper cars for shipment of phosphate rock and phosphate-based fertilizers, and shortages of ammonia cars which are especially equipped for pressurized shipment. Shortages also appear to be serious in the Midwest, where shipments of grain are above normal levels. On the other hand, with larger than normal shipments from inventory in the fall, the normal transportation difficulties of the industry appear to be somewhat less serious overall this year. We have been in contact with the ICC, and are now determining whether any additional actions may be required.

Realizing that there will continue to be some shortage in the balance of this crop year, the Department of Agriculture has attempted to maximize the benefits received by the American farmer from those supplies which will be available. For example, extension agents have launched a vigorous campaign encouraging farmers to undertake soil tests as a means of identifying the application of fertilizer for crop and acreage, and are assisting farmers in obtaining maximum benefit from available supplies.

TABLE 1.—FERTILIZER, EXPORTS AND EXPORT CONTRACTS, CROP YEARS 1973 AND 1974

[Short tons] [1]

	1st half July–December 1972 exports	2d half January–June exports	Year July 1972–January 1973 exports	1st half July–December 1973 exports	2d half January–June contracts	Year July 1973–June 1974 exports and contracts	Increase or decrease, 1974/73		
							1st half	2d half	Year
Nitrogenous materials:									
Anhydrous ammonia	303,463	381,666	685,129	326,599	269,051	595,650	+7.6	−29.5	−13.1
Urea	280,164	242,812	522,976	184,543	145,984	330,527	−34.1	−39.9	−36.8
Ammonium nitrate	7,740	12,683	20,423	27,024	1,104	28,126	+249.1	−91.3	+37.7
Phosphate materials: Florida phosphate rock (thousands)	6,218	6,594	12,812	6,488	7,689	14,177	+4.3	+16.6	+10.7
Phosphoric acid	23,115	30,534	53,649	43,409	53,920	97,329	+87.8	+76.6	+81.4
Triple superphosphate	549,381	310,923	860,304	572,237	444,387	1,016,624	+4.2	+42.9	+18.2
Mixed fertilizers: Ammonium phosphate	1,063,506	1,005,572	2,069,078	1,237,921	812,329	2,050,250	+16.4	−19.2	−.9

[1] Nutrient basis.

Source: Cost of Living Council.

TABLE 2.—NITROGENOUS FERTILIZERS, SUPPLY-DEMAND SUMMARY BY CROP YEAR

[1,000 short tons] [1]

	1971–72	1972–73	1973–74
Nitrogen:			
Domestic production [2]	9,097	9,560	10,232
Imports	843	881	946
Total available supply	9,940	10,441	11,178
Exports	1,032	1,350	1,390
Net supply	8,908	9,091	9,788
Demand	8,016	8,339	9,300

	1971–72	1972–73	1973–74
Handling losses [3]	892	752	651–930
Total requirements			9,951–10,230
Deficit			150–450
Exports as percent of domestic production	11.3	14.1	13.6
Imports as percent of domestic production	9.3	9.2	9.2
Net exports as percent of domestic production	2.1	4.9	4.3

[1] Nutrient basis.

[2] Adjusted for producer inventory changes.

[3] Handling loss is an amount of material produced and distributed that cannot be accounted for with the current data system. It may include product loss, unused retail inventories and other undetermined items.

Source: Cost of Living Council.

TABLE 3.—PHOSPHATIC FERTILIZERS, SUPPLY-DEMAND SUMMARY BY CROP YEAR

[1,000 short tons] [1]

	1971–72	1972–73	1973–74
Phosphate:			
Domestic production [2]	6,150	6,387	6,529
Imports	326	312	291
Total available supply	6,476	6,699	6,820
Exports	1,102	1,424	1,606
Net supply	5,374	5,275	5,214
Demand	4,873	5,072	5,500

	1971–72	1972–73	1973–74
Handling loss [3]	501	203	385–550
Total requirements			5,885–6,050
Deficit			671–836
Exports as percent of domestic production	17.9	22.3	24.6
Imports as percent of domestic production	5.3	4.9	4.5
Net exports as percent of domestic production	12.6	17.4	20.1

[1] Nutrient basis.

[2] Adjusted for producer inventory changes.

[3] Handling loss is an amount of material produced and distributed that cannot be accounted for with the current data system. It may include product loss, unused retail inventories, and other undetermined items.

Source: Cost of Living Council.

TABLE 4.—POTASH FERTILIZERS, SUPPLY-DEMAND SUMMARY BY CROP YEAR

[1,000 short tons] [1]

	1971–72	1972–73	1973–74
Potash:			
Domestic production [2]	2,432	2,680	2,929
Imports	3,088	3,192	4,139
Total available supply	5,520	5,872	7,068
Exports	657	922	1,013
Net supply	4,863	4,950	6,055
Demand	4,332	4,412	4,700

	1971–72	1972–73	1973–74
Handling loss [3]	531	538	540
Total requirements			5,240
Surplus			815
Exports as percent of domestic production	27.0	34.4	34.6
Imports as percent of domestic production	127.0	119.1	141.3
Net imports as percent of domestic production	100.0	84.7	106.7

[1] Nutrient basis.

[2] Adjusted for producer inventory changes.

[3] Handling loss is an amount of material produced and distributed that cannot be accounted for with the current data system. It may include product loss, unused retail inventories, and other undetermined items.

Source: Cost of Living Council.

TABLE 5.—MEDIAN PRICE OF FERTILIZER MATERIALS

	Number of companies	Oct. 24, 1972 (per ton)	Jan. 2, 1974 (per ton)	Percent change
Phosphate rock	7	$6.50	$15.00	130.8
Phosphoric acid	14	78.30	119.34	52.4
Diammonium phosphate	30	75.00	111.12	48.2
Triple superphosphate	26	55.00	89.00	61.8
Ammonia	39	65.00	105.00	61.5
Urea	21	72.00	110.00	52.8
Ammonium nitrate	29	62.00	90.00	45.2

Source: Cost of Living Council.

STATEMENT OF PAUL S. WELLER

My name is Paul S. Weller. I am Vice President, Public Affairs, of the National Council of Farmer Cooperatives. I am accompanied by Bill Brier, Director of Energy Resources of the Council. The National Council is a nationwide organization of 106 farmer-owned and controlled regional cooperative business organizations, plus 32 state councils of farmer cooperatives. These cooperatives in turn serve about 1.5 million farmer members throughout the United States. From the standpoint of fertilizer production and marketing, farmer cooperatives supply approximately 31% of the domestic market.

There is no question that there is a shortage of nitrogen and phosphate supplies in the United States. The National Council feels that recent reports by USDA should be considered as minimum estimates and that higher shortages estimated by The Fertilizer Institute more nearly reflect market conditions through 1974.

The National Council of Farmer Cooperatives considers the current fertilizer shortages so critical that if relief is not forthcoming food and fiber production will not meet government goals next year. The problem is that while avowed government policy is to maximize food and fiber production, some agencies of the Federal government are following policies that retard production.

Naturally the National Council is not suggesting that all of the problems of the fertilizer industry are the fault of the Federal government. Admittedly, the cyclical nature of the industry, coupled with low profit margins, discourage entry of new producers. During the past four years, at least eight major fertilizer marketing companies have partially or completely withdrawn from the market. The high capital requirements and low returns on investments are not looked upon with favor by investor-oriented companies.

Cooperatives, by definition, are low margin, service oriented corporations. As such, they have not been as adversely affected by this aspect of the industry. As long as cooperatives receive sufficient return to justify continued capital investments, they will continue to be a viable force in the fertilizer market. Farmer cooperatives currently have under consideration plans that, if fully implemented, would require an additional capital investment of one-half to three-quarters of a billion dollars over a period of several years. These investments are designed to improve cooperatives' capabilities to supply farmer members with additional fertilizer.

Since this hearing is before a subcommittee of the Senate Agriculture Committee, the National Council of Farmer Cooperatives will therefore concentrate on issues facing the fertilizer industry over which the government can have significant influence. These issues can be divided into three categories—transportation, fuel, and price and export controls.

TRANSPORTATION

Transportation systems are becoming much more expensive. Railroads are pushing to abandon branch lines, while barge lines are increasing their rates drastically. Trucking is playing an increasingly important role in the distribution of fertilizer.

The National Council is on record supporting legislation that would eliminate "minimum" rate charges while retaining "maximum" rates. This action would improve competition among various modes of transportation.

The Council also supports legislation that establishes revolving loan guarantees for the purchase of additional rolling stock. In particular, this would help railroads meet peak fertilizer shipping periods so as to improve the distribution of plant food.

The cooperative response to this transportation logjam has been to compensate for current weaknesses in the system. Two cooperatives recently announced joint purchase of 100 railroad cars to improve fertilizer and grain shipments during peak periods. In addition, several cooperatives are engaged in a transportation study of fertilizer and grain movements that may result in the cooperative ownership of a barge company.

It is particularly important to note that these investments are capital investments by cooperatives in an adequate transportation system, rather than direct investments designed to increase the production of fertilizer. In other words, due to circumstances beyond cooperatives' control, many capital investments in fertilizer are in related activities such as transportation that do not in themselves increase supplies of sorely needed plant food.

EXPORTS AND PRICE CONTROLS

Farmer cooperatives are unique in the fertilizer industry because it is not their policy to export fertilizers during periods of short supply, except in specific situations where full inventories might close a plant unless outside sales were made. Therefore during the past two years, regardless of international price advantages, cooperatives have restricted their major fertilizer supplies to the American farmer.

There is no question that prior pricing policies of the Cost of Living Council hurt the domestic supplies of fertilizer. The National Council estimates that due to additional increased exports over the past two years, farmer supplies of phosphates were reduced by 10% and nitrogen by 3%. As a result, the National Council supported the lifting of price controls by the Cost of Living Council.

Selfishly, farmer cooperatives could have supported export controls which would have had almost no effect on cooperatives' production and supply of fertilizer. At the same time, export controls would have increased domestic supplies while retaining moderate fertilizer prices. However, the National Council concluded that this would not have the desirable effect of increasing the fertilizer production capabilities of investor-oriented companies, which account for 65–70% of the current market. In addition, export controls would have cost the United States internationally in terms of prestige and reliability.

As a result of continued price increases and shortages, the National Council strongly urges the Subcommittee to carefully examine current commitments for both increased domestic supply of fertilizer and capital investments to expand production of fertilizer. If the Subcommittee is not satisfied with the progress being made on both fronts, the Council strongly urges a thorough reexamination of government policy as it relates to both domestic fertilizer prices and export controls.

FUEL

A. Middle distillates and residual

The Federal Energy Office mandatory allocation program provides that end users in both categories qualifying as "agricultural production" are to be supplied at 100% of current needs. The National Council believes this includes domestic fertilizer production and marketing. Serious shortages in either or both of these categories could spell doom for both plant food production and marketing.

The National Council feels the Subcommittee should be aware that the regulations as interpreted by the Federal Energy Office will not guarantee agricultural production will receive 100% of its current energy needs. The problem is that while the regulations provide that the qualifying end user will receive 100% of his current needs, they do not guarantee that the end user's supplier will be able to obtain that fuel.

If a supplier's allocation fraction is less than one, the end user qualifying under agricultural production will be limited to the supplier's allocation fraction of the end user's certified needs. Since there are shortages, it is safe to assume that most suppliers' allocation fraction will be less than one. Thus, in most cases, agricultural production will be limited to a portion of current needs rather than 100% as widely assumed.

B. Natural gas

Of all the uses of fossil fuels, the only one to enter the food chain directly is the use of natural gas as a hydrocarbon building block for anhydrous ammonia and urea. An average of 36,000 to 40,000 cubic feet of gas is needed to produce one ton of ammonia.

Since anhydrous ammonia is the major source of nitrogen and since there are no domestic economic alternatives to the use of natural gas for ammonia production, our nitrogen industry is totally dependent on adequate supplies of natural gas. Much of our food production depends heavily on nitrogen supplies, of which fertilizer nitrogen from natural gas is a major component.

Farmer cooperatives have encountered difficulties in obtaining necessary domestic commitments for natural gas supplies to expand anhydrous ammonia production. A new fertilizer plant addition to the cooperative system will be built in Canada primarily for this reason. In fact, cooperatives continue to explore the desirability of various foreign site locations for expansion of fertilizer production. In addition, cooperatives are also attempting to import foreign-produced fertilizer to meet domestic demand. This year over $10 million has been budgeted for that purpose.

Much of the problem of natural gas supplies can be traced to a 1954 Supreme Court decision that gave the Federal Power Commission the authority to regulate interstate gas rates. Since that time, wildcat drilling for natural gas, a good measure of industrial activity, has declined from a high of 16,000 wells in 1956 to 7–8,000 between 1971 and 1973. In addition, since 1968, domestic natural gas is being consumed at a faster rate than reserves are being discovered.

The unrealistic rate structure of natural gas also has the undesirable effect of reducing supplies available to historical users (fertilizer industry) by encouraging its use for economy reasons by increasingly significant numbers of non-historical users. For example, the use of natural gas by an electric utility to produce electrity to be used for heating purposes uses three times as many B.T.U.'s as providing the same natural gas directly to the end user for heating purposes.

The National Council would also like to comment briefly on the fact that 22% of ammonia producers have contracts with gas suppliers that have an interruptible clause. This means that if higher priority users' needs are not met, gas suppliers can temporarily be halted. During the past three years, because of increasing shortages of natural gas, these interruptions have increased—thus decreasing production of anhydrous ammonia. The Federal Power Commission places these contracts in priority category 8. The National Council believes that because of the importance of nitrogen in crop production, all ammonia producers should be placed in priority category 2.

CONCLUSION

In summary, the National Council pledges that farmer cooperatives will do all in their power to increase fertilizer production and distribution, consistent with domestic needs and cooperatives' financial capabilities. In return, cooperatives request that fertilizer production be placed in a high national priority and that all agencies of the Federal government coordinate their efforts to assist the fertilizer industry in achieving maximum production.

Livestock Nutrient Production—Dicalcium Phosphate Shortage Confirmed

(By Donna Russell)

Chicago, February 26.—"There is a distinct possibility U.S. livestock production will be cut back" in 1974 because of an acute shortage of feed grade phosphorus, Lee Boyd, nutritionist for the American Feed Manufacturers Association, told CNS Monday.

In 1974 U.S. livestock producers will need 1.6 million tons of feed-grade phosphorus, primarily as dicalcium phosphate or defluorinated phosphate, but will receive only about 1.3 million tons. The mineral is essential to the nutrition of swine, beef cattle, poultry and dairy animals, especially the young and breeders.

Boyd explained that the 3 to 4 month old 20 percent shortage can hamper feed conversion efficiency, bone development, and reproductive capacity, making livestock production, especially with today's high grain prices, uneconomical. "Farmers will realize they are better off not producing an animal if they know they can't produce it economically," he said.

Causes of the shortage, which is worldwide, are many and include: feed industry competition with the similarly tight fertilizer industry for integral phosphoric acid; lack of natural gas at major plants in Florida; impact on the industry of earlier price controls—lack of expansion and diversion of supplies to more lucrative foreign markets; currency fluctuations which also boosted exports; environmental restrictions on phosphate rock mining in Florida; an earlier strike of one of the major producers; and transportation difficulties.

The solutions, according to industry sources, are few and even if they are undertaken immediately, consensus is that the shortfall will last through the first quarter of 1975, with implications through diminished breeding capacity possibly continuing another 2 years.

Specific problems tackled by the feed industry are:

Natural gas shortage: The American Feed Manufacturers Associations and other trade bodies met this week with the Agricultural Department to present "An affidavit documenting that phosphorus is absolutely essential element in animal feeding which has no substitute." Boyd said the AFMA found the USDA willing to present the industry's case to the Federal Power Commission which must then rule on improving the phosphate industry's priority for natural gas.

Many Florida production plants are on interruptible contracts and have been forced onto fuel oil during cold snaps in adjacent northern states. The switch from gas to oil's lower heating capacity also lowers productive capacity between 15 and 30 percent.

Phosphoric acid shortage: An appeal to the acid industry to divert just 75,000 tons away from the fertilizer industry in 1974 came out of a recent phosphate forum in Iowa.

Marvin Vinsand, executive vice president of the National Feed Ingredients Association explained, however, the feed industry accounts for just 4 to 5 percent of acid consumption. With the fertilizer industry and foreign buyers outbidding such small consumers, he said, it is no wonder feed men have trouble obtaining the catalyst and ingredient.

In addition, feed-grade phosphoric acid requires more time-consuming and costly refining than does fertilizer-grade, another impetus for acid refiners to favor fertilizer customers.

Trade sources agreed, however, that readjustments of distribution are best left to industry, not to government. Aside from improved energy priorities, Vinsand said, "We will probably be far better off working this out without government intervention such as embargoes and price controls. We need the sympathy and support of Congressmen, but I get a little concerned at government intervention because many times it is misinformed. Industry can handle the situation more swiftly and efficiently."

Commercial feed mixers, livestock nutritionists, and livestock producers have already begun to make adjustments to the situation. Depending on the class of livestock, various avenues provide optimum use of the minimal supplies.

In general, sources agreed, the best choice is to lower the phosphate level to minimum but adequate levels. Many agreed that farmers had been overfeeding minerals "as insurance" by as much as 10 pct. Much of this had been as a free choice, concentrated mix put out in addition to the phosphorus added to grain or protein rations.

Many commercial feed mixers have eliminated sale of such concentrates, choosing to use the available supply of phosphates in their higher volume, essential feed mixes.

Although there are no substitutes for phosphorus, there are some less efficient alternate sources: steamed bone meal, tankage, fishmeal, and bran for dairy cattle. All are, however, in short supply and consequently expensive.

Whether eliminating the "insurance margin" or turning to alternative sources will allow livestockmen to "squeak through" the year's shortage depends on the type of livestock they produce, sources said. Individual types have different requirements:

Beef: Breeding cows and young animals in beef cow herds require supplementary phosphorus, especially when on mature roughages lacking minerals. Lack of phosphorus is related to infertility, according to a University of Illinois beef cattle nutritionist.

Although a mineral lack in the mother will not hamper a fetus' development, the cow's metabolism will draw deficient elements from her skeleton, putting her in such poor condition she may fail to breed during next heat.

Feedlot animals when young and growing need supplements, but older animals on finishing rations do not necessarily require phosphate additives.

He added the shortage will probably not cause farmers to cut herd or feedlot numbers, but the problem, combined with high corn and soybean meal prices, will probably curtail expansion. Exceptions include those farmers who supplement grain farming with modest livestock operations. Many, the Illinois source said, are opting out of the expensive and time-consuming livestock business in preference for increasingly lucrative grain sales only.

Dairy: "The situation is critical as far as milking cattle are concerned, and has been for the last 3 to 4 months," a U. of I. dairy nutritionist told CNS.

Although the shortage will affect milk production immediately, "more importantly it will reduce fertility levels and cause other broader metabolic disorders that may lead to diseases such as milk fever," he said.

Such additional problems in an industry which has already suffered high attrition from high feed costs and an unprofitable milk/meat ratio, will no doubt encourage early "retirement" by many corn belt dairy farmers, he added.

Swine: The bone building mineral is more important to pregnant and lactating sows and to their young than to beef cattle at similar stages, a Purdue nutritionist told CNS, because the ruminant capacity of cattle makes their use of plant phosphorus more effective.

Structural soundness, reproductive ability, and efficiency of rate of gain in swine will all be affected if phosphorus rations fall below minimum requirements.

Poultry: Phosphorus is needed by replacement pullets and growing broilers, but is most essential in layers. Although there is virtually no phosphorus in egg shells, producing eggs removes calcium from the skeleton of the birds which simultaneously releases bone phosphorus into their excretory systems. Both must be replaced daily.

All sources agreed that the shortage did not portend a move away from soybean meal as a protein supplement. No other plant protein source, such as cotton seed meal, provided more nutritionally available phosphorus. All interviewed will be participants in a phosphate conference Wednesday, Feb. 27, at Purdue University.

Mr. CURTIS. Mr. President, would the distinguished Senator from South Dakota yield?

Mr. McGOVERN. I yield to the Senator from Nebraska.

Mr. CURTIS. Mr. President, I rise to give my wholehearted support to Senate Resolution 289. As has been indicated, this measure is cosponsored by the entire membership of the Committee on Agriculture and Forestry. Perhaps because of our membership on this committee, we have been made quite aware of the situation facing American farmers as a result of price controls and increased acreage being placed under cultivation.

These two items are at the root of the fertilizer shortage which is now upon us.

Price controls in this country resulted in huge outflows of fertilizer to other countries last year when it could have been purchased and stockpiled by domestic producers for use during 1974. Second, the worldwide food shortage has resulted in this Government asking American farmers to produce the maximum capacity in 1974. This means that a decreased supply of fertilizer will be available for an increased acreage.

A new marketing strategy by manufacturers, necessitated by this shortage, has resulted in many fertilizer dealers being left without supplies to serve their traditional customers. This means that farmers who have been buying from these now defunct dealers will not even get a partial allocation unless some action is taken.

It is the hope of those of us who are sponsoring this resolution that the actions proposed therein will be taken immediately and will result in increased supplies for 1974 and better distribution of the supplies which are available.

Mr. President, I support this resolution very strongly. The need for fertilizer is of vital concern to everyone in the United States because the amount of fertilizer available is going to determine how much food is produced. The amount of fertilizer available for foreign countries will have a great impact on their production.

Consequently, any energy that is needed to produce fertilizer that is not made available will result in a scarcity of agricultural products and will contribute to the worldwide starvation problem, and starvation will exist in some places. It will also definitely contribute to higher food prices.

It is of vital importance that further steps be taken to make the fertilizer available.

Mr. President, I support the resolution of which the distinguished Senator from South Dakota is the principal sponsor.

Mr. McGOVERN. Mr. President, I thank the Senator from Nebraska.

I would like to repeat, while the Senator from Nebraska is still on the floor, that it is the subcommittee's intention to schedule additional hearings on the fertilizer situation in the Midwest on March 8. We are planning to hold these hearings in Omaha, Nebr. I am hopeful that the testimony we take in the field will be helpful in shedding more light on the urgency of this matter.

Mr. GRIFFIN. Mr. President, I wish to register my strong support for this resolution and I wish to commend the Committee on Agriculture for bringing it to the floor.

I am keenly conscious of the severe shortage of fertilizer in the State of Michigan. My State is and has been one of the most important producers in terms of agricultural products. But unless we get more fertilizer quickly, the level of production is bound to fall sharply.

I call on the various agencies of the Federal Government to which the resolution is addressed to respond positively to this appeal for action. The fertilizer crisis is real; it is very serious; and it must be dealt with effectively.

Mr. CLARK. Mr. President, as the distinguished Senator from South Dakota has indicated, the Senate Committee on Agriculture and Forestry unanimously reported this resolution. Since that time, it has come to our attention that livestock feeds are affected in much the same way as fertilizer. It depends upon nitrogen and particularly natural gas.

Mr. President, I send an unprinted amendment to the desk and ask that it be stated.

The ACTING PRESIDENT pro tempore. The amendment will be stated.

The legislative clerk read as follows:

On page 3, line 1, strike the word "nitrogen" and insert in lieu thereof the following: "synthetic anhydrous ammonia and defluorinated phosphate".

On page 3, line 14, strike the word "and" at the end thereof.

On page 3, line 23, strike the period and insert a semicolon and the word "and" in lieu thereof, and add the following new paragraph:

"(6) The manufacturers of phosphoric acid give the highest priority to supplying such material to producers of dicalcium phosphate, which ingredient is essential to the proper growth of livestock and poultry."

Mr. CLARK. Mr. President, the purpose of the amendment is simply to add livestock feed to fertilizer in the original resolution to insure that the producers of defluorinated phosphate and dicalcium phosphate receive sufficient supplies of natural gas and phosphoric acid to achieve maximum production of these feed ingredients so essential to growth and production of livestock and poultry and adequate and economical supplies of milk, meat, and eggs.

Available production of phosphorus for use in livestock and poultry feeds during 1974 probably will be below requirements if corrective action is not taken. The available prospective supply of such materials in 1974 is 1.3 million tons, while requirements will be about 1.6 million tons. Unless a special effort is made to eliminate this 300,000-ton shortfall, food production this year will be reduced and prices will rise.

All animals require phosphorus. It is essential for growth, production and reproduction.

Hogs normally mature for slaughter in 6 months, but without adequate phosphate in the diet, they will require 8 to 10 months to reach the same stage of development.

Caged laying hens use phosphorus to build eggs and egg shells even if it must be extracted from their own bones. The early symptom of phosphorus deficiency in laying hens is a drastic drop in production, followed by collapsed bones, and eventually death.

A cow producing milk also includes phosphorus in production at the expense of its own skeletal and reproductive needs.

Like hogs, beef cattle will be slow getting to market and take comparably more grain and protein to gain the same weight.

The principal sources of feed phosphate are dicalcium phosphate and defluorinated phosphate rock. Production of dicalcium phosphate is dependent upon the availability of phosphoric acid which, in turn, is dependent on a supply of natural gas, the energy most efficient for production. It is a material also used in manufacturing high analysis phosphate fertilizers.

With the current heavy demand for phosphate fertilizers, manufacturers have not been able to meet both fertilizer and feed grade phosphate demands. Although phosphate for fertilizer and feed have a common origin, fluorine first must be removed to convert it to feed grade phosphate quality because animals are sensitive to fluorine. While recognizing that we are faced with shortages in both cases, it is imperative that more feed grade material be made available to provide adequate supplies of food.

Many farmers have been supplying fairly liberal amounts of phosphate fertilizer over the past several years, resulting in a buildup of phosphate reserves in the soil. So some shortage of phosphate fertilizer might not be disastrous this year if there is no alternative. But with increased supplies of natural gas, the phosphate industry can and will accommodate both needs.

To complicate the problem, other minor sources of phosphorus such as fishmeal are in short supply while the demand for meat, milk, and eggs is at an all-time high. This amendment to Senate Resolution 289 asks fertilizer manufacturers to make greater amounts of phosphoric acid available to dicalcium phosphate producers as soon as possible. It also asks that the Federal Power Commission—and appropriate State regulatory agencies—give the highest priority to producers of dicalcium phosphate and defluorinated phosphate in the allocation of natural gas supplies—along with the producers of nitrogen products for feed and fertilizer use.

One of the major producers of defluorinated phosphate is now losing about 20,000 tons of productive capacity a year because of recent rulings by the Federal Power Commission on natural gas. While this producer is being allocated all the natural gas required to operate two production units, only 50 percent of the natural gas requirements with respect to his other seven units is being provided. While fuel oil can and is being used to meet the full requirements of the other seven units, it is being done with a loss of 40 percent in productive efficiency.

If other practical sources of domestic phosphorus were available to U.S. livestock and poultry producers, we might be able to live with some loss of productive efficiency to conserve energy.

But this, too, is false economy. Since the production facilities are built to utilize natural gas for energy with fuel oil, they require about half again as many Btu's to produce an equivalent amount of product as they do with natural gas. This country is faced with a shortage of all types of energy, so it's important to assign priorities for the available energy according to their most efficient use to accommodate the food needs of the people.

The Federal Power Commission should give feed phosphate producers the same high priority that we are asking them to give the producers of feed and fertilizer nitrogen products.

Mr. President, unless something is done, and very soon, to meet the feed needs of animal producers and fertilizer needs of grain farmers, American consumers can look forward not only to much higher food prices—but major shortages in the near future.

We can help avoid or minimize such developments by approving this amendment and Senate Resolution 289.

Mr. McGOVERN. Mr. President, the amendment is entirely acceptable to me, and I am confident that it will be acceptable to the other members of the committee. As a matter of fact, it was through oversight in drafting the resolution that the provision was omitted in committee.

The Senator from Iowa knows that we did discuss the question of making more of these essential feed ingredients available for livestock and poultry production. So, I am quite happy to accept the amendment. I urge that the amendment be agreed to.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from Iowa (putting the question).

The amendment was agreed to.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the resolution as amended. [Putting the question.]

The resolution (S. Res. 289) was agreed to.

The preamble was agreed to.

The resolution as amended, with its preamble, is as follows:

S. Res. 289

Resolution relating to the serious nature of the supply, demand, and price situation of fertilizer

Whereas a substantial amount of the 1974–75 food and fiber supply for the world and the United States is either planted or about to be planted; and

Whereas nearly 30 per centum of the production of food and fiber in the United States is directly attributable to the application of fertilizer; and

Whereas the 1974 agricultural production goals of the United States cannot be achieved unless sufficient quantities of fertilizer are made available; and

Whereas the current productive capacity of the Nation's fertilizer industry is insufficient to meet existing and future demands; and

Whereas some of the current productive capacity of the Nation's fertilizer industry is being unrealized due to limited availabilities of natural gas and other liquid and middle-distillate fuels; and

Whereas these factors are contributing to a supply of fertilizers this year short of what farmers want and need for application on increased acreage; and

Whereas such shortages are not only limiting the farmers' ability to produce food and fiber in 1974 at maxmimum levels, but also are contributing to further escalation of prices paid by farmers for fertilizer: Now, therefore, be it

Resolved, That it is hereby declared to be the sense of the Senate that—

(1) All agencies of the Federal Government, which have any responsibility for establishing priorities for the allocation of materials and facilities utilized in the production or distribution of fertilizer, give the highest priority to the fertilizer industry regarding the allocation of such materials and facilities. The fertilizer industry, in turn, is urged to do its utmost in making these essential fertilized supplies available to farmers in a timely and equitable manner, and at reasonable price levels;

(2) The Federal Power Commission and appropriate State regulatory agencies do everything within their power, in the establishment of priorities for the allocation of natural gas (including gas sold under interruptible contracts), to insure producers of "synthetic anhydrous ammonia and defluorinated phosphate" with supplies of natural gas sufficient to maintain maximum production levels;

(3) The Federal Energy Office include all of the energy and fuel requirements of the fertilizer industry—including local dealer requirements—in its highest priority category regarding allocation of gasoline, middle-distillates, and other liquid fuels utilized by this industry in the production, distribution, and application of fertilizer supplies;

(4) The Cost of Living Council and the Departments of Agriculture and Commerce continue their monitoring and reporting of fertilizer supply availabilities, wholesale and retail prices, and export shipments;

(5) The Cost of Living Council establish an investigatory program through the field offices of the Internal Revenue Service to monitor and analyze any reports of fertilizer price gouging at either wholesale or retail levels, and any changes in manufacturer marketing operations or relationships between manufacturers and local dealers and between local dealers and their customers which may affect continued availability or pricing of fertilizer supplies to farmers; and

(6) The manufacturers of phosphoric acid give the highest priority to supplying such material to producers of dicalcium phosphate, which ingredient is essential to the proper growth of livestock and poultry.

Mr. McGOVERN. Mr. President, I move to reconsider the vote by which the resolution was agreed to.

Mr. SPARKMAN. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

DISPOSITION OF ABANDONED MONEY ORDERS AND TRAVELER'S CHECKS

The Senate resumed the consideration of the bill (S. 2705) to provide for the disposition of abandoned money orders and traveler's checks.

Mr. JAVITS. Mr. President, a parliamentary inquiry.

The ACTING PRESIDENT pro tempore. The Senator will state it.

Mr. JAVITS. What is the pending business?

The ACTING PRESIDENT pro tempore. The pending business is S. 2705.

Mr. JAVITS. Mr. President, if I may be recognized in that connection, I think that however this thing goes, it now looks as though it would take some days to complete. The Senate should be apprised of the reason for my opposition to the bill and that of my colleague from New York (Mr. BUCKLEY) and other Senators.

In the first place, let it be noted that no hearings were ever held on this bill. We asked for hearings. I did that in a letter to the chairman of the committee on November 1, 1973, but no hearings were held.

We pointed out at that time that the matter deserved hearings as a matter not at all free of complexity, and involving considerable doubt.

Thereafter, the bill was simply reported out of the committee, apparently without dissent; under what circumstances I do not know, nor how much thought the committee gave to it, but I must assume that this was a considered judgment. Then it appeared on the floor. I asked to be heard in respect to it, and the matter was continued until now, which has been the first opportunity for all of us to really get into it.

I had hoped that some ad hoc disposition of the matter could be worked out. That was attractive, apparently, to us from New York and to others who were involved in the controversy, but not agreeable to the Senator from Texas; hence the matter now comes before the Senate for ultimate decision.

Here is the situation: The bill involves two points, with one of which I have no difference whatever, and with the other of which I sharply disagree.

The first point is that hereafter, beginning as of January 1, 1974, which is a prospective date as far as the reporting out of the bill is concerned, the escheat of instruments like money orders, traveler's checks, and similar instruments shall be determined by the following procedures: That when the escheat becomes effective according to the laws of the State which affect that particular determination, in the first instance, if there is any recorded address of the person who bought the money order or the traveler's check in the books of the debtor or the issuer, then, of course, it will escheat to that State, according to its laws. If, on the other hand, as seems to be the practice in many cases, especially with traveler's checks and money orders, there is no address, then it shall escheat to the State in which the instrument is purchased; that is the thrust of the bill. But if there is no record of where it was purchased, or if the State where it was purchased has no escheat laws, then it escheats to the State of the principal place of business of the debtor, to wit, the issuing company, with the right in the State where the purchase was made to reclaim the money if it does later pass an escheat law.

So far, so good. That will establish a satisfactory procedure as of January 1, 1974, which was the prospective date of the application of the bill, and to that extent it is probably a way in which to dispose of this matter if that is the will of the Senate, the House, and the conference committee, and that would be the end of that.

But the committee is not content with that. The committee went back, ex post facto, to a date in 1965, to wit February 1, 1965, and applied this same rule to everything which had taken place for almost the last 10 years.

Now, there is no justification whatever in the committee report or in anything that I have heard or seen for that, except just the fact that the committee believes that the States which will benefit from a continuance of the rule which has been the rule up to now are so many fewer than the States which will benefit by retroactivity, that naked power will be applied to make them do it.

That is the real issue. We might as well call a spade a spade. The theory is that they have got more votes than the States which have justice on their side, and that therefore they will be made to disgorge.

Mr. President, I have argued this many times. It may seem odd to the Senate that I or my colleague (Mr. BUCKLEY) would take up the cudgels in a matter which may involve $2 million. We believe the total amount which could possibly be involved is no more than $4 million. But, Mr. President, that seems to be the way in which these things go most of the time, though not all the time, and I think it is really high time to call this issue what it is, and to fight it for what it is. Are we the legislature of the Nation, expressing its conscience, or are we simply individual States which, when it suits them, obey the law, and when it does not suit them pass a retroactive law to cancel it out? Because the law up to now, according to two Supreme Court decisions, one made in 1965 and one made as recently as 1972, has provided that where the address of the purchaser of the money order or traveler's check was not available, and there was escheat, there would be escheat to the State in which the issuing company had its principal place of business.

Now that is being changed by this law. Prospectively, all right; but it is also being changed retroactively, going back to 1965. The theory is that small States which do not have big financial institutions in them will get aboard in this fashion. But, Mr. President, these kinds of actions have a way of coming back to torment their tormentors, and I think it is very, very bad practice in a democracy to utilize naked power for the purpose of imposing injustice and inequity.

For 10 years the law of the United States has been the law as I have described it, according to these two Supreme Court cases; and, indeed, the committee itself recognizes that, because it is compelled to say something which is a departure from its own findings. It is compelled to say that where the money has already been paid to any State, it is not subject to the retroactivity provision of this bill.

There is no reason why the committee should say that if they wanted to be completely consistent. The States are perfectly good for the money, and they could have authorized suit by State A against State B in order to recover whatever had been paid up to now. But they did not do that. They excepted that particular kind of payment, thus, it seems to me, acknowledging the inequity of this retroactivity.

Mr. President, in the first place, if we pass such a statute it may not even be constitutional. It may very well be seeking to take property without due process of law. But quite apart from the constitutional question—and my colleague, Senator BUCKLEY, advises me that he proposes to argue that issue—this is not a major bill, by any means. The Senator from Alabama (Mr. SPARKMAN) was extremely courteous in accommodating me, when I could not have it considered on a given day—I was engaged in something else—and it may take a little while—it may take a few days, whatever time it may take to have Members understand exactly what this is about. But the principle is critically important to all of us.

The question really is, Will we act in these matters on the basis of equity and justice, or will we act in these matters on the basis of naked power—one State against the other?

I have little doubt, if we toted up the number of States which have some minor interest in this, it will be a great deal, but they would get something out of retroactivity, put back 10 years—which incidentally, is an amazing period—but if they get something out of it, that is the only criterion by which their particular Senators will judge ond then we will go down to defeat, in due course, whenever the vote comes, so that I would hope the Senate could be aroused to a higher standard and a better standard. This is a clear case in point.

I would hope very much that Senators will consider carefully the Supreme Court decisions which I would hope to see go into the RECORD, the legal analyses made by the attorney general of the State of New York—who, incidentally, won the last case, which was the case of Pennsylvania against New York in 1972—won it exactly on the grounds I am now stating and that therefore the Senate may, hopefully, rule as a matter of equity and justice, rather than by naked power.

I should like to point out that the committee kisses off the 10-year retroactivity in one sentence, as follows:

> The act is applicable to sums payable on the various instruments deemed abandoned on or after February 1, 1965, except to such sums which have already been paid to a State prior to the date of enactment.

That is all. No explanation of any kind or character. Then it goes on, in the next sentence:

> Thus, the legislation resolves existing and prospective conflicting claims by assuring that every State where such an instrument was sold has the opportunity to escheat or take custody of the proceeds of that instrument.

What is going to be sought to be done here—I say, it already is—will be to say, well, there are arguments among the States on this particular question and therefore we use it to the existing claims. What we are trying to do is to settle the claims by retroactivity for 10 years back. That reminds me, as I used to be a bill collector when I was a law clerk, working my way through law school, that they would always concoct some reason why they were not paying the bill. But when we face the court, reason flies out the window and there are no existing claims. There are no existing claims because the Highest Court of the land has laid down the law. So if we simply went out and did not pay, it was just the fact that we were defying the law, that we did not want to pay—not the existing controverted claim.

So it seems to me that this excuse that there are existing claims is nothing but the same kind of excuse, as I say, when any debtor does not want to pay a bill, he can always concoct the reason why he does not want to pay it, until he faces the music and then reason is gone. It is the same in this case.

If the Senate of the United States will exercise its judicial posture, because it has to decide in this case as to not only what will be the rule—I am not arguing about that—the rule which will be laid down is OK and my State says it is OK—but what I am arguing about is the 10-year retroactivity where, through the application of naked power, an effort will be made to reverse two Supreme Court decisions which took place within that 10-year span, under some theory which is not, in my judgment, even tolerable, that there are existing, conflicting claims which, I respectfully submit, there are not, because there is no reason for any claim when the Highest Court of the land has so clearly laid down the law.

It is for those reasons, Mr. President, because the quest for justice is always an arduous one, that we must undertake a vigorous defense enough to inform the Members of the Senate who, I am sure, in the main, are not at all informed on this piece of legislation—as to what it is all about. I would like to tell my friends and colleagues and especially the Senator from Texas who has taken up the cudgels for this matter actively, that so far as I am concerned, I will do my utmost to see that we do not vote today because I have seen this business of coming in the door with what seems to be a routine bill and simply voting with the committee.

At the very least, Members should have the opportunity to read the RECORD overnight, or to have their assistants read the RECORD, to see what is really at stake and adjudge their own consciences. So they should today in a matter of this kind.

Mr. TOWER. Mr. President, my distinguished colleague from New York argues his case very well, as is always the case. I suppose there is probably no better intellect in the Senate, no one more formidable in debate than my distinguished friend from New York.

However, I would be remiss if I allowed the impression to be left, as a result of my failure to respond, that I and my other colleagues who are supporting the bill are consciously and wittingly using naked power to perpetrate an injustice.

That is not the intent of the committee. I do not know how many votes we have on this side of the issue. I rather suspect we have an overwhelming number of votes.

I really find some amusement, however, that I am being accused of the use of naked power in the Senate. I never realized that I was capable of using naked power. Perhaps I should be tempted to try to refute it. But, lest our motives be misunderstood, let me simply read the first paragraph of the committee report:

> S. 2705 is designed to assure a more equitable distribution among the various States of the proceeds of abandoned money orders, travelers checks or other similar written instruments on which a banking organization, other financial institution, or other business organization, is directly liable through its having sold said instrument. Enactment of this legislation will equitably resolve a long-standing and much litigated conflict between the various States as to which State is entitled to the proceeds of the subject instruments.

Mr. President, I know that justice and equity are not always compatible with each other, but certainly our motives cannot be questioned when we seek equitable treatment for all the States with the passage of this measure.

I might point out that the reason for the—not 10 but 9-year retroactivity is that there will not be a hiatus in that period from the rendering of the decision in the case of Texas against New Jersey and the present time.

This, to my mind, is an orderly way to legislate. I do not think it is inconsistent with previous legislative doctrines which have been implemented in this Chamber before.

Therefore, Mr. President, I would urge adoption of this measure. So far, there has not been an amendment presented to it. If there is, we will deal with that amendment and we will debate it in due course as it, or they, may be presented.

Mr. President, I am reasonably sure that the gentlemen from New York do not want to go to third reading at this time, so I will suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. WILLIAM L. SCOTT). The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. BUCKLEY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BUCKLEY. Mr. President, I also rise in opposition to the retroactive effect of the pending measure. I subscribe entirely to the views expressed by the distinguished senior Senator from New York (Mr. JAVITS).

I think we are clearly faced here not merely with a decision by Congress on the recommendation of the Committee on Banking, Housing and Urban Affairs to revise the existing law, but by attempting to make the revision retroactive to 1965, its effect is discriminatory. It is an act of discrimination against New York and other large commercial States by smaller States, those not involved, in a manner which I think does not lend credit to the kind of deliberations we ought to expect of this body.

It seems to me, as Senator JAVITS has expressed it, that we should recognize that we are a national body and not a coalition of competing factions. We should be guided by reason; we should be guided by equity; we should be guided by fairplay.

The specific point I wish to make with respect to the proposed legislation is not only that the retroactive aspects are unfair but also that they are unconstitutional, and I believe they are clearly unconstitutional.

The committee report talks about existing claims as if there were any real doubt as to which State has the right of escheat in light of two Supreme Court decisions. But even if there were any controversy as to the facts, the law being clear, it seems to me entirely inappropriate for this body to attempt to adjudicate any such conflict by legislative fiat rather than allowing the judicial process to run its course in accordance with the applicable law—the law that is applicable as of the time in which these theoretical competing claims came into existence. I believe it is quite clear, under the specific, unambiguous language of the Supreme Court decisions, and I will read it:

> We therefore hold that each item of property in question in this case is subject to escheat only by the State of the last known address of the creditor, as shown by the debtor's books and records."

It seems to me that it is absolutely clear, by virtue of that language, that property rights have vested when a State's law comes into effect affecting the papers held by the creditor. Then that State has a vested property right that this body does not have the power to ignore, nor the power to legislate out of existence.

Mr. President, I hope that the respect this body traditionally shows for the Constitution of the United States would cause this body to repudiate any attempt at retroactivity, the effect of which would be to dispossess cleary established, clearly vested property rights. I will therefore join the senior Senator from New York in spending enough time on this law to see to it that the Senate will in fact have the opportunity to acquaint itself with this obscure measure, to understand the issues, and then to arrive at a reasoned judgment as to the merits, and not allow itself to be blindly guided by the report and the recommendations of the committee. I believe that this is required not only in the interest of equity but also in the interest of sound practice, sound procedure, and a sound approach to the legislative process.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. McClure). The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR ADJOURNMENT FROM THURSDAY TO 11 A.M. FRIDAY, MARCH 1

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business on tomorrow it stand in adjournment until the hour of 11 a.m. on Friday.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant clerk proceeded to call the roll.

Mr. JAVITS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. McClure). Without objection, it is so ordered.

THE DISPOSITION OF ABANDONED MONEY ORDERS AND TRAVELER'S CHECKS

The Senate continued with the consideration of the bill (S. 2705) to provide for the disposition of abandoned money orders and traveler's checks.

Mr. JAVITS. Mr. President, I would now like to trace from the Senate the legal history in this matter to which I referred in my opening remarks respecting the situation.

The cases which relate to these matters are two: The first one is that of Texas against New Jersey which was decided February 1, 1965; and the second, Pennsylvania against New York in which the present attorney general of New York was an active participant, decided June 19, 1972.

It is very informative to give these dates because, as a matter of fact, the bill before us proposes to impose retroactivity to February 1, 1965, the date of the decision in Texas against New Jersey, rather than if it had any retroactivity to June 19, 1972, which was the date of the decision of Pennsylvania against New York.

Yet, admittedly, it was the decision in Pennsylvania against New York which related to the instruments which are the prime object of the bill—to wit, money orders. The decision in Texas against New Jersey was on quite a different state of facts relating to small debts which were owed to small creditors who never appeared to collect from a company that was perfectly solvent in terms of its ability to pay. So that the state of facts which was settled by the cases is very much more pertinent in June 19, 1972, the Pennsylvania case is, than the state of facts in Texas against New Jersey.

Mr. President, this bears out my contention that the bill is simply designed to capture money, whatever it may amount to, by the exercise of what I think and what I call, quite properly, naked power as to the preponderance of voting in terms strictly of local interest in this Chamber, rather than having any logical basis in the cases or in the law, and is simply an effort by legislative fiat to nullify the decisions which have been entered—the decision which has the most relevance as to the facts being the decision Pennsylvania against New York, decided in 1972.

That is a very important point and I hope that Members will give it every consideration as they go over the Record and ascertain what they feel they should do.

Mr. President, here is the thrust of the cases and the basic facts upon which each of them is based.

In Texas against New Jersey, to which I have referred, the original jurisdiction under the Constitution was raised in an action by one State against another, in an endeavor to settle certain controversies as to which State had the jurisdiction to take title to certain abandoned intangible personal property through escheat. The property consisted, as I mentioned before, of various small debts which a given company, for periods of 7 to 40 years before the action was brought, owed to small creditors who never appeared to collect them. Most of the claims resulted from the failure of creditors to claim or cash checks, and most of the moneys were evidenced on the books of the debtor corporation as being located in the Texas offices or owing to persons whose last known address was in Texas.

Texas at that time insisted that this intangible property should be treated as situated in Texas, so as to permit the State to escheat it. New Jersey claimed the right to escheat because the corporation owing the debt was incorporated in New Jersey.

As an intervening claim to the other two, Pennsylvania claimed the power to escheat part or all of the same property, on the ground that the principal business office of the debtor corporation was in that State. The debtor corporation disclaimed any interest in the property and asked only to be protected from the possibility of double liability.

The Court went on to say that it had held in a previous case, Western Union against Pennsylvania, that the due process laws of the 14th amendment prevents more than one State from escheating a given item of property. So it took jurisdiction in this action brought by Texas and referred the case to a special master. Intervention was permitted on the part of another State—to wit, Florida—in that particular case. The report was filed, and this decision in Texas against New Jersey represented the disposition by the Court of the special master's report.

The Court found that it had always been the unquestioned rule in all jurisdictions that only the State in which property is located could escheat that property according to its laws. But the Court made a distinction between that kind of situation of tangible property and intangible property such as a debt, which the Court said a person is entitled to collect, and it said that this is not a physical matter which can be located on any map.

For example, it pointed out that the creditor may live in one State, the debtor in another, and matters may be further complicated if, as in the case before the Court, the debtor was a corporation with connections in many States, and each creditor may have had some connection with other creditors or other States where their present address—that is, the address of the creditor—was unknown.

The Court then went on to make the finding that, as the States separately are without constitutional power to provide a rule to settle this interstate controversy, and since there is no applicable Federal statute, it became the responsibility of the State, in the exercise of its original jurisdiction, to adopt a rule which would settle the question of which State will be allowed to escheat this intangible property.

That bears rather importantly upon this particular bill, because it raises the very clear question: One, as to the applicability of the Federal statute; and two, as to the constitutionality of that Federal statute. I call that especially to the attention of the Senate because of the unlikelihood that this matter is ever going to be decided finally except in courts.

In the argument before the Court in that particular case, four different possible rules were urged upon the Court by the respective States which were parties to the case. Texas, for example, urged upon the Court the rules in its own State courts and said that the State with the most significant contacts with the debt should be allowed exclusive jurisdiction to escheat it; that by that claim, Texas had the best right, as these debts were on the books in the Texas subsidiaries of this particular corporation.

The Court, however, rejected that position, because it said that the rule that Texas proposes would serve only to leave in permanent turmoil a question which should be settled once and for all by a clear rule to govern all types of intangible obligations. The issue, therefore, the Court felt, is not whether a defendant had had sufficient contact with the State to make the defendant or his property rights subject to the jurisdiction of the courts of the State, and the Court pointed out that such a jurisdiction need not be exclusive, citing quite a few cases. The Court said that as this Court—that is, the Supreme Court—had held in Western Union against Pennsylvania that the same property cannot constitutionally be escheated by more than one State, the court felt that it had to decide which State's claim to escheat is superior to all others, and it rejected the so-called contacts approach as put forward by Texas.

The Court then said that the contacts test which it rejected was not really workable, as it is simply a suggestion that this Court—that is, the Supreme Court—examine the circumstances surrounding each particular item of property on its own particular facts and then make what the Court called a difficult and often quite a subjective decision as to which State's claims seem stronger than another's. The Court rejected that kind of idea. Under such a doctrine, said the Court, any State would easily convince itself that its claims should be given priority. This is shown, the Court felt, by the Texas argument that it had a superior claim to all the assets because either the last known address of the creditor was in Texas or these debts were on the Texas books.

The Court said that the uncertainty of any test which would require the Court, in effect, either to decide escheat cases on the basis of their particular facts as if each were a separate case or to devise new rules of law to apply to new categories of facts which are always developing might in the end create so much uncertainty and threaten so much expensive litigation that the States might find that they would lose more in litigation expense than they might gain out of these escheats.

That was one posture suggested to the Court and which the Court accepted; that is, the contacts with escheats, as urged by the State of Texas.

The State of New Jersey asked the Court to hold that the State with power to escheat is the domicile of the debtor and in that case it was New Jersey which was the State of incorporation of the debtor company.

That plan, the Court felt, had great virtues of clarity and ease of application. But it is not the only one which does, and, the Court said:

> It seems to us that in deciding a question upon which be determined primarily on principles of fairness, it would be to greatly exalt a minor factor to permit escheat of obligations incurred all over the country by the State in which the debtor happened to incorporate itself.

So the Court referred to the other alternatives suggested to it. It referred to the claim of Pennsylvania where the principal office of the debtor company was located, since, it said the State is probably foremost in giving the benefits of its economy and laws to the company whose business activities made the intangible property come into existence. On the other hand, the Court said, these debts owed by the particular corporation are not property to it but rather a liability, and it would be strange to convert a liability into an asset when the State decides to escheat.

Also, the Court felt the application of the rule Pennsylvania suggested would raise in every case the sometimes difficult question of where a company's "main office" or "principal place of business" or whatever it might be designated is located. Similar uncertainties would result if they attempted in each case to determine the State in which the debt was created and allow it to escheat. They said that any rule leaving so much for decision on a case-by-case basis should not be adopted unless none is available which is more certain and yet still fair. They said that the rule proposed by the master, based on the one suggested by Florida, is.

The rule suggested by Florida was that since a debt is the property of the creditor and not the debtor, fairness among the States requires that the right empowered to escheat the debts should be accorded to the State of the creditor's last known address as shown by the debtors books and records. That assumes that the creditor could not be found. The Court felt that kind of solution would be in line with one group of cases dealing with intangible property. The footnote tells us that this related to garnishment procedures in various cases were cited to support that thesis.

The Court felt adoption of the rules made by Florida involved only a simple factual issue and not a legal issue. The Court said it takes account of the fact that if a creditor instead of perhaps leaving behind an uncashed check had negotiated the check and left behind the cash, the State would have been the sole possible escheat claimant; in other words, the rule recognizes that the debt was an asset of the creditor.

Mr. SPARKMAN. Mr. President, will the Senator yield briefly?

Mr. JAVITS. Certainly. I yield.

VISIT TO THE SENATE BY MEMBERS OF THE WEST GERMAN BUNDESTAG

Mr. SPARKMAN. Mr. President, we are honored today to have three members of the German Bundestag with us. I wish to call attention to that fact and have it noted in the CONGRESSIONAL RECORD. I would like to ask that these gentlemen as I call their names in order that they may be recognized. They are Dr. Frank Haenschke, Christian Lenzer, and Klaus Hoffie.

We are delighted to have these gentlemen visit with us and to be present while this one-man debate is going on. This is an enjoyable occasion and we trust that you will come to visit us again.

Mr. TOWER. Mr. President, I ask unanimous consent that the Senate stand in recess for 2 minutes so that we may greet our fellow parliamentarians, with the understanding that the Senator from New York does not lose his right to the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECESS

Thereupon, at 3:27 p.m., the Senate took a recess until 3:29 p.m.

During the recess the members of the Bundestag were greeted by Members of the Senate.

On expiration of the recess, the Senate reassembled and was called to order by the Senator from Idaho (Mr. McCLURE).

DISPOSITION OF ABANDONED MONEY ORDERS AND TRAVELER'S CHECKS

The Senate continued with the consideration of the bill (S. 2705) to provide for the disposition of abandoned money orders and traveler's checks.

Mr. TOWER. Mr. President, I suggest the absence of a quorum, with the understanding that the Senator from New York does not lose his right to the floor.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

CONVEYANCE OF CERTAIN LANDS IN IDAHO TO CITY OF COEUR D' ALENE

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the pending business be temporarily laid aside and that there be an allocation of not to exceed 5 minutes for the purpose of considering Calendar No. 659, S. 2343.

The PRESIDING OFFICER. The bill will be stated by title.

The legislative clerk read as follows:

A bill to authorize the Secretary of the Interior to convey, by quitclaim deed, all right, title, and interest of the United States in and to certain lands in Coeur d'Alene, Idaho, in order to eliminate a cloud on the title to such lands.

The **PRESIDING OFFICER.** Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill which had been reported from the Committee on Interior and Insular Affairs with an amendment on page 1, at the beginning of line 3, strike out "That the fifth paragraph under the heading "SURVEYING THE PUBLIC LANDS" in the first section of the act entitled "An Act making appropriations for sundry civil expenses of the Government for the fiscal year ending June thirtieth, nineteen hundred and five, and for other purposes", approved April 28, 1904 (33 Stat. 485), is amended by deleting ", for the use of said municipality as a public park, and which shall be used for such purpose exclusively. The title of said land so detached is hereby vested in the town of Coeur d'Alene for the purposes above specified." and insert in lieu thereof a period and the following: "The title of said land so detached is hereby vested in the town of Coeur d'Alene.".

"SEC. 2. The Secretary of the Interior is authorized and directed to convey, by quitclaim deed and without consideration, to the city of Coeur d'Alene, Idaho, all right, title, and interest of the United States in and to the following tract of land the title to which was initially vested in the town of Coeur d'Alene by the Act of April 28, 1904 (33 Stat. 485):" and insert "That notwithstanding the Act of April 28, 1904 (33 Stat. 485), the Secretary of the Interior is authorized and directed to convey, by quitclaim deed and without consideration, to the city of Coeur d'Alene, Idaho, all right, title, and interest of the United States in and to the following tract of land: "; so as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That notwithstanding the Act of April 28, 1904 (33 Stat. 485), the Secretary of the Interior is authorized and directed to convey, by quitclaim deed and without consideration, to the city of Coeur d'Alene, Idaho, all right, title, and interest of the United States in and to the following tract of land: A triangular shaped tract of land lying in the northeast corner of Government lot 48, section 14, township 50 north, range 4 W.B.M., Kootenai County, State of Idaho, bounded on the west by the Northwest Boulevard, and on the north by Garden Avenue.

The **PRESIDING OFFICER.** The question is on agreeing to the committee amendment.

The committee amendment was agreed to.

Mr. **McCLURE.** Mr. President, the pending business of the Senate is S. 2343, which would clear title to certain federally donated land in Coeur d'Alene, Idaho, which was originally to be used for park purposes but which was conveyed to a railroad in exchange for land owned by the railroad.

I am happy to say that the bill has the full approval of the Interior Department and the administration. However, some confusion has arisen as to the status of the land the city received from the railroad. A question has been raised as to whether this land is subject to the same use restriction—namely, that it be used exclusively for park purposes—as applies to the federally donated land. I am only too glad to make it crystal clear that the legislation presupposes the same use restriction on the land the city received from the railroad as applies to the land donated to the city by the Federal Government.

The **PRESIDING OFFICER.** The bill is open further to amendment. If there be no amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

Mr. **TOWER.** Mr. President, I move that the Senate reconsider the vote by which the bill was passed.

Mr. **MANSFIELD.** I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. **MANSFIELD.** Mr. President, I yield back the remainder of my time and ask that the Senate resume the consideration of the pending business.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

DISPOSITION OF ABANDONED MONEY ORDERS AND TRAVELER'S CHECKS

The Senate continued with the consideration of the bill (S. 2705) to provide for the disposition of abandoned money orders and traveler's checks.

Mr. **JAVITS.** Mr. President, I assume that we are still on the same pending business?

The **PRESIDING OFFICER.** The Senator from New York is correct.

Mr. **JAVITS.** Mr. President, I was engaged in analyzing the decision in Texas versus New Jersey, to which I have referred in my argument in chief with respect to this matter. I shall continue with my analysis.

The Court in that particular case adopted the concept, which was the so-called Florida concept, that where there was an address on the debtor's books and records, the escheat would go to the estate which had been the last known address as shown by the debtor's books and records. The Court pointed out that that was in accord with another line of decisions which it had adopted with respect to intangible property, and makes the issue of fact easy to resolve.

It recognizes that a debt is the estate of the creditor, in this case the person whose name and address is recorded, rather than the debtor. The rule recommended by the special master for the Court also, the Court felt, would tend to distribute the benefit of escheats among the States to the extent that addresses were ascertained in the proportion in which their residents carried on commercial activity, instead of carrying on a technical legal concept of residence and domicile, which always had been highly controversial in the law for the administration of the escheat laws, and that their application would be greatly simplified.

The Court, of course, understood that creditors might not necessarily be in the State to which their addresses attributed them, but the Court generally felt that to a large extent otherwise would cancel them out. On the whole, this is a more reliable guide than that proposed by the other States. The Court, therefore, held that where there is a last known address of the creditor on the books of the debtor, that would be the State that would be entitled to the escheat.

The question then arose as to what is to be done with property owed persons—that is, creditors—to whom there was no record of any address at all, or whose last known address was of a State which did not provide for escheat of the property which was owed to them.

So the findings of the Court were, first, as to the situation where there was no last known address: that the property was subject to escheat by the State of corporate domicile, provided that another State could escheat upon proof that the last known address of a creditor was within its borders.

Although not mentioned by the master for the courts, the Court felt that the same rule could apply to the second situation—that is where the State of the last known address does not provide for escheat of the property. In such a case, said the Court, the State of corporate domicile could escheat the property, subject to the right of the State of last known address to recover it if at any time it had a law relating to escheating. So, on both situations the State of corporate domicile should be allowed to cut off a claim of private persons only, retaining the property for itself only if some other State comes forward with proof that it has a superior right to escheat.

Such a solution for these problems, likely to arise with comparative infrequency, seems to us conducive to needed certainty, and we therefore adopt it.

The Court then went on to say that they realized that the resolution made of the case is not only controlled by statute or by constitutional provisions or by past decisions or one entirely of logic, but fundamentally it is one of ease of administration and of equity. They felt the rule to adopt was the fairest and the easiest to apply, and in the long run generally acceptable to all of the States. And they issued an order of the court accordingly.

The only dissenter to that decision in that particular case was Justice Stewart. He said that he thought that the power to escheat intangible property should be traditionally lodged in the domiciliary State of one of the parties in the obligation.

They said the domicile State of the debtor would control and that therefore the State of the debtor is entitled to the prime escheatment in terms of intangible property.

He felt that the previous cases on that score should not be overruled.

Now, for practical purposes, the position which Judge Stewart is referring to is a very interesting one because it goes even more strongly against the position which is now taken by the committee.

However, the main decision of the Court is certainly an adequate exposition of the Court's point of view on that score and sufficient to cover the contentions which we are making here.

The other major decision—and I wish again to emphasize before I leave the decision in the Texas case that that relates to a claim against a corporation. It did not relate to traveler's checks or money orders, and therefore, it is not exactly relevant to the situation which exists at this time. And the stronger case for my retroactivity, if any was to be made, was a decision in the case of Pennsylvania against New York, where retroactivity was inherent in the state of facts decided in which practically all of the retroactivity would apply, namely in the field of money orders, and that was not decided until June 17, 1972.

So again I point out the artificiality which is inherent in the 10-year retroactivity which is developed out of the committee bill and which I simply cannot follow in terms of any justification, and for which I do not believe any justification has been given.

Mr. TOWER. Mr. President, will the Senator yield for a question?

Mr. JAVITS. I yield to the Senator from Texas.

Mr. TOWER. Mr. President, I would like to ask, in the interest of keeping our colleagues informed about the flow of business, if the Senator from New York intends to offer an amendment to the pending bill.

Mr. JAVITS. I will in due course offer an amendment to the pending bill to change the date of retroactivity from the date which is established in the bill to another date.

We had hoped to come to some agreement with the parties on what that other date should be. As the Senator knows, we have come to an agreement with some, but not with all of the parties. Therefore, I will simply have to decide overnight what date to choose. After all, I suppose that the most logical date would be the date of January 1, 1974, or at the very earliest, the date of June 19, 1972.

I will think about the matter overnight and propose an amendment.

Mr. TOWER. Could the Senator tell us when he will be ready to offer this amendment if this carries over as the pending business on tomorrow?

Mr. JAVITS. I would hope to offer it tomorrow.

Mr. TOWER. Would the Senator be prepared to agree to vote at a time certain or to agree to control the time?

Mr. JAVITS. I would not like to agree to that at this time. However, I hope very much that this is not a situation in which one has to invoke cloture.

I really genuinely feel that the Senate ought to be acquainted with what is at stake before it votes, although I do not propose to agree to controlled time, and so forth. It is not my disposition to delay the matter.

I would hope that we would be able to come to a vote on tomorrow if humanly possible.

I also wish to emphasize that I feel in fairness to my State that the Senate should be in a position of being informed when it votes. Unhappily for all of us, because of the terrible press of business, there simply is no other way in which to do it. We have to talk about the matter here when there is no one else in the Chamber. However, we hope that the aides to all Senators will be prepared to inform their Senators of the matter.

Mr. TOWER. Mr. President, I fully understand. I have been in the same situation many times. Could we agree tomorrow on a possible time to vote?

Mr. JAVITS. I do not think it will be necessary. I really have no desire to filibuster. I really want to talk on this matter so that Senators can vote in an informed way.

Mr. TOWER. Mr. President, I fully understand. I would never suggest that the Senator from New York is guilty of dilatory tactics at all.

Mr. JAVITS. Mr. President, I proceed again with the matter of Pennsylvania against New York, which is the latest case on the subject. As I said, if we are to have any retroactivity, certainly this would be a reasonable approach to it because this was the first time this was ever decided on the inherent kind of situation which we face here.

The case of Pennsylvania against New York also had the advantage that the argument was participated in by various attorneys general, the attorney general of Florida, the attorney general of Connecticut, the attorney general of Indiana, the attorney general of Oregon, and the attorney general of New York—as a matter of fact, the present incumbent, attorney general, former Judge Lefkowitz, who is still the attorney general—all participated in that case.

The Court had referred the dispute which brought the matter before the Court to a special master. This was the original action brought by the State of Pennsylvania against the State of New York to determine the authority of the States to escheat or take custody of funds paid to Western Union for the purchase of money orders, so that we can get our terms very clear. The debtor was the Western Union. The creditor was the purchaser who had bought the money order, so that we have that very clearly in our minds.

The recommendation by the special master, essentially following the decision in the Texas case which I analyzed a little while ago, recommended that any sum held by Western Union unclaimed for the time period prescribed by State statute may be escheated or taken into custody by the State in which the company's records place the creditor's address—that we have already analyzed in connection with the Texas case—and this whether the creditor be the payee of an unpaid draft, the sender of a money order entitled to a refund where it was not collected at the other end, or an individual whose claim had erroneously been underpaid.

Then the referee found that where the records showed no address, or where the State in which the creditor's State laws had no applicable escheat law, the right to escheat or take custody shall be in the debtor's domiciliary State, which was the State of New York. That differed from the Texas case, where the majority held that it would go to the State of incorporation, whereas in the Pennsylvania case it was finally decided that the State of the domicile of the debtor corporation was the proper State for escheat, and the Court went along with that view.

It will be interesting to Senators, I hope, to analyze exactly what was the rationale of that decision, because various exceptions, especially by the State of Pennsylvania, were taken to the decision of the Court. As the Court observed, "Pennsylvania and other States except." New York supported this finding by the special master, which was developed in this action regarding the escheat or custody of funds paid to Western Union for the purchase of money orders.

It was interesting in terms of other States also that Florida, Connecticut, and Indiana all took exception to what had been reported by the master, and that New Jersey went with Pennsylvania, which played the active role in that particular context of opposition to what the special master had reported.

The Court went on to point out the nature of the business of Western Union, and that in this case of the domicile of the corporation and its principal place of business were the same; they were both New York, and Western Union had offices in other States except for the States of Alaska and Hawaii, and also in foreign countries, and so on.

It further pointed out the way in which a money order is obtained; that is, the sender of the money order goes to Western Union's office, which might be in any State other than the State of domicile of the corporation, fills out an application, gives it to a clerk who waits on him, together with the money, including charges for sending the money order, and then the sender gets a receipt.

The practice then operates by Western Union transmitting a message over its wires to the office nearest to the payee, which directs that office to pay the money forwarded to the payee. The payee is then notified, and upon identifying himself receives a negotiable draft, which he can either endorse and cash at once, or keep for use in the future, for the money which was sent.

Now, the practice is that if the payee cannot be located for the delivery of the notice, or fails to call for the bank draft within 72 hours, then the destination office which has received the message notifies the sending office. This office, that is, the sending office, then notifies the original sender of the failure to deliver, and makes a refund, also by a negotiable draft.

There are thousands of these transactions, and it sometimes happens that the company can neither make payment to the payee—that is, he does not show up within 72 hours to claim the money—nor make a refund to the person who sent the money order.

Also, sometimes the draft—either the draft which represents the money order to the recipient or the draft given as a refund to the sender—is not cashed, and therefore, the Court points out, large sums of money due from Western Union for undelivered money orders and unpaid drafts accumulate over the years in the company's offices and bank accounts throughout the country.

This case was decided in 1972, but back in 1953, that is, 19 years before, the State of Pennsylvania had begun proceedings to take custody of these unclaimed funds held by Western Union that arose from money orders purchased in the company's Pennsylvania offices. That was, I would assume, a case where the address of the sender was specified on the company records.

The highest State court of Pennsylvania sustained that suit, but the Supreme Court of the United States reversed on the ground that Western Union was denied due process of law because it could not protect the company against the rival claims of other States. The Court noted that controversy among different States under their power to escheat intangibles could only be settled in a forum where all the States that want to do so can present their claims, and only the Supreme Court of the United States had jurisdiction for that.

Then the Court pointed out that 12 years after that litigation was started in the Texas case, which I analyzed a little while ago, and the Supreme Court was asked to decide which of several States was entitled to escheat intangible property consisting of debts owed by a company which had its principal office in New Jersey and left unclaimed by creditors.

The Court then repeated the various arguments which had been made in the Texas case, and pointed out what it felt were the findings made in that case, quoting from the opinion.

The Court then went on to lay the basis for its finding in this Pennsylvania case decided in 1972, and pointed out that then there was a suit between the States relating to these accumulated funds, and that the State of Pennsylvania asked for a judgment for the funds to go to it, and a temporary injunction against the funds going to anyone else.

Then the Court points out that in the arguments. three different formulas were offered, and the Court details those formulas.

New York argued that the Texas case formula should be strictly applied, but that it was not retroactive, and therefore asserted its rights to all unclaimed funds, regardless of the creditor's address, between the time the money orders were purchased and 1958, the time of the Texas decision.

The special master in the Texas case recommended that the Texas rule be applied to all items regardless of the date of the transactions out of which they arose, so that if the address was recorded, it was that State which had the right to escheat, and he concluded that if no address was contained in the records of Western Union, or the creditor State no applicable escheat law, then, following the Texas rule, the escheat was to go to the domiciliary State of the debtor, and that it was the burden of the State in which the debtor was located to establish the basic facts, and that they had to go forward upon the basic facts upon which they were entitled to the escheat.

Now, the court then proceeded to argue pro and con as to the various points of view and pointed out, I might say also, the question which is what I argue that, if anything, it is money orders that should be the criterion to determine the retroactivity date and the decision on the money orders because we said on page 215 of the opinion:

> But we are not talking of the . . . may run high.

It seems to me that that indicates our selectivity so far as the instruments are concerned which are the subject of these debts. The final decision of the court may be summed up and was summed up by the attorney general of New York in a letter to me as follows:

> The decree of the court . . . statute.

Mr. President, it will be noted that the pending bill before us does deviate somewhat from this standard by making the principal place of business of the debtor, in this case Western Union, the criterion rather than the domicile or place of incorporation. That is something which Members should be thoughtful about.

As I close—and I gather we will very shortly—I should like to emphasize the essence of my argument. The arrangements made for the future prospectively in respect to the legislation represents a reasonable application of the discretion, assuming we have the constitutional power—and that is a big question—but assuming that we have the constitutional power, that represents a reasonable exercise of discretion by Congress as to just how this matter shall be handled, based on Supreme Court decisions, but insofar as retroactivity to February 1, 1965 is concerned, there is really no justification for it, as this was settled law. There can be no disputing the claim that it was settled law by the Highest Court of the land beginning February 1, 1965. There seems to be no reason why the whole thing should be redone, simply to gain some advantage for particular States which think they may get an advantage out of it, that is, applying naked power to a situation which equity and justice should control.

Tomorrow, I shall raise that question again by an appropriate amendment, but I did want to conclude today by stating our case fully for the RECORD.

Mr. President, I ask unanimous consent that appropriate excerpts from the cases to which I have referred and from the memoranda from which I have read may be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

HON. JACOB JAVITS,
U.S. Senator,
Senate Building,
Washington, D.C.

That litigation involved abandoned property which arose out of Western Union money orders. Earlier litigation brought by Pennsylvania involving these abandoned money order funds had remained in the decision in *Western Union* v. *Pennsylvania* to the effect that due process prevented more than one state from escheating or taking custodially the same items of property. The court also held that the state court was without authority to resolve the conflicting claim to that property of the various states. *Western Union Tel. Co.* v. *Pennsylvania,* 368 U.S. 71 (1961).

In 1965, in an original action in the United States Supreme Court, *Texas* v. *New Jersey,* 379 U.S. 674 (1965), it was determined that various unclaimed obligations of the Sun Oil Co. were payable to the state of last known address of the creditor as shown on the books and records of the debtor corporation and, in the absence of such last known address, to the state of corporate domicile, subject in the latter instance to recovery by another state upon a showing that the last known address of the creditor was in that other state.

The Western Union Company and the American Express Co., which are the primary holders of abandoned money order and travelers checks funds are New York corporations. It appears that in a large number of cases these companies do not have records which show the last known address of the persons entitled to these funds. Accordingly, under the *Texas* v. *New Jersey* holding, as reinforced by the Court in *Pennsylvania* v. *New York* a large part of these funds would be payable to New York as the state of incorporation.

The litigation in *Pennsylvania* v. *New York* was commenced in 1970. Pennsylvania, Western Union and the other states in that case took the position that the *Texas* v. *New Jersey* decision did not apply to money orders. The group of states led by Pennsylvania argued that the state of the office of origin of the money orders should be entitled to take the property by way of escheat or custody. Other states, such as Florida, contended that the state of destination of the money order should be entitled to take this property. My office contended on behalf of New York that the *Texas* determination applied and that the state of last known address as shown on the records of the debtor corporation should take the property and if there was no record of the last known address, it should go to the state of incorporation of that corporation, which happened to be New York. The American Express Co. sought to intervene in the matter as *amicus curiae* and sought a determination which supported the Pennsylvania position. The American Express application to intervene was denied.

The Special Master appointed by the Supreme Court in *Pennsylvania* v. *New York* submitted a report which substantially upheld the New York position that the *Texas* determination was applicable. The Court approved the report of the Special Master and repeated its statement in the *Texas* opinion in the following terms "* * * to vary the application of the *Texas* rule according to the adequacy of the debtor's records would require this Court to do precisely what we said should be avoided—that is, 'to decide each escheat case on the basis of its particular facts or to devise new rules of law to apply to everdeveloping new categories of facts'." The decree of the Court provided that the abandoned funds held by Western Union were to be paid as follows:

(1) To the state of last known address of the persons entitled thereto as shown on the books and records of the debtor corporation;

(2) To the state of incorporation of the debtor organization if the last known address of the person entitled thereto is not shown on the books and records of that organization; subject to the right of any state to recover such amounts upon proof that the last known address of the person entitled thereto was in that state;

(3) To the state of incorporation if the state of last known address does not have applicable escheat or custodial laws, subject to the right of the latter state to recover such payments upon enactment of appropriate escheat or custodial statutes.

It is our view that the determinations in

Texas v. *New Jersey and Pennsylvania* v. *New York* make it clear that these rules were intended to apply to all kinds of abandoned or escheatable personal property and that they apply to travelers checks as well as money orders.

The proposed federal legislation (S. 1895) somewhat parallels the legislation adopted by this state in 1969, as a result of the abortive agreement with the other states. It should be patent that to disregard the litigation precipitated by Pennsylvania and to recede to the provisions of the legislation which we adopted in good faith prior to that litigation is simply unacceptable.

The apparent basis for the proposed federal intervention in the field of escheat or abandoned property is that the maintenance of records by these companies which would adequately identify the last known address of the true owner and thus, the state entitled to take the abandoned funds, would constitute a burden on interstate commerce. Entirely apart from the fact that it would seem reasonable that these records should be maintained, I fail to see how a requirement for their maintenance would constitute a reasonable basis for invocation of the commerce clause to support legislation of this kind. Furthermore, assuming that there is any ground for federal legislation in an area which has been traditionally reserved to the states, there is no conceivable reason why this legislation should be retroactive in effect, particularly in the light of the determination in *Pennsylvania* v. *New York* in 1972. In this regard, one of the whereas clauses in the federal bill provides that it is a burden on interstate commerce that these funds are not being distributed to the states "entitled thereto". I need not comment further on the fact that the Supreme Court has determined which states are "entitled thereto". To overthrow the determination of that Court for the reasons presented in the whereas clauses and the memorandum accompanying the bill is clearly unacceptable. This is so apart from constitutional doubt in any such proposed step. But, in any event, there is no conceivable burden on interstate commerce with respect to money orders and travelers checks which have already been sold.

For all of these reasons, I strongly urge that you take whatever steps are necessary to prevent the enactment of the legislation proposed in Senate 1895.

With warm personal regards.

Sincerely,

Louis J. Lefkowitz,
Attorney General.

QUORUM CALL

Mr. TOWER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROGRAM

Mr. MANSFIELD. Mr. President, at what time will the Senate convene on tomorrow?

The PRESIDING OFFICER. At 11 a.m.

Mr. MANSFIELD. Mr. President, it is my understanding that the distinguished Senator from New York (Mr. Javits) will lay his amendment on the pending bill before the Senate tonight.

Mr. JAVITS. Not tonight.

Mr. MANSFIELD. I thought the Senator said he would do that tonight.

Mr. TOWER. First thing tomorrow morning.

Mr. JAVITS. Tomorrow morning.

Mr. MANSFIELD. Mr. President, in view of the circumstances which have arisen, we will stay with that bill for a reasonable length of time. When it is disposed of, it will be followed by the minimum wage bill.

On Friday next—how shall I put it—it is always called the congressional pay raise bill—the governmental pay raise bill which covers the White House, the judiciary, the civil service as well as the Congress—a proposal which was advanced by the President and sent to Congress for its approval or disapproval—will come up on Friday and will be disposed of one way or the other. That should keep us pretty busy for the remainder of this week.

Next week we will have the public financing of elections bill, which is on the calendar, and the omnibus housing bill, which was placed on the calendar today. So I suggest to my colleagues that we will have votes on Thursday and Friday and perhaps every day next week.

Mr. TOWER. The Senator can be certain of it, if the omnibus housing bill is laid before the Senate next week.

Mr. MANSFIELD. Yes; we can also be certain of it when we lay before the Senate the pay raise bill.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. MANSFIELD. I yield.

Mr. JAVITS. I did not hear the Senator mention the minimum wage bill.

Mr. MANSFIELD. Yes; that will follow the pending bill at a reasonable hour tomorrow, but it will be laid aside, if not completed, to take up the Government pay raise bill on Friday.

ADJOURNMENT TO 11 A.M. TOMORROW

Mr. MANSFIELD. Mr. President, if there is no further business to come before the Senate, I move, in accordance with the previous order, that the Senate stand in adjournment until 11 o'clock tomorrow morning.

The motion was agreed to; and at 4:10 p.m. the Senate adjourned until tomorrow, Thursday, February 28, 1974, at 11 a.m.

NOMINATIONS

Executive nominations received by the Senate February 27, 1974:

U.S. Advisory Commission on International Educational and Cultural Affairs

Lawrence Y. Goldberg, of Massachusetts, to be a member of the U.S. Advisory Commission on International Educational and Cultural Affairs for the remainder of the term expiring May 11, 1975, vice Jewel Lafontant, resigned.

The following-named persons to be members of the U.S. Advisory Commission in International Educational and Cultural Affairs for terms expiring May 11, 1976:

Leo Cherne, of New York. (Reappointment)

Rita E. Hauser, of New York, vice Dr. Martha B. Lucas Pate, term expired.

Leonard H. Marks, of the District of Columbia, vice Dr. Homer Daniels Babbidge, Jr., resigned.

Export-Import Bank of the United States

William J. Casey, of New York, to be President of the Export-Import Bank of the United States, vice Henry Kearns, resigned

CONFIRMATIONS

Executive nominations confirmed by the Senate, February 27, 1974:

Department of State

Donald B. Easum, of Virginia, a Foreign Service officer of class 1, to be an Assistant Secretary of State.

A. Linwood Holton, of Virginia to be an Assistant Secretary of State.

David B. Bolen, of Colorado, a Foreign Service officer of class 2, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Botswana, to the Kingdom of Lesotho, and to the Kingdom of Swaziland.

David L. Osborn, of Tennessee, a Foreign Service officer of class 1 to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Socialist Republic of the Union of Burma.

Max V. Krebs, of California, a Foreign Service officer of class 1, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Guyana.

Davis Eugene Boster, of Ohio, a Foreign Service officer of class 1, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the People's Republic of Bangladesh.

Martin F. Herz, of New York, a Foreign Service officer of class 1, to be Ambassador Extraordinary and Plenipotentiary of the United States of American to Bulgaria.

Thomas R. Pickering, of New Jersey, a Foreign Service officer of class 1, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Hashemite Kingdom of Jordan.

Philip W. Manhard, of Florida, a Foreign Service officer of class 2, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Mauritius.

Robert E. Fritts, of Maryland, a Foreign Service officer of class 3, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Rwanda.

Marshall Green, of the District of Columbia, a Foreign Service officer of the class of Career Minister, now Ambassador Extraordinary and Plenipotentiary of the United States of America to Australia, to serve concurrently and without additional compensation as Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Nauru.

Armistead I. Selden, Jr., of Alabama, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to New Zealand, and to serve concurrently and without additional compensation as Ambassador Extraordinary and Plenipotentiary of the United States of America to Fiji, to the Kingdom of Tonga, and to Western Samoa.

Interstate Commerce Commission

George M. Stafford, of Kansas, to be an Interstate Commerce Commissioner for a term of 7 years expiring December 31, 1980.

Charles L. Clapp, of Massachusetts, to be an Interstate Commerce Commissioner for the term of 7 years expiring December 31, 1980.

(The above nominations were approved subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

IN THE COAST GUARD

Coast Guard nominations beginning Raymond K. Kostuk, to be lieutenant (j.g.), and ending Robert C. Winter, to be lieutenant (j.g.), which nominations were received by the Senate and appeared in the Congressional Record on February 7, 1974.

IN THE NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION

National Oceanic and Atmospheric Administration nominations beginning Daniel S. Ellers, to be lieutenant (j.g.), and ending Thomas J. Rice, to be ensign, which nominations were received by the Senate and appeared in the Congressional Record on February 18, 1974.

EXTENSIONS OF REMARKS

CEDAR-RIVERSIDE DEVELOPMENT PROVIDES ENERGY-EFFICIENT LIFESTYLE

HON. BILL FRENZEL

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 27, 1974

Mr. FRENZEL. Mr. Speaker, the February 11 issue of the Washington Post carried an article by Mr. Wilfred Owen, a senior fellow at Brookings Institution, about the energy crisis and the design of our urban environment. The article points out very well the close relationship between our present patterns of urban development and the energy shortages.

Planning is the key phrase which is emphasized when Mr. Owen discusses the solutions to our present energy dilemma, and Cedar-Riverside, the "new town within town" in Minneapolis, is cited as an example of the type of planning he feels is increasingly needed.

Ideas for revitalizing the central city are not new to Minneapolis. For years the scourge of subzero winter temperatures made working in downtown Minneapolis a depressing experience for many. In answer to this, the planners came up with a modern and coordinated "skyway" system, now being copied all over the country. In addition, Minneapolis has had its share of other innovative ideas such as the Nicollet Mall Gateway Center. Urban environments will doubtless change at a faster rate, because of the energy crisis. But in Minneapolis, the need for change has already been identified and its relationship to future energy consumption is well established.

The article by Mr. Owen follows:

SAVING GAS—AND SOCIETY

(By Wilfred Owen)

The gasoline shortage focuses attention on a fundamental defect of the American city: We are using our ability to move to compensate for our inability to build a satisfactory urban environment.

What we are up against is the obsolescence of the accidental city, which puts a premium on moving because it offers so little in the way of living. Vast central city areas are plagued by poor housing and inadequate services, neighborhoods are rocked by drugs and crime, and the ugliness is all-pervading. Under those circumstances the automobile has become the logical method of escape to dormitory suburbs, where driving is a necessary means of surviving: it may take a gallon of gas to buy a quart of milk.

The suburban commuter life-style increased 100 per cent in the past decade in Dallas and Houston, 84 per cent in New Orleans, and 56 per cent in Pittsburgh. Nationwide, reverse commuting was up 79 per cent, reflecting the fact that poor people and blacks living in center cities are unable to find either housing or acceptance close to jobs in outlying areas. Those who work close in live far out, and those who work far out live close in. It is a perfect set-up for the petroleum industry.

The real energy crisis, then, is the drain on human energy. The average commuter spends a month of daylight hours every year beating his way over the concrete trails between home and job. If people were considered as important as fossil fuels, someone would have appointed a human energy czar in charge of rebuilding the cities.

Planned communities around the world are beginning to show how systems of urban living can be designed for people rather than for business. A city designed for human purposes provides good housing in a pleasant neighborhood with the option of living near work, walking to the store, having recreation nearby, and reducing the unnecessary travel that results from the inconvenience of having things located in the wrong places. Those who prefer perpetual motion have the option of generating extra mileage if they want. By contrast most unplanned urban areas deny people those choices.

Planned cities are demonstrating that large-scale city-building is physically and economically feasible and that many of the design concepts, as well as the financing methods and community social systems, could apply to existing cities and suburbs. The federal government is now supporting planned urbanization through loan guarantees to help pay land acquisition and other front-end costs. Planned cities may be either satellites of old cities, such as Reston or Columbia, or rehabilitation of blighted areas in existing cities. Cedar-Riverside in Minneapolis is one of the latter.

What is happening in Cedar-Riverside points the way toward transforming urban slums and blight all over America. A private city-building team, which operates out of a converted ice cream factory, is in the process of redesigning a depressed and depressing 100 acres of the old city into a new city for 30,000 people. The result will be an attractive downtown community just 12 blocks from the center of downtown Minneapolis and a few steps from the University of Minnesota.

The Cedar-Riverside planners have put together over 400 separate parcels of "charming slum" property in an effort to rebuild the whole place in a way that will restore "the enjoyment and celebration of life," with due consideration for the wishes of existing tenants. All of them, if they wish, will be included in the new community. The aim is to combine good housing, pleasant neighborhoods, easy access to jobs, good health-care services, improvements in education, provisions for recreation, and a wide range of cultural activities. A theatre in the round has been fashioned out of a pizza parlor, and beer joints have become centers for the performing arts. High-rise apartments have both subsidized and unsubsidized units in a mix that conceals which is which, and day-care centers, clinics and other community facilities are located in the apartment buildings. Much of the surroundings will be refurbished rather than destroyed.

Already Cedar Avenue, the once dingy main commercial street has lost its typical city street pallor. The poles and wires are down, the sidewalks are repaved, store fronts are being renovated. Pocket parks are being substituted for vacant lots. Colorful murals camouflage ugly walls. Half the street acreage has been vacated to consolidate the land into large tracts for building complexes and for open space. A new pedestrian transport system is being built at second-floor level to take the place of unneeded street mileage. And an elongated town center plaza and surrounding buildings will keep the motor vehicles below the surface.

Projects such as Cedar-Riverside point out the best thing about a gasoline shortage: most things that need to be done to cope with it are things that ought to be done anyway. It is time for the richest country in the world to overcome the poverty of its cities. It will take a combination of national economic reforms to reduce poverty, massive housing programs, new land-use planning policies, and institutional arrangements for managing and financing the urban habitat. But we know from new communities around the world that building and rebuilding whole cities is physically possible and can prove financially feasible through cost-saving techniques, new design concepts, a combination of public and private efforts, and the use for community purposes of the profits from rising land values.

Transforming urban America would require a single urban development fund to consolidate federal aid for urban areas, and the creation of urban development agencies at the metropolitan level with city-building responsibilities.

Making urban areas livable, desirable, and attractive for people of all incomes and races is the overriding domestic challenge for the last quarter of this century. Putting the emphasis on living instead of moving is a shift in priorities that seems bound to save gasoline. If we put our minds to it, it might even save urban society.

ARTHUR C. PERRY, DEAN OF ADMINISTRATORS, AND L. B. J. FRIEND

HON. J. J. PICKLE

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 27, 1974

Mr. PICKLE. Mr. Speaker, every one of us in this room knows how important it is to have a good person in charge of the staff back in the office. Everyone in this room knows that without an administrator to manage the flow of work across our desks and the flow of people in and out, without someone who can represent us when we have to be three or four places at one time, that our jobs become much harder, and even impossible to manage.

One of the best men ever to perform this service was Arthur C. Perry. He was indeed the dean of administrators, for his service in that capacity nearly spanned this century to date.

He was a good man, an able man, a dedicated man, and he cared not only about those he worked for but about enabling them to do their best possible for a nation and a system of government he loved dearly.

Because of this he was called out of retirement again and again for further service to our late beloved President Lyndon Johnson.

As majority leader, Vice President, and President, Mr. Johnson relied heavily on this stalwart man, who had first come to Washington in 1919 to work for Texas Senator Morris Sheppard, and then for Senator Tom Connally.

His passing is a matter of sorrow and will leave a great hole in an important era of our country. He was much beloved and he shall be much missed. I salute his memory and I salute his lovely wife Katharine, who stood by his side through these long and busy years.

An article on the late Arthur C. Perry follows:

ARTHUR C. PERRY, LBJ INTIMATE, DIES

(By Jean R. Hailey)

Arthur Colvin Perry, former administrative assistant to three U.S. senators from Texas and an aide to President Johnson, died Sunday at Doctors Hospital.

At times referred to as the "Dean of Government," he had completed almost 50 years of federal government service when he retired with his last boss, President Johnson, in 1968.

Mr. Perry's friendship with Mr. Johnson had dated back to 1933, when the latter first came to Washington as secretary to Rep. Richard Kleberg of Texas.

At that time, Mr. Perry was administrative assistant to Sen. Tom Connally of Texas and an old hand at carrying out congressional operations. He had first come to Capitol Hill in 1919 to serve as administrative assistant to Sen. Morris Sheppard of Texas.

Mr. Perry showed Mr. Johnson the ropes and Mr. Johnson never forgot it.

When Sen. Connally retired in 1953, Mr. Perry decided that after 33 years of government service, he also would sit back and take it easy.

But Mr. Johnson, who by then was Senate majority leader, would have none of that. He called Mr. Perry immediately and asked him to be his administrative assistant.

Mr. Perry agreed to get back into harness and remained with Mr. Johnson through his years as Vice President and then President.

Mr. Perry served Mr. Johnson both in the Senate and in the White House as an almost anonymous administrative assistant.

He was so anonymous, in fact, that in 1953 he was formally invited "as a Republican leader" to become a member of the Capitol Hill Club, a meeting place for Republicans from all over America. Mr. Perry acknowledged the distinction but penned his regrets.

"It naturally appeals to the ego of any individual to be regarded as a 'leader,' even in the Republican Party. However, it is somewhat depressing to me to feel that after having spent my whole life in the Democratic Party, and having been one of the original organizers of the Young Democrats Club of the District of Columbia, I made no more impression than to be considered a Republican leader . . . To save you embarrassment, I shall respectfully decline your invitation . . ." he wrote.

Anonymous or not, Mr. Perry's influence on Mr. Johnson was widely recognized during the years. While Senate majority leader, Mr. Johnson once paid Mr. Perry public tribute before Congress.

"I have never known a more faithful public servant. I have never known a more honorable man. I have never known a person more dedicated to the preservation of the democratic process . . ." Mr. Johnson said.

After he moved to the White House, Mr. Johnson often referred to Mr. Perry as "my mentor and faithful friend."

Mr. Perry was born in Austin and was a student at the University of Texas there when he was summoned to Washington by Sen. Sheppard to take on a summer job.

The job became permanent, but Mr. Perry did not let it interfere with his education. He managed to get both bachelor's and master's degrees in law from George Washington University in the 1920s.

He later switched to the staff of Sen. Connally but left Capitol Hill in 1934 to serve for more than a decade as an attorney with the Federal Communications Commission, the Internal Revenue Service and the Justice Department. He returned to Sen. Connally's office in 1947.

Mr. Perry actually was credited with launching Mr. Johnson into a political career in the 1930s. It started with the "little congress," composed of congressional secretaries, who elected Mr. Johnson as speaker. That action was considered the start of his long and successful career.

Mr. Perry had been a member for many years of the New York Avenue Presbyterian Church and of the Barristers Lodge. He had been secretary of the Texas State Society here.

He is survived by his wife, Katharine Williamson Wicks Perry, of the home, 1301 Vermont Ave. NW, and a brother, J. L. Perry, of Ormond Beach, Fla.

PRICE CONTROLS IS NO ANSWER FOR ENERGY CRISIS

HON. ROBERT J. HUBER

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 27, 1974

Mr. HUBER. Mr. Speaker, it would seem that we would have learned by now that price controls breed shortages and market dislocation. However, from many quarters we hear that controls are the answer. In my view, this answer was very effectively refuted in an editorial which appeared in the Detroit Free Press on February 7, 1974. It is my hope that my colleagues will read it and remember when we next consider energy legislation. The editorial follows:

[From the Detroit Free Press, Feb. 7, 1974]

PLAN TO CONTROL OIL PRICES DEFIES LAWS OF ECONOMICS

Congress' reaction to the soaring price of oil suggests that the members of that body, like the Bourbon kings of France, never forget anything and never learn anything.

The attempt to legislate a rollback in the price of that portion of domestic crude oil not now subject to price controls is equivalent to trying to repeal the law of gravity. One would have thought the nation's experience with the impact of price controls generally, and with regulating the domestic price of energy resources when we cannot control foreign prices would have taught us something.

But no, Congress is apparently going to press ahead, reacting to the angry pressures generated by the high prices at the gas pump, defying the working of the laws of economics. To satisfy the cry for lower prices, Congress is willing to take the longer-term risk that the supply within the United States will continue to shrink.

The architect of this plan, Sen. Henry Jackson, D-Wash., says he hopes it will reduce the price of gasoline at the pump by as much as four cents a gallon. Meanwhile, Standard Oil of Indiana has announced that it is cutting the pump price by two cents a gallon because, with reduced gasoline output at its refineries, it has been using less of the expensive foreign crude oil in its mix.

Hallelujah, right? Wrong, if the net effect over several years is to reduce the incentive for American oil companies to expand the domestic supply. The trouble is that these same companies also have heavy investments overseas, and they may be inclined to expand their overseas investments rather than promote self-sufficiency at home.

Has the Congress come up with an alternative set of incentives for domestic exploration and refinery construction? We have seen no evidence that it has. And we doubt that congressmen have persuaded the managers of the nation's oil companies to become philanthropic organizations and develop those domestic resources for sheer love of country. The spirit of '76 indeed.

One of these days we may be able to pay 35 cents a gallon for gas we can't get. When that happens, we will be wondering what snake-oil salesman persuaded us it was wise to legislate prices on a commodity in short supply.

ARMY SECRETARY CALLAWAY REPORTS ON SUCCESS OF VOLUNTEER ARMY

HON. ROBERT L. LEGGETT

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 27, 1974

Mr. LEGGETT. Mr. Speaker, as a longtime advocate of a volunteer military force, I was pleased to receive the other day a letter from Army Secretary Howard H. Callaway describing the success of the system.

In the first year of the system, rates for AWOL, desertion, crimes, and courts-martial are down.

High school graduates make up 60 percent of new enlistments; while this figure is not particularly impressive, it will doubtless improve as Vietnam fades into the past and military service becomes more acceptable among educated young people.

I see no cause for concern in the increase in black enlistment from 18.7 to 28.2 percent. This has occurred for the same reason a high proportion of professional athletes are black: Economic and social conditions are such that military service, like professional sports, offers a better chance for rapid advancement for an able young black man. When equal education, equal housing, and equal employment opportunity have become more of a reality, we can expect black enlistments to subside to the percentage of blacks found in the general population. For the present, the fact that it offers opportunity and that blacks are accepting it is reason for pride rather than embarrassment to the Army.

I insert Secretary Callaway's letter in the RECORD at this point.

SECRETARY OF THE ARMY,
Washington, D.C., January 31, 1974.

Hon. ROBERT L. LEGGETT,
House of Representatives,
Washington, D.C.

DEAR MR. LEGGETT: As I am sure you are aware, there has been a considerable amount of interest regarding the status of the volunteer Army. I am now completing a full report on the first year of the volunteer Army and will be forwarding a copy of it to you in the near future. In the meantime, I thought you and your constituents would appreciate a brief status report. In summary, the news is good.

First, I would like to mention a recruiting technique heretofore unknown in the modern American Army. Last year the Army reactivated the 9th Infantry Division at Fort Lewis, Washington, but the manpower was not at hand. The Army directed the Commander, General Fulton, to take his cadre, the Division colors, and recruit a division. General Fulton and his recruiters did just that. They began a vigorous recruiting campaign and today that division stands at 102 percent strength, essentially filled with volunteer soldiers. Now this is a real success story, a living example illustrating that the volunteer Army program is not an impossible dream, but a workable idea which can be accomplished.

During the period January to December 1973, the Army recruited 163,800 men and women. Reenlistments for the year totaled 46,300. In addition, 2,530 men and women extended their enlistments for two years or more during the period from January to October. The Army has achieved 88 percent of its recruiting objectives since we abandoned the use of the draft on 29 December 1972, and recent recruiting trends are up. The high school graduate content of our non-prior service enlisted accessions since the draft ended (calendar year 1972) has been about 60 percent. If we include prior service accessions, the high school figure rises to 63 percent; and if we take a snapshot of the whole Army, we find 71 percent enlisted men and women have at least a high school education. Although there were some shortfalls in meeting recruiting goals in the early months of this fiscal year, recently the monthly goals have been met and our enlisted strength permits us to maintain an effective and quality force.

Many new approaches to recruiting are being tried which stress quality together with quantity, such as bringing the recruiter force up to authorized strength on a priority basis, expanding the unit of choice and station of choice options (as in the example of the 9th Division), focusing on the junior college market, screening out poor soldiers in reenlistments, administering new entrance tests, and even screening out early in training the individuals who cannot become successful soldiers. These efforts will continue.

With respect to discipline in the volunteer Army, in comparing trends for Fiscal Years 1972 and 1973, a period which includes both draft and volunteer Army experience, we find that rates for AWOL, desertion, crimes of violence, crimes against property, and courts-martial, are down. Virtually every major indicator of discipline in the Army has, in fact, remained at the same level or improved. Whatever factors contribute to this picture, it is clear that today's volunteer soldier is not causing an increase in disciplinary problems.

As you know, there has been some interest in the racial composition of our enlistees. I want to stress that the Army has no quotas based on race. Our main concern is that the applicant is qualified to enlist and serve in the Army and that he is motivated to serve to the best of his ability. Operating under that policy, the percentage of black males enlisting in the Army increased from 18.7 percent in Calendar Year 1972 to 28.2 percent in Calendar Year 1973 and as a result, the black enlisted men increased from 17.5 percent of our enlisted strength in Calendar Year 1972 to about 20 percent in Calendar Year 1973. Black soldiers, like all other soldiers, are assigned throughout the Army in accordance with their enlistment commitments and their individual capabilities.

Finally, combat readiness, which is the heart of the Army's business, has shown significant improvement. Judged by the stringent standards reported to the Joint Chiefs of Staff, the divisions today much more nearly meet their goals than they did at the end of the draft—all 13 divisions are fully operational and nearly all are ready for combat.

These simple facts and figures point to one conclusion: The Army is better today than it was at the end of the draft. All of the important trends are in the right direction. I am proud to emphasize that your Army is good, combat-ready, and improving with the passage of time.

Sincerely,

Howard H. Callaway.

VICE PRESIDENT FORD CATALOGS NATION'S ENERGY RESOURCES

HON. LAMAR BAKER

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 27, 1974

Mr. BAKER. Mr. Speaker, southern hospitality is well known. It had an opportunity to expose its charm to the Vice President of the United States on February 18 and was, in turn, charmed by Gerald Ford, guest and principal speaker at the Engineers Week Banquet in Chattanooga on that date.

The Vice President warmed to our people and they warmed to him. He was well received and he responded in a manner to establish why he is the ideal leader for the No. 2 spot in our Government. He met with a great many of his fans in the Chattanooga area, both publicly and privately. He exchanged pleasantries and answered questions. He took time for a press conference and responded forthrightly to a wide-ranging barrage of news inquiries. He was affable, courteous and responsive.

In addition to addressing the Engineers Week banquet assemblage, the Vice President presented Chattanooga Mayor Robert Kirk Walker with a framed letter certifying Chattanooga's designation as a bicentennial community and also gave a bicentennial flag to the city. William Bunn and Herbert McQueen of Combustion Engineering received plaques from Vice President Ford as co-winners of the "Engineer of the Year" award, presented annually to an outstanding Chattanooga engineer. This was the first joint presentation of the award.

In his formal remarks, the Vice President cited the role of the American engineer in solving the energy problem. His summary of our energy resources and the challenges we face in bringing the country safely through the crisis can serve as a primer for all who seek to know where we are in the energy situation and where we need to go.

Mr. Speaker, I commend the Vice President's remarks to every energy-conscious citizen in the United States. I include his speech for the Record as a ready reference source. I also include two editorials—one from the Chattanooga News Free Press and the other from the Chattanooga Times—both welcoming the Vice President to our city and both setting the tone for a most satisfying experience:

[From the Chattanooga News-Free Press, February 18, 1974]

Welcome, Mr. Vice President

Chattanoogans join today in welcoming Vice President Gerald R. Ford to this community as a special guest highlighting the local observance of Engineers Week.

The engineers of this area have established a record of having some of the most outstanding observances in the nation, entertaining moon-walking astronauts as their guests last year and the Vice President this year.

Vice President Ford has many friends in Chattanooga, having visited here before. This is his first appearance here in his new and lofty role of Vice President.

Since assuming that office, he has gained nationwide popularity. While many polls indicate he is considered by many Americans as a prospect for the Presidency in 1976, Mr. Ford has made clear announcement that he does not plan to run for any office at that time. He expects to give up his role in public life that includes service as an outstanding representative from Michigan in the United States Congress, where he was minority leader for the Republican Party in the House.

Chattanooga is honored by Mr. Ford's presence and will be attentive to his remarks as he speaks tonight to engineers and their guests at the Chattanooga Choo-Choo.

This community is one rich in history. The visit today of Vice President Ford follows a long tradition of visits by high American leaders begun by President James Monroe when he came to the Brainerd Mission on May 27 and 28 of 1819.

We welcome you, Mr. Vice President.

[From the Chattanooga Times, Feb. 18, 1974]

Welcome, Mr. Vice-President

Despite his declared intention not to seek "any public office" in 1976, Democrats and Republicans alike will be watching Vice President Gerald Ford closely as he swings into Chattanooga today to help area engineers celebrate Engineers Week.

Mr. Ford enjoys a comfortably high popularity rating in the polls taken among Republicans who see in him the opportunity for an even chance at winning the presidency again in 1976 despite the trauma visited upon the party by Watergate. And many Democrats concede he'd make a considerable opponent.

The Vice President probably will comment on these issues in a press conference today. But no matter how one views the political scene nowadays, we're confident all Chattanoogans welcome Mr. Ford's visit to the city as an excellent opportunity to demonstrate some Tennessee-style Southern hospitality.

Remarks by Vice President Gerald R. Ford

I am honored to have the opportunity to address your 1974 Engineers' Week here in this vital electrical and energy center known as "the dynamo of Dixie."

There is a growing awareness that the engineer and the skills that he commands are among our greatest resources. Today as never before this great resource must be used wisely and well.

You are to be commended for creating the engineering task force organized during the last year. By drawing from the scientific skills of the 19 engineering societies that comprise your undertaking, you are mobilizing over 1,500 engineers of this area in a consolidated effort to serve our Nation. I salute the Tennessee Volunteers for their great Rebel ingenuity.

Tonight I want to address myself to the role of the engineer in the energy crisis. In times of great national need, we turn to the engineer.

In the Fifties our engineers forged ahead with new weapons for our defense.

In the Sixties American engineering put Americans on the moon in a single decade.

Now, in the Seventies we turn to the engineer to help solve the energy crisis.

The American engineer has the talent and the ability to solve the energy problem. What we lack is the time required to bring our skills into effective action. Fortunately, in this crisis as in similar situations in the past, ingenuity can be a substitute for time.

An example of this can be found in Nashville, where engineers are building a plant to burn solid waste material in a manner that will generate steam to heat and cool office buildings. They are simultaneously serving ecology and conserving energy by turning trash into power. This is exactly the type of ingenuity we need.

Today, we look for the engineer who can understand, reconcile and synchronize the demands of energy and environmental protection. We need the engineers who are able to balance priorities, who can merge energy demands with the needs of ecology, so that we can have both a sufficient supply of energy and a clean world in which to live. If we are to develop the required engineering resources to meet these goals the government must render all possible assistance to industry and to our educational institutions.

I am delighted to be able to report that we are already at work in this area.

Experts at the National Science Foundation are conducting a far-reaching manpower study to assess the overall availability and needs of scientific personnel in meeting the energy crisis.

In addition, the National Science Foundation is sponsoring graduate training in energy-related research in the coal, oil shale, geothermal, and solar areas. Post-doctoral programs are planned. Distinguished scientists and engineers are to be invited from abroad. Funds are being provided to train highly skilled technicians. And the technical support of universities and industries is being coordinated and expanded.

Recently the Federal Energy Office in Washington, D.C. uncovered a major new area for the application of American engineering skills and techniques.

It has come forward with an analysis which shows that the American population of 210 million wastes as much energy as the 110 million people in Japan consume. With new techniques and appropriate conservation measures, there are indications we can save between 30 and 40 per cent of the energy we now require.

These statistics pose a great challenge to the engineer.

They ask you to:

Find ways to stop this waste of energy.

Increase energy production in the shortest time span possible.

Preserve the quality of our air and water. And

Remain mindful that costs must be held as low as possible.

I am confident that the American engineer can meet these specifications.

The outlook is far from gloomy. In the energy field, America is virtually an underdeveloped nation. There are many energy resources waiting to be tapped.

We have 1.8 trillion barrels of oil which can be unlocked from the shale formations in Colorado, Wyoming and Utah, with the proper technology. This is more than the proven reserves of the largest Arab oil producers in the Middle East.

We have half the free world's proven coal reserves, enough to last for centuries. It awaits the technologies for effective conversion to clean gas and liquid forms, and the technologies which will permit us to mine these vast reserves without despoiling the land.

Forty per cent of our potential oil and natural gas reserve lies untapped on the Outer Continental Shelf. Not a single exploratory well has been drilled on the Atlantic Outer Continental Shelf. There must be strong assurances that the ocean drilling can be done without the risk of serious environmental damage.

Once the Alaskan pipeline starts flowing, we can start developing the huge resources in our largest state. No one really knows the extent of those reserves.

There are millions of acres of proven and potential geothermal areas in the western states. Technology is needed to make them economically useful.

Research—much research—is needed to perfect the use of solar energy, perhaps our greatest untapped energy source.

There are more—but those are some of the challenges American engineers have to meet and conquer.

There is still a greater—even more vital—challenge in which your help is of the greatest importance.

I predict that Project Independence—President Nixon's program for making the United States self-sufficient in energy needs—will be supplemented by Project Interdependence. That is the worldwide cooperation of mankind to solve the dilemma of constantly growing populations and energy needs, against a finite supply of mineral resources. This goal of worldwide cooperation is being brought within reach by this Administration. Project Interdependence can flourish in the climate of peace created by President Nixon's world policies. In fact, the groundwork is being laid.

Already, the easing of international tensions has been accompanied by substantive exchanges of ideas and experts concerned with advanced energy technologies. American scientists and engineers go to the Soviet Union.

Russians come here. In Tennessee you have been host to Soviet colleagues at Oak Ridge and Tullahoma. There is special interest in the work on advanced energy cycles. We are learning from each other.

As you know, the oil consuming nations met in Washington last week at President Nixon's invitation. Ensuing from that meeting will be a pooling of engineering resources in energy supply and conservation. We are fostering a new spirit in the world—a spirit that will transcend temporary differences.

Dr. Kissinger, our Secretary of State, summed it up recently when he said: "We know that the energy crisis indicates the birth pangs of global interdependence. Our response could well determine our capacity to deal with the international agenda of the future."

Your work as engineers will be part of our response.

Therefore, I want to thank the engineers of Tennessee for the progress you have already made in this direction. You are hastening the day when mankind will share its collective genius to bring about an era of worldwide peace, well-being and understanding. But the work has only just begun.

We must all take part. It will require greater effort, greater thought, greater ingenuity, greater concern from each one of us.

The challenge is huge.

But the goal is the dream of every thinking person. And the goal is within our reach. Let us grasp the opportunity.

I thank you.

GAS LINES NOW—BREAD LINES LATER?

HON. JAMES R. GROVER, JR.

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 27, 1974

Mr. GROVER. Mr. Speaker, the Congress must be alerted by the ominous warnings of flour and bread shortages presented by William A. Quinlan, general counsel, Associated Retail Bakers of America, at the bakers' emergency meeting on the wheat shortage, February 26, 1974, room 3110, New Senate Office Building in Washington, D.C.

His statement follows:

STATEMENT OF WILLIAM A. QUINLAN

There will be bread lines as well as gasoline lines before Summer if our Government does not act immediately to limit wheat exports.

The U.S. Department of Agriculture still refuses to act, even though its own figures show that the total of domestic needs and scheduled exports for the crop year ending June 30 is greater than the remaining supply of wheat.

About all we get from the Department are vague generalizations to the effect that its figures on exports should not cause concern because foreign buyers do not really expect delivery or can be talked out of it.

The Department has announced that the Russians have agreed to delaying some deliveries—not enough to avert a shortage—and at the same time it continues to allow more sales for export. It is like a dog chasing its tail.

The Department says that export limitations would "Abrogate contracts that were made in good faith, an act that no government should undertake lightly," while saying at the same time that many of the export sales are not firm commitments, and that "Almost every agreement to sell is in fact a conditional sale, subject to cancellation if both parties agree to terminate the contract prior to its maturity." (Statement by Don Paarlberg, Director of Agricultural Economics, U.S. Department of Agriculture, before the Subcommittee on Agricultural Production, Marketing and Stabilization of Prices, Senate Committee on Agriculture and Forestry, February 4, 1974). Requests for action to save enough wheat for United States needs are answered with double-talk or with criticism of bakers.

Secretary Butz speaks to us as though we were enemies, but we are not enemies of the farmer. The baker is the farmer's best customer, for wheat and most other farm commodities. The farmer, too, depends on a healthy economy and will suffer from shortages, inflation and the general disorder caused by government bungling and negligence.

There has been debate about the possibility of bread going to one dollar a loaf. To my mind, the real question is whether there will be bread at any price.

Our Government cannot say, like Marie Antoinette, "Let them eat cake." Cake flour, too, is disappearing. A large flour milling company already has notified a distributor in the Washington, D.C. area that its latest shipment of cake flour will be the last until the new wheat crop is available.

The Department of Agriculture seems to be hoping it will "luck out" without limiting exports, that foreign buyers will somehow voluntarily decide to cancel or delay deliveries. The Department is playing Russian Roulette, with the gun at the head of the American consumer.

We believe (1) the Congress should insist that the Department of Agriculture immediately make public all the hard facts it has as to wheat supplies, including the facts, if any, as to the quantities of export sales on which foreign buyers have agreed to postponing shipment, and (2) if those facts do not give clear assurance of adequate supplies for American consumers, then the Congress should promptly enact legislation to compel the preservation of such supplies.

THOUGHTFUL POSITION OF CONGRESSMAN McCLORY ON IMPEACHMENT INQUIRY

HON. JOHN B. ANDERSON

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 27, 1974

Mr. ANDERSON of Illinois. Mr. Speaker, our colleague from Illinois, Congressman Robert McClory, second ranking Republican on the House Judiciary Committee, prepared a most thoughtful and responsible article for the U.S. News & World Report.

Mr. McClory's critical position on the House Judiciary Committee demands the most earnest attention to his constitutional responsibilities and a conscientious and careful analysis of the factual material presented to the Judiciary Committee.

Mr. McClory's assumption of this awesome responsibility is described in his own words in the article published in the February 25 issue, which I am pleased to bring to the attention of my colleagues and the American people:

[From U.S. News & World Report, Feb. 25, 1974]

WAIT UNTIL "ALL THE FACTS ARE IN"

(By Representative Robert McClory)

It would be quite inappropriate for me or for any other member of the House Judiciary Committee to prejudge the impeachment inquiry which is now pending before our Committee.

Now is simply not the time to comment on the yea or nay of impeachment. One cannot put the cart before the horse and expect to make any forward movements down the road.

In this case the road is clearly laid out. It is to follow the intent and letter of the Constitution of the United States—particularly Article II—which sets forth the restricted basis upon which charges of impeachment will lie.

We have heard much talk recently of this specific language: "bribery, treason and other high crimes and misdemeanors." We have not heard enough of the deliberate and direct procedure the Constitution has provided in relation to that Article.

The United States does not have a parliamentary form of government. The President does not hold office at the sufferance of the Congress. A President may not be impeached because he has lost the confidence of the people who respond to public-opinion polls. He may not be removed on the basis of hearsay, opinion or hunch.

The Judiciary Committee is now exercising the initial constitutional prerogative—adducing through dispassionate analysis if there is concrete evidence to support any of the impeachment resolutions referred to the Committee by the House of Representatives.

To say that we, the members of the House of Representatives, should or should not impeach the President is to say he is or is not guilty under the provisions of Article II. We cannot now do that. We have not yet determined what historical and legal causes for impeachment should be recognized by the Committee.

Some of the charges leveled against the President, i.e., impoundment of funds and vetoes of legislation, would seem improper to include in any articles of impeachment, no matter how voluminous the evidence might be. On the other hand, such serious charges as bribery, obstruction of justice, destruction of evidence and other illegal actions might well be included in a recommendation for impeachment, but only after ample evidence has been presented—and weighed.

To decide the case before the evidence is received is comparable to the expression, "I've made up my mind—don't confuse me with the facts." As the Committee staff itself has reported: "The mere fact that we are undertaking investigation into a particular subject should not be interpreted to mean that we think there was any wrongdoing there, or that any prejudgment of the evidence has been made. Charges are not proof."

The special 90-member impeachment staff established by a 1-million-dollar authorization of the House of Representatives is substantially bipartisan. This staff is headed by the Committee's special counsel, Mr. John Doar, and special counsel for the Republican members, Mr. Albert E. Jenner—men of unquestioned integrity and recognized legal ability. They are proceeding daily to gather material for the use and determination of the Judiciary Committee.

An integral part of this inquiry is time. The long-drawn-out Senate Watergate hearings, a myriad of court proceedings, and a flood of printed and visual matter—all involving persons other than the President—have taxed the patience but not the strength of the American people.

I offered, unsuccessfully, an amendment in the Judiciary Committee and attempted to offer an amendment on the floor of the House to target the end of this inquiry by April 30. In the past the chairman of the Committee, Congressman Peter Rodino of New Jersey, has concurred that the inquiry could be completed by that time. However, he objected strenuously to having such a termination date spelled out in the resolution confirming the Judiciary Committee's authority in the impeachment investigation.

It is my view that the people would be best served if April 30 could be set as the end of this investigation. That date could be extended readily if our investigation is impeded for any reason—including any lack of co-operation on the part of the White House.

The House of Representatives must not be confused or misled into acts or attitudes not in harmony with the Constitution. Common sense, fair play and decency require us all to proceed as we are enjoined by that document.

The strength of our system of law and justice requires that we play out its full course. We have seen the havoc that results when one prematurely interrupts the natural flow of governmental events. We have seen how overreaction of the promptings of fear have led some of our Government officials into the committal of acts unnatural to themselves, their better natures and the traditions of laws of the United States.

The people elected Richard Nixon as their President. It is not enough to remove him from office for unpopularity or on the basis of news reports, innuendo, inference or because of the misdeeds of others.

To announce our vote for or against impeachment before all the facts are in is to violate our duty as members of the U.S. House.

We must abide by the clear language of the Constitution, exercise our legitimate role in the House of Representatives as legislators, and then move deliberately and promptly toward the just, definitive and orderly resolution of the question.

I intend to do just that, and to stand firm in the thought that this obedience to constitutional precedent will raise up a healing spirit of bipartisanship, justice and equanimity among my colleagues in the Congress.

VIRTUE AND MORALITY IN GOVERNMENT—AN ADDRESS BY SENATE MAJORITY WHIP ROBERT C. BYRD

HON. JOHN M. SLACK

OF WEST VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 27, 1974

Mr. SLACK. Mr. Speaker, last Friday, on a most appropriate date, George Washington's birthday, I was present at the Scottish Rite Temple at Charleston, W. Va., when my esteemed friend and colleague, Senator Robert C. Byrd, the Senate majority whip, addressed an overflow audience in a most timely manner. With his unerring instinct for the proper word, emphasized in the proper manner at the proper time, Senator Byrd reminded those present of the strong admonition our young Republic received from George Washington in his Farewell Address to the effect that "virtue or morality is a necessary spring of popular government."

The flow of events during the past year has led to rising doubts among our people of the credibility of our Government, a matter which must be of deep concern to every loyal American. Both for its timeliness and the measured force of its comment I bring to your attention the address by Senator Byrd on that occasion, particularly since it reflects much of the pulse of the people at this time:

ADDRESS BY SENATOR ROBERT C. BYRD

Mr. Chairman and Brothers: On the seventeenth of September, 1796, President George Washington addressed his farewell to the people of the United States. In that historic address, our First President spoke as a philosopher and a statesman, rather than as a politician or a soldier.

Of the many timeless thoughts that President Washington expressed one hundred and seventy-eight years ago, one that has always appealed strongly to me is this: "It is substantially true, that virtue or morality is a necessary spring of popular government. The rule, indeed, extends with more or less force to every species of free government."

In these troubled times, when the fabric of American government is threatened, we would do well to remind ourselves of the truth of those words. They were uttered when we were but a fledgling nation. Now that America has grown to be the strongest and most prosperous land on earth, their import is of even greater consequence.

It needs no repetition from me that events of the past year have called into question the public and political conduct of men who, by their election or appointment to public office, became the repositories of the public trust. Some of these men evidently forgot Washington's admonition that "virtue or morality is a necessary spring of popular government." But whatever was the reason for their failures, there has been created in our country an atmosphere of deep distrust and cynicism toward government and politics.

This is unfortunate, but it is real. Ten years of a war in Vietnam which many Americans did not understand, and about which many felt they were not being told the facts; reports of rich people and rich corporations that pay little or no taxes, while the average wage-earner or small businessman gets soaked by the tax laws; example after example of illegal acts perpetrated by men in responsible positions who, above all, should have upheld the law—this accumulation of sordid events has produced a dangerous lack of credibility in our governmental system. It is dangerous because the people are very apt to forget that in all the areas of their distrust and disillusionment, these conditions have been caused by the frailties of men—not because of failings in our American institutions. The underpinnings of this Republic are still sound. And weaknesses that Americans perceive today are not in the structure of the system. They are in some of the men that circumstance placed in charge of the structure.

This great nation of ours needs a reawakening of political conscience. It needs a thorough rededication to the public good. It needs a rebirth of political honor. In addition to the reforms that need to be effected in the political world, there needs to be a recrudescence of morality and ethical behavior in the world of business and commerce. There has to be recreated in our American society, a climate of believability—where a statement by a political leader, or by a corporation president, or by a union leader is believed because of confidence and trust in the person who utters it.

Today, we have a prime example of the problem in the gasoline shortage. While Americans are fully aware of a shortage because of the long lines at gas stations, and restrictions on amounts they can buy, millions of car owners are questioning whether the shortage is being purposely maintained by the major oil companies.

The executives of the oil companies have sworn under oath before congressional committees that the shortages are beyond their control, but many Americans still don't believe them. They don't believe what the Federal Energy Office tells them, either.

This climate of distrust can be dispelled only by leaders in all walks of life proving by their behavior and example that they subscribe to another statement by the Father of our country, when he said: "I hold the maxim no less applicable to public than private affairs, that honesty is always the best policy."

That is a very simple maxim, and one that should be easy to follow. Unfortunately, in the immensely complicated world in which we nowadays live; with the stress and strain, and the furious pace at which our modern world lives; with the myriad of temptations for moral and ethical shortcuts that are around us everyday, it is a lot more difficult to be incorruptible in 1974 than it was in 1796.

I sometimes find myself wondering, around this time of year, what George Washington and his contemporaries would think, and what their reactions would be to our now-affluent society. How would they view this powerful, prosperous country that they started—with so little? I believe they would be proud that their dream of a great Constitutional Republic has been realized. They would be proud, I am sure, of the productiveness of our fields and our factories. They would be immensely gratified by our schools and our universities; our hospitals and our highways, and our churches But I fear that they might look askance at some of the other manifestations of our bigness. Particularly they might be unhappy at the loss of political and economic independence in the States, and at the immense growth of power and influence of the federal establishment.

I believe that those Americans, who lived in a simpler age, might be a little unhappy at the tremendous growth of materialism in our society—a materialism that until very recently had threatened to suffocate under a blanket of worldliness many of the spiritual values that were held in such high esteem by our Founding Fathers. But because they were men of sensitivity and understanding, they would also hope that there is beginning again, a resurgence of individual and community responsibility throughout America. I believe they would see the beginnings of a change—not an attempt to turn back the clock—in the attitudes and values that have flourished in recent years. I believe they would sense a growing realization—in the minds of millions of Americans who produce our prosperity—that prosperity has its dangers as well as its comforts. I believe they would sense a deepening moral and spiritual awareness. It is from this awareness that there will spring the irresistible demand for a heightened morality and integrity in their leaders.

This may be called wishful thinking, but I believe that underlying all the trappings of crass materialism that pervade our prosperous society, there are still the basic qualities of heart and mind and spirit that fortified our forefathers against all oppressors, and inspired them to so magnificently lay the foundations of our freedom and our liberty.

When things are going well, it is all too easy to allow indolence and complacency to insinuate themselves into our lives. It is when the good things of life become a little harder to come by that the real qualities of a people shine through. Millions of Americans have had it pretty good for a long time. Perhaps our present troubles will be a blessing in disguise, for they may bring out in us our inheritance of faith in God and country that was the strong pillar of our Founders' philosophy and character.

In the 29th Chapter of the Book of Proverbs, it is written: "Where there is no vision, the people perish." George Washington, Thomas Jefferson, James Madison, and their fellow-founders did not lack vision. It was on that vision, and on their unswerving faith in the ultimate destiny of the Republic that our very existence today is based.

Though it is very close to two hundred years since the vision and the faith were born and nurtured, they are needed today and will be needed in the days and years to come if the institutions and structure of this Republic are to serve the Americans of the future as magnificently as they have served us, and the Americans of the past.

George Washington and that grand aggregation of men who met at the Constitutional Convention in 1787 built the foundations of the greatest structure of government that the world has ever known. It is that structure, and these institutions that must, at all costs, be preserved by you and me.

Daniel Webster, in his eulogy of George Washington, addressed himself to this very question, when he said:

"Other misfortunes may be borne, or their effects overcome. If disastrous war should sweep our commerce from the ocean, another generation may renew it; if it exhaust our treasury, future industry may replenish it; if it desolate and lay waste our fields, still, under new cultivation, they will grow green again, and ripen to future harvests. It were but a trifle even if the walls of yonder Capitol were to crumble, if its lofty pillars should fall, and its gorgeous decorations be all covered by the dust of the valley. All these may be rebuilt. But who shall reconstruct the fabric of demolished government? Who shall rear again the well-proportioned columns of constitutional liberty? Who shall frame together the skillful architecture which unites national sovereignty with State rights, individual security, and public prosperity? No, if these columns fall, they will be raised not again. Like the Coliseum and the Parthenon, they will be destined to a mournful, a melancholy immortality. Bitterer tears, however, will flow over them, than were ever shed over the monuments of Roman or Grecian art; for they will be the remnants of a more glorious edifice than Greece or Rome ever saw, the edifice of constitutional American liberty."

STATEMENT OF NATIONAL COMMANDER OF THE DISABLED AMERICAN VETERANS

HON. ELWOOD HILLIS

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 27, 1974

Mr. HILLIS. Mr. Speaker, I am submitting the statement of John T. Soave, national commander of the Disabled American Veterans, as presented before the House Committee on Veterans' Affairs this morning for publication in the RECORD. I believe my colleagues will be interested in and appreciate the opportunity to read these remarks as they pertain to this highly respected organization.

The text of the statement of the national commander of the Disabled American Veterans is as follows:

STATEMENT BY JOHN T. SOAVE

Mr. Chairman and members of the Committee, it is a distinct pleasure as National Commander of the Disabled American Veterans to appear before you today and present our Legislative Program for this 2nd Session of the 93rd Congress.

At the very outset, Mr. Chairman, it seems most fitting that I take a moment to express, on behalf of the 430,000 members of the DAV, our profound sense of regret on the loss of two highly respected members of this Committee—John P. Saylor of Pennsylvania and Charles M. Teague of California. Each will be remembered for his outstanding record of service to our cause.

Mr. Chairman, the DAV engages itself deeply in several programs which, I am pleased to say, are reaching high levels of success in providing valuable services to increasing numbers of Americans—the young, the middle aged, the elderly.

The DAV, through its National Employment Program, extends to those veterans whose employability has been restored, a practical, cooperative form of assistance in securing gainful employment. The DAV is dedicated to this fundamental mission and considerable emphasis is placed upon it by our organization.

The continuing success of the DAV's Scouting Program for handicapped children is a particular source of satisfaction for all of us. Our Scholarship Program supports a total of 120 needy and deserving children of service-connected disabled veterans. Our two "Relief" Programs provide financial assistance to disabled veterans and their families who are temporarily in need of such assistance.

NATIONAL SERVICE PROGRAM

One of the most important programs in which all of us in the DAV share a definite pride is our extensive, highly developed National Service Program. This activity forms the very foundation upon which our organization was created.

The DAV maintains a staff of 260 National Service Officers located in VA offices across the U.S. Of this total, 180 are veterans of the Vietnam war. They, themselves, are disabled veterans, trained under DAV's guidance to be specialists in the field of veterans' programs generously provided by this Committee and the Congress.

During 1973, DAV National Service Officers handled claims for benefits that provided more than $317 million in payments to disabled veterans, their dependents and survivors. Our budget for the National Service Program in 1974 is approximately $5 million, which is contributed by a generous public.

The DAV is enlarging this important, viable program through the use of eight Mobile Field Service Units which will travel about the country bringing our services directly to disabled veterans and their families.

Throughout 1974 all eight Units will cover each state in the continental limits of the United States. Fully equipped to function as traveling offices, each Unit will have two experienced National Service Officers aboard who will counsel and assist claimants in securing benefits from various governmental agencies.

Let me assure you, Mr. Chairman, of the deep sense of pride I feel for this new, expanded facet of our Service Program which will extend a helping hand, not only to those who reside in urban areas but also to those in rural areas far removed from VA Regional Offices.

I want to take this opportunity to again express my grateful thanks to the distinguished Chairman of this Committee for participating so graciously and so effectively in the January 7th ceremony at Columbia, South Carolina. Your message to all of us assembled at the State House in Columbia was most inspiring and uniquely appropriate for the kickoff event which sent the Mobile Field Service Units on their way.

The DAV has long been engaged in providing assistance to the service disabled veteran through three basic VA programs, each one complementing the other. These consist of Vocational Rehabilitation, Disability Compensation, and Hospital and Medical Care.

These general forms of assistance, when properly blended, will set the handicapped war veteran on a course that will result in rehabilitation and maximum opportunities for employment. I want to give recognition here to the fact that this Committee—in its customary bipartisan attitude—has consistently modified these three programs to meet the changing needs of the ill and disabled veteran—and for this we are genuinely grateful.

Mr. Chairman and members of the Committee, we come forward this year with what I believe is a reasonable, supportable legislative program; a program that does not impose upon the government the expenditure of vast sums of money, a program which, with the continuing help of this Committee, will improve and strengthen the structure of Federal benefits for the Nation's war disabled veterans and their dependents.

DISABILITY COMPENSATION

The DAV in this term of the 93rd Congress is focusing primarily on the Disability Compensation and Dependency and Indemnity Compensation programs. We feel that changes are essential because the high rate of inflation has been biting deeply into the payments received under these programs, particularly in the last several months. In view of this, we were deeply disappointed to learn that the President's recent special message on veterans, and the budget itself, made no reference whatsoever with respect to funding needed for improvements in the Disability Compensation and Dependency and Indemnity Compensation programs—a matter considered by the DAV to be a most pressing order of business for this Session of Congress.

We are grateful to you, Mr. Chairman, for introducing, at our request, the compensation bill, H.R. 11469, which is now before your Committee. Your introductory remarks, appearing in the Congressional Record last November 14th, were most emphatic and very much to the point. You declared that inflation has had a serious impact on the adequacy of the compensation program, and it will be necessary that the Congress consider proposed increases in service-connected compensation needed to stay abreast of the changes in the cost of living index. You said that many inquiries are being received from disabled veterans regarding the subject, and it is the plan of the Committee on Veterans' Affairs to take up this legislation early this Session.

I want to say, Mr. Chairman, that inquiries reaching us at National Headquarters also manifest concerned interest in the need for compensation adjustments. The most touching inquiries come regularly from the seriously disabled veterans, all expressing their dire situations due to the higher costs of food, clothing, housing, fuel and other basic necessities. Those veterans whose only income is their fixed monthly compensation payments are hit hardest by run-away inflation, and are desperately struggling to survive.

H.R. 11469 has a three-fold purpose. It would provide an across the board increase of 15 percent in the basic disability compensation rates. Dependency allowances payable to veterans with service-connected disability rated 50 percent or more would also be increased by 15 percent. Finally, the bill proposes to raise from $47 to $60 the special statutory awards to veterans who have suffered the service-connected loss or loss of use of a limb, an eye, or other body organ.

No one need be reminded that the cost of living has sky-rocketed since this Committee so thoughtfully improved and updated the compensation program in August 1972. Available statistical data show that overall living costs have gone up by about 12 percent, and that food prices are up a record-breaking 20–25 percent. Indications are that we can expect still further substantial increases in retail prices in the months ahead.

Because of the evident strain on the Nation's economy—sharpened by the energy shortage—we realize that the Committee, of necessity, must take a searching look at priorities. However, it is imperative, in our view, that the integrity of the compensation dollar must be maintained if the Nation is to keep faith with those who served so well at a time of crucial need and who bear the burden of service-incurred disablement.

Mr. Chairman, the third feature of H.R. 11469, which I mentioned earlier, calls for a long-delayed increase in the special monthly compensation payable for the loss of limbs and body organs. These awards were last increased on July 1, 1952, a period of almost twenty-two years. The DAV, in this time frame, has on numerous occasions sponsored legislation to increase the present $47 monthly payment.

As we pointed out in previous hearings, Mr. Chairman, the Congress, in creating these special awards, recognized that there was no way to adequately compensate the veteran for his physical loss and the irreparable psychological damage suffered in the service of his country. Accordingly, the Congress, characteristically, sought to repay this disabled veteran for the pain and suffering, the loss of physical and mental integrity which are inherent in disabilities of this nature.

It is our hope that the Committee, upon reviewing the above facts and circumstances will take a favorable view of our request for what we feel is a very modest increase in these special monthly awards; and we also confidently look to the Committee for early approval of at least a 15 percent increase in compensation rates and dependency allowances as proposed in H.R. 11469.

DEPENDENCY AND INDEMNITY COMPENSATION

Mr. Chairman, the DAV strongly supports the enactment of legislation to increase the present rates of Dependency and Indemnity Compensation payable to the widows and children of deceased veterans whose deaths resulted directly from service-connected causes. In this regard, the bill H.R. 12300, which you recently introduced at our request, would fulfill this legislative objective. It provides a 15 percent increase in DIC payments, and it removes one of the last remaining discriminations in service-connected death benefits by equalizing wartime and peacetime rates under the old Death Compensation Program.

Our reasons for urging the adoption of the DIC increase are essentially the same as those expressed earlier with respect to the need for increases in the rates of service-connected disability compensation.

One other DIC bill before the Committee which has a prominent place in our current program is H.R. 3017. A long-time DAV objective, the measure would provide for the payment of Dependency and Indemnity Compensation to survivors of deceased veterans who were rated 100 percent disabled by reason of service-connected disabilities for 20 or more years.

In assessing the merits of this proposal, Mr. Chairman, we think it reasonable to say that a veteran who has suffered the distress and debilitating effects of a service-related total disability for 20 years, should thereafter have statutory assurance that upon his death his widow will be provided for by payment of Dependency and Indemnity Compensation. This certainly would give the veteran much peace of mind in the knowledge that his wife—who ministered to him for many years and often at great personal sacrifice—will have a more favored and dignified place in our society.

In an overwhelming majority of these cases a totally disabled veteran is unable to follow a gainful occupation. He very definitely had no opportunity to make adequate provision for his survivors.

We think the government has a responsibility in this instance, which has so far been overlooked. I might add, Mr. Chairman, that the VA reports that "the estimated costs of the bill, if enacted, are not significant."

We respectfully urge that the Committee give sympathetic consideration to H.R. 3017.

VA ACCOUNTABILITY ACT

Mr. Chairman, we feel it is a matter of urgent concern that the Committee give early consideration to the pending bill, H.R. 5498. This measure would require Congressional approval before the VA Administrator could readjust the Rating Schedule; close medical facilities and Regional Offices; or transfer real property under VA jurisdiction.

The veterans of this country are looking to this Committee and the Congress for assurance as to what the future holds for them, what they can expect from the Veterans Administration regarding the location of Regional Offices, hospitals, nursing homes and domiciliaries, and the availability of services in the future. We feel that H.R. 5498 will provide this assurance, and we urge its passage.

EDUCATION AND TRAINING

We are grateful, Mr. Chairman, that your Committee has acted so promptly this Session to improve education and training benefits available to America's veterans.

We share your opinion of the pressing need for substantial increases in the educational and vocational rehabilitation payments for Vietnam veterans to bring them more in line with the benefits provided for veterans of earlier wars, and we vigorously support your efforts in this regard.

We also commend the Chairman and members of the Committee for approving some of the other important provisions of your educational bill, such as lowering to ten percent the disability requirements for Vietnam veterans to receive vocational rehabilitation.

HOSPITAL AND MEDICAL CARE

The Disabled American Veterans—by its very nature—has a deep and consuming interest in the VA Hospital and Medical Care program. We are also very much aware of the fact that the members of this Committee have always shared with us a very special concern in the health and well-being of America's ill and disabled war veterans.

We are certain that the Members of this Committee will never stand by and allow the program to decline in quality, that you will continue your efforts to see that sufficient funds are available to enable the VA Hospital System to effectively fulfill its mission.

I think it important at this juncture to bring to the Committee's notice a survey made by the DAV last year in which we received responses from several hundred veterans who had or were having difficulty gaining admission to various VA Hospitals across the country.

Information adduced indicated that in any given month, there were between 900 and 1,000 veterans—who were already determined to be in need of hospital care—on the waiting lists for admission to VA facilities. This situation was allowed to occur in the face of specific language in the Veterans Health Care Expansion Act of 1973 (PL 93–82), which directed the Administrator "to staff and maintain sufficient beds and other facilities to insure immediate care of patients found to be in need of care and medical services". Similarly, the House Appropriations Committee, in its report on the 1974 Appropriations Act, expressed the will of the Congress by admonishing the Administration to drop the arbitrary restrictions it had imposed, which had limited available hospital facilities for the care of veterans. Further, the Committee stated that it expects the VA "to accept for treatment eligible veterans in need of care, as required by law, and stands ready to favorably entertain consideration of future justified proposals submitted by the Administration to supplement medical care funding in the bill".

Despite these Congressional declarations, many of the veterans were never admitted to VA hospitals. They were forced to either seek private hospital care at their own expense, or forego hospitalization altogether. In a few instances, death resulted.

At VA hospitals serving our metropolitan areas, veterans have waited as long as 8 hours before even seeing a physician. We found that veterans waited 3 and 4 hours just to have a prescription filled from the hospital pharmacy.

We know that the Committee is aware of the fact that a lack of funds or impoundment of funds has caused cancellation of needed medical projects and the rearrangement of priorities. Arbitrary imposed personnel ceilings and promotional freezes have had demoralizing, disruptive effects on personnel. Moreover, because of a lack of space and facilities, one finds hospitals turning to increased patient turnover rates, and expanded use of outpatient clinics as the panacea to solve the growing inpatient needs of veterans.

Mr. Chairman, these are some of the more somber facets of the VA Hospital Program. However, despite the gloom and doom, we are much encouraged to find that the VA medical budget request for 1975 calls for an increase of 8,572 employees for the Department of Medicine and Surgery; for an increase in the number of beneficiaries to be cared for, both on an inpatient and an outpatient basis; for an increased outlay in medical and prosthetic research; for VA nursing care units; and for construction and renovation of VA medical facilities.

We trust that this Committee will do its best to see that the money appropriated for health care benefits will be fully spent, that the recent reorganization of the Department of Medicine and Surgery will be fully evaluated, and that the VA Hospital system is preserved and maintained for the care and treatment of our veterans and their dependents.

NATIONAL CEMETERY PROGRAM

Mr. Chairman, I want to express to this Committee our grateful appreciation for your persistent efforts in bringing to enactment Public Law 93–43, the National Cemeteries Act of 1973.

Over the years the DAV has strongly supported legislation to transfer the National Cemeteries to the Veterans Administration, in the hope that it would expand the capacity of the system to permit the burial of all eligible veterans.

We were, therefore, concerned over the recent Veterans Administration Report which recommended only one national cemetery in each of the ten federal regions and proposed a grant-in-aid program for the development of veterans cemeteries to be operated by the states.

We do not believe that these proposals would fulfill the federal government's obligation to assure this Nation's veterans of an opportunity for burial in a national cemetery located reasonably close to their homes.

We are also unalterably opposed to the recommendations in the VA Report that would eliminate the so-called dual burial benefits, and the continuance of the present restrictive eligibility requirements for burial at Arlington National Cemetery.

We respectfully request this Committee's most thoughtful consideration of these controversial proposals when next it considers the National Cemetery program, and we would welcome the opportunity to present our views in greater detail at that time.

CONCLUSION

In closing, Mr. Chairman, I again want to extend to you and the Members of the Committee my profound appreciation for giving me the opportunity to appear before you. I also want to take this occasion to pay tribute to the House Veterans' Affairs Committee staff. We give them special thanks for their genuine interest in DAV objectives, and for their compassionate regard for those who suffered permanent disabilities as a result of military service.

Mr. Chairman, I have attached to my statement an addendum providing additional information concerning our 1974 legislative objectives, and our organization's on-going programs. With your permission, Sir, I would like the addendum to be made part of the hearing record.

FIRST NAVAL AVIATRIX FROM WOOSTER, OHIO

HON. RALPH S. REGULA

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 27, 1974

Mr. REGULA. Mr. Speaker, Ohio, the mother of flight, is proud of yet another first—being the home of the first woman to be admitted to the naval flight training program. Lt. (jg.) Judith Neuffer, of Wooster, Ohio, was the first woman in history to be admitted to the program and the first to solo in a Navy airplane.

Today marks a proud occasion for the 16th District aviatrix, she earned her wings as a naval pilot. Judy is the second woman to earn her wings and the chance to fly for the U.S. Navy.

Lieutenant Neuffer began her naval service on June 11, 1969. She was commissioned as an ensign on June 3, 1970.

She is the daughter of Mr. and Mrs. Ray W. Neuffer, of Wooster. Flying must run in the family, for I note that Mr. Neuffer was a fighter pilot during World War II.

Lieutenant Neuffer is a graduate of Wooster High School and earned a bachelor of science degree from Ohio State University.

I am pleased to have the opportunity on this happy occasion to offer my hearty congratulations to Lt. (jg.) Judy Neuffer and I wish her success throughout her Navy career.

ESTONIANS MARK INDEPENDENCE

HON. WILLIAM F. WALSH

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 27, 1974

Mr. WALSH. Mr. Speaker, I would like to join with my colleagues today in marking the 56th anniversary of the declaration of the independence of the Republic of Estonia, now under Soviet control.

The German-Soviet Treaty of August 23, 1939, with its Secret Supplementary Protocol, assigned the three independent Baltic Republics of Estonia, Latvia and Lithuania to the Soviet sphere of influence.

Employing political coercion and the threat of military force, the U.S.S.R. forced Estonia, between September 28 and October 10, 1939, to sign agreements permitting the establishment of Soviet military bases on Baltic territory.

In June 1940 the U.S.S.R. effected a total military occupation of Estonia and installed an unconstitutionally and undemocratically appointed pro-Soviet government in the Republic.

In July 1940 Estonia was illegally and forcibly incorporated into the U.S.S.R.

The major democracies of the world—including Britain, Canada, France, Italy, and the United States—have never recognized the legality of the U.S.S.R.'s occupation and forcible incorporation of Estonia.

Whereas the U.S.S.R.'s forcible incorporation of Estonia constitutes a violation of international treaties and of all principles of international law, the Soviet regime in these states lacks any legal basis and must be regarded only as a temporary military occupation.

While instances of the Soviet occupation regime's oppressive policies and malfeasance are too numerous to be detailed, the Estonian World Council has drawn attention to a matter of the gravest concern: the systematic reduction of the native Estonian population.

There is evidence that Soviet authorities had developed plans for the large-scale extermination and deportation of Estonian nationals well in advance of the occupation of the Baltic Republic by the U.S.S.R.

NKVD secret order No. 001223, entitled "Deportation of Anti-Soviet Elements from Lithuania, Latvia and Estonia," was signed by General Ivan Serov, deputy chief of U.S.S.R. State security, and dated October 11, 1939. A copy of this infamous document was captured by Baltic partisans in 1941 and it has been published in its entirety in the Third Interim Report of the House Select Committee on Communist Aggression.

Although sporadic arrests and summary executions by the NKVD commenced immediately after the Soviet occupation in June 1940, secret order No. 001223 was not executed until the night of June 13–14, 1941. Under this particular order 11,157 Estonian civilians of both sexes and of all ages were slated for arrest and deportation.

It has been established that at least 59,732 persons were either executed or deported from Estonia during the first year of Soviet occupation—1940–41. When the deportation program ended in 1954, the estimate of those Estonians removed from their home country reached 140,000.

More recently the Soviet occupation regime has come to depend upon different means to eliminate the national and ethnic identity of Estonia; these means involve the massive settlement of Russians in Estonia and a corresponding dispersal of Estonians over the hinterlands of the U.S.S.R.

This systematic program of russification has proven extremely effective and is being implemented without the overt application of KGB terror, but with the calculated and methodical application of administrative and economic pressures. To date, Estonians constitute only 66.62 percent of the population of Estonia.

It is clear that a campaign of this nature and of these proportions presents a grave threat to the preservation of Estonian national and ethnic identity in the historic homeland of the Estonian Nation. This crisis of national survival has been reported by Western journalists who have visited occupied Estonia. Their reports indicate that the program of russification is being intensified and is proceeding currently at the rate of 1 percentage point per annum.

The Estonian World Council takes the position that a feasible system for insuring security and peace in Europe can only be implemented in strict accordance with the tenets of international and the principle of national self-determination, the latter as defined in the United Nations Charter.

The Estonian World Council considers the nullification of the German-Soviet Treaty of 1939 with respect to the Baltic Republics and the repudiation of the so-called Brezhnev doctrine essential preconditions for reaching any valid, permanent agreements regarding European security.

The Estonian World Council respectfully urges the Western World to direct their initiatives toward seeking withdrawal of Soviet occupation forces and administrative apparatus from the territory of the Republic of Estonia, the frontiers of which have been determined under prior international agreements, so that a return to independent statehood could be effective in accordance with still-valid laws of the Republic, with amendments in accordance with the sovereign will of the Estonian people.

In their unwavering determination to regain their lost freedom and national sovereignty, the Estonian people will not accept as valid any agreements or understandings reached which could directly or indirectly infringe upon or prejudice the sovereign and inalienable rights of the Estonian nation as constituted under international law and generally recognized precepts of international morality.

AMERICAN INDEPENDENT PETROLEUM ALLIANCE WITH QADDAFI NOT IN PUBLIC INTEREST

HON. ROBERT L. LEGGETT

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 27, 1974

Mr. LEGGETT. Mr. Speaker, I am not one of those who regards the oil industry as a diabolical conspiracy against the pockets of the American people. Nevertheless, I find a recent editorial in Petroleum Independent magazine to be most disturbing. In essence, this editorial praises Libya's Muammar Qaddafi for beginning the escalation of crude oil prices, and urge that we have more of the same.

I believe this article should erase any doubt that Government has an essential role to play in representing the interests of the oil-consuming public against the industry. I have always favored free enterprise as opposed to controls, but I believe recent events have made it clear that controls offer our only hope of avoiding dollar-a-gallon gasoline.

I insert in the Record the untitled editorial from the Petroleum Independent magazine of September-October 1973:

[From Petroleum Independent magazine, September–October 1973]

Editorial

Col. Muammar Qaddafi,
President, Republic of Libya,
Tripoli.

Dear Muammar: It is difficult to take issue with one's leader, but it was noted with regret that President Nixon made some slightly disparaging remarks about you in a recent press conference. At least, since you seem in command of things in your country, we assume it was you whom Mr. Nixon had in mind when he said that radical elements seem to be "on the ascendancy" in places like Libya.

The purpose of this letter is not to apologize for our President, which would be presumptuous, but merely to let you know that you are not entirely unappreciated in our country. Many people consider you to be, at best, a misguided zealot, and at worst, an upstart radical who does little to honor his commitments. This image is not helped when you take over companies that spent their talent and money to find and develop your oilfields.

These actions make you appear to be a hard man to deal with, but regardless of all this, there are some Americans who recognize that you do have some redeeming qualities, including one that is distinctive. A rare sense of the true value of good low-sulphur crude oil and the good sense to demand hard currency for same. The instinct for pricing crude oil at its real worth is a unique quality for a politician—even if he does own the oil.

It may be this trait, in fact, that prompts our president to look upon you as a radical. You see, Muammar, American presidents have a long tradition of frowning upon any increase in U.S. crude oil prices. In 1967 an agent for our late President Johnson threatened to virtually dismantle the U.S. oil industry if it did not rescind an oil price increase of a fraction of a cent per gallon. And President Nixon did likewise in a speech in New York following a modest price increase in 1970.

With our tradition of a bi-partisan political resistance to any improvement in crude oil prices, you can understand and perhaps not think too unkindly of our president when he describes you as a "radical." By our standards, political leaders who triple crude oil prices as you have done in three short years certainly would appear to fit the radical mold.

But you should not despair too much over your growing unpopularity around the world. When you get the feeling you don't have any friends left, please be assured that this is not so. In fact, many independent crude oil producers in the U.S. of A., if asked to write down the names of their 10 best friends, may well have you somewhere on their list. "How is this so," you may ask, "that people of whom I have never heard consider me a friend?" I shall explain:

When you raised to $4.90 a barrel the price of crude oil that you were selling to Occidental Petroleum this was an action that warmed the cockles of the hearts of independent producers throughout America. "Think of it," they said in amazement, "a president raising the price of crude oil!" Then as they still pondered this astounding news, word came that you had raised the price to $6 a barrel! It was two days later, perhaps coincidentally, that our president called you a "radical."

You have contributed significantly, Muammar, to a changing attitude in America. Modest crude oil price increases are no longer looked upon as a national disaster. Some of our economics professors who for years have convinced some of our politicians that a plethora of foreign oil would always be available at bargain basement prices also, evidently, are getting a little education in petroleum economics. It was you, the stalwart Libyan radical, who sent them the message.

Because of you, American independent oil producers who warned for years that "cheap" foreign oil would not stay "cheap" once we were hooked on it are beginning to look pretty good. More important, their oil—compared with yours—looks very cheap, and for the first time in memory their price recently went up without the Capitol dome blowing off.

Muammar, your disappointment that Egypt has rejected your plan to unify with them into a single country has had good publicity here. If they continue to hold out, you might try unifying with Texas where they have suffered from low oil prices for years. Meanwhile, do not be surprised if one of our independent oil organizations should send you an honorary membership, or at least a Certificate of Appreciation.

Sincerely,

Lloyd Unsell.

PERSONAL EXPLANATION

HON. EDWARD J. PATTEN

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 27, 1974

Mr. PATTEN. Mr. Speaker, the Record for February 26, lists me as not voting on roll No. 43, the vote on the rule for H.R. 2, Employee Benefit Security Act. Contrary to what was recorded, I was present and did, in fact, vote "aye" on the resolution.

AN UNNECESSARY SHORTAGE

HON. CARDISS COLLINS

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 27, 1974

Mrs. COLLINS of Illinois. Mr. Speaker, the March 1974 issue of Encore magazine contained an excellent article concerning the current fuel shortage. The article deals with both the causes and effects of this shortage and shows which groups will be most affected by it. The article was written by our colleague from New York, the chairman of the Congressional Black Caucus, Congressman CHARLES B. RANGEL. I believe that the Members of the Congress should read this article for the very incise appraisal that this crisis has demanded.

The article follows:

AN UNNECESSARY SHORTAGE

(By Congressman CHARLES B. RANGEL)

Harlem-born Charles B. Rangel represents New York's Nineteenth Congressional District, which includes East Harlem and the upper west side, in the U.S. Congress. A practicing attorney since 1960, he is a member of the House Committee on D.C. Home Rule and the House Judiciary Committee—which is currently conducting hearings on possible impeachment of the president. Congressman Rangel won the Bronze Star and Purple Heart in Korea, served two terms in the New York State Assembly, ran for president of the New York City Council, and has held numerous government legal posts, receiving appointments from former Attorney General Robert Kennedy and former President Lyndon Johnson. He is presently associated with many legal and civil rights organizations. An extensive legal background and many years of government service render this Harlem-born Democrat highly qualified to analyze and critique the government's handling of the energy crisis.

This nation's inability to develop a national energy policy is the major reason why we are faced with the current energy crisis. As late as 1952 the National Commission on Materials Policy urged that a national energy policy be coordinated by one agency, which would research and analyze energy needs. However, this agency was never created, and during the two decades and more that have passed since this recommendation was made, the nation's energy policies have been "guided by various federal agencies with overlapping and sometimes conflicting powers.

To say the least, the Nixon administration denied an oil shortage was even forthcoming. And it has yet to develop an energy program that is essential to our immediate and long-range well-being.

Such leadership has characterized the administration's mishandling of the energy matter from the beginning. In the past three years, seven different people have been "in charge" of energy policy. And before 1971 no one dealt specifically with energy policy. The Nixon administration refused to implement a mandatory allocation program, even after thousands of independent gasoline service stations and small refiners had to close down because they lacked petroleum supplies. Four years ago a Nixon cabinet task force recommended abolishing the Oil Import Control program. If this program had been abolished, it would have allowed a greater amount of foreign oil to be imported, and it would have lessened the depletion rate of our own domestic reserves. However, Nixon failed to act on this recommendation. So now we have both limited domestic reserves and a limited chance to meet our needs in the world markets.

ARAB OIL

The Arab embargo has not helped matters for us, except to finally alert us to the fact that there is a national fuel shortage in America. It is difficult to determine the exact extent of America's dependency on Arab oil because the federal government does not regularly monitor the amount of Arab oil imported on products that are refined abroad by U.S.- or foreign-based corporations, which do a great deal of business in this country. Estimates do show, however, that about 25 percent of all our oil imports have come from Arab sources, which represents about 10 percent of our total oil consumption. Comparatively, for some European nations and Japan the embargo has spelled potential disaster, since their dependency on Arab oil is greater than ours. (The United Kingdom receives 70–80 percent of their oil from Arab sources, France receives 70–80 percent, Germany receives 70 percent, and Japan receives 40 percent.)

Although the United States makes up only 6 percent of the world's population, it uses 35 percent of the world's energy supply. A significant reason for this disproportionate amount of energy consumption is the enormous demand for goods, including powered appliances, to maintain high standards of living. Americans, however, must begin to realize that it requires large amounts of energy (crude oil and petroleum products) to manufacture all those goods and power those appliances. Furthermore, they must be aware that the point has been reached in which conspicuous consumption of energy must be reduced and some material inconveniences accepted.

The embargo represents a loss of approximately 3 million barrels of oil per day or about 16 percent of our estimated 19 million barrels per day needed to accommodate our average needs this winter. The approximate 3 million barrels per day deficit includes all the nation's primary petroleum needs for crude oil and distillate and residual fuel. The embargo also makes it extremely difficult to acquire additional petroleum, and in places in which stocks do exist prices have skyrocketed. Prior to Nixon's decision in December to boost energy prices, the composite profit of the oil industry showed a substantial 63 percent increase from September 1972 to September 1973.

THE HIGH COST OF REFINING

While oil companies are making tremendous profits during this fuel shortage, the public is being gouged by retail prices, which are set according to the wholesale price increases on all sources of energy. Noticeably, wholesale energy prices had increased 47 percent for 1973 as of last November.

The control of the oil industry over petroleum and other sources of energy, through all stages of exploration. refinement, and retail price establishment, is far too dominant, and is exercised without adequate federal regulation.

According to the cost of living Phase IV guidelines, increases in prices are initiated by the refiners. If the refiners' costs increase, the increase is passed on to the wholesaler, who passes it on to the retailer. Finally it reaches the public. The increase of prices for petroleum products throughout the nation is subject to the increased costs of refiners. Curiously, most refineries are owned by major oil companies. The refiner has two excuses for increasing his prices: the increase in the cost of imported petroleum, or the increase in the cost of domestic crude petroleum. In both cases the refiners could also have taken steps to lessen the increases.

When the president's task force recommended abolishing the Oil Import Control program in 1970, it should have been done. The program required using our domestic oil reserves, while it limited importation of oil from other countries. But the program would have decreased the oil companies' profits, so Nixon ignored the recommendation. Thus, as long as the oil companies have the president on their side, they will continue to drain our domestic reserves and to reap even bigger profits.

In November 1972 the Department of the Interior sent telegrams to all major refineries requesting that they increase output from 89 percent of capacity to 93 percent of capacity. The refineries refused to do this, although it was well within their ability. This would have diminished the crisis by a large extent.

Obviously, legislation providing for direct federal regulation of petroleum and petroleum processing must be enacted by Congress to prevent future crisis, and to guard against the United States' vulnerability to oligopolistic practices by oil companies.

GOVERNMENT INSENSITIVITY

The impact of the energy crisis is affecting and will continue to affect every one of us, in every aspect of our lives. The planning that is underway for dealing with the energy crisis is being conducted without any sensitivity or concern for the special needs, such as heating, of the inner-city poor. The secretaries of the Department of Housing and Urban Development (HUD) and the Department of Health, Education, and Welfare (HEW), and the director of the Office of Economic Opportunity should all be present at meetings of the president's energy advisory committees. Essentially, the president has spoken only of actions citizens can take to help during the crisis. He has failed to say what impact the crisis will have on America, particularly the American inner-city poor.

It is in unemployment that the urban poor most strongly feel the result of the energy crisis. They are aware that the decline in per capita industrial production means subsequent dismissals and layoffs for them. Predictions on how high unemployment may go range from 6 percent to 8 percent. In minority communities, in which unemployment is usually at least double the national average, unemployment may reach 20 percent.

Job losses will continue as long as the petroleum shortage continues. The industries hit hardest are those that use steel, aluminum, copper, plastics, and synthetic textiles, as well as travel and travel-oriented companies. This means there will be fewer sales for "mom-and-pop" stores, restaurants, and fast food businesses, which are common in minority communities.

In the health area the oil shortage will take a great toll. Again, the urban poor will be affected. To a large extent, they will suffer because of insufficient heating.

More needs to be learned about the effects of lower temperatures on health. HEW says that lower temperatures will mean—

Increased basal metabolic, heart, and respiratory rates, and increased transmission of respiratory illness from crowding in a small area for warmth;

A need for increased caloric intake;

Schools will close, which may prevent some children from getting their only well-balanced meal;

Increased probability of illness to vulnerable groups such as pregnant women, infants, school-aged children, the chronically ill, the elderly, and the poor, because of nutritional deficiency;

Hazards to personal safety from conversion to alternative heating methods, which might result in suffocation from emissions, explosions, fire, or electrical danger.

Increased mental illness, suicide, serious crime, alcoholism, and drug abuse;

Aggravation of the chronic diseases, the most common being hypothyroidism, peripheral vascular disorders, arthritis, severe constricting chest pains, and diabetes.

CHANGING LIFESTYLE

The effect of the energy crisis on the economy as a whole will be an increase in the rate of inflation. Although the economics of energy and its impact on growth is not widely understood even by economists, it is apparent that as energy shortages continue production will decrease and the prices of scarcer products will increase. For example, making plywood requires a great deal of intensive energy materials. If there are fewer energy sources, plywood production will have to be decreased. Thus, the price of what is produced will increase, and every business using plywood will have to increase its price to account for the increase in the price of plywood. Therefore, the plywood used in the construction of apartment building will cost more to buy and will increase the cost per apartment. And the rent for the apartment will also be affected. This kind of price increase chain will affect many industries and businesses, and all consumers.

The environment will also reflect changes resulting from the energy crisis. Abundant amounts of high-sulphur fuels, such as coal, will be used to compensate for the lack of petroleum products for use by industries, office buildings, schools, and apartment buildings.

In short, everyone and every sector of society will definitely be affected in one way or another by the energy crisis. Such an outcome is inevitable.

SHARING OF CRUDE OIL HAS IRONIC RESULTS

HON. JAMES R. JONES

OF OKLAHOMA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 27, 1974

Mr. JONES of Oklahoma. Mr. Speaker, when Congress passed the Emergency Petroleum Allocation Act last year, zeal surpassed logic. The consequences of including crude oil in the allocation program are now being manifested in decreasing petroleum supplies.

In that good faith effort to maintain smaller, independent refineries, Congress has caused regulations to be issued which force oil companies to sell crude oil to other companies, including competitors. Severe crude shortages are now being experienced by numerous companies, and worst of all, imports have been cut back. As one oil executive put it:

> Why should we import it, take the risks to get the oil over here, and simply turn it over to somebody else?

I am hopeful that within the next few days, corrective legislation will be introduced to remedy this serious problem.

Detailing the adverse impact of allocating crude oil are the following articles from the Washington Post and the New York Times, which I encourage each of you to read.

The articles follow:

SHARING OF CRUDE OIL HAS AN IRONIC RESULT

(By Thomas O'Toole)

One reason for the growing shortage of gasoline in the United States appears to be a controversial ruling by the Federal Energy Office that spreads crude oil supplies equally among all refineries in the United States.

The ruling may account for the sudden decline in imports of crude oil into the United States. February imports of crude oil in the first two weeks were down about 1 million barrels a day, the equivalent of more than 290 million gallons of gasoline so far this month.

The ruling which went into effect Feb. 1 calls on all refiners to share equally the supply of crude oil in the United States, whether the oil was produced in the United States or imported from abroad.

Saying that the Energy Office made the ruling only because it was required to by the Emergency Petroleum Allocation Act of 1973, Federal Energy Director William E. Simon asked Congress this week to change the law to delete the mandatory crude oil allocation program.

"The present rigid provisions of the crude oil allocation program are creating the very problems we anticipated, and warned Congress of last summer, and serve to defeat the very purposes of the program," he said.

The aim was partly to keep independent refiners in business and partly to spread gasoline supplies around the country as much as possible.

What has happened is that many of the major oil companies are suddenly suffering from a crude oil shortage, mostly because the Energy Office has ordered them to sell crude oil to companies short of crude oil.

The companies felt to be short of crude oil include some of the largest independents in the United States, such as Coastal States Oil Co., Crown Oil Co. and Commonwealth Oil Co.

But they also include the nation's giants. The energy office has identified as companies that do not have enough crude for their refineries Texaco, Inc., Getty Oil Co., Arco, Standard Oil Co. (Ohio), Marathon Oil Co. and Ashland Oil & Refinery Co.

Under the energy office ruling, other oil majors have been told to sell crude oil to their competitors. The companies told to sell crude include Cities Service, Shell, Exxon, Mobil, Continental, Amerada-Hess, Gulf, Phillips and Standard Oil Co. (California).

Mobil was told to sell by May 1 four million barrels of oil, Conoco 5.5 million barrels, Shell 6.8 million barrels, Amerada-Hess 7.9 million barrels and Gulf 11.6 million barrels.

Gulf's reaction was to sue the Federal Energy Office, calling its action "confiscatory." Gulf said it had enough crude oil to operate its refineries at 91 per cent of capacity and would have to cut back to 81 per cent because of the move by the energy office.

"Without a doubt," said Z. D. Bonner, Gulf's executive vice president, "this amounts to the unwarranted and, we feel, the unlawful taking of private property."

The buyers of oil from crude-rich companies such as Gulf include companies with whom Gulf competes on a nationwide basis. Texaco was told it could buy 1.6 million barrels of oil in the 90 days starting Feb. 1, Getty 3.5 million barrels, Sohio four million, Ashland 4.2 million and Arco 4.2 million.

The pricing standards used for the sales are felt by such companies as Gulf and Mobil to be inadequate. The energy office has said they may charge what they paid plus a 6 per cent commission, plus an 84 cent-a-barrel profit.

More important, the ruling apparently has discouraged many companies from importing oil they were buying from Venezuela, Nigeria, Iran and Libya. One reason is the 84-cent profit. which many companies have decided is not enough at today's high crude oil prices to warrant shipment to the United States.

The result is that more oil is now going to Japan and Western Europe, whose refineries are operating at higher rates than U.S. refineries for the first time.

The ruling has also discouraged companies short of crude oil from any attempt to get crude overseas. One company that bought crude turned around on the same day and refused an offer of Algerian oil it would have had to pay a higher price to get.

Many major oil companies claim the ruling has disrupted refinery efficiency, by taking crude oil away from modern refineries and giving it to the older ones.

One refiner in East Texas was awarded 500,000 barrels of crude oil to run through a 12-year-old refinery that leaks more than 10 per cent of the product into the air and ground. Another outside of Chicago was given two million barrels of oil, but it is not even sure it can have its ancient refinery (once owned by Cities Service and abandoned years ago) in shape to refine the oil.

BIG OIL CONCERNS ARE CUTTING BACK IMPORTS OF CRUDE

(By Michael C. Jensen)

WASHINGTON, February 21.—Some of the nation's major oil companies are deliberately reducing their imports of crude oil because they are unhappy with the Government's allocation program for crude, according to Administration sources close to the energy situation.

As a result, the refining of gasoline and fuel oil for use by motorists, home owners and businesses in the United States is being held below anticipated levels.

Under the crude oil allocation program, initiated several weeks ago, many of the nation's refiners are required to share their crude oil with competitors who have less oil.

The decline in imports is particularly critical because a lack of crude oil is blamed for much of the current gasoline shortage.

SHARP DECLINE IN IMPORTS

Imports of crude oil, already depressed by the Arab oil embargo against the United States have dropped sharply in recent weeks. "One major company told me Tuesday that it had quit importing altogether," said an Administration source. "They said: 'the hell with it. It's not worth it.'"

The Federal Energy Office also is not happy with the allocation program, which was ordered by Congress. In fact, William E. Simon, chief of the Federal Energy Office, earlier this week called on Congress to cancel the program, and warned that it could result in a holdback in imports.

The American Petroleum Institute announced today that the daily average of crude oil imports had fallen in the last two weeks from an earlier level of about 2.8 million barrels a day, to about 1.9 million barrels a day, a decline of more than 30 per cent. There are 42 gallons in a barrel.

MOBIL COURSE UNCERTAIN

Part of the decline was attributed to an effort by Canada to retain more of her crude oil. Much of it, however, was laid to "disincentives" provided by the Government's allocation program.

Rawleigh Warner Jr., chairman of the Mobil Oil Corporation, the nation's second largest oil company, declined to comment on whether Mobil was cutting back imports. But he conceded that oil companies have an incentive to use their foreign crude oil in offshore refineries, rather than bringing it into the United States.

"To the extent that large refineries may have used their crude oil outside the United States, less crude oil is being imported into the United States to the detriment of the American consumer," he said.

Under the Government program, Mobil has been ordered to sell more than 4 million barrels of crude oil to competitors during the three-month period that began Feb. 1.

Some companies have argued that if they continue to buy high-priced imported oil, which they are then forced to sell at a lower price, reflecting a mix of imported and domestic oil, they will lose money on such transactions.

Some companies also say they are opposed to selling crude oil to large competitors such as Texaco, which has been allocated 1.6 million barrels under the Government's program.

A week ago the Gulf Oil Corporation filed suit in United States district court against Mr. Simon, challenging the validity of the allocation program.

Z. D. Bonner, executive vice president of Gulf, later said the program would cause less gasoline to be made. He called it a "major disincentive for anyone who has access to foreign crude oil to import it."

"Why should we import it, take the risks, get the oil over here, and simply turn it over to somebody else?" he asked.

A spokesman for the Phillips Petroleum Company, which has been ordered to sell nearly 4 million barrels of crude oil to competitors under the allocation program, said there was little doubt that it would reduce imports.

"It hasn't affected us yet, because we have already contracted for the first three months," he said. "But we certainly aren't going to be hunting for foreign crude like we would have."

OIL KEPT OUTSIDE UNITED STATES

The Phillips spokesman also alleged that "several very large companies" were keeping their foreign crude oil outside the United States, instead of using it in their domestic refineries.

"We all recognize that the Arab embargo of crude oil shipments to the United States will have the effect of reducing refinery runs in this country to something less than 100 per cent," he added.

"But it is beyond our belief that there is not more than 76 per cent of our refining capacity available."

The Federal Energy Office has set 76 per cent as the overall average for domestic refinery capacity that can be utilized if crude oil supplies are evenly distributed to the nation's refineries.

In addition to diverting crude oil to Europe and Japan, some major oil companies are channeling increasing amounts of their crude oil to their refineries in the Caribbean, according to one industry source.

Such companies then sell the refined products made from the crude, which are not subject to allocation, in the United States.

Some independent refiners also have used the allocation program as an excuse for canceling contracts with overseas suppliers such as Nigeria, the source said. "Why should they pay the high price when they can get crude from the majors for less money," he said.

MOTHER KATHARINE DREXEL AND THE SISTERS OF THE BLESSED SACRAMENT

HON. EDWARD G. BIESTER, JR.

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 27, 1974

Mr. BIESTER. Mr. Speaker, for several generations the Sisters of the Blessed Sacrament have dedicated their lives and have toiled unceasingly to encourage the American people to share the riches of the Nation with their fellow citizens who are less fortunate. The order has as its special mission service to Indians and blacks, and its efforts over the years have been diligent and tireless.

Mother Katharine Drexel founded the Sisters of the Blessed Sacrament, and by devoting her life and sharing her own personal wealth with others much less fortunate she was a living example to all and a guiding force for good. The order, located in Cornwells Heights, Pa., carries on the service she began in 1891.

It has been 10 years since the opening of the cause for the beatification of Mother Katharine Drexel, and this occasion will be marked by a concelebrated Mass at the Cathedral of Saints Peter and Paul in Philadelphia on March 10. All who share in appreciation and thanks for the work done by Mother Katharine Drexel and the Sisters of the Blessed Sacrament wish the Sisters continued success in their most worthy mission.

I would like to share a tribute to Mother Katharine Drexel written by Sister Consuela Marie Duffy, author of "Katharine Drexel: A Biography," and provide additional information about the March 10 Mass to my colleagues and all other interested persons:

AMERICAN OF AMERICANS

(By Mother Katharine Drexel)

Born: Nov. 26, 1858.

Entered Religion: May 6, 1889.

Founded a new Congregation: Feb. 12, 1891.

Legal Title: The Sisters of the Blessed Sacrament for Indians and Colored People.

Died: March 3, 1955.

People speak of her with admiration! Some with unbelief! Others with the thrilling realization that in this woman is a symbol of our country's greatness.

America's wealth is tarnished by the existence of neglected areas, congested living quarters, actual poverty. Cultural advancement and scientific progress are weighed in the balance with poor educational facilities in some areas—with forbidden educational opportunities in others. Our love of liberty blushes before the discrimination which is still all too apparent in the "land of liberty".

As an American, Mother Katharine could personally lay claim to great wealth, education, culture, love of liberty, and certainly a deep love of God. But she is America's symbol of what is best in all of these because in place of the counteracting evils so prevalent, she has given America reason to lift her head an exclaim "God has blessed America".

With her rich cultural background and her own fine education, she realized the need for higher education for her beloved Indians and Black People. God-given riches were used by her to build elementary and high schools with the culmination of all being Xavier University in New Orleans, Louisiana.

Mother Katharine Drexel lived her life as an attestation to the equality of all men. She knew God sent His Son to all men. In her is a symbol of America's greatness.

TENTH ANNIVERSARY CELEBRATION

In 1964, John Cardinal Krol, Archibishop of Philadelphia, formally opened the way for the study, in Rome, of the life and works of this Philadelphian.

Now, in 1974, a fitting celebration marking the tenth Anniversary of the opening of the Cause for the beatification of Mother Katharine Drexel is taking place in the Cathedral of SS. Peter and Paul, Philadelphia, Pennsylvania, on March 10th at 2:30 P.M.

The Cathedral on 18th Street and the Parkway will be filled with people from all walks of life honoring this great American woman who willingly made use of her immense wealth not for her own comfort but as a means of enriching the poor.

Mother Katharine Drexel spent her money helping others to help themselves. Dr. Norman Francis, now President of Xavier University, was taught at Xavier Prep by Mother Katharine Drexel's Sisters; the Navajo Indian, Dr. Sam Billison was taught at St. Michael's Indian School in Arizona by Mother Katharine's Sisters. *Opera South* of Jackson, Mississippi, had as its first director one of Mother Katharine's teaching Sisters, Sister Mary Elise. Sister is now in close touch with *Opera Ebony* of New York City. These professionals will use their musical talents during the concelebrated Mass on March 10th in thanksgiving to God for giving America such a great woman.

THE WAY TO END LONG GAS LINES

HON. JOHN H. ROUSSELOT

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 27, 1974

Mr. ROUSSELOT. Mr. Speaker, as I stated on the floor of the House today, there is a way to end the long gas lines and at the same time, restore some semblance of sanity to the decaying energy situation without having to resort to more Government controls and interference in the economy.

Newsweek columnist, Dr. Milton Friedman, in the March 4, 1974, issue gives us a solution to this problem:

FEO AND THE GAS LINES

(By Milton Friedman)

As I write this in Chicago, lines are forming at those gas stations that are open. The exasperated motorists are cursing: the service-station attendants are fuming; the politicians are promising. The one thing few people seem to be doing is thinking.

How is it that for years past, you and I have been able to find gas stations open at almost any hour of the day or night, and have been able to drive up to them with complete confidence that the request to "fill up" would be honored with alacrity and even with a cleaning of the windshield? To judge from the rhetoric that pollutes the air these days, it must have been because there was a powerful Federal Energy Office hidden somewhere in the underground dungeons in Washington, in which an invisible William Simon was efficiently allocating petroleum products throughout the land, riding herd on greedy oil tycoons lusting for an opportunity to mess things up and create long lines at their gas stations.

Of course, we know very well that the situation is precisely the reverse. The lines date from the creation of a real Federal Energy Office run by a very visible, able and articulate William Simon. Which is the cause and which the effect? Did the lines produce the FEO or the FEO the lines?

CONSIDER WEST GERMANY

After the Arabs cut output, Germany imposed no price controls on petroleum products. It did initially restrict Sunday driving but soon removed that restraint. The price of petroleum products jumped some 20 or 30 per cent, but there were no long lines, no disorganization. The greedy consumers found it in their own interest to conserve oil in the most painless way. The greedy oil tycoons found it in their own interest to see to it that petroleum products were available for those able and willing to pay the price.

Other European countries, like the U.S., imposed price controls. And, like us, they had chaos.

The Arab cut in output can be blamed for higher prices, but it cannot be blamed for the long lines. Their creation required the cooperation of shortsighted governments.

The world crisis is now past its peak. The initial quadrupling of the price of crude oil after the Arabs cut output was a temporary response that has been working its own cure. Higher prices induced consumers to economize and other producers to step up output. It takes time to adjust, so these reactions will snowball. In order to keep prices up, the Arabs would have to curtail their output by ever larger amounts. But even if they cut their output to zero, they could not for long keep the world price of crude at $10 a barrel. Well before that point, the cartel would collapse.

The effects of consumer and producer reactions are already showing up. The European countries that introduced rationing and restrictions on driving have eliminated them. World oil prices are weakening. They will soon tumble. When that occurs, it will reveal how superficial are the hysterical cries that we have come to the end of an era and must revolutionize our energy-wasting way of life. What we have been witnessing is not the end of an era but simply shortsightedness.

At home, unfortunately, our problems will not be over so soon. The panicky FEO forced oil companies to shift so much production to heating oil that we face a glut of heating oil but a paucity of gasoline. The FEO's allocations among states have starved some, amply supplied others. Its order that refineries operating at high levels must sell oil to those operating at low levels sounds fine. In practice, however, it reduces the incentive for the recipients to buy oil abroad and produces a wasteful use of oil at home.

We have the worst of both worlds; long lines and sharply higher prices—indeed, higher than I believe they would have been without the waste resulting from FEO controls.

Is rationing the solution? Far from it. It is the problem. We already have rationing of producers and distributors. Coupon rationing of final consumers would simply be the hair of the dog that bit you.

ABOLISH FEO

The way to end long lines at gas stations is to abolish FEO and end all controls on the prices and allocation of petroleum products. Within a few weeks, your friendly dealer would again be cleaning your windshield with a smile.

How can thinking people believe that a government that cannot deliver the mail can deliver gas better than Exxon, Mobil, Texaco, Gulf and the rest?

JIM FARLEY REMINISCES

HON. DANIEL J. FLOOD

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 27, 1974

Mr. FLOOD. Mr. Speaker, beyond doubt, one of the best known and respected politicians of our time is Jim Farley, whom I am proud to say has been a good friend of mine for many years.

I am happy to note that he is still very active delivering speeches and working on a third book.

Recently an article written by Tom Phillips, city editor emeritus of the Scranton Tribune, on Jim Farley was forwarded to me for insertion in the Congressional Record. After reading Tom Phillips' excellent article which appeared in the Scrantonian on Sunday, December 16, 1973, I am delighted to insert it at this point in my remarks:

Farley in Nostalgic Talk; Recalls "Good Old Days"

(By Tom Phillips)

If you are among the many disatisfied customers of the U.S. Post Office Department, some of whom have waited three days for a letter to be delivered around a corner, and wish for the "good old days," you are in good company.

And, you may take solace in knowing that the greatest ex-Postmaster General living today, Jim Farley, does not subscribe to the newly devised corporation-type system with which we are burdened. And he has told the postmasters how he feels about it.

Jim Farley was having breakfast last Sunday morning in the Waldorf-Astoria with Jim Law, who was the postmaster at Wilkes-Barre when the man from Grassy Point, N.Y., headed the Post Office Department. They were discussing Farley's speech to the postmasters at their recent conclave at Concord, N.Y. The writer, no postal authority, was with them. He listened attentively to the experts."

"Personally," Farley said, "I wasn't in favor of the new setup in the Post Office Department. I thought it should have remained as it was down through the years, as a cabinet office, and should have remained in the condition it existed during all those years. The reason I felt that way about it is because of my admiration for the career men and women in the Post Office Department, and they were dedicated, as were those under them in every Post Office in the United States."

The listener thought: Those were the good old days, the days when we got yesterday's mail the following morning, and the morning mail in the afternoon. In many cases two deliveries a day. And the first-class mailing rate, within memory, was two cents, then three cents, then four cents, then six cents, then eight cents, and now is threatened to skyrocket to a staggering 10 cents. And all other forms of mail service also has risen in costs.

Farley, who had a birthday last May . . . he's 85 . . . still retains his sharpness and keenness of intellect. He has slimmed down somewhat, but apparently enjoys robust health.

Although he served two terms under the late President Franklin D. Roosevelt, he holds the late President Herbert Hoover in the highest esteem.

He said: "I was a member of the Hoover Commission (to streamline government operations) appointed by President Eisenhower, and I had a number of very interesting arguments with the late President Hoover, for whom I came to have a great admiration and respect. I was on that commission for three years. He was a very hard man to know, but when you got to know him, you found he was a great person. I really think he was one of the most dedicated men I ever knew or came in contact with.

"During the activities of the Hoover Commission, Hoover himself objected to the manner in which postmasters (the old system) were appointed, also district attorneys, directors of Internal Revenue and so forth. He said they should be selected by a committee in the community, whether it be a village, or a big city, or a small city. And I argued with him, because there was no reason for that. I told him that down the whole history of the Post Office Department, and as far back as I had a recollection, all appointments of postmasters were made by the political parties in power. And they really tried to select the best men and women they knew to be postmasters. And there were very, very, very few records of dereliction on the part of the postmaster. I'm truly glad to say, that during my time they were few and far between, and I'm sure the same condition exists now."

Farley served as Postmaster General from March 4, 1933, until Aug. 31, 1940 He left the department and resigned as National Democratic Chairman because he disagreed with President Roosevelt's seeking a third term. "I had very strong convictions on that," he said. "It was the most difficult decision I ever had to make in my life. I was closely associated with him from 1924 when I first met him in Madison Square Garden when he presented the name of Alfred E. Smith, the Governor of New York, in nomination for the presidency on the Democratic ticket."

Farley and Roosevelt had an extremely close relationship. The only disagreement, Farley said, was over the third term. "I was sorry to have to do that," he said. "But, I felt it was the only course for me to follow. Frankly, I have no regrets. I know it caused a lot of difficulties at the time, and in addition to that it severed a personal relationship which I felt very sad about, but there was nothing very much I could do about it."

The genial Farley said he will never forget the early days of President Roosevelt's administration. "That first hundred-day session of the Congress was the greatest hundred days in the history of this Republic," he commented. "The legislation that was passed under the able leadership of FDR, assisted by the Democratic leaders in the House and in the Senate, saved the capitalistic system of this country and saved the country itself." He then added: "During those days the Republican leaders in the House and Senate wholeheartedly cooperated with President Roosevelt. Otherwise, that legislation wouldn't have been passed so hurriedly and would not have been so effective. I always felt they were entitled to a great deal of tribute, a great deal of praise for being so non-partisan in their attitude in those years."

There are many today, especially in the Post Office Department, who look upon Farley as the greatest postmaster since Benjamin Franklin. Franklin, it is recorded, was disturbed by the poor service of the colonial postal service. Hoping to improve matters, he agreed to become Philadelphia's postmaster in 1737. In 1753 he became deputy postmaster general for all the colonies. He worked hard at the job and introduced many reforms. He set up the first city delivery system and the first Dead-Mail office. He speeded foreign mail deliveries by using the fastest packet ships available across the Atlantic Ocean. To speed domestic mail service, he hired more post riders, and required his couriers to ride day and night. Farley modestly rejects the attributed affinity to Franklin.

Farley enjoys an immense popularity. While partaking of breakfast, he was frequently interrupted by admirers. One said: "I just want to shake your hand." It was a fine tribute to the former Postmaster General, but he was equal to it. "I want to shake your hand too," he commented. Then added: "I never shook the hand of John L. Sullivan, but I've shaken the hand of every champion since, and I'm glad to shake your hand."

Despite advanced years, Farley is busily engaged daily. He continues as honorary chairman of the board for Coca-Cola Export Corp., a firm he has been identified with since 1940. In the meantime, he wrote two books about his career, "Behind the Ballots" in 1940, and "Jim Farley's Story" in 1948. Currently he is engaged in writing a third book, as yet untitled, which he expects to have published in the spring of 1974.

Farley resides in the Waldorf-Astoria Towers, which has been his home for many years. In the lobby of the hotel, which is sometimes referred to as the "Crossroads of the World," he daily shakes hands and reminisces with personages from throughout the globe. He has never lost the common touch. Nor the love of family.

As we bid adieu to the genial gentleman, he said: "I'm now going to get on the telephone and perform my weekly chore, I'm going to call and talk to my children and grandchildren. I do it every Sunday. They're spread out rather far now, some in Oklahoma, some in Arizona, and some in Texas. The telephone is a great invention." We do not disagree.

CONGRESSMAN RONALD A. SARASIN REPORTS VOTING RECORD OF 1ST SESSION OF 93D CONGRESS

HON. RONALD A. SARASIN

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 27, 1974

Mr. SARASIN. Mr. Speaker, there is nothing more basic to the proper functioning of representative government than maintaining full and effective two-way communication between the representative and the represented.

This is one thing I promised the people of the Fifth District of Connecticut when I sought this office and it is a promise I have strived to keep.

Clearly, this involves the right of the constituents to know how we are casting our votes on their behalf.

For that reason, I am offering this compendium of my votes on the major questions to come before this body during the 1st Session of the 93d Congress.

With some 541 individual votes recorded during the year, it is unwieldy and impractical to include them all in this listing. Procedural and routine votes, minor amendments, quorum calls and votes dealing solely with the congressional responsibility for governing the District of Columbia have been omitted.

The following compilation represents a general consensus of what were the significant votes of the past year, based on the Congressional Quarterly, the interest shown by the public and the news media, and the opinions of my colleagues in the House. I believe it covers the substantive issues to come before this body.

There is probably not a single constituent of mine who would agree with me on each and every vote, but this record reflects a sincere attempt to represent the best interests of my constituents and my district. I believe they have a right to be provided with this information.

The information follows:

Election of the Speaker of the House (Albert 236; Ford 188), Ford.

H. Res. 132: Create special committee to study role, jurisdiction and procedures of the standing committees of the House yea 282; nay 91), yea.

H.R. 2107: To require the Secretary of Agriculture to carry out the R.E.A.P. program of farm subsidies (yea 251; nay 142) nay.

H.J. Res. 345: Extend through June 30 funding for Departments of Labor and Health, Education and Welfare at annual level of $29.8-billion and foreign military and economic aid programs at annual level of $3.6-billion for remainder of fiscal 1973 (yea 311; nay 73) yea.

H.R. 1975: To amend the emergency loan program under the Consolidated Farm and Rural Development Act (yea 269; nay 95), nay.

H.R. 3577: Extend the equalization tax, first enacted in 1963 as a temporary deterrent to the outflow of U.S. capital to other nations by removing the incentive for foreigners to borrow funds in the U.S. and for Americans to invest in foreign securities bearing a higher interest rate from March 31, 1973 to June 30, 1974 (yea 358; nay 23), yea.

H.R. 3298: Restore the rural water and sewer grant program under the Consolidated Farm and Rural Development Act (yea 297; nay 54), yea.

H.R. 4278: Amend the National School Lunch Act to assure that Federal financial assistance to the child nutrition programs is maintained at the level budgeted for fiscal year ending June 30, 1973 (yea 352; nay 7), yea.

H. Res. 259: Amend House rules to require open committee meetings except where national security or personal privacy was involved, or where a committee decided by majority vote to close its doors (yea 370; nay 27), yea.

H.R. 17: Amend the Vocational Rehabilitation Act to extend for two years the authorization of grants to states for vocational rehabilitation services at an authorization of $1.5 billion and authorizing new grants for 3-year period for rehabilitation services to persons with severe disabilities (yea 318; nay 57), yea.

H.R. 71: Strengthen and expand programs under Older Americans Act of 1965, authorize $1.4 billion over three-year period; strengthen representation of interests of the elderly at the federal level (yea 329; nay 69, yea.

H.R. 2246: Extend Public Works and Economic Development Act of 1965 for one year, through fiscal 1974, authorize a total of $1.2 billion, including $800 million for public works grants; $170 million for public works and business development loans; $50 million for technical assistance and research; $50 million for growth centers and economic development districts, and $152.5 million for regional action planning commissions (yea 278; nay 108), yea.

H.R. 5446: Extend for one year the Solid Waste Disposal Act of 1965 authorizing for Fiscal 1974 $238.5 million (yea 392; nay 2), yea.

H.R. 5445: Extend for one year the Clean Air Act of 1970 authorizing for Fiscal 1974 $475 million (yea 387; nay 1), yea.

H.R. 3577: Adopt conference report to extend the interest equalization tax to other nations by removing the incentive for foreigners to borrow funds in the U.S. and for Americans to invest in foreign securities bearing higher interest rates from March 31, 1973 to June 30, 1974 (yea 396; nay 18), yea.

H.R. 5683: Amend the Rural Electrification Act to establish a revolving fund made up in part of current Rural Electrification Administration assets for insured and guaranteed loans to rural electric and telephone systems at subsidized interest rates below commercial loan rates (yea 317; nay 92), nay.

H.R. 3298: To override Veto of R.E.A.P. program originally passed February 7 (yea 225, nay 189), nay.

H.R. 3180: Clarify the use of the franking privilege by members of Congress and to establish a select commission to advise Congressmen and decide grievances (yea 354; nay 49), yea.

H.J. Res. 496: Authorize urgent supplemental appropriations for fiscal 1973 of $26.8-million for CAB, $468-million for Veterans Administration, $872-million for college student aid programs and $1.8-million for GSA (yea 367; nay 0), yea.

H.R. 6168: Extend President's authority to control wages and prices for one year to April 30, 1974 (yea 293; nay 114), yea.

S. 50: Extend and expand Older Americans Act of 1965 authorizing $543.6-million as necessary for fiscal 1973–5 and strengthening interests of the elderly at the federal level (yea 348; nay 0), yea.

S. 502: Amend Federal Aid Highway Program to permit urban areas to use $700-million in each of fiscal years 1974–76 from the Highway Trust Fund for mass transit projects on roads (yea 190; nay 215), yea.

S. 398: Adopt conference report to extend President's authority to control wages and prices for one year to April 30, 1974 (yea 267; nay 115), yea.

H.R. 2828: Provide additional burial allowances for veterans and consolidate most federal cemeteries under the Veterans Administration (yea 340; nay 1), yea.

H.R. 5452: Extend the National Sea Grant College and Program Act of 1966 and authorize funding of $30-million for fiscal 1974; $40-million for fiscal 1975 and $50-million for fiscal 1976 (yea 368; nay 9), yea.

H.R. 6370: Extend the authority of federal bank regulatory agencies to set different limits on interest paid on time and savings deposits and to forbid mutual savings banks to allow negotiable orders of withdrawal on accounts on which interest is paid (yea 376; nay 4), yea.

S. 394: Adopt conference report to amend the Rural Electrification Act to establish a revolving fund to provide for insured and guaranteed loans to rural electric and telephone systems at low interest rates (revision of bill voted April 4 reflecting more equitable interest rates) (yea 363; nay 25), yea.

H.R. 7447: Provide supplemental appropriations of $2,855,542,209 for 10 cabinet-level departments, several federal agencies and legislative branch operations for remainder of fiscal 1973 and prohibit appropriations or transfer funds from being used in or over Cambodia (yea 284; nay 96), yea.

H.R. 4768: Authorize $40-million contribution by the U.S. over fiscal 1974–78, with a maximum of $10-million for fiscal 1974, to the U.N. Environmental Fund for international environmental concerns (yea 266; nay 123), yea.

H.R. 7200: Amend Railroad Retirement Act and the Railroad Retirement Tax Act to extend temporary retirement benefit increases through Dec. 31, 1974 and to liberalize eligibility requirements for railroad retirement (yea 387; nay 5), yea.

S. 518: To override Veto of bill passed May 1 giving Senate retroactive approval over incumbent Director and Deputy Director of Office of Management and Budget (yea 236; nay 178), nay.

H.R. 7528: Authorize $3.1-billion for the National Aeronautics and Space Administration for fiscal 1974 for the U.S. space program and related activities (yea 322; nay 73), yea.

H.R. 6912: Authorize the Secretary of the Treasury to revise the international par value of the dollar; provide for private ownership of gold in the U.S. and to authorize $2.25-billion for international development lending institutions (yea 281; nay 36), yea.

H.R. 5857: Authorize $8.68-million to complete the renovation of Washington's Union Station as a National Visitor Center and to direct the Secretary of the Interior to provide for transportation services between the center and points in the capital (yea 288; nay 75), yea.

H.R. 7806: Authorize $1.27-billion to extend 12 expiring health programs through fiscal 1974 (yea 372; nay 1), yea.

H.R. 6458: Authorize $145-million for fiscal years 1974–76 for grants to local communities to plan, establish or initially operate emergency medical care systems and for research and training in emergency medical services (yea 261; nay 92), yea.

H.R. 8070: Authorize $660-million for fiscal 1974 and $690-million for fiscal 1975 for rehabilitation services grants to the states and other sums as necessary for special rehabilitation programs (yea 384; nay 13), yea.

H.R. 7935: Increase the hourly minimum wage to extend coverage to about 6 million workers and to extend overtime pay coverage to certain employees previously exempted (yea 287; nay 130), yea.

H.R. 7645: Authorize $687.4-million for the Department of State and related activities, require certain nominees to ambassadorships to disclose campaign contributions, and prohibit use of any funds authorized for reconstruction aid to North Vietnam (yea 331; nay 57), yea.

H.R. 2246: Adopt conference report to provide one-year extension of the Public Works and Economic Development Act of 1965, authorizing $430-million for fiscal 1974 for the Economic Development Administration and multi-state regional economic planning commissions (yea 276; nay 2), yea.

H.R. 5293: Adopt conference report on bill authorizing $77-million for Peace Corps in fiscal 1974 (yea 329; nay 64), yea.

H.R. 77: Amend the Labor-Management Relations Act of 1947 to permit employer contributions to jointly administered trust funds to defray cost of legal services for employees, their families and dependents (yea 257; nay 149), yea.

H.R. 8410: Extend the temporary $465-billion federal debt ceiling to Nov. 3, 1973, to exclude bonds sold to government agencies and to the Federal Reserve System from a $10-billion limit on sales of long-term Treasury bonds paying interest of more than 4¼% and to authorize the Treasury to issue checks convertible into savings bonds as payment of federal income tax refunds (yea 261; nay 152), yea.

H.R. 8619: Reduce 1974 crop price support ceilings from $55,000 per crop to $20,000 per person (yea 195; nay 157), yea. Appropriate $9,385,750,600 for agricultural, environmental and consumer protection programs for fiscal 1974 (yea 304; nay 3), yea.

H.R. 8152: Authorize $1-billion a year for programs of the Law Enforcement Assistance Administration in fiscal 1974–75 (yea 391; nay 0), yea.

H.R. 5464: Authorize $15.8-million for saline water conversion program for fiscal 1974 (yea 399; nay 4), yea.

H.R. 8760: Appropriate $2,753,216,000 for the Department of Transportation and related agencies (yea 414; nay 2), yea.

H.R. 7824: Establish Independent Legal Services Corporation to replace the legal services program operated by the Office of Economic Opportunity (yea 276; nay 95), yea.

H.R. 8510: Prohibit National Science Foundation from funding research on live human fetuses (yea 288; nay 73), yea.

Authorize $612.9-million for the National Science Foundation (yea 364; nay 6), yea.

H.R. 8825: Appropriate $19,070,954,000 for the Department of Housing and Urban Development, the National Aeronautics and Space Administration, the Veterans Administration and six other independent agencies for fiscal year ending June 30, 1974 (yea 316; nay 21), yea.

H.R. 8662: Authorize $2.4-billion for fiscal 1974 operations and programs of the Atomic Energy Commission (yea 398; nay 4), yea.

H.J. Res. 636: Adopt resolution to continue funding through Sept. 30, 1973 for all government activities for which regular fiscal 1974 appropriation bills have not been enacted and to bar any funds in the bill or in any previously enacted bill from being used to support U.S. combat activity in or over Cambodia and Laos (yea 325; nay 86), yea.

H.R. 8877: Reduce the funds for the Office of Economic Opportunity by $100-million (yea 110; nay 288), nay.

Reduce by $632-million the appropriation for HEW and for OEO (yea 186; nay 213), nay.

Appropriate $32,816,467,000 for the Department of Health, Education and Welfare, Labor and the Office of Economic Opportunity for fiscal 1974 (yea 347; nay 58), yea.

H.R. 7447: Pass over the President's Veto, $3,362,845,279 in supplemental fiscal 1973 funds for several departments and agencies and to bar funds in the bill and in previously enacted appropriation bills from being used to support U.S. military activity in or over Cambodia and Laos (year 241; nay 173), yea.

H.R. 8917: Appropriate $2,269,554,200 in fiscal 1974 funds for the Department of the Interior and $191,200,000 to liquidate contract authority (yea 405; nay 4), yea.

H.R. 8947: Add $4.7-million for geothermal energy research to Public Works, Atomic Energy Commission Appropriations, Fiscal 1974 (yea 206; nay 295), yea.

Appropriate $4,676,395,000 in fiscal 1974 for public works, flood control and electric power projects, the Atomic Energy Commission and related agencies (yea 384; nay 26), yea.

H.R. 9055: Appropriate $3,362,845,279 in fiscal 1973 funds for several departments and agencies and to bar upon enactment of the use of funds in bill to support U.S. combat activities in or over Cambodia, Laos, North Vietnam and South Vietnam and to bar use of funds in previously enacted appropriation bills for such purposes after Aug. 15, 1973 (yea 278; nay 124), yea.

H.R. 7445. Adopt conference report to extend the federal Renegotiation Board authority for one year, and to provide a 5.6% increase in Social Security benefits as of June 1974 (yea 327; nay 9), yea.

S. 504: Adopt conference report on bill authorizing $185-million for fiscal year 1974–76 for federal assistance to area emergency medical care systems and to prohibit the Secretary of Health, Education and Welfare from closing eight Public Health Service hospitals without specific authorization from Congress (yea 306; nay 111), yea.

H.R. 9048: Expand Veterans Administration medical programs at a first-year cost of $64.9-million and authorize the VA to contract for medical care of certain dependents and survivors (yea 421; nay 0), yea.

H.J. Res. 542: Require President to report to Congress within 72 hours any commitment or increasing commitment of U.S. combat troops abroad, require him to terminate any such action within 120 days of his report unless Congress authorizes continuation, and allow Congress to direct by a concurrent resolution the termination of U.S. commitment at any time (yea 244; nay 170), yea.

H.R. 8860: Establish for four years a modified price support program for wheat, feed grains and cotton (yea 266; nay 182), nay.

H.R. 8538: Authorize $80-million for fiscal 1974 and $95-million for fiscal 1975 for programming and construction of facilities for the Corporation of Public Broadcasting (yea 363; nay 14), yea.

H.R. 5356: Authorize the Administrator of EPA to require the testing of chemical substances, establish a system of pre-marketing screening of test data of potentially dangerous chemicals and adopt rules restricting the manufacture of chemical substances in order to protect human health and environment (yea 324; nay 73), yea.

H.R. 8480: Set a $267.1-billion ceiling on federal spending in fiscal 1974, provide procedures for either the House or the Senate to force the President to release impounded funds and direct the President to impound funds proportionately from controllable federal spending programs to meet the ceiling (yea 254; nay 164), yea.

H.R. 9360: Prohibit foreign assistance to any country which expropriates any property owned by U.S. citizens, repudiates any contract or imposes any discriminatory measures having the effect of expropriation, unless the President determines that appropriate steps toward compensation are being taken (yea 278; nay 102), yea. Authorize for fiscal year 1974 $978.9-million for foreign economic assistance, $632-million for Indochina postwar reconstruction, $1.15-billion for foreign military assistance and credit sales, and for fiscal 1975 $821-million for foreign economic assistance (yea 188; nay 183), yea.

H.R. 8947: Adopt conference report on Public Works-AEC appropriations, to appropriate $4,749,403,000 for fiscal 1974 for public works, flood control and power projects, and for operations and facilities of the AEC and other agencies (yea 373; nay 9), yea.

H.R. 9474: Increase monthly rates of disability and death pensions and dependency and indemnity compensation (yea 385; nay 0), yea.

H.R. 9286: Authorize $20.45-billion for military procurement, research and development and military assistance to South Vietnam and Laos in fiscal 1974 (yea 367; nay 37), yea.

H.R. 8825: Adopt conference report on appropriations of $19,056,500,000 for Department of Housing and Urban Development, the National Aeronautics and Space Administration, the Veterans Administration, and six other independent agencies (yea 401; nay 9), yea.

H.R. 9130: Require President to develop a National Petroleum Contingency Plan to assure equitable allocation of available crude oil and petroleum products among the states and the five Petroleum Administration for Defense districts at nondiscriminatory prices during periods of disproportionate shortages (yea 179; nay 233), yea. Authorize a trans-Alaska oil and gas pipeline (yea 356; nay 60), yea.

H.R. 7935: Adopt conference report on minimum wage bill to increase the hourly minimum wage for most workers covered under the Fair Labor Standards Act of 1938 to $2.20 an hour after June 30, 1974, and to extend coverage to approximately 6.7 million additional workers (yea 253; nay 152), yea.

H.R. 8658: Adopt conference report on District of Columbia appropriations appropriating from local revenues $954,781,200 for the District of Columbia for fiscal 1974 and setting the annual federal payment to the City (paid in lieu of taxes on federally owned property) at $187,450,000 (yea 342; nay 47). yea.

H.R. 8760: Adopt conference report appropriating $2,898,446,000 for fiscal 1974 operations and programs of the Department of Transportation (yea 359; nay 5), yea.

H.R. 8920: Authorize $52.5-million in each of fiscal 1974–75 for detection and treatment of lead-based paint poisoning in children, elimination of lead-based hazards and research on safe lead-content in paint (yea 368; nay 11), yea.

H.R. 8449: Increase face value authorized for federal flood insurance programs to $10-billion from $6-billion and to deny, after July 1, 1975, federal financing for acquisition or construction purposes to any community designated as a flood prone area which does not participate in the federal flood insurance program (yea 359; nay 21), yea.

H.R. 8351: Authorize $107.3-million for the National Railroad Passenger Corporation for fiscal 1974 (yea 357; nay 37), yea.

H.R. 8547: Amend Export Administration Act of 1969 to require the Secretary of Commerce in most instances to determine materials or commodities to be subject to export controls as a result of current or prospective domestic inflationary impact or short supply of such materials (yea 220; nay 133), yea.

S. 504: Pass over President Nixon's 1st Veto, Emergency Medical Services bill authorizing $185-million in fiscal 1974–76 for federal assistance to area emergency medical care systems and prohibiting the Secretary of HEW from closing eight Public Health Service hospitals without specific authorization from Congress (yea 273; nay 144), yea.

H.R. 7974: Authorize $240-million in fiscal 1974–78 to aid the development of health maintenance organizations and require certain employers to make the options of a health maintenance organization health benefits plan available to employees (yea 369; nay 40), yea.

H.R. 9639: Increase basic federal payment for each meal served under the National School Lunch and Child Nutrition Acts to 10¢ from 8¢ (yea 389, nay 4), yea.

H.R. 9553: Allow three years of television broadcasts of home games of certain professional sports if tickets had been sold out for at least 72 hours prior to game-time (yea 336; nay 37), yea.

H.R. 8070: Adopt conference report to authorize $1.55-billion in fiscal 1974–75 for federal grants to states for rehabilitation of the handicapped and create several new programs to aid the handicapped (yea 400; nay 0), yea.

H.R. 37: Provide for the conservation, protection and propagation of species or subspecies of fish and wildlife threatened with extinction (yea 390; nay 12), yea.

H.R. 7935: Pass Minimum Wage bill, over the President's September 6 veto, amending the Fair Labor Standards Act of 1938 to increase the minimum wage rates under that Act and expand the coverage of that Act (yea 259; nay 164), yea.

H.R. 8917. Adopt conference report on $2,433,137,200 appropriations for fiscal 1974 for the Department of the Interior and related agencies (yea 385; nay 14), yea.

H.R. 8619: Adopt conference report on Agriculture, Environmental and Consumer Protection Appropriations of $9,927,667,000 for agriculture, environmental and consumer protection agencies for fiscal 1974 (yea 348; nay, 24), yea.

H.J. Res. 727: To prohibit the Cost of Living Council from conducting a program which discriminated among petroleum marketers in the method for establishing gasoline and other petroleum product prices (yea 371; nay 7), yea.

H.R. 10397: Authorize $1.5 million for Cabinet Committee on Opportunities for Spanish-Speaking People for the period of June 30, 1973 to Dec. 31, 1974 (yea 241; nay 130), yea.

H.R. 6452: Authorize $800-million for fiscal 1974–75 grants to states and local agencies for urban mass transit operating subsidies and increase the federal share of assistance for mass transit capital grant programs (yea 219; nay 195) yea.

H.J. Res. 748: Appropriate such sums as necessary up to a limit of $2,203,000,000 to maintain the gold value of U.S. financial commitments to the International Monetary Fund and international development banks in terms of the dollar which was devalued by 10% on Feb. 12, 1973 (yea 274; nay 90), yea.

H.R. 9682: Provide for the non-partisan election of a 13-member city council and mayor by the residents of the District of Columbia and reorganize the District government (yea 343; nay 74), yea.

H.R. 10614: Authorize $2,651,227,000 in fiscal 1974 appropriations for construction projects at military bases in the Untied States and overseas (yea 359; nay 28), yea.

H.J. Res. 542: Adopt conference report on War Powers bill establishing a 60-day limit on the President's powers to commit U.S. troops abroad, unless Congress declared war or specifically authorized the action or was unable to meet because of an armed attack on the U.S., and permitting Congress to end such a commitment at any time by passage of a concurrent resolution (yea 238; nay 123), yea.

H.R. 10203: Authorize $1,258,257,000 for fiscal 1974 for construction, repair, design and development of flood control, navigation, and other water resources projects on the nation's rivers, harbors and coastlines (yea 337; nay 14), yea.

H.R. 9590: Adopt conference report appropriating $5,233,189,000 in fiscal 1974 for Treasury Department, U.S. Postal Service, Executive Office of the President and related agencies (yea 403; nay 10), yea.

H.R. 6691: Adopt conference report appropriating $605,189,933 for fiscal 1974 operations of the legislative branch (yea 400; nay 11), yea.

H.R. 9681: Direct President to establish a mandatory program to allocate crude oil and refined petroleum products to assure that shortages are shared equally by all users and all regions of the U.S. (yea 337; nay 72), yea.

H.R. 3927: Extend through fiscal 1976 the Environmental Education Act of 1970 and authorize appropriations under the Act of $5-million in fiscal 1974, $15-million in fiscal 1975 and $25-million in fiscal 1976 (yea 335; nay 60), yea.

H.R. 10956: Authorize $185-million in fiscal 1974–76 to aid area-wide systems of emergency medical care (yea 364; nay 18), yea.

H.R. 9456: Authorize $90-million in fiscal 1974–76 appropriations under the Drug Abuse Education Act of 1970 for school-based and community-based education programs on drug and alcohol abuse (yea 372; nay 13), yea.

H.R. 10937: Extend term of the federal grand jury of the District of Columbia investigating the Watergate break-in and coverup for six months beyond its normal expiration on Dec. 4, 1973, and permitting the U.S. District Court of the District of Columbia to extend it an additional six months upon the request of the grand jury (yea 378; nay 1), yea.

H.J. Res. 542: Pass over President Nixon's Oct. 24 Veto, War Powers bill establishing a 60-day limit on the President's powers to commit U.S. troops abroad (yea 284; nay 135), yea.

H.R. 11104: Reduce proposed temporary federal debt ceiling level to $475.7-billion from $478-billion (yea 253; nay 153), yea.

H.R. 9142:Authorize $421.5-million plus $1-billion in federal loan guarantees to reorganize the six bankrupt railroads in the Northeast into one profitable corporation (yea 306; nay 82), yea.

S. 1081: Adopt conference report to authorize the immediate construction of the trans-Alaska pipeline, amend right-of-way provisions of the Mineral Leasing Act of 1920, authorize Federal Trade Commission to take certain court actions (yea 361; nay 14), yea.

H.R. 8916: Adopt conference report appropriating $4,687,527,000 in fiscal 1974 for the Department of State, Justice, Commerce, the federal judiciary and 15 related agencies (yea 394; nay 11), yea.

S. 1570: Adopt conference report to direct the President to establish a mandatory program for the allocation of oil and oil products (yea 348; nay 46), yea.

H.R. 11459: Appropriate $2,609,090,000 for fiscal 1974 Department of Defense construction of family housing, bachelor living quarters and other armed forces facilities (yea 366; nay 29), yea.

H. Res. 702: Provide $1-million for the House Judiciary Committee to carry out its investigation of impeachment charges against President Nixon (yea 367; nay 51), yea.

H.R. 11333: Increase Social Security benefits by 7% in March, 1974 and an additional 4% in June, 1974, increase the Social Security payroll tax wage base to $13,200 in January 1974 and provide future adjustments in the payroll tax rate and move up to January 1974 from July 1974 scheduled increases in benefits under the Federal Supplemental Security Income (SSI) program which was scheduled to replace existing federal-state matching assistance programs for the aged, blind and disabled poor (yea 391; nay 20), yea.

H.R. 11324: Provide for daylight saving time from the first Sunday occurring 15 days after enactment until the last Sunday in April, 1975 (yea 311; nay 88), yea.

H.R. 11010: Extend Manpower Development programs providing for employment and training opportunities for the unemployed (yea 369; nay 31), yea.

H. Res. 721: Provide for House disagreement to Senate amendments to the federal debt limit bill and return the bill to the Senate (Senate had added to the bill amendments to provide for federal financing of presidential and congressional election campaigns) (yea 347; nay 54), yea.

H.R. 11575: Appropriate $74,488,609,000 for Department of Defense activities and all major armed forces and weapon programs in fiscal 1974 (yea 336; nay 23), yea.

H.R. 11576: Appropriate supplemental funds totaling $1,433,035,718 for several federal departments and agencies in fiscal 1974 (yea 295; nay 8), yea.

S. 1191: Authorize $600-million in fiscal 1974–76 for prevention and treatment of child abuse and neglect and establish a National Center on Child Abuse and Neglect (yea 354; nay 36), yea.

H.R. 11710: To lower the salary of the Attorney General and to clarify the proper use of the franking privilege by members of Congress (yea 261; nay 129), yea.

H.R. 9437: Amend International Travel Act of 1961 to authorize $40-million in fiscal 1974–76 for programs to encourage foreign travelers to visit the U.S. (yea 272 . nay 120), yea.

S. 1443: Adopt conference report on bill authorizing $2.4 billion for foreign economic and military assistance in fiscal 1974 and $922-million in economic assistance in fiscal 1975 (yea 210; nay 193), yea.

H. Con. Res. 173: Declare it the policy of Congress to support, protect and enhance the coastal and offshore fisheries resources of the U.S. (yea 405; nay 0); yea.

H.R. 8877: Adopt conference report on bill appropriating $32,926,796,000 in fiscal 1974 funds for HEW and related agencies (yea 371; nay 33), yea.

H.R. 7130: Revise congressional procedures to give Congress better control over Federal spending and fiscal policy and allow either the House or the Senate to direct the President to spend impounded funds (yea 386; nay 23), yea.

H. Res. 735: Confirm President Nixon's nomination of Rep. Gerald R. Ford (Mich.) to be Vice President of the U.S. (yea 387; nay 35), yea.

H.R. 11459: Adopt conference report on bill appropriating $2,658,861,000 in fiscal 1974 for construction of military family housing, bachelor quarters and other installations in the U.S. and overseas (yea 329; nay 40), yea.

H.R. 10710: Forbid extension of credits or guarantees by any federal government agency for trade with a Communist nation if the President found that its government denied the right to emigrate or imposed more than nominal fees or taxes on citizens who wished to emigrate (yea 319; nay 80), yea. Give President broad powers to negotiate trade expansion agreements and to take steps to reduce trade barriers subject to congressional veto procedures, grant import relief, provide adjustment assistance for workers and industries hurt by imports and retaliate against unfair trade practices (yea 272; nay 140), yea.

H.R. 11088: Authorize $2.2 billion in emergency security assistance for Israel (yea 364; nay 52), yea.

H.R. 11771: Appropriate $5,833,912,000 in fiscal 1974 for foreign economic and military assistance (yea 219; nay 180), yea.

H.R. 11450: Ban allocation of petroleum for busing of students to school farther than the school nearest to their homes (yea 221; nay 192), yea.

Rescind the requirement for emission control devices on vehicles throughout the Nation until Jan. 1, 1977 except for certain areas which have significantly high pollution levels (yea 180; nay 210), yea.

Provide for Federal grants to States for those who are unemployed as a result of the administration of the National Emergency Act (yea 311; nay 73), yea.

H.R. 11450: Provide that the Administrator of the Act may restrict exports of coal and petrochemical feedstocks if such exports will result in unemployment in the U.S. (yea 327; nay 27), yea.

Prohibit the exportation of crude oil, residual fuel oil, and refined petroleum products unless the President orders the approval of the export (yea 152; nay 205), yea.

Prohibit the export of petroleum products for military use in Indochina (yea 201; nay 172), yea.

Authorize specific, temporary emergency actions to ensure the essential U.S. energy needs would be met (yea 265; nay 112), yea.

MORE ON THE DECLINE OF THE SAT SCORES

HON. ROBERT J. HUBER

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 27, 1974

Mr. HUBER. Mr. Speaker, on January 22, and on February 8, 1974, I brought to the attention of the House the alarming decline in the test grades of our young people taking the Scholastic Aptitude Test prior to entering college. By way of response I received a letter from Assistant Prof. Joel Margolis, of Rutgers University, which further confirms the present sad state of American education. I commend his letter to the attention of my colleagues:

RUTGERS UNIVERSITY,
Camden, N.J., January 30, 1974.

Representative ROBERT J. HUBER,
Cannon House Office Building,
U.S. House of Representatives,
Washington, D.C.

DEAR REPRESENTATIVE HUBER: I noticed that you inserted an article on the decline of SAT scores in the *Record*. I'm glad to note that at least somebody in Washington is concerned about what is going on. While there may be several factors to account for the decline in SAT scores, it is true that they have gone down while the average grade in college has gone up.

This "grade inflation" is part of a general cheapening of education that we see throughout our educational system. In most public school systems today, particularly in large cities, there is an implicit, if not explicit, "automatic—don't tell them" system in effect. That is, automatic promotion whether or not students have completed the required work for the course and the refusal to tell illiterates that they are illiterate. As a consequence, a large number of students are allowed to graduate from high school and even be admitted to college even though they cannot write sentences in the English language. At schools such as Rutgers, Camden, the English Composition teachers do not fail illiterates, but rather give them B's and C's. There are a few faculty members who don't do this, but we are in the minority and students can easily avoid taking our courses. (Even if they happen accidentally to land in one of them, the standards for expulsion are so low that one F is not of much consequences.)

At the same time that our schools are not maintaining standards at the lower end of the scale, they have helped cheapen the concept of academic excellence at the other end. Students receive good grades for no reason at all. Tied to this has been the movement to admit students to school solely on the basis of some group characteristic (e.g., race). Such a system will have disastrous consequences for our society, particularly for intelligent blacks, who would be admitted under any system. (You might want to read Thomas Sowell's Black Education.) As you may know, the U.S. Supreme Court has agreed to hear a case dealing with racially discriminatory law school admissions (DeFunis vs. Odegaard).

As a member of the Education and Labor Committee, perhaps you can convince some of the Democrats to hold hearings on these matters.

Thank you for your cooperation.

Sincerely,

JOEL MARGOLIS,
Assistant Professor,
Department of Political Science.

THE SILENT TREATMENT

HON. JAMES R. GROVER, JR.

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 27, 1974

Mr. GROVER. Mr. Speaker, as you know the pollution of our lakes and rivers by sewage and industrial waste, and the consequent contamination of our drinking water, are among the most pressing problems facing the country today.

Scientists have recognized that many of our most serious diseases are being transmitted in drinking water because existing treatment methods do not adequately destroy the bacteria and viruses which cause such diseases as polio, cholera, hepatitis, et cetera.

Because of the importance of the problem and the increasing trend to public health as population density grows greater, the Congress has already appropriated billions of dollars to combat the problem, which so far has had very limited effect.

I am pleased to be able to report today that a major breakthrough has been made in this field by Telecommunications Industries, Inc., of Copiague, N.Y., which finally offers a practical system which really disinfects sewage and produces sterile water which is germ and virus free and which can stop the contamination of our national water system through partially treated industrial and human waste.

Dr. Morris Pollard, one of the Nation's most distinguished virologists, has headed a team at the Lobund Laboratory at Notre Dame University, which has evaluated the process, and their conclusions were reported to the scientific community on January 14 and 15 at a 2-day seminar at Notre Dame.

Dr. Pollard pointed out that the system has proved to be a superior method for disinfection of waste water and is extremely effective in destroying viruses and bacteria in sewage.

The February 11 issue of Time magazine carries an article on page 74, which summarizes in laymen's language the remarkable results of the Notre Dame study of the Telecommunications Industries' process. I would like to present it to you:

THE SILENT TREATMENT

No one can hear the high-frequency tones, but their echoes can be tracked far beyond the research labs where they were first detected. Today, ultrasonics, otherwise known as the science of noiseless sound, has become one of the more versatile tools of technology. Vibrating at roughly 18,000 or more cycles per second, quiet bursts of ultrasonic energy can probe the ocean depths, clean teeth, cut through steel, even look for brain damage. In their latest incarnation, ultrasonic waves are being put to work in a novel sewage-treatment system.

Most American cities still treat raw sewage with relatively primitive methods. Larger particles of waste are usually allowed to settle out of the polluted water, which is filtered through gravel and sand and then chlorinated before being piped to a nearby river or lake. Trouble is, such "purified" sewage is almost always contaminated with a rich brew of bacteria and viruses, to say nothing of stubborn industrial wastes that may serve as fertilizers and cause such rapid plant growth in the waters where they are dumped that all other forms of life are eventually choked off.

The new purifying process, called Sonozone, practically eliminates that leftover pollution with a swift one-two punch. A small, vibrating metal disk at the bottom of a tank through which the sewage water flows sends out a steady stream of ultrasonic energy. At the same time, ozone, a highly active form of oxygen that readily combines with other materials, is bubbled into the tank from a nearby generator, which produces the gas by shooting electric arcs through ordinary air.

LARGER TEST

Scientists are not sure exactly what takes place when the sewage is subjected to the combination of buzzes and bubbles. But whatever happens is highly effective. Clumps of bacteria and viruses disintegrate; longer chemical molecules break apart. In a pilot project at the University of Notre Dame that processes 20,000 gal. of sewage daily, less than 60 seconds of Sonozone treatment has proved itself capable of destroying 100% of the fecal bacteria and viruses it attacks, 93% of the phosphates and 72% of the nitrogen compounds.

Some European cities already use ozone in place of chlorine to purify water (TIME, Sept. 3). Engineers at Long Island's Telecommunications Industries, Inc., which designed Sonozone, say that the addition of ultrasonic waves produces a second whammy that makes the ozone much more effective than the chemical alone. One reason is that the high-frequency vibrations keep the ozone bubbles small and separated, thus providing a maximum surface area on which the cleansing reactions can take place. Sonozone will soon be put to a larger test. A full-scale plant is about to start up in the Indiantown, Fla., area, where 5,000 people produce some 600,000 gal. of sewage per day.

Finally, I would like to point out that in spite of the billions of dollars we have spent on conventional systems, a unique and effective new technology has been developed by a small company which did not exist 10 years ago and which has never received a dollar of government money in its entire existence. It seems to me that this is a timely reminder that there is still ingenuity and initiative left in this country which can solve the great problems facing us at the moment if we continue to create an environment in which our native intelligence, courage and initiative can flourish and be free to focus those energies on the problems which confront us.

CONCERN EXPRESSED FOR TITLE I OF PROPOSED H.R. 69

HON. ALBERT H. QUIE

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 27, 1974

Mr. QUIE. Mr. Speaker, there has been some concern expressed that the new formula for title I proposed in H.R. 69 does not adequately reflect the burden experienced by industrial States and large cities. I have been concerned about those who have raised this issue and have done some analysis which should serve to indicate that this is simply not the case.

To examine this premise, I went back to the first year of title I in 1966 and compared the percentage of children counted as a share of the title eligible title I children for certain selected States and counties. That information is printed below. As can be seen by examining the data, each one of the urban counties studied has a much greater percentage of children counted as a percentage of the national total under the H.R. 69 formula than under the original 1966 allocation. Even New York County, which is the Borough of Manhattan, has a greater percentage under H.R. 69 despite the fact that New York County has lost school age population in the period since 1966:

COMPARISON OF PERCENTAGES OF CHILDREN IN SELECTED STATES AND COUNTIES—FISCAL YEAR 1966 AND H.R. 69

	Fiscal year 1966		H.R. 69	
	Eligibles	Percent share	Eligibles	Percent share
Total eligibles	5,530,718	100	8,603,841	100
Selected States:				
Alabama	242, 522	4.4	275, 108	3.2
California	308, 607	5.6	723, 999	8.4
Florida	142, 533	2.6	306, 040	3.6
Illinois	230, 017	4.2	382, 559	4.4
Indiana	79, 901	1.4	133, 616	1.5
Kentucky	193, 559	3.5	212, 350	2.5
Massachusetts	63, 882	1.2	150, 193	1.7
Michigan	145, 741	2.6	314, 162	3.6
Minnesota	88, 882	1.6	114, 784	1.3
Mississippi	245, 903	4.4	263, 216	3.0
New Jersey	85, 341	1.5	213, 266	2.5
New York	299, 950	5.4	742, 509	8.6
Texas	398, 168	7.2	645, 100	7.5
Selected counties:				
Fulton, Ga	16, 769	.3	33, 309	.39
DeKalb, Ga	3, 998	.07	8, 702	.10
Los Angeles, Calif	106, 729	1.9	261, 706	3.04
San Francisco, Calif	13, 718	.25	24, 248	.28
Dade, Fla	18, 304	.33	46, 383	.54
Suffolk, Mass	15, 492	.28	38, 525	.45
Philadelphia, Pa	51, 429	.93	111, 005	1.29
Cook, Ill	128, 040	2.3	234, 483	2.72
Jefferson, Ky	11, 736	.21	25, 633	.30
Bronx, N.Y	33, 541	.61	136, 033	1.58
Kings, N.Y	67, 643	1.2	208, 411	2.42
Queens, N.Y	18, 697	.34	44, 511	.52
New York, N.Y	55, 581	1.0	87, 607	1.02
Richmond, N.Y	2, 664	.05	6, 858	.08
Harris, Tex	28, 584	.52	68, 076	.79
Wayne, Mich	61, 384	1.11	125, 704	1.46

THE ENERGY CRISIS

HON. FLOYD SPENCE

OF SOUTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 27, 1974

Mr. SPENCE. Mr. Speaker, recently Mr. Anthony Harrigan, executive vice president of the U.S. Industrial Council, discussed with Dean Manion on the Manion Forum the issue of the current energy crisis.

The gist of Mr. Harrigan's remarks is that the energy crisis is being used as an excuse for more Government controls. Whether or not that is the reason for the crisis, I certainly concur with Tony Harrigan that it is a definite and most unfortunate result. The idea of mandatory days when we can or cannot get gasoline, of gas rationing, of proposals for nationalization of the oil and gas industry—these are anathema to the free enterprise system that we have always cherished and which has done so much for this country. Not only are they violative of free enterprise economics, but such restrictions have been proven throughout history to create more problems than they solve and they usually worsen, over the long haul, the very crisis they were designed to relieve or avert.

I have known Tony Harrigan for a long time and have great admiration for his insight and his courage in telling things as they are. I feel that this particular interview is well worth the attention of every Member of the Congress and I insert it in the RECORD at the conclusion of my remarks:

THE THREAT OF AN AUTHORITARIAN ECONOMY: THE ENERGY CRISIS IS BEING USED AS AN EXCUSE FOR MORE GOVERNMENT CONTROLS

(By Anthony Harrigan)

Dean MANION. Anthony Harrigan is a distinguished author and commentator on national economic affairs. He is also Executive Vice President of the United States Industrial Council, which is one of the most articulate and influential business organizations in this country. Mr. Harrigan is always a welcome visitor to the Manion Forum. He is back with us today to discuss currently developing threats to the free enterprise system.

Mr. Harrigan, we are all anxious to hear your analyses of the dangers to our enormously productive capitalist system. Tell us about this danger.

Mr. HARRIGAN. Dean Manion, I value this opportunity to explain to your listening audience that as our country faces a worsening fuel shortage there will be more and more demands for a controlled economy. Numerous officeholders and pundits are using the energy crisis as an excuse for promoting central planning and direction of all phases of our economic life. They want rationing, stricter price controls, new regulations on business, and direct government involvement in production and distribution.

Unfortunately, many Americans don't realize that government controls and blueprints create problems instead of solving them. And no system of rationing ever increased the supply of a commodity.

Dean MANION. Can you give us some instances of the effort to involve government directly in production?

Mr. HARRIGAN. Certainly. For example, *Business Week* Magazine recently reported that "a liberal Senate group, coached by Johnson administration Federal Power Commission Chairman Lee C. White," is urging "creation of a Federal oil and gas corporation to explore for, produce, and possibly even market untapped oil and gas lying under Federal lands."

This is only one example. If one pays attention to the liberal media, one finds that the oil shortage is being used as a springboard for attacks on energy-related industries in particular and free enterprise in general. The advocates of nationalized industries see the oil shortage as a golden opportunity to create a crisis of confidence in capitalism.

Dean MANION. Tell us more about the background of the energy crisis.

Mr. HARRIGAN. The background is complex, of course, and involves mistakes in foreign policy as well as other factors. It should be borne in mind, however, that the energy industries have been warning of a developing crisis for several years. When those industries that provide our fuels and power sought to explore, drill, mine, lay pipe or build new nuclear plants, they caught heavy fire from the liberal forces and their allies in the media and government.

Liberals shouted about "tax loopholes." Environmental extremists condemned resource development in remote wilderness areas. Labor unions protested against possible profits from new energy projects. Punitive or restrictive legislation discouraged risk capital from funding costly searches for oil and gas on land and offshore. Coal mining was fought at every turn, even halted in some areas through crippling laws. Liberals were so busy regulating and restricting business that they had no time to consider the economic storm clouds ahead. A Congress that foisted the Occupational Safety and Health Act upon American business didn't even have a fire drill for the nation's economy.

Dean MANION. Do you feel that Americans are getting all the facts they need in order to understand the economic crisis that's developing?

Mr. HARRIGAN. Unfortunately they are not being told vital facts. They are being advised that they must tighten their belts and accept adversity, though the nation is not at war and it is *not* in America's national interest to antagonize the oil-producing countries of the Middle East. The American people, sad to say, are not being told that a great danger lies in the probability that the Congress will try to legislate the country out of its difficulty, imposing new controls that will only increase our troubles.

The lack of foresight, integrity and courage, coupled with bureaucratic bungling that got the nation into the present mess, are hardly the means to get us out. Finally, the people are having their attention diverted from permanent problems of immense seriousness—inflation, an unbalanced budget, a trade deficit, a shaky dollar, and compulsory unionism.

Dean MANION. I think that we are all aware of the general anti-business climate that prevails now, but many do not know and some even deny that business is subjected to harassment. Is it true that business generally is being harassed by our Federal government?

SMALL COMPANIES ARE VICTIMS

Mr. HARRIGAN. Unquestionably, Dean Manion. Harassment takes many forms. One form is absurd over-regulation of industry. Take the Toxic Substance Control Act now being considered by Congress. This is a little-known piece of legislation which has not received significant attention from the media or the public. But it threatens the survival of small companies manufacturing industrial chemicals. Under this legislation, the affected companies could be compelled to spend as much on testing a product as they could earn in its annual sales. No responsible person is against testing, but there must be reasonable limits, especially on products such as boiler cleaning compounds and corrosion inhibitors which aren't used by the general public.

Nevertheless, the sponsors of this legislation propose penalties of $25,000 a day, which seem excessive, to say the least. The effect of such legislation is to drive small companies out of business. This is only a sample of the immoderate, unreasonable, counterproductive regulation with which business is confronted today.

Dean MANION. Mr. Harrigan, you have used the word "absurd" to characterize some regulatory practices. Give us some examples of these.

Mr. HARRIGAN. I would term as absurd the proposal by Senator Charles Percy, of Illinois, to change automobile speedometers. He objects to speedometers indicating high maximum speeds and wants Congress to legislate changes in speedometers. This item, I think, shows that some national legislators have lost all perspective insofar as regulation of industry is concerned. They want a law to cover almost every business practice.

Dean MANION. Mr. Harrigan, does this sort of regulatory frenzy indicate that the country is in a new state of mind regarding private business?

Mr. HARRIGAN. There's no doubt about it. We are in the midst of an anti-industrial, anti-technological binge in which every minor imperfection—from a defective can of tuna fish to a single oil spill off the California coast—becomes an excuse for halting new technical developments and justification for more government control.

Obviously, we haven't managed to create utopia by 1974 or rid human beings of imperfections. Some products *will* be defective, just as people *will* always make mistakes. But that's not sufficient reason for turning back the clock on industrialization or for introducing an enormous new government regulatory apparatus. Yet we are faced with wild exaggerations and demands, such as Ralph Nader's recent demand at the Western Governors Conference for a halt to all nuclear power plant development.

Dean MANION. Are these exaggerations and demands generating pressure for a sweeping change in our economic system?

Mr. HARRIGAN. Yes, that's correct. The anti-business mentality has produced demands for Federal chartering of all business, nationalization of companies that refuse to set up plants in inner city areas, deconcentration of large corporations, mandatory placement of union and consumer group representatives on boards of directors of companies, and strict government controls on plant location, product selection and advertising. These demands were voiced at the Naderite Conference on Corporate Responsibility in Washington several years ago.

We also see the anti-business mentality in the comments of officeholders who are critical of corporate breakdowns. In this connection, I was interested to note the comment of Senator Mark Hatfield, of Oregon, in discussing the new Railway Reorganization Act. He referred to the collapse of certain Northeastern railroads as "merely one more in a growing parade of examples where a bankruptcy in leadership and vision had led to a vacuum in our corporate structure."

No one denies that there were grave failures in the leadership of the Penn-Central, for example. But Senator Hatfield ignores the root cause of the railroad mess in the Northeast, namely the domination of the railroads by labor unions which bitterly resisted modernization. Ironically, Congress, in reorganizing the six ailing Northeastern railroads, has provided a quarter of a billion dollars for payments to union members displaced in the reorganization. Salaries provided for replaced union members will run up into the $300,000 a year range—all at taxpayer expense, of course.

Dean MANION. Mr. Harrigan, is there any end in sight to this passion for government regulation and invasion of private business? Or are we to be faced indefinitely with more of the same?

PEOPLE REMAIN APATHETIC

Mr. HARRIGAN. Dean Manion, I am sorry to say that we are facing a new round of regulatory activity on an unprecedented scale. I refer to the Environmental Protection Agency regulations covering the number of motor vehicles in a community and new construction of business properties. Time does not permit a full exploration of these regulations, but the American people soon will discover that sizable business structures cannot be built or modified without the approval of the Environmental Protection Agency or of a state official approved by the EPA.

Insofar as the controls on use of automobiles are concerned, one leading newspaper, *The Houston Chronicle*, has termed the regulations promulgated for that Texas city as being of "questionable legality, questionable authority, and questionable necessity."

The Environmental Protection Agency also is in process of insisting upon punitive action against employees of large businesses who drive their own cars to work instead of participating in car pools or riding public transportation. The entire Environmental Protection Agency regulatory effort strikes at established personal and property rights guaranteed under the U.S. Constitution.

In the judgment of the Washington editor of the highly respected *Barron's Financial Weekly*, the EPA effort "can lead to totalitarianism and the end of capitalism." Despite this, Congress continues to pass regulatory laws. The American people seem apathetic in the face of challenges to their rights.

Dean MANION. I don't think that the American people have any realistic impression of what is happening to our business system. Do you?

Mr. HARRIGAN. Frankly, I don't believe they understand, Dean Manion. We have few national leaders to describe the national situation in accurate terms. I believe Senator James Buckley, of New York, came closest when he told his colleagues recently that "For the first time in American peacetime history, we are living under an authoritarian economy." He described the massive new economic controls as "disastrous for the people, for the economy, and for the cause of freedom."

Dean MANION. Why do not more of our Senators, Congressmen, and others talk as candidly as Senator Buckley?

Mr. HARRIGAN. First of all, Dean Manion, we have numerous influential officeholders who are ideologically committed to a controlled economy. They want more regulation, not less. They are antagonistic to a truly free economy. Aside from these socialist-oriented officeholders, we have a large contingent of Americans who mistakenly believe that economic controls and regulations benefit our people. This is tragically wrong-headed, for the economic controls ordered in 1971 are a principal cause of shortages we are encountering in America at the present time. Indeed we can accurately describe the energy shortage as a regulation-induced crisis.

Dean MANION. Mr. Harrigan, have you any hope for the amendment of this sad situation?

Mr. HARRIGAN. Yes, Dean Manion, I have a strong hope that the American people will come to understand the situation they face and the need for correct economic principles. But the full enlightenment of the American people and the prompting of constructive action by Congress will require an educational effort on the part of every citizen who understands the nature and worth of a free economy. If Americans can be persuaded to demand the dismantling of controls and the abolition of counter-productive controls, the country will be all right. But if the U.S. public accepts more controls and the Socialist theory behind them, the road ahead for our nation will be long and bitter.

Dean MANION. Thank you very much, Mr. Harrigan, for this discussion on the threat of an authoritarian economy based on rigid Federal controls and regulations. I am sure that when and if our people finally comprehend the awful facts that you have described, we will see a sharp political turn to the right.

My friends, I hope that you will subscribe to the excellent economic commentaries, edited by Mr. Harrigan and issued periodically by the United States Industrial Council. (918 Stahlman Building, Nashville, Tennessee 37201) If every business organization in our country was as vigilant and articulate as the United States Industrial Council, I am sure that the Socialist tide would soon subside.

GIOVANNETTI AIDS FOREIGN COOPERATIVES

HON. ROBERT L. LEGGETT

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 27, 1974

Mr. LEGGETT. Mr. Speaker, a resident of Woodland, Calif., Don Giovannetti, recently participated in a unique person-to-person program under the auspices of the Volunteer Development Corps—VDC. VDC provides short-term, technical assistance to cooperatives in lesser developed countries.

CeCoRA, a Colombian federation of farmers' cooperatives, asked for help in training field personnel to grade and pack several types of melons. VDC then asked Giovannetti, vice president of Half Moon Fruit & Produce Co., to assist the cooperative.

During his visit from January 6 to 30, 1974, Giovannetti proposed several ideas to make the packing plant more efficient. These suggestions included setting up bins for the melons, installing conveyor belts and installing a melon washer. He also suggested incorporating used equipment and parts to lower the estimated cost of new shed repairs.

The American executive redesigned CeCoRA's shipping carton to allow better air circulation to prevent decay of the fruit. Giovannetti also explained the advantages of preirrigation, suggested methods to increase soil fertility and helped construct a ground rig to apply insecticides.

Corps volunteers serve without compensation for up to 90 days. Travel expenses are paid by VDC and the foreign cooperative.

Cooperatives that have requested or inquired about assistance are located in such diverse areas as Chile, the Congo—Kinshasa—Ethiopia, Honduras, Jamaica, Peru, Latin America, the Caribbean, Africa, and southeast Asia.

VDC is a private, nonprofit organization which was founded in 1970. It is funded by donations from United States and overseas cooperatives, individual contributors and the U.S. Agency for International Development.

I would like to praise Mr. Giovannetti and VDC members for their efforts to aid our neighbors abroad in developing better countries in which to live. It appears that we have discovered an effective technical assistance program that requires little Federal funding and promotes better international relations.

EDITORIALS CAUGHT IN THE MIDDLE

HON. EDWARD J. PATTEN

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 27, 1974

Mr. PATTEN. Mr. Speaker, the people of my congressional district have been waiting in lines for their gasoline for so long that it has become a matter of habit to take along a thermos of coffee and the morning newspaper to while the time away in mile-long lines. They have put up with the shortage in New Jersey admirably with few exceptions.

The Governor of the State, Brendan Byrne, instituted mandatory odd-even rationing for the State to attempt to bring order out of chaos and the plan does seem to be working. There are purchase limitations set, the stations must display a system of flags as indication of the status of the gasoline supply there and attendants must examine the fuel gauges to determine whether the vehicle's tank is holding the required less-than-half supply. Sizable fines are levied if the station violates any of the regulations.

Great media play has been given to the consumers' plight in obtaining the necessary gasoline. However, less than adequate exposure has been given to the plight of the gasoline station owner, who is just as much a victim of the shortage as is the consumer in the line. Since the base period of 1972, over 500 independent gasoline stations have closed in the State of New Jersey primarily due to the increased cost of operating a station and the strict limitations set by the Government on increasing the minimal profit margin of the business.

The desperate situation facing the station owner is considerable. While the public clamors for the necessary fuel it is not able to obtain, the monthly allocation of gasoline for the stations is in many cases being decreased. The owners and attendants of the stations are truly "Caught in the Middle," which is the subject of an editorial I am including for the RECORD.

The timely and thoughtful editorial appeared in the February 23 edition of the News Tribune of Woodbridge, N.J., and it deserves the attention of the Members of Congress and the general public. The article follows:

EDITORIAL: CAUGHT IN THE MIDDLE

Among the many destructive effects of the gasoline shortage is the pressure being placed on owners and attendants at service stations.

Those involved in the retail distribution of the fuel now in such short supply are truly caught in the middle of a bad situation.

They are receiving reduced fuel allocations with which they must attempt to satisfy overwhelming customer demands.

They are ordered by state statute to post their hours, to sell no less than five gallons to a customer, to turn away cars with a half tank or more of gas, to serve customers according to the odd-even license plate system and to refrain from favoring their regular customers. Up to now, furthermore, the station operator has been made in effect the enforcing agency for the statute because neither state nor local authorities have taken enforcement measures.

The station owner risks heavy fines if he does not comply with the statute and he risks the wrath of his regular customers, friends and even relatives if he is not willing to violate the law and sell them gasoline when they need it.

His whole life style is disrupted because he cannot operate his station during normal business hours. Beyond that, when he comes into contact with the community outside of his station he finds he is the centerpiece of a touchy public issue.

Obviously, almost everyone is affected by the gasoline shortage and many persons are frightened by the prospect of not being able to drive to work or to other essential destinations. Motorists are having their patience tried daily, also, by the need to search out stations that are selling gas and then perhaps to wait in line to make a purchase.

Most drivers have weathered this storm remarkably well and order has prevailed in New Jersey, especially since the state statute somewhat eased the pressure on the auto lineups.

There have been reports however of motorists trying to talk service station owners or attendants into making exceptions or arguing with them over provisions of the statute. There have even been isolated reports of threats of violence to station personnel.

Drivers would do well to keep in mind while this shortage continues that the retail dealer is not the cause of it and does not seem to be profiting from it.

A little consideration from both sides of the pump might serve to take some of the edge off of the tension of the fuel shortage.

PHONINESS IS PART OF CAMPAIGN REFORM ISSUE

HON. ANCHER NELSEN

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 27, 1974

Mr. NELSEN. Mr. Speaker, the Indianapolis News carried an editorial earlier this month exposing the phoniness behind certain demands for "campaign reform" and which I believe should be more fully comprehended by all those grappling with this complex subject.

I include the editorial at this point in my remarks:

EDITORIAL

The phoniness of many current demands for "campaign reform" appears from recent disclosures of big labor's participation in the political arena.

Focus of the so-called "reform" efforts is to put a limit on monetary contributions to candidates and/or to substitute taxpayer financing for private donations. Apart from a number of legal and constitutional problems raised by such suggestions, there is the obvious fact that many crucial aids to candidates are not directly financial in nature. And these other forms of assistance, in which big labor excels, would be enhanced, not weakened, by limits on direct contributions.

In a recent California court case involving the International Association of Machinists, for example, it was revealed this large AFL–CIO union has been providing potent campaign assistance to liberal Democratic candidates under the guise of "political education." These services have monetary value, of course, but they are often provided free of charge to selected liberals. . . .

"The indirect aid," notes the Wall Street Journal, "includes some of labor's most potent political weapons: assignment of paid staff members to the candidates' campaigns, use of union computers, mobilization of get-out-the-vote drives. Dues have also been used . . . to supply IAM-backed candidates with polls and printing services and to finance 'non-partisan' registration drives, trips by congressional incumbents back home during campaigns, and dinners benefiting office seekers endorsed by the machinists."

Multiply such efforts throughout the labor movement, and you have an enormous concentration of political muscle. . . .

Most of this assistance goes to people such as Sen. John Tunney of California, Sen. Gale McGee of Wyoming, and Sens. Bayh and Hartke of Indiana, and other liberals of similar stripe. We shall therefore wait with interest to see whether the liberal spokesmen now talking so loudly about clean elections and conflict of interest include these particular types of campaign assistance in their projected reforms.

DR. CORNELIUS PINGS HONORED BY AMERICAN INSTITUTE OF CHEMICAL ENGINEERS

HON. GEORGE E. DANIELSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 27, 1974

Mr. DANIELSON. Mr. Speaker, last month Dr. Cornelius J. Pings, professor of chemical engineering and chemical physics at CalTech in Pasadena, received the Alpha Chi Sigma Award in Chemical Engineering Research for 1973 from the American Institute of Chemical Engineers. The award recognizes outstanding recent accomplishments by an individual in fundamental or applied research in the field of chemical engineering.

Dr. Pings received this honor for his contributions to the measurement of the properties of liquids, the development of new approaches to the prediction of those properties, and the use of modern instrumentation techniques for more precise measurements of diffusivities.

Dr. Pings, who is also vice provost and dean of graduate studies at CalTech, has received several other honors for his research achievements in liquid state physics, applied chemical thermodynamics, and statistical mechanics.

Dedicated scientists like Dr. Pings make enormous contributions to the advancement of our society and our civilization. Often their achievements go unnoticed outside the scientific community. I feel that Dr. Pings deserves our recognition and our praise for his tremendous accomplishments. I share with his mother, Mrs. Marjorie Pings, who lives within my congressional district at 828 North Kenmore Avenue, Los Angeles, a great deal of pride in Dr. Pings' outstanding work.

EXECUTIVE, LEGISLATIVE, AND JUDICIAL SALARY INCREASES—ILL TIMED

HON. STEWART B. McKINNEY

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 27, 1974

Mr. McKINNEY. Mr. Speaker, a week from today, barring congressional action, the recommendations of the Commission on the Executive, Legislative, and Judicial Salaries will become effective.

As you know, implementation of these recommendations will mean that the men and women who serve in the designated positions will finally have their pay scales brought up to par with many of their contemporaries outside of Government service.

The nine members who compiled the report began their deliberations with a commitment to come forward with the most equitable and reasonable pay scale. I believe that most Members of Congress—on reviewing the final report—would agree with the substantive evidence presented, especially the compilation of comparative figures which clearly demonstrate the need for salary adjustment.

However, I also feel that these recommendations, if translated into fact, would fly in the face of the commitment many of us have made to fight inflation.

When one considers the fact that we, as national leaders, have asked the average American to adhere to a 5.5-percent salary guideline, I believe our course of action becomes obvious. Accordingly, I feel compelled to add my name to those who have spoken out against the three-branch pay increase for, at the very least, the proposal is ill timed and at worst, an insult to the average hard-working U.S. citizen.

In taking this stand, I must point out that I am not indifferent to the chaos which presently surrounds the salary scales among upper level workers in the Federal service, Also, I am aware of the fact that by maintaining current salary levels, we will worsen the problem Government has faced in attracting and retaining top-caliber officials at the executive level.

Needless to say, many of these diligent Federal servants are justly deserving of adequate compensation but a 30-percent lump-sum increase at this time would amount to a fiscally irresponsible reward.

If we intend to combat an inflationary spiral, then we must set a national example and by our action, cancel this proposal. As of now, the House has yet to go on record as to where it stands on this issue and in that vein, I am hopeful, Mr. Speaker, that you will employ the prestige of your good office in bringing this question to the floor for a vote.

I am convinced that all Members should be heard on this matter and I think it is safe to say that the people await our response.

EATON FINDS CASTRO "EAGER" FOR DÉTENTE WITH UNITED STATES

HON. LOUIS STOKES

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 27, 1974

Mr. STOKES. Mr. Speaker, one of Cleveland's, and the Nation's, most distinguished citizens, Mr. Cyrus Eaton, has recently returned from Cuba with a message of tremendous significance in this era of détente.

Both the Cleveland Plain Dealer and the Washington Post have published articles on Mr. Eaton's visit. It is clear from what Mr. Eaton says in them that the time is ripe for an end to the cold war with Cuba. I believe Mr. Eaton's message merits the most urgent attention:

[From the Plain Dealer, Feb. 13, 1974]

EATON FINDS CASTRO "EAGER" FOR DÉTENTE

(By Allen Wiggins)

The cold war with Cuba may be coming to a close.

Cyrus S. Eaton, returned from a week's visit with Cuban Prime Minister Fidel Castro, said yesterday that Castro himself, most Cuban exiles in this country and top American businessmen are saying privately that they want to make relations normal between the United States and Cuba.

"It doesn't make sense," Eaton said, to maintain hostility towards Cuba "when we have already made peace with Russia and China."

Significant in Eaton's account of his visit to Cuba is the revelation that Castro is "eager" for rapprochement with the United States. The 15 years of American economic embargo of Cuban goods have until now been matched by belligerent rhetoric from Castro.

Eaton said his visit was the climax of a two-month series of talks with successful Cuban emigrants here and with leading American industrialists and businessmen.

Without exception, all are anxious to resume relations with Cuba, although most of the businessmen have not yet been willing to say so publicly, he said.

"What is obviously needed is for Mr. Kissinger and Nixon to give their attention to the problem. Castro has the authority and the intelligence to deal with the problem," he said.

Asked if he had talked with any top American officials about softening relations with Cuba, Eaton said, "Not seriously, but I hope to have some talks."

Eaton has been an advocate of "friendship and peaceful relations" with the Communist world for two decades. By this, he makes it clear, he means "doing business" with them.

Eaton said he had discussed a détente "quite frankly" with Castro, and he was all for it.

"He said one example that might show the American people his friendliness was the speed and vigor with which he moved against airplane hijacking."

Eaton warned that Castro's eagerness for normal relations should not be taken as a "yearning" or in any way a weak position.

"There's no use in talking to them about how powerful we are when, after 15 years of embargo, they have developed a world market for their exports at prices that are from 10 to 20 times what they were 15 years ago when we cut them off," he said.

"It has been very popular in the media to denounce Castro, but with a man with the courage and fighting qualities he has—remember, he originally landed in Cuba with 39 followers—strong talk isn't going to have any influence on him.

"A little nation that has the support of Russia and China has a power we'd better recognize."

Eaton's visit to Cuba last week was his third since 1968, but its origins were different from the others. He said that about two months ago he met a prominent Cuban, who had become an American citizen, and was "amazed to hear him say that he would like to see the United States resume relations with Cuba."

Eaton said he then sought out and talked with about 20 Cubans who had become successful in America. He said they were "without exception and without reservation" in favor of normal relations with Cuba.

Eaton said he asked them whether the senators and congressmen from Florida were in favor of renewed relations. "They said that they probably wouldn't say so publicly yet, but that they would actually support the move," he said.

The only group, Eaton said, still in favor of hostility towards Cuba are "some of the unfortunate ne'er-do-wells from Cuba, now solely dependent on the CIA for a meager living. These people and the CIA have a mutual interest in keeping the feud going so their meal ticket holds out."

"I'm hoping businessmen will say publicly what they say to me privately," he said, "and I hope journalists and educators, with their vast influence, will take the same attitude."

Eaton has often been accused of being a Communist sympathizer, a view that amuses him, as one of America's most successful capitalists.

Yesterday he cited an incident, never before made public, that he said indicates his real concerns.

In 1955, he said, Cuba's dictator Fulgencio Battista passed a $100 million bond issue to finance a national railroad system.

"A group of American banks agreed to buy the bonds on condition that the Chesapeake & Ohio Railroad could have experts examine the planning of the railroad to make certain it was sound," Eaton said.

"We sent eight men, engineers, accountants and so forth. They discovered that what Battista had in mind was spending about $5 million on the railroad and the rest would be put in Swiss banks under the names of Battista and his cronies.

"We never let this out publicly because it was embarrassing to the banks to have the people know how close they had come to being made dupes.

"Now, I haven't spent any time or money trying to establish socialism, but when I see capitalism betrayed by a den of thieves I'm going to help maintain it."

[From the Washington Post, Feb. 12, 1974]

EATON: CASTRO WANTS BETTER U.S. TIES

(By Edward A. O'Neill)

BALTIMORE, February 11.—Cyrus S. Eaton, the 90-year-old multimillionaire industrialist, came here Sunday from six days in Cuba to say that Fidel Castro wants accommodation with the United States.

Eaton was in Cuba at Castro's invitation on the heels of a visit by Soviet Communist Party leader Leonid Brezhnev, who, according to press reports, had talked to the Cuban prime minister about improving relations with the United States.

Eaton met twice with Castro for lengthy talks, as well as with Deputy Prime Minister Carlos Rafael Rodriguez; President Oswaldo Dorticos; Fidel's brother, Ramon Castro, minister of agriculture, and other Cuban leaders.

He said that he came away with an overwhelmingly positive feeling that Cuba wants to regularize its relations with this country, with which it has been at odds since 1960.

Eaton said in an interview, "Fidel said an indication of his real attitude toward the United States and its people is the fact that he moved swiftly to put an end to [airplane] hijacking."

From his conversations, Eaton concluded that the Cubans want only high-level talks. "It really requires Kissinger or Nixon or someone with express authority to solve this matter. There is no use to put this to men down the line who do not have the authority to act. That's what happened when we first were trying to talk to Hanoi about the Vietnam war." (Eaton himself went to Hanoi in 1969 to talk about negotiations with the North Vietnamese.)

Eaton, who used to have substantial business interests in Cuba, has kept up his connections since the Castro revolution in 1959 by other visits there and through the Cuban delegation at the United Nations. His basic interest is economic. He thinks an end to the separation would be advantageous to American industry.

"Twenty years ago they were going to put me in jail because I advocated trade with the Soviet Union," he said. "Now all kinds of American businessmen are rushing to get into the Soviet market."

U.S. policy toward Cuba, Eaton said, seems still to be based on "fanatical anti-communism."

"It is hard to believe that our businessmen and our State Department could be so shortsighted as to have assumed that Castro would have only a brief regime and all would be over shortly," he said. "He has successfully endured for 15 years. Right now he looks confident and is cheerful about the future."

Eaton said the Soviet Union recently sold Cuba 70 diesel locomotives for $28 million—"that we could have sold them"—and Argentina is making freight cars for Cuban use. While he was in Cuba, 20 Canadian businessmen were there talking about increasing trade, he said.

"A lot of the rest of the world is doing business with Castro," he said. "They didn't have to adopt his religion or lack of religion, or his system of government to do it."

Easton said a small group of Cuban exiles in the United States, mostly centered in Miami, has been influential in the continuation of official U.S. policy. He predicted a change in their thinking.

"They were all joined," he said "in a policy to kill off Castro. As the years have gone by and that policy has failed, many of them now think, 'Why go on?' "

What they now want is to see "an end to it," he said. "I think we are going to have an expression from that group that will have a powerful effect on American opinion."

Use of a U.S. passport for travel to Cuba is forbidden. Eaton flew there from Nassau and returned the same way.

A TRIBUTE TO JOHN BLATNIK

HON. ANCHER NELSEN

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 27, 1974

Mr. NELSEN. Mr. Speaker, Art Suel, publisher of the New Prague Times in Minnesota, recently wrote an editorial praising the public service record of our longtime good friend and colleague, Congressman John Blatnik. As the son of Danish immigrants, it is a particular pleasure to insert in the Congressional Record this tribute to John, the son of Yugoslavian immigrants:

Minnesota and the Nation Regret Blatnik Retirement From Congress

Minnesota and the nation will be the losers when Congressman John Blatnik of the 8th District retires from office at the end of this year.

Congressman Blatnik had hoped to serve one more term, rounding out 30 years of distinguished service in the House of Representatives, but because of a heart condition which has recurred during the last few years, his doctors have decreed early retirement and deserved relaxation. Much as his constituents, colleagues and the public at large would like to see him remain in office, none would desire it at the further risk to his health.

As chairman of the powerful House Public Works Committee John Blatnik served as a watchman over some $20 billion annual appropriations for highways, public buildings, rivers and harbors, environment and pollution control, and many other governmental expenditures.

Honesty and integrity were the guidelines which mark his public career. Never a breath of scandal or influence peddling. In these days of doubt, that is a glowing tribute.

During his career, re-elections were almost a foregone conclusion, yet John Blatnik never became infected with what is commonly known as "Potomac Fever". He always kept in close personal touch with constituents in his home district and his door was always open and his telephone responsive to the "home folks".

Minnesota can be justifiably proud of this son of a Yugoslavian immigrant iron miner, who carved such an honorable and distinguished career in the halls of Congress.

FOOD COMMODITY DISTRIBUTION PROGRAM

HON. JONATHAN B. BINGHAM

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 27, 1974

Mr. BINGHAM. Mr. Speaker, recently I introduced H.R. 12979 to extend indefinitely the U.S. Department of Agriculture's purchasing authority under the food commodity distribution program. The food commodity program is vital to the existence of school lunch programs as well as the nutrition programs of nonprofit institutions. Without the extra food this program supplies, these organizations' budget could well be ruined. They would be forced to buy on the open market at much higher prices than those the Federal Government can command for the same commodities.

One such example of this problem was brought to my attention recently in a letter from Tony Downs, chairman of the board, of the Tony Downs Foods Co. Mr. Downs stated that on February 15, the Department of Agriculture purchased 4,215,150 pounds of canned boned chicken from manufacturers in the United States at a cost of 82 cents per pound and distributed it to warehouses around the country at about 3 cents per pound—a total cost of 85 cents per pound. Without the USDA program, State institutions would have had to pay approximately $2.10 per pound for the same product for a total additional cost of over $5 million across the country. Keeping in mind that this is only one product, one can imagine the enormous costs involved with buying a variety of foods at the market prices which single State agencies would have to pay. It would be almost impossible for schools, institutions, or States to raise this kind of money.

The figures speak for themselves. An extension of the USDA food commodity program such as my bill would provide is essential.

THE 56TH ANNIVERSARY OF THE DECLARATION OF ESTONIAN INDEPENDENCE

HON. LAWRENCE J. HOGAN

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 27, 1974

Mr. HOGAN. Mr. Speaker, in our country freedom and individual rights are a legacy and an inherent part of all of our lives. But there are some citizens for whom the words "freedom" and "independence" have a more far-reaching meaning today.

Sunday, February 24, 1974, marked the 56th anniversary of the Declaration of Estonian Independence and this event was celebrated by members of the Estonian community throughout this country. But they also remember that Estonia is not free today; it is not a sovereign republic, but a "captive nation" in central Europe.

In 1918 a manifesto to the people of Estonia declared the nation's independence and stated that Estonia stood on the threshold of a hopeful future where a free and independent people could determine and direct their own lives. But in 1940 that dream of freedom crumbled beneath the boots of the Russian soldiers who conquered Estonia and its southern neighbor, Latvia.

This was the second time Estonians were forced under the yoke of Russian rule. From 1721 until the Estonians won their war for independence against the czar's armies, Estonians were controlled by this giant to the east.

In its brief history as a free country during this century, Estonia has made major contributions in every aspect of man's modern endeavors, from industry to the arts and sports. The greatest Estonian industrial achievement was the development of the oil shale industry, which is being extensively studied in this country as a new energy source. Now the knowledge and wealth from the Estonian oil industry is benefiting the Union of Soviet Socialist Republics, not Estonia or free world economy.

Estonians are proud of their highly developed economy, resources, and culture which they have achieved in their brief history as a free nation. They long for the day when they will once again be free to express their talents as a united

Estonian people, not as a minority group in a conquered land.

Those of us who believe in freedom and human rights share their yearning for the day when there will no longer be "captive nations" on this earth. Awareness of this condition and a genuine concern for the future of the brave people of Estonia is the first step toward a worldwide attitude that such conditions should not, and must not exist in our modern world.

WHY SMALL TOWNS SURVIVE

HON. JAMES ABDNOR

OF SOUTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 27, 1974

Mr. ABDNOR. Mr. Speaker, we hear a lot about the flight of Americans from the small towns to the cities, with the resultant decay of the small communities that have been, for decades, the heart of the Nation. Small towns are surviving out of sheer determination, and I am proud to call one of them my home town.

Kennebec, S. Dak., has never had enough population to be regarded as even a small city, but Kennebec will be on the map for a long time simply because the people there are not afraid to do for themselves. They rely on their own initiative and resources. Mayor Charlie Bowar talked about some of them in a recent newspaper interview. I want to share them with my colleagues as an example of what can be done when people want things done.

The article follows:

MAYOR IS PROUD OF HIS TOWN

(By Alice Duba)

KENNEBEC.—"When we work on some activity here, it is a community project," said Charlie Bowar, who is mayor of Kennebec, and he points with pride to the Lyman County 4-H facility that was built by the Organization Advancing Kennebec last summer.

It took a lot of material furnished by the members of OAKS and the Kennebec Town and Country Club and lots of work by those members and other groups and lots of individuals. It was the community working together. Bowar continued, "It is all paid for and there were no tax dollars used."

He added, "The building is mighty good for the amateur there aren't many mistakes that are visible. . . . You never saw such cooperation from any group as we had for this . . . they were at the right place at the right time and we got it built."

Bowar has been on the town board for about 12 years and as president of the board serves as mayor. He was elected president last year but he has served as president and mayor previously.

The mayor said the largest project underway for the town is enlarging the water treatment plant. Water is obtained from Lake Byre which is about two miles north of town. Water is of good quality and quantity.

The town is in the process of getting a $100,000 loan which just lacks final Farmers Home Administration and state health department approval.

An application has been made for a federal grant for a $40,000 sewer project to provide a lift station so the area across the creek and on the south edge of town can be served by the sewer system. At present they have to have individual sewer systems. This will involve the cafe, three service stations, the two motels and a couple of homes.

In referring to the grant, the mayor said, "I think we will get it. The town will pay part and the grant will provide the rest of the money."

He said he didn't believe the I-90 had made a great deal of difference to the town. In the summer the motels are busy and the campgrounds built a couple of years ago are full almost every night.

Bowar, a native of Reliance, has lived in Kennebec since 1956. He is parts man for Gilman Chevrolet-Buick. He and his wife have two children; Dana, a third grader, and Rodney, who is in the sixth grade.

About three years ago the housing project was completed. This provides 10 low rent homes and 10 units for the elderly.

The mayor concluded, "When you stop to think about it, we do a lot for a town the size of Kennebec."

COMMEMORATION OF LITHUANIAN INDEPENDENCE DAY

HON. THOMAS M. REES

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 27, 1974

Mr. REES. Mr. Speaker, this month marks the 56th anniversary of Lithuanian independence. As Lithuanians throughout California and the United States celebrate this anniversary, it is important for us to review the valiant struggle of the Lithuanian people for their freedom.

Throughout their history the Lithuanian people have been forced to contend with the imperialistic designs of their aggressive German, Polish, and Russian neighbors. From 1795 to 1918 czarist Russia occupied the country, but in the wake of the Russian revolution, the Luthuanian people declared their independence.

This declaration of independence was unanimously approved by a freely elected Constituent Assembly in 1920. That same year the Soviet Government recognized the sovereignty and independence of the Lithuanian State.

Lithuanians enjoyed two decades of freedom to pursue their own cultural and religious traditions and speak their own language before Hitler and Stalin decided to destroy that freedom. Lithuania was assigned to Russia's sphere of influence and Russian troops invaded the country June 15, 1940.

Since that time the Lithuanian people have fought a determined struggle to rid themselves of Soviet domination. Hundreds of thousands were deported to Siberia or imprisoned between 1946 and 1952 alone; 30,000 Lithuanians died fighting for freedom.

In May 1973 Lithuanians rioted in their capital for 2 days, demonstrating for freedom. The underground press flourishes: prayerbooks are printed and distributed clandestinely; petitions are circulated illegally.

It is important to recognize and support the struggle of the Lithuanian people for freedom. Their remarkable resiliency in the face of adversity ought to serve as an example for those fighting for freedom throughout the world.

HON. GEORGE L. SMITH II

HON. BO GINN

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 27, 1974

Mr. GINN. Mr. Speaker, a few weeks ago my State suffered the tragic loss of one of the greatest public servants of our time with the death of the Honorable George L. Smith II, the Speaker of the Georgia House of Representatives.

Mr. Smith was the steel that held together the machinery of the Georgia General Assembly. He was a dedicated public servant, a master at winning consensus, and a gentleman in the highest sense of the word. It was my distinct honor that he made his home in Swainsboro, Ga., which is within the First Congressional District of Georgia which I have the honor of representing. I was his constituent as well because he represented my home county of Jenkins in the Georgia House of Representatives.

Speaker Smith's untimely death on December 9, was a great blow to all of Georgia. We are blessed with few men of his caliber in this Nation. Recently I received a copy of a resolution passed by the entire membership of the Georgia House of Representatives in honor of Speaker Smith, and I would like to insert this document in the RECORD at this point:

A RESOLUTION

Expressing regrets at the passing of Honorable Geo. L. Smith II; and for other purposes.

Whereas, Honorable Geo. L. Smith II, Speaker, Georgia House of Representatives, passed away on December 9, 1973; and

Whereas, he was born in Stillmore, Emanuel County, Georgia, on November 27, 1912, the son of the late Dr. D. D. Smith and Mrs. Gladys Wilder Smith of Emanuel County; and

Whereas, he was a graduate of Swainsboro High School and the University of Georgia Law School and a member of the First United Methodist Church of Swainsboro; and

Whereas, among the many organizations in which he held membership and among the many honors he received are the following: Mason, Shriner, Swainsboro Exchange Club, Delta Tau Delta Fraternity, Blue Key, State President of the Junior Chamber of Commerce, Board of Governors of the Georgia Bar Association, State Democratic Executive Committee, President of the National Conference of State Legislative Leaders, Solicitor of the City Court of Swainsboro and City Attorney of the City of Swainsboro; and

Whereas, in 1962 he was presented the annual award for outstanding contributions to agriculture by the Alumni Association of the University of Georgia's College of Agriculture; and

Whereas, of the many things he did for his home county, perhaps the one which pleased him most was the influential part he played in the establishment of the Emanuel County Junior College; and

Whereas, he was first elected to the House of Representatives from Emanuel County in 1945 and served continuously as a member of that body until his death; and

Whereas, he served as Speaker Pro Tempore from 1947 to 1954, as Speaker from 1959 through 1962, as Majority Whip from 1963 through 1966, and he was again elected Speaker in 1967 by an independent House of Representatives and was reelected in 1969, 1971 and 1973; and

Whereas, he served as Speaker of the House of Representatives longer than any other person in the history of the State of Georgia, and was recognized throughout the United States as the most outstanding presiding officer in the country; and

Whereas, his love for the House of Representatives was well known, and he considered the position of Speaker as the ultimate goal, desiring to possess no other office and believing it to be the best position a person could have; and

Whereas, he had great pride in the House of Representatives, taking deliberate steps to improve the legislative image and the legislative process, and he was quick to defend the House and its members against all comers; and

Whereas, his fairness and his dedication to the cause of an orderly legislative process endeared him to all members of the House; and

Whereas, "Mr. Speaker", as he was affectionately known, always had the best interests of his State at heart, and some of the most constructive legislation to be passed in this century is law today because of his support and leadership; and

Whereas, all the members of this body have lost a true and valued friend; and

Whereas, he is survived by his wife, Mrs. Frances McWhorter "Sally" Smith; his daughter, Miss Sally Smith; two sisters, Mrs. M. B. Price of Swainsboro and Mrs. Roy Edenfield of Reidsville; and a brother, Dr. H. Wilder Smith of Swainsboro.

Now, therefore, be it resolved by the General Assembly of Georgia that the members of this body hereby express their deepest regrets at the passing of Honorable Geo. L. Smith II, and by this resolution evidence their love, respect and admiration for him. All the members of this body extend their heartfelt expressions of sympathy to his wife, to his daughter, and to the other members of his family.

Be it further resolved that the Clerk of the House of Representatives is hereby instructed to transmit an appropriate copy of this Resolution to Mrs. Smith, Miss Smith, Mrs. Price, Mrs. Edenfield, and Dr. Smith.

HONOR ACCORDED CONGRESSMAN FUQUA OF FLORIDA

HON. ROBERT L. F. SIKES

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 27, 1974

Mr. SIKES. Mr. Speaker, I am most pleased to bring to the attention of my colleagues in the House the recent honor accorded our distinguished colleague, the Honorable Don Fuqua of Florida. On February 18 he was presented with the Award of Merit at the Southern Educational Congress of Optometry, held in Atlanta. The award, presented by the Southern Council of Optometrists, recognizes Mr. Fuqua's outstanding contributions to the visual welfare of this Nation.

This type of honor reflects the commendable sense of responsibility and diligence which the gentleman from Florida has displayed throughout his years in Congress. Mr. Fuqua has performed his duties with the House Committee on Government Operations and the Committee on Science and Astronautics with complete faithfulness and care and outstanding ability.

We read and hear so much of public discontent with officials—elected and appointed. It is most encouraging at this time to note that not all of our constituents succumb to this general attitude of discontent. The SCO has seen the hard work and dedication of Mr. Fuqua and appreciated it for its true worth. Their award says much for both our colleague and this fine group of professionals from the 12 Southern States.

THE LINE AT THE GAS STATION

HON. J. J. PICKLE

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 27, 1974

Mr. PICKLE. Mr. Speaker, while the President told us last night that there is no energy crisis, the line at the gas station tells us the opposite. I hear daily from my constituents the problems they are facing, the lack of gasoline, the high price of propane, the squeeze on some of the dealers by the large oil companies. The message I hear loud and clear is dissatisfaction with the present program. Today's editorial in the Washington Post expresses well the point that everyone except the President seems to realize, the Federal system for allocating gasoline is working badly:

THE LINE AT THE GAS STATION

The Federal system for allocating gasoline is working badly. The lines at the filling stations are as long as ever. The struggle to buy gasoline is as much a harassment and waste of time and effort as ever. The odd-even system of permitting drivers to buy only on every other day does not seem to have shortened the waits, but only to have shortened tempers. Certainly it has not lengthened the very brief hours that the filling stations remain open. The end-of-the-month allotments now being offered by the Federal Energy Office may help a little, but it will be only the most temporary kind of relief. Contrary to the President's assessment of the situation last night in his televised press conference, this particular part of the energy crisis is still very much with us.

The gasoline shortage is now exercising a substantial drag on everyone's business and daily life. Those readers with a statistical turn of mind can estimate for themselves the millions of man-hours lost in those lines of drivers waiting for the fuel they need to earn their livings and keep their households going. The federal government's single instrument for seeing us through this immensely disruptive shortage is allocation. There is increasing evidence that the allocation system is now doing more harm than good.

When Congress enacted it last November, very few people would have supposed that the administration might rely upon it alone to handle shortages on the present scale. The primary purpose of the allocation program was not, after all, to protect the consumer and the driver. It was rather to protect the small independent refiners and retailers against the big companies.

As for the refineries, the effect of the allocation program has been marvellously ironic. The rules require, of course, that companies with relatively good supplies of crude oil must share with the rest until all are operating at the same proportion of capacity. This principle was based on the assumption that, in a time of short supplies, the big companies would have the most oil and would cut off the little ones. That assumption, like a good many others over the winter, has died a very expensive death. The most visible beneficiary of reallocation so far is Texaco, which is badly short of crude oil. Texaco is the country's largest retailer of gasoline, hardly the vulnerable little independent that Congress had in mind.

But Texaco's competitors are now required to sell it crude oil and, even worse, they are required to sell at prices that represent a very substantial loss. The selling price is set by the rules, and is based on the average cost of the selling company's domestic and imported oil. That average nationwide now runs about $7.50 a barrel. Since the cost of the imported oil is now over $10 a barrel, no company is going to import it only to be ordered to resell it to Texaco at $7.50. Instead a company with foreign crude on its hands will be inclined to send it to European or Caribbean refineries, and then import the refined gasoline at much higher prices. In the name of ensuring competition the crude oil program has imposed a cartel on the American refiners; it is actively discouraging them from importing oil to meet the shortage; and it is encouraging them to do their refining abroad.

At the retail level, the effects of allocation are growing more severe. So far it has brought one important benefit in preventing distributors from discriminating against large regions of the country. But other, inadvertent, types of discrimination are appearing. The allocation system was basically designed, once again, to prevent oil companies from cutting off filling stations. It means that when a company has to cut back on deliveries, it has to cut back on all of the filling stations by the same percentage. The Federal Energy Office and the oil companies are now struggling with formulae to allow for population growth and special local requirements. But the political and legal jockeying and jealousies among states and cities are growing sharper. In Baltimore last Friday a Federal judge, R. Dorsey Watkins, in a truly irresponsible exercise of his power, ordered the Federal Energy Office to give Maryland an additional 16 million gallons of gasoline. He said that the allocations to Maryland are arbitrary. Of course they are. So are the allocations to every other state. But giving more to Maryland means giving less to someone else. The judge's order adds a final element of confusion to the allocations.

American drivers' patterns of buying are changing rapidly under the pressure of the shortages. People who live in cities tend increasingly to try to buy their gasoline at home, rather than risk being caught short on the road. The result is to drain dry the filling stations in the metropolitan centers, while oil companies report more than enough gasoline at some of their stations out in the country and along the highways. People have cut back on pleasure driving, which leaves a surplus of gasoline in the filling stations that serve the weekend and vacation routes. The endless line and jams are at the stations that serve daily commuting and business requirements. Normally, oil companies would shift supplies into the cities. But the allocation rules now in effect make it a very slow and awkward process.

The Senate Interior Committee is to open hearings Wednesday on the way the allocation program is working. The committee is already well aware that the administration has no plans for improving it. There are no easy ways out if you assume, as any cautious person must, that Saudi Arabia is not going to drop its embargo and raise production immediately. There are basically three ways to manage the gasoline shortage, and none of them is very appealing. One is to let prices fly as panic will bid them. Another is rationing, which the administration says that it is determined to avoid. The third is to go limping along with endless lines, endless anxiety and waste of time, and endless erosion of productivity. Relying wholly on that third alternative is not going to be good enough. Unfortunately, the President last night had nothing else to offer.

VOLUNTEER ARMED FORCE: FAILURE OR VICTIM?

HON. WILLIAM A. STEIGER

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 27, 1974

Mr. STEIGER of Wisconsin. Mr. Speaker, the All-Volunteer Army, if one were to believe some reports, is little more than an expensive, ill-conceived bust. Some would have us believe that we are paying a higher price for a lower quality national defense force.

Those who make these false reports are failing to look at the facts. They are not giving the Volunteer Army credit for its successes and they are not looking at some of the factors behind supposed shortcomings.

Milton Friedman, in the February 11 Newsweek, made an excellent presentation concerning whether the Volunteer Armed Force was, in fact, "failure or victim." This well-documented piece is one that I commend to your attention:

VOLUNTEER ARMED FORCE: FAILURE OR VICTIM?

(By Milton Friedman)

The end of the draft has not ended controversy about the draft. In recent months the news media have carried story after story alleging that the volunteer armed force is a failure. Volunteers, it is said, are too few and of poor quality, despite substantial pay raises for first-termers. Representatives of the armed forces have warned that national security may be in danger unless conscription is reinstated.

As a longtime proponent of an all-volunteer armed force, I regard the end of the draft as one of President Nixon's and then-Secretary of Defense Melvin Laird's finest hours. No other measure has done so much to end the divisions that were threatening to tear this nation apart. No other measure has done so much to reduce the real cost of defending the nation.

MILITARY OPPOSITION

The draft was ended despite the opposition of the military. I have wondered whether the military, encouraged by Watergate and Laird's departure from Defense, may not have been feeding the stories to the media in an attempt to reverse the decision.

Accordingly, I have probed more deeply into the facts about the actual performance of the volunteer force. I have been greatly heartened—but also appalled—by what I have found.

The Air Force, Navy and, to a lesser extent, the Marines have had no significant problems. On the contrary, they not only have met their quotas but also have raised the average quality of the enlisted force. Their 1973 recruits are better educated, and score higher on intelligence tests, than the men they recruited in earlier peacetime years under conscription. In addition, the average term of service has lengthened, still further raising quality via experience.

The alleged failures have all been in the Army. They have been significant, though fairly small. At the end of 1973 the Army conceded that it had met 89 percent of its 1973 recruiting goal. Far more important, the failures have been the result of either gross incompetence or deliberate sabotage by some retired officers in civilian position. This is a harsh judgment, so let me document it.

1. In July 1972, when the draft was still in effect, the Army was authorized to have 6,552 recruiters. It had 6,550 on station. The number of recruiters authorized remained about the same throughout 1973, but the number on station fell sharply, especially after the draft was ended. In September 1973, for example, 6,662 were authorized but only 5,424 were on station.

2. The Army kept changing recruiting standards with dizzying frequency. Recruiters were demoralized and many potential recruits lost.

3. Officers in the recruiting command were not promoted or rewarded. Eighteen colonels were eligible for promotion to general, eight lieutenant colonels for promotion to colonel, and 103 officers for assignment to a senior service school.

Not a single one was either promoted or sent to a service school!

True, few officers in general were promoted or sent to service schools. But, based on the number that were, the chance that three goose eggs would have occurred for the recruiting command simply as a result of accident is about 1 in 700.

Either the Army assigned low-quality officers to the recruiting command—hardly a sign that they were meeting effectively the challenge of the all-volunteer force—or the Army discriminated against the officers in the recruiting command—hardly a course of action designed to attract able men into the recruiting command.

4. Until it was stopped by the Assistant Secretary of Defense for Manpower, William Brehm, the Army reported results in a way that grossly overstated shortfalls. If in January 1973, the Army fell 1,000 men short of its quota, it added that sum to its quota for each succeeding month. For example, suppose it had a quota of 12,000 men for each month. Suppose it recruited 11,000 men in January and 12,000 men in each of the next eleven months. You and I might say it fell short 1,000 men in one month. But the Army would have reported twelve successive shortfalls of 1,000 men each because after January it would have raised its quota to 13,000.

NEEDED: CIVILIAN LEADERSHIP

I have limited myself to points that are objective and readily checked. They are nevertheless adequate to demonstrate that the Army has chiefly itself to blame for its failure. They suggest also that the Army cannot be counted on to reform itself. Civilian leadership is essential to make all-volunteer armed force work.

BYRD DUNCAN: ASSET TO COMMUNITY

HON. JOHN J. DUNCAN

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 27, 1974

Mr. DUNCAN. Mr. Speaker, I would like to recognize before my colleagues a most unusual, admirable, and selfless Tennessean who is doing a great deal to improve the lives of his neighbors in the small east Tennessee community of Briceville. This crusty, 73-year-old, retired coal miner-farmer by the name of Byrd Duncan has devoted his time and untiring energies to helping his neighbors get a permanent health clinic for their community.

Briceville is a very isolated, rural community. The town has no doctors and only recently did it get a full-time nurse. The only medical facility, a 10-foot by 40-foot trailer, is not large enough to handle the crowds that travel from 35 miles around for care. Largely through the efforts of Byrd, the town expects to move into a larger, full-time clinic within a few months. Byrd, although 73 years old, puts in longer days than most men half his age.

Byrd's contributions in the health care field have been numerous. In December he was honored by the National Foundation for the March of Dimes for distinguished voluntary leadership in the fight against birth defects. He also received the Service to Mankind Award by the Oak Ridge Sertoma Club.

Byrd would not likely talk of such things as "community consciousness," "self-reliance," and the like although he is a good example of both. At 73 he plows his own ground and sells beans, tomatoes, and potatoes from his summer garden and stores the rest for winter. Byrd typifies some of the most admirable characteristics of the rapidly disappearing self-reliant spirit of early Tennessee pioneers and settlers. As Byrd himself said:

> The best thing we can do is just to do the best we can. And that's what we're doing.

COMMEMORATION OF ESTONIAN INDEPENDENCE

HON. OGDEN R. REID

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 27, 1974

Mr. REID. Mr. Speaker, I ask my colleagues to join with me in commemorating the 56th anniversary of the declaration of independence of the Republic of Estonia, now under Soviet control. In marking this anniversary, we must be reminded of the history of Estonia—a history of a courageous people—proud of their folklore and tradition—and desirous for freedom and self-determination.

While this nation has repeatedly been in pursuit of political and cultural independence, never in its attempts to achieve this goal, have the people residing within Estonia's borders or the Estonians living in communities throughout the world, lost their idealism and desire to be free.

The Estonians belong to a family of Finno-Ugric nations, and have inhabited their present territory at the strategically important shores of the Baltic Sea for at least 5,000 to 6,000 years. Although Estonia's status as an independent nation began and ended in 1918 when the Soviets occupied this republic, at this

56th anniversary of that declaration, we must take the time to remember the history of this remarkable nation—and hope that this ancient native country shall enjoy freedom and independence once again.

At this time, then, let us renew our commitment to insure that in the years ahead Estonians can once again become members of that community of free and sovereign states, and look to Estonian-Americans whose culture and heritage is so rich and full, with pride and respect.

AMERICAN BREADWINNERS WITHOUT BREAD?

HON. JONATHAN B. BINGHAM

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 27, 1974

Mr. BINGHAM. Mr. Speaker, once again, because of the administration's misguided economic policies the American family is faced, if the forecasts are correct, with the prospect that for a period of weeks the family breadwinner is going to be unable to put bread on the dinner table.

The American Bakers Association, on the basis of data compiled by the U.S. Department of Agriculture, predicts there will be a 900,000-bushel wheat deficit for the 1973–74 crop year because of our export policy. The figures are as follows:

U.S. wheat supply and demand situation

(1973–74 crop year)

[*Millions of bushels*]

*Supply (as of Feb. 3, 1974):	
Carryover, July 1, 1973	438
Crop, 1973	1,711
Imports	1
Total supply	2,150
*Domestic disappearance (as of Feb. 3, 1974):	
Food	532
Seed	80
Feed	160
Total	772
Balance left for export	1,378
Exports (as of Feb. 3, 1974):	
*Exports shipped	814.7
*Exports unshipped	514.2
Estimated wheat exports as flour and other products	50.0
Total destined for export	1,378.9
Carryover July 1, 1974 (*deficit*)	(.9)

*Statistical Reporting Service USDA.

During 1973 we were faced with a meat shortage; now that we are finally stabilizing the supply of meat, albeit at unprecedented prices, the hamburger bun is rapidly disappearing from the grocer's shelf. When will it stop?

If the Government is not able to stabilize the price of the foods we eat, they should at least see to it that the production and marketing of these vital commodities is undertaken in an orderly fashion so as to insure an adequate domestic supply.

Rising food prices and empty grocer shelves have gone beyond the stage of mere irritation. Unless the administration adopts emergency steps to stem the tide of the wheat exodus, powers which the Congress has given him, we are sure to see the formation of breadlines next to the gaslines.

OIL AND TAXES

HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 27, 1974

Mr. HAMILTON. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following "Washington Report" entitled "Oil and Taxes":

WASHINGTON REPORT

(By Congressman LEE HAMILTON)

OIL AND TAXES

One result of the energy crisis is to push the Congress into a major review of taxes on the oil industry to determine if new tax measures are needed to prevent the oil companies from taking advantage of the current shortages by undue financial gain.

In the year just ended, 21 top oil companies accumulated profits estimated at a U.S. industry record of almost $10 billion, twice as great as the profits earned by the nation's auto makers on record 1973 sales, and ten times what the country's steelmakers could manage. Although oil industry profits rose last year by almost 60 percent, there is apparently no convincing evidence that the oil companies created the energy shortage or conspired to raise prices and profits. So far the jump in oil profits has not been greatly out of line with increases in other industries for example, manufacturing profits, which were roughly one-third higher than in 1972.

The oil industry does enjoy a favored tax position. American corporations as a whole pay about two-fifths of their net income in taxes, but because of several lucrative tax breaks, the major oil companies usually pay less than 6 percent of net income in U.S. taxes. These breaks include:

Depletion Allowance: Unlike most industries, where corporations depreciate capital assets over their useful life, oil companies and other extractive industries use a method called percentage depletion, which permits them to deduct from their taxable income up to 22 percent of the gross revenues derived each year from their wells that continue to produce. The purpose is to compensate the oil companies for the decreasing value of their wells as the oil is pumped out.

Intangible Drilling Expenses: Even more important than depletion allowances to the oil industry are intangible drilling costs, that is, the noncapital costs of drilling an oil well, including wages and rental fees. They can be deducted immediately from taxable income and need not be spread over the years a well is in operation.

Foreign Tax Credits: Oil companies may deduct from U.S. taxes due on their foreign income the income taxes they pay to foreign governments. The purpose is to prevent double taxation, but the oil producing countries mislabel part of the royalties that they charge on each barrel of oil as taxes in order to allow a U.S. tax credit for the oil companies. If the companies were required to treat the disguised royalties as part of the cost of doing business, as other companies must, they would be able to deduct only $.48 from their U.S. taxes for every dollar that they put out in royalties, instead of writing off the full amount.

The President has recommended a five-year excise tax on the price of crude oil, involving a complicated formula designed to increase the tax as crude oil prices rise above a base level. The President also suggested that revenues from the tax could be rebated to producers if they reinvested their profits in exploration and drilling. Since the oil companies are already putting large sums of money into exploration and development, most companies would escape the extra tax by continuing to do what they are now doing. The reinvestment proposal also raises obvious threats to fair competition by permitting the oil companies to have available many billions of dollars created by tax policy to plow into such areas as nuclear energy. The President also proposed to eliminate the depletion allowance on the income of American companies from foreign oil wells, but this would not cost the oil companies much, since they rarely pay any taxes to the United States government now on their foreign operations because of their foreign tax credits.

The Congress does not face easy decisions in moving toward rational taxation for the oil industry. The objective is to restrain skyrocketing oil prices while increasing supply. As it examines the tax laws, the Congress must look for solutions, not scapegoats, for the energy problem. It should not require both a roll-back of oil prices and the elimination of tax breaks for the oil industry and still expect the oil industry to provide ample supplies of energy for the nation. Neither should the oil companies expect both high prices and tax preference.

The proposed excess profits tax may well be a mistake because it is too complex to define and administer, and, if it fades away, would encourage producers to leave their oil in the ground until the tax vanished.

The industry should be permitted to earn profits sufficient to provide an incentive to explore for new sources of oil. With exploration now at its highest peak, oil producers may no longer need tax subsidies as incentives to explore. The present price of oil should be incentive enough. Perhaps the percentage depletion allowance could be reduced or eliminated and capital expenditures could be treated in the oil industry on the same basis as those in other industries, and treatment of royalty payments and excise taxes as foreign income taxes subject to the foreign tax credit could be revised. If these special provisions for the oil industry were eliminated or reduced, then excess profits or windfall taxes for petroleum would not be necessary.

MOSCOW AND PEKING AID GUERRILLAS IN RHODESIA

HON. JOHN M. ASHBROOK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 27, 1974

Mr. ASHBROOK. Mr. Speaker, while some in the United States are attempting to have the United States rejoin the mistaken United Nations boycott against Rhodesia, the Soviet Union and Communist China have been busy furnishing rebels in Rhodesia with weapons and other military assistance. The International Institute for Strategic Studies, in a recent paper, reports that African recruits have been trained in Moscow, Algeria, Egypt, North Korea, Cuba, and Czechoslovakia. There is also a growing Communist Chinese involvement in the supply of small arms and in training.

In addition to large quantities of small arms, the Soviets are supplying 122-millimeter rocket launchers and SA-7 ground-to-air missiles. It would seem that the United States should not be encouraging those forces seeking further war and destruction in the world. The United Nations-sponsored boycott of Rhodesia only adds instability to the world. Secretary of State Kissinger, who is willing to recognize the barbarous regimes of Communist China and the Soviet Union, should also be willing to recognize Rhodesia, a country who wishes to be friends with us. It seems unwise to treat our enemies in a friendlier way than those countries who only wish to be our friends.

IS GASOLINE SHORTAGE A HOAX?

HON. JOSHUA EILBERG

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 27, 1974

Mr. EILBERG. Mr. Speaker, the people of this Nation are facing a gas shortage which has created lines at gas stations which often force customers to wait 2 or more hours before they are served.

The administration and the oil industry have told us time after time that the shortage has not been manufactured and that there simply is not enough gas.

I am sure all of us have received too many angry letters and telephone calls from constituents who do not believe this is true. The fact is, I have serious doubts myself.

If there is truly a shortage all of the available gasoline would be made available to the consumer by the big oil companies, but the fact is there is a "grey market" in gasoline operated by independent brokers who seem to have unlimited supplies.

At this time I enter into the Record an article published in the February 21, 1974, edition of the Philadelphia Bulletin which clearly outlines the situation and makes a mockery of statements by the President, the head of the Federal Energy Office, and the spokesmen for the oil companies.

Brokers Offer Huge Gas Sales

(By John G. Sandell)

Woodbury.—Millions of gallons of gasoline are being sold outside normal distribution channels and at higher than normal prices, state Sen. Raymond J. Zane (D-Gloucester, Salem) said yesterday.

Zane made the comment after almost a week of negotiations with brokers to increase the supply of gasoline to New Jersey.

He said he has spoken to more than a dozen brokers who all say, "There is more gasoline than you can shake a stick at."

NEW BUSINESS

Zane said much of the gasoline is excess produced by American refineries, and that the oil companies are increasing their profits by selling it to the independent brokers for higher-than-normal prices.

"In the last year, a whole new business has been created—an oil brokerage business where people with money to spend can buy gasoline and almost overnight make a fortune by selling it to independent distributors who can't get enough through regular channels," he said.

"If I had $12 million in a bank in Ft. Worth, Tex., within hours I could have gasoline moving north to New Jersey."

BIG PROFITS

One broker, Ray Buralt, of Missoula, Mont., gave up a law practice last May to enter the fuel business, and this past weekend was offering for sale 1.3 million gallons of gasoline per week for a year, Zane said.

Another broker is Arthur Mazur Associates of New York City. Zane said Mazur last weekend completed a deal to supply 6 million gallons of gasoline per month over five years to an unnamed buyer. Mazur's .2 cent per gallon commission on the sale will total $720,000 over the five years, Zane said.

The freshman senator got involved in the fuel brokerage situation last Thursday when he was contacted by a broker offering to sell several million gallons of gasoline to New Jersey. Zane worked with Senate President Frank J. Dodd (D-Essex) over the weekend to determine the practicality of such purchase. In checking on the legitimacy of the offer, he was put in touch with other brokers.

When it was published that Zane and Dodd were exploring the possibility of buying additional gasoline for fuel-starved New Jersey, other brokers from across the country began telephoning the two senators with offers.

Zane said that Tuesday the two senators knew of fuel available in the following amounts from these sources:

800,000 gallons of gasoline at the Port of Newark.

1,680,000 gallons of gasoline within four weeks at Newark.

1.3 million gallons of gasoline available immediately at Bayonne.

2 million gallons of gasoline available in Missouri.

1.3 million gallons of gasoline at sea destined for Belgium but which could be diverted to New Jersey.

25 million gallons of gasoline per week from Texas over a one-year period.

200 million gallons of diesel fuel available from a Montana broker.

43 million gallons of gasoline from Houston, Texas.

SIMON SURPRISED

In addition, an "unlimited supply" of crude oil available from the Mediterranean, which Zane suspects could be a leak from Saudi Arabia, and an "unlimited supply" of crude from a California broker, were offered.

"We found out about all of this gasoline, diesel fuel and crude oil in just four days." Zane said. "Undoubtedly, we did not learn of all of the fuel available in the country."

Dodd said last night he discussed the situation by phone with federal energy chief William E. Simon, providing names, dates and places, and that Simon "was surprised" at the quantities being mentioned.

Zane said the senators learned from brokers that more than 700 million gallons of gasoline were sold "just over this past weekend" outside of regular distribution channels in the New York-New Jersey area.

PRICE IS HIGHER

Brokers claim to be able to get gasoline from Belgium, Germany, Italy, Canada and Venezuela, Zane said.

In virtually every case, however, the price ranges from 15 to 20 cents above the current wholesale prices in regular distribution channels. The result would be an average of 68 cents per gallon at the pump once federal and state taxes and transportation costs were tacked on, he said.

"But despite this increased cost, there seems to be a booming market," Zane said. One broker offered several million gallons of gasoline to New Jersey Monday morning, but by 5 P. M. that same day someone had purchased it."

AN EMERGENCY COMMUNICATIONS SYSTEM FOR THE UNITED NATIONS

HON. CLEMENT J. ZABLOCKI

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 27, 1974

Mr. ZABLOCKI. Mr. Speaker, in 1969 the House Foreign Affairs Subcommittee on National Security Policy and Scientific Developments recommended in a report that steps be taken to provide the United Nations with a modern communications system, possibly through the use of Intelsat facilities.

Although the proposal aroused interest and later was endorsed by Members of Congress for Peace Through Law, actual progress toward modern communications for the U.N. has been slow.

The onset of the Middle East war last October, however, provided strong evidence of the need for the world organization to have adequate communications. During at least one Security Council meeting on the crisis, erroneous reports about Israeli bombing in the diplomatic sector of Damascus, Syria, served to exacerbate tensions among the countries represented. Tempers flared and harsh words were spoken needlessly.

If the U.N. commander on the scene had been able to communicate quickly, reliable reports might have been available to ease the conflicts among those whose prime mission was to restore peace to the region.

Mindful of this situation, I asked Secretary of State Kissinger at a recent hearing to look into the prospects of providing the United Nations the best communications service possible in support of the U.N.'s peacekeeping and disaster relief efforts. He responded affirmatively and promised to look into the matter.

The results have been very gratifying. The U.S. delegation has offered to the Intelsat Assembly, and the Assembly has accepted, a proposal for insuring the United Nations priority access to Intelsat satellite capacity during emergency situations.

Further, the Department will support an increase in the United Nations communications budget to include sufficient funds for emergency relief and peacekeeping purposes.

I believe that this development is an important first step toward providing the United Nations with an adequate communications capacity, and that it may someday prove to be an important asset to the cause of peace.

For that reason, I wish to insert in the Record at this point a letter from the State Department setting forth the new U.S. policy, and a memorandum which provides background on the subject:

Department of State,
Washington, D.C., February 13, 1974.

Hon. Clement J. Zablocki,
House of Representatives,
Washington, D.C.

Dear Mr. Zablocki: On January 28 I wrote you that we were studying the request by the Secretary General of the United Nations for the cost free use, or use on a preferential rate basis, of INTELSAT facilities. I am now able to inform you of the results of our study and to report the action taken by the Assembly of Parties of INTELSAT regarding the UN request.

We share your concern that the United Nations have access to the best service possible in support of emergency peace-keeping and disaster relief efforts. Thus although we were unable to support the request as formulated, our Delegation to the Assembly of Parties proposed that INTELSAT through special arrangements ensure the United Nations priority access to INTELSAT satellite capacity during emergency peace-keeping and disaster relief efforts. I am pleased to report to you that the Assembly accepted our proposal. The INTELSAT Board of Governors will now take such steps as are necessary to implement this decision.

We also believe it necessary that the United Nations' communications budget include sufficient funds to support emergency peacekeeping and disaster relief efforts, and we will request our Delegation to the United Nations to work toward this end.

I trust this information has been responsive to your inquiry. However, if you have any further questions, please let us know.

Sincerely yours,

STANTON D. ANDERSON,
Acting Assistant Secretary for Congressional Relations.

UNITED NATIONS REQUEST FOR USE OF THE SATELLITE COMMUNICATIONS SYSTEM OF INTELSAT: A NOTE ON THE MOST RECENT DEVELOPMENTS

ACTION

The Intelsat First Assembly of Parties rejected the total United Nations request for preferential rates on 8 February 1974. The United Nations complete request was based on the following:

1. Emergency communications with peacekeeping operations and disaster relief;
2. Operational communications with peace-keeping operations (current operational units);
3. Operational communications with major United Nations offices;
4. Environmental monitoring communications;
5. Occasional informal television communications.

The United Nations request placed highest priority on No. 1, emergency communications, and higher priority also on Nos. 2 and 3.

The Assembly of Parties decision was based on a recommendation from the Intelsat Board of Governors made on 31 January 1974, which stated that:

1. Intelsat is operated on commercial principles;
2. The membership of Intelsat is not identical to the membership of the United Nations.

AMENDMENT

However, the original recommendation of the Board of Governors to the Assembly of Parties was amended on an initiative by the United States which called for the following:

There was a recognition that the United Nations has an important mission to serve mankind. Thus, Intelsat would like to cooperate in, "some sense with regard to emergency needs." Thus, the Board of Governors, together with the assistance of the Secretary-General of Intelsat, was directed to provide the United Nations access to the Intelsat system during emergency situations.

1. Peace-keeping operations and disaster relief;

FURTHER NEGOTIATIONS

There is reason to believe that during the forthcoming negotiations which will be held within the next two weeks, the following will be included:

1. There will be reserved space segments available without cost;
2. Payments would be made only during actual usage in order to preserve the principle found in Article 5(d) of the Intelsat Charter, which in summary states that all users shall pay.

COMMENT

A further comment should be made that during the debate on the United States initiative to provide the above, the United States in direct response to a question, stated that it would favor a financial arrangement in the United Nations to pay for the cost of a modern communications system. It is believed that the United States Mission to the United Nations has been directed to see that it is necessary that the United Nations communications budget includes sufficient funds to support emergency peacekeeping and disaster relief efforts.

The Secretary-General of Intelsat, after negotiations with the United Nations, will present a new proposal with regard to emergency situations and the United Nations use of Intelsat satellite communications, to the Board of Governors for decision on 20 March 1974.

NO BUSINESS AS USUAL ON SHALE

HON. WILLIAM LEHMAN

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 27, 1974

Mr. LEHMAN. Mr. Speaker, we are only now feeling the effects of a policy that allowed a few corporations to control oil, the lifeblood of our economy.

Now we learn that the Federal Government is permitting those same conglomerates to lease our Federal oil shale land.

An excellent editorial on this very subject appeared in the Miami Herald last Saturday, and I commend it to the attention of my colleagues:

NO BUSINESS AS USUAL ON SHALE

With a new awareness by the American people that the companies which control much of the oil also control most of the coal, there is growing concern over the Nixon administration's policy on the leasing of federal oil shale land in western Colorado.

Standard Oil of Indiana and Gulf Oil were the successful bidders earlier this year on the first tracts offered by the Interior Department. Now Shell, Ashland and Atlantic Richfield have gone in with a company specializing in oil shale research to win the right to develop the second tract offered in the same region. Coming up later in the year will be bidding on four more large tracts of public land in Wyoming and Utah.

Experts in the petroleum industry say it will not be until the end of the century that production from the greasy rock in western states will come into the market in sizeable amounts. We suggest now is the time for Congress to make certain that the billions of barrels of shale oil are treated as a national resource owned by the American people and are not allowed to be monopolized by the same corporations that have given the country its current fuel crisis.

It was an American oil corporation that refused to deliver fuel to ships of the United States Sixth Fleet in the Mediterranean when there was the threat of an encounter with Soviet warships last October. It underscored the international aspects of the major oil companies of the world. It is almost as if they operate under flags of their own design.

Should the nation's vast resources in the shale land of western states be delivered over to these same corporations without substantial federal participation to assure that the national interest will always come first, secondary to the profit of stockholders?

EDUCATIONAL PROBLEMS

HON. EDWARD MEZVINSKY

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 27, 1974

Mr. MEZVINSKY. Mr. Speaker, last November I wrote to educators in the First District of Iowa asking them for their thoughts on educational problems and legislation facing them in Iowa. One of the letters I received in response states the concerns of educators especially well and I am submitting it for my colleagues to read:

Representative ED MEZVINSKY,
Longworth Building,
Washington, D.C.

DEAR MR. MEZVINSKY: I have received your letter regarding upcoming education legislation and asking for my thoughts. As an educator and a local education leader I would like to air some of the feelings of many teachers in Scott County. . . .

The ESEA funding methods do need revising. The loss of funds under this program did hurt many schools and could have been even more severe without the 90 percent of 1972 funding guarantee. This entire formula needs to be replaced with a new, better, up-to-date means of distributing these funds. The most important aspect of such a new method seems to me to be equality—so that each and all schools are treated on an equal basis.

The inability of teachers to move from one state to another without loss or discontinuance of pension plans has been a burden for teachers for a long time. I realize such a bill can have many problems in that many states have different plans. The retirement plan in Iowa, for example, is in a word pathetic. I would hope legislation in the area of teacher retirement would come forth at the federal level and in such a way as to upgrade programs in states such as Iowa as well as provide mobility without loss.

Collective bargaining legislation at the federal level is another must. There is a great deal of controversy over such legislation, but it must come if educators and education are to be able to survive and improve in the future. Too long have teachers with many years of formal education been forced to beg for enough money to live, to beg for working conditions conducive to education, to beg for the proper textbooks and materials to do a good job. The time has come for teachers to have some of the same rights as people. Teachers are not asking for such legislation for the purpose of draining the funds from education programs as some might try to make us believe. Instead what teachers are asking for is the right to go in and bargain with their employers on a fair, open, and equal basis. Teachers wish to stop being "collective beggars" and become collective bargainers so that the funds that are available can be put to the best use for education—and as educators we feel they are the ones who are really prepared to know when the funds will do the most good for the end we wish to achieve—education. I sincerely urge you to study collective bargaining carefully, screen out the myths and fallacies some would present, and pass a collective bargaining bill based on facts. The educators in Iowa and across the nation I am sure will use such legislation to improve the quality of the education of our youth.

The final topic on which I would like to dwell is the federal share of educational funding. As you are quite aware, funds for education are often not a popular topic with the general voting public. This seems to be most true at the local levels as evidenced by the organizations of taxpayers and other groups to cut educational spending and lower taxes directly. I am sure you are also aware that the pressures are there at the state level although I believe they are less severe. Such pressures were in large part responsible, however, for the crippling legislation that was passed and put into effect in Iowa a few years ago. The Iowa state aid formula simply is not doing the job adequately. Certainly local property taxes have dropped. The state has, as a result carried a larger share of the costs of education in the schools in Iowa which seems to appease certain groups. But the result has been that local schools simply are not able to meet and keep up with rapidly rising inflation. A 7.9 percent cost of living increase as opposed to a 5 percent maximum increase in school budgets would point out the extent of this problem. Funding for education must be shared more heavily by the federal government. This move, I am aware, would increase federal taxes substantially, but at the same time such taxes would be much more fair than the property tax used to collect revenue for local districts in Iowa. I feel a ⅓–⅓–⅓ sharing of educational funding by the federal, state and local establishments is the only equitable means of funding in our coming society. Please do all you can to move things in such a direction.

I have indeed enjoyed presenting for you some of my views and do hope I have not been overbearing. Education is my life, the life I prepared myself for, and the life I wish to pursue for many years to come. But it has become necessary for changes at the federal level if I am to be able to continue. I would like very much to feel I could stick out my chest and say "yes, I am a teacher," rather than as today having to say "yes, I am *just* a teacher." Please help us out in Washington.

Sincerely,

JACK C. DUDLEY,
President, N.S.E.A.

ESTONIAN INDEPENDENCE DAY

HON. MATTHEW J. RINALDO

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 27, 1974

Mr. RINALDO. Mr. Speaker, recently we commemorated the 56th anniversary of the declaration of the independence of the Republic of Estonia. Estonia, the northernmost Baltic country is a land of brave people whose love of freedom has survived a long and dark oppression.

On February 24, 1918, Estonia proclaimed independence from all foreign rule and won its freedom from Soviet Russia in 1920. That bright period of independence was short lived. In 1940, Estonia once again fell under the domination of the Soviet Union.

This ancient people has survived a stormy history fraught with threats of subjugation for the past 6,000 years. They have always been able to recover and rebuild. Modern Estonia has become an outpost of Western culture and an important center of industrial activity in Eastern Europe, Estonia's musical achievements are world renowned. The contributions of this small country to the oil shale industry are well known.

Though Estonia has continued to grow and contribute to the world community, this country has seen but brief glimpses of the freedoms that we, as Americans, all too often take for granted. Yet, with pride and great strength, the Estonians continue to work for their dreams of self-determination.

The strength of their dedication to the ideals of political and religious freedom can serve as an inspiration to all oppressed nations and to we who all too often forget how precious these freedoms are to all of mankind.

At this time of commemoration, I wish to add my voice in tribute to this brave nation. Many Estonian-Americans rightly share a great feeling of pride at this time. I pray that lasting freedom will come soon to Estonia.

GIANT-SLAYER HENRY B. AIMS AT NEW VILLAIN: S. A. GAS CRISIS

HON. OLIN E. TEAGUE

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 27, 1974

Mr. TEAGUE. Mr. Speaker, I have over the last 5 meeting days of this body presented to it a series of five articles about my friend and colleague, HENRY B. GONZALEZ. I have done it in order that my other fellow Members of Congress may share an insight to Congressman GONZALEZ that I have had the privilege of knowing for many years.

HENRY B. GONZALEZ is one of the hardest working, most intelligent, and far-sighted Members I have in my 27 years in these Chambers had the privilege of knowing. He achieves these praises because of his true compassion for his fellow man.

I am glad he is my friend.

The last of five parts follows:

GIANT-SLAYER HENRY B. AIMS AT NEW VILLAIN: S.A. GAS CRISIS

(By James McCrory)

As long as the city of San Antonio is at the mercy of free-booters, there will be no stable commerce or industry.

And there'll be little likelihood of attracting new industry.

Those are the expressed thoughts of Congressman Henry B. Gonzalez as he dons his armor and takes to horse again to level his lance at the city's most formidable foe of the moment—the energy crisis.

FIRM FOR S.A.

The congressman reveals that he has been negotiating with a St. Louis businessman for placement of a sizeable business enterprise in the Alamo City.

The business, Gonzalez said, would have had a starting roster of employees of 750, with a potential of 5,000.

But the businessman, Gonzalez said, informed him there is no way he could seriously consider coming into San Antonio with the gas shortage problem facing the city.

Gonzalez hasn't given up hope of landing the business, but he does agree that the gas shortage is the number one challenge facing him at the present time.

HANDS IT OUT

Now there is enough blame in San Antonio's present embroglio over gas to pass around liberally, and the congressman has ladled it out with a liberal hand.

In a series of speeches on the House floor, not dissimilar in aggressiveness to the 48 speeches he made in trying to unravel Sharpstown, Gonzalez pointed the finger at Coastal States Gas Producing Co. (San Antonio's supplier, sometimes), its board chairman, the Texas Attorney General, and the City Council.

"The gas crisis was not easy to produce in Texas," Gonzalez said in one House speech. "It took some of the most devious dealings of all time to produce Wyatt's gas bubble, and the vicious, ruthless tactics by which he burst it."

He was referring to board chairman Oscar Wyatt.

VICIOUS THEFT

If the Texas Railroad Commission allows continued diversion of gas promised San Antonio and other communities, Gonzalez warned, it "will have sanctioned the most vicious theft in Texas history, and thus sealed the fate of those communities that must have gas from Coastal."

What allows Gonzalez to take on giants of industry and commerce without fear or trepidation."

One reason is he's independent of them, and has no conflicting interest. He works his congressional job full-time, doesn't carry a portfolio of gas and banking stock, and doesn't operate an outside business.

RICH OFFER

In fact, back in 1964 Gonzalez declined a businessman's offer of $14,000 worth of stock in a San Antonio bank, along with chairmanship of the bank's board of directors.

The turndown so edified newspapermen and columnists that it was widely reported, and included in books about Congress.

Gonzalez sits on the House Banking and Currency Committee, and is chairman of its International Finance Committee. He also is a U.S. delegate to the U.S.-Mexico Interparliamentary Conference.

Working his way up the seniority ladder, the coin of the realm in the House and Senate, Gonzalez a year ago was named one of 20 Democratic zone whips in the House. His zone covers the Texas Democratic delegation.

PARTY MAN

A strong party man who always actively supports the Democratic nominees, Gonzalez supported George McGovern.

He supported him, he reports, "warts and all," although he was disappointed that McGovern didn't follow his advice and hit the Nixon administration on the corruption issue.

He disagreed with McGovern on McGovern's abandonment of short-term vice presidential nominee Thomas Eagleton. He had informed McGovern that as long as Eagleton "isn't charged with cattle-rustling or horse stealing I can defend him in Texas."

Bexar County has never sent a man to Congress better prepared in government than Gonzalez. He had worked for both the city and county, was elected to the City Council and the state Senate, and understood the operations of city, county, and state governments before graduating to the House.

MEDICAL SCHOOL

Among the 42 bills he introduced, co-sponsored, or handled during five years in the Senate was a bill to establish a medical school in San Antonio.

Passage of the medical school bill by the House and Senate culminated a 12-year struggle, and the 25–4 vote in the Senate over active opposition by Sen. Charles Herring, who wanted the school for Austin, was called "one of the overlooked political coups of the regular session.

HEMISFAIR

One of his proudest achievements in the U.S. House was the passage of legislation calling for federal sanction and, participation in HemisFair 1968. It was the first world's fair held in the U.S. south of St. Louis

Creation of HemisFair was a major plank in Gonzalez' original campaign for Congress, and the congressman was instrumental in getting a $30 million bond issue passed in San Antonio for the fair.

He then guided the measure through the Congress, the Secretary of State, and the Bureau of International Expositions.

In 1966 he authored the bill which authorized the federal exhibit at HemisFair, and won approval of $6.5 million in federal funds for a federal pavillion.

LOCAL REACTION

While the present reaction to the 1968 fair is mixed, the city has more than $12 million in convention facilities it wouldn't have had except for HemisFair. That put it in competition for some of the large conventions and tourist trade going to other larger Texas cities.

And HemisFair, coming on top of the medical school, probably solidified Gonzalez' support from the business community.

NEAR PERFECT

Still possessed of the formidable energy which has characterized him throughout his political career, Gonzalez has a near perfect attendance record in Congress.

In his legislative efforts, he has won some and lost some.

He helped defeat the bracero program, and passed legislation giving San Antonio millions of dollars in federal grants and loans for housing, hospitals, urban renewal, channel improvements, schools, and the Veterans Administration Hospital.

BIKE PATHS

He is seeking enactment of a bill to provide funds for bicycle paths, has consistently fought war profiteering and helped fight for extention of the Renegotiating Board to check defense contracts, and has introduced legislation to make it impossible to draft men for duty in combat areas except in congressionally declared wars.

He is pushing legislation for health care, mental health insurance, and a "Bill of Rights for the Mentally Retarded."

One fight he appears imminently in danger of losing is his battle for the return of the penny postcard. The longer he fights on that issue, it appears, the higher the rates go.

OPPOSED DST

Gonzalez also voted against adoption of Daylight Saving Time, a position which appears to be in line with the thinking of his constituents.

Over the years, the congressman has won many honors and commendations for his stands.

However, as the outcries from the far right subside, the condemnations from activist Chicanos increase.

Which other Bexar County politician has reached the point where solidly-conservative County Tax Assessor-Collector Charles Davis would establish a special dispensary for personal HBG license plates? Those plates have graced hundreds of cars in Bexar County.

KEY REASON

In any study of what makes Henry run, it would be remiss not to mention one factor that certainly played a part in his jump from the state Senate to Congress.

That would be his wife, Bertha, and eight children. Even a magician couldn't feed, clothe, and shelter a family that size on a $4,800 a year state Senate salary as she did.

Barring death or disability, Gonzalez appears at this point to be destined to join that illustrous group of Texans enjoying lengthy seniority and leadership positions in the U.S. House.

LETTER FROM A KOREAN WAR VETERAN

HON. ELIZABETH HOLTZMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 27, 1974

Ms. HOLTZMAN. Mr. Speaker, today I would like to share with my colleagues portions of an eloquent letter I have received from a constituent. Mr. Andrew Cangelosi, a veteran of the Korean war who describes himself as "a simple workingman," has written me of his disillusionment with our Government. I believe that all of us in public office must meet the challenge of his question: "Can anything be done to clean the whole system up?" The text of the letter follows:

BROOKLYN, N.Y.

MY DEAR CONGRESSWOMAN HOLTZMAN: I am taking the time out this evening to let you know as my representative how I feel on certain issues.

Anyhow, I am writing to you as a person very disillusioned in the way this government is being run. I am just a simple working man on the side lines looking at all the corruption at *all* levels of government, and I say to myself: "These are the very people who are telling me to be morally strong, and straight, and conscious of my neighbor etc." And here they are committing every conceivable sin on earth.

There was a point in my life when I thought the U.S. Government could do no wrong (about 20 years ago). But now I find myself wondering if I was really right in my thinking. Government to me now is nothing but a big political football. I do not feel they serve the interest of the general public. The only people it seems are the politicians who make all kinds of deals, and get rich schemes at the expense of the people who honestly thought they would get good representation by electing them (not referring to you). I wouldn't be writing to you if for one minute I had any doubt of your integrity.

But honestly all one has to do is pick up a newspaper and what do you read? President involved, high officials of administration involved, congressman involved, etc. These are the very people who should least get involved, fine education, supposedly good backgrounds, fine families, elected to fine position. I wouldn't exactly say they are starving on their salaries and yet they are involved in shady deals. And yet these are the very people who are our leaders, and should get the respect for the office they hold, but do they deserve the respect especially from the *young* when there is so much going on. Is it any wonder why we have so much crime, drug abuse, etc.? The Government sets no example, people feel, well they can get away with it, why can't I.

It seems whatever the Government puts their hand on, it turns completely sour. For instance: All you hear about is a council for this, and a commission that, and what comes of it really, food prices are as high as ever, if not higher, milk 40¢ a quart, bread 45¢ a loaf and I could go on. These councils it seems to me are only to placate the public. Again government has failed. Now we have an energy crisis I wonder! I wonder if it isn't just a scheme for the big oil companies to just squeeze the public a little more, making it harder and harder to earn a living. We got to the moon ten years or so ago, and here in 1974 we have no gas, shortage of fuel to heat homes, and other related incidents to energy. Another example of government mismanagement.

Watergate: After reading the first part of my letter I could have placed the caption "Watergate" on the top of page 1. All I want to say is this. If Nixon is chargeable then impeach him, if not, then let's stop all this political double talk and T.V. marathons and get off his back.

The way I see it Congress is just talking, but afraid to act. *"Let's get on with it."*

You know during the 1960's when the Vietnam war was going on, and I used to see in the paper the number of men who refused to serve in the armed forces it used to gall me, maybe because when I was drafted in 1952 and sent to Korea I didn't make any fuss just went, and nobody during those years made any commotion about going, but these kids during the '60's didn't make any sense to me, but looking back in retrospect maybe they saw then, what I'm starting to see now, and that is: disillusionment in the way our government is being operated, and that is sad, but what is even sadder is, "can really anything be done to clean the whole system up?"

I know you can't give me any iron clad solutions for all the problems in government, but at least I feel the Congress must start, and bring us down to earth. We are a people walking on air, nothing stable underneath.

Thank you.

Sincerely yours,

ANDREW J. CANGELOSI.

NO-LEAD GASOLINE?

HON. JOHN M. ASHBROOK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 27, 1974

Mr. ASHBROOK. Mr. Speaker, the energy crisis is a matter of great concern to Americans. Unfortunately, there are no easy solutions to this crisis. The ideas and suggestions of all Americans are needed. Therefore, I would like to bring to the attention of my colleagues the following letter from one of my constituents regarding no-lead gasoline. I think his suggestion merits our attention:

ENGLEFIELD OIL CO.,
Newark, Ohio, February 7, 1974.

Hon. JOHN ASHBROOK,
House of Representatives,
House Office Building,
Washington, D.C.

DEAR JOHN: There are two problems with initiating the "no lead in gasoline" for the 1975 cars.

No. 1. It requires approximately 6% more crude oil to produce the same amount of gallons of gasoline as are required with leaded gasoline.

No. 2. The cost to change service stations from a leaded gasoline station to a leaded and non-leaded gasoline service station runs somewhere from $3,000.00 to $12,000.00 per unit, depending on the particular type of installation and the desired change. At the present time, there are no provisions for passing through this increased cost, making it an impossible burden on the small business man.

With the energy crisis that we have today, it seems to us to be advisable to postpone the "no lead" product for several years.

Very truly yours,

F. W. ENGLEFIELD,
President.

"BUSING" AND PUBLIC EDUCATION: RESPECT THE COURTS, PROTECT THE CHILDREN

HON. ANDREW YOUNG

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 27, 1974

Mr. YOUNG of Georgia. Mr. Speaker, last week Mr. Clarence Mitchell, director of the Washington Bureau of the National Association for the Advancement of Colored People, testified before the Senate Subcommittee on Constitutional Rights, on bills related to court-ordered busing of schoolchildren.

Unfortunately, Mr. Mitchell's careful analysis of the proposed legislation has received little notice. I urge Members to read his presentation.

Mr. Mitchell observed that the bills before the Senate subcommittee have two things in common: First, they would "undermine and nullify" U.S. Supreme Court decisions going all the way back to the landmark decision of 20 years ago to desegregate the public schools. Second, the proposed measures seek "to reimpose upon the schoolchildren of the United States the unconstitutional handicap of separate and unequal education based on race."

Mr. Mitchell added:

> Since 1954, those who want to maintain a dual system of education based on race have sought to destroy that decision with strategems, economic pressure and even violence.

He concluded:

> At a time when our country is torn by strife about whether government officials have engaged in unlawful acts, it is tragic to see that an effort is being made to give statutory protection to acts and practices that have unlawfully delayed desegregation in the public schools.

It is my hope that the Congress will reject the pending legislation and show a willingness to respect the courts and the judicial process, which has protected the constitutional rights of children. The Congress can then move on to meet the challenge of saving public education in this Nation and providing all children with an opportunity to have the best possible education.

Mr. Mitchell's testimony follows:

STATEMENT OF CLARENCE MITCHELL

Mr. Chairman and members of the subcommittee: I am Clarence Mitchell, Director of the Washington Bureau of the National Association for the Advancement of Colored People. I appear to register our organization's opposition to S. 179, S. 287, S. 619 and S. 1737. Although they use different approaches, all of these bills have two things in common. Each of them would undermine or nullify United States Supreme Court decisions ranging in time from *Brown* v. *Board of Education*, 347, U.S. 483 (1954), 349 U.S. 294 (1955) to *Swann* v. *Charlotte-Mecklenburg Board of Education*, 402 U.S. 1 (1971). Each of them seeks to reimpose upon the schoolchildren of the United States the unconstitutional handicap of separate and unequal education based on race.

Twenty years ago the United States Supreme Court struck down racial segregation in the public schools. From that day to the present those who want to maintain a dual system of education based on race have sought to destroy that decision with stratagems, economic pressure and even violence. New recruits from above the Mason-Dixon line have joined in the fray as votes on so-called antibusing amendments will show.

From the beginning of the pro-segregationist effort to nullify the *Brown* decision the contest has been unequal. Those who supported the decision had limited funds, slender resources and few forums in which to state their views. Those who opposed the decision controlled the political and economic power in the areas of resistance. They could and did fire hundreds from jobs as reprisals, they could and did use their state, county and local treasuries to raise delaying questions in courts. They could and did use their legislatures, county commissions and city councils to pass laws that were open and defiant efforts to keep the schools segregated. They could and did use the United States House of Representatives and the United States Senate as forums in which to proclaim manifestos, doctrines of nullification, proposals for interposition and proposed revisions of the United States constitution itself. Moreover, they were aided by the agencies of the executive branch of the government of the United States.

This quotation from *Swann* describes an all too familiar pattern of the Federal power being used to support segregation in the public schools:

"Residential patterns in the city (Charlotte, N.C.) and county (Mecklenburg) resulted in part from Federal, State and local government action other than school board decisions. School board action based on these patterns, for example by locating schools in Negro residential areas and fixing the size of schools to accommodate the needs of immediate neighborhoods, resulted in segregated education."

As we have said, the bills now under consideration by this subcommittee seek to undermine Supreme Court decisions. They would also cancel out the legislative backing given to desegregation of the public schools under titles IV and VI of the 1964 Civil Rights Act and safeguards protecting educators against discrimination provided by 1972 amendments to the Equal Employment Opportunity Act.

In *Brown II* (1955) the Supreme Court described remedies that could be used to implement *Brown I* (1954). The following is the exact language of the court:

"In the fashioning and effectuating of decrees, the courts will be guided by equitable principles. . . . The courts may consider problems related to administration, arising from the physical condition of the school plant, the school transportation system, personnel, revision of school districts and attendance areas into compact units to achieve a system of determining admission to the public schools on a non-racial basis and revision of local laws and regulations which may be necessary in solving the foregoing problems. They will also consider the adequacy of any plans the defendants may propose to meet these problems and to effectuate transition to a racially non-discriminatory school system."

Title VI of the 1964 Civil Rights Act prohibits "exclusion from participation in, denial of benefits of and discrimination under federally assisted programs on grounds of race, color or national origin." Under this title Federal agencies have the power to withhold funds from school systems that discriminate on the basis of race.

S. 1737 makes a systematic attempt to knock out the cited portion of *Brown II* and also to destroy the safeguards against spending Federal funds to support segregation as provided by Title VI.

S. 1737 would enact a new Title XII to the Civil Rights Act of 1964. It would be called public school-freedom of choice.

Section 1202 would forbid any "department, agency, officer, or employee of the United States" to withhold funds from school boards, public schools or class operating under a so-called freedom of choice system.

Section 1203 would prevent withholding of funds from public schools as an inducement to transport students "for the purpose of altering in any way the racial composition of the student body" of a public school operating under the "freedom of choice" plan or "any other public school."

Section 1204 would prevent the withholding of funds "to coerce or induce" any school board operating such a (freedom of choice) public school system to close any public school, and transfer the students from it to another public school for the purpose of altering in any way the racial composition of the student body at any public school.

Section 1205 would prevent funds from being withheld as an inducement to affect desegregation of faculties in public schools.

Section 1206 would open the door for a flood of suits against the United States to force the release of funds that are withheld for the purpose of seeing that Federal monies are spent on a non-discriminatory basis.

Using the disguise of freedom of choice, S. 1737 prohibits the withholding or threat to withhold funds in order to promote desegregation by:

(1) Transportation of students

(2) Closing of schools and transfer of students

(3) Transfer of faculty.

Each and every one of these forms of effecting desegregation has been approved by the Supreme Court, where the circumstances warrant their use. The bill would place government agencies and personnel in a threefold dilemma. First, it seeks to force them to ignore the law of the land, as interpreted by the Supreme Court. Second, in some instances, it would require them to ignore court orders directed to them (such as that in *Adams v. Richardson*) and place them in danger of contempt of court. Third, it seeks to force them to violate the oath of office the government officials take under article VI of the Constitution to support the Constitution. For if they do what this bill would direct them to do, they would be in violation of that oath.

As a final coup de grace section 1207 would bar courts of the United States from having jurisdiction "to make any decisions, enter any judgment or issue any order requiring any school board to make any change in the racial composition of the student body at any public school or in any class at any public school to which students are assigned in conformity with a freedom of choice system. . . ." It would also prevent transportation of students, give parents the right to refuse to send their children to a given school, prevent transfer of children from closed schools and the transfer of faculty members if such actions would conflict with freedom of choice plans.

The long record of court cases involving freedom of choice plans shows that the mere use of the words does not insure that a school system which was formerly segregated on the basis of race will become a unitary system. At present the burden of proof is on those who discriminate. S. 1737 would effectively shift the burden to the victims of discrimination. S. 1737 would also effectively deprive the courts of power to give remedies in cases where the definition of freedom of choice under section 1201(g) of S. 1737 has been met. Under the definition of freedom of choice in S. 1737 results that give only token or lip service to desegregation would be permitted and the courts would be powerless to change them.

As S. 1737 seeks to utilize the "freedom of choice" concept to maintain the dual school system, S. 619 seeks to do the same by relying on the "neighborhood school" concept.

The bill would require that before a court or Federal department or agency orders student transportation as a remedy for school desegregation, it must consider five other possible remedies—the neighborhood school, taking into account school capacities and natural physical barriers; the neighborhood school, taking into account only school capacities; transfer of students from schools in which members of their race are a majority to those in which they are a minority; rezoning school attendance zones; any other educationally sound and administratively feasible plans.

All of these remedies have, of course, been considered by the courts before student transportation was ordered in some cases as a last resort. The establishment of these criteria is, then, a meaningless gesture. The only purpose we see it serves is to harass those courts that have worked diligently to bring about effective desegregation and to provide an excuse for further delay for those that have tried to evade their responsibilities.

Under S. 619, where student transportation is allowed, it would be permitted only to the closest or next closest school. This obviously would shut off students of inner city schools from relief from segregation in many places.

We suggest that this, too, is but another attack on our judicial system. It seeks unconstitutionally to limit the right of the courts to grant litigants full relief, or to fully implement the equal protection clause of the 14th amendment. The courts have interpreted that provision of the Constitution, in some instances, to require the transportation of students to end the dual school system. This bill seeks to thwart these decisions by denying the relief that the courts have found the 14th amendment requires.

This bill also contains what we consider to be one of the most destructive legislative proposals advanced in the fight against desegregation. We refer to section 206, which would permit the reopening of any school desegregation law suit or plan approved under title VI of the Civil Rights Act of 1964. This would allow the reexamination of every court and agency decision on desegregation going back to the 1954 *Brown* decision, literally thousands of decisions and plans.

By holding out a false hope of upsetting such desegregation as has been accomplished, this provision would create legal and community chaos and revive all the controversies, many of them bitter, that we had hoped were behind us. We do not think that in legal results it would accomplish anything except a mass of pointless litigation. In community terms it would only encourage a revival of activities by segregationist diehards.

Without going into all the details of the bill, we find many other provisions objectionable to those who believe in equality of opportunity.

Among the proposed legislative findings, we would point out three that are particularly disturbing. The first of these is that the dual school system has been effectively dismantled. This flies in the face of reality. Not only is it necessary to monitor many school districts under court or agency order to determine whether they are fulfilling their obligations under the orders, but discovery of segregation in previously undetected areas frequently occurs. This is especially so in the North, where many of the subtle practices in race relations made what in fact is *de jure* segregation appear *de facto*. Another of the findings we feel is erroneous is that declaring it against public policy to require racial balance. Although the Supreme Court in the *Swann* case found this not to be constitutionally required, it held that there was discretion in local school boards to establish a racial balance. We believe that discretion should be protected. The last of these findings that we will note at present is that which would make it against public policy to require racial adjustments once desegregation has been accomplished, despite later population changes. This finding is also implemented later in the act by the provision (section 207) on termination of orders. This fails to take into consideration the role that Government plays in the racial composition of school districts through housing, education, transportation, community services and other governmental policies and practices and how these policies result in population changes.

S. 179 represents a frontal attack on the judiciary. It seeks to take from courts "jurisdiction" to make any decision, enter any judgment, or issue any order requiring transportation to effect school desegregation.

While using jurisdictional language, this bill does not in fact prevent courts from hearing school desegregation cases. It prevents them from granting successful litigants a full remedy. Under it a court could find that the 14th amendment requires pupil transportation, but could not order public officials to provide that transportation. We feel that this is a statutory attempt to amend the Constitution and that it is constitutionally defective because Congress lacks the power to so amend the Constitution. On the practical level, if permitted, it would set up congress as a super court, with authority to overrule any decision of a court by revoking the court's "jurisdiction" to render the objectionable decision.

Apparently in anticipation the courts will not accept the legal principle the bill's author espouses, the bill further provides that when courts do order pupil transportation, the orders may not become effective until all appeals are exhausted or the time for appeals has expired.

Thus, after twenty years of delay in the implementation of the *Brown* decision, we have a proposal to continue indefinitely the time in which that decision may become fully effective. Anyone familiar with our legal system knows that delay can become a way of life for those bent on delay, notwithstanding the "expedited" judicial determination provisions of the bill.

S. 287 goes much beyond S. 179. It would deny jurisdiction to Federal courts in any case involving a public school, except for appeal or petition for writ of certiorari to the Supreme Court.

While this would apply to school desegregation cases, it would also bar access to Federal courts in many other areas of constitutional law. Some that come to mind are 1st amendment rights relating to prayer in public schools, academic freedom, student protest; constitutionally protected property rights such as teacher tenure and pension rights; due process in teaching discharge cases, etc. It would lower the public school to the position of the only public institution whose activities are beyond constitutional review by the Federal courts. We see nothing in law or reason that would justify such a sweeping exemption and cannot believe the Congress will take this proposal seriously.

At a time when our country is torn by strife about whether Government officials have engaged in unlawul acts, it is tragic to see that an effort is being made to give statutory protection to acts and practices that have unlawfully delayed desegregation in the public schools. We urge that S. 179, S. 287, S. 619 and S. 1737 be rejected.

LITHUANIAN INDEPENDENCE

HON. JOHN D. DINGELL

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 27, 1974

Mr. DINGELL. Mr. Speaker, I take this opportunity on the 56th anniversary month of Lithuanian independence to commemorate this struggle for freedom from the yoke of Communist oppression by a people who wish to have their human rights honored by the Soviet Union.

I support the efforts of various Lithuanian organizations and others to liberate people and countries who are strangling under the Soviet Government's denial of self-determination, free speech, and religious freedom.

Americans of Lithuanian descent can be proud of their continued efforts to free their homeland from Soviet oppression.

It is important to note that the U.S. Congress can strike a blow for freedom by sending to the President the trade bill which properly denies most-favored-nation status to the Soviet Union for its freeze on emigration. Approval by the Senate of the House-passed trade bill is urgent and must contain this denial of U.S. aid in trade to the Soviet Union.

HAYM SALOMON, REVOLUTIONARY PATRIOT

HON. GEORGE E. DANIELSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 27, 1974

Mr. DANIELSON. Mr. Speaker, the year 1973 marked the 200th anniversary of the arrival in America of a young Polish immigrant, Haym Salomon, who became an important figure in the American Revolution. Knowing that my colleagues would be interested in learning the story of this forgotten revolutionary hero, I have compiled a brief biography of Haym Salomon which follows:

Haym Salomon

Two hundred years ago, while the British colonies in America were being drawn closer and closer toward the American Revolution, a man arrived in New York from Poland who was to play a crucial role in the approaching struggle for independence. The contribution of this great patriot, Haym Salomon, has seen little recognition and heard little praise up to this day. But this year, finally, on the two-hundredth anniversary of Haym Salomon's immigration to America, he will be honored with a medal to be issued by the Jewish-American Hall of Fame.

Haym Salomon has been described by Frederick M. Schweitzen (in *A History of the Jews Since the First Century, A.D.*) as a "somewhat legendary figure . . . who helped to finance the (American) Revolution." Surely his dedicated efforts to assist his adopted country in her fight for freedom deserve greater recognition than this. Perhaps we have neglected Salomon because he was not a military hero as George Washington was, or a political hero as Benjamin Franklin, John Hancock, and Patrick Henry were. Instead, Haym Salomon contributed his money, and his time and considerable talent as a broker and financier for the Government.

Upon arriving in New York at the age of 32, young Salomon embarked upon a successful career as a broker. He soon became involved in patriotic activities against the British which eventually resulted in his flight to Philadelphia in 1778. There he reestablished himself as a broker and lent his valuable services to Robert Morris, the Superintendent of Finance for the Continental Government, as "broker of United States Government." In his capacity as almost the sole agent for the finance office, he did much to maintain the credit of the government.

At a time when George Washington's

Revolutionary Army was on the verge of collapsing, Salomon was active in securing the money and supplies necessary for the victory of the American cause. The dairy of Robert Morris shows no less than seventy-five transactions with Salomon between August 1781 and April 1784. Government records indicate that he wanted no interest on the financial transactions he made in behalf of the Government. And in addition to his contributions to the Revolutionary Government, Haym Salomon made personal loans to delegates to the Continental Congress, like James Madison and Edmond Randolph, and to a number of prominent Pennsylvanians.

Congress has many times before been presented with the story of Haym Salomon, mostly as a result of several attempts by his heirs to collect their claim of over $600,000 from the U.S. Government. In 1850, a Congressional committee report said: "The Committee, from the evidence before them, are induced to consider Haym Salomon as one of the truest and most efficient friends of the country at a very critical period of its history." Later, in 1864, a Senate committee called the claim one of "undeniable merit," yet by 1893 the claim had still not been paid. At that time Salomon's heirs gave up their efforts to secure reimbursement and asked instead that a commemorative medal be struck in honor of their ancestor. A bill was introduced and considered, but never passed by Congress.

Now, at long last, a medalic sculpture of Haym Salomon, designed by Paul Vincze, who has made medals of President Truman, Pope Paul VI, Queen Elizabeth, and Sir Winston Churchill, has been struck. Haym Salomon, American patriot, is finally achieving some of the recognization that he has deserved for so many years. It is appropriate that his memory will be honored in time for the Bicentennial of the Nation he helped to create.

"STRIPPER WELL" EXEMPTION FROM OIL PRICE CONTROLS MUST CONTINUE

HON. CHARLES S. GUBSER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 27, 1974

Mr. GUBSER. Mr. Speaker, as you know, Congress took action in late 1973 to exempt the production of so-called stripper oil wells from price controls. This has proven to be in the long-range best interests of the country because, in these oil short times, it has made it possible for uneconomic wells to be brought back into production thereby helping to alleviate the energy crisis.

We all know there is danger that the so-called rollback provisions of the energy bill which has been pending for some time will apply to these marginal production wells. In my opinion, this would be a mistake.

Recently, I have received a letter from Mr. Jack Harden, a long-established acquaintance of mine, who owns and operates the Mercury Oil Co. Mr. Harden clearly points out the economics of stripper oil production and in my opinion, his letter presents a clearcut case for exemption of these wells from price controls.

So that my colleagues who will soon be called upon to vote on this important issue may be familiar with the logic which Mr. Harden has presented, I submit his entire letter in the Record:

Mercury Oil Co.,
San Jose, Calif., February 15, 1974.

Charles S. Gubser,
Member of Congress,
House of Representatives,
Washington, D.C.

Dear Mr. Gubser: The purpose of this communication is to acquaint you and hopefully large numbers of your congressional associates with the facts underlying the "stripper well" program which congress freed from price controls in late 1973 and now proposes to place under an arbitration fixed price control.

In outline form we present the following as it affects our small independent oil producing company (1973 gross income—less than $100,000.00):

(1) Based upon the 1973 Act of Congress we are in the process of putting approximately 15 "strippers" back into production.

(2) These wells will require considerable and expensive renovation to make them productive even to their oil producing levels at the date they were shut down. They were shut down of course because they were previously unprofitable.

(3) In addition to the renovation costs these wells require constant maintenance such as clean-outs; motor maintenance; and water disposal. These wells produce a great deal of water along with the oil produced.

(4) The ecology movement has of course increased our expenses. Some of their requirements are fair and necessary, some are extremely harsh and counter productive.

(5) We expect to produce approximately *one* to *two* barrels of oil a day from each of the wells we put back into production. This figure may seem small but 15 barrels of oil a day at 42 gallons each will produce approximately 18,000–36,000 gallons of useful fossil fuels a month (15 wells x 1 barrel x 40 gallons of fuels each x 30 days equals 18,000 gallons). This is a small figure by major oil company standards but would in itself serve the requirements of quite few cars; trucks and other consumers of energy.

(6) We of course pay a royalty to the parties who lease us our land. This figure is 19⅔% of our gross production.

(7) We have approximately 2300 acres under lease and intend to explore and develop the property as fast as our funds permit. We live in the hope our future exploration will take us out of the "stripper" class. The eight wells we already have in production plus the fifteen now being activated will give us an average of 3 to 4 barrels per day per well.

In conclusion, we would like to point out that we along with thousands of other small operators need profits from this modest production to finance the exploration of the balance of our undeveloped acreage. As you know, exploration costs have increased dramatically in the last year. Please help us be free of controls which will inhibit us from increasing our production which we all know today "is the name of the game".

Thank you for your kind attention in this regard.

Very truly yours,
Jack Harden.

THE 56TH ANNIVERSARY OF THE REPUBLIC OF ESTONIA

HON. WILLIAM R. COTTER

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 27, 1974

Mr. COTTER. Mr. Speaker, February 24 marked the 56th anniversary of the establishment of the Republic of Estonia. This year is a memorable occasion for all Americans of Estonian descent for it documents the struggle which this tiny Baltic nation has waged repeatedly for its independence, and also commemorates the 100th birthday of the last President of Estonia, Konstantin Pats.

Men and women who have always lived in freedom will never understand the extent of the personal loss that the Estonians have been subjected to over the years, but I know they can sympathize with that loss.

I would like to take this opportunity to join with all Americans of Estonian descent in the fervent hope that this nation will again be free.

EDWARD J. BURKE

HON. WILLIAM LEHMAN

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 27, 1974

Mr. LEHMAN. Mr. Speaker, recently the Biscayne Park Civic Club honored the mayor of Biscayne Park, the Honorable Edward J. Burke, for his many years of dedicated service and leadership to their community. He serves his people well. Such officeholders and public servants as Ed who function at the grassroots levels of our policy system are the mainstay of the American political system. People such as Ed may not make the headlines or the 6 o'clock news, but without them our political system would grind to a halt.

I include the following material:

Edward J. Burke

The man we honor here tonight has a long list of accomplishments. He has been a resident of the village for 27 years. In 1961 he was elected to the Biscayne Park Commission and last month started his 13th year and his 5th term as mayor. In 1961 he was also the chairman of Dade County's Inspectors. In 1966 he was the United Fund Chairman for 11 cities. In 1967 he was elected to the board of directors for the North Dade YMCA. In 1969 he served on the board of directors of the Miami Shore Men's Club. In 1972 he was elected president of the Dade County League of Cities and was elected to the board of directors of the Florida League of Cities and to the National Committee on Public Safety.

He is now serving as a member of the board of trustees of 3rd Century U.S.A. Many of you remember that in 1969 he alerted all of North Dade and was a leader in the fight against the Opa Locka Expressway that would have destroyed our village.

I think that an editorial that appeared Dec. 5, 1971, in the North Dade Journal sums it up pretty well and I will make an exact quote:

"Many mayors of small villages run only for title. Mayor Ed Burke of Biscayne Park is not that kind of mayor and never has been. For the past 10 years he has been a dedicated servant of the village. He is highly respected and admired by officials of other cities for his dedication and for his knowledge of local problems. He goes beyond the call of duty in finding out what Metro is doing and how his village will be affected. He is always alert to any activity, such as expressways or high-rise development that might be detrimental to his village.

"It would be difficult to imagine how anyone could do more than Mayor Burke to earn the right to be re-elected."

LABOR VIOLENCE

HON. JOHN B. ANDERSON

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 27, 1974

Mr. ANDERSON of Illinois. Mr. Speaker, I would like to take this opportunity to call to the attention of the House an excellent article on the subject of violence in labor-management disputes which appeared in the December 1973, issue of Nation's Business.

Written by my good friend and colleague from Pennsylvania (Mr. Coughlin), it describes the problems of union violence aimed against nonunion construction contractors and their workers, a problem that has grown to national proportions in recent years.

One of the most serious of such incidents occurred on June 5, 1972, in the gentleman's own district, when 1,000 men vandalized and firebombed a Sheraton hotel being built by a nonunion contractor.

Since becoming one of 40 cosponsors to a bill I have introduced that would make such violence a Federal crime when more than $2,000 in property damage results, however, my friend has experienced firsthand the tactics of these people, and he describes them graphically in this article.

I hope those of you who read it will join me in urging the Judiciary Committee to schedule hearings on this badly needed legislation, and I insert the following article at this point in the Record:

Must We Have Union Violence?

(By Representative Lawrence Coughlin)

Taking a stand against violence may seem as controversial for an elected official as condemning crime, corruption and cheating.

But, as a Congressman, I have learned that sponsoring legislation to make labor violence a federal offense can mean a personal confrontation with union toughs, threats of physical harm to staff members, and a promise of continued harassment and heckling.

Seven individuals associated with Roofers Local 30, Philadelphia, blatantly tried to intimidate me when I began an all-day walking tour of several communities in the Congressional district which I represent. It was the start of last August's Congressional recess, shortly after I sponsored a measure to make violence or sabotage in management-labor disputes a federal crime when more than $2,000 in property damage results.

My district consists of the Roxborough-Manayunk sections of Philadelphia and most of suburban Montgomery County—prime territories in the unrelenting combat that pits the Building and Construction Trades Council in Philadelphia against non-union contractors.

When I stepped from my car with a female photographer and two male staff members in Roxborough to meet with constituents, I knew at an instant that the group of men on the street corner were union muscle men bent on causing trouble. Just how much trouble was a question mark. Violence, both on a large and individual scale, was a hallmark of the continuing battle.

Twenty-three Building and Construction Trades Council members are under indictment in the June 5, 1972, onslaught at King of Prussia in my district, when some 1,000 men alighted from chartered buses, and vandalized and fire-bombed a non-union site where the Altemose Construction Co. was building a Sheraton hotel. The attack was perhaps the most-publicized in a series of nationwide acts of violence against non-union contractors. [See "A Builder Stands Up to Union Violence," Nation's Business, February, 1973.]

As soon as I moved onto the sidewalk in Roxborough to talk with constituents, the hecklers moved in close and started their harassment. People on the street and in stores with whom I tried to talk were shocked and apprehensive.

At my elbows and over my shoulders, the agitators kept up a rapid-fire barrage of one-liners. "Coughlin's no friend of yours!" one would bellow. A second would cry, "Tell them about Watergate, Coughlin!" Another would shout, "Phase V—don't eat!" Still another would holler, "Coughlin, you're an imposter!"

Several women were obviously terrified by the hecklers and the cacophony of abuse that spewed from their mouths. Some constituents tried to reason with the union members, but to no avail. Others expressed resentment. An angered storekeeper ordered my uninvited escorts out of his shop.

The lone Philadelphia policeman on duty could not cope with the situation and informed us he had called the police labor squad. The "squad" showed up sometime later—a plainclothesman with a walkie-talkie who was promptly ignored by everyone.

By the time I had moved through Roxborough to Manayunk, things threatened to get completely out of hand. One union aide sidled up to my district administrator, pointed to a sign portraying an auto leaf spring, and told him he was going to be folded up and stuffed in such a spring.

Another staffer was all but surrounded on a street corner while several hecklers described how they would break him "into a hundred little pieces."

By the time we reached our next stop, in Jenkintown, the local police had been alerted. Apparently advised by union higher-ups to tone down their tactics, the hecklers backed off their elbow-jamming type of harassment and began a more orderly kind of heckling. The trouble continued into Ambler where, at one point, the outraged police chief ordered the union men arrested. They were herded into the police station a block away, but were released after I told a staffer to ask the chief to let them go. They immediately rejoined us.

Steve Traitz, business agent for Roofer Local 30 and one of the hecklers, informed a staffer that I would be subjected to this type of treatment whenever I appeared in my district. Officials at the Building and Construction Trades Council, contacted by newsmen, declined to say if they were sponsoring the demonstration; but acknowledged that Council literature was handed out by the hecklers.

The undersigned leaflets also attacked me and three other Pennsylvania and New Jersey Congressmen who also sponsored the anti-violence bill. Calling for my defeat at the polls, the leaflets said, in part, that the legislation would "limit union objectives of improving wages, hours and working conditions and . . . [organizing] the unorganized. This bill would create an era of intimidation and reprisals severely limiting the free trade [union] movement and collective bargaining system. . . ."

The bill, of course, would do none of these things. In fact, as I stated when I decided to sponsor the measure, it does not penalize legitimate union activities. I said that acts of violence, ranging from assaults to arson and widespread destruction, are severely damaging to the best interests of the overwhelming majority of peaceful unions and law-abiding members.

The reaction to the harassment and intimidation of the unionists tended to support my contention. Letters, telegrams and phone calls deplored their actions. Only one letter reached my office which alleged I was anti-labor and objected to my sponsoring the legislation.

My decision to sponsor the bill, introduced by Rep. John B. Anderson (R.-Ill.), was not hasty nor ill-considered. With the widespread revulsion over the King of Prussia assault, I had undertaken a study of labor-management disputes and the possibilities of new legislation. I had concentrated particularly on the role of the National Labor Relations Board.

HOBBLING THE HOBBS ACT

Then, in February, 1973, the U.S. Supreme Court ruled—to the amazement of many observers—that the Hobbs Act of 1946 did not apply to violence perpetrated in the collective bargaining process. The law had been enacted to make it a federal crime to interfere in interstate commerce by commission of violence, extortion or robbery.

Analyzing the consequences of the Court's decision, I felt that elimination of federal restraints could prove tempting, not just to some violence-prone unions, but to calculating managements which could provoke trouble for their own ends. Any federal legislation applying to so-called labor violence would apply also to management violence.

Obviously, I risked incurring displeasure from elements of the labor movement, but I believed organized labor had matured far beyond the early reflex action years when it was justly fighting for its existence. As a man who was a laborer in a manufacturing plant while attending evening law school, I understand and agree with the aspirations of the working man and working woman.

But, my eventual decision came against a backdrop of assaults, arson and other incidents of violence that were taking place in the battle of construction trades unions against so-called open-shop or non-union contractors.

The Associated Builders & Contractors, Inc., representing the latter, offers what its officials contend are conservative estimates of losses by builders and contractors fighting the unions.

In 1972, ABC says, there were 170 major acts of violence throughout the country, with damage and losses placed at $5 million. The Altemose firm had tagged its own direct losses in the June, 1972, violence at $1.2 million, with no inclusion of indirect losses garnered from the profit-and-loss ledger.

Other major incidents of violence included destruction of a hotel in Tennessee, with the loss estimated at $750,000, and of 27 trucks in Florida—$150,000.

Last May, ABC filed an action with NLRB against the AFL-CIO Building and Construction Trades Department, charging the unions with acting together to drive open-shop contractors out of business. The action is still pending.

The economic factors behind this intense conflict are multifaceted. Both the unions and non-union contractors have immense stakes in a resolution or, at least, a partial resolution of the bitter issue. At the end of each argument by either side there is a remarkable similarity: Each says it is fighting for its existence.

As a legislator, I could not—and will not—accept the proposition that violence can be condoned in resolving disputes in the United States. And that goes for labor-management conflicts. The ramifications of permitting labor violence to continue under our present laws would be devastating to the fabric of our society, which has been under extreme stress since the convulsions of the 1960s.

Even before delving at length into the situation, I had come to tentative conclusions based on the Altemose incident and other acts of violence. I gladly would have changed my opinions if the evidence so warranted, but the facts were painfully apparent.

Without a federal law against major incidents of violence, the ability to prevent such acts or take appropriate action when they are committed is limited to local authorities. But the fragmentation of local jurisdictions mitigates against an effective procedure, and most local authorities possess little or no experience in handling labor-management violence.

And the FBI has no authority to use or lend its resources to local law enforcement agencies strictly on the basis of labor-management violence.

After studying the history of the National Labor Relations Board and its rulings, I was despairing of our present methods of resolving major disputes that involve violence. NLRB has absolutely no physical capabilities for either forestalling or ending acts of violence. It is helpless to order or effect compliance.

NLRB uses the National Labor Relations Act in issuing its rulings. This Act is the product of three monumental legislative endeavors: the Wagner Act of 1935, the Taft-Hartley Act of 1947 and the Landrum-Griffin Act of 1959.

With so many diverse and conflicting interests considered in the fashioning of the laws, I think it fair to expect a certain ambiguity and uneasy compromise in NLRB decisions. I regret that the record of NLRB rulings has not even been in this direction, but has tended to accommodate a series of union positions.

BENDING THE LAW

In many instances, I feel, NLRB has interpreted the statutes in such a manner as to warp or bend the legislative intent of Congress. The position of the NLRB general counsel, now independent of the Board, also creates problems since he can act arbitrarily in issuing complaints.

And there is another deficiency. Time is a critical factor in NLRB determinations. While there may be a measure of justification for the length of time it takes to arrive at rulings, the gap is too great in adjudicating disputes which may be of great import—what NLRB does may decide whether a business can survive.

A majority report of the U.S. Senate Judiciary Committee's subcommittee on separation of powers, for the 91st Congress, says of NLRB:

"If in fact the Board cannot be improved, it might well be preferable to abolish it and assume the costs of transferring its functions to the courts. First, however, we should try to improve it."

The report says that hearings on which it is based "have demonstrated the erosion of Congressional policy by the Board—in the area of authorization cards, employer speech unit determination, duty to bargain, organization picketing, hot cargo clauses, and so forth—and the need for substantive correction."

I subscribe to the conclusion and note, for the record, that it will take a years-long, heated tussle to make the corrections that are needed. With the competing political interests involved, it is problematical whether any new legislation can be passed.

But it is imperative that Congress act to curb the dangerous trend to more violent acts in labor-management disputes. The Supreme Court decision created a glaring void in the law. Although it is a minority of unions or companies that sanction the resort to violence in the construction field, any groups or individuals committing these acts must be made to obey the law.

I do not, for a moment, think that passage of the bill I am sponsoring would settle the issue of violence in labor-management disputes.

Passage, however, would be an eminently fair and logical approach to help ensure justice by discouraging the use of violence. The federal government's abundant activities in interstate commerce are solid grounds for such legislation.

The bill sets as penalties a maximum fine of $10,000 and/or 10 years in prison. It is residing in the House Judiciary Committee's subcommittee on criminal justice. The prognosis for any hearings in the foreseeable future is doubtful.

While I recognize the immense difficulties that would arise in trying to revise NLRB legislation, I feel that a law to make labor violence a federal crime is a minimum effort to which the Congress should aspire. Failure to check the growing acts of violence nationwide will only encourage such incidents in the collective bargaining process and spill over into the rest of society.

We have had enough of violence.

POLITICAL LEADERS SHOULD SET EXAMPLE

HON. THOMAS L. ASHLEY

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 27, 1974

Mr. ASHLEY. Mr. Speaker, the following letter from my constituent, Mr. P. J. Boes, is the kind of expression that is representative of the thinking of a vast majority of our citizenry. The American public is angry and frustrated with the economic inequities and political degradation that exist in our country today and an about-face is sorely needed. I agree with Mr. Boes that we must look to our political leaders—as well as to leaders in other areas of our national life—to point the direction and set the example.

I commend Mr. Boes' letter to the attention of my colleagues.

TOLEDO, OHIO,
February 23, 1974.

Mr. THOMAS LUDLOW ASHLEY,
House of Representatives,
Washington, D.C.

DEAR SIR: The recent shelving of the oil control bill by the House of Representatives has without a doubt brought into focus with unparalleled clarity the fact that our legislators are living in fear of what the major oil producers might think, to say nothing of what they might do.

It has become fearfully clear to the electorate who it is who owns our elected representatives.

If there is a genuine shortage of petroleum the only fair means of distribution is rationing. Without rationing, those who can afford high prices will get more than their share while those less fortunate will suffer. (Violence has already reared its ugly head.)

We have heard all of the flimsy excuses against rationing but the fact remains that it proved workable during World War II even though imperfectly.

Rationing might tend to control prices. The producers would abhor that.

Thinking people believe that this whole fiasco (the jockeying of the oil control bill) was nothing more than a build-up for Sen. Jackson. I have nothing grevious against Sen. Jackson but am full of disgust for this type of sleazy political trick.

Our people in government are losing the confidence of those who elected them.

The executive branch has reached a new low in respect and esteem from the electorate.

As to the legislature, candidates who accept large campaign contributions from those who can afford them become their servants.

We, the people have lost control.

Watergate, energy crisis (?), inflation and more inflation, erosion of the dollar in foreign trade etc., what does it all lead to?

The atmosphere is ominous.

Under these conditions all that it takes is a demagogue to lead the people down the primrose path.

Either our people in government re-establish faith or we all go down together.

Would any congressman dare to put this into the Congressional Record?

Very truly yours,

P. J. BOES.

MY RESPONSIBILITY AS A CITIZEN

HON. JAMES ABDNOR

OF SOUTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 27, 1974

Mr. ABDNOR. Mr. Speaker, for nearly three decades the Veterans of Foreign Wars has sponsored a Voice of Democracy program in which contestants compete for national scholarships by composing essays which are judged at school, community, district, State and national levels. In South Dakota, the 1974 winner is Miss Margo Ruark, a senior at Mitchell, S. Dak., high school, who has some very perceptive insights on the responsibilities of citizenship.

The essay follows:

MY RESPONSIBILITIES AS A CITIZEN

(By Margo Ruark)

"Don't let anyone think little of you because you are young. Be their ideal, their example; let them follow the way you teach and live; be a pattern for them in your speech, your conduct, your faith, your love and your purity." These words spoken by the apostle Paul to a young leader of the early church, still hold a pertinent message for the young people of American today. Paul, in this text, suggests that youth have more function in the system than just being a passive, voiceless, victim of the status quo. He states that youth should be active leaders as citizens; but on the other hand, youth, as citizens, should not even attempt to set examples if proper responsibility is not exercised.

Yes, youth, as citizens, do have responsibilities . . . responsibilities to ourselves, our peers, to the "older" generation, and to America. And in order to competently teach, live, speak, behave, believe, and love, as Paul brought out, we, as youth, must be ever conscious of the scope of the responsibilities our citizenship demands.

In analysis of Paul's quotation, I found that youth are not merely the learners in today's society, but the teachers as well. Being in this situation, needless to say, calls for responsibility. First of all, I must be accountable to myself, for unless I can be honest with my own feelings and ideas, how can I truthfully relate to the ideas of others? Secondly, I must be answerable to my peers. Kids my age can spot a phony in no time, and I must be true to them when I express my beliefs and feelings. Thirdly, while "teaching", so to speak, to the older generation, the duty of service to others must be upheld. The older generation is looking to youth, and to me, for answers and future leadership. Unless I, as a citizen, am willing to do my share of the work, I will be unable to gain their confidence and carry out the duties that would be bestowed upon me. Finally, I as a young teacher have an obligation to my country. My responsibilities entail learning and sharing the principles of democracy. For instance, most Americans are aware of the principle of "majority rule", but how many can relate to the principle of "minority rights"? Here is where my duty lies—to let people know about the doctrines of my country.

Paul told of another aspect of youth in the system. He pointed out that youth must be accountable for their speech and actions. In relation to ourselves, and each other, we, as young citizens must question our motives. And not only must we answer our own questions about our conduct, but also the questions of those who are older and in authority. How can the older generation entrust our government to the upcoming successors if no responsibility has been shown in the past? Our conduct and speech must be for America's glorification, not degradation.

In his message, Paul also stated a need for faith and love. We must have faith in, and lover for, ourselves; otherwise, how can we expect to change the things we don't like? We must also have faith in the older generation. Our present leaders must have our support in order to pass on to us the principles of democracy. In last reflection, we must have love for freedom. We must recognize that our freedom of life, liberty, and the pursuit of happiness, do not entitle us to take away someone else's.

As I see it, being a young citizen does include many responsibilities, obligations, and contributions; but mainly it includes setting an example through our teachings, through our conduct, through our faith, through our love, and through our lives.

CAMPAIGN FINANCING

HON. CHARLES B. RANGEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 27, 1974

Mr. RANGEL. Mr. Speaker, the need for campaign finance reform cries out from the pages of the printed hearings of the Ervin committee. It is late, but not yet too late to correct the campaign finance abuses that threaten to make a mockery of our political system.

The League of Women Voters, that distinguished and nonpartisan organization dedicated to bettering the democratic process, recently issued a statement of position on campaign financing.

It deserves the attention of my colleagues. I therefore insert it at this point in the CONGRESSIONAL RECORD:

STATEMENT OF POSITION ON CAMPAIGN FINANCING

JANUARY 10, 1974.

The League of Women Voters of the United States believes that changes must be made in the methods of financing political campaigns in order to make our government more accountable, more representative and more responsive to all of our citizens.

The goals of a campaign finance system should be: to ensure the public's right to know; to combat corruption and undue influence; and to enable candidates to compete more equitably for public office.

To achieve these goals, the League favors a system of combined private and public funding and supports the following campaign financing measures:

Disclosure

Require full and timely disclosure of all campaign contributions and expenditures.

Require each candidate to designate one central committee to coordinate, control and report all financial transactions.

Limitations

Limit the size and type of contributions from all sources, including stringent limits on the use of cash.

Limit total expenditures consistent with full discussion of the issues and adequate exposure of the candidates.

Limit expenditures for the broadcast media if there are no limits on total expenditures.

Enforcement

Establish an independent body to monitor and enforce the campaign finance laws.

Base of funding

Encourage broad-based contributions from the general public and the use of tax credits and deductions.

Provide public financing including income tax checkoff and supplemental government appropriations.

Equalize the use of government services, such as franking, for challengers and incumbents.

Use of the broadcast media

Modify the equal time law to facilitate debate and discussion of issues by major candidates, yet allow reasonable opportunities for all candidates to present their views.

Length of campaigns

Limit the length of campaigns.

AMPLIFICATION OF POSITION

The League's position on campaign financing reflects our continuing concern for open and honest elections and for maximum citizen participation in the political process. We therefore support broad-based citizen involvement in campaigns, including volunteer efforts and limited financial contributions. Recognizing, however, that limited private contributions alone cannot provide adequate funding, the League favors the use of public funds, in addition, to finance political campaigns.

Goals

"To enable candidates to compete more equitably for public office" reflects two distinct concerns: first, that differences in candidates' personal wealth and other financial resources not be a necessary consideration in seeking public office; second, that insofar as possible there be an equalization of opportunity for challengers and incumbents.

Disclosure

"Full and timely disclosure" means full disclosure of contributions before elections and full disclosure of expenditures and other financial transactions by a stated deadline.

"One central committee" does not imply a limit to the number of campaign committees that may work for a candidate. It means that each candidate would have a central financial committee to account for all campaign contributions and expenditures and to report these financial transactions to the appropriate regulatory body.

Limitations

The League believes that limits on contributions and expenditures should be realistic and reasonable: high enough to be enforceable and to allow both for discussion of the issues and for visibility of the candidates. Limits should not be so low as to affect challengers adversely.

"Type of contributions" refers to contributions in goods and services, such as office space and personnel, telephone and mail, use of credit cards, etc., as well as money.

The "use of cash," i.e. currency without a written instrument, should be limited to *small* amounts but not so limited as to prevent out-of-pocket contributions by citizens.

Enforcement

An "independent body" refers to an elections commission to centralize reporting and overseeing of campaign receipts and expenditures of each candidate and to enforce the campaign financing laws. Such a commission must be adequately funded and staffed, with powers to investigate, to subpoena and to initiate court action against violators. Strong penalties should be provided for violations.

Base of funding

The League favors a mixed system of private and public funding of campaigns that encourages small individual contributions, increases the use of tax credits and deductions and the income tax checkoff, and makes additional government funds available to bona fide candidates who have demonstrated substantial public support.

The League believes that the government should supply some services such as telephone, office space and candidate information, partly to help equalize the assets of incumbents and challengers. The League believes that incumbents should not be allowed to use the franking privilege before elections or, conversely, that challengers be extended some free mailing privileges.

Use of broadcast media

The effect of the equal time provision has been to lessen the amounts of public service time available to major political candidates. Because the League believes that political campaigns should be characterized by full discussion of the issues, we favor changes in this law which would give bona fide candidates more opportunity to discuss substantive questions.

Length of campaigns

The League believes that the length of campaigns should be shortened, for example, by limiting the time period between primaries and general elections. Campaigns should be long enough, however, to allow for discussion of the issues and adequate visibility of all candidates, especially challengers.

This position is applicable to all federal campaigns for public office—presidential and congressional, primaries as well as general elections. It may also be applied to campaigns for state and local office.

BENJAMIN FRANKLIN REVISITED

HON. HENRY HELSTOSKI

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 27, 1974

Mr. HELSTOSKI. Mr. Speaker, an interesting story came to my attention recently and today I would like to share it with my colleagues. This story concerns Edward J. Piszek, a Philadelphia millionaire, who recently donated a substantial sum of money to the City of Brotherly Love; just as Benjamin Franklin did two centuries ago.

In his will, Franklin left 1,000£ sterling to the city, which was to be lent to apprentices at 5-percent interest. Last month, Piszek put $50,000 in trust for the city "to convey to America and the world the worthiness and excellence of Philadelphia."

Mr. Piszek, founder and president of Mrs. Paul's Kitchens, said he got the idea after the Poor Richard Club—an organization dedicated to helping young Philadelphia businessmen—awarded him the club's gold medal.

This outstanding citizen has long dedicated himself to promoting programs to help people help themselves. For example, Mr. Piszek has donated medical equipment to fight tuberculosis in Poland and has established the Limerick Adult Education Institute in Ireland. In addition, he is also vice president of the American Freedom from Hunger Foundation.

Mr. Piszek, a first-generation Polish American, still maintains a close relationship with the land of his ancestors. He established and is president of the Copernicus Society of America and is also a director of the Kosciuszko Foundation. As a result of Mr. Piszek's efforts, the Philadelphia residence of this revolutionary war hero is now a national memorial. Furthermore, Mr. Piszek helped arrange the journey for peace and understanding to Poland and Ireland which was undertaken by John Cardinal Krol.

In 1970, he received the city of Jerusalem peace award which is presented to non-Israelis who have distinguished themselves on behalf of the people of the State of Israel. Mr. Piszek, a graduate of the University of Pennsylvania, has also received honorary doctorates from Alliance College and St. Joseph's College.

Mr. Speaker, an article concerning Mr. Piszek recently appeared in the Post-Eagle, one of New Jersey's leading Polish-American newspapers. The article gives us further insight into a rather inspiring story and today I would like to share it with my colleagues. The article follows:

ED PISZEK TO GIVE PHILADELPHIA MONEY BUT STRING ATTACHED

Following the lead of Benjamin Franklin, Philadelphia millionaire Edward J. Piszek will put $50,000 in trust for Philadelphia for 200 years.

The president of Mrs. Paul's Kitchens said Friday that the memory would be lent "in short-term commercial paper, 60 or 90 days," gathering interest over that period.

After 200 years, the money is to be used "to convey to America and to the world the worthiness and excellence of Philadelphia," Piszek said.

Piszek said he got the idea after being named recipient of the Poor Richard Club gold metal, which he received Thursday.

"I have always admired Benjamin Franklin," he said, "and am glad to be able in some small way to emulate him."

Franklin left 1,000 pounds sterling to the city in his will. The money was to be lent to apprentices at 5 percent interest. After the collapse of the apprentice system, the fund dissolved.

Piszek consulted with economists at the University of Pennsylvania, who told him that, based on per capita income now and in Franklins time $50,000 is a amount equal to the value of $1,000 pounds sterling then.

"We haven't got the details worked out yet," Piszek said. "It may be that we will decide to allow some of the fund—say 25 percent—to be used 100 years from now. But basically, it is a gift for 200 years from now."

STATEMENTS ABOUT OIL

HON. LESTER L. WOLFF

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 27, 1974

Mr. WOLFF. Mr. Speaker, on February 8, I held an informal hearing in New York on the problems that have developed in the fuel oil industry. This statement is the third in a series of four statements I am making in the RECORD in order to share with my colleagues the testimony received at the hearing. Congressman BIAGGI and Gordon Davis, chairman of the board of the Oil Heat Institute of Long Island, discussed what the Government has done about fuel oil and what some of the problems are on Long Island. Their statements follow:

BIAGGI REMARKS BEFORE REP. LESTER WOLFF'S AD HOC HEARINGS IN NEW YORK CITY, FRIDAY, FEBRUARY 8, AT 26 FEDERAL PLAZA

Mr. Chairman, the energy crisis is nothing new. The issues we are here to discuss today—fuel reserves, allocations, high prices—have been around for a long time. To a New Yorker, the threat of no oil to heat one's home is a problem he has lived with every winter.

When I first came to Congress in 1969, I called for elimination of the oil depletion allowance in light of the fact that the oil companies were paying little or no taxes to the federal government. Congress did cut it back a little, but the allowance is still there, and the oil companies—during a year of unprecedented profits—will again pay little or no taxes.

In 1971, I warned that legislation was needed to eliminate the oil import quota system and the Connally Hot Oil Act—two laws put on the books at the behest of the oil companies to help assure them of a tight market and high prices here at home. In the Northeast, where over 50 percent of our oil comes from foreign imports, the quota system forced us to buy high-priced domestic oil instead of the cheaper foreign oil.

At the same time, the Connally Act permitted producer states, such as Texas and Louisiana, to severely restrict the production of oil, to keep prices up. The oil companies opposed all efforts to repeal these two bills because they knew they would then have to reduce their price. It wasn't until foreign crude prices were higher than domestic prices that the oil companies stopped opposing such legislation and the quotas were eliminated by presidential order.

Again, in October of 1971, I called on the Office of Emergency Preparedness to order a roll back in increased heating oil prices set by major oil companies. The request was complied with. Once again the oil moguls were attempting to gouge the American public with unjustified price increases.

In February of 1972, I accused the Department of Interior of conspiring with the major oil companies to create an "energy crisis" on paper, thus driving up the price of oil and gasoline. That Department was conveniently providing the so-called "evidence" for higher oil prices.

This is the trade record. The oil industry over the years has been faced with increasing pressures from the public and Congress to reduce their prices to reasonable levels and to pay a fair share of the tax burden. Their response has been manipulation of the market to create an energy crisis that was imaginary at first and now has become quite real. They just hadn't counted on an Arab embargo.

The many representatives of independent oil dealers will attest to the monopolistic practices of the major oil producers. These men have fought to have cheaper oil imports brought in to supply their customers with reasonably priced oil in years past, but the big companies blocked such actions. Now that these import prices are higher than domestic prices, the independent marketers cannot compete with the big companies and are going out of business. The oil companies will have won their biggest battle—elimination of competition—if we permit this to continue.

What's the answer? Well, first of all Congress has to get down to business and pass an energy bill that calls for proper allocation of existing supplies and a full investigation of the oil companies. Just what are their assets? How much taxes should they be paying? Is the increase they reported their true income? How extensive are domestic reserves? How deeply involved in the Arab oil decisions are the major oil company executives? Are there shortages, or is there just misallocation of refinery capacity and poor distribution of refined stocks? We must have these answers to deal intelligently with the energy crisis.

Beyond that, there is a clear need to conduct a thorough investigation of the oil companies, their monopolistic practices, and their control over the industry from well-head to retail outlet. This industry is a *prima facie* case of the failure of our anti-trust laws to protect the people.

In the short term, through reforms like this and through the actions of your Congressmen in Washington, we must get a better allocating system working. The existing statutory authority is sufficient to do this. I read of the massive shortages in the east and at the same time, read of excess stocks of gasoline and heating oil in states like Montana, Utah, Wyoming, and elsewhere. People are having no problems driving to Florida or to the ski-slopes of Colorado, but New Yorkers can't find gasoline to drive to work and earn a living!

I pledge to you today I will be working for an improved allocation system and a breakup of the major oil companies during this session of Congress. I know my colleagues here today will share my views and work towards these objectives.

STATEMENT OF OIL HEAT INSTITUTE OF L.I., INC., BEFORE THE CONGRESSIONAL HEARING CONDUCTED BY REP. LESTER L. WOLFF, 6TH DISTRICT, NEW YORK, FEBRUARY 8, 1974

Congressman Wolff and distinguished Congressmen, thank you for the opportunity to speak on behalf of the independent heating oil dealers of Nassau and Suffolk Counties, Long Island.

My name is Gordon Davis, I am Chairman of the Board of the Oil Heat Institute of Long Island, a trade association with about 200 member companies. I am also owner of Long Island Comfort Corp., a retail heating oil company in Port Jefferson, Long Island, serving 2,000 customers and employing 12 people.

Approximately 80% of the more than 600,000 homes on Long Island are oil heated and we independent dealers serve about 92% of these homes with the major oil companies serving the rest on a direct basis. Some of us buy our oil from major oil companies—some of us buy from independent wholesalers and some buy from both.

As a result of the energy crisis, our industry faces two major problems. One, price disparity, threatens to ruin many of us while the other, discriminatory treatment of our industry by the Federal Energy Office could put us all out of business.

PRICE DISPARITY

The so-called two-tier or multi-tier price problem has been a chaotic and near tragic problem foisted on approximately half of the independent dealers and their customers on Long Island and in the Metropolitan area by the world-wide energy crisis. Simply put, the independent *wholesalers* in our area who supply approximately one half of the home heating oil, have had to depend heavily on very high priced imports which caused prices to their dealers and, of course, to the customers of these dealers, to be as much as 75% higher than the prices paid by dealers who buy from major oil companies. As a result, the dealers buying from independent wholesalers have lost thousands of accounts to their major supplied competitors and consumers who did not switch dealers were forced to pay exorbitant prices in the range of 10–15 cents per gallon higher than their neighbors.

Because of this, many small companies have been in danger of going out of business through no fault of their own and hundreds of thousands of consumers, again through no fault of their own, have had to absorb millions of dollars of higher fuel costs.

The FEO has known of this problem for six to eight weeks and while it has shown sympathy and understanding, it simply has not acted decisively to end this outrageous disparity. What's worse, the FEO was given an explicit, workable plan on January 14th by the Independent Fuel Terminal Operators Association which would have ended this problem by February 1st. Not only was this plan not implemented, but the man to whom it was given, Mr. Charles Owens, is reported to have destroyed it while other members of the FEO were claiming week after week that a solution was imminent. Frankly, for Owens to have discarded this plan at a time when small businessmen and consumers were suffering was unconscionable, as well as a great disservice to his boss, William Simon. However, at least Mr. Owens was consistent—his record of abusive actions against the independent retail segment of the petroleum industry remains intact.

Instead of immediately implementing a workable and desperately needed plan to help small business and the consumer, Owens chose to concoct a plan, published in the Federal Register on February 5th, which would go into effect much too late, would obviously not do the job, would disrupt the national fuel oil distribution system and would impose on all segments of the oil industry a massive new set of controls, regulations and reports.

I might add here that the FEO Regional Director in New York, Mr. Gerald Turetsky, has done all in his power to solve the problem and has, in fact, helped alleviate it to an appreciable extent. However, we need an immediate workable solution from Mr. Simon's office and would urge the Congressmen here to demand that the FEO *immediately* implement the Independent Fuel Transit Operators Association plan of January 14th submitted to Mr. Owens nearly a month ago.

DISCRIMINATORY TREATMENT BY FEO

As bad as the Price Disparity problem is to many small independent heating oil dealers and their customers, our industry is discriminated against to a much more enormous degree by the unwillingness or inability of the government to impose upon the country's large utilities the same mandated sacrifices as imposed upon us. Not only is this discriminatory but it *drastically worsens* the current energy crisis. Let me describe the situation.

The home heating business basically has three fuels—number two home heating oil, natural gas and electricity. The home heating oil industry, of course, is made up nationally of tens of thousands of small independent dealers who have traditionally competed with each other fiercely for the right to serve the consumer. Natural gas and electricity, of course, are distributed by a few huge utilities which in their own marketing areas are monopolies—and in many cases—as is the case of the Long Island Lighting Company—sell both gas and electricity.

Historically, our industry, which as I said is highly competitive, has had to compete with the huge utilities to supply the consumer's heating needs and has done so with reasonable success, assuring the consumer of a choice which would otherwise not be available.

Now—since the onset of the energy crisis—the Federal Government has imposed a series of allocation regulations and mind-boggling and punishing price controls on the heating oil industry and, what's worse, has scared the hell out of our customers and made *us* scare the hell out of our customers by threatening dry tanks and cold homes if they don't cut oil consumption by 15% by lowering the thermostat six degrees. Meanwhile, *nobody* at the *state* or *federal* level has mandated anything on the customers of the electric and gas utilities.

Gentlemen—we have an energy crisis—it is not just an oil crisis! In fact, according to the FEO's own statistics and statements, the supplies of natural gas and residual oil are in far worse shape than any other fuels! Ironically, the natural gas utilities have responded to the energy crisis by cutting off their industrial and commercial so-called interruptible or low rate paying customers in order to fulfill all the needs of existing homeowners and to add new homeowners—homeowners, of course, pay the highest rates. This, in spite of the fact that the FEO's announced game plan was to keep industry going to protect jobs while requiring homeowners to tighten their belts. For example—the Long Island Lighting Company this winter cut off all of their lowest rate payers: hospitals, industries and all the county buildings in Nassau and Suffolk for the *entire* winter, November 1st through March 31st! Guess what has to fill it's gap—you're right—No. 2 home heating oil which means that the counties of Nassau and Suffolk and industry are competing with the dealers to procure heating oil—thus reducing the supply and driving up the price while LILCO sits back allowing all of their high rate paying customers for natural gas to use all they want all winter.

Worse than that, the electric utilities throughout the country are installing electric heat at an incredible increased rate by converting record numbers of oil heated homes and by dominating the new home market. Why are they able to do this now? Again, simply because the Federal Government is beating on heating oil dealers, forcing them to cut back by 15% while letting electric utilities and their customers get off scot free! What homeowner wouldn't consider converting if threatened by running out of oil! What builder would consider oil heat when the press, day in and day out, proclaims the horror stories of cold homes heated by oil.

This situation is bad enough as a rank example of discrimination against the small businessman in favor of the huge utility monopolies but when coupled with the fact that precious natural resources are being grossly wasted in the process—it becomes a national disgrace. Gentlemen, it takes 2½ times as much oil to heat a home with electricity as it does with direct fired oil—massive unbiased evidence—which we will make available to you—proves this, but let me just quote a recent statement by Senator Metcalf on the floor of the Senate.

"Utility use of oil to produce electric heat is a ghastly waste of a dwindling resource. Electric heat generation requires about three times as much energy to provide the same number of BTU's, as oil-heat does . . ."

Not only does the FEO encourage the electric utilities to put on all the new business they want, the so-called public service commissions—which are basically controlled by the utilities—further encourage them by condoning unfair promotional rates for heating; *the only area where they have any competition!* Long Island Lighting Company, for example, sells electricity to homes with electric heat at much lower rates than they do to homeowners with oil heat and N.Y. State PSC Chairman Swidler knows it and condones it!

In summary, gentlemen, we are angry and bewildered—why are we singled out to shoulder the whole burden of the energy crisis? Why are natural gas and electric utility customers not forced to share in the inconvenience and/or hardship of the energy crisis—especially when gas and residual oil are far more short than No. 2 oil? Why should home heating oil dealers have to jawbone and threaten customers to conserve, when to utilities and their customers it is business as usual? By its inaction, the FEO is countenancing and hastening the demise of the only non-monopolistic segment of the retail heating industry. The heating oil dealer's customers will convert by the thousands this spring, after being jawboned and scared all winter by the FEO inspired press. Already, the new home builders have switched to electric and gas because "there's no fuel oil problem" and advertising as such in the newspapers. So again, we ask, why does the government beat on the small retail home heating oil dealers while the big utilities, monopolies by definition, go completely scot-free?

We would strongly urge the FEO to ban conversion to electric heat and new home electric heat installations in areas where over 25 percent of total electricity is produced by oil. After all, it takes 2½ times as much oil to heat the same house as direct fired oil heat. The FEO should ban all promotional electricity rates. Further, until all interruptible gas customers are again served year-round, gas utilities should not be allowed new residential heating installations.

The huge utilities are exempt from CLC regulations (the state commissions grant rate increases whenever needed on a rate of return basis) and are now exempt from any end user curtailment programs under the FEO regulations. Perhaps the straw that could break the camel's back appeared in the New York Times on January 26th which stated that the FEO was going to the aid of electric utilities with excess home heating oil.

Gentlemen, we need your help!

Thank you.

ROBERT M. RYMER WILL BE 101 ON MARCH 15, 1974

HON. LAMAR BAKER

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 27, 1974

Mr. BAKER. Mr. Speaker, I would like to bring attention today to what some people would call "good news." One of my constituents, Mr. Robert M. Rymer, of Ducktown, Tenn., will be 101 years old on March 15. This would, of course, be a great enough achievement in itself, but I want the rest of the Members of

Congress to know a few additional facts about Mr. Rymer.

Mr. Robert Rymer, at the age of 101, is still working and paying social security withholding tax. He is a custodian for the Ducktown Banking Co., in Ducktown, Tenn., and the rest of the employees there are understandably proud of Mr. Rymer. I am proud myself to serve him as his Representative in the U.S. Congress.

In this time of inflation and a general reaction seen sometimes against the "work ethic," it is heartening to learn of a man of Mr. Rymer's caliber. I wish him many more years of work, because this is what Robert Rymer thrives on.

LETTIE JENKS' MARCH FOR IMPEACHMENT

HON. LOUIS STOKES

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 27, 1974

Mr. STOKES. Mr. Speaker, on February 6 I was visited by an unusual woman, Mrs. Lettie Jenks of Cleveland. Mrs. Jenks, a vigorous 65, walked and hitchhiked her way to Washington to deliver a message to Cleveland area Congressmen, her Senators, and high Government officials.

Since the firing of Archibald Cox last October, Mrs. Jenks has stood almost every day in Cleveland Public Square, collecting petition signatures and talking with people about impeachment of President Nixon. She has talked with hundreds of people, both for and against impeachment. But she reports that the overwhelming majority have been for.

The core of her message to Congress is this:

> People believe we have the best reason in the world to impeach Richard Nixon. He has sabotaged this country and that is treason.

The people she talked with "came from all walks of life," she told me. They stood in circles about her, as many as 300 a day even 2 or 3 months after the "firestorm" of public demand for Mr. Nixon's impeachment subsided. Mrs. Jenks spoke and argued with attorneys, judges, and even the assistant vice president of the Cleveland Trust Co. Policemen in plainclothes signed her petition.

Mrs. Jenks said:

> People are forgetting Watergate. They're past it. Now it's just Nixon. They want him out. Of all the pecple I've talked with only about one in 100 would say, "Well, O.K., he's guilty, but we can't change horses in midstream."
>
> I've always voted for the man, not the party. But the Republicans will be shocked if they think this hasn't hurt their party. People are talking of voting a straight Democratic ticket. If the Republicans don't take action, they'll find out how much they are hurting.

Mrs. Jenks was very disturbed about many of the things she heard in Public Square and during her trip to Washington.

Mrs. Jenks said:

> There has been far too much talk of revolution. People are very bitter, upset and very concerned about what's happening to the United States. Something must be done. I'm just afraid there will be a lot of violence if Nixon is not taken out soon. People just can't understand what's taking so long.

Mrs. Jenks, who lives alone at 1386 West 85th Street in Cleveland, has three married daughters and eight grandchildren. Her daughters objected to her trip to begin with. But, she told me:

> I cared enough about this country I had to do more than just take petition signatures and talk to people. I felt I had an obligation to relay what I heard to our Representatives in Congress and hopefully to Attorney General Saxbe and if possible to the Vice President and the President himself.

The people who gave her rides and put her up for the night she found "the nicest people in the world. I am going back to see them."

But she has vowed that she will walk back to Washington again in May "if impeachment does not get moving."

Mrs. Jenks said:

> And I won't be alone. A lot of people will be laid-off because of the recession. They'll have nothing to do and several people have told me they'll be happy to march to Washington with me.
>
> There's no other move we can make. How can we teach our children and grandchildren honesty and integrity if the President is in the paper every day contradicting all these virtues?
>
> The question is just this, this is what people are saying: Does this country have the backbone to take action when action is needed? The people do!

Mr. Speaker, I note that a Gallup poll published 2 days before Mrs. Jenks' visit showed that 46 percent of those polled across the country want Vice President Ford to serve out President Nixon's term. Only 32 percent want Mr. Nixon to stay on, and 22 percent would express no opinion.

In a Harris poll of February 12 only 30 percent gave the President a positive rating for over-all job performance.

But in that same poll, Congress rated only 21 percent, or 9 points below the President. Specifically, on our handling of the impeachment question, our rating was an astonishing 11 percent. Almost 3 out of every 4 persons polled declared that Congress has acted mediocrely or poorly on the matter of impeachment. Since these same persons gave Mr. Nixon a mere 13 percent on his behavior in the entire Watergate affair, we can be fairly certain they are not rooting for him.

I point out these startling facts as evidence that Mrs. Jenks must be speaking for many, many people. The polls confirm her own unscientific findings.

In view of what Mrs. Jenks and the polls reveal about the mind of the American electorate, it is clear to me that the impeachment of Richard Nixon is a No. 1 priority. This does not mean the President should be impeached by opinion poll. But it does mean that we as elected Representatives of the American people must give the impeachment question priority and urgency above every other matter on our agenda this session.

It is right for the Judiciary Committee to take time to amass solid and thorough evidence for this gravest of congressional decisions, second only to a declaration of war. But once the Judiciary Committee makes its determination, the House must act promptly to render its decision. If we fail, Democrats and Republicans alike, we will surely lose the voters' faith.

BRIAN ANDERSON WINS PENNSYLVANIA VOICE OF DEMOCRACY CONTEST

HON. E. G. SHUSTER

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 27, 1974

Mr. SHUSTER. Mr. Speaker, each year the Veterans of Foreign Wars of the United States and its ladies auxiliary sponsor a voice of democracy contest which gives our Nation's 10th, 11th and 12th grade students an opportunity to think, write, and speak up for freedom and democracy. This year, upward of 500,000 students from over 7,000 secondary schools competed for five national scholarships ranging from a $1,500 scholarship for 5th prize to a $10,000 scholarship for 1st prize. The contest theme was "My Responsibility as a Citizen."

One winner is selected from each State to be brought to our Nation's Capital for final judging. I am extremely proud that this year's Pennsylvania State winner is Brian Anderson, a student at Tyrone Area High School, in my congressional district.

Brian's speech is a remarkable testimonial to his understanding and feeling for freedom in today's world. Brian's view of citizenship displays an astute observation on Americanism which, I believe, should be read by all. I am extremely impressed with the maturity of Brian's speech, and it is clear that he has a firm grasp of his role in today's society and today's world.

Mr. Speaker, because there is a message in Brian's speech which all Americans should hear, I insert his speech in the Congressional Record.

The speech follows:

MY RESPONSIBILITY AS A CITIZEN

(By Brian Anderson)

Bloody and beaten, Saul of Tarsus was dragged into the castle to be questioned by torture. As the soldiers bound him with thongs, Saul said to a centurion that stood by, "Is it lawful for you to torture a man who is a Roman?" When the centurion heard this, he ran and told the Chief Captain saying, "Take care in what you do for this man is a Roman." The chief captain came to Saul and said, "With a great price did I purchase this freedom"—meaning his Roman citizenship which at that time could be bought if one had the money. And Saul replied proudly, "But I was born free."

To be born free is a phenomenon of life granted to only a fractional few of the world's population. Like the centurion, those who would remain free must pay the price. That price is the eternal vigilance that was enjoined upon free men long ago. But vigilance against what . . . and against whom?

Against those who would subject us to an arbitrary power or authority?—of course. Against plotters and subverters who would bring us under despotic government?—to be sure. But especially against ourselves, Against community leaders that strive to wangle wealth from Washington; educators who lobby for federal funds and are willing to submit to federal control; farmers who want to be subsidized for producing nothing; labor leaders who demand the legal status of special privilege; businessmen who want Washington to ensure their prosperity. If any or all of these interests are obtained they will have aided to secure the whole people with more debt, more inflation, more assertive bureaucracy, less real and general prosperity—and less freedom.

It is clear that the highest concern and duty of good citizenship is not to be worrying about a number of so-called "freedoms", but to be alert that men shall progress toward the fulfillment of their highest potential; to be zealous that men shall be truly free—not with four freedoms, or six or a dozen as though human liberty can be cut into segments, but free in the essential meaning of human liberty, which is to be one's self, to express one's self. This, in essence, is self-government; this is the true meaning of responsible citizenship.

To be born free is phenomenal; to remain free is responsibility.

Human society is built and can only be built upon a foundation of citizen responsibility. It is my duty as an American to prove myself worthy of the freedoms guaranteed by the Bill of Rights. For every one of my privileges I have a corresponding responsibility. Because I have the right to speak, it is my responsibility to speak quietly enough so that my words can be heard as well as my voice. Because I have the right to exercise my right of the ballot, to engage in whatever occupation I may lawfully follow, to be free to travel, to educate myself, and to strive for my own occupational competence and happiness; it is my responsibility to preserve, protect and defend the Constitution of the United States, to obey its laws, to make myself personally competent, to remember that the safety of the state is watchfulness in the citizen.

To be born free is phenomenal; to remain free is responsibility.

This then is my true responsibility as a citizen; to exemplify in my life the words spoken by John F. Kennedy when he said, "In a democracy, every citizen, regardless of his interest in politics, 'holds office', every one of us is in a position of responsibility, and, in the final analysis, the kind of government we get depends upon how we fulfill those responsibilities. We, the people, are the boss, and we will get the kind of political leadership, be it good or bad, that we demand and deserve.

I must place upon myself the high ideals established by free men before me, so that when a teacher of the future comes to point out to the youth of America how the highest rewards of citizenship may be gained, he may say to them: "Not by subtlety and intrigue; not by wire-pulling and demagoguery; not by the arts of popularity; not by skill and shiftiness in following expediency; but by being firm in devotion to the principles of manhood and the application of morals and the courage of righteousness in the public life of our country; by being a man without guile and without fear; without selfishness, and with devotion to duty, devotion to his country."

REPRESENTATIVE JACK KEMP PRAISES SENATE COMMITTEE FOR STOPPING PROPOSED PAY RAISE FOR MEMBERS OF CONGRESS BUT SAYS COMMITTEE DID NOT GO FAR ENOUGH

HON. JACK F. KEMP

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 27, 1974

Mr. KEMP. Mr. Speaker, I take this opportunity to publicly commend the members of the Senate Committee on Post Office and Civil Service for killing the proposed, three-step $10,300 boost in the pay of Members of Congress. That vote of 6 to 3 reassures me that there are indeed Senators—as I know there are Members of this House—who place economic stability and economic self-denial as a top priority for our Nation.

I understand from my colleagues that if the committee action is upheld on the Senate floor, which appears likely now, the committee action could have the effect of blocking any further pay boosts for Members until 1977 at the earliest. Maybe by that time, we will—as a nation—have been able to curtail inflation and have restored the people's full confidence in the vitality and solidity of the economy. If not, then we should consider killing pay raises for Members once again.

My only concern—and I do want to say I think the committee's action was a step in the right direction—is that the committee did not go far enough.

This is a time when we all—particularly officials and employees of the Government—and all of them are paid from but one source—the taxpayers' dollars—must tighten our belts and hold the line against Federal salaries going up. In disapproving the proposed pay raise for Members of Congress, the committee, nonetheless, approved pay raises for Cabinet officers, and for other top-level Federal executives, and for Federal judges, and even for our own congressional employees. If approved, this would mean the expenditure of millions of dollars of taxpayers' money. I oppose this. I think we need to hold the line across the board. And, I hope the House Committee on Post Office and Civil Service, in considering the proposal, will kill all of the proposed pay raises. Why?

The Tax Foundation, Inc., a prestigious and well respected foundation here in the Nation's Capital, chartered in 1937 and rendering valuable service ever since, has just published a most revealing study, entitled, "Recent Federal Personnel Cost Trends." This study shows that not only have Federal salary increases kept apace of inflation—which is more than can be said for most of us within the private sector—but that such salary boosts have actually outpaced the inflationary rises. In fact, personnel costs have risen so sharply since 1968 that they have outpaced other budget outlays.

The statistics are startling. Despite the decline in the total number of executive branch employees during the 5-year period ending June 30, 1973—a decline from 6.6 million to 5.0 million, or just about one-fourth—there were significant increases in personnel costs. As a matter of fact, from fiscal year 1968 to 1973 such compensation benefits rose from $41.9 billion to $59.9 billion. That is a full 43 percent increase. The civilian personnel work force increases outstripped the military personnel increases, an interesting phenomenon, considering we hear so much about increases in the military budget and so little about increases in the civilian budget. Increases in both were noticeable, however.

Let me cite but one additional figure—an astonishing one—in the Tax Foundation study: In fiscal year 1973, civilian personnel benefits were 147 percent greater than those of 1968, as compared to a rise of 45 percent in salaries alone. That is most revealing.

I commend this study to all my colleagues.

In light of these and other statistics, Mr. Speaker, I just see no reason why we should be fueling the fires of inflation by boosting Federal executives and employees salaries. It also undermines greatly the confidence of the people in their government.

REFORM OF THE ENTIRE PROCESS SUPPORTED BY THE CONGRESSMAN

As one of my first acts at the beginning of this Congress, I introduced legislation, H.R. 971, which would reform the procedure by which congressional pay raises can now become law.

The measure I introduced would require a record vote of each Member on their own salary adjustments, precluding the possibility of using merely a voice vote or a mere refusal to act on a recommendation which would come into effect automatically unless specifically disapproved by the Congress in a short time frame—in other words, the existing procedure.

Presidential Commission recommendations, no matter how accurately made, ought not to become operative without specific congressional action; to do otherwise, allows the Congress to "pass the buck."

Since the committee has not held hearings on this or similar measures, I have joined with others in signing a discharge petition to get a bill to the floor to allow us to achieve this objective of having a mandatory rollcall vote on all congressional pay raises.

We must meet our responsibilities and this is one way to do just that.

Last year, I voted against a Senate-passed measure which, had it won House approval, would have raised congressional salaries to $53,000. I am encouraged that this year such a proposal will not even make it intact to this body. But this is only a short-term victory. In order to assure a long-term solution, we should approve a legislation procedure which would mandate rollcall votes for "all the world" to see who voted for—and against—their own pay raises.

WHEAT SHORTAGE IS BECOMING A REALITY

HON. LESTER L. WOLFF

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 27, 1974

Mr. WOLFF. Mr. Speaker, last session I introduced H.R. 10844, along with 30 cosponsors, which would create an export licensing and allocation system for our agricultural commodities. This legislation arose out of my concern over unconscionably high food costs and the possibility of severe shortages of certain essential commodities, in particular wheat and feed grains. H.R. 10844 is designed to insure American consumers an adequate supply of food at reasonable prices; it is also designed to protect our traditional customers overseas and those needy nations which depend upon the United States for food assistance. At the time I introduced this bill, it was predicted that the United States would find itself so short of certain commodities, like wheat, that it would reach a point where we would either have to shortchange our own people or turn a cold shoulder to our hungry neighbors overseas. It now appears that the dire prediction regarding the wheat shortage is becoming a reality.

I would like to bring to the attention of my colleagues two important articles on the wheat shortage that will reach critical proportions by this spring. The articles, prepared by the Associated Retail Bakers of America and the American Bakers Association, highlight the need for an export control program on wheat. I am also including for the Record a list of those Members who have cosponsored the Export Priorities Act (H.R. 10844); we will continue to gather support for this proposal and hope that our colleagues will give careful attention to the need for a responsible approach to our food price and supply dilemma.

The two articles and list of cosponsors follow:

STATEMENT BY WILLIAM A. QUINLAN, GENERAL COUNSEL, ASSOCIATED RETAIL BAKERS OF AMERICA

There will be bread lines as well as gasoline lines before Summer if our Government does not act immediately to limit wheat exports.

The U.S. Department of Agriculture still refuses to act, even though its own figures show that the total of domestic needs and scheduled exports for the crop year ending June 30 is greater than the remaining supply of wheat.

About all we get from the Department are vague generalizations to the effect that its figures on exports should not cause concern because foreign buyers do not really expect delivery or can be talked out of it.

The Department has announced that the Russians have agreed to delaying some deliveries—not enough to avert a shortage—and at the same time it continues to allow more sales for export. It is like a dog chasing its tail.

The Department says that export limitations would "Abrogate contracts that were made, in good faith, an act that no government should undertake lightly," while saying at the same time that many of the export sales are not firm commitments, and that "Almost every agreement to sell is in fact a conditional sale, subject to cancellation if both parties agree to terminate the contract prior to its maturity." (Statement by Don Paarlberg, Director of Agricultural Economics, U.S. Department of Agriculture, before the Subcommittee on Agricultural Production, Marketing and Stabilization of Prices, Senate Committee on Agriculture and Forestry, February 4, 1974). Requests for action to save enough wheat for United States needs are answered with double-talk or with criticism of bakers.

Secretary Butz speaks to us as though we were enemies, but we are not enemies of the farmer. The baker is the farmer's best customer, for wheat and most other farm commodities. The farmer, too, depends on a healthy economy and will suffer from shortages, inflation and the general disorder caused by government bungling and negligence.

There has been debate about the possibility of bread going to one dollar a loaf. To my mind, the real question is whether there will be bread at any price.

Our Government cannot say, like Marie Antoinette, "Let them eat cake." Cake flour, too, is disappearing. A large flour milling company aready has notified a distributor in the Washington, D.C. area that its latest shipment of cake flour will be the last until the new wheat crop is available.

The Department of Agriculture seems to be hoping it will "luck out" without limiting exports, that foreign buyers will somehow voluntarily decide to cancel or delay deliveries. The Department is playing Russian Roulette, with the gun at the head of the American consumer.

We believe (1) the Congress should insist that the Department of Agriculture immediately make public all the hard facts it has as to wheat supplies, including the facts, if any, as to the quantities of export sales on which foreign buyers have agreed to postponing shipment, and (2) if those facts do not give clear assurance of adequate supplies for American consumers, then the Congress should promptly enact legislation to compel the preservation of such supplies.

NOTES

(1) The Associated Retail Bakers of America is the national non-profit membership association of retail bakers, i.e., those who produce bread and other bakery foods for sale in their own stores directly to consumers. It has approximately 5000 members.

(2) For further details and background on the wheat emergency see the Statement by William A. Quinlan at an ad hoc Congressional hearing in New York, N.Y., February 15, 1974.

MEAT, HEAT AND NOW THE WHEAT CRUNCH

(An analysis of the wheat supply situation by the American Bakers Association, February 15, 1974.)

WE'RE RUNNING OUT OF WHEAT

The U.S. is running out of wheat! Impossible! We produce three times more wheat than we consume. But here are the USDA's own figures through February 3, 1974. Read 'em and weep American consumers—

U.S. wheat supply and demand situation

[Wheat—1973–1974 crop year]

	Millions of bushels
Supply (as of February 3, 1974):*	
Carryover July 1, 1973	438
Crop 1973	1,711
Imports	1
Total supply	2,150
Domestic disappearance (as of February 3, 1974):*	
Food	532
Seed	80
Feed	160
Total	772
Balance left for export	1,378
Exports (as of February 3, 1974):	
Exports shipped*	814.7
Exports unshipped*	514.2
Estimated wheat exports as flour and other products	50.0
Total destined for export	1,378.9
Carryover July 1, 1974 (deficit)	(.9)

*Statistical Reporting Services U.S.D.A.

Unless the government takes immediate action there could be no bread on our tables for up to four weeks this spring.

No hamburger buns.

No rolls for hot dogs at the ballgames.

No bakery snacks for children.

No birthday cakes.

And no pizza.

These are the USDA's own figures. We are not alone in reaching this conclusion with their figures. Frederick Uhlmann, head of the Chicago Board of Trade, also projects a zero total carryover. Yet USDA clings to the official fiction of a 178 million bushel carryover.

FROM SURPLUS TO DEFICIT—THE EXPORT BINGE

At the end of the 1971–72 crop year, the U.S. had a wheat carryover of 863 million bushels, and at the end of the 1972–73 crop year it was 438 million bushels. Yet today we are projecting the smallest wheat carryover in 25 years. How did we get here from there?

The answer begins with the Soviet wheat deal in the summer of 1972, when before officials in USDA realized what was happening, Soviet buyers snapped up over 400 million bushels of wheat at about $1.65 a bushel. The Russian sale, by itself, was not large enough to create a wheat shortage. But it set off a chain reaction around the world, generating orders from many nations seeking available American wheat. During the crop year ending June 30, 1973, every one of the top 12 foreign destinations for American wheat took more grain than the previous year. With wheat in the vanguard, our agricultural exports increased over 90 percent to $17.7 billion.

Exports continued at a record pace into the current crop year. As a result, our seemingly inexhaustible store of wheat vanished in just 18 months.

Let's analyze the USDA figures a little further. There are five different classes of wheat.

Hard Red Winter—The basic bread wheat.

Soft Red Winter—Used in cakes and snack foods.

White—Used in cakes and snack foods.

Durum—Used in pasta products such as spaghetti, macaroni, and noodles.

Hard Red Spring—Used in rolls and also as a bread wheat blend.

Here is the USDA's latest supply projection for each class.

Hard Red Winter	[1]—23.0
Soft Red Winter	6.3
White	9.2
Durum	2.8
Hard Red Spring	67.4
Total	[2]62.7

[1] In millions of bushels as of February 1, 1974.

[2] Exports of flour and other products will amount to an estimated 50 million bushels, leaving an insignificant carryover.

We calculate the necessary carryover for the second quarter of 1974 at 250 to 300 million bushels. This will provide an adequate amount for production processes and the transportation pipeline from farmer, to miller, to baker.

The huge prospective deficit for hard red winter is especially ominous. It means we face the real possibility of a bread blackout. That 23 million bushels would produce over 1.2 billion pounds of bread—enough to feed the entire country for more than a month.

$7 BILLION IN ADDED COSTS TO CONSUMERS

In 1972, Americans paid $125 billion for food. In 1973, our total food bill jumped $14 billion to $139 billion. Gary L. Seevers, the agricultural expert on the Council of Economic Advisers, has estimated that "perhaps half of the acceleration in food prices could be attributed to factors associated with the worldwide boom in export demand." Thus the export binge has cost the American consumer $7 billion from his frayed pocket in 1973.

THE USDA'S "NO WIN" POLICY FOR AMERICAN CONSUMERS

Despite the stark, overwhelming evidence of an impending wheat shortage USDA has no idea how much wheat will be needed to assure an adequate domestic supply until the new crop is harvested late this spring and summer. Moreover, USDA maintains it has no responsibility to assure an adequate domestic supply of wheat. USDA believes its only responsibility is to provide a free and open market for buyers and sellers. This may be classic theory but in reality, it means individual American buyers must bid against the state monopolies of Russia, China and other countries, some of whom can buy on generous American credit terms as the Soviet Union did in 1972. It's an exciting game—but the American consumer loses most of the time. The USDA policy amounts to nothing more than Russian roulette with the American grain supply.

The USDA believes American consumers are the richest in the world and should compete with other countries for the commodities they want without favor from their own government. The disastrous results of this policy are plain for all to see.

THE USDA ANSWER—FIRST DENY IT—THEN BLAME SOMEONE ELSE—THEN HOPE ANOTHER COUNTRY WILL BAIL US OUT

Over the past months the USDA has employed three strategies to deal with the growing wheat shortage. First, it attempted to cover up the problem with a blizzard of press releases denying any shortage. When this became untenable because its own figures revealed the magnitude of the problem, the Department attempted to deny responsibility and shift the blame to millers and bakers.

Secretary Butz advises us we can avoid higher wheat prices later by contracting for our requirements now. The trouble with this idea is that it would force us to trade our bakers' hats for a gambling license. It would commit us to high bread prices for the next five months, or ruin in the marketplace if wheat prices drop.

Cost of Living Council regulations require bakers to reduce their prices when ingredient costs go down. So if one baker can buy flour cheaper than any other, the economics of the marketplace, reinforced by COLC regulations, requires all of them to reduce their bread prices. Thus the risk of extended forward purchasing is too great for most bakers to assume. They simply can't afford to buy flour many months in advance.

Secretary Butz should also recognize that a baker's contract is no guarantee of flour delivery later this year. If all the wheat has been exported by April, there will be none to fulfill his contract in May.

Now the Department is falling back on voluntary schemes to increase domestic supply and reduce exports—such as removing wheat import quotas, encouraging early sale by Canadian and European wheat agencies and negotiating stretch-outs in American export sales. But no one knows whether these devices will leave an adequate domestic supply for the remainder of the crop year.

Our analysis of the USDA's latest strategy leads us to believe that it too will fail. *First,* removal of import quotas is unlikely to generate substantial additional imports. The USDA acknowledged this in recent testimony before the Tariff Commission. *Second,* so long as American prices are less than Canadian and European wheat prices, which they presently are, there is no reason for other nations to shift their purchases. There is a growing suspicion among knowledgeable observers that the Canadians and the Europeans will hold their unsold wheat until the American supply is exhausted, so they can sell it for whatever the traffic will bear, like the Middle East oil sheiks. If this occurs, dollar a loaf bread could look cheap.

Third, there is no evidence the export stretch-out strategy is paying off. Actual exports are continuing at a high level. The announced Soviet deferral was relatively small, and has been offset by other sales and shipments. If the Department knows how many bushels can be saved for domestic use by this method over the next five months, it has an obligation to come forward and tell the American people. For if it cannot, then the American economy will truly have been burned far worse than Secretary of the Treasury George Shultz knew last September, when he acknowledged that we had gotten "burned" in the Soviet wheat deal.

(Rubbing salt in our wounds, the Russians have now indicated they might sell us back some of our own wheat, to ease the shortage USDA created, but not at the price we sold it to them, at the going market price—a gigantic profit for the Soviet Union!)

Nothing could more perfectly illustrate the folly of USDA's unlimited export policy. Only through gross mismanagement could the United States, which produces nearly three times more wheat than we consume, reach a position where we are dependent on the good will of foreign governments for the maintenance of our wheat supply.

President Nixon has established a national goal of energy independence by 1980. We believe it is just as important that the United States be independent of foreign nations for our supply of basic foods which we produce in abundance. All our mechanical energy will be of little value if our people lack essential food energy in their diet.

Wheat is the largest single source of human energy, accounting for more than 15 percent of our requirements. In contrast, beef supplies only half of wheat's energy contribution—(7.4%). Paradoxically, while the Food and Drug Administration has just acted to make bread more nutritious by increasing its B vitamin and calcium content, the USDA is following a policy which threatens to remove bread from our stores. Thus, the Federal Government gives with one hand, and takes away with the other.

WHAT'S THE ANSWER?

There is no easy answer to the wheat shortage. The ABA does not favor an embargo on foreign wheat shipments. We believe wheat farmers should receive a fair price for their crop. We support the commodity export program and recognize its importance to our balance of payments. All we ask is that USDA leave a little for the home folks.

We believe President Nixon stated the proper policy for our country last June 13, when he said "In allocating the products of America's farms between markets abroad and those in the United States, we must put the American consumer first." But this is precisely opposite of what the USDA is doing.

To carry out the President's policy, we recommend as a first necessary step, USDA should determine the minimum wheat supply necessary for domestic consumption during the second quarter of 1974. It should also prepare a plan to assure that supply. This is basic to any intelligent solution.

Then every effort should be made to avoid interference with existing private contracts. Delivery of foreign purchases should be delayed whenever possible into the new crop year. The USDA has attempted to obtain such delays. But we do not know whether these efforts have achieved significant savings of U.S. wheat. It is now time to lift this effort out of the Agriculture bureaucracy and assign it high priority in the White House. The Director of the Council on International Economic Policy should be given responsibility for securing firm agreements from other governments to delay their shipments until after July 1.

Third, the government should review planned concessional sales and donations under the PL 480 program to determine which ones could be postponed without causing undue hardship in foreign lands.

Finally, if these methods do not yield the necessary assured domestic supply, the Secretarys of Commerce and Agriculture should move under the Export Administration Act of 1969, to establish an export licensing system. This should be combined with an immediate announcement that 1973–74 U.S. wheat is "sold out" and that no additional export licenses will be granted for sale of such wheat. This would allow most existing contracts to be filled, but permit the government to adjust actual shipments as necessary to provide an adequate wheat supply for American consumers.

We believe a combination of these actions will succeeed in keeping bread on the American table this spring. But obviously, these are emergency measures. They should not be repeated year after year. In the future we must have better planning and a long range policy for allocation of our wheat between domestic needs and foreign markets.

Unless USDA acts, and acts quickly, there may be a bread shortage or no bread in America this spring and summer. People may have to stand in line for a loaf of bread, at much higher prices, the way they now wait in line to buy gasoline.

Bread shortages and empty bakery shelves can be avoided. If there is enough wheat there will be enough bread. But the Agriculture Department gives us nothing but words. We can't bake words and Americans can't eat words. Inaction now will mean breadlines later.

COSPONSORS OF THE EXPORT PRIORITIES ACT—H.R. 10844

Wolff, Biaggi, Abzug, Addabbo, Bingham, Brasco, Lent, Murphy, Peyser, Pike.

Podell, Rangel, Rosenthal, Stratton, Walsh, Yatron, Carney, Cohen, Mrs. Collins (Ill.), Grover.

Hanley, Helstoski, Johnson (Pa.), Lehman, Mitchell (Md.), Nix, Stark, White, Won Pat.

INCREASED BENEFITS FOR DISABLED VETERANS

HON. BENJAMIN A. GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 27, 1974

Mr. GILMAN. Mr. Speaker, I am today introducing legislation cosponsored by Representative FISH to provide for an approximate 15-percent across-the-board increase in disability compensation for service-connected disabled veterans. At a time when America is finally at peace with the rest of the world, we must not forget their valiant deeds nor let their needs go unattended.

Under the present Veterans' Administration program, 2,205,809 disabled veterans from our Nation's past wars are receiving $2.2 billion each year. Averaged out to an individual basis, the compensation to each veteran is small indeed and has been eroding in the past few years.

The last increase in benefits occurred in August of 1972. Since then, the Consumer Price Index has jumped 11.8 percent and continues to rise at a projected rate of .65 percent per month. At that rate, the 15-percent figure will be reached in July of this year.

My colleagues, this is an important bill. I hope that it will receive prompt consideration by the Congress and I invite support of this measure. It is respectfully requested that the text of the bill be printed in full in the RECORD:

A bill to amend title 38, United States Code, to increase the rates of disability compensation for disabled veterans, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of

America in Congress assembled, That (a) section 314 of title 38, United States Code, is amended—

(1) by striking out "$28" in subsection (a) and inserting in lieu thereof "$32";

(2) by striking out "$51" in subsection (b) and inserting in lieu thereof "$59";

(3) by striking out "$77" in subsection (c) and inserting in lieu thereof "$89";

(4) by striking out "$106" in subsection (d) and inserting in lieu thereof "$122";

(5) by striking out "$149" in subsection (e) and inserting in lieu thereof "$171";

(6) by striking out "$179" in subsection (f) and inserting in lieu thereof "$206";

(7) by striking out "$212" in subsection (g) and inserting in lieu thereof "$244";

(8) by striking out "$245" in subsection (h) and inserting in lieu thereof "$282";

(9) by striking out "$275" in subsection (i) and inserting in lieu thereof "$316";

(10) by striking out "$495" in subsection (j) and inserting in lieu thereof "$569";

(11) by striking out "$47" and "$616" and "$862" in subsection (k) and inserting in lieu thereof "$60" and "$708" and "$991" respectively.

(12) by striking out "$616" in subsection (l) and inserting in lieu thereof "708";

(13) by striking out "$678" in subsection (m) and inserting in lieu thereof "$780";

(14) by striking out "$770" in subsection (n) and inserting in lieu thereof "$886";

(15) by striking out "$862" in subsections (o) and (p) and inserting in lieu thereof "$991";

(16) by striking out "$370" in subsection (r) and inserting in lieu thereof "$426"; and

(17) by striking out "$554" in subsection (s) and inserting in lieu thereof "$637".

(b) The Administrator of Veterans' Affairs may adjust administratively, consistent with the increases authorized by this section, the rates of disability compensation payable to persons within the purview of section 10 of Public Law 85–857 who are not in receipt of compensation payable pursuant to chapter 11 of title 38, United States Code.

SEC. 2. Section 315(1) of title 38, United States Code, is amended—

(1) by striking out "$31" in subparagraph (A) and inserting in lieu thereof "$36";

(2) by striking out "$53" in subparagraph (B) and inserting in lieu thereof "$61";

(3) by striking out "$67" in subparagraph (C) and inserting in lieu thereof "$77";

(4) by striking out "$83" and "$15" in subparagraph (D) and inserting in lieu thereof "$95" and "$17", respectively;

(5) by striking out "$21" in subparagraph (E) and inserting in lieu thereof "$24";

(6) by striking out "$36" in subparagraph (F) and inserting in lieu thereof "$41";

(7) by striking out "$53" and "$15" in subparagraph (G) and inserting in lieu thereof "$61" and "$17", respectively;

(8) by striking out "$25" in subparagraph (H) and inserting in lieu thereof "$29"; and

(9) by striking out "$48" in subparagraph (I) and inserting in lieu thereof "$55".

SEC. 3. This Act shall take effect on the first day of the second calendar month which begins after the date of enactment.

STREET DEDICATION HONORS SLAIN GI SAMUEL TRESSER

HON. STEWART B. McKINNEY

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 27, 1974

Mr. McKINNEY. Mr. Speaker, many years have passed since the end of World War I and sadly, many of the brave men who gave their lives for America have been forgotten. This should not be the case for I feel it important that these men be remembered forever as a symbol of our Nation's commitment to freedom in the world.

I am pleased to report, Mr. Speaker, that this view is shared by the Stamford, Conn., city council, for, recently, it acted to perpetuate this memory by officially renaming one of the city's streets in honor of the second Stamford man to die in World War I, Samuel Tresser. "Tresser Boulevard" not only honors and memoralizes the great human sacrifice of this one man but it also serves as reminder of other men and women who gave up their lives in the cause of freedom.

This honor, Mr. Speaker, is one for which the Tresser family can be justly proud and quite rightly, it is one all Americans can share with them. In a recent article, the Stamford Advocate reported on the ceremonies surrounding the dedication of Tresser Boulevard. At this point in the RECORD, I insert the following article to be printed for the review of my colleagues:

STREET DEDICATION HONORS SLAIN G.I. SAMUEL TRESSER

Part of Willow St. was renamed "Tresser Boulevard," in ceremonies Sunday, honoring Samuel N. Tresser, the second Stamford man to die in World War I.

The principal speaker at the dedication, Don Russell, program director of radio station WSTC, said, "We are gathered here today for something that is more than a dedication."

"The love for his country and his town was exemplified by the fact that Samuel Tresser enlisted in the Army to fight to maintain the freedom that is America, and in the process, made the supreme sacrifice," Mr. Russell said.

Mr. Russell said the slain soldier "probably never dreamed what is taking place today he was dedicated to the principle of America, as all his compatriots were."

"I feel that we in Stamford, and in the United States of America, have lost this dedication to our town and country," he continued. "So today, in the name of Samuel Tresser and all of the men and women of our town who have died in the service of our country, I call for a re-dedication of self for a better America."

"Let us think of the patriotism that drove him . . . to volunteer to protect the principles of this great country, and let us all rededicate ourselves to the business at hand, a better world, a better America and a better Stamford," Mr. Russell concluded.

"Samuel Tresser was symbolic of the men of this community who during World War I and in other times have given their lives for the nation," said City Rep. Frederick E. Miller, D–3rd, who spoke on behalf of Mayor Frederick P. Lenz Jr.

Mr. Tresser died Aug. 24, 1918 in France, at the age of 21. He was the son of the late Morris and Bella Tresser and the brother of City Rep. Michael Tresser, R-11th; Jack W. Tresser of Stamford, and Mrs. Frank F. Robinson of Norwalk.

The street Pvt. Tresser grew up on was "urban renewaled" out of existence, former Mayor Julius M. Wilensky noted.

"Is it not then fitting and proper that the new street in the same area be named for Pvt. Tresser?" Mr. Wilensky added.

"By revering and memorializing Pvt. Tresser, we say thanks to all Stamford men who served in that war and especially to those who died in battle overseas."

The first Stamford man to die in the war was Oscar Cowan, for whom the local American Legion post was named.

The street name-change, which includes the portion of what was Willow St. between West Main St. and Atlantic St., was approved by the Board of Representatives in November, 1972.

In his remarks, Mr. Wilensky said he was "concerned over the postponement and acrimony" involved in the change.

Some board members argued at the time that changing the street name worked a hardship on residents who would have to change stationery, driver's licenses and other identifying material.

The former mayor also used the occasion to hint that patriotic studies were not being emphasized enough in the schools.

"I think we're missing the boat somewhere in our schools. It shouldn't be so hard to sell patriotism to our young people. A proper study of American history will make any youngster proud of our glorious past," Mr. Wilensky said.

BAN THE HANDGUN—XXVI

HON. JONATHAN B. BINGHAM

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 27, 1974

Mr. BINGHAM. Mr. Speaker, the attached article appearing in the Chicago Tribune, February 23, describes the strong public demand for effective gun control legislation. The article follows:

MORE GUN HATERS THAN GUN LOVERS

(By Bob Cromie)

These are not the sort of statistics that please the dedicated gun-owner. They come from James B. Sullivan, a North Dakotan, who is a board member of the National Council for a Responsible Firearms Policy, Inc., of Washington, D.C.

"From 1964 thru 1973 America suffered more than 95,000 gun murders, 100,000 gun suicides, 700,000 gun woundings, and 800,000 gun robberies. In the last half of that decade gun murders rose 50 per cent over the first half, as did gun assaults; gun robberies rose 75 per cent. Gun murders of policemen rose 90 per cent. Our firearms violence rates are incomparably higher than those in Great Britain, West Germany, France, Sweden, Italy, and Canada—all of which require handgun licenses not required in 42 of our states . . ."

As any newspaper reader knows, the availability of guns either in the home ["40 per cent of America's firearms fatalities are children aged 1 to 19"] or on someone's person, often is to blame for a killing or killings stemming from a quarrel. This is strikingly true in the case of many husband-and-wife arguments which culminate in violence. Without so lethal a way of settling such disputes handy, the aftermath might have been a black eye and divorce, rather than sudden death.

I don't imagine for a moment that all gun-lovers are less-than-bright, altho I'm sure some of them are. Many use their weapons only for target shooting; others are collectors, and seek out rare and beautiful examples of the gunsmith's art. These are legitimate uses for the gun.

But the other gun-owners—unfortunately in the majority—want guns for less admirable reasons.

Some are criminals, who use weapons for murder or robbery. Some are assassins, such as those who killed J.F.K. and Bobby Kennedy and Dr. Martin Luther King; or wounded George Wallace. Some, psychiatrists say, need guns to make them feel more important. Add to these the psychopaths, the compulsive gun-owner, the worried householder who—often unwisely—feels himself safer with a weapon in the home, and you have a very large proportion of the populace that either doesn't know how to use a gun or—if it knows—is so unstable or antisocial that it is very dangerous to others.

A day or so ago a young man shot and killed himself while playing Russian roulette, apparently to impress his teen-aged sisters. Without a gun in the house he almost certainly still would be alive. The same can be said, of course, for the Detroit housewife shot down by her husband a few weeks ago after a quarrel, and for the victims of the countless toddlers who find a poorly hidden gun and kill themselves or someone else.

A separate column could be written about hunters, and the toll they take among their fellow hunters either thru pulling the trigger while intoxicated or without knowing what they are shooting at. But the discussion of hunters and why they get pleasure out of killing is another story.

Meanwhile, as long as the Congress has such a cultivated fear of the gun lobby that its members are afraid to vote laws with any teeth in them, this country will continue to lead the world in gunshot deaths and injuries. What Congressmen forget is that there are a great many more gun haters than gun lovers, and there would seem to be more of a right not-to-be-shot than a right to own something whose principal purpose is to kill.

THE CONSUMER HAS GOT TO FIGHT

HON. LOUIS STOKES

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 27, 1974

Mr. STOKES. Mr. Speaker, an article in the February 17 Plain Dealer gave Clevelanders a look at what their local Consumer Protection Association can help them do for themselves.

Solomon Harge, director of CPA, is giving tremendous service to the consumers of Cleveland, and I wish to pay tribute to him by inserting this story of his success in the RECORD:

[From the Plain Dealer, Feb. 17, 1974]

CONSUMER BATTLE PAYS OFF—VICTIM OF ERROR WINS $1,155

(By Deena Mirow)

Tears glistened in Rose Grega's eyes when she received a check for $1,155.17 from representatives of the Consumer Protection Association and the Ohio Department of Insurance last week.

That check represented not only a sizable amount of money to Mrs. Grega but also the end of a two-year struggle.

Mrs. Grega's battle goes back to November 1971 when she decided to cash in a life insurance policy she had purchased seven years before from the Metropolitan Life Insurance Co.

The table in her policy, which she had studied carefully over the years, indicated she should receive $3,090 plus dividends and interest. The check she received from the company was for $2,402.68.

When she inquired about the discrepency, company officials told her that because of a clerical error the wrong table had been inserted in her policy. According to the table that should have been in the policy, she was entitled only to the lesser amount.

Mrs. Grega did not think it was fair for her to suffer because of an error someone else had made seven years before. She had previously taken out loans on the policy and the table in her policy had been used. Nothing was said about an error at those times.

Mrs. Grega started to work through channels but got no results. She complained to the insurance company and the Ohio Department of Insurance. She saw a lawyer. She wrote to Ralph Nader.

She and her husband had scrimped all their lives to pay huge medical and education bills for a son who had crippling arthritis since childhood. She had taken out the policy because she knew someday she would need the money. The day had come, and she felt cheated.

Her path finally led her to the Consumer Protection Association, a private group largely financed by United Torch.

"We knew it was wrong," said Solomon Harge, association director. "What burned us all up was the money really didn't mean anything to Metropolitan Life Insurance Co., but it did mean a lot to the Grega family."

Harge began working through his own channels and finally persuaded Jimmie E. Jones, Jr. of the Ohio Insurance Department to reopen the case.

"I was fortunate to be able to get through to some people at Metropolitan Life who could see the human element in this, the agony Mrs. Grega went through when she found out something she had counted on for seven years was not available," Jones said. "They realized the humane thing to do was to pay the difference."

Mrs. Grega, who now lives in Chardon, came to the association's office last week so Harge and Jones could give her a check for the difference.

In addition to the check, Harge also offered what he thought was the moral of Mrs. Grega's struggle. The consumer has got to fight. He may lose the first round, but he has to pick himself up and continue to fight for what he thinks is right.

HARRY BRIDGES SHOWS TRUE COLORS

HON. JOHN M. ASHBROOK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 27, 1974

Mr. ASHBROOK. Mr. Speaker, "it's a great day for our organization" boasts Harry Bridges, president of the International Longshoremen's and Warehousemen's Union. Standing under a picture of Chairman Mao, Bridges speaks affectionately of his Chinese Communist "comrades." Around him banners proclaim "Proletariat of the World Unite" and "Long Live China-U.S. Peoples' Friendship." The occasion is the loading by Bridges' men of the first ship in 25 years to carry general cargo from San Francisco to Communist China.

Those who have followed the leftist career of Harry Bridges probably are not surprised by all this. The surprise and real tragedy is that, unlike 25 years ago, Bridges' statements stir so little controversy. In fact, the above appearances and speech was a staged media event under television lights.

Following is the complete text of the December 13, 1973, San Francisco Chronicle story on Harry Bridges:

HARRY BRIDGES IN A CHANGED WORLD

(By Keith Power)

There was a waterfront episode yesterday that 40 years ago would have confirmed the darkest suspicion of San Francisco's establishment about that union firebrand, the young Australian Harry Bridges.

In a cramped cabin aboard a ship bound for China, Bridges stood under a solemn picture of Chairman Mao and spoke affectionately of his "comrades" the Communist Chinese.

"It's a great day for our organization," boasted Bridges.

But large portions of the comfortable old world have been turned upside down the past four decades, and Bridges' appearance, far from being clandestine, was a staged media event under television lights.

Tsingtao beer and a curious Chinese soda pop, tasting faintly of orange, flowed copiously in the messroom of the cargo ship Caspian Sea. The bulkheads were hung with slogans proclaiming "Proletariat of the World Unite" and "Long Live China-U.S. Peoples' Friendship."

Bridges, now 71 and a registered Republican, was there as president of the International Longshoremen's and Warehousemen's Union.

A lean, nattily dressed figure, Bridges was speaking for his union organization when he hailed the occasion—the loading by his men of the first ship in 25 years to carry general cargo out of San Francisco for China.

Changing official hats, he also said a few words of welcome for the Port of San Francisco, which he helps direct as a port commissioner appointed by Mayor Joseph L. Alioto.

Two months ago the Chinese government decided to dis-invite Bridges and a union delegation planning to visit the country, after unflattering articles—at least in the eyes of Peking—appeared in the union's newspaper.

The ILWU has re-applied for admission, saying it was all a misunderstanding, and a union official on board the ship yesterday said Bridges' appearance hopefully would help their case.

Speaking between two blue-jacketed crew members at the table of honor, Bridges emphasized the ILWU's long support of the People's Republic as the true government of China, "sometimes against difficult odds."

The bonds of friendship between the Chinese and American People were celebrated in a statement read by Cheung Man Pio, chairman of the ship's welfare committee, and heartily applauded by fellow crew members who crowded into the cabin.

The Caspian Sea, registered under the flag of the Republic of Somali, is owned by the Chinese National Chartering Corp. and is sailed by a crew composed mainly of Hong Kong Chinese under an English captain.

She is bound for Shanghai with a cargo of cotton and aluminum ingots consigned from Longview, Wash.; San Francisco and Long Beach. Although there have been recent sailings of grain for China here, this is the first ship carrying general cargo.

SENATE—*Thursday, February 28, 1974*

The Senate met at 11 a.m. and was called to order by Hon. J. BENNETT JOHNSTON, JR., a Senator from the State of Louisiana.

PRAYER

The Chaplain, the Reverend Edward L. R. Elson, D.D., offered the following prayer:

O God, our Father, give us strength for our tasks, wisdom for our problems and perseverence in our difficulties. Hasten the day when darkness, violence, and strife shall be banished and all men pursue the ways of righteousness and peace. Remove the causes of injustice. Make us vigilant against evil and intolerant of anything which arises when hands are not clean nor hearts pure. May Thy cleansing and redeeming grace pervade our common life, put love in our hearts, keep us in Thy service and fill our spirits with the quiet confidence of those whose Master is the Lord of Life, in whose name we make our prayer. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. EASTLAND).

The second assistant legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, D.C., February 28, 1974.

To the Senate:

Being temporarily absent from the Senate on official duties, I appoint J. BENNETT JOHNSTON, JR., a Senator from the State of Louisiana, to perform the duties of the Chair during my absence.

JAMES O. EASTLAND,
President pro tempore.

Mr. JOHNSTON thereupon took the chair as Acting President pro tempore.

THE JOURNAL

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the reading of the Journal of the proceedings of Wednesday, February 27, 1974, be dispensed with.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

COMMITTEE MEETINGS DURING SENATE SESSION

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that all committees may be authorized to meet during the session of the Senate today.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Hackney, one of its reading clerks, informed the Senate that, pursuant to the provisions of section 4 (a), Public Law 92-484, the Speaker had appointed Mr. ESCH as a member of the Technology Assessment Board, to fill the existing vacancy.

The message announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 2589) to declare by congressional action a nationwide energy emergency; to authorize the President to immediately undertake specific actions to conserve scarce fuels and increase supply; to invite the development of local, State, National, and international contingency plans; to assure the continuation of vital public services; and for other purposes.

ORDER TO PLACE SENATE RESOLUTION 292 ON THE CALENDAR

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that Senate Resolution 292, requiring "Big Shots" to stand in line, too, which went over under the rule on yesterday, be placed on the calendar.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER OF BUSINESS

The ACTING PRESIDENT pro tempore. Does the distinguished minority leader desire recognition at this time?

Mr. HUGH SCOTT. Mr. President, I have no requests to make to correct anything. It is too early in the morning and, up to now, so far as I know, I have not done anything wrong. [Laughter.]

The ACTING PRESIDENT pro tempore. Under the previous order, the distinguished Senator from Michigan (Mr. GRIFFIN) is now recognized for not to exceed 15 minutes.

Mr. BEALL. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. On whose time?

Mr. ROBERT C. BYRD. Against whose time, Mr. President? Against whose time would that be?

Mr. BEALL. On the time of the Senator from Michigan (Mr. GRIFFIN).

Mr. HUGH SCOTT. Against the time of the Senator from Michigan.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr President, I ask unanimous consent that the order for a quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER FOR TRANSACTION OF ROUTINE MORNING BUSINESS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that at the hour of 12 o'clock there be a period for the transaction of routine morning business of not to exceed 15 minutes, with statements therein limited to 5 minutes each.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER TO RESUME CONSIDERATION OF S. 2705

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that at the conclusion of routine morning business, the Senate resume the consideration of the unfinished business, S. 2705.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

RESCISSION OF ORDERS RECOGNIZING SENATOR GRIFFIN AND SENATOR ROBERT C. BYRD

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order allotting time to the Senator from Michigan (Mr. GRIFFIN) be vacated, and I vacate my own order for recognition.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

RECESS UNTIL 12 O'CLOCK NOON TODAY

Mr. ROBERT C. BYRD. Mr. President, I move that the Senate stand in recess until the hour of 12 o'clock noon.

The motion was agreed to; and at 11:08 a.m. the Senate took a recess until 12 o'clock noon; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. CLARK).

TRANSACTION OF ROUTINE MORNING BUSINESS

The PRESIDING OFFICER (Mr. CLARK). Under the previous order, there will now be a period for the transaction of routine morning business for not to exceed 15 minutes, with statements therein limited to 5 minutes.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. HUGHES. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

LEAVE OF ABSENCE

Mr. HUGHES. Mr. President, are we currently in the hour of morning business?

The PRESIDING OFFICER. The Senator is correct.

Mr. HUGHES. Mr. President, I should like to ask if it is appropriate to proceed during morning business to ask for a necessary leave of absence on Friday, tomorrow, and Monday of next week.

The PRESIDING OFFICER. That is in order.

Mr. HUGHES. Mr. President, then I would ask unanimous consent to be excused for a necessary leave of absence on business of the Senate on Friday, tomorrow, and on Monday next.

The PRESIDING OFFICER. Without objection, it is so ordered.

PAY RAISES

Mr. HUGHES. Mr. President, since the appropriate business to be taken up during these days will probably include the question of pay raises in the governmental structure as well as in the Senate, I should like to make it clear that my absence has no relationship whatever to trying to avoid a vote on that issue.

If I were present on those days, I would intend to support either a compromise or the full increase, believing that this symbolic gesture of trying to control inflation is only a symbol and would, in effect, hurt people who should not be harmed by this, that it is within the power of the Senate, if it were to take the proper steps on other monetary measures affecting business and industry in this country, to do a thousandfold more in the control of the inflationary spiral both in this country and abroad.

If it is the beginning step of this overall measure, and a plan were outlined to me on what we were to follow through on to bring completely under control the inflationary spiral, at least to bring it to a reasonable 3-percent or 4-percent level, then I would be inclined to support it, believing that the entire country should share that burden. But, under the circumstances, it would be my inclination not to want to deprive those on our staffs in the Government structure, the judiciary, or wherever they may be found, or ourselves, because there are those in this body itself, although they did not seek this position for its money or its benefits, who are having great economic difficulty in surviving on their salaries. If they must survive on their salaries, many have been forced to seek honorariums. Some of it has been brought into question. I would like to see that ended, but many are forced to supplement their income by writing articles or books, which takes time away from their Senate business when it is a matter of survival while they serve in the Senate. It is neither in the best interests of their States or of the country, although they are forced to do it in order to be of service.

I think the electorates will understand that and I believe they will support them to live a standard of living, whatever it is, in the District of Columbia and within their own States, in the matter of decent wearing apparel, the survival of their families—whatever it might be.

I make this brief statement merely to explain my own position and to express my regret that, unfortunately, I will be absent on Friday tomorrow, and on Monday next, and will be unable to participate in the debate on the floor of the Senate regarding this particular issue.

Thank you, Mr. President.

Mr. McGEE. Mr. President, will the Senator yield?

Mr. HUGHES. I yield.

Mr. McGEE. Mr. President, I commend the Senator for his statement. He has analyzed the real issue at stake here very forthrightly.

What I want to append to his statement in regard to the inflationary process and the implications of this issue is very elementary. Any move that would award these pay adjustments under the recommendations sent down by the President but leave out Congress would result in a net saving this year of $6 million. That is as much money as we have to spend in the District of Columbia if we get a 2-inch snow and bail ourselves out of the kind of crisis that represents.

If there were, on the other hand, a full allowance the first year of 5.5 percent, a cost of living adjustment, without discriminating against any group at the administrative level, the total cost would be approximately $28 million to $30 million.

I think the point the Senator makes is a very good one: that the inflationary forces are the forces already underway; that they have been underway for 5 years—everybody has been caught up in them; but that this is the other end of the consequences of that runaway inflation, where all other salaried segments of the Nation's population, in the private sector or in the public sector, have received the steady increments of the cost of living adjustment in excess of 30 percent.

However, at the administrative level in Government, there has been nothing since 1969, and that has resulted in what we call compression, where administrators at all levels, who are required to be responsible and administrate the public trust in good faith are now compressed at a level that is no different than that of their employees. It is this that is being torn asunder by the various efforts to forestall some kind of reasonable adjustment at the present time.

The issue here is good government and responsible government, and not bending or panicking in the face of hostile sentiment. We have a responsibility here and are paid to stand up and make decisions in the interest of responsible government, rather than cutting and running because of a coming election.

I thank the Senator for his comments.

Mr. HUGHES. I thank the distinguished chairman of the committee that has been handling this important matter. His dedication and commitment to this work and his understanding of the question that will be before us probably is as deep and as broad as that of any other Member of the Senate.

I also point out that even if one person in the future must make a decision, one who has the capacity, the talent, and the ability—none of us can judge who that is—on the basis of economics, of living in this area, of maintaining a residence in his home State, of the travel and the incumbencies of family expense and adjustments that go with it, and is deprived of the right to seek public office, then I think our attempt at savings has been a gesture in the wrong direction.

I also point out that every Member of the Senate identifies and recognizes the devastating inflationary spiral we are in, the absolute need to control it and to do something about it, and certainly all our commitment collectively should be toward that gain and that end.

If the Senator from Iowa thought that this was a step in that direction, I would support it, but I do not believe that.

I also point out, though it may seem self-serving, that the Senator from Iowa shall not benefit from the salary increases he would have supported had he been here, because he is not seeking reelection and he is not looking to the future of receiving for himself the benefits of these increases across the board.

COMMUNICATIONS FROM EXECUTIVE DEPARTMENTS, ETC.

The ACTING PRESIDENT pro tempore (Mr. Johnston) laid before the Senate the following letters, which were referred as indicated:

Report on Property, Supplies, and Commodities Provided by the Berlin Magistrate

A letter from the Assistant Secretary of Defense, reporting, pursuant to law, on property, supplies, and commodities provided by the Berlin Magistrate and under German Offset Agreement, for the quarter October 1, 1973 through December 31, 1973. Referred to the Committee on Appropriations.

Report on Deficiencies in an Appropriation

A letter from the Chairman, Joint Committee on Judicial Administration in the District of Columbia, transmitting, pursuant to law, a report on deficiency in an appropriation (with an accompanying report). Referred to the Committee on Appropriations.

Report on Final Determination of Claim of Certain Indians

A letter from the Chairman, Indian Claims Commission, reporting, pursuant to law, on its final determination in respect to Docket No. 22–K, Jicarilla Apache Tribe, Plaintiff, v. The United States of America, Defendant (with accompanying papers). Referred to the Committee on Appropriations.

Report on Military Use of Herbicides in Vietnam

A letter from the Deputy Secretary of Defense, transmitting, pursuant to law, a report on military use of herbicides in Vietnam (with an accompanying report). Referred to the Committee on Armed Services.

Proposed Legislation From Canal Zone Government

A letter from the Governor, Canal Zone Government, transmitting a draft of proposed legislation to amend title 6 of the Canal Zone Code to permit, under appropriate controls, the sale in the Canal Zone of lottery tickets issued by the Government of the Republic of Panama (with accompanying papers). Referred to the Committee on Armed Services.

Report on Department of Defense Procurement From Small and Other Business Firms

A letter from the Assistant Secretary of Defense (Installations and Logistics), transmitting, pursuant to law, a report on Department of Defense Procurement from Small and Other Business Firms, for July 1973–October 1973 (with an accompanying report). Referred to the Committee on Banking, Housing and Urban Affairs.

Report of Department of Commerce

A letter from the Secretary of Commerce transmitting pursuant to law, a report on the activities of that Department, during fiscal year 1973, relating to the Fair Packaging and Labeling Act (with an accompanying report). Referred to the Committee on Commerce.

Publication Entitled "Statistics of Interstate Natural Gas Pipeline Companies, 1972"

A letter from the Chairman, Federal Power Commission, transmitting, for the information of the Senate, a publication entitled "Statistics of Interstate Natural Gas Pipeline Companies, 1972" (with an accompanying document). Referred to the Committee on Commerce.

Report of Overseas Private Investment Corporation

A letter from the President, Overseas Private Investment Corporation, transmitting, pursuant to law, a report of that Corporation entitled "Possibilities of Transferring OPIC Programs to the Private Sector" (with an accompanying report). Referred to the Committee on Foreign Relations.

List of Reports of Comptroller General

A letter from the Comptroller General of the United States, transmitting, pursuant to law, a list of the reports of the General Accounting Office, for January, 1974 (with an accompanying report). Referred to the Committee on Government Operations.

Reports of Comptroller General

A letter from the Comptroller General of the United States, transmitting, pursuant to law, a report entitled "Examination of Financial Statements of Veterans Canteen Service for Fiscal Year 1973", Veterans Administration (with an accompanying report). Referred to the Committee on Government Operations.

A letter from the Comptroller General of the United States, transmitting, pursuant to law, a report entitled "Improvements Needed in Managing Nonexpendable End-Item Equipment in the Air Force", dated February 1974 (with an accompanying report). Referred to the Committee on Government Operations.

Report on Anthracite Mine Water Control and Mine Sealing and Filling Program

A letter from the Acting Deputy Assistant Secretary of the Interior, transmitting, pursuant to law, a report on Anthracite Mine Water Control and Mine Sealing and Filling Program, for the calendar year 1973 (with an accompanying report). Referred to the Committee on Interior and Insular Affairs.

Report Entitled "Coal Technology: Key to Clean Energy"

A letter from the Secretary of the Interior, transmitting, pursuant to law, a report entitled "Coal Technology: Key to Clean Energy", 1973–1974 (with an accompanying report). Referred to the Committee on Interior and Insular Affairs.

Report of Office of Water Resources Research

A letter from the Assistant Secretary of the Interior, transmitting, pursuant to law, a report of the Office of Water Resources Research, for the year 1973 (with an accompanying report). Referred to the Committee on Interior and Insular Affairs.

Report on Project Proposals Under Small Reclamation Projects Act

A letter from the Assistant Secretary of the Interior, reporting, pursuant to law, that an application for a loan in the amount of $246,263 had been received from the Gering Irrigation District of Gering, Nebraska (with accompanying papers). Referred to the Committee on Interior and Insular Affairs.

Transportation Study Report for Arches Canyonlands, and Capitol Reef National Parks, Utah

A letter from the Acting Assistant Secretary of the Interior, transmitting, pursuant to law, a transportation study report on Arches, Canyonlands, and Capitol Reef National Parks, Utah (with accompanying papers). Referred to the Committee on Interior and Insular Affairs.

Proposed Legislation From the Department of the Interior

A letter from the Assistant Secretary of the Interior, transmitting a draft of proposed legislation to authorize appropriations for the saline water program for fiscal year 1975, and for other purposes (with accompanying papers). Referred to the Committee on Interior and Insular Affairs.

Suspension of Deportation—Withdrawal of Name

A letter from the Commissioner, Immigration and Naturalization Service, Department of Justice, requesting that the name of Yolanda Manuela Torres-Flores, involving suspension of deportation, be withdrawn and returned to the jurisdiction of that Service. Referred to the Committee on the Judiciary.

Proposed Legislation by Department of Health, Education, and Welfare

A letter from the Secretary of Health, Education, and Welfare, transmitting a draft of proposed legislation to extend the authority for the program known as "Project Headstart" to provide comprehensive services to aid disadvantaged pre-school children in order to enable such children to attain their full potential (with accompanying papers). Referred to the Committee on Labor and Public Welfare.

A letter from the Acting Secretary of Health, Education, and Welfare, transmitting a draft of proposed legislation to amend the Higher Education Act of 1965 to provide for increased accessibility to guaranteed student loans to extend the Emergency Insured Student Loan Act of 1969, and for other purposes (with accompanying papers). Referred to the Committee on Labor and Public Welfare.

Report of National Academy of Science

A letter from the President, National Academy of Science, transmitting, pursuant to law, the annual report of the Academy for the fiscal year ended June 30, 1971, including a copy of the annual report of the National Academy of Engineering for the same period (with an accompanying report). Referred to the Committee on Labor and Public Welfare and ordered to be printed.

Report of Department of Justice on GS–16, 17, and 18 Positions

A letter from the Acting Assistant Attorney General for Administration, Department of Justice, transmitting, pursuant to law, a report on GS–16, 17, and 18 positions for calendar year 1973 (with an accompanying paper). Referred to the Committee on Post Office and Civil Service.

PETITIONS

Petitions were laid before the Senate and referred as indicated:

By the ACTING PRESIDENT pro tempore (Mr. JOHNSTON):

A joint memorial of the Legislature of the State of Idaho. Referred to the Committee on Commerce:

"House Joint Memorial No. 17

"A joint memorial to the Amtrak Corporation and to the House of Representatives and the Senate of the United States in Congress assembled

"We, your Memorialists, the House of Representatives and the Senate of the State of Idaho assembled in the Second Regular Session of the Forty-second Idaho Legislature, do hereby respectfully represent that:

"Whereas, expansion of the Amtrak system is now under consideration and has become more desirable in view of the impact of fuel shortages on private transportation methods and the increased reliance on public transportation systems; and

"Whereas, expansion of public transportation facilities should be made to provide convenient and accessible transportation alternatives to private automobiles; and

"Whereas, southern Idaho has been entirely without passenger train service since 1971, although there is a demand for such service in order to facilitate balanced growth in the area; and

"Whereas, a route through southern Idaho would provide an essential transportation and communication link and would be economically desirable as a portion of the Amtrak system; and

"Whereas, a southern Idaho railroad passenger service would contribute to the healthy economic climate of the area and insure continued social stability and economic growth and development in Idaho.

"Now, therefore, be it resolved by the Second Regular Session of the Forty-second Idaho Legislature, the House of Representatives and the Senate concurring therein, that we petition the Amtrak Corporation to reinstitute and operate rail passenger service in southern Idaho in order to sustain and promote the healthy economic climate of the area and to facilitate the transportation needs of the citizens of the region. We urge that the Amtrak Corporation give consideration to the reasonable requests for expansion of the railroad passenger line through southern Idaho at this time or expansion of general railroad passenger services.

"Be it further resolved that the Clerk of the House of Representatives be, and he is hereby authorized and directed to forward copies of this Memorial to the Amtrak Corporation and the President of the Senate and the Speaker of the House of Representatives of Congress, and to the Senators and Representatives representing this state in the Congress of the United States."

A joint memorial of the Legislature of the State of Idaho. Referred to the Committee on Interior and Insular Affairs:

"House Joint Memorial No. 18

"A joint memorial to the Federal Energy Office and to the House of Representatives and the Senate of the United States in Congress Assembled

"We, your Memorialists, the House of Representatives and the Senate of the State of Idaho assembled in the Second Regular Session of the Forty-second Idaho Legislature, do hereby respectfully represent that:

"Whereas, every effort should be made to avoid undue hardship or unfair disadvantage in any particular situation during the current energy shortage; and

"Whereas, there exists a unique situation in many rural areas, traditionally served by a limited number of fuel dealers; and

"Whereas, fuel allotments are made by major distributors to their dealers based upon the sales volume in the previous year; and

"Whereas, a consequence of the energy crisis has been the closure of many dealers particularly in rural areas; and

"Whereas, the closure of these small dealers has resulted in the reduction of fuel available to the area because the allotment is then shifted to other dealers who may not serve the same area; and

"Whereas, there continues to be a demand in the area no longer served by the dealer, for the fair share of the allotment made to the dealer, as evidenced by the consumption in the previous year.

"*Resolved* Now, therefore, be it by the Second Regular Session of the Forty-second Idaho Legislature, the House of Representatives and the Senate concurring therein, that we petition the Federal Energy Office and the Congress of the United States to take cognizance of the hardship created by this situation and to take action to alleviate the condition. In no case, shall the allocation of fuel made to an individual dealer leave the area he previously served whether or not the dealer is able to remain in business. The area shall not be deprived of the fuel thus allocated on the basis of the consumption in the previous year. Be it further

"*Resolved*, that the Clerk of the House of Representatives be, and he is hereby authorized and directed to forward copies of this Memorial to the Federal Energy Office and the President of the Senate and the Speaker of the House of Representatives of Congress, and to the Senators and Representatives representing this state in the Congress of the United States."

A resolution of the Commonwealth of Kentucky. Referred to the Committee on the Judiciary:

"Senate Resolution No. 9

"Senators Clyde Middleton, Nelson Robert Allen, William R. Gentry, Jr., Gene Huff, Denver C. Knuckles, Tom Mobley, Delbert S. Murphy, Georgia Davis Powers, Joseph Prather, Gus Sheehan, Eugene Stuart, Daisy Thaler, and Danny Yocum introduced the following resolution, which was ordered to be printed.

"A joint resolution directing the United States Congress to recognize the rights of the unborn

"Whereas, the sweeping judgment of the United States Supreme Court in the Texas and Georgia abortion cases expressly deprived the unborn of legal and constitutional protection during their gestation; and

"Whereas, such judicial holding condones the destrutcion of an entire class of live human beings; and

"Whereas, in states in which abortion laws have recently been relaxed or repealed, respect for unborn human life has proved to be wholly inadequate for the reasonable protection of the lives of the unborn; and

"Whereas, a legal threat to the right of life of any individual member of a society imperials the right to life of every other member of that society; and

"Whereas, human life in all states is entitled to the protection of the laws and may not be abridged by act of any court or legislature or by any judicial interpretation of the Constitution of the United States; and

"Whereas, the issue is of such great magnitude—the extent to which human life itself is protected under the Constitution; and

"Whereas, the General Assembly of the Commonwealth of Kentucky believes it to be in the best interest of the people of the United States that an amendment to the Constitution of the United States be adopted to protect unborn human lives, and

"Whereas, today, January 22d, marks the 1st Anniversary of this sad era in U.S. history, ushered in by these modern Dred Scott decisions of the U.S. Supreme Court on January 22, 1973: Now, therefore, be it

"*Resolved* by the General Assembly of the Commonwealth of Kentucky:

"Section 1. That the Congress of the United States take appropriate action to adopt a Constitutional Amendment that will guarantee the explicit protection of all unborn human life by extending the same constitutional rights, including due process of law, which apply to the unborn in the same manner and to the same extent as all other citizens of the United States, and will guarantee that no human life will be denied protection of law or deprived of life on account of age, sickness, state of development or condition of dependency or wantedness.

"Sec. 2. That the Clerk of the Senate transmit a copy of this Resolution to the President of the United States, the President of the Senate of the United States, the Speaker of the House of Representatives of the United States, each member of the Kentucky Congressional delegation, each member of the United States Supreme Court and the Governor of the Commonwealth of Kentucky."

A joint resolution of the Legislature of the State of Montana. Referred to the Committee on Banking, Housing and Urban Affairs:

A resolution of the House of Representatives of the State of Montana requesting housing and related care facilities for the elderly

"Whereas, we have carefully studied the President's housing message of September 19, 1973 and

"Whereas, our dedication to the purposes of this organization requires that we formulate and communicate our views and positions vis-a-vis federal housing policies and programs as they relate to the housing and related needs of the low-moderate income elderly. Now, therefore, be it

"*Resolved* by the House of Representatives of the State of Montana:

"That the House of Representatives of the State of Montana representing housing and related care facilities for the elderly, makes known its views and urges actions as follows:

"1. The proposal for direct housing assistance payments to lower income individuals and families has merit and we particularly approve the President's stated intention of initially implementing this program to assist the lower income elderly. However, we support fully funding and implementation of the direct housing assistance payment plan for the elderly immediately rather than delaying it until 1975.

"2. We join with all other knowledgable authorities in giving stated recognition to the fact that the housing and related needs of the elderly are complex and manifold and, therefore, no single program can meet the needs of all of the low-moderate income elderly . . . since there are various groups of the elderly, each of which has specific and unique needs. For example, an elderly couple in their early-to-mid-sixties who enjoy good health and moderate income obviously do not have the same needs as single and widowed females in their late seventies and who often have incomes barely at subsistence level. Stated more simply, the most needful group of the elderly need not only housing but the security, companionship and independence that can only be provided by specialized housing and related care facilities.

"3. These specialized facilities represented are effectively responding to the special housing and related needs of that segment of our elderly population for whom a direct housing assistance payment would not solve their needs and desires for physical, emotional and financial security combined with the need and desire for companionship, social recreational and constructive activity in a non-institutional atmosphere which enhances dignity and independence.

"4. By far the most successful and economical federal senior housing loan program.

"5. The benefits of 202 type housing to a community have had profound impact in upgrading neighborhoods and in providing a ready talent pool to staff volunteer community programs.

"6. We strongly recommend re-institution of the 202 type approach as a primary vehicle for housing the elderly. Furthermore, we heartily recommend that a re-instituted 202 type program be made even more flexible than the old program, in the sense of allowing for a broad spectrum of devices for meeting the total needs—housing, health, social, recreational, nutritional—of our aging people. Be it further

"*Resolved,* That copies of this resolution be transmitted by the Clerk of the House of the State of Montana to the Honorable Richard M. Nixon, President of the United States, Honorable Gerald Ford, Vice President of the United States, Honorable Mike Mansfield, Majority Floor Leader of the United States Senate, Honorable Lee Metcalf, United States Senate, Congressman Richard S. Shoup, House of Representatives, Congressman John W. Melcher, House of Representatives."

A joint resolution of the Legislature of the State of Montana. Referred to the Committee on the Judiciary:

"A joint resolution of the Senate and the House of Representatives of the State of Montana declaring the Montana State Legislature's unalterable opposition to registration and confiscation of firearms

"Whereas, the right of an individual to keep and bear arms is fundamental to the preservation of freedom and is guaranteed by the Constitution of the United States, and

"Whereas, firearms are, always have been, and always will be very much a part of the way of life in the great state of Montana, and

"Whereas, the private ownership of firearms, including handguns, is the last line of defense against the criminal elements, and

"Whereas, the report of the National Advisory Commission on Criminal Justice Standards and Goals, issued in August, 1973, advocates, among other things, the confiscation of all privately owned handguns, and

"Whereas, the people of Montana having seen that federal firearm registration is leading us closer to federal confiscation of firearms. Now, therefore, be it

"*Resolved* by the Senate and the House of Representatives of the State of Montana:

"That the legislature of the state of Montana go on record as being unalterably opposed to registration and confiscation of firearms in general and specifically to the recommendations of the National Advisory Commission on Criminal Justice Standards and Goals, and be it further

"*Resolved,* That a copy of this joint resolution be sent to the President of the United States, to the Vice-President of the United States, to Montana's Senators and Representatives in Congress, and to all state legislatures."

A joint memorial of the legislature of the State of New Mexico. Referred to the Committee on Agriculture and Forestry:

"H.J. Res. No. 14

"A joint memorial requesting the Congress of the United States to enact legislation extending the authority of the United States Department of Agriculture to purchase food items at market prices for distribution to the needy and to educational and charitable institutions

"Whereas, the United States department of agriculture has had increasing difficulty in acquiring the variety and quantities of various food items that they historically have been purchasing and distributing to needy persons in households, schools operating a non-profit food program, charitable institutions, orphanages, child care centers and similar agencies serving the needy; and

"Whereas, the restrictive provisions of the Agriculture and Consumer Protection Act of 1973 imposed limitations on the variety and quantities of food that could be purchased for food distribution programs, and, to alleviate this problem, congress enacted Section 4(a) of Public Law 93–86 to authorize the department of agriculture to purchase food at market prices until June 30, 1974; and

"Whereas, an extension of Section 4(a) of Public Law 93–86 is needed to allow the food help programs for the needy, the school and institutional recipient agencies and other food programs to reap the benefits of the ability of the United States department of agriculture to purchase in volume based upon expert guidance on the availability and quality of food; Now, therefore, be it

"*Resolved* by the Legislature of the State of New Mexico that the congress of the United States be requested to enact legislation to extend the provisions of Section 4 (a) of Public Law 93–86 until June 30, 1975 or any later date; and be it further

"*Resolved,* That copies of this memorial be transmitted to the speaker of the United States house of representatives, the president pro tempore of the United States senate, Senators Brooke, McGovern and Kennedy and to the New Mexico delegation to the congress of the United States."

A joint resolution of the Legislature of the State of Ohio. Referred to the Committee on the Judiciary:

"House Joint Resolution No. 11

"Joint resolution providing for the ratification of the proposed amendment to the Constitution of the United States relative to equal rights for men and women

"*Be it resolved by the General Assembly of the State of Ohio:*

"Whereas, Both houses of the ninety-second Congress of the United States of America, at the second session of such Congress, by a constitutional majority of two-thirds of the members of each house thereof, made a proposition to amend the Constitution of the United States in the following words, to-wit:

"Joint resolution proposing an amendment to the Constitution of the United States relative to equal rights for men and women

"'*Resolved by the Senate and the House of Representatives of the United States of America in Congress assembled (two-thirds of each House concurring therein)*, That the following article is proposed as an amendment to the Constitution of the United States, which shall be valid to all intents and purposes as part of the Constitution when ratified by the legislatures of three-fourths of the several States within seven years from the date of its submission by the Congress:

"'ARTICLE

"'Section 1. Equality of rights under the law shall not be denied or abridged by the United States or by any State on account of sex.

"'Section 2. The Congress shall have the power to enforce, by appropriate legislation, the provisions of this article.

"'Section 3. This amendment shall take effect two years after the date of ratification.'; therefore be it

"*Resolved,* By the General Assembly of the State of Ohio, that the said proposed amendment to the Constitution of the United States be, and the same is hereby ratified; and be it further

"*Resolved,* That the Secretary of State of the State of Ohio be, and he hereby is directed, to deliver to the Governor of this state a certified copy of this resolution, and such certified copy shall be forwarded at once by the Governor to the Administrator of General Services, United States Government, Washington, D.C., to the President of the Senate of the United States, to the Speaker of the House of Representatives of the United States, and to the Secretary of State of the United States.

"Adopted February 7, 1974."

A joint resolution of the State of Rhode Island and Providence Plantations. Referred to the Committee on Banking, Housing and Urban Affairs:

"RESOLUTION

"Memorializing Congress to provide emergency generators in all housing for the elderly

"Whereas, The housing for the elderly in many instances are above three floors and the elderly during a power failure are unable to use the elevators, and physically unable to use the stairs, emergency generators are necessary; now, therefore be it

"*Resolved,* That the general assembly of Rhode Island and Providence Plantations, now requests the Congress of the United States to provide for emergency generators in all housing for the elderly; and be it further

"*Resolved,* That the secretary of state be and he is hereby respectifully requested and directed to transmit duly certified copies of this resolution to the President of the Senate of the United States, the Speaker of the House of Representatives, and to the Rhode Island delegation in Congress."

A concurrent resolution of the General Assembly of South Carolina. Referred to the Committee on the Judiciary:

"CALENDAR NO. S. 759

"A concurrent resolution memorializing Congress to enact such legislation as will restore November 11 as the observance of National Veterans Day

"Whereas, Veterans Day is not observed uniformly by the various states; and

"Whereas, the lack of uniformity in the observance of this day has contributed to the loss of meaning, significance and reason for commemorating the great sacrifices which the veterans have made for America and its cherished freedoms; and

"Whereas, the restoration of November 11 as National Veterans Day would enable the states to program meaningful events that would restore the day to its former importance and national significance. Now, therefore,

"*Be it resolved* by the Senate, the House of Representatives concurring: That Congress be memorialized to enact such legislation as will restore November 11 as the observance of National Veterans Day.

"*Be it further resolved* that copies of this resolution be forwarded to each United States Senator from South Carolina, each member of the House of Representatives of Congress from South Carolina, the Senate of the United States and the House of Representatives of the United States."

A concurrent resolution of the Legislature of the State of South Dakota. Referred to the Committee on Finance:

"SENATE CONCURRENT RESOLUTION NO. 6

"A concurrent resolution, citing legislative interest in and requesting that the Congress of the United States provide energy crisis revenue sharing funds to the various States

"Be it resolved by the Senate of the State of South Dakota, the House of Representatives concurring therein:

"Whereas, there is impending an acute shortage in available energy resources; and

"Whereas, the impact of the energy shortage threatens employment and economic growth; and

"Whereas, the total effect of the shortage upon the people and the economy is immeasurable; and

"Whereas, any economic recession resulting from the energy shortage will seriously reduce gasoline tax revenues for the State; and

"Whereas, due to the nature and method of financing the operation of State and local government, and the requirements for balanced budgets, any economic recession or unemployment may impose additional heavy taxes upon the people; and

"Whereas, it is essential that the Federal Government assist and subsidize the States during this period of energy shortage,

"Now, therefore, be it resolved, that the Forty-ninth session of the South Dakota Legislature hereby requests that the Congress of the United States proceed with dispatch to enact legislation to provide substantial energy crisis revenue sharing funds to the various States for the purpose of highway construction and maintenance based on the following formula:

"(1) Ten percent of the appropriation to be divided equally among the fifty (50) States;

"(2) Forty-five (45) percent of the total appropriation to be divided among the states on the basis of short-fall in energy supply using 1972 as the base year; and

"(3) The remaining forty-five (45) percent of the appropriation to be divided among the states, based upon each state's share of unemployment attributable to the energy crisis.

"Be it further resolved that a copy of this resolution be forthwith forwarded to the President, members of the Congress, and the Governors of the States.

"Adopted by the Senate, February 5, 1974.

"Concurred in by the House of Representatives, February 11, 1974.".

A joint resolution of the Legislature of the State of Wisconsin. Referred to the Committee on Veterans' Affairs:

"SENATE JOINT RESOLUTION 43

"Enrolled joint resolution memorializing the Congress to restore cutbacks in veterans benefits as a result of recent changes in the social security act

"Whereas, all recipients, veterans and widows, who received the social security increase as of January 1, 1973, suffered a reduction in their Veterans Administration pension; and

"Whereas, approximately 20,000 persons nationally were completely cut off from VA pension benefits because the increase in social security caused their income to exceed the maximum allowable annual income; and

"Whereas, the 2 previous social security increases contained provisions for not affecting pension payments, while this most recent social security measure made no such provision; and

"Whereas, this cutback in Veterans Administration benefits completely defeats the purpose of the social security increase to help persons living on fixed incomes and limited finances to combat rising inflation; now, therefore, be it

"*Resolved by the senate, the assembly concurring,* That the Wisconsin legislature respectfully petitions the Congress of the United States to amend the Veterans Administration pension law to provide that the social security increase, effective January 1, 1973, shall not affect pension payments; and, be it further

"*Resolved,* That retroactive payments be made to make up the loss in pension benefits incurred since January 1, 1973; and, be it further

"*Resolved,* That duly attested copies of this resolution be transmitted to the secretary of the U.S. senate, to the chief clerk of the U.S. house of representatives and to every member of the congressional delegation from Wisconsin."

A resolution adopted by the Chicago Committee on Urban Opportunity, Chicago, Ill., praying for the continuance of funds to support the Community Action Program. Referred to the Committee on Labor and Public Welfare.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. CANNON, from the Committee on Rules and Administration, without amendment:

S. Res. 236. Resolution authorizing additional expenditures by the Committee on Agriculture and Forestry for inquiries and investigations (Rept. No. 93–702);

S. Res. 242. Resolution relating to the Special Committee on the Termination of the National Emergency (Rept. No. 93–715);

S. Res. 256. Resolution authorizing additional expenditures by the Committee on the District of Columbia for inquiries and investigations (Rept. No. 93–704);

S. Res. 258. Resolution authorizing additional expenditures by the Committee on Aeronautical and Space Sciences for inquiries and investigations (Rept. No. 93–705);

S. Res. 259. Resolution authorizing additional expenditures by the Committee on Labor and Public Welfare for inquiries and investigations (Rept. No. 93–707);

S. Res. 264. Resolution to provide for additional expenses for the Committee on Post Office and Civil Service (Rept. No. 93–708);

S. Res. 268. Resolution authorizing additional expenditures by the Committee on Government Operations for routine purposes (Rept. No. 93–698).

S. Res. 270. Resolution authorizing additional expenditures by the Committee on Armed Services for inquiries and investigations (Rept. No. 93–706); and

S. Res. 286. Resolution to increase the sums allotted to the Senate Select Committee on Presidential Campaign Activities (Rept. No. 93–716).

By Mr. CANNON, from the Committee on Rules and Administration, with an amendment:

S. Res. 241. Resolution authorizing additional expenditures by the Committee on Foreign Relations for a study of matters pertaining to the foreign policy of the United States (Rept. No. 93–709);

S. Res. 245. Resolution authorizing additional expenditures by the Committee on

Interior and Insular Affairs for inquiries and investigations (Rept. No. 93–710);

S. Res. 250. Resolution authorizing additional expenditures by the Committee on Veterans' Affairs for inquiries and investigations (Rept. No. 93–717);

S. Res. 260. Resolution continuing and authorizing additional expenditures by the Select Committee on Nutrition and Human Needs (Rept. No. 93–718);

S. Res. 261. Resolution authorizing additional expenditures by the Committee on Public Works for inquiries and investigations (Rept. No. 93–719);

S. Res. 262. Resolution authorizing additional expenditures by the Committee on Commerce for inquiries and investigations (Rept. No. 93–711);

S. Res. 263. Resolution authorizing additional expenditures by the Select Committee on Small Business (Rept. No. 93–720); and

S. Res. 277. Resolution authorizing the printing of additional copies of a committee print entitled "Protecting Older Americans Against Overpayment of Income Taxes" (Rept. No. 93–699).

By Mr. CANNON, from the Committee on Rules and Administration with amendments:

S. Res. 240. Resolution authorizing additional expenditures by the Committee on Banking, Housing and Urban Affairs for inquiries and investigations (Rept. No. 93–703);

S. Res. 255. Resolution authorizing additional expenditures by the Committee on the Judiciary for inquiries and investigations (Rept. No. 93–714);

S. Res. 267. Resolution providing that the Special Committee on Aging is continued in existence as a permanent special committee and authorizing additional expenditures therefor (Rept. No. 93–713);

S. Res. 269. Resolution authorizing additional expenditures by the Committee on Government Operations for inquiries and investigations (Rept. No. 93–712).

By Mr. SPARKMAN, from the Committee on Foreign Relations, with an amendment:

S. 2662. A bill to authorize appropriations for United States participation in the International Ocean Exposition '75 (Rept. No. 93–700).

EXECUTIVE REPORTS OF COMMITTEES

As in executive session, the following favorable reports of nominations were submitted:

By Mr. SPARKMAN, from the Committee on Foreign Relations:

William S. Mailliard, of California, to be the Permanent Representative of the United States of America to the Organization of American States, with the rank of Ambassador.

(The above nomination was reported with the recommendation that the nomination be confirmed, subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

Mr. STENNIS. Mr. President, as in executive session, from the Committee on Armed Services, I report favorably the nomination of Lt. Gen. Robert E. Pursley, USAF, to be placed on the retired list in that grade. I ask that this name be placed on the Executive Calendar.

The PRESIDING OFFICER. Without objection, it is so ordered.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first time and, by unanimous consent, the second time, and referred as indicated:

By Mr. THURMOND:

S. 3079. A bill to designate November 11 of each year as Veterans Day and to make such day a legal public holiday. Referred to the Committee on the Judiciary.

By Mr. TAFT:

S. 3080. A bill to amend the Federal Salary Act of 1967 by removing of Members of Congress from the Commission on Executive. Legislative, and Judicial Salaries. Referred to the Committee on Post Office and Civil Service.

By Mr. SPARKMAN (by request):

S. 3081. A bill authorizing appropriations for Peace Corps. Referred to the Committee on Foreign Relations.

By Mr. THURMOND:

S. 3082. A bill for the relief of Fidenciana MONTES Montes. Referred to the Committee on the Judiciary.

By Mr. HARTKE:

S. 3083. A bill to stabilize the price of propane, and for other purposes. Referred to the Committee on Banking, Housing and Urban Affairs.

By Mr. McGOVERN:

S. 3084. A bill to authorize supplemental appropriations for the Department of Agriculture. Referred to the Commitee on Agriculture and Forestry.

By Mr. METCALF:

S. 3085. A bill to provide for the development of certain minerals on public lands; and for other purposes; and

S. 3086. A bill to establish a system for the development of mineral resources on public lands of the United States. Referred to the Committee on Interior and Insular Affairs.

By Mr. DOMENICI (for himself and Mr. Montoya):

S. 3087. A bill to designate certain lands in the Bosque del Apache National Wildlife Refuge, Socorro County, N. Mex., as wilderness. Referred to the Committee on Interior and Insular Affairs.

By Mr. TAFT:

S. 3088. A bill to amend the National Labor Relations Act to extend its coverage and protection to employees of nonprofit hospitals, and for other purposes. Referred to the Committee on Labor and Public Welfare.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. THURMOND:

S. 3079. A bill to designate November 11 of each year as Veterans Day and to make such a day a legal public holiday. Referred to the Committee on the Judiciary.

Mr. THURMOND. Mr. President, prior to 1971, November 11 was officially set aside as a legal holiday to honor the Americans who have served in our armed services in defense of freedom around the globe. November 11 was originally selected as Veterans Day for it was on this day in 1918 that the Armistice was signed which ended World War I.

In 1971, the designation of Veterans Day was changed so that the legal holiday would fall on the fourth Monday of October. The date of November 11 was thus stripped of its officially sanctioned recognition. However, Mr. President, to millions of Americans, November 11 will always be Veterans Day. The change in the legal designation cannot erase the significance of this date, nor can an extra 3-day weekend justify a reduction in the tribute paid to American veterans by a grateful nation.

Veterans Day deserves the highest recognition possible. Millions of Americans have sacrificed their time, their talents and their lives to secure and strengthen the ideals of liberty, freedom, and democracy which gave birth to our Nation. These Americans—our veterans—have earned the respect, gratitude, and recognition of their fellow countrymen. Their contribution to America is unique and America's tribute to them should be equally unique. For these reasons, Mr. President, I am today introducing legislation to reinstate the date of November 11 as Veterans Day. I am hopeful that the Congress will give this legislation prompt and favorable action.

Mr. President, on February 20, 1974, the General Assembly of South Carolina passed a concurrent resolution to memorialize the Congress of the United States to enact legislation to restore November 11 as the official observance of National Veterans' Day.

The general assembly has provided me a copy of this resolution and requested that it be called to the attention of the Senate.

Veterans' Day was changed from November 11 to the fourth Monday in October by legislation in 1968, and 31 State legislatures, including South Carolina, have since enacted laws observing Veterans' Day within their jurisdictions on November 11.

In President Nixon's message to the Congress on veterans, he also urged the passage of legislation to restore November 11 as the official National Veterans' Day.

On behalf of the junior Senator from South Carolina (Mr. Hollings) and myself, I call this concurrent resolution to the attention of the Senate and request my colleagues to give it most careful consideration.

Mr. President, I ask unanimous consent that this concurrent resolution be printed in the Record at the conclusion of my remarks.

There being no objection, the concurrent resolution was ordered to be printed in the Record, as follows:

A Concurrent Resolution Memorializing Congress To Enact Such Legislation as Will Restore November 11th as the Observance of National Veterans Day

Whereas, Veterans Day is not observed uniformly by the various states; and

Whereas, the lack of uniformity in the observance of this day has contributed to the loss of meaning, significance and reason for commemorating the great sacrifices which the veterans have made for America and its cherished freedoms; and

Whereas, the restoration of November eleventh as National Veterans Day would enable the states to program meaningful events that would restore the day to its former importance and national significance. Now, therefore, *Be it resolved* by the Senate, the House of Representatives concurring: That Congress memorialized to enact such legislation as will restore November eleventh as the observance of National Veterans Day.

Be it further resolved that copies of this resolution be forwarded to each United States Senator from South Carolina, each member of the House of Representatives of Congress from South Carolina, the Senate of the United States and the House of Representatives of the United States

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By Mr. SPARKMAN (by request):

S. 3081. A bill authorizing appropriations for Peace Corps. Referred to the Committee on Foreign Relations.

Mr. SPARKMAN. Mr. President, by request, I introduce for appropriate reference a bill to authorize appropriations for the Peace Corps.

The bill has been requested by the Director of ACTION and I am introducing it in order that there may be a specific bill to which Members of the Senate and the public may direct their attention and comments.

I reserve my right to support or oppose this bill, as well as any suggested amendments to it, when it is considered by the Committee on Foreign Relations.

I ask unanimous consent that the bill be printed in the RECORD at this point, together with the letter from the Director of ACTION to the President of the Senate dated February 11, 1974.

There being no objection, the bill and letter were ordered to be printed in the RECORD, as follows:

S. 3081

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That

The first phrase of section 3(b) of the Peace Corps Act (22 U.S.C. 2502(b)), ending with a colon, is amended to read as follows:

"There are authorized to be appropriated for fiscal year 1975 not to exceed $82,256,000 to carry out the purposes of this Act."

SEC. 2. Section 3 of the Peace Corps Act (22 U.S.C. 2502) is amended by adding at the end thereof the following new subsection:

"(c) In addition to the amounts authorized for fiscal year 1975 there are authorized to be appropriated for the Peace Corps for fiscal year 1975 such additional amounts as may be necessary for increases in salary, pay, retirement, or other employee benefits authorized by law.

"(d) The Director of ACTION is authorized to transfer to the readjustment allowance, ACTION, account at the Treasury Department from any sums appropriated to carry out the purposes of this Act in fiscal year 1975 not to exceed $315,000 to rectify the imbalance in the Peace Corps readjustment allowance account for the period March 1, 1961 to February 28, 1973.

"(e) The Director of ACTION is authorized to waive claims resulting from erroneous payments of readjustment allowances to Peace Corps Volunteers who terminated their Volunteer service between March 1, 1961 and February 28, 1973, notwithstanding the provisions of 5 U.S.C. 5584, and notwithstanding the fact that the names of the recipients of such overpayments may be unknown.

"(f) Disbursing and certifying officers of the Peace Corps and ACTION are relieved from liability for improper or incorrect payments of readjustment allowances made to Volunteers between March 1, 1961 and February 28, 1973, other than any cases known to have resulted from fraud, notwithstanding the provisions of 31 U.S.C. 82 a–2, c."

ACTION,
Washington, D.C., February 11, 1974.
Hon. GERALD FORD,
President of the Senate, U.S. Senate, Washington, D.C.

DEAR MR. VICE PRESIDENT: Enclosed for your consideration is draft legislation which will enable the Peace Corps to continue its work on behalf of world peace and understanding.

This legislation will authorize the appropriation of $82,256,000 for the Peace Corps in Fiscal Year 1975. It also will provide for a contingency authorization in the event of increases in Federal employee salaries and benefits during Fiscal Year 1975.

The authorization of appropriations in this legislation will enable the Peace Corps to train an estimated 4,800 Volunteer applicants in the coming fiscal year as opposed to 4,700 in training this year. The estimated total number of Volunteer man-years will increase from 6,490 in Fiscal Year 1974 to 6,800 in Fiscal Year 1975.

The Peace Corps will continue in 1975 to seek a more effective and more economical way to recruit, select, train, program and support volunteers.

The legislation would amend the Peace Corps Act to authorize the transfer of not more than $315,000 from the funds appropriated for Fiscal Year 1975 to the readjustment allowance deposit fund of the Treasury Department. The need for this provision arises because of a series of apparent overpayments of readjustment allowance to former Volunteers, and accounting errors in the readjustment allowance account from 1961 through February 28, 1973. Although the average amounts of overpayments or erroneous transactions are small, the cumulative effect over a period of 12 years has resulted in an imbalance in the readjustment allowance account of approximately $315,000. The proposed transfer of this amount to the Treasury deposit account would rectify the imbalance. We have been working with the Comptroller General of the United States in an effort to resolve the problems that have caused this imbalance, and are confident that the procedures we have now implemented will assure that we will not incur an imbalance again. The Comptroller General has advised us, however, that we will require legislative authorization to replenish the readjustment allowance account.

The legislation would also amend the Peace Corps Act to provide authority for the Peace Corps to waive certain claims against former Volunteers who served between the years 1961 and February 28, 1973. It would similarly relieve agency certifying and disbursing officers from liability, other than in cases involving fraud, for erroneous fiscal transactions in the Peace Corps Volunteer readjustment allowance account during the same period. The need for these provisions has arisen because the Peace Corps is unable to determine the identity of individual Volunteers who may have received overpayments of readjustment allowance between 1961 and February 28, 1973, or to specify which employees may have been responsible for these transactions during the same period.

The Office of Management and Budget had advised that enactment of this legislation would be in accord with the program of the President.

Sincerely yours,
MICHAEL P. BALZANO,
Director.

By Mr. HARTKE:

S. 3083. A bill to stabilize the price of propane, and for other purposes. Referred to the Committee on Banking, Housing and Urban Affairs.

PROPANE GAS

Mr. HARTKE. Mr. President, today I am introducing legislation which will effectively roll the now extraordinarily high price of propane gas back to the level it had reached on January 1, 1973. In the State of Indiana over the past 18 months, the price of propane has increased 300 percent, from 18 to 54 cents per gallon. I also note with gravity that there is an enormous discrepancy in propane prices across the State. Different dealers have as much as a 200-percent difference in prices in the same region.

In my investigation of this problem, and in discussing the issue with the Federal Energy Office, I found general agreement that the rapid increase in propane prices was not caused by a shortage of the commodity nor by increased costs in its production. Soaring prices are the result of a loophole in the Cost of Living Council guidelines which permit a high percentage of the added cost of the total refining process of crude oil to be passed through to propane even though propane represents but a small portion of the end product of the refining process.

On January 30, 1974, the Federal Energy Office recognized this loophole and issued new regulations restricting the increased production costs which may be allocated to propane during any 12-month period following January 31, 1974, to no greater percentage of the total amount of increased costs incurred during that period than the percentage of the total sales volume of propane the refiner bears to the total sales volume of all covered products of the refiner. Previously refiners had been allocating a large portion of the production cost increases to propane in spite of the fact that propane gas is a minor percentage of the final product of the refining process; the result was a 200- to 300-percent rise in the wholesale price in a period of months.

Unfortunately, the new regulations do nothing more than slow the continuing rise in propane prices, and are, therefore, totally inadequate. On January 31, 1974, the retail price was already around 53 cents a gallon in many areas. The slowing of future price increases will be little consolation to senior citizens who are now spending up to 40 percent of their disposable income on fuel.

These totally unjustified higher prices for propane are not just a problem for Indiana. Similar price increases have been rampant throughout all the midwestern and southern parts of our country. The tragedy of it is that the rural poor are hit hardest and these are the people who suffer the most and can least afford it.

Propane gas is mainly used in Indiana for heating and cooking in rural areas, as well as for drying crops. I ask unanimous consent at this time that a chart showing the sales of propane gas and ethane by States and principal uses in 1972 be printed in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

SALES OF LP GAS AND ETHANE, BY STATES AND PRINCIPAL USES, 1972

[In thousands of gallons]

	Residential/commercial	Internal combustion	Industrial[1]	Utility gas	All other uses[3]	Total[3]
Alabama	285,694	12,963	15,309	311	2,069	316,346
Alaska	4,641	----------	3,463	----------	----------	8,104
Arizona	44,778	8,569	1,959	----------	4,562	59,868
Arkansas	373,769	99,424	19,280	----------	12,751	505,224
California	228,328	45,213	112,712	31,934	40,746	458,933
Colorado	185,203	24,578	5,865	2,580	7,580	225,806
Connecticut	42,242	2,765	20,455	16,458	1,309	83,229
Delaware	20,473	2,514	1,394	728	1,390	26,499
Florida	279,372	22,575	12,794	12,962	2,863	330,566
Georgia	212,685	11,564	11,154	4,538	25,356	265,297
Hawaii	23,739	2,274	3,877	9,802	----------	39,692
Idaho	45,387	2,221	6,677	----------	4,753	59,038
Illinois	478,042	58,045	73,749	9,128	33,881	652,845
Indiana	358,578	13,374	19,756	496	20,698	412,902
Iowa	373,935	6,260	24,421	9,126	18,270	432,012
Kansas	238,928	41,309	15,688	----------	5,669	301,594
Kentucky	183,771	6,829	17,648	5,357	1,735	215,340
Louisiana	149,618	42,870	162,773	----------	8,922	364,183
Maine	21,802	377	5,118	3,618	164	31,079
Maryland and District of Columbia	57,539	4,776	11,712	15,583	1,109	90,719
Massachusetts	51,780	4,022	11,991	19,371	2,781	89,945
Michigan	289,068	9,105	14,017	5,555	2,313	320,058
Minnesota	375,199	11,951	35,516	6,150	8,626	437,442
Mississippi	276,478	59,893	24,285	5,130	7,203	372,989
Missouri	469,607	9,105	18,965	15,772	3,892	517,341
Montana	54,074	8,352	8,867	----------	300	71,593
Nebraska	197,154	25,040	13,243	13,094	3,700	252,231
Nevada	28,069	984	3,290	----------	----------	32,307
New Hampshire	29,978	628	2,788	13,742	899	48,035
New Jersey	45,616	11,815	51,222	13,399	982	123,034
New Mexico	102,947	34,332	9,293	----------	2,073	148,645
New York	158,852	15,460	40,696	3,058	4,662	222,728
North Carolina	153,505	10,447	25,655	1,019	23,964	214,590
North Dakota	65,142	285	7,548	3,273	694	76,942
Ohio	232,069	19,349	36,799	17,061	6,682	311,960
Oklahoma	289,587	59,290	25,153	----------	1,619	375,649
Oregon	39,920	2,087	5,101	----------	3,880	50,988
Pennsylvania	100,092	17,221	57,348	19,953	2,945	197,559
Rhode Island	8,176	3,519	3,346	2,767	164	17,972
South Carolina	96,855	9,301	22,212	5,534	7,361	141,263
South Dakota	110,716	6,968	5,696	7,142	1,735	132,257
Tennessee	129,218	9,675	5,222	2,975	540	147,630
Texas	758,535	700,146	61,856	5,662	13,593	1,539,792
Utah	41,474	952	5,261	----------	3,675	51,362
Vermont	23,165	251	1,115	4,806	----------	29,337
Virginia	79,033	7,290	15,616	9,758	5,971	117,668
Washington	43,313	4,264	6,015	572	3,304	57,468
West Virginia	17,714	1,760	14,500	----------	----------	33,974
Wisconsin	313,497	10,528	33,373	4,067	6,822	368,287
Wyoming	62,983	16,706	12,470	----------	1,361	94,520
Total	8,253,340	1,479,190	1,124,263	302,481	315,568	21,833,700

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[1] Includes refinery fuel of 610,890,000.

[2] Includes secondary recovery of petroleum.

[3] Does not include uses for chemical and synthetic rubber. These sales are included in national totals.

Source: Bureau of Mines.

Mr. HARTKE. My legislation would solve the problem of these tremendously inflated propane prices by providing that a refiner could charge no more for propane than the price of the gas on January 1, 1973, which was slightly over 5 cents in most cases. He could also charge, however, a small percentage of the increases of the cost of refining which have occurred since 1973. The added cost which could be passed through to propane consumers, however, would only be those cost increases which are related to the production of propane. Since that propane, which is produced from crude oil, represents less than 5 percent of the byproduct refining per barrel of crude, the added costs of production passed through to propane consumers should be less than 5 percent of the total increase in the cost of refining that barrel of crude. Much of the actual propane production, however, is not associated with the refining process. It comes from natural gas, and the actual cost of producing it, if anything, should rise even less than that for crude oil production.

My legislation would not only prohibit the passthrough of unrelated refining costs to propane consumers, but it would also roll back the price by permitting the sale of propane from the date of enactment at a price which reflects the January 1, 1973, price level as well as the portion of the added cost of refining crude oil since that time. The January 1, 1973, base price period was selected, because at that time the majority of the companies were selling propane at the same base price, 5.13 cents a cubic foot. By using this base price, the adjusted price of propane from various companies would, in the end, be nearly equal with differences attributable only to the different costs of operation of each company.

The bill I am proposing would merely return propane to its fair market level. It does not interfere with the free market economy, but attempts to remove the distortion caused by artificial price controls on oil products.

The only parties who would be injured by this bill would be businesses and individuals who have been hoarding high priced propane for reasons of speculation. The Federal Energy Office estimates that 15 to 20 percent of the nearly 350 million barrels of propane used in 1973 were held for speculation by middlemen.

I would also like to point out that since the margin that the retailer can charge on propane is controlled, he does not make any greater profit selling propane at 56 cents than at 11 cents. Since the tremendous price increases, the retailer's business has shrunk and his profits have been reduced. Unless the prices are cut and business picks up again, many propane gas dealers will be going out of business.

The need for this legislation is obvious. Propane consumers simply cannot afford to pay the exorbitant prices for propane. Some of the rural poor are being asked to pay between $100 and $200 per month just to heat their homes. This bill will get propane prices back to a reasonable level and remedy the inequities that have resulted from past regulations and controls.

Mr. President, I ask unanimous consent to have the text of my bill printed in the RECORD at this point.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 3083

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

That section 203 of the Economic Stabilization Act of 1970 is amended by adding at the end thereof the following new subsection:

"(k) Upon the enactment of this subsection, the President or his delegate shall issue an order—

(1) stabilizing the wholesale and retail prices of propane at their respective market price levels on January 1, 1973; and

(2) permitting adjustments in such prices to reflect cost increases or decreases which are related to the production and distribution of propane, and which are, or have been incurred after January 1, 1973."

By Mr. McGOVERN:

S. 3084. A bill to authorize supplemental appropriations for the Department of Agriculture. Referred to the Committee on Agriculture and Forestry.

AGRICULTURE AND SOLAR ENERGY

Mr. McGOVERN. Mr. President, I introduce for appropriate reference a bill designed to refine and accelerate the development of solar energy for farm use.

Anyone who has worked the land for a living is well aware that without the blessings of the Sun, the bounty of the fields would be unknown. Man's ability to predict and adapt to the length of the growing season, his talent for making the most of the available rainfall, and his understanding of the manufacture of protein in sunlight are all principal factors in his ability to feed the planet.

It is, therefore, not surprising that some of the most productive pioneering efforts in solar energy technology have taken place on the farm. For example, Michigan State University's Agricultural Engineering Department has conducted studies of solar energy availability, collection, and storage for farm use. The University of Minnesota's Department of Mechanical Engineering has been working on the design of solar collectors and the use of the energy for drying crops. Purdue University's Agricultural Engineering Department has studied solar-powered fence chargers and solar refrigeration of livestock shelters. In Brookings, S. Dak., Bill Peterson, Extension Agricultural Engineer at South Dakota State University, has designed a system which uses solar heat to dry shelled corn in the bin. The system uses thin aluminum surplus lithographic plates from the DeSmet News and transparent plastic to dry corn at a cost of 2.4 cents per bushel.

One of the most exciting efforts into the promise of solar energy is underway in Canada where researchers at McGill University are clearly aware that the first beneficiary of solar energy development can be the farmer. According to a Brace Research Institute publication, some significant results have already been achieved. They include:

The development of an accurate low-cost instrument for the measurement of daily solar radiation.

The development of a number of low-cost, family-sized, solar-energy-powered devices for drying crops, cooking, and providing hot water for household uses.

The development of several large agricultural crop dryers using solar energy.

The development of a low-cost, small-scale, wind-powered water pumping unit.

The development of solar energy stills with greenhouses for use in arid areas to conserve fresh water.

In addition, they intend to proceed with the development of sound and relevant engineering equipment to meet water and food requirements in rural, arid regions.

The Brace Research Institute is currently putting together a manual on solar agricultural dryers under a grant from the Canadian International Development Agency. The manual will consist of a theoretical evaluation of the air heating and drying processes and will include illustrated descriptions of different equipment which has been developed all over the world. As a result, the reader, in whatever area a solar energy dryer might serve a function, might be able to construct models which fit both his requirements as well as those dictated by climate and the type of material to be dried. These efforts were undertaken to find a solution to the problem of water desalinization in underdeveloped countries. But they have paid rich dividends in solar energy technology and I am confident that similar efforts conducted in the United States would also benefit our country, until now, one of the most underdeveloped nations in the world in terms of domestic use of solar energy.

Throughout the world, solar energy is being put to innovative use. For example, the Australian Minister for Science, William Morrison, has decided to coordinate all the more or less casual investigations of solar energy into one integrated, imaginative program under the Commonwealth Scientific and Industrial Research Organization. It is thought that 40 billion Australian dollars, equivalent to $60 billion in U.S. currency, will be needed to provide solar heat for 25 percent of the Australian homes by the end of the century. This would require an investment annually of 2 to 3 percent of the gross national product. They are also developing a basic concept to tap the solar energy stored in trees by developing and then converting the plant to a liquid fuel, such as ethanol, as a substitute for gasoline. Australia is a nation rich in untapped mineral wealth. Yet, they have the vision to undertake an immediate program to provide for the long-term development of solar energy. We could learn a valuable lesson from their example.

Additional research into the advantages of solar energy are underway in other countries as well. An excellent summary of these efforts is contained in a television broadcast prepared by the BBC entitled, "The Sunbeam Solution." I ask unanimous consent that a transcript of that broadcast be included at the conclusion of my remarks in order to provide a clearer picture of what can be done when a serious effort is made to harness the energy of the Sun.

I have long been interested in the development of solar energy as a practical energy source. Last year, for example, I introduced a bill that provided for the expeditious development of solar energy and hydrogen. In addition, I cosponsored legislation to provide for demonstration buildings cooled and heated by solar energy.

Today I am introducing legislation that will focus special attention on one particular area of urgent need. It would provide for the accelerated development of solar energy on the farm.

The measure has three parts. First, it would provide a mechanism for studying the feasibility of granting tax deductions including deductions for greenhouses, agricultural dryers, and windmills used for irrigation and electrical generation.

Second, it would provide funds for the establishment of a solar energy research center specializing in agricultural affairs. It would serve as a repository for the expanding amount of data on the role of solar energy in drying crops, information on improved protein yields in cattle feed, and for other new developments in solar-agricultural research. If we follow the Canadian and Australian examples and improve on them, we can move at once to find useful methods of harnessing the energy of the Sun to the work of the farm with the entire Nation benefiting in the long run.

Finally, the bill provides funds for Government-subsidized research into the special needs of the farmer to which solar energy might be useful.

Mr. President, I am confident that with foresight and a decision to commit adequate Federal resources to solar energy development, we can put the Nation on the road to clean, efficient, versatile, and plentiful fuel for all generations to come.

I ask unanimous consent that the text of my bills be included in the Record at this point, along with the other inserts mentioned previously.

There being no objection, the bill and material were ordered to be printed in the Record, as follows:

S. 3084

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, that this Act may be cited as the Department of Agriculture Solar Energy Research and Development Supplemental Appropriations Authorization Act.

FINDINGS AND DECLARATION OF PURPOSE

Sec. 1(a) The Congress hereby finds and declares—

(1) Whereas, the United States had inadequately provided for the serious development of solar energy as a major energy source, and

(2) Whereas, no central facility exists in the United States for research, examination, testing, and development of solar energy equipment as it relates to the special needs of agriculture, and,

(3) Whereas, the Federal government has provided no incentive for the accelerated development of solar energy apparatus for agriculture use, and,

(4) Whereas, the serious, practical, and scholarly development of agricultural apparatus and solar technology will benefit not only the farmer but the nation in general;

Sec. 2(a) There is hereby authorized to be appropriated for the United States Department of Agriculture for the fiscal year ending June 30, 1975, the following sums:

(1) $200,000 for a feasibility study exploring the design, location, and objectives of a central research facility and information exchange center for solar energy agricultural research.

(2) $25,000,000 for distribution through grant allocation for accelerated research into the practical application of solar energy to agricultural affairs.

(3) $35,000 to investigate and make recommendations on the feasibility of granting tax deductions for the construction and installation of solar crop dryers, greenhouses, windmills, and other facilities which harness the energy of the sun for the needs of the farm.

The Sunbeam Solution

Commentator. "If wars were fought with sunbeams the world would have had solar energy years ago."

The sun has always been our source of energy. Plants and animal organisms have flourished on it, not only giving us food, but storing it in the ground for us to draw out as coal and gas and oil. The discovery of these fuels enabled the human race to expand rapidly—never more so than in the last hundred years. It gave us the power to extend our technology to achievements unimaginable a century ago. Now the sun may be the only source of energy we will have left—as fossil fuels become depleted and as arguments about safety, hold back the flood of nuclear power.

Our only way out may be to go back—back to the sun.

But how important is it to us to find a solution? Is it really top priority? Couldn't we use a little less? How much energy do you use?

If you drive a European car, you consume more than the weight of your car in petrol every year.

The same energy would take you twice as far if you went by train.

By air you could only travel a quarter of the distance; so air transport involves very high energy consumption.

Heating is a universal consumer of energy—electricity being less efficient than the more basic fuels. Every time you push a knob you consume energy. Even every object you own needed energy to make it. It even required a great deal of energy to make the television programme you are watching.

Klangers. It's going into the hatch—where is it going to?

Commentator. Where is it going to? Most of it turns into heat. It heats up the objects and the air around us and finally dissipates into the atmosphere where we can't get at it to use again. Most of it is therefore wasted.

Sometimes we use energy only when we need it.

Sometimes it is consumed continuously—when nobody is needing it.

We don't really care where energy comes from. We're happy just to flick a switch. That switch burns gas, oil, coal and increasingly, uranium.

Now that we have run into severe energy problems, people are beginning to look more closely. Dr. John Holdren has written a book about energy.

Dr. Holdren. Many of our problems in the energy area have been caused by restricting our technical options too narrowly, that is, we've put all our eggs in one or two baskets, we've relied far too heavily on petroleum, on coal, and now it looks like we're heading in the future to relying too heavily on nuclear fission. What we really ought to do, to be sure of adequate flexibility to meet energy needs in the future, while minimising environmental problems, is to investigate a much wider array of technical options. We should be looking at solar energy, we should be looking at geothermal energy, we should be looking at fuel cells, we should be looking at magneto hydrodynamics, we should be looking at converting garbage and agricultural waste to fuel that we can burn in our power plants. It's a wide variety of things that can, and I think will be explored.

Commentator. So let's have a look at some of these options. To begin with, it would seem obvious to return to the sun, the original source of all terrestial energy. The power that drives the sun is constructive; this star is building itself up through a process of nuclear fusion—the very opposite of nuclear fission which involves smashing heavy atoms apart, fusion is the merging of light elements at very high temperatures and densities at the centre of the sun. The violent process is held in place by the sun's massive gravitational fields.

Man. Starting to charge.

Commentator. Scientists in Russia, Britain and America are trying to recreate this process on earth.

Man. 40. We're charging. 60 almost charged complete. Charge complete.

Commentator. And that's it. The flash lasted three millionths of a second. If that could be kept going, we would have enough energy for everyone—because the fuel is an isotope of hydrogen found in water.

The trouble is, creating fusion is a very complicated process. First you have to force your two nuclei together—the resultant squirt of energy might then be harnessed. The difficulty arises because they have no desire to be fused—You have to overcome their mutual repellance. An exact head-on collision at great speed is required and the chances of this are slight unless you can keep the particles together moving at great speed in a highly dense area.

And that is the problem—the problem of containment. The nuclei would pass straight through any physical barrier so magnetic fields are used to contain them.

Many types of magnetic field have been tried but, because the particles travel at such high speeds and high temperatures, they escape quickly at the slightest sign of instability. Multiple magnetic fields are interwoven in increasing complexity, in an attempt to keep the prisoners in.

There are elements of wizardry and magic about fusion. The latest machine involves suspending this ring in space, forming a super-heated plasma around it, and passing a huge current through it—all without touching it in any way. This is totally new technology which relates to nothing man has ever tried before. It is almost like bulding a time machine. Fusion has to keep going for a specific period, with the plasma at a specific density and at a specific temperature. No machine has yet achieved all three of these targets at once. Theoretically, there are enormous advantages in fusion but Dr. Pease, who leads the British contingent at Culham Laboratories, is aware of the problems.

Dr. Pease. The main disadvantage of course is that we haven't got it yet, and indeed, since we're still in the research stage we certainly can't promise for certain that the methods we're doing at the moment will be successful, but we certainly think it's worth carrying out research, and we're carrying it out because we're confident that we think that success will be met by our methods.

Commentator. This is what a fusion reactor might look like. Recently the British fusion programme has received an injection of new money and the pressure for more power is so great that they have been asked to design an imaginary but possible reactor for producing electricity.

The fusion people are agreed that the most likely shape is a doughnut, but, as if in demonstration of how primitive the state of the art is, one laboratory in America has gone right back to the beginning and is trying containment by vortex.

This is still at the plastic model stage, but it could well work—no one knows. The advantages of fusion lie in its cheap, inexhaustible fuel and its safety in operation—a fusion reactor couldn't blow up or melt down. There is some nasty material called Tritium, involved, which it should be possible to keep within the power plant, and there is some radioactive waste, though far less than in fission. The real question is whether fusion is the answer to all our energy ills. Could everybody have it? Anywhere in the world?

Dr. Pease. It's a rich man's club—or rich country's club to this extent, first of all that the rich countries are generally those that are using the most energy, and therefore they are the most interested in providing themselves with long-term inexhaustible reserves of energy, but it's also a rich man's area in the sense that that combination of engineering and physics research which we've developed in this country over the past 40 or 50 years, and which the Americans have also developed, and which the Russians have, is peculiarly necessary for this type of research.

Commentator. The power of the sun on earth. Do we really need it? Some people are suggesting we should leave the fusion reactor a nice, safe, 93 million miles away.

Surely we should be able to harness the power from here? Perhaps by means of a solar satellite? In a high synchronous orbit, it would sit in the sunshine day and night, unaffected by cloud.

Three American companies are working privately on this. Dr. Peter Glaser, Project Director of one of these companies, explains how it is done.

Dr. Glaser. We can place a satellite in orbit, such as this one, which converts solar energy directly into electricity, and we then use electricity to generate microwaves, beam them back to earth, where we then receive them, and convert them back into electricity. And here we have a flexible panel of solar cells which we believe we can produce in very large areas to cover the square miles that we're thinking of for this particular satellite.

Commentator. Solar cells were used successfully to power the Apollo space craft, but the ones in Skylab are part of the system which has been causing so much trouble. What about the microwave beam?

Dr. Glaser. Microwaves have been generated for at least 50 years, and today they're in commercial use for things like tv, microwave communications and microwave ovens. There are rather simple devices as you can see, and one of these can produce anywhere from a few kilowatts to hundreds of kilowatts of microwave power. The fact that microwaves actually can transmit power has already been demonstrated ten years ago, when microwaves were used to keep a helicopter aloft for as long as we would supply the microwaves.

Commentator. It was only a model helicopter, but it worked. The power was not supplied through the restraining wires. No one doubts the feasibility of microwaves for huge power transmissions.

The whole system has been fully worked out and could be operating by the 1990's.

But there is a major question: if the satellite moves out of orbit does the microwave beam fry up the neighbourhood of the receiving station and cut a blazing path across the world?

Dr. Glaser. If the satellite would try and go off station, then a beam which emanates from the receiving antenna, is no longer received by the satellite and thereby the beam no longer is received in its coherent concentrated form but quickly spans out to cover a very much larger area and the whole power density drops to a level that is more like a signal coming from a communication satellite rather than a power beam.

Commentator. The satellite would be twenty square miles in area and would be a hundred times heavier than anything so far launched into space. * * *

Dr. Glaser. We believe we can build the first system at a cost only three times the cost of nuclear power plants today. And therefore we can look forward to the day when we would have hundreds of receiving stations on earth, located on land, or perhaps at sea, in many nations around the world, so that we can meet our future energy needs.

Commentator. It would, of course, be considerably cheaper to build a solar station on the ground, using the substantial number of sunshine hours that we do have. That power is available has already been proved by a French team who have built in the Pyrenees a solar furnace. They have achieved temperatures of 4,000 degrees centigrade—hot enough to melt diamonds—but they needed a whole hillside to focus the sunlight on to one tiny spot.

A solar power station would need a much larger area. Sheets of solar cells, as in the satellite would be spread over the ground, converting sunlight directly into electricity.

But the cost of these solar cells is at the moment, prohibitive. The answer may be close at hand. Leaves have been converting solar energy for millions of years. Their secrets have only recently been unravelled by a team at the Lawrence Berkeley Laboratory, California. * * *

Klein. What we have here is an experimental solar cell contained in this box, and it's a crystal of zinc oxide and a solution of chlorophyll, the green material of plants. This is being excited by light from this source, passing through a filter to take out the heat, and another filter so that we can just see it. And what we're really attempting to show is that the light from this lamp will excite the chlorophyll molecules which will then transfer electrons into the crystal and thereby generate electric power through an external circuit. In a very general sense it is what a leaf does. The sunlight excites chlorophyll molecules which then pass on the excited electrons to special molecules that are particularly arranged in the plant's cell and they then produce chemical energy. This actual cell at the momement as it's operating is probably generating something in the range of milowatts, that's a thousandth of a watt, and of course power consumptions are in thousands or millions of watts, so that we're a long way from a practical device. However, it's a very tiny area which is active, and so one can make some extrapolations and say that if you covered many thousands of acres, that perhaps one could get useful power out of it.

Commentator. It's very important work, but this little crystal is a long way from being part of a solar power station.

In the meantime there is a simpler way of collecting the solar energy for a power station. So far only one such collector has been built. This is on the roof of the University block at Tucson, Arizona. The man who designed it was Dr. Aden Meinel, President of the Optical Society of America.

MEINEL. Well this is a thermal test loop that we're using to test the engineering feasibility of the solar energy conversion method that we're proposing. This particular device uses the mirrors that you see down here to concentrate sunlight, and the sunlight enters this silver tube, which is very much like a thermos bottle, and inside the tube there is a sealed pipe, very much like this here. We flow a heat collecting fluid, a heat transfer fluid through this pipe. Now in this model we're using gas because of simplicity. We're running pressurized gas through it. The gas gets quite hot, up to 1,000 degrees Fahrenheit on a bright sunny day, so that the gas coming out of the other end is at 1,000 degrees.

COMMENTATOR. The superheated gas or steam could then be fed through turbines in the conventional way. But a huge number of collectors would be necessary.

MEINEL. We would need an area of land 70 miles by 70 miles, if you put them all in one area. Of course you wouldn't put them all in one area, these solar power farms would be distributed over quite a big area of the desert, and not densely packed. But that's a reasonable amount of land, we feel, to use, to supply a million megawatts which would be the entire electrical power need of the United States.

COMMENTATOR. Such solar power stations would obviously cost less than solar satellites, but they wouldn't be the cheapest.

MEINEL. Solar power literally means you'd have to be prepared to pay about twenty per cent more for your electric power than you would from a nuclear power plant, and most of the people that we've talked to think that's a pretty good trade off to have something as safe as solar energy.

COMMENTATOR. One of the problems not totally solved is power storage at night time or on cloudy days. But the extraordinary thing is that only two outfits in the world are working on this idea. Little or no money is being put into solar energy by Western governments or by independent power companies.

Maybe one doesn't need a major power authority to make use of solar energy. These houses are on the outskirts of Washington, D.C. and this one doesn't look so very different from the others. In it lives Mr. Harry Thomason, a civil servant, who built the house himself for his own family to live in. It is in fact, a solar home.

The materials it is made of are not expensive. This roof is corrugated asbestos sheeting, painted black to soak up the sun's heat. In the grooves, run thin trickles of water fed from a pipe above. The whole roof is covered by glass to prevent the water evaporating.

When it comes off the roof and down through a pipe into the cellar, the water is surprisingly hot, often in the region of 110° F.

In the centre of the tank is another, sealed tank through which flows the separate household water system. This is heated to lukewarm, about half the temperature required for hot water; the other half of the work is performed by a conventional water heater.

The solar heated water then passes into a large tank built under the house. The stones that surround it form an efficient storage heater and air passed over them is fed into the system of ducts like any other warm air central heating system. The outlets could be anywhere but Mr. Thomason prefers them over the picture rail. How much money does the system involve?

Mr. THOMASON. The system including solar heating, air conditioning, and domestic water heating costs about 2500 dollars or approximately £1,000, and a system of the normal type would cost about £500 or about 1200, 1300 dollars. If solar energy gives us about two thirds of our heat from the sun, that gets our fuel bill down from about 150 to 200 dollars a year down to about 40 to 50 dollars a year.

COMMENTATOR. Many people would like their fuel bill cut by more than two thirds in this way. The system, more expensive than a conventional one merely because it is different, would pay for itself in a very few years. But Harry Thomason is a loner. How much more could be done if modern commercial and scientific research was employed?

THOMASON. For every house that is built today that is not solar heated, it's predestined to burn about 50,000 gallons of fuel during its lifetime, and of course to smoke and pollute our atmosphere in the process. Now if we can cut that to where that house, instead of burning 50,000 gallons of fuel, burns only 10 or 15,000 gallons, then we have saved a lot of fuel and saved a lot of pollution of our atmosphere.

COMMENTATOR. Washington is not that much sunnier than London. There is more sunshine in Britain than we are led to believe. The average is about 4 hours a day. An architect, working on a project at the Polytechnic of North London is Edward Curtis. He is testing various systems of small solar panels as supplementary heating units. They are much smaller and simpler than Harry Thomason's and they are for hot water only.

ARCHITECT. If you were incorporating this into a new house, the actual cost of the unit plus the tank and pipe work would be say, probably in the order of £250 over the normal cost of the hot water system, and the saving over a period of time would be, depending on the weather, you know, per heating season, would be about a quarter to a third of the normal consumption of electrical energy to the immersion heater, assuming that you had an immersion heater as your power input.

I think the use of solar energy in this country probably will be thought about much more in the future, and I think governments all over the world will have to get down to spending much more money on research for solar energy applications. I'm sure that this is a thing that will happen in the future.

COMMENTATOR. A different form of solar energy—but solar energy, nonetheless—is in the water cycle. Solar heat lifts water off the surface of seas and oceans, carries it in clouds to continents where gravity eventually pulls it back to the sea.

Man has been using water power for centuries. This Welsh flour mill is said to be the last working water mill in Britain. You can still buy the fruits of its labours in North London.

This, however, is the Hoover dam, on the Colorado river. When it was built in 1936 it provided enough hydro-electricity for the whole of Los Angeles. Now it fulfills only a small portion of that city's requirements. In Britain, as in America, almost all the available sites for hydroelectric schemes have been used up, and even these are a long way from the major conturbations that need the power. In addition, the big African dams have encountered problems of disease, weeds and silt. Hydropower is not the answer for world energy.

How about wind power? Also driven by solar heat, the wind is too erratic for anything but highly specialised tasks. Nevertheless, world trade, right up to the last century, was based on ships powered solely by the wind.

How about moon power? The moon is responsible for moving phenomenal amounts of water about in the form of tides.

There are three or four places in the world where these tides are high enough for barrage schemes to be considered. One of them is near St. Malo on the Channel coast of France. This is the only tidal power station in existence. Under the road is the generating station, and under the generators are the turbines. As the tide runs out, the water is sucked through narrow channels and turns the blades with irresistible force.

When the tide comes in, the system works in reverse. Unfortunately, there were unforeseen complications with the water flow and the station had to be linked to a computer which tells them when to open the sluice gate, how to pitch the blades and so on, depending on the time of year. The amount of power produced was not enough to warrant further, more ambitious schemes to be tried, in spite of the fact that this is one of the world's ideal spots.

There is one more way we could solve our energy problems—how about earth power?

We live on a thin skin of crust, and under our feet is a world of fire. If we could tap that heat the supply would be virtually endless. In volcanic regions this is already done—New Zealand, Iceland, Italy, all use geothermal power.

This station at Lardarello produces one quarter of Italy's electricity. It used to produce a third, but the Italians find it cheaper to import *oil* from the Middle East. That will change.

Here in Southern California, they are beginning to make use of some of the forces which wrecked San Francisco in 1906, for this is part of the famous San Andreas fault.

Molten rock coming up the cracks meets water seeping down. The result is a natural superheated reservoir thousands of feet below the surface. When the pressure is released it converts to steam. The technology of the oil industry could easily be switched to this. However, such areas in the world are limited, so how much electricity could this one valley produce? Dr. Robert Rex is a consultant geologist.

Dr. REX. Well, the valley itself is some 70 miles wide north-south, but this particular portion that you see right here has been projected by the Bureau of Reclamation to have a potential of 4 to 5,000 megawatts. That's approximately the amount of electricity for a city the size of Chicago. In terms of the giant nuclear plants which are now running at about a thousand to eleven hundred megawatts, you're talking here about 4 to 5 giant nuclear reactor equivalents. And the main difference is that it's as clean an energy source as we see right now, and still a low cost energy source. It's this combination of remarkably small environmental impact, combined with remarkably low cost by comparison to alternative technologies, that's caused geothermal energy to all of a sudden jump to the fore as one of the major new energy sources in many parts of the world.

COMMENTATOR. But not everywhere. Paris, although not on an active geological fault line, does have a large underground reservoir. This is the French television centre. The whole building is heated geothermally from one bore hole 700 feet deep. It heats not only the numerous offices but also the large spaces of the studios themselves.

But, although this source of underground water stretches right across Normandy, it is not deep enough and therefore not hot enough to produce steam for electricity generation. Surely, if we *could* drill deep enough, we could drill almost anywhere to reach this source of earth power.

Dr. REX. The key question is "Is the technology adequate?" The research and development to do this is now underway. There is a programme to try to get the energy out of hot dry rock going on at Los Alamos, New Mexico, and if that's successful we'd be able to do this almost any place, certainly in places like England it would open up substantial geothermal potential.

COMMENTATOR. What is curious is that very litte money is being invested in this. The attitude to geothermal power is just as blinkered as it is to solar power.

There is one drawback to all these new energy systems—they can only make electricity—and electricity is not much good for carrying about with you as petrol and diesel oil and even coal are. It is almost impossible to store electricity in manageable quantities. And there are serious problems about storing it in large quantities.

The only proven method is to pump water up and down mountains.

This is Ffestiniogg pump storage scheme in Snowdonia. The water that is released into this reservoir from another reservoir at the top of the mountain provides peak power for the Manchester area.

During off-peak periods electricity is fed in from a nearby nuclear station and this is used to pump the water back up to the top. Because it takes more power to pump it up than you get back when it comes down, the system actually consumes electricity.

On an economical level, it works, and the constructors have done a remarkable job in concealing the usual accoutrements of power stations. But, nonetheless, a valley has been flooded and this included part of the historic Ffestiniogg Railway. More such schemes are planned—and so are more protests from the people affected.

There is, however, a perfectly good method of energy transportation and storage which has been lying dormant for many years. Dr. Derek Gregory from London works at the Institute of Gas Technology in Chicago.

Dr. GREGORY. We're looking here at the possibility of making hydrogen as a synthetic fuel that can provide all the needs of the fuel industry—the fossile fuel industry, as it exists today. We can make hydrogen from water by adding energy to water and splitting it apart into hydrogen and oxygen. We would get that energy from one of the new forms of power station that are coming along now. It could be nuclear, or solar, or geothermal, it could be a fusion station. We're going to put the hydrogen into a pipeline very similar to the lines that we use today to move natural gas. Over here we have a storage system, an emptied gas field, a natural gas field that's been emptied. The transmission line comes across the fields here, and all you can see are those little markers where the line—to identify where the line is.

Right underneath where I'm walking there's a 36" diameter natural gas pipeline, bringing gas into the city of Chicago. We could use the same pipeline to carry hydrogen. Now the energy carrying capacity of this line is very high. We can put three times as much energy through this line, as through the whole of this electrical overhead system that you see here.

COMMENTATOR. To outlying districts where pipelines do not reach, the hydrogen would be brought by tankers much as fuel oil is now. The whole system is completely flexible.

Local storage of hydrogen is simple, and a small local power station, pollution free, could provide electricity where needed. Shops, offices, and industry would be supplied with hydrogen gas in the usual way for furances, and houses, too, would simply draw gas from the pipeline and electricity from the local power station.

And perhaps, most important of all, hydrogen could easily be used for transport. This experimental car was designed and built by students in Los Angeles to incorporate all the best ideas from an environmental standpoint. They chose hydrogen as their fuel because it is completely free of pollutants. When you burn it, what you get is water.

It is basically a production model from a big motor company—it has an ordinary internal combustion engine which only needed modifications to the carburetion system. It performs just like a petrol engine.

Hydrogen has even been suggested for aircraft. At the moment, liquid hydrogen takes a lot of space and large wing tip tanks would be needed.

But hydrogen might have arrived earlier if everyone had not been frightened by the Hindenburg disaster in 1937.

With current technology and the use of metal hydrides, it has become much safer than petrol. This is petrol and this is a hydride containing the hydrogen fuel.

Dr. GREGORY. We like to call this concept the hydrogen economy. We think that we might be moving into an electric economy, because all the new energy sources that are being developed are electric—are being used to develop electricity at the present time, and we like to think that an alternative exists where we would live with hydrogen, not exclusively, but alongside electricity, and I believe that in the next century we'll be living in what we call a hydrogen age.

COMMENTATOR. So there are lots of possibilities for future energy, but all of them are being researched in small isolated units. None of them are being given the massive industrial or governmental support that we are giving to the dubious pursuits of oil exploration and nuclear fission.

But are there limits to the amount of power we can use? If a fairy godmother came down and gave us unlimited energy from one or other of these sources, what would happen? Amory Lovins is a physicist who has done the necessary calculations:

LOVINS. It's a law of physics that all energy ends as heat, so whenever we use energy, no matter how or what kind, we make the world a little bit warmer. Now in Manhattan, in New York City, man is adding about 8 times as much heat as the sun is adding. It's an incredible 700 watts or so per square metre, which is practically enough to fry an egg. In Birmingham and London there's about as much heat from man as from the sun, so these cities are a few degrees warmer than the surrounding countryside. They're what are called "heat islands" with their own man-made climate. But there are bigger heat islands too, because as more people use more energy, individual heat islands start to cluster together. For example, here there is something called Boswash—Boston to Washington, it's 21 cities together, and with more industry and more suburbs that area is spreading to cover a whole region. Likewise in the north-Rhine industrial area, and there are others spotted all round mainly in the northern hemisphere. As these areas grow and intensify so will their effect on the climate. Climatologists have recently discovered that global climate is quite delicately balanced, so that a small change can produce a big and often irreversible change. For example, up here in the Arctic Ocean there is a thin floating layer of sea ice, and it doesn't take much to melt that ice, in fact a sustained warming of less than a degree will do it. If you lose the ice up here you change the colour. Right now with the sea ice there it's white and reflects practically all the incoming heat. That's the reason it seems so cold, then instead of the white ice, you have dark ocean that absorbs the sun's heat very much better, so things get warmer and then it's a lot harder for the ice to re-freeze, and the best evidence we now have is that it's quite unlikely the ice would re-freeze once it melted. So how long can we keep on increasing our energy use rapidly before we get in trouble with global climate in this way? On the best available evidence the answer is less than a hundred years.

COMMENTATOR. Less than a hundred years—so at some point we may have to stop increasing our use of energy. A new concept is beginning to appear—energy conservation—in other words we might be able to meet our requirements not by increasing the supply but by reducing demand. In effect it all boils down to the reduction of waste. Often we are only 10% efficient—we throw away 90% of our energy.

There are plenty of examples of this, especially in transport. If every American driver stopped his car and sat there, revving the engine, the dynamos and generators under the bonnets would produce more electricity than the whole of the United States could ever possibly need.

We waste energy even in lighting. There are a number of cases where office managers, whose companies have had new office blocks built, have found that it was cheaper to leave all the lights on in a building permanently, than it was to buy the switches to turn them off.

We waste energy enormously in heating. This London supermarket has long frozen goods display cabinets and big freezer units. The heat that is drawn off the food is pumped in quantities to the outside air. Through another grille, cold air is drawn in, heated up, and used to keep the customers warm.

We waste energy even in our use of objects—particularly packaging—it has been worked out that in this restaurant each customer consumes 1¼ lbs of coal—in the paper packaging alone.

Every year, man gets rid of millions and millions of tons of waste material. But to save it or recycle it is not necessarily the answer to our energy difficulties, and the ultimate answer lies in our overall outlook, in the concept of total energy. This plant is at Ivry—not far from the heart of Paris.

Every day all the dustcarts of Paris and the Parisian suburbs come here to discharge their collections—the rubbish never leaves the city.

Ostensibly this is a conventional incinerator, but the heat is used to make steam, which drives turbines, which generate electricity, which is fed back into Paris. The remaining material is small—most of it metal which is extracted for recycling. So this power station performs three functions at once—the recycling of metals, waste disposal—which would have to have been done anyway—and energy production—not a lot but enough to satisfy 10% of Paris's energy needs.

Everyone in Middlesex has contributed to this—for this is Mogdon Sewage works near Twickenham.

The product is left to stand in giant tanks and methane gas is given off. This gas is collected and drives all the pumps which keep the processing plant in operation.

The gas also powers turbines which provide electric heating and lighting for all the buildings and office blocks. There is even enough gas to sell to outside organisations. The clean water is returned to the Thames and the remaining dry solid material is sold to the agricultural industry as fertilizer. Again, several jobs are performed at once—energy conservation is combined with pollution control and useful productivity. There are, of course, no fuel bills here. Energy sense always makes economic sense—it's *not* a question of money.

Take the case of cooling towers at power stations. Every cooling tower, however elegant and dramatic, is pumping quantities of waste heat into the atmosphere.

At Battersea Power Station, however, you won't see a single cooling tower—neither is it pumping waste heat into the river as some power plants do. Twenty years ago it adopted a scheme to pass on its waste heat, in the form of hot water, to the surrounding neighbourhood. They called it district heating. One family makes use of the hot pipes before they leave the power station. But the pipes then pass under the Thames to serve the housing estates on the other side.

An insulated storage tank holds the circulating water which is pumped to the individual blocks of flats when needed.

It is a perfectly normal heating system—except that the fuel is free—the heat would otherwise have been thrown away.

Almost the entire area around Pimlico is heated in this way, including swimming and other amenities. But, only a very few power stations provide this district heating service. They could—the conversion from cooling towers to district heating, is simple. The trouble is that the generating authorities are only concerned with generating electricity—it is not their responsibility to provide heating by hot water.

Successive governments have been pressed on this question but there has been little response; we are just not energy conservation conscious! The forthcoming energy crunch is going to force us to re-examine ordinary, everyday, mundane aspects of our lives.

Housing and transport soak up 60% of all our energy supplies and yet in these two areas alone, substantial reductions could easily be achieved.

These houses are in Oak Ridge, Tennessee, and they are being built with fiberglass and foil insulation in the walls and floors and blown fiberglass in the ceilings and roof space. It is not expensive and anyway it cuts the houses fuel bill by more than half.

Research has shown that energy savings can reach 65% in this simple way. If building regulations in Britain were changed and strengthened, vast amounts of energy could be saved, at no extra cost to the consumer or to the government. Combined with solar or geothermal power the savings would be even greater, but for the time being we must make do with ordinary electricity, and for this we should be using a thing called a heat pump. One member of a team researching energy conservation at Oak Ridge is Dr. John Moyers.

Dr. MOYERS. This is the heat pump that performs both the heating and air-conditioning function for this home. In the winter time it heats the residence using only about half as much electricity as a resistance heating unit would. The way it works is essentially an air conditioner or refrigerator turned inside out. It's extracting heat from the cold outside air, puffing it inside to a hot . . . delivered to the inside of the house. So it picks up 1 BTU of energy say here, uses 1 BTU of electricity to do the puffing and delivers 2 BTU's indoors.

COMMENTATOR. They are no more expensive than conventional heating units, but in America they are rare, and in Britain you can't buy one at all.

The other area the Oak Ridge research team looked at was transport. This is Dr. Eric Hirst's responsibility. His figures proved that a bicycle was the most energy efficient vehicle but what about other, more convenient forms of transport?

HIRST. Well there are a number of ways in which we can reduce the consumption of energy for transportation. If we start with freight, the most energy efficient modes are the pipelines, waterways and trains. Trucks are only one fourth as efficient as trains are. Aeroplanes are the least efficient mode and require 60 times as much energy per unit of freight transport as do trains. Now unfortunately over the last 20 years there's been a steady shift away from rail transport which is quite energy efficient, towards trucks, and to a lesser extent towards aeroplanes which are much less efficient. Now if we can reverse this trend and carry more freight by train, we could save considerable quantities of energy.

COMMENTATOR. Much the same principles, he found, apply to all other forms of transport—intercity or urban. Again the trend is the same—away from the railways and other efficient mass transport systems and towards the energy consuming aeroplane and motor cars and lorries; instead of putting the brakes on we are rushing faster and faster *towards* the energy crunch. The irony is that we are not leaving our options open. Oil and therefore petrol is cheap now, but if it skyrockets in price in seven years' time and if it vanishes altogether in tweny years' time, we shall want to go back to the railways, and they just won't be there anymore. Clearly, energy is not a problem by itself—other problems, social, economic, environmental, all come together in the energy crisis. Energy experts all around the world are reaching the same conclusions. The solutions are so simple, how do we persuade ourselves to consider them? David Brower is a leading conservationist:

DAVID BROWER. Well I think one of the ways to persuade people to use less is really to show them the consequences of not using less, that right now to use more and more means that we're going to have to do offshore drilling for oil, we're going to have to turn the State of Colorado upside down to get oil shale, we're going to have to raid the last great wilderness under U.S. jurisdiction in Alaska. We're shipping it over oceans that are getting very rapidly polluted. All this is now becoming a clear cost to us, as well as the smog that we have to breathe more and more of as we use less and less efficiently that oil that we are extravagantly using. Seeing the consequences I think we'll be willing to take the steps backwards. And here is a kind of interesting point. If people don't air condition more sensibly, to use their automobiles more sensibly and so on, then a real crunch, blackouts, gasoline shortages, embargos, moratoriums, these kinds of things are going to do it for us, and if we can persuade people that this is what's going to happen, and that they're much better off to decide what kinds of energy uses are important to them by themselves, rather than just waiting till the lights go out, then these kinds of changes can be made in time. If we don't make them the lights are going to go out. That's all there is to it.

By Mr. METCALF:

S. 3085. A bill to provide for the development of certain minerals on public lands; and for other purposes; and

S. 3086. A bill to establish a system for the development of mineral resources on public lands of the United States. Referred to the Committee on Interior and Insular Affairs.

REVISION OF FEDERAL MINING AND LEASING LAWS

Mr. METCALF. Mr. President, revision of the laws governing mineral development on Federal lands has been urged by many people for many years. Although there are many different provisions of the various laws which undoubtedly need to be revised, the most intense public concern has been directed toward the Mining Law of 1872.

Mining often involves the destruction of other resources to some extent. In many cases, timber must be removed, wildlife habitat must be disturbed, natural waterways must be changed, overburden must be set aside, wastes must be disposed of, roads must be pushed through undisturbed areas, water must be diverted and may become contaminated, and holes must be drilled. These and other activities are essential to obtain minerals needed by the economy.

Sacrifice of some resources to realize others is not limited to mining. It is characteristic of any intensive use. However, the Federal minerals laws, particularly the Mining Law of 1872, notably fail to have internal controls for weighing the value of these sacrifices. They contain no general requirement for recognition of the more valuable concept which is embodied in other public land laws. Under these conditions, the miner cannot be expected to take upon himself the burden of determining what is of more value to society in relation to his activities where there is no assurance that his determination will be recognized by others. For example, he cannot be expected automatically to feel obligated to respect the purity of a natural streamside area when he does not know that others will also do so.

The result has been a continuing battle among miners, prospectors, other user groups, administrators, legislators, and the general public. Attempts are made to resolve these incompatible conflicts often simply by barring mineral or nonmineral activity from specific areas. There are also, as a result, a host of special laws, or laws for special situations, governing mining in different types of Federal areas—some national parks, national recreational areas, power site reserves, wilderness areas, and others.

Mineral development is going to continue to take place on public lands. It is increasingly apparent that the United States must develop its domestic energy and mineral resources. Fortunately, the United States is blessed with vast energy resources, many of which are on public lands. For example, 50 percent of our total known coal reserves are on Federal lands, as are 72 percent of the Nation's oil shale reserves, and 56 percent of known geothermal areas. The lands contain large quantities of oil and gas resources. Federal lands also contain large quantities of the metals and other mineral materials we have come to depend on so heavily.

Public land mineral development must take place within the context of the wide variety of demands being made on Federal lands. This requires accommodations among conflicting uses. It is, and will continue to be, impossible to make everybody happy all the time.

We need to be sure that our policies and procedures assure that this development is as compatible as possible with other uses and values of these lands. How can we achieve this goal?

There is a critical need for comprehensive land use planning. Most people are willing to compromise and allow "undesirable" uses such as mining. However, they do not see the tradeoffs in the case-by-case decisionmaking process. Comprehensive planning displays the alternatives.

Environmental protection must be built in all plans and actions. We must not permit any degradation that can be avoided and we must minimize all unavoidable degradation.

This is the critical weakness of the 1872 mining law. It puts the land use decision entirely in the hands of the miner. He decides that mineral development is the best use of public lands regardless of other values, with no rehabilitation, and no evaluation of alternatives.

We must modify the basic principle of the 1872 mining law that mineral development is always the highest use of land. Existence of minerals in a given tract of land does not necessarily mean that mineral development is the best use.

In sum, we must seek to balance mineral development with other resource values and other potential land uses. For years, the scales have been tipped in favor of the mineral developer.

I believe that the general public will accept the balance principle, with one exception. This is: When in doubt, err on the side of the environment. Deferred development almost always can take place in the future, but environmental damage may be difficult if not impossible to repair.

The mineral developer wants:

First, opportunity to secure public resources;

Second, continuity in terms and conditions;

Third, security in tenure;

Fourth, compensation if use is terminated;

Fifth, reasonable prices; and

Sixth, minimum controls.

I believe that the public and the Congress can support these principles but only with a framework of:

First, the established principles of multiple-use management, sustained resource yield, and environmental protection;

Second, comprehensive land use planning;

Third, public participation and intergovernmental coordination in development and implementation of public land management plans and programs;

Fourth, full consideration of nonconsumptive uses; and

Fifth, receipt of fair market value for public resources.

Under our Constitution the Congress has a special responsibility for the Federal lands. Congress must establish policies and standards to assure that mineral resource development on Federal lands is consistent with the basic policy that the Federal lands are vital national resource reserves held in trust by the Federal Government for all the people.

The time for emotional response to the problems of the mining laws expired long ago. It is necessary for the interested public and Government officials to approach the revision of the mining laws with an objective and open mind. It is equally necessary that the mining industry respond to suggestions by more than mere opposition to any change in the mining laws. Intransigence may result in something difficult to accommodate for everyone. The time for calm deliberation and analysis is here.

To aid in this analysis, I am introducing today two bills which would revise the mining law of 1872. The first is the "Hardrock Mineral Development Act of 1974" which would repeal the 1872 law and establish a leasing system for hardrock minerals designed to embody the principles outlined above. The second is the "Mineral Development Act of 1974" which was drafted by the American Mining Congress and is identical to S. 2542, 92d Congress. It would modify the 1872 law.

Mr. President, we can establish laws that will permit compatible mineral development in a manner that is practical, fair, and just. At stake is the management of the public lands in the public interest, which includes a sound, vigorous mining industry.

By Mr. DOMENICI (for himself and Mr. Montoya):

S. 3087. A bill to designate certain lands in the Bosque del Apache National Wildlife Refuge, Socorro County, N. Mex., as wilderness. Referred to the Committee on Interior and Insular Affairs.

THE BOSQUE DEL APACHE WILDERNESS

Mr. DOMENICI. Mr. President, today the senior Senator from New Mexico (Mr. Montoya) and I send to the desk for appropriate reference a bill to designate the Bosque del Apache wilderness area within the Bosque del Apache National Wildlife Refuge as a unit of the National Wilderness Preservation System.

The Bosque del Apache National Wildlife Refuge is located about 13 miles south of Socorro, N. Mex., and it was established in 1939 as a refuge and feeding area for migratory birds and other wildlife. This proposal would include three units situated in uplands on both sides of the Rio Grande as a part of the Wilderness Preservation System. The three units are predominately desert country and support bird species including Gamel's and scaled quail, roadrunners, desert sparrows, and rock wrens. Mule deer, bobcats, and a variety of Lower Sonoran rodent species are present, and an occasional antelope. The area is of great interest to scientists and nature lovers and provides excellent opportunities for birdwatching, hiking, and other wildlife oriented public uses.

The area might be objected to in a mineral-short era on the basis of future mineral possibilities. However the U.S. Geological Survey, Bureau of Mines' appraisal of the proposed wilderness indicated no significant mineral resources on the area.

Mr. President, this proposal would preserve desert resources for future students of desert flora and fauna.

By Mr. TAFT:

S. 3088. A bill to amend the National Labor Relations Act to extend its coverage and protection to employees of nonprofit hospitals, and for other purposes. Referred to the Committee on Labor and Public Welfare.

Mr. TAFT. Mr. President, I am today introducing legislation that is a result of protracted negotiations on the issue of extension of coverage of the National Labor Relations Act to the health care field. This legislation contains elements of a proposal I advanced earlier on this subject, S. 2292, and like any proposed compromise, it is not precisely what parties in interest would view as an optimum solution. I do believe, however, the statutory language I present today when combined with meaningful legislative report language in the areas of bargaining units, priority board action, expedited relief, recognition picketing, supervisors, and the ally doctrine will provide a constructive basis for resolution of this issue.

The National Labor Relations Act is an extremely delicately balanced law and any changes, modifications, or additions to it must not upset this balance. The proposal and legislative report categories I suggest I believe properly reflect this concern and emphasize to the board that health care labor matters are of a special nature. The approach I suggest also is consistent with the principle of continuity of health care to a community.

I realize there will be sentiment among certain health care institutions that no change in the law is necessary and the exclusion of coverage of hospitals from the act should continue under any circumstances. I reject this approach as labor-management relations have, and will continue to be channeled into self-help situations without any governing guidelines for resolution of such disputes. This approach can only jeopardize patient care and cannot be considered in the public interest. I also reject the suggestion that mere repeal of the exemption is the only necessary step to take to settle the labor relations problems that have surfaced in the health care field. The National Labor Relations Act must reflect the principle that disputes that jeopardize patient care must be considered on a priority basis and that no labor-management dispute is above the public interest of continuity of health care to a community.

I am hopeful that several Senators who have been actively involved in this area will join me in supporting this bill and that the distinguished chairman of the Labor and Public Welfare Committee will expeditiously schedule consideration of this proposal.

I ask unanimous consent that the bill be printed in the Record.

There being no objection, the bill was ordered to be printed in the Record, as follows:

S. 3088

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 2(2) of the National Labor Relations Act is amended by striking out the phrase: "or any corporation or association operating a hospital, if no part of the net earnings inures to the benefit of any private shareholder or individual,"

(b) Section 2 of such Act is amended by adding at the end thereof the following new subsection: "(14) The term 'health care institution' shall include any hospital, convalescent hospital, health maintenance organization, health clinic, nursing home, extended care facility, or other institution devoted to the care of sick, infirm or aged persons."

(c) The last sentence of section 8(d) of such Act is amended by striking out the words "the sixty-day" and inserting in lieu thereof, "any notice" and by inserting before the words "shall lose" a comma and the following: "or who engages in any strike within the appropriate period specified in subsection (g) of this section,"

(d) Section 8(d) of such Act is amended by adding at the end thereof the following new sentence: "Whenever the collective bargaining involves employees of a health care institution, the provisions of this section 8(d) shall be modified as follows:

"(A) The notice period of section 8(d)(1) shall be 90 days; the notice period of section 8(d)(3) shall be 60 days; and the contract period of section 8(d)(4) shall be 90 days.

"(B) Where the bargaining is for an initial agreement following certification or recognition, at least 30 days' notice of the existence of a dispute shall be given by the labor organization to the agencies set forth in section 8(d)(3).

"(C) After notice is given to the Federal Mediation and Conciliation Service under either clause (A) or (B) of this sentence, the Service shall promptly communicate with the parties and use its best efforts, by mediation and conciliation, to bring them to agreement. The parties shall participate fully and promptly in such meetings as may be undertaken by the Service for the purpose of aiding in a settlement of the dispute."

(e) Section 8 of such Act is amended by adding at the end thereof the following new subsection:

"(g) A labor organization before engaging in any picketing, or other concerted refusal to work at any health care institution shall, not less than 10 days prior to such action, notify the institution in writing and the Federal Mediation and Conciliation Service of that intention, except that in the case of bargaining for an initial agreement following certification or recognition the notice required by this sentence shall not be given until the expiration of the period specified in clause (B) of the last sentence of section 8(d) of this Act. The notice shall state the date and time that such action will commence. The notice, once given, may be extended by the written agreement of both parties."

ADDITIONAL COSPONSORS OF BILLS AND JOINT RESOLUTIONS

S. 406

At the request of Mr. NELSON, the Senator from Colorado (Mr. HASKELL) was added as a cosponsor of S. 406, to amend the Federal Food, Drug, and Cosmetic Act, relating to food additives.

S. 1414

At the request of Mr. CHILES, the Senator from California (Mr. TUNNEY) was added as a cosponsor of S. 1414, to create an Office of Federal Procurement Policy within the Executive Office of the President, and for other purposes.

S. 2488

At the request of Mr. KENNEDY, the Senator from Maine (Mr. MUSKIE) was added as a cosponsor of S. 2488, to extend title VII of the Older Americans Act of 1965, the nutrition for the elderly program.

S. 2497

At the request of Mr. BAKER, the Senator from Alaska (Mr. GRAVEL), the Senator from Ohio (Mr. TAFT), the Senator from Utah (Mr. BENNETT), the Senator from South Dakota (Mr. MCGOVERN), the Senator from Montana (Mr. METCALF), and the Senator from Maine (Mr. MUSKIE) were added as cosponsors of S. 2497, to require the Librarian of Congress to establish and maintain a library of television and radio programs, and for other purposes.

S. 2581

At the request of Mr. RANDOLPH, the Senator from Maine (Mr. MUSKIE) is added as a cosponsor of S. 2581, to amend the Randolph-Sheppard Act for the Blind to provide for a strengthening of the program authorized thereunder, and for other purposes.

S. 2658

At the request of Mr. MOSS, the Senator from Nevada (Mr. CANNON) was added as cosponsor of S. 2658, directing the National Aeronautics and Space Administration to provide, in cooperation with other Federal agencies, for the early commercial demonstration of the technology of solar heating and for the development and commercial demonstration of technology for combined solar heating and cooling.

S. 2820

At the request of Mr. NELSON, the Senator from Colorado (Mr. HASKELL) was added as a cosponsor of S. 2820, to establish administrative and governmental practices and procedures for certain kinds of surveillance activities engaged in by the administrative agencies and departments of the Government when executing their investigative, law enforcement, and other functions, and for other purposes.

S. 2830

At the request of Mr. MCGEE, the Senator from Kansas (Mr. DOLE) was added as a cosponsor of S. 2830, the proposed National Diabetes Research and Education Act.

S. 2845

At the request of Mr. NELSON, the Senator from Colorado (Mr. HASKELL) was added as a cosponsor of S. 2845, to amend the Federal Food, Drug, and Cosmetic Act in order to protect the consumer against food additives which have mutagenic or teratogenic effects on man or animals.

S. 2863

At the request of Mr. BUCKLEY, the Senator from Idaho (Mr. MCCLURE) and the Senator from Wyoming (Mr. HANSEN) were added as cosponsors of S. 2863, to amend the National Motor Vehicle Safety Act of 1966 in order to provide that certain seatbelt standards shall not be required under such act.

S. 2896

At the request of Mr. CLARK, the Senator from Minnesota (Mr. MONDALE) was added as a cosponsor of S. 2896, to terminate Emergency Daylight Saving Time.

S. 2897

At the request of Mr. KENNEDY, the Senator from Michigan (Mr. HART), the Senator from Kentucky (Mr. HUDDLESTON), the Senator from Washington (Mr. MAGNUSON), the Senator from Connecticut (Mr. RIBICOFF), and the Senator from California (Mr. TUNNEY) were added as cosponsors of S. 2897, to raise the personal income tax exemption from $750 to $850.

S. 2912

At the request of Mr. HUMPHREY, the Senator from Washington (Mr. MAGNUSON) was added as a cosponsor of S. 2912, to provide payments to compensate Governments for tax immunity of Federal lands within their boundaries.

S. 3006

At the request of Mr. PROXMIRE, the Senator from Missouri (Mr. SYMINGTON) was added as a cosponsor of S. 3006, the Fiscal Note Act.

S. 3009 AND S. 3010

At the request of Mr. HASKELL, the Senator from Arizona (Mr. FANNIN), and the Senator from Wyoming (Mr. HANSEN) were added as cosponsors of S. 3009, to provide that moneys due the States under the provisions of the Mineral Leasing Act of 1920, as amended, derived from the development of oil shale resources, may be used for purposes other than public roads and schools; and

S. 3010, to provide that moneys due the States under the provisions of the Mineral Leasing Act of 1920, as amended, may be used for purposes other than public roads and schools.

S. 3015

Mr. HASKELL. Mr. President, I am today joining in cosponsoring legislation introduced by my colleague from Connecticut (Mr. WEICKER) which would require the President to institute a nationwide program of gasoline rationing.

On November 15, 1973 I introduced an amendment to the Energy Emergency Act which would have required the President to institute a program of gasoline rationing by January 15, 1974. At the time I stated:

> Mr. President, I realize that the concept of rationing is repugnant to all the American people, and it certainly is to me, but we must simply face the facts—If we do not implement rationing by a date certain, the inevitable will happen, the decision will be delayed, shortages will worsen, people will be out of work, schools and hospitals will be forced to shut down, and our Nation will be crippled.

The amendment to require rationing failed by a close vote of 48 to 40. Since then the need for action has become clear. Our dire predictions are proving to be a very grim reality; the Department of Labor reported yesterday that more than 200,000 Americans receiving unemployment benefits have lost their jobs because of the energy crisis.

In spite of irresponsible statements that the "crisis is over" the situation is likely to prove to be even more serious in the weeks and months to come.

The Deputy Administrator of the Federal Energy Office, John C. Sawhill, testified before a combined group of members from the Interior, Public Works and Commerce Committees yesterday about the program instituted under the Emergency Petroleum Allocation Act of 1973. He said he does not believe the gasoline shortage will get either much worse or much better between now and midyear. The shortages may be somewhat more evenly distributed among the various States than they have been in recent months but they will not disappear. Americans will still be short at least 20 percent—perhaps more—of their basic gasoline supply requirement.

The only way in which we can provide the American people with anything resembling equitable treatment in connection with the shortage is by instituting a nationwide gasoline rationing program.

I ask that my name be added as a cosponsor of S. 3015, the Mandatory Gas Rationing Act of 1974.

The PRESIDING OFFICER. Without objection, it is so ordered.

S. 3016

At the request of Mr. Robert C. Byrd, for Mr. Bentsen, the Senator from Texas (Mr. Tower) was added as a cosponsor of S. 3016, to provide that an individual, who for December 1973, was entitled to disability benefits under a State program approved under title XIV or XVI of the Social Security Act may be presumed for purposes of the supplemental security income program to be disabled during the first 6 months of 1974.

S. 3024

At the request of Mr. Ribicoff, the Senator from Kentucky (Mr. Cook) was added as a cosponsor of S. 3024, the Energy Crisis Unemployment Benefits Act of 1974.

S. 3068

At the request of Mr. Curtis, the Senator from Arizona (Mr. Fannin) was added as a cosponsor of S. 3068, to amend section 103 of the Internal Revenue Code of 1954.

S. 3069

At the request of Mr. Ribicoff, the Senator from Rhode Island (Mr. Pell), the Senator from Wisconsin (Mr. Nelson), the Senator from Maryland (Mr. Mathias), and the Senator from Delaware (Mr. Biden) were added as cosponsors of S. 3069, to extend through December 1974 the period during which benefits under the supplemental security income program or the basis of disability may be paid without interruption pending the required disability determination, in the case of individuals who received public assistance under State plans on the basis of disability for December 1973, but not for any month before July 1973.

SENATE JOINT RESOLUTION 136

At the request of Mr. Baker, the Senator from North Carolina (Mr. Ervin) was added as a cosponsor of S.J. Res. 136, providing for the designation of the first week of October of each year as "National Gospel Music Week."

SENATE JOINT RESOLUTION 173

At the request of Mr. Dominick, the Senator from Utah (Mr. Bennett), the Senator from Delaware (Mr. Biden), the Senator from North Dakota (Mr. Burdick), the Senator from Kansas (Mr. Dole), the Senator from Wyoming (Mr. Hansen), the Senator from North Carolina (Mr. Helms), the Senator from Minnesota (Mr. Humphrey), the Senator from Wyoming (Mr. McGee), and the Senator from North Dakota (Mr. Young) were added as cosponsors of S.J. Res. 173, to authorize and request the President of the United States to appoint a National Commission for the Control of Epilepsy and Its Consequences to be charged with the responsibility of developing a national plan for control of epilepsy and its consequences.

SENATE JOINT RESOLUTION 188

At the request of Mr. Helms, the Senator from Wisconsin (Mr. Nelson), the Senator from Texas (Mr. Tower), the Senator from Connecticut (Mr. Ribicoff), and the Senator from Georgia (Mr. Nunn) were added as cosponsors of S.J. Res. 188, to authorize the President to declare by proclamation Aleksandr I. Solzhenitsyn an honorary citizen of the United States.

SENATE RESOLUTION 293—ORIGINAL RESOLUTION REPORTED TO DISAPPROVE PAY RECOMMENDATIONS OF THE PRESIDENT WITH RESPECT TO RATES OF PAY FOR MEMBERS OF CONGRESS (S. REPT. NO. 93–701)

(Placed on the calendar.)

Mr. McGEE, from the Committee on Post Office and Civil Service, reported the following original resolution:

S. Res. 293

Resolved, That the Senate disapproves the recommendations of the President with respect to rates of pay for the offices referred to in section 225(f)(A) of the Federal Salary Act of 1967 (relating to Members of Congress), transmitted to the Congress on February 4, 1974, pursuant to section 225(h) of that Act.

SENATE RESOLUTION 294—SUBMISSION OF A RESOLUTION PROVIDING THAT THE SPECIAL COMMITTEE ON AGING IS CONTINUED IN EXISTENCE AS A PERMANENT SPECIAL COMMITTEE

(Referred to the Committee on Rules and Administration, by unanimous consent.)

PERMANENT STATUS FOR THE SPECIAL COMMITTEE ON AGING

Mr. CHURCH. Mr. President, on behalf of myself and Senator Fong—the ranking minority member of the Special Committee on Aging—I introduce for appropriate reference a resolution to authorize permanent status for the Committee on Aging.

It is also gratifying to note that this resolution is cosponsored by the following Senators in addition to Senator Fong and myself: Senators Williams, Kennedy, Randolph, Tunney, Chiles, Biden, Clark, Mondale, Brooke, Moss, Humphrey, Hart, Bible, Stafford, Hartke, Muskie, Eagleton, Domenici, and Metzenbaum.

The Committee on Aging was first established in 1961 to provide an overview in Congress on issues of direct concern to the elderly.

In large part, this action was taken because proposals for aged and aging Americans come within the jurisdiction of several committees.

Today, for example, there are 17 standing committees in the Senate. And at least 13 have some jurisdiction over proposals affecting the elderly.

From the time of its creation, the Committee on Aging has been a special committee. Our committee has never sought legislative jurisdiction in the sense that we could report out a bill. And this resolution—I want to emphasize—would not give such authority to the Committee on Aging. It would simply authorize permanent status for the committee, instead of requiring it to be continued on a year-to-year basis.

In addition, I want to stress that the existing functions of the committee would, in no way, be altered or compromised. We will continue to be a source of information for other congressional units when they consider legislation affecting the elderly. We will also provide a broad overview—by conducting hearings, issuing reports, and engaging in other fact-finding efforts—on specific issues of immediate and long-range concern for aged and aging Americans.

This mission, it seems to me, becomes all the more important now because the problems and challenges for the elderly have become even more complex.

My basic point is that aging is a dynamic and constantly changing field. At the turn of the century, there were 4 million persons 65 and above, or 1 out of every 25 Americans. Today, the elderly number 21 million, or one-tenth of our entire population. And in the next quarter of a century, the 65-plus segment of our population will approach 30 million.

Moreover, the trend toward earlier and earlier retirement is making it crystal clear that "aging" issues are affecting more and more of our citizens each year.

In terms of sheer numbers, then, retirement—or the prospect of retirement—should be regarded as a major social force in the United States. And the U.S. Senate should also be prepared to consider the full import of these fast moving developments, as well as to respond with sound and sensible policies for immediate and long-range issues.

Thirteen years of existence have also amply demonstrated the need for continual updating of committee reports, working papers, hearings, and other publications. In the early 1960's, for instance, the committee considered many issues directly related to the enactment of medicare. Now, it is necessary to examine the impact of national health insurance proposals which would incorporate medicare or make other major changes.

Aside from the overriding policy issues for making the Committee on Aging permanent, there are some important practical reasons as well:

With permanent status the Senate Committee on Aging could be considered in the planning for office space during the expansion of the Dirksen Senate Office Building. Now the staff must work in very cramped surroundings. Twenty people are crowded into three rooms.

It would be possible for our committee to reduce our annual budget request because we could eventually qualify for permanent appropriations for professional, secretarial, and office expenses.

The committee should have sought permanent status under the Legislative Reorganization Act Amendments of 1970. That action, I strongly believe, should be taken now.

Mr. President, the Committee on Aging has 22 members, making it the second largest committee in the Senate after the Appropriations Committee. We have a very vital function to perform. And permanent status would enable the committee members and staff to plan future activities with greater precision and efficiency.

The will of the Senate in regard to the Senate Committee on Aging has already been expressed on the 13 occassions that the committee has been renewed for 1 year. I believe that will should be expressed again on the resolution now before the Senate.

Because time is of the essence, I strongly urge early and favorable action on this resolution by the Rules Committee.

Mr. CHURCH subsequently said: Mr. President, on the measure I introduced a few minutes ago to make the Committee on Aging a permanent committee, it should be considered by the Committee on Rules and Administration. I ask unanimous consent that the resolution may be referred to that committee.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

The resolution reads as follows:

S. Res. 294

Resolution providing that the Special Committee on Aging is continued in existence as a permanent special committee and authorizing additional expenditures therefor

Resolved, That the Special Committee on Aging, established by Senate Resolution 33, 87th Congress, agreed to February 13, 1961, as amended and supplemented, is continued in existence and shall hereafter be a permanent, special committee of the Senate (hereafter referred to as the "committee"). The committee shall continue to consist of twenty-two members appointed by the President of the Senate, thirteen of whom shall be appointed from the majority party and nine of whom shall be appointed from the minority party. The President of the Senate shall continue to appoint the chairman from among members of the committee appointed from the majority party.

Sec. 2. (a) The committee shall make a continuing study and investigation of any and all matters pertaining to problems and opportunities of older people, including but not limited to, problems and opportunities of maintaining health, of assuring adequate income, of finding employment, of engaging in productive and rewarding activity, of securing proper housing, and, when necessary, of obtaining care or assistance. No proposed legislation shall be referred to the committee, and the committee shall not have power to report by bill, or otherwise have legislative jurisdiction.

(b) A majority of the members of the committee or any subcommittee thereof shall constitute a quorum for the transaction of business, except that a lesser number, to be fixed by the committee, shall constitute a quorum for the purpose of taking sworn testimony.

(c) The committee shall continue to be an additional committee for purposes of paragraph 6(d) of Rule XXV of the Standing Rules of the Senate.

Sec. 3. (a) The Committee, or any subcommittee thereof, is authorized, in its discretion (1) to make expenditures from the contingent fund of the Senate, (2) to hold hearings, (3) to sit and act at any time or place during the sessions, recesses, and adjournment periods of the Senate, (4) to require by subpena or otherwise the attendance of witnesses and the production of correspondence, books, papers, and documents, (5) to administer oaths, (6) to take testimony orally or by deposition, (7) to employ personnel, (8) with the prior consent of the Government department or agency concerned and the Committee on Rules and Administration, to use on a reimbursable basis the services of personnel, information, and facilities of any such department or agency, (9) to procure the temporary services (not in excess of one year) or intermittent services of individual consultants, or organizations thereof, in the same manner and under the same conditions that a standing committee of the Senate may procure such services under section 202(i) of the Legislative Reorganization Act of 1946, and (10) to provide assistance for the training of its professional staff in the same manner and in accordance with the same conditions that a standing committee may provide such assistance under section 202(j) of such Act.

(b) The minority shall receive fair consideration in the appointment of staff personnel pursuant to this resolution. Such personnel assigned to the minority shall be accorded equitable treatment with respect to the fixing of salary rates, the assignment of facilities, and the accessibility of committee records.

ADDITIONAL COSPONSORS OF RESOLUTION

SENATE RESOLUTION 281

At the request of Mr. Mansfield for Mr. Inouye, the Senator from New York (Mr. Buckley), the Senator from Colorado (Mr. Haskell), the Senator from South Dakota (Mr. McGovern), and the Senator from Georgia (Mr. Nunn) were added as cosponsors of Senate Resolution 281, to express the sense of the Senate with respect to the allocation of necessary energy sources to the tourism industry.

AMENDMENTS TO S. 424 AND S. 1041

AMENDMENTS NOS. 979 AND 980

(Ordered to be printed, and referred to the Committee on Interior and Insular Affairs.)

Mr. METCALF. Mr. President, when the Senate Committee on Interior and Insular Affairs meets to consider the National Resource Land Management Act (S. 424 and S. 1041), I intend to offer two amendments. They would establish a wilderness review process for the public lands administered by the Bureau of Land Management in the Department of the Interior.

When the Wilderness Act was enacted in 1964, the Congress directed three Federal land managing agencies to review the potential wilderness areas on their lands—the Forest Service, National Park Service, and Bureau of Sport Fisheries and Wildlife. But the fourth such agency, the Bureau of Land Management, was omitted. As a result, none of the 450 million acres which BLM administers has been studied for possible designation as wilderness. My amendments are intended to remedy this omission.

The first amendment directs BLM to identify all areas of BLM land that would qualify as wilderness under the definition in the 1964 Wilderness Act. This would be done as part of the inventory process that is already mandated in the bill.

The second amendment requires BLM to take those areas, study their wilderness potential, and report to the Congress on each of them, in order that the Congress can decide whether or not to establish them as wilderness areas. This review would follow the process already prescribed in the Wilderness Act, requiring field studies and local public hearings in the affected States.

These amendments would establish an orderly planning process for potential wilderness areas under the administration of the Bureau of Land Management, without interfering with the uses to which these lands are already being put.

Mr. President, I introduce the two amendments at this time. For purposes of printing, I ask that they be attached to both S. 424 and S. 1041 since it is uncertain which measure will be reported by the Interior Committee.

I also ask unanimous consent that the amendments be inserted at this point in the Congressional Record.

There being no objection, the amendments were ordered to be printed in the Record, as follows:

Amendment No. 979

For S. 424:

Add the following sentence to Section 4, after the sentence ending on page 4, line 18:

Areas containing wilderness characteristics as described in Sec. 2(c) of the Act of September 3, 1964 (78 Stat. 890) shall be identified within five years of enactment of this Act.

Add a new subsection (d) to Sec. 5, and renumber the following subsection accordingly:

Areas identified pursuant to Sec. 102 as having wilderness characteristics shall be reviewed within fifteen years of enactment of this Act pursuant to the procedures set forth in Sec. 3(c) and 3(d) of the Act of September 3, 1964 (78 Stat. 892–893).

Amendment No. 980

For S. 1041:

Add the following sentence to Section 102, after the sentence ending on page 6, line 1:

Areas containing wilderness characteristics as described in Sec. 2(c) of the Act of September 3, 1964 (78 Stat. 890) shall be identified within five years of enactment of this Act.

Add the new subsection (c) to Sec. 103, and renumber the following subsection accordingly:

Areas identified pursuant to Sec. 102 as having wilderness characteristics shall be reviewed within fifteen years of enactment of this Act pursuant to the procedures set forth in Sec. 3(c) and 3(d) of the Act of September 3, 1964 (78 Stat. 892–893).

NOTICE OF HEARINGS ON FEDERAL COAL LEASING PROGRAM

Mr. METCALF. Mr. President, on February 25, I announced that the Subcommittee on Minerals, Materials, and Fuels of the Committee on Interior and Insular Affairs has scheduled oversight hearings on the Department of Interior's future leasing program for the Federal coal resources of the Northern Great Plains. The first of a series of hearings is scheduled for March 13 at which time the subcommittee will hear testimony from representatives of the Interior and Agriculture Departments and the Environmental Protection Agency.

Today, I wish to announce that on April 1 and 2 the subcommittee will hear from representatives of the coal industry, State governments involved, and the general public. We also intend to hold field hearings during the Easter recess. We will announce the date, time, and place of those hearings as soon as arrangements have been completed.

We hope that the witnesses will not

only express their views about Federal coal leasing policy but will comment on the testimony presented by the representatives of the administration on March 13. Witnesses may also wish to comment on the questions which the subcommittee asked the administration to answer. For the convenience of potential witnesses, the questions are printed in the Congressional Record of February 25 on page 4042.

The hearings will begin at 10 a.m. in room 3110, Dirksen Senate Office Building on April 1 and 2. Persons who wish to testify should call Mike Harvey of the committee staff at 225-1076.

ADDITIONAL STATEMENTS

THE PROPOSED TREATY WITH PANAMA

Mr. THURMOND. Mr. President, two recent editorial columns on Panama's efforts to negotiate a new treaty with the United States recently appeared in the Augusta Chronicle, Augusta, Ga.

Both of these editorials discuss vital issues in the negotiations and deserve the attention of the Congress.

Mr. President, I ask unanimous consent that an editorial dated February 17, 1974. by Columnist James J. Kilpatrick entititled "The Sell-out of Security in Panama," and one dated February 18, 1974, by Columnist John Chamberlain entitled "Will Panama Bluff Us?" be printed in the Record.

There being no objection, the articles were ordered to be printed in the Record, as follows:

[From the Augusta Chronicle, Feb. 17, 1974]

The Sell-out of Security in Panama

(By James J. Kilpatrick)

Formal negotiations will get under way in the next few weeks or months between the United States and Panama, looking to the drafting of a new treaty that would put an end to U.S. possession and control of the Panama Canal. By the end of this year, a State Department spokesman has said, an agreement should be ready to present to the Senate.

But if the Nixon Administration succeeds in marching this treaty to ratification, it will be over the dead body, metaphorically speaking, of Pennsylvania's Congressman Daniel J. Flood. The gentleman from Wilkes-Barre has been sounding Catonian warnings on this matter for the last 15 years. He has a couple of hundred allies in the House and a substantial number of senators who agree with his view: Abrogation of the treaty of 1903 would be folly.

In my own view, Flood and his cohort are precisely right. A dozen sound reasons can be advanced for leaving the treaty undisturbed. The only argument in favor of abrogation was put forward by Sen. Edward Kennedy in a recent speech. The present treaty, he said, has embittered our relations with Panama and been an affront to every developing nation around the world. Kennedy describes the treaty of 1903 as "an embarrassing anachronism."

The Senator embarrasses easily. Under the treaty of 1903, by which the United States acquired rights "in perpetuity" to the Canal Zone, our Nation has pored billions of dollars into Panama. Since the canal was opened to traffic in 1914, it has been operated and maintained with scrupulous fidelity as an international waterway, freely available to the ships of the world. Doubtless a new treaty would have some advantage for Panama. What possible advantage would it have for us?

The eight principles that would underlie a new treaty were set forward in the agreement signed in Panama on Feb. 7 by Secretary Kissinger. These begin with outright abrogation of the 1903 treaty. The concept of perpetuity would be eliminated. At the end of some fixed period of years, all U.S. jurisdiction would be terminated, and Panama would assume total responsibility for operation of the canal. Meanwhile, Panama would participate in administration of the canal, and the U.S., now and hereafter, would continue to pay the expenses of maintenance and operation.

These are principles—for what? In Flood's view, they spell sell-out and surrender. In return for its enormous investment, the United States gets nothing. In place of the canal's stable and orderly administration over these past 60 years, the United States wins the prospect of Communist domination.

To be sure, if the proposed new treaty were ratified, Panama no longer would be embarrassed. That is delightful, is it not? The people of Panama would be happy. Their leftist dictatorship would be pleased. The Soviet Union, now the first naval power in the world, would be ecstatic. But how in the name of common sense did these felicitous objectives come to be policies of the Nixon Administration?

Great powers, if they would remain great powers, have to accept a measure of unpopularity. They cannot survive as everybody's chum. Senator Kennedy imagines that in today's world "nations relate to each other on a basis of equality." It is not so. Such equality may exist in the kindergartens of the United Nations, where everyone plays make-believe, but is no part of the real world.

It seems highly unlikely that two-thirds of the Senate could be mustered to consent to a treaty of sellout. The House itself may have to be reckoned with; it shares with the Senate the power "to dispose of and make all needful rules and regulations respecting the territory or other property belonging to the United States." It will be some time before the canal changes hands. Meanwhile, suppose we look to the canal's defenses and keep the old powder dry.

[From the Augusta Chronicle, Feb. 18, 1974]

Will Panama Bluff Us?

(By John Chamberlain)

The West has already lost its access to one strategic waterway, the Suez Canal. If and when the Egyptians do clear and open the Suez with or without United Nations surveillance, the presence of a superior Soviet fleet in the eastern Mediterranean will certainly have an effect on its use. The West will send its ships through Suez on sufferance.

Yet, with the handwriting on the wall in the Middle East, the United States seems ready to toss away its ownership rights to the 647 square miles of Panama Canal Zone territory which it bought from the newly emergent nation of Panama in 1903. The "tale of two canals" could end with the so-called Third World telling the ship-owning nations, the "developed countries," what they must do to get passage from one hemisphere to another without having, like Vasco da Gama, Magellan and Sir Francis Drake of old, to round the Cape of Good Hope in one direction or Cape Horn—"Cape Stiff"—in the other.

The loss of Suez is a fait accompli; we need not discuss that here. But the decision on Panama, while it may already have been settled in Secretary Henry Kissinger's mind, will have to be made in the U.S. Senate. Will our congressmen be bluffed by General Omar Torrijos, dictator of Panama, who has threatened to send 6,000 Panamanian Guardsmen to occupy the Canal Zone by force if we fail to make a new treaty setting a date for ceding the Canal territory to Panama as its "rightful" owner?

The "moral" right of Panama to the Zone is certainly far from clear. The sovereign nation of Colombia, which is currently asking for its own "cut" in any change in Canal operations, has made it plain that it considers the Zone was originally taken by President Theodore Roosevelt from Colombia, not from any Panamanian "nation." Whether the U.S. instigated the revolution in which the Panamanians declared their independence of Colombia or not, the truth is that Teddy Roosevelt succeeded in making a "package" deal at the time. The presence of our warships kept Colombia from retaking its dissident province of Panama. In return for the help that was implicit in Roosevelt's waving of the Big Stick, the grateful Panamanians (as they were then) sold us the Canal Zone outright. It was a legitimate transaction, given the legitimacy of the Panama government. In case the whole business should now be judged illegitimate after 70 years of U.S. ownership, the canal should revert, not to General Omar Torrijos's government, but to Colombia.

The U.S., in building the Canal, certainly conferred a number of very desirable boons not only on Panama, but on the world in general. We did a great job in eradicating yellow fever in the Zone, and in Panama itself. We brought all of Western Latin America—Ecuador, Peru, Chile, and the Pacific Ocean states of Central America—into a profitable relationship with Europe and the Atlantic and Gulf Coast cities of North America.

As Donald M. Dozer, an American historian who has specialized in U.S.-Latin American relations, points out, the economy of Panama showed the highest average annual increase in gross domestic product in the decade of the 1960s of any economy in the Western Hemisphere. Despite the almost universal world inflation, the U.S. has not raised Canal tolls since 1914, when the waterway was first opened.

Aside from whatever original skulduggery accompanied the U.S. role in sustaining the Panamanian revolt against Colombia, we have nothing to apologize for in our administration of the Canal Zone. Professor Dozer has suggested that, far from ceding the Zone to a country that never legitimately owned it, we should admit it to the U.S. as the 51st state. Actually, we have the same right to be in the Canal Zone that we have to be in Hawaii, where we sustained the ousting of a native government.

Will Congress listen to Professor Dozer? Probably not. The U.S., in common with the West in general, has totally given up on its power to protect its interests in a world that is openly contemptuous of our weakness.

GIVEAWAY OF THE PANAMA CANAL

Mr. THURMOND. Mr. President, the February 1974 edition of the Phyllis Schlafly report was recently brought to my attention. This report is a very enlightening account of the history of the Panama Canal, and the recent events leading to the decision by the State Department to relinquish U.S. sovereignty over that very crucial area. Mrs. Schlafly very convincingly points out how vital it is from a military and economic standpoint that the United States maintain sovereignty over the Panama Canal.

Mr. President, I fully ascribe to the views expressed by this very fine American, and I ask unanimous consent that her report be printed in the Record.

There being no objection, the article

was ordered to be printed in the RECORD, as follows:

[From the Phyllis Schlafly Report, February, 1974]

GIVEAWAY OF THE PANAMA CANAL

(NOTE.—Phyllis Schlafly is the co-author of three books on nuclear strategy, "The Gravediggers" (1964) "Strike From Space" (1965), and "The Betrayers" (1968), which accurately predicted that the Soviet Union had a program to overtake and surpass the U.S. in nuclear weapons. She has testified on national security before the Senate Foreign Relations and Armed Services Committees. She is now a commentator on Spectrum for CBS radio and television. Her 1972 series of interviews with military and nuclear experts was aired on 70 television and 50 radio stations. Her first book was "A Choice Not an Echo" (1964), and her latest book is a biography entitled "Mindszenty the Man" (1972). An honors graduate of Washington University and member of Phi Beta Kappa, she has a Master's Degree from Harvard University.)

If our State Department succeeds in giving away the Panama Canal, it will be the biggest giveaway in the history of foreign handouts. It sounds incredible that any American official would be seriously contemplating such a step, but certain State Department diplomats and the United Nations have been conniving toward this objective for years. Of course, they don't call it giving away the Panama Canal—they "cover" their purpose in diplomatic language. They say they are "renegotiating the Treaty of 1903." But it amounts to the same thing.

The U.S. Canal Zone is just as much American territory as the Louisiana Purchase of 1803, the Gadsden purchase of 1853, and the Alaska purchase of 1867. Incidentally, we have paid more for the U.S. Canal Zone than for all those other huge territories combined, and there is no more reason to give it away under threat of political blackmail than there is to give away Louisiana, Arizona or Alaska.

The United States acquired sovereign control "in perpetuity" over the U.S. Canal Zone by means of the 1903 Treaty with Panama, which is still in effect, and which cannot legally be abrogated by the State Department, by the UN, or by Panama. We do not rent or lease the Canal Zone; we bought it outright and immediately paid the full purchase price of $10 million. The words "rent" or "lease" are not used in the Treaty with Panama; but the word "grants," in variant forms, is used 19 times in the Treaty. The United States accepted this grant under Congressional authority.

In addition to obtaining all the rights, power and authority of sovereignty, the United States bought the land in the Canal Zone from individual property owners, which makes us the owner of all the land, as well as the sovereign. We not only paid the legal owners of the land, but also those who were living there only under so-called squatter's rights with only shadowy claims.

U.S. INVESTMENT IN PANAMA

The United States has borne every expense of building and maintaining the Panama Canal. By 1973; our net investment in the Canal and Canal Zone totaled almost $5.7 billion. We have never even amortized the original cost of constructing the Canal. We have operated the Canal as an interoceanic public utility available to the maritime nations of the world at tolls which are just and equitable, and probably lower than they ought to be.

The annuity of $430,000 which the United States has been paying to Panama since 1939 is compensation for the loss of the annual franchise payment of the Panama Railroad resulting from the grant of exclusive sovereignty to the United States. The remaining $1.5 million we have been paying Panama every year since 1955 comes out of State Department appropriations to promote friendly relations with Panama. In no sense are these combined payments, totaling annually almost $2 million, to be regarded as rental payments for the use of the Canal or Canal Zone.

NO GUILTY CONSCIENCE

Americans should not have any guilty conscience about our treatment of Panama. The United States has created all the wealth that exists in Panama. American money and brains and labor have been responsible for building and operating the Canal.

Panama's complaints against the United States have no foundation, but have been invented and exploited by greedy Panamanian politicians. Before we built the Canal, Panama was pest-ridden and mosquito-infested. The American people went to work in this menacing and inhospitable environment and, in eleven years, wrought a miracle in the jungle. They created a disease-free ocean highway which remains to this day one of the wonders of the world. The Canal today supplies Panama with one-third of its national income, giving it the highest standard of living in Central America and the fourth highest in Latin America.

Ambassador Ellis O. Briggs summed up very well what Panama owes us: "Few enterprises as creditable as the Panama Canal are inscribed in the pages of history. The United States has maintained the Canal to the very great profit of the Republic of Panama, the independence of which was guaranteed in the original Treaty. Had it not been for the United States, the inhabitants of Panama might still be crossing the continental divide on muleback, slapping mosquitoes, and poling their dugout canoes down the muddy Chagres River—as they did for three centuries under Spain, and for many years thereafter under Columbia."

LESSON FROM SUEZ

We should learn a lesson from the history of the Suez Canal. Since Egypt seized it in 1956, it has been totally subject to the whims of the Egyptian government. For us to relinquish authority over our Panama Canal would put us at the mercy of Panama, which has had 13 changes of government since World War II, five of them violent, and where the radicals riot every time they want a new concession.

In the spring of 1973, Congressman Philip Crane appeared on the television program The Advocates. A former professor of Latin American history, Dr. Crane gave his audience a lesson in Panamanian history which shows why we would be very foolish, indeed, to deliver sovereignty over the U.S. Canal Zone into Panamanian hands:

"If we gave up the Canal Zone, we would be entrusting the security of the Canal to one of the most unstable countries in the Western Hemisphere. Consider the political upheaval just since World War II.

"Enrique Jimenez became President under a new constitution. He served until the elections of 1948 which were declared a fraud, and was succeeded by Daniel Chanis. Police Chief Jose Remon forced Chanis to resign and Roberto Chiari was declared President.

"The Supreme Court voided Chiari's appointment, and Arnulfo Arias took office. Police Chief Remon pressured Arias out of office and Alcibiades Arosemena was put in. He served about a year until Remon himself was elected President in 1952 Remon was assassinated in 1955 and replaced by Jose Remon Guizado who was arrested 12 days later as a suspect in the assassination. Ricardo Arias served out his term. Ernesto de la Guardia was elected in 1956 and became the first President since the war to serve a full four-year term.

"Roberto Chiari served until 1964 when Marco Robles took office. Robles was impeached but kept in power by the national guard until the inauguraiton, again, of Arnulfo Arias in October 1968. After just eleven days, Arias was overthrown by the guard and Colonel Omar Torrijos, the present dictator, seized control and abolished the constitution."

If we supinely submitted to demands to turn the operations and defense of the Panama Canal over to dictator Torrijos, he could charge discriminatory rates or close it to Free World shipping at will, just as Nasser closed the Suez Canal.

Incidentally, the response from viewers of The Advocates program was overwhelming. More than 12,000 persons cast ballots, and 86 percent said the United States should not give up the U.S. Canal Zone.

APPEASEMENT DOESN'T PAY

Appeasement of the Panama radicals has always tremendously increased our problems. In 1936 the Roosevelt Administration gave away without compensation many of our rights in Panama. In World War II, it cost us a high price to get back the defense bases we vitally needed. For the past 35 years, the more concessions the United States has given Panama, the more the anti-Americans and pro-Communists have increased their demands, often punctuated with violence and riots. In 1946, Alger Hiss sent to the United Nations a "report" in which he referred to the U.S. Canal Zone as "occupied territory."

Part of our problem today is that Secretary of State Christian Herter in 1960 persuaded President Eisenhower to permit the Panamanian flag to be flown alongside the U.S. Flag in the Canal Zone in plain violation of the Treaty of 1903 in which Panama agreed to forego forever the right to exercise any act of sovereignty within the Zone.

THE JOHNSON TREATIES

In 1967, the Lyndon Johnson Administration secretly drafted three treaties with Panama which would have constituted a giveaway of the Panama Canal, if it had succeeded. Those three treaties, if ratified, would have given U.S. sovereignty over the U.S. Canal Zone to Panama, would have let Panama share with the United States in the running of the Canal Zone, would have given Panama legal control over any new canal which might be built in Panama, and would have sharply increased our annual payments to Panama from $1.9 million to about $22 million a year.

The Johnson Administration had planned to keep the text of the treaties secret until after they were signed, and then rush ratification through the Senate on the usual pretext that delicate international relations would be upset if action were not prompt. This plan was foiled when the Chicago Tribune exclusively secured a copy of the Panama Canal Treaty and published it in full on July 15, 1967—one of the great news scoops of the 20th century. Copies of the Chicago Tribune were supplied to all Congressmen, who were unable to secure the text through the State Department.

Congressmen from both sides of the aisle united in their efforts to maintain and protect U.S. sovereign rights and jurisdiction over the U.S. Canal Zone. Congressman Daniel J. Flood warned: "The Panama Canal, as the key strategic point in the Western Hemisphere and the greatest single symbol of United States prestige, is marked for a takeover by Red revolutional force." Congresswoman Leonor K. Sullivan, then Chairman of the Panama Canal Subcommittee of the House Merchant Marine Committee, assailed the new Panama Canal treaty as a "giveaway" and warned that it "only opens the way to surrendering the Canal to the Republic of Panama."

The Johnson Administration treaties were quashed by the uproar in Congress. But that didn't dampen the energetic efforts of the powerful forces in our country which are obsessed with giving away American wealth and assets to foreign countries. These forces have given away our money, our industries, our jobs, our wheat, and our technology. And they have persisted in their everlasting enthusiasm to give away the Panama Canal.

STATE DEPARTMENT CONNIVANCE

Certain State Department officials, acting without authority and in violation of the 1903 Treaty, have attempted to compromise exclusive U.S. sovereignty in the Canal Zone. Robert Hurwitch, deputy assistant secretary for Inter-American Affairs in the State Department, testified before the House Committee on Inter-American Affairs that the United States should abandon its colonial enclave in the Canal Zone. The U.S. Ambassador to Panama, Robert Sayre, speaking to the Rotary Club in Panama on February 27, 1973, erroneously declared that the United States recognizes Panama's sovereignty over the Canal Zone.

Then the United Nations got into the act with a resolution calling on the United States to conclude a new treaty with Panama giving the U.S. Canal Zone to Panama; whereupon the U.S. Ambassador to the United Nations, John Scali, gave a public pledge that his Government would "conclude a new treaty promptly" supporting "Panama's just aspirations" and abandoning the "perpetuity clause." On the showdown vote, 13 members of the Security Council voted against us, and Britain abstained. The lone "No" vote was cast by the United States and constituted our third veto in the history of the UN.

In mid-March 1973, the UN Security Council met in Panama. There was no logical reason for the Security Council to meet there, but it did. The United States should have vetoed the suggestion, but we didn't. The Security Council was devoted to a series of speeches bitterly and cleverly denouncing the United States as brutally suppressing Panama by the last vestiges of colonialism. Castro's representative led the diatribe, followed by other Latin American delegates. Torrijos made a militant speech, pressing Panama's claim for sovereignty over the Canal Zone. U.S. Ambassador John A. Scali made an unimpressive, defensive reply.

THE NEW BUNKER TREATY

January 1974 was the Tenth Anniversary of the 1964 riots at the Panama Canal in which three American soldiers were killed. One might have thought that a good way to observe the anniversary would have been to lay a wreath on the graves of those soldiers killed in the line of duty. But that was not the way the State Department looked upon the event. Our State Department thinks that a good way to observe such an anniversary is to give more concessions to the rioters. That is exactly what happened when roving Ambassador Ellsworth Bunker agreed on January 9, 1974 to eventually end American jurisdiction over the Panama Canal. The Bunker Agreement was described as a major step toward this objective.

Panamanian sources said that the points Ambassador Bunker agreed on in Panama included a time limit for the United States to cede the Canal to Panama, progressive Panamanian jurisdiction over it, neutrality of the Canal and the Canal Zone, the flying of the Panamian flag there, and Panamanian participation in the administration, operation, and defense of the Canal.

Congressman Daniel Flood, the leading Congressional authority on the Panama Canal, immediately labeled this Bunker agreement as "merely another incident in a program to surrender the Canal Zone that has not been authorized by the Congress, and which constitutes one of the most disgraceful diplomatic episodes in the history of the United States."

TORRIJOS THREATS

The day Ellsworth Bunker arrived in Panama, the present dictator, Omar Torrijos, hurled this insulting language: "If negotiations fail, we have no other recourse but to fight. . . . This is the last opportunity. This will be the last peaceful negotiations.

If we fail this time, we are not responsible for the consequences. The people are losing their patience and the arrival of Bunker is their last hope. It depends on him whether or not the time bomb that is the Canal Zone explodes."

Ambassador Bunker should have taken the next plane back to Washington. Instead, he stayed and caved in to the threats of the Panamanian dictator—in spite of the fact that the entire history of our relationship with Panama proves that, when we give in to their blackmail, extortion and violence, it only encourages more of the same.

Senator Ernest Hollings expressed the opinion of many Senators when he said: "I am tired of seeing the United States negotiate at gunpoint. As soon as a demonstration or a riot occurs in Panama, we rush in with another concession, another giveaway. What we fail to see is that each concession only leads to the other side uping the ante still more. . . . The demagogues and firebrands in Panama will keep fueling the issue for their own partisan ends until the last ounce of America's presence is removed."

Torrijos, however, is escalating his anti-American demands. He has been flying all over South America to drum up support for his campaign to take sovereignty over the U.S. Canal Zone. He already appears to have Argentina's Peron on his side, and he is now making a play for the support of the revolutionary regime in Peru.

"PART OF THE GLOBAL STRUGGLE"

Congressman Daniel Flood sharply admonished the Administration against compromising U.S. ownership of the Canal Zone, stressing that the Soviet Union is aggressively on the move throughout the world to entrench its might and power, and that wresting possession of the Panama Canal is "part of the global struggle for domination of strategic areas and waterways."

"In the Middle East," Congressman Flood pointed out, "Soviet nuclear warheads were sent to Egypt a month before the outbreak of the October war. In Cuba, the satellite Castro regime has mounted heavy artillery on the Sierra Madre Mountain ranges overlooking our naval station at Guantanamo. Also, Moscow has provided Castro with powerful patrol boats armed with the deadly Styx surface-to-surface missile.

"In Vietnam, the North Vietnamese and Viet Cong launch Soviet-supported air and ground attacks to seize former U.S. airbases. In the eastern Mediterranean, numerous modern Soviet warships stand ready to attack the Sixth U.S. Fleet. Panama is one of the crucial strategic crossroads of the world. The Isthmus has always been a target for predatory attacks, and that is why it will always require the presence of the United States if it is to remain free."

Congressman Flood warned that, "above all, it is essential to understand the real character of Omar Torrijos, his close ties with Moscow puppet Fidel Castro, and his secret machinations with other dictators, among them Libya's fanatical Colonel Muammar Quaddafi, the patron saint of the murderous Palestinian terrorists and ferocious enemy of the U.S. and Israel. These are not mere happenstances. They are the consequences of Communist infiltration of the Panama government by extremists who counted on the complicity of Torrijos."

Congressman Flood's warning that the Panama Canal is a target of the global Soviet strategy was corroborated by Admiral John S. McCain, former commander-in-chief of all U.S. forces in the Pacific for four years prior to his recent retirement. He pointed out that the U S.S.R. is consistently following a plan to control all vital sea lanes, including the Suez Canal, the Panama Canal, and the Straits of Malacca.

Panama's impudent demands to aquire U.S. property are developing into a major headache for Secretary of State Kissinger when he meets Latin American foreign ministers in Mexico in February to launch what he has called a "near relationship" with the Western Hemisphere nations. Panama is already one of the eight main points on the agenda, a concession we agreed to in November 1973 at a preparatory meeting of the Latin American foreign ministers in Colombia.

REMODELING THE CANAL

Congressman Flood, Senator Strom Thurmond, Congressman Philip Crane, and most experts on Panama in Congress believe that the time has come for extensive remodeling of the Canal. Under the Flood-Thurmond-Crane bill, the capacity of the Panama Canal would be more than doubled in terms of annual ship transits—from 15,000 to 30,000. This is considered sufficient to meet traffic demands for at least the next 50 years. The estimated cost of the project is less than one-fourth the cost of a new sea-level canal, which they deem needlessly expensive, diplomatically hazardous, ecologically dangerous, and liable to the control of foreign governments.

The U.S. Canal Zone was purchased under Congressional authority with funds appropriated by Congress, under the Treaty of 1903 ratified by the Senate, and is the property of the people of the United States. The Encyclopedia Britannica properly defines the U.S. Canal Zone as "the constitutionality acquired territorial possession of the United States granted in perpetuity by the Republic of Panama for the construction of the Canal and for its perpetual maintenance, operation, sanitation and protection."

The Congress should rebuke the State Department and the United Nations for trying to undermine one of our most important treaties. We should not recognize any claim by the United Nations to intervene in what is an exclusively domestic problem of the United States. We should not participate in any meetings or negotiations which call into question the clearly defined treaty rights of U.S. sovereignty.

AS VITAL AS CHESAPEAKE BAY

U.S. ownership and sovereignty over the U.S. Canal Zone are just as vital to us as the protection of the Chesapeake Bay. The Panama Canal is an irreplaceable element in our military defense and an indespensable lifeline to our economic security. Sovereignty over the U.S. Canal Zone should not be negotiable. We should ignore the political blackmail of the Panamanian politicians and the hypocritical howls from the United Nations.

If the Nixon Administration presses for finalization of the ill-conceived and secretly-negotiated treaty worked out by Ellsworth Bunker and Omar Torrijos, it will be heading for another confrontation with Congress. There are few issues on which the Congress has shown such bipartisan unanimity as the issue of the Panama Canal. The large majority of our Congressmen know that the U.S. Canal Zone is American territory, and they intend to keep it that way. It is more importhan it has ever been to our military and economic security.

ASSIGNMENT OF SCHOOLCHILDREN TO SCHOOLS ON THE BASIS OF RACE, RELIGION, CREED OR NATIONAL ORIGIN

Mr. HARRY F. BYRD, JR. Mr. President, the distinguished Senator from Nebraska (Mr. Curtis) recently forwarded to me a copy of Legislative Resolution 19, passed by the Nebraska Legislature. This resolution calls for an amendment to the U.S. Constitution to end, in clear and unequivocal terms, the unfair and illogical practice of assigning our schoolchildren to attend public schools solely on the basis of race, religion, creed, or national origin.

The resolution would specifically bar the practice of compulsory school busing to achieve an artificial racial balance.

I salute the legislators from the great State of Nebraska for raising their voices in opposition to forced busing. And I thank my close friend, the able Senator from Nebraska, who has been a leader in the national campaign to put an end to forced busing for bringing this action of the Nebraska Legislature to my attention and to the attention of our colleagues.

Although matters of geography separate Nebraskans and the citizens of the Commonwealth of Virginia, we have many common bonds.

One is the deep and abiding respect for individual freedom and responsibility—and a strong and determined opposition to the forces which threaten those liberties, such as compulsory busing for the sole purpose of achieving an artificial racial balance.

In 1973, the Virginia General Assembly took a similar action, by memorializing the U.S. Congress to call a constitutional convention to consider such a proposal.

Mr. President, I urge my colleagues to heed the voices of conviction which demand an end to this discriminatory practice. It is time to act in a responsive manner on this vital issue.

SENATOR RANDOLPH URGES PRESIDENT TO SIGN THE EMERGENCY ENERGY ACT

Mr. RANDOLPH. Mr. President, on November 7, 1973, President Nixon made a major address to the American people on the energy emergency facing our country. On the next day a special message was sent to the Congress proposing that—

> The Administration and the Congress join forces and together, in a bi-partisan spirit, work to enact an emergency energy bill.

In that same message the President pledged the full cooperation of his administration. It was his expressed hope that—

> By pushing forward together, we can have new emergency legislation on the books before the Congress recesses in December.

Yesterday the House accepted the conference report on such an Emergency Energy Act by a vote of 258 to 151, following similar approval from the Senate on February 19 by a vote of 67 to 32.

On balance, this legislation is responsive, in my judgment, to the needs indicated earlier by the President. There are a few substantive deficiencies but these are overwhelmingly offset by the other vitally needed provisions.

I am convinced that the United States is faced with a deepening energy crisis and extraordinary steps are needed to assure that the livelihood of millions of citizens are not unnecessarily harmed by these shortages. I telegraphed the President last night urging his signature on the final action of the House-Senate conference report. I ask unanimous consent that a copy of this telegram be printed in the RECORD.

There being no objection, the telegram was ordered to be printed in the RECORD, as follows:

U.S. SENATE,
Washington, D.C., February 27, 1974.

THE PRESIDENT,
The White House,
Washington, D.C.

DEAR MR. PRESIDENT: With both the Senate and the House having accepted the Conference Report on the Energy Emergency Act by overwhelming votes, this legislation will reach the White House for what I hope will be final action within a short time.

The appropriate final action, in my judgment, would be for you to place an approving signature on this measure. It may not be perfect legislation in every particular, but I believe that, on balance, its few substantive deficiencies are overwhelmingly offset by vitally needed provisions.

I am convinced that we are in a deepening energy crisis and that the energy directors and administrators in the Executive branch need now—or soon will need—numerous of the authorizations and mandatory provisions in the Conference version of the Energy Emergency Act. These will be needed in order to provide solutions for the problems imposed on millions of United States citizens and other persons who are increasingly being inconvenienced and harmed by the gasoline and other energy supply and related shortages.

Your signature on the end product of the Conference would be in consonance with the decisions of both Houses of the Congress and will help America and millions of citizens in this time of imbalance and shortages.

JENNINGS RANDOLPH,
U.S. Senator.

Mr. RANDOLPH. Among the various authorities contained in the conference report is a provision creating a temporary Federal Energy Emergency Administration. This authority is needed for the effective administration of the mandatory allocation program currently operated by the Federal Energy Office. The Federal Energy Office is functioning under Executive Order 11748 of December 4, 1973. As such, all the Federal Energy Office's employees are on loan from other Federal agencies and there is little if any authority to hire the necessary personnel to effectively administer these programs. This authority also is needed so that direct appropriations can be provided for these vital programs. As expressed yesterday by John Sawhill, Deputy Administrator of the Federal Energy Office, at hearings before the Senate Interior Committee:

> I wish the Congress would give us a bill (to provide the necessary resources, particularly of personnel) so we have a statutory base for our organization, so we could have some of the people on board in the Chicago office, I don't know what the figures are, but we probably have 90 people detailed in from other agencies. How are we going to make a process work when yesterday somebody was a chicken inspector and today they are supposed to be running an allocation program.

Mr. President, this untenable situation should not be allowed to continue. The necessary authority for a temporary Federal Energy Administration is contained in the Energy Emergency Act.

This, Mr. President, is just one example of the several authorizations and mandatory provisions in this vital legislation which are needed to cope with the immediate energy crisis facing our country and all of our citizenry.

MEMOIRS OF A BUSINESSMAN-MAYOR

Mr. HARTKE. Mr. President, as the former mayor of Evansville, Ind., I know quite well the difficulties faced by mayors in thousands of communities throughout the United States. While we in Washington often take the specific and translate it into the general, they must work day in and day out with specific problems which require equally specific solutions.

Recently, I read an article in Business Week of a mayor who sought to bring business methods to municipal government. It was a story about A. J. Cervantes, the distinguished former mayor of St. Louis, Mo.

Mr. President, I ask unanimous consent that the article to which I have referred be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

MEMOIRS OF A BUSINESSMAN-MAYOR

(By A. J. Cervantes)

"Business gave birth to the American cities; businessmen can restore life to the American cities."

Ten years ago, I believed that Puritan thesis as an article of civic faith. With the selfrighteousness of a successful businessman, I preached this doctrine of the cities' salvation: "Put government back into the hands of men who know the meaning of the tax dollar, the balanced budget, business methods, and a successful city."

The City of St. Louis bought my thesis. Twice they elected me as their mayor.

The cities of Missouri bought my thesis of the mystical power of business as applied to city governance. Twice they elected me as their head of the State Municipal League.

The media—if they did not unreservedly buy my thesis—acted as though they did. Publications from the *Neighborhood News* to the *Harvard Business Review*, TV stations from the sparse communications "laboratories" of the junior college to the lush network studios of New York and Los Angeles gave me as the "businessman's mayor" a klieg-lighted and camera-laden platform to spread the good word and saving doctrine of the computerized city and the system analysis budget.

Even the executive office of the President of the United States, at the invitation of the Office of Management & Budget, had me, as "the businessman turned mayor," address the chief administrators of major governmental agencies of our country on how a successful businessman approaches and subdues the standard urban crisis problems of our seething cities: poverty, discrimination, social tension, strikes, riots, and impending bankruptcy.

REEVALUATION

Now that I have withdrawn from the clang and stress of public life and retired to the more placid tenor of the university lecturer and professor-student dialogue, I realize that the "business" answer is not always the answer to the question of "good government." The good business executive is not necessarily a good government executive. On the contrary, the good business executive by that very fact may well be a poor government executive.

Government is a business: The largest in our country. But government is more than a business. Government presides over a way of life. And if the government executive applies only the priorities and goals of business to the American government and to the American people, he will inevitably destroy the purpose of the American government.

Business methods can be applied by the government executive to the common housekeeping functions of government: computerizing records, regularizing contracts, systematizing inventories, bidding purchases, cultivating public relations, professionalizing budgets, etc.

But as a mayor in the 1960s, I came to realize that these methods would not adequately solve the major urban problems of discrimination, poverty, riots, and social tension. Yet one of the more appealing panaceas to be put forth was that business should become more involved in solving "urban problems."

In fact, my experience as a businessman led me to campaign on that very theme of bringing "business methods to government" and "getting business involved in the problems of the city." We computerized many city records, secured industrial cooperation in job training programs, induced many businesses to hire young people for summer jobs, and laid the groundwork for the major building boom now occurring in downtown St. Louis.

But as one becomes more involved in governing a large city, one learns that in many cases "business methods" cannot be translated into political reality. To take a word from business, let's give some "practical" examples:

St. Louis has two city hospitals, one traditionally serving black patients and one traditionally serving white patients. Although no racial restrictions are imposed (indeed, positive steps are taken to ensure patient integration), the public still views one hospital as black and one as white. An efficient businessman would merge the two: But any effort to do that in St. Louis requires that one or the other be closed. And in a city half black and half white, each racial group refuses to allow "its" hospital to close.

St. Louis has a large number of recreation programs operating in school playgrounds and parks. Some programs have many participants, but others have few. An efficient businessman would say, close those programs that have relatively few participants. But this would mean that some neighborhoods would have no programs for those who do use the facilities. Recreation centers must be reasonably close to everyone, so all of them stay open.

On a larger scale, I wished to move the St. Louis area forward by building a modern airport suitable for the needs of the 21st Century. Federal officials and airlines agreed that the best location would be in Illinois, just across the river from St. Louis. Jobs would have been created, the area's economy given a boost, and the city's tax base improved. But Missouri interests—unions and business—wanted the contracts and jobs that would flow from the new airport. Even though Missouri did not have a site or funds for the land, they blocked the Illinois airport. Would a businessman have turned down an investment opportunity because one group of workers or subcontractors received the benefits rather than another? Not one who wanted to survive. Yet the political reality forced other government leaders to oppose the Illinois site.

I give these examples to show that government is not a business: It is people. Government serves people, and in a democracy it must listen to people. If efficiency suffers because the people's will must be followed, our system favors following the people's will. And I—and every other person who believes in our system of government—want it always to be that way.

HORSETRADING

In politics and government, unlike business, intermediaries exist between the ultimate consumer (the citizen) and the provider of services (the government). The intermediaries are the neighborhood political leaders, the neighborhood association leaders, the representatives of labor and business, and the representatives of many other groups. Without the support of these interests, one cannot govern; indeed, one cannot get elected. Even the "new politics," which attempts to bypass these intermediaries, creates its own set of representatives. John Kenneth Galbraith, an advocate of the new politics, is said to have played an instrumental role in blocking the nomination of former Boston mayor Kevin White to the Vice-Presidency under George McGovern.

A mayor cannot continually bypass these intermediaries. But a businessman can. If he is told that a particular type of tomato soup or bar of soap will not sell, he can try to sell it anyway. But in politics a mayor needs the approval of the legislative body to even try to sell his product—to implement a new policy. To get that approval, he must secure the assent of the representatives of many interests in the community. Sometimes he must give on one matter to get approval for another policy. One may call this horsetrading and deplore it, but in a democracy it is the way things get done.

Thus a mayor may face the dilemma of appointing his third or fourth choice to a job in order to get an important program passed. Should he not make the appointment, bask in his righteousness, and forget about his important program that would benefit the citizens generally? Surely no one faced with that choice would hesitate. Yet a mayor who makes the trade is not being businesslike.

Business methods where possible, yes. Computerize your tax records. Use system analysis to schedule your trash collections (but make sure everyone gets at least two pickups a week whether they need it or not!). Hire experts.

But if you want to be mayor, be prepared to drop that great gem of efficiency if it arouses the anger of the citizens or of any significant group of citizens. You may win that one victory—although you probably will not—but you won't win many more. The business of government is government, not business.

PUBLIC FINANCING OF ELECTIONS

Mr. HUGH SCOTT. Mr. President, the Citizens' Research Foundation is presently conducting a National Conference on Money and Politics here in Washington. Yesterday, the distinguished senior Senator from Massachusetts (Mr. KENNEDY) spoke on the subject of public financing for elections. As the Senate is about to consider this most important subject, the Senator's remarks are timely, and I ask unanimous consent to have them printed in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

PUBLIC FINANCING OF ELECTIONS—INVESTING IN AMERICA'S FUTURE

(ADDRESS BY SENATOR EDWARD M. KENNEDY)

It's an honor and a pleasure for me to participate in this significant conference, and to have the opportunity to address so many distinguished leaders in public and private life who have done so much [within the law] to put the issue of campaign financing on the front burner of national debate.

Long before Watergate, the Citizen's Research Foundation's profound and pioneering studies of money in politics had set the stage for vigorous reform.

For at least a decade, the facts and figures laid bare by the foundation have made an overwhelming case for change. Yet few in public life were willing to heed the call until the flood of abuse over Watergate made reform inevitable.

Now, thanks in large part to the work of the Citizens Research Foundation, we have a solid framework of information and analysis on which the Senate and House can build.

We meet at an auspicious time in the movement toward reform.

As you know, a historic piece of legislation is now on the Senate calendar. Sponsored by Senator Howard Cannon, approved by an overwhelming vote in the Senate Rules Committee, the bill proposes comprehensive public financing for all Federal elections.

As participants in this conference, all of you are familiar with the outline of the Senate bill. In essence, it does two things:

First, it takes Senator Russell Long's dollar checkoff, the imaginative device enacted by Congress in 1971 for public financing of Presidential general elections, and extends it to Senate and House elections.

Under the expanded checkoff, full public funding will be available for the general election campaigns of candidates of the major political parties, and proportional public funds will be available for minor parties.

Second, in a genuine congressional breakthrough, the rules committee bill does not stop with general elections. It also offers public financing for all primaries for Federal office—President, Senate and House—through a system of matching public grants for small private contributions.

Taken together, these provisions can spark a renaissance in American political life.

At a single stroke, we can drive the money lenders out of the temple of politics. We can end the corrosive and corrupting influence of private money in public life.

Once and for all, we can take elections off the auction block, and make elected officials what they ought to be—servants of the people, instead of slaves to a handful of financial angels.

Amid so much that is negative today—the paralysis of our Nation's highest leadership, the increasing probability that the president will be impeached, the resignation of a vice president, the impending indictments of the former highest White House aides, the economy soaring upward into inflation and diving downward into recession. the sudden wave of political kidnapping, and worst of all, in terms of immediate daily impact, a Government that can't supply gasoline and won't start rationing—amid all these issues, reform of campaign financing stands out like a beacon as a truly positive contribution Congress can make to end the crisis over Watergate, and restore the people's shattered confidence in the integrity of their Government.

Most, and probably all, of the things that are wrong with politics in this country today have their roots in the way we finance campaigns for public office. We get what we pay for. As a result, we have the best political system that money can buy, a system that has now the worst national scandal in our history, a disgrace to every basic principle on which America was founded.

For years, going back in some cases over many decades, on issue after issue of absolutely vital importance to the country, national policy has been made under the shadow of a mammoth dollar sign, the symbol of the flood of enormous private campaign contributions that are swamping American politics in their wake.

Who really owns America? Who owns Congress? Who owns the administration?

Is it the people, or is it a little group of big campaign contributors? Take six examples that are obviously current today:

Does anyone doubt the connection between America's energy crisis and the campaign contributions of the oil industry?

Does anyone doubt the connection between America's cop-out on price controls and the campaign contributions of the Nation's richest corporations and the $100,000 corporate capitation tax applied in 1972?

Does anyone doubt the connection between America's health crisis and the campaign contributions of the American Medical Association and the private health insurance industry?

Does anyone doubt the connection between the crisis over gun control and the campaign contributions of the National Rifle Association?

Does anyone doubt the connection between the transportation crisis and the campaign contributions of the highway lobby?

Does anyone doubt the connection between the demoralization of the foreign service and the sale of ambassadorships for private campaign contributions?

These areas are only the beginning of the list. The problem is especially urgent and pervasive today, because of the Watergate and the soaring cost of running for every public office. But corruption or the appearance of corruption in campaign financing is not a new phenomenon. I would venture that, for at least a generation, few major pieces of legislation have moved through the House or Senate, few major administrative agency actions have been taken, that do not bear the brand of large campaign contributors with an interest in the outcome.

Watergate didn't cause the problem, but it offers the last clear chance to solve it. Through public financing, we can guarantee that the political influence of any citizen is measured only by his voice and vote, not by the thickness of his pocketbook.

To the man in the street, as the recent polls make clear, politics in American life has now sunk to the depths of public service in the heyday of the notorious spoils system of the nineteenth century. Just as the spoils system finally sank of its own scandals, incompetence and corruption, and gave way to the appointed civil service based on merit we know today, so the spoils system of private campaign financing is sinking under the scandal of Watergate, giving way to a new era of elected public service, based on public financing.

Let us all be clear, however, that public financing is *not* a panacea for America's every social ill. It is not a cure for corruption in public life. It is not a guarantee that those who enter public service will be any wiser in solving America's current problems.

What it *does* mean is that public decisions will be taken in the future by persons beholden only to the public as a whole, free of the appearance of special influence and corruption that have done so much in recent years to bring all Government to its present low estate.

With respect to the pending debate in Congress, a number of issues are being raised, and I am pleased to be able to share my views on them today:

First, the bill is not being rushed through Congress prematurely. The principles of public financing have received extensive analysis by Congress over many years, especially by the Senate. In fact, 1974 will mark the fifth year in the past decade in which the Senate, after major floor debate, has enacted major legislation on public financing:

1966 saw the birth of the dollar checkoff, signed into law by President Lyndon Johnson.

1967 saw that law delayed, caught in the crossfire of the emerging passions of the 1968 presidential election.

1971 saw the act revived, and again signed into law, this time by President Richard Nixon.

And in the wake of Watergate, 1973 saw the first extension of the checkoff to other Federal elections, in a measure passed initially by the Senate, but later killed by a filibuster mounted by those unwilling to let the majority work its will.

We now have a stronger majority than before in favor of the Senate bill—probably 59 solid votes, with substantial bipartisan support, including minority leader Hugh Scott, with whom I've been privileged to work in the development of this legislation.

The obvious question is whether we now have the votes to defeat a filibuster and bring the bill to a final vote.

There would be no doubt at all about passage of the bill, if the administration matched its action to its rhetoric and supported this reform. No member of Congress wants to take a vote against election reform to the people in November. And so, I call on the President to end the deafening silence, to speak out against a filibuster, and to join the many members of the Senate and House in support of public financing.

If the President really means it when he says one year of Watergate is enough, now is the time to show it.

The second important issue concerns the constitutional questions that have been raised. I believe that the language of the constitution and a long line of precedents in the Supreme Court, going back to the 19th century, establish ample authority for Congress to enact this legislation. In each of the major areas where first amendment and other constitutional overtones are present, especially in the treatment of minor parties and the generous role carved out for independent private spending, the Senate bill proceeds with clear regard for basic rights.

To suggest that Congress cannot enact this measure is to deny democracy the right of self-survival. Surely, with 535 experts preeminent in the field in their own right, Congress has the power to correct a clear and present evil in the area of elections.

To paraphrase the famous words of Justice Oliver Wendell Holmes, challenging Supreme Court decisions thwarting progressive social legislation at the turn of the century, the constitution does not enact Mr. Herbert Kalmbach's political ethics. And so, I am confident the Supreme Court will uphold the pending act if it passes Congress and a challenge is ever brought.

Third, contrary to the premature obituaries being offered, public financing is not a nail in the coffin of the two-party system in America. It will not diminish in any substantial way the role of political parties in the nation.

To the extent that public funds go to candidates themselves instead of to the parties, the Senate Bill simply reflects the existing reality of campaign spending, in which the role of the candidate is and must be paramount. Congress settled this issue in 1967 and ratified it again in 1971, and that is where it rests today.

In two positive ways, moreover, the Senate Bill specifically enhances the parties' role:

By conferring independent spending authority on party committees at the National and State level, over and above the candidates' own spending limits, the bill establishes a specific role for the parties in their own right, free of the candidates' control.

And, by prohibiting expenditures over $1,000 by a candidate for President, unless the expenditure has the approval of the party's national committee, the bill guarantees a substantial supporting role for the parties at the national level.

On balance, therefore, far from damaging the parties, the prospects are good that public financing will in fact be a useful counterbalance to the forces driving the party system apart and splintering modern politics.

Realistically, public financing by itself is not a lever strong enough to rejuvenate the political parties in America, but if that is the direction in which the larger political and social forces now at work are moving, then public financing will contribute significantly to the goal.

Fourth, to those who say go slow, that limits on spending and private contributions are enough for now, that all we need is full reporting and disclosure, I reply that sunlight is too weak a disinfectant, that we should not be statisfied with timid steps today, when the experience of 1972 proves that bolder ones are needed.

The dilemma of contribution and spending limits, without public financing, is that we are aiming in the dark. The limits may be set so high that they are meaningless as real reform, or so low that they will break the back of the present system of private financing, without leaving any realistic alternative in its place.

The Senate bill steers a middle course, avoiding both extremes. It sets the limits low enough to prohibit excessive private contributions. And it offers candidates the alternative of public funds at levels high enough for serious challengers to take their message to the people, so that no one can fairly say we are writing a "dream bill" for incumbents.

Fifth, contrary to some reports, the public financing provisions of the bill are in no sense mandatory. The bill does not prohibit private financing, and it certainly does not prohibit small private contributions.

In fact, it provides strong incentives for small contributions in primaries, since it offers matching public funds only for the first $250 in presidential primaries and the first $100 in primaries for the Senate and House.

Private contributions also have a role to play in general elections, since no candidate is forced to run on public funds. Instead, major candidates will have the option of relying entirely on private funds, entirely on public funds, or on any combination in between.

In this respect, the bill recognizes the vigorous differences of opinion on the proper role of small private contributions. Some feel that such contributions are an essential method for bringing citizens into the system and encouraging popular participation in politics. Others, like myself, feel that there are better ways to bring a person into the system than by reaching for his pocketbook, and that the best way to a voter's heart is through his opinions on the issues, not through the dollars in his wallet. As it should, the bill accommodates both views, without forcing either side into a rigid structure for financing their campaigns.

Sixth, we must lay to rest the spectre that public financing will fracture some presumed election compact between business money and labor manpower in American public life.

That view contains a basic fallacy, because it paints a picture of political life that no politician would recognize. The impact of public financing will be approximately equal on business and on labor, because both depend primarily on money and large campaign contributions to support the candidates they favor.

Under public financing, neither business, nor labor, nor any other interest group will be able to purchase influence, or access, or any special benefit. But neither will they have a monopoly on election manpower, or on the energy and ability of all the citizens who are willing and eager to participate in political campaigns.

Seventh, to those who say we can't afford the $90 million annual price tag on the bill, I say we can't afford not to pay the price. Dollars for public financing are a bargain by any standard, because they are dollars invested now that promise rich dividends in public service for America in the future.

Think what that price tag really means. For about the cost of a single week of the Vietnam war, for less than a tenth of a cent a gallon on the price of gasoline each year, we can take a step toward bringing integrity back to politics.

We should not hesitate to trust candidates for federal office with $90 million a year in public funds for their elections, when we trust those same candidates, once elected to the White House and to Congress, to spend $300 billion in public funds in the annual budget.

If the dollar checkoff works, it means that every dollar in funds for public financing is coming from an individual taxpayer who has given his consent. That's a complete answer to those who say that taxpayers should not be forced to pay for political campaigns and that public officials should not be spending public money on themselves.

Thanks to the good faith efforts of the Internal Revenue Service to publicize the checkoff on this year's tax returns, the checkoff is beginning to work well—15% of the returns filed so far in 1974 are using the checkoff now, already a four-fold increase over 1973.

Our hope must be that the improvement will continue between now and April 15, as taxpayers become increasingly familiar with the plan.

At the present rate, the checkoff will be ample to finance the 1976 presidential election, but that is all. To pay for public financing of other federal elections, the rate of use will have to double once again, which means that one out of every three taxpayers must use the checkoff if supplemental appropriations are to be avoided.

In effect, 80 million taxpayers are voting on their tax returns, and the votes they cast with the Internal Revenue Service between now and April 15 will be some of the most important votes they ever cast, because they are voting for honest, fair and clear elections.

In sum, a totally new experiment in American democracy is under way, an experiment as significant in its way as the school segregation and reapportionment decisions by the Supreme Court in the 1960's, or the civil rights and 18 year old vote legislation passed by Congress in recent years.

Public financing is the wisest possible investment we can make in the future of our country, because it means that American elections will once again belong to all the people of the nation.

The stage is set for Congress to seize a historic opportunity to bring our democracy back to health, and may future generations say that we were equal to the challenge.

RULES OF PROCEDURE OF COMMITTEE ON THE DISTRICT OF COLUMBIA

Mr. EAGLETON. Mr. President, in accordance with section 133B of the Legislative Reorganization Act of 1946, as amended, which requires the rules of each committee to be published in the Congressional Record no later than March 1 of each year, I ask unanimous consent that the rules of the Committee on the District of Columbia be printed in the Record.

There being no objection, the rules were ordered to be printed in the Record, as follows:

Rules and Procedures of the Senate Committee on the District of Columbia

Rule 1. Unless the Senate is meeting at the time, or it is otherwise ordered, and notice given, the Committee shall meet regularly at 10:30 a.m. on the second Friday of each month. The Chairman may, upon proper notice, call such additional meetings as he may deem necessary, or at such times as a quorum of the Committee may request in writing, with adequate advance notice provided to all members of the Committee. Subcommittee meetings shall not be held when the full Committee is meeting.

Rule 2. The rules of the Senate and the provisions of the Legislative Reorganization Act of 1970, insofar as they are applicable, shall govern the Committee and its Subcommittees. The rules of the Committee shall be the rules of any Subcommittee of the Committee.

Rule 3. The Chairman of the Committee, or if the Chairman is not present, the ranking majority member present, shall preside at all meetings. A majority of the members of the Committee shall constitute a quorum of the Committee. However, the Committee may authorize a quorum of one Senator for the purpose of taking testimony.

Rule 4. Unless otherwise determined by a majority of the Committee, written proxies may be used for all Committee business, except that proxies shall not be permitted for the purpose of obtaining a quorum to do business. Committee business may be conducted by a written poll of the Committee, unless a member requests that a meeting of the Committee be held on the matter.

Rule 5. There shall be kept a complete record of all Committee action. Such records shall contain the vote cast by each member of the Committee on any question on which a yea and nay vote is demanded. The record of each yea and nay vote shall be released by the Committee either at the end of the executive session on a bill or upon the filing of the report on that bill as a majority of the Committee shall determine. The clerk of the Committee, or his assistant, shall act as recording secretary on all proceedings before the Committee.

Rule 6. All hearings conducted by the Committee or its Subcommittee shall be open to the public, except where the Committee or the Subcommittee, as the case may be, by a majority vote, orders an executive session.

Rule 7. The Committee shall, so far as practicable, require all witnesses heard before it to file written statements of their proposed testimony at least 72 hours before a hearing and to limit their oral presentation to brief summaries of their arguments. The presiding officer at any hearing is authorized to limit the time of each witness appearing before the Committee.

Rule 8. Should a Subcommittee fail to report back to the full Committee on any measure within a reasonable time, the Chairman may withdraw the measure from such Subcommittee and report that fact to the full Committee for further disposition.

Rule 9. Attendance at executive sessions of the Committee shall be limited to members of the Committee and the Committee staff. Other persons whose presence is requested or consented to by the Committee may be admitted to such sessions.

Rule 10. The Chairman of the Committee shall be empowered to adjourn any meeting of the Committee if a quorum is not present within 15 minutes of the time scheduled for such meeting.

Rule 11. Subpoenas for attendance of witnesses and for the production of memoranda documents, and records may be issued by the Chairman or by any other member designated by him. The subpoena shall briefly state the matter to which the witness is expected to testify or the documents to be produced. All witnesses subpoenaed before the Committee who are to testify as to matters of fact shall be sworn by the Chairman or another member.

Rule 12. Accurate stenographic records shall be kept of the testimony of all witnesses in executive and public hearings. The record of a witness' own testimony, whether in public or executive session, shall be made available for inspection by witnesses or by their counsel under Committee supervision a copy of any testimony given in public session or that part of the testimony given by a witness in executive session and subsequently quoted or made part of the record of a public session shall be made available to any witness at his expense, if he so requests. Witnesses not testifying under oath may be given a transcript of their testimony for the purpose of making minor grammatical corrections and editing, but not for the purpose of changing the substance of the testimony. Any question arising with respect to such editing shall be decided by the Chairman.

Rule 13. Subject to statutory requirements imposed on the Committee with respect to procedure, the rules of the Committee may be changed, modified, amended, or suspended at any time, provided, however, that not less than a quorum of the Committee so determines in a regular meeting with due notice, or at a meeting specifically called for that purpose.

STUDY ON USE OF HERBICIDES IN SOUTH VIETNAM

Mr. McINTYRE. Mr. President, the Department of Defense, by letter dated February 27, 1974, has transmitted part A, the summary and conclusions of the final report prepared by the National Academy of Sciences Committee on the Effects of Herbicides in Vietnam, in accordance with the requirements of section 506(c), Public Law 91–441.

The Department also has included its comments on the report as well as copies of letters addressed to the various appropriate agencies to provide an orderly transition of the recommended follow-on studies noted in the report.

These actions also reflect the understanding reached between the Armed Services Committee and the Director of Defense Research and Engineering as presented in a letter from the Committee to the Secretary of Defense dated May 15, 1973.

I ask unanimous consent that copies of these various documents be printed in the Record. This will not include the complete part A of the report which is too voluminous to print in the Record, but only the abbreviated summary and conclusions. Copies of the complete part A can be obtained either at the Department of Defense or at the National Academy of Science.

Additional information on previous actions by the Armed Services Committee appear on pages 105 through 108 of the committee report No. 93–385 of the fiscal year 1974 military procurement authorization bill.

There being no objection, the material was ordered to be printed in the Record, as follows:

The Secretary of Defense,
Washington, D.C., February 27, 1974.

Hon. John C. Stennis,
Chairman, Committee on Armed Services, U.S. Senate, Washington, D.C.

Dear Mr. Chairman: Enclosed is a copy of Part A, Summary and Conclusions of the Final Report prepared by the National Academy of Science Committee on the Effects of Herbicides in Vietnam, which is being transmitted today to the President of the Senate and to the Speaker of the House of Representatives. Part B, the Supplementary Report, which provides the reference material and background data from which the conclusions of the final summary report are drawn, will be transmitted to your Committee and the Congress by 15 April 1974. This supplementary report which is a careful documentation of a massive amount of detailed data, is expected to be received for review by the Department of Defense by 14 March 1974.

In accordance with the request contained in your letter of May 15, 1973, the Department of Defense is ready to provide an orderly transition of the recommended follow-on studies noted in the report to the Federal Agencies. Copies of the letters we are currently forwarding to the appropriate agencies are included as Enclosure 2.

The Department of Defense would like to commend the members of the Committee on the effects of Herbicides in Vietnam on their dedication and the thoroughness of their efforts. I am sure that this study will add considerably to the body of scientific knowledge regarding all uses of chemical herbicides. We, therefore, encourage that the total report be disseminated promptly to the public. Specific efforts toward this goal are mentioned in Enclosure 3, Department of Defense comments.

The recommendations of the Committee on the effects of Herbicides in Vietnam are detailed on pages S–14 through S–16 of Enclosure 1. To implement these recommendations, the Department of Defense plans the following actions:

a) Through the attached letters we have requested other components of the Executive Branch to consider specific recommendations.

b) We will sponsor, with the National Academy of Sicences ,an interagency meeting to address the individual recommendations and assist in the development of an action plan for implementation by the responsible Agencies or Departments.

c) The Department of Defense has taken action on the two recommendations where we feel we have prime responsibility. This is noted in Enclosure 3, the Department of Defense comments.

d) The Department of Defense will continue to provide technical assistance as requested and required by the other agencies during this transition phase.

I feel that with the submission of this report and the follow-on activities listed above, the Department of Defense has discharged its responsibilities pursuant to the law which directed this effort.

Sincerely,

W. P. CLEMENTS, Jr.,
Deputy.

Hon. HENRY A. KISSINGER,
Secretary of State,
Department of State,
Washington, D.C.

DEAR MR. SECRETARY: For the past three years this Department has supported a study by the National Academy of Sciences to evaluate the ecological and physiological effects of the use of herbicides in South Vietnam. This study was directed by the Congress as a provision of Public Law 91–441, the 1971 Department of Defense Appropriations Authorization Act.

Enclosed is a copy of Part A: the final summary report which is being transmitted to the Congress in fulfillment of this requirement. Part B, the Supplementary Report, which provides the reference material and background data from which the conclusions of the final summary report are drawn, will be transmitted about 15 April 1974.

On 15 May 1973 the Chairman of the Senate Committee on Armed Services forwarded to your attention a copy of a letter, Enclosure 2, directing the Secretary of Defense to insure that any recommendations arising from the aforementioned study would be implemented. We had no knowledge until receipt of the report what these recommendations might encompass, therefore, we have only made informal contacts with your organization.

We would appreciate your consideration of recommendation numbers 2, 3, and 15 and any others where you believe your Department may be of assistance. Informal contact has been made in the past through interagency meetings to discuss the problem of dioxin. Your department was represented by Mr. William Salmon. We wish to formalize this action, however, and would appreciate your advising Dr. Malcolm R. Currie, the Director of Defense Research and Engineering, of the principal contact in your area to complete the transition of these recommendations into programs of your organization. A joint DoD–NAS meeting will be held in the near future to address the recommendations and develop an action plan.

Sincerely,

W. P. CLEMENTS, Jr.,
Deputy.

FEBRUARY 27, 1974.

Hon. RUSSELL TRAIN,
Environmental Protection Agency,
Washington, D.C.

DEAR MR. TRAIN: For the past three years this Department has supported a study by the National Academy of Sciences to evaluate the ecological and physiological effects of the use of herbicides in South Vietnam. This study was directed by the Congress as a provision of Public Law 91–441, the 1971 Department of Defense Appropriation Authorization Act.

Enclosed is a copy of Part A: the final summary report which is being transmitted to the Congress in fulfillment of this requirement. Part B, the Supplementary Report, which provides the reference material and background data from which the conclusions of the final summary report are drawn, will be transmitted about 15 April 1974.

On 15 May 1973 the Chairman of the Committee on Armed Services forwarded to your attention a copy of a letter, Enclosure 2, directing the Secretary of Defense to insure that any recommendations arising from the aforementioned study would be implemented. We had no knowledge until receipt of the report what these recommendations might encompass, therefore, we have made only informal contacts with your organization. A response to this letter was provided to Senator Stennis by David D. Dominick on 11 June 1973.

The recommendations of the National Academy Committee summary report are extracted in Enclosure 3. We would appreciate your consideration of recommendation numbers 4 and 6 and any others where you believe your Agency may be of assistance. Informal contact has been made in the past through interagency meetings to discuss the problem of dioxin. Your agency was represented by Drs. Carroll, Collier, William Upholt, and Gunter Zweig. We wish to formalize this action, however, and would appreciate your advising Dr. Malcolm R. Currie, the Director of Defense Research and Engineering, of the principal contact in your area to complete the transition of these recommendations into the programs of your organization. A joint DOD–NAS meeting will be held in the near future to address the recommendations and develop an action plan.

Sincerely,

W. P. CLEMENTS, JR.,
Deputy.

FEBRUARY 27, 1974.

Hon. DANIEL PARKER,
Administrator, Agency for International Development, Washington, D.C.

DEAR MR. PARKER: For the past three years this Department has supported a study by the National Academy of Sciences to evaluate the ecological and physiological effects of the use of herbicides in South Vietnam. This study was directed by the Congress as a provision of Public Law 91–441, the 1971 Department of Defense Appropriation Authorization Act.

Enclosed is a copy of Part A: the final summary report which is being transmitted to the Congress in fullfillment of this requirement. Part B, the Supplementary Report, which provides the reference material and background data from which the conclusions of the final summary report are drawn, will be transmitted about 15 April 1974.

On 15 May 1973 the Chairman of the Senate Committee on Armed Services forwarded to your attention a copy of a letter, Enclosure 2, directing the Secretary of Defense to insure that any recommendations arising from the aforementioned study would be implemented. We had no knowledge until receipt of the report what these recommendations might encompass, therefore, we have made only informal contacts with your organization.

We would appreciate your consideration of recommendation numbers 1, 2, 3, 5, 7, 8, 9, 10, 11, 14 and 15 and any others where you believe your Agency may be of assistance. Informal contact has been made in the past through interagency meetings to discuss the problem of dioxin. Your Agency was represented by Messrs. James Cudny, Alan Jacobs, and Bill Long. We wish to formalize this action, however, and would appreciate your advising Dr. Malcolm R. Currie, the Director of Defense Research and Engineering, of the principal contact in your area to complete the transition of these recommendations into the programs of your organization. A joint DOD-NAS meeting will be held in the near future to address the recommendations and develop an action plan.

Sincerely,

W. P. CLEMENTS, Jr.,
Deputy.

FEBRUARY 27, 1974.

Hon. ROGERS C. MORTON,
Secretary of the Interior,
Department of the Interior,
Washington, D.C.

DEAR MR. SECRETARY: For the past three years this Department has supported a study by the National Academy of Sciences to evaluate the ecological and physiological effects of the use of herbicides in South Vietnam. This study was directed by the Congress as a provision of Public Law 91–441, the 1971 Department of Defense Appropriations Authorization Act.

Enclosed is a copy of Part A: the final summary report which is being transmitted to the Congress in fulfillment of this requirement. Part B, the Supplementary Report, which provides the reference material and background data from which the conclusions of the final summary report are drawn, will be transmitted about 15 April 1974.

On 15 May 1973 the Chairman of the Senate Committee on Armed Services forwarded to your attention a copy of a letter, Enclosure 2, directing the Secretary of Defense to insure that any recommendations arising from the aforementioned study would be implemented. We had no knowledge until receipt of the report what these recommendations might encompass, therefore, we have only made informal contacts with your organization.

The recommendations of the National Academy Committee summary report are extracted in Enclosure 3. We would appreciate your consideration of recommendation numbers 9, 10, 11, and 14 and any others where you believe your Department may be of assistance. We wish to formalize this action and would appreciate your advising Dr. Malcolm R. Currie, the Director of Defense Research and Engineering, of the principal contact in your area to complete the transition of these recommendations into the programs of your organization. A joint DOD–NAS meeting will be held in the near future to address the recommendations and develop an action plan.

Sincerely,

W. P. Clements, Jr.,
Deputy.

February 27, 1974.

Hon. Guyford Stever,
National Science Foundation,
Washington, D.C.

Dear Dr. Stever: For the past three years this Department has supported a study by the National Academy of Sciences to evaluate the ecological and physiological effects of the use of herbicides in South Vietnam. This study was directed by the Congress as a provision of Public Law 91–441, the 1971 Department of Defense Appropriation Authorization Act.

Enclosed is a copy of Part A: the final summary report which is being transmitted to the Congress in fulfillment of this requirement. Part B, the Supplementary Report, which provides the reference material and background data from which the conclusions of the final summary report are drawn, will be transmitted about 15 April 1974.

On 15 May 1973 the Chairman of the Senate Committee on Armed Services forwarded to your attention a copy of a letter, Enclosure 2, directing the Secretary of Defense to insure that any recommendations arising from the aforementioned study would be implemented. We had no knowledge until receipt of the report what these recommendations might encompass, therefore, we have made only informal contacts with your organization. A response to the letter was provided to Senator Stennis by Dr. J. A. Fregeau on 29 May 1973.

The recommendations of the National Academy Committee summary report are extracted in Enclosure 3. We would appreciate any suggestions you may have regarding further action which may be needed and any areas where your staff could make a contribution. We wish to formalize this action and would appreciate your advising Dr. Malcolm R. Currie, the Director of Defense Research and Engineering, of the principal contact in your area to further implementation of the recommendations made in the report. A joint DoD–NAS meeting will be held in the near future to address the recommendations and develop an action plan.

Sincerely,

W. P. Clements, Jr.
Deputy.

February 27, 1974.

Hon. Earl Butz,
Secretary of Agriculture,
Department of Agriculture,
Washington, D.C.

Dear Mr. Secretary: For the past three years this Department has supported a study by the National Academy of Sciences to evaluate the ecological and physiological effects of the use of herbicides in South Vietnam. This study was directed by the Congress as a provision of Public Law 91–441, the 1971 Department of Defense Appropriation Authorization Act.

Enclosed is a copy of Part A: the final summary report which is being transmitted to the Congress in fulfillment of this requirement. Part B, the Supplementary Report, which provides the reference material and background data from which the conclusions of the final summary report are drawn, will be transmitted about 15 April 1974.

On 15 May 1973 the Chairman of the Senate Committee on Armed Services forwarded to your attention a copy of a letter, Enclosure 2, directing the Secretary of Defense to insure that any recommendations arising from the aforementioned study would be implemented. We had no knowledge until the receipt of the report what these recommendations might encompass, therefore, we have made only informal contacts with your organization.

The recommendations of the National Academy Committee summary report are extracted in Enclosure 3. We have numbered them on the enclosure for ease of reference. We would appreciate your consideration of recommendation numbers 9, 10, 11, and 14 and any others where you believe your Department may be of assistance.

Informal contact has been made with Dr. Fred H. Tschirley of your organization. We wish to formalize this action, however, and would appreciate your advising Dr. Malcolm R. Currie, the Director of Defense Research and Engineering, of the principal contact in your area to complete the transition of these recommendations into the programs of your organization. A joint DOD–NAS meeting will be held in the near future to address the recommendations and develop an action plan.

Sincerely,

W. P. Clements, Jr.,
Deputy.

February 27, 1974.

Hon. Caspar Weinberger,
Secretary, Health, Education, and Welfare,
Department of Health, Education, and Welfare, Rockville, Md.

Dear Mr. Secretary: For the past three years this Department has supported a study by the National Academy of Sciences to evaluate the ecological and physiological effects of the use of herbicides in South Vietnam. This study was directed by the Congress as a provision of Public Law 91–441, the 1971 Department of Defense Appropriation Act.

Enclosed is a copy of Part A: the final summary report which is being transmitted to the Congress in fulfillment of this requirement. Part B, the Supplementary Report, which provides the reference material and background data from which the conclusions of the final summary report are drawn, will be transmitted about 15 April 1974.

On 15 May 1973 the Chairman of the Senate Committee on Armed Services forwarded to your attention a copy of a letter, Enclosure 2, directing the Secretary of Defense to insure that any recommendations arising from the aforementioned study would be implemented. We had no knowledge until receipt of the report what these recommendations might encompass, therefore, we have made only informal contacts with your organization.

We would appreciate your consideration of recommendation numbers 4, 6, 7, and 8 and any others where you believe your Department may be of assistance. Informal contact has been made in the past through interagency meetings to discuss the problem of dioxin. Your Department was represented by Dr. Campbell of the Food & Drug Administration and Dr. John A. Moore of the National Institute of Environmental Health Services. We wish to formalize this action, however, and would appreciate your advising Dr. Malcolm R. Currie, the Director of Defense Research and Engineering, of the principal contact in your area to complete the transition of these recommendations into the programs of your organization. A joint DOD–NAS meeting will be held in the near future to address the recommendations and develop an action plan.

Sincerely,

W. E. Clements, Jr.
Deputy.

Department of Defense Comments to: Part A—Summary and Conclusions, the Effects of Herbicides in Vietnam by the National Academy of Sciences

This study should add considerably to the body of scientific knowledge regarding all uses of chemical herbicides. We, therefore, encourage that the total report be promptly disseminated to the public. To assist in this goal, the Department of Defense will immediately place this report in the files of the Defense Documentation Center, (DDC), Cameron Station, Alexandria, Va., 22314 and the National Technical Information Service, (NTIS), 5285 Port Royal Road, Springfield, Virginia 22151. As soon as the appropriate reference acquisition information is available it will be provided to the public. Additionally, the recommendation pertaining to the preservation of records is being implemented in the following manner: a) those DoD reference reports noted in Section II–D have been declassified and those which are not already available thru DDC and NTIS are being placed therein, thereby making them available to the public. b) assistance is being provided to the National Academy of Sciences in the sorting, cataloguing, and preparation of the Committee records for deposition in a permanent repository, such as the National Archives. This work should be completed by 15 May 1974.

To further the goal of advancing the body of knowledge relating to the Military use of chemical herbicides, we enclose a summary of a study conducted by the Department of the Air Force of the test grid where aerial herbicide dissemination systems were developed and tested. The complete report will be available to the public in the near future.

The Department of Defense has attempted to assist the Committee in any manner possible throughout the conduct of this contract. The extent of the information made available for their analysis and use should provide ample proof. In our efforts to comply strictly with the contract, our policy has been to take no action which might imply obstruction of or interference in the study. The Committee has maintained a comparable attitude. This reticence of both parties, however, has not been conducive to the most efficient conduct of work. For example, the Committee forwarded a detailed list of questions involving military tactics and techniques to the Department of Defense as late as August 1973. These were answered as completely as possible and are reflected in this final report. An earlier exchange would have resolved these questions and permitted the Committee members more time to pursue the scientific studies, the key issue. We would therefore, encourage not only an early exchange of direct questions but a continuing exchange in any future studies of this nature, even in such controversial areas.

One general recommendation should be addressed at this time. Specifically, "the Committee recommends that Congress, in appropriating funds for development and use of materials and equipment as weapons, also appropriate funds for *independent* study and monitoring in those cases where there is a serious possibility of any widespread or persistent ecological or physiological effects." It should be pointed out that the use of herbicides in Vietnam was instituted prior to several other important pieces of legislation which bear on this issue. The first use of herbicides was carried out in 1962 and all uses were phased out in 1971. In January 1970, the National Environmental Policy Act was passed which provides guidance and direction to all Federal Agencies and established the Council on Environmental Quality (CEQ). Subsequently, the DoD developed implementing directive numbers 5100.5 and 6050.1, directives which required the assessment of the environmental consequences of all its activities including research and development projects at the earliest possible date. Currently our major weapons systems have been assessed and approximately 66 complete Environmental Impact Statements have been prepared and forwarded to the CEQ, other Federal Agencies, and pertinent States and local authorities.

DoD has in fact, in this area of herbicides, provided special attention to ecological and environmental concerns. As early as March 1966, studies on the ecological effects of the testing of herbicide dissemination equipment were instituted at Eglin AFB under a contract with the University of Florida. These were completed in June 1970 and a follow-on study was performed as recently as this past year. A Draft Environmental Impact Statement was filed with the CEQ in January 1972 for the disposal of the excess Orange herbicide. As a result of the comments received from the public, local and state officials and Federal Agencies, further scientific studies are being conducted and a Final Statement will be filed for review by all interested parties prior to any disposal actions.

We believe that adequate control now exists thru other legislation such that the intent of this Committee recommendation is already implemented and no further action by the Congress is required.

As a final comment to this report, we would note that a close reading of the content or the conclusions of each section would develop the following general conclusion: some damage has resulted from the military use of herbicides in Vietnam, however, most of the allegations of massive, permanent ecological and physiological damage are unfounded. It should also be remembered that herbicides were used to save American and Allied lives in a combat situation, not to collect scientific data. The quantity and quality of military data recovered and useful to the scientific study is remarkable.

The Ecological Consequences of Massive Quantities of 2,4-D and 2,4,5-T Herbicides

Summary of a 5-Year Field Study

(Young, A. L., C. E. Thalken, W. E. Ward and W. J. Cairney, Department of Life and Behavioral Sciences, U.S. Air Force Academy, Colorado)

In support of programs testing aerial dissemination system, a one square mile test grid on Test Area C–52A, Eglin AFB Reservation, Florida, received massive quantities of military herbicides. The purpose of these test programs was to evaluate the capabilities of the equipment systems, not the biological effectiveness of the various herbicides. Hence, it was only after repetitive applications that test personnel began to express concern over the potential ecological and environmental hazards that might be associated with continuance of the Test Program. This concern led to the establishment of a research program in the fall of 1967 to measure the ecological effects produced by the various herbicides on the plant and animal communities of Test Area C–52A. This report documents six years of research (1967–1973) on Test Area C–52A and the immediately adjacent streams and forested areas.

This report attempts to answer the major questions concerned with the ecological consequences of applying massive quantities of herbicides (345,117 pounds), via repetitive applications, over a period of eight years, 1962–1970, to an area of approximately one square mile. Moreover, the report documents the persistence, degradation, and/or disappearance of the herbicides from the Test Area's soils and drainage waters and their subsequent effects (direct or indirect) upon the vegetative, faunal, and microbial communities.

The active ingredients of the four military herbicides (Orange, Purple, White, and Blue) sprayed on Test Area C–52A were 2,4-dichlorophenoxyacetic acid (2,4-D), 2,4,5-trichlorophenoxyacetic acid (2,4,5-T), 4-amino-3,5,6-trichloropicolinic acid (picloram), and dimethylarsinc acid (cacodylic aid). It is probable that the 2,4,5-T herbicide contained the highly teratogenic (fetus deforming) contaminant 2,3,7,8-tetrachlorodibenzo-p-dioxin (TCDD). Ninety-two acres of the test grid received 1,894 pounds 2,4-D, 2,4,5-T per acre in 1962 to 1964, while another 92 acres received 1,168 pounds per acre in 1964 to 1966. In the period from 1966 to 1970, a third distinct area of over 240 acres received 343 pounds per acre of 2,4-D and 2,4,5-T 6 pounds per acre picloram, and in 1969 to 1970, 53 pounds per acre cacodylic acid (28 pounds per acre of arsenic as the organic pentavalent form; calculated on weight of Blue applied per acre).

From the rates of herbicides that were applied during the years of testing spray equipment, it was obvious that Test Area C–52A offered a unique opportunity to study herbicide persistence and soil leaching. Yet the problem of how best to assess the level of herbicide residue was a difficult one. The herbicides could be chemically present but because of soil binding might not be biologically active. Thus, both bioassay techniques and analytical analyses were employed. The first major bioassay experiment was conducted in April 1970. By considering the flightpaths, the water sources, and the terracing effects, it was possible to divide the one-square mile test grid into 16 vegetation areas. These areas formed the basis for the random section of 48 3-foot soil cores. Soybean bioassays indicated that 27 of the 48 cores were significantly different from control cores (95% probability level). The results indicated that soil leaching or penetration was much more prevalent along the dissemination flight paths than in other areas of the test grid. Efforts to quantitate (chemically) the bioassay were confined to only the top 6-inch increment because of within-core variations. By considering that all phytotoxic effects were from Orange (2,4–D and 2,4,5–T) the average value for the top 6 inches of soil core for the eight cores showing greatest herbicide concentration was 2.82 ppm (parts per million) herbicide. Chemical analyses of soil cores collected from the eight sites showing greatest phytotoxic concentrations were performed in December 1970. Results indicated that the maximum concentration of either 2,4–D or 2,4,5–T was 8.7 ppb (parts per billion).

A 1970 analysis of soil cores for arsenic, from areas receiving greatest quantities of Blue, indicated maximum levels of 4.70, 1.30, and 0.90 ppm arsenic for the first three 6-inch increments of the soil profile, respectively. These same increments were again collected and analyzed in 1973: levels of arsenic were 0.85, 0.47, and 0.59 ppm for the three consecutive 6-inch increments. Leaching of the arsenical from the soils may have occurred. Picloram analysis in November 1969 of soil cores from areas receiving greatest quantities of White indicated that maximum levels of 2.8 ppm picloram were present in the 6 to 12-inch depth increment. Analysis of the same sites performed in 1971 indicated the picloram had leached further into the soil profile but concentrations were significantly less (ppb). Analysis of soil cores in 1971 showed no residue of TCDD at a minimum detection limit of less than 1 ppb, even in soil previously treated with 947 pounds 2,4,5–T per acre. However, data from soil analysis (via mass spectrometry) of four total samples collected in June and October 1973 indicated TCDD levels of <10, 11, 30, and 710 parts per trillion (ppt), respectively. These levels were found in the top six inches of soil core. The greatest concentration (710 ppt) was found in a sample from the area that received 947 pounds 2,4,5–T in the 1962–1964 test period.

A comparison of vegetative coverage and occurrence of plant species on the one-square mile grid betwen June 1971 and June 1973 has indicated that areas with 0 to 60% vegetative cover in 1971 had a coverage of 15 to 85% in June 1973. Those areas having 0 to 5% coverage in 1971 (areas adjacent to or under flightpaths used during herbicide-equipment testing) had 15 to 54% coverage. The rate of change in coverage seemed to be dependent upon soil type, soil moisture, and wind. There was no evidence to indicate that the existing vegetative coverage was in any way related to herbicide residue in the soil: dicotyledonous or broadleaf plants that are normally susceptible to damage from herbicide residues occurred throughout the entire one square mile grid. The square-foot transect method of determining vegetative cover indicated that the most dominant plants on the test area were the grasses, switchgrass (*Panicum virgatum*), woolly panicum (*Panicum lanuginosum*), and the broadleaf plants rough buttonweed (*Diodia teres*), poverty weed (*Hypericum gentianoides*), and common polypremum (*polypremum procumbens*). In 1971, 74 dicotyledonous species were collected on the one square mile grid; in 1973, 107 dicotyledonous species were found. All of the plant species collected were pressed, mounted, and placed in the Eglin AFB Herbarium.

An evaluation of the effects of the spray-equipment testing program on faunal communities was conducted from May 1970 to August 1973. The extent of any faunal ecological alterations was measured by assessing data on species variation, distribution patterns, habitat preference and its relationships to vegetative coverage, occurrence and incidence of developmental defects, as well as gross and histologic lesions in post mortem pathological examinations.

A total of 73 species of vertebrate animals (mammals, birds, reptiles, and amphibians) were observed on Test Area C–52A and in the surrounding area. Of these 73 species, 22 species were observed only off the grid, 11 species were observed only on the grid, and 40 species were observed to be common to both areas. During the early studies no attempts were made to quantitate animal populations in the area surrounding the grid; however, in 1970, preliminary population studies by trap-retrap methods were performed on the beach mouse (*Peromyscus polionotus*) population for a 60 day period to confirm the hypothesis that it was the most prevalent species on the grid. The hypothesis was supported by the capture of 36 beach mice from widely distributed areas on the grid, except in areas with less than 5% vegetation. Eight pairs of eastern harvest mice were taken to the laboratory and allowed to breed. Six of the eight pairs had litters totalling 24 mice. These progeny were free from any gross external birth defects. During February–May 1971 population densities of the beach mouse were studied at eight different locations on the grid along with two different areas off the grid which served as controls. Populations were estimated on the basis of trap-retrap data. There was no difference in mouse population densitites in herbicide treated and control areas affording comparable habitats. All indications were that any population differences in other animal species between the test area and the surrounding area were due to differences caused by the elimination of certain plants and, therefore, certain ecological niches, rather than being due to any direct detrimental effect of the herbicides on the animal population present on TA C–52A.

During the last day of the 1971 study, 9 mice were captured and taken to the laboratory for post mortem pathological examination. There were no instances of cleft palate or other deformities. Histologically, liver, kidney and gonadal tissues from these animals appeared normal. In the 1973 study several different species of animals were caught, both on and off the test grid. These included beach mice, (*Peromyscus polionotus*), cotton mice, (*Peromyscus gossypinus*), eastern harvest mice, (*Reithrodontomys humulis*), hispid cotton rats, (*Signodon hispidus*), six-lined race-runners, (*Cnemidophorus sexlineatus*), a toad, (*Bufo americanus*), and a cottonmouth water moccasin, (*Ancistrodon piscivorus*). A total of 39 animals were submitted to The Armed Forces Institute of Pathology, Washington, D.C. for complete pathological examination including gross and microscopic studies. Liver and fat tissue from 70 rodents were forwarded to the Interpretive Analytical Services, Dow Chemical U.S.A., for TCDD analyses. The sex distribution of the trapped animals was relatively equal. The ages of the animals varied, but adults predominated in the sample. No gross or histological developmental defects were seen in any of the animals. Several of the rats and mice from both groups were pregnant at the time of autopsy. The stage of gestation varied considerably from early pregnancy to near term. The embryos and fetuses were examined grossly and microscopically, but no developmental defects or other lesions were observed.

Gross necropsy lesions were relatively infrequent and consisted primarily of lung congestion in those animals that had died from heat exhaustion prior to being brought to the laboratory. The organ weights did not vary significantly between the test and control animals when an animal with lungs and kidneys showing inflammatory pathological lesions was removed from the sample. Histologically, the tissues of 13 of the 26 control animals and 40 of the 63 animals from the test grid, were considered normal. Microscopic lesions were noted in some animals from both groups. For the most part, these were minor changes of a type one expects to find in any animal population. One of the most common findings was parasites. A total of 11 controls and 9 grid animals were affected with one or more classes of parasites. Parasites may be observed in any wild species and those in this population were for the most part incidental findings that were apparently not harmful to the animals. There were exceptions however. Protozoan organisms had produced focal myositis in one rat, and were also responsible for hypertrophy of the bile duct epithelium in a six-lined racerunner.

Moderate to severe pulmonary congestion and edema were seen in several rats and mice. All of these animals were found dead in the traps before reaching the laboratory, and the lung lesions were probably the results of heat exhaustion. The remainder of the lesions in both groups consisted principally of inflammatory cell infiltrates of various organs and tissues. They were usually mild in extent and although the etiology was not readily apparent, the cause was not interpreted as toxic. The analyses of TCDD from the rodents collected in June and October 1973 indicated that TCDD or a compound chemically similar to TCDD accumulated in the liver and fat of rodents collected from an area receiving massive quantities of 2,4,5–T. However, based on the pathological studies there was no evidence that the herbicides and/or contaminants produced any developmental defects or other specific lesions in the animals sampled or in the progeny of those that were pregnant. The lesions found were interpreted to be of a naturally occurring type and were not considered related to any specific chemical toxicity.

In 1970 beach mice were not found on the more barren sections of the grid (0–5% vegetative cover). There were, however, some areas of the grid which had population densities exceeding those of the species preferred habitat as reported in the literature. In an attempt to correlate distribution of the beach mouse with vegetative cover (i.e., habitat preference) a trapping-retrapping program of 8 days duration was conducted in 1973. The majority of animals (63) were found in areas with 5% to 60% vegetative cover: Within this range, the greatest number of animals trapped (28) was from an area with 40% to 60% cover. A similar habitat preference has been observed along the beaches of the Gulf Coast. In this study, it appeared that the beach mouse used the seeds of switchgrass (*Panicum virgatum*) and wooly panicum (*Panicum lanuginosum*) as a food source.

Trapping data from 1971 was compared to trapping data collected in 1973 to determine whether an increase in the population of beach mice had occurred. The statistical evidence derived from that study showed that the 1.64 beach mice per acre population (based on the Lincoln Index for 1973) was slightly higher than the 0.8 and 1.4 mice per acre reported for a similar habitat. The population of beach mice was also higher in 1973 than in 1971 in the area of the test grid. The apparent increase in beach mouse population on the grid in 1973 over 1971 was probably due to the natural recovery phenomenon of a previously disturbed area (i.e., ecological succession). Some areas of the test grid have currently exceeded that preferred percentage of vegetative coverage of the beach mouse habitat, and other areas were either ideal or fast developing into an ideal habitat. If the test grid remains undisturbed and continues toward the climax species, a reduction in the number of beach mice will probably occur simply due to decline of preferred habitat.

A 1973 sweep net survey of the Arthropods of Test Area C–52A resulted in the collection of over 1,700 specimens belonging to 66 insect families and Arachnid orders. These totals represented only *one* of five paired sweeps taken over a one-mile section of the test grid. A similar study performed in 1971 produced 1,803 specimens and 74 families from *five* paired sweeps of the same area using the same basic sampling techniques. A much greater number of small to minute insects were taken in the 1973 survey. Vegetative coverage of the test area had increased since 1971. The two studies showed similarities in pattern of distribution of Arthropods in relation to the vegetation, number of Arthropod species, and Arthropod diversity. Generally, the 1973 study showed a reduction of the extremes found in the above parameters in the 1971 study. This trend was expected to continue as the test area stabilizes and develops further plant cover, thus allowing a succession of insect populations to invade the recovering habitat.

There are two classes of aquatic areas associated with the Test Area; ponds actually on the square mile area and streams which drain the area. Most of the ponds are primarily of the "wet weather" type, drying up once in the last five years, although one of the ponds is spring fed. Three major streams and two minor streams drain the test area. The combined annual flow of the five streams exceeds 24 billion gallons of water. Seventeen different species of fishes have been collected from the major streams while three species have been collected from the spring-fed pond on the grid. Statistical comparisons of 1969 and 1973 data of fish populations in the three major streams confirm a chronologically higher diversity in fish populations. However, the two control streams confirm a similar trend in diversity. Nevertheless, from examining all of the aquatic data, certain observations support the idea that a "recovery" phenomenon is occurring in the streams draining TA C–52A. These observations are difficult to document because of insufficient data. For example, in 1969, the Southern Brook Lamprey (*Ichthyomyzon gagei*) was never collected in one of the streams immediately adjacent to the area of the grid receiving the heaviest applications of herbicides; however, in 1973 it was taken in relatively large numbers. These observations may or may not reflect a change in habitat due to recovery from herbicide exposure. Residue analyses (1969 to 1971) of 558 water samples, 68 silt samples and 73 oyster samples from aquatic communities associated with drainage of water from Test Area C–52A showed negligible arsenic levels. However, a maximum concentration of 11 ppb picloram was detected in one of the streams in June 1971 but dropped to less than 1 ppb when sampled in December 1971. TCDD analysis of biological organisms from streams draining Test Area C–52A or in the ponds on the test area were free from contamination at a detection limit of less than 10 parts per trillion.

In analyses performed 3 years after the last application of 2,4–D and 2,4,5–T herbicide the test grid exhibited population levels of soil microorganisms identical to that in adjacent control areas of similar soil and vegetative characteristics not exposed to herbicides. There were increases in Actinomycete and bacterial populations in some test site areas over levels recorded in 1970. This was possibly due to a general increase in vegetative cover for those sampling sites and for the entire test grid. No significant permanent effects could be attributed to exposure to herbicides.

Data on aquatic algal populations from ponds on the one square mile grid (previously exposed to repetitive applications of herbicides) indicated that the genera present were those expected in warm, acid (pH 5.5), seepage, or standing waters.

U.S. SENATE,
Washington, D.C., May 15, 1973.

Hon. ELLIOT L. RICHARDSON,
Secretary of Defense,
Department of Defense,
Washington, D.C.

DEAR MR. SECRETARY: Section 506 of the 1971 Military Procurement Authorization Act (P. L. 91–441) includes a provision which requires the Secretary of Defense to arrange with the National Academy of Sciences to conduct a study of the use of herbicides, and the ecological and physiological effects of the defoliation in South Vietnam, and to report the results to the Congress.

The required study is scheduled to be completed and the final report submitted by September 30, 1973. As stated in the Committee report on the FY 1973 Military Procurement Authorization Bill, the Committee has followed the progress of the study through its review of the interim reports, and has been satisfied with the results of that study.

Representatives of the Office of the Director, Defense, Research and Engineers, and of the Committee staff, have recently discussed the current status of the study and arrived at the following understanding:

(a) The study is proceeding satisfactorily, and the final report is expected to be made on schedule;

(b) With the termination of hostilities in South Vietnam, the Department of Defense responsibility with respect to the study should be terminated with the filing of the final report;

(c) There are certain aspects of this problem which may warrant the initiation of a follow-on study; and

(d) No funds have been requested in the FY 1974 budget to complete the study. Prior year funds are adequate for this purpose.

If it is the opinion of the Department of Defense that any additional study, subsequent to the filing of the final report as required by law, is desirable or necessary, the Department of State, the Agency for International Development, or other non-Defense agencies, such as the Environmental Protection Agency or the Department of Health, Education and Welfare, would be the appropriate organization to support that work. The funds required for this purpose should be rather nominal in relation to the total programs of these agencies, and, therefore, should be accommodated from available resources without requiring specific Congressional authorization and appropriation action.

It is requested that the Department of Defense discuss this matter with these various agencies in order to provide for an orderly transition of this work, if determined to be necessary, upon conclusion of the Defense related effort. If this occurs, scientific personnel in the Department of Defense may continue to participate as necessary, short of providing any direct financial support.

Copies of this letter are being sent directly to the agencies mentioned in the text, and to the other Committees of the Congress which have a possible interest.

Sincerely yours,

JOHN C. STENNIS,
Chairman.

LIST OF AGENCIES

Department of the Interior.
Department of Agriculture.
Department of State.
Agency for International Development.
Environmental Protection Agency.
National Science Foundation.
Department of Health, Education and Welfare.
Senate Committee on Foreign Relations.
Senate Committee on Appropriations.
Senate Committee on Labor and Public Welfare.
Senate Committee on Agriculture and Forestry.
Senate Committee on Interior and Insular Affairs.
Senate Committee on Commerce.
House Committee on Appropriations.
House Committee on Agriculture.
House Committee on Foreign Affairs.
House Committeee on Interior and Public Affairs.
House Committee on Interstate and Foreign Commerce.
House Committee on Merchant Marine and Fisheries.

THE EFFECTS OF HERBICIDES IN SOUTH VIETNAM—PART A—SUMMARY AND CONCLUSIONS

NOTICE

The project which is the subject of this report was approved by the Governing Board of the National Research Council, acting in behalf of the National Academy of Sciences. Such approval reflects the Board's judgment that the project is of national importance and appropriate with respect to both the purposes and resources of the National Research Council.

The members of the committee selected to undertake this project and prepare this report were chosen for recognized scholarly competence and with due consideration for the balance of disciplines appropriate to the project. Responsibility for the detailed aspects of this report rests with that committee.

Each report issuing from a study committee of the National Research Council is reviewed by an independent group of qualified individuals according to procedures established and monitored by the Report Review Committtee of the National Academy of Sciences. Distribution of the report is approved, by the President of the Academy, upon satisfactory completion of the review process.

This study was supported by Contract No. DAHC15 71 C 0211 between the Department of Defense and the National Academy of Sciences, and by funds furnished by the National Academy of Sciences.

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The Committee on the Effects of Herbicides in Vietnam. Division of Biological Sciences. Assembly of Life Sciences. National Research Council.

The Effects of Herbicides in South Vietnam: Part A. Summary and Conclusions. Wash., D.C. National Academy of Sciences.

ABBREVIATIONS USED IN THIS REPORT

ARVN—Army of the Republic of Vietnam.
CINCPAC—Commander in Chief, Pacific.
CORDS—Civil Operations and Rural Development Support.
DOD—Department of Defense.
DRVN—Democratic Republic of Vietnam.
HERBS—Acronym for computerized records of herbicide spray programs.
HES—Hamlet Evaluation System of CORDS.
JUSPAO—Joint United States Public Affairs Office.
MACV—Military Assistance Command, Vietnam.
MR—Military Region.
NAS—National Academy of Sciences.
NLF—National Liberation Front.
NVA—North Vietnamese Army.
RVN—Republic of Vietnam.
RVNAF—Republic of Vietnam Armed Forces.
SVN—South Vietnam.
USAID—United States Agency for International Development.

NATIONAL ACADEMY OF SCIENCES,
Washington, D.C., February 15, 1974.

The PRESIDENT OF THE SENATE,
THE SPEAKER OF THE HOUSE OF REPRESENTATIVES, THE SECRETARY OF DEFENSE,

SIRS: I have the honor to transmit the report of the National Academy of Sciences on the effects of the program of herbicide spraying in South Vietnam. This report was prepared pursuant to Public Law 91-441 of 1970.

As the ability of organized societies to destroy each other by military means has escalated, it has become increasingly necessary to attempt to limit warfare to the actual combatants and the accomplishment of immediate military objectives. To these ends, international agreements have been directed, for example, to humane treatment of prisoners of war, respect for hospitals, recognition of military medical personnel as noncombatants, and avoidance to the extent possible of all but truly military targets. Thus, also, has our government agreed to eschew the use of biological and chemical weapons.

To be sure, given the intrinsic irrationality of war, if flame-throwers, high explosive weapons, laser-guided bombs, and all the rest are deemed to be "acceptable," one may reasonably ask how one can rationalize outlawing any other weapon or procedure on the ground that it is still more inhumane? Nevertheless, just as men of good will, in all nations, agree that a principal burden upon governments is to utilize diplomacy and negotiation—rather than arms—to settle differences, so, too, are they agreed that governments must continue to press for international agreements which, to the extent possible, will limit military actions to the achievement of immediate military ends, minimizing all other associated brutality, horror and destruction of the natural and man-made worlds. Indeed, it is the difficulty in thus containing the effective dimensions of nuclear weapons which has rendered their use so abhorrent that they have become weapons of last resort. And it was such concerns, *inter alia,* that led to the present study.

The more commonly used herbicides are synthetic chemical analogues of the hormones that, in the normal developing plant, regulate its rate and pattern of growth. Because of their specificity—causing aberrant growth or death of some plant species while without effect on others—these herbicides have found wide use in agriculture and home gardening. Indeed, the American capability to feed ourselves and also provide 70 percent of all of the food surplus, anywhere on the planet, which now can be made available to feed those in less fortunate nations, derives in significant measure from the use of this same class of chemicals.

In the course of the war in Southeast Asia, these herbicides were utilized on a large scale for military purpose, predominantly for defoliation of dense forest so as to permit detection of enemy military and supply units, and to lesser degree for crop destruction and a variety of other purposes. The general procedure was to dispense solutions of herbicides from fixed-wing aircraft or helicopters so that a fine spray would envelop the vegetation below. As the magnitude of this program increased, thoughtful individuals considered it desirable to inquire into the acute and persistent effects, if any, of such herbicide usage on the Vietnamese population as well as on the fauna and flora of the region. Presumably, the findings of such an examination could (a) contribute to the assessment of damage to Vietnam which will be required to plan future efforts to reconstruct that country and repair the ravages of war, and (b) assist in judgment as to whether, in the future, such herbicide usage should be considered to fall within or outside the category of chemical warfare to be eschewed, as defined in the Geneva protocols.

As an expression of this concern, the Congress, in Public Law 91-441, directed that:

(1) The Secretary of Defense shall undertake to enter into appropriate arrangements with the National Academy of Sciences to conduct a comprehensive study and investigation to determine (A) the ecological and physiological dangers inherent in the use of herbicides, and (B) the ecological and physiological effects of the defoliation program carried out by the Department of Defense in South Vietnam.

(2) Of the funds authorized by this Act for research, development, testing, and evaluation of chemical warfare agents and for defense against biological warfare agents, such amounts as are required shall be available to carry out the study and investigation authorized by paragraph (1) of this subsection.

On 26 October 1970, by a letter addressed to the Director of Defense Research and Engineering, the Academy accepted this responsibility. The Academy has a long tradition of scientific assistance to the national defense and it desires also to be of whatever assistance it can in furthering our ability to minimize the undesirable secondary consequences of warfare without sacrificing the capability of the American military establishment to assure the national defense. Hence, with the understanding that the resultant report to the Department of Defense and to the Congress would be made public, we were pleased to accept this task. Contract DAHC15 71 C 0211 between the Academy and the Department of Defense, to provide funds and other support for this endeavor, was signed on 8 December 1970.

Arrangements for the study: As we entered upon the task, some of its inherent difficulties were self-evident: Appraisal of the effects of herbicide usage, necessarily, had to be undertaken well after the fact. Since the war in South Vietnam was certainly not conducted as a controlled experiment, valid conclusions might well be seriously constrained by the complexity of actual circumstances, by lack of adequate records or qualified observers on the scene at the time of the spraying program. Patently, separation of the effects of herbicides from all other aspects of the war would be difficult at best. Most importantly, military activity was and still is continuing in most of the areas which had previously been sprayed with herbicides; accordingly, safe access to large areas of the country was denied to our field teams, thereby in no small measure frustrating their efforts to secure critical data. Indeed, several of our Committee now know the sensation of being in an airplane subjected to fire from the ground.

The present report was prepared by an especially appointed *ad hoc* Committee on the Effects of Herbicides in Vietnam, working, administratively, within the Division of Biology and Agriculture of the National Research Council. Each member of the Committee was especially selected for his specific technical competencies. Professor Anton Lang of Michigan State University, a member of the Academy, renowned plant physiologist and authority on plant hormones accepted the invitation to chair the Committee. A deliberate decision was taken to enroll, as full-fledged members of the Committee, a number of scientists from countries other than our own. A distinguished Vietnamese scientist, Professor Le-Van-Thoi, President of the National Scientific Research Council of Vietnam, agreed to serve as Associate Chairman; other members are from South Vietnam, Canada, England and Sweden.

The early planning for this study indicated the desirability of including, on the Committee, one or more appropriately qualified anthropologists. However, formation of the Committee was significantly delayed when anthropologists indicated their reluctance to be associated with this effort because the supporting funds were to be provided through the Department of Defense, an attitude formalized by the American Anthropological Association. A meeting to resolve this question, arranged by the Division of Behavioral Sciences of the National Research Council, was attended by several senior anthropologists, albeit not as formal representatives of the American Anthropological Association. Subsequently, one senior anthropologist undertook to serve without any qualifying reservations, while another agreed to participate provided that the funds to be utilized in support of his specific activities, within this project, would derive from some source other than the Department of Defense. Concerned that the study be neither unduly delayed nor seriously incomplete, the use of private funds from the endowment income of the Academy was authorized for this purpose.

When the study began, it was recognized that much of the basic information concerning herbicide usage in South Vietnam was classified by the Department of Defense and not available to the public. In an exchange of correspondence on this subject, the Defense Director of Research and Engineering indicated that:

"I would like to assure that all information which may be required in its conduct will be supplied by the Department of Defense regardless of classification."

Subsequently, he wrote that:

"This acknowledges your letter of 26 October recommending declassification of DoD data on herbicides for use by the National Academy of Sciences study.

"I agree that your committee must have access to these data and that they should be declassified. However, premature release of these data, and their subsequent partial evaluation and publication by either scientists or journalists prior to publication of your study, would not be in the best interests of either of us. I suggest that the data should be restricted to the use of your committee until your report is published. At that time the data could be placed in the public domain. . . ."

Later, in a letter concerned with various detailed arrangements for the study, I stated that:

"It is further understood that the Department is prepared to make available on a privileged but otherwise non-classified basis all information and data in its possession directly related to the matters under consideration as well as full access to various civilian and military personnel whose particular experience and information may be considered necessary in the development of the study program. . . ."

On this basis, without requirement for security clearance of those Committee members who had not previously undergone clearance for other reasons, the work was undertaken.

The present report is only a summary of the full activities and findings of the Committee; a more complete account will be made available as soon as possible. This summary report has been subjected to an unusually intensive review by an *ad hoc* panel of Academy members appointed by our Report Review Committee. In a constructive dialogue, the authors of the report responded to numerous questions, suggestions and criticisms of the review panel.

FINDINGS AND CONCLUSIONS OF THE REPORT—A COMMENTARY

The report provides its own summary and recommendations. It may, however, be of assistance to the reader to comment upon some of the principal findings of the report and their significance.

(1) The Committee was unable to gather any definitive indication of direct damage by herbicides to human health. However, to a greater extent than in other areas, there were consistent, albeit largely "secondhand," reports from Montagnards, of acute and occasionally fatal respiratory distress, particularly in children. The inability of the Committee to visit the Montagnards in their own locales so as to verify these tales, is greatly regretted. Although these reports did not come from medically qualified observers, the Committee considers it to be important that this matter be pursued at the earliest opportunity.

Considerable attention was paid to the possibility, suggested previously, of birth defects induced by herbicides or by contaminants in herbicide preparations; no evidence substantiating the occurrence of herbicide-induced defects was obtained. However, the potentially most definitive aspect of this examination has not yet been completed.

(2) Attempts to assess the social, economic and psychological effects of the program of herbicides spraying on the peoples of South Vietnam were less than satisfying. Certainly the impact of the spraying program on that population now appears relatively trivial as compared with other aspects of the upheaval in that country. Evidence was obtained that numbers of families moved away from their traditional homes because of the herbicide spray program, but few were actually identified. The fertility of their land, however, was not reduced thereby and it should not be residual effects of the crop destruction program, *per se*, which prevents their return. On the other hand, small land holders growing tree crops, e.g., coconuts, definitely suffered more lasting economic damage.

Other than the belief reported to be prevalent among the Montagnards that spraying was directly responsible for acute illness, by and large the South Vietnamese appear to hold no consistent views with respect to alleged health hazards resulting from exposure to herbicide spraying, although many are greatly concerned with this possibility. Only in part did such fears as were expressed appear to find their origin in propagandistic activities.

Although available toxicological information had indicated that, within a considerable dosage range, the herbicidal compounds are relatively innocuous, no sizeable human population had previously been thus exposed. Moreover, at the time the program began, it was not known that preparations of the herbicide, 2,4,5–T, were contaminated with the extraordinarily toxic compound, TCDD (2, 3, 7, 8-tetrachlorodibenzo-para-dioxin), about 200 to 300 pounds of which, mixed with about 50 million pounds of 2,4,5–T, were dispensed over South Vietnam. That no serious sequelae have since been definitely discerned is fortunate indeed. However, the continued presence of possibly significant concentrations of this material in fish in inland rivers, taken as recently as 1973, is considered to be a matter that warrants further attention.

On balance, the untoward effects of the herbicide program on the health of the South Vietnamese people appear to have been smaller than one might have feared.

(3) The effects of herbicides on vegetation were largely confined to those resulting from direct contact during spraying. It was found that the various herbicides disappear from the soil at a rate sufficiently rapid as to preclude any significant effect on the next crop of food plants, or on the next growing season of trees, shrubs, etc.

All evidence indicates that standing food crops, of all sorts, were highly vulnerable to the spray program. It was not possible, however, to assess the nutritional consequences of that program on the affected local populations.

(4) A major effort of the Committee was devoted to appraisal of the effects of the herbicide spraying program on the forests of South Vietnam.

(a) The mangrove forests were found to have been extremely vulnerable. One spraying resulted in the death of virtually all exposed trees, in this case, about 36 percent of the entire mangrove forest, equal to about 0.6 percent of the entire area of South Vietnam. It is estimated that these forests will not spontaneously recover for well nigh a century, if at all; reforestation by a program of massive planting of seedlings could reduce the time required to about two to three decades.

Concomitant with this devastation has been a significant reduction in the more valuable fauna of the waters of the region; however, several other changes appear to have been contributory at the same time, and it is difficult to know how significant the death of the mangroves was to this process. The dead mangroves are being harvested for fuel now, as in the past, although this occupation supports fewer individuals today than before the war. The economic loss, therefore, will be sustained in the future, when the forest has been stripped, unless a vigorous replanting program is undertaken. If this is not done, mankind will have been guilty of a large and ugly depredation of our natural heritage.

(b) The bulk of the herbicide spraying program was addressed to the large inland forests of South Vietnam; of the total of about 25.9 million acres of such forests, at least 10.3 percent (6.5 percent of the total land area of South Vietnam) was subjected to one or more sprays. Unfortunately, for lack of military security, this area could not be examined on the ground by the Committee. The appraisal of herbicide effects in the inland forests, therefore, necessarily rested virtually entirely upon interpretation of aerial photography, some of which was already available but most of which was obtained at the request of the Committee. Unfortunately, photointerpretation of damage to an essentially unfamiliar forest is extremely difficult; quantitative estimates may be accepted as reasonably reliable only if an acceptable sample can also be checked on the ground. Although no such opportunity was available, the Committee had no other alternative:

No other aspect of these studies engendered difficulty and controversy as did the estimate of damage to the inland forests. The original approach to this question was to appraise the damage in terms conventional to professional forestry, viz., the volume of "merchantable timber" represented by standing dead "merchantable trees," i.e., trees of such size and quality as to have been candidates for timbering by the commercial practices of the region. Assessment was undertaken in these terms because a) it limits the assessment to the larger trees, more readily identified by aerial photography, b) such an assessment might make possible an estimate of economic loss, and c) preliminary estimates, in these terms, had already been published. Trees which have disappeared are not counted by this procedure and standing trunks of large trees which have lost much of their crowns may be difficult to identify. more valuable species commonly stand for several years before falling.

When the initial estimate, in these terms, proved to be strikingly smaller than previously reported preliminary estimates by others, it encountered scientific incredulity among members of both the working Committee and the Report Review panel and engendered, in varying degree, an antagonism which was conditioned by the turbulent emotions which are the legacy of the American experience in the Vietnam war. While the latter situation lasted, it hindered process of the study by focusing attention on this single parameter. For months, it diverted attention from full appreciation of the fact that such a summarizing, overall figure can be truly meaningful only if a single spraying were uniformly damaging, as it is to the mangroves, and from appreciation that such a figure cannot reveal differential effects of one spraying as compared with multiple sprayings, differential effects on different types of forest, or on the merchantable trees as compared either with the growing stock or with trees of non-merchantable quality—were there any such differential effects.

The resultant challenges to the estimate ultimately proved useful. Intensive rescrutiny of the data by the Committee resulted in significant upward revision of the quantitative estimate of damage and directed attention to the differential effects that the report now emphasizes. The report reveals that the Committee now considers that multiple sprayings will be devastating to any forest, as it was to these, and that even a single spraying can be very serious in relatively open forest and lethal to forests of particularly susceptible species. It remains possible that the Committee's estimate of the gross kill of merchantable timber will prove to be significantly lower than reality; if so, that will certainly be meaningful, but it no longer seems to be the central question. The extent and nature of total damage to the forest cannot adequately be expressed by this single statistic.

Meanwhile, months of intensive discussions, joint inspections of photographic material, refinement of procedures and of calculations, challenges and rebuttals were required in order to erase suspicion and relieve discord. To the extent that there remains concern for the accuracy of the Committee's estimate of the loss of merchantable timber in the inland forest (see below), that concern should now rest solely on scientific grounds. This painful episode is recounted in further evidence of the multitudinous, sometimes subtle effects of the Vietnam war on the American people.

The Committee's final estimate of the total volume of merchantable timber in standing merchantable trees killed by herbicides in the inland forest is about 1,250,000 m^3, i.e., within a range of from 500,000 to 2,000,000 m^3, out of a total stock of "merchantable timber" in the sprayed area estimated to be about 8,500,000 m^3. The records are known to underestimate the total sprayed area; both estimates are, hence, understated proportionally.

When the fact of the disparity between the Committee's original estimate and previous estimates was recognized, as team of three independent photo interpreters and forestry experts was invited to review the procedures which had been used and to make an independent appraisal of the total damage to the inland forests, utilizing the photographic materials available to the Committee. Their estimate, based on a necessarily limited examination of the available material, was of the order of the top of the range now reported by the Committee. However, one member of this group, after a second examination of the photographic material suggested that the loss of merchantable timber may be a few times greater than that here reported by the Committee. In addition, a member of the Report Review panel has informed his colleagues that, also utilizing some of the materials gathered by the Committee, he estimates the amount of merchantable timber in the trees killed by herbicides in the inland forest to be significantly greater even than that estimated by the independent consultant. He has been invited to publish his analysis in the open literature.

The differences among these estimates arose from differences in the actual counts of dead trees in a given sample area, the specific samples used and the validity thereof, of the total volume of merchandisable timber assumed to have been in the forest before the spraying, etc. It may be noted that the sample areas examined by the Committee were decidedly larger than those utilized in formulating the other estimates and that the Committee gave considerable attention to weighing the relative contributions of those areas which had been sprayed zero, once, twice, thrice, or four or more times. However, it is not clear to what extent these differences contributed to the differences among the results. Patently, definitive resolution of these substantial differences will not be possible until an appropriate survey of the area can be made on the ground.

It is not clear, in any case, what social, economic or ecological significance to impute to the estimated parameter, i.e., the volume of "merchandise timber" killed by the spraying. As long as the dead trees stand, they do not necessarily represent "economic loss" since, were peace restored, there would still be opportunity to timber many of these trees, provided that the necessary labor and mill capacity were available. Similarly, trees killed by herbicide spraying that have disappeared because they were taken down for timber or fuel do not represent economic loss.

Accordingly, the Committee sought other indicators of the extent of damage to the forest. Several other observations by the Committee seem more descriptive of the consequences to the forest of the spraying program than is the absolute value assigned to the volume of merchantable timber killed by herbicides:

(i) Two-thirds of the area sprayed in the inland forest was sprayed only once. The dead merchantable trees in such areas, in excess of those expected from normal mortality, were found to be rather variable and generally few in number. The impression was gained that most of these areas, particularly in the dense forest, will spontaneously recover in due course, with the distribution of species probably much as it was before.

(ii) The number of dead merchantable trees per unit area increased with multiple spraying. Areas sprayed three or more times were extremely hard hit; in some areas more than half of all "merchantable trees" were killed. These areas, perhaps 12 percent of the total sprayed area, are unlikely to recover without a major effort at assistance.

(iii) The bulk of the biomass in much of the forest consists of non-merchantable trees, viz., trees below merchantable size (growing stock) or of non-merchantable quality. When killed, these trees generally decompose and disappear much more rapidly than do "merchantable trees." Although quantitative estimation of damage to this component of the forest biomass is not feasible by aerial photography, the Committee notes that the loss of such material due to herbicide spraying was extensive in relatively open forest and less serious in the dense, heavily canopied forest; as a very rough approximation the Committee suggests that the loss of such material may have been of the order of 5 to 13 million m^3. The report further notes that:

"One clear conclusion reached by the Committee is that the greatest damage which the inland forests suffered from war activities, including herbicides, has been incurred by the heavily overused open or thin forests and by the young secondary forests emerging from abandoned swidden. This damage does not appear in the assessment of merchantable timber loss since it represents loss of growing stock below merchantable size and of the early stages of forest regeneration. In these forests the loss of seed sources may be a very critical factor even though the merchantable volume of lost seed trees was quite small. High mortality of seedlings, saplings and young trees, not reflected in merchantable timber loss, in many cases resulted in setting the succession back for many years. But this loss, though very real, could not be quantitatively evaluated without far more extensive studies on the ground than those we were able to conduct.

Damage due to bombing and shelling, whether or not it was associated with herbicide treatment, may well be the most serious and long lasting of all of the war impacts on the inland forest. In the large areas cleared by bombings, not only the merchantable timber, when present, was destroyed but so was all of the growing stock in the opening. Extending far beyond the dimensions of the opening in the forest created by the bomb strike is the damage to living trees caused by shrapnel. These metal fragments in the living trees have already created serious problems for the manufacturers of forest products in SVN in terms of equipment maintenance, loss of yield, reduction in mill productivity and serious hazards to the operating personnel, and these problems will persist long after the residual effects of herbicide damage have disappeared. These problems may indeed reduce the opportunities to sell South Vietnamese logs in the international market and to establish new wood-using industries in SVN . . .

Future development of a viable forestry program in SVN, including forest management and development of utilization facilities, will have to be based upon study of the unusual combination. Areas where growing stock has been depleted and where regeneration has been inhibited will need to be given special treatment to restore productivity. The longer the delay in taking these measures the more difficult and costly will be the rehabilitation.

Thus, whereas one cannot rationally assign some dollar value to the herbicide-caused economic loss to Vietnam, either in the past or the near future, there will be serious penalties in the long term unless a commensurate effort is undertaken to prevent them. And, as in the case of the mangroves, there is the burden of conscience to restore these forests to their natural or improved condition.

The Academy is grateful to the Committee, its staff, its consultants, and our reviewers, all of whom gave unstintingly of themselves in the major effort herewith reported .

This highly informative report cannot, by itself provide definitive answers to all of the questions held by the Congress at the time of passage of Public Law 91–441. However, considering the adverse circumstances under which it was prepared, we consider the report to be a most significant accomplishment. We trust that it will prove to be a meaningful contribution to understanding and a useful guide for future decisions.

Respectfully yours,
Philip Handler,
President.

National Research Council,
Washington, D.C., February 11, 1974.

Dr. Philip Handler,
President, National Academy of Sciences, Washington, D.C.

Dear Dr. Handler: I am herewith transmitting to you the summary report of the Committee on the Effects of Herbicides in Vietnam.

When, almost exactly three years ago, I agreed to direct this study as Committee chairman, I questioned whether the study of one particular impact of the war in South Vietnam would be very productive. It was clear even then that the country had suffered from many war related disturbances and that the effects of such would be closely intertwined; to disentangle one effect would neither be easy, nor provide a comprehensive assessment of the consequences of its use.

My concern over the feasibility of this assignment was deepened with my first visit to South Vietnam. It became very clear at that time that the accounts which we had been given of the improved security and safety situation, while perhaps quite true for cities and larger settlements, did not apply to outlying areas—especially the mangrove and inland forest—which had been exposed to the heaviest herbicide sprayings and which therefore we needed to visit and study in detail. I accepted your appointment despite these handicaps because of my belief in the importance of determining the nature and scale of these effects and because the longer the assessment might be delayed, the lesser became the prospects of obtaining meaningful data. I believe these feelings were shared by all those who accepted appointment to the Committee.

The limitations within which the Committee had to work necessitated some profound and often agonizing revisions in our plans; agonizing in that we often had to accept less than ideal alternatives, whether in regard to the extent of a study or the techniques utilized. There was one principle that was maintained on which I and the members of the Committee from the outset had placed the greatest importance: our studies must be approached in a *quantitative* manner. However, the extent to which a problem could be so studied under these conditions varied greatly. An inventory of the herbicide operations—what fraction of the various vegetation types had been sprayed, and how many times—was done for the whole country. Damage to inland forests was assessed on a substantial and representative sample. Impact on settlements was studied in 18 areas reaching from the southernmost tip of the country to the latitude of the City of Hue in the north. Other studies could be done only in one or a few selected sites, and generalizations, if any, made only with strong qualifications. In some important problem areas, our results did not permit any conclusions. This quantitative approach, although it limited the extent of problems which could be studied, was preferable to collecting a larger quantity of qualitative, anecdotal data inasmuch as these latter would not have permitted *any* generalizations.

To the extent possible in a study of this nature, all results and conclusions are documented by data. However, the supporting material gathered by the Committee is voluminous and is both quantitative and qualitative. Much of it is in the form of working documents prepared by individual Committee members and/or consultants and will be submitted for publication in the near future. It should provide further opportunities for study and analysis by others who may follow.

To my regret, it has not been possible to obtain a consensus of all Committee members on all sections of this report. Professors Pham Hoang Ho, Alexander Leighton, and Paul Richards have disassociated themselves from the section dealing with the quantitative assessment of damage to the inland forests (IV B 3). Their statements of exception are reproduced in a section immediately following the text of the report. I respect their exceptions although I believe the assessment of forest damage was conducted by individuals with great experience and an impeccable record in forest surveys of this nature. I must add that this study was very complex indeed and spans a very wide spectrum of disciplines. Therefore, the individual members of the Committee should not be held accountable for every part of the entire report.

In presenting this report I wish to recognize and commend to you the enormous contribution of the members of the Committee. They remained dedicated even when it became necessary to scrap or alter study plans, and although all were engaged with other pressing commitments they never refused to place at our disposal their time, their thought, or their personal convenience. The consultants and associates of the Committee also deserve highest praise, as does the Committee staff and especially the Committee's principal staff officer.

Respectfully,
Anton Lang,
Chairman.

Committee on the Effects of Herbicides in Vietnam

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THE EFFECTS OF HERBICIDES IN SOUTH VIETNAM

SUMMARY

Origin of the Study (Section I)[1]

The study had its origin in the widespread public concern that the extensive use of herbicides in the Vietnam war may have had serious adverse effects, perhaps irreversible, on environment and people, major economic losses because of damage to forests and crops, and reproductive failures, congenital malformations, and genetic damage in humans.

In response to this public concern, Congress in late 1970 directed the Department of Defense (DOD) to contract with the National Academy of Sciences (NAS), for a study of the ecological and physiological effects of the widespread military use of herbicides in South Vietnam (SVN). A 17-member committee, with additional professional staff and 30 consultants, carried out the study, which included field, laboratory, and library research. Some 1,500 man-days were spent in SVN during the course of the study, the results of which are discussed in the following report. Additional technical details are available in the public records of the Committee.

The Committee conducted work on the following:

1. Inventory of the sprayed areas by herbicide type, date, and frequency of spray application as related to vegetation types and to population density.

2. Effects on vegetation, with emphasis on the inland and mangrove forests—the two vegetation types subjected to the most extensive herbicide spraying—and also with consideration of effects on crop production.

3. Persistence of herbicides in the soil, and their effects on soil fertility, i.e., on the content of essential nutrients available to plants.

4. Effects on animals (limited to studies on animal populations in estuaries, and on the populations of disease vectors, both in the mangrove).

5. Effects on people (medical, socioeconomic, psychological).

The extent to which these problems could be effectively dealt with was highly variable. The Committee could construct only a tentative initial program; this had to be modified repeatedly in the course of the work. The principal limitation to the Committee's work was the security conditions in SVN, which rendered long-term field studies virtually impossible. Moreover, the Committee started its work in SVN in September 1971, while all major herbicide operations were terminated early in that year; the Committee had somewhat over one year for gathering most of its materials. Hence, on the one hand, relatively short-term effects were difficult to study; on the other hand, except where detailed historical information such as aerial photographs were available, research was limited to short periods of time, whereas some of the effects, for example on succession of vegetation in forests, are long-term ones. Statistics and inventories on SVN population, forestry, and agriculture were not available or did not contain sufficient detail to allow quantitative assessments of many herbicide effects, particularly at the national level. Despite these limitations, we carried out field studies on a number of problems (effects on vegetation and soils, persistence of herbicides in soils, effects estuarine life and on ecological-epidemiological effects of defoliation, and on the perception of herbicides and their effects by humans), and the available documents, including extensive aerial photography, were examined and evaluated.

History of military use of herbicides in South Vietnam (section II B)

The military use of herbicides in SVN began in 1962, was greatly expanded in 1965 and 1966, and reached a peak in 1967–69 (see Table I). After it was reported that 2,4,5-T, one of the components of the most extensively used herbicide preparation, Agent Orange, caused birth defects in mice, the use of this agent was stopped in 1970, and, during 1971, application of herbicides under U.S. military control was rapidly phased out. According to records available to the Committee, fixed-wing operations ceased in 1971, and other applications in October of that year. The herbicide agents used in the Vietnam war and the application rates are shown in Table II.

The herbicides used in the Vietnam war (section II C)

The herbicides used for military purposes in SVN are among a considerable number of chemical compounds utilized widely for the control of weeds and unwanted vegetation, although the application of some of them, in the United States and some other countries, is limited to specific purposes. They are selected because they can be manufactured cheaply and in large quantities, but also for physical, chemical, and biological characteristics that minimize undesired side effects. They have been used worldwide in large quantities, on the whole without causing serious hazards. There is considerable information on their properties, such as solubility and volatility, effects on plants, behavior in soil, toxicity on and behavior in animals, although the amount of this information is greater for some (2,4-D and 2,4,5-T) than for others (picloram, cacodylic acid).

TABLE I.—APPLICATION OF HERBICIDES IN THE VIETNAM WAR BY YEAR

[Millions of gallons]

Year	1962 to July 1965	August to December 1965	1966	1967	1968	1969	1970	1971	Total
Orange	(1)	0.37	1.64	3.17	2.22	3.25	0.57	0	11.22
White	(1)	0	.53	1.33	2.13	1.02	.22	.01	5.24
Blue	(1)	0	.02	.38	.28	.26	.18	0	1.12
Total	1.27	.37	2.19	4.88	4.63	4.53	.97	.01	18.85

[1] Not available.

TABLE II.—HERBICIDES USED IN SVN 1965–71

Agent	Active chemical components	Military application rate (pounds per acre)	Millions of gallons used, August 1965–71
Orange	2,4-D 2,4,5-T	12.00 13.80	11.22
White	2,4-D Picloram	6.00 1.62	5.24
Blue	Cacodylic acid	9.30	1.12
Total			17.58

In the form present in Agent Orange, 2,4-D and 2,4,5-T are little soluble in water but are moderately volatile. In soil, they undergo rapid breakdown (2,4-D more rapidly than 2,4,5-T). These properties indicate that the two compounds will not readily move in soil and water, though some movement as vapor does occur. 2,4-D in the form present in Agent White, and the other component of this agent, picloram, are non-volatile but highly water-soluble, and picloram is more persistent in soil than 2,4-D or 2,4,5-T. Thus, while there is no hazard of movement in vapor form, there is some hazard of movement with water, both in soil and by rain. Cacodylic acid, the active component of Agent Blue, is also non-volatile and water-soluble but decomposes rather rapidly to non-soluble, relatively non-toxic aresenical compounds in soil and water.

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[1] Section numbers refer to sections in the body of this report.

2,4–D, 2,4,5–T, picloram, and cacodylic acid are distinctly toxic but only when ingested or absorbed in relatively large amounts. The toxicity of 2,4–D and 2,4,5–T is somewhat greater than that of picloram and cacodylic acid. 2,4–D and 2,4,5–T are rapidly excreted in unchanged form by most animals, and there is no evidence for accumulation in any tissues or in the food chain. Some derivatives of the two herbicides, including those present in Agent Orange, seem, however, to possess a relatively high toxicity for some aquatic animals.

In 1969, both 2,4–D and 2,4,5–T were reported to produce birth defects in laboratory animals. At about the same time, it was recognized that 2,4,5–T contained a contaminant, TCDD (2,3,7,8-tetrachlorodibenzo-paradioxin), an extremely toxic material that also possessed teratogenic properties. However, whereas some of the birth defects in laboratory animals, which had originally been ascribed to 2,4,5–T were actually caused by TCDD, it appears that 2,4,5–T has some teratogenic potential of its own, although at relatively high doses. Tests with 2,4–D were less conclusive.

TCDD, a contaminant of 2,4,5–T (section II C–2, C–5)

TCDD is extremely toxic to some laboratory animals. In male guinea pigs, the most sensitive animal so far found, a single dose of 0.0006 milligrams per kilogram body weight causes death in half of the animals fed. In other animals (rats, mice, rabbits) the corresponding dose is considerably higher, in the range of 0.05 to 0.2 milligrams per kilogram. TCDD has been found to be teratogenic in mice; results with other laboratory animals have not been conclusive. The lethal dose in humans is not known, nor is that required to cause birth defects, if indeed there is such an activity. TCDD is strongly implicated as the main cause of chloracne, a disease that has affected employees in some plants manufacturing 2,4,5–T or its precursor, 2,4,5–trichlorophenol. TCDD apparently decays very slowly under normal environmental conditions, indicating that its potential hazards may be very persistent.

Inventory of the military use of herbicides in South Vietnam (section III)

The Committee conducted as thorough as possible an inventory of the herbicide operations in SVN, as the basis for assessing the effects of these operations on vegetation, soils, and people. The main source used was the HERBS tape, a computerized record of time, place, amount, type, and military purpose of herbicide operations carried out by aircraft between August 1965 and February 1971 (plus a printout covering the period March through October 1971, the stated termination of the U.S.-controlled herbicide operations).

The material, which covers about 85 percent of all herbicide operations in SVN, was evaluated in conjunction with the help of a vegetation map and aerial photographs in order to determine the distribution of herbicides with respect to vegetation types. Their distribution with respect to population and to settlement types in the whole country could not be studied, because relevant material was received too late. Results of such studies in selected areas are summarized under "Human Reactions to Military Use of Herbicides," Items 1–3, see below.

The number of gallons sprayed in SVN is shown in Tables I and II, the areas sprayed once, twice, and more times in Table III. The total area of SVN that was sprayed is somewhat larger than the area of Connecticut, while the entire country (approximately 44.6 million acres) equals in size this state plus Rhode Island, Maine, Vermont, New Hampshire and Massachusetts.

About 88 percent of the herbicide missions recorded on the HERBS tape were designated for defoliation, about 9 percent were for crop destruction, and the remaining 3 percent were directed at base perimeters, enemy cache sites, waterways, and lines of communication. There was little relationhsip between recorded purpose and distribution of sprays with respect to native vegetation type, although a relatively greater proportion of the crop-destruction missions employed Agent Blue, and all these missions were flown in the northern two thirds of SVN. Regardless of the stated purpose of the mission, about three quarters of the total gallonage was sprayed over inland forests, about 8 percent over mangrove forests, and a little over 7 percent over permanently cultivated areas (see Table III). Crops were affected, however, to a greater extent than indicated by the latter figure because temporary fields ("swiddens") such as those customarily cultivated by the Highlanders (Montnagards) were classified as "forest," and because field crops were damaged by drift of herbicides outside the intended or recorded spray path.

HERBICIDE DAMAGE TO VEGETATION (SECTION IV)

Death of and damage to vegetation caused by herbicides can have many different consequences: loss of potential production at a stage before the growth becomes economically valuable; loss of commercial products such as timber, grain and fruit; lack of young plants and of seeds necessary to maintain the "system," the latter type of effect being particularly important in native vegetation. The Committee studied herbicide SVN: the inland forest, the mangrove forest, damage to three major vegetation types of and (permanently) cultivated land. Information on effects on the last-named type (crop damage) was obtained mainly in a study of effects on settlements and by interviews with villages, and the results are therefore reported under "Effects of Herbicides on Humans." With the exception of extensively sprayed mangrove forests, aerial photographs showed that vegetation cover of some type returned to most areas within six months to a year after they had been sprayed. Because of limited access to the forest we were often not able to determine the exact nature of the postspray vegetation. The fact that vegetation of some type generally returned promptly suggests, however, that there was no permanent inhibition of plant growth because of adverse conditions in the soil.

TABLE III.—ESTIMATED ACREAGE SPRAYED 1 OR MORE TIMES, 1965–71[1]

Vegetation type[2]	Total in SVN in 1953		Number of times sprayed, August 1965–March 1971—millions of acres				Total sprayed one or more times	
	Millions of acres	Percent	1	2	3	4 or more	Millions of acres	Percent
Inland forest	25.91	62.4	1.72	0.62	0.22	0.11	2.67	10.3
Cultivated land	7.80	18.8	.20	.04	.01	.00	.26	3.2
Mangrove forest	.72	1.7	.14	.07	.03	.02	.26	36.1
Other	7.07	17.1	.31	.07	.02	.00	.39	5.5
Total	41.50	100.0	2.37	.80	.28	.13	3.58	8.6

[1] Does not include coverage of missions before August 1965 (1,270,000 gallons) and missions after that date for which location information is incomplete (1,100,000 gallons) representing about 12.5 percent of the total gallonage accounted for. Compare Tables III C–1 and III C–2 and related text.

[2] Inland forests include those areas classed as dense forest, secondary forest, swidden zones, bamboo forests, open dipterocarp, Laterstroemia and Leguminosae forests. "Other" include pine forests, savanna and degraded forests, grasslands and steppes in higher elevations, dunes and brushland, grass and sedge swamps and areas of no vegetation (urban areas, roads, water courses, etc.). Classification and area figures follow Bernard Rollet (1962). See Tables II–E and III B–3 and the accompanying text.

Inland Forests: Damage and Redevelopment (Sec IV B[1], [2])

The inland forests received three-quarters of all herbicide sprays. As a result of extensive study of aerial photography and limited observations on the ground in sprayed forests, we conclude that damage to forests depended on the frequency with which a given area was sprayed, the time intervals of individual sprays in multiple-sprayed areas, the extent to which there was other disturbance (especially bombing, and also clearing and burning for agriculture or other purposes, as well as selective logging). It should also be noted that much of the inland forests of SVN, including the areas sprayed with herbicides, was already disturbed—as are most tropical forests, except those in the remotest locations—by lumbering, agriculture clearing, or fire prior to the time of spraying. Although some areas are technically classed as "forest," and have been subjected to herbicide sprays, they contained few large trees.

Because so many variables are involved, the extent to which there will be recovery from deleterious effects, and the time required, cannot be stated in precise terms. In some areas, particularly those sprayed only once and not subject to other disturbances, damage was generally limited to the tallest trees, which were more exposed to the spray than lower ones. It appears that redevelopment will resemble the pattern of forest growth following harvest of large trees. In areas sprayed more frequently, where damage was heavier in the lower stories of the forest, the redevelopment will take longer. If large-scale rehabilitation of war-damaged inland forest is undertaken, it is probable that all single sprayed and most multiple-sprayed forests can eventually be restored to productive forestry by adopting appropriate silvicultural practices. Systematic on-the-ground studies of sprayed areas are essential, with special attention to numbers and sizes of young individuals of the important tree species and of seed sources.

Concern has been expressd that herbicide-damaged forests will be replaced by bamboo. Information derived from limited field and aerial reconnaissance suggests that where herbicide spraying has led to the death of the forest tree species and suppression of their reproduction, bamboos, if present in the area—as they are in many but not all island forest areas—tend to increase with establishment of pure stands, which may persist for many years. However, it is difficult to distinguish this herbicide effect from effects of other disturbances, particularly fire and agricultural clearing, and it should be realized that extensive bamboo forests existed in the SVN before the herbicide operations, probably as results of such disturbances. Evidence for rapid invasion of new forest areas by bamboos as a consequence of herbicide spraying was not observed.

Inland Forests: Loss of Merchantable Timber and Other Damage (Section IV B–3)

Using the HERBS records of herbicide operations, plus aerial photographs taken before, during, and after these operations, combined with information on the characteristics of the forests of SVN and measures of logs used currently in sawmills in SVN, the Committee estimated the total loss of merchantable timber in SVN forests by estimating the total number of trees of merchantable size killed by the herbicide operations in the inland forests of SVN, based on a detailed analysis of no less than some 100,000 acres (40,000 hectacres). The estimate is 1.25 million m^3 with a range of 0.5 to 2.0 million m^3. This may be related to an estimated total of about 8.5 million m^3 of merchantable timber in the sprayed area. Our estimate is, however, much lower than previous estimates by some other authors. The reasons for this discrepancy lie in differences in assumptions about the status of the forest inventory in SVN prior to application of herbicides, in estimates of effect of one and more than one spray, in predictions of length of time for restoration of forest structure following spray, and differences in estimates of total forest area exposed to herbicide sprays.

Loss to non-merchantable timber in the herbicide-sprayed area of the inland forests was estimated to be between 5,050,000 and 11,150,000 m^3 (see Table IV B–8) although the accuracy of this estimate is considerably less than that for merchantable timber.

In addition to the losses in merchantable and non-merchantable timber, there are other types of damage; to saplings and young trees ("growing stock") which in normal forest development will replace older trees as these die or are harvested, to growth because of herbicide damage (e.g., loss of part of the crown), which however did not result in death, and to seed sources. These damage classes could not be determined quantitatively, because of lack of both access on the ground and a forest inventory. However, the damage to growing stock has been substantial, particularly in heavily overused open forests and in young forests emerging from abandoned swidden. Loss of seed sources in these forests may also be a very critical type of damage, with serious consequences for the future of the forests, even though the merchantable volume of the source trees (per unit forest surface) was quite small. Thus, the total damage, particularly in multiple-sprayed inland forest areas, was undoubtedly extensive and serious. We also found some, although not very extensive, anomalies for which the explanation is not clear. These were usually areas that had been sprayed four times and from which the tree cover has almost entirely disappeared. The reasons for this could not be determined. Other areas sprayed as many or more times did not exhibit this much damage.

Damage to the inland forests was not confined to herbicides. Damage by bombing was also heavy, in both extent (area) and intensity (destruction of all trees, large and small, in the area of the crater, heavy damage in its perimeter, including metal fragments imbedded in surviving trees, which pose a hazard in sawmills, etc., and may reduce the value of timber from SVN in general).

Damage and regrowth in mangrove forests (section IV C)

A large proportion of the mangrove forests was sprayed with heribcides and was more heavily affected by the spraying than any other vegetation type in SVN. Of the approximately 720,000 acres of SVN that were covered by mangrove (representing about 1.7 percent of the total area of the nation), about 260,000 acres, or 36 percent, were sprayed. One spray usually killed all mangrove trees; large contiguous areas were devastated, and there has been little or no recolonization of mangrove trees in extensive sprayed areas, except along the margins of some of the canals that drain these swamps. One reason for this is that in some areas, especially the "Rung Sat Special Zone" southeast of Saigon, the destruction of this vegetation type was so complete as to eliminate most seed sources. Wood cutting, a traditional economic pursuit in the mangrove forests, is probably further reducing the supply of seeds and retarding recovery. An estimate based on a model suggests that, under present conditions of use and natural regrowth, it may take well over 100 years for the mangrove area to be reforested. With a massive reforestation program, the forest could probably be restored in approximately 20 years if sufficient money and seed resources were available.

The mangrove forest plays important roles as spawning site and food source for many economically important fish and shellfish species. Comparative studies of frequency of fish, shellfish, and planktonic organisms—the last-named important as food for the former two—in waters of an herbicide sprayed and largely denuded region and of an intact mangrove region showed that, while both were rich in planktonic organisms, the numbers and variety of these organisms were lower in the former than the latter. The same was true of large fish, while fish eggs and larvae were more frequent in the denuded region, although the variety of fish was the same. However, the data are not extensive, and the differences between the two sites are not large enough to draw firm conclusions. Overall fish catch in SVN has not changed much in the years of the herbicide operations, but catch per fishing craft (per unit of effort) has declined in contrast, for example, to the situation in Taiwan and Thailand. However, it was not possible to separate the operation of herbicide-related effects, such as the possible decrease in fish food, from other effects, such as increased fishing pressure, increased motor boat traffic, and decreased safety.

Effects of Herbicides on Soils (Section V)

The Committee conducted two kinds of studies to investigate the possibility that military applications of herbicides might have resulted in long lasting changes in the ability of the soil to support plant growth. First, samples of soil from sites in SVN and Thailand that had been sprayed during the military herbicide operations or in related tests were chemically analyzed for the presence of herbicides (2,4,5-T; 2,4-D; picloram). Second, planting experiments and chemical analyses for residual herbicides were conducted in SVN and the Philippines in tropical forest, agricultural, and mangrove soils that had been treated with herbicides in the same amounts as used in the herbicide operations in SVN. In general, both chemical and biological assays showed that toxic residues of herbicides applied at military rates disappeared within less than one year. If traces persisted (in certain mangrove areas), they were below or near the limit of biological activity even in highly sensitive plants and did not seem to affect the reestablishment of native vegetation.

Limited studies were made of soil fertility—that is, the contents of the soil in readily available essential plant nutrients—in herbicide sprayed and unsprayed inland and mangrove forest areas. Compared with other ecosystems, in tropical forests a very high proportion of those plant nutrients is contained in the vegetation, rather than being retained in the soil. Concern has therefore been expressed that the death of large amounts of tropical forest vegetation may lead to loss of essential nutrients from the ecosystem, decreasing the prospects for revegetation after extensive herbicide treatment. Our results indicate, however, that although there were certain differences between "sprayed" and "unsprayed" inland forest and mangrove soils, the widespread death of vegetation caused by the herbicides has not had lasting detrimental effect on those plant nutrients within the ecosystem, with the possible exception of potassium. Potassium may be lost especially if the levels of other elements in the soil or the shed plant matter should become too high.

We saw no evidence in aerial photographs, aerial observation, or our limited visits to affected forests that destruction of vegetation by herbicides had resulted in laterization (permanent hardening of the soil surface, which inhibits forest regrowth) over any large areas of inland forests, as has been suggested by some authors.

Effects of Herbicides on Humans (Section VII)

The following conceivable types of herbicide effects on animals and humans were considered by the Committee: toxicity in directly exposed individuals; birth defects of offspring born to exposed mothers; ecological effects on disease-carrying insects and rodents; economic and behavioral changes associated with herbicide-caused destruction of vegetation; and perception and evaluation of herbicide effects by the Vietnamese public.

Herbicides and birth defects (section VII A–1)

The Committee could find no conclusive evidence of association between exposure to herbicides and birth defects in humans. Available records of two major Saigon hospitals and evaluation of records in a third, as far as they go, showed no consistent pattern of association between rates of congenital malformations and annual amounts of herbicides sprayed. The Committee recognizes however that the material is not adequate for definite conclusions.

The Committee has not yet completed its comparison of herbicide-spray records with the dates and places of birth of children with birth defects who were treated at the Barsky Unit, Cho Ray Hospital, Saigon-Cholon. The Barsky data are probably the best ones that can be obtained in SVN for the study of the problem.

The TCDD problem in South Vietnam (section VII A–2)

Analyses of samples of Agent Orange that had been returned from SVN, or had been procured but not shipped to the country, indicate that the amounts of TCDD ranged from less than 0.05 to almost 50 parts per million, with average concentrations in two sets of samples of 1.91 and 2.99 ppm. Over 10 million gallons of Agent Orange were used in SVN, suggesting that perhaps 220 to 360 lb of the TCDD contaminant were released over SVN.

Until early 1973, there were no analytical techniques available with sensitivity and specificity sufficient to detect the extremely small quantities of TCDD likely to be present in the environment. A much more sensitive and specific analytical method for detecting TCDD has recently been developed, and it has been reported that TCDD is present in fish and shellfish collected in 1970 and 1973 in waters of SVN, which drain areas that had been subjected to heavy herbicide sprays during the war. While the significance of this finding is by no means clear, it has raised serious, legitimate concerns for the public health; these concerns will persist as long as the problem is not resolved.

Herbicieds and medical ecological changes (section VII A–3)

Insect and rodent carriers (vectors and reservoirs) of human diseases are sensitive to small changes in the environment that they may share with humans. The Committee studied differences between vector populations and the prevalence of malaria in human populations living in cleared and uncleared mangrove forests. Malarial mosquitoes were absent and there was no malaria among children living in uncleared mangroves in Thailand. Malaria organisms were found in the blood of 7 percent of children in a herbicide-cleared mangrove area in SVN, where mosquitoes of species known to be capable of transmitting malaria were also found. A mechanically cleared mangrove area in Thailand had malarial mosquitoes, and also had a higher rat population than did uncleared mangrove areas in Thailand. The results of this study led the Committee to conclude that clearing of mangroves by mechanical or chemical means may lead to environmental changes that favor vectors of human diseases. In the cleared mangrove community in SVN, the presence of malaria was probably a consequence also of temporary or permanent migrants from previously malaria-infested areas, and of the development of irrigated agriculture in herbicide-cleared areas that previously had been used for woodcutting and fishing.

Human reactions to military use of herbicides (section VII B, C)

The Committee studied human reactions to the military applications of herbicides by interpretation of aerial photographs taken before and after spraying of a variety of land use and settlement types, by interviews, and by examination of relevant local documents where available. Studies of one or more of these kinds were conducted in mangrove forest, irrigated rice, coconut plantation, gardening, and upland crop areas, and among Vietnamese and Montagnard peoples (the latter being interviewed in refugee camps). We also made a study of Saigon newspapers and other publications representative of the urban population. The results of aerial photography, documentary, and interviews were highly consistent, thus reinforcing one another. On the other hand, the opinions obtained in interviews in each community were quite diverse, suggesting that our respondents were usually expressing their own perceptions of herbicides, rather than following propaganda lines of either the government of RVN or the NLF. Following are the main general results:

1. Some communities and agricultural areas of all land-use types that we studied were in the direct path of recorded herbicide missions, many of them repeatedly. However, since the areas were selected because they had been heavily sprayed, these results cannot be used for a quantitative estimate of people thus affected in the country as a whole.

2, Herbicide spraying resulted in the displacement of people from their homes and contributed to the urbanization of SVN. However, major dislocations of human populations that followed herbicide sprays were often associated with other types of aerial or ground military activity. In only one out of 18 areas studied did population and settlements increase over the pre-spray period.

3. Application of herbicides in areas of human habitation resulted in destruction of or damage to crops regardless of the intended military purpose and the herbicide agent used. In 16 out of 18 areas studied, crop damage that had been caused by missions designated as defoliation was greater than that by missions designated as crop destruction. In addition to crop damage because the fields were in the direct flight path of herbicide missions, there was evidence for widespread crop damage by drift, i.e., herbicide carried outside the intended target area by wind, even though herbicide missions were not to be flown when wind velocity exceeded a certain limit.

4. Herbicide exposure of field crops usually resulted in loss of production for no more than one growing season. There was no evidence that crops could not be replanted within one year and less after the last herbicide spray. Fruit trees, especially coconuts, jackfruit, and papaya, suffered more persistent damage, and in some cases were killed, leading to loss of production for several years. Damage reparations—which, however, were intended on a solatium basis—were generally inadequate to pay for the direct damage in a single year, and did not even attempt to pay for lost production beyond the year of the spray, nor for the costs of restoring production. The loss was probably greatest to those farmers who were closest to the margin of subsistence and to those heavily dependent on tree crops.

5. Some individuals in every community in which people were interviewed reported that domestic animals and humans became ill or died after exposure to herbicide sprays, or after eating herbicide-treated plants or drinking contaminated water. Toxic symptoms reported included eye, skin, respiratory, and digestive disturbances. Reports of serious illness and death, especially among children, were more common and consistent among the Montagnards than among the lowland people. No independent medical studies of exposed populations were however in either case available from the time of spraying against which these reports could be confirmed or refuted.

6. Effects of herbicides were preponderantly viewed as deleterious to the livelihoods of the people whose land was sprayed, with the exception of some residents of the mangroves, who thought that defoliation resulted in increased security from the NLF, and also made it easier to clear land for irrigated fields. Woodcutters in this area recognized, however, that their primary resource had been largely eliminated by herbicides.

Psychological Reactions to Herbicides (Section VII B–2)

The study of psychological reactions among South Vietnamese consisted of two types of investigations: (1) measurement of emotional strain and (2) assessment of attitudes about herbicides. Refugees from a rural community which had been heavily sprayed showed a higher level of emotional strain than any other group to which they could be compared. Among them, those who had experienced the larger number of hard knocks of war had more evidence of emotional symptoms than those who were less severely hit. The spraying of herbicides contributed in both a general and specific way to the experiences identified as hard knocks. In regard to attitudes about herbicides, most of the people in the countryside held to the pragmatic belief that herbicides were a bad thing among many bad things that occur in war. In contrast, our study of pro-government and opposition newspapers from Saigon showed that the military herbicide program came to be viewed negatively by people in the cities. Herbicides came to be an emotionally charged symbol standing for many apprehensions and distresses, especially those for which Americans are blamed.

RECOMMENDATIONS

In what follows, the Committee recommends that action be taken in several fields as a consequence of its studies. Our first recommendation, however, is that the Committee's report be translated into Vietnamese. This is because it is the people of Vietnam who must live with the consequences of herbicide use and who must undertake remedial action.

It is also clear that Vietnamese effort to cope with the consequences of herbicide use will require financial and technical support from the United States. This should include the necessary funds, training for Vietnamese workers, the lending of technical and professional personnel as needed, and the supplying of equipment.

TCDD (Dioxin)

In view of the very high toxicity of TCDD (dioxin) to animals, and the presence of this substance in Agent Orange, which was widely used in the herbicide operations in SVN (approximately 10 million gal.), and preliminary reports of TCDD in fish in Vietnam on the one hand, and the lack of any data permitting assessment of TCDD effects on humans on the other, we strongly recommend two actions which should be undertaken simultaneously:

(1) Repeated systematic samplings and analyses of materials from Vietnam to verify the presence to TCDD and determine the level and distribution in human foodstuffs, animals involved in the human food chain, and river estuarine and sea muds. Such samplings should be started immediately and should be repeated at intervals to follow changes that may occur with time.

(2) Long-term studies to obtain a firmer basis for assessing the potential harmful effects of TCDD on man.

Other human health problems

Reports of Highlanders (Montagnards), in comparison with lowland Vietnamese, on death and illness caused by herbicides are so consistent that despite the lack of medical and toxicological evidence for such effects they cannot be dismissed out of hand and should be followed up as promptly as possible by intensive studies which should include medical and behavioral sciences approaches. Such studies will become possible only after peace has been restored in that area.

We strongly urge prompt evaluation of the data the Committee collected at the Barsky Unit of Cho Ray Hospital (see Section VII A–1) and elsewhere to determine whether or not they indicate a relationship between exposure to herbicides and congenital malformations.

We also strongly urge a comprehensive medical study over time of the approximately 50 Vietnamese men who were heavily exposed as handlers of herbicides in the defoliation program, if they can be located, as compared with an appropriate "control" group.

Where defoliated areas are considered as resettlement sites (or have already been settled by new populations) epidemiological studies are recommended, directed at determining changes in populations of potential disease vectors and taking into consideration possible effects of different land-use types on the spread of disease.

INLAND FORESTS

The inland forest regions contain major resources for the people of SVN. These areas have been subjected to the greatest amount of herbicide spray and to other war damage.

We therefore recommend that a complete inventory of representative samples of the forest be made as soon as possible, with particular attention being paid to reproduction and the young age classes of trees and to changes in forest composition, followed by studies to determine the consequences of war-related damage.

A systematic forest inventory is necessary for developing a basic land-use policy. When such a policy is established it may be appropriate to design specific procedures, for example with regard to conservation of forest reserves, for systematic reforestation programs. Forest utilization problems related to war-caused damage should be studied. In heavily damaged inland forest areas, plans and rehabilitation efforts should be initiated as soon as possible.

Mangrove Forests

The mangrove forests of SVN, which are economically important as a source of fuel and of food for fish, have suffered a greater damage than any other type of vegetation in SVN.

Since good inventories have been made of the mangrove forests, the first essential step appears to be the development of a land-use policy which, among other matters, would help determine how much of the mangrove area should be reforested and how much developed for agricultural and other uses. Both developments appear feasible although either one will undoubtedly require a considerable input of labor and capital. The Committee urges most serious consideration of the important role of mangroves as fish and shellfish breeding grounds which require the preservation or reestablishment of adequate forested areas.

Urgent attention should be given to proper utilization of mangrove forests, particularly in view of the increasing energy problems, and the possible need for more fuel in the future.

Records

Many records of the lower reporting levels (district, province) which would have been useful in answering in more detail the direct and indirect effects on agriculture or on movement or health of people were routinely destroyed after being summarized and forwarded to regional or national headquarters. We recommend the preservation of all remaining records relating to herbicide operations. These should be declassified where necessary and made available for further study. Records of this NAS Committee, including data bank, photographs, and other records, should likewise be preserved and kept available for later studies.

General recommendations

Herbicides are an example of a modern technology which when employed on a massive scale for military use cannot be completely controlled, nor limited use cannot be completely controlled, nor limited in time and space to their intended target. The Committee recommends that Congress, in appropriating funds for development and use of materials and equipment as weapons, also appropriate funds for *independent* study and monitoring in those cases where there is a serious possibility of any widespread or persistent ecological or physiological effects. The Committee's work is a convincing demonstration of how difficult it is to do this after the fact.

Herbicides were a grave concern to many Vietnamese and achieved symbolic and emotional significance which sometimes outweighed the actual facts. We recommend further studies in collaboration with the Vietnamese with a view to promoting greater understanding of the properties of these herbicides, of their peaceful uses, and their hazards.

Herbicides have been only one of the impacts of the recent war on the Vietnamese people. The various direct and indirect war impacts were however all closely interrelated, and it is the Committee's firm belief that rehabilitation and reconstruction efforts should not be fragmented according to different categories of damage but should proceed in an integrated fashion, and that such efforts be undertaken as rapidly as conditions permit.

We are aware of the complex and difficult nature of some of these recommendations, but we urge that the work here recommended be initiated promptly, since any delay will make its accomplishment more difficult.

STATEMENTS OF EXCEPTION

Translated from the French

UNIVERSITE DE SAIGON,
FACULTE DES SCIENCES,
DEPARTMENT DE BOTANIQUE,
Saigon, December 3, 1973.

Prof. ANTON LANG,
Director, MSU/AEC Plant Research Laboratory, Michigan State University, East Lansing, Mich.

DEAR PROFESSOR ANTON LANG, I would like to apologize for my being late at the last (November 1973) meeting in Washington. The long formalities necessary to leave the country are responsible.

However, I do not think the results would have been much different, even if I had been on time. It is a pity that the committee lost four to five months more to restudy the problem of the damage in forests; as for myself, I have regretted waiting this length of time to confirm what I wrote to you on 6/21/73, and that at your request I gave my approval not to distribute to the members of the committee. The results of the new (?) study appear to be identical to the ones proposed in June; because they are now better written, in more refined shades, more toned down, more skillful, does not mean that I have to accept them.

I do not speak of the figures concerning the extent of the defoliated areas. We estimate that the non-recorded represent defoliated areas about 15 percent of the total area.

What I would like to speak to you about here concerns the methodology used to calculate the amount of the damages, or more precisely, the material and the methods used.

MATERIAL USED

1. The report draft has specified that the commitee has chosen a certain number of sites necessary for a good sampling of defoliated forests. But for reasons of security and convenience we have had to adopt other itineraries (p. 30).

We have used a base-line material that we have accepted but not chosen.

2. In addition, the quality of the transparencies, or at least those which I was able to study in Seattle, leave much to be desired—whether because of insufficient sharpness, or because the exposure (time of exposure at the time of shooting or processing?) is not correct (in most instances overexposure), for example, the roll S29 going through the region of Tâyninh Thiênngôn. The excellent photographs as the roll N16, B8-4 do not represent the majority.

On overexposed transparencies it is already *very difficult* to count the dead trees because of the absence of contrast: the background becomes lighter than the trunk of the dead trees. It would be *impossible* to count the poles. In effect, these photographs represent the forest at 1:5,000; a tree trunk of 45 cm or 450 mm diameter is represented thereon by a line 0.09 mm wide, visible if the photograph is sufficiently contrasted. But if the tree is represented by a covered pole it would be represented by a point of 0.09 mm diameter; this point has to be very bright to be easily recognized.

In addition, if the region has been subjected to brush fires, the trunk of a tree may be more or less charred, more difficult to see on the photo; the poles would in this case become practically indiscernible even in stereocopy. The same holds true for the kines, the surviving epiphytes.

3. I have read in the report that the Committee has chosen Tâyninh as study site (XT and YT quadrangles).

I do not know if the study was made with roll N14. As I had occasion to remark in Seattle this roll is not a good sample for several reasons:

—it passes through a region where there are many *recent* rays (swidden agriculture). It is in no way representative of the forest.

—in the counting, quadrants were not discarded in which there are rivers. Apart from the fact that there are no trees on the rivers, there are along the banks often thickets of bamboo with very few or no trees.

—the roll passes through areas (068) where there are no blockhouses (abandoned); around the blockhouses there is a large bare area. Do we consider these areas as a primary prairie or a zone where there are no dead trees?

METHODOLOGY

1. *Coincidence of the co-ordinates of defoliation operations with those of the damaged forests.*

The problem of knowing whether a defoliation swath reported by the pilot and recorded, exactly matches with the one where the defoliants really come into contact with the forest. This problem does not exist when we deal with the overall estimation of the damages. But it exists when one wants to study the influence of the number of operations on the extent of the damages. Often these strips are close together, criss-crossed.

Allow me to believe that in the detail the coordinates given by the HERBS tape do not always correspond to reality. One can admit navigation errors by the pilot; a deviation of a few hundred meters for a large plane is—I think—normal. In addition, there is the drift of the droplets of the herbicide due to wind. The damages to the Hevea plantations, to the teak plantation at Dinhquán, to fruit tree plantations were often due to these causes. In addition, one can also see it on the photographs. For example:

Photo 037 (N16): I counted outside of the swath of defoliation indicated, quadrats (1.5 ha) where there are 7 to 16 dead trees.

Photo 090 (N16): In places where the HERBS tape shows one operation, I counted per quadrat of 1.5 ha 18, 8 to 9 dead trees, when *nearby*, where 3 operations are indicated, I counted only 8 dead trees.

Photo 0135: In the stretch where the forest is totally decimated, one operation is indicated.

Photo 0143: In the quadrats 134, 133, I counted respectively 11 and 10 dead trees; these quadrats are outside of the swath of defoliation recorded.

The same comments for photographs 0753, 1552. . . .

With all this, allow me not to believe the assertion on p. 34: "The cleared strips coincide geographically with areas where four herbicide missions were flown. . . ." Either the co-ordinates of the HERBS tape are not always the biological co-ordinates, or many times 2 sprays are sufficient to kill all the trees.

All the more reason, it is impossible for me to believe that we can write (p. 35): "the forest was essentially intact after the first three herbicide exposures."

2. I think that for the study of each quadrat, one should not base himself only on the vegetation map of Rollet, but also obligatorily on photographs taken before the defoliation, for example the aerial coverage of 1948.

This makes it possible to not classify a forest which is actually totally destroyed in the category "savanna". I remember that you yourself—like the majority of the members of the Committee—have never believed in the existence of the areas where the defoliation has destroyed all the trees. At the time of the July meeting, nobody believed me when I spoke of the strips where the forest is totally destroyed by the defoliation. I even showed photographs (unfortunately, in black and white). In the report draft presented in July, it was never mentioned.

In this way, we have eliminated the areas most seriously damaged. Yet these stretches are easily visible from satellites (see infrared photograph of ERTS I, for example).

When I have been at Seattle, and particularly at the Geographic Department in Washington, for each photograph, I had to look for each photo exactly what was there before the defoliation. It takes *longer, but it is more accurate.*

3. In Seattle, I brought up the problem of the poles. In my letter of June 21, 1973 I explained it again to you.

Many dead trees appear in 1973—even in 1972, if I remember properly—in the form of trunks without branches (crowns) which we have called by the term poles. Even in the

Mangrove, if you remember well, in the maritime region of Rùng-sát where we were in December 1972, were many poles, too. Along the Route Nationale from Saigon to Phantiêt, it is the same.

A great majority of the errors committed in the estimation of the damages derive from these poles:

a. In the first study, these poles were not counted. Dean Bethel himself recognized this fact when I was in Seattle.

Now, these poles are difficult to count, and even if one succeeds, it is with a great margin of error:

Photographed vertically from above, they are represented by a whitish dot of 0.09 mm diameter (for a tree of commercial value with a diameter of 0.45 m). One can identify them with certainty only with a special stereoscope for these large photographs. I did not find one in Seattle. In Seattle, there is a small stereoscope; one can examine these photographs with this small stereoscope provided that the photographs are cut to bring them closer. How many have been cut?

How to distinguish a dot of 0.09 mm that is counted, from a dot of 0.08 mm that is not counted; corresponding to trees without commercial value, and this with the rolls of photographs without contrast, without sufficient sharpness, or overexposed?

When the photographs are taken in the morning, with the sun at an angle casting long shadows, the poles are easier to detect if the ground is even, constituted of a savanna for example. This is the case in the strip where the forest is totally destroyed.

But where there still is a shrubby or arborescent layer, the shadows are difficult if not impossible to detect. The photographs 766, 767, 768, and 769 are particularly instructive: one can see projected on the rivers shadows of poles which are themselves invisible!

My observations in the Corypha forest (Nationale Highway from Saigon to Phanthiêt) and in the Mangrove lead me to believe that there are now as many if not more poles than dead trees retaining their branches. The study of the photographs in Washington and Seattle confirmed this for me.

Here are some figures taken at random from my notes (per quadrat of 1.5 ha):

	With branches	Poles
Photograph:		
730	10	1
760	0	46
706	1	1
	6	3
		7
		0
1537		16–18
1553	5	20–258

In many areas where the forest is totally destroyed, there are only poles and no trees with branches. For example, on roll B7.

b. These bare areas bring up other particularly important remarks.

The examination of the photos taken before the defoliation shows that the region was covered by a beautiful forest. On the areas now bare, or more precisely covered by a savanna, I counted for example (photographs 1552–3–4) 10 to 41 poles per quadrat of 1.5 ha.

This does not mean that the primitive forest had only from 10 to 41 trees per 1.5 ha. In other words, even counting the poles correctly—which I doubt—the estimation was made strongly—very strongly—with a lack of judgment.

This therefore makes it already possible to refute the assertion (bottom of page 14) "complete destruction by fire or decay—although such complete disappearance of merchantable size trees in the period in question is unlikely". That complete destruction of the trunks of dead trees happens only in bare areas is highly unlikely!

These bare areas alternate with ones where the forest persists but is strongly damaged. In counting the number of trees *alive* and *dead*, one can still get an idea of the trees which disappeared because the number obtained is too small for the normal number of trees of the forest, even secondary.

Could I be impassioned or do I have a prejudice in this question? I hope that you know me enough after more than one year of collaboration to not believe it. As of now, I have not written or published anything on the defoliation in Vietnam. As a Vietnamese, I am wrong. But as a scientist, I have liked to have more observations, more studies, to have a more exact idea, free from preconceived ideas on the problem. I thank the Committee for having permitted me to do this.

But conversely, could one say that the portion of this report draft concerning the damages in the forest is impartial? I doubt it strongly. And it seems to me from the beginning, the Committee took—for this portion—an incomprehensible attitude of taking a view opposite to the ideas of some persons.

You said in the introductory part that political conclusions must be avoided. But would it be an apolitical attitude which consists of doing exactly the opposite of what others, whom you judge to be extremists, did?

When reading this part of the Report one cannot help but think of two things. First, the tone used is more one of justifying oneself than that of a scientific work. Next, the effort to minimize the facts is apparent. It is never in my ideas, nor those of Vietnam, to ask for compensation for defoliated forests. The damages—as far as commercial value—belong to the past. But the report is too polarized by this aspect and thus neglects what concerns the biologists, naturalists, environmentalists—namely to understand the biological damages.

In the citations concerning the value of the forests of South Vietnam, only the portions of Rollet's work which suggest a forest of little value are cited. Maurand (1965) who, after all, spent all of his life in Vietnam as a forester and Director of Waters and Forests, has not been cited; nor Barry et al. (1960) who give an idea of the richness of the dense forests in 1960. Not taken into account were the similarities between the forests of South Vietnam and Cambodia, similarities such that Rollet used the same terms to describe them; yet in Cambodia, Rollet gives an average of 200 m^3/ha for the dense forests and 230 m^3/ha for the semi-dense forests; the forests of South Vietnam could be a little richer, being more humid.

This effort resulted in curious numbers that I really do not understand. As on page 30: volume in cubic meters of all inland forests of SVN: 753.533

If that is the total volume "of merchantable timber", I dare not discuss it further. If that is the estimated volume destroyed by the defoliation, I cannot believe it any more.

Let us take for example just the forests totally destroyed. The committee estimated their area at 53.598 ha.

Using Rollet's figure one obtains: 200 m^3 x 53,598 = 10,719,600 m^3 destroyed.

There are reasons to think that these forests were very rich and dense forests, to deserve to be treated so many times.

The forests defoliated 3 times represent twice as large a surface area. If half of the trees are destroyed, one obtains an analogous number.

So, just for these two types of damaged forests, there is more than $21\cdot10^6$ m^3!

As for the forests defoliated one time? In the report draft I have read, I do not have the figure informing on the number of dead trees per hectare for this category. But, judging by the figures concerning the volume of wood of commercial value destroyed (2 to 4% of the figures of Flamm and Westing, i.e., from 10^6 to $2\cdot10^6$ m^3) this does not differ much from the ones given in the previous report draft (1.74 m^3 x 301,385, i.e., $0.51\cdot10^6$ m^3). I conclude from this that the number of dead trees per hectare has not varied much.

The study of the influence of the number of sprays is difficult when the swaths are close, as in the majority of the cases. One cannot eliminate the drift of the droplets of herbicide.

But some photos (roll N16, very good photographs) permit us to have an idea. These photos are of a region of beautiful forests.

On photograph 090, there are very distinct strips "one spray". On it I counted per square of 1.56 ha:

Quadrat:	*Number of dead trees*
116	17
100	6
140	5–6
139	7–8
139	2

(This is a forest with bamboos, therefore containing less trees).

On photograph 0114:

Quadrat:	*Number of dead trees*
31	12
30	15

Do these dead trees have a diameter DBH greater than 0.45 m? I do not know, but since they *belong to the upper story of the forest*, I allow myself to believe it.

With such numbers of trees of the upper story dead, the number presented by the committee appears ridiculously low.

In conclusion, as a scientist who—I think—knows Vietnam and who is familiar with the aspects of the defoliation, it appears impossible for me to associate myself with the conclusions of the Committee.

I ask you therefore to kindly present this letter to the Report Review Panel, along with the report draft or, if it is too late, to withdraw my name from the Committee.* If ever this report is translated into Vietnamese, I ask you also to insert the translation of this letter in its entirety.

In more than one year of collaboration, I have admired your kindness and your comprehension, valued the very high competency of the members of the Committee, and enormously benefited from their knowledge. It was for me one of the greatest honors to work with you. I therefore regret even more not being able to associate my name because of this small part of the work.

Please, dear Professor Anton Lang, believe in my best memories.

PHAM-HOÀNG HÔ.

NATIONAL RESEARCH COUNCIL, NATIONAL ACADEMY OF SCIENCES,
NATIONAL ACADEMY OF ENGINEERING,
Washington, D.C. February 4, 1974.

Professor PHAM-HOÀNG HÔ,
Department of Botany, Faculty of Science, Saigon, Vietnam

DEAR PROFESSOR HÔ: This is written in response to your letter of 3 December 1973. I have to apologize that this response has taken such a long time. I was very busy with various other aspects of finishing the Committee Report and had also to consult a couple of times with Dr. Bethel and Dr. Turnbull concerning certain points in your letter. Permit me also to reiterate in this letter some points which I already made in that of 21 December so that all comments which

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*Since receipt of this letter, Professor Ho has withdrawn his resignation from the Committee, but not his exceptions concerning Section IV B.

I would like to make are assembled in one document.

To begin with a number of general points.

I cannot accept your statement that for this part of the study the Committee has taken from the start a partial attitude, namely the opposite view to that of some other persons whom we consider as extremists. In this as in all other parts of the study we have tried to be as unprejudiced as humanly possible, and to use available methods which could be utilized under the circumstances to arrive at objective conclusions. In the estimation of the loss of merchantable timber—chosen because this was the kind of loss where a reasonably reliable quantitative estimate could be made—we used methods which have been used before in non-tropical as well as tropical forests and which have proven to provide results reliable within ca. 10 percent. Because of the problems of this particular study we realize that the reliability is less and use in the latest draft of the report a range, 500,000 to 2,000,000 m^3 which implies a larger error. But we consider it quite impossible that the error is anything like 20 to 100 fold. As to the other authors, our intent was at first not to enter into any discussion of their data. However, the first time our figures were shown to the Report Review Panel we were blamed for disregarding this earlier evidence, and had no choice but to explain why we consider those data entirely wrong. We do not claim to be infallible and may have made mistakes, but this was not because of partiality. If you consider one section of the report as partial this means the whole report is partial. I fully expect that accusations of partiality will be made; I regret profoundly that you are joining in this.

I also regret that you feel the new study consists only in better writing, in softer terms. In fact, this new study involves recounting for merchantable dead trees on more than 33,000 quadrats. The object was to obtain more complete information—whether it changed the preliminary figures or not. Also, *much* time and effort was spent on 10,000 photos covering the period 1965–70, and on providing specific clarifications to satisfy questions by members of our Committee, primarily your own, and of the Report Review Panel.

Turning now to individual items in your letter:

"I do not speak of the figures concerning the extent of the defoliated areas. We estimate that the non-recorded defoliated areas represent about 15 percent of the total area."

We are not clear on this statement. It could mean (i) 15 percent of the area already considered as sprayed, i.e., the actual area is 115 percent of what the Committee used as sprayed area; or (ii) it could mean 15 percent of the whole country, i.e., the Committee's figure of 10 percent for the whole country should be 25 percent.

If (i) is the meaning that it agrees closely with the Committee's estimate that herbicide operations not accounted for in the HERBS records amount to 15 to 17 percent (15 percent of the quantities used, 17 percent of the cumulative area sprayed) of those recorded.

That this amount of sprays is missing is said repeatedly (Section IIIC; Section IVB–3, p. 86) and is discussed in relation to the forest damage study on p. IV–71. It is explained at the latter place that increase in "total country sprayed" and increase in "area sprayed within sample" would both happen as a consequence of over-all increase in area sprayed. Unless there is evidence that the unrecorded spraying was outside MR III or completely missed by the sample, it is fair to assert that the increases in numerator and denominator of the ratio page IV–61, equation (1) would tend to cancel, leaving the ratio unchanged. The limited information concerning pre-August 1965 spraying locates much of it in MR III.

If (ii) is what is meant, this suggests an *error of 150 percent*. There is nothing in the data available to us to support such an assertion. It seems unlikely that this is the meaning intended; if it were so, I would regret very much that we were not alerted to this conclusion before.

"MATERIAL USED"

No. 1. "The project report has specified that the Committee has chosen a certain number of sites necessary for a good sampling of defoliated forests. But for reasons of security and convenience, we have had to adopt quite different itineraries.—We have used a base-line material which we have accepted but not chosen."

It is true that the sample areas selected had to be reselected. The main points of importance are:

(i) The request from the Department of Defense was to arrange the sample points so that they could be flown as a small number of longer lines rather than a large number (over 30) of short flight lines. *The reselection was made by the Committee*, by making minor shifts in sample location so that sets of points occurred now on the same straight line. These shifts, ranging from 0 to 10 km, were made without regard to the intensity of spraying or degree of effect (the latter unknown to the Committee until the photo flights were made.) The sample areas originally selected and still included in the reselected sample were 23 out of a total of 31, or 74 percent.

(ii) The areas selected initially would have resulted in a total sample area of about 40 x 10 kilometers of flight path, or 400 km^2. The reselected areas and lines gave about 7 x 150 or 1050 km^2 or 2.5 times the photo coverage requested originally.

(iii) An effect of shifting sample areas could be to increase or decrease the degree of damage or the fraction of any given type of forest included in the sample. An argument against the samples could be made if it were shown that the degree of damage in relation to number of spray applications (based on the HERBS records) was high or low in the sample compared with the spray effect as a whole. No basis for such an assertion has been presented. In fact, the estimates of damage for 2 and more applications, for example, were based on samples that deliberately included some of the most heavily damaged areas.

Altogether, we did *not* accept samples we had not chosen. The modifications which we made in the original sampling plan were small and are counterbalanced by a larger size of the sample. The sample would be considered entirely satisfactory in forest inventory practice.

No. 2. "In addition, the quality of the transparencies, or at least those which I was able to study at Seattle, leaves much to be desired (etc.)"

True. For this reason a careful selection of films was made to give as extensive a sampling as possible and with satisfactory quality. Copies of film seriously lacking in quality (S29) were copied in black and white from the original so that good quality (S59) was obtained. The latter were used in the final sampling.

"On overexposed transparencies it is already *very difficult* to count dead trees because of the absence of contrast; the background becomes lighter than the trunk of the dead trees. It would be *impossible* to count poles. In effect, these photos represent the forest at 1:5,000; a tree trunk of 45 cm or 450 mm diameter is represented thereon by a line of 0.09 mm wide, visible if the photo has adequate contrast. But if the tree is represented by a covered pole, it is represented by a *point* of 0.09 mm in diameter; this point has to be very bright to be recognized."

(i) The Committee had certainly as much desire to have good data as do yourself.

(ii) It is true that in the small portion of film representing area in direct line with the center of the camera field, and vertically below, a pole would appear as a point. But most of the area is not exactly on center; most of the trees are seen with some degree of obliqueness.

(iii) Trees (and parts of trees) of a diameter much smaller than 45 cm (e.g., tree branches of a diameter of 10 cm) are clearly visible on film of good quality as selected for the final sample.

(iv) Possible errors in dead tree counts, including error in judgement of size are discussed on page IV–67 which should be studied carefully. An important fact is that counting trees too small to be 45 cm in diameter can increase the *count* (*number*) of merchantable trees considerably but, since those trees are small, this has only quite a *small effect* on the *volume of merchantable trees*. The reverse is true for undercounting merchantable trees.

Reference should also be made to the new non-merchantable inventory (page IV–73 et seq.) and the assessment of damage to non-merchantable volume. As indicated there, the number of trees of 30–45 cm diameter killed by herbicide would be 20 to 30/ha in some locations. You may question whether these trees are non-merchantable. That they were killed is not being argued. We believe that when you counted dead tree numbers in the range of 20–40 cm many of these were below merchantable size—the only number which we tried to determine at that time.

"Moreover if the region had been subjected to brush fires the trunk of a tree may be more or less charred, more difficult to see, and the poles would in this case become practically invisible, even with the aid of a stereoscope. The same holds true for surviving vines and epiphytes."

(i) No indication is given as to the extent of such burning. Did it occur often enough to cause a serious error? Generally where brush is extensive, the number of merchantable size trees is small (see Table IVB–4) since most are scattered over areas that had been cleared for agriculture.

(ii) As indicated in the discussion of factors that may have affected the estimates of damage (p. IV–63) there is no doubt that dead merchantable trees were included in the count that were not killed by herbicide—compensating to some degree for trees that were killed and then covered or blackened. Again, however, no indication of the *amount* of the latter has been provided.

No. 3. "I have read in the Report that the Committee has chosen Tayninh as a study site (XT and YT quadrangles).—I do not know if the study was made with roll N14. As I had occasion to remark at Seattle this roll is not a good sample for several reasons:

"It passes through areas where there are many recent rays (swidden agriculture). It is in no way representative of the forest."

Our samples were chosen to represent *all* the areas sprayed within the general category "inland forest". The one million hectares so designated include recent swidden *that was sprayed*—therefore it is sampled. In other samples the amount of such areas is less; the total samples reflect the various vegetation types found within "inland forest" in a manner which would again be considered satisfactory in forest inventory practice.

"In counting quadrats were not discarded in which there are rivers. Apart from that fact there are no trees along the banks there is often a thicket of bamboos where also few trees are present.

"The roll passes through areas (068) where there are blockhouses (abandoned); around the blockhouses there is a large bare zone.

Are these zones considered as primary prairies or as a zone where there are no dead trees?"

Our non-forest types 6, 7 and 8 are identified in the sample (see page IV–39) and in the results (Table IVB–4) to separate these from forested areas. Rivers are for example in our micro-type No. 7. As expected these areas have very few trees, dead or alive (see also Table IV–60). But they are part of inland forest and therefore cannot be simply disregarded.

"METHODOLOGY"

1. *Coincidence of the coordinates of defoliation operations with those of the affected forests.*

"Allow me to believe that in the detail the coordinates given by the HERBS tape do not always correspond to reality. One can admit navigation errors by the pilot; a deviation of some hundreds of meters for a large airplane is—I think—normal. In addition, there is the drift of droplets of herbicide due to wind. The damage to Hevea plantations, to the teak plantation at Dinhquán, to tree fruit plantations were often due to these causes."

Agreed; see page IV–71/72 of Report. But herbicide may have also been applied because of these reasons to areas bare of vegetation. Intentional and accidental spraying of crop lands is discussed in several sections of the Report (IIIB, VIIB [1], [2]). Where this occurred in the inland forests (mainly active swidden) that amount should be subtracted from "inland forest area" and added to "cultivated area". But the reverse accident could happen and has happened, i.e., spraying designed for crop destruction has impinged on inland forests (see also Section III B–6).

"With all this, allow me not to believe the assertion on p. 34: The cleared strips coincide geographically with areas where four herbicide missions were flown."

A study of that whole area established too strong a similarity in pattern of "four spray" applications and pattern of "conspicuous damage" to be dismissed. It is true that some of the severely damaged areas had been both bombed and sprayed.

"All the more reason, it is impossible for me to believe that we can write (p. 35) 'the forest was essentially intact after the first three herbicide applications'."

In the 1968–69 (1:50,000) photographs the area is undistinguishable from many sprayed areas as visible on black and white photography, namely, it appears as a grey-white swath—within this *the trees are visible.* In 1972–73 (1:5,000) color photographs the dramatic damage in certain strips is clearly visible. According to spray records, three applications occurred prior to the 1968–69 photographs and one after they were taken. In some parts bomb craters are visible within the dramatically damaged strips.

2. "I think that for the study of each quadrant, one should not base himself only on the vegetation map of Rollet but also obligatorily on photographs taken before the defoliation, for example the 1948 aerial photo coverage."

See report. We do not know of 1948 photography. 1958 1:50,000 photographs and some 10,000 prints for the period 1965–70 *were* used. The prespraying vegetation maps given in the report are derived from the former photographs which are excellent.

3. The problem of poles. Part of this is covered under item #2 of the "Methods Used", above. In addition, the following remarks should be made:

(i) CEHV counts were made by a combination of monoscopic and stereoscopic observations following a pattern of photo interpretation that is commonly used and that has proved to be accurate in a great many similar studies in the past. This was the subject of a special inquiry when three specialists reviewed our procedures at President Handler's request. We were advised that the team found our procedures to be reasonable and to yield accurate and reproducible results. The procedures consisted essentially of using monoscopic observations when it was found, by checks with stereoscopic observations, that the counts were consistent between the two. This was the case for the large scale counting and typing. For special studies and in doubtful cases stereoscopic observations were used throughout.

(ii) Comparison of different observers with the same criterion on the same material was a common quality control procedure used throughout the study. When counts of an observer were consistently higher or lower than of the others they were discarded.

(iii) Altogether, we are compelled to say that counting poles, "snags", "climber towers" is a question of photo interpreting skill and we believe that we have covered this problem in our data gathering, in the range of assesssment values presented, and in the narrative in the report.

In the last part of your letter, speaking of the total damage estimate, you say that if this volume is the total for 'merchantable timber' you do not wish to discuss further ("je n'ose plus discuter"); if it is the estimate for the total destruction by defoliation you do not believe in it even more.

Let me emphasize that in the version of the chapter to which your letter refers we were always and explicitly speaking of loss *of merchantable timber only*. This leads me to say that, in my opinion, the important sources of disagreement are, and have been all the time, two. *First,* while we were speaking of mercantable timber—this being the type of timber which we felt could be estimated with a reasonable degree of accuracy—yourself and some others had in mind the total standing timber. These are obviously two quite different categories which cannot be interchanged. This problem is discussed on p. IV–49 of the Report. When the difference between these categories is observed, the large volumes you cite for example for Cambodia become much smaller; Rollet considers 15 m^3/ha as a high current merchantable yield. *Second,* we have followed Rollet's classification of vegetation types in South Vietnam; it seems to me that when you speak of forests you think of undisturbed or little disturbed *dense forests.* We are aware of the publications of Maurand and of Barry et al., and certainly do not deny that such high quality forests exist in South Vietnam and that they have suffered from herbicide operations. But Rollet's is the only available classification for the *entire* country, and our objective was to assess the damage in the *entire* inland forests, not in selected areas of one type or another. The only alternative would be to re-define the term "forest", excluding swidden, bamboo thickets, and some other degraded secondary forests which Rollet in his map includes under "forests." But this would almost mean preparing a forest inventory of South Vietnam, a task beyond the possibilities of this Committee even under much more favorable conditions. As long as the Rollet classification is accepted, however, it is clear that all its "forest types", including bamboo etc., have to be considered. It is, as I am sure you will agree incompatible with the scientific approach to arbitrarily disregard some sample areas or to exclude results we consider well documented by quantitative data, even if these may disagree with qualitative impressions of the forests of South Vietnam. However, I believe that our procedure, accepting Rollet's classification as the only basis available, was the correct one as it covers *total* damage, in both the good and the poor parts of the forests, and this needs to be known if a comprehensive and efficient rehabilitation program is to be developed. As a matter of fact, we believe, and say so in the Report, that while loss of merchantable timber in the more degraded forest areas is relatively slight, other damage is very serious and calls for rapid action if circumstances should permit it.

Reading the present, final version of the Report you will, I hope, note that we have introduced further modifications, designed to clarify the issues about which you have expressed concern. In particular, we have added estimates of losses of non-merchantable timber—again, please note for the *total* inland forest area, including all forest types from genuine dense forests to highly degraded secondary ones—even though we have ourselves considerably less confidence in these estimates than those of merchantable timber losses.

Let me conclude by saying that whatever your decision concerning this report, I will always remember with profound respect and gratitude your help and cooperation, given I am afraid often at detriment to your regular, demanding responsibilities, and I am sure the entire Committee shares this feeling. We know that without your generous assistance we would have accomplished very little.

With best personal regards,

Sincerely yours,

Anton Lang, *Chairman.*

School of Plant Biology, University College of North Wales, Memorial Buildings, Bangor, Caernarvonshire

STATEMENT

Though I am in general agreement with the rest of the Report, I wish to express a personal reservation with regard to the section on 'Quantitative Assessment of Herbicide Damage to the Inland Forest'. Earlier estimates of herbicide damage may have been too high, but I am not convinced that the loss of 'merchantable timber' (itself only a small fraction of the total damage to the forest) was not considerably greater than is suggested here. I have been led to this conclusion by my general knowledge of forests in many parts of the tropics, my (admittedly very limited) field experience in SVN, and by such studies as I have been able to make of the air photographs. In my opinion there are two important reasons for the low figures: (1) that the methods used led to a serious underestimate of the number of dead trees in the 1972–73 photography, much of which was of indifferent quality, (2) there was an inadequate appreciation of the post-mortem changes to which trees are subject in humid tropical climates. Because of these changes counts of dead trees and estimates of crown and tree diameters in air photographs taken long after the death of the trees may be very unreliable.

Paul W. Richards.

Received in the Committee Office, February 4, 1974.

[Western Union Mailgram]

February 8, 1974.

Philip Handler,
National Academy of Sciences,
Washington, D.C.

Ordinarily in a joint scientific endeavor that involves several disciplines, each member expects to accept within limits contributions from disciplines not his own without necessarily understanding all the technical procedures and the precise nature of the evidence. When, however, the task is as complex and difficult as the work of our committee and when there is as much controversy as there has been among scientists in given subject matter areas regarding conclusions, then the matter of approving the report as a whole becomes extremely difficult. I have in mind particularly the section on the inland forests and think it not appropriate that I should appear as either approving or disapproving it.

ALEXANDER H. LEIGHTON, M.D.

Mr. McINTYRE. Mr. President, in summary, these various documents cover the current situation relating to the subject study.

The Department of Defense letter concludes with the statement that—

> With the submission of this report and the follow-on activities listed above, the Department of Defense has discharged its responsibilities pursuant to the law which directed this effort.

I will review all of the material submitted and, pending confirmation of the conclusion reached by the Department of Defense, will otherwise consider that the Department has complied and that any necessary follow-on actions will be the subject of initiatives by other agencies including those of the Government and, if appropriate, the Congress.

THE EARNED IMMUNITY ACT OF 1974

Mr. TAFT. Mr. President, last December, Senator PELL and I introduced the Earned Immunity Act of 1974, S. 2832. This legislation would permit individuals who failed to register for the draft or refused induction into the Armed Forces during the Vietnam conflict to apply for immunity from prosecution. An Immunity Review Board would be established by the bill and the Board would review each application on a case-by-case approach. The Board would be empowered to grant immunity to such individuals upon completion of up to 2 years of alternative service, either in the Armed Forces or such programs as VISTA or the Peace Corps.

Senators PACKWOOD, BIDEN, METCALF, and HASKELL have joined in proposing this legislation and I would hope other Senators would closely examine the merits of S. 2832. In consideration of this subject I would commend to the attention of the Senate a letter of January 28, 1974 from Melvin Laird to Commander Ray R. Soden of the Veterans of Foreign Wars of the United States. Mr. Laird presents a very thoughtful analysis of this question and excellent reasoning for considering an alternative service approach to this issue. I ask unanimous consent that Mr. Laird's correspondence be printed in the RECORD.

There being no objection, the correspondence was ordered to be printed in the RECORD, as follows:

THE WHITE HOUSE,
Washington, January 28, 1974.

Commander RAY R. SODEN,
Veterans of Foreign Wars of the United States, Washington Memorial Building, Washington, D.C.

DEAR COMMANDER: I received a copy of your letter to the President on amnesty and would like to comment.

As a member of the Veterans of Foreign Wars, I share with you, Commander, a great pride in our nation's strength and freedom. As part of our heritage of freedom, we have always cherished the redemptive quality of our system of justice.

As you know, during my tenure as Secretary of Defense, I felt strongly that it was completely inappropriate, unwise and unjust to consider granting any form of amnesty. I felt that while brave Americans were fighting and dying in battle any consideration of granting amnesty was unwarranted and would have had an adverse effect on the morale of our Armed Forces. My feelings at that time were identical whether the amnesty being discussed by some was "conditional" or "general." I did make known, however, that looking beyond Vietnam we were studying various reports and studies on the complex question of amnesty.

On my departure from the Department of Defense, circumstances had changed markedly. No longer were American troops fighting and dying in combat anywhere in the world. As a result of changed conditions, my views with respect to considering the question of amnesty have also changed.

Throughout my career of public service, I have learned to avoid absolute, dogmatic positions. Neither the political system nor the judicial system of the United States works on "blanket" and arbitrary approaches. Both recognize the vital roles of (1) circumstances and (2) motivation in determining political or judicial solutions to our problems. As I have said, we pride ourselves on administering justice with mercy and understanding.

With respect to the question of a "blanket" or "general" amnesty, let me emphasize that I am now and always have been opposed to a sweeping general grant of amnesty. However, there are individual cases where the circumstances require that justice provide for what some have termed "conditional amnesty." I do not like this term and only use it for lack of a better description of an equitable approach to this difficult problem. It is my view that circumstances and motivation on a case-by-case basis, under our concept of justice, must be taken into account today when dealing with violators of our selective service laws. It is noteworthy that only a small percentage of these men have thus far been prosecuted by the Department of Justice, and in these cases widely differing penalties have been assigned to individuals varying by jurisdiction.

I hope these comments will allay some of your understandable concerns. As you know, I have nothing but a profound sense of respect and gratitude to the men and women who served in Vietnam, 56,244 of whom gave their lives in the service of our country. It is a lasting source of pride to me that I had the opportunity and privilege to associate with such fine Americans and their families. I have never committed any act, nor would I, which would be a "breach of faith" with these men and women.

Finally, I am grateful to the Veterans of Foreign Wars and to the Ladies Auxiliary for their steadfast support of our defense effort, and especially for your steadfast support during my service as Secretary of Defense. I trust, and am sure, that you will continue to extend that support to the President and to his defense policy in the cause of strength and peace.

Sincerely,

MELVIN R. LAIRD,
Counselor to the President for Domestic Affairs.

TWO PENDING NOMINATIONS

Mr. HUGHES. Mr. President, as part of my continuing effort to inform my colleagues about matters which have been investigated by the Armed Services Committee, I want to draw attention to an issue which will shortly come before that committee and possibly before the entire Senate.

Among the many military promotion lists recently submitted to this body is an Air Force list of some 92 names for the ranks of general officers. Two names on that list—Brig. Gen. Charles A. Gabriel and Maj. Gen. Alton D. Slay—have come to our attention before, during the investigation of the unauthorized bombing of North Vietnam by forces under the command of Gen. John D. Lavalle.

Both of these gentlemen testified before the committee on their roles in these events. Both men admitted knowledge of the unauthorized bombing and of the falsified reports used to conceal them, and both admitted regret or second thoughts about this practice.

I have reviewed their testimony and have circulated a letter to each member of the Armed Services Committee on this matter. My purpose was to explain why I cannot in good conscience support these particular promotions for these men and the vote of confidence in their judgment and performance of duties which such Senate approval would convey.

In order that the entire Senate may be aware of the issues in this forthcoming debate, I ask unanimous consent that a copy of my letter to the members of the committee be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

COMMITTEE ON ARMED SERVICES,
Washington, D.C., February 19, 1974.

DEAR SENATOR: The Armed Services Committee will soon act on Air Force promotion list number 91. I want, through this letter, to explain why I believe that the Committee should decline to consent to the proposed nominations of Brigadier General Charles A. Gabriel for the temporary rank of Major General and Major General Alton D. Slay for the permanent rank of Major General.

In early 1972, General Slay was General John D. Lavelle's deputy for operations and General (then Colonel) Gabriel commanded the 432d Tactical Reconnaissance Wing at Udorn Royal Thai Air Force Base. In those positions, these two men knowingly and unquestioningly received and carried out orders from General Lavelle to conduct strikes in North Vietnam in violation of the written rules of engagement and to conceal these violations by falsified reports.

The Committee conducted a lengthy investigation of this unauthorized bombing in 1972 and questioned, among others, Generals Slay and Gabriel. Let me cite a few quotations from those hearings which deal with the involvement of these officers in these events.

General Slay knew that preplanned strikes were contrary to the written rules of engagement, but he rationalized the procedure as follows: "I just assumed that he (General Lavelle) either had the authority to do it or something that I had not seen and was not in the written word or he was deliberately choosing to do it extraneous to authority." (p. 301)

While General Slay denied conveying the initial order to falsify reports, he did subsequently discuss the matter with then Colonel Gabriel. "I did tell Colonel Gabriel at the time that General Lavelle refuses to accept a report that . . . does not have 'enemy reaction,' I did tell him that." (p. 307)

Senator HUGHES. Did you discuss the fact that it was outside the rules of engagement?

General SLAY. I don't believe so, sir, because we both knew it.

Senator HUGHES. Did you discuss falsifying reports?

General SLAY. No, sir.

Senator HUGHES. You just accepted it and went ahead——

General SLAY. Yes, sir. (p. 307.)

It is interesting to note that, when General Abrams ordered a strike in early January 1972 which was thought to be possibly contrary to the rules of engagement and which the Joint Chiefs of Staff subsequently criticized as such a violation, General Slay felt that it was necessary to report the strike accurately. "General Marshall and I . . . believed the only way this could be reported was right according to the book . . ." (p. 292)

Thus, General Slay should have been consistent in opposing false reports and he should have known that "liberal interpretations of the rules" would be opposed by the Joint Chiefs in Washington.

In his testimony, General Slay admitted that, in retrospect, his duty was to question his orders or at least report them to the Inspector General, and subsequntly to request written proof for deviations from written orders.

General Gabriel also said that, "knowwhat I know now," he would have raised some questions about those orders. (p. 220) But—"It rationalized it at the time that we were giving . . . 7th Air Force . . . all the information we had on the strikes . . ." (p. 202)

When asked by Chairman Stennis, "Why were you filing a false report? What was the purpose of the false report? Who was it designed to mislead or fool or protect?" General Gabriel responded: "Sir, I don't know, and I did not know at the time." (p. 202)

General Gabriel also testified that "I probably did" fly on some of the missions which required him to make a false report, though this was never pinned down to a particular flight and false report. (p. 201)

Other witnesses testified that perhaps 300 people knew of these unauthorized strikes and that it sometimes took four hours for debriefers to falsify convincingly their reports.

Perhaps the seriousness of these actions goes without question. Admiral Moorer said that the raids were a "violation of the letter and intent of the rule.", (p. 459) He also said: "With respect to falsifying the records, I do not think that is subject to interpretation." (p. 489)

General Ryan told the Committee that he relieved General Lavelle of command primarily because of the false reporting. He also said that General Slay "exercised poor judgment" (p. 259) and that General Lavelle's subordinates "should have apprised me of the situation when I was out there. I think they should have known. . . ." (p. 271)

General Abrams was characteristically pithy in his comments. "If I or any other commander of similar rank picks and chooses among the rules, his subordinates are then going to pick and choose among the rules that he gives them. There is no way to stop it and as long as this is the way the mission must be performed, you must adhere to it or it will unravel in a way that you will never be able to control." (p. 108) General Abrams spoke directly to General Lavelle when the allegations of false reporting were made and said: "We just cannot have a military organization where you are requiring people to falsify reports." (p. 131)

I have gone into such detail because I want you to realize how full the record on these men already is. We do not need any further hearings. We must, however, make a judgment as to whether these men are fit for additional promotions and added responsibilities.

When the Committee considered the adequacy of the Lavelle investigation last March, Department of Defense General Counsel Buzhardt said that he had concluded that General Lavelle "was clearly and solely responsible for instituting false reporting of Air Force missions, and that those who obeyed his command should not be penalized." Moreover, he doubted that it would be possible to sustain a criminal charge of falsifying records, which is a violation of article 107 of the Uniform Code of Military Justice. The key problem was apparently proving an "intent to deceive."

As I told the Committee at that time, to decide *not to punish* a man for his actions is one thing, but it is quite another thing to reward him with higher rank and our confidence. I could not rest easy if I thought that one of these men who knowingly participated in this false reporting might one day become Chairman of the Joint Chiefs of Staff.

The integrity of our command and control structure, both within the military and under civilian authority, depends upon men of the higher character, whose obedience to our laws and the Constitution is unquestioned.

Hindsight is no substitute for foresight, and honest admission of error cannot replace good judgment at the time. The otherwise distinguished military records of these men cannot quell my own doubts as to how they might act in future circumstances.

It is my understanding that the denial of promotion would have these consequences: General Slay would have to retire next year, when he reaches thirty years of service and five years in his permanent grade, and he would receive retirement pay at the rate for major generals; General Gabriel could still serve an additional seven years, until he reaches thirty years of service, at which time he would retire at the pay rates for brigadier generals.

For the reasons I have outlined, I shall vote against confirmation of Generals Slay and Gabriel. I hope that, after weighing the evidence, you will join me in this action.

Sincerely,

HAROLD E. HUGHES.

THE MONETARY STRUGGLE

Mr. McCLURE. Mr. President, today we are watching a divisive and unnecessary monetary struggle within the United States. The Federal Reserve and the Comptroller of the Currency are at odds over the Fed's insistence that our banking system is increasingly and dangerously undercapitalized. Brendon Leavitt of the Fed reportedly let this be known to the Nation's big banks via a series of phone calls telling them to increase equity capital at the risk of not having their acquisitions approved. After 10 years of the substitution of debt for equity capital the banks were stunned.

In reply they assert that "the market will vote substandard banks out of existence," and that the Federal Deposit Insurance Corporation will take up the slack in terms of providing safeguards for the deposits of the general public.

What is being exhibited here is a classic situation of having the general public so controlled by a Federal entity that when its controls do not work the only answer is more of the same, but different controls. It is useless to insist that the Federal Reserve is private since in actual fact it regulates the monetary supply of the entire Nation by determining the amount of money which must be on deposit for each demand deposit made by a commercial bank, by buying and selling Government bonds on the open market, and by borrowing at discount rates. These arguments would be rendered academic by any nation which decided to use a value-backed currency.

The value-back currencies have traditionally been scoffed at by the sophisticates who "know" that economies built on credit and commercial paper pyramids need only good management to survive.

Oddly enough these precise arguments are the ones which have floundered so visibly in recent months as applied to the international money markets, markets in which as the Russians have so recently demonstrated, there is no way to survive except by the practice of capitalism.

Look, for instance at the European Communities reaction to the cold fact that their inability to pay for oil will result in up to $20 billion worth of balance-of-payments deficits and heavy borrowing on the international capital market. The average member country has about 25 percent of its monetary reserves in gold. There is no way in which these countries will agree to liquidate their gold supplies at the current international agreement price of $42.

Instead, the Commission of the European Communities has devised a system under which member banks would transfer 10 percent of their gold to the European Monetary Cooperation Fund. This gold would be credited in terms of "units of account" or UA's. While the technical value of the deposits placed in the ECMF would not change the gold could be used in the real world at current market prices.

Incidentally not even the UA would be totally meaningless, as the UA would be based on the 1970 dollar which is based on a real if inadequate appreciation of the value of gold.

The international monetary community is demonstrating right now that it knows the importance of a valuable numeraire. The International Monetary Fund has confessed somewhat abashedly, that is, indeed, a problem to devise a way to make the useless SDR attractive to "newly developed nations"—the current euphemism for the Arabs. But the IMF is at least aware of the fact that paper is useless to those who have oil and gold, and worse for those who have neither. The United States has a long way to go to catch up with today's international monetary wisdom.

HANDICAPPED AMERICANS NEED PLACEMENT IN PROPER ENVIRONMENT—WASHINGTON POST AIDS IN INFORMING PUBLIC ON PLIGHT OF MENTALLY ILL

Mr. RANDOLPH. Mr. President, as chairman of the Senate Subcommittee on the Handicapped, it is gratifying to note that the Washington Post continues its efforts to educate the public and create an awareness of the problems of our handicapped Americans.

An article "The Mentally Ill: From Back Wards to Back Alleys" in the Post on Sunday, February 17 points out the plight of the mentally ill. There is a need to deinstitutionalize these handicapped persons. This must be accompanied by careful and proper placement in the community to insure appropriate services and an environment adjusted to serve their needs. To be successful Mr. President, programs of care outside of institutions must have constant followup with strong human contact. The Post article emphasizes this need. I ask unanimous consent that the article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THE MENTALLY ILL: FROM BACK WARDS TO BACK ALLEYS

(By Sharland Trotter and Bob Kuttner)

Our society has a tendency to suffer from delusions, to believe we have solved a problem by expressing outrage or organizing a campaign or passing a new law. This is very much the case with the way we have now "reformed" our treatment of the mentally ill.

The outrage was rightly expressed against the snake pits we used to call mental institutions. The campaign was organized to provide more humane treatment outside asylum walls. And the law was passed to create Community Mental Health Centers where the disturbed would be properly cared for. The problem is that, despite good intentions, we have actually gone from the 19th Century snake pits back toward the Middle Ages, when the mentally ill roamed the streets, sick, helpless and isolated.

The mental institutions have certainly been emptying. Since the mid-1950s, the population of state asylums has dropped from a peak of 550,000 to fewer than 300,000 today. But that does not mean mental patients are now better off or that they are treated with more understanding.

In Long Beach, N.Y., a faded seaside resort, for example, between 300 and 1,000 ex-inmates have been absorbed into decaying rooming houses and hotels. There have been widespread complaints there of former patients wandering aimlessly, urinating, exposing themselves, frightening children and occasionally exhibiting violent behavior. No government agency can state the exact number of released mental patients in Long Beach. None is responsible for them.

GOING TO SKID ROW

In larger cities, thousands of discharged mental patients have gravitated to the familiar skid rows, where instead of fending off the outraged middle class they must defend themselves against drug addicts, alcoholics and prostitutes. The Uptown section of Chicago and the Times Square and Bowery areas of Manhattan, which have recently experienced community protests over welfare hotels, now find the same hotels increasingly populated with former mental patients.

In the District of Columbia, the resident population of St. Elizabeths has dropped from 5,500 in 1967 to fewer than 3,000 today. But despite four Community Mental Health Centers and control of St. Elizabeths by the National Institute of Mental Health, a majority of the ex-inmates end up in foster care homes, where they receive little if any treatment. St. Elizabeths has approved 214 such homes, but ex-patients reside in a least 400 more, according to Arthur Scarpelli, head of St. Elizabeths' placement division.

The largest and most notorious of these homes is Taylor House in Southeast Washington, which has about 100 patients, making it virtually a minihospital. Yet, according to a report by the local Civil Liberties Union, it is a "hospital" with a lack of therapeutic or rehabilitative programs, inadequate food, and a system of employing patients at menial household chores at substantially below minimum wage. One resident was paid $5 a week for 42 hours of kitchen work. Another received $2.50 for 15 hours of heavy janitorial labor.

Responsibility for policing standards in D.C. foster care homes is fragmented among several local and federal agencies with a history of mutual mistrust. "The outstanding characteristic of the District," says Dr. Robert Butler, a D.C. psychiatrist specializing in gerontology, "is the sheer inability of federal and local officials to cooperate with each other for the benefit of patients."

In San Jose, Calif., the city has inherited nearly 2,000 discharged patients of nearby Agnews State Hospital, which recently finished emptying its psychiatric wards. San Jose entrepreneurs bought up several abandoned sorority and fraternity houses adjacent to San Jose State College and created a virtual psychiatric ghetto known in the neighborhood as "Little Agnews." Testifying before an investigating committee of the California State Senate about several incidents which terrified the neighborhood, including the disruption of an elementary school class by a former inmate, San Jose School Superintendent Charles Knight commented: "This is not a therapeutic community that would allow any mental patient or ex-patient to rehabilitate himself." Though the California rooming houses are known professionally as "board and care homes," few of the released patients there receive any medical care.

All this and more is the inadverent consequence of two broad waves of psychiatric reform, that began nearly two decades ago. Alongside the movement for community mental health care, which argued that even chronically disturbed patients could be treated more effectively outside asylum walls, there began a legal movement to extend civil liberties to the mentally disturbed. By the late 1960s, a string of lawsuits had overturned loosely drawn civil commitment statutes and established that persons could not be confined for treatment without in fact being treated.

The pressure from the courts to upgrade treatment, however, came at a time of spiraling hospital costs, and suddenly state budget officials became enthusiastic converts to the new dogma of civil liberty and community psychiatry. Loosely translated, this meant emptying the wards. By the early 1970s, state hospital budgets had been cut to the bone, and a generation of mental patients found themselves on the other side of locked doors.

Meanwhile, the movement to depopulate state hospitals was encouraged by the federal government, through the Community Mental Health Centers Act of 1963. Again, the idea was to replace the horrors of state hospitals with community clinics. In practice, however, most of the federal money went for bricks and mortar, and a "Community Mental Health Center" turned out to mean just about anything a locality might design to qualify for the federal funds. Many of the centers were privately operated, and few cared to serve the chronically disturbed indigent patients typically warehoused in state asylums. The Metropolitan Community Mental Health Center in Minneapolis, for example, built at a cost of $1.68 million, is basically a private psychiatric hospital complete with a glassed-in courtyard and swimming pool. Psychiatrist Lawrence Kubie terms the use of public money for such facilities as "benevolent profiteering on the current (community mental health) fad."

The federal emphasis on true halfway houses and sheltered workshops for the chronically disturbed has been minimal. State and local officials, faced with several hundred thousand discharged mental patients and shrinking budgets, tend to view the federal program with understandable skepticism. With federal funds reduced by the Nixon administration, these clinics are seeking support from the states and localities—but with little success. "Our priorities are different from the Feds," says Dr. Leroy Levitt, director of the Illinois Department of Mental Health. "We're concerned with people in serious need of help, not middle-class, mildly neurotic housewives."

CALIFORNIA ENLIGHTENMENT

Ironically, the states that were first to implement the "reforms" of a decade ago now face the most severely tangled administrative and budgetary morass. California's mental health reforms were once considered a model of enlightenment. Two state laws, the Short-Doyle Act of 1957 and the Lanterman-Petris-Short Act of 1968, sharply curtailed involuntary commitment to state hospitals and provided 90–10 matching grants for counties to care for their own mentally ill. The 1968 law also granted certain rights to inmates, including the right to personal property, to voluntary treatment, to vote and to receive uncensored mail and phone calls.

As a result of these seemingly farsighted laws, California's state hospital population dropped from more than 50,000 in the 1950's to 35,000 in 1963 and to fewer than 7,000 in 1973. But this did not mean that anyone had been cured. Once patients were discharged, the state ceased to care what became of them. "We don't keep track and we don't have any records," admits the Mental Hygiene Department's chief of community services, Jim Fossun.

Despite the matching grants, the counties have not filled the vacuum. The reality is a patchwork of 58 diverse mental health programs, few of which provide any "outreach" programs for discharged patients. California law gives former patients the civil right to refuse treatment, which many choose to exercise. Though the Lanterman-Petris-Short legislation encourages ex-inmates to return to their "home communities" for treatment, the concept is often useless. Thousands of middle-aged patients have been in asylums since adolescence and have no homes to return to. One hospital official of a retarded patient institutionalized since 1940 says: "What are we supposed to do—call his 80-year-old mother and tell her to come pick him up?"

In most counties, the practice is to interrogate a patient to determine his county of origin. This leads to a huge bureaucratic competition for funds and dissuades patients from seeking treatment. The decentralized county system of outpatient care turns out to be nearly three times as costly on a per-patient basis than institutionalization in state asylums. Thus a social worker at the Marin County Community Mental Health Center reports that when one patient was found to be a legal resident of Illinois, he was hustled onto a plane for Chicago.

In California, the squeeze is exacerbated by the tight fiscal policies of the Reagan administration. Last year, as complaints from beleaguered communities were already increasing, Gov. Reagan announced plans to phase out the remaining state psychiatric wards by 1977, except two for the hardcore criminally insane. A public outcry and an investigation by the Democratically controlled state legislature has caused Reagan to retreat somewhat from this schedule, but even states without parsimonious governors are finding that community psychiatric care has failed to adequately supplant the old system of confinement in state asylums.

PASSING THE BUCK

In most localities the problems are similar: a shortage of funds for follow-up care; reluctance by state authorities to take responsibility for discharged patients; bureaucratic squabbles among federal, state, county, and local agencies; and a patchwork system of rooming houses, supported by ex-patients' welfare checks, providing little if any treatment and arousing community hostility. In almost every case, the prime motive behind the mass release of inmates seems to have been passing the financial burden, along to some other jurisdiction, not improving the quality of treatment.

In March, 1972, the New York State Department of Mental Hygiene abolished "convalescent leave" as a release status for recuperating mental patients. Consequently, all patients released from state hospitals were categorically discharged and pronounced cured, freeing the state hospital from any responsibility for their follow-up treatment or upkeep and leaving the patients solely dependent on welfare checks.

It is little wonder that many communities are up in arms about sudden influxes of discharged mental patients for whom nobody takes responsibility.

In New York's Long Beach, hotel proprietors are eager to keep their beds occupied and openly solicit the state departments of mental hygiene and social services for ex-inmates. Some hotel keepers are said to prefer mental patients, who are typically more terrified than terrifying, who are usually kept docile on tranquilizers, and who therefore make fewer demands. As one city official puts it. "The mental patients don't *kvetch* (complain.)"

But the largely elderly population of Long Beach is not so eager to have mental patients for neighbors. Last December, in response to a growing outcry, the Long Beach City Council passed the nation's first local ordinance banning anyone requiring "continuous" psychiatric treatment or medication from registering in the city's hotels.

Almost immediately, the New York Civil Liberties Union and the Washington-based Mental Health Law Project sued on behalf of several patients, asking that the ordinance be set aside as unconstitutionally vague and discriminatory. The ordinance and others like it, NYCLU counsel Bruce Ennis warned, "would treat former mental patients as permanent lepers and would cripple the progressive agreement towards community-based outpatient care."

There is little doubt that the Long Beach ordinance, if upheld and initiated, would consign ex-psychiatric patients to perpetual limbo. But when the psychiatric reformers of the 1950s and 1960s urged "community-based" psychiatric treatment as an alternative to the grotesque back wards of state hospitals, they could hardly have had the rooming houses of Long Beach in mind.

Citizens of Evanston, Ill., are also unhappy. They are fighting a relatively well-equipped, 450-room hotel recently converted into a "sheltered home" for the mentally ill.

At the extreme limit of community fears are violent crimes, in the Washington area, a discharged mental patient is now awaiting trial for the murder of 14-year-old Natalia Semler. In California, Edmund Kemper was released in 1968 from a state hospital, where he had been confined for murdering his grandparents. After being discharged and pronounced sane, Kemper killed eight more people, including his mother. Psychologists insist that the rate of violent crimes committed by former asylum inmates is no higher than that for the general population, but this is small comfort to the victims and their families.

OLD, RAGGED AND FAILURES

While the frustration of the communities that serve as dumping grounds for the ex-inmates is certainly understandable, the greater injustice is done to the patients themselves. The typical state mental hospital is populated by patients who are poor, homeless, aging and often black as well as mentally ill. In short, they are society's most unwanted—which is why state hospitals were so often the human warehouses the reformers rightly attacked. But these patients are still unwanted. Neither society nor the mental health professions have chosen to make treatment of this group any sort of priority.

Psychologist William Schofield's characterization of the typical beneficiary of psychotherapy as "YAVIS" has become a sheepish in-poke. YAVIS stands for Young, Attractive, Verbal, Intelligent and Successful, which accurately describes a majority of private psychiatric patients. By contract, people released from state hospitals tend to be old, ragged, taciturn, opaque and failures. Psychiatrists seemingly are less interested in treating chronic patients who disprove their theories by not getting better, nor have most state hospitals been distinguished by the quality of professionals they attract.

Few would argue that the chronically disturbed should simply be incarcerated. But the negative freedom not to be confined is of little value when the practical alternative is a rooming house of the helpless that in its own way rivals the old back wards. San Jose's "board and care" homes typically do not even supervise, let alone provide psychiatric counselling or vocational rehabilitation for, their residents. In cases where the ex-patients are on tranquilizers, most medicate themselves, and cases have been reported where patients have saved up sufficient dosages to commit suicide.

The movement to empty psychiatric wards has also left those who remain in state hospitals in the most neglected condition of all. These are the severely disturbed, retarded or dangerous patients whose release could not be justified by the most liberal discharge policy. But as hospital populations have diminished, budgets, have been slashed, leaving proportionately less money to treat the inmates who require the most intensive care.

SUBVERTING THE STRUCTURE

Reformers now are beginning to turn their attention to the right to decent treatment, as well as the right to be left alone. In a far-reaching suit filed Feb. 14 against District and St. Elizabeths authorities, four health associations are contending that more than half the patients at St. Elizabeths are not receiving adequate care and that they have a right to better treatment in alternative facilities, not simply to be released to foster homes or rooming houses.

Obviously, better alternative facilities are needed, but the existing haphazard system of rooming houses and foster homes has given the very idea a bad name, In effect, patients have been released from back wards to back alleys and to the oblivion of shabby flophouses. If saving money remains the objective, the exercise is doomed, because decent transitional facilities are not cheap.

A few models of how patients should be treated outside asylum walls do exist, but most are struggling for survival in the face of budget cuts. Bronx State Hospital in New York, for example, has a family services unit and a range of transitional facilities including sheltered workshops, foster homes and halfway houses. An aggressive staff counsels released patients, foster home sponsors and their families. "Our staff works on everything besides the patient's head," says Christopher Beels, the psychiatrist who heads the unit. Beels terms the state and city administrative apparatus "entirely counterproductive" and detrimental to patients health workers and communities alike. "To the extent that we've subverted that structure, we've succeeded."

Until money is available for decent community psychiatric care, the artificial conflicts between civil libertarians, indignant communities and pathetic ex-inmates will probably continue. Until such care is provided, many health officials are urging a moritorium on the release of patients into hostile communities. "Freedom to be sick, helpless and isolated," says Dr. Robert Reich, director of psychiatry for New York City's Department of Social Services, "is not freedom. It is a return to the Middle Ages, when the mentally ill roamed the streets and little boys threw rocks at them."

NATIONAL PRAYER BREAKFAST

Mr. HANSEN. Mr. President, nearly 3,000 guests, leaders of the United States and over 100 other nations of the world, gathered in Washington, D.C., on January 31, 1974, for the 22d annual National Prayer Breakfast.

This gathering, hosted by the Senate and House breakfast groups, has served to emphasize our continuing reliance upon God and our rededication to the spiritual principles which are the strength and foundation stones of our Nation.

Mr. President, I feel that the remarks delivered at the National Prayer Breakfast should be available to those who attend, as well as to a larger audience.

Accordingly, I ask unanimous consent that the transcript of the breakfast be printed in the RECORD, and I commend these remarks, and the spirit in which they were delivered, to all.

The PRESIDING OFFICER. Without objection, it is so ordered.

NATIONAL PRAYER BREAKFAST

PROGRAM

Opening Song: "Thanks be to God," Varsity Glee Club, Purdue University.

Presiding: The Honorable John C. Stennis, United States Senate.

Opening Prayer: The Honorable Jewel Lafontant, Deputy Solicitor General.

BREAKFAST

Introduction of Head Table and Statement: The Honorable John C. Stennis.

Greetings from the House Breakfast Group: The Honorable William Jennings Bryan Dorn, U.S. House of Representatives.

Old Testament Reading: The Honorable William H. Rehnquist, Associate Justice, U.S. Supreme Court.

Greetings from the Senate Breakfast Group: The Honorable John C. Stennis.*

New Testament Reading: The Honorable Carl Albert, Speaker, U.S. House of Representatives.

Prayer for National Leaders: The Honorable Gerald R. Ford, the Vice President of the United States.

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*The Congressional Committee has specially requested that Senator Stennis share his experiences of the last year resulting from prayers on his behalf from throughout the nation.

Message: The Honorable Harold E. Hughes, United States Senate.

The President of the United States.

Closing Song: "Amazing Grace," Varsity Glee Club.

Closing Prayer: The Honorable Andrew Young, U.S. House of Representatives.

THOUGHTS BY DAG HAMMARSKJOLD

God does not die on the day when we cease to believe in a personal deity, but we die on the day when our lives cease to be illumined by the steady radiance, renewed daily, of a wonder, the source of which is beyond all reason.

What makes loneliness an anguish
Is not that I have no one to share my burden,
But this:
I have only my own burden to bear

Forgiveness is the answer to the child's dream of a miracle by which what is broken is made whole again, what is soiled is again made clean. The dream explains why we need to be forgiven, and why we must forgive. In the presence of God, nothing stands between Him and us—we are forgiven. But we cannot feel His presence if anything is allowed to stand between ourselves and others.

The best and most wonderful thing that can happen to you in this life, is that you should be silent and let God work and speak.

* * * * *

Ladies and Gentlemen, the President of the United States and Mrs. Nixon, Senator and Mrs. John Stennis, Mr. and Mrs. Edward Cox, and others at the Head Table:

HEAD TABLE

The Secretary of State, Hon. Henry Kissinger.

The Secretary of the Treasury and Mrs. Shultz.

The Secretary of Defense and Mrs. Schlesinger.

The Secretary of the Interior and Mrs. Morton.

The Secretary of Agriculture and Mrs. Butz.

The Secretary of Commerce and Mrs. Dent.

The Secretary of Labor and Mrs. Brennan.

The Secretary of Health, Education and Welfare and Mrs. Weinberger.

The Secretary of Housing and Urban Development and Mrs. Lynn.

The Honorable Ann Armstrong, Counsellor to the President.

H.E. Dr. Guillermo Sevilla-Sacasa, the Dean of the Diplomatic Corps.

The Honorable Walter E. Washington, Mayor of the District of Columbia and Mrs. Washington.

The Honorable Sherman Tribbit, Governor of Delaware and Mrs. Tribbitt.

H.E. Flavio Portela Marcilio, Brazil.

Dr. Orlando Montenegro Medrano, Nicaragua.

H. E. Mr. Ibo Noumair, Ethiopia.

Dr. Billy Graham.

OPENING PRAYER: THE HONORABLE JEWEL LAFONTANT, DEPUTY SOLICITOR GENERAL

Eternal God, Father of us all, look with favor upon these, thy servants. Help us to so resolve that our purposes and endeavors may be acceptable in Thy sight. We ask Thy blessing upon Thy people everywhere, and to those who have a special need, we lift a special prayer. Commit us to Thy causes, remembering that righteousness exalts a nation, but sins may reproach to any people. Lift before us a clear vision of the city of God, and move us to labor without tiring for its building. As Thy servant Peter Marshall once prayed, "help us to stand for something lest we fall for anything." In Thine own name we pray. Amen.

OPENING STATEMENT: THE HONORABLE JOHN STENNIS, U.S. SENATE

Senator Stennis. Please be seated. Mr. President, Mr. Vice President, Mrs. Nixon, distinguished guests, ladies and gentlemen, this 1974 National Prayer Breakfast is being broadcast live, to servicemen and women around the world. And, in addition, concurrent prayer breakfasts sponsored by chaplains in the field are being held in nearly 500 military installations and ships at sea, with an estimated attendance of over 100,000 service men and women. Now, the list of distinguished guests, the original list, is on your printed program and we will not introduce those guests. We are delighted to have such a distinguished list of distinguished guests.

It is my great honor to welcome each of you individually, leaders of our nation, and distinguished guests from abroad.

As 3,000 of us are meeting here today in fellowship made possible by the spirit of Jesus Christ, this hour is not unique. Our presence indicates the desire of each of us to rise above the issues that divide us to the greater community we experience through our faith in God. We are from diverse backgrounds, from all 50 states and many countries. Though many political, economic, philosophical and religious viewpoints are here today, this fellowship hour is a meeting of friends, as people have reached out in the spirit of Jesus Christ to discover each other. Many of you meet with others on a regular basis, across the nation and throughout the world. The growth of these small groups has been phenomenal. These are not meetings where people of one point of view gather together to reinforce a common bias, instead we are actually experiencing friendship on a new basis and high level, so that people in opposite camps have come to trust and to appreciate each other, even though strangely disagreeing, strongly disagreeing in other things. This process is not always easy, but it is necessary. We meet in a spirit of humble acknowledgement, not for show but of our need for God's help in our lives, our need for each other's prayers, love and encouragement.

The true greatness of this hour, though, lies in the fact that this is not an isolated experience of faith and concern, but of continuing fellowship in which we seek to encourage each other by precepted example to implement the words of Christ to love the Lord Your God, with all your heart, soul, strength of mind, and to love your neighbor as yourself. Now, may this breakfast be a reminder of what we want to happen individually and in small groups on a daily basis among all citizens. May we find inspiration to further commit ourselves to being and to building bridges of communication and understanding and inspiration between people as God gave us the strength to do so.

Now, first on our program, I will present the Chairman of the House Prayer Breakfast Group, Congressman William Jennings Bryan Dorn of South Carolina, who will bring you greetings from his group. Congressman Dorn. (Applause)

GREETINGS FROM HOUSE PRAYER BREAKFAST GROUP

Representative Dorn. Thank you, Senator Stennis, President and Mrs. Nixon, Vice President and Mrs. Ford, distinguished guests, ladies and gentlemen, it is a great honor for me this morning to bring you a word of greeting from our House Prayer Breakfast Group. We meet every Thursday morning on the House side of the Capitol. There we meet in a spirit of love, fellowship, and understanding which crosses all party lines, which encompasses all religious denominations, and over the years it has been my pleasure to serve there with men and women from virtually all religious faiths. We meet there, all of us, in the spiirt of Christ, and I think that it is a great help in sustaining us during critical periods in solving problems and considering legislation so vital to the welfare of this nation and the peoples of the world. Our group, as you know, was formed during the critical years and critical period of World War II. Was founded on the House side and on the Senate side by the late Dr. Abram Vereide and the late great distinguished columnist, Mr. President, whom you remember so well, Mr. David Lawrence. This has been a great sustaining influence on us over the years, as we pass through one crisis and another. I might say to you this morning, that this is a nation, under God. The tradition of prayer was handed down to us from the earliest memory of us in school when we saw the picture of George Washington at Valley Forge on his knees, asking for divine guidance on the cause of the Revolution. Then, later on, we know, as Dr. Billy Graham reminded us, the House group, on one occasion, Abraham Lincoln set an example of prayer and humility which has sustained us in many of our deliberations. And Benjamin Franklin, at the Constitutional Convention. And Ladies, and Gentlemen, I remember Dr. Albert Einstein caused some fear that perhaps the chasm between scientific and technological development might widen and leave behind the forces of religious, moral, and spiritual progress.

I might report to you today that all of our great astronauts, with whom I have talked, many of them are interested in our prayer group. Every one of them has confirmed a great and abiding faith in a Master builder. They tell me that they know exactly where Mars is going to be in 1983. Or 1985. Down to the 10th of an inch in space. These men have mastered science and technology, but they still have the great respect, utmost respect, in the Master builder, of this Earth and the Universe. And they know that this Master builder does exist and that moral and spiritual advancement as we see here this morning, and in our world today, is advancing and keeping pace with the scientific, technological development.

I bring you this word from the House in the spirit of love, fellowship, and in the Spirit of Christ. [Applause.]

Senator Stennis: Thank you, Congressman. In an Old Testament reading, Associate Justice of the United States Supreme Court, the Honorable William H. Rehnquist, will bring us this reading.

OLD TESTAMENT READING

Mr. Justice Rehnquist. I am going to read the 121st Psalm. "I will lift up mine eyes to the hills from whence cometh my help. My help cometh from the Lord which made Heaven and earth. He will not suffer thy foot to be moved. He that keepeth thee will not slumber. Behold he that keepeth Israel shall neither slumber nor sleep. The Lord is thy keeper. The Lord is thy shade upon thy right hand. The sun shall not smite thee by day nor the moon by night. The Lord shall preserve thee from all evil. He shall preserve thy soul. The Lord shall preserve thy going out and thy coming in. From this time forth and even forever more."

GREETING FROM SENATE BREAKFAST GROUP

Senator Stennis. Thank you very much, Justice Rehnquist. My friends, you have heard the Congressman present the House greetings from their breakfast group. And I am scheduled to bring you greetings from the Senate breakfast group. Very similar to the one described already, I'll say this: It is perhaps the most personal and intimate association that we have as fellow members of our Senate, including all of our experiences together, official and non-official. All areas of the nation are represented in our group, all ages, all religious and political faiths are represented in this group, but none are emphasized, No member wishes to predominate. We seek God's guidance there, directly, very frankly, through the spiritual experiences largely that each member has had and shares with his fellows. Many have said, and I say with them, it is the finest experience we have as members of that body.

Now, without my knowledge or consent, the program committee volunteered me to say something about my recent experiences in the last year. As this part that I've selected is so intimately connected with prayer, I present it in that spirit.

My friends, in my first fully conscious moment after a very serious operation, I awakened. My daughter was standing by the bed holding my hand and she said, "Daddy, the people in Mississippi are holding prayer meetings for you, and Mother and all of us in our family, and many others, are praying that you get well. We believe you will."

Well, she went on out, and I remember trying to reconstruct. I couldn't do it then but finally did a proper verse—"The effective fervent prayer of righteous man availeth much." But a very powerful impact of what her statement told me to think, I said to myself "prayer meetings for me?" Then I am in great danger. And I may not survive. It is alright for you to smile, but at that time it wasn't a smiling matter. Now prayer, prayer proved to be the central focal point in my thoughts which sometimes wandered for many days. Short, silent prayers were always a rallying point while I was in that condition. These were not distress calls. It appeared very clear to me the easier way was just to pass on, to die. But it was clear that to live required struggle—required a will, a will to do, a will to try, a will to overcome obstacles. If that successful inner will to overcome life's many problems, then gradually I learned of letters, messages, flowers, many remembrances from many well wishers, who always sent a word or two of their prayers for my recovery, that was a source of strength. In time I became a little better. I want to mention this. I felt sure that my prayers were being answered. And others' prayers, theirs' were being answered, not especially mine. But later my chief surgeon said, "A high hand entered your case." I know he meant what he said and I believe he was right. Really, later I realized that waves of compassion had flowed in from all over the nation, for many days, not for me as an individual but sometimes something moves the people, and this compassion, this interest, and these many prayers proved to me clearly, more than ever before, that we have a great repository of spiritual faith and spiritual strength in our nation that abounds nationwide in the hearts and minds of millions of Americans. I'm sure such faith abounds in many other nations. And this is founded, I believe, in a solid faith in God—a faith that builds strength. This in time gives faith and strength to others. It all creates a reservoir of strength and faith that sustains our nation. So let no cynic stop at your door, or at my door, or at any door with his cry that we live in a faithless age, or that our nation, or its leaders, or its people have grown weak, or that our people by and large are discouraged. They are not! Instead we are still essentially a nation of faith and prayer. So let us trust and keep the spirit, or let matchless example of the faithful in that American army led by George Washington in the severe winter of 1777, encamped at Valley Forge, near Philadelphia. All do not know it, but during that winter one-third of those men died. Further, few know that the food, clothing, and supplies were so short that another one-third left, that is, they went away and failed to return, but the other one-third stayed and following the example of their illustrious leader, they also prayed. In the spring, General Washington took the one-third who stayed and prayed and formed the hard core of another army, which a few years later forced the surrender of Cornwallis at Georgetown. Thus, our independence was attained. Didn't take a majority. Didn't have a majority. Only one-third. They survived. They had something—grit, determination, tough-minded and tough-skinned, and if I may say, tough-souled. The historian who related these facts to me that when he told the late General Eisenhower the same facts, the General removed his hat, bowed his head in prayer, and said, "here, thank God, our nation was born." I believe he is right. But I believe, through prayer, faith and other spiritual values, our nation in spite of problems, has lived almost 200 years. And I believe that by these same values shall live for more than a thousand additional years. God bless and inspire and lead us who try. God bless America and every other nation here. (Applause).

Now, we will have a New Testament reading by the Speaker of the House of Representatives, the Honorable Carl Albert.

NEW TESTAMENT READING

Representative ALBERT. Our New Testament reading is taken from Roman XII, Verses 1–2, 9 through 17 and 21. "I appeal to you, therefore brethren, by the mercies of God, to present your bodies as a living sacrifice, wholly and acceptable to God, which is your spiritual worship. Do not be conformed to this world but be transformed by the renewal of your mind, that you may prove what is the will of God, what is good and acceptable and perfect. Let love be genuine, hate what is evil, hold fast to what is good. Love one another with brotherly affection. Outdo one another in showing honor. Never flag in zeal. Ye'll glow with the spirit. Serve the Lord. Rejoice in your hope. Be patient in tribulations. Be constant in prayer. Contribute to the needs of the saints. Practice hospitality. Bless those who persecute you. Bless and do not curse them. Rejoice with those who rejoice. Weep with those who weep. Live in harmony with one another. Do not be haughty, but associate with the lowly. Never be conceited. Repay no one evil for evil, but take thought for what is noble in the sight of all. Do not be overcome by evil, but overcome evil with good."

Senator STENNIS. We are privileged to have prayer. I think we will remain seated at this stage in the program. This prayer for our national leaders by the Vice President of the United States, the Honorable Gerald R. Ford. (Applause).

PRAYER FOR NATIONAL LEADERS

Vice President FORD. Dear God, and Father of us all, whose nature we know imperfectly, whose love we know abundantly, through Thy servants and saints who have walked among us, whose strength sustains us, whose mercy pardons us, and whose righteousness endures forever. Bless us, dear Father, and guide us by Thy might. Here we pray the petitions that lie within each secret heart, beyond our power whether alone or together, before Thee this new day. Where we have strayed, lead us back to Thy fold. Where we have lost our way, rescue us. Where we have sinned, forgive us. Where we have done well, help us to do better. And where, by Thy grace, we have done Thy will transform the occasional to the habitual. Translate one right to living righteousness and preserve us from pride. Be not far from us when trouble is near, and there is none to help have Thee. Send us help from Thy sanctuary, hear us when we call, and strengthen us out of Zion. Bless this nation born in trust of Thee and sustained by Thy favor. Bless the President of the United States, the Congress, and the Courts that reach out on earth for the justice Thou hast ordained in heaven. Bless all the nations and the peoples of the earth, and those who exercise government over them by Thy will, and give us peace now and forever. We ask these favors and these blessings in Jesus' name. Amen.

Senator STENNIS. We are blessed to be favored now by a special message by the United States Senator from Iowa, the Honorable Harold E. Hughes.

SPECIAL MESSAGE

Senator HUGHES. Thank you very much, Senator Stennis, Mr. President, Mrs. Nixon; Mr. Vice President, Mrs. Ford; distinguished members of the Cabinet, and of the Courts, and of the Congress; our guests from foreign nations and fellow Americans. We are gathered here this morning for the purpose, certainly not unique in history, but as a nation in what is called a National Prayer Breakfast. That, in itself, describes the only reason and purpose for gathering. Guests from many nations have joined us and visited us specifically for this occasion, to render under God what is his, all of Creation. In the beginning, God created the heavens and the earth. And all was without form, and void. And God said, "Let there be light" and there was light. From that point on, the linear history of the Bible is a record of the failure of man and the forgiveness of the Divine and loving Father.

Man has continuously substituted his personal wisdom for the law of God. In the attempts to gain victories that God said were free. He refused so completely that the entire earth was consumed in a great flood, and only a few chosen that the seed might continue. And the story began again. And man continued in his own way to fight for the victories that our Father said is free, simply, by following a few very simple laws. In the final instance, for those of us who follow Christ, we believe that our Father sent his own son to the Earth, to the Earth, and he walked in peace, a meek and human man, suffering every temptation even as we have suffered, faced with every question that we have faced, humilitated, not believed. Seeking out the sinner and saying, "Come unto me, and I will lighten your burdens." And when asked why he sat at table of sinners, he replied, "It is not the healthy that needs a physician, but those who are ill." And yet, we strayed and couldn't grasp even those few men whom he had gathered about him and our Father had ordained from the beginning would be with him, and he said, "How long must I suffer to be with you and you know me not? How long that you fail to understand my ways and the directions of the Father?" And when the questions were raised, an ambition arose in those who were surrounding him, a simple few men, not selected for their intellectual capacities or their worldly achievements, but because our Father looks into the hearts of men and women, not at their laurels or their gains of material wealth, but what they are. He sees and He knows. And for whatever purpose, history has proven that this small band of brothers, altered and changed the course of mankind, and that those who followed them, attempting to follow and style their lives as they had lived, have repeatedly altered and changed the course of history.

God did not demand that there be a majority, in fact, in the history of mankind he has said many times, "Just give me a few, even 10 will save a nation, a few, a great city, living in faith, trust and obedience." The laws of God are immutable and so simple that we, in the complexity of our existence, unable to control our will, unwanting to lay down the treasures that are temporal, and forgetting the purpose of our existence, struggle on. How long will the loving Father continue to send His message into the world? But Jesus said, "If you see me you see the Father." And they asked him, how many times must I forgive, and he said, "Seventy times seven." Limitless, and he taught us to pray, "forgive us as we forgive those who trespassed against us." A courageous prayer, a dangerous prayer, if that is the only forgiveness we can receive. "As we forgive" we will be forgiven.

In the midst of times that have caused many to despair, there is an awakening in the world not unnoticed, but in most of the nations of the earth, and in all probability, all—and certainly the length and breadth of this land—and the example of history is before us, of God taking the failure of individuals and changing them into the glorious victory of their lives. My life is a perfect example of that. As an alcoholic, a failure in despair, and finally defeated and beaten to my knees, crying out in the agony of my own soul, "God help me, I can no longer help myself." And the Bible says the groanings of my soul will be heard in Heaven if I cannot utter a word. And from that moment on, my life changed. Almost 20 years have passed from that time. The Lord has led me in many ways in the course of those years. Unexpectedly, there have been radical changes in my life in the attempt to follow the will of the Holy Spirit as it directed me in my life. And in nations, the failure of men and women has been forgiven time and time again, and God has used their greatest indiscretions to rebuild their foundations and raise up again, to His glory, not for ours, His people and the earth. That message is clear, simple. It is yours. "Come unto me ye who are heavy laden. Take up my yoke. It is easy to bear. It is a joy, a freedom, no prison can contain the freedom of Christ in the spirit. Nothing can defeat it in all of Creation. That means ye shall stand even against the gates of Hell." Now, either the Lord spoke to us in truth and as Paul said, "If it be not truth then we of all who follow and believe in His name are foolish." But if he did speak truth, and if living he was placed on a cross and died, buried in a grave and rose from the dead, and ascended into Heaven to sit at the right hand of the Father, and said unto us, "Look at me. I'm in the Father, the Father is in me, and you are in me, and I in you."

Then in that combination we sit with Jesus Christ at the right hand of God Almighty, in the seats of the power, and the battle is the principalities in powers and forces of evil not of this earth, and they are doomed, because the word of God came in truth in Jesus Christ and revealed to us Eternal Life. I thank you, Father, that you have set us free. I thank you, that you have paid the debts of my sins. I ask your forgiveness for myself and I hope that each of us here can accept the great glory of Eternal Life because the debt has been paid in the blood of our Savior. And so, the book ends. Even so, Lord Jesus come.

Would each of you join hands around your table, just for one moment of prayer. And I would like someone at the table to pray if the spirit moves them. If not, you may remain in silence.

Father, we thank you that we have joined together in communion with you and your Spirit. Thank you. As St. John the Baptist, said, "there is a stranger in your midst, and ye knew him not." Where two or three are gathered together in my name, there shall I be also. And all the things I have done, ye shall do and even greater than these shall you because I shall send you a Comforter, and that Comforter shall be the spirit of truth, and it shall instruct you and guide you, and never fear, for whatever the occasion, it will speak for you and through you and in you, throughout Eternity, and there is no other name in all creation except that name by which man might be saved. Thank you very much. (Applause).

Senator STENNIS. Now, ladies and gentlemen, it is our privilege to have, and my great privilege and great honor to present, the President of the United States. (Applause).

REMARKS OF THE PRESIDENT

President NIXON. Mr. Vice President and Mrs. Ford, Senator and Mrs. Stennis, and all of the very distinguished guests here, and those who may be listening on television and radio to this National Prayer Breakfast, it has always been the custom that the President has the privilege of making the final statement at these breakfasts, and, as usual, having that responsibility is one that is difficult because of the eloquence that has usually preceded him, and the statements that have been made which make what he says simply repetitive of what has gone on before. There are some thoughts, very brief ones that I would like to leave with you this morning, however, that have occurred to me. And one is how very thankful we are that it was just a year ago that we had the Prayer Breakfast. Senator Stennis was supposed to be in the position that he now occupies. He could not come, and I had the privilege of reading a note that he had scribbled when he first became conscious, just after he had had his operation at the hospital—a note to the Prayer Breakfast. We are so thankful that John Stennis is well and strong and that he is with us today. (Applause).

And, as usual, we are very proud to have all of the visitors from abroad, the ambassadorial corps, the visitors from various countries, the Purdue Glee Club which has honored us with its presence here today. You know, we have something in common. When I went over and had my picture taken, I asked whether any of them were on the Purdue Football Team and nobody held up his hand. I said, "Just like me, I made the glee club but I didn't make the football team." But what a great glee club it was. If their football team was up to the Glee Club, they would be in the Rose Bowl. (Applause).

And I know that many have made a great effort to come to this prayer breakfast from various parts of the country and the world. Billy Graham was taking a long, needed vacation at Acapulco. I rode up with him in the car. I can assure you that the tan he has is real. That's no makeup, and he is going to go back to see his wife Ruth after this prayer breakfast and perhaps after several other engagements today with members of this group.

When I first addressed a prayer breakfast as President, I made a statement about all the Presidents of this country. You know, the difficulty with a President when he makes a statement, everybody checks it to see whether it is true. In this particular instance, I stated what I thought was the truth, and that was, that every President in our history had been a religious man, had belonged to a church. Afterwards, I received quite a few letters from people who said, "what about Lincoln?" And so I had to go back to the history books to find out about Abraham Lincoln. And I found that his law partner, who practiced with him in Illinois, had written the first biography of Lincoln and said that he was a man who had no religion. As a matter of fact, he was a nonbeliever. I found that when he ran for Congress, his opponent was an Evangelist, and although Lincoln won that year for Congress, his opponent who was the Evangelist campaigned against him on the basis of Lincoln being a nonbeliever. I found also that Lincoln never joined a church, one of the few Presidents who never belonged to any church. He often attended with his wife the New York Avenue Presbyterian Church, and the pew so marks the place where he and his wife used to sit. He never formally joined a church. But in a very fine little book, and the size of the book does not decide how fine it is, Elton Trueblood, in 1973, on the religion of Lincoln, the anguish that he went through during the war between the states, makes some eloquent points about Lincoln, the man with a very deep religious conviction. He said that, although he never belonged to a church, he probably prayed more than any man who has ever been in the White House. The reason he prayed more was perhaps twofold, one, because he had a mystical sense of the destiny of America.

He did not have a feeling of arrogance about his side as compared to the other side. He did feel that America was destined to be united. He did feel that for that reason that some way, somehow, after that terrible struggle in which men on both sides, and women on both sides, prayed fervently to the same God, that it would come out all right, and he did believe that America had something to stand for, something to believe in, and something to do in the world bigger than itself, and he often said that. In other words, there was something other than Lincoln, the politician, the President, and the American people, each individual; there was what he called the Almighty, the Universal Being, sometimes he referred to him as God who guided the destiny of this nation.

The second reason that Lincoln must have prayed so much was because the problems of the country were so great. When you think of the fact that his wife had several brothers who fought on the Confederate side, some of them killed. Think of the tragedy that marked his life, one of his sons died while he was in the White House. When you think of all these things, you can see why this man, who had such deep emotional feelings, often went to his knees in prayer, although he did not belong to any church.

And finally, I know in reading this little book by Elton Trueblood, that while Lincoln prayed more perhaps, or at least it is said that he probably prayed more than any President who has been in the White House, it is very funny it is very hard to find any kind of an oral prayer. He was on his knees and he prayed in silence. I often wondered about that, and I thought a little of my own upbringing. About the place of silent prayer, and there is, of course, a place for both. My father who was a Methodist believed very strongly in spoken prayer. My mother who was a Quaker believed in silent prayer, and both agreed there was a place for both.

When I was 8 or 9 years old, I asked my grandmother, a very saintly woman, a little Quaker lady, who had nine children,—I asked her why it was that the Quakers believed in silent prayer. When we sat down to table, we always had silent prayers, and often at church, while we sometimes had a minister or somebody got up when the spirit moved him, we often just went there and just sat, and we prayed. Her answer was very interesting, and perhaps it relates to why Lincoln prayed in silence. My grandmother spoke to me on this occasion, as she always did to her grandchildren and children, with the plain speech. She said, "What thee must understand, Richard, is that the purpose of prayer is to listen to God, not to talk to God. The purpose of prayer is not to tell God what thee wants, but to find out from God what He wants from thee."

Now, my grandmother did not believe that others who used oral prayer were wrong, because that would not have been the Quaker way. She thought, they might be right, and in fact, both could be right.

We read Lincoln's Second Inaugural, the most eloquent of all the inaugurals, and we see it all captured there, pointing out that people prayed on both sides, and yet the war had come. But not speaking in arrogance about the North against the South, but expressing his belief that the destiny of this nation would eventually be served by the survival of the Union. So the thought I would leave with the body here today, is very simply this: I too believe that America has a destiny. I do not believe that, in a sense, as some national leaders in times past have believed it about their countries—our destiny was not to rule any other country. Our destiny is not to start war with any other country. Our destiny is not to break freedom but to defend it. Our destiny also is to recognize the right of the people in the world to be different from what we are. Even some may have different religions. Even some we must accept may not have a religious belief as we understand a religious belief. But, on the other hand, while I know this goes counter to the ideas that many of my good friends in this audience who believe—as my mother and father believed in the missionary work of our church—I think America today must understand that, in its role as a world leader, that we can only have peace in the world if we respect the rights, views of our neighbors, our friends, and the people of all the nations of the world. It is that respect for other people, despite differences in religion, that has brought us so far along the road to world understanding and world peace over these five years. Rather hard for us sometimes to have that respect. Sometimes for each other in our political process, and sometimes for other nations who have totally different political views, but I only suggest that we go back to Lincoln. Of course, I go back to my grandmother. And I would pray for this nation, at this time, and I hope all of you would too, whether orally or in silence, that we try to listen more to what God wants rather than tell God what we want. That we would try to find out what God wants America to be rather than to ask Him always to see what we believe America should be prevails. Call this humility, which they called it in Lincoln's days, call it what you like, but it is the way a great country ought to be.

America is a nation of destiny and whether freedom survives in the world and whether the weak nations of the world can be as safe as the strong, which is our goal, depends on America. I do not say this in arrogance, I do not say it without recognizing that other great powers, in a different way, may also work together with us for that great purpose, but I do know that without American strength, and I speak not just of our military strength primarily—primarily I speak of our moral strength and our spiritual strength and our faith in our national destiny—without America's strength the world would not have the chance today that it has for freedom and for peace and for justice in the years ahead. And so, my friends, may I thank you all for the prayers I know you have offered for our national leaders. May I urge you all, whatever your faiths may be, to pray in the future at times in silence. Why? Because, too often, we are a little too arrogant. We try to talk to God and tell him what we want. What all of us needs to do—what this nation needs to do—is to pray in silence and listen to God and find out what He wants for us, and then we will all do the right thing. (Applause.)

Senator Stennis. After the closing prayer, the meeting for this year will be dismissed, with the thanks of all for your attendance, for your taking part. There has been a fine response, it seems to me.

CLOSING PRAYER

Now, a member of the House of Representatives, the Honorable Andrew Young of the State of Georgia, will give our closing prayer. Please stand.

Representative Young. We give Thee thanks, dear Father, for the abundance of our blessings upon us, and upon this nation. We give thee thanks for this fellowship, for the sharing of Thy blessings, for the sharing of Thy wisdom, for the opportunity to know how Thou has acted powerfully, mightifully, and mercifully, in the lives of each of us. And yet, dear Father, it would be inappropriate if we closed without confessing our sins, for we know, too, that we have erred and strayed from Thy ways like lost sheep. We have often followed too much the devices and desires of our own hearts, and offended against Thy holy laws, but we are thankful than Thou art merciful, and thus continue to be with us, not because we merit, but because Thou does love us, even when we are weak, even when we go astray. We pray that in Thine abundant blessings, Thou might help us to know that, to us to whom much has been given, of us much will be required Require of us personally a kind of dedication and service to this nation that seeks not to transcend Thy cause of peace in the world, but seeks to fulfill that cause of peace. Help us to use the power and might with which Thou has blessed us, not in any arrogant, self-glorification, but in humble and obedient service to feed the hungry, to educate the children, to heal the sick, and to prepare amongst the highways and byways, a straight and glorious path through which all of Thy powers and mercies might be revealed to all men. We pray, dear Father, that as we leave this place that Thou will bless us and keep us. That Thou would make Thy face to shine upon us and be gracious unto us. We pray that thou will lift up the light of Thy countenance upon us and give us great faith. Give us courage amidst the days' crisis, and give us a sense of understanding of Thy will, through which we might find true and lasting peace. Through Jesus Christ, our Lord, we pray, Amen.

DR. FLETCHER'S REMARKS AT SPACE CLUB LUNCHEON

Mr. MOSS. Mr. President, last week Administrator Fletcher of the National Aeronautics and Space Administration addressed a luncheon meeting of the National Space Club here in Washington. His remarks concisely sunmmarize the present status and future opportunities of the Nation's peaceful pursuits of exploration and use of outer space. I ask unanimous consent that Dr. Fletcher's remarks be printed in the Record.

There being no objection, the remarks were ordered to be printed in the Record, as follows:

Dr. Fletcher's Remarks, February 14, 1974

I last spoke at a Space luncheon in November 1971.

My topic then, assigned by your program chairman, was "The NASA Space Program Today—and Tomorrow".

At that time the "tomorrow" part of the NASA program—the program beyond Apollo, Skylab, and Viking—was still a bit uncertain. You were worried about it and I was, too.

We were still wrestling with various approaches to defining the Space Shuttle. And we were trying to work out something less costly and less uncertain than the so-called "Grand Tour" for exploring the Outer Planets. And we had no approved plans for the Inner Planets after Viking.

Even my concluding sentence, two years ago, was somewhat "iffy". "When we get the Space Shuttle and the Outer Planets program over the hump and into serious development", I said, "we will have the assurance of challenging and rewarding programs for tomorrow."

That situation, I am glad to report, has changed.

We got the Space Shuttle over its last big hump last week, in the President's Budget for FY 1975. We slipped a little as we approached the top, but we went over.

We now have an agreement with the Office of Management and Budget that the first manned orbital flight of the Shuttle will be launched in the second quarter of 1979, without any more slips for budgetary reasons.

We are now getting into intensive development of the Shuttle, with $800 million for Shuttle R&D in our FY '75 budget. We have to have a firm schedule from now on to manage the Shuttle effort efficiently and to coordinate the development of the advanced new payloads the Shuttle will launch and service. The OMB agrees with us on this. I am confident the Congress will also agree. Dale Myers and his team expect no delays for technological reasons.

There is a great deal of hard work still to be done, but the Shuttle, we can say, is really over the hump. And the prospects for tomorrow in the nation's space effort are much brighter for it.

We are over the hump, too, in our planetary program. Mariner 9 did it for us by mapping Mars in great detail. Pioneer 10 did it with its outstanding technical performance, its safe voyage through the Asteroid Belt, and its fascinating reports on Jupiter and its moons.

Mariner 10 has performed well, despite some difficulties, on its sweep past Venus and on toward Mercury.

In our planetary program we also have Pioneer 11 enroute to Jupiter and possibly Saturn; two Vikings scheduled to land on Mars in 1976 and, among other things, to search for life on this planet; two Mariners to be launched to Jupiter and Saturn in 1977; and—this is a new start in our FY 1975 budget—two Pioneer spacecraft to explore Venus in 1978.

One of the Pioneer Venus spacecraft will send four probes into the Venus atmosphere at widely separated points. The other will make special studies of the Venus atmosphere from continuous orbit.

Later this year NASA will launch the first of two Helios spacecraft developed by the Germans. They will orbit the Sun well inside the orbit of Mercury. They will not investigate the Sun itself, but what is happening in interplanetary space in this central region of the Solar System.

Helios is an excellent example of the valuable contribution other countries can make to the high priority mission of exploring throughout the Solar System.

When I say we are over the hump in our planetary program, I mean we are no longer uncertain about the future. We now have challenging programs approved for this decade, and we have a sound planning base and technology base for what we want to do in the 1980s.

I think we have "earned" this feeling of confidence about the future for two main reasons:

One. Current programs are producing results of great value to science—and results that will have great practical value, too, like the new understanding we are getting of Earth's atmosphere and weather from our studies of the thin atmosphere of Mars and the very heavy atmosphere of Venus.

Two. We have clearly demonstrated, with Pioneer 10 and other relatively small spacecraft, that we have the technology to explore all the planets in a meaningful way, and a methodical way, at reasonable cost.

We are getting results, and we are holding down the costs. So I think we *should* and *will* get new assignments to explore throughout the Solar System during the remainder of this century.

Speaking of results, let me mention this globe of Mars I have here. It represents one of the great scientific and technical achievements of this decade.

This is a 16-inch globe, but it is based on a big one four feet in diameter. The big one was prepared from more than 1,500 actual photographs sent to Earth by Mariner. A scientific team at the Jet Propulsion Laboratory worked for more than seven months to fit these pictures together in the proper places on the globe.

Three of the large globes have been made. One is now on display at NASA Headquarters. I wanted to bring it with me today, but they said I couldn't get it on the elevator.

This smaller globe of Mars shows all the major features that are on the big one. It also shows the official names that have been given to newly discovered features of Mars by the International Astronomical Union.

I am proud to say the most prominent feature is Valles Marineris in Latin and Mariner Valley in English. This is the great rift valley that is long enough to stretch clear across the United States, and appears to be five miles deep in places.

This globe shows the polar caps at their smallest size. In other words, according to this globe it is late summer at both the North and South Pole of Mars. This was done to reveal the surface features which are obscured during the winters on Mars.

The albedo markings, the large dark areas that have been air brushed on, are what astronomers on the ground have seen, or thought they saw, over the centuries. As far as we can tell from the Mariner pictures, there is no apparent explanation for these markings. So the markings on this globe are just a blend of the old and the new—the traditional view of Mars brought up to date with volcanic mountains, plains, craters, and what appear to have been ancient stream beds carved out by running water.

THE 1973 NASA PAYLOAD MODEL

Our confidence in the future has been well expressed by—and strengthened by—a detailed planning exercise we completed last October.

The primary purpose of this exercise was to see what payloads we could develop and fly on the Space Shuttle in the 12 years from 1980 to 1991, with an annual budget at about the level we have today.

The results of the exercise are summed up in a document called *The 1973 NASA Payload Model.* A limited number of copies are available from NASA. It has also been reprinted in a hearing record of the Senate Committee on Aeronautical and Space Sciences entitled *Space Shuttle Payloads* and is for sale by the Government Printing Office.

This Payload Model is *only* a model, of course, and represents one version of what *could* be done in the 1980s. But I think it also gives a very useful indication of what we can realistically expect to be doing between now and 1991.

It is quite precise. It not only tells when we will launch a given payload, and what its purpose is. It also indicates what it will weigh, what its dimensions are, and at what heights it will orbit. This kind of precision is needed to assist in formulating the requirements for the Shuttle, Tug, and Spacelab. This precision also shows how various payloads can be combined on one Shuttle flight to reduce launch costs.

So our latest *Payload Model* is precise, long-range, realistic in budget terms, *and available.* All that makes it rather unusual as Washington documents go. At any rate, we are rather proud of it, and I think you will find it readable and useful.

It identifies a grand total of 810 payloads to be sent into space in the period from late 1973 through 1991. Of these, 60 percent will be automated, and 40 percent will be what we call sortie payloads—that is, they will be flown in the manned Spacelab module being developed by nine European countries.

So we have these two categories of payloads—automated and sortie. You could translate that into current terms as "unmanned" and "manned", but the terms "manned" and "unmanned" will be out of date in the Shuttle era. When the Shuttle is available, even the automated payloads will be launched to Earth orbit, serviced, and in some cases retrieved and returned to Earth by the Shuttle crews.

The grand total of 810 payloads includes non-NASA payloads for other government agencies, foreign agencies, and private industry. But Department of Defense payloads are not included.

The numbers are impressive, but much more significant is what each payload can do and what new capabilities it will create for exploring and using space. Some of the automated payloads the Shuttle takes to orbit will be very large and very sophisticated, like the Large Space Telescope which will weigh about 11 tons and carry a mirror 120 inches in diameter.

To see the shape of the future in space, let's take a look at some of these payloads, starting with the planetary missions.

OUTER PLANETS—TENTATIVE PLANS

Our last approved missions to the Outer Planets will be the Mariner flights to Jupiter and Saturn launched in 1977.

After that, according to tentative plans in the *Payload Model,* we may launch as many as 10 Mariner or Pioneer spacecraft to the Outer Planets in the 1980s, including flybys of Uranus and Neptune, probes into the atmospheres of Jupiter, Uranus, and Saturn, and orbiters around Jupiter and Saturn.

And in 1990 and 1991 we might send two very heavy payloads weighing 21,000 pounds each to orbit one of Jupiter's moons at an altitude of only 55 miles, and land an instrument package, including a TV camera, on this Jovian moon.

Most of the weight of these payloads will be accounted for by a nuclear electric propulsion stage, which will be needed to put the spacecraft in orbit around the moon of Jupiter. The descent to orbit will follow a spiral pattern.

INNER PLANETS—TENTATIVE PLANS

Here are our tentative plans for the Inner Planets:

By 1983 we may send two spacecraft to orbit Venus at a low altitude of 270 miles and map the surface by radar. By 1985 we may send two spacecraft to float in the Venus atmosphere at various levels, and by 1989 we may send a Large Lander to Venus and take TV cameras and other instruments to the surface.

We may return to Mercury in 1987 with two spacecraft which would orbit this Sun-scorched planet. One spacecraft would be in a circular orbit at 270 miles altitude, and the other would be in an elliptical orbit coming within 110 miles of the surface.

TENTATIVE MARS MISSIONS

We have no approved Mars missions beyond the Viking landings in 1976. But according to the *Payload Model* we may launch another Viking to Mars in 1979, two new spacecraft to bring back surface samples from Mars in 1984, and two similar spacecraft to bring back samples from the two moons of Mars, Phobos and Deimos, in 1990 and 1991.

TENTATIVE PLANS FOR AUTOMATED MOON MISSIONS

We have no approved plans to send either manned or automated spacecraft back to the Moon.

However, we are considering sending eight automated spacecraft to the Moon between 1979 and 1991.

These missions include: a Lunar Polar Orbiter in 1979; two other Lunar Orbiters in the 1980's; two Lunar Rovers in the 1980s which would travel as far as 60 miles during a year on the Moon; a so-called Lunar Halo Satellite which would assure communications with the hidden side of the Moon; and finally, in 1990 and 1991, two Lunar Rovers which could return samples to Earth from any point on the Moon. To date, no samples have been returned from the hidden side of the Moon.

TENTATIVE PLANS TO VISIT COMETS

Comet Kohoutek has been a very valuable source of information to astronomers.

I won't have the time today to go into what we learned about Comet Kahoutek, except to say that it appears to have come from outside the Solar System, from interstellar space. And it does appear to contain water molecules and organic molecules that could be precursors of life forms.

Kohoutek is now travelling in an orbit that will return it to the inner Solar System in about 75,000 years.

However, there are some comets, called short-period comets, which come around the Sun on schedule every few years. These are the ones we plan to explore.

For example, in 1979 a spacecraft weighing about 4,500 pounds could be sent to make a slow fly-by of the Comet Encke, coming within 3,000 miles of the comet's nucleus.

Comet Encke comes back around the Sun every 3 years, so that we can make a series of close-up investigations of increasing difficulty.

After the fly-by mission, a rendezvous mission will be considered. It would permit the spacecraft to enter the inner coma of Comet Encke and travel along with it. (The coma, of course, is the nebulous mass which surrounds the nucleus of the comet.) After the spacecraft has made a close-up study of the nucleus, a landing on the nucleus might be attempted.

The missions to Comet Encke are doubly important. They will yield valuable information, and they will help us prepare for the opportunity to make a fly-by close to the best known comet of them all, Haley's Comet, in 1985.

Haley's Comet comes back around the Sun about every 75 years. Each of its appearances has been recorded since the year 240 B.C. When it returns in 1985 we will have our first opportunity to examine it with a full complement of modern instruments on the ground and in space.

It is proposed to fly the Haley spacecraft within about 5,000 miles of the comet's nucleus.

TENTATIVE PLANS TO VISIT ASTEROIDS

Asteroids may be just as important to visit as planets and comets. Scientists believe asteroids can tell us a great deal about how the Solar System was formed and how life began here.

According to the *Payload Model,* we could send two automated spacecraft to visit large asteroids in 1986. They could send back TV pictures and other data from very close range—from distances measured in feet rather than miles.

I assume that some day we will want to send scientists to land on asteroids. Such landings would be relatively easy to make because the gravity forces to be overcome on landing and take-off would not be great. But such landings are not in our tentative schedule for the next two decades.

Planetary exploration takes patience. It cannot all be done in one big push like the Apollo program. We have to move step by step, decade by decade, in many different directions. But even so, a great deal will be learned, and many exciting voyages made, by the time we are ready for manned missions tc the planets.

Now let us look at payloads in Earth orbit in the 1980s and 1990s.

PAYLOADS IN EARTH ORBIT

Earth orbit, that is where most of the action will be in the Shuttle era, not out in the Solar System.

Of the 810 payloads in our planning model, only 57 are destined for the Moon or planets and 753 for Earth orbit.

That's a ratio of 14 to 1 in favor of Earth orbit.

Put another way, in the 12 years beginning with 1980, we will average three payloads per year to the Moon and planets and 57 to Earth orbit.

That's a ratio of 19 to 1 in favor of Earth orbit during the Shuttle era.

Many of our spacecraft in Earth orbit during the Shuttle era will be much more advanced and much more productive operational versions of the experimental scientific and applications spacecraft we are flying in this decade.

On the science side, there will be the Large Space Telescopes, High Energy Astronomical Observatories, Large Solar Observatories, Large Radio Astronomy Observatories, and very sophisticated focusing X-Ray Telescopes.

These large spacecraft, weighing up to 12 tons or more, will be unmanned but will be visited reguraly by Space Shuttle crews and brought back to Earth for refurbishing from time to time. With these prospects for long term use, we can build excellent spacecraft for a modest investment.

With these observatories in action, we will make unprecedented gains in understanding the Universe and its energy sources in the Eighties and Nineties.

In the applications field we are considering large Earth Observatory Satellites weighing 3½ tons which will be in the Sun synchronous polar orbit now used by ERTS-1. These Observatories will use advanced remote sensing techniques to monitor environmental quality, observe the weather and the oceans, survey Earth resources, and facilitate land use planning.

In other words, we think of the Earth Observatory Satellites as a modular spacecraft—or bus—that could carry different groups of instruments to cover a wide variety of Earth observations for many different users.

The advanced remote sensing techniques for the large Earth Observatories have been, and are being, tested out in Skylab, ERTS-1, and other current programs.

We are tentatively planning to begin launching these large operational Earth Observatories in 1978. Goddard Space Flight Center has asked for proposals to study their design. Two or more companies will be selected to conduct the studies.

We also plan to have operational Earth Observatories at synchronous orbit, beginning in 1981. The forerunners of these spacecraft are the two Synchronous Meteorological Satellites we plan to orbit this year. One significant difference is that the spacecraft we will orbit this year weigh 550 pounds but those planned for the Shuttle era weigh 5,000.

Another figure that indicates the direction we are heading concerns communications and navigation satellites.

NASA has only two planned at present: the Applications Technology Satellite (ATS-F) which will be launched this year and the Cooperative Applications Satellite which we are working on with Canada and which will be launched next year.

The *Payload Model*, however, lists 120 communications or navigation satellites to be orbited by NASA for other agencies or private industry (not including the Department of Defense) through 1991. Forty-three of these are for commercial communications within the United States. I would guess this number will climb, but that is the present projection, and it is impressive, especially when you remember these satellites must be sent to synchronous orbit.

The trend for other agencies and other governments to use space is already clear.

Of the 25 payloads scheduled for launch by NASA this year, only eight are NASA payloads; three result from international cooperative efforts in which NASA is a partner; and 14 are being launched for others on a reimbursable basis.

Seven of the reimbursable launches involve commercial communications satellites—three international, three domestic, and one maritime communications satellite.

I cite these figures to show that intensive use of space by others is beginning, and NASA welcomes this trend.

Of the three hundred or so sortie payloads—those flown in the manned Spacelab module—most will be NASA payloads.

They include substantial numbers in: Astronomy; Physics; Earth Observations; Space Processing; Earth and Ocean Physics; Communication and Navigation; Life Science; and Space Technology.

Of the non-NASA payloads, 10 are expected to be flown for private industry in the space processing field, beginning in 1985.

About 10 percent of the sortie payloads are expected to be foreign, but that's tentative, of course.

SHUTTLE IMPACT ON ENVIRONMENT

One question naturally arises when we consider the large number of missions contemplated in our *Payload Model* coupled with a rapidly increasing number from the Soviet Union (which made three times as many launches as we did in 1973).

What will be the impact of all these launches on the global environment?

We have had this under careful study since the earliest consideration of the Shuttle and we will design and fly a Shuttle which has *no harmful* effects on the environment.

The environmental impact statement filed two years ago discussed Shuttle noise and sonic boom, and also attempted to define the possible atmospheric influence of various exhaust gases. The atmospheric effects of added gases are complex and difficult to predict in advance—witness the problems with the automobile.

NASA has encouraged and funded the best people in atmospheric science to carry on a continuing study of Shuttle related atmospheric science to carry on a continuing study of Shuttle related atmospheric effects. This coordination with the knowledgeable scientific community is a key element in the Shuttle developmental program.

The effects of hydrogen chloride emissions from the Shuttle booster are currently under intensive study, with a particular focus on the posible effects of chlorine on atmospheric ozone. The plans involve a careful coordination of theoretical laboratory and field work. We do not think this will be a problem, but should the effects of using the propellants planned for the present Shuttle design turn out to be unacceptable, NASA has the option and indeed the commitment to proceed with alternative propellants.

BENEFITS OF SHUTTLE USE

I have one final point I would like to make about the *1973 NASA Payload Model*.

We have used it as the basis for a current study to compare the benefits offered by the Shuttle over present day or improved expendable launch vehicles.

We have found that the benefits made possible by Shuttle use in the 12 years from 1980 through 1991 will average more than $1 billion per year.

Most of these benefits will result from the decreased cost of payloads and from their reuse, but the Shuttle also offers significant savings in transportation as well.

QUESTIONS

Now I would like to come back to the questions I usually get asked: When will Americans return to the Moon?

When will we land men on Mars?

When will we establish a Large Space Station in Earth orbit?

MAN'S RETURN TO THE MOON

It is quite possible that the Russians will send men to the Moon for short stays during this decade, as we have already done in the Apollo program.

Whether we will want to send men back to the Moon on short Apollo-type missions requires further study. It is probably better to wait until we are ready to begin establishment of manned scientific bases for long term use, like our present bases in the Antarctic.

As I see it now, such bases on the Moon are not likely, even after 1991, unless they are built in international projects with the cooperation of the Soviet Union, the United States, and perhaps even Europe. Such bases would be too expensive for one country alone

PROSPECTS FOR MANNED MARS LANDING

I think manned exploration of Mars will be undertaken after we have had experience with large Space Stations in Earth orbit and with long stays in scientific bases on the Moon. Not that these steps are required—rather they are logical next steps in an orderly program.

Like scientific bases on the Moon, manned expeditions to Mars will likely be organized on an international basis. Even though such an undertaking is technically feasible now and would receive enthusiastic support from a large portion of the world's population, with all the other financial problems currently facing the developed countries it is unlikely that any one of them will foot the bill by itself—at least not in the next two decades.

PROSPECTS FOR A LARGE MANNED SPACE STATION

Skylab has clearly shown the potential value of the Space Shuttle and the Spacelab module, which can serve as a small space station accommodating about four scientists for missions up to 30 days.

But Skylab has also convinced us that we we will need Large Space Stations for long missions employing larger and more sophisticated instruments.

But NASA simply will not have the funds in this decade to develop both the Space Shuttle and a Large Space Station. Faced with that choice, we had to give priority to the Shuttle and the smaller Spacelab module.

It is very likely that the Soviet will develop a space station, and they may have it in orbit by the end of this decade. How it will compare in size and versatility and productivity with the manned Spacelab module the Europeans are developing for use with the Space Shuttle remains to be seen.

Conclusion

We should not be dismayed by the fact that cost factors require international cooperation on such large undertakings as scientific bases on the Moon and manned landings on Mars. We should welcome it.

I think such cooperation is an excellent way of helping to assure that we will enter the 21st century as a world at peace.

Will such long-term, large-scale international ventures in space be politically feasible one or two decades from now? I very much hope so. No one can say with certainty, of course. But I can point out that we have taken two important steps in this general direction already:

(1) The scheduling of the Apollo/Soyuz Test Project for 1975 and

(2) The agreement with nine European countries to develop the manned Spacelab module for use with the Space Shuttle.

And by 1991 I anticipate that it will be clear to all that if it is desired to proceed on the major space missions of the future, there is no alternative to international cooperation—no alternative that is both feasible and appropriate in a world at peace.

It is, of course, difficult to plan now for the future beyond 1991. Our *Payload Model* goes about as far as one can go.

For the near future—for the next 18 years—we do have well planned space programs and possibilities which we can afford on a national basis, which do encourage international cooperation in space on a growing scale, and which are the logical next steps to explore and use space.

The many space achievements we have tentatively planned for the next 18 years will enrich our lives, advance our technology, and enhance our security. They will be achievements that we as a people can be very proud of.

MISSING IN ACTION

Mr. McCLURE. Mr. President, the fate of all the 1,300 Americans listed as "missing in action" in Vietnam remains today unresolved. Failure of the North Vietnamese and Viet Cong to comply with specific provisions in the Paris cease-fire agreements for the release of information on the MIA's is of utmost concern to the people of the United States. Congress must not allow the return of our POW's to be half realized and leave those remaining families a "lone voice crying in the wilderness." But rather, we must recognize that voice as an inspiration to this Congress and act in a decisive manner to expedite a prompt and safe accounting for those yet "missing in action."

At the recent mid-winter conference of the American Legion Auxiliary in Boise, Idaho, the question of American MIA's was thoughtfully considered. In support of those families personally involved, the auxiliary joined them in expressing urgent demand for immediate release of the MIA's and pass a resolution to this effect. I am indebted to Mrs. Patty Halstrom of Weiser, Idaho for bringing this to my attention.

I ask unanimous consent that this important resolution be printed in the RECORD.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

RESOLUTION—U.S. SERVICEMEN LISTED AS MISSING IN ACTION

Whereas: One year ago, January 27, 1973, there was an agreement by the governments of the United States and North Vietnam to cease firing at the armed forces of each other, and

Whereas: It was agreed that a full accounting would be made of those listed as dead and to return those being held prisoner and that every effort would be made to account for those listed as missing in action, and,

Whereas: Actual events since these agreements were signed has been that the United States government agencies assigned to make an accounting have come to a point of now only giving token lip service to their responsibilities, and,

Whereas: The government of North Vietnam has been reluctant to give assistance toward making an accurate accounting, and in some instances displayed contempt and hostile action, including murder, in retarding the sincere efforts of our inspection teams, which has resulted in a lack of spirit of the inspection teams to carry out their responsibilities, and,

Whereas: Certain steps and measures have been taken to discontinue search efforts and to reclassify status of those listed as missing to a classification of dead, which is considered to be presumptive under the conditions previously mentioned along with the fact that certain U.S. servicemen are known to have survived crash or battle and in fact appeared in interviews while being held captive, now therefore be it

Resolved, by the American Legion Auxiliary, Department of Idaho, in assembly at their annual Mid-Winter Conference in Boise, Idaho January 26, 1974, that,

We urge the United States Senate Foreign Relations Committee to continue to conduct hearings on the fate of those men who are listed as "missing in action", and be it further

Resolved: That Congress use every means at its disposal to make sure that all men listed as "missing in action" be fully accounted for.

FOREIGN MINISTERS CONFERENCE IN MEXICO CITY

Mr. BENTSEN. Mr. President, I commend Secretary Kissinger for the frank and open spirit in which he met with his Latin American colleagues at the Foreign Ministers Conference last week in Mexico City. But I am disappointed that no concrete solutions to the pressing problems of our hemisphere came out of that meeting. I—and many others—were hopeful that some concrete results would be achieved on such important matters as the role of multinational corporations, private foreign investment, civil rights and human liberties, restructuring of the hemisphere's political and economic relations, and the OAS embargo of Cuba. A frank and open dialog, and the promise of more to come, is important but must lead to real accomplishments, and as yet we have seen too little of this. The Secretary made a good start by reaching agreements with Mexico on the salinity of the Colorado River and with Peru on the expropriation of American firms; but it has taken years to accomplish these goals. Much more remains to be done, and I am fearful that it will take years more to resolve the other outstanding issues. It appears once again that decisions on the really difficult problems have been postponed. I repeat, substantive dialog on foreign policy issues is important. But headlines heralding "a new relationship" or "a new dialog" must not mask the lack of any real progress toward resolving the problems.

THE ENERGY CRISIS

Mr. FANNIN. Mr. President, it is time for this Congress to stop trying to fool ourselves and the American people concerning the solution to the energy crisis. The only realistic solution is to allow the prices for various fuels to seek their free market levels which will produce maximum supply.

The so-called windfall profits tax scheme and the irrational oil price rollback plan were subterfuges that would plainly be counterproductive to solution of our problem. We need to increase supply, not mutilate the production and supply system.

The Journal of Commerce ran a very good editorial on Monday. It was captioned, "An Expensive Illusion." The oil price rollback scheme most certainly is "an expensive illusion."

Mr. President, I ask unanimous consent to have this editorial printed in the RECORD for the benefit of my colleagues who are deeply concerned about this issue.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

AN EXPENSIVE ILLUSION

On Occasions too numerous to count of late we have heard such proposals as a rollback of crude oil prices supported with the argument that each would "have consumers" unspecified sums of money usually running well into the hundreds of millions, if not to even more. This is a thought that seems to have gained great popularity on evening TV newscasts. It has gained enough, at least, to merit some comment.

The current proposals of this sort are similar to those put forward last year, mostly in reference to food prices. If meat prices were to be frozen, or if other food prices were frozen or even rolled back, it was said, the producers and distributors would continue to perform their functions, though at reduced profit levels, the assumption being that they would do so because they had no option to do otherwise. The consumer, in the meantime, would be given every bit of protection the government was bound to provide.

The arguments advanced then were just as misleading as those presented so airily today in another context. They are misleading because they assume that the available supply is constant and certain to remain so.

If that had been true with meat last year, then it could be assumed to be equally true of crude oil and petroleum products this year. If all the meat that the American people wanted to buy was flowing freely through the markets then, and if all the oil the nation can usefully absorb were flowing equally freely now, then it wouldn't make much difference to the public as a whole whether the producers and middlemen were forced to make do with reduced profits, even sharply reduced profits or perhaps no profits at all.

But that was not the case then nor is it the case now. The first effect of the meat price freeze was too drive a lot of the quality cuts off the shelves of retailers. The second, which seemed to come as a shock to a good part of the nation, was to force wide cutbacks in cattle production. These cutbacks, made in various ways and for various reasons in different areas, threatened shortages that could not by any manner of means be considered as temporary.

Nor was there anything secretive about them. Anybody who wanted to study the figures could find their meaning plainly stated: no matter how low the price, there was no longer going to be as much meat as there had been.

Those who had taken the trouble to do their homework (and quite a number of congressmen apparently hadn't) could see that with feedgrain prices rising rapidly while a lid was being clamped tightly on retail prices, cattle raisers would only go on raising cattle if the packers and middlemen accepted the entire brunt of the squeeze. But this was not to be.

But even while these warnings were being sounded, by this newspaper among others, the nation's more optimistic folk continued to whistle past the graveyard and to insist, during pauses for breath, that nothing could be inherently wrong about using the powers of a benevolent government to protect the consumers against excessively high food prices.

Well, as it happened the price levels were protected for a while but the consumers were in for a surprise. Much of the food they wanted most wasn't there anymore. The price lists were, but the better cuts were not. There were the usual rumors of hoarding but not much disposition to face the truth. A good deal of meat that otherwise would have been on the shelves wasn't there because it was no longer being produced and distributed.

So where were the savings consumers had been promised? To most families they were measurable. People were simply eating less of what they wanted to eat, once the larder in the deep freeze ran out, and more of what they didn't especially like. Many did save something by this means, but they could have done that anyway if they had been willing to cut their standard of living a notch or two.

With the lessons of the recent past supposedly so fresh in mind, how is it to be assumed that enforced rollbacks in the price of domestic crude oil or of any other fuels or raw materials in short supply are going to produce different results? Would they entice more crude oil out of the ground and into the pipelines? Or would the public again find itself as horrified as it was last year to witness what was happening to the production of meat?

It is unfair for politicians or for anyone else to deliberately encourage expectations that have no hope of being realized. There is no more chance of increasing the oil supply by a rollback now than there was last year of making people happier by freezing certain food prices. This is an illusion too expensive even for the affluent United States.

CHESTER E. MERROW—HE MADE A CONTRIBUTION TO HIS NATION

Mr. McINTYRE. Mr. President, all of us were deeply grieved to hear of the untimely passing of Chester E. Merrow, of Center Ossipee, N.H.

Chester Merrow's death was a great loss to all of us in Congress, to the people of the State of New Hampshire, and to the Nation. It was a great blow to his lovely family.

Chester Merrow started his long and distinguished career as an educator. Following his education at Brewster Free Academy, at Colby College, and at Columbia University he taught science, physics, chemistry, and biology for many years and then, to demonstrate his broad knowledge, he instructed students at Vermont Junior College in political science and history.

In 1943, he was elected for the first time to the U.S. House of Representatives. He had served briefly in the New Hampshire General Court before his election to the U.S. Congress.

For two decades from 1943 to 1963, Chester Merrow was kept in Congress with overwhelming majorities by the people in his district. He served with great distinction as a member of the House Foreign Affairs Committee. He was a delegate to many international conferences on education, culture, and science, representing the United States.

In 1962, Chester Merrow decided not to run for reelection to the House, but to stand as a candidate for the U.S. Senate. He was defeated in the primary, the first political contest he ever lost.

But, Chester Merrow's expertise, his knowledge and his abilities were needed in Washington. He was appointed by President Kennedy as a Special Adviser on Community Relations in the U.S. Department of State. He served in this important position from 1963 until 1968.

In 1970 and 1972, Chester Merrow ran as a Democrat for the House of Representatives. He was defeated both times.

It is obvious from his record and the positions he held that party labels as such were not an obsession with Chester Merrow. He was a man of the people. His appeal was not the fact that he was a Democrat or a Republican. He went before the people on the issues. He tried to represent their viewpoints without regard to whether it was politic or whether it was the proper party position.

Chester Merrow was often labeled a maverick Republican. If he had been elected as a Democrat he probably would have been labeled a maverick in that party also. He was his own man, maybe even a "loner" as an editorial I will insert in the RECORD states.

I was always privileged to call Chester Merrow a friend, even though for many years we were in opposite political parties, and many years ago actually ran against each other for Congress. He beat me rather handily. But we fought our campaign on the issues and not on personalities.

A little bit of goodness was chipped away with the passing of Chester Merrow. He is missed by all who knew him. Some people walk through life quietly, with dignity and strength. He was one of these.

And he made his contribution to all of us.

May I express my sorrow to his lovely wife, Nellie, to his son, Daniel, who is father of Chester's three grandchildren, to Chester's sister, Barbara Currier, and to the rest of his family.

Mr. President, I ask unanimous consent to print in the RECORD a very thoughtful and meaningful editorial from the Portsmouth, N.H., Herald which gives a further view of this remarkable man.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

CHESTER MERROW MADE A CONTRIBUTION

Tennyson said many years ago that the "old order changeth, yielding to the new," and, while he didn't have politics in mind, it surely applies to that field of human endeavor.

The passing of Chester E. Merrow from the New Hampshire political scene created only a minor stir. Some years ago, a veteran of 20 years in the U.S. House of Representatives, Merrow elected to go for the Senate. His efforts fell short and Louis C. Wyman succeeded to the Merrow seat in the House.

After that defeat, Merrow left the Republican Party and became active in Democratic affairs. As everyone familiar with The Public Forum knows he was a frequent writer in its columns.

Staff people at The Herald always enjoyed a visit from Merrow. He was a pleasant person, and one thing about him was that he seemed to owe allegiance to no man.

While he was still an orthodox Republican and holding office by the gift of that party, Merrow always seemed to be alone. If there was a public function, for example, such as a Lincoln Day dinner, all the other Republican VIPs would arrive en masse.

Minutes after their arrival, Merrow would be seen strolling in the door by himself. Essentially perhaps the man was a "loner" but even so he was decent, and we liked him.

The imprint he has left on the state's Democratic party won't be heavy in all probability because that party is turning to youth more and more, but he did make a contribution. And heaven only knows, New Hampshire's Democrats could use a lot of those.

BRAZIL

Mr. WEICKER. Mr. President, I ask unanimous consent that the address by the Brazilian Ambassador, the distinguished J. A. de Araujo Castro, before the Conference for Corporate Executives conducted by Johns Hopkins University on January 30, 1974, be printed in the RECORD. Brazil is a great and good friend of our Nation. Her ambassador has spoken truthfully and well.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

BRAZIL AND THE WORLD OF 1974

(By Ambassador J. A. de Araujo Castro)

It is an extremely rewarding experience for me to be here among you today and I wish to express my indebtedness to the International Management and Development Institute for this kind invitation to address you at this luncheon. This is the third time I respond to a friendly gesture from the Institute since I came to Washington and I see that such response has become an interesting and gratifying feature inserted into the routine of my functions as Ambassador of Brazil to the United States of America.

My indebtedness towards the Institute goes beyond this opportunity of contact and exchange with you. It is enhanced by my appreciation and understanding of the relevance and significance of the purposes, scope and high objectives of the "School of Advanced International Studies of the Johns Hopkins University" and of the "International Management and Development Institute", in promoting seminars such as this one now being held. Your idea, as I see it, is to arouse, encourage and develop a better awareness on the part of the leaders of this country, both in the public and in the private sectors, on the realities of other peoples and other nations. I know of no other task of higher and greatest relevance, either to those who listen or to those who are called to set forth their opinions and points of view. And this is precisely the theme of my brief remarks today, namely the necessity of striving for a more thorough international cooperation in the economic field, an effort which will encompass an exchange of information and promotion of a more accurate reciprocal knowledge.

We are living in an extremely fluid and diffuse stage of modern economic history wherein the principles, the norms and the dogmas held sacred for many a decade have suddenly been abandoned and forsaken by the virtue of the emergence of new economic realities, which have been ultimately altered by another set of facts and events which have erupted in the international economic structure.

We might tentatively assert that the present stage of transition started in August 1971, when the inconvertibility of the dollar was established, and when the United States Government adopted some measures protective of its home market, which have substantially altered the terms of trade then prevalent. As a matter of sheer fact, many of us had been for some time quite aware and conscious of the imperfections and relative obsolescence of the trade and monetary system but it took a massive deficit in the US trade balance and a continued drain of dollars to other monetary centers to prompt a definite break with the Bretton Woods system. It is relevant to point out that a protectionist outlook and tangible measures of a protectionist character can be ascribed not only to the steps undertaken in August 1971 but to the very sources and causes of this crisis in the international market with untrammelled competition on the part of other highly industrialized countries; It was likewise a fact that those American exporters found their penetration into the consumer markets of Western Europe and Japan greatly thwarted to the web of protectionist measures imposed on those markets. And it is very important to point out that the actions and counter-actions lauched in the financial and commercial international field, as resulting from the confrontation between the great trade partners, have come willy-nilly to affect and afflict the so-called developed countries.

Developing countries exporting commodities have to face an elaborate and efficient protectionist machinery in the European Common Market area. This fact, together with a high level of international duties levelled by the EEC countries on tropical products, considerably limits exports from developing nations to the area. American exporters have expressed concern over the Common Agricultural Policy of the EEC, but it is also true that it significantly affects developing countries. On the other hand, the European Common Market is currently extending its geographic boundaries, within Europe as well as towards the Mediterranean and Africa. As new European nations join the Common Market, or as preferential and discriminatory agreements are celebrate with Mediterranean and African countries, the trend towards territorial expansion becomes also a trend towards widening protectionism.

Protectionist trends have also asserted themselves up in the American continent, under various guises and in several different sectors. As I have already mentioned, the announcement on the inconvertibility of the dollar in August '71 was coupled with several measures of a protectionist nature, such as the import surtax of 10 per cent ad valorem, which affected practically all imported goods regardless of their origin, whether they came from industrialized nations, from developing nations, from nations with a surplus in their trade balance with the United States or, as is the case of Brazil, from countries with a negative trade balance with the United States. Although the surtax has been revoked as a result of the Smithsonian Agreement of December 1971, the protectionist trend does not seem to have disappeared from the American political and economic scene. On the contrary, it is felt in the implementation of agreements restricting exports to the American market, in the levelling or the threat of levelling countervailing duties on certain manufactured or semi-manufactured products exported to the United States, in the proposals for protectionist bills in both Houses of Congress, in the adoption of export controls over products especially important to the traditional trade partners of the United States, et cetera.

We must also bear in mind that the protectionist trend has not been limited to the strictly commercial field; it is clearly visible in the financial field, in practically all developed economic centers. It is a well known fact that the very modest United Nations goal of a contribution from industrialized countries equal to 75 per cent of their GNP in financial assistance to developing areas is still a long way short of being fulfilled. Also well known, but seldom heeded, are the repeated pleas made by the Presidents of the World Bank and the Inter-American Bank for no delays or cuts in the contributions of developed countries to those institutions, especially with regard to low interest funds affecting the so-called least developed nations. We all have heard disturbing news that OECD members are considering restrictive measures on the flow of capital in the Eurodollar area, a move which would certainly hinder the possibility of attracting resources in that area. Finally, it is not stimulating to notice the steadfast opposition in some quarters to the idea advanced by the developing countries of establishing some sort of "link" between the creation of a new international monetary standard and the assistance to development.

I have been calling your attention to those several contradictions or obstacles existing in the international commercial and financial scene, because they considerably hinder what should be seen as a priority goal of the international community: the accelerated economic and social development of the underdeveloped world. This would benefit not only those countries and peoples, but the whole community of nations.

It is obviously impossible to discuss the current international economic scene without somehow mentioning the so-called oil crisis, or energy crisis. Indeed, it is now quite clear that the recent events which unfolded in the fields of energy and of the international economy have wrought deep change into the whole international context, with reflections on the entire gamut of international relations. Financial and commercial multilateral negotiations, already in the offing with a view to finding a new global economic order were suddenly reversed and will have somehow to start again from scratch. As a result of the new oil prices, the relationships among the several world economic centers were deeply altered, and it is still too early for any precise evaluation of what the final outcome will be. It is however clear that the new realities of the international oil economy will have profound bearing on all sectors of activity throughout the community of nations, affecting as wide a range of factors as internal price structures, rates of economic growth, transportation costs (both internal and international) and the balance of payments of each individual country.

I will certainly not attempt, nor am I qualified to do so, any thorough analysis of the origin, the present realities or the likely consequences of the world energy crisis. But I am sure it is proper to stress here that although the current rising trend in oil prices was precipitated by the Middle East conflict, it surely was not a consequence of that confrontation. In fact, the oil-producing countries had been trying for some time to reverse the declining trend in oil prices which marked the decade of the sixties. It is important to observe that in the past few years the appreciation of export commodities, whether agricultural or mineral, has been one of the basic claims of developing countries. This has happened not for academic reasons, but because the expansion and valorization of their foreign trade, in raw materials as well as manufactured goods, is a vital element in the promotion of their economic development and of the welfare of their population. In short, it has been a constant aspiration and a feature of the diplomatic activity of developing countries to implement understandings and international conditions which would allow them to increase, in price and in volume, their participation in international trade. I am confident that the negotiations about to start on the energy field may bring about a lasting and equitable agreement. Let us not forget, however, that for the achievement of such an agreement it is imperative that all interested parties, developed and underdeveloped nations, producers and consumers, have a chance to be heard and have their vital interests taken into attentive consideration. It will be a serious mistake to try to establish a new order in this field among a small number of countries and then try to transpose it to the whole international community. Such an agreement would breed within itself a dangerous element of imbalance and disintegration.

Through a process of chain-reaction, the recent Middle East crisis resulted, as we have noted, in a profound change in world relationships. This is true on the political level, as well as in the economic, financial and monetary spheres. The relationships between the two Super-Powers, among the large industrial nations, between the industrialized countries and the developing countries and even among the developing countries themselves have now been profoundly changed. Among developing countries, for instance, it should be noted that they are not affected in any uniform way or with equal intensity by the new realities of world economy and politics. The general lack of interest on the part of industrialized countries for the question of development on a worldwide basis may increase as a result of the crisis, as new arguments and pretexts will undoubtedly be found. Allegations will be made to the effect that the crisis benefits exclusively the countries producing raw materials: the solidarity among those countries is liable to the weakened to the extent that some of their hard-fought achievements in international conferences may well be wiped out. Short-run interests and considerations may cause the industrial nations to concentrate their attention on pressing internal economic problems and force producers of some raw materials to try to maximize their short-term gains, however, ephemeral and precarious that advantage may prove. This two-fold danger, from both sides of the international economic spectrum might jeopardize the still inceptive effort towards the acceptance—in theory as well as in practice—of a concept of Collective Economic Security capable of spelling out a truly universal and collective responsibility for the problem of economic development. Industrialized and developing countries, producers and consumers alike, must strive purposefully together so that the experience gained during the past decade, since UNCTAD I, will not be lost, and so that an overt economic confrontation might be avoided. By the way, such a struggle in the economic field would, if we cannot avert it, be parallel to the unedifying display of power politics in the specific field of international political relations. Any efforts towards a new international order must be guided by the purposes and principles of the Charter of the United Nations, which rejects the use of force—and I would like to give the word force its broadest connotation—for the achievement of objectives in the international field.

How will the current crisis affect Latin America in 1974? I would like to say first that Latin American countries must not remain absent or aloof from the discussion and negotiation of matters that so directly and intensely affect their national interests. Brazil has repeatedly decried the tendency to limit debate on the great political and economic problems of the world to a dwindling circle of Great Powers, which became by default the arbiters of the aspirations and interests of mankind as a result of the omission of the medium and small countries. Because of its juridical tradition, its historical experience and even its increasing economic importance, arising from the gradual materialization of its potentialities, Latin America cannot remain excluded from this process of deliberation and decision. Conversely, the Latin America nations cannot shirk this fundamental responsibility at the outset of the year 1974, at the start of the transition towards a new world order. The Latin American countries cannot allow themselves to elude History nor do they wish to elude themselves; they have no higher aspiration than to participate in today's world, with all its great problems and its great hopes. The Latin American countires are increasingly convinced of the need to affirm a principle of collective economic security which will assure to all peoples not only the right to survival but also the right to life conditions of security and development.

I beg of you to forgive me for burdening you with these considerations, probably inappropriate for after-lunch relaxation, but I have often wondered that it may not be useless to meditate on the need for further dialogue, better understanding, deeper awareness among all those who have a responsibility in international matters. For what you are and for what you represent, you are certainly at the forefront of this category of people.

I wish to close these remarks on a note of hope and conviction. I am indeed convinced that despite the hardships and obstacles, we will overcome this period of transition in the economic history of the world to arrive at a new order which will ensure progress and development for all nations. As far as Brazil is concerned, I can assure you that all necessary measures will be taken, all necessary conditions shall be created, so as to ensure the continuation of our economic development, through the interaction of internal efforts with international cooperation, both public and private.

Today, in Brazil, the only national obsession is the obsession with the development. We are determined to follow on our way towards progress, despite occasional difficulties and setbacks, for we cannot renounce our future.

We consider the development of Brazil as an integral part of the development of Latin America, to which we have always belonged both geographically and emotionally. Our action does not and will not follow any dogmas or preconceived ideas, and we will always be willing to incorporate our effort into the effort of other peoples and enrich our experience with the experience of those willing to work with us. The development of Brazil is not only a great national project, but a broad human experience, integrated in the effort of the whole Mankind, unto which Brazil intends to remain faithful and committed.

RULES OF THE COMMITTEE ON FOREIGN RELATIONS AND THE SUBCOMMITTEE ON MULTINATIONAL CORPORATIONS

Mr. SPARKMAN. Mr. President, in accordance with the provisions of section 133B of the Legislative Reorganization Act of 1946, as amended, I submit for publication in the RECORD the rules of the Committee on Foreign Relations and its Subcommittee on Multinational Corporations.

There being no objection, the rules were ordered to be printed in the RECORD, as follows:

RULES OF THE COMMITTEE ON FOREIGN RELATIONS

COMMITTEE AND SUBCOMMITTEE MEMBERS

1. The regular meeting day of the Committee on Foreign Relations for the transaction of Committee business shall be on Tuesday of each week, unless otherwise directed by the Chairman.

2. Six members shall constitute a quorum for the purpose of transacting Committee business.

3. Proxy voting will be permitted on all matters, except that no measure or recommendation shall be reported unless a majority of the Committee were actually present.

4. The Chairman of the Committee on Foreign Relations, or the chairman of any subcommittee thereof, is authorized to fix the number of members who shall constitute a quorum for the purpose of taking testimony.

5. Except when funds have been specifically made available by the Senate for a subcommittee purpose, no subcommittee of the Committee on Foreign Relations shall hold hearings involving reporting expenses without prior approval of the chairman of the full Committee or by decision of the full Committee.

6. Unless otherwise authorized by law or Senate resolution, subcommittee shall be appointed each Congress by the Chairman. They shall be of three general types: consultative, "study" or "oversight," and ad hoc.

Consultative subcommittees are created primarily for purposes of consultation and not for the consideration of legislation.

Study or Oversight subcommittees are created to deal with specific problem areas which may or may not require legislative action originating with the Committee.

Ad hoc subcommittees are created to act on behalf of the full Committee on specific legislation or treaties.

COMMITTEE TRAVEL

No member of the Committe on Foreign Relations or staff shall travel abroad on Committee business unless specifically authorized by the Chairman, who is required by law to approve vouchers and report expenditures of foreign currencies, and the ranking minority member. Requests for authorization of such travel shall state the purpose and when completed, a full report shall be filed with the Committee.

NOMINATIONS

1. Unless otherwise directed by the Chairman, the Committee on Foreign Relations shall not consider any nomination until six days after it has been formally submitted to the Senate.

2. Nominees for any post who are invited to appear before the Committee shall be heard in public session, unless a majority of the Committee decrees otherwise.

3. No nomination shall be reported to the Senate unless the nominee has been accorded security clearance on the basis of a full field investigation by the Federal Bureau of Investigation, and, in appropriate cases, has filed a confidential financial statement with the Committee.

TRANSCRIPTS

1. The Committee on Foreign Relations shall keep verbatim transcript of all Committee and subcommittee (except consultative subcommittees) meetings and such transcripts shall remain in the custody of the full Committee, unless a majority of the Committee decides otherwise.

WITNESSES

1. The Committee on Foreign Relations will consider requests to testify on any matter or measure pending before the Committee.

2. If the Chairman so determines, the oral presentation of witnesses shall be limited to ten minutes. However, written statements of reasonable length may be submitted by witnesses and other interested persons who are unable to testify in person.

TRANSCRIPT REGULATIONS

1. Maintenance and security of classified transcripts.

a. The chief clerk of the Committee shall have responsibility for the maintenance and security of the classified transcripts.

b. A record shall be maintained of each use of the classified transcripts.

c. Classified transcripts shall be kept in locked combination safes in the Committee offices except when in active use by authorized persons. They must never be left unattended and must be returned to the chief clerk promptly when no longer needed.

d. Classified transcripts shall be permitted to leave the Committee offices only in the possession of authorized persons. Delivery and return shall be made only by authorized persons. They shall not be permitted to leave the city or the country, unless adequate assurances are made to the Chairman for their security.

e. Transcripts classified secret or higher shall not be permitted to leave the Committee offices.

f. Extreme care should be exercised to avoid taking notes or quotes from classified transcripts. Their contents must not be divulged to any unauthorized person.

2. Persons authorized to use classified transcripts.

a. Members and staff of the Committee, in the committee rooms, or, by permission of the chairman, in their offices.

b. Senators not members of the Committee, in the Committee's Capitol offices, by permission of the Chairman.

c. Members of the executive departments in the departments, or, in the Committee's Capitol office, by permission of the Chairman.

3. Declassification of executive transcripts and other executive records.

Executive transcripts and other executive records of the Committee shall be released to the National Archives and Records Service for unclassified use in accordance with the policies of that Agency: *Provided*, That no such transcripts or other executive records shall be declassified within a period of 12 years except by majority vote of the Committee and with the permission of surviving members of the Committee at the time such transcripts or records were made and with the permission of the Executive Department, if any, concerned; and *Provided further*, That after 12 years from the date such transcripts or records were made, they shall be declassified unless the Committee by majority vote shall decide otherwise.

REGULATIONS FOR THE USE OF CLASSIFIED MATERIAL (OTHER THAN TRANSCRIPTS)

Receipt and distribution of classified material

1. All classified material received or originated by the Committee shall be keyed in at the Committee's offices in the Dirksen Senate Office Building, and except for material classified as "Top Secret" shall be filed in the Dirksen Senate Building offices for Committee use and safekeeping.

2. Each such piece of classified material received or originated shall be card indexed and serially numbered, and where requiring onward distribution shall be distributed by means of an attached indexed form approved by the Chairman. If such material is to be distributed outside the Committee offices, it shall, in addition to the attached form, be accompanied also by an approved signature sheet to show onward receipt.

3. Distribution of classified material among offices shall be by Committee Members or staff only. All classified material sent to Members' offices, and that distributed within the working offices of the Committee, shall be returned to Room 4229, Dirksen Senate Office Building. No classified material is to be removed from the offices of the Members or of the Committee without permission of the Chairman. Such classified material will be afforded safe handling and safe storage at all times.

4. Material classified "Top Secret," after being indexed and numbered, shall be sent to the Committee's Capitol offices for use by the Members and staff in those offices only.

5. The Chief of Staff is authorized to make such staff regulations as may be necessary to carry out the provisions of these regulations.

STAFF REGULATIONS

The Committee recommends that the following concepts serve to guide the staff in its activities:

1. The staff works for the Committee as a whole, under the general supervision of the Chairman of the Committee, and the immediate direction of the Chief of Staff.

2. Any Member of the Committee should feel free to call upon the staff at any time for

assistance in connection with Committee business. Members of the Senate not members of the Committee who call upon the staff for assistance from time to time should be given assistance subject to the overriding responsibility of the staff to the Committee.

3. The staff's—as, indeed, the Committee's—primary responsibility is with respect to bills, resolutions, treaties and nominations.

4. The staff and the Committee also have a responsibility under Section 136 of the Legislative Reorganization Act which provides that ". . . each standing Committee . . . shall review and study, on a continuing basis, the application, administration, and execution of those laws, or parts of laws, the subject matter of which is within the jurisdiction of that committee." In the case of foreign relations, there is an additional responsibility deriving from the advice and consent clause of the Constitution. By the same token there are limitations deriving from the President's special constitutional position in regard to foreign relations.

5. In addition to carrying out assignments from the Committee and its individual Members, the staff should feel free to originate suggestions for Committee or Subcommittee consideration, making it clear in every case that the decision lies with the Committee or Subcommittee concerned. The staff should also be free to make suggestions to individual Members regarding matters of special interest to such Members.

It is part of the staff's duty to keep itself as well informed as possible in regard to developments affecting foreign relations and in regard to the administration of foreign programs of the United States. Significant trends or developments which might otherwise escape notice should be called to the attention of the Committee, or of individual Senators with particular interests.

6. In carrying out the responsibilities in paragraph 5, the staff should bear in mind the workload of Senators and attempt not to deal in trivia but to limit itself to broad questions of basic policy or specific matters which point up a question of basic policy.

7. The staff should pay due regard to the constitutional separation of powers between the Senate and the executive branch. It should, therefore, try to help the Committee bring to bear an independent, objective, judgment of proposals to the executive branch and when appropriate to originate sound proposals of its own. At the same time, the staff must avoid impinging upon the constitutional prerogatives of the executive branch in the day-to-day conduct of foreign affairs.

8. In those instances when Committee action requires the expression of minority views, the staff shall assist the minority as fully as the majority to the end that all points of view may be fully considered by Members of the Committee and of the Senate. The staff must bear in mind that under our constitutional system it is the responsibility of the elected Members of the Senate to determine legislative issues in the light of as full and fair a presentation of the facts as the staff may be able to obtain.

9. The staff should regard its relationship to the Committee as a privileged one, in the nature of the relationship of a lawyer to a client. In order to protect this relationship and the mutual confidence which must prevail if the Committee-staff relationship is to be a satisfactory and fruitful one, the following criteria are suggested:

a. The staff must be completely nonpartisan and responsible only to the Committee. Staff members should be hired and fired by the Committee solely on the basis of merit and without regard to political considerations.

b. Members of the staff must not be identified with any special interest group in the field of foreign relations or allow their names to be used by any such group.

c. Members of the staff must not accept public speaking engagements or write for publication in the field of foreign relations without specific advance permission from the Chief of Staff, or in his case, from the Chairman and the ranking minority Member. In any event, such public statements should avoid the expression of personal views and should not contain predictions of future, or interpretations of past, Committee action.

d. The staff must in no circumstances discuss with anyone the proceedings of the Committee in executive session or conversations with individual Senators without specific advance permission from the Committee or the Senator concerned.

PROVISIONS OF LEGISLATIVE REORGANIZATION ACT

In addition to the foregoing, the Committee on Foreign Relations is governed by the standing rules of the Senate and the rules and procedures set forth in the Legislative Reorganization Act of 1946, as amended.

RULES OF PROCEDURE OF THE SUBCOMMITTEE ON MULTINATIONAL CORPORATIONS

(Adopted by the subcommittee, Jan. 29, 1973)

1. No public hearing, public or executive, connected with an investigation shall be held without the approval of a majority of the subcommittee. The ranking minority member shall be kept fully informed on investigations and hearings. Members of the subcommittee shall, on request, be briefed by the staff with respect to such investigations. Preliminary inquiries may be initiated by the subcommittee staff with the approval of the chairman of the subcommittee and the ranking minority member.

2. Subpenas for the attendance of witnesses and the production of documents shall be issued by the subcommittee chairman with the approval of the ranking minority member. Other members of the subcommittee will be advised in advance (majority members by the chairman, minority members by the ranking minority member) of the intention to issue subpenas. If a member files a written objection with the chairman in 2 working days the matter shall be decided by a majority vote of the subcommittee.

3. The chairman shall have the authority to call meetings of the subcommittee. This authority may be delegated by the chairman to any other member of the subcommittee when necessary.

4. For public and executive sessions one member of the subcommittee shall constitute a quorum for the administering of oaths and the taking of testimony.

5. All witnesses at public or executive hearings who testify to matters of fact shall be sworn.

6. Counsel retained by witnesses shall be permitted to be present during the testimony of the witnesses at any public or executive hearings and to advise the witnesses of their rights.

7. Witnesses who wish to read a prepared statement in executive or public hearings shall file 20 copies of the statement with the subcommittee at least 24 hours in advance of the hearing at which the statement is to be presented unless the chairman and the ranking minority member waive this requirement.

8. A stenographic record of a witness' testimony whether in public or executive session shall be made available for inspection by the witness and his counsel under committee supervision.

9. Interrogation of witnesses at subcommittee hearings shall be conducted on behalf of the subcommittee by members and authorized subcommittee staff personnel only.

10. Any person whose name is mentioned in public hearings or who is specifically identified and who believes that testimony presented at a public hearing or comment made by a subcommittee member or counsel tends to defame him or otherwise adversely affect his reputation may appear before the subcommittee to testify in his own behalf or file a sworn statement of facts relevant to the testimony or other evidence or comment complained of.

11. Testimony taken in executive session shall be kept secret and will not be released without approval of the majority of the subcommittee.

12. Any corporation which has delivered documents to the subcommittee by request or under subpena and which wishes to have the documents treated in a confidential manner shall within 2 weeks after the documents are submitted provide the subcommittee with a written request that the documents be kept confidential including a detailed statement of the reasons and the possible damage which may result from disclosure. The chairman with the approval of the ranking minority member shall be empowered to schedule an oral presentation of the request for confidentiality in a duly noticed executive session. Following full presentation the matter shall be decided by a majority vote of the subcommittee which shall be recorded and made public.

13. Nothing in the foregoing rules shall be construed as contradicting or superseding the rules of the full Committee on Foreign Relations.

TESTIMONY BY DR. MALCOLM R. CURRIE BEFORE SENATE ARMED SERVICES COMMITTEE

Mr. THURMOND. Mr. President, Senator JOHN C. STENNIS, chairman of the Senate Armed Services Committee, issued a statement yesterday in reference to the testimony before our committee of Dr. Malcolm R. Currie, Director of Defense Research and Technology.

Dr. Currie demonstrated a firm grasp on the R. & D. budget in his testimony and I join with Senator STENNIS in his remarks on this occasion.

Mr. President, I ask unanimous consent that the statement by Senator STENNIS be printed in the RECORD at the conclusion of my remarks.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR JOHN C. STENNIS

Dr. Malcolm R. Currie, Director of Defense Research and Engineering testified before the Senate Armed Services Committee today. His testimony was most impressive.

Dr. Currie expressed confidence in the present military potential of the United States. He said he is concerned about the trend of the military preparedness of the U.S., as against the Soviet Union, in the future years, including the trend of spending for research and development.

I was especially interested in Dr. Currie's comments on lessons learned by the United States from the recent fighting in the Middle East. I questioned him on this portion of his testimony.

He testified that the Arabs scored important successes—like the rapid crossing of the Suez Canal—by using modern weapons and equipment developed by the Soviets.

On the other hand, Dr. Currie said the Middle East experience also shows that we have been on the right track in our own conventional weapons programs.

Dr. Currie also cautioned that the circumstances which would be encountered in any NATO war would be very different from those in the Middle East. Such factors as terrain and weather, he said, would affect the effectiveness of U.S. and Soviet weapons.

In that connection, Dr. Currie testified that the U.S. arsenal of weapons must look to different kinds of fighting under a wide variety of conditions.

An unclassified version of Dr. Currie's prepared statement is being made available in the Press Galleries.

THE GENOCIDE CONVENTION AND FREE SPEECH

Mr. PROXMIRE. Mr. President, article III of the International Genocide Convention has become a point of controversy in the move toward ratification. Article III includes a proviso that acts of "direct and public incitement to commit genocide" bring mandatory punishment.

Critics of the convention argue that such an agreement by the United States would result in an abridgement of the right to free speech, the cornerstone of the Bill of Rights. Since the days of Oliver Wendell Holmes and the "clear and present danger" doctrine, the question of incitement and unlawful expression, has been heatedly debated by constitutional experts. As a result, a detailed code of legal interpretations has developed to protect both the individual and society.

The question arises as to whether or not American ratification of the Genocide Convention would violate that code and thus be unconstitutional. If the treaty was contradictory, then of course ratification would be impossible. I do not advocate that we pass a treaty that would conflict with the highest law of the land. But as I have mentioned on many occasions, no conflict exists. For if we replace the word "genocide" with murder, or any other crime, it becomes apparent that incitement toward criminal action is already illegal and not protected by the first amendment.

The Bill of Rights was designed to protect the individual from the whims of a changing society, but it was also constructed to protect society from the malice of individuals. The Genocide Convention's ban against incitement to commit genocide represents a necessary safeguard for society without violating the right to lawful free speech.

I again ask the Senate to ratify the International Convention on the Prevention and Punishment of the Crime of Genocide.

INDEPENDENCE OF LITHUANIA

Mr. TAFT. Mr. President, I should like to take this opportunity to honor those who died for Lithuanian freedom and request unanimous consent that a resolution adopted by the Lithuanian Americans on the 56th anniversary of the restoration of the independence of Lithuania, be printed in the Record. This resolution echoes my sentiments and hopefully, the sentiments of all of my colleagues who treasure freedom above all else.

There being no objection, the resolution was ordered to be printed in the Record, as follows:

Resolution

To repeatedly condemn the forceful occupation of Lithuania by the Soviet Union, and the continuing physicial, religious and cultural suppression of the Lithuanian people by the Soviets, all of which is the direct consequence of secret Soviet pacts with the former Hitler's regime; and

To alarm all the free peoples of the Soviet genocidal actions by settlement of Russian and other colonists on Lithuanian soil with the intent to alter the ethnic character of Lithuania's population, and also the recently intensified anti-religious activities, seeking to destroy all churches; and

To recall the sad fate of Simas Kudirka, the many priests and thousands of Lithuanian citizens in the forced labor camps in Siberia.

Now therefore, be it resolved, that:

1. We repeat our demands for the complete withdrawal of Soviet armed forces and all of their agents, thus enabling the Lithuanians to govern themselves.
2. We express our gratitude to the Administration and the Congress of the United States for the refusal to recognize the seizure of Lithuania by the Soviet and for the moral support for the Lithuanian cause, and also request that our Administration modify its present foreign policy by seeking freedom for Lithuania and the other Soviet enslaved nations.
3. We urge our Administration to direct the attention of the world opinion on behalf of the restoration of human rights in Lithuania and to protest such frequent violations by the Soviets.
4. We also urge our Administration to withhold any further aid to the Soviet Union until it releases Simas Kudirka and the countless numbers of other prisoners.

And finally, be it resolved to forward copies of this resolution to the President of the United States, the Secretary of State, to all Members of the U.S. Senate and the House of Representatives from Ohio and to the news media.

A SHIP FOR FERTILIZER

Mr. McCLURE. Mr. President, I have been informed that a possible answer exists for the critical fertilizer shortage facing farmers in the Pacific Northwest. A representative of the Matson Lines called my office to say that one of their ships, the SS *Kopaa*, is now available for shipping anhydrous ammonia from Alaska to our west coast. This is indeed welcome news, if true, not only for the farmers of Idaho and other food-producing States, but also for the housewives of America.

In addition, the shipowners' representative stated that the SS *Kopaa* had previously made this type of shipments and was capable of transporting almost 20,000 tons of fertilizer. It is my understanding that negotiations have begun between the fertilizer producer and the shipping line, and I hope that the promise may be realized and relief for the farmers will be provided shortly.

The bill which I have introduced, and in which I have been joined by my colleagues from Oregon, specifically provides that a temporary suspension of existing legislation can be granted only if domestic shipping is not reasonably available. I am extremely hopeful that an American ship has been located, and I will be most interested in the progress of arrangements for transporting this vitally needed agricultural commodity to the farmers of the United States.

Mr. President, I ask unanimous consent that a recent Department of Agriculture announcement concerning this problem, together with a description of the shortage from the Idaho Statesman newspaper, be printed in the Record.

There being no objection, the material was ordered to be printed in the Record, as follows:

Farm Fuel and Fertilizer Situation Somewhat Tighter

Washington, February 25.—A further tightening of farm fuel and fertilizer supplies during the past week was reported today by Nicholas H. Smith, Director of Energy Office for the U.S. Department of Agriculture (USDA). He described the situation as "somewhat tighter" for the second consecutive week.

Reports coming from state and county offices of the Agricultural Stabilization and Conservation Service (ASCS) show the number of states reporting adequate supplies of gasoline for agriculture dropped from 16 to 14, Mr. Smith said. He pointed out that 34 states are reporting problems and one state, Maryland, reported virtually no gasoline supplies were available. Diesel fuel supplies were reported tight to very tight in 22 states, two more than the previous week.

An additional state reported tight supplies of LP gas last week, bringing the total number reporting supply problems to eight. Natural gas supplies were reported tight in three states.

Mr. Smith added that reports from ASCS offices continue to show fertilizer shortages, with nitrogen shortages most severe.

Nitrogen is short in 40 states and tight in five. Mixed fertilizer is short in 29 states and tight in 15. Phosphate and potash supplies are up somewhat from two weeks ago, with phosphate still short in 30 states and potash in 24.

Mr. Smith said the tight situation has caused some delays in field work and other farming operations and has also caused some delays in the movement of grain to livestock feeders and terminal markets.

[From the (Boise) Idaho Statesman, Jan. 23, 1974]

Fertilizer Crisis Feared Worse Than Anticipated

(By John Kuglin)

Spokane.—The Washington Wheat Commission was told Tuesday that a fertilizer shortage in the Pacific Northwest will be worse than previously anticipated.

Jerry Sheffels of Wilbur, president of the Washington Association of Wheat Growers, told commissioners meeting here that "We're faced with a real severe shortage."

Sheffels said that the region's shortage of anhydrous ammonia, previously pegged at 30,000 to 50,000 tons this year, will probably reach 50,000 to 100,000 tons.

Anhydrous ammonia is the base from which most commercial fertilizers are produced. Three pounds of nitrogen derived from anhydrous ammonia equals one bushel of wheat, he said.

Sheffels said the Midwest, previously a source of anhydrous ammonia for the Pacific Northwest, will not be exporting the fertilizer base this year because of expanded corn production.

A Canadian plant which used to export about 250 tons of the chemical a day will keep its production in Canada and a plant in Portland, Ore., of the same capacity, is now selling its entire production to the plastics industry, the WAWG president said.

Sheffels said the shortage will definitely ease by mid-1975 after a specially equipped barge is constructed in a Seattle shipyard to move anhydrous ammonia from a plant on Alaska's Kenai Peninsula to Pacific Coast ports.

RULES OF THE COMMITTEE ON LABOR AND PUBLIC WELFARE

Mr. WILLIAMS. Mr. President, in accordance with section 133B of the Legislative Reorganization Act of 1946, as amended, I send to the desk a copy of the rules of the Committee on Labor and Public Welfare, and ask unanimous consent that it be printed in the RECORD.

There being no objection, the rules were ordered to be printed in the RECORD, as follows:

RULES OF PROCEDURE

(As amended, Feb. 7, 1973)

Rule 1. Unless the Senate is meeting at the time, or it is otherwise ordered, the Committee shall meet regularly at 10:30 a.m. on the fourth Thursday of each month in Room 4232, New Senate Office Building. The Chairman may, upon proper notice, call such additional meetings as he may deem necessary.

Rule 2. The Chairman of the Committee or of a subcommittee, or if the Chairman is not present, the ranking Majority member present, shall preside at all meetings.

Rule 3. Meetings of the Committee or a subcommittee shall be open to the public, except executive sessions for the consideration of bills or resolutions, or for voting, or when the Committee or subcommittee by majority vote of those present orders an executive session.

Rule 4. (a) Subject to paragraphs (b) and (c), one-third of the membership of the Committee or a subcommittee, actually present, shall constitute a quorum for the purpose of transacting business. Any quorum of the Committee or a subcommittee which is composed of less than a majority of the members of the Committee or subcommittee shall include at least one member of the Majority and one member of the Minority.

(b) No measure or matter shall be ordered reported from the Committee unless a majority of the Committee is actually present at the time such action is taken.

(c) A quorum as defined in paragraph (a) will be sufficient for ordering reported a measure or matter from a subcommittee; provided, that if any member present objects to so proceeding, the measure or matter shall not be ordered reported at such meeting unless a majority of the subcommittee is actually present at the time such action is taken. If, at any subcommittee meeting, a measure or matter fails to be ordered reported because of an objection to taking such action without a majority of the subcommittee actually present, the chairman of the subcommittee may, by giving notice of at least two calendar days during which the Senate is in session, call a subsequent meeting for the purpose of reporting such measure or matter, and at such subsequent meeting the subcommittee may proceed on the basis of a quorum as defined in paragraph (a).

Rule 5. With the approval of the Chairman of the Committee or subcommittee, one member thereof may conduct public hearings, other than taking sworn testimony.

Rule 6. Proxy voting shall be allowed on all measures and matters before the Committee or a subcommittee if the absent member has been informed of the matter on which he is being recorded and has affirmatively requested that he be so recorded. While proxies may be voted on a motion to report a measure or matter from the Committee, such a motion shall also require the concurrence of a majority of the members who are actually present at the time such action is taken.

Rule 7. There shall be kept a complete record of all Committee or subcommittee action. Such records shall contain the vote cast by each member of the Committee or subcommittee on any question on which a "yea and nay" vote is demanded, and shall be available for inspection by any Committee member. The Clerk of the Committee, or his assistant, shall act as recording secretary of all proceedings before the Committee or a subcommittee.

Rule 8. The Committee, and each subcommittee, shall undertake, consistent with the provisions of section 133A of the Legislative Reorganization Act of 1946, as amended, to issue public announcement of any hearing it intends to hold at least one week prior to the commencement of such hearing.

Rule 9. The Committee or a subcommittee shall, so far as practicable, require all witnesses heard before it to file written statements of their proposed testimony at least 24 hours before a hearing, unless the Chairman and the ranking Minority member determine that there is good cause for failure to so file, and to limit their oral presentation to brief summaries of their arguments. The presiding officer at any hearing is authorized to limit the time of each witness appearing before the Committee or a subcommittee. The Committee or a subcommittee shall, as far as practicable, utilize testimony previously taken on bills and measures similar to those before it for consideration.

Rule 10. Should a subcommittee fail to report back to the full Committee on any measure within a reasonable time, the Chairman may withdraw the measure from such subcommittee and report that fact to the full Committee for further disposition.

Rule 11. No subcommittee may schedule a meeting or hearing at a time designated for a hearing or meeting of the full Committee. No more than one subcommittee executive meeting may be held at the same time.

Rule 12. It shall be the duty of the Chairman in accordance with section 133(c) of the Legislative Reorganization Act of 1946, as amended, to report or cause to be reported to the Senate, any measure or recommendation approved by the Committee and to take or cause to be taken, necessary steps to bring the matter to a vote in the Senate.

Rule 13. No person other than members of the Committee, members of the staff of the Committee, or designated assistants to members of the Committee, shall be permitted to attend the executive sessions of the Committee or a subcommittee, except by special dispensation of the Committee or subcommittee, or the Chairman thereof.

Rule 14. The Chairman of the Committee or a subcommittee shall be empowered to adjourn any meeting of the Committee or a subcommittee if a quorum is not present within fifteen minutes of the time scheduled for such meeting.

Rule 15. Whenever a bill or joint resolution repealing or amending any statute or part thereof shall be before the Committee or a subcommittee for final consideration, the Clerk shall place before each member of the Committee or subcommittee a print of the statute or the part or section thereof to be amended or repealed showing by stricken-through type, the part or parts to be omitted, and in italics, the matter proposed to be added.

Rule 16. An appropriate opportunity shall be given the Minority to examine the proposed text of Committee reports prior to their filing or publication. In the event there are Minority or Individual views, an appropriate opportunity shall be given the Majority to examine the proposed text prior to filing or publication.

Rule 17. Investigation Procedures.

a. The Committee, or any subcommittee, may issue subpoenas, or hold hearings to take sworn testimony or hear subpoenaed witnesses, only if such investigative activity has been authorized by majority vote of the Committee.

b. For the purpose of holding a hearing to take sworn testimony or hear subpoenaed witnesses, three members of the Committee or subcommittee shall constitute a quorum: Provided, however, that with the concurrence of the Chairman and ranking Minority member of the Committee or subcommittee, a single member may hear subpoenaed witnesses or take sworn testimony.

c. The Committee may, by majority vote, delegate the authority to issue subpoenas to the Chairman of the Committee or a subcommittee, or to any member designated by such Chairman. Prior to the issuance of each subpoena, the ranking minority member of the Committee or subcommittee, and any other member so requesting, shall be notified regarding the identity of the person to whom it will be issued and the nature of the information sought and its relationship to the authorized investigative activity, except where the Chairman of the Committee or subcommittee, in consultation with the ranking minority member, determines that such notice would unduly impede the investigation. All information obtained pursuant to such investigative activity shall be made available as promptly as possible to each member of the Committee requesting same, or to any assistant to a member of the Committee designated by such member in writing, but the use of any such information is subject to restrictions imposed by the Rules of the Senate. Such information, to the extent that it is relevant to the investigation, shall, if requested by a member, be summarized in writing as soon as practicable. Upon the request of any member, the Chairman of the Committee or subcommittee shall call an executive session to discuss such investigative activity or the issuance of any subpoena in connection therewith.

d. Any witness summoned to testify at a hearing, or any witness giving sworn testimony, may be accompanied by counsel of his own choosing who shall be permitted, while the witness is testifying, to advise him of his legal rights.

e. No confidential testimony taken or confidential material presented in an executive hearing, or any report of the proceedings of such an executive hearing, shall be made public, either in whole or in part or by way of summary, unless authorized by a majority of the members of the Committee or subcommittee.

Rule 18. Subject to statutory requirements imposed on the Committee with respect to procedure, the rules of the Committee may be changed, modified, amended or suspended at any time, provided, however, that not less than a majority of the entire membership so determine at a regular meeting with due notice, or at a meeting specifically called for that purpose.

Rule 19. In addition to the foregoing, the proceedings of the Committee shall be governed by the Standing Rules of the Senate and the provisions of the Legislative Reorganization Act of 1946, as amended.

THE ENERGY CRISIS IN MARYLAND

Mr. BEALL. Mr. President, on December 27, 1973, my distinguished colleague from Maryland (Mr. MATHIAS), and I held hearings in Baltimore to determine the impact of the energy crisis on Maryland citizens. Representatives from all sectors of our State's economy testified, and provided us with a great deal of information as to how fuel shortages are affecting the residents of my State.

Since obviously the energy crisis is not limited to Maryland, I would like to bring some of the valuable testimony we heard to the attention of my colleagues. Therefore, I ask unanimous consent that the statements of Capt. Harry B. Campbell, president of the Maryland Charter Boat Association; Mr. Lester L. Belcher, president of the Maryland Waterman's Association; Mr. Lawrason Riggs, Jr., president of the Oil Heat Association of Maryland; Mr. Alexander H. Russell, president of the Burns & Russell Co.; and Mr. W. F. Holin, of the Maryland Chamber of Commerce be printed in the RECORD for the benefit of the Senate.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

MARYLAND CHARTER BOAT ASSOCIATION,
Baltimore, Md.

Senator J. GLENN BEALL, Jr.

DEAR SENATOR: My name is Captain Ed Darwin. I am a charter boat captain speaking on behalf of the Maryland Charter Boat Association. There are approximately 325 charter fishing boats that carry from six to fifty passengers operating from ports on the entire Chesapeake Bay. Our principal income is derived by offering our services to local and visiting sportfishermen from mid-April until late February. The dates differ in each Bay area.

The captains have invested large sums of money in their boats and equipment. This constitutes a "life time" savings to many. Most of us have no other trade or occupation. These men could lose their boats, homes and other assets unless they are able to work.

There are related industries and areas that will be hurt immeasurably if we are forced to keep our crafts moored. The economy of fishing centers such as Rock Hall, Tilghman Island, Chesapeake Beach, Annapolis, Solomons Island, Kentmoor and many others depends on the charter boats that operate from these areas. The bait harvesters and sellers market will be reduced. Fishing tackle and marine equipment industries, hotels, motels and restaurants will suffer as will state and federal tax revenues. We hope that the policy makers are aware of these and other ramifications if we are forced to close our industry due to the lack of fuel.

It is a fact that we are considered as a recreation. We do provide a participating type of pleasure for the sportsman but it is our livelihood. Since this is our livelihood, we feel that this should be the primary consideration for fuel allocation.

The type of fishing we do is unique to the Chesapeake Bay and should not be judged as part of the ocean fisheries. We are not forced to run for hours to get to our fishing grounds. Ocean charter boats burn large volumes of fuel. We require only from fifteen to fifty gallons per day per boat.

We are aware that a critical fuel shortage has occurred and are willing to participate in any way to help alleviate this crisis. We hope that the answer to the national crisis is not to create a personal crisis where our industry is made to bear an unjust burden. The charter boat captains would like to continue as an asset to the state and not become a liability where state aid or welfare is necessary. Our industry is directly dependent on the amount of fuel we obtain. Therefore, we wish to be considered for a priority fuel allocation.

The Maryland Charter Boat Association is grateful to this committee for the opportunity to speak. We would appreciate notice of future hearings so that we can attend and explain our position. We are willing to do anything or go anywhere, if it is necessary, to continue our existence.

Sincerely,
CAPT. EDWIN M. DARWIN.

TESTIMONY BY LESTER J. BELCHER, JR.
DECEMBER 26, 1973.

Gentlemen: I am Lester J. Belcher, Jr., President of the Maryland Watermen's Association.

At this moment, the seafood industry of Maryland is in proximate danger of being snuffed out at its source—the working waterman—for lack of fuel. Many of the waterman's usual fuel sources are already desperately short, and getting those sources supplied is posing a serious and frustrating problem for everyone concerned. user, source, supplier, and allocation official alike.

The problem stems from five key facts.

First, the major oil companies, in compliance with the national directives, have cut back across-the-board. But in the process of obeying the letter, they have ignored the spirit. They have adopted a policy of supplying their own brand-name service stations first, and letting all others take whatever may be left.

Second, although diesel fuel is now under a mandatory allocation plan, gasoline is not.

Third, most Maryland watermen are Chesapeake Bay watermen, and the preponderant majority of them do not use diesel engines in their boats. They use gasoline engines, mostly converted auto motors.

Fourth, although commercial fishermen have a top priority for fuel under both the mandatory and so-called "voluntary" systems, enforcing the sense and spirit of the first has been frustrating, and enforcing the second impossible.

Fifth, in order to present a cogent and forceful argument so that allocation officials can clearly understand the true need, and urgency of our watermen's situation and act to correct it, we must first know precisely what we're talking about.

Unfortunately, nobody—absolutely nobody, at any level, Federal, State, local, or amongst watermen themselves—has any accurate comprehensive data of any sort on watermen in Maryland, much less data appropriate to calculating the management of fuel.

Let me repeat that in plain terms: I am saying that nobody knows what they're talking about.

Now, that's pretty hard language, and it's going to be loudly contested by certain bureaucrats who have spent lifetimes developing statistics. However, whenever pinned down to providing specifics, it quickly becomes apparent that virtually all existing data—when there is any—is in fact based chiefly upon a mixture of bureaucratic experience, hopeful judgment, and educated guesswork, rather than hard and direct research at source. And what little information is available lacks the very data lines that might make it at all useful for most purposes.

To begin with, there are about 28,000 commercial fishing licenses issued each year in Maryland, and these are held by some 21,000 individuals.

Some licenses, such as gill net licenses, are issued in 100-yard units. Clamming licenses are issued by the boat. Oyster licenses are issued by the person, and there are four different kinds, depending on the harvesting technique, ranging from sail dredging to hand-tonging, and so forth and so on. There are licenses for almost everything and everybody you can imagine.

The point is, that there is no point; there is no consistency, no single thing you can hang a statistic on, and nobody's ever tried.

That's for openers. Next, we have to face the fact that many professional watermen have more than one license, reflecting differing waterwork. That's the reason why there are about 28,000 licenses but only 21,000 people involved. But this has never been sorted out. Some watermen have their own boats, and some work with those who do, and some switch back and forth. Some work at only one thing in season, and then go ashore. Some work year-long at first one thing and then another. Some are part-time, and then only when there's something going close by.

But many more license-holders are not in fact professional watermen at all. Some are wives who occasionally help their husbands. Many are in fact children. A vast number are simply people who have an amateur hangup about waterwork for one reason or another. For example, there are a number of people in the area, many of them office-workers, whose idea of a suitable two-weeks vacation each year is to take a part-time job on a waterman's boat, or their own.

There are even more whose reason for having a license stems from their desire to have their own fish or crabs or oysters or whatever now and then, but because of the techniques involved are required to be licensed. An example of this we've heard of concerns a person in the Annapolis area who each year holds a huge party at which oysters are served, and, because of the retail cost and because he gets a kick out of it, the host uses his oystering license once a year so he can legally hand-tong a few bushels for his party—period. As if this kind of thing did not confuse the issue enough, there are also apparently a large number of license-holders who simply renew them without using them at all.

Again, nobody has the slightest idea who's who, how often, how many, when or why.

Nor has anybody ever taken the time to even match up licenses in order to learn who has more than one kind, or which kinds.

This confusion and duplication has already cost this state a bundle in printing and postage alone. The Department of Natural Resources has its own publication for licensees and mails it out using a list it made up from license names and addresses. The Maryland Watermen's Association also has a publication, and we are allowed to purchase the same list and labels, which we appreciate. But each time, we have to go over every name on a list of tens of thousands, pulling off duplicate labels.

We find three or four people in the same family in the same house. Only one publication is necessary. We find that John Smith is listed elsewhere, also as J. Smith, J. Q. Smith, J. Quincy Smith, Quincy Smith, and John Quincy Smith—all at the same address. Sometimes we find that Smith seems to be living in two or three places simultaneously. Some we know have died, and others moved away.

The DNR is well aware of this mess, but they've never had the time or people to sort it out, and it's a job that must be done by a thoughtful, knowledgeable human being, not a pushbutton. So the mess builds up, and the expense stays up and gets worse.

Now let's look at the people involved. We already know that some licensees are watermen and some are not. And we're pretty sure that most of those who are not, are also pretty well educated, make pretty good money, and live pretty well, because we've met some like that. We also think that most of these non-watermen are like that, but we don't know, and nobody else does either.

We are sure that most real, professional watermen live more or less hand-to-mouth, too, and there's lots of evidence on that, but we don't know exactly. We think that about 65% of Maryland watermen are black, but we don't know for certain.

We are also pretty sure that most watermen live in what the Government would classify as disadvantaged communities or situations—but we can't prove anything, because nobody knows anything.

It's not that nobody's made any studies. We have bagsful of studies, heaps of studies, whole libraries full of studies, all full of guesswork gathered at great expense. The nearest thing to a socio-economic study of watermen in recent years was a little job done by Dr. R. J. Marasco of the University of Maryland. It was paid for under a 1971 Federal contract, done in 1972, and published just last June. It was called "An Appraisal of the Alternative Earning Power of the Maryland Oystermen" and is very interesting and bears out a lot of feelings many of us in and out of Government have had about watermen generally.

The only trouble is that Dr. Marasco was only able to interview 133 oystermen in four communities out of maybe 9,000 or so all over the place, and he admits in his study that—and I quote—"It is difficult to say how representative these four communities are . . . . sufficient information is not readily available to identify the characteristics of the population of oystermen in Maryland, and relate them to those of the sample fishermen in these communities."

Any of us can very safely say the same thing about any other commercial licensee in Maryland, and I just can't emphasize enough how frustrating and miserable it was for us right after Hurricane Agnes, just because we didn't have any good hard socio-economic data. Everybody knew that Agnes wrecked the industry, everybody knew that thousands of people were out of work and many financially ruined, and everybody knew this, and everybody knew that—but trying to get solid relief out of a Government agency by saying "everybody knows" was a waste of time. They "knew", too, What they didn't know, and had to know, and what neither we nor the State could tell them so they could pick out the right kind of appropriation or write the right kind of relief bill, was exactly what the losses were, exactly how many, exactly to whom and when and why, or exactly anything else. Nobody knew that.

Now let's look at boats. Workboats vary hugely, from the famous shipjacks, which use power two days a week only, but an auxiliary motor on deck all the time, down to large rowboats with outboards, often employed by crabbers, and often part-time.

Ownership of those boats is a matter of record, but there are two sets of records—Federal documentation and State registration and nobody has ever attempted to match these up, and that's a situation that has made it easy for somebody to steal a boat and cook up genuine but illegal alternative papers for it, and there are Coast Guard, FBI and Marine Police cases on file to prove it.

What's more, nobody has ever attempted to match either kind of boat ownership with a license-holder as such, in order to try to figure out who might have what kind of boat for what use, or average values or ages or types or anything else.

Now to the fuel situation. The state glibly asserts that the Maryland watermen use between 18 and 20 million gallons of gasoline a year—but all they have any facts on is the 2-million-odd on which watermen have bothered to file for their 9-cent-per-gallon road tax refund. Very few watermen ever file for a refund, partly because they characteristically avoid any contact with government officials whenever possible, partly because they don't realize how much it costs them not to file, partly because few even know they're entitled to it, and partly because, as Dr. Marasco's tiny study of a few oystermen suggests, most have less than an 8th grade education, and a lot are just plain functional illiterates.

So nobody knows how much of which kinds of fuel are really being used, or even whether it's genuine professional watermen who are using it.

Furthermore, nobody knows dimly, much less exactly, what the watermen's fuel use-rate is at different seasons, nor is it known who all their dockside sources are nor in what quanttiy, nor to whom, nor to what kind of boat in what season, nor for what purpose.

Complicating that is the further fact that watermen are migratory in their work. The Bay is 195 miles long, and those who want a catch must travel to where they can get it and often stay in that sector days at a time. It follows that they will fuel up in that area, rather than their usual home area, for as long as necessary. Thus the supplier's need itself is mobile and erratic, according to catch, season, weather, and where the opportunity lies. On that nobody will ever be able to predict anything exactly, but some kind of compensating fuel allotments for suppliers must be worked out.

Then there is the question of "What is a workboat?" Some, such as the common clam-boats or oyster patent-tongers, are self-evident but only at the time you look at them, because they can change rigs. A large, open outboard of any kind may be a workboat or not, depending upon its use at the moment. The same is true of the fin-fishing sector of the industry, where it becomes rather difficult to distinguish between a cabin cruiser and a workboat for fuel allotment purposes. For example, charter boat operators have no fuel priority classification of any kind, and this is logical on the surface, because they are very apparently taking out sport fishermen, and that is recreation, not commercial production. What a lot of people never realize is that these "recreational" trips are in fact productive because all the fish are eaten, some by the sportsman or his friends, and extra catches often end up on the open commercial market, supplementing the charter boat skipper's income from the trip.

Gentlemen, I could go on and on and on, but I don't think I have to. The message is loud and clear: until everybody concerned has a lot of geniune and precise data right in their hands, nobody, but nobody, will have the foggiest notion what any watermen are, who are they, why they are, where they are, what they do, when they do, how they do, what their actual needs are, what the state's actual needs are, what anybody's plans are or ought to be, whether the needs or plans are right or wrong, too big, too small or just right, or who should get what share of what for what purpose, if any.

And that kind of data can only be gotten directly from the license-holder himself, on a face-to-face basis.

Right now, the fuels problem is giving Maryland watermen the biggest picture of economic disaster they or this state has ever faced, and accurate information is the only protective weapon we can use to fight with, and we don't have any.

As I see it, that leaves three alternatives. First, we can sit here and ignore the situation or dilly-dally for weeks over details, and risk obliteration of the second-largest commercial fisheries in the United States, along with everybody in it.

Second, we can kid ourselves into believing that the shortage will disappear tomorrow, or that just by saying "everybody knows" we can persuade the government to enforce a guaranteed supply of fuel on a willy-nilly basis.

Or third, we can immediately effect a wholesale personal survey of every commercial licensee, preferably handled at the point by selected watermen—the only people watermen will talk to—do it fast, and then see to it that every bit of that data is processed, computerized and analyzed forthwith by an appropriate agency, and then get those analyses into the hands of the suitable authorities, with all urgent speed.

That alone won't guarantee enough fuel, but it will give us the best and only weapon we've got to get any at all, and we're not talking about anything less than simple survival right now. If we do survive this, the data will be invaluable in the future in assessing all aspects of the entire seafood industry, its people and its potential, using realities and not guesswork.

There must be definition, identification, and precision. As of this moment, none of these factors exist, and the entire watering industry of Maryland thereby risks sudden extinction.

Gentlemen, the choice is yours,

Thank you.

STATEMENT BY LAWRASON RIGGS, JR.

I am Lawrason Riggs, Jr., President, Oil Heat Association of Maryland. I speak in behalf of the 55 companies who are members of our association and who among them are responsible for supplying heating oils and service to more than 200,000 homes in Maryland.

At the outset I would like to speak in praise of the organization set-up by Governor Mandel. We have found his staff advisers and the people in the state's new Energy Office to be very energetic and remarkably responsive to the needs of heating oil dealers experiencing supply problems. It must be recognized that these people are working under extreme emergency conditions and that their work has not been made easier by a serious lack of clear cut information about overall fuel supplies. Nevertheless, we do know of a number of cases where local heating oil dealers and, in turn, their householder customers have been spared the calamity of total runouts as a result of the intervention of the Maryland State energy people. I think the most important point that our industry can make today is the widening inequity of the sacrifice being required by various segments of our population—and the apparent unwillingness of government to recognize this inequity.

The situation is really quite simple. The millions of American families who live in oil heated homes are being asked to dial down their thermostats because they are faced with an almost certain shortage of heating oil. The President has decreed a 15% reduction from 1972 levels in the availability of heating oil for residential purposes. Obviously, the homeowner who has oil heat has no choice but to comply with the directive that he cool down his house. It's either that—or else.

On the other hand, the millions of American families who have either natural gas heat or electric heat are not required to change their living habits in any way—although both government and utility interests have issued pious-sounding conservation suggestions. However, these suggestions are hardly in harmony with the actual practices of the Baltimore Gas and Electric Company, to use one example. This company is not only supplying all the gas and electricity its customers can use, but is actually adding new customers every day for both gas heat and electric heat. In the light of the circumstances, many of the customers who are installing either gas or electric heat are converting from oil. For a country that purports to be rationalizing its energy policy, such a situation is nothing less than incongruous—as well as extremely inequitable.

The only reason the electric industry is able to continue to add new electric heating customers is because the electric companies are able to obtain the No. 2 oil they need to operate the highly inefficient peak-load turbines used to generate electricity during cold weather. The electric companies have been able to outbid our member dealers for oil supplies, while at the same time being one of the major causes of the heating oil shortage. The amount of home heating oil being used to generate electric power has risen over 800% in the past few years. It seems to us to be as clear as anything can be that in circumstances like those prevailing at the present, it is entirely wrong to permit the expansion of electric heat. Between 2½ and 3 times as much oil is required by the utility company to generate the electricity to heat a home as would be required if that home were heated by an on-site oil burner. And yet, as I said, our industry is short of oil, our customers are suffering some discomfort—while the electric companies are not only continuing to provide electricity for a wastefully inefficient method of heating—but are preempting our normal supplies of oil to permit their expansion. At the minimum, we believe there should be a ban on new electric heating installations. In the long range, we believe that electric companies should be required to use fuels other than home heating oil for power generation.

As I indicated, the utility companies are adding new gas heat customers also. Here again, they are able to capitalize on this situation because of practices which are very definitely depriving the homeowner who has oil heat of his rightful supply of heating oils. The Baltimore Gas and Electric Company has contracts with 174 large commercial, institutional and industrial users who receive their gas service on an "interruptible" basis. Although these customers are a tiny percentage of the company's overall customer list in numbers, the amount of fuel they use represents a highly significant volume—since they are major industries, large housing complexes, large office buildings, hospitals and public structures. There is nothing new about the idea of "interruptible" gas service. What is new is the fact that the contract periods of interruption have increased from some 20 days per year, just 2 or 3 years ago, up to 100 days during the present winter. An additional and highly important new element is the fact that whereas these large interruptible customers used no home heating oil whatever as stand-by fuels as recently as 1970, today home heating oil represents a substantial share of the energy required by this group of large users during the periods of gas interruption. Here again, the practices of public utility companies have enabled these companies to do business pretty much as usual but have deprived the homeowner with oil heat of his rightful and traditional supply of home heating fuel. We believe that gas utility companies and their customers should share in the energy shortage just the same as our customers are sharing. In the short range, we urge that all gas customers be subjected to the same energy cutbacks that are being imposed on oil heat customers. In conclusion, I think it should be clear to all that all fuels and sources of energy are interdependent. It makes little sense to penalize one group of customers—so that another group can carry on as usual. The times cry out for coherent energy policies and regulations.

To sum up, we recommend:

1. That the electric companies be prohibited from adding new Electric Heat customers—as long as the utilities are using scarce home heating oil supplies for the purpose of generating peak-load electricity.

2. That the gas companies be required to continue to serve their "Interruptible Customers" rather than dumping them on the hard-pressed oil industry at a time when the gas companies are adding new residential gas heat customers, in other words, dumping their low-rate customers to take on new customers paying high rates.

Thank you very much.

The Burns & Russell Co.,
Baltimore, Md., December 28, 1973.
Hon. J. Glenn Beall,
Federal Building,
Baltimore, Md.

Dear Senator Beall: Thank you for the privilege of allowing me to make a brief presentation on the effects of the energy crisis as it relates to the problems of the petrochemical business. For all intents and purposes, I have been away from my office since the 13th of December and therefore the notes I used as a guide in my presentation are extremely brief for a subject so enormous as the petrochemical business. As requested, enclosed is a copy of my presentation which lists 21 points.

In essence, the export of the prime chemical styrene must be brought into balance with the desperate need of producers of unsaturated polyester resins in the United States. The Federal Government must take action to provide the United States petrochemical industry with their needs of styrene before they allow export of this vital monomer for pure profit taking purposes.

If I can contribute further information which will assist in anyway, please do not hesitate to call upon me.

Sincerely,
Alexander H. Russell,
President.

Petrochemical Presentation—Alexander H. Russell

Energy Crisis Meeting,
Federal Building,
December 27, 1973.

1. Essential feed stock of petrochemicals for polyester business is benzene which is a direct derivative from crude oil.

2. The prime chemical used in our business and any other user of unsaturated polyesters is styrene monomer.

3. Styrene is a derivative of benzene by catalytic cracking process.

4. World market is siphoning off benzene and styrene because of price control and world demand.

5. Also benzene is being used in gasoline as a replacement for lead utilizing part of the supply of this critical chemical.

6. Price control of styrene is 9.9 cents per pound.

7. World market price is .25 cents per pound.

8. There is no control over the sale or price of styrene in the world market except price control in the United States.

9. The production of styrene in the United States is over six billion pounds annual.

10. 380 million pounds were used in the United States in the unsaturated polyester business.

11. 400 million pounds were exported.

12. Because of the shortage of crude oil, styrene for polyesters will be reduced to 290 million pounds. (estimated)

13. With phase four, United States price at 9.9 cents per pound, and the world market price at .25 cents plus, and our exports greater than our need, it is easy to see how this policy has turned the polyester business off balance.

14. We are advised that styrene is also being held in large quantities awaiting an upward break in the market, or to sell abroad as three and four times the price.

15. Major manufacturers of polyesters are paying .25 cents per pound for styrene purchased from abroad to stay in business. I might add a very large black market is developing in the supply of styrene.

16. This means an automatic pass through of price to the fabricator and consumer.

17. Availability of petrochemicals is on a month to month basis and no one will commit to quantities of supply or price because of speculation.

18. This sort of a condition is an incredible disruption to corporate operations, planning and supply and many small companies will be forced to close.

19. I would like to say that my Company has been able to supply its customers without very much disruption, but we have a long history with our suppliers. On the other hand, we have had large price increases with a snowballing effect which has been difficult to pass through—they have been coming so fast!

20. We see as much as a 50% increase in the cost of a pound of polyester by May which must be passed through and will become a major contributor to inflation.

21. In summary, the fact that Federal Regulations on petrochemicals stops at benzene and allows production of styrene to be exported in equal quantities to our desperate United States needs, seems to me to be a matter for the government to stop!

Plastic-Item Makers Urge an End To Curbs on Price of Supplies

New York.—About 150 local manufacturers of plastic toys, housewares and other plastic products met in angry session and said they have petitioned the Cost of Living Council to remove price controls on petrochemical raw materials needed by the plastics industry to maintain production.

The manufacturers also created a committee and agreed to raise funds to mount a lobbying effort in Washington on their own behalf.

The ad hoc meeting, called by the manufacturers independently and not through any of their trade associations, served as a forum for sometimes boisterous, hostile charges against major chemical and oil companies which, it was alleged, have stopped supplying plastics concerns completely in order to sell their materials at higher prices in Europe and Japan.

Under Phase 4 regulations, domestic chemical and plastic prices are controlled while imported materials are sold for whatever customers will pay. As a result, industry spokesmen said many plastic raw materials—like styrene and polyvinyl chloride, which normally sell for nine to 16 cents a pound—can be bought but only "under the table" at up to 80 cents a pound.

Some manufacturers attending the meeting charged that a "black market" exists in certain plastic raw materials, although they said in interviews that they didn't have enough evidence to substantiate this claim in any court action.

A number of manufacturers, including Pete Miale of Astor Tool & Die Co. and Ted Riky of Randel Plastics Co., said they would go bankrupt by early next year unless supplies start flowing again.

Sheldon Edelman, an official of the Plastics Manufacturing Association, a regional trade group, said 15,000 persons would lose their jobs in the New York metropolitan area unless raw materials are secured soon. He said he and PMA representatives met with U.S. Sens. Jacob Javits (R., N.Y.) and Clifford Case (R., N.J.) and Cost of Living Council staffers in Washington last week to press the industry's case for economic relief. The association cited a recent industry-sponsored study that projects a loss of 50,000 jobs in the U.S. if supplies of petrochemical and plastic raw materials are cut 15% from mid-1973 levels.

Mr. Miale urged manufacturers to join him in a possible antitrust suit against a major oil company. The oil company, according to Mr. Miale, cut off his raw materials supply without warning despite a history of good business relations with the oil concern.

In recent interviews with chemical and oil company executives, industry officials said charges of illegal black market or unethical sales practices are unwarranted and unfounded. Spokesmen for Dow Chemical Co., Union Carbide Corp. and a Gulf Oil Corp. unit said they have put all customers on allocation and concede that some small, noncontract manufacturers buying from independent distributors may not be getting anything at all. Union Carbide has asked for an end to Phase 4 controls, saying the company will have to increase its exports significantly unless such action is taken.

TESTIMONY BY W. F. HOLIN

I. Name—speaking for two chambers, representing over 2,000 professional, commercial, and industrial firms in Maryland.

II. As you know, Senators, we were invited here to provide a business point of view on the energy situation. To the extent that this would entail an expression of the individual concerns and needs of such diverse industries in our membership as airlines, hotels and restaurants, manufacturing plants, retail stores, and so forth, we're not prepared to do the job in the short time available. However, we would like to take this opportunity to share with you some *general* thoughts on energy and its relation to business—and here we're talking about business as an integral part of our community.

III. To hear some people talk industry is some kind of isolated, impersonal, alien thing on whom it's frequently convenient *and* expedient to shift troublesome burdens. For example, excessive environmental and consumer laws enacted out of current zeal for these high-minded causes, readily place extremely high costs or business without a full realization or revelation that ultimately it's the consumer who invariably pays. Now business *does* have its faults, but what's overlooked is the fact that industry is a vital part of our community—a provider of jobs for our citizens, a maker of the goods that society needs. and a rock-like tax base for Federal, State, and local governments. Government, the public, *and business* are all interdependent. What we *do* to hurt any *one*, will hurt the others.

IV. So in a time of shortage we can't arbitrarily take whatever we want from the vital energy needs of industry without courting a lot of trouble for all of us. There must be a satisfactory allocation of energy to factories and commercial enterprises to avoid major economic disruptions—and we urge this not as a business organization arguing only for the sake of business per se but also for the well-being of our citizens, our government, and all other elements in our community.

V. Along with proper allocations, a key to stability in our economy is an effective conservation program. The Chamber has initiated such a program and reports of results of these voluntary efforts have been very gratifying. So far nearly 500 firms, including virtually all of the major fuel users in our membership, have signed pledges to comply with the Chamber's conservation program and have appointed coordinators to implement in-house energy-saving. A sample of seven of the larger firms has projected a fuel-saving of over fifteen and a half million equivalent gallons of fuel oil for 1974 based on the initial steps taken by these firms in the relatively short period conservation efforts have been under weigh. And they have a total target of 10 to 12% savings. One firm reported a 20% reduction in kilowatt demand through installation of a computerized power demand monitoring system. All of this will be accomplished without reductions of operations or any employee layoffs.

VI. All of which leads us back to the subject of the possible effects of current fuel shortages on the economy. It should be understood voluntary conservation efforts can take us so far, but there is a point beyond which a mandatory reduction of energy usage—a crunch point, if you will—will mean the forced curtailment of production and the loss of jobs.

VII. Now the degree to which this occurs is, in a manner of speaking, largely in the laps of you gentlemen. You must decide what our energy, pricing, tax and other policies will be and in what direction the energy administrators will take us. And, it goes without saying, these are the decisions which will in the main shape our economic course.

VIII. Any number of media people have called us at the Chamber in recent weeks asking what effects on the economy the energy situation will have. With so many imponderables, the best answer would seem to be Churchill's (quote) "it is a riddle wrapped in a mystery inside an enigma."

IX. But we *can* say *this* after touching base with a handful of top people from the basic industries, including automobiles and steel, they are to a man genuinely optimistic about 1974. They *do* emphasize, however, if the more funeral predictions we've heard from a few sources turn out to be right, it will be less because of objective facts than because they have so scared the heck out of consumers and even businessmen as to be in part self-validating. And we all realize, I'm sure, the degree of potential indirect injury once domino effects start in motion.

X. This is not to say even without the negative work of the *prophets of doom* there will not be direct energy problems in some industries. Certainly airlines, trucking, housing, resorts, and others have felt some impact already. Only last week we received a justifiable complaint from a small company whose entire business is lighted signs, pointing out how our recommendation to our membership to eliminate unnecessary outside lighting would hurt their business. The effect of the energy shortage on their business and their employees is real. But we do want to emphasize the stability of operations and employment in the overwhelming number of businesses can be maintained if we, first, forestall any unjustified outbreak of consumer pessimism and, second, in recognition of the veritable keystone role of industry in our society, provide for adequate allocation of energy for business up to that "crunch point" I spoke of earlier.

XI. As for recommendations for Congressional and Federal administrative action, we could recite the litany of actions I'm sure you're familiar with by now. I refer to those steps which would pave the way for fuller utilization of our extensive coal reserves, the exploration of offshore fuel resources, research on the more exotic sources of energy—atomic, solar, geothermal and so forth. And all of these are important.

XII. I'll not dwell on any of these in detail except to speak for a moment about the need for sensible and selective relaxation of environmental standards during the term of the energy shortage where such actions will not imperil health. Please don't misunderstand. We're not advocating any wholesale abandonment of our long term clean air goals. However, we do argue for relaxation of those standards which, without sacrificing the health of our citizens, will permit the burning of available fuels to free supplies of other fuels in critically short supply. Further, we argue that suspensions be for lengths of time sufficient to provide economic incentives for industries to make costly capital investments in conversions of equipment, mine openings, establishment of transportation systems, and so forth. As a matter of fact, given the interrelationship of environmental decisions and our energy problems, particularly in view of past experience that wrong decisions can compound such problems, we recommend a continuing balanced review of environmental laws, standards, and regulations—both of those now in force and new ones proposed in the future. (Cite News American editorial.) Again, this is not meant to be a call for a change in the purpose of the Clean Air Act and other broad, rational environmental policy laws, but merely an expression of need for a system that lays out for all to see both the benefits of these environmental decisions and the costs in terms of other human needs.

XIII. And speaking of human needs, we are concerned about the likely hardship the system of allocation of heating oil based on records of past consumption places on inner city cash customers for whom there is no historical data. Obviously some special handling is demanded here.

XIV. Finally, it seems to us there is a need for prompt action on a form of the emergency energy legislation, particularly with respect to the statutory establishment of a Federal Energy Administration. While not wishing in any way to be critical of the harassed administrators who have been dealing with this difficult problem, the public and business have been and are confused. The story about the well-intentioned but perplexed man who sets his thermostat at fifty and drives at sixty-eight is probably apocryphal but it does make the point. One industry problem we wrestled with for weeks could have had plant closedown effects until we finally found the proper guy to tell our story to. I might add the solution to that problem came after Mr. Simon went on board as energy chief, so things are looking up.

XV. And perhaps that's an appropriate optimistic note on which to close—that things will be looking up as a result of a better understanding of the real scope of the energy-economy problem as time goes on—in the government, in business, and among the public. We commend you for providing this forum where we could express our views on this vital matter. No doubt we'll have additional thoughts to convey to you as time goes on, and we would appreciate the opportunity for continuing communication. Thank you very much.

INTERNATIONAL ENERGY DIPLOMACY

Mr. HARTKE. Mr. President, a dialog developed over the weekend between the Shah of Iran and our Administrator of the Federal Energy Office, leaving further controversy and uncertainty in the international diplomacy of energy. The statement of the Administrator clearly points up the paucity of information available to the Congress and the American people. We in the Congress cannot make reasoned judgments without accurate information. Instead, we were given another volume of rhetoric leading to ill-feelings between the Governments of the United States and Iran, all during a worsening petroleum shortage.

There is little reason to suspect the Shah of making false statements. Rather, he may only want to open some American eyes to reality. We must ask some very difficult questions of our administrators and oil corporation executives if we are to make reasoned judgments which will alleviate this problem/crisis. What is the present exact production of crude oil in the United States, for each month of the past 10 years, and the anticipated production for the next 10 years? What are the refinery capabilities in the United States now, for the past 10 years, and for the next 10 years? How much crude oil and refined products were imported into the United States during the past 10 years, today, and anticipated for the next 10 years and from what countries?

These are questions which must be answered by the corporation executives involved and by our administrator charged with the duty to lessen the shortage of petroleum products to the American people. The Government of Iran had little to gain from the statement of the Shah. They had much to lose. If it is true that the quantity of oil the United States is now importing from the Middle East is comparable to preembargo days, then the hoarding of tremendous quantities of crude oil and its refined products by the major oil companies to force up the price has left the entire Government operation suspect. There are indications that tremendous storehouses of petroleum products are reaching the United States; however, we have no accurate information concerning preembargo shipments. Figures reflect imports between 1.2 and 4.9 million barrels per day. Yet we now have an energy shortage which may leave lasting scars on our economy.

Mr. President, if the crisis/problem in the United States is not necessary, and the United States no longer needs to bid exorbitant prices for crude oil in Iran, then, Iran stands to lose substantial amounts of money from a lessening demand for their product. The Shah was not inviting intemporate comments from American administrators. He stated what his information from other Middle Eastern countries indicates. Mr. President, international diplomacy seeking solutions to perplexing problems regarding redistribution of articles of value will not reach a necessary level of sophistication when comments concerning irresponsibility are offered as means to an end. All that the people of America want is accurate information. I call upon the Administrator to forward to the Congress the exact amount of petroleum products reaching the United States on a weekly basis for the past 6 months as reported to him by the Customs Bureau. Then these statistics can be presented to the Shah for his rebuttal.

The American people are now demanding to know the truths from the Government and all enterprises engaged in every facet of the production of oil and energy. We have experienced numerous secret enterprises in our history, yet not one has affected the welfare of our way of life as much as the present.

I note here for the consideration of my colleagues, that the AFL–CIO is presently debating the proposition of calling for the nationalization of U.S. oil companies.

Whatever action the distinguished 93d Congress may adopt to alleviate the energy shortage must be soon, well reasoned, and based on sound and accurate information. We no longer can wait in suspended agony for the Arabs to lift their oil embargo. Indications are it will not be the answer. We no longer can stand by while rhetoric abounds from every corner. The people of the United States are now demanding action, and they deserve more than administrative conclusions without facts and answers.

The actions and conduct of the Administrator were not sound nor based on any reasoned policy. We cannot allow the energy situation to worsen into an international shouting match—especially between friends.

WATER QUALITY

Mr. BROCK. Mr. President, I would like to bring to the attention of the Senate a recent report by the General Accounting Office on the state of the programs to upgrade water quality across the Nation. What I have read has shocked me. This report clearly states that our research and development efforts have declined, our whole effort in this field is fragmented, and that the Environmental Protection Agency does not know what, or how much, other agencies within our own Government are doing.

Water pollution research is being conducted and/or supported by at least 25 bureaus and offices in 12 departments. Coordination is so bad that duplication and overlap occur not merely between agencies, but even between bureaus within the same department. Neither the Office of Management and Budget, nor the Council on Environmental Quality apparently is in a position to perform a coordinating role. As for EPA itself, the GAO noted that out of 263 research projects carried out by the Interior and Agriculture Departments, which might have a bearing on this issue, the EPA incredibly was not aware of over half of them. They admitted that a large percentage of these projects could have been useful if they had been involved. Within EPA's program, GAO noted the need for more explicit statements of priorities and recommended a more efficient system of disseminating the results of completed research and development. I would also point out that inadequate coordination is not confined to the Federal Government. There appears also to be a significant lack of integration between public efforts and private research activities.

All in all, it is not surprising that GAO is very pessimistic about the chances of meeting the goals established by the 1972 Water Pollution Control Act. Yet, we seem to be formulating goals which we are unable to meet, again becoming bureaucratically musclebound. All this achieves is disillusionment and cynicism amongst the people toward Government—and that, I do not need to add, is at an alltime high.

This report again emphasizes the dire need for us to constantly monitor the programs we have established. We must determine if they are working, how well they are working, if they are achieving their goals, and whether the taxpayers' dollars being spent on them are being spent efficiently. We must be concerned with efficiency if we are going to maximize the impact of our limited resources. I very much hope that the agencies involved, and all other agencies, are studying this report and attempting to significantly improve the situation. But moreover, I hope that my colleagues are studying this report. I hope we are finally learning the lesson that we must be able to justify our expenditures, and at the same time, have ways and means of determining if those expenditures are receiving a dollar's worth of service for every dollar spent.

SSI PAYMENTS TO THE DISABLED

Mr. RIBICOFF. Mr. President, on February 27, I introduced S. 3069 in conjunction with a bipartisan group of Senators to assure that thousands of disabled persons are not arbitrarily dropped from the rolls of the supplemental security income program for the disabled pending a redetermination of the eligibility of those disabled persons who came on the State rolls in the last half of 1973.

I ask unanimous consent that the following letter from Acting HEW Secretary Frank Carlucci to the President of the Senate transmitting a proposal virtually identical to mine be printed in the RECORD at the end of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. RIBICOFF. Mr. President, our bill has attracted bipartisan support from a number of Senators. I ask unanimous consent that the names of those Senators supporting this proposal be printed in the RECORD.

There being no objection, the names were ordered to be printed in the RECORD, as follows:

Ribicoff, Mondale, Kennedy, McGovern, Cranston, Pell, Nelson, Biden, Hugh Scott, Javits, Roth, and Mathias.

EXHIBIT 1

DEPARTMENT OF HEALTH,
EDUCATION, AND WELFARE,
February 27, 1974.

Hon. GERALD R. FORD,
President of the Senate,
Washington, D.C.

DEAR MR. PRESIDENT: Enclosed for the consideration of the Congress is a draft bill "To increase the period during which benefits may be paid under title XVI of the Social Security Act on the basis of presumptive disability to certain individuals who received aid, on the basis of disability, for December 1973, under a State plan approved under title XIV or XVI of that Act."

The bill would authorize the payment of supplemental security income benefits, on the basis of presumptive disability, for up to twelve months, to otherwise eligible individuals who became recipients of State-administered disability assistance during the second half of calendar year 1973.

The original legislation establishing the supplemental security income program provided that individuals who received assistance under State plans for aid to the disabled for December 1973 should be considered disabled for purposes of the new federal program when it became effective on January 1, 1974, without regard to the federal disability standards. The Department therefore proceeded to convert all such recipients to the supplemental security income rolls. Then, on the eve of implementation of the new program, P.L. 93–233 amended this provision of the original legislation to provide that only individuals who received assistance under State plans for aid to the disabled both for December 1973 and for at least one month prior to July 1973 should be considered disabled without regard to the federal disability standards.

There was not time to make the necessary changes in the supplemental security income rolls and the Department has been paying benefits to the affected individuals on the basis of presumptive disability, pending the identification of the individuals whose eligibility was affected by P.L. 93–233 and the determinaton of whether they are disabled under the federal disability standards However, present law provides that benefits may be paid on the basis of presumptive disability for only three months and it is now clear that it will take a year to complete the task. Therefore, the authority to pay benefits to these individuals on the basis of presumptive disability for an additional nine months is necessary if we are to prevent a disruption in the payment of benefits to a substantial number of eligible individuals.

I urge that the bill receive prompt and favorable consideration.

We are advised by the Office of Management and Budget that enactment of this draft bill would be consistent with the Administration's objectives.

Sincerely,

Frank C. Carlucci,
Acting Secretary.

VETERANS' ADMINISTRATION GI BILL EDUCATION AND TRAINING PROGRAM

Mr. HANSEN. Mr. President, Administrator of Veterans' Affairs, Donald E. Johnson held a news conference February 26 that dealt with recent reports of late payments to Vietnam veterans going to college under the GI bill.

This is a subject all of us are interested in and I think that a statement Mr. Johnson made in opening his news conference is quite informative.

I ask that the statement be printed in the Record.

There being no objection, the statement was ordered to be printed in the Record, as follows:

Statement by Donald E. Johnson, Administrator of Veterans' Affairs

First, I want to thank you for your attendance this afternoon and this opportunity to discuss with you the Veterans Administration's G.I. Bill education and training program.

The current G.I. Bill program began on June 1, 1966. It has been long recognized, I believe, that our series of three G.I. Bills since World War II have been among the finest legislative investments we have ever made for the nation as well as for our veterans, and certainly our newest program is proving to be just that.

In the seven years and nine months this Third Generation bill has been in operation the VA has porvided education and training for 4,576,220 veterans and servicemen. As of the end of last month there were 1,405,431 trainees enrolled under the G.I. Bill. More veterans will be trained during this fiscal year than ever before since the new program started in 1966.

A natural question has been: How does the current program compare with the two earlier ones?

At the higher education levels, there have already been more Vietnam era trainees going to college than there were during the entire 12 years of the World War II G.I. Bill. Through the end of last month, there were 2,349,458 Vietnam G.I. Bill college trainees. This compares with a 2,230,000 total in World War II and 1,158,109 college trainees under the Korean G.I. Bill.

You often hear it said that the total participation rate under the present G.I. Bill is far below that of World War II.

As a matter of fact, the participation rate for Vietnam era veterans is precisely the same right now as it was for World War II veterans at the same stage of their program. After the first 91 months of educational assistance under both programs the participation rate is an identical 50.4-per cent. The participation rate for Korean veterans was 42.5-per cent at the same period in time, and for Post-Korean veterans it has been 45.4-per cent.

With the extra "outreach" effort VA has invested in the current program—an effort we plan to intensify even further—and the probability of increased allowances paid to veterans, we confidently expect the present G.I. Bill will be the most successful of all in any terms of comparable measurements.

On the increased allowances, incidentally, I think most of you know that the President has recommended to Congress a cost of living increase of eight-per cent, and that since 1969 he has already approved increases passed by Congress totaling about 69-per cent.

I think you would all agree that we are talking about a program of very considerable magnitude. In the course of one year the VA processes something in the neighborhood of 13-million educational checks.

In order to process this huge number of checks the payment information must come not only from VA's own records, but also from the training institution and from the veteran himself. If any one of these pieces of information is not provided in timely fashion, or if incorrect information is supplied, then there is inevitably a delay in the payment of G.I. Bill allowances.

Complicating the payment procedure starting this school year has been a provision for the payment of allowance checks in advance to veterans instead of after each month's training was completed as has been true in the past.

The advance payment concept is a great idea, and is of great benefit to veterans. In fact, it was proposed by this Administration and was greatly favored by Congress. But the entirely new procedure has injected an additional element into the payment timetable, and—as with all new procedures—it has created some "bugs" which we believe we have now ironed out.

Last night at the President's press conference a question was raised about the payment of G.I. Bill checks. And earlier this week—on February 20—one of the TV network news shows had a segment indicating that late payment of these checks was almost epidemic.

It is my hope in holding this conference that I can put the payment of these checks into proper perspective.

The simple truth is that the vast majority of these millions of checks are paid right at the moment they are due.

In an operation of these proportions it is obvious that not every check is going to be paid on time every month. We strive for such a goal, of course, but it never has been nor will be possible considering such constant changes as dates of entering and leaving school, changes of address and dependency status, and the need for correct and timely certifying information from thousands of schools and millions of veterans.

Let me give you an example of some of the problems by referring to the network program I mentioned earlier.

Four veteran students were interviewed on the program. All of them blamed the VA for non-receipt of checks. And yet our investigation shows that in each case VA actions were correct for the information provided.

One veteran's check was mailed promptly to him, but the Post Office had to return them, for the veteran had moved and left no forwarding address.

The second veteran complained of no advance payment, and yet he had never applied for such a payment. Even the fact he had enrolled on the 15th of last month was not certified by the college until six days later. His check paying him through to March 1 was received by the veteran on February 25.

The third veteran was issued a certificate of eligibility by the VA last December 3, but he never requested an advance payment and has informed VA he will not enroll in school until next summer.

The fourth veteran was earlier enrolled in a correspondence course under the G.I. Bill. Under the law a veteran must certify to VA that he has completed a prior course such as this before the agency can pay him for new training. This veteran was advised of this requirement last November and again in January, but the certification had not been received at the time of the broadcast.

The network program charged that only nine of 58 veterans at the Montgomery (Md.) Community College had received payments from the VA. A check of both school and VA records the day after the broadcast revealed not a single complaint from the college relative to G.I. Bill payments.

Furthermore, a VA staff member who visited the school learned that in 13 of the 49 supposedly delinquent cases payments had been made directly to the veteran. In 20 other cases, the school's certification of enrollment had been only recently received, or was not obtained until contact was made with the institution. Eleven other veterans counted in the 49 failed to enroll at all. One veteran failed to provide the necessary record of his military service, and in the remaining four cases either the claim numbers of Social Security numbers failed to match existing names and records.

This, I think, will illustrate some of the problems in making these payments, and I do not want to hide the fact that problems do exist—including errors on the part of the VA.

But I do want to reemphasize that the vast majority of these millions of checks are indeed paid in timely fashion, and that even this good track record will improve in the future as the agency, the training establishments and the veterans grow more accustomed to the new payment procedures.

With me today is Odell W. Vaughn, VA's Chief Benefits Director and the man who heads up our G.I. Bill program. Perhaps if we take your individual questions at this time we can better put in perspective the situation on our G.I. Bill payments.

FUNDS FOR NURSING EDUCATION

Mr. HARTKE. Mr. President, among all of the health care needs of this Nation, there is none which is more important than the need to train an adequate number of qualified health professionals. With this in mind, I have been mystified by the attitude of the administration in failing to provide adequate funds for nursing education.

Nurses work hand-in-hand with the medical profession. In many instances, they perform duties that would otherwise require the time of already-pressed doctors.

Mr. President, I ask unanimous consent that the recommendations of the American Association of Colleges of Nursing for the support of nurse education be printed in the Record.

There being no objection, the recommendations were ordered to be printed in the Record, as follows:

Recommendations of the American Association of Colleges of Nursing for the Support of Nurse Education

1. There is a shortage of nurses, particularly in the areas of teaching, administra-

tion and patient-care that require advanced training at the graduate level.

2. This shortage will become more critical with the enactment of national health insurance due to the reduction of financial barriers to health services.

3. In 1974 the Congress approved a total of $154,000,000 for nurse training in the areas of institutional support, student assistance and construction assistance, with the proviso that up to 5 percent of these funds could be withheld. The latter provision means that only $146,000,000 might be available.

4. The American Association of Colleges of Nursing recommends continued funding at this level with increases based on enrollment expansion and cost-of-living.

5. The Association also recommends the following changes in existing law to strengthen and expand the Public Health Service program of Federal assistance for nurse training:

a. Continue the authorization for construction with the establishment of priorities for facilities for the advanced training of nurses and renovation of existing facilities.

b. Continue the authority for project grants to schools of nursing with emphasis on programs to expand the enrollment of disadvantaged students, to increase training capacity for advanced training at the graduate level, for expanding training capacity in such specialty areas as nurse midwives, family health nurses, pediatric nurses and nurse practitioners, to experiment with new methods of health service delivery and to deal with maldistribution of health personnel.

c. Institutional support for schools of nursing through capitation grants should be increased to more nearly reflect one-third of educational costs, with an increment per graduate student added to the basic formula.

d. Traineeships should be continued for the advanced training of nurses as well as student loans and scholarships for undergraduate students.

REDUCTION OF FHA AND VA INTEREST RATES

Mr. BROCK. Mr. President, the energy crisis and the economy are certainly two of the most serious issues which we will face during 1974. In effect, the two cannot be divided. They are serious problems, ones which demand serious attention, and longer term solutions, not flash-in-the-pan ideas.

In an effort to help stimulate our economy, the U.S. Department of Housing and Urban Development recently reduced the maximum interest rate for FHA-insured and VA-guaranteed loans from 8½ percent to 8¼ percent. The announcement was made by HUD Secretary James T. Lynn in a speech before the annual convention of the National Association of Home Builders in Houston, Tex. In his remarks, Secretary Lynn pointed out many important reasons for such a move, ones that could have effects in other areas. I ask unanimous consent that his remarks be printed in RECORD for consideration of my colleagues.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

REMARKS BY HUD SECRETARY JAMES T. LYNN

I welcome this opportunity to be with you. Still, I am reminded of Al Capp's reaction when he was invited to speak at a Harvard commencement in the heyday of campus unrest. The politically conservative cartoonist agreed to appear—but only if the university would give him an extra thousand dollars "combat pay" to face the dissident students.

For a great many of you, these are rough times. I could try to console you by making something of the fact that, in the decade of the 1960s, average housing starts did not even reach the one-and-a-half million mark. But it would just recall to your minds that old division of statisticians into three categories: liars, damned liars, and statisticians. You might even be tempted to add a fourth-category-government officials with rose-tinted vision.

I don't want to play that game. It wouldn't be honest, and it wouldn't be productive. It wouldn't win me any new friends; it might even cost me those I have. And it would not help the home builders or the home buyers, two groups whose well-being is of great concern to me.

You have certainly done your part. Over the past few years, especially, you have proved again the capacity of the private sector to respond to the needs and demands of our people. Your flexibility and resourcefulness were shown in a spectacular way when you boosted residential construction from the 1970 level of 1,469,000 starts to the 1972 record of 2,378,500, a 62 percent increase in just two years.

And it wasn't easy. To cite just two examples, first-rate craftsmen in sufficient numbers aren't easy to come by, and materials are sometimes impossible to buy at any price. But, to quote Colonel Pickering in *My Fair Lady*, "By George, you did it!"

On January 21, 1974, however—that's today—no one could fault many of you for asking yourself, "How did a nice guy like me get into a business like this? Here I am" (you might say) "with organization, people and investment geared to a market of two million-plus units a year, and suddenly the bottom drops out. What happened? And even more important, what will happen next?"

Before getting into a discussion of the problems and what can be done about them, I want to make something very clear: I do give a damn. I care about providing housing that will realize the dreams as well as meet the basic needs of our people. I care about the thousands upon thousands of jobs a healthy housing market can generate, both directly and indirectly. And I care about the fate of the home builders who make all this possible.

This isn't just my feeling. Let me read the message the President gave me last Thursday to deliver to you personally:

"It is the firm belief of my Administration that the housing industry is a key factor in our national economy and the essential element in the ultimate attainment of the goal first established in the Housing Act of 1949; a decent home and a suitable living environment for every American family. In this spirit I greet the members of the National Association of Home Builders at your annual convention.

"I am pleased that Secretary Lynn will be with you on this occasion to reaffirm first hand our sustained commitment to the objectives of my housing message of last September 19. We are more determined than ever to increase the availability of mortgage credit in the current market, to improve the overall credit picture for the long term and to find a sensible way to help meet the housing needs of families with low incomes.

"The constant new developments affecting the housing situation make it imperative that we have the flexibility to deal with each new change. This flexibility will surely be most effectively achieved if we have a healthy housing industry. May your deliberations provide useful direction and incentive for your members to meet their challenge in this critical task."

He—and, in fact, everyone in the Administration who is involved in housing—recognizes that you face a host of problems. Among these most surely are: the money situation; inflation generally; for some, the suspension of the subsidy programs; environmental problems; "no-growth" policies; the energy crisis, my friend Bill Simon's domain; and last but not least, economic uncertainty. Now I can't cover all of these extensively today, but I will spend a fair amount of time on some and at least touch on the others.

First and foremost among your problems has been money. For a while, the problem of the shortage of construction and mortgage loan money at practically any price. Money flowed out of the savings and loan associations. Now that it's flowing back in—for example, S&Ls gained $3.1 billion in deposits in December—the shortage of funds for lending has been easing, but interest rates on home loans are still considerably above those of a year ago—in most cases more than 100 basis points.

The economic gurus look into their crystal balls or computers and predict that although interest rates on long-term debt (which includes mortgages, or course) may come down somewhat in the months ahead, they will not come down much. So be it—I don't envy those who have to make their livings making such predictions—but I am firmly convinced that HUD should set an example for the rest of the market wherever it can.

Accordingly, I am pleased to announce, on behalf of myself and Don Johnson, the head of the Veterans Administration that effective tomorrow the maximum interest rate for FHA-insured and VA-guaranteed loans is being reduced from 8½ percent to 8¼ percent. And I assure you that if market adjustments to the new 8¼ percent ceiling and the interest rate outlook in the period ahead appear to make further reduction feasible, we'll do it without hesitation. My objective is to have FHA "lead a little."

Frankly, as the President points out in his September message on housing, the law should be amended to let the FHA and VA rates float and eliminate "points." the prepaid interest that actually hurts ne buyer and certainly doesn't benefit the seller. But as long as we must operate under the present archaic system requiring the FHA and the VA to guess constantly as to what markets will do and peg an interest rate, I'll do my best to make it work.

Let me move on to Tandem. You will recall that in his message last Fall President Nixon announced a revived GNMA Tandem Plan to provide assured financing on FHA and VA insured loans bearing an 8½ percent stated interest rate for up to 100,000 units of new residential construction. We haven't done such business under that program. But the slow response proved an important point: the then shortage of funds for residential lending was only a part of the problem. Tandem assured the funds. But at the 8½ percent rate, there were relatively few takers. This says to me that through Tandem we've got to offer a better interest rate—substantially better.

Therefore, I am even more pleased to announce that effective tomorrow a revised and expanded Tandem Plan will authorize GNMA to commit up to $6.6 billion to purchase at 96 FHA and VA-insured mortgages on 200,000 units of newly-constructed single and multifamily dwellings, bearing a stated interest rate of 7¾ percent.

I don't have to tell you what a significant commitment this is . . . There will be real punishment on resale of these mortgages by GNMA if the mortgage money trends are the wrong way. Given the present slump in the housing market, however, we have little choice. It makes sense, and it must be done, both to help the home builder and the home buyer alike.

How effective will this new program be? I hope, I expect, indeed I am convinced that it will do substantial good. If Congress were to act promptly to remove some related constraints on the statute books, the new Tandem Plan could be assured of success. I am referring to the FHA ceiling on mortgage amounts and the loan-to-equity ratio limits. These provisions, however well advised they were when the law was last changed in 1968, just aren't realistic in 1974. As the President's September housing message states, these limits must be increased immediately.

What else can be done on this interest problem? For the months immediately ahead, I think the answer is "not much," but over the long term, "a lot." The key is to give housing funds a competitive edge against other demands for long-term money.

How do we do it?

One proposal would give depositors in savings and loan associations a tax break on interest earned. But this would only increase the reliance of housing on one sector of the financial market.

Don't get me wrong. Over the years, the S&Ls have done a good job of providing funds for housing; their health and growth are vital to the home buyer and the housing industry. And the President's proposals for financial institution reform aim to ensure that health and growth, including certain needed flexibility in making construction loans and achieving financial balance.

But what I want to see—and what I know all of you want to see—are effective ways of tapping every long-term credit source available, particularly when money is tight. That means opening a competitive wedge in all markets, not just with the savings and loan depositor.

The mortgage interest tax credit proposed to the Congress by the President would do just that. Under this proposal, the larger the proportion of total assets invested in residential mortgages, the higher the tax credit, up to 3½ percent when the mortgage proportion of the assets reaches 70 percent. If, for example, a bank already holds 8 percent of its total assets in residential mortgages, an increase of only 2 percent will give the bank a 1½ percent tax credit on the entire 10 percent, which results in a significantly higher yield on the incremental investment. That's quite an incentive.

Such a tax credit would also apply to pools of mortgages put together in the private sector. With the credit, such pools would have a substantial advantage in issuing their notes in the secondary market.

I know it sounds complicated. But it should work. Incidentally it's not cheap. Preliminary estimates indicate that even if mortgages do not rise above the level of, say, 1972, the subsidy involved, in lost revenues to the Treasury would be near $200 million, and the potential revenue loss is much more.

Moreover, the whole scheme would function without government bureaucrats. I can't say the same for other proposals I've heard—like the one that the Federal Government should restrict consumer credit for purchases other than housing, or restrict business credit, both for the purpose of forcing investment into housing. Who is the genius in Washington who would fine-tune such regulation? Is it really fair to the consumer to say Uncle Sam knows best? To say you really shouldn't buy as many home appliances or vacation trips, so enough money will be freed for housing?

Is it really in the best interest of the housing industry to restrict the credit needed by our industrial sector to conduct research or to improve productivity by investment in new plants and equipment? These things are vital to the better jobs and higher real incomes necessary to pay for better housing.

This brings me to the second problem I mentioned at the outset: inflation. Lenders feel they need higher interest rates to compensate for expected diminished purchasing power of the dollar when the principal comes back years later. Yet inflation affects not only interest rates but everything else too—land, materials and labor.

Equally important, inflation saps the demand for better housing when the potential home buyer has to spend more of his pay check for food, gasoline and practically everything else. We can and we must get inflation under better control. How?

As you know, food costs have been the biggest single culprit. The Administration has taken a number of steps that we expect to increase supply and moderate price hikes.

The soaring cost of fuel is another, newer culprit.

To hold down inflation, Federal spending must conform to reasonable limits. Easy to say yet almost five years in government have taught me how hard it is.

Every group, it seems, has its own cause—very often a perfectly legitimate one. But there is simply no way to give all groups the money they want without raising taxes or printing money, which simply means more inflation.

So we must establish priorities and set limits. That's what this annual budget battle is all about.

Incidentally, I just can't buy the proposition that an easy way out is available to us—that all we have to do is cut defense.

Without a strong defense, mutual reduction of arms is a pipedream. Without a strong defense position the free community of nations will not endure. Freedom, liberty, can too easily be taken for granted, especially when we have had it as long as we have. And I've sat in enough Cabinet meetings to know that we have whacked as much out of the defense budget as possible in favor of domestic program priorities. It's not a pleasant prospect—particularly when you have the job I have or Cap Weinberger's job at HEW—but we will need more money for defense than Congress appropriated last year, not less.

While we are on the subject of budget allocations, I would like to talk a little on the issue of subsidized housing for lower-income families. Whether we look at the decade of the '60s or go back to the '50s, it is clear that as a nation we have made remarkable progress toward the goal—first articulated by the Congress in 1949 and reconfirmed in the President's September housing message—of a decent home and a suitable living environment for every American family. The main reason for our success is the growth in jobs—higher real incomes—coupled with a strong housing industry and credit availability.

Notwithstanding this progress, however, many families still live in housing that by any standard is substandard.

The issue is how to overcome this problem. This is what the housing study we completed in September is all about.

I'm not going to try to explain in detail here why we concluded that we don't stand a chance of achieving our national housing goal for substantially all those still without decent shelter through the old programs. Chapter Four of the book incorporating the results of the study, a volume called *Housing in the Seventies*, does that better than I could here.

Suffice it to say that even if all the other negative factors were ignored, solving the housing problems of all those eligible under the old subsidy programs for lower-income families would cost, we estimate, some $34 billion a year. Allocating that much of the Federal budget to these needs just isn't possible. New approaches are necessary.

The Administration is committing some $200 million to the housing allowance—direct cash assistance—experiments. In this and other ways, we are attempting to devise a practical program to get at the basic problem—lack of sufficient income to pay for decent, safe and sanitary existing housing.

Even though this cash assistance approach would make maximum use of existing housing, the expenditure involved would be far greater than anything this Nation has seen before—an estimated $1½ billion for the first phase, covering the elderly poor, and an estimated $9 to $11 billion annually when the program is fully operative. But the difference is we would be helping the vast majority of the poor get better housing rather than helping a relatively small proportion get new housing while the rest are left to wait and wait.

This doesn't mean that we are standing dead in the water pending final decision on direct cash assistance, a decision scheduled for the end of this year or maybe early next year.

In addition to the 100 thousand-plus units under the old programs that are still being processed, another 200,000 units of subsidized housing were announced in the President's September housing message.

Approximately 70,000 of this 200,000 are allocated to meet bona fide commitments under the old programs. The balance, about 130,000, are earmarked for our revised Section 23 leasing program—50,000 units of existing housing and 80,000 of new construction.

In devising these new Section 23 programs, Assistant Secretary and FHA Commissioner Lubar and his people have been in contact with developers and others knowledgeable about subsidized housing. And the regulations will be published for comment tomorrow. These new programs, refined as we gain experience, and hopefully improved by the legislation we seek from Congress to modify them further, should avoid many of the flaws in the old programs and provide a sound interim approach while the work on better long-term approaches proceeds.

The budget for fiscal 1975, to be published shortly, will seek authority for an additional number of units for these new Section 23 programs. But the programs simply won't work without you. We need your help.

I have discussed tight money, high interest rates, inflation and helping the poor. Before I close, just a few words on the other problems I mentioned.

FHA processing. Once and for all, let me state it flatly: There will be a need for FHA for a long, long time. The private mortgage insurers perform an important function, and I will do all I can to foster the service they give. But for the foreseeable future, there will always be good mortgage risks that require FHA assistance.

One of my top priorities for the period immediately ahead is once again to provide timely FHA processing service in the offices that fail to do so. We know from the good performance of some offices that FHA can provide prompt service without sacrificing the important social goals built into the law, such as equal opportunity and environmental protection. Accordingly, on direct authority from me signed last Friday, Shel Lubar is putting together teams of experts—including representation from better offices—who, in coordination with the regional offices, will, in the weeks ahead, go directly into the area and insuring offices that appear to need the help and do what needs to be done.

For the longer term, Congressional adoption of some of the President's other proposals will also greatly assist and help streamline FHA operations. Co-insurance, the practicability of which was proved by VA long ago, will help. And it goes almost without saying that the greater your own sense of responsibility in selecting the projects you offer, the better your own work in the application process and in meeting your commitments, the easier it will be for us to streamline our own procedures.

The environment. We have been working closely with the Environmental Protection Agency to get a better handle on the facts, to separate the real problems from the illusions and address them. And as expected, the NAHB staff has welcomed our overture to work with your organization along the same lines.

No growth. Some of the communities moving toward growth restriction have legitimate reasons. But others don't. Whether they like it or not, the baby boom of the post-World War II period is now becoming the family formation boom of the Seventies and early Eighties. These people must have homes where the jobs are, and we at HUD will work with you toward achievement of that goal.

Energy. I know the problems you face—the effect of the energy crisis on availability of materials, on fuel for construction, on Sunday driving to inspect homes, on the willingness of customers to buy while question marks hang over such things as heating and gasoline supply.

That's why I have brought Doug Parker on board to be my Assistant for Energy Affairs. I hope as many of you as possible get to meet and know him while we are here in Houston. Doug will work closely with Bill Simon's shop, with you and with others to reduce as much as possible the impact of the energy crisis on housing.

Let me close with what I said in my first line. I welcome the opportunity to be with you. I chose those words carefully. I didn't say the usual "It's a great pleasure to be with you." In the sense of satisfaction with the current state of housing affairs, it cannot be a pleasure—surely not for you and certainly not for me.

But I do welcome the opportunity to be with you.

I wanted to hear about your concerns at first hand. I wanted to discuss specific problems and predictions with you directly. And I wanted to present in person a partial solution at least to one of your principal current difficulties—interest rates.

There are, amidst the serious problems, some good signs. When I look at those family formations on the charts, at the basic strength of our economy, at its capacity to create more and better jobs (with all that means to the prospects for better housing) and at your demonstrated ability to provide that housing, I perceive promise for a high level of housing construction, not just for the balance of this decade, but also into the 1980s. And I pledge to the people of this country, and to you today, that as Secretary of HUD, I will do my utmost to help.

DR. LEWIS FOX, OF CONNECTICUT

Mr. RIBICOFF. Mr. President, few men have contributed more to solving the overall problems of health care in the State of Connecticut and in our Nation than Dr. Lewis Fox of Connecticut.

Lew is a close and respected personal friend of many years' standing.

The development and operation of our health care system depends on the dedication of individual men and women. Among these dedicated people, Dr. Lewis Fox stands out as an example of a man who has devoted himself selflessly to the care of others and to the teaching of young men and women to enter the health profession.

The University of Connecticut's Schools of Medicine and Dental Medicine are almost synonymous with the name Lewis Fox.

Lew was among the first to suggest that the University of Connecticut establish such schools. He served as a member of the site selection committee for the University of Connecticut Health Center and became the first faculty member of the school of dental medicine.

He served as dean of that school from 1963 to 1969, helping to shape its curriculums and recruiting its faculty.

From 1969 to 1973 Lew served as the school's first university professor and in 1973 became professor emeritus.

In December of 1973 the University of Connecticut's School of Dental Medicine Faculty Council unanimously passed a resolution commending Lew for his contributions to the University of Connecticut Health Center.

I am pleased to join with the council in paying tribute to Lew Fox. This citation is most deserved. I know that Dr. Fox will continue to serve the people of our Nation for many future years.

I ask unanimous consent that the resolution be printed in the RECORD.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

RESOLUTION

Whereas, Lewis Fox served on the Professional Advisory Committee which first recommended that The University of Connecticut construct a Health Center including Schools of Medicine and Dental Medicine;

Whereas, Lewis Fox served as a member of the Site Selection Committee for the Health Center;

Whereas, Lewis Fox was the first faculty member and Dean appointed in the School of Dental Medicine;

Whereas, Lewis Fox served as Dean with diligence and imagination from 1963 to 1969, guiding the development of the academic programs of the School, the recruiting of its faculty and establishing the unique relationships which exist among the various administrative units of the Health Center;

Whereas, Lewis Fox served as the School's first University Professor from 1969 to 1973, continuing his studies of health care delivery in the United States and abroad and his contributions to planning and executing the academic programs of the School of Dental Medicine; and

Whereas, Lewis Fox accepted emeritus status with the University of Connecticut in 1973;

Resolved, That the Council of the School of Dental Medicine recognize the deep indebtedness of the faculty and students of the School to the untiring and inspired efforts of Lewis Fox in the development of the special nature of our facilities and programs; and

Resolved, That because of Lewis Fox's leadership during the establishment of the School and Health Center, we are confident that it will be possible to achieve the goals for which we all strive.

ARMY RESERVE COMPONENTS

Mr. THURMOND. Mr. President, a great deal of attention has been focused the past few months on the Reserve Forces as a result of recommended reductions by the Department of Defense.

Because of the great interest in this subject within the Congress and throughout the country I believe all would be served by inclusion in the RECORD of a recent position paper on the Army Reserve.

This paper was published by the Association of the U.S. Army and addresses Army Reserve Forces as they are today.

Mr. President, I ask unanimous consent that this outstanding work be printed in the RECORD at the conclusion of my remarks.

There being no objection, the position paper was ordered to be printed in the RECORD, as follows:

JUNE 18, 1973.

THE ARMY'S RESERVE COMPONENTS

INTRODUCTION

Throughout the various parts of AUSA's current analysis of our defense capabilities, we have been attempting to relate national security requirements with the forces and resources being made available to meet those requirements. The major reductions in the size of our active forces and in the purchasing power of the dollars allotted to defense raise the most serious question as to our true ability to meet the basic national defense commitments in this very volatile world.

The administration has consistently characterized the active forces provided for under the FY74 budget as "a baseline force—the minimum force that the President and the Secretary of Defense consider necessary to carry out national security objectives." In achieving this baseline force, the Administration has assigned far greater responsibility to the National Guard and the Reserve than has heretofore been the case and, for most units, assigned them an early readiness requirement considerably beyond anything that has been required in the past. The rationale in today's environment was to require that the Reserve Components meet certain of our national security requirements which heretofore were the responsibility of active duty forces. The fact that the Guard or Reserve combat battalion, for example, can be maintained for about 20% of the cost of an active duty battalion has, no doubt, had a very attractive appeal to the planners, who are trying to provide the maximum defense for the minimum money.

COMPARATIVE COSTS (SAMPLE ARMY UNITS)

Type unit	Active cost	Reserve cost	Cost percent reserve to active
Infantry Battalion	$8,824,100	$1,814,000	21
Armored Cavalry Squadron	12,089,900	2,752,000	23
Tank Battalion (Armored Division)	8,055,700	1,659,000	21

But as important as the cost factors are, they cannot be permitted to denigrate our defenses. Our concern is with our total defense capability and our actual ability to carry out the military requirements that our fluctuating national objectives may require. We do no service to either our country or the dedicated members of the Reserve Components if in fact our defense planning is not pragmatic and sets unrealistic goals for any of our forces.

We have indicated in our earlier papers our assumption that the basis for our strategic planning is based on the one and one-half war strategy, which we have previously described in detail. We need only mention our commitments in NATO, the precarious balance in Southeast Asia, the tenuous situation in the mid-East and the deteriorating situation in Latin America to suggest a climate in which complacency has no place. We could respond to none of these precarious situations without the firm back up of our Reserve Components. The active Army simply does not have sufficient tools to do the job. Of 21 Divisions, 8 are in the Guard. And in support elements, two thirds are in the Reserve forces.

This increased reliance on the Reserve Components is resulting in the provision of significant quantities of modern equipment, increased readiness training, new and larger support efforts from the active Army, additional technician manpower support and funding for accelerated provision of proper training facilities.

RESERVE COMPONENTS APPROPRIATIONS

[Dollars in millions]

Appropriation	Fiscal year— 1972	1973	1974
Army Reserve	$622	$706	$827
Personnel	(417)	(465)	(522)
Operation	(171)	(203)	(264
Construction	(34)	(38)	(41)
National Guard	927	1,077	1,224)
Personnel	(521)	(584)	(643)
Operation	(377)	(453)	(546)
Construction	(29)	(40)	(35)
Total	1,549	1,783	2,051

There is evidence from all sides that the Reserve Components are responding admirably to these challenges. For example, in recent testimony before the House Armed Services Committee, Major General Henry W. McMillan, President of the National Guard Association, had this to say:

"I can assure the members of this Committee that the Army National Guard and the Air National Guard are at the highest levels of readiness ever attained by civilian components. They are at levels considerably higher than those of two, three or four years ago. While we may not be, and no civilian component, I expect, ever will be, as ready as the First Marine Division or the best Army Division, we are very close to being as ready as any civilian component can be. We are capable, with very few exceptions, of carrying out our missions, capable of early response." Similar comments would be appropriate for many units of the Army Reserve.

Despite the many measures ongoing to support the Reserve Components, the security of the nation requires that we assure ourselves that the Reserve Components can in fact take up all the slack resulting from the severe reduction in the size of our active forces. As General McMillan and others have pointed out, there is so much that is better than it has ever been before that a sense of surface euphoria is hard to avoid.

Because we support an expanded role for our Reserve Components in the total force concept, there are several points we feel should be examined at this stage of our development and that is the purpose of this paper.

First, our citizen soldiers deserve more public understanding and esteem for the very difficult tasks which they have so willingly shouldered. Our Reserve forces may well be the most discussed and least understood segments of our national defense. We hope that from this brief examination a better appreciation of the true measure of their dedication and enthusiasm will emerge.

There are certain problem areas, such as recruiting and training, where the Guard and the Reserve need legislative support and hopefully we can make these needs more clearly understood.

There is not a widespread understanding of the improved measures to support the Guard and Reserve and of their training requirements and problems. We feel these should be considered as well.

We are concerned too that the missions assigned to our Reserve Components be consistent with their very substantial capabilities.

We have the highest admiration for the dedicated and ofter unheralded service of the men and women of our Reserve Components. It is our hope that by this detailed status report a wider appreciation may be obtained of their accomplishments, their problems and capabilities.

ORGANIZATION AND TRAINING

The purpose of the Reserve Components is to provide trained units and qualified persons available for active duty in the Armed Forces, in time of war or national emergency, and at such other times as national security requires. (10 U.S.C. 262)

To accomplish these purposes, the current Army National Guard and Army Reserve are organized into the following:

8 Combat divisions.

104 Non-divisional combat battalions and squadrons (including those contained in 21 separate brigades).

89 Field artillery battalions.

49 Engineer combat battalions.

11 Nike Hercules battalions.

133 Combat service support (logistic type) battalions.

And literally hundreds of combat service support units of company or detachment size.

We also have available a large pool of previously trained individuals in Individual Ready Reserve. While this is a fast diminishing pool, there were 795,000 people on these rolls as of April of this year. These individuals are not on a paid drill status but many continue their training by correspondence, summer camps and some, serving as mobilization designees, get on-the-job training.

The organized units of the Selected Reserve which we enumerated above are required to conduct 48 inactive duty training periods of 4 hours each, usually on a weekend and frequently back to back. Additionally, each of these units has two weeks of active duty annual training each year. Between 8 and 10 days of this active duty period is productive training, the remainder being required for travel to and from the training area, getting set up, etc.

In addition to these required training assemblies, many more hours are put in, particularly by the unit leaders, both commissioned and non-commissioned, on recruiting, administration and the thousand and one responsibilities of command for which there seem to be enough time.

Serious and productive efforts have been made over the years to upgrade the professional qualifications of the officer corps of the Reserve Components. Army Regulations require appropriate level Army service schooling up to and including the Command and Staff College for promotions. Many Reserve Component officers attend the Army War College or complete its non-resident courses.

Fortunately, almost all of the enlisted men have had at least four months (and most have 6) of active duty training or a combination of active duty and long Reserve Component service. Either correspondence courses or attendance at service schools, and sometimes both, are required for promotion in the higher grades. There exists an expanded core of trained and professional full-time technicians to assist the Reserve Component units with recruiting, supply, administration and maintenance.

But it should be clear that even with the expanded expertise and help, we are getting close to the optimum that can be maintained consistently by a group of hard-working, dedicated individuals who earn their livelihoods and raise their families on civilian employment.

Army Regulation 350–1 specifices training level objectives of Reserve Component units as attainment and maintenance of company or comparable level proficiency. The attainment of proficiency is supposed to be verified by the completion of applicable Army Training Tests at least every three years.

The company level training requirement should really be considered a floor, since such a program has a low level of productivity in mission-type training. Soon there will be a multi-level approach to training which hopefully may move a greater number of units to the attainment of battalion level proficiency. The fact that some units are maintaining battalion-level proficiency indicates that such training is feasible if proper leadership and management can be effected.

Company level training can be particularly debilitating to Battalion Commanders and their staffs—and even higher headquarters—if they are prone to become observers rather than participants.

Obviously, imaginative and productive training is essential to the development of the basic capabilities to carry out assigned missions. It is also an essential ingredient in keeping up the interest of the officers and men in the Reserve Components and has a great potential in helping retain personnel. In most areas, training today is more innovative and productive than ever before, and equipmentwise, the Reserve Components are in better shape. Overall, they have about 75% of the equipment they need for training, and most of it is modern.

An example of the more exciting training would be the overseas summer training for selected units. Last year there were 47 company-sized units at 8 foreign locations who were flown overseas for their active duty training. Not only does this prove an attractive incentive for those participating, but it has practical plusses as well. Training in the logistics of such a move is an important benefit, as is the working knowledge gained of foreign terrain and environment. And in most instances, the on-the-job training is of the highest order. Last year, for example, the 50th Maintenance Battalion of the 50th Armored Division, New Jersey National Guard, flew to Germany to provide direct maintenance support to the active Army's 3rd Armored Division then on field exercises. On the other side of the globe, a Reserve Medical Equipment Detachment was performing equally constructive on-the-job training in Okinawa.

This year the program is being expanded further, with some 58 units and approximately 4,600 Reserve Component personnel involved.

There is increased participation too by Reserve Component units in active Army, combined and joint exercises. A recent example was the Commander-in-Chief, Atlantic's exercise called "Exotic Dancer," which involved all services and included 17 units and 2,300 people from the Army's Reserve Components. As a matter of fact, the aggressor commander in the exercise was from the Kentucky National Guard.

There are a variety of other examples that indicate the improved quality and practicality of much of the training.

Reserve combat support units have actually taken over from the active Army the logistic support of some other Reserve Component units. This, of course, is the epitome of on-the-job training. It has its practical side, too. Such an operation at Camp McCoy, Wisconsin, last summer is reckoned to have saved the government some $300,000.00.

There has been much publicity given to a whole host of domestic action projects performed as training duty by Reserve Component units and personnel. Many of these have been community improvement projects for which Reserve Component equipment and expertise were particularly well suited.

Another innovative program is called Round Out. It involves active Army sponsorship and support of Reserve Component units. The affiliation between the Round Out units is one of year-long association with the view that on mobilization these units could function as part of their active Army sponsor group. During annual summer training, each Round Out battalion is assigned a sponsor unit from the active Army units to assist in and evaluate training. During the remainder of the year, training teams from the active Army units travel to the home station of the Round Out units to continue training assistance. Four USAR battalions and 2 companies are associated as Round Out units with the Armored Divisions at Fort Hood, as are 1 brigade and 6 battalions from the Army National Guard. In Hawaii, the 29th Infantry Brigade (ARNG) and the 100th Battalion, 442nd Infantry (AR) will not only train with the active Army's 25th Infantry Division, but will become part of the fighting unit on mobilization.

One of the problems with Round Out stems from the varying degrees of readiness that will exist between the Active and Reserve elements of the same unit. Additionally, at this time there probably exists within the system about one-half of the TO&E equipment which our Reserve Components would require on mobilization. Much of this may not be in the hands of the units—and properly so, since they are not staffed adequately to care for all of it. We need to insure that these stockages continue to be built up so that the required equipment may be available immediately upon mobilization.

Although only a comparatively few units have had the opportunity yet to participate in some of these innovative training activities, we see that a viable training program for Reserve Component units is feasible, but clearly over the long haul more support from the active establishment will be needed. The Army is already making greater efforts to provide just that.

As part of the major reorganization that the Army is now implementing, the Army will have more active Army personnel working directly with the Reserve Components to solve their specific problems. These new relationships to be operable this fall will place primary responsibility for training and readiness support of the Reserve Components on the commanders of each of the three CONUS Armies which will operate directly under the Army's new Force Command.

Each of the Armies will have assigned several Army Readiness Regions to assist all of the Reserve Component units in each zone of responsibility. There will be 9 of these in all. Active Army personnel charged with these functions are being selected for their expertise in specific areas and will be available for shoulder-to-shoulder training with those Reservists needing their particular help. They will be organized in subordinate groups and teams. The Readiness Region people are intended to be "doers" and "specialists" in hands-on training—not staff officers. They will not be involved in routine administration.

The regions will call on Active Army units and schools for additional professional help as particular circumstances warrant.

Advisors will continue at each state headquarters, at each major unit headquarters, and in some isolated instances at smaller headquarters. However, most of the advisors assigned to battalions or small units will be withdrawn. The spaces involved will be assigned the Readiness Regions and the Readiness Groups, so that active Army assets may specialize in helping those units who need it most.

This new approach does not rely solely on additional active Army assistance. The Reserve Components will be called upon to do more. Elements of some of the training divisions will be designated as miniature maneuver commands, charged upon request of Region commanders with preparation of training plans, exercises and training tests for Guard and Reserve units, thus freeing these unit commanders from time-consuming preparation in an environment where the clock is the tyrant. Other training divisions, during their drill periods, will provide training in individual military specialties for unit members in their area.

PROBLEM AREAS

Thus far we have described a number of the conditions which have brought our Reserve Components to standards of preparedness beyond anything we have known in the past. And we have enumerated some of the actions which presumably will contribute to the growing viability of their training programs. But what of their problems?

The major problems in the Guard and the Reserve today are not a shortage of serviceable equipment or lack of meaningful missions, although much remains to be done in providing modern equipment for Reserve Component units. The more pressing problems are to continue improvements in Reserve training and to meet manpower requirements without the pressure of the draft.

At this moment in time, recruiting and retention—the maintenance of strength—are the overriding problems. Statistics abound to describe the dilemma and we've used some here to illustrate.

Strength takes on such importance because it is the focal point of a unit's ability to conduct a viable training program, maintain its equipment and most importantly of all, to carry out its mission if called upon.

It should be borne ever in mind that the *authorized strength* as of FY73 of the Reserve Components constituted 45% of the Army's total force manpower requirements.

To be sure that this strength problem is more clearly in focus, consider the following:

Congress mandated by law that the minimum average strength of the Army National Guard would be 402,333. The Army Guard is projected to end FY73 with a strength of 376,704, some 25,269 short of the mark. The Department of Defense is requesting a strength of 379,144 for the Army National Guard during FY74, some 23,189 below the minimum set by Congress.

In the case of the Army Reserve, the Congressionally established minimum strength was 261,300. The USAR is projected to wind up FY73 at 229,000, down some 32,300. For FY74, DOD is asking for 232,591 for the Army Reserve, which is 28,709 below the Congressional minimum.

These reduced requests for manpower authorizations by the Department of Defense represent a more pragmatic assessment by the Department of what the manpower problem is and how difficult it will be to solve. Defense leaders have been adamant in their testimony on these lower strength requests that they do not want the size of the Reserve Components to be smaller. They point out clearly that no priority missions have been eliminated. What they are asking for is a floor upon which they hope to rebuild the strength.

The full TO&E strength for the force structure of the Army's Reserve Components is 711,000. The Congressionally mandated minimums quoted above represents about 93% of the actual TO&E strengths of these units. On mobilization, shortages would presumably be made up of fillers from the Individual Ready Reserve we mentioned earlier.

The actual strength of the Army's Reserve Components at the end of FY73 represented 85% of TO&E. We mention the percentage of TO&E only because it indicates the built-in shortage of people available even if the Reserve Component units were at the full mandated strength so it gives further urgency to additional shortages and the ability of a given unit to train and function effectively.

Another way to view the current manpower challenge is to point up that to achieve the authorized strength of roughly 660,000 in FY74, the Reserve Components would need 127,000 new people. 140,000 would be needed in FY75 and over 160,000 in FY76.

Recruiting efforts are being increased. Part time recruiters have been trained in each unit, full time supervisors have been authorized in each major headquarters and full time liaison NCOs are stationed in each Recruiting Main Station of the Army's Recruiting Command, but recruiting alone will be difficult. Among the additional tools that would be helpful would be the speedy enactment of incentives proposals now before Congress—particularly the proposed enlistment and reenlistment bonuses as well as the full-time coverage under the Serviceman's Group Life Insurance Program.

Allied with the strength problem is that of time available for participation in an increasingly active Reserve Component training program. This requires understanding at home and practical support from employers. AUSA has cooperated in a nationwide program to encourage this support on a continuing basis. Great efforts are required to keep this a manageable problem.

We have laid considerable emphasis on training because that really is the main objective in peacetime. Not only do the Reserve Components need imaginative programs, but they need also adequate nearby areas in which proper training can be conducted. While this has not been a serious problem as yet, there continues to be a shortage of accessible weekend training areas for many Reserve Component units.

DOD indicates that at least 74 company-sized Reserve Component units do not have adequate weekend training areas. However, both the recent and possibly future base closings may impact unfavorably in this area, as does the President's Legacy of Parks Program.

There is underway in the Federal government a very vigorous program to take from the military those lands not being fully utilized and turning them over to the Park Service. Obviously many training areas used by the Reserve Components are not in full time use, but are absolutely necessary for weekend training or summer camp or both. It should be said too that some of the training areas now being used are only marginally adequate. Both the General Services Administration and the Federal Property Review Board have been more than zealous in declaring military lands as under-utilized and therefore eligible for transfer to the park program. Fortunately, the Real Estate Sub-Committee of the House Armed Services Committee, under the chairmanship of Congressman Otis G. Pike (D-NY), has been more sympathetic to the Reserve Components' needs and has kept this transfer program in bounds. Unless there are further base closings, the 86 Federal and 55 state camps now used for annual summer training should not be affected.

We have touched upon the debilitating effect on training of personnel shortages. We should mention, too, the impact of the all out recruiting effort currently underway. Some commanders feel that already a disproportionate amount of their time and effort goes into this channel and that training is getting shortchanged.

There is growing evidence that the present 6-year enlistment in the Reserve Components should be shortened. Young people just don't want to commit themselves to such a long contract. Similarly, it may not be feasible to continue a 6-month active duty basic training period. It may be necessary to accept a shorter period which will be less disruptive to the individual.

Certainly one flaw in the whole system is the fact that we do not now have an adequate method of determining unit readiness. It is very difficult to get a good qualitative measurement and while we have been greatly preoccupied with method, the fact is that our present system for evaluating is not reliable. Many of our active units would not meet the readiness criteria. And some fought successfully in Vietnam when in fact they would not have met standards presently prescribed.

So, while we talk about the highest goals of C–1 for officers, C–2 for enlisted men and C–3 for equipment, what we really want to know is how fast a unit can be mobilized and how quickly it can be brought up to fighting trim after mobilization. This we cannot measure with any certainty as yet.

CONCLUSION

All that we have said so far supports the contention that the Reserve Components are in fact at the highest levels of readiness ever attained by civilian components. Certainly they have more trained men, much more equipment and better facilities than at any time in history.

The question is can they do the job required of them on mobilization in the time allotted to them by the strategic planners? At this point in time, it is most problematical that any of the major combat units scheduled for the earliest deployment could come close to meeting the planner's timetable. Secretary of the Army Froehlke in his testimony to the House early this year said, "We still have a long way to go before our Reserve Components are sufficiently ready." (See Figure 1, Appendix for a historical comparison of the problem.) There is, for example, a long way to go before all the equipment Reserve Component units would need on mobilization can be available. Training is not that far along in most units. And it is yet to be proven that even with the recruiting tools that have been requested that adequate strength levels can be maintained.

In all of this, we have taken the statements of our political leaders at face value that the Guard and Reserve units required will be mobilized promptly in any future national emergency. The early mobilization of such units is very basic as an ingredient in our defense planning, since there are certain essential time cushions that are required for even the best-trained units to move from civilian status to full time military duty. No amount of planning or preparation can eliminate this time problem entirely. To minimize the problem, timely warning and prompt decisions will be needed.

But basically we are concerned that there has been in defense strategic planning an over-assessment of civilian component potential. Somewhere between the low level of readiness that for many years prevailed in most elements of the Reserve Forces and an unrealistically high level of readiness that is frequently demanded and sought after is the level of readiness that a civilian component is capable of attaining and maintaining. We have to accept these readiness ceilings for the simple reason that these organizations are civilian components and cannot devote full time to military training and practice.

To set unrealistically high levels of readiness for Reserve Forces and to assume for war planning purposes the attainment of those levels, in an attempt to satisfy strategic requirements, creates a false premise and undermines the validity of our defense planning.

The Minuteman concept may be great for tradition, but subliminally it perpetuates a dangerous myth. It connotes a simplicity to citizen-soldiering that certainly is not now and never really has been the case. Lack of discipline, equipment, training and, above all, support caused the greatest hardships and excessive casualties on the original Minutemen. Nor were they able to accomplish their mission until many of these shortfalls were overcome. The symbol we need for today's citizen-soldier should reflect the same dedication and patriotism, but also should connote the well-disciplined, highly-trained and well equipped individual properly organized to contribute rapidly and effectively to his country's defense. There is every indication that the Reserve Component leadership at all levels is working diligently to acquire the greater skills and readiness that today's world requires.

The role of Reserve Components in our national defense is highly essential and deserves our fullest support. Their role in our defense structure should be fully realistic. We believe that our strategic planning should be reviewed to make sure that the degree of readiness we assign to our Reserve Components is within their capability.

We believe further that the truly dedicated efforts of the men and women who are the members of our Reserve Components are deserving of our fullest and continuing support in their demonstrated support of their citizenship.

FIGURE 1.—SELECTED FEATURES OF RECENT MOBILIZATIONS

Features	World War II		Korea		Berlin 1961		Vietnam 1968	
Scope	M=D−15 mos; total mobilization, major deployments		M=D; partial mobilization, major deployments		No hostilities; small partial mobilization, no major deployments		M=D+36 mos; extremely small partial mobilization, no major deployments	
Premobilization situation:								
Regular Army	3-div force—185,000.		10-div force—590,000.		14-div force—860,000.		18⅔-div force—1,500,000.	
Reserve components	Army Reserve	National Guard	Army Reserve	National Guard	Army Reserve	National Guard	Army Reserve	National Guard.
Basic force structure	27 divs	18 divs	25 divs (7,944 units).	27 divs (4,836 units).	10 divs (4,398 units).	27 divs (4,497 units).	3,482 units [a]	8 divs (3034 units). [b]
Personnel strength	119,733	199,491	Total—600,417 In units—184,015.	Authorized—350,000. Assigned—324,761.	Total—893,747 In units—301,796.	Authorized—400,000. Assigned—393,807.	Total—217,984 In units—261,957.	Authorized—400,000. Assigned—411,419 (Average FY68).
Recruitment for units	Voluntary	Voluntary	Voluntary, draft motivated.	Voluntary, draft motivated.	Voluntary, draft motivated.	Voluntary, draft motivated.	Voluntary, draft motivated.	Voluntary, draft motivated.
Unit training (annual)	Limited AT	48 paid drills, [c]AT.	Paid drills, AT	48 paid drills, [c]AT.	48 paid drills, [c]AT.	48 paid drills, [c]AT.	48 paid drills, [c]AT; SRF–72 (later 58) drills.	48 paid drills, [c]AT; SRF–72 (later 58) drills.
Facilities	None	Inadequate	Inadequate	Inadequate	Inadequate	Inadequate	Inadequate for unit training.	Inadequate for unit training.
Materiel	None	Extreme shortage	Extreme shortage	46% of TOE	Improved quantities but contingency and training.	Improved quantities but contingency and training.	Inadequate	Inadequate.
Mobilization situation:								
Number of units mobilized	None	18 divs and 136 other units.	969 company-sized.	8 divs, 3 RCT, and others (714 company-sized).	1 training div and others (444 company-sized).	2 divs, 1 ACR, and others (446 company-sized).	1 inf bn and 41 other units.	2 inf bdes (bdes and other unist totaled 34).
Personnel:								
Number mobilized	136,000	297,754	241,500	138,500	68,883 (30,056 in units).	44,371	7933 (includes fillers).	12,234.
Percent of TOE strength at induction.		41–56 [d]	Most—individuals	34–55 [d]	67	62–69 [d]	82	89.
Percent MOS qualified at induction.	na	na	Most—experienced veterans.	27–46 [d]	67	67	85	85.
Unit training completed at induction.		None	None	None	None	None	None	None.
Facilities		Inadequate initially.	Inadequate initially.	Inadequate initially.	Adequate	Adequate	Adequate	Adequate.
Materiel		Totally inadequate.	Limited	35 percent of TOE.	Major shortages	50 percent of TOE.[d]	REDCON C–4	REDCON C–4.
Postmobilization situation [f]:								
Personnel:								
Fill requirement		197,533 (for divs)		96,100 (for divs)	15,234 (for units)	9830 (for divs)	698 (for units)	1512.
Time to fill		7 mos [d]		2 mos [d]	2 mos	3 mos [d]	Up to 5 mos	Up to 5 mos.
Training (divisional):								
Requirement, weeks		44 (later 32)		28	Varied [g]	27 compressed to 13.[d]	7–8 [g]	15 [g].
Completion, weeks		Average 120		32–35	Required full unit ATP.	13 [d]	7–15 [g]	15–17 [g].
Materiel		Adequate by 1942		Improvement during unit training.	Continued shortages.	60 percent within 3 mos.[d]	REDCON C–1 within 60 days.	REDCON C–1 within 60 days.

[a] Units include 13 training divisions in 1961 and 1968, and 3 separate inf bdes in 1968.

[b] Units include 18 separate inf bdes.

[c] Paid drills 2 hr weekly; after Vietnam buildup increased to 4 hr and MUTAs.

[d] Applied to divisions but is representative of all other units.

[e] Not available.

[f] Period from arrival at mobilization station to completion of training cycle.

[g] Army Reserve nondivisional units and/or National Guard inf bdes.

FERTILIZER SHORTAGE

Mr. HASKELL. Mr. President, a recent Senate Agriculture Committee report indicated that about 30 percent of the total production of food and fiber in this country is a direct product of the application of fertilizer, and U.S. grain stocks are currently at near-record lows. These two facts underlie an approaching supply-and-demand imbalance which has potentially enormous consequences for U.S. consumers and citizens in countries overseas that depend on our food exports.

Over the past few years the amount of acreage kept idle or set aside has been drastically reduced, and in 1974 agricultural production goals call for maximum production. Approximately 20 million more acres of land will be in production this year than last.

The American farmer is ready to meet these goals, but he is hampered by his inability to acquire needed agricultural supplies, particularly nitrogen and phosphate fertilizer, at prices he can afford.

According to Agriculture Department figures, retail prices of fertilizers have increased over October 1973 prices from a range of 26 percent more for potassium chloride to 71 percent more for anhydrous ammonia. There are no assurances that the situation will improve for farmers in coming months.

The fertilizer industry in the United States has expressed its willingness to meet these challenges, but for a variety of reasons, including past price control policies, inadequate fuel supplies, transportation problems, and a virtual halt in new plant construction, it appears it will be unable to do so.

The Department of Agriculture estimates shortfalls of 1 million tons of nitrogen and about 700,000 tons of phosphate material. The Fertilizer Institute reports that while they expect to supply about 5 to 8 percent more total fertilizer tonnage during the current year than last year the industry will still fall short of demand by 3 million tons of nitrogen material and 1.5 million tons of phosphate material.

I have talked with knowledgeable spokesmen in southeastern Colorado who are very concerned about this situation and who are afraid there will be a substantial shortage of fertilizer for the coming growing season.

I want to go on record in strong support of the resolution adopted by the Senate urging that those agencies of the Federal Government responsible for the allocation of materials used in the production and distribution of fertlizer give the highest possible priority to fertilizer in the allocation programs. I would urge these agencies to act promptly on the Senate's request. I agree with my colleagues who have already spoken out on this issue that if there is indeed a serious fertilizer shortage in the United States there will be a food shortage not only in this country but elsewhere in the world such as we have not seen before. I think we must take every precaution to insure against the possibility of hunger both at home and abroad.

ISSUES IN PROCUREMENT REFORM LEGISLATION

Mr. CHILES. Mr. President, there now seems to be little doubt that legislation to create an Office of Federal Procurement Policy (S. 2510) may generate controversy when it is considered by the Senate. But before the debate begins, I would like to share with my colleagues a very perceptive and objective evaluation of the situation done by Mr. James Phillips of the National Journal, and particularly the announced opposition of the Defense Department.

I have to say that I wholeheartedly agree with the Administrator of the General Services Administration, Art Sampson, who served along with me on the Procurement Commission when he says:

> Defense thinks someone wants to interfere with their specialized procurements like fighter airplanes. Nobody wants to do that. So the Pentagon is afraid of a bogeyman that doesn't exist. It's the old thing about change. The Pentagon's position—that the status quo is good enough—is just hogwash, pure hogwash. We need an awful lot of reform in procurement policy.

I think we need to look back over the long and thorough legislative history of S. 2510—back to initial hearings in 1966; back to the creation of the Procurement Commission in 1969; back through the 2½-year study; back through the Commission's No. 1 recommendation to create a central procurement office; back through the 5 days of hearings held by my Procurement Subcommittee, and the unanimous support of all but some executive agencies. This is not exactly a shaky record to stand on.

The facts remain that procurement reform is sorely needed; the problems are there wasting money every day and they are not just Defense Department problems, they are Government-wide problems that Defense could not solve if they wanted to. A central procurement authority, with statutory backing is what is needed, and nothing less will do more than massage the status quo. As I said when we opened our hearings:

> The vagaries of time and the variability of executive orders are too great to trust so important a function as the expenditure of a quarter of the Federal budget to the good intentions of bureaucrats.

To update the National Journal article, I should note that S. 2510 passed the full committee on February 6 by a unanimous vote and that 12 Senators have joined me in cosponsoring the bill.

Mr. President, I believe that procurement reform is of vital importance to Congress, small and large businesses and to the taxpayers of this country. Legislative action is of the utmost importance if procurement reform is to be of a lasting nature.

I ask unanimous consent that there be printed in the Record a copy of the article by Mr. Phillips.

There being no objection, the article was ordered to be printed in the Record, as follows:

Over Procurement Office

(By James G. Phillips)

Battle lines are taking shape in the Senate over legislation to create a centralized office to oversee federal purchases of goods and services worth almost $60 billion a year.

The Defense Department and its supporters in Congress are dead set against the new procurement office, which they view as a threat to the Pentagon's own extensive procurement bureaucracy. Defense purchases account for more than two-thirds of all federal procurement.

But the General Services Administration (GSA), which does much of the buying for other federal agencies, and the Small Business Administration (SBA) are supporting the proposed office. A showdown could come on the Senate floor by the end of February.

Now ready to report the legislation is the Senate Government Operations Committee, which has been studying procurement reform proposals since October.

On Dec. 4, a Senate Government Operations Subcommittee on Federal Procurement, chaired by Sen. Lawton Chiles, D-Fla., approved a bill (S 2510) to establish the procurement office in the White House—either in the Office of Management and Budget (OMB) or as a separate agency. "I don't expect any problems in getting this bill past the full committee," Chiles said in an interview.

But a senior Pentagon official, who asked not to be identified, said the Defense Department is confident that Pentagon supporters will stop the bill from passing if it reaches the Senate floor.

"The Defense Department's opposition to this legislation extends to Congress," the official said. "I don't think there is any assurance that this bill will pass."

S 2510, co-sponsored by Chiles and Sen. William V. Roth Jr., R-Del., the ranking minority member of the procurement subcommittee, would implement the major recommendation of the Commission on Government Procurment, which early last year produced 149 suggestions for changing the way the government buys products and services. (*For reports on the commission's recommendations, see Vol. 5, No. 21, p. 745, and No. 25, p. 897.*)

DICHOTOMY

The differences between the Pentagon and the GSA on the issue of a procurement office flared into the open during November hearings of the Chiles subcommittee on S 2510.

Arthur I. Mendolia, asistant Defense secretary for installations and logistics, told the subcommittee that the proposed office merely would create unnecessary red tape for the Pentagon.

Mendolia said that Defense contractors view the Pentagon's procurement regulations as "fairly unchanging (rules)they can understand."

Mendolia endorsed an OMB proposal to defer legislation pending a tryout period for an OMB procurement coordination office to be established by executive action. The coordinator had not been appointed as of late January. (*For background on the OMB proposal. see Vol. 5. No. 30, p. 1110, and No. 42, p. 1572.*)

Said Mendolia: "I think we should apply the 'fly-before-buy' philosophy here to the evolution of improvements in procurement in much the same way that we in DOD apply it to weapons system acquisition."

But in GSA's view, a procurement policy office would be ineffectual without a statutory base to give it prestige and permanence. "I am convinced now," testified GSA Administrator Arthur F. Sampson, "that at some point we are going to have to have legislation to support an Office of Federal Procurement Policy." Similar testimony was presented by the Small Business Administration.

"I do not think we are going to get the major reforms that are required by maintaining the status quo, no matter how you change it," Sampson said.

Agencies had "great fears" about the procurement office, some of which were "unfounded," Sampson said.

Expounding on this topic in a subsequent interview, the GSA chief said, "Membership of the office has got to be constituted so that Defense, for instance, feels they're represented. They've got to feel that they're not just having policy instituted by people who don't understand their business.

"Defense thinks someone wants to interfere with their specialized procurements like fighter airplanes. Nobody wants to do that. So the Pentagon is afraid of a bogeyman that doesn't exist. It's the old thing about change." Sampson said, "The Pentagon's position—that the status quo is good enough—is just hogwash, pure hogwash. We need an awful lot of reform in procurement policy."

Congressional aides said that before the Chiles hearings, Sampson urged the Administration go into the hearings with its own bill to set up the procurement office—as a ploy to get a share of the credit for procurement reform, which otherwise might go solely to Congress.

But Sampson's proposal was shot down by Deputy Defense Secretary William P. Clements Jr., who persuaded OMB Director Roy L. Ash to stick with the proposal for a procurement coordinator set up by executive action.

"I see no useful purpose this legislation could serve as far as DOD is concerned," Clements said in an interview.

INDUSTRY STANCE

Industry and professional associations testifying before the Chiles subcommittee unanimously favored the immediate passage of legislation to establish the procurement office.

Leading groups favoring the legislation included the Aerospace Industries Association of America, the National Security Industrial Association and the Electronic Industries Association.

SUBCOMMITTEE ACTION

"The commission report is getting older every day," Chiles said in concluding the hearings. "'Fly-before-buy' has already taken place as far as DoD's experience."

The subcommittee rejected OMB's proposal to defer action and unanimously approved S. 2510. (Members of the subcommittee, other than Chiles and Roth, are Democrats Walter Huddleston of Kentucky and Sam Nunn of Georgia, and Republican Bill Brock of Tennessee.)

To assuage Pentagon fears that the procurement office would mushroom into a giant bureaucracy, the subcommittee amended the bill to limit the office's size and duration. The office would have a five-year authorization, after which Congress would decide whether to continue it. Its first-year budget would be limited to $4 million. The office would be prohibited from doing any actual procurement.

Its purpose, the bill says, would be "to provide over-all leadership and direction, through a small but highly qualified and competent staff, for the development of procurement policies and regulations for executive agencies in accordance with applicable laws."

EXECUTIVE ACTIONS

The executive branch is moving to implement many of the procurement commission reforms that do not require legislation.

Systems purchases

An interagency task force recently endorsed the basic concept of the commission's proposals for changes in the purchasing process for major weapons and civilian systems (such as mass transit and ocean navigation systems).

The interagency task force on system acquisition, in a Dec. 31 report to OMB, endorsed most of the commission's suggestions in that area, even though it said there are "valid differences" in systems purchasing policies of different agencies.

The task force's only serious reservation concerned the extent of implementation of a commission recommendation for alternative systems concepts, which the task force said could produce "a potpourri of systems . . . which would present more options than might economically be pursued."

The commission recommended strengthening the acquisition process for weapons and other major systems by emphasizing competition for alternative approaches at the outset of the developmental process to minimize occurrence of cost and performance problems downstream. (Under today's process in the Pentagon, for instance, service systems commands (developmental offices) develop a weapons concept, such as a plane of given speed or range capability, and then open the program for competition. Under the commission's proposal, companies would be asked to design their own concepts of what type of weapon—a plane, helicopter or artillery piece—would be best for the job at hand.)

The task force said that to avoid excessive expense under this approach, the competitions should be held only when clearly feasible.

Among other major recommendations in this area, the commission called on agency heads to frame "mission needs," such as close air support, prior to a decision on what type of weapon to seek and to bring Congress into the picture at this point—much earlier than is now the case—to review the mission statement in terms of the nation's needs, goals and available resources. And it called for heightening competition for major systems awards by encouraging small firms to propose alternative systems concepts.

The task force report, which must be reviewed by individual agency heads, including the Defense Department, Atomic Energy Commission, Transportation Department and National Science Foundation before final approval, fully endorsed the earlier involvement by Congress in the acquisition process. It adopted the recommendation on mission statements, subject to the "recognition that there are limitations in making long-range projections of mission capabilities, deficiencies, total mission costs, etc.," and the recommendation on soliciting increased competition on the part of smaller firms, provided the solicitations were limited to "qualified" companies.

GSA move

The GSA has adopted—subject to congressional approval—a commission recommendation that it charge its governmental customers the full costs of items they buy from GSA. The aim is to force agencies to shop around to determine if they can buy items cheaper on the private economy than they can from GSA.

Under existing procedures, GSA does not pass on its own overhead costs, such as warehousing, but bills agencies only for the cost of the merchandise and its transportation expense.

The new system, which has a target date of July 1, 1975, is known as "total economic cost" or "industrial funding." Under it, GSA's Federal Supply Service (FSS), instead of getting annual appropriations from Congress, would be financed out of the proceeds of goods and services it sells to agencies. These range from pencils and light bulbs to highly sophisticated civilian aircraft.

"Industrial funding would make the Federal Supply Service work a hell of a lot harder to keep costs down," FSS Commissioner Michael J. Timbers said in an interview.

"We'll be charging the full costs to the agencies and they'll turn to the private market if our costs get out of hand. Secondly, Congress will get a better picture of other agencies' budgets since GSA appropriations will no longer cover FSS overhead costs."

Timbers said the change also will force FSS to look hard at its central warehouse system to determine if it is more economical to procure items for agencies locally—at the point of use—than to stock them in regional warehouses. "The trend will be to less warehousing," Timbers said.

Implementation of the proposal will require amendment of the Federal Property and Administrative Services Act of 1949 (63 Stat. 377) which governs GSA procurement. Timbers said he expects the Administration to submit the bill by spring and that he does not contemplate any problems for it on Capitol Hill.

GAO report

The General Accounting Office (GAO) on Jan. 31 told the House Government Operations Committee that executive branch task forces made "considerable progress in recent months" in proposing policy positions on procurement commission recommendations. By the end of 1973, the GAO found, executive task forces had presented position papers for agency review on 79 of the 149 commission proposals, as opposed to three as of mid-August 1973.

To speed congressional action, the GAO recommended that the House Government Operations Committee consider establishment of a separate subcommittee—such as the Chiles subcommittee in the Senate—to handle procurement matters.

After holding extensive hearings on procurement reform last summer, the House Government Operations panel deferred further action because of the press of other business such as government reorganization plans. According to committee aides, the panel will again take up procurement reform as soon as the Senate acts on it. The committee chairman, Rep. Chet Holifield, D-Calif., who served as vice chairman of the procurement commission, pledged last summer that "I will do everything in my power to see that the public gets a dividend on the commission report."

LITHUANIA

Mr. DOMINICK. Mr. President, February 16 marked the 723d anniversary of the founding of the Lithuanian State and the 56th anniversary of the establishment of the Republic of Lithuania. Americans of Lithuanian origin and descent will commemorate this event through the Nation.

At this time when the word "détente" appears so often and the reality so rarely, Lithuania continues to present a dramatic example of the constant thrust of Soviet expansionism and Russian imperialism.

Lest we forget, Mr. President, on June 15, 1940, the Soviet Union formally annexed Lithuania and started mass deportations to Siberian slave and labor camps. During June 1941, the Lithuanian people succeeded in getting rid of the Communist regime in the country; freedom and independence were restored and a free government reestablished. This free government remained in existence for more than 6 weeks, until Lithuania was overrun by Nazi Germany, who suppressed all the activities of the free government and the government itself. Nazi Germany held it until 1944, when the Soviets expelled the Germans and reimposed their rule.

Lithuanians have never since been free or independent.

Through direct control of foreign affairs, economic planning, defense, currency, and foreign trade, the Soviet Union has endeavored to wipe out not only Lithuanian independence and freedom, but also their very heritage. More than one-fourth of Lithuania's population has been exterminated or relocated and its culture continues to be stifled by the imposition of Russian customs and dictates. Solzhenitsyn's "The Gulag Archipelago" is telling testimony to life under the Soviet system.

Nonetheless, the indomitable spirit and the spiritual and ethnic strength of the Lithuanian people stands today as an example to all people who are striving for self-determination and their national heritage. The Lithuanian World Congress, meeting in August 1958, declared unanimously that "Lithuanians continue fiercely resisting the alien rule" of the Soviet Union, and that Lithuanians "have not and never will accept Soviet slavery."

The United States has never recognized the forcible annexation of Lithuania by the Soviet Union and continues to accredit diplomatic representatives of the free government of Lithuania. Since June of 1940, when the Soviet Union first took over Lithuania, all the Presidents of the United States have stated, restated, and confirmed this nonrecognition policy.

Unfortunately, Mr. President, no actions have followed our fine words.

In our attempts to give some meaning to "détente," we should negotiate to obtain for the people of Lithuania—and for the people of all captive nations—the basic freedoms we enjoy. An enduring peace—or détente—cannot be attained until the people of Lithuania and of all the captive nations are free to determine their own destinies to accord with the United Nations Declaration of Human Rights.

MONTHLY LIST OF GAO REPORTS

Mr. METCALF. Mr. President, each month the Comptroller General issues many reports and decisions concerning the operation of the Government, legislative recommendations, and election law compliance. These reports are often prepared at the request of Members of Congress. Fortunately, the General Accounting Office summarizes the reports and decisions issued during the preceeding month. The monthly list is very useful, particularly as a reference to current GAO activity. Therefore, as I have done in the past. I again ask unanimous consent that the last three "Monthly Lists of GAO Reports" be printed in the RECORD.

There being no objection, the lists were ordered to be printed in the RECORD, as follows:

MONTHLY LIST OF GAO REPORTS: COMPTROLLER GENERAL OF THE UNITED STATES—VOL. 7, NO. 11, DECEMBER 1973

COMMERCE AND TRANSPORTATION

Limited Success of Federally Financed Minority Businesses in Three Cities. Small Business Administration, Office of Minority Business Enterprise, Department of Commerce. B–149685 of November 8.

Neither SBA nor OMBE had ever examined the factors contributing to success or failure of minority businesses assisted by SBA loan programs. Minorities make up about 17 percent of the Nation's population and about 4 percent of the Nation's businesses.

Of 845 minority-owned businesses receiving SBA loans from its Chicago, Los Angeles, and Washington district offices during FY 1969 and 1970, GAO classified 27 percent as failures, 25 percent as probable successes, and 17 percent as undeterminable.

Lack of managerial capability of the owner was the sole reason for failure of about 30 percent of businesses classified as failures or probable failures and a contributing reason for failure or probable failure of an additional 39 percent.

Foreign Visitor Travel to the United States Can Be Increased. United States Travel Service, Department of Commerce. B–151399 of November 12.

In 1972 travel receipts from foreign visitors to the United States reached $3.2 billion, while travel expenditures by Americans abroad climbed to $6.3 billion.

Although the U.S. travel receipts have increased steadily, since 1969 the U.S. share of international travel has deteriorated gradually in both number of visitors and travel receipts.

GAO suggested USTS consider developing and promoting competitive package tours and other travel programs in the U.S.

COMMUNITY DEVELOPMENT AND HOUSING

Administrative Problems Experienced in Providing Federal Disaster Assistance to Disaster Victims. Department of Housing Urban Development, Department of Transportation B–167790 of November 5, released Novemebr 8 by the Chairman, Subcommittee on Investigations and Review, House Committee on Public Works.

This report indicates that Federal disaster assistance has helped disaster-ravaged communities recover from the physical and economic losses caused by large-scale natural disasters.

While this assistance generally has been timely, the manner in which it is provided by the Federal Disaster Assistance Administration can be improved through—

Providing definitive and timely guidance on the eligibility of cost; and

Reducing the detail and documentation required to support a community's application for assistance and its subsequent claim for reimbursement.

Information of Federal Disaster Relief Programs. Multiagency. B–178415 of November 5.

Greater uniformity is needed in Federal disaster assistance programs. Because of differences between SBA and FHA disaster loan programs, victims sustaining similar damages from the same disaster received different amounts of assistance depending on whether they applied to SBA or FHA.

Although the Office of Emergency Preparedness was responsible for coordinating overall Federal disaster relief, there was little coordination of programs involving large Federal expenditures. This precluded any assurance that applicants were not receiving financial assistance from each program for the same losses.

Examination of Financial Statements of the Federal Home Loan Mortgage Corporation for the Years Ended December 31, 1971 and 1972. B–179312 of November 13.

In GAO's opinion, the Corporation's financial statements present fairly its financial position at December 31, 1971 and 1972, and the results of its operations and the changes in its financial position for the years then ended.

This is GAO's first examination of the financial statements of the Corporation, a private corporation created in 1970, to strengthen and further develop the secondary market in residential mortgages.

At December 31, 1972, the Corporation had invested in $1.7 billion worth of mortgage loans, an increase of $0.8 billion over the December 31, 1971, balance.

EDUCATION AND MANPOWER

Educational Laboratory and Research and Development Center Programs Need to be Strengthened. National Institute of Education, Department of Health, Education, and Welfare. B–164031(1) of November 16.

Since 1963, Federal appropriations for the educational laboratory and center research programs totaled about $211 million. As of December 1972, 11 laboratories and 9 centers (called contractors) were engaged in educational research and development.

There was little evidence that products created by these contractors—such as books and audio-visual materials—have had a significant impact in classrooms.

Consultants employed to evaluate contractor products independently and objectively have criticized the products generally as not having been proved effective.

OE intended that contractors' products be disseminated to the educational community by commercial publishers. It did not require its contractors to assess market needs or to contact publishers before product development to determine a product's marketability.

GAO reviewed products in 17 programs costing $48.8 million and found that most had generated little publisher interest.

GENERAL GOVERNMENT

Improving the Effectiveness of the Government Employees' Incentive Awards Program. U.S. Civil Service Commission. B–166802 of November 1.

During FY 1972, Government agencies granted $16 million for 91,161 achievement awards and about $4.6 million for 56,606 employee suggestions. CSC reported measurable benefits of $315 million related to special achievements and adopted suggestions.

Of more than 1,900 randomly selected employees, 56 percent indicated the Program had not motivated them to do a better job and 67 percent believed favoritism was shown in granting cash performance awards.

In FY 1972, special achievement awards by all Federal agencies ranged from 1 to 146 for each 1,000 employees and quality increases ranged from 2 to 85 for each 1,000 employees.

Inconsistent use of cash performance awards is attributable in part to the varying attitudes of management toward the awards and in part to the subjective nature of most performance awards.

Rehabilitating Inmates of Federal Prisons: Special Programs Help, But Not Enough. Bureau of Prisons, Department of Justice. B–133223 of November 6.

Progress has been made in developing educational and vocational programs for rehabilitating inmates of Federal prisons. In relation to the total problem, however, this progress has been limited because

Many inmates needing rehabilitative services did not participate in available programs, lacking motivation;

Prison industries have not been fully effective in training inmates in marketable skills;

Little progress had been made in implementing formal on-the-job training in maintenance and operation of institutions; and

Prisons did not have sufficient vocational courses.

Studies have indicated that jobs offering self-respect and financial support will deter many former inmates from returning to criminal activity. Many inmates, however, are released without jobs, unaware that placement assistance is available.

Need for a Faster Way to Pay Compensation Claims to Disabled Federal Employees. Department of Labor. B–1757593 of November 21.

GAO looked into the causes for delays in a disabled employee's receiving his first compensation payment and how the delays could be reduced.

GAO recommended that the Congress favorably consider pending legislation that would reduce the lag in compensation payments.

The legislative proposal would permit each agency to pay its employees' claims rather than the Office of Federal Employee Compensation.

Proposed Elimination of the Apportionment Requirement for Appointments in the Departmental Service in the District of Columbia. U.S. Civil Service Commission. B–84938 of November 30.

The Civil Service Act requires appointments to competitive civil service positions in the Federal service in the District of Columbia to be apportioned on the basis of population among the States, territories, and the District.

This review found that the effect of apportionment has been minimal. Only 15 percent of civilian Federal employees in the Washington area in May 1973 were counted against the requirement.

The Civil Service Commission, saying this report provides support to the conclusion that apportionment has "outlived its usefulness," shares GAO's recommendation that the Congress act favorably upon proposed legislation to repeal the apportionment requirement.

HEALTH

Consumer Protection Would be Increased by Improving the Administration of Intrastate Meat Plant Inspection Programs. Animal and Plant Health Inspection Service, Department of Agriculture. B–163450 of November 2.

After reviewing intrastate meat inspection at 269 plants in seven States, GAO reported that Agriculture's inspection criteria should continue to be improved—notwithstanding improvements since 1967 when the Wholesome Meat Act to protect consumers from adulterated or misbranded meat was enacted.

The report lists names and locations of meat plants visited by GAO auditors and APHIS inspectors. Of the 269 plants, 202 were rated acceptable and 67 as unacceptable because of sanitation deficiencies, pest control, control over inedible and condemned products and other reasons.

The plants were selected at random from 2,143 plants in California, Iowa, Maryland, Missouri, Kentucky, Minnesota, and Nebraska.

Need for Improvement In Certain Hospital Laboratory Service Activities. Veterans Administration. (To the Administrator, VA) B–133044 of November 13.

In most cases, VA laboratories provided effective services in support of health care to veterans; users generally were satisfied with test results. In some areas, however, program planning and management needed improvement.

In its report, GAO recommended that VA should increase effectiveness of laboratory activities to include:

Coordinating blood bank activities with the military to take advantage of available volunteer blood when needed;

Determining present electron microscope requirements on the basis of the program objectives for diagnostic and training applications; and

In its general reference laboratories developing a method for informing hospitals of tests available throughout the VA system.

INTERNATIONAL AFFAIRS AND FINANCE

Examination of Financial Statements of the Export-Import Bank of the United States Fiscal Year 1973. B–114823 of November 13.

Except for omitted assets and liabilities totaling about $518 million, the financial statements present fairly the financial position of the Eximbank at June 30, 1973, and the results of its operations and the changes in financial position for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year and with applicable Federal laws.

Ways to Improve U.S. Foreign Trade Strategies. Departments of State, Commerce, and Agriculure; Office of Management and Budget. B–172255 of November 23.

This report focuses on agencies involved in planning and carrying out commercial activities abroad.

These agencies have not developed clearly stated objectives for foreign markets which reflect coordinated consideration of U.S. trade objectives and the activities needed to attain them.

Result: foreign markets are not analyzed systematically to identify areas of prime commercial importance. Nor are export strategies adapted to the peculiarities and special opportunities of individual markets.

NATIONAL DEFENSE

Financial Status of Selected Major Weapon Systems. B–163058 of November 13.

This is GAO's second semiannual report on the financial status of selected major weapon systems being acquired by DOD. Data was extracted from the selected acquisition reports (SAR) released by DOD.

This report details the cost increases of $2.7 billion reported on 45 major weapon systems between December 31, 1972, and June 30, 1973.

Review of Selected Subcontracts Awarded by Ingalls Shipbuilding Division of Litton Industries, Inc. Department of the Navy. B–177748 of October 23, released November 14.

At the request of the Chairman, Subcommittee on Priorities and Economy in Government, Joint Economic Committee, GAO inquired into allegations that certain officials and employees of Ingalls Shipbuilding Division, Litton Industries, Inc., engaged in illegal or improper activities, including taking fees or kickbacks from subcontractors.

GAO's examination did not reveal payments of fees or kickbacks to Ingalls' officials or employees but did show that sound procurement practices were not followed in four instances as specified in its report.

Opportunities for Increased Interservice Use of Training Programs and Resources. Department of Defense. (To the Secretary of Defense). B–175773 of November 27.

With DOD spending more than $6 billion annually to train personnel in a variety of occupational specalities, GAO focused on economies and efficiencies obtainable through consolidating common DOD training requirements.

Although there were some interservice training arrangements, the amount represented only about 6 percent of the total training in DOD. Before GAO's review, DOD had not aggressively promoted it.

Interservice training has not been extensive up to now because each military service has decided how its training requirements could best be met within its resources.

Improving Outreach and Effectiveness of DOD Reviews of Discharges Given Service Members Because of Drug Involvement. B–173688 of November 30.

Veterans with under other-than-honorable discharges because of drug involvement are experiencing problems in obtaining employment and vocational training or education and in discontinuing their drug dependence.

This report contains suggestions for improvement of DOD's program for upgrading other-than-honorable discharges for service members who were involved with drugs.

Information in this report should assist committees of the Congress and individual Members with their legislative responsibilities relating to DOD programs, particularly as these apply to S. 1716 and H.R. 6923, which were introduced in the 1st session, 93d Congress.

NATURAL RESOURCES AND ENVIRONMENT

Improvements Needed in the Program for the Protection of Special Nuclear Material. Atomic Energy Commission. B–164105 of November 7.

Potentially dangerous consequences could result from a single theft from, or loss by, authorized possessors of fissionable uranium or plutonium, GAO reported in a study on AEC's program for the protection of this material in hands of licensees.

At two of three plants operated by licensee/contractors, GAO found conditions which limited their capability "for preventing, detecting, and effectively responding to a possible diversion or diversion attempt."

About 600 organizations are authorized to possess fissionable uranium or plutonium used principally in nuclear weapons and as fuel for nuclear power reactors. Ninety-five are required to comply with AEC requirements for keeping material secure from unauthorized possession.

AEC recognized, GAO said, that the probability of material being stolen, unexplainably or accidentally lost, diverted from authorized use, or used or disposed of in unauthorized ways rises as the number of organizations authorized to hold this material increases.

Improved Federal and State Programs Needed to Insure the Purity and Safety of Drinking Water in the United States. *Environmental Protection Agency. B-166506 of November 15.*

According to EPA, the water the majority of the people in the U.S. drink is safe. However, recent EPA studies—and GAO's review—showed that potentially dangerous water was being delivered to some consumers, particularly by small systems serving populations of 5,000 or less.

Local governments and utilities are responsible for constructing, operating, and maintaining about 40,000 public water supply systems in the Nation and for taking samples of water for analysis. States are responsible for monitoring water quality of public water supply systems.

Information was obtained by GAO in Maryland, Massachusetts, Oregon, Vermont, Washington, West Virginia, and EPA in Washington, D.C.

LETTER REPORTS

To Congressman Gerald R. Ford, concerning the Model Cities program in Grand Congress on long-term leasing of such assets released November 5.

To Congressman Les Aspin, on the plans and costs of the Advanced Airborne Command Post program. B-178570 of September 25, released November 5.

To the Chairman, House Committee on Armed Services, on the history of DOD Selected Acquisition Reports, past and present GAO recommendations, and DOD actions. B-163058 of October 30, released November 14.

To the Chairman, Atomic Energy Commission, on AEC's use of contractor-furnished employees rather than Federal employees to perform work related to licensing nuclear facilities. B–164105 or November 1.

To the Director, National Science Foundation, on the scope of reviews made by NSF's Audit Office. B–160759 of November 13.

To the Administrator, General Services Administration, concerning a suggestion to limit the number of Federal Supply Schedule contracts awarded for similar products. B–114807 of November 27.

To the Secretary of the Navy, discussing Navy's comments on methodology used in GAO's review of Navy shipboard inventories. B–125057 of November 29.

To the Secretary of Labor, on the propriety of minimum wage determinations for clerical and other office workers under the Service Contract Act. B–151261 of November 30.

LEGISLATIVE RECOMMENDATIONS—FISCAL YEAR 1974

GAO recommends that the Congress consider the following:

Joint funding legislation to permit State employment security agencies to obligate administrative expenses against a single allocation of funds. B–115349 of July 23.

H.R. 982 to prohibit the employment of illegal aliens. B–125052 of July 31.

Whether it is appropriate for the Government to continue funding the cost of transportation procured specifically for armed forces exchange goods. B–169972 of August 6.

Legislation providing for approval by the Congress of long-term leasing of such assets as shops. B–174839 of August 15.

Clarifying the Webb-Pomerene Export Trade Act of 1918 so that it will be more effective in inducing companies to form associations to compete in foreign markets. B–172255 of August 22.

LEGAL DECISIONS

In a decision B–178625 of November 8, rendered to the Director, Defense Supply Agency, the Comptroller General modified a prior decision (B–178625 of July 19, 1973) which recommended that a contract awarded to the J.I. Case Company be terminated for the convenience of the Government since the record established that the award was made to other than the low responsive bidder under a defective invitation for bids.

The Comptroller General, in a decision B–178400 of November 28, recommended that the Secretary of Labor present to the Congress—with a view towards obtaining clarifying legislation—two issues regarding the Service Contract Act of 1965 raised in a protest against certain terms in a General Services Administration request for proposals.

The issues relate to the the practice of classifying clerical workers as "service employees," and to the interpretation of the "locality" basis of wage determinations as referring only to the location of the Government installation being served in a procurement of services to be rendered at the location of the successful bidder.

OFFICE OF FEDERAL ELECTIONS REPORTS

Three reports concerning apparent violations of the Federal Election Campaign Act were referred to the Attorney General:

Nov. 8—failure of the Jewish Chronicle, a Pittsburgh newspaper, to obtain certification from Edmund S. Muskie or his authorized representative, the Muskie Election Committee, Pittsburgh, Pa., prior to publishing political ads.

Nov. 13—a possible in-kind corporate contribution to the Pennsylvania Finance Committee to Re-elect the President.

Nov. 27—failure by the Nebraska for McGovern Committee to keep and maintain adequate books and records.

HOW TO OBTAIN GAO AUDIT REPORTS

Copies of these reports are available from the U.S. General Accounting Office, Room 6427, 441 G Street, NW., Washington, D.C. 20548. Phone (202) 386–3784.

Copies are provided without charge to Members of Congress, congressional committee staff members, Government officials, members of the press, college libraries, faculty members, and students. The price to the general public is $1.00 a copy, except as noted. There is no charge for copies of letter reports.

When ordering a GAO report, please use the B-number, date and title to expedite filling the order. Orders should be accompanied by check or money order. Please do not send cash.

Copies of decisions are available from the U.S. General Accounting Office, Room 7510, 441 G Street, NW., Washington, D.C. 20548. Phone (202) 386–3924. There is no charge for copies of decisions.

Copies of Office of Federal Elections reports are available from the U.S. General Accounting Office, Room 6510, 441 G Street, NW., Washington, D.C. 20548. Phone (202) 386–6411. Copies are free, except as noted.

MONTHLY LIST OF GAO REPORTS: COMPTROLLER GENERAL OF THE UNITED STATES—VOL. 7, NO. 12, JANUARY 1974

EDUCATION AND MANPOWER

Reemployment Assistance for Engineers, Scientists, and Technicians Unemployed Because of Aerospace and Defense Cutbacks. Department of Labor. B–133182 of December 5.

This program was reasonably successful, but in terms of assisting applicants in finding jobs and providing financial assistance to participants, the program fell short of estimated goals.

With lessons learned from the program, Labor should develop a plan it could implement quickly in event of future occurrences of the nature experienced by engineers, scientists, and technicians.

GENERAL GOVERNMENT

How to Improve the Procurement and Supply of Drugs in the Federal Government. Department of Defense; Veterans Administration; Department of Health, Education, and Welfare; Office of Management and Budget; General Services Administration. B–164031(2) of December 6.

Direct Federal drug purchases exceeded $275 million in fiscal year 1972, and estimated indirect purchases for Medicare and Medicaid were more than double that.

Although DOD and VA stock about 200 of the same drugs and support numerous field installations throughout the U.S., these two large agencies have had little exchange of requirements data or coordination in their procurement. During a 3-year period, in many cases, DOD and VA had paid the same manufacturer different prices for large quantities of the same drugs.

OMB should lead in developing—with GSA, DOD, VA, and HEW—policies and procedures, including consolidating requirements, to increase agency cooperation in buying drugs and achieve substantial savings through large-volume buys.

Protection of the President at Key Biscayne and San Clemente (with Information on Protection of Past Presidents.) B–155950 of December 18.

GAO recommends Congress consider seven changes in law to provide closer control, accountability, and public disclosure over Federal expenditures for protective purposes at private presidential residences.

Under the present 1968 law, the Secret Service is authorized to obtain assistance from other Government agencies for protecting the President. This was the basis of Secret Service requests to GSA for facilities installed in Key Biscayne and San Clemente totaling about $1.4 million.

GAO found that almost all of this was for protective purposes, but that present procedures—

Fostered a "casual attitude" in authorizing the work at the two residences; and

Invited GSA to do more than simply execute Secret Service requests, which were vague and general.

GAO recommended that the Congress enact legislation that—

Appropriations for expenditures at private residences for protective purposes be made to the Secret Service.

Such expenditures be authorized by the Director of the Service or his Deputy.

The Secret Service make an annual report on these expenditures to the Congress.

The report be subject to audit by GAO and GAO be given complete access to records:

Appropriations for other types of expenditures at private residences of the President be made to the White House and be reported annually to the Congress, subject to GAO audit.

Congress consider limiting the number of private residences at which permanent protective facilities, will be provided a President; and

Congress consider establishing a Government-owned residence in Washington, D.C. for the Vice-President to reduce the cost of providing permanent protective facilities for successive Vice-Presidents.

Difficulties in Immobilizing Major Narcotics Traffickers. Drug Enforcement Administration, Department of Justice. B–175425 of December 21.

This report reviews difficulties encountered by the Drug Enforcement Administration (DEA) of the Department of Justice in immobilizing major traffickers in narcotics.

From July 1, 1971, to January 1, 1973, 7,402 individuals were arrested for narcotics, marihuana, and dangerous drugs violations. DEA also cooperated with State, local, and foreign agencies in making 4,575 arrests.

However, many major traffickers arrested were—

Released on bail for long periods and thus free to continue their operations.

Received short or no prison sentences which tended to negate the deterrent effect of prosecution.

Freed after trial, acquitted, or had their cases dismissed (because of inadequate development or presentation of case).

Permitted to plead to a reduced charge and thus were immobilized for a much shorter period than might have been the case otherwise.

This report includes many recommendations by GAO to close these loop-holes with which the Justice Department agreed in general.

Improvements Needed in Assigning Metropolitan Police Department Officers. D.C. Government. B–118638 of December 21.

This is a review of the District of Columbia Metropolitan Police Department's assignment of police officers made because of the widespread concern with crime in the Nation's Capital and because 2,000 additional police officers were authorized for the force in fiscal years 1969 and 1970.

Improvements are needed in assigning officers, GAO said. Significant differences existed, for example, between the number of Patrol Division officers assigned by day of week and the workload by day of week. Reductions in these differences should increase effectiveness. Also civilians could effectively fill many positions officers hold, resulting in cost reductions.

Examination of Financial Statements of Disabled American Veterans National Headquarters, Service Foundation, and Life Membership Fund for the Year Ended December 31, 1972. B–55712 of December 7.

In GAO's opinion, except for the direct charge to the operating fund for payment of past service costs on the revised retirement plan, the financial statements and supplemental schedules present fairly the financial position at December 31, 1972, and the results of their operations and changes in financial position and fund balances for the period then ended. This is in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year and with applicable Federal laws.

NATIONAL DEFENSE

Need for Improved Financial Management in Use of Project Orders by the Department of the Army. B–17049 of October 24, 1972, released November 30 by the Chairman, Senate Armed Services Committee.

GAO selected a statistical sample from $60 million in unbilled customer orders for this study at three Army activities. Findings indicated that about $3.6 million of the total was not needed for work prescribed. About $6.6 million remained obligated for long periods before it was needed.

DOD agreed with GAO's conclusions and acted to comply with its proposals. Controls prescribed by the Army, if fully implemented, will insure that unneeded funds are identified and brought promptly to the attention of appropriate officials.

Effective Central Control Could Improve DOD's Ammunition Logistics. B–176139 of December 6.

GAO's study of ammunition logistics in DOD showed that current management was not satisfactory in terms of economy and efficiency.

In peace time, manufacture, storage, and safekeeping of ammunition can be an expensive drain on the economy. Over $21 billion was appropriated from 1968 to 1973 for ammunition.

Defense should establish central management for all ammunition either by creating a new ammunition organization or by assigning this responsibility to one service. It would be responsible for consolidating requirements determined by each service and for continuing through the inventory accounting, procurement, production, storage, and distribution functions.

Industrial Management Review of the Army Aeronautical Depot Maintenance Center, Corpus Christi, Texas. Department of the Army. (To the Secretary of Defense.) B–159896 of December 17.

GAO identified opportunities for improving productivity of men, materials, and machines. Opportunities can be converted to maintenance cost savings by strengthening management controls. Although GAO did not fully measure potential savings, they could amount to several million dollars.

Management Problems, Policies, Procedures, and Results of Military Personnel Reductions During Fiscal Year 1972. Department of Defense. (To the Secretary of Defense.) B–179927 of December 18.

To provide a basis for improving management of military personnel reductions should they occur again, GAO identified types and severity of the management problems that arose in 1972; effectiveness of policies and procedures employed in the reductions; and impact on personnel turbulence and readiness.

GAO recommended that Defense improve reporting systems capabilities to provide timely, essential, and accurate decisionmaking information.

Audit of Payments from Special Bank Account to Lockheed Aircraft Corporation for the C–5A Aircraft program. During the Quarter Ended September 30, 1973. Department of Defense. B-162578 of December 3.

This is the 10th audit report of payments to Lockheed for the C-5A program. Since June 16, 1971, the Air Force has paid Lockheed $590,223,033 from the special bank account, leaving a balance of $114,324.

NATURAL RESOURCES AND ENVIRONMENT

California's Central Valey Project-Proposed Power Rate Increase. Department of the Interior. B-125042 of November 19, released December 20 by the Chairman, Conservation and Natural Resources Subcommittee, House Committee on Government Operations.

In this report, GAO reviews the reasonableness of 11 contentions made by opponents of a proposed increase by the Department of the Interior in the power rate to be charged customers of its Bureau of Reclamation's Central Valley Project (CVP) in California.

Four of the 11 contentions had merit.

Two procedures used in CVP were not consistent with criteria set forth in a 1966 report of the House Committee on Interior and Insular Affairs or with procedures used for other Federal power projects.

A third procedure probably would have little effect on the rate increase if the other two procedures were changed.

The proposed rate probably could be further reduced if the Bureau used water availability data from updated hydrology studies in its rate and repayment study for CVP.

LETTER REPORTS

To Representative H. R. Gross, concerning the costs for furnishing the new headquarters of the U.S. Postal Service and for travel by the Postmaster General. B–114874 of December 14, released December 19.

To the Chairman, Subcommittee on Minority Small Business Enterprise, House Select Committee on Small Business, answering questions regarding Arcata Investment Company and SBA's Section 8(a) procurement program. B–132740 of November 21, released December 20.

To the Secretary of Defense, on GAO's review of the Ration Supplement Program for the Armed Forces of the Republic of Vietnam. B–159451 of December 3.

To the Secretary of Defense, concerning changes in the Armed Forces Procurement Regulations relating to the military services' use of escalation clauses. B–156806 of December 11.

LEGISLATIVE RECOMMENDATIONS—FISCAL YEAR 1974

GAO recommends that the Congress consider the following:

Joint funding legislation to permit State employment security agencies to obligate administrative expenses against a single allocation of funds. B–115349 of July 23.

H.R. 982 to prohibit the employment of illegal aliens. B–125051 of July 31.

Whether it is appropriate for the Government to continue funding the cost of transportation procured specifically for armed forces exchange goods. B–169972 of August 6.

Legislation providing for approval by the Congress of long-term leasing of such assets as shops. B–174839 of August 15.

Clarifying the Webb-Pomerene Export Trade Act of 1918 so that it will be more effective in inducing companies to form associations to complete in foreign markets. B–172255 of August 22.

LEGAL DECISION

In a decision B–179169 of December 21, 1973, rendered to the Secretary of Transportation, the Comptroller General has concluded that a bid which failed to formally acknowledge receipt of an amendment but was dated to reflect the extended bid opening date in the amendment was improperly rejected as nonresponsive. It was recommended that the erroneously awarded contract be terminated for the Government's convenience and award be made to the low bidder if the firm is determined to be responsible.

OFFICE OF FEDERAL ELECTIONS REPORTS

Three reports concerning apparent violations of the Federal Election Campaign Act of 1971 were referred to the Attorney General:

Dec. 11—Conservatives for Nixon-Agnew Committee for reporting fictitiously an expenditure so as to avoid reporting the amount as an outstanding debt.

Dec. 18—Finance Committee to Re-elect the President involving payments to Murray M. Chotiner in connection with his hiring of two journalists for secret reports on the presidential campaigns of Democratic candidates.

Dec. 21—Eight political committees for failure to file required financial reports.

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Monthly List of GAO Reports: Comptroller General of the United States—Vol. 8, No. 1, February 1974

AGRICULTURE AND RURAL DEVELOPMENT

Agricultural Program Evaluation Laws And Studies. B–161740 of November 23, 1973, released January 6 by the Chairman, Senate Committee on Agriculture and Forestry.

Approximately 400 sections of laws, relating to agriculture and forestry, require reports from various sources—Agriculture and other departments—that go to Congress, as well as other Government officials.

Of the 183 most significant, 45, or 24 percent, include language indicating the report should contain information on program evaluation.

Audit of Federal Crop Insurance Corporation Fiscal Year 1973. Department of Agriculture. B–114834 of January 8.

The Corporation provides crop insurance against practically all causes of crop loss-weather, insect infestation, plant disease, etc. At present it insures 23 agricultural commodities in 1,422 counties. The program for crop year 1973 provided insurance protection to farmers of about $857 million.

Financial statements present fairly the Corporation's financial position at June 30, 1973, and the results of its operations and the changes in its financial position for the year then ended.

COMMUNITY DEVELOPMENT AND HOUSING

Study of the Feasibility of Escrow Accounts on Residential Mortgages Becoming Interest Bearing. B–114860 of June 21, 1973, released January 14 by Congresswoman Leonor K. Sullivan.

Over 19,000 lending institutions and mortgage bankers are involved in the residential mortgage market. To determine profitability of the escrow operation for these institutions, GAO received responses from 70.4 percent of sampled institutions who owned or serviced about $80.2 billion in residential mortgages.

Of 505 lending institutions, exclusive of mortgage bankers, only 220 reported the gross income realized from escrow operations; and 83 percent reported an annual gross income under $100,000. Only three institutions—1.4 percent of those providing data—reported an annual gross income in excess of $500,000.

According to the lending institutions, requiring interest to be paid on escrow accounts will adversely affect homeowners, the mortgage industry, taxing authorities, and achievement of the Nation's housing goals.

GENERAL GOVERNMENT

Report on Administration of the Program to Reduce Crime in Minnesota. Law Enforcement Assistance Administration, Department of Justice; Governor's Commission on Crime Prevention and Control, State of Minnesota. B-171019 of January 21.

This audit was made at the request of Minnesota's Public Examiner and three Minnesota State Senate committee chairmen. They believed that a joint GAO-State audit could strengthen auditing in the State government. LEAA also participated.

GAO reported that results achieved in combating crime with the $19.5 million in Federal funding provided since the start of the LEAA program in Minnesota through FY 1972 could not be determined, either statewide or locally.

Crime reduction goals in the State's comprehensive plan and in individual project proposals were defined too broadly, and data on program activity collected at statewide and local levels was too inadequate to measure progress.

Audit of the United States Capitol Historical Society for the Year Ended January 31, 1973. B-176631 of January 3.

Financial statements present fairly the position of the society at January 31, 1973, and results of its operations and the changes in its financial position for the year then ended.

Improving the Acquisition of Computer Systems. Social Security Administration, Department of Health, Education, and Welfare. (To the Secretary, HEW.) B-164031(4) of January 24.

In May 1972 SSA leased an IBM system at an annual basic rental cost of about $1.8 million.

In August 1972 SSA leased a UNIVAC system at an annual rental cost of about $1 million. Both were aquired—

Wthout benefit of OMB-required studies and evaluations to determine if workloads could have been reduced and if computer needs could have been met by more economical means and

Without what GAO and GSA believe to be the GSA-required approvals.

In 1973, SSA leased another IBM computer system. Although SSA has tried to improve its methods of acquiring computer systems, the SSA contracting officer was not involved until 2 months after procurement action began.

It is imperative that SSA personnel responsible for making initial decisions to acquire ADP equipment maintain a close and continous relationship with contracting officers to insure that the latter are aware of, and may better plan for, contemplated procurement actions.

Recommendations of the Commission on Government Procurement: Executvie Branch Progress and Status. (*To the Chairman, House Committee on Government Operations.*) *B-160725 of January 31.*

This is the third in a series of reports reviewing actions by the executive branch on recommendations of the congressionally created Commission on Government Procurement.

The executive branch task groups charged with proposing policy positions and taking action have presented submissions for executive review on 79 of 149 Commission recommendations (as opposed to 3 at mid-August 1973).

As of January 1, 1974, GAO's appraisal is that completing a program of this nature, size, and complexity is likely to require a long time—at least several years of effort. Influencing factors include:

The program is basically a part-time effort.

The executive branch review and coordination steps are extensive and time-consuming, and recycling of many recommendations is also required.

An overall plan setting forth priorities and completion dates for final executive branch action has yet to be established. Completing such a plan should soon become practicable.

A legislative program involving almost half the recommendations has yet to be developed and coordinated with appropriate congressional committees.

Assessment of Federal Regional Councils. Office of Management and Budget and Other Federal Agencies. B-178319 of January 31.

Councils were established about 2 years ago to simplify and make more effective the delivery of Federal aid to State and local governments.

GAO recommended that Councils should increase efforts to make officials of State and local governments more familiar with the Councils' role and responsibilities and the means by which their assistance can be secured.

HEALTH

Examination of Financial Statements of Gorgas Memorial Institute of Tropical and Preventive Medicine, Incorporated Fiscal Year 1973. B-114867 of January 9.

Financial statements present fairly the Institute's assets and liabilities at June 30, 1973, and the contributions and other income and expenditures and changes in fund balances for the year then ended.

The Institute's title to land donated by the Republic of Panama in 1969 (appraised value $210,000) is contingent upon the construction of a Medical Library by April 1974. However, as of September 15, 1973, the Institute was still seeking funds from the U.S. Government for construction of the library building.

Information on Attorney Fees Paid for State Black Lung Workmen's Compensation Claims in Kentucky. Social Security Administration, Department of Health, Education, and Welfare. B-164031(4) of January 8, released January 9 by Congressman John N. Erlenborn.

At the request of Congressman John N. Erlenborn, GAO reviewed the reasonableness of attorney fees for State black lung workmen's compensation claims in Kentucky as well as the amounts and legislative bases for similar fees in Pennsylvania, Virginia, and West Virginia.

INTERNATIONAL AFFAIRS AND FINANCE

Need for Better Identification and Analysis of Nontariff Barriers to Trade. Department of State, Department of Commerce, Office of the Special Representative for Trade Negotiations. (To the Secretary of State.) B-162222 of January 21.

Despite the importance of adequate information, ultimate results of nontariff barrier negotiations depend largely on the degree of commitment to reducing such barriers demonstrated by foreign countries. Given the reciprocal nature of the international negotiations, results also depend on willingness of the U.S. to negotiate comparable concessions on its nontariff barriers.

GAO recommended that increased efforts be made to identify such barriers through Embassy, industry, and other available sources. Embassies should be kept informed of broad policy and specific developments to facilitate these efforts.

Issues Related to Foreign Sources of Oil for the United States. Department of State. B-179411 of January 23.

This report discusses (1) the State Department's role before hostilities in the Middle East in October and Arab curtailment of petroleum exports and (2) critical problems facing the Department in resolving issues connected with current and future availability of oil from sources outside the U.S.

Traditionally State has used its influence and programs to promote an environment conducive to U.S. private investment in foreign countries. At the same time, it generally has avoided direct involvement in the nature, substance, and behavior of private industry.

State must play a major role in developing national policy on energy and influencing the substance of oil negotiations. Its responsibilities in protecting the Nation's interests in the rapidly evolving world energy situation obviously are important. It should, therefore, improve its capability to deal effectively with energy related problems.

NATIONAL DEFENSE

Improvements Needed in Program to Contact and Assist Recently Discharged Veterans. Veterans Administration. (To the Administrator of Veterans Affairs.) B-114859 of January 7.

This report reviews how VA has carried out its mandate to contact and assist recently discharged veterans, especially the educationally disadvantaged.

Results of VA efforts to contact and assist educationally disadvantaged veterans could be improved by more fully coordinating these efforts with those of other Federal, State, and local agencies and with veterans' organizations.

Improvements Needed in Management of Items Transferred from the Army to the Defense Supply Agency. Department of Defense. (To the Secretary of Defense.) B-146828 of January 3.

GAO's tests of 35,000 items transferred from Army to DSA inventory managers showed that in FY's '71 and '72 DSA managers made unnecessary buys of these items worth about $3.9 million.

Internal audit of this area made by the Army's Inventory Control Effectiveness Review Team reported problems in item-management transfers similar to those discussed in this GAO report.

DOD cited actions taken or planned by DSA and the Army which should, if properly carried out, result in many improvements.

NATURAL RESOURCES AND ENVIRONMENT

Research and Demonstration Programs to Achieve Water Quality Goals: What the Federal Government Needs to Do. B-166506 of January 16.

It is doubtful that the Federal Government will meet the 1985 goal set by the Congress to eliminate the discharge of pollutants into the Nation's waters because "much" of the necessary research and development work is still to be done.

This report identifies "current funding levels for water pollution R&D" as the central reason why the Federal Government is presently failing to develop the technology to achieve water quality goals established in 1972 by the Congress.

In addition, GAO said both the management and the coordination of numerous Federal R&D programs must be improved.

The report identified seven areas where improvements are required to achieve goals specified in the 1972 Federal Water Pollution Control Act:

Research to determine how pollutants get into the water, what happens to them, and what is their effect.

Minimizing the cost of treating municipal sewage—a prime objective.

Technology needed to control pollution from industrial and other sources such as agriculture.

Need for a water pollution R&D strategy.

Making the R&D program of the Environmental Protection Agency more responsive to operating programs.

Need for a national plan to improve coordination of water pollution R&D.

Need for a Federal focal point to coordinate the dissemination of research information.

LETTER REPORTS

To Senator William Proxmire, on costs of training and education programs in the Department of Defense. B-175773 of January 8, released January 17.

To Senator William Proxmire, regarding parachute pay and the use of Army men and equipment in constructing a privately owned golf course in Germany. B–179152 of December 28, 1973, released January 4.

To Congressman Les Aspin, concerning parachute jump pay. B–158185 of December 5, 1973, released January 4.

To the Chairman, Subcommittee on Conservation and Natural Resources, House Committee on Government Operations, on actions by the Forest Service and the Bureau of Land Management to resolve differences in their procedures for appraising timber offered for sale. B–125053 of October 30, 1973, released January 7.

To the Secretary of Housing and Urban Development, on how the Department of Housing and Urban Development can promote greater energy conservation. B–114860 of January 3.

To the Chairman, U.S. Civil Service Commission, on improvements in training at Executive Seminar Centers and Regional Training Centers. B–151678 of January 7.

To the Secretary of Defense, on delays in development of major components of the F–15 weapon system. B–168664 of January 14.

To the Secretary of Defense, recommending more uniform and consistent application of should-cost concepts by all military services. B–159896 of January 17.

To the Secretary of Defense, on inadequate accounting controls over cargo in storage or being shipped. B–180220 of January 23.

To the Chairman, Atomic Energy Commission, concerning the organization and operation of the AEC's audit function. B–160759 of January 28.

To the Secretary of Defense, pointing out opportunities for savings in subscribing to magazines and newspapers. B–160146 of January 30.

To the Administrator, General Services Administration, on possible savings for military and civilian agencies in subscribing to magazines and newspapers. B–160146 of January 31.

OFFICE OF FEDERAL ELECTIONS REPORTS

The Comptroller General January 29 referred an apparent violation of the Federal Election Campaign Act of 1971 by the Communist party of Illinois for failure to register and file reports with the Office of Federal Elections.

The Office of Federal Elections also released a list of political committees whose audits disclosed no violations of Federal laws warranting referral to the Department of Justice.

LEGAL DECISION

In a decision (B–178701 of December 28, 1973) rendered to the Secretary of the Air Force, the Comptroller General recommended that a contract awarded under the small business set-aside be terminated for the convenience of the Government and resolicited, on the ground that the successful bidder was other than a small business at the date of the award.

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RECREATIONAL VEHICLES

Mr. BAKER. Mr. President, the energy crisis is having far-reaching effects on our economy and particularly for those individuals, businesses, and industries connected with the travel industry. The March 1974 issue of Field and Stream contains an interview with leaders in the recreational vehicle industry describing the plight of that once vibrant industry and what its prospects are for the future.

I ask unanimous consent that this article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

RV's AND THE ENERGY CRISIS

Before 1974 is over the energy crisis will affect broad segments of the nation in terms of unemployment, reduced vehicle sales, and lessened recreational activity. Already the crunch has accounted for such diverse effects as unemployment in Detroit and a shortage of rental cars in New York, but among the most seriously affected are manufacturers of recreational vehicles.

Many of our readers own RVs and many others are planning to buy them, yet most of us are neither using nor buying at this writing, because no one knows the amount of fuel to be available to us. We flew to Chicago recently to meet with five leaders of the RV industry. Those at the meeting included Peter R. Fink, president of PRF Industries (motorhomes, campers, and vans) and twice president of the Recreational Vehicle Institute, an industry manufacturer's association; John V. Hanson, president of Winnebago Industries (best known for motorhomes, but a major manufacturer of a full line of RV products); Eldon Smith, vice president, Fleetwood Corporation, general manager of the Travel Trailer Division (Fleetwood is a major general RV producer and the nation's largest manufacturer of travel trailers); Gene Stout, vice president of Coachmen Industries (a major general RV manufacturer, also a producer of boats) and past RVI president; and David C. Struck, vice president, Champion Home Builders Co. and current RVI president (Champion is a major RV manufacturer). We asked the five some of the questions we think you'd like to ask.—BOB BEHME.

FIELD & STREAM. The RV industry faces a difficult year. The fuel shortage——

SMITH. (interrupting)—it's not really a problem of shortages but of indecision. People do not know what is happening. Fuel may be short, but no matter how short, there will always be some gasoline for pleasure driving. We need to know how much.

HANSON. America is in a scare condition as far as the RV public is concerned. People have been afraid to buy because the government has not given us sufficient information. Once we understand the extent of the shortage and the rules under which we must live, buyers will return to the market.

FIELD & STREAM. But why should anyone buy an RV now?

HANSON. None of the reasons for wanting to use an RV has changed. People still want to take advantage of rural areas, small streams, and private, uncrowded places. People still want to go camping. They still want to get together with their families for weekend outings. But they are sitting on the sidelines because they don't know how much fuel will be available to use an RV if they buy one. We believe Americans can use RVs now. By the time this appears in FIELD & STREAM, some positive, workable plan may have been announced. If it is, it will help everyone from the RV manufacturer to the buyer.

FIELD & STREAM. What can the administration do to improve the situation?

HANSON. They made a start by appointing Simon and he's done a little by announcing a voluntary rationing program, but it's not enough. The fuel situation is still uncertain. We need specifics.

FINK. There has been considerable vacillation in Washington relative to the seriousness of the problem. One week we hear there is no gas and the next we're told the supply has been underestimated. Until this is cleared up it will be difficult for anyone to contemplate the purchase of an RV and to make a commitment to buy one or even to rent one. The desire is there, but until a buyer knows the ground rules for vacation travel in 1974 it will be difficult to make that final judgment that says "buy."

STOUT. The energy crisis has had a dampening effect on all recreational sales. People are confused because no one says how much energy will really be available for recreational pursuits.

FIELD & STREAM. How much energy does an RV use?

STRUCK. An average RV travels 3,500 miles a year. That includes motorhomes, campers, cars pulling tent or travel trailers, and more. There are about five million in use and their actual consumption, in terms of all pertoleum consumed nationally, is about .2 of 1 percent and it may be much less. Many RVs are used for other jobs between camping weekends, for car pools, to tote children to school, and for business.

FIELD & STREAM. If RV fuel consumption is miniscule, why doesn't the industry tell that story?

HANSON. We're beginning. We've established a committee of everyone in the field—manufacturers, accessory manufacturers, dealers, campground operators, and RV buyers. It will be called the ConseRVation Corps. Its job is to tell the truth.

STOUT. It's educational. We plan to increase our activities in Washington so legislators will know the story. We plan to tell dealers so they can tell buyers; we plan to tell cubs so they will go camping; and we plan to tell the non-RV public so they'll know that an RV is not an offroad vehicle, not a houseboat, but a multiple purpose rig that can be used in many ways. We want people to know and appreciate the family togetherness RV camping brings. I guess, basically, we want people to appreciate all of those things we, as RV users, already know.

FIELD & STREAM. How will it work?

SMITH. We will use television, radio, magazines, and newspapers. We will be telling Americans a simple story—do everything the government requests—drive slowly and conserve fuel—but use an RV while you're doing it. Drive 50 miles an hour and take shorter trips and you can still have fun.

FINK. In this increasingly fragmented, dis-discombobulated world, an RV offers one of the few opportunities for a family to live and travel together. The fuel shortage doesn't stop that. We think this is very important and we think the use of an RV can foster energy conservation.

FIELD & STREAM. How can the use of an RV save energy?

FINK. You must consider two elements: the size of the living space and the vehicles used. A home is a large place and requires a lot of energy to light it and heat it. An RV is a much smaller cube and demands less energy. At home most families either share one car or have two, and either way there is a lot of driving involved. But with an RV there is only one vehicle involved and we're asking people to drive shorter distances.

Field & Stream. You mean a family can turn off their homes, enjoy a weekend of RV camping, and still save energy?

Smith. Sure.

Fink. A few weeks ago I said, "If every American family lived in a motorhome two weeks a year there would be no energy crisis," and while that's not a realistic solution, it does make the point. RVs are not the energy guzzlers people think they are. An average family, living in an RV, can save up to 80 percent of the energy they use at home.

Struck. We want every RV owner to drive at slower speeds, keep engines tuned for better economy, and drive less. We think that 50/50—that is fifty miles from home at fifty miles an hour, offers a lot of opportunity for great camping. It means an average RV would use less than ten gallons of gas on a weekend round trip.

Stout. As an industry we must get back to the basics, selling our product for the things it offers the buyer and not as a magic carpet. We want people to understand that no matter where they go camping, whether around the corner or fishing ten miles out of town, it is the countryside and the RV that makes it fun.

Field & Stream. Then we need to reevaluate the way we use RVs?

Hanson. Yes and no. We've sold RVs for long-distance trips, but it has only been an image. Buyers rarely use them that way. We said "Go from New Jersey to Yellowstone—yet most RVs were used close to home.

Stout. When a customer buys an RV he has a dream of making a 3,000- to 4,000-mile trip, but he doesn't really do it. Remember, we really enjoy the pleasures of a rig after we've arrived at the destination. The real pleasures begin to unfold in camp.

Smith. That's why the ConseRVation Corps must push close-to-home camping.

Field & Stream. The Arabian nations announced a 100 percent price hike for oil, and South American suppliers jumped prices even more. Will expensive fuel affect RV use? What can be done?

Fink. There are many things you can do to improve economy: proper engine tune, reduced loads, slower driving speeds—

Smith. (interrupting)—some people will hang back because they are afraid the fuel costs will raise the price of a weekend beyond anything they can afford. Others will switch to smaller RVs to improve mileage. But the driving expenses will not be as great as they think.

Hanson. RV buyers must decide how much they can spend on gasoline, then tailor their purchase to that budget. If they don't care about fuel costs, buy anything on the market; but if economy is important, get a small rig with a small engine.

Field & Stream. We're overlooking one point. If we will be driving only fifty to a hundred miles on a weekend, fuel consumption will not be that great.

Hanson. Precisely. Higher fuel costs do not have to add up to an extensive increase in operating expenses. I sent a letter to our Winnebago Club members recently. I used as an example our largest motorhome, one that probably gets 7½–8 miles per gallon. If it goes 1,500 miles—remember that's now fifteen weekends of driving—and if gasoline prices jump from 40 to 60 cents per gallon, it means an additional cost of $40. That's just about $2.50 per weekend, not a stiff price to pay.

Field & Stream. In December Simon said the government will work to avoid the need for rationing, but he also said a "standby" system was being readied. Is rationing inevitable?

Stout. We don't know any more than any other American, but it is one reason for increasing our educational campaign in Washington. We want to be certain that if there is rationing, the RV owner gets a fair shake.

Field & Stream. The latest news indicates rationing is coming. If it does arrive, what would be the best program? For example, fuel for every licensed vehicle, for every licensed driver, or some other approach?

Hanson. Obviously we believe that the first choice would be the one Simon outlined in December—no rationing. But as it is now set up the motorist still does not have the assurances he needs. If rationing comes, the best way to handle the siuation, in our opinion, would be with a specific number of gallons for each registered vehicle.

Fink. Remember rationing can take many forms. Too often we consider it only as the type experienced during World War II, but it can be nothing more than what is occurring now—limited availabilty. Or it can be the closing of service stations on Sunday. Either effectively rations fuel. Perhaps the approach could be extended, a limit to the gallons a station can sell or the order for a second closing day for stations. However it goes it is important to devise a system that is fair and reduces the risk of a black market.

Field & Stream. With the combination of indecision and shortages, the RV industry is suffering from a lack of sales. How serious is this for the manufacturer and dealer?

Smith. It is serious, but appearances are deceiving. The really dark, bleak news broke just before Christmas. Traditionally that time is the slowest for our industry. Vehicles never sell fast then. January and February are slow months, too. Sport and camping shows are held in many parts of the country and buyers wait to see what the new models have to offer. It is not until the end of March or early April that our sales begin to move. If the fuel situation has been clarified by then, you'll see business pick up.

Field & Stream. But now some dealers are going out of business and some small manufacturers are in financial difficulty. How can an RV buyer be certain he's getting a rig from a firm that will be around when warranty and service work come due?

Fink. By using the same approach he's always used. Buy from a reputable, established dealer and buy a well-known, well-advertised vehicle. Be sure it's made by a reputable manufacturer. With that combination you can be sure the firm will be around next month, next year, even the next decade.

Field & Stream. But changes are coming, changes in the emphasis on size and on designs. Even now car buyers are displaying a preference for smaller vehicles with smaller engines. That trend could affect the RV market. Do you see it coming?

Hanson. Statistics from Detroit indicate a significant movement toward smaller automobiles, so we can naturally expect to build smaller trailers to match them. But that's only part of the picture. Many families will be two-car families and we think the second car will be a larger model. Possibly it will be the one suited for towing—a medium or larger trailer.

Field & Stream. Then you will see a market for larger RVs?

Hanson. Sure. The flexibility and advantages of a larger trailer are superior to any small unit. The same statement can be made for a motorhome or fifth wheel trailer. Size has advantages. Many buyers will still want them. For example, larger trailers may be used as summer homes. Towing will be a secondary consideration. The rigs will be parked on one piece of land for months at a time.

Field & Stream. But there are already signs of an interest in smaller RVs, vans for example. Many of our readers are asking about them because they are small, economical, and can be used for several purposes.

Struck. Right. There is a growing interest in vans, small travel and camping trailers, and multipurpose vehicles. We're all doing something about it. You can be sure the industry will respond with the kind of rigs customers want.

Hanson. That's everyone's story. If buyers are interested in a specific RV, we'll build it. But we're still back to the same problem. People must realize that no matter how bleak the headlines there's room for camping, and the best way to camp is with an RV. It doesn't consume energy; it helps to save it.

RULES OF THE SPECIAL COMMITTEE ON THE TERMINATION OF THE NATIONAL EMERGENCY

Mr. CHURCH. Mr. President, in accordance with section 133B of the Legislative Reorganization Act of 1946, as amended—which requires the rules of each committee to be published in the Congressional Record no later than March 1 of each year—I ask unanimous consent that the rules of the Special Committee on the Termination of the National Emergency be printed in the Record.

The PRESIDING OFFICER. Without objection, it is so ordered.

Rules of the Special Committee on the Termination of the National Emergency

(Pursuant to Section 133B of the Legislative Reorganization Act of 1946, as Amended)

RULE 1. CONVENING OF MEETINGS

The Committee shall meet at the call of the Co-chairman or at the request of five members of the Committee. Special meetings may be called by a majority of all Committee members upon written notice to the Clerk of the Committee The Clerk shall give at least 24 hours notice to every member of the meeting, time and place.

RULE 2. PRESIDING OFFICER

The Co-chairmen of the Committee shall preside over meetings of the Committee, except that (1) in the absence of one of the Co-chairmen, the other Co-chairmen may preside, and (2) in the absence of both Co-chairmen any other member of the Committee designated by both Co-chairmen may preside.

RULE 3. QUORUM

A majority of the Committee shall constitute a quorum sufficient for the conduct of business at executive sessions. One member shall constitute a quorum for the receipt of evidence, the swearing of witnesses and the taking of testimony at hearings.

RULE 4. AGENDA AND VOTING AT MEETINGS

The business to be considered at any meeting of the Committee shall be designated by the Chairmen and any other measure, motion or matter substantive or procedural within the jurisdiction of the Committee shall be considered at such meeting and in such order as a majority of the members of the Committee indicate by their votes or by presentation of written notice filed with the Clerk. Voting by proxy shall be permitted.

RULE 5. SUBPOENAS

Subpoenas authorized by the Committee may be issued over the signature of either Co-chairman, or any other members designated by the Co-chairmen, and may be served by any person designated by the Co-chairmen or member signing the subpoena.

SPEECH BY ROBERT E. L. EATON, NATIONAL COMMANDER, THE AMERICAN LEGION

Mr. THURMOND. Mr. President, one of the finest speeches in the area of national defense I have ever read was presented in Washington on February 22 by the National Commander of the American Legion, Robert E. L. Eaton.

General Eaton addressed the subject of the total force concept with particular emphasis on Reserve and Guard forces. His remarks came before the National Council of the Reserve Officers Association at their meeting here last week.

In his remarks General Eaton questioned the wisdom of the all-volunteer force and expressed the view that the Department of Defense is not adequately exploiting the potential of our Reserve forces.

These views are sound, but the remarks of General Eaton go beyond these two parameters and touch on many points and other vital defense issues, especially in the area of defense manpower utilization.

Members of Congress should read every word of this outstanding speech. Their time could not be spent any better.

Mr. President, I ask unanimous consent that General Eaton's speech be printed in the RECORD at the conclusion of my remarks.

There being no objection, the speech was ordered to be printed in the RECORD, as follows:

AN ADDRESS BY ROBERT E. L. EATON

Members of the Reserve Officers Association, Distinguished Guests, I am delighted to be with you this morning.

The American Legion which I am privileged to represent shares with the ROA a number of common views and concerns. One is the continuing need for a strong national defense. Another is that our Reserve Forces should figure prominently in our defense structure. It is to these points that I shall address myself today.

The American Legion holds that there is substantial room for improvement in the general area of defense manpower utilization.

Specifically, we feel that the Department of Defense is not adequately exploiting its Reserve potential.

We feel that increased reliance on Reserve Forces offers the greatest promise for maximum security within the limits of our resources.

We feel that certain parochial attitudes on the part of the active establishment are restricting the development of that promise.

We intend to press vigorously our contention that the interests of national defense are best served by elevating, rather than depressing, the status of our Reserve components.

Today it is more than customarily difficult to convince the American public of the need for continued maintenance of a strong deterrent posture.

One reason is the fact that we have recently ended our involvement in a war. It seems to be an American tradition—a regrettable one—that a war's end inevitably brings a clamor for dismantling the force structure so laboriously and so expensively constructed. As a nation we seem incapable of absorbing the often-repeated lessons of previous experience.

Once again there is a demand for "reordering priorities." To some Americans that phrase suggests that we could finance increases in social programs by paring the defense budget beyond the limit of sanity. Certainly we should do everything within our power to improve the quality of life for all who are part of this nation. But when considering priorities, we should remember that defense is itself a social service, the most important one because it guarantees our freedom and our very existence.

Advocates of reduced defense expenditures point to a degree of thaw in our relationships with the Soviet Union and the Chinese Communists as evidence of a diminishing need for military strength.

That is a wishful approach. It accepts the promise of lasting peace as if it were already fact. It is not. The attitudes of the Soviets and the Chinese appear to augur some hope for the future. But, speaking for The American Legion, we remain unconvinced that these adversaries have totally abdicated their plans for military superiority and conquest.

Another reason why there is some resistance to maintaining a strong deterrent force is the ever-rising cost of defense. The fiscal 1975 budget now before the Congress contemplates defense outlays some $6 billion greater than those of the current fiscal year. That makes the defense budget a prime target for sniper fire.

However, the increase is illusory. Anyone who has bought a steak or a gallon of gasoline recently is aware of the eroding effect of inflation on defense purchasing power as well as personal purchasing power. There are additional factors compounding the problem of defense costs. There is the essential demand for greater performance in each new generation of weapon systems; this means greater complexity, hence higher costs. There are also the dramatic funding increases associated with the zero-draft, all-volunteer defense force.

Viewed in proper perspective, the proposed defense budget is anything but munificent. It amounts to a smaller percentage of the gross national product than in any year since 1950. It represents 29 percent of the total federal budget, where six years ago it was 44 percent. The American Legion supports the Administration's defense budget, with this qualification: It provides only the minimum level required for American preparedness, dollar increases notwithstanding.

Clearly, rising costs dictate a greater-than-ever quest for efficiencies in utilizing our defense resources. The alternative is further reduction in force, which is not tolerable in today's unsettled international climate.

In the search for new efficiencies, defense manpower appears a particularly promising area for focus of attention. In fiscal 1975, the average per capita pay of military personnel will reach $11,000, approximately double the figure for 1968. Despite large-scale reductions in personnel strength, manpower costs in 1975 will be up almost 50 percent above the 1968 level.

Manpower is now the largest major component of the defense budget. It takes a larger bite of the total budget than the combined sum of operations, procurement, construction, research and development. In both the current fiscal year and the coming year, manpower outlays amount to 55 percent of the defense budget.

How can we improve efficiency in manpower utilization? By *really* implementing the total force concept, the complete integration of U. S. Reserve Forces into the combat-ready force in being. I stress the word *really*. Although the total force concept has been a matter of Department of Defense policy since 1970, its implementation has been something less than vigorous.

Inherent to the total force concept are these tenets:

First, the difference in combat effectiveness between Regular and Reserve Forces is insignificant, as has been demonstrated by studies, tests and actual combat experience;

Second, Reserve units can be organized, manned, equipped, trained and operated at costs dramatically lower than the costs for similar Regular Force units. For example, a combat infantry battalion can be maintained in the Reserve Forces for about 20 percent of the cost of maintaining an active army infantry battalion.

The essence of the total force policy is that necessary reductions in active defense strength can be offset by greater reliance on Reserve capabilities. Toward that end some Reserve Forces—particularly the National Guard—have been assigned high-priority missions once considered the sole province of active forces.

I submit that there is an opportunity for greater cost effectiveness in manpower utilization through further steps in this direction. The Department of Defense should give full consideration to a substantial shift in emphasis, roles, missions and resources from the Regular Forces to the Reserve Forces.

There is, of course, a requirement for a hard core of Regular Forces. This hard core must include, among other things, an adequate rotational base for the maintenance of overseas units. The balance of the total defense requirement could be met by strong, well-equipped, combat-ready Reserve components.

Such a shift involves nothing more than full acceptance of the total force policy already established. It could prove immensely advantageous to the nation.

If the mandate is maintenance of a given level of force, it could be accomplished at far lower cost.

If the determining factor is cost ceiling, we can obtain a higher level of force within the monetary limitation.

Will the total force policy work in practice? There is ample evidence that it will. Witness, for example, the rapid response and effective deployment of the Israeli Reserves in the most recent Middle East conflagration. Our own Reserves have on several occasions provided similar testimony. The National Guard has already demonstrated its ability to meet the challenge of total force by attaining the highest level of combat-readiness in its history.

However, if the total force policy is to work it must be *fully* implemented. Full implementation means this:

The force has to be manned;

The force has to be equipped; and

The force has to be trained.

Full implementation of the total force policy will require a commitment greater than we have yet witnessed on the part of the active establishment. If we are to get that commitment, we must first effect a radical change in Department of Defense thinking concerning the role of the Reserves. Despite lip service to the concept of total force and the advantages it offers, there are still many in important positions who regard the Reserves as a "mobilization" force, something to be called up in the late innings of a war rather than a component of the force-in-being.

That word "mobilization" is one I would like to remove from the dictionary, at least insofar as it pertains to Reserve Forces.

It is true that the Reserves were conceived as a mobilization force in the Defense Act of 1916, before our entry into World War I. The legislators of that day envisioned the mobilization force as one that could be activated at the start of an emergency but equipped and trained over long months—or even years—thereafter. It was a military second string for use in a long war.

But that was six decades ago. The leisurely-mobilized Reserve Force of 1916 would be useless in today's—and tomorrow's—environment. We will never again experience an emergency in which long-term mobilization is possible. Thus, today's Reserve Force cannot be a mobilization force. It must be a ready force, complementary but not inferior to the active force. Where there are deficiencies in readiness level or equipment, the Department of Defense should bend every effort to bring the deficient units to an appropriate level of capability.

Because of the parochial views I mentioned, the Department of Defense is not moving toward full implementation of the total force policy. In fact, and perhaps for the same reason, it is moving in the opposite direction. There was a recent decision to deactivate a number of air national units. There are indications of further cuts in the Reserve components. Such reductions are completely inconsistent with the objective of getting the most defense for the dollar outlaid.

It is difficult to understand the rationale of defense management with regard to Reserve Force reductions, actual and contemplated.

The keystone tenet of the total force policy is this: When considerations of the national economy dictate reductions in active strength, the impact must be counterbalanced by improvement in Reserve capability. Yet look at what is happening.

Over the past three years, the Soviet Union has increased its active forces from 3 million to 3.8 million men. The USSR has *not* reduced the size of its reserve establishment.

The United States, on the other hand, has been in a steady decline with respect to active personnel strength. In 1968, the peak year of the Vietnam conflict, there were 3.5 million military personnel on active duty. In the coming fiscal year, that figure will drop to 2.2 million.

Thus, at a time when our active forces are at the lowest level in more than 20 years, there are moves afoot to cut the Reserve Forces as well. This is a rejection of the basic principle of the total force concept.

It is also a foolish way to achieve economy. We of The American Legion deplore any reductions in defense strength at a time of uncertain international atmosphere. But if there absolutely must be reductions it is upside-down philosophy to cut the Reserve Forces rather than the active establishment.

Look at it this way. If it became absolutely imperative to cut your family budget, how would you go about it? Would you turn out all the lights in your home to save a few dollars a month? Or would you give up your country club membership to realize a much more significant reduction with less real hardship?

Defense management is turning off the lights, so to speak. Because the Reserve unit is far less costly to operate, its elimination saves relatively few dollars. To put it another way, we lose more defense capability by cutting the Reserves than we do by reducing the Regular Forces.

There is one other aspect of Defense management's attitude toward the Reserves.

Recently I wrote the Secretary of Defense protesting Reserve reductions. I received a reply from the Assistant Secretary of Defense for Manpower and Reserve Affairs. There was nothing in the reply which in any way changed the views I have enunciated today. There was, however, one paragraph which merits public airing. I quote:

"It is essential that units, Active and Reserve, that provide little effectiveness because they are performing a marginal mission or because they are manned and equipped in a manner that is an inefficient use of defense dollars be eliminated."

This is another attitude to which I take exception. It constitutes a lack of understanding of the Reserve role. It ignores the fact that a Reserve unit—however outmoded—is a valuable defense asset. Elimination of a Reserve unit is a waste of the time, funding, recruiting and training that brought it into being.

Is it not more logical to convert the outmodes unit to new capability? If it is performing a marginal mission, give it a new one. If it is under-equipped, equip it properly. It takes but a stroke of the pen to dissolve an active duty unit or to reactivate it. But a Reserve unit, once broken up, takes years to rebuild.

Until now, I have presented the case for proper utilization of the Reserve Forces in strictly pragmatic terms. I have outlined the cost effectiveness and other gains that can accrue from real implementation of the total force policy.

There is another side to the subject—the philosophical side.

From the earliest days of the Republic, Americans have embraced the fundamental doctrine that the cornerstone of defense is the citizen army. The first article of the Constitution empowered Congress to "call forth the militia to execute the laws of the Union, suppress insurrection and repel invasions."

Since its formation, The American Legion has espoused that doctrine. At the Legion's second national convention in 1920, the Military Affairs Committee stated a policy for insuring the readiness of our citizens soldiery. I quote:

"We recognize the Constitutional principle that a well-trained and disciplined citizen soldiery is essential to the peace and safety of both state and nation. In conformity with the spirit of our organization, we pledge our efforts in aid of the constituted authorities of the United States, and of each of the several states, in the formation, recruiting and maintenance of the National Guard of the United States at the standard of strength and dependability required by the adopted military policy of our government and the welfare of our national and state institutions.

"We believe that national safety with freedom from militarism is best assured by a national citizen army based on the democratic and American principles of the equality of obligation and opportunity for all. The National Guard and organized Reserves, which should and must be the chief reliance of The United States in time of war, should be officered in peace and in war as far as practical by men from their own ranks."

That statement was advanced in the wake of World War One. The thinking of that day envisioned the slow mobilization of forces and, as I have said, long term mobilization is no longer appropriate. However, the concept of citizen soldiery remains as valid today as in 1920 and at the founding of the Republic.

Today, however, it is national policy to build toward an all-volunteer, professional armed force. Without participation by the citizens in selective service, we are moving away from the concept of citizen soldiery.

The American Legion supports the personnel of our armed forces. We are convinced that they represent the highest type of individuals who serve our nation. But we are not convinced that the professional armed force is in keeping with the American idea of free government.

Nor are we convinced that it is an effective way to fight our nation's wars. There is a belief—in which I concur—that the principle cause of the Southeast Asia disaster was the professional army approach. There were draftees in the armed forces, but the army fighting the war was primarily professional. The Reserves were never called into action and for that reason the nation never realized the full participation of its people.

I believe that a military effort which lacks the full support of the American people is foredoomed to failure.

The total force policy provides an opportunity for active participation of our citizenry. But if it is to be a viable program, it must be fully and intelligently implemented. We must have a commitment to man the force, to equip the force and to train the force. The American Legion, The Reserve Officers Association and others who share our convictions must carry the fight to insure that commitment.

DECENT HOUSING FOR AMERICANS

Mr. MONTOYA. Mr. President, providing decent housing for Americans unable to secure such housing from the private market has been a national goal for over 36 years. Much has yet to be done to meet our national commitment of "a decent home in a suitable environment" for every American.

As a parallel to the need for decent housing for many Americans, we have today a sharp downward turn in the construction industry, with a resulting unemployment level which threatens to involve other segments of the economy severely, and soon.

Put simply, Americans need houses and American workers who build houses need jobs.

Programs to provide for low-cost and low-income housing through Government and industry cooperation are already provided for in existing legislation. Only one key element seems to be missing: the will of this administration to carry out the congressional mandate.

Nowhere is the problem illustrated so clearly as it is in the housing needs of the American Indians, both on and off the reservation. The Bureau of Indian Affairs estimates that two-thirds of all Indian housing is substandard. That should make Federal programs aimed at filling the need of low-income Americans a natural tool to assist Indian populations. Unfortunately, that has not been the case—and the new budget makes no effort to hide the low priority—in fact, the "no" priority—status of the American Indian in administration planning.

There are special problems for native Americans living on reservations, and those special problems make it essential that Federal Government assistance be put to work immediately to help satisfy Indian housing needs.

Mr. President, I think it is time we faced up to the existence of Indian poverty and the basic needs of Indian families. A recent report of the Housing Assistance Council contains disturbing facts about the severe shortage of Indian housing and the bureaucratic red tape which is delaying effective use of existing programs.

Our housing needs are severe in many places in America—but nowhere are they more desperate than on our Indian reservations. Acting to provide subsidized low-cost housing where it is needed should be a priority goal for HUD every year—but it should be a first-priority goal for HUD this year to begin immediately to correct the years of housing neglect on Indian reservations.

We can, and must, see that congressional intentions in existing housing legislation are carried out by the appropriate Federal agency. If necessary Congress must provide oversight and guidance to assure full and immediate compliance with the law.

I ask unanimous consent that the report of the Housing Assistance Council be printed the RECORD and I urge all Senators to consider seriously the implications of neglect which are reflected in this study. Surely we can find a way to produce more action and less talk—action to fulfill commitments made years ago, and still not kept.

There being no objection, the report was ordered to be printed in the RECORD, as follows:

HUD FOCUSES ON INDIAN HOUSING ISSUE[1]

The impoverished American Indian has always appeared on the bottom rung of the priorities' ladder for federal aid—and housing aid has been no exception. Although the Bureau of Indian Affairs estimates that nearly two-thirds of all reservation homes were substandard at the close of fiscal year 1973, development of new low-income housing on most reservations is either pitifully inadequate or nonexistent.

The Department of Housing and Urban Development, the federal agency charged with housing the millions of families who cannot afford a decent home, has long been criticized by Indian housing interests for ignoring the unique and often complicated needs of Indians. And, although equal opportunity officials at HUD apparently are sincere in some recent efforts to include housing priorities for native Americans, other policy actions of the department have travelled a different route.

Dr. Gloria E. A. Toote, assistant secretary for equal opportunity, asserted in a recent interview that HUD would not ignore the special needs of Indians. "The unique problems of Indians must be addressed now," she stated. She has promised Indians a national, HUD-sponsored conference to discuss their housing problems.

Her comments come at a time when HUD is under heavy criticism for the delay in completing a manual for the mutual help housing program (the only HUD program specifically for Indians), for holding back the long promised Indian public housing units, and in general, for seeming to ignore future Indian housing needs.

The Bureau of Indian Affairs has noted that over 47,000 reservation units need total replacement, and an additional 24,000 need renovation. Despite these glaring statistics, HUD as of this month was 8,700 units short of its 1969 commitment to provide 30,000 new public housing units to Indians by the end of the current fiscal year.

HUD Secretary James T. Lynn last fall promised Indian leaders that 4,000 of these remaining units—low-rent, mutual help and Turnkey III—would be released this fiscal year. On February 5, HUD finally released 1,788 units for approved program reservations served by the Oklahoma City, Los Angeles and Milwaukee area offices. (Milwaukee received only 75 of them, and the Seattle and Denver offices, serving major populations of Indians, received none.) The remaining 2,212 units have been promised for mid-March, when the section 23 leased housing units are due for release.

The 4,000 units apparently were being held by the Office of Management and Budget pending the finalizing of the 23 leasing regulations. But Senator James Abourezk of South Dakota has asserted repeatedly that the "hostage" units have no connection with 23 leasing. According to Sheldon B. Lubar, HUD assistant secretary for housing production and mortgage credit, the remaining 2,212 units will be public housing.

The Administration's fiscal 1975 budget contains no provisions for the other 4,700 units that HUD would need to meet its 1969 commitment, and no future commitment has been made for the thousands of Indian families that will remain in dilapidated homes. The 23 leased housing is the only substantial low-income housing aid requested in the HUD budget. But the success of 23 leasing depends almost entirely on the impetus of the private market, the availability of standard vacant units and on the land that can be developed by private contractors. These conditions are virtually nonexistent in most Indian areas.

SPECIAL PROBLEMS

A comprehensive HAC study of Indian housing has identified other special problems. Reservation Indians often have been unable to obtain mortgages because they do not have clear title to their property. Building on a reservation requires dealing with a tangle of red tape. There is a lack of coordination among the plethora of agencies that must be involved, including HUD, the Bureau of Indian Affairs, the Indian Health Service, the local housing authority and the tribal council. No national Indian housing organization, federal or private, exists to plan and develop comprehensive, workable programs.

HUD itself has had only one program exclusively for Indians—mutual help under the public housing program—but it has a doubtful future and no procedural guidelines. And, rural Indians must cope with the hurdles found in most rural areas, such as a lack of financial and technical resources and a void in the construction and building supplies trades.

Indian housing interests accuse HUD area officials of burying Indian applications at the bottom of the stack for last consideration. They point out that HUD programs—and policies—are geared to urban areas and are unworkable on reservations.

PROPOSED CONFERENCE

Eight Indian housing representatives recently underlined these problems at a caucus with Dr. Toote at the department's equal opportunity conference in Los Angeles January 11. Noting that HUD commitments to Indians have repeatedly been broken and that few programs have been implemented on reservations, the representatives called for a national HUD conference devoted specifically to Indian housing problems and requested that Secretary Lynn appear.

Dr. Toote promised them that her office would sponsor a three-day seminar "within the next two months without a doubt." She also said the meeting would be scheduled in an area with a large concentration of Indians, possibly Phoenix, and she invited the eight to help plan the meeting.

However, in a February 7 interview with HAC, Dr. Toote explained that the time and location of the seminar were uncertain and "subject to the convenience of the Secretary (Lynn)." She explained that, although it was hoped that the meeting could be held within the next two months (by mid-March), she thought that, "It's more important to have the Secretary there, and as many of the assistant secretaries as possible." She added that the exact time and location would depend on the schedules of these top HUD officials.

Responding to rumors that the conference might be held in Washington rather than at a site more accessible to Indians, Dr. Toote said that Secretary Lynn could probably more easily fit a Capital appearance into his schedule. But she conceded that then "you won't get full participation of Indian representatives."

She also suggested that if Secretary Lynn and the assistant secretaries could not attend, the conference might be cut to one and a half or two days rather than three. But she stressed, "Responsible persons from all HUD offices will attend."

The eight Indians at the Los Angeles caucus, designated as the initial coordinating committee, were asked to submit to Reeves Nahwooksy, Indian coordinator, names of potential participants from Indian and housing organizations. Although Dr. Toote on February 7 said that Nahwoosky had been "in daily contact" with the coordinating committee, there has been no meeting between Nahwoosky and the committee. And, although numerous Indian groups have contacted HUD to express their support of the conference, actual planning apparently is being held up pending Lynn's decision on whether to attend.

Indications are that Secretary Lynn may want to delay the Indian seminar until HUD's mutual help manual for reservations has been reviewed by Indians. Last July, the department promised that a draft would be ready by October. HUD officials now speculate that it may be ready by late March. But Dr. Toote has stated that scheduling of the conference would not depend solely on the completion of the manual.

She emphasized that the proposed conference was not to be "an open arena for the public," but rather a "seminar" for Indian housing organizations to discuss ways of solving Indian housing problems. She said some issues that would be addressed include housing design for reservation units, adaptation of HUD housing to the cultural preferences of Indians, coordination among various federal agencies in providing reservation housing, and alleged delays in processing Indian applications.

Dr. Toote noted, however, that HUD already had begun dealing with these problems. She announced that "at least four" more Indian coordinators would be added to area offices to serve under Nahwooksy, with Indians their major—and possibly only—responsibility. She noted that both Seattle and Denver, regions with large concentrations of Indian populations, already have staff members who devote a great deal of time to Indian housing problems.

Dr. Toote said she thought that increasing the number of Indian coordinators would help to eliminate the allegations that Indians' housing needs often are overlooked by HUD officials. She commented, however, that she didn't know what could be done about eliminating the tangle of agencies that must be involved in reservation housing development. But she added, "I hope for an enlightened approach" to result from the upcoming Indian conference.

Dr. Toote announced that the next national meeting of the assistant regional administrators for equal opportunity would be held March 1–3 in Albuquerque, where they would visit an Indian area to get a better look at the problems. "They must have total sensitivity training on Indian problems," she emphasized. "All of HUD needs this knowledge."

Hopefully, effective utilization of this knowledge will result from the upcoming conference. In a letter to Dr. Toote supporting the seminar, HAC outlined some issues that should be addressed to achieve priority status for Indians, rather than a perpetuation of the neglect which has characterized their treatment till now. These include:

A long term federal commitment to provide Indian housing under programs that relate specifically to Indians;

Greater flexibility and adaptation of current HUD programs to the Indian housing setting;

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[1] The Housing Assistance Council is completing a comprehensive study on the status and future needs of Indian housing on and off reservations. HAC's Southwest director, Roland Chico, who is a Zuni-Paiute Indian, is a member of an eight-person coordinating committee that is helping to plan an upcoming national conference on Indian housing problems sponsored by HUD. HAC's Southwest office is at 120 Madeira Dr., N.E., Albuquerque, New Mexico 87108, Phone: 505–268–4351.

Improved communication and cooperation among the many agencies having responsibility for Indian housing;

Increased training and staff support by HUD to overcome the lack of Indian expertise in housing; and

Development of an ongoing Indian focus within HUD.

The future of Indian housing will remain endangered unless these questions are confronted and realistic solutions are proposed. HUD's commitment to a national Indian housing meeting is a valuable first step in developing an overall, effective Indian housing delivery system.

THE PRESIDENT'S RECOMMENDED WAGE INCREASE

Mr. BENTSEN. Mr. President, tomorrow when the Senate considers legislation pertaining to the President's recommended wage increase for the executive, legislative and judicial branches, I will be necessarily absent and therefore wish to state my position on this issue. Altnough these Federal employees have not enjoyed a salary raise for years, in spite of rising price indexes and rampant inflation, I am opposed to increases for Members of Congress at this time. During a period of inflation the entire country must tighten its belt and the Congress should set the example by accepting a freeze on our salaries. However, I support cost-of-living pay increases for members of the judiciary. A number of outstanding Federal judges have resigned recently for financial reasons, among others. Since a country's judicial system is based in good part on the quality of its personnel, it is imperative that we attract this Nation's most outstanding lawyers to public service by providing sufficient financial incentive. The Nation will be that much stronger for enjoying a strong judicial system.

RULES OF SELECT COMMITTEE ON SMALL BUSINESS

Mr. BIBLE. Mr. President, pursuant to section 133(b) of the Legislative Reorganization Act of 1946, as amended, I submit herewith for publication in the CONGRESSIONAL RECORD the rules of the Select Committee on Small Business as adopted on February 1, 1973. There have been no amendments or changes since that time.

I ask unanimous consent that the text of the committee rules, as adopted, be printed as required in the RECORD.

There being no objection, the text of the rules was ordered to be printed in the RECORD, as follows:

STANDING RULES OF THE SENATE SMALL BUSINESS COMMITTEE

1. GENERAL

All applicable provisions of the Standing Rules of the Senate and of the Legislative Reorganization Act of 1946, as amended, shall govern the Committee and its Subcommittees. The Rules of the Committee shall be the Rules of any Subcommittee of the Committee.

2. MEETINGS AND QUORUMS

(a) The Committee will meet at the call of the Chairman. If at least three Members of the Committee desire the Chairman to call a special meeting, they may file in the office of the Committee a written request therefor, addressed to the Chairman. Immediately thereafter, the Clerk of the Committee shall notify the Chairman of such request. If, within three calendar days after the filing of such request, the Chairman fails to call the requested special meeting, which is to be held within seven calendar days after the filing of such request, a majority of the Committee Members may file in the office of the Committee their written notice that a special Committee meeting will be held, specifying the date, hour and place thereof, and the Committee shall meet at that time and place. Immediately upon the filing of such notice, the Clerk of the Committee shall notify all Committee Members that such special meeting will be held and inform them of its date, hour and place. If the Chairman is not present at any regular, additional or special meeting, the ranking majority Member present shall preside.

(b) In executive sessions, a quorum for the transaction of business shall consist of a majority of the Members of the Committee.

(c) In hearings, whether in public or executive session, a quorum for the taking of testimony not under oath shall be one Member of the Committee. A quorum for the taking of sworn testimony shall be two Members of the Committee, unless the witness voluntarily waives this requirement.

(d) Proxies will be permitted in voting upon the business of the Committee by Members who are unable to be present. To be valid, proxies must be signed and assign the right to vote to one of the Members who will be present. Proxies shall in no case be counted for establishing a quorum.

3. HEARINGS

(a) The Chairman of the Committee may initiate a hearing on his own authority or at the request of any Member of the Committee. Written notice of all hearings shall be given to respective Committee or Subcommittee Members. Notice shall be given as far in advance as practicable. No hearings of the Committee shall be scheduled outside of the District of Columbia except by a majority vote of the Committee.

(b) Any Member of the Committee shall be empowered to administer the oath to any witness testifying as to fact, if a quorum be present as specified in Rule 2(c).

(c) Subpoenas shall be issued only when authorized by a majority vote of the Committee. When so authorized, subpoenas may be issued by the Chairman or by any other Member of the Committee designated by him. A subpoena for the attendance of a witness shall state briefly the purpose of the hearing and the matter or matters to which the witness is expected to testify. A subpoena for the production of documents, memoranda, records, etc. shall state briefly the purpose of the hearing and shall identify the papers required to be produced with as much particularity as is practicable.

(d) Any witness summoned to a public or executive hearing may be accompanied by counsel of his own choosing, who shall be permitted while the witness is testifying to advise him of his legal rights.

(e) No confidential testimony taken or confidential material presented in an executive hearing of the Committee or any report of the proceedings of such an executive hearing shall be made public, either in whole or in part or by way of summary, unless authorized by a majority of the Members of the Committee.

MESSAGE FROM THE HOUSE—ENROLLED BILL SIGNED

A message from the House of Representatives by Mr. Hackney, one of its reading clerks, announced that the Speaker had affixed his signature to the enrolled bill (S. 2589) to assure, through energy conservation, end-use rationing of fuels, and other means, that the essential energy needs of the United States are met, and for other purposes.

The enrolled bill was subsequently signed by the Vice President.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Heiting, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session,

The PRESIDING OFFICER (Mr. CLARK) laid before the Senate messages from the President of the United States submitting sundsy nominations, which were referred to the appropriate committees.

(The nominations received today are printed at the end of Senate proceedings.)

DISPOSITION OF ABANDONED MONEY ORDERS AND TRAVELER'S CHECKS

The PRESIDING OFFICER. All time for morning business has expired. Under the previous order, the Chair lays before the Senate the unfinished business, S. 2705, which will be stated by title.

The legislative clerk read as follows:

A bill (S. 2705) to provide for the disposition of abandoned money orders and traveler's checks.

The PRESIDING OFFICER. The Chair recognizes the Senator from New York.

Mr. JAVITS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. JAVITS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JAVITS. Mr. President, I promised the majority leader that I would submit an amendment at the opening today, which I herewith do.

I send to the desk an amendment and ask that it be stated.

The PRESIDING OFFICER. The clerk will state the amendment.

The assistant legislative clerk read the amendment, as follows:

On page 4, lines 24 and 25, change the date to read "January 1, 1974".

Mr. JAVITS. Mr. President, the purpose of this amendment is to conform with the date of the law, the date of the operative effect of the law, to the date of retroactivity which is specified. In short, all the amendment does is eliminate from the bill, or seek to eliminate from the bill, that part of it which seeks retroactivity for 10 years.

Mr. President, I wish to emphasize

that because it seems so really outrageous to me that Congress would take a situation of settled law for a period of 10 years and simply turn back the clock because that suits certain persons, notwithstanding the decisions of the Supreme Court which have stood for all that time in respect to a given set of facts.

I repeat today what I said yesterday on that score—that it is nothing but, in my judgment, an effort to exercise naked power—the theory that a number of States may benefit, without much regard to how big a deal this is—it is not that big—and that they will simply vote with the proponents of the bill without any regard to fairness or justice or the present state of the law and what has been the law for the past 10 years. I consider it my duty to resist that, and I feel it is a necessary duty to the country. Once we start in this kind of procedure and allow it to take effect, there is just no end to it. We could make anything retroactive. We could make taxes retroactive for 25 years or 30 years or 100 years. And 10 years is really a period of time that, in my judgment, simply offends the comprehension and understanding of how things operate and how things go.

For that reason, I felt it my duty to oppose this measure and have submitted this amendment, which is in line and in accord with the concepts which I think should obtain in a matter of this kind.

If we are going to codify law hereafter which is different from the law which has been laid down by the Supreme Court, at the very least the law as it stood up to now, having been fought through the courts and having been decided by the courts on principles of justice, should be sustained rather than set aside because theoretically there are enough votes here to do it.

That is the basic substance for my opposition and the reason why I feel that I have the right to do everything I can to see that this injustice is not perpetrated. An effort is being made to perpetrate it on my State, and it is my duty to resist it with every power and every ability that I have, and I shall do so.

Mr. President, today I should like to talk about the constitutional aspects of this particular matter. They were dealt with to some extent in a memorandum which was filed by the Attorney General of the State of New York, and which was sent to me, laying out the arguments of the State of New York on this particular subject.

The constitutional aspects of it I think bear very serious consideration, not that we cannot, if we choose, pass an unconstitutional statute. Of course we can. But we certainly like to know when we are moving in that area, and it is a perfectly proper argument for a Senator to make that we should not legislate an unconstitutional measure.

Mr. President, the statement of the Attorney General in dealing with the issue of the constitutionality has reference to a number of other cases which bear out this viewpoint based upon a further theory, and that is the theory which I shall state is borne out by this statute. The apparent basis for the proposed Federal intervention into the field of escheat or abandoned property is the maintenance of records by these companies, the debtor companies. And I explained yesterday that when one buys a money order or a traveler's check, he creates a debt from the issuing company to the issuee, as it were, that is the person who gets the benefit or to the person purchasing the particular debt obligation.

So I point out that the maintenance of records by these companies, the debtor companies, is said to be the reason why the Federal Government can intervene on the ground that the identification of the last known address of the true owner would create a burden on interstate commerce. And it even suggests Federal regulation in this particular measure, S. 2705. Section 1, page 1, lines 6 to 10 reads as follows:

> (1) the books and records of banking and financial organizations and business associations engaged in issuing and selling money orders and traveler's checks do not, as a matter of business practice, show the last known addresses of purchasers of such instruments;

It then goes on to say:

> (2) a substantial majority of such purchasers reside in the States where such instruments are purchased;
>
> (3) the States wherein the purchasers of money orders and traveler's checks reside should, as a matter of equity among the several States, be entitled to the proceeds of such instruments in the event of abandonment;

That is where the unconstitutional aspect comes out. Neither the Attorney General nor I believe that equity among the States is a proper element of interstate commerce jurisdiction.

The bill then goes on to say:

> (4) it is a burden on interstate commerce that the proceeds of such instruments are not being distributed to the States entitled thereto; and

Mr. President, that is another very serious question, whether that can be settled by constitutional statute in the absence of a State compact, bearing in mind that a State compact requires approval of the Congress. As to whether it is a proper forum for distribution between the States or for a State to recover from another State, there is a direct suit to the U.S. Supreme Court.

The bill goes on to state:

> (5) the cost of maintaining and retrieving addresses of purchasers of money orders and traveler's checks is an additional burden on interstate commerce since it has been determined that most purchasers reside in the State of purchase of such instruments.

Therefore, the promises of which the claimed jurisdiction of the Congress rests is essentially as the Attorney General of New York states—the maintenance of records which adequately identify the last known address of the true owner, and that constitutes a burden on interstate commerce.

Quite apart from the fact that it seems entirely reasonable that such records should be maintained, it is hard to see how a requirement that their maintenance constitutes a reasonable basis for an interstate commerce clause such as we have before us, because if there is a duty to maintain, such duty can be enforced by State law. It there is no State law requiring the maintenance of the addresses of persons who buy the money orders or travelers checks, then there is no reason why the United States should intervene in the absence of a statute to make it a duty of the Interstate Commerce Commission. In the bill, essentially it relates to any mandated requirement that such records be hereafter kept.

So, it seems to me as to the burden which is referred to again, that the whole premise of the legislation is not regulation, but the fact that in many cases no such orders are kept. That in itself is negative. It is said that the fact that no such record is kept is a burden on the Supreme Court. And that I very seriously challenge.

Mr. President. I understand that the distinguished manager of the bill on the minority side would desire to speak at this time. I would be very happy to yield to him for that purpose.

Mr. TOWER. Mr. President, I must observe that the amendment offered by the distinguished senior Senator from New York to delay the effective date of this law simply cannot be accepted by the Committee on Banking, Housing and Urban Affairs. One of the objectives of this proposed law, in addition to fostering an equitable distribution of abandoned money orders among all the States in their fair share, is to relieve the courts of very tedious and lengthy lawsuits involving these claims. The reason the committee selected the 1965 date was to provide for a smooth transition of the law to follow as closely as possible the Supreme Court decision, Texas against New Jersey, which was decided February 1, 1965. If we substitute any date other than 1965, we unnecessarily create a hiatus in the law and would further encourage lawsuits rather than settling this matter—per the request of the Supreme Court—once and for all.

Mr. President, I submit that the material from the American Law Division of the Library of Congress may have arrived at this conclusion:

> It would appear that the extensive reliance upon *Texas* v. *New Jersey* and the further application of the opinion in that case would also connote an adoption, at least inferentially, of Justice Black's recognition of the right of Congress to reject or modify this rule by legislative enactment.

Therefore, I do not think that the bill is vulnerable from the standpoint of challenging its constitutionality. I urge the Senate to reject the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from New York.

Mr. JAVITS. Mr. President, I have heard with interest the attitude of the Senator from Texas on this matter. He speaks of tedious and lengthy litigation.

There is no tedious or lengthy litigation because the question is settled. The exact rules are laid down as to just how the escheatment of property should be dealt with by the Supreme Court of the United States as recently as June of 1972 in the case of Pennsylvania against New York. It is explicitly laid out. There is no argument about it.

So the tedious and lengthy litigation is only by people who have no case. Otherwise, the rule is absolutely laid down.

Second, the Senator refers to the fact that Congress, he implies from Judge Black's opinion, may reject or modify this rule. But, Mr. President, our argument is—and I shall argue the constitutionality separately—that, while surely Congress may reject or modify this rule, and this bill in fact does modify the rule, it should do it prospectively; it should not do it, where the law has been settled by a decision of the highest court of the land, retrospectively for 10 years.

I emphasize that constantly, Mr. President, because it really seems so offensive to any concept of fairness to simply push the clock back for 10 years on matters which are absolutely settled law.

Further, Mr. President, if my colleague the Senator from Texas believes he has ended the tedious and lengthy litigation even after this bill runs the gauntlet of the Senate and the House, gets passed, is not vetoed, and becomes law, he has not seen anything yet. There will be tedious and lengthy litigation, if that is the way it is defined, for a very long time to come. There are no better litigating agents than the attorney general's offices of the various States. The best evidence of this is that it took a very long time, many years, before they got to the decision in the Texas case in 1965, the decision which has been so often discussed here.

This abandoned property lies around for many years, anyway. It takes 7 years before it is actually abandoned and any claim can be made to it. So, Mr. President, I do not see how you can base your opposition on that, in view of the fact that our case is not made on the right of Congress or the ability of Congress to seek to change the rule, but our substantive case, aside from the question of constitutionality, which I have just begun to discuss today, is based upon the fact that it is offensive to the whole system of jurisprudence, for absolutely no reason except that it suits the proponents of the bill to turn the clock back 10 years, in a field in which the law was absolutely settled 10 years ago. That is the essential, substantive basis for my opposition.

Again going to the constitutionality as an entirely appropriate article of debate, on the retroactivity aspect of it, when, as, and if it should arise, I think that is a legitimate point to be made in this discussion. I went over the position of the attorney general of New York, who made it clear that what strained the concept of constitutionality was the fact that this whole matter, if it became law, was based upon the idea of burdening interstate commerce because people did not retain records—the negative act of not retaining records by those who bought these money orders and travelers checks. As I said, I did not find anything in this legislation to make them retain such records, and I have very grave doubts that a failure to maintain records could be a burden on interstate commerce. So that is one ground respecting the constitutionality.

Another ground which is raised by the Attorney General of New York is that this area has been traditionally reserved to the States; that is, the area of escheat the area of abandoned property, and the area of conflicting claims between States on matters of escheat and abandoned property. I should like to discuss with the Senate a few of the cases which have arisen on that particular ground.

A very interesting case, Mr. President, arose quite a long time ago, in 1947, when the Court considered the case of Connecticut Mutual Life against Moore, Comptroller of the State of New York.

In that particular case, the issue was raised as to policies of insurance issued by foreign corporations for delivery in New York on the lives of residents of New York, where the insured persons continue to be residents of New York and the beneficiaries are residents after maturity of the policies.

Article 7 of the Abandoned Property Law of New York, requiring payment to the State of moneys held or owing by life insurance corporations and remaining unclaimed for 7 years by the persons entitled thereto, was held by the Court not to impair the obligation of contracts within the meaning of article I, section 10 of the Constitution.

This question, because it is so important to our decision here, relates to the constitutionality of laws of this kind, and what impact and implication they have. By the way, article 7 of the Abandoned Property Law of the State of New York relates to unclaimed life insurance funds, and the Court pointed out that this law was amended to cover insurance companies incorporated out of the State some time before the State sought to escheat the proceeds of life insurance policies by those corporations which had issued those policies in New York, the corporations being "foreign corporations."

The Court, after reciting the basic facts which I have recited, pointed out that the suit was brought by nine insurance companies incorporated in other States to enjoin the State comptroller and all persons acting under State authority from taking any of the steps of escheat which are provided by the statute. The supreme court of the State reserved the constitutional question so that the matter could go to the U.S. Supreme Court, and the argument was made that the statute—that is, the New York statute—transforms into a liquidated obligation an obligation which was previously only conditional. The argument, under the due process clause of the Constitution, was that New York has no power to sequester funds of these life insurance companies to meet their obligations on insurance policies issued on New York residents for delivery in New York.

The Court then went into various technical aspects of the policies, and discussed those, and then stated these conclusions:

> Unless the state is allowed to take possession of sums in the hands of the companies classified by § 700 (the particular section of the law) as abandoned, the insurance companies would retain moneys contracted to be paid on condition and which normally they would have been required to pay. We think that the classification of abandoned property established by the statute describes property that may fairly be said to be abandoned property and subject to the care and custody of the state and ultimately to escheat.

Which is the situation in the instant matter before us.

> The fact that claimants against the companies would under the policies be required to comply with certain policy conditions does not affect our conclusion.

Says the Court:

> The State may move properly be custodian and beneficiary of abandoned property than any person.

Then they go on to say that:

> The State has the same power to seize abandoned life insurance monies as abandoned bank deposits

Though there may be a difference between the way in which the policyholder as contrasted with the reinsurer beneficiary may collect what is due him. But the Court dismisses that difference and I think the Court is right in that regard. The Court holds again that this bears on the question of whether when names and addresses are written in the debtor's records when the State undertakes protection of abandoned claims.

> It would be beyond a reasonable requirement to compel the State to comply with conditions that may be quite proper as between the contracting parties. The State is acting as a conservator, not as a party to a contract.
>
> We see no constitutional reason why a State may not proceed administratively, as here, to take over the care of abandoned property rather than adopt a plan through judicial process. . . . There is ample provision for notice to beneficiaries and for administrative and judicial hearing of their claims and payment of same. . . .

The Court analyzes, then, the basis why the State is not bound by the conditions which obtained between the beneficiary and the life insurance company issuing the policy.

The Court then goes on to say, nor do we agree with appellants' argument that New York lacks constitutional power . . .

This is pertinent to our discussion here to take over unclaimed moneys due to the residents on policies issued for delivery in the State by life insurance companies chartered outside the State.

Here we go to the heart of the argument which is the claim that only the State of incorporation could take the abandoned moneys. This, let us remember, is the other side of the coin of the rule laid down in the Texas case and in the Pennsylvania case, that is, that the entitlement is to the State if the address can be identified. The entitlement is to the State where the owner of the debt—that is, the creditor—is located.

Now the Court holds, therefore, that this will not prevent the Court from acting because the statutory reference says the Court states "any moneys held or owed" and does not refer to any specific assets of an insurance company but simply to the obligation of the life insurance company to pay, and the problem of what a State other than New York may do is not before us in this framework.

So the Court says that in order to prevail, that the State of New York must show that there may be abandoned moneys over which New York has power.

The question, says the court, is whether the State of New York has sufficient contacts with the transactions here in question to justify the exertion of power to seize abandoned moneys due to its residents.

It is urged that other considerations should prevail in choosing the State of incorporation of the insurance company as the State for abandoned moneys or abandoned indebtedness if such moneys are to be taken from the possession of the insurers.

Here it is, as in the cases we have been discussing, pointed out that the present residence of missing policyholders is unknown and that with the shift in population, residence is a changeable factor and that if the New York insurer chose a foreign corporation as his insurer, his choice should be respected, and moneys should escheat to the sovereignty that guards them at the time of abandonment.

This is a very material fact in respect of the matter which we are discussing because the argument which is made here that "moneys should escheat to the sovereignty that guards them at the time of abandonment," is precisely the basic and fundamental rule which was pursued by the Supreme Court in the Texas case and in the Pennsylvania case—a very sound law, indeed; and the law which we feel should be followed in respect of the statute which Congress proposes to enact, because the Texas case and the Pennsylvania case said that where there is no address which is of record, then the domicile of the corporation which has issued the debt instrument is the right area for escheat because, obviously, that is the sovereignty which is safeguarding the entity which is required to be made good on the debt.

Like any corporation, whatever life it has is the life which has been breathed into by the State under whose laws it is permitted to incorporate. So that the converse of the proposition, as sustained by the courts in this case, way back in 1947—Connecticut against Moore—is that where there is an address, there is an identified owner, then when the property is abandoned, the State which has harbored that owner—to wit, which has safeguarded him—is entitled to collect the debt, even though the home of the debtor—to wit, his domicile as a corporation—is another State. But where there is no record of the owner and what State he is from, then the converse of that proposition which animated the decision in the Texas case which came some 18 years thereafter is that the domiciliary State of the issuing corporation—to wit, the debtor—is entitled to recapture the abandoned properties but for precisely the same reason because it safeguards the existence—and indeed is responsible for the existence of the only party to the deal who is ascertainable—to wit, the debtor—in that particular case.

So that the decision, in my judgment, stands not only on its own ground but on other decisions like the Connecticut decision, to which I have referred, which go back a very considerable period of years and indicate a line of decision in the courts which, as long as we allow the practice to continue during all that time up to now, when we are considering a new way of doing it, it seems to me represents not only good law but good logic as well.

Now the Senate bill which we are debating today would propose to adopt yet another rule, and that is to break down the issue of what is the sovereignty which is safeguarding the particular enterprise which is issued today, and simply and arbitrarily given the right of escheat and the abandoned property right to the jurisdiction where the instrument was acquired, which Congress may be able to do if it is constitutional and which I am not really taking on as an issue. I am letting that stand on its own and letting it be litigated. But I do think that even that raises a very serious question which may not stand up constitutionally, for the reasons I have stated, because it is not rooted in any jurisdiction under the Constitution, and it may very well be taking property without due process of law, on the ground that the courts have held in this succession of cases that you really should go, when you cannot locate the creditor—and if you are going to refer it back to the debtor, you should go—to that place and under those considerations where the debtor has had life breathed into it and where there is some responsibility for the debtor's existence, rather than to the State of purchase, such as is provided prospectively by this law. As I say, I am not taking on that battle in this debate.

I repeat that the very reason that the Court's logical analysis of what would be a proper sense of justice in the situation goes back to a case such as this Connecticut Insurance case makes me believe that it is most unjust to predate this new plan, which does not have the support of the juridical reasoning of the courts, that to take that prospectively is a proper matter for consideration by Congress if it wants to do it, although it does not seem to make sense to me in terms of the juridical background which is here involved. To take the matter and date it back 10 years, notwithstanding the settled law—I mentioned a case which takes us back some 27 years as indicating the way in which the courts were thinking and the concept of the courts of what is an appropriate decision based on elements of justice—it seems to me is way out of line.

So I do believe—to sum up my views as I go on analyzing this case—that it is one thing to run afoul of the views of the courts as to what is an appropriate exercise of juridical reasoning in respect of these matters prospectively—and I am again stripping it of the issue of constitutionality. But it seems to be an extremely different matter when you date back that relative illogic for 10 years, notwitstanding the settled condition of the law during all that time, notwithstanding the assertion of many claims under the law, which claims exist today.

I might point out, because this seems to be kind of fuzzy, that the claims which are made in respect of escheat are not only claims by my State, the State of New York, but also, these claims have been asserted by Pennsylvania, California, Indiana, Virginia, Ohio, and Michigan. Those are the States we know about. There may be other States. Those particular States relate only to two debtors—Western Union and American Express. It is consequential to me, therefore, that this is an issue of broader scope than only my own State.

Indeed, one can conceive of similar claims being made by other States which are popular States for domiciliary corporation. One that immediately springs to mind is Delaware, and there probably are other States which feel that they have favorable receptivity to corporate organization.

The Court goes on in the Connecticut case, which I think is interesting because it goes back for a considerable time, and says:

> We are here dealing with a matter of constitutional power. Power to demand the care and custody of the moneys due these beneficiaries is claimed by New York, under Art. VII of the Abandoned Property Law as construed by its courts, only where the policies were issued for delivery in New York upon the lives of persons then resident in New York. We sustain the constitutional validity of the provisions as thus interpreted. . . .

We should bear in mind that what the Court is sustaining is the law of the State of New York, not the law of the United States, which was not involved there.

Here are the exceptions which they made to the constitutional validity of the provisions insofar as the State of New York is concerned. They said:

> We do not pass upon the validity in instances where insured persons, after delivery, cease to be residents of New York or where the beneficiary is not a resident of New York at maturity of the policy. As interests of other possible parties not represented here may be affected by our conclusions and as no specific instances of those types appear in the record, we reserve any conclusion as to New York's power in such situations.

Mr. President, it seems to me that that again shows that the Court was thinking about the validity of State laws and not the validity of a Federal law and, therefore, that the issue of a Federal law remains open and may very well be decided should this particular provision ever become law; that therefore, the constitutional question was, as the court said, New York's power to take over the care of abandoned money under those circumstances.

The Court concluded by repeating a statement which was made in the opinion of the court below, the Court of Appeals of the State of New York in that case, as this appeal was from that court:

> For the core of the debtor obligations of the plaintiff companies was created through acts done in this State under the protection of its laws, and the ties thereby established between the companies and the State were without more sufficient to validate the jurisdiction here asserted by the Legislature.

It seems to me that that matter, again, goes to the essence of the controversy here, because the privity in the issuance of a money order or a traveler's check is between an entity called a corporation, which has a domicile—it is an entity into which life has been infused and which is living at a given place. Without that place and without that infusion of life, it would be nothing but an amorphous mass of individuals. It might be a partnership, and so forth, but that is not the point. It is an impersonal person.

It seems to me, therefore, that this leads very strongly to the proposition that where property is abandoned without any identification of the creditor—that is the supposition of the cases to which I am referring—and that, therefore, it is an abandoned asset in the hands of the debtor and should revert to the place where the debtor is located, and there is only one place where the debtor is located and that is in the State of the debtor's domicile.

The committee, in its bill, is seeking to depart from that prospectively to take us to the place where the contract is made. But one party to the contract is not to be found and the other party to the contract is to be found, and that party is not there; it is in the State of its domicile. Therefore, it seems to me strange, as a matter of law, to transfer title to the property which is then abandoned to any other place where it is in the possession of somebody, to wit, in the hands of the debtor in the place of its incorporation, which is its domicile.

Again, as I say, this bill which we are asked to consider runs against the grain in that regard. It runs against the grain even more where an effort is being made to make it retroactive, and that is exactly what happened here. There is an extensive dissenting opinion in the Connecticut case by Judge Frankfurter. There also is an extended dissent by Justices Jackson and Douglas in the same case.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. TOWER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. TOWER. Mr. President, I move to lay the amendment of the Senator from New York (Mr. JAVITS) on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion to table the amendment of the Senator from New York.

Mr. JAVITS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. JAVITS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JAVITS. Mr. President, I demand the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Texas to lay the amendment of the Senator from New York on the table. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Indiana (Mr. BAYH), the Senator from Idaho (Mr. CHURCH), the Senator from Mississippi (Mr. EASTLAND), the Senator from Arkansas (Mr. FULBRIGHT), the Senator from Alaska (Mr. GRAVEL), the Senator from Michigan (Mr. HART), the Senator from Indiana (Mr. HARTKE), the Senator from Kentucky (Mr. HUDDLESTON), and the Senator from Iowa (Mr. HUGHES), are necessarily absent.

I further announce that the Senator from Louisiana (Mr. LONG), and the Senator from Georgia (Mr. TALMADGE), are absent on official business.

I also announce that the Senator from Hawaii (Mr. INOUYE), is absent because of illness.

Mr. GRIFFIN. I announce that the Senator from Kansas (Mr. PEARSON) is absent on official business.

I further announce that the Senator from Tennessee (Mr. BAKER), the Senator from Massachusetts (Mr. BROOKE), the Senator from Oregon (Mr. PACKWOOD), and the Senator from Illinois (Mr. PERCY) are necessarily absent.

The result was announced—yeas 73, nays 10, as follows:

[No. 45 Leg.]

YEAS—73

Abourezk
Aiken
Allen
Bartlett
Beall
Bellmon
Bennett
Bentsen
Bible
Biden
Brock
Burdick
Byrd, Harry F., Jr.
Byrd, Robert C.
Cannon
Chiles
Clark
Cook
Cotton
Cranston
Curtis
Dole
Domenici
Dominick
Eagleton
Ervin
Fannin
Fong
Goldwater
Griffin
Gurney
Hansen
Haskell
Hatfield
Helms
Hollings
Hruska
Humphrey
Jackson
Johnston
Magnuson
Mansfield
Mathias
McClellan
McGovern
McIntyre
Metzenbaum
Mondale
Montoya
Moss
Muskie
Nelson
Nunn
Proxmire
Randolph
Ribicoff
Roth
Schweiker
Scott, Hugh
Scott, William L.
Sparkman
Stafford
Stennis
Stevens
Stevenson
Symington
Taft
Thurmond
Tower
Tunney
Weicker
Williams
Young

NAYS—10

Buckley
Case
Hathaway
Javits
Kennedy
McClure
McGee
Metcalf
Pastore
Pell

NOT VOTING—17

Baker
Bayh
Brooke
Church
Eastland
Fulbright
Gravel
Hart
Hartke
Huddleston
Hughes
Inouye
Long
Packwood
Pearson
Percy
Talmadge

So Mr. TOWER's motion to lay on the table Mr. JAVITS' amendment was agreed to.

Mr. JAVITS. Mr. President, I would like to say a few words. In a situation involving a vote such as this, one can either be bitter or philosophical. I prefer the latter. However, I do think that while Members are here, because I am philosophical and I do not get mad at anyone, I would like to say something which I think we all ought to take to heart and think about.

Here is a situation in which at the worst a number of other States are involved. The State of New York has won a legal victory in the Supreme Court on a highly controverted question.

It was thought that the law was settled in 1965. However, it was not. So another case was necessary. They finally locked it in 1972. And that case was decided for New York in the case of Pennsylvania against New York.

If this bill passes—as it obviously will, if I stand up here and talk for days and introduce embarrassing amendments and so on, sometime before too long the bill will pass.

What does the bill do? This bill strips New York of the protection of the Supreme Court case. It is the victim. That is what it does. While we do not argue about what the Senate intends to do prospectively in reference to this particular matter, it does have retroactivity for 10 years.

I hope that Members will hear this. It is like the two-digit inflation that Arthur Burns is talking about. It is a danger signal.

Why was the bill put in with 10 years' retroactivity? It was done simply because those who propose the bill believe that only so many States have a little interest, because there is not really all that much involved, and they will go along with it. It will be 40 against 1, 48 against 2, or 45 against 5.

I would like to express my gratitude to those nine Senators who voted with me, including both Senators from Rhode Island.

My colleagues should think about this matter. We should not encourage naked power to prevail. The Supreme Court decided this issue on juridical principles. It was decided on those juridical principles that this was the right way in which this particular matter should be adjusted. That was the law from 1965 on and was confirmed in 1972. The State of New York won a victory and now it is robbed of that victory simply by the exercise of naked power and self-interest.

As I said, one can be bitter or philosophical. I prefer to be philosophical. However, I want to make it clear to my colleagues that this is the test of an autocracy and those who take over power, as Adolf Hitler, Stalin, and all others in their time. Democracy will ultimately break down because of a scramble over who gets what and the self-interest of human beings.

Mr. President, we have on occasion established great nobility in this Chamber in respect of a particular measure which we pass notwithstanding the fact that only one individual is interested. Those occasions are high points for the Senate of the United States.

I only lay out this set of facts. As I say, I am not angry or bitter about it because I think it is a lesson which we should all learn.

Someone else's State may be the next State up. Senators can say, "There but for the grace of God go I." There is a very deep and proper human principle involved.

I do not expect miracles. I am not living in a mirage. I know that on occasion self-interest has to be expressed in this Chamber. It can be said of me that I talked for a day and a half on the bill. My State had an interest and I was trying to defend that interest. However, there are connotations beyond that.

So, while I do not believe the Republic will fall, I think that this is a case in point in which I had preferred, because my ox was being gored, that the Senate take this matter to heart and give it the deepest of consideration.

The situation will continue for a while and then it may be someone else's State. I believe that we should consider this experience as a case in point.

Mr. HANSEN. Mr. President, will the Senator yield?

Mr. JAVITS. I yield to the distinguished Senator from Wyoming.

Mr. HANSEN. Mr. President, I thank my distinguished friend, the Senator from New York, for yielding.

I rise to point out a couple of things. First of all, I admit that I did not know much about the background of this bill. I was not adequately briefed on the matter. I can plead guilty only to the fact that we have been busy and have been holding hearings on a number of energy bills. We had oversight hearings yesterday.

I have no doubt at all that had I been here and had other Senators been on the floor and heard and participated in the debate, the final vote, I say to my good friend, the Senator from New York, could have been different than it was. The results might have been the same. However, I rather suspect that the vote might well not have been as lopsided as it was.

My only point and my only observation is to say that I can appreciate full well the frustrations which the Senator might feel, and I commend the Senator for his statement that was so genuinely and graciously made.

Not many days ago in this same Chamber, we had several votes on an energy bill. At that time all of us, as the distinguished Senator from Minnesota (Mr. HUMPHREY) has so often said, were headline educated. We did not know what the facts were behind the energy crisis in this country. We did know that there were lots of long lines in front of service stations that were open. We know that there were many frustrations experienced by people who were unable to buy gas when they wanted to buy it and where they wanted to buy it. Yet, as oftentimes happens, it is only when the final vote comes that we are here to hear what is said.

I was sorry that I could not get over here sooner, because I would like very much to have heard what was said by the senior Senator from New York, a man for whom I have the greatest respect and admiration—I could add parenthetically a man with whom I do not often vote, but nevertheless admire his ability and his intelligence.

It is unfortunate. I do not know how the situation could be changed. We never get here very much before a vote, and things which are important to hear and need to be better understood are oftentimes learned after, not before, we vote.

So I hope that it might be of some comfort to my distinguished colleague from New York to assure him that I know what he is talking about. I must say that at times I, too, am concerned about the ability of democracy to govern well and to chart a course that will insure the future of our country.

I always have to think back and ask myself, am I objective in my appraisal of this old ship of state? It does not move very fast. It is squeaky, and it is slow in changing course; but nevertheless, for reasons and in response to forces beyond my comprehension to evaluate and even at times to discern, it seems that we still are afloat, and I, despite the inability of some of us to hear what needs to be heard, I still have faith in this country as I know, indeed, the Senator from New York has.

Mr. JAVITS. Mr. President, I thank my colleague for his intercession. I certainly do have faith in this country; I would not say the things I say if I did not.

But I feel that, like every other person or institution in which we have faith, it constantly needs to be reminded of its duties and its origin. And while there are a few Members here—Senator TOWER and I have been speaking pretty much to empty walls—I would like to take just a minute to state what this bill is about and what the argument is all about.

It comes down to simply this: For 10 years, since the Supreme Court decided that case in 1965, there has been a rule on the books that where a traveler's check or a money order was issued to an individual after being bought from a particular entity like American Express or Western Union, and somehow or other the recipient of that particular money order or traveler's check failed to get the money, failed to cash it or to receive it when it was delivered at the other end of the line, and no record was available of his name or address, the State of incorporation of the issuing company was entitled, after the necessary statutory period, to escheat the money as abandoned property from the issuing company.

That was the law for 10 years, up until now. Now this bill proposes to change that law by making the State where the money order or traveler's check was bought the State which will escheat or take over the abandoned property.

And we are not objecting to that. But an effort is made in his bill to antedate it by 10 years; in other words, to take it back to the time when the Supreme Court made its decision, and that is the iniquity. That is what I am crying out against, and that is the reason I made the speech I did, because that is just the application of naked power to change a juridical finding upon logic and law.

In my judgment, therefore, what I said was valid from that point of view, and that is the whole case. Since these are open secrets openly arrived at, I will talk with the attorney general of my State, and if he feels as I do, that this is about the end of the road, permit it to be voted up or down, and that will be the end of it. But I hope very much that Senators will at least do themselves the justice of taking a look at the facts.

Mr. BUCKLEY. Mr. President, will the Senator yield?

Mr. JAVITS. Yes, that is all. I yield.

Mr. BUCKLEY. I want to associate myself with the remarks of my colleague. In representing the interests of our constituents, I think sometimes we tend to lose sight of the important principles at stake. There is not very much money involved; and no one is quarreling with the recommendation of the committee that the law should be changed as defined by the Supreme Court.

But we do have the principle of retroactivity, and I believe a larger principle of constitutionality. After all, property rights have vested under the law as it has now been defined by the U.S. Supreme Court, and I understand the sponsors of the bill are not even willing, to protect those vested rights, to stipulate that this bill will go back to only the point where the various escheat laws of the respective States do not take over.

I think, frankly, that this is an unquestionable breach of our obligation to protect the concept of property rights in this country. So I commend my senior colleague for his lonely fight. I am surprised that California has not joined in; I understand that the Bank of America issues a few traveler's checks. I understand that there is a bank in Virginia that issues traveler's checks.

But that is not of primary importance. What is important is that we do not reach so far back into the past that we upset property interests that have legitimately vested under the law of the land.

Mr. JAVITS. Mr. President, I thank my colleague. It was not a lonely fight; he joined me in it.

Mr. WILLIAM L. SCOTT. Mr. President, will the Senator yield?

Mr. JAVITS. I yield to the Senator from Virginia.

Mr. WILLIAM L. SCOTT. Mr. President, I thank the distinguished Senator for his explanation, and for his efforts to represent the best interests of his State.

I would like to say to the Senator that someone recently had a cloture motion that he wanted me to sign, and I declined to sign that cloture motion. I would say to the Senator that, contrary to the statement he made a few moments ago that his continued speaking would not change anyone's vote, I think there is a possibility that if he could continue on this subject beyond the 9th of March there might be a great number of Senators who would be willing to reexamine their positions on this matter. I would say that I would personally reexamine my own position.

As the distinguished Senator well knows, the executive pay raises go into effect unless one body of Congress decides that they should not go into effect, and I would encourage the distinguished Senator from New York to go on and on.

Mr. JAVITS. May I say to my colleague from Virginia that there will be a similar opportunity on the very resolution which deals with the pay raise, and then apparently there will be a lot more allies and it would be an easier job. I think I shall forgo that; but now, unless other Senators wish to speak, I suggest the absence of a quorum.

Mr. SPARKMAN. Mr. President, will the Senator withhold that?

Mr. JAVITS. I withdraw it.

Mr. TOWER. Mr. President, does the Senator from New York have any more amendments to offer?

Mr. JAVITS. I may. I was just about to suggest the absence of a quorum momentarily.

Mr. SPARKMAN. Mr. President, because I am going to have to leave in a short time, I would like to say just a few words in view of some of the things that have been said.

Mr. PASTORE. Mr. President, we cannot hear the Senator.

Mr. SPARKMAN. I see that my friend from Wyoming is still here.

Mr. HANSEN. On which side?

Mr. SPARKMAN. He is on the Democratic side right now. We welcome him.

This is a difficult bill, and the Senator from New York knows that after this bill was introduced we negotiated a great deal in trying to arrive at an agreement.

It is true that the Supreme Court in 1965 made the ruling that the Senator from New York has related, and in 1972 it considered the case again. In the 1972 decision, Justice Powell, if I recall correctly, wrote a dissenting opinion in which he suggested this method of handling this vexatious case. I do not believe anyone could say that this bill, as it is prepared, is bad. There can be a question—and this is what the Senator from New York is basing his argument on primarily—as to the time it should be effective.

Under the bill, we made it effective as of 1965, at the time the Supreme Court handed down its first decision.

I wonder whether everyone realizes how this is operated.

Let me say to the distinguished Senator from Wyoming (Mr. HANSEN) that if one of his constituents went to the American Express office there and bought a money order or a traveler's check and paid good Wyoming money for that, right there in Wyoming, under the version of the Senator from New York, if that money order or traveler's check had never been used and the time had gone by so that it had ripened into an escheat, and his address was not known, it would have escheated not to Wyoming, where the money came from and where the person lived, but would have escheated to the corporate office of the American Express Co.—which happens to be in New York.

Why should the citizens from Rhode Island, Virginia, Wyoming, North Carolina, Maine, Alabama, and all the other States of the Union who had bought and paid good money for these money orders and traveler's checks not have their States benefit if and when these items are deemed abandoned?

When it escheated, why should it escheat to the State of New York instead of to the State from which the money came?

This bill creates the presumption that the State in which the travelers check or money order is purchased is the address of the purchaser and is eligible to escheat in the event the paper is later deemed abandoned.

That is a simple statement of this legislation. I just hope that no one misunderstands what I have said. This was not willfully established, I say, but just from a recital of the facts. I feel that we have done just as Justice Powell suggested. This bill does provide equitable distribution because it goes back to the State from which it originated, and not to the corporate office of the issuing agent.

Mr. President, that is all I care to say.

Mr. HANSEN. Mr. President, will the Senator from Alabama yield?

Mr. SPARKMAN. I yield.

Mr. HANSEN. Mr. President, may I say that though I have been in the Chamber only a little while, I certainly know more now than I did as I came in to vote. The Senator may know that I voted to table the motion by the Senator from New York. I am not persuaded that I voted wrong yet.

Mr. SPARKMAN. I am glad the Senator from Wyoming stuck around. [Laughter].

I thank the Senator from New York for withholding his quorum call so that I could make these few remarks.

Mr. JAVITS. Mr. President, I should like to reply to the Senator from Alabama in the following way: If we are going to go by minority decisions of the Supreme Court, that will really send American justice and American legislation into a tailspin.

The case to which the Senator referred, Pennsylvania against New York, which was decided 6 to 3—and Justice Powell was one of the three dissenters—but six deciding, that the proper juridical rule was to escheat to the State where the debtor was domiciled—to wit, in that case, the American Express Co.

So I really do not think in any way that counts as my point that we are vacating and annulling the decision of the Supreme Court made on an express juridical principle. We cannot hope for unanimity if we say that law is not what the majority says but what the minority says. As I say, that would be the end of the Supreme Court and the end of government. But even beyond that, Senator, I have no complaints about Congress adopting the Powell theory. I may not agree with it. I may not like it. I think there are very good arguments against it, especially those made by the Supreme Court; but if that is the way Congress wants to go, we will go that way.

What I was objecting to was the retroactivity, the annulling, which I think is a dangerous idea—in cold blood, as it were, annulling the Supreme Court judgments based on straight juridical reasoning. The interpretation of the statute or anything else called for the Supreme Court evaluation as to what was an equitable way to dispose of the controversy. To annul that for 10 years back seemed to me to be an extremely dangerous idea.

Mr. PASTORE. Mr. President, will the Senator from New York yield?

Mr. JAVITS. I yield.

Mr. PASTORE. Has any of this money escheated to the domiciled corporation between 1965 and the present moment?

Mr. JAVITS. It must have, because even in their bill they exempt——

Mr. PASTORE. My question is specifically this: What happens in that particular case?

Mr. JAVITS. This bill expressly exempts money paid over. As a matter of fact, it should, by way of escheat under existing rules of law, according to the Supreme Court. The bill says that that money—this bill does not reach that money—it is not recoverable—in other words, the argument is on retroactivity because we allow the State which is collecting it to keep it just because of the happenstance that it did collect it, yet on the last principle you say it is wrong, you should have collected it, but we wipe it out for 10 years.

Mr. PASTORE. The question I asked is this: In view of the fact that this is exempted under the bill, does not the argument against or for retroactivity become a moot question?

Mr. JAVITS. No, it does not, because there is still money outstanding. In other words, many of these escheats and abandonments have not been paid. A number of claims have now been filed by the various States. I gave a list, some little while ago, of the various States which had filed claims with two companies—Western Union and American Express. Payment had not actually been made. It is not moot. It remains a burning question enough to have brought the case to the Supreme Court as between New York and Pennsylvania.

QUORUM CALL

Mr. JAVITS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. HATHAWAY). The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE PAY RAISE BILL

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the measure to be reported by the Post Office and Civil

Service Committee, having to do with a pay raise for those in the Government employ, be made the pending business at the conclusion of morning business tomorrow morning.

The PRESIDING OFFICER. Without objection, it is so ordered.

QUORUM CALL

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Hackney, one of its reading clerks, announced that the House had disagreed to the amendments of the Senate to the bill (H.R. 7824) to establish a Legal Services Corporation, and for other purposes.

ORDER FOR CONVENING AT 10 A.M. TOMORROW AND FOR TRANSACTION OF ROUTINE MORNING BUSINESS

Mr. MANSFIELD. Mr. President, I ask unanimous consent that when the Senate convenes tomorrow, it convene at the hour of 10 a.m.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. And I ask unanimous consent that there be a period for the conduct of morning business for not to exceed 15 minutes, with a time limitation of 3 minutes on statements attached thereto.

The PRESIDING OFFICER. Without objection, it is so ordered.

DISPOSITION OF ABANDONED MONEY ORDERS AND TRAVELER'S CHECKS

The Senate continued with the consideration of the bill (S. 2705) to provide for the disposition of abandoned money orders and traveler's checks.

Mr. BAKER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. HELMS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. Tower). Without objection, it is so ordered.

ALEKSANDR SOLZHENITSYN—ADDITIONAL COSPONSORS OF JOINT RESOLUTION

Mr. HELMS. Mr. President, I ask unanimous consent that the names of the distinguished Senator from Wisconsin (Mr. Nelson), the distinguished Senator from Texas (Mr. Tower), the distinguished Senator from Connecticut (Mr. Ribicoff), and the distinguished Senator from Georgia (Mr. Nunn), be added to the cosponsors of Senate Joint Resolution 188, a joint resolution to authorize the President to declare by proclamation Aleksandr I. Solzhenitsyn an honorary citizen of the United States.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HELMS. Mr. President, Aleksandr Solzhenitsyn's new book, "The Gulag Archipelago," has not yet been published in English, although it has been published in Russian by the YMCA-Press in Paris. There have been several descriptions of its contents in news accounts, and all attribute to it great power and a great sense of outrage against the system that drives men to live a life of lies in order to circumvent terror and repression. Fortunately, however, we are able to get a direct sample of Solzhenitsyn's work in four short excerpts that appeared in installments in the New York Times.

To read these is to experience Solzhenitsyn's sense of outrage. What he is trying to tell us here is that the distortion of human personality and the repression of the spirit that takes place under communism is inherent in the nature of the system. The cruder forms of terror may no longer be in widespread use; but Solzhenitsyn is saying that the brutality of spirit is still there. Effective control throughout the system makes widespread terror no longer necessary. But controls on personal freedom of movement and freedom of thought and expression are still inherently necessary. The Communists are willing to manipulate human personality and repress fundamental human freedoms. The structure of terror is still there, waiting beneath the surface. And communism forces all those who live under it and who deal with it to live out the lie that nothing is wrong.

Mr. President, I ask unanimous consent that the four excerpts from "The Gulag Archipelago," be printed in the Record at the conclusion of my remarks.

There being no objection, the material was ordered to be printed in the Record, as follows:

[From the New York Times, Dec. 30, 1973]

"The Gulag Archipelago": Solzhenitsyn Gives An Account of Soviet Prison System

(By Aleksandr I. Solzhenitsyn)

This I dedicate
To all of those who did live
    to tell of it.
And may they please forgive me
    for not having seen it all
    nor all remembered;
    for not having divined all of it.

For years I have with reluctant heart withheld from publication this already completed book. My obligation to those who are still alive outweighed my obligation to those who are dead. But now that the State Security has seized this book anyway I have no alternative but to publish it immediately.

In this book there are no fictional persons, nor fictional events. People and places are named with their own names. If they have been identified by initials instead of names this is out of personal considerations. If they are not named at all then this is because human memory has failed to preserve their names.

But it all took place just as it is here described.

In 1949 some friends and I came upon a news item in the magazine Pirroda [Nature] of the Academy of Sciences. It reported in tiny letters that in the course of excavations on the Kolyma River a subterranean ice lens, actually a frozen ancient stream, had been discovered—and in it were found frozen specimens of prehistoric fauna some tens of thousands of years old. Whether fish or lizard these were preserved in so fresh a state that those present immediately broke open the ice and devoured them with pleasure on the spot.

As for us, we understood instantly. We could picture the entire scene down to the smallest detail: how those present broke the ice with tense haste; how, flouting the lofty interests of ichthyology and elbowing each other to be first, they tore off pieces of the prehistoric flesh and dragged it over to the bonfire to thaw it and bolt it down.

We understood instantly because we ourselves were the same kind of people as those present at this event. We, too, were from that powerful tribe of "zeks" [prison camp inmates], unique on the face of the earth, the only kind of people who could devour prehistoric lizard with pleasure.

The Kolyama was the greatest and most famous island, the ferocious extremity of that surprising country of Gulag [the Soviet labor camp system], which though in terms of geography scattered out as an archipelago, was in terms of psychology fused into a continent—an almost invisible, almost imperceptible country inhabited by the zek people.

This archipelago cut across and speckled the country within which it was located like a checkerboard. It carved out enclaves in cities, hovered over streets—and yet there were many who did not even guess at its presence and only those who had been there knew the whole truth.

NOT HISTORY OF ARCHIPELAGO

I would not be so bold as to try to write the history of the archipelago. I have never had the chance to read the documents. And will, in fact, someone someday ever have the chance to read them? Those who do not wish to *recall* have already had enough time—and there will be more—to destroy all the documents to the very last one.

My own 11 years spent there I have absorbed into myself not as something shameful and not as a nightmare to be cursed; I have almost come to love that deformed world. And now, by a happy turn of events, I have been entrusted with many recent stories and letters.

This book could never have been created by one single person alone. It contains, in addition to what I myself was able to take away from the archipelago—on the skin of my back and in mind's eye—the material in stories, memories, and letters of 227 other human beings.

But the time has not yet come when I dare name them.

The old Solovetsky Islands prisoner Dmitri Petrovich Vitkovsky was to have been the book's editor. But his half a lifetime spent *there*—indeed his own camp memories are entitled "Half a Lifetime"—resulted in untimely paralysis. It was only in a state in which he was deprived the gift of speech that he was able to read at least several chapters and see for himself that everything *would* be told.

If freedom does not come to my country for a long time in the future then the very reading and handing from person to person of this book will be very dangerous—so that I am bound to salute future readers as well—on behalf of *those others* who have perished.

How is it that people get to this clandestine archipelago?

Those who, like you and I, dear reader, go there to die, can get there solely and obligatorily via arrest.

The universe has as many different centers as there are in it living beings. Each of us is a center of creation, and the universe is shattered when they hiss at you: *"You are under arrest."*

Arrest is the sharp nighttime ring or the rude knock at the door. It is the insolent entrance of unwiped jackboots of the brassy security operations men. It is the frightened and beaten-down civilian witness behind their backs.

The traditional arrest is also what happens afterward when the poor victim has been taken away. It is the breaking, tearing and tossing off the walls, the hurling of things onto the floor from wardrobes and desks, the shaking, dumping out, and tearing apart of things.

During the arrest of Inoshin, a locomotive engineer, there stood in his room a coffin containing the body of his child who had just died. The "law officers" threw the child's body out of the coffin and searched it. They shake sick people out of their sickbeds and they unwind bandages to search beneath them.

When in 1937 they wiped out Dr. Kazakov's institute, the "commission" broke up vessels containing the lysates developed by him, even though patients who had been healed and others in the middle of the healing process begged them to preserve the miraculous medicines. (According to the official version the lysates were supposed to be poisons in which case why should they not have been preserved as material evidence?)

From our greatest expert on Tibet, Vostrikov, they seized valuable ancient Tibetan manuscripts; and it took his pupils 30 years to tear them out of the hands of the K.G.B.! When the Orientalist Nevsky was arrested they seized Tangut manuscripts—and 25 years later the deceased victim was awarded posthumously the Lenin Prize for deciphering them. From Krager they took his archive of the Yenisei Ostvaks and put a veto on the alphabet and vocabulary he had developed for his people—and a small nationality was left without any written language.

SOMETHING WAS NEVER THERE

In any intellectual way of speaking it would take a long time to describe all this, but there's a folk saying about search that covers the subject: *They are looking for something that was never put there.*

For those left behind there is the long tail of a wrecked and devastated life. And the attempt to deliver food parcels. But the answer comes from the windows in barking voices: "There is no one here by that name!" "We never heard of him!" Yes, and just to get to that window in the worst days in Leningrad took five days of standing in line. Maybe only after half a year or a year does the arrested person respond at all, or else they toss out: "Deprived of the right to correspond." That means—once and for all. "Deprived of the right to correspond" indicates, almost without fail, "Has been shot."

Arrests are various in their form. Irma Mendel, a Hungarian woman, obtained through the Comintern in 1926 two front-row tickets to the Bolshoi Theater. The prosecutor Klegal was courting her and they spent the performance together very affectionately. After this he took her—straight to the Lubyanka.

If on a flowering June day in 1927 on Kuznetsky Most the full-faced red-headed beauty Anna Skrypnikova, who had just bought herself some navy blue cloth for a suit, climbed into a hansom cab with a young man about town, well, it wasn't a lover's rendezvous at all as the cabman understood. It was an arrest.

Do not think that if, for example, you are an employe of the American Embassy by the name of A. D. [Alexander Dolgun] you cannot be arrested in broad daylight on Gorky Street right by the Central Telegraph Office. Your unfamiliar friend calls to you right across the crowd: "Saaasha!" He simply shouts at you: "Hey fellow! Long time no see! Come on over here, let's step out of the way." And at that moment a Pobeda sedan comes up to the edge of the sidewalk. Several days later Tass will make a wrathful declaration in all papers that competent circles of the Soviet Government allegedly have no information on the disappearance of A. D. What's so unusual about that?

ANY ONE CAN ARREST YOU

You are arrested by a religious pilgrim who has stayed "for the sake of Christ" with you overnight. You are arrested by a meterman who has come to read your electric meter. You are arrested by a bicyclist who has run into you on the street, by a railway conductor, a taxi driver, a savings bank employe, a cinema theater administrator. Any one of them can arrest you, and you notice the concealed maroon-colored identification only when it is too late.

In 1937 a woman came to the reception room of the Novocherkassk N.K.V.D. to ask what she should do with the unfed nursing child of her arrested neighbor. They told her: "Sit down, we'll find out." She sat there for two hours; then they took her and tossed her into a cell.

The listing that follows, in which waves of millions of arrested persons are given equal attention with ordinary streamlets consisting of handfuls of people, is quite incomplete, quite sparse and miserly, limited by my own capabilities of penetrating into the past.

In his essay entitled "How to Organize the Competition," published on Jan. 7 and 10, 1918, V. I. Lenin proclaimed the common, united purpose of a *"purge* of the Russian earth of all harmful insects."

Within the term of *insects* he included not only all class enemies, but also "workers, malingering at their work," for example, typesetters at the Petrograd party printing plants. The railroads were a particularly important place for there were many insects hidden beneath railway uniforms, and they had to be "jerked out" and some of them "slapped down." And telegraph operators—for some reason, these, in their mass, were inveterate insects.

CLASSIFICATION OF EXECUTIONS

In thinking about the period from 1918 to 1920 we are in difficulties; should we classify among the waves of prisoners all those done in before they even got to the cells? And in what classification should those be put whom the Committees of the Poor took off behind the wing of the village soviet or in the rear of a courtyard, and finished off there?

Besides the repression of the famous rebellions (Yaroslavl, Murom, Rybinsk, Arzamas) we know of certain events only by their name—for instance the Kolpino executions in June, 1918. What is it? Who was it? And where should it be classified?

There is also no little difficulty in deciding whether one should classify among the waves of prisoners those tens of thousands of *hostages,* those people not accused of anything at all personally, those peaceful inhabitants not even listed by name and taken off to destruction only for the sake of terror.

But we can make a note that by the spring of 1918 there had already begun a long-lasting, many-year-long, incessant torrent [of arrests] of "socialist traitors." All these parties—the Social Revolutionaries, the Mensheviks, the Anarchists, the Popular Socialists—had for decades only pretended to be revolutionaries; they had only worn socialism as a mask, and for this they had gone to hard labor.

"We learn of individual arrested groups from the protests of the writer Maxim Gorky. On Sept. 15, 1919, Lenin advised Gorky "not to spend his energy whimpering over rotten intellectuals."

Most of the removals of people from villages in Tambov Province took place in June, 1921. Throughout the province concentration camps were set up for the families of peasants who took part in the revolts. Open fields were enclosed with barbed wire and for three weeks they held there every family of a suspected rebel. If in three weeks the man of the family did not come in order to buy his family's way out with his own head, they sent the family to exile.

In the spring of 1922 the Extraordinary Commission for Struggle with Counterrevolution and Speculation, the Cheka, just renamed the G.P.U., decided to intervene in church affairs. For this reason the Patriarch Tikhon was arrested and two resounding trials were held with subsequent executions, in Moscow, of the disseminators of the Patriarch's appeal, and in Petrograd, of the Metropolitan Veniamin.

As Tanya Khodekevich wrote:

You can pray freely
  But just so only God can hear.

And for these verses she received a sentence of 10 years.

Among the wives and daughters of nobility and officers were some women of outstanding personal qualities and attractive appearance. Some offered their services to the Cheka-G.P.U. as informers. Here one can name the last Princess Vyazemskaya, a prominent post revolutionary informer—her son on the Solovetsky Islands also was an informer. Konkordiya Nikolayevna losse was a woman, evidently, of brilliant qualities; her husband was an officer who was shot in her presence, and she herself was exiled to the Solovetsky Islands, but she managed to beg her way out and to set up near the Lubyanka a salon that the bosses of this establishment loved to visit. She was arrested again in 1937 with her Yagoda customers.

GRANDIOSE TRIAL PREPARED

Following the trial of the Promparty (the so-called Industrial party) a grandiose trial of the Working Peasants' Party (T.K.P.) was being prepared in 1931. The interrogation apparatus of the G.P.U. was working faultlessly: thousands of defendants had confessed in totality their participation in the criminal plans of the "T.K.P." No fewer than 200,000 "members" had been promised by the G.P.U. All of a sudden Stalin one lovely night changed his mind. All the persons who had "confessed" were told they could renounce their confessions. (In 1941 the T.K.P. "resurfaced" when the tortured scientist Nikolai Ivanovich Vavilov was accused of having secretly been its head.)

And then—slowly, it is true, but surely—the turn came for members of the ruling party to spend time in prison!

From 1927 to 1929 there was the issue of the "worker's opposition," in other words the Trotskyites. They numbered, for the time, in the hundreds, and soon there would be thousands.

At the end of 1929 began the famous gold rush.

Who was arrested in the "gold" wave? All those who at one time or another time, 15 years before, had had a private "business," had been involved in retail trade, had caused wages at a craft, and could have, according to the G.P.U.'s deductions, hoarded gold. All were arrested. It even got to such a state of confusion that men and women were imprisoned in the same cells and went to the toilet in each others' presence. They had one universal method: to feed the prisoners only salty food and not to give water. Whoever coughed up gold got water! One gold piece for a cup of fresh water! But it was a mistake to give up too easily. They would refuse to believe that you had coughed it all up. But you'd be wrong to wait too long, you'd end up by kicking the bucket.

AN ETHNIC CATASTROPHE

So it was that the waves foamed and rolled—but across all of them there billowed and gushed in 1929–1930 the multimillion wave of "dispossessed kulaks." It was immeasurably large and it went straight to transit prisons and points, onto prisoner transports, into the Gulag country. There was nothing to be compared with it in all Russian history. It was a forced resettlement of a whole people, an ethnic catastrophe.

In this wave from the start they uprooted only whole nests, only whole families; and they even sought jealously to prevent any of the children—14, 10, even 6 years old—from getting away. This was the first such experiment, in any case, in modern history. It was subsequently repeated by Hitler with the Jews, and again by Stalin with nationalities that were disloyal to him or suspected by him.

Then the Kirov wave from Leningrad began. It is estimated that one quarter of Leningrad was purged—cleaned out—in 1934–35. Let this estimate be disproven by those who have the exact statistics and who are willing to publish them.

During the last years of Stalin's life a wave of Jews began to be noticeable. From 1950 on they were hauled in little by little as *cosmopolitans*. And it was for this that the *doctors'* plot was cooked up. It would seem that Stalin intended to arrange a great massacre of the Jews.

According to Moscow rumors, Stalin's plan was this: at the beginning of March, 1953, the "doctor-murderers" were to be hung on Red Square. The aroused patriots, naturally led by instructors, were to rush off into an anti-Jewish program. And at this point—and here Stalin's character can be divined, don't you agree?—the Government would intervene generously to save the Jews from the wrath of the people, and on that very same night remove them from Moscow to the Far East and Siberia, where barracks were already prepared for them.

However, this became the first plan of his life to fail. God told him to depart from his rib cage.

Paradoxically the entire activity of the police organs was based on solely one section out of 140 sections of the nongeneral division of the Criminal Code of 1926, Section 58.

Point Thirteen, seemingly long out of date, was of service in the Czarist secret police—the "okhrana."

There are psychological reasons for suspecting Stalin of having been liable to trial under this point of Section 58. By no means all the documents referring to this type of service survived February, 1917, and became matters of public knowledge. V. F. Dzhunkovsky, a former inspector of the Police Department, who died on the Kolyma, declared that the hurried burning of police archives in the first days of the February Revolution was a cooperative effort on the part of certain interested persons.

One of Stalin's favorite themes was to ascribe to every arrested Bolshevik, and, in general, to every arrested revolutionary, service in the Czarist okhrana.

Was this merely his intolerant suspiciousness? Or was it an intitution, by analogy?

What scholar of the laws, what criminal historian is going to cite for us verified statistics of the 1937–38 executions? Where is that *special archive* into which we might be able to penetrate in order to read off the figures? There is none. There is none and there never will be. Therefore we dare to repeat merely those figures from rumors quite fresh at the time, in 1939–1940.

The Yezhov men said that during those two years of 1937 and 1938 *half a million* "political prisoners" had been shot throughout the Soviet Union, and in addition 480,000 blatari, habitual thieves. What's so fantastic about that it is even an understatement! (According to other rumors 1.7 million people were shot by Jan. 1, 1939.)

How many there actually were in the archipelago one cannot know for certain. It is quite believable to think that at any one time there were not more than 12 million (as some departed beneath the sod, the "machine" kept bringing in replacements). And not more than half of them were politicals.

Six million? Well, that is the equivalent of a small country, Sweden or Greece.

[From the New York Times, Dec. 30, 1973]

"THE GULAG ARCHIPELAGO, 1918–1956"—SOLZHENITSYN ON PURGE TRIALS OF THE 30'S

(By Aleksandr I. Solzhenitsyn)

It is not for me to tell the reader but for the reader to tell me just what there was to the notorious "riddle of the Moscow trials of the thirties."

After all, they brought into open trial not the 2,000 dragged into involvement in it, nor even 200 to 300, but only eight persons. It is not so hard to direct a chorus of just eight persons.

So where is the riddle then? How they were worked over? Very simply; do you want to live? (And even those who do not care about themselves, care for their children or grandchildren.) Do you understand that it takes no effort at all to have you shot, without your ever leaving the courtyards of the G.P.U.? But both for you and for us it is useful to have you act out a certain drama. The condition is that you have to carry all our conditions out to the very last! The trial must go on for the good of socialist society.

That is how the public trials were manufactured. Stalin's searching mind once and for all attained its ideal.

People have written about a Tibetan potion that deprives a man of his will, and of the use of hypnosis. Such explanations must not by any means be rejected: if there were such means in the hands of the N.K.V.D. it is clear that there were no moral rules to prevent resort to them. Why not weaken or muddle the will. And it is a known fact that in the twenties important hypnotists left off theatrical performances and went into the service of the G.P.U. It is reliably known that in the thirties a school of hypnotists existed in the N.K.V.D. The wife of Kamenev received an appointment with her husband before the trial itself and found him retarded in reactions, not himself. (And she managed to communicate this to others before being arrested herself.)

The party leaders on trial in 1936 to 1938 had had in their revolutionary past short, easy imprisonments, short periods in exile, and they had never even had a whiff of hard labor. Bukharin had many petty arrests on his record, but they amounted to nothing.

Yagoda was an obviously criminal type. This millionaire and murderer simply could not imagine that his superior murderer up on high would not stand up for him, protect him, at the last moment. Just as if Stalin were sitting right there in the hall, Yagoda self-confidently and insistently begged him directly for mercy: "I appeal to you! For you I built two great canals!"

And one who was present recounts that just at that moment through a window on the second floor of the hall, seemingly behind a muslin curtain, in the shadows flared a match and, while it lasted, the outlines of a pipe could be seen.

That person who out of the distance of time seems from among all the disgraced and executed leaders to have been the highest and brightest mind of them all—to whom, evidently, Arthur Koestler dedicated his talented study ("Darkness at Noon")—was N. I. Bukharin. Stalin saw through him too, and Stalin held him in a long death grip and even played with him, like a cat with a mouse.

Bukharin did not like Kamenev and Zinoviev, and when they were tried the first time, after the murder of Kirov, had said to those close to him: "Well what? They were such people that maybe there was something to it."

At the December [1937] Plenum of the Central Committee they brought in Pyatakov with teeth knocked out and not a bit like himself. Behind his back stood mute Chekists (Yagoda men, and Yagoda, after all was being tested out and prepared for a role too).

Pyatakov delivered the most repulsive sort of evidence against Bukharin and Rykov. Ordzhonikidze put his hand up to his ears (he was hard of hearing): "Say here, are you giving all this testimony *voluntarily?"* (Note that down! Ordzehonikidze will get a bullet of his own!) "Absolutely voluntarily," and Pyatakov swayed on his feet. And in the intermission Rykov said to Bukharin: "Tomsky had will power. He understood back in August and he ended his own life. And you and I, like fools, have gone on living."

AND BUKHARIN BELIEVED HIM

Unshaven, thin and wan, already a prisoner in his appearance, Bukharin dragged himself along to the plenum. "Just what were you thinking of?" dear Koba asked him cordially. "Come on now. No one is going to expel you from the party!"

And Bukharin believed him, and revived. But during the course of the plenum Kaganovich and Molotov, impudent fellows they were indeed, paid no attention to Stalin's opinion! Both called Bukharin a fascist hireling and demanded he be shot. (See what a wealth of information we are being deprived of because we are protecting Molotov's noble old age.)

How many wars Russia has been involved in! And were there many traitors in all those wars? Was it ever observed that treason had become deeply rooted in the hearts of Russian soldiers? And then, under the most just social structure in the world, came the most just war of all—and out of nowhere appeared millions of traitors, from among the most simple, ordinary, lowly elements of the population.

How was this to be understood and explained?

Capitalist England fought at our side against Hitler; Marx had eloquently described the poverty and suffering of the working class in this same England. And why was it that *among them* in this war there was only one single traitor to be found, the businessman, "Lord Haw Haw?" And millions in our country?

Indeed, it is awful to be caught with a mouth wide open, but maybe the heart of the matter is the structure of the state?

The only army in the world which forbids its soldiers to surrender as prisoners is the Red Army. Only our soldiers, renounced by Motherland and degraded to nothing in the eyes of enemies and allies, had to push their way to the swine swill being given out in the backyards of the Third Reich. Only our soldiers had the door shut tight to keep them from returning to their homes, though their young souls tried hard not to believe this.

Escape and return to the Motherland—past the guard ring around the camp, through half of Germany, then through Poland or the Balkans—this led straight to Smersh and prison. They asked: how was it that you escaped when others could not? This smells bad! Come on, you rat, what assignment did they give you? Such was the case with Kikhail Burnatsev, Pavel Bondarenko, and many, many others.

Now and then recruiters came—Russians, usually recent Communist political commissars. White Guards didn't accept this type of employment. These recruiters scheduled a meeting in the camp, condemned the Soviet regime, and appealed to prisoners to enlist in spy schools or in Vlasov units.

HALF-BAKED SPIES

And those of our lads who enlisted to become half-baked spies saw this as the least difficult means of getting out of P.O.W. camp. Almost to a man, they calculated that as soon as the Germans sent them across to the Soviet side, they would turn themselves in to the authorities, turn in their equipment and instructions, and join the benign command in laughing at the stupid Germans. They would then put on their Red Army uniforms and boldly return to fight in their units.

But spy mania was one of the fundamental traits of Stalin's insanity. All the Chinese who lived in the Soviet Far East got spy convictions—Section 58–6. They were taken to the northern camps where they perished. The same fate awaited the Chinese participants in the Soviet Civil War—if they had failed to clear out in good time. Several hundred thousand Koreans were exiled to Kazakhstan, all being likewise suspected spies. And the Latvian riflemen—the most reliable bayonets of the first years of the revolution—were accused of espionage when they were all to a man arrested in 1937.

The only ones who did not expect any mercy and did not expect an amnesty—were the Vlasov men.

Long before our unexpected encounter on prison board bunks I had known of them and had them in a state of perplexity about them.

First there had been leaflets, wet through and dried out many times and lost in the high grass of the frontline strip uncut now for the third year, near Orel.

In the many leaflets there was a photo of General Vlasov and his biography was set forth. Among the corps of newly made generals, many of whom were made generals, many of whom were utterly stupid and inexperienced, Vlasov was one of the most talented. He made his way out of the enormous Kiev encirclement and in December, 1941, near Moscow he commanded the 20th Army, which began the successful Soviet counteroffensive for defense of the capital.

He became Deputy Commander of the Volkhov Front (under Meretskov), and received command of the Second Shock Army, at the head of which he began on Jan. 7, 1942, an attempt to break through the Leningrad blockade.

NO REINFORCEMENTS OR SUPPLIES

By February, 1942, he was 75 kilometers deep in the German lines! And from this moment on, even for it, the reckless Stalinist Supreme Command could not find reinforcements in either men or ammunition.

From April on the entire swampy area through which the Second Army had advanced melted into mud, and there were no supply roads, and there was no help from the air. The army turned out to be deprived of food and at the same time Vlasov was refused permission to retreat.

And so it was that Vlasov's Second Shock Army perished.

Now that, of course, was treason to the Motherland! That, of course, was a cruel, egoistic betrayal! But it belonged to Stalin.

After his army had been wiped out Vlasov wandered about the woods and swamps and surrendered as a war prisoner on July 6 in the area of Siverskaya. He was taken to the German staff near Lötzen in East Prussia where several captive generals and a brigade political commissar, G. P. Zilenkov, formerly a successful party official, secretary of one of the Moscow district party committees were being held. They had already declared their disagreement with the policy of the Stalinist government. But they had no real leader among them. Vlasov became this figure.

In the general disaster (of 1945) Vlasov gathered up his two and a half divisions below Prague at the end of April. S.S. General Steiner was preparing to destroy the Czech capital, so as not to surrender it intact. Vlasov ordered his divisions to the aid of the Czech rebels. All of the hurt, bitterness and anger accumulated against the Germans in the breasts of Russians kept in slavery these cruel and vain three years was released in the attack on the Germans. They were shoved out of Prague from an unexpected direction.

Did all Czechs subsequently realize which Russians had saved their city? our own history is likewise distorted, claiming that Prague was saved by Soviet armies, though they could not have got there in time.

RETREAT TOWARD AMERICANS

The Vlasov army began to retreat toward Bavaria in the direction of the Americans. But the Americans greeted them with an armed wall and forced them to surrender into Soviet hands, as provided for by the Yalta Conference. That same May in Austria Churchill perpetuated "the same sort of act of a loyal ally." Out of our accustomed modesty we did not publicize it. He turned over to the Soviet command the Cossack corps consisting of 90,000 people.

In their own countries Roosevelt and Churchill are honored as examples of statesmanlike wisdom. To us, in Russian prison discussions, their systematic shortsightedness and stupidity stood out as astonishingly obvious. How could they, in their descent from 1941 to 1945, fail to secure any guarantees whatsoever of the independence of Eastern Europe? How could they, for the laughable toy of a four-zone Berlin, their own future achilles' heel, give away broad regions of Saxony and Thuringia? And what military or political sense was there in the surrender by them, to death at Stalin's hands, of several hundred of thousands of armed Soviet citizens determined not to surrender?

The term "Vlasov man" in our country has come to be equivalent to "sewage." No one dares to utter two or three sentences with the term "Vlasov man" as a subject.

But that is not the way history is written. Right now, a quarter of a century later, when the majority of them have perished in camps, and when those who have survived are living out their lives in the extreme north, I would like, by means of these pages, to issue a reminder that in all of world history this was a totally unheard-of phenomenon: that several hundred thousand young men aged from 20 to 30 took up arms against their own Fatherland in alliance with its most evil enemy.

It is a rare zek who has not been at three to five transit prisons and camps and many remember a dozen or so, and the sons of *Gulag* can count up to 50 of them without the least difficulty. However, they all get mixed up together in memory because they are so like one another.

Of course, one transit prison is not the equal of another. But which is better and which is worse is something that can't be settled in an argument.

Let us listen to such a discussion for a time:

"Yes, and even if the Ivanovo transit prison is not one of the more famous, my friends, just make inquiries of anyone imprisoned there in the winter of 1937–38. The prison was *unheated*—and on the upper bunks the prisoners lay there undressed. And they knocked out all the window panes so as not to suffocate. In cell 21 instead of the 20 men the cell was supposed to contain there were *323!* Beneath the board bunks was water, and there were boards laid in the water and people lay on these boards. It was right there the frost poured in from the broken windows.

"They distributed rations not to individuals but to units of 10. If any one of the 10 died the rest shoved his corpse beneath the bunks and kept it there, even when it had begun to smell. They got the corpse's ration.

"Irkutsk, too, was no special transist prison, but in 1938 the doctors did not even dare to look into the cells but would only walk down the corridor while the turnkey shouted through the door: 'Anyone unconscious, come out.'

"If you are talking about the Vladivostok transit prison then in February, 1937, there were no more than 40,000 there.

"People were stuck there for several months at a time. The bedbugs infested the board bunks like locusts. One half a mug of water a day: there wasn't any more; there was no one to haul it. There was one whole section of Koreans and all of them died from dysentery, every last one. From our own section every morning they took out 100 corpses.

"There were 1,500 ill there. And all the orderlies were blatari, thieves. They tried to pull out gold teeth from the corpses. And not only from corpses."

During years when prisoners' case files did not have on them an indication of their destination the transit prisons turned into slave markets. The most desired guests at the transit prisons were the *buyers*.

Conscientious merchants demanded that the *merchandise* be displayed for them to see alive and bare-skinned. And that was just what they used to say—without smiling—*merchandise*. "Well, what *merchandise* have you brought?" asked a buyer at the Butyrka station, observing and inspecting the female appurtenances of a 17-year-old, Ira Kalina.

Sukhanovka was the most terrible prison the M.G.B. had. They used it to terrify prisoners; and interrogators hissed out its name ominously. Those who had been there weren't subject to further interrogations: they were either insane and talking only disconnected nonsense, or else they were dead.

They stunned the newly arrived prisoner there with a standing punishment cell—so narrow that if the prisoner was no longer able to stand he had to hang there on his propped-up knees.

To be absolutely precise they were 156 cm. by 209 cm. How has that become known? This is a triumph of engineering calculation and of a strong heart, not broken by Sukhanovka. This was calculated by A.D. [Alexander Dolgun.] He did not permit them to drive him insane or to despair.

On the bottom of the prison bowl he read 10/22 and guessed "10" was the diameter of the bottom and "22" the diameter of the outside edge. From a towel he pulled a thread, made himself a tape measure and measured everything with it. Then he began to invent how to sleep *standing up,* propping himself with his knees against the small chair so that the guard thought his eyes were open.

From Alexandrov, the former head of the Arts Section of V.O.K.S.—the All-Union Society for Cultural Relations with Foreign Countries—who has a broken spinal column that tilts to one side, and who cannot control his tear ducts so as to stop crying, one can learn how Abakumov himself could beat—in 1948.

Yes, yes, Minister of State Security Abakumov himself did not by any means shun menial labor. He was not against taking a rubber truncheon in his hands sometimes. And his deputy Ryumin was all the more willing. He did this at Sukhanovka in the "generals" interrogation office.

CARPET FOR PRISONERS

The office had paneling of imitation walnut, silk portieres and a great Persian rug on the floor. So as not to spoil this beauty, there was rolled out on top of the carpet for a prisoner being beaten a dirty runner all spattered with blood. When Ryumin was doing the beating he was assisted not by some ordinary guard but by a colonel.

"And so," said Ryumin politely, stroking his rubber truncheon, which was an inch and a half thick, "you have survived trial by sleeplessness with honor." (A.D. by cleverness had managed to last for a month without sleep by sleeping while standing up.) "So now we will try the club. Prisoners don't last more than two or three sessions of this. Let down your trousers and lie down on the runner."

The colonel sat down on the prisoner's back. A.D. was going to count the blows. He didn't know yet what a blow with a rubber truncheon is on the sciatic nerve. The effect is not in the place where the blow is delivered—it blows up inside the head. After the first blow the victim was insane from pain and broke his nails on the carpet. Ryumin beat away. (After the beating the prisoner could not walk and, of course, he was not carried. They just dragged him along the floor. The remnants of his buttocks soon swelled up to the point that he could not button his britches, and yet there were practically no scars. He was hit by a violent case of diarrhea, and, sitting there on the latrine barrel in solitary D, laughed. He went through a second and third session, and his skin burst, and Ryumin went wild, and started to beat him in the stomach and broke through the intestinal wall, in the form of an enormous hernia where his intestines protruded. And the prisoner was taken off to the Butyrka hospital with a case of peritonitis, and for the time being the attempts to compel him to commit a foul deed were broken off.)

[From the New York Times, Dec. 31, 1973]

"THE GULAG ARCHIPELAGO, 1918–1956"—SOLZHENITSYN ON HIS OWN IMPRISONMENT

(By Alexander I. Solzhenitsyn)

What would things have been like if every security operations man when he set out at night to make arrests was uncertain whether he would return alive and would have to say his goodbys to his own family?

Or if during mass arrests—as for example in Leningrad, when they arrested a quarter of the entire city—people had not just sat there growing pale at every banging of the downstairs door and at every step on the staircase but had boldly set up in their entrances ambushes consisting of several persons with axes, hammers and pokers or with whatever else was at hand?

The police organs would very quickly have suffered from a shortage of officers and transport, and notwithstanding all of Stalin's thirst, the cursed machine would have ground to a halt!

If . . . if . . .

We lacked enough love of freedom. And even more—a consciousness of the real situation. We spent ourselves in our unrestrained outburst in 1917, and then we made haste to be submissive. We submitted *with pleasure!*

I myself had the chance to *shout out* many times.

On the 11th day after my arrest three Smersh intelligence parasites, burdened down more by four suitcases full of war booty than by me (on me they had come to rely in the course of the long trip) brought me to the Byelorussian Station in Moscow.

PRISONER HELPS HIS GUARDS

Not one of three knew the city and it was up to me to pick the shortest route to the prison. I had to conduct them personally to the Lubyanka, where I, in fact, confused with the Ministry of Foreign Affairs building across the street from it.

I had been a day in counter-intelligence prison in army headquarters and three days in counter-intelligence prison at the front command where my cellmates had already educated me in the deceits practiced by interrogators, their threats and beatings; in the fact that once a person had been arrested he was never released; and in the inevitability of a "tenner," in other words a 10-year sentence.

So why did I keep my silence? Why did I not undertake to enlighten the deceived crowd during my last minute out in the open?

Every man always has at hand a dozen glib little reasons why he is right, why he does not sacrifice himself.

Some still have hopes of a favorable outcome of their case and are afraid to ruin their chances for it by an outcry.

As for me, I am silent for one more reason: because these Muscovites who have thronged the steps of the escalators are nonetheless too few for me, *too few!* Here my cry will be heard by 200 or twice 200, and what about the 200 million? In a vague and unclear way I have the vision that some day I will cry out to the 200 million.

I had, probably, the easiest kind of arrest one can imagine. In a pallid European February it took me from our narrow salient on the Baltic Sea where, depending on one's point of view, either we had surrounded the Germans or they had surrounded us—and it deprived me only of my familiar artillery battery and of the scenes of the last three months of the war.

The brigade commander called me to his headquarters, asked for my pistol, and I turned it over without suspecting any evil intentions. Suddenly from a tense, immobile suite of staff officers in the corner two counter-intelligence men stepped forward, crossed the room in several leaps, and with four hands simultaneously grabbed at the star on my cap, my shoulder boards, my officer's belt, my map case, and shouted theatrically:

"You are under arrest!"

Burning and prickling from head to toes, all I could find to exclaim was:

"Me? What for?"

Even though there is no answer to this question, surprisingly I received one! This is worth recalling, because it is so unlike our general custom. Hardly had the Smersh men completed their process of "disemboweling" me and taken from me, along with my map case, my written political thoughts, and—driven by the rattling of the window panes under German shellfire—begun to push me as quickly as possible to the exit, than I heard myself firmly addressed—yes! Across this mute gap created by the falling word "arrested," across this boundary line of plague, came the unthinkable, magic words of the brigade commander:

"Solzhenitsyn. Come back here."

With a sharp turn I broke from the hands of the Smersh men and stepped back to the brigade commander. I knew him very well.

"You have . . ." he asked weightily, "a friend on the First Ukrainian Front?"

"It's forbidden! You have no right!" the captain and the major of counter-intelligence shouted. But I had already understood: I knew I had been arrested for my correspondence with my school friend, and understood from what direction to expect danger.

Zakhar Georgiyevich Travkin could have stopped right there! But no! Continuing his attempt to wipe his slate clean and to stand erect in the face of his own conscience he rose from behind his desk—though he had never before stood in front of me—and he reached across the boundary line and gave me his hand—though he would never have reached out his hand to me had I remained a free man. He said fearlessly and precisely:

"I wish you happiness, captain!"

Not only was I no longer a captain, but I was an exposed enemy of the people (for among us every person from the moment of arrest is totally exposed).

So he had wished happiness—to an enemy?

GIRLS OF VARIOUS NATIONS

That night the Smersh officers gave up the last hope of being able to make out where we were on the map—in fact, they never had been able to read maps anyway. So they turned it over politely and asked me to tell the driver how to proceed to counter-intelligence at army headquarters. I, therefore, led them and myself to that prison, and in gratitude they immediately put me not in just a simple cell but in a punishment cell.

It was the length of one human body and there was width enough for three to lie packed in tightly. A fourth person was too much. As it happened I was the fourth, pushed in after midnight. We lay on the crushed straw floor. They slept and I burned.

By morning they awoke, yawned, grunted, pulled up their legs, moved off into various corners and our acquaintance began.

"What did they bring you here for?"

"I haven't the least idea. Do the snakes tell you?"

However, my cellmate—tankmen in soft helmets—didn't hide anything. Theirs were three honest, straightforward soldiers' hearts. All three had been officers.

Their shoulder boards had been viciously torn off, and in some places the cotton stuck out.

Their tank unit had unfortunately arrived for repairs in the village where Smersh counter-intelligence headquarters of the 48th Army was located. Still sweating from battle they had gotten drunk. On the outskirts of the village they broke into a bath where, as they had noticed, two husky wenches had gone to bathe. The girls, half dressed, managed to get away. But it turned out that one was the property of the Chief of Army Counter-Intelligence, no less.

Yes! For three weeks the war had been going on within Germany, and all of us knew very well: if the girls were German they could be raped and then shot and this was almost a battle distinction; if they were Polish girls or our own Russian girls they could at any rate have been chased naked around the garden and slapped on the behind—an amusement, no more. But because this one was the "military campaign wife" of the Chief of Counter-Intelligence, some deep-in-the-rear sergeant viciously tore off from three front-line officers the shoulder boards awarded them by the front command.

Now, new impressions burned into our minds.

"Out for toilet time! Hands behind your

backs!" shouted a master sergeant "hardhead."

Around the peasant courtyard had been strung a circle of machine gunners guarding the path, which went around the barn.

Behind the barn was a small square area in which the snow had been trampled down and not yet melted. It was soiled with human feces, so thickly and chaotically spread that it was difficult to find a place to put down one's two legs and squat. However, we scattered ourselves and did squat down. Two machine gunners grimly set up their machine pistols opposite our lowly positions and the master sergeant before a minute had passed shouted brusquely:

"Well, speed it up! Here with us they do it quickly!"

SMERSH COUNTER-INTELLIGENCE

Not far from me squatted one of the tankmen, a native of Rostov, a tall grim senior lieutenant. His face was blackened by a thin film of metallic dust or smoke, but a big red scar stretching across his cheek stood out.

"What do you mean *here with us?*" he asked.

"In Smersh counter-intelligence!" proudly shot back the master sergeant. (The counter-intelligence men used to love that tastelessly-thrown together word, Smersh, manufactured from the initial syllables of "death to spies." They felt it served to frighten.

"And *with us* we do it slowly," thoughtfully replied the senior lieutenant. His helmet was pulled back, uncovering the still untrimmed hair on his head. His oaken battle-hardened rear end was lifted toward the pleasant coolish breeze.

"What do you mean—*with us?*" the master sergeant barked at him more loudly than he needed to.

"In the Red Army," the senior lieutenant replied quietly from his heels, measuring with his look the "hardhead" hefty master sergeant.

Such were my first gulps of prison air.

Looking back on my interrogation from my long subsequent imprisonment I had no reason to be proud of it. I might, of course, have borne myself more firmly; and in all probability I could have maneuvered more skillfully. The only reason these recollections do not torment me with remorse is that, thanks be to God, I avoided getting anyone else arrested. But I came close to it.

Although we were front-line officers Nikolai V. and I, who were involved in the same case, got ourselves into prison with a childish piece of stupidity. He and I corresponded during the war, between two sectors of the front; and though we knew well that there was wartime censorship of letters nontheless we indulged in nearly outright expression of our political outrage and in derogatory remarks directed at the Wisest of the Wise whom we labelled with the transparently obvious coded nickname, taken from underworld jargon, of the *Big Shot*—in place of Father.

The contents of our letters was sufficient to give quite adequate material, in accordance with the concepts of those times, for sentencing us both. Therefore my interrogator did not have to invent something for me. And he merely tried to cast his noose on all of those to whom I have ever written or who have ever written to me.

My interrogator employed no other means with me than sleeplessness, falsehoods and threats—completely legal methods.

Before becoming an officer I had spent half a year as an oppressed soldier. And it might have seemed that it would have penetrated through my thick hide what it meant to be always ready to obey people who perhaps were not worthy of you, and to do it with a hungry stomach to boot. And so I ought to have mastered the bitterness of service as a soldier of the rank and file and remember how my hide froze on me and how it was flayed from my body. And did I? Not at all. They pinned for consolation two little stars on my shoulder boards, and then a third, and then a fourth. And I forgot every bit of all that!

But had I at least kept my student's love for freedom? But, you see, we had never ever had any such thing. We had instead a love for military organization, a love for marches.

Then the officers' insignia were fastened on our tabs.

I addressed fathers and grandfathers with the intimate personal pronoun—while they addressed me, of course, with the formal pronoun. I sent them out under shellfire to repair several wires just so my superiors should not reproach me. I ate my officers' butter with pastry, without giving a thought as to why I had a right to it, and why the rank and file soldiers did not.

I ascribed to myself unselfish dedication. And yet meanwhile I was a fully prepared executioner. And if I had gotten into an N.K.V.D. school under Yezhov maybe I would have matured just in time for Beria.

So if any reader expects this book to be a political exposé he better slam its covers shut right now.

During prison walks I tried to get into the same pair with Suzi. We talked together in the cell, but we liked to try to speak about the main things here. We did not come together quickly. It took some time. But he had already managed to tell me much. From my childhood on I knew out of somewhere that my life purpose was the history of the Russian Revolution and that nothing else concerned me. For comprehension of the revolution I had long since required nothing except Marxism. Everything else that came up I cut off from myself and turned away from. But here fate brought me together with Suzi. He had had a completely different field of inspiration. Now he was telling me, with fascination, about everything that was his. About Estonia and democracy. Even though I had never expected to become interested previously in Estonia, or bourgeois democracy, nonetheless I kept listening and listening to his loving stories of 20 free years of that unsensational work-loving small people consisting of big men with their slow, fundamental ways. I listened to the principles of the Estonian Constitution which had been taken from the best of European experience, and how their one-house parliament consisting of 100 members had worked. And it was not clear why, but I began to like it all and all of it began to be stored away in my experience.

SONS TAKEN BY ARMIES

We struck at Estonia in 1940, and again in 1941, and again in 1944. Some of their sons were taken by the Russian Army, and others by the German Army, and still others ran off into the woods. And elderly Tallinn intellectuals discussed how they might manage to break out of that vicious circle, break away somehow and live for themselves by themselves.

Neither Churchill nor Roosevelt cared in the least about them; but "Uncle Joe" had his plans for them all right. As soon as the Soviet armies entered Tallinn, all of these dreamers were seized during the very first nights in their Tallinn apartments. And 15 of them were imprisoned in the Moscow Lubyanka in various cells, one in each, and were being charged under Section 58–2 with a criminal desire for national self-determination.

It was all like a dream. In February, 1963, politely accompanied by a colonel who was also a Communist party organizer, I entered the room with the round colonnade in which, they say, the plenary sessions of the Supreme Court of the U.S.S.R. meet, with an enormous horseshoe-like table, and inside it another round table and seven antique chairs. Seventy officials of the Military Collegium heard me out. I said to them: "What a remarkable day this is! Although I was sentenced first to camp, then to eternal exile, I never saw face to face a single judge. And now I see all of you assembled here together" (And they, for the first time, saw a living zek with eyes which they had rubbed open.)

But it turned out that it had not been they! Yes. Now they said that it was not they. They assured me that *those* were no longer here. Some had retired on honorable pensions. A few had been removed. (Ulrikh, the most outstanding executioner of all, had been removed, it turned out, back in Stalin's time, in 1950 for, believe it or not, leniency.)

Some of them—there were few of these—had even been tried under Khrushchev, and *these* had threatened from the bench: "Today you are trying us and tomorrow we will try you, watch out!" But like all the beginnings of Khrushchev this movement too, which had been at first very energetic, was soon forgotten by him and dropped and never got so far as to become an irreversible change, which means that things were left where they had been before.

They vied with each other in telling me things and I kept looking about myself and being astonished. They were people! Really people! They were smiling! They were explaining how they wished only good.

Well, and if things turn about in such a way that once again it is up to them to try me? Right there in that hall—and they were showing me the main hall.

Well, so they will try me.

[From the New York Times, Feb. 13, 1974]

Excerpt From "Gulag Archipelago" on Law in Soviet Union Today

(Moscow, February 12.—Following is an excerpt from the seventh section of "The Gulag Archipelago, 1918–56," made available by the author, Aleksandr I. Solzhenitsyn, before his arrest today. The translation is by The New York Times.)

Author's preface: Persistent summonses to the prosecutor's office have forced me to express my thoughts on the present state of legality (lawlessness) in our country. This impels me to give a more detailed account of my views, so for this reason I am publishing ahead of time an excerpt from the seventh part of "Gulag Archipelago." As indicated, my book is devoted to the period 1918–56. However, in the seventh part ("No Stalin") there are pages devoted to the present situation. This excerpt is taken from these pages.

Our Law is powerful, slippery, and unlike anything else on earth known as "the law."

The foolish Romans invented the idea that "the law has no retroactive force." But in our country it does! A reactionary old proverb murmurs that "the law cannot be written *ex post facto.*" But in our country it can!

If a fashionable new Decree has been issued, and the Law is itching to apply it to those who were arrested *earlier* well why not, it's possible! This was what happened with currency speculators and bribes-takers; lists were sent to Moscow from various places, for example Kiev, marking the names of those to whom the decree should be applied *retroactively* (either by *stretching out* their sentences or by finishing them off with *nine grams* [a bullet, in prison slang]. And the measures were applied.

Yet with all that, our Law completely fails to remember the sin of Bearing False Witness. It generally does not even consider it a crime! Legion are the false witnesses who flourish among us, advancing toward a respectable old age, and basking in the golden sunset of their days. Our country is the only one in all history and in the whole world that pampers perjurers!

And still our Law fails to punish the Killer-Judges and the Killer-Prosecutors. They all serve honorably, and for long years, and nobly pass into old age.

And still you cannot deny that our Law shakes and shudders, which is characteristic for any trembling creative process. This is how the Law lurches from side to side; one year, criminality falls sharply!—arrest fewer, put fewer on trial, and let the convicted out on bail! And then it lurches the other way: there is no end to the scoundrels! No more bail! Make the prisons tougher, the sentences longer, punish the bastards!

But despite all the buffetings of the storm, the ship of the Law majestically and calmly sails on. The highest judges and the highest prosecutors are experienced men, and such squalls do not surprise them. They conduct their Plenums, they hand down their rulings—and each new tack is explained as being long-desired, as the outgrowth of our entire historical development, and as fortold by the One and Only True Teaching.

The ship of our Law is ready for all such lurchings. And if tomorrow orders are given once more to send millions to prison for their way of thinking, to exile whole peoples (the same ones as before or others) or rebellious city populations, and once more to hang four-digit prison numbers on people—the powerful hull will scarcely tremble, nor will the prow waver.

And all that remains is what Derzhavin wrote [Gavrila R. Derzhavin, Russian poet who lived from 1743–1816], that only those who have experienced it themselves can know in their hearts that:

An unjust court is more evil than highway robbery.

Where else is it possible, under what other earthly system of law apart from ours, is it possible to harness people with 25-year terms, running into the seventies! Then suddenly a new criminal code appears (1961) with a maximum of 15 years.

Even a first-year law student would understand this to mean that those 25-year terms are canceled. But in our country, they are not canceled! You can cry yourself hoarse, you can bang your head against the wall, but still they are not canceled.

This is the lot of people who were not touched by the epidemic of Khrushchevian liberations, our forsaken comrades in prison gangs, who shared cells with us and whom we met in transit camps. In our own renewed existence, we have long ago forgotten them, and yet there they are, still lost, still sullenly and vacantly tramping around those same two-bit plots of much-trodden earth, still behind the barbed wire and the watch towers.

LEADERS COME AND GO

The portraits [of leaders] change in the newspapers, the speeches from rostrums change, they fight against the *cult* [of Stalin], then they call off the fight. But the long-termers, Stalin's godsons, are still inside.

The chilling prison biographies of certain of them have been related by Karavansky.

[Yuri Karavansky, a Ukrainian sentenced to 25 years under Stalin, reprieved during the Khrushchev era after 16 years in prison, who married, entered a university and was then re-arrested to serve the nine remaining years of his original term.]

Oh, freedom-loving "leftist" thinkers of the West! Oh, leftist Laborites! Oh, progressive American, German and French students! For you, all this counts for little. For you, my entire book amounts to nothing. You will only understand it all when they bellow at you—"hands behind your back"—as you *yourselves* trudge off to our archipelago.

In fact, the number of *political* prisoners is no longer comparable with Stalinist times. They are reckoned not in millions and not in hundreds of thousands.

Does this mean the Law has turned over a new leaf? or has the direction of the ship changed?

EASY TO MAKE ARRESTS

Formerly, it was easy to take away anyone under 58–10 [the article in the former criminal code covering anti-Soviet activity and propaganda], even a tailor who [accidentally] stuck a needle into a newspaper portrait [of Stalin].

Nowadays, anyone objectionable [to the authorities] can be taken away under the law covering ordinary crimes. Much has been published and printed in the way of Fundamentals, Decrees, Laws, both contradictory and coordinated, but it is not according to them that the country lives, it is not according to them that arrests are made, it is not according to them that trials are held, and it is not according to them that expert witnesses are called.

Only in those cases where the subject of investigation or court examination does not infringe on the interests of the state, the reigning ideology, the personal interests or tranquillity of any person in a high place—only in such cases may court officials exercise the privilege of not calling anyone, of not receiving instructions from anyone, and with clear conscience judge the case on its own merits.

All other cases—the overwhelming majority of them, both criminal and civil, and here there is no difference—cannot help but touch on important interests, such as those of the chairman of a collective farm or village council, a shop superintendent, a factory director, the manager of an apartment complex, a precinct captain, an inspector or a chief of police, a chief doctor or senior economist, the heads of departments, Government agencies, special sections [for security] or personnel departments, secretaries heading district and regional party organizations, and so on up the ladder!

DISCREET PHONE CALLS

And in all these cases, discreet telephone calls are exchanged between on quiet office and another, unhurried, low-keyed, friendly voices *advise*, correct little errors, give general directions on how to handle the legal case or some ordinary individual caught up in a web of incomprehensible intrigues of higher-ups, unknown to him.

And the little trusting reader of newspapers comes into the courtroom with righteousness beating in his breast, with reasonable arguments prepared, and tremblingly lays them out before the dozing masks of his judges, not suspecting that his sentence has already been decided—and that there are *NO* means of appeal, *NO* time limits or methods to correct the most evil, self-serving decision, though the heart burns with the injustice of it all.

There is simply a Wall. And its bricks are laid in a mortar of lies.

We have called this chapter "The Law Today." But really it should be called: "There Is No Law."

The same perfidious secrecy, the same fog of unrighteousness hangs in the air around us, hangs over our cities more densely than the city smoke itself.

A powerful State towers over its second half-century, embraced in hoops of steel. The hoops are there indeed but not the law.

ENROLLED BILL PRESENTED

The Secretary of the Senate reported that on today, February 28, 1974, he presented to the President of the United States the enrolled bill (S. 2589) to assure, through energy conservation, end-use rationing of fuels, and other means, that the essential energy needs of the United States are met, and for other purposes.

QUORUM CALL

Mr. HELMS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

RESCISSION OF ORDER TO CONSIDER PAY RAISE BILL TOMORROW

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the agreement entered into by the Senate, which, unfortunately, I did not discuss with anyone else, relative to the pay bill being made the pending business tomorrow after morning business, be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. May I express the hope that it will be the pending business at the conclusion of morning business tomorrow; that there will be no stalling, no delaying tactics. If there is, it is my intention to lay before the Senate a cloture motion tomorrow.

Mr. TOWER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. JAVITS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

DISPOSITION OF ABANDONED MONEY ORDERS AND TRAVELER'S CHECKS

The Senate continued with the consideration of the bill (S. 2705) to provide for the disposition of abandoned money orders and traveler's checks.

Mr. JAVITS. Mr. President, I ask for the yeas and nays on passage.

The yeas and nays were ordered.

Mr. JAVITS. Mr. President, I shall be ready to vote in a little while, but not at this minute, because I wish to say a few words about the matter.

I have consulted with my colleague from New York (Mr. Buckley) and also with the attorney general of the State of New York, who shares my very strong views as to the really unfair position in which we have been put. He wishes me to express from him, as an attorney general, his deep feeling of protest at this retroactive provisions which is unjustifiable—at least to him—and I really feel is unjustifiable on any conceivable ground of orderliness of Government, as to the way in which the Government agencies, including the Supreme Court of the United States, operate.

This is a very bad precedent. I have said myself on many occasions that we are not bound by anything we do as a precedent, unless we want to make it a precedent that will be invoked. We do not want to follow such a precedent. I hope we never have to. It is not one of the most glorious chapters in the history of the Senate of the United States.

I believe I have made that point crystal clear. I question whether any other Senator would make the matter more clear; as, for example, an amendment I would have proposed to change the date from January 1, 1974, back to some other date. But that could not be done unless it were the product of an agreement between the parties, by way of settlement, a settlement which could not be obtained. I thought I had come into agreement with the chairman of the committee, but a settlement not being desired, it seems to me that it would only compromise the principle as laid down by the Court as a matter of juridical principle. I emphasize: not a compromise, but on a straight question of juridical principle, requiring no retroactive provision.

My amendment having failed on a motion to table by a vote of 74 to 10, a margin which I think takes us beyond the feeling of some Senators that the vote may have been the other way had they had an opportunity to test out the situation, it seems to me that one other way that it can be tested is by a motion I am about to make. Then Senators can decide whether it is really unfair without jeopardizing the fundamental basis of the legislation prospectively.

So, Mr. President, I move to recommit the bill to the Committee on Banking, Housing and Urban Affairs. On that question, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is not a sufficient second.

Mr. JAVITS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. TOWER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. TOWER. Mr. President, I ask for the yeas and nays on the motion of the Senator from New York.

The yeas and nays were ordered.

Mr. JAVITS. Mr. President, I wish to say only one word and then I will be through. If Senators will wait a moment, we will be able to vote.

I just heard a statement that makes me worried. I hope it is very clear that the only thing I am arguing for is the right and the power of the State. The American Express Co. or any other issuer of traveler's checks or money orders does not get anything from this bill in either case. The only matter concerned is what State can escheat the funds, the State of the domicile corporation or the State where the money order or traveler's check is issued.

My basic argument is against the 10-year retroactivity. There is no question about any money going to any corporation, the American Express Corp. or any other corporation.

It is only an issue as to what State gets it.

I wish to make it very clear, since I thought there might have been some question about it.

Mr. President, I am ready to vote on the motion.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from New York to recommit. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Indiana (Mr. Bayh), the Senator from Nevada (Mr. Cannon), the Senator from Mississippi (Mr. Eastland), the Senator from Arkansas (Mr. Fulbright), the Senator from Alaska (Mr. Gravel), the Senator from South Carolina (Mr. Hollings), and the Senator from Kentucky (Mr. Huddleston) are necessarily absent.

I further announce that the Senator from Louisiana (Mr. Long) and the Senator from Georgia (Mr. Talmadge) are absent on official business.

I also announce that the Senator from Hawaii (Mr. Inouye) is absent because of a death in the family.

Mr. GRIFFIN. I announce that the Senator from Kansas (Mr. Pearson) is absent on official business.

I further announce that the Senator from Massachusetts (Mr. Brooke), the Senator from Arizona (Mr. Goldwater), the Senator from Oregon (Mr. Packwood), the Senator from Illinois (Mr. Percy), and the Senator from North Dakota (Mr. Young) are necessarily absent.

I further announce that, if present and voting, the Senator from Arizona (Mr. Goldwater) would vote "nay."

The result was announced—yeas 8, nays 76, as follows:

[No. 46 Leg.]

YEAS—8

Buckley
Case
Dole
Fannin
Hathaway
Javits
McClure
Williams

NAYS—76

Abourezk
Aiken
Allen
Baker
Bartlett
Beall
Bellmon
Bennett
Bentsen
Bible
Biden
Brock
Burdick
Byrd, Harry F., Jr.
Byrd, Robert C.
Chiles
Church
Clark
Cook
Cotton
Cranston
Curtis
Domenici
Dominick
Eagleton
Ervin
Fong
Griffin
Gurney
Hansen
Hart
Hartke
Haskell
Hatfield
Helms
Hruska
Hughes
Humphrey
Jackson
Johnston
Kennedy
Magnuson
Mansfield
Mathias
McClellan
McGee
McGovern
McIntyre
Metcalf
Metzenbaum
Mondale
Montoya
Moss
Muskie
Nelson
Nunn
Pastore
Pell
Proxmire
Randolph
Ribicoff
Roth
Schweiker
Scott, Hugh
Scott, William L.
Sparkman
Stafford
Stennis
Stevens
Stevenson
Symington
Taft
Thurmond
Tower
Tunney
Weicker

NOT VOTING—16

Bayh
Brooke
Cannon
Eastland
Fulbright
Goldwater
Gravel
Hollings
Huddleston
Inouye
Long
Packwood
Pearson
Percy
Talmadge
Young

So the motion to recommit was rejected.

The PRESIDING OFFICER. The bill is open to amendment.

Mr. JAVITS. Mr. President, I ask unanimous consent that the order for the yeas and nays on passage be vacated.

The PRESIDING OFFICER. Is there objection to the request of the Senator from New York? The Chair hears none, and it is so ordered.

Mr. JAVITS. Mr. President, I assured the leadership that we had no desire to drag our feet on this matter. I consider the vote that was just cast as deciding the question, and am ready to vote on the bill.

Mr. TOWER. Third reading, Mr. President.

The PRESIDING OFFICER. The bill is open to further amend. If there be no amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading and was read the third time.

The PRESIDING OFFICER. The bill having read the third time, the question is, Shall it pass (putting the question)?

The bill (S. 2705) was passed as follows:

S. 2705

An act to provide for the disposition of abandoned money orders and traveler's checks

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That

FINDINGS

Section 1. The Congress finds and declares that—

(1) the books and records of banking and financial organizations and business associations engaged in issuing and selling money orders and traveler's checks do not, as a matter of business practice, show the last known addresses of purchasers of such instruments:

(2) a substantial majority of such purchasers reside in the States where such instruments are purchased;

(3) the States wherein the purchasers of money orders and traveler's checks reside should, as a matter of equity among the several States, be entitled to the proceeds of such instruments in the event of abandonment;

(4) it is a burden on interstate commerce that the proceeds of such instruments are not being distributed to the States entitled thereto; and

(5) the cost of maintaining and retrieving addresses of purchasers of money orders and

traveler's checks is an additional burden on interstate commerce since it has been determined that most purchasers reside in the State of purchase of such instruments.

DEFINITIONS

Sec. 2. As used in this Act—

(1) "banking organization" means any bank, trust company, savings bank, safe deposit company, or a private banker engaged in business in the United States;

(2) "business association" means any corporation (other than a public corporation), joint stock company, business trust, partnership, or any association for business purposes of two or more individuals; and

(3) "financial organization" means any savings and loan association, building and loan association, credit union, or investment company engaged in business in the United States.

STATE ENTITLED TO ESCHEAT OR TAKE CUSTODY

Sec. 3. Where any sum is payable on a money order, traveler's check, or other similar written instrument (other than a third party bank check) on which a banking or financial organization or a business association is directly liable—

(1) if the books and records of such banking or financial organization or business association show the State in which such money order, traveler's check, or similar written instrument was purchased, that State shall be entitled exclusively to escheat or take custody of the sum payable on such instrument, to the extent of that State's power under its own laws to escheat or take custody of such sum;

(2) if the books and records of such banking or financial organization or business association do not show the State in which such money order, traveler's check, or similar written instrument was purchased, the State in which the banking or financial organization or business association has its principal place of business shall be entitled to escheat or take custody of the sum payable on such money order, traveler's check, or similar written instrument, to the extent of that State's power under its own laws to escheat or take custody of such sum, until another State shall demonstrate by written evidence that it is the State of purchase; or

(3) if the books and records of such banking or financial organization or business association show the State in which such money order, traveler's check, or similar written instrument was purchased and the laws of the State of purchase do not provide for the escheat or custodial taking of the sum payable on such instrument, the State in which the banking or financial organization or business association has its principal place of business shall be entitled to escheat or take custody of the sum payable on such money order, traveler's check, or similar written instrument, to the extent of that State's power under its own laws to escheat or take custody of such sum, subject to the right of the State of purchase to recover such sum from the State of principal place of business if and when the law of the State of purchase makes provision for escheat or custodial taking of such sum.

APPLICABILITY

Sec. 4. This Act shall be applicable to sums payable on money orders, traveler's checks, and similar written instruments deemed abandoned on or after February 1, 1965, except to the extent that such sums have been paid over to a State prior to January 1, 1974.

Mr. TOWER. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. SPARKMAN. I move to lay that motion on the table.

The motion to lay on the table as agreed to.

Mr. JAVITS. Mr. President, I ask unanimous consent that the Record show that I voted "nay" on passage.

The PRESIDING OFFICER. The Record will so show. What is the will of the Senate?

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. Domenici). Without objection, it is so ordered.

FAIR LABOR STANDARDS AMENDMENTS OF 1974

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar Order No. 666, S. 2747, so that it may become the pending business.

The PRESIDING OFFICER. The bill will be stated by title.

The legislative clerk read as follows:

S. 2747 to amend the Fair Labor Standards Act of 1938 to increase the minimum wage rate under that act, to expand the coverage of the act, and for other purposes.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Labor and Public Welfare, with amendments, on page 1, line 5, after the word "of", strike out "1973" and insert "1974"; in line 6, after the word "this", strike out "title" and insert "Act"; on page 2, line 9, after the word "of", strike out "1973" and insert "1974"; in line 16, after the word "of", strike out "1973" and insert "1974"; in line 21, after the word "of", strike out "1973" and insert "1974"; on page 3, line 8, after the word "of", strike out "1973" and insert "1974"; on page 4, line 13, after the word "of", strike out "1973" and insert "1974"; in line 19, after the word "of", strike out "1973" and insert "1974"; in line 24, after the word "of", strike out "1973" and insert "1974"; on page 5, line 6, after the word "an", strike out "hour", and insert "hour."; at the beginning of line 7, strike out "except that, in the case of an employee whose wage order rate was increased (pursuant to the recommendations of a special industry committee convened under section 8) during the period beginning on July 26, 1973, and ending before the effective date of the Fair Labor Standards Amendments of 1973, the wage order rate applicable to such employee shall be increased only if the amount of the increase during such period was less than the otherwise applicable increase prescribed by clause (i) or (ii) of this subparagraph and only to the extent of the difference between the increase during such period and such otherwise applicable increase."; on page 6, line 20, after the word "of", strike out "1973" and insert "1974"; in line 22, after the word "of", strike out "1973"" and insert "1974"; on page 7, line 9. after the word "of", strike out "1973" and insert "1974"; on page 14, line 18. after the word "of", strike out "1973" and insert "1974"; on page 15, at the beginning of line 25, strike out "1973" and insert "1974"; on page 16, line 18. after the word "constitute", strike " "wages" " and insert " 'wages' "; on page 21, line 2, after the word "of", strike out "1973" and insert "1974"; in line 16, after the word "of", strike out "1973" and insert "1974"; on page 23, line 4, after the word "of", strike out "1973" and insert "1974"; on page 25, line 4, after the word "of", strike out "1973" and insert "1974"; in line 11, after the word "of", where it appears the second time, strike out "1973" and insert "1974"; on page 27, line 9, after "(a)", strike out "Effective January 1, 1974, sections" and insert "Sections"; in line 15, after "(b)", strike out "Effective January 1, 1974, section" and insert "Section"; on page 28, line 8, after "(a)", strike out "Effective January 1, 1974, section" and insert "Section"; in line 13, after "(1)", strike out "Effective January 1, 1974, section" and insert "Section"; on page 30, line 11, after "(1)", strike out "Effective January 1, 1974, section" and insert "Section"; on page 33, line 15, after the word "of", strike out "1973" and insert "1974"; on page 37, line 22, after the word "of", strike out "1973" and insert "1974"; on page 41, line 24, after the word "may", strike out "be" and insert "by"; on page 42, line 18, after "(b)", strike out "Effective January 1, 1974, section" and insert "Section"; on page 43, at the beginning of line 17, strike out "(c)" and insert "(e)"; and on page 44, line 8, after "(a)", strike out "(4)" and insert "(4),"; so as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE; REFERENCES TO ACT

Section 1. (a) This Act may be cited as the "Fair Labor Standards Amendments of 1974".

(b) Unless otherwise specified, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the section or other provision amended or repealed is a section or other provision of the Fair Labor Standards Act of 1938 (29 U.S.C. 201–219).

INCREASE IN MINIMUM WAGE RATE FOR EMPLOYEES COVERED BEFORE 1966

Sec. 2. Section 6(a)(1) is amended to read as follows:

"(1) not less than \$2 an hour during the first year from the effective date of the Fair Labor Standards Amendments of 1974, and not less than \$2.20 an hour thereafter, except as otherwise provided in this section;".

INCREASE IN MINIMUM WAGE RATE FOR NONAGRICULTURAL EMPLOYEES COVERED IN 1966 AND 1973

Sec. 3. Section 6(b) is amended (1) by inserting ", title IX of the Education Amendments of 1972, or the Fair Labor Standards Amendments of 1974" after "1966", and (2) by striking out paragraphs (1) through (5) and inserting in lieu thereof the following:

"(1) not less than \$1.80 an hour during the first year from the effective date of the Fair Labor Standards Amendments of 1974,

"(2) not less than \$2 an hour during the second year from the effective date of such amendments,

"(3) not less than $2.20 an hour thereafter.".

INCREASE IN MINIMUM WAGE RATE FOR AGRICULTURAL EMPLOYEES

SEC. 4. Section 6(a) (5) is amended to read as follows:

"(5) if such employee is employed in agriculture, not less than—

"(A) $1.60 an hour during the first year from the effective date of the Fair Labor Standards Amendments of 1974.

"(B) $1.80 an hour during the second year from the effective date of such amendments,

"(C) $2 an hour during the third year from the effective date of such amendments,

"(D) $2.20 an hour thereafter.".

INCREASE IN MINIMUM WAGE RATES FOR EMPLOYEES IN PUERTO RICO AND THE VIRGIN ISLANDS

SEC. 5. (a) Section 5 is amended by adding at the end thereof the following new subsection:

"(e) The provisions of this section, section 6(c), and section 8 shall not apply with respect to the minimum wage rate of any employee employed in Puerto Rico or the Virgin Islands (1) by the United States or by the government of the Virgin Islands, (2) by an establishment which is a hotel, motel, or restaurant, or (3) by any other retail or service establishment which employs such employee primarily in connection with the preparation or offering of food or beverages for human consumption, either on the premises, or by such services as catering, banquet, box lunch, or curb or counter service, to the public, to employees, or to members or guests of members of clubs. The minimum wage rate of such an employee shall be determined under this Act in the same manner as the minimum wage rate for employees employed in a State of the United States is determined under this Act. As used in the preceding sentence, the term 'State' does not include a territory or possession of the United States.".

(b) Effective on the date of the enactment of the Fair Labor Standards Amendments of 1974, subsection (c) of section 6 is amended by striking out paragraphs (2), (3), and (4) and inserting in lieu thereof the following:

(2) Except as provided in paragraphs (4) and (5), in the case of any employee who is covered by such a wage order on the date of enactment of the Fair Labor Standards Amendments of 1974 and to whom the rate or rates prescribed by subsection (a) or (b) would otherwise apply, the wage rate applicable to such employee shall be increased as follows:

"(A) Effective on the effective date of the Fair Labor Standards Amendments of 1974, the wage order rate applicable to such employee on the day before such date shall—

"(i) if such rate is under $1.40 an hour, be increased by $0.12 an hour, and

"(ii) if such rate is $1.40 or more an hour, be increased by $0.15 an hour.

"(B) Effective on the first day of the second and each subsequent year after such date, the highest wage order rate applicable to such employees on the date before such first day shall—

"(i) if such rate is under $1.40 an hour, be increased by $0.12 an hour, and

"(ii) if such rate is $1.40 or more an hour, be increased by $0.15 an hour.

In the case of an employee employed in agriculture who is covered by a wage order issued by the Secretary pursuant to the recommendations of a special industry committee appointed pursuant to section 5, to whom the rate or rates prescribed by subsection (a) (5) would otherwise apply, and whose hourly wage is increased above the wage rate prescribed by such wage order or by a subsidy (or income supplement) paid, in whole or in part, by the government of Puerto Rico, the increases prescribed by this paragraph shall be applied to the sum of the wage rate in effect under such wage order and the amount by which the employee's hourly wage rate is increased by the subsidy (or income supplement) above the wage rate in effect under such wage order.

"(3) In the case of any employee employed in Puerto Rico or the Virgin Islands to whom this section is made applicable by the amendments made to this Act by the Fair Labor Standards Amendments of 1974, the Secretary shall, as soon as practicable after the date of enactment of the Fair Labor Standards Amendments of 1974, appoint a special industry committee in accordance with section 5 to recommend the highest minimum wage rate or rates, which shall be not less than 60 per centum of the otherwise applicable minimum wage rate in effect under subsection (b) or $1.00 and hour, whichever is greater, to be applicable to such employee in lieu of the rate or rates prescribed by subsection (b). The rate recommended by the special industry committee shall (A) be effective with respect to such employee upon the effective date of the wage order issued pursuant to such recommendation, but not before sixty days after the effective date of the Fair Labor Standards Amendments of 1974, and (B) except in the case of employees of the government of Puerto Rico or any political subdivision thereof, be increased in accordance with, paragraph (2) (B).

"(4) (A) Notwithstanding paragraph (2) (A) or (3), the wage rate of any employee in Puerto Rico or the Virgin Islands which is subject to paragraph (2) (A) or (3) of this subsection, shall, on the effective date of the wage increase under paragraph (2) (A) or of the wage rate recommended under paragraph (3), as the case may be, be not less than 60 per centum of the otherwise applicable rate under subsection (a) or (b) or $1.00, whichever is higher.

"(B) Notwithstanding paragraph (2) (B), the wage rate of any employee in Puerto Rico or the Virgin Islands which is subject to paragraph (2) (B), shall, on and after the effective date of the first wage increase under paragraph (2) (B), be not less than 60 per centum of the otherwise applicable rate under subsection (a) or (b) or $1.00, whichever is higher.

"(5) If the wage rate of an employee is to be increased under this subsection to a wage rate which equals or is greater than the wage rate under subsection (a) or (b) which, but for paragraph (1) of this subsection, would be applicable to such employee, this subsection shall be inapplicable to such employee and the applicable rate under such subsection shall apply to such employee.

"(6) Each minimum wage rate prescribed by or under paragraph (2) or (3) shall be in effect unless such minimum wage rate has been superseded by a wage order (issued by the Secretary pursuant to the recommendation of a special industry committee convened under section 8) fixing a higher minimum wage rate."

(c) (1) The last sentence of section 8(b) is amended by striking out the period at the end thereof and inserting in lieu thereof a semicolon and the following: "except that the committee shall recommend to the Secretary the minimum wage rate prescribed in section 6(a) or 6(b), which would be applicable but for section 6(c), unless there is substantial documentary evidence, including pertinent unabridged profit and loss statements and balance sheets for a representative period of years or in the case of employees of public agencies other appropriate information, in the record which establishes that the industry, or a predominant portion thereof, is unable to pay that wage."

(2) The third sentence of section 10(a) is amended by inserting after "modify" the following: "(including provision for the payment of an appropriate minimum wage rate)".

(d) Section 8 is amended (1) by striking out "the minimum wage prescribed in paragraph (1) of section 6(a) in each such industry" in the first sentence of subsection (a) and inserting in lieu thereof "the minimum wage rate which would apply in each such industry under paragraph (1) or (5) of section 6(a) but for section 6(c)", (2) by striking out "the minimum wage rate prescribed in paragraph (1) of section 6(a)" in the last sentence of subsection (a) and inserting in lieu thereof "the otherwise applicable minimum wage rate in effect under paragraph (1) or (5) of section 6(a)", and (3) by striking out "prescribed in paragraph (1) of section 6(a)" in subsection (c) and inserting in lieu thereof "in effect under paragraph (1) or (5) of section 6(a) (as the case may be)".

FEDERAL AND STATE EMPLOYEES

SEC. 6. (a) (1) Section 3 (d) is amended to read as follows:

"(d) 'Employer' includes any person acting directly or indirectly in the interest of an employer in relation to an employee and includes a public agency, but does not include any labor organization (other than when acting as an employer) or anyone acting in the capacity of officer or agent of such labor organization."

(2) Section 3(e) is amended to read as follows:

"(e) (1) Except as provided in paragraphs (2) and (3), the term 'employee' means any individual employed by an employer.

"(2) In the case of an individual employed by a public agency, such term means—

"(A) any individual employed by the Government of the United States—

"(i) as a civilian in the military departments (as defined in section 102 of title 5, United States Code),

"(ii) in any executive agency (as defined in section 105 of such title),

"(iii) in any unit of the legislative or judicial branch of the Government which has positions in the competitive service,

"(iv) in a nonappropriated fund instrumentality under the jurisdiction of the Armed Forces, or

"(v) in the Library of Congress;

"(B) any individual employed by the United States Postal Service or the Postal Rate Commission; and

"(C) any individual employed by a State, political subdivision of a State, or an interstate governmental agency, other than such an individual—

"(i) who is not subject to the civil service laws of the State, political subdivision, or agency which employs him; and

"(ii) who—

"(I) holds a public elective office of that State, political subdivision, or agency,

"(II) is selected by the holder or such an office to be a member of his personal staff,

"(III) is appointed by such an officeholder to serve on a policymaking level, or

"(IV) who is an immediate adviser to such an officeholder with respect to the constitutional or legal powers of his office.

"(3) For purposes of subsection (u), such term does not include any individual employed by an employer engaged in agriculture if such individual is the parent, spouse, child, or other member of the employer's immediate family.".

(3) Section 3(h) is amended to read as follows:

"(h) 'Industry' means a trade, business, industry, or other activity, or branch or group thereof, in which individuals are gainfully employed.".

(4) Section 3(r) is amended by inserting "or" at the end of paragraph (2) and by

inserting after that paragraph the following new paragraph:

"(3) in connection with the activities of a public agency,".

(5) Section 3(s) is amended—

(A) by striking out in the matter preceding paragraph (1) "including employees handling, selling, or otherwise working on goods" and inserting in lieu thereof "or employees handling, selling, or otherwise working on goods or materials",

(B) by striking out "or" at the end of paragraph (3),

(C) by striking out the period at the end of paragraph (4) and inserting in lieu thereof "; or",

(D) by adding after paragraph (4) the following new paragraph:

"(5) is an activity of a public agency.", and

(E) by adding after the last sentence the following new sentence: "The employees of an enterprise which is a public agency shall for purposes of this subsection be deemed to be employees engaged in commerce, or in the production of goods for commerce, or employees handling, selling, or otherwise working on goods or materials that have been moved in or produced for commerce.".

(6) Section 3 is amended by adding after subsection (w) the following:

"(x) 'Public agency' means the Government of the United States; the government of a State or political subdivision thereof; any agency of the United States (including the United States Postal Service and Postal Rate Commission), a State, or a political subdivision of a State; or any interstate governmental agency.".

(b) Section 4 is amended by adding at the end thereof the following new subsection:

"(f) The Secretary is authorized to enter into an agreement with the Librarian of Congress with respect to any individual employed in the Library of Congress to provide for the carrying out of the Secretary's functions under this Act with respect to such individuals. Notwithstanding any other provision of this Act, or any other law, the Civil Service Commission is authorized to administer the provisions of this Act with respect to any individual employed by the United States (other than an individual employed in the Library of Congress, United States Postal Service, or Postal Rate Commission). Nothing in this subsection shall be construed to affect the right of an employee to bring an action for unpaid minimum wages, or unpaid overtime compensation, and liquidated damages under section 16(b) of this Act.".

(c) Section 7 is amended by adding at the end thereof the following new subsection:

"(k) No public agency shall be deemed to have violated subsection (a) with regard to any employee engaged in fire protection or law enforcement activities (including security personnel in correctional institutions) if, pursuant to an agreement or understanding arrived at between the employer and the employee before performance of the work, a work period of twenty-eight consecutive days is accepted in lieu of the workweek of seven consecutive days for purposes of overtime computation and if the employee receives compensation at a rate not less than one and one-half times the regular rate at which he is employed for his employment in excess of—

"(1) one hundred and ninety-two hours in each such twenty-eight day period during the first year from the effective date of the Fair Labor Standards Amendments of 1974;

"(2) one hundred and eighty-four hours in each such twenty-eight day period during the second year from such date;

"(3) one hundred and seventy-six hours in each such twenty-eight day period during the third year from such date;

"(4) one hundred and sixty-eight hours in each such twenty-eight day period during the fourth year from such date; and

"(5) one hundred and sixty hours in each such twenty-eight day period thereafter.".

(d)(1) The second sentence of section 16(b) is amended to read as follows: "Action to recover such liability may be maintained against any employer (including a public agency) in any Federal or State court of competent jurisdiction by any one or more employees for and in behalf of himself or themselves and other employees similarly situated.".

(2)(A) Section 6 of the Portal-to-Portal Pay Act of 1947 is amended by striking out the period at the end of paragraph (c) and by inserting in lieu thereof a semicolon and by adding after such paragraph the following:

"(d) with respect to any cause of action brought under section 16(b) of the Fair Labor Standards Act of 1938 against a State or a political subdivision of a State in a district court of the United States on or before April 18, 1973, the running of the statutory periods of limitation shall be deemed suspended during the period beginning with the commencement of any such action and ending one hundred and eighty days after the effective date of the Fair Labor Standards Amendments of 1974, except that such suspension shall not be applicable if in such action judgment has been entered for the defendant on the grounds other than State immunity from Federal jurisdiction.".

(B) Section 11 of such Act is amended by striking out "(b)" after "section 16".

DOMESTIC SERVICE WORKERS

SEC. 7. (a) Section 2(a) is amended by inserting at the end the following new sentence: "The Congress further finds that the employment of persons in domestic service in households affects commerce."

(b)(1) Section 6 is amended by adding after subsection (e) the following new subsection:

"(f) Any employee who in any workweek is employed in domestic service in a household shall be paid wages at a rate not less than the wage rate in effect under section 6(b) unless such employee's compensation for such service would not because of section 209(g) of the Social Security Act constitute 'wages', for purposes of title II of such Act."

(2) Section 7 is amended by adding after the subsection added by section 6(c) of this Act the following new subsection:

"(l) Subsection (a)(1) shall apply with respect to any employee who in any workweek is employed in domestic service in a household unless such employee's compensation for such work would not because of section 209(g) of the Social Security Act constitute 'wages', for purposes of title II of such Act."

(3) Section 13(a) is amended by adding at the end the following new paragraph:

"(15) any employee employed on a casual basis in domestic service employment to provide babysitting services or any employee employed in domestic service employment to provide companionship services for individuals who (because of age or infirmity) are unable to care for themselves (as such terms are defined and delimited by regulations of the Secretary)."

(4) Section 13(b) is amended by striking out the period at the end of paragraph (19) and inserting in lieu thereof "; or " and by adding after that paragraph the following new paragraph:

"(20) any employee who in domestic service in a household and who resides in such household; or".

RETAIL AND SERVICE ESTABLISHMENTS

SEC. 8. (a) Effective July 1, 1974, section 13(a)(2) (relating to employees of retail and service establishments) is amended by striking out "$250,000" and inserting in lieu thereof "$225,000".

(b) Effective July 1, 1975, such section is amended by striking out "$225,000" and inserting in lieu thereof "$200,000".

(c) Effective July 1, 1976, such section is amended by striking out "or such establishment has an annual dollar volume of sales which is less than $200,000 (exclusive of excise taxes at the retail level which are separately stated)".

TOBACCO EMPLOYEES

SEC. 9. (a) Section 7 is amended by adding after the subsection added by section 7(b)(2) of this Act the following:

"(m) For a period or periods of not more than fourteen workweeks in the aggregate in any calendar year, any employer may employ any employee for a workweek in excess of that specified in subsection (a) without paying the compensation for overtime employment prescribed in such subsection, if such employee—

"(1) is employed by such employer—

"(A) to provide services (including stripping and grading) necessary and incidental to the sale at auction of green leaf tobacco of type 11, 12, 13, 14, 21, 22, 23, 24, 31, 35, 36, or 37 (as such types are defined by the Secretary of Agriculture), or in auction sale, buying, handling, stemming, redrying, packing, and storing of such tobacco.

"(B) in auction sale, buying, handling, sorting, grading, packing, or storing green leaf tobacco of type 32 (as such type is defined by the Secretary of Agriculture), or

"(C) in auction sale, buying, handling, stripping, sorting, grading, sizing, packing, or stemming prior to packing, of perishable cigar leaf tobacco of type 41, 42, 43, 44, 45, 46, 51, 52, 53, 54, 55, 61, or 62 (as such types are defined by the Secretary of Agriculture); and

"(2) receives for—

"(A) such employment by such employer which is in excess of ten hours in any workday, and

"(B) such employment by such employer which is in excess of forty-eight hours in any workweek.

compensation at a rate not less than one and one-half times the regular rate at which he is employed.

An employer who receives an exemption under this subsection shall not be eligible for any other exemption under this section.".

(b)(1) Section 13(a)(14) is repealed.

(2) Section 13(b) is amended by adding after the paragraph added by section 7(b)(4) of this Act the following new paragraph:

"(21) any agricultural employee employed in the growing and harvesting of shade-grown tobacco who is engaged in the processing (including, but not limited to, drying, curing, fermenting, bulking, rebulking, sorting, grading, aging, and baling) of such tobacco, prior to the stemming process, for use as cigar wrapper tobacco; or".

TELEGRAPH AGENCY EMPLOYEES

SEC. 10. (a) Section 13(a)(11) (relating to telegraph agency employees) is repealed.

(b)(1) Section 13(b) is amended by adding after the paragraph added by section 9(b)(2) of this Act the following new paragraph:

"(22) any employee or proprietor in a retail or service establishment, which qualifies as an exempt retail or service establishment under paragraph (2) of subsection (a) with respect to whom the provisions of sections 6 and 7 would not otherwise apply, engaged in handling telegraphic messages for the public under an agency or contract arrangement with a telegraph company where the telegraph message revenue of such agency does not exceed $500 a month and receives compensation for employment in excess of forty-eight hours in any workweek at a rate not less than one and one-half times the regular rate at which he is employed; or".

(2) Effective one year after the effective date of the Fair Labor Standards Amendments of 1974, section 13(b)(22) is amended by striking out "forty-eight hours" and inserting in lieu thereof "forty-four hours".

(3) Effective two years after such date, section 13(b)(22) is repealed.

SEAFOOD CANNING AND PROCESSING EMPLOYEES

SEC. 11. (a) Section 13(b)(4) (relating to fish and seafood processing employees) is amended by inserting "who is" after "employee", and by inserting before the semicolon the following: ", and who receives compensation for employment in excess of forty-eight hours in any workweek at a rate not less than one and one-half times the regular rate at which he is employed".

(b) Effective one year after the effective date of the Fair Labor Standards Amendments of 1974, section 13(b)(4) is amended by striking out "forty-eight hours" and inserting in lieu thereof "forty-four hours."

(c) Effective two years after such date, section 13(b)(4) is repealed.

NURSING HOME EMPLOYEES

SEC. 12. (a) Section 13(b)(8) (insofar as it relates to nursing home employees) is amended by striking out "any employee who (A) is employed by an establishment which is an institution (other than a hospital) primarily engaged in the care of the sick, the aged, or the mentally ill or defective who reside on the premises" and the remainder of that paragraph.

(b) Section 7(j) is amended by inserting after "a hospital" the following: "or an establishment which is an institution primarily engaged in the care of the sick, the aged, or the mentally ill or defective who reside on the premises".

HOTEL, MOTEL, AND RESTAURANT EMPLOYEES AND TIPPED EMPLOYEES

SEC. 13. (a) Section 13(b)(8) (insofar as it relates to hotel, motel, and restaurant employees) (as amended by section 12) is amended (1) by striking out "any employee" and inserting in lieu thereof "(A) any employee (other than an employee of a hotel or motel who is employed to perform maid or custodial services) who is," (2) by inserting before the semicolon the following: "and who receives compensation for employment in excess of forty-eight hours in any workweek at a rate not less than one and one-half times the regular rate at which he is employed", and (3) by adding after such section the following:

"(B) any employee who is employed by a hotel or motel to perform maid or custodial services and who receives compensation for employment in excess of forty-eight hours in any workweek at a rate not less than one and one-half times the regular rate at which he is employed; or".

(b) Effective one year after the effective date of the Fair Labor Standards Amendments of 1974, subparagraphs (A) and (B) of section 13(b)(8) are each amended by striking out "forty-eight hours" and inserting in lieu thereof "forty-six hours".

(c) Effective two years after such date, subparagraph (B) of section 13(b)(8) is amended by striking out "forty-six hours" and inserting in lieu thereof "forty-four hours".

(d) Effective three years after such date, subparagraph (B) of section 13(b)(8) is repealed and such section is amended by striking out "(A)".

(e) The last sentence of section 3(m) is amended to read as follows: "In determining the wage of a tipped employee, the amount paid such employee by his employer shall be deemed to be increased on account of tips by an amount determined by the employer, but not by an amount in excess of 50 per centum of the applicable minimum wage rate, except that the amount of the increase on account of tips determined by the employer may not exceed the value of tips actually received by the employee. The previous sentence shall not apply with respect to any tipped employee unless (1) such employee has been informed by the employer of the provisions of this section, and (2) all tips received by such employee have been retained by the employee, except that nothing herein shall prohibit the pooling of tips among employees who customarily and regularly receive tips.".

SALESMEN, PARTSMEN, AND MECHANICS

SEC. 14. Section 13(b)(10) (relating to salesmen, partsmen, and mechanics) is amended to read as follows:

"(10)(A) any salesman primarily engaged in selling automobiles, trailers, trucks, farm implements, boats, or aircraft if he is employed by a nonmanufacturing establishment primarily engaged in the business of selling such boats or vehicles to ultimate purchasers; or

"(B) any partsman primarily engaged in selling parts for automobiles, trucks, or farm implements and any mechanic primarily engaged in servicing such vehicles, if they are employed by a nonmanufacturing establishment primarily engaged in the business of selling such vehicles to ultimate purchasers; or".

FOOD SERVICE ESTABLISHMENT EMPLOYEES

SEC. 15. (a) Section 13(b)(18) (relating to food service and catering employees) is amended by inserting immediately before the semicolon the following: "and who receives compensation for employment in excess of forty-eight hours in any workweek at a rate not less than one and one-half times the regular rate at which he is employed."

(b) Effective one year after the effective date of the Fair Labor Standards Amendments of 1974, such section is amended by striking out "forty-eight hours" and inserting in lieu thereof "forty-four hours"

(c) Effective two years after such date, such section is repealed.

BOWLING EMPLOYEES

SEC. 16. (a) Effective one year after the effective date of the Fair Labor Standards Amendments of 1974, section 13(b)(19) (relating to employees of bowling establishments) is amended by striking out "forty-eight hours" and inserting in lieu thereof "forty-four hours".

(b) Effective two years after such date, such section is repealed.

SUBSTITUTE PARENTS FOR INSTITUTIONALIZED CHILDREN

SEC. 17. Section 13(b) is amended by inserting after the paragraph added by section 10(b)(1) of this Act the following new paragraph:

"(23) any employee who is employed with his spouse by a nonprofit education institution to serve as the parents of children—

"(A) who are orphans or one of whose natural parents is deceased, or

"(B) who are enrolled in such institution and reside in residential facilities of the institution, while such children are in residence at such institution.

if such employee and his spouse reside in such facilities, receive, without cost, board and lodging from such institution, and are together compensated, on a cash basis, at an annual rate of not less than $10,000; or".

EMPLOYEES OF CONGLOMERATES

SEC. 18. Section 13 is amended by adding at the end thereof the following:

"(g) The exemption from section 6 provided by paragraphs (2) and (6) of subsection (a) of this section shall not apply with respect to any employee employed by an establishment (1) which controls, is controlled by, or is under common control with, another establishment the activities of which are not related for a common business purpose to, but materially support, the activities of the establishment employing such employee; and (2) whose annual gross volume of sales made or business done, when combined with the annual gross volume of sales made or business done by each establishment which controls, is controlled by, or is under common control with, the establishment employing such employee, exceeds $10,000,000 (exclusive of excise taxes at the retail level which are separately stated), except that the exemption from section 6 provided by subparagraph (2) of subsection (a) of this section shall apply with respect to any establishment described in this subsection which has an annual dollar volume of sales which would permit it to qualify for the exemption provided in paragraph (2) of subsection (a) if it were in an enterprise described in section 3(s).".

SEASONAL INDUSTRY EMPLOYEES

SEC. 19. (a) Sections 7(c) and 7(d) are each amended—

(1) by striking out "ten workweeks" and inserting in lieu thereof "seven workweeks", and

(2) by striking out "fourteen workweeks" and inserting in lieu thereof "ten workweeks".

(b) Section 7(c) is amended by striking out "fifty hours" and inserting in lieu thereof "forty-eight hours".

(c) Effective January 1, 1975, sections 7(c) and 7(d) are each amended—

(1) by striking out "seven workweeks" and inserting in lieu thereof "five workweeks", and

(2) by striking out "ten workweeks" and inserting in lieu thereof "seven workweeks".

(d) Effective January 1, 1976, sections 7(c) and 7(d) are each amended—

(1) by striking out "five workweeks" and inserting in lieu thereof "three workweeks", and

(2) by striking out "seven workweeks" and inserting in lieu thereof "five workweeks".

(e) Effective December 31, 1976, sections 7(c) and 7(d) are repealed.

COTTON GINNING AND SUGAR PROCESSING EMPLOYEES

SEC. 20. (a) Section 13(b)(15) is amended to read as follows:

"(15) any employee engaged in the processing of maple sap into sugar (other than refined sugar) or syrup; or".

(b)(1) Section 13(b) is amended by adding after paragraph (23) the following new paragraph:

"(24) any employee who is engaged in ginning of cotton for market in any place of employment located in a county where cotton is grown in commercial quantities and who receives compensation for employment in excess of—

"(A) seventy-two hours in any workweek for not more than six workweeks in a year,

"(B) sixty-four hours in any workweek for not more than four workweeks in that year,

"(C) fifty-four hours in any workweek for not more than two workweeks in that year, and

"(D) forty-eight hours in any other workweek in that year,

at a rate not less than one and one-half times the regular rate at which he is employed; or".

(2) Effective January 1, 1975, section 13(b)(24) is amended—

(A) by striking out "seventy-two" and inserting in lieu thereof "sixty-six";

(B) by striking out "sixty-four" and inserting in lieu thereof "sixty";

(C) by striking out "fifty-four" and inserting in lieu thereof "fifty";

(D) by striking out "and" at the end of subparagraph (C); and

(E) by striking out "forty-eight hours in any other workweek in that year" and inserting in lieu thereof the following: "forty-six hours in any workweek for not more than two workweeks in that year; and

"(E) forty-four hours in any other workweek in that year,".

(3) Effective January 1, 1976, section 13(b)(24) is amended—

(A) by striking out "sixty-six" and inserting in lieu thereof "sixty";

(B) by striking out "sixty" and inserting in lieu thereof "fifty-six";

(C) by striking out "fifty" and inserting in lieu thereof "forty-eight";

(D) by striking out "forty-six" and inserting in lieu thereof "forty-four"; and

(E) by striking out "forty-four" and inserting in lieu thereof "forty".

(c)(1) Section 13(b) is amended by adding after paragraph (24) the following new paragraph:

"(25) any employee who is engaged in the processing of sugar beets, sugar beet molasses, or sugarcane into sugar (other than refined sugar) or syrup and who receives compensation for employment in excess of—

"(A) seventy-two hours in any workweek for not more than six workweeks in a year,

"(B) sixty-four hours in any workweek for not more than four workweeks in that year,

"(C) fifty-four hours in any workweek for not more than two workweeks in that year, and

"(D) forty-eight hours in any other workweek in that year,

at a rate not less than one and one-half times the regular rate at which he is employed; or".

(2) Effective January 1, 1975, section 13(b)(25) is amended—

(A) by striking out "seventy-two" and inserting in lieu thereof "sixty-six";

(B) by striking out "sixty-four" and inserting in lieu thereof "sixty";

(C) by striking out "fifty-four" and inserting in lieu thereof "fifty";

(D) by striking out "and" at the end of subparagraph (C); and

(E) by striking out "forty-eight hours in any other workweek in that year" and inserting in lieu thereof the following: "forty-six hours in any workweek for not more than two workweeks in that year, and

"(E) forty-four hours in any other workweek in that year,".

(3) Effective January 1, 1976, section 13(b)(25) is amended—

(A) by striking out "sixty-six" and inserting in lieu thereof "sixty";

(B) by striking out "sixty" and inserting in lieu thereof "fifty-six";

(C) by striking out "fifty" and inserting in lieu thereof "forty-eight";

(D) by striking out "forty-six" and inserting in lieu thereof "forty-four"; and

(E) by striking out "forty-four" and inserting in lieu thereof "forty".

LOCAL TRANSIT EMPLOYEES

SEC. 21. (a) Section 7 is amended by adding after the subsection added by section 9(a) of this Act the following new subsection:

"(n) In the case of an employee of an employer engaged in the business of operating a street, suburban, or interurban electric railway, or local trolley or motorbus carrier (regardless of whether or not such railway or carrier is public or private or operated for profit or not for profit) in determining the hours of employment of such an employee to which the rate prescribed by subsection (a) applies there shall be excluded the hours such employee was employed in charter activities by such employer if (1) the employee's employment in such activities was pursuant to an agreement or understanding with his employer arrived at before engaging in such employment, and (2) if employment in such activities is not part of such employee's regular employment."

(b)(1) Section 13(b)(7) (relating to employees of street, suburban, or interurban electric railways or local trolley or motorbus carriers) is amended by striking out ", if the rates and services of such railway or carrier are subject to regulation by a State or local agency" and inserting in lieu thereof the following: "(regardless of whether or not such railway or carrier is public or private or operated for profit or not for profit), if such employee receives compensation for employment in excess of forty-eight hours in any workweek at a rate not less than one and one-half times the regular rate at which he is employed".

(2) Effective one year after the effective date of the Fair Labor Standards Amendments of 1973, 1974, such section is amended by striking out "forty-eight hours" and inserting in lieu thereof "forty-four hours".

(3) Effective two years after such date, such section is repealed.

COTTON AND SUGAR SERVICES EMPLOYEES

SEC. 22. Section 13 is amended by adding after the subsection added by section 18(a) the following:

"(h) The provisions of section 7 shall not apply for a period or periods of not more than fourteen workweeks in the aggregate in any calendar year to any employee who—

"(1) is employed by such employer—

"(A) exclusively to provide services necessary and incidental to the ginning of cotton in an establishment primarily engaged in the ginning of cotton;

"(B) exclusively to provide services necessary and incidental to the receiving, handling, and storing of raw cotton and the compressing of raw cotton when performed at a cotton warehouse or compress-warehouse facility, other than one operated in conjunction with a cotton mill, primarily engaged in storing and compressing;

"(C) exclusively to provide services necessary and incidental to the receiving, handling, storing, and processing of cottonseed in an establishment primarily engaged in the receiving, handling, storing, and processing of cottonseed; and

"(D) exclusively to provide services necessary and incidental to the processing of sugar cane or sugar beets in an establishment primarily engaged in the processing of sugar cane or sugar beets; and".

"(2) receiver for—

"(A) such employment by such employer which is in excess of ten hours in any workday, and

"(B) such employment by such employer which is in excess of forty-eight hours in any workweek,

compensation at a rate not less than one and one-half times the regular rate at which he is employed.

Any employer who receives an exemption under this subsection shall not be eligible for any other exemption under this section or section 7.".

OTHER EXEMPTIONS

SEC. 23. (a)(1) Section 13(a)(9) (relating to motion picture theater employees) is repealed.

(2) Section 13(b) is amended by adding after paragraph (25) the following new paragraph:

"(26) any employee employed by an establishment which is a motion picture theater;".

(b)(1) Section 13(a)(13) (relating to small logging crews) is repealed.

(2) Section 13(b) is amended by adding after paragraph (26) the following new paragraph:

"(27) any employee employed in planting or tending trees, cruising, surveying, or felling timber, or in preparing or transporting logs or other forestry products to the mill, processing plant, railroad, or other transportation terminal, if the number of employees employed by his employer in such forestry or lumbering operations does not exceed eight.".

(c) Section 13(b)(2) (insofar as it relates to pipeline employees) is amended by inserting after "employer" the following: "engaged in the operation of a common carrier by rail and".

EMPLOYMENT OF STUDENTS

SEC. 24. (a) Section 14 is amended by striking out subsections (a), (b), and (c) and inserting in lieu thereof the following:

"SEC. 14. (a) The Secretary, to the extent necessary in order to prevent curtailment of opportunities for employment, shall by regulations or by orders provide for the employment of learners, of apprentices, and of messengers employed primarily in delivering letters and messages, under special certificates issued pursuant to regulations of the Secretary, at such wages lower than the minimum wage applicable under section 6 and subject to such limitation as to time, number, proportion, and length of service as the Secretary shall prescribe.

"(b)(1)(A) The Secretary, to the extent necessary in order to prevent curtailment of opportunities for employment, shall by special certificate issued under a regulation or order provide, in accordance with subparagraph (B), for the employment, at a wage rate not less than 85 per centum of the otherwise applicable wage rate in effect under section 6 or not less than $1.60 an hour, whichever is the higher (or in the case of employment in Puerto Rico or the Virgin Islands not described in section 5(e), at a wage rate not less than 85 per centum of the otherwise applicable wage rate in effect under section 6(c)), of full-time students (regardless of age but in compliance with applicable child labor laws) in retail or service establishments.

"(B) Except as provided in paragraph (4)(B), the proportion of student hours of employment under special certificates issued under subparagraph (A) to the total hours of employment of all employees in any retail or service establishment may not exceed (i) such proportion for the corresponding month of the twelve-month period preceding May 1, 1961, (ii) in the case of a retail or service establishment whose employees (other than employees engaged in commerce or in the production of goods for commerce) are covered by this Act for the first time on or after the effective date of the Fair Labor Standards Amendments of 1966 or the Fair Labor Standards Amendments of 1974, such proportion for the corresponding month of the twelve-month period immediately prior to the applicable effective date, or (iii) in the case of a retail or service establishment coming into existence after May 1, 1961, or a retail or service establishment for which records of student hours worked are not available, a proportion of student hours of employment to total hours of employment of all employees based on the practice during the twelve-month period preceding May 1, 1961, in similar establishments of the same employer in the same general metropolitan area in which the new establishment is located, similar establishments of the same employer in the same or nearby counties if the new establishment is not in a metropolitan area, or other establishments of the same general character operating in the community or the nearest comparable community. For the purposes of the preceding sentence, the term 'student hours of employment' means student hours worked at less than $1.00 an hour, except that such term shall include, in States whose minimum wages were at or above $1.00 an hour in the base year, hours worked by students at the State minimum wage in the base year.

"(2) The Secretary, to the extent necessary in order to prevent curtailment of opportunities for employment, shall by special certificate issued under a regulation or order provide for the employment, at a wage rate not less than 85 per centum of the wage rate in effect under section 6(a)(5) or not less than $1.30 an hour, whichever is the higher (or in the case of employment in Puerto Rico or the Virgin Islands not described in section 5(e), at the wage rate not less than 85 per centum of the wage rate in effect under section 6(c)(3)), of full-time students (regardless of age but in compliance with applicable child labor laws) in any occupation in agriculture.

"(3) The Secretary, to the extent necessary in order to prevent curtailment of opportunities for employment, shall by special certificate issued under a regulation or order provide for the employment by an institution of higher education, at a wage rate not less than 85 per centum of the otherwise applicable wage rate in effect under section 6 or not less than $1.60 an hour, whichever is the higher (or in the case of employment in Puerto Rico or the Virgin Islands not described in section 5(e), at a wage rate not less than 85 per centum of the wage rate in effect under section 6(c)), of full-time students (regardless of age but in compliance with applicable child labor laws) who are enrolled in such institution. The Secretary shall by regulation prescribe standards and requirements to insure that this paragraph will not create a substantial probability of reducing the full-time employment opportunities of persons other than those to whom the minimum wage rate authorized by this paragraph is applicable.

"(4)(A) A special certificate issued under paragraph (1), (2), or (3) shall provide that the student or students for whom it is issued shall, except during vacation periods, be employed on a part-time basis and not in excess of twenty hours in any workweek.

"(B) If the issuance of a special certificate under paragraph (1) or (2) for an employer will cause the number of students employed by such employer under special certificates issued under this subsection to exceed four, the Secretary may not issue such a special certificate for the employment of a student by such employer unless the Secretary finds employment of such student will not create a substantial probability of reducing the full-time employment opportunities of persons other than those employed under special certificates issued under this subsection. If the issuance of a special certificate under paragraph (1) or (2) for an employer will not cause the number of students employed by such employer under special certificates issued under this subsection to exceed four—

"(i) the Secretary may issue a special certificate under paragraph (1) or (2) for the employment of a student by such employer if such employer certifies to the Secretary that the employment of such student will not reduce the full-time employment opportunities of persons other than those employed under special certificates issued under this subsection, and

"(ii) in the case of an employer which is a retail or service establishment, subparagraph (B) of paragraph (1) shall not apply with respect to the issuance of special certificates for such employer under such paragraph.

The requirement of this subparagraph shall not apply in the case of the issuance of special certificates under paragraph (3) for the employment of full-time students by institutions of higher education; except that if the Secretary determines that an institution of higher education is employing students under certificates issued under paragraph (3) but in violation of the requirements of that paragraph or of regulations issued thereunder, the requirements of this subparagraph shall apply with respect to the issuance of special certificates under paragraph (3) for the employment of students by such institution.

"(C) No special certificate may be issued under this subsection unless the employer for whom the certificate is to be issued provides evidence satisfactory to the Secretary of the student status of the employees to be employed under such special certificate."

(b) Section 14 is further amended by redesignating subsection (d) as subsection (c) and by adding at the end the following new subsection:

"(d) The Secretary may by regulation or order provide that sections 6 and 7 shall not apply with respect to the employment by any elementary or secondary school of its students if such employment constitutes, as determined under regulations prescribed by the Secretary, an integral part of the regular education program provided by such school and such employment is in accordance with applicable child labor laws."

(c) Section 4(d) is amended by adding at the end thereof the following new sentence: "Such report shall also include a summary of the special certificates issued under section 14(b)."

CHILD LABOR

Sec. 25. (a) Section 12 (relating to child labor) is amended by adding at the end thereof the following new subsection:

"(d) In order to carry out the objectives of this section, the Secretary may by regulation require employers to obtain from any employee proof of age."

(b) Section 13(c)(1) (relating to child labor in agriculture) is amended to read as follows:

"(c) (1) Except as provided in paragraph (2), the provisions of section 12 relating to child labor shall not apply to any employee employed in agriculture outside of school hours for the school district where such employee is living while he is so employed, if such employee—

"(A) is less than twelve years of age and (i) is employed by his parent, or by a person standing in the place of his parent, on a farm owned or operated by such parent or person, or (ii) is employed, with the consent of his parent or person standing in the place of his parent, on a farm, none of the employees of which are (because of section 13(a)(6)(A)) required to be paid at the wage rate prescribed by section 6(a)(5),

"(B) is twelve years or thirteen years of age and (i) such employment is with the consent of his parent or person standing in the place of his parent, or (ii) his parent or such person is employed on the same farm as such employee, or

"(C) is fourteen years of age or older.".

(c) Section 16 is amended by adding at the end thereof the following new subsection:

"(e) Any person who violates the provisions of section 12, relating to child labor, or any regulation issued under that section, shall be subject to a civil penalty of not to exceed $1,000 for each such violation. In determining the amount of such penalty, the appropriateness of such penalty to the size of the business of the person charged and the gravity of the violation shall be considered. The amount of such penalty, when finally determined, may be—

"(1) deducted from any sums owing by the United States to the person charged;

"(2) recovered in a civil action brought by the Secretary in any court of competent jurisdiction, in which litigation the Secretary shall be represented by the Solicitor of Labor; or

"(3) ordered by the court in an action brought under section 15(a)(4), to be paid to the Secretary.

Any administrative determination by the Secretary of the amount of such penalty shall be final, unless within fifteen days after receipt of notice thereof by certified mail the person charged with the violation takes exception to the determination that the violations for which the penalty is imposed occurred, in which event final determination of the penalty shall be made in an administrative proceeding after opportunity for hearing in accordance with section 554 of title 5, United States Code, and regulations to be promulgated by the Secretary. Sums collected as penalties pursuant to this section shall be applied toward reimbursement of the costs of determining the violations and assessing and collecting such penalties, in accordance with the provisions of section 2 of an Act entitled 'An Act to authorize the Department of Labor to make special statistical studies upon payment of the cost thereof, and for other purposes' (29 U.S.C. 9a)."

SUITS BY SECRETARY FOR BACK WAGES

Sec. 26. The first three sentences of section 16(c) are amended to read as follows: "The Secretary is authorized to supervise the payment of the unpaid minimum wages or the unpaid overtime compensation owing to any employee or employees under section 6 or 7 of this Act, and the agreement of any employee to accept such payment shall upon payment in full constitute a waiver by such employee of any right he may have under subsection (b) of this section to such unpaid minimum wages or unpaid overtime compensation and an additional equal amount as liquidated damages. The Secretary may bring an action in any court of competent jurisdiction to recover the amount of the unpaid minimum wages or overtime compensation and an equal amount as liquidated damages. The right provided by subsection (b) to bring an action by or on behalf of any employee and of any employee to become a party plaintiff to any such action shall terminate upon the filing of a complaint by the Secretary in an action under this subsection in which a recovery is sought of unpaid minimum wages or unpaid overtime compensation under sections 6 and 7 or liquidated or other damages provided by this subsection owing to such employee by an employer liable under the provision of subsection (b), unless such action is dismissed without prejudice on motion of the Secretary."

ECONOMIC EFFECTS STUDIED

Sec. 27. Section 4(d) is amended by—

(1) inserting "(1)" immediately after "(d)",

(2) inserting in the second sentence after the term "minimum wages" the following: "and overtime coverage"; and

(3) by adding at the end thereof the following new paragraph:

"(2) The Secretary shall conduct studies on the justification or lack thereof for each of the special exemptions set forth in section 13 of this Act, and the extent to which such exemptions apply to employees of establishment described in subsection (g) of such section and the economic effects of the application of such exemptions to such employees. The Secretary shall submit a report of his findings and recommendations to the Congress with respect to the studies conducted under this paragraph not later than January 1, 1976.".

AGE DISCRIMINATION

Sec. 28. (a)(1) The first sentence of section 11(b) of the Age Discrimination in Employment Act of 1967 (29 U.S.C. 630(b)) is amended by striking out "twenty-five" and inserting in lieu thereof "twenty".

Nondiscrimination on Account of Age in Government Employment

(2) The second sentence of section 11(b) is amended to read as follows: "The term also means (1) any agent of such a person, and (2) a State or political subdivision of a State and any agency or instrumentality of a State or a political subdivision of a State, and any interstate agency, but such term does not include the United States, or

a corporation wholly owned by the Government of the United States."

(3) Section 11(c) of such Act is amended by striking out ", or an agency of a State or political subdivision of a State, except that such term shall include the United States Employment Service and the system of State and local employment services receiving Federal assistance".

(4) Section 11(f) of such Act is amended to read as follows:

"(f) The term 'employee' means an individual employed by any employer except that the term 'employee' shall not include any person elected to public office in any State or political subdivision of any State by the qualified voters thereof, or any person chosen by such officer to be on such officer's personal staff, or an appointee on the policy-making level or an immediate adviser with respect to the exercise of the constitutional or legal powers of the office. The exemption set forth in the preceding sentence shall not include employees subject to the civil service laws of a State government, governmental agency, or political subdivision."

(5) Section 16 of such Act is amended by striking the figure "$3,000,000", and inserting in lieu thereof "$5,000,000".

(b) (1) The Age Discrimination in Employment Act of 1967 is amended by redesignating sections 15 and 16, and all references thereto, as section 16 and section 17, respectively.

(2) The Age Discrimination in Employment Act of 1967 is further amended by adding immediately after section 14 the following new section:

"NONDISCRIMINATION ON ACCOUNT OF AGE IN FEDERAL GOVERNMENT EMPLOYMENT

"Sec. 15. (a) All personnel actions affecting employees or applicants for employment (except with regard to aliens employed outside the limits of the United States) in military departments as defined in section 102 of title 5, United States Code, in executive agencies as defined in section 105 of title 5, United States Code (including employees and applicants for employment who are paid from nonappropriated funds), in the United States Postal Service and the Postal Rate Commission, in those units in the government of the District of Columbia having positions in the competitive service, and in those units of the legislative and judicial branches of the Federal Government having positions in the competitive service, and in the Library of Congress shall be made free from any discrimination based on age.

"(b) Except as otherwise provided in this subsection, the Civil Service Commission is authorized to enforce the provisions of subsection (a) through appropriate remedies, including reinstatement or hiring of employees with or without backpay, as will effectuate the policies of this section. The Civil Service Commission shall issue such rules, regulations, orders, and instructions as it deems necessary and appropriate to carry out its responsibilities under this section. The Civil Service Commission shall—

"(1) be responsible for the review and evaluation of the operation of all agency programs designed to carry out the policy of this section, periodically obtaining and publishing (on at least a semiannual basis) progress reports from each such department, agency or unit;

"(2) consult with and solicit the recommendations of interested individuals, groups, and organizations relating to nondiscrimination in employment on account of age; and

"(3) provide for the acceptance and processing of complaints of discrimination in Federal employment on account of age.

"The head of each such department, agency, or unit shall comply with such rules, regulations, orders, and instructions of the Civil Service Commission which shall include a provision that an employee or applicant for employment shall be notified of any final action taken on any complaint of discrimination filed by him thereunder. Reasonable exemptions to the provisions of this section may be established by the Commission but only when the Commission has established a maximum age requirement on the basis of a determination that age is a bona fide occupational qualification necessary to the performance of the duties of the position. With respect to employment in the Library of Congress, authorities granted in this subsection to the Civil Service Commission shall be exercised by the Librarian of Congress.

"(c) Any persons aggrieved may bring a civil action in any Federal district court of competent jurisdiction for such legal or equitable relief as will effectuate the purposes of this Act.

"(d) When the individual has not filed a complaint concerning age discrimination with the Commission, no civil action may be commenced by any individual under this section until the individual has given the Commission not less than thirty days' notice of an intent to file such action. Such notice shall be filed within one hundred and eighty days after the alleged unlawful practice occurred. Upon receiving a notice of intent to sue, the Commission shall promptly notify all persons named therein as prospective defendants in the action and take any appropriate action to assure the elimination of any unlawful practice.

"(e) Nothing contained in this section shall relieve any Government agency or official of the responsibility to assure nondiscrimination on account of age in employment as required under any provision of Federal law."

EFFECTIVE DATE

Sec. 29. (a) Except as otherwise specifically provided, the amendments made by this Act shall take effect on the first day of the first full month which begins after the date of the enactment of this Act.

(b) Notwithstanding subsection (a), on and after the date of the enactment of this Act the Secretary of Labor is authorized to prescribe necessary rules, regulations, and orders with regard to the amendments made by this Act.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

UNANIMOUS-CONSENT AGREEMENT

Mr. MANSFIELD. Mr. President, I ask unanimous consent that, beginning at the conclusion of morning business on Tuesday, March 5, 1974, there be a time limitation of 2 hours on each amendment on S. 2747, the pending business, to be equally divided between the sponsor of the amendment and the manager of the bill or whomever he may designate; that there be 2 hours on the bill to be equally divided between the majority and minority leaders or whomever they may designate.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request of the Senator from Montana?

Mr. JAVITS. Mr. President, what about the rule of germaneness on this matter?

Mr. MANSFIELD. The usual rule will apply.

Mr. JAVITS. Mr. President, if the Senator will withhold that for a moment——

Mr. MANSFIELD. Mr. President, I would include the Buckley amendment in the unanimous consent request.

The PRESIDING OFFICER. Is there objection that the agreement be in the usual form as requested?

Mr. GRIFFIN. With the understanding that the Buckley amendment would be germane.

The PRESIDING OFFICER. That is understood.

Mr. JAVITS. Mr. President, what about amendments to amendments? We always forget about that. Could we have a half-hour or 1 hour——

Mr. MANSFIELD. I would say one-half hour to be equally divided on the usual basis.

Mr. JAVITS. On amendments to amendments, and motions, and so forth?

Mr. MANSFIELD. That is right.

The PRESIDING OFFICER. Are these requests to be made part of the unanimous consent agreement?

Mr. MANSFIELD. Yes, Mr. President.

The PRESIDING OFFICER. Without objection, it is so ordered.

The text of the unanimous consent agreement is as follows:

Ordered, That, during the consideration of S. 2747, a bill to amend the Fair Labor Standards Act of 1938, debate on any amendment shall be limited to 2 hours, to be equally divided and controlled by the mover of such amendment and the manager of the bill or his designee, and that debate on any amendment to an amendment, debatable motion or appeal shall be limited to ½ hour, to be equally divided and controlled by the mover of such and the manager of the bill or his designee: Provided, That in the event the manager of the bill is in favor of any such amendment or motion, the time in opposition thereto shall be controlled by the minority leader or his designee: Provided further, That no amendment [except one amendment to be offered by the Senator from New York (Mr. Buckley), and amendments to be offered by the Senator from Ohio (Mr. Taft)] that is not germane to the provisions of the said bill shall be received.

Ordered further, That on the question of the final passage of the said bill debate shall be limited to 2 hours, to be equally divided and controlled, respectively, by the majority and minority leaders or their designees: Provided, That the said leaders, or either of them, may, from the time under their control on the passage of the said bill, allot additional time to any Senator during the consideration of any amendment, debatable motion, or appeal.

Mr. MANSFIELD. Mr. President, if the distinguished Senator from New Jersey (Mr. WILLIAMS) will yield to me, I should like to suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. JAVITS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JAVITS. Mr. President, I ask unanimous consent that during the consideration of the minimum wage bill, Dave Dunn and Gene Mittelman may be permitted the privilege of the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JAVITS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. WILLIAMS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that amendments to be offered by the Senator from Ohio (Mr. TAFT) to S. 2747 shall be considered as germane under the previously agreed to unanimous-consent agreement.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. WILLIAMS. Mr. President, I ask unanimous consent that during the deliberations on S. 2747 and rollcall votes thereon, the following staff members be permitted the privileges of the floor: Gerald Feder, Donald Elisburg, Robert Nagle, Eugene Mittelman, and Roger King.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. WILLIAMS. Mr. President, today we are beginning the debate for the third time in as many years on a bill to raise the minimum wage.

Two years ago the bill at issue would have raised the minimum wage to $2 an hour, on the effective date for most covered workers.

Last year, the raise would have been the same.

Two years ago the Senate passed that bill—last year the Congress passed the bill only to have the President veto the measure.

If either of those bills had become law, the minimum wage worker who works full time, year round, would look forward to being paid almost $4,600 a year, which is nearly at the poverty line.

Instead, these bills did not become law, and the minimum wage is still $1.60 an hour and, after working full time for a whole year, the minimum wage worker's annual earnings are still $1,300 below the poverty line.

The bill which the Senate begins to consider today is virtually identical to last year's bill and similar to the 1972 bill.

The committee has not provided for additional increases in the minimum wage over the last 2 years even though galloping inflation and the unconscionable delay have fully justified such increases.

The committee decided to stay with last year's rate schedule in the hope that enactment would finally be forthcoming if the annual wage bill increase required by the bill was less than the previous measures.

What does this mean in dollars—in dollar terms, this bill increases the wage bill on the effective date by $1.5 billion, while last year's bill would have increased the wage bill by $1.8 billion, and the 1972 wage bill by $2.8 billion.

The committee bill still has a $2 rate on the effective date.

The question again is, how long do we continue to delay this increase for the lower-paid workers?

Despite the enormous upheavals in our economy, and despite the erosion of the dollar which causes a strain on all of our budgets, we are proposing what was then, and most assuredly is now, a very modest bill.

For the most part, this legislation does not affect those workers to whom organization and skills have brought a fair share of the fruits of our society.

Rather, its primary design is to benefit that segment of our working population that is unorganized, unskilled, and toiling in poverty

This bill will incorporate into the Fair Labor Standards Act a breadth of coverage and a minimum wage level which will bring the act closer than at any time in its 35-year history to meeting its basic, stated objective—the elimination of "labor conditions detrimental to the maintenance of the minimum standard of living necessary for the health, efficiency and general well-being of workers."

This bill seeks to achieve this purpose by extending the law beyond the 49.4 million currently covered employees to 7 million additional workers employed in retail and service industries, Federal, State, and local government activities, on farms and as domestics in private homes; and, by increasing the minimum wage in steps to $2.20 an hour.

The Fair Labor Standards Act represents one of our fundamental efforts to direct economic forces into socially desirable channels.

It was designed to protect workers from poverty by fixing a floor below which wages could not fall, to discourage excessively long hours of work through requiring premium payments for overtime work, and to outlaw oppressive child labor in industry.

The desirability of this effort was emphasized by President Roosevelt, in his second inaugural address:

> I see one-third of a nation ill-housed, ill-clad, ill-nourished * * * The test of our progress is not whether we add more to the abundance of those who have much; it is whether we provide enough for those who have too little.

We have made substantial progress in eliminating poverty in America since President Roosevelt's 1937 inaugural address, but today 24.5 million Americans—12 percent of our population—are still living in poverty by official Government standards.

The present minimum wage of $1.60 yields to a full-time working head of a family of four a gross weekly wage of $64 or $3,200 per year, almost $1,300 less than the poverty level and leaves the working poor family eligible for welfare.

The wage of $1.60 an hour—$1.30 for farm workers—was set by the Congress in 1966.

At that time, it was heralded as a wage rate which would move the working poor above the poverty threshold.

However, economic developments in the last several years have drastically curtailed the purchasing power of the minimum wage.

Between 1966, when Congress amended the FLSA to increase the Federal minimum wage from $1.25 to $1.60 an hour, and December 1973, the Consumer Price Index rose 42.5 percent. Between February 1, 1968, the date the $1.60 rate actually became effective for most workers, and December 1973, the Consumer Price Index rose 35.4 percent.

Thus, a substantial increase in the minimum wage is necessary merely to restore the purchasing power of low-wage workers to the levels established by Congress in 1966.

A minimum rate of $2.28 an hour is required merely to compensate for increases in the Consumer Price Index between 1966 and December 1973.

Most witnesses before the committee during the past 3 years have differed as to how much of an increase in the minimum wage should be legislated, and how fast that increase should be implemented, but the testimony overwhelmingly pointed up the need for an increase now.

The Secretary of Labor, for example, testified in favor of a minimum wage increase, citing a general rising trend in wages, and particularly rising prices.

Pointing to the rapidly rising cost of living last year, Secretary Brennan said:

> Workers in the low-wage sectors of our economy have been the hardest hit. Generally, they do not have the skills or bargaining position necessary to increase their wage as the cost of living goes up. . . .

And it has gotten significantly worse since then. The present bill is an attempt to insure that millions of low-wage workers throughout the Nation—workers whom this act is specifically designed to protect—will regain the ground they have lost because of the inflation which we have experienced in recent years.

Congress recognized in the Economic Stabilization Act Amendments of 1971 and 1973 that these low-wage workers, should not be subject to the wage controls currently applicable to other workers, by exempting from controls increases in the minimum wage and defining substandard earnings to mean earning less than those resulting from a wage or salary rate which yields $3.50 per hour or less.

I will restate my belief that a successful anti-inflation program cannot depend upon keeping the income of millions of American workers below officially established poverty levels.

I support the committee's view that by raising the minimum wage rate, extending minimum wage protection to millions of low-wage workers who do not currently enjoy such protection, and eliminating overtime exemptions where they have been shown to be unnecessary, the economy will be stimulated through the injection of additional consumer spending and the creation of a substantial number of additional jobs.

Establishment of a minimum wage rate at a level which will at least assure the worker an income at or above the poverty level is essential to the reduction of the welfare rolls and overall reform of the welfare system in the United States.

The 35 percent increase in the consumer price index since the last minimum wage increase in 1968 clearly shows the burden which inflation imposes on the minimum wage worker—the worker who typically does not get a raise unless the Congress mandates a raise through FLSA adjustments.

If additional support for a minimum wage increase appears necessary, one needs only to convert into an hourly wage rate the "lower" budget for a family of four.

According to the Bureau of Labor statistics, this budget by December 1973 costs $8,102 a year, or about $4.05 an hour.

In light of these figures, the recommended rates of $2 and $2.20 appear most conservative.

Labor Department studies on effects of minimum wage increases have looked repeatedly into the matter of indirect or ripple effects and have documented the fact that when the minimum is raised, the wage spread is narrowed and there is no general upward movement of wages.

We recognized that a higher minimum wage may mean increased employer costs, but it also means increased purchasing power in the hands of the poor, and a greater demand for goods and services.

For the worker, it means less hardship and greater dignity.

For the Government, it means lower welfare costs.

The economic effects studies of the Labor Department also completely discredit the thesis that minimum wage increases have any discernible effect on inflation.

Previous increases in the minimum wage rate of greater percentage than provided in the present bill have been absorbed easily by the economy, and there is no reason to assume that a different result would obtain under this bill.

In fact, the direct payroll costs of the committee bill will be only 0.4 percent of the total national wage bill in the first year, 0.3 percent in the second year, 0.2 percent in the third year, and 0.05 percent in the fourth year.

In short, this bill is not inflationary.

In the meantime, productivity has been rising and the increases are reflected in soaring profits and widening profit margins rather than in wages.

Prices have been skyrocketing, but wages appear to have been held in check.

Between 1972 and 1973, gross average hourly earnings increased 6.6 percent on top of increases of 6.4 percent between 1971 and 1972, and 6.5 percent between 1970 and 1971.

The minimum wage worker who is still at $1.60 an hour has not shared even in these modest, controlled wage increases.

That worker is still waiting for the Congress to act, and cannot help but be disillusioned by the legislative process when he or she realizes that prices for such staple items as hamburgers, fish, eggs, chuck roast, and potatoes are increasing at astronomic rates.

I would like to discuss briefly the major provisions of the bill.

The bill provides for a statutory minimum wage of $2.20 an hour for all covered workers, but establishes different time schedules for achieving this standard for various categories of employment.

Fundamental to our deliberations was the notion of parity—that all workers should be treated alike for purposes of minimum wage.

However, we were mindful of the historical development of the Fair Labor Standards Act and the need to mitigate the initial impact of expanded coverage.

Therefore, the bill provides for staged increases in the minimum wage depending upon when specific workers were first brought under the act.

All mainland nonfarm workers covered prior to 1966 will attain a $2.20 minimum wage 1 year from the effective date.

An additional step is provided for nonfarm workers newly covered under the 1966 and 1974 amendments.

They will reach parity with other workers at the $2.20 rate 2 years from the effective date.

Farm workers will achieve parity at the $2.20 rate 3 years after the effective date.

In addition, special provision is made for achieving minimum wage parity for workers in Puerto Rico and the Virgin Islands.

If the conditions that poverty breeds in this country are to be changed, poverty wages must be eliminated.

These conditions will not change unless the FLSA minimum wage is increased, because minimum wage workers rarely have the bargaining position or the skills necessary to increase their wages as the cost-of-living increases.

In essence, Congress must act in the interest of the Nation's working poor.

Workers who toil at the minimum wage level are poor people by the standards of our society.

They are working full time, but they are poor.

In the 1969 report on the minimum wage, Secretary of Labor Wirtz stated that:

> "Poverty" is erroneously identified in loose thinking with "unemployment." * * * Whatever basis there is in any of these criticisms or proposals (of antipoverty efforts) commends strongly a first step of seeing to it that when a person does work, he gets enough for it to support himself and his family.

A gross weekly income of $64, which is all that the current minimum wage provides to a full-time worker, hardly meets that criterion.

The provisions of the committee bill are consistent with the wage provisions of last year's Congress-approved bill.

The bill reflects an awareness that to raise the minimum wage without expanding the coverage of the act would serve to deny even the minimum benefits of the act to large groups of workers who have been denied the protection of the act for more than 30 years.

The committee reviewed present coverage, as well as the gaps therein, and determined that a strong need exists for covering domestics, additional workers in retail and service industries and in Government.

The committee also determined that local seasonal hand harvest laborers should be included for purposes of the 500 man-day test, which covers large farms.

The retention of the 500 man-day test provides that workers on small farms will not be covered. In other words, the bill does not reach out to those small farms, pretty much the small family farms.

The committee carefully examined the economic implications of extending coverage, and was persuaded that wages should go up for workers on the lowest rung of the wage ladder and that the economy could easily absorb these raises.

I ask unanimous consent to include in the RECORD a chart showing the expansion of coverage.

The PRESIDING OFFICER (Mr. HELMS). Without objection, it is so ordered.

ESTIMATED NUMBER OF NONSUPERVISORY EMPLOYEES BROUGHT UNDER THE MINIMUM WAGE PROVISIONS OF THE FAIR LABOR STANDARDS ACT BY S. 2747 (WILLIAMS-JAVITS BILL)

[In thousands]

Industry	Presently covered by the minimum wage provisions of the FLSA	Exempt or not covered by minimum wage provisions of the FLSA		
		Total	Covered by S. 2747 [1]	Not covered by S. 2747
All industries	49,427	14,625	6,877	7,748
Private sector	45,898	9,546	1,798	7,748
Agriculture	513	719	25	694
Mining	568	5		5
Contract construction	3,608	17		17
Manufacturing	17,524	104	42	62
Transportation and public utilities	4,104	77		77
Wholesale trade	2,683	8		8
Retail trade	7,149	3,866	587	3,279
Finance, insurance, and real estate	2,662	151		151
Service industries (except private households)	7,087	2,539	126	2,413
Private households		2,060	1,018	1,042
Public sector	3,529	5,079	5,079	
Federal Government	615	1,693	1,693	
State and local government	2,914	3,386	3,386	

[1] No estimates have been prepared of the number of employees of conglomerates with annual sales of more than $10,000,000 who would be brought under the act by S. 2747.

Note: Estimates exclude 2,147,000 outside salesmen and relate to May 1973 for agriculture, October 1973 for education and September 1973 for all other industries.

Mr. WILLIAMS. Mr. President, the committee bill extends the act to employees of individual retail and service establishments—except "mom and pop" stores—which are part of enterprises with gross annual receipts of more than $250,000.

The bill would not directly affect franchised or independently owned small—less than $250,000 annual receipts—retail and service firms, nor would it extend coverage to the so-called mom and pop stores.

The bill would bring under the minimum wage provisions of the act all employees in private household domestic service earning "wages"—$50 per quarter—for purposes of the Social Security Act, except casual babysitters, and companions, but retains an overtime exemption for such domestic service employees who reside on their employer's premises.

The reasons for extending the minimum wage protection of the act to domestics are so compelling and generally recognized as to make it hardly necessary to cite them.

The status of household work is far down in the scale of acceptable employment.

It is not only low-wage work, but it is highly irregular, has few, if any, nonwage benefits, is largely unprotected by unions or by any Federal or State labor standards.

S. 2747 extends FLSA coverage to almost 5 million nonsupervisory employees in the public sector not now covered by the act.

In 1966, some 3.3 million nonsupervisory Government employees, primarily employees in State and local hospitals, schools, and other institutions, were covered.

With enactment of the amendments contained in S. 2747, virtually all nonsupervisory Government employees will be covered.

Coverage of Federal employees is extended by the bill to most employees, including Wage Board employees, nonappropriated fund employees, and employees in the Canal Zone.

The committee bill charges the Civil Service Commission with responsibility for administration of the act so far as Federal employees—other than employees of the Postal Service, the Postal Rate Commission, or the Library of Congress—are concerned.

There are a number of reasons to cover employees of State and local governments.

The committee intends that Government apply to itself the same standard it applies to private employers.

Certainly, this is a principle that was enunciated clearly in the debates on substantially the same bill on the two prior occasions when it was before the Senate.

This principle was also manifested in 1972 when the Senate overwhelmingly voted to apply Federal equal employment opportunity standards to public sector employers.

Equity demands that a worker should not be asked to work for subminimum wages in order to subsidize his employer, whether that employer is engaged in private business or in Government business.

We made an effort to minimize any adverse effects of overtime requirements by providing for a phase-in of those public employees who are most frequently required to work more than 40 hours per week, the public safety and firefighting employees.

The bill includes a special overtime standard for law enforcement and fire protection employees, including security personnel in correctional institutions.

S. 2747 provides parity for covered farmworkers.

Under this proposal, the Fair Labor Standards Act would be amended to achieve a $2.20 minimum wage for all covered workers, including those employed in agriculture.

To facilitate adjustments to this new concept of wage equality, a period of staged increments has been introduced.

The schedule would be as follows: $1.60 during the first year after the effective date, $1.80 during the second year, $2 during the third year, and $2.20 thereafter.

S. 2747 amends the Fair Labor Standards Act by prohibiting the employment in agriculture of all children under the age of 12, except those working on farms owned or operated by their parents, or on noncovered farms, the small farms.

Children ages 12 through 15 will be permitted to work but only during hours when school is not in session, provided that all 12- and 13-year-olds must either receive written parental consent or work only on farms where their parents are employed.

Thirty-five years ago, Congress reacted to a national outcry by banning industrial child labor.

However, since 1938, the Nation has permitted in the fields what it has prohibited in the factories—oppressive and scandalous child labor.

This bill eliminates the shameful double standard.

The fresh-air sweatshop should become a thing of the past.

Mr. President, I will say that the farm sweatshops, even though they might be out of doors are not always blessed with fresh air. There is lots of dust and pollution. Even though it is under a roof that is the sky, up from the fields and out of the products of the fields comes a great deal that is unhealthy and does a great deal of damage to the otherwise fresh air.

The bill also provides for the gradual achievement of minimum wage parity for workers in Puerto Rico and the Virgin Islands with workers on the mainland, except that the minimum wage for certain hotel, motel, restaurant, and food service employees, as well as Federal and Virgin Island Government workers, will be the same as the minimum wage for counterpart mainland employees on the effective date.

S. 2747 repeals or modifies a number of the exemptions presently incorporated in the Fair Labor Standards Act, including some of the complete minimum wage and overtime exemptions as well as some which apply only to the overtime standard.

The Fair Labor Standards Act is a complex piece of social legislation.

In large part, the complexity of the law is an outgrowth of compromise entered into over a 30-year period in order to achieve, to the fullest extent possible, one basic purpose of the act.

A careful review led us to conclude that a number of the exemptions presently incorporated into the act should now be eliminated.

All workers are entitled to a meaningful minimum wage and to premium pay for overtime work.

We approached the matter of special exemptions by applying a simple rule.

Unless the proponents of an exemption made the case for continuing the exemption in its present form, it was modified or removed.

However, the bill provides for two special studies by the Secretary of Labor.

The first study is of the economic effects of the extensions of minimum wage and overtime coverage made by this bill, and the second study is of the justification, or lack thereof, for all the minimum wage and overtime exemptions remaining under sections (13(a) and 13(b)) of the Fair Labor Standards Act.

I ask unanimous consent to have printed at this point in the RECORD excerpts from the committee report explaining the treatment of exemptions in the bill.

There being no objection, the excerpts were ordered to be printed in the RECORD, as follows:

EXCERPTS FROM THE COMMITTEE REPORT

EXEMPTIONS

S. 2747 repeals or modifies a number of the exemptions presently incorporated in the Fair Labor Standards Act, including some of the complete minimum wage and overtime exemptions as well as some which apply only to the overtime standard.

The FLSA is a complex piece of social legislation. In large part the complexity of the law is an outgrowth of compromises entered into over a 30-year period in order to achieve, to the fullest extent possible, the basic purposes of the Act.

Careful review led the Committee to conclude that a number of the exemptions presently incorporated into the Act should now be eliminated or sharply modified. The Committee accepts as simple equity the basic concept that all workers are entitled to a meaningful minimum wage and to premium pay for overtime work. The Committee generally approached the matter of special exemptions by applying a simple rule. Unless the proponents of an exemption made the case for continuing the exemption in its present form, it was modified or removed. The Committee is aware that the low-wage worker, whose economic status is in large part determined by the FLSA, does not typically communicate with the Congress either by testifying on bills or by writing letters outlining his position on the legislation. As in the past, the Congress must represent the public conscience in the matter of the low-wage workers and minimum wage legislation.

The Committee is aware that the Department of Labor has been studying these exemptions over the years and many reports have been submitted to the Congress recommending that these exemptions be eliminated, phased out or modified. However, the Congress has taken action to remove only a limited number of special exemptions over the years.

Each time that the Act has been amended most of the special exemptions have been ignored. In large part, this reflected the fact that amendments to the Act are not enacted until the level of the minimum wage is obsolete and the primary action of the Congress has been limited to raising the minimum wage to a meaningful level. Only in the course of enacting the last two series of amendments—1961 and 1966—did the Congress expand coverage at the same time as it raised the minimum wage. Although the question of whether a need for many of the special exemptions still existed was raised and there was recognition that there was no justification for continuing at least many of them, action was postponed.

This Committee can see no justification for further delay. The research surveys conducted by the Department of Labor have been summarized in special reports to the Congress as part of the annual submission under Section 4(d) of the FLSA. The special economic evaluations and appraisals were included in the Annual Reports of the Administrator of the Wage and Hour and Public Contract Divisions of the Department of Labor.

Included among the research surveys were studies on motion picture theaters, small logging, agricultural processing, state, county, and municipal employees, motor carriers, domestics, food service employees, and tips as a part of wages.

The administrative studies conducted by the Department of Labor have run the gamut of studies from those designed to expand coverage to include all activities "affecting commerce" to studies of how best to amend the statute to insure that employees are actually paid the back wages found due them under the statute.

The Committee believes that these matters have been studied too long and that steps to correct injustices must be taken now. The Committee notes that Secretary Brennan agreed in part with the view of the majority when he appeared before this Committee on June 7, 1973. He said, in part:

". . . one aspect of the Fair Labor Standards Act that gives me concern is the provisions which give certain industries exemptions from the minimum wage and overtime standards and in some cases just the overtime standard."

The Committee has concluded that certain exemptions can be eliminated or modified at this time without harm to the industry involved.

STUDY OF ECONOMIC EFFECTS OF CHANGES MADE BY THIS BILL AND OF REMAINING EXEMPTIONS

The bill provides for a special study by the Secretary of Labor, in addition to his usual annual report of the justification, or lack thereof, for all the minimum wage and overtime exemptions remaining under sections 13(a) and 13(b) of the FLSA. The Secretary's report on this study is due by January 1, 1976. Many of the remaining exemptions in section 13(a) and (b) have been in the law since 1938, and the Committee believes that each of them should be reviewed in the light of current conditions.

Motion picture theaters

S. 2747 repeals the minimum wage but retains the overtime exemption currently applicable to all employees of motion picture theaters. Approximately 59,000 workers are currently denied the protection of the FLSA because of this blanket exemption.

A 1966 study of motion picture theaters by the Department of Labor disclosed the prevalence of extremely low wages in the industry. While motion picture projectionists were paid well above the minimum wage, most employees were paid substandard wages. Concession attendants, cashiers, ushers, and janitors were paid well below the minimum wage.

In 1961, when motion picture theaters received a special minimum wage and overtime exemption, the poor economic condition of the industry was cited by industry representatives as a major reason for the exclusion.

This argument was repeated in 1966 when the Congress was considering amendments to the FLSA which would have eliminated this exemption. Industry representatives argued against removing the exemption on the basis that increased labor costs could not be passed on to consumers in the form of higher admission prices by motion picture theaters because of the depressed state of the industry.

However, the validity of this argument is now open to serious challenge. Price data published by the Bureau of Labor Statistics of the Department of Labor indicate that indoor movie admission costs have increased by 39 percent between 1967 and the beginning of 1972. Admission costs in drive-in movies have increased even more—43 percent since 1967. These increases were far in excess of price increases for products of covered industries and for almost all services covered by the Act.

The Congress has long recognized the need for minimum wage protection for employees in motion picture theaters. Conditions in the industry and the present price structure indicate that removal of this exemption would bring substantial benefits to low-wage workers and could be easily absorbed by the industry.

Small logging crews

The Committee bill removes the minimum wage exemption currently available to forestry and lumbering operations with 8 or fewer employees but retains an overtime exemption for such lumbering operations.

Prior to the 1966 amendments, the exemption applied to employers with 12 or fewer employees. In enacting the 1966 amendments the Congress reduced the 12-man test to an 8-man test and the House Committee report commented on the change as follows:

> The decision on eight employees was made after careful consideration and investigation of conflicting facts. The Committee believes the eight-man criterion to be a sound basis for exemption at the present time, but intends to further investigate these logging operations.

According to the Department of Labor, about 42,000 employees are currently exempt under this provision. Many of these workers are paid very low wages and are, in effect, being asked to subsidize their employers.

The Committee found no adverse effect when minimum wage and overtime protection was extended to employers with 8–12 workers. However, employees of such loggers did benefit significantly from the protection of the FLSA. The Committee is persuaded that all logging employees should enjoy the minimum wage protection of the Act, and that this can be accomplished with ease at this time. The Committee was not satisfied that a case had been made for a continued minimum wage exemption. The Committee considered removing the complete minimum wage and overtime exemption but elected to retain the overtime exemption at this time. This continues the gradual approach to full coverage which has been applied to this industry.

The Committee considered the recordkeeping problems raised by the industry but concluded that current Department of Labor regulations on this point offered sufficient flexibility to meet the legitimate needs of this industry. The Committee noted in this regard that small loggers have been able to keep tax records and complex piece-rate records for some time.

Shade-grown tobacco

S. 2747 would remove the special minimum wage but retain the overtime exemption applicable to employees engaged in the processing of shade-grown tobacco prior to the stemming process for use as a cigar wrapper tobacco.

Prior to the *Mitchell* v. *Budd*, 350 U.S. 473 (1956) decision, it had been held that the processing of shade-grown tobacco was a continuation of the agricultural process and hence came within the scope of the term "agriculture." However, the U.S. Supreme Court ruled that workers engaged in processing leaf tobacco for cigar wrappers after delivery of the tobacco to bulking plants were not engaged in agriculture and were not exempt as agricultural employees, regardless of whether (1) the plants were operated exclusively for the processing of the tobacco grown by the operators, or (2) the employees who worked on the farms where the tobacco was grown also worked in the plants processing the tobacco. The Supreme Court decision laid particular emphasis on the fact that the processing operations substantially change the natural state of the leaf tobocco and that the farmers who grow the tobacco do not ordinarily perform the processing. Typically, this work is done in bulking plants.

The 1961 amendments to the FLSA provided a special exemption for processing shade-grown tobacco, thus negating the decision of the Supreme Court.

The Committee bill removes the special exemption because it has created a situation in which a tobacco processing employee who would otherwise enjoy the protection of the FLSA, loses such protection solely because he had previously worked in the fields where the tobacco was grown; co-workers who had not worked in the field enjoy "fair labor standards." The student certification program under section 14 of the Act as it relates to such field work is unaffected by this bill.

Agricultural processing industries

S. 1861 phases out the existing partial overtime exemptions for seasonal employers generally (Section 7c), and seasonal or seasonally-peaked employers specifically engaged in agricultural processing of perishable raw commodities (Section 7d). Based on 1973 Department of Labor estimates, 714,000 workers were employed in establishments qualifying for these exemptions.

The phase out of section 7(c) and 7(d) exemptions other than for cotton processing and sugar processing, is as follows:

1. On the effective date the seasonal periods for exemption are reduced from 10 weeks to 7 weeks and from 14 weeks to 10 weeks.
2. On such date, the workweek exemptions are reduced from 50 hours to 48 hours.
3. Effective January 1, 1975, the seasonal periods for exemption are reduced from 7 weeks to 5 weeks and from 10 weeks to 7 weeks.
4. Effective January 1, 1976, the seasonal periods for exemption are reduced from 5 weeks to 3 weeks and from 7 weeks to 5 weeks.
5. Effective January 1, 1977, sections 7(c) and 7(d) are repealed.

At present under Section 7(c), employers who are determined by the Secretary of Labor to be in industries seasonal in nature are free from FLSA overtime jurisdiction for a 14-week period during which employees may work up to 10 hours a day or fifty hours a week without being subject to a time and one-half wage rate.

Under the existing 7(d) exemption, employers designated by the Secretary of Labor to have either seasonal or seasonally-peaked agricultural processing operations involving perishable raw commodities are entitled to a 14 week period free of FLSA overtime restrictions if their employees do not exceed 10 hours a day or 48 hours a week during that time period.

Both Sections 7(c) and 7(d) have identical reciprocity clauses which entitles any employer who qualifies under the definition of both sections to receive an aggregate exemption of two ten-week periods (one under 7(c) and one under 7(d)) outside of the FLSA overtime standard. Several industries have been determined as qualifying for the dual exemption.

The origins of these two sections date to the beginning of the FLSA in 1938. The predecessor of the current Section 7(c) was the former Section 7(b)(3) whose exemption provided for up to 12 hours a day or 56 hours a week before the FLSA overtime standard became effective. The present Section 7(d) is successor to the former section [7(c)], which had permitted among other things, year-round overtime exemptions for several categories of employers, engaged in agricultural processing. In addition, employers qualifying under both former sections could claim up to an aggregate of 28 weeks of exemptions.

However, in 1966, after 28 years of favored treatment, Congress determined that the agricultural processing industry no longer warranted the original Act's broadbrush treatment. Thus, as a result of the 1966 FLSA amendments Congress narrowed the exemptions to their present state.

The complete elimination of the agricultural processing overtime exemption was anticipated in the 1966 FLSA Amendments. The Conference Report stated in part:

It was the declared intention of the Conferees to give notice that the days of overtime exemptions for employees in the agricultural processing industry are rapidly drawing to a close because advances in technology are making the continuation of such exemptions unjustifiable.

A detailed two-volume Department of Labor survey, entitled "Agricultural Handling and Processing Industries—Overtime Exemptions Under the Fair Labor Standards Act, 1970", found with reference to Sections 7(c) and 7(d):

(1) Existing exemptions are not fully utilized.

(2) Many processing establishments are now paying premium rates for hours over 40 a week.

(3) Currently, some industries which qualify for 20 weeks of exemption are less seasonal than others which qualify for 14 weeks.

(4) A 40 hour basic straight time standard would eliminate inequities which currently exist between employers who now pay premium overtime rates either because they elect to do so voluntarily or because they are covered by a collective bargaining agreement and employers who avail themselves of the overtime exemption.

(5) Additional jobs could be created by second and third shift operations in those industries where large shipments of raw materials are received in relatively short periods.

(6) Technological advances in recent years have lengthened the storage life of perishable products.

(7) Grower-processor contracts permit the processor to specify the time for planting, harvesting, and delivery, and thus make possible better work-scheduling.

Based on the above finding, former Secretary of Labor (and present Secretary of the Treasury) George Shultz in his "Report to the Ninety-First Congress on Minimum Wage and Maximum Hours under FLSA" (January 1970), concluded:

"The study of overtime exemptions available to the agricultural handling and processing industries indicates the need for reappraising the favored position which has long been given these industries through exemption from the 40 hour maximum work week standard. It is my recommendation that the exemptions currently available under Section 7e, 7d, . . . be phased out."

These same thoughts were echoed by the current Secretary of Labor, Peter Brennan, at hearings before the Labor Subcommittee on June 7, 1973. Mr. Brennan stated:

"We believe that the Fair Labor Standards Act can be modified as to its present partial overtime exemption for seasonal industries and industries engaged in processing fresh fruits and vegetables.

"At one time the fresh food processing industry was in a very unusual position. Since it is entirely dependent on the timing and abundance of agricultural produce for its perishable "raw materials", it was necessary to operate almost continuously during harvest season. A great deal of overtime work was required in order to process the fresh food coming in from the farms before it spoiled.

"Advancements in technology, however, have now made it possible for initial processing to be accomplished rapidly and overtime requirements have been reduced. We believe that the present law can now be changed and would be glad to work out language with the Committee that would not adversely affect the employment situation nor add undue pressures to food prices, which are a matter of special concern in the present economic picture."

Thus, the record is clear. Since the 1966 Amendments reduced the overtime exemption for agricultural processing there has been a sharp decline in the amount of overtime worked by employees in the affected industries.

Claims of adverse effects on the industry have been greatly exaggerated. There is every reason to believe that the industry can make the necessary adjustment when these special exemptions are removed.

S. 2747 provides for a limited overtime exemption (14 weeks, 10 hours per day, and 48 hours per week) for certain employees engaged in activities related to the sale of tobacco. Such employees are currently covered by the section 7(c) exemption pursuant to determination by the Secretary.

Railroad and pipelines

The Fair Labor Standards Act currently exempts from the overtime provisions of the Act any employee of an employer subject to the provisions of Part I of the Interstate Commerce Act.

Part I of the Interstate Commerce Act pertains to railroad employees and employees of oil pipeline transportation companies.

The Committee bill would retain the overtime exemption for railroad employees but would remove the overtime exemption for employees of oil pipelines.

The Committee, in reviewing the historical basis for this exemption, found that there was no testimony with respect to oil pipeline transportation companies.

This industry was apparently exempted because it is covered along with railroads under part I of the Interstate Commerce Act and a case had been made for exempting railroad employees.

The Committee has concluded that there is no basis for continuing to provide an overtime exemption for employees of oil pipelines. Employees of gas pipelines are now covered by the overtime provisions of the FLSA. The action of the Committee eliminates a longtime competitive inequity between oil pipelines and gas pipelines.

Seafood processing

S. 2747 phases out the overtime exemption currently available in Section 13(b)(4) for "any employee employed in the processing, marketing, freezing, storing, packing for shipment, or distributing of any kind of fish, shellfish, or other aquatic forms of animal or vegetable life, or any product thereof," as follows:

1. In the first year after the effective date of the 1974 Amendments, the workweek exemption is 48 hours.

2. In the second year, the workweek exemption is 44 hours.

3. Effective on the beginning of the third year, the exemption is repealed.

The Fair Labor Standards Act as originally enacted provided an exemption under Section 13(a)(5) for:

Any employee employed in the catching, taking, harvesting, cultivating, or farming of any kind of fish, shellfish, crustacea, sponges, seaweeds, or other aquatic forms of animal and vegetable life, including the going to and returning from work and including employment in the loading, unloading, or packing of such products for shipment or in propagating, processing, marketing, freezing, canning, curing, storing, or distributing the above products or byproducts thereof.

The 1949 amendments retained the complete exemption for fishing and processing, except canning. The minimum wage exemption for canning was eliminated, but the overtime exemption was retained under a new Section 13(b)(4).

The 1961 amendments removed the minimum wage exemption for employees employed in "onshore" operations, such as processing, marketing, distributing and other fish-handling activities. The overtime exemption for "onshore" operations was retained by adding such operations to the exemption already provided for the canning of seafood under Section 13(b)(4).

Removal of the overtime exemption for seafood canning and processing is part of the Committee's effort to achieve parity under the law for all workers to the maximum extent possible at this time. Just as in the case of agricultural processing, no case has been made for continuing the exemption.

Local transit

Currently, the overtime provisions of the Fair Labor Standards Act do not apply with respect to any driver, operator, or conductor employed by an employer engaged in the business of operating a street, suburban, or interurban electric railway, or local trolley or motorbus carrier, if the rates and services of such railway and carrier are subject to regulation by a State or local agency.

The Committee bill would eliminate this overtime exemption in three steps, except with respect to time spent in "charter activities" under specified conditions. The hours of employment will not include hours spent in charter activities if—(1) the employee's employment in such activities was pursuant to an agreement or understanding with the employer arrived at before engaging in such employment, and (2) if employment in such activities is not part of such employee's regular employment. These conditions are set so as to emphasize that the Committee intends that hours spent in "charter activities" as a part of the regular workday or workweek are to be included in the definition of "hours worked" under the Act.

The Committee has been persuaded that the transit industry has been adjusting to a shorter workweek for some time now. Collective bargaining agreements typically call for overtime after 40 hours a week—and in many cases after 8 hours a day. A large segment of the industry is now covered by such contracts. In addition, an overtime standard was applied to nonoperating employees of the industry by the 1966 amendments. The Committee bill requires that employees be paid time-and-one-half their regular rate of pay for all hours over 48 per week, beginning with the effective date; after 44 hours, 1 year later; and after 40 hours at the end of the second year and thereafter. This gradual approach ensures ease of adjustment.

It is noted that by virtue of the Committee's action on coverage of State and local government employment, together with its action on overtime pay in the local transit industry, operating employees of publicly and privately owned transit companies will be treated identically.

A question was raised concerning the applicability of the overtime provisions of the Act in the case of certain collective bargaining agreements involving local transit in the New York area which provide for straight-time pay for certain off-duty hours. The Committee notes that section 7(e)(2) of the FLSA provides that "payments made for periods when no work is performed due to . . . failure of the employer to provide sufficient work . . . are not made as compensation for hours of employment." The Committee also notes that the Department of Labor's regulations concerning "Hours Worked" contain the following provision (29 C.F.R. 785.16 (a)):

"OFF DUTY"

"(a) *General.* Periods during which an employee is completely relieved from duty and which are long enough to enable him to use the time effectively for his own purposes are not hours worked. He is not completely relieved from duty and cannot use the time effectively for his own purposes unless he is definitely told in advance that he may leave the job and that he will not have to commence work until a definitely specified hour has arrived. Whether the time is long enough to enable him to use the time effectively for his own purposes depends upon all of the facts and circumstances of the case."

In 1972, by vote of 68–24 the Senate rejected an amendment to retain the overtime exemption for local transit.

Hotels, motels, and restaurants

S. 2747 eliminates the complete overtime exemption for employees employed by hotels, motels and restaurants and substitutes a limited overtime exemption as follows:

During the first year overtime compensation will be required for hours of employment in excess of 48 in a week and after the first year such compensation will be required for hours of employment in excess of 46 in a week. For maids and custodial employees of hotels and motels the phaseout is as follows:

1. 48 hours in the first year.
2. 46 hours in the second year.
3. 44 hours in the third year.
4. Repealed thereafter.

In setting an overtime standard for employees of hotels, motels and restaurants the Committee recognized that the length of workweeks have been declining in these activities. It is interesting to note that when minimum wage coverage was extended to these workers by the 1966 amendments, the Department of Labor reported to the Congress that there was a reduction in the prevalence of long workweeks in these industries, even though an overtime exemption was retained.

Tip allowance

S. 2747 modifies section 3(m) of the Fair Labor Standards Act by requiring employer explanation to employees of the tip credit provisions, and by requiring that all tips received be paid out to tipped employees.

Currently, the law provides that an employer may determine the amount of tips received by a "tipped employee" and may credit that amount against the applicable minimum wage, but amounts so credited may not exceed 50 percent of the minimum rate. Thus, a tip credit of up to $.80 an hour may currently be deducted from the minimum wage of a tipped employee. (A tipped employee is defined as an employee who customarily and regularly receives more than $20 a month in tips.)

The Committee re-examined the role of tips as wages and the concept of allowing tips to be counted as part of the minimum wage. The Committee reviewed the study of tips presented to the Congress by the Department of Labor in 1971 as well as provisions of State minimum wage laws which permit the counting of tips toward a minimum wage.

The Committee was impressed by the extent to which customer tips contributed to the earnings of some hotel and restaurant employees in March 1970 (the date of the Labor Department survey). After reviewing the estimates in this report, the Committee was persuaded that the tip allowance could not be reduced at this time, but that the tipped employee should have stronger protection to ensure the fair operation of this provision. The Committee bill, in this respect, is consistent with the will of the Senate as expressed in an 89–1 vote in 1972.

Labor Department Regulations define a tip as follows (Part 531—Wage Payments under the Fair Labor Standards Act of 1938):

A tip is a sum presented by a customer as a gift or gratuity in recognition of some service performed for him. It is to be distinguished from payment of a charge, if any, made for the service. Whether a tip is to be given, and its amount, are matters determined solely by the customer, and generally he has the right to determine who shall be the recipient of the gratuity.

Under these circumstances there is a serious legal question as to whether the employer should benefit from tips to the extent that employees are paid less than the basic minimum wage because the employees are able to supplement their wages by special services which bring them tips.

Setting aside for the present the ethical question involved in crediting tips toward the minimum wage, the Committee is concerned by reports that inflation has been deflating tips.

In view of these reports the Committee intends that the Department of Labor should take every precaution to insure that the employee does in fact receive tips amounting to 50 percent of the applicable minimum wage before crediting that amount against the minimum wage.

The bill amends Section 3(m) by deleting the following language pertaining to the computation of tip credits: "except that in the case of an employee who (either himself or acting through his representative) shows to the satisfaction of the Secretary that the actual amount of the tips received by him was less than the amount determined by the employer as the amount by which the wage paid him was deemed to be increased under this sentence." The deletion of this language is to make clear the original intent of Congress to place on the employer the burden of proving the amount of tips received by tipped employees and the amount of tip credit, if any, which such employer is entitled to claim as to tipped employees. See *Bingham* v. *Airport Limousine Service,* 314 F. Supp. 565 (W. D. Ark. 1970) in which the court refused to "speculate" as to sums the employees might have received in tips when the employer failed to present "any objective information" on the subject.

The tip credit provision of S. 2747 is designed to insure employer responsibility for proper computation of the tip allowance and to make clear that the employer is responsible for informing the tipped employee of how such employee's wage is calculated. Thus, the bill specifically requires that the employer must explain the tip provision of the Act to the employee and that all tips received by such employee must be retained by the employee. This latter provision is added to make clear the original Congressional intent that an employer could not use the tips of a "tipped employee" to satisfy more than 50 percent of the Act's applicable minimum wage. H. Rept. 871, 89th Cong., 1st Sess., pp. 9–10, 17–18, 31; 111 Cong. Rec. 21829, 21830; 112 Cong. Rec. 11362–11365, 20478, 22649. See *Melton* v. *Round Table Restaurants, Inc.,* 20 WH Cases 532, 67 CCH Lab. Cas. 32,630 (N.D. Ga.).

The tip provision applies on an individual employee basis, and the employer may thus claim the tip credit for some employees even though the employer does not meet the requirements of this section with respect to other employees. Nor is the requirement that the tipped employee retain such employee's own tips intended to discourage the practice of pooling, splitting or sharing tips with employees who customarily and regularly receive tips—*e.g.,* waiters, bellhops, waitresses, countermen, busboys, service bartenders, etc. On the other hand, the employer will lose the benefit of this exception if tipped employees are required to share their tips with employees who do not customarily and regularly receive tips—*e.g.,* janitors, dishwashers, chefs, laundry room attendants, etc. In establishments where the employee performs a variety of different jobs, the employee's status as one who "customarily and regularly receives tips" will be determined on the basis of the employee's activities over the entire workweek.

Nursing homes

The Fair Labor Standards Act currently provides a partial overtime exemption for employees of nursing homes. The Act provides an overtime exemption for any employee of a nursing home who receives compensation for employment at time and one-half the regular rate of pay for all hours in excess of 48 in a week.

S. 2747 replaces the limited overtime exemption for employees of nursing homes (overtime compensation required for hours of employment in excess of 48 in a week) by an overtime exemption (initiated by an agreement between the employer and his employees) which substitutes a 14-consecutive-day work period for the workweek and requires overtime compensation for employment over 8 hours in any workday and for over 80 hours in such work period.

According to a 1969 report of the Department of Labor there had been a marked decline in average hours per week of nonsupervisory employees of nursing homes between April 1965 and October 1967. The report indicates that the application of a 48-hour workweek standard to nursing homes on February 1, 1967 had very little effect as only a small proportion of the workers worked over 48 hours a week even before the Act was extended to the industry. In April 1968, less than 15 percent of all nursing home employees worked over 44 hours in a week.

Salesmen, partsmen, and mechanics

S. 2747 provides an amendment under which: the overtime exemption for partsmen and mechanics in nonmanufacturing establishments primarily engaged in selling trailers is repealed; the overtime exemption for partsmen and mechanics in nonmanufacturing establishments engaged in selling aircraft is repealed; the overtime exemption for salesmen in automobile, trailer, truck sales and aircraft establishments is retained; the overtime exemption for salesmen, partsmen, and mechanics in farm implement sales establishments is retained; the exemption for partsmen and mechanics in automobile and truck sales establishments is retained and an overtime exemption is provided for salesmen engaged in selling boats.

The Committee was persuaded that the application of an overtime standard to partsmen and mechanics in trailer dealerships, and to the presently exempt employees in aircraft dealerships would be likely to generate additional jobs, and to promote the training of workers to fill the jobs. If the industry continues to expand service hours, as recent trends indicate, the overtime penalty should provide considerable stimulus to the creation of new jobs at a time when our economy is experiencing high unemployment rates and the training necessary for meaningful employment in this industry is or should be readily available.

Cotton ginning and sugar processing

S. 2747 repeals the year-round overtime exemption for cotton ginning and sugar processing employees in Section 13(b) (15) of the Fair Labor Standards Act, but retains the exemption for employees engaged in processing maple sap into maple syrup or sugar.

The amendment to phase down the overtime exemption for cotton ginning and sugar processing employees is as follows:

1. Effective on the effective date, the workweek exemption is as follows: 72 hours each week for 6 weeks of the year; 64 hours each week for 4 weeks of the year; 54 hours each week for 2 weeks of the year; 48 hours each week for the balance of the year.

2. In 1975, the workweek exemption is as follows: 66 hours each week for 6 weeks of the year; 60 hours each week for 4 weeks of the year; 50 hours each week for 2 weeks of the year; 46 hours each week for 2 weeks of the year; 44 hours each week for the balance of the year.

3. In 1976, the workweek exemption is as follows: 60 hours each week for 6 weeks of the year; 56 hours each week for 4 weeks of the year; 48 hours each week for 2 weeks of the year; 44 hours each week for 2 weeks of the year; 40 hours each week for the balance of the year.

The workweek exemptions are applicable during the actual season within a period of twelve consecutive months as opposed to the calendar year and are not limited to a period of consecutive weeks.

In addition, the cotton processing and sugar processing exemptions under section 7 of the law are retained but limited to 48 hours during the appropriate weeks. Furthermore, it is provided that an employer who receives an exemption under this subsection will not be eligible for other overtime exemptions under section 13(b) (24) or (25) or section 7.

The 1970 Report of the Department of Labor on the Agricultural Handling and Processing Industries includes the recommendation of the Secretary of Labor that "consideration should be given to the phasing out of the overtime exemptions currently available to the agricultural handling and processing industries under Section 7(c) and 7(d) of the Fair Labor Standards Act . . . Although focusing primarily on Sections 7(c) and 7(d) of the Act, the survey data also indicate that there is no sound basis for the continuation of the year-round exemptions available under Sections 13(b) . . . (15) of the Act . . ."

Few industries are as highly subsidized and so greatly protected as the sugar industry. The Federal Government makes direct payments for sugar production totalling nearly $100 million a year. It sets and enforces production quotas in the U.S. and specifically restricts foreign imports of sugar for an additional benefit of about $400 million annually to the industry.

The industry is also protected by various Federal laws against crop damage resulting from natural causes.

Many of these employees work in shifts of 12 hours a day for six or seven days a week during the sugar processing season (October 15 to January 15). The law does not require that they be paid overtime premium pay although their counterparts in non-subsidized industries are paid time and one-half their regular rates of pay for all hours over 40 in a week.

Section 13(b) (15) of the Act also provides a year-round unlimited exemption from the maximum hours provisions for cotton ginning. Under section 13(b) (15) an employer is eligible for this exemption when: (1) employees are actually engaged in the ginning of cotton; (2) the cotton must be ginned "for market"; and (3) the place of employment is located in a county where cotton is grown in commercial quantities.

In addition, there is a limited overtime exemption under section 7(c) during the period or periods when cotton is being received for ginning. When applicable, the exemption under section 7(c) may be claimed for all employees, including office workers, exclusively engaged in the operations specified in the industry determination. A survey, conducted in 1967 by the U.S. Department of Agriculture, disclosed 3,753 cotton gins that employed 49,500 nonsupervisory employees during the peak work-week.

It is not uncommon in the cotton ginning industry to have employees working in excess of an 80 hour work-week during the peak season. Sixty-hour work-weeks exist with regular frequency. The exemption under 13 (b) (15) enables employers to work their employees often nearly double the normal work-week, without having to pay premium wages. Modification of this exemption would start cotton ginning employees on the road to overtime pay parity with the mainstream of the American labor force.

In the past the industry has made little use of multiple shift operations with only one in four using more than one shift in 1970. Since the majority of the work force consists of "moonlighting" field workers, potential employees are in plentiful supply during the peak season. By using multi-shifts, cotton ginners could reduce the number of overtime hours, while at the same time alleviating the chronic farm unemployment problem (7.5% versus the national average of 4.9% in 1970).

Catering and food service employees

S. 2747 phases out the complete overtime exemption for employees of retail and service establishments who are employed primarily in connection with the preparation or offering of food or beverages either on the premises or by such services as catering, banquet, box lunch, or curb or counter service, to the public, to employees, or to members or guests of members of clubs.

S. 2747 requires that catering and food service employees be paid time and one half their regular rate of pay for hours over 48 per week on the effective date, for hours over 44 after 1 year, and for hours over 40 after the second year.

The elimination of the special exemption for food service employees in retail service establishments eliminates a disparity in work standards for employees of the same establishment. For example, food service employees in covered retail establishments are now exempt from the overtime provisions of the Act while retail clerks, in the same establishments, are covered by both the minimum wage and overtime standard. This has been a major source of friction.

It is expected that the gradual phasing out of the overtime exemption will eliminate excessively long hours in food service and catering activities and thus generate additional jobs. Also treatment of food service employees in this manner permits a similar phasing out of the overtime exemptions for bowling establishments, an exemption predicated in large part upon the food service aspects of such establishments.

Telegraphic message operations

S. 2747 repeals the minimum wage and phases out the overtime exemption for persons engaged in handling telegraph messages for the public under an agency or contract arrangement with a telegraph company, if they are so engaged in retail or service establishments exempt under section 13(a) (2) and if the revenues for such messages are less than $500 a month. The amendment to phase out the overtime exemption is as follows:

1. 48 hours in the first year after the effective date.
2. 44 hours in the second year.
3. Repealed thereafter.

Bowling establishments

The Fair Labor Standards Act currently exempts from the overtime provisions of the Act any employee of a bowling establishment if such employee receives compensation for hours in excess of 48 in a workweek at time and one-half the employee's regular rate of pay.

The Committee bill would reduce the straight-time workweek to 44 hours one year after the effective date and to 40 hours one year later.

The Committee notes that bowling fees have advanced by 18 percent since 1967. At the same time, pinsetting machine technology has improved, and automatic pinsetters have replaced hand pinsetters throughout the industry. Overtime coverage is easily compatible with the operative characteristics of the industry. The use of automatic pinsetters has eliminated problems which had previously resulted from daily and hourly fluctuations in patronage.

House parents for orphans

S. 2747 provides a new overtime exemption for any employee who is employed with such employee's spouse by a private nonprofit educational institution to serve as the parents of children—

A. Who are orphans or one of whose natural parents is deceased, and

B. Who are enrolled in such institution and reside in residential facilities of the institution, which such children are in residence at such institution, if such employee and such employee's spouse reside in such facilities, receive without cost, board and lodging from such institution, and are together compensated, on a cash basis at an annual rate of not less than $10,000.

The Committee, in proposing this amendment, is primarily interested in insuring that couples who serve as house parents for orphans in educational institutions are assured sufficient flexibility in work standards to protect the interest of the orphans during the periods when such orphans reside in such institutions.

The Milton Hershey School in Hershey, Pennsylvania is one such institution. The Hershey school is a residential vocational school for orphan boys. The students live in 103 separate cottages of 10 to 15 boys each. The Committee has been informed that a married couple lives in each cottage, serving as house parents. The Committee felt that imposition of overtime coverage in this very special employment situation would result in an especially difficult financial and recordkeeping situation for such institutions.

The Committee considered, but did not approve, a minimum wage as well as an overtime exemption for such employees. Thus these house parents will continue to be subject to the minimum wage provisions of the Act. An employee and such employee's spouse who serve as house parents of orphans in a nonprofit educational institution, who are paid not less than $10,000 a year in cash wages, and who receive without cost, board and lodging from such institutions would likely be paid in compliance with the minimum wage requirements of the Act.

The Committee recognizes that the Labor Department has issued special rules for calculating "hours worked" for employees residing on employer's premises, including such house parents who have duties which could occur at any time.

It is the Committee's understanding that as to hours worked by such resident employees, the Labor Department's regulations permit a reasonable agreement between the parties which takes into consideration all the pertinent facts surrounding such employment.

Mr. WILLIAMS. Mr. President, the Fair Labor Standards Act demonstrates a congressional awareness of the special problems confronting students who need and want to work while attending school on a full-time basis.

There were, and there continues to be, special provisions for employing learners, apprentices, student learners and student workers at subminimum rates.

Section 7 of S. 2747 expands the full-time student certificate program currently applicable to retail and service industries and to agriculture to apply to educational institutions. The bill retains the certification procedure, as it now exists, to insure that students will not be used to displace other workers.

The committee rejected a proposal that the Fair Labor Standards Act be amended by loosening the special student certification program and adding a blanket subminimum wage for young people below the age of 18 and for full-time students up to the age of 21.

A similar proposal was rejected by the Senate last year by a vote of 54 to 36.

The committee's rejection of this special subminimum rate was based on the conviction that this would violate the basic objective of the act and that such a standard would contribute to, rather than ease, the critical problem of unemployment because it would encourage the displacement of older workers.

We were convinced that a subminimum wage for youth would violate the basic concept of the act which represents an "economic charter" for the lowest paid workers in the United States.

Mr. WILLIAMS. Mr. President, to achieve its objective, the minimum wage must be an irreducible minimum below which wages for workers will not be allowed to fall.

S. 2747 amends the Age Discrimination in Employment Act of 1967 (Public Law 90–202) to include within the scope of coverage, Federal, State, and local government employees.

The Senate agreed to this extension last year.

Section 8 of the committee bill amends section 16(c) to authorize the Secretary of Labor not only to bring suit to recover unpaid minimum wages or overtime compensation, a right which he currently has, but also to sue for an equal amount of liquidated damages without requiring a written request from an employee.

The addition of liquidated damages is a necessary penalty to assure compliance with the Fair Labor Standards Act.

Currently, all that is required of the employer is that he pay the wages that should have been paid in the first place, without any penalty for violating the act. This is not a deterrent, certainly, to future violations.

It almost encourages employers to see what they might be able to get away with, if they were inclined to be so motivated. But a deterrent is necessary, and that is provided for in this bill.

This section would also allow the Secretary of Labor to bring suit even though the suit might involve issues of law that have not been finally settled by the courts.

At the present time, many of the protections that are written into the act are not being extended to workers because of the current restrictions on the Secretary in bringing suits in areas that have not been finally settled by the courts.

The act places the primary responsibility for the enforcement of the act on the Secretary of Labor; he should have the right to bring suits directly in order to resolve issues of law.

The committee also acted on an amendment to section 16(b) of the act to make clear the right of individuals employed by State and local governments and political subdivisions to bring private actions to enforce their rights and recover back wages under this act.

This amendment is necessitated by the decision of the U.S. Supreme Court in employees of the Department of Public Health and Welfare of Nursing against Department of Health and Welfare of Nursing, decided in April 1973, which held that Congress in extending coverage under the 1966 amendments to school and hospital employees in State and local governments did not explicitly provide the individual a right of action in the Federal courts although the Secretary of Labor was authorized to bring such suits.

In addition, the committee included an amendment to the Portal to Portal Act of 1947 which would preserve existing actions brought by private individuals which would otherwise be barred by the statute of limitations as a result of the April 1973 decision which I have mentioned.

Both of these amendments were included at the request and recommendation of the administration and the Secretary of Labor.

I would add that our committee has been concerned for some time that the Employment Standards Administration of the Department of Labor, which now has responsibility for administering the Fair Labor Standards Act, appears to be considering reordering its priorities in such a way as to downgrade enforcement of this act. The Department must maintain a vigorous enforcement program under this act.

Coverage should be interpreted broadly; and every effort should be made to insure that those employees who have been the victims of violations of this act are made whole.

Improving the Fair Labor Standards Act is a significant achievement only if it is followed by a vigorous enforcement effort designed to bring covered employers into compliance with the new standards as quickly as possible.

Mr. President, another matter of particular concern to the committee, has been enforcement of the Fair Labor Standards Act with respect to the employment of handicapped individuals, and the protection of the rights of such individuals who are institutionalized. Under the Rehabilitation Act of 1973 (Public Law 93–102), the committee ordered an original and full study into employment and wage practices in sheltered workshops and work activity centers; in addition, we have begun our own investigation into enforcement of the Fair Labor Standards Act in institutional settings.

The committee points out that on December 7, 1973, the U.S. District Court for the District of Columbia in a class action involving enforcement of FLSA for patient workers in public and private non-Federal homes, hospitals, and institutions ruled that the Department of Labor has a duty to implement enforcement efforts for such patient-workers and ordered the department within 120 days to notify the institutions of their statutory responsibility to compensate all mentally ill and mentally retarded patient-workers, and to notify all such workers of their rights under the act.

Furthermore, the court ordered the Department to contact all institutions within 1 year to establish and implement the necessary procedures, including special certifications as provided under section 14 of FLSA, so that patient workers will be paid the wages due them. The court's memorandum filed previously on November 14, 1973, stated that:

> Economic reality is the test of employment and the reality is that many of the patient-workers perform work for which they are in no way handicapped and from which the institution derives full economic benefit. So long as the institution derives any consequential economic benefit the economic reality test would indicate an employment relationship rather than mere therapeutic exercise. To hold otherwise would be to make therapy the sole justification for thousands of positions as dishwashers, kitchen helpers, messengers and the like.

Citing section 14 provisions providing for payment of less than the minimum wage for less productive handicapped workers by certification of the Secretary of Labor, and the fact that there is no specific exemption for patient-workers under the act, the court found that mentally ill and mentally retarded patient-workers are covered by the act. It went on to point out that time consuming and costly administrative resources to enforce the provisions for such a class of individuals was no excuse for failing to implement the statutory mandate.

The committee agrees with the court, and takes note of the enforcement procedures which the Department has been ordered to undertake. The committee intends to follow the progress of the Labor Department in respect to these court-ordered activities under FLSA, and if necessary it shall meet with the Department in the near future to oversee these activities.

I ask unanimous consent that the memorandum and the declaratory judgment and injunction order in Souder against Brennan be printed in the Record at this point.

There being no objection, the memorandum, declaratory judgment, and injunction order were ordered to be printed in the Record, as follows:

[U.S. District Court for the District of
Columbia, Civil Action No. 482–73]

Nelson Eugene Souder, et al. versus Peter
J. Brennan, Secretary of Labor, et al.

MEMORANDUM

This is an action for declaratory and injunctive relief presently before the Court on Plaintiffs' Motion for Summary Judgment.[1] Plaintiffs are three resident patient-workers at various state hospitals for the mentally ill or mentally retarded,[2] the American Association on Mental Deficiency,[3] and the National Association for Mental Health.[4] The American Federation of State, County and Municipal Employees, AFL–CIO (AFSCME) has joined as Intervenor-Plaintiff.[5] Defendants are the Secretary of the United States

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Footnotes at end of article.

Department of Labor and his subordinates charged with implementing and enforcing the Fair Labor Standards Act of 1938 (FLSA), as amended, 29 U.S.C. § 201 et seq. Plaintiffs seek a determination that the minimum wage and overtime compensation provisions of the Act, 29 U.S.C. §§ 206–207 apply to patient-workers of non-Federal hospitals, homes, and institutions for the mentally retarded and mentally-ill (hereafter collectively referred to as the mentally ill). Plaintiffs further seek to compel the defendant Secretary of Labor and his subordinates to undertake enforcement of the said minimum wage and overtime compensation provisions.

It is undisputed that the Department of Labor has a declared policy of non-enforcement of the minimum wage and overtime provisions with regard to patient-workers at non-Federal institutions for the mentally-ill.[6] It is also clear to the Court that if the Fair Labor Standards Act does apply to such patient-workers then the policy of non-enforcement is a violation of the Secretary's duty to enforce the law.[7] Accordingly, the issue for resolution here is the applicability of the Fair Labor Standards Act to such patient-workers. This is a legal issue properly disposed of here by summary judgment.

The 1966 Amendments[8] to the Fair Labor Standards Act of 1938, extended coverage under the minimum wage and overtime provisions of the Act for the first time to, inter alia, employees of public and private non-Federal hospitals and institutions for the residential care of the mentally ill. It is clear that these amendments were intended to cover the regular professional and non-professional staff of such institutions.[9] Neither the statutory language nor the legislative history of the 1966 amendments, however, makes any direct reference to the status of patient-workers in such institutions. This fact is a matter of major concern to the Court for there are significant questions of policy and practicality underlying extension of the Act to patient-workers.[10] Nevertheless, extensive review has convinced the Court that the Act does so apply and that Plaintiffs are entitled to summary judgment.

A basic cannon of statutory construction is that when statutory language is clear on its face and fairly susceptible of but * * * construction, that construction must be given to it.[11] Even where there is legislative history in point, albeit ambiguous or contradictory, it is unnecessary to refer to it and improper to allow such history to override the plain meaning of the statutory language.[12] Most certainly, then, the absence of any legislative history in point should not outweigh the words of the statute.[13]

The words of the statute here in question say simply that "employ" means "to suffer or permit to work",[14] that "employer" specifically includes "a hospital, institution, or school"[15] for the residential care of the mentally ill.[16] The terms of the Fair Labor Standards Act have traditionally been broadly construed[17] and the Congress is not only aware of but has approved of such broad construction.[18] Economic reality is the test of employment[19] and the reality is that many of the patient-workers perform work for which they are in no way handicapped and from which the institution derives full economic benefit.[20] So long as the institution derives any consequential economic benefit the economic reality test would indicate an employment relationship rather than mere therapeutic exercise. To hold otherwise would be to make therapy the sole justification for thousands of positions as dishwashers, kitchen helpers, messengers and the like.[21]

Further support for this approach can be found in the fact that the Act contains specific exemption provisions,[22] yet Congress did not see fit to specifically exclude patient-workers from coverage. The specific exemptions granted are numerous and detailed, indicating clearly that Congress is quite capable of specifically excluding from coverage some of those who might otherwise be covered by the general provisions. Congress did not exclude patient-workers from coverage and, therefore, the Court cannot do so.

A second well-established principle of statutory construction is that the interpretation of the agency charged with administering the statute is entitled to great weight.[23] This approach also supports extension of coverage, for the officially stated policy of the Department of Labor provides that patient-workers may be considered employees under the statute.[24] This constitutes an official administrative interpretation, still "not rescinded", that patient-workers as a class were included in the terms of the 1966 amendments extending coverage.[25] That the policy is not enforced has been ascribed throughout the development of the present case solely to administrative difficulties and "unresolved problems" in the mechanics of enforcement.[26] The Court has accorded substantial weight to the fact that the initial and consistent interpretation of those most closely concerned with administration and enforcement of the Act has been to recognize its applicability to patient-workers.

Lastly, there is available in Section 14 of the Act, 29 U.S.C. § 214, a procedure apparently well-suited for adaptation to enforcement activities applying the Act to the mentally ill. Basically, Section 14 establishes a procedure whereby less-than-normally productive handicapped (physically or mentally) workers can be certified as such by the Secretary of Labor and paid an appropriate competitive rate for their services. The legislative history of these provisions supports the proposition that productive labor of handicapped persons was generally intended by Congress to be covered by the Fair Labor Standards Act where the statutory prerequisites for coverage are otherwise met.[27] Initial application of the Section 14 procedures to patient-workers throughout the nation may consume some time and substantial administrative resources. Yet if that is a consequence of Congress action in extending coverage, administrative burden is no excuse for failure to implement the statutory mandate.

Plaintiffs have moved for certification of the case as a class action pursuant to Rule 23, Federal Rules of Civil Procedure. The Court finds that the prerequisites of Rule 23(a) have been met and that Defendants have acted or refused to act on grounds generally applicable to the class, Rule 23(b)(2), and the motion to certify the class will therefore be granted.[28] The class will be defined as follows: All patient-workers in non-Federal institutions for the residential care of the mentally ill and mentally retarded who meet the statutory definition of employee, 29 U.S.C. § 203(d)(e)(g).[29]

The Secretary will be ordered to implement reasonable enforcement efforts applying the minimum wage and overtime compensation provisions of the Fair Labor Standards Act to patient-workers at non-Federal institutions for the residential care of the mentally ill.

Counsel for the Plaintiffs are to submit appropriate Orders within ten (10) days of date.

AUBREY E. ROBINSON, Jr.,
Judge.

FOOTNOTES

[1] Defendants' Motion to Dismiss or, in the alternative, for Summary Judgment, was denied July 27, 1973. Defendants had contended that enforcement of the Fair Labor Standards Act is a matter entirely within the discretion of the Secretary of Labor and therefore not subject to judicial review. This position was rejected on the authority of Adams v. Richardson, 480 F. 2d 1159 (D.C. Cir. 1973) and Office Employees International Union v. N.L.R.B., 353 U.S. 313 (1957).

[2] Plaintiff Nelson Eugene Souder was, at the date this lawsuit was filed, a resident-worker at Orient State Institute, Orient, Ohio. Mr. Souder was released from Orient State Institute on convalescent leave status on March 24, 1973. Mr. Souder is 47 years old and mentally retarded. He has resided at Orient State Institute since 1940.

Plaintiff Joseph Lagnone is a 32 year old mentally-retarded resident-worker at Pennhurst State School and Hospital, Spring City, Pennsylvania, where he has resided since 1955.

Plaintiff Edwin Leedy is a 62 year old mentally ill resident-worker at Haverford State Hospital, Haverford, Pennsylvania, where he has been working since April 1966.

[3] The American Association on Mental Deficiency is a not-for-profit Pennsylvania Corporation headquartered in Washington, D.C. a national membership organization which includes institutional residents, parents and guardians of institutional residents, and over 9000 mental retardation professional workers.

[4] The National Association for Mental Health, is a not-for-profit New York Corporation, headquartered in Arlington, Virginia, a national citizens organization for the prevention of mental illness and promotion of mental health.

[5] AFSCME is an unincorporated voluntary association and labor union of more than 600,000 members which represents more than 125,000 workers in the health care field. AFSCME joins herein on behalf of its members employed in non-Federal institutions and as an organization concerned with improving health services.

[6] A Department of Labor policy statement, Release G–874 (Appendix A), was promulgated November 15, 1968, interpreting the Act as covering patient-workers in certain circumstances. The Department states that policy "has not been rescinded." (Answer #24, Defendants' Answers and Objections to Plaintiffs' Interrogatories, June 30, 1973). Nevertheless, "the Department of Labor, subsequent to the issuance of G–874, determined that it would *take no enforcement action* with respect to resident-workers because of the number of unresolved problems involved." (Id.) (emphasis added). See Department of Labor, Wage and Hour Division, Procedural Instruction, October 13, 1969 (Appendix B.)

[7] Adams v. Richardson, 480 F. 2d 1159 (D.C. Cir. 1973). Office Employees International Union v. N.L.R.B., 353 U.S. 313 (1957), Wisconsin v. F.P.C., 373 U.S. 294 (1963), Commonwealth of Pennsylvania v. Lynn—F. Supp. — (D.D.C., July 23, 1973), Pealo v. F.H.A., 361 F. Supp. 1320 (D.D.C. 1973). 29 U.S.C. §§ 202, 211, 212 and 216 and Section 602 of P.L. 89–601 are the statutory sources of the authority and duty of the Defendants to enforce the Fair Labor Standards Act, as amended. Compare, 42 U.S.C. § 2000d–1, the provision involved in Adams v. Richardson, supra. It should be noted that as state employees the individual Plaintiffs herein have no recourse to private lawsuits to enforce their rights under the Act, but must rely on Defendants for enforcement. See Employees of the Department of Public Health and Welfare of Missouri, et al. v. Department of Health and Welfare of Missouri, et al. 411 U.S. 279 (1973).

[8] P.L. 89–601, § 102, September 23, 1966, 80 Stat. 830–832. (Effective Feb. 1, 1967). See 29 U.S.C. § 203(d)(r) and (s).

[9] S. Rep. No. 1487, 89th Cong. 2d Sess. 1 (1966) at 8, 22–23; H. Rep. No. 1366, 89th Cong. 2d Sess. (1966) at 3, 11–12, 15, 16–17, and 18. See Employees of the Department of Public Health and Welfare of Missouri, et al. v. Department of Public Health and Welfare of Missouri, et al. 411 U.S. 279, 283 (1973).

[10] The questions of policy and practicality are intertwined, the most obvious being questions as to whether extension of cover-

age will in the long run be in the best interests of the patient-workers and the public. Significantly increased costs for the operation of institutions may result, but these, on the other hand, may be offset by increased or newly imposed charges on patients for their care. The possibilities and implications of such developments are at least areas in which the Court would have expected some legislative inquiry.

[11] Sea-Land Service, Inc. v. Federal Maritime Commission, 404 F. 2d 824 (D.C. Cir. 1968), District of Columbia National Bank v. District of Columbia, 348 F. 2d 804 (D.C. Cir. 1965), Arkansas Valley Industries, Inc. v. Freeman, 415 F. 2d 713 (8th Cir. 1969), United States v. New England Coal and Coke Co., 318 F. 2d 138 (1st Cir. 1963), Community Blood Bank of Kansas City Area, Inc. v. F.T.C., 405 F. 2d 1011 (8th Cir. 1969).

[12] Hamilton v. Rathbone, 175 U.S. 414, 421 (1899), United States v. First National Bank, 234 U.S. 245, 258 (1914), Osaka Shosen Kaisha Line v. United States, 300 U.S. 98, 101 (1937), Ex Parte Collett, 337 U.S. 55, 61 (1949), United States v. Oregon, 366 U.S. 643, 648 (1961), United States v. Dickerson, 310 U.S. 554, 562 (1940), N.L.R.B. v. Plasterers Union Local No. 79, 404 U.S. 116, 129 (1971).

[13] Eastern Air Lines, Inc. v. C.A.B., 354 F. 2d 507, 511 (D.C. Cir. 1965): "[I]t is no bar to interpreting a statute as applicable that the question which is raised on the statute never occurred to the legislature."

See Unexcelled Chemical Corp. v. United States, 345 U.S. 59, 64 (1953); National Association of Motor Bus Owners v. Brinegar, — F. 2d — (D.C. Cir. July 26, 1973) (Slip Opinion at 19).

[14] 29 U.S.C. § 203(g).

[15] 29 U.S.C. § 203(d).

[16] 29 U.S.C. § 203(r).

[17] See Gulf King Shrimp Co. v. Wirtz, 407 F.2d 508 (6th. Cir. 1969); Wirtz v. Allen Green Associates, Inc. 379 F. 2d 198 (6th Cir. 1966).

[18] See H. Rep. No. 1366, 89th Cong. 2d Sess. (1965) at 10.

[19] Goldberg v. Whitaker House Cooperative, Inc. 366 U.S. 28, 33 (1961).

[20] The Department of Labor does not take the position that all resident-workers at institutions are handicapped workers. Only where the patient's earning or productive capacity is impaired is the resident-worker considered handicapped and the institution allowed to reduce his compensation accordingly under Section 14 of the Act, 29 U.S.C. § 214. Answers Nos. 30, 33, Defendants Answers and Objections to Plaintiffs Interrogatories. June 20, 1973. This point is emphasized by the intervention of Plaintiff AFSCME on behalf of its members who perform non-professional staff work at various institutions. AFSCME contends that the use of unpaid and underpaid patient-workers constitutes the kind of unfair competition and lowering of standards that the Fair Labor Standards Act was designed to prevent.

[21] The fallacy of the argument that the work of patient-worker is therapeutic can be seen in extension to its logical extreme, for the work of most people, inside and out of institutions, is therapeutic in the sense that it provides a sense of accomplishment, something to occupy the time, and a means to earn one's way, but that can hardly mean that employers should pay workers less for what they produce for them.

[22] 29 U.S.C. § 203.

[23] Udall v. Tallman, 380 U.S. 1 (1965), Power Reactor Development Co. v. International Union of Elec., Radio and Mach. Workers, 367 U.S. 396 (1961), D.C. Federation of Civil Associations v. Volpe, 434 F. 2d 436 (D.C. Cir. 1970), National Automatic Laundry and Cleaning Council v. Shultz, 443 F. 2d 689 (D.C. Cir. 1971).

[24] Release G–874 (Appendix A.) See footnote 6, supra.

[25] The policy statement, Release G–874, does not provide that all patient-workers are to be considered statutory employees, but would weigh the nature of the work performed by each worker and its possible therapeutic value. Thus, the Release recognizes that coverage under the Act is available for patient-workers and proceeds to the next question, whether an individual patient-worker meets the criterion of performing work of economic benefit to the institution sufficient to be considered an employee under the economic reality test. Thus Release G–874 seems at least a reasonable first-step toward defining an enforcement approach applying the statute to patient-workers. That administrative difficulties developed, however, is no excuse for totally abandoning any enforcement effort. See note 7, supra.

[26] See note 6, supra. Only in a supplementary memoranda of points and authorities on the question of coverage and the legislative history of the 1966 amendments, specifically requested by the Court, have the Defendants even hinted a dispute on the question of coverage. This of course is an after-the-fact legal argument rather than a contemporaneous administrative interpretation. Defendants nowhere in their Court pleadings expressly concede the question of coverage (but see Answer to Interrogatory #24, note 6, supra), but the issue is raised primarily at the instance of the Court because of its importance in the case.

[27] See 112 Cong. Rec. 20818–19 (1966), S. Rep. No. 1487, 89th Cong. 2d Sess. (1966), at 23–24; H.R. Conference Rep. No. 2004, 89th Cong., 2d. at 13–15, 20–22 (1966).

[28] See Bermudez v. United States Department of Agriculture, — F. 2d — (No. 72–2138, D.C. Cir. Oct. 10, 1973), Slip Opinion at 12–14.

[29] Defendants have opposed certification as a class action primarily on the grounds of difficulty in defining the class or identifying its members. Yet the statutory criteria for definition of an "employee" relationship are long-standing and have left a chain of well-known precedent applying the law to the facts of individual situations. See notes 17–21 and accompanying text, supra. Such application, indeed, is peculiarly the domain of Defendants herein. Defendants have not otherwise disputed the existence of a class, nor the propriety of injunctive relief. Thus the argument of administrative difficulty recurs. Yet in the context of this case the Court does not find this justification for denial of a class action once the criteria of Rule 23 are met. If unforseen or insoluble difficulties arise, any party may bring these to the attention of the Court in seeking clarification of the definition of the class. While Defendants correctly point out that the label "patient-worker" need not be controlling where a patient in fact does work that is solely therapeutic, the economic reality test is available to determine whether the institution receives any consequential economic benefit from the patient's services. That test would not seem overly difficult in its application.

APPENDIX A CA 482–73

[U.S. Department of Labor, Wage and Hour and Public Contracts Divisions]

APPLICABILITY OF THE FAIR LABOR STANDARDS TO WORK PROGRAMS FOR PATIENTS OF HOSPITALS AND INSTITUTIONS OTHER THAN FEDERAL

Coverage

The 1966 Amendments to the Fair Labor Standards Act, effective February 1, 1967, provided for application of the act to hospitals and institutions primarily engaged in the care of the sick, the aged, the mentally ill or defective who reside on the premises of such hospitals or institutions (regardless of whether or not they are public or private or operated for profit or not for profit). Workshops and other types of work programs operated by hospitals and institutions are considered to be within the coverage of the act.

Employment of patients in work programs

Pending authoritative rulings of the courts, the Department of Labor will not assert that initial participation of patients in a work program constitutes an employment relationship if the following conditions are met.

1. The tasks performed by the patient are part of a program of activities which have been determined, as a matter of medical judgment, to have therapeutic or rehabilitative value in the treatment of the patient, and

2. The patient does not displace a regular employee or impair the employment opportunities of others by performing work which would otherwise be performed by regular employees who would be employed by the hospital or institution or an independent contractor, including, for example, employees of a contractor operating the food service facilities.

After placement in the workshop, on a job in the hospital or institution, or in another establishment, an employment relationship will ordinarily develop and the provisions of the Fair Labor Standards Act will become applicable. This shift to an employment relationship may come shortly after placement or it may occur later. As a general guide, work for a particular employer, whether the hospital, institution, or another establishment, after 3 months will be assumed by the Wage and Hour and Public Contracts Divisions to be part of an employment relationship unless the employer can show the contrary.

Where placements are made with successive employers for short periods of time, it is not expected in the ordinary course that such placements will be very long with a particular employer. As a general guide, work for successive employers for short periods of time after a total of 6 months will be answered by the Wage and Hour and Public Contracts Divisions to be part of an employment relationship unless it can be shown to the contrary. When the employment relationship has developed, the applicable statutory minimum must be paid except where special minimum wages below the statutory minimums are authorized by the Wage and Hour and Public Contracts Divisions.

Statutory Minimum Wages

The minimum wage is $1.60 an hour for employment subject to the act before the 1966 amendments. The minimum wage for employment made subject to the act by the 1966 amendments (which includes work in covered hospitals and institutions) is now $1.15 an hour, advancing to $1.30 on February 1, 1969, and except for employment in agriculture advancing to $1.45 on February 1, 1970, and to $1.60 on February 1, 1971.

Certificates Authorizing Rates Below the Statutory Minimum

The Wage and Hour and Public Contracts Divisions' regional and district offices may issue certificates authorizing special minimum wages below the statutory minimum under 29 CFR Part 524 and Part 525 for employment of handicapped workers in competitively employment and in sheltered workshops, respectively. Application forms and instructions for completion of such forms may be obtained from the regional or district office of the Wage and Hour and Public Contracts Divisions which serves the area in which the establishment or institution is located.

APPENDIX B

Defendants' Answer to Interrogatory No. 24 reads as follows: (filed herein June 20, 1973)

The policy expressed in Release G–874 has not been rescinded. But the Department of Labor, subsequent to the issuance of G–874, determined that it would take no enforcement action with respect to resident workers because of the number of unresolved problems involved. This determination was communicated to the regional offices of the Department's Wage and Hour Division by a procedural instruction dated October 13, 1969, which stated:

"Patients or inmates who may be employees. No action shall be taken to affirm or deny an employment relationship for patients or inmates of hospitals and related institutions who are in work programs of such institutions. Releases G–874 and G–876 provide general guidance as to determination of an employment relationship in these situations; however, experience has indicated a need for more precise guidance in such cases. Questions have also been raised about the application of section 3(m) to such persons. This entire matter is under review in the NO. Where this issue is encountered in an investigation, BW shall not be computed or reflected on Form WH–51. The facts shall be obtained and included in the investigation report. The establishment employer shall be advised that no decision has been made with respect to such cases and that he will be contacted later. All other aspects of the case shall be handled in accordance with regular procedures, including BW. When the investigation has been brought to a conclusion and closed, the report shall be sent to the AA for OCE to assist in working out an acceptable solution to the problem."

Inquiries or questions, either oral or written, received from institutions, residents, employees, or other interested parties after October 13, 1969, were answered by stating that the Department currently was taking no enforcement action under FLSA with respect to working patients. Generally the person making the inquiry was informed of the right of an employee to bring his own independent action under section 16(b) of the FLSA to recover back wages.

[In the U.S. District Court for the District of Columbia, Civil Action No. 482–73]

Nelson Eugene Souder, et al., Plaintiffs, v. Peter J. Brennan, et al., Defendants

DECLARATORY JUDGMENT AND INJUNCTION ORDER

This cause came before this Court upon plaintiffs' motion for summary judgment and defendants' combined motion to dismiss and for summary judgment. Upon the entire record before this Court including the pleadings, interrogatories and affidavits, and upon the Memorandum Opinion of this Court dated November 14, 1973, it is hereby ORDERED that plaintiffs' motion for summary judgment is granted, and defendants' motions are denied. The Court having ruled that the Secretary of Labor has a duty to implement reasonable enforcement efforts applying the minimum wage and overtime compensation provisions of the Fair Labor Standards Act to patient-workers at non-Federal institutions for the residential care of the mentally ill and or mentally retarded, it is further ordered, adjudged and declared:

A. Notification to the class.—That the Secretary of Labor, his officers, agents, servants, and all persons acting or claiming to act in his behalf and interest [hereinafter, the "Secretary"], undertake the following notification activities:

(1) Within 120 days from the date of this Order, notify the Superintendent of each non-Federal facility for the residential care of the mentally ill and/or mentally retarded, and the chief executive officer or officers of the supervising state agency for mental health and/or mental retardation, that they have the same statutory responsibility to compensate patient-workers as non-patient workers, and that defendants intend to enforce the minimum wage and overtime compensation provisions of the Fair Labor Standards Act on behalf of patient-workers.

(2) Within 120 days from the date of this Order, inform the Superintendent of each non-Federal facility for the residential care of the mentally ill and/or mentally retarded, and the chief executive officer or officers of the supervising state agency for mental health and/or mental retardation of their obligation to maintain records of hours worked and other conditions of employment under 29 U.S.C. § 211(c) and 29 C.F.R. Part 516 for patient-workers, just as is required for non-patient employees at the same facilities.

(3) Within 120 days from the date of this Order, contact the Superintendent of each non-Federal facility for the residential care of the mentally ill and/or mentally retarded and request that he inform patient-workers at his facility of their rights under the Fair Labor Standards Act. Indications that proper attention has been given to informing the patient-workers of their rights will be:

a. That the Superintendent has notified *in writing* every resident and his guardian of his rights under the Fair Labor Standards Act, as declared in this decision;

b. That copies of such written notifications have been posed on every living unit of residential facilities for the mentally ill and/or mentally retarded;

c. That efforts have also been made to notify all residents *orally* of their rights—e.g., by holding group meetings for present residents and by establishing procedures under which each new resident will be notified of his rights within one week of his admission. In order to increase the chances that plaintiffs will fully comprehend such oral presentations, defendants may suggest to the Superintendents and to the chief executive officers of the supervising state agencies that representatives of concerned organizations be invited to observe and perhaps to participate at such meetings;

d. That non-patient employees of all non-Federal facilities for the residential care of the mentally ill and/or mentally retarded and their collective bargaining representatives or other representatives who deal with the employer on their behalf with respect to wages, hours, or other terms and conditions of employment, have been notified of this decision.

B. Reasonable enforcement activities.—Within one year from the date of this Order, defendants shall contact every institution to which the Order applies so as to establish and implement the necessary procedures [including any special certifications under 29 U.S.C. § 214] whereby every patient-worker in such institutions will be paid the wages due him. After the Department of Labor has made its initial efforts to aid the institutions in establishing their procedures for paying wages, it shall continue in the second year to give attention to investigation and enforcement of employment situations affecting the patient-workers. Thereafter, "reasonable" enforcement shall be defined to include those activities which are necessary to ensure the benefits of 29 U.S.C. §§ 206 and 207, to which patient-workers are entitled.

C. Implementation reports.—That the Secretary shall keep written records of his enforcement activities, which shall be available to the public through the Labor Department's Advisory Committee on Sheltered Workshops at six-month intervals. These reports should include a description of the activities taken to comply with the Order; the number of investigations of alleged violations of rights of patient-workers under the Fair Labor Standards Act (including a breakdown by type of establishment and number of workers involved at each such establishment), and the reason for such investigations; the results of each such investigation; and the disposition of each investigation confirming statutory violations, including lawsuits, settlements, and other enforcement activities.

E. Costs.—That Court costs be taxed to defendants.

Aubrey E. Robinson, Jr.,
Judge.

[U.S. District Court for the District of Columbia, Civil Action No. 482–73]

Nelson Eugene Souder, et al. versus Peter J. Brennan, Secretary of Labor, et al.

ADDENDUM

Two errors in the original Memorandum filed herein November 14, 1973, having come to the attention of the Court, it is this 7th day of December, 1973,

Ordered, that the third paragraph of footnote two of said Memorandum be and hereby is amended to read as follows:

"Plaintiff Edwin Leedy died during the pendency of this action. He was a 62 year old mentally ill resident-worker at Haverford State Hospital, Haverford, Pennsylvania, were he worked from 1956 until his death in 1973."

And it is further ordered, that the last two sentences of footnote seven of said Memorandum be and hereby are amended to read as follows:

"It should be noted that as state employees the individual Plaintiffs herein have no recourse to private lawsuits in Federal Courts to enforce their rights under the Act, but must rely on Defendants for enforcement. See Employees of the Department of Public Health and Welfare of Missouri, et al. v. Department of Public Health and Welfare of Missouri, et al., 411 U.S. 279 (1973)."

Aubrey E. Robinson, Jr.,
Judge.

Mr. WILLIAMS. Mr. President, S. 2747 is an attempt to address the problems of poverty through the dignity of the work ethic upon which Americans have traditionally placed a high value. This bill embodies that tradition.

Passage will represent a congressional determination that all who are willing and able to work should be governed by certain minimum standards, the very least of which ought to be a living wage.

Mr. President, on September 6, 1973, President Nixon vetoed the minimum wage bill passed by Congress before the August recess. In his veto message he raised a number of issues and focued in large measure on the provisions of the vetoed bill which would have raised the minimum wage to $2 an hour on the effective date and $2.20 an hour 8 months later. He noted that "thus, in less than a year, employers would be faced with a 37.5 percent increase in the minimum wage rate." The President expressed concern about the impact of what he referred to as "sharp and dramatic increases" upon the employment opportunities of marginal workers and also concluded that those increases would result in "a fresh surge of inflation".

In reintroducing the pending minimum wage legislation on November 27, 1973, as I indicated at that time, I made one major change in the legislative proposal. Specifically, that proposal deferred the effective date of the increase to $2.20 an hour by 4 months so that it will become effective 1 year after the effective date of the increase to $2 an hour. Estimates based on Department of Labor statistics are that this one change reduces the economic impact of this legislation by over a half billion dollars. This change was made in the spirit of accommodation despite the fact that we all must recognize that $2.20 an hour is needed right now to make up for the incredible cost-of-living increase since we last legislated a minimum wage increase in 1966.

I was, therefore, encouraged by a letter I received yesterday from the President regarding the pending minimum wage legislation. I ask unanimous consent that this letter be printed in the Record at this point in my remarks. Although I sharply disagree with the points raised by the President in his letter and I hope that the Senate will enact S. 2747 in the form reported by the Committee on Labor and Public Welfare, I am encouraged by what appears to be a more conciliatory tone by the administration.

There may be those who would hope that the committee, and the floor manager particularly, would accept the President's offer and adopt it as a way of disposing of this legislative matter which has been before the Congress for 3 years now, once and for all. I cannot, in good conscience, do that. I think we must all reflect on the fact that the committee reported bill, which when first introduced in 1969 would have restored minimum wage workers to a wage rate above the poverty level and would have restored the purchasing power of their minimum wage dollar, is at best in 1974 a bill which makes up only in part for the deterioration brought about by the 42-percent increase in the cost of living since 1966. Under the President's proposal, minimum wage workers would receive $2.30 an hour no earlier than January 1, 1976.

Mr. President, that minimum wage worker needed $2.28 an hour 2 months ago, not 2½ years from now, merely to compensate for increases in the Consumer Price Index since we last legislated a minimum wage increase.

I hope the Senate will pass S. 2747 with dispatch and that the House will soon consider the bill being marked up by the Committee on Education and Labor so that a conference can produce a legislative vehicle for submission to the White House in the very near future. Of course, I hope that the President will sign that legislation.

Mr. President, I ask unanimous consent to have the President's letter printed in the Record.

There being no objection, the letter was ordered to be printed in the Record, as follows:

THE WHITE HOUSE,
Washington, February 27, 1974.

Hon. HARRISON WILLIAMS,
U.S. Senate,
Washington, D.C.

DEAR HARRISON: I am writing to you with regard to the need for enacting a responsible minimum wage bill during this session of the Congress.

The minimum wage for most workers has now been at the same level for six years, and there can be no doubt that it should be higher. I have consistently urged appropriate increases, starting with legislative recommendations in 1971 and most recently in my State of the Union message last month. Yet, in amending the minimum wage, we must avoid hurting the many low wage workers we are trying to help. This was my concern when I vetoed H.R. 7935 last fall.

Last week, Committees of both Houses of Congress began work on new minimum wage legislation. In the House, the initial actions showed a desire to phase in increases in the minimum wage in a way which should reduce the inflationary and disemployment impact that last year's bill would have had. I am particularly encouraged by the House Sub-committee action in making some changes to help expand student employment opportunities.

There is one area of new coverage which is of special concern to me. The disemployment effects on domestic workers could be very acute if there are no practical limits on coverage and their minimum wage is put at too high a level. The adoption of a meaningful hours-worked test, especially when coupled with a delay in the increase in subsequent steps of the minimum wage, would help to ameliorate the disemployment effects that would result from covering domestic workers. However, the initial tests proposed in the House and Senate bills are so broad that they may not have their intended effect.

The extension of the Federal minimum wage and overtime requirements to State and local Government employees is also a problem. I appreciate the fact that the House bill under consideration tries to avoid undue interference in the operations of these Governments by exempting police and firemen from the overtime requirements. However, I continue to agree with the Advisory Commission on Intergovernmental Relations that, in general, additional Federal requirements affecting the relationship between these governments and their employees is an unnecessary interference with their prerogatives. The available evidence has failed to convince me that these governments are not acting responsibly in setting their wage and salary rates to meet local conditions. Additionally, if the Congress desires to make the minimum wage and overtime laws applicable to Federal employees, who are already adequately protected by other laws, it should place enforcement responsibility in the Civil Service Commission, which has the responsibility under the other laws.

The high rate of unemployment among youth and the related difficulty of too few work and training opportunities remain difficult problems. They will be aggravated by the temporary increase in unemployment resulting from the energy shortage. Within the Administration we are considering a range of proposals within the broad authorities existing in several agencies to enhance both training and work opportunities for youth. Nevertheless, I believe the most important means for preservation and expansion of work and training opportunities for young people would be the special youth differential in the minimum wage which we first proposed in May of 1971.

With a view toward additional ways to aid youth, I note that the House has shown its concern by changing the tests for special minimum wage certificates for part-time work by full-time students. This, however, does nothing for the young person no longer going to school who perhaps needs even greater help toward meaningful participation in the work force.

While I am prepared to accept a minimum wage bill that contains responsible provisions for the adult population, I believe it should be clear that such a bill, without any youth differential provision, is a vote for higher youth unemployment. Therefore I shall continue to urge the enactment of a meaningful youth differential provision in legislative action this year.

With every good wish,

Sincerely,

RICHARD NIXON.

Mr. WILLIAMS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. CHURCH. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

FAIR LABOR STANDARDS ACT AMENDMENTS WOULD BROADEN AGE DISCRIMINATION IN EMPLOYMENT ACT

Mr. CHURCH. Mr. President, as chairman of the Special Committee on Aging, I would like to point out that the Fair Labor Standards Act amendments, which we are considering today, also include much needed improvements to the Age Discrimination in Employment Act. Section 28 of S. 2747 provides for first, expanding the coverage to include employers with 20 or more employees, instead of 25 as under the present law; second, extending the protection of the act to Federal, State, and local government employees; third, increasing the authorization of funding from $3 million to $5 million because of the broadened coverage of the act.

The Age Discrimination in Employment Act amendments which the Committee on Labor and Public Welfare have incorporated in S. 2747 are those which I introduced in S. 1810 last May and which passed the Senate as a part of the Fair Labor Standards Act amendments last session. Unfortunately, they were deleted in conference because of the House germaneness rule. This session the House is expected to include the age discrimination amendments in its companion legislation.

The extension of the coverage of Age Discrimination in Employment Act to Federal, State, and local employees is a significant and needed expansion of coverage. As the report from the Committee on Labor and Public Welfare states:

> The Committee recognizes that the omission of government workers from the Age Discrimination in Employment Act did not represent a conscious decision by the Congress to limit the ADEA to employment in the private sector. It reflects the fact, that in 1967, when ADEA was enacted, most government employees were outside the scope of the FLSA and the Wage Hour and Public Contracts Divisions of the Department of Labor, which enforces the Fair Labor Standards Act, and which were assigned responsibility for enforcing the Age Discrimination in Employment Act.

Fair Labor Standards Act coverage has since been extended to Government workers and it is only logical, the committee points out, to extend Age Discrimination in Employment Act coverage.

In the case of Federal Government workers, the Civil Service Commission will have responsibility for enforcing the age discrimination provisions and aggrieved employees may institute civil court actions. This is vitally important because the Committee on Aging has received ample evidence that age discrimination can flourish in the Federal Government despite the existence of a policy against age discrimination. The report prepared for the committee on canceled careers in 1972 found that older employees had been singled out in some agencies for an early exit from their Government jobs.

The most recent evidence to surface is the report that the Pentagon is seeking authority to force certain personnel in responsible positions to retire at age 55. Justification for such authority is made in terms of the "worsening" manpower problems of an aging work force.

Agism is thus not limited to private industry, and I am very pleased that the committee has included my proposal for coverage of all Government workers in the amendments and thus closed an important gap in coverage.

We must continue to reduce barriers to employment of older persons and to resist pressures to usher workers out of the labor force while they are still able to work and before they can afford retirement. Living on a fixed income was never easy. And in these inflationary times it is harder than ever. Almost before a social security increase can go into effect, it is wiped out by increases in living costs. Income from earnings is still the best way to maintain a decent standard of living for older people as well as for younger people.

The Age Discrimination in Employment Act protects the rights of middle-aged and older workers to work-income, and I urge the adoption of these amendments which would extend this protection to Government workers as well as private employees.

Mr. JAVITS. Mr. President, I think that the most eloquent summary of what we are doing in respect of this bill is found in the letter of the President addressed to me and to other Senators and Congressmen who are concerned with the minimum wage. In his letter yesterday the President said, and I wish to read one sentence:

> The minimum wage for most workers has now been at the same level for 6 years and there can be no doubt it should be higher.

I think that is about it. I think that is true by any calculation; for instance, in order to make up for cost-of-living increases since February 1, 1968, employees who were covered pre-1966, the basic group covered by minimum wage, should at this stage be receiving $2.17 an hour. That is strictly applying the cost-of-living test. It seems to me that under these circumstances, when we are dealing with the law that would give these same workers a minimum wage of $2 upon enactment and $2.20 1 year after enactment, that we certainly are being extremely conservative, especially with the anticipated inflationary factor of 7-percent-plus this year, anticipated by the Council of Economic Advisers and the financial authorities of our Government.

What has held up this matter? Part of the delay has been a Presidential veto. What held it up has been a practically deadlocked situation respecting treatment of youth, with the President saying, and I refer to his letter, that it is of great concern to him that there should be an adequate youth differential to enhance both the training and work opportunities for youth.

I have contended constantly and I have yet to hear a substantive argument to the contrary, that the existing provisions of the Fair Labor Standards Act; namely, section 14(a) in respect of giving the Secretary sufficient latitude with respect to what is needed in the way of a minimum wage differential for appropriate training purposes, enable younger people to learn a job. If on the other hand, what is implied is an absolute differential because they are youth, without a performance standard or without status, such as students, justifying it, then the AFL-CIO is correct that the only purpose of it is to get a discount on the minimum wage for employing youths.

Under section 14(a) special minimum wage rates can be established for all "learners" and "apprentices" provided, of course, appropriate safeguards are observed to insure that the training program is not merely a subterfuge to replace adults with "trainees" at subminimum rates. A formal apprenticeship program is not required and the Secretary, in determining who is a "learner," will obviously apply all of the experience and knowledge as to the needs of workers gained under the various manpower training programs administered by the Department of Labor.

We went even further than that in respect to the bill before us now, in the area of certificates for full-time students, up to four, where we practically have taken off every restriction. There used to be a test that the particular employer was employing about the same number of full-time students that he had historically. But we have taken off the test with respect to the first four, and that should satisfy any requirements so far as student employment is concerned. In short, I believe we have dealt with the youth employment factor in the most accommodating way. There is no reason why this should deadlock the bill any further.

I am very hopeful that this time out we shall strive to give the President a reasonable bill; that this time out the President will sign the bill we send to him; and that is intimated from the last paragraph of the President's letter in which he said:

> I am prepared to accept a minimum wage bill that contains responsible provisions for the adult population. . . ."

This bill certainly contains provisions for the adult population. It should not be held up any further in any way.

Mr. President, the Senate bill which passed last year was a more liberal bill than the bill which emerged from conference. There were many changes made with respect to the treatment of employees working overtime, and various exemptions of all kinds which were dealt with.

Personally, I yielded a great deal in agreeing to certain provisions in regard to child labor when the Senate bill absolutely eliminated child labor on the farm, as it should have; child labor in the industrial field having been prohibited 36 years ago. The conference bill, as well as the bill now before us, eliminates child labor on covered farms only.

So the President would be getting a bill that came out of conference which was fully agreed to and which represented a considerable step-down from the Senate bill. The present bill makes two changes in the conference bill: one, that the effective date of the second increase for pre-1966 employees would take effect 1 year after enactment instead of a fixed date after enactment, which is the way it was before; and second, there should be no discrimination against Government employees at any level, State, local, or Federal, on account of age.

Other than that, in this bill, which the Senate is asked to pass, he gets exactly the deal which conferees between the House and the Senate agreed to in what was extremely tough bargaining. I know because I was a conferee.

Now, just a few other observations. I mentioned the question of child labor and pointed out that child labor was absolutely eliminated in last years Senate bill, as it should have been. When we conferred with the House there was quite a tangle on the subject, which took us a very considerable time to resolve, and finally we worked out a solution as follows:

On covered farms agricultural child labor under 12 years of age is forbidden; between 12 and 14 permitted with parental consent; and between 12 and 16 years of age that they may work only when the local school district is not in session.

Then, we sent further in that regard and adopted the concept of serious penalties if this were violated, with civil penalties up to $1,000 for each violation. This, of course, applied to what are covered farms; that is, farms meeting the 500 man-day requirement.

Mr. President, I realize the concerns which many persons have about the fact that we are in an inflationary period—and we are in an inflationary period, a very serious one—but no American is denying contributions to the Red Cross or to the Community Chest or to any other aspect of civil life which represents the humanity of man to man, which is the true ornament of our system. I deeply believe, and I again invoke the President's words, that we have stayed at this level for 6 years, and I deeply believe that this is the kind of law that represents an element of humanity and justice, man to man.

It really is so unjust under present conditions that, as I believe the President has done, we simply have to subordinate our pet ideas in order to arrive at a bill. I gave an example of it in the case of agricultural child labor, which was a hard compromise for me to make, as can be understood, for I stood alone for years in an effort to eliminate child labor from all farms as it had been eliminated from industrial plants. It was a very hard one for me to do, but I did it because it would be meaningless to be so inflexible that we did not get any of it in order to eliminate a good bit of it. So I finally came to a compromise which eliminated it on covered farms only. That, in itself, is a historic breakthrough.

Two other matters which I would like to refer to are the inclusion in the bill of domestics and the other inclusion, which has raised so many problems, regarding governmental employees.

First as to domestics, all of us have had experience with domestics. Nobody expects agents of the Department of Labor to go knocking on housewives' doors to investigate whether they are paying the minimum wage under the law. It is the kind of situation where dependence will have to be placed upon voluntary compliance and complaints in order to enforce the law. Indeed, hopefully, people will be encouraged and emboldened to complain, because there are a good many people who employ household help—what we call domestics in this bill—who simply have no concept of the fact that peonage and the servant culture are simply un-American and against the grain of anything that we believe in.

The dignity to which the domestic employee is entitled has now been locked in with social security, which is a tremendous blessing to every one of them, including those which my wife and I and others of us have employed for years.

It simply is beyond me why we should omit them from the minimum wage, when they are really performing a service, instead of representing any relationship of master and slave, which is truly archaic in the modern day.

We certainly have cut down those who are covered to really those who make it a regular part of their occupation, and we have exempted live-in domestics from overtime, thus understanding the practicability of homes and those who live in them and render these household services in them. As a matter of dignity as well as decency, they ought to be included. It is one of the finest parts of the bill that they are included.

Then, too, the inclusion of State and local government employees simply recognizes the fact that governments ought to meet the same standards imposed on private employers. In the case of people who work for any government entity, there is no competition. That is the only employer there is. So, all the more reason for requiring minimum standards.

We have taken care of all security forces by phasing in overtime over a period of years, and including averaging provisions on overtime on a 4-week basis, thereby answering the argument of those who would say that for security forces it is completely impracticable to have an overtime provision.

Mr. President, we are very resentful, very unhappy, when workers in the public domain threaten to strike. This is inevitably the result of the deep feeling that economic justice cannot otherwise be obtained, and I respectfully submit that we will go a lot further in getting tranquility in the labor field by giving them a minimum wage status and an overtime status than in almost any other way I can think of, and prevent the feeling on their part that the only way one can get justice is by rule of the jungle, to wit, by strike and ceasing essential public service.

So I hope, for all the reasons I have stated, that the Senate will be able to approve this bill and that we will get it on its way and, with the new attitude of the President, very hopefully we will give him a measure that he not only can but will find to be one which can have the approval which, in my judgment, is so clearly indicated.

I yield the floor.

Mr. TAFT. Mr. President, amendments to the Fair Labor Standards Act were last enacted in 1966 and I believe there is a need for a constructive increase in the minimum wage such as contained in the substitute amendment being offered by Senators DOMINICK, BEALL, and myself. Unfortunately, after 3 years of congressional consideration, no constructive amendments to the act have become law. The bill reported out by the committee is essentially identical to the bill vetoed by the President in the summer of 1973, and the reasons for rejecting the bill last session are equally as compelling in certain areas for S. 2747.

The committee heard no witnesses and had before it little or no current data upon which to assess the effects on the economy of the actions it took, especially with regard to exemptions and extensions of coverage. The failure of the committee to include new initiatives to reduce youth unemployment is also extremely disappointing.

As we stated in the minority views to the committee proposal this year, S. 2747, and the Senate bill that was rejected last year, S. 1861, many difficulties appear in the approach the Senate Labor and Public Welfare Committee has taken on this issue.

For example, the committee has either repealed or modified a great number of current exemptions in the act with little or no economic criteria before the committee. In fact, no hearings whatsoever were held on S. 2747 before it was reported by the committee. The potential adverse economic effect resulting from repeal or modification of these exemptions to certain segments of the economy, especially small business, is significant and in certain cases the committee's action may mean economic fatality for many thousands of their employees. For example, S. 2747 would repeal or severely modify current exemptions in the Fair Labor Standards Act for the following areas and occupational categories: retail and service establishments grossing less than $250,000 annually—complete repeal of minimum wage and overtime exemption—tobacco employees; nursing home employees; hotel, motel and restaurant employees; salesmen, partsmen and mechanics; food service establishment employees; seasonal industry employees; cotton ginning and sugar processing employees; and, local transport employees.

At the very least, action should not be taken in these areas until sufficient current facts are before the committee to permit each exemption to be considered on its own merit.

Equally as distressing is that S. 2747 is deficient with regard to new initiatives to increase employment opportunities for youth. As an example of this acute problem, the national unemployment rate as of January 1974 for Caucasians 16 and 17 years of age was 16.8 percent and for non-Caucasians 16 and 17 years of age, the rate was a towering 38.9 percent. These statistics underscore the need for implementation of a national program of specialized wage structures for youth similar to proposals I have advocated with many of my colleagues during prior consideration on this issue. Such a national initiative would constructively supplement the broad authority the Secretary of Labor currently has available under section 14 of the act with regard to adoption of special wage structures for youth employment and training.

Domestic service employees would be covered for the first time under the bill as reported by the committee with a wage scale for such employees the same as that established for those who have been under coverage for some time. While I share the concern the committee has expressed for the economic advancement for individuals in this occupational category, I believe such an extension of coverage under the act will further complicate tax and reporting problems and create further unemployment. Certainly a more practical approach than covering all such employees who earn more than $50 in a calendar quarter—committee incorporation of section 209(g) of the Social Security Act—can be found to reflect the committee's concern in this area.

I believe Congress should expeditiously enact constructive increases in the minimum wage to help compensate for the eroded purchasing power of our lowest paid workers. The longer a minimum wage increase is postponed, the greater the pressure will be for excessive increases over too short a period of time, thus maximizing the inflationary and disemployment effects on the economy. To continue to hold a wage rate increase hostage to unrelated political issues only penalizes our Nation's lowest paid workers. Therefore, I am hopeful the Senate will adopt constructive changes in the committee bill to permit amendments to the Fair Labor Standards Act to become a reality during this session of Congress.

Mr. President, I have a number of amendments which I shall send to the desk and ask to have printed. I also have statements with regard to those amendments.

Mr. President, the Senator from Colorado is on one of the amendments. One of the amendments I intend to offer at this time is an amendment sponsored primarily by the Senator from Colorado. I have made mention of the amendment. If the Senator from Colorado wishes to offer it on his own behalf, I will withdraw my sending of the amendment to the desk.

Mr. DOMINICK. The Senator can go right ahead as long as my name is on it.

Mr. TAFT. Mr. President, I send these amendments to the desk.

The PRESIDING OFFICER. The amendments will be received and printed, and will lie on the table.

AMENDMENT NO. 981

(Ordered to be printed, and to lie on the table.)

Mr. TAFT. Mr. President, I send to the desk a substitute amendment to be offered by Senator Dominick with cosponsorship of myself and Senator Beall to S. 2747. This substitute amendment addresses itself only to the minimum wage issue and would establish a $2.30 minimum for both nonagriculture and agriculture employees covered by the Fair Labor Standards Act over a series of steps.

A constructive minimum wage increase is needed now, and agreement as to the amount of such an increase appears to be achievable relatively quickly. The major minimum wage proposals this year do not differ substantially with regard to wage rates. On the other hand, a compromise agreement resolving the more controversial issues which have caused the present impasse—extensions of coverage, repeal of exemptions, and a youth subminimum rate—appear to be much more difficult.

The controversial and complex proposals which are unrelated to wage rates should be required to stand or fall on their own merits. To continue to hold a wage increase hostage to them only penalizes our lowest-paid workers.

I ask unanimous consent that the amendment be printed in its entirety in the Record and a comparison between the Dominick-Beall substitute amendment; the committee bill, S. 2747; the pending House bill, H.R. 12435; the vetoed bill of last year, H.R. 7935, and current law, also be printed in the Record.

There being no objection, the amendment and material were ordered to be printed in the Record, as follows:

Amendment No. 981

Strike out all after the enacting clause and insert in lieu thereof the following: That this Act may be cited as the "Fair Labor Standards Amendments of 1974".

INCREASE IN THE MINIMUM WAGE

Sec. 2. (a) Section 6(a)(1) of the Fair Labor Standards Act of 1938 is amended to read as follows:

"(1) (A) Not less than $2 an hour during the first year from the effective date of the Fair Labor Standards Amendments of 1974,

"(B) Not less than $2.10 an hour during the second year from the effective date of such amendments,

"(C) Not less than $2.20 an hour during the third year from the effective date of such amendments,

"(D) Not less than $2.30 an hour thereafter.".

(b) Section 6(a)(5) of such Act is amended to read as follows:

"(5) if such employee is employed in agriculture, not less than $1.60 an hour during the first year from the effective date of the Fair Labor Standards Amendments of 1974, not less than $1.80 an hour during the second year from the effective date of such amendments, not less than $2.00 an hour during the third year from the effective date of such amendments, not less than $2.20 an hour during the fourth year from the effective date of such amendments, and not less that $2.30 an hour thereafter.".

(c) Section 6(b) of such Act is amended—

(1) by inserting after the words "Fair Labor Standards Amendments of 1966" a comma and the following: "or title IX of the Education Amendments of 1972"; and

(2) by striking out paragraphs (1) through (5) of such section and inserting in lieu thereof the following:

"(1) not less than $1.80 an hour during the first year from the effective date of the Fair Labor Standards Amendments of 1974;

"(2) not less than $2.00 an hour during the second year from the effective date of such amendments;

"(3) not less than $2.20 an hour during the third year of such amendments; and

"(4) not less than $2.30 an hour thereafter.".

TECHNICAL AMENDMENTS

Sec. 5. (a) Section 6(c)(2)(C) of the Fair Labor Standards Act of 1938 is amended by substituting "1974" for "1966" each time it appears in such paragraph.

(b)(1) Section 6(c)(3) of such Act is repealed.

(2) Section 6(c)(4) of such Act is redesignated as section 6(c)(3).

EFFECTIVE DATE

Sec. 6. The amendments made by this Act shall take effect on the first day of the second full month which begins after the date of the enactment of this Act.

COMPARISON OF PRESENT LAW, VETOED BILL (H.R. 7935), HOUSE EDUCATION AND LABOR BILL (H.R. 12435), S. 2747, AND PROPOSED TAFT, DOMINICK, BEALL SUBSTITUTE AMENDMENT

Employee categories	Present law	Vetoed bill (H.R. 7935)	House Education and Labor bill (H.R. 12435)	S. 2747	Taft, Dominick Beall Substitute
Pre-1966	$1.60	$2, period ending June 30, 1974 $2.20 after June 30, 1974 (Note: effective date—1st day of 2d full month.)	$2, period ending Dec. 31, 1974 $2.10, year beginning Jan. 1, 1974 $2.30 after Dec. 31, 1975 (Note: effective date—1st day of 2d full month.)	$2 an hour on effective 1974 date $2.20 thereafter, 1975	$2, 1974. $2.10, 1975. $2.20, 1976. $2.30, 1977.
Post-1966	1.60	$1.80, period ending June 30, 1974. $2, year beginning July 1, 1974. $2.20 after June 30, 1975.	$1.90, period ending Dec. 31, 1974. $2, year beginning Jan. 1, 1975. $2.20, year beginning Jan. 1, 1976. $2.30 after Dec. 31, 1976 (exception in domestic service).	$1.80 an hour on effective 1974 date. $2 a year thereafter, 1975. $2.20 2 years thereafter, 1976.	$1.80, 1974. $2, 1975. $2.20, 1976. $2.30, 1977.
Agriculture	1.30	$1.60, period ending June 30, 1974. $1.80, year beginning July 1, 1974. $2, year beginning July 1, 1975. $2.20 after July 1, 1975.	$1.60, period ending Dec. 31, 1974. $1.80, year beginning Jan. 1, 1975. $2, year beginning Jan. 1, 1976 $2.20, year beginning Jan. 1, 1977. $2.30 after Dec. 31, 1977.	$1.60, 1974. $1.80, 1975. $2, 1976. $2.20, 1977.	$1.60, 1974. $1.80, 1975. $2, 1976. $2.20, 1977. $2.30, 1978.

AMENDMENTS NOS. 982, 983, AND 984

(Ordered to be printed, and to lie on the table.)

Mr. TAFT. Mr. President, I plan to offer amendments to S. 2747 when it is considered next week.

The amendments I plan to offer in addition to supporting the amendments to be offered by the senior Senator from Colorado (Mr. Dominick) include the following:

ECONOMIC STUDY AMENDMENT

This amendment would mandate the Department of Labor, the Department of Commerce, and the Council of Economic Advisers to study the economic impact of any proposed changes in the Fair Labor Standards Act. Such information would be required to be supplied to the Congress and to the pertinent congressional committees before any action could be taken on such proposals. This approach I believe would permit the Congress to better evaluate the potential affects of any actions in this area on the economy as a whole, or occupational categories within the economy.

DEPRESSED EMPLOYMENT CATEGORIES STUDY

This amendment would require the Department of Labor, the Department of Commerce, and the Council of Economic Advisers to periodically report to the Congress regarding methods to reduce unemployment among selected occupational and age categories. This approach is especially desirable to combat the extremely high rate of youth unemployment and would supplement the already broad authority the Department of Labor has under section 14 of the Fair Labor Standards Act.

LIQUIDATED DAMAGES

The proposed amendment would strike the provision of S. 2747 permitting the Secretary of Labor to recover liquidated damages under the act. There is no rationale for this inclusion of this new authority and the background of this issue can be better explained by the legal memorandum, which I ask unanimous consent to have printed in the Record, with the text of the amendments.

There being no objection, the amendments and memorandum were ordered to be printed in the Record, as follows:

Amendment No. 982

On page 46, line 11, beginning with the word "The" strike out through the period in line 17 and insert in lieu thereof the following: "The Secretary of Labor, the Secretary of Commerce, and the Council of Economic Advisers shall each conduct studies on the economic effect of amendments to this Act which increase coverage of workers, modify or repeal exemptions, or increase the minimum wage. Such studies shall be forwarded to the Congress before any change in the Fair Labor Standards Act is adopted.

Amendment No. 983

On page 46, line 10, strike the word "paragraph" and insert in lieu thereof "paragraphs".

On page 46, line 20, strike the end quotation marks.

On page 46, insert between lines 20 and 21 the following:

"'(3) The Secretary of Labor, the Secretary of Commerce, and the Council of Economic Advisers shall each conduct a study on means to prevent curtailment of employment opportunities among manpower groups which have had historically high incidents of unemployment, such as disadvantaged minorities, youth, elderly, and such other groups the Secretary may designate.' Such studies shall include suggestions under the broad authority that the Secretary of Labor has available under Sec. 14 of the Fair Labor Standards Act and shall be transmitted to the Congress at two year intervals after the effective date of these amendments."

Amendment No. 984

On page 45, beginning on line 2, strike out all through line 2, page 46 and insert in lieu thereof the following:

"Sec. 26. The first three sentences of section 16(c) are amended to read as follows: 'The Secretary is authorized to supervise the payment of the unpaid minimum wages or the unpaid overtime compensation owing to any employee or employees under sections 6 or 7 of this Act, and the agreement of any employee to accept such payment shall upon payment in full constitute a waiver by such employee of any right he may have under subsection (b) of this section to such unpaid minimum wages or unpaid overtime compensation and an additional equal amount as liquidated damages. The Secretary may bring an action in any court of competent jurisdiction to recover the amount of the unpaid minimum wages or overtime compensation. The right provided by subsection (b) to bring an action by or on behalf of any employee and of any employee to become a party plaintiff to any such action shall terminate upon the filing of a complaint by the Secretary in an action under this subsection in which a recovery is sought of unpaid minimum wages or unpaid overtime compensation under sections 6 and 7 provided by this subsection owing to such employee by an employer liable under the provision of subsection (b), unless such action is dismissed without prejudice on motion of the Secretary.'"

Memorandum on Liquidated Damages

PRESENT LAW

(a) The present Fair Labor Standards Act ("FLSA"), Section 16(b), permits an employee, for himself and others similarly situated, to bring suit against an employer for unpaid minimum wages and overtime compensation and for an additional amount as liquidated damages. The liquidated damages proviso was to permit the employee to be compensated for his time and effort in establishing his case and not as a penalty for the employer.

(b) Section 16(c) of the present Fair Labor Standards Act permits the Secretary to bring suit on behalf of employees against the employer for unpaid minimum wages and overtime compensation. There is no provision for recovery of liquidated damages when the Secretary brings suit. The Secretary has a staff for making investigations and preparing for a lawsuit, for which activities provision is made in the Government's budget.

(c) If a violation is found to be "wilful", the employer is liable for back wages for a period of three years; otherwise, the period is two years (Section 6 of the Portal to Portal Act). "Wilful" has been interpreted by the courts to mean an awareness of the existence of the FLSA. *Brennan v. J. M. Fields, Inc.*, 488 F2d 443, 72 L.C. Para. 32993 (5 Cir. 1974). *Coleman v. Jiffy June Farms*, Inc., 458 F2d 1139 (5 Cir. 1972). The Department of Labor in essence is asserting that all equal pay violations are "wilful" and hence liability for three years exists.

(d) Section 11 of the Portal to Portal Act provides that a court may award no liquidated damages or an amount less than full allowable amount if the employer shows to the court it acted in good faith and on reasonable grounds. The interpretations by the courts and the Secretary of Labor (29 CFR Part 790) state questions of good faith are mixed questions of law and facts to be determined by objective tests, but these tests are not spelled out.

(e) Under Section 16(b) of the FLSA, the employee may recover his attorneys' fees and costs.

PROPOSED 1974 AMENDMENT TO FLSA

The proposed amendment in S. 2747 to Section 16(c) of the Act permits the Secretary to recover liquidated damages in an amount equal to unpaid minimum wages or overtime compensation. However, under Section 11 of the Portal to Portal Act, the court may award no liquidated damages or less than the full allowable amount if the employer can show he acted in good faith and had reasonable grounds for believing that his act or omission was not a violation of the Act, even though such act or omission could be defined as "wilful" for purposes of the Statute of Limitations in Section 6 of the Portal to Portal Act.

PRESENT ENFORCEMENT PRACTICES

(a) The courts and the Department of Labor in equal pay litigation arising under Section 6(d) of the FLSA have taken the position that equal pay violations are wilful for purposes of Section 6 of the Portal to Portal Act.

(b) An act or omission to act may be wilful for purposes of the Statute of Limitations under Section 6 because of awareness of existence of the FLSA. However, for purposes of Section 11 of the Portal to Portal Act, an act committed in good faith may yet be wilful. *Coleman v. Jiffy June Farms, Inc.*, 458 F2d 1130 (1972); *Brennan v. J. M. Fields, Inc.*, 488 F2d 443, 72 L.C. 32993 (1973).

Where, for example, courts have arrived at differing results for comparable fact situations in the application of the equal pay provisions, an employer relying upon counsel's opinion would be deemed acting in good faith and upon reasonable grounds. However, a court could ultimately decide the act was a wilful violation for Section 6, but was done in good faith for Section 11. No court has specifically made this point.

CONCLUSION

(a) It is not necessary to give the Secretary the additional leverage of liquidated damages to force settlement for claims ot back pay under FLSA. For fiscal 1973 enforcement of FLSA by the Secretary resulted in over $40,000,000 in payment of back wages to almost 200,000 workers.

(b) The purpose of the liquidated damages proviso in Section 16(b) was to compensate the employee for his efforts and expenses of investigation. This is not needed by the Secretary.

(c) The good faith defense provision in Section 11 of the Portal to Portal Act may not be sufficient protection on which an employer may rely in a questionable case; especially due to conflicting interpretations of sections of the Act.

AMENDMENT NO. 985

(Ordered to be printed, and to lie on the table.)

EXPLANATION OF TAFT AMENDMENT ON WAGE COMMISSION

Mr. TAFT. Mr. President, the Federal Salary Act of 1967 provides that a Wage Commission have jurisdiction over all Federal salaries, including those of Members of Congress.

This amendment would remove the Commission's authority over congressional salaries.

The Senate Post Office and Civil Service Committee has already expressed its view by reporting legislation which eliminates the pay raise given to Members of Congress by the President's proposal. I believe that congressional salaries have been hidden in other legislation too long, and when we feel we need a raise, or deserve a raise, it should be debated openly, as any other legislation, not resolved in a closed committee room. The public is entitled to know our expenses, and the state of our finances. If we are feeling the pinch of inflation, the public is entitled to know that, too. Perhaps if all the facts were bared, congressional salary increases would not have to be passed up out of fear, and could be legislated when necessary, based on the cost of living.

I ask unanimous consent that the text of the amendment be printed in the Record. I also have offered this amendment as a separate bill.

There being no objection, the amendment was ordered to be printed in the Record, as follows:

Amendment No. 985

On page 1, between lines 2 and 3, insert the following:

"TITLE I—FAIR LABOR STANDARDS AMENDMENT"

On page 1, line 4, strike out the word "Act" and insert in lieu thereof the word "title".

On page 1, line 7, strike out the word "Act" and insert in lieu thereof the word "title".

On page 51, line 14, strike out the word "Act" and insert in lieu thereof the word "title".

On page 51, line 20, strike out the word "Act" and insert in lieu thereof the word "title".

On page 51, after line 20, add the following new title:

"TITLE II—AMENDMENTS TO THE FEDERAL SALARY ACT OF 1967 REMOVAL OF MEMBERS OF CONGRESS FROM THE COMMISSION ON EXECUTIVE, LEGISLATIVE, AND JUDICIAL SALARIES

"Sec. 201. (a) Section 225(f)(A) of the Federal Salary Act of 1967 is repealed.

"(b)(1) Section 225(g) of such Act is amended by striking out '(A),'.

"(2) Section 225(h) of such Act is amended by striking out '(A),'."

AMENDMENT NO. 986

(Ordered to be printed, and to lie on the table.)

EXPLANATION OF TAFT AMENDMENT ON DAYLIGHT SAVING TIME—I

Mr. TAFT. Mr. President, this amendment is identical to a bill which I introduced in the Senate on January 29, to permit any State to exempt for winter daylight saving time, if the Governor of the State proclaims that the new time is causing a hardship and not saving energy, or in the absence of such a proclamation by the Governor, if the State legislature makes such a proclamation.

I opposed winter daylight saving time when it passed the Senate in December, 1973, because I did not feel it would save a material amount of energy insofar as the economy of the State of Ohio is concerned, and because I worried about the schoolchildren who would have to go to school or wait for buses in the dark. This would especially be a problem for those citizens living on the western edge of a time zone, as many Ohioans do.

While I favor the complete repeal of

winter daylight saving time, and have another amendment which would accomplish this, I also feel that each individual State should have the opportunity to decide if winter daylight saving time is beneficial for its own economy. The present law states that if a Governor wanted to exempt his State from the law, he would have to proclaim a hardship and petition prior to the date of effectiveness of the law, which was January 6. My amendment would extend this time limit.

I ask unanimous consent that the text of the amendment be printed in the RECORD.

There being no objection, the amendment was ordered to be printed in the RECORD, as follows:

AMENDMENT No. 986

On page 1, between lines 2 and 3, insert the following:

"TITLE I—FAIR LABOR STANDARDS AMENDMENT"

On page 1, line, 4, strike out the word "Act" and insert in lieu thereof the word "title".

On page 1, line 7, strike out the word "Act" and insert in lieu thereof the word "title".

On page 51, line 20, strike out the word "Act" and insert in lieu thereof the word "title".

On page 51, line 20, srike out the word "Act" and insert in lieu thereof the word "title".

On page 51, after line 20, add the following new title:

TITLE II—AMENDMENTS TO THE EMERGENCY DAYLIGHT SAVING TIME ENERGY CONSERVATION ACT OF 1973

EXEMPTION FROM EMERGENCY DAYLIGHT SAVING TIME

SEC. 201. Section 3(b) of the Emergency Daylight Saving Time Energy Conservation Act of 1973 is amended to read as follows:

"(b) Notwithstanding any other provision of law, if a State, by proclamation of its Governor or in the absence thereof by Act of its State legislature, makes a finding that an exemption from the operation of subsection (a) or a realinement of time zone limits is necessary to avoid undue hardship or to conserve fuel in such State or part thereof, the President or his designee may grant an exemption or realinement to such State.".

AMENDMENT NO. 987

(Ordered to be printed, and to lie on the table.)

EXPLANATION OF TAFT AMENDMENT ON DAYLIGHT SAVING TIME—II

Mr. TAFT. Mr. President, this is a very simple amendment. It would end winter daylight saving time, as of 2 a.m., the first Sunday after enactment.

There have been several bills introduced in the House and the Senate which would accomplish the termination of winter daylight saving time. I am a cosponsor of one of them. However, no action has been taken on these bills, and I feel that the impact will be lost if we fail to repeal the winter daylight saving time before it begins to get light earlier in the morning and people forget the hardship and inconvenience caused by a later daylight hour.

Therefore, I feel it is important that this amendment be accepted now, so that we can prevent a recurrence of the winter daylight saving again next winter.

I ask unanimous consent that the text of the amendment be printed in the RECORD as follows:

There being no objection, the amendment was ordered to be printed in the RECORD, as follows:

AMENDMENT No. 987

On page 1, between lines 2 and 3, insert the following:

"TITLE I—FAIR LABOR STANDARDS AMENDMENT".

On page 1, line 4, strike out the word "Act" and insert in lieu thereof the word "title".

On page 1, line 7, strike out the word "Act" and insert in lieu thereof the word "title".

On page 51, line 14, strike out the word "Act" and insert in lieu thereof the word title".

On page 51, line 20, strike out the word "Act" and insert in lieu thereof the word "title".

On page 51, after line 20, add the following new title:

TITLE II—AMENDMENTS TO THE EMERGENCY DAYLIGHT SAVING TIME ENERGY CONSERVATION ACT OF 1973

TERMINATION OF EMERGENCY DAYLIGHT SAVING TIME

SEC. 201. Notwithstanding the provisions of section 7 of the Emergency Daylight Saving Time Energy Conservation Act of 1973 such Act shall terminate at 2 o'clock antemeridian on the first Sunday which occurs after the date of enactment of this Act.

Mr. DOMINICK. Mr. President, as everyone knows, we are now considering a minimum wage subject which is no stranger to either House of the Congress. It has been approximately 6 months since the minimum wage bill was vetoed. And that veto was sustained. It has been approximately 3 months since Senators TAFT, BEALL, and I tried to put together an amendment which is similar to the one which the Senator from Ohio has just sent to the table on my behalf which would raise the minimum wage rate only. That amendment was tabled. So we have had a lot of argument about minimum wage.

During the debate last summer, I had warned about that veto, and now the Labor Committee, over the dissenting voices of Senators TAFT, BEALL and myself, has gone and reported out an almost identical bill to the vetoed proposal. I again fail to see the wisdom of such action, and as I have in the past, urge that the solution to the minimum wage impasse is compromise. Therefore, we will be offering an amendment as a substitute bill.

I might say that there comes a time in everybody's mind when we have been over and over a question that one wonders whether some of the people behind the Williams-Javits bill really want a minimum wage bill or an issue. If they want a minimum wage bill, I suggest to them an amendment that I will offer at a later date will be the one to accept because it avoids most of the controversial proposals.

The purpose of our amendment is very simple: to insure congressional action on a minimum wage increase that will be tolerable to all parties concerned. Our amendment quite simply provides for substantial increases in the wage. Some of us on the Labor Committee have been accused of not being willing to compromise on minimum wage legislation. Well, I would submit that when one follows the history of this debate and reviews the latest proposal that we are offering today, clearly it is a reasonable compromise between conflicting points of view.

The committee bill would immediately raise workers covered under section 6(a) (1) in the law to $2 an hour. We too would do that. The committee bill would raise workers covered under section 6(b) of the act to $1.80 an hour. We too do that. The committee bill would raise covered farmworkers to $1.60 an hour. We too do that. Eventually, the committee bill ends up at $2.20 an hour for all of these classes of employees. Our amendment pretty much follows the wage rate set out by the committee and would eventually result in a $2.30 an hour rate after 4 years for nonagricultural workers and in 5 years for farm workers.

So, in fact, our amendment offers higher rates than the committee bill and over a longer period.

Mr. President, we believe that this approach is a reasonable compromise so that people now covered under the act can and will be assured of a reasonable and orderly wage increase. I am not opposed to an increase in minimum wage and neither are, I am sure, the Senators who will support our approach. One only has to look at the prices of gas and food to know that we need some increase in the wage rates. However, the committee bill, I feel, does not carry with it a reasonable approach to the issues for which we have sought a compromise: Issues on extension of coverage, repeal of exemptions and a differential wage structure for youth.

If the Senate passes the bill as reported by the committee, it will be acting without facts or figures to assess the economic impacts. The problem, for example, created by the committee's action with respect to overtime for Federal, State and local employees will be enormous. State and local governments will bear the brunt of this provision, and I submit it will in the end only place greater strains on their budgets to the tune of almost $3.5 billion.

Mr. President, furthermore, most of the State and local employees working for State and local governments have entered into negotiations with and agreements with their own governments with respect to those particular phases.

Many of them are working 4 days on and then take a considreable period off. Some of them are working 8 days on and then taking a considerable period off. They are all different in the State and local governments. And when we blanket them in under an overtime provision, we negate all of the collective bargaining agreements they have arrived at. We create a really very substantial problem for the State and local governments.

I might also add, particularly with respect to the firemen and policemen whom we have been trying to protect for a long period, that this is also true.

Domestic coverage, of course, has been broadly granted by the committee. For the life of me, legislation which would require housewives to become personnel recordkeepers is not justifiable. I do not want to be the one who has to explain to the voting housewives why they have violated the Federal law by not paying minimum wage to the boy across the street who may mow the lawn once a week for $5. Then, of course, there is the payment to the babysitter from next door who may babysit more than on a "casual basis". I, of course, have trouble understanding what is a "casual" as opposed to a "not" casual basis. I am a lawyer, but I would have difficulty advising a client whether the girl who decides she is going to babysit 3 nights a week for the summer is an employee employed on a "casual" basis. There simply is no way for me as a lawyer to determine what this would mean.

Supposedly all is not lost with domestics because those who earn less than $50 per quarter are not covered. Well, that works out to little more than $4 per week. So if you work long enough for one employer to earn enough to buy about one-half tank of gas, then you must be paid the minimum wage. I believe that this will only result in administrative nightmares as well as more unemployment besides which the constitutional issue is here, which is that we are only supposed to be interfering in this type of thing where it affects interstate commerce. How in the world anyone can tell me that a babysitter coming in its substantially affecting interstate commerce, or that a neighbor's kid from across the street who mows your lawn is doing that, I do not know. If the court should ever go that way, certainly we will have no restrictions whatsoever as to what we can do in this Federal Government in the way of interference with personal liberties.

Mr. President, there are other features about the committee bill which I believe will result in further problems. Many exemptions which have been established by Congress for good reasons over the years will be wiped out without regard to whether these reasons still exist. Moreover, this bill fails completely to lessen the adverse impact of wage increases on youth unemployment. The bill fails to address itself to the unemployment rate among teenagers who are not in school. The unemployment rate for teenagers is high—16.8 percent for white youths aged 16–17 and 38.9 percent for 16–17-year-old nonwhites as of January 1974. In my opinion it is most unfortunate that the committee bill fails to address itself to that problem, which is probably as great, in the unemployment field, as any we have.

Mr. President, as the debate on the committee bill goes on, I am hopeful that my colleagues will adopt responsible amendments to strengthen the committee bill to provide a meaningful wage increase that is acceptable to all of us.

As I have said before, the amendment which has been offered by the senior Senator from Ohio with the Senator from Maryland (Mr. Beall) and myself does nothing on these controversial subjects. All it does is provide an increase in the minimum wage, which is what I, for one, and Senator Taft and Senator Beall have been trying to do for 2 years. We have been unable to get anywhere in committee, and we have been voted down on the floor.

It just seems to me without any doubt whatsoever that in order to avoid the risk of another vetoed bill, in order to avoid the possibility of having the minimum stay at its 1966 level, which is obviously unfair, and in order to meet the necessary increase in costs which those under the minimum wage are now enduring because of the inflationary process, we ought to go forward with a minimum wage measure at this time.

Mr. President, I ask unanimous consent that Mr. Robert Bohan, a member of the minority staff, be admitted to the floor during the debate on the minimum wage bill and the votes thereon.

The PRESIDING OFFICER. Without objection, it is so ordered.

What is the will of the Senate?

Mr. DOMINICK. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. WILLIAMS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. Haskell). Without objection, it is so ordered.

RECESS SUBJECT TO THE CALL OF THE CHAIR

Mr. WILLIAMS. Mr. President, I ask unanimous consent that the Senate stand in recess subject to the call of the Chair.

There being no objection, at 5:04 p.m. the Senate took a recess subject to the call of the Chair.

The Senate reassembled at 5:48 p.m. when called to order by the Presiding Officer (Mr. Haskell).

SENATE RESOLUTION 293—DISAPPROVAL OF PAY RECOMMENDATIONS OF THE PRESIDENT—UNANIMOUS-CONSENT AGREEMENT

Mr. ROBERT C. BYRD. Mr. President, I have been authorized by the distinguished majority leader to propose the following unanimous-consent requests. The requests have been cleared with the distinguished Republican leader, the distinguished assistant Republican leader, the distinguished manager of the resolution, Senate Resolution 293, the Senator from Wyoming (Mr. McGee), the distinguished ranking Republican member of the Post Office and Civil Service Committee, the Senator from Hawaii (Mr. Fong), the distinguished Senator from Idaho (Mr. Church), the distinguished Senator from Colorado (Mr. Dominick), the distinguished Senator from Idaho (Mr. McClure), the distinguished Senator from Alaska (Mr. Stevens), the distinguished Senator from Virginia (Mr. William L. Scott), and other Senators.

Mr. President, I ask unanimous consent that the distinguished majority leader may be permitted at any time on tomorrow to offer a cloture motion on Senate Resolution 293; provided further, that on Monday there be 2 hours of debate on an amendment to be offered by the Senator from Wyoming (Mr. McGee), by way of a perfecting amendment to Senate Resolution 293, the time to be under the control, respectively, of the Senator from Wyoming (Mr. McGee) and the Senator from Idaho (Mr. Church); provided further, that there be a time limitation on an amendment in the second degree to the amendment by Mr. McGee, the second degree amendment to be offered by Mr. Fong, the time limitation on that amendment to be 2 hours, to be equally divided between and controlled by Mr. Fong and Mr. Church;

Provided further, that the vote on the amendment by Mr. Fong occur at the hour of 3:30 p.m. on Monday;

That immediately upon the disposition of that vote, a vote occur on the amendment by Mr. McGee;

That immediately upon the disposition of that vote, the Senate proceed to the consideration of the substitute amendment to be proposed by Mr. Church and Mr. Dominick;

Provided further, that the vote on the motion to invoke cloture on Senate Resolution 293 occur on Wednesday next at the hour of 11 o'clock a.m.;

Provided further, that no tabling motion be in order with respect to the amendment of Mr. Fong or the amendment of Mr. McGee, and that regardless of the disposition of the amendment by Mr. Fong, no further amendment in the second degree be in order to the amendment of Mr. McGee.

The PRESIDING OFFICER. Is there objection?

Mr. STEVENS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. STEVENS. Would the Senator from West Virginia clarify one point? As to the Church amendment, if we get to that point, there is no agreement that the Church amendment would not be subject to any normal parliamentary procedure, such as the offering of substitutes?

Mr. ROBERT C. BYRD. No, the agreement would only assure that the Senate would proceed to the consideration of the Church-Dominick substitute. Amendments to the substitute would be in order.

Before the Chair rules on the request, if the request is agreed to, it would be my intention to, and I do, ask unanimous consent that when the Senate completes its business tomorrow, it stand in adjournment until the hour of 10 o'clock a.m. on Monday.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Then, if the request is agreed to, I shall ask unanimous consent that at a certain hour on Monday, the Senate proceed to the consideration of the Fong amendment, and that it then proceed, after 2 hours, to the consideration of the McGee amendment, and then, of course, the voting would occur as already stated.

Mr. GRIFFIN. Mr. President, will the Senator yield for a clarification?

Mr. ROBERT C. BYRD. I yield.

Mr. GRIFFIN. A part of the request, as I understood it, was that no further amendment to the McGee amendment would be in order. Am I correct, however, in stating that that would not necessarily preclude a perfecting amendment to some other part of the resolution?

Mr. ROBERT C. BYRD. I do not understand the wording of the resolution, nor do I know what the verbiage of the McGee amendment is, but—the Chair can correct me if I am incorrect—it is my understanding that my request, ordinarily speaking, would not rule out other perfecting amendments to the resolution.

Mr. GRIFFIN. Well, ordinarily, as I understand it, the Church substitute could be pending and subject to amendment, but that would not preclude other amendments being offered to the resolution itself.

Mr. ROBERT C. BYRD. The Senator is correct.

The PRESIDING OFFICER (Mr. Haskell). The Chair would state that once the Church substitute amendment comes up, then any part of the resolution not already amended would be open to a perfecting amendment.

Mr. STEVENS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. STEVENS. Would the Chair state, under the provisions of the proposed unanimous-consent request pertaining to the filing of the cloture motion, whether I am correct in understanding that all amendments that would be on the desk as of 11 o'clock Wednesday will be in order at that time?

Mr. ROBERT C. BYRD. Mr. President, unless there is a unanimous-consent agreement to that effect, that would not be the case, but it has recently been the custom to grant unanimous consent making such amendments in order.

Mr. STEVENS. I just want to make certain that the amendments do not have to be in tomorrow. I just want to make sure that it is sufficient if they be in before the cloture vote, as under normal procedure.

Mr. ROBERT C. BYRD. Mr. President, I make that a part of my unanimous-consent request—that such amendments qualify as having been read.

The PRESIDING OFFICER. Is there objection to the request of the Senator from West Virginia?

Mr. ROBERT C. BYRD. Mr. President, I want to be sure that the distinguished assistant Republican leader has had his question answered, and that it is perfectly clear to Mr. Church and Mr. McGee as to what——

The PRESIDING OFFICER. Will the distinguished assistant Republican leader state his question again?

Mr. GRIFFIN. Mr. President, I will state to the Chair that I was satisfied with the response I got. It was my understanding that, as a part of the unanimous-consent request, some reference was made to the fact that if the McGee amendment were adopted, it would not be subject to further amendment. The point I wanted to establish was whether or not there could be amendments offered to other portions of the resolution which had not been amended by the McGee amendment, and it is my understanding that such amendments could be offered.

The PRESIDING OFFICER. The Senator is correct.

Mr. McGEE. Mr. President, will the Senator yield?

Mr. ROBERT C. BYRD. I yield.

Mr. McGEE. I just want the Record to show that the majority whip's recounting of this intricate web of agreements and his balancing of the reservations that we all had on this matter was an incredible recitation, and totally accurate. I want to commend him on having put it all together in one piece to achieve unanimous consent. It has to rival whatever Henry did today.

Mr. CHURCH. I believe the Senator from West Virginia has complete recall.

Mr. ROBERT C. BYRD. I thank both Senators.

The PRESIDING OFFICER. Without objection, the unanimous-consent request is agreed to.

ORDER FOR ADJOURNMENT FROM TOMORROW UNTIL 11 A.M. ON MONDAY, MARCH 4, 1974

Mr. ROBERT C. BYRD. Mr. President, I do not think there will be a necessity for the Senate to come in at 10 o'clock on Monday morning. I ask unanimous consent that when the Senate completes its business tomorrow, it stand in adjournment until the hour of 11 o'clock a.m. on Monday next.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR TRANSACTION OF ROUTINE MORNING BUSINESS ON MONDAY NEXT

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that after the two leaders or their designees have been recognized under the standing order on Monday next, there be a period for the transaction of routine morning business not to extend beyond the hour of 11:30 a.m., with statements therein limited to 5 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Chair would point out to the distinguished Senator from West Virginia that there is an absence of 30 minutes involved in that request—15 minutes to the Senator from Michigan and 15 minutes to——

Mr. ROBERT C. BYRD. By my last request, I have wiped out the time for the Senator from Michigan and my own.

The PRESIDING OFFICER. The Chair thanks the Senator.

ORDER FOR CONSIDERATION OF SENATE RESOLUTION 293 ON MONDAY NEXT

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that at the conclusion of the transaction of routine morning business on Monday next, the Senate proceed to the consideration of Senate Resolution 293.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR ADJOURNMENT UNTIL 11 A.M. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, under the previous order, what time will the Senate convene tomorrow?

The PRESIDING OFFICER. At 10 o'clock.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in adjournment until 11 a.m. tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR RECOGNITION OF SENATOR McGOVERN TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that tomorrow, after the two leaders or their designees have been recognized under the standing order, the Senator from South Dakota (Mr. McGovern) be recognized for not to exceed 15 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR RECOGNITION OF SENATOR GRIFFIN TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that following the recognition of Senator McGovern, tomorrow, the assistant Republican leader (Mr. Griffin) be recognized for not to exceed 15 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR TRANSACTION OF ROUTINE BUSINESS TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that following the recognition of the assistant Republican leader tomorrow, there be a period for the transaction of routine morning business of not to exceed 15 minutes with statements therein limited therein to 5 minutes each, at the conclusion of which the Senate return to the consideration of the minimum wage bill.

ORDER OF BUSINESS TOMORROW

Mr. ROBERT C. BYRD. Mr. President, may I say that tomorrow after routine morning business it is anticipated that the Senate will proceed to consider at least some of the various money resolutions for the funding of committees. The distinguished chairman of the Committee on Rules and Administration (Mr. Cannon) has indicated he is ready to proceed with consideration of those resolutions tomorrow. There may be yea-and-nays votes on some of them.

EXECUTIVE SESSION

Mr. ROBERT C. BYRD. Mr. President, I move that the Senate go into executive session to consider nominations on the executive calendar.

There being no objection, the Senate proceeded to the consideration of executive business.

DEPARTMENT OF JUSTICE

The second assistant legislative clerk read the nomination of Duane K. Craske, of Guam, to be U.S. attorney for the district of Guam.

The PRESIDING OFFICER. Without objection, the nomination is considered and confirmed.

The second assistant legislative clerk read the nomination of Wayman G. Sherrer, of Alabama, to be U.S. attorney for the northern district of Alabama.

The PRESIDING OFFICER. Without objection, the nomination is considered and confirmed.

The second assistant legislative clerk read the nomination of Thomas F. Turley, Jr., of Tennessee, to be U.S. attorney for the western district of Tennessee.

The PRESIDING OFFICER. Without objection, the nomination is considered and confirmed.

The second assistant legislative clerk read the nomination of J. Keith Gary, of Texas, to be U.S. marshal for the eastern district of Texas.

The PRESIDING OFFICER. Without objection, the nomination is considered and confirmed.

The second assistant legislative clerk read the nomination of Lee R. Owen, of Arkansas, to be U.S. marshal for the western district of Arkansas.

The PRESIDING OFFICER. Without objection, the nomination is considered and confirmed.

The second assistant legislative clerk read the nomination of John W. Spurrier, of Maryland, to be U.S. marshal for the district of Maryland.

The PRESIDING OFFICER. Without objection, the nomination is considered and confirmed.

The second assistant legislative clerk read the nomination of William M. Johnson, of Georgia, to be U.S. marshal for the southern district of Georgia.

The PRESIDING OFFICER. Without objection, the nomination is considered and confirmed.

The second assistant legislative clerk read the nomination of Laurence H. Silberman, of Maryland, to be Deputy Attorney General.

Mr. HRUSKA. Mr. President, I rise today with great pleasure to voice my support for Laurence H. Silberman to be Deputy Attorney General of the United States.

President Nixon has sent to the Senate for nomination an individual who has consistently exhibited strong personal convictions in the exercise of his professional endeavors, both within the government and without. Formerly an attorney with the National Labor Relations Board, followed by brief service as Solicitor of the Department of Labor, Mr. Silberman undertook a most demanding position as Undersecretary of the Department of Labor. In his position as Undersecretary, as with his previous assignments, he conducted himself with the highest degree of competence and provided excellent service to his country.

Upon leaving the Federal service, Mr. Silberman became a partner in one of Washington's largest law firms and continued to distinguish himself as a lawyer and man of high professional integrity. Against this varied background as lawyer, administrator, and private practitioner, Mr. Silberman now comes to the high office of the No. 2 law enforcement officer of the Nation.

During the hearings on his nomination before the Judiciary Committee, Mr. Silberman presented himself in a forthright and candid manner, and responded concisely and objectively to many penetrating and direct questions concerning his professional conduct and ethical beliefs. I believe, as I am sure other members of the committee do, that Mr. Silberman displayed an open and sensitive nature to the grave responsibilities placed on individuals in high public office. We are indeed fortunate to have a man of Mr. Silberman's quality and ability available to assume the high responsibility of serving as Deputy Attorney General of the United States in the Department of Justice.

The PRESIDING OFFICER. Without objection, the nomination is considered and confirmed.

Mr. GRIFFIN. Mr. President, I ask unanimous consent that the President of the United States be notified of the action of the Senate with regard to the several nominations.

The PRESIDING OFFICER. Without objection, it is so ordered.

LEGISLATIVE SESSION

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate resume the consideration of legislative business.

There being no objection, the Senate resumed the consideration of legislative business.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. GRIFFIN). Without objection, it is so ordered.

ORDER FOR ADJOURNMENT

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in adjournment until 12 o'clock noon tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR RECOGNITION OF SENATOR ROBERT C. BYRD TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that on tomorrow, after the distinguished assistant Republican leader is recognized, I be recognized for not to exceed 15 minutes, prior to the transaction of routine morning business.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE PROGRAM

Mr. ROBERT C. BYRD. Mr. President, let me see if I can recapitulate the program for Monday.

The Senate will convene at 11 a.m. on Monday next. After the two leaders or their designees have been recognized under the standing order, there will be a period for the transaction of routine morning business not to extend beyond the hour of 11:30 a.m., with statements therein limited to 5 minutes.

At the hour of 11:30 a.m., the Senate will proceed to the consideration of Senate Resolution 293.

Mr. President, I ask unanimous consent that at that time, the Senator from Wyoming (Mr. McGEE) be recognized for the purpose of calling up his amendment to Senate Resolution 293 and I also ask unanimous consent that the hours between 11:30 a.m. and 3:30 p.m. be equally divided for debate upon the amendment by Senator McGEE to Senate Resolution 293 and the amendment by the Senator from Hawaii (Mr. FONG) to the amendment by Mr. McGEE, with 2 hours for debate on each of those amendments, the time to be equally divided and controlled on each amendment by the mover thereof and the distinguished Senator from Idaho (Mr. CHURCH).

The PRESIDING OFFICER. Is there objection to the request of the Senator from West Virginia? The Chair hears none, and it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent, immediately following the vote on the amendment by Senator Fong to the amendment by Senator McGEE, that no quorum call be in order.

The PRESIDING OFFICER. Is there objection to the request of the Senator from West Virginia? The Chair hears none, and it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the second rollcall vote, which will be back to back behind the first, be limited to 10 minutes, with the warning bells to sound after the first 2½ minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, let me begin again.

The Senate will convene at 11 a.m. on Monday next. After the two leaders or their designees have been recognized under the standing order, there will be a period for the transaction of routine morning business not to extend beyond the hour of 11:30 a.m., with statements therein limited to 5 minutes, at the conclusion of which the Senate will proceed to the consideration of Senate Resolution 293.

Between the hours of 11:30 a.m. and 3:30 p.m. on Monday next, debate will ensue on the two amendments, the one by Senator McGee and the other by Senator Fong, with the debate to be equally divided and controlled, with 2 hours on each of the amendments.

A vote will occur at the hour of 3:30 p.m. on the amendment by Senator Fong, which will be an amendment in the second degree; followed immediately, without any intervening quorum call, by a vote on the amendment by Senator McGee to Senate Resolution 293.

The vote on the McGee amendment will be a 10-minute rollcall vote.

Immediately following the disposition of the McGee amendment, the Senate will proceed to the consideration of the amendment in the nature of a substitute to be offered by th Senator from Idaho (Mr. Church) and the Senator from Colorado (Mr. Dominick).

Further perfecting amendments to Senate Resolution 293 will be in order at that time.

The distinguished majority leader (Mr. Mansfield) will offer a cloture motion tomorrow on Senate Resolution 293. He may do this at any time, whether or not the resolution is before the Senate—under the unanimous consent order that was entered.

A vote on the motion to invoke cloture will occur at 11 a.m. on Wednesday next.

Mr. President, I ask unanimous consent that when the Senate completes it business on Tuesday next, it stand in adjournment until the hour of 10 a.m. on Wednesday next.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the time for debate on the motion to invoke cloture on Wednesday next be equally divided and controlled by the majority leader (Mr. Mansfield) and the minority leader (Mr. Hugh Scott) or their designees.

Tomorrow the Senate will resume the consideration of the minimum wage bill.

It is my understanding that the Committee on Rules and Administration has today reported resolutions for the funding of committees. It is quite possible that some or all of the resolutions may be considered tomorrow, depending upon the circumstances.

I do not know whether the Committee on Rules and Administration needs time to file further reports today on such money resolutions; in any event, I ask unanimous consent that the Committee on Rules and Administration may have until midnight tonight to file reports on various resolutions and or bills coming from that committee.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADJOURNMENT

Mr. ROBERT C. BYRD. Mr. President, if there be no further business to come before the Senate, I move, in accordance with the previous order, that the Senate stand in adjournment until the hour of 12 o'clock noon tomorrow.

The motion was agreed to; and at 6:20 p.m. the Senate adjourned until tomorrow, Friday, March 1, 1974, at 12 o'clock noon.

NOMINATIONS

Executive nominations received by the Senate February 28, 1974:

U.S. ASSAY OFFICE OF NEW YORK

Allan Stephen Ryan, of New York, to be Assayer of the U.S. Assay Office at New York, N.Y., vice Paul J. Maguire, resigned.

DEPARTMENT OF JUSTICE

Robert W. Rust, of Florida, to be U.S. attorney for the southern district of Florida for the term of 4 years. (Reappointment.)

Stanley B. Miller, of Indiana, to be U.S. attorney for the southern district of Indiana for the term of 4 years. (Reappointment.)

IN THE ARMY

The following-named Army Medical Department officers for temporary appointment in the Army of the United States, to the grades indicated, under the provisions of title 10, United States Code, sections 3442 and 3447:

To be major general (Medical Corps)

Brig. Gen. Robert Wesley Green, [redacted], Army of the United States (colonel, Medical Corps, U.S. Army).

Brig. Gen. Marshall Edward McCabe, [redacted], Army of the United States (colonel, Medical Corps, U.S. Army).

To be brigadier general (Medical Corps)

Col. Philip Augustus Deffer, [redacted], Medical Corps, U.S. Army.

Col. Floyd Wilmer Baker, [redacted], Army of the United States (lieutenant colonel, Medical Corps, U.S. Army).

The following-named officer for appointment in the Regular Army of the United States, to the grade indicated, under the provisions of title 10, United States Code, sections 3284 and 3307:

To be major general (Medical Corps)

Maj. Gen. Edward Henry Vogel, Jr., [redacted], Army of the United States (brigadier general, Medical Corps, U.S. Army).

The following-named officers for appointment in the Regular Army of the United States, to the grade indicated, under the provisions of title 10, United States Code, sections 3284 and 3306:

To be brigadier general (Medical Corps)

Maj. Gen. George Joseph Hayes, [redacted], Army of the United States (colonel, Medical Corps, U.S. Army).

Brig. Gen. Marshall Edward McCabe, [redacted], Army of the United States (colonel, Medical Corps, U.S. Army).

Brig. Gen. Robert Wesley Green, [redacted], Army of the United States (colonel, Medical Corps, U.S. Army).

To be brigadier general (Medical Service Corps)

Brig. Gen. John Edward Haggerty, [redacted], Army of the United States (colonel, Medical Service Corps, U.S. Army).

CONFIRMATIONS

Executive nominations confirmed by the Senate February 28, 1974:

DEPARTMENT OF JUSTICE

Laurence H. Silberman, of Maryland, to be Deputy Attorney General.

Duane K. Craske, of Guam, to be U.S. attorney for the district of Guam for the term of 4 years.

Wayman G. Sherrer, of Alabama, to be U.S. attorney for the northern district of Alabama for the term of 4 years.

Thomas F. Turley, Jr., of Tennessee, to be U.S. attorney for the western district of Tennessee for the term of 4 years.

J. Keith Gary, of Texas, to be U.S. marshal for the eastern district of Texas for the term of 4 years.

Lee R. Owen, of Arkansas, to be U.S. marshal for the western district of Arkansas for the term of 4 years.

John W. Spurrier, of Maryland, to be U.S. marshal for the district of Maryland for the term of 4 years.

William M. Johnson, of Georgia, to be U.S. marshal for the southern district of Georgia for the term of 4 years.

(The above nominations were approved subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

HOUSE OF REPRESENTATIVES—*Thursday, February 28, 1974*

The House met at 12 o'clock noon.

Dr. Samuel Lindsay, Royal Poinciana Chapel, Palm Beach, Fla., offered the following prayer:

Gracious God, we rejoice because we live in the best part of the best continent on this planet. May we justify Thy goodness by striving to create the best form of government for Thy people.

Remind us that moral excellency means national well-being, and that moral decadence means national disintegration.

Remind us that it is the will of God that nations should solve their problems by conference rather than by conflict.

Remind us might does not make right; that only right makes right.

Remind us that history has to be repeated for those who do not read history.

Remind us that God expects nations, like individuals, to practice the Golden Rule.

Remind us that good laws should be respected, and foolish laws corrected.

For the Nation's sake. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Without objection, the Journal stands approved.

There was no objection.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Arrington, one of its clerks, announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

S. 2343. An act to authorize the Secretary of the Interior to convey, by quitclaim deed, all right, title, and interest of the United States in and to certain lands in Coeur d'Alene, Idaho, in order to eliminate a cloud on the title to such lands; and

S. 2957. An act relating to the activities of the Overseas Private Investment Corporation.

HARRY S. TRUMAN MEMORIAL VETERANS' HOSPITAL

(Mr. DORN asked and was given permission to revise and extend his remarks and include extraneous matter.)

Mr. DORN. Mr. Speaker, I rise today to pay tribute to our late and beloved President Harry S. Truman and to give my wholehearted endorsement and support of H.R. 10212, legislation now pending before my Committee on Veterans' Affairs, which would designate the Veterans' Administration hospital in Columbia, Mo., as the "Harry S. Truman Memorial Veterans' Hospital." Mr. Speaker, we wish to commend the Missouri congressional delegation, one of the most outstanding delegations in the Congress, for introducing this bill. It is an honor for me to join them in honoring our late President, Harry S. Truman, who will go down in history as one of our greatest Presidents.

Mr. Speaker, a resolution has been passed by the American Legion Department of Missouri expressing their unanimous support of this legislation. Legionnaires and veterans' organizations from throughout the Nation have also indicated their strong support of H.R. 10212 and have joined Mrs. Bess W. Truman and the distinguished Missouri congressional delegation in urging final passage of this legislation. Given the support of these organizations, Mrs. Truman and the Missouri delegation, it gives me great honor to support enactment of such a memorial to President Truman's active leadership in veterans' affairs, his advocacy of a strong America and his illustrious Presidency.

The veterans' hospital at Columbia, Mo., is a splendid facility and one which President Truman would indeed be proud to have named in his honor.

Mr. Speaker, I pledge my efforts for enactment of H.R. 10212.

PERMISSION FOR COMMITTEE ON HOUSE ADMINISTRATION TO FILE REPORTS ON SEVERAL PRIVILEGED RESOLUTIONS

Mr. THOMPSON of New Jersey. Mr. Speaker, I ask unanimous consent that the Committee on House Administration may have until midnight tonight to file reports on several privileged resolutions.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

ANNOUNCEMENT OF PROPOSAL TO SPEAK OUT OF ORDER

(Mr. PODELL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PODELL. Mr. Speaker, shortly after we proceed to conduct business this morning, I am going to ask unanimous consent to proceed out of order on a matter which I think affects every single Member of this House.

I respectfully request my colleagues to try to remain on the floor, because I think this is a matter which is most important to the future of the Congress and to the future of the Members of the House.

FEDERAL SALARY INCREASE

(Mr. ZWACH asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ZWACH. Mr. Speaker, I rise today to express my deep-rooted feelings on the salary increases for Members of Congress.

Due to the provisions of the Federal Salary Act of 1967, a 7½-percent increase for each of the next 3 years will automatically go into effect March 10 unless Congress disapproves the recommendation.

All of you remember the impact our last raise had on our taxpayers back home. How can we pretend to fight inflation when we ourselves will not tighten our belts? How can we face those on fixed incomes, when we agree to a 22½-percent raise in our own salaries?

No amount of finagling will get Congress off the hook on this issue. Rest assured on this. It is time to stand up and be counted.

This is hardly the way Congress should handle pay raises. We should be debating this on the floor, not fighting to keep it from coming out of committee. Why can't Congress face the issue squarely and vote "yes" or "no," instead of using this parliamentary maneuvering to keep the recommendation bottled up in committee?

On February 6, I introduced House Resolution 833, a resolution disapproving the salary increase recommendation. I had refrained from signing a discharge petition because I wanted the House Post Office and Civil Service Committee to have the opportunity to report out legislation to disapprove the increase. But, headlines like those in the Washington Star-News on February 22 which stated, "Non-Quorum Brings Congress Raise Step Nearer," made me decide to sign the discharge petition.

Hiding from committee meetings is certainly not responsible action on the part of legislators. This irresponsibility is unbecoming to a Congressman and is indeed not the way to handle this important question.

With action like this it is no wonder Congress popularity is even lower than the President's. If we keep it up, we may end up below zero, like the Minnesota winter weather.

THE END OF THE WAGE AND PRICE CONTROLS

(Mr. PRITCHARD asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PRITCHARD. Mr. Speaker, I join with my colleagues in urging that wage and price controls come to an end on April 30. We have moved full circle, and controls now are counterproductive. When first instituted in August 1971 it was hoped that controls would slow the growth of inflation and restore order to our economy. Through phase II, the magic seemed to be working, but the implementation of phase III was not successful, resulting in a wholesale price index increase of 24.4 percent and a Consumer Price Index increase of 8.3 percent. Phase IV has reduced the WPI increase to 14.3 percent, but has produced a 9.6 percent increase in the CPI. The controls as administered simply have not worked, and now is the time to terminate them and return to a freer market. I use the term "freer market" as opposed to "free market," because there is no such thing as a "free market" in today's society. We are part of an international economy, and the marketplace is buffeted by variables beyond the control of supply and demand. However, now we must do all we can to promote competition, reduce monopoly power and increase production, thus developing a situation where the consumer will dictate price. To achieve this, an end to wage and price controls must be accompanied by the stringent application of our antitrust laws.

DISAPPROVAL OF PAY INCREASES FOR MEMBERS OF CONGRESS, ETC.

(Mr GROSS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GROSS. Mr. Speaker, I am pleased to announce to the House that the House Committee on Post Office and Civil Service just reported, by a vote of 19 to 2, a resolution disapproving any pay increase for Members of Congress, the Federal judiciary, and the elite corps in the executive branch of the Government.

I hope and believe that the chairman of the House Committee on Post Office and Civil Service will report this resolution to the Committee on Rules immediately and that the Committee on Rules will in turn promptly report the resolution to the House floor.

ADA THRIFTY?

(Mr. DERWINSKI asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DERWINSKI. Mr. Speaker, along with the gentleman from Iowa, I worked on that measure that he just discussed this morning, but I would like to turn to a much more important subject.

Mr. Speaker, I have in my hand a National Broadcasting Co. envelope with a handwritten label addressed to my legislative assistant which contained voting records compiled and published by the Americans for Democratic Action. At first glance I thought I had uncovered a major scandal connecting NBC with the ADA. At the very least, I felt I had evidence of a relationship between the two which would probably be embarrassing to each.

However, upon investigation, we reasoned that NBC had evidently mailed material to the ADA office and some efficient ADA staff member had evidently placed labels over the address and a metered postage and used it to mail their publications to my office. So the mailing was legal, if not a little unusual.

The purpose of my commentary is to commend the staff member at the ADA for pursuing a very thrifty policy in that organization's mail service. Perhaps this is an indication that the ADA is developing legitimate conservative tendencies, since certainly, if they go to such great pains to save an envelope, they might concentrate on working against rather than for massive new government spending programs and supporting economy rather than extravagance in Government. If they do, my rating might rise above its present 12 percent.

PERMISSION FOR COMMITTEE ON ARMED SERVICES TO HAVE UNTIL MIDNIGHT FRIDAY TO FILE REPORTS

Mr. STRATTON. Mr. Speaker, I ask unanimous consent that the Committee on Armed Services may have until midnight Friday night to file reports on S. 2770 and S. 2771.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

DISAGREEING TO SENATE AMENDMENTS TO H.R. 7824

Mr. PERKINS. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 7824) to establish a Legal Services Corporation, and for other purposes, with Senate amendments thereto and disagree to the Senate amendments.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

CALL OF THE HOUSE

Mr. SYMMS. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. O'NEILL. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The call was taken by electronic device, and the following Members failed to respond:

[Roll No. 51]

Baker
Blatnik
Boland
Brasco
Broyhill, N.C.
Buchanan
Burke, Calif.
Burton
Camp
Carey, N.Y.
Carney, Ohio
Clark
Clay
Conlan
Conyers
Crane
Daniels, Dominick V.
Davis, Ga.
Davis, Wis.
Dellums
Diggs
Esch
Foley
Ford
Frelinghuysen
Fuqua
Gray
Green, Oreg.
Hébert
Holifield
Ichord
Jones, Tenn.
Kluczynski
Mailliard
Michel
Mills
Moss
Murphy, N.Y.
Nichols
O'Hara
Pepper
Pike
Poage
Powell, Ohio
Railsback
Reid
Roberts
Rooney, N.Y.
Rostenkowski
Runnels
Sisk
Skubitz
Staggers
Stokes
Sullivan
Teague
Vander Veen
Wilson, Charles H., Calif.
Young, Alaska

The SPEAKER. On this rollcall 372 Members have recorded their presence by electronic device, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

EMPLOYEE BENEFIT SECURITY ACT OF 1973

Mr. DENT. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 2) to revise the Welfare and Pension Plans Disclosure Act.

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill H.R. 2, and the Chair requests that the gentleman from Tennessee temporarily assume the Chair.

The Clerk read the title of the bill.

The CHAIRMAN pro tempore (Mr. FULTON). When the Committee rose on yesterday, there was pending in lieu of the committee amendment now printed in the bill H.R. 2, as one amendment in the nature of a substitute for the bill H.R. 2 the text of the bill H.R. 12906 as title I of said substitute and the text of the bill H.R. 12855 as title II of said substitute. Part 1 of title I of the said substitute, ending on page 73, line 17, had been considered as read.

Mr. PODELL. Mr. Chairman, I move to strike the last word.

(By unanimous consent, Mr. PODELL was allowed to speak out of order and to proceed for an additional 5 minutes.)

RIGHTS OF INDIVIDUALS THREATENED

Mr. PODELL. Mr. Chairman, on April 22, 1971 the late, beloved and respected majority leader of the House, Hale Boggs, stood in the well of this Chamber and with a memorable display of political courage exposed a pattern of wiretapping, bugging, and surveillance by a powerful Nixon administration then gearing up for reelection to a second term.

Mr. Boggs that day was enlarging on a brief statement he made 2 weeks earlier—April 5—in which he charged that he and other Members of Congress were being personally and politically harrassed by the Nixon administration. He was firm, fair, and humble in asking Congress to reconsider the vast investigative powers it has bestowed on the Executive. Those investigative powers, given in good faith, were becoming the tools of tyranny.

He used himself as an example of how the executive branch of Government terrorizes, wiretaps, influences elections, invades privacy, and subverts, twists, and arrogates the constitutional rights of the public, including Members of Congress.

He gave a detailed account of his own personal telephones being bugged; of surveillance, of official harassment of his staff and his constituents. It was a tale of terror he told that day, and it was laced with frustration and bitterness at not being able to do anything about it. Others, too, have been stung by the high-handed abuse of authority.

He spoke sincerely, and Members knew it. But few—perhaps through fear—openly came to his support. In large measure, he and what he said was ignored by those whose concern for individual liberties should have moved them otherwise.

The administration responded. Boggs was hooted down. He was personally insulted. His sanity was questioned. They made fun of him. His point was lost. He was demolished and virtually without support in a Congress and a nation not wanting to believe the truth. He persuasively argued that the Department of Justice and the White House were wiretapping, bugging, and spooking Members of Congress and others. It was just 2 months before Watergate and no one believed him.

Here is what the administrators of "truth and justice" replied 2 years ago when Mr. Boggs charged it was official policy of the administration to wiretap, harass, and surveil Members of Congress:

J. Edgar Hoover, Director, FBI:

> I want to make a positive assertion that there has never been a wiretap of a Senator's phone or the phone of a member of Congress since I became director in 1925, nor has any member of the Congress or of the Senate been under surveillance by the FBI.

President Nixon, to the American Society of Newspaper Editors:

> Q. Is there any credence to the complaints by some Congressmen . . . that they are under surveillance by the FBI?
>
> NIXON. . . . Particularly, I can assure you, that there is no question in my mind that Mr. Hoover's statement that no telephone in the Capitol has ever been tapped by the FBI is correct. That is correct.

John Mitchell, Attorney General:

> **That is false and he (Boggs) should know it is false. Let me repeat categorically: The FBI has never tapped the telephone of any member of the House or Senate, now or in the past.**

Richard Kleindeinst, Deputy Attorney General:

> **The FBI has never installed an electronic listening device of any kind in the home, office or on the telephone of a U.S. Senator or Congressman.**

I know now Mr. Boggs told the truth. You see, I suffered the same experience. The one difference is I have the proof.

Last July 11, I was indicted by a grand jury in New York. At that time I charged that this administration had broken into my congressional office and taken papers; broken into my home, my law office, wiretapped my conversations and watched my daily activities. Few believed me.

It is difficult to believe but undoubtedly true that at the very time President Nixon was denying the use of "Big Brother" tactics on Congressmen, he personally ordered a surveillance of this Congressman.

I did not come here to the well of the House to try my case, the details of which are not germane to my remarks, but I feel that I have a duty to alert my country and my Congress to the gross abuses of power and privilege indulged in by this administration.

In exchange I expect the same abuse and insults that were heaped on our late colleague and I am willing to shoulder that responsibility as well.

The facts are as follows:

On January 18, 1974, my attorney was served with a protective court order signed by the Federal judge who was assigned to my case. The effect of that order was to silence me and all others from revealing this electronic surveillance that was ordered by the President. That protective order was based on an affidavit by the Honorable William B. Saxbe, Attorney General of the United States of America, who stated that the defendants in my case, or one of them, were electronically surveilled on numerous occasions in the interests of national security as a result of an order by the President of the United States, Richard Nixon.

The further affidavit of Mr. William Hoar of the Department of Justice indicated that the FBI, and I quote:

> **The Federal Bureau of Investigation overheard conversations, logs of which have been submitted to this Court for in camera inspection to determine the lawfulness of the surveillances.**

The order further contained affidavits of Assistant U.S. Attorneys Rudolph Guilliani, Joseph Jaffee, and Michael B. Mukasey, stating that they are familiar with the electronic surveillances.

While Mr. Saxbe's affidavit refers to "one of the defendants" and does not mention me by name, there is no question that I was the target of the surveillance ordered by President Nixon, and I am reliably informed of this.

The court order prevents me from knowing when the surveillance was made, in what manner it was made, who made it, what was overheard, the purpose of the surveillance and whether or not it was tied into the various break-ins into my offices and home. Unfortunately, everybody else seems to know. The FBI knows, Mr. Saxbe knows, the employees of the Department of Justice in Washington know, U.S. Attorney Curran obviously knows, Assistant U.S. Attorneys Guilliani, Jaffe and Mukasey know, and all of their respective assistants, clerks, secretaries, and researchers know and probably so do their sisters, brothers, cousins, and aunts.

Everybody knows, but me.

My knowledge or lack of knowledge of these tapes, while important to my defense, is insignificant when discussed in the light of what has happened.

For despite the statement of former FBI Director Hoover, despite the protestation of two former Attorney Generals of the United States of America, Kleindienst and Mitchell, despite the statement of the President himself, I have an admission by the present Attorney General that this Member of Congress was bugged, or followed, or spied upon, and God knows what, and that the Podell tapes are presently impounded perhaps never to be divulged.

What does all this mean? It means that this affidavit signed by Attorney General William B. Saxbe admits to a surveillance on me by the FBI on numerous occasions. Let me remind you this is not an accidental surveillance—there were "numerous surveillances"—the tapes of which are presently in the hands of the court. That is a direct contradiction to the statement made by Mr. Hoover by Mr. Kleindienst, by Mr. Mitchell, and by the President himself. It means we were not told the truth.

Who else have they bugged, Mr. Chairman, you, the majority leader, the minority leader, the House Chaplain? Not even Fishbait Miller is exempt from "Big Brother."

After all, the Podell tapes concerned themselves with a freshman Member of Congress, can you imagine how many tapes have been made of the senior Members of the House and Senate.

To further quote the then Attorney General, Mr. Mitchell, he stated, "Nobody in this Government who is using electronic surveillance may do so without my personal approval."

This revelation is the act of an honest and dedicated public servant, William Saxbe, who probably came across these tapes and felt it was his duty to produce them. In no way can he be criticized or bear responsibility for their use.

I speak now to warn you, my colleagues, that there is no one in Congress—or elsewhere—beyond the reach of the plumbers, electricians, and mercenaries employed by this administration.

I trust the judge in my case will understand that I speak today from the floor of the House, taking immunity by speaking from the floor, not to challenge his authority but because I feel I am dutybound to disclose this to my colleagues.

Mr. Chairman, should not these tapes be produced for the whole world to hear? I have nothing to hide. I seek no privilege and I have done nothing to compromise my oath of office. If the Justice Department refuses to disclose the nature of these tapes, then it is they who have something to hide.

It is in the interests of protecting the individual rights of us all from the whim of overzealous "patriots" that I make this statement today. I pray that Mr. RODINO and the Judiciary Committee harken to these words lest even the right to utter them be taken away.

The CHAIRMAN. Are there further amendments to part 1 of title I?

AMENDMENT OFFERED BY MR. DENT

Mr. DENT. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

> **Amendment offered by Mr. DENT: Page 54 at line 18, strike "or" and add following "savings plan" "or money purchase plans designed to invest primarily in securities described in subparagraph (B) of this paragraph,".**

Mr. DENT. Mr. Chairman, I urge the adoption of the amendment.

Mr. ERLENBORN. Mr. Chairman, I have been advised by the chairman, Mr. DENT, as to this amendment. I have seen the amendment, and I would join in urging its adoption.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania (Mr. DENT).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. ASHBROOK

Mr. ASHBROOK. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

> **Amendment offered by Mr. ASHBROOK: On page 26, line 9, strike the following "on or before December 31, 1973,".**
>
> **On page 26, lines 11 and 12, strike the following: "with respect to audits performed before January 1, 1976."**

Mr. ASHBROOK. Mr. Chairman, I am offering an amendment to H.R. 2 which will eliminate an arbitrary limitation on the eligibility of auditors of private pension plans. The inclusion of this arbitrary limitation in the bill was, I believe accidental.

The two changes are necessary because the provisions in section 104(a) (3)(C) (ii) and (iii) do not adequately and fairly take cognizance of the licensing procedures of public accountants in some 26 States including Ohio.

In 16 States, at the present time, the State legislatures have provided the measures of competency including education, experience and examination, to license independent accountants for public practice in addition to CPA's. I understand that some 400 persons a year are now being licensed in Ohio as licensed public accountants. The States in this category are as follows: Alabama, Alaska, Arizona, Georgia, Indiana, Maine Montana, New Hampshire, New Mexico, Ohio, Oklahoma, Oregon, South

Carolina, South Dakota, Tennessee, and Vermont.

Of significance, too, are the 10 States which presently provide no regulation of the profession of public accounting except to restrict the title of the certified public accountant. In such jurisdictions, until comprehensive regulatory licensing standards are enacted by the respective State legislatures, there will be no means for otherwise qualified independent public accountants to perform audits for private pension plans under the current language of H.R. 2. The States in this group are as follows: Arkansas, Delaware, District of Columbia, Idaho, Kansas, Minnesota, New Jersey, North Dakota, Pennsylvania, and Wyoming.

The need for flexibility in permitting qualified personnel in these States is recognized in H.R. 2, but it is needlessly limited. If it is truly appropriate to grant the Secretary of Labor the authority to promulgate standards of competence until 1976; it should be appropriate without a cutoff date.

In making these changes to H.R. 2, I am not unmindful that the standards to be employed in providing eligibility for independent auditors must not be diminished or impaired. An important element in this bill must be the protection of the public and the establishment of competency standards.

Public interest requires that persons engaged to perform audits of these programs be independent and possess sufficient technical knowledge to carry out the engagements in a satisfactory manner.

Since reliance has been placed in the standards set by States and in the equivalency standards set by the Secretary, no artificial and unnecessary restriction on dates ought to be placed on this generally meritorious legislation.

It ought to be noted that the Securities and Exchange Commission utilizes terminology calling for "independent public accountants" and no set dates for licensure are established by that exacting regulatory authority which oversees the public interest in the investment field.

A recent example of a major Federal program setting standards for independent auditors is the revenue sharing program. Regulation promulgated by this important office of the Department of the Treasury define qualified accountants as those licensed by the State, regardless of the date of licensure.

Professional accountants, whenever licensed, should have the opportunity to participate in this important program.

This legislation has made many strides in the private pension reform area and I do not want to see it weakened by a technical oversight which does not recognize the realities of the accounting profession in America today.

Mr. DENT. Mr. Chairman, as far as this side is concerned, I agree to the amendment and accept it, and I am sure the ranking minority member will, also.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio (Mr. ASHBROOK).

The amendment was agreed to.

The CHAIRMAN. Are there any further amendments to part I? If not, the Clerk will read.

The Clerk read as follows:

PART 2—VESTING

COVERAGE

SEC. 201. (a) Except as provided in subsection (b) this part shall apply to any employee pension benefit plan—

(1) if it is established or maintained by an employer engaged in commerce or in any industry or activity affecting commerce or by such employer together with any employee organization representing employees engaged in commerce or in any industry or activity affecting commerce; or

(2) if such plan is established or maintained by any employer or by any employer together with any employee organization and if, in the course of its activites, such plan, directly or indirectly, uses any means or instruments of transportation of communication in interstate commerce or the mails.

(b) This part shall not apply to any employee pension benefit plan if—

(1) such plan is a governmental plan (as defined in section 3(33));

(2) such plan is a church plan (as defined in section 3(34)) with respect to which no election has been made under subsection (c);

(3) such plan is established and maintained outside the United States primarily for the benefit of persons who are not citizens of the United States;

(4) such plan is a supplementary plan;

(5) such plan is unfunded and is maintained by an employer primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees; or

(6) such plan is established and maintained by a fraternal society, order, or association described in section 501(c) (8) or (9) of the Internal Revenue Code of 1954.

(c) (1) If the church or convention or association of churches which maintains any church plan makes an election under this subsection (in such form and manner, and with such official, as may be prescribed by regulations), then this part shall apply to such church plan as if this section did not contain an exclusion for church plans.

(2) An election under this subsection with respect to any church plan shall be binding with respect to such plan, and, once made, shall be irrevocable.

ELIGIBILITY REQUIREMENTS

SEC. 202. (a) Except as provided in subsection (b), no pension plan subject to this part shall require as a condition of participation in the plan, that an employee complete a period of service with the employer or employers maintaining the plan extending beyond the later of the following dates:

(1) the date on which the employee attains twenty-five years of age; or

(2) the date on which he completes one year of service.

(b) (1) In the case of any plan which provides that after three years of service each participant has a right to 100 per centum of his accrued benefit under the plan which is nonforfeitable at the time such benefit accrues, subsection (a) (2) shall be applied by substituting "3 years of service" for "1 year of service".

(2) A defined benefit plan may exclude from participation in the plan any person whose employment commences at an age which is greater than the regular retirement age under the plan reduced by five years.

NONFORFEITABLE BENEFITS

SEC. 203. (a) Every pension plan subject to this part shall provide rights to participants to receive nonforfeitable pension benefits as follows:

(1) A participant's rights in his accrued benefit under the plan derived from his own contributions shall be nonforfeitable.

(2) A participant's rights to accrued benefits derived from employer contributions shall be nonforfeitable in accordance with one of the following alternatives:

(A) A pension plan may provide that the rights of the employees to receive 100 per centum of the accrued benefit derived from employer contributions shall be nonforfeitable after a specified period of service not to exceed ten years.

(B) A pension plan may provide that an employee who has at least five years of service has a nonforfeitable right to a percentage of his accrued benefit derived from employer contributions. The percentage shall not be less than the percentage determined under the following table:

Years of service:	Nonforfeitable percentage
5	25
6	30
7	35
8	40
9	45
10	50
11	60
12	70
13	80
14	90
15 or more	100

(C) A pension plan satisfies the requirements of this paragraph if, under the plan—

(i) in the case of an active participant, who has at least five years of service, and with respect to whom the sum of his age and years of service equals or exceeds forty-five, the participant has a nonforfeitable right to at least 50 per centum of his accrued benefit derived from employer contributions, and

(ii) for each year of service after such participant first satisfies the requirements of clause (i), the nonforfeitable percentage of his accrued benefit so derived is not less than the percentage determined under the following table:

Additional years of service:	Nonforfeitable percentage
1	60
2	70
3	80
4	90
5	100

(D) In the case of a pension plan in existence on January 1, 1974, for the first five plan years of the plan to which this section applies, in lieu of the nonforfeitable percentages set forth in subparagraph (A), (B), or (C), as the case may be, the nonforfeitable percentage shall be the following percentage of the applicable nonforfeitable percentage determined under such subparagraph:

Plan year to which this section applies:	Percentage of applicable nonforfeitable percentage determined under subparagraph (A), (B), or (C)
1	50
2	60
3	70
4	80
5	90

(3) Notwithstanding the provisions set forth in paragraphs (1) and (2) of this subsection, if the pension plan is a class year

plan, then such plan shall provide that the participant shall acquire a nonforfeitable right to 100 per centum of his rights to or derived from the contributions of the employer on his behalf with respect to any plan year, not later than the end of the fifth year following the year for which such contribution was made. For the purposes of this paragraph, the term "class year plan" means a profit-sharing or stock bonus plan which provides for the separate nonforfeitability of employee rights to or derived from the contributions for each plan year.

(b)(1) In computing the period of service under the plan for purposes of determining the nonforfeitable percentage under subsection (a), a participant's entire service with the employer or employers contributing to or maintaining the plan (or the entire period during which contributions were made by or on behalf of such individual in the case of a plan which employers do not maintain or contribute to) shall be taken into account, except that the following may be disregarded:

(A) service before age 25;

(B) service during a period for which the participant declined to contribute to a plan requiring employee contributions;

(C) service with an employer during any period for which the employer did not maintain the plan;

(D) seasonal service not taken into account under section 206(a)(3);

(E) service broken by periods of suspension of employment, if the rules governing such breaks in employment are permissible under paragraph (4) of section 206(a); and

(F) service before January 1, 1969, unless the participant has had at least five years of service after December 31, 1968.

(2) Notwithstanding paragraph (1), for purposes of determining the individual's accrued benefit under the plan, the plan may disregard service performed by the employee with respect to which he has received—

(A) a distribution of the present value of his entire nonforfeitable benefit if such distribution was less than $1,750, or

(B) a distribution of the present value of his nonforfeitable benefits attributable to such service which he elected to receive.

Subparagraph (A) of the preceding sentence shall apply only if such distribution was made on termination of the employee's participation in the plan. Subparagraph (B) of such sentence shall apply only if such distribution was made on termination of the employee's participation in the plan. Subparagraph (B) of such sentence shall apply only if such distribution was made on termination of the employee's participation in the plan or under such other circumstances as may be provided under regulations prescribed by the Secretary.

(c) Nothing contained in this part shall be construed to prohibit any plan provision adopted pursuant to regulations of the Secretary of the Treasury or his delegate under section 401(a)(4) of the Internal Revenue Code of 1954 to preclude discrimination.

(d) No pension plan subject to this part to which employees contribute shall provide for forfeiture of a participant's accrued benefit derived from employer contributions (whether or not otherwise nonforfeitable), solely because of withdrawal by such employee of amounts attributable to his own contributions.

(e) Each plan to which this part applies shall specify which of the schedules described in subparagraph (A), (B), or (C) of subsection (a)(2) shall be the applicable minimum schedule for purposes of such plan. A plan amendment may not change any vesting schedule under the plan if the nonforfeitable percentage of the accrued benefit derived from employer contributions (determined for any year of service) of any employee who is a participant in the plan on the date such amendment is adopted or on the date such amendment becomes effective is less than such nonforfeitable percentage computed under the plan without regard to such amendment.

(f)(1) Except as provided in paragraph (2) or pursuant to section 501, a plan may not be amended in a manner which reduces benefits which accrued before the plan year preceding the plan year in which the amendment is adopted. For the purposes of this subsection, any amendment applying to a plan year which—

(A) is adopted after the close of such plan year but no later than the time prescribed by law (including extensions) for filing the tax returns of the employer sponsoring the plan for the taxable year with which or within which the plan year ends (or in the case of a multiemployer plan, no later than 2 years after the close of such plan year), and

(B) does not reduce the accrued benefit of any participant determined (without regard to such amendment) as of the beginning of the first plan year to which the amendment applies,

shall, at the election of the plan administrator, be deemed to have been made on the first day of such plan year.

(2) Paragraph (1) shall not prohibit a plan amendment which, not later than one year after the adoption of an earlier amendment, abrogates such earlier amendment.

(g) Notwithstanding any other provision of this part, a pension plan may allow for nonforfeitable benefits after a lesser period and in a greater amount than is required by this section.

DISTRIBUTION OF BENEFITS

SEC. 204. (a) Nonforfeitable benefits accrued by terminated participants may be distributed in the manner set forth in the plan for payment of regular retirement benefits; except that (1) distribution of such benefits shall, at the election of the terminated participant, commence not later than the earlier of the first date that a participant who is not a terminated participant, with the same credited service under the plan, could have exercised any unrestricted option under the plan to receive regular retirement benefits, or age sixty-five, and (2) the manner of distribution set forth in the plan shall be the same for the benefits payable to both those who were participants within the twelve months immediately prior to making application to receive regular retirement benefits and those who terminated participation prior to the twelve months preceding application to receive regular retirement benefits. For purposes of this section the term "terminated participant" means a participant for whom service is no longer being credited under the plan.

(b) Nothing in this part shall be construed to prohibit any employee pension plan from providing a reduction to the benefit to be paid any participant on account of such recipient's receipt of benefits under the Social Security Act if—

(1) in the case of a participant who is receiving benefits under such plan on the effective date of this part, such benefit is not decreased by any subsequent increase in benefits received under the Social Security Act; and

(2) in the case of a participant entitled to a nonforfeitable benefit who terminates after the effective date of this part, such benefit is not decreased by any subsequent increases in the benefit levels offered under the Social Security Act after the date of such termination; and

(3) in the case of a participant other than one described in paragraph (1) above entitled to a nonforfeitable benefit who has terminated prior to the effective date of this part, such benefit is not decreased by any subsequent increases in the benefit levels offered under the Social Security Act following such effective date; and

(4) in the case of a participant other than one described in paragraphs (2) and (3) above entitled to an immediate benefit upon termination, such benefit is not decreased by any subsequent increase in benefit levels offered under the Social Security Act following the date of such termination.

(c)(1) If a pension plan provides for the payment of benefits in the form of an annuity and if—

(A) the participant and his spouse have been married throughout the five-year period ending on the annuity starting date, or

(B) the participant dies after his earliest retirement age and before the annuity starting date, and the participant and his spouse have been married throughout the five-year period ending on the date of his death,

then such plan shall provide for the payment of annuity benefits in a form having the effect of a qualified joint and survivor annuity. A qualified joint and survivor annuity required to be paid under this subsection to a participant or his spouse may be in an annual amount which is reduced from the annual amount of a single life annuity to which such participant would be entitled if he made an election under paragraph (2), but such reductions shall not exceed the estimated additional actuarial costs associated with providing qualified joint and survivor annuities under the plan.

(2) Nothing in this subsection shall prohibit a plan provision which provides that—

(A) each participant has a reasonable period (as prescribed by the Secretary or his delegate by regulations) before the annuity starting date during which he may elect in writing (after having received a written explanation of the terms and conditions of the joint and survivor annuity and the effect of an election under this paragraph) not to take the joint and survivor annuity.

(B) any election under subparagraph (A), and any revocation of any such election, does not become effective (or ceases to be effective) if the participant dies within a period (not in excess of two years) beginning on the date of such election or revocation, as the case may be.

(3) For purposes of this subsection—

(A) the term "annuity starting date" means the first day of the first period for which an amount is received as an annuity (whether by reason of retirement or by reason of disability),

(B) the term "earliest retirement age" means the earliest date on which, under the plan, the participant could elect to receive retirement benefits, and

(C) the term "qualified joint and survivor annuity" means an annuity for the life of the participant with a survivor annuity for the life of his spouse which is not contingent upon survivors of such spouse beyond the earliest age at which the participant could elect to receive retirement benefits under the plan and which is not less than one-half of the amount of the annuity payable during the joint lives of the participant and his spouse.

(4) This subsection shall apply only if—

(A) the annuity starting date did not occur before the effective date of this part, and

(B) the participant was an active participant in the plan on or after such effective date.

ACCRUED BENEFIT REQUIREMENTS

SEC. 205. (a) Each defined benefit plan to which this part applies shall provide for a method of accruing benefits which meets the requirements of subsection (b).

(b) (1) A defined benefit plan satisfies the requirements of this subsection if the annual rate at which any participant accrues benefits under the plan for any year of service before the end of 33⅓ years of service is not less than 3 per centum of the maximum benefit to which such participant would be entitled if he commenced participation at the earliest possible entry age under the plan and served continuously until the earlier of age sixty-five or the normal retirement age specified under the plan. In the case of a plan providing retirement benefits based on compensation during any period, the maximum benefit to which a participant would be entitled shall be determined as if he continued to earn annually the average rate of compensation which he earned during consecutive years of service, not in excess of ten, for which his compensation was the highest. For purposes of this subparagraph, social security benefits and all other relevant factors used to compute benefits shall be treated as remaining constant as of the current year for all years after such current year. If the plan provides that any participant's accrued benefits under the plan will be reduced on account of the participant's social security benefits, the amount of social security benefits used for purposes of computing the reduction of the participant's accrued benefits under this paragraph may not exceed the participant's social security benefits (computed without regard to this sentence) multiplied by his service ratio. For purposes of this paragraph, the term "service ratio" means the participant's years of service under the plan divided by the aggregate years of service he would have if he served until the normal retirement age.

(2) A defined benefit plan satisfies the requirements of this subsection unless under the plan the annual rate at which any participant can accrue the retirement benefits payable at normal retirement age under the plan for any plan year is more than 133⅓ per centum of the annual rate at which he can accrue benefits for any other plan year; except that an accrual rate for any year before the eleventh year of service which exceeds by more than 133⅓ per centum of the accrual rate for any year after the tenth year of service may be disregarded. For purposes of this subparagraph—

(A) the accrual rate for any plan year after the participant is eligible to retire with benefits which are not actuarially reduced on account of age or service shall not be taken into account;

(B) any amendment to the plan which is in effect for the current year shall be treated as in effect for all other plan years;

(C) any change in an accrual rate which does not apply to any participant in the current year shall be disregarded;

(D) the fact that benefits under the plan may be payable to certain employees before normal retirement age shall be disregarded; and

(E) social security benefits and all other relevant factors used to compute benefits shall be treated as remaining constant as of the current year for all years after the current year.

(3) Notwithstanding paragraphs (1) and (2), a defined benefit plan satisfies the requirements of this paragraph if such plan—

(A) is funded exclusively by the purchase of individual insurance contracts, and

(B) satisfies the requirements of paragraphs (2) and (3) of section 301(d),

but only if an employee's accrued benefit as of any applicable date is not less than the cash surrender value his insurance contracts would have on such applicable date if the requirements of paragraphs (4), (5), and (6) of section 301(d) were satisfied.

(c) (1) Each defined benefit plan to which this part applies shall provide for separate accounting for the portion of each employee's accrued benefit derived from any voluntary employee contributions permitted under the plan.

(2) Each individual account plan to which this part applies shall provide for separate accounting for each employee's accrued benefit, and shall require that all contributions, income expenses, and forfeitures be allocated, no less frequently than annually, to the participants' accounts comprising the plan.

(3) For purposes of determining an employee's accrued benefit, the term "year of service" means a period of service (beginning not later than the date on which the employee first becomes a participant in the plan) determined under provisions of the plan which provide for the calculation of such period on a reasonable and consistent basis. The Secretary shall prescribe regulations defining reasonable and consistent basis for purposes of the preceding sentence. In prescribing such regulations, the Secretary shall take into account the rules relating to the measurement of time and to breaks in service contained in the regulations under section 206(b); but plan provisions shall not be deemed to provide for calculation of a period of service on a basis which is not reasonable and consistent merely because they make adjustments in determining year of service (for purposes of accrual of benefits) in order to reflect less than full-time service by a participant.

(d) (1) For purposes of this part, an employee's accrued benefit derived from employer contributions of any applicable date is the excess of the accrued benefit for such employee as of such applicable date over the accrued benefit derived from contributions made by such employee as of such date.

(2) (A) In the case of a plan other than a defined benefit plan, the accrued benefit derived from contributions made by an employee as of any applicable date is—

(i) except as provided in clause (ii), the balance of the employee's separate account consisting only of his contributions and the income, expenses, gains, and losses attributable thereto, or

(ii) if a separate account is not maintained with respect to an employee's contributions under such a plan, the amount which bears the same ratio to his total accrued benefit as the total amount of the employee's contributions (less withdrawals) bears to the sum of such contributions and the contributions made on his behalf by the employer (less withdrawals).

(B) (i) In the case of a defined benefit plan providing an annual benefit in the form of a single life annuity (without ancillary benefits) commencing at normal retirement age, the accrued benefit derived from contributions made by an employee as of any applicable date is the annual benefit equal to the employee's accumulated contributions multiplied by the appropriate conversion factor.

(ii) For purposes of clause (i) the term "appropriate conversion factor" means the factor necessary to convert an amount equal to the accumulated contributions to a single life annuity (without ancillary benefits) commencing at normal retirement age and shall be 10 percent for a normal retirement age of 65 years. For other normal retirement ages the conversion factor shall be determined in accordance with regulations prescribed by the Secretary.

(C) For purposes of this subsection, the term "accumulated contributions" means the total of—

(i) all mandatory contributions made by the employee,

(ii) interest (if any) under the plan to the end of the last plan year to which this part does not apply (by reason of the applicable effective date), and

(iii) interest on the sum of the amounts determined under clauses (i) and (ii) compounded annually at the rate of 5 percent per annum from the beginning of the first year plan to which this part applies (by reason of the applicable effective date) to the date upon which the employee would attain normal retirement age.

For purposes of this subparagraph, the term "mandatory contributions" means amounts contributed to the plan by the employee which are required as a condition of employment, as a condition of participation in such plan, or as a condition of obtaining benefits under the plan attributable to employer contributions.

(D) The Secretary is authorized to adjust by regulation the conversion factor described in subparagraph (B), the rate of interest described in clause (iii) of subparagraph (C), or both from time to time as he may deem necessary. The rate of interest shall bear the relationship to 5 percent which the Secretary determines to be comparable to the relationship which the long-term money rates and investment yields for the last period of 10 calendar years ending at least 12 months before the beginning of the plan year bear to the long-term money rates and investment yields for the 10-calendar-year period 1964 through 1973. No such adjustment shall be effective for a plan year beginning before the expiration of 1 year after such adjustment is determined and published.

(E) The accrued benefit derived from employee contributions shall not exceed the employee's accrued benefit under the plan.

(3) For purposes of this part, in the case of any defined benefit plan, if an employee's accrued benefit is to be determined as an amount other than an annual benefit commencing at normal retirement age, or if the accrued benefit derived from contributions made by an employee is to be determined with respect to a benefit other than an annual benefit in the form of a single life annuity (without ancillary benefits) commencing at normal retirement age, the employee's accrued benefit, or the accrued benefits derived from contributions made by an employee, as the case may be, shall be the actual equivalent of such benefit or amount determined under paragraph (1) or (2) of this subsection.

(e) In the case of a defined benefit plan which permits voluntary employee contributions, the portion of an employee's accrued benefit derived from such contributions shall be treated as an accrued benefit derived from employee contributions under a plan other than a defined benefit plan.

DEFINITION OF YEAR OF SERVICE

SEC. 206. (a) (1) For purposes of section 202, the term "year of service" means a period of service determined under regulations prescribed by the Secretary which provide for the calculation of such period on any reasonable and consistent basis.

(2) For purposes of this section, the calculation of any period of service shall not be treated as made on a reasonable basis—

(A) if the average period of service required for participation in the plan (determined as if one employee commenced his service on each day) is more than 12 months, or

(B) if any employee who has completed more than 17 months of continuous service is excluded from participation in the plan by such calculation.

(3) For purposes of this section, the calculation of any period of service shall not be treated as made on a reasonable basis in the case of a seasonal employee whose customary employment is for at least 5 months in a 12-month period, if his period of service is treated as less than the period of service he would have had if his customary employment had been nonseasonal.

(4) (A) For purposes of this section, in the case of any employee who has a break in his service with the employer for a continuous period of not less than 1 year, the calculation of his period of service shall not be treated as not made on a reasonable basis merely because, under the plan, service performed by such employee is not taken into account until he has completed a continuous period of service (not in excess of 1 year) after his return.

(B) For purposes of this section, in the case of any employee who has a break in his service with the employer and, who before such break, had a nonforfeitable right to 50 percent or more of his accrued benefit derived from employer contributions, the calculation of his period of service shall not be treated as made on a reasonable basis if service performed by such employee before the end of such break in service is not taken into account in calculating his period of service.

(C) For purposes of this section, except as otherwise provided in subparagraphs (A) and (D), in the case of any employee who has a break in his service with the employer for a continuous period of not less than 12 months, the calculation of his period of service shall not be treated as made on a reasonable basis if such employee completed four consecutive years of service prior to such break and all service prior to such break is not taken into account.

(D) Except as provided in subparagraph (B), for purposes of this section, in the case of any employee who has a break in his service with the employer for a continuous period of not less than 6 years, the calculation of his period of service shall not be treated as not made on a reasonable basis merely because under the plan, service performed by such employee before the end of such break in service is not taken into account.

(5) The regulations prescribed under this subsection and subsection (b) shall take into account the customary working period (as expresed in hours, days, weeks, months, or years) in any industry where, by the nature of the employment, such period differs substantially from the comparable work period in industry generally.

(b) For purposes of section 203, the term "year of service" means a period of service determined under regulations prescribed by the Secretary which provide for the calculation of such period on any reasonable and consistent basis. The regulations prescribed under this subsection shall be consistent with the regulations prescribed under subsection (a) for purposes of section 202.

EFFECTIVE DATE

SEC. 207. (a) Except as otherwise provided in this section, this part shall apply in the case of plan years beginning after the date of the enactment of this Act.

(b) (1) In the case of a plan in existence on January 1, 1974, this part shall apply in the case of plan years beginning after December 31, 1975. In any case described in paragraph (2) of this subsection, such paragraphs shall apply if (and only if) their application results in a later effective date of this part.

(2) In the case of a plan maintained pursuant to one or more agreements which the Secretary finds to be collective-bargaining agreements between employee representatives and one or more employers, and which he finds (in the aggregate) cover more than 25 percent of the participants in such plan, paragraph (1) shall be applied by substituting for December 31, 1975, the earlier of—

(A) the date on which the last of such agreements relating to the plan terminates (determined without regard to any extension thereof agreed to after the date of the enactment of this Act), or

(B) December 31, 1980,

but in no event shall a date earlier than December 31, 1976, be substituted.

Mr. GAYDOS (during the reading). Mr. Chairman, I ask unanimous consent that part 2 be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

AMENDMENTS OFFERED BY MS. ABZUG

Ms. ABZUG. Mr. Chairman, I offer amendments, and ask unanimous consent that they may be considered en bloc.

The CHAIRMAN pro tempore. Is there objection to the request of the gentlewoman from New York?

There was no objection.

The Clerk read as follows:

Amendments offered by Ms. ABZUG:

Page 75, line 17, strike out "the later" and insert in lieu thereof "any".

Page 75, strike out line 19 through line 22, and insert in lieu thereof the following:

"(1) in the case of an employee who begins his period of service on or after the date he attains the age of 24, the date on which he completes 1 year of service; or

"(2) in the case of an employee who begins his period of service before he attains the age of 24, the date on which he completes 3 years of service or the date on which he attains 25 years of age, whichever date is earlier."

Page 79, strike out line 9.

Page 79, line 10, strike out "(B)" and insert "(A)".

Page 79, line 13, strike out "(C)" and insert "(B)".

Page 79, line 15, strike out "(D)" and insert "(C)".

Page 79, line 17, strike out "(E)" and insert "(D)".

Page 79, line 21, strike out "(F)" and insert "(E)".

Mr. DENT. Mr. Chairman, will the gentlewoman yield?

Ms. ABZUG. I yield to the gentleman from Pennsylvania.

Mr. DENT. Mr. Chairman, I have discussed this matter with the gentlewoman from New York, and also with the ranking minority member of the committee, and I have no objection to the amendments, and we accept the amendments.

Mr. ERLENBORN. Mr. Chairman, will the gentlewoman yield?

Ms. ABZUG. I yield to the gentleman from Illinois.

Mr. ERLENBORN. Mr. Chairman, I think that it would be good for the RECORD if we could have an explanation of the amendments, and I believe that after such an explanation I would be prepared to accept them.

Ms. ABZUG. I thank the gentleman from Illinois, and I will be glad to give an explanation of the amendments.

Mr. Chairman, under the legislation which is before us, eligibility for participation commences after the age of 25, plus 1 year of service. The amendments, which I am proposing, would allow coverage to begin at an age lower than 25 if the employee has worked for 3 years.

The facts are that, according to the 1970 census over 50 percent of all Americans between the age of 18 and 19 are in the labor force. Over 68 percent of all Americans between the ages of 20 and 24 are in the labor force. The amendments are of particular interest to women whose work pattern is to work for a number of years, generally starting between 18 and 24, then leave to fulfill their roles as wives and mothers, and then return to work.

From the same 1970 census we learn that of all the women between the ages of 20 and 24 over 56 percent are in the labor market.

Actually, what the amendments seek to do is to more equitably cover blue-collar workers in this country who do not wait until the age of 25 to start working, but who commence working right out of high school, and that is a reality of American life.

The amendment expands the rights of every working individual to receive a pension.

I believe it would be terribly unfair for the working youth and women in this country who make a significant contribution to society not to be considered as economic equals. It is for that reason that I urge the adoption of this amendment.

For the purposes of clarification I would like at this time to offer some examples of how this amendment would effect employees.

EXAMPLE 1

Assume that a 20-year-old starts working for a large company that maintains the minimum standards required by this bill. The plan has both employee and employer contributions. Let us also assume that this employee works for 10 years for the same company. The company is using the Alternative B, sliding scale plan. Under the current bill this employee would be entitled to 5 years of benefits vested at 25 percent after working 10 years.

Under this amendment, with the same set of circumstances, the employee would be eligible for 7 years of benefits, vested at the 10-year level on the vesting schedule, or 50 percent.

It should be noted that the employee would have a nonforfeitable right to the share he or she contributes.

EXAMPLE 2

An employee at the age of 18 joins a company that requires the minimum standards of this bill and follows the sliding scale of vesting rights, Alternative B. This employee then leaves the company after 8 years at age 26. Under the current bill, the employee will get nothing.

Under the amendment this same employee would get 5 years of benefits, vested at 40 percent. This would not be possible until age 30 under the current bill and at age 30 the employee would be entitled to only 5 years of benefits, vested at 25 percent.

EXAMPLE 3

An employee at the age of 18 joins a company that follows the 10-year, 100-percent vesting alternative—Alternative A. Under the current bill that employee would get 100 percent of 10 years of benefits at age 35. This 10 years of benefits would come after working for the company 17 years.

Under the amendment, given the same set of circumstances, that employee would have 10 years of benefits, vested at 100 percent at age 31.

EXAMPLE 4

If an employee joins a company at age 18 which follows the sliding vesting schedule, and leaves at age 25, under the current bill that employee would have no benefits vested.

Under the amendment that employee would have 4 years of benefits vested at 35 percent.

I commend the gentleman from Pennsylvania for his work on this legislation and I thank him for accepting this amendment. I would also like to thank and commend the gentleman from Illinois (Mr. ERLENBORN).

The adoption of this amendment will be an important advance for America's working youth and for America's working women.

Mr. BROWN of California. Mr. Chairman, will the gentlewoman yield?

Ms. ABZUG. I yield to the gentleman from California.

Mr. BROWN of California. Mr. Chairman, I would like to commend the gentlewoman from New York (Ms. ABZUG) in offering these amendments. As the gentlewoman points out, they do attempt to rectify provisions in the bill which, in my opinion, are obviously discriminatory. They discriminate against the young due to the age minimum of 25; against women because many women must leave the work force before reaching age 25 due to childbirth, and are, therefore, unable to receive any vesting or pension benefits; and against minorities because, although many must enter the labor force at an early age, due to conditions which do not allow them to continue their education, they do not begin participating in a pension program until age 25.

There is an additional aspect of the bill which bothered me, because of the illogical provision that young people below the age of 25 could be covered under this bill if they were part of a private pension plan which allowed complete vesting after 3 years. In effect, that means that a certain very small proportion of the working force under 25 who were participants in such a plan could be permitted to acquire vesting, but the vast majority could not.

Congresswoman ABZUG's amendments tend to rectify not only the discriminatory provisions of this act, but the illogical provision which would have allowed a certain very small proportion of the working force to be covered at the age of 22, but not the far larger proportion. I want to compliment the gentlewoman from New York for her wisdom in bringing these amendments to the floor, and hope they will be adopted.

Mr. PICKLE. Mr. Chairman, the amendment by my colleague from New York (Ms. ABZUG) is a worthy amendment, and I rise in support of it.

It recognizes that men and women under 25 years of age can still be a significant and vital part of our work force. Since the qualifications for this amendment stipulate that an employee must work for the firm for 3 years before becoming eligible, I do not think it would inflict any undue hardship on our businessmen, but it would also not discriminate against legitimate members of the work force just because they were young.

I think this amendment helps to strengthen this bill and to make it a better guide for pensions for all our citizens working in the private sector.

This amendment not only will have a special meaning to those men and women who enter the work force at an early age and stay there but also to those women who enter the work force and then choose to leave for several years because they have small children at home. Now those early years can count in an overall lifespan of contribution to the American work force.

I think this is right, and that this amendment should receive the strong support of this Congress.

Mr. ERLENBORN. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I have examined the amendments offered by the gentlewoman, and they have this effect. Under the bill presently there are two criteria for participation—and remember these are minimum standards; this is not a proscription as to what the plan administrators or those who are drafting the plan may do. They could make immediate vesting, immediate participation, if they so desired. These are just minimum standards we are talking about.

Under the bill the minimum standard for participating is age 25 plus 1 year of service. The gentlewoman's amendments would keep that test at age 25 plus 1 year of service, and have another alternative test which would have 3 years of service for one who had not yet attained age 25. This will allow some to participate as members of the pension fund at an earlier age than the bill originally would have.

There is a cost for earlier participation. I do not think the cost will be excessive. I think that we ought to understand the effect of this, however.

As an example, if a person is 18 when he begins his employment, under this rule at age 21 when he has completed 3 years of service in that employment, he will be eligible to participate. Under the most liberal of the 3 vesting standards—most liberal by most interpretations—the graded 5 to 15 year vesting, that person at age 21 will begin to participate, and 5 years later at age 26 will first become vested.

Under the graded vesting at age 26 when that person first becomes vested, that person is vested at 25 percent, not of his final pension, understand, but 25 percent of the years of service that he has as a participant. If the years of service were 5, 25 percent of that is 1¼ years. So, understand, the person after 8 years will get credit for 1¼ years of service.

Let us take the fairly typical plan that would give benefits in the amount of, say, $10 per month of benefits for each year of service. This person after 8 years would have 1¼ years of service to his or her credit and would be entitled at that point and would have a vested right in a $12.50-per-month pension. I want people to understand this because I think there is a vast misconception about what vesting is.

When many people hear of 50-percent vesting, they think that is 50 percent of the final pension. It is not that at all. The percent of vesting means the percent of years of service credited to the person at that time. So I thought that using this example, the Members might understand exactly the effect of these amendments. It will allow people at younger ages to get very small rights and it will not be any great thing. It may, because more people will be getting the small rights who are very likely to leave service and not draw those rights for another 30 years, let us say, when inflation will have chipped away at that $12.50 to the point where it means very little to them, have no very great effect toward helping these people, but it will cost the plan and therefore will cost the other participants in the plan, because whatever we take out of that plan for these individuals will not be available for those with long service to draw meaningful pensions, but with that understanding and explanation I have no objection to the gentlewoman's amendments.

Mr. DENT. Mr. Chairman, will the gentleman yield?

Mr. ERLENBORN. I yield to the gentleman from Pennsylvania.

Mr. DENT. Mr. Chairman, I agree with the recommendation of the gentleman from Illinois. There are other matters that deal with that area. I also agree with the gentleman that there will be an additional cost, but I believe it will be minimal, and I also accept the amendments.

The CHAIRMAN pro tempore (Mr. FULTON). The question is on the amendments offered by the gentlewoman from New York.

The amendments were agreed to.

AMENDMENT OFFERED BY MS. HOLTZMAN

Ms. HOLTZMAN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Ms. HOLTZMAN: Page 84, line 21, strike out "his earliest retirement age" and insert in lieu thereof the following: "the earliest age at which he acquired any nonforfeitable rights".

Page 86, line 11, strike out "of such spouse beyond the earliest age at which the participant could elect to receive retirement benefits" and insert in lieu thereof the following: "of the participant beyond the earliest age at which he acquired any non-forfeitable rights".

Mr. ERLENBORN. Mr. Chairman, will the gentlewoman yield?

Ms. HOLTZMAN. I yield to the gentleman from Illinois.

Mr. ERLENBORN. Mr. Chairman, as far as I know at this point we have not been furnished a copy of this amendment. Is a copy available so we might have some idea of its effect?

Ms. HOLTZMAN. I am happy to supply the gentleman with a copy.

Mr. ERLENBORN. I thank the gentlewoman.

Ms. HOLTZMAN. Mr. Chairman, the purpose of my amendment is to protect the pension rights of surviving spouses. The committee bill has a major loophole that could leave many widows or widowers completely unprotected. Thus, under the committee bill, a widow may not receive any survivor's benefits if her husband dies before retirement age—even if his pension rights were fully vested. My amendment would correct this problem.

The problem of survivors' benefits is crucial. Few other areas of pension reform are more needful of action. Providing adequate survivors' benefits under private pension plans would help solve one of the most pressing needs of the over-65 population—the lack of income for older women. Women over 65 who live alone comprise the poorest segment of our population. Six out of every 10 have incomes below the poverty level.

Indeed, even the Education and Labor Committee recognized this when it stated in its report that the present law—which fails to protect such benefits—"can result in a hardship where an individual primarily dependent on his pension as a source of retirement income is unable to make adequate provision for his spouse's retirement years should he predecease her."

I believe that many of my colleagues have the impression that under the pending bill, once a worker's benefits have vested, his wife will be provided for in the event that he predeceases her. Certainly most workers will believe that under this new bill their accrued benefits will automatically go to their widows.

Such is not the case. Behind the technical language of the bill is a provision which permits pension plans to prevent a widow from receiving survivor's benefits unless her husband dies after he has reached his retirement age. This means that a man who has worked for a company for 15 or 20 years, and whose pension benefits have become fully vested by the time he reaches the age of 45 or 50, had better remain alive for another 20 or 25 years if he wants his wife to receive her share of those vested benefits. If he dies even within 2 months of collecting his first pension check, she will get nothing. The same situation, of course, applies to surviving husbands.

This is a serious gap in the pending bill. It allows for a 20- to 25-year period after full vesting of an employee's benefits during which his wife is left unprotected in the event of his death. This is unconscionable, particularly because it is not apparent from the language of either the bill or the report which is supposed to explain the bill. I am afraid that it will be misleading to employees who will be lulled into a false sense of security in the belief that once their pension rights are vested, their wife will be secure regardless of what happens to them.

If pension plans are to be more than a gamble on survival and a bet on coverage, and if we sincerely want to protect the rights of the surviving spouse, then my amendment should be adopted.

Mr. ERLENBORN. Mr. Chairman, will the gentlewoman yield?

Ms. HOLTZMAN. I yield to the gentleman from Illinois.

Mr. ERLENBORN. Mr. Chairman, I thank the gentlewoman for yielding.

Let me ask the gentlewoman whether she knows if anyone appeared before the committee during their several years of extensive hearings to suggest this sort of amendment to the bill or if any such amendment was offered in the subcommittee or committee?

Ms. HOLTZMAN. It is my understanding that this matter had been discussed. How fully it had been discussed I cannot tell the gentleman.

This does appear to me to be a major failing in the bill; whether it was an oversight or a matter of deliberate intention, I do not know. But I think we do want to assure people covered by pension plans that their surviving spouses will be able to receive their vested benefits, even, or especially, if they should die untimely deaths.

Mr. ERLENBORN. Mr. Chairman, will the gentlewoman yield further?

Ms. HOLTZMAN. I would be delighted to yield to the gentleman.

Mr. ERLENBORN. If this were discussed in the committee, I am not aware of it; if it was brought up, I doubt that it would have taken much time of the committee to determine, because what this does, it converts the pension system into an insurance system that would be double, triple, or quadruple the costs of operating a private pension plan. If we did this by law for those already operating plans, it would double, triple or quadruple their costs. We would probably bankrupt the plan.

I do not think the committee would have spent much time on it. It just changes the pension system into an insurance system. If a company wants to offer an insurance option, that is fine, which many do; they know what the cost is. Usually if they do that, there is a combination with a contribution by the company and by the employee. This amendment would be so terribly expensive that it would completely destroy, in my opinion, the private pension systems.

Ms. HOLTZMAN. Mr. Chairman, I am surprised that the gentleman has not done any study of the claimed expense. A purpose of the committee bill was to increase the rights of the surviving spouse. The committee acknowledges in its report that it is terribly important to protect the right of the surviving spouse.

The problem here is that even though we have a worker who has fully vested rights in the plan, he has to live to a certain age to insure that his wife will be able to receive any benefits. I think the committee recognized the problem of the surviving spouse in general, but not in this specific instance.

Mr. DENT. Mr. Chairman, I rise to oppose the amendment.

I appreciate the Member's regard for the rights of the spouse.

Mr. O'NEILL. Mr. Chairman, will the gentleman yield?

Mr. DENT. I yield to the distinguished majority leader.

Mr. O'NEILL. Mr. Chairman, I would just like to comment that while it is very commendable to take care of the private pension plans, we have neglected the elimination of jobs because of base closings.

In October 1969, base closings affected 57,000 people. In March 1970, 69,000 lost their jobs.

In April 1973, over 42,000 were thrown out of work, of whom 8,000 were from my area—due to the closing of the Boston Naval Yard.

In February 1974, another base closed with 5,000 more jobs gone.

Now, a tremendous number of these people, knowing that this legislation was pending, have come into my office to ask if there is any way they could possibly be covered in the bill.

Under our pension plans, unless a worker has 25 years, or is over 65 years old, he is not eligible for a pension. But some of these people, working in the Boston Naval Yard or working for NASA, have 22 or 23 years of employment and are 45 or 46 years old. They lose their rights, just like people in private pensions.

Is there any way this could be remedied?

Mr. DENT. Mr. Chairman, to answer that, if they are working for a contract employer, they cannot under the act; but if they are working for an agency of Government they are not covered by the act.

Mr. O'NEILL. I am not talking about contract employees. I am talking about Government employees. They are subjected to the same problems as a person working in private industry.

Mr. DENT. I agree.

Mr. O'NEILL. The same thing happens to Federal employees who have worked 17 years in the Boston Naval Shipyard as has happened to employees of the Hood Rubber Co. who moved to North Carolina, who had 17 years service.

Mr. DENT. I understand what the gentleman is saying. We are only covering people who belong to private pension plans. The workers the gentleman is talking about do not belong to or participate in any private pension plan.

Mr. O'NEILL. At the present time they belong to Federal pension plans, just like the gentleman and I, and there is no protection.

Mr. DENT. The Post Office and Civil Service Committee may have that jurisdiction. We do not cover all the Federal pension plans in this legislation.

Mr. O'NEILL. Mr. Chairman, we are doing the right thing in taking care of those we can in this legislation. I should hope, however, that either the Committee on Post Office and Civil Service or the Armed Services Committee would take cognizance of the fact that there are many employees in pension plans which fall under their jurisdiction who need to be covered by legislation along the same lines as the Committee on Education and Labor bill provides for private pension members.

Mr. DENT. Mr. Chairman, I agree, and I appreciate the concern of the gentleman from Massachusetts. That is a concern we have already established a base for study upon, and our task force will study the peculiar problems of public pension plans, so that whatever information we get from our task force will be shared with all committees of interest in order that we might draft appropriate legislation.

Mr. Chairman, in joining with my colleague from Illinois in opposing the amendment, before us, there was some discussion, but the discussion resolved around setting some kind of assurance that there would be payment of survival benefits. We established a base which set a date for survival before being made available at the earliest retirement age. Anything but that would give such an enormous cost that we could in many cases completely destroy the pension fund, because if one is to be given survivor benefits at any part of his vesting period, which is what the amendment does, there is no way that one can accumulate funds in a retirement pension fund without having a definite number of years to be completed.

So, when we compute the survivor benefits at the earliest retirement age, we know the actuarians have something to work with. I do not believe it is possible to even consider this amendment at this time.

Mr. ULLMAN. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, the purposes of the amendment are admirable, but what we have to do is put it in the proper context.

These are private and voluntary pension programs. If we impose this kind of requirement, all we are going to do is put a lot of private pension programs out of business. This would cost more than they could afford.

What we have tried to do is establish a balance, bring up the minimum pension requirements to the full extent possible without jeopardizing the existence of the private pension program and without discouraging the establishment of additional pension programs. If we impose the kind of high costs involved in this amendment on the private pension system, we will only discourage the development of further private pension programs and put a lot of existing ones out of business.

Mr. Chairman, I commend the gentlewoman for her purpose, but this amendment cannot be accepted on this bill, in my judgment, without doing great disturbance to the Act.

Mr. Chairman, let me turn briefly to a point raised in the course of the debate 2 days ago, Mr. YOUNG of Illinois inquired as to the relationship between the antidiscrimination provisions of present law and the minimum vesting provisions under the bill. It is expected that these minimum vesting standards will significantly reduce the need for the Internal Revenue Service to require faster vesting in order to meet the antidiscrimination requirements of the law. Nevertheless, where the antidiscrimination provisions require it, faster vesting will continue to be required. In order to clarify the legislative history on this matter, I would like at this point to read the paragraphs from pages 64 and 65 of the Ways and Means Committee report (H. Rept. 93–807) that describe the effect of the bill:

> *Discrimination.*—Under present law, rapid vesting requirements are sometimes imposed on a plan in order to prevent discrimination. Your committee anticipates that the higher vesting standards provided in the bill will reduce the need to require faster vesting in order to achieve this purpose. On the other hand, there undoubtedly still will be cases where it will be necessary to require that the plan provide vesting over and above that required under the bill to prevent discrimination under a plan in favor of officers, shareholders, and highly compensated employees. Under the committee bill, the Internal Revenue Service is to require more rapid vesting (such as by requiring a greater portion of the accrued benefit to become vested or by requiring the benefit to accrue faster in order to minimize the possible discriminatory effects of "back loading") if it appears that there had been, or is likely to be, forfeitures under the plan which have the effect of discriminating in favor of the officers, etc. For example, in a profit-sharing plan, such forfeitures could directly benefit the proscribed class of individuals. But in a defined benefit plan there could also be discrimination by reducing the cost to the employer of providing a disproportionate amount of benefits for executives. In other words, if most highly paid employees remain (or are likely to remain) on the job, while other employees tend to leave, the Internal Revenue Service could find a pattern of discrimination (whether or not it was the result of a deliberate policy of dismissing employees in order to prevent vesting) and could require more rapid vesting (for example, by adjusting the vesting schedule, the accrual rate, or both).
>
> Also, present law is designed to ensure that in the event of early plan termination, the benefits under the plan are not paid to employees who are officers, shareholders, or highly compensated employees in a discriminatory manner. The committee bill contains a provision to make it clear that the vesting requirements under the bill are not intended to operate to overturn these rules. Thus, for example, in the event of an early plan termination, a highly compensated employee might receive less than his otherwise vested benefit under the bill, if this were necessary to prevent discrimination.

Finally, the bill includes a provision that allows persons other than banks to be trustees of Keogh plans. This would allow competition and, therefore, allow lower costs for these pension plans. However, it is important to insure that the persons who become trustees of such plans will act responsibly and in accord with the rules governing fiduciary responsibility. It is also important that a person who acts as a trustee have the skill and expertise needed for this very important position. I would like to read at this point from pages 133 to 134 of the committee report on H.R. 12855. While this explanation describes the criteria for nonbank trustees under individual retirement accounts, it is intended that the same criteria apply with respect to Keogh plans:

> Under the governing instrument, the trustee of an individual retirement account generally is to be a bank (described in sec. 401(d)(1)). In addition, a person who is not a bank may be a trustee if he demonstrates to the satisfaction of the Secretary of the Treasury that the way in which he will administer the trust will be consistent with the requirements of the rules governing individual retirement accounts. It is contemplated that under this provision the Secretary of the Treasury generally will require evidence from applicants of their ability to act within accepted rules of fiduciary conduct with respect to the handling of other people's money; evidence of experience and competence with respect to accounting for the interests of a large number of participants, including calculating and allocating income earned and paying out distributions to participants and beneficiaries; and evidence of other activities normally associated with the handling of retirement funds. Additionally, your committee expects that the Secretary generally will give weight to evidence that an applicant is subject to Federal or State regulation with respect to its activities, where this regulation includes, e.g., suitable rules of fiduciary conduct.
>
> It is anticipated that the Secretary probably will not allow individuals to act as trustees for individual retirement accounts.
>
> Although the bill generally requires that a trustee administer an individual retirement account trust, the bill also provides that a custodial account may be treated as a trust, and that a custodian may hold the account assets and administer the trust. Under the bill, a custodial account may be treated as a trust if the custodian is a bank (described in sec. 401(d)(1)) or other person, if he demonstrates to the satisfaction of the Secretary of the Treasury that the manner in which he will hold the assets will be consistent with the requirements governing individual retirement accounts. Again, it is contemplated that the Secretary will require substantial evidence (as described above) to determine if a person other than a bank may act as custodian.

Mr. ERLENBORN. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, just very quickly, I am surprised that in a bill as complicated as this, as technical as this, where one provision interacts with another, that an amendment of this nature would be suggested without any prior warning, without any attempt to offer it in committee, without even a copy of the amendment being made available, at least on this side of the aisle.

Mr. Chairman, this is very close to writing a tax law; very complicated. It took the Committee on Ways and Means and the Committee on Education and Labor a number of years and months; years of hearings, months of markup.

If amendments of this nature were to be adopted on the floor without any prior warning, if any other amendments of this nature are offered without the two committees having an opportunity to see them ahead of time and examine them, examine them in committee when we can take the time to do so, we are going to destroy a very good effort to try to protect the working men and women in this country by the adoption of good pension legislation.

Ms. HOLTZMAN. Mr. Chairman, will the gentleman yield?

Mr. ERLENBORN. I yield to the gentlewoman from New York.

Ms. HOLTZMAN. Mr. Chairman, I thank the gentleman for yielding.

The reason the gentleman did not receive much prior warning concerning this amendment is that the final version of the bill was not made available until a few days ago, and it took me until virtually this morning to understand the deficiences in the bill.

If it took me that long, what concerns me is that it is going to take the workers of this country even longer to discover the lack of coverage in this bill, and that is one of the reasons that my amendment is important.

This is an extremely technical bill. The deficiencies in it are not really clear to the Members, and I am afraid they will not be understood by the public.

Mr. ERLENBORN. Mr. Chairman, I understand the gentlewoman's concern, but what she really is talking about is turning the private pension system into an insurance system. We cannot afford to do that. We cannot afford to jeopardize the pensions the people are now relying on.

Let us not destroy this system in the name of trying to help people.

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentlewoman from New York (Ms. HOLTZMAN).

The amendment was rejected.

Ms. ABZUG. Mr. Chairman, I move to strike the last word.

Mr. Chairman, for some months I have been deeply concerned with the need to insure that pension benefits are made available on a nondiscriminatory basis to all those who have earned them regardless of race, color, national origin, religion, or sex.

The chance to achieve economic security—based on merit—is the heart of the American dream; and where pension benefits are unfairly reduced or denied, the results are tragic for those who have earned a dignified retirement.

I had intended at this time to raise an amendment incorporating nondiscrimination based on race, color, national origin, religion, or sex into the basic requirements of the pending bill.

However, I understand that the distinguished Representative from Pennsylvania (Mr. DENT) is concerned that this approach runs counter to our actions last year in further consolidating equal employment jurisdiction in the Equal Employment Opportunity Commission.

Mr. DENT. The Representative is correct. Although I fully share your concern for full enforcement of nondiscrimination requirements affecting pension and profit-sharing plans, I believe that the thrust toward centralized administration of nondiscrimination in employment must be maintained. And I believe this can be done by the Equal Employment Opportunity Commission under terms of existing law.

Ms. ABZUG. Does the Representative agree that discrimination based on race, color, national origin, religion, or sex affecting participation in pension or profit-sharing plans, is presently prohibited under section 703(a) of the Equal Employment Opportunity Act? That section provides, in part:

> It shall be an unlawful employment practice for an employer—
>
> (1) to fail or refuse to hire or to discharge any individual, or otherwise to discriminate against any individual with respect to his compensation, terms, conditions, or privileges of employment, because of such individual's race, color, religions, sex, or national origin—

Mr. DENT. I agree with the Representative's reading of the statute and I understand that the courts are following this view. The leading cases are: *Rosen* v. *Public Service Commission*, 477 F. 2d 90 (3 Cir. 1973); *Bartmess* v. *Drewrys*, 444 1186 (7th Cir. 1971) Cert. Denied 404 U.S. 939; *Fillinger* v. *East Ohio Gas*, 4 FEP 73 (E.D. Ohio 1971).

Again, I share the concerns of the distinguished Representative from New York that the EEOC must view discrimination in pension plans as among the most serious forms of employment discrimination.

Ms. ABZUG. Mr. Chairman, in light of the Representative's views, and with the understanding that nondiscrimination in pension and profit-sharing plans is fully required under the Equal Employment Opportunity Act and of the pending bill, I deeply appreciate his judgment and his assistance.

Mr. GAYDOS. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I would like to direct an inquiry to the gentleman from Pennsylvania (Mr. DENT), the manager of this bill.

Section 111 contains standards for fiduciary responsibility and, for example, precludes transfer of a plan's property to "a party in interest" except for adequate consideration. In the case of collectively bargained plans established in an industry for the employees covered or working in that industry from time to time it is desirable for the overall benefit of the beneficiaries to transfer assets or funds from one plan to another because of existing circumstances. For example, a health and welfare fund or a supplemental unemployment benefit fund may wish to transfer assets to a retirement fund to enhance the actuarial soundness of the retirement fund. I want to be reassured that the provisions of the bill would not in any way preclude these collectively bargained plans from making such transfers.

Mr. DENT. Will the gentleman yield?

Mr. GAYDOS. I am happy to yield.

Mr. DENT. The bill in no way intended to apply to or restrict such transfers. Thus, the test of "adequate consideration" would not be applicable to such a transfer.

Mr. GAYDOS. Mr. Chairman, I include the following accurate record of cancelled pension agreements as computed by the USWA covering 1 year—(1973); 71 agreements were terminated during this 1-year period:

CANCELLED COMPANIES WITH PENSION AGREEMENTS, 1973

[Prepared by Insurance, Pension and Unemployment Benefits Department, United Steelworkers of America]

Company and address	Local union No.	District	Plant location	Number of employees	Date agreement canceled
American Chain & Cable Co., Inc., 2250 Noblestown Rd., Pittsburgh, Pa. 15205	5468	20	Warehouse, Pittsburgh, Pa.	[1] 9,[2] 2	Jan. 8, 1973
American Smelting & Refining Co., Selby Smelter & Refinery, Selby, Calif. 94584	51	37	Selby, Calif.	7	May 11, 1973
American Standard, Inc., Tonawanda Iron Division, Westinghouse Air Brake Co., Sub., River Rd., Tonawanda, N.Y. 14120.	2758	4	North Tonawanda, N.Y.	150	Oct. 25, 1973
Arwood Corp., 18383 Railroad St., City of Industry, Calif.	2018		City of Industry, Calif.	190	May 4, 1973
Boland & Cornelius, 1016 Marine Trust Bldg., Buffalo, N.Y. 14203	5000	4	Buffalo, N.Y.	48	Dec. 19, 1973
Butcher & Hart Manufacturing Co., 4601 Cortland Ave., Altoona, Pa. 16601	5580	7	Altoona, Pa.	75	Dec. 7, 1973
Cantwell Electric Co., Berkeley, Calif. 94701	1304	38	Berkeley, Calif.	15	Aug. 24, 1973
Carrollton Manufacturing Co., Carrollton, Ohio	1571	27	Carrollton, Ohio	150	Apr. 27, 1973
Coats Patrons, Ltd. (Scotland), Crown Fastener Division, Coats J. & P. Ltd., Sub., Clarke (I.P.) & Co., Ltd., Sub., Coats & Clark, Inc., Sub., 30 Cutter St., Warren, R.I.	3895	1	Warren, R.I.	460	Jan. 31, 1973
Colt Industries, Inc., Crucible Spaulping Operation, Crucible, Inc., Sub., 4 Gate vay Center, Pittsburgh, Pa. 15222.	1339	9	Harrison, N.J.	183	May 8, 1973

Footnotes at end of table.

Company and address	Local union No.	District	Plant location	Number of employees	Date agreement canceled
Continental Can Co., Inc., 633 3d Ave., New York, N.Y. 10017:					
Plant 79: Customer service	6780	8	Baltimore, Md	59	May 3, 1973
Plant 47	4801	36	Auburndale, Fla	[1]87	May 11, 1973
Plant 960: Conoplan plant	7715	36	Gretna, La	[2]5	Do.
	5428	36	New Orleans, La	[1]38	Jan. 18, 1973
	5033	36	do	7	Do.
Plant 89: Los Angeles Crown Plant	1981	38	Los Angeles, Calif	53	May 3, 1973
Crane Co., C.F. & I. Steel Corp., Sub., P.O. Box 316, Pueblo, Colo. 81002	2111	9	Trenton, N.J	[1]154, [2]1	May 17, 1973
	1069	38	San Francisco, Calif	139	Aug. 23, 1973
Crown Cork & Seal Co., Inc., 9300 Ashton Rd., Philadelphia, Pa	7305	36	Birmingham, Ala	1	Aug. 6, 1973
Cypress Gardens Citrus Products, Inc., Winter Haven, Fla. 33880	6991	36	Winter Haven, Fla	10	May 18, 1973
Dawe's Laboratories, Inc., Huron Biochemicals, Inc., Sub., 30 Buell St., Harbor Beach, Mich. 48441	7561	29	Harbor Beach, Mich	60	Apr. 10, 1973
Del Monte Properties Co., Wedron Silica Division, Sub., 400 Higgins Rd., Park Ridge, Ill. 66068	631	38	Pacific Grove, Calif	35	Oct. 26, 1973
Domtar, Ltd., Domtar Chemicals, Inc., Sub., Metals Powders Division, P.O. Box 486, Ridgway, Pa	7672	19	Ridgway, Pa	40	Mar. 28, 1973
Dresser Industries, Inc., Dresser Manufacturing Division, 12920 East Whittier Blvd., Whittier, Calif. 90602	4511	38	Whittier, Calif	50	Jan. 18, 1973
Ducane Heating Corp., Suite 100, 800 Dutch Square Blvd., Columbia, S.C. 29210	6293	9	Totwa, N.J	167	July 27, 1973
Fedders Corp., Climatrol Industries, Inc., Sub., Decatur, Ala	5381	36	Decatur, Ala	400	May 17,197
General Steel Industries, Inc., St. Louis Car Division, 8000 Hall St., St. Louis, Mo. 63147	1055, 7092	34	St. Louis, Mo	[1]1,000, [2]175	Aug. 13, 1973
General Tire & Rubber Co., ABC Scale Division, Aerojet Manufacturing Co., Sub., Morse (Robert), Ltd., Sub., Howe Richardson Scale Co., Sub., 113 St. Clair Ave. NE., Cleveland, Ohio.	3120	28	Willoughby, Ohio	12	Aug. 27, 1973
Gifford-Wood, Inc., Delaware Corp., 1 Hudson Ave., Hudson, N.Y. 12534	3487	4	Hudson, N.Y	80	July 5, 1973
Greif Bros. Corp., East Coast Division, Spotswood, N.J. 08884	6954	9	Spotswood, N.J	50	Aug. 9, 1973
Greif Bros. Corp., East Coast Division, Rahway, N.J. 07065	6954	9	Rahway, N.J	60	Do.
Greyhound Corp., Industrial Equipment Division, Armour & Co., Sub., Baldwin-Lima-Hamilton Corp., Sub., Eddystone, Pa.:					
Locomotive Division	2443	7	Eddystone, Pa	490	
Southwark Shop	1278	7	do	424	
O&T Unit	2844	7	do	70	May 25, 1973
Heppenstall Co. (Pa.), Heppenstall Co. Connecticut, Sub., Bridgeport, Conn	2651	1	Bridgeport, Pa	170	May 17, 1973
Hillman Co., Wilmington Securities, Inc., Sub., Marion Power Shovel Co., Inc., Sub., 2841 South 6th St., Ironton, Ohio 45638.	7880	23	Ironton, Ohio	90	July 27, 1973
Hon Industries, Inc., Corry Jamestown Corp., Sub., Ohio Chair Plant, Youngstown, Ohio	5223	26	Youngstown, Ohio	75	Mar. 19, 1973
Hyster Co., Lewis-Shepard Division, Watertown, Mass	5392	1	Watertown, Mass	280	Oct. 8, 1973
Illinois Central Industries, Inc., Amsco Division, Abex Corp., Sub., Two Harbors, Minn. 55616	7183	33	Two Harbors, Minn	76	Sept. 13, 1973
Illinois Central Industries, Inc., Railroad Products Group, Abex Corp., Sub., 1501 Macon St., North Kansas City, Mo.	1961	34	North Kansas City, Mo	55	May 9, 1973
Walter Kidde & Co., Inc., Weaver Division, Dura Corp., Sub., 2100 South 9th St., Springfield, Ill. 62703	1522	34	Springfield, Ill	500	Apr. 3, 1973
Lamson & Sessions Co., Angell Manufacturing Co., Sub., 546 Market St., Indianapolis, Ind	2969	30	Indianapolis, Ind	176	Feb. 16, 1973
Lennox Furnace Co., 400 North Midler Ave., Syracuse, N.Y	3775	4	Syracuse, N.Y	20	Jan. 31, 1973
Lowe's Cos., Inc., Pike's Peak Clay, Inc., Sub., 655 12th St., Macon, Ga. 31201	838	35	Plant: Macon, Ga	17	
			Mine: Pike's Peak, Ga	3	Feb. 27, 1973
Mannesmann A. G. (Germany), American Mannex Corp., Sub., Easton Metal Powder Co., Inc., Sub., 900 Line St., Easton, Pa.	5841	9	Easton, Pa	50	July 10, 1973
Moczik Tool & Die Co., Bad Axe, Mich. 48413	6311	29	Bad Axe, Mich	30	Apr. 3, 1973
N L Industries, Inc., Magnus Metal Division, 2234 West 43d St., Chicago, Ill. 60609	758	31	Chicago, Ill	50	July 12, 1973
NVF Co., Stainless Tube Division, Sharon Steel Corp., Sub., Union Steel Corp., Sub., Piscataway, N.J. 08854	5626	9	Township of Piscataway (New Market) Middlesex County.	121	Apr. 3, 1973
National Castings Co., Standard Pipe Protection Division, General Steel Industries, Sub., Girard, Ohio	3793	26	Girard, Ohio	50	Mar. 14, 1973
New Jersey Rolling Mills, Inc., 55 Passaic Ave., Kearny, N.J. 07032	4526	9	Kearny, N.J	190	May 29, 1973
New York Central Iron Works, Inc., Hagerstown, Md	3847	8	Hagerstown, Md	50	Mar. 2, 1973
Norris Industries, Inc., Fire & Safety Equipment Division, 1415 E. Bowman St., Wooster, Ohio	6446	27	Wooster, Ohio	16	Apr. 10, 1973
Ogden Corp., International Terminal Operating Co., Sub., 2 Broadway, New York, N.Y	4808	4	Lackawanna, N.Y	100	Feb. 2, 1973
H. K. Porter Co., Inc., Refractories Division, Bessemer Works, Bessemer, Ala. 35020	481	36	Bessemer, Ala	43	June 14, 1973
Republic Steel Corp., Republic Bldg., Cleveland, Ohio 44101	1297	29	Warehouse; Detroit, Mich	9	July 23, 1973
Republic Steel Corp., Lake Fleet Division—Unlicensed Seamen, Ore Vessels, 55 Public Sq., Cleveland, Ohio 44113.	5000	4	Detroit, Mich	97	July 17, 1973
Reynolds Metals Co., Reduction Plant, Troutdale, Oreg. 97060	330	38	Troutdale, Oreg	542	Jan. 19, 1973
Riley Co., Cornwells Heights, Pa. 19020	2954, 5586	7	Cornwells Heights, Pa	600, [2]57	Mar. 15, 1973
Roco Manser (Pa.) Inc., Water St., Temple Pa	5448	7	Temple, Pa	20	Aug. 2, 1973
S W Industries, Inc., Columbia Precision Corp.. Sub., Greer Industries, Inc., Sub., Main & Eames St., Wilmington, Mass. 01887.	3962	1	Wilmington, Mass	90	Oct. 8, 1973
San Gabriel Valley Water Co., Fontana Water Co. Division, 8440 Nuevo, Fontana, Calif	5632	38	Fontana, Calif	15	May 4, 1973
A. O. Smith Corp. of Texas, Box 9726, Houston, Tex	4446	37	Houston, Tex	356	May 11, 1973
Spang & Co., Ferroslag Division, 143 Etna St., Butler, Pa. 16001	7330	15	Homestead Works; Homestead, Pa.	51	Apr. 7, 1973
Staveley Machine Tools, Inc., Lapointe Machine Tool Co., Sub., Tower St., Hudson, Mass	3536	1	Hudson, Mass	[1]18, [2]2	Dec. 27, 1973
Swedish Ball Bearing Co. (Sweden), SKF Industries, Inc., Sub., Box 9097, Asheville, N.C	7180	35	Asheville, N.C	105	Aug. 29, 1973
Textron, Inc., Fanner Manufacturing Co., Division, Munray Products Division, 12400 Crossburn Ave., Cleveland, Ohio.	6517	28	Cleveland, Ohio	49	Feb. 13, 1973
Trumbull Asphalt Co., 120 Waterfront Rd., Martinez, Calif. 94553	1440	38	Martinez, Calif	11	May 11, 1973
U.S. Gypsum Co., Wallace Manufacturing Co., Division, 911 East Jefferson, Pittsburg, Kans. 66762	6569	34	Pittsburg, Kans	170	Nov. 16, 1973
U.S Phillips Trust, Cryogenic Division, North American Philips Corp., Sub., Ashton, R.I	5780	1	Ashton, R.I	50	Mar. 15, 1973
United States Steel Corp., American Bridge Division, 600 Grant St., Pittsburgh, Pa. 15230	7637	20	Ambridge, Pa	[2]310	June 8, 1963
United States Steel Corp., Pittsburgh Warehouse, 600 Grant St., Pittsburgh, Pa. 15230	1924	20	Warehouse; Pittsburgh, Pa	15	May 29, 1973
United States Steel Corp., Raw Materials & Shipping Operations, Eastern Limestone Operations, 600 Grant St., Pittsburgh, Pa. 15230.	4251	20	Hillsville, Pa	100	Jan. 3, 1973
Vulcan Materials Co., Metal Division, P.O. Box 720, Sandusky, Ohio 44870	914	9	Newark, N.J	8	Dec. 18, 1973
Warren Slag Co., 30 East Broad St., Columbus, Ohio	1375	26	Warren, Ohio	31	Sept. 19, 1973
Western Pipe & Tube Co., Inc., 1100 East Northern Ave., Pueblo, Colo. 80116	4829	38	Pueblo, Colo	14	July 5, 1973
White Consolidated Industries, Inc., One Oliver Plaza, Pittsburgh, Pa. 15222	2124	20	Lewis Works; Groveton, Pa	[1]166	Apr. 4, 1973
White Consolidated Industries, Inc., Blaw-Knox Foundry & Mill Machinery, Inc., Sub., One Oliver Plaza, Pittsburgh, Pa.	7496	20	Lewis Works, Groveton, Pa	[2]16	Do.
Youngstown Hard Chrome Plating & Grinding, Inc., 8451 Southern Blvd., Youngstown, Ohio 44512	7755	26	Youngstown, Ohio	21	Oct. 25, 1973
Zenith Laboratories, Inc., Mexico Forge, Inc., Sub., Reedsville, Pa	6423	7	Reedsville, Pa	60	Feb. 28, 1973

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[1] P. & M.

[2] O. & T.

The CHAIRMAN pro tempore. If there are no further amendments to part 2, the Clerk will read.

The Clerk read as follows:

PART 3—FUNDING

COVERAGE

SEC. 301. (a) Except as provided in subsections (b), (c), and (d), this part shall apply to any employee benefit pension plan—

(1) if it is established or maintained by any employer engaged in commerce or in any industry or activity affecting commerce or by such employer together with any employee organization representing employees engaged in commerce or in any industry or activity affecting commerce; or

(2) if such plan is established or maintained by any employer or by any employer together with any employee organization and if, in the course of its activities, such plan, directly or indirectly, uses any means or instruments of transportation or communication in interstate commerce or the mails.

(b) This part shall not apply to any employee pension benefit plan if—

(1) such plan is a governmental plan (as defined in section 3(33));

(2) such plan is a church plan (as defined in section 3(34)) with respect to which no election has been made under section 201(c);

(3) such plan is established and maintained outside the United States primarily for the benefit of persons who are not citizens of the United States;

(4) such plan is a supplementary plan;

(5) such plan is unfunded and is maintained by an employer primarily for the purpose of providing deferred compensation for

a select group of management or highly compensated employees;

(6) such plan provides contributions or benefits exclusively for a sole proprietor; or, in the case of a partnership, exclusively for one or more partners each of whom owns more than 10 per centum of either the capital interest or the profits interest in such partnership;

(7) such plan has not, at any time after the date of the enactment of this Act, provided for employer contributions; or

(8) such plan is established and maintained by a fraternal society, order, or association described in section 501(c) (8) or (9) of the Internal Revenue Code of 1954.

(c) This part shall not apply to any employee pension benefit plan if the plan is a profit-sharing, savings, or other plan which is an individual account plan.

(d) This part shall not apply to a plan if—

(1) the plan is funded exclusively by the purchase of individual insurance contracts,

(2) such contracts provide, for level annual premium payments to be paid extending not later than the retirement age for each individual participating in the plan, and commencing with the date the individual became a participant in the plan (or, in the case of an increase in benefits, commencing at the time such increase becomes effective),

(3) benefits provided by the plan are equal to the benefits provided under each contract at normal retirement age under the plan and are guaranteed by an insurance carrier (licensed under the laws of a State to do business with the plan) to the extent premiums have been paid,

(4) premiums payable for the plan year, and all prior plan years under such contracts have been paid before lapse or there is reinstatement of the policy,

(5) no rights under such contracts have been subject to a security interest at any time during the plan year, and

(6) no policy loans are outstanding at any time during the plan year.

FUNDING ACCOUNT

Sec. 302. (a) Every employee pension benefit plan subject to this part shall provide for a minimum annual level of contributions which meets the minimum funding standard for any plan year to which this part applies. A plan to which this section applies meets the minimum funding standard for such plan for a plan year if at the end of which the plan does not have an accumulated funding deficiency. For purposes of this part, the term "accumulated funding deficiency" means for any plan the excess of the total charges to the funding standard account for all plan years (beginning with the first plan year to which this part applies) over the total credits to such account for such years.

(b)(1) Each plan to which this part applies shall establish and maintain a funding standard account. Such account shall be credited and charged solely as provided in this section.

(2) For a plan year, the funding standard account shall be charged with the sum of—

(A) the normal cost of the plan for the plan year,

(B) the amounts necessary to amortize in equal annual installments (until fully amortized)—

(i) in the case of a plan in existence on January 1, 1974, the unfunded past service liability under the plan on the first day of the first plan year to which this section applies, over a period of forty plan years,

(ii) in the case of a plan which comes into existence after January 1, 1974, the unfunded past service liability under the plan on the first day of the first plan year to which this section applies, over a period of thirty plan years (forty plan years in the case of a multiemployer plan),

(iii) separately, with respect to each plan year, the net increase (if any) in unfunded past service liability under the plan arising from plan amendments adopted in such year, over a period of thirty plan years (forty plan years in the case of a multiemployer plan), and

(iv) separately, with respect to each plan year, the net experience loss (if any) under the plan, over a period of fifteen plan years (twenty plan years in the case of a multiemployer plan), and

(C) the excess, if any, for such plan year of

(i) the annual amount which would be necessary to amortize in equal annual installments from such year over a period of twenty years the excess, if any, of the present value of all nonforfeitable benefits (computed using appropriate mortality and interest assumptions) over the value of the plan's assets, over

(ii) the excess, if any, of the sum of the amounts computed under subparagraphs (A) and (B) of paragraph (2) over the amount computed under paragraph (3)(B).

(3) For a plan year, the funding standard account shall be credited with the sum of—

(A) the amount considered contributed to the plan for the plan year, and

(B) the amount necessary to amortize in equal annual installments (until fully amortized)—

(i) separately, with respect to each plan year, the net decrease (if any) in unfunded past service liability under the plan arising from plan amendments adopted in such year, over a period of thirty plan years (forty plan years in the case of a multiemployer plan), and

(ii) separately, with respect to each plan year, the net experience gain (if any) under the plan, over a period of fifteen plan years (twenty plan years in the case of a multiemployer plan).

(4) Under regulations prescribed by the Secretary, amounts required to be amortized under paragraph (2) or paragraph (3), as the case may be—

(A) may be combined into one amount under such paragraph to be amortized over a period determined on the basis of the remaining amortization period for all items entering into such combined amount, and

(B) may be offset against amounts required to be amortized under the other such paragraph, with the resulting amount to be amortized over a period determined on the basis of the remaining amortization periods for all items entering into whichever of the two amounts being offset is the greater.

(5) The funding standard account (and items therein) shall be charged or credited with interest at the appropriate rate consistent with the rate or rates of interest used under the plan to determine costs. The Secretary shall prescribe regulations to carry out this paragraph.

(c)(1) For purposes of this section, normal costs, accrued liability, past service liabilities, and experience gains and losses shall be determined under the funding method used to determine costs under the plan.

(2)(A) For purposes of this section, the value of the plan's assets shall be determined on the basis of any reasonable actuarial method of valuation which takes into account fair market value and which is permitted under regulations prescribed by the Secretary.

(B) The value of a bond or other evidence of indebtedness which is not in default as to principal or interest may, at the election of the plan administrator, be determined on an amortized basis running from initial cost at purchase to par value at maturity or earliest call date. Any election under this subparagraph shall be made at such time and in such manner as the Secretary shall by regulations provide, shall apply to all such evidences of indebtedness, and may be revoked only with the consent of the Secretary.

(3) For purposes of this section, all costs, liabilities, rates of interest, and other factors under the plan shall be determined on the basis of actuarial assumptions which meet the requirements of section 104(a)(4)(B)(i) and (ii).

(d) If the funding method for a plan is changed, the new funding method shall become the funding method used to determine costs and liabilities under the plan only if the change is approved by the Secretary. If the plan year for a plan is changed, the new plan year shall become the plan year for the plan only if the change is approved by the Secretary.

(e)(1)(A) For the purpose of this section, an experience gain or loss occurs wherever the experience of the plan deviates from the projected assumptions sufficiently to require a change in such assumptions. The amount of such gain or loss shall be caclulated as the increase (in the case of an experience loss) or the decrease (in the case of an experience gain) in the accrued portion of the unfunded liabilities of the plan attributable to such change in the assumptions. The Secretary shall promulgate regulations to carry out this subsection.

(B) For purposes of this subparagraph (A), if—

(i) a change in benefits under the Social Security Act or in other retirement benefits created under Federal or State law, or

(ii) a change in the definition of the term "wages" under section 3121 of the Internal Revenue Code of 1954, or a change in the amount of such wages taken into account under regulations prescribed for purposes of section 401(a)(5) of such Code,

results in an increase or decrease in accrued liability under a plan, such increase or decrease shall be treated as an experience loss or gain.

(2) For purposes of this section, a determination of experience gains and losses and a valuation of the plan's liability shall be made not less frequently than once every three years, except that such determination shall be made more frequently to the extent required in particular cases under regulations prescribed by the Secretary.

(f)(1) If, as of the close of a plan year, a plan would (but for the application of this paragraph) have an accumulated funding deficiency in excess of the full funding limitation—

(A) the funding standard account shall be credited with the amount of such excess, and

(B) all amounts described in paragraphs (2)(B) and (3)(B) of subsection (b) which are required to be authorized shall be considered fully amortized for purposes of such paragraphs.

(2) For purposes of paragraph (1), the term "full funding limitation" means the excess (if any) of—

(A) the accrued liability (including normal cost) under the plan (determined under the entry age normal funding method if such accrued liability cannot be directly calculated under the funding method used for the plan), over

(B) the lesser of the fair market value of the plan's assets or the value of such assets determined under subsection (c)(2).

ENFORCEMENT OF FUNDING STANDARDS

Sec. 303. (a) When the pension plan's level of funding fails to meet the requirements of section 302, the administrator shall take such steps as are necessary to bring the level of funding into conformity with the benefits offered by the plan and are consistent with this title. He shall take whatever actions are necessary to protect the benefit rights of all plan participants but shall first make secure the interests of those participants whose benefit rights have become nonforfeitable. The administrator shall require payment of any contribution required under the plan; and in addition he is specifically authorized, where necessary (1) to undertake to secure additional levels of funding from the sponsoring employer or employers to the full extent possible, and (2) where he cannot secure adequate additional levels of funding (A) subject to section 203(f), to amend the plan's benefit schedule so as to reduce the value of the accrued regular retirement benefits (whether or not forfeitable), (B) to suspend the further accumulation of regular retirement benefits under the plan, (C) to suspend or terminate the operation of the plan, and (D) to take any other action in conformity with this title which is necessary to secure the rights of the participants to regular retirement benefits.

(b) When a plan fails to meet the funding requirements of section 302 for five consecutive plan years, the administrator shall (subject to section 203(f)) amend the benefit schedule for such plan to reduce the value of the accrued liabilities to such an extent as is necessary to bring the plan's funding schedule into conformity with the requirements of section 302(a).

(c) Whenever the administrator determines that the funding requirements under section 302(a) have not been met, he shall so notify the Secretary and each participant within sixty days, and not earlier than sixty days or later than ninety days after such notification he shall take action pursuant to subsection (a) or (b) of this section (unless the Secretary stays his proposed action under subsection (d)(2)). He shall inform the Secretary and each participant of whatever action he proposes to take under subsection (a) or (b), and the reason for such action within sixty days after the notice under the preceding sentence.

(d) If the Secretary receives a notification required under subsection (c) of this section, he may—

(1) require the administrator to make such additional reports as he determines are necessary to fully disclose the extent of the level of funding of the plan, the adequacy of protection afforded the participants, and the adequacy of the remedy proposed by the administrator; and

(2) stay the action proposed by the administrator, if the Secretary has reason to believe the administrator's action is not fair and equitable to participants and beneficiaries, or (after notice and opportunity to present views) order the administrator to take any action described in subsection (a), (b), or (c) of this section, or both.

(e) The provisions of part 2 of this subtitle (other than section 203(f)) shall not be construed as prohibiting any action authorized or required by this section.

SPECIAL DISTRIBUTION AND MERGER REQUIREMENTS

SEC. 304. (a) No pension plan to which this part applies may merge or consolidate with, or transfer its assets or liabilities to, any other pension plan unless each participant in each plan would receive a termination benefit immediately after the merger, consolidation, or transfer which is equal to or greater than the termination benefit he would receive immediately before the merger, consolidation, or transfer.

(b) No pension plan to which this part applies may make a lump-sum distribution of the present value of nonforfeitable pension benefits to a participant or beneficiary if such distribution exceeds the termination benefit he would receive if the plan terminated on the date of such distribution.

(c) No merger, consolidation, or transfer of assets or liabilities, or distributions of assets to any participant in any plan year in excess of $25,000, may be made by any pension plan subject to this part, unless the administrator has filed an actuarial statement of valuation evidencing compliance with the requirements of this section with the Secretary no less than thirty days prior to such merger, consolidation, transfer, or lump-sum distribution.

(d) For the purposes of this section, a participant's termination benefit as of a particular time is the amount a participant would receive under section 112 of this Act if the plan were terminated on such date.

EFFECTIVE DATE

SEC. 305. (a) Except as otherwise provided in this section, this part shall apply in the case of plan years beginning after the date of the enactment of this Act.

(b)(1) Except as otherwise provided in subsection (c), in the case of a plan in existence on January 1, 1974, this part shall apply in the case of plan years beginning after December 31, 1975. In any case described in paragraph (2) of this subsection, such paragraph shall apply if (and only if) its application results in a later effective date for this part.

(2) In the case of a plan maintained pursuant to one or more agreements which the Secretary finds to be collective-bargaining agreements between employee representatives and one or more employers, and which he finds (in the aggregate) cover more than 25 per centum of the participants in the plan, paragraph (1) shall be applied by substituting for December 31, 1975, the earlier of—

(A) the date on which the last of such agreements relating to the plan terminates (determined without regard to any extension thereof agreed to after the date of the enactment of this Act), or

(B) December 31, 1980,

but in no event shall a date earlier than December 31, 1976, be substituted.

(c)(1) Notwithstanding subsection (b) of this subsection, with respect to plan years beginning after the date of enactment of this Act and ending before the first plan year to which (but for this paragraph) this part would apply to such plan, any plan in effect on January 1, 1974, shall provide for a minimum level of contribution equal to or greater than the sum of—

(A) the normal service costs for such year;

(B) the unfunded portion of the accrued liability (if any) times the interest rate used in computing such liability under the actuarial cost method used to determine such liability.

(2) In the case of a plan in effect on January 1, 1974, established by an employee organization and financed entirely by an allocation of dues, this title shall apply to plan years beginning more than seven years after the date of enactment of this Act.

Mr. DENT (during the reading). Mr. Chairman, I ask unanimous consent that part 3 be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

AMENDMENT OFFERED BY MR. DENT

Mr. DENT. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DENT: Page 75 at line 2, strike "of 1954" replace with the following: "or 1954; or

"(7) such plan is established and maintained by a labor organization described in section 501(c)(5) of the Internal Revenue Code and such plan does not at any time after the date of enactment of this Act provide for employer contributions."

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentleman from Pennsylvania (Mr. DENT).

The amendment was agreed to.

Mr. ERLENBORN. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, we are now going into the funding section; we have completed the vesting section. Because those two sections have similar if not identical language in title II, which we will consider later, but which will not be subject to amendment, I would like to ask the gentleman from Pennsylvania (Mr. DENT) whether my understanding is correct that in the agreement between the gentleman from Pennsylvania (Mr. DENT) and the acting chairman of the Committee on Ways and Means, the gentleman from Oregon (Mr. ULLMAN), that joint regulations will be adopted by the Department of Labor and the Treasury Department for the administration of participation in vesting and funding, and that although the two departments will be administering in this area they will be using the identical regulations for such administration; is that correct?

Mr. DENT. The gentleman is correct.

Mr. ERLENBORN. Mr. Chairman, let me also ask, in any case in which the bill provides that the regulations by the Secretary of the Treasury are effective after December 31, 1975, only if approved by the Secretary of Labor, the action of the Secretary of Labor would in approving such regulations constitute "agency action" within the meaning of the administrative procedure provisions of title 5, United States Code, and would thus be subject to the rulemaking requirements of section 553 of that title.

As a result, the Secretary would be required to publish notice of his proposed action in the Federal Register, and to afford interested persons an opportunity to comment on the Treasury regulations which he proposes to approve.

In addition, it is my understanding that it is the intention of our committee that the Secretary of Labor not approve any Treasury regulation which is inconsistent with the regulations of the Department of Labor under the bill, or with the Labor Department's administrative practice in carrying out its functions under the bill.

Is that correct?

Mr. DENT. Yes; I agree that that is correct, and it is the understanding between the gentleman from Oregon (Mr. ULLMAN) and myself, and our staff members, that that is exactly correct.

Mr. ERLENBORN. Mr. Chairman, I thank the gentleman from Pennsylvania.

The CHAIRMAN pro tempore. Are there further amendments to part 3?

If not, the Clerk will read.

The Clerk read as follows:

PART 4—PLAN TERMINATION INSURANCE

ESTABLISHMENT OF PENSION INSURANCE CORPORATION

SEC. 401. (a) ESTABLISHMENT.—There is established within the Department of Labor a body corporate to be known as the Pension Benefit Guaranty Corporation (hereinafter referred to as the "Corporation"). In carrying out its functions under this part the Corporation shall be administered by a Board of Directors (as provided in subsection (c)), under the general supervision and direction of the Secretary of Labor.

(b) BOARD OF DIRECTORS.—The Board of Directors of the Corporation shall be composed of the Secretary of Labor and two officers or employees of the Department of Labor, who shall serve as directors at the pleasure of the Secretary. Members of the Board shall serve without compensation, but shall be reimbursed for travel, subsistence, and other necessary expenses incurred in the performance of their duties as members of the Board. The Secretary of Labor shall be the Chairman of the Board of Directors.

(c) MEETINGS OF BOARD.—The Board of Directors shall meet at the call of its Chairman, or as otherwise provided by the bylaws of the Corporation.

PURPOSES AND POWERS OF THE CORPORATION

SEC. 402. (a) IN GENERAL.—The purpose of the Corporation is—

(1) encourage the continuation and maintenance of voluntary private pension plans to the benefit of their participants.

(2) provide for the timely and uninterrupted payment of pension benefits to the participants and beneficiaries under all insured plans, and

(3) minimize over the long run the premiums charged by the Corporation under section 405.

In order to carry out these purposes, the Corporation is authorized to provide plan termination insurance as provided in this part.

(b) POWERS.—To carry out the foregoing purposes, the Corporation shall have the usual powers conferred on a nonprofit corporation by the District of Columbia Nonprofit Corporation Act. In addition to any specific power granted to the Corporation elsewhere in this part, the Corporation shall have the power—

(1) to sue and be sued, in its corporate name and through its own counsel, in any court, State or Federal;

(2) to adopt, amend, and repeal, by its Board of Directors, bylaws and rules relating to the conduct of its business and the exercise of all other rights and powers granted to it by this part;

(3) to conduct its business (including the carrying on of operations and the maintenance of offices) and to exercise all other rights and powers granted to it by this part in any State without regard to qualification, licensing, or other statute in such State or political subdivision thereof;

(4) to lease, purchase, accept gifts or donations of, or otherwise to acquire, to own, hold, improve, use, or otherwise deal in or with, and to sell, convey, mortgage, pledge, lease, exchange, or otherwise dispose of, any property, real, personal, or mixed, or any interest therein, wherever situated;

(5) subject to the provisions of section 401(e), to elect or appoint such officers, attorneys, employees, and agents as may be required, to determine their qualifications, to define their duties, to fix their salaries, and, to the extent desired, require bonds for them and fix the penalty thereof; and

(6) to enter into contracts, to execute instruments, to incur liabilities, and to do any and all other acts and things as may be necessary or incidental to the conduct of its business and the exercise of all other rights and powers granted to the Corporation by this part.

(e) BYLAWS.—As soon as practicable but not later than 180 days after the date of enactment of this Act, the board of directors shall adopt initial bylaws and rules relating to the conduct of the business of the Corporation. Thereafter, the board of directors may alter, supplement, or repeal any existing bylaw or rule, and may adopt additional bylaws and rules, from time to time as may be necessary. The Secretary of Labor shall cause a copy of the bylaws of the Corporation to be published in the Federal Register not less than annually.

CONDITIONS OF INSURANCE

SEC. 403. The Corporation shall insure participants and beneficiaries of plans covered under this part against the loss of benefits (as defined in section 409) which arise from the complete or partial termination of such plans, as determined by the Secretary of Labor in accordance with sections 112, 411, and 501 of this Act. For purposes of this part, a partial termination shall not be deemed to have occurred if, as a result of actions taken by the Secretary pursuant to sections 112, 411, and 501 of this Act, all nonforfeitable benefits of participants and beneficiaries to which the partial termination applies continue as obligations of the plan or are otherwise satisfied.

PLAN TERMINATION INSURANCE FUNDS

SEC. 404. (a) FUNDS ESTABLISHED.—The Corporation shall establish two Plan Termination Insurance Funds. The Single Employer Primary Trust Fund shall relate to single employer plans. The Multiemployer Trust Fund shall relate to multiemployer plans. The Corporation may establish a Single Employer Optional Trust Fund if it finds that such a fund is feasible, and may establish one or more additional trust funds as provided for in section 409. No trust fund, established by or under this subsection, or benefits insured thereunder, may at any time be merged with any other trust fund so established nor may the assets of any trust fund so established be used to satisfy liabilities with respect to any other trust fund so established. All amounts received directly or indirectly as premiums, assessments, or fees, and any other money, property, or assets derived from the operation of the Corporation, shall be deposited in the appropriate fund as determined by the board of directors. All claims, expenses, and payments pursuant to the operation of the Corporation shall be paid only from the appropriate fund as determined by the board of directors, subject to the provisions of sections 404 and 405.

(b) INVESTMENT OF AMOUNTS IN FUNDS.—Amounts in the funds may be invested in—

(1) obligations of the United States,

(2) obligations guaranteed as to principal and interest by the United States, and

(3) other assets which the board of directors of the Corporation determines by rule or by law to be permissible investments and which are not inconsistent with the other provisions of this part.

(c) BORROWING AUTHORITY.—The Corporation may issue to the Secretary of the Treasury notes or other obligations in an aggregate amount of not to exceed $100,000,000, in such forms and denominations, bearing such maturities, and subject to such terms and conditions as may be prescribed by the Secretary of the Treasury. Such notes or other obligations shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average market yield on outstanding marketable obligations of the United States of comparable maturities during the month preceding the issuance of such notes or other obligations of the Corporation. The Secretary of the Treasury shall purchase any notes or other issued by the Corporation under the preceding sentence, and for that purpose he is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under that Act, as amended, are extended to include any purchase of such notes and obligations. The Secretary of the Treasury may at any time sell any of the notes or other obligations acquired by him under this subsection. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes or other obligations shall be treated as public debt transactions of the United States.

PREMIUM SCHEDULES

SEC. 405. (a) IN GENERAL.—The Corporation shall prescribe such separate schedules for the premiums to be paid by single employer and multiemployer pension plans as may be necessary to carry out its functions under this part, taking into account the insurance coverage to be provided and the administrative and operational costs of the Corporation.

(b) PREMIUMS TO BE UNIFORM.—The premium rates charged by the Corporation for any period shall be uniform for all single employer plans insured by the Corporation and shall be uniform for all multiemployer plans insured by the Corporation, except as provided in subsection (c) of this section.

(c) BASIS FOR SETTING PREMIUMS.—

(1) INITIAL PREMIUMS.—Unless a revised premium schedule takes effect under section 406, the premium charged any plan insured by the Corporation for any period shall be made up of two parts—

(A) a rate applicable to the excess, if any, of the present value of the benefits of a plan which are insured (as defined in section 409(b)) over the value of the assets of a plan, which rate shall not exceed 0.1 per centum for single employer plans and shall not exceed 0.025 per centum for multiemployer plans, and

(B) an additional charge based on a rate applicable to the present value of the benefits of a plan which are insured (as defined in section 409(b)), which rate shall be determined separately for single employer and multiemployer plans.

The rate for the additional charge referred to in subparagraph (B) shall be set by the Corporation for every year at a level (separately for single employer and multiemployer plans) which the Corporation estimates will yield total revenue approximately equal to the total revenue to be derived by the Corporation from the premiums referred to in subparagraph (A).

(2) SUPPLEMENTAL PREMIUMS.—The premium charged any plan for insurance of benefits or against loss as provided in section 409(c) shall be based on the risk insured and shall reflect the actual and projected experience losses incurred by the Corporation in regard to such risks as determined by the Corporation.

(3) GRADED PREMIUM SCHEDULE.—The premium rates applicable to benefits insured under section 409(b) shall take effect in accordance with the following table for any plan which is not a successor plan covering some or all of the same participants:

The applicable premium rate or rates shall be multiplied by the following percentage:

[In percent]

Number of years plan in effect:	
1	50
2	60
3	70
4	80
5	90
6 or more	100.

(4) VALUE OF ASSETS.—The Corporation shall adopt rules relating to the valuation of a plan's assets for premium purposes and shall file a copy of such rules with the Secretary. To the extent deemed feasible by the Corporation, such rules shall—

(A) require securities for which an available market exists to be valued at fair market value or the average of fair market value over the eighteen-month period ending with the month of valuation.

(B) permit the value of a bond or other evidence of indebtedness which is not in default as to principal or interest, to be determined on an amortized basis running from initial cost at purchase to par value at maturity or earliest call date or on the basis of the commuted value of the future income it will produce discounted at the rate of interest assumed in the calculation of plan liabilities,

(C) require other assets to be valued on a reasonable and consistent basis (which takes into account fair market value where applicable).

(5) Present value of insured benefit.—The Corporation shall adopt rules relating to the valuation of a plan's insured benefits for premium purposes and shall file a copy of such rules with the Secretary. To the extent deemed feasible by the Corporation such rules shall—

(A) recognize that under this title a complete actuarial valuation of a plan's liabilities is required at least every three years, and should set standards for acceptable approximation methods to be used for interim years, and

(B) require that the present value of insured benefits be calculated using appropriate rates of mortality and interest which will result in equitable treatment as between plans in similar circumstances.

(6) Statement of compliance.—The Corporation shall require a report to be submitted which contains a statement by an enrolled actuary, as defined in section 104(a)(4)(C) of this Act, that the rules of the Corporation have been complied with regarding the calculation of any premiums under this section.

(7) Interest.—The Corporation may require that interest at appropriate rate or rates be charged on unpaid, past due, premiums in addition to premiums otherwise calculated under this section.

(8) Optional trust fund premiums.—The Corporation shall establish rules which shall apply to the premium to be charged for plans to which the Single Employer Optional Trust Fund applies. Such rules shall include the following:

(A) The Corporation shall require each plan to make an election whether to continue to be treated as a Primary Trust Fund plan or as an Optional Trust Fund plan, for premium purposes under this section and for purposes of the employer liability provisions under section 412, at the later of—

(i) three years after the effective date of this part, or

(ii) the date the plan is first covered under this title. (For purposes of this paragraph the plan and any successor plan covering some or all of the same participants shall be deemed to be the same plan.)

Such election by a plan shall be irrevocable except with the concurrence of the Corporation in accordance with rules adopted by the Corporation which shall be consistently and uniformly applied to all plans making such election.

(B) The premiums charged plans electing Optional Trust Fund treatment shall be based upon—

(i) the present value of the benefits of a plan which are insured under this part, and

(ii) the excess, if any, of the amount determined under clause (i) over the value of the assets of a plan,

and shall be based on the actual and projected experience of all such plans.

(C) The Optional Trust Fund, at the time plans are first permitted to elect such option, shall be credited with that portion of the premiums and income, as determined by the Corporation, which up to that time were allocated to the Single Employer Optional Trust Fund.

REVISED PREMIUM SCHEDULE PROCEDURE

Sec. 406. The Corporation may revise any premium schedule in order to charge premiums to plans insured under the Single Employer or Multiemployer Trust Funds in a manner other than that provided in section 405(c)(1), whenever it determines that revised rates are necessary, but a revised schedule shall apply only to plan years beginning more than thirty days after the date on which the Congress approves such revised schedule by a concurrent resolution originating in the House of Representatives. In order to place a revised premium schedule in effect, the Corporation shall transmit the proposed schedule, its proposed effective date, and the reasons for its proposal to the Committee on Education and Labor of the House of Representatives.

COOPERATION AND ASSISTANCE OF GOVERNMENT AGENCIES

Sec. 407. Section 506(a) of this Act shall apply in carrying out functions of the Corporation in the same manner as it applies in carrying out functions of the Secretary.

REPORTS

Sec. 408. The Secretary may by regulation require that reports which are filed under sections 104 and 105 of this Act by plans to which this part applies includes such additional information as he deems necessary to carry out this part.

COVERAGE

Sec. 409. (a) Plans Covered.—

(1) Mandatory coverage.—Subject to section 416, this title shall apply to a plan which—

(A) is a plan covered under part 3 of this subtitle (including plans covered by reason of section 305(c)(1)), and

(B) which covers more than twenty-five participants (where at least ten have obtained nonforfeitable benefits) at all times during any period of five consecutive plan years, and

(C) which has a vested benefit ratio of 10 per centum or greater when the conditions under (A) and (B) are met. For purposes of this subparagraph vested benefit ratio means the value of assets (as determined under section 405(c)(5)) over the present value of insured benefits (as determined under section 405(c)(6)).

A plan once covered under this paragraph shall continue to be covered except as provided under rules set by the corporation.

(2) Voluntary coverage.—Subject to section 416, the Corporation may insure plans to which part 3 applies (including plans covered by reason of section 305(c)(1)) and which are registered under section 512 of this Act and qualified under section 401(a) of the Internal Revenue Code of 1954, but which are not otherwise covered under this part to the extent that such plans meet underwriting Standards (which shall provide that such plans in the aggregate shall not unreasonably increase the losses incurred by the Corporation so as to require unreasonable increases in the premium rates charged plans covered under paragraph (1)) as set forth in rules established by the Corporation.

(3) Trust fund status.—The Corporation shall insure covered benefits, as determined in this section, for participants and beneficiaries of single employer plans and shall pay such benefits from the Single Employer Trust Fund, except as provided in subsection (c) of this section. The Corporation shall insure covered benefits, as determined in this section, for participants and beneficiaries of multiemployer plans and shall pay such benefits from the Multiemployer Trust Fund, except as provided in subsection (c) of this section.

(d) Benefits Covered.—Subject to the limitations in subsection (d) of this section, the Corporation shall guarantee the payment of—

(1) any rights under the plan in a regular retirement benefit, or in an equivalent benefit, which were nonforfeitable (other than by reason of such termination) according to the schedule in section 203 in effect for such plan on such termination date (or, if earlier, the disqualification date within the meaning of subsection (h) of this section), and

(2) any contingent rights under the plan to benefits which are ancillary to the retirement benefits if, on such termination date (or, if earlier, such disqualification date), all contingencies (other than the passage of time) on which the payment of such ancillary benefits depends have been satisfied.

(c) Supplemental Insured Benefits.—The Corporation shall undertake a study to determine under what conditions losses of the plan or benefits other than those described in section (b) can be insured. To the extent that the Corporation determines that losses of the plan or additional benefits are insurable, the Corporation shall prescribe the terms and conditions of such insurance and the premiums charged for insuring such benefits or against such losses shall be subject to the requirements of section 405(c)(3). Such additional benefits shall not be paid from the Single Employer Trust Fund or the Multiemployer Trust Fund.

(d) Limitation on Insurance.—The rights of participants and beneficiaries of a plan which is a member of the Corporation shall be insured by the Corporation only to the extent that—

(1) such rights as provided for in the plan do not exceed, with respect to benefits insured under subsection (b) of this section:

(A) in the case of a right to a monthly retirement or disability benefit for the employee himself, the actuarial value of a monthly benefit (with no ancillary benefits) in the form of a single life annuity commencing at age 65 equal to $20 per month per year of credited service, where such $20 is kept up-to-date according to the annual change in the average of the taxable wages of all employees as reported to the Secretary of Health, Education, and Welfare for the first calendar quarter of the calendar year prior to which the determination is made. For purposes of this subparagraph, the term "year of credited service" shall be defined in accordance with rules set by the Corporation which shall take into account the manner in which a plan in practice credits service for benefit purposes;

(B) in the case of a right of one or more dependents or members of the participant's family, or in the case of a right to a lump-sum survivor benefit on account of the death of a participant, an amount no greater than the amount determined in a manner consistent with clause (A);

(2) the plan is terminated more than five years after the date it became a member of the Corporation, except that the board of directors may in its discretion authorize insurance payments for such amounts as may be reasonable to any plan terminated in less than five years after the date it became a member of the Corporation where—

(A) such plan has been established and maintained for more than five years prior to its termination;

(B) the board of directors of the Corporation is satisfied that during the period the plan was not a member of the Corporation, it was in substantial compliance with the provisions of this Act; and

(C) such payments will not prevent equitable underwriting of losses of nonforfeitable benefits arising from plan terminations otherwise covered by this title;

(3) such rights were created by a plan amendment which was adopted and which took effect more than five years immediately preceding termination of such plan;

(4) such rights do not accrue to the interest of a participant who is a substantial owner as defined in paragraph (g) with respect to a plan; and

(5) the maxinimum guaranteed benefit amounts provided in paragraph (1) shall take effect in accordance with the following table:

The guarantee provided by this part shall be the following percentage of the maximum guaranteed benefit amount provided by paragraph (1):

If the plan has been in existence for—

Less than 2 years	20
At least 2 but less than 3 years	40
At least 3 but less than 4 years	80
At least 4 but less than 5 years	80
5 years or more	100.

(e) Certain Successor Plans.—For purposes of subsection (d), the period a successor plan has been in effect includes the period during which the predecessor plan was in effect.

(f) Maximum Amount Payable Under More Than One Plan.—Notwithstanding any other provision of this section, no person may receive any amount from the Corporation with respect to any individual if the receipt of such amount would cause the aggregate benefits received by all persons from the Corporation with respect to such individual to have an actuarial value in excess of the limitations on benefits provided by subsection (d)(1)(A) (determined as of the date of the most recent termination of a plan in which such individual was a participant).

(g) Benefits Payable With Respect to Certain Substantial Owners Not Insured.—

(1) In General.—No benefit payable under this title with respect to any individual who, on any day during the plan year in which the plan terminates or during any of the five immediately preceding plan years, was a substantial owner with respect to such plan.

(2) Substantial owner defined.—For purposes of this title, the term "substantial owner" means any individual who—

(A) owns the entire interest in an unincorporated trade or business,

(B) in the case of a partnership is a partner who owns more than 5 per centum of either capital interest or the profits interest in such partnership, or

(C) in the case of a Corporation, owns more than 5 per centum in value of either (i) the voting stock of such Corporation, or (ii) all the stock of such Corporation.

(3) Constructive ownership.—For purposes of paragraph (2)(C), the constructive ownership rules of section 1563(e) of the Internal Revenue Code of 1954 shall apply (determined without regard to section 1563 (e)(30)(C)).

(h) Effect of Plan Disqualification.—

(1) In General.—If the Secretary of the Treasury or his delegate determines that any plan does not satisfy the requirements for being a qualified retirement plan, no benefits accrued under such plan after the disqualification date for the plan shall be guaranteed under this title.

(2) Disqualification date.—For purposes of this section, the term "disqualification date" means—

(A) except as provided in subparagraph (B), the day on which notice of the determination referred to in paragraph (1) is mailed to the employer, and

(B) in the case of a determination arising in whole or in part from the adoption of an amendment to the plan, the day on which such amendment was adopted.

(3) Special rules.—This subsection shall not apply—

(A) if the determination referred to in paragraph (1) is erroneous, and

(B) in the case of an amendment to a plan, if such amendment—

(i) is revoked as of the date it first took effect, or

(ii) is modified as of the date it first took effect in such a way that the Secretary of the Treasury or his delegate determines that the plan is again a qualified retirement plan.

REPORTABLE EVENTS

Sec. 410. (a) Report of Event.—Within thirty day after the plan administrator knows or has reason to know that a reportable event has occurred, he shall notify the Corportation that such event has occurred.

(b) Occurrence of Reportable Event.—For purposes of this section a reportable event occurs—

(1) Disqualification of plan.—When the Secretary of the Treasury or his delegate issues notice that a plan has ceased to be a qualified retirement plan or if the Secretary of Labor determines the plan is not in compliance with this title.

(2) Benefit decreased.—When an amendment of the plan is adopted if, under the amendment, the benefit payable with respect to any participant may be decreased.

(3) Decrease in participants.—When the number of active participants is less than 80 per centum of the number of such participants at the beginning of the plan year, or is less than 75 per centum of the number of such participants at the beginning of the previous plan year.

(4) Termination under internal revenue code.—When the Secretary of the Treasury or his delegate determines that there has been a termination or partial termination of the plan within the meaning of section 411 (d)(3) of the Internal Revenue Code of 1954.

(5) Failure to meet minimum funding standards.—When the plan fails to meet the minimum funding standards under part 3 of this subtitle.

(6) Plan unable to pay benefits.—When a plan is unable to pay benefits thereunder when due.

(7) Certain distributions to substantial owners.—When there is a distribution under a plan to a participant who is a substantial owner (within the meaning of section 243(f) of the Internal Revenue Code of 1954) if—

(A) such distribution has a value of $10,000 or more;

(B) such distribution is not made by reason of the death of the participant; and

(C) immediately after the distribution, the plan has nonforfeitable benefits which are not funded.

For purposes of this paragraph, all distributions to a participant within any twenty-four-month period shall be treated as one distribution.

(8) Certain reports and hearings.—When a plan files a report required under section 204(c) of this title or when a hearing is held in regard to a variation to be granted by the Secretary of Labor under section 501 of this title.

(9) Other events.—When any other event occurs which the Corporation determines may be indicative of a need to terminate the plan.

(c) Notification by Secretary of the Treasury.—The Secretary of the Treasury of his delegate shall notify the Corporation—

(1) whenever a reportable event described in paragraph (1), (4), or (5) of subsection (b) occurs, or

(2) whenever any other event occurs which the Secretary of the Treasury or his delegate believes indicates that the plan is not sound.

(d) Notification by Secretary of Labor.—The Secretary of Labor shall notify the Corporation—

(1) wherever a reportable event described in paragraph (1), (5), or (8) of subsection (b) occurs, or

(2) whenever any other event occurs which the Secretary of Labor believes indicates that the plan is not sound.

TERMINATION OF PLAN

Sec. 411. (a) If on application of the administrator of a plan insured under this part, any participant in or beneficiary of such plan, or, on his own motion, the Secretary determines after a hearing under subsection (d) that—

(1) the plan has not met the minimum funding requirement of section 301,

(2) the plan is unable to pay benefits when due, or

(3) the probable long-run loss of the Corporation may reasonably be expected to increase unreasonably if the plan is not terminated;

he may order that the plan be terminated in accordance with subsection (c).

(b) If an employer who sponsors a plan which is not collectively bargained, or in the case of a collectively bargained plan, if the employer or the employee organization which are parties to the collective bargaining agreement apply to the Secretary for authority to terminate a plan insured under this part, the Secretary may terminate such plan in accordance with subsection (c).

(c) In any case in which termination of a plan is authorized under subsection (a) or (b), the Secretary shall, after a hearing in accordance with subsection (d), provide for termination of such plan in whichever of the following ways he determines will best protect the interest or participants and beneficiaries and the Corporation:

(1) He may order that the Corporation assume the assets of the plan to distribute such assets in accordance with section 112 (subject to section 501), and to pay insurance benefits in accordance with this part.

(2) He may order continuation of the plan until all liabilities are satisfied, with separate administration by a receiver nominated by the Corporation and appointed by the Secretary. If a separate receiver is appointed, no benefits may accrue or become nonforfeitable after the date of termination, the amount of benefits payable under the plan shall not be limited by the amount of insurable benefits, and the plan may be ended under paragraph (1) after the receiver is appointed if the Secretary so directs after a hearing under subsection (d) of this section.

(3) The Secretary may order for a distribution of assets under section 112 without ending the plan under paragraph (1) or appointment of a receiver under paragraph (2).

(4) He may order an alternative method of compliance which is equitable to all concerned.

(d) The hearing referred to in subsection (b) shall be commenced upon application of a plan administrator, any participant or beneficiary, an employer or other plan sponsor, the Corporation, or, on the motion of the Secretary, such hearing shall be on the record, with notice and opportunity to be heard by all interested parties. The Secretary is directed to give due regard to protecting the interests of the Corporation and shall take no action which would jeopardize the equitable underwriting of liabilities of other pension plans by the Corporation (or the objectives of the Corporation specified in section 402(a) of this Act) in any action taken under this section.

MANAGEMENT FUNCTIONS

Sec. 412. (a) Transfer of Funds to the Corporation.—The Secretary shall have authority to—

(1) transfer the funds of the terminated plan to which section 411 (c) (1) applies to the Corporation for purposes of management, payment of benefits to participants and beneficiaries and, to the extent necessary for such payment, liquidation; and

(2) retain outside financial advisors or consultants to manage, administer, or invest the funds of a terminated plan to which section 411(c)(1) applies on behalf of the Corporation subject to such rules and guidelines as the Secretary shall determine.

(b) Other Alternatives.—The Secretary may take such other action consistent with actions which may be taken under section 411(c), including any combination of the foregoing, as may be appropriate to assure equitable arrangements for payments of vested benefits to participants and beneficiaries under the plan.

FUNCTIONS OF SECRETARY

Sec. 413. (a) Examination of the Corporation, Etc.—The Secretary may make such examinations and inspections of the Corporation and require the Corporation to furnish such reports and records or copies thereof as the Secretary may consider necessary or appropriate in the public interest or to effectuate the purposes of this Act.

(b) Reports from the Corporation.—As soon as practicable after the close of each fiscal year, the Corporation shall submit to the Secretary a written report relative to the conduct of its business, and the exercise of other rights and powers granted by this Act, during such fiscal year. Such report shall include financial statement setting forth the financial position of the Corporation at the end of such fiscal year and the results of its operations (including the source and application of its funds) for such fiscal year and shall include an actuarial evaluation of the expected operations and status of the trust funds over a future period of no less than 5 years including a detailed statement of the actuarial assumptions and methodology used in making such evaluation. The financial statements so included shall be examined by a Comptroller General. The Secretary shall transmit such report to the President and the Congress with such comment thereon as the Secretary may deem appropriate.

EMPLOYER LIABILITY

Sec. 414. (a) Subject to subsection (e), where the employer or employers contributing to the terminating plan or who terminated the plan are not insolvent (within the meaning of section 1(19) of the Bankruptcy Act), such employer or employers (or any successor in interest to such employer or employers) shall be liable to reimburse the Corporation for any insurance benefits paid by the Corporation to the beneficiaries of such terminated plan to the extent provided in this section.

(b) An employer, determined by the Corporation to be liable for reimbursement under subsection (a), shall be liable to pay 100 per centum of the present value of employer underfunding of the terminated plan, as of the date of such termination. In no event, however, shall the employer's liability exceed 50 per centum of the net worth of such employer. For purposes of this subsection, the term "present value of employer underfunding" means the lesser of—

(1) the amount of aggregate insurance benefits paid, or

(2) the present value of accrued benefits under the plan less the sum of the current value of the assets of the plan plus the present value of expected employee contributions to the plan.

(c) The Corporation is authorized to make arrangements with employers, liable under subsection (a), for reimbursement of insurance paid by the Corporation, including arrangements for deferred payment on such terms and for such periods as are deemed equitable and appropriate.

(d) (1) If any employer or employers liable for any amount due under subsection (a) of this section neglects or refuses to pay the same after demand, the amount (including interest) shall be a lien in favor of the United States upon all property and rights in property, whether real or personal, belonging to such employer or employers.

(2) The lien imposed by paragraph (1) of this subsection shall not be valid as against a lien created under section 6321 of the Internal Revenue Code of 1954.

(3) Notice to the lien imposed by paragraph (1) of this subsection shall be filed in a manner and form prescribed by the Corporation. Such notice shall be valid notwithstanding any other provision of law regarding the form and content of a notice of lien.

(4) The Corporation shall promulgate rules and regulations with regard to the release of any lien imposed by paragraph (1) of this subsection.

(e) (1) An employer who elected coverage under the Single Employer Optional Trust Fund shall not be subject to any liability under this section.

(2) No employer shall be liable under this section by reason of his contributions to or sponsorship of a multiemployer plan.

(f) Voluntary Curtailment of Plan.—Notwithstanding any other provision of this title or of section 410 or 411 of the Internal Revenue Code of 1954, a pension plan insured under this part may be amended so that neither accrued benefits nor nonforfeitable benefits will accumulate after the date of the amendment. Such amendment shall not by itself be sufficient to cause a termination of such plan or to invoke employer liability except where the plan has not complied with section 302 in the plan year in which the amendment is made or in any subsequent year.

ALLOCATION OF ASSETS

Sec. 415. For purposes of determining the employer liability under section 414 and the payments and distributions to be made under section 411, if any, the Secretary, the plan administrator, the Corporation, or the receiver, as the case may be, shall make such calculation or distribute such assets in accordance with section 112 (subject to any variance under section 501).

EFFECTIVE DATE

Sec. 416. (a) In General.—Except as provided in subsection (b), this part shall take effect on the date of enactment of this Act.

(b) Terminations.—Premiums and benefits payable under this part as a result of plan terminations shall apply with respect to plan years beginning after June 1, 1974, except that in the case of any multiemployer plan, this part shall become effective for the first plan year to which part 3 becomes effective by operation of section 305(b)(2).

Mr. DENT (during the reading). Mr. Chairman, I ask unanimous consent that part 4 be considered as read, printed in the Record, and open to amendment at any point.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

AMENDMENT OFFERED BY MR. ERLENBORN

Mr. ERLENBORN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Erlenborn: Page 113, strike out line 6 and all that follows down through line 22 on such page and insert in lieu thereof the following:

Sec. 401. (a) Establishment.—There is hereby established a government corporation to be known as the Pension Benefit Insurance Corporation (hereinafter in this part referred to as the "Corporation").

(b) Board of Directors.—(1) The Corporation shall have a board of directors which, subject to the provisions of this part, shall determine the policies which shall govern the operations of the Corporation. The board shall consist of nine individuals who are citizens of the United States. One director shall be appointed by the Secretary from among officers and employees of the Department of Labor, shall serve at the pleasure of the Secretary, and shall serve as chairman of the board. The remaining directors shall be appointed by the President of the United States, by and with the advice and consent of the Senate, and shall have the following qualifications:

(A) Three shall have had experience serving with employers in the administration or maintenance of private pension plans, one of whom shall be from the multiemployer pension plan field.

(B) Three shall have had experience serving with labor organizations in the administration or maintenance of private pension plans, one of whom shall be from the multiemployer pension plan field.

(C) Two shall be representative of the general public, and shall have had experience in the administration or maintenance of private pension plans.

(2) The term of office of a director (other than a director appointed by the Secretary of Labor) shall be six years; except that—

(A) of the directors first appointed, two shall hold office for a term which expires two years after the date of the enactment of this Act, three shall hold office for a term which expires four years after such date, and three shall hold office for a term which expires six years after such date, as designated by the President of the United States at the time of their appointment, and

(B) any director appointed to fill a vacancy shall hold office for the remainder of the unexpired term.

(3) (A) Except as provided in subparagraph (B), members of the board of directors shall each be entitled to receive the daily equivalent of the annual rate of basic pay in effect for grade GS–18 of the General Schedule for each day (including travel time) during which they are engaged in the actual performance of duties vested in the board.

(B) Members of the board who are full-time officers or employees of the United States shall receive no additional pay on account of their service on the board.

(C) While away from their homes or regular places of business in the performance of services for the Corporation, members of the board shall be allowed travel expenses, including per diem in lieu of subsistence, in the same manner as persons employed intermittently in the Government service are allowed expenses under section 5703(b) of title 5 of the United States Code.

Page 113, insert after line 25, the following:

(d) Advisory Board.—(1) The Corporation shall have an advisory board which shall consist of seven members to be appointed (for terms fixed by the board of directors) in the following manner: One shall have had experience in the insurance industry, one shall have had experience serving in the corporate trust field, one shall be a qualified public accountant (as defined in section 104(a)(3)(C) of this Act), one shall be an enrolled actuary (as defined in section 104(a)(4)(C) of this Act), one shall have had experience in the investment management field, and two shall have experience in the technical aspects relating to private pension plans. All members shall be appointed by the board of directors from among persons recommended by organizations in the respective fields of which at least three shall be recommended by labor organizations.

(2) It shall be the duty of the advisory board to advise the board of directors with respect to the carrying out of the function of the board of directors under this part, and to submit to the board of directors recommendations with respect thereto. The advisory board shall meet at such times as requested by the board of directors, and shall be compensated as provided in bylaws of the Corporation.

Page 121, strike out line 1 and all that follows down through line 20 on page 122, and insert in lieu thereof the following:

(3) Value of Assets.—The Corporation shall adopt rules relating to the valuation of a plan's assets for premium purposes. The Corporation shall adopt such rules after

considering recommendations of the advisory board and recommendations made by actuarial organizations and other interested parties. Such rules adopted by the Corporation shall require that assets for a plan be valued on a reasonable and consistent basis which will result in equitable treatment as between plans in similar circumstances.

(4) Present value of insured benefit.—The Corporation shall adopt rules relating to the valuation of a plan's insured benefits for premium purposes. The Corporation shall adopt such rules after considering recommendations of the advisory board and recommendations made by actuarial organizations and other interested parties. The Corporation shall take into account that under this title a complete actuarial valuation of a plan's liabilities is required at least every three years, and should set standards for acceptable approximation methods to be used for interim years.

Page 122, line 21, strike out "(6)" and insert in lieu thereof "(5)".

Page 123, line 3, strike out "(7)" and insert in lieu thereof "(6)".

Page 123, line 7, strike out "(8)" and insert in lieu thereof "(7)".

Page 126, line 12, strike out "(5)" and insert in lieu thereof "(3)".

Page 126, line 14, strike out "(6)" and insert in lieu thereof "(4)".

Page 141, strike out line 6 and all that follows down through line 3 on page 143, and insert in lieu thereof the following:

Sec. 414. (a)(1) Except as provided in paragraphs (2) and (3), this section applies in the case of any complete or partial plan termination—

(A) of a plan insured under this part, and

(B) which gives rise to (i) an assumption of the assets of such plan by the corporation under section 411(c)(1), or (ii) the appointment of a receiver under section 411(c)(2), or (iii) an alternative method of compliance under section 411(c)(4).

(2) This section shall not apply in the case of—

(A) a partial termination, if all nonforfeitable benefits of participants and beneficiaries to which the partial termination applies continue as obligations of the plan, or

(B) a partial or complete plan termination to the extent of any liability arising out of the insolvency of an insurance company which was licensed under the laws of a State to do business with the plan.

(3) An employer shall not be required to make any payment with respect to any liability under this section at any time at which he is insolvent (determined under section 1(19) of the Bankruptcy Act but without regard to liability under this section).

(b) Except as provided in subsection (d), in the case of a plan termination to which this section applies, if on the date of termination of the plan all nonforfeitable benefits of all participants under the plan were accrued by reason of service with one employer, such employer shall be liable to the Corporation only for the following amounts:

(1)(A) If the Corporation assumes the assets of the plan under section 411(c)(1) of this Act, the employer shall be liable for an amount equal to the lesser of—

(i) 50 percent of the net worth of the employer, or

(ii) the amount by which the present value of insured benefits required to be distributed under section 409 to participants and beneficiaries exceeds that part of the current value of the assets of the plan allocable to such insured benefits according to section 415.

Valuation of employer net worth, plan liabilities, and plan assets shall be made as of the date of terminatioin of the plan or as of such other date as may be designated by the Secretary pursuant to section 411(c)(4). Net worth shall be determined in accordance with rules of the Corporation (which shall reflect generally recognized accounting principles).

(B) An employer may elect to pay his liability under this paragraph in annual installments equal in each year to the amount determined under subparagraph (A) divided by the present value of an annuity certain, using a fifteen-year-payment period and the interest rate used to compute present value of benefits under subparagraph (A)(ii). The Corporation may permit the employer to make such other arrangements for deferred payment on such terms and for such periods as the Corporation deems equitable and appropriate.

(2) If the Secretary appoints a receiver under section 411(c)(2), the employer shall be liable to pay in each year beginning after termination of the plan an amount equal to the lesser of—

(A) the amount of the minimum contribution the employer would have been required to make under section 302 with respect to nonforfeitable benefits for such year had the plan not been terminated (assuming no increase in nonforfeitable benefits after termination of the plan), or

(B) the aggregate amount which would have been required to be charged under section 302(b)(2)(B) (less any amount credited under section 302(b)(3)B)) for such year with respect to nonforfeitable benefits (assuming that the present value of such benefits is fixed as of the date of termination).

(3) The employer shall be liable for amount which is specified under an alternative method of compliance approved according to a proceeding under section 411(c)(4), if—

(A) the employer agrees to pay such amount, or

(B) the present value of such amount does not exceed the amount determined under paragraph (1)(A).

Page 143, line 4, strike out "(2)" and insert in lieu thereof "(c)".

Page 143, insert after line 6 the following:

(d)(1) Except as otherwise provided in paragraph (2), in the case of a termination to which this section applies of a plan which has elected coverage under the Single Employer Optional Trust Fund, an employer who employed a participant under such plan shall be liable to the Corporation under subsection (b) by reason of termination of such plan only if the termination did not occur because of substantial economic losses of the employer which would tend to lead to insolvency or bankruptcy (defined in rules prescribed by the Corporation and approved by the Secretary).

(2) If during the fifteen-year period following the date of such termination, the employer (A) maintains a pension plan which covers any participant who is covered by the terminated plan, (B) establishes an employee benefit plan which covers any participant who is covered by the terminated plan, or (C) increases benefits by reason of a plan amendment under an employee benefit plan which covers any participant who is covered by the terminated plan, then the employer shall be liable for the remainder of such fifteen-year period for an amount equal to the amount which he would have been obligated to pay (but for paragraph (1) of this subsection) during such period (determined in the case to which subsection (b)(1) applies as if the employer had made the election refered to in subsection (b)(1)(B)). If a proceeding for reorganization is commenced under chapter 10 or 11 of the Bankruptcy Act with respect to an employer, such employer shall not be subject to any liability under this paragraph.

Page 143, line 7, strike out "(f)" and insert in lieu thereof "(e)".

Page 143, insert after line 16 the following:

"(f) Corporation To Have Status of General Creditor.—The Corporation shall have the status of a general creditor with respect to the liability of the employer under this section except that other general creditors whose claims accrued prior to the date of termination of the plan shall have preference over any claims made pursuant to the terms of this part."

Mr. ERLENBORN (during the reading). Mr. Chairman, I ask unanimous consent that further reading of the amendment be dispensed with, and that it be printed in the Record.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. ANDERSON of Illinois. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN pro tempore. The Chair will count. Evidently a quorum is not present. The call will be taken by electronic device.

The call was taken by electronic device, and the following Members failed to respond:

[Roll No. 52]

Baker
Blatnik
Boggs
Boland
Brasco
Brown, Mich.
Broyhill, N.C.
Burton
Camp
Carey, N.Y.
Carney, Ohio
Crane
Davis, Ga.
Davis, Wis.
Dingell
Esch
Foley
Frelinghuysen
Gettys
Gray
Green, Oreg.
Hansen, Wash.
Hébert
Ichord
Jones, Tenn.
Karth
Kemp
Kluczynski
Mailliard
Martin, Nebr.
Michel
Mills
Mitchell, Md.
Moorhead, Pa.
Moss
Murphy, N.Y.
Nichols
Powell, Ohio
Rees
Reid
Roberts
Rooney, N.Y.
Rostenkowski
Satterfield
Sikes
Sisk
Stanton, James V.
Stephens
Stokes
Stuckey
Sullivan

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. Fulton, Chairman pro tempore of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill H.R. 2, and finding itself without a quorum, he had directed the Members to record their presence by electronic device, whereupon 380 Members recorded their presence, a quorum, and he submitted herewith the names of the absentees to be spread upon the Journal.

The Committee resumed its sitting.

The CHAIRMAN pro tempore. When the point of order was made, the amendment of the gentleman from Illinois (Mr. Erlenborn) had been considered as read and printed in the Record.

Mr. ERLENBORN. Mr. Chairman, the amendment that I have just offered and which has been considered as read was submitted to Chairman Ullman and Chairman Dent a few days ago, so that I know they have had an opportunity to see the amendment. I think there has also been a good deal of discussion among Members generally, because I am advised that many lobbyists on both sides of the question have been contacting them.

Mr. Chairman, the amendment I have offered does several things, the most important of which is to change the character of the board that would operate the termination insurance corporation. In the bill as it was reported by our committee, the corporation is established within the Department of Labor. The Secretary of Labor and two of his employees would constitute the board to operate the pension insurance corporation.

Mr. Chairman, the amendment I have offered I think is quite reasonable. I think it is in line with decisions the Congress has made in the past for the governing bodies of similar institutions. My amendment would provide for a nine-member board; three representing employees, three representing employers, the Secretary of Labor, who would be the chairman of the board. The other two would be representatives of the general public.

This gives us a nine-member board, of which the Secretary of Labor would be chairman of the board. I think it is important that there be that tie between the corporation and the Department of Labor. Decisions made by either the insurance corporation or by the Department of Labor under funding standards, and so forth, would have an interaction one on the other.

So, I want to maintain that close relationship between the corporation and the Department of Labor, but I think it is totally unwise to put the entire decisionmaking in the hands of a political appointee; namely, the Secretary of Labor.

Mr. Chairman, at a time in history when so many have argued that the Presidency has gotten too much power, that the President has taken unto himself too much power, I think it would be totally unreasonable for us to create a corporation such as this and give to an appointee of the President the sole power of deciding what to do with this insurance corporation.

Under the concept of the committee bill, it is my understanding that assets acquired by the insurance corporation would most likely be liquidated; liquidated immediately or soon after their acquisition. This would be very poor management. The new corporation would become the owner of the assets of a defunct pension trust, of stocks, bonds, investments in the private security market which would be then in the ownership of the insurance corporation.

It is not unreasonable to anticipate that after a few years of operation, a few of those large pension plans might terminate and the assets be taken over by the insurance corporation, the Secretary of Labor, if he were managing the corporation, would have several billion dollars of assets in that corporation. Now, if he were forced to liquidate those assets upon acquiring them, it would probably be at a time when the market was depressed, that is, when the company probably would be defunct and the pension plan would terminate.

If he was forced to liquidate at that time, he would not realize from those assets what he should realize. So forcing the insurance corporation to liquidate assets would be a very bad thing from the standpoint of management.

If the Secretary were to manage them, invest, reinvest, and do those things that would be equivalent to wise management, we would find a political appointee making decisions as to the sale or purchase of assets in the private market.

It could have a great impact on that private market.

Mr. Chairman, my amendment would establish the principle that the assets should be managed free from the political decisionmaking of the Secretary of Labor. It would be done under the determinations of this board, which has on it representatives of labor, management, Government, and the general public.

I think that this is a reasonable approach, to see that when this pension insurance corporation is established, it is managed in the proper fashion. I see no reason for this Congress, particularly at this point in history, to invest in the Secretary of Labor and, therefore, tangentially in the President the right to make these decisions, decisions that could drastically affect the private securities market.

Mr. Chairman, I hope that my amendment will be adopted. If it is, I think the bill will be vastly improved.

The CHAIRMAN pro tempore. The time of the gentleman from Illinois (Mr. ERLENBORN) has expired.

(On request of Mr. ANDERSON of Illinois and by unanimous consent, Mr. ERLENBORN was allowed to proceed for 2 additional minutes.)

Mr. ANDERSON of Illinois. Mr. Chairman, will the gentleman yield?

Mr. ERLENBORN. I yield to the gentleman from Illinois.

Mr. ANDERSON of Illinois. Mr. Chairman, I just want to take this opportunity to commend the distinguished gentleman from Illinois and point out the fact that I think he has undertaken to amass a degree of knowledge that is unsurpassed by any Member in this Chamber in what is in all probability one of the most complex subjects to come before this body.

I think the gentleman has demonstrated in the debate thus far and in his explanation of this amendment that he is possessed of the kind of expertise that is needed to advise and consult with Members of this body on this legislation.

I support the gentleman in the amendment he has just offered. It seems to me that, as he has said, to restructure this board along lines so that both labor and management, as well as the public, are all three represented in the very important business of administering this pension reinsurance fund is not a radical proposal. It is one that is, rather, designed to do equity to all of the parties involved and the general public as well.

Mr. Chairman, I applaud the gentleman for making what I think is a very constructive amendment to the bill, and one which I certainly hope will be adopted.

Mr. Chairman, I rise in support of the amendment offered by my friend and colleague from Illinois (Mr. ERLENBORN). Under the substitute bill now before us, specifically, part 4 of H.R. 12906, a pension benefit guaranty corporation is established administered by the Secretary of Labor, with a board of directors consisting of the Secretary and two officers or employees of his department. The purpose of the corporation is to insure participants and beneficiaries of covered plans against losses resulting from partial or complete plan termination. This is done through the creation of two insurance funds, one for single-employer plans and the other for multiemployer plans. At the option of the Secretary, a third fund may be established for those plans wishing to pay a higher premium in return for no employer liability for lost benefits due to plan termination.

Under this provision, all plans with 26 or more participants would be required to join the corporation. All vested benefits of participants would be insured at up to $20 a month times the years of service, though full payment of the maximum is not guaranteed if the plan at the time of termination has not been a member of the corporation for at least 5 years. The premium payments would be set by the Secretary but could not exceed 0.1 percent of the amount by which the present value of the plan's vested benefits exceed the value of the plan's assets. In the event of termination, the total amount of insurance to be paid would be the difference between the plan's assets and its unfunded vested liabilities owed at the time of termination. If employers are not insolvent at the time the plan is terminated, they may be required to reimburse the fund for 100 percent of the insurance payment, up to 50 percent of their net worth. There would, of course, be no such liability if the employer had chosen to pay a higher premium into the optional insurance fund.

The amendment offered by my colleague from Illinois is aimed at correcting some of the deficiencies in the structure of the proposed corporation and at establishing certain safeguards against potential abuses of the termination insurance program; in short, a more workable plan which will not discourage the creation of new pension plans or the improvement of existing plans. For one thing, the Erlenborn alternative would restructure the board of directors of the corporation. Rather than consisting of three Labor Department representatives, the board would consist of nine members, three representing labor, three representing management, two representing the general public—all appointed by the President with the advice and consent of the Senate. The ninth member, who would serve as chairman, would be the Secretary of Labor. The reason for this restructuring is most sound and rationale in my opinion. The existing bill, in my opinion, would concentrate too much power in the hands of political appointees who are not in a position to responsibly serve the best interests of participants. In addition, this three-man labor board would be in a position to make investment decisions involving billions of dollars in the private sector. The Erlenborn alternative, on the other hand, would be more representative of the interests of the participants, and, I think, this should be the primary interest of such a board.

The Erlenborn amendment would also protect against abuse of the optional account in the present bill which allows an employer to escape all liability in the event of a plan termination. As my colleague has pointed out, employers will be tempted by this provision to take the higher premium, terminate the plan, even though not forced to, and thus dump all liability on the corporation. The Erlenborn amendment proposes a modified employer liability provision to insure against such abuses. Under this amendment an employer paying the higher premium could not escape all liability for termination if he continues in business and has no valid reason, such as substantial economic loss, for terminating his plan.

In addition, the Erlenborn alternative would allow for alternatives to having the corporation liquidate the assets of a terminated plan if the Secretary does not invest in the private sector. Under the alternative, a receiver or trustee could be appointed to administer the plan, or, the corporation could assume the assets and liabilities of the plan and manage these as part of the total assets of the corporation.

Mr. Chairman, I urge adoption of the Erlenborn amendment. I think it offers a more reasonable, representative, and workable approach to the complex issue of termination insurance.

Mr. ERLENBORN. Mr. Chairman, I thank the gentleman.

Mr. CHAMBERLAIN. Mr. Chairman, will the gentleman yield?

Mr. ERLENBORN. I yield to the gentleman from Michigan.

Mr. CHAMBERLAIN. Mr. Chairman, I would also like to join in commending the gentleman from Illinois for offering this amendment. I think it makes good sense, and I urge its adoption.

Mr. Chairman, I wish to associate myself with those who believe that we can provide a stronger and more effective pension plan system by adopting the great majority of the provisions in this legislation. It is encouraging to realize that the years of work and effort by both the Education and Labor Committee and the Ways and Means Committee are about to receive approval. This is clearly the most important, most comprehensive proposal the Congress has ever considered in the area of pension plan legislation.

While H.R. 12906 adheres to the primary objective of improving private pension plan operation to insure their continued growth to retirement security and protection of promised benefits, there is one area—plan termination insurance—where further improvement is needed. In recognition of this real need, I support and urge the adoption of the Erlenborn amendment which provides the needed change in the termination insurance program outlines in H.R. 12906.

The Erlenborn amendment calls for a balanced board of directors of the nonprofit insurance corporation, with equal representation from employers and union groups, plus the general public and the Department of Labor. It recognizes the fact that a workable plan must include active, informed and professional board members who have been directly involved with and understand the problems of the private pension plan system.

I believe the Erlenborn amendment would tend to avoid the kind of excessive regulation that would jeopardize the growth and contribution of pension plans. A balanced board with the power to promulgate bylaws affecting all plans will insure that there will be a continuing full review of the need for additional regulation with full and complete recognition of the impact on private plans.

For these reasons I urge the adoption of the Erlenborn amendment.

Mr. ERLENBORN. Mr. Chairman, I thank the gentleman for his remarks.

In the time remaining to me, let me make one additional point. There is another part of this amendment, one that would change the employer liability and the optional account that is provided in the committee bill.

The committee bill would allow the insurance corporation to set up a second optional account, with a higher premium, that would allow the employer to avoid employer liability completely.

The CHAIRMAN pro tempore. The time of the gentleman from Illinois (Mr. ERLENBORN) has expired.

(By unanimous consent, Mr. ERLENBORN is allowed to proceed for 1 additional minute.)

Mr. ERLENBORN. Mr. Chairman, as much as I abhor employer liability, I do realize that if we allow the employer to make a decision which is not even based on economic necessity to terminate his pension plan and throw all of the obligations on the insurance trust, we are just inviting employers to dump their liabilities onto the insurance corporation.

Part of my amendment provides a modified employer liability—at least some safeguard that the employer would not do this. It would require two things; namely, that there be an economic reason for his terminating his pension plan and, second, if he did, then he could not turn around the next day and start a new one. In other words, he could not get rid of his old liabilities and turn around and start a new one.

I think it is terribly important so that we will avoid employers dumping their liabilities on this corporation which would then cause other employers and, more importantly, employees to pay what an unconscionable employer should have paid to his employees.

Mr. Chairman, I hope my amendment will be supported.

Mr. DENT. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I think it ought to be made clear at this point that we are not dealing with anything in this amendment except the makeup of the governing board. Actually we do have the optional accounts plan in our bill as it stands now. Employers do have all of the liability unless the board itself establishes that they may, because of the nature of their plan, its soundness and its funding and other provisions, apply a lesser rate to an optional plan whereby the liability would shift to the new agency or corporation. The only difference is whether or not this House wants to create, in an area where a great deal more must be learned, especially in the field of the insuring part of this legislation—a permanent expanding type of bureaucracy. It is just that simple.

Mr. Chairman, the experience I have had personally with the agency created on the black lung situation was this: This was supposed to be a limited time agency. The Federal Government after January 1 had no more responsibility insofar as paying out or seeing to any of the benefits under black lung. Only the residual applications were being processed.

When I tried to strike that out with an amendment and had the bill up before us—and the whole department itself was involved and represented there by their top men—I showed them that within 6 months, they were removing the Federal Government from any responsibility or any activity in the field of black lung, because it reverted back to the State on January 1. Why, they got Presidential permission to say that they did not want that amendment which struck this agency out of existence.

I do not know—and I am sure my colleagues understand this, because we have talked about it in our committee. The subcommittee and the full committee rejected this amendment strictly on the ground that we do not know for sure where we are going and to what extent this agency is going to participate in deliberations of any kind that might require an independent, as he calls it, public corporation made up of nine men.

The argument is made that it is political for the Secretary of Labor. The President picked him, and I think you will notice he did not pick him politically. If the President picks eight of these men who are confirmed by the Senate, it does not give the House any handle on this situation. I am not about to say this House believes that the other body will not be looking into these qualifications to find out just what type of men we are putting on the board.

This is not a board but is really a permanent bureaucracy. These 9 men will stretch to 99 and then to 900 men, and if it works like all the rest of them, it will mushroom itself to way over that number. They started with 18 men in the one that I was just talking about, and it ended up with over 300-and-some scattered all over the United States.

I believe we have to have experience I have agreed with the gentleman and I have agreed with the ranking member on part of their study which we are going to continue with their cooperation, and with the hard-working task force we have we have saved over $113,000 out of the $210,000 appropriation we received for a study.

And we are going to continue to work and study. Particularly are we going to watch the operation of the insuring plan.

Every insurance company official who came to me had a different way for doing this. But we all understand that they all want to do it the way they do it. And that is the way it is with most of the features of this bill, everybody who manages a pension plan comes in and says that the perfect plan is the one that he has.

I am sure my colleague, the ranking member, the gentleman from Illinois (Mr. ERLENBORN) will assure, the House that this was the greatest job in the world in sifting and picking out the proposals that has ever been done, I believe, in the legislative field, in my experience of over 40 years.

The CHAIRMAN pro tempore. The time of the gentleman has expired.

(By unanimous consent, Mr. DENT was allowed to proceed for 2 additional minutes).

Mr. DENT. I do not intend to take too much of the time of the House on this particular amendment because it has been hashed out. It is only a question of an opinion, an opinion on the part of the ranking Member, and those who follow the gentleman, that an independent sort of bureaucracy is to be created to manage a field about which there is little or no knowledge.

So I believe that the only way we are going to set up a permanent management corporation, or whatever it takes as far as the insurance end of this bill is concerned, will be after we have had sufficient experience as to just what the dues entail, and how much time has to be consumed.

As I am sure most of the Members know, most of these are negotiated plans, or the greater number of them will be negotiated plans, and in their negotiations they will pretty well write the prescription as to what the plan intends to do.

So the greatest job of the insuring board will be to see to it that they meet the minimum requirements of this legislation on funding, and in making sure the vesting provisions, if they are changed, find out what that will do to the fund itself and whether or not the board feels that they cannot make that change without adding more to the funding provisions. That is really all it does, to make sure that whatever is written into a contract is sound enough financially so that the fund will maintain its position and be able to meet the entitlement payments of the participants. That is all there is to it.

Mr. Chairman, I believe that this can very well be done under the Secretary of Labor and two officials or employees of the Secretary until we can get some history.

I am willing—and the gentleman from Illinois knows that I am willing, and I have agreed—that we ought to look into it. And in our oversight functions if we find 3 months from now or 6 months from now that it ought to be changed to this type of a board, then I for one will immediately propose such legislation.

The CHAIRMAN pro tempore. The time of the gentleman has again expired.

Mr. QUIE. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I support the amendment offered by my colleague, the gentleman from Illinois. (Mr. ERLENBORN). If I had my way, and I think if the gentleman from Illinois had his way, we would do more of a study of termination insurance before we embarked on termination insurance. But the decision was made in the committee that we ought to begin with termination insurance now. There is substantial support for this around the country because of the closing of some plants for termination insurance.

The chairman of the subcommittee, the gentleman from Pennsylvania (Mr. DENT), indicated that "a great deal must be learned." And it is true that a great deal must be learned—so we are going to learn how to operate termination insurance after it has been adopted.

Let us look at the way these two trust funds are administered by the corporation—and, of course, there is a third trust fund, but I seriously doubt whether the corporation will move into the single employer optional trust fund, and doubt that that fund would be set up before the Congress has a chance to review the single employer trust fund and the multiple employer trust fund.

The question revolved around the corporation board itself and that is what the issue is about, I think—the major issue here. The Secretary of Labor has always been a political appointee. That has always been the case. When the Secretary of Labor is confirmed, there are other issues that are considered than the two trust funds and the administration of them.

The other two individuals on the board as proposed by the bill before us will not be considered by the Congress at all. They will be selected by the Secretary of Labor as his employees entirely within his jurisdiction, and that means it is left to the whims of the executive branch. It is hard for me to understand why my colleagues on the other side of the aisle are not strongly in favor of the gentleman from Illinois' amendment, because his amendment enables those who are primarily influenced by the corporation with the trust funds—that is, the employers and organized labor—each to have three people on the board of that corporation, and then, of course, the two people from the general public.

As the gentleman from Pennsylvania (Mr. DENT) indicated, he said "we do not know where we are going," and it is true. We do not know exactly where we are going with termination insurance. I am convinced that at some later time we will realize we did wrong if we do not adopt the Erlenborn amendment and instead permit the corporation to be administered by the Secretary of Labor and two of his employees. If we look at the precedents of other examples of similar responsibilties throughout the Federal Government separate corporations or agencies have been set up separate from Cabinet level departments where the President makes the appointments, and the legislative branch then confirms. It is true we may not have the kind of opinion of the other body that they would like us to have. However, this is the precedent, that the Senate does advise and consent on the appointments of the President to reduce political influence, and that is what the Erlenborn amendment requires.

I believe it is correct as the gentleman from Pennsylvania (Mr. DENT) says we do not know exactly where we are going with termination insurance. There is a great deal to be learned about termination insurance, but as we do learn it, I think it will be better administered if those who are involved—that is, the employer groups and organized labor—each have three people on the board and are thereby enabled to assist in charting that course.

The serious nature of termination insurance, if it is not operated properly, is that the increase in the number of employees under private pension plans that has occurred in the last few years might cease, and it may occur that some employers will terminate their pension plans, and that would be to the disadvantage of the employees of the country who need it.

So if these six people, three from the employers and three from the employees—are on the board, this will mean that they will administer it in a way that will keep the pension plans going and have the rates at the lowest level possible in order that we will not put them out of business.

Mr. PEYSER. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I, first of all, would like to thank the chairman of the subcommittee, the gentleman from Pennsylvania (Mr. DENT), and the minority leader on our subcommittee, the gentleman from Illinois (Mr. ERLENBORN), for allowing me as a nonmember of their subcommittee to sit with them for the past year and to work and actively take part in some way in trying to help with this legislation.

I would like to ask a few questions just to clarify some points for the record at this time dealing with this question of termination insurance. The real concern that exists is that some people may try to use this legislation and take advantage of it, if they can, in effect by copping out of a pension plan and dumping it into the insurance corporation and letting us foot the bill.

I would like to ask the chairman, the gentleman from Pennsylvania (Mr. DENT), this question: Is it his understanding, that on the question dealing with the termination insurance, before the Secretary allows a corporation or a trustee simply to say, "We are giving up this plan, we do not want it any more," and lets the termination insurance take over, the Secretary himself then can make the determination as to whether that will be allowed?

Mr. DENT. If the gentleman will yield, when it is in the best interest of the participants, the Secretary of Labor will be the sole voice in the matter, and this idea that any plan willy-nilly can decide because its conditions are bad to drop its obligations onto the Insurance Corporation, and then after the Insurance Corporation has taken over the bad marbles, the corporation or trustee can then start another plan—it just does not work that way. That is a figment of the imagination.

Mr. PEYSER. I think the answer to this question is of the utmost importance.

I thank the chairman.

It is our concern that the so-called sharp-shooters can take us over in this. It is my understanding based on what the chairman has said and looking at the legislation that this cannot happen and that there are built-in safeguards to handle this situation.

As to the makeup of the committee which has been developed here as an argument, it would seem to me, and I was actually going to offer an amendment at one point, the committee has to have a report from the Secretary of Labor no later than 2 years from the date of the passage of this bill in order that we can look at this again and study it, and at that time if it would make sense we can have an independent corporation take over. Is it the intention of the chairman under the oversight involved that we should look at this question in the future, whether it is 1 or 2 years down the road, and really examine this to see what will happen?

Mr. DENT. Mr. Chairman, if the gentleman will yield it is my position and I think it ought to be the position of this House that if we create this bureaucracy we will never be able to unload it. It has never been done.

But since we have control and it is under a department of the Government there is nothing to stop us joining hands to create whatever is necessary if the Secretary of Labor is unable to handle it according to what will develop. Certainly we are going to review it and certainly we are going to have to do something probably in order to strengthen the Secretary of Labor if it becomes an onerous job for him or take it away and give it to the type of organization the gentleman wants, but I would appreciate it if we would give this a chance and let it work. I do not want to be responsible for something that turns out to be unworkable. It may even do that. I do not know. But I ask the gentleman to give us time to look at it.

Mr. PEYSER. I thank the chairman.

In closing on my own time I want to say this bill is of the utmost importance to the American people, to the millions and millions of men and women who are waiting for this kind of guarantee and protection that the total bill is going to represent to all of them.

Mr. DENT. Mr. Chairman, if the gentleman will yield further, I want to take this time to say the gentleman in the well has been a great help to this committee. He has the expertise and he viewed this subject strictly on the basis of the job to be done. There was never a question of partisanship during the entire discussions. He attended all of the hearings and meetings and his input into this has been tremendous.

I am sure the ranking minority member joins me in thanking the gentleman for his participation in this.

Mr. PEYSER. I thank the gentleman for his comments.

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentleman from Illinois (Mr. ERLENBORN).

The question was taken; and on a division—demanded by Mr. ERLENBORN—there were—ayes 60, noes, 45.

RECORDED VOTE

Mr. DENT. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 179, noes 217, not voting 35, as follows:

[Roll No. 53]

AYES—179

Abdnor
Alexander
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Archer
Arends
Armstrong
Ashbrook
Bafalis
Bauman
Beard
Bell
Blackburn
Breaux
Brinkley
Broomfield
Brotzman
Brown, Ohio
Broyhill, Va.
Buchanan
Burgener
Burke, Fla.
Burleson, Tex.
Butler
Byron
Carter
Cederberg
Chamberlain
Chappell
Clancy
Clausen, Don H.
Clawson, Del
Cochran
Collier
Collins, Tex.
Conable
Conlan
Cronin
Daniel, Dan
Daniel, Robert W., Jr.
Dennis
Derwinski
Devine
Dickinson
Downing
Duncan
Edwards, Ala.
Erlenborn
Esch
Eshleman
Evins, Tenn.
Findley
Fish
Fisher
Flynt
Forsythe
Fountain
Frenzel
Frey
Froehlich
Gettys
Goldwater
Goodling
Griffiths
Gross
Grover
Gubser
Guyer
Haley
Hammerschmidt
Hansen, Idaho
Hastings
Hébert
Henderson
Hinshaw
Hogan
Holifield
Holt
Hosmer
Huber
Hudnut
Hunt
Hutchinson
Jarman
Johnson, Colo.
Jones, N.C.
Ketchum
King
Kuykendall
Landgrebe
Latta
Lent
Lott
Lujan
McClory
McCloskey
McCollister
McEwen
McSpadden
Mahon
Mallary
Martin, Nebr.
Martin, N.C.
Mathias, Calif.
Mayne
Miller
Minshall, Ohio
Mitchell, N.Y.
Mizell
Montgomery
Moorhead, Calif.
Nelsen
O'Brien
Parris
Passman
Pettis
Poage
Preyer
Price, Tex.
Quie
Quillen
Rarick
Rhodes
Robinson, Va.
Robison, N.Y.
Rogers
Roncallo, N.Y.
Rose
Rousselot
Runnels
Ruppe
Ruth
Satterfield
Scherle
Schneebeli
Sebelius
Shriver
Shuster
Sikes
Skubitz
Smith, N.Y.
Snyder
Spence
Stanton, J. William
Steelman
Steiger, Ariz.
Steiger, Wis.
Stuckey
Symms
Talcott
Taylor, Mo.
Taylor, N.C.
Thomson, Wis.
Thone
Thornton
Towell, Nev.
Treen
Van Deerlin
Vander Jagt
Veysey
Waggonner
Wampler
Ware
White
Whitehurst
Whitten
Wiggins
Wilson, Bob
Winn
Wyatt
Wydler
Wylie
Wyman
Young, Fla.
Young, Ill.
Young, S.C.
Zion
Zwach

NOES—217

Abzug
Addabbo
Anderson, Calif.
Annunzio
Ashley
Aspin
Badillo
Barrett
Bennett
Bergland
Bevill
Biaggi
Biester
Bingham
Blatnik
Boland
Bolling
Bowen
Brademas
Bray
Breckinridge
Brooks
Brown, Calif.
Brown, Mich.
Burke, Calif.
Burke, Mass.
Burlison, Mo.
Casey, Tex.
Chisholm
Clark
Clay
Cleveland
Cohen
Collins, Ill.
Conte
Conyers
Corman
Cotter
Coughlin
Culver
Daniels, Dominick V.
Danielson
Davis, S.C.
de la Garza
Delaney
Dellums
Denholm
Dent
Diggs
Dingell
Donohue
Dorn
Drinan
Dulski
du Pont
Eckhardt
Edwards, Calif.
Eilberg
Evans, Colo.
Fascell
Flood
Flowers
Ford
Fraser
Fulton
Fuqua
Gaydos
Giaimo
Gibbons
Gilman
Ginn
Gonzalez
Grasso
Green, Pa.
Gude
Gunter
Hamilton
Hanley
Hanna
Hanrahan
Hansen, Wash.
Harrington
Harsha
Hawkins
Hays
Hechler, W. Va.
Heckler, Mass.
Heinz
Helstoski
Hicks
Hillis
Holtzman
Horton
Howard
Hungate
Ichord
Johnson, Calif.
Johnson, Pa.
Jones, Ala.
Jones, Okla.
Jordan
Karth
Kastenmeier
Kazen
Kemp
Koch
Kyros
Landrum
Leggett
Lehman
Litton
Long, La.
Long, Md.
McCormack
McDade
McFall
McKay
McKinney
Macdonald
Madden
Madigan
Mann
Maraziti
Mathis, Ga.
Matsunaga
Mazzoli
Meeds
Melcher
Metcalfe
Mezvinsky
Milford
Minish
Mink
Mitchell, Md.
Moakley
Mollohan
Moorhead, Pa.
Morgan
Mosher
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers
Natcher
Nedzi
Nix
Obey
O'Hara
O'Neill
Owens
Patman
Patten
Pepper
Perkins
Peyser
Pickle
Pike
Price, Ill.
Pritchard
Railsback
Randall
Rangel
Regula
Reid
Reuss
Riegle
Rinaldo
Rodino
Roe
Roncalio, Wyo.
Rosenthal
Roush
Roy
Roybal
Ryan
St Germain
Sandman
Sarasin
Sarbanes
Schroeder
Seiberling
Shipley
Shoup
Slack
Smith, Iowa
Staggers
Stanton, James V.
Stark
Steed
Steele
Stephens
Stratton
Stubblefield
Studds
Symington
Teague
Thompson, N.J.
Tiernan
Udall
Ullman
Vander Veen
Vanik
Vigorito
Waldie
Walsh
Whalen
Widnall
Williams
Wilson, Charles H., Calif.
Wilson, Charles, Tex.
Wolff
Wright
Yates
Yatron
Young, Alaska
Young, Tex.
Zablocki

NOT VOTING—35

Adams
Baker
Boggs
Brasco
Broyhill, N.C.
Burton
Camp
Carey, N.Y.
Carney, Ohio
Crane
Davis, Ga.
Davis, Wis.
Dellenback
Foley
Frelinghuysen
Gray
Green, Oreg.
Jones, Tenn.
Kluczynski
Mailliard
Michel
Mills
Moss
Nichols
Podell
Powell, Ohio
Rees
Roberts
Rooney, N.Y.
Rooney, Pa.
Rostenkowski
Sisk
Stokes
Sullivan
Young, Ga.

So the amendment was rejected.

The result of the vote was announced as above recorded.

AMENDMENT OFFERED BY MR. STEIGER OF WISCONSIN

Mr. STEIGER of Wisconsin. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. STEIGER of Wisconsin: On page 113, lines 16, 17, 18, delete the phrase "and two officers or employees of the Department of Labor, who shall serve as directors at the pleasure of the Secretary." and insert in lieu thereof the phrase ", Secretary of the Treasury, and the Secretary of Commerce.".

Mr. STEIGER of Wisconsin. Mr. Chairman, the amendment that I have offered restructures the board of the corporation which is designed to administer pension plan termination insurance.

As you know, under the bill as it comes

before us the make-up of the board is such that, at least in my judgment, it is not one that will work as effectively as I think this board ought to be able to work. So the amendment I have offered would provide that the board of the corporation will be made up of the Secretaries of Labor, Commerce, and Treasury instead of the way it is in the bill now. The Secretary of Labor would remain the chairman and the corporation would remain within the Department of Labor. I have not proposed any change in that operation.

There are, I think, two substantive reasons why this concept ought to be considered by the House. First, by including the three Secretaries on the board, jurisdictional conflicts between the three Departments can be best resolved. Second, all three Departments, Commerce, Labor, and Treasury, are involved with the various components of pension plans.

The Department of Labor obviously is concerned about the employees of those pension plans; the Department of Commerce with the employers; and the Department of the Treasury with the Internal Revenue Service, and Federal revenues. It stands to reason, then, that the three Departments should all be represented on the board of the corporation. The current structure, whereby the Secretary of Labor, and then by his appointment, two assistants, make up that board, means that the board is not focused as broadly as it ought to be.

The Senate recognized this problem, and adopted a structure for the corporation exactly similar to the one I have proposed. It seems to me that the concept of bringing in the three departments and trying to resolve jurisdictional conflicts in an appropriate fashion, recognizing that the Senate has already adopted this amendment, means that there are valid reasons why this amendment ought to be adopted by the House, and I urge adoption of the amendment.

Mr. DENT. Mr. Chairman, I rise to oppose the amendment offered by the gentleman from Wisconsin (Mr. STEIGER).

Mr. Chairman, I just want to say that this would bring the structure of both bills alike, and eliminate the differences, and this would not give us the freedom to work in the conference that we need. There may very well even be in the conference discussion on the type of proposal that the gentleman from Illinois (Mr. ERLENBORN) wants. Or they may accept our position, or we may accept their position. But at this point I think we ought to keep that difference, so that we will have something to confer on. Therefore, I would ask for a "no" vote on the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin (Mr. STEIGER).

The amendment was rejected.

Mr. THOMPSON of New Jersey. Mr. Chairman, I move to strike the last word.

Mr. Chairman, in reviewing the provisions dealing with exclusion of certain employees from eligibility, my attention was directed to subtitle A, part I, subpart II, section 410(b)(2)(A) set forth at pages 168 and 169 of the bill.

This section drafted by the Ways and Means Committee carves out an exception from the rule against discrimination, by providing that employees under union contracts need not be covered by pension protection where there is evidence that pension was the subject of good faith bargaining between the employee representative and such employers.

Mr. Chairman, when I read this language I was distressed because it seemed to me as chairman of the Labor Subcommittee that the committee was opening up a gigantic loophole in the prohibitions against discrimination. The term "bargaining in good faith," Mr. Chairman, is a word of art, delineated over the past 35 years by numerous decisions of the U.S. Supreme Court.

As applied to a particular term and condition of employment such as pensions, it would mean simply, Mr. Chairman, that an employer must discuss it with an open mind—if it is brought up. It would not mean that an employer has to offer a pension program in general or a particular pension proposal, or even accept the concept of pensions at all. It surely does not require that an employer agree to any pension proposal at all.

Now, Mr. Chairman, if the bare language of section 410(b)(2)(A) were all I was considering I would be opposed to this bill, because all an unscrupulous employer need do was participate in any collective bargaining negotiation where the subject of pensions was raised—either by the union or the employer—and he subsequently would be free to exclude such employees from participation in any pension plan set up for his other employees. Mr. Chairman, I could not believe that the Ways and Means Committee could ever have proposed—or this committee ever have acquiesced—in such an unfair procedure. So I reviewed the portion of the Ways and Means Committee report on H.R. 12481 dealing with this matter, as set forth on page 49. The explanation given there is that nonbargaining unit employees should not be denied pension protection in the instances where bargaining unit employees have been offered a pension program, but preferred some other form of benefits and elected not to be covered by a pension plan.

Mr. Chairman, I gather from that explanation that the Ways and Means Committee was not using the term "bargaining in good faith" in its technical labor law sense, as we know it, but in a tax sense, where an employer has definitely offered a pension program to his bargaining unit employees, but for reasons best known to them, they have chosen to reject it, in favor of some other form of compensation or benefit.

Is my interpretation "correct," that the exception would not be permitted where an employer had simply discussed the subject of pensions with the employee representative, without definitely offering a pension program to the bargaining unit employees.

Mr. ULLMAN. Will the gentleman yield?

Mr. THOMPSON of New Jersey. I yield to the gentleman from Oregon.

Mr. ULLMAN. The gentleman from New Jersey is right. The language that he refers to on page 49 I think might best be in the RECORD. It says:

> If a pension plan coverage had been discussed with other representatives of the union employees, and no pension coverage was provided, either because the union employees were covered under a union plan (which might or might not offer comparable benefits to those provided under the employer plan), or because the employee representative opted for higher salaries, or other benefits, in lieu of pension plan coverage, or for some other valid reason, then it would be permissible to exclude these union employees from the calculations.

The CHAIRMAN. The time of the gentleman has expired.

(By unanimous consent, Mr. THOMPSON of New Jersey was allowed to proceed for 5 additional minutes.)

Mr. THOMPSON of New Jersey. Mr. Chairman, as chairman of the House Labor Subcommittee I have a question on the next subsection 410(b)(2)(B), dealing with airline pilots which I understand is designed to alleviate certain problems which pilots have encountered with the Internal Revenue Service because thier union-negotiated pension plans are substantially higher than those of other employees represented by other unions on various airlines.

Mr. Chairman, I support this exception but I am concerned that the Service not construe this exception so as to preclude, in other multi-union industries such as maritime and construction, unions from negotiating solid pension protections for their members.

Mr. Chairman, in the maritime industry, for instance, licensed pilots and engineers might negotiate a more substantial pension plan than another union covering less skilled workers.

Or, on construction a highly skilled craftsman, such as an electrician, might be covered by a higher pension than a relatively unskilled employee.

This is a fact of life in this industry, and to my knowledge, the service has never challenged these plans. Surely, the committee would not knowingly disturb the stabilized conditions in other multi-craft situations, specifically to relieve the airline pilots' problems.

Now, Mr. Chairman, aside from skills, as the Ways and Means Committee points out, in its report, one unit of workers may elect to place more of its collective bargaining emphasis upon pensions, than another unit. Indeed, in many cases it has been impossible to persuade employee units to forgo present compensation for future pension protection.

Mr. Chairman, am I correct in assuming that it is not the intent of the committee in specifically alleviating the active, ongoing problem of the airline pilots, and foreclose other highly skilled workers in other craft bargaining situations, such as maritime and construction, from negotiating with their employers for a higher pension benefit, than other employees of such employers.

Mr. ULLMAN. If the gentleman will yield further.

Mr. Chairman, the airline pilots provision is a relief provision. It is not intended to tighten the coverage requirements under present law. If the plans such as you describe meet the coverage requirements under present law, I am sure they will continue to do so after this bill is enacted.

Mr. THOMPSON of New Jersey. I thank the gentleman.

Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN pro tempore. Are there further amendments to part 4? If not, the Clerk will read.

The Clerk read as follows:

PART 5—GENERAL PROVISIONS

ALTERNATIVE METHODS OF COMPLIANCE

SEC. 501. (a) The Secretary on his own motion or after having received the petition of an administrator may, after giving interested persons an opportunity for a hearing, prescribe an alternative method for satisfying any requirement of part 2, 3, or 4, or section 105(b) or 112, with respect to any pension plan or any type of pension plan subject to such requirement if he determines on the record of such hearing (1) that the use of such alternative method is necessary or appropriate to carry out the purposes of this title and that it provides adequate protection to the participants and beneficiaries in the plan, (2) that the application of such requirement of part 2, 3, or 4 or section 105(b) or 112, would—

(A) increase the costs of the parties to the plan to such an extent that there would result a substantial risk to the voluntary continuation of the plan,

(B) result in a substantial or inequitable curtailment of pension benefit levels or the levels of employees' compensation, or

(C) impose unreasonable administrative burdens with respect to the operation of the plan, having due regard to the particular characteristics of the plan or the type of plan involved; and

(3) that the application of part 2, 3, or 4 or section 105(b) or 112, or discontinuance of the plan would be adverse to the interests of plan participants in the aggregate.

(b) If the Secretary prescribes an alternative method under subsection (a) for satisfying the requirements of section 302 of this Act, then during the period for which such alternative method is in effect, no amendment to the plan may be adopted which increases liabilities of the plan by reason of (1) any increase in benefits, (2) any change in the accrual of benefits, or (3) any change in the rate at which benefits become nonforfeitable under the plan.

STUDIES

SEC. 502. (a) The Secretary is authorized and directed to undertake research studies relating to pension plans, including but not limited to (1) the effects of this title upon the provisions and costs of pension plans, (2) the role of private pensions in meeting the economic security needs of the Nation, and (3) the operation of private pension plans including types and levels of benefits, degree of reciprocity or portability, and financial characteristics and practices, and methods of encouraging the growth of the private pension system.

(b) The Secretary is authorized and directed to cooperate with the Congress and its appropriate committees, subcommittees, and staff in supplying data, and any other information, personnel, or resources required by the Congress in any study, examination, or report by the Congress relating to pension and retirement benefit plans established or maintained by States or their political subdivisions.

(c)(1) The Committee on Education and Labor and the Committee on Ways and Means of the House of Representatives shall study retirement plans established and maintained or financed (directly or indirectly) by the Government of the United States, by any State (including the District of Columbia) or political subdivision thereof, or by any agency or instrumentality of any of the foregoing. Such study shall include an analysis of—

(A) the adequacy of existing levels of participation, vesting, and financing arrangements,

(B) existing fiduciary standards,

(C) the unique circumstances affecting mobility of government employees and individuals employed under Federal procurement, construction, or research contracts or grants, and

(D) the necessity for Federal legislation and standards with respect to such plans.

In determining whether any such plan is adequately financed, each committee shall consider the necessity for minimum funding standards, as well as the taxing power of the government maintaining the plan.

(2) Not later than December 31, 1976, the Committee on Education and Labor and the Committee on Ways and Means shall each submit to the House of Representatives the results of the studies conducted under this subsection, together with such recommendations as may be appropriate.

ENFORCEMENT

SEC. 503. (a) Any person who willfully—

(1) violates any provision of this title (other than section 113 or 511), or any order issued under any such provision; or any requirement of an alternative method prescribed under section 501;

(2) makes, passes, utters, or publishes any statement in any application, report, document, account, or record filed or kept or required to be filed or kept under the provisions of this title, or any rule, regulation, variation, or order under this title, knowing such statement or entry to be false or misleading in any material respect;

(3) forges or counterfeits any instrument, paper, or document, or utters, publishes, or passes as true, any instrument, paper, or document, knowing it to have been forged or counterfeited, for the purposes of influencing in any way the action of the Secretary under this title:

shall upon conviction be fined not more than $10,000 or imprisoned not more than five years, or both, except that in the case of such violation by a person not an individual, the fine imposed upon such person shall be a fine not exceeding $200,000.

(b) Any plan administrator who fails or refuses to comply with a request as provided in section 105(b)(4) within thirty days (unless such failure or refusal results from matters reasonably beyond the control of the administrator) by mailing the material requested to the last known address of the requesting participant or beneficiary may in the court's discretion be personally liable to such participant or beneficiary in the amount of up to $50 a day from the date of such failure or refusal, and the court may in its discretion order such other relief as it deems proper.

(c) The Secretary shall have power in order to determine whether any person has violated or is about to violate any provision of this title or any rule, regulation, or order thereunder (including an alternative method prescribed under section 501), to make an investigation and in connection therewith he may require the filing of supporting schedules of the information required to be furnished under section 103 or 104 of this Act and may, where he has reasonable cause, enter such places, inspect such records and accounts, and question such persons as he may deem necessary to enable him to determine the facts relative to such investigation. The Secretary may publish and make available to any interested person or official, information concerning any matter which may be the subject of investigation, and may prepare a report of any investigation undertaken by him. Such report may contain a record of any facts, conditions, practices, or other matters discovered during the course of his investigation and may be published at any time following commencement of such investigation.

(d) For the purposes of any investigation provided for in this title, the provisions of sections 9 and 10 (relating to the attendance of witnesses and the production of books, records, and documents) of the Federal Trade Commission Act (15 U.S.C. 49, 50) are hereby made applicable (without regard to any limitation in such sections respecting persons, partnerships, banks, or common carriers) to the jurisdiction, powers, and duties of the Secretary or any officers designated by him.

(e) Civil actions under this title may be brought—

(1) by a participant or beneficiary—

(A) for the relief provided for in subsection (b) of this section, or

(B) to recover benefits due him under the terms of his plan or to clarify his rights to future benefits under the terms of the plan;

(2) by the Secretary, or by a participant, beneficiary or fiduciary for appropriate relief under section 111 (d); or

(3) by the Secretary, or by a participant, beneficiary, or fiduciary to enjoin any act or practice which violates any provision of this title.

(f)(1) An employee benefit plan may sue or be sued under this title as an entity. Service of summons, subpena, or other legal process of a court upon trustee or administrator of an employee benefit plan in his capacity as such shall constitute service upon the employee benefit plan.

(2) Any money judgment under this title against an employee benefit plan shall be enforceable only against a plan as an entity and shall not be enforceable against any other person unless liability against such person is established in his individual capacity under this title.

(g)(1) Civil actions under this title brought by the Secretary or by a participant, beneficiary, or fiduciary may be brought in any court of competent jurisdiction, State or Federal. In any action by a participant or beneficiary under subsection (e) (2) or (3), such participant or beneficiary shall maintain such action as a representative of all other participants similarly situated as a class, if (A) the law of the jurisdiction provides for class actions, and, (B) the court is satisfied that the requirements for a class action are not unduly burdensome as applied in the particular circumstances.

(2) Where such an action is brought in a district court of the United States, it may be brought in the district where the plan is administered, where the breach took place, or where a defendant resides or may be found, and process may be served in any other district where a defendant resides or may be found.

(3) Notwithstanding any other law, the Secretary shall have the right to remove an action from a State court to a district court of the United States, if the action is one seeking relief of a kind the Secretary is authorized to sue for under this title. Any other party may remove an action under this title from a State court to a district court of the United States, subject to the requirements contained in section 1331 of title 28, United States Code. Any such removal shall be prior to the trial of the action and shall be to a

district court where the Secretary could have initiated such an action.

(4) In all civil actions under this title, attorneys appointed by the Secretary may represent the Secretary except as provided in section 518(a) of title 28, United States Code (relating to litigation before the Supreme Court of the United States and the Court of Claims).

(h) The district courts of the United States shall have jurisdiction, without respect to the amount in controversy, to grant the relief provided for the subsections (e) (2) and (3) of this section in any action brought by the Secretary. In any action brought under subsection (e) by a participant, beneficiary, or fiduciary, the jurisdiction of the district court shall be subject to the requirements contained in section 1331 of title 28, United States Code.

(i)(1) In any action by a participant or beneficiary, the court in its discretion may allow a reasonable attorney's fee and costs of action to either party.

(2) Except as to actions brought pursuant to subsection (e)(1)(B) of this section and actions brought by the Secretary pursuant to subsections (e)(2) and (e)(3) of this section, no action shall be brought except upon leave of the court obtained upon vertified application and for cause shown, which application may be made ex parte.

(3) A copy of the complaint in any action under this section by a participant or beneficiary shall be served upon the Secretary by certified mail who shall have the right, in his discretion, to intervene in the action.

ANNUAL REPORT OF SECRETARY

Sec. 504. The Secretary shall submit annually a report to the Congress covering his administration of this title for the preceding year, and including (1) an explanation of any variances granted under section 501 as well as status report on any plan currently operating with a variance and its progress in achieving compliance with provisions of parts 2, 3, and 4, section 112 and section 105(b), and the projected date for terminating the variance; and (2) such information, data, research findings, and recommendations for further legislation in connection with the matters covered by this title as he may find advisable.

RULES AND REGULATIONS

Sec. 505. (a) The Secretary shall prescribe such rules and regulations as he finds necessary or appropriate to carry out the provisions of this title. Among other things, such rules and regulations may define accounting, technical, and trade terms used in such provisions; and may prescribe the form and detail of all reports required to be made under section 112(i); and may provide for the keeping of books and records, and for the inspection of such books and records. The Secretary may not require that information required by this title (or regulations thereunder) be submitted on forms prescribed by the Secretary (except as otherwise provided in section 112(i)). Nothing in this subsection authorizes the Secretary to prescribe regulations respecting any matter if any subsection (b) or any other provision of this subtitle provides that regulations respecting such matter shall not be effective unless approved by the Secretary of the Treasury.

(b) Regulations for purposes of part 2 or 3 of this subtitle shall be effective for plan years beginning after December 31, 1975, only if approved by the Secretary of the Treasury.

OTHER AGENCIES AND DEPARTMENTS

Sec. 506. (a) In order to avoid unnecessary expense and duplication of functions among Government agencies, the Secretary may make such arrangements or agreements for cooperation or mutual assistance in the performance of his functions under this title, and the functions of any such agency as he may find to be practicable and consistent with law. The Secretary may utilize, on a reimbursable basis, the facilities or services of any department, agency, or establishment of the United States (including the Comptroller of the Currency) or of any State or political subdivision of a State, including the services of any of its employees, with the lawful consent of such department, agency, or establishment; and each department, agency, or establishment of the United States (including the Comptroller of the Currency) is authorized and directed to cooperate with the Secretary and, to the extent permitted by law, to provide such information and facilities as he may request for his assistance in the performance of his functions under this title. The Attorney General or his representative shall receive from the Secretary for appropriate action such evidence developed in the performance of his functions under this title as may be found to warrant consideration for criminal prosecution under the provisions of this title or other Federal law.

(b) In order to utilize the facilities of the States, the Secretary may, upon proper application of an appropriate department or agency or any State, authorize such department or agency to require the filing of annual reports as described in section 104 of this Act for those plans exempted under sections 105(a)(1) (A), (B), and (C) of this Act from the filing requirements. In the case where such authorization is granted the authorized department or agency, with respect to plans domiciled in the State (as determined under rules of the Secretary), shall have the discretion to reject such filing pursuant to the provisions of section 105(a)(2) and to utilize the remedies set out in section 105(a)(3) where appropriate. The Secretary may at his discretion appoint such State department or agency as his agent for the purpose of maintaining civil actions under section 503(e) with respect to such plans exempted from the filing requirements under section 105.

ADMINISTRATION

Sec. 507. (a) Subchapter B of chapter 5, and chapter 7, of title 5, United States Code (relating to administrative procedure), shall be applicable to this title.

(b) No employee of the Department of Labor shall administer or enforce this title with respect to any employee organization of which he is a member or employer organization in which he has an interest.

APPROPRIATIONS

Sec. 508. There are hereby authorized to be appropriated such sums, without fiscal limitation, as may be necessary to enable the Secretary to carry out his functions and duties under this title.

SEPARABILITY PROVISIONS

Sec. 509. If any provision of this Act, or the application of such provision to any person or circumstances, shall be held invalid, the remainder of this Act, or the application of such provision to persons or circumstances other than those as to which it is held invalid, shall not be affected thereby

INTERFERENCE WITH RIGHTS PROTECTED UNDER ACT

Sec. 510. It shall be unlawful for any person to discharge, fine, suspend, expel, discipline, or discriminate against a participant or beneficiary for exercising any right to which he is entitled under the provisions of the plan or this title, or for the purpose of interfering with the attainment of any right to which such participant may become entitled under the plan, or this title. The provisions of section 503 shall be applicable in the enforcement of this section.

COERCIVE INTERFERENCE

Sec. 511. It shall be unlawful for any person through the use of fraud, force, or violence, or threat of the use of force or violence, to restrain, coerce, intimidate, or attempt to restrain, coerce, or intimidate any participant or beneficiary for the purpose of interfering with or preventing the exercise of any right to which he is or may become entitled under the plan, or this title. Any person who willfully violates this section shall be fined $10,000 or imprisoned for not more than one year, or both.

REGISTRATION OF PLANS

Sec. 512. (a) Every administrator of a pension plan to which part 2, 3, or 4 of this subtitle applies shall file with the Secretary an application for registration of such plan. Such application shall be in such form and shall be accompanied by such documents as shall be prescribed by regulation of the Secretary. After qualification under subsection (c), the administrator of such plan shall comply with such requirements as may be prescribed by the Secretary to maintain the plan's qualification under this part.

(b) The filing required by subsection (a) for a plan shall be made not later than 270 days after the beginning of the earliest plan year to which either part 2 or 3 first applies to such plan. In the case of a plan first required to file before December 31, 1975, the Secretary may postpone until not later than December 31, 1975, the first filing date for such plan. Nothing in this subsection shall be construed to prohibit any administrator from filing the application described in subsection (a) at any earlier time.

(c) Upon the filing required by subsection (a), the Secretary shall determine whether such plan is qualified for registration under this section, and if the Secretary finds it qualified, he shall issue a certificate of registration with respect to such plan.

(d) If at any time the Secretary determines that a plan required to qualify under this section is not qualified or is no longer qualified for registration under this part, he shall notify the administrator, setting forth the deficiency or deficiencies in the plan or in its administration or operations which is the basis for the notification given, and he shall further provide the administrator, the employer of the employees covered by the plan (if not the administrator), and the employee organization representing such employees, if any, a reasonable time within which to remove such deficiency or deficiencies. If the Secretary thereafter determines that the deficiency or deficiencies have been removed, he shall issue or continue in effect the certificate, as the case may be. If he determines on the record after opportunity for hearing that the deficiency or deficiencies have not been removed, he shall enter an order denying or canceling the certificate of registration, and take such further action as may be appropriate under the enforcement and other provisions of this title.

(e) A pension plan shall be qualified for registration under this section if it conforms to, and is administered in accordance with the provisions of this title which are applicable to the plan.

(f) The Secretary may, by regulations, provide for the filing of a single report satisfying the reporting and registration requirements of this title.

(g) Where a pension plan filed for registration under this part is amended subsequent to such filing, the administrator shall (pursuant to regulations promulgated by the Secretary) file with the Secretary a copy of the amendment and such additional information and reports as the Secretary by regulation may require, to determine that there is continued compliance under the provisions of this title which are applicable to the plan.

ENFORCEMENT OF REGISTRATION

Sec. 513. Whenever the Secretary—

(1) determines, in the case of a pension plan required to be registered under section

512, that no application for registration has been filed in accordance with section 512, or

(2) issues an order under section 512 denying or canceling the certificate of registration of a pension plan, or

(3) determines, in the case of a pension plan subject to part 3, that there has been a failure to make required contributions to the plan in accordance with the provisions of this title or to pay required assessments or to pay such other fees or moneys as may be required under this title.

the Secretary may petition any district court of the United States having jurisdiction of the parties, or the United States District Court for the District of Columbia, for an order requiring the employer or other person responsible for the administration of such plan to comply with the requirements of this title as will qualify such plan for registration or to take any action authorized, or required to be taken by the administrator under section 303.

EFFECT ON OTHER LAWS

Sec. 514. (a) It is hereby declared to be the express intent of Congress that, except for actions authorized by section 503(e)(1)(B) of this Act and except as provided in subsection (b) of this section the provisions of part 1 of this subtitle shall supersede any and all laws of the States and of political subdivisions thereof insofar as they may now or hereafter relate to the reporting and disclosure responsibilties, and fiduciary responsibilities, of persons acting on behalf of any employee benefit plan to which part 1 applies.

(b) Nothing in part 1 of this subtitle shall be construed to exempt or relieve any person from any law of any State which regulates insurance, banking, or securities or to prohibit a State from requiring that there be filed with a State agency copies of reports required by this title to be filed with the Secretary. No employee benefit plan subject to the provisions of this title (other than a plan established primarily for the purpose of providing death benefits), nor any trust established under such a plan, shall be deemed to be an insurance company or other insurer, bank, trust company, or investment company or to be engaged in the business of insurance or banking for purposes of any law of any State purporting to regulate insurance companies, insurance contracts, banks, trust companies, or investment companies.

(c) It is hereby declared to be the express intent of Congress that the provisions of parts 2, 3, and 4 of this subtitle shall supersede any and all laws of the States and of political subdivisions thereof insofar as they may now or hereafter relate to the nonforfeitability of participant's benefits in employee benefit plans described in section 201 (a) or 301(a), the funding requirements for such plans, the adequacy of financing of such plans, portability requirements for such plans, or the insurance of pension benefits under such plans.

(d) Nothing in this section shall be construed to prohibit a delegation of authority by the Secretary to an appropriate State agency as permitted under section 506 of this Act.

(e) Nothing in this title shall be construed to alter, amend, modify, invalidate, impair, or supersede any law of the United States (except as provided in 115(a)) or any rule or regulation issued under any such law.

Mr. DENT (during the reading). Mr. Chairman, I ask unanimous consent that part 5 be considered as read, printed in the Record, and open to amendment at any point.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. MOAKLEY. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I have a question to ask the gentleman from Pennsylvania, the chairman of the committee (Mr. Dent) concerning section 506 of H.R. 12906, titled "Other Agencies and Departments". I would like to know whether it is the intent of this section, particularly of section b, that the Secretary shall utilize State agencies and civil service employees where competence, and experience is already established.

For example, in the State of Massachusetts, the health, welfare, and retirement board has been in existence since 1959. It has, in that time, been performing many of the functions now given to the Secretary in this bill. The health, welfare, and retirement board is staffed by civil service employees who qualified for their positions by passing examinations on both State and Federal law.

In Massachusetts, this board has been responsible for seeing that plans register, file annual reports, and summaries of those reports, file plan descriptions and provide benefit descriptions and financial statements to members.

I would like the record to establish as the legislative history of this bill whether it is the intent of Congress that an agency such as the Massachusetts board shall be utilized, and that civil service employees, many of whom have spent their careers gaining experience in this field, should also be utilized by the Secretary.

Mr. DENT. If the gentleman will yield, yes, we expect the Secretary to utilize the facilities of the States to the extent possible to implement the overall policy of this bill with respect to plans exempted from the disclosure and reporting requirements under section 105 of the bill.

AMENDMENT OFFERED BY MR. BADILLO

Mr. BADILLO. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Badillo: Page 162, insert after line 11 the following:

Subtitle C—Voluntary Portability Program for Vested Pensions

PROGRAM ESTABLISHED

Sec. 601. (a) There is hereby established a program to be known as the Voluntary Portability Program for Vested Pensions (hereinafter referred to as the "Portability Program"), which shall be administered by and under the direction of the Secretary. The Portability Program shall facilitate the voluntary transfer of nonforfeitable benefits between registered pension plans. Nothing in this subtitle or in the regulations issued by the Secretary hereunder shall be construed to require participation in such Portability Program by a plan as a condition of registration under section 512.

(b) Pursuant to regulations issued by the Secretary, plans registered under section 512 may apply for membership in the Portability Program, and, upon approval of such application by the Secretary, shall be issued a certificate of membership in the Portability Program (plans so accepted shall be hereinafter referred to as "member plans").

ACCEPTANCE OF DEPOSITS

Sec. 602. A member plan shall, pursuant to regulations prescribed by the Secretary, pay, upon request of the participant, to the fund established by section 603, a sum of money equal to the present value of the participant's nonforfeitable rights under the plan, which shall be in settlement of such nonforfeitable rights, when such participant is separated from employment covered by the plan before the time prescribed for payments to be made to him or to his beneficiaries under the plan. The fund is authorized to receive such payments, on such terms as the Secretary may prescribe.

SPECIAL FUND

Sec. 603. (a) There is hereby created a fund to be known as the Voluntary Portability Program Fund (hereinafter referred to as the "Fund"). The Secretary shall be the trustee of the Fund. Payments made into the Fund in accordance with regulations prescribed by the Secretary under section 602 shall be held and administered in accordance with this subtitle.

(b) With respect to such Fund, it shall be the duty of the Secretary to—

(1) administer the Fund;

(2) report to the Congress not later than the first day of April of each year on the operation and the status of the Fund during the preceding fiscal year and on its expected operation and status during the current fiscal year and the next two fiscal years and review the general policies followed in managing the Fund and recommend changes in such policies, including the necessary changes in the provisions of law which govern the way in which the Fund is to be managed; and

(3) after amounts needed to meet current and anticipated withdrawals are set aside, deposit the surplus in interest-bearing accounts in any bank the deposits of which are insured by the Federal Deposit Insurance Corporation or savings and loan association in which the accounts are insured by the Federal Savings and Loan Insurance Corporation. In no case shall such deposits exceed 10 per centum of the total of such surplus, in any one bank, or savings and loan association.

INDIVIDUAL ACCOUNTS

Sec. 604. The Secretary shall establish and maintain an account in the Fund for each participant for whom the Secretary receives payment under section 602. The amount credited to each account shall be adjusted periodically, as provided by the Secretary pursuant to regulations to reflect changes in the financial condition of the Fund.

PAYMENTS FROM INDIVIDUAL ACCOUNTS

Sec. 605. Amounts credited to the account of any participant under this subtitle shall be paid by the Secretary to—

(1) a member plan, for the purchase of benefit rights having at least an equivalent actuarial value under such plan, on the request of such participant when he becomes a participant in such member plans;

(2) a qualified insurance carrier selected by a participant who has attained the age of sixty-five, for the purchase of a single premium life annuity in an amount having a present value equivalent to the amount credited to such participant's account, or in the event the participant selects an annuity with survivorship options, an amount determined by the Secretary to be fair and reasonable based on the amount in such participant's account; or

(3) to the designated beneficiary of a participant in accordance with regulations promulgated by the Secretary.

TECHNICAL ASSISTANCE

Sec. 606. The Secretary shall provide technical assistance to employers, employee organizations, trustees, and administrators of pension and profit-sharing-retirement plans in their efforts to provide greater retirement protection for individuals who are separated from employment covered under such plans. Such assistance may include, but is not limited to (1) the development of reciprocity arrangements between plans in the same industry or area, and (2) the development of special arrangements for portability of credits within a particular industry or area.

Amend the table of contents of the bill accordingly.

Mr. BADILLO (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. BADILLO. Mr. Chairman, although this measure on the whole is sound, it contains a glaring defect—the failure to make provision for portability. Even though the measure calls for the establishment of three vesting rules aimed at increasing a worker's pension security, accrued pension rights in one plan without any provision for transferring to another job can become nothing more than a ball and chain by which older workers are tied to inadequate and insecure jobs. I do not mean to minimize the importance of vesting yet a vested pension belongs to the employee and he must have the right to move to some other type of employment in some other area if he so chooses, particularly if he is required to do so by economic necessity. As Senator BIRCH BAYH so aptly noted in a recent article:

> For a country that prides itself on a mobile population, that mobility should not be at the expense of the individual worker's retirement security.

Portability enables a worker to transfer his pension rights should he decide to change jobs or be forced to do so.

With a changing economy, there are continuing shifts in the needs of manpower. Oftentimes, however, private pensions tend to act as an unnecessary barrier to labor mobility by tieing workers to a particular employer. During his appearance before the House General Labor Subcommittee last year Mr. Ralph Nader very perceptively observed that—

> Without some sort of mechanism to make pension credits portable, the more mobile employee will almost invariably end up with a lower pension at retirement.

Particularly in light of past failings in the private pension sector, a worker should have the right to assemble all of the vested pension contributions he had made during his working years into one sufficient benefit—one based on contributions which have earnings and growth to the final day of his active employment.

I believe that a meaningful vesting arrangement will furnish workers with much needed protection for their accrued pension rights. By the same token I feel that additional security is required and I am therefore offering an amendment which seeks to establish a voluntary portability program for vested pensions.

The language I am proposing is identical to that contained in the original Williams-Javits bill and included in the bill passed by the Senate. While it does not require the establishment of portability programs, it does encourage their formation in an attempt to provide the most optimum protection to workers. Such a voluntary portability system would permit companies to allow their employees to carry their vested rights from one company to another when changing jobs.

The weakest possible portability provision is what is contained in the Senate bill. Frankly, I would have preferred to support the much more substantive proposal which was offered by the senior Senator from Indiana (Mr. HARTKE) under which a mandatory portability program would be established, including the creation of a national pension clearinghouse or regional ones to coordinate portability activities. Unfortunately, the parliamentary situation is such that I would probably not be able to propose this more comprehensive plan and must therefore offer the voluntary system. While some may believe that it is foolish to propose a voluntary system which many pension plans will not choose to join, I feel very strongly that the principles of portability must be established and that we must have a foundation upon which to build for future—and hopefully more concrete—legislation.

There are those who contend that a fully vested pension will preclude the necessity for portability. It must be realized, however, that inflation will seriously erode the value of vested credits and that a benefit which is vested but not portable is not available in the event of disablement. Further, as Senator Hartke stated during Senate debate on the pension legislation "Vesting without portability will often prove inadequate because—employees will not feel the vested benefit alone is dependable and so may withdraw from the plan, thereby losing valuable credits." Thus, vesting and portability cannot be considered to provide the same protections.

We must also consider the fact, Mr. Chairman, that workers in this country do not typically remain with one employer during a lifetime. A Labor Department job tenure study shows that the median employment period for men at ages 45 through 49 was 10.2 years, for men 40 through 44 it was 8.4 years on their current job and only 5.8 years for men aged 35 to 39. The figures for women were significantly lower—as low as 2.6 years for women at ages 35 through 39. This study also revealed that, in the wholesale and retail trades, for example, the median years of employment for men between 25 and 44 was 3.3 years, as compared with 1.5 for women in the same age bracket, and that for male workers over the age of 45 it was 8.8 years and for women in the same category, 4.9 years. Thus, in a society in which individual and corporate mobility is increasing, there is a clear and intensified need for pension credit accumulation for employees as they move from one job to another, often in different locations throughout the country.

Opponents of portability argue that there are too many complexities involved with implementing such a system and maintain that portability would cause more rigidities which would possibly retard further pension growth. The contention that it would be too difficult to establish and carry out a portability system is simply a bureaucratic ploy to avoid doing it and I believe that the fears about possibly retarding pension growth are unfounded. Others maintain that a portability system should not be implemented at this time as it requires further study—another typical delaying tactic. However, it is for these reasons that I have chosen a voluntary system. Thus, not only would a mechanism exist under which workers pension rights can be further protected and liberalized but there would also be a device whereby some practical experience could be gained with a view toward determining the efficacy of requiring the implementation of portability programs. I urge, therefore, the adoption of my amendment and hope that employers will see fit to undertake the establishment of meaningful portability programs so that American workers may have greater mobility in the labor market.

Mr. ERLENBORN. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I understand that the provision being offered by the gentleman from New York (Mr. BADILLO) is the same provision as the Senate-passed bill relative to portability.

I would point out, because I do not think it has been made clear, that the only thing that is portable—the only thing that is portable—under that provision is a vested right. A lot of people have the idea that portability means that a worker can work a couple of years here and a couple of years there and total them all up and then get a nice pension. This portability is not that sort of provision. A worker must have a vested right before it even becomes portable under a portability plan.

Even the AFL–CIO in their commentary on this bill pointed out that cashing out a vested right and moving it to another place will mean the employee ultimately will wind up with less of a pension than if he draws his pensions from those several employers where he has vested rights.

There is no strong push behind this portability provision. This is not going to do what many employees would like to have done.

Mr. Nader in talking about portability did not have this in mind at all. I was there and I know what he was talking about. He wanted us to prohibit defined benefit pension plans from even being carried on. Mr. Nader wanted us to move to a money purchase plan.

In effect, money purchase is a savings account, so that when people retire, they can draw out what was put in, but when they run out of it they have no further retirement security, so that Mr. Nader's suggestions really fell on deaf ears on both sides of the aisle.

Mr. Chairman, I would just say that any attempt to add portability to this bill does no good for the working men and women of this country. It is not supported by the AFL–CIO to my knowledge, because they had nothing good to say about it.

Mr. Chairman, I would hope that the amendment would be defeated.

Mr. BADILLO. Mr. Chairman, will the gentleman yield?

Mr. ERLENBORN. Mr. Chairman, I yield to the gentleman from New York.

Mr. BADILLO. Mr. Chairman, I agree with the gentleman that the provision in the Senate bill is a weak provision. I said that I would like to have at the same time a stronger provision, as Mr. Nader and other people would want.

I am pointing out that because we have a weak provision in the Senate bill is no reason to have no provision at all. Let us have at least a provision that will give rights where there is total vesting. My amendment would get the principle of portability put into the bill, so that at a later time we can get the strong kind of provision I feel is necessary.

Mr. ERLENBORN. Mr. Chairman, I appreciate what the gentleman wants to do, but I would say that this is not just a weak provision. It is a provision, if it were utilized, which would reduce the benefits that employees can expect to get when they retire. This is worse than no provision at all.

Mr. DENT. Mr. Chairman, will the gentleman yield?

Mr. ERLENBORN. Mr. Chairman, I yield to the gentleman from Pennsylvania.

Mr. DENT. Mr. Chairman, I join with the gentleman from Illinois in his opposition. The simple fact is that under present law everything that this particular amendment purports to do can and is being done. It is a question of voluntary acceptance of one plan by another. There is nothing that can add anything to that.

Mr. Chairman, I pointed out to the Senators that they had just put a lot of wordage into the bill that did not do any more than they could do now except give a promise that could not be kept, because at this moment, as the gentleman knows, we have worked 7 years on this. Much of that time has been on the question of portability, and no agency has been able to give us—including organized labor, the managers of many plans in the country, insurance companies, bankers, actuarial experts—no one has been able to give us any kind of an estimate, any kind of a proposition that would be workable among over 155,000 plans plus about 200,000 individual plans.

Mr. Chairman, I agree with the gentleman from Illinois that this amendment ought to be defeated.

Mr. ULLMAN. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I want to say that this provision on portability is taken from the old Senate bill, which the Senate itself did not see fit to adopt. This provision in any case is defective because if funds are moved from a private pension program into the portability fund, this would be a taxable transaction and that would render the whole program useless.

Therefore, I hope we vote the amendment down, and let us take up the subject of portability in a responsible way sometime in the future.

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentleman from New York (Mr. BADILLO).

The amendment was rejected.

Mr. DENT. Mr. Chairman, we have no further amendments.

The CHAIRMAN (Mr. BOLAND). If there are no further amendments to title I, under the rule, the bill H.R. 12855 as title II of said substitute is considered as having been read for amendment.

No amendments are in order to title II except amendments offered by the Committee on Ways and Means which are not subject to amendment, and germane amendments to subsections 2001 (a)(1)(A), 2001(a)(2), 2001(b) and 2001(e)(3) of title II.

Are there any amendments from the Committee on Ways and Means to title II of the substitute?

TITLE II—AMENDMENTS TO THE INTERNAL REVENUE CODE RELATING TO RETIREMENT PLANS

SEC. 1001. AMENDMENT OF INTERNAL REVENUE CODE OF 1954.

Except as otherwise expressly provided, whenever in this title an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1954.

Subtitle A—Participation, Vesting, Funding, Administration, Etc.

PART I—PARTICIPATION, VESTING, AND FUNDING

SEC. 1011. MINIMUM PARTICIPATION STANDARDS.

Part I of subchapter D of chapter 1 (relating to pension, profit-sharing, stock bonus plans, etc.) is amended by adding at the end thereof the following:

"Subpart B—Special Rules

"Sec. 410. Minimum participation standards.
"Sec. 411. Minimum vesting standards.
"Sec. 412. Minimum funding standards.
"Sec. 413. Collectively bargained plans.
"Sec. 414. Definitions and special rules.
"Sec. 415. Limitations on benefits and contributions under qualified plans.

"SEC. 410. MINIMUM PARTICIPATION STANDARDS.

"(a) PARTICIPATION.—

"(1) MINIMUM AGE AND SERVICE CONDITIONS.—A trust shall not constitute a qualified trust under section 401(a) if the plan of which it is a part requires, as a condition of participation in the plan, that an employee complete a period of service with the employer or employers maintaining the plan extending beyond the later of the following dates—

"(A) the date on which the employee attains 25 years of age; or

"(B) the date on which he completes 1 year of service.

In the case of any plan which provides that after 3 years of service each participant has a right to 100 percent of his accrued benefit under the plan which is nonforfeitable (within the meaning of section 411) at the time such benefit accrues, subparagraph (B) shall be applied by substituting '3 years of service' for '1 year of service'.

"(2) MAXIMUM AGE CONDITIONS.—A trust shall not constitute a qualified trust under section 401(a) if the plan of which it is a part excludes from participation (on the basis of age) employees who have attained a specified age, unless the plan—

"(A) is a defined benefit plan, and

"(B) such employees begin employment with the employer after they have attained a specified age which is not more than 5 years before the normal retirement age under the plan.

"(3) DEFINITION OF YEAR OF SERVICE.—

"(A) DETERMINATION UNDER REGULATIONS.—For purposes of paragraph (1), the term 'year of service' means a period of service determined under regulations prescribed by the Secretary or his delegate which provide for the calculation of such.period on any reasonable and consistent basis.

"(B) REASONABLE BASIS.—For purposes of subparagraph (A), the calculation of any period of service shall not be treated as made on a reasonable basis—

"(i) if the average period of service required for participation in the plan (determined as if one employee commenced his service on each day) is more than 12 months, or

"(ii) if any employee who has completed more than 17 months of continuous service is excluded from participation in the plan by such calculation.

"(C) ADDITIONAL REQUIREMENTS WITH RESPECT TO SEASONAL EMPLOYMENT.—For purposes of subparagraph (A), the calculation of any period of service shall not be treated as made on a reasonable basis in the case of a seasonal employee whose customary employment is for at least 5 months in a 12-month period, if his period of service is treated as less than the period of service he would have had if his customary employment had been nonseasonal.

"(D) SUBSTANTIALLY DIFFERENT WORK PERIODS.—The regulations prescribed under this paragraph shall take into account the customary working period (as expressed in hours, days, weeks, months or years) in any industry where, by the nature of the employment, such period differs substantially from the comparable work period in industry generally.

"(4) BREAKS IN SERVICE.—

"(A) SHORTER BREAKS IN SERVICE.—For purposes of paragraph (3)(A), in the case of any employee who has a break in his service with the employer for a continuous period of not less than 1 year, the calculation of his period of service shall not be treated as not made on a reasonable basis merely because, under the plan, service performed by such employee is not taken into account until he has completed a continuous period of service (not in excess of 1 year) after his return.

"(B) EMPLOYEES 50-PERCENT VESTED.—For purposes of paragraph (3)(A), except as otherwise provided in subparagraph (A), in the case of any employee who has a break in his service with the employer and who, before such break, had a nonforfeitable right to 50 percent or more of his accrued benefit derived from employer contributions, the calculation of his period of service shall not be treated as made on a reasonable basis if service performed by such employee before the end of such break in service is not taken into account in calculating his period of service.

"(C) 4 CONSECUTIVE YEARS OF SERVICE.—For purposes of paragraph (3)(A), except as otherwise provided in subparagraphs (A) and (D), in the case of any employee who has a break in his service with the employer the calculation of his period of service shall not be treated as made on a reasonable basis if such employee completed 4 consecutive years of service before such break and all service before such break is not taken into account.

"(D) 6-YEAR BREAK IN SERVICE.—For purposes of paragraph (3)(A), except as otherwise provided in subparagraph (B), in the case of any employee who has a break in his service with the employer for a continuous period of not less than 6 years, the calculation of his period of service shall not be treated as not made on a reasonable basis merely because, under the plan, service performed by such employee before the end of such break in service is not taken into account.

"(b) Eligibility.—

"(1) In general.—A trust shall not constitute a qualified trust under section 401(a) unless the trust, or two or more trusts, or the trust or trusts and annuity plan or plans are designated by the employer as constituting parts of a plan intended to qualify under section 401(a) which benefits either—

"(A) 70 percent or more of all employees, or 80 percent or more of all the employees who are eligible to benefit under the plan if 70 percent or more of all the employees are eligible to benefit under the plan, excluding in each case employees who have not satisfied the age and service requirements, if any, prescribed by the plan as a condition of participation, or

"(B) such employees as qualify under a classification set up by the employer and found by the Secretary or his delegate not to be discriminatory in favor of employees who are officers, shareholders, or highly compensated.

"(2) Exclusion of certain employees.—For purposes of paragraph (1), there shall be excluded from consideration—

"(A) employees not included in the plan who are included in a unit of employees covered by an agreement which the Secretary or his delegate finds to be a collective-bargaining agreement between employee representatives and one or more employers, if there is evidence that retirement benefits were the subject of good faith bargaining between such employee representatives and such employer or employers,

"(B) in the case of a trust established or maintained pursuant to an agreement which the Secretary or his delegate finds to be a collective-bargaining agreement between air pilots represented in accordance with title II of the Railway Labor Act and one or more employers, all employees not covered by such agreement, and

"(C) employees not included in the plan who are nonresident aliens and who receive no earned income (within the meaning of section 911(b)) from the employer which constitutes income from sources within the United States (within the meaning of section 861(a)(3)).

"(c) Exclusion of Governmental Plans and Certain Church Plans.—This section shall not apply to—

"(1) a governmental plan (within the meaning of section 414(d)) which meets the requirements of section 401(a)(3) as in effect on the day before the date of the enactment of this section, and

"(2) a church plan (within the meaning of section 414(e))—

"(A) which meets the requirements of section 401(a)(3) (and, if applicable, section 406(b)(1) or 407(b)(1)) as in effect on the day before the date of the enactment of this section, and

"(B) with respect to which the election provided by subsection (d) has not been made.

"(d) Election by Church To Have Participation, Vesting, Funding, and Form of Benefit Provisions Apply.—

"(1) In general.—If the church or convention or association of churches which maintains any church plan makes an election under this subsection (in such form and manner, and with such official, as may be prescribed by regulations), then the provisions of this title relating to participation, vesting, funding, and form of benefit (as in effect from time to time) shall apply to such church plan as if such provisions did not contain an exclusion for church plans.

"(2) Election irrevocable.—An election under this subsection with respect to any church plan shall be binding with respect to such plan, and, once made, shall be irrevocable."

Sec. 1012. Minimum Vesting Standards.

(a) In General.—Subpart B of part I of subchapter D of chapter 1 is amended by adding after section 410 the following new section:

"Sec. 411. Minimum Vesting Standards.

"(a) General Rule.—Except as provided in subsections (d) and (e), a trust shall not constitute a qualified trust under section 401(a) unless the plan of which such trust is a part satisfies the requirements of paragraphs (1) and (2) of this subsection and the requirements of paragraph (2) of subsection (b), and in the case of a defined benefit plan, also satisfies the requirements of paragraph (1) of subsection (b).

"(1) Employee contributions.—A plan satisfies the requirements of this paragraph if, under the plan, an employee's rights in his accrued benefit derived from his own contributions are nonforfeitable.

"(2) Employer contributions.—A plan satisfies the requirements of this paragraph if it satisfies the requirements of subparagraph (A), (B), or (C).

"(A) 10-year vesting.—A plan satisfies the requirements of this subparagraph if, under the plan, an employee who has at least 10 years of service has a nonforfeitable right to 100 percent of his accrued benefit derived from employer contributions.

"(B) 5- to 15-year vesting.—A plan satisfies the requirements of this subparagraph if, under the plan, an employee who has at least 5 years of service has a nonforfeitable right to a percentage of his accrued benefit derived from employer contributions. The percentage shall not be less than the percentage determined under the following table:

"Years of service:	Nonforfeitable percentage
5	25
6	30
7	35
8	40
9	45
10	50
11	60
12	70
13	80
14	90
15 or more	100

"(C) Rule of 45.—A plan satisfies the requirements of this subparagraph if, under the plan—

"(i) in the case of an employee who is an active participant, who has at least 5 years of service, and with respect to whom the sum of his age and years of service equals or exceeds 45, the employee has a nonforfeitable right to at least 50 percent of his accrued benefit derived from employer contributions, and

"(ii) for each year of service after an employee first satisfies the requirements of clause (i), the nonforfeitable percentage of his accrued benefit so derived is not less than the percentage determined under the following table:

"Additional years of service:	Nonforfeitable percentage
1	60
2	70
3	80
4	90
5	100

"(D) Transitional percentages.—In the case of a plan in existence on December 31, 1973, for the first 5 plan years of the plan to which this section applies, in lieu of the nonforfeitable percentages set forth in subparagraph (A), (B), or (C), as the case may be, the nonforfeitable percentage shall be the following percentage of the applicable nonforfeitable percentage determined under such subparagraph:

"Plan year to which this section applies:	Percentage of applicable nonforfeitable percentage determined under paragraph (A), (B), or (C)
1	50
2	60
3	70
4	80
5	90

"(E) Nonforfeitable.—For purposes of this paragraph, a right to an accrued benefit derived from employer contributions shall not be treated as forfeitable merely because the plan provides that it is not payable where the participant dies (except in the case of a survivor annuity which is payable as provided in section 401(a)(11)), or that payment of benefits is suspended during periods when the participant has resumed employment with the employer (or, in the case of a multiemployer plan, has resumed employment in the industry), or that plan amendments may be given retroactive application as provided in section 412(c)(8).

"(3) Determination of nonforfeitable percentage.—In computing the period of service under the plan for purposes of determining the nonforfeitable percentage under paragraph (2), an employee's entire service with the employer or employers maintaining the plan shall be taken into account, except that the following may be disregarded:

"(A) service before age 25;

"(B) service during a period for which the employee declined to contribute to a plan requiring employee contributions;

"(C) service with an employee during any period for which the employer did not maintain the plan;

"(D) seasonal service not taken into account for purposes of section 410;

"(E) service broken by periods of suspension of employment, if the rules governing such breaks in service are permissible under section 410(a)(4); and

"(F) service before January 1, 1969, unless the employee has had at least 5 years of service after December 31, 1968.

(4) Year of service.—For purposes of this subsection, the term 'year of service' means a period of service determined under regulations prescribed by the Secretary or his delegate which provide for the calculation of such period on any reasonable and consistent basis. The regulations prescribed under this paragraph shall meet the requirements of paragraphs (3) and (4) of section 410(a) and shall be consistent with the regulations prescribed for purposes of such paragraphs.

"(5) Accrued benefit.—

"(A) In general.—For purposes of this section, the term 'accrued benefit' means—

"(1) in the case of a defined benefit plan, the employee's accrued benefit determined under the plan and, except as provided in subsection (c)(3), expressed in the form of an annual benefit commencing at normal retirement age, or

"(ii) in the case of a plan which is not a defined benefit plan, the balance of the employee's account.

"(B) Effect of certain distributions.—Notwithstanding paragraph (3), for purposes of determining the employee's accrued benefit under the plan, the plan may disregard service performed by the employee with respect to which he has received (i) a distribution of the present value of his entire nonforfeitable benefit if such distribution was less than $1,750, or (ii) a distribution of the present value of his nonforfeitable benefit attributable to such service which he elected to receive. Clause (i) of the first sentence of this subparagraph shall apply only if such distribution was made on termination of the employee's participation in the plan. Clause (ii) of the first sentence of this subparagraph shall apply only if such distribution was made on termination of the employee's participation in the plan or under such other circumstances as may be provided under regulations prescribed by the Secretary or his delegate.

"(6) NORMAL RETIREMENT AGE.—For purposes of this section, the term 'normal retirement age' means the earlier of—

"(A) the time a plan participant attains normal retirement age under the plan, or

"(B) the later of—

"(i) the time a plan participant attains age 65, or

"(ii) the 10th anniversary of the time a plan participant commenced participation in the plan.

"(7) SPECIFICATION OF VESTING SCHEDULE.—A plan shall not satisfy the requirements of paragraph (2) unless the plan specifies whether the vesting schedule specified in subparagraph (A), (B), or (C) of paragraph (2) shall be the applicable minimum schedule for purposes of such plan.

"(8) CHANGES IN VESTING SCHEDULE.—A plan amendment changing any vesting schedule under the plan shall be treated as not satisfying the requirements of paragraph (2) if the nonforfeitable percentage of the accrued benefit derived from employer contributions (determined for any year of service) of any employee who is a participant in the plan on the date such amendment is adopted, or on the date such amendment becomes effective, is less than such nonforfeitable percentage computed under the plan without regard to such amendment.

"(b) ACCRUED BENEFIT REQUIREMENTS.—

"(1) GENERAL RULES.—

"(A) 3-PERCENT METHOD.—A defined benefit plan satisfies the requirements of this paragraph if the annual rate at which any participant accrues retirement benefits under the plan for any year of participation before the end of 33⅓ years of participation is not less than 3 percent of the maximum benefit to which such participant would be entitled if he commenced participation at the earliest possible entry age under the plan and served continuously until the earlier of age 65 or the normal retirement age specified under the plan. In the case of a plan providing retirement benefits based on compensation during any period, the maximum benefit to which a participant would be entitled shall be determined as if he continued to earn annually the average rate of compensation which he earned during consecutive years of service, not in excess of 10, for which his compensation was the highest. For purposes of this subparagraph, social security benefits and all other relevant factors used to compute benefits shall be treated as remaining constant as of the current year for all years after such current year.

"(B) 133⅓ PERCENT RULE.—A defined benefit plan satisfies the requirements of this paragraph unless under the plan the annual rate at which any participant can accrue the retirement benefits payable at normal retirement age under the plan for any plan year is more than 133⅓ percent of the annual rate at which he can accrue benefits for any other plan year; except that an accrual rate for any year before the 11th year of service which exceeds by more than 133⅓ percent the accrual rate for any year after the 10th year of service may be disregarded. For purposes of this subparagraph—

"(i) the accrual rate for any plan year after the participant is eligible to retire with benefits which are not actuarially reduced on account of age or service shall not be taken into account;

"(ii) any amendment to the plan which is in effect for the current year shall be treated as in effect for all other plan years;

"(iii) any change in an accrual rate which does not apply to any participant in the current year shall be disregarded;

"(iv) the fact that benefits under the plan may be payable to certain employees before normal retirement age shall be disregarded; and

"(v) social security benefits and all other relevant factors used to compute benefits shall be treated as remaining constant as of the current year for all years after the current year.

"(C) CERTAIN INSURED DEFINED BENEFIT PLANS.—Notwithstanding subparagraphs (A) and (B), a defined benefit plan satisfies the requirements of this paragraph if such plan—

"(i) is funded exclusively by the purchase of individual insurance contracts, and

"(ii) satisfies the requirements of paragraphs (2) and (3) of section 412(f) (relating to certain insurance contract plans).

but only if an employee's accrued benefit as of any applicable date is not less than the cash surrender value his insurance contracts would have on such applicable date if the requirements of paragraphs (4), (5), and (6) of section 412(f) were satisfied.

"(2) SEPARATE ACCOUNTING REQUIRED IN CERTAIN CASES.—A plan satisfies the requirements of this paragraph if—

"(A) in the case of a defined benefit plan, the plan requires separate accounting for the portion of each employee's accrued benefit derived from any voluntary employee contributions permitted under the plan; and

"(B) in the case of any plan which is not a defined benefit plan, the plan requires separate accounting for each employee's accrued benefit.

"(3) YEAR OF SERVICE.—For purposes of determining an employee's accrued benefit, the term 'year of service' means a period of service (beginning not later than the date on which the employee first becomes a participant in the plan) as determined under regulations prescribed by the Secretary or his delegate which provide for the calculation of such period on any reasonable and consistent basis.

"(c) ALLOCATION OF ACCRUED BENEFITS BETWEEN EMPLOYER AND EMPLOYEE CONTRIBUTIONS.—

"(1) ACCRUED BENEFIT DERIVED FROM EMPLOYER CONTRIBUTIONS.—For purposes of this section, an employee's accrued benefit derived from employer contributions as of any applicable date is the excess of the accrued benefit for such employee as of such applicable date over the accrued benefit derived from contributions made by such employee as of such date.

"(2) ACCRUED BENEFIT DERIVED FROM EMPLOYEE CONTRIBUTIONS.—

"(A) PLANS OTHER THAN DEFINED BENEFIT PLANS.—In the case of a plan other than a defined benefit plan, the accrued benefit derived from contributions made by an employee as of any applicable date is—

"(i) except as provided in clause (ii), the balance of the employee's separate account consisting only of his contributions and the income, expenses, gains, and losses attributable thereto, or

"(ii) if a separate account is not maintained with respect to an employee's contributions under such a plan, the amount which bears the same ratio to his total accrued benefits at the total amount of the employee's contributions (less withdrawals) bears to the sum of such contributions and the contributions made on his behalf by the employer (less withdrawals).

"(B) DEFINED BENEFIT PLANS.—

"(i) IN GENERAL.—In the case of a defined benefit plan providing an annual benefit in the form of a single life annuity (without ancillary benefits) commencing at normal retirement age, the accrued benefit derived from contributions made by an employee as of any applicable date is the annual benefit equal to the employee's accumulated contributions multiplied by the appropriate conversion factor.

"(ii) APPROPRIATE CONVERSION FACTOR.—For purposes of clause (i), the term 'appropriate conversion factor' means the factor necessary to convert an amount equal to the accumulated contributions to a single life annuity (without ancillary benefits) commencing at normal retirement age and shall be 10 percent for a normal retirement age of 65 years. For other normal retirement ages the conversion factor shall be determined in accordance with regulations prescribed by the Secretary or his delegate.

"(C) DEFINITION OF ACCUMULATED CONTRIBUTIONS.—For purposes of this subsection, the term 'accumulated contributions' means the total of—

"(i) all mandatory contributions made by the employee,

"(ii) interest (if any) under the plan to the end of the last plan year to which subsection (a)(2) does not apply (by reason of the applicable effective date), and

"(iii) interest on the sum of the amounts determined under clauses (i) and (ii) compounded annually at the rate of 5 percent per annum from the beginning of the first plan year to which subsection (a)(2) applies (by reason of the applicable effective date) to the date upon which the employee would attain normal retirement age.

For purposes of this subparagraph, the term 'mandatory contributions' means amounts contributed to the plan by the employee which are required as a condition of employment, as a condition of participation in such plan, or as a condition of obtaining benefits under the plan attributable to employer contributions.

"(D) ADJUSTMENTS.—The Secretary or his delegate is authorized to adjust by regulation the conversion factor described in subparagraph (B), the rate of interest described in clause (iii) of subparagraph (C), or both, from time to time as he may deem necessary. The rate of interest shall bear the relationship to 5 percent which the Secretary or his delegate determines to be comparable to the relationship which the long-term money rates and investment yields for the last period of 10 calendar years ending at least 12 months before the beginning of the plan year bear to the long-term money rates and investment yields for the 10-calendar year period 1964 through 1973. No such adjustment shall be effective for a plan year beginning before the expiration of 1 year after such adjustment is determined and published.

"(E) LIMITATION.—The accrued benefit derived from employee contributions shall not exceed the employee's accrued benefit under the plan.

"(3) ACTUARIAL ADJUSTMENT.—For purposes of this section, in the case of any defined benefit plan, if an employee's accrued benefit is to be determined as an amount other than an annual benefit commencing at normal retirement age, or if the accrued benefit derived from contributions made by an employee is to be determined with respect to a benefit other than an annual benefit in the form of a single life annuity (without ancillary benefits) commencing at normal retirement age, the employee's accrued benefit, or the accrued benefits derived from contributions made by an employee, as the case may be, shall be the actuarial equivalent of such benefit or amount determined under paragraph (1) or (2).

"(d) SPECIAL RULES.—

"(1) COORDINATION WITH SECTION 401(a)

(4).—A plan which satisfies the requirements of this section shall be treated as satisfying any vesting requirements resulting from the application of section 401(a)(4) unless—

"(A) there has been a pattern of abuse under the plan (such as a firing of employees before their accrued benefits vest), or

"(B) there have been, or there is reason to believe there will be, an accrual of benefits or forfeitures tending to discriminate in favor of employees who are officers, shareholders, or highly compensated.

"(2) PROHIBITED DISCRIMINATION.—Subsection (a) shall not apply to benefits which may not be provided for designated employees in the event of early termination of the plan under provisions of the plan adopted pursuant to regulations prescribed by the Secretary or his delegate to preclude the discrimination prohibited by section 401(a)(4).

"(3) TERMINATION OR PARTIAL TERMINATION; DISCONTINUANCE OF CONTRIBUTIONS.—Notwithstanding the provisions of subsection (a), a trust shall not constitute a qualified trust under section 401(a) unless the plan of which such trust is a part provides that—

"(A) upon its termination or partial termination, or

"(B) in the case of a plan to which section 412 does not apply, upon complete discontinuance of contributions under the plan, the rights of all affected employees to benefits accrued to the date of such termination, partial termination, or discontinuance, to the extent funded as of such date, or the amounts credited to the employees' accounts, are nonforfeitable. This paragraph shall not apply to benefits or contributions which, under provisions of the plan adopted pursuant to regulations prescribed by the Secretary or his delegate to preclude the discrimination prohibited by section 401(a)(4), may not be used for designated employees in the event of early termination of the plan.

"(4) CLASS YEAR PLANS.—The requirements of subsection (a)(2) shall be deemed to be satisfied in the case of a class year plan if such plan provides that 100 percent of each employee's right to or derived from the contributions of the employer on his behalf with respect to any plan year are nonforfeitable not later than the end of the 5th plan year following the plan year for which such contributions were made (within the meaning of section 404(a)(6)). For purposes of this section, the term 'class year plan' means a profit-sharing or stock bonus plan which provides for the separate nonforfeitability of employees' rights to or derived from the contributions for each plan year.

"(5) TREATMENT OF VOLUNTARY EMPLOYEE CONTRIBUTIONS.—In the case of a defined benefit plan which permits voluntary employee contributions, the portion of an employee's accrued benefit derived from such contributions shall be treated as an accrued benefit derived from employee contributions under a plan other than a defined benefit plan.

"(e) EXCLUSION OF CERTAIN PLANS.—This section shall not apply to—

"(1) a governmental plan, if the plan meets any vesting requirements resulting from the application of section 401(a)(4) as in effect on the day before the date of the enactment of this section,

"(2) a church plan—

"(A) which meets any vesting requirements resulting from the application of section 401(a)(4) as in effect on the day before the date of the enactment of this section, and

"(B) with respect to which the election provided by section 410(d) has not been made, and

"(3) a plan which has not, at any time after the date of the enactment of this section, provided for employer contributions.

"(f) RECORDKEEPING REQUIREMENTS.—

"(1) SINGLE EMPLOYER PLAN.—Except as provided by paragraph (2), every employer shall, in accordance with regulations prescribed by the Secretary or his delegate, maintain records with respect to each of his employees sufficient to determine the benefits due or which may become due to such employees.

"(2) MORE THAN ONE EMPLOYER.—If more than one employer adopts a plan, each such employer shall, in accordance with regulations prescribed by the Secretary or his delegate, furnish to the plan administrator the information necessary for the administrator to maintain the records required by paragraph (1). Such administrator shall maintain the records required by paragraph (1).

"(g) CROSS REFERENCE.—

"For penalty for failure to furnish the information or maintain the records required under this section, see section 6690."

(b) PENALTY FOR FAILURE TO FURNISH INFORMATION.—Subchapter B of chapter 68 (relating to assessable penalties) is amended by adding at the end thereof the following new section:

"SEC. 6690. FAILURE TO FURNISH INFORMATION OR MAINTAIN RECORDS.

"(a) CIVIL PENALTY.—If any person who is required, under section 411(f), to furnish information or maintain records for any plan year fails to comply with such requirement, he shall pay a penalty of $10 for each employee with respect to whom such failure occurs, unless it is shown that such failure is due to reasonable cause.

"(b) DEFICIENCY PROCEDURES NOT TO APPLY.—Subchapter B of chapter 63 (relating to deficiency procedures for income, estate, gift, and certain excise taxes) shall not apply to the assessment or collection of any penalty imposed by subsection (a)."

(c) COMPARABILITY OF PLANS.—Section 401(a) (relating to requirements for qualification) is amended by adding at the end of paragraph (5) the following: "For purposes of determining whether two or more plans of an employer satisfy the requirements of paragraph (4) when considered as a single plan, if the amount of contributions on behalf of the employees allowed as a deduction under section 404 for the taxable year with respect to such plans, taken together, bears a uniform relationship to the total compensation, or the basic or regular rate of compensation, of such employees, the plans shall not be considered discriminatory merely because the rights of employees to, or derived from, the employer contributions under the separate plans do not become nonforfeitable at the same rate. For purposes of determining whether two or more plans of an employer satisfy the requirements of paragraph (4) when considered as a single plan, if the employees' rights to benefits under the separate plans do not become nonforfeitable at the same rate, but the levels of benefits provided by the separate plans satisfy the requirements of regulations prescribed by the Secretary or his delegate to take account of the differences in such rates, the plans shall not be considered discriminatory merely because of the differences in such rates."

SEC. 1013. MINIMUM FUNDING STANDARDS.

(a) IN GENERAL.—Subpart B of part I of subchapter D of chapter 1 is amended by adding after section 411 the following new section:

"SEC. 412. MINIMUM FUNDING STANDARDS.

"(a) GENERAL RULE.—Except as provided in subsection (e), this section applies to a plan if, for any plan year beginning on or after the effective date of this section for such plan—

"(1) such plan included a trust which qualified (or was determined by the Secretary or his delegate to have qualified) under section 401(a), or

"(2) such plan satisfied (or was determined by the Secretary or his delegate to have satisfied) the requirements of section 404(a)(2) or 405(a).

A plan to which this section applies shall have satisfied the minimum funding standard for such plan for a plan year at the end of which the plan does not have an accumulated funding deficiency. For purposes of this section and section 4971, the term 'accumulated funding deficiency' means for any plan the excess of the total charges to the funding standard account for all plan years (beginning with the first plan year to which this section applies) over the total credits to such account for such years.

"(b) FUNDING STANDARD ACCOUNT.—

"(1) ACCOUNT REQUIRED.—Each plan to which this section applies shall establish and maintain a funding standard account. Such account shall be credited and charged solely as provided in this section.

"(2) CHARGES TO ACCOUNT.—For a plan year, the funding standard account shall be charged with the sum of—

"(A) the normal cost of the plan for the plan year,

"(B) the amounts necessary to amortize in equal annual installments (until fully amortized)—

"(i) in the case of a plan in existence on January 1, 1974, the unfunded past service liability under the plan on the first day of the first plan year to which this section applies, over a period of 40 plan years,

"(ii) in the case of a plan which comes into existence after January 1, 1974, the unfunded past service liability under the plan on the first day of the first plan year to which this section applies, over a period of 30 plan years (40 plan years in the case of multiemployer plan),

"(iii) separately, with respect to each plan year, the net increase (if any) in unfunded past service liability under the plan arising from plan amendments adopted in such year, over a period of 30 plan years (40 plan years in the case of a multiemployer plan), and

"(iv) separately, with respect to each plan year, the net experience loss (if any) under the plan, over a period of 15 plan years (20 plan years in the case of a multiemployer plan),

"(C) the excess (if any) for such plan year of—

"(i) the annual amount which would be necessary to amortize in equal annual installments from such year over a period of 20 years the excess (if any) of the present value of all nonforfeitable benefits (computed using appropriate mortality and interest assumptions) over the value of the plan's assets, over

"(ii) the excess (if any) of the sum of the amounts computed under subparagraphs (A) and (B) of paragraph (2) over the amount computed under paragraph (3)(B), and

"(D) the amount necessary to amortize each waived funding deficiency (within the meaning of subsection (d)(3)) for each prior plan year in equal annual installments (until fully amortized) over a period of 15 plan years.

"(3) CREDITS TO ACCOUNT.—For a plan year, the funding standard account shall be credited with the sum of—

"(A) the amount considered contributed by the employer to or under the plan (within the meaning of section 404(a)(6)) for the plan year,

"(B) the amount necessary to amortize in equal annual installments (until fully amortized)—

"(i) separately, with respect to each plan year, the net decrease (if any) in unfunded past service liability under the plan arising from plan amendments adopted in such year, over a period of 30 plan years (40 plan years in the case of a multiemployer plan), and

"(ii) separately, with respect to each plan year, the net experience gain (if any) under the plan, over a period of 15 plan years (20 plan years in the case of a multiemployer plan), and

"(C) the amount of the waived funding deficiency (within the meaning of subsection (d)(3)) for the plan year.

"(4) COMBINING AND OFFSETTING AMOUNTS TO BE AMORTIZED.—Under regulations prescribed by the Secretary or his delegate, amounts required to be amortized under paragraph (2) or paragraph (3), as the case may be—

"(A) may be combined into one amount under such paragraph to be amortized over a period determined on the basis of the remaining amortization period for all items entering into such combined amount, and

"(B) may be offset against amounts required to be amortized under the other such paragraph, with the resulting amount to be amortized over a period determined on the basis of the remaining amortization periods for all items entering into whichever of the two amounts being offset is the greater.

"(5) INTEREST.—The funding standard account (and items therein) shall be charged or credited (as determined under regulations prescribed by the Secretary or his delegate) with interest at the appropriate rate consistent with the rate or rates of interest used under the plan to determine costs.

"(c) SPECIAL RULES.—

"(1) DETERMINATIONS TO BE MADE UNDER FUNDING METHOD.—For purposes of this section, normal costs, accrued liability, past service labilities, and experience gains and losses shall be determined under the funding method used to determine costs under the plan.

"(2) VALUATION OF ASSETS.—

"(A) IN GENERAL.—For purposes of this section, the value of the plan's assets shall be determined on the basis of any reasonable actuarial method of valuation which takes into account fair market value and which is permitted under regulations prescribed by the Secretary or his delegate.

"(B) ELECTION WITH RESPECT TO BONDS.—The value of a bond or other evidence of indebtedness which is not in default as to principal or interest may, at the election of the plan administrator, be determined on an amortized basis running from initial cost at purchase to par value at maturity or earliest call date. Any election under this subparagraph shall be made at such time and in such manner as the Secretary or his delegate shall by regulations provide, shall apply to all such evidences of indebtedness, and may be revoked only with the consent of the Secretary or his delegate.

"(3) ACTUARIAL ASSUMPTIONS MUST BE REASONABLE.—For purposes of this section, all costs, liabilities, rates of interest, and other factors under the plan shall be determined on the basis of actuarial assumptions which, in the aggregate, are reasonable.

"(4) TREATMENT OF CERTAIN CHANGES AS EXPERIENCE GAIN OR LOSS.—For purposes of this section, if—

"(A) a change in benefits under the Social Security Act or in other retirement benefits created under Federal or State law, or

"(B) a change in the definition of the term 'wages' under section 3121, or a change in the amount of such wages taken into account under regulations prescribed for purposes of section 401(a)(5),

results in an increase or decrease in accrued liability under a plan, such increase or decrease shall be treated as an experience loss or gain.

(5) CHANGE IN FUNDING METHOD OR IN PLAN YEAR REQUIRES APPROVAL.—If the funding method for a plan is changed, the new funding method shall become the funding method used to determine costs and liabilities under the plan only if the change is approved by the Secretary or his delegate. If the plan year for a plan is changed, the new plan year shall become the plan year for the plan only if the change is approved by the Secretary or his delegate.

"(6) FULL FUNDING.—If, as of the close of a plan year, a plan would (but for the application of this paragraph) have an accumulated funding deficiency in excess of the full funding limitation—

"(A) the funding standard account shall be credited with the amount of such excess, and

"(B) all amounts described in paragraphs (2)(B) and (D) and (3)(B) of subsection (b) which are required to be amortized shall be considered fully amortized for purposes of such paragraphs.

"(7) FULL FUNDING LIMITATION.—For purposes of paragraph (6), the term 'full funding limitation' means the excess (if any) of—

"(A) the accrued liability (including normal cost) under the plan (determined under the entry age normal funding methods if such accrued liability cannot be directly calculated under the funding method used for the plan), over

"(B) the lesser of the fair market value of the plan's assets or the value of such assets determined under paragraph (2).

"(8) CERTAIN RETROACTIVE PLAN AMENDMENTS.—

"(A) AMENDMENTS WITHOUT APPROVAL OF SECRETARY OF LABOR.—For purposes of this section, any amendment applying to a plan year which—

"(i) is adopted after the close of such plan year but no later than the time prescribed by law (including extensions) for filing the return of the employer for the taxable year with which or within which the plan year ends (or, in the case of a multiemployer plan, no later than 2 years after the close of such plan year), and

"(ii) does not reduce the accrued benefit of any participant determined as of the beginning of the first plan year to which the amendment applies

shall, at the election of the plan administrator, be deemed to have been made on the first day of such plan year.

"(B) AMENDMENTS WITH APPROVAL OF SECRETARY OF LABOR.—For purposes of this section, any amendments adopted after the close of the plan year which reduces benefits, whether or not otherwise nonforfeitable (determined as of the end of the preceding plan year) shall, except for purposes of section 4971(a) (relating to initial 5 percent tax on failure to meet minimum funding standards), be deemed to have been made on the first day of the first plan year to which such amendment applies if the Secretary of Labor approves such retroactive application of such amendment. The Secretary of Labor shall approve such application on his own motion (or having received the petition of the plan administrator) after giving interested persons an opportunity to be heard and after determining that—

"(i) such amendment affects the plan only to such extent (and for such limited period of time) as is necessary or appropriate to carry out the purposes of the Employee Benefit Security Act of 1974 and to provide adequate protection to the participants and beneficiaries in the plan,

"(ii) but for such amendment, there would result a substantial risk to the voluntary continuation of the plan or a substantial curtailment of pension benefit levels or the levels of employee compensation, and

"(iii) failure to make such amendment would be adverse to the interests of plan participants in the aggregate.

No retroactive amendment may be approved under this subparagraph unless the Secretary of Labor is satisfied that all plan participants and other interested persons (as determined under regulations prescribed by the Secretary of Labor) have received adequate prior notice from the plan administrator of any hearing to be held under this subparagraph. The Secretary of Labor shall notify the Secretary of the Treasury of any such hearing.

"(9) 3-YEAR VALUATION.—For purposes of this section, a determination of experience gains and losses and a valuation of the plan's liability shall be made not less frequently than once every 3 years, except that such determination shall be made more frequently to the extent required in particular cases under regulations prescribed by the Secretary or his delegate.

"(d) VARIANCE FROM MINIMUM FUNDING STANDARD; EXTENSION OF AMORTIZATION PERIODS FOR MULTIEMPLOYER PLANS.—

"(1) WAIVER IN CASE OF SUBSTANTIAL BUSINESS HARDSHIP.—If an employer is unable to satisfy the minimum funding standard for a plan year without substantial business hardship and if application of the standard would be adverse to the interests of plan participants in the aggregate, the Secretary or his delegate may waive the requirements of subsection (a) for such year with respect to all or any portion of the minimum funding standard other than the portion thereof determined under subsection (b)(2)(D). The Secretary or his delegate shall not waive the minimum funding standard with respect to a plan for more than 5 of any 15 consecutive plan years.

"(2) DETERMINATION OF SUBSTANTIAL BUSINESS HARDSHIP.—For purposes of this section, the factors taken into account in determining substantial business hardship shall include (but shall not be limited to) whether or not—

"(A) the employer is operating at an economic loss,

"(B) there is substantial unemployment or underemployment in the trade or business and in the industry concerned,

"(C) the sales of profits of the industry concerned are depressed or declining, and

"(D) it is reasonable to expect that the plan will be continued only if the waiver is granted.

"(3) WAIVED FUNDING DEFICIENCY.—For purposes of this section, the term 'waived funding deficiency' means the portion of the minimum funding standard (determined without regard to subsection (b)(3)(C)) for a plan year waived by the Secretary or his delegate and not satisfied by employer contributions.

"(4) EXTENSION OF AMORTIZATION PERIODS FOR MULTIEMPLOYER PLANS.—If 10 percent or more of the number of employers contributing to or under a multiemployer plan demonstrate to the satisfaction of the Secretary of Labor that they would experience substantial business hardship if required to amortize in equal annual installments any unfunded liability (described in any clause of subsection (b)(2)(B)) of such plan over a period of years and if such requirement would be adverse to the interests of plan participants in the aggregate, then the period of years described in such clause shall be extended for such plan for the period of time (not in excess of 10 years) which is certified for this purpose by the Secretary of Labor to the Secretary of the Treasury.

"(5) BENEFITS MAY NOT BE INCREASED DURING WAIVER OR EXTENSION PERIOD.—No amendment of the plan which increases the liabilities of the plan by reason of any increase in benefits, any change in the accrual of benefits, or any change in the rate at which benefits become nonforeitable under the plan shall be adopted if a waiver under paragraph (1), an extension of time under paragraph (4), or an alternate method prescribed under section 1015(b) of the Employee Benefit Security Act of 1974 is in effect with respect to the plan. If a plan is amended in violation of the preceding sentence, any such waiver, extension of time, or alternate method shall not apply to any plan year ending on or after the day on which such amendment is adopted.

"(e) EXCEPTIONS.—Subsection (a) shall not apply to—

"(1) any profit-sharing or stock bonus plan,

"(2) any insurance contract plan described in subsection (f),

"(3) any governmental plan which meets the requirements of section 401(a)(7) as in effect on the day before the date of the enactment of this section,

"(4) any church plan—

"(A) which meets the requirements of section 401(a)(7) as in effect on the day before the date of the enactment of this section, and

"(B) with respect to which the election provided by section 410(d) has not been made, and

"(5) a plan which has not, at any time after the date of the enactment of this section, provided for employer contributions.

"(f) Certain Insurance Contract Plans.—A plan is described in this subsection if—

"(1) the plan is funded exclusively by the purchase of individual insurance contracts,

"(2) such contracts provide for level annual premium payments to be paid extending not later than the retirement age for each individual participating in the plan, and commencing with the date the individual became a participant in the plan (or, in the case of an increase in benefits, commencing at the time such increase becomes effective),

"(3) benefits provided by the plan are equal to the benefits provided under each contract at normal retirement age under the plan and are guaranteed by an insurance carrier (licensed under the laws of a State to do business with the plan) to the extent premiums have been paid,

"(4) premiums payable for the plan year, and all prior plan years under such contracts have been paid before lapse or there is reinstatement of the policy,

"(5) no rights under such contracts have been subject to a security interest at any time during the plan year, and

"(6) no policy loans are outstanding at any time during the plan year."

(b) Excise Tax on Failure To Meet Minimum Funding Standards.—Subtitle D (relating to miscellaneous excise taxes) is amended by adding at the end thereof the following new chapter:

"CHAPTER 43—QUALIFIED PENSION, ETC., PLANS

"Sec. 4971. Taxes on Failure to Meet Minimum Funding Standards.

"(a) Initial Tax.—For each taxable year of an employer who maintains a plan to which section 412 applies, there is hereby imposed a tax of 5 percent on the amount of the accumulated funding deficiency under the plan, determined as of the end of the plan year ending with or within such taxable year. The tax imposed by this subsection shall be paid by the employer responsible for contributing to or under the plan the amount described in section 412(b)(3)(A).

"(b) Additional Tax.—In any case in which an initial tax is imposed by subsection (a) on an accumulated funding deficiency and such accumulated funding deficiency is not corrected within the correction period, there is hereby imposed a tax equal to 100 percent of such accumulated funding deficiency to the extent not corrected. The tax imposed by this subsection shall be paid by the employer described in subsection (a).

"(c) Definitions.—For purposes of this section—

"(1) Accumulated funding deficiency.—The term 'accumulated funding deficiency' has the meaning given to such term by the last sentence of section 412(a).

"(2) Correct.—The term 'correct' means, with respect to an accumulated funding deficiency, the contribution, to or under the plan, of the amount necessary to reduce such accumulated funding deficiency as of the end of a plan year in which such deficiency arose to zero.

"(3) Correction period.—The term 'correction period' means, with respect to an accumulated funding deficiency, the period beginning with the end of a plan year in which there is an accumulated funding deficiency and ending 90 days after the date of mailing of a notice of deficiency under section 6212 with respect to the tax imposed by subsection (a), extended—

"(A) by any period in which a deficiency cannot be assessed under section 6213(a), and

"(B) by any other period which the Secretary or his delegate determines is reasonable and necessary to permit a reduction of the accumulated funding deficiency to zero under this section.

"(d) Cross Reference.—

"For disallowance of deduction for taxes paid under this section, see section 275."

(c) Amendments to Section 404.—

(1) Paragraph (1) of section 404(a) (relating to deduction for employer contributions to pension trusts) is amended to read as follows:

"(1) Pension trusts.—In the taxable year when paid, if the contributions are paid into a pension trust, and if such taxable year ends within or with a taxable year of the trust for which the trust is exempt under section 501(a), in an amount determined as follows:

"(A) the amount necessary to satisfy the minimum funding standard provided by section 412(a) for plan years ending within or with such taxable year (or for any prior plan year), if such amount is greater than the amount determined under subparagraph (B) or (C) (whichever is applicable with respect to the plan),

"(B) the amount necessary to provide with respect to all of the employees under the trust the remaining unfunded cost of their past and current service credits distributed as a level amount, or a level percentage of compensation, over the remaining future service of each such employee, as determined under regulations prescribed by the Secretary or his delegate, but if such remaining unfunded cost with respect to any 3 individuals is more than 50 percent of such remaining unfunded cost, the amount of such unfunded cost attributable to such individuals shall be distributed over a period of at least 5 taxable years, or

"(C) an amount equal to the normal cost of the plan, as determined under regulations prescribed by the Secretary or his delegate, plus, if past service or other supplementary pension or annuity credits are provided by the plan, an amount necessary to amortize such credits in equal annual payments (until fully amortized) over 10 years, as determined under regulations prescribed by the Secretary or his delegate.

In determining the amount deductible in such year under the foregoing limitations, the funding method and the actuarial assumptions shall be those used for such year under section 412, and the maximum amount deductible for such year under the foregoing limitations shall be an amount equal to the full funding limitation for such year determined under section 412. Any amount paid in a taxable year in excess of the amount deductible in such year under the foregoing limitations shall be deductible in the succeeding taxable years in order of time to the extent of the difference between the amount paid and deductible in each such succeeding year and the maximum amount deductible for such year under the foregoing limitations."

(2) Paragraph (6) of section 404(a) (relating to taxpayers on accrual basis) is amended to read as follows:

"(6) Time when contributions deemed made.—For purposes of paragraphs (1), (2), and (3), a taxpayer shall be deemed to have made a payment on the last day of the preceding taxable year if the payment is on account of such taxable year and is made not later than the time prescribed by law for filing the return for such taxable year (including extensions thereof)."

(3) Paragraph (7) of section 404(a) (relating to limit on deductions) is amended to read as follows:

"(7) Limit on deductions.—If amounts are deductible under paragraphs (1) and (3), or (2) and (3), or (1), (2), and (3), in connection with two or more trusts, or one or more trusts and an annuity plan, the total amount deductible in a taxable year under such trusts and plans shall not exceed the greater of 25 percent of the compensation otherwise paid or accrued during the taxable year to the beneficiaries of the trusts or plans, or the amount of contributions made to or under the trusts or plans to the extent such contributions do not exceed the amount of employer contributions necessary to satisfy the minimum funding standard provided by section 412 for the plan year which ends with or within such taxable year (or for any prior plan year). In addition, any amount paid into such trust or under such annuity plans in any taxable year in excess of the amount allowable with respect to such year under the preceding provisions of this paragraph shall be deductible in the succeeding taxable years in order of time, but the amount so deductible under this sentence in any one such succeeding taxable year together with the amount allowable under the first sentence of this paragraph shall not exceed 25 percent of the compensation otherwise paid or accrued during such taxable years to the beneficiaries under the trusts or plans. This paragraph shall not have the effect of reducing the amount otherwise deductible under paragraph (1), (2), and (3), if no employee is a beneficiary under more than one trust or a trust and an annuity plan."

Sec. 1014. Collectively Bargained Plans.

Subpart B of part I of subchapter D of chapter 1 (relating to special rules) is amended by inserting after section 412 the following new section:

"Sec. 413. Collectively Bargained Plans.

"(a) Application of Section.—This section applies to—

"(1) a plan maintained pursuant to an agreement which the Secretary or his delegate finds to be a collective-bargaining agreement between employee representatives and one or more employers, and

"(2) each trust which is a part of such plan.

"(b) General Rule.—If this section applies to a plan, notwithstanding any other provision of this title—

"(1) Participation.—Section 410 shall be applied as if all employees of each of the employers who are parties to the collective-bargaining agreement and who are subject to the same benefit computation formula under the plan were employed by a single employer.

"(2) Discrimination, etc.—Sections 401(a)(4) and 411(d)(3) shall be applied as if all participants who are employed by employers who are required to contribute to or under the plan on the same basis were employed by a single employer.

"(3) Exclusive benefit. For purposes of section 401(a), in determining whether the plan of an employer is for the exclusive benefit of his employees and their beneficiaries, all plan participants shall be considered to be his employees.

"(4) Vesting.—Section 411 (other than subsection (d)(3)) shall be applied as if all employers who have been parties to the collective-bargaining agreement constituted a single employer, except that the application of any rules with respect to breaks in services shall be made under regulations prescribed by the Secretary or his delegate.

"(5) Plan year.—The minimum funding standard provided by section 412 shall be determined as if all participants in the plan were employed by a single employer. For purposes of section 412 (other than for purposes of determining the portion of a liability required to be amortized for a plan year), a plan year shall be considered (A) to begin on the date the collective-bargaining agreement is first effective (treating an agreement to extend a prior agreement as a new agreement) and to end on the expiration date of the agreement determined under such agreement, or (B) to be such other period as may be determined under regulations prescribed by the Secretary or his delegate.

"(6) Liability for funding tax.—For a plan year the liability under section 4971 of each employer who is a party to the collective bargaining agreement shall be determined, in accordance with regulations prescribed by the Secretary or his delegate—

"(A) first on the basis of their respective delinquencies in meeting required employer contributions under the plan, and

"(B) then on the basis of their respective liabilities for contributions under the plan.

"(7) Dedication limitations.—Each applicable limitation provided by section 404(a) shall be determined for a plan year (within the meaning of paragraph (5)) as if all participants in the plan were employed by a single employer. The amounts contributed to or under the plan by each employer who is a party to the agreement, for the portion of his taxable year which is included within such a plan year, shall be considered not to exceed such a limitation if the anticipated employer contributions for such plan year (determined in a manner consistent with the manner in which actual employer contributions for such plan year are determined) do not exceed such limitation. If such anticipated contributions exceed such a limitation, the portion of each such employer's contributions which is not deductible under section 404 shall be determined in accordance with regulations prescribed by the Secretary or his delegate."

Sec. 1015. Definitions and Special Rules.

(a) In General.—Subpart B of part I of subchapter D of chapter 1 is amended by inserting after section 413 the following new section:

"Sec. 414. Definitions and Special Rules.

"(a) Service for Predecessor Employer.—For purposes of this part, service for a predecessor of the employer shall, to the extent provided in regulations prescribed by the Secretary or his delegate, be treated as service for the employer.

"(b) Employees of Controlled Group of Corporations.—For purposes of sections 401, 410, 411, and 415, all employees of all corporations which are members of a controlled group of corporations (within the meaning of section 1563(a), determined without regard to section 1563(a)(4) and (e)(3)(C)) shall be treated as employed by a single employer. With respect to a plan adopted by more than one such corporation, the minimum funding standard of section 412, the tax imposed by section 4971, and the applicable limitations provided by section 404(a) shall be determined as if all such employers were a single employer, and allocated to each employer in accordance with regulations prescribed by the Secretary or his delegate.

"(c) Employees of Partnerships, Proprietorships, Etc., Which Are Under Common Control.—For purposes of sections 401, 410, 411, and 415, under regulations prescribed by the Secretary or his delegate, all employees of trades or businesses (whether or not incorporated) which are under common control shall be treated as employed by a single employer. The regulations prescribed under this subsection shall be based on principles similar to the principles which apply in the case of subsection (b).

"(d) Governmental Plan.—For purposes of this part, the term 'governmental plan' means a plan established and maintained for its employees by the Government of the United States, by the government of any State or political subdivision thereof, or by any agency or instrumentality of any of the foregoing. The term 'governmental plan' also includes any plan to which the Railroad Retirement Act of 1935 or 1937 applies.

"(e) Church Plan.

"(1) In general.—Except as provided in paragraph (2), for purposes of this part the term 'church plan' means a plan established and maintained by a church or by a convention or association of churches which is exempt from tax under section 501.

"(2) Certain unrelated business or multiemployer plans.—The term 'church plan' does not include a plan—

"(A) which is established and maintained primarily for the benefit of employees (or their beneficiaries) of such church or convention or association of churches who are employed in connection with one or more unrelated trades or businesses (within the meaning of section 513), or

"(B) which is a multiemployer plan, if one or more of the employers in the plan is not a church (or a convention or association of churches) which is exempt from tax under section 501.

"(3) Certain church agencies now under church plan.—For purposes of this subsection, if—

"(A) a plan described in paragraph (1) was in existence on January 1, 1974, and

"(B) such plan on such date covered employees of any organization which is (i) exempt from tax under section 501 and (ii) an agency of the church or convention or association of churches which established and maintained the plan,

then the employees of such agency who are at any time covered by such plan shall be treated as employees whose employer is such church or convention or association of churches, as the case may be.

"(f) Multiemployer Plan.—

"(1) In general.—For purposes of this part, the term 'multiemployer plan' means a plan—

"(A) to which more than one employer is required to contribute,

"(B) which is maintained pursuant to a collective bargaining agreement between employee representatives and more than one employer,

"(C) under which the amount of contributions made under the plan for a plan year by each employer making such contributions is less than 50 percent of the aggregate amount of contributions made under the plan for that plan year by all employers making such contributions, and

"(D) which satisfies such other requirements as the Secretary or his delegate may by regulations prescribe.

"(2) Special rules.—For purposes of this subsection—

"(A) If a plan is a multiemployer plan within the meaning of paragraph (1) for any plan year, subparagraph (C) of paragraph (1) shall be applied by substituting '75 percent' of '50 percent' for each subsequent plan year until the first plan year following a plan year in which the plan had one employer who made contributions of 75 percent or more of the aggregate amount of contributions made under the plan for that plan year by all employers making such contributions.

"(B) All corporations which are members of a controlled group of corporations (within the meaning of section 1563(a), determined without regard to section 1563(e)(3)(C) shall be deemed to be one employer.

"(g) Plan Administrator.—For purposes of this part, the term 'plan administrator' means—

"(1) the person specifically so designated by the terms of the instrument under which the plan is operated;

"(2) in the absence of a designation referred to in paragraph (1)—

"(A) in the case of a plan maintained by a single employer, such employer,

"(B) in the case of a plan maintained by two or more employers or jointly by one or more employers and one or more employee organizations, the association, committee, joint board of trustees, or other similar group of representatives of the parties who maintained the plan, or

"(C) in any case to which subparagraph (A) or (B) does not apply, such other person as the Secretary or his delegate may prescribe.

"(h) Tax Treatment of Certain Contributions.—

"(1) In general.—For purposes of this title, any amount contributed—

"(A) to an employees' trust described in section 401(a), or

"(B) under a plan described in section 403(a) or 405(a),

shall not be treated as having been made by the employer if it is designated as an employee contribution.

"(2) Designation by units of government.—For purposes of paragraph (1), in the case of any plan established by the government of any State or political subdivision thereof, or by any agency or instrumentality of any of the foregoing, where the contributions of employing units are designated as employee contributions but where any employing unit picks up the contributions, the contributions so picked up shall be treated as employer contributions.

"(i) Defined Contribution Plan.—For purposes of this part, the term 'defined contribution plan' means a plan which provides for an individual account for each participant and for benefits based solely on the amount contributed to the participant's account, and any income, expenses, gains and losses, and any forfeitures of accounts of other participants which may be allocated to such participant's account.

"(j) Defined Benefit Plan.—For purposes of this part, the term 'defined benefit plan' means any plan which is not a defined contribution plan.

"(k) Regulations Under This Subpart To Be Approved by Secretary of Labor.—Any regulation prescribed by the Secretary or his delegate for purposes of this subpart, other than a regulation relating to the application of section 401(a)(4) or 415 or to subsection (h) of this section, shall be effective for any plan year beginning after December 31, 1975, only if approved by the Secretary of Labor."

(b) Variations From Certain Vesting and Funding Requirements for Multiemployer Plans.—In the case of any multiemployer plan (within the meaning of section 414(f) of the Internal Revenue Code of 1954), the Secretary of Labor on his own motion or after having received the petition of a plan administrator may, after giving interested persons an opportunity to be heard, prescribe an alternate method which will satisfy the requirements of subsection (a)(2) of section 411 of the Internal Revenue Code of 1954, subsection (b)(1) of such section 411, paragraphs (2) and (3) of section 412(b) of such Code, or section 412(c)(5) of such Code for such limited period of time as is necessary or appropriate to carry out the purposes of this Act and which will provide adequate protection to the participants and beneficiaries in the plan, whenever he finds that the application of such requirements would—

(1) increase the costs of the parties to the plan to such an extent that there would result a substantial risk to the voluntary continuation of the plan or a substantial curtailment of benefit levels or the levels of employees' compensation, or

(2) impose unreasonable administrative burdens with respect to the operation of the plan, having due regard to the particular characteristics of the plan or the type of plan involved,

and where the application of such requirements or discontinuance of the plan would be adverse to the interests of plan participants in the aggregate. No alternate method may be prescribed under this subsection unless the Secretary of Labor is satisfied that all plan participants and other interested persons (as determined under regulations prescribed by the Secretary of Labor) have received adequate prior notice from the plan administrator of any hearing to be held under this subsection. The Secretary of Labor shall notify the Secretary of the Treasury of any such hearing.

SEC. 1016. CONFORMING AND CLERICAL AMENDMENTS.

(a) CONFORMING AMENDMENTS.—

(1) Section 275(a) (relating to denial of deduction for certain taxes) is amended by adding at the end thereof the following new paragraph:

"(6) Taxes imposed by chapter 42 and chapter 43."

(2) Section 401(a) (relating to requirements for qualification) is amended—

(A) by striking out paragarph (3) and inserting in lieu thereof:

"(3) if the plan of which such trust is a part satisfies the requirements of section 410 (relating to minimum participation standards); and",

(B) by striking out "paragraph (3)(B) or (4)" in paragraph (5) and inserting in lieu thereof "paragraph (4) or section 410(b) (without regard to paragraph (1)(A) thereof)", and

(C) by striking out paragraph (7) and inserting in lieu thereof:

"(7) A trust shall not constitute a qualified trust under this section unless the plan of which such trust is a part satisfies the requirements of section 411 (relating to minimum vesting standards)."

(3) Section 404(a)(2) (relating to deduction for contributions of an employer to employee's annuity plan) is amended by striking out "and (8)," and inserting in lieu thereof "(8), (11), (12), (13), (14), and (15),".

(4) Section 406(b)(1) (relating to certain employees of foreign subsidiaries) is amended by striking out "paragraphs (3)(B) and (4) of section 401(a)" and inserting in lieu thereof "section 401(a)(4) and section 410(b) (without regard to paragraph (1)(A) thereof)".

(5) Section 407(b)(1) (relating to certain employees of domestic subsidiaries engaged in business outside the United States) is amended by striking out "paragraphs (3)(B) and (4) of section 401(a)" and inserting in lieu thereof "section 401(a)(4) and section 410(b) (without regard to paragraph (1)(A) thereof)".

(6) Section 805(d)(1)(C) (relating to definition of pension plan reserves) is amended by striking out "and (8)" and inserting in lieu thereof "(8), (11), (12), (13), (14), and (15)".

(7) Section 6161(b)(1) (relating to extensions of time for paying tax) is amended by striking out "or 42" and inserting in lieu thereof "42 or 43". The second sentence of section 6161(b) is amended by striking out "or 42" and inserting in lieu thereof ", 42, or chapter 43".

(8) Section 6201(d) (relating to assessment authority) is amended by striking out "and chapter 42" and inserting in lieu thereof ", chapter 42, and chapter 43".

(9) Section 6211 (defining deficiency) is amended—

(A) by striking out so much of subsection (a) as precedes paragraph (1) thereof and inserting in lieu thereof the following:

"(a) IN GENERAL.—For purposes of this title in the case of income, estate, and gift taxes imposed by subtitles A and B and excise taxes imposed by chapters 42 and 43, the term 'deficiency' means the amount by which the tax imposed by subtitle A or B, or chapter 42 or 43, exceeds the excess of—"; and

(B) by striking out "chapter 42" in subsection (b)(2) and inserting in lieu thereof "chapter 42 or 43".

(10) Section 6212 (relating to notice of deficiency) is amended—

(A) by striking out "chapter 42" in subsection (a) and inserting in lieu thereof "chapter 42 or 43",

(B) by striking out "or chapter 42" in subsection (b)(1) and inserting in lieu thereof "chapter 42, or chapter 43",

(C) by striking out "chapter 42, and this chapter" in subsection (b)(1) and inserting in lieu thereof "chapter 42, chapter 43, and this chapter", and

(D) by striking out "of the same decedent," in subsection (c) and inserting in lieu thereof "of the same decedent, of chapter 43 tax for the same taxable years,".

(11) Section 6213 (relating to restrictions applicable to deficiencies and petition to Tax Court) is amended—

(A) by striking out "or chapter 42" in subsection (a) and inserting in lieu thereof ", chapter 42 or 43",

(B) by striking out the heading of subsection (e) and inserting in lieu thereof:

"(e) SUSPENSION OF FILING PERIOD FOR CERTAIN EXCISE TAXES.—",

(C) by striking out "or 4945 (relating to taxes on taxable expenditures)" in subsection (e) and inserting in lieu thereof "4945 (relating to taxes on taxable expenditures), 4971 (relating to excise taxes on failure to meet minimum funding standard)"; and

(D) by striking out "or 4945(h)(2)" in subsection (e) and inserting in lieu thereof ", 4945(1)(2), or 4971(c)(3),".

(12) Section 6214 (relating to determinations by Tax Court) is amended—

(A) by amending the heading of subsection (c) to read as follows:

"(c) TAXES IMPOSED BY SECTION 507 OR CHAPTER 42 or 43.—",

(B) by inserting after "chapter 42" each place it appears in subsection (c) "or 43"; and

(C) by striking out "chapter 42" in subsection (d) and inserting in lieu thereof "chapter 42 or 43".

(13) Section 6344(a)(1) (relating to cross references) is amended by striking out "chapter 42" and inserting in lieu thereof "chapter 42 or 43".

(14) Section 6501(e)(3) (relating to limitations on assessment and collection) is amended by striking out "chapter 42" and inserting in lieu thereof "chapter 42 or 43".

(15) Section 6503 (relating to suspension of running of period of limitations) is amended—

(A) by striking out "chapter 42 taxes)" in subsection (a)(1) and inserting in lieu thereof "certain excise taxes)", and

(B) by inserting after "section 507" in subsection (h) "or section 4971", and by striking out "or 4945(h)(2)" in subsection (h) and inserting in lieu thereof "4945(i)(2), or 4971(c)(3)".

(16) Section 6512 (relating to limitations in case of petition to Tax Court) is amended by striking out "chapter 42" each place it appears therein and inserting in lieu thereof "chapter 42 or 43".

(17) Section 6601(d) (relating to interest on underpayment, nonpayment, or extensions of time for payment of tax) is amended by—

(A) striking out in the heading thereof "CHAPTER 42" and inserting in lieu thereof "'CHAPTER 42 OR 43", and

(B) striking out "chapter 42" and inserting in lieu thereof "certain excise".

(18) Section 6653(c)(1) (relating to income, estate, gift, and chapter 42 taxes) is amended by striking out "chapter 42" each place it appears therein (including the heading) and inserting in lieu thereof "certain excise".

(19) Section 6659(b) (relating to applicable rules) is amended by striking out "chapter 42" and inserting in lieu thereof "certain excise".

(20) Section 6676(b) (relating to failure to supply identifying numbers) is amended by striking out "chapter 42" and inserting in lieu thereof "and certain excise".

(21) Section 6677(b) (relating to failure to file information returns with respect to certain foreign trusts) is amended by striking out "chapter 42" and inserting in lieu thereof "and certain excise".

(22) Section 6679(b) (relating to failure to file returns as to organization or reorganization of foreign corporations and as to acquisitions of their stock) is amended by striking out "chapter 42" and inserting in lieu thereof "and certain excise".

(23) Section 6682(b) (relating to false information with respect to withholding allowances based on itemized deductions) is amended by striking out "chapter 42" and inserting in lieu thereof "and certain excise".

(24) The heading of section 6861 (relating to jeopardy assessments of income, estate, and gift taxes) is amended by striking out "AND GIFT TAXES.", and inserting in lieu thereof ", GIFT, AND CERTAIN EXCISE TAXES."

(25) Section 6862 (relating to jeopardy assessment of taxes other than income, estate, and gift taxes) is amended—

(A) by striking out "AND GIFT TAXES.", in the heading and inserting in lieu thereof ", GIFT, AND CERTAIN EXCISE TAXES.",

(B) by striking out "and gift tax)" in subsection (a) and inserting in lieu thereof "gift tax, and certain excise taxes)".

(26) Section 7422 (relating to civil actions for refund) is amended—

(A) by striking out "chapter 42" and inserting in lieu thereof "chapter 42 or 43" in subsection (e),

(B) by striking out "CHAPTER 42" in the heading of subsection (g) and inserting in lieu thereof "CHAPTER 42 or 43",

(C) by striking out "or 4945" in subsection (g)(1) and inserting in lieu thereof "4945 or 4971",

(D) by striking out "section 4945(a) (relating to initial taxes on taxable expenditures)" in subsection (g)(1) and inserting in lieu thereof "section 4945(a) (relating to initial taxes on taxable expenditures), 4971(a) (relating to initial tax on failure to meet minimum funding standard)",

(E) by striking out "or section 4945(b) (relating to additional taxes on taxable expenditures)" in subsection (g)(1) and inserting in lieu thereof "section 4945(b) (relating to additional taxes on taxable expenditures), or section 4971(b) (relating to additional tax on failure to meet minimum funding standard)", and

(F) by striking out "or 4945" in paragraphs (2) and (3) of subsection (g) and inserting in lieu thereof "4945, or 4971".

(27) Section 6204(b) (relating to supplemental assessments) is amended by striking out "and gift taxes" and inserting in lieu thereof "gift, and certain excise taxes".

(b) CLERICAL AMENDMENTS.—

(1) Part I of subchapter D of chapter 1 is amended by inserting after the heading and before the table of sections the following:

"Subpart A. General rule.
"Subpart B. Special rules.

"Subpart A—General Rule".

(2) The table of chapters for subtitle D is amended by adding at the end thereof the following new item:

"Chapter 43. Qualified pension, etc., plans."

(3) The table of sections for subchapter B of chapter 68 is amended—

(A) by striking out the item relating to the section captioned "Assessable penalties with respect to information required to be furnished under section 7654" and inserting in lieu thereof:

"Sec. 6688. Assessable penalties with respect to information required to be furnished under section 7654.",

(B) by inserting at the end thereof the following new item:

"Sec. 6690. Failure to furnish information or maintain records."

(4) Subchapter B of chapter 68 is amended by striking out the heading of the section immediately preceding section 6689 and inserting in lieu thereof:

"Sec. 6688. Assessable Penalties With Respect to Information Required To Be Furnished Under Section 7654."

(5) The table of sections for part II of subchapter A of chapter 70 is amended by striking out "and gift taxes" in the items relating to sections 6861 and 6862 and inserting in lieu thereof "gift, and certain excise taxes".

Sec. 1017. Effective Dates.

(a) General Rule.—Except as otherwise provided in this section, the amendments made by this part shall apply in the case of plan years beginning after the date of the enactment of this Act.

(b) Existing Plans.—

(1) In general.—Except as otherwise provided in subsections (c) and (d), in the case of a plan in existence on January 1, 1974, the amendments made by this part shall apply in the case of plan years beginning after December 31, 1975. In any case described in paragraph (2) or (3) of this subsection, such paragraphs shall apply if (and only if) their application results in a later effective date for the amendments made by this part.

(2) Collective-bargaining agreements.—In the case of a plan maintained on January 1, 1974, pursuant to one or more agreements which the Secretary of the Treasury or his delegate finds to be collective-bargaining agreements between employee representatives and one or more employers, paragraph (1) shall be applied by substituting for December 31, 1975. the earlier of—

(A) the date on which the last of such agreements relating to the plan terminates (determined without regard to any extension thereof agreed to after the date of the enactment of this Act), or

(B) December 31, 1980, but in no event shall a date earlier than December 31, 1976, be substituted.

(3) Labor organization conventions.—In the case of a plan maintained by a labor organization which is exempt from tax under section 501(c)(5) of the Internal Revenue Code of 1954 exclusively for the benefit of its employees and their beneficiaries, paragraph (1) shall be applied by substituting for December 31, 1975, the earlier of—

(A) the date on which the second convention of such labor organization held after the date of the enactment of this Act ends, or

(B) December 31, 1980, but in no event shall a date earlier than December 31, 1976, be substituted.

(c) Existing Plans May Elect New Provisions.—In the case of a plan in existence on January 1, 1974, the provisions of the Internal Revenue Code of 1954 relating to participation, vesting, funding, and form of benefit (as in effect from time to time) shall apply in the case of the plan year (which begins after the date of the enactment of this Act but before the applicable date determined under subsection (b)) selected by the plan administrator and to all subsequent plan years, if the plan administrator elects (in such manner and at such time as the Secretary of the Treasury or his delegate shall by regulations prescribe) to have such provisions so apply. Any election made under this subsection, once made, shall be irrevocable.

(d) Certain Definitions.—Section 414 of the Internal Revenue Code of 1954 (other than subsections (b) and (c) of such section 414), as added by section 1015(a) of this Act, shall take effect on the date of the enactment of this Act.

Part II—Certain Other Provisions Relating to Qualified Retirement Plans

Sec. 1021. Additional Plan Requirements.

(a) Joint and Survivor Annuity Requirement.—

(1) In general.—Section 401(a) (relating to requirements for qualification) is amended by inserting after paragraph (10) the following new paragraph:

"(11)(A) A trust shall not constitute a qualified trust under this section if the plan of which such trust is a part provides for the payment of benefits in the form of an annuity and if—

"(i) the participant and his spouse have been married throughout the 5-year period ending on the annuity starting date, or

"(ii) the participant dies after his earliest retirement age and before the annuity starting date, and the participant and his spouse have been married throughout the 5-year period ending on the date of his death.

unless such plan provides for the payment of annuity benefits in a form having the effect of a qualified joint and survivor annuity.

"(B) A plan shall be treated as satisfying the requirements of this paragraph if, under the plan, each participant has a reasonable period (as prescribed by the Secretary or his delegate by regulations) before the annuity starting date during which he may elect in writing (after having received a written explanation of the terms and conditions of the joint and survivor annuity and the effect of an election under this subparagraph) not to take such joint and survivor annuity.

"(C) A plan shall not be treated as not satisfying the requirements of this paragraph merely because, under the plan, any election under subparagraph (B), and any revocation of any such election, does not become effective (or ceases to be effective) if the participant dies within a period (not in excess of 2 years) beginning on the date of such election or revocation, as the case may be.

"(D) For purposes of this paragraph—

"(i) the term 'annuity starting date' means the first day of the first period for which an amount is received as an annuity (whether by reason of retirement or by reason of disability),

"(ii) the term 'earliest retirement age' means the earliest date on which, under the plan, the participant could elect to receive retirement benefits, and

"(iii) the term 'qualified joint and survivor annuity' means an annuity for the life of the participant with a survivor annuity for the life of his spouse which is not contingent upon survivorship of such spouse beyond the earliest age at which the participant could elect to receive retirement benefits under the plan and which is not less than one-half of the amount of the annuity payable during the joint lives of the participant and his spouse.

"(E) This paragraph shall apply only if—

"(i) the annuity starting date did not occur before the effective date of this paragraph, and

"(ii) the participant was an active participant in the plan or or after such effective date."

(2) Certain additional requirements apply only to plans to which vesting requirements apply.—Section 401(a) (relating to requirements for qualification) is amended by adding at the end thereof the following new sentences: "Paragraphs (11), (12), (13), (14), (15), and (19) shall apply only in the case of a plan to which section 411 (relating to minimum vesting standards) applies. Any regulation prescribed the Secretary or his delegate for purposes of paragraphs (11), (12), (13), (14), (15), or (19) shall be effective for any plan year beginning after December 31, 1975, only if approved by the Secretary of Labor."

(b) Requirements in Case of Mergers and Consolidations of Plans or Transfers of Plan Assets.—Section 401(a) is amended by inserting after paragraph (11) the following new paragraph:

"(12) A trust shall not constitute a qualified trust under this section unless the plan of which such trust is a part provides that—

"(A) in the case of any merger or consolidation with, or transfer of assets or liabilities to, any other plan after October 22, 1973, each participant in the plan would (if the plan then terminated) receive a benefit immediately after the merger, consolidation, or transfer which is equal to or greater than the benefit he would have been entitled to receive immediately before the merger, consolidation, or transfer (if the plan had then terminated); and

"(B) no merger, consolidation, or transfer of assets or liabilities to another plan may be made after the date of the enactment of this paragraph unless the plan administrator has filed with the Secretary or his delegate, at least 30 days before such merger, consolidation, or transfer, an actuarial statement of valuation evidencing compliance with the requirements of subparagraph (A)."

(c) Retirement Benefits May Not Be Acsigned or Alienated.—Section 401(a) is amended by inserting after paragraph (12) the following new paragraph:

"(13) A trust shall not constitute a qualified trust under this section unless the plan of which such trust is a part provides that benefits provided under the plan may not be assigned or alienated. For purposes of the preceding sentence, there shall not be taken into account any voluntary and revocable assignment of not to exceed 10 percent of any benefit payment."

(d) Requirement That Payment of Benefits Begin Not Later Than When the Participant Attains Age 65 or Has Completed 10 Years of Participation.—Section 401(a) is amended by inserting after paragraph (13) the following new paragraph:

"(14) A trust shall not constitute a qualified trust under this section unless the plan of which such trust is a part provides that, unless the participant otherwise elects, the payment of benefits under the plan to the participant will begin not later than the 60th day after the latest of the close of the plan year in which—

"(A) the date on which the participant attains age 65,

"(B) occurs the 10th anniversary of the year in which the participant commenced participation in the plan, or

"(C) the participant terminates his service with the employer."

(e) Requirement That Plan Benefits Are Not Decreased by Certain Social Security Increases.—Section 401(a) is amended by inserting after paragraph (14) the following new paragraph:

"(15) a trust shall not constitute a qualified trust under this section unless under the plan of which such trust is a part—

"(A) in the case of a participant or beneficiary who is receiving benefits under such plan, or

"(B) in the case of a participant who is separated from the service and who has nonforfeitable rights to benefits,

such benefits are not decreased by reason of any increase in the benefit levels payable under title II of the Social Security Act, if such increase in benefit levels takes place after the date of the enactment of this paragraph or (if later) the date of first receipt of such benefits or the date of such separation, as the case may be."

(f) Requirement of Nonforfeitability in Case of Certain Withdrawals.—Section 401 (a) is amended by inserting after paragraph (18) the following new paragraph:

"(19) A trust shall not constitute a qualified trust under this section if under the plan of which such trust is a part any part of a participant's accrued benefit derived from employer contributions, to the extent nonforfeitable as determined under section 411, is forfeitable solely because of withdrawal by such participant of any amount attributable to the benefit derived from contributions made by such participant."

Sec. 1022. Miscellaneous Provisions.

(a) Requirement That Plan Not Be Discriminatory.—Section 401(a)(4) (disqualifying discriminatory plans) is amended to read as follows:

"(4) If the contributions or the benefits provided under the plan do not descriminate in favor of employees who are—

"(A) officers,

"(B) shareholders, or

"(C) highly compensated."

(b) Amendments Relating to Self-Employed Individuals and Owner-Employees.—

(1) Amendment of section 401(a)(10).—So much of subparagraph (A) of section 401 (a)(10) as precedes clause (i) thereof is amended to read as follows:

"(A) paragraph (3), the first and second sentences of paragraph (5), and section 410 shall not apply, but—".

(2) Amendment of section 401(d)(3).—Section 401(d)(3) (relating to additional requirements for qualification of trusts and plans benefiting owner-employees) is amended to read as follows:

"(3)(A) The plan benefits each employee having 3 or more years of service (within the meaning of section 410(a)(3)).

"(B) For purposes of subparagraph (A), the term 'employee' does not include—

"(i) any employee included in a unit of employees covered by a collective bargaining agreement described in section 410(b)(2)(A), and

"(ii) any employee who is a nonresident alien individual described in section 410(b) (2)(C)."

(c) Persons Other Than Banks May Be Trustees of Trusts Benefiting Owner-Employees.—

(1) The first sentence of section 401(d)(1) is amended to read as follows: "In the case of a trust which is created on or after October 10, 1962, or which was created before such date but is not exempt from tax under section 501(a) as an organization described in subsection (a) on the day before such date, the assets thereof are held by a bank or other person who demonstrates to the satisfaction of the Secretary or his delegate that the manner in which he will hold such assets will be consistent with the requirements of this section. A trust shall not be disqualified under this paragraph merely because a person (including the employer) other than the trustee or custodian so holding plan assets may be granted, under the trust instrument, the power to control the investment of the trust funds either by directing investments (including reinvestments, disposals, and exchanges) or by disapproving proposed investments (including reinvestments, disposals, or exchanges)."

(2) The second sentence of section 401 (d) (1) is amended by striking out "the date of the enactment of this subsection" and inserting in lieu thereof "October 10, 1962,".

(d) Certain Custodial Accounts.—Effective as of January 1, 1974, subsection (f) of section 401 (relating to certain custodial accounts) is amended to read as follows:

"(f) Certain Custodial Accounts and Annuity Contracts.—For purposes of this title, a custodial account or an annuity contract shall be treated as a qualified trust under this section if—

"(1) the custodial account or annuity contract would, except for the fact that it is not a trust, constitute a qualified trust under this section, and

"(2) the assets thereof are held by a bank (as defined in subsection (d)(1)) or another person who demonstrates, to the satisfaction of the Secretary or his delegate, that the manner in which he will hold the assets will be consistent with the requirements of this section.

For purposes of this title, in the case of a custodial account or annuity contract treated as a qualified trust under this section by reason of this subsection, the person holding the assets of such account or holding such contract shall be treated as the trustee thereof."

(e) Custodial Accounts for Regulated Investment Company Stock.—Effective January 1, 1974, section 403(b) (relating to taxability of beneficiary under annuity purchased by section 501(c)(3) organization or public school) is amended by adding at the end thereof the following new paragraph:

"(7) Custodial accounts for regulated investment company stock.—

"(A) Amounts paid treated as contributions.—For purposes of this title, amounts paid by an employer described in paragraph (1)(A) to a custodial account which satisfies the requirements of section 401(f)(2) shall be treated as amounts contributed by him for an annuity contract for his employee if the amounts are paid to provide a retirement benefit for that employee and are to be invested in regulated investment company stock to be held in that custodial account.

"(B) Account treated as plan.—For purposes of this title, a custodial account which satisfies the requirements of section 401(f) (2) shall be treated as an organization described in section 401(a) solely for purposes of subchapter F and subtitle F with respect to amounts received by it (and income from investment thereof) which are excluded under this subsection from the gross income of the employees on whose behalf such amounts are paid.

"(C) Regulated investment company.—For purposes of this paragraph, the term 'regulated investment company' means a domestic corporation which is a regulated investment company within the meaning of section 851(a), and which issues only redeemable stock."

(f) Insured Credit Unions.—Effective as of January 1, 1974, the last sentence of section 401(d)(1) is amended by striking out "section 581," and inserting in lieu thereof "section 581, an insured credit union (within the meaning of section 101(6) of the Federal Credit Union Act),".

(g) Public Inspection of Certain Information With Respect to Pension, Profit-Sharing, and Stock Bonus Plans.—

(1) Amendment of section 6104(a).—Paragraph (1) of section 6104(a) (relating to public inspection of applications for tax exemption) is amended—

(A) by redesignating subparagraph (B) as subparagraph (D) and by inserting after subparagraph (A) the following new subparagraphs:

"(B) Pension, etc., plans.—The following shall be open to public inspection at such times and in such places as the Secretary or his delegate may prescribe:

"(i) any application filed with respect to the qualification of a pension, profit-sharing, or stock bonus plan under section 401(a), 403(a), or 405(a), under an individual retirement account described in section 408 (a), or under an individual retirement annuity described in section 408(b),

"(ii) any application filed with respect to the exemption from tax under section 501 (a) of an organization forming part of a plan or account referred to in clause (i),

"(iii) any papers submitted in support of an application referred to in clause (i) or (ii), and

"(iv) any letter or other document issued by the Internal Revenue Service and dealing with the qualification referred to in clause (i) or the exemption from tax referred to in clause (ii).

"(C) Certain names and compensation not to be opened to public inspection.—In the case of any application, document, or other papers, referred to in subparagraph (B), information from which the compensation (including deferred compensation) of any participant may be ascertained shall not be opened to public inspection under subparagraph (B)."

(B) The heading of subparagraph (A) of section 6104(a)(1) is amended to read as follows:

"(A) Organizations described in section 501.—".

(C) The heading of subparagraph (D) of section 6104(a)(1) (as redesignated by subparagraph (A) of this paragraph) is amended to read as follows:

"(D) Withholding of certain other information.—".

(D) Subparagraph (D) of section 6104(a) (1) (as so redesignated) is amended by striking out "subparagraph (A)" each place it appears and inserting in lieu thereof "subparagraph (A) or (B)".

(2) Amendment of section 6104(a)(2).—Subparagraph (A) of section 6104(a)(2) is amended by adding at the end thereof "any application referred to in subparagraph (B) of subsection (a)(1) of this section, and".

(3) Amendment of section 6104(b).—Section 6104(b) (relating to inspection of annual information returns) is amended by striking out "and 6056" and inserting in lieu thereof "6056, and 6058".

(4) Effective date.—The amendments made by this subsection shall apply to applications filed (or documents issued) after December 31, 1975.

(h) Certain Puerto Rican Pension, Etc., Plans To Be Exempt From Tax Under Section 501(a).—Effective for taxable years beginning after December 31, 1973, for purposes of section 501(a) of the Internal Revenue Code of 1954 (relating to exemption from tax), any trust forming part of a pension, profit-sharing, or stock bonus plan all of the participants of which are residents of the Commonwealth of Puerto Rico shall be treated as an organization described in section 401(a) of such Code if such trust—

(1) forms a part of a pension, profit-sharing, or stock bonus plan, and

(2) is exempt from income tax under the laws of the Commonwealth of Puerto Rico.

(1) Year of Deduction for Certain Employer Contributions for Severance Payments Required by Foreign Law.—Effective for taxable years beginning after December 31, 1973, if—

(1) an employer is engaged in a trade or business in a foreign country,

(2) such employer is required by the laws of that country to make payments, based on periods of service, to its employees or their beneficiaries after the employees' retirement, death, or other separation from the service, and

(3) such employer establishes a trust (whether organized within or outside the

United States) for the purpose of funding the payments required by such law,

then, in determining for purposes of paragraph (5) of section 404(a) of the Internal Revenue Code of 1954 the taxable year in which any contribution to or under the plan is includible in the gross income of the nonresident alien employees of such employer, such paragraph (5) shall be treated as not requiring that separate accounts be maintained for such nonresident alien employees.

Sec. 1023. Study of Governmental Plans.

(a) Study.—The Committee on Ways and Means and the Committee on Education and Labor of the House of Representatives shall study retirement plans established and maintained or financed (directly or indirectly) by the Government of the United States, by any State (including the District of Columbia) or political subdivision thereof, or by any agency or instrumentality of any of the foregoing. Such study shall include an analysis of—

(1) the adequacy of existing levels of participation, vesting, and financing arrangements,

(2) existing fiduciary standards,

(3) the unique circumstances affecting mobility of government employees and individuals employed under Federal procurement, construction, or research contracts or grants, and

(4) the necessity for Federal legislation and standards with respect to such plans.

In determining whether any such plan is adequately financed, each committee shall consider the necessity for minimum funding standards, as well as the taxing power of the government maintaining the plan.

(b) Reports and Recommendations.—Not later than December 31, 1976, the Committee on Ways and Means and the Committee on Education and Labor shall each submit to the House of Representatives the results of the studies conducted under subsection (a), together with such recommendations as may be appropriate.

Sec. 1024. Protection for Employees Under Federal Procurement, Construction, or Research Contracts or Grants.

(a) Secretary of Labor To Conduct Study.—The Secretary of Labor shall, during the 2-year period beginning on the date of the enactment of this Act, conduct a full and complete study and investigation of the steps necessary to be taken to insure that professional, scientific, and technical personnel and others working in associated occupations employed under Federal procurement, construction, or research contracts or grants will, to the extent feasible, be protected against forfeitures of pension or retirement rights or benefits, otherwise provided, as a consequence of job transfers or loss of employment resulting from terminations or modifications of Federal contracts, grants, or procurement policies. The Secretary of Labor shall report the results of its study and investigation to the Congress within 2 years after the date of the enactment of this Act.

(b) Consultation.—In the course of conducting the study and investigation described in subsection (a), and in developing the regulations referred to in subsection (c), the Secretary of Labor shall consult—

(1) with appropriate professional societies, business organizations, and labor organizations, and

(2) with the heads of interested Federal departments and agencies.

(c) Development of Regulations.—Within 1 year after the date on which he submits his report to the Congress under subsection (a), the Secretary of Labor shall, if he determines it to be feasible, develop regulations which will provide the protection of pension and retirement rights and benefits referred to in subsection (a).

(d) Either House May Disapprove Regulations.—

(1) In general.—Any regulations developed pursuant to subsection (c) shall take effect if, and only if—

(A) the Secretary of Labor, not later than the day which is 3 years after the date of the enactment of this Act, delivers a copy of such regulations to the House of Representatives and a copy to the Senate, and

(B) before the close of the 90-day period which begins on the day on which the copies of such regulations are delivered to the House of Representatives and to the Senate, neither the House of Representatives nor the Senate adopts, by an affirmative vote of a majority of those present and voting in that House, a resolution of disapproval.

(2) Resolution of disapproval.—For purposes of this subsection, the term "resolution of disapproval" means only a resolution of either House of Congress, the matter after the resolving clause of which is as follows: "That the ________ does not favor the taking effect of the regulations transmitted to the Congress by the Secretary of Labor on ________ ", the first blank space therein being filled with the name of the resolving House and the second blank space therein being filled with the day and year.

(3) Reference of resolution to committee.—A resolution of disapproval in the House of Representatives shall be referred to the Committee on Education and Labor. A resolution of disapproval in the Senate shall be referred to the Committee on Labor and Public Welfare.

(4) Discharge of committee considering resolution.—

(A) If the Committee to which a resolution of disapproval has been referred has not reported it at the end of 7 calendar days after its introduction, it is in order to move either to discharge the committee from further consideration of the resolution or to discharge the committee from further consideration of any other resolution of disapproval which has been referred to the committee.

(B) A motion to discharge may be made only by an individual favoring the resolution, is highly privileged (except that it may not be made after the committee has reported a resolution of disapproval), and debate thereon shall be limited to not more than 1 hour, to be divided equally between those favoring and those opposing the resolution. An amendment to the motion is not in order, and it is not in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

(C) If the motion to discharge is agreed to or disagreed to, the motion may not be renewed, nor may another motion to discharge the committee be made with respect to any other resolution of disapproval.

(5) Procedure after report or discharge of committee; debate.—

(A) When the committee has reported, or has been discharged from further consideration of, a resolution of disapproval, it is at any time thereafter in order (even though a previous motion to the same effect has been disagreed to) to move to proceed to the consideration of the resolution. The motion is highly privileged and is not debatable. An amendment to the motion is not in order, and it is not in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

(B) Debate on the resolution of disapproval shall be limited to not more than 10 hours, which shall be divided equally between those favoring and those opposing the resolution. A motion further to limit debate is not debatable. An amendment to, or motion to recommit, the resolution is not in order, and it is not in order to move to reconsider the vote by which the resolution is agreed to or disagreed to.

(6) Decisions without debate on motion to postpone or proceed.—

(A) Motions to postpone, made with respect to the discharge from committee or the consideration of a resolution of disapproval, and motions to proceed to the consideration of other business, shall be decided without debate.

(B) Appeals from the decisions of the Chair relating to the application of the rules of the House of Representatives or the Senate, as the case may be, to the procedure relating to any resolution of disapproval shall be decided without debate.

(7) Copies to be presented on same day.—Whenever the Secretary of Labor transmits copies of the regulations to the Congress, a copy of such regulations shall be delivered to each House of Congress on the same day and shall be delivered to the Clerk of the House of Representatives if the House is not in session and to the Secretary of the Senate if the Senate is not in session.

(8) Determination of 90-day period.—The 90-day period referred to in paragraph (1) shall be computed by excluding—

(A) the days on which either House is not in session because of an adjournment of more than 3 days to a day certain or an adjournment of the Congress sine die, and

(B) any Saturday and Sunday, not excluded under subparagraph (A), when either House is not in session.

(9) Rules of House of Representatives and Senate on resolutions of disapproval.—This subsection is enacted by the Congress—

(A) as an exercise of the rulemaking power of the House of Representatives and the Senate, respectively, and as such they are deemed a part of the rules of each House, respectively, but applicable only with respect to the procedure to be followed in that House in the case of resolutions of disapproval described in paragraph (2); and they supersede other rules only to the extent that they are inconsistent therewith; and

(B) with full recognition of the constitutional right of either House to change the rules (so far as relating to the procedure of that House) at any time, in the same manner and to the same extent as in the case of any other rule of that House.

Sec. 1025. Retroactive Changes in Plan.

Section 401(b) (relating to certain retroactive changes in plan) is amended to read as follows:

"(b) Certain Retroactive Changes in Plan.—A stock bonus, pension, profit-sharing, or annuity plan shall be considered as satisfying the requirements of subsection (a) for the period beginning with the date on which it was put into effect, or for the period beginning with the earlier of the date on which there was adopted or put into effect any amendment which caused the plan to fail to satisfy such requirements, and ending with the time prescribed by law for filing the return of the employer for his taxable year in which such plan or amendment was adopted (including extensions thereof) or such later time as the Secretary or his delegate may designate, if all provisions of the plan which are necessary to satisfy such requirements are in effect by the end of such period and have been made effective for all purposes for the whole of such period."

Sec. 1026. Effective Dates.

The amendments made by section 1021 shall apply to plan years to which part I applies. Except as otherwise provided in section 1022, the amendments made by section 1022 shall apply to plan years to which part I applies. Sections 1023 and 1024 and the amendment made by section 1025 shall take effect on the date of the enactment of this Act.

Part III—Registration and Information

Sec. 1031. Registration and Information.

(a) Annual Registration and Information Returns.—Part III of subchapter A of chapter 61 (relating to information returns) is amended by adding at the end thereof the following new subpart;

"Subpart E—Registration of and Information Concerning Pension, Etc., Plans

"Sec. 6057. Annual registration, etc.
"Sec. 6058. Information required in connection with certain plans of deferred compensation.
"Sec. 6059. Periodic report by actuary.

"Sec. 6057. Annual Registration, Etc.

"(a) Annual Registration.—

"(1) General Rule.—Within such period after the end of a plan year as the Secretary or his delegate may by regulations prescribe, the plan administrator (within the meaning of section 414(g) of each funded plan to which part I of subchapter D of chapter 1 applied for such plan year shall file a registration statement with the Secretary or his delegate.

"(2) Contents.—The registration statement required by paragraph (1) shall set forth—

"(A) the name of the plan,

"(B) the name and address of the plan administrator,

"(C) the name and taxpayer identifying number of each participant in the plan—

"(i) who, during such plan year, separated from the service covered by the plan,

"(ii) who is entitled to a deferred vested benefit under the plan as of the end of such plan year, and

"(iii) with respect to whom retirement benefits were not paid under the plan during such plan year,

"(D) the nature, amount, and form of the deferred vested benefit to which such participant is entitled, and

"(E) such other information as the Secretary or his delegate may require.

At the time he files the registration statement under this subsection, the plan administrator shall furnish evidence satisfactory to the Secretary or his delegate that he has complied with the requirement contained in subsection (e).

"(6) Notification of Change in Status.—Any plan administrator required to register under subsection (a) shall also notify the Secretary or his delegate, at such time as may be prescribed by regulations, of—

"(1) any change in the name of the plan.

"(2) any change in the name or address of the plan administrator,

"(3) the termination of the plan, or

"(4) the merger or consolidation of the plan with any other plan or its division into two or more plans.

"(c) Voluntary Reports.—To the extent provided in regulations prescribed by the Secretary or his delegate, the Secretary or his delegate may receive from—

"(1) any plan to which subsection (a) applies, and

"(2) any other plan (including any governmental plan or church plan (within the meaning of section 414)),

such information (including information relating to plan years beginning before January 1, 1974) as the plan administrator may wish to file with respect to the deferred vested benefit rights of any participant separated from the service covered by the plan during any plan year.

"(d) Transmission of Information to Secretary of Health, Education, and Welfare.—The Secretary or his delegate shall transmit copies of any statements, notifications, reports, or other information obtained by him under this section to the Secretary of Health, Education, and Welfare.

"(e) Individual Statement to Participant.—Each plan administrator required to file a registration statement under subsection (a) shall, before the expiration of the time prescribed for the filing of such registration statement, also furnish to each participant described in subsection (a)(2)(C) an individual statement setting forth the information with respect to such participant required to be contained in such registration statement.

"(f) Regulations.—

"(1) In general.—The Secretary, after consultation with the Secretary of Health, Education, and Welfare, may prescribe such regulations as may be necessary to carry out the provisions of this section. Regulations prescribed for purposes of this section shall be effective with respect to plan years beginning after December 31, 1975, only if approved by the Secretary of Labor.

"(2) Multiemployer plans.—This section shall apply to any multiemployer plan only to the extent provided in regulations prescribed under this subsection. For purposes of this paragraph, the term 'multiemployer plan' means a plan to which more than one employer is required to contribute.

"(g) Cross Reference.—

"For provisions relating to penalties for failure to register or furnish statements required by this section, see section 6652(e) and section 6690.

"Sec. 6058. Information Required in Connection With Certain Plans of Deferred Compensation.

"(a) In general.—Every employer who maintain a pension, annuity, stock bonus, profit-sharing, or other funded plan of deferred compensation described in part I of subchapter D of chapter 1, or the plan administrator (within the meaning of section 414(g)) of the plan, shall file an annual return stating such information as the Secretary or his delegate may by regulations prescribe with respect to the qualification, financial condition, and operations of the plan; except that, in the discretion of the Secretary or his delegate, the employer may be relieved from stating in his return any information which is reported in other returns.

"(b) Employer.—For purposes of this section, the term 'employer' includes a person described in section 401(c)(4) and an individual who establishes an individual retirement account or annuity described in section 408.

"(c) Cross Reference.—

"For provisions relating to penalties for failure to file a return required by this section, see section 6652(f)."

(b) Sanctions.—

(1) Failure to file registration statements of notification of change in status.—

(A) Section 6652 (relating to failure to file certain information returns) is amended by redesignating subsection (e) as subsection (g) and by inserting after subsection (d) the following new subsections:

"(e) Annual Registration and Other Notification by Pension Plan.—

"(1) Registration.—In the case of any failure to file a registration statement required under section 6057(a) (relating to annual registration of certain plans) which includes all participants required to be included in such statement, on the date prescribed therefor (determined without regard to any extension of time for filing), unless it is shown that such failure is due to reasonable cause, there shall be paid (on notice and demand by the Secretary or his delegate and in the same manner as tax) by the person failing so to file, an amount equal to $1 for each participant with respect to whom there is a failure to file, multiplied by the number of days during which such failure continues, but the total amount imposed under this paragraph on any person for any failure to file with respect to any plan year shall not exceed $5,000.

"(2) Notification of change of status.—In the case of failure to file a notification required under section 6057(b) (relating to notification of change of status) on the date prescribed therefor (determined with regard to any extension of time for filing), unless it is shown that such failure is due to reasonable cause, there shall be paid (on notice and demand by the Secretary or his delegate and in the same manner as tax) by the person failing so to file, $1 for each day during which such failure continues, but the total amounts imposed under this paragraph on any person for failure to file any notification shall not exceed $1,000.

"(f) Information Required in Connection With Certain Plans of Deferred Compensation.—In the case of failure to file a return required under section 6058 (relating to information required in connection with certain plans of deferred compensation) or 6047 (relating to information relating to certain trusts and annuity and bond purchase plans) on the date and in the manner prescribed therefor (determined with regard to any extension of time for filing), unless it is shown that such failure is due to reasonable cause, there shall be paid (on notice and demand by the Secretary or his delegate and in the same manner as tax) by the person failing so to file, $10 for each day during which such failure continues, but the total amount imposed under this subsection on any person for failure to file any return shall not exceed $5,000."

(B) (i) The section heading for section 6652 is amended by adding ", REGISTRATION STATEMENTS, ETC." before the period at the end thereof.

(ii) The item relating to section 6652 in the table of contents for subchapter A of chapter 68 is amended by adding ", registration statements, etc." before the period at the end thereof.

(2) Failure to furnish statement to participant.—

(A) Subchapter B of chapter 68 (relating to assessable penalties) is amended by adding at the end thereof the following new section:

"Sec. 6691. Fraudulent Statement or Failure to Furnish Statement to Plan Participant.

"Any person required under section 6057(e) to furnish a statement to a participant who willfully furnishes a false or fraudulent statement, or who willfully fails to furnish a statement in the manner, at the time, and showing the information required under section 6057(e), or regulations prescribed thereunder, shall for each such act, or for each such failure, be subject to a penalty under this subchapter of $50, which shall be assessed and collected in the same manner as the tax on employers imposed by section 3111."

(B) The table of sections for such subchapter B is amended by adding at the end thereof the following new item:

"Sec. 6691. Fraudulent statement or failure to furnish statements to plan participant."

(c) Clerical Amendments.—

(1) The table of subparts for such part III is amended by adding at the end thereof the following:

"Subpart E. Registration of and information concerning pension, etc., plans."

(2) Section 6033(c) (relating to cross references) is amended by adding at the end thereof the following:

"For provisions relating to information required in connection with certain plans of deferred compensation, see section 6058."

(3) Subsection (d) of section 6047 (relating to information with respect to certain trusts and annuity and bond purchase plans) is amended to read as follows:

"(d) Cross References.—

"(1) For provisions relating to penalties for failure to file a return required by this section, see section 6652(f).

"(2) For criminal penalty for furnishing fraudulent information, see section 7207."

Sec. 1032. Duties of Secretary of Health, Education, and Welfare.

Title XI of the Social Security Act (relating to general provisions) is amended by adding at the end of part A thereof the following new section:

"NOTIFICATION OF SOCIAL SECURITY CLAIMANT WITH RESPECT TO DEFERRED VESTED BENEFITS

"Sec. 1131. (a) Whenever—

"(1) the Secretary makes a finding of fact and a decision as to—

"(A) the entitlement of any individual to monthly benefits under section 202, 223, or 228,

"(B) the entitlement of any individual to a lump-sum death payment payable under section 202(i) on account of the death of any person to whom such individual is related by blood, marriage, or adoption, or

"(C) the entitlement under section 226 of any individual to hospital insurance benefits under part A of title XVIII, or

"(2) the Secretary is requested to do so—

"(A) by any individual with respect to whom the Secretary holds information obtained under section 6057 of the Internal Revenue Code of 1954, or

"(B) in the case of the death of the individual referred to in subparagraph (A), by the individual who would be entitled to payment under section 204(d) of this Act,

he shall transmit to the individual referred to in paragraph (1) or the individual making the request under paragraph (2) any information, as reported by the employer, regarding any deferred vested benefit transmitted to the Secretary pursuant to such section 6057 (or under section 106 of the Employee Benefit Security Act of 1974) with respect to the individual referred to in paragraph (1) or (2)(A) or the person on whose wages and self-employment income entitlement (or claim of entitlement) is based.

"(b)(1) For purposes of section 201(g)(1), expenses incurred in the administration of subsection (a) shall be deemed to be expenses incurred for the administration of title II.

"(2) There are hereby authorized to be appropriated to the Federal Old-Age and Survivors Insurance Trust Fund for each fiscal year (commencing with the fiscal year ending June 30, 1974) such sums as the Secretary deems necessary on account of additional administrative expenses resulting from the enactment of the provisions of subsection (a)."

Sec. 1033. Enrollment of and Reports by Actuaries.

(a) Reports by Actuaries.—Subpart E of part III of subchapter A of chapter 61 (relating to registration of and information concerning pension, etc., plans) is amended by adding at the end thereof the following new section:

"Sec. 6059. Periodic Report of Actuary.

"(a) General Rule.—The actuarial report described in subsection (b) shall be filed by the plan administrator (as defined in section 414(g)) of each defined benefit plan to which section 412 applies, for the first plan year for which section 412 applies to the plan and for each third plan year thereafter (or more frequently if the Secretary or his delegate determines that more frequent reports are necessary).

"(b) Actuarial Report.—The actuarial report of a plan required by subsection (a) shall be prepared and signed by an enrolled actuary (within the meaning of section 7517) and shall contain—

"(1) a description of the plan,

"(2) a description of the funding method and actuarial assumptions used to determine costs under the plan,

"(3) a certification as to whether the funding standard account required under section 412(b)(1) has been maintained during the period to which the report relates,

"(4) such other information regarding the plan as the Secretary or his delegate may by regulations require, and

"(5) a statement—

"(A) that to the best of his knowledge the report is complete and accurate, and

"(B) of his opinion regarding the reasonableness of the funding method and actuarial assumption used to determine the normal costs under the plan.

"(c) Time and Manner of Filing.—The actuarial report and statement required by this section shall be filed at the time and in the manner provided by regulations prescribed by the Secretary or his delegate."

(b) Assessable Penalties.—Subchapter B of chapter 68 (relating to assessable penalties) is amended by adding at the end thereof the following new section:

"Sec. 6692. Failure to File Actuarial Report.

"The plan administrator (as defined in section 414(g)) of each defined benefit plan to which section 412 applies who fails to file the report required by section 6059 at the time and in the manner required by section 6059, shall pay a penalty of $1,000 for each such failure unless it is shown that such failure is due to reasonable cause."

(c) Enrollment of Actuaries.—Chapter 77 (relating to miscellaneous provisions) is amended by inserting at the end thereof the following new section:

"Sec. 5717. Enrollment of Actuaries.

"The Secretary or his delegate shall, by regulations, establish reasonable standards and qualifications for persons performing actuarial services described in section 401(a) (12 or 6059 and, upon application by any individual, shall enroll such individual if the Secretary or his delegate finds that such individual satisfies such standards, and qualifications. With respect to individuals applying for enrollment before January 1, 1976, such standards and qualifications shall include a requirement for an appropriate period of responsible actuarial experience or of responsible experience in the administration of pension plans. With respect to individuals applying for enrollment on or after January 1, 1976, such standards and qualifications shall include—

"(1) education and training in actuarial mathematics and methodology, as evidenced by—

"(A) a degree in actuarial mathematics or its equivalent from an accredited college or university, or

"(B) successful completion of an examination in actuarial mathematics and methodology to be given by the Secretary or his delegate, or

"(C) successful completion of other actuarial examinations deemed adequate by the Secretary or his delegate, and

"(2) an appropriate period of responsible actuarial experience.

The Secretary or his delegate may, after notice and an opportunity for a hearing, suspend or terminate the enrollment of an individual under this section if the Secretary or his delegate finds that such individual does not satisfy the requirements for enrollment which were in effect at the time of his application. For purposes of this title, the term 'enrolled actuary' means a person who is enrolled by the Secretary or his delegate pursuant to this section. Regulations prescribed for purposes of this section shall be effective after December 31, 1975, only if approved by the Secretary of Labor."

Sec. 1034. Effective Dates.

This part shall take effect upon the date of the enactment of this Act; except that—

(1) the requirements of section 6059 of the Internal Revenue Code of 1954 shall apply only with respect to plan years to which part I of this title applies,

(2) the requirements of section 6057 of such Code shall apply only with respect to plan years beginning after December 31, 1975, and

(3) the requirements of section 6058 of such Code shall apply only with respect to plan years beginning after the date of the enactment of this Act.

Part IV—Declaratory Judgments Relating to Qualification of Certain Retirement Plans

Sec. 1041. Tax Court Procedure.

(a) In General.—Subchapter C of chapter 76 (relating to the Tax Court) is amended by adding at the end thereof the following new part:

"Part IV—Declaratory Judgment Relating to Qualification of Certain Retirement Plans

"Sec. 7476. Declaratory Judgments.

"Sec. 7476. Declaratory Judgments.

"(a) Creation of Remedy.—In a case of actual controversy involving a determination by the Secretary or his delegate with respect to the initial qualification or continuing qualification under subchapter D of chapter 1 of a retirement plan, or involving a failure to make a determination with respect to such an issue, upon the filing of an appropriate pleading, the United States Tax Court may make a declaration with respect to such initial qualification or continuing qualification. Any such declaration shall have the force and effect of a decision of the Tax Court and shall be reviewable as such.

"(b) Limitations.—

"(1) Petitioner.—A pleading may be filed under this section only by a petitioner who is the employer, the plan administrator, or an employee who has qualified under regulations prescribed by the Secretary or his delegate as an interested party for purposes of pursuing administrative remedies within the Internal Revenue Service.

"(2) Notice.—For purposes of this section, the filing of a pleading by any petitioner may be held by the Tax Court to be premature, unless the petitioner establishes to the satisfaction of the court that he has complied with the requirements prescribed by regulations of the Secretary or his delegate with respect to notice to other interested parties that the proceeding is being initiated.

"(3) Exhaustion of administrative remedies.—The Tax Court shall not issue a declaratory judgment or decree under this section in any proceeding unless it determines that the petitioner has exhausted administrative remedies available to him within the Internal Revenue Service. A petitioner shall not be deemed to have exhausted his administrative remedies with respect to a failure by the Internal Revenue Service to make a determination with respect to initial qualification or continuing qualification of a retirement plan before the expiration of 270 days after the request for such determination was made.

(4) Plan put into effect.—No proceeding may be maintained under this section unless the plan (and, in the case of a controversy involving the continuing qualification of the plan because of an amendment to the plan, the amendment) with respect to which a decision of the Tax Court is sought has been put into effect before the filing of the pleading. A plan or amendment shall be treated as in effect even though under the plan the funds contributed to the plan may be re-

funded if the plan (or the plan as so amended) is found to be not qualified.

"(5) Time for bringing action.—If the Secretary or his delegate sends by certified or registered mail his determination with respect to the qualification of the plan to the person requesting such determination, no proceeding may be initiated under this section by any person unless the pleading is filed before the 91st day after the date such person is notified by the Internal Revenue Service of such mailing.

"(c) Commissioners.—The chief judge of the Tax Court may assign proceedings under this section to be heard by the commissioners of the court, and the court may authorize a commissioner to enter the decision of the court with respect to such proceeding, subject to such conditions and review as the court may by rule provide.

"(d) Retirement Plan.—For purposes of this section, the term 'retirement plan' means—

"(1) a pension, profit-sharing, or stock bonus plan described in section 401(a) or a trust which is part of such a plan,

"(2) an annuity plan described in section 403(a), or

"(3) a bond purchase plan described in section 405(a)."

(b) Technical Amendments.—

(1) Fee for filing petition.—Section 7451 (relating to fee for filing petition) is amended by striking out "deficiency" and inserting in lieu thereof "deficiency or for a declaratory judgment under part IV of this subchapter".

(2) Date of decision.—Section 7459(c) (relating to date of decision) is amended by inserting before the period at the end of the first sentence the following: "or, in the case of a declaratory judgment proceeding under part IV of subchapter C, the date of the court's order entering the decision".

(3) Venue for appeal of decision.—Section 7482(b)(1) (relating to venue) is amended by adding at the end thereof the following new sentence: "In the case of a declaratory decision of the Tax Court, the rules of this paragraph shall be applied with respect to the employer who maintains the plan."

(c) Clerical Amendment.—The table of parts for subchapter C of chapter 76 is amended by adding at the end thereof the following new item:

"Part IV. Declaratory judgments relating to qualification of certain retirement plans.".

(d) Effective Date.—The amendments made by this section shall take effect on January 1, 1978.

Part V—Internal Revenue Service

Sec. 1051. Establishment of Office.

(a) In General.—Section 7802 (relating to Commissioner of Internal Revenue) is amended to read as follws:

"Sec. 7802. Commissioner of Internal Revenue; Assistant Commissioner (Employee Plans and Exempt Organizations).

"(a) Commissioner of Internal Revenue.—There shall be in the Department of the Treasury a Commissioner of Internal Revenue, who shall be appointed by the President, by and with the advice and consent of the Senate. The Commissioner of Internal Revenue shall have such duties and powers as may be prescribed by the Secretary.

"(b) Assistant Commissioner for Employee Plans and Exempt Organizations.—There is established within the Internal Revenue Service an office to be known as the 'Office of Employee Plans and Exempt Organizations' to be under the supervision and direction of an Assistant Commissioner of Internal Revenue. As head of the Office, the Assistant Commissioner shall be responsible for carrying out such functions as the Secretary or his delegate may prescribe with respect to organizations exempt from tax under section 501(a) and with respect to plans to which part I of subchapter D of chapter 1 applies (and with respect to organizations designed to be exempt under such section and plans designed to be plans to which such part applies)."

(b) Clerical Amendment.—The item relating to section 7802 in the table of sections for subchapter A of chapter 80 is amended to read as follows:

"Sec. 7802. Commissioner of Internal Revenue; Assistant Commissioner (Employee Plans and Exempt Organizations)."

(c) Effective Date.—The amendments made by this section shall take effect on the 90th day after the date of the enactment of this Act.

Sec. 1052. Authorization of Appropriations.

There is authorized to be appropriated to the Department of the Treasury for the purpose of carrying out all functions of the Office of Employee Plans and Exempt Organizations—

(1) for the fiscal year ending June 30, 1974, $20,000,000, and

(2) for each fiscal year thereafter, $70,000,000.

Subtitle B—Other Amendments to the Internal Revenue Code Relating to Retirement Plans

Sec. 2001. Contributions on Behalf of Self-Employed Individuals and Shareholder-Employees.

(a) Increase in Maximum Amount Deductible for Self-Employed Individuals.—

(1) Paragraph (1) of section 404(e) (relating to special limitations for self-employed individuals) is amended—

(A) by striking out "$2,500, or 10 percent" and inserting in lieu thereof "$7,500, or 15 percent", and

(B) by striking out "subject to the provisions of paragraph (2)" and inserting in lieu thereof "subject to paragraphs (2) and (4)".

(2) Paragraph (2)(A) of section 404(e) is amended by striking out "shall not exceed $2,500, or 10 percent" and inserting in lieu thereof "shall (subject to paragraph (4)) not exceed $7,500, or 15 percent".

(3) Section 404(e) is amended by adding at the end thereof the following new paragraph:

"(4) Limitations cannot be lower than $750 or 100 percent of earned income.—The limitations under paragraphs (1) and (2)(A) for any employee shall not be less than the lesser of—

"(A) $750, or

"(B) 100 percent of the earned income derived by such employee from the trades or businesses taken into account for purposes of paragraph (1) or (2)(A), as the case may be."

(b) Increase in Maximum Amount Deductible for Shareholder-Employees.—Paragraph (1) of section 1379(b) (relating to taxability of shareholder-employees) is amended—

(1) by striking out "10 percent" in subparagraph (A) and inserting in lieu thereof "15 percent", and

(2) by striking out "$2,500" in subparagraph (B) and inserting in lieu thereof "$7,500".

(c) Only First $100,000 of Annual Compensation To Be Taken Into Account.—Subsection (a) of section 401 (relating to requirements for qualification) is amended by inserting after paragraph (16) the following new paragraph:

"(17) In the case of a plan which provides contributions or benefits for employees some or all of whom are employees within the meaning of subsection (c)(1), or are shareholder-employees within the meaning of section 1379(d), only if the basic or regular rate of annual compensation of each employee taken into account under the plan does not exceed the first $100,000 of such compensation."

(d) Defined Benefit Plans for Self-Employed.—

(1) Subsection (a) of section 401 is amended by inserting after paragraph (17) the following new paragraph:

"(18) In the case of a trust which is part of a plan providing a defined benefit for employees some or all of whom are employees within the meaning of subsection (c)(1), or are shareholder-employees within the meaning of section 1379(d), only if such plan satisfies the requirements of subsection (j)."

(2) Section 401 (relating to qualified pension, profit-sharing, and stock bonus plans) is amended by redesignating subsection (j) as subsection (k) and by inserting after subsection (i) the following new subsection:

"(j) Defined Benefit Plans Providing Benefits for Self-Employed Individuals and Shareholder-Employees.—

(1) In General.—A defined benefit plan satisfies the requirements of this subsection only if the plan provides that the basic benefit accruing for each plan year of participation by an employee within the meaning of subsection (c)(1) (or a shareholder-employee) does not exceed the limitation on such accrual set forth in regulations prescribed by the Secretary or his delegate under this subsection to ensure that there will be reasonable comparability (assuming level funding) between the maximum retirement benefits which may be provided with favorable tax treatment under this title for such employees under—

"(A) defined contribution plans,

"(B) defined benefit plans, and

"(C) a combination of defined contribution plans and defined benefit plans.

"(2) Guideline regulations.—The regulations prescribed under this subsection shall provide that a plan does not satisfy the requirements of this subsection if, under the plan, the basic benefit of any employee within the meaning of subsection (c)(1) (or a shareholder-employee) may exceed the sum of the products for each plan year of participation of—

"(A) his annual compensation (not in excess of $50,000) for such year, and

"(B) the applicable percentage determined under paragraph (3).

"(3) Application percentage.—

"(A) Table.—For purposes of paragraph (2), the applicable percentage for any individual for any plan year shall be based on the percentage shown on the following table opposite his age when his current period of participation in the plan began:

"Age when participation began:	Applicable percentage
30 or less	6.5
35	5.4
40	4.4
45	3.6
50	3.0
55	2.5
60 or over	2.0

"(B) Additional requirements.—The regulations prescribed under this subsection shall include provisions—

"(i) for applicable percentages for ages between any two ages shown on the table,

"(ii) for adjusting the applicable percentages in the case of plans providing benefits other than a basic benefit,

"(iii) that any increase in the rate of accrual, and any increase in the compensation base which may be taken into account, shall, with respect only to such increase, begin a new period of participation in the plan, and

"(iv) when appropriate, in the case of periods beginning after December 31, 1977, for adjustments in the applicable percentages based on changes in prevailing interest and mortality rates occurring after 1973.

"(4) Certain contributions and benefits may not be taken into account.—A defined benefit plan which provides contributions or benefits for owner-employees shall not satisfy the requirements of this subsection unless such plan meets the requirements of subsection (a)(4) without taking into account contributions or benefits under chapter 2 (relating to tax on self-employment income), chapter 21 (relating to Federal Insurance Contributions Act), title II of the Social Security Act, or any other Federal or State law.

"(5) Definitions.—For purposes of this subsection—

"(A) Basic benefit.—The term 'basic benefit' means a benefit in the form of a straight life annuity commencing at the later of—

"(i) age 65, or

"(ii) the day 5 years after the day the participant's current period of participation began,

under a plan which provides no ancillary benefits and to which employees do not contribute.

"(B) Shareholder-employee.—The term 'shareholder-employee' has the same meaning as when used in section 1379(d).

"(C) Compensation.—The term 'compensation' means—

"(i) in the case of an employee within the meaning of subsection (c)(1), the earned income of such individual, or

"(ii) in the case of a shareholder-employee, the compensation received or accrued by the individual from the electing small business corporation.

"(6) Special rules.—Section 404(e) (relating to special limitations for self-employed individuals) shall not apply to a trust to which this subsection applies."

(e) Repeal of Existing Tax Treatment of Excess Contributions.—

(1) The last sentence of section 401(d)(5) is amended to read as follows: "Subparagraphs (A) and (B) shall not apply to contributions described in subsection (e)."

(2) Paragraph (8) of section 401(d) is hereby repealed.

(3) Subsection (e) of section 401 is amended to read as follows:

"(e) Contributions for Premiums on Annuity, Etc., Contracts.—A contribution by the employer on behalf of an owner-employee is described in this subsection if—

"(1) under the plan such contribution is required to be applied (directly or through a trustee) to pay premiums or other consideration for one or more annuity, endowment, or life insurance contracts on the life of such owner-employee issued under the plan,

"(2) the amount of such contribution exceeds the amount deductible under section 404 with respect to contributions made by the employer on behalf of such owner-employee under the plan, and

"(3) the amount of such contribution does not exceed the average of the amounts which were deductible under section 404 with respect to contributions made by the employer on behalf of such owner-employee under the plan (or which would have been deductible if such section had been in effect) for the first three taxable years (A) preceding the year in which the last such annuity, endowment, or life insurance contract was issued under the plan, and (B) in which such owner-employee derived earned income from the trade or business with respect to which the plan is established, or for so many of such taxable years as such owner-employee was engaged in such trade or business and derived earned income therefrom.

In the case of any individual on whose behalf contributions described in paragraph (1) are made under more than one plan as an owner-employee during any taxable year, the preceding sentence shall not apply if the amount of such contributions under all such plans for all such years exceeds $7,500. Any contribution which is not considered to be an excess contribution by reason of the application of this subsection shall, for purposes of section 4972(b), be taken into account as a contribution made by such owner-employee as an employee to the extent that the amount of such contribution is not deductible under section 404 for the taxable year."

(4) Clause (ii) of section 401(a)(10)(A) is amended by striking out "subsection (e)(3)(A)" and inserting in lieu thereof "subsection (e)".

(5) Subparagraph (A) of section 72(m)(5) is amended—

(A) by inserting "and" at the end of clause (i),

(B) by striking out the comma at the end of clause (ii) and inserting in lieu thereof a period, and

(C) by striking out clause (iii).

(f) Tax on Excess Contributions.—

(1) Chapter 43 (relating to qualified pension, etc., plans) is amended by inserting after section 4971 the following new section:

"Sec. 4972. Tax on Excess Contributions for Self-Employed Individuals.

"(a) Tax Imposed.—In the case of a plan which provides contributions or benefits for employees some or all of whom are employees within the meaning of section 401(c)(1), there is hereby imposed, for each taxable year of the employer who maintains such plan, a tax in an amount equal to 6 percent of the amount of the excess contributions under the plan (determined as of the close of the taxable year). The tax imposed by this subsection shall be paid by the employer who maintains the plan.

"(b) Excess Contributions.—

"(1) In general.—For purposes of this section, the term 'excess contributions' means the sum of the amounts (if any) determined under paragraphs (2), (3), and (4). For purposes of this subsection, the amount of any contribution which is allocable (determined under regulations prescribed by the Secretary or his delegate) to the purchase of life, accident, health, or other insurance shall not be taken into account.

"(2) Contributions by owner-employees.—In the case of a plan which provides contributions or benefits for employees some or all of whom are owner-employees (within the meaning of section 401(c)(3)), the sum of—

"(A) the excess (if any) of—

"(i) the amount contributed under the plan by each owner-employee (as an employee) for the taxable year, over

"(ii) the amount permitted to be contributed by each owner-employee (as an employee) for such year, and

"(B) the amount determined under this paragraph for the preceding taxable year of the employer.

reduced by the excess (if any) of the amount described in subparagraph (A)(ii) over the amount described in subparagraph (A)(i).

"(3) Defined benefit plans.—In the case of a defined benefit plan, any amount contributed under the plan by the employer during the taxable year or any prior taxable year beginning after December 31, 1975, if—

"(A) as of the close of the taxable year, the full funding limitation of the plan (determined under section 412(c)(7)) is zero, and

"(B) such amount has not been deductible for the taxable year or any prior taxable year.

"(4) Defined contribution plans.—In the case of a plan other than a defined benefit plan, the portion of the amounts contributed under the plan by the employer during the taxable year and each prior taxable year beginning after December 31, 1975, which has not been deductible for the taxable year or any prior taxable year.

"(c) Amount Permitted To Be Contributed by Owner-Employee.—For the purposes of subsection (b)(2), the amount permitted to be contributed under a plan by an owner-employee (as an employee) for any taxable year is the smallest of the following:

"(1) $2,500,

"(2) 10 percent of the earned income for such taxable year derived by such owner-employee from the trade or business with respect to which the plan is established, or

"(3) the amount of the contribution which would be contributed by the owner-employee (as an employee) if such contribution were made at the rate of contributions permitted to be made by employees other than owner-employees.

In any case in which there are no employees other than owner-employees, the amount determined under the preceding sentence shall be zero.

"(d) Cross Reference.—

"For disallowance of deduction for taxes paid under this section, see section 275."

(2) Clerical amendment.—The table of sections for chapter 43 is amended by inserting after the item relating to section 4971 the following new item:

"Sec. 4972. Tax on excess contributions for self-employed individuals."

(g) Premature Distributions to Owner-Employees.—

(1) In general. Subparagraph (B) of section 72(m(5) (relating to penalties applicable to certain amounts received by owner-employees) is amended to read as follows:

"(D) If a person receives an amount to which this paragraph applies, his tax under this chapter for the taxable year in which such amount is received shall be increased by an amount equal to 10 percent of the portion of the amount so received which is includible in his gross income for such taxable year."

(2) Conforming amendments.—

(A) Subparagraphs (C), (D), and (E) of section 72(m)(5) are hereby repealed.

(B) The second sentence of section 46(a)(3) and the second sentence of section 50(a)(3) are each amended by striking out "tax preferences)," and inserting in lieu thereof "tax preferences), section 72(m)(5)(B) (relating to 10 percent tax on premature distributions to owner-employees),".

(C) The third sentence of section 901(a) is amended by striking out "tax preferences)," and inserting in lieu thereof "tax preferences), against the tax imposed for the taxable year under section 72(m)(5)(B) (relating to 10 percent tax on premature distributions to owner-employees),".

(D) Subparagraph (A) of section 56(a)(2) and paragraph (1) of section 56(c) are each amended by striking out "402(e)" and inserting in lieu thereof "72(m)(5)(B), 402(e)".

(E) Section 404(a)(2) is amended by striking out "(16)" and inserting in lieu thereof "(16), (17), (18), and (19)".

(h) Effective Dates.—

(1) The amendments made by subsections (a), (b), and (c) shall apply to taxable years beginning after December 31, 1973.

(2) The amendments made by subsections (d), (e), (f), and (g) shall apply to taxable years beginning after December 31, 1975.

Sec. 2002. Deduction for Retirement Savings.

(a) Allowance of Deduction.—

(1) In general.—Part VII of subchapter B of chapter 1 (relating to additional itemized deductions for individuals) is amended by redesignating section 219 as 220 and by inserting after section 218 the following new section:

"Sec. 219. Retirement Savings.

"(a) Deduction Allowed.—In the case of an individual, there shall be allowed as a deduction amounts paid in cash during the taxable year by or on behalf of such individual for his benefit—

"(1) to an individual retirement account described in section 408(a),

"(2) for an individual retirement annuity described in section 408(b), or

"(3) for a retirement bond described in section 409 (but only if the bond is not redeemed within 12 months of the date of its issuance).

For purposes of this title, any amount paid by an employer to such a retirement account or for such a retirement annuity or bond shall constitute payment of compensation to the employee (other than a self-employed individual who is an employee within the meaning of section 401(c)(1)) includible in his gross income, whether or not a deduction for such payment is allowable under this section to the employee after the application of subsection (b).

"(b) Limitations and Restrictions.—

"(1) Maximum deduction.—The amount allowable as a deduction under subsection (a) to an individual for any taxable year shall not exceed an amount equal to 20 percent of the compensation includible in his gross income for such taxable year, or $1,500, whichever is the lesser.

"(2) Covered by certain other plans.—No deduction shall be allowed under subsection (a) for an individual for the taxable year if for any part of such year—

"(A) he was an active participant in—

"(i) a plan described in section 401(a) which includes a trust exempt from tax under section 501(a),

"(ii) an annuity plan described in section 403(a),

"(iii) a qualified bond purchase plan described in section 405(a), or

"(iv) a plan established for its employees by the United States, by a State or political division thereof, or by an agency or instrumentality of any of the foregoing, or

"(B) amounts were contributed by his employer for an annuity contract described in section 403(b) (whether or not his rights in such contract are nonforfeitable).

"(3) Contributions after age 70½.—No deduction shall be allowed under subsection (a) with respect to any payment described in subsection (a) which is made during the taxable year of an individual who has attained age 70½ before the close of such taxable year.

"(4) Recontributed amounts.—No deduction shall be allowed under this section with respect to a rollover contribution described in section 402(a)(5), 403(a)(4), or 408(d)(3).

"(c) Definitions and Special Rules.—

"(1) Compensation.—For purposes of this section, the term 'compensation' includes earned income as defined in section 401 (c)(2).

"(2) Married individuals.—The maximum deduction under subsection (b)(1) shall be computed separately for each individual, and this section shall be applied without regard to the community property laws of a State."

(2) Deduction allowed in arriving at adjusted gross income.—Section 62 (defining adjusted gross income) is amended by inserting after paragraph (9) the following new paragraph:

"(10) Retirement savings.—The deduction allowed by section 219 (relating to deduction of certain retirement savings)."

(b) Individual Retirement Accounts.—Subpart A of part I of subchapter D of chapter 1 (relating to retirement plans) is amended by adding at the end thereof the following new section:

"Sec. 408. Individual Retirement Accounts.

"(a) Individual Retirement Account.—For purposes of this section, the term 'individual retirement account' means a trust created or organized in the United States for the exclusive benefit of an individual or his beneficiaries, but only if the written governing instrument creating the trust meets the following requirements:

"(1) Except in the case of a rollover contribution described in subsection (d)(3) or in section 402(a)(5) or 403(a)(4), contributions will not be accepted for the taxable year in excess of $1,500 on behalf of any individual.

"(2) The trustee is a bank (as defined in section 401(d)(1)) or such other person who demonstrates to the satisfaction of the Secretary or his delegate that the manner in which such other person will administer the trust will be consistent with the requirements of this section.

"(3) No part of the trust funds will be invested in life insurance contracts.

"(4) The interest of an individual in the balance in his account will be nonforfeitable.

"(5) The assets of the trust will not be commingled with other property except in a common trust fund.

"(6) The entire interest of an individual for whose benefit the trust is maintained will be distributed to him not later than the close of his taxable year in which he attains age 70½, or will be distributed, commencing before the close of such taxable year, in accordance with regulations prescribed by the Secretary or his delegate, over—

"(A) the life of such individual or the lives of such individual and his spouse, or

"(B) a period not extending beyond the life expectancy of such individual or the life expectancy of such individual and his spouse.

"(7) If an individual for whose benefit the trust is maintained dies before his entire interest has been distributed to him, or if distribution has been commenced as provided in paragraph (6) to his surviving spouse and such surviving spouse dies before the entire interest has been distributed to such spouse, the entire interest (or the remaining part of such interest if distribution thereof has commenced) will, within 5 years after his death (or the death of the surviving spouse) be distributed, or applied to the purchase of an immediate annuity for his beneficiary or beneficiaries (or the beneficiary or beneficiaries of his surviving spouse) which will be payable for the life of such beneficiary or beneficiaries (or for a term certain not extending beyond the life expectancy of such beneficiary or beneficiaries) and which annuity will be immediately distributed to such beneficiary or beneficiaries. The preceding sentence shall have no application if distributions over a term certain commenced before the death of the individual for whose benefit the trust was maintained and the term certain is for a period permitted under paragraph (6).

"(b) Individual Retirement Annuity.—For purposes of this section, the term 'individual retirement annuity' means an annuity contract issued by an insurance company which meets the following requirements:

"(1) The contract is not transferable by the owner.

"(2) The annual premium under the contract will not exceed $1,500, and any refund of premiums will be applied before the close of the calendar year following the year of the refund toward the payment of future premiums or the purchase of additional benefits.

"(3) The entire interest of the owner will be distributed to him not later than the close of his taxable year in which he attains age 70½, or will be distributed, in accordance with regulations prescribed by the Secretary or his delegate, over—

"(A) the life of such owner or the lives of such owner and his spouse, or

"(B) a period not extending beyond the life expectancy of such owner or the life expectancy of such owner and his spouse.

"(4) If the owner dies before his entire interest has been distributed to him, or if distribution has been commenced as provided in paragraph (3) to his surviving spouse and such surviving spouse dies before the entire interest has been distributed to such spouse, the entire interest (or the remaining part of such interest if distribution thereof has commenced) will, within 5 years after his death (or the death of the surviving spouse) be distributed, or applied to the purchase of an immediate annuity for his beneficiary or beneficiaries (or the beneficiary or beneficiaries of his surviving spouse) which will be payable for the life of such beneficiary or beneficiaries (or for a term certain not extending beyond the life expectancy of such beneficiary or beneficiaries) and which annuity will be immediately distributed to such beneficiary or beneficiaries. The preceding sentence shall have no application if distributions over a term certain commenced before the death of the owner and the term cetrain is for a period permitted under paragraph (3).

"(5) The entire interest of the owner is nonforfeitable.

Such term does not include such an annuity contract for any taxable year of the owner in which it is disqualified on the application of subsection (e) or for any subsequent taxable year.

"(c) Accounts Established by Employers and Certain Associations of Employees.—A trust created or organized in the United States by an employer for the exclusive benefit of his employees or their beneficiaries, or by an association of employees (which may include employees within the meaning of section 401(c)(1)) for the exclusive benefit of its members or their beneficiaries, shall be treated as an individual retirement account (described in subsection (a)), but only if the written governing instrument creating the trust meets the following requirements:

"(1) The trust satisfies the requirements of paragraphs (1) through (7) of subsection (a).

"(2) There is a separate accounting for the interest of each employee or member.

The assets of the trust may be held in a common fund for the account of all individuals who have an interest in the trust.

"(d) Tax Treatment of Distributions.—

"(1) In general.—Except as otherwise provided in this subsection, any amount paid or distributed out of an individual retirement account or under an individual retirement annuity, shall be included in gross income by the payee for the taxable year in which the payment or distribution is received. The basis of any person in such an account or annuity shall be zero.

"(2) Distributions of annuity contracts.—Paragraph (1) shall not apply to any annuity contract which meets the requirements of paragraphs (1), (3), (4), and (5) of subsection (b) and which is distributed from an individual retirement account. Section 72 shall apply to any such annuity contract, and for purposes of section 72 the investment in such contract shall be zero.

"(3) Rollover contribution.—An amount is described in this paragraph as a rollover contribution if it meets the requirements of subparagraphs (A) and (B).

"(A) In general.—Paragraph (1) shall not apply to any amount paid or distributed out of an individual retirement account or individual retirement annuity to an individual if—

"(i) such individual is a person for whose benefit the account is maintained, and

"(ii) the entire amount received (including any property other than money) is paid into an individual retirement account or individual retirement annuity (created for such individual's benefit) not later than the 60th day after the day on which he receives the payment or distribution.

"(B) Limitation.—This subsection shall not apply to any amount received by an individual from an individual retirement account or individual retirement annuity if at any time during the 3-year period ending on the day of such receipt such individual received any other amount from an individual retirement account or individual retirement annuity which was not includible in his gross income because of the application of this paragraph.

"(4) EXCESS CONTRIBUTIONS RETURNED BEFORE DUE DATE OF RETURN.—Paragraph (1) shall not apply to the distribution of any contribution paid during a taxable year to an individual retirement account or for an individual retirement annuity to the extent that such contribution exceeds the amount allowable as a deduction under section 219 if—

"(A) such distribution is received on or before the day prescribed by law (including extensions) for filing such individual's return for such taxable year,

"(B) no deduction is allowed under section 219 with respect to such excess contribution, and

"(C) such distribution is accompanied by the amount of net income attributable to such excess contribution.

Any net income described in subparagraph (C) shall be included in the gross income of the individual for the taxable year in which received.

"(e) TAX TREATMENT OF ACCOUNTS AND ANNUITIES.—

"(1) EXEMPTION FROM TAX.—Any individual retirement account shall be exempt from taxation under this subtitle unless such account has ceased to be an individual retirement account by reason of paragraph (2). Notwithstanding the preceding sentence, any such account shall be subject to the taxes imposed by section 511 (relating to imposition of tax on unrelated business income of charitable, etc., organizations).

"(2) LOSS OF EXEMPTION OF ACCOUNT WHERE EMPLOYEE ENGAGES IN PROHIBITED TRANSACTION.—

"(A) IN GENERAL.—If during any taxable year of the individual for whose benefit any individual retirement account was established there is any transaction described in subsection (b) or (g) of section 503, such account shall cease to be an individual retirement account as of the first day of such taxable year. For purposes of this paragraph—

"(i) the individual for whose benefit any account was established shall be treated as the creator of such account, and

"(ii) the separate account for any individual within an individual retirement account maintained by an employer or association of employees shall be treated as a separate individual retirement account.

"(B) ACCOUNT TREATED AS DISTRIBUTING ALL ITS ASSETS.—In any case in which any account ceases to be an individual retirement account by reason of subparagraph (A) as of the first day of any taxable year, paragraph (1) of subsection (d) shall apply as if there were a distribution on such first day in an amount equal to the fair market value (on such first day) of all assets in the account (on such first day).

"(3) EFFECT OF BORROWING ON ANNUITY CONTRACT.—If during any taxable year the owner of an individual retirement annuity borrows any money under or by use of such contract, the contract shall cease to be an individual retirement annuity as of the first day of such taxable year. Such owner shall include in gross income for such year an amount equal to the fair market value of such contract as of such first day.

"(4) LOSS OF EMPLOYER DEDUCTIONS WHERE EMPLOYER ENGAGES IN PROHIBITED TRANSACTION.—If during any taxable year of an employer there is any transaction described in subsection (b) or (g) of section 503 with respect to any individual retirement account maintained by such employer, all deductions of such employer for compensation paid or accrued for such taxable year and for all prior taxable years shall be disallowed to the extent of contributions to such individual retirement account paid during such year. For purposes of this paragraph, the employer shall be treated as the creator of each individual retirement account maintained by him.

"(f) PENALTY TAX ON CERTAIN AMOUNTS INCLUDED IN GROSS INCOME BEFORE AGE 59½.—

"(1) EARLY DISTRIBUTIONS FROM AN INDIVIDUAL RETIREMENT ACCOUNT, ETC.—If a distribution from an individual retirement account or under an individual retirement annuity to the individual for whose benefit such account or annuity was established is made before such individual attains age 59½, his tax under this chapter for the taxable year in which such distribution is received shall be increased by an amount equal to 10 percent of the amount of the distribution which is includible in his gross income for such taxable year.

"(2) DISQUALIFICATION CASES.—If an amount is includible in gross income for a taxable year under subsection (e) and the taxpayer has not attained age 59½ before the beginning of such taxable year, his tax under this chapter for such taxable year shall be increased by an amount equal to 10 percent of such amount so required to be included in his gross income.

"(3) DISABILITY CASES.—Paragraphs (1) and (2) shall not apply if the amount paid or distributed, or the disqualification of the account or annuity under subsection (e), is attributable to the taxpayer becoming disabled within the meaning of section 72(m) (7).

"(g) COMMUNITY PROPERTY LAWS.—This section shall be applied without regard to the community property laws of any State.

"(h) CUSTODIAL ACCOUNTS.—For purposes of this section, a custodial account shall be treated as a trust if the assets of such account are held by a bank (as defined in section 401(d) (1) or another person who demonstrates, to the satisfaction of the Secretary or his delegate, that the manner in which he will hold the assets will be consistent with the requirements of this section. For purposes of this title, in the case of a custodial account treated as a trust by reason of the preceding sentence, the custodian of such account shall be treated as the trustee thereof.

"(i) REPORTS.—The trustee of an individual retirement account or the issuer of an individual retirement annuity shall submit to the Secretary or his delegate such reports regarding contributions to such account or annuity distributions from such account or annuity, and other matters relating to such account or annuity as may be required by regulations prescribed by the Secretary or his delegate. Such reports shall be filed at such time and in such manner as may be required by such regulations.

"(j) CROSS REFERENCES.—

"(1) For tax on excess contributions to individual retirement accounts or annuities, see section 4973.

"(2) For tax on certain accumulations in individual retirement accounts for annuities, see section 4974."

(c) RETIREMENT BONDS.—Subpart A of part I of subchapter D of chapter 1 (relating to retirement plans) is amended by inserting after section 408 the following new section:

"SEC. 409. RETIREMENT BONDS.

"(a) RETIREMENT BOND.—For purposes of this section and section 219(a), the term 'retirement bond' means a bond issued under the Second Liberty Bond Act, as amended, which by its terms, or by regulations prescribed by the Secretary under such Act—

"(1) provides for payment of interest, or investment yield, only on redemption;

"(2) provides that no interest, or investment yield, is payable if the bond is redeemed within 12 months after the date of its issuance;

"(3) provides that it ceases to bear interest, or provide investment yield, on the earlier of—

"(A) the date on which the individual in whose name it is purchased (hereinafter in this section referred to as the 'registered owner') attains age 70½; or

"(B) 5 years after the date on which the registered owner dies, but not later than the date on which he would have attained the age 70½ had he lived;

"(4) may be redeemed before the death of the registered owner only if such owner—

"(A) has attained age 59½,

"(B) has become disabled (within the meaning of section 72(m) (7)), or

"(C) tenders the bond for redemption within 12 months after the date of its issuance; and

"(5) is not transferable.

"(b) INCOME TAX TREATMENT OF BONDS.—

"(1) IN GENERAL.—Except as otherwise provided in this subsection, on the redemption of a retirement bond the entire proceeds shall be included in the gross income of the taxpayer entitled to the proceeds on redemption. If the registered owner has not tendered it for redemption before the close of the taxable year in which he attains age 70½, such individual shall include in his gross income for such taxable year the amount of proceeds he would have received if the bond had been redeemed at age 70½. The provisions of section 72 (relating to annuities) and section 1232 (relating to bonds and other evidences of indebtedness) shall not apply to a retirement bond.

"(2) BASIS.—The basis of a retirement bond shall be zero, whether or not the registered owner was allowed a deduction under section 219 for the amount paid for the bond.

"(3) EXCEPTIONS.—

"(A) REDEMPTION WITHIN 12 MONTHS.—If a retirement bond is redeemed within 12 months after the date of its issuance, the proceeds shall be excluded from gross income if no deduction is allowed under section 219 on account of the purchase of such bond.

"(B) REDEMPTION AFTER AGE 70½.—If a retirement bond is redeemed after the close of the taxable year in which the registered owner attains age 70½, there shall be included in gross income on the redemption of the bond only the amount by which the proceeds on redemption exceed the amount included in his gross income for such taxable year."

(d) EXCISE TAX ON EXCESS CONTRIBUTIONS.—Chapter 43 (relating to qualified pension, etc., plans) is amended by inserting after section 4972 the following new section:

"SEC. 4973. TAX ON EXCESS CONTRIBUTIONS TO INDIVIDUAL RETIREMENT ACCOUNTS.

"(a) TAX IMPOSED.—In the case of—

"(1) any individual retirement account (within the meaning of section 408(a)), or

"(2) any individual retirement annuity (within the meaning of section 408(b)),

established for the benefit of any individual, there is hereby imposed for each taxable year a tax in an amount equal to 6 percent of the amount of the excess contributions to such individual's accounts or annuities (determined as of the close of the taxable year). The tax imposed by this subsection shall be paid by such individual.

"(b) EXCESS CONTRIBUTIONS.—For purposes of this subsection in the case of individual retirement accounts or individual retirement annuties, the term 'excess contributions' means the sum of—

"(1) the excess (if any) of—

"(A) the amount contributed for the taxable year to the accounts or for the annuities (other than a rollover contribution described in section 402(a) (5), 403(a) (4), or 408(d) (3)), over

"B) the amount allowable as a deduction under section 219 for such contributions, and

"(2) the amount determined under this paragraph for the preceding taxable year, reduced by the excess (if any) of the maximum amount allowable as a deduction under section 219 for the taxable year over the amount contributed to the accounts or for the annuities for the taxable year and reduced by the sum of the distributions out of the account (for the taxable year and all prior taxable years) which were included in the gross income of the payee under section 408(d) (1). For purposes of this paragraph, any contribution which is distributed out of the individual retirement account or individual retirement annuity in a distribution to which section 408(d) (4) applies shall be treated as an amount not contributed."

(e) Excise Tax on Excessive Accumulations.—Chapter 43 is amended by inserting after section 4973 the following new section:

"Sec. 4974. Excise tax on certain accumulations in individual retirement accounts or annuities.

"(a) Imposition of Tax.—If, in the case of an individual retirement account or individual retirement annuity, the amount distributed during the taxable year of the payee is less than the minimum amount required to be distributed under section 408(a) (6) or (7), or 408(b) (3) or (4) during such year, there is hereby imposed a tax equal to 50 percent of the amount by which the minimum amount required to be distributed during such year exceeds the amount actually distributed during the year. The tax imposed by this section shall be paid by such payee.

"(b) Regulations.—For purposes of this section, the minimum amount required to be distributed during a taxable year under section 408(a) (6) or (7), or 408(b) (3) or (4) shall be determined under regulations prescribed by the Secretary or his delegate."

(f) Penalty for Failure To Provide Reports on Individual Retirement Accounts.—Subchapter B of chapter 68 (relating to assessable penalties) is amended by adding at the end thereof the following new section:

"Sec. 6693. Failure To Provide Reports on Individual Retirement Accounts or Annuities.

"(a) The person required by section 408(i) to file a report regarding an individual retirement account or individual retirement annuity at the time and in the manner required by section 408(i) shall pay a penalty of $10 for each failure unless it is shown that such failure is due to reasonable cause.

"(b) Deficiency Procedures Not To Apply.—Subchapter B of chapter 63 (relating to deficiency procedures for income, estate, gift, and certain excise taxes) shall not apply to the assessment or collection of any penalty imposed by subsection (a)."

(g) Conforming Amendments.—

(1) Section 37(c) (1) (defining retirement income) is amended—

(A) by adding at the end of subparagraph (E) the following: "retirement bonds described in section 409, or".

(B) by adding the following new subparagraph:

"(F) an individual retirement account described in section 408(a) or an individual retirement annuity described in section 408 (b), or".

(2) The second sentence of section 46(a) (3) and the second sentence of section 50A (a) (3) are each amended by striking out "tax preferences)," and inserting in lieu thereof "tax preferences), section 408(e) (relating to additional tax on income from certain retirement accounts),".

(3) The third sentence of section 901(a) is amended by striking out "tax preferences)," and inserting in lieu thereof "tax preferences, against the tax imposed for the taxable year by section 408(e) (relating to additional tax on income from certain retirement accounts),".

(4) Subparagraph (A) of section 56(a) (2) and paragraph (1) of section 56(c) are each amended by striking out "531" and inserting in lieu thereof "408(f), 531,".

(5) Section 402(a) (relating to taxability of beneficiaries of exempt trust) is amended by inserting after paragraph (4) the following new paragraph:

"(5) Transfer to individual retirement account.—In the case of an employees' trust described in section 401(a) which is exempt from tax under section 501(a), if—

"(A) the balance to the credit of an employee is paid to him in one or more distributions within 1 taxable year of the employee on account of his separation from the service,

"(B) the employee transfers all the property he receives in such distributions to an individual retirement account described in section 408(a) or to an individual retirement annuity described in section 408(b) on or before the 60th day after the day on which he received such property, to the extent the fair market value of such property exceeds the amount referred to in subsection (e) (1) (D) (i), and

"(C) the amount so transferred consists of the property (other than money) distributed, to the extent that the fair market value of such property does not exceed the amount required to be transferred pursuant to subparagraph (B),

then such distributions shall not be includible in gross income for the year in which paid. Such transfer shall be treated as a rollover contribution as described in section 408(d) (3)."

(6) Section 403(a) (relating to taxation of employee annuities) is amended by adding after paragraph (3) the following new paragraph:

"(4) Transfer to individual retirement account.—In the case of an employees' trust described in section 401(a) which is exempt from tax under section 501(a), if—

"(A) the balance to the credit of an employee is paid to him in one or more distributions within 1 taxable year of the employee on account of his separation from the service,

"(B) the employee transfers all the property he receives in such distributions to an individual account described in section 408 (a) or to an individual retirement annuity described in section 408(b) on or before the 60th day after the day on which he received such property to the extent the fair market value of such property exceeds the amount referred to in subsection (e) (4) (D) (i), and

"(C) the amount so transferred consists of the property distributed, to the extent that the fair market value of such property does not exceed the amount required to be transferred pursuant to subparagraph (B),

then such transfer shall be treated as a rollover contribution (within the meaning of section 408(d) (3), and such distributions shall not be includible in gross income for the year in which paid."

(7) Section 3401(a) (12) (relating to exemption from collection of income tax at source on certain wages) is amended by adding at the end thereof the following new subparagraph:

"(D) for a payment described in section 219 (a) if, at the time of such payment, it is reasonable to believe that the employee will be entitled to a deduction under such section for such payment; or".

(8) Section 6047 (relating to information relating to certain trusts and annuity and bond purchase plans) is amended by redesignating subsection (d) as subsection (e) and by inserting after subsection (c) the following new subsection:

"(d) Other Programs.—To the extent provided by regulations prescribed by the Secretary or his delegate, the provisions of this section shall be applicable with respect to any payment described in section 219(a) and to transactions of any trust described in section 408(a) or under an individual retirement annuity described in section 408(b)."

(9) Pension plan reserves.—Section 805 (d) (1) (relating to definition of pension plan reserves) is amended by striking out "or" at the end of subparagraph (C), by striking out "foregoing." at the end of subparagraph (D) and inserting in lieu thereof "foregoing; or", and by adding at the end thereof the following new subparagraph:

"(E) purchased under contracts entered into with trusts which (as of the time the contracts were entered into) were deemed to be individual retirement accounts described in section 408(a) or under contracts entered into with individual retirement annuities described in section 408(b)."

(10) Treatment of distribution from individual retirement accounts.—Section 72 (relating to annuities) is amended—

(A) by inserting after "501(a)" in subsection (m) (4) (A) ", an individual retirement account described in section 408(a), an individual retirement annuity described in section 408(b)".

(B) by striking out at the end of subsection (m) (6) "401(c) (3)" and inserting in lieu thereof "401(c) (3) and includes an individual for whose benefit an individual retirement account or annuity described in section 408 (a) or (b) is maintained".

(11) Basis for assets held for certain contracts.—Section 801(g) (7) (relating to basis of assets held for qualified pension plan contracts) is amended by striking out "or (D)" and inserting in lieu thereof "(D), or (E)".

(h) Clerical Amendments.—

(1) The table of sections for part VII of subchapter B of chapter 1 is amended by striking out the item relating to section 219 and inserting in lieu thereof the following:

"Sec. 219. Retirement savings.

"Sec. 220. Cross references."

(2) The table of sections for subpart A of part I of subchapter D of chapter 1 is amended by adding at the end thereof the following:

"Sec. 408. Individual retirement accounts.

"Sec. 409. Retirement bonds.".

(3) The table of sections for chapter 43 is amended by inserting after the item relating to section 4972 the following new items:

"Sec. 4973. Tax on excess contributions to individual retirement accounts.

"Sec. 4974. Tax on certain accumulations in individual retirement accounts.

(i) Effective Date.—The amendments made by subsection (a) shall apply to taxable years beginning after December 31, 1973. The amendments made by this section (other than subsection (a)) shall take effect January 1, 1974.

Sec. 2003. Limitations on benefits and contributions.

(a) Plan Requirements.—

(1) Section 401(a) (relating to requirements for qualification) is amended by inserting after paragraph (15) the following new paragraph:

"(16) A trust shall not constitute a qualified trust under this section unless the plan of which such trust is a part provides for benefits or contributions which do not exceed the limitations of section 415."

(2) Subpart B of part I of subchapter D of chapter 1 is amended by inserting after section 414 the following new section:

"SEC. 415. LIMITATIONS ON BENEFITS AND CONTRIBUTIONS UNDER QUALIFIED PLANS.

"(a) GENERAL RULE.—

"(1) TRUSTS.—A trust which is a part of a pension, profit-sharing, or stock bonus plan shall not constitute a qualified trust under section 401(a) if—

"(A) in the case of a defined benefit plan, the plan provides for the payment of benefits with respect to a participant which exceed the limitations of subsection (b),

"(B) in the case of a defined contribution plan, under the plan contributions and other additions with respect to any participant for any taxable year exceed the limitation of subsection (c), or

"(C) in any case in which an individual is a participant in both a defined benefit plan and a defined contribution plan maintained by the employer, the trust has been disqualified under subsection (e)(5).

"(2) SECTION APPLES TO CERTAIN ANNUITIES AND ACCOUNTANTS.—In the case of—

"(A) an employee annuity plan described in section 403(a),

"(B) any annuity contract described in section 403(b),

"(C) an individual retirement account described in section 408(a), or

"(D) an individual retirement annuity described in section 408(b),

such contract, annuity plan, account, or annuity shall not be considered to be described in section 403(a), 403(b), 408(a), or 408(b), as the case may be, unless it satisfies the requirements of subparagraph (A) or subparagraph (B) of paragraph (1), whichever is appropriate, and has not been disqualified under subsection (e)(5).

"(b) LIMITATION FOR DEFINED BENEFIT PLANS.—

"(1) IN GENERAL.—Benefits with respect to a participant exceed the limitation of this subsection if, when expressed as an annual benefit (within the meaning of paragraph (2)), such annual benefit is greater than the lesser of—

"(A) $75,000, or

"(B) 100 percent of the participant's average compensation for his high 3 years.

"(2) ANNUAL BENEFIT.—

"(A) IN GENERAL.—For purposes of paragraph (1), the term 'annual benefit' means a benefit payable annually in the form of a straight life annuity (with no ancillary benefit) under a plan to which employees do not contribute.

"(B) ADJUSTMENT FOR CERTAIN OTHER FORMS OF BENEFITS OR FOR EMPLOYEE CONTRIBUTIONS.—If the benefit under the plan is payable in any form other than the form set forth in subparagraph (A), or if the employees contribute to the plan, the determination as to whether the limitation set forth in paragraph (1) has been satisfied shall be made, in accordance with regulations prescribed by the Secretary or his delegate, by adjusting such benefit so that it is equivalent to the benefit referred to in subparagraph (A). For purposes of this subparagraph, any ancillary benefit which is not directly related to retirement income benefits shall not be taken into account; and that portion of any joint and survivor feature which constitutes a qualified joint and survivor annuity shall not be taken into account.

"(C) ADJUSTMENT TO $75,000 LIMIT WHERE BENEFIT BEGINS BEFORE AGE 55.—If the retirement income benefit under the plan begins before age 55, the determination as to whether the $75,000 limitation set forth in paragraph (1)(A) has been satisfied shall be made, in accordance with regulations prescribed by the Secretary or his delegate, by adjusting such benefit so that it is equivalent to such a benefit beginning at age 55.

"(D) QUALIFIELD JOINT AND SURVIVOR BENEFIT.—For purposes of this paragraph, the term 'qualified joint and survivor benefit' means a form of benefit under which (i) there is a joint and survivor annuity for the benefit of the participant and his spouse, and (ii) the benefit payable to the survivor is not greater than the benefit which would be payable if both the participant and his spouse were alive.

"(3) AVERAGE COMPENSATION FOR HIGH 3 YEARS.—For purposes of paragraph (1), a participant's high 3 years shall be the period of consecutive calendar years (not more than 3) during which the participant was both an active participant in the plan and had the greatest aggregate compensation from the employer. In the case of an employee within the meaning of section 401(c)(1), the preceding sentence shall be applied by substituting for 'compensation from the employer' the participant's earned income (within the meaning of section 401(c)(2) but determined without regard to any exclusion under section 911).

"(4) TOTAL ANNUAL BENEFITS NOT IN EXCESS OF $10,000.—Notwithstanding the preceding provisions of this subsection, the benefits payable with respect to a participant under any defined benefit plan shall be deemed not to exceed the limitation of this subsection if—

"(A) the retirement benefits payable with respect to such participant under such plan and under all other defined benefit plans of the employer do not exceed $10,000 for the plan year, and do not exceed $10,000 for any prior plan year, and

"(B) the employer has not at any time maintained a defined contribution plan in which the participant participated.

(5) REDUCTION FOR SERVICE LESS THAN 10 YEARS.—In the case of an employee who has less than 10 years of service with the employer, the limitation referred to in paragraph (1), and the limitation referred to in paragraph (4), shall be the limitation determined under such paragraph (without regard to this paragraph), multiplied by a fraction, the numerator of which is the number of years (or part thereof, of service with the employer and the denominator of which is 10.

"(c) LIMITATION FOR DEFINED CONTRIBUTION PLANS.—

"(1) IN GENERAL.—Contributions and other additions with respect to a participant exceed the limitation of this subsection if, when expressed as an annual addition to the participant's account (within the meaning of paragraph (2)), such annual addition is greater than the lesser of—

"(A) $25,000, or

"(B) 25 percent of the participant's compensation.

"(2) ANNUAL ADDITION.—For purposes of paragraph (1), the term 'annual addition' means the sum for any year of—

"(A) employer contributions,

"(B) the lesser of—

"(i) the amount of the employee contributions in excess of 6 percent of his compensation, or

"(ii) one-half of the employee contribution, and

"(C) forfeitures.

"(3) PARTICIPANT'S COMPENSATION.—For purposes of paragraph (1), the term 'participant's compensation' means the compensation of the participant from the employer for the year. In the case of an employee within the meaning of section 401(c)(1), the preceding sentence shall be applied by substituting for 'compensation of the participant from the employer' the participant's earned income (within the meaning of section 401(c)(2) but determined without regard to any exclusion under section 911).

"(d) COST-OF-LIVING ADJUSTMENTS.—

"(1) IN GENERAL.—The Secretary or his delegate shall adjust annually—

"(A) the $75,000 amount in subsection (b)(1)(A),

"(B) the $25,000 amount in subsection (c)(1)(A), and

"(C) in the case of a participant who is separated from the service, the amount taken into account under subsection (b)(1)(B),

for increases in the cost of living in accordance with regulations prescribed by the Secretary or his delegate. Such regulations shall provide for adjustment procedures which are similar to the procedures used to adjust primary insurance amounts under section 215 (i)(2)(A) of the Social Security Act.

"(2) BASE PERIODS.—The base period taken into account—

"(A) for purposes of subparagraphs (A) and (B) of paragraph (1) shall be the calendar quarter beginning October 1, 1973, and

"(B) for purposes of subparagraph (C) of paragraph (1) shall be the last calendar quarter of the calendar year before the calendar year in which the participant is separated from the service.

"(e) LIMITATION IN CASE OF DEFINED BENEFIT PLAN AND DEFINED CONTRIBUTION PLAN FOR SAME EMPLOYEE.—

"(1) IN GENERAL.—In any case in which an individual is a participant in both a defined benefit plan and a defined contribution plan maintained by the employer, the sum of the defined benefit plan fraction and the defined contribution plan fraction for any year shall not exceed 1.4.

"(2) DEFINED BENEFIT PLAN FRACTION.—For purposes of this subsection, the defined benefit plan fraction for any year is a fraction—

"(A) the numerator of which is the projected benefit of the participant under the plan (determined as of the close of the year), and

"(B) the denominator of which is the projected benefit of the participant under the plan (determined as of the close of the year) if the plan provided the maximum benefit allowable under subsection (b).

For purposes of this paragraph, the term 'benefit' means an annual benefit as defined in subsection (b)(2).

"(3) DEFINED CONTRIBUTION PLAN FRACTION.—For purposes of this subsection, the defined contribution plan fraction for any year is a fraction—

"(A) the numerator of which is the sum of the annual additions to the participant's account as of the close of the year, and

"(B) the denominator of which is the sum of the maximum amount of annual additions to such account which could have been made under subsection (c) for such year and for each prior year of service with the employer.

"(4) SPECIAL TRANSITION RULES FOR DEFINED CONTRIBUTION FRACTION.—In applying paragraph (3) with respect to years beginning before January 1, 1976—

"(A) the aggregate amount taken into account under paragraph (3)(A) shall not exceed the aggregate amount taken into account under paragraph (3)(B), and

"(B) the amount taken into account under subsection (c)(2)(B)(i) for any year concerned shall be an amount equal to—

"(i) the excess of the aggregate amount of employee contributions for all years beginning before January 1, 1976, during which the employee was an active participant of the plan, over 10 percent of the employee's aggregate compensation for all such years, multiplied by

"(ii) a fraction the numerator of which is 1 and the denominator of which is the number of years beginning before January 1, 1976, during which the employee was an active participant in the plan.

Employee contributions made on or after October 2, 1973, shall be taken into account under subparagraph (B) of the preceding sentence only to the extent that the amount of such contributions does not exceed the maximum amount of contributions permissible under the plan as in effect on October 2, 1973.

"(5) Disqualification of trusts and plans.—If, but for this paragraph, the sum referred to in paragraph (1) would exceed 1.4, the Secretary or his delegate shall, under regulations, disqualify one or more trusts, one or more plans, or both, until such sum does not exceed 1.4. In addition to taking into account such other factors as may be necessary to carry out the purposes of this subsection, the regulations prescribed under this paragraph shall provide that—

"(A) no plan which has terminated shall be disqualified until all other plans have been disqualified, and

"(B) the plan (or combination of plans) having the least number of participants shall be disqualified first.

"(6) Special rules for section 403(b) and 408.—For purposes of this subsection, any annuity contract described in section 403(b), any individual retirement account described in section 408(a), and any individual retirement annuity described in section 408(b) for the benefit of a participant shall be treated as a defined contribution plan maintained by each employer with respect to which the participant has the control required under subsection (b) or (c) of section 414 (as modified by subsection (h)). In the case of any annuity contract described in section 403(b), the amount of the contribution disqualified by reason of paragraph (5) of this subsection shall reduce the exclusion allowance provided in section 403(b) (2).

"(f) Combining Plans.—

"(1) In general.—For purposes of applying the limitations of subsections (b), (c), and (e) (other than subsection (e)(5))—

"(A) all defined benefit plans (whether or not terminated) of an employer shall be treated as one defined benefit plan, and

"(B) all defined contribution plans (whether or not terminated) of an employer shall be treated as one defined contribution plan.

"(2) Annual compensation taken into account for defined benefit plans.—If the employer has more than one defined benefit plan—

"(A) subsection (b)(1)(B) shall be applied separately with respect to each such plan, but

"(B) in applying subsection (b)(1)(B) to the aggregate of such defined benefit plans for purposes of this subsection, the high 3 years of compensation taken into account shall be the period of consecutive calendar years (not more than 3) during which the individual had the greatest aggregate compensation from the employer.

"(g) Payment of Additional Benefits.—Nothing in this section or section 412 shall be construed to require the disqualification of any plan solely by reason of the provision of benefits for any individual in addition to the benefits which may be provided under the limitations of subsections (b), (c), and (e) if the contributions of the employer for the purpose of providing such additional benefits are not allowable as a deduction to the employer before they are includible in the gross income of the individual.

"(h) 50 Percent Control.—For purposes of applying subsections (b) and (c) of section 414 to this section, the phrase 'more than 50 percent' shall be substituted for the phrase 'at least 80 percent' each place it appears in section 1563(a)(1).

"(i) Records Not Available for Past Periods.—Where for the period before January 1, 1976, or (if later) the first day of the first plan year of the plan, the records necessary for the application of this section are not available, the Secretary or his delegate may by regulations prescribe alternative methods for determining the amounts to be taken into account for such period."

(b) Limit on Employer Deductions.—The second sentence of section 404(a)(3)(A) (relating to limits on deductible contributions) is amended by striking out "beneficiaries under the plan." and inserting in lieu thereof "beneficiaries under the plan, but the amount so deductible under this sentence in any one succeeding taxable year together with the amount so deductible under the first sentence of this subparagraph shall not exceed 25 percent of the compensation otherwise paid or accrued during such taxable year to the beneficiaries under the plan."

(c) Certain Annuity and Bond Purchase Plans.—

(1) Section 404(a)(2) (relating to the general rule for deduction for employee annuities) is amended by striking out "(15)" and inserting in lieu thereof "(15), (16), and (19)".

(2) Section 405(a)(1) (relating to requirements for qualified bond purchase plans) is amended by striking out "and (8)," and inserting in lieu thereof "(8), (16), and (19)".

(3) Section 805(d)(1)(C) (relating to pension plan reserves) is amended by striking out "and (15)" and inserting in lieu thereof "(15), (16), and (19)".

(4) Section 403(b)(2) (relating to exclusion allowance) is amended by adding at the end thereof the following new sentence: "The exclusion allowance for any employee for the taxable year shall be reduced to the maximum amount not disqualified by section 415 (e) (relating to limitations on benefits and contributions under qualified plans)."

(d) Effective Date.—

(1) General rule.—The amendments made by this section shall apply to contributions made or benefits accrued in years beginning after December 31, 1975.

(2) Transition rule for defined benefit plans.—In the case of an individual who was an active participant in a defined benefit plan on October 2, 1973, if—

(A) the annual benefit (within the meaning of section 415(b)(2) of the Internal Revenue Code of 1954) payable to such participant on retirement does not exceed 100 percent of his annual rate of compensation on such date, and

(B) such annual benefit is no greater than the annual benefit which would have been payable to such participant on retirement if (i) all the terms and conditions of such plan in existence on such date had remained in existence until such retirement, and (ii) his compensation taken into account for any period after October 2, 1973, had not exceeded his annual rate of compensation on such date,

then such annual benefit shall be treated as not exceeding the limitation of subsection (b) of section 415 of the Internal Revenue Code of 1954.

Sec. 2004. Taxation of Certain Lump Sum Distributions.

(a) Treatment of Total Distribution.—Section 402(e) (relating to certain plan terminations) is amended to read as follows:

"(e) Tax on Lump Sum Distributions.—

"(1) Imposition of separate tax on lump sum distributions.—

"(A) Separate tax.—There is hereby imposed a tax (in the amount determined under subparagraph (B)) on the ordinary income portion of a lump sum distribution.

"(B) Amount of tax.—The amount of tax imposed by subparagraph (A) for any taxable year shall be an amount equal to the amount of the initial separate tax for such taxable year multiplied by a fraction, the numerator of which is the ordinary income portion of the lump sum distribution for the taxable year and the denominator of which is the total taxable amount of such distribution for such year.

"(C) Initial separate tax.—The initial separate tax for any taxable year is an amount equal to 10 times the tax which would be imposed by subsection (c) of section 1 if the recipient were an individual referred to in such subsection and the taxable income were an amount equal to one-tenth of the excess of—

"(i) the total taxable amount of the lump sum distribution for the taxable year, over

"(ii) the minimum distribution allowance.

"(D) Minimum distribution allowance.—For purposes of this paragraph, the minimum distribution allowance for the taxable year is an amount equal to—

"(i) the lesser of $10,000 or one-half of the total taxable amount of the lump sum distribution for the taxable year, reduced (but not below zero) by

"(ii) 20 percent of the amount (if any) by which such total taxable amount exceeds $20,000.

"(E) Liability for tax.—The recipient shall be liable for the tax imposed by this paragraph.

"(2) Multiple distributions and distributions of annunity contracts.—In the case of any recipient of a lump sum distribution for the taxable year with respect to whom during the 6-taxable-year period ending on the last day of the taxable year there has been one or more other lump sum distributions after December 31, 1973, in computing the tax imposed by paragraph (1)(A), the total taxable amounts of all such distributions during such 6-taxable-year period shall be aggregated, but the amount of tax so computed shall be reduced by the amount of the tax imposed by paragraph (1)(A) paid with respect to such other distributions. For purposes of this paragraph, a beneficiary of a trust to which a lump sum distribution is made shall be treated as the recipient of such distribution if the beneficiary is an employee (including an employee within the meaning of section 401(c)(1)) with respect to the plan under which the distribution is made or if the beneficiary is treated as the owner of such trust for purposes of subpart E of part I of subchapter J. In the case of the distribution of an annuity contract, the taxable amount of such distribution shall be deemed to be the fair market value of the contract, determined on the date of such distribution. The Secretary or his delegate shall prescribe such regulations as may be necessary to carry out the purposes of this paragraph.

"(3) Allowance of deduction.—The ordinary income portion of a lump sum distribution for the taxable year shall be allowed as a deduction from gross income for such taxable year, but only to the extent included in the taxpayer's gross income for such taxable year.

"(4) Definitions and special rules.—

"(A) Lump sum distribution.—For purposes of this section and section 403, the term 'lump sum distribution' means the distribution or payment within one taxable year of the recipient of the balance to the credit of an employee which becomes payable to the recipient—

"(i) on account of the employee's death,

"(ii) after the employee attains age 59½

"(iii) on account of the employee's separation from the service, or

"(iv) after the employee has become disabled (within the meaning of section 72(m) (7))

from a trust which forms a part of a plan described in section 401(a) and which is exempt from tax under section 501 or from a plan described in section 403(a)(2). Clause (iii) of this subparagraph shall be applied only with respect to an individual who is an employee without regard to section 401(c) (1), and clause (iv) shall be applied only with respect to an employee within the meaning of section 401(c)(1). For purposes of this subparagraph, a distribution of an annuity contract from a trust or annuity plan referred to in the first sentence of this subparagraph shall be treated as a lump sum distribution.

"(B) ELECTION OF LUMP SUM TREATMENT.—For purposes of this section and section 403, no amount which is not an annuity contract may be treated as a lump sum distributed under subparagraph (A) unless the taxpayer elects for the taxable year to have all such amounts received during such year so treated at the time and in the manner provided under regulations prescribed by the Secretary or his delegate. Not more than one election may be made under this subparagraph with respect to any individual after such individual has attained age 59½. No election may be made under this subparagraph by any taxpayer other than an individual, an estate, or a trust. The preceding sentence shall apply to a trust in the case of any distribution only if—

"(i) the trust is the sole recipient of the entire balance to the credit of the employee under subparagraph (A), and

"(ii) the use of the trust device does not affect the includibility of the distribution in the gross estate of the employee.

"(C) AGGREGATION OF CERTAIN TRUSTS AND PLANS.—For purposes of determining the balance to the credit of an employee under subparagraph (A)—

"(i) all trusts which are part of a plan shall be treated as a single trust, all pension plans maintained by the employer shall be treated as a single plan, all profit-sharing plans maintained by the employer shall be treated as a single plan, and all stock bonus plans maintained by the employer shall be treated as a single plan, and

"(ii) trusts which are not qualified trusts under section 401(a) and annuity contracts which do not satisfy the requirements of section 404(a)(2) shall not be taken into account.

"(D) TOTAL TAXABLE AMOUNT.—For purposes of this section and section 403, the term 'total taxable amount' means, with respect to a lump sum distribution, the amount of such distribution which exceeds the sum of—

"(i) the amounts considered contributed by the employee (determined by applying section 72(f)), which employee contributions shall be reduced by any amounts theretofore distributed to him which were not includible in gross income, and

"(ii) the net unrealized appreciation attributable to that part of the distribution which consists of the securities of the employer corporation so distributed.

"(E) ORDINARY INCOME PORTION.—For purposes of this section, the term 'ordinary income portion' means, with respect to a lump sum distribution, so much of the total taxable amount of such distribution as is equal to the product of such total taxable amount multiplied by a fraction—

"(i) the numerator of which is the number of calendar years of active participation by the employee in such plan after December 31, 1973, and

"(ii) the denominator of which is the number of calendar years of active participation by the employee in such plan.

"(F) EMPLOYEE.—For purposes of this subsection and subsection (a)(2), except as otherwise provided in subparagraph (A), the term 'employee' includes an individual who is an employee within the meaning of section 401(c)(1) and the employer of such individual is the person treated as his employer under section 401(c)(4).

"(G) COMMUNITY PROPERTY LAWS.—The provisions of this subsection, other than paragraph (3), shall be applied without regard to the community property laws of any State.

"(H) MINIMUM PERIOD OF SERVICE.—This subsection shall apply to amounts distributed to an employee from or under a plan only if he has been a participant in the plan for 5 or more taxable years before the taxable year in which such amounts are distributed.

"(I) AMOUNTS SUBJECT TO PENALTY.—This subsection shall not apply to amounts described in clause (ii) of subparagraph (A) of section 72(m)(5) to the extent that section 72(m)(5) applies to such amounts.

"(J) UNREALIZED APPRECIATION OF EMPLOYER SECURITIES.—In the case of a lump sum distribution including securities of the employer corporation, the amount of net unrealized appreciation of such securities and the resulting adjustments to the basis of such securities shall be determined under regulations prescribed by the Secretary or his delegate.

"(K) SECURITIES.—For purposes of this subsection, the terms 'securities' and 'securities of the employer corporation' have the respective meanings provided by subsection (a)(3)."

(b) PHASEOUT OF CAPITAL GAINS TREATMENT.—

(1) IN GENERAL.—Section 402(a)(2) (relating to capital gains treatment for certain distributions) is amended to read as follows:

"(2) CAPITAL GAINS TREATMENT FOR PORTION OF LUMP SUM DISTRIBUTIONS.—In the case of an employee trust described in section 401(a), which is exempt from tax under section 501(a), so much of the total taxable amount (as defined in subparagraph (D) of subsection (e)(4)) of a lump sum distribution as is equal to the product of such total taxable amount multiplied by a fraction—

"(A) the numerator of which is the number of calendar years of active participation by the employee in such plan before January 1, 1974, and

"(B) the denominator of which is the number of calendar years of active participation by the employee in such plan,

shall be treated as a gain from the sale or exchange of a capital asset held for more than 6 months. For purposes of computing the fraction under this paragraph, the Secretary or his delegate may prescribe regulations under which plan years may be used in lieu of calendar years."

(2) AMENDMENT OF SECTION 403.—That part of paragraph (2)(A) of section 403(a) which follows clause (ii) thereof is amended to read as follows:

"(iii) a lump sum distribution (as defined in section 402(e)(4)(A)) is paid to the recipient,

so much of the total taxable amount (as defined in section 402(e)(4)(D)) of such distribution as is equal to the product of such total taxable amount multiplied by the fraction described in section 402(a)(2) shall be treated as a gain from the sale or exchange of a capital asset held for more than 6 months.

"(B) CROSS-REFERENCE.—

"For imposition of separate tax on ordinary income portion of lump sum distribution, see section 402(e).".

(c) CONFORMING AMENDMENTS.—

(1) Subparagraph (C) of section 402(a)(3) is repealed.

(2) Paragraph (5) (as in effect on December 31, 1973) of section 402(a) is repealed.

(3) Section 72 is amended by striking out subsection (n) thereof and by redesignating subsections (o) and (p) as (n) and (o), respectively.

(4) The second sentence of section 46(a)(3) and the second sentence of section 50A(a)(3) are each amended by inserting "section 402(e) (relating to tax on lump sum distributions)," before "section 408(f)".

(5) The third sentence of section 901(a) is amended by inserting "against the tax imposed by section 402(e) (relating to tax on lump sum distributions)," before "against the tax imposed by section 408(f)".

(6) Subsection 1304(b) (relating to special rules) is amended by striking out paragraph (2) and by redesignating paragraphs (3), (4), (5), and (6) as paragraphs (2), (3), (4), and (5), respectively.

(7) Subparagraph (A) of section 56(a)(2) and paragraph (1) of section 56(c) are each amended by inserting before "408(f)" the following: "402(e),".

(8) Sections 871(b)(1) and 877(b) are each amended by inserting ", 402(e)(1)," after "section 1".

(9) Section 62 (defining adjusted gross income) is amended by inserting after paragraph (10) the following new paragraph:

"(11) CERTAIN PORTION OF LUMP-SUM DISTRIBUTIONS FROM PENSION PLANS TAXED UNDER SECTION 402(e).—The deduction allowed by section 402(e)(3)."

(10) Section 122(b)(2) (relating to consideration for the contract) is amended by striking out "72(o)" and inserting "72(n)".

(11) Section 405(e) (relating to capital gains treatment and limitation of tax not to apply to bonds distributed by trusts) is amended by striking out "Section 72(n) and section 402(a)(2)" and inserting "Subsections (a)(2) and (e) of section 402".

(12) Section 406(c) (relating to termination of status as deemed employee, etc.) is amended by striking out "section 72(n), section 402(a)(2)" and inserting "subsections (a)(2) and (e) of section 402".

(13) Section 407(c) (relating to termination of status as deemed employee, etc.) is amended by striking out "section 72(n), section 402(a)(2)" and inserting "subsections (a)(2) and (e) of section 402".

(14) Section 1348(b)(1) (relating to earned income) is amended by striking out "72(n), 402(a)(2)" and inserting "402(a)(2), 402(e)".

(d) EFFECTIVE DATE.—The amendments made by this section shall apply only with respect to distributions or payments made after December 31, 1973, in taxable years beginning after such date.

SEC. 2005. SALARY REDUCTION REGULATIONS.

(a) NO REGULATIONS TO TAKE EFFECT BEFORE MARCH 16, 1975.—

(1) The Secretary of the Treasury is hereby directed to withdraw the proposed salary reduction regulations (37 Fed. Reg. 25938).

(2) On or before December 31, 1974, no other proposed salary reduction regulations may be issued.

(3) On or before March 15, 1975, no salary reduction regulations may be issued in final form.

(4) Until salary reduction regulations have been issued in final form, the law shall be administered—

(A) without regard to the proposed salary reduction regulations described in paragraph (1) and without regard to any other proposed salary reduction regulations, and

(B) in the manner such law was administered before January 1, 1972.

(b) ADMINISTRATION IN THE CASE OF QUALIFIED PROFITS-SHARING PLANS.—In applying subsection (a)(4) to the tax treatment of contributions to qualified profit-sharing plans where the contributed amounts are distributable only after a period of deferral, the law shall be administered in a manner consistent with the following revenue rulings:

(1) Revenue Ruling 56–497 (1956–2 C.B. 284),

(2) Revenue Ruling 63–180 (1963—2 C.B. 189), and

(3) Revenue Ruling 68–39 (1968—1 C.B. 402).

(c) LIMITATION ON RETROACTIVITY OF FINAL REGULATIONS.—In the case of any salary reduction regulations which become final after March 15, 1975—

(1) for purposes of chapter 1 of the Internal Revenue Code of 1954, such regulations shall not take effect before January 1, 1975; and

(2) for purposes of chapter 21 of such Code

(relating to Federal Insurance Contributions Act) and for purposes of chapter 24 of such Code (relating to withholding of income tax at sources), such regulations shall not take effect before the day on which such regulations are issued in final form.

(d) Salary Reduction Regulations Defined.—For purposes of this section, the term "salary reduction regulations" means regulations dealing with the includibility in gross income (at the time of contribution) of amounts contributed to pension, etc., plans.

Sec. 2006. Rules for Certain Negotiated Plans.

(a) Treatment of Certain Participants in the Plan.—Section 404(c) (relating to certain negotiated plans) is amended by inserting after the first sentence the following new sentences: "For purposes of this chapter and subtitle B, in the case of any individual who before July 1, 1974, was a participant in a plan described in the preceding sentence—

"(A) such individual, if he is or was an employee within the meaning of section 401(c)(1), shall be treated (with respect to service covered by the plan) as being an employee other than an employee within the meaning of section 401(c)(1) and as being an employee of a participating employer under the plan,

"(B) earnings derived from service covered by the plan shall be treated as not being earned income within the meaning of section 401(c)(2), and

"(C) such individual shall be treated as an employee of a participating employer under the plan with respect to service before July 1, 1975, covered by the plan.

Section 277 (relating to deductions incurred by certain membership organizations in transactions with members) shall not apply to any trust described in this subsection.".

(b) Other Amendments to Section 404(c)(1).—

(1) Paragraph (1) of the first sentence of section 404(c) is amended by striking out "and pensions" and inserting in lieu thereof "or pensions".

(2) The last sentence of section 404(c) is amended by striking out "This subsection" and inserting in lieu thereof "The first and third sentences of this subsection".

(c) Effective Date.—The amendments made by this section shall apply to taxable years ending on or after June 30, 1972.

AMENDMENTS OFFERED BY MR. ULLMAN

Mr. ULLMAN. Mr. Chairman, I offer a series of both technical and conforming amendments I ask unanimous consent that they be considered en bloc.

The CHAIRMAN. Is there objection to the request of the gentleman from Oregon?

There was no objection.

The Clerk read as follows:

Amendments offered by Mr. Ullman:

Page 163, beginning in line 17, strike out "the later" and insert in lieu thereof "any".

Page 164, strike out line 1 through line 4, and insert in lieu thereof the following:

"(A) in the case of an employee who begins his period of service on or after the date he attains the age of 24, the date on which he completes 1 year of service; or

"(B) in the case of an employee who begins his period of service before he attains the age of 24, the date on which he completes 3 years of service or the date on which he attains 25 years of age, whichever date is earlier.

Page 164, line 9, strike out "subparagraph (B)" and insert in lieu thereof "this paragraph".

Page 164, strike out line 10 and insert in lieu thereof the following: by substituting for subparagraphs (A), and (B) "the date on which he completes 3 years of service".

Page 224, line 7, strike out "and (15)," and insert in lieu thereof "(15)".

Page 293, line 17, strike out ", and (19)".

Page 315, line 20, strike out "preferences" and insert in lieu thereof "preferences)".

Page 323, line 7, after the period insert: "In the case of an annuity contract described in section 403(b), the preceding sentence shall apply only to the portion of the annuity contract which exceeds the limitation of subsection (b) or the limitation of subsection (c), whichever is appropriate, and the amount of the contribution for such portion shall reduce the exclusion allowance as provided in section 403(b)(2)".

Page 332, line 12, after "allowance" insert "as".

Page 335, line 9, strike out "(e)".

Page 327, after line 23, insert the following new paragraph:

"(4) Special Rule for Section 403(b) Contracts Purchased by Educational Institutions.—In applying paragraph (1)(B) in the case of amounts contributed for an annuity contract described in section 403(b) for the year in which occurs a participants' separation from service for an educational institution (within the meaning of section 151(e)(4)), the amount taken into account under paragraph (1)(B) shall be not less than the amount of the exclusion allowance which would be determined under section 403(b)(2) (without regard to this section) for the participant's taxable year in which such separation occurs if—

"(A) the participant's years of service were computed only by taking into account his service for the employer during the 4-year period ending on the date of such separation, and

"(B) the participant's includible compensation were an amount equal to one-fourth of the aggregate amount of compensation for such 4-year period which is received from the educational institution and which is includible in gross income (computed without regard to sections 105(d) and 911 and computed by excluding any amount contributed by the employer for any annuity contract to which section 403(b) applies).

This paragraph shall apply only if the taxpayer elects its application at the time and in the manner provided under regulations prescribed by the Secretary or his delegate. Not more than one election may be made under this paragraph with respect to any individual."

Page 338, strike out lines 15 and 16 and insert: "by the sum of (A) the amount of the tax imposed by paragraph (1)(A) paid with respect to such other distributions, plus (A) that portion of the tax on the aggregated total taxable amounts which is attributable to annuity contracts."

Page 343, strike out line 14 and all that follows down through line 19 and insert in lieu thereof the following:

(H) Minimum Period of Service.—No amount distributed to an employee from or under a plan may be treated as a lump sum distributed under subparagraph (A) unless he has been a participant in the plan for 5 or more taxable years before the taxable year in which such amounts are distributed.

Mr. ULLMAN (during the reading). Mr. Chairman, I ask unanimous consent that the amendments be considered as read and printed in the Record.

The CHAIRMAN. Is there objection to the request of the gentleman from Oregon?

There was no objection.

Mr. ULLMAN. Mr. Chairman, on behalf of the Ways and Means Committee I offer the following technical amendments to sections 2003 and 2004 of the substitute. The amendments to section 2004 clarify two items with regard to the tax treatment of lump-sum distributions. The first of these two, on page 338 of the substitute, makes it clear that a tax is not to be imposed on an annuity contract distributed as part of a lump-sum distribution. The second of these amendments, to page 343 of the substitute amendment, makes it clear that there is no change in the present provision of the tax laws that exclude from current taxation the unrealized appreciation in employer securities attributable to the amount contributed by the employee. Any such appreciation will, of course, be taxed when it is realized.

Both of these amendments, I emphasize, are designed to make it clear that present law is unchanged by the bill.

The other two amendments, to section 2003, deal with so-called tax-sheltered annuities. The amendment to page 327 of the substitute amendment permits employers of people such as school teachers to make "catch-up" purchases of tax-sheltered annuities for the school teacher in an amount no greater than that permitted by current law, even though this "catch-up" payment would otherwise violate certain of the limitations on contributions imposed by the bill. Such a "catch-up" contribution could be made, first, only once in the teacher's lifetime; second, could "catch-up" only for contributions not made during the prior 3 years; third, could be made only for the year in which the teacher leaves the job; and fourth, could in no event exceed the $25,000 annual limit on contributions.

The other amendment to this section, to page 323 of the substitute amendment, provides that, if the employer makes a contribution to a tax-sheltered annuity plan in excess of the maximum permitted amounts, then the employee is going to have to take into income the amount of this excess. There was concern that the bill could have been read to require the entire payment to be taken into the employee's income if there was even 1 penny of excess contribution and we did not want to leave room for the bill to be interpreted to reach that very severe result.

Finally we have offered an amendment to conform to the change made by the Abzug amendment to title I.

Mr. SCHNEEBELI. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in support of the amendments, as outlined by the gentleman from Oregon (Mr. Ullman), the chairman of the committee.

The CHAIRMAN. The question is on the amendments offered by the gentleman from Oregon (Mr. Ullman).

The amendments were agreed to.

AMENDMENTS OFFERED BY MR. REUSS

Mr. REUSS. Mr. Chairman, I offer several amendments, and I ask unanimous consent that they be considered en bloc.

The CHAIRMAN. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

The Clerk read as follows:

Amendments offered by Mr. Reuss: Section 2001 is amended—

(1) at page 280, lines 9 through 17, paragraph (1) of subsection (a), to read as follows:

"(1) Paragraph (1) of section 404(e) is amended by striking out 'subject to the provisions of paragraph (2)' and inserting in lieu thereof 'subject to paragraphs (2) and (4)'."

(2) at page 280, lines 18 through 21, paragraph (2) of subsection (a), by striking out the paragraph and renumbering subsequent paragraphs accordingly.

(3) at page 281, lines 8 through 15, subsection (b), by striking out the subsection and renumbering subsequent subsections accordingly.

(4) at page 288, line 4, paragraph (3) of subsection (e), by striking out "$7,500" and inserting in lieu thereof "$2,500".

Mr. REUSS. Mr. Chairman, the Committee on Ways and Means bill would extend the so-called Keogh plan deduction for professional people, self-employed people, from $2,500, where it has been for some years, to $7,500. My amendment would keep it where it now is.

There are two reasons for my amendment.

In the first place, the $7,500 deduction which would be allowed if the amendment is not adopted would give a doctor or a dentist or an accountant making $50,000 a year the equivalent of a check for $3,750. I say that, because he would be in the 50-percent bracket and allowing him a tax-free deduction of $7,500 would have that effect.

This at a time when millions upon millions of modest-income people, those making $15,000 a year and less, are being very badly hit by the very sharp increases in their payroll taxes of the last year or two, and when they are being further buffeted by an inflation in food and fuel which falls upon them with a particular burden. For us to give a very substantial tax reduction to people in the upper 5 percent of the income receivers while forgetting all about the lower income two-thirds of the American families seems to me to be a badly skewed sense of priorities.

The tax preference being granted here would cost taxpayers $175 million a year. Those who do not get it, of course, will have to pay for it, and that, in my judgment, compounds the inequity.

It will be said, "Oh, you have to do something for the $50,000-a-year doctor, lawyer, or professional person, because if he belonged to a corporate pension plan and was an employee or officer of a corporation, he would be allowed to deduct a very large sum, up to about $35,000 a year." Well, that is true, but the answer is not to pile loophole upon loophole.

We should lower the preference to corporate pension-holders.

Unfortunately, the rule which confronts us, one that does not allow germane amendments except in the one instance, prevents our attacking that which really ought to be attacked; namely, the practically unlimited bonanza offered very wealthy people under corporate pension plans. It is true that the bill does set a limit of about $75,000 a year pension which could be drawn on, a level corresponding to about a $35,000 a year input, but this is wholly out of line in the single equity. If the Ways and Means Committee would let us, we ought to reduce the corporate-plan preference.

A second reason for not going along with the committee in this $7,500 tax preference is that it would leave a terrible hodge-podge in our system. If you are the beneficiary of a qualified corporate pension, you get $35,000 a year, approximately tax free. If you are a self-employed professional with a qualified Keogh plan, you get $7,500 a year. But if you are a mobile engineer or a fishery worker or some one of the 40 million workers in this country who are working for a corporation without a qualified pension plan, then your maximum is $1,500 a year. What kind of justice is this?

I suggest that this $35,000 or $7,500 or $1,500 represents the approximate disparate political weights of these various groups, rather than any real attempt to do equity.

By telling the Committee on Ways and Means that we in the House here are perfectly capable of making basic tax judgments ourselves, and by voting in favor of the amendment I offer, we will get our tax-writing committees to introduce some equity into the disparate differential treatment of these various income tax groups.

Therefore, Mr. Chairman, I urge Members to vote in favor of the amendment I have offered, so as to leave the situation where it now is.

Mrs. GRIFFITHS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I oppose the amendment offered by the gentleman from Wisconsin (Mr. Reuss). I would like to point out that in this bill there are only three efforts to try to bring closer together the tax-deferred retirement savings of different groups. One of those is the limitation of $25,000 per year, or 25 percent of the income which applies to a corporate deferred contribution pension plan. The second one is this effort to raise the Keogh plan from $2,500 to $7,500. And the third is the attempt to give all individuals who were not under corporate Keogh plans the right to save $1,500 a year.

The real effort in this bill is to see to it that the money that has been set aside from the tax stream is used so that the people who are supposed to get pensions really do get them.

All pensions, as far as I know, are paid for, either originally from tax free money, or finally they are paid out of the tax stream.

If there were a real effort on the part of the gentleman from Wisconsin who offered this amendment, to knock down the $25,000 maximum contribution to a corporate plan—that comes out of the tax stream—I might go along with the gentleman. But I would like to show you what the gentleman really is doing.

As most of the Members are aware, I am going to leave the Congress at the end of this year. For 20 years I have paid into a pension fund, along with the rest of the Members, and when I leave here I will draw a pension of $21,250 a year. My husband and I went to the same schools, and got approximately the same grades, and my husband is a lawyer. He has never had an opportunity to pay into a corporate pension fund. The only money that he could have saved before taxes would have been if he had set up a Keogh plan for his law firm covering everybody else, along with himself.

I would like to point out to the Members that we here in Congress are a favored few. The $20,000 that people who retired drew last year, has increased within the last 11 months, I believe 6 percent at one time, and 5 percent at another time. If I were lucky enough to live to the beginning of the next century my pension would be more than $40,000 a year, but every cent that I put into that pension fund will be withdrawn by the time I have been gone for 17 months.

What the gentleman from Wisconsin (Mr. Reuss) is attempting to do is to say that doctors and lawyers who are going to draw their money under the Keogh plan, are all wealthy, but he is quite wrong, because the wealthy law firms have already incorporated, and so have the wealthy medical firms, and so they are putting $25,000 yearly into a plan, which can pay them $75,000 yearly. We have a distinction between those who incorporate and those who do not. And what the gentleman from Wisconsin is attempting to do will affect those who are not incorporated. And those who do not incorporate will include, although perhaps it is not even popular to think of it now, the man who runs the gas station, the man who runs the grocery store, the man who runs the pharmacy, anyone who has a plumbing concern, or any other of these people who run an individual business, the grocer, the candlestick maker, the baker, the farmer, and whoever else may be running individual businesses. If we go along with the gentleman from Wisconsin, we are now saying to these people, we will let you put only $2,500 a year into your pension plan.

Also, we will require them to cover everyone else in their firm in this case. But we will also say, we will let you take $1,500 a year if you do not cover anybody. This does not make sense.

I have the highest regard for the gentleman from Wisconsin, but in this particular amendment he could not be more unfair. He could not be more wrong. What he is really doing is hitting at the person in our society who is taking all of the risks.

The CHAIRMAN. The time of the gentlewoman has expired.

(By unanimous consent, Mrs. Griffiths was allowed to proceed for 2 additional minutes.)

Mrs. GRIFFITHS. He is hitting the private entrepreneur. He is hitting the person who is attempting to cover all of the other employees. He is not objecting to the large corporate pensions. He is not really objecting to the fact that Congressmen are drawing pensions. These pensions all come out of the tax stream, too. The only person he is objecting to is the very person who made America. It is a part of the American tradition that one start on his own and work. We are doing equity for everybody else, but that man.

Mr. Chairman, I hope the Members resoundingly defeat this amendment and give those who are on their own a chance.

Mr. SCHNEEBELI. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I join the gentlewoman from Michigan in opposing this amendment. I should like to supplement some of the figures which she has submitted.

Under existing law there is virtually no limitation on what a corporate officer can put into a pension plan. In this bill we have included separate limitations on defined contribution plans amounting to 25 percent of his income up to $25,000, and for defined benefits plans an amount necessary to fund a pension equal to 100 percent of an employees' high 3-year average salary not to exceed $25,000.

If we went along with the proposal of the gentleman from Wisconsin, the self-employed individual would be limited to $2,500 a year, one-tenth of what this bill proposes for a qualified defined contribution plan. What has happened as a result of this differential? Between 1968 and 1971 the law corporations that were formed by individuals have increased from 158 to 3,000. The medical corporations in that same period of time increased from 1,600 to 19,000. They were driven to incorporate because of the limitation imposed upon the self-employed.

Mr. CONABLE. Mr. Chairman, will the gentleman yield?

Mr. SCHNEEBELI. I yield to the gentleman from New York.

Mr. CONABLE. I thank the gentleman for yielding.

I would like to associate myself with his remarks and with the remarks of the gentlewoman from Michigan.

It seems to me this is one of the very important public policy points involved in having a reasonable limitation on Keogh plans instead of the limitation we have had now for the past 12 years. That is, we have been forcing people to incorporate in order to achieve the tax benefits they can get through incorporation, rather than permitting them the natural way in which they would do business, namely, as a proprietorship or partnership. As long as we have the kind of malpractice insurance we have now, there is no other reason for the professional corporation, I suspect, then that they want to take advantage of very generous deductions available to corporate officers. This increase in permitted Keogh deductions is far preferable. We need the symmetry of this in the law.

I should like to support the position enunciated by the gentleman from Pennsylvania and the gentlewoman from Michigan.

Mr. SCHNEEBELI. To proceed further with this comparison, were we to limit the self-employed individual to $2,500 a year—and we are talking about the gas station operator as well as the professional—we would just drive them into corporations. This $2,500 limit was established in 1962. Since that time the income of this class of people has increased by 88 percent.

To get this thing into perspective, the present pension laws cost the Treasury $4 billion.

This bill adds another $460 million in Treasury loss, and of this $460 million there is $175 million which could be attributed to the increase from $2,500 to $7,500 for the self-employed.

Because of all the facts recited it would seem this House should agree that the amendment offered by the gentleman from Wisconsin should be voted down.

Mr. SEIBERLING. Mr. Chairman, will the gentleman yield?

Mr. SCHNEEBELI. I yield to the gentleman from Ohio.

Mr. SEIBERLING. Mr. Chairman, I would like to ask the gentleman, since he is the ranking minority member on the committee, why it is that the very first tax bill that we come out with in this session of the Congress, after all the pressure that has been put on for some general tax reform and loophole closing and relief for the average person, especially on the payroll tax that has gone up again this year—after all the talk about tax reform during the past several years, that the very first thing we bring out which provides relief for the taxpayer, is for those in the higher tax brackets?

Mr. SCHNEEBELI. We have incorporated a major provision in this legislation—known as IRA—which allows the fellow who works for the gas station owner and is not covered by a pension plan to contribute up to $1,500 to a retirement account and receive a deduction for it. This is something new and takes care of the very limited income people. This was proposed by the administration and is a provision in which the committee is very proud.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

(On request of Mr. SEIBERLING, and by unanimous consent, Mr. SCHNEEBELI was allowed to proceed for 2 additional minutes.)

Mr. SCHNEEBELI. It allows the individual who works for the gas station owner—just the ordinary attendant or a farmer to provide for his retirement via the tax system. It will cost about $350 million to have this IRA approach incorporated into the bill. It is for the class of people the gentleman is inquiring about.

Mr. SEIBERLING. I still raise the question as to whether this committee is going to deal with the loophole closing and the tax relief which the average employed person in this country is interested in and whether we will close some of the gaping loopholes now existing in the tax laws.

Mr. SCHNEEBELI. As the gentleman knows, currently we are having executive sessions on windfall profits taxes. Following that it is my understanding the majority leaders on our committee plan to begin work on general tax reform. That is my understanding. We are discussing tax reform at the present time which will bring back to the Treasury several billion dollars.

Mr. SEIBERLING. Does that include relief for the people paying the payroll tax? Will that subject be included in this tax reform also?

Mr. SCHNEEBELI. I defer to the chairman of the committee in that regard.

Mr. ULLMAN. Mr. Chairman, I move to strike the requisite number of words.

First, in response to the question of my friend, this bill is one that does contain a great deal of tax reform. We have set limits on corporate plans and this provision for the self-employed improves the equity of the law.

Reform sometimes includes increased benefits. What we have to do is to bring into balance as much as we can the tax treatment for the self-employed as compared to the corporate community, and this provision in the bill is an effort in this direction. We are proceeding on tax reform. We are doing it now on an energy bill, as my friend the gentleman from Pennsylvania said, and we will be proceeding forthwith to general tax reform. There will be major tax reform before the House this year.

But let me go on with the subject and point out that the self-employed pension provisions do involve tough antidiscrimination rules. The plan cannot be for just the doctor or the lawyer. The plan has to be for all the employees in the business organization. Let me read into the RECORD percentages which indicate that doctors and lawyers are not the only ones involved of the self-employed under these plans, 33.8 percent were physicians, surgeons, optometrists, and other persons in medical organizations; then the dentists have 8.3 percent and the legal services have 8.9 percent; the accounting and auditing services have 2.8 percent; finance, insurance and real estate, 5.6 percent; agriculture, 9.2 percent of the total; retail and wholesale trade and manufacturing, 15.2 percent; ministers and teachers have less than 1 percent; and all others have 15.9 percent—so these plans are spread across the whole community of self-employment in this Nation. It has been a very basic part of our business life.

It seems to me this is a most equitable treatment and one that deserves the support of the House. I hope we will vote down the amendment.

Mr. DANIELSON. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I am in support of this bill.

I have a few questions and I will pose them to the gentleman from Oregon (Mr. ULLMAN) after stating a hypothetical case.

My concern is that we are permitting a self-employed person to set aside $7,500 a year as a maximum figure, but another person who is not self-employed, I will call him a wage earner for reference, is only allowed to set aside $1,500 a year.

The thrust of my question is: What equity would there be in permitting the self-employed person to set aside $7,500, while the one who is not self-employed is limited to $1,500?

Let me give the Members a hypothetical case. We have a couple of nearly identical twins, Abel and Mabel, that go to medical school, that graduate with honors.

Abel joins the Kiwanis Club. He is really quite a guy and the first thing you know he has patients coming in so fast he cannot handle them.

Mabel, on the other hand is a medical genius, but she cannot attract trade. She is starving to death down the street.

Abel says to Mabel, "Come work for me. You are a wage earner. You are not self-employed. I will give you $50,000 a year."

So Mabel goes to work for Abel. Abel has left only $50,000 per year after his practice to set aside $7,500 for his pension; but his dear identical twin sister, Mabel, who is not self-employed, can only set aside $1,500 per year for her pension.

So what happens? At retirement time Abel gets $81,000 per year, but Mabel gets only $13,000 per year.

Mrs. GRIFFITHS. Mr. Chairman, will the gentleman yield?

Mr. DANIELSON. I yield to the gentlewoman from Michigan.

Mrs. GRIFFITHS. The gentleman has stated here if Abel sets aside $7,500, he has to cover all his employees in the plan, so he has to take care of her. He has $80,000 to cover her $1,500.

Mr. DANIELSON. I left one link out of my presentation. Two days after Mabel goes to work for Abel, she went down the street and went to work for someone otherise not covered; but the figures remain the same. However, since she is not self-employed, she is restricted to $1,500, but Abel gets $7,500 toward the $81,000.

Mrs. GRIFFITHS. But Abel gets to cover all his employees. He does not get the benefit of $7,500.

Mr. DANIELSON. But he has no other employees.

Mrs. GRIFFITHS. He can still have $1,500, but most people do not set aside that much.

Mr. DANIELSON. The point is that it is a constitutional classification. Is this a proper classification? Is it proper under our laws to permit a self-employed person to have a tax deferment on $7,500 a year, while a person not self-employed has a tax deferment on only $1,500 per year?

Mrs. GRIFFITHS. How about a corporate president that gets $25,000, does that bother the gentleman?

Mr. DANIELSON. That bothers me, too; but at the moment I am bothered about the reason why this person gets $1,500 and the other person gets $7,500.

Mrs. GRIFFITHS. Because the plan is on $7,500, that covers everybody.

Mr. DANIELSON. I respectfully submit it is not a constitutional classification and I hope that the committee in conference will give serious consideration to this.

Mr. GIBBONS. Mr. Chairman, will the gentleman yield?

Mr. DANIELSON. Mr. Chairman. I yield to the gentleman from Florida.

Mr. GIBBONS. Mr. Chairman, I do not know where the gentleman got his illustration from, and I respect the gentleman's right to use it, but the facts are not correct in the illustration.

If Mabel went to work for Abel——

Mr. DANIELSON. Mabel left. They could not get along.

Mr. GIBBONS. The first day she went to work for him, she was covered by a plan. He had to contribute to the fund on a nondiscriminatory basis the same amount for her that he contributed for himself on a percentage basis; the same percentage. He could not discriminate against her. She was covered by the plan on the first day, and that is far more protection for her than she would get if she went to work for a corporate employer.

She may have to work for a corporate employer for 10 years before she would be covered by the plan, so I do not know where the illustration came from, but the facts are wrong.

Mr. DANIELSON. Mr. Chairman, I respectfully submit that there are some non-self-employed people, some wage earners not covered by a pension plan, who would wish to set aside $7,500 per year, but who would be limited to $1,500. My contention is simply this: I am going to support the bill, but everyone should have the same right to set aside a pension.

Mr. YOUNG of Illinois. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I would like to rise in support of the provisions of title II which pertain to some very forward looking improvements in the retirement system that we are developing in this country to assist individuals to develop voluntary types of individual retirement programs and to improve H.R. 10 retirement plans.

No one claims that our various types of deferred compensation programs are perfect. Of course, the very fact that we are making these amendments is an acknowledgment that we are trying to improve profit sharing plans and pension programs and various types of retirement programs such as H.R. 10 and also this new innovation, the individual retirement account.

Mr. Chairman, I think that the Ways and Means Committee deserves a great deal of credit for offering for our consideration improved and new benefits for self-employed and wage earners which will bring greater equity into the retirement situation. I want to point out that even with the proposed increase in deductible contributions to H.R. 10 plans, I refer to the $7,500 maximum deduction, there are still many advantages to a corporate type of profit-sharing plan or pension plan as compared to H.R. 10 plans.

So, I support the purpose of these amendments in this legislation. These amendments do help to bring the H.R. 10 plans a little closer to broader benefits permitted now to deferred compensation programs authorized for corporations. Let us not apologize for the type of deferred compensation programs that Congress has already enacted with respect to corporations. As a matter of fact, they are very salutory types of programs, and we want to continue them. They encourage savings and capital formation which is the lifeblood of the free enterprise system. We want voluntary retirement programs that encourages thrift and initiative.

Mr. Chairman, I also point out with respect to the new individual retirement accounts, that these accounts will be inferior in important respects to H.R. 10 plans. H.R. 10 plans continue to be inferior in many important respects to corporate deferred compensation plans. This legislation is starting on the road to providing some equity to the wage earner, the self-employed person, since both can take advantage of the tax savings provisions for establishment of individual retirement accounts.

This proposal as afforded by the Ways and Means Committee is a good proposal. It should not be crippled by the elimination of the higher benefits for H.R. 10 plans. This legislation is an encouragement to the self-employed people of this country. It gives the self-employed middle-income person a more equitable treatment, and it also gives an individual who is not a part of any qualified plan an opportunity to put away some money for his old age instead of having to rely upon social security and the Government to take care of him.

We are talking about the taxpayers' money; he has earned it, and he ought to be allowed to defer the taxes on some of it to a later time the same way the law permits this to corporate employees.

Mr. MAYNE. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I rise in opposition to the Reuss amendment. Ladies and gentlemen of the House, there are many sections in this bill which are designed to provide people who work for wages with legitimate tax relief. I am for those provisions, and the bill's other needed pension reforms, many of them similar to earlier pension reform measures I had cosponsored.

I commend the House Ways and Means Committee for including them in the bill. However, the Reuss amendment now before us will deprive the independent businessman, the small businessmen in the small towns of America, of having adequate opportunity to more equitably and properly participate in legitimate tax relief.

Up until recent years farmers have not enjoyed enough earned income to be very concerned about income tax liability to any great extent. But with farm income having finally reached more adequate levels, there is no question but what this amendment will also prevent the farmers of the country from being able to participate in this type of legitimate tax relief to the extent to which they should be entitled.

I do not feel that we should support such an amendment. We should retain in this bill those provisions which at long last allow some relief to the great middle class of this country which has so long had to bear the principal tax burden. They are the forgotten people of this country, the self-employed and the small businessmen. It is about time we did something for them.

Mr. Chairman, I believe the committee bill will help provide this needed relief, and that this amendment, by refusing to raise the $2,500 limitation on tax deductibility of contributions to retirement plans, will be very destructive to the interests of the great middle classes, and, more particularly, the small businessmen and the farmers of America.

Mr. DENNIS. Mr. Chairman, will the gentleman yield?

Mr. MAYNE. I yield to the gentleman from Indiana.

Mr. DENNIS. Mr. Chairman, I would like to associate myself with the remarks of the gentleman in the well.

While I am on my feet, I would like to take the opportunity especially to compliment the gentlewoman from Michigan for her very fine presentation. I think we will miss her around here in the future when these matters come before the House.

Mr. DON H. CLAUSEN. Mr. Chairman, will the gentleman yield?

Mr. MAYNE. I yield to the gentleman from California.

Mr. DON H. CLAUSEN. Mr. Chairman, I rise in strong opposition to the Reuss amendment which would strip from the bill the increase in benefits for Keough plan programs set up by the self-employed, by small businessmen and by farmers and others.

I am at a loss to understand why, when we are making the effort to upgrade pension programs generally, we should not improve at the same time the individual, self-help retirement programs.

Undoubtedly, the majority of the House will recognize the contradiction of encouraging some to improve their retirement programs while discouraging others that would occur if the Reuss amendment is adopted. I trust it will not be.

While we are constantly doing things to improve the lot of those who work for large corporations or those who receive benefits because of union efforts, we should also seek to help small businessmen and their employees, and farmers, and their employees.

The provisions of the pension bill will help small businessmen attract and reward employees through improved fringe benefits just as larger corporations can do with their larger resources.

Finally, any improvement in the incentives to plan for retirement will increase the number of people not totally dependent upon social security for their retirement annuity. This will permit them to be self-supporting more easily and reduce the number of elderly who are not self-sufficient and dependent upon welfare programs.

I hope the Reuss amendment will be defeated, Mr. Chairman.

Mr. MAYNE. Mr. Chairman, the Reuss amendment would strike those provisions of title II of the pension reform bill which are designed to provide some measure of legitimate tax relief to the middle class which has too often been ignored when the House Ways and Means Committee hands out tax breaks. The amendment would seriously affect some 30 million self-employed persons, and their employees, most of whom are not now covered by any retirement program.

The Self-Employed Individuals Retirement Act of 1962, H.R. 10, self-employed individuals—such as farmers, owners of unincorporated businesses, professional people and partners in partnerships—to defer tax liability on as much as $2,500 or 10 percent of their annual adjusted gross income, whichever is the lesser, when set aside for retirement purposes, in much the same way as these persons could do for their employees under the then-existing law. That legislation was intended to remove discrimination in tax treatment against self-employed persons who wanted to accumulate savings for retirement.

Many self-employed individuals have complied with the H.R. 10 requirements and built up savings for their retirement. By 1968, 246,000 individual taxpayers had taken advantage of Keogh plan deductions.

While H.R. 10 has often been described as being of particular benefit to professional persons, I would like to point out that many farmers have taken the opportunity to set aside for their retirement through Keogh plans, and they would like to increase their participation. More than 20,000 farmers took Keogh plan contribution deductions in 1968, the year most tax returns were surveyed by occupation. That is about 10 percent of the total of those who did.

Thus, there were more farmers than there were lawyers or accountants or dentists or persons in finance, insurance, and real estate who utilized the Keogh plans by 1968.

In the 5 years since 1968, the number of taxpayers utilizing these Keogh plan tax deductions has increased by about 63 percent, to an estimated 402,600 individuals for this last tax year of 1973. The estimated total of $599,500,000 in contributions toward retirement plans qualified for tax deduction represented a tax saving for these self-employed individuals, whether farmers, small businessmen or professional men and women, of some $214 million for the tax year 1973.

Many, many more self-employed Americans are eligible to set up Keogh retirement plans and take the deferral of tax on their contributions until the year they draw their retirement benefit, and they should be encouraged to do so.

I think it is in the national interest to insure this participation by the middle-class American self-employed businessman or farmer in building adequate retirement funds so that he may face his golden years in comfort and without hardship, and without having to rely entirely upon relatively limited social security benefits.

In order to obtain greater participation, however, we must remove inequities in the present law. The steady inflation since enactment of the Self-Employed Individuals Retirement Act in 1962 has made many retirement plans no longer adequate. Many plan participants argue that the $2,500 or 10 percent of earned income maximum is too low to provide an adequate accumulation of funds for retirement. Furthermore, the present low ceiling discriminates against the self-employed compared with corporate executives who are participating in regular corporate pension plans which have no effective tax-deductible limits under the existing law. Because of this inequity, in recent years many self-employed individuals have avoided the limited H.R. 10 plans by incorporating for the sole purpose of setting up qualified corporate pension plans for themselves.

President Nixon early recognized the need to make the Keogh plan more equitable. Many of his proposed reforms were incorporated by the Senate in the pension reform legislation it passed and by the House Ways and Means Committee in title II of the present bill.

The bill raises the existing deduction limitations for H.R. 10 plan contributions from 10 percent of self-employment income up to a $2,500 annual maximum, to a new maximum of 15 percent of income or $7,500, whichever is the lower. A minimum of $750 per year may be deducted without regard to the percentage limitation. For the purposes of the H.R. 10 antidiscrimination test, only the first $100,000 in compensation is to be considered in calculating the contribution percentage. Thus a self-employed plan participant using the full $7,500 contribution allowance would have to make a pension contribution in behalf of all qualified employees equal to 7.5 percent of their compensation.

Without this provision, the percentage contribution of a self-employed owner taking the $7,500 maximum would progressively decline as his income rose above $100,000, thus undermining the protection provided his employees by the antidiscrimination requirement.

The bill further reduces the inequities in the tax treatment of self-employed individuals as compared to corporate employees, by providing overall limitations on the accumulation of funds in qualified pension trusts out of tax-sheltered dollars, in general providing that a qualified pension trust may not provide a defined benefit in excess of $75,000 a year or 100 percent of the employee's average high 3 years of compensation. Thus there will be less incentive for self-employed individuals to incorporate. At the same time, the limitations provided by the House Ways and Means Committee are sufficiently generous to accommodate the vast majority of employees covered by Sears employee-retirement plans and similar plans which might have been endangered by the limitation proposed in the pension bill previously passed by the Senate.

The Reuss amendment would unwisely strike this forward step, these important improvements provided by the House Ways and Means Committee. It would preserve existing inequities in the law. It unfairly discriminates against the burdened middle class taxpayer, self-employed farmers and small businessmen whose continued vigor and independence are vital to the American system and way of life. I respectfully call upon everyone in this Chamber to join in decisively rejecting this unwise amendment.

The CHAIRMAN. The question is on the amendments, offered by the gentleman from Wisconsin (Mr. REUSS).

The amendments were rejected.

AMENDMENT OFFERED BY MR. CONABLE

Mr. CONABLE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. CONABLE: Page 280, after the period in line 21, insert:

Section 404(e) is amended by adding at the end thereof the following new paragraph:

"(5) Cost-of-living adjustment.—The Secretary or his delegate shall adjust annually the $7,500 amount in paragraph (1), in paragraph (2)(A), in section 401(e), and in section 1379(b)(1)(B) for increases in the cost of living in accordance with regulations prescribed by the Secretary or his delegate. Such regulations shall provide for adjustment procedures which are similar to the procedures used to adjust primary insurance amounts under section 215(i)(2)(A) of the Social Security Act. For purposes of this paragraph, the base period taken into account shall be the calendar quarter beginning October 1, 1973."

Mr. CONABLE. Mr. Chairman, I shall not take 5 minutes to speak in support of this amendment. It is obvious what this amendment does.

It takes the $7,500 maximum provided by the bill on the Keogh-type plan and makes it subject to adjustment for cost of living. We have a similar cost-of-living evaluator elsewhere in the bill.

For instance, with respect to the $75,000 maximum defined benefit limitation, included in the provision relating to corporation pensions, we provide for a cost-of-living adjustment which would permit an upward movement of this already generous figure.

There are many people who are unhappy that we have imposed such a liberal corporate limitation, but we have, and it seems to me entirely appropriate if we are going to do it with respect to corporate pensions, we should also do it with respect to the Keogh-type plan.

The Keogh-type plan has not been changed for 12 years. It may be some time before it is changed again. We should take into account at this time the probability that an upward adjustment would be in keeping with the equities granted to those who serve under corporate pension plans.

Mr. SCHNEEBELI. Will the gentleman yield?

Mr. CONABLE. I yield to the gentleman.

Mr. SCHNEEBELI. Mr. Chairman, I support the gentleman from New York in his amendment regarding the cost-of-living bonus for Keogh plans, because in two or three other areas of this legislation a cost-of-living amendment has been incorporated. I think the gentleman is entirely right, and I ask my colleagues to support his amendment.

Mr. CONABLE. I thank my colleague. I think one important thing to keep in mind with respect to the Keogh-type plans is that if we have a permissible maximum figure compensating for the complications a Keogh plan imposes on self-employed people, they will have the incentive to go into this type of plan instead of into IRA and in the process they will, of course, have to cover their own employees.

The purpose of this bill generally is to extend the benefits of tax deferral for retirement purposes and to extend the coverage to more people than are presently covered under our piecemeal voluntary retirement system.

Mr. BURLESON of Texas. Will the gentleman yield?

Mr. CONABLE. I yield to the gentleman.

Mr. BURLESON of Texas. I wish to associate myself with the proposal of the gentleman from New York. It seems to me this is the pattern followed in the retirement plan for Federal employees, including Members of Congress. The cost-of-living provision in the Federal retirement program provides for increases commensurate with increases in the cost of living, whenever there has been at least a 3-percent increase in the Consumer Price Index.

This is a modest approach in view of the current trends and the anticipated situation in the future.

Mr. Chairman, I think the proposal offered by the gentleman from New York (Mr. CONABLE) is a wise proposal, is just, and is equitable under this system.

Mr. CONABLE. Mr. Chairman, I thank the gentleman from Texas.

Mr. ARCHER. Mr. Chairman, will the gentleman yield?

Mr. CONABLE. I yield to the gentleman from Texas.

Mr. ARCHER. Mr. Chairman, I would like to compliment the gentleman from New York on offering his amendment. I think it is a very responsible amendment, and I for one would like to associate myself with the amendment.

Mr. CONABLE. Mr. Chairman, I urge support of the amendment that I have offered.

Mr. ULLMAN. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from New York (Mr. CONABLE) and I move to strike the requisite number of words.

Mr. Chairman, the committee worked its will on this matter in a very careful way. We considered all aspects of the problem. In this instance we are increasing the maximum self-employed contribution from $2,500 to $7,500. The provisions where we did put the cost-of-living feature in were those restricting the corporate outer limits. It seems to me that this threefold increase is enough for now. If further increases are needed in the future Congress can consider the provisions again at some subsequent date. It also seems to me that it would be wise for the House not to extend the cost-of-living factor any further because if we do, then we ought to extend it to the $1,500 provision. So let us leave it in the responsible way in which the committee brought it to the floor, and pass it, and consider this matter further at another time if this becomes necessary.

Mr. REUSS. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment offered by the gentleman from New York (Mr. CONABLE).

Mr. Chairman, I will not take the full 5 minutes, but it is odd here to hear four or five members of the tax-writing Committee on Ways and Means trying to devise new ways to give away the revenues. If we adopt this amendment on top of the $7,500 preference which is in there for those Keogh bill beneficiaries who make $50,000 a year, we would be adding in this year of 8-percent inflation, another 4-percent preference, for a total of $11,500.

Nobody talks about a cost-of-living break for the average hard-pressed American worker earning $11,000, $12,000, $14,000 or $15,000 a year, who is being belabored by ever-increasing payroll taxes imposed upon him under a closed rule from the Committee on Ways and Means.

Mr. Chairman, I hope that this amendment will be overwhelmingly voted down.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York (Mr. CONABLE).

The question was taken; and the Chairman announced that the ayes appeared to have it.

RECORDED VOTE

Mr. ANNUNZIO. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 183, noes 206, answered "present" 1, not voting 41, as follows:

[Roll No. 54]

AYES—183

Abdnor
Anderson, Ill.
Archer
Arends
Armstrong
Ashley
Bafalis
Bauman
Beard
Bell
Biester
Blackburn
Bray
Broomfield
Brotzman
Brown, Mich.
Brown, Ohio
Broyhill, Va.
Buchanan
Burgener
Burleson, Tex.
Butler
Byron
Carter
Cederberg
Chappell
Clancy
Clausen, Don H.
Clawson, Del
Cleveland
Cochran
Cohen
Collier
Collins, Tex.
Conable
Conlan
Conte
Coughlin
Cronin
Daniel, Dan
Daniel, Robert W., Jr.
Davis, Ga.
Derwinski
Dickinson
Downing
Duncan
Edwards, Ala.
Erlenborn
Esch
Eshleman
Fish
Frenzel
Frey
Froehlich
Fuqua
Gilman
Goldwater
Goodling
Gross
Grover
Gubser
Gude
Haley
Hammerschmidt
Hanrahan
Hansen, Idaho
Harsha
Hastings
Heckler, Mass.
Heinz
Henderson
Hillis
Hinshaw
Hogan
Horton
Hosmer
Huber
Hudnut
Hutchinson
Jarman
Johnson, Colo.
Johnson, Pa.
Kemp
Ketchum
King
Landgrebe
Leggett
Lent
Lott
Lujan
McClory
McCloskey
McCollister
McDade
McEwen
McKinney
Madigan
Mallary
Mann
Martin, N.C.
Mathias, Calif.
Mathis, Ga.
Milford
Minshall, Ohio
Mitchell, N.Y.
Mizell
Montgomery
Moorhead, Calif.
Myers
Nelsen
O'Brien
Parris
Pettis
Peyser
Poage
Price, Tex.
Pritchard
Quie
Quillen
Railsback
Regula
Rhodes
Rinaldo
Robinson, Va.
Robison, N.Y.
Roe
Rogers
Roncalio, Wyo.
Roncallo, N.Y.
Rousselot
Roy
Runnels
Ruppe
Ruth
Sandman
Sarasin
Satterfield
Scherle
Schneebeli
Shoup

Shriver
Shuster
Skubitz
Smith, N.Y.
Snyder
Spence
Stanton, J. William
Steele
Steelman
Steiger, Ariz.
Steiger, Wis.
Stratton
Symms
Talcott
Taylor, Mo.
Teague
Thomson, Wis.
Thone
Towell, Nev.
Treen
Van Deerlin
Vander Jagt
Veysey
Walsh
Wampler
Ware
White
Whitehurst
Widnall
Wiggins
Wilson, Bob
Wilson, Charles, Tex.
Winn
Wolff
Wyatt
Wydler
Wyman
Young, Alaska
Young, Fla.
Young, Ill.
Young, S.C.
Zion
Zwach

NOES—206

Abzug
Adams
Addabbo
Alexander
Anderson, Calif.
Andrews, N. Dak.
Annunzio
Aspin
Badillo
Barrett
Bennett
Bergland
Bevill
Biaggi
Bingham
Blatnik
Boggs
Boland
Bolling
Bowen
Brademas
Breaux
Breckinridge
Brinkley
Brooks
Brown, Calif.
Burke, Calif.
Burke, Mass.
Burlison, Mo.
Casey, Tex.
Chisholm
Clark
Clay
Collins, Ill.
Conyers
Corman
Cotter
Culver
Daniels, Dominick V.
Danielson
de la Garza
Delaney
Dellums
Denholm
Dennis
Dent
Diggs
Dingell
Donohue
Dorn
Drinan
Dulski
du Pont
Eckhardt
Edwards, Calif.
Eilberg
Evans, Colo.
Evins, Tenn.
Fascell
Findley
Flood
Flowers
Flynt
Ford
Forsythe
Fountain
Fraser
Fulton
Gaydos
Gettys
Giaimo
Gibbons
Ginn
Gonzalez
Grasso
Green, Pa.
Griffiths
Gunter
Guyer
Hamilton
Hanley
Hanna
Hansen, Wash.
Harrington
Hawkins
Hays
Hébert
Hechler, W. Va.
Helstoski
Hicks
Holifield
Holt
Holtzman
Howard
Hungate
Hunt
Ichord
Johnson, Calif.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jordan
Karth
Kastenmeier
Kazen
Koch
Kyros
Landrum
Latta
Lehman
Long, La.
Long, Md.
McCormack
McFall
McKay
Macdonald
Madden
Mahon
Maraziti
Martin, Nebr.
Matsunaga
Mayne
Mazzoli
Meeds
Melcher
Metcalfe
Mezvinsky
Miller
Minish
Mink
Mitchell, Md.
Moakley
Mollohan
Moorhead, Pa.
Morgan
Mosher
Murphy, Ill.
Murphy, N.Y.
Murtha
Natcher
Nedzi
Nix
Obey
O'Hara
Owens
Passman
Patman
Patten
Pepper
Perkins
Pickle
Pike
Podell
Preyer
Price, Ill.
Randall
Rangel
Rarick
Rees
Reid
Reuss
Riegle
Rodino
Rooney, Pa.
Rosenthal
Roush
Roybal
Ryan
St Germain
Sarbanes
Seiberling
Shipley
Sikes
Slack
Smith, Iowa
Staggers
Stanton, James V.
Stark
Steed
Stephens
Stubblefield
Stuckey
Studds
Symington
Taylor, N.C.
Thompson, N.J.
Thornton
Tiernan
Udall
Ullman
Vander Veen
Vanik
Vigorito
Waggonner
Waldie
Whalen
Whitten
Williams
Wilson, Charles H., Calif.
Wright
Wylie
Yates
Yatron
Young, Ga.
Young, Tex.
Zablocki

ANSWERED "PRESENT"—1

Sebelius

NOT VOTING—41

Andrews, N.C.
Ashbrook
Baker
Brasco
Broyhill, N.C.
Burke, Fla.
Burton
Camp
Carey, N.Y.
Carney, Ohio
Chamberlain
Crane
Davis, S.C.
Davis, Wis.
Dellenback
Devine
Fisher
Foley
Frelinghuysen
Gray
Green, Oreg.
Jones, Tenn.
Kluczynski
Kuykendall
Litton
McSpadden
Mailliard
Michel
Mills
Moss
Nichols
O'Neill
Powell, Ohio
Roberts
Rooney, N.Y.
Rose
Rostenkowski
Schroeder
Sisk
Stokes
Sullivan

So the amendment was rejected.

The result of the vote was announced as above recorded.

AMENDMENT OFFERED BY MR. LONG OF LOUISIANA

Mr. LONG of Louisiana. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Long of Louisiana: Pages 280, 281, and 288, strike out "7,500" and insert "$6,000".

Mr. LONG of Louisiana. Mr. Chairman, during the period that I was out of the U.S. Congress, I had an opportunity to participate for a number of years under the Keogh plan. Today I voted against the Reuss amendment because of the fact that I felt that there was a need for some increase in the $2,500 that is tax deferrable, but it seems to me to be unconscionable to go from $2,500 to treble that amount, which is $7,500.

Mr. Chairman, I have a great deal of respect for the gentlewoman from Michigan. I thought that the point that she made with respect to the pensions of Members of Congress and corporate executives was a valid point.

Mr. Chairman, the amount that I suggest here as a compromise is $6,000. It more than doubles the amount that is presently tax deferrable. I think that it is a reasonable compromise. I think it is a more than reasonable compromise. I am stretching the limits of my own imagination to be able even to suggest one this large.

Mr. Chairman, there is no reason to go again over the rhetoric we have been over three times today while discussing the other amendments that have been considered.

Mr. Chairman, I earnestly request consideration of my amendment reducing the amount from $7,500 to $6,000. Actually, what the amendment really does is increase the deferrable amount from $2,500 to $6,000 per year.

Mr. Chairman, I ask consideration of my amendment.

Mr. REUSS. Mr. Chairman, will the gentleman yield?

Mr. LONG of Louisiana. Mr. Chairman, I yield to the gentleman from Wisconsin.

Mr. REUSS. Mr. Chairman, I commend the gentleman for his amendment. Is it not true that under his amendment an engineer working for a corporation which has no qualified pension plan, under this bill would be entitled to a maximum of $1,500 a year of tax free set aside; whereas under the committee proposal a self-employed person, a self-employed engineer, would be entitled to $7,500? All the gentleman wants to do is reduce that to $6,000, which would still be four times as much as the similar engineer working for a corporation gets.

Mr. LONG of Louisiana. Mr. Chairman, as I understand it, that is exactly what would happen. I heard the colloquy here all afternoon, and I have listened intently to the debate because I wanted to offer this amendment. I heard about the small businessman, the average man, the type of people that built America and their need for this $7,500.

Do the Members know what a person would have to make in order to get maximum participation under this program? If this is the average man that helped build America, he did not come from the State of Louisiana and he did not come from the Eighth Congressional District, because he would have to make $50,000 a year to reach maximum participation under this program.

Mr. VANIK. Mr. Chairman, will the gentleman yield?

Mr. LONG of Louisiana. I yield to the gentleman from Ohio.

Mr. VANIK. Mr. Chairman, I wish to commend our colleague. I think he is offering a very fine and worthy amendment, and I would certainly like to support it.

Mr. Chairman, I will support the amendment of the gentleman from Louisiana (Mr. Long) to restrict the increase in the level of tax deductible contributions to H.R. 10 plans to $6,000. This is not the time or the place for the committee's proposed 300-percent increase in this special tax program, which benefits relatively few members of our society.

In 1962, the Congress passed H.R. 10, sponsored by our former colleague, Congressman Keogh. This act, known as the Self-Employed Retirement Act of 1962, provided that every self-employed individual can contribute for himself each year a total of 10 percent of his "earned income" for that year or $2,500, whichever is less. To the extent of this limit, the contribution is deductible by him in determining adjusted gross income. His contribution to a plan must be out of his earned income derived from his business.

The bill before us today increases the maximum allowable deductible contribution by the self-employed to 15 percent of earned income up to $7,500 a year.

In other words, at least part of the formula has been increased by 300 percent.

I have no objection to recognizing the impact of inflation by modifying the Keogh plan to adjust it to the cost of living. It seems to me, however, that this change would be better handled in the tax reform efforts of the Ways and Means Committee than hastily incorporated in the pension legislation. These preferences, once granted in the pension bill, will be almost impossible to modify in later tax reform legislation.

There is no question that a 300-percent increase is excessive. Since 1962, the cost of living has gone up about 50 percent. Since 1962, social security benefits have been increased approximately 104 percent. Perhaps self-employment contributions should go up as much as social security benefits—but there is absolutely no justification for them to go up twice as much as social security benefits.

The limited effect of the Keogh plan can be seen by the fact that 45 percent of the plan's benefits go to 1 percent of the Nation's taxpayers. It has been calculated that setting aside $7,500 per year, for 30 years at a 6-percent rate of interest, would accumulate, at the end of that time, $592,500. This would provide a lifetime annuity of $64,000 per year at the retirement age of 65. I question whether the demands on the Federal Treasury and the Tax Code can justify this type of tax subsidy for such a limited number of persons.

I find excessive release of limited tax revenues to this group of citizens incomprehensible, when the Congress consistently refuses to provide tax reform and tax relief to those who need it most. For about an hour last month, the Senate adopted an amendment to increase the personal exemption from $750 to $850. That amendment would have helped cut the impact of the recession by increasing consumer spending. The tax savings from the provision would just match the rate of inflation since the personal exemption was increased in 1971. That type of a tax break makes some sense.

The provision before the committee—to triple the maximum tax deductible contribution for savings—makes no sense. It does not stimulate consumer purchasing power—in fact it could have the opposite effect. The size of the increase has no relation to the rate of inflation.

Supporters of the Keogh plan have argued, quite rightly, that benefits under the plan are not as favorable as other pension plans for corporate executives. Many corporate executives are able to take advantage of tax law provisions that permit enormous retirement tax deductions. As a result, many professionals—doctors, accountants, lawyers—have been leaving the Keogh plan and incorporating to take advantage of the better provisions available to people in corporations.

But an overly generous tax provision for corporate executives does not justify excessive increase in the Keogh plan: that argument is the double pickpocket argument—the argument that two wrongs make a right. I would hope that during the tax reform hearings we could deal with questions of corporate retirement and special treatment for executives of closely held corporations. We should seek to close that corporate tax loophole rather than expand it to new areas.

Again, I urge adoption of the amendment limiting the increase in Keogh contributions to $6,000.

WHO BENEFITS FROM NET EXCLUSION OF PENSION CONTRIBUTIONS IN PLANS FOR SELF-EMPLOYED (KEOGH PLANS)

[Calendar year 1971]

Adjusted gross income class	Number of returns per income class	Estimated distribution (in millions)	Tax savings in dollars per return
0 to $3,000	18,063,181		
$3,000 to $5,000	10,238,897	$7	$0.68
$5,000 to $7,000	9,410,802	10	1.06
$7,000 to $10,000	12,901,228	13	1.01
$10,000 to $15,000	14,104,611	22	1.56
$15,000 to $20,000	5,541,347	18	3.25
$20,000 to $50,000	3,596,348	96	26.69
$50,000 to $100,000	351,669	71	201.88
$100,000 to up	77,899	13	166.88

Mr. ULLMAN. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I am very reluctant to oppose the amendment offered by my good friend, the gentleman from Louisiana, but the fact of the matter is that this issue was very carefully gone into by the committee.

A lawyer working for a corporation could get $25,000 set aside, depending of course upon his salary and upon the corporate plan. A lawyer or an engineer working for himself, we say, should get $7,500. This does not take away the incentive to go to work for a corporation, because he could get much more as a corporate executive in retirement, but at least it does give him some incentive to remain self-employed if that is his desire.

In terms of revenue loss, the difference between $6,000 and $7,500 is $5 million in revenue. There is only $5 million of cost involved. The committee went into the cost of the committee provision and alternatives very carefully.

In my judgment, this is a matter on which the committee position is completely sound. The figure of $7,500 is a sound figure.

Mr. Chairman, I hope that the Members of the House will stay with the committee and stay with that figure.

Mr. SCHNEEBELI. Mr. Chairman, I rise in opposition to the amendment.

I will merely state that I support the position of the gentleman from Oregon. If we limit self-employed contributions to $6,000, it will represent less than 25 percent of what we allowed for employee plans, which is $25,000 a year in the case of defined contribution plans.

It seems to me the self-employed who have the same capacity and needs as salaried employees should be allowed at least 25 percent to 30 percent of what they are allowed.

We have heard the other arguments previously from the gentlewoman from Michigan and the gentleman from Oregon, and I reiterate these arguments.

Mr. Chairman, $7,500 is a reasonable figure, and I urge the Members should stay with that figure.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Louisiana (Mr. LONG).

RECORDED VOTE

Mr. REUSS. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 63, noes 323, answered "present" 1, not voting 44, as follows:

[Roll No. 55]

AYES—63

Abzug
Adams
Addabbo
Anderson, Calif.
Aspin
Badillo
Barrett
Bevill
Bingham
Boggs
Bolling
Brademas
Breaux
Brown, Calif.
Burke, Mass.
Chisholm
Clay
Collins, Ill.
Dellums
Diggs
Eckhardt
Edwards, Calif.
Eilberg
Flowers
Fraser
Green, Pa.
Hechler, W. Va.
Holtzman
Ichord
Johnson, Calif.
Kastenmeier
Koch
Kyros
Lehman
Long, La.
Long, Md.
McFall
Madden
Metcalfe
Mitchell, Md.
Moakley
Nelsen
Nix
Passman
Pickle
Quie
Rangel
Reuss
Riegle
Rosenthal
Ryan
St Germain
Sarbanes
Seiberling
Stanton, James V.
Stark
Studds
Tiernan
Vanik
Waldie
Yates
Young, Ga.
Zwach

NOES—323

Abdnor
Alexander
Anderson, Ill.
Andrews, N. Dak.
Annunzio
Archer
Arends
Armstrong
Ashbrook
Ashley
Bafalis
Bauman
Beard
Bell
Bennett
Bergland
Biaggi
Biester
Blackburn
Blatnik
Boland
Bowen
Bray
Brinkley
Breckinridge
Brooks
Broomfield
Brotzman
Brown, Mich.
Brown, Ohio
Broyhill, Va.
Buchanan
Burgener
Burke, Calif.
Burke, Fla.
Burleson, Tex.
Burlison, Mo.
Butler
Byron
Carter
Casey, Tex.
Cederberg
Chappell
Clancy
Clark
Clausen, Don H.
Clawson, Del
Cleveland
Cochran
Cohen
Collier
Collins, Tex.
Conable
Conlan
Conte
Conyers
Corman
Cotter
Coughlin
Cronin
Culver
Daniel, Dan
Daniel, Robert W., Jr.
Daniels, Dominick V.
Danielson
Davis, Ga.
de la Garza
Delaney
Denholm
Dennis
Dent
Derwinski
Dickinson
Dingell
Donohue
Dorn
Downing
Drinan
Dulski
Duncan
du Pont
Edwards, Ala.
Erlenborn
Esch
Eshleman
Evans, Colo.
Evins, Tenn.
Fascell
Findley
Fish
Flood
Flynt
Ford
Forsythe
Fountain
Frenzel
Frey
Froehlich
Fulton
Fuqua
Gaydos
Gettys
Giaimo
Gibbons
Gilman
Ginn
Goldwater
Gonzalez
Goodling
Grasso
Griffiths
Gross
Grover
Gubser
Gude
Gunter
Guyer
Haley
Hamilton
Hammerschmidt
Hanley
Hanrahan
Hansen, Idaho
Hansen, Wash.
Harrington
Harsha
Hastings
Hawkins
Hays
Hébert
Heckler, Mass.
Heinz
Helstoski
Henderson
Hicks
Hillis
Hinshaw
Hogan
Holifield
Holt
Horton
Hosmer
Howard
Huber
Hudnut
Hungate
Hunt
Hutchinson
Jarman
Johnson, Colo.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jordan
Karth
Kazen
Kemp
Ketchum
King
Landgrebe
Landrum
Latta
Lent
Lott
Lujan
McClory
McCloskey
McCollister
McCormack
McDade
McEwen
McKay
McKinney
Macdonald
Madigan
Mahon
Mallary
Mann
Maraziti
Martin, Nebr.
Martin, N.C.
Mathias, Calif.
Mathis, Ga.
Matsunaga
Mayne
Mazzoli
Meeds
Melcher
Mezvinsky
Milford
Miller
Minish
Mink
Minshall, Ohio
Mitchell, N.Y.
Mizell
Mollohan
Montgomery
Moorhead, Calif.
Moorhead, Pa.
Morgan
Mosher
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers
Natcher
Nedzi
O'Brien
O'Hara
Parris
Patman
Patten
Pepper
Perkins
Pettis
Peyser
Pike
Poage
Podell
Preyer
Price, Ill.
Price, Tex.
Pritchard
Quillen
Railsback
Randall
Rarick
Rees
Regula
Reid
Rhodes
Rinaldo
Robinson, Va.
Robison, N.Y.
Rodino
Roe
Rogers
Roncalio, Wyo.
Roncallo, N.Y.
Rooney, Pa.
Roush
Rousselot
Roy
Roybal
Runnels
Ruppe
Ruth
Sandman
Sarasin
Satterfield
Scherle
Schneebeli
Shipley
Shoup
Shriver
Shuster
Sikes
Skubitz
Slack
Smith, Iowa
Smith, N.Y.
Snyder
Spence
Staggers
Stanton, J. William
Steed
Steele
Steelman
Steiger, Ariz.
Steiger, Wis.
Stephens
Stratton
Stubblefield
Stuckey
Symington
Symms
Talcott
Taylor, Mo.
Taylor, N.C.
Teague
Thompson, N.J.
Thomson, Wis.
Thone
Thornton
Towell, Nev.
Treen
Udall
Ullman
Van Deerlin
Vander Jagt
Vander Veen
Veysey
Vigorito
Waggonner
Walsh
Wampler
Ware
Whalen
White
Whitehurst
Whitten
Widnall
Wiggins
Williams
Wilson, Bob
Wilson, Charles H., Calif.
Wilson, Charles, Tex.
Winn
Wolff
Wright
Wydler
Wylie
Wyman
Yatron
Young, Alaska
Young, Fla.
Young, Ill.
Young, S.C.
Young, Tex.
Zablocki
Zion

ANSWERED "PRESENT"—1

Sebelius

NOT VOTING—44

Andrews, N.C.
Baker
Brasco
Broyhill, N.C.
Burton
Camp
Carey, N.Y.
Carney, Ohio
Chamberlain
Crane
Davis, S.C.
Davis, Wis.
Dellenback
Devine
Fisher
Foley
Frelinghuysen
Gray
Green, Oreg.
Hanna
Jones, Tenn.
Kluczynski
Kuykendall
Leggett
Litton
McSpadden
Mailliard
Michel
Mills
Moss
Nichols
Obey
O'Neill
Owens
Powell, Ohio
Roberts
Rooney, N.Y.
Rose
Rostenkowski
Schroeder
Sisk
Stokes
Sullivan
Wyatt

So the amendment was rejected.

The result of the vote was announced as above recorded.

Mrs. CHISHOLM. Mr. Chairman, a number of my colleagues intend to offer amendments to the pension legislation which we are considering today. I wish to speak in support of those amendments. Once one begins to study the pension issue it is very clear that there is a critical need for further reform for as the situation stands now those with the greatest need for pension protection and benefits are the least likely to receive it.

If you are low paid, female, a minority, or a part-time worker the chances of ever getting a pension are very poor. If on the other hand, you are a well-paid, white, male professional, you have a pretty good chance of receiving a decent pension.

Let me share with you some of the statistics compiled by the Department of Labor, HEW and the Treasury and printed in the publication entitled "Coverage and Vesting of Full-time Employees Under Private Retirement Plans: Findings From the April 1972 Survey" done on the 23 million workers covered by our private pension plans: Here are some verbatim quotes of the survey:

> The proportion of men covered by a private pension or deferred profit-sharing plan was 45% greater than that for women and the rate for whites was almost 25% greater than that for persons of all other races.
>
> Coverage rates rose sharply with earnings. Although only a fourth of the men earning less than $5,000 a year were covered, about ⅗ths of those earning more had coverage.
>
> Vesting rates varied little by industry. Occupational differences were greater, however: professional and technical workers, managers, officers and craftsmen had the highest vesting rates.
>
> Only 30% of the workers under 25 and 40% of the workers over 60 were covered vs. about ½ of those aged 25–59 who were covered.
>
> Men were more likely to be covered than women (52% and 36% respectively), and whites were more apt to be covered than were persons of all other races (48% and 39% respectively.)
>
> Most of the difference between the coverage rates stems from factors not associated with either age or tenure. Men have much higher coverage rates—usually by at least 10%—than women of the same age and the same length of service.

Those are pretty grim statistics and they bear out the old adage, "Them what has gets." What it means is you may work for years and may contribute to a pension plan for years and still never qualify for a pension.

The statistics for widows are even more cruel, only 2 percent are currently receiving survivors benefits. Because the vast majority of the elderly are women—11.6 million elderly women versus 8.4 elderly men—and because most elderly women—two-thirds are widows, it seems to me we have a special obligation to see that they are treated fairly and decently. Fortunately both the Ways and Means Committee bill and the Education and Labor bill provide for mandated survivors benefits. A participant may still opt out of the survivors benefit plan if they choose, but the legislation is much stronger now that it provides for opting out rather than opting into the survivors benefit program.

Because of the complexity of pension plans, in the past many participants were not even aware that their survivors were not covered and that they had to specifically request such coverage for their families. According to a questionnaire done on the Senate side, 68 percent of the plans responding indicated that they currently have an optional form of survivors benefit which needed positive selection.

One improvement that would be helpful in the survivors benefit section would be a requirement that both the participant and the survivor would have to approve opting out of the survivors benefit provision. Widows and widowers would thus be assured of knowing their financial status if their spouse should die before they do.

There is another provision of the Education and Labor version of the bill which I believe should be struck. I refer to the provision which requires that the participant and his or her spouse must have been married throughout the 5-year period ending on the annuity starting date or the date of death of the participant. When inquiry was made as to why this requirement was included in the bill it was indicated that it was to protect the pension fund from being drained by survivors who marry participants much older themselves. It was alleged that this was a problem with the survivors of black lung patients.

This may happen on occasion, but I do not believe that the incidence of May-December weddings is really any of our business. It is a bit of an insult to an older citizen to suggest that we have any business placing restrictions upon whom and when they should marry.

While it might be interesting to take this issue to court and see what kind of opinion Justice Douglas might write I would suggest that the section be deleted before it has to be taken to court. For those who want statistics I secured the following from the Library of Congress. According to the 1970 census for those persons who marry between the ages of 50 and 70 the average difference in age is 6 years.

In instances where it is the first marriage of both spouses, in 2 percent of the marriages the bride is 20 years or younger than the groom.

In instances where it is the first marriage of the bride and the remarriage of the groom, 5.2 percent of the brides are 20 years or younger.

In instances where it is the second marriage for both in only 3.2 percent of the cases is there an age difference of 20 years or more.

And in instances where it is the first marriage of the groom and remarriage for the bride in 0.4 percent of the cases the groom is 20 years younger.

In summary, the incidence of May-December marriages is not large at all. A requirement that the participant and spouse be married for the 5 years before retirement or death is totally unwarranted. It is an insulting restriction upon our senior citizens and could work a real hardship on older "newlyweds."

Part-time workers are also seriously neglected under the legislation before us. This is particularly critical because so many people, especially women and minorities, are employed on a part-time basis.

The majority of these people work part time—not because they want to—but because they must. They have no choice. Part time or seasonal work is the only employment available.

TABLE 34.—PERSONS WHO WORKED DURING 1971, BY FULL- AND PART-TIME JOB STATUS

Work experience	Men: Negro and other races	Men: White	Women: Negro and other races	Women: White
Total, all workers (thousands)	5,620	50,393	4,766	34,248
Percent	100.0	100.0	100.0	100.0
Year round, full time	59.2	66.8	42.4	41.7
Part year, full time	26.4	20.6	28.8	25.8
27 to 49 weeks	15.4	12.0	13.3	12.0
1 to 26 weeks	11.0	8.6	15.5	14.0
Part time	14.4	12.6	28.8	32.4

Source: U.S. Department of Labor, Bureau of Labor Statistics.

As you can see from the above chart in 1971 only about three-fifths of all minority men worked full-time year round as compared with two-thirds of the white men.

Even fewer of the working women worked full time, year round: The percentage of both white and nonwhite females working year-round full time was 42.4 percent versus 66.8 percent for white males.

The definitions of part-time and part-year work utilized in the chart are not the same as those set by the Internal Revenue Code: The chart defines part-year work as 6 months or less and part-time work as 34 hours a week or less, as compared to 5 months and 20 hours in the Internal Revenue Code. Since the Department of Labor does not break down part-time work into a 20-hour-a-week category, only an approximation was able to be found for the number of workers with that work pattern.

The closest figures to be found were the following:

PERCENTAGE AND NUMBER OF WORKERS WHO AVERAGED 1 TO 14 HRS. PER WEEK ON THEIR JOB IN 1972

	Percent	Number
White:		
Males	3.6	1,583,000
Females	9.1	2,315,000
Nonwhite:		
Males	4.4	200,000
Females	8.1	284,000

PERCENTAGE AND NUMBER OF WORKERS WHO AVERAGED 1 TO 29 HRS. A WEEK ON THEIR JOB IN 1972

	Percent	Number
White:		
Males	10.8	4,700,000
Females	26.2	6,689,000
Nonwhite:		
Males	13.4	616,000
Females	23.9	830,000

Using these figures to approximate the number of workers who averaged 1 to 20 hours per week, we can approximate the number of workers who can be excluded from pension plans according to the Internal Revenue Code's definition of part-time and part-year employees: About 19 percent of the non-white male workers and 15.2 percent of the white male workers, compared to approximately 30 percent of both white and nonwhite female workers.

Retail workers are typical of the workers who are hard hit by the lack of adequate part-time protection.

For example, 1.5 million women are employed as sales clerks in the retail trade—versus 827,000 men—but even of the women who are working full-time only one-fourth were covered by a private pension plan.

Another section of the legislation before us which I believe is highly discriminatory is the provision which requires that no vesting can take place before the age of 25. It works a special hardship upon young people and working women in general.

Let me discuss the latter first. The highest number of working women are in the labor force between the ages of 20 and 24. According to the 1970 census there are some 4,682,580 workers in this category. Most women, 80 percent, have their first child before the age of 25. They then leave the labor market and return to work after their children are fully grown or, as is the case with increasing numbers, when their children reach school age.

There is a provision in the proposed legislation which at first glance would seem to be of great benefit to working women. It is proposed that if an employee has worked for 4 years they can leave work for a period of up to 6 years and then if they return to the same job they will still be able to count those first 4 years as credit towards full vesting.

Unfortunately, because most women have their first child before the age of 25 and no credit for work before the age of 25 is allowed, the majority of our working women will never be able to receive any advantage of the 6-year break in service proposed in today's bill.

The no vesting before 25 years is also highly discriminatory toward blue collar youth. A college student, particularly one who takes any graduate work will not be affected by the 25-year rule because they enter the labor market at a later age but blue collar youth start work at 18. They work 7 years before they can begin to accumulate vesting time. The 25-year provision is justified by the allegation that the youth labor market is very mobile and that young workers change jobs so frequently that it would be expensive and difficult to maintain the necessary employment records. While it is true that youth change jobs more frequently than the population as a whole it is not as frequently as one might suppose. The Library of Congress reports the following statistics from Special Labor Force Report No. 35 of the U.S. Bureau of Labor Statistics. The statistics are from 1961 but that apparently was the latest date that these figures were prepared in this manner: 23.5 percent of all men aged 18 and 19 changed jobs; 24.8 percent of all men aged 20 to 24 years changed jobs; 22.2 percent of all women aged 18 and 19 changed jobs; and 16.3 percent of all women aged 20 to 24 years changed jobs.

These figures compare with the following labor mobility figures for the total work force: 11.0 percent of all men over the age of 14 changed jobs; and 8.6 percent of all working women over the age of 14 changed jobs.

As you can see, approximately one-fourth of the male workers under 25 and one-fifth of the female workers under 25 do change jobs but the vast majority of these young workers do not. Further, when one compares the mobility of young workers with the 11-percent mobility of the total male work force it seems to me we are being unreasonably discriminatory toward our young workers. I might note for the Members of the House that the National Student Lobby said that this provision "presumes that young people care little about pensions. You must realize, however, that thousands of their dollars are jeopardized, which is rightfully theirs upon retirement." As the young people in the streets put it, "This is a rip-off."

As you can see many aspects of the existing pension legislation and the proposed pension reform legislation work a great hardship on the poor, women, and minorities. The discrimination against women is particularly distressing because of the increase in female headed households. There has been a 15-percent increase in female headed households since 1959. This is particularly true with regard to minorities: 35 percent of all black families are headed by women and 64 percent of all poor black families are headed by women—1970 census.

But the average American family is affected as well. What has not been recognized by either this administration or this Congress is that women work not to make pin money or to buy luxuries but out of severe need. Take a look at the following chart from the Women's Bureau of the U.S. Department of Labor.

THE MARITAL STATUS OF WOMEN WORKERS IN MARCH 1972

Marital status	All women		Women of minority races	
	Number	Percent distribution	Number	Percent distribution
Total	32,939,000	100.0	4,176,000	100.0
Single	7,477,000	22.7	920,000	22.0
Married (husband present)	19,249,000	58.5	1,991,000	47.7
Husband's 1971 income:				
Below $3,000	1,925,000	5.8	281,000	6.7
$3,000 to $4,999	2,194,000	6.7	394,000	9.4
$5,000 to $6,999	2,926,000	8.9	406,000	9.7
$7,000 and over	12,204,000	37.1	910,000	21.8
Other marital status	6,213,000	18.9	1,265,000	30.3
Married (husband absent)	1,500,000	4.6	538,000	12.9
Widowed	2,570,000	7.8	412,000	9.9
Divorced	2,143,000	6.5	315,000	7.5

The 7.5 million single women who account for 22.7 percent of all working women are obviously working out of necessity so are the 6.2 million women who are widowed, separated, or divorced. They account for another 18.9 percent of the female work force. Finally, and most tellingly, there are the 4.1 million married women who are working because their husbands earn less than $7,000—equal to another 21.4 percent. They work because one paycheck is not enough to support the family. Their earnings help buy food, clothing, and shelter—the necessities of life.

When we add these three groups together, it is clear that 63.5 percent of all working women are working because of dire need. Their need becomes even more compelling when they become too old to work. For the incomes of our elderly women are among the lowest of all groups in the entire population. The median income of a 72-year-old woman in this country is $1,489. That is a bitter testimonial to how we treat our elderly women.

One of the problems elderly women face, both working women and recipients of survivors benefits is that separate actuarial tables are used when computing pension benefits women receive lower benefits than men.

This is defended on the grounds that the female population lives longer than their male counterparts. While this is true for the two groups as a whole there is evidence that working women are dying at younger ages just as male workers do. However, from phone calls placed to Metropolitan Life, Prudential, the Society of Actuaries, and from inquiries made by the Congressional Reference Service we find that although there are separate actuarial tables for men and women and tables for working men there are very few tables on the mortality rates of working women. Even in instances where separate tables for working men and working women are kept and are used as the basis for separate computations the EEOC has ruled that this practice is inherently discriminatory.

For example, the EEOC ruled against TIAA-CLEF—Teachers Insurance Annuity Association-College Retirement Equities Fund. TIAA did indeed keep separate tables for working men and working women and found that the projected average lifetime for men was 82 years and for their women was 86 years. They then made separate projections of benefits on the basis of these figures. EEOC ruled against them however because they found that 75 percent of the women workers were dying before the age of 86, the average date of mortality. What was happening was that a few women were very long lived and they were dragging the average lifetime expectancy rate of the group to a higher level than the majority of the group actually experienced.

It is clear that in terms of the use of inappropriate actuarial tables, discriminatory age and vesting requirements and the like that women are being treated shabbily. In view of this, I believe the inclusion of a sex discrimination amendment in the bill would have a very salutary effect.

Because of the complexity of this legislation I believe we shall have to continue to make "improvements" in the pension legislation in the years to come but I hope that some improvements can be made before we send this legislation to the President to be signed into law.

Mr. DUNCAN. Mr. Chairman, when dealing with a subject as complex as pension reform which affects so many areas of the law, it is inevitable that the legislation will be complex and cause some new problems as it attempts to solve the old ones.

However, I feel that several provisions of H.R. 12855, the Ways and Means Committee's portion of this legislation, are especially significant and represent considerable improvement over existing law and the pension bill passed by the Senate last September.

Present law places no specific limitation on the amount of deductible retirement plan contributions for corporate employees, limits deductible contributions for self-employed workers to a maximum of 10 percent or $2,500 a year, and makes no provision at all for workers not covered by any type of qualified pension plan.

The proposal to raise the deductible contribution for self-employed workers to $7,500 a year or 15 percent of income is certainly a step in the right direction. The provisions to encourage establishment of Individual Retirement Accounts should help a very large segment of the working force who do not now qualify for tax deductible contributions to help themselves plan for a more secure retirement.

The $75,000 annual limitation for defined benefit plans will adequately protect against Government revenue loss caused by deductible corporate contributions for top executives. At the same time, it should not discourage continuation of the sound existing plans which such corporations as Sears, and the J. C. Penney Co. have established for employees at all levels.

In summary, the legislation now before the House represents many hours of testimony and deliberation by the Committees on Ways and Means and Education and Labor. I am hopeful that the best features of both committee's proposals can be retained and that pension protection for millions of Americans will be extended.

Mrs. GRASSO. Mr. Chairman, today the House considers H.R. 2, the Employee Benefit Security Act—possibly the most important single piece of legislation to assist the American worker in nearly 40 years.

Passage of the Employee Benefit Security Act will improve pension coverage for employees in the private section and will help secure long awaited justice for the American wage earner.

The product of years of effort, the bill represents a major triumph for my friend and colleague, the gentleman from Pennsylvania (Mr. DENT). As a member of the Education and Labor Committee, I am well aware of his dedication and commitment to pension reform legislation.

As we all know, two bills will be offered as substitutes to H.R. 2. As a member of the Education and Labor Committee, I will concentrate my remarks on the merits of H.R. 12906, which encompasses the basic language and scope of the original H.R. 2. The provisions of H.R. 12906 will help protect the pension of the average worker who expects and deserves the promised pension that thousands have been denied.

Mr. Chairman, the inadequacies of many existing pension plans and the abuses associated with their administration have been amply documented and publicized over the years. I am certain that nearly every Member can point to letters documenting the need for improvements in the present private pension plan structure.

More than 30 million workers are covered by private pension plans with assets totaling over $150 billion. These workers have been led to believe that upon retirement they will receive certain pension benefits. In fact, the collection of a pension may depend on luck as much as on length of service. In too many cases, mergers, forced early retirement, plant shutdowns, plan mismanagement, and other difficulties lead to either no pension at all or to a partial payoff on the money invested by the worker in the pension fund.

Offered as a substitute to title I, H.R. 12906 will help eliminate many of the problems associated with private pension plans and establish a minimum level of pension plan responsibility. The bill achieves these results through minimum vesting, funding, and fiduciary standards and the establishment of a reinsurance program.

In our mobile society, workers no longer remain in the same town or work for the same employer for their entire adult lives. However, under many existing pension plans, workers lose their accumulated pension benefits if they leave before reaching retirement age. By requiring a minimum standard of vesting, the bill insures the rights of employees to share in the company's pension fund even if the employees leave the company before retirement age or have their employment terminated.

The bill allows pension plans to choose one of three vesting schedules and retains the flexibility contained in many existing plans for allowing the payment of pension benefits prior to age 65. This section would rectify the all too common complaint expressed by workers who have contributed 15 or 20 years to a pension fund and then discover they are not entitled to any pension benefits.

Second, the bill requires the administrators of pension plans to provide participants with detailed information on the particulars of the plan and the financial condition of the plan. In this way, workers will know exactly what they can expect from the pension plan and will have firm indication of the financial stability of the plan itself.

Third, the bill requires an employer to make payments toward the principal of the unfunded accrued liabilities of a pension plan to insure the coverage of current obligations on the plan. No matter how lucrative a pension plan appears on paper, its promises are worthless without sufficient capital.

Finally, the bill establishes a Pension Benefit Guaranty Corporation administered by the Secretary of Labor to insure unfunded vested liabilities. Inclusion of this provision in pension reform legislation is crucial. For a variety of reasons, pension plans have been terminated without completing their responsibilities to their beneficiaries. Plan termination insurance protects pension credits which would otherwise be lost upon termination of the pension plan.

Mr. Chairman, despite some reservations to specific sections of the compromise proposal being offered, I believe that this legislation offers the best opportunity for protecting private pension plans. These plans have been a godsend to thousands of workers who otherwise might be struggling near or below the poverty line during their retirement years.

I will support the bill and urge my colleagues to join me.

Mr. FORD. Mr. Chairman, I rise in support of the Employee Benefits Security Act. This legislation is designed to protect the pension benefits of the millions of working American men and women. It is the product of lengthy and painstaking deliberations of both the Education and Labor Committee on which I serve and the Ways and Means Committee.

The intent of this legislation is to insure that the pension system in the private sector will be a good system, a system that works. The legislation attempts to correct the weaknesses in the present system, and assure that, when workers are promised pension benefits, they do not suffer a loss of those benefits merely because the plan provides for no vesting protection, has been inadequately funded or, for one reason or another, has been terminated.

The legislation before us today would provide these assurances and would facilitate the orderly growth of private pension plans as well. The Employee Benefits Security Act provides for Federal standards of fiduciary responsibility, for minimum standards of vesting and funding and for plan termination insurance. By enacting these standards into law, Congress will be greatly improving the probability that the millions of workers presently covered by private pension plans will, in fact, receive a pension when they retire.

This legislation establishes a tighter reporting and disclosure requirement for pension plans, as well as providing for standards of conduct for fiduciaries exercising power or control over the management of pension funds. It also requires that the administrator of a plan must provide each participant or beneficiary with a written description of the plan in language that an average and reasonable worker can be expected to understand intelligently, as well as with a summary of the annual financial report which is submitted to the Secretary of Labor. The plan description must include a schedule of benefits, eligibility and vesting provisions, claim procedures and remedies, basis of financing, and other plan provisions affecting employees' rights.

The vesting requirement provision of the bill provides for three alternative formulas. One of the following rules would meet the minimum requirements provided for under this legislation: The 10-year service rule which would guarantee 100-percent vesting after 10 years of covered service, but under which no vesting would occur prior to a full 10 years of service; the graded 15-year service rule which provides for 25-percent vesting after 5 years of covered service, increasing by 5 percent for each of the next 5 years, and 10 percent for the subsequent 5 years until 100-percent vesting is achieved at the end of the 15th year; or the "rule of 45," under which 50-percent vesting would occur when age plus the number of years of covered service equals 45. Vesting under the rule would increase by 10 percent each subsequent year until the 100-percent figure is reached.

The bill also provides for assurances that the pension plan will be adequately funded. This protection is guaranteed by the provision which requires an employer to make payments toward the principal of unfunded accrued liabilities. A liability is what is incurred when the employer grants pension credits to employees for past service, and an unfunded liability is what exists when assets are not sufficient to cover the liabilities over the long run.

Mr. Chairman, one of the most important provisions of the legislation before us today is that part of the bill which provides for plan termination insurance. This provision is designed to protect workers who have been paying into pension plans for years, only to learn that, prior to their retirement, the plans, for one reason or another, have terminated. This provision would establish a Pension Benefit Guaranty Corporation which would be administered by the Secretary of Labor and a board of directors which would be comprised of the Secretary and two officers or employees of the Labor Department. Plans would be required to insure unfunded vested liabilities incurred prior to as well as after the enactment of this legislation into law.

The legislation would also include an enforcement provision providing for criminal penalties of 5 years imprisonment and $10,000 fine for willful violation of the act by individuals, and up to a $200,000 fine for a willful violation of the act by a corporation.

The legislation would also require that the Social Security Administration maintain records of retirement plans in which former employees who have not yet retired have acquired vested benefits. The Social Security Administration under this provision would also be required to provide this information to plan participants and beneficiaries on request and also upon their application for social security benefits.

Mr. Chairman, I cannot overstate the importance and the urgency of the need for prompt enactment of this legislation into law. Ever since I first cosponsored pension protection legislation over 6 years ago, my office has been deluged with mail from my constituents demanding that the Congress provide the American working men and women with protection for their private pension plans. Over the past years, the committee has traveled to my own State of Michigan and conducted hearings in which we have been confronted by the distressing tales of workers who have suffered great damage because of the inadequacy of our present pension protection laws. The committee has heard from witnesses who have described situations resulting in lost and reduced pension benefits as a result of the closing of major employers in the Detroit area such as the Garwood Division of Sargent Industries, of Packard Motors, and Essex Wire.

The committee was told of the situation which resulted in 1960 when a major Detroit newspaper shut down and paid to its over 400 employees lump-sum pension benefits of approximately $160. We heard from steelworkers who lost jobs as well as pension benefits as a result of the shutdown of the Mahon Industrial Division and the Taylor Cement Co., and we heard the testimony of one individual who received, after 29 long years of service, a lump-sum payment of $1,800 when the Garwood plant closed down in my own district recently.

Mr. Speaker, these were all stories which were related to the committee when it traveled to Michigan. Similar stories can be and have been heard in virtually every State and every congressional district in this country. The evidence in support of the need for the legislation we are considering today is insurmountable. Virtually every major labor organization, including the United Auto Workers, the United Steel Workers, and the AFL–CIO, has expressed its support for this legislation.

It has been considered now for several years by the Congress and the bill before us today has been the result of many long hours of work and negotiation by the distinguished Members of both parties of both the House and the Senate.

Mr. Speaker, the protections which this bill will afford to our American working force is long overdue. At this point I urge my colleagues from both sides of the aisle to give this legislation their unequivocal support so that it can be sent to the White House and be signed into law at the earliest possible date.

Mr. MURTHA. Mr. Chairman, I rise in praise of the Congress for the courage and forthrightness shown by its Members in passing the pension reform bill. This bill is to be held up as a landmark for the workingman, particularly the steelworker, who has been fighting for a vested and portable pension for many years.

This is a capstone of a legislative inquiry that started 7 years ago, spurred on by Congressman JOHN DENT and his subcommittee because of concern for the interests of the workingman.

There can be no doubt that this is a major contribution to a more secure future for men and women who have worked hard all their lives. I do not view the present legislation as a cure-all for the problems of the working man and woman, but it certainly demonstrates that the Congress is moving in the right direction and has the leadership it needs to move into the future.

Mr. DON H. CLAUSEN. Mr. Chairman, there are very few issues before the Congress that will directly affect as many people as the question of pension reform.

Pensions are becoming a way of life, and rightfully so, in employees' fringe benefit packages at the same time as our average lifespan is increasing and our retirement age is decreasing.

This trend must be encouraged in every way possible by the Congress, by management, and by labor. Financial preparation for retirement should be among the highest priorities of any individual.

It is the individual who bears the responsibility to prepare for those years after he leaves the work force but it seems to me that it is the responsibility of the Congress to make certain that no person who takes the necessary steps is deprived of his benefits because of something beyond his control.

We have seen from past experience that the two basic reasons a worker loses his pension are change of job and lack of financial integrity of the fund. I believe the pension reform bill reported by the Education and Labor Committee will help remedy these two problems in a reasonable and responsible way and it has my full support.

The vesting standards included in the bill make certain that once an individual becomes entitled to benefits he retains his entitlement and is not required to hold the same job or work for the same organization throughout his working career.

Both the general mobility of our society today and the fundamental desire of most Americans to better themselves by seeking and accepting better employment tend to insure that most workers will not spend their lives working at the same job. They should not be penalized for this.

I recently learned of a case where a lady had worked in California for an aircraft company for nearly 20 years. Upon leaving the company she did not qualify for any retirement even though she had paid into the pension fund during her service with that employer. That company's pension plan offered no vesting rights whatsoever.

While this person realizes she has no opportunity to receive retirement benefits for her service, she brought her problem to my attention in the hope that others similarly situated would not be similarly affected.

Likewise, can there be any justification for an individual maintaining a retirement fund throughout his working years and planning his retirement based upon his pension fund only to find that when he is ready to retire the fund is bankrupt and he is unable to collect his annuity?

This kind of heartbreak can be avoided by simple standards of fiduciary responsibility to protect pension funds. Neither a great deal of governmental intervention in the private sector nor a requirement to meet more than ordinary actuarial standards is necessary to meet these goals.

In addition, the bill before us contains pension legislation from the Committee on Ways and Means which relates to the Federal tax structure and the incentives it gives for the creation of pension plans.

The most important of these, of course, is the so-called "Keogh plans" which encourage the self-employed to set up pension plans for themselves.

The bill increases the maximum deductible contribution that an individual is allowed to make on his own behalf to a pension plan. That allowable amount will now be 15 percent of earned income up to a maximum of $7,500. This is a substantial improvement over existing law.

While the H.R. 10 plans have been criticized in some quarters and amendments have been proposed to remove this section from the bill, I strongly believe that such an effort is short-sighted and counter-productive.

It is totally contrary to our best interests to discourage pension plans of whatever type. Every individual must be encouraged to set aside money for his post-working years. And, every consideration must be given to those who do.

Far too many people are attempting to live on fixed, inadequate annuities today. The hardships this causes are increased dramatically in times of inflation and shortages.

Therefore, Mr. Chairman, I support the bill before us today and urge my colleagues to give it overwhelming approval.

Mr. REID. Mr. Chairman, I rise in support of the Employee Benefits Security Act of 1974.

This bill, as worked out between both the House Education and Labor Committee and the House Ways and Means Committee, is modest—it does not purport to solve every inequity that presently exists in our private pension systems—but it does make an important step forward in the reform of those systems, and for that reason, I intend to vote for it.

About 30 million workers are presently covered by private pension plans; up to 42 million will be covered by 1980, under plans with assets totalling over $215 billion. While pension plans have served some workers well, it is a fact that many—if not most—workers pay into plans year after year expecting to receive insurance for their retirement, and end up getting back absolutely nothing—either because their company or plant goes out of business, or because it merges with another and the pension system is revoked, or because there are insufficient funds in the pension system, or because the managers of the pension plans have made bad investments, or because fund trustees and administrators breach faith with employees. In sum, there are too many "iffy questions" for a worker to feel any real security, as is evident by the fact that of those who have worked and then left jobs with pension plans over the past 20 years, only about 5 percent will ever receive any benefits.

So reform is vital, and long overdue.

The committee bill will, first of all, require disclosure and reporting requirements, thus helping to protect employees from self-dealing managers. He will also establish fiduciary standards to provide additional safeguards against mismanagement.

Second, the bill provides for three alternative minimum vesting standards—whereby a worker may receive benefits even though he or she has not reached the retirement age, should he or she for some reason terminate his employment. The three alternatives include: First, the 10-year service rule, whereby a worker would receive 100 percent vesting after 10 years of covered service, but nothing before that period; second, the graded 15-year service rule, whereby a worker would receive 25 percent vested after 5 years of covered service, with the percentage increasing by 50 percent each year until the 10th year, and then increasing 10 percent each additional year through the 15th, when 100 percent vesting would be achieved; and third, the rule of 45, whereby a worker would receive 50 percent when his or her age plus covered service equals 45; the percentage would increase by 10 percent each year until 100 percent were reached.

The bill would require actuarially sound funding of pension plans in order to assure that there is sufficient money to pay the vested benefits to the workers when they are due.

The bill guarantees "termination insurance," which provides a backup for the funding requirements and safeguards workers who might otherwise be deprived of benefits or retirement credit, either through unexpected financial difficulties, mismanagement, embezzlement, or other reasons.

The tax provisions of this bill are also important. One, for instance, limits contributions under qualified plans to reach the lesser of $75,000 or 100 percent of pay in the highest paying 3 years of employment. In the case of defined contribution plans—profit-sharing and money purchase pension plans—the annual set-aside would be limited to the lesser of 25 percent of the employee's compensation or $25,000. Another tax provision increases the limits on deductions for self-employed individuals—in "Keogh" plans—from the present 10 percent of their income, not to exceed $2,500, to 15 percent of their income, not to exceed $7,500.

Mr. Chairman, I am glad to support this legislation. It is long overdue but represents a strong first step toward reform, and I hope that my colleagues will lend it their support so that we may grant American workers the rights they have so long deserved.

Mr. PRICE of Texas. Mr. Chairman, responsible and comprehensive pension reform is necessary to insure that every American working person covered by a pension plan can depend upon that plan to pay the benefits to which that person is entitled after retirement.

The goals of the legislation before us are to extend pension plan coverage to more working people, to assure employees equitable pension treatment and benefits, and to protect employees from loss of retirement benefits due to risk of bankruptcy, merger, or reasonable job shifts. While we are considering these changes, we must keep in mind that if Federal pension regulations become too burdensome for employers, those employers may be encouraged to choose not to set up a pension plan for their employees. After all, these plans are voluntary, and I would strongly oppose any Federal requirement to provide mandatory pension plans in private business.

We must, therefore, be certain that the legislation we enact will accomplish the goals we desire without rending harm to working Americans by actually discouraging company pension plans.

Along with all the Members of Congress, I have received a number of complaints from my constituents regarding apparent unfairness in pension plans. Many of these reports are truly heartbreaking as the writer tells of how, after long years of hard labor and contributing into the pension fund, he was left without benefits, or drastically reduced benefits, upon retirement because of some apparent inequity in his company's pension plan.

One woman recently wrote me that she is unable to receive the retirement benefit on which she had depended because, although she had worked for and contributed into a plan at the same company 17 years, she had not worked 15 years consecutively as required by the company pension plan. The reason she had not was that she quit work for 2 years, after 10 years of work, because of a severe illness in her family. Justice would certainly seem to dictate that she should be eligible for some compensation after her many years of service to her employer.

I have learned of many other examples of working people losing retirement benefits, sometimes to inequities in the pension plans, sometimes due to the closure of a plant or business. The fate of these people, and the risks of similar tragedy taking place in the future, is reason enough for responsible pension reform legislation.

Under H.R. 2, the pension reform bill now before us, reasonable new requirements would be established to insure funding, vesting, and disclosure and fiduciary standards. Under the vesting requirements, employees who leave or lose their jobs before retirement age will still be assured partial pension benefits when they retire in later years; an employer will be able to choose between three options in determining how his plan will vest his employees. Under the funding requirements of the bill, pension plans will be required to be actuarially sound enough not only to meet current benefit obligations, but also to meet accrued liabilities in case of program termination. The bill strengthens disclosure and fiduciary standards to insure that employees have readily understandable and complete information regarding their pension plans and benefits.

For self-employed persons, this bill includes a revision of the tax laws to raise the amount that can be claimed as a deduction for a retirement program from the present maximum of 10 percent, or $2,500, of earned income annually, to 15 percent, or $7,500, whichever is less. This provision will allow many of the Nation's self-employed, including farmers and ranchers, to better prepare for their future retirement years.

Surprisingly, almost one-half of the Nation's working population is not covered by any company pension plan. This legislation would allow those who are employed by a company, but who do not participate in a pension plan, to participate in an "independent retirement account" and to deduct from their taxes up to $1,500 a year of earned income which is placed in such an account. This provision will encourage more Americans to plan for their retirement years.

This legislation also corrects a provision in the Senate-passed bill (H.R. 4200) which placed unreasonable restrictions on the contributions that an employer may make to profit-sharing plans. The bill before us does allow those who do participate in profit-sharing plans to receive substantial benefits through those plans upon retirement.

The bill does place limits on the amount of tax-deductible contributions which can be made to corporate retirement plans by high-salaried executives.

In spite of the many improvements which will result from this legislation, there are certain provisions in this bill which could result in the termination of some existing pension plans and which might discourage the formation of new ones. These include the requirement that both the Department of Labor and the Department of the Treasury administer the new eligibility-participation, vesting, and funding standards. This will result in employers being forced to file additional reports and forms at a time when we should be moving in the opposite direction toward a reduction in the burden of paperwork upon private businesses. This additional paperwork will result in increased costs for the administration of pension plans. Some estimates indicate that for many small companies the administration costs will double, and those costs are already running up as high as 40 percent of the overall costs of the plans in some cases. Dual reporting could literally force some of these small company plans out of existence, and it is with these small companies where many employees need the pension plans the most. It is unfair to legislate plans out of existence and leave employees with no retirement plan at all.

I would therefore support passage of an amendment which would place the administration responsibility for pension plan standards solely with the Treasury Department which already carries on Federal responsibilities in this area.

Also, the bill provides for a complicated "plan termination insurance" system which imposes new employer liabilities for unfunded claims on the pension fund of up to "50 percent of the net worth" of the employer. This provision would have a devastating impact on the credit rating of many firms. This is a drastic move which requires more study and I would support reconsideration of this provision of the bill.

Basically, however, this legislation will insure many American workers that their retirement benefits will actually be there when retirement comes. In this regard, this is monumental legislation which will take the worry out of being close to retirement age for many workers.

Mr. ANDERSON of Illinois. Mr. Chairman, I wish to state for the RECORD my reasons for opposition to the amendment offered today by the gentleman from Wisconsin (Mr. REUSS) to strike from part II of the substitute bill the increased deduction for H.R. 10 or Keogh plans. I find it curious that the proponents of this amendment are characterizing this provision as a vast new boondoggle or tax loophole for the wealthy. I noted the same language in a letter I received from the AFL–CIO in opposition to this provision which it termed "a tax shelter for high-income, self-employed professionals, especially doctors."

I certainly do not dispute the fact that professionals who are self-employed will be afforded additional incentives under this bill to contribute to a retirement plan. It is my understanding that the main thrust of the pension reform bill now before us is in the direction of improving and expanding our private pension system and insuring that all Americans will have an adequate retirement income. Why the self-employed should be singled out as not being entitled to the same security in their retirement years as other Americans is beyond me. It is not as if they are being given extra special treatment or benefits under this bill. Even with the new limits on deductions for corporate employees in this bill, the self-employed are still not being given equitable tax treatment with respect to their pension plans.

And while the proponents of this amendment are parading the Keogh provision in this bill as simply a loophole for the wealthy, the fact is that it is not just the highly paid professionals who benefit from Keogh plans, but their employees as well. My colleague from Wisconsin, the author of this amendment, pointed out during general debate on Tuesday that a 1968 Treasury study reveals that approximately half of the Keogh plan participants earn over $25,000 a year. While I suppose this is designed to demonstrate to us that Keogh participants are generally very wealthy and thus do not need additional tax incentives for retirement purposes, to me it demonstrates the substantial number of H.R. 10 participants who are not affluent and are not being treated equitably vis-a-vis their corporate counterparts in terms of their pension plans.

The gentleman from Wisconsin would have us believe that the overwhelming majority of self-employed are quite capable of taking care of themselves without tax incentives for retirement planning—that they are financially fixed for life and such a different breed of cat from corporate employees that we should not even be considering them when discussing retirement income security for the American people. I find all this a little difficult to swallow, especially when it comes from many of the same people who revel in taking potshots at big American corporations, and identify themselves with the little man. If there were some consistency here, you would think that these people would be championing the small businessman and the self-employed individual for his rugged individualism, his independence, and his contribution to our competitive free enterprise system. But no, we are now hearing from these same people that not only is bigness bad, but so too is smallness bad. The effect of this amendment, if it is adopted, would be to drive many of the self-employed, and the employees of the self-employed, either to incorporate or to join up with one of the big corporations, and, in the case of the employees, into the labor unions of those firms—which may help to explain the stake labor has in this amendment.

In conclusion, Mr. Chairman, we are not talking here about creating or expanding upon a so-called tax loophole to be abused by the wealthy for their benefit; we are talking about insuring adequate retirement income for the self-employed and their employees, upon which taxes will eventually have to be paid. We are not talking about a new device that will enable the very wealthy to avoid paying tens of thousands of dollars in taxes, we are talking about a very modest increase of from $2,500 to $7,500 maximum which the self-employed may contribute to a retirement plan. Given the rate of the inflation over the last decade since H.R. 10 was first enacted, I think this is a most reasonable, responsible, and necessary increase. And, if we are to be true to the overall goals of this pension reform legislation we have an obligation to provide this additional retirement plan incentive to the self-employed. I urge defeat of this amendment and any subsequent amendments which may be offered to reduce this deduction.

Mr. BADILLO. Mr. Chairman, I was pleased to support the Employees Benefits Security Act this afternoon, particularly as action in this critical area has been long overdue. In the past thousands of working men and women have been victimized by private pension plans which have failed to provide adequate financing to meet their responsibilities. As a consequence they have been left to face their later years with only minimal social security payments. During the lengthy and detailed hearings and studies conducted by congressional committees into the private pension issue, a seemingly endless procession of tragic stories, recounting years of dedicated service ending in little or no financial security for retirement, unfolded. I am sure many of us are familiar with the well-known demise of the Studebaker Corp.'s pension plan and the tragedy which befell many of that company's employees when it was forced to close over 10 years ago. The Studebaker story is just one isolated example of the failure of a pension plan to provide employees with those benefits which they had expected in good faith to receive after so many years of service. This and numerous other examples serve to highlight the Labor Department's report that from one-third to one-half of all workers who are planning on some degree of financial independence during retirement will be let down by their pension plans.

We have come a long way from 1875 when the American Express Co. established the first private pension plan in this country. Today over 30 million workers—approximately 42 percent of the private nonfarm workers—are covered by private pension plans which reportedly have an estimated $150 billion to $160 billion in assets. It has been reported that by 1980 this figure will soar to 42 million covered workers with total assets amounting to some $215 billion. We must bear in mind, particularly in light of these amazing figures, that not only are millions of workers dependent upon these plans for retirement funds but the investment policies pursued by these various pension programs can and will have a significant impact on the Nation's economy. Clearly, meaningful and just regulation is required.

Despite the existence of three Federal laws which regulate various aspects of pensions—the Welfare and Pension Plans Disclosure Act of 1958, the Labor-Management Relations Act, and the Internal Revenue Code—a number of serious inadequacies and shortcomings remain and corrective action must be taken. A Senate Labor Subcommittee has reported that as many as 95 percent of those workers who have left their employment during the past two decades will not receive a single cent from pension plans to which they made regular contributions in expectation of having some degree of security and financial protection. Pension plans have failed to receive adequate financial backing, funds have been mismanaged, payments and coverage have been woefully inadequate and the basic rights of American workers have been blatantly ignored or violated. We must not allow this situation to continue.

The measures considered today are welcome but should not be viewed as a panacea for solving all of the ills of the pension system. In fact, this legislation contains a number of serious defects which limit the extension of needed protections and, in at least one instance, amount to nothing more than an unnecessary bonanza for the richest percentage of American families.

The majority of reforms contained in this legislation should facilitate the orderly growth of private pension plans and, by establishing Federal standards of fiduciary responsibility and norms on vesting and funding, we will enhance the likelihood that those workers now covered by private pension plans will actually receive benefits upon retirement. This legislation contains a number of salutary features which will provide urgently required protection for a large percentage of the national work force. Unfortunately, however, there are certain imperfections and omissions which I believe deserve careful consideration and attention.

Although the House failed to adopt my amendment establishing a voluntary portability program for vested pensions, I believe this is an issue on which we must focus attention, particularly in the implementation of the legislation passed this afternoon. As I mentioned during debate on my amendment, vesting and portability are not synonymous and the additional security afforded by portability is required. While my amendment called for a voluntary system, I had attempted at the very least to establish a principle upon which we could build future legislation. I am hopeful that the appropriate legislative committees will nevertheless give close attention to the question of portability with a view toward developing a just and workable system which could be enacted in the future.

One of the principal areas of reform addressed by this legislation is vesting and title I of H.R. 12906 requires pension plans to meet one of three different vesting formulas. While this provision is welcome, it does not go far enough. Vesting rights in the early years of a person's employment are minimal or, under certain plans, nonexistent. We simply cannot permit such a situation to continue, especially in light of the rising unemployment rate and the serious dislocations caused by the energy crisis and unsuccessful economic programs. Workers, in my opinion, have a right to immediate vesting without waiting for a stipulated period of years or working under a formula which would delay their vesting rights for varying periods of time. Pension rights must be guaranteed to workers from the moment they start their jobs. This is especially critical for those unfortunate men and women who may lose their jobs before their pension rights vest because of business failures, plant relocations or economic declines. Also, immediate vesting rights will protect those low-wage earners who move from job to job throughout their working careers in search of either higher wages and/or more suitable or challenging employment. Particularly hard hit are the minorities—blacks, Spanish-speaking, women and youth—who are usually the last hired and the first fired and normally have not been on the job long enough to accrue any vesting rights.

Finally, there is one other feature of this legislation which requires comment. In an ill-conceived move the Ways and Means Committee and the Senate Finance Committee apparently caved in to administration pressure and significantly expanded an undesirable tax loophole by tripling the maximum amount of tax-free contributions self-employed persons are allowed to write-off for contributions to retirement plans under the "Keogh plan." This is nothing more than a tax avoidance scheme which primarily benefits high income, self-employed persons. Such a provision is particularly unconscionable when you consider the fact that Treasury Department and Joint Internal Revenue Taxation Committee data reveal that 45 percent of the Keogh tax benefits presently go to persons with reported gross incomes of $50,000 per annum and over, a segment of the population representing less than 1 percent of this country's taxpayers. Why should a privileged, wealthy few receive such special treatment? There is simply no justification for this provision and I felt it should have been removed without hesitation. I commend our distinguished colleague, the gentleman from Wisconsin (Mr. REUSS), for the initiative he took in opposing this special-interest provision. I supported his amendment fully and regret that it was not adopted.

Mr. Chairman, although I have noted a number of defects, this legislation is generally sound. It is a measure which will protect the basic interests of millions of fellow citizens and will provide assurances that their hard earned pensions will be available to them at the time of their retirement. I supported a number of amendments to improve the measure and to close unnecessary gaps. I am hopeful that the conferees will take prompt action in resolving differences between the House and Senate versions of the pension legislation in order that long-overdue and urgently required protections for American workers can be implemented at the earliest possible date.

Mr. DRINAN. Mr. Chairman, I rise in support of the pension legislation before us. This bill is a necessary first step long overdue in the area of private pension reform. Some 36 million workers are currently participating in some form of pension or retirement plan. This number has roughly doubled in each decade since 1940. Estimates of the amount of money held in pension funds range upward of $150 billion.

Unfortunately this bill does not cure every problem. Future legislation will be necessary. The legislation has been described as modest. I think that that is accurate, but that this step is basic in our effort to protect the long service employee participating in and contributing to a pension plan who might otherwise lose it. This legislation seeks to reduce the adverse effect of plant closing and bankruptcy on such people.

This bill has been widely endorsed by both business and labor interests. It is the product of a consolidation of the efforts of the House Committee on Education and Labor and the House Committee on Ways and Means. I commend the members of those committees, and the Members of this House on their efforts in bringing this legislation before us today.

For too long the promise of private

pensions has turned out to be a mirage for millions of workers. Under current law, pensions are virtually unregulated. In all too many cases, the promise of a private pension shrinks to the very small likelihood that an employee will stay with the company long enough and that the company will remain financially healthy long enough, for him to receive pension benefits.

Perhaps the worst part of the failures of current pension plans is that in too many cases employees forgo increases in wages for expected benefits at retirement.

The bill before us today accomplishes six basic purposes. The bill establishes basic requirements for the funding of private pension plans. Under current law, plans are only required to fund current liabilities. This bill would require that accrued liabilities and past service costs be amortized over a 30-year period. This funding requirement should sharply reduce any likelihood that plans will be unable to pay off their vested benefits because they have been underfunded.

In addition, the bill sets standards for the conduct of fiduciaries who manage these pension plans. These standards should prevent abuses in the management of pension plan funds, such as self-interest transactions, and other unwise and dishonest financial dealings. The financial security of pension plans should be enhanced.

The bill also requires that participants in the plan be adequately informed of their rights to benefits and of the financial status of the plan. In addition, the bill requires disclosures of all pertinent financial information on the plan so that its fiscal strength cannot be kept secret.

Perhaps the most important provisions of this bill for the individual worker are those which establish minimum "vesting" standards. These provisions will guarantee workers a nonforfeitable right to a pension after a specified term of service. Under any of these vesting schedules, a plan participant over the age of 25 will be assured of vesting 100 percent of his retirement benefits after a term of service of between 10 and 15 years.

A Department of Labor study has shown that plant closings, financial mismanagement of plans and other business failures caused 19,000—in 1972—to lose their vested pension benefits. The bill before the House today would prevent anyone who has a vested pension benefit from losing his benefit because of plan failure for any reason. A plan termination insurance program is established by the bill, and financed by employee contributions to an insurance corporation administered by the Department of Labor.

One serious shortcoming of this bill is its failure to provide "portable pensions" in any meaningful way. While there are some commendable advantages allowed engineers, scientists, and other highly mobile employees for their pension plans, the bill contains no comprehensive program to allow workers to move from one job to another and carry their pension benefits with them without sacrificing some financial advantage.

For those not participating in corporate pension plans, the bill offers two changes in existing self-employed retirement options. Title II of this bill would equalize the tax advantages of corporate plans with those of the plans of self-employed individuals by increasing the maximum allowable deduction under so-called Keogh or H.R. 10 plans to 15 percent of earned income not to exceed $7,500. In addition, for those individuals not participating in any kind of pension plan the bill establishes new tax advantages for "individual retirement accounts." Under the new provisions, individuals not covered by a qualified or Government pension plan are permitted to take a deduction of up to 20 percent of their earned income up to a maximum of $1,500.

The bill also provides needed restraints on the excesses of pensions which are primarily for the benefit of highly paid individuals. Under current law, it is possible for a highly paid individual to receive a massive pension which is subsidized at the cost of many thousands of dollars to the general taxpaying public. This bill would set a limit on pension benefits for such highly paid individuals of the lesser of $75,000 or 100 percent of an individual's compensation during his three highest annual earning years. Still, this bill generally provides excessive tax advantages benefitting the wealthy, and subsidized by all taxpayers. These tax advantages must be further examined and the subject of further legislation in this area.

Mr. Chairman, I am hopeful that the conference committee can pass this bill rapidly, as it will bring needed relief to millions of workers.

Mr. FASCELL. Mr. Chairman, I rise in strong support of title I and title II of the Employee Benefits Security Act, offered by the Education and Labor and the Ways and Means Committees respectively. There is no question that this is landmark legislation which will greatly benefit working men and women for years to come.

First, I commend the special efforts of our colleagues on the Education and Labor and Ways and Means Committees who have spent months working on this complex issue so that all of the related aspects of pension reform could be considered at the same time. Because of the dual jurisdiction this was indeed a difficult task, and I commend all involved for their dedication and tenacity. The result is, I believe, legislation which will provide protection for employees' retirement benefits and at the same time retain the incentives for employers to establish the voluntary retirement plans.

Congressman DENT deserves special recognition for his work as chairman of the General Subcommittee on Labor and its Pension Task Force. The extensive investigation and hearings which he conducted have provided us the basis upon which rational and workable decisions on pension reform could be made, and I was pleased to cosponsor with him the bill originally reported by the Education and Labor Committee.

As the Representative of south Florida's 15th Congressional District which has a high concentration of retired senior citizens, the serious economic problems facing many retirees are brought to my attention daily. These senior citizens spent many years in the work force caring for their families and planning for their retirement. In many cases, unfortunately, those retirement years which had been anxiously anticipated, in reality turn into nightmares. Social security benefits, originally intended to supplement retired income, often becomes the only source of income for retired senior citizens. And many are forced to deplete their savings, if indeed they are fortunate enough to have any savings, to make ends meet.

While the Congress has been diligent in its efforts to increase social security benefits as the cost of living has risen, we all realize that social security alone cannot cover basic necessities with the cost of living where it is today. So life for senior citizens becomes a constant battle to stretch meager funds to meet food, health, and housing needs.

In many cases, retirees are forced to live on their social security benefits because they have been arbitrarily denied retirement benefits from private pension plans they contributed to during their working years.

We are all too familiar with numerous examples of persons who have worked and paid into private pension plans for a long period of years only to find that their employer went bankrupt just before their retirement, or sold the business to someone who discontinued the pension plan or changed eligibility requirements, or that the fund was insufficiently funded to meet its plan obligations. I recall one case in particular where an individual had performed the same job at the same plant for nearly 30 years. The company changed ownership three times during his employment, however, and each time the new owner established a different retirement plan. Just before qualifying for benefits under the third plan, the man was dismissed from his job. He never received any benefit from nearly 30 years of contributions to a retirement plan.

The legislation before the House now would protect working men and women from being arbitrarily deprived in this manner of benefits they have earned.

Key provisions of the Employee Benefits Security Act call for new requirements regarding fiduciary responsibility and disclosure. Other significant provisions set vesting and funding requirements, and establish plan termination insurance.

The minimum vesting standards are probably the single most important aspect of the bill. These will make it possible for workers to achieve a nonforfeitable claim to benefits which have been earned by them and which have accrued to them. Even though a worker's job is terminated, once he has a vested claim, he will be eligible for the same retirement bnefits.

The three alternatives for full vesting offer private industry adequate flexibility, and balance the protection offered employees against the additional cost involved in financing the plan, and are supported by minimum funding requirements.

These provisions should act to minimize the incidents involving failure to realize benefits from pension plans. There may occur, however, unexpected business failures, bankruptcy, or fund mismanagement which inadvertently lead to plan termination in spite of the safeguards provided in this bill. For these unusual cases, the bill establishes termination insurance similar in operation to the Federal Deposit Insurance Corporation which will require a contribution from pension benefit plans which in turn will be paid out to those which are terminated.

The provisions reported by the Ways and Means Committee regarding tax treatment of qualified pension plans have also been developed to provide the maximum protection for employees while maintaining the incentive for employers to establish these voluntary plans. The committee has also acted to equalize tax treatment under retirement plans, and has recommended a new type of individual retirement plan for employees who are not in a qualified plan, Government pension plan, or annuity plan established by a tax exempt institution. The committee has noted that by encouraging employers to make modest contributions initially for the retirement needs of their employees, such individual retirement plans will lead eventually to the establishment of a significant number of new qualified retirement plans.

Mr. Chairman, it is estimated that approximately 36 million workers are currently participating in some pension or retirement plan. The combined resources of existing pension plans are estimated to be in excess of $150 billion and are increasing at a rate in excess of $10 billion annually. Many workers now paying into these plans will receive the benefits they have earned. But many others may not unless we act to set the minimum standards proposed in the substitutes being offered to H.R. 2. It is unfair and inequitable for workers to defer income in anticipation of retirement benefits which they will never get. Enactment of this legislation will go far toward eliminating those inequities.

Mr. BINGHAM. Mr. Chairman, pension reform legislation is long overdue and I congratulate my colleagues on the Education and Labor and Ways and Means Committees for their perseverance. I believe the legislation passed by the House on February 28 will prove to be a major step toward providing total protection for the hard-earned retirement dollars of the American wage earner.

This legislation would go a long way toward ending the heretofore dreaded situation where a worker lost all of his pension benefits because he was laid off shortly before his benefits were scheduled to be totally vested. Under this legislation, new standards for "vesting" or assuring that workers receive the pension credits they have earned, are established. Employers would be able to choose one of three allowable methods for determining vested benefits for their employees: total vesting after 10 years of service; 25 percent vesting after only 5 years of service, increasing gradually by the end of 15 years of service to 100 percent vesting; or, 50 percent vesting when a worker's age and service add up to 45, increasing by 10 percent each year until full vesting is achieved 5 years later.

Other important aspects of this legislation include the requirement that an employer make payments toward the pension plan's liabilities so as to avoid what has been a major cause of plan failure in the past, the establishment of a pension plan termination insurance fund to protect the participants of pension plans which do fail, establishment of certain fiduciary standards which plan administrators must abide by, and finally, establishment of disclosure requirements so that plan participants would be able to find out what is happening to their pension plan contributions.

While this legislation represents a major achievement, there are two areas where further improvement is required. The first concerns "portability," whereby a worker who changes jobs prior to retirement is able to transfer his vested pension credits from his old plan to his new plan. I supported the effort to amend H.R. 2 on the floor of the House to provide for this kind of pension mobility, similar to a provision included in the pension reform legislation I introduced during the 92d Congress. The portability provisions of H.R. 2, unfortunately, make no real changes in existing law, they merely reiterate the Social Security Administration's responsibility to maintain records on the retirement plans in which former employees who have not retired have vested benefits. True portability, as I have proposed, would enable the worker to transfer his vested pension credits from job to job and, therefore, preserve the cumulative benefits that would accrue to a worker if he did not change his job. Given the increasing job mobility of the American worker, I see no reason to discriminate against the worker who chooses to improve his work situation. I hope the Congress will address this problem in the very near future.

The second area where I feel further improvement is needed concerns the extension of Keogh-type tax deferred retirement contributions made by employees of firms which do not have pension plans. In my opinion, salaried employees should receive the same treatment accorded the self-employed. Why should lawyers, doctors, and other professionals who already receive preferential tax treatment be allowed to defer tax liability on retirement investments of 15 percent of their income up to $7,500 each year, when employees who work for employers that do not have pension plans are allowed to only deduct 20 percent of their earnings not to exceed $1,500 each year? If pension reform is to be complete, we should not tolerate only a partial elimination of past inequities.

In my June 1972 newsletter, I wrote that I was doing everything possible to end the "frauds on working people" perpetrated by pension funds. I am proud to have played a part in the development of national pension legislation which shall once and for all end the cruel game of chance so long associated with private pension plans.

The CHAIRMAN. If there are no further amendments, the question is on the committee amendment in the nature of a substitute, as amended.

The committee amendment in the nature of a substitute, as amended, was agreed to.

The CHAIRMAN. Under the rule the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. BOLAND, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee having had under consideration the bill (H.R. 2) to revise the Welfare and Pension Plans Disclosure Act, pursuant to House Resolution 896, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment adopted in the Committee of the Whole? If not the Chair will put them en gros.

The amendments were agreed to.

The SPEAKER. The question is on the amendment.

The amendment was agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

RECORDED VOTE

Mr. ULLMAN. Mr. Speaker, on that I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 376, noes 4, not voting 51, as follows:

[Roll No. 56]

AYES—376

Abdnor
Abzug
Adams
Addabbo
Alexander
Anderson, Calif.
Anderson, Ill.
Andrews, N. Dak.
Annunzio
Archer
Arends
Armstrong
Ashbrook
Ashley
Aspin
Badillo
Bafalis
Barrett
Bauman
Beard
Bennett
Bergland
Bevill
Biaggi
Biester
Bingham
Blackburn
Blatnik
Boggs
Boland
Bowen
Brademas
Bray
Breaux
Breckinridge
Brinkley
Brooks
Broomfield
Brotzman
Brown, Calif.
Brown, Mich.
Brown, Ohio
Broyhill, Va.
Buchanan
Burgener
Burke, Calif.
Burke, Fla.
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Butler
Byron
Carter
Casey, Tex.
Cederberg
Chappell
Chisholm
Clancy
Clark
Clausen, Don H.
Clawson, Del
Clay
Cleveland
Cochran
Cohen
Collier
Collins, Ill.
Conable
Conlan
Conte
Conyers
Corman
Cotter
Coughlin
Cronin
Culver
Daniel, Dan
Daniel, Robert W., Jr.
Daniels, Dominick V.

Danielson
Davis, Ga.
de la Garza
Delaney
Dellums
Denholm
Dennis
Dent
Derwinski
Dickinson
Diggs
Dingell
Donohue
Dorn
Downing
Drinan
Dulski
Duncan
du Pont
Eckhardt
Edwards, Ala.
Edwards, Calif.
Eilberg
Erlenborn
Esch
Eshleman
Evans, Colo.
Evins, Tenn.
Fascell
Findley
Fish
Flood
Flowers
Flynt
Ford
Forsythe
Fountain
Fraser
Frenzel
Frey
Froehlich
Fulton
Fuqua
Gaydos
Gettys
Giaimo
Gibbons
Gilman
Ginn
Goldwater
Gonzalez
Goodling
Grasso
Green, Pa.
Griffiths
Gross
Grover
Gubser
Gude
Gunter
Guyer
Haley
Hamilton
Hammerschmidt
Hanley
Hanrahan
Hansen, Idaho
Hansen, Wash.
Harrington
Harsha
Hastings
Hawkins
Hays
Hébert
Hechler, W. Va.
Heckler, Mass.
Heinz
Helstoski
Henderson
Hicks
Hillis
Hinshaw
Hogan
Holifield
Holt
Holtzman
Horton
Hosmer
Howard
Huber
Hungate
Hunt
Hutchinson
Ichord
Jarman
Johnson, Calif.
Johnson, Colo.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jordan
Karth
Kastenmeier
Kazen
Kemp
King
Koch
Kyros
Landrum
Latta
Lehman
Lent
Long, La.
Long, Md.
Lott
Lujan
McClory
McCloskey
McCollister
McCormack
McDade
McEwen
McFall
McKay
McKinney
Macdonald
Madden
Madigan
Mahon
Mallary
Mann
Maraziti
Martin, Nebr.
Martin, N.C.
Mathias, Calif.
Mathis, Ga.
Matsunaga
Mayne
Mazzoli
Meeds
Melcher
Metcalfe
Mezvinsky
Milford
Miller
Minish
Mink
Minshall, Ohio
Mitchell, Md.
Mitchell, N.Y.
Mizell
Moakley
Mollohan
Montgomery
Moorhead, Calif.
Moorhead, Pa.
Morgan
Mosher
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers
Natcher
Nedzi
Nelsen
Nix
O'Brien
O'Hara
Parris
Passman
Patman
Patten
Pepper
Perkins
Pettis
Peyser
Pickle
Pike
Poage
Podell
Preyer
Price, Ill.
Price, Tex.
Pritchard
Quie
Quillen
Railsback
Randall
Rangel
Rarick
Rees
Regula
Reid
Reuss
Rhodes
Riegle
Rinaldo
Robinson, Va.
Robison, N.Y.
Rodino
Roe
Rogers
Roncalio, Wyo.
Roncallo, N.Y.
Rooney, Pa.
Rosenthal
Roush
Rousselot
Roy
Roybal
Runnels
Ruppe
Ruth
St Germain
Sandman
Sarasin
Sarbanes
Satterfield
Scherle
Schneebeli
Sebelius
Seiberling
Shipley
Shoup
Shriver
Shuster
Skubitz
Slack
Smith, Iowa
Smith, N.Y.
Snyder
Spence
Staggers
Stanton, J. William
Stanton, James V.
Stark
Steed
Steele
Steelman
Steiger, Ariz.
Steiger, Wis.
Stephens
Stratton
Stubblefield
Stuckey
Studds
Symington
Talcott
Taylor, Mo.
Taylor, N.C.
Teague
Thompson, N.J.
Thomson, Wis.
Thone
Thornton
Tiernan
Towell, Nev.
Treen
Udall
Ullman
Van Deerlin
Vander Jagt
Vander Veen
Vanik
Veysey
Vigorito
Waggonner
Walsh
Wampler
Ware
Whalen
White
Whitehurst
Whitten
Widnall
Wiggins
Williams
Wilson, Bob
Wilson, Charles H., Calif.
Wilson, Charles, Tex.
Wolff
Wright
Wydler
Wylie
Wyman
Yates
Yatron
Young, Alaska
Young, Fla.
Young, Ga.
Young, Ill.
Young, S.C.
Young, Tex.
Zablocki
Zion
Zwach

NOES—4

Bolling
Collins, Tex.
Landgrebe
Symms

NOT VOTING—51

Andrews, N.C.
Baker
Bell
Brasco
Broyhill, N.C.
Burton
Camp
Carey, N.Y.
Carney, Ohio
Chamberlain
Crane
Davis, S.C.
Davis, Wis.
Dellenback
Devine
Fisher
Foley
Frelinghuysen
Gray
Green, Oreg.
Hanna
Hudnut
Jones, Tenn.
Ketchum
Kluczynski
Kuykendall
Leggett
Litton
McSpadden
Mailliard
Michel
Mills
Moss
Nichols
Obey
O'Neill
Owens
Powell, Ohio
Roberts
Rooney, N.Y.
Rose
Rostenkowski
Ryan
Schroeder
Sikes
Sisk
Stokes
Sullivan
Waldie
Winn
Wyatt

So the bill was passed.

The Clerk announced the following pairs:

Mr. Rostenkowski with Mr. Foley.

Mr. Rooney of New York with Mr. Davis of South Carolina.

Mr. Kluczynski with Mr. Fisher.

Mr. Brasco with Mr. Powell of Ohio.

Mr. Carey of New York with Mr. McSpadden.

Mr. O'Neill with Mr. Baker.

Mr. Rose with Mr. Mills.

Mr. Litton with Mr. Michel.

Mrs. Schroeder with Mr. Owens.

Mr. Carney of Ohio with Mr. Davis of Wisconsin.

Mr. Andrews of North Carolina with Mr. Crane.

Mr. Jones of Tennessee with Mr. Mailliard.

Mr. Leggett with Mr. Devine.

Mr. Moss with Mr. Kuykendall.

Mr. Nichols with Mr. Hudnut.

Mrs. Sullivan with Mr. Frelinghuysen.

Mr. Sisk with Mr. Camp.

Mr. Roberts with Mr. Wyatt.

Mr. Burton with Mr. Chamberlain.

Mr. Sikes with Mr. Bell.

Mr. Obey with Mr. Dellenback.

Mr. Waldie with Mr. Ryan.

Mr. Hanna with Mr. Broyhill of North Carolina.

Mr. Gray with Mr. Stokes.

Mrs. Green of Oregon with Mr. Winn.

The result of the vote was announced as above recorded.

The title was amended so as to read: "A bill to provide for pension reform."

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. DENT. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and include extraneous matter on the bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

AUTHORIZING THE CLERK TO MAKE TECHNICAL CORRECTIONS IN H.R. 2, EMPLOYEE BENEFITS SECURITY ACT

Mr. GIBBONS. Mr. Speaker, I ask unanimous consent that in the engrossment of the bill, H.R. 2, Employee Benefits Security Act, the Clerk be authorized to make technical corrections in punctuation, paragraph headings, and cross-references.

The SPEAKER. Is there objection to the request of the gentleman from Florida.

There was no objection.

LEGISLATIVE PROGRAM

(Mr. RHODES asked and was given permission to address the House for 1 minute.)

Mr. RHODES. Mr. Speaker, I have asked for this time in order to ask the distinguished acting majority leader if he is in a position to give us the program for next week to the Members of the House.

Mr. McFALL. Mr. Speaker, if the distinguished minority leader will yield, I will be happy to respond to his inquiry.

Mr. RHODES. I yield to the distinguished majority whip.

Mr. McFALL. Mr. Speaker, there is no further legislative business scheduled for today, and upon the announcement of the program for next week, I will ask unanimous consent to go over until Monday.

The program for the House of Representatives for next week is as follows:

On Monday we will call the Consent Calendar, and consider one bill under suspension of the rules, as follows:

H.R. 11143, Committee for Purchase of Products and Services of the Blind and other Severely Handicapped.

On Tuesday, we will call the Private Calendar and consider under suspension of the rules two bills as follows:

S. 1866, minimium civil service retirement annuities; and

H.R. 9440, use of licensed psychologists and optometrists under Federal employee health benefits program.

On Tuesday, we will also further consider H.R. 11793, and vote on the amendments and the bill. This is the Federal Energy Administration bill. The gentleman will recall that this matter was previously debated in the House, and we are now ready to complete our work on this legislation.

For Wednesday and the balance of the week, the program is as follows:

We will consider H.R. 8053, Voter Registration Act, under an open rule, with 2 hours of debate;

H.R. 11035, Metric Conversion Act, subject to a rule being granted;

H.R. 12341, transfer of State Department property in Venice, subject to a rule being granted;

H.R. 12465, Foreign Service Buildings Act supplemental authorization, subject to a rule being granted; and

H.R. 12466, State Department supplemental authorization, subject to a rule being granted.

Conference reports may be brought up at any time, and any further program will be announced later.

Mr. GROSS. Will the gentleman yield so that I may ask the distinguished acting majority leader a question?

Mr. RHODES. I yield to the gentleman.

Mr. GROSS. Could I ask the distinguished gentleman if he can give us any information as to when we might get to a vote next week on the resolution disapproving the pay increase for Members of Congress, the Federal judiciary, and the elite corps in the executive branch of the Government in view of the action of the Committee on Post Office and Civil Service of the House in voting or, rather, approving the disapproving resolution by a vote of 19 to 2 this morning?

Mr. McFALL. Will the minority leader yield for that purpose?

Mr. RHODES. I yield to the gentleman.

Mr. McFALL. I cannot give the gentleman from Iowa definite information. I am informed that the report from the committee on the bill to which he refers has not yet been filed. It would be possible—and this is a matter the Speaker would have to determine—that it could be ready for the suspension calendar, which, of course, is under the control of the Speaker, on Tuesday. It is also quite possible that the committee of which the gentleman from Iowa is a distinguished member would ask the Committee on Rules for a rule for consideration by the House later in the week. This matter, as the gentleman knows, is within the hands of his committee and, of course, the suspension calendar is within the discretion of the Speaker.

Mr. GROSS. I know that the distinguished Speaker and the distinguished acting majority leader can move mountains at times when they are so disposed, and I am sure we can expect them, if everything goes well next week, to obtain a vote before the expiration date of the 30 days which the House has within which to consider the disapproving resolution.

Mr. McFALL. I can say to the gentleman from Iowa I think he can expect reasonable expeditious and logical action on the part of the leadership.

Mr. GROSS. I thank the gentleman.

ADJOURNMENT OVER

Mr. McFALL. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourns to meet on Monday next.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

DISPENSING WITH CALENDAR WEDNESDAY BUSINESS

Mr. McFALL. Mr. Speaker, I ask unanimous consent that the business in order under the Calendar Wednesday rule be dispensed with on Wednesday of next week.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

EXTENDING FILING DATE OF 1974 JOINT ECONOMIC COMMITTEE REPORT

Mr. HOLIFIELD. Mr. Speaker, I call up House Joint Resolution 905 and ask unanimous consent for its immediate consideration.

The Clerk read the title of the joint resolution.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

The Clerk read the joint resolution as follows:

H.J. Res. 905

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That S.J. Res. 182, amending the provisions of section 3(a) of the Employment Act of 1946, be further amended by changing the filing date of the Joint Economic Committee report from March 13, 1974, to March 29, 1974.

The joint resolution was ordered to be engrossed and read a third time, was read the third time and passed.

A motion to reconsider was laid on the table.

THE IMPEACHMENT PROCESS REQUIRES A PROSECUTOR INSULATED FROM THE POWER OF THE PRESIDENT

(Mr. WALDIE asked and was given permission to address the House for 1 minute, to revise and extend his remarks, and to include extraneous matter.)

Mr. WALDIE. Mr. Speaker, I will say to the Members of the House that there has been increasing debate as to whether or not a member of the Committee on the Judiciary or a Member of the House, for that matter, should take a position relative to what he or she believes to be the condition of the evidence bearing on the impeachment of the President.

It has been suggested that any member of the Committee on the Judiciary who suggests the President should be impeached upon the basis of today's evidence should disqualify himself or herself from sitting on that committee. As a matter of fact, the distinguished minority leader made such a suggestion recently.

I only suggest that any Member who has not had his or her mind at least influenced by the condition of the evidence today, let alone made up, is a Member who has not been present in the United States for the last year and a half.

The Constitution does not, in fact, require that Members of the House of Representatives deny themselves the opportunity of participating in this decision by having made their views known. The Constitution requires that the impeachment process be started by a Member introducing a resolution of impeachment. The Constitution requires that the case for impeachment be prosecuted in the Senate of the United States by Representatives of the House.

The fact of the matter is that if there is no prosecutor from the House of Representatives for the impeachment of the President, there will be no prosecutor, period.

Whenever there has been a prosecutor in existence, such as Cox, Richardson, or Ruckelshaus the President has removed or brought about the resignation of that prosecutor from office. The President cannot remove a Member of Congress from office, and that is why the Constitution presumes that a Member of Congress will perform the functions of a prosecutor.

I intend, Mr. Speaker, to do my best in that role.

Without a prosecutor, it is unlikely the President can ever be compelled to appear before the Judiciary Committee and tell his story to that committee and to the American people while under oath. Without a prosecutor, it is likely the President and his recently hired multitude of defense attorneys will successfully avoid accountability for the host of abuses and wrongs he has perpetrated on the people.

Mr. Speaker, I include as part of my remarks an editorial adversely commenting on my views as well as my letter in response:

[From the Los Angeles Herald-Examiner, Feb. 21, 1974]

PROSECUTOR WALDIE

The acrimonious hounding of the President by Rep. Jerome R. Waldie, (D-Calif.), is nothing short of outrageous, irresponsible conduct.

Waldie has let loose with another anti-Nixon diatribe, this time in a national newsmagazine. No matter his news medium, his venomous messages are all pretty much the same: "Richard Nixon must be impeached!"

Waldie's blood-in-the-eye tirades for a congressional lynching party exceed all reasonable limits of responsible dissent.

It should not be overlooked that California's ultraliberal congressional spokesman is not just another elected official imparting partisan drivel. Waldie's membership on the House Judiciary Committee, the very panel conducting President Nixon's impeachment inquiry, should preclude all biased badmouthing of the President, at least until the committee has announced its recommendations.

Waldie has assumed the role of a prosecutor who, untroubled by the facts in the case, violates all canons of justice and common decency in his blind rage to persecute an unindicted political foe.

The Constitution has protected this and every Chief Executive against Waldie's weird brand of "justice," and requires evidence of "treason, bribery, or other high crimes and misdemeanors" for an impeachment proceeding.

In 1868, President Andrew Johnson was acquitted in his impeachment trial when one far-seeing senator risked his political career in courageously voting against the wishes of his party leaders and the passion of the moment.

In voting his conscience, this senator (Edmund Ross) went on record against the congressional removal of a President on flimsy grounds. He reasoned that impeachment, except in extreme cases, would subvert a co-equal branch of government to inferior status under the heel and dominance of Congress.

Regrettably, Representative Waldie and his ilk have no such compunctions or such well-developed consciences. Under the circumstance of his committee status, Waldie's resolution calling for Nixon's impeachment, and his repeated implications of the President's guilt, are no less judicious than the actions of America's frontier vigilantes who promised "a fair trial and a fair hanging."

HOUSE OF REPRESENTATIVES,
Washington, D.C., February 22, 1974.

EDITOR,
The Herald-Examiner,
Los Angeles, Calif.

DEAR EDITOR: I was interested in your editorial of February 21 concerning my role as the chief advocate of the impeachment of Richard Nixon. Your reference to me in a derogatory sense as "Prosecutor Waldie" is in fact, a fair assessment of the role, I believe, suited to a member of the House Judiciary Committee who believes, as I do, that the Nation will be well served when the Constitutional process of impeachment of Richard Nixon is successfully concluded.

You apparently believe that a "prosecutor" is neither necessary nor proper in these proceedings. In that view, you are sustained by President Nixon who finds "prosecutors" positively abhorrent and who goes to great lengths to remove them from office. Thus, President Nixon "fired" Special Prosecutor Archibald Cox when the latter insisted on determining the extent of the involvement of the President in the offenses of Watergate; thus, the President in effect brought about the dismissal of the next "prosecutor", the Attorney General of the United States, Elliot Richardson, who insisted on pursuing truth even unto the President; and thus, the President has commanded the present Special Prosecutor, Leon Jaworski, "you have all the evidence you need and I will give you no more," just as Jaworski began to get close to the President in the course of the investigation.

In short, since the President has the power and has not hesitated to exercise it, to "eliminate" all "prosecutors" who diligently pursue the evidence, it is necessary that a "prosecutor" be found beyond the President's power to silence or control.

Only a Member of Congress, only a Member of the House Judiciary Committee is so insulated. The President cannot "fire" me. He cannot silence me.

I will continue, unabated, and will even intensify my efforts to bring the facts of President Nixon's incredible abuse of the powers of the presidency before the people and before the Congress.

Your editorial stated I am "untroubled by the facts in the case." You could hardly be more wrong. I am deeply troubled by the "facts" in this case because those "facts" conclusively demonstrate the clear contempt of the President for the high Constitutional standards we demand of our Presidents.

I will continue my efforts to bring about Richard Nixon's impeachment as the Constitution directs and pursuant to its provisions.

We will succeed.

JEROME R. WALDIE,
Member of Congress,
Fourteenth District of California.

PUBLIC FUNDS AND DEPOSIT INSURANCE LEGISLATION

(Mr. STEPHENS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. STEPHENS. Mr. Speaker, on February 5, the House debated H.R. 11221, a bill originally designed to provide for 100 percent insurance of all public deposits in financial institutions and increasing deposit insurance of all accounts to $50,000.

There has been a lot of confusion and perhaps unpremeditated misinformation floating around concerning this legislation as it finally passed the House. This is due to the rather involved parliamentary situation that occurred during consideration of this legislation. I take this opportunity to set the record straight as to precisely what this legislation provided as it finally passed the House after amendments I offered were accepted.

The debate in the House centered around the insurance of public funds. The original bill, as pointed out, provided for 100 percent insurance of all public funds deposited or invested in any type of financial institution and in any type of account regardless of the amount deposited or invested. My amendments which were accepted by the Honorable FERNAND J. ST GERMAIN, the chairman of the subcommittee which originated this legislation and were adopted by the House were as follows:

First. One hundred percent insurance of public funds was limited to "time deposits only."

Second. One hundred percent insurance of public funds in demand deposits "was denied" and the law on collateral requirements remains just the same as it is now.

(a) To illustrate this, the original language said:

> The Corporation (FDIC) may limit the aggregate amount of funds that may be invested in any insured institution by any insured member referred to in paragraph (1) of this subsection on the basis of the size of any such institution in terms of its assets.

My amendments added the words which are italicized as follows:

"The Corporation may limit the aggregate amount of funds that may be invested *or deposited in time deposits* in any insured *bank by any depositor* referred to in subparagraph (A) of this paragraph on the basis of the size of *any such bank* in terms of its assets, *Provided, however, such limitation may be exceeded by the pledging of acceptable securities to the depositor referred to in subparagraph (a) of this paragraph when and where required.*"

Since most public funds—which primarily consist of State and local funds—can only be deposited for short periods of time, they will have to be, as in the past, deposited in commercial bank demand deposits. Since under the bill amended, there is no full insurance for demand deposits, commercial banks will still have to purchase State and local government securities or other eligible securities where required to collateralize these demand deposits.

There is nothing in this bill as amended which would in any way restrict the amount of public funds which a financial institution may acquire. Nor is there anything in the bill which would in any way restrict the amount of State or local securities which a commercial bank may acquire. All the bill says in this regard is that demand deposits over $50,000 will have to be collateralized as required by State law or local regulation. This means, in effect, there will be no reduction in the amount of State or local government securities which commercial banks will be required to purchase and hold.

In advocating my amendments, I told House Members that among my reasons I felt: "100 percent insurance will have an effect on the sale of municipal bonds. In almost all jurisdictions financial institutions are required to protect public deposits by pledging of equal reserves. This latter is frequently in the nature of municipal bonds. In fact, in many States pledging by the financial institution of municipal bonds as the reserve is required by law.

"By 100 percent insurance the Federal Government is substituted for the reserves pledged by the private institution. This will certainly reduce the incentive for purchase of municipal bonds to be used as pledges. My amendment would offset, in part, this result because demand deposits of public funds in financial institutions would still be subject to the requirements that reserves be pledged as offsetting security.

"In further recognition of the principle of keeping an incentive for financial institutions to invest in municipal securities, I will offer another amendment. H.R. 11221, in section B, says the FDIC may limit the aggregate amount of public funds that may be deposited in any insured institution. That provision is too wide in scope. It does not say that the FDIC may limit 'insurance on' public deposits. It says it may limit the 'deposits' themselves. This is a high concentration of power in the FDIC. My amendment would considerably reduce that power by saying that the FDIC limits the 'insurance' on public fund deposits, but not the amount of 'deposits,' provided any deposits of public funds in excess of the insurance limits be offset by pledge of acceptable securities owned by the private institution. This leaves open the incentive for financial institutions to buy municipal bonds for pledge 'against excess deposits' above the Federal insurance coverage."

In conclusion, I offered my amendments in what I think was a compromise between the position of commercial banks on one side and savings and loan associations and credit unions on the other in order to provide more money for housing; to preserve some incentives for continuing a wider market for sale of municipal bonds; and to prohibit grant of arbitrary power of the FDIC to allocate public fund deposits.

As the bill now stands it contains my amendments and increases deposit insurance on all accounts up to $50,000.

CHARLIE GUBSER, A GENTLEMAN FIRST

(Mr. TALCOTT asked and was given permission to address the House for 1 minute, to revise and extend his remarks and include extraneous matter.)

Mr. TALCOTT. Mr. Speaker, one of our colleagues who will be most missed in the next Congress is the gentleman from California (Mr. GUBSER).

The January 30, 1974, editorial of the San Jose Mercury pays deserved tribute to CHARLIE GUBSER and expresses exceptionally well what all of us know and appreciate about CHARLIE.

I include the editorial about my friend and our colleague at this point in the RECORD:

A GENTLEMAN FIRST

The decision of Rep. Charles S. Gubser (R-Gilroy) to retire at the end of this congressional session has shocked and saddened all who know him and his record of public service.

He will be a difficult man to replace on Capitol Hill precisely because of the qualities which made him such a successful Representative for more than 20 years.

Charlie Gubser was liked and respected by Democrats and Republicans alike. It was not necessary to agree with his views on a particular issue to recognize the honorable intent behind the views; more important, perhaps, Charlie never had to agree with a person politically to accord him the same presumption of honesty and fair dealing.

It was this innate civility that made Charlie Gubser such an effective legislator. If politics is the art of compromise, respectful discourse is the practice which perfects the art.

None of which is to imply that Charlie Gubser was other than a loyal Republican and a stand-up campaigner. He could—and did—trade political blows with the best the opposition could throw against him, but he never let partisanship blind him to the fact that, once elected, he was sworn to represent all the people of his district.

And represent them he did. Charlie Gubser rose over time to be one of the ranking Republican members of the powerful House Armed Servics Committee, but he always had time to attend to the requests of his constituents back home. He may be remembered by history as one of those members of Congress who forced exposure of the My Lai massacre, but he will be remembered also as a friend in need by the young wife seeking to join her serviceman-husband overseas. Charlie always put human values above red tape, and he succeeded more often than not in persuading the military to this point of view.

Charlie will be remembered, too, as the prime mover behind the San Felipe project, an ambitious undertaking to ensure the water supplies of the Central Coast region well into the next century. This was but another example of his basic dedication to serving the needs of the people who sent him to Congress to do just that.

All of which outlines succinctly the sort of man 13th Congressional District voters should choose this November. He must combine intelligence and compassion, diligence and humility—at least enough humility to recognize that opponent isn't the same as enemy and that working with the opposition to achieve a common goal on occasion is not disloyalty to one's own party.

Perhaps in picking a congressman, it might be useful to reflect on the British attitude toward another class of public servants: judges. As the British have it, "a judge should be, first of all, a gentleman. If he shall know a little law it can do no harm."

Charlie Gubser was, first of all, a gentleman. He went on from there to become an outstanding congressman.

UNION CARBIDE AND WASHINGTON WORKSHOPS: AN INVESTMENT IN AMERICAN YOUTH

(Mr. SMITH of Iowa asked and was given permission to address the House for 1 minute, to revise and extend his remarks and include extraneous matter.)

Mr. SMITH of Iowa. Mr. Speaker, often it has been asked: "What of tomorrow's leaders? How might they derive maximum benefit from current happenings? Will they be able to avoid the pitfalls that have plagued us recently?"

The Washington Workshops Foundation has taken steps to answer these questions and answer them favorably by each year offering a series of congressional seminars in which our young leaders may view the workings of our Government firsthand. Here they analyze the strengths and shortcomings for themselves. These young people have a stake in tomorrow and only through such participation in and understanding of our Government will they be adequately prepared to face the challenges and crises that will soon be theirs.

This week I am particularly delighted to note one of my constituents, Mr. Joe Faust, of Centerville, is participating in the Washington Workshops Seminar as a Union Carbide Scholar. The Union Carbide Corp. is sponsoring Joe's stay in our Nation's Capital as he strives for a better understanding of Government and its purpose. Union Carbide grants such awards to exceptional students throughout their communities and Joe is one quite worthy of such an honor.

With the opportunity to see and judge for himself, I am confident that Joe will find the seminar most beneficial. Moreover, the seminars will benefit the Nation by giving our upcoming leaders a realistic view of the Government. For this, one must surely extoll the efforts of the Washington Workshops Foundation and the Union Carbide Corp.

PROTECTION FOR PURCHASERS OF ANTIQUE FIREARMS

(Mr. GOLDWATER asked and was given permission to address the House for 1 minute, to revise and extend his remarks and include extraneous matter.)

Mr. GOLDWATER. Mr. Speaker, just recently I joined with my colleagues, the gentleman from Florida (Mr. SIKES) and the gentleman from South Carolina (Mr. SPENCE) in the introduction of a bill to amend Public Law 93–167, the Hobby Protection Act of 1973, which would require that all reproductions of antique guns be dated with the year of actual manufacture and would authorize "private enforcement" suits in local Federal courts by citizens defrauded by fakery.

Mr. Speaker, the January 1974 issue of the American Rifleman magazine included an exclusive exposé by Editor Ashley Halsey, Jr. and Associate Technical Editor Robert N. Sears of the widespread practice under which buyers of antique firearms are victimized. It was this exposé which served to call our attention to the possibility of amending the Hobby Protection Act to cover faked firearms.

For buyers and collectors of antique firearms, a most important provision of the Hobby Protection Act, if it is amended as we propose, would be section 3. This authorizes "any interested person" to sue in Federal court to enjoin faking and to collect damages if defrauded by it. The person exercising this so-called private enforcement may file suit in any district where he resides or has an agent.

Without the private enforcement provision, an aggrieved buyer who feels he has been defrauded cannot get into Federal court unless he can show: First, that he lives in another State and second, that he is suing for $10,000 or more. Many badly stung buyers of fancy-dressed overpriced fakes have been unable to do so, as at least 90 percent of faking is believed to involve interstate sales.

If the Hobby Protection Act is amended to include antique firearms, however, the victims of fakeries could proceed more freely to sue for damages. "In any such action," the act now says of coins and political memorabilia, "the court may award the costs of the suit including reasonable attorneys' fees." The same would apply to collector firearms if the act is properly amended.

Where a reproduction firearms amendment to the act might serve to trap forgers is in its requirement that the arms carry a true date of manufacture. In most cases reported recently, the forgeries consist of legitimate reproductions whose markings were obliterated by the fakers. In some instances, false markings were struck or substituted.

The big thing is not so much markings, however, as it is the added freedom which would be given gun collectors who are victimized to sue in courts in their own districts, without the obstacle of having to go into court in another State.

It is for these reasons that I trust my colleagues will give this measure their favorable consideration.

Mr. Speaker, at this point in my remarks I would like to include the text of H.R. 12500, a bill to amend the Hobby Protection Act to include reproductions of antique firearms:

H.R. 12500

A bill to amend the Hobby Protection Act to include reproductions of antique firearms

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 2 of the Hobby Protection Act is amended—

(1) by redesignating subsections (c) and (d) as subsections (d) and (e), respectively, and by inserting after subsection (b) the following new subsection:

"(c) ANTIQUE FIREARMS.—The manufacture in the United States, or the importation into the United States, for introduction into or distribution in commerce of any imitation antique firearm which is not plainly and permanently marked with the calendar year in which such firearm was manufactured, is unlawful and is an unfair or deceptive act or practice in commerce under the Federal Trade Commission Act.";

(2) by striking out "or (b)" in subsection (d) (as redesignated by paragraph (1) of this section) and inserting ", (b), or (c)" in lieu thereof, and

(3) by striking out "(a) and (b), and regulations under subsection (c)" in subsection (e) (as redesignated by paragraph (1) of this section) and inserting in lieu thereof the following: "(a), (b), and (c), and regulations under subsection (d)".

SEC. 2. Section 3 of the Hobby Protection Act is amended by striking out "(a) or (b) or a rule under section 2(c)" and inserting in lieu thereof the following: "(a), (b), or (c) or a rule under section 2(d)".

SEC. 3. Section 5 of the Hobby Protection Act is amended by striking out "(a) or (b) or regulations under section 2(c)" and inserting in lieu thereof the following: "(a), (b), or (c) or regulations under section 2(d)".

SEC. 4. Section 7 of the Hobby Protection Act is amended by redesignating paragraphs (5), (6), and (7) as paragraphs (7), (8), and (9), respectively, and by inserting after paragraph (4) the following new paragraphs:

"(5) The term 'antique firearm' means any firearm (including any firearm with a matchlock, flintlock, percussion cap, or similar type of ignition system) manufactured during or before 1898.

"(6) The term 'imitation antique firearm' means a firearm which purports to be, but

in fact is not, an antique firearm or which is a reproduction, copy, or counterfeit of an antique firearm."

SEC. 5. Section 8 of the Hobby Protection Act is amended by striking out "and imitation numismatic items" and by inserting in lieu thereof the following: ", imitation numismatic items, and imitation antique firearms".

THE ATTITUDE OF CONGRESS TOWARD IMPEACHMENT

(Mr. HANNA asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HANNA. Mr. Speaker, I protest that Congress is being both intimidated and insulted by certain interests on the process of impeachment. Intimidated I say by the attempt to create an atmosphere surrounding the process to suggest that Congress has to treat the President as the courts treat a citizen charged with criminal conduct. Such a proposition is both impertinent and illogical.

The process of impeachment is singular, unique, and quite distinguishable in many regards from a criminal procedure. We are in the first instance facing charges which will separate a man and his office, not charges which may, as in a criminal case, separate the offender from society. Consider please that a finding of serious breach in adherence to an expected moral standard would easily be a factor in questioning a President's fitness for office but would scarcely be enough to send a man to jail for 1 year, as a felony would. Further, a finding of sufficient and impressing facts to conclude a clear showing of unsound judgment in an area of obvious importance to the Nation might remove a man from office but would not send him to confinement.

It seems obvious with materials and facts now available that charges may well be laid that if proven would provide the basis for criminal action but if such action is to be taken it should be in a court of competent jurisdiction, not in the Congress. And, more importantly the rules of evidence of that court need not, indeed should not, be impressed on the impeachment proceeding.

The question we face in the House is shall the President be held to trial in the Senate on the evidence supporting charges we hold to be sufficient to remove him from the Presidency. To hold out to the American people that we are going to put the President in the dock like a common criminal is to distort the process and mislead the public. Another strain of nonsense that should be put to rest is the suggestion that impeachment would imperil the Republic. It needs remembering that the passage of power has occurred in a 4-year span by the election process and in shorter spans by natural death and by assassination. Our institutions are already tested for this ordeal and the Nation does not stand or fall by virtue of the incumbency of Richard Nixon continuing unchallenged.

Associated with the above canard is the suggestion that impeachment once tried becomes twice cheap. Considering the fact that it will have been tried but twice in 200 years, to suggest that it thereby will become virulent is like saying that a family that has had two doses of a disease in two generations is highly susceptible to the germ.

I, for one, am convinced that the Congress is going to approach the matter of impeachment with sound and careful judgment and with its constitutional obligations clearly in mind. We do not need the heavy hand of a criminal justice analogy in order to establish a sound precedent for future cases which will serve the country well regardless of who holds the office of the Presidency.

NO SHORTAGE OF WHEAT FOR BREAD—ONLY BOXCARS TO MOVE IT

(Mr. MELCHER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MELCHER. Mr. Speaker, the American consumer is being scared by the American Bakery Association's hysterical propaganda of high-priced bread due to short wheat supplies. Their predictions have been coupled with anguished calls for export controls on wheat to prevent further foreign sales.

Anyone who takes a realistic look at our wheat stock and transportation situations can separate out the verbal chaff to assure U.S. consumers there is plenty of wheat available in the country.

Our farmers are expected to produce over 2 billion bushels of wheat in 1974, and since we consume about 600 million bushels in this country, most of it is grown for export sales. These foreign sales of wheat are significantly in the public interest. First of all, it helps our balance of payments and wheat sales during 1973 have been one of the factors bringing our balance of payments back into a favorable position. Keeping a positive balance of trade is vital in order to solidify the dollar and avoid the excessive inflationary pressure devaluations have caused the United States. And its importance in 1974 is increasing as we continue to import vast quantities of foreign oil at greatly increased prices which must be offset by sales of American grain if we are to maintain a favorable balance.

Second, the humanitarian need to supply America's abundant production of agricultural products in world trade should not be tampered with on the basis of scare tactics of an individual industry that evidently has not properly assessed all of the available supplies of wheat. The only overriding reason to follow the baking industry's advice would be if American consumers were actually faced with a shortage of wheat. Such is not the case as the following facts conclusively demonstrate a plentiful supply.

The latest Agriculture Department grain stocks report shows January U.S. wheat at 934 million bushels on farms or in elevators.

Much of this wheat has been contracted to grain companies or cooperatives to satisfy sales to millers and various food suppliers and also for unfilled foreign orders. It is more than half of what we produced in 1973.

But the pertinent point is, is it available for the consumers of this country? The answer is "Yes." With the new harvest due to start in June in the southernmost part of the wheat belt we have less than half the year to go and normal consumption amounts to about 50 million bushels per month.

Just where is the wheat that the bakers seem to think is in short supply? It is awaiting boxcars or trucks to carry it from county elevators to markets. Transportation is the bottleneck. Take my State of Montana for example, where at the first of the year we had almost a half year's crop either still on the farm or in elevators. As of February 15 this was down several million bushels but the equivalent of one-third of last year's crop is still there, and if we do not move the grain faster than we did during the last half of 1973 we will still have over 16 million bushels or one-sixth of last year's crop left in the farmer's hands by midsummer.

But, as Montana grain growers point out, the ability to move grain deteriorates so there is no way the 1973 level will be maintained. I have had a continual stream of letters, telegrams, and phone calls from places like Sidney, Plentywood, Soobey, Wolf Point, Havre, and other grain areas where elevators are desperate for boxcars to move their wheat to markets. And the problem is widespread. Thirty to forty million bushels of grain are awaiting shipment in Kansas and Nebraska too.

Rather than scaring the consuming public by calling for a wheat export embargo, the baking companies should take a look at all of the wheat that is available in wheat-producing areas that simply cannot be moved to market. Then they should join with the grain growers of the country in working to eliminate these serious transportation bottlenecks.

There is plenty of wheat if we can get it off the farm and out of the elevators and to those who bake the bread.

A MILLION-DOLLAR COLORING BOOK FROM OUR COST-CONSCIOUS POSTAL SERVICE

The SPEAKER pro tempore (Mr. McFALL). Under a previous order of the House, the gentleman from Arkansas (Mr. ALEXANDER) is recognized for 60 minutes.

Mr. ALEXANDER. Mr. Speaker, I would like to say a few words today about the enormous problems of mail delivery, management, and postal rate increases proposed by the U.S. Postal Service.

On July 1, 1971, the U.S. Postal Service took over the job of carrying the mail in this country. This new agency, set up along the lines of a modern business corporation, promised to improve on the heavily criticized predecessor, the Post Office Department. The cost of a first-class letter was raised and virtually all other classes of mail went up as well.

Given all this, one would expect service to be improved. But, nothing of consequence has changed since the new U.S. Postal Service came into being. In fact, service continues to deteriorate while the rates continue to increase.

The new rate proposal includes a 25-percent increase in the cost of mailing a letter first class; an 18-percent increase in the cost of an airmail letter; a 39-percent increase in the rate for second-class mail; an increase in the neighborhood of 25 percent for third class; 6 percent for fourth-class mail.

The new rate increases which would take effect on March 2, 1974, will increase business costs and they will be reflected in higher prices both up and down the line. Certainly, in times as inflationary as the present, an increase in postage rates would be harmful to the individual consumer and the general economy.

Postal rate increases and poor service have caused many companies to turn to private mail services that promise reliable and relatively inexpensive deliveries. Higher second-class rates have already helped put some publications out of business—such as Life and Look magazines. The cost suffered by the public is both in terms of the loss of the publications and the loss of the jobs which those operations generated.

The Postal Service claims an accuracy rate of 95 percent. But, these days it seems that just about everybody has some personal horror story to tell about the mail service they get. A Reader's Digest survey found that the average letter it mails today takes nearly 3 days longer to be delivered than it did in 1969. Members of Congress receive hundreds of thousands of complaints from individuals each year about the Postal Service.

At this point, I would like to mention just a few of those which have come to my attention. The following is a comment a business executive in West Memphis, Ark., which is in the district I represent, made in response to a Postal Service questionnaire about its performance:

> We used to receive overnight service from Little Rock and two or three day service from New York, Atlanta, Baton Rouge, and New Orleans. Now, however, things have changed—I'm tired of three-day mail here in town, four-day airmail from Baton Rouge, five-day mail from Raleigh, N.C., thirteen-day mail from Little Rock, and to cap it off, I mailed a certificate for $100,000 to New York by certified mail at noon 9/22 and it was received on 9/30—you can figure the cost per day. Something is wrong in Memphis and it isn't getting any better since things were "centralized so as to improve service." Ha! Doesn't anyone give a happy damn anymore!!

This man's problem is not an isolated one. For instance, a check mailed by a woman in Charleston, W. Va., to Ravenswood, 52 miles away took 9 days to arrive—by which time she received a delinquent-payment notice. On Valentine's Day a resident of Elizabeth, N.J., received a Christmas card postmarked December 10. A department store in Atlanta sent out a large third-class mailing, properly presorted, 7 days in advance of a sale. The announcement reached most customers after the sale was over.

The U.S. mail service is deplorable and the problem, we must agree, is epidemical.

Another problem with the Postal Service today is the current Postmaster General. He has cut the U.S. Postal Service payroll by 37,500 employees, slashed overtime, closed many small post offices, and installed manpower-saving mechanized facilities. This has all been done in the name of saving money, efficiency, and effectiveness.

Mr. Klassen has not, however, been so parsimonious with his top echelon staff here in Washington or when it comes to a friend. I have not heard of the Postal Service proposing to cut any of the nearly 50 executive positions it has for persons drawing salaries exceeding $42,500 annually. And, it has recently been alleged that Mr. Klassen authorized, without competitive bidding $821,845 in Postal Service contracts to a New York consulting firm headed by a long-time friend of the Postmaster General's.

Since 1970, these contracts have provided one-fourth of the revenue to the firm. These contracts were for public relations promotions. Although the Postal Service has a 68-employee communications department with an annual budget of $2.3 million—they did not come up to Mr. Klassen's public relations standards. Since, the U.S. Postal Service is the country's sole source of postage stamps, I can not really understand why it is necessary to spend this huge amount of money to advertise itself.

Another matter which I believe bears airing here came to light in a staff report published last November by the Subcommittee on Postal Facilities, Mail and Labor Management. This report dealt with an inspection tour the subcommittee's staff made of Postal Service bulk and preferential mail centers. Among the problems it cited was the discovery that the USPS's planning is so poor that millions of dollars worth of equipment installed in one of the system's facilities is now, or will be, obsolete before it is 2 years old.

Finally, it is my understanding that the Postal Service plans to distribute, or is distributing, coloring books for children under the guise of education. These books, I am told, will be or have been distributed to the 750,000 Postal Service employees and their families. Another 4 million of them will be included in 150,000 "Postal Service Educational Kits" being distributed free to third, fourth, and fifth grade students across the Nation. Now, this sounds like a fine idea does it not? But, to my thinking there are a few flaws. For instance, one Postal Service source says the printing cost alone for this project was close to a million dollars. Another argues that the cost of producing, packaging, and related charges for the whole project was "only $450,000."

I remain at a loss to understand why the Postal Service needs this kind of massive publicity campaign in view of its monopolistic nature. And, I just wonder how much of these new postal rate increases will be going to pay the coloring book bill.

Mr. Speaker, I could go on with a recital of other problems within the Postal Service which have come to my attention. I have commented on them many times before. But, I believe that the examples which I discussed here are ample proof that it is unconscionable to ask the American taxpayers—who subsidize this "business-like corporation" to the tune of millions upon millions of dollars a year—to accept another large increase in postal rates.

Discontent with the U.S. Postal Service is widespread. Complaints are on a continuous increase. Dissatisfaction prevails among private consumers, business and government. The present rates are extremely high for such unsatisfactory service. A further increase is certainly unsupportable in view of the obvious waste, inefficiency, and ineffectiveness in the Postal Service's operation.

If the Commission on Postal Costs and Revenue refuses to use its power to deny increases in the absence of improvements in the operation of the Postal Service I would urge that the Congress review and revise the law which created this ineffective, inefficient, postage gulping glutton. Congress may well again have to become the "court of final appeal" to protect the interests of our people in rate increase matters.

Mr. SEBELIUS. Mr. Speaker, I am most pleased to have this opportunity to join the Honorable BILL ALEXANDER, my colleague from Arkansas, who is chairman of the Subcommittee on Family Farms and Rural Development of the House Agriculture Committee, in discussing the problems we are experiencing concerning postal service in our rural and smalltown areas.

Rather than go into lengthy remarks, for the problems we are experiencing are many and severe, I feel it would be beneficial for me to simply insert into the RECORD at this time a part of a special report conducted by my office pertaining to postal problems we are experiencing in my congressional district in Kansas.

We conducted a special listening and inspection tour relative to postal service in the First Congressional District last May 15 through May 25. I would like to share the conclusions and suggestions of the report with my colleagues:

SPECIAL REPORT BY REPRESENTATIVE SEBELIUS

CONCLUSIONS

Information from this tour has led to the following general conclusions:

(A) Service. Service, as compared to what rural patrons received prior to the current Postal Corporation, has deteriorated. The complaints are so numerous, widespread and similar, that the veracity of the ODIS test (Origin-Destination-Information System) or any other test now utilized to measure mail service in rural areas is questionable. Next day delivery claims of 95% to 100% simply do not convince the patron whose mail has been lost or delayed. That error is a 100% error as far as the patron is concerned. The ODIS test does not measure time for mail to be (1) collected, (2) transported, (3) prepared for postmarking, (4) sorted for delivery by carriers or clerks and (5) delivered because it is assumed most mail is postmarked the same day it is mailed and that a carrier delivers the mail on the day he receives it. In addition, the Postal Service does not consider Sundays and holidays in computing the average number of days to deliver first class mail.

It should be stressed that while approximately 2,000 complaints were received as a result of this tour, that figure is not indicative of the extent of the problem. It would have been a simple task to increase the number of compaints to four or five times that amount. After obtaining some 2,000 complaints, it was felt additional comment would be redundant and unnecessary.

(B) Service in Outlying Areas. Service in outlying rural areas as compared to service within sectional or regional centers is discriminatory, primarily due to cost cutting and rules and regulations that apply to rural areas. The rural patron in Kansas does not receive mail service on an equal basis with his "town" counterpart.

(C) Cutback in Personal Service. The cutback in personal service (door service, window service, hours of operation, access to local building, new regulations on rural route patrons relative to post office boxes, etc.) has caused significant inconvenience for patrons as well as resentment.

(D) Employee Morale. The problem of morale and the many complaints from personnel within the Postal Service is most serious. While the great majority of postal employees state repeatedly that reform and reorganization were needed and that *part* of what has been done has been needed for some time, most are bitter and resentful over "going too far". It was extremely difficult to obtain candid statements from postal employees in that most frankly do not believe the so-called "gag rule" has been lifted and fear reprisal. Upon assurance that their remarks would be "off the record" and kept confidential, most talked at length itemizing "problem" areas.

(E) Area Preferential Mail System. The Area Preferential Mail System (the processing of mail through the sectional center facilities) is most unpopular despite the fact postal authorities claim the system works within their own prescribed time goals. The system is resented both by local citizens and local postal employees. It is synonymous with "big government" and "Washington bureaucracy". The system may be justified due to the fact the Postal Service must now rely on highway transportation but cannot be justified on the basis of integrating rural postal delivery systems into the nation's computerized and mechanized system. Equipment of this type does not exist in rural sectional centers, not to mention rural post offices. The sectional center process also places time and regulation problems upon local postal employees that are resented and impossible to explain to local patrons.

(F) Junk Mail. There is significant support for so-called "junk" mail to pay increased rates.

(G) Newspaper Delivery. There has been a notable deterioration of service relating to newspapers, periodicals, magazines, church and organization bulletins and other non-first class mail. Most of the complaints involve the delivery of the community newspaper. In most cases, patrons will receive several newspapers on one day and none on other days. Second class mail, according to postal employees, is simply not moved when time and the work load become a problem. In several instances, postal authorities have caused serious economic problems for local newspaper publishers regarding decisions involving postal rate errors. The publisher, though not responsible for the error in computing postal rates, is being charged on a retroactive basis to the extent the fee could endanger his business operation.

(H) Postal Policy. The Postal Service's often quoted and widely believed policy that the service must "pay for itself" is not accepted or understood in rural areas. It is generally accepted by postal employees and patrons that cost cutting has directly led to deterioration of service. It is also generally accepted that the Postal Service cannot pay for itself and still provide adequate service to rural areas. There is strong support for Congress to subsidize the difference in cost. In addition, there is considerable opposition to another postal rate increase.

(I) Public Relations. The current public relations and publicity program of the Postal Service, instead of helping to improve the image of the Postal Service, is looked upon with skepticism to the point of ridicule and resentment. (The day the tour met with citizens complaining of postal service in a community 60 miles from the sectional center, the sectional center postmaster announced in the press that patrons receive next day delivery 95% of the time within that sectional center. Many citizens brought that particular news clipping to the meeting referring to same with anger and ridicule.) The current "Madison Avenue" public relations program conducted by the post office through paid advertisements and press statements issued by local postal employees (some against their wishes) is doing more harm than good in Kansas.

(J) Good Local Service. In roughly 3% of the comments received, patrons said they were receiving good service. In virtually all of these cases, credit was given to the local postal employees. The attitude, with a few notable exceptions, on the part of patrons toward their local postal employees was good. The great majority of complaints stem from poor service that is attributed to a new system imposed in a dictatorial fashion in rural areas without support or approval by either patrons or postal employees.

(K) Elimination of Local Postmarks. The elimination of local postmarks and local post office cancellation of mail has created serious problems for businessmen and is resented by local citizens.

SUGGESTIONS

(A) Service. The Postmaster General and the postal management team in Washington, D.C., should publicly stress service as opposed to cost and what action, if any, is being taken regarding specific improvements and plans for rural areas. As far as rural patrons are concerned, none of the modernization and reorganization plans now underway within the Postal Service applies to rural areas. It is suggested some acknowledgement be given to the fact problems in rural postal service do exist and that specific programs to correct these problems are receiving equal consideration as the much publicized problems in our nation's cities.

(B) Test for Rural Delivery. Some additional form of testing should be tried to measure more accurately the mail delivery in rural areas.

(C) Sectional Centers. The Area Preferential Mail System, if not terminated, should be much more flexible in rural areas. Local postmasters, in almost every case, indicated better service could be restored if they had the authority to set up an "in pouch delivery system" within the existing system. The current practice of not using vehicles on return trips for in-county delivery is most difficult to explain or justify to the patron.

(D) Local Authority. The policy of transferring local authority in almost every area of postal operations to sectional centers should be reviewed. More authority should be given to local postmasters, not only in terms of setting up local delivery systems but in all phases of the local operation. When possible, local post offices should cancel and postmark their own mail. There should be more flexibility and local authority regarding door service, window service, hours of operation and regulations such as new regulations regarding box holders and rural route patrons. Sectional center post offices, while cutting back on services of this type, offer better service to their patrons and by doing so, the rural or small community patron receives discriminatory service.

(E) Newspaper, Magazine Delivery. Greater priority should be placed upon timely delivery of newspapers, magazines and periodicals—mail solicited and paid for by the patron. Again, if given the authority and man hours to do the job, most local postmasters make every effort to work out a satisfactory working arrangement with local publishers.

(F) Retroactive Charges. The Postal Service should make it official policy not to hold publishers, or any other business operation, responsible for retroactive rate charges based upon misinterpretation or lack of proper guidance or information on the part of local postal officials. This current practice is bitterly resented. It is the recommendation of Congressman Sebelius that if publishers are not treated fairly with a problem of this nature that they take the case to court.

(G) Public Relations and Advertising. The latest report from the General Accounting Office stating the U.S. Postal Service spent $1 million falsely advertising improved air mail service is the latest in a series of public relations efforts that are having an adverse public reaction. It is recommended the Postal Service stop spending public funds for public relations other than financing an information service. This suggestion also applies to "in house" postal publications and press statements released through local postal employees.

Whatever cost savings have been gained as a result of cutbacks in personnel, service, termination and consolidation of routes, closing small post offices and increased postal rates have also cost the Postal Service more in public relations than any advertising agency can correct.

(In a recent issue of the "Memo to Mailers" publication, published monthly by the Public Affairs Department of the U.S. Postal Service, the lead story concerns a business firm that now enjoys "better postal service at less cost". This article was brought to the attention of the Congressman by a businessman who has had to spend in excess of $6,000 to install his own delivery system to insure the same level of service to his customers that he used to take for granted for the Postal Service.)

(H) Employee Morale. Continued effort must be made on the part of the Postmaster General and the postal management team to improve the morale of postal employees. A realistic and long term effort should be made to get what will be blunt and outspoken advice from local postmasters who must face the public on a day to day basis and try to answer their justifiable complaints. While there have been much publicized meetings between management and local postmasters, it is interesting to note that many who attended those meetings state "off the record" they felt the meetings were more for public relations than for substance.

(I) "Gag" Rule and Hiring Freeze, Related to the morale problem, the Postmaster General should make public through official channels that the so-called "gag" rule and the hiring freeze do not represent current postal policy. In trying to arrange for an appointment with district postal officials in Wichita, the Congressman's office had difficulty in getting the receptionist to accept the call. It is also interesting to note many of the sectional center postmasters were publicly very much in favor of the current system. Off the record, the story was quite different. Each sectional center "competes" with other sectional centers in a cost cutting and performance "game" which in turn is "played" by district and regional officials.

While fully appreciating the legitimate and obvious need for postal officials to provide service at a cost that is fair to the taxpayer and while postal officials have made commendable progress in achieving this goal, it is suggested service to postal patrons receive equal priority.

The current "cost cutting" and "big brother" environment is evident to the point employees and union spokesmen went to great lengths to arrange for private meetings in which they felt they could air their grievances without repercussion.

CONGRESSIONAL OVERSIGHT RESPONSIBILITY AND POSSIBLE LEGISLATION

As stated previously, while there has not been sufficient time for the Postal Service to implement the needed reforms and technology necessary to provide adequate service, Congress is becoming increasingly aware of its oversight responsibility in making sure national mail service operates so that all citizens receive prompt service at the lowest possible cost. Within this oversight responsibility, hearings on postal service are continuing in both the Senate and the House of Representatives. Upon conclusion of these hearings in the fall, legislative and administrative proposals will be forthcoming.

Legislation has already passed the House of Representatives requiring annual authorizations for appropriations to the Postal Service. The authorization for these appropriations was on a permanent basis. The bill also requires the Postal Service to keep Congress fully informed as to its activities. The purpose of the bill is to allow Congress to thoroughly review the amount of money needed from the Federal Treasury to be used to cover the cost between postal revenues and total postal costs. Hopefully, this bill will enable Congress and the Postal Service to better work together to restore and improve service in rural areas where postal service cannot pay for itself.

While various legislative proposals and administrative recommendations will be forthcoming as a result of current Senate and House hearings, it should be stressed that to date, legislation that would "tell the Postal Service how to run its own shop" has not received serious consideration. However, the following legislation has been introduced:

(A) Legislation that would set minimum standards for mail delivery and require Congress to appropriate the funds necessary to meet those standards (strongly endorsed by Congressman Sebelius);

(B) Legislation that would provide rural mail delivery to all people without regard to the number of families residing in a specified area (strongly endorsed by Congressman Sebelius);

(C) Legislation and various amendments that would limit and "spread out" proposed rate increases for second, third and fourth class mail;

(D) Legislation that would prohibit a postal rate increase as recommended by the Postmaster General to the Postal Rate Commission;

(E) Legislation that would repeal the Postal Reorganization Act and place the U.S. Postal Service back under the jurisdiction of the Congress;

(F) Legislation that would end government postal monoply.

SUMMARY

Postmaster General E. T. Klassen, when testifying before Congress in March of this year, stated:

"We were so hell bent on costs that we didn't pay enough attention to service."

He also insisted the so-called "gag" rule no longer applies to postal managers and employees and that they are entitled to talk with their elected representatives. He stated he was also critical of those within the postal management team who withheld facts as to the seriousness of service related problems.

In essence, the testimony of the Postmaster General acknowledges and mirrors the complaints received from patrons in Kansas. Postal service in rural areas in Kansas, while not getting any worse, seriously deteriorated from the service standard prior to postal reorganization. The service, in terms of posing a hardship to rural patrons, is bad enough but it appears discriminatory in comparison to that received in urban and suburban areas and in areas in close proximity to sectional centers. In the eyes of the public, postal service does not meet the requirements of postal policy:

"The Postal Service shall provide prompt, reliable and effective and regular postal services to rural areas, communities and small towns where post offices are not sustaining . . . it being the specific intent of Congress that effective postal services be insured to residents of both urban and rural communities."

According to rural patrons, who have made their complaints quite public, and postal employees, who have made their complaints for the most part in private, this policy directive is not being met in the First Congressional District in Kansas. Just as important, there is no evidence that any program is being implemented or even studied that would specifically apply to postal problems in rural areas. There is evidence, however, of some improvement in mail service nationwide and of determined efforts by the U.S. Postal Service to go ahead with the "big brother" reforms in process. How this modernization, computerization, and reorganization will affect rural areas is subject to question.

THE AMERICAN DILEMMA: EVER-CHANGING FORCED-BUSING FOREVER?

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Kentucky (Mr. SNYDER) is recognized for 60 minutes.

Mr. SNYDER. Mr. Speaker, the problem of induced school integration by way of court-ordered forced-busing has become a national dilemma. It is not just a regional problem. Southern States are no longer alone in facing Federal fiat regarding the education of their black and white children. Michigan felt the heavy hand of the Federal courts in this matter before Kentucky. The taxpaying constituents of every Member of this body are forced to pay the ever-increasing costs of busing growing numbers of children of both races more miles every year, if only by having to underwrite the expanding Federal bureaucracy that is planning, reviewing, overseeing and policing this practice.

On February 19, the Senate Judiciary Committee's Subcommittee on Constitutional Rights opened hearings on four bills which would, by statute, strip Federal courts of the power to mandate forced busing as a method of inducing integration in the Nation's school systems.

Those bills are: S. 619, introduced by Senator ALLEN of Alabama, S. 1737, introduced by Senator ERVIN of North Carolina, S. 287, introduced by Senator SCOTT of Virginia, and S. 179, sponsored by Senator GRIFFIN of Michigan. I have introduced in the House companion bills to these Senate measures: H.R. 12474, H.R. 12475, H.R. 12476, and H.R. 12477, respectively.

Mr. Speaker, I would like to tell my colleagues in the House of Representatives what I had to say to the Senate Subcommittee on Constitutional Rights on February 19 in favor of those bills.

Mr. Speaker, every American citizen is directly affected by the forced-busing issue, if only through his pocketbook. The increasing costs of this "solution" to so-called racial discrimination in American public schools are felt not only by citizens of affected counties, cities, and States who must come up with the cost of additional buses fuel, maintenance, insurance, et cetera, et cetera, but by every one else. All Americans in our 50 States must bear the tax burden to support the growing army of bureaucrats in the U.S. Department of Health, Education, and Welfare, U.S. Department of Justice, U.S. Civil Rights Commission, et cetera, who are involved with all aspects of planning, reviewing, overseeing, and policing busing and other "desegregation" procedures, to say nothing of the entire U.S. Judiciary System which seemingly has implanted itself forever in the midst of this unending dilemma.

Much of that dilemma lies within the judicial branch itself, unfortunately. Let me explain.

The Supreme Court on April 20, 1971, rendered its decision in Swann against Charlotte-Mecklenburg Board of Education. Regarding the subject of racial quotas, the Court said this:

> If we were to read the holding of the District Court to require, as a matter of substantive constitutional right, any particular degree of racial balance or mixing, that approach would be disapproved and we would be obliged to reverse. The constitutional command to desegregate schools does not mean that every school in every community must always reflect the racial composition of the school system as a whole.

The Court further declared:

> In light of the above, it should be clear that the existence of some small number of one-race, or virtually one-race, schools within a district is not in and of itself the mark of a system which still practices segregation by law.

The Supreme Court in concluding the case, said:

> At some point, these school authorities and others like them should have achieved full compliance with this Court's decision in *Brown I*. The systems will then be "unitary" in the sense required by our decisions in *Green* and *Alexander*.
>
> It does not follow that the communities served by such systems will remain demographically stable, for in a growing, mobile society, few will do so. Neither school authorities nor district courts are constitutionally required to make year-by-year adjustments of the racial composition of student bodies once the affirmative duty to desegregate has been accomplished and racial discrimination through official action is eliminated from the system. This does not mean that federal courts are without power to deal with future problems; but in the absence of a showing that either the school authorities or some other agency of the State has deliberately attempted to fix or alter demographic patterns to affect the racial composition of the schools, further intervention by a district court should not be necessary.

Nevertheless, in the Fourth District of Kentucky which I represent, as well as in the adjoining Third District, forced-busing may soon be the order of the day because a circuit court seemingly does not wish to abide by the language of the Supreme Court just quoted. The Sixth Circuit Court in Cincinnati evidently does not want to allow a single all-black school, though the Supreme Court ostensibly would. Nor does it seem to accept the fact of population mobility, as the Supreme Court does. And it seems to opt for continuing court-ordered plans to handle future changes in racial ratios as a result of that mobility, which it would interpret as ipso facto discrimination, despite the Supreme Court's declaration that such continued adjustments are not required. Yet precedent shows us that such contradictions may remain in effect.

All this, I submit is ample proof of a continuing, unending dilemma.

I repeat, unending dilemma. I believe it deserves even greater attention than it has received for the following reasons:

It is of the utmost importance to realize first, that lower courts are requiring much more idealistic and impractical standards than the Supreme Court itself, and second, despite this, the highest court is letting them stand.

In at least one case the Supreme Court has let stand the fixing of racial ratios in every school in the system despite its above quoted Swann position that it "would be obliged to reverse" such a requirement by a district judge.

The Prince Georges County, Md., school system is presently burdened by the fiat of a Federal judge in Baltimore, Judge Frank Kaufman of the U.S. District Court of Maryland. His ruling of December 29, 1972, upheld by the Fourth Circuit Court but unreviewed by the Supreme Court, requires that no school in that system shall be more than 50 percent black, nor less than 10 percent black, regardless of the population makeup surrounding those schools, regardless of what busing is required to engineer those percentages in all schools in that 45-mile wide county. This requirement is totally out of line with the Supreme Court's statement in Swann that it would have to reverse a district court requirement of "any particular degree of racial balance or mixing." Despite this, the Supreme Court refused to review the Kaufman decision on October 16, 1973.

Who can know what any Federal court, including the Supreme Court, really means at any given time, or may hold on the same matter in the future, with such examples of contradiction and confusion among the "wise men" of our judiciary system?

It is against this confused, contradictory background that I wish to look into the busing situation in my own State of Kentucky.

That the problem of forced-busing could interminably extend into the future, I believe is clearly brought out by the decision of the Sixth Circuit Court of Appeals which on December 28, 1973 overturned the March 8, 1973 decisions of the U.S. District Court for Western Kentucky. In those March decisions, District Judge James F. Gordon after extensively reviewing the desegregation measures taken by both the Louisville School Board and the Jefferson County School Board, found both systems to be unitary and whatever concentration of either white or black children in any school remained, to be clearly the result of defacto, and not dejure causes. These reasons he found chiefly to be what he called "white flight," taking place all the while desegregation efforts, including busing, were being implemented. He found those efforts to be completely satisfactory, in compliance with the Supreme Court mandates.

I quote the following thret sentences in the Circuit Court's opinion to make two points that demonstrate that the dilemma which faces us is one without end unless Congress sensibly puts an end to it:

> All vestiges of state-imposed segregation have not been eliminated so long as Newburg remains an all black school. Where a school district has not yet fully converted to a unitary system, the validity of its actions must be judged according to whether they hinder or further the process of school desegregation. The School Board is required to take affirmative action not only to eliminate the effects of the past but also to bar future discrimination. *Green, supra,* 391 U.S. 438 n.4.

The first point is an immediately apparent contradiction—with the Cincinnati Court setting its own standard in defiance of the position of the Highest Tribunal in the land. The Supreme Court, as we have seen in Swann, said:

> It should be clear that the existence of some small number of one-race, or virtually one-race, schools within a district is not in and of itself the mark of a system which still practices segregation by law.

Yet the Sixth Circuit Court in its wisdom declared:

> All vestiges of state-imposed segregation have not been eliminated so long as Newburg remains an all black school.

The Supreme Court would allow some one-race schools. The lower circuit court, despite this, would allow none. Incredible.

What are the American people in 50 States, not just in Kentucky, to believe judicial standards on school desegregation really are?

The second point I wish to highlight is much more subtle, but not unimportant, as long as the Supreme Court refused to even review Judge Kaufman's Prince Georges County busing order which established a universal school racial ratio despite the Highest Court's earlier dictum in Swann that it would be obliged to reverse such ratios if imposed, and its specific declaration opposing any mandatory racial composition "for every school in every community."

The circuit court referred to Green to support the last of the three sentences I quoted:

> The School Board is required to take affirmative action not only to eliminate the effects of the past but also to bar future discrimination.

In that Supreme Court decision, *Green v. County School Board of New Kent County,* 391 U.S. 430 (1968), one finds at the bottom of page 438, note 4, which reads:

> We bear in mind that the court has not merely the power but the duty to render a decree which will so far as possible eliminate the discriminatory effects of the past as well as bar like discrimination in the future. Louisiana v. United States, 380 U.S. 145, 154.

In Louisiana, perhaps not as the Supreme Court intended it, but, I fear, as the circuit court interpreted it, lies the seed of the problem that I call "busing forever," despite Swann's ruling out in 1971 continuing followup decrees adjusting racial composition of student bodies.

I think we can begin to see the germination of this seed in the sixth circuit court's decision. Technically speaking, perhaps the circuit court did not broaden the Supreme Court's original 1964 language in Louisiana—which it utilized by way of Green—but interestingly, it made no reference to the initial desegregation decree that the Highest Court specifically mentioned. Thus it can be read:

> The School Board is required to take affirmative action . . . to bar future discrimination.

In Louisiana, the Supreme Court spoke of the duty to bar future discrimination in an initial order ending past segregation in the schools. And as I have pointed out, in Swann there is the specific declaration that year-by-year follow-up adjustments of racial balance in schools are not required since, as a result of a satisfactory initial decree, "at some point" a system would be "unitary," with "racial discrimination through official action—eliminated from the sytem," and future population changes of themselves would not alter that unitariness.

The Sixth Circuit Court, however, seems to imply that follow-up decrees are required. It might even be said that its own decision reversing Judge Gordon is a "follow-up" decree for this reason:

District Judge Gordon found "white flight" to be a de facto cause of any continued racial "imbalance" in certain schools in Metropolitan Louisville despite thorough desegregation efforts by the authorities. He specifically found no dejure causes due to any continued official vestiges of racial segregation.

The circuit court seems to have refused to accept the actuality of this population mobility—cited by the Supreme Court in Swann as the reason making follow-up racial adjustments unnecessary—as a defacto cause of the racial imbalance it found, ruling that imbalance entirely due to dejure causes which Judge Gordon found absent completely.

One can certainly question the implication in the circuit court's language that a school board must prevent future discrimination by successive adjustments when that court does not seem to accept the fact of society's mobility inescapably leading to varying racial ratios all the time, a fact the Supreme Court did accept in Swann. But as Prince Georges County found out to its dismay, the Supreme Court does not always stand by its own rulings. So one is justified in asking, just what is the position of the courts as to continuing adjustments of racial ratios in our schools?

The two examples I have presented here—the Supreme Court's refusal to review a lower court's mandating of a compulsory racial ratio in an entire school system despite the highest tribunal's previous dictum that it would be obliged to reverse such an order, and the Sixth Circuit Court's clear defiance of one Supreme Court desegregation standard and its broadening of another—support my contention that forced busing is here to stay unless Congress puts an end to it.

Forced busing is here to stay, as a never-ending, court-ordered, court-reviewed, and court-reordered phenomenon in American life, unless Congress acts to terminate it by way of a constitutional amendment, or by way of the statutory legislation embodied in the bills before this Senate Subcommittee and in the bills I have introduced in the House of Representatives.

But it is not just forced-busing that is here to stay, but everchanging forced-busing. The problem is not just busing forever, but ever-changing forced-busing forever.

The reason for this is apparent from the position of the circuit court in Cincinnati. As population changes develop among races as they have in Louisville and Jefferson County and elsewhere, and the racial balance automatically changes in neighborhood schools with new enrollments and departures, the courts can claim as time passes that racial "imbalance" exists anew, and on the grounds of this "evidence" of renewed "discrimination," order and reorder, over and over again, the school boards of the Nation to draw up and implement new guidelines, new attendance zones, new busing schedules, et cetera, for the same or different school districts and/or counties or cities, for the same or for different students, at the same or different schools.

And all this on an unending basis—unless the Federal courts also go into the business of controlling where the American people can move to or not move to.

No further amplification on my part is necessary for everyone to see what may lie in store for this country—disruption unlimited. But the greatest disruption will be imposed on the lives of our tenderest citizens, the young students in elementary and secondary schools. Parents will not know from one term to the next what schools their children will be in, or what hours they will have to keep to make their bus schedules.

In the cases involving Louisville and Jefferson County, Ky., the sixth circuit court refused to accept as effective the desegregation measures found to be very satisfactory by the district court. The only way to satisfy the higher court is to have increased forced-busing that involves leapfrogging, or cross-busing. I completely agree with the sensible opinion on that very point that district Judge Gordon stated in his decision, now reversed:

> We have closely scrutinized the situation at the Newburg school and the adjoining elementary schools and the Cane Run school about which plaintiffs complain. We have seen the efforts by the school board in these areas and the use of permissible tools employed by the board and we reject as totally unrealistic the contentions of the plaintiffs that it is necessary, in order to comply with constitutional mandate, to transport white children into the Newburg area from adjoining districts, and at the same time transport some of the Newburg children who live near the school to white schools, thus cross-busing or leap-frogging these children merely in order to achieve some sort of racial balance, absent dejure acts or failure to act by the authorities. *Newburg Area Council* v. *Board of Education of Jefferson County, Kentucky* (p. 32).

This finding by the district judge gets to the very heart of the issue. Is forced-busing to be a permanent sociological tool—without regard for human feelings—utilized to reach and maintain throughout never ending population shifts, some idealistic but impractical form of racial balance based purely on preconceived, arbitrary percentages?

This evidently is what the sixth circuit court wants—and yet it is a well-known fact that roughly 25 percent of the American people move every year.

I submit, if the view of the sixth circuit court prevails—and I have already shown the Supreme Court does not always overturn lower court decisions that defy its own—this country will be put through fantastically costly, unending contortions and disruptions, involving not so much our schoolchildren's education, as where they will get it, unless the Congress acts favorably on the bills before this subcommittee.

If left standing, the circuit court's decision in effect holds that school boards for all time must revise busing plans—no matter how often changes must be made in any or all aspects of their plans and operations—to keep up with changing population trends, on the specious grounds that racial balances in schools differing from some preconceived, court-set percentages will, ipso facto, prove dejure segregation and discrimination.

As cities expand, and people of both races move farther from midcity areas, forced-busing could require longer and longer trips. Earlier departures, and later arrivals home involve greater dangers for our school children, as many have pointed out. Walking to, waiting for, and riding on, school buses by many more children, will involve more time away from home. Leapfrogging forced-busing likely will become even more of a disrupting factor than it has been to date.

FORCED BUSING LARGELY BASED ON ERRONEOUS SOCIAL THEORY

Federal court decisions in the area of race relations since the early 1950's have been based on the speculative theories and assumptions of certain sociologists. Among these was Gunnar Myrdal of of Sweden, whose book, "An American Dilemma," was cited in the Supreme Court's historic decision in Brown against Board of Education of Topeka in 1954.

Now we have a new American Dilemma.

It is ridiculous and tyrannical for our Federal courts, which are totally unrepresentative and unanswerable to the American people, to impose and perpetuate an untenable sociological pattern of costly forced busing on our people largely on the basis of social theories and assumptions now proven to have been erroneous.

The courts have the responsibility of adjudication on the basis of law, not sociology. The Supreme Court's function largely has been the determination of constitutionality of our laws. It has no power under the Constitution to determine the validity of social theory. Law under the Constitution is the guide for our courts, not the disproven—nor unproven—concepts of foreign or domestic social theoreticians, no matter how well-intentioned they may be.

Millions of dollars have been expended on voluntary and mandatory busing in the north, south, east, and west as a direct result of court decisions heavily influenced by social theories now shown to have been incorrect.

One outstanding survey demonstrating the falsity of the theories selected by the courts was that reported by David J. Armor, associate professor of sociology at Harvard, in the quarterly journal, the "Public Interest" for summer, 1972.

Professor Armor has this to say of the implications of his findings on busing:

> It is obvious that the findings of integration research programs have serious implications for policy. . . . The most serious question is raised for mandatory busing (or induced integration) programs. If the justification for mandatory busing is based upon an integration policy model like the one we have tested here, then that justification has to be called into question. The data do not support the model on most counts. (p. 114)

As Armor predicted—it is likely that in some quarters the data we have presented will be attacked on moral or methodological grounds and then summarily ignored—his findings have been criticized and ignored—But he devastated his critics in his surrebuttal, "The Double Double Standard: a Reply" in the winter, 1973 issue of the "Public Interest."

A careful reading shows him to be eminently fair, in my opinion. For example, he states:

> Although the data may fail to support mandatory busing as it is currently justified, these findings should not be used to halt voluntary busing programs.

He urges more support for continued voluntary busing, but flatly declares—

> Massive mandatory busing for purposes of improving student achievement and interracial harmony is not effective and should not be adopted at this time.

My position essentially is that States and local communities have the right to determine their own methods of improving race relations in schools and the standard of education for both blacks and whites as long as officially imposed segregation is ended. Federal fiat that claims to be juridical but is merely sociological, has no place in this area. Armor and others have now demonstrated the unsoundness of Federal court sociology, and it must be discarded. Inasmuch as the courts show no inclination to shed their social hypotheses, the Congress under article III of the Constitution must step in and strip away the juridical abuse of the courts—their basing judgments on illusions. The elected Representatives of the people in both Houses of Congress know the people would support such action. Only 1 in 20 Americans supports busing as a satisfactory integration tool, according to a nationwide Gallup poll taken in early August 1973. The National Parents and Teachers Association in its National Congress, on May 22, 1973, resolved—

> That the National PTA oppose the reassignment of students solely to achieve racial balance in the schools.

The American people know what the courts will not face up to, that busing is a failure. Armor asked the question:

> Why has the integration policy model failed to be supported by the evidence on four out of five counts? How can a set of almost axiomatic relationships, supported by years of social science research, be so far off the mark?

He gives three answers, but my point here is that the people—unlike the courts—know that forced busing as a solution is far off the mark.

Armor blames: (1) inadequate research designs, (2) induced versus "natural" factors, and (3) changing conditions in the black cultural climate, for the errors of the sociological concepts which were chosen by the courts to underlie their decisions involving busing.

SPECIFIC FINDINGS OF THE ARMOR STUDY

SPECIFIC FINDINGS OF THE ARMOR STUDY

Professor Armor stated at the outset of his essays in the public interest:

> The policy model behind the Supreme Court's 1954 reasoning—and behind the beliefs of the liberal public today—was based in part on social science research. But that research did not derive from the conditions of induced racial integration as it is being carried out today. These earlier research designs were "ex post facto"—i.e., comparisons were made between persons already integrated and individuals in segregated environments. Since the integration experience occurred *before* the studies, any inferences about the effects of *induced* integration, based on such evidence, have been speculative at best. With the development of a variety of school integration programs across the country there arose the opportunity to conduct realistic tests of the integration policy model that did not suffer this limitation. While it may have other shortcomings, this research suffers neither the artificial constraints of the laboratory nor the causal ambiguity of the cross-sectional survey. The intent of this essay is to explore some of this new research and to interpret the findings. (p. 91)

Armor's study was chiefly based upon the busing experience of schoolchildren in grades 1 through 12 over a period of from 1 to 5 years in five geographical areas: Boston, Mass.; Ann Arbor, Mich.; Hartford, Conn.; Riverside, Calif.; and White Plains, N.Y.

Professor Armor, at the outset of his article, indicted "educational policymakers" for deliberately ignoring a key finding of sociologist James Coleman, author of the "Coleman Report" in 1966 which was the product of a survey by the U.S. Office of Education commissioned by Congress as part of the Civil Rights Act of 1964.

Armor presented his case in these words:

> The Coleman study, however, also reported some findings that surprisingly were not in accord with the early model. For one thing, black children were already nearly as far behind white children in academic performance in the *first* grade as they were in later grades. This raised some question about whether school policies alone could eliminate black/white inequalities. Adding to the significance of this finding were the facts that black and white schools could not be shown to differ markedly in facilities or services, and that whatever differences there were could not be used to explain the disparities in black and white student achievement. This led Coleman to conclude that "schools bring little influence to bear on a child's achievement that is independent of his background and general social context; and this very lack of an independent effect means that the inequalities imposed on children by their home, neighborhood, and peer environment are carried along to become the inequalities (of their adult life)."
>
> While the findings about segregation and black/white differences have been widely publicized and largely accepted, this concluding aspect of Coleman's findings has been ignored by educational policy makers. Part of the reason may derive from the methodological controversies which surrounded these findings (e.g., Bowles and Levin, 1968), but the more likely and important reason is that the implications were devastating to the rationale of the educational establishment in its heavy investment in school rehabilitative programs for the culturally deprived; the connection between public policy and social science does have its limitations. (p. 94)

Professor Armor carefully delineated his survey (p. 96) as relating only to force, not natural, school integration, and not the "effects of integration on adults, nor on the effects of other types of integration, such as neighborhood housing, employment, and other forms." He stressed this limitation:

> We are specifically interested in those aspects of the model that postulate positive effects of school integration for black students; namely, that school integration enhances black achievement, aspirations, self-esteem, race relations, and opportunities for higher education . . . In other words, we will be assessing the effects of induced school integration via busing, and not necessarily the effects of integration brought about by the voluntary actions of individual families that move to integrated neighborhoods.

Armor cataloged his findings specifically. He stated:

> To test the integration policy model we can group our findings under five major headings—the effects of busing and integration on: (1) academic achievements; (2) aspirations; (3) self-concept; (4) race relations; and (5) educational opportunities. . . . In each case, we shall compare bused students with the control groups [students of similar backgrounds not bused] to assess those changes that might be uniquely associated with the effects of induced integration.

Accordingly, Armor set forth his findings under those headings. I can only quote them in the briefest manner as follows:

ACHIEVEMENT

> None of the studies were able to demonstrate conclusively that integration has had an effect on academic achievement as measured by standardized tests. (p. 99) The integration policy model predicted that achievement should improve as black students are moved from segregated schools to integrated schools . . . But four of the five studies we reviewed (as well as the Berkeley and Evanston data discussed in footnote 4) showed no significant gains in achievement scores; the other study had mixed results. Our own analyses of the Coleman data were consistent with these findings (see Armor, 1972). (p. 109)

ASPIRATION AND SELF-CONCEPT

> In the [Boston] METCO study we found that there were no increases in educational or occupational aspiration levels for bused students; on the contrary, there was a significant decline for the bused students, from 74 per cent wanting a college degree in 1968 to 60 percent by May 1970. . . . At the very least, we can conclude that the bused students do not improve their aspirations for college. (p. 101) The integration policy model predicted that integration should raise black aspirations. Again, our studies reveal no evidence for such an effect. (p. 110)
>
> In the METCO study we also found some important differences with respect to academic self-concept. The students were asked to rate how bright they were in comparison to their classmates. While there were some changes in both the bused and control groups, the important differences are the gaps between the bused students and controls at each time period. The smallest difference is 15 percentage points in 1970, with the control students having the higher academic self-concept. Again, this finding makes sense if we recall that the academic performance of the bused students falls considerably when they move from the black community to the white suburbs. In rating their intellectual ability, the bused students may simply be reflecting the harder competition in suburban schools. (p. 102)

RACE RELATIONS

> One of the central sociological hypotheses in the integration policy model is that integration should reduce racial steretoypes, increase tolerance, and generally improve race relations. Needless to say, we were quite surprised when our data failed to verify this axiom. Our surprise was increased substantially when we discovered that, in fact, the converse appears to be true. The data suggest that, under the circumstances obtaining in these studies, integration heightens racial identity and consciousness, enhances ideologies that promote racial segregation, and reduces opportunities for actual contact between the races. (p. 102)
>
> The integration policy model predicted that race relations should improve as the result of interracial contact provided by integration programs. In this regard the effect of integration programs seems the opposite of that predicted. It appears that integration increases racial identity and solidarity over the short run and, at least in the case of black students, leads to increasing desires for separatism. These effects are observed for a variety of indicators: attitudes about integration and black power; attitudes towards whites; and contact with whites. The trends are clearest for older students (particularly the METCO high school students), but similar indications are present in the elementary school studies as well. This pattern holds true for whites also, insofar as their support for the integration program decreases and their own-race preferences increase as contact increases. (p. 110)

Thus, in the first four of Armor's categories we see that he found few positive, but many adverse effects, as a result of what he called "induced school integration via busing."

In the fifth category—"Long-term Education Effects"—he stated his finding that a higher percentage of bused black students did start college than unbused control students, but this was based on two studies surveying a total of less than 150 students, and of which he said:

> Neither of these studies is large enough, of course, to draw any definite conclusions.

And, he had already pointed out—as quoted above under "Aspiration and Self-concept"—that there was already a much higher aspiration to go to college among bused students at the outset of their busing than among the control group—although those aspirations declined markedly as that busing continued. Armor said:

> In this respect, some educators have hypothesized that integration has a positive effect

> in lowering aspirations to more realistic levels; of course, others would argue that any lowering of aspirations is undesirable.

Sure enough, Armor's critics claimed that lowering of aspirations was a positive effect. We find a separate category devoted to it in their critique of his study:

> Shifts in aspirations and "academic self-image" during desegregation are positive in meaning.

I quote briefly from this section:

> Katz (1967), for example, has demonstrated experimentally how unduly high aspirations can doom black students to serious learning difficulties. In his view, desegregation benefits learning among black children by lowering their aspirations to more effective and realistic levels. . . . In short, "when desegregation lowers rigidly high aspirations of black students to moderate, effective levels, it should be considered a positive, not a negative effect." ("Busing: a Review of 'The Evidence' " by Thomas F. Pettigrew, Elizabeth L. Useem, Clarence Normand & Marshall S. Smith, in The Public Interest, Winter, 1973, p. 107–108).

For the life of me, I cannot understand why forced busing must be resorted to to achieve this so-called "positive" effect. Could not teachers counsel black students to this end in their own neighborhood schools if it were warranted? Why subject Negro children to the embarrassment and chagrin of having to learn such a "lesson" by being forced to "achieve" alongside white students who already are considerably ahead of them, to say nothing of the time they must spend on schoolbuses, I see no value whatsoever in a program of any kind that reduces a student's desire to better himself, and for any educator to call this a "positive" benefit is sheer nonsense. Even where a student clearly does not have the ability to handle college work, he should be encouraged to better himself in other ways.

Professor Armor, as I have mentioned earlier, answered his critics in what he called, "The Double Double Standard: A Reply." In this reply he further emphasized the fact that with induced school integrated via busing, black students fell further behind their fellow white students in reading achievement. He set forth in detail statistics from Evanston, Ill., Berkeley, Calif., Sacramento, Calif., New York City, and from Hartford and New Haven in Connecticut, that showed the reading gap between black and white students grew, rather than diminished. Regarding this particular set of findings and criticism of his original survey, Armor said:

> The argument of Pettigrew and his colleagues that perhaps white students also gain in achievement from the integration experience per se demands close scrutiny. While it makes sense to argue that black students might gain by being in a classroom environment with higher-achieving white students (the so-called "peer" effect prominent in the Coleman study), it makes no sense at all to argue that white students will gain by being in a classroom environment with lower-achieving black students. What mechanism could possibly be operating that produces opposite peer effects for the two groups? It seems to me that my critics' reasoning is getting fuzzy here.
>
> One of the main points of my study was to show that black achievement is not being helped in any significant way by busing, and that therefore we have to raise the possibility of harmful psychological effects due to the achievement gap. The small gain of two months for the paired black students in New York is little consolation for their being placed in an environment where they must compete for grades with students three years ahead of them in academic growth. The authors [his critics] completely ignore this issue throughout their critique. (The Public Interest, Winter 1973, p. 123)

If we are really concerned for the welfare and advancement of our black children, I suggest we pay heed to what Professor Armor said of the possibility of harmful psychological effects upon them due to this achievement gap.

I have gone into the Armor study at some length to demonstrate factual support, based on actual experience, for the bills before this subcommittee.

DISPUTED SOCIAL STUDIES POOR BASES FOR LAW

For the same purpose, ironically, perhaps as important as Professor Armor's findings were, is the very fact that since publication, they have been disputed—just as his factual conclusions were at odds with the theories and findings of others before him, like Gunnar Myrdal.

Could anything more clearly demonstrate the utter absurdity of the Federal courts of the land—or any courts for that matter—basing their decisions on sociological theories, than this continued conflict between sociologists? One set of assumptions, theories and projected conclusions continue at odds with other sets. "Research findings" turn out later, under actual conditions, to have been erroneous because of the inadequate standards and misconceptions by and on which they were formulated and forecast.

The Public Interest itself cast a bit of scholarly light on this conflict among sociologists which further emphasizes the foolishness of a court relying on any given set of one-sided sociological data.

A member of the Publication Committee of Public Interest, Prof. James Q. Wilson, in the same winter, 1973 issue of that journal, wrote a short 3-page commentary entitled "On Pettigrew and Armor: An Afterword," which every Member of Congress could read with profit. Professor Wilson is chairman of the Department of Government at Harvard University.

I quote some of his most pertinent remarks, beginning with his opening sentence on page 132:

> Those who have read David Armor's "The Evidence on Busing" and now find in this issue a lengthy rebuttal by Thomas Pettigrew and colleagues and a surrebuttal by Armor might be forgiven for throwing up their hands in despair at the apparent inability of social science to give clear and simple answers to important questions. . .
>
> Because of these considerations, and after having looked at the results of countless social science evaluations of public policy programs, I have formulated two general laws which cover all cases with which I am familiar:
>
> First Law: All policy interventions in social problems produce the intended effect—*if* the research is carried out by those implementing the policy or their friends.
>
> Second Law: No policy intervention in social problems produces the intended effect—*if* the research is carried out by independent third parties, especially those skeptical of the policy.
>
> These laws may strike the reader as a bit cynical, but they are not meant to be. Rarely does anyone deliberately fudge the results of a study to conform to pre-existing opinions. What is frequently done is to apply very different standards of evidence and method. Studies that conform to the First Law will accept an agency's own data about what it is doing and with what effect; adopt a time frame (long or short) that maximizes the probability of observing the desired effect; and minimize the search for other variables that might account for the effect observed. Studies that conform to the Second Law will gather data independently of the agency; adopt a short time frame that either minimizes the chance for the desired effect to appear or, if it does appear, permits one to argue that the results are 'temporary' and probably due to the operation of the 'Hawthorne Effect' (i.e., the reaction of the subjects to the fact that they are part of an experiment); and maximize the search for other variables that might explain the effects observed.
>
> People will naturally disagree over whether a given policy evaluation by the social scientist supports either the First Law or the Second Law. Many considerations prevent that argument from being carried on very intelligently—the loyalties and commitments of the scholars involved, the efforts of partisans and polemicists to defend one interpretation absolutely and to reject the other entirely, the defensiveness of whatever government agency is being praised or blamed by the study in question, and the tendency of human affairs to be so complex and ambiguous as to make the possibility of designing and executing a Decisive Experiment all but impossible.

These few remarks of Prof. James Q. Wilson are so cogent, so revealing, and so pertinent to the matter before us, that they need no further comment on my part. Let me say only that nowhere have I seen a finer argument for a return to simple commonsense in deciding the great issues that face the country, including the dilemma brought about by court-ordered forced busing.

In my opinion, Professor Wilson in a few sentences has demolished the value of the Supreme Court's citing of any sociological work for the purpose of supporting its desegregation or any other decisions. He has rendered worthless all argument for continued forced busing on the grounds of sociological concepts, without diminishing the ultimate positive accomplishments of social research.

CONCLUSION

In concentrating on the points presented in my testimony before this subcommittee, I have not underscored the better-known arguments against forced-busing on grounds of the widespread disruption it causes. In no way have I meant to leave the impression that such disruption is anything but very great in the lives of those directly affected by this juridicial imposition which violates the very right of individual choice in our supposedly free country.

Beyond the added tax burden on parents and others that I have mentioned is the deprivation of children of much of their free time. There is the added danger they are exposed to because of the very nature of busing. A penalty of time and worry is imposed on parents.

Home life is disrupted by virtue of the added hours a family is kept apart while children are waiting for and riding buses to distant schools, when they could walk or ride to neighborhood schools.

One of the greatest penalties imposed upon children who must be bused under court orders, is their being deprived of the possibility of engaging in extracurricular activities. The buses must leave on time, and cannot wait for individual students involved in after-school sports, band practice, music lessons, dramatics and the like. Parents' schedules, or incomes, or their responsibilities to their other children make it impossible in many cases for them to drive to distant schools to pick up their children who otherwise could profit from such activities. In such cases, forced-busing amounts to a virtual prohibition against extra-curricular activities. Not only individual students and families are thus penalized, but so are the very schools themselves.

Similarly, the very distances involved impose a heavy burden of time and money on parents who must attend conferences with their children's teachers, and PTA meetings. In many cases parents simply cannot attend these functions so important to the education of their children.

Quality education and educational progress itself is tremendously disrupted by the appalling sacrifice to the idol of integration by way of compulsory busing that is the draining of tight funds away from school facilities, equipment, teachers' salaries, et cetera by insatible transportation demands.

I have not dwelt on the derogation of our children to the status of mere guinea pigs in a vast social experiment, and their treatment, whether black or white, as mere numbers.

These are some of the reasons a growing number of American citizens are up in arms over the issue of forced-busing. We represent the people. It is our job to take effective action to end the dilemma the Federal courts have brought about by their social engineering.

Forced-busing is a failure in practice, proving that the theories underlying court mandates for it were totally unrealistic. Ordinary commonsense and experience have proven it to 19 of every 20 Americans.

The courts err when they base jurisprudence on erroneous sociology. They cannot as easily err in determining the intent of the Congress as to the laws it enacts together with the President's signature. The will of the Congress—which represents the American people—must stand supreme, as long as it is constitutional, and not any pet social theory of the moment, which time and experience may bring crashing down on the rock of reality.

Millions of Americans who have never given a thought to forced busing of schoolchildren, are today complaining of having to live on daylight saving time because of the energy crisis, with the resulting inconvenience of getting up in the dark to go to work. They also are complaining of getting up in the dark just to get in line early at service stations to get gasoline. Let them think, while they dress and while they wait in the dark, of the thousands upon thousands of young black and white children who are, and who will be, forced to get up in the dark the greater part of their entire school lives to catch buses just to satisfy the sociological whims of our courts, when they could leave home much later to go to the neighborhood schools nearby.

We must face the permanence of the busing problem that lies before us unless we in the Congress act to do away with the dilemma entirely. An unending court requirement of our school boards to revise school attendance plans and disrupt lives anew by ever-changing forced busing, can only bring harm to our children and our educational system. The plaintiffs in the Louisville and Jefferson County cases made no charges as to the quality of education black children receive, complaining only of racial mix in the schools. Yet the sacrifice of student time and tax funds that must be made to meet court-ordered racial ratios by forced busing involving leapfrogging of whites past blacks, and blacks past whites in school buses using vast amounts of fuel, can only diminish the quality, effectiveness, and practicality of education children of both races could receive. It is totally counterproductive. Let us put an end to it by enacting the measures before this subcommittee as soon as possible. The only way to get the Federal Courts off this "kick" and out of their obviously erroneous stance of deciding these forced-busing cases on sociological concepts, is to take their jurisdiction to decide such cases from them.

CONGRESSIONAL PAY RAISE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Missouri (Mr. RANDALL) is recognized for 5 minutes.

Mr. RANDALL. Mr. Speaker, there is only a short time left until Congress must face the moment of truth on the matter of congressional pay. Within about a week if there is no disapproval of the proposal by the President, those increases which have been proposed will become a reality through inaction.

My record in opposition to these pay increases has been consistent over all the years since the Federal Salary Act of 1967 was adopted. Prior to that time, in order to receive a pay increase it was necessary to pass a bill providing for that increase and specifying the amounts. Then in 1967 a bill was signed into law over the opposition of many of us then in Congress which called for a special commission to review the salary of Members of Congress, Federal judges, and certain executive branch officials once every 4 years.

I have today introduced legislation to repeal the Federal Salary Act of 1967. In this time of runaway inflation and a serious energy crisis when everyone in America is called upon to make sacrifices, it seems to me that it is the responsibility and even the obligation of Members of Congress to report exactly what they have done or have failed to do to prevent these congressional pay raises from becoming effective.

I am glad to report my efforts to date. First, I joined with the gentleman from Iowa (Mr. SCHERLE) on February 4 in a resolution to disapprove all the recommendations of the President with respect to the rates of pay transmitted by the President to the Congress in the budget for the fiscal year ending June 30, 1975, in House Resolution 811. Then 3 days later I introduced my own resolution, House Resolution 851, in substantially although not identically the same language.

In addition to the foregoing I signed a discharge petition authored by the gentleman from Indiana (Mr. DENNIS) which was a motion to discharge H.R. 2154 from the Committee on Post Office and Civil Service. H.R. 2154, had as its principal author the gentleman from Arizona (Mr. RHODES) which provides that if a resolution disapproving the recommendations of the President for pay increases under the Federal Salary Act of 1967 has not been reported at the end of 10 calendar days after its introduction, then it will be in order to move to discharge the committee from further consideration of the resolution and to bring the bill to the floor for a vote as a highly privilege resolution.

Mr. Speaker, I was signatory No. 28 of that discharge petition and I find that as of today, Thursday, 28 February 1974, there are 105 signatories on that discharge petition.

The matter of the congressional pay raise was considered last fall and we were fortunate to be able to get a straight up and down rollcall vote on the issue. On that vote the COGRESSIONAL RECORD will show that I opposed the Congressional pay raise.

Last fall it was the Senate that approved the pay increase. This year there are encouraging signs that the Senate will give careful scrutiny to the unreasonable pay increases recently proposed in the President's budget.

But Mr. Speaker we must look to our own House of Congress, the one we all love and cherish as the people's body. What has been the record of our own Post Office and Civil Service Committee? Well, who can forget that just a short while back, a week or so ago, the chairman of the House Post Office and Civil Service Committee called a meeting and there ensued what is called a floating quorum which meant that at no one point in time was there a true quorum. Some would come and some would go, some would remain and some would depart but at no one time was there a solid quorum for a vote on disapproval of the pay increase.

It is not for me to characterize this kind of conduct but our constituents have described this kind of action as much less than responsible. I have received correspondence that describes this kind of tactics as ducking the issue by a kind of evasive inaction.

In all fairness, however, today, February 28, the House Post Office and Civil Service Committee did find it possible to assemble a quorum and by a vote of 19 to 2 approved a resolution of disapproval. Whatever criticism they deserve for their previous action they have now erased by their straightforward and forthright action today.

Let us hope that the leadership of the

House will bring this to a vote either under a rule before the time expires to disapprove the increase or under the suspense calendar without a rule.

At long last it seems then that we may get a vote on the proposed passage of the congressional pay increase. Now I have no quarrel with anyone who wants to vote for the proposed increase. If anyone wants to go on record in favor for such an increase, that is his prerogative.

The point that I am trying to emphasize by these remarks today is that if an increase should be justified either now or at any other time, it is completely indefensible to let these raises take place automatically and without any vote on the merits.

As I conclude these remarks I repeat again that I have a long and consistent record against pay increases under the Federal Salary Act of 1967. It is difficult to think of a worse time to seek a pay raise. Members of Congress occupy a position of leadership that sets an example.

How can we expect our constituents to sacrifice either because of the ravages of inflation or the disruptions of their lifestyles imposed on them by the energy crisis unless we are willing to set an example.

No longer can we say to our people "do as we say" but "sorry we cannot set a good example." That is the reason Congress must disapprove the President's proposal for a congressional pay raise.

COUGHLIN RAPS ALLOCATION SYSTEM, FEO SECRECY ON DATA

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Pennsylvania (Mr. COUGHLIN) is recognized for 10 minutes.

Mr. COUGHLIN. Mr. Speaker, with the lines in gas stations in certain areas of the country continuing to lengthen, I feel that the time has come to speak out publicly against the bureaucratic bungle of monstrous proportions which is being perpetrated by the Federal Energy Office.

As late as last Friday morning, when Pennsylvania and several other States were in critical straits, the FEO talked about saving gasoline supplies for the spring and summer, yet that afternoon freed 239.75 million gallons for use, including 24.39 million gallons for Pennsylvania. While I am delighted the gasoline was released, it is logical to believe that the exercise of reason by FEO earlier in the month of February could have avoided the crisis situation that developed last weekend.

I have today sent a telegram to William E. Simon, Federal Energy Administrator, to demand the release of the gasoline allocation formula and figures for all the States. I also have demanded to know under what authority this information is being withheld from the Congress and the public. At a time when all Members of Congress are understandably getting heat from outraged constituents due to the severity of the problem, I urge my colleagues to put similar pressure on the administration to make known this vital data.

In an attempt to obtain this very information from FEO last week, I was met with a series of contradictory statements and actions at a time when the people and the economy were suffering. Furthermore, I found the FEO bureaucracy to be arrogant and highhanded, hesitant to acknowledge and correct its own mistakes. The long lines of cars waiting for gasoline, especially in the metropolitan areas, should have been sufficient notice to FEO that the allocation system was a monumental screwup.

It is obvious that the energy situation itself is fraught with pitfalls and problems. To make it worse, FEO is aggravating things through a lack of comprehension of what effects its actions are having on millions of people and businesses.

For instance, FEO places the responsibility on States, local communities, and dealers for establishing rationing programs and business hours while it singlehandedly controls the flow of gasoline by a method it refuses to explain to the public or the Congress. Another error in the system is that the Governors cannot reallocate supplies within their own States to meet area shortages.

While Congress has been slow to legislate on certain matters involving the energy shortage, it has passed the necessary laws to deal with the allocation process, but it must depend on the bureaucracy to administer them properly. In fact, the willingness of the Congress to legislate and cooperate with FEO has met with no such reciprocal spirit from that Office. FEO is guilty either of failing to recognize the critical nature of the gasoline situation, or if it has recognized the problem, it has failed to exert the initiative to try to resolve it.

This is pointed up by stories in yesterday's newspapers which quote John Sawhill, Simon's deputy, as proposing two administrative actions to help ease the situation. These actions would eliminate imports above current levels from stipulations of the allocation system and would drop a requirement that major oil companies must sell crude oil supplies to their competitors while still selling to small independent refiners.

Both moves are welcome and overdue. Why did not FEO initiate such action earlier and if it doubted its authority under the law, why did not FEO officials come marching up Capitol Hill for immediate legislative action? This is just another inexplicable example of FEO's failure to comprehend the urgency of the situation and to act quickly to correct it.

The people and the Nation deserve better than this. The Congress has acted and will act, but the Congress cannot administer the law. This is the province of the executive branch, in this case, FEO. If FEO cannot cut the mustard, let us find another way to serve the needs of the Nation.

A YOUTH OF LABOR FOR AN AGE OF EASE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Maine (Mr. COHEN) is recognized for 5 minutes.

Mr. COHEN. Mr. Speaker, I want to express my great pleasure over the passage by the House today of H.R. 2, the Retirement Income Security Act.

The people of Maine feel they have a special tradition of independent living and thinking, which undoubtedly stems in part from our history. Frequently isolated from other sections of the country, the fisherman in the icy waters of the Atlantic, the lumberman in the dense forests, and the farmer in the stony New England fields succeeded through dogged determination to provide for themselves and their children and often their aging parents.

Like other parts of the Nation, however, industry and urban living have affected great changes in the fabric of life in Maine, changes which have increased the isolation of the older generation from the rest of the family and the need of the worker to provide for his own security in his later years. In recent years this isolation has been accentuated because of Maine's halting economic growth. Many of our young people have moved from the State to seek better opportunities in the cities to the South. As a result a steadily increasing percentage of our population is older citizens who are nearing or have already reached retirement age. These people have a strong determination to remain independent and not to seek charity, however well deserved, from public or private sources. To secure that independence they have joined millions of others through the Nation and enrolled in pension or other retirement programs. It is estimated today that 23 million workers are covered by such programs, which have combined total assets of over $137 billion. These plans, in the words of Oliver Goldsmith, have provided our workers with great hopes of a "youth of labor with an age of ease."

Tragically, however, such hopes have often been dashed by the grim realities of the risks involved in such plans. We all remember the closing of the Studebaker plant in South Bend, Ind., and the revelation to the 8,500 employees that not only had they lost their immediate source of income, but all or most of the pension benefits they had thought they were earning. A similar tragedy occurred in my own district several years ago. I know that many other Congressmen can cite similar examples. While recent studies have shown that the number of such terminations are small in relative terms, still no worker who has spent many long and faithful years with a business deserves to have his hopes of future security so cruelly frustrated.

That is why I am so pleased with the new vesting, funding, and fiduciary standards required for pension programs by H.R. 2. The bill provides in general that qualified pension plans must allow employees to participate after they have reached the age of 25 or have had 1 year of service, whichever is later. It also provides for flexible vesting standards, which are basically designed to insure that after 5 or 10 years a worker will have gained a nonforfeitable right to at least a significant percentage of his accrued pension benefits. At the end of 10 to 20 years, he generally will have gained the right to all accrued pension benefits. To assure the ability of the pension program to deliver on the promises it has made, the new law will set firm standards on employer's funding of the program in order to provide in particular for the workers well advanced in age and service when the plan is initiated. It will also require high standards of "fiduciary responsibility" for those entrusted for managing and investing the funds contributed to the pension program.

While hopefully these standards will eliminate the tragic loss of benefits which occur when a plan terminates, the Pension Reform Act also continues a vital further safeguard for pension plan participants. This is its provision for plan termination insurance. The bill establishes a pension benefit guarantee corporation through which all qualified pension plans will be insured against loss of benefits because of the sale, merger, bankruptcy, et cetera, of the business and the resulting termination of the plan. This provision, along with the new stricter standards for pension programs, will go a long way in protecting the future of Maine's pension plan participants.

It is important to realize, however, that these provisions will benefit 23 million workers throughout the Nation, nevertheless 50 percent of the work force are still not enrolled in any retirement program. This percentage is undoubtedly even higher in Maine because of the type of economic activity most common in the State. Basically, while we do have a number of large corporations, most of our workers are employed by small businesses or are self-employed individuals such as farmers and fishermen. I am, therefore, particularly pleased by the tax changes recommended by the Ways and Means Committee in title II of the pension bill. These changes extend to the self-employed and the employee without a retirement program the opportunity to set aside savings for retirement which will receive the same kind of favorable tax treatment as is now provided corporations.

Specifically, the bill permits self-employed individuals such as salesmen, grocery store owners, and farmers to set aside up to $7,500 of their income annually in some retirement plan and deduct those savings from their taxable income. Previously such individuals were limited to $2,500 in annual contributions to these H.R. 10 or Keogh plans. Equally important is a new tax provision which allows employed persons not covered under a retirement plan to set aside $1,500 a year in tax deductible savings. This should prove a vital incentive and means of assistance to the many individuals employed in small businesses in Maine who do not have access to more formal retirement programs.

It is clear from the extended debate we have had on this bill during the last 2 days that questions still remain about its effect on present and future pension plan participation, questions which can only be answered by experience under the new law. I am well aware, however, of the many hours of hearings and meetings which have been held on this complex issue during the past several years, and the widespread support which has been given the legislation now before us indicates to me that the bill will prove very responsive to the needs and problems we are presently encountering in the pension area. I am very pleased to be able to report the passage of this important legislation in the House today to my constituents, and I sincerely hope that its final enactment will soon be accomplished.

NEED FOR STRONG COMPREHENSIVE, AND EQUITABLE PENSION REFORM

The SPEAKER pro tempore. Under a previous order of the House the gentleman from Connecticut (Mr. McKinney) is recognized for 5 minutes.

Mr. McKINNEY. Mr. Speaker, I cannot overstate the necessity that this Congress enact strong, comprehensive and equitable pension reform legislation without delay.

Pension funds are accumulating rapidly and now total 150 billion, making them the largest single aggregate of unregulated capital in the country. Private noninsured pension funds are the largest institutional investor in the stock market. Yet pension funds remain one of the least governed, and least understood, financial institutions in the country.

To my mind there is no reason why pension funds should not be as well regulated as banks and insurance companies; the security of the money is just as important. No one should be subjected to a pension plan as a game of chance by their employers. Rather, pensions should be the just reward of hard-earned benefits.

We are all familiar with the horror stories of loss of benefits promised to an employee. And these are not just isolated horror tales. While most funds are run honestly and in good faith, a number of scandals in recent years involving firms and labor unions have demonstrated the number of broken promises in this field. Experts say up to half the 30 to 35 million people now in jobs with pension plans may never receive a cent, because of shifts to another job, resignation or discharge, company shutdowns, failure of the employer to fund plans, or employer bankruptcy—a prospect that threatens millions of Americans with economic insecurity in old age. Abuses have been too tragic and too many to risk recurrence.

The pension issue has reached the critical stage in our Nation because of such factors as the growing number of retired people, continuing inflation, the larger number of workers retiring now and claiming benefits under pensions established at the time of World War II, and the trends toward early and mandatory retirement. Moreover, recent improvements in our social security system have placed a new emphasis on the need for improving private pension plans as a means of maintaining the viability and balance of our Nation's dual retirement system; social security and private plans.

Hence, the task before us is twofold. One is to give our workers reasonable assurance that they will receive a pension when they retire. The legislation before us, by providing minimum standards for vesting participants with the unforfeitable right to a retirement benefit, by providing minimum standards for funding, by providing for termination insurance, by strengthening fiduciary standards and responsibilities, will insure that pension benefits will be available to all employees who have a pension plan.

Our second task is to leave the private pension system free of Federal regulation so cumbersome and costly as to cause the termination of plans or curtailment of levels of benefits. Moreover, incentives must be offered for the establishment of new pension programs. Some 30 million workers in our Nation are not covered by any type of pension plan. Hence, the standards in the bill before us today are meaningless to them. We must be careful that we do not provide disincentives to starting pension programs and improving old ones.

I view this legislation as a first step in the direction of meaningful pension reform. Minimum standards are set in this measure and we must provide for oversight and evaluation to determine further improvements in the private pension system. Improving the system is a continuing process if we are to secure the fulfillment of purpose and protection of retirement benefits due our workers.

REPEAL OF THE BYRD AMENDMENT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Michigan (Mr. Diggs) is recognized for 5 minutes.

Mr. DIGGS. Mr. Speaker, I would like to submit for the thoughtful attention of my colleagues the test of my statement at the press conference held yesterday morning on the concerns of the united black community that the Byrd amendment be repealed:

Statement of Congressman Charles C. Diggs, Jr., Chairman, House Foreign Affairs Subcommittee on Africa, February 27, 1974

During the last session of Congress, after a significant defeat of a filibuster, the Senate passed S. 1868 to repeal the Byrd amendment which has allowed the importation of chrome from Southern Rhodesia in violation of our international legal obligations.

Many organizations and individuals worked diligently to win this Senate battle, thereby demonstrating that citizen pressure can be effective in the enactment of legislation and change of national policy towards Africa. The Senate measure must now be voted on in the House. We are gathered here to express the determination of the united black community that the Byrd amendment be repealed.

This press conference, launching a coordinated campaign by national black organizations for repeal of the Byrd amendment, is not the first time in this century that African-Americans have mobilized in support of African liberation and self-determination. This effort has its historical antecedents in the Pan African Conference held in London in 1900 by Africans, West Indians and Afro-Americans at the initiation of Jamaican lawyer Henry Silvester Williams.

In opening the international campaign against racism and colonialism, this conference was precursor to the five Pan African Congresses from 1919 to 1945 which were motivated by W. E. B. duBois who was simultaneously involved in the early efforts of the NAACP to combat racism at home. The Fifth Pan African Congress which met in Manchester, England in 1945 launched the final phase of the African Nationalist movement which culminated in the emergence of independent African states during the early 1960's.

The Pan African Congress movement between World War I and World War II was completed by Marcus Garvey's universal Negro Improvement Association and augmented by Afro-American protest against Mussolini's fascist invasion of Ethiopia in 1935.

In the 1960's the efforts of the American Negro Leadership Conference on Africa, and the African Liberation Day observances of May 1972 and 1973 highlight the continuing efforts by African-Americans to support the African liberation movement in its final phases.

In the 1970's the struggle for African liberation in southern Africa represents the last major campaign in this heroic historical process. The Black campaign against the Byrd amendment reflects the continuing Afro-American commitment to total African liberation. Repeal of the Byrd amendment by the House of Representatives in concurrence with the Senate is crucial at this time of increasing activity by the Zimbabwe National Liberation Movement. Continued U.S. violation of Rhodesian sanctions can only sharpen the awareness of American complicity in supporting the Smith regime at a time of growing and sustained challenge to white rule by the African majority. Thus, the U.S. will be increasingly viewed as contributing to the already violent conflict in Zimbabwe by lending moral and economic support to Rhodesian whites. For these reasons, it is crucial that the House of Representatives repeal the Byrd amendment.

Since it passed two years ago, the nefarious Byrd amendment has provided more than $43 million in crucial foreign exchange to the illegal Smith regime of Southern Rhodesia.

The lie is given to the argument that sanctions interfere in the domestic jurisdiction of Southern Rhodesia by the fact that no nation in the world— not even South Africa or Portugal—has recognized Southern Rhodesia's claim to be a state in its 1965 "Unilateral Declaration of Independence." The international community responded to that Unilateral Declaration of Independence and to the request of the United Kingdom—the legitimate authority over the non-self-governing territory—by voting mandatory sanctions against the regime. The U.S. supported sanctions and the determination of the international community not to recognize the seizure of power by the tiny white minority in Zimbabwe—a minority which represents less than 5 percent of the people. Ninety-five persons out of every 100 in Southern Rhodesia are Black. Of the 5.2 million persons in Southern Rhodesia, less than 250,000 are whites. And half of those have only emigrated there since World War II. In any given 12-month period, the number of African babies born in Rhodesia outnumbers the total white population there.

The tiny white minority maintains its repression only by instigating rigid economic, political and legal control akin to apartheid. Little wonder that the regime is faster and faster losing control of the security situation. Not even the presence of 10,000 African troops in Zimbabwe is able to stem the liberation struggle. I have, only the other day, seen a report that, because of infiltration and agitation the regime is assigning security forces to the African enclaves as a form of intimidation.

Recently, the Ian Smith regime has announced that it is forced to increase the size of its army in order to press its efforts against African liberation fighters in Zimbabwe. The draft call-up will be doubled due to an increased need for trained men in the army as a result of the "heavy burden" African liberation fighters have placed on its army, the government said in a statement.

The Smith regime is also establishing a "no go area" of some 5.4 million square miles along Rhodesia's borders with Zambia and Mozambique because of increased attacks by African liberation forces. Africans living in the area are being forced out. Estimates range as high as 15–20,000 as to the number of Africans who have already been forced to leave.

Last year, legislation was established that held entire villages accountable for the activities of liberation fighters in Zimbabwe enabling a white district administrator, appointed under this legislation, to impose collective fines on villages even suspected of supporting liberation fighters and at the discretion of the district administrator, forcing the villagers to relocate. Zimbabwe freedom fighters have reported engaging in 55 major battles in the northern, eastern, and northwestern regions of Zimbabwe.

Hard-pressed by the growing military insurgency on the one hand, the Smith regime is confronted with the deteriorating economic situation on the other. Sanctions have economically crippled the regime which is increasingly unable to obtain precious foreign exchange, critically needed rolling stock and crucial spare parts for its machinery.

We are here today to witness our determination that the United States violation of sanctions under the Byrd amendment must be stopped. This amendment has wrought incalculable damage to the United States foreign policy interest. Africa, whose raw materials, together with Nigerian oil, are becoming more and more critical to the United States, considers the repeal of the Byrd amendment a priority issue. This insensitivity to African concerns must be ended. Under the Byrd amendment Africa has no choice but to see the United States as allying itself with the forces struggling to perpetuate colonialism in Africa. The former Assistant Secretary of State for Africa, David Newsom, confirmed that, in his four years in that position, the Byrd amendment "Has been the most serious blow to the credibility of our African policy."

Legally, the Byrd amendment has made the United States an international legal renegade. As a status quo nation, the United States cannot afford to teach the rest of the world a lesson that treaties are to be dishonored at will.

Nor is it only in the legal and political area that the amendment is harming the United States. Economically, the Byrd amendment, with the increasing emphasis on importation of ferrochrome from Southern Rhodesia, is dealing a near-fatal blow to the United States ferrochrome industry. U.S. plants and U.S. jobs have been adversely affected.

Nigeria supplies 24 percent of our oil imports. It is our third largest supplier of crude oil. Zambia is the world's largest copper exporter. Zaire supplies 90 percent of our cobalt.

Given the larger U.S. investment and trade with these and other nations in Black Africa—including the $1 billion U.S. investment in Nigeria and U.S. imports of Nigerian oil—full enforcement of sanctions is in the interest of U.S. business.

As a nation dependent upon raw materials for the functioning of our industrial economy, the United States cannot afford to be insensitive to legitimate concerns of our raw material suppliers; for the energy crisis is thought by many experts to be only a precursor of the minerals crisis.

We must be mindful of the source of this amendment. The 1971 Byrd amendment was the effort of the Senior Senator from Virginia, the gentleman who offered "massive resistance" in Virginia, the gentleman who has been identified with every conservative issue since the time before he came to the Senate, when he was Governor of Virginia.

We must also be mindful here of the questionable Rhodesian Information Office. Our hearings last May uncovered may interesting aspects of their activities which bring into question U.S. compliance with its Charter obligations. We are continuing our hearings on the Rhodesian Information Office in March.

I have carefully examined every one of the myriad of arguments used by the special interests in their lobby for the Byrd amendment. In every instance I have found either exaggeration, misconception or outright falsity: We are told that the Soviet chrome costs more than Rhodesian chrome. Well, it should—because Soviet chrome is of a higher metallurgical grade chromite ore. But the fact is that lower grade Rhodesian chrome is now selling at a higher price than higher grade Soviet ore! Russian chrome is $21 a ton cheaper than Rhodesian chrome.

We are told that repeal of the Byrd amendment would cause the price of chrome, and in turn the price of stainless steel, to increase. But the price of stainless steel is determined by a variety of factors, only one of which is the price of chrome. Certainly, the estimates given of possible price increases are grossly exaggerated and based on clearly specious calculations.

We are told that repeal will cut off needed supplies of ferrochrome. But the U.S. industry can produce 70 percent of needed chrome and there are other sources of available ferrochrome: Brazil, Finland, and Yugoslavia. Furthermore, domestic ferrochrome production is important to our national security; for ferrochrome is of strategic importance. Given the volatile nature of the situation in southern Africa, the trend toward relocating ferrochrome industry in South Africa and Rhodesia and the consequent dependence by the United States on a southern African monopoly in ferrochrome production have grave implications. Yet, the Byrd amendment has given impetus to this unhealthy trend.

We are told that repeal will cause the export of the stainless steel industry. But the very fact that the steelworkers have testified on behalf of the repeal of the Byrd amendment helps give the lie to this and to show that the Byrd amendment is an effort to secure economic benefits for special interests.

We are even given the absurd argument that the Russians who have more than 75 million tons of chrome ore reserves are buying Rhodesian chrome and "transshipping." There is absolutely no evidence to support this allegation.

Finally, we are given the well-worn allegation that "national security" is involved. The Acting Secretary of Defense advised that: "the Defense requirement for metallurgical grade chromite is relatively small". Secretary of State Kissinger himself has stated that the Byrd amendment "is not essential to our national security, brings no real economic advantage, and is detrimental to the conduct of foreign relations."

No one has disputed Secretary Kissinger. In fact, I ask today is anyone prepared to dispute this?

There is enough chrome for defense needs in the stockpile alone for more than 40 years. Additionally, we have three million *excess* tons of chrome and ferrochrome in the stockpile. The national security argument is the same as all of the others put forward by the stainless steel industry. Union Carbide joined with Ford Motor Company. They lack real substance.

So today we are gathered here to attest our determination that this point of critical developments in Zimbabwe—when the freedom fighters are pushing forward—we are pushing forward here to end U.S. support for Ian Smith and his cohorts.

We are gathered her to say that, although we are aware of the well-financed high-powered opposition—as shown by the in-pouring of mail from this lobby—that we intend to make our concern over the repeal of the Byrd amendment known in every Congressional district throughout the land.

This is our message!

During our travels, U.S. violation of Rhodesian sanctions under the Byrd amendment constantly emerges at press conferences, formal and informal meetings to underscore that this seriously damages U.S. interests. The African community is vitally concerned.

The African ambassadors and diplomats here today, by their presence, mirror their keen interest in this effort.

I have here a number of letters and telegrams of support, from many persons including Roy Wilkins, Julian Bond and John Lewis.

The names of the numerous organizations represented here today and of some of the many individuals joining with us now are on the attached list.

I am also very pleased to acknowledge the presence of some of my brothers in the Congressional Black Caucus, including . . .

The Chairman of the Caucus, and representative of the city with the busiest port in the United States, Congressman Charles Rangel, and Congressman Parren Mitchell, and Congressman Louis Stokes, the former chairman, will now make a few remarks . . .

LABOR FAIR WEATHER FRIEND—III

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. GONZALEZ) is recognized for 5 minutes.

Mr. GONZALEZ. Mr. Speaker, yesterday I described in general terms how the bitter dispute between the Farah Co. and the Amalgamated Clothing Workers Union resulted in a national boycott which together with Farah's own management errors placed the company in severe straits. Last December the company closed its San Antonio plant, throwing 900 workers out of their jobs. I happened to be in San Antonio the day after the plant closed and was buttonholed by a group of former Farah workers who were unhappy with the situation in general, and at least some of whom were protesting the role of the Catholic Church in the boycott against Farah.

I felt obliged to listen to these people since they were my constituents, and I am duty-bound to hear the grievances of all my constituents. I was sorry that these people had been victimized by the struggle; I told them so, and expressed my hope that the plant could be reopened and that Farah would reconsider. I did not denounce the union or the boycott; and in fact it has always been known that I support unions and have defended the right of people to organize, even at considerable political risk and cost. I have always been called a friend of labor.

Within days of this incident in San Antonio, a small group of dedicated enemies of mine saw in it an opportunity to make me appear what I am not, to twist the facts and to use the organs of the AFL–CIO to embarrass me.

I did not know of their efforts until a puzzled AFL–CIO representative asked me why I had done such a terrible thing. "What terrible thing?" I asked. Well, have you not gotten a telegram from the Labor Council for Latin American Advancement? I had not.

Fortunately this person was good enough to produce a copy of a telegram that had supposedly been sent to me, denouncing me for "union-busting" thoughts. I have never received that message. I do not believe that it was ever sent.

Even though the telegram was never sent, the AFL–CIO put out a statement saying that it had.

I think that my colleagues will be interested in these items, and I will read them for your information:

LABOR COUNCIL FOR LATIN
AMERICAN ADVANCEMENT,
Washington, D.C.

TEXT OF TELEGRAM SENT TO GONZALEZ BY LCLAA

"The Labor Council for Latin American Advancement representing thousands of workers of Latin American descent is appalled at your support of the union-busting Farah Manufacturing Company of El Paso, Texas a company representing the worst kind of reactionary employers. Their notorious policy of exploiting and abusing Mexican-American workers has forced its employes to go on strike in defense of their human dignity and in the pursuit of legitimate improvement in their social, economic and working conditions. Your identification with scabs and support for such union-busting tactics are cause for great concern. We urge you to reconsider this policy and to work towards persuading the Farah Manufacturing Company to abandon its policy to ignore existing laws, to cease and desist from its union-busting tactics and, above all, to treat its employes as human beings and not with the contempt and prejudice presently demonstrated.

RAY MENDOZA,
Chairman.
J. F. OTERO,
First Vice-Chairman.

PRESS RELEASE OF LABOR COUNCIL FOR LATIN AMERICAN ADVANCEMENT, DECEMBER 19, 1973

The Labor Council for Latin American Advancement (LCLAA), the trade union voice of U.S. workers of Latin descent, has vigorously condemned the union-busting attitude of Congressman Henry B. Gonzalez of Texas, while reaffirming support of the strikers who launched a national boycott against the Farah Manufacturing Co., a big producer of men's pants.

For over 20 months, 3,000 workers at the Farah plant in El Paso, Texas, have been on strike to protest inhumane treatment and to demand that Farah allow them to unionize. They have been aided in this struggle by the Amalgamated Clothing Workers Union, and backed by the AFL–CIO. Because of the success of the boycott, two Farah plants in San Antonio were just closed. Plants in Las Cruces, N.M., and Victoria, Texas, had to be shut down earlier this year. Farah strikers are mostly Mexican-Americans, and about 85% are women—all struggling for human dignity and social justice. They also have the full backing of the Catholic Church and the help of Archbishop Francis J. Furey.

On December 8, in a shocking demonstration of anti-unionism, Congressman Gonzalez offered to aid the Farah Co. to obtain a federal loan to re-open the San Antonio factories. Gonzalez also urged President William Farah to reconsider the closings. The LCLAA says, "Gonzalez is on the side of big business and against the Farah strikers, who are only asking for a fair shake."

As a result of the San Antonio Plant closings, the Farah strike-breakers who had been hired to replace the strikers took their anger out on a meeting of Catholic leaders. They put 60 pickets on the street outside a Catholic meeting that had nothing to do with the Farah strike. Congressman Gonzalez visited the pickets and expressed support of the Company.

The LCLAA strongly denounces Gonzalez for his actions, and reaffirms the sentiments which led to unanimous approval of two Resolutions supporting the Farah strikers at the LCLAA Conference held in Washington, D.C., in November. That Conference was addressed by AFL–CIO President George Meany, Senator Joseph Montoya of New Mexico and other distinguished people in and out of the labor movement.

Friends of mine in organized labor have told me that they had heard about this effort to discredit me, and tried to stop it. They were assured that the press release had been stopped, but apparently the only thing that was stopped was the telegram to me, for the press release came out right on schedule.

Not long after that, the AFL–CIO News printed a story about what a bad guy I am:

UNIONISTS RAP GONZALEZ FOR AID TO FARAH

Rep. Henry B. Gonzalez (D-Tex.) was sharply criticized by Latin American unionists for adopting a "union-busting attitude" toward the strike by 3,000 employes of the Farah Manufacturing Co. seeking representation by the Clothing Workers.

In a statement by the Labor Council for Latin American Advancement—the trade union voice of U.S. workers of Latin descent—the council accused Gonzalez of "a shocking demonstration of anti-unionism" in his offer to help Farah obtain a federal loan to re-open two San Antonio factories which had been closed because of the economic effects of the Farah strike and boycott.

The LCLAA also charged that Gonzalez had lent support to the company and 60 of its strikebreakers brought to Washington to picket a meeting of Catholic bishops.

The council said that by this action Gonzalez placed himself "on the side of big business and against the Farah strikers, who are only asking for a fair shake."

In a telegram to the Texas congressman, the LCLAA spelled out its disapproval of his actions and urged him to help persuade Farah to abandon its anti-union policy and "treat its employes as human beings and not with the contempt and prejudice presently demonstrated."

I wrote the editor of the newspaper to say that the whole business had been cooked up by a few enemies of mine, and that I felt I had an apology coming. He was good enough to reply, but said in effect, "What I printed was an accurate quotation." In other words, if somebody says something and you quote it right you are not doing anything wrong, even if the whole thing is a lie.

So here I am: A life long friend of labor, even by its own standards, assailed by a little group of unknowns who somehow have access to the keys to George Meany's empire, via the redoubtable Don Slaiman, director of Meany's civil rights division. Knowing that Slaiman was largely responsible for this, I wrote him twice to protest and ask for justice—but have never received an answer.

When you or I have a life-long friend who somehow gets accused of something awful, the first response is to ask what happened. The next impulse might be to give your friend some benefit of the doubt. Not so here. Despite my record, the very shadow of a possible doubt crossed somebody's mind out there in the ranks of Meany's empire, and that perforce made me the equivalent of anti-unionism incarnate. I, friend though I had been in times thick and thin, would not be worthy of the merest courtesy from the great mogul Don Sailman, who never even deigned to acknowledge my letters.

My principles have always been plain. They have not changed. I believe in the right of workers to organize. Labor knows where I stand. What I wonder is, where is Don Slaiman? Does he recognize a friend, or does he care?

I will have more to say on this in coming days. I have been a friend of labor; it seems more than a little curious that this is to be repaid not just with ingratitude, but with outright assault. It may just be that great moguls like Slaiman are too busy to bother with little friends who are troubled by his casual injustice. Where is this guy Slaiman?

THE STATE OF THE ENERGY CRISIS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. ADDABBO) is recognized for 30 minutes.

Mr. ADDABBO. Mr. Speaker, I would like to address the state of the energy crisis as I see it today. I realize, of course, that President Nixon has decreed that it is no longer a crisis but simply a problem. I and my family and my constituents, I regret to say, do not have the lofty view that the White House has, and when we are spending great amounts of time and energy to purchase gasoline at inflated prices, perhaps we can be excused for considering it a crisis.

I would like to insert into the RECORD just as a reminder that in 1970, 1971, 1972, and 1973, the House Select Committee on Small Business held hearings and issued reports which indicated the United States was running headlong into a shortage of energy fuels if the administration did not act. The administration took part in these hearings—reluctantly, I recall—and it was not until April of 1973 that the White House formally responded to our calls for action.

That the President did not heed our warnings in no way alleviates the present crisis situation. I insert this in the RECORD only so that those who hear this speech or who read it in the CONGRESSIONAL RECORD might recall it the next time the President goes on nationwide television to castigate the Congress for lack of action.

By passing the energy bill yesterday, the Congress has taken a massive step forward in dealing with the energy crisis. The President has announced that he will veto the bill, primarily because it contains a provision rolling back oil prices to $5.25 a barrel at the wellhead. I would hope he will reconsider that decision. But since he probably will not, I would urge all my colleagues to vote with me to override the veto.

Now, what does this bill do? It rolls back prices, as I have indicated, and it gives the President the power to impose gasoline rationing, should he see the need to do so.

The Congress has been told that if the rollback provision is allowed to stand, the oil companies will simply stop producing domestic oil until the prices are increased. That action, says the President, will increase gas lines rather than shortening them.

Well, insofar as he goes, he is right. The question goes far beyond that, however.

If I were the President, I think I would sign the bill into law and call the presidents of the oil companies into the oval office.

"Boys," I would tell them, "you have lived pretty fat off this country for a long time. In a time when gasoline lines stretch all across the country, your corporate profits in the last 3 months of 1973 reached an all-time high, ranging from a 50-percent increase in one company to a 159-percent increase in another."

I would say to these gentleman that while the President of the United States believes in the free enterprise system, it is really not good form to glut yourself while the rest of your countrymen starve.

I would suggest further to them that if the oil companies had any intention of cutting back domestic oil production, the President would be forced to respond. He might just threaten to cut off their sweet, little oil depletion allowance; he might propose some tax law changes; he might provide incentives for wildcat oil searches. He might even go so far as to suggest that the rich harvest of oil shale and offshore oil sites would suddenly become unattainable to the big seven companies unless they cooperated.

He could suggest to the oil companies that the U.S. Government could develop some of these areas itself, as well as create new Government-owned-and-operated refineries if domestic oil production dropped.

I think that if the President put his mind to it, he could probably come up with enough reasons why the major oil companies would not care to drop back domestic oil production.

Now, we in the Congress have heard reliable testimony from independent witnesses about some rather interesting maneuvers by the oil companies. We have heard the Shah of Iran say flatly that the oil companies are buying as much oil now as they did before the blockade, and that interesting things happen to those oil shipments enroute to the United States. We have all seen and heard news media reports of major companies holding back supplies of gasoline while the retail service stations were empty.

We, in the Congress, and in the Nation have a great deal to be suspicious of, and it would help greatly if the President and his Federal Energy Office would be more open and candid with all of us.

We have also heard that the oil companies are using this gasoline shortage, real or artificially created, to drive the independent gasoline station owners out of business. Specific acts of discrimination against the independents by the majors have been documented and I would refer all of you to hearings my subcommittee of the Small Business Committee will conduct March 8 in New York City.

Let me close by noting that the Congress was not created to deal with day-to-day problems; for that, the framers of the Constitution created the office of the Presidency.

The function of Congress, then and today, was to deliberate the laws of the Nation and to remedy injustices in those laws as they were exposed. The additional duties were to deliberate matters of national importance and to fashion, in concert with the President, national policies.

In this energy crisis, the President has done everything possible to make it appear that Congress is failing the people, keeping him from taking the bold action he prefers to resolve the crisis. That is a plate filled with yesterday's beans.

The crisis is real but what this country really wants to know is the answer to whether the causes are real or were they manufactured.

I and my staff, as I am sure is true in the case of every other Representative in this Chamber, are working overtime 7 days a week to get relief whenever and wherever possible. You do what you can in a crisis.

But that relief, however necessary, will not cure the causes for our national shortage. Only the Office of the Presidency can do that. I am as aware of what he says he is doing as are you. And I of course wish him well in ending the Arab blockade. And I would hope he will sign the energy bill and, for a change, take the part of the little man against the oil barons. But beyond that, I want to know, beyond any doubt, how this all came to be and what internal maneuvering took place during the crisis. That is a role the Congress is adequately qualified to play, and I would hope the leadership on both sides of the aisle will join with me to implement just such a study as soon as possible.

INTRODUCTION OF A BILL TO MAKE AIRLINE TICKET THEFT A FEDERAL OFFENSE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. MURPHY) is recognized for 10 minutes.

Mr. MURPHY of New York. Mr. Speaker, I introduce for appropriate reference a bill to amend title 18 of the United States Code to prohibit the transportation or use in interstate or foreign commerce of counterfeit, fraudulent, altered, lost, or stolen airline tickets.

The legislation expands the definition of "security" in title 18 to include airline tickets and blank ticket forms. It is urgent that these items be included under the Criminal Code in order to provide travel agencies and the commercial airline industry the assistance of the Federal Bureau of Investigation in their efforts to halt the mammoth diversion of tickets to criminal use.

This amendment will allow the Federal Bureau of Investigation and the Justice Department to investigate and prosecute those involved in the trafficking in stolen and counterfeit tickets. Under the penalty provisions of the title (section 2315. title 18 U.S.C.) violators will be subject of a $10,000 fine and/or 10 years in jail for the theft, sale or receipt of stolen tickets. Because this activity many times involves the crossing of State lines, however, an additional $10,000 fine and/or 10 years is added for interstate trafficking (section 2314, title 18 U.S.C.).

Airline ticket thieves until now have been handled as petty offenders in many jurisdictions. Quick action on a national law that puts this criminal act in the $20,000 fine and 20 years in prison category will put the black marketeers and courts across the country on notice that the Federal Government takes this problem seriously.

Mr. Speaker, the airline industry has constantly been plagued with the loss of time and service because of lost, counterfeit, or stolen tickets and validator die plates. The monetary revenue loss in any given year is in the multiple millions and in the end it is the U.S. taxpayer that makes up the deficit.

In January 1974 this loss will amount to over $20 million.

At the present time there is no legal control over the printing, distribution and issuance of airline tickets. The Air Transport Association, a private organization, makes every effort to control such losses, but is predictably ineffective.

Local police investigations to date find people from all walks of life purchasing and selling stolen or counterfeit airline tickets. Thievery is so simple that there are hundreds of entrepreneurs operating on a small but lucrative scale.

I have been told stories covering a large span; from a husband and wife team who formerly worked for a New York airline to a maitre d' pushing tickets in a prominent New York restaurant. They do not advertise, but by word of mouth their clientele covers every walk of life. One recent case involved an elderly grandmother and her grandson who had a nephew "who could get it for her wholesale." The woman was not arrested because the nephew supplied information to the police to protect her.

The bulk of the theft and distribution of stolen and counterfeit tickets, however, is attributable to organized crime. As with other illegal endeavors, professional criminals spotted a lucrative potential with a low probability of apprehension and moved in fast.

It is the opinion of police authorities that since airline tickets are as good as cash, they should be treated the same as a negotiable instrument, under Federal law.

My bill will do just that.

Counterfeit tickets are a problem, but the two main sources of supply are theft of airline and air transport association tickets. The Federal Aviation Administration reports to me that the most common source are the ATA rip-offs. Rand McNally prints all ATA tickets and these are distributed in bulk directly to travel agencies handling airline business.

The Air Transport Association is presently encountering excessive losses with stolen and counterfeit airline tickets under their jurisdiction because controls are minimal. The main problem area is the disappearance of airline tickets between pickup from the printer and delivery to the travel agency. Wings and Wheels and UPS have the worst record of tickets stolen in transit. The ATA suspects "conspiracy" situations, but they do not have the capability to ferret out the facts and apprehend the perpetrators.

Mr. Speaker, the basic problem is the lack of central control for all airline tickets, ATA as well as airline carriers. Even more critical is the fact that each police department acts and reacts independently.

Although the Air Transport Association has limited the number of tickets to be on hand at a given travel agency, they have no way of enforcing the ruling. For example, a popular professional criminal activity is to purchase a travel agency, sell all the tickets available in as short a time as possible, make no payments to the airlines, and close the door of the agency. The airline must honor the tickets as they are legitimate and the agent gets away scott free claiming financial difficulties.

This activity is becoming familiar enough to police that they have a name for it—a "bust out operation." The two most recent cases of this kind involved the Bradford Travel Agency of Newark, N.J., and the Empress Travel Agency of New York City.

In my own city of New York the problem has exploded during the past 4 months. The situation is so rampant in the metropolitan area that investigators of the Federal Aviation Administration were called in to help. A current case in New York involves 175 people and 7,000 stolen tickets from just four agencies and airlines.

The following is a sampling of recent ticket losses by four metropolitan agencies being worked on by local police in my part of the country.

First. Odyssey Travel Agency, New Jersey: 250 missing tickets—105 accounted for by police as having been used; 95 are still outstanding, and 50 are miscellaneous charge orders that cannot be traced.

Second. Bayonne Travel of New Jersey lists 900 stolen tickets.

Third. Greenwald Travel Agency of New Jersey lists 1,500 stolen tickets.

Fourth. Ambassador Travel, Manhattan, N.Y., lists 1,825 stolen tickets.

Other areas of the country have been hit just as hard.

The problem originally was most acute in Los Angeles which earned it the title, "the stolen ticket capital of the world." A recent count by airline officials turned up $3 million in stolen tickets having gone through Los Angeles International Airport alone. It is not unusual to turn up theft rings with up to a million dollars worth of blank tickets.

Mr. Speaker, in view of the tremendous economic loss to the airlines and the inability of private organizations and local authorities to put a dent into this problem, I urge that speedy action be taken on the bill I introduce today to prevent further economic losses to our hard-pressed air carriers and an even bigger dent being made in the air passenger's already dented pocketbook.

The following is a copy of the bill which I introduce today:

H.R. 13147

A bill to amend title 18 of the United States Code to prohibit the transportation or use in interstate or foreign commerce of counterfeit, fictitious, altered, lost or stolen airline tickets

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) Section 2311 of title 18 of the United States Code is amended:

(1) by inserting after the second paragraph the following new paragraph: "Airline Ticket". "Airline ticket" shall include any ticket, exchange order or other document in the form accepted or issued by air carriers or foreign air carriers for air transportation and services related thereto, or supplied by air carriers to their employees and agents for such issuance, whether or not entries have been made thereto purporting to show routings, reservations, fare or rate paid, and similar information prerequisite to acceptance of the ticket for air transportation and services related thereto, or any counterfeit thereof

(2) by adding the words "airline ticket or equivalent instrument which evidences a right to receive a service", after the word "securities" in the definition of "Value" in the said section.

That (b) Section 2314 of title 18 of the United States Code is amended.

(1) by inserting a comma and adding the words "Airline tickets" after the word "securities" and before the words "or money" in the first paragraph; and

(2) by inserting a comma and adding the words "airline tickets" after the word "securities" and before the words "or tax stamps" in the third and fifth paragraphs.

That (c) Section 2315 of title 18 of the United States Code is amended:

(1) by adding the words "airline tickets" after the word "securities" and before the words "or money" in the first paragraph;

(2) by adding the words "or has in his possession at least five (5) airline tickets whether or not entries have been made thereon," after the words "$5,000 or more," and before the words "or pledges" in the first paragraph; and (3) by inserting a comma and adding the words "airline tickets" after the word "securities" and before the words "or tax stamps" wherever they appear in the second paragraph.

ON INTRODUCTION OF A BILL TO PROVIDE PUBLIC REPRESENTATION ON MULTISTATE POWER POOLING ORGANIZATIONS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Massachusetts (Mr. HARRINGTON) is recognized for 5 minutes.

Mr. HARRINGTON. Mr. Speaker, I am today introducing legislation to require public representation on all multistate electric power pooling organizations. In recent years, organizations like the New England Power Pool—NEPOOL—have grown increasingly more powerful. Today, these organizations, which are in reality publicly sanctioned private cartels, are responsible for much of the Nation's future supply planning, powerplant siting, and construction rate setting. In New England, all the new generating stations are NEPOOL-planned units.

Yet, despite the importance and power

of regional utility organizations, there is no regulatory oversight of their activities nor any public input into their decisionmaking process. The legislation I am introducing today will help rectify this situation.

The most critical need for legislation of this sort lies in the environmenal area. It is becoming increasingly clear that a major casualty of the energy crisis will be the environment. Industry, the administration, and some congressional leaders have all called for more "reasonable" environmental regulations. Disguised behind this phrase is a desire to roll back the clock 10 years to the time when environmental quality was of little concern to anyone.

Governors throughout the country have granted thousands of high-sulfur variances to utilities and industry. In the energy emergency bill, secondary clean air standards are waived. The auto industry has been increasingly successful in delaying and modifying their emission controls standards. The Alaska pipeline and offshore oil development are moving ahead at full speed. And William Simon has announced a plan to require every State to license a minimum number of oil refineries and nuclear generators.

This strategy of speeding up and relaxing powerplant siting procedures is of particular concern to me. No other single structure or industrial process has as great an impact on the environment as an electric generator. Modern nuclear and fossil fuel units can cost up to a billion dollars. Often three or more individual units are clustered together on one site.

Fossil fuel generators are the largest single stationary source of air pollution in the country. A single station is capable of producing 437 tons an hour of particulate matter. Each year, electric powerplants emit 17 million tons of sulfur dioxide and 6 million tons of nitrous oxide into the atmosphere.

Nuclear reactors, which emit low-level radiation in place of poisonous gasses, also are a prime polluter of our waterways. An average nuclear plant uses around 650,000 gallons of water per hour to cool its reactor—water which is then returned to its source at higher temperatures. This thermal pollution kills fish, encourages the growth of algae, and generally upsets the ecological balance of the water source.

Because modern powerplants are so complex, and because their impact on the environment is so great, the construction of a number of plants have been delayed because of licensing problems. These delays have been attacked by the electric utility industry as unnecessary and contributory to the energy crisis.

I disagree with this view. In my opinion, a thorough investigation of the possible safety and environmental hazards of a powerplant actually is more efficient in the long run than an expedited siting procedure. The Atomic Energy Commission is presently considering halting the construction of a group of powerplants in Virginia—one of which is 90-percent complete—because the site is located on an earthquake fault. A more rigorous siting procedure would have brought this problem to light before construction had begun.

Yet it is becoming increasingly clear that new powerplants will have to be built soon to make up for the poor planning and overpromotion of electricity by utility companies. In New England this year, four new nuclear generators, each with a capacity of over 1,000 megawatts, have been proposed. And the administration is intent on promoting new siting procedures which will allow these plants to be built as quickly as possible.

The legislation I am offering today offers a new approach to the powerplant siting question—an approach which will not result in delaying construction of plants, but one which may actually speed up licensing procedures. To put it in its simplest terms, my bill will allow public participation in the preplanning and planning stages of powerplant development, rather than allowing all the decisions to be made without any input, and then presented as a fait accompli to an overworked, underfunded regulatory agency.

Under the present system, environmental considerations play a minor part in determining where a powerplant will be located. Because most utilities are private, profitmaking corporations, economic considerations always take first place. Often an inferior site from an environmental viewpoint is selected because its economic benefits are superior to an alternative site. Quite often, powerplants are located for political reasons.

But, regardless of the reason for the site, once it has been chosen, the regulatory agency makes its determination with regard to that particular site, without considering alternatives. It is this situation which my bill corrects.

The bill provides that every multistate power pooling association must have one public representative for each of the States the organization serves. Each public member will be appointed by, and serve at the pleasure of, the Governor of the respective State.

The public members will not have a vote in the organization, but will have access to all meetings, reports, memoranda, and will participate in all decisions of the power pool. Each public member will also record his approval or disapproval of every activity undertaken by the pool.

By mandating public participation in powerplant planning, we can help assure that plants will be built where they should be. Through each State's Governor, who will choose the public representative to serve on the power pool, we will also assure political accountability for the decisions of the pool. And finally, the job of the siting agencies will be made far easier because information which previously had been kept secret will now be available for public inspection.

Up to this point, I have talked only of the environmental aspects of this bill. But recently, the price of electricity has begun to skyrocket to such levels that a fundamental rethinking of our regulatory policies is now in order.

Regional power pools are playing an increasing role in the setting of rates, both from powerplant output, and through transmission charges. Many of the rates now being charged are not in the public interest. Public participation in the rate decisionmaking process will also be of value to the consumers of this country.

In the past, we have placed our trust in private individuals and corporations to provide us with the energy we need to live. Only now are we beginning to learn that our trust has been misplaced—that it has been abused for private gain over the public good.

Our present regulatory agencies are unable to cope with the tremendous problems being posed by the energy crisis. Unless we develop new approaches to assure the delivery of our most basic energy resources, we may well destroy not only our environment, but our economy as well. The legislation I am introducing today, while certainly not a panacea, will be, I hope, a step toward developing that new approach.

Mr. Speaker, reprinted below is a copy of the bill:

H.R. 13138

A bill to amend the Federal Power Act to provide for public representation on any multistate power organization

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 202 of the Federal Power Act is amended by inserting at the end thereof the following new subsection:

"(g) Any regional reliability council or other organization which regulates the voluntary interconnection and coordination of facilities for the generation, transmission, and sale of electric energy (as provided for in subsection (a) of this section) shall provide for the public to be represented in such organization by a public member from each State in which facilities affected by such interconnection and coordination are located. Such member shall be appointed by and serve at the pleasure of the Governor of such State, and shall have access to all meetings, records, hearings, memorandums, and any other information and data compiled by such organization. Such member may not vote on matters before such organization, but he shall be afforded all other rights and privileges of such members, including the right to participate in any meetings, hearings, and at other times as may be determined by the Commission, and shall be permitted to publicly record his support or opposition to any decision of such organization. He shall be paid $20,000 per annum by such organization in the manner which such organization shall determine."

SALARY INCREASES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Oklahoma (Mr. JONES) is recognized for 5 minutes.

Mr. JONES of Oklahoma. Mr. Speaker, there is still considerable confusion about what action should be taken concerning the President's proposal to raise salaries for judges, top-level executive department officials, and Members of Congress.

In the event a vote on pay raises is held during the week of March 4 when I am required to be away from Washington to conduct hearings as a member of the Special Subcommittee on the U.S.

Military/Troop Commitment to Europe, I want the House to know my views on this issue.

I have long felt that a Member of Congress should not vote for a pay raise which takes effect during that Members' current term of office. That is one reason why I voted against a similar pay raise last year and will vote against the President's proposed pay raise bill this year.

I do believe, however, that Federal judges should be seriously considered for a pay raise. This is especially true for Federal district judges in order to keep these judges from leaving judicial service. At least, Federal district judges should be paid at the same level as that paid to Federal circuit court judges, which is presently not the case.

Therefore, I urge my colleagues to vote against the President's pay raise proposal. Also, I urge the House to defeat the latest Senate proposal which would result in top-level executive bureaucrats, sub-Cabinet-level officials and judges being compensated more than Congress. This makes no sense either.

All we should consider this year is to make Federal district judges' compensation more equitable.

REPORT ON CHEMICAL WARFARE AVAILABLE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Utah (Mr. Owens) is recognized for 10 minutes.

Mr. OWENS. Mr. Speaker, as I have advised the Members on previous occasions, I have been attempting to collect additional information of possible use in evaluating the legislation which I and my cosponsors have proposed for a reevaluation of U.S. policies on chemical warfare. At this time I would like to advise the Members that a report which I asked to have prepared by the Congressional Research Service is now available. This report, prepared by Dr. James M. McCullough of the Science Policy Research Division, CRS, entitled "Chemical and Biological Warfare: Issues and Development During 1974," CRS 74–21SP, provides a summary of the many topics which were brought before the Nation about chemical warfare issues in 1973. I was particularly interested in having the available data on funding, including fiscal year 1974, prepared in brief form so that all the Members could readily see how the R.D.T. & E. programs are being developed. The report is available upon request to the Congressional Research Service or my office, and may assist you in your continuing consideration of this issue.

There are discussions on a number of topics in the report, but one is of particular interest to me at the moment—the emphasis on offensive against defensive work in chemical warfare. The report shows, for example, that we have been spending money developing defense systems. Yet Gen. Creighton Abrams, in his recent testimony before the Armed Services Committee, indicated that, on the basis of Soviet equipment captured in the Arab-Israeli October war—the United States is behind the Soviet Union in the capability to defend itself in a toxic environment.

In my opinion, I find it strange that after all of these many years of research on chemical systems, we still must have considerable time to equip our own troops with the defensive equipment required for protection against chemical attack. This is a curious and dangerous situation. Our announced policy is to wait for an enemy attack with chemical weapons and then we will retaliate in kind. And yet, we find that our own troops are well behind the Soviets in defensive equipment. It seems to me that if a nation is weak defensively with regard to a particular weapons system, this is more of a temptation to another nation to attack with that weapon than would be the threat to retaliate with that same weapon. Further, it is of little value to the troops destroyed in an initial attack because they were not fully equipped with the best defensive equipment, to be aware of the fact that retaliation with that same weapon will occur. The Soviet defensive equipment, examined following the October war could not have been much different than the defensive equipment examined following the 6-day war.

Have we been devoting more energy to the development of binary weapons or the discovery of new toxic weapons than we have to purchasing the very best of chemical defensive equipment for issue to each and every one of our troops? I do not disagree with the concept of exploring new avenues of real potential value in weapons development, but I have a feeling that we have stayed on the course of developing and improving offensive chemical weapons for too long, with the possible detriment, not only to our own defensive posture, as pointed out by General Abrams, but also of the development of other more needed equipment.

I would like to add at this time, however, particularly in view of the comment of General Abrams about our deficiencies in defense systems, that even in our chemical warfare research we see occasional side benefits just as we do in our NASA programs. I noted in the CRS report mentioned previously that the U.S. Army research laboratories at Edgewood have accomplished a feat of major scientific achievement. The researchers at that laboratory have opened the door to the possibility of being able to provide an immunization against small, nonprotein molecules. As you know, we can provide an immunity against many infectious diseases by inoculating with antibodies for that disease. These chemical investigators have demonstrated that it may just be possible to provide an antibody against a toxic substance. This research, if it develops as anticipated, could have great significance for workers in industries who are unavoidably exposed to toxic chemicals or to pesticide applicators in agriculture and other occupations. Of course, the primary objective at Edgewood is to provide a method of immunizing the soldier against nerve agents. While I consider this type of research important, I am not a proponent of justifying the chemical warfare effort simply because we get such side benefits. The same benefits could be obtained within our biomedical research community with similar objectives. I mention this point simply to indicate my understanding that we do have very competent people engaged in our chemical warfare programs. I am concerned that we may have these competent people working on the wrong objectives.

I have asked General Abrams to comment on any immediate plans which the Army might have for earlier open-air testing of the binary chemical weapons loaded with the ingredients to produce the toxic agent, and where the production and funding for the binary system now stands. To this date, I have received no reply. Without objection I would like to have included in the Record a copy of this letter so that the Members may be aware of the request, as well as to focus attention on at least two critical points which may be considered in current authorization and appropriations hearings.

The letter follows:

February 4, 1974.

Gen. Creighton W. Abrams,
Chief of Staff, U.S. Army,
Washington, D.C.

Dear General Abrams: As you know, I have become quite interested in the total issue of the U.S. policies established in the field of chemical warfare. I have been receiving a number of briefings from various agencies as a part of trying to develop my own background knowledge in this subject. During these briefings, I have become aware that the U.S. Army is apparently very near to a decision to adopt and go into production on a binary chemical munition system. One issue associated with this proposal is the determination of whether field trials for live munitions will actually be conducted with toxic agent, and if so, when these trials might be anticipated. To this date, it is my understanding that no environmental impact statement has been filed for approval of such testing. However, I have the impression that the Army may actually be near to a decision on this point.

I would appreciate it very much if you could advise me as to any immediate plans which may be under consideration at this time with regard to field testing of either GB or VX artillery munitions. I have heard comments by Mr. Callaway on this point but I am also interested in any information which you may be able to supply from the immediate operational viewpoint.

Sincerely,

Wayne Owens.

CORNERING THE SILVER MARKET

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Rhode Island (Mr. St Germain) is recognized for 5 minutes.

Mr. ST GERMAIN. Mr. Speaker, as many of my colleagues have done, I have followed with serious concern the rapid rise in gold prices. We are led to believe this upward pressure on gold prices has been caused by a fear of further weakness in paper currencies and the threat of further serious inflation.

Silver, which is also important to the users in my district, has likewise been a victim of high speculative fever. The New York price for silver has increased more than 150 percent during the past year. I have learned from various articles in highly respected publications that silver has been the target of an attempt by two individuals to corner the silver market.

Mr. Speaker, I should like to quote from the New York Times of February 10, 1974:

> Another silver hoard is the estimated 50 million ounces controlled by the sons of H. L. Hunt, the Texas oil baron . . .

To put this in perspective it should be noted that this country produced less than 40 million ounces of silver during 1973 and that American industry consumed about 195 million ounces last year.

The February 11, 1974, edition of Barron's reported:

> Now, Bunker Hunt is back, with a slightly larger commitment to buy silver. Is he serious? Will he take still another 27 million ounces and bring his bullion holdings up to nearly 50 million ounces, which, at Friday's closing price for the nearby contract, means that he would have about $250 million worth of physical silver laid aside . . .

Silver is an unregulated commodity and apparently there is no way to prevent an individual from holding for personal gain an unlimited quantity of a raw material essential to important manufacturing operations which provide products such as film, electrical appliances, electronic parts, silverware, and medical supplies.

Action should be taken to prevent speculative activities of this type. Constituents from my district are seriously affected because the recent increases in price have completely disrupted normal manufacturing and marketing practices causing cutbacks in employment.

The recent price rises are almost unbelievable. Since January 2 of this year the increase of $2.30 per ounce equaled the full selling price for an ounce just a year ago. Last week the price was $5.64 per ounce. On Tuesday of this week the price was $6.70. The average price in 1973 was $2.56 per ounce.

It seems to be common knowledge in the trade that the actions by the Hunt brothers working through Bache & Co. have been the main cause for the unprecedented price levels. Despite the apparent legality of this activity, I submit that these multimillionaires acting in unison should not be allowed to hold the silver-using industries at ransom. It is difficult to be sympathetic to two oil barons whose thirst for personal gain and further enrichment are having the result of forcing silver prices upward, of adding another inflationary factor to the economy and of causing havoc in the silver manufacturing and marketing areas.

Mr. Speaker, as a minimum, these practices raise the question as to whether an investigation should be made of the commodity exchanges and measures adopted to prevent the cornering of the market by a few individuals. Effective action is needed immediately. The silver market must be returned to normalcy before further damage is done to this sector of the economy.

THE CONSUMER HOME MORTGAGE ASSISTANCE ACT OF 1974

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. Annunzio) is recognized for 5 minutes.

Mr. ANNUNZIO. Mr. Speaker, it is my privilege to serve as the ranking majority member of the Subcommittee on Banking Supervision and Insurance under the chairmanship of our distinguished colleague, the gentleman from Rhode Island, Fernand J. St Germain.

Today, we began hearings on H.R. 12421 introduced by our chairman on January 30. On that occasion he stated that our subcommittee stood ready to act immediately in our continuing efforts to bring relief to the hard-pressed consumer who desires to either sell his existing home or to purchase a new home and to assist our devastated homebuilding industry. The extraordinary knowledge, compassion and sensitivity of our chairman from Rhode Island is best illustrated by these words from his opening statement:

> Entire viable neighborhoods of our major central cities such as Chicago so ably represented by our ranking majority member, Frank Annunzio, find their neighborhoods deteriorating to an alarming degree due to the failure of our financial institutions to provide access to credit for the sale and resale and rehabilitation while these same institutions continue to receive the vast majority of their deposits from the citizens of these neighborhoods who desire to continue to remain in the neighborhoods of their birth.

Mr. Speaker, it has been written that "A prophet is not without honour, save in his own country." I am delighted to report that such is not the case where the gentleman from Rhode Island is concerned. I commend to the attention of my colleagues an in-depth article appearing in the finance section of the Providence Journal on February 24, 1974, which describes in remarkable detail the rise to national prominence on banking matters of our chairman. Recently, the Honorable Dan Walker, Governor of Illinois, has joined me in requesting that our subcommittee hold hearings in Chicago concerning the mortgage disinvestment crisis not only in my city of Chicago but in virtually every major urban center about which Chairman St Germain spoke in his opening remarks today on H.R. 12421.

It remains my hope that our chairman will provide the guidance not only to Chicago but to other major cities so essential if our cities as we know them today are to survive.

I enclose at this point in the Record the article from the February 24 Providence Journal:

Deposit Bill Survives Attacks

(By James H. Marshall)

Congressman Fernand J. St Germain, despite heavy opposition, earlier this month successfully managed House passage of a bill that would increase the limits of federal insurance on bank deposits and provide full coverage on time deposits of public units.

For the first time in American banking history, individual depositors can have their accounts insured up to $50,000 if the bill is approved in the Senate and signed into law by the President. Current deposit insurance limits are $20,000.

It is also the first time that there will be unlimited coverage on time deposits (savings accounts) placed in financial institutions by towns, cities, and state and federal governments.

This extra coverage will be at no additional cost to the banks or in administrative costs to the insuring agencies, such as the Federal Deposit Insurance Corp., which insures commercial and mutual savings banks, the Federal Savings and Loan Insurance Corp. or federally chartered credit unions insured under the National Credit Union Administration. Financial institutions must pay 1/12 of one per cent of their deposits as premiums.

Demand deposits (checking accounts) of public units will be insured up to $50,000 under the bill, although the act includes provisions for collateral of demand deposits above that amount.

SCORES COUPS

Personally managing the bill (H.R. 11221) on the House floor, Mr. St Germain scored several parliamentary coups to save his measure, including defeating a motion to send it back to his subcommittee on banking and insurance; something that, under most other circumstances, would have effectively killed it for this session.

Mr. St Germain, in a recent interview, said he had two main goals in introducing the legislation: to provide sufficient deposit insurance for all persons to meet rising inflationary trends and to encourage more public funds to be deposited in mutual thrift institutions (as opposed to commercial banks) so that more money would be available for mortgage lending.

Mutual thrift institutions—which are depositor-owned—include mutual savings banks, savings and loan associations and credit unions, although the latter were not included in the original bill.

The bill sparked opposition from many quarters, namely some commercial banking groups, including the American Bankers Association, the Federal Deposit Insurance Corp. and its counterpart, the Federal Savings and Loan Insurance Corp., leading officials of municipal finance officer groups and a variety of other organizations representing public and professional interests in the financial community.

The commercial bankers feared a large portion of their public deposits would flow to the mutual thrift institutions, mainly because they are able to pay a higher interest rate on savings deposits.

Mr. St Germain feels the outflow, while significant, would not be as much a disaster as the commercial bankers fear. He estimates about $10 billion would eventually wind up in the thrifts. He bases his calculations on the $40 billion average daily balance of public funds now on deposit throughout the country. He said about 25 per cent of those funds will leave.

$8 BILLION

Of that $10 billion, Mr. St Germain believes some $8 billion will be translated into home mortgage money, creating a tremendous infusion of funds into the market and helping the home building industry which traditionally suffers when money gets tight.

The congressman's arguments have been challenged by commercial bankers who say public funds are so volatile (short term) that they will not do much good toward freeing up mortgage money.

But Mr. St Germain says the $40-billion figure he uses is the average daily balance of public funds on deposit and this figure consistently remains at that level despite the volatility. He cites the fact that most states require at least 100 per cent security (generally in the form of municipals) on public deposits and of the $100 billion in municipal bonds held by U.S. banks, only 40 per cent is needed for collateral.

Mr. St Germain and several commercial bankers in the Rhode Island area don't think there will be the flood of public deposits flowing into mutual thrift institutions for another, more practical reason.

VALUED SERVICE

Commercial banks today provide a wide range of financial services to communities and other government units which cannot be found in thrift institutions elsewhere in the country. Because of this, a finance officer would be reluctant to sever this relationship with a commercial bank for a mere quarter of a percentage point in savings interest.

(In Rhode Island it's a different story, since most thrift institutions, except credit unions, have a commercial affiliate and it is currently illegal under most circumstances for a government to have a savings account in a commercial bank.)

Municipal finance officers opposed the bill on the belief that the elimination of collateralization requirements for public deposits, the bottom would fall out of the municipal bond market. The fear is that bond rates would go up, since banks would not be interested in them because they were no longer needed as collateral.

Mr. St Germain says this is not the case. Pointing out that the $100 billion in municipals held by financial institutions is some $60 billion more than is currently needed as collateral, he said these bonds have an important shelter that commercials utilize to boost their after-tax earning. Thrifts have their own tax advantage and generally don't invest in municipal bonds for that reason, but rather to provide depth to their portfolios, he said.

Perhaps the most surprising opposition came from officials of the Federal Deposit Insurance Corp. and the Federal Savings and Loan Insurance Corp. They indicated a ceiling of a lesser amount, say $35,000, would be more appropriate. Mr. St Germain during the House debate blasted this argument by noting the FDIC in 1963 was seeking to increase its deposit insurance to $50,000. "I was just catching up on something that was sought 11 years ago," he told the congressmen.

The FDIC had another pinion knocked from its opposition when it admitted the increased coverage would not cost any more to administer and that its huge reserves would not be endangered by the new ceiling.

One less-heralded provision of the bill also charges the insuring agencies to set limits on the amount of public deposits a financial institution can accept. Mr. St Germain said this was given in order to ensure the stability of the institutions and that they would not have a disproportionate ratio of public deposits.

MORE THAN LUCK . . .

There was a little more than luck involved in the 282 to 94 victory scored earlier this month by Congressman Fernand J. St Germain in getting passage in the U.S. House of his bill increasing federal deposit insurance from $20,000 to $50,000 and providing full insurance coverage on time deposits by public units.

Utilizing intricate and little-used parliamentary procedures, Mr. St. Germain as floor manager, was able to stave off several attacks on his bill as it headed for final passage. The elan he displayed in getting overwhelming approval of his bill still has Washington observers buzzing, according to sources there.

The first assault came when Rep. Albert W. Johnson of Pennsylvania attempted to equalize the interest rates paid on savings deposits, covered under Regulation Q. Mutual thrift institutions are allowed to pay a quarter of a percentage point more in interest than commercial banks on deposits up to $100,000.

At a point where it looked as though the bill might be bogged down over this issue, Mr. St Germain called for a ruling on the germaneness of the Regulation Q debate. This took place when the House was meeting as the Committee of the whole, a procedure that allows full debate and insertion of amendments to any measure being debated. During that stage of proceedings, the Speaker of the House steps down and assigns a member to act as chairman.

But when Mr. St Germain called for a ruling on the germaneness of the debate, Rep. Carl Albert of Oklahoma resumed his chair as speaker and subsequently ruled it was not germane. Thus the first assault was repelled.

Business then turned to other aspects of the bill, including the subcommittee on banking and insurance's amendment to include credit unions in the full insurance provision and requiring banks to provide collateral for time deposits in excess of the $50,000 limit.

This was introduced by Rep. Robert G. Stephens of Georgia and it was subsequently approved. But along the way, this corrective provision was snarled in legislative maneuvers because Rep. Chalmers P. Wylie of Ohio amended the bill so that the entire section covering public unit deposits was deleted.

This was done by voice vote, to which Mr. St Germain protested, claiming there was no quorum present.

Another amendment to cut the coverage to $35,000, submitted by Rep. Ben. B. Blackburn of Georgia was turned back.

Thus the bill without the vital Stephens amendment passed on to the full House for a second reading prior to a vote for final passage. At that point it only provided for federal deposit insurance of $50,000 and had no mention of full insurance coverage for public unit deposits.

When Mr. Albert resumed his post as speaker, Mr. St Germain demanded another vote on the Wylie amendment, successfully pleading there was no quorum present when it was voted on in the committee of the whole.

The chairman called a quorum and as House members filed into the chamber, they were buttonholed by Mr. St Germain and his subcommittee colleagues. The Wylie amendment was defeated in a rollcall vote, thus restoring most of the provisions of the bill. Left out was the Stephens amendment, having foundered in the move to kill off the first section.

Now the committee was on the spot. In order to get the Stephens amendment back into the bill, it normally would have to go back to the subcommittee for revision and then be guided through the various channels required prior to final debate.

Mr. St Germain had another idea, however. Mr. Blackburn, after the Wylie amendment was beaten down, called for indefinite recommittal, which under most circumstances would have killed the bill.

But Mr. St Germain mustered his forces and managed to defeat the recommittal, 122 to 259. Then, utilizing another rare procedure, Rep. Thomas L. Ashley of Ohio called for an amendment to recommittal which included all the provisions of the Stephens amendment. In short, the bill was now at the stage where the banking and insurance subcommittee wanted it.

The House approved the recommittal with its amendment and just as quickly Mr. St Germain with the rocommendation reported it back to the House for final passage. As the clerk of the House reported in the Congressional Record, "And so the bill was passed."

THE PRESIDENT'S ACTIONS REGARDING MINIMUM WAGE LEGISLATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Pennsylvania (Mr. Dent) is recognized for 5 minutes.

Mr. DENT. Mr. Speaker, the President's actions regarding minimum wage legislation brings to mind the picture of a barefooted dancer on a hot stove. He seems to forget what he said yesterday and thinks the rest of the Nation has the same mental lapse. Just a few short months ago the President vetoed a bill that would have done essentially what he now proposes as his minimum wage bill. But no amount of doubletalk or rhetoric can wipe away his stonehearted decision to veto this legislation on September 6, 1973.

The wage provisions of that bill would have given some small measure of relief to the lowest paid workers in America. This same President, ignoring his own veto message in which he called a $2-an-hour minimum wage inflationary, a few months later raised Federal pay by 4.7 percent, a total tax bill amounting to not millions, but billions of dollars, apparently without any regard for his own previously expressed views.

He also shows a lack of knowledge of the law now on the books in regard to youth labor. More youth have been employed under the provisions of the present Fair Labor Standards Act than at any time in our history, except for the bygone days of child labor and sweatshops.

I feel certain that the Congress will not accede to his demands that we reinstitute uncontrolled, unregulated employment of teenagers in dangerous, hazardous, and health destructive jobs. The Government has spent billions of dollars in job training and back-to-school programs, to bring the dropouts into the mainstream of American life. The President's proposal is an open-door invitation to the lower paid families to take their teenagers out of school and put them into the competitive job market, which is already overcrowded with unemployed adults.

I also believe the President cannot be serious about denying a very inadequate minimum wage rate to the very lowest paid workers in America, the domestic service employees. The President's argument and approach to this subject are just a rehash of the years and years of opposition to every move made by many Congresses to bring the lowest paid wage workers somewhere near a minimum standard of living.

Further, I suggest to the President that while it is his prerogative to state his views, it remains the constitutional prerogative of Congress of the United States to initiate and to legislate the laws governing this country. He can, as he has done so many times in the past, veto if he wishes, but that will not be the fault of the Congress but his own decision.

To refresh the memories of the Members and the President, I insert the President's veto message of September 6, 1973, in which he condemned the Dent proposal calling for a $2-an-hour minimum wage. He now proposes the same as though it were something new and never before thought of by anyone but himself:

VETO OF H.R. 7935—FEDERAL LABOR STANDARDS ACT AMENDMENTS OF 1973

On September 6th, President Nixon returned to Congress without his signature H.R. 7935, proposed Fair Labor Standards Act Amendments of 1973. The text of his veto message follows. 119 Congressional Record H 7596 (H. Doc. No. 93–147).

To the House of Representatives:

I am returning today, without my approval, H.R. 7935, a bill which would make major changes in the Fair Labor Standards Act.

This bill flows from the best of intentions. Its stated purpose is to benefit the working man and woman by raising the minimum wage. The minimum wage for most workers has not been adjusted for five years and in the interim, as sponsors of this bill recognize, rising prices have seriously eroded the purchasing power of those who are still paid at the lowest end of the wage scale.

There can be no doubt about the need for a higher minimum wage. Both fairness and decency require that we act now—this year—to raise the minimum wage rate. We cannot allow millions of America's low-income families to become prime casualties of inflation.

Yet in carrying out our good intentions, we must also be sure that we do not penalize the very people who need help most. The legislation which my Administration has actively and consistently supported would ultimately raise the minimum wage to higher levels than the bill that I am today vetoing, but would do so in stages over a longer period of time and thereby protect employment opportunities for low wage earners and the unemployed.

H.R. 7935, on the other hand, would unfortunately do far more harm than good. It would cause unemployment. It is inflationary. And it hurts those who can least afford it. For all of these reasons, I am compelled to return it without my approval.

ADVERSE EFFECT ON EMPLOYMENT

H.R. 7935 would raise the wage rate to $2.00 for most non-farm workers on November 1 and 8 months later, would increase it to $2.20. Thus in less than a year, employers would be faced with a 37.5 percent increase in the minimum wage rate.

No one knows precisely what impact such sharp and dramatic increases would have upon employment, but my economic advisors inform me that there would probably be a significant decrease in employment opportunities for those affected. When faced with the decision to increase their pay rates by more than a third within a year or to lay off their workers, many employers will be forced to cut back jobs and hours. And the worker will be the first victim.

The solution to this problem is to raise the minimum wage floor more gradually, permitting employers to absorb the higher labor costs over time and minimizing the adverse effects of cutting back on employment. That is why I favor legislation which would raise the floor to a higher level than H.R. 7935 but would do so over a longer period of time. The bill supported by the Administration would raise the minimum wage for most non-farm workers from $1.60 to $1.90, effective immediately, and then over the next three years, would raise it to $2.30. I believe this is a much more prudent and helpful approach.

INCREASING INFLATION

Sharp increases in the minimum wage rate are also inflationary. Frequently workers paid more than the minimum gauge their wages relative to it. This is especially true of those workers who are paid by the hour. An increase in the minimum therefore increases their demands for higher wages—in order to maintain their place in the structure of wages. And when the increase is as sharp as it is in H.R. 7935, the result is sure to be a fresh surge of inflation.

Once again, prudence dictates a more gradual increase in the wage rate, so that the economy can more easily absorb the impact.

HURTING THE DISADVANTAGED

Changes in the minimum wage law as required by H.R. 7935 would also hurt those who need help most. The ones who would be the first to lose their jobs because of a sharp increase in the minimum wage rate would frequently be those who traditionally have had the most trouble in finding new employment—the young, members of racial and ethnic minority groups, the elderly, and women who need work to support their families.

Three groups would be especially hard hit by special provisions in this bill:

Youth: One major reason for low earnings among the young is that their employment has a considerable element of on-the-job training. Low earnings can be accepted during the training period in expectation of substantially higher earnings after the training is completed. That is why the Administration has urged the Congress to establish a modest short-term differential in minimum wages for teenagers, coupled with protections against using teenagers to substitute for adults in jobs. H.R. 7935, however, includes no meaningful youth differential of this kind. It does provide marginal improvement in the special wage for students working part-time, but these are the young people whose continuing education is improving their employability anyway; the bill makes no provision at all for the millions of non-student teenagers who need jobs most.

Unemployment rates for the young are already far too high, recently averaging three to four times the overall national unemployment rate. H.R. 7935 would only drive that rate higher, especially for young people from minority groups or disadvantaged backgrounds. It thus would cut their current income, delay—or even prevent—their start toward economic improvement, and create greater demoralization for the age group which should be most enthusiastically involved in America's world of work.

Domestic household workers: H.R. 7935 would extend minimum wage coverage to domestic household workers for the first time. This would be a backward step. H.R. 7935 abruptly requires that they be paid the same wages as workers who have been covered for several years. The likely effect would be a substantial decrease in the employment and hours of work of current household workers. This view is generally supported by several recent economic studies.

Employees in small retail and service establishments: By extending coverage to these workers for the first time, H.R. 7935 takes aim at the very businesses least able to absorb sharp, sudden payroll increases. Under the burden of this well-intended but impractical requirement, thousands of such establishments would be forced to curtail their growth, lay off employees, or simply close their doors altogether. A "paper" entitlement to a higher minimum wage would be cold comfort indeed to workers whose jobs were eliminated in this squeeze.

OTHER PROBLEMS

H.R. 7935 would also bring almost all government employees under the Fair Labor Standards Act. For Federal employees, such coverage is unnecessary—because the wage rates of this entire group already meet the minimum—and undesirable, because coverage under the act would impose a second, conflicting set of overtime premium pay rules in addition to those already governing such pay for Federal employees. It would be virtually impossible to apply both laws in a consistent and equitable manner.

Extension of Federal minimum wage and overtime standards to State and local government employees is an unwarranted interference with State prerogatives and has been opposed by the Advisory Commission on Intergovernmental Relations.

NEED FOR BALANCE AND MODERATION

In sum, while I support the objective of increasing the minimum wage, I cannot agree to doing so in a manner which would substantially curtail employment of the least experienced and least skilled of our people and which would weaken our efforts to achieve full employment and price stability. It is to forestall these unacceptable effects that I am vetoing H.R. 7935.

I call upon the Congress to enact in its place a moderate and balanced set of amendments to the Fair Labor Standards Act which would be consistent with the Nation's economic stabilization objectives and which would protect employment opportunities for low wage earners and the unemployed and especially non-student teenagers who have the most severe unemployment problems. To the millions of working Americans who would benefit from sound and carefully drawn legislation to raise the minimum wage, I pledge the Administration's cooperation with the House and Senate in moving such a measure speedily onto the statute books.

RICHARD NIXON.

THE WHITE HOUSE, *September 6, 1973.*

MATTHEW S. McCAULEY

(Mr. DORN asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. DORN. Mr. Speaker, on Friday, March 1, 1974, Matthew S. McCauley, known to most as "Matt," will retire from Monsanto Co. after nearly 45 years of distinguished service with his company. It is in his capacity as manager of legislative affairs in Monsanto's Washington office that I have come to know and respect Mr. McCauley, for he ably personifies the proper relationship between business and government.

Mr. McCauley has been a responsible and forthright advocate of his company's position in those many matters at the Federal level which directly touch upon business enterprise. At the same time, Mr. McCauley has been of valuable service to many Members in providing information and data about his industry and his firm's operations which aid us in our legislative responsibilities. Additionally, he has actively worked with his fellow employees in advising and encouraging them to participate in the governmental process at all levels. It is this sort of responsible corporate citizenship that Mr. McCauley so ably represents and for which I wish to commend him to the House and the membership.

Mr. McCauley now retires, following a most productive and admirable business career. Joining Monsanto in the fall of 1929 as a chemist, he worked in his native city of St. Louis in a variety of chemical and analytical positions later moving into the sales area in the early 1950's. He was a director of business research and marketing research, both positions serving as a valuable base when he transferred to Monsanto's Washington office in 1964. I wish to salute Mr. McCauley and wish him and his wife, Winifred, a happy, productive, and well-deserved retirement.

HON. ROBERT L. SHEVIN ADDRESSES DADE COUNTY BAR ASSOCIATION

(Mr. PEPPER asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. PEPPER. Mr. Speaker, in Miami on November 21, 1973, the Honorable Robert L. Shevin, distinguished attorney general of Florida, delivered a very able address to the Dade County Bar Association. Mr. Shevin, who has made an outstanding record not only in law enforcement, but in innovative legislation curbing crime in Florida, addressed himself to some of the challenging problems facing the bar of Florida—indeed the bar of the Nation. Mr. Shevin emphasized that a responsible bar, sensitive to the quality and the adequacy of justice rendered in this country, was essential to the preservation of the American way of life. He significantly pointed out many of the particular problems of the bar and movingly called upon the members of the bar to rise to meet the highest traditions and the great opportunities of the bar.

Mr. Speaker, not only the Members of Congress, but the people of the country who read this RECORD will profit by reading Attorney General Shevin's able address.

Mr. Speaker, I insert the address in the body of the RECORD immediately after my remarks:

REMARKS BY THE HONORABLE ROBERT L. SHEVIN

Thank you very much for the chance to meet with you today. This is a timely meeting because the topics I should like to discuss are those which directly relate to the legal profession.

As a profession and as individuals I think we should make a solemn resolve . . . a resolve to restore decency to our government, a resolve to reinstate respect for law and order and the institutions created to preserve them, and a resolve that the people shall be restored to their proper role in American government.

The legal profession has been blighted and smeared. During the past few months we, as a respectable citizenry of a respected country, have seen the Vice President of the United States resign in disgrace, two former cabinet officers are awaiting trial on criminal charges, and nearly forty White House aides from the top level down have lost their jobs or are facing legal proceedings against them.

Across the nation federal grand juries are investigating alleged wrongdoings of public officials including governors, senators, judges, mayors, district attorneys, and legislators.

Watergate goes on and on. And who knows where the tentacles of the wheat deal, the milk deal, the ITT deal, the Vesco and the other deals will take us?

And the pathetic part of this whole bleak picture is that ninety percent of the people involved in these sordid allegations are attorneys . . . men trained in the law to uphold, enforce, and protect the law.

In some encouraging news the President . . . himself a lawyer . . . has conceded that he is within the law and has agreed to answer a multitude of questions concerning his own involvement in many of the activities surrounding the 1972 election campaigns.

From the first faint stench of Watergate and other wrongdoing began to torment the public's nostrils, the President had the opportunity to "come clean," to give the whole smelly mess a blast of open, fresh air. On each occasion to date, he has gone only so far as public revelations have forced him and no further. Hopefully, his latest move will lift all clouds of suspicion of personal involvement from the President himself.

It is not these individual incidents which concern us most deeply anyway. It is the pervasive attitude . . . the philosophy . . . among the officials involved that they were or are exercising some kind of divine right.

As a public official I find myself appalled and shocked with the flippancy, the nonchalance, of the former vice president's contention that kickbacks are customary and that, by inference, there is nothing wrong with them. This is what leads to the demoralization reflected in this statement by a sixteen-year-old reacting to Agnew's resignation. "They are all that way," he said. "It is part of the system."

Well, I am not that way. And I can tell you with the deepest conviction that the overwhelming majority of public officials with whom I have been privileged to serve are not that way. Indeed, most would act with repugnance and indignation if they were approached with such seamy proposals.

What has happened to our system that has caused such cynicism? I think there are two fundamental answers: 1) We have never come to realistic terms with the issue of campaign financing. It has to twit the public conscience somewhat to see scores of millions of dollars donated by corporate leaders and financiers. These people just do not look upon the financing of politics as philanthropy. They expect their quid pro quo. There is evidence seeping out of Washington that they have been getting it.

The second answer is that private individuals elected to public office begin to view their offices as their own and conduct their business privately. If there is anything that has been made "perfectly clear" by the sequence of disclosures over the past several months, it is that the Federal Government and its officials have been too secret and isolated. I do not intend here to single out the President. There is an unfortunate aloofness and isolation—even disdain of the people who elected them—by some public men and women at each level of government.

The people of Florida have set an excellent example of what is needed in government if the republic is to survive this centralization of power, this royalism.

First, we have the best "government in the sunshine" and "public records" laws in the country. We demand that our elected officials conduct our affairs out in the open so we can see who is giving what to whom and why. The legislature, the cabinet, county and city commissions and school boards, all are subject to constant public scrutiny, and several months ago I put all public bodies in the State including school boards, county commissions, and city commissions on notice that I would take them to court if I felt they were attempting to undermine this powerful public tool. As a matter of fact, we have already gone to court in several cases.

Our public records law makes it possible for any of us at any time to go to our statehouse, courthouse, or city hall to find out how much was paid to whom for what service or product. It tells who was hired for a job and how much he makes. It tells who got what contract or zoning change and who voted for or against it. No system of laws will be foolproof. But I'm certain that such openness has kept a few dubious public servants honest.

But we need more. I think that this is the time that the legal profession put itself fully behind full financial disclosure by public officials and candidates. The people are looking for someone to believe in. Let's show them that the vast majority of lawyers are *concerned* over the cavalier attitude taken by that minority of public officials who have recently been caught with their hand in the cookie jar. During the last session of the legislature my office drew two bills which constitute the strongest and most sweeping conflict of interest legislation in the United States.

One bill requires complete disclosure of financial interests by public officials and candidates for public office. In addition to requiring that federal tax returns and net worth statements be made public, the bill calls for disclosure of all income, sources of income, and creditors not reflected on the tax return.

The second bill would prohibit public officials and employees from engaging in business transactions with public agencies or representing people before public agencies at the same level of government. Also, it would prohibit public officials from voting on matters affecting them or their families and from serving on regulatory boards which regulate businesses in which they have an interest.

If these proposals become law, violation of either could subject the offender to fine and imprisonment as well as possible removal from office, impeachment, dismissal from employment or expulsion from the legislature.

These bills will receive consideration at next year's session of the lawmakers. Additionally, I shall be urging passage of a law to prohibit sales to or purchases from corporations held in blind trust. This should close one more loophole through which unethical public officials and businessmen leap in efforts to avoid the law.

We need to get all of these laws passed and enforced if we are going to restore government to the high plane of respect and confidence it usually deserves.

Next year we'll have an opportunity to mold government into the form we think it should take. We shall be electing a Governor, members of the State cabinet, a United States Senator, fifteen Congressmen, State senators and legislators, and numerous county and municipal officials. You can have a tremendous effect on whether it is going to be "business as usual" a la Watergate or whether we shall have dedicated men and women determined to bring sunshine and full disclosure into the darkest recesses of local, State, and Federal Government.

The Florida Bar Association is to be deeply commended for setting its own example of this attitude by voting to make public disciplinary proceedings against members of the bar. I believe this can only have a salutary effect on our collective reputations. It will point out that we do punish and expel those who violate our very strict code of ethics. It will also show how few of us engage in unethical or questionable business and government activities. Under the mantle of secrecy that has existed to this date, I fear that we all have been suspect. And as both a lawyer and public official I tell you I resent being tarred with the brush of dishonesty and double-dealing just to keep others' indiscretions secret.

We are strong enough as a republic to absorb and survive the foibles of a few misguided public officials. I doubt if we are strong enough to survive for very long the widespread belief that all politicians and all public officials are grabbers and grafters. Therefore, I believe it is imperative that we in the legal profession . . . we who have the responsibility to uphold and enforce and protect the law . . . we collectively and individually begin to set the examples and standards that we must demand of everyone in government.

TRIBUTE TO ROBERT JIM

(Mr. PEPPER asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. PEPPER. Mr. Speaker, the Honorable Buffalo Tiger, chairman of the

Miccosukee Tribe of Indians of Florida, has provided me with some information about the Honorable Robert Jim, chairman of the Yakima Indian Tribe, Washington, member of the National Council on Indian Opportunity, and the National Tribal Chairman's Association, who died on October 30, 1973, while attending the National Congress of American Indians convention in Tulsa, Okla. The passing of the Honorable Robert Jim was a deep personal loss to Chairman Buffalo Tiger, as well as to Indians all over America—indeed to all who knew him.

Immediately after Chairman Robert Jim's passing, the Honorable Marvin L. Franklin, assistant to the Secretary of the Interior for Indian Affairs, issued a public statement addressed to Mrs. Robert Jim on the passing of her distinguished husband.

The wire of the Assistant Secretary together with an additional public statement he made are contained in a release from the Bureau of Indian Affairs dated November 1, 1973, by Assistant Secretary Franklin. I ask, Mr. Speaker, that the Assistant Secretary's public statement in commendation of this great American who embodied the highest traditions of the Indian and the white American and was esteemed and admired by all who knew him appear in the body of the RECORD immediately following my remarks:

ASSISTANT TO THE SECRETARY OF THE INTERIOR FOR INDIAN AFFAIRS PAYS TRIBUTE TO ROBERT JIM, YAKIMA TRIBAL CHAIRMAN

Marvin L. Franklin, Assistant to the Secretary of the Interior for Indian Affairs, today made public his remarks to Mrs. Robert Jim on the passing of her husband Robert Jim, Chairman of the Yakima Indian Tribe, Washington, member of the National Council on Indian Opportunity, and the National Tribal Chairman's Association.

In a wire to Mrs. Jim, Franklin said "I cannot begin to express to you the sense of loss that all of us in the Indian community feel at the passing of Robert Jim. He gave up an Indian way of life to serve the Yakima Tribe and the Indian people as a whole. He served them at the highest possible levels.

"He was given a mandate to lead his people when he became chairman of the Yakima Tribe. He also received a mandate from the President of the United States when he was named to the National Council on Indian Opportunity.

"Few Indian people have achieved one or the other of these honors. Only a handful have achieved both. He is sorely missed."

Jim died October 30 while attending the National Congress of American Indians convention in Tulsa, Okla.

He was born June 28, 1929 at Dry Creek, Wash., and spent his early years chasing wild horses for a living. He attended public schools in Toppenish, Washington. He was graduated from high school June 1948 and enlisted in the United States Air Force September 2, 1948. He served in France, Germany, and England and was discharged April 1954 as a staff sergeant.

In subsequent years he chased wild horses, hunted, and fished at Jackson Fishing Site, Celilo, Ore., until it was inundated in 1957.

He became treasurer of the National Congress of American Indians in 1961 and Commander of Chiefs, White Swan Post 191, American Legion, in 1962. That same year he was elected secretary of the Affiliated Tribes of Northwest Indians.

In 1964 he became chairman of the American Indian Civil Liberties Trust, a 21 year appointment. That same year he became a delegate for the United States Department of State to Quito, Ecuador, to participate in the North American Treaty Organization. In 1972 he was elected to the board of directors of the National Tribal Chairman's Association.

He was appointed to the National Council on Indian Opportunity by President Richard M. Nixon to serve until August 31, 1974. He had been chairman of the Yakima Tribal Council since 1967.

Jim spent many years working not only for his own Yakima people in order to have 21,000 acres of land including a part of Mount Adams returned to the tribe but for other Indian groups as well. He worked on provisions of the Alaska Native Land Claims Act which provides that about $962.5 million and 40 million acres of land will go to Indians, Eskimos, and Aleuts of Alaska. He also helped bring about the restoration of 48,000 acres of land that had been a part of Carson National Forest, N. Mex., to the Taos Pueblo.

October 2, 1973, he was elected to the board of the American Indian National Bank.

NOTICE

We were saddened to learn of the sudden passing of Mr. Robert Jim, Chairman of the Yakima Tribal Council, on October 30. Mr. Jim, 44 years old, who was serving as the Chief Member of the National Council on Indian Opportunity Indian Members, was in Tulsa, Oklahoma, for a meeting of the council.

Funeral services will be held at 8:00 a.m., Saturday, November 3, at the White Swan Long House, and burial services at 10:00 a.m. at the Toppenish Creek Cemetery.

Mr. Jim was also serving as the Portland Area Representative on the NTCA Board, Chairman of the Indian Civil Liberties Trust, and on the Board of Directors of the newly established American Indian National Bank.

Mr. Jim has served continuously on the Yakima Tribal Council since 1957, and in December 1969 assumed the chairmanship of the Yakima Indian Nation. He will be long remembered for his untiring dedication to causes for the betterment of his people on the Yakima Reservation and of the Indian people throughout the country. He is survived by his wife, Ernestine, and family.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. WHITEHURST (at the request of Mr. RHODES), for the week of March 4, on account of official business as a member of the House Committee on Armed Services.

Mr. KETCHUM (at the request of Mr. RHODES) for Monday, March 4, on account of official business.

Mrs. SULLIVAN (at the request of Mr. O'NEILL), for today, on account of illness.

Mrs. GREEN of Oregon (at the request of Mr. ULLMAN), for today, on account of illness.

Mr. TREEN (at the request of Mr. RHODES), for the week of March 4, on account of official business as a member of the House Committee on Armed Services.

Mr. STRATTON (at the request of Mr. RANDALL), for the week of March 4, on account of official business as member of ad hoc NATO Committee.

Mr. JONES of Oklahoma (at the request of Mr. RANDALL), for the week of March 4, on account of official business as member of ad hoc NATO Committee.

Mr. RANDALL, for the week of March 4, on account of official business as member of ad hoc NATO Committee.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

Mr. RANDALL, for 5 minutes, today, and to revise and extend his remarks and include extraneous matter.

(The following Members (at the request of Mr. MARTIN of North Carolina) and to revise and extend their remarks and include extraneous matter:)

Mr. COUGHLIN, for 10 minutes, today.

Mr. COHEN, for 5 minutes, today.

Mr. KEMP, for 15 minutes, today.

Mr. McKINNEY, for 5 minutes, today.

(The following Members (at the request of Mr. MEZVINSKY) and to revise and extend their remarks and include extraneous matter:)

Mr. WOLFF, for 5 minutes, today.

Mr. DIGGS, for 5 minutes, today.

Mr. GONZALEZ, for 5 minutes, today.

Mr. MINISH, for 10 minutes, today.

Mr. ADDABBO, for 30 minutes, today.

Mr. MURPHY of New York, for 10 minutes, today.

Mr. HARRINGTON, for 5 minutes, today.

Mr. JONES of Oklahoma, for 5 minutes, today.

Mr. OWENS, for 10 minutes, today.

Mr. ST GERMAIN, for 5 minutes, today.

Mr. ANNUNZIO, for 5 minutes, today.

Mr. DENT, for 5 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. DORN in two instances.

Mr. PICKLE immediately following the remarks of Ms. ABZUG.

(The following Members (at the request of Mr. MARTIN of North Carolina) and to include extraneous material:)

Mr. BLACKBURN.

Mr. DERWINSKI in three instances.

Mr. BROYHILL of Virginia.

Mr. BROOMFIELD.

Mr. VEYSEY in two instances.

Mr. WYMAN in two instances.

Mr. FRENZEL in two instances.

Mr. QUIE.

Mr. BUCHANAN in two instances.

Mr. FORSYTHE.

Mr. COLLINS of Texas in four instances.

Mr. DELLENBACK in two instances.

Mr. KEMP in three instances.

Mr. BELL.

Mr. CHAMBERLAIN.

Mrs. HECKLER of Massachusetts.

Mr. ESCH.

Mr. HUBER.

Mr. DICKINSON.

Mr. BOB WILSON.

Mr. WHALEN.

Mr. SARASIN.

Mr. PRICE of Texas.

Mr. GROVER.

Mr. McKINNEY.

Mr. STEIGER of Wisconsin in two instances.

Mr. LANDGREBE.

Mr. ASHBROOK in three instances.

Mr. FINDLEY.

(The following Members (at the request of Mr. MEZVINSKY) and to include extraneous matter:)

Mr. FORD in two instances.

Ms. HOLTZMAN in 10 instances.

Mr. HARRINGTON in four instances.

Mr. MCKAY.

Mr. MEZVINSKY in two instances.

Mr. GONZALEZ in three instances.

Mr. RARICK in three instances.

Mrs. CHISHOLM.

Mr. MONTGOMERY.

Mr. ROGERS in five instances.

Mr. ASHLEY.

Mr. FASCELL in five instances.

Mr. PATTEN in five instances.

Mr. STEED.

Mr. UDALL.

Mr. HUNGATE.

Mr. JOHNSON of California.

Mr. ALEXANDER.

Mr. BERGLAND in three instances.

Mr. ANDERSON of California in five instances.

Mr. MCCORMACK.

Mr. THOMPSON of New Jersey.

Mr. SMITH of Iowa.

Mr. RONCALIO of Wyoming.

Mr. DIGGS.

SENATE BILLS REFERRED

Bills of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 2343. An act to authorize the Secretary of the Interior to convey, by quit-claim deed, all right, title and interest of the United States in and to certain lands in Coeur d'Alene, Idaho, in order to eliminate a cloud on the title to such lands; to the Committee on Interior and Insular Affairs.

S. 2957. An act relating to the activities of the Overseas Private Investment Corporation; to the Committee on Foreign Affairs.

SENATE ENROLLED BILL SIGNED

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 2589. An act to assure, through energy conservation, end-use rationing of fuels, and other means, that the essential energy needs of the United States are met, and for other purposes.

ADJOURNMENT

Mr. MEZVINSKY. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 58 minutes p.m.), under its previous order, the House adjourned until Monday, March 4, 1974, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1952. A letter from the Deputy Secretary of Defense, transmitting a report of a study by the National Academy of Sciences on the ecological and physiological effects of the military use of herbicides in Vietnam, pursuant to section 506(c) of Public Law 91-441; to the Committee on Armed Services.

1953. A letter from the Assistant Legal Adviser for Treaty Affairs, Department of State, transmitting copies of international agreements other than treaties entered into by the United States, pursuant to Public Law 92-403; to the Committee on Foreign Affairs.

1954. A letter from the First Vice President, Export-Import Bank of the United States, transmitting a report on loan, guarantee, and insurance transactions supported by Eximbank to Yugoslavia, Romania, the Union of Soviet Socialist Republics, and Poland during January 1974; to the Committee on Foreign Affairs.

1955. A letter from the President, Overseas Private Investment Corporation, transmitting a report on the possibilities of transferring OPIC programs to the private sector, pursuant to section 240A(b) of the Foreign Assistance Act; to the Committee on Foreign Affairs.

1956. A letter from the Clerk, U.S. House of Representatives, transmitting his semiannual report of receipts and expenditures for the period July-December, 1973, pursuant to 2 U.S.C. 104a (H. Doc. No. 93-223); to the Committee on House Administration and ordered to be printed.

1957. A letter from the Administrator of General Services, transmitting amendments to the approved prospectuses for the Courthouse and Federal Office Building in Dayton, Ohio, the Richard H. Poff Federal Building in Roanoke, Va., and the Courthouse and Federal Office Building in Charlotte Amalie, Virgin Islands, pursuant to section 7(a) of the Public Buildings Act of 1959, as amended; to the Committee on Public Works.

1958. A letter from the Fiscal Assistant Secretary of the Treasury, transmitting the 18th annual report on the financial condition and results of the operations of the Highway Trust Fund, pursuant to section 209 (e)(1) of the Highway Revenue Act of 1956, as amended (H. Doc. No. 93-224); to the Committee on Ways and Means and ordered to be printed.

1959. A letter from the Acting Secretary of Health, Education, and Welfare, transmitting a draft of proposed legislation to increase the period during which benefits may be paid under title XVI of the Social Security Act on the basis of presumptive disability to certain individuals who received aid, on the basis of disability, for December 1973, under a State plan approved under title XIV or XVI of that act; to the Committee on Ways and Means.

1960. A letter from the Assistant Secretary of Labor, transmitting notice of action taken by the Advisory Council on Employee Welfare and Pension Benefit Plans relative to pension reform legislation; to the Committee on Education and Labor.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. MORGAN: Committee on Foreign Affairs. H.R. 12412. A bill to amend the Foreign Assistance Act of 1961 to authorize an appropriation to provide disaster relief, rehabilitation, and reconstruction assistance to Pakistan, Nicaragua, and the Sahelian nations of Africa; with amendment (Rept. No. 93-816). Referred to the Committee of the Whole House on the State of the Union.

Mr. KASTENMEIER: Committee on the Judiciary. H.R. 9199. A bill to amend title 35, United States Code, "Patents", and for other purposes; with amendment (Rept. No. 93-856). Referred to the Committee of the Whole House on the State of the Union.

Mr. THOMPSON of New Jersey: Committee on House Administration. House Resolution 778. Resolution to provide further funds for the expenses of the investigations and study authorized by House Resolution 187 (H. Rept. No. 93-844). Referred to the House Calendar.

Mr. THOMPSON of New Jersey: Committee on House Administration. House Resolution 789. Resolution to provide funds for the further expenses of the investigation and study authorized by House Resolution 134. (Rept. No. 93-845). Referred to the House Calendar.

Mr. THOMPSON of New Jersey: Committee on House Administration. House Resolution 790. Resolution to provide for the further expenses of the investigations and studies authorized by House Resolution 185 for the Committee on Armed Services. (Rept. No. 93-846). Referred to the House Calendar.

Mr. THOMPSON of New Jersey: Committee on House Administration. House Resolution 793. Resolution to provide funds for the further expenses of the investigations and studies authorized by House Resolution 253. (Rept. No. 93-847). Referred to the House Calendar.

Mr. THOMPSON of New Jersey: Committee on House Administration. House Resolution 797. Resolution to provide funds for the expenses of the investigations and studies by the Committee on House Administration. (Rept. No. 93-848). Referred to the House Calendar.

Mr. THOMPSON of New Jersey: Committee on House Administration. House Resolution 800. Resolution to provide additional funds for the expenses of studies, investigations, and inquiries authorized by House Resolution 18. (Rept. No. 93-849). Referred to the House Calendar.

Mr. THOMPSON of New Jersey: Committee on House Administration. House Resolution 810. Resolution to provide funds for the expenses of the investigation and study authorized by House Resolution 72. (Rept. No. 93-850). Referred to the House Calendar.

Mr. THOMPSON of New Jersey: Committee on House Administration. House Resolution 814. Resolution providing for funds for the investigations and studies authorized by House Resolution 180. (Rept. No. 93-851). Referred to the House Calendar.

Mr. THOMPSON of New Jersey: Committee on House Administration. House Resolution 846. Resolution to provide funds for the expenses of the investigation and study authorized by rule XI(8) and House Resolution 224 (Rept. No. 93-852). Referred to the House Calendar.

Mr. THOMPSON of New Jersey: Committee on House Administration. House Resolution 855. Resolution to provide funds for further expenses of the investigations and studies authorized by House Resolution 175 (Rept. No. 93-853). Referred to the House Calendar.

Mr. THOMPSON of New Jersey: Committee on House Administration. House Resolution 937. Resolution authorizing the expenditure of certain funds for the expenses of the Committee on Internal Security (Rept. No. 93-854). Referred to the House Calendar.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. EILBERG: Committee on the Judiciary. S. 205. An act for the relief of Jorge Mario Bell (Rept. No. 93-817). Referred to the Committee of the Whole House.

Mr. EILBERG: Committee on the Judiciary. S. 245. An act for the relief of Kamal

Antoine Chalaby (Rept. No. 93-818). Referred to the Committee of the Whole House.

Mr. EILBERG: Committee on the Judiciary. S. 428. An act for the relief of Ernest Edward Scofield (Ernesto Espino) (Rept. No. 93-819). Referred to the Committee of the Whole House.

Mr. EILBERG: Committee on the Judiciary. S. 507. An act for the relief of Wilhelm J. R. Maly (Rept. No. 93-820). Referred to the Committee of the Whole House.

Mr. EILBERG: Committee on the Judiciary. S. 816. An act for the relief of Mrs. Jozefa Sokolowska Domanski (Rept. No. 93-821). Referred to the Committee of the Whole House.

Mr. EILBERG: Committee on the Judiciary. S. 912. An act for the relief of Mahmood Shareef Suleiman (Rept. No. 93-822). Referred to the Committee of the Whole House.

Mr. EILBERG: Committee on the Judiciary. S. 1673. An act for the relief of Mrs. Zosima Telebanco Van Zanten. (Rept. No. 93-823). Referred to the Committee of the Whole House.

Mr. EILBERG: Committee on the Judiciary. S. 1852. An act for the relief of Georgina Henrietta Harris. (Rept. No. 93-824). Referred to the Committee of the Whole House.

Mr. EILBERG: Committee on the Judiciary. S. 2112. An act for the relief of Vo Thi Suong (Nini Anne Hoyt) (Rept. No. 93-825). Referred to the Committee of the Whole House.

Mr. MOORHEAD of California: Committee on the Judiciary. S. 1615. An act for the relief of August F. Walz. (Rept. No. 93-826). Referred to the Committee of the Whole House.

Mr. DANIELSON: Committee on the Judiciary. S. 1922. An act for the relief of Robert J. Martin. (Rept. No. 93-827). Referred to the Committee of the Whole House.

Mr. SEIBERLING: Committee on the Judiciary. H.R. 1961. A bill for the relief of Mildred Christine Ford, with amendment (Rept. No. 93-828). Referred to the Committee of the Whole House.

Mr. RAILSBACK: Committee on the Judiciary. H.R. 2537. A bill for the relief of Lidia Myslinska Bokosky (Rept. No. 93-829). Referred to the Committee of the Whole House.

Mr. RAILSBACK: Committee on the Judiciary. H.R. 3203. A bill for the relief of Nepty Masauo Jones; with amendment (Rept. No. 93-830). Referred to the Committee of the Whole House.

Mr. FISH: Committee on the Judiciary. H.R. 4590. A bill for the relief of Melissa Catambay Guiterrez, with amendment (Rept. No. 93-831). Referred to the Committee of the Whole House.

Mr. FISH: Committee on the Judiciary. H.R. 4591. A bill for the relief of Milagros Catambay Guiterrez; with amendment (Rept. No. 93-832). Referred to the Committee of the Whole House.

Mr. MOORHEAD of California: Committee on the Judiciary. H.R. 5266. A bill for the relief of Ursula E. Moore; with amendment (Rept. No. 93-833). Referred to the Committee of the Whole House.

Mr. MOORHEAD of California: Committee on the Judiciary. H.R. 6202. A bill for the relief of Thomas C. Johnson. (Rept. No. 93-834). Referred to the Committee of the Whole House.

Miss JORDAN: Committee on the Judiciary. H.R. 7128. A bill for the relief of Mrs. Rita Petermann Brown (Rept. No. 93-835). Referred to the Committee of the Whole House.

Mr. BUTLER: Committee on the Judiciary. H.R. 7207. A bill for the relief of Emmett A. and Agnes J. Rathbun; with amendment (Rept. No. 93-836). Referred to the Committee of the Whole House.

Mr. WALDIE: Committee on the Judiciary. H.R. 7685. A bill for the relief of Giuseppe Ottaviano-Greco; with amendment (Rept. No. 93-837). Referred to the Committee of the Whole House.

Mr. DONOHUE: Committee on the Judiciary. H.R. 9393. A bill for the relief of Mary Notarthomas (Rept. No. 93-838). Referred to the Committee of the Whole House.

Mr. BUTLER: Committee on the Judiciary. H.R. 11392. A bill for the relief of Raymond Monroe; with amendment (Rept. No. 93-839). Referred to the Committee of the Whole House.

Mr. BUTLER: Committee on the Judiciary. H.R. 2950. A bill for the relief of Mrs. Gertrude Berkley (Rept. No. 93-840). Referred to the Committee of the Whole House.

Mr. MOORHEAD of California: Committee on the Judiciary. H.R. 7397. A bill for the relief of Viola Burroughs; with amendment (Rept. No. 93-841). Referred to the Committee of the Whole House.

Mr. DANIELSON: Committee on the Judiciary. H.R. 8322. A bill for the relief of William L. Cameron, Jr. (Rept. No. 93-842). Referred to the Committee of the Whole House.

Mr. DONOHUE: Committee on the Judiciary. H.R. 8823. A bill for the relief of James A. Wentz (Rept. No. 93-843). Referred to the Committee of the Whole House.

Mr. KASTENMEIER: Committee on the Judiciary. S. 71. An act for the relief of Uhel D. Polly (Rept. No. 93-855). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Ms. Abzug (for herself, Mr. Bingham, Mr. Boland, Mr. Brown of California, Ms. Collins of Illinois, Mr. Dellums, Mr. Diggs, Mr. Edwards of California, Mr. Eilberg, Mr. Fascell, Mr. Helstoski, Ms. Holtzman, Mr. Hungate, Mr. Koch, Mr. Melcher, Mr. Nix, Mr. Podell, Mr. Rangel, Mr. Roe, Mr. Rosenthal, Mr. Sarbanes, Mr. Van Deerlin, Mr. Whitehurst, Mr. Young of Georgia, and Mr. Harrington):

H.R. 13126. A bill to amend title XVI of the Social Security Act to provide for emergency Federal assistance grants to aged, blind, or disabled individuals whose supplemental security income checks (or the proceeds thereof) are lost, stolen, or undelivered; to the Committee on Ways and Means.

By Mr. ANDREWS of North Carolina:

H.R. 13127. A bill to provide for the establishment of the Deacon Jacob Estay National Monument; to the Committee on Interior and Insular Affairs.

By Mr. BREAUX:

H.R. 13128. A bill to amend the Public Works and Economic Development Act of 1965 to extend the authorizations for a 5-year period, and for other purposes; to the Committee on Public Works.

By Mr. BROYHILL of Virginia:

H.R. 13129. A bill to amend title 5, United States Code, to revise certain provisions relating to eligibility for civil service retirement deferred annuities, to provide for cost-of-living increases in such annuities, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. CLEVELAND:

H.R. 13130. A bill to amend title 18 of the United States Code to permit the transportation, mailing, and broadcasting of advertising, information, and materials concerning lotteries authorized by law and conducted by a State, and for other purposes; to the Committee on the Judiciary.

By Mr. CONLAN:

H.R. 13131. A bill to require the mandatory imposition of the death penalty for individuals convicted of certain crimes; to the Committee on the Judiciary.

By Mr. DENHOLM:

H.R. 13132. A bill to amend the Agricultural Act of 1949 to permit payments made to farmers in the case of 1974 and 1975 crops of wheat, feed grain, and cotton to reflect changes during the calendar years 1973 and 1974, respectively, in prices paid by farmers for production items, interest, taxes, and wage rates; to the Committee on Agriculture.

H.R. 13133. A bill to amend the Uniform Time Act of 1966 to provide for daylight saving time for the period beginning May 31 through Labor Day annually, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. DORN:

H.R. 13134. A bill to amend title 38, United States Code, to authorize the issuance of life insurance to insure a policyholder against death who has a policy loan against his Government life insurance contract; to the Committee on Veterans' Affairs.

H.R. 13135. A bill to amend section 620, title 38, United States Code, to authorize direct admission to community nursing homes at the expense of the U.S. Government; to the Committee on Veterans' Affairs.

H.R. 13136. A bill to amend section 214 of the Internal Revenue Code of 1954 to allow a taxpayer to deduct certain household and dependent care expenses if the spouse of such taxpayer is a full-time student; to the Committee on Ways and Means.

By Mr. GOLDWATER:

H.R. 13137. A bill to require the execution of an oath or affirmation or declaration of allegiance before a passport is granted or issued; to the Committee on Foreign Affairs.

By Mr. HARRINGTON:

H.R. 13138. A bill to amend the Federal Power Act to provide for public representation on any multi-State power organization; to the Committee on Interstate and Foreign Commerce.

By Mr. HARRINGTON (for himself, Mr. Udall, Mr. Gibbons, and Mr. Vanik):

H.R. 13139. A bill to amend the Natural Gas Act to secure adequate and reliable supplies of natural gas and oil at the lowest reasonable cost to the consumer, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. HASTINGS:

H.R. 13140. A bill to amend the Small Business Act to provide low-interest operating loans to small businesses seriously affected by a shortage in energy producing materials; to the Committee on Banking and Currency.

By Ms. JORDAN (for herself, Mrs. Boggs, Mr. Edwards of California, Ms. Holtzman, Mr. Moakley, and Mr. Riegle):

H.R. 13141. A bill to amend the Internal Revenue Code of 1954 so as to reduce by 8 percent the amount of individual income tax withheld at the source; to the Committee on Ways and Means.

By Mr. KETCHUM:

H.R. 13142. A bill to amend titles II and XVIII of the Social Security Act to remove the earnings limitation; to the Committee on Ways and Means.

By Mr. KING:

H.R. 13143. A bill to amend the Small Business Act to provide low-interest operating loans to small businesses seriously affected by a shortage in energy producing materials; to the Committee on Banking and Currency.

By Mr. LITTON:

H.R. 13144. A bill to amend the Federal Election Campaign Act of 1971, and chapter 29 of title 18, United States Code, to regulate the financing of Federal election campaigns, and for other purposes; to the Committee on House Administration.

By Mr. MATHIS of Georgia (for himself, Mr. Esch, and Mr. Andrews of North Carolina):

H.R. 13145. A bill to prohibit the exportation of fertilizer from the United States until the Secretary of Agriculture determines that an adequate domestic supply of fertilizer exists; to the Committee on Banking and Currency.

By Mr. MITCHELL of Maryland:

H.R. 13146. A bill to amend the Small Business Act to provide for direct loans at the rate of 4 percent per annum to small business concerns adversely affected by the energy crisis; to the Committee on Banking and Currency.

By Mr. MURPHY of New York:

H.R. 13147. A bill to amend title 18 of the United States Code to prohibit the transportation or use in interstate or foreign commerce of counterfeit, fictitious, altered, lost, or stolen airline tickets; to the Committee on the Judiciary.

By Mr. NIX:

H.R. 13148. A bill to amend the Internal Revenue Code of 1954 to permit taxpayers to utilize the deduction for personal exemptions as under present law or to claim a credit against tax of $200 for each such exemption; to the Committee on Ways and Means.

By Mr. PATTEN:

H.R. 13149. A bill to amend the Public Health Service Act to improve the national cancer program and to authorize appropriations for such program for the next 3 fiscal years, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. PEPPER (for himself, Mrs. Chisholm, Mr. Roybal, Mr. Stokes, and Mr. Rinaldo):

H.R. 13150. A bill to increase the production, transportation, and conversion of coal as a source of energy; to the Committee on Interstate and Foreign Commerce.

By Mr. PICKLE:

H.R. 13151. A bill to amend section 428(a) of the Higher Education Act of 1965, as amended, and section 2(a)(7) of the Emergency Insured Student Loan Act of 1969, to better assure that students will have reasonable access to loans to meet their post-secondary education costs, and for other purposes; to the Committee on Education and Labor.

By Mr. QUILLEN:

H.R. 13152. A bill to require the execution of an oath or affirmation or declaration of allegiance before a passport is granted or issued; to the Committee on Foreign Affairs.

By Mr. RANGEL (for himself and Mr. Moakley):

H.R. 13153. A bill to amend the Economic Opportunity Act of 1964 to establish a special emphasis program of emergency energy conservation services for the poor, and for other purposes; to the Committee on Education and Labor.

By Mr. ST GERMAIN:

H.R. 13154. A bill to amend title 38 of the United States Code to provide pension benefits for widows and children of certain persons whose in-service death occurred not in the line of duty; to the Committee on Veterans' Affairs.

By Mr. SCHNEEBELI:

H.R. 13155. A bill to extend the period for administrative review of certain customs protests; to the Committee on Ways and Means.

By Mr. SEIBERLING (for himself, Mr. Fraser, Ms. Abzug, Mr. Badillo, Mr. Bingham, Mr. Dellums, Mr. Harrington, Mr. Metcalfe, Mr. Murphy of New York, Mr. Rees, and Mr. Van Deerlin):

H.R. 13156. A bill to protect the constitutional rights of professional athletes; to the Committee on the Judiciary.

By Mr. TAYLOR of North Carolina (for himself, Mr. Haley, Mr. Hosmer, Mr. Skubitz, Mr. Johnson of California, Mr. Sebelius, Ms. Mink, Mr. Stephens, Mr. Ketchum, Mr. Bingham, Mr. Cronin, Mr. Seiberling, Mr. Won Pat, Mr. Udall, Mr. Melcher, Ms. Abzug, Mr. Andrews of North Dakota, Mr. Boland, Mr. Conte, Mr. Fish, Mr. Gude, Mr. Nichols, and Mr. Ullman):

H.R. 13157. A bill to provide for the establishment of the Clara Barton National Historic Site, Md.; John Day Fossil Beds National Monument, Oreg.; Knife River Indian Villages National Historic Site, N. Dak.; Springfield Armory National Historic Site, Mass.; Tuskegee Institute National Historic Site, Ala.; and Martin Van Buren National Historic Site, N.Y., and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. THOMSON of Wisconsin:

H.R. 13158. A bill to make it a crime to move or travel in interstate or foreign commerce to avoid compliance with certain support orders, and for other purposes; to the Committee on the Judiciary.

By Mr. WILLIAMS:

H.R. 13159. A bill to provide for access to all duly licensed psychologists, and optometrists without prior referral in the Federal employee health benefits program; to the Committee on Post Office and Civil Service.

By Mr. BENNETT:

H.R. 13160. A bill to divorce the businesses of production, refining, and transporting of petroleum products from that of marketing petroleum products; to the Committee on the Judiciary.

By Mr. DORN:

H.R. 13161. A bill to designate the Veterans' Administration hospital in Columbia, Mo., as the "Harry S. Truman Memorial Veterans' Hospital", and for other purposes; to the Committee on Veterans' Affairs.

By Mr. GUDE (for himself and Mr. Moss):

H.R. 13162. A bill to make a supplemental appropriation for the Administrator of General Services to enable him to plan, design, and construct an official residence for the Vice President of the United States in the District of Columbia; to the Committee on Appropriations.

By Mr. HOLIFIELD (for himself, Mr. Horton, Mr. Rosenthal, Mr. Erlenborn, Mr. Wright, Mr. Wydler, Mr. St Germain, Mr. Brown of Ohio, Mr. Fuqua, Mr. Mallary, Mr. Moorhead of Pennsylvania, and Mr. Jones of Alabama):

H.R. 13163. A bill to establish a Consumer Protection Agency in order to secure within the Federal Government effective protection and representation of the interests of consumers, and for other purposes; to the Committee on Government Operations.

By Mr. McCLORY:

H.R. 13164. A bill to regulate the exchange of criminal justice information; to the Committee on the Judiciary.

By Mr. MEZVINSKY (for himself, Ms. Abzug, Mr. Bell, Mr. Bergland, Mr. Boland, Mr. Brown of California, Ms. Chisholm, Ms. Collins of Illinois, Mr. Conyers, Mr. Cronin, Mr. Culver, Mr. de Lugo, Mr. Dent, Mr. Edwards of California, Mr. Eilberg, Mr. Fascell, Mr. Findley, Mr. Fraser, Mr. Frenzel, Ms. Holtzman, Mr. Johnson of California, Mr. Kyros, Mr. McCormack, Mr. Melcher, and Mr. Podell):

H.R. 13165. A bill to provide for tax counseling to the elderly in the preparation of their Federal income tax returns; to the Committee on Ways and Means.

By Mr. MEZVINSKY (for himself, Mr. Pritchard, Mr. Roe, Mr. Sandman, Mr. Sarbanes, and Mr. Stark):

H.R. 13166. A bill to provide for tax counseling to the elderly in the preparation of their Federal income tax returns; to the Committee on Ways and Means.

By Mr. MURPHY of Illinois:

H.R. 13167. A bill to name a Federal office building to be located in Carbondale, Ill., the "Kenneth Gray Federal Building"; to the Committee on Public Works.

By Mr. PERKINS:

H.R. 13168. A bill to amend the National School Lunch Act, to authorize the use of certain funds to purchase agricultural commodities for distribution to schools, and for other purposes; to the Committee on Education and Labor.

H.R. 13169. A bill to amend title 38 of the United States Code to provide that monthly social security benefit payments and payments under title IV of the Federal Coal Mine Health and Safety Act of 1969 shall not be considered to be income for the purpose of determining eligibility for a pension under that title; to the Committee on Veterans' Affairs.

By Mr. RANDALL:

H.R. 13170. A bill to amend Public Law 90-206, relative to the terms under which recommendations submitted to the Congress pursuant to the report of the Commission on Executive, Legislative, and Judicial Salaries may become effective, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. ROE:

H.R. 13171. A bill to amend the Food Stamp Act of 1964, as amended, and for other purposes; to the Committee on Agriculture.

H.R. 13172. A bill to amend the National School Lunch and Child Nutrition Act Amendments of 1973, and for other purposes; to the Committee on Education and Labor.

H.R. 13173. A bill to provide for improved labor-management relations in the Federal service, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. ROGERS:

H.R. 13174. A bill to amend the Public Health Service Act to extend to commissioned officers of the service the benefits and immunities of the Soldiers' and Sailors' Civil Relief Act of 1940, as amended; to the Committee on Interstate and Foreign Commerce.

By Mr. ROGERS:

H.R. 13175. A bill to amend the Public Health Service Act to strengthen the research programs of the National Institutes of Health and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. ROGERS (for himself, Mr. Kyros, Mr. Preyer, Mr. Symington, Mr. Roy, Mr. Tiernan, Mr. Carter, Mr. Hastings, and Mr. Hudnut):

H.R. 13176. A bill to amend the Solid Waste Disposal Act so as to provide for a comprehensive system of waste management and resource recovery, to protect the public health and environment, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. ROGERS:

H.R. 13177. A bill, Individual Retirement Income Security Act of 1974; to the Committee on Ways and Means.

By Mr. RONCALIO of Wyoming:

H.R. 13178. A bill to amend the Mineral Lands Leasing Act to provide for a minimum royalties payment to the Federal Government for shale oil produced on Federal lands, to establish an Oil Shale Area Impact Fund, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. ROY:

H.R. 13179. A bill to prohibit the exportation of fertilizer from the United States until the Secretary of Agriculture determines that an adequate domestic supply of fertilizer exists; to the Committee on Banking and Currency.

By Mr. TIERNAN:

H.R. 13180. A bill to provide for wheat export marketing stamps to regulate the price of wheat in order to stabilize food prices and to establish the National Wheat Council; to the Committee on Agriculture.

By Mr. CHARLES H. WILSON of California (for himself, Mr. Nix, Mr. Waldie, Mr. Clay, Mrs. Schroeder, Mr. Addabbo, Mr. Helstoski, Mr. Biaggi, Mr. Corman, Mr. Harrington, Mr. Fulton, Mr. St Germain, Mrs. Burke of California, Mr. Moakley, Mr. Young of Georgia, Mr. Eilberg, Mr. Nedzi, Mr. Studds, Mr. Rodino, Mr. Stokes, Mr. Stark, Mr. Fauntroy, Mr. Dellums, Mr. Moss, and Mr. Whalen):

H.R. 13181. A bill to amend title 39, United States Code, to eliminate certain restrictions on the rights of officers and employees of the U.S. Postal Service, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. CHARLES H. WILSON of California (for himself, Mr. Dominick V. Daniels, Mr. Mitchell of Maryland, Mr. Murphy of New York, Mr. Yatron, Mr. Ford, Mr. Karth, Mr. Brasco, Mr. Riegle, Mr. Hawkins, and Mr. Edwards of California):

H.R. 13182. A bill to amend title 39, United States Code, to eliminate certain restrictions on the rights of officers and employees of the U.S. Postal Service, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. WOLFF (for himself, Mr Walsh, Mrs. Heckler of Massachusetts, Mr. Helstoski, Mr. Carney of Ohio, Mr. Roe, Mr. Roncalio of Wyoming, Mr. Rose, Mr. Rosenthal, Mrs. Schroeder, Mr. Studds, Mr. Tiernan, Mr. Winn, Mr. Mitchell of New York, and Mrs. Chisholm):

H.R. 13183. A bill to amend chapter 34 of title 38, United States Code, to authorize additional payments to eligible veterans to partially defray the cost of tuition; to the Committee on Veterans' Affairs.

By Mr. WOLFF (for himself, Mr. Walsh, Mrs. Heckler of Massachusetts, Mr. Helstoski, Mr. Carney of Ohio, Ms. Abzug, Mr. Addabbo, Mr. Badillo, Mr. Bergland, Mr. Boland, Mr. Brown of California, Mr. Clay, Mr. Cleveland, Mr Cohen, Mrs. Collins of Illinois, Mr. Conte, Mr. Conyers, Mr. Cronin, Mr. Danielson, Mr. Drinan, Mr. Edwards of California, Mr. Eilberg, Mr. Esch, Mr. Morgan, and Mr. Murtha):

H.R. 13184. A bill to amend chapter 34 of title 38, United States Code, to authorize additional payments to eligible veterans to partially defray the cost of tuition; to the Committee on Veterans' Affairs.

By Mr. WOLFF (for himself, Mr Walsh, Mrs. Heckler of Massachusetts, Mr. Helstoski, Mr. Carney of Ohio, Mr. Fish, Mr. Fraser, Mr. Gilman, Mr. Grover, Mr. Harrington, Ms. Holtzman, Mr. Horton, Mr. Kazen, Mr. Koch, Mr. Kyros, Mr. Maraziti, Mr. Minish, Mr Mitchell of Maryland, Mr. Nix, Mr. Owens, Mr. Pepper, Mr. Peyser, Mr. Podell, Mr. Rangel, and Mr. Regula):

H.R. 13185. A bill to amend chapter 34 of title 38, United States Code, to authorize additional payments to eligible veterans to partially defray the cost of tuition; to the Committee on Veterans' Affairs.

By Mr. YATRON (for himself, Mr. Mezvinsky, Mr. Danielson, Mr. Carter, and Mr. Cohen):

H.R. 13186. A bill to direct the Comptroller General of the United States to conduct a study of the burden of reporting requirements of Federal regulatory programs on independent business establishments, and for other purposes; to the Committee on Government Operations.

By Mr. YOUNG of Georgia:

H.R. 13187. A bill to establish a national homestead program, in cooperation with local housing agencies, under which single-family dwellings owned by the Secretary of Housing and Urban Development may be conveyed at nominal cost to individuals and families who will occupy and rehabilitate them; to the Committee on Banking and Currency.

By Mr. BIAGGI:

H.J. Res. 922. Joint resolution to amend the joint resolution entitled "Joint resolution to codify and emphasize existing rules and customs pertaining to the display and use of the flag of the United States of America", to the Committee on the Judiciary.

By Mr. FINDLEY (for himself, Mr. Rosenthal, Mr. Fraser, and Mr. Harrington):

H.J. Res. 923. Joint resolution to bring Atlantic Community policy toward the Government of Greece before the Council of NATO; to the Committee on Foreign Affairs.

By Mr. HANLEY (for himself, Ms. Abzug, Mr. Addabbo, Mr. Annunzio, Mr. Brinkley, Mr. Clay, Mr. Davis of Georgia, Mr. Derwinski, Mr. Fauntroy, Mr. Fish, Mr. Helstoski, Mr. Hicks, Mr. Hinshaw, Mr. Johnson of Pennsylvania, Mr. Lehman, Mr. Matsunaga, Mr. Melcher, Mr. Miller, Mr. Murphy of New York, Mr. Nichols, Mr. Nix, Mr. Pepper, Mr. Rinaldo, and Mr. Robison of New York):

H.J. Res. 924. Joint resolution to provide for the designation of February 20 of each year as "Postal Employees Day"; to the Committee on the Judiciary.

By Mr. HANLEY (for himself, Mr. St Germain, Mr. Sandman, Mr. Sisk, Mr. Tiernan, Mr. Udall, Mr. White, Mr. Whitehurst, Mr. Williams, Mr. Winn, Mr. Won Pat, Mr. Owens, Mr. Koch, Mr. Carey of New York, and Mr. Ford):

H.J. Res. 925. Joint resolution to provide for the designation of February 20 of each year as "Postal Employees Day"; to the Committee on the Judiciary.

By Mr. ANDREWS of North Carolina:

H. Res. 941. Resolution providing for the disapproval of the recommendations of the President of the United States with respect to the rates of pay of offices and positions within the purview of the Federal Salary Act of 1967 (81 Stat. 643: Public Law 90–206) transmitted by the President to the Congress in the budget for the fiscal year ending June 30, 1975; to the Committee on Post Office and Civil Service.

By Mr. KYROS:

H. Res. 942. Resolution disapproving the recommendations of the President with respect to the rates of pay of Federal officials transmitted to the Congress in the appendix to the budget for the fiscal year 1975, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. LONG of Maryland (for himself, Mr. Lott, Mr. Brown of California, Mr. Hanley, Mr. Hinshaw, Mr. Young of Florida, Mrs. Collins of Illinois, Mr. Edwards of California, Mr. Dent, Mr. O'Hara, Mrs. Holt, Mr. Veysey, Mr. Gubser, Ms. Abzug, Mr. du Pont, Mr. Jones of Tennessee, Mrs. Chisholm, and Mr. Byron):

H. Res. 943. Resolution to authorize the Committee on Interstate and Foreign Commerce to conduct an investigation and study of the importing, inventorying, and disposition of crude oil, residual fuel oil, and refined petroleum products; to the Committee on Rules.

By Mr. MATHIS of Georgia:

H. Res. 944. Resolution relating to the serious nature of the supply, demand, and price situation of fertilizer; to the Committee on Agriculture.

By Mr. MILLS (for himself and Mr. Schneebeli):

H. Res. 945. Resolution providing funds for the expenses of the Committee on Ways and Means in the second session of the 93d Congress; to the Committee on House Administration.

By Mr. SCHERLE (for himself and Mr. Randall):

H. Res. 946. Resolution disapproving the recommendations of the President with respect to the rates of pay of Federal officials transmitted to the Congress in the budget for the fiscal year ending June 30, 1975; to the Committee on Post Office and Civil Service.

MEMORIALS

Under clause 4 of rule XXII, memorials were presented and referred as follows:

360. The SPEAKER presented a memorial of the Legislature of the State of California, relative to education benefits for Vietnam veterans; to the Committee on Veterans' Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII,

Mr. BROYHILL of Virginia introduced a bill (H.R. 13188) for relief of Samir Ghosh, which was referred to the Committee on the Judiciary.

EXTENSIONS OF REMARKS

NORWALK'S CVA—A SUCCESS STORY

HON. STEWART B. McKINNEY

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 28, 1974

Mr. McKINNEY. Mr. Speaker, the college crunch of the late 1950's and early 1960's was more than just a population explosion and space problem for at the time, we seemed caught up in a new syndrome known as "You've got to go to college."

The pressures this concept brought to bear on a number of our young people was much more than some could handle and falling short of the dreams of others, some simply opted for the drop out, academically and socially.

In recent years, a more realistic attitude has begun to prevail and some of our more progressive communities have made the point that there are those youngsters who are either not equipped or not inclined to continue on with an academic career. Their response has not been to shuttle them to one side but to utilize and nurture God-given talents which heretofore have remained untapped.

One alternative has been the creation of and/or expansion of vocational arts institutions so that these youngsters can put their skills to good use.

The concept, Mr. Speaker, is sound but what of the results? I know of no national survey to answer this question but it gives me great pleasure to report on some of the results gained at the Center for Vocational Arts in Norwalk, Conn.

Established in 1965 to accommodate students who were not inclined toward regular academic pursuits, the school is now in its eighth year under the very competent guidance of its director, John H. Henshall.

Recently, Mr. Henshall surveyed 48 of the 52 members of the recent graduating class and the results, to say the least were astounding.

Of the 48, 10 are now enrolled at institutions of higher learning; 24 are working at full-time jobs for which they were prepared at CVA; three are in the Armed Forces and two are in the Job Corps.

In all, I feel that the students, the staff and Mr. Henshall all are to be commended for the contributions they are making to their community, State and Nation and I know my colleagues join with me in wishing them all continued success.

In a recent article, Francis X. Fay, the education editor of The Hour, the newspaper serving metropolitan Norwalk, detailed the results of the Henshall report. I commend Mr. Fay's account to my colleagues and request it be reprinted in the RECORD at this point:

GRADUATES PROVE VALUE OF PROGRAM AT CVA

(By Francis X. Fay Jr.)

The success of the Class of 1973 since graduation from the Center for Vocational Arts in Norwalk should give satisfaction to the Board of Education.

The school was established in 1965 as a haven for students unwilling or unable to cope with the environments at the two high schools in the city. But for some years it was looked upon by many as a repository for the inept and confused. Yet, whenever a move developed to eliminate the facility—as it did two years ago in a budget crunch—there evolved from the faculty, administration and student body of the school a response large and sensitive enough to abort the idea.

Now comes word from Director John H. Henshall of the first meaningful survey of a graduating class—taken just a few weeks ago by Mr. Henshall. He contacted 48 of the 52 members of the graduating class and discovered:

Ten, have enrolled as full time students at institutions of higher learning.

Twenty-four are working fulltime at jobs for which they are prepared at CVA.

Seven are working in fields unrelated to their training.

Three have joined the armed forces.

Two are in the job corps and two married.

Six of the 10 who opted for higher education are at Norwalk Community College, one is at Sacred Heart University, one at Norwalk State Technical College, one at Pratt Institute and one at Tennessee State University. The 24 working fulltime at positions for which they were trained are in automotive, food services, landscaping and horticultural, office services and maintenance and repair services. Next year the school will be graduating students with knowledge of machine shop and welding occupations.

SERVES SPECIAL PURPOSE

Mr. Henshall revealed his survey this week by way of explaining the importance for CVA to a committee of the Norwalk Chamber of Commerce studying the need for a vocational school in Norwalk. While favoring the idea of a fully equipped vocational school in this city, the educator stressed the fact that the CVA facility serves a special purpose which should not be eliminated.

That purpose was defined last November in a study of the facility by the sub-committee of the Community Action Program as "providing youths with an individualized training program through which they might obtain a knowledge and understanding of job opportunities, working conditions, financial returns and security offered by the vocational area of their selection."

The report went on to illuminate the operation of the school as a co-ordinated effort by the local board of education and the state board to provide "semi-skilled" occupational training not provided by the J. M. Wright Technical School in Stamford.

EXPECT INCREASE

CVA has an enrollment of 160 students this year, but should jump to 200 next year with the two new course opportunities. Thirteen of the students are from out of the city and are instructed on a tuition basis at the rate of $1,500 per pupil paid for by the education boards of their home towns. The current CVA budget is $159,000 of which approximately $50,000 is reimbursed by the state. This budget covers 11 fulltime teachers and instructors and one part time teacher.

The Chamber of Commerce is interested in a new vocational school in Norwalk from the standpoint of the 75 industrial and manufacturing companies it represents plus those which may be attracted in the future. Such a vocational facility would provide "highly skilled" training in a variety of areas including industrial and construction trades. This year 105 students from Norwalk are being bused daily to Wright Tech in Stamford. This is quite a jump from the total who chose the school in the past.

The chamber report notes that the number represents only one-half of a percent of the total high school students in the Norwalk public school system. It points out that the normally anticipated figure enrolling in such programs around the state is closer to five percent.

The chamber report recommends a vocation-technical secondary school in Norwalk while encouraging the continuance of CVA and the mission it undertakes. It also suggests local manufacturing firms and trade unions intensify apprentice activities to produce the skills needed.

There are 16 such schools in the state, the chamber report indicates.

Yet Norwalk, which ranks as the eighth most populous city in the state, has none. Wright Tech enrolls 256 students, but has to turn down many applicants. Norwalk students comprise 27 percent of the Wright Tech enrollment, Stamford students 63 percent. The report expresses the belief that this percentage breakdown is "out of proportion in comparison to the total population of the two cities."

The chamber has asked State Rep. Louis J. Padula to move for such a facility in Norwalk through the state legislature.

During the past five years, Norwalk lost some industry and saw the expansion of other local industry outside the city. In that period unemployment went from three to nine percent. Although there was a shortage of clean industrial space at that time, there is now an excess of it. There has been an increase of industry during the past two years, but unemployment is still five percent.

GAS LINE READING

HON. MORRIS K. UDALL

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 28, 1974

Mr. UDALL. Mr. Speaker, the petroleum shortage has raised cries for nationalization or at least for strong Government efforts to manage various aspects of the oil industry.

At the same time, it has raised equally strong cries for getting the Government out of controlling supplies and prices, leaving matters to the free market system.

Without necessarily accepting arguments of those who would free oil entirely from Government interference at this time, one must acknowledge that the free market advocates offer some pretty potent arguments. An example is the lead article in the Wall Street Journal of February 27. I want to offer it here as an item of interest. But first let me pass on an idea that was presented to me recently. It goes something like this:

Tell the oil industry, "It's your baby. Get oil and make it available. Let the market determine who gets what and the price charged."

Meanwhile, work through the present general tax reform efforts underway in Congress to correct any unfair advantages which oil may have over other business or which may unduly accrue to one segment of the oil industry.

Finally, realize that all talk of free enterprise, market pricing, et cetera, is meaningless unless you have, in fact, competition in oil and in energy generally. So, recognize that there is a grave question about competition and the current situation demands concentrated efforts to eliminate anti-competitive factors from the industry. You go about this by establishing a Leon Jaworski-type operation. Do not call it a special prosecutor, perhaps, but regard it as sort of an Office of Oil Competition. Pull in good antitrust people from the Federal Trade Commission and the Department of Justice, plus additional experts. They will attempt to insure that the oil industry is or becomes truly competitive. Naturally, such problems as concerted action by oil producing States would have to be taken into consideration by our competition enforcers.

Well, that is the idea for what it is worth.

And here is the interesting Wall Street Journal editorial I mentioned:

GASOLINE: 59.9 CENTS, NO LINES

Harassed motorists in the Northeast are tiring of waiting to buy gasoline, and are making life difficult for assorted governors, Congressmen and energy czars. The politicians are intervening in the marketplace—ordering 3% more gasoline to that state, 5% to another, upping the price of gas 2 cents a gallon to supersede the former increase of 1 cent a gallon—all in the name of protecting the consumer from $1 a gallon gasoline.

Actually, if the politicians got themselves out of the picture entirely, the market for gasoline would clear at 59.9 cents. That is, of course, our estimate. Energy czar William

Simon tells us his guess is 75 cents, the same figure cited by Harvard's Hendrik Houthakker, who has done as much work as anyone else on petroleum elasticities. George Perry of Brookings guesses 80 cents. Professor Houthakker cheerfully acknowledges that these figures are "very conservative," and in fact, "probably too high."

Consider: There are no gasoline lines in Canada's eastern provinces, where near-total dependence on imported crude oil has in effect maintained a free market. The market has cleared at a price of 70 cents per imperial gallon, which is a fifth larger than a U.S. gallon. In U.S. gallons, that is a price of 59 cents.

There also are no gasoline lines in West Germany. The price there is $1.21 a gallon, including an excise tax of 74 cents. Since U.S. taxes average 12 cents a gallon, U.S. motorists will be even with German motorists in competing for the world's oil supply when the U.S. retail price gets within 62 cents of the German one. That is, when the U.S. price reaches 59 cents.

Alternatively, base the calculation on crude oil prices. The oil industry works with an admittedly rough rule of thumb: With taxes and so on constant, a $1-a-barrel increase in crude prices will mean a 3.5 cents-a-gallon increase in gasoline prices. Starting with the more-or-less current U.S. prices of $7.50 for crude and 45.9 cents for gasoline, this means that 75 cents gasoline would imply crude at $19.14, and $1 gasoline would mean crude at $29.14. The cartel's recent price has been $10.50, which means gasoline at 53.4 cents. Kuwait recently specified still higher bids, though there were no takers. But if you make the crude price $13.10, you get gasoline at 59.9 cents.

A great many normally intelligent people find it hard to believe that the gasoline market would clear at 60 cents, or even 75 cents, because they have persuaded themselves that gasoline is the only commodity in history with zero elasticity of demand. So far as we can ascertain, the data base for this conclusion consists of $30,000-a-year government aides interviewing each other on whether they care what the price is. They care more than they admit—just watch the two-car families use the compact more than the station wagon—but in any event a very small percentage of gasoline is purchased by $30,000-a-year government aides.

Historical studies of gasoline elasticity do exist. Two months ago we guessed that the clearing price would be 57 cents, based on Professor Houthakker's earlier studies. These studies were based on small changes in both price and demand, and if anything our experience with sharper price changes over the last year or so suggest that the drop in demand as price increases is larger rather than smaller than the initial studies predicted.

Now of course, estimates are only estimates. No one can guarantee that the price will settle out at any particular level. For one thing, supply has been made uncertain by the crude oil allocation programs, which has disincentives to import oil. If the market were allowed to operate the addition of U.S. buying power to the world scene would no doubt force prices up a few cents in Canada and West Germany. But it is very difficult to see how the U.S. price could rise much above the equivalent price in the rest of the world. Rather, strong evidence suggests a price not in the neighborhood of 75 cents, but of 60 cents.

This price is already being charged by some stations relying heavily on imported oil. That they continue to make sales is no measure of the elasticity, because domestic gasoline from other stations cannot be transferred and sold at 60 cents. But the fact that the price has already reached this level is suggestive in one sense: The gasoline problem will inevitably be solved by getting the price of gasoline up to the clearing price. In fact, Mr. Simon's whole operation is an effort to get the price up to clear the market as fast as Congress will allow.

In other words, all that agony for motorists, and all those letters to Congressmen and governors, are not the price of avoiding $1 gasoline now and forever. They are the price of postponing 60 cent gasoline from now until summer or fall. It's not much of a bargain. The rest of the world has no lines for gasoline; only the United States is punishing itself by straining to hold back the inevitable.

COMPREHENSIVE WASTE MANAGEMENT AND RESOURCE RECOVERY ACT

HON. PAUL G. ROGERS

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 28, 1974

Mr. ROGERS. Mr. Speaker, today, I and most of the other members of the Subcommittee on Public Health and Environment introduced H.R. 13176, the "Comprehensive Waste Management and Resource Recovery Act," which would revise and extend the Solid Waste Disposal Act which expires on June 30, 1974.

This proposed bill would extend the authorizations for the solid waste management program for 2 years. More importantly, it would establish a set of national objectives, which State and local solid waste management and resource recovery programs would be expected to achieve to the maximum extent feasible. These objectives include such goals as protection of public health and welfare, and reduction of potential or actual materials and energy shortages.

The proposed bill envisions the development and implementation of comprehensive waste management and resource recovery plans. Initiative for the development and implementation of these plans would rest primarily with local and State governments. Review of these plans by the Environmental Protection Agency is provided for, but EPA's review must take into account all of the national objectives, including minimizing the costs of waste management systems and responsiveness to differing local needs and conditions. The bill would also authorize Federal regulation of hazardous waste management and disposal.

I would encourage comments from my colleagues as well as the general public. I would hasten to add that the introduction of the Comprehensive Waste Management and Resource Recovery Act should not be viewed as a fait accompli. All of the cosponsors of this legislation are hopeful that by proposing specific legisation we will encourage a lively debate on the issues involved. We hope to hold hearings on H.R. 13176 in the very near future so that the subcommittee will have sufficient time to consider proposed amendments well before the statutory deadline.

LIBRARY OF CONGRESS STUDY DOCUMENTS "INADVERTENCE" OF CONGRESS IN PROVIDING ACCELERATED DEPRECIATION REAL ESTATE TAX LOOPHOLES

HON. CHARLES A. VANIK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 28, 1974

Mr. VANIK. Mr. Speaker, each year, real estate accelerated depreciation tax preferences cost the Treasury roughly $600 million per year. Yet a Library of Congress study, conducted at my request, shows that this major real estate tax loophole—accelerated depreciation—was inadvertently adopted by the Congress. It was adopted without forethought or study, carelessly, and sloppily.

Yet the accelerated depreciation loophole, used by wealthy investors and syndicates, distorts our Nation's housing policies, encourages shoddy construction, artificially high prices, and rapid turnover of real estate management. The problems caused by this tax "incentive" are well described in a speech by former SEC Commissioner William Casey on September 28, 1972. From data in that speech and from additional information provided to me by the SEC in a letter of January 17, 1974, it appears that the use of "Tax Shelter Real Estate Offerings" has run into the billions of dollars. Using the SEC data, compiled with the assistance of the National Association of Securities Dealers, the following figures are available:

Year, number of issues, and amount

[In millions of dollars]

1971—405	$4,200
1972—306	3,327
1973—223	2,169

Fortunately, the trend in these tax shelter offerings has been downward. But this is probably due to the interest rates—interest rates so tight that even tax shelter speculators are unwilling to start new projects. There is no guarantee that the use of this tax shelter will not soar upwards as interest rates and other market factors change.

Of course, we are all for increased and improved housing. But the present system of tax-inspired housing and rental development is one of the most inefficient, costly, and inequitable ways to obtain that housing. It is well at this point to quote from Commissioner Casey's speech:

COMMISSIONER WILLIAM CASEY'S SPEECH

We must also square the real estate syndicator's desire for tax shelter with sound investment objectives. This shelter comes from prepaid interest, points, finder's fees, commissions, accelerated depreciation and capital gains upon resale. The greater the portion of the investor's dollar that goes for these items the greater the tax shelter. Dollars invested that will be tax deductible are called "soft dollars," the remaining being "hard dollars." The syndicator's goal is to create as many "soft dollars" as possible, and the most marketable product is the investment that includes the greatest percentage of "soft dollars" in the first year's payment, since the syndicator's primary target is the person looking for a maximum tax shelter in the current year. Thus, the tax sheltered package must convert as much as possible of the initial payment into items like prepaid interest. The problem is such a package is usually highly reckless from a sound investment point of view and also presents an opportunity for exorbitant and undisclosed profits and fees to the principals involved. We saw one deal come to us where 67 percent of the money to be raised was going to the principals.

* * * * *

This technique presents tax disadvantages to the seller in that it creates substantial ordinary income. The seller raises his price to compensate for this, and the syndicator passes on this highly inflated price to the investor. The syndicator thus has a conflict between bargaining for an attractive deep "tax shelter" or for a fair purchase price. Since the tax shelter is hard to find and the fairness of the price easy to cover up, the syndicator is induced to accept the inflated price.

The tax incentive also provides peculiar disclosure problems. If the issuer really isn't a partnership for federal tax purposes, it will be deemed an association taxable as though it were a corporation, and the rationale for the whole thing collapses.

Right now we don't require a ruling from the Internal Revenue Service; we'll take the opinion of qualified tax counsel. However, the prospectus must drive home the consequences to the investor if counsel is wrong; tax lawyers, after all, have been known to err. If the deal is really only suitable to high tax bracket investors, we also try to get that across.

It is particularly shocking that these tax loopholes have been encouraged without any clear examination, any thoughtful decision by the Congress. As the study indicates, "accelerated depreciation" for buildings "just happened." The Library study concludes with a quote from former Assistant Secretary Surrey in 1968, who said:

> Acceleration of depreciation for buildings in 1954 appears to have been a happenstance, coming along as an inadvertent appendage to the liberalization directed at machinery and equipment. No conscious decision was made to adopt the present system as a useful device to stimulate building or to provide us with more or better housing, let alone lower-income housing. The present tax system for buildings just happened.

Mr. Speaker, it is time that this tax loophole for housing and buildings was reexamined and overhauled. I believe that we can develop a more efficient national housing policy. I believe that we can build homes for middle- and lower-income persons without making millionaires out of a few tax speculators. Reform of housing tax laws must be high on the agenda of this year's tax reform hearings.

I will insert the entire study in a subsequent issue of the RECORD.

THE CIVIL RIGHTS COMMISSION

HON. CHARLES B. RANGEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 28, 1974

Mr. RANGEL. Mr. Speaker, in a recent issue of the New Republic Robert W. Dietsch wrote an informative article on the present struggle and goals of the U.S. Commission on Civil Rights. The article follows:

THE CIVIL RIGHTS COMMISSION—MAKING DO

(By Robert W. Dietsch)

The United States Commission on Civil Rights was created by Congress in 1957 as a political copout. It was given no enforcement authority, very limited subpoena power, a life of only two years and a tiny budget. The agency was limited to fact finding and reporting. Yet it has lived on and grown into a potent force. Congress has now extended its life another five years; its budget is up to around $5.5 million (too small, but larger than ever before); it has a staff of 200; it has been given fresh power to investigate women's rights and the rights of ethnic minorities and it has a new chairman—Arthur S. Flemming.

The commission also has withstood five years of neglect by the White House. Richard Nixon's attitude was well illustrated when he fired the Rev. Theodore M. Hesburgh as commission chairman. The firing occurred immediately after Mr. Nixon got his "mandate" from the 1972 election, and no successor had been named until this month. Father Hesburgh, president of Notre Dame University, is one of the country's outstanding civil rights spokesmen. Under his leadership and because of the respect surrounding him, the commission commanded a sizable audience when it released fresh studies or lambasted someone or some organization—including the federal government—for not doing more in civil rights or not living up to the law. Under Father Hesburgh the Civil Rights Commission had become the voice of conscience in the government.

As a further example of Mr. Nixon's indifference, of the 144 "goals" compiled from a multitude of federal agencies by the Office of Management and Budget there is none that deals with equal educational opportunity, access to public accommodations or other civil rights targets.

It took Mr. Nixon more than a year to name a successor to Father Hesburgh, and in explaining the delay the White House contended the President wanted to "find the right man." But Mr. Flemming was under Mr. Nixon's nose all the while: he served as chairman of the White House conference on aging from 1971–72 and then became the President's special consultant on aging—a post he will keep. Mr. Flemming's Republican associations go back to the Eisenhower administration, as secretary of Health, Education, and Welfare. He is 68.

Father Hesburgh said recently that Mr. Nixon was letting the Civil Rights Commission "die on the vine." In broad terms this has been true. Nonetheless, under staff director John A. Buggs, a former vice president of the National Urban Coalition, the commission today is deep into investigations of the rights of Indians, Puerto Ricans and Mexican Americans. It is gearing up for hearings into women's rights and is eyeing how white ethnics fare in TV shows. It will undertake a major retrospective survey of the effects of court decisions on school desegregation and voting rights laws, and it has contracted with the Rand Corporation for a national study on the impact of school desegregation, a study that Buggs describes as possibly "the most significant piece of social science research in the 1970s."

Most presidential and federal commissions go about their business for a year or two, file a report, and disappear into limbo. The Civil Rights Commission, however, deals with problems that are never solved, and it is a credit to Congress that its life has been repeatedly extended. To be sure, the extensions have at times resembled the perils of Pauline. One time the commission's life was extended at the last minute as a rider to a peanut growers' subsidy, an event that Father Hesburgh said "somehow seemed appropriate in view of the minuteness of our budget." Another reason for commission success has been its independence and bipartisanship. No more than three of the six commissioners can come from one political party, but just about all the commissioners over the years have been apolitical. The commission is equally responsible to the executive branch and Congress, and Congress has insisted on the agency's independent right to initiate its own projects and targets.

A good example is its series of reports on "The Federal Civil Rights Enforcement Effort," begun in 1970. The reports have been embarrassing to the administration and to a long list of federal agencies. The 1974 report will look at civil rights law compliance, or lack of it, by regional federal offices. And the commission's staff work has been thorough and accurate. That helps keep credibility.

Father Hesburgh has written that "to a large extent the commission's recommendations represent ideas whose times have not yet come . . . A principal purpose of making what some believe are politically unrealistic recommendations is to bring these recommendations into the arena of public dialogue, with the conviction that this will hasten the time for adoption. Experience has shown that the commission's view is not as unworldly as some might think. In 1959, the commission, after having documented the extent of voting rights denials, recommended a system of federal voting registrars. This recommendation was dismissed by many at the time as politically unrealistic, but it became the basis for the Voting Rights Act of 1965, and that act became the most effective civil rights law the nation ever enacted. A series of commission recommendations made in the late 1950s and early 1960s resulted in Title VI of the Civil Rights Act of 1964, prohibiting discrimination in federally assisted programs." A tabulation shows that 60 percent of the agency's recommendations have been adopted in some form. Not a bad record for an organization that cannot put anyone in jail, prosecute anyone or terminate anybody's federal contract.

Lack of enforcement powers has nonetheless been a frustration to commissioners and staff. After uncovering instances of discrimination and inequity the commission must call on other federal agencies to make remedial action. One change that would be helpful is power to require a timely answer from government officials to the reports and recommendations of the commission.

DEATH OF A LOYAL AND DEDICATED HOUSE EMPLOYEE

HON. ALBERT H. QUIE

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 28, 1974

Mr. QUIE. Mr. Speaker, I regret to inform the many friends of Mrs. Louise Finke in the House of Representatives and in the congressional offices of her death. Mrs. Finke was assistant to Minority Staff Director Bob Andringa on the Education and Labor Committee.

Louise was a truly remarkable and wonderful woman, and all who knew her were aware of her selfless devotion to her job. She was our strong right arm in the housekeeping duties on the committee, and did a superlative job of keeping Members and our staffs informed of committee action on bills. Louise was always the sort of person who arrived early and stayed late without being asked when there was a job to do. In fact, she jeopardized her health often with the late hours she spent typing reports which had to be done, and done quickly. Everyone on the Hill knows that we operate under constant pressure and the staff bears the burden of this yeoman work without which we could not operate. There are many unsung heroes and heroines on Capitol Hill who do the work and who are only appreciated by those of us who benefit. Louise was such a person. She was not looking for personal gain, glory or reward. She wanted to help her country and Members of Congress. In a business which is notorious for ego and ambition, Louise was the exceptional person without ego who served humbly and happily as a conscientious public servant, who did her work with pride and we were proud of her.

Louise, as do many thousands of young women, came to Washington in her youth, and spent 27 years working for Congress. She began as an assistant clerk in Senator MILTON YOUNG's office in 1947, leaving in 1951 to become executive secretary to Representative Fred G. Aandahl. When he became Governor, Louise, who is from Bismark, N. Dak., joined Representative Otto Krueger as administrative assistant, followed by similar work for Representative Don L. Short, and later worked for Representative DON H. CLAUSEN as legislative secretary before joining the minority staff on the Education and Labor Committee in 1965.

Louise had the responsibility of keeping up to date a readable status report on all important legislation which was before the committee. Since committee action on bills totals in the hundreds each Congress, compiling this report and keeping it current was a formidable task. But Louise gladly undertook the painstaking job of compiling the material, staying late to type it, then mimeographing hundreds of copies for Members and others.

I will miss Louise. She was kind and gentle, and she tried to put into practice in her daily work the Christian teachings she had learned as a girl in North Dakota. She was an active member of the Luther Place Memorial Church in the District of Columbia. She worked for the Lord, she said, and her work in the House was, for her, being on mission for Him. I am proud that Louise chose to work with us on the Education and Labor Committee and of the work she did for us all.

CONGRESSIONAL PAY RAISE

HON. THOMAS L. ASHLEY

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 28, 1974

Mr. ASHLEY. Mr. Speaker, the Senate is expected to vote tomorrow on the scheduled salary increase for top-level congressional, judicial, and executive positions.

Aside from the fact that there will never be popular support for a congressional pay raise, the main objection of many Americans to this three-part 7.5 percent proposal is that it seems to exceed the 5.5 percent annual guideline that has been established for the rest of the country. Since there has been no increase in these salaries since 1969, however, this raise—which would total 22.5 percent by 1976—works out to about 2.8 percent annually for the 8 years from 1969 to 1976.

During the past 5 years, unhappily, the cost of living has increased by nearly 30 percent, which means that the purchasing power of our take-home pay declined by that same amount. Thus, the three-part 7.5 percent proposal will not even restore the value of the congressional salary that existed in 1969. And this does not take into account the further increase in the cost of living which certainly can be expected between now and 1976. For this reason, I think it is more accurate to speak of the current proposal as a partial salary adjustment, rather than a salary raise.

In the final analysis, however, perhaps the most important consideration involved in the proposed increase is its timing, and that timing is terrible. The public is understandably upset with any and all elected officials, and if our Government is to regain any measure of credibility, we must restore a measure of respect for public officials. One way to start reestablishing a semblance of confidence and trust in American Government is, of course, to disapprove the pay raise at this time. I say this with some reluctance because my wife and I have two young children as well as other responsibilities and have to make ends meet just as everyone else does. Nonetheless, on balance I have concluded that this is the course of action most in the public interest and so I urge the Senate to vote against our salary adjustment tomorrow.

FIVE YEARS OF STRUGGLE FOR FEDERAL FUNDS

HON. WILLIAM D. FORD

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 28, 1974

Mr. FORD. Mr. Speaker, for several years now, those of us who advocate a much greater Federal commitment to educating our Nation's children have supported a coalition of people and organizations which worked toward this end. The recent release of long-impounded education funds and the signing of the 1974 appropriations bill into law climaxed a long, arduous, and intelligently conducted campaign and marked our most successful year to date. Mr. Robert W. Frase, a friend and a distinguished writer, recently wrote an excellent article on the efforts of the many people who contributed to this success. At this point, I insert the text of this article which appeared in the January 21 edition of Publishers Weekly into the RECORD for the benefit of my colleagues:

FIVE YEARS OF STRUGGLE FOR FEDERAL FUNDS

On December 18, 1973, President Nixon signed the Labor/HEW Appropriations Bill for the fiscal year ending June 30, 1974, which contained $6,023.7 million for education and library programs. This compared with $3,180.3 million in the first Nixon Administration budget for the fiscal year 1970. Thus, after five years of struggle between the Administration on the one hand and education and library organization and the Congress on the other, an increase of 89% for these appropriations was achieved. Even considering the accelerated progress of inflation during this period and increased enrollments, this was a substantial accomplishment; but it involved numerous pitched battles in every one of the five years. (Table 1 shows the ebb and flow of the campaign over the years for selected programs and for the total of all education and library appropriations in the HEW Bill.)

In addition, on December 19, 1973, the Department of Health, Education and Welfare announced that it would release some $466 million in education and library funds which had been withheld from expenditure from the 1973 fiscal year appropriation.

For the library and instructional materials and equipment programs, which were particularly hard hit by proposed budget cuts, the increase over the five-year period was even greater. Table 2 shows the excess of appropriations over budgets during the 1970–1974 period and also the excess of appropriations over the first year in which zero funding was recommended in the budget, on the realistic assumption that once one of these programs was liquidated it would not be revived. The following is a brief narrative account of the highlights of the campaign in each of the five years. Because of space limitations, many details have had to be omitted. The subject deserves full-scale analysis as a case history of the legislative process; and it is to be hoped that some scholar or graduate student will undertake to do this while the memories of the major participants—in the Congress, in the executive branch and in the professional and interest groups—are still fresh.

THE 1970 FISCAL YEAR BILL

The first of the five-year battles over education and library appropriations, involving the appropriation for the federal fiscal year ending June 30, 1970, began in April, 1969, and continued into March of the following year. President Johnson had submitted a fiscal 1970 budget for the Office of Education programs of $3,591.3-million prior to the inauguration of President Nixon on January 20, 1969. In March, the new Administration revised this budget downward to $3,180.3-million and in addition recommended no funds at all for several programs, including the school library program (Title II ISEA) and the audiovisual and equipment program (Title III NDEA), as well as lesser but still drastic cuts such as a reduction by half in funds for Title I of the Library Services Act relating to public libraries.

These proposed reductions and eliminations galvanized education, library and related organizations into action. In April they formed a coalition group, the Emergency Committee for Full Funding of Education Programs, with John Lumley, Director of Federal Relations for the National Education Association as chairman, and Charles Lee, retired former staff member of the Senate Education Subcommittee, as executive director. (The Full Funding Committee subsequently dropped the word "Emergency" from its name.) The book industry formed its own special committee to work with and supplement the efforts of the larger coalition, the ABPC, ATPI and BMI Joint Committee on Federal Education and Library Programs, under the chairmanship of Alfred C. Edwards of CBS–Holt, with Theodore Waller of Grolier as vice-chairman and Curtis Benjamin of McGraw-Hill as treasurer.

The first dramatic breakthrough for the Emergency Committee was on the floor of the House of Representatives on July 31, 1969, when a "package amendment," sponsored by

Congressman Charles Joelson of New Jersey but drawn up by the committee, was passed over the opposition of the Appropriations Committee and the Administration, which added $894.5-million to education and library appropriations. This was an extraordinary event: never in the history of education appropriations had the House Appropriations Committee been "rolled" in this fashion on the House floor. This accomplishment was particularly difficult in the circumstances of the time, when the unrecorded House teller vote still existed, and no one could ascertain how a member of the House voted on amendments unless the member could be recognized going through the "yea" or "nay" counting line of tellers by someone in the gallery. The Emergency Committee and its supporting organizations brought in the necessary constituents and other observers to man the House gallery as well as to set up a "whip system," organized floor by floor in the House office buildings to get the supporters of the Joelson amendment over to the floor when it was time to vote. The techniques for such an operation had been developed by the civil rights coalition in earlier years, and the Emergency Committee had the indispensable aid of a veteran of those earlier coalition battles, Kenneth Young of the AFL-CIO.

The vote on the Joelson amendment was a startling and heady victory, but the battle over the 1970 appropriation bill was to continue for another seven months, well into the following calendar year. The Labor-HEW appropriations bill was not passed until January of 1970, and then was promptly vetoed by the President. When the House failed to override the veto, a substitute bill had to begin all over in the House Appropriations Committee, which cut education and library program funds in the new version in the hope of securing a Presidential signature on the second bill. In the Senate this second bill was still further reduced by Senator Cotton's amendment, which required the President to withhold up to 2% of the 30-odd billion dollars in the bill and authorized withholding in individual parts of the bill by as much as 15%. However, the original Cotton amendment was so drafted that it would have permitted the elimination or virtual elimination of specific programs. In fact, this was the intention of the Administration; for example, it was the Administration plan to reduce the $50-million in the bill for the school library program to $10-million. Only at the last minute on the floor of the Senate was Senator Eagleton able to secure agreement to an amendment to limit the 15% to specific programs; and thus the school library program emerged in the bill with a base figure, after the discretionary cut, of $42.5-million rather than $10-million.

On March 5, 1970, President Nixon signed the revised bill, which totaled $3,813.8-million for education and library programs, over $600-million more than his budget figure; and no significant programs, including library programs, were eliminated as he had proposed.

The coalition for education and library appropriations had had an extraordinarily successful first year.

THE 1971 FISCAL YEAR

The ink was not yet dry on the signature on the 1970 bill in March of 1970 before the battle resumed in earnest on fiscal 1971 appropriations. This time the overall budget for education and library programs did not represent any drastic cut from the previous level—it was about the same as appropriations for 1970—but individual programs were still marked for severe reduction or even actual elimination, which was the case for Title III of NDEA. In the process of fighting the previous year's battle, the educational forces had also achieved an important secondary objective—a separate appropriation bill for the Office of Education (cutting it out of the large Labor-HEW bill), which the Congress also agreed to give priority in time. By July, 1970, this separate Office of Education appropriation bill, containing over $450-million more than the Administration budget, had been passed, and then was promptly vetoed. The House overrode the veto on August 13 by a vote of 289 to 114 and the Senate followed with a vote of 77 to 16. The organizations in the Full Funding Committee again assembled in Washington large contingents of lobbyists from the grass roots to influence the votes to override the veto. Not until October, however, did the Administration grudgingly release all of the funds in the bill.

In the course of this year, there occurred a very important change in the rules of the House of Representatives: the unrecorded teller vote was in effect eliminated, and thus the necessity of having large numbers of observers in the House gallery to identify votes on amendments and to establish a whip system in the House office buildings to get out the votes was eliminated.

The education and library coalition had had a second highly successful year.

THE FISCAL 1972 BILL

The struggle in this year was less dramatic, partly because the Administration actually raised its total budget for education and library programs over the appropriation level of the previous year. In the House, an attempt at another package amendment adding $728-million to the separate Office of Education bill over the amount recommended by the Appropriations Committee similar to the Joelson effort, the Hathaway amendment, failed; but the Senate added some $800-million to the House bill for education and library programs, much of which was subsequently lost in conference. Thus, when the President signed the 1972 Office of Education Appropriations Bill, the total funds contained in the bill were over $300-million above the budget, and individual programs such as the Library Services Act and Title III of NDEA emerged at much higher figures than the budget level.

In the 1972 bill, the Full Funding Committee did not do as well as it had in the two previous years, but it still maintained its forward momentum.

TABLE 1.—FEDERAL EDUCATION AND LIBRARY FUNDING, 1969-74—SELECTED PROGRAMS AND TOTALS—FISCAL YEARS ENDING JUNE 30

[In millions of dollars]

	1969 [1]		1970		1971		1972		1973		1974	
	Budget	Spent	Budget	Spent	Budget	Spent	Budget	Spent	Budget	Spent	Budget	Spent
Title I ESEA: Disadvantaged	1,200.0	1,123.0	1,226.0	1,339.0	1,339.0	1,500.0	1,500.0	1,565.0	1,597.5	[2] 1,810.0	(3)	1,719.5
Title II ESEA: School library resources	46.0	50.0	0	42.5	80.0	80.0	80.0	90.0	90.0	[2] 100.0	0	90.2
Title III ESEA: Supplementary centers	189.2	166.0	116.0	116.4	120.4	143.4	143.4	146.4	126.3	[2] 171.4	(3)	146.4
Title V-A-NDEA: Guidance and counseling	17.0	17.0	0	14.5	0							
Title III NDEA: Materials and equipment	17.9	78.7	0	37.2	0	50.0	0	50.0	0	[2] 50.0	0	28.5
Title I LSCA: Public library services	35.0	35.0	17.5	29.8	29.8	35.0	15.7	46.6	30.0	[2] 62.0	0	44.2
Title II-A HEA: College library materials	25.0	25.0	12.5	9.9	9.9	19.9	5.0	11.0	11.0	[2] 12.5	0	10.0
Title VI HEA: College equipment and materials	14.5	14.5	0	0	0	7.0	0	12.5	0	[2] 12.5	0	11.9
Total Office of Education and Education Division of HEW (not the sum of listed programs above)	3,486.0	3,617.4	3,180.3	3,813.8	3,966.8	4,420.1	4,953.4	5,281.7	5,485.5	[2] 6,305.4	5,276.6	6,023.7
Increase of total appropriations above the budget				633.5		453.3		328.3		819.9		758.5

[1] Last year of the Johnson administration.

[2] Includes fiscal 1973 funds impounded and subsequently released after long delays, generally not until December 1973.

[3] Proposed to be absorbed in a bill for educational revenue sharing.

Note: The "Spent" column shows amounts appropriated less some relatively minor executive withholdings.

THE FISCAL 1973 BILL

This year's struggle was to prove to be the most bitter, complicated and protracted of all. Because of delays in enacting authorizing legislation for certain education programs, primarily in the higher education field, a separate Office of Education appropriation bill was not brought out by the House Appropriations Committee, but education and library programs were put back into the large Labor-HEW bill. On the House floor, another Hathaway package amendment adding $364-million for education and library programs was successful. The final Labor-HEW bill sent ito the President in August contained $781-million above the budget for then authorized education and library programs; but the bill was promptly vetoed, and the veto was not overridden in the House. A second Labor-HEW bill also containing funds only for then authorized programs, this time $301-million over the budget for education and library programs, was passed and was vetoed prior to a relatively early Congressional adjournment (in an election year) on October 18. Meanwhile, a supplementary appropriation of $1,076-million—largely for higher education programs—which had finally been supplied with the necessary authorizing legislation, was passed and signed.

In the absence of a 1973 appropriations bill for the bulk of the education and library programs when the Congress adjourned for the year, funding was dependent on a "continuing resolution" which permitted the Administration to spend at the lesser amount—the budget figure or the fiscal year 1972 appropriation—for individual programs. Under this resolution, the Administration naturally spent at the lower of the two levels, which for some programs was zero. When the Congress returned in January, 1973, no effort was made to pass a third Labor-HEW appropriations bill for fiscal 1973, but instead another continuing resolution carrying through for the balance of the fiscal year ending June 30, 1973, was enacted in late February and signed. However, this final continuing resolution was of a new and different nature, requiring the President to spend for individual education and library programs at the lower of the House or Senate figures in the first vetoed Labor-HEW bill for fiscal 1923.

The President signed his continuing resolution, but the Administration proceeded to ignore its provisions and to expend for individual programs only the amounts in the President's budget. For some programs, this was a drastic reduction. For example, for Title I of the Library Services Act, the budget amounted to only $30-million as compared with the $62-million mandated in the continuing resolution; and for Title III of NDEA, the budget was zero as compared to $50-million.

COURT CHALLENGES TO FISCAL 1973 WITHHOLDINGS

The result of this withholding was to shift part of the battle on education and library funding to the courts. Various organizations—notably the National Audio-Visual Association—had legal analyses prepared as early as November, 1972, which argued that the state grant education and library programs based on statutory formulae required the President to spend the appropriated formula amounts. This argument was greatly buttressed by two legal memoranda taking the same position, which had been prepared for the White House in December, 1969, by Supreme Court Justice William H. Rehnquist when he was an Assistant Attorney General. The first successful legal action against impounding came in another field, however, when the State of Missouri achieved a favorable result in an effort to secure the release of impounded federal highway funds. Encouraged by his development, and importuned by various organizations, the states of Georgia, Arkansas, Kansas, Illinois and others filed in various federal district courts to secure the release of impounded Title III NDEA funds, and subsequently other education and library funds. This movement on the part of the states to go into court swelled in July, 1973 when the Senate added the Chiles amendment to an appropriation bill, putting the Congress on record that in one way or another it would see to it that the states and localities secured the impounded 1973 funds to which they were entitled.

By the fall of 1973, over 25 favorable decisions had been obtained in federal district courts, usually in the form of temporary restraining orders or preliminary injunctions. After one last effort to get the Congress retroactively to change its position on impounding of appropriated 1973 funds, the Administration, rather than taking the issue to higher courts, finally capitulated on December 19, 1973, with the announcement that it would release all HEW impounded 1973 funds. At that time some $466-million in 1973 education and library program funds remained impounded, including $52-million for the Library Services Act, $10-million for the school library program, $48-million for NDEA III, and $12.5-million for HEA-VI.

Thus the Congress, by persistence and trial and error, had found a way to counteract the Nixon Administration strategy of vetoes upheld by one-third of the House of Representatives. The device was a continuing resolution which had to be signed by the President if a large part of the government was not to come to a halt, and wording the resolution in such a way that the courts would require most of the monies to be spent.

TABLE 2.—CUMULATIVE TOTALS OF SELECTED LIBRARY AND MATERIALS/EQUIPMENT PROGRAMS ABOVE BUDGETS

[In millions of dollars]

			Cumulative total 1970–74 appropriations	
	1970 budget	1974 appropriation	Above yearly budgets	In excess of 1st zero budgets
Title II ESEA: School library resources	Zero	$90.2	$152.7	$402.7
Title III NDEA: Materials and equipment	Zero	28.5	215.7	215.7
Title I LSCA: Public library services	17.5	44.2	124.6	44.2
Title II-A HEA: College library materials	12.5	10.0	24.9	10.0
Title VI—HEA: College materials/equipment	Zero	11.9	43.9	43.9
Total of listed programs			561.8	716.5

Note: For the impact of the loss of Federal library programs on book publishing in a single year, see "Federal Library Funding Cuts—How Will They Affect the Book Market?" PW, Sept. 3, 1973.

With the release of the impounded funds, the victory for the education and library coalition on the fiscal year 1973 appropriation was the greatest of any year up until that time—an appropriation for the Education Division of HEW and the Office of Education which was over $800-million higher than the President's budget.

THE FISCAL 1974 BILL

In the 1974 budget the Administration proposed its most drastic reduction yet in education and library programs, $1-billion below the amount appropriated by the Congress for 1973 in the final continuing resolution. It also proposed the complete elimination of all federal programs for libraries and educational materials and equipment, although spending by local school districts for the purposes of some of these programs, such as school libraries, was optionally permissible under the Administration's proposed legislation for educational revenue sharing. On this year's Labor-HEW bill, however, the House Appropriations Subcommittee, which had tended to tilt in favor of the Administration budget proposals, had a change of heart and reported out a bill which contained almost $900-million more than the President's budget for all education and library programs and $176-million more for library programs alone. The committee bill survived attempts at cuts on the House floor, on June 26, 1973, but then was delayed until October in the Senate.

In an effort to keep faith with the newly found support in the House Appropriations Subcommittee, the education and library organizations and education-minded Senators refrained from efforts to add substantially to the House bill during the Senate debate on October 4. After the conference of the two houses, the bill emerged on November 8, 1973, with $946-million for education and libraries over the budget figures, but then unexpectedly the conference report was rejected on the House floor on November 13, largely in a dispute over the statutory formula for the allocation of Title I ESEA (disadvantaged) funds.

At this point, the education and library organizations still expected an Administration veto and were girding themselves for a massive effort to secure the votes to override the veto in the House. If a veto were to be upheld, the prospect loomed of another year with no appropriation bill at all, a further continuing resolution, withholding of funds by the Administration, more Federal district court suits, and battles on Administration appeals to higher courts to block the release of the impounded funds. It was not a bright prospect.

When the Senate-House conference committee resumed work after the House rejection, the Administration suddenly shifted its tactics and came in with a proposal to authorize the withholding by the President of up to $400-million from the bill, but with a limit of a 5% withholding on any individual program. Under this formula, accepted by the conference committee, about $181-million could be withheld from federal education and library programs. The two houses passed the bill and, after an advance announcement by a White House press officer that the bill would be signed and the funds would be spent, the President quietly signed the bill with no accompanying statement on December 18. Even with the 5% withholding provision, the total amount in the bill was $747-million over the budget for education and library programs. This was actually less than the amount appropriated in the continuing resolution for the previous year by almost $300-million; but this "reduction" was overbalanced by the announcement on the following day, December 19, that the Administration would release the $466-million in impounded funds and the prospect that the Administration may have given up, at least temporarily, its strategy of vetoes and impoundments.

Fiscal 1974, therefore, was another very good year for the Committee on Full Funding of Education Programs, perhaps the best since the battle had begun five years earlier.

PROSPECTS FOR FISCAL 1975 AND BEYOND

The great victories of the education and library coalition on the 1973 and 1974 appropriation bills and in overcoming the tactic of executive withholding are by no means guaranteed to carry over to the fiscal 1975, 1976 and 1977 federal budgets, which are all that remain to be initiated by the present Administration. Indeed, if the history of the last five years provides any forecast of the future, it can be expected that the Administration's fiscal 1975 budget, due to be made public in late January or early February, 1974, would again call for reductions in federal spending for the total of education and library programs and for renewed attempts to eliminate some of them. The overall budget position will exert pressure in this same direction, with new federal expenditures required for domestic energy development and a probable falling off of federal tax receipts with a sagging economy.

The Congress, however, monitored by the organizations in the Committee for Full Funding and their members back home in the states and congressional districts, is likely to continue to resist cuts in this area and gradually to increase total funds available for this purpose at the expense of other federal expenditures. The possibility of vetoes and vetoes sustained or overriden depends, especially in the election year of 1974, on many factors, but the continued aftermath of Watergate tends to weaken essential Administration support among members of the Republican Pary in the Congress.

THE SECRETS OF SUCCESS

Why has the Full Funding Committee been so successful over the past five years? The reason certainly has not been financial strength. Resources for the central operation, financed by small voluntary contributions from individuals, organizations and institutions, have been modest in the extreme. Expenditures have been limited to the salaries of an executive director and his secretary, modest office space, duplication mailings and telephone. The Committee has continuously operated in the red, although 1973 saw a sounder financial base than some earlier years.

The secret lies, rather in a combination of the following factors:

(1) The strength of a coalition of organizations working together in a common enterprise rather than working at cross purposes. However, not all competition has been eliminated, and the organizations which work the hardest and most effectively have tended to be rewarded with proportionately larger increases over the budget figures for their particular organizations. Thus, the salvaging of the library programs, for example, resulted both from the specific efforts of the American Library Association on behalf of these programs as well as its yeoman support of the coalition objectives.

(2) A good cause, appealing to the Congress as a whole and to certain key members and their staffs.

(3) An increasing desire on the part of the Congress to assert its role in determining national spending priorities within overall budget totals, which the Congress has been willing, in recent years at least, to permit the Administration to set.

(4) An Administration which with some exceptions generally took a "take it or leave it" attitude toward the Congress and attempted to shift the balance of power heavily toward the executive branch, which gradually but progressively eroded support, even in initially sympathetic quarters such as the House Appropriations Committee.

(5) Astute, experienced and imaginative leadership among the Washington represent-

atives of the active constituent organizations and in the executive director. Except for the executive director, the key personalities in the Full Funding effort have gradually changed over the years, but the quality of organization representation has been maintained.

(6) Strong support from members of the constituent organizations in the field in working with their Congressmen and Senators.

(7) A spirit of never giving up or taking anything for granted. Symbolic of this attitude have been the working sessions of the coalition at 7:30 a.m. breakfast meetings almost every week while the Congress has been in session over the past five years.

THE PARACEL ISLANDS AND THE U.N.

HON. JOHN M. ASHBROOK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 28, 1974

Mr. ASHBROOK. Mr. Speaker, on February 13 of this year, 22 Vietnamese student associations which comprise the Vietnamese Student Association of America, petitioned Secretary General Waldheim of the United Nations, for assistance in persuading Red China to withdraw its troops from the Paracel Islands. Previously, on February 3, representatives of these groups demonstrated in front of the Communist Chinese office here in Washington, protesting the aggression of the People's Republic of China in forcibly conquering the Paracel Islands which belong to Vietnam.

As the ideas of freedom are international, the Vietnamese students were joined by Ambassador Alex Ostoja-Starzewski of the Commonwealth of Poland-in-Exile, who also cosigned the letter to the U.N.

The letter to the U.N. follows:

THE VIETNAMESE STUDENT
ASSOCIATION IN WASHINGTON, D.C.,
Arlington, Va., February 13, 1974.

Hon. KURT H. WALDHEIM,
Secretary General, United Nations,
New York, N.Y.

DEAR MR. SECRETARY GENERAL: On behalf of Vietnamese students residing in the United States and Canada and our friends who have cosigned the present letter, we are hereby lodging an energetic protest against the forcible seizure of the Hoang Sa (Paracel) Islands by the troops of the People's Republic of China.

These archipelagos, based on historical, geographical, and legal grounds as well as on effective administration and possession are undeniably an integral part of the Republic of Viet-Nam.

The Vietnamese people consider the occupation of the Paracel Islands a provocative and belligerent act, a brazen infringement on the sovereignty of the Republic of Viet-Nam and a grave danger to the maintenance of peace and stability in the region.

We strongly condemn the aggression of the People's Republic of China and demand that the invaders immediately withdraw their troops from the Paracel Islands.

The leaders of the People's Republic of China in the recent past have repeatedly stated their willingness to participate in the establishment of world peace. They have also constantly criticized the presence of American forces in South Viet-Nam as a dangerous factor endangering world peace. Many members of the United Nations joined the People's Republic of China in its stand against American involvement in South Viet-Nam despite the fact that American soldiers were in Viet-Nam as part of the American help requested by the Government of the Republic of Viet-Nam and did not come by gunboat like the forces of the People's Republic of China.

While our planes and boats are no match for the sophisticated MIGs and gunboats, however, the determination of our people and the gallant fighting spirit of our armed forces will prevail until the aggression by the forces of the People's Republic of China will be defeated and the Paracel Islands will eventually be restored to the Republic of Viet-Nam.

Taking all these facts into consideration, we humbly request your help and assistance as well as the help and assistance of the individual member nations of the United Nations in order to persuade the Government of the People's Republic of China to abandon their imperialistic plans against our territory and to withdraw their forces from the Paracel Islands.

Should, however, the United Nations remain deaf and blind to the attack of the forces of the People's Republic of China on our territory, it would evidence that the members of the United Nations have become dependent on the superpowers and are not able to raise their voices in protest against flagrant aggression committed by one of the superpowers and act independently from them. This, of course, would represent a tragic fact and we sincerely hope that our protest will be heard and will contribute to the eventual restoration of our sovereignty over the Paracel Islands by appropriate actions taken by the United Nations.

Hoping for positive action and an early reply, we are,

Respectfully yours,
BARON ALEX OSTOJA STAZEWSKI,
Ambassador of the Commonwealth of Poland-in-Exile.
VU DO HIEN,
Vice President.

The following other associations are cosigning the present letter:

1. The Vietnamese Catholic Students Association in America: Nguyen Long Hai and Pham Van Hoi;
2. The Association of Nationalist Vietnamese Students and Residents: Thai Ba Thi;
3. Students for a Free and United Viet-Nam: Nguyen-thi-Ngan;
4. The Vietnamese Students Association at Southern Illinois University: Phan Anh Tuan;
5. The Association of Vietnamese Students and Residents in Ottawa: La Hanh Hung;
6. The Vietnamese Students Association in Columbus and Cincinnati (Ohio): Le Trong Tao;
7. The Vietnamese Association of Fayetteville (N.C.): Tran Thi Tuyet;
8. The Vietnamese Students Association at C.P.U. (Cal.): To Van Khanh;
9. The Vietnamese Students Group at the University of Southern California: Ton That Cuong;
10. The Vietnamese Students Association at California State University: Vinh-Quang;
11. The Vietnamese Association in Washington, D.C.; Yu-Thanh-Long;
12. The Association of Vietnamese Students and Residents in the Bay Area (California): Truong-Ngoc-Bau;
13. Vietnamese Mutual Development Council, California: Cao-Dong-Khanh;
14. The Vietnamese Association of Students and Residents in New England: Yu-Khac-Khuong;
15. The Vietnamese Association of Students and Residents of Houston (Texas): Pham-Tien-Hung;
16. The Vietnamese Students Association at the University of Nevada: Nguyen-Tan-Dat;
17. The Vietnamese Students Association in Buffalo: Phan-Anh-Dung;
18. The Vietnamese Students Association at the University of Ohio: Nguyen-Xuan-Huy and Hua-Dan-Quyen;
19. The Vietnamese Association of Montreal (Canada): Nguyen Huy Phat;
20. The Vietnamese Association at the University of San Francisco: Lu-Ngoc-Anh;
21. The Vietnamese Students Against Communist Chinese Aggression: Phan-Ngoc-Khai;
22. The Vietnamese Students Association in Austin, Texas; Phan Viet Huy;
23. Baron Alex Ostoja-Starzewski, Ambassador of the Commonwealth of Poland-in-Exile to the United States; and
24. Polish American Revival Movement: Zygmunt Nowicki, President.

DEFENSE DEPARTMENT POLICY

HON. WILLIAM S. BROOMFIELD

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 28, 1974

Mr. BROOMFIELD. Mr. Speaker, much has been said over the years about Government waste, but very little has been done about it. Last spring a constituent of mine, Mr. Nathan Feldman, informed me of a Defense Department policy that was so wasteful it boggled the mind. I am pleased to report that through Mr. Feldman's curiosity and persistence, this wasteful policy has been changed and the results could save millions of tax dollars.

Because of a decision made by the Pentagon bureaucracy 5 years ago, Government surplus uniforms and blankets were ordered mutilated before being offered for resale. This meant that usable clothing that would normally bring a good price from surplus dealers was mutilated and sold as scrap at a tremendous loss to the Government. Material that originally cost the Government billions of dollars was sold for a fraction of what it could have been worth because of some mindless bureaucrat's decision.

Mr. Feldman kept track of Government sales involving this material and found the volume of waste to be astronomical. He decided to look into the matter but his efforts to obtain action from the Defense Department were ignored. Finally, he came to me with his incredible story of waste.

With the help of the General Accounting Office we were able—after months of effort—to convince the Defense Department that this shredding policy was a terrible mistake and they agreed to rescind the order.

The results of Mr. Feldman's victory in his one-man war on waste were made dramatically clear during a recent sale of surplus items at the Richmond depot. A sale of shredded raincoats and overcoats under the old policy brought the Government roughly $2,600. A recent sale of similar items after the shredding was stopped yielded over $50,000 to the Government. In just one sale the Government has saved over $40,000. When this is multiplied by the number of sales in a year, it can be seen that future savings will be tremendous.

These dramatic results are a tribute to Mr. Feldman's persistent efforts, as well as a great savings to taxpayers. He has proven that a citizen can, indeed, fight "city hall," or even the Pentagon, and come out on top.

FEDERAL COURTS GIVE RESIDENT ALIENS PERMISSION TO HOLD U.S. CITIZENS' JOBS

HON. JOHN R. RARICK

OF LOUISIANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 28, 1974

Mr. RARICK. Mr. Speaker, last month's Federal court ruling that resident aliens have equal rights with American citizens to compete for Federal jobs must be regarded as another attempt to push the American people out of their own jobs. If we extend this rationale to giving foreign aliens a quota of our jobs, one obvious result can only be more unemployment in our country.

The next logical step would be for our Federal judges to rule that the resident foreigners have voting rights.

Mr. Speaker, I certainly urge the U.S. Attorney General to appeal this decision before it too is treated as a "law of the land."

I insert a related newsclipping at this point:

[From the San Francisco Examiner, Jan. 30, 1974]

RESIDENT ALIENS WIN RULING

(By Drew McKillips)

The U.S. Court of Appeals for the Ninth Circuit ruled yesterday that resident aliens in the United States have the right to apply for and hold federal jobs.

The opinion, if applied nationally, means that an estimated seven million aliens have equal rights with American citizens to compete for three million U.S. government positions. The federal government is the largest employer in the nation.

In the 19-page opinion the court said that the refusal to grant aliens the right to hold federal jobs was unconstitutional because it was a denial of due process.

"The flat prohibition against aliens obtaining employment in the civil service is such discrimination as to be a denial of due process unless the government can show a compelling interest for maintaining its classification," the decision said.

Bruno Ristau, an assistant U.S. attorney for the Department of Justice handled the case for the government. He told The Chronicle from Washington yesterday that it would be up to the solicitor general to decide whether to appeal the ruling to the U.S. Supreme Court.

Ristau said he had not yet seen a copy of the opinion.

"We will first have to study the opinion and see on what basis the ruling was made against the government," he said.

Ristau said that if the government does not appeal the judgment it would have the affect of becoming national law.

"If we do not appeal that would mean that the Justice Department agreed with the opinion on a national basis and not just for the Ninth Circuit," Ristau said.

"You certainly can't have one law for aliens in the western states and have another circuit setting law for aliens in other states."

The court opinion came in the case of five Chinese aliens who sued the United States Civil Service Commission because they were denied the right to fill out applications for federal jobs.

One of the plaintiffs was Francene Lum, a woman with a doctorate who sought a job as an education evaluator with the Department of Health, Education and Welfare.

Another plaintiff was Mow Sung Wong, who was trained to be a mail clerk under a state program financed with federal funds. When Wong graduated from the job training program and applied for the federal mail clerk's position he was told he was ineligible because he was an alien.

The case came before U.S. District Judge Robert F. Peckham who, in 1971, ruled in favor of the government. Yesterday's opinion reversed Peckham's finding.

COMMUNITY CHALLENGE: BARRIERS TO THE HANDICAPPED

HON. TOM STEED

OF OKLAHOMA

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 28, 1974

Mr. STEED. Mr. Speaker, the winner of the 1974 Oklahoma "Ability Counts" essay contest, sponsored by the Governor's Committee on Employment of the Handicapped, is Miss Donna Mayo, a student at Lawton High School.

Donna is a resident of Fort Sill and is an English student of Mrs. Barbara Moore.

Students taking part were asked to investigate how handicapped workers in their communities are overcoming employment barriers to take their rightful places in the world of work. Prizes include scholarships and savings bonds.

Donna, as the first-place winner, and her teacher will be with us this spring, having won a trip to Washington.

The first-place essay is as follows:

COMMUNITY CHALLENGE: BARRIERS TO THE HANDICAPPED

(By Donna Mayo)

The scene is a small rundown house in Apache, Oklahoma. The time is 1934. A mother weeps for her ten-year-old boy whose life changed when he had both arms amputated below the elbow. His mother thought he could never have a good future, but Lawrence Kuykendall decided otherwise. "Don't cry, Mama," he said, "I'll make it."

Mary Kay, a young girl deformed from birth, attends the Comanche County Center for Handicapped Children five days a week. The braces her mother occasionally does not have time to fit on Mary Kay's legs are necessary to keep her pelvic bones from growing weaker.

Mr. Jim Rogers, a young man in his twenties, is working as a mechanic when he begins having problems with his eyes. Within a year he is legally blind in one eye and can no longer continue work as a mechanic. His whole life changes because of this unfortunate affliction.

All three of these people are a part of the more than 18,000,000 handicapped people in the United States today. These three and many others live in Lawton, Oklahoma. Throughout their lives, these handicapped people face many barriers. My community is working to eliminate these obstacles.

One who meets Mr. Lawrence "Kirk" Kuykendall for the first time might think he can not do much at all. "Kirk," however, took the word "can't" out of his vocabulary when he came back from the hospital with only stubs for arms. Without any formal therapy, he taught himself to play basketball and football, to swim, and to ride horses. He has held jobs as motor vehicle instructor and ATC sports director at Fort Sill and as disc jockey at KSWO Radio in Lawton. He once owned and operated a grocery store in Anadarko, and he is now editor of a local paper called Community Guide. Lawrence has had a happy and successful life because my community gave him a chance to overcome the barrier of employment discrimination which all handicapped people face.

Mr. Ken Kaspereit, Chief of Recruitment and Placement for Civilian Personnel at Fort Sill, hired Lawrence Kuykendall as well as many other capable handicapped workers. This Civil Service agency does not practice job discrimination against any sex, race, religion, or handicap. It has 3,500 employees; 239 of these are physically handicapped, and 16 are mentally retarded.

Mary Kay, a pretty blonde-haired little girl of six, attends the Comanche County School for Handicapped Children. The grade school years are, for most children, a period of learning, excitement, and dauntless optimism. However, this premise is severely tested by the children at this school for handicapped children. Here any child or young adult between the ages of eighteen months and twenty-one years, not eligible for public schools, is accepted. The twelve paid personnel here receive a combined monthly salary of less than $1,600 per month. There are also approximately 150 volunteer workers who are the backbone of the school. Lt. Col. (Ret.) Robert E. Greiner, director, shows hope, faith, and most of all, love for the children. As he held four-year-old Heather, a beautiful little crippled girl, he said, "The love shown by the handicapped far surpasses that shown by anyone else." Heather kissed him on the cheek, and he said, "This is my pay." It is truly a school of love and care.

Mr. Jim Rogers, blind in one eye, now works as a Visual Services Counselor with Mr. Clint Hightower, who helped him choose a new career when he became legally blind several years ago. The main goal of this agency is to help the blind help themselves by becoming independent and doing things themselves. Visual Services also provides talking books, scholarships, health care, and other necessary services for the blind.

In 1957 the Oklahoma City Chapter of Goodwill Industries established a branch in Lawton. In 1961 this branch became independent, and today it serves my community by providing a sheltered workshop for the handicapped who cannot find work elsewhere. The handicapped people working for Goodwill Industries are getting paid, a fact which helps preserve their dignity. Mr. Don Landrum, director of Goodwill Industries for Southwest Oklahoma, feels that the handicapped are the silent minority of our world today. They aren't protesting, but maybe they should be.

Too often we furnish our world to fit the able-bodied and forget the handicapped. My community is recognizing the needs of this group more and more. The Lawton Municipal Airport was just enlarged and refurbished. It now has a ramp outside, wide front doors, low drinking fountains, and wide bathroom doors. Lawton's new courthouse, which is currently in construction, will also have these features. Because my community is currently rebuilding most of its downtown business and shopping area, many architectural barriers to the handicapped are being eliminated.

It is necessary for every American to see the light of a new day for the handicapped.

We must accept their humanity. The handicapped belong to this community just as much as anyone else does. We have a responsibility to recognize them, too, and in Lawton, Oklahoma, we are trying to fulfill this responsibility.

INTRODUCTION OF A BILL TO EXTEND THE BENEFITS OF THE SOLDIERS' AND SAILORS' CIVIL RELIEF ACT TO COMMISSIONED OFFICERS OF THE PUBLIC HEALTH SERVICE; FEBRUARY 28, 1974

HON. PAUL G. ROGERS

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 28, 1974

Mr. ROGERS. Mr. Speaker, the Public Health Service Commissioned Corps is one of the seven uniformed services of the United States. PHS commissioned officers are governed by a personnel system, including appointment, promotion, pay, leave, and retirement which is similar or identical to the personnel system of the Army, Navy, and Air Force. Like officers of the other services, PHS commissioned officers are subject to assignment to any location in the world through Public Health Service orders. The Congress has recognized the similarity between service in the Public Health Service and service in the Armed Forces, and PHS officers enjoy many of the rights, benefits, and privileges provided to members of the Armed Forces under Federal law. In addition, an officer serving in the Commissioned Corps could fulfill his selective service obligation when the draft was operative.

One of the basic elements of the Public Health Service Commissioned Corps is mobility. Commissioned officers spend many years of their career at stations which are located in a State other than their home State. In many instances, this results in the officer having to pay a State income tax in two or more jurisdictions. To this extent, the officers involved would in effect receive a reduction in pay as compared to their fellow officers in the other uniformed services who are only required to pay an income tax in the State of their domicile.

On December 31, 1970, President Nixon signed into law Public Law 76–860 which extended to commissioned officers of the National Oceanic and Atmospheric Administration (NOAA) the provisions of the Soldiers' and Sailors' Civil Relief Act. This means that the Commissioned Corps of the U.S. Public Health Service is now the only member of the uniformed services which is not covered under the Soldiers' and Sailors' Civil Relief Act.

In view of these circumstances, it is my firm belief that PHS officers should be given the same treatment with regard to State income taxation as is afforded under the laws of the Federal Government and the laws of the various States with respect to the members of the other uniformed services. Mr. Speaker, this benefit is long overdue. It would not entail the expenditure of any Federal funds and is an inequity in our law that should be corrected at an early date.

Therefore, I am today introducing a bill to amend the Public Health Service Act to extend to commissioned officers of PHS all rights, benefits, privileges, and immunities provided under the Soldiers' and Sailors' Civil Relief Act of 1940, as amended.

Historically, the Public Health Service has a long and proud history. It began as the U.S. Marine Hospital Service in 1798, when an act of Congress providing for the care of sick and injured seamen was signed by President John Adams.

During the last 170 years, the service has continued to grow and strengthen its activities to protect and advance the health of the world. Depending on location, the service maintains over 200 facilities which provide medical and hospital care to merchant seamen, uniformed service personnel and their dependents, American Indians, Alaskan Natives, Federal prisoners, Peace Corps volunteers, and various refugee groups.

In addition, many Public Health Service officers work in Federal programs, providing consultation and assistance to State agencies concerned with health. At any one time, there are many officers on loan to foreign governments and other Federal agencies, all working in various health-related endeavors.

From 1962 until the end of the Vietnam war, surgical teams and sanitary engineers from the Public Health Service have been stationed in South Vietnam, working with the Vietnamese provincial governments, providing medical care and consultation in health matters.

Public Health Service officers also work closely with the Atomic Energy Commission and the Department of Defense nuclear weapons testing activities by conducting appropriate environmental surveillance programs. They also conduct specialized training courses for uniformed service personnel as well as other individuals throughout the country.

Recently medical, dental, optometric, and other public health professionals of PHS have been assigned to rural and urban areas in the United States where critical health manpower shortages exist in an effort to assist in the delivery of health care to the people of those areas.

Mr. Speaker, in recognition of the vital role of commissioned officers of the Public Health Service in improving health care delivery, I urge the Members of the Congress to join me in support of this legislation.

SELF-DEALING AT ITS WORST

HON. JOHN M. ASHBROOK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 28, 1974

Mr. ASHBROOK. Mr. Speaker, in the published hearings on the Soviet grain deal of the Senate Permanent Subcommittee on Investigations, an interesting section appears detailing part of the chronology of events of that deal. I quote:

> May 9, 1972.—Clarence Palmby wrote a memo to Secretary Butz, Secretary Peterson of Commerce, Henry A. Kissinger and Peter M. Flanigan. The memo is a report of Palmby's meeting on this date in Washington, D.C. with the USSR representatives on proposed grain sales. The discussions lasted 1¼ hours and concerned the Soviets' desire for more favorable credit terms. The following is quoted:
>
> "There were brief references to the possibility of (1) purchase under the barter program (2) direct purchases from US Government stocks (3) some relationship between natural gas and grain."
>
> Mr. Palmby informed the Soviet officials that he could not conceive of the barter program as being either useful or applicable and that whether purchases involved grain from Government or private stocks, the channel of purchasing would be through private commercial exporting firms.

Mr. Palmby, while Assistant Secretary of Agriculture, was a central figure in the United States-Soviet grain deal. Palmby left the Department of Agriculture and on June 8 joined Continental Grain Co., as a vice president. On July 5, 1972, Continental Grain sold over one-third of the wheat that the Russians were to buy.

Perhaps Mr. Palmby "could not conceive" of a barter program or other method of arranging the wheat deal than through a $750 million line of credit which he suggested in a May 18, 1972, memorandum to Secretary Butz. It seems somewhat odd that Clarence Palmby "could not conceive of" other arrangements than American taxpayer-subsidized credit to the Soviet Union.

THERE IS BUT ONE PROBLEM AND SOLUTION

HON. EARL F. LANDGREBE

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 28, 1974

Mr. LANDGREBE. Mr. Speaker. I wish to bring to your attention the following letter to the editor that appeared in the Lafayette, Ind., Journal Courier on February 25, 1974. Can there be any doubt about Jo Ann Reagans deduction that what this great Nation needs today is revival of our beliefs in, our complete trust in God. As we in the House of Representatives cast out votes on the pension guarantee bill seems a most appropriate moment for me to place this following item in the Record:

> There Is But One Problem and Solution
>
> Lafayette, Ind.
>
> What would you do for America?, the Journal and Courier asked people in a Feb. 19 article:
>
> "Uncertainty about the problem, most agreed, makes it tough to find a simple solution," the article commented.
>
> Why is it a nearly 200-year-old nation founded on Christian principles of faith finds itself in turmoil and almost chaos? Go ahead. Blame Nixon, your Congressman, the police, your neighbor—even God—if you really want to pass the "depleted buck"; but never, never blame yourself for allowing the Nativity scene to be eliminated on the White House lawn last "Xmas." Or the pledge to be altered, Bibles to be taken out of classrooms, or even the firing of a teacher for Bible reading in a classroom.

Legalize abortion, prostitution, gambling, and dope—why not? Eliminate every good thing. Then we can wander around like the Israelites in the Wilderness for 40 years. David slew Goliath on simple faith, although some will deny God had anything to do with it. David was just a good shot. Are the American people so blind and over-educated that they cannot see the problems and solutions are one: A simple and genuine need for God?

Jo Ann Reagan.

JUSTICE DOUGLAS CALLS FOR PEOPLE'S ACTION

HON. WILLIAM S. MOORHEAD

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 28, 1974

Mr. MOORHEAD of Pennsylvania. Mr. Speaker, over the years, many prominent people have spoken out against withholding information from the people, either by the Government, or by the corporation. My Subcommittee on Foreign Operations and Government Information has been very concerned with this problem. On February 20, the Honorable William O. Douglas, Associate Justice of the Supreme Court, addressed 1,000 people at Southern Illinois University at Edwardsville.

"He—Justice Douglas—advocated establishment of large, nationwide, organized public interest groups on a variety of issues to combat what he termed entrenched power and secrecy in both the Federal Government and large corporations," the Highland (Illinois) News Leader commented.

Justice Douglas continues to speak out on the problems of the American people. Mr. Speaker, I ask that the complete news article be inserted in the Record.

Justice Douglas Calls for People's Action Groups

"America is on a big downward spiral, and it is going to continue unless people demand action, espouse causes and become very articulate," William O. Douglas, associate justice of the U.S. Supreme Court, warned Tuesday, Feb. 12, at Southern Illinois University at Edwardsville.

Justice Douglas urged formation of "committees of correspondence" to become informed and act on problems facing the country. He advocated establishment of large, nationwide, organized public interest groups on a variety of issues to combat what he termed entrenched power and secrecy in both the federal government and large corporations.

Great lobbies in Washington, many of them corporate lobbies, "really run the government behind the scenes. The lone individual stacked against these lobbies has very little chance," Douglas said. "Only by banding together for permanent activities can you possibly meet the challenge of the corporation."

Douglas described Washington as "filled with special interest groups." The Pentagon, he said, has two lobbyists for each member of Congress. There are also approximately 3,200 government advisory committees in Washington which are mostly corporate controlled, Douglas said.

The Supreme Court judge criticized federal tax laws which, he said, allowed corporations to take tax deductions for lobbying expenses. "If you are a consumer group or an environmentalist group trying to raise money to oppose these lobbyists you don't get a tax deduction if you engage in lobbying," Douglas said. "The whole structure of federal tax laws is arraigned against the people who are opposed and on behalf of the lobbies who are doing their (special interest) work. It isn't right. The laws should be changed, and you are the only people that can change them."

"The American Petroleum Institute for 1974 has a budget of $15.7 million for lobbying. It's a tax-exempt, non-profit business project," Douglas said.

In a wide-ranging attack on government bureaucracy, Douglas criticized the business-dominated advisory committee of the Bureau of the Budget, a group of 65 men he said "set the priorities" of the federal budget. Douglas said there are no consumer or environmental interests represented on the advisory group. "Priorities are established without publicity, without public discussion," he charged.

Douglas said the advisory group was partly to blame for the energy crisis. "Since World War II only one per cent of the research and development funds which have been channeled through the Bureau of the Budget have been directed toward development of solar energy. You want to know why? Because nobody owns the sun," Douglas said.

The Federal Advisory Committee Act of 1972 requires representatives from other than big business on all government advisory groups, Douglas said. He credited Sen. Lee Metcalf (D-Mont.) with pressing for passage of the remedial legislation.

CRITICIZES FEDERAL AGENCIES

"One thing that's sure about an agency in Washington—it never works itself out of existence, it keeps going. This is Parkinson's Law," Douglas said. The jurist aimed criticism at specific federal agencies:

U.S. Army Corps of Engineers—"The Army Engineers are authorized to improve rivers. They have so radically improved the rivers that they are becoming non-existent." Douglas condemned channelizing of rivers saying that fishing, boating and camping grounds are now gone, replaced by spoil banks and flumes.

Soil Conservation Service, Douglas said he supported the agency when it was first established by Franklin D. Roosevelt, but the agency "soon taught the farmers everything they knew" about contour plowing. To keep in business, the SCS "took a leaf from the Army Engineers and has now gutterized 8,000 miles of rivers in 40 states," Douglas said.

Tennessee Valley Authority, Douglas described the TVA as "the greatest strip miner of all time." He said the agency builds dams whether they are needed or not.

Atomic Energy Commission. "In June, 1973, the AEC lost 115,000 gallons of plutonium waste. A bucket of it would kill everybody in the world they say. Yet they reassured everyone by putting out a statement for people not to worry because it never got below 200 feet (in the ground) and the water table is 300 feet down," Douglas said. Plutonium waste, which the AEC says has a half-life of 24,000 years, is created by nuclear energy plants. Douglas said a half million gallons of plutonium waste have been lost at the Hanford, Wash., nuclear plant since World War II, and that plankton in nearby rivers is now radioactive and fish are endangered. He urged his audience of approximately 1,000 to "join the swelling ranks of scientists who are saying let's put an end to nuclear energy research."

Central Intelligence Agency. "The CIA does not need to report how it spends money. The Budget Bureau can give the CIA funds from other agencies without congressional approval," Douglas said. He also reported discovery of a new National Reconnaissance Office established in Washington. "Nobody in the Senate or House knows what it does or who mans it," he said.

The jurist aimed some of his sharpest barbs at secrecy in government. "You are the sovereign, not the White House, not the Congress, not the Supreme Court, and you should know what's going on in government," he said.

Douglas called for a restructuring of society, in which government would be more open and responsive to people, and citizens would take a more active role in public affairs. "Values must be expressed by people and the people have been submissive in recent years," he cautioned.

Douglas said his years in Washington have convinced him the judgments of people in Edwardsville on nuclear energy, forestry or sewage would be much more responsible than the judgments of experts in Washington.

LAND USE PLANNING

HON. JOHN DELLENBACK

OF OREGON

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 28, 1974

Mr. DELLENBACK. Mr. Speaker, Tuesday the Rules Committee voted to table indefinitely consideration of H.R. 10294, the Land Use Planning Act of 1974. I was deeply disappointed to learn of this action. I feel strongly that this legislation provides States and local governments with a major tool to help them control the burgeoning growth patterns which have been in part responsible for a depletion of our Nation's energy resources and also for the environmental degradation of much of our land.

This bill would provide grants to the States to develop a land-use planning process, taking into consideration the effect of any planning on areas of critical environmental concern, areas impacted by key facilities, and areas of more than regional concern. The bill does not force any particular plan on a State, but rather allows State and local governments to develop their own plans, being certain to involve the public extensively in every phase of development.

One of the major concerns expressed about this bill is the fear that it will, in some way, allow a taking of land without compensation. This is not so. The land use planning bill does not reduce or alter the constitutionally guaranteed rights of property owners and clearly states that nothing in the act shall be deemed to enhance or diminish the rights of owners of property as provided by the Constitution of the United States.

The Interior Committee, of which I am a member, reported this bill by more than a 2-to-1 vote recommending passage after extensive hearings and very deliberative mark-up. This indicates the committee's strong support of the concepts put forth in the land use planning bill.

I feel it is essential that we pass a land use planning bill in the near future in order to assure that growth which does occur throughout not only my State of Oregon, but throughout the entire Nation, will be orderly and nondestructive. I hope that the Rules Committee will reconsider their unfortunate decision.

VFW VOICE OF DEMOCRACY CONTEST

HON. NEAL SMITH

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 28, 1974

Mr. SMITH of Iowa. Mr. Speaker, the winning contestant from Iowa in the Veterans of Foreign Wars Voice of Democracy contest this year is a young man who resides in the district which I am privileged to represent in the Congress. The young man's name is Kevin Reynolds and he is from Newton, Iowa. I need not elaborate upon the great competition involved in this contest and the tremendous effort, skill, and discipline necessary to achieve the top spot for Iowa. In order for those who will not have an opportunity to hear his speech, they will at least have an opportunity to read it, and I am, therefore, inserting it into the RECORD. It is as follows:

VFW "VOICE OF DEMOCRACY" SPEECH

In 1776, before signing the Declaration of Independence, Benjamin Franklin commented: "We must all, indeed all hang together, or we shall most assuredly hang separately." Ben Franklin believed that America was a country bound by unity, and I also believe in that same concept: Bound by unity and supported through, "My Responsibility as a Citizen."

In looking at our responsibility to citizenship, I am going to speak with you about four basic ideas: rule of law, belief in the democratic tradition, participation of both majority and minority, and finally freedom of political activity. These four, along with our founding forefathers and I believe, are what comprise the meaning of citizenship to most Americans and other people throughout the world as well.

My Responsibility as a citizen is rule of law. We have a government of law. Howard Flieger (Flee'jer), an American journalist, agrees when he states that "The law, like the dew, falls equally on everything and everybody." It is our duty to uphold and obey the law, and perhaps more importantly, take an active part in the revision of laws and reforms of the court system in this country. Journalist Flieger asks, "Want to cuss the president? Your priviledge. Want to defend him? OK. Want to argue about it? There's no law against it. Try it in some other countries and you'll wind up in jail—or, worse, in an insane asylum. Disagree with the powers that be in such places and you'll be branded as crazy, a menace to society—their society. And finally states Mr. Flieger: "False arrest is almost unheard of in the United States. False imprisonment is even more rare. If you are accused of a crime and can't afford a lawyer, the court will provide you with one." A responsibility called rule of law. Americans should be proud of it.

My Responsibility as a citizen is based on a belief in the democratic tradition. The United States is a government of the people, for the people, and by the people. In our Constitution these basic foundations were laid, therefore beginning a chain of events leading to our present day democracy.

To Gordon Sinclair, a Canadian radio and T.V. broadcaster, this was readily apparent in WWII. He suggests certain thoughts which I believe are very important when one considers the benefits of an American citizenship. "Germany, Japan and, to a lesser extent, Britain and Italy were lifted out of the debris of war by the Americans who poured in billions and billions of dollars and forgave other billions in debts. None of these countries is today paying even the interest on its remaining debts to the United States. Later, in 1956, when the franc was in danger of collapsing, it was the Americans who propped it up, and their reward was to be insulted and swindled on the streets of Paris. And now, you talk about Japanese technocracy, and you get radios. You talk about German technocracy, and you get automobiles. You talk about American technocracy, and you find men on the moon, not once but several times—and safely home again." All of these events were spearheaded by our belief in the democratic tradition, so writes Mr. Sinclair.

My responsibility as a citizen is participation of majority and minority. Mr. Flieger notes that, "In the United States there are more than 300,000 churches. All Americans can worship as they want in the faith of their choice—or in none. We all have the right to dissent. If you don't like the government, or your landlord, or the quality of life, you can say so—loud, clear, and often. Nobody can make you be quiet." So concludes Mr. Flieger: a healthy participation of both majority and minority is needed for the full meaning of being a citizen.

Freedom of political activity is my responsibility to citizenship. We must all keep and uphold our rights to vote and to take part in the political processes of our country. We can also uphold this right by participation in election campaigns, the funding of the party of our choice, and by being awake and alert in the issues and the answers to our country's problems. We can be Democrats, Republicans, Independents, or simply choose not to vote at all if we want. It is this right that most people soon and often forget and take for granted.

These four things are my responsibility as a citizen. We must uphold them, cherish them, and tell other people about them, in order that we may all be better citizens of the United States of America.

SECRET POLICE SEARCH LITHUANIAN HOMES

HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 28, 1974

Mr. DERWINSKI. Mr. Speaker, observers are expressing unrestrained glee over the action by the Soviet Union in permitting Alexander Solzhenitsyn to leave the country, however, we should not be misled into thinking that the Soviet Union is becoming a champion of human rights.

I insert into the RECORD an article in the New World, a publication of the Catholic Archdiocese of Chicago, in the February 22 issue which tells of the continuation of the Soviet suppression of religious freedom in Lithuania:

SECRET POLICE SEARCH LITHUANIAN HOMES

MOSCOW.—Secret police in the Lithuanian Soviet Socialist Republic have begun a massive search of homes, offices and churches in an effort to find dissidents responsible for illegal publications and protest actions, an underground newspaper shown to newsmen here reported.

The paper, called Chronicle of the Lithuanian Catholic Church, indicated increasing unity between religious and nationalist activists in Lithuania.

The Chronicle, which has survived a nationwide two-year effort by the secret police to suppress dissent, reported numerous cases of alleged religious repression and violations of civil rights. The paper indicated that a loose organization of underground centers had now developed in Lithuania.

The paper reported widespread distribution of the Chronicle, clandestine printing of prayer books, secret construction of printing presses and large-scale collective protests to authorities.

The paper reported that one dissident cell in the Lithuanian capital of Vilnius lost its illegal homemade printing press when secret police searched a private home.

Lithuania, which was forcibly annexed by the Soviet Union in 1940, has about three million Catholics in a population of 3.1 million.

FPC DATA ON ENERGY SAVING EFFECT OF DAYLIGHT SAVING TIME INCONCLUSIVE—BMT NATION HAS REDUCED ELECTRICITY DEMAND BY 10 PERCENT

HON. CHARLES A. VANIK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 28, 1974

Mr. VANIK. Mr. Speaker, on January 28, I asked the FPC and several other Government agencies for information on whether or not the switch to daylight savings time was indeed saving energy.

I would like to enter in the RECORD at this point a copy of the letter which I received from the Chairman of the Federal Power Commission today on this subject.

The Federal Power Commission report indicates an average net reduction of 2.5 percent in electricity consumption. When this decline in use is joined with a projected 7.5-percent increase in demand which did not materialize, the net energy saving appears to be in the range of 10 percent—a tribute to the voluntary cooperation of the American people. The sample January electricity savings, if continued, are the equivalent over a year of approximately 100 million barrels of oil.

Further, it must be noted that the figures on electric energy usage are not Government figures. Chairman Nassikas uses the figures provided by the Edison Electric Institute. It seems to me that this kind of statistic should be maintained by the Federal Power Commission in order to provide official data on energy usage and projected needs.

I am disappointed, however, that the FPC was unable to "quantify" the amount of energy saving due to the switch to daylight savings time. The winter switch to DST was one of the most unpopular and controversial actions taken during the early stages of the energy crisis. The switch to DST during the winter months caused enormous anguish and worry to millions of parents of school-age children. The FPC and other Federal agencies have a duty to the American public to determine how much savings—if any—was accomplished through the switch to DST.

The letter follows:

FEDERAL POWER COMMISSION,
Washington, D.C., February 27, 1974.

Hon. CHARLES A. VANIK,
House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN VANIK: This is in reply to your letter of January 28, 1974, inquiring as to the statistics presently available on the effect of winter Daylight Saving Time on the Nation's energy consumption.

The Commission's staff has been monitoring the consumption of electric energy both before and after the advent of winter Daylight Saving Time on January 6, 1974. The electric energy consumption during the week ending January 5, 1974 (the last week of Standard Time), and the weeks ending January 12 and 19 as compared to the corresponding weeks in 1973 are shown in the attached tabulation.

The normal rate of growth of electric energy consumption in the Nation during 1973 might have been expected to be 7.5 percent had it not been for conservation, and it is apparent from the statistics in the attached table that electric energy consumption is substantially below what would have been expected otherwise. This reduced use is due to a number of factors including the effects of the milder than usual weather, conservation by the general public, voltage reductions in some areas, and Daylight Saving Time. We have been unable to quantify the individual effects of these various factors but Daylight Saving Time is one of the influential ones.

The staff does not monitor uses of non-electric related energy and has no specific information on the extent to which conservation measures or winter Daylight Saving Time have affected overall energy use.

I trust this information will be helpful to you.

Sincerely,

JOHN N. NASSIKAS,
Chairman.

WEEKLY ELECTRIC OUTPUT

	1974 (millions of kilowatt-hours)	1973 (millions of kilowatt-hours)	Percent difference, 1974/1973
Week ending—			
Jan. 5	34, 695	34, 331	+1.1
Jan. 12	36, 558	38, 111	−4.1
Jan. 19	35, 531	35, 368	+.5

Source: Information based on Edison Electric Institute reports.

SUPPORT FOR PENSION LEGISLATION

HON. JOHN M. ASHBROOK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 28, 1974

Mr. ASHBROOK. Mr. Speaker, I am pleased to have played a role in developing the pension reform legislation which is before the House today. Information acquired during my service on the Education and Labor Committee has convinced me of the great need for this legislation.

At the present time more than 30 million Americans are covered by private pension plans. It is expected by 1980 that over 42 million workers will be covered. Today more than $8 billion in benefits are paid to approximately 6 million retirees. Voluntary private pension plans are now making contributions to the retirement security of about 50 percent of the private nonfarm labor force. It is estimated that this figure will reach 60 percent by 1980.

Based on these figures, it is readily apparent that Congress must act now to protect the rights of workers covered by pension plans. Protection of these rights would be assured by passage of H.R. 2.

H.R. 2 requires the vesting of accrued benefits of employees with significant periods of service. In addition, it requires pension plans to meet minimum standards of funding. These two provisions will go a long way toward maintaining the integrity of the private pension system.

I have some reservations, however, about the section of the bill dealing with plan termination insurance. Inasmuch as H.R. 2 establishes stringent vesting and funding standards, as well as taking other precautionary steps, I have serious doubts as to whether termination insurance is needed.

Since the section dealing with plan termination insurance is the only thing marring a basically good bill, I urge my colleagues to join with me in supporting this legislation.

A BILL TO REVISE CERTAIN PROVISIONS RELATING TO ELIGIBILITY FOR CIVIL SERVICE RETIREMENT DEFERRED ANNUITIES, TO PROVIDE FOR COST-OF-LIVING INCREASES IN SUCH ANNUITIES, AND FOR OTHER PURPOSES

HON. JOEL T. BROYHILL

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 28, 1974

Mr. BROYHILL of Virginia. Mr. Speaker, there are a large number of our citizens who have devoted portions of their lives in the civilian service of the U.S. Government but who, for personal, political, or geographic reasons terminated that service with vested rights in retirement. One group of former Government employees, those who were separated from the service or transferred to a position in which the individuals did not continue in Federal employment after 5 or more years of service, these individuals are the target of the legislation which I am introducing today. I believe, Mr. Speaker, that these individuals, while awaiting retirement eligibility, for reasons of consistency and fair play in our dealings with those who honorably served their Government, are entitled to computation of their deferred annuity consistent with the cost-of-living adjustments as computed for annuities paid any other Federal retiree. I urge the Congress, Mr. Speaker, to adopt the bill I propose, which contains under title 5, USC section 8338 amending language as follows:

> In the computation of each annuity authorized by this section, such annuity shall be increased by each cost-of-living adjustment of annuities of retired employees made under section 8340 of this title in the period beginning on the date of separation or transfer described in subsection (a) of this section and ending on the commencing date of such annuity.

We will, Mr. Speaker, be legislating equity, by bringing up to par the annuities of a segment of former Federal employees who are now denied the benefits of congressional recognition of the ravages of inflation.

This legislation will also make certain adjustments in the timespan categories of these deferred annuity retirements. When adopted along with the cost-of-living entitlement, these deferred annuity retirees will be eligible to receive an annuity at the age of 62 after completing 5 but less than 15 years of civilian service, or at the age of 61 years after completing 15 but less than 20 years of service, or at the age of 60 years after completing 20 years of civilian service.

Mr. Speaker, I firmly believe we can perform an act necessary to justice and democracy by adoption of this legislation I set before you today. In our concern for equality across the board for all of our citizens we must not neglect the rights of any of our retirees. They have, just as we all strive to do, worked faithfully within the system and are entitled to all of its benefits.

SOUTH CAROLINA GENERAL ASSEMBLY SUPPORTS NOVEMBER 11 VETERANS DAY

HON. WM. JENNINGS BRYAN DORN

OF SOUTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 28, 1974

Mr. DORN. Mr. Speaker, the South Carolina General Assembly has adopted a splendid concurrent resolution urging the Congress to restore November 11 as the official national observance of Veterans Day.

As chairman of the Veterans' Affairs Committee and as sponsor of legislation that would restore the traditional observance I commend this timely resolution, introduced by Senator T. Ed Garrison, to the attention of the Congress.

A CONCURRENT RESOLUTION

Memorializing Congress to enact such legislation as will restore November 11 as the observance of National Veterans Day

Whereas, Veterans Day is not observed uniformly by the various states; and

Whereas, the lack of uniformity in the observance of this day has contributed to the loss of meaning, significance and reason for commemorating the great sacrifices which the veterans have made for America and its cherished freedoms; and

Whereas, the restoration of November eleventh as National Veterans Day would enable the states to program meaningful events that would restore the day to its former importance and national significance. Now, therefore.

Be it resolved by the Senate, the House of Representatives concurring:

That Congress be memorialized to enact such legislation as will restore November eleventh as the observance of National Veterans Day.

Be it further resolved that copies of this resolution be forwarded to each United States Senator from South Carolina, each member of the House of Representatives of Congress from South Carolina, the Senate of the United States and the House of Representatives of the United States.

TRIBUTE TO WOLFGANG J. NAUKE, NEW YORK STATE COMMANDER, VETERANS OF FOREIGN WARS

HON. JAMES R. GROVER, JR.

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 28, 1974

Mr. GROVER. Mr. Speaker, on Tuesday, March 12, we will have our annual occasion to dine with a group of outstanding patriots and community leaders, the Veterans of Foreign Wars. I wish to anticipate that occasion by honoring one of these dynamic American citizens, New York Comdr. Wolfgang J. Nauke, a good friend and my comrade in the Nathan Hale Post No. 1469. Commander Nauke's nickname, Wolf, belies his personality, for as much as he is an experienced administrator and a disciplined leader, he is also a warm and understanding person.

I am privileged, Mr. Speaker, to submit for the RECORD a biographical sketch of Commander Nauke, American:

WOLFGANG J. NAUKE, NEW YORK STATE COMMANDER

Wolfgang J. Nauke was born in Dresden, Germany, on November 16, 1921. At the age of five he and his family came to the United States.

Attended elementary school and Huntington High School in Huntington, Long Island.

Entered the Armed Forces in 1942. Served with the 109th Medical Battalion attached to the 34th Infantry Division and 114th Station Hospital. Served in the European Theatre in North Africa and Italy, and was discharged in 1945.

In 1946, he married the former Lee Alessio, of Huntington. They have three sons.

Wolfgang has been active in the V.F.W. since 1952. He was elected Post Commander of the Nathan Hale Post No. 1469, in 1955 and was awarded a National Citation for his outstanding leadership. In 1955 he was elected President of the Board of Directors of the Post Membership Association, and served until 1960. After completing his term as Commander, he was appointed Adjutant for the year 1956–57. In 1957 he was elected Quartermaster and has been elected to that office unanimously every year to the present. In 1961 he was acclaimed All-State Post Quartermaster. He was elected Suffolk County Commander in 1961, and during his term of office, he was active against Communism. He had many speaking engagements throughout the State of New York. His activities in this field were noted by Senator Barry Goldwater, and on March 6, 1962, a flag was flown over the United States Capitol in honor of Commander Nauke, and so recorded in the Congressional Record. The flag was presented to him by Elizabeth Englehart, on completion of his year.

Wolf is a member of the Military Order of Cooties Pup Tent No. 65, Jephtha Lodge No. 494 F & A M, Grumman Ex-Service Mens Club, Grumman Glider Club, New York State Sheriff's Association. He has been employed with Grumman Areospace Corp. Administrative Assistant, Maintenance Division, for 21 years.

He was appointed Youth Director for the State of New York, while serving as Suffolk County Commander. He has held many offices on the State level, among which were; Legislative, Rehabilitation Hospital Committee, Americanism Chairman, Patriotic Instructor, Historian, Inspector, Chief of Staff, Junior Vice Commander, Senior Vice Commander.

At the 54th State V.F.W. Convention at Buffalo, New York in June 1973, Wolf was elected to the office of State Commander of the Veterans of Foreign Wars.

OIL SHALE

HON. TENO RONCALIO

OF WYOMING

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 28, 1974

Mr. RONCALIO of Wyoming. Mr. Speaker, after 40 years of effort, we are witnessing the beginning of development of one of America's last great frontiers, the extraction of shale oil from vast publicly owned reserves in Colorado, Utah, and my State of Wyoming. The highest bids received on the first two prototype tracts of the Department of Interior's prototype leasing program, $210 million on the 5,120 tract c–a, and $117.7 million on 5,094 acre tract c–b, gives an indication that the petroleum industry is prepared to move ahead with the development of this resource.

It has been estimated that the recoverable oil available from oil shale is twice that available from the Mid-East, 60 times that in Alaska's North Slope, and 15 times the total U.S. proven reserves. There is no doubt that immense quantities of the shale oil are present. Tract c–a is estimated to have 1.3 billion barrels of oil and tract c–b contains approximately 723 million barrels. Yet, we have read that the Department of Interior was prepared to accept bids on these tracts as low as $9 million. It is apparent that Interior failed to fully calculate the amount of shale oil present and its true worth in today's energy situation.

We must, therefore, review the Interior Department's leasing program and respond to pending oil shale development with responsible legislation. S. David Freeman, former White House energy policy staff member and present director of the Ford Foundation's energy policy project, put it this way in a February 10, 1974, Washington Post article:

> The alarming fact is that the Interior Department knows very little about how much the public owns and what it is worth; it knows even less about the harm that may happen to marine life, wildlife, the face of the earth or to people's cherished lifestyles if development proceeds. A likely prospect is that ownership of the petroleum in the ground will simply pass from government into oil industry hands.

Although there are uncertainties about the best methods of extracting shale oil, large scale operations costs, and percentages of shale oil that can be removed, one thing is certain: Firms moving oil into the oil shale business stand the possibility of making enormous profits. Fluctuations in the price of crude may affect production and the rush to move ahead on development, but the present new crude price in the $10 a barrel range, is sufficient incentive. Industry executives have reportedly calculated that at $10 a barrel they could realize an annual rate of return on capital of nearly 20 percent. At even $6 a barrel, an annual return of 11 percent might be realized.

In short, the incentives for oil shale development are present in today's market picture without any lease incentives or giveaways.

Under the Department of Interior's prototype leasing program, royalties are set at 12 cents per ton for oil shale containing 30 gallons of shale oil with provisions to increase or reduce this amount depending on the shale oil contained and market price. Only 16 cents per barrel would be collected as royalties on 30 gallon oil shale.

With the value of crude shale oil reaching or surpassing the value of conventionally produced crude, such a low royalty is irresponsible and contrary to the public's interests.

Legislation which I am introducing today is designed to base royalties for shale oil produced on public lands on a percentage-of-market-value basis. This is the same approach taken under the Mineral Leasing Act for conventionally produced oil and gas and is a reasonable manner for collecting royalties on shale oil. My bill would increase royalties to 12½ percent of the value of the oil or other minerals taken from the oil shale lease.

Oil shale country today is sparsely populated land in no way prepared for the impending oil shale boom. The start-up of the industry will create an estimated 4,000 jobs by 1981. The small existing towns and communities in the area desperately need assistance in planning for the growth impact. One new community being planned near Grand Valley, Colo., anticipates a population of 4,000 in 4 years. The costs of planning, construction of water and sewer lines, and streets is estimated to be $10,000,000 before any building construction is even begun. This type of massive growth development will be multiplied throughout the oil shale area.

My bill therefore creates an oil shale area impact fund to provide loans to those communities and counties which are directly impacted by significant population growth due to oil shale development. These loans may be used for planning assistance for providing schools, transportation, and highways, medical care and facilities, water and sewage facilities, and other services.

My boyhood home of Rock Springs, Wyo., is already experiencing a boom which gives us a small glimpse of the type of growth anticipated. An article from the February 19, 1974, Rocky Mountain News describes the conditions in Rock Springs and I include it in the RECORD at this point:

WYOMING OFFERS COLORADO GLIMPSE OF SHALE DIFFICULTY

(By Jeff Rosen)

Say "boom town" to people in Rock Springs, Wyo., and they chuckle and shake their heads.

A grocer and a motel owner, the mayor and the city clerk, a policeman and a construction worker had the same reaction to the two words.

The reason is simple—Rock Springs is booming, Green River, 14 miles to the west, is booming, and everything in between is booming.

With growth have come enormous problems.

Trailer parks are filled almost before they're built.

They're crammed into canyons and ravines and pushed onto odd-shaped lots. And there's still an acute housing shortage.

"If you come here with a family," said Police Lt. Bob Overy, "it'll take you weeks to find a place to hang your hat."

GLIMPSE OF THE FUTURE

Rock Springs provides a glimpse of the future that awaits Colorado's oil shale country if a commercial oil industry invades the sleepy towns and desolate canyons. It is a future of prosperity and vast attendant problems, of growth so fast that locals are reeling.

Moreover, the Wyoming experience may be dwarfed by what will happen to Grand Valley, Rifle, Meeker and Rangely—Colorado towns which are much smaller than Rock Springs was before the boom.

The 1970 census showed a population of 11,674 for Rock Springs. Utility companies estimate the present figure exceeds 20,000, and the growth seems to be accelerating.

Green River's 1970 population was 4,340. It's now more than 8,000. And the region as a whole probably has nearly 40,000 residents.

The construction of a $400 million power plant 35 miles to the east and huge chemical mines to the west are the two main forces behind the boom. The power plant, owned by the Idaho Power Co. and Pacific Power and Light Co., has a construction force of nearly 3,000, although pre-construction studies projected a maximum of 1,200.

The mines produce vast amounts of trona—a source of soda ash which is an industrial chemical used in paper, glass and detergents. In the past five years, the trona industry has exploded because other methods of producing soda ash have high environmental costs.

UNPREPARED FOR INFLUX

Rock Springs was almost totally unprepared for the influx caused by these two industrial developments. There wasn't any housing, so people brought tents and trailers. There were not enough grocery stores, and foods vanished from shelves daily.

The town had just built a new high school which alleviated the classroom problem to some extent. But junior high schools have been forced to operate with two shifts to accommodate the new pupils.

The caseload at the local mental health clinic increased tenfold in five years. And a $5 million bond issue has just been approved for construction of a new hospital.

Town streets were designed for a relaxed little community. They wind with the terrain following an old creek bed. Traffic has increased fivefold, jamming intersections and plaguing police officers.

Cars bear license plates from a dozen different states and the county has had to add another letter to its plates to accommodate the new registrations.

Burglaries, thefts, assaults and barroom brawls have become common. A small brothel is rumored to be operating out of one hotel.

"What would I do if we had it to do all over again?" said one town official. "I'd tell them to move the power plant to Canada and the trona mines to Australia. There's no way we could have planned for this. We'd have had to start 10 years ago with millions of dollars."

In some ways, Rock Springs has been lucky. Water is plentiful. Sewage plants are only now operating at capacity. The town is served by a major interstate highway, and there is land around for expansion.

More importantly, it is a town that has boomed before, though not to the same degree.

Until 1958 the Union Pacific Railroad mined huge amounts of coal from seams around and directly under Rock Springs and Green River. The towns were full of miners and railroad workers.

DECADE OF STAGNATION

When trains switched to deisel power the mines were shut down. Signs were posted laying off hundreds of workers and the region's population plunged. There followed a decade of stagnation which made many in Rock Springs long for new industry and activity.

"I guess we got more than we bargained for this time around," said Paul Wataha, the town's mayor for the past 17 years. "It's an entirely different situation than we had before. I don't think the living conditions are good here any more, and I don't see any way of improving it soon.

"But the people are a little more willing to put up with that kind of thing than they would be in a quieter town."

Charles Richardson, general manager of the local newspaper, is certainly willing to put up with the boom. Circulation is increasing, and business and advertising are better. "On balance," he said, "I think it's good. We're having some bad growing pains and orderly growth would be better, but we're not going to get it, and this won't kill us."

The power plant and the trona mines and plants are increasing county property tax valuations by $20 million each year. But Rock Springs isn't reaping much of the benefits It's tax base goes up only about $250,000 a year—not enough to keep pace with demands for new services.

The new industries have attracted many transient workers to the area—men who stay only a few months and then move on. Some are men who can't be counted on to show up regularly.

Absenteeism has been a serious problem during construction of the power plants, as has finding and keeping skilled workers. Consequently, construction fell behind schedule, the construction force had to be increased to its present size, the boom accelerated and with it the absenteeism and hiring problems.

The plants and mines have also caused labor problems in the town itself by luring municipal employes, grocery clerks, bartenders and a host of others to higher paying jobs. Wages have been increased to offset this trend. But with wages, prices are going up.

"Everybody's making money," said Lt. Overy. "But it costs more to live, too. It's a different town than it was. There's more people and there's more money and you can't tell up from down."

He laughed and shook his head.

MORE ROYALTY

My bill would also open up the 37½ percent of these royalties from oil shale that are returned to the State. Under current law, these may be used only for highways and schools. This legislation would allow use of these funds for public roads and transportation systems, support of public schools and education, and for planning and assistance to communities impacted by any mineral resource development as the legislature of the State may direct. We are experiencing not only beginning of an oil shale boom, but also mineral resource development and overwhelming growth related to coal and other minerals. Certain areas in the tristate area can expect to double population by the end of the century. This language will allow flexibility in the use of royalties returned to the States to better cope with anticipated growth.

Given the value and enormity of this great public resource and the impact of its development, I feel the legislation I am introducing is necessary to protect the public's interest and meet the problems associated with massive new development in an unprepared region. The States involved have begun to prepare for development, and I commend them. We must supplement their efforts by Federal legislation to provide these States with further means to advance the national well-being by accommodating expeditious development of this vast resource in an equitable and orderly manner.

DIVERSION OF OIL SHIPMENTS

HON. BENJAMIN A. GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 28, 1974

Mr. GILMAN. Mr. Speaker, Energy Administrator William Simon recently criticized the Shah of Iran's statements about our oil supply as being "reckless and irresponsible." That type of diplomacy certainly does not put any oil on the troubled waters of the Middle East.

The Shah of Iran's previous statement that the United States is getting as much oil from the Middle East as it has ever gotten deserves not derision, but a full investigation.

During my own visit to Iran last August, Iranian oil officials there informed me that American based oil companies were actually receiving from Iran increased production of oil but were not shipping that oil back to the United States. It was being sold in the more profitable markets of the Far East and Western Europe.

Last November, in the course of hearings by our Foreign Affairs Subcommittee on the Near East and South Asia, I put this question to Wingfield Chamberlain, Energy Resources director of the Bureau of Resources and Trade Assistance of the Department of Commerce:

> Once we go about encouraging increased production (of oil) after arriving at a peace in the Middle East, how do we make sure that our major oil companies are going to be shipping that oil back to the United States?

When questioned further about the possibility of this oil not reaching our shores, Mr. Chamberlain replied that there was no indication that the United States was not receiving its fair share of oil from Iranian sources.

Now this question arises once again and this time the Shah himself questions the destination of Iranian oil. It is my belief that our major oil companies owe their first allegiance to the United States in a time of emergency need. Profit cannot override that obligation. If they are indeed receiving more than adequate oil supplies and selling in more profitable markets abroad, then that is a matter for a thorough investigation by the Chief Executive, by the State Department, and by Congress.

But it is not a matter for cursory review by the chief of the Federal Energy Office. Mr. Simon's responsibilities do not embrace foreign relations, and in making this type of ill-considered statement he is not only jeopardizing our foreign relations but is also endangering a peace we have worked so hard to build in the Middle East. It would be far better for Mr. Simon to resolve our domestic problems. In the interim, it would be well if we took a hard look at the Shah's suggestion that our oil companies are diverting their products to more profitable markets.

WE HAVE FORFEITED OUR RIGHT TO MANAGE

HON. BOB WILSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 28, 1974

Mr. BOB WILSON. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following:

WE'VE FORFEITED OUR RIGHT TO MANAGE

(This editorial was written by James D. McClary, national president of the Associated General Contractors of America and board chairman of Morrison-Knudsen Co., Inc.)

Looking back, there probably was no specific time or event that marked the beginning of the loss by American business of a great part of its right to manage. And if there was a particular villain in the act, even his face is difficult to remember. At best, we must say we have forfeited much of our right to manage, though there certainly were hands eager to take it from us.

A study of how and where we forfeited our right to manage inevitably includes the invasion of that right by government. Not that we can or should seek to thwart the duly-passed laws of our legislative bodies. Our system allows for relief from unjust and ill-advised statutes, and the process through which these matters must pass permits the airing of diverse views. There are accepted methods of changing that which we feel is harmful to business and to the country.

But what about invasion by a prolific and inbred bureaucracy? What about the interpretation and administration of laws beyond anything contemplated by Congress in its wildest moments?

The bureaucratic grand delusion is that it has a mandate from higher authority to meddle in the affairs of others. It is convinced that it, and it alone, knows what is best for us and for the country.

I am talking about the career bureaucrat; the one who stays in office through administration after administration, the one without loyalty to any cause, and no mandate to respond to any constituency. The one who views regulatory laws such as OSHA, OFCC, EEO, EPA, etc., as special license granted for the express purpose of control and harassment of business, with a concurrent increase in the size and power of federal department after department.

Each time a new law is passed, a new regulatory body is created, new staff and inspectors are hired, and the whole machinery thus created requires additional large amounts of money to operate. We are of course paying the bills for this misbegotten monster and it literally bites the hand that feeds it.

Today we are witnessing the wholesale transformation of valid congressional sanction into bureaucratic action which completely usurps management's time-honored position. A request for information authorized by law becomes the excuse for demanding masses of information not legally required by any statute. This ever-expanding bureaucracy will soon be asking for a seat on our board of directors if we don't put a stop to it!

I think the time is long past to begin to resist this kind of abuse. Unfortunately, we have allowed ourselves to become conditioned to respond promptly to any government agency request for information; we spend hours complying. This has got to stop. We have to pick up some new habits. We have to start saying "No"—"By what authority do you request this data?"

Fortunately this breed of misguided federal employee has a flaw—he does not have the valor of his misbegotten convictions. He is vulnerable to strength and cannot stand exposure. If he does get up the nerve to fight, there are courts, thank heaven, to which appeal can be made and from which redress can be obtained.

But unless you and I resist, these ideas and this harassment, through usage and acceptance, gain the effect of law. Our right to manage has been eroded because, in the past, we individualy have not taken a stand when called upon to do so. We must have the courage and the desire to control and eradicate this particular parasite.

Won't you join me?

POSTCARD REGISTRATION BILL

HON. BILL FRENZEL

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 28, 1974

Mr. FRENZEL. Mr. Speaker, the tentative whip notice for next week indicates the House will work on H.R. 8053, the egregious post card registration bill. I hereby serve notice of my intention to move for the adoption of the following amendments whenever the bill is under consideration:

AMENDMENTS TO H.R. 8053, AS REPORTED
OFFERED BY MR. FRENZEL

Page 13, line 21, strike out "the Commonwealth of Puerto Rico,".

Page 13, line 25, strike out "an elector for President and Vice President,".

Page 14, line 9, strike out "and any election" and all that follows through "delegates to such a convention".

Page 18, immediately after line 6, insert the following new subsection:

(d) Registration forms may be prepared in a language other than English.

Page 18, immediately after line 6, insert the following new subsections:

(d) Registration forms shall be prepared in a language or languages other than English for each State with respect to which the Administration determines, from the most current and accurate data available, that at least 5 percent of the residents of such State or 50,000 such residents (whichever number is less) do not speak or understand English with reasonable facility. The Administrator shall certify any such State as a bilingual State.

(e) In any State certified as a bilingual State under subsection (d) bilingual registration forms shall be provided in the predominant foreign language or languages (as determined by the Administrator) and in English, and any instructions, notices, or accompanying materials shall be prepared in such foreign language or languages as well as in English.

(f) In any State not certified as a bilingual State under subsection (d) registration forms may be provided in a foreign language or languages other than English.

Page 18, line 16, strike out "a sufficient quantity" and all that follows through "rural or star route" and insert in lieu thereof "one postcard for each person 18 years of age or older".

Page 19, strike out line 7 through line 11.

Page 20, line 2, strike out "may" and insert in lieu thereof "shall".

Page 20, line 4, strike out "is authorized to" and insert in lieu thereof "shall".

PROPOSED AMENDMENT TO H.R. 8053
H.R. 11713

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Voter Registration and Election Administration Assistance Act of 1973".

SEC. 2. The Federal Election Campaign Act of 1971 is amended by redesignating title IV as title V; by renumbering sections 401 through 406 as sections 501 through 506, respectively; and by inserting immediately after title III the following new title:

"TITLE IV—ASSISTANCE FOR VOTER REGISTRATION AND ELECTION ADMINISTRATION REFORM

"SHORT TITLE

"SEC. 401. This title may be cited as the 'Voter Registration and Election Administration Assistance Act'.

"DEFINITIONS

"SEC. 402. As used in this title—

"(1) the term 'State' means each State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, and any territory or possession of the United States;

"(2) the term 'political subdivision' means any city, county, township, town, borough, parish, village, or other general purpose unit of local government of a State, or an Indian tribe which performs voter registration or election administration functions (as determined by the Secretary of the Interior); and

"(3) the term 'grant' means any grant, loan, contract, or other appropriate financial arrangement for the purpose of voter registration or election administration.

"ESTABLISHMENT OF GRANT PROGRAM

"SEC. 403. The Secretary of the Treasury shall, in accordance with the provisions of this title, make grants to the States to carry out programs to encourage voter registration, education, and participation.

"APPORTIONMENT OF GRANTS

"SEC. 404. Amounts appropriated to carry out the provisions of this title for any fiscal year shall be apportioned to each State in an amount which bears the same ratio to the aggregate amount so appropriated for such fiscal year as the voting age population in such State bears to the total voting age population in all the States.

"DELEGATION OF AUTHORITY

"SEC. 405. The Chief Election Officer of each State shall be charged with responsibility for administering grants made under this title. The Chief Election Officer may, after properly and equitably distributing each grant made under this title in accordance with State law, delegate all or part of his responsibility under this title to appropriate officials of the political subdivisions of the State to which any distribution of a grant is made.

"USE OF FUNDS

"SEC. 406. (a) Each State may, in its discretion, allocate all or part of any grant made under this title to political subdivisions of such State. Each grant made under this title shall be used for programs related to voter registration and election administration, including but not limited to—

"(1) programs to increase opportunities for voter registration, such as mail registration, expanded registration hours and locations, mobile registration facilities, election day registration, re-registration programs, door-to-door canvassing procedures, and other methods which the State may deem appropriate;

"(2) programs to improve election administration procedures, such as the purchase of additional voting machinery, organization and planning of election administration activities, improvements in ballot preparation and absentee ballot procedures, coordination of election activities, and other methods designed to facilitate the smooth functioning of the election administration process;

"(3) planning, evaluating, and designing the use of electronic data processing or other appropriate procedures to streamline and modernize voter registration and election administration, with special emphasis on techniques which would allow voter registration closer to election day;

"(4) programs for the prevention and control of fraud;

"(5) education and training programs for State and local election officials;

"(6) establishing nonpartisan programs for the purpose of voter and citizen education;

"(7) other programs designed to improve voter education and participation that are approved by the States or political subdivisions thereof.

"(b) No State or political subdivision thereof shall use all or part of any grant made under this title to finance any activity funded by such State or political subdivision on December 1, 1973, unless such State or local financing is continued at the same level as existed on such date.

"(c) Nothing in this title shall be construed to require action by any State or political subdivision thereof. In any case in which a State or political subdivision thereof does not use all or part of any grant made under this title to carry out programs authorized under this title, the unused portion of such grant shall be returned to the Secretary of the Treasury at the end of the fiscal year for which the grant was made and the Secretary shall cover the funds so returned into the Treasury as miscellaneous receipts.

"REVIEW OF PROGRAMS BY THE COMPTROLLER GENERAL

"SEC. 407. (a) The Comptroller General shall audit and review annually the programs of at least five States receiving grants under this title.

"(b) The Comptroller General shall disseminate to all the Chief Elections Officers of the States a summary of the types of programs he found to be most effective and found to be least effective.

"(c) The Comptroller General shall collect, analyze, and arrange for the publication and sale by the Government Printing Office of information concerning voter registration and elections in the United States.

"(d) The General Accounting Office shall conduct a study of the reasons for the decline in voter participation and the role of registration obstacles in low voter turnout during the period beginning January 1, 1960, and ending December 31, 1972.

"(e) The Comptroller General shall submit to the President and to the Congress annually a report concerning his activities under this title, together with such recommendations as he may deem appropriate.

"CENTRALIZED VOTER REGISTRATION LISTS AND CONFIDENTIALITY

"SEC. 408. (a) The Federal Government is prohibited from maintaining a centralized voter registration list.

"(b) Nothing in this title shall be construed as allowing the disclosure of information which permits the identification of individual voters.

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 409. For the purpose of carrying out the provisions of this title, there is authorized to be appropriated the sum of $35,000,000 for the fiscal year ending June 30, 1975.".

PROPOSED AMENDMENT TO H.R. 8053

Mr. FRENZEL moves to amend the bill H.R. 8053, by striking out all after the enacting clause and inserting in lieu thereof the text of the bill H.R. 11713; and to amend the title so as to read "A bill to amend the Federal Election Campaign Act of 1971 to establish a program of Federal financial assistance to encourage and assist the States and local governments in voter registration and election administration, and for other purposes.

MOTION TO RECOMMIT

Mr. FRENZEL moves to recommit the bill (H.R. 8053) to the Committee on House Administration with instructions to report the same to the House forthwith with the following amendment:

Strike out all after the enacting clause and insert in lieu thereof the text of the bill H.R. 11713.

AMENDMENT TO TITLE OF H.R. 8003; (IF MOTION TO RECOMMIT IS ADOPTED)

Amend the title so as to read: "A bill to amend the Federal Election Campaign Act of 1971 to establish a program of Federal financial assistance to encourage and assist the States and local governments in voter registration and election administration, and for other purposes.".

A TRIBUTE TO THE BALTIC STATES

HON. EDWIN B. FORSYTHE

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 28, 1974

Mr. FORSYTHE. Mr. Speaker, the month of February marks the anniversaries of independence of the courageous Baltic nations of Eastern Europe—Lithuania, Estonia, and Latvia. The United States followed the lead of the major European powers in extending de facto recognition to the free and independent governments of these nations.

Despite centuries of domination and suppression by various European tribes, Russians and Germans, these nations proclaimed their independence in 1918. In 1922, Secretary of State Charles Evans Hughes announced that the United States was extending diplomatic recognition to the Baltic States, noting that the independent governments had existed for a significant period of time and had successfully maintained political and economic stability within their borders.

While the United States still recognizes these nations, we can only recognize exiled governments, for in 1940, the Soviets broke treaties and agreements, invaded the Baltic Republics and began a reign of terror and suppression which continues today. In an effort to break the spirit and nationalistic fervor of these freedom-loving people, the Communists have executed or deported hundreds of thousands.

But these actions have failed to squelch the spirit of these free-thinking people and their desire for liberation and independence.

As leader of liberty in the free world, the United States must not fail to recognize and commend these suppressed but determined nations, and we must support them in their struggle for lasting independence. The United States has never recognized the legality of the occupation of these nations by Soviet Russia. Because the Soviet regime lacks legal basis, we must consider it a temporary military occupation.

I join my colleagues in commending the proud and distinguished heritage of these nations.

HARD FOUGHT VICTORY FOR THE FARAH WORKERS

HON. HERMAN BADILLO

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 28, 1974

Mr. BADILLO. Mr. Speaker, I was indeed pleased and gratified to learn in recent days that the 22-month strike against the Farah Manufacturing Co., by the Amalgamated Clothing Workers of America, has ended, with full recognition of the union. In am informed that labor and management, at long last, are now sitting down to negotiate a contract and that the Farah workers will finally have a voice in matters affecting the conditions under which they work and other issues related to their employment.

Although we have witnessed many labor disputes in the past, the Farah strike was especially bitter. In addition to drastic demands for production made of the workers by the Farah Co., the firm's employees—the vast majority of whom are Mexican Americans—found it most difficult to secure a living wage, particularly with inflation seriously eroding their paychecks. The company refused to permit the employees to exercise the right of collective bargaining or to enter into discussions with the Amalgamated Clothing Workers.

When a number of strikers participated in an orderly and peaceful picket of one Farah plant, some 700 were arrested and exorbitant bail was set for their release. It was reported that unmuzzled police dogs were employed to patrol the picket lines. Unfortunately, the firm became more intransigent. The National Labor Relations Board eventually ruled that Farah had violated the rights of his employees, and last month ordered the company to reinstate striking employees who sought their former jobs.

As a member of the Citizens Committee for Justice for Farah Workers, I visited the strikers in El Paso in January 1973, and personally discussed their grievances and problems with them, their leaders, and union representatives. My visit and meetings convinced me of the need for a full investigation not only into the tactics employed by Farah, but also into the whole question of the exploitation of minority workers, with a view toward determining the requirement for new legislative authority. During my stay in El Paso, I had the pleasure of meeting with Bishop S. M. Metzger, the Bishop of El Paso, who stood behind the Farah workers all the way and to whom much credit for the success of the strike and the defense of the workers' rights belongs.

Mr. Speaker, the Farah strike was more than just another labor-management conflict. It represented the struggle of a long-ignored minority group to secure those rights and benefits held by other Americans. As the New York Times so aptly noted in an editorial earlier this week:

The settlement of the Farah strike marks an important advance in the battle of Mexican-American workers for industrial democracy and social justice.

I am hopeful that other Spanish-speaking Americans will be heartened by this development and will be encouraged to work for those rights and basic human dignity which have long been denied to our community.

I congratulate the Farah strikers on their perseverance and on the success of their efforts.

I present herewith, for inclusion in the RECORD, the text of the editorial which appeared in Wednesday's New York Times:

ONE UP, ONE TO GO

The settlement of the long strike in the Texas and New Mexico plants of the Farah Manufacturing Company marks an important advance in the battle of Mexican-American workers for industrial democracy and social justice.

After nearly two years of flouting the Federal labor laws to frustrate demands for union recognition, this huge manufacturer of men's trousers has bowed to evidence that two-thirds of the Farah employees want to be represented by the Amalgamated Clothing Workers * * * Regrettably, the cost of the company's resistance has been high both to itself and its employees. Even now several of its plants will have to remain closed because of the sharp cut in sales caused by a union-fostered boycott.

Now that the foundation has been laid for a cooperative labor-management relationship at Farah, perhaps California fruit and vegetable growers will see the wisdom of ending their war of extermination against the United Farm Workers, the struggling union that seeks to speak for their exploited laborers, mostly Mexican-Americans. A sordid partnership between the growers and the mammoth International Brotherhood of Teamsters has forced the farm union, under the crusading leadership of Cesar Chavez, to call new strikes in the Imperial Valley and to renew its pressure for a nationwide boycott of lettuce and grapes.

It is past time for the Teamsters to honor their repudiated promises to pull out of the fields and for the growers to cease their long campaign of hostility to the Chavez union.

TAX REFORM

HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 28, 1974

Mr. DERWINSKI. Mr. Speaker, not only at the Federal level, but also at the State, city, and county levels, tax reform is increasing the frustrations with the heavy budget on the Government.

In my opinion, we can and should reduce the bureaucracy in every department and agency of the Federal Government. This can be done without affecting the services received by the public and would produce a major budgetary saving.

The Press Publications, serving Dupage County, Ill., featured an editorial in its February 16 issue on tax reform.

The editorial follows:

FOR TAX REFORM

It is truly unfortunate that a majority of the organizations formed to oppose tax increases or to work for tax reform should become allied, directly or indirectly, with political organizations.

An association with either national political party, or any local group with political connections, tends to destroy immediately half or more of the potential membership.

Even worse, it tends to weaken the merit of any argument for tax reform on the assumption that political gain or loss is involved.

Events of the past 30 or 40 years should indicate to any reasonably intelligent human taxpayer that it matters little which political power is in office in Washington, Springfield or anywhere else. Taxes keep going upward.

There is only one way to prevent, postpone or deflect the constant inflationary spiral of taxes, and that is a return to private enterprise.

There is no better place to start that in your home town. There is no better time to start than now!

TRIBUTE TO "SWEET ILLUSIONS"

HON. ALPHONZO BELL

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 28, 1974

Mr. BELL. Mr. Speaker, this month the Joel Malter Co., of Los Angeles, Calif., is releasing the first copies of a new novel, entitled "Sweet Illusions," by a young California writer, S. L. Regberg.

The publication of "Sweet Illusions" is earmarked not only by the fact that Mr. Regberg is one of America's youngest novelists to be published in a hardbound edition, but that the work itself offers a vital insight to the ideals, illusions, and disillusions of American youth today.

The literary arts have traditionally been an immensely difficult world for young writers to penetrate, and the Malter Co.'s faith and confidence in a 20-year-old's observations warrant commendation. To be required reading for a course at the University of California at Los Angeles, the work will hopefully stand as a reminder to the decision-makers of major publishing houses that artistic and thematic contributions need not be limited by age or previous financial successes. Its publication and acceptance will hopefully also be encouragement to other young artists to continue in the medium of their choice—for themselves as well as for the rest of us who are the grateful recipients of their contributions.

The first draft of "Sweet Illusions," completed in 1970, was reviewed by a visiting professor at UCLA, Albert M. Schwartz. Dr. Schwartz wrote in part—

"Sweet Illusions" is one of those very rare little books that packs the imagination, insight, and intellect to be read over and over; and Regberg is perhaps the most promising new author.

The issue is classic: the forces of tradition and formality challenging the survival of the protagonist, Johnny Perewink. However, the solution is a refreshing—but unattainable—sense of "intuitive morality," morality without formality, and a rejection of schismatic political radicalism. Regberg is likely to inspire a little of the humanism in all of us.

It is for these reasons, Mr. Speaker, that I direct the attention of the U.S. Congress to the release of S. L. Regberg's novel, "Sweet Illusions." A tribute to the publishers, and an inspiration to all young American writers.

SIX ENERGY CZARS IN YEAR ADD TO FUEL CRISIS CONFUSION

HON. WILLIAM L. HUNGATE

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 28, 1974

Mr. HUNGATE. Mr. Speaker, a leading article in the Chicago Tribune of Monday, February 18 discusses the fuel crisis at considerable length and also refers to the role of one of our colleagues, Representative NEAL SMITH of Iowa in investigating the impending crisis and warning that it would occur. Congressman SMITH the able and energetic chairman of the Small Business Subcommittee began hearings and arguing action on this problem 4 years ago!

The article obviously represents a great deal of investigative reporting and provides good evidence of the need for the passage of a bill which is currently pending, H.R. 11793, which would set up a Federal Energy Administration to formulate and coordinate an energy policy within the Administration. So that all may have a copy of this article, I am inserting it in the CONGRESSIONAL RECORD. It is as follows:

SIX ENERGY CZARS IN YEAR ADD TO FUEL CRISIS CONFUSION

In 1973, the United States had more czars than Imperial Russia had in the 19th century.

Ours were energy czars and there were at least six of them last year. They were called czars because their official titles were unclear bureaucratic labels and the descriptions of their duties vague.

The Oil and Gas Journal tried to make sense of it all for its petroleum industry readers last August but found its goal elusive. The Journal explained:

"Actually, the National Energy Office, set up April 18 under Charles J. DiBona, was abolished June 29. The machinery has undergone such a dizzying succession of changes . . . the lawyers haven't quite caught up."

Adding to the confusion in Washington was a scarcity of definitive government data on the oil situation and so energy administrators—and others—leaned heavily on industry in making government energy decisions.

When the Arab oil embargo hit, then energy czar John Love had not had time to bring order to energy office affairs left by his four predecessors. As a consequence, the government's program to cope with the new crisis—go 50 miles an hour, turn down the heat, no-gas Sundays, etc.—was lifted almost intact from an industry report submitted in July by the National Petroleum Council.

But the federal planners balked at adopting the central recommendation of the industry report—immediate gasoline rationing. Failure to ration, the industry report warned, would result in great shortages and unemployment by this spring.

Obviously, the federal bureaucracy discounted that dire warning—except czar Love. He said the chief reason he quit his post was the White House's refusal to accept rationing.

As he left, Love glumly predicted consumer riots at the gasoline pumps this summer.

Altho the oil industry has been less than unanimous in assessing the energy crisis and its cures and causes, it has been as harmonious as a barbershop quartet compared to the cacophony from government agencies.

Rep. Neal Smith [D., Iowa] is one of the few men in the House who understands the origins of the current crisis. For the last five years, Smith has directed a subcommittee study of fuel shortages.

As a consequence, many of his peers consider him the House version of Sen. Henry Jackson [D., Wash.], the energy crisis expert in the Senate who has made sure that his expertise is widely known.

Smith found a simple fact in his study: "One thing became apparent soon in our hearings: We needed a national energy policy. It had to be coordinated."

What we have now, said Smith, approaches chaos for it grew as "little pieces stuck here and there all thru the administration."

"Within the Department of Interior alone, energy was all split up," Smith said. "Some handled oil and were very content. They had a very cozy relationship with the oil industry people. The Atomic Energy Commission handled nuclear power, the Federal Power Commission regulated natural gas.

"With these things stuck all thru the government, it was an ideal situation for the big energy companies. They could play off one agency against another, dealing with fourth-level people.

"If someone didn't go along, they could apply pressure from the top to put them in line."

Indeed, in the years of a federal energy policy void, a bureaucratic Newton's law apparently was at work: For each action by one government bureau, there was an equal and opposite reaction by another.

A few examples may establish the pattern:

In September, 1972, King Faisal of Saudi Arabia offered to provide the United States with long-term guarantees of needed oil supplies. He offered to invest his oil's dollar profits in building refineries and marketing outlets in the United States.

Federal energy planners liked the offer, seeing it as a hedge against growing shortages. But the State Department vetoed acceptance of Faisal's offer, saying the U.S. would work with Europe to solve fuel problems rather than negotiate alone, which still is U.S. policy. After that Faisal talked about a political oil embargo.

In early 1972, Canada sought to sell more oil in the United States. The approach was met with new federal restrictions against importing Canada's oil. Later, the restrictions were lifted in the face of shortages but unhappy Canadians had started cutting their oil exports to the U.S. in March, 1973.

For years, the Federal Trade Commission had probed possible oil industry violations of antimonopoly laws: It issued a report last July attacking major oil firms for controlling the market.

But, apparently, the Justice Department had given a number of major firms assurance they won't be prosecuted for violating antimonopoly laws in some of their dealings with one another in the Middle East.

In 1971, the Justice Department sent a letter to 15 oil companies advising them of the extent they could cooperate—in possible violation of the law—in negotiating oil prices with foreign governments. The Justice Department has refused to make the letter public to congressmen. Justice's position has been that release of the letter would hurt national security.

When the FTC issued its report critical of the oil majors' control of the market, the Treasury Department issued a point-by-point attack on the FTC report and called it unfair to the industry.

When serious fuel shortages started turning up last winter, the Office of Emergency Preparedness spent much of its energy arguing with the Cost of Living Council so oil firms could charge more for fuel oil.

A Cabinet task force advised President Nixon in 1970 that the Oil Import Quota System had cost consumers $5 billion in higher prices, that it wasn't working, and that it should be replaced. The President, noting the recommendation wasn't unanimous, declined to follow it.

Bickering about fuel problems within the federal bureaucracy has been matched by the debates pitting the executive branch against the Congress.

A favorite gambit of congressmen is to investigate the fuel problem. Committees in both the Senate and the House have studied and restudied fuel shortage problems on a regular basis since 1969. Early, in 1970, studies in both houses agreed that the major U.S. fuel policies were nonexistent, or contradictory, or unworkable.

The 1970 congressional reports called for a single federal authority to handle fuel problems, and urged adoption of a national energy policy, and elimination of such counterproductive programs as the Oil Import Quota System.

Altho it may be impressive that there were perceptive congressional suggestions four years ago, the lawmakers never enacted a legislative package to implement them.

That, suggests Rep. Smith, is probably because congressmen don't have much more foresight than bureaucrats.

"There's a natural lethargy in Congress, anyway," Smith said. "We tend to wait for a crisis to act. But when our committee made suggestions and then the administration said we were wrong, it meant the crisis had to go beyond normal proportions for us to act.

"It's only been in the last eight weeks that Congress has even started to look at the overall energy picture. The administration has, too, now."

In 1970, President Nixon gave Gen. George Lincoln, director of the Office of Emergency Planning, enough other titles—including chairman of the Oil Policy Committee—to make Lincoln the first of the energy czars.

Lincoln's office was in charge of America's major oil program, the Oil Import Quota System. It had been intended to keep less-expensive foreign oil from flooding the U.S. market and discouraging domestic oil production.

"Gen. Lincoln set up an advisory council of the major oil companies," Rep. Smith said. "For three years in a row, he took the majors' advice to keep our imports below demand. This put a little squeeze on the market—squeezing the independent companies, not the majors."

Altho Gen. Lincoln seemed to sense that the import quota program wasn't working, he never was able to modify it into a success. In 1971, he directed his advisers to study revising quota levels for 1972 to avoid fuel shortages.

They studied the matter right into late November, 1971—and concluded it was too late to make any big changes. So they advised raising 1972 quotas slightly, a suggestion first made by major oil firms.

Lincoln did so and directed his advisers to start studying 1973 quotas at once so drastic changes could be made for that year.

Thruout 1972, Gen. Lincoln tinkered with quota amounts, raising them and devising complicated formulas to sidestep them. He did this to satisfy U.S. oil refiners who said they couldn't buy enough crude oil to meet consumer demand. Gen. Lincoln repeatedly denied there was shortage, preferring to call the market "tight."

"At that time, of course, it was the independents who were out of fuel; the majors had enough," Rep. Smith said.

By the fall of 1972, Gen. Lincoln took to blaming fuel shortages on the weather rather than U.S. restrictions on oil imports. In October, 1972, he said that, "barring a cold snap in the next month, there might be what could be considered a normal inventory situation by the end of the first week in November."

In December, Lincoln said, "The recent abnormally cold weather underlines the need for a vigorous conservation program, led by industry and state and local government, as well as increases in refinery production of fuel oil."

But at about that same time, Lincoln told a top staff member to send a memo to the rest of the staff, saying in effect that Gen. Lincoln was tired of getting misinformation about fuel shortages from them.

The memo called a meeting at which the staff was expected to give honest answers to his questions.

"A response which simply reiterates information previously provided will not be satisfactory," the memo said. "We must tell him what he wants to know or explain why the information is not available.

"In this regard, everyone is urged to take a really hard look at the problem. . . ."

The Government finally scrapped the import restrictions last April, citing uncertainty as the reason the system hadn't worked to keep America's domestic oil industry as it was supposed to be.

Current energy czar William E. Simon said of the import restrictions when they were dropped that "probably the greatest shortcoming in this present program is its uncertainty. Industry cannot plan in an uncertain climate.

"Our import allocations were subject to annual realignment. We were making the 'guestimate.' In recent years, the program has been altered frequently, and now it is a patchwork of exceptions."

Most of those exceptions were granted by government officials at the request of oilmen. The more confused government handling of the quota system became, the more divided was industry's appraisal of it.

In September, 1972, an Oil and Gas Journal editorial said Gen. Lincoln's constant changes in the 1972 quota allowances "reflected the failure of present oil policy" and said that "the import program no longer has any meaningful standards or objectives."

The same day the editorial was published, an Exxon executive, Randall Myer, told Lincoln his handling of the import restrictions displayed a flexibility that should please oil executives.

Federal handling of fuel problems needn't have been so aimless over the years. Confusion in Washington had a model to follow in the certainty with which oil producing states, such as Texas, handle their oil problems.

Since the early 1930s, when abundance drove the price of crude oil down to 10 cents a barrel and some oilmen threatened to dynamite the free-flowing wells of East Texas, the state has regulated oil production.

A state agency, the Texas Railroad Commission, sets limits on the production of each well in the state in an effort to match supply and demand and to conserve reserves.

This has guaranteed a market for all the oil pumped in Texas and has established stable prices for Texas crude oil.

Before 1971, when U.S. oil wells still had the capacity to outproduce U.S. fuel requirements, the three-member Texas commission and a sister commission in Louisiana successfully kept production at the level of market demand.

State officials could succeed where Gen. Lincoln and the federal government couldn't for two reasons: They had a specific policy goal and a well-trained agency to carry out the policy.

Oil producing nations thruout the world have sent representatives to Texas to study how the commission keeps track of Texas oil production. In 1955, a commission employe went to Saudi Arabia to become an official government adviser on oil production.

Unlike the federal government, the railroad commission doesn't rely upon cooperation and suggestions from oilmen to operate.

The first strict controls of oil production in the East Texas fields had to be established under martial law, with the militia on hand to enforce them.

These days, there's no need for the militia.

"We get good cooperation from the companies," says Jim Bouldin, the commission's production director. "If we don't get cooperation from someone, it just takes a phone call to shut him down."

THE REAL PROBLEM WITH DAYLIGHT SAVING TIME

HON. GUNN McKAY

OF UTAH

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 28, 1974

Mr. McKAY. Mr. Speaker, it remains to be seen whether year-round daylight savings time will actually save any energy. One thing already is clear, however; this is not a popular proposal. Farmers complain that their feeding schedules are ruined, parents worry about their children going off to school in the morning darkness, and the energy conserved is questionable.

There is a more basic objection to daylight savings, Mr. Speaker, and it has been articulated by a scientist from my district, Dr. Don Murphy. His arguments and an enlightening commentary were printed in an editorial in the February 24 Ogden Standard Examiner, written by Murray Moler. I recommend it to my colleagues.

WASATCH FRONT CLOCKS ARE ACTUALLY SET AHEAD HOUR AND HALF FOR "DAYLIGHT" TIME

The soundest argument we've seen yet against year-round daylight "saving" time for the Wasatch Front is that advanced by a Weber State College scientist.

Dr. Don R. Murphy of the Department of Geology and Geography at WSC points out that under true sun time, the clocks in our part of Utah are actually set ahead an hour and a half in the current campaign to save energy.

Dr. Murphy, speaking as an individual rather than as a WSC faculty member, explains that an understanding of both sun time and standard time is essential to any well-based discussion of this controversial topic.

Sun time is calculated by what he terms the "true-time" position of the sun.

"If a clock in Ogden were set to sun time," he adds, "it would read 12 o'clock noon at the instant when the sun was at it highest position in the sky."

At that same moment a sun time clock in Tooele would read approximately 11:58 a.m. and a sun time clock in Heber City would indicate about 12:02 p.m.

Such a time-keeping system was adequate in olden times when transportation was slow and plodding and long-range communications didn't exist.

Even when the Golden Spike was driven at Utah's Promontory Summit on May 10, 1869, joining the nation's first trans-continental rails, there was confusion.

Watches in the pockets of Central Pacific and Union Pacific railroaders at Promontory showed local time. But this had little in common—differing by minutes, as well as hours—with those on other sections of the line.

Eventually, the railroads and telegraph forced adoption of a standard system of telling time, in our country and around the world.

An international conference divided the 360 degree circumference of the globe into 24 time zones. The base station was at Greenwich, a suburb of London, England.

Each time zone then established averages about 15 degrees of longitude. Boundaries of the belts, as the Ogden scientist points out, often are situated in respect to local convenience, such as state or national boundaries.

"Each of these 15 degree wide time belts is astride a multiple of 15 degrees of longitude," Dr. Murphy writes. "This means that the mountain time belt, which is astride 105 degrees of longitude—the exact position of Denver—extends from approximately 97 degrees 30 minutes west longitude in western Kansas, Nebraska and South Dakota to 112 degrees 30 minutes a few miles west of Tooele, Utah."

By this reckoning, about 30 per cent of Utah—its western third—is actually within the Pacific Time zone.

However, business and schools in western Utah—to avoid confusion—observe Mountain Time, although SP trains operating west of Ogden use Pacific Time as soon as they head out over Great Salt Lake.

"In effect, therefore, the Mountain Time belt extends from the flat plains of western Kansas, Nebraska and South Dakota to far western Utah," Dr. Murphy adds, "with the Wasatch Front being located in the extreme portion of this zone."

He cautions that the purpose of his discussion is not to suggest that the Wasatch Front belongs within the Pacific Time zone.

Instead, he primarily wants to point out the "disadvantages of our position within the Mountain Time zone."

"When it is noon," he explains, "by sun time in Denver—at 105 degrees west longitude—the clocks in Denver will read 12 o'clock noon. At that same instant, clocks in Ogden will also read 12 o'clock, but by the sun it is only about 11:30 a.m.

"However, at the same instance in Ainsworth, Neb., the clock will also read 12, but by the sun it is almost 12:30 p.m."

When daylight saving time is superimposed upon our standard time, some very dramatic differences are experienced.

A school child in Roy who presently must be at school at 9 a.m., must leave home at 8:30 a.m. when it may be still dark. Darkness prevails then because, by the sun it is actually only 7 a.m. and—on the short days of winter—the sun's not yet over the mountains.

On the eastern side of the Mountain Time zone, a child leaving home at 8:30 a.m. need not face darkness because by the sun it is already 8 a.m.

We agree with Dr. Murphy that the adaptation of daylight savings time this winter has caused some inconvenience in Utah. It may not have imperiled western Nebraska children; however, darkness hits them an hour earlier than it would on standard time.

Dr. Murphy feels it's too late in 1974 to go back to standard time—the sun's coming up fairly early now that it's late in February.

"However," he urges, "elected representatives from Utah should keep in mind our unique geographic location on the far western edge of the Mountain Time belt and attempt to return Utah to standard time on the fourth Sunday of October 1974. This would spare us a repetition of the needless inconveniences and dangers we are experiencing during the present winter."

Well said. We're asking members of the Utah congressional delegation to note this well-founded argument.

PROPOSED CHANGE IN MINING REGULATIONS WILL BE REVIEWED

HON. HAROLD T. JOHNSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 28, 1974

Mr. JOHNSON of California. Mr. Speaker, I rise today to commend our colleague, the gentleman from Montana, the Honorable JOHN MELCHER, for scheduling hearings next Thursday and Friday, March 7 and 8, on the new mining regulations proposed by the U.S. Forest Service.

I had expressed deep concern over these regulations because I felt that the Forest Service through Executive action was trying to change one of the most basic laws of this Nation; namely, the mining laws as set forth in the act of May 10, 1872. My concern probably best can be expressed by the language of the official comments which I filed with the Forest Service of the Department of Agriculture immediately upon my return to the Nation's Capital for the opening of the 2d session of the 93d Congress on January 21, 1974. Mr. Speaker, I insert this letter in the RECORD at this point:

JANUARY 21, 1974.

Mr. JOHN R. MCGUIRE,
Chief, Forest Service, Department of Agriculture, Washington, D.C.

DEAR MR. MCGUIRE: One of the first things I want to do upon my return to Washington today is to express my strong opposition to the proposed regulations relative to mining operations on National Forest lands. My objections to these regulations published in the *Federal Register* of December 19, 1973 are both specific and general in nature.

Specifically I take exception to the $2,000 minimum bond required for mining operations. Noting that the $2,000 figure is a minimum and that the actual amount of the bond required would depend upon the whims of the local ranger, I would comment that in most instances your major mining operations could afford such a bond, however, the small operator, and this nation's mining industry has always depended on the individual to do much of its prospecting, could not. Even the minimum bond would be oppressive.

Secondly, I would emphasize that the mining laws of 1872 specifically do not provide for fees for mineral exploration and development and the posting of such a bond in fact would create a fee structure which is not provided for in the law.

Thirdly, the language of the proposed regulations is too loose and subject to too much interpretation in the field. You, as Chief of the Forest Service, would have little control over how these interpretations were made and administered since the regulations deny the individual miner the right of appeal beyond the regional forester. While I can understand the need for the delegation of authority, I do not believe you can delegate away the individual's right to full appeal procedures nor his right to full judicial review. As I interpret these proposed regulations this is just what would result if they were placed in force.

I would like to say that even if these specific complaints were corrected I would have to oppose the regulations. This is because I believe they reflect a general philosophy of discrimination against the mining industry, and specifically the small operator.

We are hearing much about our energy crisis. The President has set as a goal for this nation self sufficiency in our petroleum products. This is because if our import pattern were not changed we would soon be dependent upon foreign sources for more than half our crude oil supplies.

This nation faces much the same situation in its minerals industry. We do not mine anywhere near the gold that we need for our domestic non-monetary uses. We are dependent upon foreign sources for such diverse mineral products as antimony, bauxite, bryllium, chromite, and the list goes on and on. A crisis of similar or greater proportions to that we face today in energy could well develop if our mineral supplies were cut off, therefore, I believe very strongly that this is a time in which to encourage the mining industry rather than to hamstring it.

And finally, I emphasize that these proposed regulations, as I see them, would, in effect, amend the mining laws of 1872. Under our system of government it is not legally possible to amend laws by administrative decree. If you desire to amend the mining laws of 1872 it is essential that this be attempted through the regular legislative process including the full hearings and consideration by the appropriate committees of Congress and votes by all the members of the U.S. House of Representatives and the U.S. Senate.

With these thoughts in mind I would strongly urge you to abandon the proposed regulations and instead draft a program which would encourage our mining industry.

Sincerely yours,

HAROLD T. (BIZZ) JOHNSON,
Member of Congress.

I would emphasize once again that this Nation is facing an energy crisis.

Just yesterday the House of Representatives approved by a substantial margin the Energy Emergency Act and sent it to the White House for what I hope will be approval. The goal of the Congress and the goal of the executive branch of Government as is frequently stated by the President, is self-sufficiency for the Nation as far as energy resources are concerned.

The energy crisis is, of course, serious, but I believe that a potential crisis of equal or even greater proportions exists in our dependence upon minerals much of which now are obtained only through imports. This Nation must develop a greater measure of self-sufficiency and this cannot be accomplished by placing innumerable and often insurmountable roadblocks in front of our prospectors.

I anticipate a full review of our mining problems, our mineral supply and the lack of self-sufficiency in this area and an evaluation of the impact of the proposed regulations will be forthcoming as a result of the hearings scheduled March 7 and 8 by my good friend, chairman of the Public Lands Subcommittee on the House Committee on Interior and Insular Affairs and the members of that fine subcommittee.

JUNTA SET CHILE ON ROAD TO RECOVERY

HON. ROBERT J. HUBER

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 28, 1974

Mr. HUBER. Mr. Speaker, there has been a great deal of misinformation, in my view, circulated about recent events in Chile. Whatever one thought of Allende's politics, I do not think anyone would characterize him as an outstanding economist. Prior to his downfall, nearly everyone was agreed that Chile was rushing headlong into bankruptcy. Recently Barron's, in their January 14, 1974, issue, made a very convincing case that Chile has turned around and may now be headed back on the road to economic health. I commend the article, which follows, to the attention of my colleagues:

[From Barron's, Jan. 14, 1974]

THE JUNTA HAS SET CHILE ON THE ROAD TO RECOVERY

(By Robert M. Bleiberg)

News from Chile, which last fall commanded screaming headlines on front pages all over the world, these days is more likely to be found—if at all—well inside the paper. Thus on December 28, an alert reader of The Wall Street Journal might have learned, from a box on page 10, that Chile had just "bundled off $19.5 million, mostly in small bills, aboard a commercial airliner to Miami, Fla., to pay the first installment of a U.S. debt." According to General Eduardo Cano, president of Chile's central bank, his fellow citizens for the first time in living memory have been willing, nay eager, to turn in their hoarded dollars for the national currency; it apparently took the U.S. tellers nearly a week to count the pile. Again on January 7, the Journal carried the brief word that the Chilean government had returned to Dow Chemical Co. two polystyrene plants seized by its ousted Markist predecessor. Dow reportedly described both plants as operational; however, "considerable replacements of new equipment, a large supply of spare parts and extensive repairs and maintenance" are needed to put them in "top operating condition."

Much the same may be said of the whole country. When the military deposed Salvador Allende Gossens (who promptly committed suicide), it willy-nilly became a receiver in bankruptcy, economic and political alike. According to the Journal's Everett G. Martin, whose eye-witness account showed a balance sadly lacking elsewhere, inflation at the time of takeover was running at an annual rate of more than 300%, far and away the worst in the world. The Treasury was going broke—the new rulers reportedly found $3.5 million in the central bank vaults, enough to finance shipments from abroad for twenty-four hours. Three years of Marxist management, added Mr. Martin, "have left industry desperately in need of imported raw materials . . . farm production is down to what it was in 1936, when Chile had only half its present 11 million population to feed."

Thanks largely to the excesses of its Marxist regime, moreover, Chile had been polarized. In protest against Allende's totalitarian policies, crippling strikes had erupted, not only among self-employed truck drivers threatened with nationalization ("the discreet charm," sneered American academics, "of the bourgeoisie"), but also among the proletariat in Chuquicamata and other nationalized copper mines. Santiago had chosen to ignore—indeed, to encourage—the seizure by radical elements of factories and farms. The head of state was busily building up caches of arms and training extra-legal military forces; as The Economist of London (which also distinguished itself in its coverage) somberly observed, "his defenders will argue that these were purely measures of self-protection, but the fact remains that Dr. Allende had created a private army that had no precedent in Chilean political tradition." According to The Economist, he also sought to foment unrest, if not mutiny, in the Chilean Navy, and once warned of a civil war that would claim a million lives.

In the event, the clash that he did so much to trigger claimed fewer than five thousand, a tragedy for those involved but a loss of life relatively modest either by 20th Century revolutionary standards or by the dimensions of the bloodbath which Allende's comrades, to judge by proscription lists which have come to light, were evidently getting ready to unleash. Since then, despite persistent clamor from critics abroad, notably Newsweek magazine, the military junta has continued to act with restraint; summary executions have come to a halt, and those accused of high crimes and misdemeanors will have their day in court.

On the economic front, meanwhile, there's progress to report up and down the line. As the case of Dow Chemical indicates, much of the property illegally seized from Chileans and foreign nationals alike has been returned; tentative overtures, aimed at reaching agreement with Anaconda, Cerro and Kennecott on compensation, are afoot. The new Chilean government has assumed full responsibility for Santiago's staggering foreign debt, and, as the episode of the small bills cited above suggests, has taken the first steps toward restoring its international credit.

Perhaps most significant for the country's future, it has moved to slow down inflation and restore personal incentive, measures which, in short order, have shown up in increased production, notably of copper. Nobody—Barrons' least of all—likes military rule, a fact of life which the generals would do well to remember. But unfortunately (as has just been demonstrated) there are worse ways to live.

Surely, Chileans seem to think so—opposition to the coup was surprisingly light, and, despite the lurking presence of a heavily armed Red underground, overt resistance has all but vanished. For good reason. Under Allende's doctrinaire Marxism, life in Chile had become a nightmare. In a naked effort to ruin the middle class, Santiago had loosed virulent inflation: "In April," so a middle-management executive told Everett Martin, just before Allende was toppled, "my salary covered our living expenses for 20 days. In June, we were out out money after only eight days. We have to live off our savings as long as they last, but at this rate, we won't get to the end of the year." Burdened by price ceilings and uncertain tenure—government payrolls bulged with militants who organized and incited the seizure of land, livestock and other private property—farm production plunged and imports of food reached staggering heights. Reserves of foreign exchange dwindled, shortages proliferated, strikes broke out. And as things went from bad to worse, Allende's followers, it's now known, plotted the liquidation of their political foes.

To Chile's good fortune (not to mention that of the Western Hemisphere, which has narrowly escaped the emergence of another Cuba), the latter struck first. Now the junta—with surprising initial success—is briskly trying to set things to rights. Thanks in part to new wage incentives, longshoremen, once notorious for absenteeism, have returned to their jobs on the docks; major U.S. shipping lines, notably Prudential-Grace, have resumed full service to the principal ports. Though over-all statistics on production and trade are lacking, key industries are unmistakably reviving.

On this score, the greatest success has come in copper, source of 80% of the nation's foreign exchange, where miners, traditionally militant and prone to walk off their jobs, have gone back to work with a will. Under Allende, the Corporacion del Cobre (Codelco), which operates the former U.S. mining properties, was run—to quote its new executive vice president, who once worked for Anaconda—"as a social institution and not as a company organized to produce copper," The new broom has made a clean sweep. Since September, the home office staff has been slashed from 900 to 600 largely through dismissals of political appointees. "There is not a single politician left. We are all technical men." Qualified personnel have returned, and production is on the rise. In the first nine months of 1973, output limped along at 45,000 tons per month, nearly 7% below the previous year's level. Contrarywise, in October, first full month under new management, it jumped to over 60,000 tons, a figure exceeded in November-December. This year Codelco is shooting for 740,000 tons, which would exceed the 1973 total by nearly one-fourth and set a new high.

Thanks to the beginnings of economic recovery at home, the junta has been able to make a start at restoring its credit abroad. A sharp decline in the rate of inflation, and the promise of further efforts to stabilize prices, have revived a semblance of confidence in the currency—by some estimates, nearly $50 million in U.S. dollars were turned in for escudos. Santiago has promised to repay its huge foreign debt—$3.5 billion, roughly two fifths of GNP, and the U.S. equivalent of, say $400 billion. With its first installment of $16 million it has offered an earnest of good faith (fresh assurances doubtless will be given the Paris Club of Chilean creditors, scheduled to meet next month). Chile even has publicly stated its intention of carrying on negotiations "aimed at providing just compensation" for nationalized U.S. interests.

All of which strikes us as encouraging. In mid-October. The Economist wrote as follows: "It is necessary for Chile's military rulers to show more respect for personal liberties and freedom of expression, and to make a greater effort to involve civilian leaders in the political system they have set up. After less than a month in power, they have made some serious mistakes, but at this stage none of them is irreversible. They must be allowed time to feel their way and to tackle the enormous problems bequeathed by the Allende regime. And over this difficult transitional period they deserve a bit more of the benefit of the doubt than the Western press in general has been prepared to allow them." Newsweek et al., please copy.

AGENTS FOR OIL COMPANIES

HON. EDWARD MEZVINSKY

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 28, 1974

Mr. MEZVINSKY. Mr. Speaker, a number of my constituents who are local agents for one of the major oil companies have advised me of a matter which must be brought to the attention of the public.

These oil agents work on a commission basis; they receive no other salary or compensation. The recent rise in oil prices has, of course, been reflected in their commissions. In late December, they received a letter from their employer informing them that, effective January 1, 1974, their maximum commissions will be based on established prices in effect on September 1, 1973. The explanation offered was that increases in agents' commissions cannot be passed along to the consumer and the company cannot afford a reduced margin of profit.

The oil company decision will have drastic effects on agents throughout the Nation, forcing many of them out of business. The agents' costs are rising rapidly and, because of the shortage of fuel, his overall volume is decreasing. The company is thus asking the agent to absorb a cut in his income at the same time the company itself is reaping enormous profits.

I believe that this situation, in effect, squeezes the small businessman and consumer. I have asked the Federal Energy Office to investigate this matter and I believe that once current congressional hearings on the structure of the oil industry make the necessary data available, legislation must be drawn up to prevent such inequities in the future.

COMMUNITY PUBLIC HEARINGS ON PUBLIC EDUCATION IN THE DISTRICT OF COLUMBIA

HON. CHARLES C. DIGGS, JR.

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 28, 1974

Mr. DIGGS. Mr. Speaker, during the hearings and markup sessions on District of Columbia home rule during the past year, the House Committee on the District of Columbia agreed to consider separate legislation on public education in the District as soon as the home rule bill was out of the way.

On January 25, 1974, I mailed to city officials, community leaders, parent groups and interested citizens copies of a rough draft proposal developed by the staff of the House Committee on the District of Columbia to reorganize public education in the District. The rough draft, which has not been introduced in Congress, was developed after extensive contacts with elected and appointed city officials and residents of the District of Columbia.

In an effort to assure a thorough community airing of the draft legislation before the committee took any action, I sent letters to the heads of the several agencies affected—the Board of Education, the Board of Higher Education, and the Board of Vocational Education—asking whether they would be willing to hold joint hearings on the matter or participate in hearings conducted by the City Council, which will have legislative jurisdiction over all public education if the charter provision of the District of Columbia Self-Government and Governmental Reorganization Act is approved in the May 7 referendum.

I received responses from the president of the Board of Higher Education, Ms. Flaxie Pinkett, and the Board of Vocational Education, Dr. Samuel M. Nabrit, indicating a willingness to cosponsor community hearings on the rough draft proposal.

HEARINGS SET MARCH 23 AND MARCH 30

As a result, the City Council's Education Committee, the Board of Higher Education, and the Board of Vocational Education have scheduled hearings on March 23 and March 30 in the City Council chambers.

I am disappointed that the Board of Education voted 6 to 5 not to cosponsor this hearing, but I trust that individual Board members and administrative and educational personnel of the school system will contribute their thoughts on the future of education in the District during those public hearings.

VITAL QUESTIONS WHICH MUST BE RESOLVED

Among the questions which need to be discussed if Congress is to act effectively to foster public education and training programs in the District are the following:

First. How should policy be coordinated between these segments of public education to insure a continuing process of education rather than being fragmented in unrelated parts?

Second. How should faculty and academic personnel pay and retirement systems be shaped when the Mayor and Council adopt a unified personnel system for the District?

Third. Can the construction budget for public educational facilities be jointly planned?

Fourth. Should not the elected school board and institutions of higher education be given more authority over contracting for services and over the design and repair of buildings?

Fifth. Should not the Board of Education and other agencies have greater reprograming authority over appropriated funds?

Sixth. Should education agencies be excepted from the broad powers of the Mayor and Council to reorganize or abolish all agencies under the Home Rule Act?

Seventh. How can the Mayor and City Council be involved in the early phases of shaping educational policy so that the legislative power of the Council and the budget and administrative role of the Mayor will contribute to a strengthened educational system?

Mr. Speaker, it is my hope that every parent, student, resident and citizen of this community will look to these hearings as an opportunity to raise the level of discussion regarding public education in the Nation's Capital.

HEW SHOULD RECONSIDER CLOSING MENTAL HEALTH STUDY CENTER

HON. RONALD V. DELLUMS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 28, 1974

Mr. DELLUMS. Mr. Speaker, it has come to my attention that as part of a cutback move in the National Institute of Mental Health of the Department of Health, Education, and Welfare, there are plans to close down its community mental health laboratory, the Mental Health Study Center. The MHSC, located in Adelphi, Md., has a 25-year history of useful and important research in the field of community mental health and has been particularly effective in regard to children's mental health. It has pioneered in research in the development of community mental health services such as after-care to former mental patients, consultation and education, in the use of family and group treatment, in the early identification of school dropouts, on juvenile delinquency, runaways, child abuse, and in the area of deinstitutionalization of mental health and child care facilities. In the course of its research, the Mental Health Study Center has also provided direct services and has helped develop better services to residents of the Prince George's County area. This has managed to put NLMH in a favorable light in the eyes of local citizenry who are active in its support.

I think it would be a deplorable mistake to close down this excellent mental health research laboratory, and I believe that the loss of productivity in the area of mental health and usefulness to local delivery of high-quality care cannot be calculated. I strongly suggest that HEW give this matter immediate attention in order that the MHSC can continue as an intact community mental health research laboratory.

WELFARE RIGHTS ORGANIZATION POSITION ON INCOME MAINTENANCE POLICIES

HON. RONALD V. DELLUMS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 28, 1974

Mr. DELLUMS. Mr. Speaker, for nearly 10 years, the National Welfare Rights Organization has been advocating for a guaranteed annual income which would include every individual in our society. I strongly support NWRO's stand.

I feel that it is the responsibility of the Government to distribute more equitably the burden of supporting the country and to supplement incomes of those who are not able to get adequate remuneration for their labor or who are unable to work outside the home.

Individuals currently on welfare rolls and unable to find or take a job outside of the home have a right to expect an adequate income to maintain themselves and their dependents. Such individuals have too little income to purchase minimum goods and services most people in our society regard essential. I strongly believe that Congress should take action to raise incomes of those persons at the bottom of income distribution, bringing them up to at least some minimum level.

Prevailing notions of what constitutes an acceptable standard of living changes from time to time, but this does not make it impossible to eliminate poverty. Poverty results from many factors: Low paying jobs, low labor force participation, ill health, old age, lack of education, lack of marketable skills, and discrimination.

Yet, it is clear that real needs of deprived people are ignored by our Government. So it is time for people in need to demand what is rightly theirs. In the richest nation on Earth I find it is unconscionable that more than 15 million people are forced to live at substandard levels while the Government shells out billions of dollars in welfare programs for the rich through tax advantages and outright handouts to industry.

The National Welfare Rights Organization has provided us with a very informative report concerning a guaranteed annual income. According to the report:

In 1969, the NWRO adequate income plan called for $5,500 as an adequate annual income for a family of four. In 1971, the plan was revised upwards to $6,500 for a family of four and again in 1974 the plan has been revised to $7,500 to reflect rises in the cost of living.

The amounts $5,500, $6,500, and $7,500 were not arbitrarily choosen by NWRO, but were taken from the Bureau of Labor Statistics' own calculations of what it costs to purchase goods and services to maintain an established urban family of four. Below is a breakdown of the $7,500 budget:

	Monthly	*Yearly*
Food at home	$245	$2,936
Food away from home	40	475
Rent	105	1,265
Household furnishings and operations	30	361
Apparel and upkeep	57	679
Personal care	17	205
Medical care	54	650
Local transit fares	45	543
Reading and recreation	32	386
Total		7,500

The $7,500 appeal will be directed toward all poor people. The plan includes the working poor, welfare recipients, and those persons whose income approach an adequate standard for support, but who are forced to bear an inequitable tax burden for the support of the governing machine.

My reason for supporting the NWRO adequate income plan is that if offers a more equitable tax structure for the poor. In 1967, 76 percent of taxable income was subject to the 14 to 19% rates in the first six tax brackets and only 3 percent was taxed at rates of 50 percent or more. That means that 76 per cent of taxable income came from people with taxable income between $2,000 and $8,000 per year. Three percent came from those with a taxable income of $22,000 or more.

While the Federal income tax is considered one of the most "progressive" taxes, the poor are subjected to regressive taxes such as the social security payroll tax, sales tax, and property tax. The plan proposed by NWRO would exempt families and individuals from paying any tax until their income was deemed adequate by NWRO standards. Taxes would be low for a family or individual whose earnings exceed an adequate income level until earnings are well in excess of what is required to maintain an adequate standard of living.

Mr. Speaker, I feel that if government can change its priorities, it would be able to afford to care for all people. In 1974, billions of dollars will be spent by the Department of Defense for bomber airplanes, and only a small fraction of the budget has been allocated for the poor.

It is for this reason that I urge my colleagues to strongly support legislation to provide our deprived poor with a guaranteed adequate income.

"CASE FOR A FEDERAL OIL AND GAS CORPORATION" NO. 2

HON. MICHAEL HARRINGTON

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 28, 1974

Mr. HARRINGTON. Mr. Speaker, since the beginning of the Arab oil embargo and the energy crisis, the administration has outlined various policies by which a goal to become domestically self-sufficient in energy, may be attained by 1980. As a means of reaching this objective, intense pressure has arisen to step up oil and gas exploration and production on the Outer Continental Shelf.

As I have mentioned previously, U.S. Geological Survey estimates that the Outer Continental Shelf has a petroleum recovery potential of two to three times the amount of oil the industry has produced in its entire history. The increased emphasis on offshore drilling is illustrated by Department of the Interior figures indicating that 1 million acres of Federal offshore land was leased in 1973, that leasing is expected to increase fivefold by 1975, and tenfold soon therafter.

To discuss one typical issue close to my own State, pressure to undertake exploration and production of petroleum from the Georges Bank portion of the Atlantic OCS—directly off the coast of Massachusetts—may build rapidly as New Englanders confront a growing deficit in energy supply.

It is imperative, if offshore drilling does increase on the Georges Bank, that we continue to protect the environment from potential oil spills by insuring adherence to stringent environmental standards.

I am concerned with two distinct areas here: the regional factors which must be fully explored before any study of offshore oil development in New England can be called complete, and the national policy issues which must be resolved before one can say that offshore oil development in New England is, in fact, necessary.

I cannot tell you what the effect of oil spills on marine life will be, or what the likelihood of such spills are. But I can offer some disturbing information on what Massachusetts already confronts in this area. According to the U.S. Coast Guard, which has recently begun to keep track of oil spillages, Massachusetts waters were subject to 129 oil spills involving about 70,000 gallons in 1971. In 1972, the count rose to 147 spills involving 97,000 gallons. Along the Atlantic coast as a whole, 2,400 spills involving 12,690,000 gallons were recorded last year.

These spills resulted from vessels moving through coastal waters and have nothing to do with offshore development of undersea resources. When and if such development occurs, we can, no doubt, expect the rate of spillage in Massachusetts to increase dramatically.

I have submitted legislation which proposes to set up a Federal Oil and Gas Corporation, which provides—

> That no facility may be constructed or operated unless such facility meets and complies with all of the requirements of any Federal statute relating to environmental quality, or any regulation issued under such statute. As herein, "environmental quality" means those aspects of life and those objectives which are delineated in—the National Environmental Policy Act of 1969—and which it is the purpose of such Act to protect.

This federaly owned Corporation would not be set up to make huge profits, but to serve the needs of the American public. Hence, it would have an increased responsibility, compared to privately owned corporations, to protect the environment while engaged in production.

The major factors contributing to oil and gas blowouts in offshore rigging has been identified by the industry to be primarily problems of ill-trained personnel and/or inadequate procedures, rather than the lack of adequate technology. The Federal Oil and Gas Corporation would have to be more conscious than the private petroleum producers of the need to perfect personnel training and improve procedures.

I wish to close by stressing that the Federal Oil and Gas Corporation would be set up to serve the energy and environmental requirements of the public by "providing competition in the energy industry and, through research and development, assuring adequate supplies of these fuels without harm to the environment." The Corporation's mandate to provide adequate energy while preserving environmental standards will make it a leader in creating the reconciliation of energy and environmental values this Nation and this planet requires, if they are to survive.

HOUSE AND SENATE MEMBERS SHOULD GET IN LINE TO BUY GASOLINE

HON. MARVIN L. ESCH

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 28, 1974

Mr. ESCH. Mr. Speaker, I rise today on a point of personal privilege that should be of concern to all Members of this body. There are many politicians who have attempted to use the current fuel shortages for personal political aggrandizement. It is also popular among some to find a "whipping boy" in order that they might stand apart from the rest as the ultimate "Mr. Clean." During the past 24 hours, a news release attributed to the Senator from Wisconsin (Mr. PROXMIRE), suggested that it is important that Members of the House and Senate should be "required to get in line to buy gasoline" in order to experience first-hand the problems of our citizenry. I take this opportunity to point out this statement to the Members of the House and to personally present my strong objections to that which is insinuated. Both myself and my family have personally been in the long lines during the past several weeks in the Washington area. We have formed car pools and worked out other arrangements in order to conserve our fuel supply. We have accepted this without publicity as our personal responsibility. I know that most Members of this body have had similar experiences. Perhaps the Members of the other body have special privileges and have special sources of gasoline. I know of none that exist for Members of the House. If the Senator has such information, hė should be forthcoming with it. If not, I should think that he owes a personal apology to his colleagues in Congress.

SALT IN THE SUGAR ACT

HON. PAUL FINDLEY

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 28, 1974

Mr. FINDLEY. Mr. Speaker, Tuesday's Journal of Commerce carried the following editorial on the Sugar Act. The Journal's logical and factually based arguments deserve the attention of everyone who is interested in easing the burden of the American consumer and in ridding the Sugar Act of two unnecessary and unjustified features. The editorial follows:

> SALT IN THE SUGAR ACT
>
> It now appears almost certain that Congress will once again extend the Sugar Act, which is slated to expire this year. For some months it looked as though it might not; it looked, in fact, as though it might consider seriously a proposal from the Department of Agriculture that the quota system established in 1934 be dropped and a free market system put in its place.
>
> Sharply rising sugar prices throughout the world, combined with consumer resistance to higher food prices in this country gave some impetus to the USDA plan, but the White House never endorsed it officially and without that support, the department has backed away from it.
>
> Since domestic sugar producers want the quota system kept intact, as well as many foreign producers who benefit from it, sugar does not yet appear in for the treatment Congress approved last year for wheat, feed grains and cotton. There is simply not enough steam behind the drive for a change and not enough determination among its supporters to get it into motion. Nor is there likely to be for as long as U.S. sugar prices remain in the unique position of being lower than those quoted abroad.
>
> They were in that position for nine of the 12 months of 1973, when the New York domestic spot price for raw cane sugar averaged 10.29 cents per pound. During that same period the world market price averaged 9.61 cents.
>
> But of late the U.S. spot price has been getting out of hand. The average from Jan. 1 to Feb. 19 was 13.64 cents, according to the Lamborn Report. Last week it shot up to 18 cents, thus shattering the so-called "3 per cent corridor" prescribed by USDA as a means of controlling excessive fluctuations.
>
> This upsurge was accompanied by scenes in various commodity markets that in normal times would be described as wild. It was also accompanied by unusual deals in the world markets, such as Brazil's agreement to barter 210,000 tons of raw sugar to Japan in exchange for Saudi Arabian crude oil, a deal cited in our Commodity Ring last Thursday.
>
> Washington cannot, of course, be blamed for a market situation that is worldwide in scope. In sugar, demand is outrunning supply. But we do question why the government should continue to subsidize domestic sugar production in a market gone as wild as this.
>
> The extent to which it does so is not particularly large; it amounts to about $90 million a year. But the extent to which the government forces up domestic prices is. First there is the tariff of 62.5 cents per hundred pounds, raw value, on all foreign sugar entering the country. (The Philippines currently enjoy a lower rate, but only to July 1.)
>
> Then there is the excise tax of 53 cents which, when added to the tariff, means that .15 cents plus is added to the price of every 100 pounds of foreign sugar entering the market. The excise tax is regarded as an offset to the subsidy, but actually it is more than an offset to the extent that it produces about $20 million per year more than the farmers get in subsidies.
>
> In dollar terms the tribute is normally considered bearable, but it strikes us as odd that it should still be collected by a government that claims it is doing all in its power to keep domestic prices down. It is not, of course, only in terms of sugar policy that Washington seems to be going in two directions simultaneously, but such policies do tend to strain public credulity.
>
> One effect of the upward thrust under sugar prices has been to give corn products a favorable position vis-a-vis sugar. This, in turn, has prompted proposals that corn products be brought under the Sugar Act. If this should happen, one can only speculate on what further ways of escalating food prices might be proposed.
>
> But if it is one thing to agree, as we do, that the Sugar Act will probably be around for some years yet, it is quite another to accept the excise tax and the subsidy payments as permanent fixtures of the American economic landscape. There is no longer the faintest justification for either. We agree with Illinois' Congressman Paul Findley that both should go.

ESTABLISH A PRESIDENTIAL PANEL ON BIOMEDICAL RESEARCH

HON. PAUL G. ROGERS

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 28, 1974

Mr. ROGERS. Mr. Speaker, today I introduced H.R. 13175, a bill which would establish a Presidential panel on biomedical research policy. This panel would advise the President with respect to programs and policies within the National Institutes of Health.

This bill is being introduced not to indicate my full support of its provisions, but to provoke public comment on the necessity for proper program balance within NIH. In the past the Congress has targeted areas of concern to the American people to be supported within NIH. Recent examples are special efforts with respect to cancer and heart disease. I believe that Congress has this responsibility and fully support this targeted approach. However, a glance at the budget for the past few fiscal years indicates that, contrary to the intent of Congress, the OMB has required the NIH simply to rob Peter to pay Paul. For example, this year the Cancer and Heart Institutes have received substantial increases in their proposed authorizations in the President's budget, but all other Institutes received only a $1 million boost in the aggregate—a drop in their purchasing power, when inflation is taken into consideration. This drop is absolutely contrary to our intent when we wrote the heart and cancer bills. For this reason, I believe that public comment on the approach proposed in H.R. 13175 will be in the national interest.

MY RESPONSIBILITY AS A CITIZEN

HON. JAMES R. MANN

OF SOUTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 28, 1974

Mr. MANN. Mr. Speaker, each year the Veterans of Foreign Wars of the United States and its Ladies Auxiliary conducts a Voice of Democracy contest for young men and women. The winner this year from South Carolina is an outstanding student at Bob Jones Academy in Greenville. His name is Steven Duane Froehlich, son of Mr. and Mrs. Harry J. Froehlich, and I think his mature presentation and comprehension of the responsibilities of a citizen deserve this body's attention. Steve's winning script, "My Responsibility as a Citizen," follows:

MY RESPONSIBILITY AS A CITIZEN

(By Steve Froehlich)

What if I were to dump my trash in the street, not vote, run through my neighbor's flowerbeds, waste someone's valuable time, drive no more than five miles per hour over the speed limit, be ten minutes late for work? It would make me a pathetic citizen.

Since I am a citizen, a member of the United States of America, one who has the privileges and protection of the United States Government, then I owe somebody something. I owe it to the Government to obey, enforce, and improve the laws. But going merely five miles per hour over the speed limit is only breaking the law a little bit. Why, everybody else does it. Besides, the cops would never stop me. . . . Is the law broken or not?

I owe it to my fellow American to keep my nose out of his business and not infringe upon his rights. Few people would ever see me let that gum wrapper slip through my fingers. Does that make it okay? Hundreds of people have trash and garbage kicked up under their cars as they whiz along a freeway. Is this any worse?

How often have I sat in a pay phone for ten minutes waiting to think of something "important" to say? Meanwhile, the line of aggravated people waiting grows.

How often at a teller's desk or service window have I done time-consuming business which should have been and could have been done elsewhere? Elsewhere—someplace where no one will get mad at me for taking my good sweet, time.

Do I care enough to sacrifice that extra cup of coffee in order that I might be on time for work?

I owe it to the men and women who died for the American cause and to the generations to come to protect and preserve America. To the average American, it would be a common occurrence if I were to discard my vote. If I don't vote, then I will have no excuse to complain about any unfair laws, unconstitutional practices, crooked politicians, or anything else that needs changing. If the leaders of yesterday would have cared more about the future, the youth of today would have a much better world to live in. If I don't even vote, what kind of leader will I make tomorrow? I could complain about how everybody else is making a mess of the world, but that wouldn't help, that couldn't help one bit.

There is little chance that I will be a political great in life for only one person in two hundred million is President, fifty are governors, about five hundred are Congressional and cabinet officials, and the rest of the people who serve as our Government put a small dent in the remaining population. Yet, as one, I have the power of influence. I can voice my opinions—maybe not over television or radio, but over the back fence or in the car pool. I couldn't count how many people would be influenced for the right as I see it just because of a few words spoken in defense of my beliefs—maybe none maybe a hundred, who knows? If because I trample my neighbor's petunias he no longer respects me, I have failed. He no longer will listen to my opinion and rightly so. I have suddenly become an irresponsible citizen.

Responsibility is the fulfillment of my obligations to the best of my ability. My obligations—I have mentioned a few but they are infinite. If I want to be a responsible citizen, I will take care of what I do, even the little things. Especially the little things for I probably will never voice my views among the eminent of the political society. But I can let my neighbors and friends know what I think and feel and show them that I practice what I preach. There is no written law that says I must be a responsible citizen, but responsibility shows how much I love America. I want to prove that I love America. I want to prove that I am a responsible citizen.

LOCAL WRITER HONORS FREDERICK DOUGLASS

HON. WALTER E. FAUNTROY

OF THE DISTRICT OF COLUMBIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 28, 1974

Mr. FAUNTROY. Mr. Speaker, among those whom we honor during Black History Week is Frederick Douglass. The article by Jan Peter Ozga, a local writer, demonstrates how much America loses in education and understanding by ignoring the remarkable achievements of blacks such as this man who was born a slave but who later became one of the most learned persons of his day. I urge my colleagues to read the article and visit the Capitol Hill home of Douglass which has been turned into a museum for African art. Located at 316 A Street NE., it is only a short walk and well worth the time.

The article follows:

BLACK HISTORY WEEK: ITS HEROES, ITS ART

(By Jan Peter Ozga)

While most of us will observe Valentine's Day with cards, flowers, or candy to loved ones, still others with a sense of history and black pride will pay tribute to the famous black abolitionist, Frederick Douglass.

For residents of this area, such a commemoration can be more participatory by a visit to the historic Museum of African Art-Frederick Douglass Institute of Negro Arts and History on Capitol Hill. This restored house in the shadow of the Supreme Court building was the home of Douglass during his later years.

Another enclave rich with lore on Douglass and other black notables is the special section of Howard University's library, the Moreland-Springarn Room.

Douglass was born February 14, 1817 in Tuckahoe, Maryland to a black mother and white father. Young Frederick spent most of his youth being shuffled among various slave owners. His experiences during this time ranged from benevolent to cruel, receiving an informal education from a compassionate mistress in Baltimore, but being the victim of sadistic treatment from a notorious "slavebreaker," who did not justify his reputation with Douglass.

In 1835 while in his late teens, Douglass became the property of what he called his best master, with the ironic name of Freeland. However, freedom was more important to the idealistic Douglass than his temporary comfort with slavery; and soon, he began plotting his first escape north with other local slaves. The plan was foiled by the dreaded "kidnappers" created by the Fugitive Slave Act. But, instead of being sent to the Deep South (the usual punishment for rebellious slaves living close to the north, and supposedly, freedom), Douglass curiously was returned to his kindly Baltimore family and started working in a shipyard. Here he was to learn that not only slave masters were capable of unprovoked violence. Fellow white workers occasionally attacked him, seeing the ambitious Douglass as a threat to their jobs.

Douglass' second trip to Baltimore proved to be his eventual passport to freedom. One day in September 1838, presenting false documents, he boarded a train to New York, and through the legendary "Underground Railroad," continued to New Bedford, Mass., where he again toiled in a shipyard and later in a brass foundry.

Within his first year in New England, Douglass met William Garrison, publisher of the abolitionist newspaper, Liberator. Garrison was impressed by the maturing Douglass' physical presence, he now was over six feet tall, with long dark hair, grey, piercing eyes and was quite articulate—the natural ingredients for an effective speaker. Garrison persuaded Douglass to denounce slavery, and his assessment proved accurate, as the fiery Douglass delivered impassioned oratories throughout the New England area.

However, even in the free north and liberal Massachusetts, prejudice against blacks was still in evidence. It remained for a trip to Britain in 1847 and 150 pounds raised by English friends to finally set Douglass free, legally and emotionally. Although he enjoyed a pleasant life in England, a stronger commitment to his enslaved black brothers soon drew him back to America, where in Rochester, New York, he founded the North Star (later called the Frederick Douglass Paper). His new publication became the major means of communicating his anti-slavery messages.

Douglass' relentless expose of the inherent evils of slavery probably did as much to awaken the conscience of white America as did the more heralded Harriet Beecher Stowe novel, "Uncle Tom's Cabin," whose hero is now disdained by contemporary blacks for his submissiveness and pacification of more militant slaves.

Partly caused by Douglass' sustained opposition to the insulting presence of slavery, the Nation erupted into Civil War. Immediately Douglass was active in this effort, helping to recruit blacks into the Union Army, a duty for which he never received a promised commission. Ever outspoken, however, Douglass was quick to call attention to the inequities suffered by hard fighting, equally dedicated black soldiers in the white dominated military.

After the war was over and legal slavery had been abolished by President Lincoln's

Emancipation Proclamation, Douglass finally received some deserved recognition when President Grant appointed him assistant secretary of the Santo Domingo Commission. Between the years 1877–86 he served as recorder of deeds for the District of Columbia. In 1889 he became the first "man of color" to hold a United States post of significance when for two years he was America's minister and counsel general to Haiti.

Just before his death on his 78th birthday, Douglass outlined a program for race relations, one which called for racial equality to be a national, bi-partisan goal.

Reflecting on his own life, Douglass humbly acknowledged, "While I cannot boast of having accomplished great things in the world . . . I cannot, on the other hand feel that I have lived in vain."

A visit to Howard University and his former residence on Capitol Hill will reveal the understated truth of his personal evaluation.

THE COMING METRIC DISASTER

HON. JOHN R. RARICK

OF LOUISIANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 28, 1974

Mr. RARICK. Mr. Speaker, this Congress will soon consider metrication of the United States, a scheme to convert all the weights and measures in this country to the metric system. Of course, this system of measurements has been used in the United States for many years by scientists and laboratory technicians. But to the average citizen, the metric system remains an alien system, incompatible with their everyday lives, and of little practical benefit.

There has been so much hoopla in the press indicating that a national conversion to this foreign measurement system is "inevitable," that many Members of Congress have actually begun to believe it. Before we attempt to ram this system through Congress and into the textbooks, courthouse land records, tool boxes, grocery stores, gas stations, and dry-goods shops of this country, we should take a serious, critical look at what we are forcing on the American public as a "voluntary" system.

In a soon-to-be-published book, "The Coming Metric Disaster," George C. Lovell, an industrial engineer and former member of the U.S. metric study team, assesses what we might expect from a nationwide conversion to metric. I insert a portion of his well-documented study in the RECORD:

THE COMING METRIC DISASTER

(By George C. Lovell)

Preoccupation with Watergate and the dubious moral climate which has pervaded the top echelons of our government have created an environment for the successful culmination of what the future will record as the slickest snow-job in U.S. history. Even as this commentary appears in print, metric legislation may have been passed by the Congress and signed into law by the President. While this will be a great victory for metric advocates, who for the past 150 years have been predicting dire consequences for our economy and society if we did not "go metric" forthwith, it will be a blow to our system of free private enterprise while at the same time will guarantee this country's loss as the world's leading industrial nation by the year 2000. It will be a crueller blow to most citizens because the onerous effects become progressively more severe on progressively lower stratas of our society.

The legislation will contain red-herring in the form of "voluntary" and "predominantly metric." Because the use of metric has been legal and voluntary since 1866, one must carefully scrutinize the Congressional Hearings to decipher what "voluntary" means.

Succinctly, if one cannot produce to metric specifications as required by Government Contract (by 1985) or is competitively placed at a disadvantage with his giant counterparts, then he voluntarily closes shop or goes bankrupt. During the Senate Hearings, Senator Pell stated, "We should . . . pass legislation (making) the metric system the only legal system of measurement in the United States if we are to obtain our objective." The current bill, a compromise to get the show on the road and the bureaucratic framework established, is just a phase in the long-range plan to restructure society even if the patient does not survive the operation. The House and Senate Hearings included testimony refuting every claim of the metric advocates, claims which prove to be siren-like illusions based on slanted, rigged, deleted or downright fabricated evidence.

The Congressional Committees, having made it clear by their statements and actions that their minds had long since been made to take the plunge, contemptuously dismissed all con arguments or pleas to at least get sound data upon which to make a valid decision. Even the preliminary General Accounting Office findings, highly critical of the supporting evidence, was swept under the rug and further GAO investigations terminated. Odd! The Committees contended that going metric was inevitable, so let's get on with it. Yet, even that shibboleth was held suspect by the Chairman of the House Committee (which it is).

FOREIGN TRADE

In truth, we stand to lose in excess of $20 billion in foreign trade, year after year, in an all metric world; not to mention the $60 billion price tag for conversion estimated by the National Bureau of Standards. The latter was included in a draft version of the Final U.S. Metric Study Report submitted to the Metric Study Advisory Board and to the then Secretary of Commerce, Maurice Stans. After review by that office, the $60 billion estimate was deleted from the approved version sent to the Congress with the substitution of the concept to "let the costs fall where they may." What a bonanza for our severest foreign industrial competitors (e.g., Germany and Japan)! Little wonder that some anti-metric critics ask whether there was any overseas unreported cash contributions during the recent Presidential election since the Administration had pledged metric legislation during the coming session of Congress.

While the loss of $20 billion or more is small compared to the $2 trillion economy which we will have before the year 2000 it does represent over a million jobs and it does hurt small business the most. The composition of that sum is split, about $10 billion in loss of export and $10 billion in increased imports. The multinationals incidentally play a key role in this shift. They have invested over $100 billion in overseas manufacturing plant and contrary to public impressions, they are not necessarily metric. We now export over $3 billion a year of inch-specification parts and equipment to support those facilities. By the year 2000, this would normally expand to $5 billion a year. In an all metric world, this export trade would disappear for it would be cheaper to purchase metric specification parts and equipment already in production locally. Granted that overseas shop drawings have metric readouts; a standard one-inch bolt, for example, will read 2.54 cm. But, it still is an inch-bolt and changing its name will not make it fit a metric-based nut or hole. (Have you ever tried to put together a nut and bolt when the threads didn't match?) This same rationale would hold for any exported manufactured products and many things now exclusively or predominantly produced to inch-specifications (e.g., oil-field equipment, industrial fasteners, automobile wheels) would gradually disappear as our metric-based foreign competitors moved in.

On the import side of the ledger, as U.S. producers switched to metric standards, the U.S. trade deficit would grow sharply because the competitive advantage will swing further to foreign producers who will have had production experience with such standards whereas U.S. producers would have to acquire it. There will be added costs to U.S. producers from retooling, double inventories, errors due to unfamiliarity with the new system, and costs arising from the necessity to continue producing to the old specifications for many years to service existing inch-based equipment. These added costs would automatically give the foreign metric-based producers an additional cost advantage there by opening the gates to a flood of imports.

The inevitable howls and protests would cause the U.S. to institute import quotas, higher tariffs, and so on. Thus, the U.S. would be in the ridiculous position of having gone metric to facilitate the international flow of goods and then instituting measures to stop it!

Small businesses would be hardest hit by the double-whammy impact from metrication. Many would go bankrupt. The first whammy would be the adverse effect from imports noted above and the second blast would come from the resulting competitive disadvantage relative to the larger companies.

Consider a company with two or more plants. In any decision to go metric, one plant can be switched over while the other continued producing to inch-based standards. This would avoid the costs and confusion attendant to dual inventories, dual production lines, etc. A larger company with five plants could make the switchover even more smoothly, adding one plant at a time as the metric-based demands increased over the years. The smaller entrepreneur at one location has no such option. This disadvantage is not confined to manufacturing. A similar analogy can be made for the neighborhood delicatessen, dry goods store, automotive repair shop, and so on.

THE WORLD IS 90 PERCENT METRIC

The above facts suggest that perhaps the world isn't 90% metric after all, as the metric advocates so loudly proclaim. Actually, two-thirds of the world's production of manufactured goods is made to inch specifications. The analogy of language comes to mind. No matter where in the world you travel, you will find people who speak the English language, yet no one contends that 90% of the world speaks the English language! So why do we accept the 90% metric-world claim as true?

Another metric myth is the impression that metric usage is overtaking inch-based usage. Again, just the opposite is true. Metric advocates point to the $100 million investment in a metric designed automobile plant in Ohio to show how rapidly U.S. industry is converting to metric. What is not pointed out is the more than $5 billion of inch-based production facilities put in place during the same period—an astounding 50 to 1 ratio! Even on a worldwide basis, inch-based specifications are increasing at a greater pace than metric-based specifications. (This is one of the fall-outs of the multinational phenomena.)

The only industries that have really converted to metric are those closely related to the scientific laboratories such as the pharmaceutical industry. But these do not entail the fitting together of parts, inventory headaches, training of help, and the like, only the replacement of weighing scales and the stamping of metric weight on the labels at virtually no cost. By comparison, the automobile industry, through careful planning and the gradual phasing in of components, would require 12 years to complete the changeover at a cost approaching $2 billion.

HIDDEN COSTS

There is a whole field of icebergs in the murky sea of "going metric." Some of these iceberg tips in the economic area have been pointed out. In the consumer area, the impact is more disturbing. The problems stem from the impossibility of getting rid of the inch-based things which surround us. Some adverse results are economic, some financial, and some political. No matter, there will be endless inconveniences and constant confusion which, in some cases, will be with us for centuries.

Consider the multitude of "orphans" as metric specifications replace inch-based products. Metric doors and windows do not fit U.S. window and door openings. When any of these need to be replaced at some future date (termites, water drainage, rot, vandalism, etc.) our children will discover that these are no longer shelf items and need to be on special order, with extensive delays, and added labor costs. The case of wood flooring will be more exasperating as will the 2.5 meter boards (to replace 8 foot lengths) etc., etc., etc. It has been estimated that this category of hidden costs will alone add $3 billion a year to home improvements.

Illustrations will cascade to mind if you just think about it for a while or discuss it in a mixed crowd. Pick automobile repairs, as a sample. Not only is there the added costs from dual inventory of stock, etc., consider the chain reaction resulting when a mechanic slips a metric bolt into an inch-standard threaded hole (or vice-versa) and it is jammed or the threads stripped. Would you like to be driving *that* car? or riding in an airplane under like circumstances?

Similar examples abound in the engineering fields and these are included in the 150 or so reasons why we should not "go metric" compiled by Mr. Batchelder, owner/operator of Batchelder Engineering Co., Chester Depot, Vermont.

CONFUSION UNBOUNDED

The metric cake recipe calling for a 30x 20x5 pan, ½ kilogram of flour, 20 grams of baking powder, 5 milliliters of vanilla, etc., and bake at 185 degrees—or the new metric stove when the recipe calls for 400 degrees and the highest oven reading is 250 degrees; setting the air conditioner thermostat at 70 degrees because the weather report calls for a hot humid 32 degrees; getting arrested for going 25 (MPH) in a 25 (KPH) speed limit school zone; buying 50 liters of gasoline instead of 10 gallons (there is no metric unit comparable to a gallon); buying .946 liters of milk instead of a guart or 454 grams of oleo instead of a pound! Think of the howls when the milk carton is rounded out to an even liter and the price raised 7¢ or more even though the carton looks and feels the same as the old quart! (It actually will be about 6 mm taller—a quarter inch to you!) The same scenario when the oleo carton becomes a ½ kilo or 500 gram package; buying meter-goods instead of yard-goods; trying to translate grocery costs in metric from the familiar pound units; trying to match metric threads with inch threads in a pipe and then botching the job because you accidently reversed the metric/inch adapter anyway!; and on and on and on.

METRIC IS EASIER AND OTHER FALLACIES

If you want to be disillusioned, try it in practical illustrations. I have yet to meet a metric advocate who has done so and Galileo's experience comes to mind. The elitists of that day refused to look through his telescope—for fear of the truth.

My lot is 100 x 175 feet or 17,500 square feet. It took me one second to compute this because of the multiple 10 idea—but it was not metric. Our monetary system is decimalized, but it is not metric. In metric, my lot is 30.48 x 53.34 meters or 1624.8032 square meters. A lot 88 x 110 feet would be 9680 square feet or 26.9984 x 33.528 meters which comes to 95.450552 square meters. My metric friends tell me I'm doing something wrong. In metric, all one needs to do is move the decimal back and forth—don't you believe it! When you think of all the parcels of land all over the country and all the transactions recorded in the public records, you can see why we will be up to our eyeballs in decimals! And that is only the beginning! Think of all the land surveys, and distances based on the mile from a central point in Washington, D.C.—the official land tracts based on a mile square—the maps and the distances between places; and try to convert to metric remembering that one mile equals 1,609.344 meters! In cubic measurements, one usually has an answer with 12 decimals; thus, a 2 inch cube, or 8 cubic inches, ends up as .000131096512 cubic meters.

To get around this decimal problem, metric has a table of 15 prefixes. Thus, the above cube would be 131.09512 tetra meters (or is it nano, or giga, or micro?) This leads to another flaw in the metric wonderland—the "Teaching math is easier" syndrome.

Because we cannot get rid of inch-based things which surround us, we will need to learn both systems—on top of these add the layer of 15 prefixes which must be taught, memorized, and understood—and on top of this add another layer of conversion factors; inch-to-metric and metric-to-inch which must be taught, memorized and understood. There are other deeper and more subtle problems to the metric educational fallacy which England now is discovering to her dismay. One educator contends that fractions will no longer be taught and this theme was touted in one of the world's most widely read digests! They may be beating a dead horse, however, a music teachers friend of mine observed. He reports that fractions may have already been deleted from the curriculum for most teenagers today are unable to comprehend or relate to the simplest half-notes, quarter-notes, eighths and sixteenths!

THE MEDIA

Those of us who are aware that the current successful metric drive is one great hoax have been perplexed by the attitude of the media. There has been a glut of articles extolling the virtues of a metric U.S.A. These same publishers, who normally are willing to at least discuss the opposition point-of-view, invariably reject presentation of such material on the basis of "Like it or not", "metric is inevitable" and so on. Well, the metric advocates have contended for 150 years that metric is inevitable and they have been wrong all along. That myth is easier to dispel now if only common sense would be called into play before incalculable and permanent harm is done. It is the nature of U.S. citizens to wait until the crisis is upon them before examining it. But as in the case of the current energy flap, the problem should be faced up to long before it hits. We can recover from the energy crisis—but, since it will take a decade before the people realize what a disaster going metric really is, it will then be too late. I agree, that what with corruption, energy shortages, high taxes, inflation, and all the rest, what we didn't need is another problem—but here it is and you better look at it now, "Like it or not!"

EQUAL RIGHTS FOR THE HANDICAPPED

HON. EDWARD P. BOLAND

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 28, 1974

Mr. BOLAND. Mr. Speaker, Rosemary Barszcz, one of my constituents in the Second Congressional District of Massachusetts, has had a life-long struggle to be accepted as a useful member of society. Rosemary has been a victim of cerebral palsy since birth and has worked against overwhelming odds to become an active member of her community and her State. She is an energetic worker for the Young Democrats in Massachusetts and is now involved with the Massachusetts Legislative Commission To Investigate the Needs of the Physically Handicapped.

I am proud to know this courageous young lady who has been a friend of mine for many years.

Rosemary has received the recent distinction of having an article which she wrote, published in the national magazine, Women's Day. I present this moving article, "Equal Rights for the Handicapped" for your attention:

EQUAL RIGHTS FOR THE HANDICAPPED

(By Rosemary Barszcz)

A domestic war has been going on for years—a war against the isolation and discrimination that inhibit thousands of disabled Americans from reaching their highest potential and becoming an integral part of society.

The physically handicapped are living in a prison without walls, hemmed in by architectural, transportational and attitudinal barriers. My story, although not unique, is an example of the typical "prisoner." Born with cerebral palsy and confined to a wheelchair. I've been fighting battles all my life—a war to gain acceptance as a normal human being. In my plight I've met with discrimination in the fields of employment and education, in the business and private sectors.

I found a long battle to get accepted as a first-grade student in the regular public school system. I went on to graduate in the upper fifth of my high school class. Despite my good academic record. I was barred from admission to a local college on the mere grounds that special students were not allowed. I've never considered myself special, but apparently many people still cling to this unjust stereotype. Fortunately, one college admissions director, Mrs. Esther Hansen, gave me a break—the one chance I needed to prove my worth. Now I'm a junior at American International College and on my way to securing a bachelor of arts degree. But I anticipate many more battles, especially in employment, where discrimination against the handicapped runs rampant.

The point is, what about the many handicapped citizens who just don't have the strength and nerve to fight the many battles, to stand up for their rights? What is being done to help these people? What is being done to guarantee that the mother of every handicapped child will be able to send her child to a school within her district and not have to put him in an institution as a last resort? What is being done to reach and rehabilitate the thousands of handicapped children left to spend the rest of their lives in outmoded institutions? What is being done to provide jobs beyond putting tops on pencils and stapling doll clothes to cardboard at fifty cents an hour? These are only a few of the many questions that remain unanswered and unnoticed by many.

It's time we removed the moldy crust covering this subject and let it out into the open air. Let's project a target on the real needs instead of trying to speculate, instead of pouring millions of dollars into administrative positions and programs that just aren't working. The government bureaucracy's maze of red tape makes it extremely difficult for a handicapped person to acquire necessary services. When it takes a client five years to get a wheelchair from the Massachusetts Rehabilitation Commission, isn't it time for a change?

I do not hold all the answers in the palm of my hand, but I do have a few suggestions that merit consideration by the people in power in state capitals and in Washington, D.C.

How are we even to begin to help America's disabled citizens if we don't know how many people we're dealing with? The Bureau of Vital Statistics in Washington has no figures on the number of disabled Americans. Congress should direct the bureau to compile a list of all handicapped citizens and the extent of their disability. State and local censuses should also contain this information.

The governor of every state should issue a mandate requiring every city and town to provide every disabled citizen with an education equivalent to that of his able-bodied peers.

If we can afford to build roads that go nowhere, if we can afford to send a shuttle into outer space, why can't we come up with an economical means of transportation for all here on earth? Members of state legislatures and of the United States Congress should address themselves to this provocative question.

The present 10 percent of federal housing for the elderly allotted for the handicapped is just another attempt to isolate America's disabled from the normal sphere of society. If we can build high-rise apartments for the wealthy, why can't we provide adequate housing for the not-so-wealthy? State legislatures and local housing authorities, along with Housing and Urban Development, should direct their attention to this area.

Members of state legislatures and Congress should generate a sense of public awareness with respect to the acceptance of the handicapped as full-fledged citizens capable of maintaining some degree of self-sufficiency. They should consider the handicapped an untapped resource. They should not view them as a series of problems to be faced but as a challenge that must be met.

Granted, effecting these proposals costs money. But when you compare the cost of my war with the cost of the war in Vietnam, I'm sure you'll agree that mine will prove more profitable, less complicated and more beneficial to humanity.

BULGARIAN INDEPENDENCE DAY

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 28, 1974

Mr. BIAGGI. Mr. Speaker, it is an honor for me to join with millions of Bulgarians, both in this country and worldwide, on the occasion of Bulgarian Liberation Day, 1974. As it has been for the last quarter century, this year's celebration will be a hollow one marked by the present realities of Bulgaria's far-from-liberated state.

Bulgaria has had a tumultuous history, particularly in the 20th century. It began in 1908, when after a prolonged struggle, Bulgaria was able to free itself from the Ottoman Empire, and become fully independent. The Bulgarian nation thrived under independence and its future looked promising.

However, the onset of World War II spelled trouble for the Bulgarian nation. By 1941, Bulgaria had been sucked up into the rapidly growing Axis led by Hitler's Germany. They remained under this rule until 1945.

The post-World War II period found Bulgaria as well as most of Eastern Europe falling under the tyrannical rule of the Soviet Union. This rule has endured through the present day, and despite such brave efforts as the Hungarian uprising of 1956, and the liberalization of Czechoslovakia in 1968, Russian control over Eastern Europe remains strong. The quarter century of Russian rule have been especially hard years for the people of Bulgaria. These years have been marked by economic regression, as well as social and political repression. Yet throughout all these adversities, the yearning for freedom has remained strong in the hearts and minds of the Bulgarian people.

As we take time to reflect on the occasion of Bulgarian Liberation Day, 1974, let us not forget that the nation which is responsible for the repression and persecution of Bulgarians, is the same nation with whom we are working so feverishly to gain détente. Let us not forget that even within their own country the Soviets rule with an iron hand. The plight of the Soviet Jews as well as the recent case of the courageous Alexander Solzhenitsyn point up with stark realities, the brutal tactics the Soviets must employ to gain allegiance from their citizens.

We, in the United States, must proceed with caution in all our future dealings with the Soviet Union. We must make any future agreements contingent on the Soviets promoting a policy of self-determination for the millions of captive people they control. The people of Bulgaria have experienced the joys of freedom and remain hopeful that it will return to them again. Let us work to help them achieve this goal; 1974 can be the year that Bulgarian Liberation Day becomes an event which we can truly celebrate.

AMNESTY

HON. C. W. BILL YOUNG

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 28, 1974

Mr. YOUNG of Florida. Mr. Speaker, the following article, which was published in the American Legion's Firing Line was sent to me by Mr. Robert Francis of St. Petersburg. I respectfully call this article to the attention of my colleagues:

COMMANDING THOUGHTS: AMESTY

Before the termination of hostilities in Vietnam, the General Board of the National Council of Churches, which is the policy-making body of thirty-three Protestant and Eastern Orthodox communions, issued a policy statement concerning amnesty. It urged, according to the *Boston Globe* of December 3, 1972, that amnesty be granted to the Americans who have deserted or refused to serve out of opposition to the Vietnam War. The statement further stipulated that this should apply to all except those who have "committed acts of violence against persons," and, even in those instances, it was suggested that "each should be reviewed individually to determine if amnesty is appropriate." "To hunt them down and prosecute them now is to add vindictiveness to victimization, neither of which is a proper basis for imposing criminal penalties, and will only increase rather than heal the nation's hurts," the December 3, 1972 statement said.

If this should become national policy, it would, as then National Commander Joe L. Matthews of The American Legion said, "make a travesty of the sacrifices of those who served and would tend to cheapen the value of honorable service. The courts and the President of the United States have courses of action available to them whereby each individual case of draft evasion can be decided on its own merits, and the Legion believes that is the only way to deal with this question. The American Legion is opposed to any blanket amnesty, now or at any time, and we are not even favorable inclined to discussions of the subject until after the fighting has ended our prisoners of war repatriated and our missing in action accounted for."

The fighting has ended, our prisoners of war repatriated but our missing in action are not accounted for. But, the proponents of a "universal, no-string amnesty for all categories of war resisters" are planning different strategies for advancing this campaign.

A national committee has recently been formed and the lobbying on Capitol Hill has already started. This committee is known as the Safe Return amnesty Committee. A flyer, recently circulated by Safe Return, states that a Washington office has been opened and it is staffed by Vietnam-era vets, who are lobbying and regularly distributing amnesty material published by the Committee to all members of Congress. The flyer also stated that in mid-May of this year it "organized and held, with Bella Abzug's staff, the Ad Hoc Congressional Hearing for Unconditional Amnesty." Family members of war resisters were heard on Capitol Hill at these hearings, chaired by Congresswoman Abzug. Speakers for public events and debates are also provided and the Committee "acts as a clearing-house for people seeking suggestions and ideas on implementing local amnesty work."

With the aid of Safe Return, FORA—Families of Reisisters for Amnesty—has been organized. It is reported that several hundred family members have joined and that chapters are in the process of formation in such cities as San Francisco, Portland, Detroit, New York, Seattle and New Jersey. The functions of FORA are to conduct petitioning; to urge letter-writing campaigns; to distribute the new FORA resister-bracelets and, in some areas, to work on local electoral referendum on amnesty.

National Commander Robert E. L. Eaton has restated the unwavering position of The American Legion: "For reasons which we believe to be totally valid, we have reaffirmed our opposition to amnesty for draft evaders and deserters and urge an individual review of each case under existing judicial and executive procedures. Personally, I don't think the cause of amnesty is going anywhere, but it would be a mistake not to be prepared to deal with it. The American Legion is so prepared and, if the need arises, we will battle it every step of the way. We are ready to *'Be Counted Again.'"*

CATHOLIC LEADER BACKS IDA FUNDING

HON. DONALD M. FRASER

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 28, 1974

Mr. FRASER. Mr. Speaker, Bishop James S. Rausch, general secretary, U.S. Catholic Conference, has made a fine statement which criticizes the recent action of the House in voting down the proposed replenishment of funds for the International Development Association. He views this vote, as I do, as evidence of failure on the part of leadership in our country to make a strong case for assistance to the world's poorest nations. On this point, Bishop Rausch says:

> If the House action accurately reflects the national sense of priorities, it provides us with a severe indictment of the political leadership of the Congress and the moral leadership of both the Congress and the churches on an issue of immense importance today.

Let us hope that the ill-advised action of the House will be mitigated by an affirmative vote for IDA in the Senate and that the conference committee will agree upon generous funding.

Bishop Rausch's statement was released by the U.S. Catholic Conference on February 4. I include it to be printed in the Record in its entirety:

Statement by Bishop James S. Rausch

The House of Representatives voted overwhelmingly to end U.S. financial assistance to the world's poorest nations. It did so by refusing to provide development funds to the International Development Association (IDA), an agency of the World Bank set up specifically to assist the 21 poorest nations by providing long-term, low-interest loans.

This House action reflects the profound malaise which presently dominates the American scene, and it once again exhibits the terrible vulnerability of the poor to the actions of the powerful.

If we have learned anything from the energy crisis, it is that we live in an interdependent world. Our lives have been directly influenced, and even changed, by the decisions of others. What we must understand, however, is that this process goes on all the time for the poor of the world. Their lives are constantly shaped by the decisions of the powerful of the world.

The action taken by the House will have an impact far more drastic and damaging on the poorest people on earth than anything we Americans have experienced during the energy crisis. That impact must be understood in its political and human dimensions.

Politically, the U.S. refusal to contribute its pledged share of funds to IDA creates a chain reaction. The other developed nations in the IDA consortium are released from their obligations if one partner defaults. The entire program therefore, was literally devastated in the House.

Humanely, the impact of the vote is appalling. The IDA funds provide medium and long-range developmental assistance to people in the situation Robert McNamara, President of the World Bank, describes as absolute poverty. The per capita income in many of these countries is less than $100 per year. In many, also, starvation is a distinct possibility for large numbers of their people in the coming year.

In addition to the potentially devasating effect the House vote may have on the lives of the world's most desperate people, the vote also underestimates the American people. Representatives opposing IDA stated that, although it may be true that these nations have genuine needs, that argument will no longer wash with their constituents while numerous necessary projects for Americans' needs go begging for funds. American voters are faced with rising food costs and interest rates, critical shortages and unemployment, and Congressman do not believe that, at this time, it is in the best interests of the nation or their own political careers to vote in favor of increasing foreign aid.

If the conditions of impoverishment in which millions of people subsist were presented to the American public, it is our contention that the voters would respond favorably. For example, Americans consistently respond generously to appeals made by Catholic Relief Services and Church World Service to alleviate human misery.

It is the task of the nation's political leadership to make such a case to their constituency. To do less is to play politics with these peoples' very lives. It is to pit the subsistence needs of the poor of the world against the needs of lower and middle class Americans in a conflict which neither really wins. Further, it signifies that there is no attempt to confront the real causes of poverty either here or abroad.

If the House action accurately reflects the national sense of priorities, it provides us with a severe indictment of the political leadership of the Congress and the moral leadership of both the Congress and the churches on an issue of immense importance today.

We therefore urge the Congress to reconsider the matter and vote in favor of replenishing the funds for IDA. We, for our part, will communicate our deep concern about this issue and urge American Catholics to support the replenishment of the International Development Association.

HISTORIC AMBIANCE, OUT THE WINDOW

HON. FRANK THOMPSON, JR.

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 28, 1974

Mr. THOMPSON of New Jersey. Mr. Speaker, I wish to draw our colleagues' attention to yet another scandalous assault upon the dwindling historic and esthetic treasures of our Nation's Capital City. In this instance, I am doubly disturbed because the assault betrays not only the bureaucracy's usual insensitivity toward this city's rich history and architectural beauty, but also its shocking disregard for Congress own efforts to protect this national patrimony from the wrecking ball.

This time, it is the neighborhood of the White House itself that is threatened. That area, rescued and so beautifully restored through the leadership of Presidents Kennedy and Johnson, now is on the verge of losing three of its most charming and historic buildings, including one rare gem dating back to the 1820's. In their place, GSA plans to erect another of its huge marble monoliths for the Federal Home Loan Bank Board, to sit glowering down at the Presidential residence as if it held a mortgage on the place.

What outrages me particularly, Mr. Speaker, is the fact that GSA has pushed ahead with this project despite the fact that one of the present buildings has long been declared a national landmark, while the other two were recently listed on the National Register of Historic Places at the request of the Secretary of the Interior. In doing so, moreover, GSA has thumbed its nose at the Advisory Council on Historic Preservation, which Congress set up to provide policy guidance in just such situations as this one. Without even so much as a public hearing, the GSA has presumed to overrule both professional advice and the spirit of the law, merely to give the Bank Board members a fancy address near the President's.

Although the wrecking crew has already moved onto the premises, it remains to be seen whether GSA will get away with it. My good friend, Congressman Stark of California, is mounting a determined rear-guard fight to defend these architectural treasures, and he may win a court injunction to halt demolition before the wrecking ball has done permanent damage. I hope other Members who share my concern for preserving the best of our Nation's architectural heritage for our children will join me in supporting Pete Stark's effort. And I commend to each one the excellent Washington Post piece by Wolf von Eckardt which describes the battle shaping up—and, unfortunately, the odds Pete faces in trying to protect our architectural heritage.

The article follows:

Historic Ambiance, Out the Window

(By Wolf Von Eckardt)

It seems silly to destroy three pleasant historic buildings and—far worse—the charming, historic ambience of the White House precinct, for the vainglorious "prestige" of some bureaucratic bankers.

But that is what the Federal Home Loan Bank Board, aided and abetted by the General Services Administration, is hell-bent on doing.

The doing, furthermore, violates at least the spirit and intent of the National Historic Preservation Act of 1966, according to Rep. Fortney H. Stark (D-Calif.).

The threatened buildings are along 17th Street NW. between G and F, opposite the Executive Office Building. The oldest of them, the Winter Building, has long been declared a national landmark. Last Thursday Secretary of Interior Rogers C. B. Morton declared the other two, the Nichols Cafe and the Riggs Bank, eligible for listing on the National Register of Historic Places.

True, George Washington never slept there. But neither did he ever sleep in the White House and it is the White House, the President's mansion, and the appropriateness and dignity of its surroundings, that we should be concerned about.

The presidential mansion is relatively small, but nicely enclosed in a park and protected by the far more imposing Treasury and Executive Office Buildings flanking it. That is lovely, historic, traditional, familiar—call it what you will. It is the way we all now think it ought to be. It makes a unique ensemble.

Some time ago, this uniqueness was threatened. Turn-of-the-century Beaux Arts planners wanted to rebuild the French Empire-style Executive Office Building to match the Neo-Classic Treasury and frame Lafayette Square with Neo-Classic monoliths.

The White House, in other words, was going to be hemmed in by massively monumental and colonnaded stone piles, rather like a modest little king hidden amidst a parade formation of bully bodyguards in gaudy uniforms.

But then we thought better of it. It seemed rather un-American. We wanted to preserve as much as we could of the casual, civilian (if not residential), varied and pluralistic setting that seemed civilized, in the sense that Thomas Jefferson thought of civilization.

So President Kennedy cleaned up the wonderful former State, War and Navy Building now known as the Executice Office Building and stopped that Lafayette Square nonsense. He got architect John Carl Warnecke to restore the old townhouses around the Square and put the big office bullies where they belong, which is behind.

President Johnson saved the charming phony French Renaissance Court of Claims, which used to be the old Corcoran Gallery and is now the Renwick Gallery. Now we had something. We had a visually varied, interesting and human White House precinct—human (to explain that often misused word) in the sense that people can take delight in this setting because the variety of its buildings stimulates their eyes and the history these buildings represent stimulates their minds.

The view down 17th Street toward the Corcoran Gallery is very much part of this picture. The enormous exuberance of the Executive Office Building needs the contrast of the small and varied Riggs, Nichols and Winder buildings. If you match its enormity with a bland big office, you put it down, as it were. Visual lese majesty.

And who are these GSA-assisted bullies?

I am sure the Federal Home Loan Bank Board is a most worthy institution. But if I understand the purposes of federal home loans correctly, they are to help people obtain decent safe and sanitary homes in a suitable living environment. This coincides with the worthy purposes of the federal urban renewal program. You would therefore think that the board would be glad to help the cause and take its building and its 1,500 employees to the downtown urban renewal area, which badly needs some evidence that our federal government has some confidence in its own programs.

But no. The worthy board, you see, seems to have a hang-up about being federal. It wants to be with the big boys, the real banks, in a "prestige area" and a big, big showy building. Poor board.

Eleven members of the House Banking and Currency Committee, rallied by Rep. Stark, fought the home loaners on this. But all the other feds, the federal ex-officio members, on the Planning Commission rallied to their support. So now the Bank Board is ready to destroy the prestige of this prestige area with a huge monolith along G Street that would take the whole block between 18th and 17th.

The old buildings, ambience and all, have to go because the members of the Federal Home Loan Bank Board apparently want to look out the window on 17th Street and wave to the President's aides in the Executive Office Building.

The Advisory Council on Historic Preservation said no. Established by Congress, the council consists of 10 citizens appointed by the President plus seven cabinet officers, the chairman of the National Trust for Historic Preservation, the Secretary of the Smithsonian and the Administrator of the General Services Administration.

You should think that the administrator of the General Services Administration would follow the advice of the administrator of the General Services Administration. Nope.

The Advisory Council advised against the home loan bulldozers on the grounds that all three buildings have historic and architectural merit. The Winder Building, built in 1847, is one of the few remaining pre-Civil War office buildings in the city. It was built for federal use with modest decorum and utility. The Nichols Cafe is even older. It was probably erected about 1829 and there are few houses of its style and quality in the city outside of Georgetown. The Riggs Bank is only 44 years old, but it is fun. It has a lovely, richly ornamented interior in the Italian Renaissance style.

The General Services Administration awarded a $118,640 contract to demolish these buildings with the Julian C. Cohen Salvage Corporation of Bladensburg.

GSA has also failed to schedule a public hearing to air this offense against the spirit of our historic preservation laws and the established congenial urban order.

If the Federal Home Loan Bank Board cannot be moved downtown, where it should be, it should at least retain a creative architect who can incorporate the old buildings into its new complex.

As Lafayette Square shows, it can be done and done well.

SPIRIT OF VOLUNTEERISM

HON. JOSHUA EILBERG

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 28, 1974

Mr. EILBERG. Mr. Speaker, the quality and spirit of a nation can often be measured by the amount of work its people volunteer to do on behalf of the country and other persons who need help.

This is a time of great trouble and dissatisfaction in our country, but I am happy to report that the spirit of volunteerism remains strong and vital. No matter how great our problems seem to be people are still waiting to give their time to help others.

On February 25, 1974, ceremonies were held at the Veterans' Administration hospital in my city, Philadelphia; 111 individuals and 47 organizations were honored for their volunteer service to the men being cared for at the hospital.

These men and women deserve our thanks and honor for their work.

At this time I enter into the Record the names and awards received by these individuals and organizations:

List of Names and Awards

HONORABLE MENTION

Joanne Ade (NA), Barbara Afanassiev (NA), Louise G. Alberts (DAR), Frank Anderson (NA), John Ashmen (NA), Carolyn Babbs (NA), Lydia Baker (ALA), Joan Bamford (SA), Sharon Batcheklar (NA), Evelyn Bedford (NA), Janna Bertin (NA), Joseph Biello (AMVETS), Christine Marie Beirbach (NA), Helen Doris Braun (NA), Gertrude B. Brenner (NA), Dolores B. Bridges (MOCA), Catherine Briscoe (VFWA), Katherine A. Brownsey (NA), Jean Marie Byrne (NA), Laura M. Calvanese (SOI), James Carpino (NA), Darlene Chism (NA), William B. Clarke (AMVETS), Anne B. Clarkson (IAWVA), and Albert S. Cobb (NA).

John Collins (NA), Mary H. Corbett (NA), Gary Lee Crans (NA), Anne E. Cunningham (CDA), Elizabeth Davy (DAR), Debbie Denicola (SHS), Millie H. DePrima (SCEL), Martha Dressel (NA), Herman Davis (SHS), Virginia Duffy (MOCA), Anna Dugan (CDA), Elizabeth Durante (CDA), Deborah Everts (NA), Elizabeth Frick (AMVETS A), Phyllis Garell (SA), Mary A. Gillins (NA), Bernice Glashofer (JWVA), Emmett Gordon (NA), Katherine Gormley (AGSM), Marjorie Greene (ARC), Linda Haentz (NA), Mabel Hagherty (SA), Charlotte Hall (SA), June Hastedt (NA), and Kay Havlick (ARC).

Iqbal Hussain (NA), Emma C. Jackson (ALA), John Jaskolski (ARC), Christian A. Jercha (NA), Paulette Johnson (NA), Angela Jones (NA), Winifred Jones, Patricia A. Kane (NA), Mary Kendust (NA), Theresa Kerner (CDA), Hannah Klenk (SA), Suzanne Knapp (ARC), Gertrude Lawhorne (VFWA), Anna Marie Lee (NA), Georgeanne Lewis (NA), Margaret Lippincott (AMVETS A), Faie McCann (WAC), Henrietta McCloskey (AMVETS A), Clara McGhee (NA), Veronica McLean (NA), Helen Magee, Carlton A. Mansfield (MSA), Otha Mapp (NA), Linda Marshall (NA), and Florence A. Martin (AMVETS A).

Alvin A. Massigner (ARC), Rose DiDomenica Matt (CWVA), Margaret Miller (NA), Anthony Morgan (NA), Camilla Morton (AWM), Irene Nedd (DPSC), Samuel Nedd (DPSC), Helen Norris (NA), Karl Edward Norris (NA), Shabbir H. Pabani (NA), Pauline M. Patrizi (SOI), Wynona Perry (DAVA), Fannie Peterson (ALA), Mary Ellen Picket (NA), Josephine Rotay (ALA), Myron C. Reiner (VFWA), May M. Richards (NA), Nelsie Richardson (VFWA), Marie Robichaw (ARC), Beatrice M. Ruggiera (SOI), Virginia Russ, Emely Salvatica (NA), Sarah Sgrignioli (SOI), Sarah M. Sheppard (AWM), Margaret E. Siegman (NA), and Jane Marie Smith (NA).

Isaac Smith (JWV), Fred Snell, (NA), Denise Staley (ARC), Marilyn Stepp (MOCA), Captain K. Strehle (SA), John Taylor (NA), Katherine West (ARC), Florence Toupe (NA), Mary K. Twiford (NMC), Ralph Twiford (NMC), Theodore A. Lee (NA), and Vicki Shumate (NA).

Abdul Waheed (NA), Earl V. Walls (NA), Emily A. White (DAR), Gloria W. Wilbourne (ARC), Beatrice Williams (NA), Alice Whychoff (NA), David Wylie (NA), Edward L. Young (NA), Carol Jane Youngblood (NA), Walter S. Zulewski (AMVETS), Theresa A. Peterson (ALA), and Rosemarie Miller (NA).

YOUTH AWARD—50 HOURS

Janice Allen (ARC), Yolanda Bailey (NA), Debra Harris (SHS), Dawn Kealey (NA), Larry Smith (NA), Pearline Wright (ARC), Julie Baker (NA), Kenneth Norris (NA), Joanne Twiggs (NA), and Sharon Ross (ARC).

CERTIFICATE OF APPRECIATION—100 HOURS

Cleonia Adkinson (SHS), Elizabeth Armstrong (NA), Anthony Austin (NA), Shirley Ball (SH), Renee Michele Bynum (AFNA), John F. Carr (OLD GUARD), Eleanora Cerquitella (ALA), Patrick Concannon (VFW), Adele Coyt (NA), Louise P. Dolman (DAR), Agnes Duncan (NA), Wanda M. Fuller (AFNA), Dorothy Greene (CDA), Beryl Cross (NA), Rachel Henley (NA), Ileen Jones, Robert Jones (SHS), Ethel Kehn (NA), Sigmund Kempner (VWWII), Kevin Kendrick (NA), and Reginald Ketter (NA).

Gertrude Lawhorne (VFWA), Karen V. Leak (ARC), Edward Lonergan (SHS), Jane W. Lundahl (DAR), Marybeth McClellan (NA), Florence E. Miles (MOLB), Raymond J. Montoni (NA), Bette Nelson, (VFWA), Marion Newell (NA), Edward Nolan (AL), Bertha Schimpf (VFWA), Anna Stay (ALA), Roscoe G. Thornton (NA), Elsie H. Titus (CDA), Gloria Ann Weaver (AFNA), Helen Doris Weaver (AMVETS), Joseph Williams

(SHS), Olivia Wong (NA), Susan Reid (NA), and Donna Skerrett (NA).

CERTIFICATE OF MERIT—300 HOURS

Augusta Campbell (MOPHA), Katherine Grein (CDA), Reine Land (ARC), Harry Lincoln (NA), Inez Lincoln (NA), Andrew J. McCann (AMVETS), Dense L. Powell (AFNA), and Grace Wilkenson (AWM).

CERTIFICATE OF OUTSTANDING SERVICE—500 HOURS

James A. Fields (DAV), Wiley Harmon (VFW), Helen Hoeffer (NMC), Anne C. Lauff (AWM), Benjamin C. Powell (JWV), Marion E. Roberts (DAR), Myer B. Squires (AL), Ronald J. Tempest (NA), and Jennie Weintraub (JWV).

CERTIFICATE OF DEVOTION TO VOLUNTEER DUTY—1,000 HOURS

Helen Hoback (NA), Vada Hyde (NA), Harold O. Nelson (AL), Dorcas Norris (NA), Charles Peterson (NA), Paul S. Stewart (MSA), Lida Wright (NA), and Bernard Zolot (NA).

CERTIFICATE OF SERVICE AWARD

Esther R. Biddle (ALA), Catherine Carr (CWVA), Rose Cloud (SCC), Rose Gorman (CWVA), Eleanore W. Greene (ALA), Frederick Haas (VWWI), Agnes Hausler (VFWA), Elizabeth Hicks (ARC), Horace T. Hopkins (AL), Edward Johnson (NA), Marie Kenney (ALA), Eleanor Kilpatrick (AWM-MOPHA), Joseph R. Klotz (NA), and Florence C. Krug (ARC).

Anne McKenna (VFWA), Mae McElvaney (VFWA), Ann Miller (JWVA), Mary Mosteller (ARC), Michael Radvansky (315 I), Dorothy C. Rose (ARC), Tillie Rose (NA), Catherine Rotay (ALA), Samuel Schiff (JWV), Catherine Thompson (AWM), William J. Toy (VWWI), Bernadette Ward (ALA), and Mae Weisgrow (DAVA).

VA BRONZE PIN—1,750 HOURS

Elizabeth Aro (ALA) and Elizabeth Jones (CWVA).

VA SILVER PIN—2,500 HOURS

John Barnes (NA), Charles W. Leons (AL), and Frances Urwiler (ALA).

VA GOLD PIN—5,000 HOURS

William J. Tadley (VWWI) and Wilson H. Shive (VWWI).

VA PLAQUE-DEDICATED SERVICE AWARD—7,500 HOURS

Sara Myers (AL).

THE 100 PERCENT ATTENDANCE AT VAVS MEETINGS

(September, November, February, May—Fiscal Year 1973)

American Gold Star Mothers, American Legion, American War Mothers, B'Nai B'Rith Women, BPO Elks, Catholic Daughters of America, Catholic War Veterans Auxiliary, Daughters of American Revolution, Disabled American Veterans Auxiliary, IBPOEW (Dept. of Vet. Affairs), Jewish War Veterans Auxiliary, Masonic Service Association, Military Order of the Cootie Auxiliary, Military Order of the Lady BUGS, and Military Order of Purple Heart Auxiliary.

Navy Mothers Club, Phila. USAAC Post # 1, Reserve Officers Assn. of US, Salvation Army, Senior Citizens of E. Lansdowne, Supreme Cootiette Club, 315th Infantry Assn., Veterans of Foreign Wars and Auxiliary, Veterans of World War I, and Womens Army Corps Vet. Assn.

Organizations to receive certificates in recognition of exceptional or continued outstanding service to patients through VAVS:

American Gold Star Mothers:
REP: Katherine Gormley.
DEP: Maude Bailey.
DEP: Lillian Sinclair.
American Legion Auxiliary:
REP: Marie Kenney.
DEP: Frances Urwiler.
American Legion:
REP: Samuel J. C. Greene.
DEP: William E. Woolingham.
American Red Cross:
REP: Mrs. Dorothy Rose.
American War Mothers:
Rep: Catherine Thompson.
Dep: Grace Wilkinson.
AMVETS:
Rep: Joseph Biello.
Dep: Walter Zulewski.
AMVETS Auxiliary:
Rep: Henrietta McCloskey.
Dep: Catherine Carroll.
Brith Sholom:
Rep: Aaron Goldenberg.
Dep: Samuel Winkler.
Bnai Brith Women:
Rep: Mrs. Eugene Glazer.
Dep: Beatrice Silvers.
B.P.O. Elks:
Rep: Frank P. Nocitra.
Dep: Vincent DiDominic
    Oscar Wexlin.
Catholic Daughters of America:
Rep. Kay Greim.
Dep: Elsie Titus.
Catholic War Veterans:
Rep: Joseph Kelly.
Catholic War Veterans Aux.:
Rep: Helen Magee.
Dep: Elizabeth Jones.
Daughters of the American Revolution:
Rep: Jane Lundahl.
Dep: Louise Alberts.
    Elizabeth Dayy.
Defense Personnel Support Center:
Rep: Samuel Nedd.
Dep: Angeline Restifo.
    Marzella Russell.
Disabled American Veterans:
Rep: Dante Bonatucci.
Disabled American Veterans Aux.:
Rep: Mae Weisgrow.
Dep: Rebecca Anderson.
Dep: (Hon.) Mary Olsen.
Voiture Local 40–8:
Rep: Elmer R. Confair.
Dep: Richard B. Ross.
I.B.P.O.E. of W.:
Rep: Dennis C. White.
Deps: William A. Clay.
    Emeline Wiggins.
    Joseph Brown.
Italian American War Veterans Aux.:
Rep: Anne B. Clarkson.
Jewish War Veterans:
Rep: Isaac Smith.
Dep: Joseph Goldstein.
Jewish War Veterans Auxiliary:
Rep: Anne Miller.
Dep: Mildred Lermack.
Masonic Service Association:
Rep: Paul S. Stewart.
Dep: Ernest P. Knorr.
Military Order of Cootie:
Rep: Prince A. Clifton.
Dep: Joseph Corey.
Military Order of Cootie Auxiliary:
Rep: Dolores Bridges.
Dep: Marilyn Stepp.
Military Order of Lady Bugs:
Rep: Florence E. Miles.
Dep: Marie V. Nixon.
Military Order of Purple Heart Aux.:
Rep: Eleanore Kilpatrick:
Dep: Augusta Campbell.
Music Performance Trust Fund:
Rep: Jack Kopf.
Mothers of World War II:
Rep: Carrie Meck.
Dep: Stella Snyder.
National Catholic Community Service:
Rep: Elizabeth Dougherty.
Dep: Catherine Auerwick.
Navy Mothers Club:
Rep: Helen Hoeffer.
Dep: Katherine Twiford.
Old Guard, City of Philadelphia:
Rep: Col. Harry S. Burr.
Dep: Lt. Col. Harry Kimmel.
Order of Eastern Star:
Rep: Peggy Mooney.
Dep: Emma Appelgren and Beulah Witman.
Phila. U.S. Army Ambulance Corps:
Rep: Clifford Hoag.
Dep: Thomas H. Ellis.
Polish Legion of American Veterans Aux.:
Rep: Frances Piwnicki.
Dep: Helen Zarek.
Reserve Officers Assn., Ladies Clubs:
Rep: Mrs. Chas, Hangsterfer.
Dep: Mrs. William Barr, Jr.:
The Salvation Army:
Rep: Mrs. Major Irving Cranford.
Dep: Mrs. Mabel Hagherty.
Senior Citizens of East Lansdowne:
Rep: Margaret Siegman.
Dep: Amelia DiPrima.
Supreme Cootiette Club:
Rep: Rose Cloud.
Dep: Mary McKinley.
Dep: Ann Foster.
315th Infantry Association:
Rep: Michael Radvansky.
Dep: Cheston S. Hunter.
United Spanish War Veterans:
Rep: John R. Lynch.
Dep: J. A. Coleman.
United Spanish War Veterans Auxiliary:
Rep: Anna Parker.
Veterans of Foreign Wars Auxiliary:
Rep: Bertha Shimpf.
Dep: Anna Lee.
Rep: (HON.) Mae McElvaney.
Veterans of Foreign Wars:
Rep: Cassel Wechter.
Dep: Thomas C. Hart.
Veterans of World War I.
Rep: Wilson H. Shive.
Deps: William Toy, Prudence Sheperla and Elizabeth Bishoff.
Womens Army Corps, Vets. Assn.:
Rep: Judy McCann.
Dep: Anna L. Godsho.
Marine Corps League:
Rep: Ruth Jannotta.
Dep: Louise Uysase.

ESTONIAN DECLARATION OF INDEPENDENCE

HON. ELLA T. GRASSO

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 28, 1974

Mrs. GRASSO. Mr. Speaker, on February 24, we observed the 56th anniversary of the Estonian Declaration of Independence.

It is indeed fitting that we as Americans set time aside to pay tribute to these freedom-loving people who since the 13th century have been waging a constant struggle for independence.

Certainly, modern history has not been kind to this small Baltic nation and its people. In the 18th century Estonia was devastated by war, and later her people were brought under Russian domination. The 20th century brought the hope of freedom when, in 1918, a declaration of independence was signed, and in 1920 freedom from the Soviet Union was attained. Yet, the breath of liberty was shortlived. With the coming of World War II, Estonia and its people were conquered first by the Soviets, then by the Germans, and then again by the Soviets, who now dominate these illustrious people.

Despite domination and persecution,

however, the people of Estonia have retained their great courage and national pride, as well as their hope that some day independence for their country will once again become a reality. The steadfast dedication of Estonians to freedom, and their diligence to the ideals that have made our country great are truly admirable characteristics.

The hard working and patriotic nature of these people is reflected in the many, meaningful achievements that have been made by Estonia-Americans in Connecticut and throughout our land. Truly their accomplishments reflect an understanding of the meaning and significance of liberty and justice for all.

Let us take this opportunity to renew the commitment of our country to provide freedom, peace, and self determination for Estonia and its people once again in the years ahead.

OIL INDUSTRY

HON. BEN B. BLACKBURN

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 28, 1974

Mr. BLACKBURN. Mr. Speaker, recently I received a letter from a U.S. citizen who is now living in Spain concerning the current investigations of the major oil companies.

I believe that my colleagues will find this letter of interest, and I am, therefore, inserting it at this time:

PALMA DE MALLORCA,
BALEARES, SPAIN, *January 31, 1974.*

Hon. BEN B. BLACKBURN,
Congressman for the State of Georgia, Washington, D.C.

DEAR MR. BLACKBURN: As a concerned U.S. citizen, I wish to comment on the current investigations of the major oil companies by Congressional committees, as reported in the European press. Based on my first-hand acquaintance with the operations of one of them during twenty-five years in Venezuela before retirement, I believe there are some basic facts that should not be overlooked:

1. The oil industry has always been a difficult and highly complicated business. Due to the high percentage of failures in the search for oil and the need for tremendous capital resources, it is not an industry for small individual operators.

2. As the countries in the Middle East and South America could not find the oil themselves, the technical know-how and specialized experience of thousands of Americans was vitally necessary. Young geologists, engineers and other specialists all made their contributions, often working under primitive and even dangerous conditions in tropical jungles and deserts where the upper-class nationals would never venture.

3. Operations in foreign countries over the years have been beneficial both for the countries themselves, and for the United States. Jobs were created, housing for workers, schools, roads, etc., built, malaria eliminated in swamp areas, farming and other self-aid projects were started or subsidized. The per capita income and the standard of living in those countries were dramatically improved (even though the taxes and royalties paid to the foreign governments were not always used for effective development programs). The record is long, and one of which all Americans can be proud.

Not only did these "international" companies pay taxes in the countries where the operations were conducted, but also in the States. During World War II, the Allies could hardly have won the Battle of the Atlantic without the ample supply of petroleum from U.S. companies in Venezuela; and cheap oil at home, where foreign imports supplemented U.S. production, made possible the great post-war surge in business activities and private transportation. This postponed for many years the time when constantly increasing consumption would out-pace world oil supplies.

We U.S. employees trained local workers, and scholarships were provided for native students to study petroleum and civil engineering in Texas, Oklahoma, Louisiana, etc.–these young men are now at the head of government oil agencies or occupying high positions in local subsidiaries of the large American oil companies. Many of those who owe their country's prosperity and their own professional success to the assistance of the U.S. companies, are not necessarily kindly disposed toward the latter. This is perhaps understandable, human nature being what it is. In any event, the benefits provided and the good works done by the large oil companies were not intended as philanthropic gestures but were part of a sound and enlightened business attitude.

4. The original oil concessions were authorized before anyone could be certain that oil in commercial quantities existed, and over the years, the governments of the countries involved have insisted on renegotiating the original contracts to increase the percentage of income accruing to them. By and large, this was accomplished amicably, but in recent years, the producing countries have become more and more exigent, and their demands have increased to the point where unilateral cancellations of contractual obligations or even outright nationalizations, have become the order of the day. I am firmly convinced that this situation would never have reached the present critical stage if the U.S. Government had at any time shown support for the American oil interests. In fact, the negative attitude of our own government towards the large companies (even though the rights of U.S. citizens owning the companies were involved), contributed to the feeling on the part of foreign governments that they could get away with anything they wished to.

5. As the U.S. companies are recognized as the most efficient in the world in all aspects of the oil business, I trust that in dealing with the current energy crisis, Congress and the Administration will utilize to every extent possible their vast ability and knowledge. The Arabs and the South Americans would like to see the oil companies immobilized since they believe they can gain their ends more easily by dealing with politicians rather than with industry technicians. There are potential dangers in any direct dealings on oil between governments since a disagreement later on could spark off a grave international crisis, whereas heretofore, the American oil companies with no official status, have been useful as whipping boys (or lightning rods, if you prefer) when unpleasant decisions had to be taken.

6. As to concern over large oil company profits, money in as yet unknown quantities will be needed for new investments to make the U.S. self-sufficient in energy. That part of earnings not plowed back into the operations is paid out in dividends to the stockholders of the enterprises. The oil companies pay income tax on their earnings (with some dispensations authorized by law), and the shareholders in effect pay a second tax on the same money when they pay their Federal Income Tax on dividend income. If, due to unexpected developments and transitory conditions, there have been demonstrable "windfall" profits, Congress can easily decree a special tax on such "excess" earnings. However, it would be counterproductive to take away from the companies any major part of the enormous amount of capital they will need for the heavy programs ahead.

7. For maximum operating efficiency, movement of oil via pipelines and tankers, as well as distribution through refineries and a great network of outlets enroute to the consumer, require an exact precision in coordination and control. The international oil companies are handicapped in obtaining maximum utilization of existing facilities because of existing anti-trust legislation. Perhaps a temporary relaxation of same during the present crisis would be advantageous to our nation.

8. As to recommendations that a national petroleum company be formed to operate all aspects of the industry, I am sure that such a socialistic solution would be both philosophically unacceptable and completely impracticable in the U.S. Staggering complications would arise; and bureaucrats who have been unable to efficiently run a post office operation or even supervise a subsidized railroad system, could hardly be expected to operate the far more complex movement of oil from well-head to automobile tank or local heating unit.

9. It is sometimes forgotten that the large American oil companies are publicly owned. They belong to a great many individual shareholders, and the majority of these are, like myself, small investors with their life savings in these corporations. Exxon alone has about 800,000 stockholders, most of whom are U.S. citizens, consumers, voters and taxpayers, with a legitimate right to be concerned about action by Congress or the Administration which might adversely affect them.

Unquestionably, the present energy problems are annoying and have resulted in many protests throughout the U.S. However, I am hopeful that Congress, as our maximum deliberative body with the ultimate responsibility for grave decisions, will avoid hasty and ill-conceived solutions; and that your special committees will make full use of the experience and knowedge available from the leaders of our oil industry. In fact, to fail to do so would be like the commanders of a beleagured fortress putting their strongest warriers in chains as enemy forces appeared on the horizon!

Thank you, Mr. Blackburn, for taking the time to read this letter, and please accept my sincere best wishes for your personal well-being.

Respectfully yours,
CHARLES V. MONTAGUE.

THE VIRUS OF TERRORISM

HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 28, 1974

Mr. DERWINSKI. Mr. Speaker, as we await some positive developments in the kidnaping of Miss Patricia Hearst, I believe that the system is undertaking some long-range political terrorist problems.

Terrorist-perpetrated Arab extremist and leftist guerrillas in Argentina and Uruguay have set tragic patterns that unfortunately may affect us as well.

An editorial in the Chicago Daily News of February 23, follows on this subject:

THE VIRUS OF TERRORISM

The virus of terrorism for political motives has come to the United States in one of its ugliest forms—kidnaping. And it could pose a challenge beyond anything U.S. law-enforcement agencies have ever faced.

Kidnaping for ransom is an ancient crime, but in the past its sordid motive was personal gain for the criminals. Something new and frightening is added when innocent victims are held hostage with the avowed purpose of overthrowing the social system or the government.

In the California kidnaping of Patty Hearst, the demand is couched in Marxist terms of sharing the wealth with the poor. The captors of Reg Murphy in Atlanta, the self-styled "American Revolutionary Army," released him for $700,000 ransom but vented their spleen against what they see as the leftward trend of the government and the press. Extreme fanaticism is a common thread, but the demands are at opposite poles of extremism.

Another common thread is the link to the nation's press. The Hearst family is of course closely identified with publishing. Reg Murphy is the editor of the Atlanta Constitution. Whether the aim is to guarantee greater publicity for the guerrilla gangs or represents a genuine grudge against the press isn't any clearer at this point than the vague ramblings of the tape-recorded messages.

What is clear is that society faces a new threat. The first concern must be to do everything possible to obtain the release of the hostages. The second must be to avoid handing the kidnap gangs a "victory" that might then encourage others to go and do likewise. Whatever temporary success they may achieve can be offset only by a demonstration that such tactics cannot pay in the long run.

It's a delicate and dangerous task for the FBI and the other involved agencies. But a civilized society can do no less than to summon every resource to stamp out the virus of terrorism wherever it raises its ugly head.

LAST-MINUTE STAY OF DEPORTATATION FOR HAVIV SCHIEBER

HON. JOHN M. ASHBROOK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 28, 1974

Mr. ASHBROOK. Mr. Speaker, on February 20, I inserted in the RECORD remarks and accompanying material concerning the case of Haviv Schieber, an anti-Communist, anti-Zionist citizen of Israel, who was slated for deportation to Israel 2 days later, at 5 p.m. on Friday, February 22. Around 2 p.m. on the 22d, Justice Thurgood Marshall granted Mr. Schieber a stay of deportation pending further action of the Court. Appeals are at present before the Attorney General and the State Department for discretionary relief or political asylum.

I insert at this point a copy of the order of the Court and the text of the appeal by Mr. Schieber's Washington lawyer to the Supreme Court:

[In the Supreme Court of the United States, October term 1973]

No. —

HAVIV SCHIEBER, PETITIONER

v.

THE IMMIGRATION AND NATURALIZATION SERVICE, UNITED STATES DEPARTMENT OF JUSTICE, RESPONDENT

APPLICATION FOR STAY PENDING PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES CIRCUIT COURT OF APPEALS FOR THE SECOND CIRCUIT

To the Honorable Thurgood Marshall, Associate Justice of the Supreme Court for the United States and Circuit Justice for the Second Circuit:

Petitioner hereby applies for a stay, pending the filing and determination of a Petition for a Writ of Certiorari, of the judgment of the United States Court of Appeals for the Second Circuit rendered February 19, 1974. Said Second Circuit Judgment dismissed Petitioner's motion to reverse the June 20, 1973, and February 1, 1974 decisions of the Board of Immigration Appeals not to reopen Petitioner's deportation proceedings. (A copy of the Second Circuit's Order Dismissing Petitioner's petition for review has not yet been received by Petitioner but copies of the Board's decisions of June 30, 1973 and February 1, 1974, are attached hereto.)

If a stay is not granted, Petitioner will be subject to immediate deportation to Israel as of 5:00 o'clock p.m. Friday, February 22, 1974, and his cause will be mooted before this Court has an opportunity to review the judgment below on its merits. In addition, because of the urgency of the situation, Petitioner also requests, if needed, a temporary stay of the judgment pending receipt and consideration of Respondent's reply to this Application, and pending any argument concerning this Application that this Court may wish to hear.

I

1. This is an action by Petitioner to reopen deportation proceedings in order that he may apply (1) for discretionary suspension of deportation by the Attorney General under Section 244(a)(2) of the Immigration and Nationality Act, 8 U.S.C. Sec. 1254(a)(2) and (2) for political asylum pursuant to the provisions of the Department of State policy statement of January 4, 1972.

II

2. Section 244(a)(2) of the Immigration and Nationality Act provides as follows:

"As hereinafter prescribed in this section, the Attorney General may, in his discretion, suspend deportation and adjust the status to that of an alien lawfully admitted for permanent residence, in the case of an alien who applies to the Attorney General for suspension of deportation and—

(2) is reportable under paragraphs (4) (5), (6), (7), (11), (12), (14), (15), (16), (17) or (18) of Section 1251(a) of this title; has been physically present in the United States for a continuous period of not less than ten years immediately following the commission of an act, or the assumption of a status, constituting a ground for deportation, and proves that during all of such period he has been and is a person of good moral character; and is a person whose deportation would, in the opinion of the Attorney General, result in exceptional and extremely unusual hardship to the alien or to his spouse, parent or child, who is a citizen of the United States or an alien lawfully admitted for permanent residence.

3. A majority of the Board of Immigration Appeals ruled on June 20, 1973 that since in its view Petitioner was unlikely to obtain suspension of deportation under Section 244(a)(2) it would not reopen the proceedings so that he could apply. Petitioner contends that the Board was in error in making this assumption, and that the Second Circuit was in error in failing to give Petitioner an opportunity to show that the Board's assumption was reversible error. A dissenting opinion of the Board stated that:

"He appears eligible for the relief he seeks. I can detect no valid reason for denying him the opportunity to show to an immigration judge that he deserves the favorable exercise of the Attorney General's discretion. I disagree with the majority's predetermination that any application for suspension of deportation will have to be denied in the exercise of discretion."

The majority view of the Board was apparently implicitly approved by the Second Circuit in its February 19, 1974 Order dismissing Petitioner's petition for review of the Board's decision.

4. In holding that Petitioner was unlikely to prevail in any application to the Attorney General under Section 244(a)(2) of the Immigration and Nationality Act, the majority of the Board of Immigration Appeals relied on its previous ruling in *Matter of Lee*, 11 I & N 649, that where an alien has acquired the minimum residence required for discretionary suspension of deportation under Section 244(a)(1) of the Act by taking advantage of every administrative or other remedy available to him, the favorable exercise of the Attorney General's discretion is not warranted in the absence of particularly strong equities. Petitioner contends that this ruling contradicts the purpose of the statute and is subject to serious question inasmuch as it unfairly penalizes the lawful pursuit of administrative and legal remedies. Moreover, Petitioner has been forced to lodge numerous administrative and judicial appeals because of the consistent refusal of the Board of Immigration Appeals over the years to reopen its initial deportation proceedings so as to permit Petitioner to apply under Section 244 of the Act.[1] In addition, Petitioner contends that inasmuch as it is the Attorney General's decision to use or withhold his discretionary authority to suspend deportation proceedings under the Act, it is beyond the authority of the Board of Immigration Appeals to refuse Petitioner the opportunity to show that he deserves the favorable exercise of such discretion by the Attorney General.

5. Finally, Petitioner asserts that the equities are particularly strong in his favor. He is sixty-three (63) years of age and has been physically present in the United States for fourteen years. During all of that time he has been a person of exemplary moral character and there has been no contention whatever to the contrary. Indeed, he has made many contributions to this country. He is the owner and president of a successful building construction company in New York City which specializes in constructing low-income housing for residents of the City (for which he has received letters of commendation from the City of New York and others) and which employs members of minority groups as well as Vietnam War veterans. He is active in a number of civic and social organizations, including several organizations, including several organizations concerned with the long-range problems of international communism and a weekly Arabic-English newspaper published in New York City partly through his assistance. Petitioner is a Sustaining Member of the Westside Conservative Club in New York City and also Secretary of the Anti-Communism International Club which he helped organize, and Chairman of the Holy Land State Committee.

6. Petitioner has no ties of any kind in any other country, and to deport him in these circumstances at his age in itself would result in extremely unusual hardship to him. In addition, because of his active efforts to unite the Arabs and Jews in forming a Holy Land State as set forth in his letter to the State Department requesting political asylum, described in paragraph 9 of this Application, *infra*, deportation to Israel would certainly result in exceptional and unusual hardship to Petitioner.

7. Petitioner, who is a Jew, was born in Poland in 1911. In 1932 fearing the Nazi con-

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[1] Petitoner on previous occasions has requested the INS to reopen his deportation proceedings so that he could apply to the Attorney General for permanent resident status under Sec. 244(a)(1) of the Act, which provision requires a minimum of seven years residence (rather than the 10 required in 244(a)(2)) and no past convictions for crimes involving "moral turpitude". Petitioner's attempts have been to no avail, however, principally because he has been unable to persuade the INS that his Israeli crimes did not involve "moral turpitude".

quest or his country, Petitioner fled his native homeland and relocated in Palestine where he became active in efforts to establish a safe and viable homeland for all Semitic people, Jew and Arab alike. By 1949 he had become mayor of the small Israeli town of Beersheba. Following his service as mayor, in 1951, Petitioner became involved in the two minor convictions the Board of Immigration Appeals has consistently relied on as proof of "moral turpitude" sufficient to justify deportation and denial of an opportunity to become a permanent United States citizen. Petitioner has contended, and still contends, that these two minor convictions in Israel over twenty years ago were obtained because of his political activities. For example, he asserts that in order to protest the lack of postal service, he set up a mock mail drop near the police station and was consequently charged with theft of the two street tiles he used to construct the mail drop and with operating a post office without authority. The second crime relied upon by the Service involved his having allegedly stated in 1951 that he had a permit to build on abandoned Arab properties shelters for the large influx of immigrants coming into Israel and his having collected very small amounts of money from prospective tenants (which amounts he had turned over to the Democratic Party). For this action, Petitioner had received a suspended sentence of three months. In spite of Petitioner's insistence that all of his legal difficulties with Israeli authorities two decades ago were because of his political views and activities, he has been unable thus far to persuade the Immigration Board of Appeals that such is the case. And, notwithstanding the fact that Section 244 (a) (2) of the Immigration and Nationality Act specifically authorizes the Attorney General in his discretion to stay deportation and adjust an alien's status to one of permanent resident when, after conviction, the alien resides in this country for a minimum of ten years and proves that during all of such period he has been and is a person of good moral character, the Board of Immigration Appeals has steadfastly refused to permit Petitioner to apply for the benefits of that Section.

III

8. On October 15, 1973, Petitioner requested the Immigration and Naturalization Service to reopen his deportation proceedings so that he could apply for political asylum pursuant to the provisions of the Department of State Policy Statement of January 4, 1972. On October 16, 1973, Petitioner received a letter from the Service stating that the deportation scheduled for October 17th would be stayed pending a determination of Petitioner's application. However, three months later, on January 16, 1974, without any hearings in the interim, Petitioner received another letter from the INS stating that no additional stay appeared warranted. In response to this, on January 23, 1974, Petitioner's New York counsel filed a letter with the INS formally requesting political asylum for Petitioner pursuant to the provisions of the Department of State policy statement of January 4, 1972 on the ground that were he deported to Israel he would be persecuted because of his political beliefs which are contrary to those of the ruling party in Israel. No hearings were afforded Petitioner on this formal application and Petitioner heard nothing further until February 1, 1974 when the Board of Immigration Appeals handed down a decision refusing to reopen the proceedings so Petitioner could apply for political asylum.

9. As a basis for its decision of February 1, 1974, the Board of Immigration Appeals cited a portion of a State Department telegram that it had received (but which Petitioner had not received and had had no opportunity to comment on) that stated ". . . we do not believe [petitioner] has valid claim for political asylum. His membership in opposition party is no reason for him to fear political persecution upon return to Israel." In fact, Petitioner had never based his claim for political asylum on a contention that he was a member of an opposition party. Indeed, Petitioner had not since filing his January 23rd letter presented to either the Board or the State Department a detailed brief of the basis upon which he believed he was entitled to political asylum. Moreover, the State Department telegram went on to state, although this was not included in the Board's opinion, "should Mr. Shieber present additional information which to the Service seems to require further review, we will be glad to give further consideration to the case." Mr. Shieber's counsel has subsequently submitted on Petitioner's behalf a letter to the Department of State setting forth detailed information in support of petitioner's contention that he is eligible for political asylum. Included in this letter is the fact that Petitioner has actively supported establishment of a confederal Holy Land State in the Middle East in which Jews, Christians and Moslems would each have home rule, and, furthermore, permitted Egyptian authorities during the recent Yom Kippur War in the Middle East to record several messages by him urging Israeli troops not to rely on military might in defense of the present state of Israel but to pursue their goals through the establishment of a Holy Land State. These broadcasts, Petitioner is informed and believes, are highly controversial in Israel and are considered by the Israeli authorities as tantamount to treason and a call for revolution in Israel. Petitioner's New York counsel was advised by the Office of Refugee and Migration Affairs in the Department of State on Friday, February 15, 1974 that Petitioner's application for political asylum was under active review by the Department of State. (A copy of the letter submitted on Petitioner's behalf to the State Department is attached hereto).

10. The decision (apparently without opinion, although a copy of the Order has not yet been received by Petitioner) of the Second Circuit on February 19, 1974, granted the motion of the Immigration and Naturalization Service to dismiss Petitioner's request for review and reversal of the above-described Board of Immigration Appeals' decisions of June 20, 1973 and February 1, 1974. The Court granted a stay of its judgment until 5:00 o'clock p.m., Friday, February 22, 1974.

11. The decisions of the Board of Immigration Appeals, sustained in effect by the Second Circuit's dismissal of Petitioner's request for review and reversal, constitute an unlawful denial to him of due process and equal protection of the laws guaranteed to him by the Fifth Amendment to the Constitution.

12. For these reasons, Petitioner respectfully requests that the judgment of the Second Circuit be stayed pending filing and determination of a Petition for a Writ of Certiorari. Petitioner also requests this Court to provide any further relief that might be needed to stay deportation of Petitioner pending the filing and determination of a Petition for a Writ of Certiorari.

Respectfully submitted,
BRUCE J. TERRIS,
ZONA F. HOSTETLER,
Washington, D.C.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Petitioner's Application for Stay Pending Filing and Determination of a Petition for a Writ of Certiorari was delivered by hand this 21st day of February, 1974, to: Honorable Robert Bork, Solicitor-General, Department of Justice, Washington, D.C.

ZONA F. HOSTETLER,
Washington, D.C.

FORMER CHAIRMAN OF PRICE CONTROL COMMISSION CALLS FOR AN END TO CONTROLS WHICH ARE STRANGLING OUR NATION'S ECONOMY

HON. JACK F. KEMP

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 28, 1974

Mr. KEMP. Mr. Speaker, Mr. C. Jackson Grayson, former Chairman of the Price Commission during phase II and presently the dean of the School of business Administration at Southern Methodist University, has made a well-reasoned plea for the abolition of wage and price controls—controls which are virtually strangling the economic productivity of our Nation.

This plea, in the form of an article which appeared earlier this month in the Wall Street Journal, is worthy of the attention of all members of this body who are committed to the strengthening of our economy—and the jobs and income which flow naturally from and to the people during periods of prosperity.

The article follows:

LET'S END CONTROLS—COMPLETELY

(By C Jackson Grayson, Jr.)

The wage-price control or decontrol debate has shifted from whether we are going to decontrol to (A) how far, (B) when, and (C) how?

A consensus prediction seems to be that (1) gradual decontrol will continue, (2) that some sectors, probably energy, construction, and health will continue under long term controls, (3) that the Stabilization Act will be extended, and (4) that a wage-price control "stand-by" mechanism will be created.

I find a growing attitude of almost "inevitability" that this is the course that we will (or should) follow among Congressmen, businessmen, labor leaders, the press and members of the administration.

I challenge the necessity, wisdom, or inevitability of any or all of these. Before it is too late, I urge instead: (1) end all controls totally by April 30, (2) let the Stabilization Act expire, and (3) do not establish the proposed "stand-by" control mechanism.

Total decontrol sounds frightening to some, particularly politicians fearing voter reaction. "How can I vote for decontrol?" complained one decontrol-minded Congressman. "A vote for decontrol sounds like a vote for inflation."

It is true that if all sectors were decontrolled, there would be some wage and price increases. Some might be large and rapid as the market moved to adjustment levels necessary to ration resources and attract capital and labor.

But the economy-wide increases on total release will not be nearly as large as some fear. Much of the economy has already been released, and forecasts are for a slackening economy.

Who will be sending prices and wages upward? The market. Purchasers (industrial and consumers) will be signalling "more" or "less" of a wage, good, or service. The market, not the controllers, will be allocating resources to society's most efficient uses.

NOT PERFECT, BUT . . .

Those who argue that this market mechanism is imperfect because of market power by business or labor or structural defects, should work to correct such faults rather than continue reliance on a mechanism that is far more dangerous to the market mechanism than such alleged imperfections. This line of argument will tend to keep us in controls forever as a countervailing power to alleged blocks to competition.

Arguments will surely be made, in rebuttal, that price increases will hurt the poor more than the rich. By definition, this is true. The poor have less money. Any price increases hurt them more, controls or not.

But if society wishes to increase economic opportunity for those with lower income (as I think we should), this is best done by means other than controls. In fact, continued controls, in many ways, hurt the poor. They tend to drive low markup items from the shelves, provide those with higher incomes and better education opportunities to get around the system. And they increase unemployment for marginal workers whose productivity is not as great.

Other arguments against total decontrol will be raised. "Now is not the time. Wait a little longer."

In late 1972 it was the fear of large wage settlements in 1973 that postponed decontrol. These did not materialize despite a more flexible Phase 3 and rapidly escalating prices. Shortages (fuel, steel, fiber, paper, etc.) are now being advanced as a reason for continued controls: "Price increases will not increase capacity in the short run and will merely result in higher profits."

Continued controls are not going to help the shortage problem. If anything, they will prolong shortages because of the lack of increased incentive (profits) to invest and expand quickly. Management, labor, and capital will delay action or even flow elsewhere. The result could then reach a point where arguments would be made that the federal government must invest to expand capacity through direct investment (to wit, the proposed federal oil and gas corporation).

While some people would agree with the philosophy of total decontrol, they would stop short of energy decontrol. For the same reasons as given above, I would not.

Yes, prices will increase. (They are going to increase anyway, with controls.) Yes, prices would increase more rapidly with decontrol. But the solution to the shortages would also be faster as price served its function of rationing and as incentives were increased for supply of more energy sources. Again, help for people with lower incomes should be done with mechanisms other than continued wage/price controls.

Similar arguments can be made for also removing controls from other sectors popularly nominated for long term controls—construction, health, food.

Finally, continued selective decontrol, while appealing to those who believe they know how to manipulate the allocation system, is dangerous. It increases the distortions among industries and services of different sizes; but more importantly, it increases the distortion of the flow of capital and labor due to unforeseen effects of substitution, interdependencies, false price signals, and administrative lags among controls and non-controlled sectors. It was for these reasons that we shied away from industry-by-industry controls altogether in the Price Commission.

Our economic understanding and models are simply not powerful enough to handle such a large and complex economic system better than the marketplace. Partial decontrol (or its converse, partial control), tends to build a false belief in the minds of the public that controllers really "can" manipulate the system more efficiently, and will increase the cry for selective "recontrol" later on. After all, they knew how to selectively decontrol, didn't they?

I also don't believe that the Stabilization Act should be continued past April 30, even if decontrol were complete prior to that date.

If the act sat on the books, there would be tremendous pressure and temptation to reimpose control in the near future. Even in a stable economy, some prices rise dramatically, some stay stable, some decline. But the headlines go to the increases, and political pressures will be heavy to reimpose controls over this or that sector.

If Congressmen think they will have immediate political problems now from decontrol they should think what they are letting themselves in for over the next year or two as prices fluctuate and successive delegations descend on them. They and the Executive Branch will be continually besieged to put controls back on across the entire economy, or selectively on visible wage settlements and price increases.

I recommend that the act expire now. Then, if the nation wishes to re-embark on the controls road again, the decision would be subject to full public debate, and not decided by administrative decision in the Executive Branch.

PRESSURES AND POLITICS

Finally, I recommend strongly against establishment of the proposed stand-by wage/price agency. If such an agency were created, whether responsible to the Executive or Legislative Branch, it would be subject to continual pressure to reimpose controls, totally or selectively. The monitors would find it almost impossible not to take "action" (direct controls or jawboning) even when price increases represented pure demand shifts. Prices would be determined as much by politics as economics.

Secondly, the "responsibility" for control of inflation would be thought to rest in the hands of this agency instead of at the more fundamental levels of fiscal and monetary policy, increased productivity, structural reform to increase competition, and widespread acceptance of individual responsibility to help control inflation.

Third, such an agency would undoubtedly be staffed by able people, anxious to do a job. The temptation of such a combat-ready group to "fine-tune" the wage/price mechanism would well nigh be irresistible. Parkinson's Law would surely operate. Many bright economists would like nothing better than to get their hands on the throttle of the economy to install their honest beliefs about "necessary" government intervention in the market.

Fourth, its proposed main activity of "jawboning" is not innocuous. The most people, that term means public spirited appeals for restraint and cooperation on wages and prices. But, if past history is any judge, jawboning will also include threats to pass punitive legislation, to unleash a Justice or FTC investigation, to sell stockpiles to depress markets, to issue or leak derogatory stories to the press, and to issue or deny government contracts. At the personal level, jawboning can include subtle offers or denials of government appointments, or even threats to audit personal tax returns. All have been used. In my opinion, these are all abuses of power and contrary to the American sense of fair play and civil liberties.

Finally, the mere existence of such an agency would encourage price increases and discourage price decreases.

An unfortunate lesson learned from the various phases is that you'd better get wage/price increases while you can. Time and again, the "good guys" got hurt by exercising restraint. Many businessmen have told me that they will not reduce prices for fear that a new freeze, a new rule, or a new recontrol will catch them with their prices down. If such an agency were sitting there, symbolically hovering over the marketplace with a sniper's rifle, I think we would not see many price decreases, and would see instantaneous price increases. We would be institutionalizing inflation.

NEW SCENARIO IS POSSIBLE

Many of these points have been made before. Yet I am alarmed at the feeling of inevitability of the events of the next few months—partial decontrol, extension of the act, and creation of a stand-by mechanism. Businessmen seem resigned to this fact as a way of getting at least partially out. Administration officials apparently believe that this is the course to be followed to get congressional agreement. Many Congressmen believe that they can't completely decontrol because of public backlash.

The scenario does not have to come out that way. We can decontrol, with better long-range consequences for everyone, including the poor.

Why do I, who ran a price control program, argue as strongly as I do? I know price controls intimately and how people work in them. I know the distorting effects and political pressures. Controls do have some value, but for a limited time period and under special circumstances. After that, they should be abandoned.

More importantly, I know from first hand experience that allocations by the marketplace are far superior to any centrally directed system, and are most consistent with personal freedom.

It's easy to get into controls, but as we are now witnessing, hard to get out. It is time to act with courage. Let's get out, and let's get out completely.

CONGRESSIONAL OPINION SURVEY

HON. HENRY HELSTOSKI

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 28, 1974

Mr. HELSTOSKI. Mr. Speaker, as chairman of the Veterans' Subcommittee on Education and Training, I noted during our hearings that the Veterans' Administration disagreed with some of the major recommendations of the Educational Testing Service's —ETS—study of the current and past GI bills.

Accordingly, an organization, the National Association of Concerned Veterans—NACV—formerly the collegiate veterans, has commissioned a congressional survey seeking opinions on the conclusions of ETS.

Mr. Speaker, I insert into the RECORD the letter of James M. Mayer, president of NACV; a brief fact sheet focusing on veterans' benefits; and a copy of the survey. I encourage all members to participate in this worthwhile NACV survey.

NATIONAL ASSOCIATION
OF CONCERNED VETERANS,
Washington, D.C., February 18, 1974.

DEAR REPRESENTATIVE: The National Association of Concerned Veterans (NACV), formerly the National Association of Collegiate Veterans, is a non-partisan organization of Vietnam era veterans. The NACV, with affiliated clubs in thirty-two states, is now seeking your assistance.

Public Law 92-540 required that the Veterans Administration (VA) provide "an independent study" by late April, 1973. The study was to compare the current GI Bill program of educational assistance with that of prior conflicts. One of the criteria for comparison was "adequacy of benefit level."

However, the VA did not assign the study to its author, the Educational Testing Service (ETS), until late May, 1973. The ETS study, delivered to Congress in September, 1973, recommends sizeable increases in current GI Bill education and training allowances.

After reviewing the ETS study, the VA observed that ". . . no general restructuring of the educational program seems necessary or advisable, especially with reference to the present benefit payment system."

Because of these contradictory conclusions, the NACV is very interested in gauging Congressional opinion about the ETS study's findings. Accordingly, the NACV respectfully requests that you answer and return the attached one-page survey. The reverse side of this letter contains further facts about the World War II and Vietnam GI Bills.

The option between an anonymous or a signed reply is strictly yours. Also, your schedule permitting, a reply within fourteen days would be greatly appreciated.

The NACV would be very grateful for your co-operation in this endeavor. Of course, the results of this survey will be made available to you and the Committee on Veterans' Affairs of both Houses.

Sincerely yours,

JAMES M. MAYER,
President.

VETERANS BENEFITS INFORMATION SHEET

1. In 1948, WWII single veterans received $75 per month in subsistence allowances, plus the VA paid the school up to $500 per year for each veteran's tuition, fees, books and supplies.

The 1948 tuition allowance covered the rates of nearly all the public colleges, and 89 percent of the private colleges.

2. From 1948 through 1972, the *average* public college tuition rates increased 215 per cent—from $194 to $419. During the same period, the *average* private college tuition rates increased 522 per cent—from $368 to $1900.

3. The Consumer Price Index (CPI) has increased from 72.1 in 1948 to 138.5 in January, 1974. This translates to an indicator of 1.9211.

4. Today, a single student veteran receives an allowance of $220 per month—or an annual amount of $1980.

5. The 1973–74 school year brought sharp increases to many institutions. Pages S 504–5 of the January 28, 1974, Congressional Record contain a state by state listing of the most current tuition charges.

To estimate the amount of money that a single student veteran has per month to live on in your state: add $216 (the average figure for fees, books and supplies) to the respective tuition rate. Subtract that total from $1980; and divide the remainder by 9.

CONGRESSIONAL OPINION SURVEY

Directions: A. Please circle the answer you feel most appropriate after each statement. B. All quotes used are from the ETS study and apply to the level of benefits prescribed by current law.

1. "In general, the 'real value' of the educational allowance available to veterans of World War II was greater than the current allowance being paid to veterans of the Vietnam Conflict when adjustments are made for the payment of tuition, fees, books and supplies." Agree, disagree, no opinion.

2. "When educational allowances for the Vietnam veteran are adjusted for the average tuition, fees, books and supplies at a 4-year public institution the benefits remaining are insufficient to meet the veteran's estimated living expenses." Agree, disagree, no opinion

3. ". . . the average veteran, when faced with insufficient resources to meet his estimated expenses for living plus institutional costs, must either arrange for additional financial resources outside the normal (federal) student aid funding sources or seek out a lower-cost institution when such is available to him." Agree, disagree, no opinion.

4. "The veteran residing in a state with a well-developed system of low-cost institutions has significantly more of his benefits available to help defray living expenses than would his counterpart living in a state without such a system . . . Current benefit levels, requiring as they do the payment (by veterans themselves) of tuition, fees, books and supplies, and living expenses, provide the basis for "unequal treatment of equals." Agree, disagree, no opinion.

Name (optional) ———.

Please use the reverse side if you wish to add a comment.

MONSIGNOR McFARLAND TO OBSERVE 50TH ANNIVERSARY OF ORDINATION

HON. CHARLES W. WHALEN, JR.

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 28, 1974

Mr. WHALEN. Mr. Speaker, I would like to pay tribute at this time to a much beloved and respected man, Msgr. Joseph Dean McFarland, who will celebrate his 50 years as a priest on March 15.

I also should note that in November of this year he will mark his 25th year as pastor of Holy Angels Parish in Dayton, Ohio, to which I belong.

Monsignor McFarland will concelebrate his anniversary Mass of Thanksgiving with Archbishop Joseph Bernardin in Holy Angels Church at 7 p.m. on Friday, March 15. Parish festivities will begin with a parish dinner at the University of Dayton Kennedy Union on Friday, March 8. A reception will be held on Sunday, March 17, from 2 to 4 p.m. in the parish school. The children of Holy Angels will honor Monsignor with a program on March 19.

The members of Holy Angels Parish, the citizens of Dayton and the Archdiocese of Cincinnati have been fortunate indeed to have had the benefit of Monsignor's guidance and inspiration over these many years. As I know from my own personal experience, he is simply a marvelous gentleman whom we all have come to love and respect as a member of the family and an exemplary man of God.

A native of Ohio, Monsignor McFarland was born on September 3, 1896 in Marion, the son of Thomas Joseph McFarland and Margaret Dean Moloney. He received his primary and secondary education at St. Mary Catholic School in Marion and graduated from the University of Dayton in 1918 with a bachelor of arts degree. In the fall of that year, he entered Mount St. Mary Seminary to prepare for the priesthood. In late summer of the following year, Archbishop Moeller asked him to continue his studies in Rome, Italy, where he entered the North American College on October 15, 1919. He was ordained in the Basilica of St. John Lateran in Rome on March 15, 1924. He remained in Rome until late June of 1924, having merited a doctorate in sacred theology from the Propaganda University. Six of his professors there later were to become cardinals.

Returning to the United States, he became Chaplain of Santa Maria Institute and pastor of St. Anthony Italian Parish in Cincinnati. A year later he was appointed to the faculty of the St. Gregory Seminary where he taught Latin and history for the next 9 years. While teaching at St. Gregory's, he took summer courses at Columbia University in New York and received a masters degree in political and social sciences. In the fall of 1934 he was transferred to Mount St. Mary Seminary as spiritual director. Three years later he was named pastor of St. Paul Parish, an intercity parish in Cincinnati where he remained for the next 12 years.

Monsignor came to Dayton in November, 1949 as pastor of Holy Angels and 14 months later also was named a judge in the Matrimonial Tribunal of Cincinnati, a position he still retains. In January, 1954 he was named a consultor of the Archdiocese, a position he held for more than 18 years. Also in January, 1954, Pope Pius XII made him a domestic prelate with the title of right reverend monsignor.

I am very pleased to add my words of congratulations to this distinguished and beloved clergyman, Mr. Speaker, and to praise him for the goodness of his work in the service of God. May God continue to bless him.

METHANE GAS CONVERTER IS POSSIBLE PARTIAL SOLUTION TO ENERY CRISIS

HON. BILL ALEXANDER

OF ARKANSAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 28, 1974

Mr. ALEXANDER. Mr. Speaker, America has now embarked on a major quest for alternative energy sources in light of world petroleum problems. The Nation has been asked to spend $10 billion over the next 5 years in an effort to find and develop existing and new sources of energy.

This program is undoubtedly vital to the country if we are to maintain our great industrial and agricultural progress. However, I think it is important that we give high priority to developing on a mass scale those sources of energy which are currently available and where the technology is a relatively simple matter, to press forward immediately.

One that certainly deserves attention is the use of methane gas which is generated through natural processes from all types of organic wastes. The possibilities are literally mind-boggling because not only will methane produce an inexpensive fuel but also will help to solve serious environmental problems.

Dr. Charles Lee Keeton III of Washington, D.C., has written a provocative paper on this subject which I hope will spark greater interest in developing methane gas. The text of the paper follows:

HOME-MADE METHANE AND THE ENERGY CRISIS

(By Charles Lee Keeton 3rd., Ph.D.)

There have been many recent articles on the energy crisis, which have emphasized the need for less wasting of scarce natural gas and other low-pollution fuels. There have also been many articles which have emphasized that synthetic natural gas and other fuels could be extracted from coal. However, there have been very few articles that have reminded us that natural gas (methane) can also be extracted from human and other organic wastes with a methane gas converter. According to a 1972 report of the U.S. Office of Science and Technology, at least one-third of our gaseous fuel needs could be met by extracting methane from organic wastes.[1]

By involving every person (via the recycling of his own body and other organic wastes), the methane gas-converter might give most users the feeling of having done something about the energy and pollution crisis. Many people lash out at "Big Business", the "Pollution Lobby", etc., in part from a feeling of hopelessness at being able to do anything. In short, I am suggesting in this article that a number of manufacturers ought to begin making the following two items:

(1) A methane gas-converter that would digest all organic wastes of the home or farm, and convert them to methane-gas to power the family car, tractor, home or farm. A number of such anaerobic-digestion converters, ranging in size from one made from two rubber tires, to one made from a 55-gallon oil drum, and even larger sizes of converters, are described by L. John Fry in his booklet, "Methane Digesters." The work is a prelude to a book Fry is writing about his very profitable pig farm in South Africa, which he powered entirely for six years with pig manure processed in a methane gas-converter.

The booklet above is available for three dollars by writing to Fry at 15 West Anapamu, Santa Barbara, Calif. 93101. Another world authority on the methane gas-converter is Ram Bux Singh, the Indian scientist; two long interviews with him are published in the Dec. 6 1973 *Congressional Record*, pp. § 22099–104. In sum, the more that one learns about the methane gas-converter the more one tends to agree with another authority, Prof. S. A. Klein of the University of California. He believes that the "abundance plus desirable burning properties add up to a low cost fuel that can replace wood, coal and oil as the major fuel source for home and industrial heating purposes."

(2) Big methane gas-converters for large businesses, public buildings, and as "energy nodes" for entire neighborhoods. Fry, the South African pig farmer mentioned above, produced 8,000 cubic feet of gas a day from his converter, which is enough gas to cook the daily food of at least 40,000 people. Other good markets for such converters would be race-tracks, stockyards, zoos, and feedlots, which at present allow much of their manure and litter to run off and to pollute nearby waterways.

With a methane gas-converter farmers and animal-keepers could convert animal manure and other organic wastes into methane gas to power their establishments; and, the dried human wastes from the converters would make superb fertilizer. Any excess gas and fertilizer could be sold to nearby consumers, who could use the gas to power their homes and engines, and use the fertilizer on their lawns and fields. If the family or individual lived in an apartment building, perhaps free methane gas would be thrown in with the other benefits that the apartment building offered. These would include hot water, space heating, lighting, cooking, drying, and air conditioning powered all or in part by methane gas produced from the building's combined organic wastes.

In short, I am advocating a methane gas-converter for virtually every home, apartment building, and even larger buildings. As John Shuttleworth, editor of *Mother Earth News*, put it: "Research must be directed away from the development of centralized, capital-heavy, tightly controlled, "dirty" energy systems . . . and towards the nurturing of decentralized, inexpensive, controlled-by-individuals-at-point-of-use, "clean" power-sources."

Such an on-site energy system utilizing the organic wastes produced on the site is most efficient. Such "total energy-systems" can operate at up to 75 percent efficiency in terms of converting fuel to useful energy (as compared to 34 to 36 percent efficiency of supplying electricity from the average central power-station). Such on-site "total energy-systems" would conserve fuel, produce far less pollution, and would disperse the sources of whatever little pollution there was as compared to concentrating the pollution in one central area with a central power-station. Such "total energy-systems" would also eliminate the up to 10 percent energy-losses that occur when electricity is transmitted and distributed from a central power-station to the consumers.

Such "total energy-systems" might ease the intense energy demands of the late-afternoon and evening hours, might help to prevent the reoccurrence of another 1965 New York blackout. When one realizes that one pound of human solid wastes (or solid wastes from any animal) will produce enough methane gas to cook the daily food of a family of six, one can readily grasp how the methane gas-converter could markedly reduce the threat of an "energy crisis" for all families using it. In addition, organic wastes ranging from grass cuttings, leaves, paper, kitchen scraps, pet droppings, cactus juice, kelp and other sea-weed, and agricultural organic-wastes of all kinds could also be used in the methane gas-converter. One pound of dry leaves, for example, will produce seven cubic feet of methane gas or enough gas to cook the food of a family for one week.[2]

The average BTU rating of one cubic foot of gas from a converter is about 650 BTU (British Thermal Units). This is significantly higher than the 450 BTU obtained with commercial coal gas sold in England. Ordinary natural gas out of the ground, and the promising new coal gasification process known as Hygas, both rate about 1,000 BTU per cubic foot. However, a considerable amount of energy (BTU) must be expended in order to extract the original substances out of the ground, process them, and to distribute the gas to the consumer. By way of contrast, the 650–679 BTU obtained with the methane gas-converter—in an on-site "total energy system"—requires the expenditures of little or no energy; and, is therefore nearly as high in usable BTU as natural gas out of the ground or the best coal gasification system, Hygas. In short, since the average American produces nearly one pound of solid wastes daily (i.e. one cubic foot of gas rating 650 BTU), perhaps the widespread adoption of the methane gas-converter would save a lot of Appalachia and our western states from being strip-mined.

I would like to suggest an additional benefit of the methane gas-converter. The average American uses about six gallons of water each time he flushes a toilet, and uses a total of about 100 gallons of water per day. Without the flush toilet, he would use only about ten gallons per day. One percent of a flushing pollutes the other 99 percent, which is the water. This has to be separated once again at the sewage plant from the human body wastes and purified. Since 50 percent of the water used in the U.S. is used in flushing toilets, billions of gallons of water could be saved every year by the adoption of the methane gas-converter.

In short, there is a real potential market for methane gas-converters. It is rather probable that many families with a converter woud also continue to use other energy sources, such as the local coal, oil, gas, and electric companies. Therefore, it seems obvious to me that such companies should begin making the methane gas-converter as still another company service to their customers. The coal, oil, gas, electric and other power companies had better start thinking of themselves as energy firms, and not merely as oil, coal, gas, and electric companies. If they do not, such firms may well repeat the mistake of America's carriage manufacturers who—after their greatest sales year in history in 1910—refused to think of themselves as being in the transportation business as well as in the carriage business. Prof. Arthur Harkins of the University of Minnesota put it well in a recent interview:

"The answer is to diversify. You can't have Breeder Reactors producing all your power—only some of it. The answer to coping with the future is, in terms of power, to have self-sufficient dwelling units using solar power, for instance, or cells or windmills, or whatever. There are many ways. And once you have a sufficient variety of systems going, the breakdown of some of them won't short out the entire machinery of society . . ."

When introducing the line of methane gas-converters, I would suggest that ads be initially placed in environmental magazines, i.e. magazines with "environment", "ecology", or "pollution" in their titles; and also in magazines such as "Futurist," "Mother Earth News," "Lifestyle!," and Britain's "New Scientist." Such magazines are an automatic sort of "test-market", and would enable the manufacturer to perfect his products as well as his advertising appeals before launching the product onto the larger, general market.

Keeping in mind the U.S. media's proclivities for blowing-up any youthful fad into monumental proportions, an enromous amount of free publicity could be gained from an early emphasis by the manufacturer among younger and more ecologically-concerned citizens—perhaps among the many ex-urbanites who have recently moved to rural areas. Once a "fad" got started among younger persons of recycling their organic wastes in a methane gas-converter in order to power their car and house, the more general and urbanized citizen would take it up. An enormous amount of good (and free) publicity, and an improved ecological "image" would adhere to the company manufacturing the above converters, particularly among the very groups who are today the most critical of the "Pollution Lobby".

In summary, a manufacturer of the above converters could begin lobbying in Congress to get all purchasers and users of such converters the right to write-off the cost from their federal income taxes. Not only would this improve the manufacturer's sales, but it would also make him a true defender of our threatened environment. The justifications for this tax write-off would include the following:

(1) Methane gas-converters might ease the unfair pressure (and criticism) on the energy producers, which would allow them to better serve the consumer without the frantic energy shortages which now face us. Methane converters might also tend to ease our foreign exchange and trade deficit problems. This would enable American business and America, itself, to deal as an equal in the world market, instead of as a petitioner which we are well on the way to becoming due to our great energy shortages. These

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[1] Other experts claim that such converters could provide anywhere from 11 percent of U.S. natural gas needs to perhaps over 50 percent.

[2] The figure above of one pound of solid wastes to produce one cubic foot of gas is the rating from cow manure. Human, pig, and chicken manure actually average about four cubic feet of gas per pound. Ordinary kitchen garbage produces about three cubic feet of gas per pound.

shortages have to be made up, in part, by oil and other energy imports.

According to conservative estimates, Saudi Arabia not including Kuwait, Iran, Libya, and other oil-producers will have perhaps 100 billion dollars in gold/foreign exchange in 1980—as compared to about 10 billion dollars or less for the U.S. Actually, this estimate is most likely far too conservative. The World Bank made a projection in early-1974 (based upon a barrel of oil costing eight dollars in 1980) that estimated that the five Persian Gulf states of Saudi Arabia, Kuwait, Iraq, Iran, and Abu Dhabi would in 1980 control net foreign assets of about 280 billion dollars out of a total world reserves of no more than 400 billion dollars. The figure of 280 billion dollars is net, i.e. the surplus funds left over after the five oil producers had purchased whatever they desired from other countries.

But let us take the most conservative figure above. The 1971 international monetary crisis involved a total of only about 30 billion dollars held by many countries. Imagine what one country, namely Saudi Arabia, with 100 billion dollars by itself could do in the world's money markets, especially in collusion with other oil countries. The methane converter might help to prevent such an extreme concentration of money and oil-countries. The methane converter might also be a partial solution for energy-short "Third World" countries, who have pollution problems and lack the foreign exchange to pay for oil and other energy imports to power their modernization programs. The methane converter might enable all energy-short nations, including the "Third World", Western Europe, the U.S., Japan, and others to avoid a dangerous international struggle for oil and other energy sources.

(2) Methane converters might reduce the need to strip-mine and to litter our country with dams, high-power lines, and oil pipelines. Methane converters might take some of the pressure off of our atomic energy plants, which may well not be safe to operate at a high degree of energy-production by 1985—despite what the Government might be forced to claim in order to ease the U.S. consumers' clamor for more and cheaper power.

(3) Methane converters in the home and farm would enable the energy (BTU) in methane to be converted at a rate of up to 75 percent efficiency or higher. Gas-using items, such as gas ranges, furnaces, refrigerators, hot-water heaters, gas clothes-dryers, and gas-lights, would have an efficiency rate of about 75 percent. This rate compares rather favorably with the 34 to 36 percent efficiency-rate obtained in fossil-fueled electric plants, and the 25 to 33 percent obtained in nuclear-fueled electric plants.

In fossil-fueled electric plants, the energy in about two out of every three units (i.e. tons, barrels, etc.) of fuel cannot be converted into electricity, but is instead dumped into the atmosphere and water as waste heat (pollution). Likewise, in nuclear plants, the energy in about three out of four units of nuclear fuel cannot be converted into electricity, but is spewed into the water and atmosphere as waste heat (pollution). Such concentrations of pollutants in one central area, and the energy losses of up to 10 percent that occur when electricity generated in a central electric-plant is transmitted to the consumers, are avoided with the methane converter.

(4) Methane converters might ease the overload of organic wastes which descends upon our waste disposal-plants, and which is often burned to make electricity or processed into methane, methanol or oil. Unfortunately, the energy costs of picking up organic wastes, processing them in a central plant, and then re-distributing the electricity or methane/oil produced, might almost cancel-out the amount of produced energy. This is not an argument against burning organic wastes or processing them to make methane or oil—anything is better than dumping valuable organic wastes into landfills or into bodies of water.

However, I am suggesting that such wastes might be processed into methane gas more efficiently at their various points or origin—i.e. in a methane gas-converted in an on-site "total energy-system". Also, the heat produced in a central waste disposal-plant is lost largely as pollution—although about 53 percent of the total energy consumed in the U.S. is used for heating, and over one-third of this heat energy consumed is used for space heating.

The heat wasted in energy-generation in a central waste disposal-plant would be utilized in a "total energy-system" installed in the home or farm, to say nothing of all the other advantages already noted above of the on-site energy system vis-a-vis the generation of energy in a central plant. If a particular household did not want to use the fertilizer also produced in the methane gas-converter, the fertilizer could be dumped into the local sewage system. If many or most households had a methane converter, local waste disposal-plants could concentrate their primary efforts on the non-organic wastes, phosphates, plastics, and other hard-to-purify pollutants. These and other non-organic wastes might also be burned to make electricity or processed into methane or oil. In short, the decentralized on-site methane gas-converter would probably complement—not compete with—the centralized waste disposal-plant.

(5) Methane converters might greatly ease the water shortages in places like New York City, Washington, D.C., northwest Texas (where the wells may fail completely by 1985), Arizona, and Southern California. The wasteful flush toilet—which uses 50 percent of all the water used in the United States—would largely become a relic of the past if methane converters were put into common use.

(6) Methane converters might ease the problem of what to do with the more than two billion tons of cattle, pig, chicken, and other animal manures produced yearly in the U.S., which is enough manure to cover an area of over 500 square miles to a depth of over four feet. Farmers and animal keepers could sell their excess methane gas to local consumers to power their houses and cars, and thereby substantially reduce water and air pollution. The nitrogen-rich fertilizer from the methane converter—which is three time rich in nitrogen than compost—could be made into excellent animal feed. Or, the fertilizer (wet or dried) could be spread on lawns, vegetable gardens and fields in addition to the standard inorganic-nitrogen and other commercial fertilizers. The organic fertilizer from the methane converter is extremely rich in humus material, and would act as a binder to hold the inorganic-nitrogen fertilizers in the soil.

The methane gas-converted would, therefore, halt much of the nitrogen, phosphate, and other fertilizer run-off. It is this inorganic fertilizer run-off (in combination with the manure run-off from feedlots and other animal concentrations) that has caused considerable occurrences of the famous algae 'blooms'. These are alleged by some ecologists to have turned Lake Erie and other waterways into areas increasingly devoid of living things.

(7) Inorganic-nitrogen fertilizer is made from natural gas, and many pesticides and other agricultural products are also made from fossil fuels. At present, our energy-intensive farming requires five calories of energy (i.e. fossil fuels) in order to realize one calorie of food in return. Higher energy costs will therefore cause higher food prices; and will also probably cause food shortages in our larger cities—and in country hamlets—where food and supplies must be hauled long distances by trucks.

The food shortages and the high prices charged for whatever food that was available might well drive many big-city dwellers back to the country to till the soil with horses and mules. Of course, more horses and mules would mean a greater demand for animal feeds, such as wheat, corn, oats, and other grains, which would require many millions of acres now being used to raise food for humans. This shift of acreage would be quickly reflected in higher bread and food prices in the stores.

In short, if American farmers must at present invest five calories of fossil fuel in order to realize one calorie of food in return, does this not imply agricultural and financial bankruptcy for the U.S.? Unless organic farming is also increased to the greatest extent possible, the three "F's" (of insufficient fuel which causes fertilizer and food shortages) may result in the fourth "F".

Famine.

The methane gas from the methane converter could run our farm machinery; and the nitrogen and humus-rich fertilizer from the converter could renew our soils. This, in turn, would help to keep down the costs of raising food and other farm products. Our farm lands will be rapidly exhausted in the next few years in order that our farmers can grow enough farm export-crops to reduce the deficit in our balance-of-payments abroad—a deficit increasingly brought about by our great need to import fossil fuels for use in machinery and fertilizers.

The methane gas-converter could break this vicious ecological circle of exhausting our soils to pay for oil imports—by providing perhaps one-third of our natural gas needs (or at least enough to power, heat and light the average American home) while restoring our depleted soils.

(8) In conclusion, the adoption of methane gas-converters, and the methods of promoting them that I mentioned above, could probably contribute to the formation of many thousands (or perhaps millions) of new jobs. The U.S. might well be able to grow a new generation of Americans who are aware of the valuable role which the free enterprise system plays in a free country. This kind of education is by itself surely worth a tax writeoff for all buyers and users of methane gas-converters in an on-site "total energy-system".

CONFERENCE REPORT ON NATIONAL ENERGY EMERGENCY ACT

HON. WILLIAM LEHMAN

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 28, 1974

Mr. LEHMAN. Mr. Speaker, I voted yesterday with the overwhelming majority of my colleagues for the conference report on the National Energy Emergency Act. Although I have some serious reservations on portions of the conference report, nonetheless I realize that no legislation dealing with such an enormously complex matter will be able to please everyone.

I voted to retain section 110 of the bill, which will place a price ceiling on domestic oil in the range of $5.25 to $7.09 per barrel. The national average price for new crude and stripper wells is now $9.51 per barrel, while less than a year ago, the average price for domestic crude oil was $3.86 per barrel. Moreover, the National Petroleum Council, only a few months ago, estimated that the price of oil necessary to assure the United States self-sufficiency by 1980 is $4.35 per barrel. The Independent Petroleum Association of America more recently estimated the necessary price at $6.65 per barrel. Both estimates are well within the price range allowed in the legislation, and consequently consumers should see lower prices, while at the same time oil production ought not to be slowed for lack of a profit.

I also voted to retain section 105, which authorizes the Federal Energy Administrator to issue regulations for the conservation of energy, with such regulations being subject to a congressional veto. This is a workable means to deal expeditiously with the energy shortage, and although contrary to the customary legislative process, will temporarily enable the Federal Government to act quickly, while preserving the right of Congress to say "no."

I did vote to delete section 104, which gives the President the authority to ration gasoline. However, a majority of my colleagues believe that the President should have this authority, and the section remains in the bill.

The rationing proposals that I have seen are unfair, arbitrary, and discriminatory. Areas that have taxed themselves to provide public mass transit will receive less than those who depend on the free expressways. The cost of administering rationing would alone add up to 2 cents per gallon, and impose on the public another enormous Federal bureaucracy. Furthermore, I strongly believe that gas rationing encourages a black market situation, which would work a hardship on all of us.

I did not vote against the conference report altogether because this provision remained in the bill. Section 104 will permit the President to implement gas rationing only after he has exhausted every other method of conserving gas, and then only after hearings and judicial review.

One of the most significant provisions in the bill from south Florida's standpoint will require adjustments in the allocation program to reflect regional disparities in use and population growth. As one of the fastest growing areas in the Nation, this provision will force the Federal Energy Administration to recognize the particular problems that south Florida is having with the allocation program as it stands now.

A summary of the conference report follows:

TITLE I

Creates a Federal Energy Emergency Administration.

Gives standby rationing authority to the President on finding that all other actions are not sufficient to preserve public health, safety, and welfare.

Authorizes the Administrator of the FEEA to issue regulations restricting public and private consumption of energy, subject to Congressional veto.

Requires the Administrator, where practicable, to order major fuel burning installations to convert to coal if they have the capability and necessary plant equipment to do so. The Administrator is authorized to prescribe a system for allocation of coal to users in order to carry out this Act.

The Administrator is required to develop a contingency plan for the allocation of supplies of materials and equipment necessary for energy production. Also the Emergency Petroleum Allocation Act is amended to give priority in the allocation program for the production of minerals which are essential to the requirements of the United States.

The Administrator is authorized to require designated domestic oil fields to be produced at their maximum efficient rate of production (that is, the maximum rate at which production may be sustained without detriment to the ultimate recovery of oil and gas under sound engineering and economic principles). The Administrator may also order refineries to adjust their operations to produce greater amounts of specified refined products.

The Petroleum Allocation Act is amended to require adjustments in the allocation program to reflect regional disparities in use, population growth, or unusual factors influencing use.

A ceiling price is placed on domestic oil production under a formula which would result in an average price of $5.25 per barrel. The President could raise the ceiling for classifications of crude production to prices which are 35% over the ceiling. Resulting cost reductions in the price of crude mandated by this section must be passed through to lower the prices of residual fuel oil and refined petroleum products (including propane).

Major oil companies are prevented from unreasonably canceling, failing to renew, or otherwise terminating their franchise agreement with retailers of petroleum products. Wronged retailers may apply to Federal court for damages or injunctive relief.

Inequitable discriminations among users are expressly prohibited. Also the Administrator is cautioned to assure that his regulations do not impose unreasonably disproportionate burdens on any sector of industry.

The Administrator is authorized to restrict exports of coal, petroleum products, and petrochemical feedstocks. Restrictions on the export of such products are required if either the Secretary of Commerce or the Secretary of Labor certifies that such exports would contribute to unemployment in the United States.

The President is required to minimize adverse impacts of actions taken pursuant to this Act upon employment. The President is authorized to make grants to states to provide unemployment assistance for those whose unemployment results from the administration and enforcement of this Act. Such benefits would extend from six months to two years.

The Secretary of Transportation is to lend technical assistance to state and local agencies and is authorized to provide grants for the development and conduct of carpool promotion programs.

Violators may be subject to a civil penalty of $2,500 for each violation and a criminal penalty for willful violations of up to $5,000.

The Administrator is given broad authority to delegate his functions within the Federal Energy Emergency Administration and to officers of state and local boards. State laws or programs which are inconsistent with provisions of this Act or any regulation, order or rule thereinunder are preempted.

The Administrator is authorized to make grants to states to implement and enforce various provisions of this Act. Also, he may issue grants to states for the purpose of assisting them in the development and enforcement of state or local energy conservation programs which are the basis of an exemption from Federal programs.

The Administrator is directed to issue regulations calling for full energy information from those engaged in the exploration, development, processing, refining, or transporting of any petroleum product, natural gas, or coal.

Title I authority is terminated at midnight, May 15, 1975.

There are authorized to be appropriated to the Federal Energy Emergency Administration $75 million for the remaining portion of fiscal year 1974 and $75 million for fiscal year 1975. For the purpose of making grants to states, there are authorized to be appropriated $50 million for the remainder of fiscal year 1974 and $75 million for fiscal year 1975. To provide unemployment assistance authorized under section 116 of the bill, there is authorized to be appropriated $500 million for the remainder of fiscal year 1974. A $5 million authorization has been included to permit the funding of the carpool promotion program.

The Small Business Administration and the Department of Housing and Urban Development are authorized to make loans to homeowners and small businesses to permit the installation of insulation and other energy-saving equipment.

TITLE II

The EPA Administrator is authorized to suspend air pollution requirements for stationary sources until November 1, 1974, if sources cannot obtain clean fuels.

Sources which convert to the burning of coal are exempted from any pollution requirement which would prevent burning of coal. Exemption is effective until January 1, 1979, and may be extended for one more year. Exemption may be overridden if conversion to coal results in significant threat to health.

The EPA is required to review and consider revision of state air pollution control plans for any area in which coal conversion takes place.

The Conference bill postpones new car emission standards one year and authorizes a second year of postponement if the Administrator finds that it is necessary to prevent a significant increase in fuel use.

The Federal Energy Emergency Administrator is required to the maximum extent feasible to allocate low sulfur fuels to areas designated by the Administrator of EPA as having the greatest need. A $3.5 million study of the health effects of sulfur oxides is authorized.

The Secretary of Transportation must submit to Congress within 90 days an "Energy Mass Transportation Assistance Plan".

The Administrator of EPA is required to report to Congress on the implementation of the Clean Air Act Amendments by January 1, 1975.

The Administrator of EPA and the Secretary of DOT are required to report to Congress within four months on the feasibility of improving fuel economy of new cars by 20% between 1974 and 1980.

OPPOSES SECTION OF PROPOSED REGULATIONS OF FOOD STAMP PROGRAM

HON. WILLIAM L. DICKINSON

OF ALABAMA

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 28, 1974

Mr. DICKINSON. Mr. Speaker, the Department of Agriculture has set forth proposed changes in the regulations for the food stamp program in the Federal Register, and the deadline for comments on the proposal is March 4, 1974. I have written to oppose a section of the proposed regulations which states that those not working due to strike or lockout will not be denied food stamps. A copy of my letter as well as a copy of a letter from the National Labor-Management Foundation on this issue follow:

February 25, 1974.

Re Paragraph 271.3, Chapter II, Title 7 CFR.

Mr. James H. Kocher,
Director, Food Stamp Division, Food and Nutrition Service, U.S. Department of Agriculture, Washington, D.C.

Dear Mr. Kocher: In reference to the proposed rulemaking on the above captioned, I would like to offer the following as a substitute for the section reading "(4) No household shall be denied participation in the program solely on the grounds that a member of the household is not working because of a strike or a lockout at his place of employment":

"A household shall not participate in the food stamp program while its principal wage-earner is, on account of a labor dispute to which he is a party or to which a labor organization of which he is a member is a party, on strike: *Provided*, That such ineligibility shall not apply to any household that was eligible for and participating in the food stamp program immediately prior to the start of such strike, dispute, or other similar action in which any member of such household engages: *Provided further*, That such ineligibility shall not apply to any household if any of its members is subject to an employer's lockout."

I believe such a change in the regulations would be beneficial to the food stamp program and would insure the integrity of our collective bargaining system. I certainly do not feel that innocent people should starve, but it is the responsibility of the unions, not the taxpayers in general, to take care of their members, and therefore, strikers should not be eligible for food stamps except in the instances set out above.

Thank you for your attention to this recommendation, and I hope you will give it every consideration in formulating the final regulations governing the Food Stamp Program.

Sincerely yours,

Wm. L. Dickinson.

National Labor-Management Foundation,
February 26, 1974.

Mr. James Kocher,
Director, Food Stamp Division, Food and Nutrition Service, U.S. Department of Agriculture, Washington, D.C.

Dear Mr. Kocher: The National Labor-Management Foundation is very much opposed to the proposed revision of the Food Stamp Act governing the operation of the Food Stamp Program. Our objection is directed particularly at paragraph 271.3, amended to include persons who are not working because of a strike or lockout at his place of employment. Rather than tightening up on the interpretation of the law, we feel that the Food and Nutrition Service is reading more into the recommended changes than it has the authority to present. This is a very important matter, because the Federal government has no business subsidizing one side of a labor dispute which is what your proposed revision most clearly does.

It is our belief that the intent of Congress was not to subsidize workers who have good jobs and are able to support their families, but who voluntarily choose not to work.

When food stamps are diverted to strikers, the poor and those genuinely in need are the losers. Unnecessary federal spending is accelerated; settlement of labor disputes is made more difficult and costly; prices are increased; and the result is inflationary.

When the Senate Agriculture Committee considered legislation which would prohibit the practice of providing food stamps to strikers, Senator Talmadge expressed the view that the Department of Agriculture had the authority to change these regulations. It certainly was not our understanding that they would be changed in the manner now being proposed. The propriety of these proposed revisions is questionable.

The issue is not a question of feeding starving children. We are not talking about the poverty-stricken people for which the food stamp program was originally intended. We are talking about highly paid unionists, earning in some cases up to $20,000 or more a year, who want the public to give them food at discount prices at the expense of Americans who remain at work. The issue is that food stamps and other welfare programs were not designed by the government as a tool for organized labor. Despite this they are being increasingly used that way. The issue is that food stamps and welfare payments to strikers amount to a government subsidy of strikes and make strikers less inclined to reach a settlement.

Labor unions and management are on a collision course on the question of food stamps and welfare to strikers. The general public also is concerned about this matter. We urge that food stamps for strikers not be made part of any compromise with union officials. You have an opportunity to resolve this issue with your power to revise the rules. You have it in your power to preserve the food stamp program for the 13,000,000 involuntarily unemployed by disallowing food stamps for those who voluntarily do not choose to work. A prohibition against appropriations being used to fund food stamps for strikers should be supported because it will have a tendency to reduce the number of strikes, to reduce the length of strikes, to maintain government neutrality in labor relations, and to prevent weakening the character and reputation of self-reliance for which American workers are known.

By indirection, if a ban on food stamps for strikers is not imposed, it will put the stamp of approval of the Department of Agriculture on the striker who is willing to have his working neighbor pay for his support while he refuses to work and accepts a public dole.

We urge you to reconsider the "softening" of granting food stamps to those who voluntarily are out of work and not write it into the rules in a way which invites blatant misuse of the food stamp program.

Sincerely,

Joseph L. Koach,
Legislative Director.

U.S. MILITARY INTEREST IN THE INDIAN OCEAN: DIEGO GARCIA

HON. DONALD M. FRASER

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 28, 1974

Mr. FRASER. Mr. Speaker, Howard Wriggins, director of the Southern Asian Institute, Columbia University, is a fine scholar with broad knowledge of South Asia. He recently sent a letter to the Washington Post labeling as "a serious error" the administration's plan to transform the Indian Ocean island of Diego Garcia now into a naval base.

The fact that political leaders of Australia, New Zealand, Indonesia, India, and the Malagasy Republic also criticize the decision indicates to me that the Congress should look long and hard at the proposal.

Professor Wriggins' letter was published by the Post February 26. It offers us sound advice. I include it to be reprinted at the end of these remarks, accompanied by New York Times news items printed on successive days, February 8, 9, and 10:

U.S. Military Interest in the Indian Ocean

I have just returned from a five-week visit to Pakistan, India, Ceylon and Iran, discussing problems of development and foreign policy with journalists, politicians, university colleagues and local and foreign observers. I am forced to conclude that for the United States to take the initiative at this time to change Diego Garcia from a modest communications facility to an active naval base would be a serious error. Taken now, such an initiative can only complicate our problems in the Indian Ocean for the future.

In my view, we should not begin to build that base at Diego Garcia until we, and the countries on the shore of the Indian Ocean, see what the Russians do once the Suez Canal is reopened. If the Russians do then what the Pentagon and proponents of naval power say they will do, i.e. greatly enlarge their naval activity in the Indian Ocean, they will provoke severe anxieties in the littoral countries. Only then will a stepped-up United States naval presence be seen by local statesmen as a welcome American effort to balance Russia's newly threatening presence. If on the contrary, we proceed now to build the base, it will be the United States that will be held responsible for whatever superpower naval race may then ensue. If we are held responsible, it can only generate hostility to our future activities and thereby severely limit their future effectiveness and increase their future cost.

This is not to say that the naval appropriation ought not to be raised. Many vessels are said to be obsolete by comparison with their Soviet competitors. But starting now on Diego Garcia is not the way to deal with the problem of bringing the fading United States navy up to date.

When will we learn that, as in chess, it is sometimes wiser to allow an opponent to make the first move? By thus exposing Russian intentions for all to see—if those are indeed Moscow's intentions—we can better counter that initiative. In this area, an American response to Moscow's buildup would be welcomed. For us to take the initiative now will place on us the onus of precipitating a naval contest no one in the area desires.

Too often the momentum of military technology or the planner's bureaucratic or budgetary time tables carry us further and faster than it is necessary to go. Here is a case where diplomatic judgment surely ought to preponderate. It is time that the Department of State, the White House and the appropriate congressional committees looked hard at the apparently modest Diego Garcia item in the budget. Our longer run political and military interests in the Indian Ocean will be better served by holding back a bit longer to see what Moscow does, rather than plunging ahead, as we have so often in the past.

W. Howard Wriggins.

New York.

U.S. Plan To Set Up Island Base Is Chilling Relations With India

(By Bernard Weinraub)

New Delhi, February 7.—Plans by the United States to establish a permanent naval and air base in the Indian Ocean have abruptly chilled American-Indian relations.

Within the last two days Prime Minister Indira Gandhi and Foreign Minister Swaran Singh, have expressed sharp disapproval at the expansion of the small United States naval station on the British-owned island of

Diego Garcia, about 1,000 miles south of the tip of India.

Mr. Singh yesterday called the issue "a matter of great concern to India" and expressed the Government's "total opposition" to the establishment of an American naval base in the Indian Ocean. At present, neither the United States nor the Soviet Union has any sizable bases in the Indian Ocean.

MRS. GANDHI SEES THREAT

Today, Mrs. Gandhi, campaigning for Congress party candidates in the important state elections in Uttar Pradesh, said that India faced increasing external dangers because of the purchase of arms by "some of our neighboring countries and activities of some powers who are planning to set up a nuclear base in the Indian Ocean." Her initial allusion was to Pakistan; her second involved Diego Garcia.

American officials say it is Government policy neither to confirm nor deny the presence of nuclear weapons anywhere, but privately they discount reports that Diego Garcia is to be used as a nuclear base. These officials say that the new "modest support facility," costing about $30-million, will be largely used for refueling and logistic support. The current contingent of 200 men is expected to be expanded to 500 or 600 within the next two years.

At this point some Americans fear that the Defense Department's move could hurt the relationship between the United States and India, which has undergone a quiet improvement in the last year. Anti-American propaganda subsided, there were efforts to improve trade, and the United States and India agreed to end the mounting rupee debt caused by the sale of American food to avert famine in the nineteen-sixties.

BEHIND INDIA'S REACTION

Today it was made known that India had expressed her "deep concern" to both Britain and the United States.

"Our view is quite clear," said Foreign Minister Singh. "We have told the Americans that the bringing in of naval units, including aircraft carriers in this region, without any ostensible objective, has caused concern to all littoral countries, including India, and that this type of show of force will never be relished by any country in the region. We have adopted a clear categorical position."

India's reaction to the establishment of the naval base is largely attributed to her desire to keep the Indian Ocean out of big-power competition and to maintain a "nuclear free zone." The new base will represent the first permanent American presence in the Indian Ocean. Western officials point out, however, that Soviet ships have far outnumbered American vessels in the area in recent years.

The new base was planned in view of the expected increase of Soviet naval power and activities in the Indian Ocean once the Suez Canal is reopened. American officials are known to be eager to establish a counterbalancing naval force in an area that controls the sea lanes to Middle East oil.

Reports here say that the United States will lengthen the runway on Dego Garcia, deepen the harbor and set up facilities for ships of the Seventh Fleet and the Royal Navy. The Americans will operate the base, and it will be available for British use.

Under 1966 and 1972 agreements with Britain, the United States operates a small communications station on the island as part of the Defense Department's global communications network. The station went into operation last spring.

INDIAN OCEAN BASE IS OPPOSED BY AUSTRALIA AND NEW ZEALAND

WELLINGTON, NEW ZEALAND, Feb. 8.—Australia and New Zealand have joined in opposing a British-American agreement to build up military facilities on the island of Diego Garcia in the Indian Ocean.

Madagascar also denounced the move.

In Canberra yesterday, the Australian Minister for Foreign Affairs, Senator Donald Willesee, said that the move to build up military facilities on Diego Garcia did not contribute to the achievement of the long-term objectives of Australia in the region.

Australia is a member of, and has given its firm support in the United Nations ad hoc committee on the Indian Ocean zone of peace and has endorsed Asian Nations proposal for a neutrality in the A.S.E.A.N. region."

Today Prime Minister Norman E. Kirk of New Zealand said in a statement that his country supported the concept of the Indian Ocean as a zone of peace, free from great-power rivalry, tensions and military escalation." He added:

We therefore did not welcome the build-up of any nation's military or naval presence in the area."

On Tuesday, Britain announced that an agreement had been reached with the United States for the expansion of military facilities on the British-owned island between Australia and Africa.

Under the agreement, the United States would spend $30 million deepening the berthing facilities, lengthening the airstrip and expanding the communications center on the island.

In Tananarive, Madagascar, the Government today denounced the agreement and asked that all Indian Ocean territories be consolidated into a zone of peace."

Tass, the official Soviet news agency, suggested in Moscow today that the United States was seeking to make a show of strength" designed to intimidate Indian Ocean and Persian Gulf countries with their wealth of oil deposits."

SENATOR PELL OPPOSES PLAN

WASHINGTON, Feb. 8.—A Senate Foreign Relations Committee member today charged that the American-British agreement to expand military facilities on the Indian Ocean island was likely to set off an escalation of the arms race.

Senator Claiborne Pell, Democrat of Rhode Island, announced he would oppose the plan.

SUHARTO CRITICIZES U.S. PLAN FOR INDIAN OCEAN ISLE BASE

JAKARTA, INDONESIA, Feb. 9.—President Suharto expressed concern today over the United States' plans to expand military facilities on the Indian Ocean island of Diego Garcia.

The move is clearly negative to our wish and will not be favorable to peace in this region," Mr. Suharto said.

Yesterday the Indonesian Foreign Minister, Adam Malik, said that such a move would hurt international efforts to make the Indian Ocean a zone of peace.

Britain, which owns the island, announced the agreement under which the United States would spend $29-million in 1975 for storage facilities, a runway extension and barracks on the island.

SKYLAB—AN ACCOUNTING

HON. OLIN E. TEAGUE

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 28, 1974

Mr. TEAGUE. Mr. Speaker, Skylab 4 astronauts have now returned to earth with the significance of their mission only now beginning to be understood. The Christian Science Monitor of Thursday, February 7, 1974, sums up some of the more significant aspects of the Skylab program. David F. Salisbury, staff writer of the Christian Science Monitor, sets in perspective the important initial contributions of Skylab and its potential for future contributions as the information received is studied. The article follows:

[From the Christian Science Monitor, Feb. 7, 1974]

SKYLAB—AN ACCOUNTING

(By David F. Salisbury)

Another chapter in man's adventure in space is drawing to a close. The next chapter may not open for another decade.

The last Skylab crew splashes down Feb. 8. In total, its three crews will have spent more than 500 man-days in space—more than the entire U.S. space program before it.

Except for the joint U.S.-Soviet mission in 1975—mostly an exercise in international diplomacy—American astronauts will not return to space until the space shuttle is completed in about 1980.

In a way, Skylab is the last of Apollo, for it was pieced together from Apollo hardware. In a way, too, Skylab has been a foretaste of the future. Much of what it has done will be refined and repeated in the early days of the shuttle.

By most estimates, Skylab has been a success. It has provided significant new information about mankind, the earth, the sun, and space as an environment. Many scientists who were skeptical of the value of having men in space have been convinced. Congress overwhelmingly passed the initial appropriations for the shuttle program.

Skylab was expensive, almost $2 billion. Following is a summary of some of its events, accomplishments, and problems.

THE SUN

Fiery tongues of gas burst from the sun's surface, twisting into shapes scientists cannot explain. . . .

Bubbles, thousands of times the size of the Earth travel millions of miles per hour. . . .

Magnetic tubes form 100,000-mile loops that last for remarkably long times.

This is the face of the sun as seen through Skylab's telescopes. Although these events are taking place 92 million miles away, they are vitally linked to the Earth.

Understanding how the sun works may one day make it possible to recreate and control its energies on Earth.

Currently, both the United States and Russia are attempting to do just that.

They are building strong, leakproof magnetic bottles to contain and heat electrically charged gases, called plasma, to 100 million degrees. This is the point where hydrogen atoms fuse into helium and give off tremendous quantities of energy in what is hoped will be a safe, clean way.

According to plasma physicists at the Naval Research Laboratory in Washington, D.C., some of the events Skylab has recorded are remarkably like those they have seen in the laboratory, but cannot explain.

Reruns discussed

"Although it's still in the initial stages, physicists here are talking about repeating the laboratory experiments and observing them with an instrument like that on Skylab," says Dr. Guenter Brueckner, a Skylab solar investigator.

Because of the tremendous difficulties involved, researchers have been able to contain superheated plasma only for milliseconds. Yet, such features on the sun last for hours, and days.

For instance, there are loops of gases that persist for long periods. Could the secret of their stability be used in designing magnetic bottles? For the first time, Skylab has given solar physicists the ability to observe how these features evolve over long periods of time.

Solar flares also may tell scientists more about plasma stability, says Dr. Brueckner.

These dramatic explosions that burst outward from the sun and spew a rain of particles into the solar system may be the sun's version of lightning.

It appears that these flares originate deeper in the sun than anyone had expected. It also seems they may be massive electric discharges.

Skylab has returned hundreds of thousands of pictures of the sun. These may hold some clues. But it will be years before all the information can be digested.

One of the investigators says that because of their extraordinary richness, these pictures contain more information about the sun than all the data returned by previous orbiting observatories and planetary probes.

Skylab scientists have discovered that the sun's surface is pincushioned with tiny bright points (each about the size of the United States). They estimate there are over 15,000 of these, and think such points may be concentrations of magnetic activity.

These points are continually brightening and dimming.

Just above this network is a region where the temperature of the sun's atmosphere jumps suddenly from 200,000 to over 2 million degrees F. When they first saw the network, the scientists thought the pulsing bright points might be creating shock waves that pump up the temperature.

Corona data gathered

On closer examination, however, they found that this is not the case. Instead, these points seem to smear out and disappear.

Above this transition region is the corona, the ghostly aura of glowing gases that can be seen from Earth only during an eclipse. Because they had only brief glimpses of it, scientists pictured the corona as fairly homogeneous and slow-changing.

Instead, Skylab investigators have seen a corona punctured by holes, torn by brief, fast-moving events. With an instrument called a coronagraph, which creates an artificial eclipse, scientists are getitng their first real look at the corona's dynamic, changing nature.

It is the only the sun's intense magnetic fields that keep the corona from boiling away. Areas where these fields are weak form the holes through which the corona streams outward from the sun. These holes may be the primary source of the solar wind.

"Transient events hit the corona like a hammer and knock the fields into totally new shapes," says Dr. Robert MacQueen of the National Center for Atmospheric Research, who heads the corona investigations. "These come far more frequently than we had ever dreamed."

So far this solar research made possible by Skylab has uncovered a multitude of questions. It has showed up the depth of our ignorance about the sun, our nearest star.

Yet it has provided a tremendous amount of information that may help man create a new energy source on Earth.

Unfortunately, major problems dealing with the data from the solar telescopes have beset the mission. Computer processing broke down shortly after the first launch, and the staggering volume of valuable information has created a data logjam.

One experiment, the Harvard telescope, is the hardest hit. It now looks as if the principal investigator will not get all his information before March, 1975.

ADAPTING TO SPACE

Before the first man went into space, some scientists predicted dire results about his physical and mental reactions after a prolonged period of weightlessness. But they were proved wrong.

Before Skylab, it was feared astronauts would become dizzy and disoriented in its large rooms. There was concern that without gravity, the heart and muscles would weaken. If this were the case, then it would be difficult, perhaps even dangerous, for crews to return to earth after long stays in space.

These fears, like the ones before, have been disproved. When Pete Conrad and his Skylab 1 crew moved into the laboratory, they reported no difficulty in determining up from down. When spun in a special chair installed in Skylab, the astronauts proved immune to motion sickness. Except for having problems keeping on it, they pedaled the bicycle-like ergometer almost as well as on earth.

Finally, when the first crew landed and was taken aboard the waiting aircraft carrier, a determined Pete Conrad walked unsupported across the carrier deck. After about two weeks, the crew was almost back to normal.

However, the 28 days of the first mission were not long enough to determine the long-term effects of weightlessness.

But the doctors made an interesting observation. Astronaut Conrad, who was in the best shape, had exercised the most while in space. He kept returning to the ergometer. Once he even pedaled it for 90 minutes—all the way around the earth.

So, for the second crew, exercise was prescribed. The physicians sent a gym set up with them and told the astronauts to work out at least an hour a day.

When the second crew entered Skylab, they all experienced motion sickness. It lasted about a week. But after their initial queasiness, they too grew immune.

After about 30 days, the astronauts' bodies appeared to have adapted. They stopped losing weight. They were pedaling more easily on the ergometer. They began working more efficiently.

At this point, an interesting and unexplainable pattern became apparent. The crew members were not sleeping as long as they did on the ground, but were totally rested. Their sleep patterns were being altered. The astronauts were getting to sleep faster and spending longer periods in very deep sleep.

As a result of their extra exercise, the second crew adapted much faster after its return, the doctors feel.

Only one of the crewmen, Owen Garriott, appeared to have lost a measurable amount of minerals from his bones. This was another premission concern.

All the astronauts' hearts appeared to have shrunk when they were X-rayed. But Dr. Hawkins feels the heart probably has just changed shape, rather than weakened. Members of the third crew have been measuring their hearts with an acoustic device to determine exactly what is happening.

So far the experience of the last crew bears out that of the second. They, too, were queasy at first, recovered, and appeared fully adapted after 30 days.

Although the results are not all in yet, the preliminary indications are positive. The doctors have seen no reason why men cannot stay in orbit for long periods of time, or perhaps journey to other planets.

THE EARTH

In the whaling ships of old, lookouts climbed to the masthead to spot schools of whales on the horizon. The Skylab program put its lookouts 275 miles higher.

From that whirling vantage point, the modern-day lookouts have looked down at the oceans and done much of what their predecessors did.

With the naked eye, Skylab's last crew has seen areas extremely rich in plankton, the feeding grounds for many species of fish in the world's oceans. These are places where ocean currents converge—places modern fishing fleets search for.

In addition to the human eye, the space laboratory is equipped with an assortment of electronic sensors and terrain cameras. Throughout the mission, these instruments have been looking down at the earth in many different ways. Their purpose is to explore the possibilities of gathering information about the earth from space.

One investigator, for example, looking at Skylab photographs of the Caribbean, found he, too, could detect fish feeding grounds of another sort. These are wandering locations where cold water wells up from the deep to create disturbed areas—eddies.

These eddies provide some of the richest fisheries in the world.

With its microwave eyes, Skylab was able to pierce the brewing clouds of a hurricane. At the same moment Skylab passed above, an instrumented airplane flew into the storm. The space laboratory's sensor accurately recorded the height of the waves that were building. It also determined the wind strength by the amount of foam that was churned up.

This same instrument, when used over land, allowed another group of experimenters to inventory the total area of lakes and streams in Texas. This type of information could be valuable for determining the quantities of water available in a region.

For instance, large companies are planning to stripmine coal in the Western U.S. and turn it into natural gas. However, converting coal to gas takes prodigious quantities of water, and it is not clear how much is available in the area. Until this is determined—and Skylab may provide the answer—it will be impossible to assess accurately the impact of this undertaking.

By looking at the heat the earth radiates into space, Skylab's infrared detectors have been able to chart the path of the Gulf Stream because it is a few degrees warmer than the surrounding ocean. Plant life also gives off heat, so areas of vegetation show up clearly from space.

In this manner, the routes that insects use to migrate from Mexico into the U.S. were located. As a result, it will be possible to monitor and spray pesticides in a much smaller area than in the past.

Another gain from Skylab: Using photographs from the space laboratory, geologists have determined areas where large deposits of minerals may lie just below the surface. One such was found in Ely, Nev. Scientists had thought that mineral-bearing areas were buried deep there. But Dr. M. LeRoy Jensen of the University of Utah noticed outcroppings indicating the minerals may be near the surface.

Skylab data is also being used for urban-planning house counts, for snow-mapping to help predict floods, for developing timber and crop inventories, and for water surveys in drought areas of Africa.

There has been a problem with data from the most sophisticated of these instruments. It breaks light down into 13 different channels and records each separately. Theoretically it has the capability of telling different types of soil and rocks apart, and different species of plant life from space.

So far, none of the investigators has received satisfactory data, but Dr. Verl R. Wilmarth, head of Skylab's earth-resource office, says they should be receiving it by the end of February.

It likely will be a year before the scientists analyze the earth-resources data in detail. By then the advantages and limitations of the instruments will become evident.

There are plans for an earth-resources satellite network in the 1980's. Some of its sensors may be based on Skylab designs.

PROBLEMS IN FUEL OIL INDUSTRY

HON. LESTER L. WOLFF

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 28, 1974

Mr. WOLFF. Mr. Speaker, on February 8, I held an informal hearing in New York on the problems that have developed in the fuel oil industry. This statement is the last in a series of four statements I have made in the RECORD in order to share with my colleagues the testimony received at the hearing. Eugene H. Luntey, executive vice president of the Brooklyn Union Gas Co., and Philip Weinberg, assistant attorney general of New York made valuable contributions to our hearing. Their statements, along with a statement I made at the hearing, follows:

Congressional Hearing re Fuel Oil Situation

STATEMENT OF EUGENE H. LUNTEY

My name is Eugene H. Luntey. I am Executive Vice President of The Brooklyn Union Gas Company. Brooklyn Union supplies natural gas to one-half of New York City—Brooklyn, Staten Island and half of Queens. We thus serve nearly 4 million people.

I am also chairman of the Atlantic Action Program for the American Gas Association. This is a cooperative effort by 57 major natural gas utilities in the 20 eastern states. Their customers comprise nearly half the population of the nation. The purpose of the Atlantic Action Program is to acquaint the public with the true facts about the resources of natural gas and oil which may lie under the Atlantic Outer Continental Shelf and the need for exploration in this area.

I appear at a fuel oil hearing because it is impossible to treat the energy shortage as a shortage of a single energy form. Not since 1969 have our pipelines been able to supply additional natural gas requested by our customers. Time after time this fact has been stated before the Federal Power Commission and countless Congressional Committees. How little attention Congress has paid to the long standing natural gas shortage is a matter of record which members of Congress know well.

Why is this shortage of natural gas so important in the overall energy shortage today? First, because the 10% shortage of natural gas must be made up by fuel oil. This is the BTU equivalent of about one million barrels per day of crude oil. Most of the natural gas shortage is made up by No. 2 oil because of the low pollution requirements of such users.

Thus, the natural gas shortage impacts directly on the subjects you are considering here, fuel oil supply, price and distribution.

Secondly, natural gas does not have to go through refineries. With a minimum of separation of liquids it goes directly from the well to the consumers. This means that were natural gas available, existing refinery capacity would then be available to produce the gasoline so greatly needed by the people of this area. This fact seems to have escaped every Congressional Committee.

Third, natural gas usage upgrades the environment. It is by far the least polluting of the fossil fuels. Environmental values which are now being scrapped would not have to be sacrificed.

Fourth, distribution of natural gas is not energy intensive. The deposits occur under pressure and the existing pipelines are operating at much less than capacity. Such deliveries do not depend on trucks or fuel for such trucks.

In short, a very strong case can be made that the energy shortage is really a natural gas shortage and that increased amounts of natural gas would be the quickest, most reliable short range solution. Restoring natural gas availability could relieve both the fuel oil shortage and the gasoline shortage.

What can Congress do? Act quickly and decisively on legislation which is being proposed to make economic the new discoveries of natural gas so desperately needed but with a limit for protection for the consumer.

This legislation would deregulate natural gas well head prices but would put a limit on any such price increases so that the consumer is protected. It makes no sense to price this premium fuel at levels which will not support additional exploration.

Congress should insist that the vast Atlantic Outer Continental Shelf be, at least, explored and as quickly as possible. This can be done with complete environmental protection and discoveries here would change the course of history. A large new natural gas or oil field, so available to the large population centers, could completely trump the ace the Arab nations now hold. Nothing would be so disruptive to their announced plans to use oil for political power. It could also revitalize industry and provide jobs in this area so dependent on imported fuel.

Lastly, Congress should work with the natural gas industry That industry has been diligent in its conservation programs, is regulated and is responsible to the public. It is working hard to provide new sources such as from our abundant coal supply. Natural gas furnishes one-third of the total energy for this nation but is generally ignored in energy decisions in spite of good evidence of reserves to last 100 years. For example, this hearing is considering a shortage of fuel oil no worse than the shortage of natural gas which the utilities have been faced with for two years now. It's a sober lesson that we are all in this together and we had better find the solutions while there is yet time.

We take no comfort in the fact that independent oil dealers are short of fuel or that oil prices are in a period of wild fluctuation.

This nation needs all forms of energy and it needs stable, reliable businesses to supply that energy. Congress can't run the energy business but it can establish a climate in which we can all get back to what we have been doing pretty well for a long time—furnishing both service and fuel to our customers.

Statement of Attorney General Louis J. Lefkowitz Delivered by Philip Weinberg

The residents of New York State have reached the point of utter disgust with the failure of the federal government and Congress to take affirmative action to end the energy crisis. The patience of the people has been exhausted. Violence is reported on the nation's highways. Unemployment grows with each passing day as more and more businesses are forced to close. Cutbacks in commutation and tourism cost the country untold millions of dollars. Our economy suffers a staggering blow. I have outlined some specific steps which, if taken by the Congress, will enable this Nation to take arms against this sea of troubles, and by opposing, end them.

The time for "task forces," "study panels," "survey groups" and other similar bodies formed to look into the gasoline and fuel oil crisis has long since passed. What is needed now is immediate and vigorous action at the Federal level, either by the Congress or the White House or both, to bring about order out of the chaos that exists countrywide.

First, I urge that Congress or the White House or both act at once to enforce meaningful price ceilings on fuel oil for home heating. This fuel is reported to be in short supply, particularly in the colder Northeast quadrant of the nation, and homeowners almost daily find that they are required to pay increasing prices. The fact that fuel oil might be in short supply is no good reason for the federal government to countenance these repeated steep increases, which seem to indicate that some suppliers are gouging the public by taking advantage of the crisis. The existing controls are simply not being enforced.

Second, while this hearing is designed to deal with critical problems in the supply of home heating fuel oil, the consumption of gasoline is interwoven with the shortage of fuel oil, since conserving gasoline will make more crude oil available at the refineries for conversion to home heating oil. I urge that Congress take immediate action to provide for gasoline rationing with meaningful, effective enforcement measures. Rationing would mean a more equitable allocation of the supply, lead to greater conservation and ensure that those who really need gasoline are able to obtain it without waiting on long lines while curtailing the consumption of gasoline by those who do not need it.

The federal government has been so slow to act in response to this problem that various state and local governments have undertaken to institute rationing. These efforts while an important step in the right direction, cannot alone restore an equitable supply of gasoline. Some states, according to reports, have more than adequate supplies of gasoline. This is far from the fact, however, in the Northeast and particularly in the hard-pressed New York metropolitan area. Nation-wide gasoline rationing would reduce gasoline consumption and free a larger proportion of crude oil for heating, ensure that every section of the country would be treated fairly, in accordance with their actual needs.

Recent proposals by Federal Energy Administrator William E. Simon, in the event of rationing, to allocate smaller supplies of gasoline to residents of metropolitan areas who have undertaken, virtually without federal assistance up to this point, to operate and maintain these systems for the benefit of millions of Americans in the cities, in the suburbs and the many visitors to these cities. Such a proposal is unjust and amounts to subsidizing the improvident, who have not provided efficient transportation systems, at the expense of the prudent. The Congress should insist that rationing be determined on the basis of individual needs, not by lumping millions of consumers into arbitrary geographical units. There are New Yorkers who, because they are physically handicapped or work in outlying areas, genuinely need more gasoline than many residents of small cities who are retired or who can walk to work. Congress must require the agency administering rationing to take these needs into account.

Third, I have urged the Congress to give immediate attention to emergency funding for rail transportation—intercity, commuter and municipal—as the single most effective means of reducing overdependence on the automobile and resulting in unnecessary consumption of gasoline. The public must be promptly provided with an efficient alternative to the automobile in the many high-traffic-density areas where none exist. Federal funds for urban mass transit under the Urban Mass Transportation Act and for Amtrak under the Intercity Rail Passenger Service Act should be sharply augmented by emergency funding to make possible increases in service and to avoid fare increases. In addition, emergency funds should be specifically appropriated by Congress and earmarked for Amtrak to provide rail service during periods of peak travel to ski resorts, beaches and summer vacation areas such as Cape Cod, the Adirondacks and the Berkshires. This step alone would eliminate the consumption of vast quantities of gasoline and would reduce air pollution and highway congestion as well.

These are constructive ways to reduce the suffering and inconvenience caused by fuel oil and gasoline shortages—shortages which disproportionately afflict the working and retired people of large urban areas such as this area while oil company profits soar. The Congress must act promptly and vigorously to mandate price controls, ration gasoline equitably and provide for more aid for rail transit.

STATEMENT BY REPRESENTATIVE LESTER WOLFF

We are here today to gather information on a grave emergency problem confronting the independent fuel oil dealers and their consumers in this tri-state region, especially those in the metropolitan area, whose right to a free and open market is in serious jeopardy.

I have called this meeting to provide a forum for the exchange of grievances and ideas and to ascertain what immediate steps government can take to rectify a condition which, if left unchecked, will only fan the flames of an already chaotic situation.

The unprecedented rise in fuel oil prices and the two-tiered price structure now in effect for foreign and domestic oil sales has imposed great hardship on the consumer and has disrupted the entire market place.

The fuel oil dealers' dilemma, however, is but one facet.

I am deeply concerned that the present so-called energy shortage has been contrived and misrepresented to create public panic and to cover up the underlying causes behind today's crisis.

To cite one example, this week I received a preliminary response to a General Accounting Office investigation that I ordered on the domestic production and demand and on the imports and exports of petroleum products. This report clearly indicates that misleading information has been foisted on the American consumer and that the oil companies have been anything but candid in their appraisal of the energy situation. It appears from this report that a definite effort has been made to withhold vital facts from the public.

How, then, can we possibly understand and cope with the multitude of energy problems—shortages and pricing inequities? The Administration has yet to evolve a definitive National Energy Policy, so how can we take meaningful action to remedy our ailing economy when we have to diagnose the needs for both the immediate and distant future?

We must establish a National Energy Policy now based on the doctrine of commonsense—one that is designed to conserve our resources as well as meet our growing needs and demands. We must revise an existing policy that permits increased exports of American oil in a time of dwindling domestic supply and incorporates an ineffective and inequitable system of allocation for oil distribution.

We must pursue new concepts for new energy resources and utilize these concepts in an overall, all inclusive, national policy. To do less would be nothing more than an exercise in futility, for until we define the entire scope of the energy problem, we will not find the cure.

In the meantime, if our supplies and costs for petroleum products are as threatened as we are led to believe and if our defense establishment is being endangered by a reliance on reserve supplies, then I propose we implement new methods of establishing order in the market place.

If new laws are needed, then it is the obligation and responsibility of Congress to see to it that they are enacted. Today, as never before, we must strip away the veil of confusion and pompous phrases that hide the issue and, instead, make every attempt to arrive at pragmatic solutions.

There is little time left to close the credibility gap that exists between the American people and government and industry. The public must be made aware of the true facts if we are to restore mutual trust.

ESCROW SYSTEM REFORM LEGISLATION

HON. GEORGE E. BROWN, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 28, 1974

Mr. BROWN of California. Mr. Speaker, an issue of growing concern to millions of American homeowners is the issue of escrow account system reform. Changes of this system in one form or another have been proposed frequently over the past few years. Some of the proposals have been passed by the Banking and Currency Committee but did not reach the floor in the final sessions of the 92d Congress. I believe that this year will be the year of significant reform in this system.

Although there have been a number of proposals for revamping the escrow system ranging from minor adjustments to major overhauls, the amount of agreement on the issue is signfiicant. Nearly everyone recognizes the value of the escrow system, and no one wants to abolish it. The system, arising as it did from a period of economic weakness and wholesale foreclosures, has done much to insure that unnecessary foreclosures and undue property loss from uninsured accidents are prevented. In addition, nearly everyone agrees that some reform of the system is necessary. The main area of disagreement seems to be not in the need for, but in the amount of, change in the system.

Sections of several bills currently before the Subcommittee on Housing of the Banking and Currency Committee deal with the qeustion of escrow system reform. The most prominent among these are section 107 and 113 of H.R. 9989, the Real Estate Settlement Procedures Act of 1973 of Mr. STEPHENS, and section 12 of H.R. 12066, the Real Estate Settlement and Escrow Account Act of 1973 of Mrs. SULLIVAN. In addition, I have introduced two bills which are now before the subcommittee, H.R. 11460, also known as H.R. 9315, the Escrow Account System Improvement Act, and H.R. 12275, also known as H.R. 13102, the Escrow System Improvement Act. Unlike the other two bills, mine deal exclusively with the escrow system, and both present structured systems for dealing with all of the current controversies surrounding escrow. H.R. 11460 deals with reform within the present system of escrow accounts, while H.R. 12275 would construct a new system of escrow service plans. I will now attempt to define the issues of escrow reform and to show how each of the four bills deals with these issues.

AREAS OF AGREEMENT

To start first with the areas of general agreement. Through the definition of "federally related mortgage loan," all four bills extend whatever reforms they contain to the vast majority of future and outstanding mortgages. Thus all bills are in agreement regarding the extent of coverage of any reforms.

The next issue of general consensus is the issue of advance deposit requirements. Tied to this is the issue of limits on the amount of monthly escrow deposit requirements. These measures have been introduced in response to abuses of the system within the home loan industry—abuses such as requirements for deposits of up to 3 years of advance taxes at the time of settlement. Although our wording differs, the thrusts of H.R. 9989, section 107, H.R. 12066, section 7, and section 7 of my own H.R. 11460 are similar. All bills would require that no advance deposits in excess of the amount actually needed to pay off outstanding taxes and premiums at settlement should be required. All bills also provide that no amount in excess of the pro-rata portion of taxes and insurance, that is, in excess of one-twelfth of the yearly taxes and premiums, can be demanded as an escrow deposit in any 1 month. Because of the inclusion of section 7 in H.R. 11460, I did not think it necessary to repeat it in H.R. 12275.

AREAS OF CONTROVERSY

At this point our bills diverge. This is due to the fact that the issue of the payment of interest on escrow deposits is one of much more complicated dimensions and much less consensus.

The arguments in favor of payment of interest on escrow deposits are ones with which persons in public office are becoming more familiar of late. Basically, borrowers are generally required, either by law or by mortgage contract, to make monthly escrow deposits which are segregated into special accounts known as escrow accounts. The lenders periodically pay taxes and insurance premiums on the mortgaged property using these funds. Except in the case of mortgage bankers, lenders frequently invest these funds in short-term securities for financial gain. However, unlike passbook accounts, lenders in most cases pay no interest on the escrow deposits to borrowers. As the argument goes, "A bank would not lend you its money for free, so why should you lend it your money for free?"

Lenders argue that they incur substantial costs through the provision of escrow services and their investment gains are only used to offset the losses which they suffer in providing those services. They angrily threaten to raise interest rates or obliterate the escrow system entirely should interest on escrow deposits be required.

The arguments of lenders on this subject are curiously contradictory. During hearings in 1972, lenders repeatedly emphasized the benefits which the escrow system provides them through protection against unnecessary foreclosure. They also questioned the necessity of requiring payment of interest since the amounts involved would be so small as to not make it worthwhile. Yet at the same time they threatend to raise interest rates or cancel escrow services if payment of interest was required. If the interest involved is so small, why should its payment significantly affect interest rates? If the escrow system is so beneficial to lenders, why would they abandon it simply because of the forced payment of a "paltry" sum?

As most first-year economic students learn, interest rates in a competitive market are determined by the supply of funds and the demand for those funds, not by the payment or nonpayment of interest on escrow deposits. As for the cost argument, why not look at it from the point of view of the borrower? The borrower receives funds from the lender. He enjoys certain benefits from those funds through the purchase of a house, but he also incurs certain costs in connection with those funds—upkeep on the house, improvements, et cetera. He also has to pay interest for the use of those funds. A lender receives funds from the borrower—escrow deposited. He receives certain benefits from those funds, investment gain, mortgage protection, but he also incurs costs in connection with them, escrow management costs. The lender, however, does not pay the borrower interest on those funds. Is this logical? I think not.

The solutions to the problem of the payment of interest on escrow accounts fall into two categories. The first set of solutions centers around some provision which would allow the borrower to terminate his escrow account and to pay his own taxes and premiums. The second set of solutions centers around the payment of some fixed rate of interest.

H.R. 9989 does not deal directly with either one of these proposals. Rather, it directs the Board of Governors of the Federal Reserve Board to conduct a study on the feasibility of the payment of interest on escrow deposits. The bill carefully delineates seven aspects of the question which the Board shall investigate.

I see no reason to conduct such a study since a similar study was recently completed by the GAO at the request of our colleague, Mrs. SULLIVAN. The GAO report is nearly identical to the report which the bill would require. Each one of the seven areas which it directs the Board to investigate was already specifically investigated by the GAO. In fact, the GAO report was inconclusive, mainly because only a fraction of the lending institutions contacted revealed whether they realized gains or suffered losses on escrow services—gainers outnumbered losers by nearly 2 to 1. Only one institution provided specific cost figures to back up its claim of suffering losses on escrow services. Why should we legislate a bureaucratic rerun of an inconclusive report, unless we can be guaranteed better results this time?

Payment of interest on escrow accounts is a mathematical and moral necessity. Mortgagors invest lenders' funds in their homes; they must pay interest on those funds. Lenders invest mortgagors' funds in short-term securities; should they not also pay interest on those funds?

DIRECT PAYMENT OF INTEREST

I would first like to deal with the issue of actual payment of interest on escrow deposits. To my knowledge, no bills have been introduced other than mine, which have sections dealing with this issue. I have provided two different plans for interest payment, one contained in section 6 of H.R. 11460, and one contained in sections 3 and 4 of H.R. 12275. The former involves a flat rate of interest and the latter involves a plan known as "capitalization."

Under section 6 of H.R. 11460, a current rate of 6¾-percent interest would be required on all escrow deposits. This interest would not be paid directly to the homeowner, but would be credited toward reducing his balance. If this system were applied universally, I estimate that it could generate up to $400 million worth of interest each year, based on the GAO estimate of aggregate national yearly escrow deposits of $9.4 billion. It is easy to see that this figure, while significant with respect to the homeowner, could hardly be used as an excuse to raise interest rates.

Based on the September 1972 Federal Reserve Board estimate of a national mortgage debt outstanding of $335.1 billion—and that figure has no doubt grown—we can see that even if the total cost of my interest plan, including added administrative costs came to $500 million, it would account for not even two-tenths of 1 percent of the mortgage debt outstanding. As I said, supply and demand, not escrow interest, determine mortgage rates in our competitive system.

In a time of expanding money supply such as we are experiencing right now, market trends would more than make up for the two-tenths of 1 percent absolute increase in the ratio of lending costs to mortgage debt outstanding. Furthermore, I have proposed the 6.75 percent figure as a ceiling rather than as a floor; downward revisions of that figure by up to 4 percent would be acceptable. I set the rate at this level to indicate my degree of belief that borrowers should get a fair return on their deposits. Several lending institutions already pay interest to their borrowers on escrow deposits; such payment has not raised their interest rates and may have even given them a slight competitive edge.

In H.R. 12275 I outlined a second plan which would provide borrowers with a return on their escrow deposits and would also present a more substantial change in the present system of escrow accounts. In fact, the system of escrow "accounts" would be replaced by an "escrow service plan" system. The creation and description of this new system is outlined in sections 3 and 4 of H.R. 12275.

The escrow service plan would set up a system under which escrow deposits would be "capitalized." Thus the borrower's monthly escrow deposit would not be segregated into a special account but would be credited toward reducing the balance due on the loan. The lender would still be responsible for paying the taxes and insurance premiums on the mortgaged property. At the time such payment was made, the lender would raise the borrower's balance by an amount equal to the payment. Capitalization provides a de facto rate of interest equal to the current mortgage loan rate. This occurs because the balance due on the loan during the months between tax payments would be lower than it would be under an escrow account system. Since interest on the mortgage is calculated on the basis of the balance due, the borrower would be paying less interest during the intervening months. His savings would be his return on the escrow deposits.

Since lenders would no longer be required to manage separate escrow accounts, they might actually reduce administrative costs. It would also be interesting to see how lenders would react to a capitalization system. If they raised mortgage rates to compensate for the new system, they would simply be raising the amount of savings which homeowners would realize on their escrow deposits.

Several lending institutions already capitalize escrow deposits. Five in particular are located here in the District and another, the Home Federal Savings & Loan Association, has its home office in Nampa, Idaho. This association has been using the capitalization method successfully for over 25 years. I was informed by an association officer that the board of directors has repeatedly considered converting Home Federal to an escrow account system and has voted against such conversion on every occasion. So the system can work and it can be easily implemented.

HOMEOWNERS' MANAGEMENT OF ESCROW FUNDS

So much for the issue of direct payment of interest on escrow deposits. Another method which has been proposed to deal with the current situation of unfair returns to borrowers on escrow deposits would allow borrowers to simply terminate their escrow accounts under certain conditions and pay their own taxes and insurance. Such proposals are found in my two bills and in H.R. 12066.

First of all, in both of my bills, I have provided borrowers with adequate protection against lenders' threats to refuse to provide escrow services. Under H.R. 11460, the borrower always has the right to request the establishment of an escrow account which would be governed by the other provisions of the resolution. In addition, the lender has the right to establish such an account, except when the equity in the loan is greater than 20 percent. In H.R. 12275, the same system is included except the borrower and lender would establish an escrow service plan, as described previously, instead of an escrow account. This provision should be included in any final bill which is reported out in order to insure that the escrow system, which everyone concedes is so valuable, will not be damaged by any temper tantrums on the part of lenders.

I have included a summary of the conversion system contained within H.R. 11460 in an appendix to this statement. At this point, I would prefer a system similar to that of section 7 of H.R. 12066 or section 5 of H.R. 12275. I believe that such a system would represent a less difficult step than the one entailed in H.R. 11460, from the borrower's point of view. I also believe that such a system would be less cumbersome for lenders.

My proposal in H.R. 12275 takes as its

core Mrs. SULLIVAN's system of escrow account conversion described in section 7 of H.R. 12066. Under that system, a borrower could elect to pay his own taxes and insurance premiums. Should a delinquency occur, the lender could protect his loan by paying such a delinquency and then raising the borrower's balance by the amount of the payment. That in essence is the Sullivan system and is a very good one indeed. I have made three modifications in it in section 5 of my bill, H.R. 12275. First, unless the lender and borrower have not previously set up an escrow system plan, conversion by the borrower to self-payment of taxes and insurance premiums could not take place until the borrower had achieved at least 20 percent equity in the loan. Second, in the event of a delinquency payment by the lender, a penalty charge not to exceed 25 percent of the payment itself could also be assessed against the borrower's balance. Finally, if the lender makes deliquency payments on at least two separate occasions, he regains the right to demand mandatory establishment of an escrow service plan and the borrower loses the right to terminate such a plan, regardless of the level of his equity in the loan.

I modified the Sullivan system, first, in order to satisfy more thoroughly the objectives of the escrow system plan method, and, second, to provide more protection to the lender against borrowers who think they can manage their own taxes but who in reality cannot. I wish to emphasize that I strongly favor some system which would allow responsible borowers to terminate their dependence on the escrow system while at the same time insuring that mortgage risk is kept to a minimum.

I want to make it clear that I have made a division between systems of interest payment and systems of escrow service termination only for the purpose of clarity. I have included provisions for both of these systems in both of my bills; no system of escrow reform would be effective unless it dealt with all of the problems of the system. This is why I have introduced two bills which are exclusively dedicated to escrow reform. I hope that each of my bills will be treated as a uniform whole, a complete plan of interconnecting and interdependent parts.

In conclusion, let me reiterate that this is the year for escrow system reform. I have received letters from homeowners and groups all over the country expressing interest in this issue and support for my proposals. Mortgagors are beginning to realize that the system can be improved to their benefit.

EXPLANATION OF H.R. 11460, SECTION 5

In conjunction with section 4 of this bill, section 5 would allow homeowners with not less than 20-percent equity in their loans to terminate their escrow accounts and to pay their own taxes and insurance premiums provided they meet certain requirements. They must set up a separate account with 1 year's advance taxes and premiums and to maintain a 1 year's balance at all times. They must also make all tax and insurance payments as they fall due. Failure to abide by these requirements would mean that a lender could require mandatory reestablishment of an escrow account, and borrowers would lose any right to reterminate such an account. This system was abandoned in favor of the one in section 5 of H.R. 12275 because it was felt that a requirement of 1 year's advance taxes and premiums would prove to be too much of a burden for the average homeowner. Responsible tax payment could occur without such a requirement.

JUDICIARY COMMITTEE AND THE SPECIAL PROSECUTOR

HON. ELIZABETH HOLTZMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 28, 1974

Ms. HOLTZMAN. Mr. Speaker, according to recent news reports the Special Prosecutor has taken the position that he can not release various documents, tapes and testimony to the Inquiry Staff of the Committee on the Judiciary. Reportedly, the Special Prosecutor has taken the position that he is bound by rule 6(e) of the Federal rules of criminal procedure to withhold all evidence which has been presented to the grand jury.

I believe that it is important for the public to realize that the position taken by the Special Prosecutor has been questioned on several legal grounds. Common Cause recently distributed a legal memorandum, prepared by Kenneth J. Guido, Jr., discussing this subject. The memorandum argues, first, that the language of the rule would not prohibit the delivery of documents to the committee, even without a court order and, second, that the rule of grand jury secrecy has never been an inflexible mandate.

For a thorough understanding of the issues involved, I commend the attention of my colleagues to this memorandum. The text of the memorandum follows:

ACCESS TO DOCUMENTS, TAPES, AND GRAND JURY TESTIMONY IN THE SPECIAL PROSECUTOR'S POSSESSION BY THE HOUSE JUDICIARY COMMITTEE

(By Kenneth J. Guido, Jr.)

Questions have been raised regarding the responsibility of the Special Prosecutor to cooperate with the House Judiciary Committee's inquiry on impeachment. Specifically, it has been asked whether documents, including White House tapes, gathered by the Special Prosecutor and presented to the Watergate Grand Jury can be released by the Special Prosecutor to the House Judiciary Committee for use in its Impeachment inquiry.

The Special Prosecutor has been quoted as believing that he cannot do this because of Rule 6(e) and a pledge that the documents would remain confidential.

We have examined the grounds for this claim and have concluded that, contrary to these assertions, the Special Prosecutor has the authority to release documents and to obtain from the Court the release of testimony which has been presented before the Watergate Grand Juries. Rule 6(e) of the Federal Rules of Criminal Procedure, 18 U.S.C.A., which deals with disclosure of matters occurring before a grand jury, is not an obstruction to the production of documents. Moreover, while the documents can be produced without a court order by the Special Prosecutor himself, the testimony before the grand jury can be submitted to the House Judiciary Committee with leave of the Court.

The Special Prosecutor has been given full authority for investigating and prosecuting federal offenses arising out of the Watergate break-in, all offenses arising out of the 1972 Presidential election for which he assumes responsibility, allegations involving the President, members of the White House staff or Presidential appointees and any other matters assigned to him by the Attorney General.

In particular, the Special Prosecutor has been given full authority in regard to the following matters:

Conducting proceedings before grand juries and any other investigations he deems necessary;

Reviewing all documentary evidence available from any source, as to which he shall have full access;

Determining whether or not to contest the assertion of executive privilege or any other testimonial privilege;

Determining whether or not application should be made to any Federal court for a grant of immunity to any witness or for warrants, subpoenas or other court orders;

Deciding whether or not to prosecute any individual, firm, corporation or group of individuals;

Initiating prosecutions, framing indictments, filing informations and handling all aspects of any cases within the jurisdiction;

Coordinating and directing the activities of all Department of Justice personnel, including United States attorneys, and

Dealing with and appearing before Congressional committees having jurisdiction over any aspect of the above matters.

34 Fed. Reg. 30738–20739 (1973) Rule 6(e) provides:

Disclosure of matters occurring before he grand jury other than its deliberations and the vote of any juror may be made to the attorneys for the government for use in the performance of their duties. Otherwise a juror, attorney, interpreter, stenographer, operator of a recording device, or any typist who transcribes recorded testimony may disclose matters occurring before the grand jury only when so directed by the court preliminarily to or in connection with a judicial proceeding, or when permitted by the court at the request of the defendant upon a showing that grounds may exist for a motion to dismiss the indictment because of matters occurring before the grand jury. No obligation of secrecy may be imposed upon any person except in accordance with this rule.

The Notes of the Advisory Committee on Rules, reveals that Rule 6(e) codifies the traditional practice regarding the secrecy of grand jury proceedings and the authority of the judiciary to permit disclosure where warranted by the circumstances. We have examined the claim of grand jury secrecy as grounds for refusing to provide the House Judiciary Committee with documents and testimony and the judicial precedents. It is our conclusion that documents obtained by the Special Prosecutor for the grand jury are not covered by the secrecy provisions of Rule 6(e), that testimony before the grand jury is probably covered by those secrecy provisions, but that the District Court would be warranted in granting permission for the transmission of relevant grand jury testimony to the House Judiciary Committee.

Documents obtained by the Special Prosecutor for the Grand Jury.

The provisions of Rule 6(e) apply only to "matters occurring before the grand jury." Such matters have been held not to include documentary materials gathered on behalf of a grand jury, although the use made by the grand jurors of such materials is covered by the rule.

In *United States* v. *Interstate Dress Car-*

riers, Inc., 280 F. 2d No. 52 (2d Cir. 1960), the records of the defendant trucking company had been subpoenaed by a grand jury. The Interstate Commerce Commission, which has statutory authority to have access to these records, sought the materials from the Justice Department. The Court held that the Department could give the documents to the I.C.C. because the documents were not "matters occuring before the grand jury" within the meaning of Rule 6(e). In so holding, the Court defined the scope of the secrecy provisions of Rule 6(e):

> The Rule is intended only to protect against disclosure of what is said or what takes place in the grand jury room. Documents as well as oral testimony of course may come within its proscription against disclosure. [citations omitted]. However, it is not the purpose of the Rule to foreclose from all future revelation to proper authorities the same information or documents which were presented to the grand jury. Thus, when testimony or data is sought for its own sake—for its intrinsic value in the furtherance of a lawful investigation—rather than to learn what took place before the grand jury, it is not a valid defense to disclosure that the same information was revealed to a grand jury or that the same documents had been, or were presently being, examined by a grand jury. *Supra* at 54.

The construction of Rule 6(e) applied in Interstate is applicable to documents voluntarily turned over to a grand jury as well as to subpoenaed materials. In *In the Matter of Hearings Before the Committee on Banking and Currency of the United States Senate,* 19 F.R.D. 410 (N.D. Ill. 1956), the Committee sought to obtain a bank ledger which had been given voluntarily to the U.S. Attorney for use before a grand jury. The Court ordered the U.S. Attorney to release the ledger to the Congressional committee for the very same reasons expressed by the Court in *Interstate*.

In the case of documents received or subpoenaed by the Watergate grand jury, there appears to be no barrier to submitting them to the House Judiciary Committee. The Rule 6(e) requirement of judicial permission does not come into play, because the documents themselves are not "matters occurring before the grand jury."

The quotation from *Interstate*, cited above, says that documents sought for their own sake, cannot be withheld on the grounds that they were presented to a grand jury. This does not mean, however, that the Special Prosecutor may give transcripts of grand jury testimony to the Judiciary Committee without following the Rule 6(e) procedure of seeking judicial permission.

The District Court Permission for Grand Jury Testimony to be given to the Judiciary Committee.

When grand jury testimony falling within the strictures of Rule 6(e) is sought, the permission of the District Judge supervising the grand jury should be obtained.

Rule 6(e) requires that the Court's order releasing the grand jury materials be issued "preliminarily to or in connection with a judicial proceeding." In *Doe v. Rosenberry,* 225 F. 2d 118 (2d Cir. 1965), it was held that hearings by a bar grievance committee were "preliminary to" a court proceeding involving disciplinary sanctions. In much the same way, the House impeachment investigation is preliminary to an impeachment trial in the Senate, which is surely a judicial proceeding.

In Federalist paper No. 65, Alexander Hamilton wrote: "The remaining powers which the plan of the convention allots to the Senate, in a district capacity, are comprised in their participation with the executive in the appointment of offices, *and in their judicial character as a court for the trial of impeachments.*" (emphasis added), *The Federalist Papers,* No. 65 at 396 (New American Library ed. 1961) (Hamilton).

Hamilton further alludes to the "judicial character of the Senate":

> "A well-constituted court for the trial of impeachments is an object not more to be desired than difficult to be obtained in a government wholly elective. The subjects of its jurisdiction are those offenses which proceed from the misconduct of public men, or, in other words, from the abuse or violation of some public trust." *The Federalist Papers, supra* at 396.

Furthermore, Hamilton refers several times to the Senate as the "court of impeachments." *The Federalist Papers, supra* at 398–400.

The language of the Constitution itself further substantiates the fact that the Senate trial is a judicial proceeding (e.g. "try," "conviction" and "judgment", Art. I § 3, Cl. 6, 7; Art. II, § 4).

The procedures for the Senate when sitting on impeachment trials (United States Senate Manual 151), unchanged since their adoption March 2, 1868 for the trial of President Johnson, corroborate the concept of the "judicial character" of the Senate trial. The Chief Justice of the Supreme Court presides over impeachment of the President or Vice-President and rules on all questions of evidence, unless a Senator requests a formal vote. In addition, the accused is permitted assistance of counsel.

Thus, since the House impeachment proceedings precede the trial by the Senate, the House proceedings are preliminary to a "judicial proceeding" under Rule 6(e).

The requirement that a judge release grand jury testimony only "preliminary to or in connection with a judicial proceeding" is a threshold issue. Rule 6(e) places the decision as to whether the material should be disclosed in the discretion of the court. Judicial standards have evolved which guide courts in the exercise of their discretion. The current test was articulated in *United States v. Procter & Gamble, supra,* at 682:

> [The secrecy of grand jury testimony] must not be broken except where there is a compelling necessity. There are instances where that need will outweigh the countervailing policy. But they must be shown with particularity.

In that case, the grand jury testimony was sought by a defendant in a civil antitrust action. The need for the evidence was found not to be "compelling" in light of the generous discovery available to civil litigants. In criminal cases where discovery is more limited, a defendant's need for grand jury testimony may well rise to the level of intensity required by this test. In such cases, however, the countervailing need for secrecy may also grow. The reason for secrecy in criminal cases was articulated in *United States v. Rose,* 215 F. 2d 617, 628 (3rd Cir. 1954):

> "(1) To prevent the escape of those whose indictment may be contemplated; (2) to insure the utmost freedom to the grand jury in its deliberations, and to prevent persons subject to indictment or their friends from importuning the grand jurors; (3) to prevent subornation of perjury or tampering with the witnesses who may testify before grand jury and later appear at the trial of those indicted by it; (4) to encourage free and untrammeled disclosures by persons who have information with respect to the commission of crimes; (5) to protect innocent accused who is exonerated from disclosure of the fact that he has been under investigation, and from the expense of standing trial where there was no probability of guilt."

It appears the distinction which courts make between civil and criminal cases stems from the alternatives available to the party seeking the testimony and from the policy considerations enumerated in *Rose*. In the case of presidential impeachment, paramount factors necessarily come into play. These factors supply the compelling necessity required by the *Procter* test. By according justified weight to these paramount factors, any arguments against providing the Judiciary Committee the testimony are overcome.

The time factor alone can be said to make the Judiciary Committee's need for testimony compelling. If forced to reconstruct the grand jury evidence on their own, the Committee may require months or even years to reach its decision. Such a delay in the Committee's report would do incalculable damage to the nation.

A second key factor is the preferred status of the constitutional impeachment process. At this stage of the grand jury proceedings, it is widely known which individuals are under investigation by the Watergate grand jury. It is unlikely that these people will, simply because the testimony is released to the Judiciary Committee, flee the country, tamper with grand jurors or with witnesses. Safeguards can be incorporated into the Committee's procedures to protect potential grand jury witnesses.

Balanced against the secrecy considerations of *Rose* is the national need to have the impeachment issue resolved based on all existing evidence relevant to this proceeding. This "compelling necessity" constitutes clear and appropriate grounds for the District Court to exercise its discretion to permit the release of the grand jury testimony to the House Judiciary Committee.

AMERICAN LEGION NATIONAL COMMANDER CALLS FOR STRONG RESERVE COMPONENTS AS PART OF NATIONAL DEFENSE

Hon. G. V. (SONNY) MONTGOMERY

OF MISSISSIPPI

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 28, 1974

Mr. MONTGOMERY. Mr. Speaker, a recent speech of the national commander of the American Legion before the Reserve Officers Association on February 22 has been called to my attention. I think that it represents a significant contribution to the philosophy of defense in these troublesome times.

The national commander of the American Legion, Robert E. L. Eaton, is a retired Air Force general officer, and for several generations his family has resided in my district. Although he originally hails from Mississippi, he has been a longtime resident of Maryland and pursued his American Legion career in that State. We Mississippians are proud to claim General Eaton and congratulate Maryland and the American Legion for recognizing his ability and making him the national commander.

A significant factor in defense these days is the high cost which it entails. All of us are sincere in our support of a defense establishment which will be adequate for the great responsibilities we face. But it behooves us all to achieve and maintain an adequate defense structure utilizing our resources in the most economical way possible. In this regard, while the weapon systems of today and tomorrow represent a major cost, personnel costs are significantly higher. In the foreseeable future the only means by which major reductions in personnel costs can be effected without incurring a simultaneous reduction in our national defense capability is through greater reliance upon and more effective utilization of the Reserve forces of our Nation.

Stabilized reserve component units which are properly manned, equipped, and trained, have consistently demonstrated the same high level of effectiveness possessed by regular units and thus represent a national asset of equal value. However, a Reserve unit can be operated at a fraction of the cost of a similar Regular force unit; therefore, when one considers the return on our investment in the Armed Forces, it is obvious that when reductions in force are necessary, the reserve components should be the last to be reduced rather than the first.

All of us deplore the reductions in the Air National Guard and other Reserve units which the recent Secretary of Defense decision will engender and believe this decision represents either the failure to understand the economic and defense potential of the reserve components or to accept the fact that our Reserve forces can and should assume a much greater role in our national defense. In simplest terms, if new weapon system effectiveness or a changed world situation warrants a reduction in the total force, such reductions should be taken in the Regular establishment rather than the Reserve. If the overall force structure must be maintained, it can be done at considerably less defense dollar cost by increasing the ratio of Reserves to Regular units and retaining only hard core units and missions in the regular force.

Such a shift in emphasis dictates fully combat ready Reserve force units equipped with first line weapon systems which due to total defense costs are not currently available. As an example, the Air Force has insufficient aircraft to equip both their active duty fighter and transport units and at the same time furnish first line combat aircraft to National Guard units with the same mission. However, as General Eaton points out, the savings in personnel costs alone which would result from a major shift in reliance to our Reserve components may well more than offset the increased costs associated with increased weapon system production. This is a matter to which I would expect our Armed Services Committee to address itself in the coming hearings.

I have placed the speech of the national commander in its entirety in the RECORD in the hope that my colleagues will find an opportunity to read it and give it the attention it deserves.

An Address by Robert E. L. Eaton, National Commander, The American Legion

Members of the Reserve Officers Association, Distinguished Guests, I am delighted to be with you this morning.

The American Legion which I am privileged to represent shares with the ROA a number of common views and concerns. One is the continuing need for a strong national defense. Another is that our Reserve Forces should figure prominently in our defense structure. It is to these points that I shall address myself today.

The American Legion holds that there is substantial room for improvement in the general area of defense manpower utilization.

Specifically, we feel that the Department of Defense is not adequately exploiting its Reserve potential.

We feel that increased reliance on Reserve Forces offers the greatest promise for maximum security within the limits of our resources.

We feel that certain parochial attitudes on the part of the active establishment are restricting the development of that promise.

We intend to press vigorously our contention that the interests of national defense are best served by elevating, rather than depressing, the status of our Reserve components.

Today it is more than customarily difficult to convince the American public of the need for continued maintenance of a strong deterrent posture.

One reason is the fact that we have recently ended our involvement in a war. It seems to be an American tradition—a regrettable one—that a war's end inevitably brings a clamor for dismantling the force structure so laboriously and so expensively constructed. As a nation we seem incapable of absorbing the often-repeated lessons of previous experience.

Once again there is a demand for "reordering priorities." To some Americans that phrase suggests that we could finance increases in social programs by paring the defense budget beyond the limit of sanity. Certainly we should do everything within our power to improve the quality of life for all who are part of this nation. But when considering priorities, we should remember that defense is itself a social service, the most important one because it guarantees our freedom and our very existence.

Advocates of reduced defense expenditures point to a degree of thaw in our relationships with the Soviet Union and the Chinese Communists as evidence of a diminishing need for military strength.

That is a wishful approach. It accepts the promise of lasting peace as if it were already fact. It is not. The attitudes of the Soviets and the Chinese appear to augur some hope for the future. But, speaking for The American Legion, we remain unconvinced that these adversaries have totally abdicated their plans for military superiority and conquest.

Another reason why there is some resistance to maintaining a strong deterrent force is the ever-rising cost of defense. The fiscal 1975 budget now before the Congress contemplates defense outlays some $6 billion greater than those of the current fiscal year. That makes the defense budget a prime target for sniper fire.

However, the increase is illusory. Anyone who has bought a steak or a gallon of gasoline recently is aware of the eroding effect of inflation on defense purchasing power as well as personal purchasing power. There are additional factors compounding the problem of defense costs. There is the essential demand for greater performance in each new generation of weapon systems; this means greater complexity, hence higher costs. There are also the dramatic funding increases associated with the zero-draft, all-volunteer defense force.

Viewed in proper perspective, the proposed defense budget is anything but munificent. It amounts to a smaller percentage of the gross national product than in any year since 1950. It represents 29 percent of the total federal budget, where six years ago it was 44 percent. The American Legion supports the Administration's defense budget, with this qualification: It provides only the minimum level required for American preparedness, dollar increases notwithstanding.

Clearly, rising costs dictate a greater-than-ever quest for efficiencies in utilizing our defense resources. The alternative is further reduction in force, which is not tolerable in today's unsettled international climate.

In the search for new efficiencies, defense manpower appears a particularly promising area for focus of attention. In fiscal 1975, the average per capita pay of military personnel will reach $11,000, approximately double the figure for 1968. Despite large-scale reductions in personnel strength, manpower costs in 1975 will be up almost 50 percent above the 1968 level.

Manpower is now the largest major component of the defense budget. It takes a larger bite of the total budget than the combined sum of operations, procurement, construction, research and development. In both the current fiscal year and the coming year, manpower outlays amount to 55 percent of the defense budget.

How can we improve efficiency in manpower utilization? By really implementing the total force concept, the complete integration of U.S. Reserve Forces into the combat-ready force in being. I stress the word really. Although the total force concept has been a matter of Department of Defense policy since 1970, its implementation has been something less than vigorous.

Inherent to the total force concept are these tenets:

First, the difference in combat effectiveness between Regular and Reserve Forces is insignificant, as has been demonstrated by studies, tests and actual combat experience;

Second, Reserve units can be organized, manned, equipped, trained and operated at costs dramatically lower than the costs for similar Regular Force units. For example, a combat infantry battalion can be maintained in the Reserve Forces for about 20 percent of the cost of maintaining an active army infantry battalion.

The essence of the total force policy is that necessary reductions in active defense strength can be offset by greater reliance on Reserve capabilities. Toward that end some Reserve Forces—particularly the National Guard—have been assigned high-priority missions once considered the sole province of active forces.

I submit that there is an opportunity for greater cost effectiveness in manpower utilization through further steps in this direction. The Department of Defense should give full consideration to a substantial shift in emphasis, roles, missions and resources from the Regular Forces to the Reserve Forces.

There is, of course, a requirement for a hard core of Regular Forces. This hard core must include, among other things, an adequate rotational base for the maintenance of overseas units. The balance of the total defense requirement could be met by strong, well-equipped, combat-ready Reserve components.

Such a shift involves nothing more than full acceptance of the total force policy already established. It could prove immensely advantageous to the nation.

If the mandate is maintenance of a given level of force, it could be accomplished at far lower cost.

If the determining factor is cost ceiling, we can obtain a higher level of force within the monetary limitation.

Will the total force policy work in practice? There is ample evidence that it will. Witness, for example, the rapid response and effective deployment of the Israeli Reserves in the most recent Middle East conflagration. Our own Reserves have on several occasions provided similar testimony. The National Guard has already demonstrated its ability to meet the challenge of total force by attaining the highest level of combat-readiness in its history.

However, if the total force policy is to work it must be *fully* implemented. Full implementation means this:

The force has to be manned;

The force has to be equipped; and

The force has to be trained.

Full implementation of the total force policy will require a commitment greater than we have yet witnessed on the part of the active establishment. If we are to get that commitment, we must first effect a radical change in Department of Defense thinking concerning the role of the Reserves. Despite lip service to the concept of total force and the advantages it offers, there are still many in important positions who regard the Reserves as a "mobilization" force, something to be called up in the late innings of a war rather than a component of the force-in-being.

That word "mobilization" is one I would like to remove from the dictionary, at least insofar as it pertains to Reserve Forces.

It is true that the Reserves were conceived as a mobilization force in the Defense Act of 1916, before our entry into World War I. The legislators of that day envisioned the mobilization force as one that could be activated at the start of an emergency but equipped and trained over long months—or even years—thereafter. It was a military second string for use in a long-term war.

But that was six decades ago. The leisurely-mobilized Reserve Force of 1916 would be useless in today's—and tomorrow's—environment. We will never again experience an emergency in which long-term mobilization is possible. Thus, today's Reserve Force cannot be a mobilization force. It must be a ready force, complementary but not inferior to the active force. Where there are deficiencies in readiness level or equipment, the Department of Defense should bend every effort to bring the deficient units to an appropriate level of capability.

Because of the parochial views I mentioned, the Department of Defense is not moving toward full implementation of the total force policy. In fact, and perhaps for the same reason, it is moving in the opposite direction. There was a recent decision to deactivate a number of air national units. There are indications of further cuts in the Reserve components. Such reductions are completely inconsistent with the objective of getting the most defense for the dollar outlaid.

It is difficult to understand the rationale of defense management with regard to Reserve Force reductions, actual and contemplated.

The keystone tenet of the total force policy is this: When considerations of the national economy dictate reductions in active strength, the impact must be counterbalanced by improvement in Reserve capability. Yet look at what is happening.

Over the past three years, the Soviet Union has increased its active forces from 3 million to 3.8 million men. The USSR has *not* reduced the size of its reserve establishment.

The United States, on the other hand, has been in a steady decline with respect to active personnel strength. In 1968, the peak year of the Vietnam conflict, there were 3.5 million military personnel on active duty. In the coming fiscal year, that figure will drop to 2.2 million.

Thus, at a time when our active forces are at the lowest level in more than 20 years, there are moves afoot to cut the Reserve Forces as well. This is a rejection of the basic principle of the total force concept.

It is also a foolish way to achieve economy. We of The American Legion deplore any reductions in defense strength at a time of uncertain international atmosphere. But if there absolutely must be reduction it is upside-down philosophy to cut the Reserve Forces rather than the active establishment.

Look at it this way. If it became absolutely imperative to cut your family budget, how would you go about it? Would you turn out all the lights in your home to save a few dollars a month? Or would you give up your country club membership to realize a much more significant reduction with less real hardship?

Defense management is turning off the lights, so to speak. Because the Reserve unit is far less costly to operate, its elimination saves relatively few dollars. To put it another way, we lose more defense capability by cutting the Reserves than we do by reducing the Regular Forces.

There is one other aspect of Defense management's attitude toward Reserves.

Recently, I wrote the Secretary of Defense protesting Reserve reductions. I received a reply from the Assistant Secretary of Defense for Manpower and Reserve Affairs. There was nothing in the reply which in any way changed the views I have enunciated today. There was, however, one paragraph which merits public airing. I quote:

"It is essential that units, Active and Reserve, that provide little effectiveness because they are performing a marginal mission or because they are manned and equipped in a manner that is an inefficient use of defense dollars, be eliminated."

This is another attitude to which I take exception. It constitutes a lack of understanding of the Reserve role. It ignores the fact that a Reserve unit—however outmoded—is a valuable defense asset. Elimination of a Reserve unit is a waste of the time, funding, recruiting and training that brought it into being.

Is it not more logical to convert the outmoded unit to new capability? If it is performing a marginal mission, give it a new one. If it is under-equipped, equip it properly. It takes but a stroke of the pen to dissolve an active duty unit or to reactivate it. But a Reserve unit, once broken up, takes years to rebuild.

Until now, I have presented the case for proper utilization of the Reserve Forces in strictly pragmatic terms. I have outlined the cost effectiveness and other gains that can accrue from real implementation of the total force policy.

There is another side to the subject—the philosophical side.

From the earliest days of the Republic, Americans have embraced the fundamental doctrine that the cornerstone of defense is the citizen army. The first article of the Constitution empowered Congress to "call forth the militia to execute the laws of the Union, suppress insurrection and repel invasions."

Since its formation, The American Legion has espoused that doctrine. At the Legion's second national convention in 1920, the Military Affairs Committee stated a policy for insuring the readiness of our citizen soldiery. I quote:

"We recognize the Constitutional principle that a well-trained and disciplined citizen soldiery is essential to the peace and safety of both state and nation. In conformity with the spirit of our organization, we pledge our efforts in aid of the constituted authorities of the United States, and of each of the several states, in the formation, recruiting and maintenance of the National Guard of the United States at that standard of strength and dependability required by the adopted military policy of our government and the welfare of our national and state institutions.

"We believe that national safety with freedom from militarism is best assured by a national citizen army based on the democratic and American principles of the equality of obligation and opportunity for all. The National Guard and organized Reserves, which should and must be the chief reliance of the United States in time of war, should be officered in peace and in war as far as practical by men from their own ranks."

That statement was advanced in the wake of World War One. The thinking of that day envisioned the slow mobilization of forces and, as I have said, long term mobilization is no longer appropriate. However, the concept of citizen soldiery remains as valid today as in 1920 and at the founding of the Republic.

Today, however, it is national policy to build toward an all-volunteer professional armed force. Without participation by the citizens in selective service, we are moving away from the concept of citizen soldiery.

The American Legion supports the personnel of our armed forces. We are convinced that they represent the highest type of individuals who serve our nation. But we are not convinced that the professional armed force is in keeping with the American idea of free government.

Nor are we convinced that it is an effective way to fight our nation's wars. There is a belief—in which I concur—that the principle cause of the Southeast Asia disaster was the professional army approach. There were draftees in the armed forces, but the army fighting the war was primarily professional. The Reserves were never called into action and for that reason the nation never realized the full participation of its people.

I believe that a military effort which lacks the full support of the American people is foredoomed to failure.

The total force policy provides an opportunity for active participation of our citizenry. But if it is to a viable program, it must be fully and intelligently implemented. We must have a commitment to man the force, to equip the force and to train the force. The American Legion, The Reserve Officers Association and others who share our convictions must carry the fight to insure that commitment.

WHO HAS CAUSED THE ENERGY CRISIS?

HON. JOHN M. ASHBROOK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 28, 1974

Mr. ASHBROOK. Mr. Speaker, Energy Chief Simon has been getting much press attention lately with his pronouncements, orders, and directives on allocations, shipments and supplies of various petroleum products. Governmental action in the present energy crisis is readily apparent and also is growing. There are many advocating a greater role for Government through rationing systems, further controls and various rollback proposals.

Young Americans for Freedom—YAF—a nationwide conservative youth organization, has put together a pamphlet entitled "Who has Caused the Energy Crisis?" which deserves the attention of those concerned about our present energy problem. This pamphlet gives information that is not readily available and should be given a hearing in the present debate. The text of the YAF published pamphlet follows:

WHO HAS CAUSED THE ENERGY CRISIS?

This is what the Federal Government has done to cause our energy crisis:

(1) Banned off-shore drilling.

(2) Restricted domestic drilling, especially on federal land.

(3) Limited the number of refineries and the amount of oil they can refine.

(4) Instituted import quotas on oil limiting the amount of foreign oil.

(5) Blocked and delayed until recently the development and transportation of Alaskan oil.

(6) Outlawed the use of most coal and

some fuel oils because their sulfur content is "too high."

(7) Forced mandatory pollution control devices on new cars that use an additional 5 billion gallons of gas a year (according to the U.S. Office of Emergency Preparedness).

(8) Forced busing of 300,000 children each day in the United States wastes millions of gallons of gasoline yearly.

(9) Delayed the development of new sources of fuel. A good example is the delaying of nuclear power plants by the Federal Government and Mr. Nader.

(10) Held the price of interstate natural gas at an artificially low price since 1955. This has guaranteed high demand for this fuel and a low supply. It has also encouraged gas-mining companies to sell their supply intrastate.

(11) Intervened in industries that utilize great quantities of oil:

a. C.A.B.-Airlines: Price competition among airlines has been illegal for years. Airlines have adopted the only form of competition the government allows—flying more planes than their competition, or competing on meals, frills, etc. Hundreds of half-empty flights criss-cross the country every day wasting millions of gallons of fuel.

b. I.C.C.-Trucking: The government has regulated the trucking industry with guidelines that outlaw most direct routes between two cities. The result is the wasting of fuel.

c. The government regulation and interference with private mass transit has driven most of the private companies out of business and provided incentive to drive private cars.

(12) Instituted Price Controls: The effect of price controls on fuel has been to increase demand and limit supply by keeping the price low. This is the case of the present scarcity. The demand for distillate fuel oil by the nation's electric utilities has increased from 68,000 barrels a day in 1970 (before general wage and price controls) to 186,000 barrels a day in 1972. The price controls have also produced scarcities and higher prices in oil-related industries. An example is the present acute scarcity of pipes needed for drilling. From the Washington Post on January 14, 1974: "Charles (Smokey) Griggs, 46, who is still trying to climb out of debt piled up from drilling too many dry holes, had this to say—'I ordered a string (8,000 feet) of pipe in December. You know what they gave me for a delivery date?—July 2, 1976!' " The government inflating of the money supply causes higher prices for everything. Time magazine had this to say: "Since about the late 1960's, proven natural gas reserves have declined because government price controls have discouraged new exploration. Domestic oil reserves shrank because companies found it cheaper to drill abroad. Domestic refinery capacity became inadequate. Oilmen did not expand refineries enough to meet demand because import quotas let them with too little oil, and environmental controls increased the price of construction."

ON S. 2589, THE NATIONAL ENERGY EMERGENCY ACT CONFERENCE REPORT

HON. MICHAEL HARRINGTON

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 28, 1974

Mr. HARRINGTON. Mr. Speaker I wish to accompany my positive vote on S. 2589, the conference report on the National Energy Emergency Act with several observations.

A number of provisions in the report will help alleviate the energy situation in which my constituents find themselves. The rollback in energy prices will afford limited but still genuine price relief. The administration is given the latitude to promulgate conservation measures, tempered by a congressional veto process which, while not perfect, is still a usable mechanism to check any abuse of executive power in this area. Standby authority is provided to permit end-use allocation of petroleum products; while I have major reservations about the desirability of rationing, I recognize the value of providing administrative flexibility. The President is also given the authority to allocate energy production-related materials, like drill bits and pipes, which are now in short supply. States are provided assistance in rendering compensation to those who suffer unemployment as a result of the energy shortage. And, importantly, the report requires the major oil companies to submit sorely needed data on this Nation's energy supply.

The provision to rollback prices is perhaps the most controversial in the report. It seems to me that the rollback formula achieves some kind of acceptable balance between the creation of price relief for consumers and the maintenance of production incentives for the oil industry. Presently, the President has imposed ceiling prices for so-called flowing oil produced in the United States. The formula that he has employed for doing this is identical to that contained in section 110 of the conference report; that is, producers are permitted to charge the field price in effect on May 1, 1973, plus an additional $1.35. Thus the pricing provisions of the conference report will not force a change in the current price levels for flowing crude production.

There are, at present, no price ceilings for new oil production nor for production from stripper wells which produce 10 barrels or less per day. According to recent testimony given by officials of the Federal Energy Office, on a national average, the price of new crude and stripper well production has risen to about $9.51 per barrel. In many cases, the price is well over $10—approximating the international market prices set by the cartel of Mideastern oil producing countries. The provisions of section 110 would require a rollback of these prices to an average range of between $5.25 and $7.09. This price range is judged sufficiently broad to permit the President to establish prices which are adequate to induce production of additional crude supply while providing pricing protection to industrial and individual consumers at a time when the market mechanism of supply and demand is not working so obviously.

For example, in December 1972, the National Petroleum Council reported to this Congress that, in order to achieve the greatest feasible level of domestic self-sufficiency, the domestic price of crude oil would have to rise from $3.18 per barrel in 1970 to $3.65 per barrel in 1975. In August 1972, the Independent Petroleum Association of America testified that a domestic price of $4.10 per barrel would be adequate to assure the United States 100 percent self-sufficiency by 1980. While these projections were stated in "constant dollars," after adjustment, the National Petroleum Council's price would be projected at $4.35 and the Independent Petroleum Association of America's price would be increased to $4.55. It is to be emphasized that these price estimates are well within the national average ceiling price of $5.25 called for in section 110 of the Energy Emergency Act.

Moreover, it should be kept in mind that this section permits the President to increase the ceiling price to levels which would result in a national average price of $7.09. This is well above the most recent projection of the Independent Petroleum Association of America calling for an average price of approximately $6.65 per barrel for crude oil in order to maximize domestic production by 1980. Let me point out also, that as recently as January 23 of this year Deputy Secretary Simon stated that the long-term supply of crude oil—that is, the level needed to bring supply and demand into balance and to eliminate the shortage—would be "in the neighborhood of $7 per barrel within the next few years." In Secretary Simon's words, any price higher than that creates "a windfall—a price to producers which is more than producers could have anticipated when investments were made and more than that required to produce all that we can in fact expect to be supplied."

In contrast to the price rollback provision, there are parts of the report to which I continue to take strong exception. I voted against H.R. 11450, the original House version of the Energy Emergency Act, because of the bill's cavalier treatment of environmental standards and its failure to ask anywhere as much sacrifice from the oil companies as from the American public. The rollback provision fills the second gap which existed in H.R. 11450, while the report to Congress oversight powers, as of March 15, with regard to any conservation measures instituted by the President.

I must confess that, in my opinion, the crucial evidence as to the bill's sufficient merit came from the President. When he announced at his press conference earlier this week that he would veto the conference report if the House were to pass it in its present form, I decided it must be a fairly satisfactory measure.

Let me stress, however, that much remains to be done. The basic anticompetitive structure of the oil and natural gas industry remains unreformed. It is my belief that if changes are not instituted in the near future, the present crisis will be succeeded by additional upheavals of equal or greater magnitude. While keeping a watchful eye on our current gasoline and residual oil problems, Congress must also take prompt action on legislation to create a Federal oil and gas corporation, which would introduce genuine competition into the industry. In short, we should not be overly pleased that after 3 months of strain and discord, we have enacted a flawed, though serviceable, "emergency" measure. We should instead move quickly on to more significant change, so that the consumers of the Nation end up with an oil business with which they can live.

SENATE—*Friday, March 1, 1974*

The Senate met at 12 o'clock noon and was called to order by Hon. DICK CLARK, a Senator from the State of Iowa.

PRAYER

The Chaplain, the Reverend Edward L. R. Elson, D.D., offered the following prayer:

Lord of our life, we know not what a day may bring forth of disappointment, failure, sickness, or even death. We only know that for these tests of life that none escape. Some emerge bitter and cynical, crushed and heartless; others emerge more gentle, more kind, more generous. We pause in Thy presence to be made strong enough for any test or temptation. Here brace us for new tasks, here equip us for new duties, here strengthen us for every adventure, send us to the day's program made new in love and grace and truth. Help us, Lord, not only to make better laws but also to be better men. For Thy name's sake. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. EASTLAND).

The assistant legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, D.C., March 1, 1974.

To the Senate:

Being temporarily absent from the Senate on official duties, I appoint Hon. DICK CLARK, a Senator from the State of Iowa, to perform the duties of the Chair during my absence.

JAMES O. EASTLAND,
President pro tempore.

Mr. CLARK thereupon took the chair as Acting President pro tempore.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Hackney, one of its reading clerks, announced that the House had passed the joint resolution (H.J. Res. 905) extending the filing date of the 1974 Joint Economic Committee report, in which it requests the concurrence of the Senate.

THE JOURNAL

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the reading of the Journal of the proceedings of Thursday, February 28, 1974, be dispensed with.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

COMMITTEE MEETINGS DURING SENATE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that all committees may be authorized to meet during the session of the Senate today.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

THE CALENDAR

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar Nos. 668, 670, 671, 672, 673, and 676.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

OFFICE OF FEDERAL PROCUREMENT POLICY ACT OF 1973

The Senate proceeded to consider the bill (S. 2510) to create an Office of Federal Procurement Policy within the Executive Office of the President, and for other purposes, which had been reported from the Committee on Government Operations with an amendment to strike out all after the enacting clause and insert:

That this Act may be cited as the "Office of Federal Procurement Policy Act of 1973".

DECLARATION OF POLICY

SEC. 2. It is declared to be the policy of Congress to promote economy, efficiency, and effectiveness in the procurement of goods, services, and facilities by and for the executive branch of the Federal Government by—

(1) establishing policies, procedures, and practices which will require the Government to acquire goods, services, and facilities of the requisite quality and within the time needed at the lowest reasonable cost, utilizing competitive procurement methods to the maximum extent practicable.

(2) improving the quality, efficiency, economy, and performance of Government procurement organizations and personnel;

(3) avoiding or eliminating unnecessary overlapping or duplication of procurement and related activities;

(4) avoiding or eliminating unnecessary or redundant requirements placed on contractor and Federal procurement officials;

(5) identifying gaps, omissions, or inconsistencies in procurement laws, regulations, and directives and in other laws, regulations, and directives, relating to or affecting procurement;

(6) achieving greater uniformity and simplicity, whenever appropriate, in procurement procedures;

(7) coordinating procurement policies and programs of the several departments and agencies;

(8) conforming procurement policies and programs, whenever appropriate, to other established Government policies and programs;

(9) minimizing possible disruptive effects of Government procurement on particular industries, areas, or occupations;

(10) improving understanding of Government procurement laws and policies within the Government and by organizations and individuals doing business with the Government;

(11) promoting fair dealing and equitable relationships among the parties in Government contracting; and

(12) otherwise promoting economy, efficiency, and effectiveness in Government procurement organizations and operations.

FINDINGS AND PURPOSE

SEC. 3. (a) The Congress finds that economy, efficiency, and effectiveness in the procurement of property and services by the executive agencies will be improved by establishing an agency to exercise responsibility for and direction over procurement policies and regulations.

(b) The purpose of this Act is to establish an Office of Federal Procurement Policy to provide overall leadership and direction, through a small, highly qualified and competent staff, for the development of procurement policies and regulations for executive agencies in accordance with applicable laws.

DEFINITIONS

SEC. 4. (a) As used in this Act—

(1) the term "executive agency" means an executive department as defined in section 101 of title 5, United States Code, an independent establishment as defined by section 104 of title 5, United States Code (except that it shall not include the General Accounting Office), a military department as defined by section 102 of title 5, United States Code, a wholly owned Government corporation, and, subject to the provisions of subsection (b) of this section, the District of Columbia;

(2) the term "Office" means Office of Federal Procurement Policy;

(3) the term "Administrator" means the Administrator of the Office of Federal Procurement Policy; and

(4) the term "Federal assistance" means the provision of money, services, or property to a State, political subdivision, or person for the purpose of supporting, stimulating, strengthening, subsidizing, or otherwise promoting non-Federal activities benefiting a State, political subdivision, third party, or the public generally.

(b) The Council of the District of Columbia, established by section 401(a) of the District of Columbia Self-Government and Governmental Reorganization Act, is authorized, on or after the date its legislative powers under such Act become effective, to pass an act making the provisions of this Act inapplicable to the Government of the District of Columbia.

OFFICE OF FEDERAL PROCUREMENT POLICY

SEC. 5. (a) There is established within the Executive Office of the President an agency to be known as the Office of Federal Procurement Policy. Functions exercised by the Office shall be subject to such policies and directives as the President shall deem necessary to effectuate the provisions of this Act.

(b) There shall be at the head of the Office an Administrator of the Office of Federal Procurement Policy, who shall be appointed by the President, by and with the advice and consent of the Senate.

(c) There shall be in the Office a Deputy Administrator of the Office of Federal Procurement Policy who shall be appointed by the President, by and with the advice and consent of the Senate. The Deputy Administrator shall perform such functions as the Administrator shall designate and shall be Acting Administrator during the absence or disability of the Administrator and, unless the President shall designate another officer of the Government, in the event of a vacancy in the Office.

AUTHORITY AND FUNCTIONS

SEC. 6. (a) The Administrator shall provide overall guidance and direction of procurement policy, and to the extent he considers appropriate and with due regard to the program activities of the executive agencies, shall prescribe policies and regulations, in accordance with applicable laws and, subject to section 8(c), which shall be followed by executive agencies (1) in the procurement of—

(A) property, other than real property in being;

(B) services, including research and development; and

(C) construction, alteration, repair, or remaintenance of real property;

and (2) in providing for or in connection with procurement of items specified in (A), (B), and (C) above, to the extent required for performance of Federal assistance programs.

(b) Nothing in subsection (a) (2) shall be construed—

(1) to grant the Administrator authority to authorize procurement or supply support, either directly or indirectly, to any recipient of Federal assistance; or

(2) to authorize any procurement contrary to State and local laws, in the case of programs to provide assistance to States and political subdivisions.

(c) The functions of the Administrator shall include—

(1) monitoring and revising as necessary policies and regulations concerning the role of the Federal Government and its reliance on the private sector in providing goods and services required to meet public needs;

(2) monitoring and revising as necessary policies and regulations to protect the interests and integrity of the public and private sectors in the procurement of goods and services;

(3) establishing a system of Governmentwide coordinated and, to the extent feasible, uniform procurement regulations;

(4) overseeing and promoting programs of the Civil Service Commission and executive agencies to upgrade the quality of Federal procurement through improved programs for personnel recruitment, training, career development, and performance evaluation;

(5) sponsoring research in procurement policies, regulations, procedures, and forms;

(6) guiding and directing the development of a system for collecting and disseminating Governmentwide procurement data to meet the informational needs of the Congress, the executive branch, and the private sector;

(7) establishing criteria and procedures for an effective and timely method of soliciting the viewpoints of interested parties in the development of procurement policies, regulations, procedures, and forms; and

(8) consulting, in developing policies and regulations to be authorized or prescribed by him, with the executive agencies affected and, to the extent feasible, requesting one or more executive agencies (including the Small Business Administration on small business matters), to establish interagency committees, or otherwise use agency representatives or personnel, to solicit the views and the agreement so far as possible, of agencies affected on significant changes in policies and regulations.

(d) The authority of the Administrator under this Act shall not be construed to impair or interfere with—

(1) the determination by executive agencies of their need to procure, or their use of, property, services, or construction;

(2) the decisions by executive agencies to procure individual property, services, or construction, including the particular specifications therefor;

(3) the procedures and forms used by executive agencies, except to such extent as may be necessary to insure effective implementation of policies and regulations authorized or prescribed by the Administrator; or

(4) procurement policies and regulations by or for a military department when payable from nonappropriated funds: *Provided*, That the Administrator undertake a study of such policies and regulations. The results of the study, together with recommendations for administrative or statutory changes, shall be reported to the Committee on Government Operations of the Senate and the Committee on Government Operations of the House of Representatives at the earliest practicable date, but in no event later than two years after the date of enactment of this Act.

ADMINISTRATIVE POWERS

SEC. 7. (a) The Administrator is authorized, in carrying out this Act, to—

(1) appoint advisory committees composed of private citizens and officials of the Federal, State, and local governments, and to pay such members (other than those regularly employed by the Federal Government) while attending meetings of such committees or otherwise serving at the request of the Administrator, compensation (including traveltime) at rates not in excess of the maximum rate of pay for GS–18 as provided in the General Schedule under section 5332 of title 5, United States Code, and while such members are so serving away from their homes or regular places of business, to pay such members travel expenses and per diem in lieu of subsistence at rates authorized by section 5703 of title 5, United States Code, for persons in Government service employed intermittently;

(2) accept voluntary and uncompensated services, notwithstanding section 665(b) of title 31, United States Code;

(3) employ experts and consultants in accordance with section 3109 of title 5, United States Code, and compensate individuals so employed for each day (including traveltime) at rates not in excess of the maximum rate of pay for grade GS–18 as provided in section 5332 of title 5, United States Code, and while such experts and consultants are so serving away from their homes or regular place of business, to pay such employees travel expenses and per diem in lieu of subsistence at rates authorized by section 5703 of title 5, United States Code, for persons in Government service employed intermittently; and

(4) adopt an official seal, which shall be judicially noticed.

(b) Upon request of the Administrator, each executive agency is directed to—

(1) make its services, personnel, and facilities available to the greatest practical extent for the performance of functions under this Act; and

(2) except when prohibited by law, furnish and allow access to all information and records in its possession which the Administrator may determine to be necessary for the performance of the functions of the Office.

(c) The office, in connection with the exercise of the authority granted pursuant to this Act, shall be considered an independent Federal regulatory agency for the purpose of sections 3502 and 3512 of title 44, United States Code.

RESPONSIVENESS TO CONGRESS

SEC. 8. (a) The Administrator shall keep the Congress and its duly authorized committees fully and currently informed of its activities, including consideration of proposed changes in procurement policies and regulations, and shall submit a report to Congress annually, and at such other times as may be necessary for this purpose, with recommendations for amendment or repeal of existing laws or adoption of new laws when appropriate.

(b) Neither the Administrator, the Deputy Administrator, nor employees of the Office may refuse to testify before or submit information to Congress or any duly authorized committee thereof.

(c) (1) The Administrator shall transmit to the Congress a special message with respect to each minor policy or regulation which is prescribed by him under section 6(a). In order to provide an opportunity for consultation, the Administrator shall send to the Congress not less than thirty days prior to transmittal of such proposed major policy or regulation notice thereof, including a statement of the purpose and substance of such proposal. Such policy or regulation shall become effective upon the expiration of the first period of sixty calendar days of continuous session of the Congress after the date of its submission, or on such later date as the Office may prescribe, unless between the date of transmittal and the end of the sixty-day period, either House passes a resolution stating in substance that that House does not favor the policy or regulation.

(2) For the purpose of paragraph (1) of this subsection—

(A) continuity of session is broken only by an adjournment of Congress sine die; and

(B) the days on which either House is not in session because of an adjournment of more than three days to a day certain are excluded in the computation of the sixty-day period.

(3) The provisions of sections 910 through 913 of title 5, United States Code, shall apply to the procedures applicable in the consideration of such a resolution.

EFFECT ON EXISTING LAWS

SEC. 9. Authority under any other law permitting an executive agency to prescribe policies, regulations, procedures, and forms for procurement is subject to the authority conferred in this Act.

EFFECT ON EXISTING REGULATIONS

SEC. 10. Procurement policies, regulations, procedures, or forms in effect on the date of enactment of this Act shall continue in effect, as modified from time to time, until superseded by policies, regulations, procedures, or forms promulgated by the Administrator.

AUTHORIZATION OF APPROPRIATIONS

SEC. 11. There are authorized to be appropriated to carry out the provisions of this Act—

(1) not to exceed $4,000,000 for the first fiscal year after enactment of this Act, of which not to exceed $150,000 shall be available for the purpose of sponsoring research in accordance with section 6(c) (5); and

(2) such sums as may be necessary for each of the four fiscal years thereafter subject to the reviews specified in section 8(a).

Any subsequent legislation to authorize appropriations to carry out the purposes of this Act shall be referred in the Senate to the Committee on Government Operations.

DELEGATION

SEC. 12. (a) The Administrator may delegate any authority, function, or power under this Act, other than his basic authority to provide overall guidance and direction of Federal procurement policy and to prescribe policies and regulations to carry out that policy, to any other executive agency with the consent of such agency or at the direction of the President.

(b) The Administrator may make and authorize such delegations within the Office as he determines to be necessary to carry out the provisions of this Act.

ANNUAL PAY

SEC. 13. Section 5314 of title 5, United States Code, is amended by adding at the end thereof the following:

"(60) Administrator of the Office of Federal Procurement Policy.".

ACCESS TO INFORMATION

SEC. 14. (a) The Administrator and employees of the Office shall furnish such information as the Comptroller General may require for the discharge of his responsibilities, and for this purpose, the Comptroller General or his representatives shall have access to all books, documents, papers, and records of the Office.

(b) The Administrator shall, by regulation, require that formal meetings for the purpose of promulgating procurement policies and regulations, as designated by him for the purpose of this subsection, shall be open to the public, and that public notice of each such meeting shall be given not less than ten days prior thereto.

REPEALS AND AMENDMENTS

SEC. 15. (a) Section 201(c) of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 481(c)) is amended by inserting "subject to regulations prescribed by the Administrator of the Office of Federal Procurement Policy," after the comma following "Administrator".

(b) Section 602(c) of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 474) is amended in the first sentence thereof by inserting "except as provided by the Office of Federal Procurement Policy Act, and" immediately after "herewith".

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

LUDWIK KIKLA

The Senate proceeded to consider the bill (S. 581) for the relief of Ludwik Kikla, which had been reported from the Committee on the Judiciary with an amendment in line 6, after the word "The," strike out "natural" and insert "parents"; so as to make the bill read:

S. 581

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of sections 203(a)(1) and 204 of the Immigration and Nationality Act, Ludwik Kikla shall be held and considered to be the natural-born alien son of Cyril Kikla, a citizen of the United States. The parents, brothers and sisters of the said Ludwik Kikla shall not, by virtue of such relationship, be accorded any right, privilege, or status under the Immigration and Nationality Act.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

LETICIA (ESCOBAR) RICHARDSON

The Senate proceeded to consider the bill (S. 1346) for the relief of Leticia (Escobar) Richardson, which had been reported from the Committee on the Judiciary with an amendment to strike out all after the enacting clause and insert:

That, in the administration of the Immigration and Nationality Act, Leticia (Escobar) Richardson may be classified as a child within the meaning of section 101(b)(1)(E) of the Act, upon approval of a petition filed in her behalf by Miss Constance Richardson, a citizen of the United States, pursuant to section 204 of the Act, and the provisions of section 245(c) of the Act shall be inapplicable in the case: *Provided*, That the brothers and sisters of the beneficiary shall not, by virtue of such relationship, be accorded any right, privilege, or status under the Immigration and Nationality Act."

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

DULCE PILAR CASTIN

The Senate proceeded to consider the bill (S. 2337) for the relief of Dulce Pilar Castin, which had been reported from the Committee on the Judiciary with amendments, on page 1, line 4, after the name "Castin", insert "(Castin-Casas)"; in line 8, after the name "Junior", strike out "of East Greenwich, Rhode Island,"; in line 9, after the word "The", strike out "natural"; and, in line 10, after the name "Castin", insert "(Castin-Casas)"; so as to make the bill read:

Be it enacted by the Senate and House of Representatives of The United States of America in Congress assembled, That, in the administration of the Immigration and Nationality Act, Dulce Pilar Castin (Castin-Casas) shall be classified as a child within the meaning of section 101(b)(1)(F) of such Act upon approval of a petition filed in her behalf pursuant to section 204 of such Act, by Vincent F. Iannarelli, Junior, a citizen of the United States. The brothers and sisters of the said Dulce Pilar Castin (Castin-Casas) shall not, by virtue of such relationship, be accorded any right, privilege, or status under the Immigration and Nationality Act.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended, so as to read: "A bill for the relief of Dulce Pilar Castin (Castin-Casas)."

RITO E. JUDILLA

The Senate proceeded to consider the bill (H.R. 7363) for the relief of Rito E. Judilla, which had been reported from the Committee on the Judiciary with an amendment to strike out all after the enacting clause and insert:

That, in the administration of the Immigration and Nationality Act, Rito E. Judilla and Virna J. Pasicaran may be classified as children within the meaning of section 101 (b)(1)(F) of the Act, upon approval of petitions filed in their behalf by Adoracion J. Gonzaga and Robert S. Gonzaga, citizens of the United States, pursuant to section 204 of the said Act: *Provided*, That the brothers or sisters of the beneficiaries shall not, by virtue of such relationship, be accorded any right, privilege, or status under the Immigration and Nationality Act.

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time, and passed.

The title was amended, so as to read: "An act for the relief of Rito E. Judilla and Virna J. Pasicaran."

PROTECTING OLDER AMERICANS AGAINST OVERPAYMENT OF INCOME TAXES

The Senate proceeded to consider the resolution (S. Res. 277) authorizing the printing of additional copies of a committee print entitled, "Protecting Older Americans Against Overpayment of Incomes Taxes," which had been reported from the Committee on Rules and Administration with an amendment, on page 1, line 2, strike out "fourteen" and insert in lieu thereof "twelve."

The amendment was agreed to.

The resolution, as amended, was agreed to, as follows:

Resolved, That there be printed for the use of the Special Committee on Aging twelve thousand additional copies of its committee print entitled "Protecting Older Americans Against Overpayment of Income Taxes".

EXECUTIVE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate go into executive session to consider the nominations on the Executive Calendar.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered. The clerk will state the first nomination.

DEPARTMENT OF STATE

The assistant legislative clerk read the nomination of William S. Mailliard, of California, to be the permanent representative of the United States of America to the Organization of American States, with the rank of Ambassador.

The ACTING PRESIDENT pro tempore. Without objection, the nomination is considered and confirmed.

U.S. AIR FORCE

The assistant legislative clerk read the nomination of Lt. Gen. Robert E. Pursley, [redacted] FR—colonel, Regular Air Force—U.S. Air Force, to be a lieutenant general.

The ACTING PRESIDENT pro tempore. Without objection, the nomination is considered and confirmed.

NOMINATIONS REPORTED TODAY

Mr. ROBERT C. BYRD. Mr. President, on behalf of the distinguished chairman of the Committee on the Judiciary, Mr. EASTLAND, I submit, at his request, certain nominations that have today been reported by the Committee on the Judiciary. The nominations are with respect to an assistant attorney general, district judges, U.S. attorneys, and U.S. marshals. I ask unanimous consent, again at the request of the chairman of the Committee on the Judiciary, that the nominations be immediately considered.

Mr. COOK. Mr. President, will the Senator withhold his request?

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of the nominations which I have just reported from the Committee on the Judiciary.

The ACTING PRESIDENT pro tempore. Without objection, the clerk will state the first nomination.

U.S. DISTRICT JUDGE

The assistant legislative clerk read the nomination of Joseph L. McGlynn, Jr., of Pennsylvania, to be U.S. district judge for the eastern district of Pennsylvania.

The ACTING PRESIDENT pro tempore. Without objection, the nomination is considered and confirmed.

The assistant legislative clerk read the nomination of Richard P. Matsch, of Colorado, to be U.S. district judge for the district of Colorado.

The ACTING PRESIDENT pro tempore. Without objection, the nomination is considered and confirmed.

The assistant legislative clerk read the nomination of Thomas C. Platt, Jr., of New York, to be U.S. district judge for the eastern district of New York.

The ACTING PRESIDENT pro tempore. Without objection, the nomination is considered and confirmed.

The assistant legislative clerk read the nomination of Robert Firth, of California, to be U.S. district judge for the central district of California.

The ACTING PRESIDENT pro tempore. Without objection, the nomination is considered and confirmed.

ASSISTANT ATTORNEY GENERAL

The assistant legislative clerk read the nomination of W. Vincent Rakestraw, of Ohio, to be assistant attorney general.

The ACTING PRESIDENT pro tempore. Without objection, the nomination is considered and confirmed.

U.S. ATTORNEY

The assistant legislative clerk read the nomination of Robert E. Johnson, of Arkansas, to be U.S. attorney for the western district of Arkansas.

The ACTING PRESIDENT pro tempore. Without objection, the nomination is considered and confirmed.

The assistant legislative clerk read the nomination of Sidney I. Lezak, of Oregon, to be U.S. attorney for the district of Oregon.

The ACTING PRESIDENT pro tempore. Without objection, the nomination is considered and confirmed.

The assistant legislative clerk read the nomination of Stanley G. Pitkin, of Washington, to be U.S. attorney for the western district of Washington.

The ACTING PRESIDENT pro tempore. Without objection, the nomination is considered and confirmed.

U.S. MARSHAL

The assistant legislative clerk read the nomination of Harry Connolly, of Oklahoma, to be U.S. marshal for the northern district of Oklahoma.

The ACTING PRESIDENT pro tempore. Without objection, the nomination is considered and confirmed.

The assistant legislative clerk read the nomination of Robert D. Olson, Sr., of Alaska, to be U.S. marshal for the district of Alaska.

The ACTING PRESIDENT pro tempore. Without objection, the nomination is considered and confirmed.

The assistant legislative clerk read the nomination of Emmett E. Shelby, of Florida, to be U.S. marshal for the northern district of Florida.

The ACTING PRESIDENT pro tempore. Without objection, the nomination is considered and confirmed.

Mr. ROBERT C. BYRD. Mr. President, I ask that the President be immediately notified of the confirmation of these nominations.

The ACTING PRESIDENT pro tempore. Without objection, the President will be immediately notified of the confirmation of the nominations.

LEGISLATIVE SESSION

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate resume the consideration of legislative business.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

The Chair recognizes the Senator from Pennsylvania.

Mr. HUGH SCOTT. Mr. President, I yield back my time.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

EXTENSION OF FILING DATE OF THE 1974 JOINT ECONOMIC COMMITTEE REPORT

Mr. MANSFIELD. Mr. President, I ask the Chair to lay before the Senate a message from the House on House Joint Resolution 905, and ask for its immediate consideration.

The PRESIDING OFFICER (Mr. HARRY F. BYRD, JR.) laid before the Senate House Joint Resolution 905, which was read twice by its title, as follows:

> *Resolved by the Senate and House of Representatives of the United States of America in Congress assembled,* That S.J. Res. 182, amending the provisions of section 3(a) of the Employment Act of 1946, be further amended by changing the filing date of the Joint Economic Committee report from March 13, 1974, to March 29, 1974.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the joint resolution?

There being no objection, the joint resolution (H.J. Res. 905) was considered, ordered to a third reading, read the third time, and passed.

ORDER OF BUSINESS

The PRESIDING OFFICER. Under the previous order, the Senator from South Dakota (Mr. McGOVERN) is recognized for not to exceed 15 minutes.

THE LEADERSHIP CRISIS AND THE CONSTITUTIONAL REMEDY

Mr. McGOVERN. Mr. President, the hour is growing late for Congress and the American people to confront and resolve the issue of Presidential leadership.

Mr. Nixon has told us that beyond partisan considerations, he wants "the Presidency to survive." No one can disagree with that expression. But what he chooses to ignore and what many of us have not yet been willing to assert is that Mr. Nixon's soiled administration is now the chief threat to the Presidency. And unless Congress can soon clear the skies of the clouds swirling around the White House, both the Presidency and the Congress will be lost in the gathering storm.

If Mr. Nixon and his subordinates are not now called to account for what we have already been told about this administration, there can be no confidence either in the Presidency or the Congress. The conduct of a single temporary occupant of the White House cannot destroy that great office unless we permit his wrongful conduct to go untried.

The people expect us, as their elected representatives, to assume whatever political pain and risk are involved in cleansing the body politic of its worsening afflictions. We are all on trial.

Under our system of government, a strong, dependable moral sense in the Presidency is essential to public confidence in our society, our economy, and our foreign policy. Little wonder, then, that at a time of moral chaos at the top of our Government, we are beset by a jittery inflation-ridden economy, an uncertain dollar, unprecedented dislocations of fuel, and an impending crisis in food and other resources. The morale of the Nation is infected by the dismal spirit of Watergate. The people are anxious, doubtful, and angry.

Numerous public opinion surveys have demonstrated that a majority of our citizens fear impeachment but strongly support a congressional inquiry and trial to resolve the President's guilt or innocence. As elected leaders, we have the obligation to inform the American people that the two procedures are identical—that impeachment is indeed an inquiry and trial to determine the President's guilt or innocence.

Impeachment was regarded by Madison and his colleagues as a procedure essential to the proper functioning of the American constitutional process. It is the one clear constitutional remedy for the illness that is now destroying our Nation. It can drive away the clouds of doubt, and suspicion and fear—and let the sun shine on America again. It can demonstrate that the Congress of the United States not only believes in the rule of law, but is prepared to apply it to all citizens—even to the highest office of our Government. Impeachment is the constitutional procedure for a fair inquiry and trial by the people's representatives to determine whether the President's conduct has been acceptable or whether he must yield his office to Vice President FORD.

An impeachment inquiry and trial is the surest and, indeed, the only way to insure justice both for the President and for the American people.

No one of us relishes participation in this hard judgment—least of all the senior Senator from South Dakota. I was Mr. Nixon's opponent a short while ago. He defeated me by a large margin.

I accepted then and I accept now the verdict of the voters. The people preferred what they believed to be his philosophy of government to what they believed to be mine. But this verdict did not give Mr. Nixon the right to abuse the people's trust. Indeed, his overwhelming margin makes the lengthening list of revelations about his administration all the more tragic.

And my defeat in 1972 does not give me the excuse to be silent in 1974—although that is doubtless the safest political course.

So I speak out, not with glee, or in bitterness, or for partisan advantage. I speak out because I love this Nation, because I honor its Constitution, and because I believe that in the long view, the American people will come down on the side of justice.

I urge, indeed, I implore, my colleagues in the Congress to join with me in doing all within the power of our offices to inform the public and to discipline ourselves to the constitutional obligation that is ours to discharge in 1974. Let us accomplish this assignment expeditiously and prudently. There is no other honorable course.

ORDER OF BUSINESS

Mr. STENNIS. Mr. President, will the Senator yield?

Mr. McGOVERN. Mr. President, I yield the remainder of my time to the Senator from Mississippi.

Mr. STENNIS. I thank the Senator very much.

TRIBUTE TO RAYMOND A. WHEELER

Mr. STENNIS. Mr. President, I rise to pay tribute to a distinguished American, Raymond A. Wheeler, who passed away February 8. I knew him well, for he was my next-door neighbor for many years here in Washington. Mrs. Stennis and I became warm personal friends to both Mrs. Wheeler and the late general. He was active and vigorous far beyond his years and until within less than an hour before his death.

He had a long life, to 88 years, and a long professional career, for he was still active as an engineer consultant in recent years. He distinguished himself as an Army officer over a period of 38 years and in three wars, and retired as a lieutenant general. He also achieved international recognition as an outstanding civil engineer from his accomplishments both during his military career and afterward, when he was the engineer consultant of the World Bank for 15 years, and as an engineer consultant in private practice.

General Wheeler's lifetime spanned an interesting, dynamic, and sometimes turbulent period in the history of our country, and he played a real and constructive part in American achievements during that era. His talent and abilities in his two professions led him to the forefront of where the action was in his lifetime. It is hard to imagine that one man participated in the construction of the Panama Canal and 45 years later headed an international task force, under the United Nations, to clear out and restore the Suez Canal into service, during the mid-1950's. This same man participated in the expeditionary forces to Vera Cruz, Mexico, in 1914, and was commanding general of the India-Burma theater 30 years later. He played a key role in opening the land routes to both the Soviet Union and China during World War II, and at the time he retired from military service he was the Chief of Engineers of our Army. He had a full life.

When General Wheeler graduated from West Point in 1911 he went to the Panama Canal Zone, where as I mentioned he worked for 2 years on construction of the canal, and in later years he again served there twice, operating the canal. He was relatively young during World War I—33 years old—but he commanded a combat engineer regiment, and was decorated with the Silver Star for gallantry in action, and with the first of four Distinguished Service Medals.

Between the two World Wars he served in many assignments, particularly in connection with the construction and water resource development activities of the Corps of Engineers, and for 2 years he was detailed as regional engineer of the Works Progress Administration in Chicago.

When World War II began, General Wheeler was designated to head the military mission to the Persian Gulf area, where he initiated the construction of the lend-lease supply route to the Soviet Union. From there he went on to the China-Burma-India theater, where he served successively as Commanding General of the Services of Supply and theater commander. It was during this period that he supervised the construction of the Ledo Road, a 200-mile link through very difficult terrain between India and China.

He was also Deputy Supreme Commander of the Southeast Asia Command and represented the United States at the Japanese surrender ceremonies at Singapore.

After World War II, General Wheeler served with great distinction as Chief of Engineers of our Army.

When he retired from the Army in 1949 he immediately went with the World Bank as engineering adviser, and started a second career in international engineering, in which he worked with particular effectiveness with the developing nations. He was the author of the plan which resolved the dispute between India and Pakistan over the division of the waters of the Indus Basin, and which culminated in the Water Treaty of 1960.

At the request of the United Nations he headed an international mission of engineers in 1957 and 1958 to plan the comprehensive development of the Lower Mekong River Basin in Southeast Asia, on behalf of Cambodia, Laos, Thailand, and Vietnam. I am told that in the course of his engineering explorations through the Mekong Basin his energy was such that he wore out several younger engineers who accompanied him. When the plan was financed and implemented he continued to serve through 1969 as Chairman of the International Advisory Board for the Mekong project.

In the international operation to clear the Suez Canal in 1956–57 he used salvage forces from seven European nations. He was at this time 71 years of age, but he accomplished the job in his usual brisk, friendly manner and left behind him a host of admiring Mideast and European friends.

In the early 1960's he turned his attention to problems in the new Republic of Congo, now Zaire, where again on behalf of the United Nations he restored the transport system to operation and put the public works construction program back in shape.

After General Wheeler left the World Bank in 1964, he accomplished many tasks as a private engineering consultant, and was a member of the board of review for the design and construction of the Columbia River projects in Canada which were authorized by treaty between the United States and Canada.

This distinguished American citizen won many honors in his lifetime. He was the holder of a long list of foreign decorations, and of medals and awards from engineering organizations in our own country. He appreciated these honors, but he was too modest a man to be overly impressed with them. His successes and awards left him unchanged. He valued his friends more than his decorations. He had an easy, low-key manner combined with a sharp and decisive mind, and people—foreign or American—understood and liked him.

He was always the true soldier with high standards. He honored the American military uniform and in turn brought honor to it. He always insisted on quality and in turn he always personified quality of the highest order. He always stood for principles and required those who dealt with him to follow the same pattern. Soldier, citizen, friend, neighbor, patriot, you always had to score him among the best. If two words could describe him, they would be genuine and useful. God rest his soul.

I have done my best, in these remarks, to pay a suitable tribute to Gen. Raymond A. Wheeler. But he has left his own monuments behind him all over the world, in concrete earth and steel, in railroads, roads, and waterways, where he has done things for other people, and each one of these remains a permanent tribute to him.

He leaves behind him his charming wife, Virginia, who is our friend and neighbor, his daughter Margaret, two granddaughters, and two sisters. Mrs. Stennis and I join in deepest sympathy at their loss. We hope that in their sorrow they will be consoled by the knowledge of all this distinguished American accomplished during his lifetime, for his own country and for the world.

ORDER OF BUSINESS

The PRESIDING OFFICER. Under the previous order, the Senator from

Michigan (Mr. GRIFFIN) is recognized for not to exceed 15 minutes.

Mr. GRIFFIN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

REMAINING TIME UNDER ORDERS VACATED—RECESS TO 1 P.M.—ORDER FOR RECOGNITION OF SENATOR CANNON

Mr. ROBERT C. BYRD. Mr. President, the distinguished chairman of the Committee on Rules and Administration (Mr. CANNON) has indicated he will be ready at 1 p.m. to begin consideration of the various committee money resolutions.

If no Senator wishes recognition at this time for the transaction of routine morning business, I ask unanimous consent that the remaining time under the orders be vacated, that the Senate stand in recess until the hour of 1 p.m., and that upon the reconvening of the Senate following the recess the Senate proceed to the recognition of the Senator from Nevada (Mr. CANNON) so that he might call up his resolutions.

The PRESIDING OFFICER. Without objection, it is so ordered.

At 12:20 p.m. the Senate took a recess until 1 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. HARRY F. BYRD, JR.).

QUORUM CALL

Mr. ROBERT C. BYRD. Mr. President, on behalf of the Senator from Nevada (Mr. CANNON), I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. HARRY F. BYRD, JR.). The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. BIDEN). Without objection, it is so ordered.

TRANSACTION OF ROUTINE MORNING BUSINESS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that there now be a period for the transaction of routine morning business for not to exceed 10 minutes, with statements therein limited to 5 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the Senate by Mr. Heiting, one of his secretaries, submitting the nomination of Abraham Weiss, of Maryland, to be an Assistant Secretary of Labor, which was referred to the Committee on Labor and Public Welfare.

THE LONG WAITING LINES AT GAS STATIONS IN VIRGINIA

Mr. HARRY F. BYRD, JR. Mr. President, I spent last evening and this morning in Virginia. I spoke last night in the city of Waynesboro to a very splendid group there and had the opportunity to meet individually with a great many people who came to the meeting. Many complained about the long lines at gasoline service stations.

This morning, in Charlottesville, I arose early to take a look at some of the gasoline service station problems in that city, and to note the long lines of waiting automobiles outside the gas stations.

At one such station, at 6:30 a.m. this morning, a station that did not open until 7:30 a.m., there were already three lines waiting for gasoline. By 7:45 the line was an estimated four blocks long.

Charlottesville is in the heart of the Piedmont area of Virginia, 100 miles from Washington.

The problem in northern Virginia is severe. The problem in southwest Virginia is severe. The problem in Tidewater - Virginia Beach - Norfolk - Portsmouth area is also severe in regard to the shortage of gasoline.

Now, I can fully appreciate President Nixon's reluctance to go to gasoline rationing. None of us can say for certain just how rationing will work. We must remember that we have on the highways now 120 million vehicles compared to 30 million during World War II when we last had rationing.

But it is extremely important that something be done in these areas which are facing such difficult conditions and are continuing, day after day, to have these long waiting lines at the service stations.

This morning I talked with a taxi driver, who told me that it takes him about an hour in the waiting line each time he needs to refill his gas tank.

At one filling station in Charlottesville this morning, I was told by the filling station operator that the average customer waits in line for almost 2 hours.

This cannot very well continue over a long period of time. It hits hardest at the working people of this Nation—those who must spend long hours to obtain the fuel in order to get to work.

So, while I fully understand the President's position on rationing, and I support his position at the present time, if these long lines continue, it seems to me that some other action must be taken. This cannot go on too much longer, as I see it, without some affirmative action being taken by the Federal Government to alleviate this very serious situation. I expect to discuss this matter personally with the Federal Energy Administrator, Mr. William Simon, next week.

QUORUM CALL

Mr. HARRY F. BYRD, JR. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. CANNON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMUNICATIONS FROM EXECUTIVE DEPARTMENTS, ETC.

The ACTING PRESIDENT pro tempore (Mr. CLARK) laid before the Senate the following letters, which were referred as indicated:

URBAN MASS TRANSPORTATION ADMINISTRATION REPORT

A letter from the Secretary of Transportation transmitting, pursuant to law, the third Urban Mass Transportation Administration Annual Report of capital assistance, technical studies, and relocation grants (with an accompanying report). Referred to the Committee on Banking, Housing and Urban Affairs.

PROPOSED LEGISLATION BY THE FEDERAL ENERGY OFFICE

A letter from the Administrator of the Federal Energy Office transmitting a draft of proposed legislation to authorize coordination of acquisition and analysis of energy information, to provide for the acquisition of accurate, timely energy information for the formulation of public policy and for other purposes (with accompanying papers). Referred, by unanimous consent, to the Committees on Commerce and Interior and Insular Affairs.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the communication from the Federal Energy Office at the desk relative to the Energy Information Disclosure Act of 1974 be jointly referred to the Committee on Commerce and the Committee on Interior and Insular Affairs.

The PRESIDING OFFICER. Without objection, it is so ordered.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. McCLELLAN, from the Committee on the Judiciary, with an amendment;

S. 1401. A bill to establish rational criteria for the mandatory imposition of the sentence of death, and for other purposes (together with additional views) (Rept. No. 93–721).

By Mr. McCLELLAN, from the Committee on the Judiciary, with amendments;

S. 872. A bill to facilitate prosecutions for certain crimes and offenses committed aboard aircraft, and for other purposes (Rept. No. 93–722).

Mr. McCLELLAN. Mr. President, I am reporting for the chairman of the Committee on the Judiciary the bill, S. 1401, to establish rational criteria for the mandatory imposition of the sentence of death, and for other purposes, which would restore capital punishment as an authorized penalty upon conviction of certain specified serious crimes. This bill was introduced by Senator HRUSKA and myself on March 27, 1973, as an answer to the Supreme Court's decision in *Furman v. Georgia*, 408 U.S. 238 (1972). It was in Furman that the Court decided, in my mind incorrectly, that capital punishment as then applied and administered in this country was an unconstitutional punishment. The decision effectively eliminated the death penalty as an authorized sentence under the law as it then stood and now stands.

Mr. President, S. 1401, as reported by the committee, is designed to eliminate the constitutional objections to the death penalty raised by the Supreme Court in the Furman decision and restore to our system of criminal justice what I believe to be a sanction necessary for a few of the most serious offenses that an individual can commit against society. The recent rise in violent crime in this country—and particularly that most violent of crimes, murder—convinces me that such a remedy is necessary if government is to protect society and its citizens from the ravages of violent crime

In the period between 1966 and 1971, the number of murders in this country rose 61 percent, while the rate of murder per 100,000 persons rose 52 percent. More importantly, the percentage of all homicides that were known or suspected to be felony murders—homicides committed in the course of another crime—rose from 21.8 percent to 27.5 percent.

Yet, concomitant with this rise in homicide—indeed, in spite of it—the Supreme Court declared that the death penalty as it was then implemented and administered in this country, was unconstitutional. The Court found that a jury of peers—representatives of the various elements of our society and surely the epitome of our democratic ideal—could not constitutionally exercise its sole discretion to determine when a crime punishable by death was so heinous, brutal, or otherwise aggravated as to render its perpetrator deserving of the ultimate penalty. In other words, under the decision it is necessary for the Congress to establish by law criteria to be applied by the jury in making its determination.

The effect of Furman against Georgia has been that over 600 convicted murderers and rapists will not suffer a punishment imposed upon them by law. Indeed, eventually many of these individuals will be released to again prey upon society and our citizens.

Those who oppose capital punishment have been vehement in their assertion that it serves no useful purpose and, specifically, that it does not deter crime. This argument, in my judgment, is untenable. Certainly a prescribed penalty that is not carried out will not deter anything. The last execution in this country took place in 1967. Since that time a moratorium has been in effect, not because a majority of our people disapproved of capital punishment, but because the Court was taking the opportunity to rule on the constitutionality of the death penalty laws as implemented. Surely it cannot be seriously argued that the sharp rise in homicides that accompanied this moratorium was merely coincidental.

When the law is not enforced and its punishments are not imposed it loses its credibility, and when it loses its credibility, it does not deter. We are now reaping the whirlwind. S. 1401 will provide a partial remedy to help us put an end to this whirlwind. And it will do it in a manner that will be consistent with the requirements of the Constitution as interpreted by the Supreme Court in the Furman decision. I hope this measure will be speedily enacted.

Mr. President, I am also reporting for the chairman of the Senate Committee on the Judiciary S. 872, a bill to facilitate prosecutions for certain crimes and offenses committed aboard aircraft, and for other purposes which was introduced on February 15, 1973, by Senator HRUSKA to close some of the gaps in present law, in particular some gaps relating to certain crimes committed aboard aircraft. It contains virtually the same provisions that passed the Senate in the 92d Congress on September 21, 1972, as S. 2567.

Undoubtedly each of us has searched for solutions to the frustrating problem of aircraft hijacking and threats affecting safety of aircraft. The dangers involved were dramatically brought to our attention on February 22, 1974, when a man carrying a gasoline incendiary device unsuccessfully attempted to hijack a Delta Air Lines jet at Baltimore-Washington International Airport and, in the process, killed an airport policeman and the copilot of the plane.

We must make every effort to discourage any activity creating fear and apprehension in air travel. Generally this bill would have some important impact in that direction by tightening up present law by establishing specific offenses for threats concerning the safety of aircraft, curing certain problems of process for civil penalties under the Federal Aviation Act, and clearly classifying proscribed acts as felonies or misdemeanors.

By Mr. HARTKE, from the Committee on Veterans' Affairs, with amendments:

S. 1835. A bill to amend title 38, United States Code, to increase the maximum amount of Servicemen's Group Life Insurance to $20,000, to provide fulltime coverage thereunder for certain members of the Reserves and National Guard, to authorize the conversion of such insurance to Veterans' Group Life Insurance, and for other purposes (Rept. No. 93-723).

EXECUTIVE REPORTS OF COMMITTEES

As in executive session, the following favorable reports of nominations were submitted:

By Mr. ROBERT C. BYRD, from the Committee on the Judiciary:

Emmett E. Shelby, of Florida, to be U.S. marshal for the northern district of Florida;

Robert D. Olson, Sr., of Alaska, to be U.S. marshal for the district of Alaska;

Harry Connolly, of Oklahoma, to be U.S. marshal for the northern district of Oklahoma;

Stanley G. Pitkin, of Washington, to be U.S. attorney for the western district of Washington;

Sidney I. Lezak, of Oregon, to be U.S. attorney for the district of Oregon;

Robert E. Johnson, of Arkansas, to be U.S. attorney for the western district of Arkansas; and

W. Vincent Rakestraw, of Ohio, to be assistant attorney general.

(The above nominations were reported with the recommendation that they be confirmed subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

Robert Firth, of California, to be a U.S. district judge for the central district of California;

Thomas C. Platt, Jr., of New York, to be U.S. district judge for the eastern district of New York;

Richard P. Matsch, of Colorado, to be U.S. district judge for the district of Colorado; and

Joseph L. McGlynn, Jr., of Pennsylvania, to be U.S. district judge for the eastern district of Pennsylvania.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first time and, by unanimous consent, the second time, and referred as indicated:

By Mr. ERVIN:

S. 3089. A bill for the relief of Fan Zu Ming. Referred to the Committee on the Judiciary.

By Mr. ABOUREZK (for himself and Mr. PELL):

S. 3090. A bill to amend the Internal Revenue Code of 1954 to deny a deduction for the depletion of any mine, well, or timber located on or within lands belonging to the United States. Referred to the Committee on Finance.

By Mr. BIBLE (for himself and Mr. CANNON):

S. 3091. A bill to provide for the suspension of annual assessment work on mining claims held by location in the United States. Referred to the Committee on Interior and Insular Affairs:

By Mr. ERVIN (by request):

S. 3092. A bill to amend the Federal Property and Administrative Services Act of 1949, as amended, to extend and clarify the authority of the General Services Administration with respect to the protection of buildings and areas owned or occupied by the United States and under the charge and control of the Administrator of General Services, and for other purposes. Referred to the Committee on Government Operations.

By Mr. STEVENS:

S. 3093. A bill to amend the Federal Water Pollution Control Act to authorize certain alternatives to secondary treatment for publicly owned treatment works. Referred to the Committee on Public Works.

By Mr. JACKSON (by request):

S. 3094. A bill to authorize the measures necessary to carry out the provisions of minute No. 242 of the International Boundary and Water Commission, concluded pursuant to the Water Treaty of 1944 with Mexico (TIAS 994), entitled "Permanent and Definitive Solution to the International Problem of the Salinity of the Colorado River." Referred to the Committee on Interior and Insular Affairs.

By Mr. HASKELL:

S. 3095. A bill to amend the Internal Revenue Code of 1954 to deny treatment as a foreign tax payment to any royalty payment made in connection with the extraction of oil or gas from a foreign country and to provide a means of determining what part of any payment constitutes the payment of a royalty. Referred to the Committee on Finance.

By Mr. CRANSTON (for himself, Mr. NUNN, Mr. BIBLE, Mr. MCINTYRE, Mr. WEICKER, Mr. JAVITS, Mr. PROXMIRE, Mr. HATHAWAY, Mr. JOHNSTON, Mr. TOWER, Mr. WILLIAMS, and Mr. TALMADGE):

S. 3096. A bill to amend the Small Business Act to provide for loans to small business concerns affected by the energy shortage. Referred to the Committee on Banking, Housing and Urban Affairs.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. BIBLE (for himself and Mr. CANNON):

S. 3091. A bill to provide for the suspension of annual assessment work on mining claims held by location in the United States. Referred to the Committee on Interior and Insular Affairs.

Mr. BIBLE. Mr. President, I introduce for appropriate reference a bill to provide for the suspension of annual assessment work on mining claims held by location in the United States.

Section 28 of title 30 of the United States Code now requires that on each mining claim located, and until a patent has been issued, not less than $100 worth of labor must be performed annually or improvements worth that amount must be made each year in order to maintain the validity of the claim.

The present fuels and energy shortage calls for a concerted effort by all Americans to conserve fuels. This fact and the further fact that present and growing shortages of gasoline and diesel fuels are making it more and more difficult for the holders of mining claims to perform the required annual assessment work militate in favor of a suspension of this statutory requirement.

The effect of this bill would be to suspend the requirements of 30 U.S.C. 28 as to all mining claims in the United States until July 1, 1980, provided that the claimant by July 1 of each year files a notice certifying his desire to continue to hold the mining claim involved.

There can be little question that the energy crisis warrants congressional reexamination of existing laws mandating the expenditure of fuels. Where it is possible to relax such requirements in view of the fuel shortage then, of course, that should be done.

The situation I have described is a case in point. I hope the appropriate committee and the Senate will be able to look at this situation expeditiously and approve a reasonable moratorium on the present requirement for annual assessment work.

By Mr. ERVIN (by request):

S. 3092. A bill to amend the Federal Property and Administrative Services Act of 1949, as amended, to extend and clarify the authority of the General Services Administration with respect to the protection of buildings and areas owned or occupied by the United States and under the charge and control of the Administrator of General Services, and for other purposes. Referred to the Committee on Government Operations.

FEDERAL PROTECTIVE SERVICE ACT OF 1974

Mr. ERVIN. Mr. President, at the request of the Administrator of General Services, I introduce for appropriate reference the Federal Protective Service Act of 1974.

This bill would amend the Federal Property and Administrative Services Act of 1949, as amended, to clarify and extend the authority of the General Services Administration with respect to the protection of Federal buildings and other areas owned or occupied by the Federal Government.

The purposes of the bill are set out in a letter of transmittal submitted by the Administrator of General Services on December 19, 1973. For the information of the Senate, I ask unanimous consent that the letter and the text of the bill be printed in the RECORD at this point.

There being no objection, the materials were ordered to be printed in the RECORD, as follows:

GENERAL SERVICES ADMINISTRATION,
Washington, D.C., Dec. 19, 1973.

Hon. GERALD R. FORD,
President of the Senate,
Washington, D.C.

DEAR MR. PRESIDENT: Transmitted herewith for referral to the appropriate Committee is a draft bill prepared by the General Services Administration "To amend the Federal Property and Administrative Services Act of 1949, as amended, to extend and clarify the authority of the General Services Administration with respect to the protection of buildings and areas owned or occupied by the United States and under the charge and control of the Administrator of General Services, and for other purposes."

This proposed legislation, among other things, would amend Title II of the Federal Property and Administrative Services Act of 1949, 63 Stat. 383, as amended (Property Act), by adding new section 213 establishing within the General Services Administration, a security force to be known as the "Federal Protective Service" to be responsible for the protection of buildings owned and occupied by the United States and under the control of the Administrator. In addition, the proposal would repeal the Act of June 1, 1948, c. 359, 62 Stat. 281, as amended (40 U.S.C. 318, 318a–d), the Administrator's present authority to appoint special policemen for protection of Government property. Such special policemen are now designated by Administrative order as Federal Protective Officers. The legislation, if enacted, would give statutory recognition to Federal Protective Officers, increase their jurisdiction, and clarify their policing power. The Federal Protective Service would be composed primarily of the present guards and nonuniformed policemen of GSA and would perform essentially the same functions.

Enactment of the proposed legislation is considered desirable to clarify the authority of the General Services Administration to carry out its functions regarding the protection of Government property under its charge and control.

Until recent years, the primary duties of GSA special policemen, appointed under the authority of 40 U.S.C. 318, were of patrolling buildings, detecting fires, and providing a first line of defense when fires did occur. In 1971, the jurisdiction and policing power of GSA were extended, and in response to the additional demands on the protective services of GSA, it redesignated its protective force as the Federal Protective Service, intensified training of its personnel, and instituted other reforms necessary to increase the force's efficiency. GSA Federal Protective Officers now assume greater responsibilities in connection with their assignments. In recognition of these increased responsibilities, the Federal Protective Officers were already upgraded by the Civil Service Commission in 1971.

There are approximately 4,000 uniformed officers in the Federal Protective Service at the present time. These officers, in addition to performing the routine duties of a building guard, enforce identification and inspection procedures at building entrances and institute arrest procedures for the violations of Federal law occurring on GSA controlled property.

The jurisdiction and policing powers of GSA Federal Protective Officers is limited under section 1 of the 1948 Act to "Federal property over which the United States has acquired exclusive or concurrent criminal jurisdiction." Beginning in 1971, however, a proviso in the GSA appropriation acts has extended the authority of Federal Protective Officers to all buildings and areas owned or occupied by the United States and under the charge and control of the General Services Administration. The effect is to expand the GSA authority to leased property.

Proposed subsection (a) of new section 213 of the Property Act would enlarge the jurisdiction of Federal Protective Officers to include all property owned or occupied by the United States and under the Administrator's charge and control and would elimi- the need for the above mentioned provision in GSA's annual appropriation acts. The remainder of proposed subsection 213(a) would clarify the enforcement and arrest authority of Federal Protective Officers.

Proposed subsection 213(b) of the Property Act grants to the Administrator the same substantive authority now contained in section 5 of the 1948 Act (40 U.S.C. 318d). Changes in the language have been made to conform the authority of the nonuniformed GSA officials authorized to perform investigative functions with that of the uniformed Federal Protective Officers.

Proposed new subsection 213(c) to the Property Act restates the authority of the Administrator to issue rules and regulations governing property under his charge and control now set forth in section 2 of the 1948 Act (40 U.S.C. 318a). Language changes, not of a substantive nature, have been made to conform the section with the remainder of the draft bill and to eliminate the express provision in the 1948 Act to delegate authority to issue rules and regulations. Section 205(d) of the Property Act expressly authorizes the Administrator to delegate any functions vested in him under the Act.

Section 4 of the 1948 Act (40 U.S.C. 318c) limits the penalty of the violation of rules and regulations to a fine of $50 and/or imprisonment for thirty days. Proposed new subsection 213(d) would increase the maximum penalty to a fine of $500 or imprisonment for not more than six months, or both. The present penalty and punishment is so minor as to classify the most aggravated or most gross infraction as a petty offense.

The proposed increased penalty is not absolute but is merely a maximum and allows the Court latitude of sentence commensurate with the circumstances of the offense. The increased penalty provisions would provide a credible deterrent to a breach of the rules and regulations without requiring an unreasonable level of punishment.

Subsection (e) of proposed section 213 grants to the Administrator the same substantive authority contained in section 3 of the 1948 Act (40 U.S.C. 318b). Changes in the language have been made to conform this subsection with other subsections of proposed section 213 of the draft bill.

Section 2 of the proposed legislation repeals the 1948 Act. The 1948 Act was enacted prior to the Property Act. Logically, the Administrator's authority to protect Federal buildings should appear in Title II of the Property Act, which also contains authorities granted to him in connection with the operation and maintenance of buildings under his charge and control.

Section 3 of the draft bill would amend section 1114 of title 18, United States Code, to include certain officers and employees of GSA among those Federal officials afforded the protection of the Federal Statutes pertaining to punishment for the murder, manslaughter or assault of such officials. Included in the scope of Section 1114, as it presently stands, are personnel of the Justice, Post Office, Treasury, Agriculture, Interior, State, and Health, Education and Welfare Departments; the National Aeronautics and Space Administration, and Postal Service, who are engaged in judicial, investigatory, enforcement, correctional, protective, and other potentially hazardous duties. Because the role of GSA protective personnel is carried out in a climate where antagonism against police is manifested, we believe that they should be included among those afforded the protection of the Federal statutes pertaining to punishment for the murder, manslaughter, or assault of specified Federal officials.

The Office of Management and Budget has advised that, from the standpoint of the Administration's program, there is no objection to the submission of this proposed legislation to the Congress.

Sincerely,

ARTHUR F. SAMPSON,
Administrator.

S. 3092

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Federal Protective Service Act of 1974."

SEC. 2. The Federal Property and Administrative Services Act of 1949, 63 Stat. 377, as amended, is further amended by adding the following after section 212:

"FEDERAL PROTECTIVE SERVICE

"SEC. 213(a)(1). There is hereby established a permanent trained security force within the General Services Administration to be known as the 'Federal Protective Service.' The Federal Protective Service shall perform such duties as assigned by the Administrator or by duly authorized officials of the Administration for the protection of persons and property and the conduct of authorized activities in or on real property owned or occupied by the United States and under the charge and control of the Administrator.

"(2) Uniformed members of the Federal Protective Service (hereinafter referred to as Federal Protective Officers) shall have, while on such property, the power to enforce Federal laws as well as rules and regulations issued pursuant to subsection (c) of this section. Such officers shall have the authority to make arrests on such property without a warrant for any offense committed in their presence and may also arrest without a warrant for any offense if they have reasonable grounds to believe (1) the offense constitutes a felony under the laws of the United States, (2) that the person to be arrested has committed the offense; and such person is on or fleeing from such property. The jurisdiction and policing powers of the Federal Protective Service shall not extend, however, to the service of civil process.

"(b) Officials or employees of the General Services Administration who have been duly authorized to perform investigative functions may be authorized by the Administrator to exercise the same powers as uniformed Federal Protective Officers and to carry firearms while on real property owned or occupied by the United States and under the charge and control of the Administrator, or on travel status.

"(c) The Administrator is authorized to make all needful rules and regulations for the protection and government of property under his charge and control, and to annex to such rules and regulations such reasonable penalties, within the limits prescribed in subsection (d) of this section, as will ensure their enforcement; *Provided,* That such rules and regulations shall be posted and kept posted in a conspicuous place on such property.

"(d) Whoever shall violate any rule or regulation promulgated pursuant to subsection (c) of this section shall be fined not more than $500, or imprisoned not more than six months, or both.

"(e) Upon the application of the head of any Federal agency having under its charge and control property owned or occupied by the United States, the Administrator is authorized to detail any such Federal Protective Officers for the protection of such property and, if he deems it advisable, to extend to such property the applicability of any rules and regulations issued pursuant to subsection (c) of this section. Such Federal Protective Officers are empowered to enforce Federal laws and said rules and regulations in the same manner as set forth in subsection (a) of this section. The Administrator, whenever it is deemed economical and in the public interest, may utilize the facilities and services of existing Federal law-enforcement agencies and, with the consent of any State or local agency, the facilities and services of State or local enforcement agencies."

SEC. 2. Sections 1 through 5 of the Act of June 1, 1948, c. 359, 62 Stat. 281, as amended (40 U.S.C. 318a–d), are repealed.

SEC. 3. Section 1114 of title 18, United States Code, is amended by inserting after the words "or law enforcement functions," the following words: "or any officer or employee of the General Services Administration assigned to enforce laws and rules and regulations enacted for the protection of property of the United States or to perform investigative, or law enforcement functions."

By Mr. STEVENS:

S. 3093. A bill to amend the Federal Water Pollution Control Act to authorize certain alternatives to secondary treatment for publicly owned treatment works. Referred to the Committee on Public Works.

Mr. STEVENS. Mr. President, I am introducing a bill today that would amend the Federal Water Pollution Control Act to authorize certain alternatives to secondary treatment for publicly owned treatment works.

The 1972 amendments to the Water Pollution Control Act require that all municipal treatment facilities shall be upgraded to secondary treatment by July 1, 1977. The impact of this requirement on the Nation is staggering. For example, the cost of construction of secondary facilities for those municipalities discharging primary effluents into only the Pacific Ocean is estimated to be $650 million. This does not consider the cost of increased energy needed to operate the new plants or the added cost of operating these facilities.

The 1972 amendments to the act require that municipally owned treatment works achieve secondary treatment by July 1, 1977, and "best practicable treatment" by July 1, 1983. Section 301(b) of the act requires that secondary treatment be the basis for "best practicable treatment." Inasmuch as neither the Congress nor the Environmental Protection Agency has yet determined what constitutes "best practicable treatment," I maintain that it is error to assume it presupposes secondary treatment. True, secondary treatment may prove to be the "best practical treatment" for many areas. But it also may not be the "best practical treatment" for many others.

Anchorage, Alaska, is but one example where secondary treatment is not the best practical treatment. In July of 1972 the Greater Anchorage Area Borough treatment plant became operational. It was one of the last primary treatment facilities approved for Federal grant funding. The existing facility cost over $6 million to construct and it is estimated that today's cost of converting the plant to secondary treatment would be $13 million. At the present rate of inflation the 1977 cost of conversion would be nearly $20 million, and these costs are only for conversion of the existing plant. As Anchorage grows, additions would be required. Additionally, the operation and maintenance costs for a secondary plant is estimated to be 60 percent more than that of the existing facility, or $600,000 a year. This cost would be borne entirely by the Anchorage sewer rate payer.

I do not question the fact that in many areas of the Nation secondary treatment is necessary to upgrade or preserve the water quality of the municipal waste receiving waters. However, in Anchorage and several other areas, this is not the case. Anchorage cannot hope to improve the water quality of Upper Cook Inlet by secondary treatment of its wastewater. Indeed, the effluent from Anchorage's primary plant already contains less pollutants than the natural waters of the inlet. Expending from $13 to $20 million on a facility which would not improve the water quality of the inlet when that money could be used for needed environmental assets, such as extending sewers to needed areas of the borough, does not appear to be a wise investment.

I again emphasize that this is not a situation unique to Anchorage, Alaska. Hawaii, Washington, California, and Guam have expressed similar concern.

Because the act does not allow the Administrator of the Environmental Protection Agency the flexibility to allow for the unique situations found in some municipalities, I am introducing this bill. It gives the Administrator the authority to authorize an alternative treatment when, and I emphasize only when, it is determined that such alternative would result in an equal or preferable effect on the receiving waters at a lesser cost in money or material resources, or both.

Such flexibility is recommended in the final report by the National Water Commission, entitled "Water Policies for the Future," and I quote:

> The 1972 Act should be amended to give the EPA Administrator the flexibility to approve grants for alternatives to either conventional treatment processes or uniform treatment requirements when such alternatives can reasonably be expected to produce equal or better receiving water quality for the expenditure of a lesser amount of Federal funds.

Mr. President, I ask unanimous consent to have printed in the Record at this point the text of this bill.

There being no objection, the bill was ordered to be printed in the Record, as follows:

S. 3093

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 301(b) of the Federal Water Pollution Control Act is amended by inserting at the end thereof the following:

"(3) In the case of any publicly owned treatment works which is required to use secondary treatment pursuant to this section the Administrator may authorize an alternative treatment, upon application and a showing satisfactory to the Administrator that such alternative would result in an equal or preferable effect on the receiving waters at a lesser cost in money or material resources or both.".

By Mr. JACKSON (by request):

S. 3094. A bill to authorize the measures necessary to carry out the provisions of Minute No. 242 of the International Boundary and Water Commission, concluded pursuant to the Water Treaty of 1944 with Mexico (TIAS 994), entitled "Permanent and Definitive Solution to the International Problem of the Salinity of the Colorado River." Referred to the Committee on Interior and Insular Affairs.

Mr. JACKSON. Mr. President, by request, I send to the desk a bill to authorize the measures necessary to carry out the provisions of Minute No. 242 of the International Boundary and Water Commission, concluded pursuant to the Water Treaty of 1944 with Mexico (TIAS 994), entitled "Permanent and Definitive Solution to the International Problem of the Salinity of the Colorado River," to be cited as the "International Salinity Control Project Colorado River."

Mr. President, the draft legislation was submitted and recommended by the Departments of State and Interior and I ask unanimous consent that the executive communication accompanying the proposal be printed in the Record following my remarks. Along with the departmental report, I wish to insert for the benefit of the Members of the Senate the section-by-section analysis of the draft legislation, and Minute No. 242 which constitutes the settlement approved by the two Governments after 12 years of controversy regarding the quality of water the United States may deliver to Mexico.

There being no objection, the material was ordered to be printed in the Record, as follows:

Department of State,
Washington, D.C.

Hon. Gerald R. Ford,
President of the Senate,
Washington, D.C.

Dear Mr. President: There is enclosed a draft bill which the Department of State recommends be enacted to authorize implementation of an agreement with the Government of Mexico to resolve the international problem of the salinity of the Colorado River waters delivered by the United States to Mexico under the Water Treaty of 1944. This treaty provides for the delivery to Mexico annually of 1.5 million acre-feet of Colorado River waters.

There are also enclosed for the information of the Congress in its consideration of this draft bill the supporting documents and reports listed at the close of this letter, as well as a section-by-section analysis of the draft bill. The Environmental Impact Statement, one of the enclosures, was prepared in accordance with the requirements of the National Environmental Policy Act (P.L. 91–190) and this Department's guidelines. Public notice of the availability of this statement was included in the *Federal Register* of October 5, 1973.

Mr. Herbert Brownell, the President's Special Representative who negotiated the agreement, describes the Colorado River and discusses at some length its history and the history of the salinity problem with Mexico in his enclosed "Report of the President's Special Representatives for Resolution of the Colorado River Salinity Problem with Mexico," dated December 28, 1972. Members of the Congress will recall that when the President of Mexico addressed a joint meeting of the House and Senate on June 15, 1972, President Echeverria referred to this problem as the most delicate between the two countries. This was one of the most important issues dealt with by President Nixon and President Echeverria at their meetings on June 15 and June 16. In their Joint Communique of June 17, 1972, it was announced that the United States would undertake certain actions immediately to improve the quality of the water going to Mexico, and that President Nixon would designate a special representative to find a permanent, definitive and just solution of this problem. The enclosed agreement of August 30, 1973, Minute No. 242 of the International Boundary and Water Commission, is that definitive solution.

This agreement with Mexico brings to an end twelve years of controversy regarding the quality of water the United States may deliver to Mexico. Although the treaty contains no specific provisions relating to the quality of water delivered, it does provide for the settlement of differences with respect to the interpretation or application of the treaty by the International Boundary and Water Commission, subject to the approval of the two Governments. Minute No. 242 constituted such a settlement, which the Presidents of the two countries have approved, subject to the enactment by the Congress of legislation authorizing the appropriation of the funds needed to carry out its provisions.

Implementation of the agreement will require a reduction in the salinity of the waters delivered at present to Mexico. Desiring to accomplish this reduction with the least burden on the United States and its water users, the Department of State, on the advice of Mr. Brownell, its technical advisers, and other Departments, has provided in the draft bill for the minimum works and other measures necessary for this purpose.

In this agreement the United States makes three major commitments. First and principally, we agree to adopt measures to assure that no later than July 1, 1974, subject to the authorization by the Congress of funds for the necessary works, the approximately 1,360,000 acre-feet of Colorado River waters delivered to Mexico above its Morelos Diversion Dam will have an annual average salinity of no more than 115±30 parts per million (ppm) over the annual average salinity of Colorado River waters arriving at Imperial Dam, i.e., those delivered to the lowermost major downstream users in the United States. This means that while Mexico will accept delivery of waters somewhat more saline than those used in the United States, the United States must remove from those waters the adverse effect of the highly saline drain waters pumped and discharged to the river by the Wellton-Mohawk Irrigation and Drainage District of Arizona.

It is proposed to attain this average annual differential by a combination of improvements to reduce drain flows from the Wellton-Mohawk Project and by construction of a desalting plant. When completed, presently scheduled for 1978, the desalting plant would treat a major portion of the Wellton-Mohawk drain water, so that, in combination with the untreated Wellton-Mohawk drain water, it may be delivered to Mexico within the agreed differential. A detailed description of this plan as planned appears in the enclosed Special Report dated September 1973 prepared for the Department by the Department of the Interior.

During an interim period, while desalting facilities are being constructed, the United States would bypass all the Wellton-Mohawk drain water without charge to Mexico against its guaranteed treaty allotment, and would substitute higher quality water that would be delivered to Mexico in place of it. This better water would at first be borrowed from storage reservoirs and, later, be made up in large part of water saved by concrete-lining a 49-mile reach of the Coachella Canal in southern California. The lining would save economically an estimated 132,000 acre-feet of water annually, which would be temporarily available for use by the Federal Government until the amount borrowed from storage is paid back or the Secretary of the Interior reduces deliveries of mainstream Colorado River water to California to 4.4 million acre-feet annually. The water saved will represent a part of California's entitlement from the Colorado River.

The highly saline reject stream from the desalting plant, containing the salts removed from the drain water, would be kept separate and conveyed by a drain directly to the international boundary, and thence through Mexico to the Santa Clara Slough on the Gulf of California. Under the agreement the Government of Mexico would construct, operate, and maintain the part of the drain located in Mexico. As its second major commitment, the United States would assume the cost of building, operating, and maintaining the part in Mexico, which must be concrete-lined to prevent the highly saline water from infiltrating into groundwaters of Mexico.

In order to keep the construction and operating cost of the desalting plant to a minimum, the volume of drain water from the Wellton-Mohawk District should be reduced. For this purpose the bill would authorize assistance to District water users in improving the efficiency of their operations, and authorize a reduction in the existing authorized irrigable acreage of the District.

The third commitment undertaken by the United States is to support Mexican efforts to obtain appropriate financing on favorable terms for the improvement and rehabilitation of the Mexicali Valley where Mexico uses its Colorado River waters, and to provide on a mutually acceptable basis a grant for those aspects of the rehabilitation program in the Mexicali Valley directly related to salinity, including tile drainage. When a mutually acceptable basis has been arrived at, the Department will submit a report and recommendations to the Congress on this matter.

The Government of Mexico undertakes two major commitments. It accepts in effect as a part of its treaty allotment all drainage inflows to the river below Imperial Dam except untreated Wellton-Mohawk drain waters. This includes the delivery of 140,000 acre-feet annually, consisting largely of drain water, near San Luis on the land boundary and in the boundary section of the river downstream from Morelos Dam. This water may be more saline than that delivered above Morelos Dam.

The Mexican Government also agreed to a mutual limitation of groundwater pumping within five miles of the Arizona-Sonora boundary near San Luis to 160,000 acre-feet annually on each side, pending the conclusion of a comprehensive agreement on groundwater in border areas. Mexico is already pumping at this rate, and as a consequence beginning to draw on waters underlying the United States and to diminish the surface flow to Mexico at San Luis. The agreement was phrased so that the United States could without question pump a like amount on its side to reduce the loss of underground waters and surface flows caused by Mexican pumping. The Department will continue to work with Mexican officials on a comprehensive agreement on groundwater in the border areas.

Finally, the two Governments recognized the agreement as the permanent and definitive solution of the salinity problem. They agreed to consult with each other before undertaking any development of surface or groundwater resources in the border area which might adversely affect the other country.

This agreement has very considerable advantages for the United States. Above all, it removes the uncertainties of the effect the salinity problem might have caused on further development of the Colorado River Basin. As long as the two Governments might have had to resort to international adjudication, a part of the Basin's water would have been in jeopardy. If, however, as is proposed, we draw on the financial and technological rather than on the water resources of the United States to comply with the agreement, we will limit the potential loss of water to the Colorado River Basin to the practical minimum, i.e., essentially to the highly saline reject stream from the desalting plant that is not replaced until feasible ways are found to augment the flows of the Colorado River. By limiting Mexican pumping near the Arizona boundary to the presently installed capacity, the agreement prevents Mexico from increasing its pumping in that area. The agreement also recognizes that the United States may undertake pumping at similar levels to conserve its own groundwaters and to maintain deliveries to Mexico at San Luis.

In respect to our international relations, the agreement removes a problem which has plagued our relations with Mexico for more than a decade. It demonstrates once again the willingness of the United States to resolve its differences with other countries, as well as our will and ability to find constructive ways to do so. We hope that it will encourage other countries, particularly of this Hemisphere, to try to resolve constructively and amicably the difficult problems persisting between them.

The currently estimated cost of the settlement is considerable. It can be broken down as follows, in thousands of dollars:

I. Desalting plant facilities:	
A. Pretreatment plant	$16, 150
B. Desalting plant	37, 086
C. Appurtenant works	8, 844
Total desalting plant facilities	62, 080
II. Other associated facilities:	
A. Bypass drain	15, 370
B. Siphon at Yuma	3, 100
C. Irrigation efficiency improvement program	2, 000
D. Acreage reduction & system improvement	10, 500
Total associated facilities	30, 970
Total desalting complex costs	93, 050
III. Coachella Canal Lining, Calif	[1] (21, 450)
IV. Acquisition of lands at Painted Rock Reservoir Ariz	[2] 5, 000
V. General supervision, U.S. Section, IBWC	1, 525
Grand total	99, 575

[1] Construction of this project will be carried out by the Department of the Interior pursuant to the authorization provided in the Rehabilitation and Betterment Act (63 Stat. 724). The Department of State proposes to enter into a contract with the Interior Department and the Coachella Valley County Water District for Federal reimbursement of the annual replayment obligations for the temporary Federal use of the water saved by the canal lining.

[2] These lands would be required only if it is determined that the Corps of Engineers must hold fee title to such lands in Painted Rock Reservoir to regulate the dam during and after periods of serious flooding to enable the United States to comply with its obligations under Minute No. 242.

While annual operation and maintenance costs cannot be precisely estimated at this time, they are expected to amount to about $9,850,000, excluding $1,360,000 for the repayment obligation for lining the Coachella Canal during the period (about 7 years) when the water saved by the project is made available to the United States for its use.

Mr. Brownell, together with the interagency Task Force assisting him, systematically studied all elements of the possible solutions to the problem with Mexico. The alternative proposed herein, which was recommended by them and approved by the President, is considered to be the most practicable solution to this international problem. Every effort will be made, as provided in the draft bill, to design and operate the projects with the objective of carrying out its purpose at the least overall cost to the United States. It is envisaged that the Department will receive assistance from the Department of the Interior for the design and construction of the proposed desalting plant and for carrying out some of the proposed measures in the Wellton-Mohawk Project. However, the Department will retain overall responsibility for these measures as well as for the others to ensure that the obligations of the international agreement are fulfilled.

Under the agreement Mexico will not receive further improvement in its water until the Congress enacts enabling legislation. It was understood in the negotiation of the agreement that every effort would be made to expedite the legislative process. Mexican officials are already concerned that we have required so much time to prepare a legislative package for the Congress. It is incumbent on all to move swiftly on all steps relating to the legislation.

The Office of Management and Budget advises that enactment of this legislation is in accord with the President's program.

Sincerely yours,
STANTON D. ANDERSON,
Acting Assistant Secretary for Congressional Relations, Department of State.
JOHN C. WHITAKER,
Under Secretary, Department of the Interior.

SECTION-BY-SECTION ANALYSIS

This draft bill is strictly limited to the measures believed necessary to enable the United States to carry out the definitive settlement of the salinity problem concluded with Mexico on August 30, 1973. That agreement, incorporated in Minute No. 242 of the International Boundary and Water Commission, was concluded pursuant to Article 24 of the 1944 Water Treaty, which provides that the Commission "shall have, in addition to the powers and duties otherwise specifically provided in this Treaty, the following powers and duties:

* * * * *

(d) To settle all differences that may arise between the two Governments with respect to the interpretation or application of this Treaty, subject to the approval of the two Governments . . ." The treaty also provides in the same article that the Commission shall have the power and duty "To construct the works agreed upon or to supervise their construction and to operate and maintain such works or to supervise their operation and maintenance, in accordance with the respective domestic laws of each country." The Protocol to the treaty, an integral part of it, provides that "The works to be constructed or used on or along the boundary, and those to be constructed or used exclusively for the discharge of treaty stipulations, shall be under the jurisdiction of the Commission or of the respective Section . . .", but that "In carrying out the construction of such works the Sections of the Commission may utilize the services of public or private organizations in accordance with the laws of their respective countries." The Protocol further provides regarding works ". . . which are situated wholly within the territory of the country of that Section, and which are to be used only partly for the performance of treaty provisions, such jurisdiction shall be exercised, and such functions, including the construction, operation and maintenance of the said works, shall be performed and carried out by the Federal agencies of that country which now or hereafter may be authorized by domestic law to construct, or to operate and maintain, such works."

Because the works and other measures authorized by this bill are proposed with the objective of fulfilling the obligations undertaken by the United States in the settlement with Mexico, the bill would authorize the U.S. Section of the Commission to construct, operate and maintain the works required. The U.S. Section would exercise general control and supervision to ensure fulfillment of the agreement, with the actual construction, operation, and maintenance responsibilities for some of the proposed measures carried out by other Federal agencies, principally the Department of the Interior, in order to use most efficiently existing resources and technical capabilities within the Federal Government.

It is stipulated in the agreement that "It shall enter into force upon . . . [approval of both Governments by exchange of Notes]; *provided, however*, that the provisions which are dependent for their implementation on the construction of works or on other measures which require expenditure of funds by the United States, shall become effective upon the notification by the United States to Mexico of the authorization by the United States Congress of said funds, which will be sought promptly." The Department interprets this provision to mean that when the Congress enacts authorizing legislation, the agreement will come fully into force, subject of course to any conditions appearing in the individual provisions of the agreement.

Section 1(a) provides for the construction, operation, and maintenance of a desalting complex to enable the United States to comply with the terms agreed upon in Minute No. 242, which will result in the delivery by the United States to Mexico above the latter's main diversion structure, Morelos Dam, of Colorado River waters of a quality similar to that delivered to the next upstream major users in the United States. Specifically, the desalting complex is intended to assure that waters delivered to Mexico upstream of Morelos Dam will have an average annual salinity of no more than 115 parts per million (ppm), plus or minus 30 ppm, over the average annual salinity of Colorado River waters arriving at Imperial Dam, located about 27 miles upstream, which is the last major point of diversion on the Colorado River in the United States.

The desalting complex includes: (1) a desalting plant to reduce the salinity of drain water from the Wellton-Mohawk Division of the Gila Project, Arizona, including a pretreatment plant for settling and filtration of the drain water to be desalted; (2) the appurtenant works including the intake pumping plant system, product waterline, power transmission facilities and permanent operating facilities; (3) associated facilities including roads and a railroad spur; (4) the extension of the existing bypass drain to carry the reject stream from the desalting plant and other Wellton-Mohawk drainage waters through the United States and Mexico to the Gulf of California; and (5) the replacement of a metal flume in the existing main outlet drain extension with a concrete siphon. Tentatively, the desalting plant is to be designed to treat 144,000 acre-feet per year of 3100 ppm Wellton-Mohawk drain water to result in 101,000 acre-feet of 240 ppm usable product and 43,000 acre-feet of 9600 ppm reject water. The plant is to be designed to operate at 90% of design capacity. Using advanced technology commercially available, it will effect recovery initially of at least 70% of the drain water as product and with a minimum reduction of at least 90% of the dissolved solids in the feed water.

A considerable quantity of electrical power and energy will be required to operate the desalting complex. Sources of electrical power supply will be sought that will not diminish the supply of power to preference customers from the Federal Parker-Davis Projects, since this project is proposed for international purposes and, therefore, is not subject to the privileges of Reclamation Law.

Product water would be blended with the remaining 31,000 acre-feet per year of the Wellton-Mohawk drain water to produce a stream of 132,000 acre-feet per year of water of the same quality as that at Imperial Dam, now 850 ppm, which can be introduced into the Colorado River and delivered to Mexico within the salinity differential established in the salinity agreement. The optimum location and size of the desalting plant will be determined in the design stage.

After the desalting complex is in operation, there may become available surplus capacity in the desalting plant over that needed for the purposes of this Act. In that event it may be possible to use some of the product water from the plant for domestic water supply without inhibiting the U.S. Section's ability to meet obligations under the international agreement. The desalted water used for municipal and industrial water supply in the United States would be exchanged for other water at appropriate prices, terms and conditions, with the revenues from such exchange deposited in the U.S. Treasury as miscellaneous receipts.

The reject stream from the desalting plant would be kept separate and conveyed southward by a new concrete-lined drain to the international boundary and thence through Mexico to the Santa Clara Slough on the Gulf of California. If construction can begin in fiscal year 1975, the complex should be completed and operational by the end of 1978.

Section 1 (b), (c), (d), and (e) would authorize a combination of measures to reduce the quantity of drain water pumped from the Wellton-Mohawk Irrigation and Drainage District and treated by the desalting plant and thereby reduce the plant's size and cost. The objective is to reduce the quantity of the District's drain water from about 220,000 acre-feet per year to not more than 175,000 acre-feet per year to enable a 20% reduction in the required desalting capacity. This is to be achieved by the optimum combination of improvements in irrigation efficiencies and a reduction in the authorized irrigation area of the Wellton-Mohawk Division. A cooperative program to improve efficiency is already under way in the District sponsored by the Departments of the Interior and Agriculture and EPA. Sections (b) and (d) of the bill would authorize acceleration and expansion of that program, to include assistance to water users in the District in installing onfarm system improvements to advance irrigation efficiency in order that its potential might be realized in time to enable a reduction in the size and cost of the desalting plant. These improvements will include advanced management practices such as the use of scientific methods for determining irrigation scheduling, and onform system improvements including ditch lining, changes in field layout and size, use of sprinklers, or automated irrigation methods. To the extent such work or modification produces local benefits, the water users will bear the cost thereof. No Federal expense would be incurred to pay the costs that water users would have to pay in any event to satisfy the requirements of the Federal Water Pollution Control Act, as amended, or to provide direct benefits to individual water users.

Pursuant to that Act, the Environmental Protection Agency is expected to establish effluent limitation guidelines and require permits for certain irrigation return flows. Some drainage flows from the Wellton-Mohawk Project, therefore, may be required to receive a certain measure of treatment, utilizing the best pollution control technology available at that time, before they can be returned to the river. It is not intended that the measures proposed in this bill for international purposes will relieve the irrigation district of any obligations it may incur as a result of future domestic water pollution control policies.

Further, to reduce the volume of saline drain water required to be processed by the desalting plant, section (c) authorizes a reduction in the existing authorized 75,000 irrigable acres in the Wellton-Mohawk Division through Federal purchase or exchange of lands. Initially, about 10,000 acres would be acquired, of which 3800 acres are undeveloped Federal lands and 6200 acres are State and private lands, of which 2500 acres are developed. If it is determined that the irrigable acreage must be reduced below 65,000 acres, additional developed acreage is authorized to be acquired. All such acquisitions would be at Federal expense, and the existing repayment obligation allocable to eliminated irrigation acreage would be declared non-reimbursable.

Section (e) provides for an appropriate reduction in the repayment obligation of the District due to the United States to take into consideration such increase that the purchase and hence reduction in the authorized irrigable acreage may have in the cost per acre of operation and maintenance of the irrigation system.

Section (f) relates to the plan to construct a new concrete-lined canal or to line a 49-mile reach of the existing Coachella Canal in southern California, to effect a savings of about 132,000 acre-feet per year, now lost by seepage, for temporary use by the Federal Government. Water for the Coachella Valley County Water District is diverted from the Colorado River at Imperial Dam and conveyed to the Coachella Valley through the All-American Canal and the Coachella Canal. These facilities were completed by the Bureau of Reclamation in 1948 and supply irrigation water for about 67,000 acres in the Coachella Valley. Conveyance losses from the first 49-mile reach of unlined canal currently average about 141,000 acre-feet annually. The savings of an estimated 132,000 acre-feet annually to be effected by a lined canal represents a part of California's entitlement from the Colorado River.

The Federal use of the saved waters would consist (1) until the desalting plant comes on stream, of supplying a part of the water that must be delivered to Mexico in substitution for bypassed Wellton-Mohawk drainage; and (2) after the desalting plant is operational, of restoring to the Colorado River Basin the water borrowed from the Basin's storage reservoirs as substitution water for Mexico from the time the agreement enters into force to the time the desalting plant is completed.

Because it is envisaged that the Federal Government would use the saved water during the early years of operation of the lined canal, but in no event beyond the time when California would want to use the saved water, the cost of lining should be shared by the Federal Government and the Coachella Valley County Water District on the basis of each entity's use of the water. Under section (f) the U.S. Section and the Bureau of Reclamation would be able to join with the Coachella District in a contract providing for that District to reimburse the Federal Government for the lining over a 40-year period, and for the U.S. Section to relieve the District of reimbursement during that period when the Federal Government makes use of the water to implement the terms of Minute No. 242 and this bill.

Section 1(g) provides for a reduction in the repayment obligation of the Imperial Irrigation District to take into consideration that the District can relinquish its rights to the capacity of 1000 cubic feet per second in the existing 49-mile reach of the Coachella Canal and in the All-American Canal. This would enable the Federal Government to reduce the capacity of the reconstructed lined section of the Coachella Canal from 2500 cubic feet per second to 1500 cubic feet per second, and thereby realize a material saving in the cost of the reconstruction. The Imperial Irrigation District would be compensated through modification of its repayment contract.

Under Section 1(h), as a further consideration relating to the reduction in the capacity of the Coachella Canal and the resulting saving in the reconstructed lined section, the Federal Government may acquire the approximately 3800 acres of undeveloped private lands which could have been served by the 1000 cubic feet per second canal capacity in the existing Coachella Canal. The cost associated with the acquisition of these lands will be included as a part of the total costs of the Coachella Canal lining, and Federal reimbursement will be based on the terms of the repayment contract, since both the Federal Government and the Coachella District will benefit from savings in construction costs due to the retirement of these lands.

The estimated total installation cost of lining the Coachella Canal, including right-of-way costs and land costs, amounts to $21,450,000. The Department of the Interior is authorized to perform this work, and funds will be requested as a part of its appropriation.

Section 1(i) authorizes the acquisition of lands in the reservoir of the existing Painted Rock Dam on the Gila River, as may be necessary, to enable its operation to fulfill the agreement with Mexico in Minute No. 242. This dam was constructed by the Corps of Engineers solely for the control of floods. There was acquired essentially a flowage easement, and the operating procedures envisioned the capture of flood flows, their temporary regulation, and early release. However, this operation results in the infiltration of water into the groundwater at the Wellton-Mohawk District and an increase in the amount of drainage that must be pumped from the District and discharged to the Colorado River. This increase can be largely, if not entirely, overcome by retaining floodwaters in the Painted Rock Reservoir and making smaller releases over a period of many months. To enable this modification in operations, Section 1(i) authorizes the acquisition of such additional interest in lands in the reservoir as may be necessary to prevent impairment of operations under the agreement with Mexico. Acquisition would be made only after the existing legal rights of the Federal Government in the said lands are clarified.

Section 2 is intended to require reduction to a minimum of the costs associated with the bill. For example, it is neecssary to achieve the most cost-effective combination of reduction in Wellton-Mohawk drain waters and size of the desalting plant. The most cost-effective means may be to reduce the quantity of drain water from the District somewhat below 175,000 acre-feet annually, permitting a smaller desalting plant. Further, investigations are proposed to increase the efficiency of the desalting plant to enable a smaller and less costly plant. The lands in Painted Rock Reservoir would be acquired only if necessary to perform its operation in a manner to ensure compliance with the agreement with Mexico. This section also provides that the Federal Government shall bear all costs associated with carrying out the provisions of the Act, except as specified in the Act, and except that the water users will not be relieved of costs required for compliance with the Federal Water Pollution Control Act, as amended.

Section 3 relates to the reject stream from the desalting plant and other normal Wellton-Mohawk drain waters bypassed to the Santa Clara Slough on the Gulf of California and not replaced from other sources. Section 202 of the Colorado River Basin Project Act (82 Stat. 886) provides that the satisfaction of the requirements of the Mexican Water Treaty from the Colorado River constitutes a national obligation which shall be the first obligation of any water augmentation project authorized for the Basin. This section of the bill ensures that the reject stream and other normal Wellton-Mohawk drain waters bypassed to the Santa Clara Slough will be included in this replacement obligation. The other normal Wellton-Mohawk drain waters would comprise only those essential to avoid crop damage. Periods of surplus waters are excepted because when there is surplus water, the reject stream and the bypassed drain water would not constitute a loss to the Colorado River Basin.

Under the Water Treaty a period of surplus waters exists when, as determined by the U.S. Section of the Commission, the waters of the Colorado River are in excess of the amount necessary to supply uses in the United States and the guaranteed Mexican allotment of 1.5 million acre-feet annually. This section provides that studies to identify feasible measures to provide adequate replacement water shall be completed not later than June 30, 1980, and that replacement of these waters shall begin when augmentation of the Colorado River begins. As stated earlier, water borrowed from reservoir storage on the Colorado River during the interim period when Wellton-Mohawk drain waters are bypassed, and until completion of the desalting plant, will be paid back by the Federal Government by use of the water saved by lining of a part of the Coachella Canal.

Section 4 authorizes appropriation of such sums as may be necessary to carry out this Act. There is initially requested an appropriation of $94,575,000 for the construction and other measures authorized by this bill. This estimate is based on 1973 prices. In approximate figures, the desalting plant and associated facilities would cost $80,550,000, of which $45,900,000 would be for the plant and appurtenant works, $16,150,000 would be for the pretreatment function, and $18,500,000 would be for support facilities, including the drain to the Gulf of California. The estimated cost of acreage reduction and on-farm irrigation improvements is $10,500,000, with an additional $2,000,000 allowed for the irrigation efficiency program. General supervision is estimated at $1,525,000.

The estimate of $5,000,000 for the possible acquisition of lands at Painted Rock Dam is not included in the total figure because at this time it is not known if and when the funds will be required.

The estimated cost of the Coachella Canal lining is $21,450,000. It is not included in this authorization because it is separately authorized to the Department of the Interior, and that Department will seek this amount in its annual appropriation.

Section 5 provides a title for this bill.

[International Boundary and Water Commission, United States and Mexico]

MEXICO, D.F., *August 30, 1973.*

MINUTE No. 242

PERMANENT AND DEFINITIVE SOLUTION TO THE INTERNATIONAL PROBLEM OF THE SALINITY OF THE COLORADO RIVER

The Commission met at the Secretariat of Foreign Relations, at Mexico, D.F., at 5:00 p.m. on August 30, 1973, pursuant to the instructions received by the two Commissioners from their respective Governments, in order to incorporate in a Minute of the Commission the joint recommendations which were made to their respective Presidents by the Special Representative of President Richard Nixon, Ambassador Herbert Brownell, and the Secretary of Foreign Relations of Mexico, Lic. Emilio O. Rabasa, and which have been approved by the Presidents, for a permanent and definitive solution of the international problem of the salinity of the Colorado River, resulting from the negotiations which they, and their technical and judicial advisers, held in June, July and August of 1973, in compliance with the references to this matter contained in the Joint Communique of Presidents Richard Nixon and Luis Echeverria of June 17, 1972.

Accordingly, the Commission submits for the approval of the two Governments the following:

RESOLUTION

1. Referring to the annual volume of Colorado River waters guaranteed to Mexico under the Treaty of 1944, of 1,500,000 acre-feet (1,850,234,000 cubic meters):

(a) The United States shall adopt measures to assure that not earlier than January 1, 1974, and not later than July 1, 1974, the approximately 1,360,000 acre-feet (1,677,545,000 cubic meters) delivered to Mexico upstream of Morelos Dam, have an annual average salinity of no more than 115 p.p.m. ± 30 p.p.m. U.S. count (121 p.p.m. ± 30 p.p.m. Mexican count) over the annual average salinity of Colorado River waters which arrive at Imperial Dam, with the understanding that any waters that may be delivered to Mexico under the Treaty of 1944 by means of the All American Canal shall be considered as having been delivered upstream of Morelos Dam for the purpose of computing this salinity.

(b) The United States will continue to deliver to Mexico on the land boundary at San Luis and in the limitrophe section of the Colorado River downstream from Morelos Dam approximately 140,000 acre-feet (172,689,000 cubic meters) annually with a salinity substantially the same as that of the waters customarily delivered there.

(c) Any decrease in deliveries under point 1(b) will be made up by an equal increase in deliveries under point 1(a).

(d) Any other substantial changes in the aforementioned volumes of water at the stated locations must be agreed to by the Commission.

(e) Implementation of the measures referred to in point 1(a) above is subject to the requirement in point 10 of the authorization of the necessary works.

2. The life of Minute No. 241 shall be terminated upon approval of the present Minute. From September 1, 1973, until the provisions of point 1(a) become effective, the United States shall discharge to the Colorado River downstream from Morelos Dam volumes of drainage waters from the Wellton-Mohawk District at the annual rate of 118,000 acre-feet (145,551,000 cubic meters) and substitute therefor an equal volume of other waters to be discharged to the Colorado River above Morelos Dam; and, pursuant to the decision of President Echeverria expressed in the Joint Communique of June 17, 1972, the United States shall discharge to the Colorado River downstream from Morelos Dam the drainage waters of the Wellton-Mohawk District that do not form a part of the volumes of drainage waters referred to above, with the understanding that this remaining volume will not be replaced by substitution waters. The Commission shall continue to account for the drainage waters discharged below Morelos Dam as part of those described in the provisions of Article 10 of the Water Treaty of February 3, 1944.

3. As a part of the measures referred to in point 1(a), the United States shall extend in its territory the concrete-lined Wellton-Mohawk bypass drain from Morelos Dam to the Arizona-Sonora international boundary, and operate and maintain the portions of the Wellton-Mohawk bypass drain located in the United States.

4. To complete the drain referred to in point 3, Mexico, through the Commission and at the expense of the United States, shall construct, operate and maintain an extension of the concrete-lined bypass drain from the Arizona-Sonora international boundary to the Santa Clara Slough of a capacity of 353 cubic feet (10 cubic meters) per second. Mexico shall permit the United States to discharge through this drain to the Santa Clara Slough all or a portion of the Wellton-Mohawk drainage waters, the volumes of brine from such desalting operations in the United States as are carried out to implement the Resolution of this Minute, and any other volumes of brine which Mexico may agree to accept. It is understood that no radioactive material or nuclear wastes shall be discharged through this drain, and—that the United States shall acquire no right to navigation, servitude or easement by reason of the existence of the drain, nor other legal rights, except as expressly provided in this point.

5. Pending the conclusion by the Governments of the United States and Mexico of a comprehensive agreement on groundwater in the border areas, each country shall limit pumping of groundwaters in its territory within five miles (eight kilometers) of the Arizona-Sonora boundary near San Luis to 160,000 acre-feet (197,358,000 cubic meters) annually.

6. With the objective of avoiding future problems, the United States and Mexico shall consult with each other prior to undertaking any new development of either the surface

or the groundwater resources, or undertaking substantial modifications of present developments, in its own territory in the border area that might adversely affect the other country.

7. The United States will support efforts by Mexico to obtain appropriate financing on favorable terms for the improvement and rehabilitation of the Mexicali Valley. The United States will also provide nonreimbursable assistance on a basis mutually acceptable to both countries exclusively for those aspects of the Mexican rehabilitation program of the Mexicali Valley relating to the salinity problem, including tile drainage. In order to comply with the above-mentioned purposes, both countries will undertake negotiations as soon as possible.

8. The United States and Mexico shall recognize the undertakings and understandings contained in this Resolution as constituting the permanent and definitive solution of the salinity problem referred to in the Joint Communique of President Richard Nixon and President Luis Echeverria dated June 17, 1972.

9. The measures required to implement this Resolution shall be undertaken and completed at the earliest practical date.

10. This Minute is subject to the express approval of both Governments by exchange of Notes. It shall enter into force upon such approval; provided, however, that the provisions which are dependent for their implementation on the construction of works or on other measures which require expenditure of funds by the United States, shall become effective upon the notification by the United States to Mexico of the authorization by the United States Congress of said funds, which will be sought promptly.

Thereupon, the meeting adjourned.

J. F. FRIEDKIN,
Commissioner of the United States.

———— ————,
Commissioner of Mexico.
F. H. SACHSTEDER, Jr.,
Secretary of the United States Section.
FERNANDO RIVAS,
Secretary of the Mexican Section.

By Mr. HASKELL:

S. 3095. A bill to amend the Internal Revenue Code of 1954 to deny treatment as a foreign tax payment to any royalty payment made in connection with the extraction of oil or gas from a foreign country and to provide a means of determining what part of any payment constitutes the payment of a royalty. Referred to the Committee on Finance.

FOREIGN TAX CREDITS AND INCOME TAX FAIRNESS

Mr. HASKELL. Mr. President, 1 month ago I spoke on the Senate floor of my grave concern with the adequacy of the so-called "windfall profits" provision of the Energy Emergency Act. I suggested at that time that the most effective manner in which to distribute more evenly the burden of the energy crisis would be the imposition of an excess profits tax on the profits of multinational oil companies and the establishment of meaningful price controls on domestic oil operations. At the same time, I spoke of the need to address ourselves once and for all to the question of the overall tax treatment of the oil industry. Every tax loophole, Mr. President, means that the American people as a whole must bear a greater tax burden. One of those loopholes which I mentioned a month ago is the foreign tax credit provision. Today, I am introducing the first of several bills—the first long overdue step—to reform the tax treatment accorded this industry without apparent justification.

The legislation that I am introducing today will prohibit the multinational oil companies from taking a tax credit for amounts paid to a foreign government that are, in reality, a royalty payment rather than a tax on the companies' income.

Under present law, taxes paid to foreign governments generate a dollar for dollar tax credit against U.S. taxes on the theory that double taxation of corporate income—taxation by both the foreign government and the United States—would be inappropriate. That, in my judgment, is a legitimate consideration. Total elimination of the foreign tax credit would put our corporations operating abroad at an extreme competitive disadvantage compared to foreign corporations that would not be subject to a double taxation. I accept the principle that foreign tax payments should be credited against the tax liability that a corporation pays in the United States.

However, the major method by which foreign tax credits provide a special benefit to the multinational oil industry is the practice of crediting royalty payments in the guise of an income tax. No other industry, no individual, is allowed to treat royalty payments as though they were an expense that is creditable against U.S. taxes. Royalties are nothing more than a cost of doing business. For every other taxpayer in this country, those royalty payments can only be deducted from gross income. But, for the multinational corporation they can be credited against taxes due the U.S. Government. This practice is one of the several reasons that major corporations like Standard Oil of California, Texaco, and Gulf Oil Cos., each of which has income in the range of $1 billion, paid income taxes in 1971 of less than 3 percent of their gross income. I need not remind my colleagues that our constituents pay an average tax of 16 percent of their incomes—and not too many of these American families are earning a billion dollars a year.

This practice of crediting royalty payments against Federal tax liability has, in recent weeks, been studied and questioned by my very distinguished colleague from Idaho, Mr. CHURCH. I have been following with great interest and admiration his vigorous investigation of the source of and rationale for this unwarranted tax break. I applaud Senator CHURCH and his Subcommittee on Multinational Corporations for bringing this matter to the attention of the American public and the Congress.

The bill which I am introducing today is straightforward. It prohibits corporations from taking a tax credit for any payment to a foreign government that is a royalty payment. The bill directs the Secretary of the Treasury to apply certain standards in the determination of whether payments to foreign governments are royalties or taxes. And it authorizes him, in certain situations, to formulate additional standards for this purpose.

The bill applies only to the income of petroleum related corporations operating abroad. The Committee on Finance may well desire to inquire into the appropriateness and necessity of expanding the coverage of income to other corporate activities abroad.

The application and enforcement of this proposed amendment to the foreign tax credit provisions of the code should pose no problem to the Internal Revenue Service. The Service may, if necessary, choose to examine and place royalty values on foreign wells just as it now values closely held stock and unique assets in a decedent's estate.

I intend to offer additional legislation affecting this area of the code in the near future, including a bill to repeal the so-called "overall limitation" on the foreign tax credit, which allows a multinational to credit taxes paid to one country against income earned in another. I hope, though, that my colleagues on both sides of the aisle will give their support to this bill at this time and that the distinguished members of the Finance Committee will give favorable consideration to my proposal.

Without objection, Mr. President, I ask unanimous consent that the bill be printed in the RECORD at the conclusion of my remarks, together with my remarks of January 29, 1974, to which I previously referred.

There being no objection, the bill and speech were ordered to be printed in the RECORD, as follows:

S. 3095

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 903 of the Internal Revenue Code of 1954 (relating to definition of creditable taxes) is amended to read as follows:

"(a) IN GENERAL.—For purposes of this subpart and sections 164(a) and 275(a), the term 'income, war profits and excess profits taxes' means a tax paid in lieu of a tax on income, war profits, or excess profits otherwise generally imposed by any foreign country or by any foreign possession of the United States.

"(b) ROYALTIES.—

"(1) IN GENERAL.—For purposes of this subpart and sections 164(a) and 275(a), in the case of taxes paid or accrued to any foreign country with respect to income derived from the extraction, production, or refining of oil or gas in such country, the term 'income, war profits, and excess profits taxes does not include any amount paid as a royalty.

"(2) DETERMINATION BY SECRETARY OR HIS DELEGATE.—The Secretary or his delegate shall determine, in accordance with the provisions of paragraph (3), with respect to payments made to any foreign country in connection with income from the extraction, production, or refining of oil or gas in such country, what portion (if any) of that payment constitutes the payment of a royalty.

"(3) BASIC RULES.—In the case of any foreign country which imposes an income, war profits, or excess profits tax on income from activities other than the extraction, production, or refining of oil or gas in that country, any part of a payment made to that country as an income, war profits, or excess profits tax which is not reasonably similar (in terms of the rate of tax, or of the amount of tax paid for the income or profits involved) to the amount payable with respect to income or profits arising out of other activities, as determined by the Secretary or his delegate, is considered to be a royalty payment. In the case of any other foreign country, any part of a payment made to that country as an income, war profits, or excess profits tax which is determined by the Secretary or his delegate, on account of the manner in which it is determined, the rate or amount involved, or any other reason, to constitute the payment of a royalty is considered to be a royalty payment.".

(b) Section 904(f)(4) of such Code (relating to transitional rules for carrybacks and carryovers) is amended by adding at the end thereof the following new subparagraph:

"(C) Carryovers to years beginning after December 31, 1973.—

"(i) Whenever pre-1974 taxes are, under the provisions of subsection (d), deemed to be post-1973 taxes, the pre-1974 taxes shall be redetermined in accordance with the provisions of section 903(b) (relating to royalties) as if those provisions applied to the taxable year in which the pre-1974 taxes were paid or accrued.

"(ii) For purposes of this subparagraph, the term 'pre-1974 taxes' means taxes paid or accrued to any foreign country or possession of the United States in any taxable year ending before January 1, 1974, and the term 'post-1973 taxes' means taxes paid or accrued to any foreign country or possession of the United States in any taxable year beginning after December 31, 1973.".

SEC. 2. The amendments made by this Act apply with respect to taxable years beginning after December 31, 1973.

NATIONAL ENERGY EMERGENCY ACT OF 1973—CONFERENCE REPORT

Mr. HASKELL. Mr. President, a great deal of attention has been paid in the press and recently in the Congress to the enormous profits that major oil producers have been realizing since the energy problem became an energy crisis. The Congress has made an effort to address the problem in section 110 of the Energy Emergency Act. The matter continues, though, to be one of great concern to me because I am afraid that the Emergency Act fails to provide a solution, and, indeed, may in some cases do injustice to some of the small businessmen involved in oil production and sales.

As a general proposition, Mr. President, I agree that it is our duty to take a close and hard look at the profits being realized by the oil industry at a time when virtually all Americans must suffer in one way or another from the energy crisis. In times of crisis, the American people are brave and cooperative, but they are also accustomed to the principle that the burden of a crisis is to be shouldered equally by all. While everyone else in America must cope with a soaring rate of inflation, as well as the problems attendant to the energy crisis, there is something improper in a clearly unreasonable level of profiteering from these troubles by a single industry. The issue of windfall gains prompts us to consider the ways in which the good fortunes of the oil industry can be turned to the benefit of the country as a whole. We should be able to formulate a mechanism to return excess profits to consumers.

THE NEED FOR MEANINGFUL PRICE CONTROLS

I see the task before us as one involving a number of distinct, but interrelated concerns: Alleviation of the energy crisis, assurance that the suffering of the Nation is not the unfair good fortune of a small few, and adjustment of some of the tax inequities that have been made even more apparent than they were before the energy crisis began. With these considerations in mind, I have carefully considered the legislation pending before us and I find it inadequate in some respects. Recognizing as I do that it would be unwise at this time to move for recommittal of the conference report, I do want to register my reasons for giving only qualified support to this report, and to propose what I believe to be an appropriate solution to the problems raised by the bill and which I am certain will demand our attention in the coming months.

In the year just past, the 21 major oil companies earned more profits than any other segment of the economy. Profits rose 61 percent last year over the year before, and may well increase another 60 percent in the year to come. At the same time, the oil industry was the recipient of bigger and better tax breaks than any other industrial sector, and of course, than the average American family. These tax breaks—the oil depletion allowance, the tax credit for so-called income taxes paid to foreign governments, and the writeoff allowed for intangible drilling costs—constitute indirect subsidies that, in part, are what is known as the "hidden budget" of the Federal Government, escaping as they do the continuous or at least periodic reevaluation that we conduct in the case of a direct Government subsidy. Thus we are today faced with a situation in which the American people must pay higher and higher prices for petroleum products, while the industry brings in more and more profits, in large part thanks to literally billions of dollars of Government subsidization through tax breaks that the industry has received in the years past. This is the situation with which the Energy Emergency Act fails to come to grips—more particularly, which section 110 of the act inadequately addresses.

Section 110 directs the President to exercise the price control authority delegated to him several times in the past. Additionally, it directs him to set price ceilings on petroleum products by reference to a specific definition of "windfall profits" and gives authority to the Renegotiation Board to determine by rule or order whether prices charged by the industry are leading to windfall profits. In the event that there are windfall profits the Board has a wide range of powers to rectify "gouging," including the power to order a refund of the excess profit. On its face, the provision makes sense. In reality, it is unworkable and will lead to a double injustice. On the one hand, section 110 fails to address the fact that multinational oil industries are capable of finding many pockets in which to hide excess profits from the tax collector. The same profits will be hidden from the Renegotiation Board. On the other hand, the act applies indiscriminately to the petroleum industry; to Gulf and Exxon, to the one-well independent oil producer, to the corner gas station. Thus, the reality is that the biggest and most profitable of the oil companies, the multinationals, will likely escape the sanctions that may be imposed under section 110, while small independents or the single station owners will be subject to the act since they have nowhere to hide their "excess" profits. Furthermore, it is the independent that is the source of exploration in the industry.

The excess profits of the truly domestic segments of the oil industry can be controlled very easily through a meaningful program of price control—controls that do not exempt new oil or stripper wells. We could avoid the administrative nightmares that section 110 is likely to give the understaffed Renegotiation Board through a serious and comprehensive effort to control prices. Refunds would not be necessary for the simple reason that the prices would not be excessive. By a meaningful price control effort, I mean a rollback of the prices currently being paid for both new and old oil. New oil, exempted from price controls at this time, is bringing $10 a barrel, while the increases that have been allowed by the Cost of Living Council to old oil have pushed its cost from about $3.90 a barrel last year to at least $5.25 a barrel today, a 35 percent increase. An important consideration, of course, is the effect of such a rollback on the future of energy exploration. I am confident that an appropriate balance between price protection to the public and a continued incentive to exploration can be achieved. Only last October 24, when the price of old crude oil was $4.25 a barrel and the price of new crude was about $5.50, the chairman of the Standard Oil Co. of Indiana, stated that:

"Recent increases in the prices of domestic crude oil and natural gas have provided additional incentives and additional funds for intensified exploration for new supplies of oil and gas."

And, the Petroleum Independent, the magazine published by the Independent Petroleum Association, in its November 1973 issue reported this comment by a producer-geologist:

"There's no doubt that prospects are for increased drilling. . . . With new oil prices from $5.30 to $6 a barrel, there's incentive now to go looking for oil."

What these statements indicate is that long before—very long before—the price of new crude reached $10 a barrel, sufficient incentive existed to explore new sources. Clearly, there is room for a rollback.

What price controls in general, and section 110 of the legislation before us cannot do is to effectively control the prices of oil that moves through the hands of the multinational corporations. The processes through which these corporations hide their profits, or turn them into "costs," take many forms. For example, the multinationals commonly own the transportation systems that move their oil. A shipping subsidiary might fly a foreign flag for the purpose of taking advantage of that nation's absence of an income tax. Or, a multinational might own foreign producers such as the Aramco Corporation, whose stockholders are Exxon, Texaco, Mobil, and Standard of California. These stockholders set the price at which the oil is sold, and since they get back whatever they pay in dividends, they do not care how high the price is. The foreign subsidiary thus can take the profit, while the ultimate corporate stopping point, the U.S. side of the operation, has a higher cost basis for the products it sells to the American people. In this way, much of the multinational's own inflated costs are in reality the higher prices that they have charged themselves abroad and passed on to the American people. Form, not substance, is the name of the game in oil company accounting practices—and, unfortunately, in the tax treatment of the oil industry by the Internal Revenue Service.

Not surprisingly, it is just these companies, the multinationals, that are the biggest profit-makers. Standard of California's profit rose 54.3 percent last year. Exxon's rose 59.3 percent and Gulf Oil's rose 86.5 percent. It is just these corporations that will be able to escape the potential sanctions of the windfall profits section of the legislation before us today.

Thus, Mr. President, under the first of the criteria that I have used to evaluate the effectiveness of this legislation, its ability to limit prices and spread the burden of the crisis more fairly, section 110 must be regarded as an inadequate answer. Price control can be meaningful, under this legislation, only as far as the physical borders of the Nation. The biggest profitmakers will remain relatively unburdened and profitable beyond their needs. Equally as distressing, though, in my judgment, is the utter failure of the legislation to strike a balance between profitmaking and energy development or to address the pressing issue of overall tax equity in our treatment of the petroleum industry.

EXPLORATION INCENTIVES

While the legislation before us contains a number of provisions aimed at energy conservation and development, the windfall profits section of the act, I feel, fails to take account of the delicate balance that must be struck between retaining and incentive to development and eliminating any unfair and unnecessary profit margins. Again, it is the small independent producer that shoulders a disproportionate burden in the exploration field. Since the act aims itself principally at this side of the industry for the reasons heretofore discussed, I think it would have been appropriate to spell out in greater detail than has been done in section 110 just how that balance ought to be struck.

I am convinced that only a combination of meaningful price controls on the domestic side of the industry and a carefully tailored excess profits tax on the multinationals will serve to accomplish the goals of this legislation. I have begun to work on such excess profit legislation, and hope to be able to introduce it in the Senate sometime in the very near future.

I should point out that I am well aware of the pitfalls posed by the concept of an excess profits tax. I realize the difficulty of definition that is presented by the term "excess profit," and I recognize that it is the responsibility of the Congress, not the Internal Revenue Service, to define it with precision. But, when all things are considered, I am convinced that this is the only approach that we can take to bring within the rubric of the regulation we are today considering the multinational oil industry. I find no comfort in effective control on the prices of domestic oil, while the biggest of our suppliers escape, not only price controls, but also any meaningful form of income taxation.

THE NEED FOR INCOME TAX FAIRNESS

What I am today suggesting is a tax patterned on the excess profits tax that was in operation during the Korean war. Its focus will be the multinational oil companies, and in operation, it will assure that, at least for purposes of this tax, the interest that a multinational corporation has in a foreign subsidiary will be reflected in the tax base utilized. In essence, the profits that a multinational oil company pockets in a foreign subsidiary, are not unlike income that an individual deflects to other recipients—and income of this nature is taxable to the primary recipient, by virtue of the control that is exercised over the flow of funds.

I intend to combine with this tax proposal an amendment to the present Internal Revenue Code treatment of the industry. Under the code, taxes paid to foreign governments are regarded as generating a dollar-for-dollar tax credit for purposes of U.S. taxes, on the theory that double taxation of income is inappropriate. That principle is quite justifiable where true taxes are involved. However, the Internal Revenue Service allows an oil company to treat what are really royalty payments to a foreign nation as though they were income taxes, I shall propose to eliminate this practice. No other industry, no individual, is allowed to treat a royalty as though it were an income tax. Royalties are essentially a cost of doing business, and, hence, should generate nothing more than an ordinary deduction. Treatment of the oil industry just as we treat everyone else in this respect is a long overdue first step in reform of the tax treatment accorded this industry without apparent justification.

Finally, Mr. President, I intend to vote for the Energy Emergency Act not because I like the form of its windfall profits section, but because I believe it will be helpful in finally forcing the needed rollback in domestic prices and excess profits tax on the multinationals that I have described. I am afraid that defeat of this act will serve only to delay the truly effective legislation that is needed to deal with the energy emergency.

By Mr. CRANSTON (for himself, Mr. NUNN, Mr. BIBLE, Mr. MCINTYRE, Mr. WEICKER, Mr. JAVITS, Mr. PROXMIRE, Mr. HATHAWAY, Mr. JOHNSTON, Mr. TOWER, Mr. WILLIAMS, and Mr. TALMADGE):

S. 3096. A bill to amend the Small Business Act to provide for loans to small business concerns affected by the energy shortage. Referred to the Committee on Banking, Housing and Urban Affairs.

SMALL BUSINESS EMERGENCY ENERGY BILL

Mr. CRANSTON. Mr. President, the immediate months ahead will be particularly important as the Nation and the Congress deal with measures to improve the economic health of all segments of our society. In this process, business generally and the Nation's 8½ million small businesses particularly should play a vital role. When we consider that small business nationwide provides employment for some 40 million people, contributes some 40 percent of the country's gross national product, and represents more than 95 percent of all business, the economic significance of the total small business community is obvious. Small business has been hard hit by the economic downturns over the several years and in particular by the energy crisis. For instance, profits of smaller manufacturers were down almost 20 times as much as bigger companies last year. It is at times like this when small business needs some special consideration and help.

If one company shuts down because of a fuel problem, others, even if they have fuel, may have to close up because parts and supplies are unavailable. Some markets depend on the rate of increase in other parts of the economy. Along with the decrease in the supply of fuel for heating homes, residential construction, whose activity is largely to increase the stock of homes, are experiencing a sharp reduction in its markets. Those who specialize in building motels in recreation areas also experience a sharp drop. We see the domino effect of the energy crisis on our businesses and we have seen only the tip of the iceberg.

Those who will feel the hardest economic squeeze are the same groups and individuals who always lose in a low-scoring economic ballgame—the poor, the minorities, and the small businesses—the very groups who have the fewest resources to survive on smaller and smaller incomes and margins of profit.

Last month, Senator MONDALE and I held hearings in Los Angeles to determine the impact that the energy crisis had had and will have on unemployment in California. In California right now some 700,000 people are out of work, an unemployment rate of 7.3 percent. Experts are predicting that that rate could rise as high as 8 percent or even 8.5 percent in 1974 due to energy-related problems.

A survey of the Los Angeles Times developed the following examples of present and projected hardship resulting from the energy crisis:

The Los Angeles Department of Water and Power has implemented a mandatory 10-percent cutback of electricity usage.

The State public utilities commission is asking for a 15-percent cutback in industrial electrical usage.

Unemployment in heavily industrialized Compton is up from 9 percent in December to 12 percent in January.

Attendance at some of southern California's top tourist attractions, such as Marineland and the *Queen Mary*, are off by as much as 50 percent.

Hotel/motel and related tourist businesses have already begun to suffer around the State. In the Morro Bay-Pismo Beach area, business is off as much as 25 percent. In San Luis Obispo, room-occupancy figures are down 10 to 20 percent. In San Diego, attendance is off 10 percent or more at the San Diego Zoo and Sea World. And two major conventions to be held there totaling 5,000 to 6,000 delegates have been cancelled because of the energy crisis.

Pacific Southwest Airlines—PSA—the States' major commuter airline, has already laid off 500 workers in one of the largest energy-related cutbacks. Air traffic at Orange County Airport, the Nation's busiest in the number of takeoffs and landings, has dropped off by 10 to 15 percent.

Major Los Angeles industries already feeling the direct results of fuel shortages include: retail and wholesale petroleum marketing, air transportation, shipping, and plastics molding and fabrications. Early impacts are showing up among manufacturers of products dependent on fuels: air frame construction, automobile manufacturing and sales, and other transportation equipment, and recreational vehicle manufacturing and sales.

One of the hardest hit victims of the fuel crisis is the tourist industry. Nationally, the tourist industry yielded some $61 billion last year. In 1972, 114 million of America's 209 million people traveled 370 billion miles on trips of 100 miles or more. On the average trip, $82 was spent—$32 on transportation, $14 on lodging, $17 on food, and $19 on other miscellaneous expenses. California led the Nation in tourist income in 1972—travelers spent $4.1 billion in the Golden State.

Incredibly, 70 percent of all tourist travel is by automobile. Thus, without gasoline for vacation and week-end travel, the backbone of the entire tourist industry is broken. The ripple effect of this is only beginning to be felt.

Independent truckers, gasoline retailers, hotel and motel and restaurant owners, small plastics processors and manufacturers, automobile and recreational vehicle dealers, and a host of other small businesses are facing a bleak future. As energy-related costs skyrocket, thousands and thousands of small businessmen will be forced to close their doors unless Federal assistance is forthcoming.

In an effort to provide some Federal assistance, I am introducing a bill to provide loans and refinancing to small business concerns seriously and adversely affected by a shortage of fuel, electrical energy or energy producing resources, or by a shortage of raw or processed material resulting from such shortage. This bill will provide some relief for those small businesses that have a proven track record prior to the energy crisis. It will help meet the mortgage payments or rent payment or working capital for salaries until the crisis breaks. It will help spread out some of his debt over a longer term to up his cash flow in a time of need. This bill is not intended as a panacea for all the problems that small businessmen are experiencing as a result of the energy crisis. Hopefully, it will provide an avenue for small business concerns to obtain assistance during the critical months ahead as they attempt to adjust to the new requirements imposed by the energy crisis.

I ask unanimous consent that the text and an analysis of the bill be printed in the RECORD.

There being no objection, the bill and analysis were ordered to be printed in the RECORD, as follows:

S. 3096

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SEC. 1. Section 7(b) of the Small Business Act is amended by striking out the period at the end of paragraph (7) and inserting in lieu thereof "; and" and by adding immediately after paragraph (7) the following new paragraph:

"(8) to make such loans (either directly or in cooperation with banks or other lending institutions through agreements to participate on an immediate or deferred basis) as the Administration may determine to be necessary or appropriate to assist, or refinance the existing indebtedness of, any small business concern seriously and adversely affected by a shortage of fuel, electrical energy or energy producing resources, or by a shortage of raw or processed materials resulting from such shortages, if the Administration determines that such concern has suffered or is likely to suffer substantial economic injury without assistance under this paragraph."

SEC. 2. (a) Clause (A) of paragraphs (1) and (2) of section 4(c) of the Small Business Act is amended by inserting "7(b)(8)," immediately following "7(b)(7),".

(b) The first paragraph following the numbered paragraphs of section 7(b) of the Small Business Act is amended by striking out "or (7)," immediately following "(6)," and inserting in lieu thereof "(7), or (8),", and by inserting after the first proviso in the first sentence of such paragraph the following: "*Provided further*, that the Administrator may defer repayment of the principal of any loan made pursuant to clause (8) for a period not to exceed 2 years after the date of the loan if he determines that such action is necessary to avoid severe financial hardships:".

SEC. 3. The Small Business Administration shall transmit to the Congress, during any period on a quarterly basis when the authority conferred by section 7(b)(8) of the Small Business Act is being exercised, a report setting forth the Administration's requirements, if any, for additional appropriations, personnel, or authority, and the recommendations of the Administration with respect to the future exercise of the authority under section 7(b)(8) of such Act.

ANALYSIS OF THE BILL

The bill would amend the Small Business Act to provide assistance to small business concerns affected by the energy shortage. Section 1 of the bill establishes a new section 7(b)(8) of the Small Business Act, which authorizes the Small Business Administration to make, immediately participate in or guarantee loans to small business concerns seriously and adversely affected by a shortage of fuel, electrical energy or energy producing resources, or by a shortage of raw or processed materials resulting from such shortage. Such small concerns must have suffered or be likely to suffer substantial economic injury without such assistance, and the proceeds of such loans could be utilized to refinance existing indebtedness. Such loans could be for terms up to 30 years, and the interest rate thereon would be the higher of (1) 2¾ per centum per annum or (2) the average annual interest rate on all interest-bearing obligations of the United States then forming a part of the public debt as computed at the end of the fiscal year next preceding the date of a loan and adjust to the nearest one-eighth of 1 per centum plus one-quarter of 1 per centum per annum. This annual rate is currently 6⅛%.

Section 2 of the bill makes technical changes to sections 4(c) and 7(b) of the Small Business Act. Section 2(a) authorizes the energy assistance program to be operated out of the disaster revolving fund established by section 4(c) of the Act. Repayments under this newly-established loan program must be made to the aforementioned disaster fund. Section 2(b) of the bill establishes the interest rate at which loans under the energy assistance program can be made; and gives discretionary authority to the Administrator of the SBA to defer initial repayment on loans up to 2 years if severe financial hardship can be shown. Section 3 of the bill requires the Administrator to report to Congress quarterly on the needs of the program.

Mr. JAVITS. Mr. President, I join with Senator CRANSTON and others in the introduction of the Emergency Small Business Assistance Act. As the ranking minority member of the Select Committee on Small Business I have had close contact with small businessmen throughout the energy crisis and thus know the severity of the problems that they face.

Small business is the economic backbone of this Nation. It constitutes 97½ percent of the business population in the United States; it accounts for an estimated 50 percent of the country's employment and almost 40 percent of the gross national product.

But the small businessman is in trouble, serious trouble. He has difficulty obtaining his essential fuel needs because he is often only a retail purchaser; he is being cut off from necessary supplies of petroleum related raw and processed materials because of their short supply; and, in many instances, his customers are unable to use his product or get to the point at which he supplies his service because of disruptions in buying patterns and transportation.

Unlike large businesses, however, the small businessman has no cushion to help him survive this emergency period. He can not fall back on retained earnings; he can not turn to greater production or sale of another product line not as severely affected; and he does not have the economic leverage to renegotiate his financing arrangements. It is to this last point that the instant bill provides a measure of relief to these thousands of businesses adversely affected.

This legislation requires no immediate additional appropriation. It makes use of the existing funds in the disaster relief moneys held by the SBA. This fund presently amounts to $216 million. I strongly believe that more SBA financing assistance will be necessary, but this bill lets the SBA begin to administer the program before any additional funds are committed. After 90 days of actual experience with the program the SBA will be in a much better position to evaluate its usefulness and its needs for further appropriations.

The economic disaster currently facing large numbers of small businesses, if this help is not forthcoming, has no parallel since the great depression. And yet by all estimates this emergency is temporary, although precise estimates vary. If we allow this crisis to destroy large numbers of our viable and efficient small businesses there will be no way to recover them when the energy shortage ends. The leisure industry, the automotive sales industry, the plastics and petrochemicals industry, and the retail sales sector will be among those, but by no means the only types of businesses seriously adversely affected. This bill would help to insure that these businesses survive. I urge my Senate colleagues to act without delay on this necessary measure.

POSSIBLE LOAN RELIEF FOR SMALL BUSINESSES AFFECTED BY THE ENERGY CRISIS

Mr. BIBLE. Mr. President, as chairman of the Senate Small Business Committee, I am pleased to join with the Senator from California (Mr. CRANSTON) in putting forward a bill to permit the Small Business Administration to make emergency loans for the purpose of assisting those of the Nation's 8½ million small bussinessmen who are facing serious difficulties under gasoline and other fuel and material shortages.

Until very recently, the United States had prided itself on being a mobile economy. Many thousands of entrepreneurs in my State of Nevada and elsewhere across the country had invested their capital and their time and efforts in providing goods and services to Americans on the move.

The crisis of supplies in petroleum products, both as fuels and raw materials, was also explored by my committee through hearings of the Subcommittee on Environmental, Rural and Urban Economic Development conducted by the Senator from Georgia (Mr. NUNN) for 3 days in November 1973. This inquiry revealed a spectrum of serious problems of many different kinds affecting smaller firms.

In order to provide the facilities and equipment needed in these businesses, loans had been taken out with private borrowers such as banks and with the Small Business Administration in many instances. Severe declines in the volume of business could thus make trouble for not only the beleaguered businessman but many financing institutions and for the SBA loan program itself.

Accordingly, I have come to believe that there should be a thorough exploration of what should be done by way of legislation to ease the adjustment to this crisis. For this purpose, I had discussions with Senator NUNN and others in an effort to develop a reasonable proposal in this area. I believe our efforts were productive in encouraging the select committees and the legislative committees of the Senate and House, as well as the Small Business Administration, in trying to arrive at a common assessment of the problem for the purposes of legislative action.

In this connection, I particularly wish to commend the Senator from Georgia, who conducted our committee's inquiry since November, and who thereupon offered a series of timely amendments which were incorporated into the Emergency Energy Act (S. 2589) and the Energy Research and Development Act (S. 1283). He undertook the initiative in this matter also. I ask unanimous consent that a letter from Senator NUNN reflecting his leadership in this area be submitted at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. BIBLE. It is gratifying to me that the proposal agreed upon for introduction is similar to the so-called Bible amendment, section 2 of Public Law 93–237. That provision grants authority for SBA to make emergency disaster loans to small businesses facing compliance with mandatory Federal health, safety, pollution and consumer, and environmental standards. First introduced in 1969, this measure pioneered the approach of using access to the SBA disaster loan fund and the employment of a cost of money formula for interest rates in order to make small businesses throughout the country partners in progress rather than its victims.

Thanks to the wisdom of the chairman of the House Banking Committee (Mr. PATMAN), other refinements were added to this legislation in the course of the legislative process such as a restriction on the permissible loan amounts. What emerged seems to be a workable and practical model for SBA activity in other emergency situations.

It is my continued hope that, where possible, the Bible amendment can be interpreted in terms of its legislative history to apply in those energy impacted areas where the circumstances may be favorable. I have urged the SBA to give affirmative thought to these potential applications in the energy crisis. In this regard, I ask unanimous consent also that my recent letter to the Small Business Administration on this subject be included in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 2.)

Mr. BIBLE. The introduction of this bill is, of course, one step in the long legislative journey. The Bible bill, to which I referred, was first introduced in April of 1969 and finally enacted almost 4 years later. Because of the grave financial consequences of the energy crisis to new and small firms, I hope that congressional consideration of this bill can be undertaken without delay. I congratulate the distinguished Senator from California (Mr. CRANSTON) as chairman of the Small Business Subcommittee of the Senate Banking Committee, and the distinguished Senator from Alabama (Mr. SPARKMAN) as chairman of the Senate Banking Committee for scheduling the Senate hearing on this measure within the next month.

I feel that there will be many issues to explore at these hearings. New consequences of energy and material shortages are coming to light all the time. Also, there are several complex legal issues. There are also policy questions and increased congressional responsibilities related to any broad grant of authority to an administrative agency of this kind. However, the need is great and the public hearings will afford the best medium for discussing and resolving these questions.

It has been our pleasure at the Small Business Committee to be of assistance in developing this as well as other responses to the real problems of the small business energy crisis.

We should like to note also some of the efforts which the Small Business Administration has taken in response to our suggestions and upon its own initiative to help the small businessman in this area.

I ask unanimous consent to include in the RECORD material describing the formation of an energy office at SBA; instructions given to SBA field offices to help small firms in all possible ways within the limits of the Agency's programs, and recent guidelines for implementing the "Bible amendment," section 2 of Public Law 93–237. I believe this information is important to many firms throughout the country who are experiencing difficulties, and could be in touch with the Small Business Administration in this regard.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibits 3–5.).

Mr. BIBLE. We shall continue to do all we can in the future to bring about creation of responsible legislation and administrative action to provide practical means of loan relief to small firms with energy problems.

EXHIBIT 1

LETTER FROM SENATOR BIBLE TO SBA

FEBRUARY 20, 1974.

Hon. THOMAS S. KLEPPE,
Administrator, Small Business Administration, Washington, D.C.

DEAR MR. ADMINISTRATOR: In view of the increasing volume of calls and correspondence we are receiving about small businesses impacted by fuel shortages, and conversations which I have had with other Senators about these problems, I hope that the Small Business Administration could give thorough consideration to the possible application of the recently passed section 2 of P.L. 93–237 in this area.

As you know, my intention in introducing this measure as S. 1750 in April, 1969, was to reach the widest possible number of situations in which small firms are required to change their methods of operation in order to comply with Federal law (or regional, state or local law or regulations derived from Federal statutes).

Based upon our Committee's research at that time, Senator Sparkman placed before the Senate a table of various environmental, pollution, health and sanitary laws of the type to which we believed such a provision would usefully apply. This chart was included in my testimony before the Senate Banking Committee on my proposal. Senator Sparkman and I certainly foresaw as well further Congressional activity upgrading standards in various fields that would have the effect of requiring capital investments and other actions by small firms. In reports of the Committee and remarks to the Senate on several occasions, we have referred to ongoing developments of this sort.

The language of the authorizing provision of P.L. 93–237 itself states:

"to make such loans . . . as the Administration may determine to be necessary or appropriate to assist any small business concern in effecting additions to our alterations in its plan, facilities, or methods of operation to meet requirements imposed on such concern pursuant to *any* Federal law and State law enacted in conformity therewith, or any regulation or order of a duly authorized, Federal, State, regional, or local agency issued in conformity with such Federal law, if the Administration determines that such concern is likely to suffer substantial economic injury without assistance under this paragraph . . ." (emphasis added)

This language is not directed at any particular statute or statutes. On the contrary, since several variations of this bill were engrafted onto the Small Business Act as subsections, our efforts in the 93d Congress were to consolidate and expand this loan authority in order to have it in accordance with the original tenor of S. 1750.

I am aware of many of the practical and legal problems arising under fuel and energy regulations, and that others will arise under future regulations and statutes. I therefore hope that it will be possible for the Agency to use its legal expertise and familiarity with these circumstances to give the most affirmative possible consideration to the question of applying this provision as enacted to the range of small business energy problems.

As you are aware, our interest in these matters led us to schedule a staff level meeting with Associate Administrator for Finance and Investment David A. Wollard last week. We wanted to explore the options further, including the introduction of a supplementary legislative proposal, if this is felt to be necessary.

From the correspondence made available to us by Mr. Louis Laun, Associate Administrator for Operations, we know that SBA has taken positive steps already—on its own initiative and in response to the hearings of our Subcommittee on Environmental, Rural and Urban Economic Development—to assist small business in this energy crisis. I commend you for these actions and will be happy to cooperate further with you and your Agency to do whatever is feasible to alleviate the hardships brought on by adjustment to the energy and fuel stringencies facing small business and the nation.

Cordially,

Alan Bible,
Chairman.

Exhibit 2

Letter From Senator Nunn to SBA

February 15, 1974.

Hon. Thomas S. Kleppe,
Administrator, Small Business Administration, Washington, D.C.

Dear Mr. Administrator: As you know, for the past several months I have been making extensive efforts to gain an understanding of the small business energy problems and to propose constructive legislative and administrative solutions.

This activity has, of course, included the hearings on November 27–29, 1973, my advocacy of amendments to the Emergency Energy Act (S. 2589) and the Energy Research and Development Act (S. 1283) both of which passed the Senate, and my comments upon the proposed Federal regulations on fuel allocation.

As you are also aware, a meeting had been scheduled with Assistant Administrator David A. Wollard for February 11 to discuss further the legislative possibilities of relief in the loan field as a result of the impact of fuel and energy shortages on small business, including mobile homes, motels and others.

In this endeavor, I have been working very closely with the Chairman of the Senate Small Business Committee (Senator Bible) and agree with him that the application of section 2 of Public Law 93–237 should be explored as a preliminary matter.

It has also occurred to us that if the process of considering alternatives in this loan-relief area is to extend to legislation, the discussion might be broadened to include representatives of the Select Committees and legislative Small Business Subcommittees of the House and Senate.

This might facilitate exploration of the various issues involved and lay some basis for further efforts in this area.

To follow up on this matter in collaboration with Chairman Bible, telephone contact can be made with Mr. Chester H. Smith, Staff Director and General Counsel of the Senate Small Business Committee or Herbert L. Spira, Subcommittee Counsel who will keep Wright Andrews of my office advised.

With best wishes,

Sincerely,

Sam Nunn.

Exhibit 3

SBA Instructions to Field Offices

To: All Regional Directors:
All District Directors:
All Branch Managers:

In accordance with the request by the White House that SBA provide "all appropriate assistance to small firms adversely affected by the energy crisis," you are directed to:

1. Extend all possible and helpful aid to portfolio accounts seeking relief because of the crisis. This would include financial counseling, deferments, payment resetting, and other adjustments to provide relief.
2. Give priority processing and attention to loan requests under 7(a) and EOL received because of the crisis.
3. Allocate direct funds under these two programs first to energy crisis loans.
4. Write all new loans resulting from the crisis to give the borrower the greatest benefits practicable within policy and statutory requirement.
5. Observe normal repayment ability policies. There is nothing new yet regarding possibility of using Bible amendment to 7(b)(5) for energy loan assistance. Will keep you posted.

Louis F. Laun,
Deputy Administrator.

Small Business Administration,
January 29, 1974.

All Regional Directors,
All District Directors,
All Branch Managers.

This is in further reference to my TWX of January 23, 1974, concerning new authority under P.L. 93–237.

In response to inquiries regarding financial assistance to small concerns suffering economic injury due to the energy crisis, it may be possible, in some instances, to assist these firms under the provision for loans to meet regulatory standards (Bible amendment) in P.L. 93–237.

The applicant should furnish sufficient information on which to base an eligibility determination including, if known, the law or regulation which requires compliance and which triggers our 7(b)(5) authority. This information, along with your office's opinion on eligibility, should then be forwarded to Central Office, Office of Financing, attention Arthur Armstrong, so that an eligibility determination can be made. These loans will be for up to 30 years maturity, bear an interest rate of 6⅛ percent, and be limited to $500,000 unless extreme hardship is proved. Funds are to come from the disaster loan fund under the same basis as BCEI loans, see TWX dated January 10, 1974.

Please note that the providing of this assistance is still in the tentative stage and no office should disseminate to the public media any information inferring a new loan assistance program lest the public at large misconstrue what, if any, assistance is available from SBA to help small concerns because of the energy crisis. However, we do not want to close the door on any small business concern which we can legally and legitimately assist.

Please acknowledge receipt of this TWX to Arthur Armstrong, SP/F&I.

Anthony S. Stasio,
For David A. Woollard,
Associate Administrator for Finance and Investment.

Small Business Administration,
January 21, 1974.

All Regional and District Directors:

PL 93–237 approved on January 2, 1974, in addition to increasing our statutory loan ceilings, changes and expands our economic injury loan authority and significantly affects other agency policies and programs.

Until such time as the law can be fully analyzed and appropriate regulations and instructions disseminated, all field offices will continue to accept and process OMHB, CF, and OSH loans under outstanding instructions. Applications requesting funds to meet all other Federal regulatory standards permitted by the new law will be forwarded to central office for review. Such applications must be fully documented as to what Federal regulation, or regulation promulgated in conformance with Federal regulations, is involved. Interest rates will be that presently applicable to DBL. Maximum loan amount and term shall be that permitted under the physical disaster business loan program. It is presently not contemplated that water pollution loans authorized by the Federal Water Pollution Control Act, as amended will be handled under the new law. These loans are still covered by section 7(c) of the Small Business Act, as amended. Livestock loans involving animal diseases, as authorized will be made under existing instruction for product disaster loans. Office of Industry Studies and Size Standards is working on a definition for small business for this purpose. Meantime, any case on which a size determination may be necessary prior thereto may be forwarded to that office for a ruling.

Base closing loan program instructions were issued to the field offices by TWX dated January 10, 1974.

Antidiscrimination policies pursuant to the law will be forthcoming in the near future, and also guidelines regarding special consideration to veterans and their survivors or dependents.

Copies of PL 93–237 will be sent to all offices as soon as received.

Anthony S. Stasio,
For David A. Wollard,
Associate Administrator for Finance and Investment.

Exhibit 4

SBA Release on Actions in Response to Energy Crisis

SBA DEVELOPS NEW PLAN TO MEET ENERGY CRISIS

Minneapolis, Minn. February 5.—Uncertainties created by the energy crunch, shortages of materials, rising inflation, tight money, and high interets rates could spell big trouble for small businessmen in this area and across the nation during the next six months, Thomas S. Kleppe, Administrator of the Small Business Administration, told a news conference here today.

"In such a whirlwind of uncertainty and change," Kleppe said, "it's always the small businessman who gets hit first and the hardest."

Kleppe said strong adverse factors now boiling in the economy are not immediately reversible, and, if left unchecked, could lead to abnormal business failures and serious unemployment in the small business sector.

Prompted by current economic factors, there are those who sugggest, Kleppe said, that the energy crisis and the growing shortages of basic materials may be the catalyst which triggers what some economists have termed the "post industrial period." This period of readjustment, they believe, will be one in which mass production and mass marketing will give way to demands for more sophisticated and highly personalized goods and services.

"So I can say to you here today," Kleppe said, "that if there ever was a time since the 1930's calling for uncommon effort and perseverance in championing the cause of small business, that time is now!"

"Let there be no doubt that we are caught in the grip of a very real and troublesome crisis which is bound to change the lifestyles of millions of Americans," he said.

"Much as we would like it to disappear, we know that it will not go away tomorrow, next week, or next month," he said.

"Perhaps even more important than its unpredictable duration or its net result is the fact that our economy is receiving shock waves simultaneously on three broad fronts.

"One is our dwindling supply of energy.

"The second is mounting shortages of materials.

"Third is the anticipated snowballing effect that these shortages will have on employment and production nationwide in all areas of economic activity."

But that's not the whole picture, Kleppe said. He said rising inflation further compounds the problem. The only bright spot is the slow trend toward lower interest rates and a hike in the money supply.

"We therefore see a period of critical adjustment for small businesses, at least during the next six months," Kleppe said.

"That is why we believe programs and policies developed by Federal and state agencies to grapple with these problems should provide for full consideration of small business needs and interests," he said.

"In keeping with our role as spokesman and advocate of the small business sector, we have established in SBA's Washington office a special task force on energy and materials comprised of SBA program experts, which is now assessing the impact of shortages on our programs and on the small business community. All major program divisions of the Agency have been mobilized to participate actively in task force deliberations," Kleppe said.

'Secondly, we have established a new Office of Energy and Materials. Among its functions will be development of an information base and economic data base to determine the impact of shortages in energy and materials on SBA programs.

"It will also work closely with the Congress, the Federal Energy Office, and all other governmental and business organizations concerned with these problems. Finally, it will assist SBA program units, field offices, and management personnel in the formulation of appropriate policy responses."

He said top priority is being given to development of a close working relationship with the Federal Energy Office. SBA is representing the broad interest of small business at all levels of FEO activities pertaining to energy-related policies, regulations, and programs, he said.

"We hope to develop an effective educational and training program jointly with FEO and the Department of Commerce to assist small businesses in conserving energy, converting to alternate sources of energy, and also helping them cope with the maze of legislation, regulations, and administrative guidelines that will continue to surface in coming months," Kleppe said.

"Our regional and district directors," Kleppe said, "have been designated as coordinators for our energy program. This is the point of contact for small firms having specific problems in these areas."

These offices will provide advice and assistance on how to deal with large business suppliers of the State and Regional Allocations Offices set up under regulations of the FEO. They also will work with other governmental agencies on behalf of small business at the local and regional levels.

He said information received by these coordinators will be transmitted to SBA's Washington office where it will be classified and routed to the appropriate Federal office.

"We have made numerous contacts with suppliers of materials on behalf of individual small firms," Kleppe said. "To prepare for the expected increase in research and development contracts, we are making an energy-related survey of small business capability in this area."

"In addition, we are asking the Department of Defense and the General Services Administration to obtain fuel allocations for all new competitively awarded construction contracts. And we are trying to assure a fair share of government stockpiled materials for small business."

EXHIBIT 5

SBA IMPLEMENTATION OF THE BIBLE AMENDMENT

To: All Regional Directors.

Effective immediately, all loans approved under section 7(b)(5), Small Business Act, (includes coal mine safety and health, consumer protection, occupational safety and health, plus new program to provide loans to meet regulatory standards (Bible Amendment)); section 7(b)(6), strategic arms economic injury; section 7(b)(7), base closing economic injury (Pell Amendment); and section 7(g), water pollution control (when implemented) will be limited, under delegated authority, to those maximum individual loan amounts now allowed under section 7(b)(1), physical disaster loans.

This means that for direct and SBA share of immediate participation loans, $500,000 is the maximum amount to be approved by field offices for the above listed loans. In cases of extreme hardship, loans over $500,000 may be approved at the central office level.

SOP 00 01 will be amended accordingly. Please make sure that district and branch offices in your region are informed of this limitation.

Acknowledge receipt of this wire by telephone to Arthur E. Armstrong (202) 382-5841.

ANTHONY S. STASIO,
For DAVID A. WOLLARD,
Associate Administrator for Finance and Investment.

ADDITIONAL COSPONSORS OF BILL AND JOINT RESOLUTION

S. 2871

At the request of Mr. McGOVERN, the Senator from Alabama (Mr. SPARKMAN) and the Senator from Washington (Mr. MAGNUSON) were added as cosponsors of S. 2871, the Food Program Technical Amendments.

SENATE JOINT RESOLUTION 173

At the request of Mr. DOMINICK, the Senator from Ohio (Mr. TAFT) was added as a cosponsor of Senate Joint Resolution 173, to authorize and request the President of the United States to appoint a National Commission for the Control of Epilepsy and Its Consequences.

SENATE CONCURRENT RESOLUTION 72—SUBMISSION OF A CONCURRENT RESOLUTION INVITING THE 1980 WINTER OLYMPIC GAMES TO LAKE PLACID, N.Y.

(Referred to the Committee on Foreign Relations.)

Mr. JAVITS (for himself, Mr. BUCKLEY, and Mr. WILLIAMS) submitted the following concurrent resolution:

S. CON. RES. 72

A concurrent resolution of the Congress of the United States, extending an invitation to the International Olympic Committee to hold the 1980 Winter Olympic Games at Lake Placid, New York in the United States, and pledging the cooperation and support of the Congress of the United States

Whereas, the International Olympic Committee will meet in October, 1974 at Vienna, Austria to consider the selection of a site for the 1980 Winter Olympic Games, and

Whereas, Lake Placid in the Town of North Elba, County of Essex and State of New York has been designated by the United States Olympic Committee as the United States site for the 1980 Winter Olympic Games, and

Whereas, the residents of Lake Placid and the Town of North Elba in Essex County, New York have long been recognized throughout the world for their expertise in organizing, sponsoring and promoting major national and international winter sports competitions in all of the events which are a part of the Winter Olympic Games, and

Whereas, it is the concensus of the members of the Congress of the United States that the designation by the International Olympic Committee of Lake Placid in the Town of North Elba, Essex County, New York as the site of the 1980 Winter Olympic Games would be a great honor for all of the people in the United States; now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the International Olympic Committee be advised that the Congress of the United States would welcome the holding of the 1980 Winter Olympic Games at Lake Placid in the Town of North Elba, County of Essex and State of New York, the site so designated by the United States Olympic Committee, and be it further

Resolved, That the Congress of the United States expresses the sincere hope that the United States will be selected as the site for the 1980 Winter Olympic Games, and pledges its cooperation and support in their successful fulfillment in the highest sense of the Olympic tradition.

Mr. JAVITS. Mr. President, I am today today submitting a concurrent resolution of the Congress of support for the Lake Placid, N.Y., bid for the 1980 Winter Olympic Games. Lake Placid has already been designated by the U.S. Olympic Committee as its contingent "bid city" for the 1980 Winter Olympic Games, and thus no other American city is in the running for the international bid.

But in order to secure the final approval of the U.S. Olympic Committee, and hence even be considered for the International Olympic Committee's award as a site, Lake Placid must receive at least the indicia of support from the Federal and State governments. It is for this reason that I am introducing this concurrent resolution—to inform the world sports community that the Congress of the United States is backing Lake Placid in its attempt to bring the winter Olympics to the United States.

Lake Placid has already complied with the U.S. Olympic Committee's referendum criterion, which requires that the local population approve the bid effort. That referendum was held on October 16, 1973, after public hearings were held, and resulted in approval of the bid application. In addition, both the North Elba Town Board and the Lake Placid Village Board have adopted unanimous resolutions favoring Lake Placid's 1980 winter Olympic bid.

Lake Placid has also received the support of the Governor of New York State and the leaders of the New York State Legislature in its effort. Although the State has not yet committed itself for any specific financial support, it is clear that the State government also is backing the Lake Placid bid.

If Lake Placid is awarded the Olympic bid, estimates are that approximately $8 million in State funding will be required and approximately $16 million in Federal appropriations. Although these figures are subject to change, this would be a modest investment for an event so important in the world of athletics, tourism, and international friendship. This is primarily because Lake Placid has long been a center of international winter sports competition and thus already has most of the facilities needed.

Moreover, the facilities constructed with these funds will not be useless after the competition of the Olympics. Although no single plan for their use has been decided upon, it is likely that the permanent facilities will be used for a continuing public purpose, such as health care or education.

Finally, I point out to my colleagues that from all indications there will be no adverse environmental impact on the area caused by hosting the Olympic games. It is largely because of this that the local and State officials, as well as the population, are so strongly committed to hosting the 1980 Winter Olympics at Lake Placid. To illustrate this point I am attaching to my remarks an ecology impact statement prepared by the Olympic Bid Committee. I ask unanimous consent that it be printed in the RECORD at the conclusion of my remarks.

Mr. President, I hope that the Senate will see fit to act on this measure with dispatch, since the U.S. Olympic Committee must submit the Lake Placid bid to the international committee by March 31, 1974. The international committee in turn will make its final selection at a meeting to be held in Vienna, Austria, on October 11–19, 1974.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

LAKE PLACID'S 1980 WINTER OLYMPIC PROPOSAL

ECOLOGY IMPACT STATEMENT

Lake Placid's 1980 Olympic Bid Committee is fully cognizant of the potential adverse ecological impact that the Winter Olympics might possibly have in some areas throughout the world.

Basically the Winter Olympics problem arises from the need to create a multiplicity of new winter sports facilities, public improvements and other supporting facilities in an area not previously developed for that purpose. These problems are particularly acute when the Winter Olympics are awarded to cities such as Grenoble, France, Sapporo, Japan, and Denver, Colorado, with large metropolitan populations, when it is necessary to have new, widely dispersed sports venues.

Numerous vital safeguards now exist to prevent any adverse ecological impact in the event the 1980 Winter Olympics are held at Lake Placid, New York, as set forth following:

1. First, and perhaps most important, almost all of the required sports facilities already exist and have been in use for major international winter competitions for many years, including: Whiteface Mountain, Alpine ski area; Mt. Van Hoevenberg Olympic Bobrun; Mt. Van Hoevenberg Cross Country trails; Intervale 70 meter Ski Jump; 400 meter Speed Skating Track and the Olympic Arena with its hockey and figure skating facilities.

2. The limited new or improved sports facilities that might be required would be located at the sites of the present sports facilities, including: lift, trail, lodge and parking improvements at Whiteface Mountain; recreational cross country trails and refrigerated bobrun—huge course at Mt. Van Hoevenberg; 90 meter Ski Jump at the existing 70–40–25–15 meter ski jump area; refrigeration of the present 400 meter Speed Skating track, and construction of a new ice hockey and figure skating arena with a larger seating capacity adjacent to the existing arena.

3. All of the existing and proposed winter sports facilities are located on State of New York or Town of North Elba lands that have been used for wintersports recreation and competition purposes for many years. Additionally, they are all, without exception, located in areas zoned for "intensive use" for recreation under the Adirondack Park State Land Master Plan or in areas zoned as "hamlet areas" (intensive use) under the Adirondack Park Land Use and Development Plan relating to non-State owned lands in the Adirondack State Park.

4. The major portion of the lands in the Town of North Elba in the area of Lake Placid are in the Adirondack State Park and owned by the State of New York and protected under the "Forever Wild" clause of the New York State Constitution. No further development of these State-owned lands could take place without an amendment to the State Constitution. A very substantial additional portion of private lands in the Lake Placid-Town of North Elba area have been rigidly zoned as "primitive", "wild forest", "resource management" or "rural use" under the provisions of the Adirondack Park Agency Private Land Use and Development Plan. Approximately 80% or more of all lands in the area are subject to the above rigid controls that prevent development with any adverse ecological impact.

5. It is impressive to note the existing statutory and legislative acts and bodies that presently exist to preclude ecology problems with the 1980 Winter Olympics, including:

(a) The "Forever Wild" clause of the New York State Constitution covering all State-owned lands in the Adirondack State Park.

(b) The rigid provisions and control of the State Land Master Plan and Private Land Use and Development Plan of the Adirondack Park Agency regulating all of the lands in the Adirondack State Park.

(c) The Zoning Laws of the Town of North Elba.

(d) The Zoning Laws of the Village of Lake Placid.

6. As a forward-looking one-economy resort, convention and sports community, the Lake Placid area already has over 150 motels, hotels and guest houses with a total capacity of 10,000 people and in the surrounding area of over 25,000 people. The highways, parking facilities, the recently constructed new water pumping system and sewage disposal system have been designed to handle the requirements of a community population over seven times the present local population.

CONCLUSION

In addition to the foregoing environmental and ecological protections, there exists on the part of the Lake Placid Bid Committee for the 1980 Winter Olympics a dedication and commitment to the principle that the time has come to restore the Winter Olympics to their proper perspective. No new multiple-lane access highways, huge parking lots, massive public improvements or multimillion dollar "one-time" sports facilities are required or—desired. Unless the selection bodies, the United States Olympic Committee and the International Olympic Committee, are in agreement with this concept, Lake Placid will step aside for some other "big city" Olympic site.

SENATE RESOLUTION 295—SUBMISSION OF A RESOLUTION AUTHORIZING SUPPLEMENTAL EXPENDITURES BY THE SELECT COMMITTEE ON NUTRITION AND HUMAN NEEDS

(Referred to the Committee on Rules and Administration.)

Mr. McGOVERN submitted the following resolution:

SENATE RESOLUTION 295

Resolved, that section 3 of Senate Resolution 260, Ninety-third Congress, second session, be amended by striking out $288,800 and inserting in lieu thereof $388,800.

Mr. McGOVERN. Mr. President, first, I would like to express my appreciation to Senator CANNON and Senator COOK and the other members of the Rules Committee for the consideration they have given the Select Committee on Nutrition and Human Needs.

As is well known, the select committee was established by the Senate in 1968 to deal with the food and nutrition problems of the American people, particularly the malnutrition problem of low-income Americans.

Since that first historic step by the Senate in 1968, there has been an explosion of interest and progress in the area of nutrition. We have had a Presidential commitment to "end hunger in America for all time" and for guaranteeing every American family and child an adequate diet.

We have expanded our Government arsenal of weapons to achieve this goal from small family feeding programs to a nationwide food stamp program, and child feeding programs encompassing school lunch, school breakfast, and summer lunch programs. We have designed and implemented special intervention programs for two vulnerable groups of citizens in our society—the very young and the very old.

Additionally, we have begun to serve in areas of concern to every American consumer on issues such as nutrition labeling, advertising, and food safety. We have also begun to encourage more vigorous Government research into the relationship between diet and the modern diseases—obesity, heart disease, diabetes, and cancer—which threaten to wipe out all the progress modern medicine has made in preserving health and prolonging life.

The credit for this progress is widely distributed, but the Senate deserves special recognition for its foresight in establishing a select committee to focus exclusively on this enormously important area.

This foresight now puts the Senate in a unique position to exercise leadership in one of the most serious crises the Nation has ever faced. I am speaking, of course, of the general food crisis we have been experiencing for over a year now, and which is being exacerbated even more by the fuel crisis.

It is entirely possible that the American people are going to be faced, not only with actual shortages in some food areas, but a price increase of almost 50 percent in a 2-year period. It is absolutely vital that the Congress take every step it can both to protect America's greatest resource, its food supply, and the ability of the American people to feed themselves adequately.

The expert staff of the select committee is already deeply involved in studying the dimensions of this food crisis. Their first staff study, released just last week, found the following:

By last December, the official index of food prices for home consumption had risen more than 20 percent. Actual prices paid by the elderly and poor in our cities was up even higher—on the order of 38 percent or more. For the ordinary working family, these rising food prices were a disaster. Real spendable earnings had dropped more than 3 percent through the end of October with the standard of living for workers in lower paying jobs such as the retail trades depressed even more severely.

Americans reacted the only way they knew how—by eating less or eating differently. Most Americans had to cut back their consumption of high protein foods such as meat, poultry, and eggs. Even such substitutes as soybeans were sharply higher in price by year's end. Most families found that even by spending on average an additional 12 percent for food, they had less food to put on the table. In nutritional terms this meant less protein carbohydrates, phosphorus, iron, vitamin A, thiamin, riboflavin, niacin, vitamin B6 and vitamin B12 per capita according to official USDA statistics. Even per capita caloric intake declined in 1973.

The school lunch program also felt the impact. Rising prices of anywhere from 20 to 30 percent caused more than 500,000 youngsters to discontinue these lunches by the end of October 1973. An additional 200,000 applied for nonpaying status on the grounds of economic hardship. Rising prices were denying children the nutritional lunch Congress had intended to keep within financial reach of every school-age child.

Local school lunch officials struggled desperately to keep costs under control. But by early September wholesalers were refusing to bid on long-term contracts, citing price instability and uncertainty as the grounds for their action. Those school lunch officials who received responses found prices sharply higher. Schools were forced not only to raise prices, but reduce portion sizes, eliminate desserts, and drop the traditional published menu. No one knew for sure what would be available from day to day.

No one planned this crisis. No single person can or should be held responsible. But if the Nation's leadership does not move decisively to investigate and find the causes of the crisis, then develop the plans and policies to make sure it does not happen again, then we will all be held responsible in the future.

For that reason, the members of the select committee—whose membership crosses the line of the Agriculture, Foreign Relations, and Labor and Public Welfare Committees—voted unanimously to convene under Senate and committee auspices a meeting of the Nation's most knowledgeable experts in the areas of food and nutrition—distinguished leaders from the fields of agriculture, business, marketing, health, education, and international affairs.

To lead and organize this distinguished gathering, we were fortunate to obtain without cost the services of Dr. Jean Mayer, the former head of the White House Conference on Food, Nutrition, and Health, whose broad grasp of this field is unsurpassed.

The meeting, planned for this June 19–21, is to be called the National Nutrition Policy Conference.

Dr. Mayer has already contacted every major Federal agency involved in this area and received warm letters of cooperation. Most particularly, Secretary of State Kissinger has designated Ambassador Edward Martin as a liaison to the Senate conference so that our work might be coordinated with the World Food Conference called for by Mr. Kissinger and scheduled for next November in Rome.

The select committee included in its annual budget request for this year, a special request for $100,000 to finance the expenses of the National Nutrition Policy Conference. Since the plans for the conference call for the use of Senate space, the conference funds are to be used primarily to cover the expenses of the 250 conferees—expenses which would be reimbursed on a basis comparable to that of witnesses appearing before Senate committees.

The chairman of the Rules Committee, Senator CANNON, communicated to me yesterday in a personal letter—a courtesy which I very much appreciate—that the Rules Committee had deleted the special request for the conference funds "without prejudice." As Senator CANNON explained, such a conference under Senate committee auspices, would establish a precedent. For that reason, he suggested that the select committee should submit a supplemental expenditure-authorization resolution for the specific purpose of financing the National Nutrition Policy Conference. As Chairman CANNON stated in his letter, the Rules Committee would then give such a proposal "due consideration" but with "careful thought—to establishing a precedent under which any Senate committee would feel free to request funds for a conference it may wish to set up on an important subject within its own jurisdiction.

Following Senator CANNON's recommendations, I have prepared and will submit such a supplemental request following the completion of floor action on the committee's regular budget resolution as reported by the Committee on Rules and Administration.

I would like, however, to clarify several additional matters regarding this procedure. The first is time. Time is short. The National Nutrition Policy Conference is scheduled for this June. This means, effectively, that the conferees, but especially the task forces preparing the conference, have only 3 months in which to do their work. Some of them are already at work.

It is imperative, then, that due consideration by the Committee on Rules and Administration also be speedy consideration. I know the committee is extremely busy, that it is engaged in several pressing issues, but I would most respectfully request that committee action on this important conference resolution be completed at the committee's next session, if possible, or in any event by March 15.

Second, since we may be in the process of establishing a form of precedent, I believe that, in the end, the full Senate should have an opportunity to consider the matter. I would, therefore, request that, following the Rules Committee's consideration, be it favorable or unfavorable, of the resolution, the Senate have an opportunity to pass on the conference.

Finally I would like to speak briefly to the precedence question. I asked the experts on matters such as this in the Library of Congress for an opinion on the appropriateness of such a conference under committee auspices. The Library's response was that such an activity would be appropriate in the view of the intent of the 1970 Legislative Reorganization Act, specifically the intent of giving all committees so-called "contract authority." The intent of the granting of this authority was to provide committees with a wide variety of tools in conducting their activities. A conference, such as the proposed National Nutrition Policy Conference, which would study matters of vital interest to the select committee and make legislative recommendations to be considered by the select committee, would be within the scope of the contract authority and the intent of the 1970 act.

It is accepted practice, Mr. President, for Senate committees to engage in special studies, to contract with recognized experts to conduct such studies, and to bring in groups of experts, not necessarily as witnesses in public hearings, to advise committees on important questions. In a sense, the proposed National Nutrition Policy Conference is simply an extension of that accepted practice. We are attempting, in a short period of time, to draw on our country's best brains in the field of food and nutrition to advise us on how to deal with the current food crisis and avoid any further crises. These experts, donating much of their own time, will then produce a comprehensive study or report for committee and Senate consideration. If such a conference is somewhat of a precedent, I believe it is a good one for the Senate and the Congress to adopt. The executive branch, the White House, have taken advantage of such proceedings for many years. I see no reason why the Congress should not similarly avail itself of such a valuable tool.

That concludes my statement, Mr. President. I would request that my full testimony before the Committee on Rules and Administration, as well as the initial press release on the National Nutrition Policy Conference, be printed in the RECORD at this point.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

Testimony by Senator McGovern

Mr. Chairman: The Select Committee on Nutrition and Human Needs, originally established by Senate Resolution 281, agreed to on July 30, 1968, as amended and supplemented, has since played a key role in insuring that millions of Americans, suffering from inadequate diets and consequent malnutrition, are now able to obtain sufficient food. The select committee has made considerable progress in fulfilling the initial section of its mandate which calls for a definition of the actual extent of hunger and malnutrition in the United States and the identification of weaknesses in Federal feeding programs intended to eliminate such hunger and malnutrition. Hearings before the select committee on the national nutrition survey conducted by the Department of Health, Education, and Welfare have demonstrated widespread nutritional deficiencies throughout the population, especially among those having low income.

Pursuant to the select committee's recommendations, major steps have been taken by Congress to expand and improve Federal feeding programs designed to protect vulnerable segments of the population from malnutrition. Whereas the food stamp program formerly served only some 3 million poor persons, it now reaches 12 million and is scheduled for further expansion next year. Whereas child nutrition programs formerly reached less than a third of those children eligible for school lunches or school breakfasts, now 80 percent of those children eligible for free or reduced price lunches participate in the program.

Additionally, as a result of work done by the select committee since its establishment, Congress has legislated several other nutrition intervention programs designed to insure adequate nutrition for the elderly and the very young—the nutrition program for the elderly (Public Law 92-258), and the special supplemental feeding program for women, infants, and children (Public Law 92-433).

In a recent newspaper column, the full text of which I have attached to my testimony, Carl Rowen referred to this progress, saying:

"I never believed that I'd live to see a budget where direct payments to farmers would decline drastically because farm prices were riding high partly on the strentgh of the government's programs for feeding the needy. But that's what we have for the fiscal year beginning next July 1.

"The total expenditure for food stamps, which enable low-income families to increase vastly their food purchasing power, will reach $3.98 billion in 1975. That is a remarkable humanitarian achievement for which I tip my cap to the Nixon administration, and to those members of Congress . . . whose relentless pressures prodded the administration to do what it is doing.

"It seems too good and decent to be true that next year the federal government will spend $1.36 billion for child nutrition, or about three times as much as for direct payment to farmers ($461 million). And we are making the transition without cheating farmers. They are growing more wheat, feed grains, cotton, producing more milk, butter and meats and selling them at very profitable prices."

Since the select committee's beginning, when the most intense concern regarding nutrition focused on the low-income segments of the population, adequate food and a proper diet have become a major concern of most citizens, especially during the past year of shortages and higher prices. Thus, the significance of the remaining portions of the select committee's mandate to "make a complete study . . . of the means by which this Nation can bring an adequate supply of nutritious food to every American," is perhaps even more important today.

Just this week, the select committee published a staff study—Food Price Changes, 1973-1974 and Nutritional Status, Part I—charting the impact of the rapidly changing food situation on the population. Although a great deal of important information in this area is not available, it is possible to say this much now.

Americans are eating less, and less well nutritionally. In the past year, increasing food prices forced Americans to change what they had become accustomed to eating. In the year to come—with food prices continuing to rise, partly because of the effect of the energy crisis on production and harvesting, and, because of the increased cost of fuel for heating and transportation—the ability of families to adequately feed themselves will be even more severely tested. And, if the economy slows down as currently predicted—or becomes worse; with unemployment rising, while real income declines in the face of continuing inflation—we may undoubtedly have a genuine crisis affecting the health and well-being of millions of Americans. For some, it is already a genuine crisis.

This individual family crisis, though, must be put in the broader context of general food and nutrition policy.

The United States has met humanitarian goals—providing food for hungry people both here and abroad—since World War II in a manner that has had important benefits for American farmers and the food processing industry.

We have done so through the Food-for-Peace Program, which has made much of our food abundance available to nations which could not afford to buy it.

Also, we have done so through the Food Stamp and other domestic feeding programs, which have provided nutritious diets for millions of Americans, especially children, who have not been able to afford it.

These programs also helped American agriculture, by providing a steady, sustained market for the product of the American farm and food factory. These programs were, in fact, constructed to dispose of embarrassing surpluses of food which depressed prices received by farmers.

But events of the last year have thrown our food and farm policies into serious disarray, making it necessary to seriously reexamine America's commitment to the war against hunger, and the role of America's food producing sector in this war.

Over the past several decades we have developed what I regard as a strong and sensible overall philosophy on farm and food issues. It rests upon four pillars:

First, we seek adequate food abundance for our consumers at prices fair both to them and to farmers.

Second, we have determined that no American, and especially no American child, should want for a decent diet—supplying the essential requirements of adequate nutrition.

Third, we seek growing access to commercial food markets elsewhere in the world.

Fourth, we have sought to use our unparalleled food abundance and technical know-how as a tool of peace—responding to the desperate needs of hungry people around the globe.

Until now we have seen no conflict among those goals. With our problems of surplus, not shortage, we could move to meet them all.

But this past year, all four of those objectives have suffered. Each one has been challenged; to some extent each one has been denied.

Now is the time to re-examine, in a fundamental way, where we have been and where we are going in this critical nutrition area. Now is the time to begin developing a sound framework for a national nutrition policy.

The committee believes that given the expertise developed by the select committee and additional time to pursue its investigations, major progress can be made toward the establishment of a comprehensive national nutrition policy. Such a national policy would be integral to the Nation's efforts in health maintenance and preventive health care. Evidence presented before the select committee indicates that inadequate nutrition or improper nutritional practices result in billions of dollars of unnecessary health care costs to the Nation.

I doubt that any Committee of Congress has instilled more pride of accomplishment in its members as has the select committee on Nutrition. Its activities and success have been a tribute to the truly bipartisan efforts of its members and their diligence in doggedly pursuing the issues involved down to their root where the work is grimy and mostly unnoticed. But through this, one thing has become very clear—even greater progress was prevented and will continue to be inhibited by the lack of long-term planning in this crucial area of national policy. The planning of national nutrition policy on a year-to-year basis is simply wasteful both of the energy of government and the production/marketing forces. We need long-range policy planning. The present food crisis—which today may be just the tip of the iceberg—makes it imperative that we move to long-range comprehensive national nutrition policy planning. The American people will not put up with another crisis to be explained away by statements that we had no long-range policy; that we didn't have access to production information. We can't afford to be unprepared again.

Toward that end, the select committee is seeking to deal with this critical area by itself planning on a longer-range basis. After thoughtful consideration, we have developed a three-year plan of operation on a National Nutrition Policy.

In 1974, the major thrust of the committee's activities will be devoted to a National Nutrition Policy Conference. Dr. Jean Mayer, former Chairman of the White House Conference on Food Nutrition and Health has accepted the Committee's invitation to serve as the Conference Coordinator. I have attached a memorandum from Dr. Mayer detailing the structure of the conference in great detail, In brief, the conference will:

(a) review progress made in the nutrition area since the 1969 White House Conference—with an eye to charting what still remains to be accomplished from those recommendations.

(b) determine what new policies need to be formulated to meet the quickly developing conditions of the present food crisis so that the dramatic and unsettling changes running through the country today can be met. The conditions make it imperative that a well-informed Congress move quickly and comprehensively to develop long-range policies that adequately protect producers and consumers alike. Today, more than ever, all our citizens are directly concerned with the fulfillment of the Select Committee's mandate to "make a complete study . . . of the means by which this nation can bring an adequate supply of nutritious food to every American."

The select committee will then devote the remainder of the year to evaluating the Conference record in order to make its initial legislative recommendations to the appropriate committees regarding a coherent national nutrition policy. In accepting the committee's invitation, Dr. Mayer said "that Congressional leadership in this important area, which has been so vital in the past several years, is even more important today." We heartily agree.

During 1975 and 1976 the committee will devote itself to:

(a) hearings on those areas growing out of the conference in order to thoroughly study the applications of the conference recommendations to existing federal programs, the existing production and marketing system before completing each recommendation.

(b) research on the experience of other nations and international bodies vis-a-vis a national nutrition policy. This is a very important lesson to be learned from the present oil crisis.

(c) completion of an initial comprehensive set of national nutrition policy recommendations to be presented to the appropriate committees of the Congress.

Mr. Chairman, that completes my presentation. I will be happy to respond to any questions the Committee might have.

[From the Washington Star, Feb. 8, 1974]

AT LAST, SAVING CHILDREN

(By Carl T. Rowan)

I've been complaining for half of my adult life about the madness of our government paying farmers not to grow food while millions of American children, pregnant women and aged people suffered grievously from hunger and malnutrition.

I never believed that I'd live to see a budget where direct payments to farmers would decline drastically because farm prices were riding high partly on the strength of the government's programs for feeding the needy. But that's what we have for the fiscal year beginning next July 1.

Can you believe that in fiscal 1975 direct payments to farmers will decline more than $2 billion while the outlay for the Food Stamps program will rise by about $1 billion?

The total expenditure for food stamps, which enable low-income families to increase vastly their food purchasing power, will reach $3.98 billion in 1975. That is a remarkable humanitarian achievement for which I tip my cap to the Nixon administration, and to those members of Congress (Percy of Illinois, Humphrey and Mondale of Minnesota, McGovern of South Dakota, Hart of Michigan, Cook of Kentucky) whose relentless pressures prodded the administration to do what it is doing.

It seems too good and decent to be true that next year the federal government will spend $1.36 billion for child nutrition, or about three times as much as for direct payment to farmers ($461 million). And we are making the transition without cheating farmers. They are growing more wheat, feed grains, cotton, producing more milk, butter and meats, and selling them at very profitable prices.

If you wonder why I exult over this remarkable transition in U.S. budget policy, take a look at a January 1974 report called "To Save the Children," put out by the Senate Select Committee on Nutrition and Human Needs.

Heaven only knows how many babies we have killed over the decades, how many children we have left physically stunted and mentally retarded, because we failed to make adequate nutrition available to either the pregnant mother or the young child.

Witness after witness has told that Senate select committee these things:

1. Poor, malnourished pregnant women are more likely to have premature babies or babies of low birth weight.

2. This difference in birth weight accounts for the fact that more babies of poor women die than do those of rich mothers.

3. The larger number of smaller infants among poorly-fed women means a larger likelihood of mental retardation among children of the poor.

4. Malnutrition retards infant growth, producing smaller infants and organ growth, including smaller brains.

5. Early malnutrition, in humans as well as animals, results in behavioral abnormalities which may persist throughout life.

6. Providing a better diet for pregnant women should decrease both infant deaths and the incidence of retardation.

Pediatricians and other experts have pointed out that there are 300,000 premature babies born in this country every year—and 150,000 mentally retarded children. They think protein deficiency is a critical factor in this terrible incidence of retardation.

The Senate committee says the cost of protein is only $10 to $20 per pregnancy, a trifling figure when you consider that the cost of giving optimal care to just a few premature children is greater than the costs of supplementtal feedings for an entire city.

Anemia in pregnant women is another crucial factor. The experts told the Senators that "fetal brain development is dependent on the oxygen-carrying capacity of the maternal blood, and an anemic mother faces the threat of bearing a mentally retarded baby."

The cost of correcting anemia is a paltry $2 to $5 per pregnancy.

Whatever else you may want to say about the 1975 budget, do a bit of rejoicing that it reflects a giant step by a finally wise and compassionate society toward "saving the children."

McGOVERN AND PERCY ANNOUNCE MAYER APPOINTMENT TO HEAD SENATE NUTRITION POLICY CONFERENCE

Senators George McGovern (D-SD) and Charles Percy (R-Ill), chairman and ranking Republican member of the Senate Select Committee on Nutrition, officially announced today plans for a National Nutrition Policy Conference this year.

At the same time, McGovern and Percy announced that Dr. Jean Mayer, former chairman of the White House Conference on Food, Nutrition and Health, had accepted their invitation to serve as the official Conference Coordinator for the Select Committee.

While the format and exact subject matter of the Conference have not yet been formulated, one purpose of the Conference will be to review progress made in the nutrition area since the White House Conference, and to determine what new policies need to be formulated now. The Select Committee will then evaluate the record of the Conference with an eye to legislative recommendations to be forwarded to the appropriate Congressional committees.

The National Conference will probably focus on four or five key subject areas with co-chairman and panel members designated to develop position papers in those areas.

Among the subject areas under consideration are Nutrition and Poverty, Nutrition and the Consumer, Nutrition and Health, Nutrition and Food Production, and U.S. Nutrition vis-a-vis World Food Demands.

In accepting the invitation to coordinate the Conference, Dr. Mayer said that Congressional leadership in this important area, which has been so vital in the past several years, is even more important today.

The dramatic and unsettling changes running through the country in food and fuel supplies and prices make it imperative the Congress move quickly and comprehensively to develop long-range policies that more adequately protect producers and consumers alike, while permitting the country to fulfill its international responsibilities.

The tentative timing for the Conference is next June in Washington, D.C. McGovern and Percy said that Dr. Mayer would have a further announcement in the near future regarding Conference subject areas, task force co-chairmen, panel members, and national organizations participating in the Conference.

FEDERAL ELECTION CAMPAIGN ACT AMENDMENTS OF 1974—AMENDMENT

AMENDMENT NO. 988

(Ordered to be printed and to lie on the table.)

Mr. HUGH SCOTT. Mr. President, for myself and the Senator from Massachusetts (Mr. KENNEDY), I am today submittting an amendment to allow the Treasury Department to accept private contributions of money for the Presidential Election Campaign Fund. The proceeds from this fund, coming now from dollars checked off on personal income tax forms, will be used to finance the 1976 Presidential campaigns.

Recently, Senator KENNEDY and I wrote an article for the New York Times concerning the need for legislation to finance publicly all Federal election campaigns. As compensation for our efforts, the Times sent us each a check in the amount of $75.

Because we sought no personal remuneration for writing the article, we endorsed the checks over to the Treasury Department for deposit in the Election Fund. The Treasury Department, however, was legally unable to accept the checks under that condition, so the money simply went into the general fund.

Senator KENNEDY and I feel that individual citizens ought to be able to make contributions to the Election Fund. Therefore, we intend to call up our amendment to the public financing bill when it is considered by the Senate next week. I this way, people can improve the election process in a more demonstrable way.

FAIR LABOR STANDARDS AMENDMENTS OF 1974—AMENDMENTS

AMENDMENTS NOS. 989 AND 990

(Ordered to be printed and to lie on the table.)

Mr. DOMINICK. Mr. President, I submit two amendments which I plan to offer to S. 2747, on behalf of myself and Senator TAFT.

The amendments I plan to offer include the following:

DOMESTIC COVERAGE AMENDMENTS

Each of these amendments would raise the amount of wages on work necessary to be performed for one employer before minimum wage coverage would be afforded. In the Committee bill, coverage is intended after a domestic worker has earned more than $50 in one quarter from one employer, a figure which averages out to about $4 per week.

One of my amendments would raise the initial threshold at which coverage begins to employment at 24 hours per week for the same employer. This approach would require a meaningful "work week" with the same employer before minimum wage is extended.

The second amendment would raise the initial threshold to $200 per quarter from one employer. This amendment would require

earning roughly $16 per week from the same employer before coverage would be extended.

As reported, the Committee bill will result in more unemployment for domestic workers and administrative headaches. An approach requiring at least some meaningful contact between the employer and the domestic before coverage is extended is more desirable than the Committee approach.

DISAPPROVAL OF PAY RECOMMENDATIONS OF THE PRESIDENT—AMENDMENT

AMENDMENT NO. 991

(Ordered to be printed and to lie on the table.)

Mr. CHURCH (for himself and Mr. DOMINICK) submitted an amendment intended to be proposed by them jointly to the resolution (S. Res. 293) to disapprove pay recommendations of the President with respect to rates of pay for Members of Congress.

HOUSING ACT OF 1974—AMENDMENT

AMENDMENT NO. 992

(Ordered to be printed and to lie on the table.)

Mr. CRANSTON (for himself and Mr. BAYH) submitted an amendment intended to be proposed by them jointly to the bill (S. 3066) to consolidate, simplify, and improve laws relative to housing and housing assistance, to provide Federal assistance in support of community development activities, and for other purposes.

NOTICE OF HEARING ON BIG CYPRESS AREA, FLA.

Mr. JACKSON. Mr. President, I would like to announce that the Senate Subcommittee on Parks and Recreation on March 21 and 22 will conduct an open public hearing on the future of the Big Cypress Area in southern Florida.

Bills under consideration will include S. 334, S. 920, and H.R. 10088—all to designate a Big Cypress National Fresh Water Reserve—and S. 783, to establish an Everglades-Big Cypress National Recreation Area.

The hearing will begin at 10 a.m. in room 3110 of the Dirksen Senate Office Building.

TENTATIVE SCHEDULE OF HEARINGS OF THE SUBCOMMITTEE ON APPROPRIATIONS FOR THE DEPARTMENT OF AGRICULTURE, ENVIRONMENTAL AND CONSUMER AGENCIES

Mr. McGEE. Mr. President I wish to announce the tentative hearing schedule for the Appropriations Subcommittee for the Department of Agriculture, Environmental and Consumer Agencies.

I want to emphasize that this is a tentative schedule and undoubtedly some changes will be made as we proceed with the hearings. Anyone interested should keep in contact with the subcommittee staff—room 1110, Dirksen Office Building, extension 7272 or 7240—for any changes.

While some changes will be made on the schedule for governmental witnesses, we do plan to adhere as closely as possible for the schedule for Members of Congress and public witnesses. These dates, April 30 and May 1 and 2 are being coordinated with the Appropriations Committee in the House of Representatives and these dates are rather firm.

Anyone wishing to present testimony to the subcommittee should contact the staff and I am certain that the necessary arrangements will be made.

The tentative schedule is as follows:

TENTATIVE SCHEDULE OF SENATE APPROPRIATIONS HEARINGS ON THE 1975 BUDGET FOR THE DEPARTMENT OF AGRICULTURE, ENVIRONMENTAL AND CONSUMER AGENCIES

[This schedule of agency hearings is subject to change as hearings progress]

Date and time	Agency	Room No.
Mar. 11, 1974:		
10:00 a.m	The Secretary of Agriculture	1318
2:00 p.m	The Secretary of Agriculture (continued)	1318
Mar. 12, 1974:		
10:00 a.m	Rural Development Service, Cooperative State Research Service	1318
2:00 p.m	Extension Service	1318
Mar. 13, 1974:		
10:00 a.m	Animal and Plant Health Inspection Service	1318
2:00 p.m	Statistical Reporting Service, Farmer Cooperative Service	1318
Mar. 14, 1974:		
10:00 a.m	General Counsel, Audit and Investigations	1318
2:00 p.m	Agricultural Stabilization and Conservation Service (including CCC)	1318
Mar. 20, 1974:		
10:00 a.m	Rural Electrification Administration	S-126
2:00 p.m	Soil Conservation Service	S-126
Mar. 21, 1974:		
10:00 a.m	Commodity Exchange Authority, Packers and Stockyards Administration.	1318
2:00 p.m	Agricultural Research Service	1318
Mar. 22, 1974:		
10:00 a.m	Food and Nutrition Service	1318
2:00 p.m	Federal Crop Insurance Corporation, Foreign Agricultural Service (including Public Law 480).	1318
Mar. 25, 1974:		
10:00 a.m	Departmental Administration and Management Services	1318
2:00 p.m	Agricultural Marketing Services	1318
Mar. 26, 1974:		
10:00 a.m	National Agricultural Library, Economic Research Service	1318
2:00 p.m	Farmers Home Administration	1318
Apr. 2, 1974:		
10:00 a.m	Consumer Product, Safety Commission	S-128
Apr. 3, 1974:		
10:00 a.m	Food and Drug Administration	S-128
Apr. 4, 1974:		
10:00 a.m	Consumer Information Center, Office of Consumer Affairs, Farm Credit Administration.	1318
Apr. 8, 1974:		
10:00 a.m	Environmental Protection Agency	1318
Apr. 9, 1974:		
10:00 a.m	Commission on Water Quality	1318
10:30 a.m	Council on Environmental Quality	1318
Apr. 10, 1974:		
10:00 a.m	Federal Trade Commission	1318
Apr. 30, May 1, 2, 1974:		
10:00 a.m	Members of Congress and public witnesses	1114

ADDITIONAL STATEMENTS

PAY INCREASES FOR THE JUDICIARY

Mr. STEVENS. Mr. President, I am particularly concerned about the situation in our Federal judiciary. These judges have not received a pay increase in 5 years, while the cost of living has gone up more than 30 percent. Is it any wonder that talented young lawyers are reluctant to give up private practice and accept positions on the Federal bench, when they see the sort of salary treatment afforded our judges? Two district judges have already been forced to resign because of these inadequate salaries, and others will surely follow if this pay increase does not go through. To illustrate the sad situation faced by our Nation's judicial system, I ask unanimous consent to have printed in the RECORD the following letter from Rowland F. Kirks, Director, United States Courts.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

ADMINISTRATIVE OFFICE OF THE
UNITED STATES COURTS,
Washington, D.C., February 28, 1974.

Hon. THEODORE F. STEVENS,
The U.S. Senate, Old Senate Office Building, Washington, D.C.

DEAR SENATOR STEVENS: Your office has inquired as to the view of the Judicial Branch of our federal government with respect to judicial salaries and the recommendation of the President to the Congress dealing with this subject.

As you can appreciate, there is no official judicial position on this subject but there is a strong feeling throughout the system that I sense to be as follows:

If there is any merit to the concept of comparability, equality, parity, fair play, or call it what you may, an increase of at least 50% is justified. This view is predicated upon three facts.

First, since the last judicial salary increase all other federal employees, exclusive of those covered by the Salary Commission, have received a 27.4% increase.

Second, the President in January 1973 announced that these same federal employees could expect to receive at least a 5.5% increase annually in the future. Accepting this as a fact the projection to 1978 will amount to a 22% increase over the intervening years before the next Salary Commission would come into being to make its recommendations. When the 27.4% and 22% are added together they total 49.4%. However, these percentage figures are non-cumulative. When they are computed cumulatively, which is the more accurate method, rather than totaling 49.4% increase they total 62.8% increase.

Third, if a constant lag behind all other federal employees is to be avoided, it is proper for the Congress to anticipate the increases that all other employees will receive during the four-year freeze period when judicial salaries will remain static. This means that whatever is done in 1974 will be binding upon judges until 1978 which would be the next date on which this four-year cyclic Commission operates. Since the salary increases are never retroactive what is lost annually in the absence of an increase is lost permanently.

The Bureau of Labor Statistics of the Department of Labor indicates that during this same period of time that Government employees have been receiving their increases, organized labor has likewise been receiving the annual increases set forth in the enclosed table.

Some judges have checked with their former law partners and have determined that since they ascended to the bench their former law partners have had an annual increase in their income in excess of that realized by organized labor and other federal employees.

Judge Thomas A. Masterson of the U.S. District Court for the Eastern District of Pennsylvania and Chief Judge Sidney O. Smith, Jr. of the Northern District of Georgia have just recently resigned from the bench because of the inadequacy of their judicial salaries, Judge Frederick B. Lacey of New Jersey has also publicly announced his intention to resign for the same reason. There is serious discussion among other fine young judges who likewise intend to resign unless their salaries are significantly increased.

It is reliably reported that fifteen lawyers in one area have declined judicial appointment because of the inadequacy of judicial salaries. I doubt if the proposed increase would entice any of them to change their mind.

So far as the Judiciary is concerned I am not aware of a single judge not feeling he is entitled to a substantial increase in salary. One may draw his own conclusion as to whether an annual salary increase of 2.5% (this figure is arrived at by dividing the proposed 22.5% increase over the next three years by the 9 years for which it will be applicable, 1969–1978) is deemed to be fair, equitable, comparable or meaningful when the rest of the wage earners, in and out of government, will average an annual salary increase of 6.97% (this figure is arrived at by dividing the 62.8% salary increase already received and projected for all other government employees by the 9 years for which it will also be applicable, 1969–1978). I predict if one is not forthcoming there will be more resignations from the bench and still greater difficulty in recruiting new judges.

Enclosed are several tables which may be of interest. I trust this will be of assistance to you.

Sincerely,

ROWLAND F. KIRKS,
Director.

PRIVATE INDUSTRY PAY INCREASES [1]

	Technical professions (GS–15 equivalent)		Union journeymen (average of 27 construction crafts)	
1969		$27,092		$12,209
1970	2.4	27,731	11.4	13,600
1971	−0.1	27,714	11.6	15,142
1972	11.2	30,827	[2] 7.0	16,224
1973	[2] 5.0	32,368	[2] 7.0	17,360

PROJECTIONS

1974	5.0	33,987	7.0	18,575
1975	5.0	35,686	7.0	19,875
1976	5.0	37,470	7.0	21,266
1977	5.0	39,344	7.0	22,755
1978	5.0	41,311	7.0	24,348

CUMULATIVE INCREASE

	Technical professions (GS–15 equivalent)		Union journeymen (average of 27 construction crafts)	
1973 over 1969	19.5	$5,276	42.2	$5,151
1974 over 1969	25.4	6,895	52.1	6,366
1975 over 1969	31.7	8,594	62.8	7,666
1976 over 1969	38.3	10,378	74.2	9,057
1977 over 1969	45.2	12,252	86.4	10,546
1978 over 1969	52.5	14,219	99.4	12,139

[1] Bureau of Labor Statistics data.
[2] Bureau of Labor Statistics estimate.

Effective date	General schedule pay increases: Percentage increase	General schedule pay increases: Salary—grade 15, step 4	Comparability increases for judges: Circuit judge	Comparability increases for judges: District judge
July 14, 1969		$23,749	[2] $42,500	[2] $40,000
Dec. 27, 1969 [1]	6.0	25,174	45,050	42,400
Jan. 11, 1971	6.0	26,675	47,753	44,944
Jan. 10, 1972	5.5	28,142	50,379	47,416
Jan. 8, 1973	5.1	29,589	52,968	49,853
Oct. 1, 1973	4.8	31,089	55,495	52,231
Cumulative loss through 1973			[3] 26,109	[3] 24,600
Projections:				
October 1974	5.5	32,799	58,547	55,104
October 1975	5.5	34,603	61,767	58,135
October 1976	5.5	36,506	65,164	61,332
October 1977	5.5	38,514	68,748	64,705
Cumulative increase: [4]				
1973 over 1969	30.9	7,340	12,995	12,231
1974 over 1969	38.1	9,050	16,047	15,104
1975 over 1969	45.7	10,854	19,267	18,135
1976 over 1969	53.7	12,757	22,664	21,332
1977 over 1969	62.2	14,765	26,248	24,705

[1] Approved Apr. 15, 1970, retroactive to Dec. 27, 1969.
[2] Effective Mar. 1, 1969.
[3] These cumulative losses are the total dollars not received by the judges since 1969, because they did not receive the annual increases each year which were received by employees in the general schedule. The $24,600 total for district judges, for example, reflects the total not received by those judges since 1969—1st, the $2,400 increase indicated for them by the 6-percent increase awarded to the general schedule employees on Dec. 27, 1969—and this $2,400 loss was experienced for each of the 4 years, 1970, 1971, 1972, and 1973. 2d, the next increase, granted on Jan. 11, 1971, was also lost to the district judges for a 3-year period, beginning with the year 1971, etc.
[4] It should be clearly understood that the percentages shown in this portion of the table are those reflecting the total increase over the period of years shown. Because of the "compounding effect," any particular cumulative percentage increase will exceed the sum of the individual annual percentage increases during the period covered.

SENATOR McINTYRE SPEAKS ON "BANKING 1974—A YEAR OF MANY ISSUES"

Mr. ROBERT C. BYRD. Mr. President, on February 28, Senator THOMAS J. McINTYRE, of New Hampshire, chairman of the Financial Institutions Subcommittee of the Senate Committee on Banking, Housing and Urban Affairs Committee made a speech in Washington entitled "Banking 1974—A Year of Many Issues."

In the speech, Senator McINTYRE commented on legislation presently being considered by Congress and the growing need for bank reform. Because of interest expressed by a number of colleagues, I request unanimous consent that Senator McINTYRE's speech be printed in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

BANKING 1974—A YEAR OF MANY ISSUES

(By Senator Thomas J. McIntyre)

In February of 1970, the President announced the formation of a commission to study financial structure and regulation. The commission was chaired by Reed Hunt, the retired chairman of Crown Zellerbach, and included 19 other members, most of them from the financial institutions community.

In December of 1971, the Commission reported its findings to the President, and, as we know, legislation based on the Commission's report was introduced in October of last year.

Now when the President created the Hunt Commission, he made it clear that it should be concerned primarily with formulating recommendations that would improve the functioning of our private financial system. He also made it clear that he wanted the recommended changes to provide flexibility for any future changes in our economy.

The Hunt Commission, therefore, had a mandate to examine existing financial structures and regulations in relationship to what would be needed later in this decade and for years to come.

But completely lacking was any mention of examining our existing financial structure in the context of bank reform.

Neither the President in his charge to the Commission, nor the Commission itself, gave more than a superficial look at existing abuses and malpractices within the financial industry. Instead, the Commission focused on proposed changes that would increase the flexibility of financial institutions to compete. And this same thrust was followed by the Administration in the Financial Institutions Act.

Now it may well be that given the makeup of the Commission one should not have expected bankers and corporate heads to focus on criticism of the present structure and its inability to meet lending demand. Yet, in fairness, let me say that given the task assigned, the Commission did perform a very useful service in examining competition and regulation and pursuing its goal of putting more flexibility into our financial community.

Surely there are numerous instances of government encroachment into banking that are incompatible with today's economy. I recognize that fact. The Financial Institutions Act devotes itself to the performance of financial institutions and the need for flexibility to offset the deficiencies in the system that have been revealed in the last decade.

We have all become accustomed to a variety of circumstances that have developed within our economic system within the last few years—circumstances that make it clear that structural and functional changes in the way our financial institutions operate are necessary.

EXAMPLE: Let me ask you when you first heard the term "credit crunch."

We've experienced a number of economic turn-downs in the history of our country, but it was not until the mid-1960's that economists started calling tight money periods "credit crunches."

So today we're working within a totally new economic vocabulary. The classic models of the first half of the Twentieth Century suddenly appear dated in today's economy. And within the last decade, we've experienced the credit crunch of 1966, the recession of 1969, the tight money of 1973, and the apparent recession of 1974.

I think it's evident that we're reaching a point in our economic history of sudden shifts—from tight—to easy—back to tight—to firm—to flexible—to orderly—and back to tight money growth.

What happens in this kind of economic whip-sawing is all too obvious. For the last few years, the masthead of this nation's economy has been "uncertainty." "Stability" and "orderly growth" are terms for an earlier age. But even more ominous is the fact that the new economics are not only at work here—but worldwide.

The days of individual economic systems that operated separately from international markets are over. Today's economy is *world* economy, and any attempts to turn the clock back to simpler times are excursions into fantasy.

What happens in Europe or India or Japan or in the Persian Gulf has direct and immediate impact on our own domestic financial system and capital markets. No longer can we look upon isolated events in strange-sounding places as matters of passing and superficial interest.

Who would have thought ten years ago that we would now be facing a potential worldwide economic calamity caused by a handful of small, sparsely-populated countries ringing the Persian Gulf? Yet here we are, our economy in disarray because of an oil embargo imposed by an exporting cartel whose membership was scarcely known just six months ago.

I wonder how many could have identified Shiek Yemani at this time a year ago.

In short, for the first time in peace time in this century we find our money markets fluctuating daily because of events taking place 10,000 miles away.

Those equity markets are fluctuating some days as much as 30 points up or down. Potential investors are disillusioned and money managers vocalize fears that international events are destroying our ability to maintain orderly growth in our domestic markets.

All this, I would think, makes flexibility absolutely essential. And this applies not only to economic decision-making, but to the structure of our financial community.

It was to meet this need for flexibility that the Hunt Commission made its recommended changes. And it was for the same reason that the President introduced the Financial Institutions Act.

So in all frankness I must say I was surprised by the attitude taken by our financial institutions community toward the President's proposed legislation.

Almost immediately after the bill was introduced, the American Bankers Association, at its annual convention, took a position opposing the elimination of Federal interest rate control authority. And as long as this was part of the Financial Institutions Act, the ABA made it clear it would not support passage.

One by one, each financial institution's trade group has come out against eliminating Federal interest rate controls.

The only recognizable difference among them is that commercial banks want a continuation of rate controls without a differential . . . and thrift institutions vow they will fight to the last to keep interest rate controls with a differential.

But let's talk about interest rate controls. Whom do they benefit? Whom do they injure?

As we all know, interest rate controls apply only to the first $100,000 in savings. Secondly, this differential has been eroded to where it amounts to only ¼ of 1 percent. So I must ask myself if the issue of interest rate controls is real—or illusionary.

Now I recall—vividly recall—when Congress first passed *temporary* . . . I said *temporary* . . . legislation that placed thrift institutions under interest rate controls for a short one-year period and provided for a differential giving thrifts a ½ of 1 percent advantage over their commercial bank competitors.

Well, that temporary authority—enacted in 1966—has now been on the statute books for eight years. And during that eight years, it has undergone some change.

Now the key question here is this:

How can you justify a Federal law that denies those savers having less than $100,000 from obtaining a true return on their funds . . . and at the same time allow the financial institutions that benefit from this interest rate control to charge on their lendable funds what the market will bear?

As some of you may know, I've been harshly criticized in the past, particularly by the economic community, for proposing Federal interest rate controls on loans.

I've been told again and again by the economic wise men that if interest rate controls were placed on the amount of money a lender could charge a borrower that it would destroy this country's money markets and create havoc.

But *some* of those very same learned economists argue forcefully that interest rate controls must remain on what that same lender has to pay for the funds *he* borrows.

The logic of this escapes me!

It seems to me that when you talk about interest rate control and its effect on our economy, the economic havoc supposedly comes into play only when it is the *lender* who has to pay the piper.

Now how can any reasonable man who claims to believe in the free enterprise system and claims to believe in competition argue that it is fair to deny a small saver the opportunity to enjoy the free market and competition for his life savings and in the same breath argue that if similar controls were placed on the lender that the economy would be destroyed?

It has been charged that interest rate controls on savings effectively remove the small saver from the competitive marketplace. It has been suggested that what is needed today is maximum flexibility. This could be accomplished legislatively by making it clear that *if* interest rate control authority remains it would be of a *stand-by* nature. . . . To be imposed *only* when economic conditions warrant Government intervention.

The argument in favor of interest rate controls on savings has been that if the competitive market were allowed to operate, anticompetitive rate wars would develop, resulting in the destruction of our financial system.

Well, I find that argument pretty damned frightening.

Taken literally, it means that bankers in this country aren't responsible enough to know when to compete and when *not* to compete.

Balancing the *supposed* benefits of savings interest rate controls against the *potential* benefits to small savers in obtaining a competitive rate of return on their savings is a serious question that Congress *must* resolve.

Reaction to the introduction of the Financial Institutions Act—even with its modest proposals—clearly indicates the reluctance of some sectors of the financial community to recognize the role it must play throughout the remainder of this century.

Demand for capital funds from all sources of the economy will increase tremendously over the next twenty-five years. It may well be that by the end of this century, almost all of our monetary transactions will be handled electronically, rather than by currency or checks. The issue of credit allocation will become of greater and greater concern.

Concentration of wealth—which includes among others the issues of the extent of permissible growth of holding companies and the potential public harm of interlocks—will, in my judgment, become of increasing importance as this decade progresses.

Coupled with the apparent increase in the velocity of change in economic conditions, reform of our financial system will become imperative within the next few years . . . for suddenly the question will not be just greater flexibility, but truly meaningful reform.,

I dare say a few years from now, when bankers get together, they'll probably tell each other that the old Financial Institutions Act of 1973 or 1974 was certainly pale and non-controversial compared with the proposed changes facing them then. And it wouldn't surprise me one bit that such discussions will be taking place a lot sooner than some might think.

In closing, then, let me say once more that reform in the financial community is, indeed, an idea whose time has come.

Your attendance here today indicates to me that you know this is no time for complacency. The thought I'd like to leave with you today should underscore that point, for if I am sure of one thing in these uncertain times it is this:

Congress *will* be seriously considering the obvious need for legislative changes in our banking laws. And it would behoove the financial community to devote serious consideration to its intent and its form.

The issue is *not* going to disappear.

The question is whether the financial institutions of this nation are willing to recognize the *need* for change . . . and to play a *positive* role in bringing it about.

FOOD STAMP REGULATIONS FOR PUERTO RICO

Mr. JAVITS. Mr. President, recent regulations, promulgated by the U.S. Department of Agriculture, should be brought to the attention of all who are concerned with the food stamp program. They concern the participation of Puerto Rico in the food stamp program and they indicate that the legislative intent will not be fulfilled. USDA has announced that only five rural municipalities will receive food stamps by June 30, 1974, the statutory deadline. The rest of the island will have to wait for months. The residents of San Juan will have to wait an incredible 8 months until March 1975.

As you will recall, we enacted numerous amendments to the food stamp legislation in 1971. Among those many amendments was legislation that first permitted Puerto Rico, Guam, and the Virgin Islands to set up the food stamp program. Then, in 1973, we required every political subdivision in the United States, Puerto Rico, Guam, and the Virgin Islands to implement the program by June 30, 1974. The only legitimate excuse for failing to implement the program by that deadline, according to our present legislation, is if it is administratively impossible or impracticable to get the program implemented in a particular political subdivision. Thus, in Puerto Rico for example, if the Commonwealth's social services department can get the program implemented, or another agency of the Commonwealth can get the program operational, or a municipality such as San Juan can start the program by the June 30 deadline, then it must be accomplished. If it cannot be started by that date, it must be implemented at the earliest possible moment by the first feasible method. In short, the people are to receive their food stamp benefits without further delay.

Because the present legislation offers the hope for new and important assistance for Puerto Rico, the recent regulations are of considerable significance. These regulations were to establish coupon allotment criteria in conformity with amendments that we passed in 1971. Under the legislative provisions, coupon allotments were intended to reflect the cost of obtaining a nutritionally adequate diet in Puerto Rico.

Unfortunately, the U.S. Department of Agriculture's recent regulations do not follow this clear formula and, instead, establish substantially lower benefits than the ones set for the 50 States. A family of four, for example, will only receive $122 worth of stamps each month—10 percent less than a mainland family of four receives. Since the formula for setting coupon allotments is identical in Puerto Rico as it is for the 50 States, and because that standard is the "cost of obtaining a nutritionally adequate diet," it is evident that any divergent coupon allotments for the 50 States and Puerto Rico would have to be based on the comparative costs for the same items of food. Since food costs in Puerto Rico are higher than food costs in the United States, substantially as a result of Puerto Rico's dependence upon produce shipped from the continent, it is inconceivable that the Department of Agriculture could have set such lower coupon allotments for the island and still believe that it complied with the legislation. The regulations clearly frustrate the statutory objectives.

As to another serious matter, the eligibility criteria, they too were set at discriminatorily low levels in contravention of the legislation. The statute requires eligibility criteria to "reflect the average per capita income in Puerto Rico and the respective territories." As the statute clearly indicated, the Congress wanted eligibility standards to be based on the individual per capita income statistics of Puerto Rico and the territories, so that eligibility could be determined by multiplying the respective statistics by the number of members in a household. As with coupon allotment determinations, the only limitation was that eligibility criteria for Puerto Rico and the territories would not exceed the criteria utilized in the United States. This, however, is a far cry from permitting the egregiously low eligibility criteria that have just been set by the Agriculture Department.

I call on the Secretary to repromulgate regulations that will allow the impoverished people of Puerto Rico their rights to be free from hunger and malnutrition, a right which has been guaranteed to all American citizens by this Congress.

BEEF IMPORTS: THE WRONG MOVE AT THE WRONG TIME

Mr. McGOVERN. Mr. President, the livestock and dairy farmers of my State are wondering rather loudly whether this administration recognizes their present difficulties.

In recent days, a number of livestock growers and livestock feeders have called me to point out the serious financial bind in which they find themselves.

With corn for feed grain selling at retail elevators in eastern South Dakota at $2.75, with serious shortages of phosphate feed supplements, and falling prices of fat cattle, the livestock feeder faces substantial losses on every animal he takes to market. Some of these livestock feeders tell me they would lose from $100 to $150 on every fat steer marketed.

As I have pointed out on a number of occasions, there are two steps which the administration might take to show at least a good faith effort—increased purchases of beef for the school lunch program, and reinstatement of the import quotas on beef shipped into this country.

I regret that the administration has elected to do the opposite. The Department of Agriculture has brought its beef purchase program to a halt, and the President, on yesterday, suspended beef import quotas.

This action will have little, if any, effect on retail prices in the short term. But it signals another note of uncertainty to the livestock feeder, who is less and less willing to replace his feeding stock at today's price levels.

The dairy farmer is in a similar squeeze. With rising costs and almost monthly new orders for added imports of foreign dairy products, he too gets a clear signal not to expand his production if he will be forced to continue selling his product at a loss.

Mr. President, I ask unanimous consent to print in the Record an Associated Press dispatch from this morning's Washington Post which reports the unfortunate suspension of beef import quotas, and an article from the Farmers Union Herald of last week which describes the threat to farm prices of more and more imports of foreign food products.

There being no objection, the material was ordered to be printed in the Record, as follows:

Increasing Beef Imports

President Nixon acted yesterday to remove all restrictions on imports of beef into the United States this year.

As he did last year, Mr. Nixon signed a proclamation declaring that it is in the "overriding economic or national security interests" that meat import quotas be suspended.

The proclamation said that potential imports of meat in 1974 will be 1.5 billion pounds. Allowing these imports will increase meat supplies and thus have an impact on prices, Deputy Press Secretary Gerald L. Warren said.

Threat Seen Against Farm Prices

Washington.—President Richard Nixon has promised the nation that he will use executive orders, such as lifting the quota on wheat imports, to crack down on food price increases in the months just ahead.

Anticipated bumper crops this year he described as the "sure way to bring food prices down," but he reassured his audience in the State of the Union Message that food price increases are threatened and "it is our intention to hold these increases to the smallest possible rate through executive actions such as lifting the quota on wheat imports, an action that I took last week."

While this may have been a promise to consumers, it was regarded as a threat by farm spokesmen in Congress who have fought a series of battles against a long string of such executive orders over the past year or two, most of them with little success.

Such executive actions include:

Removal of all restrictions on importation of red meat, which has persisted now for three years.

An embargo on hides, which Congress forced the Administration to lift by forbidding use of any appropriated funds to administer the embargo.

Repeated lifting of dairy import limits to allow entry into the U.S. of more than 200 million pounds of milk powder, 82 million pounds of butter or equivalent and recently 100 million pounds of cheddar cheese.

Sale of all CCC grain stocks.

Call of all Commodity Credit loans on crops, including an early call on 1973 loans.

Tightening up credit on farm storage facilities in which producers might hold some of their crops for better prices.

Imposition of ceilings, such as the beef price ceilings last year which disrupted cattle markets and wound up causing a 6 per cent decline in red meat production in 1973.

Some rather obvious moves by the Administration to topple more agricultural prices are the drives against the sugar, rice, peanut, tobacco and long staple cotton programs which still have acreage controls and mandatory price supports. Marketing quotas have been boosted over the wishes of men as prestigous as Herman Talmadge, chairman of the Senate Agriculture Committee. He charged USDA in a letter with holding "a knife at the throat" of tobacco growers to make them accept a price-busting 10 per cent increase in flue cured tobacco quotas.

An ad hoc rice committee also charged USDA with removing crop controls to break rice market prices.

The Administration has not concealed its desire to see feed grain prices break to encourage domestic meat and milk output, which has been declining due to costs clearly in excess of prices.

The Administration has not concealed its desire to see feed grain and milk output, which has been declining due to costs clearly in excess of prices.

The USDA itself recently published unprecedented studies of costs of producing hogs and choice steers by quarters through 1972 and the first three quarters of 1973. Itemizing the expenses, it showed them mounting to $55.25 per hundredweight on choice steers in the third quarter of '73 and $46.37 per hundredweight for hogs. These costs, roughly comparable to today's although some items have moved each way, compare to choice steer market prices now at or under $50 per hundredweight and hog prices at $41–$42 per hundredweight. The figures indicate producers are losing $50 to $70 per head on 1,050 pound choices steers and $10 to $15 each on 220 pound hogs.

Milk cost and price studies also indicate that although milk is bringing record high prices, the milk feed ratio, or amount of feed that one pound of milk will buy, is substantially below a profitable level. In January, a pound of milk would buy 1.48 pounds of dairy ration compared to 1.82 pounds in January 1970, an all time high, and 1.43 pounds in January 1965, the lowest January on record.

The index of farm production costs moved up 17 per cent in 1973.

Whether or not the Administration will take such increased costs—now considerably more than 17 per cent due to fuel and fertilizer price rises—into consideration before it uses executive actions to stop food price rises, remains to be seen.

SMOKING AND HEALTH EDITORIALS

Mr. COOK. Mr. President, on February 19 the junior Senator from Utah called our attention to a series of editorials broadcast repeatedly by WMAL to advocate certain further extensions of the authority of our Government in the smoking-health controversy.

As has been characteristic of so much of this controversy, we were given only part of the story. In fact, in an effort to present some degree of balance to the listening and viewing public, WMAL made available its facilities for responses by Mr. William Kloepfer, Jr., a spokesman for the Tobacco Institute. In that same spirit, I ask unanimous consent that those editorials, as broadcast by WMAL, be printed in the Record at the conclusion of my remarks.

There being no objection, the editorials were ordered to be printed in the Record, as follows:

Editorial Reply to WMAL—1

If you felt bombarded by anti-smoking editorials last week, hang on for some new facts.

First: Those illnesses said to be caused by smoking are in every case afflictions of nonsmokers as well. Let's not think of tobacco as the scapegoat—and thereby discourage research so badly needed on the true causes of illness.

Second: Let's not rush to Uncle Sam to take away our right to make our own informed judgments, as adults, about whether or not we want to smoke.

Third: Let's demand the facts about smoking and health, instead of endless repetition of familiar propaganda. Then we can honestly make up our minds. Later, we'll tell you what the tobacco industry is doing about this.

Editorial Reply to WMAL—2

You've heard about youngsters and smoking. The Tobacco Institute believes smoking is an adult custom, to be decided—for or against—by mature people in light of the facts. That's why cigarettes are not advertised in publications with young audiences. That's why every ad shows the Surgeon General's opinion about smoking, and "tar" and nicotine figures. That's why tobacco companies have put nearly 50 million dollars into the hands of smoking-health research scientists, to learn the truth, and report it in medical journals for their colleagues to see. King James turned up his nose at tobacco nearly four centuries ago. There's been controversy ever since. But one conclusion is incontestable: Propaganda and prohibition won't settle it. Facts from research will.

IMPOUNDMENT OF LABOR-HEW FUNDS

Mr. BIDEN. Mr. President, on December 18, 1973, the President signed into law the Labor-HEW appropriations bill for fiscal 1974. That legislation contained a provision which allowed the administration to impound up to $400 million in appropriated funds with a 5-percent impoundment limit on each program. Because I disagreed with this provision, I voted against the fiscal 1974 Labor–HEW appropriations bill. Recent events have reinforced my belief that the action I took then was correct.

The Labor-HEW appropriation contained Federal funds for State advisory councils on vocational education, and set a minimum of $50,000 for each State's council. However, subsequent impoundment of funds for this program reduced the congressional allocation to the point where there are not sufficient funds to distribute to each State even the minimum figure of $50,000, a figure which was, as I understand it, a mandatory sum.

It is my belief that the administration has again exceeded its constitutional authority, and this time the victim is vocational education. There are currently 38 States receiving less than the congressionally mandated minimum funding, and Delaware is among them.

Mr. President, in an effort to draw attention to this disturbing situation, I would like to share with my colleagues a resolution adopted by the Delaware Advisory Council on Vocational Education, which expresses the need for adherence to the mandatory language of the Labor-HEW appropriations bill as passed by Congress.

I therefore ask unanimous consent that the text of the resolution be printed in the Record.

There being no objection, the resolution was ordered to be printed in the Record, as follows:

Resolution—Adequate Funding, State Advisory Councils on Vocational Education

Whereas, the duties and responsibilities assigned State Advisory Councils on Vocational Education have been difficult to accomplish with the funding provided for State councils; and

Whereas, the initial minimum funding base for State Advisory Councils on Vocational Education was arbitrarily set because the full amounts authorized by Congress were not appropriated by the Office of Management and Budget; and

Whereas, many of the minimum States have incurred indebtedness in trying to conscientiously carry out the responsibilities under the act while the larger States were developing excessive carryovers of funds; and

Whereas, the Delaware Advisory Council on Vocational Education has been forced to go to a part-time staff due to lack of adequate funding; and

Whereas, the minimum funding base was admittedly inadequate from the initial allocation with the concession that the base would be raised as soon as allocations were increased; and

Whereas, it was the specific intent of the Congress in raising the base of appropriations that each State council was to receive the minimum funding of $50,000. Therefore, be it

Resolved, That the funding base for the minimal State Advisory Councils on Vocational Education should be increased before considering a flat across-the-board increase to all States.

Date: February 19, 1974.

Delaware Advisory Council on Vocational Education.

PLAYING PARTISAN POLITICS WITH ENERGY

Mr. HANSEN. Mr. President, breaking with tradition, several members of the minority on the Interior and Insular Affairs Committee, believing it important that certain facts be better understood, read opening statements prior to hearing testimony from John Sawhill, Deputy Administrator, FEO, when he appeared at the oversight hearings Wednesday,
As nearly as the Senator from Wyo-
February 27, 1974.
ming can ascertain, none of the five statements from the committee's Republican side was noted in the Washington press.

It seems appropriate, therefore, that these statements be made a part of the Record.

I ask unanimous consent that my statement be printed in the Record.

There being no objection, the statement was ordered to be printed in the Record, as follows:

Statement by Senator Hansen

The time has come to end playing partisan politics with energy. The Emergency Petroleum Allocation Act is an example of partisan politics. It did not have to be so, but regrettably it was.

The Administration pointed out its deficiencies before the bill became law. The Administration made clear its objections before action in the Senate, in the House, and in the Conference. Members of this committee raised similar if not identical points. All of our suggestions fell on deaf ears because the name of the game has been partisan politics.

I'm not certain those whose proxies were voted time after time after time really ever heard the reasons why such a law would not work.

The horrendous problems presented by the allocation legislation were problems that could have been avoided.

Had we acted in a manner which took the interests of the American public into account rather than partisan politics we could have avoided the problems we were creating. Specifically, the pro-rata distribution of crude required by the Act has throttled competition in the industry. It has stopped new refinery construction. It has killed incentive for importing additional crude supplies.

At the request of the majority, Secretary Simon was requested to comment on certain provisions of the allocation bill. As early as October first of last year, Mr. William Johnson, Special Assistant to Secretary Simon, responded to the request to the Administration for comments regarding the bill. His remarks appeared in a letter addressed to Mr. Curtis of the House Commerce Committee staff with a copy to Mr. Van Ness of this Committee's staff with specific regard to the section calling for pro-rata distribution of crude.

Mr. Johnson commented and I quote:

"Paragraph 4(b) requires, among other things, that a pro-rata share of production increases of 1972 levels by refiners be sold to independent branded and nonbranded marketers. This may very well stifle new refinery expansions. In line with our discussions on September 27, my staff contacted several major oil companies to ask their view of the effects of this proposed requirement. Of the responses received, two companies said that this requirement may dampen interest in refinery expansions because of economic penalties but did not have sufficient time to develop supporting data. One company did not mention this disincentive but did raise another important objection. The needs of customers for products from refinery expansions will probably not fit existing distribution patterns. Yet this requirement would force a pro-rata share to existing independent branded and nonbranded customers. As a result the distribution system would not match future customer requirements and could create considerable inefficiency in the product distribution system of the patroleum industry."

This was timely advice but was ignored. The bill was passed and the predicted problems arose—problems which could have been avoided.

The Johnson letter raised one other point. It stated, and I quote:

"Several companies have also indicated concern that allocation of imported product would cause imports to be curtailed. I concur and also urge that imported products be excluded from this act."

This advice too, was ignored. No wonder a recent poll indicated a 21 percent public confidence factor in the Congress. So long as the Congress refuses to act responsibly the American public will continue to distrust us.

As these oversight hearings are convened one fact must be understood. The issue is: Why is the Emergency Petroleum Allocation Act a bad law? The issue is not: What has the Federal Energy Office done wrong? You can't make a silk purse out of a sow's ear nor can a sound allocation program be fashioned out of a bad law.

The overriding problem with the law and necessarily with the program which implements the law is that imports of crude are discouraged.

The pro-rata sharing requirement coupled with the pricing requirement spells disaster. Certain major oil companies are permitted, in fact encouraged, to buy crude from their competitors at "rip off" prices. The result is not only anti-competitive but it discourages crude imports which in turn must be sold to competitors at less than cost. Worse yet, the only means of improving costs for crude which must be sold to competitors is for the penalized major oil companies to punish their own customers with higher priced products. What kind of protection is this for the American consumer?

There is only one energy resource that can provide national energy self-sufficiency within the next few years and that resource is petroleum.

Regardless of what anyone may think of the major oil companies—and I understand the urgency in identifying whipping boys and scape goats when things go wrong—every shotgun blast such as the Emergency Petroleum Allocation Act and the Energy Emergency Act aimed at the big oil companies also knocks the feathers out of about 10,000 independent oil and gas drillers and producers. And they are the ones who account for most of the domestic exploration and drilling inland in the lower forty-eight states.

The TV inquisition of the major oil companies may get some votes in the short run but it won't get any more oil or gas to the pump.

Since the Senate passed S. Res. 45 almost three years ago this committee assisted by three other committees has labored mightily in its deliberations on a study of national fuels and energy policy and brought forth one bill that has anything to do with increasing oil and gas supplies. That one bill was the Alaska Pipeline bill.

Failing to pass positive, forward looking legislation is one thing. But enacting counter-productive, punitive legislation such as the Energy Emergency Act—with the price rollback requirement—is something else. By creating such an atmosphere of uncertainty we are actually discouraging the industry from making the long-term decisions and capital commitments that are the only real solutions to our problems.

If this allocation act isn't changed, instead of a 76 percent national refinery supply/capacity ratio, we will soon see even that go down. There will be no choice then but to implement a Federal rationing program. If our purpose is to prove that we must have rationing we're on the right track. The Emergency Petroleum Allocation Act moved us a long way down that road. If it becomes law, the Energy Emergency Act will get us the rest of the way. Under these circumstances rationing could be with us a long time.

This miserable law must be amended so that the allocation program will no longer: discourage imports, discourage competition, discourage new refinery construction, and penalize the American consumer.

Just as important, Mr. Chairman, as my colleague from Arizona has so adequately demonstrated, we must also stop penalizing domestic production by threats of price rollbacks.

While some may doubt it, we can make matters worse.

But on the other hand we could try to demonstrate to the American public that Congress can and will act responsibly.

The decision is ours.

As a final comment, Mr. Chairman, I note in the Washington Post this morning that you advised Secretary Simon yesterday that, and I quote:

"We will have to dig a big bomb shelter for you by April if the lines are longer."

I would suggest, Mr. Chairman, that the bomb shelter be big enough for a few senators to share it with Mr. Simon if this allocation law isn't changed.

I don't believe Mr. Simon subscribes to the dictates of that ageless verse of Alfred Lord Tennyson in the "Charge of the Light Brigade" that:

"Ours is not to question why, Ours is but to do and die."

THE 1974 NATIONAL FEED GRAIN ACREAGE ALLOTMENT

Mr. McGOVERN. Mr. President, last week I testified before the Subcommittee on Agricultural Production, Marketing, and Stabilization of Prices about the need to improve the inadequate 89-million-acre national feed grain acreage allotment.

The March issue of Farm Journal explains in simple and understandable terms how the disaster payment provision of our 1973 Farm Act works. The article points out that disaster payments, in the event of inability to plant or harvest, would be made only on a farmer's allotted acreage, leaving him unprotected on acreage in excess of the allotment.

I ask unanimous consent that my tesimony before the subcommittee, and the aforementioned mazagine, be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

STATEMENT OF SENATOR GEORGE MCGOVERN AT HEARINGS ON NATIONAL FEED GRAIN ACREAGE ALLOTMENTS, FEBRUARY 21, 1974

Mr. Chairman, I commend you and the Subcommittee for scheduling these hearings on a matter which may not seem to be of any particular significance for our feed grain producers during the present crop year, but which may have long-term and potentially quite significant implications to both our farmers and to the Nation's food supply.

By administrative action, the Secretary of Agriculture has established a national feed grain acreage allotment of 89 million acres.

The Agriculture and Consumer Protection Act of 1973 requires the Secretary to establish an allotment of acreage which will produce the quantity of feed grains necessary for domestic and export needs. In addition, the law empowers the Secretary to increase or decrease the total allotment to increase or decrease the carryover, after domestic and export needs are met.

It is clear that 89 million acres of feed grains will not meet expected domestic and export needs, let alone add to a rather small carryover. This Subcommittee knows that; the Department of Agriculture knows that. I suspect the Office of Management and Budget knows it too.

The Department's planting intentions report for January first shows an expected feed grain acreage this year of 106.3 million acres. That acreage, with optimum weather conditions and availability of fuel and fertilizer, will add little if any to an already narrow carryover.

In the 1973 crop year, the Secretary set a base of 130 million acres.

I have introduced legislation which would require that the feed grain acreage allotment be set at a minimum of 100 million acres. It is important to farmers, to consumers, and to feed grain users such as livestock and poultry feeders and dairy farmers that such a proposal be adopted.

It is important to feed grain producers that they know far enough in advance that, in the event of planting or harvesting disaster which requires partial payment under the act, or in the event that the market price falls below the target price, that they will receive a minimum compensation.

Under an 89 million acre allotment, many feed grain producers will plant as much as double the acreage in their allotment. But under the 1974 allotment as set by the Secretary, they would receive payment for only their acreage allotment.

Although it is not likely that prices will drop to the target price levels in this marketing year, establishment of an inadequate base creates a dangerous precedent for coming years in which the price may very well fall.

Clearly, an 89 million acre allotment does not provide the incentive for expanded production which was the intent of this Congress when it enacted the 1973 farm act.

It is important to consumers and to buyers of animal feed also that the allotment be increased to provide the incentive for feed grain producers to grow the maximum.

The Department, the Congress and most farmers have a common interest in meeting the growing food and feed needs of our Nation and the world. But it is unfair that the Department ask American farmers to bear more than their fair share of the risk.

Therefore, I consider it essential, as a minimum step, that we enact my legislation which would strengthen the target price system, reinstate the cost-of-production adjustment clause for the 1975 crop year, and provide a minimum national feed grain acreage allotment of 100 million acres.

Mr. Chairman, I submit for the Record a Telegram from Mr. Ben Radcliffe, president of the South Dakota Farmers Union, largest farmers' organization in my State.

[Telegram]

HURON, S. DAK.,
February 15, 1974.

Senator GEORGE MCGOVERN,
Capitol Hill, D.C.:

Regarding February 21 hearing in the Senate Agriculture Subcommittee on the 89 million acre feed grains paying allotment announced by the administration for 1974, South Dakota Farmers Union urges an increase in the allotment to at least 100 million acres.

The administration's 89 million acre figure is below the acreage intended in the 1973 act because it makes no allowance for some 8 to 9 million acres of corn for silage, and because it includes no acreage to rebuild carry over stocks.

Farmers Union supports the provision of your bill (S. 2880) that would increase the 1974 feed grains allotment to 100 million acres, and we support you in working through the February 21 hearing and otherwise to get this figure adjusted to its proper level during this initial year of the 4 year 1973 Agriculture Act.

Sincerely,

Ben Radcliffe,
President, South Dakota Farmers Union.

[From Successful Farming magazine, February 1974]

Washington Report

Sharply higher production costs and increased acreages add up to the most money you've ever had to invest in a single year. But there's also *good* news. Read this interview with Robert Hanson, Director of Program Operations Division, ASCS, for an explanation of the new program of Federal disaster payments. Then check our Money Management report on improved all-risk crop insurance policies. It's possible to collect for a crop loss under both of these programs.

Q. Just briefly, what is the new disaster payment program? And what's the purpose of it?

A. It's part of the new farm program Congress enacted last year. It authorizes USDA to make payments under certain conditions to feed grain, wheat and cotton farmers whose production—as a result of a natural disaster—is less than their allotted acreage multiplied by their normal yield.

Q. When does the program become effective?

A. With this year's crops, including 1974-crop wheat which was planted last fall.

Q. Under what conditions will a farmer be entitled to a payment? Could you give an example?

A. There are actually two parts to the program: First, payments to farmers who are unable to get their crops planted and, second, payments to farmers whose crops are severely damaged or destroyed. The rules and the arithmetic differ somewhat so it would be best to explain and illustrate these two sections separately.

Under the "prevented planting" provisions, a farmer is entitled to a payment if, because of a disaster, his total planted acreage of all non-conserving crops is less than his combined feed grain and wheat allotments.

As an illustration, assume a farmer has a feed grain allotment of 100 acres. He'd be entitled to a prevented planting payment only if his total planted acreage of all non-conserving crops, including soybeans, is less than 100 acres, because of a natural disaster.

Q. Then if a farmer with a 100-acre feed grain allotment was unable to plant any feed grains but was able to plant 100 acres of soybeans, he'd get no payment under this program?

A. That's right, because his total planted acreage of non-conserving crops in this case would not be less than his 100-acre feed grain allotment.

Q. Suppose the farmer was unable to plant any acreage of non-conserving crops, what payment would he get?

A. The payment would be computed on his normal yield times his allotted acreage. For example, if his 100-acre feed grain allotment was entirely corn and he had a normal yield of, say, 100 bu. per acre, he'd be paid for a 10,000 bu. loss. That's 100 acres times 100 bu. per acre.

Q. What is the payment rate per bushel?

A. It's one-third of the farm program "target price" for the crop involved. The target price for corn is $1.38 per bu. so the payment would be 46¢ a bu. The farmer in the example would thus be paid $4,600 for a 10,000-bu. loss.

Q. What are the payment rates for other crops?

A. Barley, 38¢ a bu.; grain sorghum, 44¢ a bu.; and wheat, 68¢ a bu.

Q. What about the second part of the program, payments where crops are damaged or destroyed?

A. The farmer is eligible for a payment if his actual production is less than two-thirds of the product of his allotment times his "program" yield. The program yield used by ASCS may be used below or equal his "normal" yield.

Using the same example of a farmer with a 100-acre feed grain allotment that consists entirely of corn, assume his program yield is 90 bu. He is entitled to a disaster payment if his total production is less than 6,000 bu., two-thirds of 9,000 bu.

Q. What is the payment in this case

A. This will depend on his actual production. Let's assume it's 3,000 bu. Since it is below 6,000 bu., he is eligible for a payment. The payment is based on the difference between his actual yield and normal yield. If his normal yield is 100 bu. an acre, and he has a 100-acre allotment, he is paid for the difference between 10,000 bu. and his actual production of 3,000 bu. He'd thus be paid for a 7,000-bu. loss. At 46¢ a bu., this would come to $3,220.

Q. What if the farmer's actual production had been above 6,000 bu.—say 6,100 bu.? Or even 6,001?

A. He wouldn't be entitled to any payment because his production wasn't less than two-thirds of his allotment times his program yield.

Q. In figuring actual production, will you count only the production on his acreage allotment?

A. No, we will count the farm's entire production of the crop. This includes production on acreage in excess of the allotment.

Q. Under either section of the program, are there any payments for crops other than feed grains, wheat, and cotton?

A. No.

Q. Does a farmer have to "sign up" to be eligible?

A. There is no sign up as such, However, an acreage certification report must be filed with the local ASCS office. Farmers will be notified when these reports are due. I should also point out that a farmer should check with the ASCS to obtain a "release" before making any other use of acreage he is unable to plant or on which he has experienced a crop loss.

Q. When will payments be made?

A. For prevented plantings, claims should be made and payments will be mailed after the end of the normal planting season. For damaged or destroyed crops, the payments will be made after the normal harvest period.

FOOD STAMPS FOR PUERTO RICO

Mr. CASE. Mr. President, I rise to voice my deep concern over the regulations just promulgated by the Department of Agriculture concerning participation by Puerto Rican households in the food stamp program. These regulations discriminate against some of our poorest citizens who are in greatest need of this program.

In what amounts to a double assault on the rights of poor people in Puerto Rico, the Department of Agriculture has set arbitrarily lower eligibility standards and coupon allotments for the island. This runs counter to the statutory language of the 1971 Amendments to the Food Stamp Act, which for the first time authorized participation by Puerto Rico, and the territories, in this program. The law states that the "eligibility" schedule is to "reflect the average per capita income" in the respective territories so long as such eligibility does not exceed the eligibility standards established for the 50 States.

Thus, under the law, one simply should multiply the household size by the per capita income of the territory to come up with the eligibility figure. Should this figure exceed the eligibility standard set for the 50 States, it is required that the national eligibility standard wil apply.

In the case of Puerto Rico, however, the Agriculture Department has set a much lower standard of eligibility than the U.S. standard, totally in violation of the statutory provision.

Coupon allotments, which determine how much money the family will actually have available for food purchasing, are one of the most important aspects of the program. According to the law, the coupon allotments for the respective territories are to reflect the "cost of obtaining a nutritionally adequate diet." Because this is precisely the principle that applies to the allotments for the 50 States, a comparison of United States and Puerto Rican food stamp allotments must be based on the comparative food costs between the 50 States and Puerto Rico. If food costs are higher in Puerto Rico, then coupon allotments for the island cannot be lower. Yet, although we are told that food costs in Puerto Rico are 20 percent higher than they are in the United States, the Agriculture Secretary has nevertheless decided to establish coupon allotments that are well below the allotments for the 50 States. They provide, for example, $122 monthly for a family of four instead of the $142 provided to a mainland family.

I urge the Secretary to recall these schedules and issue eligibility and coupon allotments which are in keeping with the statutory requirements. Discrimination against our poorest people must not be allowed to continue. The food stamp program is vital to their health and well-being. The residents of Puerto Rico are entitled to the full benefits of this program. Since the food stamp program must be fully implemented throughout Puerto Rico by June 30, 1974, it is important that the Secretary act quickly to assure that Puerto Rican poor people receive the food stamps to which they are entitled by the end of the fiscal year 1974 deadline.

GEOTHERMAL LEASING UNDERWAY

Mr. BIBLE. Mr. President, as the Senate knows, I have long advocated the development of the Nation's geothermal resources as a potentially massive and invaluable source of clean energy for the generation of electric power—particularly in our Western States. Senators will also recall that it was in December 1970, after some 8 years of effort on a number of geothermal leasing bills and one Presidential veto that we finally obtained enactment and approval of the Geothermal Steam Act of 1970. That act authorized and provided the necessary statutory framework for the opening of the Federal domain lands—exclusive of park, recreation, wildlife, and other specially set-aside lands—for exploration and development of their geothermal potential.

Since 1970, I have been following developments under the Geothermal Steam

Act with special interest—and varying degrees of patience, impatience, and frustration. For it seemed to me that notwithstanding the clear necessity for compliance with environmental laws the Department of the Interior tock an extraordinary amount of time in moving its geothermal program ahead.

But patience has its rewards. I am pleased to note that the geothermal resources leasing program the Congress authorized in 1970 has finally been gotten underway in 1974. Approval of the program was announced by the Secretary of the Interior last December. Regulations to govern the leasing of Federal lands for geothermal development became effective the first of the year. Competitive lease sales have been held on three highly promising known geothermal resource areas in California. High offers in this lease sale totaled $6.8 million. The Shell Oil Co. offered $4.5 million to develop a leasehold in the Geysers area of northern California, one of the Nation's richest geothermal areas. And it is encouraging to note that since the first of the year, Bureau of Land Management offices in 10 of our Western States have received almost 2,500 applications for geothermal leases.

Also—and highly noteworthy—is the fact that the administration has requested $47,564,000 for Federal agency geothermal programs for fiscal year 1975. This would be a $33.6 million increase over the program budgeted for the current fiscal year. This means, I hope, that the administration has finally decided to mount the kind of Federal research, exploration, demonstration, and development programs that are needed to help harness our geothermal energy resources.

The promulgation of the geothermal leasing regulations and the activity since then mark a new stage in our pursuit of this resource. It is also likely that experience with the new regulations and actual experience in geothermal exploration and development will suggest the need for new legislation or improvements in the existing authorities. This is a matter that I will be following with great interest. It is my hope and expectation that the Interior Committees of both the Senate and the House will keep close track of this program with a view to developing whatever additional legislation may be needed to assure that geothermal exploration and development will move forward without delay.

This rush toward geothermal power is well described in an excellent article that appeared in the Wall Street Journal of February 21. I am sure the article will be interesting reading to all who may have missed it, and I ask unanimous consent that it be printed in full in the RECORD following my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Wall Street Journal, Feb. 21, 1974]

ENERGY SHORTAGE INSPIRES A BIG RUSH TO DEVELOP GEOTHERMAL POWER SOURCES

(By Earl C. Gottschalk, Jr.)

Federal lands were opened for the first time last month to exploration for steam and hot-water energy from the earth's innards, and the tallies of applications now available show that interest in geothermal power is shooting up like a geyser in the fuel crisis.

Bureau of Land Management offices in 10 western states were swamped with 2,456 applications for the privilege to poke around for pockets of potential geothermal power on 5.3 million acres of federal land. The Oregon-Washington region alone, for example, was inundated by 609 applications covering 1.4 million acres. D. B. Lightner, a bureau official in Portland, says 300 forms in the mail would have been cause for excitement.

On federal lands where geothermal resources are already known to exist, competitive bids were accepted for the first time on Jan. 22 in California. High offers totaled $6.8 million for 23,441 acres. The top bid was put in by Shell Oil Co., which paid $4.5 million to develop resources on 3,874 acres in the Geysers, one of the country's richest geothermal areas, 75 miles north of San Francisco.

When he saw the Shell bid, bureau official Walter Holmes says, "I almost dropped my store teeth." A decade ago, he says leases on private land in the Geysers were selling for 20 cents an acre. (Other states will open federal land for bids at later dates.)

FORGING NEW ALLIANCES

The geothermal rush is drawing hundreds of entrepreneurs besides the big oil and gas companies. It is also forging new alliances of major corporations and small geothermal companies that have know-how in the field. They are all trying to get in on the ground floor in exploiting resource with great possibilities, but one that still has a long technological road to travel before there are profits to justify the high price of leases.

Technological hurdles might be easier to jump now that the fuel crisis is goading the federal government into providing more money for energy research. A proposed $20-billion federal energy research effort could channel federally guaranteed loans of up to $50 million into geothermal projects. The Senate recently passed a bill calling for this, and the House is pondering a similar idea.

Nobody is touting geothermal energy as the whole answer to the energy crisis, but by some estimates its contribution to the country's energy needs could be substantial by the end of the century. Only one field is operating commercially so far, providing steam to generate electricity for San Francisco. The power plant, in the Geysers, is a joint venture operated by Union Oil Co. The process, simply enough, is to pass steam or hot water from deep within the earth through turbines or heat exchangers used to produce electricity.

COMPETING BIDS

In all, the federal government has staked out 58 million acres in 14 western states where geothermal prospects might be located. They constitute about 60% of the country's geothermal resources. From now on, the government will be opening up lands for lease applications every month.

An applicant isn't expected to have discovered a geothermal resource. But he has to be fairly confident that one is there. For the first five years of the lease, the government charges $1 an acre rent. In each of the next five years of the lease, the rent goes up another $1 an acre. And the applicant is also required to spend at least $100,000 in an attempt to tap geothermal energy.

The smallest parcel available is 640 acres, and the largest, in any one state, is 20,000 acres. When two or more applications are filed for the same tract, as was frequently the case last month, the leases are opened to competitive bidding to resolve the conflicts.

Major oil companies had interests in applications for leases in every state where geothermal land was opened in January. Other big concerns—and even one city—are linking up with geothermal companies, often to take advantage of leases they already hold on private lands.

American Thermal Resources Inc., a small company that holds a lease in Nevada's Whirlwind Valley, is drilling an exploratory well there with the help of Chevron Oil Co., for instance. Magma Power Co. and its partly owned subsidiary, Magma Energy Co., are two small geothermal concerns that say they are having "serious discussions" with Dow Chemical Corp. about the possibility of developing 75,000 acres of leased geothermal land in California.

GEOTHERMAL PAY DIRT

Going it alone, Gulf Oil Co. says it drilled five geothermal wells after entering the arena last year and has eight more on schedule in 1974. A Gulf spokesman says the company has "hundreds of thousands of acres of geothermal leases in the West." Union Oil, the company that runs the geothermal generating plant in the California Geysers area, says it has hit geothermal pay dirt in New Mexico's Sandoval County, north of Albuquerque. A well drilled there, the company reports, was "equal to some of the better wells" in the Geysers, and may have commercial potential.

The city of Burbank, Calif., whose publicly owned utility has been enduring hard times in the energy crisis, is devoting $1.1 million to a search for geothermal energy. The money was used by a company called Republic Geothermal Inc., to bid on leases in central and southern California. Other small utilities might do well to take notice of Burbank's lead, says Robert Rex, who was a geologist at the University of California and an executive at Pacific Energy Corp. before he formed Republic Geothermal. "They don't want to be at the mercy of an oil cartel in the Middle East that dictates what energy prices will be in the U.S.," he says.

But small utilities and giant companies are finding it somewhat frustrating to get geothermal power out of the ground. They are struggling with the paperwork of environmental impact statements that must accompany the projects. They are faced with materials shortages, particularly a current paucity of pipe. And, most important, many remain slowed by technological problems.

California's Imperial Valley, for instance, is an area harboring a vast reservoir of subterranean hot water, ripe for exploitation. San Diego Gas & Electric has been planning to build a $3 million geothermal power plant in the valley. But the company has been pushed a year behind schedule because brine in the underground waters fouls the heat exchangers.

ADDRESS OF W. J. USERY BEFORE THE NATIONAL PRESS CLUB

Mr. PERCY. Mr. President, during the recent truck strike, the abilities, good humor, and wisdom of many people were taxed to the limit in the effort to resolve the impasse which was threatening to immobilize this Nation. William J. Usery played a major role in the negotiations and deserves a great deal of credit in resolving the matter.

In a speech before the National Press Club on February 25, Bill Usery outlined the sometimes hectic format of the negotiations, and his crucial role. Calling upon his experience as Director of the Federal Mediation and Conciliation Service, he was able to deal with the various groups involved, along with their competing interests, and reach what he terms a settlement rather than a truce. This was not a complete solution because so many of the basic problems which caused the truckers to park instead of drive still exist, and he catalogs those problems. I believe it is very useful that we keep the larger problem in mind and realize that we still have a way to go before a real truce is achieved.

Characteristically, Bill Usery concluded his speech on a very optimistic note. Citing the truck strike as an example of an incredibly complex, confused, and emotional issue, a meeting of the minds was, nevertheless, achieved, and the strike was ended. He uses this and other examples to prove that we in this incredibly diverse Nation can still work out our problems in a civilized and constructive manner.

Mr. President, I ask unanimous consent that this very timely and thought-provoking speech be printed in the Record.

There being no objection, the speech was ordered to be printed in the Record, as follows:

AN ADDRESS BY W. J. USERY, JR., SPECIAL ASSISTANT TO THE PRESIDENT AND DIRECTOR, FEDERAL MEDIATION AND CONCILIATION SERVICE

It is truly a pleasure—as well as a distinct honor—to share a few minutes with the members and guests of the National Press Club.

I read where President La Motte felt that hundreds more would have been here last Thursday to hear Governor Shapp except that they were all waiting in gasoline lines.

I want to assure you that we didn't delay this weekend's agreement with the service station operators to hold down the Governor's audience—or, in fact, to build mine.

I also want to deny the suggestion that we rushed into action to keep the service stations open so that Governor Shapp could get back to Harrisburg.

On a serious note, I think your government, and especially Bill Simon, did an outstanding job in alleviating the grievances and frustrations of the service station operators.

Their representatives were able to leave Washington knowing that the government had made policy decisions that would help them to operate at a reasonable profit. And the Nation received from them a pledge that they would do their best to extend and realign their hours of operations.

I think that it is essential that all of us keep in mind that in just a few short months, the United States and the rest of the world has had to adjust to a whole new set of circumstances surrounding one of our most basic needs—energy fuel.

This condition has hit our Nation harder than much of the rest of the world . . . harder because Americans use five times more energy fuel than the worldwide average . . . harder because since John Rockefeller developed the Pennsylvania oil fields, we had conditioned ourselves to an energy-rich style of life.

We know now that we must make adjustments. And we know that there are no miracle methods that can be used in making those adjustments. Not all will go smoothly. There have been serious problems—and there will be more.

It is the job of the government to do what it can to make the transition as painless as possible.

That was our objective in the programs developed to answer the legitimate grievances of both the independent service station operators and the independent owner-operator of trucks.

I understand that I have been advertised as the administration's answer to Governor Shapp, a man who has shown deep concern for those who have been caught in the energy squeeze. It will be hard for me to live up to that billing.

Although I wasn't here last Thursday when the Governor spoke from his rostrum, I have it on good authority that he described me as a hard worker . . . a quick study . . . and in general, an indispensable influence in ending the strike of the independent truckers.

Now I have heard about modesty as a virtue—I must have heard it from a reporter. In any case, I don't feel quite noble enough to flatly contradict a man with the keen perception of the Governor of the Commonwealth of Pennsylvania.

However . . .

There are, of course, different ways of interpreting the same series of events. And in this respect, the Governor and I do have some differences.

Before I discuss them, though, I want to pass out a couple of bouquets myself.

The first one, properly, is to the Governor. He acted vigorously to meet the problems as he saw them.

He proved to be a reasonable, likeable and intelligent man. At a breakfast meeting with him in his hotel suite, we agreed that all of the energy of everyone involved would be needed to solve the critical problem we were faced with. And we agreed that there would be no room for partisanship in this intensive effort.

I will have to admit that at times, I wondered if the Governor and I shared the same definition of partisanship.

But at no time did I question the sincerity of his approach to finding logical answers to conditions that sometimes seemed to defy logic.

It may be argued that the Governor's actions were unnecessarily dramatic. But it can also be argued with equal force that a dramatization was needed to point up the critical nature of the matter.

I long ago learned that one of the greatest riches a man can have is friends. The Governor and I parted friends, and it is my hope that we will share in the richness of that friendship in the future.

My second bouquet is for you, the ladies and gentlemen of the press . . . and by that I mean the news media as a whole. You reported as fully as you could—and as accurately as you knew—what was an unusually complicated story.

Thanks to you, a very considerable proportion of the public understood, at least in a general way, what all the turmoil was about. And I am sure that your responsible reporting contributed to the patience displayed by the public in the face of the disruptions caused by the work stoppage.

The high standard set in the reporting of this story reinforces my belief that nothing can be more effective in the resolution of disputes than the full and accurate story that the public reecives from a responsible press.

Now let me come about as close to my advance billing as I intend to get. Holding to my earlier agreement, I am not going to give you the administration's answer to the governor in a partisan sense. I will simply try to correct some misinterpretations of the record as I know it.

Contrary to some reports, we in Washington had not been blissfully oblivious to the truckers' problems until the governor arrived in the capital.

A primary function of the government is to address the grievances of citizens with problems. And while it was kind of the governor to credit me with a quick grasp of the issues at our first meeting, the fact is that it was more than a grasp. I had been grappling with the problem for more than a week.

We were well aware that the entire trucking industry was having a difficult time adjusting to the severe problems that were flowing from the critical energy situation.

On January 23, we had meetings that were attended by representatives of the trucking industry; by Frank Fitzsimmons, President of the International Brotherhood of Teamsters; by secretaries Peter Brennan of the Labor Department and Claude Brinegar of Transportation; by Chairman Charles Stafford of the Interstate Commerce Commission, and by Federal Energy Office Administrator Bill Simon.

From the following day—January 24—through January 29, I had a nonstop series of meetings with top officials of the White House and other government agencies and with leaders of the trucking industry—including several organizations representing independent owner-operators.

All during this week, various government agencies coordinated their efforts to bring together a package of actions that would bring quick relief to the two primary problems of the trucking industry—fuel availability and fuel cost.

This culminated in the announcement on January 30 of the fuel-cost pass-through program of the ICC . . . of the intensified efforts by the FEO to increase fuel availability . . . and of the program of the Internal Revenue Service to strengthen its enforcement operations.

In the meantime, the ICC had granted a 4 percent rate increase to cover climbing fuel costs to the iron and steel-hauling truckers.

It was in the wake of these actions that Governor Shapp and his staff arrived in Washington and, on February 1, proposed a 45-day moratorium by the truckers to give the Federal agencies time to implement the necessary programs.

Obviously, neither the Federal Government's actions—which were the key ingredients of the eventual settlement—nor the Governor's suggestion took hold. And so all of us had to dig in and come up with a broader program . . . one that will continue to develop in the months ahead.

During that trouble-filled first week of February, everybody was meeting with everybody. There were groups in hotels, in the Executive Office Building, in my offices, in the White House, at the ICC and the FEO and the DOT. The throttle was full out to bring all possible solutions to the aggrieved trucking industry.

In fact, there was a day when, in darting from meeting to meeting in building after building, my gyroscope went haywire and I lost track of where I left my car. (I finally found it in line four blocks from a gas station.)

The net result of this concentrated attack on a significant problem was, as you know, an end to the work stoppage.

I wholeheartedly agree with the Governor on a significant point: What was achieved two weeks ago was not so much a settlement as a truce. A genuine settlement will be possible, I believe, as our broader program goes into effect.

Meanwhile, it seems to me that we must be realistic about the trucking industry and its problems. Here are a few of those realities:

The problem of driving one leg of a trip without cargo, or deadheading. This is obviously wasteful of fuel and machinery and the skills of the truck drivers.

Conflicting State regulations that result in the drivers having to adjust to new rules as he passes each State border.

The gateway system that forces drivers to travel specific routes rather than the shortest distance to deliver their goods.

The variety of allowable weights and sizes that some say are unfair, others say are wasteful, and everyone says are confusing.

The newly imposed speed limits, which force drivers to work longer to cover the same distance and have a significant and debilitating impact on the paychecks of drivers who are paid by the mile.

The problems that stem from our system of regulating some drivers, and exempting others from both the requirements and protection afforded by those regulations.

The complicated differences between State laws that are applied to intrastate truck transportation—laws that were no doubt originally patterned to fit the types of loads being carried, the condition of the roads and the amount of truck traffic in the particular State. The trucking industry has changed, and some State laws have changed with the industry. But the drivers know that some of the laws are outmoded and deserve a new look.

These are irritants that we are working to eliminate. As a mediator, I need to stay close to realities like these. A mediator must always look beyond the settlement of the immediate problem, and consider what impact the terms may have over the long pull, and how they may affect other parties. In this case, for example, the actions taken by the Government could affect any future negotiations by the teamsters.

In that connection, I want to make a small correction in one part of the record insofar as it describes my role in the recent settlement.

There were times during the final hectic days when I was described by inference as the spokesman for the administration, aligned on one side.

To adapt an expression I think I heard from a member of a much younger generation, "That ain't the way she played, Dad."

It just didn't happen that way.

True enough, by virtue of my position I am part of the administration. It is equally true that by the nature of my office I do not enter any encounter of this kind as a partisan. I was a mediator, under very unusual circumstances.

The circumstances were unusual because we didn't have two sharply defined sides—in a traditional sense, labor and management—confronting one another with specific demands and proposals.

Rather, we had a variety of trucking industry organizations looking to a variety of Government agencies for help.

My job was to find out, as best I could, what it was that the truckers needed to operate efficiently, and then to find what Government agencies could take the necessary action.

We had the full attention of the President. His order was to do what must be done to bring the trucking industry back to normal. He kept track of every move, and attended many meetings.

In the role of the mediator, I had frequent meetings with the President, with General Haig, with cabinet officers and agency leaders, with Governor Shapp, with officials of the Teamsters, shipping companies, trucking firms and independent owner-operator organizations.

The basic conflict, let us remember, was between the truckers and a set of circumstances—the short supply and high price of fuel.

Since no one has yet figured out how to get at the forces that brought about the circumstances, there had to be a standin—the Government of the United States, or in a practical sense, the Administration.

The spokesmen for the truckers put forward a series of demands, aimed at the circumstances but requiring Administration action. The Administration had its own misgivings, its own reservations, even its own biases, if you will, with respect to the impact of these demands upon its obligation to answer the problems.

There still remained the task of taking the programs of the various groups of independent truckers and the various agencies of government, and bringing them into some kind of focus. This finally happened. But as Phil Shabecoff wrote in the New York Times, no one really knows how.

No one really knows how. I like that as a definition of the mediator. In this one, I might even add a line from Longfellow's helmsman in "In the Secret of the Sea:"

"Only those who brave its dangers comprehend its mystery."

I look to this experience as an almost classic enactment of Winston Churchill's pronouncement that democracy is the worst possible form of government—except for all others.

The parties were poorly organized and the real issues were vaguely defined. The nature of the conflict was unprecedented and there was no clear-cut mechanism for dealing with it. Hot-heads and hard-heads on all sides brought moments of despair to men of good will.

It was hopeless. But it was settled.

If you think this was a rarity, you are wrong.

It was merely a spectacular commonplace.

It was commonplace because wild improbabilities of this kind come about all the time in my line of work—and no matter what I said a few minutes ago, there is no magic about it.

Take a few samples from this year's collective bargaining.

Iowa Beef Processors, the producers of a significant share of America's beef and other meat products, seemed to be hopelessly entangled in negotiations with the Amalgamated Meat Cutters Union. A strike came at a time when beef was scarce and prices were high.

Compounding the problem was a complex issue involving new and old methods of processing meat and the imminent expiration of contracts among the old-line meat-packing companies. Beyond that, the company and the union had gone through a bitter and bloody conflict before settlement of their previous contract.

Last month, after a work stoppage lasting 189 days, the two sides reached an agreement to arbitrate the remaining issues. But more important, they reached their agreement in an atmosphere that I'm confident will bring a lasting responsible relationship in the future.

Just as the trucking situation was about to erupt, I was in Florida working with the Florida Power and Light Company and the striking members of the International Brotherhood of Electrical Workers. The strike had been pockmarked with violence, and more than a hundred workers had been fired.

The two sides seemed to be permanently frozen in their positions. Yet we found a fair and just way to end the conflict.

Fortunately, not all negotiations involve strikes and lockouts.

We have seen in the past few years a growing trend toward reasonableness and responsibility in negotiations. We are seeing excellent examples of the collective bargaining process working at its best this year.

In the aluminum industry, agreement was reached on a pension plan that includes a cost-of-living escalator—with workers already on pension sharing in the benefits. Mind you, this was a peaceful, voluntary agreement, in an industry where agreements have not always come easily.

About 10 days ago the major can companies went along with a very similar plan.

Not very far off is what used to be a critical date for the American economy—the expiration date of the basic steel industry contracts.

It won't be a critical date this year because the companies and the union agreed, almost a year ago, on a new, experimental approach. They will bargain as before, but if they fail to agree on all matters, those that remain will be resolved by arbitration.

Do these examples suggest a lack of faith by Americans in their ability to solve their problems within the framework of the American system?

Do these examples suggest a lack of faith in the system is misplaced?

True, collective bargaining isn't the only game in town.

But as anyone can read in the history of the last half-century or more, right up to the present day, where there is free collective bargaining there is a free society: and wherever there is a free society the people have the power to solve their own problems.

Whether they have the wit and wisdom to solve them is an issue that Mr. Jefferson and Mr. Hamilton once debated—and which I happily leave for you to decide.

I agree with Governor Shapp that we do have a lot of problems in this country, but I do not despair. Nor do I really believe that the American people are despairing. We will solve our troubles.

After all, we are not now experiencing campus revolts. We are not burning down buildings anymore. The degree of labor-management strikes is at a very low ebb, and has been for at least a year. We are not engaging in a shooting war. We do have troubles, but I have faith that we will solve them. We shall overcome.

PAY RAISE OPPOSED

Mr. McGOVERN. Mr. President, in contrast with the vast majority of the American people, the Congress is in an enviable position indeed. We have the power to decide whether our own pay should be raised. And with prices soaring and inflation still the dominant factor in the economic outlook, that is a tantalizing power indeed.

But we would be fools to exercise it.

A recent poll told us that only 21 percent of the American people had much confidence in the Congress. And when older Americans see their pensions slipping away to rising prices; when small businessmen's margins are shrinking; when farmers look forward to a decline in net income; when workers see their paychecks buying less each week; then a congressional pay raise is the surest way to drive that 21-percent figure down to zero.

This conclusion is underscored by what the public thinks. One of the major newspapers in South Dakota, the Aberdeen American News, recently conducted a straw poll, and they found that 100 percent of those responding—every single person who answered, and they came from North Dakota and Minnesota as well as my own State—came down against the raise. As my colleagues know, it is rare indeed to find an issue where at least a few people will not hold differing views. But on this the American News sampling, at least, was unanimous.

Along with the result, the comments of those responding are most revealing. Quite a few suggested that we knew what the job paid before we sought it; if we cannot get along on the money we should let someone else take over—and there is never any shortage of applicants. Others could not see much justice in a cost-of-living raise for Members of Congress, when so few ordinary citizens are able to get the same benefit. One respondent thought we should be paid by the hour.

In the face of those commonsense views, I suggest that anyone who votes to let this increase through is going to have an enormous problem convincing his constituents that it was the "statesmanlike" thing to do. And if the pay raise is adopted, we are all going to have a hard time convincing our constituents that Congress cares about the people as much as about its own prerogatives.

Mr. President, I ask unanimous consent that the American News report I have described be printed in the RECORD.

There being no objection, the report was ordered to be printed in the RECORD, as follows:

CONGRESSIONAL PAY HIKE OPPOSED

One hundred per cent of those participating in a recent American News straw ballot did not favor a pay raise for U.S. senators and representatives.

Responses were received from 320 persons from 57 towns in North and South Dakota and Minnesota.

The pay raise of $10,300 by 1976 is automatic unless there is action by members of Congress in either house to block it. The raise would place their annual salary at $52,500 compared with the $42,500 they are paid now.

Several of those responding to the straw ballot thought the congressmen did not earn their present salaries.

Some commented that they (the senators or representatives) knew what the job paid before they were elected and if they couldn't get along on the present salary, they should give up the job to someone who would be able to handle it.

One responding person suggested that they be paid by the hour.

Opponents say Congress will set a bad example in fighting inflation if members permit their salaries to be raised.

Others said that the constituents don't get cost of living raises so why should the members of Congress get a raise above the cost of living.

Several said they had not had a raise in close to two years.

Many of those responding to the straw ballot indicated they were elderly and in some cases were getting less than $3,000 a year to live on and could not see the Congress getting such an increase.

The following are some of the comments:

"Many other people who are more deserving of increases are not getting them. With extras they are already receiving more than they actually earn. Also they should be required to be present for all sessions, or not be paid for time running around giving speeches, etc. The rest of us have to be on the job or be docked for time taken off."

"I object to the three-year aspect of the proposed raise. Most persons are on a year at a time basis. There is also a fringe benefit available to offset base salary."—From Aberdeen.

"If they think they got it rough on $42,500, how about people trying to make a go with a $5,000–6,000 yearly income. Let us have help for the poor instead of the rich."—From Isabel.

"I am a construction worker and I have not had a raise in two years. What are they doing for the labor class?"—From Waubay.

". . . If pay was all I looked for I would not be a good representative. Most legislators have a business or job of some kind that has been keeping them going to Washington . . . Somewhere this pay raise has got to stop. When is the crash coming?

"How do they think some elderly people live on $1911.60 a year which is my social security."—From Mobridge.

"No other federal or public employes can control their own wage situation. There are too many hypocrites in Congress now."—From Redfield.

"They should cut their wages as an example to others."—From Gettysburg.

"I strongly recommend we develop a merit system. Big political salaries have caused our country great concern."—From Conde.

"Sometime, somehow, the inflation spiral must stop or our economy will collapse. If those who can raise their own salaries automatically to meet higher prices and stay in the high income bracket are also determining controls needed, what chance do we have to stop it?"—From Aberdeen.

"Let our senators and representatives live within their means, the taxpayers do. Maybe it will teach them to slow down government and overseas spending."—From St. Lawrence.

"Give our struggling service men the raises."—From Mobridge.

"I believe it is time we should all wind down in all demands for more of everything."—From Ellendale, N.D.

"If teachers or other employes worked only three days a week they'd be fired at once."—From Sisseton.

"Congress would set a bad example as so many of our citizens don't even have money to live on."—From Detroit Lakes, Minn.

"If they are in dire need I think they should get food stamps to supplement their salary."—From Onaka.

"If they got paid for what they accomplished, they wouldn't get much."—From Aberdeen.

"The Congress needs to get down to work, set an example in economy and thrift, curtail its numerous trips and vacations and really earn part of $42,500."—From Webster.

"I voted for Nixon, but I think he is trying to buy Congress with the taxpayer's money."—From Polock.

"Politicians should not be for personal gain but rather to serve their constituents, as so many of them 'claim' to be doing. I find it hard to believe that a raise is necessary. We could better spend such funds on education, research, etc. where the people would directly benefit."—From Aberdeen.

"Why should those jokers live so high on the hog? We old folks cannot live on $3,000 a year, yet that don't bother those hogs in Washington. Give this raise to the old people. We are the ones who really worked for it. You guys let the prices rise out of sight so we need $6,000 a year to survive. Put this in your pipe and smoke it."

INFLATION AND THE BUDGET

Mr. DOMENICI. Mr. President, analyses of inflation and its dangers have appeared in several news media outlets recently. We know inflation is rooted in excessive government spending. For this reason, this body has a special responsibility this fiscal year to insure that our actions do not fuel inflation. I am concerned about the recently submitted $305 billion budget. Will this budget help keep inflation under control? While we all recognize that legitimate and nondiscretionary costs make up much of the budget, we should also acknowledge that the Congress and the Executive must now work together to protect the Nation from inflation. Spiraling costs bear down on the poor, further erode the hard-won gains of our workers, undermine the confidence of business in the stability of our economy, and hinder our international dealings. Everyone suffers from inflation, including Members of Congress, who must answer to their constituents when every month another jump in prices makes the front pages and television news. Unless we come to grips with inflation, and government spending, public confidence in government will continue to wane. I hope we will all join together in paring the proposed budget where possible, without endangering vital programs or weakening the national defense.

CONGRESSIONAL PAY RAISES

Mr. McGEE. Mr. President, lest anyone get the impression that there is no public support for the proposition that government officials who have had no pay raises for the past 5 years should not be denied increases, let me assure my colleagues here in the Senate that there are some reasonable voices favoring these salary increases.

In an editorial which appeared February 11, the Philadelphia Inquirer stated its belief that Congress would be wrong to reject the pay package proposed by the President because it would not be just the affected officials who would lose, but the country.

The Inquirer states:

> For the fact is it takes decent, competitive salaries in public life to attract and hold the kind of honest, able men who should be there.

Mr. President, I ask unanimous consent that the editorial from the Philadelphia Inquirer entitled "After 5 years, Raises Are Due," be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

AFTER 5 YEARS, RAISES ARE DUE

It isn't often that anyone turns down a pay increase, but some of the members of Congress say they want no part of the raises proposed in the new Nixon budget for Congress, the Federal judiciary and top Presidential appointees.

Their reasoning is political, not economic. In an election year, they fear the wrath of an unsympathetic electorate.

We can appreciate that sensitivity. Yet we believe that Congress would be wrong in rejecting the pay package and that the ultimate losers would be not just officials who need the money but the very taxpayers the congressmen are fearful of offending. For the fact is it takes decent, competitive salaries in public life to attract and hold the kind of honest, able men who should be there.

It has now been five years since the salaries for any of the positions covered by Mr. Nixon's proposals were raised. In that time, the cost of living has increased by approximately 30 percent. Public officials are no more exempt from the effects of such inflation than anyone else, and right here in Philadelphia a Federal judge recently returned to private practice because he could no longer afford to serve on the Federal bench.

In such circumstances, the President's proposal hardly seems unreasonable. Following the recommendations of a special commission, it calls for increases of approximately 25 percent spread out over three years. That will not even offset the erosion of the last five years, much less the next three.

If any members of Congress are so skittish or so well fixed financially that they insist on rejecting the raise, they can simply do so individually. They should not, however, veto the entire package and thereby penalize or drive from public life other officials who do need the money.

ENERGY ALLOCATION HEARINGS

Mr. McCLURE. Mr. President, the efforts of the Federal Energy Office to allocate available supplies have been subject to much recent discussion. The Committee on Interior and Insular Affairs, this week held hearings on this question. Because of the importance of public understanding of this basically complex issue, I ask unanimous consent that my remarks at the opening of that hearing be printed in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT OF SENATOR JAMES A. McCLURE

FEBRUARY 27, 1974.

The energy crisis which the United States is now experiencing was not unexpected. For several years there have been warnings and predictions of shortages, predictions which have unfortunately become too accurate. As Chairman of the House Republican Task Force on Energy and Resources from March 1971 to January 1973, I consistently urged recognition of the true energy situation facing us. During April 1972, I joined with former Chairman Wayne Aspinall in hearings before the House Committee on Interior and Insular Affairs, which proved conclusively that our energy situation was indeed a crisis. But, the Administration and the national news media refused to present this fact to the people. In this refusal, they were joined by many Members of Congress and private citizens. And, unfortunately, industry's efforts to warn the public were ineffective. Now we are reaping the results of that lack of public understanding.

I share the concerns of my colleagues that recent legislation does not provide substantive support for increasing energy supplies. I also am concerned at the threat to individual rights and constitutional procedures. If only the Congress and Administration had begun work earlier to alert the public to this crisis, these serious shortcomings could have been avoided.

It was with extreme reluctance that I supported the reporting of S. 1570, because I did not believe that it would solve the immediate or the long range problems of energy supply or distribution. Undoubtedly, immediate action was needed, but all that we could honestly claim for the measure was that without it the intermediate-term problems might be worse.

The bill did not provide adequate protection against the dangers of Government interference in the essential operations of the petroleum industry. The uncertainties and problems of the voluntary allocation program should have served as an excellent example of the inability of the Federal Government. In this, the Congress must bear an appreciable share of the responsibility. But, as we have seen in the past, the first answer proposed for solving the problems created by misuse of Government authority and control is to give the Government even more authority and control. The result is inevitably a worsening of the problem. The plight of our Nation's railroads stands as just one sorry example.

S. 1570, then, was not an adequate answer to either the immediate shortage of gasoline or to the expected future shortages of gasoline, fuel oil, and other petroleum substances. It did provide, however, for the preparation of plans and regulations for all allocation or distribution. If for no other reason, the preparation should have necessitated a thorough, detailed analysis of the intricacies of the petroleum industry in the United States. I was hopeful that this improved understanding would create a more cautious approach by those individuals who urge imposition of the Federal bureaucracy, with all its attendant delays, inefficiencies, and political abuses, onto this complex, vital industry. Simultaneously, this improved understanding could have provided the basis for modification of existing Federal and State controls, such as unreasonable fuel sulphur restrictions and price controls, which have contributed to the creation of the national fuels shortage.

At the time we were considering S. 1570, I received a telegram from Mr. John L. Hampsten, of American Falls, Idaho, expressing his alarm at the possibility of government controls, implied by S. 1570. Mr. Hampsten said, "As a small oil jobber I am alarmed at the possibility of government controls such as Senate Bill 1570 over my affairs. Every one is aware of the fact that we have a fuel shortage, but I don't believe that interfering with the free enterprise system and actions of those involved in the oil business is the way to solve the problem." In addition, the President of the National Oil Jobbers Council, Mr. Robert B. Greenes sent me a telegram stating his deep concern, saying:

"On behalf of the National Oil Jobbers Council, we wish to express our deep concern over the oil allocation bill, S. 1570, sponsored by Senator Jackson and soon to be considered by the full Senate. While we support much that Senator Jackson espouses, we are worried that Senate approval of the bill, at this time, will create confusion and undercut the commendable efforts of the Deputy Secretary of the Treasury Simon to establish a voluntary fuel allocation system. That system appears to be working. Independents in many regions of the country have, in recent days, received assurances that deliveries of petroleum products will be resumed. Mr. Simon should be given a chance. If his program is not working by June 1, then Congress should act promptly. A further concern about the Jackson bill is that unlike the Simon program and other measures pending in Congress, it does not guarantee a restoration of supplies to any specific region or to any individual petroleum marketers. Under the Jackson bill, the major oil company suppliers would be free to ignore the essential needs of any region and of any segment of the independent petroleum market."

These two messages reinforced my own belief that the imposition of Federal rationing would create a continuing crisis, of ever-increasing shortages and exorbitant prices. Under the provision of existing law, the Federal government should have worked with State and local governments to alleviate the crisis facing agriculture and transportation, while beginning to remove or change those controls which prevent the necessary increase in supply. The provisions of S. 1570 calling for the preparation of plans and regulations could have helped create the basic understanding and knowledge required for major Congressional and Administration action, in order to guarantee that the present energy crisis will not become chronic, nor will spread to other vital segments of our society.

Now, however, it is apparent that my concern for the harmful effects of S. 1570 was based on legitimate logic. I hope that here today we can begin to work towards solutions to our energy crisis, and not just continue the political rhetoric which has delayed formulation of effective government policies for more than a year.

FOOD STAMP PROGRAM IN PUERTO RICO

Mr. McGOVERN. Mr. President, it was with dismay that I read the recent Federal Register wherein the Department of Agriculture published the coupon allotment schedules for participation by Puerto Rican households in the food stamp program. The Department has taken upon itself to decide that participating households will receive substantially lower benefits than households of the same size participating elsewhere by only allowing $122 for a family of four each month. By contrast, a four-person mainland family gets $142 monthly.

The Secretary's discrimination is entirely without congressional authorization. In bringing Puerto Rico into the program, Congress required the Secretary to set schedules that reflected the cost of obtaining a nutritionally adequate diet in Puerto Rico. Again, such schedules were not to exceed those in the 50 States. Yet, in direct contravention of our law, the Secretary set Puerto Rican coupon allotments considerably below those effective in the States despite the fact that food costs are higher on the island. Insofar as coupon allotments in the States and in Puerto Rico were to be based on the same standard, the cost of a nutritionally adequate diet, a comparison of allotments had to be based on a comparison of food costs. If, as I have been informed, food prices in Puerto Rico are higher than they are in the United States, it would be violative of our legislation to establish lower benefits for the island. This, however, is precisely what the USDA has done.

Any other course of action would do a grave injustice to the indigent in Puerto Rico. Since the island must gear up its stamp program so that it is implemented throughout the island by June 30 of this year, it is necessary that the Secretary act quickly.

There is a second urgent matter on which he must also act quickly and that is the illegally low income-eligibility guidelines he has promulgated. These guidelines which average approximately 14 percent lower than those for poor families in the United States are in clear conflict with the Food Stamp Act. In the 1971 amendments we established a simple method for such calculations: the average per capita income figure for the island was to be multiplied by the number of people in each family to determine the income-eligibility standard for that family. It is clear that the Secretary has not done this and I call upon him now to calculate the criteria again based upon the legal formula.

FOOD STAMP BENEFITS IN PUERTO RICO

Mr. PERCY. Mr. President, it has just been brought to my attention that the U.S. Agriculture Department has promulgated regulations of great importance in the food stamp program. The Department has released regulations which will determine the benefit and eligibility schedules for food stamps on the island of Puerto Rico. These regulations are of vital concern because they will relegate impoverished Puerto Ricans to second class treatment in violation of congressional intent.

The 1971 amendments to the Food Stamp Act first permitted Puerto Rico and the territories to participate in our most fundamental feeding effort. The 1971 legislation also prescribed the formula pursuant to which the Secretary of Agriculture was to establish benefit guidelines. As in the 50 States benefits were to "reflect * * * the cost of obtaining a nutritionally adequate diet." Congress, although recognizing that the cost of food in the territories might be higher than in the 50 States, prohibited the size of the coupon allotments from exceeding the ones promulgated for the 50 States.

At the same time, however, by prescribing the exact same formula for establishing benefit levels in Puerto Rico as in the United States, we mandated the Agriculture Department to comparatively price the identical set of foods so that this pricing comparison could serve as a just basis for comparative coupon allotments. But, even though the cost of food is higher in Puerto Rico since most food items consumed there are shipped from the United States, the Agriculture Secretary has prescribed unlawfully lower benefit levels for impoverished Puerto Ricans. According to the recent announcement he has decided to allow only $122 for a family of four on the island, compared to $142 that a mainland family gets. This is patently contrary to our 1971 amendments.

The law also requires that eligibility standards "reflect the average per capita income" of the territory involved. Again, Congress realized that at some point in the eligibility calculations this might make eligibility standards higher in the territories than in the 50 States and, therefore, prohibited the Secretary from setting eligibility standards that would exceed those being used in the United States. The formula provides an administratively easy basis for determining household eligibility in Puerto Rico. In order to "reflect" per capita income only two factors need to be known: the average per capita income of Puerto Rico and the household size which are then multiplied together for each household. This statutory formula in no way permits the Agriculture Secretary to devise eligibility standards for island residents that treat them as second class citizens, and it is tragic that the Secretary's regulations have prescribed discriminatory eligibility guidelines that will deny needy persons their important food sustenance benefits. These new regulations are contrary to our legislation and they should be amended.

I urge the Department of Agriculture to rescind these regulations which will deny thousands of undernourished Puerto Ricans their rights to Federal food assistance. People in Puerto Rico have the right to survive just as people on the continent do. New regulations which comply with the letter and spirit of the Food Stamp Act should be issued immediately.

CHAIRMAN BURNS STRESSES THE NEED FOR BUDGET REFORM

Mr. PERCY. Mr. President, I have just read the statement of Dr. Arthur F. Burns, Chairman of the Board of the Federal Reserve System, before the Committee on Appropriations of the House on February 21, 1974. In his statement, Chairman Burns develops what is to me a penetrating analysis of our current economic problems, and some appropriate policies to deal with them. As usual, his comments are both highly relevant and enlightening.

However, what I wish now to give particular stress is Dr. Burns' comments about the need for passage of congressional budget reform. As Senators may know, a budget reform bill, S. 1541, has been reported both from the Government Operations Committee and from the Rules Committee. The companion bill has already passed the House. Chairman Burns identifies budget reform as one of the most important steps necessary to restore general price stability. Calling attention to the fact that since 1950, the Federal budget has been in deficit 4 out of every 5 years, Chairman Burns notes that perhaps half of the deficits in recent decades have come about not by design, "but because of a basic defect in the procedures by which Congress acts on the budget."

Chairman Burns notes that Congress has been denied the ability to vote on what total expenditures should be and how they should be financed, and what priorities should be assigned among competing programs. Instead he points out what we know to be the case:

> The decisions that determine the ultimate shape of the budget are made in Congress each year by acting on some 150 to 200 separate measures.

It is the purpose of budgets to assign relatively limited revenues among many desirable objectives. However, as Chairman Burns points out, Congress "cannot effectively determine priorities under its present budget procedures." Budget reform in his words would be "a victory for representative democracy—not for conservatives or liberals—because it would give Congress the management tools it needs for effective exercise of its power over the purse."

Mr. President, I ask unanimous consent that Chairman Burns' statement be printed in the Record.

There being no objection, the statement was ordered to be printed in the Record, as follows:

STATEMENT BY ARTHUR F. BURNS

FEBRUARY 21, 1974.

I appreciate this opportunity to assist the Committee in its over-all examination of the budget for fiscal 1975. My comments will be brief. They are directed, first, to the general outlook for the economy in the near-term future, second, to the implications of prospective developments for stabilization policy in the year ahead, third, to needed reforms in our fiscal policies and procedures.

OUTLOOK FOR THE ECONOMY

The nation faces at the present time a severe shortage of petroleum products that is slowing business activity and aggravating our inflationary problem. Some firms have been unable to obtain the raw materials or other supplies needed to maintain production schedules; others have experienced a weakening in the demand for their products. The oil shortage has had particularly adverse effects on the purchase of new autos, of homes in outlying suburban areas, of recreational vehicles and other travel-related goods and services.

A downward adjustment of production and employment is therefore underway. Industrial output declined in December and again in January, and unemployment last month rose rather sharply, to 5.2 per cent of the labor force. I would expect some further weakening of economic activity, with industrial production probably declining and unemployment rising in the months immediately ahead.

The current economic slowdown, however, does not appear to have the characteristics of a typical business recession. Declines in employment and production have been concentrated in specific industries and regions of the country, rather than spread broadly over the economy. In some major sectors, the demand for goods and services is still rising. Capital spending plans of business firms remain strong, and so do inventory demands for the many materials and components in short supply. In fact, new orders for business capital equipment continued to increase in the fourth quarter of last year, and the backlog of unfilled orders rose further, to a level 17 per cent above a year earlier.

Expenditures by businesses for fixed capital will probably continue to strengthen in view of the urgent need for added capacity in a number of our basic industries. Residential construction may pick up later in the year, in response to the improvement that has been occurring in mortgage credit supplies. With government expenditures at all levels also moving higher, as seems virtually certain, it seems unlikely at present that the current economic slowdown will become pervasive or be of extended duration.

The oil shortage is causing hardships for some of our people and inconveniences for many. In some other countries, the adjustments to the energy problem will be more severe than for us.

However, our nation's business firms and consumers already have found ways to economize on their uses of oil and other forms of energy. For example, there have been significant declines during recent months in the use of fuel oil and electricity across the nation. As 1974 moves on, I would expect these adjustments to continue. Domestic output of crude oil will increase gradually; electric utilities will shift to greater use of coal; auto manufacturers will expand their capacity to produce the smaller cars demanded by consumers; and myriad other adjustments will be made to the energy problem. We are living in a difficult time, but our principal asset—the resourcefulness of the American people—remains intact. In numerous ways we are, even now, laying the basis for recovery in business activity.

The durability of that recovery will depend heavily on our ability to gain control of the inflation that has been ravaging our economy for the past 8 or 9 years. Last year, fresh inflationary forces—reinforcing those already plaguing us—culminated in the sharpest upsurge of the price level since the Korean War. Even before the disruptive manipulation of oil shipments and prices by some oil-exporting countries got under way, the erosion of workers' real earnings and the soaring of interest rates—both of which were a consequence of the inflation—had begun to restrict consumer demand, particularly the purchase of new homes.

A major source of the inflationary problem last year was the coincidence of booming economic activity in the United States and other countries in the latter part of 1972 and much of 1973. Production of strategic commodities approached capacity limits throughout the industrial world, and inflation accelerated everywhere. In our country, the effects of worldwide inflation were magnified by the depreciation of the dollar relative to other currencies in foreign exchange markets. To make matters worse, disappointing harvests in 1972—both here and abroad—caused a sharp run-up in the prices of food products last year, and the spectacular advance in the prices of crude oil and petroleum products since last fall has greatly worsened the inflationary problem.

In addressing this Committee, I cannot stress strongly enough the urgency of making some headway this year in reducing the rate of increase in prices. Failure to do so will further injure tens of millions of our families, and it may destroy confidence in the capacity of government to deal with an inflationary problem that has been retarding economic progress and sapping the energies of our people.

Improvement in the price performance of our economy during 1974 is, I believe, within our means. The rise in consumer prices should moderate later this year as petroleum prices level off in response to the drastic adjustments now under way in oil markets around the world, and as our own food supplies expand in response to incentives for farmers to increase production. There are other favorable price developments on the horizon. A slower pace of economic activity, both here and abroad, may well cause a decline in the prices of industrial raw materials and internationally traded commodities. Also, the appreciation of the dollar over recent months in foreign exchange markets should make imported goods less expensive and moderate the demand for our exports, thereby increasing the supply of goods available in domestic markets.

Realistically, however, we can hardly expect a return to general price stability in the near future. Substantial increases in the prices of numerous commodities and services are practically unavoidable this year. Relative prices of many items are now badly out of balance. Prices of materials, for example, have recently risen very swiftly, and many of these cost increases are still to be passed through to the prices of end products.

A more fundamental factor affecting the course of inflation in 1974, however, may well be the course of wages and unit labor costs. Increases in wage rates have been edging up since last spring. The collective bargaining calendar for this year is heavy and includes several pattern-setting industries. It would not be surprising if workers sought appreciably larger wage increases to protect their living standards against the persistent rise in prices they have to pay for groceries and practically everything else they buy. But if economic activity proceeds sluggishly this year, as now seems likely, productivity gains will probably be even smaller than they were last year. A rise of wages that is faster than we have recently experienced would therefore put great upward pressure on costs of production and ultimately on prices.

STABILIZATION POLICIES IN THE YEAR AHEAD

Since strong inflationary forces are likely to continue in 1974, even in the face of declines in production and employment, public policy is now clearly confronted with a most difficult problem.

Inflation cannot be halted this year. But we can move resolutely to establish this year a dependable framework for a gradual return to reasonable price stability. Direct controls over prices and wages will not be of much further benefit in this effort. New machinery for reviewing wages and prices in pace-setting industries can, however, prove helpful; and so too may a concerted effort to enlarge our capacity to produce industrial materials. But, in the end, inflation will not be brought under control unless we have effective management of aggregate demand through general monetary and fiscal polices.

In the current economic slowdown, the task of monetary policy will not be the same as in a classical business recession, when a considerable easing in the supply of money and credit can be expected to provide the financial basis for the subsequent recovery. This year, our nation's capacity to produce may actually decline, or at best rise at an abnormally low rate. A great deal of caution will therefore be needed in framing monetary policy. An easier monetary policy can be only a marginally constructive influence when economic activity slows because of a shortage of oil.

Fiscal policy can be used to better advantage than monetary policy in promoting prompt recovery in this kind of economic environment. Selective measures such as an expanded public employment program, increased unemployment benefits, or some liberalization of welfare payments in hard-hit areas may be needed to cushion the adjustment to fuel shortages. Also, a selective tax policy of accelerated amortization could stimulate investment in the energy and other basic materials industries, thereby relieving the more critical shortages of capacity that have recently proved so troublesome.

Current economic conditions may therefore justify special fiscal measures of the kind I have mentioned. But I would strongly advise against adoption of a generally stimulative fiscal policy, such as a broad tax cut or substantially enlarged expenditures. It is not clear that a strong dose of fiscal stimulus is needed now, and we surely need to proceed cautiously at a time when the price level is still soaring. Let me remind you that last month alone the wholesale price level rose over 3 per cent.

An overly expansive fiscal policy now would delay, perhaps delay for many years, the progress which the Congress has been seeking in the use of the Federal budget as a tool of economic stabilization. A moderate increase of expenditures in fiscal year 1975 seems unavoidable in view of the sharply higher social security benefits enacted last year, the higher governmental salaries and procurement prices, and the recently rising claims for unemployment compensation. All this is forcing up Federal outlays at the same time that a decline in business activity is slowing the growth of tax receipts. Taken by itself, a moderate deficit in fiscal 1975 should not be particulraly disturbing. But we have had deficits far too often over the years, and this pattern has raised serious doubts about our government's ability to exercise rational control over its tax and expenditure policies.

FISCAL POLICY IN THE YEARS AHEAD

Since 1950, we have had deficits in four years out of five, and the size and frequency of those deficits has tended to increase over the years. Whether this record came about by choice or, as I prefer to believe, largely by accident, it has contributed significantly to the dangerous inflation we are now experiencing.

The economic consequences of inflation are perhaps more apparent to American families now than at any time in recent history. In the past year, the average worker's purchasing power diminished in spite of rather large nominal increases in his paycheck. Interest rates rose sharply, reflecting anticipation of further declines in the value of future dollar obligations. As their real earnings fell and interest rates rose, consumers hesitated to take on large new commitments, and the sale of houses, mobile homes, and other durable consumer goods suffered accordingy. While the profits reported by corporations rose substantially in 1973, they were in part illusory because business accountants are still reckoning depreciation on the basis of historical costs rather than the ever-rising replacement costs. Reflecting a more sombre view of earnings prospects, the prices of corporate stocks fell sharply. And, even ignoring common stocks, the real value of the financial assets held by individuals actually declined during 1973; in other words, the nominal increase of this basic financial aggregate was more than nullified by the rise in the consumer price level.

Numerous measures will be needed to restore general price stability. Among these, none is more important in my judgment than reform of the Federal budget. To those who believe that the Congress over the years has deliberately and consistently chosen to stimulate the economy by deficit spending, prospects for improving matters must appear to be bleak. But I draw encouragement from a conclusion that I conceive to be closer to the truth: namely, that many, perhaps half, of the deficits in recent decades have come about not by design, but because of a basic defect in the procedures by which Congress acts on the budget.

Fiscal policy has not been overly stimulative by choice, but rather because Members of Congress have been unable to vote on the kind of fiscal policy they desire. The decisions that determine the ultimate shape of the budget are made in Congress each year by acting on some 150 to 200 separate measures. This process denies Members a vote on much more important issues—what total expenditures should be, how they should be financed, and what priorities should be assigned among competing programs.

In this process, the earnest efforts of this Committee to control expenditures have been frustrated. Year in and year out, the appropriations enacted have totalled less than the executive branch requested. At the same time, however, the legislation reported by other committees has inexorably pushed outlays to higher levels, and over the years these increases have more than offset the reductions effected in appropriation bills.

The House has now passed a budget reform bill, thanks to the vigorous efforts of Members of this Committee, along with other Members of the House of both political parties, liberals and conservatives alike. The historic step reflects a growing awareness that budget reform is essential not only for a return to stable prices, but for restoration of confidence in government itself. The day is past—if indeed it ever existed—when only the well-to-do need concern themselves with economy in government. Those who would use government as an instrument of reform have perhaps a larger stake in eliminating wasteful or relatively unproductive programs.

We have passed the point when new programs can be safely added to old ones and paid for by heavier borrowing. In principle, taxes can always be raised to pay for more public services, but the resistance to heavier taxation has become compelling. If we count outlays at all levels of government, State and local as well as Federal, an increasingly large fraction of the wealth our citizens produce is being devoted to the support of government. In 1929, total government spending came to about 10 per cent of the dollar value of our national output. Since then the figure has risen to 20 per cent in 1940, 30 per cent in 1965, and 35 per cent in 1973. My impression is that most citizens feel that one-third of our national output is quite enough for the tax collector.

Since its revenues are limited, government must choose among many desirable objectives and concentrate its resources on those that matter most. That is the very purpose of budgets. Congress, however, cannot effectively determine priorities under its present budget procedures.

Once those procedures are modified to enable Congress to regain control over total outlays and to determine priorities among competing programs, there should be no occasion for broadscale impounding of funds by the President. Occasionally, impoundments will continue to be called for, as a matter of good management, but they should not be a source of friction between the Administration and the Congress, since they will no longer be used to control total outlays.

In view of the broad consensus among Members of the House, there are good reasons to hope that the Senate will act soon on budget reform legislation. If my analysis is correct, the impoundment issue should diminish in importance once the new budget procedures are in place. Enactment of this legislation would be a victory for representative democracy—not for conservatives or liberals—because it would give Congress the management tools it needs for effective exercise of its power over the purse.

Meanwhile, it is encouraging to note the progress being made towards better budgeting in ways that do not require legislation. Congress needs better information about the likely costs of existing and proposed programs, not only in the current year, but up to 3 to 5 years ahead. The President's budget message last year broke new ground by presenting estimates in functional detail of the outlays for fiscal year 1975 as well as for fiscal 1973 and 1974, and this procedure is carried forward in this year's budget message. Another encouraging development is the beginning of a consultative process between Congressional leaders and the Office of Management and Budget in connection with the formulation of the budget. It would be wise to expand and deepen such consultations in the future. Involving the Congress in budget preparation should help to eliminate the delays that have required increasing use of continuing resolutions and frustrated efforts to make the budget a really useful management tool.

Finally, I believe that better budget procedures must eventually include zero-base budgeting. If we are to get the most out of Federal outlays, we cannot assume that last year's programs are more beneficial than this year's proposals. All competitors should have equal opportunity in the contest for Federal budget support; there should be no grandfather rights. Both the Executive and the Congress should, therefore, require justification of the entire appropriation for existing programs, not just for increases over last year's level. I realize this will be difficult to achieve, and it will probably have to take effect gradually and by stages, but it is so clearly necessary that we will eventually come to it.

I have offered these comments as a concerned citizen. I am deeply troubled about inflation, as I know you are, and for that reason alone you will want to make sure that the Administration's budget requests for fiscal 1975 are fully justified. But I am also greatly disturbed by what I sense to be a dangerous loss of confidence in our government's capacity to make good on its promises. The key to rebuilding this confidence is improved performance by government, and budgetary reform can move us powerfully toward this goal. Congress must find a way to determine an overall limit on Federal outlays that will be rationally related to expected revenues and economic conditions, and establish spending priorities within that limit. I see that as essential not only to restoring general price stability, but to regaining the confidence of our citizenry in the integrity of their government.

RURAL ELECTRICS ENDORSE IDA

Mr. McGOVERN. Mr. President, the Congress and the country are both disenchanted with foreign aid. That is understandable. The aid program has been costly; it produces few measurable results; often it goes, in the name of America, to underwrite some of the world's most corrupt and despotic governments as witness Vietnam.

But if we are going to scrap what does not work, we ought to at least have the sense to separate out what works well. We should be especially attentive to programs which address basic human needs in such areas as food and housing. That is not only a humanitarian imperative for the world's richest country; it is an essential pillar in the quest for peace.

The International Development Association of the World Bank is such a program. And for that reason I think the recent House vote to turn down the U.S. contribution was a tragic mistake. I hope the Senate will restore the modest sum requested, and that the House will reconsider.

At its annual convention in San Francisco on Febrary 13, the National Rural Electric Cooperative Association adopted a resolution which makes these same points. We should all be grateful for NRECA's leadership on this subject, as well as for its solid record of achievement in international development programs. I ask unanimous consent that the resolution I have described be printed in the Record.

There being no objection, the resolution was ordered to be printed in the Record, as follows:

[Resolution approved by National Rural Electric Cooperative Association—Annual Convention, San Francisco, Feb. 13, 1974]

Resolution No. E-2—World Bank Programs

The House of Representatives recently defeated legislation that would provide for development loans to the poorest nations of the world through the World Bank's International Development Association.

The contribution to this fund represented a reduction in the share borne by the United States.

The International Development Association has provided loans and technical assistance to numerous developing nations used primarily to improve food production capabilities and to assist them in providing basic housing for the rural poor.

The nation's rural electrics continue their support of the sound programs of the World Bank and urge the Congress to favorably reconsider its support of this important International Development Association legislation.

FOOD SHORTAGE

Mr. HUMPHREY. Mr. President, I would like to call attention to two articles in the February 28 issue of the New York Times. In the first, Dr. George Harrar, president emeritus of the Rockefeller Foundation, told the annual convention of the American Association for the Advancement of Science, meeting in San Francisco:

> Present levels of technology and natural resources will be unable to feed the expected world population of the future.

Dr. Harrar highlighted the dependence of the developing countries on imported food grains, and the potential for famine in case of major crop failures. He also indicated that a minimum annual increase of 4 percent in worldwide food production was needed to feed the present population and keep abreast of the yearly increase of 75 million people. However, he emphasized that the goal of a 4-percent annual increase remained a dream of the future.

Mr. President, these facts clearly point to a worldwide emergency situation close at hand.

We need to turn our best minds to the task of addressing these problems. The involvement of our universities in this effort is of key importance.

The second article deals with the present heated controversy as to whether there will be adequate wheat for American consumers this spring.

This controversy overlooks a number of critical factors, such as transportation bottlenecks, and the present inflation psychology. There are areas of the country which have wheat for sale but have not been able to move it to market. Moreover, with prices continually on the rise, there is an understandable tendency to buy extra wheat against the threat of further price increases or possible scarcity—and such "hoarding" can contribute to shortages.

Mr. President, I have spoken out repeatedly on this subject. This is one more area where the administration has provided abysmal leadership in not taking steps to let our people know the true situation and where we are headed.

Mr. President, I ask unanimous consent that these two articles be printed in the Record.

There being no objection, the articles were ordered to be printed in the Record, as follows:

[From the New York Times, Feb. 28, 1974]

Scientist Fears Wide Food Shortage

(By Lacey Fosburgh)

San Francisco, February 27.—Dr. J. George Harrar, president emeritus of the Rockefeller Foundation, told a national conference of scientists here today that present levels of technology and natural resources will be unable to feed the expected world population of the future.

He also told the annual convention of the American Association for the Advancement of Science meeting that the energy crisis would only further reduce food production, because virtually all parts of the agriculture industry depend to a large extent on electricity or oil.

"The facts are," he said, "that the world, in its present state of technology and with its present resources, cannot hope to support in dignity a population of 10 to 15 billion by the end of the next 50 years."

'The world's food picture from today's vantage point is not encouraging," he added. "The evolution of food production patterns during the last 30 years is alarming.

"Because of the lack of long-range and forward planning and the inability of nations to act in concert for the common good," he said, "the instability of governments and the totally inadequate emphasis on food production has brought us to our present crisis, which is now being exacerbated by energy constraints."

Dr. Harrar focused much of his address to several hundred scientists at the Hilton Hotel here on the increasing perils of malnutrition in the underdeveloped countries of Asia, Africa and Latin America.

He emphasized, however, that the worldwide imbalance in food production may result in a food crisis everywhere.

Noting that only North America and Australia export food grains and "all other areas of the world" import them, he said: "This is a situation of dangerous dependence, and it could result in massive famine if there were one or two major crop failures" in the United States.

Dr. Harrar, a biologist who was president of the Rockefeller Foundation from 1961 to

1971, has concentrated on the food problems of the underdeveloped countries during much of his career.

Dr. Harrar said that a minimum of 4 per cent annual increase in worldwide food production was necessary to feed the current population and to keep abreast of the yearly increase of 75 million people.

He said, however, that such a 4 per cent increase remained a dream of the future.

"The current crisis situation re-emphasizes," he said, "the absolute necessity of developing a world food plan in which all nations with an agricultural industry should participate for the universal good."

If several areas of the world improve their own agricultural management and production, he said, the over-all food supply could "double within a reasonable period of years."

He specifically named Brazil, Argentina, India, Pakistan and several areas of east and west Africa—all now in a state of "underproduction"—that could "increase their annual supplies of food grains and food legumes by a very large factor."

[From the New York Times, Feb. 28, 1974]

Bakery Combine Has Ample Flour: Its Chief Had Said Nation Is Running Out of Wheat

(By Seth S. King)

Chicago, February 27.—The large bakery holding company headed by Bill O. Mead, who recently contended that the nation was running out of wheat, has disclosed that the company's bakers have enough wheat and flour on hand to last them until the 1974 harvest begins in mid-May.

Mr. Mead, who is chairman of The American Bakers Association, also said that the price of a one-and-one-half-pound loaf of bread would rise to $1 a loaf.

Market analysts at the Kansas City Board of Trade believe that several other large baking and milling companies have also bought enough wheat, or contracted for enough, to insure an adequate supply until summer.

The statement by Campbell Taggert, Inc., which Mr. Mead heads, added to the confusion over the possibility that the United States, the world's largest producer and supplier of wheat, would run out this spring.

Members of the Bakers Association staged a rally yesterday in Washington to demonstrate for their demands that President Nixon order a curb on wheat exports until the 1974 harvest was in.

American wheat farmers sell two-thirds of their crops to foreign buyers. Foreign demand for American wheat was at a record high this winter, and prices soared above $6 a bushel this week. This price was the highest in history, more than double last year's.

If exports were halted, the price paid to farmers and grain dealers would fall immediately. Thus, wheat producers and sellers are unanimously opposed to any Government interference with the market.

If wheat prices drop, the bakers' costs for flour would also drop. However, this would have little effect on supermarket prices for bread, because there is only 7 cents worth of wheat in a 45-cent loaf of bread.

While the bakers were pressing their demands yesterday, Ray Davis, president of the National Association of Wheat Growers, sent a telegram to Agriculture Secretary Earl L. Butz charging that the bakers' assertions were "grossly misleading," and that there would be no shortage of wheat.

Although it expects combined domestic and foreign consumption of the 1973 crop to pull wheat reserves down to their lowest point in 27 years, the Agriculture Department insists that there will be enough to meet all needs and still have 178 million bushels left over, roughly a six-weeks domestic supply.

But the department's confidence was based in part on the assumption that the weather in the Southwest would be good this spring, and that the harvest of the record winter wheat crop would be normal.

Mr. Mead's warning last month produced so much alarm that he sent a letter to Campbell Taggert stockholders. In it, he said that he had been speaking as chairman of the Bakers Association and not as board chairman of Campbell Taggert, the holding company for 75 large bakery concerns that produce brand-labeled bread in the South, Southwest and Far West.

Campbell Taggert, Mr. Mead wrote, had anticipated the wheat shortage and "had already purchased flour and wheat for the critical month ahead."

"Your management action in making advance purchases of flour assures a continued supply of bread to Campbell Taggert customers at reasonable prices," he added.

In a separate statement, Campbell Taggert said that in 1973 its earnings set a record, rising 3.4 per cent over 1972. The company predicted an even better year in 1974.

But Robert Wager, salaries president of the Bakers Association, said yesterday that many of the smaller baking companies could not risk ordering flour more than 60 to 90 days in advance if prices kept rising.

At the Kansas City Board of Trade, where many of the contracts for future delivery of wheat are traded, a spokesman said that the bakers could still buy all the wheat they wanted for delivery in March or May. But yesterday, they would have had to pay $5.09 a bushel for this wheat in Kansas City or $5.20 at the Board of Trade in Chicago.

RESOLUTION ADOPTED BY COLORADO LEGISLATURE

Mr. HASKELL. Mr. President, the 1974 session of the 49th General Assembly of the State of Colorado assembled in Denver has adopted a resolution honoring the Colorado School of Mines centennial. I fully concur with the wishes of the Colorado Legislature as set forth in the resolution and offer it for the consideration of my colleagues and ask unanimous consent that it be printed in the Record.

There being no objection, the resolution was ordered to be printed in the Record, as follows:

House Joint Resolution No. 1014

Whereas, On August 23, 1869, Episcopal Bishop George M. Randall laid the cornerstone for the first college building in the Territory of Colorado, thus establishing Jarvis Hall, the beginning of a private church college near Golden; and

Whereas, Early mining operations in the Territory emphasized the need for a college to train mining engineers; and

Whereas, On February 9, 1874, Territorial Governor Samuel H. Elbert signed an appropriations bill for $5,000 to finance a School of Mines and the institution at Golden was transferred to Territorial, and later to State, control; and

Whereas, Since that date, one hundred years ago, the Colorado School of Mines has graduated mineral-resource engineers whose efforts have contributed to the state and national wealth and progress; and

Whereas, On the occasion of the Colorado School of Mines centennial and in recognition of the school's contributions to this state; now, therefore,

Be It Resolved by the House of Representatives of the Forty-ninth General Assembly of the State of Colorado, the Senate concurring herein:

That this General Assembly formally express and record its appreciation to the Colorado School of Mines and to its long line of graduates who have established a tradition of responsible service and excellence in their exploration for, discovery, production, and preservation of the State and the Nation's mineral wealth.

Be It Further Resolved, That copies of this resolution be transmitted to the Board of Trustees of the Colorado School of Mines, the Secretary of the United States Department of the Interior, and to the Colorado Congressional delegation.

John D. Fuhr,
Speaker of the House of Representatives.
Lorraine F. Lombardi,
Chief Clerk of the House of Representatives.
Ted L. Strickland,
Acting President of the Senate.
Comfort W. Shaw,
Secretary of the Senate.

USDA FOOD STAMP REGULATIONS FOR PUERTO RICO ARE ILLEGAL

Mr. HUMPHREY. Mr. President, it is my understanding of our system of laws that the administrative department charged with the responsibility of carrying out a Federal program must do so within the requirements of the Federal law creating that program. How then can the Department of Agriculture issue regulations for the food stamp program which are clearly contrary to the statutory requirements of the act? Not only has the Department of Agriculture violated its statutory duties, but it has done so in a manner which blatantly discriminates against the people of Puerto Rico.

In 1971, the Food Stamp Act was amended to allow participation by Puerto Rico and the territories for the first time. Additional legislation was later passed requiring every State, territory, and the Commonwealth of Puerto Rico to implement the food stamp program in every area by June 30, 1974, except in the extraordinary situation where a State, territory, or the Commonwealth clearly proved that it was administratively impossible or impracticable to implement the program in one or more of its subdivisions by that date. However, in blatant disregard of the law, the USDA has established an implementation schedule that will not allow San Juan to have food stamps until March 1975.

Also, as a part of the 1971 legislation, Congress prescribed the formula by which the USDA Secretary was to set "eligibility" and "coupon allotment" schedules. Eligibility schedules are required by law to "reflect the average per capita income" so long as the schedules set for the respective territories do not exceed those set for the 50 States. The per capita income, according to the Department of Commerce, on the island of Puerto Rico was $1,713 as of 1972. Thus, a household of one should be eligible for participation in the program with income up to, and including $1,713. According to the law we passed in 1971, the eligibility of a larger household would be determined by multiplying the per capita income figure by the number in the household, except that the eligibility standard would never be higher than the U.S. figures. This method of determining eligibility was established to truly reflect average per capita income of the Commonwealth and territories while staying within the eligibility guidelines prescribed for the 50 States.

As to the size of "coupon allotments," the law requires that they "reflect the cost of obtaining a nutritionally adequate diet" in the respective territories and in Puerto Rico. Congress did recognize that the cost of food was frequently higher in the territories than on the mainland. While the law requires that allotments not "exceed those in the 50 States," it would also not be permissible to establish lower coupon allotments in Puerto Rico or in the territories if the food prices in those areas were higher than the average food costs throughout our Nation.

Instead of following our statutory policies, the Agriculture Department has established coupon allotment standards for Puerto Rico that are much too low, by providing $20 less each month to Puerto Rican families of four than it provided to mainland families of four. And it has established income-eligibility guidelines that will exclude thousands of needy families.

I strongly urge the Secretary of Agriculture to rescind these income-eligibility and coupon allotment schedules and promptly issue tables that will meet the statutory requirements of the act and enable thousands of impoverished Puerto Ricans to obtain the assistance to which they are lawfully entitled.

I also wish to voice my objection to the Department's issuance of these regulations on a final basis, without benefit of anyone being able to comment beforehand. Following such a procedure makes the entire Federal rulemaking procedure a mockery.

Mr. President, I ask unanimous consent to have the Department's newly issued regulations regarding the Puerto Rican food stamp program printed in the RECORD.

There being no objection, the program was ordered to be printed in the RECORD, as follows:

Department of Agriculture Food and Nutrition Service

[FSP No. 1974–4.1; amdt. 24]

FOOD STAMP PROGRAM: MAXIMUM MONTHLY ALLOWABLE INCOME—STANDARDS AND BASIS OF COUPON ISSUANCE

Section 5(b) of the Food Stamp Act requires the establishment of special standards of eligibility and coupon allotment schedules which reflect the average per capita income and cost of obtaining a nutritionally adequate diet in Puerto Rico. Additionally, section 5(b) specifies that these special standards of eligibility or coupon allotments shall not exceed those in effect in the fifty States. The coupon allotments set forth are based on changes in prices of food in Puerto Rico through August 31, 1973. Therefore, Notice FSP No. 1974–4.1 is issued pursuant to a part of Subchapter C—Food Stamp Program, under Title 7, Chapter II Code of Federal Regulations.

Coupon allotments for households of four persons and all subsequent even numbers of persons are not divisible by four. This results in total coupon allotments of less than whole dollar amounts for those households which choose to purchase one-fourth or three-fourths of their total coupon allotment. For such households, the State agency shall round the face value of one-fourth or three-fourths of the total coupon allotment up to the next higher whole dollar amount and shall not change the purchase requirements for such allotments.

In view of the need for placing this notice into effect immediately, it is hereby determined that it is impracticable and contrary to the public interest to give notice of proposed rule making with respect to this notice. Notice FSP No. 1974–4.1 reads as follows:

MAXIMUM MONTHLY ALLOWABLE INCOME STANDARDS AND BASIS OF COUPON ISSUANCE: PUERTO RICO

As provided in § 271.3(b), households in which all members are included in the federally aided public assistance or general assistance grant shall be determined to be eligible to participate in the program while receiving such grants without regard to the income and resources of the household members.

The maximum allowable income standards for determining eligibility of all other applicant households, including those in which some members are recipients of federally aided public assistance or general assistance in Puerto Rico, shall be as follows:

Household size:	
One	$183
Two	240
Three	320
Four	407
Five	480
Six	553
Seven	627
Eight	700
Each additional member	+60

"Income" as the term is used in the notice is as defined in paragraph (c) of § 271.3 of the Food Stamp Program regulations.

Pursuant to section 7(a) and (b) of the Food Stamp Act, assembled (7 U.S.C. 2016, Pub. L. 91–671), the face value of the monthly coupon allotment which state agencies are authorized to issue to any household certified as eligible to participate in the program and the amount charged for the monthly coupon allotment in Puerto Rico are as follows:

MONTHLY COUPON ALLOTMENTS AND PURCHASE REQUIREMENTS—PUERTO RICO

Monthly net income	For a household of—							
	1 person	2 persons	3 persons	4 persons	5 persons	6 persons	7 persons	8 persons
	The monthly coupon allotment is—							
	$36	$68	$96	$122	$144	$166	$188	$210
	And the monthly purchase requirement is—							
$0 to $19.99	0	0	0	0	0	0	0	0
$20 to $29.99	1	1	0	0	0	0	0	0
$30 to $39.99	4	4	4	4	5	5	5	5
$40 to $49.99	6	7	7	7	8	8	8	8
$50 to $59.99	8	10	10	10	11	11	12	12
$60 to $69.99	10	12	13	13	14	14	15	16
$70 to $79.99	12	15	16	16	17	17	18	19
$80 to $89.99	14	18	19	19	20	21	21	22
$90 to $99.99	16	21	21	22	23	24	25	26
$100 to $109.99	18	23	24	25	26	27	28	29
$110 to $119.99	21	26	27	28	29	31	32	33
$120 to $129.99	24	29	30	31	33	34	35	36
$130 to $139.99	27	32	33	34	36	37	38	39
$140 to $149.99	30	35	36	37	39	40	41	42
$150 to $169.99	31	38	40	41	42	43	44	45
$170 to $189.99	32	44	46	47	48	49	50	51
$190 to $209.99		50	52	53	54	55	56	57
$210 to $229.99		56	58	59	60	61	62	63
$230 to $249.99		58	61	65	66	67	68	69
$250 to $269.99			70	71	72	73	74	75
$270 to $289.99			76	77	78	79	80	81
$290 to $309.99			82	83	84	85	86	87
$310 to $329.99			88	89	90	91	92	93
$330 to $359.99				95	96	97	98	99
$360 to $389.99				104	105	106	107	108
$390 to $419.99				113	114	115	116	117
$420 to $449.99					123	124	125	126
$450 to $479.99					132	133	134	135
$480 to $509.99					140	142	143	144
$510 to $539.99						151	152	153
$540 to $569.99						160	161	162
$570 to $599.99							170	171
$600 to $629.99							179	180
$630 to $659.99								189
$660 to $689.99								198
$690 to $719.99								202

FOR ISSUANCE TO HOUSEHOLDS OF MORE THAN EIGHT PERSONS USE THE FOLLOWING FORMULA:

A. *Value of the total allotment.* For each person in excess of eight, add $18 to the monthly coupon allotment for an eight-person household.

B. *Purchase requirement.* 1. Use the purchase requirement shown for the eight-person household for households with incomes of $689.99 or less per month.

2. For households with monthly incomes of $690 or more, use the following formula: For each $30 worth of monthly income (or portion thereof) over $689.99, add $9 to the monthly purchase requirement shown for an eight-person household with an income of $689.99.

3. To obtain maximum monthly purchase requirements for households of more than eight persons, add $16 for each person over eight to the maximum purchase requirement shown for an eight-person household.

Effective date. The provisions of this notice shall become effective February 28, 1974.

(Catalog of Federal Domestic Assistance Programs No. 10.551, National Archives Reference Services)

CLAYTON YEUTTER,
Assistant Secretary.

FEBRUARY 21, 1974.

[FR Doc.74–4596 Filed 2–27–74;8:45 am]

A LESSON IN FUTURES TRADING

Mr. McGOVERN. Mr. President, late last year I introduced legislation to reform Federal regulation of our futures trading markets.

At that time, I pointed out that experience of a number of farmers and others in my State in the futures market had helped in the development of my legislation, which is before the Committee on Agriculture and Forestry as S. 2578.

One of those is Reno Stoebner, a highly respected farmer from near Parkston, S. Dak. Mr. Stoebner's story has been told in detail in the February issue of Farm Journal, and I ask unanimous consent that his experiences be shared with Senators by printing them in the RECORD along with a commentary by the magazine on his experiences.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

"IT COST ME $70,000 TO LEARN ABOUT FUTURES"—A LOOK AT THE OTHER SIDE OF COMMODITY TRADING—BY A FARMER WHO CAME AS CLOSE AS YOU CAN TO GOING BUSTED AND STILL SURVIVE

(By Dick Seim)

(When we find a man like Reno Stoebner with guts enough to parade his mistakes in print, we feel the least we can do is let him tell it in his own words without interruption. But because he wants this experience to help you avoid such losses, we asked two people who are full-time professionals in commodity trading to listen to his story and tell us exactly where he got off the track.—The Editors.)

My jangling phone pulled me away from the typewriter one afternoon late last July. The voice that answered my "Hello" quickly convinced me I was talking to a troubled man.

"I'm somewhere between bent and bankrupt," he declared—and drew me into one of the most intriguing stories I've heard in almost 15 years with *Farm Journal*. My caller was Reno Stoebner, 39, Hutchinson County, S.D.

"I've lost between $60,000 and $70,000 in hog and cattle futures," he continued. "I've had to go to the bank . . . I've had to go to my dad . . . I've been thinking about it. I'm convinced it might help other farmers if they could read how easily you can go wrong."

It was more than two months before we could face each other over his kitchen table. His summer harvest; my travel, meetings, etc. But in early November, as I drove through the richness of northern Iowa and out onto the tabletop prairies of South Dakota, I couldn't avoid the contrast: This man's deep troubles and the evidence of the great rewards that 1973 brought to most farmers.

We will tell most of Reno's story in his own words, step by step. I guarantee you'll be right there at the end. Then we'll share the reflections of Reno's banker, add Reno's thoughts and pass along his advice. OK, let's listen to Reno.

It goes back to August, 1970, really. We sold the last of our home-raised steers and heifers for a labor and management return of $3.37 per head. Net return on 1970 fall pigs came to $2.01 per head; for 1971 spring pigs, $1.54. We keep records on all costs—we know what every lot does. Obviously, prices received are the key to profits. How can I command the top prices?

I started paying special attention to the futures trade. Why not "lock in?" TV, radio, newspapers, brokerage house ads, magazines advised hedging. I became convinced that futures could help me get the prices I needed. Lock in.

The Veterans Ag Class and a public meeting held in our town by a broker in the winter of 1971–72 provided information on the mechanics of futures trading.

April, 1972. We had 160 pigs on feed, more than enough to fill a contract. I talked it over with my wife. She agreed. I would find a broker and "lock in."

On May 15, 1972, we sold one contract for August hogs at $28.70, and forwarded $400 to my brokerage house—which was then the initial margin on one hog contract (now it's $1,000). Now we were locked in! My banker knew about it. My family? Parents, brothers, in-laws? Good night, no! They'd call it gambling.

May 31 my broker notified us we had an "open-trade equity" of $262.50. In other words, if I had bought back my contract that day, I would have been ahead that much on the trade. That was more than my entire profit margin on my 1971 spring pig crop.

But on June 30 we experienced another feeling: Our open trade equity showed a loss of $135, meaning that August futures were now above my original sale price. But then on July 31, our statement switched back to black—$142.50.

Now August. Our butchers would be ready soon. I called my broker He thought hogs could drop—big numbers. But the big board turned up. It would cost me several hundred dollars to buy back my contract—easy money for the speculator on the other end. I chose to deliver. I sold my own hogs locally, and arranged to buy "contract" hogs at the Sioux City, Iowa, yards. This increased my costs. I lost $759.44.

My banker suggested I chalk up the loss to education. Perhaps he was right. But you see, I had learned something else. If I had bought back my contract in May or July, I'd have made a profit. That was the answer! I would hedge our livestock, hang in if the market fluctuated against us, buy back when it turned substantially in our favor.

We looked ahead. Our next hogs would be ready in February, 1973. Sept. 20: We sold a contract for February hogs. Sept. 27, we bought back. Profit, $482.50. It worked. In October, we traded two contracts. Profit, $320. This was the way it was supposed to work! I studied every USDA report and price forecast I could get my hands on.

Still October, 1972. Hog futures moved up again. I called my broker; sold two February hogs Oct. 26 at $28.35. A day later, I sold one July hogs at $26.50. Hog futures went higher. We answered a margin call with cash. Futures jumped again. Strange, I called it. An Oct. 26 newsletter from a brokerage house had said they expected to see the futures market continue in a tight trading range. Hmmm. Must be speculators playing some kind of game.

Maybe it wasn't a game. It looked like we would lose money this way. Now what? I reasoned that if we repeated ourselves at dollar fluctuations as futures went up, we'd be on top, in position to recover losses when the futures dipped. I put orders in: Nov. 1, we sold two February hogs at $29.25; one July hogs at $27.25. Hog futures went still higher.

I talked to my broker. He warned me this wasn't the way to do it, that I could get hurt. But earlier, I had gone against his advice and made $482.50. We repeated our hedge a third time. Dec. 11, we sold two February hogs at $31. Dec. 13, one July at $28.30; Dec. 14, sold one July at $28.25; Dec. 22, one February at $32.47. Jan. 2, 1973, sold one July hogs at $29.35.

We branched into cattle futures. Dec. 18, 1972, we sold one August LC cattle contract at $38.75; Dec. 26, one August at $39.75. We now had a total of 14 contracts on the books. I kept borrowing money and mailing checks for margin calls to Chicago: Dec. 12, 1972, $2,500; Dec. 19, $800; Dec. 22, $1,800; Dec. 26, $2,500; Jan. 5, 1973, $3,100; Jan. 12, $1,600; Jan. 17, $4,500 . . . well, that's enough to give you the idea. Chills your blood, doesn't it?

Now my banker seriously questioned all this. I agreed not to continue selling contracts—even if the futures market should go higher. (Impossible, I thought.) He requested a mortgage on our livestock and equipment.

January, 1973. Another margin call from my broker. He must enjoy his work. I thought. I told him I'd try to meet it.

Prices were much higher than any of the forecasts in farm publications. Jan. 18, I called an Extension economist. He thought hogs would go down—but he didn't know when. Wow! What should I do? The 14 contracts required an additional $4,400 in margin money for each dollar increase in the market.

February. Hogs and cattle both—higher, higher. Every farmer I talked to smiled and talked cheerily about good prices. We kept our problem to ourselves. Yeah! Great—prices are really good! Oh, man. We were looking our seven February hog contracts in the face.

I began having headaches. We started sorting and selling butchers. I had until Feb. 20 to buy back the contracts—the end of the month if I delivered. It looked like these February contracts would cost us a bushel. But Feb. 20, we did it. Bought back the seven contracts at $37.75. Net loss: $16,617.50.

Back on Jan. 24, we had added another five July hog contracts at $32.50, certain it was the top. Now, we had 10 July hogs and two August cattle contracts. All sold, all in the short position. We could predict when it was our broker ringing the phone. Calling to tell us we were in trouble, that hogs were still climbing, asking if we should lighten the load. But from the start I had been determined not to lose money to some professional speculator. Ours were all honest, hard-earned dollars.

Our broker was right. We were in trouble. Serious financial trouble. On Feb. 26, we . . . mortgaged land to our bank. A quarter-section my parents had settled on me by gift two years earlier. Now our indebtedness to the bank soared to $40,000—all they could go. I was scared.

We were desperate, and prices just kept going up. We still hoped we could trade our way out, and a few times we did show profits. More often, we did the wrong thing, and lost. It wasn't working.

I went to my pastor. He advised me to tell the family. I had cashed our Savings Bonds, borrowed the loan value of our life insurance policies—gone the limit at the bank. Perhaps my parents would see fit to loan me money.

That family conference! With my parents, my three brothers—I can replay it like a record. "Reno, what did you do?" It's a long story. "What do you mean—futures?" Yes, hogs and cattle. "You're broke!" Yes, about that. "You mortgaged everything for that?" . . . YES. "What about your wife?" We've managed. "What are you going to do now?" I don't know—that's why we're here.

We talked it over. One brother suggested getting out now. Another suggested running the gamble. My parents weren't sure, but felt they could help by advancing money. By the end of my adventure in trading, I had borrowed $16,000 from them.

I heard many reasons for the high prices. Gold, the dollar, the Japanese, the Russians, the food shortage. Watergate, stock markets, inflation. I wondered if speculation, even manipulation, didn't influence the inflationary spiral of 1973.

April, 1973—Things eased up. Then bang! May and June. Government intervention didn't hold the lid on. Should we take our losses and get out? More headaches; I prayed. Not for the money, but for mental support for my wife and myself. Our prayers must have been answered.

We had run the course. In plain words, we had run out of money to play the game. With all we could muster, we had our broker begin buying back our contracts. On July 3, we cleared the last of them.

What a relief—what a sweet relief. No more charting of the futures. No more margin calls. No more bad news from the broker. No need to have our radios on for every futures report and early morning livestock estimate. Our losses, from Oct. 26, 1972, through July 3, 1973, amounted to $70,236.

Reno remains on the farm—he and his wife still have a going business. But they've been set back—terribly. "He's just traded off 25 years," says his banker.

Reno and I sat down with this banker and talked with brutal frankness. His banker recalled Reno coming in to talk about hedging in September, 1972.

"At that time I indicated my opposition to speculation, but said I'd go along with a true hedge." Reno nodded in agreement. "When he came in for margin later in the fall, I cautioned him that going beyond a hedge could be a pure gamble. When he came back in December, I warned him that any further advances would be considered excessive—and that he must consider using his time deposits and bonds. I was trying to slow you down, Reno."

Reviewing his notes, the banker referred to Reno's plunge in both cattle and hog futures: "Frankly, I couldn't understand what you were doing, Reno—as I told you at the time."

When the bank reached its legal limit of $40,000 and took a mortgage on Reno's land, additional financing was out of the picture, the banker explained. He leaned back:

"Reno has always been very honest with me—completely open. He's had a good name with us, so has his family. We tried to do everything we could for him."

He reflected a moment. "You know, that's part of the problem. Reno has been a good operator, keeps good records . . . if he'd been a 'poker player' we'd have cut him off at $20,000."

The banker shook his head; grinned at Reno: "Instead of politely telling you that you were crazy, I should have told you to get the hell out and stay out."

He added to me, "I regret that I let him go this far. But he had sound credit; he had collateral. If I had cut him off early, and 30 days had seen a change in the market, I'd have been a fool."

What does this banker think of farmers using the commodities markets? "You can't be in a broker's office, looking at the board, and driving a tractor at the same time."

As for Reno's future: "I'm positive that he's going to work it out," adds the banker. "He's still a customer, and we're carrying him on his own merit. You know what one of Reno's big concerns has been all along? That no one else lose money because of his actions."

That same concern prodded Stoebner to salvage something from his experience by making it known to other farmers. Further embarrassment?

"No," says Reno. "We've had it all. We've been to the bottom, and we've survived, mentally, spiritually. Our marriage survived. We can't be hurt more that way."

What advice does he distill from his year in the market? First, he'd advise you to think it over carefully. "Futures may be very useful for someone like a packer. But a farmer . . . I don't know."

He points out, too, that as long as inflation continues, it's difficult to come out ahead if what you see today (on contact) may be worth more tomorrow, next month, next year.

However, if you're going to try it, he makes these recommendations:

Limit hedges to the scale of your operation.

Remember, you're locking in a price, not a profit. Unless you can lock in the price of feed and other inputs on the same relative level.

Assume you're going to pay for price protection. Don't worry about the loss of a few hundred dollars. That's the premium. You'd expect to pay for hail insurance, wouldn't you?

Make your own *informed* decisions. Don't leave them up to a broker.

Beyond this, Reno has developed firm convictions about futures trading. In correspondence with a concerned U.S. Senator, he has cited a need for legislation in four areas:

Education and information for prospective traders.

Truth in trading.

Tighter control of trade organizations.

No trading by brokers in their own name.

At ease in the warmth of his own kitchen, Reno can look on the bright side of his personal situation. "Maybe, just maybe, I won't have lost in the long run, from the standpoint of my own education. Little things like the times you should be heading livestock for market. All my charting and study has helped me there.

"I've lost my fear of dealing with borrowed money—large sums. Somebody will take that wrong! But I do think many people would be ahead using their credit or collateral to build their operations."

More basic: "I still have my wife—we still have title to three quartersections, even if they are mortgaged—we have our health—and our three little girls love me just as much whether I'm worth $3 or $300,000."

YOUR HOG BUSINESS

Probably no subject we write about is more difficult to explain, or to understand, than trading in commodity futures. That's because you're selling or buying something you'll probably never see, at a place you can't be, for delivery at a time yet to come.

Yet futures trading is an extremely valuable tool for reducing price risks to businesses using commodities. It can be equally valuable to you in the high-risk business of producing commodities. That's why we continue to talk about them—often glibly advising that you "consider hedging", as if all our readers knew exactly how to do it.

We believe the engrossing story of Reno Stoebner, beginning on pages H–6 and H–7, teaches more about the do's, and especially the don'ts, of commodity trading than all the previous articles we've printed put together. That's why *Hog Extra* asked two full-time professionals in commodity trading to listen to Stoebner's story and point out his wrong moves and the dates he made them:

April, 1972: "Apparently, Stoebner had done a good job keeping track of his costs. Too bad he didn't do as careful a job studying his 'basis'—the relationship between local prices and those in Peoria, Ill., the delivery point for hog futures. Sioux City prices are automatically 25c below those in Peoria. Without taking his local basis into account, he couldn't do an intelligent job of hedging. Also, this confusion probably led him into the mistake of delivering the way he did."

August, 1972: "He hurt himself rather than the speculators when he decided to deliver the hogs rather than buy back his contract. If his own hogs were of the required grade, he would have been better off to have shipped them to Sioux City or Omaha and buy hogs for delivery. His loss on the contract was $1.15 per 100 pounds or $375, including the $30 commission. It cost him the remaining $384 to deliver as he did."

September, 1972: "The minute he decided to buy back his contract when the price moved in his favor, he became a speculator. He was speculating not only on the price movement of futures, but he also lost his hedge on the hogs in his feedlot and once more became a speculator on cash hogs. This is where both his banker and the broker should have blown the whistle."

October, 1972: "Unless his own herd had suddenly doubled, he didn't have enough hogs of his own to require the two contracts as a hedge. So he was speculating on that second contract. A day later he sold one July contract. He had no hogs for July delivery, so that was pure speculation."

November, 1972: "By repeating his sell orders to cover price fluctuations, he was trying to 'dollar average', which is all right as a cash sales strategy. But in futures he was only adding to his speculative position each time."

December, 1972: "With 12 open hog contracts, he had enough to hedge 1,600 hogs, yet we gather he had only about 160 in his lot. He doesn't mention what kind of cattle he had. Unless he was going to have light slaughter cattle ready in December, he had the wrong contract for hedging."

Conference with banker: "The banker is wrong in saying you shouldn't hedge because you can't watch the market from a tractor seat. If you want top dollar for your hogs, you have no alternative but to watch the market. In fact, if you know your production costs and have a chance to hedge at a satisfactory profit, you have less reason for watching the market than if you plan to sell for cash. But any producer needs to watch the market and plan his marketing accordingly."

Summary: "Only people with these two qualifications should speculate: (1) the proper amount of risk capital; (2) the proper temperament for commodity trading."

PENSIONS—A RIGHT FOR ALL AMERICANS

Mr. CRANSTON. Mr. President, the 30 million American workers who are covered by private pensions plans, understandably expect to collect some benefits when they retire. They believe—and they have a right to expect—that each month money deducted from their wages goes into a secure pension fund and that the total plus interest will be theirs at retirement.

But the sad truth is that one-third to one-half of the wage earners now reaching retirement may never collect a cent from their present pension plans. The Senate Labor Committee, on which I serve, recently studied 87 pension plans and found that under some of them, no more than 1 out of every 12 employes ever received any benefits.

A Ralph Nader survey cites the following bitter case histories:

> A Buena Park aerospace worker received no pension after 27 years because he had worked for three different companies and had been laid off each job just before reaching the 10-year minimum service requirement.
>
> A middle-aged foundry worker lost his job after 21 years when the plant closed down. There was no pension waiting for him because the company's pension plan had folded along with the plant.
>
> A man who worked for a large department store for 52 years retired at age 65. He received his monthly pension check for 13 months. Then the company went bankrupt and his checks terminated. Permanently.

As a former Assistant Secretary of Labor told our Senate Labor Committee:

> In all too many cases the pension promise shrinks to this: "If you remain in good health and stay with the same company until you are 65 years old, and if the company is still in business, and if your department has not been abolished, and if you haven't been laid off for too long a period, and if there's enough money in the fund, and

if that money has been prudently managed, you will get a pension!"

I believe that list of "ifs" and "maybes" is just intolerable. And I think most Members of Congress agree.

Some kind of pension reform is almost certain to emerge from the present session of Congress. And it may be one of the most important pieces of social legislation this year. I will, of course, do all I can to see that we accomplish this reform as soon as possible.

Several bills have already been introduced which will have to be reconciled. But to some degree all these bills tackle the major problems of many private pension plans. They would standardize minimum age and years of service requirements; allow "portability" of benefits from one job to another; assure adequate funding of company plans; and provide Federal insurance to see that your benefits will be there when you are ready for them, similar to Federal deposit insurance that protects your savings against bank failure.

These plans do not require large outlays of Federal moneys. They simply set down basic rules for fair play for men and women who work a lifetime, plan for retirement, and rightfully expect their retirement to be secure.

RURAL LIFE IN MINNESOTA

Mr. HUMPHREY. Mr. President, recently many of Minnesota's rural leaders were given a chance to carefully define current and emerging problems confronting our rural communities.

In collaboration with Minnesota's Joint Religious Legislative Coalition, the Rural Life Task Force, composed of rural residents and experts in areas of special concern to rural Americans, offered a series of practical proposals to alleviate the problems of health, housing, energy and the environment that they face.

According to the JRLC paper, the problems of the rural farmer can no longer be taken as separate from the problems of the urban consumer. If family farms are allowed to be replaced by giant corporations which control food from production to marketing, "the cost of food would soar." In contrast to "corporation farms," the JRLC supports the concept of "family farm corporations" which are family farms that are legally incorporated for inheritance and tax benefit purposes.

In the areas of rural housing and land use and development, the coalition offers some important proposals to eliminate the gross injustices forced upon local farmers and migrant workers. The JRLC strongly supports the expanded use of low-interest loans to repair and rehabilitate rural housing, both owner occupied and rented. In attempting to control haphazard development, the JRLC urges the establishment of a land use planning system, allowing local people to help plan and review plans of land use in conjunction with the State authorities.

Probably the most urgent problem facing not only our rural areas but our urban areas as well, is the energy crunch. The JRLC recommends that, to the extent possible, greater coordination in the use of energy plant production be fostered and an equitable and adequate means of distributing available energy resources to all Americans be developed. According to the JRLC, if the present crisis escalates, they would favor fuel rationing, over extraordinary price rises or increased taxes, as a way of allocating scarce fuel. They too believe that this allows for a much fairer allocation of fuel to both the affluent and the poor.

The Rural Life Task Force has done a magnificant job of focusing on the major problems in rural America. And, more importantly, they have offered constructive solutions to these problems.

Mr. President, I firmly believe that task forces of this type could be extremely beneficial to many rural and urban areas. I ask unanimous consent that this outstanding report, "Rural Life in Minnesota," be printed in the Record.

There being no objection, the report was ordered to be printed in the Record, as follows:

Rural Life in Minnesota

BOARDS OF DIRECTORS' STATEMENT

This position paper was reviewed and approved by the Boards of Directors of the Minnesota Catholic Conference, the Minnesota Council of Churches and the Minnesota Jewish Community Relations Council. This paper reflects the official view of the leaders of the major religious bodies of Minnesota.

This paper attempts to show how the laws proposed will contribute to the betterment of Minnesota. Although religious motivation played an important role in its drafting, this paper is offered on its own merits.

TASK FORCE PROCEDURE

The Rural Life and Economic Development Task Force was originally commissioned by the JRLC Central Committee in January of 1972 to develop legislative proposals which would have a positive impact on the rural community of Minnesota.

On November 18, 1973, in preparation for the 1974 Minnesota State Legislative session, JRLC sponsored a Rural Life Conference. This conference, held at the College of St. Benedict, St. Joseph, Minnesota, brought together rural residents and experts in areas of rural concern. Through a process of small workshops the rural residents had a chance to voice the problems which they see as most affecting their communities, and those experts who have had staff experience in fields such as housing, health and energy participated in a discussion of problems and solutions with these people. Following this conference, the Rural Life Task Force met twice in the months of November and December and the result of those meetings is contained in this paper.

INTRODUCTION

"There is much foolish talk heard today about farming, that family farms are obsolete, that modern production technology will soon provide all the food and fiber we need by simply pushing a few buttons, that farmers themselves are a vanishing breed.

Nonsense.

Man does not have to be the victim of the tools he has created; he can and should be the directing force of those tools, the manager, the policymaker, the decision maker."

—Hubert H. Humphrey.

The complex problems which face the urban areas today also threaten the rural areas. These are problems of health, housing, energy and environmental uses which must be solved or alleviated in order for man to live with dignity.

In addition to these problems, the farmer and rural resident faces his own particular kind of threat from the large corporate magnates who are now moving into control of the food industry from growing to marketing. Thus we must address ourselves to the problem of controlling vertical integration which so seriously threatens the family farm in Minnesota. The other problem of the rural areas which demands immediate attention is the danger in the present system of land use development, in which little or no controls are put on the way land is sold and developed in our state.

The underlying premise in the JRLC Rural Life paper is that the problems of the rural farmer are the problems of the urban consumer. We can no longer afford to consider that the two ways of life in Minnesota are separate. If the family farm disappears, the city resident will also suffer for the giant corporation will control the food industry and the cost of food could soar. Similarly, if other problems in the rural area such as housing, health, and energy, are not met so that families can live with dignity while farming the land, then they will be forced to turn their farms to the agribusiness industries.

We attempt to address some of these problems in this paper, and to begin to work toward some legislative solutions which will make a better life for the Minnesota farmer, and consequently a better life for all the citizens of Minnesota.

VERTICAL INTEGRATION

The JRLC proposes that vertical integration in agriculture be controlled by legislation for the protection of the family farm in our state.

It is in the interest of both the farmer and the consumer that the growth of giant corporations which control food from production to marketing be stemmed. To this end the family farm would also be protected.

The JRLC supports the concept of a family farm corporation, these are essentially family farms which have been incorporated legally for tax and inheritance benefits. An authorized corporation farm as defined in previous law has no more than ten shareholders, all individuals. A family farm corporation is a corporation in which a majority of the shareholders are related to one another.

We do oppose "corporation farms" and "vertically integrated" farms which are dominated by the large agglomerate corporation of both the nation and the world.

One such example of an agglomerate moving into the agribusiness is the Greyhound Bus Company. This corporation brought the Armour meat business in 1970 and within a year its sales increase was a "whopping 301.3 percent, the record for the entire 500" observed *Fortune*. (June 5, 1972)

There are many firms which control two or more of the following processes—growing, feeding, slaughter, packing, retailing, feed and grain production and equipment manufacture. JRLC supports new legislation which will make takeovers of the entire food production by controlling several of these processes illegal in Minnesota.

We do support the cooperative associations if they are substantially owned by farmer producers. These are methods for farmers to better serve themselves as communities and sustain themselves as individual, family farm owners.

RURAL HOUSING

The JRLC recognizes the need for good, comfortable and safe housing in the rural tion to repair and rehabilitate rural houses, both owned and rented.

The JRLC recognizes the need for good, comfortable and safe housing in the rural area. It serves the dignity and protection of rural residents as well as the community at large to keep houses in the rural area liveable for families and to cut down on the number of abandoned structures.

While rehabilitation and remodeling of

houses is a priority, we also recognize the need for low-cost housing financing to build new homes for those young people who want to begin a career of farming. Part of the problem in getting youth involved in agriculture lies in the prohibitive cost of buying a farm and providing decent housing for young families.

The JRLC supports the State Housing Finance Corporation and urges that it address itself in a positive way to the rural housing problems of this state. We also urge that guidelines be established in these rehabilitation loans to keep the homeowner or renter from being victimized by unscrupulous home repair firms.

The JRLC also proposes that rural residents who are migrant workers be provided with recent, safe and comfortable housing by those who are responsible for their living quarters.

We deplore some of the situations in which migrant workers are forced to live and urge the Government of the State of Minnesota to play a significant role in inspection of these living quarters, and the use of the State Housing Finance Corporation to remedy some of the housing injustices now being forced on these people.

LAND USE AND DEVELOPMENT

The JRLC urges the Legislature to establish a land use planning system which would involve State, regional and local government.

The manner in which man uses land is the single most encompassing environmental question. It is also of prime concern at this time to the rural farmer. Currently we find there is no general land use policy which is carried out in the state of Minnesota. Lacking that, we are left with haphazard development which has no direction. Since it appears evident that growth and development will continue for the foreseeable future, the state must be equipped to adequately plan for that growth and development.

JRLC supports a land use planning system which would involve people at all levels of government: local, regional and state. A state department of Land Resources should be established. It should have the power to develop an information system for planning and land use regulation and promulgate standards for the protection, use and development of the land. In addition it should have the power to identify and pass judgment on all developments of regional or statewide importance.

Regional government, with the involvement of local people, should play an active role in land use planning. It should help plan and review plans of land in conjunction with local government.

Final authority over land use should continue to rest in local government. However, their ordinances and plans should be in harmony with the state land use plans. In addition, a review process should be built in to deal with variances which are granted.

In summary, JRLC sees a need for a state planning for land use because much of our land is being raped by developers for a fast dollar in lake and summer homes. After building and selling, these developers move quickly on to the next bonanza and leave the local farmer with the bill for sewers, roads and snow removal for these part time residences. We see a need to use our land more humanely and in the interest of the local community. However, we do believe that state planning ought to coincide with local control. The JRLC believes that local people have the basic right to plan for their area, and that one of the elements necessary for our Land Use Planning Agency to work is that local people develop political skills necessary for them to take part in the government which affects them so greatly.

THE 20-PERCENT GROWTH FACTOR

The JRLC proposes deletion of the 20% growth factor from the 1973 Minnesota Corporate Farm Act.

The 1973 Minnesota Corporate Farming Act calls for an allowance of a maximum of 20% increase in acreage every five years owned or leased as part of the farm. The JRLC does not believe that growth is automatically beneficial, either to the individual farmer or the community, and therefore proposes that any growth allowance be deleted from the Corporate Farming Act. This would prevent any acreage increase beyond the original holding of land and would underline our support for the small Minnesota family farm.

ENERGY

The JRLC supports efforts of coordination to alleviate the energy crisis facing us today and equitable means of distribution of our available energy resources for farmers.

We recommend that coordination and consolidation of energy plants and systems be implemented wherever possible in order that all might benefit in this time of limited energy supply. This would include sharing of municipal plants in the cross country grid system wherever possible.

Also, recognizing particular energy needs of rural Minnesota, we support fair and adequate fuel allocation for the farmer to carry on his production of food and poultry. In addition, if the present level of crisis escalates and the nation is forced into emergency measures, we support the alternative of rationing rather than raising prices or adding a tax or surcharge, since we believe rationing is a much fairer method of serving both affluent and poor.

RAIL SUPPORT

The JRLC supports regeneration and upgrading of our rail service for the transportation of the produce of the Minnesota farmer.

Because the energy crisis has forced us to take closer look at transportation developments of recent years, the JRLC recommends supportive legislation to regenerate the rail service in our state. Rail service, as an alternative to trucking is a less expensive method of transporting the farmers yield and in many cases is more efficient. It certainly provides an alternative in terms of more moderate fuel use when compared to the heavy trucking service which now dominates the rural transportation scene.

HEALTH CARE DELIVERY

The JRLC proposes that the legislature enact bills which would help make more available health care delivery at a lower cost and in a more efficient manner for the rural area.

The JRLC recognizes that the major health problem facing rural America is similar to that facing the urban populations; namely, the accessability and availability of primary health care services.

Primary case is that point at which the individual enters the health care delivery system. It is the point of the medical check-up, the immunization, the general out-patient care. Making such primary care services available in rural areas presents particular problems because of the large geographic areas to be covered, the lack of medical doctors in family practice and the restrictions on the functions of allied health personnel.

In an attempt to alleviate part of the problem, the JRLC promotes the following recommendations:

1. That allied health personnel be given wider powers of service to the people of Minnesota so that basic care may be spread over wider areas; this would mean that nurses and technicians would be able to perform, within their competency, functions which are now reserved to Medical Doctors.

2. That the state assist this effort with monies for local nursing services.

3. The insurance companies required to include 3rd party reimbursement for outpatient services. One of the gravest problems we have is that hospitalization is many times required to allow insurance payment for tests and other services which could be done on an out-patient basis. This increases loads on hospitals and causes useless expenditures of the health care dollar, thus inflationing the cost of health care for everyone.

4. That increased support for local and state services for emergency medical services be encouraged.

YOUTH AND FARMING

The JRLC recommends that support for new and young farmers be encouraged by the State and National government wherever possible.

Minnesota is currently losing 2,000 family farms a year. The problems are capital, marketing, and tax loopholes for the large corporations which make it literally impossible for the current family farms to continue operating in competition with the large corporations. Thus, present farmers are being financially squeezed out while new, young farmers cannot find the capital with which to get started on their own farm. We urge state and national officials to study this problem and to work for solutions which may include long term low interest loans for new young farmers with which to begin their farm careers. We also urge further appropriations for agricultural education programs for small farms only to help the farmer operate in the most efficient manner.

ACKNOWLEDGEMENTS

JRLC acknowledges the special help of Bishop George Speltz of St. Cloud for the Rural Life Task Force. Also we recognize valuable contributions of our task force chairman, Mr. Eugene Miller, and Father Elmer Torborg, Rural Life Director of the Diocese of St. Cloud.

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DO NOT STAY AWAY

Mr. McGOVERN. Mr. President, on Wednesday, February 27, I addressed a group of students here in Washington and explained to them my views on the role that they might play in the future of this country.

Because those remarks have relevance,

I believe, for young people in general, and particularly for the young people of my home State of South Dakota, I ask unanimous consent that my remarks be printed in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

DO NOT STAY AWAY

(By Senator GEORGE MCGOVERN)

You are here today in defiance of some advice you heard during the Watergate hearings. Gordon Strachan, H. R. Haldeman's assistant in the White House, was asked what he would recommend to young people who wanted to become involved in politics. ". . . my advice," he said, "would be to stay away."

Stay away, he said, from a corrupt system which corrupts all who serve it.

Stay away, he said, from Washington and the White House, for there the only sin is defeat, the only virtue—victory.

Stay away, he said, far from the political crowd, safe in the comfort of private life, isolated from the concerns of public leadership.

How far from the conception of Jefferson and Lincoln that politics is a most worthwhile endeavor.

The distance is measured in the dishonor which devastated the ideals and the lives of young Americans like Gordon Strachan. It did not happen to them in a Tammany Hall Clubhouse, but in the White House, the highest and most powerful place in our nation. There, they were told that cold-blooded toughness was the essential quality of character. There, they were taught loyalty, not to principles, not even to the office of the presidency, but to the political survival of one occupant of the White House. Leaving all else if necessary, they were asked to cleave only to him. For them, ours was not a government of laws or even of men, but of one man. The question they always thought to ask was not "why," but "what."

And then, amid the ashes of their hopes and the fraying of our common faith in the integrity of our institutions, you were told to stay away.

With these words of advice comes a note of defense; they say, we are sorry for what we did, but everybody does it; the only difference is that we got caught.

But John Kennedy's campaign did not burglarize the Republican National Committee. Dwight Eisenhower did not wiretap Adlai Stevenson. Harry Truman did not avoid his fair share of taxes. Politics, like every part of life, is imperfect. But politics does not have to be immoral. And in general it is not. At its best, it permits people to join together honestly and decently to shape their country and bend their times in the direction of justice. The power of government can be used instead of abused; the White House can be a source of hope instead of special deals.

But whatever pain has come from Watergate, there has also been progress.

At long last, Congress has been challenged enough to insist on its rightful check on the executive. The legislative branch has moved to restore its war powers; it has cut off funds for the bombing of Cambodia; it has created a permanent safeguard against wars by presidential whim. And on that one question, at least, Congress has overridden a presidential veto.

At the same time, efforts are underway to strengthen the capacity of the Congress to exercise firm and effective budgetary control. Hopefully, we have moved away from the notion that the President has either a divine right or a man-made mandate to rule behind closed doors without reference to the Congress, the press, or the people.

For too long, the legislative branch shirked its constitutional responsibilities—and it has only just begun to reassert them. Congress's rating in the polls is low not because it has done too much, but too little and so very late. But in the wake of Watergate, it is not only the right policy but the right politics for the Senate and the House to exercise their powers to restore integrity to government and abundance to the economy. The failure of the White House is no excuse for failure on Capitol Hill. Instead, this is the time for Congress to be fully on the job.

And Watergate has helped to change the conduct of our campaigns as well as the conduct of the Congress. Even before the passage of the new campaign reform law, we are seeing a cleaner, better politics. Some candidates who are exploring a presidential race in 1976 are limiting the size of the contributions they will accept in 1974. Candidates for State office are disclosing their contributions and their spending—not because the law may require it, but because the people are demanding it. Candidates for Congress are disclosing more than the law asks—because those who ask for the support of the people must earn the trust of the people—not just by asserting their honesty, but by proving it. And any candidates who seeks to hide his sources of support or pursue the strategy of smear will discover that things have changed since 1972. This year, the only place for Watergate politics is in the loser's column.

So we have come a long way since 1972. I suggested last summer that while it was a disappointment to me and millions of supporters, it may ultimately prove to be a victory for the country that Mr. Nixon won the election. For that overwhelming result, followed by the disclosure of unprecedented scandal and the assertion of uninhibited White House power, has shocked the nation and inspired reform as nothing else could. I wanted to call America home to her founding principles. This Administration has sent us home in search of those ideals.

But we must also recognize that reform is not our final purpose, but a precondition to other steps. A clean politics is not a sufficient politics. A system of checks and balances may help us do what is right—but it will not secure us against policies that are wrong.

The secret bombing of Cambodia would have been a disaster—even if Congress had known about it and approved it as the Constitution requires.

Vietnam would have been a tragic enterprise—even if Congress had been a full partner in carrying it out.

Antitrust policies that shelter outfits like ITT would have harmed the American people—even if they were not the *pro quo* for a hefty *quid* from the company, and even if they were set by a President who campaigned fairly and spoke candidly.

Bad policies cannot be redeemed even by the best process. Reformed politics and restored institutions can only give the people the opportunity, if they will take it, to move the nation in better ways.

This is a task you have taken for yourselves. And today's policies need attention too.

I hope you are here to insist that it is wrong to repeal our environmental programs just because the big oil companies have the power to create a shortage and profit from it. I hope you are here to insist that it is wrong to spend new billions on military waste while hospitals and housing are cut back, just because the Pentagon has a better lobby and defense contractors are more influential than the sick and the homeless. I know you are here to insist that it is wrong to adopt a policy of sharply higher tuitions for students just because a myopic businessmen's committee thinks that is the right thing to do.

If you bring your ideals with you, you can provide a voice for yourselves. But you will also raise a voice for those who are represented in theory but too often neglected in fact. You can express the views of the people to a Congress that is sworn to serve them—to serve not the few who want a special deal for themselves, but the many who want a better land for us all.

That makes you a part of perhaps the most significant change in decades in the way Washington does the public business. For too long, no one followed the day to day details of government except private lobbies—and they were pleading their own case, not the interests or the ideals of the people. That is their right. And many of those lobbies have been right.

But now others like you have assumed the responsibility to speak for principles and for the broader public interest.

And your voices will be heard when Congress votes. Public interest lobbies have already changed the life of the nation. One man, standing alone, forced the auto industry to care about our safety as well as their sales. One organization, supported by ordinary citizens instead of wealthy corporations, is advancing the cause of campaign reform. Today, there are many lobbies for the public interest, where before there were none. Today, Senators are summoned from the floor to hear from the representative of Common Cause as well as the representative of General Motors.

Gordon Strachan may tell you to stay away. You may draw the same message from so many other young people who were caught up in a White House that forced them to shed common decency to get along.

But I believe there is no better moment for you to come to Washington. After Watergate, more change is possible because the need is more sharply in focus. The people want it, and the government cannot dare to deny it.

So if others ask whether they should attend the public service, this should be your reply:

Don't stay away—get involved in a politics that is interested in advancing ideals rather than making deals.

Don't stay away—get involved in a government which can belong to the people instead of the privileged, which can listen to you instead of the few.

Don't stay away—get involved in a system which will be as good, or as bad, as we together make it.

For we need your help—not only to improve the American condition—but to prove once again that politics can be an honorable endeavor, and public service a high calling for us all.

SECTION 23—LEASED HOUSING

Mr. CRANSTON. Mr. President, on November 9 and 15, 1973, HUD published in the Federal Register new regulations for section 23, the leased public housing program. These regulations dramatically revise the relationship between the local housing authority and the developer of section 23 units and the relationship between the local housing authority and the low-income tenant.

Unlike existing regulations, the new regulations require the low-income family to enter into a lease with the developer/owner, not with the local housing authority. The developer has the responsibility for management, maintenance, and operation of the project, not the local housing authority. The local housing authority's responsibilities shrink to administrative details.

In a February 4 letter to me, the General Counsel of HUD, Mr. James L. Mitchell, explained why HUD had issued new regulations.

Mr. Mitchell wrote:

> Our recent reevaluation of HUD programs has convinced us that the program has developed inequities, inconsistencies, lack of uniformity and serious deficiencies in control. We determined that it is necessary to remove these conditions for the program to be administered in an acceptable manner.

Inequities, inconsistencies, lack of uniformity, deficiencies in control: these are HUD's all-purpose vocabulary, used to justify the moratorium on the subsidy programs and now used to justify new regulations.

The use of these terms with respect to the section 23 program is puzzling. Section 23 is the one subsidy program removed from the moratorium. In last year's testimony before the Senate Housing Subcommittee, HUD did not indicate that section 23 was guilty of either general or specific abuses. "Housing for the Seventies," HUD's National Housing Policy Review report released in October 1973, does not substantiate this attack on section 23.

Chapter IV of this report assesses the equity, impact, and efficiency of the suspended subsidy programs. Chapter IV is the logical place to find section 23 abuses. The only reference to section 23 is favorable. It costs $1.03 to produce a dollar's worth of housing service under the leased housing program compared to $1.23 for "turnkey," and $1.40 for conventional public housing, according to the report.

So abuses are not the reason for the new regulations. And the real reason is no secret: The President states it clearly in his September 19 housing message.

Stated the President:

> I am advised by the Secretary of Housing and Urban Development, that one of the existing construction programs—the section 23 program under which new and existing housing is leased for low income families—can be administered in such a way which carries out some of the principles of direct cash assistance. If administered this way, this program could also provide valuable information for us to use in developing this new approach.

I support a full experimentation program to test the worthiness of a direct cash assistance or housing allowance program. I do not believe, however, that the section 23 program—which has proven its worth in California and in many other States—should be distorted to fit the goals of an experiment.

After the November rules were mysteriously impounded by the Office of Management and Budget, they emerged in slightly different form on January 22. Since January 22, I have received letters from builders of section 23 units. They all say the new regulations are unworkable. I have received letters from housing authorities in California. San Diego, Long Beach, Berkeley, Santa Clara, Contra Costa, Kern, Yolo, Santa Barbara, Stanislaus, San Luis Obispo, Santa Cruz, San Bernadino and other housing authorities have written. The new regulations, they echo, are unworkable.

So what do we have? The only program the administration has freed from the moratorium is shackled by administrative regulations. It is ironic. And it is tragic for low-income families who see this program as their chance for decent and affordable housing.

In my letter of December 7 to HUD, I asked the Department for legal justification for several specific regulation changes. What I received from HUD was a statement of policy—an explanation of what kind of program HUD wants to see rather than an explanation of what the existing statute allows.

Mr. President, I ask unanimous consent that my letter to HUD of December 7, 1973, and the Department's reply of February 4, 1974, be printed in the RECORD.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

EXHIBIT A

DECEMBER 7, 1973.

Mr. DANIEL P. KEARNEY,
Deputy Assistant Secretary, Housing Production and Mortgage Credit, Department of Housing and Urban Development, Washington, D.C.

DEAR MR. KEARNEY: As I indicated at this morning's executive session of the Housing Subcommittee, I have several questions regarding the Section 23 handbooks proposed in the Federal Register on November 9 and 15. I would appreciate your answers to the following matters.

The handbook on new construction states in the initial section that the Department intends "to publish in the near future a notice of proposed rulemaking that will incorporate the procedures applicable to new construction and existing housing with and without substantial rehabilitation. Public comment with respect to these procedures will be invited before the Department promulgates its final regulations. . . ."

This tentative nature of the handbook is contradicted by the language in the body of the handbook which states that "Unless specific approval is obtained from HUD, the policies and procedures contained herein shall apply to all construction for leasing projects for which agreements to lease have not yet been entered into."

Are these rules preliminary or not? If these regulations do not constitute a notice of proposed rulemaking, when does the Department intend to issue such a notice?

Between now and the adoption of the final regulations, what handbooks will be used by the HUD Area Offices?

I would appreciate receiving the Department's explanation for these departures from the present statute.

Section 1–3–0 of the construction handbook requires the owner to perform functions which in the statute are left to a negotiated agreement between the owner and the local housing authority. On what authority does the Department recast what are matters to be negotiated into specific responsibilities of an owner?

Section 1–3–o of the construction handbook handbook requires the local housing authority to enter into a Housing Assistance Payments Contract with the owner. The existing statute does not prescribe the method of subsidy payment. It is my understanding that while Housing Assistance Payments Contracts have been used, the most common form of arrangement has been for the LHA to make the entire rental payment to the owner and then collect rent from the tenant. How does the Department justify prescribing one method of payment while the statute leaves this to negotiation?

Section 1–3–c of the new construction handbook mandates that housing assistance payments shall be paid to owners only for those units occupied by eligible families. As I read it, the statute does not give express authority to terminate the subsidy when a unit is unoccupied. I would appreciate your explanation for this rule.

I look forward to your reply.

With best wishes,

Sincerely,

ALAN CRANSTON.

EXHIBIT B

THE GENERAL COUNSEL OF
HOUSING AND URBAN DEVELOPMENT,
Washington, D.C., February 4, 1974.

Hon. ALAN CRANSTON,
U.S. Senate,
Washington, D.C.

DEAR SENATOR CRANSTON: Your letter to Daniel Kearney of December 7, 1973, regarding proposed Section 23 handbooks and regulations to be issued pursuant to Section 23 of the United States Housing Act of 1937, has been referred to me since the issues raised deal with legal matters.

It was stated in the informal publications in the Federal Register of November 9 and 15, 1973, that HUD would publish the regulations in the near future in a notice of proposed rule making, and that public comment would be invited in that notice before promulgation of the final regulations. That notice was published in the Federal Register on January 22, 1974 and provides for a period of 30 days from that date for public comment.

The reference in the November 9 and November 15 publications to requiring specific HUD approval of leasing projects for which agreements to lease had not been entered into prior to those dates was considered necessary to control the making of additional new commitments under the then existing HUD procedures in view of the forthcoming changes in policy. The policies and procedures contained in the November 9 and 15 published material were not implemented and have not been utilized for processing or funding of any projects.

Your other questions relate to our authority for the requirement that the owner be fully responsible for management of the units; for the method of payment to the owner; and for the requirement that owners will be paid only for units leased by eligible families. It is our view that those provisions are fully consistent with the purpose and intent of the Section 23 legislation and are reasonable considering the compensation provided for the owner.

The basic original intent and purpose of the Section 23 legislation was to provide a program of short term leasing of privately owned vacant housing. The direction taken by the Section 23 program over the years since its enactment has been toward complete assumption of management and financial responsibility by the LHA's and toward no risk to the owners. In new construction this trend has been coupled with long term 20-year commitments of annual contributions, with tax-exempt bond financing by non-profit shell corporations and with rights to LHA ownership of the leased housing. Our recent re-evaluation of HUD programs has convinced us that the program has developed inequities, inconsistencies, lack of uniformity and serious deficiencies in control. We determined that it is necessary to remove these conditions for the program to be administered in an acceptable manner.

Accordingly, the program has been modified to provide that the basis for the compensation to be paid owners under the proposed regulation is the "fair market rent" of privately owned, modest, decent, safe and sanitary housing in the area. This "fair market rent" is the market-place compensation of private owners renting directly to nonsubsidized families. These owners in the private market place are responsible for managing their properties and for all the financial risks involved, including vacancy losses, etc. We believe, therefore, that it is appropriate and reasonable to assure that owners paid fair market rents under the proposed Section 23 program be required to assume the responsibilities, risks and relationships with the renting families normally assumed by the private owners. Indeed, considering that owners can call upon the LHA's for eligible applicants and are assured of the difference between what the families can pay and fair market rents, owners willing to provide acceptable housing at a fair market rental should find the program attractive.

As to the technical legal authority to issue the regulations (in addition to the general authority under section 7(d) of the Department of Housing and Urban Development Act (42 U.S.C. 3535(d)), we rely on the provisions of Section 10(b) of the United States Housing Act (42 U.S.C. 1410(b)) as follows:

"Annual contributions shall be strictly limited to the amounts and periods necessary, in the determination of the Authority [HUD], to assure the low-rent character of the housing projects involved. Toward this end the Authority [HUD] may prescribe regulations fixing the maximum contributions available under different circumstances, giving consideration of cost, location, size, rent-paying ability of prospective tenants, or other factors bearing upon the amounts and periods of assistance needed to achieve and maintain low rentals. Such regulations may provide for rates of contribution based upon development, acquisition or administration cost, number of dwelling units, number of persons housed, or other appropriate factors. . . ."

We believe that the foregoing provisions provide adequate legal authority for the regulations, bearing in mind the basic intent and purpose of Section 23 and the inequities inconsistencies, lack of uniformity and serious deficiencies in controls which exist under the existing policies and procedures.

Sincerely,

JAMES L. MITCHELL.

Mr. CRANSTON. Mr. President, HUD replied with a policy statement because that is what the regulations are. They anticipate what the Department would like to accomplish legislatively through S. 2507, the Administration's Housing Act of 1973.

Regulations should be made pursuant to law, not in anticipation of it. The Senate Banking Committee this month reported the Housing and Community Development Act of 1974, which contains a revised section 23 program. The House Banking and Currency Committee is marking up its version of the same bill. The compromise of these versions signed into law is the statutory authority for new regulations. The authority does not lie in a hoped-for bill. HUD should withdraw these regulations and use the present regulations until it gets a congressional mandate to revise the program.

In January 1973, the administration cut off the subsidy programs in clear violation of congressional direction. This year's new regulations grounded in pending legislation show that HUD's boldness has not diminished.

THE TERMINOLOGY OF ENERGY

Mr. McGOVERN. Mr. President, the energy crisis which has dominated the news in recent months has unleashed on Americans a new language.

Terms such as "liquefaction," "Bunker-C," "cryogenic transmission," "proved reserves" and "magnetohydrodynamics" are frequently used.

To help the public understand such terms, the Science and Astronautics Committee of the House of Representatives have published a helpful glossary of energy terms, and I ask unanimous consent that it be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

Acre-foot. A quantity of water that would cover 1 acre, foot deep. Contains 43,560 cubic feet, 1,233 cubic meters, 32,580 gallons (U.S.). One acre-foot of water can satisfy the municipal and industrial energy demands of four people for 1 year.

AGA. American Gas Association. The trade association of the private gas industry.

Alternating Current (AC). An electric current whose direction is reversed at regular intervals. Electric power in the United States alternates with a frequency of 60 hertz, or cycles per second. Some European countries use 50 hertz.

Ampere. A unit of measure for an electric current; the amount of current which flows in a circuit in which the electromotive force is one volt and the resistance is one ohm.

Animal Waste Conversion. The process for obtaining oil from animal wastes. A Bureau of Mines experiment has obtained 80 gallons of oil per ton from cow manure. In comparison, average oil shale yields 25 gallons of oil per ton of ore.

Anthracite. A hard, black, lustrous coal that burns efficiently and is therefore valued for its heating quality.

API. American Petroleum Institute. A trade association of the American petroleum industry.

Associated-dissolved Gas. Associated gas is free natural gas in immediate contact, but not in solution, with crude oil in the reservoir; dissolved gas is natural gas in solution in crude oil in the reservoir.

ATGAS. A process for coal gasification being developed for the Department of the Interior by Applied Technology Inc. The primary feature of the process is dissolving of coal in a bath of molten iron.

Atomic Energy. The energy released by a nuclear reaction or by radioactive decay. (See radioactivity, fission, fusion, nuclear reactors).

Average Life (mean life). The average of the individual lives of all atoms of a particular radioactive substance. It is 1.443 times the radioactive half-life of the substance.

Autofining. A fixed-bed catalytic process for desulfurizing distillates.

Backup. Reserve generating capacity of a power system.

Barrel (bbl). A liquid measure of oil, usually crude oil, equals to 42 American gallons or about 306 pounds. One barrel equals 5.6 cubic feet or 0.159 cubic meters. For crude oil 1 bbl is about 0.136 metric tons, 0.134 long tons, and 0.150 short tons. The energy values of petroleum products per barrel are: crude petroleum 5.6 million Btu/bbl; residual fuel oil—6.29; distillate fuel oil—5.83; gasoline—5.25; jet fuel (kerosine type)—5.67; jet fuel (naphtha type)—5.36; kerosine—5.67; petroleum coke—6.02 and asphalt—6.64.

Base Load. The minimum load of a utility (electric or gas) over a given period of time.

Base Load Station (Gas). A station which is normally operated to take all or part of the base load of a system and which, consequently, operates essentially at a high load factor.

Bbl/d. Barrels per day.

Bbls. Barrels.

Bender Process. A continuous, fixed-bed chemical treating process, using a lead sulfide catalyst for sweetening light distillates. The process converts mercaptans to disulfides by oxidation.

Benzene. C6H6. A colorless liquid hydrocarbon, made from coal tar and by catalytic reforming of naphthenes. It is used in the manufacture of phenol, styrene, nylon, detergents, aniline, phthalic anhydride and other compounds; as a solvent; and as a component of high-octane gasoline.

Benzin. A refined light naphtha used for extraction purposes.

Benzine. An obsolete term for light petroleum distillates covering the gasoline and naphtha range.

Bi-Gas. A process for coal gasification being developed by the Office of Coal Research and the American Gas Association.

Bitumen. A general name for various solid and semisolid hydrocarbons; a native substance of dark color, comparatively hard and nonvolatile, composed principally of hydrocarbon.

Bituminous Coal. Soft coal; coal that is high in carbonaceous and volatile matter. When volatile matter is removed from bituminous coal by heating in the absence of air, the coal becomes coke.

Blended Fuel Oil. A mixture of residual and distillate fuel oils.

Blending Naphtha. A distillate used to thin heavy stocks to facilitate processing, e.g. to thin lubricating oil in dewaxing processes.

Blending Stock. Any of the stocks used to make commercial gasoline. These include: natural gasoline, straight-run gasoline, cracked gasoline, polymer gasoline, alkylate, and aromatics.

Boiling Water Reactor (BWR). A nuclear reactor in which water, used as both coolant and moderator, is allowed to boil in the reactor core. The resulting steam can be used directly to drive a turbine.

B.M. Bureau of Mines, U.S. Department of the Interior.

Bottoming Cycle. A means to increase the thermal efficiency of a steam electric generating system by converting some waste heat from the condenser into electricity rather than discharging all of it to the environment.

Breeder Ratio. The ratio of the number of fissionable atoms produced in a breeder reactor to the number of fissionable atoms consumed in the reactor.

Breeder Reactor. A nuclear reactor so designed that it converts more uranium-238 or thorium into useful nuclear fuel than the uranium-235 or plutonium which it uses. The new fissionable materials are created by capture in the fertile materials of neutrons from the fission process. There are three types of breeder reactors: the liquid metal, fast breeder (LMFBR); the gas cooled fast breeder (GCBR); and the molten salt breeder (MSBR).

Breeding Ratio. The number of new fission atoms produced in a breeder reactor per fissionable atom consumed in the reactor.

British Thermal Unit (BTU). The quantity of heat necessary to raise the temperature of one pound of water one degree Fahrenheit. One Btu equals 252 calories, gram (mean), 778 foot-pounds, 1055 joules and 0.293 watt-hours.

Btu. British thermal units per hour. A measure of rate of heat.

Bulk Plant. A wholesale distributing unit for petroleum products, often having facilities on railroad sidings. It may have tank storage for light oils and a warehouse with storage for products sold in barrels and packages.

Bulk Plants for LP Gas. A distributing point with permanently installed pressure tanks and required accessory equipment for storing large volumes of liquid petroleum gas and, in dealers plants, withdrawing it for refilling bottles, delivery trucks and trailers; in consumer's plants, withdrawing it for vaporization and utilization.

Bunker "C" Fuel Oil. A heavy residual fuel oil used by ships, industry, and for large-scale heating installations. In industry it is often referred to as No. 6 fuel.

Burn-UP (Nuclear). A measure of the consumption of nuclear fuel in a nuclear reactor. Fuel burn-up may be expressed in terms of total energy extracted from the fuel during its stay in the reactor, in terms of percentage of the fuel consumed over that period. For the former, the units usually are megawatt-days of heat per metric ton. (MWD/tonne). One percent burn-up is about 9,000 MWD/tonne.

Bureau of Mines (BoM). A bureau of the Department of Interior established in 1910. The bureau ". . . conducts research and administers regulatory programs necessary fo. performance of the governmental function to stimulate the private sector toward the production of an appropriate and substantial share of the national mineral and fuel needs in a manner that best protects the public interest."

Busbar. An electrical conductor in the form of rigid bars located in a switchyard or power plants, serving as a common connection for two or more electrical circuits.

By-products (Residuals). Secondary products which have commercial value and are obtained from the processing of raw material. They may be the residues of the gas production process, such as coke, tar, and ammonia, or they may be the result of further processing of such residues, such as ammonium sulphate.

By-product material (Nuclear). Any artificial radioactive material obtained during the production or use of source material or fissionable material. It includes fission products and radioisotopes produced in nuclear reactors, but not radioactive materials occurring in nature or those made with accelerators such as cyclotrons.

Caking Coal. Coal which softens and agglomerates on heating and, after volatile matter has been driven off at high temperatures, produces a hard gray cellular mass of coke. All caking coals are not good coking coals.

Calorie. A unit of heat energy equal to the amount of heat that will raise the temperature of one gram of water 1 degree centigrade. (cal.) The calorie is used when temperature is measured on the Centigrade scale, while the British thermal unit is used when the measurement is on the Fahrenheit scale. One calorie equals 3.97 x 10^3 Btu, 4.18 joules, and 1.10 x 10^3 watt-hours. For energy issues, the usual term is the kilocalorie, or 1000 calories.

Calorific Value. The heat liberated by the combustion of a unit quantity of a fuel.

Cash Bonus Payment. A cash consideration paid by the lessee for the execution of an oil or gas lease by a landowner. The bonus is usually computed on a per acre basis.

Catalytic Cracking. The conversion of high-boiling hydrocarbons into lower boiling substances by means of a catalyst. Feedstocks may range from naphtha cuts to reduced crude oils.

Catalytic Hydrogenation of Coal Tar. A process being developed by the Bureau of Mines to convert sulfur-bearing coal into non-polluting fuel.

Catalytic Reforming. The rearranging of hydrocarbon molecules in a gasoline-boiling-range feedstock to produce other hydrocarbons having a higher antiknock quality.

Ccf. One hundred cubic feet. A unit of measure used for small amounts of natural gas.

CEQ. Council on Environmental Quality.

Cf. Cubic feet.

Cfh. Cubic feet per hour.

Cfm. Cubic feet per minute.

Cfs. Cubic feet per second.

Chain Reaction. A nuclear reaction that stimulates its own repetition. In a fission chain reaction, a fissionable nucleus absorbs a neutron and fissions, releasing additional neutrons. These in turn can be absorbed by other fissionable nuclei, releasing still more neutrons. A fission chain reaction is self-sustaining when the number of neutrons released equals or exceeds the number of neutrons lost by absorption in nonfissionable material or by escape from the system.

Char-oil Process (COED). A process being developed by the Office of Coal Research for low-temperature distillation of coal carbonization products. The process is designed to produce clean liquids, gases and char for fuel, with the product balance depending upon economic factors.

CO_2-Acceptor Process. A process being developed by the Office of Coal Research and the American Gas Association to gasify lignite. Commercial application could provide a clean synthetic gas, or low-sulfur solid fuel for power generation.

Coal Alkylation. A process being developed by the Bureau of Mines to convert sulfur-**bearing coal into a non-polluting fuel.**

Coal Augering. A surface mining method used when coal lies in high walls that were prepared for this operation or were left by stripping, or when the coal outcrops to the surface. The mining machines consist of large single and double augers which drill horizontally into the seams to extract the coal.

Coal Classification Systems. In all countries the basis for classification is content of volatile matter. Anthracite is 10% volatile; lean coal, semi-anthracite or dry-steam coal is 10-13% volatile; variously designed coal is 14–20% volatile; coking coal is 20–30% volatile.

Coal Gas. Manufactured gas made by distillation or carbonization of coal in a closed coal gas retort, coke oven, or other vessel.

Coal Gasification. The conversion of coal to a gas suitable for use as a fuel. Cf. Hygas, CO^2-acceptor, Bi-gas, methanation, Lurgi ATGAS processes.

Coal Liquefaction. (Coal hydrogenation). The conversion of coal into liquid hydrocarbon and related compounds by hydrogenation. Three projects of the Office of Coal Research include the Consol pilot plant for low-sulfur liquid fuels, the FMC Corp.'s project COED, and the P&M Corp, pilot plant project for low-ash/low-sulfur solvent refined coal.

Coal Oil. Oil obtained by the destructive distillation of bituminous coal. An archaic term for kerosine made from petroleum.

Coal Preparation. A collective term for physical and mechanical processes applied to coal to make it suitable for a particular use.

Coal Preparation Plant. A plant for the cleaning and sizing of the raw coal before it is loaded into railway cars or trucks

Coal Slurry Pipeline. A pipeline which transports coal in pulverized form suspended in water.

Coal Tar. A gummy, black substance produced as a byproduct when bituminous coal is distilled.

Coastwise Shipping. Goods shipped from one U.S. port to another U.S. port along the same coastal region.

COED. An Office of Coal Research project for development of liquid fuel from coal char.

Coke. A porous, solid residue resulting from the incomplete combustion of coal heated in a closed chamber, or oven, with a limited supply of air. Coke is largely carbon and is a desirable fuel in certain metallurgical industries.

Coking Coal. The most important of the bituminous coals, which burns with a long yellow flame and creates an intense heat when properly attended.

Combination Utility. Utility which supplies both a gas and some other utility service (electricity, water, traction, etc.).

Combined-cycle Plant. A plant which utilizes waste heat from large gas turbines (driven by gases from combustion of hydrocarbon fuels) to generate steam for conventional steam turbines.

Condensate. Liquid hydrocarbon obtained by the combustion of a vapor or gas produced from oil or gas wells and ordinarily separated at a field separator and run as crude oil.

Containment (Nuclear). A gas-tight shell or other enclosure around a nuclear reactor to contain radioactive vapors and gases that might otherwise be released to the atmosphere in a reactor accident.

Continental Shelf. The extension of the continental land mass into the oceans, under relatively shallow seas, as opposed to the deeper basins.

Conventional gas. Natural gas as contrasted to synthetic gas.

Conventional oil. Crude oil and condensate as contrasted with synthetic oil from shale or coal.

Conversion. The chemical processing of uranium concentrates into uranium hexafluoride gas.

Conversion factors. The energy content of most fuels can vary depending on their source and composition. The following energy equivalents are among those commonly used.

Coal:

Anthracite=25.4 million Btu/ton.

Bituminous=26.2 million Btu/ton.

Sub-bituminous=19.0 million Btu/ton.

Lignite=13.4 million Btu/ton.

The average heating value of bituminous coal and lignite exported and used in electricity generation and in industry in 1969 in the United States was 24.7 million Btu/ton.

Petroleum:

Crude petroleum—5.60 million Btu/bbl. (42 gal).

Residual Fuel Oil—6.29 million Btu/bbl.

Distillate Fuel Oil—5.83 million Btu/bbl.

Gasoline (including aviation)—5.25 million Btu/bbl.

Jet Fuel (kerosene type)—5.67 million Btu/bbl.

Jet Fuel (naptha-type)—5.36 million Btu/bbl.

Kerosene—5.67 million Btu/bbl.

Asphalt and Road Oil—6.64 million Btu/bbl.

Natural Gas:

Dry—1031 Btu/cu. ft. at STP.

Wet—1103 Btu/cu. ft. at STP.

Liquids (avg)—4.1 million Btu/bbl.

Fissionable Material—74 million Btu/gm U–235 fissioned.

Converter Reactor. A nuclear reacter that produces some fissionable materials from uranium-238 or thorium, but less than the nuclear material it consumes. Light water reactors and high temperature gas cooled reactors are converters.

Coolant. A substance circulated through a nuclear reactor to remove or transfer heat. Common coolants include water, air, carbon dioxide, helium and liquid sodium.

Cooling pond. An artificial pond used to receive and dissipate waste heat, usually from a steam-electric power plant. Approximately an acre of pond surface is needed per megawatt of electric output for a modern steam-electric power plant.

Cooling Tower, Wet. A unit or structure, usually built of wood, for the cooling of water by evaporation.

Cooling Tower, Dry. A unit or structure for cooling water by conduction and convection into the air, much as does the radiator of an automobile.

Core. The central part of a nuclear reactor which contains the nuclear fuel.

Cps. Cycles per second.

Cracking. Processing that breaks down and rearranges the molecular structure of hydrocarbon chains. In thermal cracking, high temperature and high pressure is applied; in catalytic cracking, temperature and pressure are applied in the presence of a catalyst.

Cracking Plant. An oil refinery.

Cracking Still. The combined equipment—furnace, reaction chamber, fractionator—for the thermal conversion of heavier charging stock to gasoline.

Crude. Oil in its natural state, before refining or processing.

Crude Naphtha. Light distillate made in the fractionation of crude oil.

Crude Oil. A mixture of hydrocarbons that existed in natural underground reservoirs. It is liquid at atmospheric pressure after passing through surface separating processes and does not include natural gas products. It includes the initial liquid hydrocarbons produced from tar sands, gilsonite, and oil shale.

Cryogenics. The study and production of very low temperatures and their associated phenomena.

Cryogenic Techniques. Techniques involving extremely low temperatures used to keep certain fuels in liquid form; i.e. liquefied hydrogen, methane, propane, etc. CF. super conductivity.

Cubic Foot (cu. ft.). The most common unit of measurement of gas volume. It is the amount of gas required to fill a volume of one cubic foot under stated conditions of temperature, pressure, and water vapor. One cubic foot equals 28317.01 cubic centimeters; 1,728 cubic inches; 7.48 gallons (U.S.); and 28.31 liters. One cubic foot/second equals 1.98 acre-feet/day; 448.8 gallons/minute; and 0.646 million gallons/day.

Cubic Foot. Cubic Foot or feet.

Cubic Meter. A measure of volume in the metric system. One cubic meter equals 8.6 barrels (U.S., liquids); 35.3 cubic feet; 1.3 cubic yards; 264.1 gallons (U.S.); and 999.9 liters.

Cubic Yard. A measure of volume. One cubic yard equals 27 cubic feet and 0.76 cubic meters.

Culm. In anthracite terminology, the waste accumulation of coal, bone and rock from old dry breakers.

Curie. The unit for radioactive quantity. One curie equals 3.7 x 10^{10} nuclear transformations per second. Common fractions are:

Megacurie: One million curies (MCi)
Microcurie: One millionth of a curie.
Millicurie: One thousandth of a curie (mCi)
Nanocurie: One billionth of a curie (nCi)
Picocurie: One millionth of a microcurie (pCi)

CUP. Cascade Uprating Program.

DC. Direct Current.

Dead-Weight Tons (DWT). The total lifting capacity of a ship expressed in long tons (2,240 lbs.). For example, the oil tanker Universe Ireland is listed as 312,000 dwt. which means it can carry 312,000 tons of oil or about 1.9 million barrels.

Decay, Radioactive. The process whereby atoms of radioactive substances experience transformation into atoms of other elements with attendant emission of penetrating radiations (gamma rays) and some nuclear particles. Each radioactive substance has a unique decay rate which may range from a fraction of a second to hundreds of years or more.

Decay Cooling. The storage of irradiated fuel elements to allow for radioactive decay of short-lived radioisotopes prior to initiating fuel reprocessing.

Decay Heat. The head produced by radioactive decay of radioactive fission products in a nuclear core.

Decay Product. A nuclide resulting from the radioactive disintegration of a radionuclide, formed either directly or as the result of successive transformations in a radioactive series. A decay product may be either radioactive or stable.

Deep Mining. The exploration of coal or mineral deposits at depths exceeding about 1,000 feet. Coal is usually deep mined at not more than 1,500 feet. Mineral mines are deeper.

Degree Day, Cooling. A measure of the need for air conditioning (cooling based on temperature and humidity.) Although cooling degree days are published for many weather stations, specific procedure has not been generally accepted.

Degree Day, Heating. A measure of the coldness of the weather experienced, based on the extent to which the daily mean temperature falls below a reference temperature, usually 65 degrees F.

Deliverability. The volume of gas a well, field, pipeline, or distribution system can supply in a given period of time. Also, the practical output from a storage reservoir.

Demand. The rate at which electric energy is delivered to or by a system or to a piece of equipment, expressed in kilowatts, kilovolt amperes, or other suitable unit at a given instant or average over any designated time. Likewise the rate at which natural gas or other fuel is delivered to a system.

Demand, Average. The demand on a system or any of its parts over an interval of time, determined by dividing the total energy supplied by the number of units of time in the interval.

DENR. The proposed Department of Energy and Natural Resources mentioned by the President in his energy message of April 18, 1972.

Depleted Uranium. Uranium having less uranium-235 atoms than found in nature, which is 0.71 percent. Depleted uranium is a by-product of the enrichment process.

Depletion Allowance. A tax allowance extended to the owner of exhaustible resources based on an estimate of the permanent reduction in value caused by the removal of the resource.

Desulfurization. The process by which sulfur and sulfur compounds are removed from gases or liquid hydrocarbon mixtures.

Diesel Engine. An internal-combustion engine drawing its power from the explosions of an air-oil mixture. Combustion is caused by heat from compressing the air-fuel mixture in a cylinder by a piston.

Diesel Fuel. Fuel used for internal combustion on diesel engines; usually that fraction which distills after kerosene; similar to gas oil.

Direct Current (DC). Electricity that flows continuously in one direction, as contrasted with alternating current.

Direct Energy Conversion. The generation of electricity from an energy source in a manner that does not include transference of energy to a working fluid. Direct conversion methods have no moving parts and usually produce direct current. Some methods include thermoelectric conversion, thermionic conversion and magnetohydrodynamic conversion.

Distillate Fuel Oil. Any fuel oil, gas oil, topped crude oil, or other petroleum oils, derived by refining or processing crude oil or unfinished oils, in whatever type of plant such refining or processing may occur, which has a boiling range at atmospheric pressure from 550 degrees to 1,200 degrees F.

Doubling Time. In the long-term (multicycle) operation of a breeder reactor system, the time required to achieve a net doubling of the inventory of fissionable material present in the system, expressed in years. Doubling time depends on the breeding gain and the specific power at which the reactor operates.

Drift. Water lost from an evaporative cooling tower as liquid droplets are entrained in the exhaust air.

Drift Mine. A coal mine which is entered directly through a horizontal opening.

Dry Cooling. Cooling in which waste heat is dissipated directly to the atmosphere.

Dry Hole. A drilled well which does not yield gas and/or oil in quantities or condition to support commercial production.

Efficiency, Thermal. Relating to heat, a percentage indicating the available Btu input that is converted to useful purposes. It is applied, generally, to combustion equipment. E=*Btu output*/Btu input

EHV. Extra-high voltage.

Electrofluidic Coal Processing. A system being developed by the Office of Coal Research to dissolve and hydrogassify coal. If successful it may provide a way to completely use coal fed to conversion processes and thus minimize environmental problems to waste products.

Energy. The capability of doing work. There are several forms of energy, including kinetic, potential, thermal, and electromagnetic. One form of energy may be changed to another, such as burning coal to produce steam to drive a turbine which produces electricity. Except for some hydroelectric and nuclear power, most of the world's energy comes from energy in the form of fossil fuels, which are burned to produce heat.

Energy Messages. Cf. The President's messages.

Enriched Uranium. Uranium in which the amount of uranium-235 present has been artificially increased above the 0.71 percent found in nature. Uranium enriched between 3 and 6 percent is a common fuel for civil nuclear power stations. Uranium enriched to 90 percent or more is used for nuclear propulsion of warships and submarines, and in atomic bombs.

Enriching, (Gas). Increasing the heat content of gas by mixing it with a gas of higher Btu content.

Enrichment. A process by which the proportion of the fissionable uranium isotope (U–235) is increased above the 0.7 percent contained in natural uranium.

Enthalpy. The heat content per unit mass, expressed in Btu per pound.

Environmental Impact Statements. The analytical statements that balance costs and benefits of a Federal decision. Required by the National Environmental Policy Act, sec. 102(2)(c).

EPA. Environmental Protection Agency. A Federal agency created in 1970 to permit coordinated and effective governmental action for protection of the environment by the systematic abatement and control of pollution through integration of research, monitoring, standard setting and enforcement activities.

Exchange Gas. Gas that is received from (or delivered to) another party in exchange for gas delivered to (or received from) such other party.

Extraction Plant. A plant in which a product, such as propane, butane, oil, or natural gasoline, which is initially component of the gas stream, is extracted or removed for sale.

Farm Tractor Fuel. Any petroleum product, exclusive of gasoline diesel fuel, and liquefied petroleum gas, which is used for the generation of power for the operation of farm implements.

Fast Breeder Reactor. A fast nuclear reactor that operates with neutrons at the fast speed of their initial emission from the fission process, and that produces more fissionable material than it consumes.

Fast Reactor. A nuclear reactor in which the fission chain reaction is sustained primarily by fast neutrons. Fast reactors contain no moderator and inherently require enriched fuel. They are of interest because of favorable neutron economy which makes them suitable for breeding.

Fast Flux Testing Facility (FFTF). A major AEC experimental facility still under construction. When completed, it will provide neutron exposure for breeder fuels comparable to those expected in commercial fast breeder reactors.

Feed Materials (Nuclear). Refined uranium or thorium metal or compounds suitable for use in fabricating reactor fuel elements or as feed to uranium enrichment facilities.

Feedstock. Crude oil or a fraction thereof to be charged to any process equipment.

Fertile Material. A material, not itself fissionable by thermal neutrons, which can be converted into a fissionable material by irradition in a nuclear reactor. The two basic fertile materials are uranium-238 and thorium-232. When these fertile materials capture neutrons, they become fissionable plutonium-239 and uranium-233, respectively.

FFTF. Fast Flux Testing Facility.

Finished Products. Petroleum oils, or a mixture or combination of such oils, or any component or components of such oils which are to be used without further processing.

Firedamp. A highly-explosive mixture of methane and air found in the seams of coal mines. It is frequently the cause of explosions in coal mines.

Fireflooding. A method to increase recovery of oil from existing fields. Cf. in situ combustion.

Fission. The splitting of a heavy nucleus into two approximately equal parts (which are radioactive nuclei of lighter elements), accompanied by the release of a relatively large amount of energy and generally one or more neutrons. Fission can occur spontaneously, but usually is caused by nuclear absorption of neutrons or other particles.

Fission Products. The nuclei formed by the fission of heavy elements, plus nuclides formed by the fission fragments radioactive decay. Fission products are intensely radioactive.

Fissionable Material. Any material fissionable by slow neutrons. The three basic ones are uranium-235, plutonium-239 and uranium-233.

Flare Gas. Unutilized natural gas burned in flares at an oil field; waste gas.

Flue Gas. Gas from the combustion of fuel, the heating value of which has been substantially spent and which is, therefore, discarded to the flue or stack.

Fluidized Bed. A fluidized bed results when a fluid, usually a gas, flows upward through a bed of suitably sized solid particles at a velocity high enough to buoy the particles, to overcome the influence of gravity, and to impart to them an appearance of great turbulence. Fluidized beds are used in the petroleum industry. The Office of Coal Research is developing a coal-fired fluidized bed boiler which would permit use of Western low sulfur coals without slagging, and use of high sulfur coals without causing unacceptable environmental effects.

Fly Ash. Fine solid particles on noncombustible ash carried out a chimney with waste gases.

Fossil Fuel. Any naturally occurring fuel of an organic nature, such as coal, crude oil and natural gas.

Fuel. Any substance that can be burned to produce heat. Sometimes includes materials that can be fissioned in a chain reaction to produce heat. The energy content of common fuels are as follows:

1 Barrel (Bbl.) of Crude Oil equals 5,800,000 Btu.

1 Cubic Foot (CF) of Natural Gas equals 1,032 Btu.

1 Ton of Coal equals 24,000,000 to 28,000,000 Btu.

Two trillion Btu's per year are about equal to 1,000 barrels of crude oil per day.

Fuel Cell. A device for combining fuel and oxygen in an electro-chemical reaction to generate electricity; chemical energy is converted directly into electrical energy without combustion.

Fuel Energy Conversion Factors:

Coal:
Anthracite (Penn.)—25.4 million Btu/ton.
Bituminous—26.2 million Btu/ton.
Sub-bituminous—19.0 million Btu/ton.
Lignite—13.4 million Btu/ton.

Petroleum:
Crude—5.6 million Btu/bbl.
Residual fuel oil—6.29 million Btu/bbl.
Distillate fuel oil—5.83 million Btu/bbl.
Gasoline—5.25 million Btu/bbl.
Jet fuel (kerosene-type)—5.67 Btu/bbl.
Kerosene—5.67 million Btu/bbl.
Petroleum coke—6.02 million Btu/bbl.

Fuel cycle. The series of steps involved in supplying fuel for nuclear power reactors. It includes mining, refining of uranium, fabrication of fuel elements, their use in a nuclear reactor, chemical processing to recover remaining fissionable material, reenrichment of the fuel, refabrication into new fuel elements and waste storage.

Fuel Depot. A bulk storage installation composed of storage tanks and related facilities such as docks, loading racks, and pumping units.

Fuel Element. A rod tube plate or other shape or form into which nuclear fuel is fabricated for use in a reactor.

Fuel Fabrication. The manufacturing and assembly of reactor fuel elements containing fissionable and fertile nuclear material.

Fuel Gas. Synthetic gas used for heating or cooling. It has less energy content than pipeline quality gas. The Office of Coal Research is developing a process to produce clean, low-Btu fuel gas from coal. The product could be burned in nearby power plants, or could be a feed material for production of other synthetic fuels such as high Btu pipeline gas.

Fuel Oil. Any liquid or liquefiable petroleum product burned for the generation of heat in a furnace or firebox, or for the generation of power in an engine.

Fuel Rate. The amount of fuel needed to generate one kilowatt-hour of electricity. In 1969 the rates were 0.88 pounds of coal, average, in the United States electricity industry, 0.076 gallons of oil and 10.4 cubic feet of natural gas.

Fuel Reprocessing. The processing of reactor fuel to recover the unused, residual fissionable materials.

Fusion. The formation of a heavier nucleus from two lighter ones, such as hydrogen isotopes, with the attendant release of energy.

Furnace Oil. A distillate fuel primarily intended for use in domestic heating equipment.

Gallon. A unit of measure. A U.S. gallon contains 231 cu in., 0.133 cubic feet, or 3.785 liters. It is 0.83 times the imperial gallon. One U.S. gallon of water weighs 8.3 lb.

Gas Cap. A layer of gas on top of oil in an underground structure, or reservoir.

Gas, Casinghead. Unprocessed natural gas produced from a reservoir containing oil. Sometimes called Bradenhead Gas.

Gas Centrifuge Process. A method of enrichment in which heavier uranium atoms are partially separated from lighter ones by centrifugal force.

Gas Cooled Fast Breeder Reactor (GCBR). A fast breeder reactor which is cooled by a gas, usually helium, under pressure.

Gas Cycling. A petroleum recovery process which takes gas produced with oil and injects it back into the oil sand to aid in producing more oil.

Gas, Dry. Gas whose water content has been reduced by a dehydration process. Gas containing little or no hydrocarbons commercially recoverable as liquid product. Specified small quantities of liquids are permitted by varying statutory definitions in certain states.

Gaseous Diffusion Process. A method of enriching uranium based on the tendency of gas atoms or molecules of different masses to diffuse through a porous barrier, or membrane, at different rates.

Gas, Illuminating. A gas containing relatively large amounts of unsaturated and/or heavy hydrocarbon gases, which burn with a luminous flame.

Gas Impurities. Undesirable matter in gas, such as dust, excessive water vapor, hydrogen sulfide, tar and ammonia.

Gas, Manufactured. A gas obtained by destructive distillation of coal, or by the thermal decomposition of oil, or by the reaction of steam passing through a bed of heated coal or coke. Examples are coal gases, coke oven gases, producer gas, blast furnace gas, blue (water) gas, carbureted water gas. Btu content varies widely.

Gas, Natural. A naturally occurring mixture of hydrocarbon. Gases found in porous geologic formations beneath the earth's surface, often in association with petroleum. The principal constituent is methane.

Associated. Free natural gas in immediate contact, but not in solution, with crude oil in the reservoir.

Dry. See *Gas, Dry*.

Liquefied (LNG). A clear, flammable liquid both tasteless and odorless. Its normal temperature at atmospheric pressure is 259 degrees F. It remains a liquid at 116 degrees F. and 673 psia. Liquefied natural gas is almost pure methane. In volume it occupies 1/600 of the gas in vapor state.

Non-Associated. Free natural gas not in contact with, or dissolved in, crude oil in the reservoir.

Sour. Gas found in its natural state, containing such amount of compounds of sulfur as to make it impractical to use, without purifying, because of its corrosive effect on piping and equipment.

Sweet. Gas found in its natural state, containing such small amounts of compounds of sulfur that it can be used without purifying, with no deleterious effect on piping and equipment.

Wet. Wet natural gas is unprocessed natural gas or partially processed natural gas, produced from strata containing condensable hydrocarbons. The term is subject to varying legal definition as specified by certain state statutes.

Gas, Oil. A gas resulting from the thermal decomposition of petroleum oils, composed mainly of volatile hydrocarbons and hydrogen. The true heating value of oil gas may vary between 800 and 1,600 Btu per cubic foot depending on operating conditions and feedstock properties.

Gasoline. A refined petroleum distillate, including naphtha, jet fuel or other petroleum oils (but not isoprene or cumene having a purity of 50 percent or more by weight, or benzene which meets the ASTM distillation standards for nitration grade) derived by refining or processing crude oil or unfinished oils, in whatever type of plant such refining or processing may occur, and having a boiling range at atmospheric pressure from 80 degrees to 400 degrees F.

Gas, Synthesis. A mixture of CO and H_2 containing small amounts of nitrogen, some carbon dioxide, and various trace impurities prepared for petro-chemical synthesizing processes.

Gas, Turbine. A prime mover in which gas, under pressure or formed by combustion, is directed against a series of turbine blades; the energy in the expanding gas is converted into mechanical energy supplying power at the shaft.

GCBR. Gas Cooled Fast Breeder Reactor.

Generation, Electric. The process of transforming other forms of energy into electric energy.

Geological Survey. A bureau of the Department of the Interior established in 1879. The objectives of the Survey are to "perform surveys, investigations, and research covering topography, geology, and the mineral and water resources of the United States; classify land as to mineral character and water and power resources; enforce departmental regulations applicable to oil, gas, and other mining leases, permits, licenses, development contracts, and gas storage contracts; and publish and disseminate data relative to the foregoing activities.

Geothermal; Geothermic. Of or relating to the heat of the earth's interior.

Geothermal Gradient. The change in temperature of the earth with depth, expressed either in degrees per unit depth, or in units of depth per degree. The mean rate of increase in temperature with depth in areas that are not adjacent to volcanic regions is about 1 degree F in about 55 feet, corresponding to about 100 degrees F per mile of depth.

Geothermal Steam. Steam drawn from deep within the earth. There are about 90 known places in the continental United States where geothermal steam could be harnessed for power. These are in California, Idaho, Nevada and Oregon.

Gigawatt (*GW*). 1,000,000 kilowatts, 1,000 megawatts.

GPM. Gallons per Minute.

GPS. Gallons per Second.

Gross National Product (*GNP*). The total market value of the goods and services produced by the Nation before the deduction of depreciation charges and other allowances for capital consumption, a widely used measure of economic activity.

Half-Life, Radioactive. Time required for a radioactive substance to lose 50% of its activity by decay. Each radionuclide has a unique half-life.

Heating Value. The amount of heat produced by the complete combustion of a unit quantity of fuel.

Hertz. Cycles per Second. U.S. electrical supply has a frequency of 60 Hertz.

High Btu Oil-Gas Process. A manufactured gas process in which is converted into a fuel gas having a higher heating value than that of coal gas or carbureted water gas. Often called Hi-Btu Gas Process.

High Temperature Gas Cooled Reactor (*HTGCR*). A promising approach to commercial nuclear power which would permit more efficient use of uranium and also some use of thorium in its fuel cycle. Also offers greater thermal efficiency than light water reactors.

Holder, Gas. A gas-tight receptacle or container in which gas is stored for future use. There are two general ways of storing gas: (1) at approximately constant pressure (low pressure containers) in which case the volume of the container changes, and (2) in containers of constant volume (usually high pressure containers) in which case the quantity of gas stored varies with the pressure.

Holder, Storage. A gas holder for storage of excess gas supply for use during times of excess demand.

Hopper Car. A railway car for coal, gravel, etc., shaped like a hopper, with an opening to discharge the contents.

Horsepower (*Hp.*). A standard unit of power equal to 746 watts in the United States. One horsepower equals 2,545.08 Btu (mean)/hour, 550 foot-pounds/second.

Horsepower, Boiler. The equivalent evaporation of 34.5 lbs. of water per hour at 212 degrees F and above. This is equal to a heat output of 33,475 Btu per hour.

Horsepower Hour. One horsepower expended for one hour, or the horsepower multiplied by the number of hours. One horsepower hour equals 1,980,000 foot-pounds, 0.745 kilowatt-hours, 2,454 Btu (mean).

Hp. Horsepower.

HTGCR. High Temperature Gas Cooled Reactor.

Hydraulic Fracturing. A general term, for which there are numerous trade or service names, for the fracturing of rock in an oil or gas reservoir by pumping a fluid under high pressure into the well. The purpose is to produce artificial openings in the rock in order to increase permeability.

Hydrocarbon Fuels. Fuels that contain an organic chemical compound of hydrogen and carbon.

Hydrocracking. A process combining cracking or pyrolysis, with hydrogenation. Feedstocks can include crude oil, residue, petroleum tars, and asphalts.

Hydroelectric Plant. An electric power plant in which energy of falling water is converted into electricity by turning a turbine generator.

Hydrofining. A fixed-bed catalytic process to desulfurize and hydrogenate a wide range of charge shocks from gases through waxes.

Hydroforming. A process in which naphthas are passed over a catalyst at elevated temperatures and moderate pressures, in the presence of added hydrogen or hydrogen-contained gases, to form high-octane motor fuel or aromatics.

Hydrotreating. The removal of sulfur from low-octane gasoline feedstock by replacement with hydrogen.

Hydrogen/Synthesis Gas. A process being developed by the Office of Coal Research and the American Gas Association to produce either hydrogen or synthesis gas.

Hygas. A process being developed by the Office of Gas Research and the American Gas Association to produce pipeline quality gas by hydrogasification of coal. Development being done by the Institute of Gas Technology.

IGT. Institute of Gas Technology.

Injection. (Gas injection, water injection). Forcing gas or water into an oil well in order to increase pressure within the well to force oil to the surface.

In Situ. In the natural or original position; applied to a rock, soil or fossil when occurring in the situation in which it was originally formed or deposited.

In-Situ Combination. An experimental means of recovery of oil of low gravity and high viscosity which is unrecoverable by other methods. The oil is heated by igniting the oil sand and keeping the fire alive by air injection. The heat breaks the oil down to coke and lighter oils and the coke catches fire. As the combustion front advances, the light oils move ahead of the fire into the bore of a producing well. Also known as fireflooding.

In-Situ Recovery. Refers to methods to extract the fuel component of a deposit without removing the deposit from its bed.

Intangible Drilling Costs. Expense items that are written off in the year incurred for tax purposes.

Ionized Gas. A gas that is capable of carrying an electric current.

JCAE. Joint Committee on Atomic Energy.

Joule. A unit of energy or work which is equivalent to one watt per second or 0.737 foot-pounds.

Kerosene. Any jet fuel, diesel fuel, fuel oil or other petroleum oils derived by refining or processing crude oil or unfinished oils, in whatever type of plant such refining or processing may occur, which has a boiling range at atmospheric pressure from 400 degrees to 550 degrees F.

Kerosine. A colorless mixture of hydrocarbons, obtained by the fractional distillation of petroleum and used as a fuel. It was once called coal oil because of its origin.

Kilogram. (*Kg*). The unit of weight in the metric system, equal to 1,000 grams or 2.2 lb.

Kiloton (*Kt*). A measure of explosive force which originated in the early nuclear weapons program. One kilotron represents the energy of 10^{12} calories, or 3.9 x 10^{9} Btu., or 4 x 10^{12} joules.

Kilovolt (*kV*). 1000 volts.

Kilovoltampere (*kVa*). An electrical term that indicates the energy in an alternating current circuit. It is the product of voltage and current.

Kilowatt (*Kw*). 1,000 watts. A unit of power equal to 1,000 watts, or to energy consumption at a rate of 1000 joules per second. It is usually used for electrical power. An electric motor rated at one horsepower uses electrical energy at a rate of about ¾ kilowatt.

Kilowatt-Hour (*kWh*). A unit of work or energy equal to that expended by one kilowatt in one hour. It is equivalent to 3,413 Btu of heat energy.

Kinetic Energy. The energy of motion; the ability of an object to do work because of its motion.

kV. Kilovolt.

kVa. Kilovoltampere.

Kt. Kiloton.

Light Oil. Any of the products distilled or processed from crude oil up, but not including, the first lubricating oil distillate.

Light-Water Reactor (*LWR*). Nuclear reactor in which water is the primary coolant/moderator with slightly enriched uranium fuel. There are two commercial light-water reactor types—the boiling water reactor (BWR) and the pressurized water reactor (PWR).

Lignite. A low grade coal of a variety intermediate between peat and bituminous coal.

Liquefied Gases. They include the following liquefied or liquefiable gases: ethane, propane, butane, ethylene, propylene, and butylenes. These are derived by refining or other processing of natural gas crude oil, or unfinished oils.

Liquefied Natural Gas (*LNG*). A clear flammable liquid both tasteless and odorless; almost pure methane.

Liquefied Petroleum Gas (*LPG*). A gas containing certain specific hydrocarbons which are gaseous under normal atmospheric conditions, but can be liquefied under moderate pressure at normal temperatures; principal examples are propane and butane.

Liquid Metal Fast Breeder (*LMFBR*). A nuclear breeder reactor cooled by molten sodium in which fission is caused by fast neutrons.

Liquid Phase Methanation. A process being developed by the Office of Coal Research and the American Gas Association to convert hydrogen and carbon monoxide to methane which can be used as a pipeline gas.

Liquids, Natural Gas. Liquid hydrocarbon mixtures which are gaseous at reservoir temperatures and pressures but are recoverable by condensation or absorption. Natural gasoline and liquefied petroleum gases fall in this category.

Liter. The primary standard of capacity in the metric system, equal to the volume of one kilogram of pure water at maximum density, at approximately 4 degrees C, and under normal atmospheric pressure. One liter=0.264 gallons (U.S.), 1.05 quarts (U.S.) or 2.11 pints (U.S.).

Lithium. Element No. 3 (symbol Li; atomic weight 6.94). As found in nature, lithium consists of a mixture of two stable isotopes-lithium-6 (7.5%) and lithium-7 (92.4%). Lithium-6 is of interest as a possible fuel or source thereof for the generation of power from a controlled thermonuclear reaction.

LNG. Liquefied Natural Gas.

Load. The amount of power needed to be delivered a given point on an electric system.

Longwall Mining. A method of working coal seams that originated in England in the 17th century. The seam is removed in one operation by means of a long working face, or wall. The workings advance (or retreat) in a continuous line. The space from which the coal has been removed is either allowed to collapse or is completely or partially filled or stowed with stone and debris. Longwall mining emphasizes economy of extracting the maximum amount of scarce reserves. In contrast the conventional American pillar and block approach emphasizes the bountiful nature of U.S. coal reserves.

LNG. Liquefied Petroleum Gas.

Lubricating Oils. Any lubricant containing more than 50 percent by volume of refined petroleum distillates or specially treated petroleum residuum.

Lurgi Process. The only commercially available process for coal gasification. Having originated in Germany, this process has limited application in the United States because of problems of scaling up the size of operations and characteristics of U.S. coal. The Office of Coal Research and American Gas Association are jointly funding further development.

LWR. Light-water reactor.

Magnetohydrodynamics (MHD). A branch of physics that deals with magneto hydrodynamic phenomenon (of or relating to phenomena arising from the motion of elecrically conducting fluids in the presence of electric and magnetic fields). In open-cycle MHD generators, the working fluid is exhausted to the atmosphere. In the closed-cycle MHD, the working fluid is continuously recirculated through a closed loop.

Marketable Natural Gas. Raw gas from which certain hydrocarbon and nonhydrocarbon compounds have been removed or partially removed by processing. Marketable natural gas is often referred to as pipeline gas; residue gas, or sales gas.

Mcf. One thousand cubic feet.

Mcfd. One thousand cubic feet per day.

Mcfh. One thousand cubic feet per hour.

Margin. The difference between the net system generating capability and system maximum load requirements including net schedule transfers with other systems.

Megawatt (MW). 1000 kilowatts, 1 million watts.

Megawatt-Day Per Ton (Mwd/t). A unit that expresses the burnup of nuclear fuel in a reactor; specifically the number of megawatt-days of heat output per metric ton of fuel in the reactor.

Metallurgical Coal. Coal with strong or moderately strong coking properties that contains no more than 8.0 percent ash and 1.25 percent sulfur, as mined or after conventional cleaning.

Methane (CH_4). The lightest in the paraffinic series of hydrocarbons. It is colorless, odorless and flammable. It forms the major portion of marsh gas and natural gas.

Methyl Alcohol (CH_3OH). A poisonous liquid, also known as methanol, which is the lowest member of the alcohol series. Also known as wood alcohol, since its principal source is the destructive distillation of wood.

Metric Ton. 1,000 kilograms, equal to 2,204.6 lbs.

Middle Distillate. One of the distillates obtained between kerosine and lubricating oil fractions in the refining process. These include light fuel oils and diesel fuel.

Mine. An opening or excavation in the earth for the purpose of extracting minerals; a pit or excavation in the earth from which metallic ores or other mineral substances are taken by digging.

Mine-Mouth Plant. A steam-electric plant or coal gasification plant built close to a coal mine and usually associated with delivery of output via transmission lines or pipelines over long distances as contrasted with plants located nearer load centers and at some distance from sources of fuel supply.

Mmcf. Million cubic feet.

Molten-Iron Process. A process being developed by the Office of Coal Research and the American Gas Association to gasify coal without causing a sulfur oxide pollution problem. It uses a molten-iron bath with air or oxygen. The product gases are essentially methane, carbon monoxide and hydrogen which with methanation can be made into pipeline-quality gas. It is said to be the only process suitable for gasifying any coal, including anthracite and lignite.

Molten Salt Breeder Reactor (MSBR). A breeder reactor in which the fuel would be in the form of a molten salt of plutonium or uranium. It offers several technical advantages, but poses severe, unresolved engineering problems. The AEC's support for MSBR research terminated in June 1973.

Mtce. Million tons of coal equivalent. A comparative unit of energy content widely used in the oil industry. 1 Mtce=4.48 million bbl oil=25.19 trillion cubic feet natural gas.

Multi-purpose Transmission Line. Employment of a transmission line for more than one function, such as regular transmission, wheeling, reserve capacity, and peak capacity usage.

Natural Gas. Naturally occurring mixtures of hydrocarbon gases and vapors, the more important of which are methane, ethane, propane, butane, pentane, and hexane. The energy content of natural gas is usually taken as 1032 Btu/cu. ft.

Natural Gas Liquids. The hydrocarbon components: propane, butanes, and pentanes (also referred to as condensate), or a combination of them that are subject to recovery from raw gas liquids by processing in field separators, scrubbers, gas processing and reprocessing plants, or cycling plants. The propane and butane components are often referred to as liquefied petroleum gases of LPG.

Natural Gas Products. Liquids (under atmospheric conditions), including natural gasoline, which are recovered by process of absorption, adsorption, compression, refrigeration, cycling or a combination of such processes, from mixtures of hydrocarbon that existed in a reservoir.

Natural Gasoline. A mixture of liquid hydrocarbons extracted from natural gas and stabilized to obtain a liquid product suitable for blending with refinery gasoline.

Natural Uranium. Uranium as found in nature, containing 0.7% uranium-235, 99.3% of uranium-238 and a trace of uranium-234. It is also called normal uranium.

Nitrogen Oxides (NOx). A product of combustion of fossil fuels whose production increases with the temperature of the process. It can become an air pollutant if concentrations are excessive.

Normal Uranium. See natural uranium.

Non-Associated Gas. Free natural gas not in contact with, nor dissolved in, crude oil in the reservoir.

Nuclear Fuel Cycle. The various steps which involve the production, processing, use and reprocessing of nuclear fuels.

Nuclear Power Plant. Any device, machine, or assembly that converts nuclear energy into some form of useful power, such as mechanical or electrical power.

Nuclear Reactor. A device in which a fission chain reaction can be initiated, maintained, and controlled. Its essential component is a core, with fissionable fuel. It usually has a moderator, reflector, shielding coolant and control mechanisms. It is the basic machine of nuclear power.

OAPEC. Organization of Arab Petroleum Exporting Countries. It was founded in 1968 for cooperation in economic and petroleum affairs. Original members were Saudi Arabia, Kuwait, and Libya. In 1970, Abu Dhabi, Algeria, Bahrain, Dubai, and Qatar joined.

OCS. Outer continental shelf.

Office of Coal Research (OCR). A bureau of the Department of the Interior established in 1960 to develop new and more efficient methods of mining, preparing, and utilizing coal.

Off Shore Windpower System (OWPS). A proposed system to generate electricity by wind turbines mounted on off-shore platforms advocated by Professor W. E. Heronomus of the University of Massachusetts (Cf. Congressional Record, April 30, 1973, p. E2666, daily edition).

OPEC. Organization of Petroleum Exporting Countries. Founded in 1960 to unify and coordinate petroleum policies of the members. The members and the date of membership are: Abu Dhabi (1967); Algeria (1969); Indonesia (1962); Iran (1960); Iraq (1960); Kuwait (1960); Libya (1962); Nigeria (1971); Qatar (1961); Saudi Arabia (1960); and Venezuela (1960). OPEC headquarters is in Vienna, Austria.

Oil Shale. A convenient expression used to cover a range of materials containing organic matter (Kerogen) which can be converted into crude shale oil, gas and carbonaceous residue by heating.

Original Oil-In-Place. The estimated number of barrels of crude oil in known reservoirs prior to any production, usually expressed as "stock tank" barrels or the volume that goes into a stock tank after the shrinkage that results when dissolved gas is separated from the oil.

Outage. The period in which a generating unit, transmission line or other facility, is out of service.

Overburden. Material of any nature, consolidated or unconsolidated, that overlies a deposit of useful materials, ores or coal, especially those deposits that are mined from the surface by open cuts.

Particulate Matter. Solid particles, such as ash, which are released from combustion process in exhaust gases at fossil-fuel plants.

Petroleum. An oily flammable bituminous liquid that may vary from almost colorless to black, occurs in many places in the upper strata of the earth, is a complex mixture of hydrocarbons with small amounts of other substances, and is prepared for use as gasoline, naphtha, or other products by various refining processes.

Petroleum Naphtha. A generic term applied to refined, partially refined or unrefined petroleum products and liquid products of natural gas. The naphthas used for specific purposes, such as cleaning, manufacture of rubber, paints, varnishes, etc., are made to have more volatility than that set by the limits of this definition.

Petroleum Spirits. A refined petroleum distillate with volatility, flash point, and other properties making it suitable as a thinner and solvent in paints, varnishes, and similar products.

Petroleum Tar. A vicious black or dark-brown product obtained in petroleum refining which will yield a substantial quantity of solid residue when partly evaporated or fractionally distilled.

Pilot Plant. A small-scale industrial process unit operated to test the application of a chemical or other manufacturing process under conditions that will yield information useful in the design and operation of full-scale manufacturing equipment. The pilot unit serves to disclose the special problems to be solved in adapting a successful laboratory method to commercial sized units.

Plutonium. A fissionable element that does not occur in nature but is obtained by exposure of U^{238} to neutrons in a reactor.

Ppm. Parts per Million.

Pressurized-Water Reactor. A power reactor in which heat is transformed from the core to a heat exchanger by water kept under high pressure to prevent it from boiling. Steam is generated in a secondary circuit.

Primary Fuel. Fuel consumed in original production of energy as contrasted to a conversion of energy from one form to another.

Probable Reserves. A realistic assessment of the reserves that will be recovered from known oil or gas fields based on the estimated ultimate size and reservoir characteristics of such fields. Probable reserves include those reserves shown in the proved category.

Proved Reserves. The estimated quantity of crude oil, natural gas, natural gas liquids or sulfur which analysis or geological and engineering data demonstrates with reasonable certainty to be recoverable from known oil or gas fields under existing economic and operating conditions.

Psi. Pounds per square inch.

Psia. Pound per square inch absolute. A measure of pressure that includes atmospheric pressure.

Pumped Storage. An arrangement whereby additional electric power may be generated during peak load periods by hydraulic means using water pumped into a storage reservoir during off-peak periods.

Q Unit. One quintillion Btu (1 x 10^{18} Btu). A very large unit of energy. 1Q=38.46 billion tons of coal, 172.4 billion bbls of oil, 968.9 trillion cu. ft. natural gas.

Raw Gas. Natural gas, in its natural state, existing in or produced from a field.

Raw Materials. Ores and crude concentrates of uranium and thorium.

Recoverable Reserves. Minerals expected to be recovered by present day techniques and under present economic conditions.

Reduced Crude. A residential product remaining after the removal, by distillation of other means, of an appreciable quantity of the more volatile components of crude oil.

Refine. To cleanse or purify by removing undesired components; to process a material to make it usable.

Refinery. A device (usually a tower) or process which heats crude oil so that it separates into chemical components, which are then distilled off as more usable substances. Simple structure components vaporize first. Typical crude fractions, from top to bottom or simple to complex, are: ether, methane, and ethane, (the gasolines); propane, and butane; kerosene, fuel oil, and lubricants; jelly paraffin, asphalt, and tar.

Refinery Gas. Any form or mixture of gas gathered in a refinery from the various stills.

Refining. The separation of crude oil into component parts, and the manufacture of products needed for the market. Import processes in refining are distillation, cracking, chemical treating and solvent extraction.

Reforming. The thermal or catalytic conversion of naphtha into more volatile products of higher octane number.

Refrigeration Ton. A unit of cooling capacity. In commercial usage, 12,000 Btu per hour or 200 Btu per minute of heat removal. Originally, the amount of heat required to melt a ton of ice in 24 hours.

Remaining Reserves. Those quantities of crude oil, natural gas, natural gas liquids and sulfur as estimated under proved or probable reserves after deducting those quantities produced up to the respective date of the estimate.

Reprocessing. Chemical recovery of unburned uranium and plutonium and certain fission products from spent fuel elements that have produced power in a nuclear reactor.

Residual Fuel Oil. Petroleum oil, which is any topped crude of viscous residuum of crude or unfinished oils or one or more of petroleum oils.

Retort. A vessel used for the distillation of volatile materials, as in the separation of some metals and the destructive distillation of coal; also a long semi-cylinder, now usually of fire clay or silica, for the manufacture of coal gas.

Royalty Bidding. Competitive bidding for leases in which the lease is offered to the company offering to pay the landowner the largest share of the proceeds of production, free of expenses of production.

Rio Blanco. Name of an AEC industry experiment to stimulate production of natural gas by use of multiple nuclear explosions and to test the economic feasibility of future utilization of nuclear stimulation of an entire gas field. The test was made on May 16, 1973, near Meeker, in Rio Blanco County, Colorado.

Rulison. Name of an AEC industry experiment to stimulate production of natural gas by use of a nuclear explosive to fracture impermeable rocks. Conducted in 1969.

Scf. Standard cubic feet.

Scfd. Standard cubic feet per day.

Secondary Recovery. Oil and gas obtained by the augmentation of reservoir energy; often by the injection of air, gas or water into a production formation.

Separative Work. A measure of the work required to separate U_{235} and U_{238} isotopes in the gaseous diffusion process; the basis of AEC enrichment charges.

Solar Energy. The energy transmitted from the sun, which is in the form of electromagnetic radiation. Although the Earth receives about one-half of one billionth of the total solar energy output, this amounts to about 420 trillion kilowatt-hours annually.

Solar Furnace. An optical device with large mirrors that focuses the rays from the sun upon a small focal point to produce very high temperatures.

Solar Power. Useful power derived from solar energy. Both steam and hot-air engines have been operated from solar energy. Large solar steam engines were built in California, Arizona and Egypt between 1900 and 1914. None of these engines have survived because of competition from the gasoline engine and electric motor.

Solvent Refined Coal. A process being developed by the Office of Coal Research to treat coal to remove ash, sulfur and other impurities. The end producer contains about 16,000 Btu per pound, has an ash content of 0.1 percent and a very low sulfur content of about 0.5 percent. The product is solid at room temperature, but can be liquefied by use of relatively low heat.

Source Material. As defined in the Atomic Energy Act of 1954, any material except special nuclear material, which contains 0.05% or more of uranium, thorium, or any combination of the two.

SNG. Synthetic gas.

SO_2. Sulfur Dioxide.

Special Nuclear Material. As defined in the Atomic Energy Act of 1954, this term refers to plutonium-239, uranium-238, enriched uranium, or any material artificially enriched in any of these substances.

Stack Gas Desulfurization. Treating of stack gases to remove sulfur compounds.

Steam-Electric Plant. A plant in which the prime movers (turbines) connected to the generators are driven by steam.

Steam-Iron Process. A process being developed by the Office of Coal Research and the American Gas Institute to supply hydrogen for the HYGAS coal gasification process.

Strip Mining. The mining of coal by surface mining methods as distinguished from the mining of metalliforous ores by surface mining methods which is commonly designated as open pit mining.

Stripper Well. A nearly depleted well for which income barely exceeds expense.

Stripping. Removal of the lightest fractions from a mixture.

Subsidence. A sinking down of a part of the earth's crust. The lowering of the strata, including the surface, due to underground excavations, often coal mines.

Super Tanker. A very large oil tanker. The definition changes with advancing marine technology. In the late 1940s, 45,000 dwt tankers were considered super tankers; in the 1950s, 100,000 dwt was a super tanker; now common usage is 500,000 dwt, and still larger ships are planned.

Surface Mining. The obtaining of coal from the outcroppings or by the removal of overburden from a seam of coal, as opposed to underground mining; or any mining at or near the surface. Also called strip mining; placer mining; opencast; opencut mining; open-pit mining.

Sweetening. The process by which petroleum products are improved in odor and color by oxidizing or removing the sulfur-containing and unsaturated compounds.

SWU. Separative work-unit.

Syncrude. Synthetic crude oil derived from coal or oil shale.

Syngas. Synthetic gas (SNG).

Synthane. A coal gasification process being developed by the Bureau of Mines to produce pipeline quality gas.

Tcf. Trillion cubic feet. A unit of measure commonly used for natural gas. 1 Tcf=39.3 million tons of coal, 184 million bbl oil.

Tar Sands. Hydrocarbon bearing deposits distinguished from more conventional oil and gas reservoirs by the high viscosity of the hydrocarbon, which is not recoverable in its natural state through a well by ordinary oil production methods.

Tertiary Recovery. Use of heat and other methods other than fluid injection to augment oil recovery (presumably occurring after secondary recovery).

Thermal Efficiency. The ratio of the heat used to the total heat units in the fuel consumed.

Thermal Pollution. An increase in the temperature of water resulting from waste heat released by a thermal electric plant to the cooling water when the effects on other uses of the water are detrimental.

Thermal Power Plant. Any electric power plant which operates by generating heat and converting the heat to electricity.

Thermal Reactor. A nuclear reactor in which the fission process is propagated mainly by thermal neutron, i.e., by neutrons that have been slowed down until they are in thermal equilibrium with the atoms of the moderator.

Thermionic Conversion. A conversion device in which electrical energy is produced directly from heat energy. Theoretical efficiencies range from 15 to 33% with actual performance of 5 to 16%.

Thermodynamics. The science and study of the relationships between heat and mechanical work. First Law: Energy can neither be created nor destroyed. Second Law: Heat cannot pass from a colder to a warmer body without the additional expenditure of energy.

Thermoelectric Conversion. Conversion of heat energy into electricity based on the Seebeck effect in which a difference in temperature between junctions of a closed circuit comprised of two dissimilar metals produces an electric current.

Thermonuclear Fusion. Source of energy available from hydrogen isotopes in seawater.

Thorium (TH). A naturally radioactive element with atomic number 90 and, as found in nature, an atomic weight of approximately 232. The fertile thorium-232 isotope is abundant and can be transmitted to fissionable uranium-233 by neutron irradiation. (A naturally radioactive metal. One of its natural isotopes can be converted in nuclear reactors to a nuclear fuel.)

Ton. A unit of weight equal to 2,000 pounds in the United States, Canada and the Union of South Africa, and to 2,240 pounds in Great Britain. The American ton is often called the short ton, while the British ton is called the long ton. The metric ton, or 1,000 kilograms, equals 2,204.62 pounds. Depending upon specific gravity, a long ton or metric ton will equal from 6.5 to 8.5 barrels of oil.

Topping. The distillation of crude oil to remove light fractions only.

Topping Cycle. A means to increase thermal efficiency of a steam-electric power plant by increasing temperatures and interposing a device, such as a supercritical gas turbine, between the heat source and the conventional steam-turbine generator part of the plant to convert some of the additional heat energy into electricity.

Total Energy. Use of packaged energy systems of high efficiency, utilizing gas-fired turbines or engines which produce electrical energy and utilize exhaust heat in application such as heating and cooling.

UHV. Ultra High Voltage Transmission.

Ultimate Recoverable Reserves. The total quantity of crude oil, natural gas, natural gas liquids or sulfur estimated to be ultimately producible from an oil or gas field as determined by an analysis of current engineering data. This includes any quantities already produced up to the respective date of the estimate.

Ultra-High Voltage Transmission (UHC). Transmission of electricity at voltages higher than 800 kV.

Underground Coal Gasification. The proposed process for producing synthetic gas from coal in natural, underground deposits. Western coal deposits 100 or more feet below the surface are the probable target for this technology.

Unfinished Oils. One or more petroleum oils or a mixture or combination of such oils, or any component or components of such oils which are to be further processed.

Unitization. Joining together of several separate leases into a single lease.

Unit Train. A system developed for delivering coal more efficiently in which a string of cars, with distinctive markings, and loaded to "full visible capacity," is operated without service frills or stops along the way for cars to be cut in and out. In this way, the customer receives his coal quickly and the empty car is scheduled back to the coal fields as fast as it came.

Uranium (U). A radioactive element with the atomic number 92 and, as found in natural ores, an average atomic weight of approximately 238. The two principal natural isotopes are uranium-235 (0.7 percent of natural uranium) which is fissionable (capable of being split and thereby releasing energy) and uranium-238 (99.3 percent of natural uranium) which is fertile (having the property of being convertible to a fissionable material). Natural uranium also includes a minute amount of uranium-234.

USGS. The United States Geological Survey.

Volt. A unit of electrical force equal to that amount of electromotive force that will cause a steady current of one ampere to flow through a resistance of one ohm.

Voltage. The amount of electromotive force, measured in volts, that exists between two points.

Wagon Wheel. An industrial experiment with nuclear explosives that would use sequential firing of several charges to stimulate a natural gas field. The best proposed site is Sublette County, Wyoming.

Wastes, Radioactive. Equipment and materials, from nuclear operations, which are radioactive and for which there is no further use. Wastes are generally classified as high-level (having radioactivity concentrations of hundreds to thousands of curies per gallon or cubic foot), low level (in the range of 1 microcurie per gallon or cubic foot), or intermediate.

Waterflooding. A secondary-recovery operation for oil fields in which water is injected into a petroleum reservoir to bring more oil to the surface.

Water Gas. A mixture of gases produced by forcing steam through a very hot coke or coal. It is a mixture of carbon monoxide and hydrogen with small amounts of nitrogen and carbon dioxide and is sometimes used as a fuel for heating and cooking.

Watt. The rate of energy transfer equivalent to one ampere under an electrical pressure of one volt. One watt equals 1/746 horsepower, or one joule per second.

Watt-Hour. The total amount of energy used in one hour by a device that uses one watt of power for continuous operation. Electrical energy is commonly sold by the kilowatt hour (1,000 watt-hours).

Well Head. Oil or gas brought to the surface, ready for transportation to refinery or ship or pipeine. Well head costs usually refer to the cost to bring the oil or gas to the surface and do not include costs of transportation, refining, distribution, or profit.

Wheeling. Transmission of electricity by a utility over its lines for another utility; also includes the receipt from and delivery to another system of like amounts but not necessarily the same energy.

Wild Cat. A well drilled in an area which has not produced gas or oil previously; usually exploratory, and often without geophysical investigation. On the average, one of nine or ten wildcat wells strike oil or gas deposits.

WL. Working Level.

WLM. Working Level Month.

[Source 47]

WHAT IS A BTU?

A BTU is the amount of heat required to raise the temperature of one pound of water one degree Fahrenheit. The BTU is a very small unit of measurement and when one adds up large quantities of energy, one must count in large multiples of the BTU. Thus, the energy balance tables in this report are expressed in trillions (10^{12}) and quadrillions (10^{15}) of **BTU's.**

The BTU equivalents of common fuels are as follows:

Fuel and common measures:	*BTU's*
Crude Oil—Barrel (Bbl.)	5,800,000
Natural Gas—Cubic foot (CF)	1,032
Coal—Ton	24,000,000 to 28,000,000
Electricity—Kilowatt hour (KWH)	3,412

Two trillion BTU's per year are approximately equal to 1,000 barrels per day of crude oil.

[Source 47]

LIST OF ABBREVIATIONS

AEC—Atomic Energy Commission.
AGA—American Gas Association.
API—American Petroleum Institute.
BWR—boiling water reactor.
CPA—Canadian Petroleum Association.
CRG—Catalytic Rich Gas (process).
DCF—discounted cash flow.
DWT—deadweight ton.
ECCS—emergency core cooling system.
EPA—Environmental Protection Agency.
FBR—fast breeder reactor.
FPC—Federal Power Commission.
FRB—Federal Reserve Board Index of Industrial Production.
GNP—gross national product.
H_2S—hydrogen sulfide.
HTGR—high-temperature gas-cooled reactor.
ICOP—Imported Crude Oil Processing.
KWH—kilowatt hour.
LNG—liquefied natural gas.
LPG—liquefied petroleum gas.
LWR—light-water reactor.
MB/D—thousand barrels per day.
MCF—thousand cubic feet.
MHD—magnetohydrodynamics.
MMB/D—million barrels per day.
MMCF—million cubic feet.
MRG—Methane Rich Gas (process).
MTU—metric tons uranium.
MW—megawatt.
MWe—megawatt electrical generating capacity.
NEB—National Energy Board(Canadian).
NGL—natural gas liquids.
NO_x—nitrogen oxides.
OCS—Outer Continental Shelf.
OIP—oil-in-place
OPEC—Organization of Petroleum Exporting Countries.
PAD—Petroleum Administration for Defense.
PGC—Potential Gas Committee.
Pu—plutonium.
PWR—pressurized water reactor.
R/P—reserves/production (ratio).
SNG—substitute natural gas.
SO_2—sulfur dioxide.
SRI—Stanford Research Institute.
SWU—separative work units.
TCF—trillion cubic feet.
TVA—Tennessee Valley Authority.
USGS—U.S. Geological Survey.
VLCC—very large crude carriers.

(SOURCE 4)

APPROXIMATE CONVERSION FACTORS FOR CRUDE OIL[1]

From—	Into— Metric tons	Long tons	Short tons	Barrels	Kiloliters (cubic meters)	1,000 gallons (Imperial)	1,000 gallons (U.S.)
	Multiply by—						
Metric tons	1	0.984	1.102	7.33	1.16	0.256	0.308
Long tons	1.016	1	1.120	7.45	1.18	.261	.313
Short tons	.907	.893	1	6.55	1.05	.233	.279
Barrels	.136	.134	.150	1	.159	.035	.042
Kiloliters (cubic meters)	.863	.849	.951	6.29	1	.220	.264
1,000 gallons (Imperial)	3.91	3.83	4.29	28.6	4.55	1	1.201
1,000 gallons (U.S.)	3.25	3.19	3.58	23.8	3.79	.833	1

[1] Based on world average (excluding natural gas liquids).

CONVERSION FACTORS

To convert—	From— Barrels to metric tons	Metric tons to barrels	Barrels per day to tons per year	Tons per year to barrels per day
	Multiply by—			
Crude oil [1]	0.136	7.33	49.8	0.0201
Gasoline	.118	8.45	43.2	.0232
Kerosene	.128	7.80	46.8	.0214
Diesel fuel	.133	7.50	48.7	.0205
Fuel oil	.149	6.70	54.5	.0184

[1] Based on world average gravity (excluding natural gas liquids).

APPROXIMATE CALORIFIC EQUIVALENTS

One million tons of oil equals approximately—

Heat Units: 41 million million BTUs, 415 million therms, 10,500 Teracalories.

Solid Fuels: 1.5 million tons of coal, 4.9 million tons of lignite, 3.3 million tons of peat.

Natural Gas (1 cu. ft equals 1,000 BTUs) 1 cu. metre equals 9,000 Kcals): 1.167 thousand million cu. meters, 41.2 thousand million cu. ft., 113 million cub. ft./day for a year.

Manufactured Gas (1 cu. ft. equals 470 BTUs) (1 cu. meter equals 4,200 Kcals); 2.5 thousand million cu. meters, 88.3 thousand million cu. ft., 242 million cu. ft./day for a year.

Electricity (1 Kwh equals 3,412 BTUs) (1 Kwh equals 860 Kcals): 12 thousand million Kwh.

Heat units and other fuels expressed in terms of million tons of oil

	Million tons of oil
10 million million BTUs approximates to	0.24
100 million therms approximates to	.24
10,000 Teracalories approximates to	.95
1 million tons of coal approximates to	.67
1 million tons of lignite approximates to	.20
1 million tons of peat approximates to	.30
1 thousand million cu. meters approximates to	.86
10 thousand million cu. ft. approximates to	.24
100 million cu. ft./day for a year approximates to	.88
1 thousand million cu. meters approximates to	.40
10 thousand million cu. ft. approximates to	.11
100 million cu. ft./day for a year approximates to	.41
10 thousand million Kwh approximates to	.82

One million tons of oil produces about 4,000 millions units (Kwh) of electricity in a modern power station.

CRS REVIEWS THE 1975 BUDGET

Mr. HUMPHREY. Mr. President, I would like to direct my colleagues' attention to a recent overview study of the 1975 budget. This study was prepared by the Economics Division of the Congressional Research Service at the request of the Senate Appropriations Committee. The CRS, with the agreement of the Appropriations Committee, has made the study available to all Members of Congress.

Although this overview study was prepared in a short period of time, I believe it is a concise and impartial analysis of the 1975 budget and one that will be very useful to all Members of Congress.

It is my understanding that the CRS is currently preparing a series of more detailed evaluations which will be available to Congress shortly. I would like to commend the CRS staff for a job well done and I look forward to reviewing the studies that are now in progress.

Mr. President, I ask unanimous consent that the Congressional Research Service "Overview of the Budget" be printed in the RECORD.

There being no objection, the document was ordered to be printed in the RECORD, as follows:

OVERVIEW OF THE BUDGET

The Federal Budget is one of the most important statements of public policies produced by the Executive Branch of the Government each year. It details how much is estimated to be spent in the current fiscal year and projects the amount to be requested for approximately 1,175 programs that range from small amounts (in study commissions) to many billions of dollars in the large beneficiary and procurement programs. However, the overall size of the federal budget in and of itself has both political and economic significance.

THE 1974 BUDGET

1974 expenditures

The Administration now estimates that fiscal 1974 expenditures will total $274.7 billion, an increase of $6 billion over the amount requested a year ago as can be seen in Table I.1. This includes requested supplementals of $10.4 billion ($3.6 billion for pay increases and $6.8 billion for other programs). This increase in total expenditures result primarily from increased outlays for interest ($3.1 billion), for military and civilian pay increase ($1.5 billion), for social security and veterans benefits ($2.6 billion), and medicare and medicaid expenses ($0.7 billion). These increases were partially offset by increased sales of offshore oil leases, materials out of stockpile, and reduced farm supports.

TABLE I.1.—ESTIMATED RECEIPTS AND EXPENDITURES' FISCAL YEARS 1974, 1975, AND 1976

[In billions of dollars]

	1974 Original estimate	1974 Current estimate	1975 Original estimate [1]	1975 Current estimate	1976 current estimate [1]
Receipts	256.0	270.0	290	295.0	339
Expenditures	268.7	274.7	288	304.4	329
Deficit/surplus	−12.7	−4.7	2	−9.4	1.0

[1] Full employment estimate.

Source: Budget of U.S. Government, fiscal years 1974 and 1975.

1974 receipts

The most dramatic change in the 1974 estimates is the sharp increase in revenues from $256 billion estimated a year ago to $270 billion currently. This sharp increase in expected revenues reflects not only the more rapid growth rate in total output but also much greater inflation than anticipated a year ago. Inflation immediately and significantly affects federal receipts because of the withholding system on wages for both income and social security taxes and quarterly payments on estimated liabilities by corporations and individuals. Inflation will also affect expenditures, but its impact is not as immediate because increases in prices are passed on as increased benefits, pay, and cost of goods purchased usually with a delay.[1] The full effect of the 1973 inflation is reflected in the receipts but relatively little of it in the expenditures. Thus, the inflation is primarily responsible for the reduction in the $12.7 deficit anticipated a year ago to the $4.7 billion deficit expected now.

THE 1975 BUDGET

Expenditures requested for fiscal 1975 total $304.4 billion, $29.8 billion above 1974 and $16.4 billion above the preliminary estimate of $288 billion presented in last year's budget. The major increases over 1974 estimates are shown in Table I.2 for both outlays and authority.

Effect of inflation on expenditures

Although different programs respond to inflation in different ways and with different time lags, the change in some of the major inflation indices for calendar 1973 are shown below for comparison to the percentage increases shown in both outlays and authority shown in Table I.2.

[In percent]	
Consumer price index (CPI)	8.8
CPI excluding food	5.6
Wholesale price index (WPI)	18.2
WPI excluding farm products	14.8

In a world of rising prices, holding a program level in dollar terms is equivalent to a reduction in actual activity. By comparing the percentage increase in each function to the increases in the summary price statistics, a rough impression of how much of the increases are the result of inflation, can be obtained.

TABLE I.2.—ESTIMATED INCREASE IN FISCAL 1975 OUTLAYS AND AUTHORITY BY FUNCTION

[Dollar amounts in billions]

	Outlays increases over fiscal year 1974		Authority increases over fiscal year 1974	
	Amount	Percent	Amount	Percent
National defense	7.2	8.9	6.9	7.8
International affairs and finance	.2	5.6	−.6	−12.1
Space research and technology	.1	3.0	.2	6.8
Agriculture and rural development	−1.3	−32.4	.8	11.4
Natural resources and environment [1]	1.5	20.7	−3.7	−38.0
Offshore oil receipts	.9	12.4	.9	12.4
Commerce and transportation	−.1	−.9	−8.4	−36.6
Community development and housing	.2	4.0	1.4	28.8

	Outlays increases over fiscal year 1974		Authority increases over fiscal year 1974	
	Amount	Percent	Amount	Percent
Education and manpower	0.7	6.6	−2.3	−16.6
Health	3.0	13.0	1.9	7.1
Income security	15.1	17.7	11.0	11.8
Veterans	.3	2.5	0.3	2.1
Interest	1.4	4.9	1.4	4.9
General government	([2])	.4	0.4	6.3
General revenue sharing	.3	.4	0.2	2.5
Allowances	1.3	([3])	1.8	([3])
Undistributed intragovernmentals	−.8	−7.6	−.8	−7.6
Total	29.8	10.8	11.3	3.6

[1] Excludes all offsetting receipts, mainly from offshore oil.

[2] Less than $50,000,000.

[3] Not computed.

TABLE I.3.—RELATIVE SIZE AND COMPOSITION OF FEDERAL EXPENDITURES, UNIFIED BUDGET BASIS

[Dollar amounts in billions]

	Fiscal years—				
	1955	1960	1965	1970	1975
Total Federal outlays	$68.5	$92.2	$118.4	$196.6	$304.4
Defense	40.2	45.9	49.6	80.3	87.7
Income support [1]	10.1	19.9	27.3	51.1	107.8
Grants-in-aid	3.3	7.0	10.9	24.0	51.7
Other civilian	14.8	19.3	30.6	41.2	57.2
Addendum: Direct expenditures [2]	65.2	85.2	107.5	172.6	252.7
	As percent of GNP				
Total Federal outlays	18.1	18.6	18.1	20.6	[3] 20.9
Defense	10.6	9.4	7.6	8.4	6.0
Income support [1]	2.7	4.0	4.2	5.4	7.4
Grants-in-aid	.9	1.4	1.7	2.5	3.6
Other civilian	3.9	3.9	4.7	4.3	3.9
Addendum: Direct expenditures [2]	17.2	17.2	16.4	18.1	17.4
	As a percent of total outlays				
Total Federal outlays	100.0	100.0	100.0	100.0	100.0
Defense	58.7	49.8	41.9	40.8	28.8
Income support [1]	14.8	21.6	23.1	26.0	35.4
Grants-in-aid	4.8	7.6	9.2	12.2	17.0
Other civilian	21.6	21.0	25.9	21.0	18.8

[1] Includes social security, Federal civilian retirement, medicare, food stamps, veteran compensation and pensions and unemployment insurance, but not welfare for AFDC which is a grant-in-aid. Thus it differs from the functional classification used in the budget.

[2] Total expenditures less grants-in-aid.

[3] Based on an estimated GNP of $1,455,000,000,000 for fiscal year 1973.

Source: Budget of U.S. Government.

Relative size of the budget

The 1975 federal expenditures are equal to 20.9 percent of total output or gross national product (GNP), see Table I. 3. As a percentage of gross national product, federal expenditures were relatively stable from the mid-1950's to the mid-1960's. During the Vietnam War, total expenditures rose from 18- to 19-percent of GNP to 20-to-21 percent and have not declined to previous level with the cessation of our direct involvement. Direct federal expenditures, that is total outlays less grant-in-aid to State and local governments, are lower and more stable than total expenditures. However, the composition of federal expenditures has changed markedly over the past twenty years.

TABLE I.4.—FEDERAL, STATE, AND LOCAL EXPENDITURES, DIRECT AND INTERGOVERNMENTAL, AS A PERCENTAGE, OF GROSS NATIONAL PRODUCT

[Selected fiscal years 1955–70]

	1955	1960	1965	1970	1975
All levels	28.3	28.9	30.8	34.0	([1])
Federal, total	19.0	19.5	19.5	21.4	0.9
Grants-in-aid to State; and local governments	.8	1.4	1.7	2.4	3.6
Direct	18.1	18.1	17.9	19.0	17.4
Defense	10.6	9.3	7.6	8.4	6.0
Other civilian	7.5	8.8	10.3	10.6	11.4
State, total	4.9	5.9	6.6	9.5	([1])
Grants to local governments	1.6	1.9	2.2	3.0	([1])
Direct	3.3	4.0	4.5	5.4	([1])
Local, direct	6.9	7.8	8.4	9.6	([1])

[1] Not available.

Source: Setting National Priorities the 1974 budget, Brookings Institution, p. 8.

Defense (including AEC and military assistance)—has declined from 10.6 percent of GNP and 58.7 percent of total outlays in fiscal 1955 to 6.0 percent of GNP and 28.8 percent of total outlays in fiscal 1975.

Income support transfers—mainly social security, but including veterans compensation and pensions, unemployment benefits, and other retirement programs, have risen from less than three percent of GNP and 14.8 percent of outlays in fiscal 1955 to 7.4 percent of GNP and 35.4 percent of outlays in 1975. Income support transfers will have risen from $51.1 billion in fiscal 1970 to $107.8 billion in fiscal 1975, reflecting primarily the large annual across-the-board increases in social security benefits of 10 percent in 1971, 20 percent in 1972, and 11 percent in 1974. In addition, the disabled, under social security, are entitled to Medicare benefits; starting January 1, 1974 the aged, blind, and disabled welfare recipients receive benefits directly from the Federal Government and the disabled coal miners now receive special benefits.

The other rapidly growing types of federal expenditures are the *grants-in-aid* to state and local governments which cover a multitude of programs. The sharp rise in grants between 1970 and 1975 reflects not only the introduction of general revenue sharing in fiscal 1973 but also of the expansion of welfare, medicaid and water pollution control grants. Total grants have risen from $24.0 billion in fiscal 1970 to $51.7 billion in fiscal 1975.

Summary of the budget outlays

The 1975 budget reflects a continuation of policies begun in the 1974 budget. An increase in defense spending to cover not only increases in pay and prices but also to expand real defense expenditures is recommended. In contrast to last year's program, new money is requested for energy research and development but funds for water pollution control are still impounded. Special revenue sharing is again requested to replace many existing social programs. No funding is requested for the programs being replaced by the special revenue sharing. Finally, the beneficiary programs, such as social security, continue to display the largest increases in outlays.

National Defense—The 1975 defense budget calls for total obligational authority of $92.6 billion, including military assistance but excluding AEC's funding for nuclear weapons. This is an increase of $12.4 billion over the $80.2 billion appropriated to date for 1974. However, the Administration is also requesting $6.2 billion in supplemental funds for 1974. Of this amount, $3.4 billion is for increases in pay and retirement benefits, most of which was included in the original 1974 budget (although no request was made for appropriations). The balance of $2.8 billion is justified by DOD as needed to improve the readiness of U.S. forces in the aftermath of the Middle East War, and to replace weapons and equipment given as emergency assistance to Israel. Readiness measures would include improving U.S. airlift capacity, stepping up production and procurement of certain weapons systems which prove to be particularly successful in combat, and expediting force modernization of both general purpose and strategic forces, including a proposal to step up the production rate of the TRIDENT submarine. This portion of the supplemental, which was not anticipated in last year's presentation of the 1974 budget, represents an increase in real resources devoted to defense.

In the budget documents, the Administration arrives at a "baseline" figure for 1974 by treating the entire $6.2 billion supplemental as though Congress had already appropriated the money. Thus, the budget indicates TOA for 1974 of $87.1 billion although the amount actually appropriated to date is less by almost $7 billion. The following table illustrates this difference, showing funds (TOA) actually appropriated to date and the amounts added to the 1974 baseline in the budget but not yet appropriated by Congress:

	Amounts in millions of dollars
Defense appropriation (P.L. 93–238)	74,218
Military construction (P.L. 93–194)	2,659
Emergency military aid (P.L. 93–240)	3,125
Civil defense and Navy petroleum resources (P.L. 93–97 and P.L. 93–235)	154
Total Appropriated	80,156
Additions shown in budget for 1974 baseline:	
Supplemental Request	6,233
Other	716
Total	87,105

Taken as a whole, the 1974 supplemental and the 1975 budget represents a sharp accentuation of trends that have been apparent for the last few years in that the rising costs of personnel and equipment still account for a substantial part of the $12.4 billion increase requested, probably as much as half of that amount.

However, at least three new elements have entered the picture and have had some effect on the proposed defense budget:

The Middle East War, as mentioned above, has led to a series of proposals for augmenting force readiness;

An apparent hardening of the U.S. position vis-a-vis the Soviet Union has become apparent in recent months, with the United States now declaring a need for strategic weapons which would provide the option of striking "hard" targets, such as ICBM sites, in the Soviet Union. This is perhaps the most controversial aspect of the defense budget; it is being interpreted by some analysts as destabilizing to the strategic balance and is likely to provoke extensive debate.

The worsening state of the economy has apparently led to a reversal of policy in that the number of civilian jobs in DOD would be sharply increased under the stimulus of the 1974 supplemental appropriation. Whereas such positions had been gradually dropping since 1968 (despite the fact that civilians were to some extent replacing military personnel), and in 1973 had fallen to 998,000, we now have a proposed increase of 31,000 Civil Service positions in 1974. Of these 19,000 would derive from the supplemental appropriations. In FY 1975 the level would remain virtually unchanged.

These developments appear to have contributed to sizable increases in almost every sector of the defense budget.

Energy and the Environment.—The new budget authority requested for energy R&D reflects the dramatic energy-related events of the past year. In terms of anticipated outlays, energy R&D would increase to $1.8 billion in fiscal 1975 from a level of $1.0 billion the previous year. These additional funds would, for the most part, accelerate the Government's fast breeder nuclear reactor program. Larger R&D dollar amounts also are slated for such non-nuclear alternatives as coal gasification and solar and geothermal energy. This expanded energy R&D spending raises several important policy issues:

Is the Administration's goal of self-sufficiency in energy supply by the early 1980's a realistic one in terms of the nation's overall goals and resources available to meet these goals?

Does the emphasis on nuclear energy reflect the proper balance between nuclear and non-nuclear programs? Might we not put more emphasis on non-nuclear environmentally non-controversial programs?

The anticipated increased reliance on nuclear power to meet our energy needs raises certain environmental as well as safety questions. To what extent will environmental standards need to be relaxed to meet energy goals? And what health and welfare effects will this have?

No new budget authority has been requested in fiscal 1975 for *pollution control* and abatement. However, there is unused budget authority of $9 billion from prior years. Spending in this area, in fact, is anticipated to be considerably below authorized levels because of the Administration's continued impoundment of funds intended to assist the States in the construction of water waste treatment facilities. Total impoundments are equal to unused authority. This impoundment is currently being challenged in Federal court. If the Administration succeeds in the withholding of these funds, as well as water pollution control impoundment from previous years, it raises a serious question as to whether the States will be able to meet the water quality deadlines imposed by the Federal Water Pollution Control Act of 1972.

Outlays for pollution control and pollution abatement continue to rise, however. Outlays will exceed $5 billion (estimated) for fiscal year 1975, up from $3.7 billion in FY 1974 and $1.9 billion in FY 1973. Most of these funds, $4 billion, will be expended by the Environmental Protection Agency. Of these funds, nearly $3.5 billion will be sewage plant construction grants.

Social Programs—The 1975 budget proposes a total of $151.5 billion for the *human resource programs*—income security, health, education, manpower and veterans, an increase of 14 percent over 1974. Outlays for housing and community development are budgeted at $5.6 billion in 1975, an increase of 11 percent over 1974. Uncontrollable programs such as the social security and unemployment trust funds, welfare payments and food stamps account for $131.9 billion of the $151.5 billion total. The Congress will have to address the following types of major issues concerning these uncontrollable programs. . . .

Because the impact of inflation and unemployment may be understated in the budget, large supplemental appropriations for food stamps, veterans, and welfare payments may be required next winter.

Continuing high rates of inflations may bring the Congress under pressure to raise social security benefit levels in advance of the first automatic increase (June 1975). The same type of pressure may be felt in regard to benefit increases for needy aged, blind, and disabled persons.

The budget includes $19.6 billion for the controllable human resource programs, e.g. health resources and research, education and special programs for the aged and disabled.

The following types of major issues will confront the Congress concerning these controllable programs. . . .

Many programs in health, education, and housing have been substantially reduced or eliminated. In the aggregate, for example, new budget authority for the social programs drops by $2 billion between 1974 and 1975.

Given rapid and continuing cost increases, activities that are held level, or even slightly increased, will experience an actual decrease in program level. The increases requested for NIH cancer and heart research, for example, are less than cost of living increases and the remaining institutes lose ground by being held level.

Increase in Beneficiary Programs—Part of the program increases, other than to compensate for price increases, are the result of increased work load. This is particularly the case in the beneficiary programs such as unemployment compensation, social security, public assistance, and veterans. The estimated increase in the number of beneficiaries of these types of programs in fiscal 1975 is shown in Table I. 5.

Social security benefits (including health insurance) are expected to grow by $11 billion or by 17 percent. This growth reflects not only the 4.9 percent increase for OASI and 15 percent increase in the number of disability beneficiaries, but also the 11 percent across the board increase in the amount of individual benefits. The 11 percent across the board has added approximately $7 billion to 1975 outlays. Not only are the number of beneficiaries receiving payments from Disability Insurance expected to rise rapidly but so are the number of people receiving payments from the new Supplementary Security Income that replaced welfare for aged, blind and disabled. The number of persons receiving unemployment benefits is projected to rise by 13 percent in fiscal 1974 but by only 1.8 percent in fiscal 1975. In contrast, the increase in the number of beneficiaries of the program of aid to families with dependent families (AFDC) is quite modest (2.7 percent in both years). The low rate of increase in these programs is surprising in light of the projected rise in the unemployment rate to 5.5 percent. Both unemployment insurance and welfare are sensitive to changes in the unemployment rate.

TABLE I.5.—INCREASE IN RECIPIENTS IN MAJOR BENEFICIARY PROGRAMS, FISCAL YEAR 1975

		Change from 1974	
	Number of recipients (thousands)	Number of people (thousands)	Percentage increase
Old-age and survivors insurance	27,600	1,300	4.9
Disability insurance	2,300	300	15.0
Military retirement	1,045	61	6.2
Civil service retirement	1,431	65	4.8
Railroad retirement	922	17	1.9
Disabled coal miners	533	36	7.2
Veterans	4,912	−32	−.7
Unemployment	6,593	116	1.8
Supplementary security income [1]	4,793	741	18.3
Public assistance (AFDC) [2]	11,361	295	2.7
Medicare [3]	17,800	800	4.7
Medicaid [3]	28,566	1,379	5.1
Food stamps	15,800	1,600	11.3

[1] Public assistance for aged, blind, and disabled.

[2] Public assistance for families with dependent children.

[3] Number of bills paid.

1975 Federal receipts and deficit

Total receipts for fiscal 1975 are estimated at $295.0 billion. Compared with the $304.4 billion of expenditures, this results in an estimated deficit of $9.4 billion for fiscal 1975. Included in the receipts estimate is $10.1 billion from raising the ceiling is wages subject to social security taxes to $10,800 in calendar 1973, to $13,200 in 1974, and to $14,100 in 1975. The social security tax rate will have been increased either by raising the tax rate or the ceiling on wages subject to tax in all but one of the years between 1966 and 1975. Before 1966 the combined tax rate was 7.25 percent on the $4,800 of wages.[3] In 1966 the rate was raised to 8.4 percent on the first $6,600 of wages. In 1975, legislation already in effect will levy an 11.7 percent combined rate on the first $14,100 of wages. Because of the almost annual increase in the effective social security tax rate and the periodic reduction in effective income tax rates, many taxpayers pay more social security tax than income tax.[4]

Composition of Federal receipts

Moreover, these changes have shifted the composition of federal receipts markedly, as shown in Table I.6. Corporate profits taxes have declined from 27.3 percent of federal revenues and 4.7 percent of GNP in fiscal 1955 to 15.3 percent of revenues and 3.1 percent of GNP in 1975.[5] Excise taxes have also declined, both as a percent of GNP and total revenues. In contrast, social security taxes have increased sharply.

Proposed oil tax

Included in the $295 billion of receipts estimated for 1975 is the $3 billion ($1 billion in fiscal 1974) from the proposed "excess profits" tax. Traditionally an excess profits tax has been a tax on corporate profits in excess of some base amounts, usually an average of several past years. This traditional type of excess profits tax presented numerous administrative difficulties, but its basic economic purpose was the reasonably straightforward one of preventing total profits from grossly exceeding the amount necessary to cause goods or services to be produced. Support for this type of tax during World War II reflected the widespread political consensus in this country that profits grossly in excess of necessary amounts were an inequitable transfer of income from consumer to producer.

The proposed tax on crude petroleum is related to the number of barrels produced and the price charged. It will affect the profits of petroleum producers only indirectly through its effect on demand for petroleum products. It is not designed to hold profits to any particular rate or amount.

TABLE I.6.—RELATIVE SIZE AND COMPOSITION OF FEDERAL REVENUES, UNIFIED BUDGET BASIS

[Dollar amounts in billions]

	Fiscal years—				
	1955	1960	1965	1970	1975
Total receipts	$65.5	$92.5	$116.8	$193.7	$295.0
Individual income	28.7	40.7	48.8	90.4	129.0
Corporate profits	17.9	21.5	25.5	32.8	45.0
Social security and other retirement taxes [1]	7.9	14.7	22.3	45.3	85.6
Excise taxes	9.1	11.7	14.6	15.7	17.4
Other [2]	1.9	3.9	5.8	9.5	15.1
Oil tax					3.0
	As percent of GNP				
Total receipts	17.3	18.7	17.9	20.3	[3] 20.3
Individual income	7.6	8.2	7.5	9.5	8.9
Corporate profits	4.7	4.3	3.9	3.4	3.1

Footnotes at end of article.

TABLE I.6.—RELATIVE SIZE AND COMPOSITION OF FEDERAL REVENUES, UNIFIED BUDGET BASIS—Continued

[Dollar amounts in billions]

	Fiscal years—				
	1955	1960	1965	1970	1975
Social security taxes [1]	1.9	3.0	3.4	4.8	5.9
Excise taxes	2.4	2.4	2.2	1.6	1.2
Other [3]	.5	.8	.9	1.0	1.0
Oil tax					.2
	As percent of total receipts				
Total receipts	100.0	100.0	100.0	100.0	100.0
Individual income	43.9	44.0	41.8	46.7	43.7
Corporate profits	27.3	23.2	21.8	16.9	15.3
Social security tax [1]	12.0	15.9	19.1	23.4	29.0
Excise taxes	13.9	12.6	12.5	8.1	5.9
Other [3]	2.8	4.2	4.9	4.9	5.1
Oil tax					1.0

[1] Includes old-age, survivors, disability, and health taxes, unemployment and railroad retirement taxes, supplementary medical insurance, and civil service retirement.

[2] Includes all Federal excises, including highway trust fund receipts.

[3] Based on an estimated fiscal year 1975 GNP of $1,455,000,000,000.

[4] Includes estate and gift taxes, customs, and miscellaneous receipts.

The oil tax proposed by the Administration would be levied initially on that part of the per-barrel price of crude petroleum exceeding $4.75 per barrel. The price segments on which the tax would be levied break down as follows:[6]

	Tax (percent)	Cents
1st, $4.75	(1)	
Next, $0.25	10	2.5
Next, $0.35	20	7.0
Next, $0.60	30	18.0
Next, $0.80	50	40.0
Any remainder	85	

The revenue from such a tax is estimated to equal $3 billion. This implies an average price of between $7 and $7.65 per barrel of crude oil. Thus, if the price of crude oil rose to $6.75, 67½ cents per barrel would be collected; 85 percent of any further increase in the price would be collected as tax. At the $5.25 per barrel price recently approved by the Cost-of-Living Council, only 7½ cents per barrel would be collected. This controlled price applies to roughly 75 to 80 percent of domestic production. If a 7½-cent tax were collected on 75–80 percent of the approximately 3.5 billion barrels of crude oil produced annually in the United States and, say, a 50-cent tax collected on the other 20–25 percent, which sells at a higher uncontrolled price, receipts from the tax would be $500 to $600 million. However, Secretary Shultz has estimated that the tax would produce $3 to $5 billion during the first full year it was in effect. Over a 3-year period, the tax schedules proposed by the Administration would be gradually adjusted upward to a point at which no tax would be collected except on that part of the price of crude oil in excess of $7.00 per barrel. The $7.00 a barrel is what energy experts reportedly believe necessary to make development of alternate sources of oil—particularly oil from shale—feasible.[7]

Other forms of taxation to reduce oil consumption have been discussed. It has been estimated that a 40 cent per gallon tax on gasoline for personal auto use would reduce gasoline consumption by 20 percent, the amount originally estimated to be needed to cope with the energy crisis. From a budgetary point-of-view, such a tax would raise very large amounts of money. A 40 cent tax could raise between $20 and $22 billion of revenue. In light of the economic outlook, discussed below, such an increase in federal revenues would have severe economic consequences, unless some means is found of returning those revenues to the spending stream.

ECONOMIC OUTLOOK

Economic Developments in 1973. The rate of growth in economic activity during calendar 1973 started with an increase in real output of which totaled 8.6 percent (at annual rates) in the first quarter. Total output (real GNP) slowed rapidly thereafter as can be seen in line 4 of Table I.7. This slowdown in real growth is also reflected in the declining rates of growth in the industrial production index (line 5) and in the number of new housing starts (line 6).

TABLE 1.7—MAJOR ECONOMIC INDICATORS FOR CALENDAR 1973

[Dollar amounts in billions; rates in percent]

	Calendar quarters			
	I	II	III	IV
1. Gross national product	$1,242.5	$1,272.0	$1,304.5	$1,334.0
2. Rate of change (annualized)	15.2	9.8	10.6	9.4
3. Real gross national product	$829.3	$834.3	$841.3	$844.1
4. Rate of change (annualized)	8.6	2.4	3.4	1.3
5. Industrial production (1967=100; seasonally adjusted)	123.1	124.9	126.7	127.0
6. Rate of change[1] (annualized)	10.1	5.9	5.8	1.1
7. Housing starts (millions of units; seasonally adjusted annual rate	2.404	2.221	2.030	1.566
8. Unemployment rate (seasonally adjusted)	5.0	4.9	4.8	4.7
9. Wholesale Price Index (1967=100; seasonally adjusted)	128.8	133.4	139.2	142.8
10. Rate of change[1] (annualized)	17.4	22.7	18.8	10.7
11. Consumer Price Index (1967=100; seasonally adjusted)	128.8	133.5	134.4	137.6
12. Rate of change[1] (annualized)	6.1	8.4	9.1	9.9
13. 3-mo Treasury Bill rate	5.6	6.6	8.4	7.5

[1] Calculated from end of quarter to end of quarter from monthly data.

The slowing in real output was accompanied by accelerating inflation as can be seen from the rapid advance in the wholesale price index (lines 9 and 10) and the consumer price index (lines 11 and 12). During the first three quarters of 1973, both price indices were reflecting the spiraling prices of farm and food products. Unfortunately, just as the farm and food prices began to level off and even decline for some items, petroleum prices began to rise rapidly. In the last quarter of the year, prices of primary or basic materials also began to rise rapidly, due to capacity limitations and much of those price increases have yet to feed through to the consumer level.

In an attempt to contain the burst of inflation and to reduce the very rapid rate of real growth in the first quarter, monetary policy was tightened raising the interest rates paid on 3-month Treasury bills from an average of 5.6 percent in the first quarter of 1973 to an average of 8.4 percent in the third. The FHA new home mortgage rate rose from an average 7.56 percent in the first quarter to 9.00 percent in the fourth quarter and is primarily responsible for the decline in housing starts.

Consequently, as 1973 drew to a close most of the private forecasters were predicting a "growth recession" for calendar 1974.[8] A growth recession is one where the rate of increase in real output is greater than zero but less than the 4 percent needed to absorb the normal expansion of the labor force.[9] In other words, if real output grows by less than 4 per cent a year, unemployment rises. Most forecasters were predicting between a 2 and 3 percent rate of real growth for calendar 1974 and a 4 to 5 percent rate of increase in prices before the oil crisis hit.

Impact of the oil crisis

With the oil crisis, most of the major econometric[10] forecasters revised their estimates of real growth downward to 0 to 1 percent and their forecasts of price inflation upward to 7 to 8 percent. With the oil crisis now causing less interruption in production than originally anticipated, expectations about the rate of real growth are now being revised upward, but projections of the rate of price inflation have not improved.

The price of gasoline rose by 18.6 percent in calendar 1973 and the prices of fuel oil and coal rose by 44.7 percent. It has been estimated that these price increases will increase domestic oil company profits by approximately $18 billion per year and total oil profits (worldwide) by several times that amount.[11] These price increases are comparable to a tax increase, regardless of who gets them (U.S. government, oil producing countries, or the oil companies). It is comparable to a tax increase because it reduces overall consumer demand not just the demand for petroleum products. In other words, American consumers will have $18 billion less to spend on goods and services, other than petroleum products. Moreover, citizens of other nations are experiencing reductions in purchasing power also which may affect demand for our exports. This reduction in consumer purchasing power is potentially as disruptive to economic activity as the supply restrictions are to production.

Presumably, the increase in oil profits will make it possible to undertake increased exploration and investment in alternate fuel sources. Even if the oil companies were willing to increase their investment expenditures by the full amount of the increase in profits, it is doubtful whether the entire amount could be spent for investment in the coming year. The increase in the prices for petroleum products could result in an increase in investment relative to consumption *in the long run.* In the short run, it may simply reduce aggregate demand and add further to recessionary pressures.

The Official Forecast. The revenue estimates reflect the administrations projection of economic activity for the period covered by the 1975 budget. The economic assumptions underlying the revenue estimates are shown in Table I.8. The official forecast of $1,390 billion for GNP assumes 1 percent rate of real growth and 7 percent rate of price increases, essentially the same as the private forecasters. Thus, the estimates are somber, although neither real growth nor the rate of inflation is forecast with great assurance. For comparison, estimates for calendar year 1974

Footnotes at end of article.

of several of the major econometric models are shown in Table I.9. The major variation is in the estimates for corporate profits before tax. These differences of opinion are quite important because of the high tax rate on corporate profits. The difference between the lowest (Michigan) and the highest (Perry) can make a $5 billion difference in revenue.

However, all the forecasts are substantially below the total output that could be achieved if the economy were operating at full employment. Consequently, federal revenues based on the projections of a slowdown in the economy are substantially below what they would be if the economy were operating at full-employment.

TABLE I.8.—ECONOMIC ASSUMPTIONS

	Calendar years—		
	1972 actual	1973 estimate	1974 estimate
	Billions of dollars		
Gross national product (GNP)	1,155.2	1,288.2	1,390
Personal income	939.2	1,035.5	1,135
Corporate profits before tax	98.0	126.5	124
	Percent change		
Rate of change:			
Gross national product	9.5	11.5	7.9
Personal income	8.8	10.3	9.6
Corporate profits before tax	15.2	29.1	−2.0
Real GNP	6.1	5.9	1.0
Price deflator	3.2	5.3	7.0
Unemployment rate (actual percent) (not rate of change)	5.6	4.9	5.5

Source: 1974 Report of the Council of Economic Advisers.

TABLE I.9.—COMPARISON OF ECONOMIC FORECASTS FOR CALENDAR 1974

[In billions of dollars]

	GNP	Personal income	Corporate profits before tax
Administration's estimate	1390.0	1135.0	124.0
Wharton (Dec. 21 1973)	1390.2	1134.8	118.3
Michigan	1391.3	1134.9	115.8
Data resources (Eckstein)	1387.2	1125.9	120.4
Fair model (Princeton)	1399.0	(1)	(1)
Perry (Brookings)[2] (Dec. 26 1973)	1391.7	(1)	132.0
Full employment	1461.7	1155.0	140.2

[1] Not available.

[2] Assumes very high oil company profits.

Countercyclical fiscal action

Fluctuations in the economy affect both budget receipts and budget expenditures. A economic slowdown such as is possible for this year, severely reduces federal receipts. For example, total receipts for fiscal 1971 were originally estimated to total $202 billion. Actual receipts collected during the year came to $184 billion, reflecting the recession of 1970 and 1971 that was not taken in account when the original estimates were made.

Attempts to balance the budget at a reduced level of receipts due to an economic slowdown can result in a very restrictive fiscal policy. For example, in fiscal 1960, the budget was balanced to receipts flowing from an economy not recovered from the 1958 recession. The restraint exercised on the 1960 outlays has been widely credited with being the major cause of the 1961 recession.

On the expenditure side, there are certain beneficiary programs whose outlays are enlarged during periods of rising unemployment and are held down during periods of declining unemployment. These programs are countercyclical in the sense that they help to stimulate the economy and to restrain it at a time of high activity. Partly for this reason, outlays in fiscal 1973 were $3.3 billion below the January 1973 estimate. Of that amount nearly $705 million resulted from lower unemployment benefits, $800 million from lower expenditures on welfare and welfare related programs, and $308 million from lower than anticipated expenditures in the social security trust funds. By contrast, a recession will increase federal expenditures for unemployment benefits as well as for welfare payments and food stamps.

Automatic stabilizers. The concept of counter-cyclical fiscal policy is composed of two parts. The reduction in receipts and increase in expenditures associated with a recession (and vice versa for a boom) are referred to as the *automatic stabilizers*. The deficit created by the budget will automatically provide additional stimulus during a recession by putting more money into the economy than was taken out. The surpluses generated (supposedly) during a boom will create restraint.

Discretionary Fiscal Policy. The second aspect of fiscal policy is called discretionary action. This consists of *deliberate* action to stimulate or restrain the economy. The tax cuts of 1964–1965 and the surcharge of 1968–1970 are examples on the revenue side. Accelerated public works in 1962–1965 and public service employment in 1971–1972 are examples on the expenditure side.

In order to separate the impact of the economy on the budget from the effect of the budget on the economy, the "potential" or "full employment" concept of the measuring the budget was developed. The full employment budget asks the following questions:

What would federal revenues be if the economy were growing at some steady pace of real growth instead of the fluctuating rates associated with the business cycle?

What would federal expenditures be if the expenditures caused by the business cycle were removed?

It is an attempt to develop a neutral yardstick against which the actual budget can be measured. Full-employment is supposed to describe an economy whose resources (not just merely labor) are producing at the highest sustainable rate without causing inflation. However, it has become traditional to define full employment in terms of labor force utilization.[12]

One of the uses of full-employment estimates is to measure the amount of automatic stabilization in Federal budgets. For example, if the economy were operating at full employment, Federal revenues would equal approximately $311 billion in fiscal 1975 instead of the $295 billion forecast in the budget. Thus, it is possible to obtain some idea of the magnitude of the loss of receipts due to the prospective recession. It, thus, provides a measure for the automatic stabilization being applied.

Discretionary fiscal policy actions generate increases or decreases in the full-employment estimates of receipts, expenditures, and surplus or deficit. Thus, a measure is obtained as to the direction and degree of changes in discretionary fiscal policy that would be obscured if we were to try to evaluate the actual deficit or surplus.

Setting Preliminary Budget Ceilings.—In recent years, the full-employment calculation has been officially adopted by the Administration to serve still a third purpose. Once we move away from balancing the budget to expected receipts, some new criterion is necessary to measure total expenditures against. The 1972 Budget (presented in January, 1971) makes full employment receipts the official maximum for expenditures.

"At times the economic situation permits—even calls for—a budget deficit. There is one basic guideline for the budget, however, which we should never violate: except in emergency conditions, expenditures must never be allowed to outrun the revenues that the tax system would produce at reasonable full employment. When the Federal government's spending actions over an extended period push outlays sharply higher, increased tax rates or inflation inevitably follow.

The principle of holding outlays to revenues at full employment serves three necessary purposes:

It imposes the discipline of an upper limit on spending, a discipline that is essential because the upward pressures on outlays are relentless.

It permits Federal tax and spending programs to be planned and conducted in an orderly manner consistent with steady growth in the economy's productive capacity.

It helps achieve economic stability by automatically imposing restraint during periods of boom and providing stimulus during periods of slack." [13]

There is nothing magical about a balanced full employment budget. There is no economic theory that says a balanced full employment budget is the correct fiscal policy. If there were a severe recession or depression, a deficit, even measured at full employment, might be appropriate. If the economy is overheated, a full employment surplus is appropriate. However, to accept the idea of balancing at full employment can reduce controversy and gives a first estimate of a ceiling to use in the development of budget policy.

Calculating full-employment revenues

The assumptions used in calculating full-employment revenues are extremely important. Potential (or full employment) gross national product is calculated by applying the 4 percent rate of real growth to real GNP from the second quarter of 1969 onward which is the last time the economy experienced essentially full employment. The Council of Economic Advisers this year revised the estimated rate of potential GNP growth since 1969 downward from 4.3 percent per annum to 4.0 percent because of lower than anticipated productivity. This revision in the rate of growth of potential GNP reduces the estimated potential GNP and the estimated full employment revenues.

The calculated potential real GNP is converted to current dollar GNP by using the inflation index associated with actual GNP. *Thus, the potential GNP from which full employment revenues are derived is very sensitive to the rate of inflation.*

This is best illustrated by what has happened to estimated full-employment revenues for fiscal 1975. In the 1974 budget, 1975 full-employment revenues were estimated at $290 billion. They are currently estimated at $311 billion, assuming 4 percent unemployment. The $290 billion estimate assumed that the rate of inflation would have declined to about 3½ percent per annum. The $311 billion estimate for fiscal 1975 not only applies the 5.3 rate of inflation (GNP basis) of 1973 but the 7 percent rate forecast for calendar year 1974.

Evaluating the full-employment surplus

Table I.10 shows actual receipts and expenditures and full employment receipts and expenditures for fiscal years 1970–1975. Comparison of actual to full-employment receipts reveals that the receipts are reduced by about $5 billion for each one-half of one percentage point increase in the unemployment rate within the range that unemployment has fluctuated in recent years.

Footnotes at end of article.

TABLE I.10.—ACTUAL AND FULL-EMPLOYMENT FEDERAL RECEIPTS, EXPENDITURES, DEFICITS AND SURPLUSES UNIFIED BUDGET BASIS

[In billions of dollars]

Fiscal years	1970	1971	1972	1973	1974	1975
			Actual			
Receipts	193.7	188.4	208.6	232.2	270.0	295.0
Expenditures	196.6	211.4	231.9	246.5	274.7	304.4
Deficit/surplus	−2.8	−23.0	−23.2	−14.3	−4.7	−9.4
			Full-employment			
Receipts	199.2	214.1	[1] 229.0	242.5	278.0	311.0
Expenditures	196.6	209.2	228.9	245.0	274.0	303.0
Deficit/surplus	2.6	4.9	.1	−2.5	4.0	8.0
Unemployment rate	4.9	6.0	5.6	4.9	(2)	(2)

[1] Includes the effect of overwithholding.

[2] Not available.

Looking at full employment surplus as a measure of *discretionary* fiscal policy, it is apparent that policy became more restrictive in fiscal 1971, then turned to expansionary in 1972 and 1973. By 1974, policy had become a restrictive one as the full employment budget returned to a position of surplus. Fiscal policy for fiscal 1975 is planned to continue to exercise restraint on the economy. However, the Administration has indicated a willingness to modify this policy, if the economy turns out to be weaker than anticipated.

Is this appropriate fiscal policy?

Policy makers are faced with an economic dilemma that has not occurred before. On one hand, the general level of economic activity is expected to grow slowly at best, and certainly not fast enough to absorb the expanding labor force. If this were the only economic problem, an expansionary fiscal policy would clearly be in order. The economy is also faced with the prospects not only of continuing inflation but possibly accelerating inflation as the large increase in the wholesale price index works through the economy and raises retail prices. However excess total demand is not the source of the inflation as it has been in previous inflationary periods.

Sources of the Inflation—Part of the current inflation is the result of the *devaluation of the dollar*. The devaluation directly increased the cost of imported raw materials. Import prices rose by 25 percent in 1973. The Council of Economic Advisers estimates that "If these rising import prices were merely passed through dollar for dollar to final purchases in the United States they would account for one-fourth of the rise in prices . . . in 1973".[4] However, much of the increase in import prices occurred late in the year and will be felt at the retail level early in 1974. The cost of all imports, obviously, was increased but that is desirable as a mechanism for reducing our volume of imports. The devaluation also reduced the foreign-currency price of our goods and stimulated the world demand for our products, including primary raw materials. The recent appreciation of the dollar has turned this situation around somewhat.

A second source of the current inflation is the shortage of *food* and *oil*. The pressure on food prices stems from poor harvests, particularly in Russia and Africa in 1972, and was increased by the enlarged shipments of our agricultural products abroad. The good harvest, world-wide, in 1973 has relieved some of that pressure but large export orders for the 1973 crop could create new shortages. The cut-back in production by the Arabian oil countries and the increase in price mandated by oil and petroleum exporting countries (OPEC) have presumably produced a permanent price increase in petroleum products. Some relief from the upward pressure on oil prices can be expected if supplies again increase. However, prices are obviously unlikely to return to pre-oil crises levels. The use of petroleum is so pervasive in our production and transportation systems that the price increases in oil will create additional price increases in other products throughout the economy, and this will be working its way through the economy during the first half of 1974.

The third source of inflationary pressures is the shortages that have developed from *capacity problems in the processing of primary products*. There is not enough capacity in areas like sawmills, refineries, and metallurgical reduction plants, for example. Part of this capacity shortage has developed because people have objected, for exampe, to refineries, being built in their area. In many of these industries, excess capacity was built during the Korean War, frequently with government subsidy. In the intervening years, foreign competition discouraged expansion of domestic production. Two things happened in 1973 that created the shortage—first, the world-wide economic boom that resulted in a sizeable increase in demand for primary products and second, the increased demand for American raw materials that became competitive with foreign supplies because of the devaluation. Investment in new plant and equipment is expected to increase 10½ percent in calendar 1974. However, investment in some of the primary processing industries is expected to be much higher—up 27 percent in petroleum, 31 percent in paper, 25 in primary metals, and 21 percent in chemicals.[15]

Traditional macro fiscal and monetary policies are not very helpful in coping with this economic situation. In the now anticipated slow down in real economic activity (as measured by production indices and unemployment), it is likely that monetary restraints will be relaxed and the housing industry revive. On the other hand, too easy a monetary policy could become a source of additional inflation.

To the extent that the restrictive fiscal policy being proposed contributes to the slow down in real economic activity, it will relieve some of the demand pressures on primary products, but at the price of increased unemployment. A full-employment surplus of the size being proposed by the Administration is admittedly subject to reassessment if unemployment increases. An appropriate policy will have to take into account the unemployment, the inflation outlook, and the restriction in consumer purchasing power. The definition of a neutral fiscal policy in economic terms is one that neither applies more restraint nor increases the amount of stimulation flowing from the budget. In other words, the full employment surplus (or deficit) would be the same each year. If the intent is to achieve a neutral fiscal policy, somewhat higher expenditures or lower income taxes than those being proposed by the Administration would be implied.

Possible actions

Some actions have already been taken. Acreage reserves have been removed on agricultural production. The American dollar has strengthened considerably in the foreign exchange markets in recent weeks. If that improvement can be maintained, some of the pressures arising from the devaluation could be alleviated. However, there are some shifts in expenditures that Congress might consider.

First, the level of funding for public service employment could be increased. The recently enacted Comprehensive Employment and Training Act of 1973 (PL 93-230) provides a new charter for federally financed and locally operated manpower and employment programs. Title II sets forth a permanent public service employment, for which the President's fiscal 1974 budget provides $250 million for areas with unemployment of 6½ percent or more. This request, together with the entire manpower budget, is now pending before the Appropriations Committee, since the manpower programs were omitted from the already passed Labor Department budget.

For 1975, the budget proposes $3.3 billion for all manpower programs, essentially the same as the 1974 request, of which $350 million is budgeted for the public service employment program.

The amounts provided for public service employment in fiscal 1975 could be expanded. These additional funds would not only provide monies for additional jobs but would also help cushion state and local receipts from the effect of projected economic slowdown. This is a program that can be fairly quickly activated as the experience in 1970 and 1971 demonstrated. Since the state and local governments are currently in a relatively strong fiscal position (see page 41 below), expansion of this program could be on a stand-by basis.

Second, the federal/state system of unemployment insurance could be strengthened to raise the level of benefits or extend their duration. The President's Message of April, 1973 proposed a 3-point program including a federal standard to require each state to pay benefits equal to at least half the unemployed individual's average wage up to a maximum equal to two-thirds of the average covered wage in the state. At present only a few states meet this standard. This proposal currently embodied in H.R. 8600 (Mills, Arkansas) is currently pending in the House Ways and Means Committee.

Extension of unemployment insurance benefits beyond the normal 26 weeks is provided under current law through two "trigger" mechanisms. Nationally, an additional 13 weeks would be triggered on any time the national unemployment insurance rate remained above 4½ percent for three consecutive months. Individual states also are subject to an automatic trigger if their unemployment rate is 4 percent or higher and 20 percent above the level of prevailing for the same month in each of the two previous years. The so-called 20 percent trigger is currently in suspension and suggestions have been made that it be dropped entirely or that it might not be applicable if the state unemployment rate reaches some higher figure such as 6 percent. The President's State of the Union Message indicated he would submit special legislation to extend present unemployment insurance benefits for areas experiencing "particularly high levels of unemployment over the next 12 months."

Third, special use could be made of oil tax money. Because an energy tax, whatever form it takes, would probably be temporary, programs utilizing the revenue from such a tax would also need to be temporary and preferably aimed at generating additional employment. Some of the money could, for example, be used to start repair work on rail beds on some of the *railroads* going into the new national rail corporation.

Finally, some adjustment in tax rates might be considered. It could be to have a temporary income tax cut to help taxpayers meet the large increases in the cost of living. Alternatively, an increase in consumer purchasing power in 1974 could be achieved without reducing tax liabilities, by returning to the withholding tables in effect before 1972. The withholding tables put into effect in 1972 did not change total liabilities but they caused an increase in over withholding (and subsequently refunds) of $8 billion. This money could be released by changing the schedules and it would be a one shot stimulus to the economy.

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Footnotes at end of article.

FOOTNOTES

[1] Civilian and military pay raises in October are based on comparability surveys taken in June. Federal civilian and military retirement benefits are increased after the consumer price index has risen by 3 percent above the level obtained when the last adjustment was made and remains above for three months. The law states that social security is to be increased once a year but the automatic adjustments have not been permitted to function yet. Automatic adjustments were not to start until 1975 and can be superceded if a general across-the-board increase is legislated.

[2] Prepared by the Foreign Affairs Division.

[3] The combined rate is the employer-employee rate for old age, survivors, disability and health insurance.

[4] Except for the period of the surcharge, the individual income tax rate schedule has been unchanged since 1965. However, reductions in the *effective* rate have been accomplished by increasing the value of an exemption from $600 to $750 and increasing minimum and standard deductions.

[5] The proposed "excess profits" tax on oil is included in the excise taxes instead of corporate income taxes.

[6] Joint Economic Committee Staff Report, *An Advance Look at the 1975 Budget*, p. 28–29.

[7] Edwin Dale, Financial Section of the New York Times, Sunday, January 13, 1974.

[8] A recession is defined as two consecutive quarters of declining output—that is negative real growth. A "growth recession" is one where the growth in total output (GNP) is less than the 4 percent (at annual rates) needed to keep unemployment from rising.

[9] The 4 percent rate of real growth is composed of 1.8 percent for growth in the labor force, 2.5 percent for productivity growth and −0.3 percent for reduction in working hours.

[10] The forecasts of the various econometric models are similar. The forecasts for five of the large models are shown in Table I.9.

[11] Walter Heller and George Perry, *January 1974*. "The U.S. Economic Outlook for 1974," National City Bank of Minneapolis.

[12] Full employment has been defined as 96 percent of the labor force employed or conversely 4 percent unemployed. The 4 percent definition has been accepted since late 1940's and is referred to usually as the "interim goal for full employment," reflecting apparently an uneasy compromise between those who want a lower target and those who want a higher one. See "The Development of the Concept of 'Full Employment' as a Policy Goal" by Julius Allen, Senior Specialist, CRS. October 10, 1973.

[13] Source: 1972 Budget, p. 9.

[14] 1974 CEA Report, p. 67.

[15] DRI January forecast. January 30, 1974, p. 7.

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GROSS PUBLIC DEBT

The gross public debt continues to rise; between fiscal years 1955 and 1973 it rose by $184 billion increasing from $274 billion to $458 billion. By the end of fiscal year 1975 the debt is expected to increase another $36 billion to a new total of $494 billion. Even though total public debt increased by $184 billion over the past 18 years, the portion (owned by the general public) increased by less than $60 billion, about one-third of the total. More than two-thirds of the debt increase has been financed by increased holdings of debt securities by U.S. Government accounts (primarily trust funds) and the Federal Reserve. From 1955 to 1973 the portion of the public debt owned by U.S. Government accounts increased from $50 billion to $123 billion and the Federal Reserve's holdings increased from $24 billion to $75 billion. At the end of fiscal year 1955, 73 percent of the total debt was held by the general public, by the end of fiscal year 1973 the publicity held portion had declined to less than 57 percent of the total. This means that a declining portion of the debt has to be refinanced in the private financial markets, thus reducing the impact of federal borrowing on these markets.

Although the public debt has risen substantially over the past two decades, it has been declining in relation to the national economy. In contrast, the debt of State and local governments, corporations, and private individuals has increased in relation to the economy. Total public debt declined from 72.4 percent of gross national product (GNP) in 1955 to 37.5 percent in 1973 and it is projected to decline to 34 percent of GNP in 1975. The publicly held portion of the debt in relation to GNP has declined to an even greater extent from 52.9 percent of GNP in 1955 to 21.3 percent in 1973. The following table provides additional data on the public debt.

TABLE I.10.—OWNERSHIP OF GROSS PUBLIC DEBT AND RELATIONSHIP TO GROSS NATIONAL PRODUCT (GNP), SELECTED FISCAL YEARS, 1955–75

Category	Fiscal years—					
	1955	1960	1965	1970	1973	1975 estimate
	Billions of dollars					
Gross public debt	274.4	286.3	317.3	370.9	458.1	494.3
Portion held by—						
U.S. Government accounts (primarily trust funds)	50.5	53.1	61.1	95.2	123.4	147.0
Federal Reserve	23.6	26.5	39.1	57.7	75.0	(1)
General public	200.3	206.7	217.1	218.0	259.7	(1)
	As percent of gross public debt					
Gross public debt	100.0	100.0	100.0	100.0	100.0	100.0
Portion held by—						
U.S. Government accounts	18.4	18.5	19.3	25.7	26.9	29.7
Federal Reserve	8.6	9.3	12.3	15.6	16.4	(1)
General public	73.0	72.2	68.4	58.8	56.7	(1)
	As percent of GNP					
Gross public debt	72.4	57.8	48.5	38.8	37.5	34.0
Portion held by—						
U.S. Government accounts	13.3	10.7	9.3	10.0	10.1	10.1
Federal Reserve	6.2	5.4	6.0	6.0	6.1	(1)
General public	52.9	41.7	33.2	22.8	21.3	(1)

[1] Not available.

STATE AND LOCAL GOVERNMENTS FISCAL POSITION

Over the past two years State and local governments have attained a relatively strong fiscal position. On the national income accounts basis, State and local governments for the first three quarters of 1973 had a surplus (annual rate) of more than $11 billion. This surplus represents the overall position of these governments; certainly many governments, particularly large cities, are continuing to experience severe fiscal problems. General revenue sharing funds have contributed significantly to the improved fiscal position of State and local governments. General revenue sharing payments began in December 1972; through January 1974 these payments have provided $11.2 billion to State and local governments. The first Actual Use Reports[1], covering the first three entitlement periods (January 1972 through June 1973), show how State and local governments reported using general sharing funds. State governments reported using 70 percent of the funds for education. Local governments reported using 35 percent of the funds for public safety and 20 percent for transportation. However, the first "planned use report" submitted by recipient govermnents to the Treasury Department Office of Revenue Sharing covering the April and July 1973 disbursements and a recent study by the Brookings Institution, involving a detailed examination of a few governments, both indicate that tax relief at the State and local level may be a major result of revenue sharing.

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[1] Budget of the U.S. Government for FY 1975, page 147.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Is there further morning business? If not, morning business is concluded.

ADDITIONAL EXPENDITURES BY THE COMMITTEE ON PUBLIC WORKS

Mr. CANNON. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 691, S. Res. 261.

The PRESIDING OFFICER. The resolution will be stated.

The legislative clerk read as follows:

S. Res. 261, authorizing additional expenditures by the Committee on Public Works for inquiries and investigations.

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution, which had been reported by the Committee on Rules and Administration with an amendment on page 2, line 4, after the word "exceed", strike out "$904,920" and insert "$744,900".

Mr. CANNON. Mr. President, a brief explanation. Last year, the Senate authorized the Public Works Committee an additional $500,000 for a study, which has now been concluded. The request, therefore, of the Public Works Committee was $235,080 last year.

However, the Rules Committee has reduced that sum, as indicated by the amendment, by another $160,000, which still gives the Public Works Committee roughly an increase of about $205,000 more than it had last year—that is the essence of the amendment—for a total of $744,900.

Mr. RANDOLPH. Mr. President, will the able chairman of the Rules Committee permit me to make a very brief statement in reference to funding for the Public Works Committee?

Mr. CANNON. I am happy to yield to the Senator from West Virginia.

Mr. RANDOLPH. It is my feeling, Mr. President, that the members of the Committee on Rules and Administration have given very careful consideration to the monetary request from the Public Works Committee. That request, of course, was brought before the committee after the most careful consideration by all members of the Committee on Public Works.

The very diligent Senator from Tennessee (Mr. BAKER), the ranking minority member of our committee, is in the Chamber. The statements which were made by him and by me at the time of our appearance before the Rules Committee were well founded, we believe, as to the amount of money needed by the committee. I can well understand the problems of the Rules Committee in providing funds.

I reemphasize that the Public Works Committee, as Senator BAKER and I sat forth in our statements before the committee, is one of the busiest of the Senate, with a wide range of subject matter. It is very important to develop legislation and then to have the oversight of that legislation. To carry out our responsibilities, we must have hearings not only in the Nation's Capital but throughout the country as well.

During 1973, the Committee on Public Works considered and reported 38 bills. In developing these and other measures, the committee conducted 71 days of hearings, including 16 days outside Washington. The full committee met in executive session 33 times, this exclusive of 16 executive sessions held by the subcommittees.

During the second session of the 93d Congress, the Public Works Committee has planned an ambitious legislative agenda which will require approximately 68 days of public hearings in Washington and 42 days of public hearings in other locations.

The Environmental Pollution Subcommittee will consider, among other items, auto emission standards for oxides of nitrogen, solid waste management and resource recovery—both legislative and oversight—second treatment of municipal wastes for ocean discharge, and water pollution authorizations and the waste treatment fund allocation formula. Field hearings will be held in eight or nine States to consider whether transportation control measures proposed by the Environmental Protection Agency can be achieved practically with the control strategies and the time available. It will also study the implications of the requirement that there be no significant deterioration of air quality.

The Economic Development Subcommittee has prepared a schedule of hearings which will concentrate on economically lagging areas of the country. The administration's proposed Economic Adjustment Act will be considered as well as extension of the Public Works and Economic Development Act.

The Water Resources Subcommittee, after having secured agreement early this session on the conference report for S. 2798, anticipates the requirement for another water resource bill in light of the new two-stage authorization concept embodied in S. 2798. Other matters to be considered include the deepwater port issue and several miscellaneous bills referred to the subcommittee at the end of the first session. One major objective will be a series of oversight hearings covering, first, all elements of water resources development and management planning and, second, the Corps of Engineers civil works program as a whole.

The Transportation Subcommittee expects to concentrate its efforts principally in the areas of highway beautification, transportation planning and priorities for the seventies, highway safety, transportation and the new energy policies, and vehicle weights and sizes.

The Disaster Relief Subcommittee has introduced a bill proposing numerous amendments to the 1970 Disaster Relief Act. It is hoped that this bill can clear the subcommittee for full committee action early this session. The subcommittee will continue to monitor closely Federal disaster assistance activities and plans to hold oversight hearings in any disaster areas where a need is indicated.

The Buildings and Grounds Subcommittee expects to hold hearings on several buildings projects. It will also consider legislation to, first, require Federal agencies to implement cost reduction techniques in public works project construction; second, improve Federal architecture-engineer contract award procedures; and, third, consider revisions to Public Buildings Act amendments imposing additional prospectus requirements. Several oversight items, such as cost estimating, long-term space planning, determination of socioeconomic impact of projects, evaluation of space alternatives, and assessment of environmental impact of projects will be investigated.

During the past session, as in preceding years, the committee's legislative responsibilities were so demanding that it was not possible to undertake oversight activity except in relation to legislation under consideration. Even with the phased addition of new staff members in the past year, the committee's oversight activities were restricted by lengthy executive and conference sessions on major legislation. Since no lessening of the legislative responsibility of the committee is anticipated the professional staff continues to be hampered in its efforts to carry out the mandate of Congress, contained in the Legislative Reorganization Act to "review and study, on a continuing basis, the application, administration, and execution of those laws, or parts of laws, the subject matter of which is within the jurisdiction of the committee."

The committee intends to assign the seven new professional staff and one legal assistant principally to oversight activities. They will be divided equally among majority and minority offices, and will focus their attention on the policy implications of agency activity, rather than the day-to-day details of agency administration. By this procedure we hope to continue to improve and refine the legislation within the committee's jurisdiction so that the goals which the legislation is designed to achieve are, in fact, more readily obtainable.

This oversight function accounts, in its entirety, for the increase to funds requested for the coming year, except for the additional $11,000 requested for consultant expenses. This amount will replace the unexpended travel money, previously authorized under Senate Resolution 135 in connection with the two National Academy of Sciences contracts and which will be returned to the contingency fund at the end of the present resolution year.

Because we were unable to carry out all the oversight activities planned for last session, these responsibilities have become cumulative. With the continued change in relationship between the Congress and the executive branch, it is more important than ever before that we fully exercise our oversight responsibilities. It is for these reasons that we ask for funds to employ additional staff. We do so in the belief that these additions will permit us to discharge these functions without further postponement because of the heavy legislative burden borne by the present staff.

I thank the chairman of the Rules Committee and all the members of that committee for their very careful thought in reference to our request. I believe we are always in the posture that if we come back to them at a later time and document further need for funds—although we do not anticipate that that will be necessary—the members of the Rules Committee will give us their courtesy and consideration at that time.

Mr. CANNON. I say to the Senator that the Rules Committee has consistently taken the position that if committees find themselves short of funds and come back and justify the request, we are ready and willing to give them full consideration of whatever request they may have.

Mr. RANDOLPH. I thank the chairman.

Mr. BAKER. Mr. President, will the Senator yield?

Mr. CANNON. I yield.

Mr. BAKER. Mr. President, I support the adoption of the amended version of Senate Resolution 261. The amended version of this resolution provides $744,900 to the Committee on Public Works for its operating expenses during the 12 months beginning tomorrow.

I regret, of course, that the Committee on Rules and Administration saw fit to reduce the budget request made unanimously by the Committee on Public

Works. That reduction of $160,020 will curtail the ability of the committee to increase its staff, an increase made necessary by the very heavy legislative program facing the committee during the coming year.

While I regret that decision, I recognize the desire of the Committee on Rules and Administration to restrain major increases in committee budgets this year. And I want to say a word of thanks to Chairman CANNON, Senator COOK, and other members of the Committee on Rules and Administration for the very fair and understanding consideration which our request received.

It is my hope, nevertheless, that this new budget resolution will be approved by the entire Senate and that it will support effectively the committee's program in this coming year.

That program is a most challenging one. We must extend and make possible changes in laws governing water pollution, air pollution, solid waste pollution, economic development, and disaster relief laws; we will have a series of major oversight hearings into the works of the Army Corps of Engineers; and we will undertake a major review of national transportation priorities and coordination.

This schedule—together with many lesser issues and ones I cannot foresee at this time—requires the support of a strong and professional staff. Our staff on the Committee on Public Works is sound. This budget will enable us to expand it modestly in pursuit of the legislative goals facing us.

In conclusion, Mr. President, I want to express my thanks to Chairman RANDOLPH for his always effective and fair leadership of the committee, and in his plans to share the staff additions with the minority.

Mr. CANNON. Mr. President, I ask unanimous consent that William M. Cochrane and John Coder, of the staff of the Committee on Rules and Administration, have the privilege of the floor during the consideration of the committee expenditure resolutions.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. COOK. Mr. President, I ask unanimous consent that Mr. Joseph O'Leary, of the staff of the Committee on Rules and Administration, be accorded the same privilege and under the same circumstances.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CANNON. Mr. President, I ask unanimous consent that tabulations relating to multiple-funding requests from certain Senate committees be included at the appropriate places in my remarks today.

There being no objection, the tabulations were ordered to be printed in the RECORD, as follows:

[COMMITTEE PRINT NO. 2]

U.S. SENATE COMMITTEE ON RULES AND ADMINISTRATION

SENATE INQUIRIES AND INVESTIGATIONS, FEB. 27, 1974

[93d Cong., 2d sess.]

		93d Cong., 1st sess.[1]		93d Cong., 2d sess.[2]					Number of committee employees					
										Investigative[7]				
Calendar No./Res. and Sec. No.	Committee and purpose	Unobligated balance (estimated),[3] Feb. 28, 1974	Amount authorized by Senate, 12 mo[4]	Amount requested, 12 mo	Difference between 1973 authorization and 1974 request	Amount of Rules Committee amendment	Amount reported by Rules Committee	Amount authorized by Senate[5]	Permanent[6]	1973	1974	Difference	Total, 1974 (projected)	No. of rooms assigned to committee[8]
	All committees								292	714	715	+1	1,007	344
	Appropriations Committee.[9]	[9] $326,593	[9] $511,710						39	8	10	+2	49	36
	All other committees	1,553,396	16,561,100	$16,955,615	+$394,515	−$1,719,815	$15,235,800		253	706	705	−1	958	308
679 S. Res. 258	Aeronautical and Space Sciences	14,820	47,500	52,000	+4,500	0	52,000		13	[10] 7	3	−4	16	7
680 S. Res. 236	Agriculture and Forestry	30,000	212,000	220,000	+8,000	0	220,000		12	5	8	+3	20	8
	Appropriations. (See above.)													
681 S. Res. 270	Armed Services	141,000	520,000	520,000	0	0	520,000		13	18	18	0	31	17
Sec. 2	Consultants for full committee	23,000	30,000	25,000	−5,000	0	25,000							
Sec. 4	General	59,000	337,000	346,000	+9,000	0	346,000			13	13	0		
Sec. 5	Preparedness	59,000	153,000	149,000	−4,000	0	149,000			5	5	0		
682 S. Res. 240	Banking, Housing and Urban Affairs.	60,000	660,000	700,000	+40,000	−$13,500	686,500		12	30	30	0	42	16
Sec. 3	General	36,000	320,000	340,000	+20,000	−4,000	336,000			16	15	−1		
Sec. 4	Housing and urban affairs	3,000	210,000	230,000	+20,000	−9,500	220,500			8	9	+1		
Sec. 5	Securities industry	21,000	130,000	130,000	0	0	130,000			6	6	0		
683 S. Res. 262	Commerce	10,000	1,375,000	1,922,478	+547,478	−278,678	1,643,800		12	60	81	+21	93	24
684 S. Res. 256	District of Columbia	32,000	170,000	175,000	+5,000	0	175,000		13	12	14	+2	27	6
	Finance								24	[11] 4	[11] 4	0	28	11
685 S. Res. 241	Foreign Relations	50,000	675,000	840,000	+165,000	−131,200	708,800		18	31	34	+3	52	17
686 S. Res. 269	Government Operations	107,513	1,956,000	2,312,017	+356,017	−243,017	2,069,000		14	79	95	+16	109	28
Sec. 2	Consultants for full committee	2,000	10,000	20,000	+10,000	0	20,000							
Sec. 4	Permanent investigations	25,082	1,006,000	1,056,000	+50,000	−50,000	1,006,000			38	43	+5		12
Sec. 5	Intergovernmental relations	5,182	342,828	372,900	+30,072	−12,900	360,000			18	18	0		2
Sec. 6	Reorganization, research, and international organizations.	8,758	327,500	395,000	+67,500	−51,000	344,000			13	15	+2		3
Sec. 7	Budgeting, management, and expenditures.	30,000	180,000	278,158	+98,158	−89,158	189,000			6	11	+5		1
Sec. 8	Federal procurement	36,491	[4a] 89,672	189,959	+100,287	−39,959	150,000			4	8	+4		0
687 S. Res. 245	Interior and Insular Affairs	1,000	475,000	475,000	0	0	475,000		12	22	26	+4	38	12
688 S. Res. 255	Judiciary	315,203	4,093,060	4,778,200	+684,600	−705,200	4,073,000		17	199	210	+11	227	69
Sec. 3	Admin. practice and procedure	45,000	377,800	453,300	+75,500	−75,500	377,800			16	18	+2		2
Sec. 4	Antitrust and monopoly	42,000	767,000	797,600	+30,600	−30,000	767,000			30	30	0		19
Sec. 5	Constitutional amendments	1,550	239,700	291,000	+51,300	−39,000	252,000			11	11	0		1
Sec. 6	Constitutional rights	39,993	299,900	345,000	+45,100	−45,100	299,900			17	16	−1		5
Sec. 7	Criminal laws and procedures	9,000	210,200	245,000	+34,800	−24,000	221,000			10	10	0		2
Sec. 8	Federal charters, etc	2,000	14,500	16,500	+2,000	0	16,500			1	1	0		0
Sec. 9	Immigration, naturalization	63,000	240,000	205,000	−35,000	0	205,000			10	8	−2		4
Sec. 10	Improv. in judicial machinery	15,000	223,000	255,500	+32,500	−20,500	235,000			15	13	−2		1
Sec. 11	Internal security	12,000	532,500	663,000	+130,500	−263,000	400,000			26	29	+3		7
Sec. 12	Juvenile delinquency	10,440	335,400	393,400	+53,000	−40,400	353,000			19	20	+1		6
Sec. 13	Patents, trademarks, etc	12,000	169,000	188,000	+19,000	−10,000	178,000			7	7	0		3
Sec. 14	Penitentiaries	6,000	79,000	88,000	+9,000	0	88,000			4	5	+1		1
Sec. 15	Refugees and escapees	570	172,500	245,000	+72,500	−63,000	182,000			11	13	+2		1
Sec. 16	Revision and codification	1,000	62,300	64,800	+2,500	0	64,800			3	3	0		1
Sec. 17	Separation of powers	28,000	250,000	315,000	+65,000	−52,000	263,000			13	17	+4		9
Sec. 18	Citizens' interests	27,650	[4b] 120,800	192,100	+71,300	−42,100	150,000			6	8	+2		0
Sec. 19	FBI oversight			20,000	+20,000	0	20,000				1	+1		0

		93d Cong., 1st sess.[1]		93d Cong., 2d sess.[2]					Number of committee employees					
										Investigative [7]				
Calendar No./Res. and Sec. No.	Committee and purpose	Unobligated balance (estimated),[3] Feb. 28, 1974	Amount authorized by Senate, 12 mo [4]	Amount requested, 12 mo	Difference between 1973 authorization and 1974 request	Amount of Rules Committee amendment	Amount reported by Rules Committee	Amount authorized by Senate [5]	Permanent [6]	1973	1974	Difference	Total, 1974 (projected)	No. of rooms assigned to committee [8]
689 S. Res. 259	Labor and Public Welfare	195,112	1,700,000	1,700,000	0	0	1,700,000		30	57	57	0	87	27
690 S. Res. 264	Post Office and Civil Service	38,000	275,000	235,000	—40,000	0	235,000		13	12	12	0	25	9
691 S. Res. 261	Public Works	19,000	1,140,000	904,920	—235,080	—160,020	744,900		12	32	43	+11	55	15
S. Res. 266	Rules and Administration	110,000	331,000	374,000	+43,000	0	374,000	[5a] 374,000	14	10	11	+1	25	12
Sec. 3	Privileges and elections	15,000	125,000	180,000	+55,000	0	180,000	180,000		5	6	+1		
Sec. 4	Computer services	95,000	206,000	194,000	—12,000	0	194,000	194,000		5	5	0		
692 S. Res. 250	Veterans' Affairs	25,000	210,000	275,000	+65,000	—54,000	221,000		12	8	11	+3	23	6
693 S. Res. 263	Small Business (Select)	16,271	160,000	192,000	+32,000	—24,000	168,000		12	9	8	—1	20	7
694 S. Res. 260	Nutrition, Human Needs (Select).	7,000	275,000	399,000	+124,000	—110,200	288,800			14	14	0	14	5
695 S. Res. 267	Aging (Special)	2,000	411,000	415,000	+4,000	0	415,000			20	20	0	20	4
696 S. Res. 242	Termination of the National Emergency (Special).[12]	36,471	175,000	166,000	—9,000	0	166,000			6	6	0	6	1
697 S. Res. 286	Presidential Campaign Activities (Select).[13]	179,000	1,500,000	300,000	—1,200,000	0	300,000			63	0	—63	0	7
	Budget Control (Joint)	164,006	[4c] 200,000	0	—200,000					8	0	—8	0	0

[1] Senate investigative year 1973—Mar. 1, 1973–Feb. 28, 1974.

[2] Senate investigative year 1974—Mar. 1, 1974–Feb. 28, 1975.

[3] Figures supplied by the respective committees.

[4] Except as follows:
[4a] July 20, 1973–Feb. 28, 1974.
[4b] May 10, 1973–Feb. 28, 1974.
[4c] Mar. 1, 1973–Jan. 2, 1974.

[5] Date authorized:
[5a] S. Res. 266, Feb. 1, 1974.

[6] Information on permanent staffs of Senate committees is as follows:

REGULAR PERMANENT STAFF

Standing committees.—Except for the Committee on Appropriations, all standing committees of the Senate are authorized by sec. 202(a) and (c) of the Legislative Reorganization Act of 1946, as amended, to employ a regular staff of 6 professional staff members and 6 clerical assistants. The total maximum annual compensation authorized thereby, at current current salary rates, is $344,280 per committee.

Appropriations committee.—The Appropriations Committee is authorized by sec. 202(b) of the Legislative Reorganization Act of 1946, as amended, "to appoint such staff, in addition to the clerk thereof and assistants for the minority as * * * by a majority vote [it] shall determine to be necessary."

Select Committee on Small Business.—The staff privileges of standing committees (6 professional and 6 clerical) were extended to the Select Committee on Small Business by Public Law 759 of the 81st Cong.

ADDITIONAL PERMANENT STAFF

Additional permanent staff members authorized by the Senate for its standing committees are shown in the following table:

	Authority			
Committee/Additional permanent staff members authorized	Resolution No.	Congress	Date	Total maximum compensation [1]
Aeronautical and Space Sciences: 1 clerical	P.L. 92–136	92d	Oct. 11, 1971	$16,815
Armed Services: 1 clerical	P.L. 92–136	92d	Oct. 11, 1971	16,815
District of Columbia: 1 clerical	P.L. 92–136	92d	Oct. 11, 1971	16,815
Finance:				
6 professional	S. Res. 224	89th	Apr. 20, 1966	299,250
6 clerical	S. Res. 66	91st	Feb. 17, 1969	
Foreign Relations:				
2 professional	S. Res. 30	86th	Feb. 2, 1959	149,625
3 clerical				
1 professional	S. Res. 247	87th	Feb. 7, 1962	
Government Operations:				
1 professional	S. Res. 355	85th	Aug. 18, 1958	49,875
1 clerical	P.L. 92–136	92d	Oct. 11, 1971	
Judiciary:				
2 professional	S. Res. 66	81st	Feb. 17, 1949	116,565
3 clerical				
Labor:				
1 professional	S. Res. 253	88th	Feb. 10, 1964	448,875
1 assistant chief clerk				
7 professional	S. Res. 74	90th	Feb. 20, 1967	
9 clerical				
Post Office: 1 clerical	S. Res. 14	89th	Feb. 8, 1965	16,815
Rules:				
1 professional	S. Res. 342	85th	July 28, 1958	66,120
1 assistant chief clerk	P.L. 93–145	93d	Nov. 1, 1973	
Total (49 staff members)				1,197,570

[1] At current rates.

INCREMENTS TO $10,000 PER CONGRESS (FOR ROUTINE PURPOSES)

Sec. 134(a) of the Legislative Reorganization Act of 1946 authorizes each standing committee of the Senate to expend not to exceed $10,000 during each Congress for the routine purposes expressed in that section. Senate committees which during the 93d Cong. requested and were authorized to expend additional funds for routine purposes are as follows:

Committee	Resolution No.	Date	Amount
Aeronautical and Space Sciences			
Agriculture and Forestry			
Appropriations	S. Res. 116	May 21, 1973	$75,000
Armed Services	S. Res. 54	Feb. 22, 1973	60,000
Banking, Housing and Urban Affairs			
Commerce			
District of Columbia			
Finance	S. Res. 148	Aug. 2, 1973	20,000
	S. Res. 239	Jan. 30, 1974	20,000
Foreign Relations			
Government Operations	S. Res. 268		10,000
Interior and Insular Affairs	S. Res. 96	May 10, 1973	20,000
	S. Res. 137	July 20, 1973	25,000
	S. Res. 178	Oct. 23, 1973	25,000
Judiciary	S. Res. 103	May 10, 1973	25,000
Labor and Public Welfare			
Post Office and Civil Service			
Public Works			
Rules and Administration			
Veterans' Affairs			

[7] The figures on investigative staff are from budget estimates supplied by the committees themselves, to accompany annual and supplemental authorization requests.

[8] The figure opposite the committee name, in the last column on the right indicates the total number of rooms assigned to that committee and its subcommittees. When subcommittee staffs are identifiable as separate physical entities the rooms they utilize are also shown. Any disparity between the total of subcommittee rooms and the total shown for the full committee is accounted for by rooms being used by the permanent staff, sometimes with investigative or subcommittee staff commingled therein. Most committees use their hearing room (herein counted as one room) to house certain of their personnel.

[9] The Appropriations Committee has a permanent authorization for funds for inquiries and investigations (S. Res. 193, 78th Cong., Oct. 14, 1943), which funds are provided by the annual legislative appropriation acts. Since such funds are authorized on a fiscal year basis, there is no appropriate way to include them or compare them with funds authorized for other Senate committees. The figures shown here, only to complete the information, are on the following bases: The authorization is for the 12-month period July 1, 1973–June 30, 1974, and the expenditures are for the 8-month period July 1, 1973–Feb. 28, 1974.

[10] Includes 2 employees for 3-month period.

[11] S. Res. 40, agreed to Feb. 22, 1973, authorized the Committee on Finance to employ 2 additional professional staff members and 2 additional clerical assistants from Mar. 1, 1973, through Feb. 28, 1974. This same authority was continued from Mar. 1, 1974, through Feb. 28, 1975, by S. Res. 238, agreed to Jan. 30, 1974.

[12] The Special Committee on the Termination of the National Emergency was established by S. Res. 304, agreed to June 23, 1972, with authority to expend funds not to exceed $100,000 through Feb. 28, 1973. On Sept. 11, 1972, the Senate agreed by unanimous consent, to change the terminal date from Feb. 28, 1973, to Jan. 2, 1973. At the commencement of the 93d Cong., pursuant to S. Res. 9, agreed to Jan. 6, 1973, the Select Committee was continued from Jan. 3, 1973, through Feb. 28, 1974, and authorized to expend not to exceed $175,000 during that period.

[13] The Select Committee on Presidential Campaign Activities was established by S. Res. 60, agreed to Feb. 7, 1973, which authorized expenditures by the select committee of not to exceed $500,000 through Feb. 28, 1974. S. Res. 95, agreed to Apr. 6, 1973, amended S. Res. 60 to authorize the select committee "to procure either through assignment by the Rules Committee or by renting such offices and other space as may be necessary to enable it and its staff to make and conduct the investigation and study authorized and directed by this resolution." S. Res. 60 was further amended by S. Res. 132, agreed to June 25, 1973, by unanimous consent, which increased from $500,000 to $1,000,000 funds available to the select committee for inquiries and investigations. S. Res. 209, agreed to Dec. 4, 1973, by unanimous consent, increased from $1,000,000 to $1,500,000 funds available to the select committee for inquiries and investigations. Pursuant to S. Res. 287, agreed to Feb. 19, 1974, the select committee was further extended—to May 28, 1974—*on which* date its final report to the Senate would be due.

The PRESIDING OFFICER. The question is on agreeing to the amendment to Senate Resolution 261.

The amendment was agreed to.

The PRESIDING OFFICER. The question is on agreeing to the resolution, as amended.

The resolution (S. Res. 261), as amended, was agreed to, as follows:

Resolved, That, in holding hearings, reporting such hearings, and making investigations as authorized by sections 134(a) and 136 of the Legislative Reorganization Act of 1946, as amended, in accordance with its jurisdiction under rule XXV of the Standing Rules of the Senate, the Committee on Public Works, or any subcommittee thereof, is authorized from March 1, 1974, through February 28, 1975, in its discretion (1) to make expenditures from the contingent fund of the Senate, (2) to employ personnel, and (3) with the prior consent of the Government department or agency concerned and the Committee on Rules and Administration, to use on a reimbursable basis the services of personnel of any such department or agency.

SEC. 2. The expenses of the committee under this resolution shall not exceed $744,990, of which amount not to exceed $20,000 shall be avilable for the procurement of the services of individual consultants, or organizations thereof (as authorized by section 202 (i) of the Legislative Reorganization Act of 1946, as amended).

SEC. 3. The committee shall report its findings, together with such recommendations for legislation as it deems advisable, to the Senate at the earliest practicable date, but not later than February 28, 1975.

SEC. 4. Expenses of the committee under this resolution shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee.

AUTHORIZING ADDITIONAL EXPENDITURES BY THE COMMITTEE ON THE JUDICIARY

Mr. CANNON. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 688, Senate Resolution 255.

The PRESIDING OFFICER. The clerk will state the resolution by title.

The legislative clerk read as follows:

A resolution (S. Res. 255) authorizing additional expenditures by the Committee on the Judiciary.

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution, which had been reported from the Committee on Rules and Administration with amendments on page 2, in line 8, strike out "$4,778,200" and insert in lieu thereof "$4,073,000".

On page 2, in line 17, strike out "$453,300" and insert in lieu thereof "$377,800".

On page 2, in line 22, strike out "$797,600" and insert "$767,000".

On page 3, in line 3, strike out "$291,000" and insert "$252,000".

On page 3, in line 8, strike out "$345,000" and insert "$299,900".

On page 3, in line 13, strike out "$245,000" and insert "$221,000".

On page 3, in line 23, strike out "$255,500" and insert "$235,000".

On page 4, in line 4, strike out "$663,000" and insert "$400,000".

On page 4, in line 20, strike out "$393,400" and insert "$353,000".

On page 4, in line 25, strike out "$188,000" and insert in lieu thereof "$178,000".

On page 5, in line 7, strike out "$245,000" and insert in lieu thereof "$182,000".

On page 5, in line 14, strike out "$315,000" and insert in lieu thereof "$263,000".

On page 5, in line 20, strike out "$192,100" and insert in lieu thereof "$150,000".

Mr. CANNON. Mr. President, this resolution would authorize the Committee on the Judiciary to expend not to exceed $4,778,200 during the next 12 months for inquiries and investigations.

During the last session of the Congress the committee was authorized to expend not to exceed $4,093,600 for that purpose. The committee estimates it will return approximately $315,203 of that amount to the Treasury.

The pending request includes an increase of $684,600 over last year's authorization.

The Committee on Rules and Administration has amended Senate Resolution 255 by reducing the requested amount from $4,778,200 to $4,073,000, a reduction of $705,200.

Senator EASTLAND is chairman of the Committee on the Judiciary, and Senator HRUSKA is its ranking minority member.

Mr. President, I ask unanimous consent to have printed in the RECORD a tabulation in connection with this matter.

There being no objection, the tabulation was ordered to be printed in the RECORD, as follows.

THE FOLLOWING TABULATION CONTAINS THE PERTINENT INFORMATION CONCERNING THE MULTIPLE INQUIRIES CONTAINED WITHIN SENATE RESOLUTION 255

Section No.	Purpose	Amount: Requested	Amount: Amendment	Amount: Approved	Subcommittee: Chairman	Subcommittee: Ranking minority membe
3	Administrative practice and procedure	$453, 300	−$75, 500	$377, 800	Mr. Kennedy	Mr. Thurmond.
4	Antitrust and monopoly	797, 600	−30, 600	767, 000	Mr. Hart	Mr. Hruska.
5	Constitutional amendments	291, 000	−39, 000	252, 000	Mr. Bayh	Mr. Fong.
6	Constitutional rights	345, 000	−45, 100	299, 900	Mr. Ervin	Mr. Gurney.
7	Criminal laws and procedures	245, 000	−24, 000	221, 000	Mr. McClellan	Mr. Hruska.
8	Federal charters, etc	16, 500	0	16, 500	Mr. Hruska	Mr. McClellan.
9	Immigration, naturalization	205, 000	0	205, 000	Mr. Eastland	Mr. Fong.
10	Improvements in judicial machinery	255, 500	−20, 500	235, 000	Mr. Burdick	Mr. Hruska.
11	Internal security	663, 000	−263, 000	400, 000	Mr. Eastland	Mr. Thurmond.
12	Juvenile delinquency	393, 400	−40, 400	353, 000	Mr. Bayh	Mr. Cook.
13	Patents, trademarks, etc	188, 000	−10, 000	178, 000	Mr. McClellan	Mr. Scott.
14	Penitentiaries	88, 000	0	88, 000	Mr. Burdick	Mr. Cook.
15	Refugees and escapees	245, 000	−63, 000	182, 000	Mr. Kennedy	Mr. Fong.
16	Revision and codification	64, 800	0	64, 800	Mr. Ervin	Mr. Scott.
17	Separation of powers	315, 000	−52, 000	263, 000	Mr. Ervin	Mr. Mathias.
18	Citizens' interests	192, 100	−42, 100	150, 000	Mr. Tunney	Mr. Cook.
19	FBI oversight	20, 000	0	20, 000		
	Total	4, 778, 200	−705, 200	4, 073, 000		

Mr. CANNON. Mr. President, I ask unanimous consent that the committee amendments be considered en bloc.

The PRESIDING OFFICER. Without objection, the committee amendments will be considered en bloc.

Mr. McCLELLAN. Mr. President, as I understand, the Senator from Nevada is asking for approval or disapproval of the money resolutions for the Committee on the Judiciary in this one package.

Mr. CANNON. If the amendments are considered en bloc, I would request that they be agreed to as reported by the Committee on Rules and Administration.

Mr. McCLELLAN. As chairman of the Subcommittee on Criminal Laws and Procedures and on Patents and Trade-Marks, representing two of the items in S. Res. 255, I notice a small reduction made by the Committee on Rules and Administration in those two items.

I am satisfied with the amounts that have been authorized or recommended by the Committee on Rules and Administration. I think we should all make every effort to hold down expenditures. I believe we can go forward with the amounts that have been allowed or recommended by the committee.

I shall, of course, remember and take into account that, should some extraordinary situation develop when further expenditures are necessary, we can always return to the committee to justify our request for further funds.

I wish to thank the distinguished chairman and the ranking minority member of the Committee on Rules and Administration and other members of the committee for the consideration given to these particular items.

Mr. CANNON. I thank the Senator from Arkansas for his remarks. Again, I assure him that the committee certainly will consider any requests that are brought before us if the committee finds it is unable to get along with the amounts that have been recommended.

Mr. COOK. Mr. President, we tried our best to keep the funds within the limits that the chairman of the Subcommittee on Criminal Laws and Procedures and the Subcommittee on Patents and Trademarks brought before us.

There is a slight increase to the extent requested by the subcommittee, but we took that into consideration and evaluated the amount on that basis.

The PRESIDING OFFICER. Without objection, the amendments are agreed to en bloc.

The resolution (S. Res. 255), as amended, was agreed to, as follows:

Resolved, That in holding hearings, reporting such hearings, and making investigations as authorized by sections 134(a) and 136 of the Legislative Reorganization Act of 1946, as amended, and in accordance with its jurisdiction under rule XXV of the Standing Rules of the Senate so far as applicable, the Committee on the Judiciary, or any subcommittee thereof, is authorized from March 1, 1974, through February 28, 1975, for the purposes stated and within the limitations imposed by the following sections, in its discretion (1) to make expenditures from the contingent fund of the Senate, (2) to employ personnel, and (3) with the prior consent of the Government department or agency concerned and the Committee on Rules and Administration, to use on a reimbursable basis the services or personnel of any such department or agency.

SEC. 2. The Committee on the Judiciary, or any subcommittee thereof, is authorized from March 1, 1974, through February 28, 1975, to expend not to exceed $4,073,000 to examine, investigate, and make a complete study of any and all matters pertaining to each of the subjects set forth below in succeeding sections of this resolution, said funds to be allocated to the respective specific inquiries and to the procurement of the services of individual consultants or organizations thereof (as authorized by section 202(i) of the Legislative Reorganization Act of 1946, as amended) in accordance with succeeding sections of this resolution.

SEC. 3. Not to exceed $377,800 shall be available for a study or investigation of administrative practice and procedure, of which amount not to exceed $5,000 may be expended for the procurement of individual consultants or organizations thereof.

SEC. 4. Not to exceed $767,000 shall be available for a study of investigation of antitrust and monopoly, of which amount not to exceed $10,000 may be expended for the procurement of individual consultants or organizations thereof.

SEC. 5. Not to exceed $252,000 shall be available for a study or investigation of constitutional amendments, of which amount not to exceed $12,000 may be expended for the procurement of individual consultants or organizations thereof.

SEC. 6. Not to exceed $299,900 shall be available for a study or investigation of constitutional rights, of which amount not to exceed $10,000 may be expended for the procurement of individual consultants or organizations thereof.

SEC. 7. Not to exceed $221,000 shall be available for a study or investigation of criminal law and procedures, of which amount not to exceed $5,000 may be expended for the procurement of individual consultants or organizations thereof.

SEC. 8. Not to exceed $16,500 shall be available for a study or investigation of Federal charters, holidays, and celebrations.

SEC. 9. Not to exceed $205,000 shall be available for a study or investigation of immigration and naturalization.

SEC. 10. Not to exceed $235,000 shall be available for a study or investigation of improvements in judicial machinery, of which amount not to exceed $10,000 may be expended for the procurement of individual consultants or organizations thereof.

SEC. 11. Not to exceed $400,000 shall be available for a complete and continuing study and investigation of (1) the administration, operation, and enforcement of the Internal Security Act of 1950, as amended, (2) the administration, operation, and enforcement of other laws relating to espionage, sabotage, and the protection of the internal security of the United States, and (3) the extent, nature, and effect of subversive activities in the United States, its territories and possessions, including, but not limited to, espionage, sabotage, and infiltration by persons who are or may be under the domination of the foreign government or organization controlling the world Communist movement or any other movement seeking to overthrow the Government of the United States by force and violence or otherwise threatening the internal security of the United States.

SEC. 12. Not to exceed $353,000 shall be available for a study or investigation of juvenile delinquency, of which amount not to exceed $14,000 may be expended for the procurement of individual consultants or organizations thereof.

SEC. 13. Not to exceed $178,000 shall be available for a study or investigation of patents, trademarks, and copyrights.

SEC. 14. Not to exceed $88,000 shall be available for a study or investigation of national penitentiaries, of which amount not to exceed $500 may be expended for the procurement of individual consultants or organizations thereof.

SEC. 15. Not to exceed $182,000 shall be available for a study or investigation of refugees and escapees, of which amount not to exceed $2,000 may be expended for the procurement of individual consultants or organizations thereof.

SEC. 16. Not to exceed $64,800 shall be available for a study or investigation of revision and codification.

SEC. 17. Not to exceed $263,000 shall be available for a study or investigation of separation of powers beween the executive, judicial, and legislative branches of Government, of which amount not to exceed $12,000 may be expended for the procurement of individual consultants or organizations thereof.

SEC. 18. Not to exceed $150,000 shall be available for a study or investigation of citizens' interests, of which amount not to exceed $5,000 may be expended for the procurement of individual consultants or organizations thereof.

SEC. 19. Not to exceed $20,000 shall be available for a study or investigation of Federal Bureau of Investigation oversight.

SEC. 20. The committee shall report its findings, together with such recommendations for legislation as it deems advisable with respect to each study or investigation for which expenditure is authorized by this resolution, to the Senate at the earliest practicable date, but not later than February 28, 1975.

SEC. 21. Expenses of the committee under this resolution shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee.

AUTHORIZING ADDITIONAL EXPENDITURES BY THE COMMITTEE ON AERONAUTICAL AND SPACE SCIENCES

Mr. CANNON. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 679, Senate Resolution 258.

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution.

Mr. CANNON. Mr. President, this resolution would authorize the Committee on Aeronautical and Space Sciences to expend not to exceed $52,000 during the next 12 months for inquiries and investigations.

During the last session of the Congress the committee was authorized to expend not to exceed $47,500 for that purpose. The committee estimates it will return approximately $14,320 of that amount to the Treasury.

The pending request includes an increase of $4,500 over last year's authorization.

The Committee on Rules and Administration has reported Senate Resolution 258 without amendment.

The Senator from Utah (Mr. MOSS) is chairman of the Committee on Aeronautical and Space Sciences, and the Senator from Arizona (Mr. GOLDWATER) is its ranking minority member.

The PRESIDING OFFICER. The question is on agreeing to the resolution.

The resolution (S. Res. 258) was agreed to as follows:

Resolved, That, in holding hearings, reporting such hearings, and making investigations as authorized by sections 134(a) and 136 of the Legislative Reorganization Act of 1946, as amended, in accordance with its jurisdiction under rule XXV of the Standing Rules of the Senate, the Committee on Aeronautical and Space Sciences, or any subcommittee thereof, is authorized from March 1, 1974, through February 28, 1975, in its discretion (1) to make expenditures from the contingent funds of the Senate, (2) to employ personnel, and (3) with the prior consent of the Government department or agency concerned and the Committee on Rules and Administration, to use on a reimbursable basis the services of personnel of any such department or agency.

SEC. 2. The expenses of the commitee under this resolution shall not exceed $52,000, of which amount not to exceed $1,000 shall be available for the procurement of the services of individual consultants, or organizations thereof (as authorized by section 202 (i) of the Legislative Reorganization Act of 1946, as amended).

SEC. 3. The committee shall report its findings, together with such recommendations for legislation as it deems advisable, to the Senate at the earliest practicable date, but not later than February 28, 1975.

SEC. 4. Expenses of the committee under this resolution shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee.

INCREASE IN SUMS ALLOTTED TO THE SELECT COMMITTEE ON PRESIDENTIAL CAMPAIGN ACTIVITIES

Mr. CANNON. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 697, Senate Resolution 286.

The PRESIDING OFFICER. The resolution will be stated by title.

The legislative clerk read as follows:

A resolution (S. Res. 286) to increase the sums allotted to the Senate Select Committee on Presidential Campaign Activities.

Mr. CANNON. Mr. President, this resolution would authorize the Select Committee on Presidential Campaign Activities to expend not to exceed $300,000 during the next 3 months for inquiries and investigations.

During the last session of the Congress the committee was authorized to expend not to exceed $1,500,000 for that purpose. The select committee estimates it will return approximately $179,000 of that amount to the Treasury.

The pending request is a decrease of $1,200,000 from last year's authorization.

The Committee on Rules and Administration has reported Senate Resolution 286 without amendment.

Senator ERVIN is chairman of the Select Committee on Presidential Campaign Activities, and Senator BAKER is its ranking minority member.

The PRESIDING OFFICER. The question is on agreeing to the resolution.

The resolution (S. Res. 286) was agreed to as follows:

Resolved, That the first sentence of section 6 of S. Res. 60, which was adopted on

February 7, 1973, is hereby changed to read as follows: "The expenses of the select committee through May 28, 1974, under this resolution shall not exceed $1,800,000, of which amount not to exceed $70,000 shall be available for the procurement of the services of individual consultants or organizations thereof.

AUTHORIZATION OF ADDITIONAL EXPENDITURES BY THE COMMITTEE ON GOVERNMENT OPERATIONS FOR INQUIRIES AND INVESTIGATIONS

Mr. CANNON. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 686, Senate Resolution 269.

The PRESIDING OFFICER. The resolution will be stated by title.

The legislative clerk read as follows:

A resolution (S. Res. 269) authorizing additional expenditures by the Committee on Government Operations for inquiries and investigations.

The PRESIDING OFFICER. Is there objection to the consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution, which had been reported from the Committee on Rules and Administration with amendments on page 2, in line 14, strike out "$2,292,017" and insert in lieu thereof "$2,049,000".

On page 2, in line 23, strike out "$1,056,000" and insert in lieu thereof "$1,006,000".

On page 8, in line 14, strike out "$373,900" and insert in lieu thereof "$360,000".

On page 9, in line 1, strike out "$395,000" and insert in lieu thereof "$344,000".

On page 9, in line 25, strike out "$278,158" and insert in lieu thereof "$189,000".

On page 10, in line 25, strike out "$189,959" and insert in lieu thereof "$150,000".

On page 11, in line 14, strike out "$2,312,017" and insert in lieu thereof "$2,069,000".

Mr. CANNON. Mr. President, this resolution would authorize the Committee on Government Operations to expend not to exceed $2,312,017 during the next 12 months for inquiries and investigations.

During the last session of the Congress the committee was authorized to expend not to exceed $1,956,000 for that purpose. The committee estimates it will return approximately $107,513 of that amount to the Treasury.

The pending request includes an increase of $356,017 over last year's authorization.

The Committee on Rules and Administration has amended Senate Resolution 269 by reducing the requested amount from $2,312,017 to $2,069,000, a reduction of $243,017.

Senator Ervin is chairman of the Committee on Government Operations, and Senator Percy is its ranking minority member.

Mr. President, I ask unanimous consent to have printed in the Record a tabulation containing pertinent information concerning the multiple inquiries contained in the resolution.

There being no objection, the tabulation was ordered to be printed in the Record, as follows:

THE FOLLOWING TABULATION CONTAINS THE PERTINENT INFORMATION CONCERNING THE MULTIPLE INQUIRIES CONTAINED WITHIN S. RES. 269

		Amount			Subcommittee	
No. Section	Purpose	Requested	Amendment	Approved	Chairman	Ranking minority member
2	Consultants	$20,000	0	$20,000		
4	Permanent investigations	1,056,000	−$50,000	1,006,000	Mr. Jackson	Mr. Percy.
5	Intergovernmental relations	372,900	−12,900	360,000	Mr. Muskie	Mr. Gurney.
6	Reorganization, research, and international organizations	395,000	−51,000	344,000	Mr. Ribicoff	Mr. Javits.
7	Budgeting, management, and expenditures	278,158	−89,158	189,000	Mr. Metcalf	Mr. Brock.
8	Federal procurement	189,959	−39,959	150,000	Mr. Chiles	Mr. Roth.
	Total	2,312,017	−243,017	2,069,000		

Mr. CANNON. Mr. President, I ask unanimous consent that the committee amendments be considered en bloc.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. PERCY. Mr. President, I wish to direct the attention of the distinguished manager of the bill to the budget for the Permanent Investigations Subcommittee. The Senator from Washington (Mr. Jackson) and I have prepared a letter of response to the action of the committee in which we indicate the request represents only $50,000 more than the total 1973 budget, and we really go back to colloquy which the Senator from Washington and I had with the committee on the floor a year ago.

At that time the Senator from Washington indicated he would consider this matter over a period of time as chairman of the subcommittee and I think it only proper at this time that the Senator from Washington be present in the Chamber in order to discuss this particular subcommittee budget.

Perhaps it would be well, if there is no further business that the Senate must proceed with at this time, to have a quorum call so that word can be sent to the Senator from Washington on this matter.

Mr. COOK. Mr. President, before the Senator does that, I think we could set this matter aside, if it meets with the approval of the chairman of the committee.

Mr. ERVIN. Mr. President, I requested the chairman to call up this matter because I know that the Senator from Washington (Mr. Jackson) knows that it is on the agenda.

Mr. PERCY. I think the Senator from Washington has the impression that we were working on the full committee's resolution and that we were not immediately going to the consideration of the resolution for our subcommittees, Senate Resolution 269.

Mr. ERVIN. I cannot be here later. I have no objection to laying it aside, but the Senator from Washington was requested to be here.

Mr. PERCY. We will notify him immediately that we are on this matter. In the meantime, with the indulgence of the floor manager I would like to reiterate the feelings that both the Senator from Washington and I have about this budget.

As we all know, this is the committee in the Senate which has oversight responsibility on all matters that require detailed investigation. The budget that has been adopted in past years, and I think the distinguished chairman of the committee (Mr. Ervin) is aware of this because of his work in the area, returns to the Federal Government benefits worth many times the size of the budget. To cut a budget of this kind is like trying to save money by cutting the Internal Revenue Service, the General Accounting Office, or other auditing departments of the Government. When we go into a major investigation, as we have in connection with the securities industry, and reveal a loss of roughly $50 billion in stolen securities, the return to the Government and the American investing public is many times over. Consideration should be given to the relatively low cost of the investigation, and to the fact that it had to be carried on over a period of time and in a very thorough fashion.

A year ago it was pointed out that the minority staff of the subcommittee had been unable to carry out its share of the workload. We have seven employees and the workload is just as great on all the members. As the ranking minority member, last year it was found necessary to defer to the Senator from North Carolina and the Senator from Illinois concerning the problem of illegal no-knock raids in Collinsville, Ill. Eventually 12 individuals—8 Federal officers and 4 State officials were indicated. But the subcommittee simply did not have the staff to investigate a matter of that kind.

A staff assigned for purposes of this work in the State of Illinois was put on this matter and as a direct result of this investigation, when we did not have adequate staff on the subcommittee, we did demonstrate and prove the need for not only indictments to be handed down, but also legislation was offered to eliminate the no-knock provisions in the present law. The subcommittee should not be left with an inadequate staff.

The very modest increase requested was worked out over many months between the Senator from Washington and the Senator from Illinois. It is a very modest increase in the budget and its elimination would seriously handicap the work of this subcommittee.

I respectfully bring this to the attention of the chairman and the ranking minority member and I ask that reconsideration be given to this matter.

Mr. CANNON. If the Senator desires that this matter be deferred, I have no objection to it being deferred. The Committee on Rules and Administration is aware of the presentation the Senator makes on the floor. He made it in committee. We are not cutting the budget from the amount they received last year. They turned back $25,000 last year. Now, they have a professional staff. I hate to see someone rise on the floor and say that they need staff for the minority or the majority. They have a professional staff on this subcommittee and they should not be minority or majority. They should serve Congress and they do that quite well. I have been assured previously by the chairman that they do. Certainly they are available for anyone who needs them. The $25,082 that was turned back last year does not indicate to me that there was a shortage of personnel.

Mr. COOK. Mr. President, may I say to the chairman—and I find myself in a strange position, may I say to the Senator from Illinois—first, to take up the argument that it is a professional assignment, in the testimony on this matter, on page 39, relating to a request by the minority which would give them three additional employees, which was approved by the committee, the Senator from Washington (Mr. JACKSON) said:

> Now, the addition here of 50,000 stems from a request by the Minority which will give them three additional employees and that was approved by the Committee. I would point out that the total number for the Majority remains the same. In the '73 budget we had 30, the Minority had 7, a total of 37. The supplemental of 26,000 provided for three, two for the Majority and one for the Minority.

The point I am trying to make is that the cost for additional money coming to us now is for money for the minority, but it seems to me there ought to be a fair distribution of the employees on the staff, and because they cannot be reduced on the majority side, we are continually asking to increase the minority staff.

When we looked at the budget, which is $1,600,000 for the Commerce Committee, when we look at the total budget for the Committee on Agriculture and Forestry of $220,000, when we look at the total budget for the Committee on Foreign Relations of $708,000, when we look at the total for the Armed Services Committee, which is $520,000, the point I am trying to make is that I understand the dilemma of the Senator from Illinois. I do not quite agree with my chairman, but I agree with the budget figures we fixed, because the majority and minority staffs and the percentage of the majority and minority staffs ought to be worked out within the committees and we should not always be in the position of asking the Rules and Administration Committee to add more to resolve an inequitable and sad situation as it exists in the committee system.

Mr. PERCY. Mr. President, will the Senator yield on that point?

Mr. COOK. I yield.

Mr. PERCY. This is exactly where we were a year ago. It was suggested by the Senator from Nevada (Mr. CANNON), and I very much appreciated his suggestion, that we would try to work it out over a period of a year. But we reached the stage that when the minority asked for the assignment of investigators to investigate a national scandal of mistaken drug abuse raids with homes being broken into and Federal agents taking the law into their own hands as if they were the law themselves, and using illegal tactics against American citizens in the name of law and order. The majority looked at the workload and said there was no investigator available to be assigned. It was necessary to use staff from other committees to do the work of the Government Operations Committee.

Once again, the minority would be very happy to have the assignment of investigators. We have no people or specific persons in mind. We have professional requirements. The minority has agreed that no one will be hired who does not meet with the approval of the chairman of the subcommittee as well as the ranking minority member of the subcommittee; but it is not up to the minority to say to the majority, "You must cut back your workload."

The Senator from Washington (Mr. JACKSON) agreed that the best thing we could do was to ask for a modest 5-percent increase in the budget to provide the opportunity to make two investigators available for assignment to the four minority members of the subcommittee.

We have now had 1 year's experience. When legitimate requests for personnel for investigations were made, we were told simply they were unavailable because of the workload. Now we have a year's experience and we have no other alternative but to ask for funds because necessary, needed work is not being performed, and we are not fulfilling our function. The American people ought to know it and for the expenditure of a pittance, we will be able to accomplish a lot with several able investigators.

Mr. GRIFFIN. Mr. President, will the Senator yield?

Mr. PERCY. I yield.

Mr. GRIFFIN. I want to comment and make sure the record is very clear that there is considerable disagreement with the statement of the chairman. Although I find myself on many occasions agreeing with the chairman, when it comes to the matter of minority staffing, there is very wide disagreement.

It seems to me that if there is any committee where the right of the minority to be adequately staffed should be recognized, it would be an investigating committee. It would be the last place I would expect a majority spokesman to say, "Well, you have a professional staff and the minority does not need any help."

I think after it was rather widely debated on the Senate floor, almost everybody, including the public and the press, came to the conclusion that the minority ought to be adequately staffed on the Watergate Committee, which was conducting an investigation. How ridiculous it would have been if the minority had not been staffed, and it would be just as ridiculous here on the permanent Investigations Subcommittee not to have adequate staffing for the minority.

I share the views of the ranking minority member. I think it is terrible that we should impose on the taxpayers an increased cost as contained in the budget in order to get minority staffing, because there is over $1 million provided and there are over 38 employees. There should be some way to work it out in committee without having to come to this committee and ask for additional funds.

But I cannot, for the life of me, see why we cannot have an agreement on minority staffing. Where are the people who are interested in the reform of Congress? Why are we not hearing more from those segments of the press that are so concerned about reform of Congress, about making sure that both sides in the Senate have an opportunity to make their case?

I commend the Senator from Illinois for taking his stand and making the fight. I wish there were more people who paid attention.

Mr. PERCY. I thank the Senator for his comment.

I think it would be simply impossible for the Senator from Illinois to shrug his shoulders, when he receives serious complaints of outrageous action taken in the State of Illinois that was a national scandal. We had testimony from the occupant of one home say if he had had a shotgun under his bed when 14 ragtag people trooped into his room, dressed like hippies, he would have killed every one of them.

When that investigation was carried out, which resulted in indictments and which resulted in a piece of legislation that the Senator from North Carolina (Mr. ERVIN) and I are sponsoring, to say we do not now have solid proof that the minority members have legitimate reasons for their request is difficult to believe. All we are asking is that two investigators be assigned to the minority.

If I could just comment on space. We ask for equity and fairness. We all know we are crowded in the Senate of the United States. I sometimes wonder what we are trying to prove and to whom when we see the pigsties that we have to walk into. We look at this committee and we see it has 28 rooms assigned to the majority staff, and they need those rooms. I would not detract 1 square foot of that space. That space is some of the best used in the interest of the American taxpayer; but while all these years we have been talking about space, we still only have three small rooms assigned to the minority.

With regard to the Watergate Investigating Committee, the Senate determined that the minority has a responsibility in an investigation. It is very good, indeed, for the country when the majority and minority band together, as we have. We have worked harmoniously, we have worked cooperatively, on that committee; but the minority has nothing further to do when the request is made;

all we are told is that the committee has professional investigators we can use. The request for the additional money is a very sound one. To deny it would be like denying internal revenue agents, or U.S. auditing agents, funds so they could save the Government money.

Every one of those agencies makes money. And in this case the return is thousandfold from the investigations we have run. And we have investigations sitting there waiting and nothing being done on them simply because of the lack of personnel. This is a very foolish procedure to follow.

Mr. GRIFFIN. Mr. President, 43 percent of the Senate sits on the minority side of the Senate. What percentage of the staff on the Government Operations Committee is under the control of the minority, and if the request improved, what will it then be?

Mr. PERCY. The percentage on the permanent Investigations Subcommittee assigned to the minority is 17 percent. There are four Republicans and five Democrats on that committee. If this request were granted to the subcommittee, it would rise from 17 to 22 percent.

Mr. GRIFFIN. The minority hardly ever asks for more than one-third, even though we represent more than 40 percent of the U.S. Senate. The standard request is usually for one-third. There are very few committees in the Senate where the minority has anything approaching one-third of the staff representation.

Mr. PERCY. There is not a single case where it does not happen that year after year there is a demonstrated, proven need for the investigations. Look at the investigation run on the disposal of surplus military property. What scandals were created in that affair. Contractors were billing the U.S. Government for equipment in Europe and Vietnam. We blew holes in the procedures a mile wide. We had to demonstrate the terrible business procedures being used and how the taxpayers' money was being kissed away through the sale of surplus material. Many times this was brandnew material. The contractors would collude with contracting agents.

That is not the way to save the taxpayers' money.

As I mentioned before the distinguished assistant minority leader came on the floor, the investigation made of the $50 billion securities matter that has meant the downfall of smaller and larger banking firms, required a lot of investigation. For us to try to save money in this matter is to kid the American people.

I, as the ranking minority member of the subcommittee, would have to say that we will not be able to fulfill our responsibility. I do not think that we have that ability when a request made for a simple investigation involving the basic rights guaranteed by our Constitution means that we will be told, "No. We are sorry, but we cannot assign any people to you."

This is an exceedingly vital matter. This is not the place in which to save money. I think it is an utterly self-defeating effort.

Mr. CANNON. Mr. President, I would like to ask the distinguished chairman of the committee, the Senator from Washington (Mr. JACKSON) if it is not correct that the investigators on the subcommittee staff work for both the majority and minority members?

Mr. JACKSON. They are all available to the majority and minority members.

Mr. CANNON. The staff is.

Mr. JACKSON. The Senator is correct. The chairman of the committee had one of them assigned during the special investigation that was undertaken by the Committee on Rules and Administration.

Mr. CANNON. They are assigned and hired without regard to which particular party they may belong to or whom they may desire to work for.

Mr. JACKSON. The Senator is correct.

Mr. CANNON. Mr. President, the distinguished Senator from Illinois, I know, inadvertently made the statement that they had less than 17 percent of the staff assigned to the minority. That is simply not correct. I have here a list of those on the payroll for the entire subcommittee. I will later have that printed in the RECORD. It indicates that there are 36 people on the payroll as of January. Ten of the people were specifically assigned to the minority. That means that within a very small fraction, about 30 percent of the total investigators, all highly specialized people, were assigned without regard to political party of affiliation.

Mr. PERCY. Mr. President, I think the Senator from Illinois incorrect. He should have said that he was speaking in terms of percentage of the budget and not number of people. We are talking in terms of the money in the budget, not the number of people. I think we normally think in terms of a fair allocation of the available funds.

May I also comment on the fact that although it is true that the minority approves an investigation, the minority does not have investigators available for assignment. Last year when a request was made for investigators for the problems involved in the no-knock and illegal break-ins by drug officers, the majority refused the minority request, which was the only request made that year by the minority for an investigation.

I do not think that procedure should prevail in the future. The minority cannot carry out its functions unless it has trained investigators assigned and can do in its own judgment what is necessary to be done, any more than the Watergate Committee could have carried out its functions and responsibilities if it had no trained people available for assignment.

Mr. CANNON. Mr. President, I ask unanimous consent that the payroll record that I have referred to be printed in the RECORD.

There being no objection, the payroll record was ordered to be printed in the RECORD, as follows:

JACQUELINE G. ABELMAN ET AL., PAYROLL FOR THE MONTH OF JANUARY 1974

[For services rendered the Senate Permanent Subcommittee on Investigations of the Committee on Government Operations, under authority of sec. 4, S. Res. 46, agreed to Feb. 26, 1973]

Name and designation	Gross annual salary	Gross earned during month
Abelman, Jacqueline G., clerical assistant to the minority	$12,825	$1,068.75
Anderson, Phyllis W., assistant clerk	10,545	878.75
Asselin, Frederick J., investigator	33,060	2,755.00
Baicich, Yvonne N., assistant clerk	8,835	736.25
Blakey, Sandra A., clerical assistant to the minority	13,395	1,116.25
Casad, Richard D.,[1] investigator	31,635	2,636.25
Clark, Mary K., clerical assistant to the minority	9,120	760.00
Coleman, Neil S., minority staff assistant	2,850	237.50
Crandall, Roland L., staff editor	21,945	1,828.75
Duffy, LaVern J., assistant counsel	33,060	2,755.00
Feldman, Howard J., chief counsel	35,910	2,992.50
Ford, Judith C., assistant clerk	9,120	760.00
Fosdick, Dorothy, professional staff director	34,770	2,897.50
Gallinaro, William B., investigator	28,785	2,398.75
Halbeisen, Rita M., clerical assistant to the minority	9,975	831.25
Horner, Charles E., professional staff member	18,810	1,567.50
Kennedy, Rosemary K., assistant clerk	15,105	1,258.75
Knauf, William M., investigator	22,515	1,876.25
Kothe, Alison V., clerical assistant to the minority	8,835	736.25
Lytton, William B., III, minority professional staff member	16,245	1,353.75
Madden, Raphael J., research assistant	9,120	760.00
Manuel, Philip R., investigator	33,060	2,755.00
McCormack, Hannah S., special counsel to the minority	19,095	1,591.25
Olson, Sara L., assistant clerk	15,105	1,258.75
Perle, Richard N., professional staff member	26,790	2,232.50
Reibstein, Hilda, assistant clerk	5,415	451.25
Silber, Bettina, professional staff member	16,815	1,401.25
Sloan, Robert D., special counsel to the minority	15,390	1,282.50
Spahr, Judith J., professional staff clerk	15,960	1,330.00
Statler, Stuart M., chief counsel to the minority	31,635	2,636.25
Steward, Rosemary T., assistant clerk	11,685	973.75
Switzer, Mildred L., assistant clerk	15,105	1,258.75
Sylvest, Sandra L., assistant clerk	9,690	807.50
Walsh, John J., investigator	33,060	2,755.00
Watt, Ruth Young, chief clerk	23,370	1,947.50
Reed, Madelon K., professional staff member, from Jan. 3	14,820	1,152.66

[1] Adjustment to withhold for optional FEGLI (code 973) for the period Aug. 13, 1973 to Dec. 31, 1973.

The PRESIDING OFFICER. The question is on agreeing to the resolution.

The resolution was agreed to, as follows:

Resolved, That, in holding hearings, reporting such hearings, and making investigations as authorized by sections 134(a) and 136 of the Legislative Reorganization Act of 1946, as amended, in accordance with its jurisdiction under rule XXV of the Standing Rules of the Senate, the Committee on Government Operations, or any subcommittee thereof, is authorized from March 1, 1974, through February 28, 1975, for the purposes stated and within the limitations imposed by the following sections, in its discretion (1) to make expenditures from the contingent fund of the Senate, (2) to employ personnel, and (3) with the prior consent of the Government department or agency concerned and the Committee on Rules and Administration, to use on a reimbursable basis the services of personnel of any such department or agency.

SEC. 2. The Committee on Government Operations is authorized from March 1, 1974, through February 28, 1975, to expend not to exceed $20,000 for the procurement of the services of individual consultants, or organizations thereof (as authorized by section 202(i) of the Legislative Reorganization Act of 1946, as amended).

SEC. 3. The Committee on Government Operations, or any subcommittee thereof, is authorized from March 1, 1974, through February 28, 1975, to expend not to exceed $2,049,000 to examine, investigate, and make a complete study of any and all matters pertaining to each of the subjects set forth below in succeeding sections of this resolution, said funds to be allocated to the respective specific inquiries and the procurement of the services of individual consultants or organizations thereof (as authorized by section 202(i) of the Legislative Reorganiaztion Act of 1946, as amended) in accordance with succeeding sections of this resolution.

SEC. 4. (a) Not to exceed $1,006,000 shall be available for a study or investigation of—

(1) The efficiency and economy of operations of all branches of the Government including the possible existence of fraud, misfeasance, malfeasance, collusion, mismanagement, incompetence, corruption, or unethical practices, waste, extravagance, conflicts of interest, and the improper expenditure of Government funds in transactions, contracts, and activities of the Government or of Government officials and employees and any and all such improper practices between Government personnel and corporations, individuals, companies, or persons affiliated therewith, doing business with the Government; and the compliance or noncompliance of such corporations, companies, or individuals or other entities with the rules, regulations, and laws governing the various governmental agencies and its relationships with the public: *Provided*, That, in carrying out the duties herein set forth, the inquiries of this committee or any subcommittee thereof shall not be deemed limited to the records, functions, and operations of the particular branch of the Government under inquiry, and may extend to the records and activities of persons, corporations, or other entities dealing with or affecting that particular branch of the Government;

(2) The extent to which criminal or other improper practices or activities are, or have been, engaged in the field of labor-management relations or in groups or organizations of employees or employers, to the detriment of interests of the public, employers, or employees, and to determine whether any changes are required in the laws of the United States in order to protect such interests against the occurrence of such practices or activities;

(3) Syndicated or organized crime which may operate in or otherwise utilize the facilities of interstate or international commerce in furtherance of any transactions which are in violation of the law of the United States or of the State in which the transactions occur, and, if so, the manner and extent to which, and the identity of the persons, firms, or corporations, or other entities by whom such utilization is being made, what facilities, devices, methods, techniques, and technicalities are being used or employed, and whether or not organized crime utilizes such interstate facilities or otherwise operates in interstate commerce for the development of corrupting influences in violation of the law of the United States or the laws of any State, and further, to study and investigate the manner in which and the extent to which persons engaged in organized criminal activities have infiltrated into lawful business enterprise; and to study the adequacy of Federal laws to prevent the operations of organized crime in interstate or international commerce, and to determine whether any changes are required in the laws of the United States in order to protect the public against the occurrences of such practices or activities;

(4) All other aspects of crime and lawlessness within the United States which have an impact upon or affect the national health, welfare, and safety;

(5) Riots, violent disturbances of the peace, vandalism, civil and criminal disorder, insurrection, the commission of crimes in connection therewith, the immediate and longstanding causes, the extent and effects of such occurrences and crimes, and measures necessary for their immediate and long-range prevention and for the preservation of law and order and to insure domestic tranquillity within the United States; and

(6) The efficiency and economy of operations of all branches and functions of the Government with particular reference to—

(A) the effectiveness of present national security methods, staffing, and processes as tested against the requirements imposed by the rapidly mounting complexity of national security problems;

(B) the capacity of present national security staffing, methods, and processes to make full use of the Nation's resources of knowledge, talents, and skills;

(C) the adequacy of present intergovernmental relationships between the United States and international organizations principally concerned with national security of which the United States is a member; and

(D) legislative and other proposals to improve these methods, processes, and relationships;

(7) The efficiency, economy, and effectiveness of all agencies and departments of the Government involved in the control and management of energy shortages including, but not limited to, their performance with respect to—

(A) the collection and dissemination of accurate statistics on fuel demand and supply;

(B) the implementation of effective energy conservation measures;

(C) the pricing of energy in all forms;

(D) coordination of energy programs with State and local government;

(E) control of exports of scarce fuels;

(F) the management of tax, import, pricing, and other policies affecting energy supplies;

(G) maintenance of the independent sector of the petroleum industry as a strong competitive force;

(H) the allocation of fuels in short supply by public and private entities;

(I) the management of energy supplies owned or controlled by the Government;

(J) relations with other oil producing and consuming countries;

(K) the monitoring of compliance by governments, corporations, or individuals with the laws and regulations governing the allocation, conservation, or pricing of energy supplies;

(L) research into the discovery and development of alternative energy supplies.

Provided, That, in carrying out the duties herein set forth, the inquiries of this committee or any subcommittee thereof shall not be deemed limited to the records, functions, and operations of the particular branch of the Government under inquiry, and may extend to the records and activities of persons, corporations, or other entities dealing with or affecting that particular branch of the Government;

of which amount not to exceed $20,000 may be expended for the procurement of the services of individual consultants or organizations thereof.

(b) Nothing contained in this section shall affect or impair the exercise by any other standing committee of the Senate of any power, or the discharge by such committee of any duty, conferred or imposed upon it by the Standing Rules of the Senate or by the Legislative Reorganization Act of 1946, as amended.

(c) For the purpose of this section the committee, or any duly authorized subcommittee thereof, or its chairman, or any other member of the committee or subcommittee designated by the chairman, from March 1, 1974, through February 28, 1975, is authorized, in its, his, or their discretion, (1) to require by subpena or otherwise the attendance of witnesses and production of correspondence, books, papers, and documents, (2) to hold hearings, (3) to sit and act at any time or place during the sessions, recesses, and adjournment periods of the Senate, (4) to administer oaths, and (5) take testimony, either orally or by sworn statement.

SEC. 5. Not to exceed $360,000 shall be available for a study or investigation of intergovernmental relationships between the United States and the States and municipalities, including an evaluation of studies, reports, and recommendations made thereon and submitted to the Congress by the Advisory Commission on Intergovernmental Relations pursuant to the provisions of Public Law 86–380, approved by the President on September 24, 1959, as amended by Public Law 89–733, approved by the President on November 2, 1966; of which amount not to exceed $10,000 may be expended for the procurement of the services of individual consultants or organizations thereof.

SEC. 6. Not to exceed $344,000 shall be available for a study or investigation of the efficiency and economy of operations of all branches and functions of the Government with particular reference to—

(1) the effects of laws enacted to reorganize the executive branch of the Government, and to consider reorganizations proposed therein;

(2) the operations of research and development programs financed by the departments and agencies of the Federal Government, and the review of those programs now being carried out through contracts with higher educational institutions and private organizations, corporations, and individuals in order to bring about Government-wide coordination and elimination of overlapping and duplication of scientific and research activities; and

(3) the adequacy of present intergovernmental relationships between the United States and international organizations, exclusive of those principally concerned with national security, of which the United States is a member;

of which amount not to exceed $30,000 may be expended for the procurement of services of individual consultants or organizations thereof.

SEC. 7. (a) Not to exceed $189,000 shall be available for a study and investigation of any and all matters pertaining to budget and accounting measures and operations, other than appropriations, including but not limited to—

(1) the formulation of the budget (including suppplemental and deficiency appropriations) and its submission and justification to Congress;

(2) the review and authorization of budget obligations and expenditures by the Congress;

(3) the execution and control of such authorized obligations and expenditures;

(4) the accounting, financial reporting, and auditing of all Government expenditures; and

(5) the evaluation of Federal program performance and fiscal information and management capability;

of which amount not to exceed $15,000 may be expended for the procurement of the services of individual consultants or organizations thereof.

(b) Such study and investigation shall be limited to budgeting and accounting measures and operations of the Federal Government, and shall not be extended to the operations of any State or local government, any business or other private organization, or any individual, except that information with respect to these parties may be obtained on a voluntary basis.

SEC. 8. Not to exceed $150,000 shall be available for a study or investigation of Government procurement practices (including a review of recommendations submitted to Congress by the Commission on Government Procurement), of which amount not to exceed $15,000 may be expended for the procurement of individual consultants or organizations thereof.

SEC. 9. The committee shall report its findings, together with such recommendations for legislation as it deems advisable with respect to each study or investigation for which expenditure is authorized by this resolution, to the Senate at the earliest practicable date, but not later than February 28, 1975.

SEC. 10. Expenses of the committee under this resolution, which shall not exced in the aggregate $2,069,000, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee.

AUTHORIZING ADDITIONAL EXPENDITURES BY THE COMMITTEE ON GOVERNMENT OPERATIONS

Mr. CANNON. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 675, Senate Resolution 268.

The PRESIDING OFFICER. The resolution will be stated.

The legislative clerk read as follows:

A resolution (S. Res. 268) authorizing additional expenditures by the Committee on Government Operations for routine purposes.

The PRESIDING OFFICER. Without objection, the Senate will proceed to its consideration.

Mr. CANNON. Mr. President this was requested by the Senator from North Carolina (Mr. ERVIN). It is an addition to the funds allowed for the full committee, adding $10,000 in addition to the regular $10,000 reported by the committee. The request is supported by Senator ERVIN as chairman, and I move that it be approved.

The PRESIDING OFFICER. The question is on agreeing to the resolution.

The resolution was agreed to, as follows:

Resolved, That the Committee on Government Operations is authorized to expend from the contingent fund of the Senate, during the Ninety-third Congress, $10,000 in addition to the amount, and for the same purposes, specified in section 134(a) of the Legislative Reorganization Act of 1946.

ADDITIONAL EXPENDITURES BY THE COMMITTEE ON AGRICULTURE AND FORESTRY FOR INQUIRIES AND INVESTIGATIONS

Mr. CANNON. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 680, Senate Resolution 236.

The PRESIDING OFFICER. The resolution will be stated.

The legislative clerk read as follows:

A resolution (S. Res. 236) authorizing additional expenditures by the Committee on Agriculture and Forestry for inquiries and investigations.

Mr. CANNON. This resolution would authorize the Committee on Agriculture and Forestry to expend not to exceed $220,000 during the next 12 months for inquiries and investigations.

During the last session of the Congress the committee was authorized to expend not to exceed $212,000 for that purpose. The committee estimates it will return approximately $30,000 of that amount to the Treasury.

The pending request includes an increase of $8,000 over last year's authorization.

The Committee on Rules and Administration has reported Senate Resolution 236 without amendment.

Senator TALMADGE is chairman of the Committee on Agriculture and Forestry, and Senator CURTIS is its ranking minority member.

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution?

There being no objection, the resolution was considered and agreed to, as follows:

S. RES. 236

Resolved, That, in holding hearings, reporting such hearings, and making investigations as authorized by sections 134(a) and 136 of the Legislative Reorganization Act of 1946, as amended, in accordance with its jurisdiction under rule XXV of the Standing Rules of the Senate, the Committe on Agriculture and Forestry, or any subcommittee thereof, is authorized from March 1, 1974, through February 28, 1975, in its discretion (1) to make expenditures from the contingent fund of the Senate, (2) to employ personnel, and (3) with the prior consent of the Government department or agency concerned and the Committee on Rules and Administration, to use on a reimbursable basis the services of personnel of any such department or agency.

SEC. 2. The expenses of the committee under this resolution shall not exceed $220,000, of which amount (1) not to exceed $16,900 may be expended for the procurement of the services of individual consultants, or organizations thereof (as authorized by section 202(1) of the Legislative Reorganization Act of 1946, as amended).

SEC. 3. The committee shall report its findings, together with such recommendations for legislation as it deems advisable, to the Senate at the earliest practicable date, but not later than February 28, 1975.

SEC. 4. Expenses of the committee under this resolution shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee.

ADDITIONAL EXPENDITURES FOR THE COMMITTEE ON ARMED SERVICES

Mr. CANNON. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 681, Senate Resolution 270.

The PRESIDING OFFICER. The resolution will be stated.

The legislative clerk read as follows:

A resolution (S. Res. 270) authorizing additional expenditures by the Committee on Armed Services for inquiries and investigations.

The PRESIDING OFFICER. Without objection, the Senate will proceed to its consideration.

Mr. CANNON. This resolution would authorize the Committee on Armed Services to expend not to exceed $520,000 during the next 12 months for inquiries and investigations.

During the last session of the Congress the committee was authorized to expend not to exceed $520,000 for that purpose. The committee estimates it will return approximately $141,000 of that amount to the Treasury.

The pending request includes no increase over last year's authorization.

The Committee on Rules and Administration has reported Senate Resolution 270 without amendment.

Senator STENNIS is chairman of the Committee on Armed Services, and Senator THURMOND is its ranking minority member.

I ask unanimous consent that a statement by Senator THURMOND be printed in the RECORD at this point.

The PRESIDING OFFICER. Without objection, it is so ordered.

STATEMENT BY SENATOR THURMOND

I rise in support of Senate Res. 270 which would provide spending authority of $520,000 for the Committee on Armed Services.

These funds represent the amount on which the Committee operated last year. It is to be used for inquiries and investigations for the 12-month period beginning March 1, 1974.

Mr. President, as the Ranking Minority Member, I concur in this request and have so informed the Committee on Rules and Administration. Despite the growing responsibilities of our Committee, I would like to point out that the Senate Armed Services is one of the three committees which will operate during the next twelve months at the same level of funding as for the past twelve months.

Mr. President, as the Senate knows, one of the major responsibilities of the Armed Services Committee is the annual Military Procurement Authorization Bill. This single piece of legislation requires many hours of hearings and investigation by the Members of the Committee, supported by the staff. In addition, the Committee has before it other important legislation requiring considerable preparation effort.

Mr. President, it is my hope the Senate will concur in the request of our Chairman and will approve our funds as outlined in its Resolution 270.

Mr. HARRY F. BYRD, JR. Mr. President, in the temporary absence of the chairman of the Committee on Armed Services (Mr. STENNIS), I should like to say a few words in regard to Senate Resolution 270 which would provide spending authority of $520,000 for the Committee on Armed Services for inquiries and investigations for the 12-month period beginning March 1, 1974. This resolution was unanimously approved by the Committee on Armed Services and is fully supported by the ranking minority member, Senator THURMOND.

Senate Resolution 270 provides $520,000 for inquiries and investigations for the Committee on Armed Services for the period March 1, 1974, to February 28, 1975. This is the exact same amount that was requested and authorized last year.

The same number of staff personnel previously authorized is continued in the new budget at the increased pay levels put in effect last year but offsetting reductions in amounts requested for consultants, travel, contingency, and some hearing expenses make it possible to hold the line to last year's total of $520,000.

Authorization is requested for a total of 18 staff personnel—10 professional, 1 research and 7 clerical, this is the same number that was requested and authorized last year. This level of staffing is considered adequate for the coming year, although there may be the necessity for increased use of expert consultants on specific matters on a "when actually employed" basis.

The inquiries and investigations function has been further oriented toward direct support of the full committee. The Armed Services Committee, its Subcommittees on Research and Development, chaired by Senator McIntyre, and Tactical Air Power, chaired by Senator Cannon, and the committee staff are hard at work now scheduling and holding hearings, evaluating and analyzing the fiscal year 1975 military procurement authorization request. The Department of Defense request not only includes over $23.1 billion in research and development and weapons procurement, which require authorization, but also authorizes the active duty and selected reserve manpower levels for the armed services for the next fiscal year.

In addition, this year, for the first time, the civilian employee level for the Department of Defense will be authorized. About 56 percent of the total budget authority of $92.9 billion requested for defense is for pay, allowances, and other closely related manpower costs. In addition, the request for supplemental funds for defense for fiscal year 1974 includes $1.2 billion which must be authorized for research and development and weapons procurement. It is absolutely essential that an adequate staff with consultants, if necessary, be employed to properly analyze, study, and consider this request so as to assist and enable the committee to reach an informed judgment on this and the multiplicity of other legislative matters referred to it.

This staff also assists the committee with general investigations and inquiries, and with specific studies with respect to other important legislation referred to the committee. Its inquiries and investigations cover a wide range of military programs, policies, and problems.

In addition to making detailed studies, examinations, and analyses of research and development and military hardware procurement requests, the staff also works on general legislation. A substantial amount of which is concerned with military pay, allowances, and benefits.

I believe I should stress the scope and complexity of the annual military authorization bill. It includes authorization for research and development, for military hardware procurement, and for the military and civilian manpower levels of the various services. For example, for fiscal year 1971 the request, exclusive of military construction, was approximately $20.6 billion and, as a result of the work done by the additional men employed, the hearings before the full committee and its subcommittees, and the fine work of the committee's regular staff, the committee recommended a reduction of $1.4 billion.

In fiscal year 1972, the authorization request was about $22.2 billion and the bill as reported to the Senate recommended a reduction of approximately $1.1 billion. For fiscal year 1973 the bill as amended requested about $23.3 billion, exclusive of military construction for Safeguard. The committee recommended a reduction of about $2.1 billion. For fiscal year 1974, the authorization bill for procurement and R. & D. was $22 billion and the bill recommended to the Senate was $20.9, a reduction of about $1.1 billion.

I think I should point out also, Mr. President, that the authorization requests presented to our committee involve amounts substantially more than the aggregate of the authorizations requested for all of the other departments of the Government. Some Departments, such as HEW, do not require an authorization on a condition for obtaining appropriations. This refers to those authorizations which are required before appropriations can be made. This means that our relatively small staff is responsible for a greater amount of authorization than the total of the authorization bills for all other governmental departments combined.

For example, the total amount requested for authorization for research and development, military procurement and military construction for fiscal year 1970 was $25.2 billion. All other authorizations for that year totaled only $12.7 billion.

For fiscal year 1971, $22.4 billion was requested for research and development, military procurement, and military construction. For all other bills the amount was $11.9 billion.

For fiscal year 1972, military authorization requests including construction totaled $24 billion; the aggregate authorization request for all other departments was $14.1 billion.

For fiscal year 1973, authorization requests to the committee were $26.3 billion or about $5 billion more than requests for all other departments. For fiscal year 1974, authorization requests to the committee totaled $24.9 billion. For all other departments the fiscal year 1974 authorization request was $21.1 billion.

As I have already mentioned, the fiscal year 1975 authorization request for research and development and hardware procurement alone totals about $23.1 billion. This does not include the military construction authorization request of about $3.3 billion, nor does it include fiscal year 1974 supplemental authorization requests of $1.3 billion. For all other departments the fiscal year 1975 authorization request is about $18 billion.

I would close, Mr. President, by pointing out that significant amounts of funds have been unexpended and returned by the committee for each of the past 12 years. At the conclusion of the current budget year approximately $141,000 will be returned. This consistent record of not spending all the money provided to us indicates the austerity and economy with which the expenditures of committee funds have been controlled.

On the record which we have made, I think it should be agreed that we have been extremely frugal and economical in our operations and, in view of the complex subject matters with which we deal, the huge amounts involved and the resulting necessity for professional, trained and expert personnel, the request for $520,000 is justified. I urge the Senate to approve this request.

Mr. President, I commend the chairman of the Committee on Armed Services, the distinguished Senator fom Mississippi (Mr. Stennis), and the ranking minority member, the distinguished Senator from South Carolina (Mr. Thurmond), and also the chief counsel of the committee, Mr. Edward Brazwell, for the efficient way in which the Committee on Armed Services is staffed and run.

I heard some comment a little while ago about minority staff members, and a professional staff for the minority and a professional staff for the majority. I did not know we had such things. So far as I know, in the Committee on Armed Services there is no professional staff for the majority, and there is no professional staff for the minority. There is a professional staff which serves the committee. I feel that that is a very desirable method of procedure. Certainly it has been desirable for the Committee on Armed Services.

The PRESIDING OFFICER. The question is on agreeing to the resolution.

The resolution was agreed to, as follows:

Resolved, That in holding hearings, reporting such hearings, and making investigations as authorized by sections 134(a) and 136 of the Legislative Reorganization Act of 1946, as amended, in accordance with its jurisdiction under rule XXV of the Standing Rules of the Senate, the Committee on Armed Services, or any subcommittee thereof, is authorized from March 1, 1974, through February 28, 1975, for the purposes stated and within the limitations imposed by the following sections, in its discretion (1) to make expenditures from the contingent fund of the Senate, (2) to employ personnel, and (3) with the prior consent of the Government department or agency concerned and the Committee on Rules and Administration, to use on a reimbursable basis the services of personnel of any such department or agency.

Sec. 2. The Committee on Armed Services is authorized from March 1, 1974, through February 28, 1975, to expend not to exceed $25,000, for the procurement of the services of individual consultants, or organizations thereof (as authorized by section 202(i) of the Legislative Reorganization Act of 1946, as amended).

SEC. 3. The Committee on Armed Services, or any subcommittee thereof, is authorized from March 1, 1974, through February 28, 1975, to expend not to exceed $495,000, to examine, investigate, and make a complete study of any and all matters pertaining to each of the subjects set forth below in succeeding sections of this resolution, said funds to be allocated to the respective specific inquiries in accordance with such succeeding sections of this resolution.

SEC. 4. Not to exceed $346,000 shall be available for a general study or investigation of—

(1) the common defense generally;

(2) the Department of Defense, the Department of the Army, the Department of the Navy, and the Department of the Air Force generally;

(3) soldiers' and sailors' homes;

(4) pay, promotion, retirement, and other benefits and privileges of members of the Armed Forces;

(5) selective service;

(6) the size and composition of the Army, Navy, and Air Force;

(7) forts, arsenals, military reservations, and navy yards;

(8) ammunition depots;

(9) the maintenance and operation of the Panama Canal, including the administration, sanitation, and government of the Canal Zone.

(10) conservation, development, and use of naval petroleum and oil shale reserves;

(11) strategic and critical materials necessary for the common defense; and

(12) aeronautical and space activities peculiar to or primarily associated with the development of weapons systems or military operations.

SEC. 5. Not to exceed $149,000 shall be available for studies and investigations pertaining to military readiness and preparedness for the common defense generally.

SEC. 6. The committee shall report its findings, together with such recommendations for legislation as it deems advisable with respect to each study or investigation for which expenditure is authorized by this resolution, to the Senate at the earliest practicable date, but not later than February 28, 1975.

SEC. 7. Expenses of the committee under this resolution, which shall not exceed in the aggregate $520,000, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee.

SENATE RESOLUTION 240 PASSED OVER

Mr. CANNON. Mr. President, I have had a request that Calendar No. 682, Senate Resolution 240, be deferred for today. I ask unanimous consent that it be passed over.

The PRESIDING OFFICER. Without objection, the resolution will be passed over.

ADDITIONAL EXPENDITURES BY THE COMMITTEE ON COMMERCE

Mr. CANNON. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 683, Senate Resolution 262.

The PRESIDING OFFICER. The resolution will be stated.

The assistant legislative clerk read as follows:

A resolution (S. Res. 262) authorizing additional expenditures by the Committee on Commerce for inquiries and investigations.

The PRESIDING OFFICER. Is there objection?

There being no objection, the Senate proceeded to consider the resolution (S. Res. 262), which had been reported by the Committee on Rules and Administration with an amendment, on page 2, line 4, after the word "exceed", strike out "$1,922,478" and insert "$1,643,800".

Mr. CANNON. This resolution would authorize the Committee on Commerce to expend not to exceed $1,922,478 during the next 12 months for inquiries and investigations.

During the last session of the Congress the committee was authorized to expend not to exceed $1,375,000 for that purpose. The committee estimates it will return approximately $10,000 of that amount to the Treasury.

The pending request includes an increase of $547,478 over last year's authorization.

The Committee on Rules and Administration has amended Senate Resolution 262 by reducing the requested amount from $1,922,478 to $1,643,800, a reduction of $278,678.

Senator MAGNUSON is chairman of the Committee on Commerce and Senator COTTON is its ranking minority member.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

The amendment was agreed to.

The PRESIDING OFFICER. The question is on agreeing to the resolution, as amended.

Mr. COOK. Mr. President, let me say that $200,000 of this increase is pursuant to Senate Resolution 222, which calls for a study of the ocean bottoms. Otherwise, this budget would have been very similar to the budget last year, and I think I speak for the chairman when I say we probably would have approved this budget at a level completely consistent with the level that the Committee on Commerce had last year, but the reason for the biggest percentage of the increase, and I wanted the record to show that, was the subject of a resolution passed unanimously by the Senate, which I think was offered and cosponsored by some 54 Members of the Senate, which called for this particular study, and as a result of that, the allocation of $200,000 of the increase is intended for this study, which will be done in connection with the National Oceanographic and Atmospheric Agency.

The PRESIDING OFFICER. The question is on agreeing to the resolution, as amended.

The resolution, as amended, was agreed to, as follows:

Resolved, That, in holding hearings, reporting such hearings, and making investigations as authorized by sections 134(a) and 136 of the Legislative Reorganization Act of 1946, as amended, in accordance with its jurisdiction under rule XXV of the Standing Rules of the Senate, the Committee on Commerce, or any subcommittee thereof, is authorized from March 1, 1974, through February 28, 1975, in its discretion (1) to make expenditures from the contingent fund of the Senate, (2) to employ personnel, and (3) with the prior consent of the Government department or agency concerned and the Committee on Rules and Administration, to use on a reimbursable basis the services of personnel of any such department or agency.

SEC. 2. The expenses of the committee under this resolution shall not exceed $1,643,800, of which amount not to exceed $60,000 shall be available for the procurement of the services of individual consultants, or organizations thereof (as authorized by section 202(i) of the Legislative Reorganization Act of 1946, as amended).

SEC. 3. The committee shall report its findings, together with such recommendations for legislation as it deems advisable, to the Senate at the earliest practicable date, but not later than February 28, 1975.

SEC. 4. Expenses of the committee under this resolution shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee.

ADDITIONAL EXPENDITURES BY THE COMMITTEE ON THE DISTRICT OF COLUMBIA

Mr. CANNON. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 684, Senate Resolution 256.

The PRESIDING OFFICER. The resolution will be stated.

The assistant legislative clerk read as follows:

A resolution (S. Res. 256) authorizing additional expenditures by the Committee on the District of Columbia for inqiuries and investigations.

The PRESIDING OFFICER. Without objection, the Senate will proceed to its consideration.

Mr. CANNON. This resolution would authorize the Committee on the District of Columbia to expend not to exceed $175,000 during the next 12 months for inquiries and investigations.

During the last session of the Congress the committee was authorized to expend not to exceed $170,000 for that purpose. The committee estimates it will return approximately $32,000 of that amount to the Treasury.

The pending request includes an increase of $5,000 over last year's authorization.

The Committee on Rules and Administration has reported Senate Resolution 256 without amendment.

Senator EAGLETON is chairman of the Committee on the District of Columbia, and Senator MATHIAS is its ranking minority member.

The PRESIDING OFFICER. The question is on agreeing to the resolution.

The resolution was agreed to, as follows:

Resolved, That, in holding hearings, reporting such hearings, and making investigations as authorized by sections 134(a) and 136 of the Legislative Reorganization Act of 1946, as amended, in accordance with its jurisdiction under rule XXV of the Standing Rules of the Senate, the Committee on the District of Columbia, or any subcommittee thereof, is authorized from March 1, 1974, through February 28, 1975, in its discretion (1) to make expenditures from the contingent fund of the Senate, (2) to employ personnel, and (3) with the prior consent of the Government department or agency concerned and the Committee on Rules and Administration, to use on a reimbursable basis the services of personnel of any such department or agency.

SEC. 2. The expenses of the committee under this resolution shall not exceed $175,000, of which amount (1) not to exceed $1,500 may be expended for the procurement of the services of individual consultants, or organizations thereof (as authorized by section 202(i) of the Legislative Reorganization Act of 1946, as amended), and (2) not to exceed $500 may be expended for the training of the professional staff of such committee, or any subcommittee thereof (under procedures specified by section 202(i) of such Act).

Sec. 3. The committee shall report its findings, together with such recommendations for legislation as it deems advisable, to the Senate at the earliest practicable date, but not later than February 28, 1975.

Sec. 4. Expenses of the committee under this resolution shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee.

ADDITIONAL EXPENDITURES BY THE COMMITTEE ON FOREIGN RELATIONS

Mr. CANNON. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 685, Senate Resolution 241.

The PRESIDING OFFICER. The resolution will be stated.

The assistant legislative clerk read as follows:

A resolution (S. Res. 241) authorizing additional expenditures by the Committee on Foreign Relations for a study of matters pertaining to the foreign policy of the United States.

The PRESIDING OFFICER. Is there objection?

There being no objection, the Senate proceeded to consider resolution (S. Res. 241), the resolution, which had been reported by the Committee on Rules and Administration with an amendment on page 2, line 5, after the word "exceed", strike out "$840,000" and insert "$708,000".

Mr. CANNON. This resolution would authorize the Committee on Foreign Relations to expend not to exceed $840,000 during the next 12 months for inquiries and investigations.

During the last session of the Congress the committee was authorized to expend not to exceed $675,000 for that purpose. The committee estimates it will return approximately $50,000 of that amount to the Treasury.

The pending request includes an increase of $165,000 over last year's authorization.

The Committee on Rules and Administration has amended Senate Resolution 241 by reducing the requested amount from $840,000 to $708,800, a reduction of $131,200.

Senator Fulbright is chairman of the Committee on Foreign Relations and Senator Aiken is its ranking minority member.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

The amendment was agreed to.

The PRESIDING OFFICER. The question is on agreeing to the resolution, as amended.

The resolution, as amended, was agreed to, as follows:

Resolved, That, in holding hearings, reporting such hearings, and making investigations as authorized by sections 134(a) and 136 of the Legislative Reorganization Act of 1946, as amended, in accordance with its jurisdiction under rule XXV of the Standing Rules of the Senate, the Committee on Foreign Relations, or any subcommittee thereof, is authorized from March 1, 1974, through February 28, 1975, in its discretion (1) to make expenditures from the contingent fund of the Senate, (2) to employ personnel, and (3) with the prior consent of the Government department or agency concerned and the Committee on Rules and Administration, to use on a reimbursable basis the services of personnel of any such department or agency.

Sec. 2. The expenses of the committee under this resolution shall not exceed $708,800 of which amount not to exceed $75,000 shall be available for the procurement of the services of individual consultants, or organizations thereof (as authorized by section 202(i) of the Legislative Reorganization Act of 1946, as amended).

Sec. 3. The committee shall report its findings, together with such recommendations for legislation as it deems advisable, to the Senate at the earliest practicable date, but not later than February 28, 1975.

Sec. 4. Expenses of the committee under this resolution shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee.

ADDITIONAL EXPENDITURES BY THE COMMITTEE ON INTERIOR AND INSULAR AFFAIRS

Mr. CANNON. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 687, Senate Resolution 245.

The PRESIDING OFFICER. The resolution will be stated:

The assistant legislative clerk read as follows:

A resolution (S. Res. 245) authorizing additional expenditures by the Committee on Interior and Insular Affairs.

The PRESIDING OFFICER. Is there objection?

There being no objection, the Senate proceeded to consider the resolution (S. Res. 245), which had been reported by the Committee on Rules and Administration with an amendment on page 2, beginning with line 16, strike out:

Sec. 3. To assist the committee in a study of national fuels and energy policy pursuant to Senate Resolution 45, agreed to May 3, 1971, the chairman and ranking minority member of each of the Committees on Commerce and Public Works, or members of such committees designated by such chairmen and ranking minority members to serve in their places, and the ranking majority and minority Senate members of the Joint Committee on Atomic Energy, or Senate members of that committee designated by such ranking majority and minority Senate members to serve in their places, shall participate and shall serve as ex officio members of the committee for the purpose of conducting the fuels and energy policy study.

And insert in lieu thereof:

Sec. 3. (a) The committee shall continue the study of national fuels and energy policy authorized pursuant to S. Res. 45, agreed to on May 3, 1971. In carrying out the purposes authorized by S. Res. 45, the committee shall make—

(i) a full and complete investigation and study (including the holding of public hearings in appropriate parts of the Nation) of the current and prospective fuel and energy resources and requirements of the United States and the present and probable future alternative procedures and methods for meeting anticipated requirements, consistent with achieving other national goals, including the high priorities—national security and environmental protection; and

(ii) a full and complete investigation and study of the existing and prospective governmental policies and laws affecting the fuels and energy industries with the view of determining what, if any, changes and implementation of these policies and laws may be advisable in order to simplify, coordinate, and provide effective and reasonable national policy to assure reliable and efficient sources of fuel and energy adequate for a balanced economy and for the security of the United States, taking into account: the Nation's environmental concerns, the investments by public and private enterprise for the maintenance of reliable, efficient, and adequate sources of energy and fuel and necessary related industries, and the need for maintenance of an adequate force of skilled workers.

(b) In carrying out the investigations set forth in S. Res. 45, agreed to on May 3, 1971, the committee shall, in addition to such other matters as it may deem necessary, give consideration to—

(i) the proved and predicted availabilities of our national fuel and energy resources in all forms and factors pertinent thereto, as well as to worldwide trends in consumption and supply;

(ii) projected national requirements for the utilization of these resources for energy production and other purposes, both to meet short range needs and to provide for future demand for the years 2000 and 2020;

(iii) the interests of the consuming public, including the availability in all regions of the country of an adequate supply of energy and fuel at reasonable prices and including the maintenance of a sound competitive structure in the supply and distribution of energy and fuel to both industry and the public;

(iv) technological developments affecting energy and fuel production, distribution, transportation, and/or transmission, in progress and in prospect, including desirable areas for further exploration and technological research, development, and demonstration;

(v) the effect that energy producing, transportation, upgrading, and utilization has upon conservation, environmental, and ecological factors, and vice versa;

(vi) the effect upon the public and private sectors of the economy of any recommendations made under this study, and of existing governmental programs and policies now in effect;

(vii) the effect of any recommendations made pursuant to this study on economic concentrations in industry, particularly as these recommendations may effect small business enterprises engaged in the production, processing, and distribution of energy and fuel;

(viii) governmental programs and policies now in operation, including not only their effect upon segments of the fuel and energy industries, but also their impact upon related and competing sources of energy and fuel and their interaction with other governmental goals, objectives, and programs; and

(ix) the need, if any, for legislation designed to effectuate recommendations in accordance with the above and other relevant considerations, including such proposed amendments to existing laws as necessary to integrate existing laws into an effective long-term fuels and energy program.

(c) In furtherance of the purposes of S. Res. 45, agreed to on May 3, 1971, the chairman and ranking minority member of each of the Committees on Commerce, on Finance, on Foreign Relations, and on Public Works, or members of such committees designated by such chairmen and ranking minority members to serve in their places, and the ranking majority and minority Senate members of the Joint Committee on Atomic Energy, or Senate members of the committee designated by such ranking majority and minority Senate members to serve in their places, shall participate and shall serve as ex officio members of the Committee for the purpose of conducting the National Fuels and Energy Policy Study.

Mr. CANNON. Mr. President, this resolution would authorize the Committee on Interior and Insular Affairs to expend not to exceed $475,000 during the next 12 months for inquiries and investigations.

During the last session of the Congress the Committee was authorized to expend not to exceed $475,000 for that purpose. The committee estimates it will return approximately $1,000 of that amount to the Treasury.

The pending request includes no increase over last year's authorization.

The Committee on Rules and Administration has reported Senate Resolution 245 with a technical amendment, which has the support and approval of the Interior Committee.

Senator Jackson is chairman of the Committee on Interior and Insular Affairs and Senator Fannin is its ranking minority member.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

The amendment was agreed to.

The PRESIDING OFFICER. The question is on agreeing to the resolution, as amended.

Mr. JACKSON. Mr. President, I just want to say that we appreciate very much the action of the Rules Committee. We are also operating under Senate Resolution 45, which is being modified under the direction of the Senator from West Virginia (Mr. Randolph), that being the resolution calling for the fuels and energy study. We are doing that part of it also under this appropriation. I just wanted to add that supplemental statement.

That was the nature of the amendment, was it not?

Mr. CANNON. The Senator is correct.

The PRESIDING OFFICER. The question is on agreeing to the resolution (S. Res. 245) as amended.

The resolution, as amended, was agreed to, as follows:

Resolved, That, in holding hearings, reporting such hearings, and making investigations as authorized by sections 134(a) and 136 of the Legislative Reorganization Act of 1946, as amended, in accordance with its jurisdiction under rule XXV of the Standing Rules of the Senate, the Committee on Interior and Insular Affairs, or any subcommittee thereof, is authorized from March 1, 1974, through February 28, 1975, in its discretion (1) to make expenditures from the contingent fund of the Senate, (2) to employ personnel, (3) with the prior consent of the Government department or agency concerned and the Committee on Rules and Administration, to use on a reimbursable basis the services of personnel of any such department or agency, and (4) to consent to the assignment of personnel of other committees of the Senate to assist in carrying out the purposes of section 3 of this resolution. Travel and other expenses, other than salary, of any personnel from other committees assigned to the committee pursuant to this paragraph for the purposes of section 3 of this resolution may be paid under this resolution.

Sec. 2. The expenses of the committee under this resolution shall not exceed $475,000, of which amount (1) not to exceed $25,000 shall be available for the procurement of the services of individual consultants, or organizations thereof (as authorized by section 202 (i) of the Legislative Reorganization Act of 1946, as amended).

Sec. 3. (a) The committee shall continue the study of national fuels and energy policy authorized pursuant to S. Res. 45, agreed to on May 3, 1971. In carrying out the purposes authorized by S. Res. 45, the committee shall make—

(i) a full and complete investigation and study (including the holding of public hearings in appropriate parts of the Nation) of the current and prospective fuel and energy resources and requirements of the United States and the present and probable future alternative procedures and methods for meeting anticipated requirements, consistent with achieving other national goals, including the high priorities—national security and environmental protection; and

(ii) a full and complete investigation and study of the existing and prospective governmental policies and laws affecting the fuels and energy industries with the view of determining what, if any, changes and implementation of these policies and laws may be advisable in order to simplify, coordinate, and provide effective and reasonable national policy to assure reliable and efficient sources of fuel and energy adequate for a balanced economy and for the security of the United States, taking into account: the Nation's environmental concerns, the investments by public and private enterprise for the maintenance of reliable, efficient, and adequate sources of energy and fuel and necessary related industries, and the need for maintenance of an adequate force of skilled workers.

(b) In carrying out the investigations set forth in S. Res. 45, agreed to on May 3, 1971, the committee shall, in addition to such other matters as it may deem necessary, give consideration to—

(i) the proved and predicted availabilities of our national fuel and energy resources in all forms and factors pertinent thereto, as well as to worldwide trends in consumption and supply;

(ii) projected national requirements for the utilization of these resources for energy production and other purposes, both to meet short range needs and to provide for future demand for the years 2000 and 2020;

(iii) the interests of the consuming public, including the availability in all regions of the country of an adequate supply of energy and fuel at reasonable prices and including the maintenance of a sound competitive structure in the supply and distribution of energy and fuel to both industry and the public;

(iv) technological developments affecting energy and fuel production, distribution, transportation, and/or transmission, in progress and in prospect, including desirable areas for further exploration and technological research, development, and demonstration;

(v) the effect that energy producing, transportation, upgrading, and utilization has upon conservation, environmental, and ecological factors, and vice versa;

(vi) the effect upon the public and private sectors of the economy of any recommendations made under this study, and of existing governmental programs and policies now in effect;

(vii) the effect of any recommendations made pursuant to this study on economic concentrations in industry, particularly as these recommendations may affect small business enterprises engaged in the production, processing, and distribution of energy and fuel;

(viii) governmental programs and policies now in operation, including not only their effect upon segments of the fuel and energy industries, but also their impact upon related and competing sources of energy and fuel and their interaction with other governmental goals, objectives, and programs; and

(ix) the need, if any, for legislation designed to effectuate recommendations in accordance with the above and other relevant considerations, including such proposed amendments to existing laws as necessary to integrate existing laws into an effective long-term fuels and energy program.

(c) In furtherance of the purposes of S. Res. 45, agreed to on May 3, 1971, the chairman and ranking minority member of each of the Committees on Commerce, on Finance, on Foreign Relations, on Government Operations, on Labor and Public Welfare, and on Public Works, or members of such committees designated by such chairmen and ranking minority members to serve in their places, and the ranking majority and minority Senate members of the Joint Committee on Atomic Energy, or Senate members of the committee designated by such ranking majority and minority Senate members to serve in their places, shall participate and shall serve as ex officio members of the Committee for the purpose of conducting the National Fuels and Energy Policy Study.

Sec. 4. The committee shall report its findings, together with such recommendations for legislation as it deems advisable, to the Senate at the earliest practicable date, but not later than February 28, 1975.

Sec. 5. Expenses of the committee under this resolution shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee.

ADDITIONAL EXPENDITURES BY THE COMMITTEE ON LABOR AND PUBLIC WELFARE

Mr. CANNON. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 689, Senate Resolution 259.

The PRESIDING OFFICER (Mr. Huddleston). The resolution will be stated.

The assistant legislative clerk read as follows:

S. Res. 259, authorizing additional expenditures by the Committee on Labor and Public Welfare for inquiries and investigations.

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution.

Mr. CANNON. Mr. President, this resolution would authorize the Committee on Labor and Public Welfare to expend not to exceed $1,700,000 during the next 12 months for inquiries and investigations.

During the last session of the Congress the committee was authorized to expend not to exceed $1,700,000 for that purpose. The committee estimates it will return approximately $195,112 of that amount to the Treasury.

The pending request includes no increase over last year's authorization.

The Committee on Rules and Administration has reported Senate Resolution 259 without amendment.

Senator Williams is chairman of the Committee on Labor and Public Welfare, and Senator Javits is its ranking minority member.

The resolution was agreed to, as follows:

S. Res. 259

Resolved, That, in holding hearings, reporting such hearings, and making investigations as authorized by sections 134(a) and 136 of the Legislative Reorganization Act of 1946, as amended, in accordance with its jurisdiction under rule XXV of the Standing Rules of the Senate, the Committee on Labor and Public Welfare, or any subcommittee thereof, is authorized from March 1, 1974, through February 28, 1975, in its discretion (1) to make expenditures from the contingent fund of the Senate, (2) to employ personnel, and (3) with the prior consent of the Government department or agency concerned and the Committee on Rules and Administration, to use on a reimbursable basis the services of personnel of any such department or agency.

Sec. 2. The expenses of the committee under this resolution shall not exceed $1,700,000 of which amount (1) not to exceed $140,000 shall be available for the procurement of the services of individual consultants, or organizations thereof (as authorized by section 202 (i) of the Legislative Reorganization Act of 1946, as amended), and (2) not to exceed $1,000 may be expended for the training of the professional staff of such committee, or any subcommittee thereof (under procedures specified by section 202(j) of such Act).

Sec. 3. The committee shall report its findings, together with such recommendations for legislation as it deems advisable, to the Senate at the earliest practicable date, but not later than February 28, 1975.

Sec. 4. Expenses of the committee under this resolution shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee.

ADDITIONAL EXPENSES FOR COMMITTEE ON POST OFFICE AND CIVIL SERVICE

Mr. CANNON. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 690, Senate Resolution 264.

The PRESIDING OFFICER. The resolution will be stated.

The assistant legislative clerk read as follows:

S. Res. 264, to provide for additional expense for the Committee on Post Office and Civil Service.

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution.

Mr. CANNON. Mr. President, this resolution would authorize the Committee on Post Office and Civil Service to expend not to exceed $235,000 during the next 12 months for inquiries and investigations.

During the last session of the Congress the committee was authorized to expend not to exceed $275,000 for that purpose. The committee estimates it will return approximately $38,000 of that amount to the Treasury.

The pending request is a decrease of $40,000 from last year's authorization.

The Committee on Rules and Administration has reported Senate Resolution 264 without amendment.

Senator McGee is chairman of the Committee on Post Office and Civil Service, and Senator Fong is its ranking minority member.

The resolution was agreed to, as follows:

Resolved, That in holding hearings, reporting such hearings, and making investigations as authorized by sections 134(e) and 136 of the Legislative Reorganization Act of 1946, as amended, in accordance with its jurisdiction under rule XXV of the Standing Rules of the Senate, the Committee on Post Office and Civil Service, or any subcommittee thereof, is authorized from March 1, 1974, through February 28, 1975, in its discretion (1) to make expenditures from the contingent fund of the Senate, (2) to employ personnel, and (3) with the prior consent of the Government department or agency concerned and the Committee on Rules and Administration, to use on a reimbursable basis the services of personnel of any such department or agency.

Sec. 2. The expenses of the committee under this resolution shall not exceed $235,000.

Sec. 3. The committee shall report its findings, together with such recommendations for legislation as it deems advisable, to the Senate at the earliest practicable date, but not later than February 28, 1975.

Sec. 4. Expenses of the committee under this resolution shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee.

ADDITIONAL EXPENDITURES BY THE COMMITTEE ON VETERANS' AFFAIRS

Mr. CANNON. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 692, Senate Resolution 250.

The PRESIDENT pro tempore. The resolution will be stated.

The assistant legislative clerk read as follows:

S. Res. 250, authorizing additional expenditures by the Committee on Veterans' Affairs for inquiries and investigations.

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution, which has been reported from the Committee on Rules and Administration with an amendment, on page 2, line 5, after the word "exceed", strike out "$275,000" and insert "$221,000".

Mr. CANNON. Mr. President, this resolution would authorize the Committee on Veterans' Affairs to expend not to exceed $275,000 during the next 12 months for inquiries and investigations.

During the last session of the Congress the committee was authorized to expend not to exceed $210,000 for that purpose. The committee estimates it will return approximately $25,000 of that amount to the Treasury.

The pending request includes an increase of $65,000 over last year's authorization.

The Committee on Rules and Administration has amended Senate Resolution 250 by reducing the requested amount from $275,000 to $221,000, a reduction of $54,000.

Senator Hartke is chairman of the Committee on Veterans' Affairs and Senator Hansen is its ranking minority member.

The amendment was agreed to.

The resolution, as amended, was agreed to, as follows:

Resolved, That in holding hearings, reporting such hearings, and making investigations as authorized by sections 134(a) and 136 of the Legislative Reorganization Act of 1946, as amended, in accordance with its jurisdiction under rule XXV of the Standing Rules of the Senate, the Committee on Veterans' Affairs, or any subcommittee thereof, is authorized from March 1, 1974, through February 28, 1975, in its discretion (1) to make expenditures from the contingent fund of the Senate, (2) to employ personnel, and (3) with the prior consent of the Government department or agency concerned and the Committee on Rules and Administration, to use on a reimbursable basis the services of personnel of such department or agency.

Sec. 2. The expenses of the committee under this resolution shall not exceed $221,000, of which amount not to exceed $50,000 may be expended for the procurement of the services of individual consultants or organizations thereof (as authorized by section 202 (i) of the Legislative Reorganization Act of 1946, as amended).

Sec. 3. The committee shall report its findings, together with such recommendations for legislation as it deems advisable, to the Senate at the earliest practicable date, but not later than February 28, 1975.

Sec. 4. Expenses of the committee under this resolution shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee.

ADDITIONAL EXPENDITURES BY THE SELECT COMMITTEE ON SMALL BUSINESS

Mr. CANNON. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 693, Senate Resolution 263.

The PRESIDING OFFICER (Mr. Bartlett). The resolution will be stated.

The assistant legislative clerk read as follows:

S. Res. 263, authorizing additional expenditures by the Select Committee on Small Business.

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution, which had been reported from the Committee on Rules and Administration with an amendment, on page 2, in line 18, strike out "$192,000" and insert in lieu thereof "$168,000".

Mr. CANNON. Mr. President, this resolution would authorize the Select Committee on Small Business to expend not to exceed $192,000 during the next 12 months for inquiries and investigations.

During the last session of the Congress the Select Committee was authorized to expend not to exceed $160,000 for that purpose. The Select Committee estimates it will return approximately $16,271 of that amount to the Treasury.

The pending request includes an increase of $32,000 over last year's authorization.

The Committee on Rules and Administration has amended Senate Resolution 263 by reducing the requested amount from $192,000 to $168,000, a reduction of $24,000.

Senator Bible is chairman of the Select Committee on Small Business, and Senator Javits is its ranking minority member.

Mr. BIBLE. Mr. President, will my colleague yield for an observation?

Mr. CANNON. I am happy to yield to by colleague from Nevada.

Mr. BIBLE. Mr. President, as my colleague from Nevada will recall when I presented this case before him as chairman of the Rules Committee, I indicated I thought they had been very fair last year. I think this is a fair resolution of the problem this year.

The only point I want to make is this: In earlier years, we had more hearing days than we did either last year or the year before that.

Mr. President, I should like to have it understood that if there is a demand to have additional hearing days, we can come back and present a request for that amount. There is no way I can project it now, to say whether there will be additional hearing days or whether there will not be additional hearing days beyond the 20 days of 1973.

I think it was in 1969 that our committee held 43 days of hearings, 70 days in 1970, 27 days in 1972, and 20 days in 1973. A greater number of hearing days than our funding permits may be required again, because the small business committee is working in many fields. Our work has been complicated and increased, as has the work of many other committees, by the energy crisis.

Additionally last year, as a direct outgrowth of committee hearings, 26 bills and 2 resolutions were introduced by committee members. Senate adoption of three measures resulted last year. Likewise, 27 Senators and 4 Representatives referred 2,000 pieces of correspondence dealing with small business problems for the committee to handle for their constituents in the small business area of local or national concern.

The small businessman is getting hurt more than anyone else in this energy crunch, problem, or whatever we want to call it. There is a shortage of gasoline, of course, and it is very hard for small business and the service stations to get along. It must be remembered that 97½ percent of all businesses in this country are small businesses. So if the need arises, I know my colleague will permit me to make a further request. I do not anticipate it at this time, but I want that in the RECORD.

Mr. CANNON. The Senator is correct. We will be certainly happy to consider a request from any of the committees, because of circumstances that will require them to come back and request additional financial help.

The amendment was agreed to.

The resolution, as amended, was agreed to, as follows:

Resolved, That the Select Committee on Small Business, in carrying out the duties imposed upon it by S. Res. 58, Eighty-first Congress, agreed to February 20, 1950, as amended and supplemented, is authorized to examine, investigate, and make a complete study of the problems of American small and independent business and to make recommendations concerning those problems to the appropriate legislative committees of the Senate.

SEC. 2. For purposes of this resolution, the committee, or any subcommittee thereof, is authorized from March 1, 1974, through February 28, 1975, in its discretion (1) to make expenditures from the contingent fund of the Senate, (2) to employ personnel, (3) with the prior consent of the Government department or agency concerned and the Committee on Rules and Administration, to use on a reimbursable basis the services of personnel of any such department or agency, (4) to procure the temporary services (not in excess of one year) or intermittent services of individual consultants, or organizations thereof, in the same manner and under the same conditions as a standing committee of the Senate may procure such services under section 202(i) of the Legislative Reorganization Act of 1946, and (5) to provide assistance for the members of its professional staff in obtaining specialized training, in the same manner and under the same conditions as any such standing committee may provide that assistance under section 202(j) of such Act.

SEC. 3. The expenses of the committee under this resolution shall not exceed $168,000, of which amount (1) not to exceed $2,500 may be expended for the procurement of the services of individual consultants, or organizations thereof, and (2) not to exceed $1,000 may be expended for the training of the professional staff of such committee.

SEC. 4. The committee shall report its findings, together with such recommendations for legislation as it deems advisable, to the Senate at the earliest practicable date, but not later than February 28, 1975.

SEC. 5. Expenses of the committee under this resolution shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee.

ADDITIONAL EXPENDITURES BY THE SELECT COMMITTEE ON NUTRITION AND HUMAN NEEDS

Mr. CANNON. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 694, S. Res. 260.

The PRESIDING OFFICER. The resolution will be stated.

The assistant legislative clerk read as follows:

S. Res. 260, continuing and authorizing additional expenditures by the Select Committee on Nutrition and Human Needs.

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution, which had been reported by the Committee on Rules and Administration with an amendment, on page 2, line 23, after the word "exceed", strike out "$399,000 of which amount not to exceed $100,000 shall be available for the procurement of the services of individuals or organizations thereof" and insert "$288,800".

Mr. CANNON. Mr. President, this resolution would authorize the Select Committee on Nutrition and Human Needs to expend not to exceed $399,000 during the next 12 months for inquiries and investigations.

During the last session of the Congress, the select committee was authorized to expend not to exceed $275,000 for that purpose. The select committee estimates it will return approximately $7,000 of that amount to the Treasury.

The pending request includes an increase of $124,000 over last year's authorization.

The Committee on Rules and Administration has amended Senate Resolution 260 by reducing the requested amount from $399,000 to $288,000, a reduction of $110,200. An explanation of this amendment is contained in the committee's report on the measure.

Senator McGOVERN is chairman of the Select Committee on Nutrition and Human Needs and Senator PERCY is its ranking minority member.

Mr. McGOVERN. Mr. President, I should like to be heard on the proposed amendment. It would have the effect of eliminating funds for an important national conference on the Nation's food supply and the quality of our food which the committee thinks is very important.

Right at the moment, Congress and the American people are very much aware that we are caught in an energy crisis.

I am going to predict that by this time next year the food crisis will probably be higher in the headlines than the energy crisis. Of course, the two are related, but we are very probably headed for another 50-percent increase in the price of food over the next couple of years if it continues on its present course. We are headed for painful shortages in some foods which are essential to the American diet. Already, by the end of last December, we experienced a 20-percent increase in the home consumption of the cost of food. The actual prices paid by older people and poor working families, especially in the downtown central cities, have gone up 38 percent in 1973.

For the ordinary working people of this country, that is a disaster. There is no other way to describe it.

It means that they either go without adequate food or they cut out medical care, and cut out clothing needs and other things their families need. The American people have reacted that way. It is the only way they could. So they will be eating less and experiencing a poorer diet today than a year ago, which will continue to crisis proportions if something is not done.

The school lunch program has also felt that impact in a very dramatic way. The elimination of between 20 and 30 percent of the foods that go into that school lunch package has caused half a million children to drop out of the program—500,000 boys and girls who were participating in that school lunch program a year ago, who are not there anymore because of the increased cost of the program.

Local school lunch officials I have talked to and the committee has heard from are faced with something that they describe as a crisis right now. They cannot get long-term contracts with wholesalers for the purchase of school lunch supplies. They are cutting back on the quality of those lunches and the amount of food and are trimming the program in many ways. Nobody planned that crisis, and no one is planning it to be even worse next year. But that is what is going to happen in the absence of some kind of Federal policy to deal with this matter and to head it off and to improve it.

So the committee has unanimously voted to set up a national conference on nutrition, where we can call in the most thoughtful and best informed authorities in the country on the subject of the marketing of food, the business end of food production, the agricultural aspects of it, the nutritional and health aspects of a sound diet, the educational methods that are going to be needed, and the international aspects of this whole question.

To head that conference, we have secured the best person we could find in the country, Dr. Jean Mayer, who headed the White House Conference on Food and Nutrition a few years ago, who is head of the Nutrition Department of Harvard University, and who is perhaps the leader in this field, a man who has the full confidence of our committee, Republicans and Democrats alike. We have tentatively set the date of that conference for June 19 to 21.

Senator Cannon has courteously told me of the committee's concern about authorizing the cost of this conference as a part of the committee's budget. That is a $100,000 figure. But the conference will be housed in the Senate, in space provided by the Senate. The funds we are asking for would cover the expenses of some 250 conferees.

While I recognize that other procedures might be followed, it has been the conviction of our committee that this is a legitimate function of a committee and one that would advance the best interests of what we are trying to do.

Senator Cannon has suggested that we come in with a separate request for the conference funds, and I have prepared a resolution to that effect. But before we proceed any further here today with accepting this amendment, which would cut out funds for the conference, I should like to get the assurance of the Senator from Nevada on two points.

No. 1, time is of great significance. We now have only about 3 months to plan for this conference, for the task forces to complete their work. We are already at the first of March today. I am wondering, first of all, whether the Senator from Nevada can assure me and assure the members of the committee that his committee will act one way or another—either vote up or down—on the request we are going to make for the $100,000 authorization for this conference. We really need to know that within, I would say, no later than the 15th of March. I wonder whether the Senator can give me that assurance. I am not asking him to say that the committee is going to approve it, but can he assure me that they will either approve it or disapprove it by March 15?

Mr. CANNON. Mr. President, let me say that, in the first place, the committee did not take the position that this amount should be denied completely. This request would establish an entirely new precedent in Congress—that being the precedent of permitting committees of Congress to sponsor seminars in Washington or elsewhere around the country, at Government expense, and bring in tremendously large numbers of people to participate in these conferences or seminars.

The committees do have the authority to bring witnesses before them and to pay witness fees and to pay their expenses, to get testimony on certain matters, but not that of conducting seminars. We can find no precedent in existing committee action which would permit this authority to a committee.

This requires a policy decision. Therefore, the Committee on Rules felt that it should be submitted in a separate resolution, and we should have testimony on it and determine what the policy should be with respect to this type of matter.

We do not question the value that can be gained from this seminar, as value can be gained from thousands of other seminars that could be conducted at Government expense, particularly at the taxpayers' expense.

It is a policy question that we will have to consider. I cannot give the Senator assurance that we can settle this matter one way or the other by March 15, but I can assure him that I will bring it up for consideration as rapidly as we can. I cannot control the committee action, in light of some matters that have to be given priority. We will attempt to give him a hearing on it at an early date and get a decision at an early date, as early as we possibly can.

Mr. COOK. Mr. President, will the Senator yield?

Mr. CANNON. I yield.

Mr. COOK. May I say to the Senator that the thing that gave us the problem—and I wish the Senator from Illinois would listen to this, too—was the testimony before the committee which appears in the Record on page 80. In that testimony, the Senator said:

> They will not be employed by the committee, Mr. Chairman. We will enter into a contract wtih Dr. Mayer, who would have charge of covering the expenses of the conference.

Our problem in the Rules Committee was that on all contracts that are entered into between committees and outside consultants or outside specialists, those contracts are submitted to the Rules Committee for approval. They are considered in the Rules Committee, and they are taken under consideration and adopted or not approved.

Mr. McGOVERN. If the Senator will yield, that is what we are asking the committee to do, to approve this contract authority.

Mr. COOK. The contracts are submitted to us, and at this stage I do not know whether there is a contract in existence between the committee and Dr. Mayer for the functions as outlined.

Mr. McGOVERN. We cannot sign a contract until we know we have the funds. But certainly the committee does not want to pass on 250 individual negotiations by the coordinator of the conference.

Mr. COOK. May I say to the Senator that contracts are executed when they come to us. The contracts are executed subject to the approval of the Rules Committee; and if the Rules Committee does not approve those contracts, then they are null and void, and there is no quetsion about it. But in this instance we were faced with the situation that a request for $100,000 had been made when no contracts were in existence, when there was nothing that the Rules Committee could really persue, subject to its operations.

We have no idea how the expenditures will be made, what the expenditures will be made for, and we were really left in the dark.

What we wanted to do—and I hope I speak for the chairman—was to exclude this, not to the prejudice of the chairman or the committee, with the understanding, and we so said in our report, that a separate resolution would be submitted by the committee and by the chairman and that we would consider it immediately.

As the ranking Republican member of the committee, I want the chairman to know that I am ready to hold hearings on it prior to the 15th of March and to give the Senator a conclusion of this matter prior to the 15th of March. I am sure the chairman will try his best to do the same.

Mr. McGOVERN. I do not want to belabor the point unnecessarily, but we have just approved unanimously the authorization of $200,000 for another committee to study the ocean, and I think that is fine. Apparently, they are going to enter into a special arrangement in concert with a Federal agency. But I do not understand the fundamental difference between drawing on experts in that field and paying witnesses who will come to testify on it and assembling a group of 250 people who are experts on the food crisis that is looming before the Nation and contracting that out, with a qualified man to handle the administration of it.

We have entered into an informal contract with Dr. Mayer to do this work. We have not signed anything with him, because we do not have the money. It seems to me that until the Rules Committee can sign off on this authorization, we are not in a position to give a hard contract with anyone.

I am not arguing with the committee's principle. I am simply saying that we might just as well cancel the conference if we do not have some assurance that we can be underway with the planning by the middle of this month.

Mr. COOK. May I say to the Senator that the fact that the $200,000 was authorized by the Committee on Commerce for an ocean study really bears out my point. That was subject to a Senate resolution introduced by and approved by 54 Senators. It was submitted with its rules and regulations, which the Senate passed unanimously. That was done under Senate Resolution 222 which had 54 cosponsors. In this instance we are not at that situation and we are very concerned——

Mr. McGOVERN. I wish to say to the Senator that I am not trying to be unreasonable. I would rather have the committee tell us they cannot complete their work by March 15 and we will forget about the conference and make some other plan for the study of this problem, because I am not exaggerating when I say this food crisis is upon us. It is an acute problem and every citizen will be aware of it before we come back this time next year. We would be better off if they would tell us they cannot pass judgment on this resolution authorizing the conference by March 15 and we will try to develop an alternate plan.

I would like to ask the chairman to give us his assurance that he will do all in his power as the chairman to get this matter resolved by the middle of the month.

Mr. CANNON. I have already told the Senator I will do everything I can to have this matter considered, but I will not say by the middle or the 15th of the month. That is the best estimate I can give the Senator.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

Mr. McGOVERN. Mr. President, if the Chair will withhold, I wish to ask the Senator what indication the chairman can give us as to the approximate time for action. This is the difficulty we have in trying to make plans without any knowledge. Can the Senator give us an indication?

Mr. CANNON. I cannot say. When the Senator's resolution comes in we will try to find out when we can get a committee meeting and have a hearing, because we want to get testimony. We will do it at the earliest possible date. It cannot be on Monday, Tuesday, or Wednesday of next week. I am committed to hearings on those dates. I do not have my full schedule before me, but we will try to get a meeting at the earliest possible time to consider the matter.

Mr. McGOVERN. On that basis I am not going to object, but I do urge again on the Senate that time is a factor. We really have to have an early resolution of it or the whole matter is defeated.

Mr. COOK. The Senator knows I am a member of the Subcommittee on Nutrition and Human Needs. I voted for this budget. I would hope we could resolve this matter as soon as possible. We ran into a very difficult problem of the contractual responsibility of the committee to say we will contract with an individual outside the committee for expenditure of $100,000 and the Committee on Rules and Administration wanted to know the ground rules of that contractual responsibility and I could not give them.

Mr. CANNON. The only point I am making is that I would hope we could move expeditiously to resolve this problem. I certainly will try to do all I can as chairman, and I feel certain that the ranking Republican will also do so. This does represent a precedent, and it has got to be resolved in the light of our responsibility to the committee.

Mr. McGOVERN. I am not certain that it represents a new precedent. If it does, it is an excellent precedent, one that will increase the effectiveness of the Senate and increase our capacity to handle important national problems. But whether it is a new precedent or not, there is nothing wrong with setting a precedent. So if there is a new precedent, I hope it will be accepted by the Senate.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

The resolution (S. Res. 260), as amended, was agreed to, as follows:

Resolved, That the Select Committee on Nutrition and Human Needs, established by S. Res. 281, Ninetieth Congress, agreed to on July 30, 1968, as amended and supplemented, is hereby extended through February 28, 1975.

SEC. 2. (a) In studying matters pertaining to the lack of food, medical assistance, and other related necessities of life and health, the Select Committee on Nutrition and Human Needs is authorized from March 1, 1974, through February 28, 1975, in its discretion (1) to make expenditures from the contingent fund of the Senate, (2) to employ personnel, (3) to subpena witnesses and documents, (4) with the prior consent of the Government department or agency concerned and the Committee on Rules and Administration, to use on a reimbursable basis the services of personnel, information, and facilities of any such department or agency, (5) to procure the temporary services (not in excess of one year) or intermittent services of individual consultants, or organizations thereof, in the same manner and under the same conditions as a standing committee of the Senate may procure such services under section 202(i) of the Legislative Reorganization Act of 1946, (6) to interview employees of the Federal, State, and local governments and other individuals, and (7) to take depositions and other testimony.

(b) The minority shall receive fair consideration in the appointment of staff personnel pursuant to this resolution. Such personnel assigned to the minority shall be accorded equitable treatment with respect to the fixing of salary rates, the assignment of facilities, and the accessibility of committee records.

SEC. 3. The expenses of the committee under this resolution shall not exceed $288,800.

SEC. 4. Expenses of the committee under this resolution shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee.

ADDITIONAL EXPENDITURES BY SPECIAL COMMITTEE ON AGING

Mr. CANNON. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar 695, Senate Resolution 267.

The PRESIDING OFFICER. The resolution will be stated by title.

The assistant legislative clerk read as follows:

A resolution (S. Res. 267) providing that the Special Committee on Aging is continued in existence as a permanent special committee and authorizing additional expenditures therefor.

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution which had been reported by the Committee on Rules and Administration with an amendment, to strike out all after the word "Resolved" and insert:

That the Special Committee on Aging, established by S. Res. 33, Eighty-seventh Congress, agreed to on February 13, 1961, as amended and supplemented, is hereby extended through February 28, 1975.

SEC. 2 (a) The committee shall make a full and complete study and investigation of any and all matters pertaining to problems and opportunities of older people, including, but not limited to, problems and opportunities of maintaining health, of assuring adequate income, of finding employment, of engaging in productive and rewarding activity, of securing proper housing, and, when necessary, of obtaining care or assistance. No proposed legislation shall be referred to such committee, and such committee shall not have power to report by bill, or otherwise have legislative jurisdiction.

(b) A majority of the members of the committee or any subcommittee thereof shall constitute a quorum for the transaction of business, except that a lesser number, to be fixed by the committee, shall constitute a quorum for the purpose of taking sworn testimony.

SEC. 3. (a) For purposes of this resolution, the committee is authorized from March 1, 1974, through February 28, 1975, in its discretion (1) to make expenditures from the contingent fund of the Senate, (2) to hold hearings, (3) to sit and act at any time or place during the sessions, recesses, and adjournment periods of the Senate, (4) to require by subpena or otherwise the attendance of witnesses and the production of correspondence, books, papers, and documents, (5) to administer oaths, (6) to take testimony orally or by deposition, (7) to employ personnel, (8) with the prior consent of the Government department or agency concerned and the Committee on Rules and Administration, to use on a reimbursable basis the services of personnel, information, and facilities of any such department or agency, and (9) to procure the temporary services (not in excess of one year) or intermittent services of individual consultants, or organizations thereof, in the same manner and under the same conditions as a standing committee of the Senate may procure such services under section 202(i) of the Legislative Reorganization Act of 1946.

(b) The minority shall receive fair consideration in the appointment of staff personnel pursuant to this resolution. Such personnel assigned to the minority shall be accorded equitable treatment with respect to the fixing of salary rates, the assignment of facilities, and the accessibility of committee records.

SEC. 4. The expenses of the committee under this resolution shall not exceed $415,000, of which amount not to exceed $15,000 shall be available for the procurement of the services of individual consultants or organizations thereof.

SEC. 5. The committee shall report the results of its study and investigation, together with such recommendations as it may deem advisable, to the Senate at the earliest practicable date, but not later than February 28, 1975. The committee shall cease to exist at the close of business on February 28, 1975.

SEC. 6. Expenses of the committee under this resolution shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee.

Mr. CANNON. Mr. President, this resolution would authorize the Special Committee on Aging to expend not to exceed $415,000 during the next 12 months for inquiries and investigations.

During the last session of the Congress the special committee was authorized to expend not to exceed $411,000 for that purpose. The committee estimates it will return approximately $2,000 of that amount to the Treasury.

The pending request includes an increase of $4,000 over last year's authorization.

The Committee on Rules and Administration has reported Senate Resolution 267 with amendments. An explanation of the amendments is contained in the committee's report on the measure.

The Senator from Idaho (Mr. CHURCH) is chairman of the Special Committee on Aging, and the Senator from Hawaii (Mr. FONG) is its ranking minority member.

The amendment was areed to.

The resolution (S. Res. 267), as amended, was agreed to.

The title was amended, so as to read: "Resolution continuing, and authorizing additional expenditures by, the Special Committee on Aging."

SPECIAL COMMITTEE ON THE TERMINATION OF THE NATIONAL EMERGENCY

Mr. CANNON. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 696, Senate Resolution 242.

The PRESIDING OFFICER. The resolution will be stated by title.

The assistant legislative clerk read as follows:

A resolution (S. Res. 242) relating to the Special Committee on the Termination of the National Emergency.

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution.

Mr. CANNON. Mr. President, this resolution would authorize the Special Committee on the Termination of the National Emergency to expend not to exceed $166,000 during the next 12 months for inquiries and investigations.

During the last session of the Congress the committee was authorized to expend not to exceed $175,000 for that purpose. The special committee estimates it will return approximately $36,471 of that amount to the Treasury.

The pending request is a decrease of $9,000 from last year's authorization.

The Committee on Rules and Administration has reported Senate Resolution 242 without amendment.

Senator CHURCH and Senator MATHIAS are cochairmen of the Special Committee on the Termination of the National Emergency.

The PRESIDING OFFICER. The question is on agreeing to the resolution.

The resolution (S. Res. 242) was agreed to, as follows:

Resolved, That the Special Committee on the Termination of the National Emergency, established by Senate Resolution 9, Ninety-third Congress, agreed to January 6, 1973, is continued for the period from March 1, 1974, through February 28, 1975, except that, commencing on March 1, 1974—

(1) such special committee shall thereafter be known as the Special Committee on National Emergencies and Delegated Emergency Powers; and

(2) it shall be the function of such special committee, in accordance with the provisions of that Senate Resolution 9 not inconsistent with this resolution, to conduct a study and investigation with respect to the termination of existing states of national emergencies proclaimed by Presidents of the United States in 1933, 1950, 1970, and 1971, and with respect to delegated emergency powers.

SEC. 2. In carrying out such function, the special committee is authorized from March 1, 1974, through February 28, 1975, in its discretion (1) to make expenditures from the contingent fund of the Senate, (2) to employ personnel, (3) to hold hearings, (4) to sit and act at any time or place during the sessions, recesses, and adjourned periods of the Senate, (5) to require, by subpena or otherwise, the attendance of witnesses and the production of correspondence, books, papers, and documents, (6) to take depositions and other testimony, (7) to procure the service of individual consultants or organizations thereof, in accordance with the provisions of section 202(i) of the Legislative Reorganization Act of 1946, as amended, and (8) with the prior consent of the Government department or agency concerned and the Committee on Rules and Administration, to use on a reimbursable basis the services of personnel of any such department or agency.

SEC. 3. For the period from March 1, 1974, through February 28, 1975, the expenses of the special committee under this resolution shall not exceed $166,000, of which amount not to exceed $25,000 shall be available for the procurement of the services of individual consultants, or organizations thereof, as authorized by section 202(i) of the Legislative Reorganization Act of 1946, as amended.

SEC. 4. The special committee shall make the final report required by section 5 of that Senate Resolution 9 not later than February 28, 1975, instead of February 28, 1974.

SEC. 5. Expenses of the special committee under this resolution shall be paid from the contingent fund of the Senate upon vouchers approved by the two cochairman of the special committee.

Mr. COOK. Mr. President, I would like to, frankly, thank the chairman of the Committee on Rules and Administration. We have worked diligently on this matter. We have now concluded all the respective resolutions of the committees and subcommittees. I might say we usually find, when we have resolutions in this body, that they are increasing and increasing and increasing. I am delighted that, under the leadership of the Senator from Nevada (Mr. CANNON)—and I feel a sense of pride and responsibility in being the ranking minority member of the committee and having worked with him—when last year the committees requested $16,105,000 and this year they requested $16,955,615, through the efforts of the chairman and the members of the Committee on Rules and Administration, we have reduced not only the amount of the request for this year but the amount which was utilized last year, because the net saving with respect to the request was $1,719,815. That was the reduction as a result of the action of the Committee on Rules and Administration.

The total expenditures as they are allowed for the current, 2d session of the 93d Congress, will be $15,235,800, which is $1.2 million-plus below the $16,561,100 that was expended in the 1st session of the 93d Congress.

I think a great deal of the credit must go to the chairman and the committee that went through all these requests, that went through all of the testimony, that went through all the figures. I must say, in all fairness, that the chairman put in more time than anyone else. It has been through the efforts of the committee staff that this matter has been worked out, and I would like to have the opportunity of putting the appropriate number of names of the staff that did the work and that put in a good many hours to get this matter in shape into the record.

I will only say what we felt it was time to take a good, hard, long look at these figures and make a determination of the realistic cost factors in some detail. That is exactly what we have done. I may say that the chairman has been proved completely correct in that assumption, because we have had only what I would call minimal complaints about the overall work of the Committee on Rules and Administration.

Mr. CANNON. I thank my colleague for his kind remarks with reference to me, but I want to say that, as the ranking minority member, he did a tremendous job and made a tremendous contribution to the end results. This has been a team effort, a nonpartisan and bipartisan effort, to try to hold the expenditures in line, and not let them get topheavy at the budgetary level.

The resolution relating to the Banking, Housing and Urban Affairs Committee was deferred. So we have not completed our work yet.

However, I want to join my colleague in commending the fine work of the members of the staff. They are John P. Coder, professional staff member; Jack L. Sapp, editorial assistant; William McWhorter Cochrane, staff director; Joseph E. O'Leary, professional staff member, minority; Hugh Q. Alexander, chief counsel; and Miss Peggy L. Parrish, staff assistant.

AUTHORIZATION OF ADDITIONAL EXPENDITURES BY THE COMMITTEE ON GOVERNMENT OPERATIONS FOR INQUIRIES AND INVESTIGATIONS

Mr. CANNON. Mr. President, I understand the Senator from Illinois desires to raise a point on section 4 of Senate Resolution 269, which has heretofore been approved.

Mr. PERCY. I thank the distinguished floor manager.

Mr. President, I want to say that, though I have disagreed on one or two items, I am not unaware of the tremendous time and effort put in by the members of this very, very important committee, and the personal pressures put on them, and so forth. I certainly do not like to have a disagreement, but I hope I have made a case for the minority in this particular instance.

The question has been raised as to whether or not the $25,000, the funds that were sent back in the preceding budget, would not be available for use at this time. I have checked with the staff. Those funds are being used and this will be permitted.

The question now is whether reductions can be made from the original amount of $70,000 requested, which was reduced to $50,000, and whether the chairman of the subcommittee (Mr. JACKSON) can have them further reduced. We certainly cannot reduce it below $35,000. That would provide for sufficient investigation to begin the process to see whether or not this would not give the minority the ability and the flexibility within the requirements of the budget to be assigned one full-time professional staff member.

It would be my respectful request that that amount be considered in this budget.

The Senator from Illinois has been involved in fashioning many other budgets for committees on which he serves as a minority member. We are going to try to live within the amounts set by the committee. Some of these cuts have been very deep, but as to this one, there is simply no basis for the Senator from Illinois not to justify spending that money, because, as the Senator knows, the money will be returned many times over. It is the very best way to spend that money for the taxpayers' benefit.

Mr. CANNON. First, Mr. President, let me say that if the request were approved, and other subcommittees made corresponding requests, we would not have enough space in this large complex of buildings to house Senators, because it would all be required by the additional staff demands.

With these requests for the tremendous increase in the number of staff, we find that the staffs are running the Congress, and not the Congress running its own affairs.

I want to say that I, for one, am not impressed by the talk of majority or minority staff assignments. I think when we have professional staffs, they ought to be available to everybody on the committee, and not be made available only to the majority or the minority.

Mr. PERCY. Mr. President, will the Senator yield?

Mr. CANNON. I yield.

Mr. PERCY. If the Senator were part of the minority party, he might understand the problems of the minority. I am sure he feels that a Senator is a Senator of the United States and should have adequate backup and support and should not have to be satisfied only with the staff assigned to the subcommittee by the majority.

Mr. CANNON. I am well aware of that, but many staff assignments work out of Senators' offices and not out of the committee at all. This is a fact of life. This has frequently been the case with additional help. Furthermore, when one goes on a committee, he may have been appointed by the majority or by the minority years ago, and the committee does not want to terminate his service. The committee lets him stay on and immediately requests additional staff. The staffs are top heavy, in my judgment. I do not think the taxpayers ought to be required to keep sudsidizing them simply because the majority or minority wants one or two more staff members. Let us cull them down so that they can be used, and used efficiently.

Mr. PERCY. Mr. President, will the Senator yield on that point?

Mr. CANNON. I yield.

Mr. PERCY. It is quite true that there are Members of the Senate who house in their own offices staff members of subcommittees. It is not the desire of the Senate to do so, because no one would want to house in a room that already has 10 people, an additional staff member assigned to a subcommittee staff; but when the minority staff of the Permanent Investigations Subcommittee has 1 room against the majority with 12 rooms, there is no place else other than in the corridors for them to sit. It is not fair to a Senator's staff to have subcommittee staff members work in his office, but it is not by choice that it happens. It is simply that there is no space made available for subcommittee minority staff.

Mr. COOK. Mr. President, first let me say that under the Reorganization Act which this Senate voted for, it says that the minority shall receive fair consideration in annual or supplemental resolutions; 30 to 7 is not a fair consideration from the testimony that is in the Record on this particular point.

Second, I think that I have been around here long enough and have been dealing with financial figures long enough that when I see the Subcommittee on Permanent Investigations turn back $25,082, which they reported to us, I do not see how in a budget that is $1,006,000, that started in January and will be said that all but $25,082 is already committed. I would say that the people who came up with that conclusion have got to be the most miraculous public accountants ever had in the Government of the United States and we ought to have them downtown rather than up here on the Hill.

No one can say how with a budget of $1,006,000 right now that funds are committed and that there will be no surplus at the end of the year. Otherwise, the first column we have here is totally useless.

The point is that we will receive funds back from many committees and subcommittees.

I have no objection to the figure. I wish that we were not taking it up now. I wish that it could be resolved by the chairman and the ranking minority members.

Mr. JACKSON. Mr. President, if the Senator will yield, the figures of $25,000 and $30,000 have been suggested. In the interest of trying to resolve this matter, I would like to split it and ask that the distinguished chairman of the committee accept the figure of $30,000 as an additional item so that the minority will have that amount available in the current budget year starting today.

Mr. CANNON. Mr. President, I would be willing to accept that amendment. I move to reconsider the Senate's action on Senate Resolution 269.

The PRESIDING OFFICER. Without objection, the Senate will reconsider the votes by which the resolution and the committee amendments were agreed to.

Mr. CANNON. Mr. President, I ask unanimous consent that the committee amendments be amended. I send the amendments to the desk.

The PRESIDING OFFICER. The clerk will report the amendments.

The second assistant legislative clerk read as follows:

On page 2, line 14, strike "$2,049,000" and insert "$2,079,000".

On page 2, line 23, strike "$1,006,000" and insert "$1,036,000".

On page 11, line 15, strike "$2,069,000" and insert "$2,099,000".

THE PRESIDING OFFICER. Is there objection to the request of the Senator from Nevada? The Chair hears none, and it is so ordered.

The question is on agreeing to the amendments of the Senator from Nevada to the committee amendments en bloc?

The amendments were agreed to en bloc.

Mr. COOK. Mr. President, may I say for the purpose of clarification of the record so that there will be no question about this and so that there will be a legislative history, that although we have increased the overall budget by that amount, this $30,000 will be attributable to the Permanent Investigations Subcommittee, chaired by the Senator from Washington (Mr. Jackson).

Mr. CANNON. Mr. President, the $30,000 which is an increase in the amendment as modified would then make the budget for permanent investigations $1,036,000.

The PRESIDING OFFICER. Without objection, the committee amendments as amended are agreed to en bloc, and the resolution (S. Res. 269) as amended is agreed to.

S. Res. 269

Resolution authorizing additional expenditures by the Committee on Government Operations for inquiries and investigations

Resolved, That, in holding hearings, reporting such hearings, and making investigations as authorized by sections 134(a) and 136 of the Legislative Reorganization Act of 1946, as amended, in accordance with its jurisdiction under rule XXV of the Standing Rules of the Senate, the Committee on Government Operations, or any subcommittee thereof, is authorized from March 1, 1974, through February 28, 1975, for the purposes stated and within the limitations imposed by the following sections, in its discretion (1) to make expenditures from the contingent fund of the Senate, (2) to employ personnel, and (3) with the prior consent of the Government department or agency concerned and the Committee on Rules and Administration, to use on a reimbursable basis the services of personnel of any such department or agency.

Sec. 2. The Committee on Government Operations is authorized from March 1, 1974, through February 28, 1975, to expend not to exceed $20,000 for the procurement of the services of individual consultants, or organizations thereof (as authorized by section 202(i) of the Legislative Reorganization Act of 1946, as amended).

Sec. 3. The Committee on Government Operations, or any subcommittee thereof, is authorized from March 1, 1974, through February 28, 1975, to expend not to exceed $2,079,000 to examine, investigate, and make a complete study of any and all matters pertaining to each of the subjects set forth below in succeeding sections of this resolution, said funds to be allocated to the respective specific inquiries and the procurement of the services of individual consultants or organizations thereof (as authorized by section 202(i) of the Legislative Reorganization Act of 1946, as amended) in accordance with succeeding sections of this resolution.

Sec. 4. (a) Not to exceed $1,036,000 shall be available for a study or investigation of—

(1) The efficiency and economy of operations of all branches of the Government including the possible existence of fraud, misfeasance, malfeasance, collusion, mismanagement, incompetence, corruption, or unethical practices, waste, extravagance, conflicts of interest, and the improper expenditure of Government funds in transactions, contracts, and activities of the Government or of Government officials and employees and any and all such improper practices between Government personnel and corporations, individuals, companies, or persons affiliated therewith, doing business with the Government; and the compliance or noncompliance of such corporations, companies, or individuals or other entities with the rules, regulations, and laws governing the various

governmental agencies and its relationships with the public: *Provided,* That, in carrying out the duties herein set forth, the inquiries of this committee or any subcommittee thereof shall not be deemed limited to the records, functions, and operations of the particular branch of the Government under inquiry, and may extend to the records and activities of persons, corporations, or other entities dealing with or affecting that particular branch of the Government;

(2) The extent to which criminal or other improper practices or activities are, or have been, engaged in the field of labor-management relations or in groups or organizations of employees or employers, to the detriment of interests of the public, employers, or employees, and to determine whether any changes are required in the laws of the United States in order to protect such interests against the occurrence of such practices or activities;

(3) Syndicated or organized crime which may operate in or otherwise utilize the facilities of interstate or international commerce in furtherance of any transactions which are in violation of the law of the United States or of the State in which the transactions occur, and, if so, the manner and extent to which, and the identity of the persons, firms, or corporations, or other entities by whom such utilization is being made, what facilities, devices, methods, techniques, and technicalities are being used or employed, and whether or not organized crime utilizes such interstate facilities or otherwise operates in interstate commerce for the development of corrupting influences in violation of the law of the United States or the laws of any State, and further, to study and investigate the manner in which and the extent to which persons engaged in organized criminal activities have infiltrated into lawful business enterprise; and to study the adequacy of Federal laws to prevent the operations of organized crime in interstate or international commerce, and to determine whether any changes are required in the laws of the United States in order to protect the public against the occurrences of such practices or activities;

(4) All other aspects of crime and lawlessness within the United States which have an impact upon or affect the national health, welfare, and safety;

(5) Riots, violent disturbances of the peace, vandalism, civil and criminal disorder, insurrection, the commission of crimes in connection therewith, the immediate and longstanding causes, the extent and effects of such occurrences and crimes, and measures necessary for their immediate and long-range prevention and for the preservation of law and order and to insure domestic tranquility within the United States; and

(6) The efficiency and economy of operations of all branches and functions of the Government with particular reference to—

(A) the effectiveness of present national security methods, staffing, and processes as tested against the requirements imposed by the rapidly mounting complexity of national security problems;

(B) the capacity of present national security staffing, methods, and processes to make full use of the Nation's resources of knowledge, talents, and skills;

(C) the adequacy of present intergovernmental relationships between the United States and international organizations principally concerned with national security of which the United States is a member; and

(D) legislative and other proposals to improve these methods, processes, and relationships;

(7) The efficiency, economy, and effectiveness of all agencies and departments of the Government involved in the control and management of energy shortages including, but not limited to, their performance with respect to—

(A) the collection and dissemination of accurate statistics on fuel demand and supply;

(B) the implementation of effective energy conservation measures;

(C) the pricing of energy in all forms;

(D) coordination of energy programs with State and local government;

(E) control of exports of scarce fuels;

(F) the management of tax, import, pricing, and other policies affecting energy supplies;

(G) maintenance of the independent sector of the petroleum industry as a strong competitive force;

(H) the allocation of fuels in short supply by public and private entities;

(I) the management of energy supplies owned or controlled by the Government;

(J) relations with other oil producing and consuming countries;

(K) the monitoring of compliance by governments, corporations, or individuals with the laws and regulations governing the allocation, conservation, or pricing of energy supplies;

(L) research into the discovery and development of alternative energy supplies.

Provided, That, in carrrying out the duties herein set forth, the inquiries of this committee or any subcommittee thereof shall not be deemed limited to the records, functions, and operations of the particular branch of the Government under inquiry, and may extend to the records and activities of persons, corporations, or other entities dealing with or affecting that particular branch of the Government;

of which amount not to exceed $20,000 may be expended for the procurement of the services of individual consultants or organizations thereof.

(b) Nothing contained in this section shall affect or impair the exercise by any other standing committee of the Senate of any power, or the discharge by such committee of any duty, conferred or imposed upon it by the Standing Rules of the Senate or by the Legislative Reorganization Act of 1946, as amended.

(c) For the purpose of this section the committee, or any duly authorized subcommittee thereof, or its chairman, or any other member of the committee or subcommittee designated by the chairman, from March 1, 1974, through February 28, 1975, is authorized, in its, his, or their discretion, (1) to require by subpena or otherwise the attendance of witnesses and production of correspondence, books, papers, and documents, (2) to hold hearings, (3) to sit and act at any time or place during the sessions, recesses, and adjournment periods of the Senate, (4) to administer oaths, and (5) take testimony, either orally or by sworn statement.

SEC. 5. Not to exceed $360,000 shall be available for a study or investigation of intergovernmental relationships between the United States and the States and municipalities, including an evaluation of studies, reports, and recommendations made thereon and submitted to the Congress by the Advisory Commission on Intergovernmental Relations pursuant to the provisions of Public Law 86-380, approved by the President on September 24, 1959, as amended by Public Law 89-733, approved by the President on November 2, 1966; of which amount not to exceed $10,000 may be expended for the procurement of the services of individual consultants or organizations thereof.

SEC. 6. Not to exceed $344,000 shall be available for a study or investigation of the efficiency and economy of operations of all branches and functions of the Government with particular reference to—

(1) the effects of laws enacted to reorganize the executive branch of the Government, and to consider reorganizations proposed therein;

(2) the operations of research and development programs financed by the departments and agencies of the Federal Government, and the review of those programs now being carried out through contracts with higher educational institutions and private organizations, corporations, and individuals in order to bring about Government-wide coordination and elimination of overlapping and duplication of scientific and research activities; and

(3) the adequacy of present intergovernmental relationships between the United States and international organizations, exclusive of those principally concerned with national security, of which the United States is a member;

of which amount not to exceed $30,000 may be expended for the procurement of the services of individual consultants or organizations thereof.

SEC. 7. (a) Not to exceed $189,000 shall be available for a study and investigation of any and all matters pertaining to budget and accounting measures and operations, other than appropriations, including but not limited to—

(1) the formulation of the budget (including supplemental and deficiency appropriations) and its submission and justification to Congress;

(2) the review and authorization of budget obligations and expenditures by the Congress;

(3) the execution and control of such authorized obligations and expenditures;

(4) the accounting, financial reporting, and auditing of all Government expenditures; and

(5) the evaluation of Federal program performance and fiscal information and management capability; of which amount not to exceed $15,000 may be expended for the procurement of the services of individual consultants or organizations thereof.

(b) Such study and investigation shall be limited to budgeting and accounting measures and operations of the Federal Government, and shall not be extended to the operations of any State or local government, any business or other private organization, or any individual, except that information with respect to these parties may be obtained on a voluntary basis.

SEC. 8. Not to exceed $150,000 shall be available for a study or investigation of Government procurement practices (including a review of recommendations submitted to Congress by the Commission on Government Procurement), of which amount not to exceed $15,000 may be expended for the procurement of individual consultants or organizations thereof.

SEC. 9. The committee shall report its findings, together with such recommendations for legislation as it deems advisable with respect to each study or investigation for which expenditure is authorized by this resolution, to the Senate at the earliest practicable date, but not later than February 28, 1975.

SEC. 10. Expenses of the committee under this resolution, which shall not exceed in the aggregate $2,099,000 shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee.

Mr. PERCY. Mr. President, I should like to thank the chairman and the ranking minority member and also thank the Senator from Washington for his support.

I had hoped that by this time the major problem presented to the Committee on Rules and Administration last year could have been resolved. The Senator from Washington has had 1 year as chairman of the subcommittee. Unhappily, we have not been able to resolve the problem. It would still be the hope of the minority that additional money could be found from existing funds for assignment of personnel to the minority.

I thank the members of the Committee on Rules and Administration for the time they have taken to consider this matter.

Mr. CANNON. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. HELMS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

CLOTURE MOTION ON SENATE RESOLUTION 293

Mr. MANSFIELD. Mr. President, under the unanimous-consent agreement agreed to by the Senate on yesterday, I submit a cloture motion and ask that it be stated.

The PRESIDING OFFICER. The cloture motion having been presented under rule XXII, the Chair, without objection, directs the clerk to read the motion.

The legislative clerk read the cloture motion as follows:

Cloture Motion

We, the undersigned Senators, in accordance with the provisions of Rule XXII of the Standing Rules of the Senate, hereby move to bring to a close the debate upon Senate Resolution 293, to disapprove the pay recommendation of the President with respect to rates of pay for Members of Congress.

Mike Mansfield, Quentin Burdick, Frank Church, George D. Aiken, Harold E. Hughes, William Proxmire, Gaylord Nelson, Robert Packwood, Peter H. Dominick, Robert C. Byrd, Henry M. Jackson, James A. McClure, William Roth, Jennings Randolph, Harry F. Byrd, Jr., George McGovern.

Mr. MANSFIELD. Mr. President, in addition to Members of the Congress, the resolution includes the judiciary and the executive branches of the Government as well.

Mr. STEVENS. Mr. President, is that the cloture motion that will be brought to a vote at 11 o'clock on Wednesday?

The PRESIDING OFFICER. That has already been agreed to under a unanimous-consent request. The Chair is further advised that the vote will be on Wednesday.

PROCLAMATION DECLARING ALEKSANDR I. SOLZHENITSYN TO BE AN HONORARY CITIZEN OF THE UNITED STATES

Mr. HELMS. Mr. President, 24 Senators are now supporting Senate Joint Resolution 188, a joint resolution to authorize the President to declare by proclamation Aleksandr I. Solzhenitsyn an honorary citizen of the United States.

I know that many of my colleagues are deeply interested in this action and are giving it careful consideration. Some have raised the point with me that they would be happy to cosponsor this resolution if they knew whether or not Mr. Solzhenitsyn would accept the honor. Some have thought that Mr. Solzhenitsyn might be reluctant to have this action taken when his present position and that of his family has not yet been resolved.

When I introduced this proposal, my view was that the passage of the resolution would only serve to strengthen his position, and keep pressure upon the Soviet Union to ease its totalitarian restrictions on freedom of thought, freedom of publication, and freedom of travel. On the other hand, honorary citizenship would impose no obligations on Mr. Solzhenitsyn, and not prejudice his status.

I wish to announce today that I have been in extended discussions with Mr. Solzhenitsyn through his lawyer, Dr. Fritz Heeb, of Zurich, to explain the proposal. This morning, Dr. Heeb called me from Zurich, after thorough discussion of the problem with Mr. Solzhenitsyn, and told me that Mr. Solzhenitsyn thinks that this action is right. He will be pleased to accept the U.S. honorary citizenship if it is extended to him.

Mr. President, this development should clear away any remaining doubts about the wisdom of this action. Mr. Solzhenitsyn stands as one of the great symbols of freedom in our time. His courage and his tenacity have proved that the voice of one man speaking the truth is a greater weapon against totalitarian oppression than whole armies brought to the field. Mr. Solzhenitsyn's strength of purpose transcends the distinctions of party and political philosophy in this country; all Americans can join to do him honor. I once more renew my call for cosponsors for Senate Joint Resolution 188.

PROGRAM

Mr. ROBERT C. BYRD. Mr. President, the Senate will convene on Monday next at the hour of 11 a.m.

After the two leaders or their designees have been recognized under the standing order, there will then be a period for the transaction of routine morning business not to extend beyond the hour of 11:30 a.m. with statements limited therein to 5 minutes.

At the conclusion of the routine morning business, the Senate will proceed to the consideration of the President's pay recommendations. There is a time limitation on an amendment by the Senator from Wyoming (Mr. McGEE) and on an amendment by the Senator from Hawaii (Mr. FONG), with a vote to occur on the amendment at the hour of 3:30 p.m.

Immediately following the disposition of the Fong amendment, the Senate will vote on the McGee amendment, after which it is my understanding that the Senator from Idaho (Mr. CHURCH) and the Senator from Colorado (Mr. DOMINICK) will be prepared to offer a substitute.

So, in summation, Mr. President, there will be yea-and-nay votes on Monday.

ADJOURNMENT UNTIL MONDAY AT 11 A.M.

Mr. ROBERT C. BYRD. Mr. President, if there be no further business to come before the Senate, I move, in accordance with the previous order, that the Senate stand in adjournment until the hour of 11 a.m. on Monday next.

The motion was agreed to; and, at 2:50 p.m., the Senate adjourned until Monday, March 4, 1974, at 11 a.m.

NOMINATION

Executive nomination received by the Senate March 1, 1974:

Department of Labor

Abraham Weiss, of Maryland, to be an Assistant Secretary of Labor, vice Michael H. Moskow.

CONFIRMATIONS

Executive nominations confirmed by the Senate March 1, 1974:

Department of State

William S. Mailliard, of California, to be the Permanent Representative of the United States of America to the Organization of American States, with the rank of Ambassador.

Department of Justice

W. Vincent Rakestraw, of Ohio, to be assistant attorney general.

Stanley G. Pitkin, of Washington, to be U.S. attorney for the western district of Washington for the term of 4 years.

Sidney I. Lezak, of Oregon, to the U.S. attorney for the district of Oregon for the term of 4 years.

Robert E. Johnson, of Arkansas, to be U.S. attorney for the western district of Arkansas for the term of 4 years.

Harry Connolly, of Oklahoma, to be U.S. marshal for the northern district of Oklahoma for the term of 4 years.

Robert D. Olson, Sr., of Alaska, to be U.S. marshal for the district of Alaska for the term of 4 years.

Emmett E. Shelby, of Florida, to be U.S. marshal for the northern district of Florida for the term of 4 years.

(The above nominations were approved subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

The Judiciary

Richard P. Matsch, of Colorado, to be U.S. district judge for the district of Colorado.

Joseph L. McGlynn, Jr., of Pennsylvania, to be U.S. district judge for the eastern district of Pennsylvania.

Thomas C. Platt, Jr., of New York, to be U.S. district judge for the eastern district of New York.

Robert Firth, of California, to be a U.S. district judge for the central district of California.

In the Air Force

The following officer to be placed on the retired list in the grade indicated under the provisions of section 8962, title 10 of the United States Code:

To be lieutenant general

Lt. Gen. Robert E. Pursley, [redacted] FR (colonel, Regular Air Force) U.S. Air Force.

EXTENSIONS OF REMARKS

FEDERAL LEGISLATION NEEDED TO STOP BUSING

HON. ROBERT P. GRIFFIN

OF MICHIGAN

IN THE SENATE OF THE UNITED STATES

Friday, March 1, 1974

Mr. GRIFFIN. Mr. President, recently the Constitutional Rights Subcommittee of the Senate Judiciary Committee, chaired by Senator ERVIN, held hearings on several bills which have been introduced to end forced busing of schoolchildren based on race.

Other members of Senator ERVIN's subcommittee include Senators MCCLELLAN, KENNEDY, BAYH, ROBERT C. BYRD, TUNNEY, GURNEY, HRUSKA, FONG, and THURMOND.

As I indicated in a statement presented to the subcommittee, if Congress were to enact a bill such as S. 179, which I have introduced, the Supreme Court would find it much easier to reach a favorable decision in the now pending Detroit Busing case—a decision reversing the sweeping order of the district court.

I ask unanimous consent that a copy of my statement to the subcommittee be printed in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT OF U.S. SENATOR ROBERT P. GRIFFIN

Mr. Chairman:

Thank you for the opportunity to present my views with respect to the several bills referred to this Committee (S. 179, S. 287, S. 619 and S. 1737) which seek to legislate an end to forced busing. As you know, I am the principal sponsor of S. 179, which is similar to a bill I first introduced during the 92nd Congress.

At the outset, I wish to associate myself generally with remarks made by the Chairman at the opening of these hearings. In particular, I share the Chairman's hope that the testimony taken during the course of these hearings will help the Congress to understand more clearly the urgent need for legislation which will truly insure "equal protection of the law" for America's school children.

I am not wedded only to the particular language of my own bill. I see some merit in each of the other measures that the Committee has under consideration.

Most important, after careful study, I believe Congress can, and should, bring an end through legislation to the arbitrary exercise of unfettered judicial discretion which has resulted in so much senseless busing based on race. Enactment of such legislation should be one of the most important objectives during this 2nd Session of the 93rd Congress.

My position is—and consistently has been—for equal rights and against discrimination. During my 18 years of service in Congress, I have had the opportunity to vote for every civil rights bill that has become law since Reconstruction Days following the Civil War.

As one who is keenly interested in making more and swifter progress toward the goal of a society without racial discrimination, I am deeply concerned that the tool of forced busing is counter-productive and is actually working against the very objective it is supposed to advance. Instead of helping in the effort to promote better race relations, it is resulting in more bitterness and more polarization.

The people of my own State of Michigan are almost unanimous in their opposition to court-ordered forced busing based on race. They are unanimous in their support of the goal of quality education for all children. But they are convinced that forced busing does more harm than good in the effort to achieve that goal.

Next week the Supreme Court will hear oral arguments in the Detroit busing case. For several years now, the people in that area have been living under the threat of a Federal judge's order which would force busing across the boundary lines of fifty-three different school districts in the metropolitan Detroit area.

It is hoped, of course, that the Supreme Court will refuse to uphold the extreme and far-reaching order of the district court. But an important point, so far as these hearings are concerned, is that the Supreme Court would find it much easier to reach that result if there were legislation—such as that under consideration—on the statute books.

The statutory proposal I have introduced as S. 179 provides in essence that

"No court . . . shall have jurisdiction to . . . issue any order . . . to require that pupils be transported to or from school on the basis of their race, color, religion or national origin."

I submit that there is solid precedent for the statutory approach embodied in S. 179.

Article III of the Constitution clearly gives Congress power to determine the jurisdiction of lower federal courts and, except in certain cases, the jurisdiction of the Supreme Court as well.

At an earlier point in our history, when Congress concluded that federal courts were abusing their power to issue anti-union injunctions in labor disputes, the Norris-LaGuardia Act was passed.

Of course, the Norris-LaGuardia Act does not deprive federal courts of all jurisdiction to deal with labor cases. It merely withdraws or limits court jurisdiction to employ one particular remedy—the injunction—which, in the opinion of Congress, was being abused. All other remedies otherwise available continue to be available to the courts in labor dispute cases.

In 1868, Congress even went so far as to withdraw jurisdiction from the Supreme Court to review writs of habeas corpus. This far-reaching exercise by Congress of its constitutional power to restrict jurisdiction was upheld by the Supreme Court in *Ex parte McCardle.*

It should be obvious that if the statutory approach I have proposed were enacted into law, federal courts would still be left with an abundance of reasonable tools and remedies to deal with situations of racial discrimination.

Only one remedy—busing—would not be available, the Congress having determined that it is unduly burdensome and unreasonable as a matter of public policy.

In final analysis, the statutory approach embodied in S. 179 is not only constitutional but, of course, it can be more readily enacted than could a Constitutional Amendment to curb busing.

In addition, this approach would provide the Supreme Court with a convenient, face-saving way out of a very difficult situation which it has itself created. By merely adhering to established precedents, the Court could get off the busing hook and find its way back to the solid, sensible ground staked out in Brown vs. Board of Education: that government at all levels should be color-blind.

I urge that the Committee move toward that goal by reporting favorably S. 179 to limit federal court jurisdiction with respect to busing.

VOICE OF DEMOCRACY

HON. JOHN J. RHODES

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 28, 1974

Mr. RHODES. Mr. Speaker, one of the finest programs of Americanism is the annual Voice of Democracy Contest, participated in by a half-million American young people. This year's theme is especially appropriate—"My Responsibility as a Citizen"—and could well be a thoughtful consideration for many adults across the land.

I congratulate the Veterans of Foreign Wars for conducting this worthy program to create interest in the obligations of citizenship.

I congratulate the winner from Arizona, who, I am proud to say, comes from my district. Greg Plumb, 16, is an 11th grader at Camelback High School, and is chairman of the judicial council in the student government.

Greg's prize-winning script follows. I hope that many of my colleagues will take time to read it and take pride in knowing that our young people are studying our Constitution and our institutions, thus preparing themselves to assume leadership roles in the future.

Text of Greg Plumb's broadcast script is as follows:

MY RESPONSIBILITY AS A CITIZEN

(By Greg Plumb)

This year, the high school I attend instituted a pilot program in independent study. 100 students were allowed to enter the program to explore a particular study area of their choice, based upon personal interests and convictions. Immediately after I had been accepted into the seminar, I had decided upon my project. Because I believe that one of the first responsibilities I hold as a citizen is to understand the foundations of our democracy, I chose a study of our Constitution as my project. This study has proved to be one of the most rewarding educational experiences of my life. Through it, I have realized that My Responsibility as a Citizen reaches far beyond what I had imagined.

The first thought that enters one's mind when he hears the word "citizenship" may be his responsibility to vote. For centuries men have fought and died that the rights we now enjoy might be ours, and this heritage is entrusted in the hands of every voter. Of no less importance with regard to citizenship is the understanding of democratic principles. An enlightened citizen should have a healthy knowledge of our important institutions, for this is the only way in which he can intelligently defend them. Other duties that immediately come to mind may be serving on a jury, or serving in the armed forces. These are all specific tasks that certainly cannot be neglected if I am to count myself a good citizen. Even before I entered into my study of the Constitution, I realized the importance of each of these duties. But, as my work progressed, I realized a much deeper, unwritten, implied commitment. My Responsibility as a Citizen has a profound relationship to my life as a whole.

Citizenship and the exercise of my civic duties cannot be separated from the rest of life. My aspirations, hopes, interests, and ideals influence the performance of my civic duties. If my life is rich and full, my citizenship will reflect that fullness. If, in relations with family and neighbors, I hold a spirit of goodwill and helpfulness, that will be my contribution toward a moral community atmosphere. If I am a good workman with a sense of joy and perfection in my daily tasks, I will learn to take pride in my accomplishments, the accomplishments of those around me, and in the achievements of the United States. But if I am dishonest in my thinking, indifferent to the well-being of others, these characteristics will degrade the community. In short, the quality of American life can rise no higher than the intelligence, purpose, and conscience of the individual citizen.

I have drawn up the following set of goals that I might be worthy of the great gift of citizenship that I have been granted:

May I, as a sovereign citizen, carry proudly upon my shoulders the innumerable responsibilities for self-government, ever mindful of my priceless, hard-won heritage.

May I willingly accept my citizenship as a trusteeship for this government, matching every liberty with corresponding duties.

May I realize that all human institutions must be born anew in the hearts and minds of each generation.

And may I build into my life the best that mankind has thought or dreamed throughout the ages, knowing that a meaningful and moral life is the foundation for meaningful and moral citizenship.

If I am able to say that these goals have been fulfilled to the best of my ability, then my responsibility as a citizen has been well fulfilled.

ESTONIA CELEBRATES ANOTHER BITTERSWEET ANNIVERSARY

HON. GLENN M. ANDERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 28, 1974

Mr. ANDERSON of California. Mr. Speaker, this past week marked the 56th anniversary since the Republic of Estonia successfully achieved its independence from the Soviet Union.

Unfortunately, this will not be a day of celebration, but rather it will serve as a reminder of the plight of the nearly million and a half people enslaved behind the Iron Curtain.

Estonia declared its independence on February 24, 1918, after years of Russian domination. Despite the valor of these courageous people, they were able to preserve their freedom for only two decades. On August 6, 1940, this tiny Baltic State was absorbed into the Soviet Empire.

Mr. Speaker, it is a credit to the people of the United States that we have refused to recognize this subjugation by the Soviet Union. As a leader of liberty in the Free World, the United States must continue to support the Estonians in their struggle for independence.

On the occasion of this bittersweet celebration, may we in the free world express aloud and openly the hopes of Estonians for a happy future for their nation by recalling the hymnic chorus of the Estonian ballet, "Kalev's Son":

KALEV'S SON

But the day will dawn before us
When the torches in all houses
Flicker up and flame in both ends—
Kalev then home to his children
Reappears to make them happy
And reshape the Estonians' fortune.

WATERGATE INDICTMENTS, CONVICTIONS, GUILTY PLEAS

HON. ANDREW YOUNG

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 28, 1974

Mr. YOUNG of Georgia. Mr. Speaker, some people maintain that there are no valid grounds for the House Committee on the Judiciary to proceed with the present impeachment inquiry.

For the RECORD, I submit a listing of the persons and corporations already indicted or convicted or pleading guilty in Watergate-related matters.

Today, the Watergate grand jury indicted seven: H. R. Haldeman, former assistant to the President and chief of the White House staff; John Ehrlichman, former assistant to the President for domestic affairs; former Attorney General John N. Mitchell; Charles W. Colson, former special counsel to the President; Robert C. Maridan, former Assistant Attorney General; Gordon C. Strachan, former aide to H. R. Haldeman; and Kenneth W. Parkinson, former attorney for the Committee for the Re-Election of the President and the Finance Committee to Re-Elect the President.

The 31 individuals and the 9 corporations previously linked to Watergate by indictments or convictions or guilty pleas are listed in the following article in the March 1 Washington Star-News:

[From the Washington Star-News,
Mar. 1, 1974]

THIRTY-ONE PERSONS, 9 FIRMS ALREADY LINKED TO WATERGATE

Prior to today's indictments, 31 persons and nine corporations had been indicted or convicted or had pleaded guilty in Watergate-related matters. Here is the record:

BREAK-IN

Indictment charging seven persons returned Sept. 15, 1972.

E. Howard Hunt Jr. Former CIA agent, White House consultant, member of the White House "plumbers." Pleaded guilty Jan. 11, 1973. Sentenced Nov. 9 to 30 months-8 years in prison, fined $10,000. Sought to withdraw plea, motion denied. Free pending appeal.

G. Gordon Liddy. Former White House aide and "plumber," former counsel to Committee for the Reelection of the President. Convicted Jan. 30, 1973. Sentenced March 23 to 80 months-20 years in prison fined $40,000. Cited for contempt April 3 for refusing to testify before Watergate grand jury, serving sentence up to termination of grand jury or 18 months in addition to conviction sentence. Under indictment in California in connection with burglary of Daniel Ellsberg's psychiatrist's office, in prison on Terminal Island, Calif., awaiting trial. Appealing both conviction and contempt citation.

James W. McCord Jr. Former FBI and CIA agent, former security coordinator for Nixon re-election committee. Convicted Jan. 30, 1973. Sentenced Nov. 9 to 1–5 years in prison. Free pending appeal of conviction.

Bernard L. Barker. Former CIA operative, Cuban refugee, Miami real estate broker. Pleaded guilty Jan. 15, 1973. Sentenced Nov. 9 to 18 months-6 years in prison. Moved to withdraw plea, motion denied. Free pending appeal.

Frank A. Sturgis. Former CIA operative, sympathizer with anti-Castro movement. Pleaded guilty Jan. 15, 1973. Sentenced Nov. 9 to 1–4 years in prison. Scheduled for parole March 7, but free pending appeal on motion to withdraw plea.

Virgilio R. Gonzalez. Cuban refugee, former CIA operative, Miami locksmith. Pleaded guilty Jan. 15, 1973. Sentenced Nov. 9 to 1-4 years in prison. Due for parole March 7, but free pending appeal on motion to withdraw plea.

Eugenio R. Martinez. Cuban refugee, former CIA operative, Miami real estate salesman. Pleaded guilty Jan. 15, 1973. Sentenced Nov. 9 to 1-4 years in prison. Due for parole March 7, but free pending appeal on motion to withdraw plea.

COVER-UP

Frederick C. LaRue. Former White House and Nixon re-election aide, Mississippi businessman. Pleaded guilty June 27, 1973, to one count of conspiracy to obstruct justice. Free pending sentencing.

Jeb Stuart Magruder. Former White House aide and deputy director of Nixon re-election committee, former cosmetics salesman, now runs marketing consulting firm. Pleaded guilty Aug. 16, 1973, to one count of conspiracy to obstruct justice and defraud the U.S. in connection with both bugging plot and cover-up. Free pending sentencing.

John W. Dean III. Former Justice Department aide and White House counsel. Pleaded guilty Oct. 19, 1973, to one count of conspiracy to obstruct justice and defraud the U.S. Free pending sentencing.

Herbert L. (Bart) Porter. Former scheduling director for Nixon re-election committee. Pleaded guilty Jan. 28, 1974, to one count of making false statements to the FBI, in connection with the cover-up. Free pending sentencing.

ELLSBERG BURGLARY

California county grand jury returned indictment Sept. 4, 1973, in connection with Sept. 3, 1971, burglary of Beverly Hills office of Dr. Lewis J. Fielding, former psychiatrist of Pentagon Papers figure Daniel Ellsberg. Trial set to begin April 15.

John D. Ehrlichman. Former assistant to President Nixon for domestic affairs, had overall supervision of the "plumbers." Charged with conspiracy, burglary and perjury. Pleaded not guilty.

David R. Young Jr. Former White House aide, National Security Council aide and member of the "plumbers." Charged with conspiracy and burglary. Pleaded not guilty.

G. Gordon Liddy. Charged with conspiracy and burglary. Pleaded not guilty.

Egil (Bud) Krogh Jr. Former head of the White House "plumbers." Charged with conspiracy and burglary in California indictment. Pleaded not guilty. Subsequently charged here Oct. 11 with two federal counts of making false declarations to a Watergate grand jury in relation to Ellsberg case. Allowed to plead guilty Nov. 30 to one federal count of conspiracy to violate the rights of a citizen (Dr. Fielding), disposing of other federal charge. California charge subsequently dropped. Sentenced Jan. 24 to six months in prison, two years unsurpervised probation.

DIRTY TRICKS

Donald H. Segretti. Hired by White House aides to harass Democratic presidential candidates during 1972 campaign. Indicted May 4, 1973, by federal grand jury in Florida on charges of distributing illegal campaign literature. Pleaded guilty Oct. 1 to three counts. Sentenced Nov. 6 to six months in prison.

George Hearing. Indicted with Segretti in Florida on charges of distributing illegal campaign literature. Pleaded guilty, sentenced to one year in prison.

Dwight L. Chapin. Former appointments secretary to President Nixon. Indicted Nov. 29, 1973, on four counts of making false declarations to a Watergate grand jury about his relationship with Segretti. Pleaded not guilty. Trial due to begin here April 1.

VESCO CASE

Indictment returned May 10, 1973, by federal grand jury in New York City on charges arising from cash donation of $200,000 to Nixon re-election campaign by financier Robert L. Vesco. Trial began Feb. 19.

John N. Mitchell. Former U.S. attorney general, former director of Nixon re-election campaign. Charged with conspiracy to obstruct justice, attempted obstruction of justice, false declarations to a grand jury. Pleaded not guilty.

Maurice H. Stans. Longtime Nixon associate, former Commerce Secretary, finance chairman of re-election campaign. Charged with conspiracy to obstruct justice, attemped obstruction of justice, false declarations to a grand jury. Pleaded not guilty.

Robert L. Vesco. Financier, former head of IOS overseas mutual fund operation. Charged with conspiracy to obstruct justice, attempted obstruction of justice. Has remained outside the U.S. to avoid prosecution, and has successfully resisted extradition.

Harry L. Sears. Lawyer, former New Jersey state senator, New Jersey fund-raiser for Nixon re-election campaign. Charged with conspiracy to obstruct justice and attempted obstruction of justice. Pleaded not guilty. Trial to be held separately from that of Mitchell and Stans.

CAMPAIGN FUNDS

All contributions were to 1972 Nixon re-election campaign unless otherwise noted.

Herbert L. Kalmbach. Personal attorney to President Nixon, former Nixon fund-raiser and White House aide. Pleaded guilty Feb. 25, 1974, to one count of participating in an illegal political committee and illegally accepting contributions, one count of promising benefit in return for a campaign contribution. Free pending sentencing.

Jake Jacobsen. Former assistant to President Lyndon B. Johnson, Texas bank director, lawyer and lobbyist for milk producers industry. Indicted Feb. 21, 1974, on one count of making false declaration to a Watergate grand jury in connection with investigation of milk producers' contributions to 1972 Nixon reelection campaign. Arraignment set March 1.

Harry Heltzer, chairman of the board, Minnesota Mining and Manufacturing Co. Pleaded guilty Oct. 17, 1973, to making an illegal campaign contribution. Fined $500. 3M company pleaded guilty same day to same charge, fined $3,000.

Russell DeYoung, chairman of the board, Goodyear Tire and Rubber Co. Pleaded guilty Oct. 17, 1973, to making illegal contribution. Fined $1,000. Goodyear company pleaded guilty same day to same charged, fined $5,000.

Harding L. Lawrence, chairman of the board, Braniff Airways. Pleaded guilty Nov. 13, 1973, to making illegal contribution. Fined $1,000. Braniff pleaded guilty Nov. 13 to same charge, fined $5,000.

Claude C. Wild Jr., vice president, Gulf Oil Corp. Pleaded guilty Nov. 13, 1973, to making illegal contribution. Fined $1,000. Gulf company pleaded guilty same day to same charge, fined $5,000.

Orin E. Atkins, chairman of the board, Ashland Oil, Inc. Pleaded no contest Nov. 13, 1973, to making illegal contribution. Fined $1,000. Ashland Petroleum Gabon, Inc., pleaded guilty same day to same charge, fined $5,000.

William W. Keeler, chairman of the board, Phillips Petroleum Co. Pleaded guilty Dec. 4, 1973, to making illegal contribution. Fined $1,000. Phillips company pleaded guilty same day to same charge, fined $5,000.

H. Everett Olson, chairman of the board, Carnation Co. Pleaded guilty Dec. 19, 1973, to making illegal contribution. Fined $1,000. Carnation company pleaded guilty same day to same charge, fined $5,000.

American Airlines. Pleaded guilty Oct. 17, 1973, to making illegal contribution. Fined $5,000.

Dwayne O. Andreas, chairman of the board, First Interoceanic Corp. Charged Oct. 19, 1973, with four counts of making illegal contributions in 1968 to campaign of Democratic presidential candidate Hubert H. Humphrey. Has pleaded not guilty. First Interoceanic charged same day with same counts, pleaded not guilty. Trial pending in Minneapolis.

CASE FOR A FEDERAL OIL AND GAS CORPORATION—NO. 3

HON. MICHAEL HARRINGTON

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 28, 1974

Mr. HARRINGTON. Mr. Speaker, in order for the Government to determine what action must be taken to relieve the present energy situation, we must first gain a specific understanding of the operations of the petroleum industry.

By and large, the industry's own figures—unverified by independent audit—are the only ones presently available to guide Federal energy policy decisions. My colleague, Mr. DINGELL, expressed the opinion, based on information gathered during hearings of his Small Business Subcommittee, that Federal energy policymakers operate in a "total vacuum" of energy data and have "completely delegated their responsibility to the industry."

For example, the U.S. Geological Survey, an agency responsible for collecting data on energy reserves on Federal lands and the Outer Continental Shelf, relies upon the annual studies of the American Petroleum Institute and the American Gas Association for all oil and gas reserve information. The API and AGA are trade associations comprised of the oil and gas companies themselves. This reliance for information on the corporations holding the leases on Federal lands can hardly be expected to produce unbiased data.

The Federal Energy Office has recently begun to cross-check the API's estimates. For the week ending January 18, crude oil inventories had been reported by the API to have dropped 8.6 million barrels, suggesting a serious shortage, while the FEO reported a decline of only 0.8 million barrels over that same period. The Customs Bureau, in compiling figures on petroleum imports, arrived at totals differing from those reported by API by 12 million barrels in September, 24 million barrels in November, and 8 million in December. These discrepancies give rise to serious questions of credibility, increase the problems of comprehending energy data, and suggest that if action is not taken, the public will continue to deal ineffectively with our energy problems.

I have introduced legislation which would allow the Government to entry directly into the producing sector of the petroleum industry. By becoming an integral part of this industry, and competing directly with the oil firms, the Federal Oil and Gas Corporation would yield invaluable insights on how the petroleum industry functions. The Government would also be able to better verify legitimate costs of production—another area about which we know very little. We would also be better able to estimate the actual extent of petroleum reserves in areas where the Corporation would operate.

To offer a specific instance where additional knowledge is needed presently, the API collects the only available information concerning the Nation's "proven reserves." Yet the definition of this term is the amount of crude oil in a reservoir recoverable "under existing economic and operating conditions." Crucial to understanding the amount of oil reserves actually available is the definition of those "conditions." They change with price levels and technological developments, and the only way in which we can keep abreast of this pertinent information is by being directly involved in the processes of the petroleum production.

This Federal Oil and Gas Corporation bill provides for comprehensive and detailed reports of the firm's actions, operations, and accomplishments, including a statement of receipts and expenditures, to be disclosed on a regular basis to the Congress, the President, and agencies and departments of the executive branch. In addition, the bill provides that all information concerning the Corporation shall be made available to the public at any time. Energy Administrator Simon has expressed that "public disclosure is a central issue" in initiating energy legislation.

It is my belief that if the Federal Oil and Gas Corporation made this information available to the Government and the public, the private corporations would be under increased pressure to do likewise. Many of the excuses now offered by the private corporations for not turning over this information relate to the need for keeping trade secrets confidential and for maintaining national security. It is my guess that the operation of the Oil and Gas Corporation would reveal many of these explanations to be poorly founded.

In supplying the Government with data concerning the industry, the FOGC should work in cooperation with a Government energy data collecting agency. Together, those entities could yield us the knowledge needed to reinstitute a competitive market system in the petroleum industry.

LIBRARY OF CONGRESS STUDY ON ACCELERATED DEPRECIATION FOR REAL ESTATE SHOWS CONGRESSIONAL "INADVERTENCE"

HON. CHARLES A. VANIK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 28, 1974

Mr. VANIK. Mr. Speaker, several weeks ago, I requested the Library of Congress to provide me with a legislative history of the rapid depreciation provision relating to buildings.

I would like to enter a copy of this study in the RECORD at this point. As the study indicates, the provision was added without any real thought or study. It is a significant tax loophole. It is time that we study the effects of this tax provision and make necessary changes.

The study follows:

[From the Library of Congress Congressional Research Service]

STUDY OF LEGISLATIVE HISTORY OF THE RAPID DEPRECIATION PROVISION

(By Marion Schlefer, Analyst in Housing and Urban Affairs

Subject: Indications in the legislative history of the rapid depreciation provision enacted in 1954 (Sec. 167 of the Internal Revenue Code of 1954) which might suggest that rental housing was "accidentally" included among the categories of allowable depreciable assets.[1]

The following memorandum includes a brief history of depreciation provisions prior to 1946, and reviews changes in 1946 and the attitude of the Internal Revenue Service toward the 1946 rapid depreciation provision, the hearings held prior to recodification of the Internal Revenue Code in 1954, the relevant committee reports, and finally, concludes with a quotation from a speech given by a Treasury official in 1968 expressing a different point of view.

The sixteenth Amendment to the Constitution provided Congress with the power to impose a Federal income tax without apportionment among the States and without regard to population. Such a tax was subsequently imposed after the ratification of the Amendment by the Revenue Act of 1913. The law allowed a reasonable allowance for depreciation by use, exhaustion, wear and tear of property used in the course of trade or business, and with minor differences of application between corporate net income.

From 1913 to 1934 the taxpayer was generally allowed to determine the "useful life" of his asset for purposes of depreciation. IRS rarely challenged these findings. The Bureau approved the straightline method of depreciation as opposed to declining balance or other accelerated methods of depreciation. Under straight line depreciation, undepreciated balances are charged off as an expense at the time of retirement. Originally, references to obsolescence were included in IRS regulations rather than the law but normal obsolescence was incorporated in the law as a factor to be considered in determining depreciation in 1918. Normal obsolescence was to be considered in determining useful life; whereas, extraordinary obsolescence would be reflected at the time of the retirement of the asset. In 1931 the Bureau of Internal Revenue specified probable useful lives for 2,700 industrial assets. Later in 1942 it increased that number to include useful lives for about 5,000 different allowable tangible depreciable assets. The Treasury Decision 4422 published in 1934 shifted the burden of proof as to the reasonableness of the depreciation deduction to the taxpayer. Subsequent hearings before the Ways and Means Committee and the Senate Finance Committee indicated that this shift was considered a burden by the taxpayer.[2] After 1934 taxpayers tended to follow the lines prescribed by the IRS Bulletin "F" as to useful lives for assets.

In 1946 the first major change in IRS policy favoring straight line depreciation occurred when the Service allowed the use of 150 percent declining balance. A citation in the IRS Cumulative Bulletin of 1946 interprets the use of the 150 percent declining balance as follows:

INCOME: LOSSES BY INDIVIDUALS

SECTION 29.23(e)-1: Losses by individuals.

INTERNAL REVENUE CODE

Contribution of military compensation and allowances by a serviceman to a partnership. (See I. T. 3824, page 37.)

SECTION 23(1).—DEDUCTIONS FROM GROSS INCOME: DEPRECIATION

SECTION 29.23(1)-5: Method of computing depreciation allowance. (1946-19-12400 I. T. 3818.)

(Also Section 41, Section 29.41-2.)

INTERNAL REVENUE CODE AND REVENUE ACT OF 1926

Use of the declining balance method of computing depreciation for Federal income tax purposes.

Reconsideration has been given to I. T. 2369 (C.B. VI-2, 63 (1927)), which holds (syllabus) that the Bureau will neither approve nor disapprove the use of the declining balance method of computing depreciation in advance of the audit of taxpayer's return.

The Bureau now holds that the use of the declining balance method of computing depreciation will be approved, for Federal income tax purposes, provided it accords with the method of accounting regularly employed in keeping the books of the taxpayer and results in reasonable depreciation allowances and proper reflection of net income for the taxable year or years involved.

It is held further that the declining balance method and other methods of computing depreciation are methods of accounting for a change in the use of which, for Federal income tax purposes, the Commissioner's consent must first be obtained as prescribed in section 29.41-2 of Regulations 111.

I. T. 2369, supra, is hereby modified in so far as it holds that the Bureau will neither approve nor disapprove the use of the declining balance method of computing depreciation in advance of the audit of a taxpayer's return.[3]

The language in this regulation governing the method of computing depreciation allowance states that the use of the declining balance method of computing depreciation will be approved, "provided that it accords with the method of accounting regularly employed in keeping the books of the taxpayer and results in reasonable depreciation allowances and proper reflection of new income for the taxable year or years involved." The language suggests that some restraint was expected in computing depreciation allowances and raises the question for owners of rental properties of whether, in fact, depreciation calculations relate to actual accounting assumptions concerning depreciation and also whether depreciation allowances result in reasonable deductions in relation to net income for the taxable year or years involved.

The 150 percent declining balance rule was permitted prior to the enactment of the 1954 changes in tax law which were incorporated into the Recodification of the Internal Revenue Code in that year. The House hearings on general revenue code revision took place in July and August of 1953.[4] A substantial amount of testimony was presented on the subject of depreciation. However, this testimony related to the depreciation of machinery and equipment. George Terborgh, Research Director for Machinery and Allied Products Institute, argued that for the 150 percent declining balance to be attractive as an alternative to a straight-line write off, it would have to be increased to a double declining balance except for those taxpayers planning to dispose of assets during the early years of the asset's life. At a double declining rate Mr. Terborgh argued two-thirds of the cost of the asset would be written off in the first one-half of its life—this pattern would conform to the standards set forth for depreciation of machines or equipment by Mr. Terborgh. Mr. Terborgh did not discuss rental property per se. Another witness, Maurice G. Paul, Jr., Chairman, Tax Policy Committee of the Philco Corporation argued along the same lines for a more flexible depreciation policy, a return to the policy of the period prior to Treasury Decision No. 4422.

Rental housing had been included among depreciable assets prior to 1954. However, the discussion during the hearings did not concern the differences between rental housing as a depreciable asset and machinery and equipment as depreciable assets. The curves developed for depreciation were developed from data on machinery and equipment. Rental housing was only incidentally mentioned and then in connection with giving home owners the right to depreciate the expenses of investment in homes in order to offset the increasing burden of the property tax.

Nevertheless, the House Committee Report dated March 9, 1954 specifically includes rental housing as one of the tangible depreciable assets.[5]

The House Report recommended that liberalized depreciation allowances be limited to "property now in use and therefore never before subject to depreciation allowances." Discussion of committee recommendations in favor of the double declining balance method of depreciation of new assets acknowledges the problems in time and resources consumed by both the taxpayer and the IRS over determination of life of assets which had been prevalent since the 1934 Treasury Decision 4422. Granting that determination of the life of the asset as well as of allocation of depreciation allowance are both matters of judgment, the committee states:

In many cases present allowances for depreciation are not in accord with economic reality, particularly when it is considered that adequate depreciation must take account of the factor of obsolescence. The average machine or automotive unit actually depreciates considerably more and contributes more to income in its early years of use than it does in the years immediately preceding its retirement.[6]

Fearing that the then existing system constituted a barrier to investment, particularly with respect to risky commitments in fixed assets, the committee bill recommended liberalized depreciation. The Committee stressed its belief that the new method would result in the timing of allowances more in accord with the "actual pattern of loss of economic usefulness".

Senate Hearings followed in April of 1954.[7] Walter Reuther testifying before the Senate for the Congress of Industrial Organizations opposed unlike other witnesses the idea that the liberalized depreciation allowances are the "best means of stimulating growth in the economy". In discussing the specific depreciation provisions Mr. Reuther stated, "That [the idea that] investments will be stimulated by tax concessions on depreciation is a peculiar notion. The theory seems to ignore the fact that investment in new plant and equipment during the postwar period, except for a brief sag in 1949-50, established new peaks year after year . . . Liberal-

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Footnotes at end of article.

ized depreciation provisions will not help stimulate the economy, will not help maintain job opportunities, will not create new jobs, . . . Business is not going to invest in new plant and equipment if the demand for products that existing plant and equipment can produce is inadequate."[8] As was the case during the House hearings, Mr. Reuther's whole argument centers on plant and equipment rather than rental property.

The depreciation provision raised much more interest during the Senate hearings than had been the case before the House. The majority of witnesses considered the provision in terms primarily of machinery and equipment. However, Mr. John C. Williamson, representative of the National Association of Real Estate Boards, presented a detailed statement relating specifically to rental housing.[9] He praised the proposed changes in tax depreciation methods which would both liberalize the useful life concept and the method of allocating depreciable cost, but pointed out that the exception of used real estate from these proposals was "unfortunate and fails to take fully into account the particular character of real estate, which over the period of its long useful life changes hands several times, and the continual necessity for maintenance of the property over its useful life by its successive owners—a degree of maintenance which is not comparable to that of machinery and equipment because of the latter's much shorter life." [10] The witness pointed to the large percentage—at least 80—of the then existing income properties which were acquired as used properties.

Because Mr. Williamson was the lone witness to discuss rental housing and the depreciation provision at length, his testimony is of particular interest. In addition to his recommendation that the depreciation allowance provisions be allowed for used rental housing, he also proposed liberalized depreciation methods as an aid to slum clearance, namely, that within urban renewal areas, during a limited period of time, deduction for the cost of demolition and residual value of the structure demolished be allowed as depreciation instead of being added to land value (which is not depreciable). Mr. Williamson also proposed special tax incentives within urban renewal areas for a limited period of time to encourage construction or rehabilitation. The witness's oral statement was limited primarily to the question of capital gains treatment for dealers in real estate. Thus the Senate Committee heard testimony directly related to the effect of the depreciation allowance provisions on rental housing but did go into the matter in the questioning of witnesses.

The Senate Report stresses the same kinds of hoped for results which the House Report stated would result from liberalizing the depreciation allowance, namely: maintenance of a high level of investment in plant and equipment; tax free recovery of costs as an incentive to management to incur risk; increasing the availability of working capital and aiding growing businesses in the financing of their expansion; and assisting in modernization and expansion of industrial capacity resulting in economic growth, increased production and a higher standard of living.[11] Although the rental housing is not mentioned in the course of justification, it is specifically listed as a tangible depreciable asset.

The Senate Committee approved the limitation of liberalized depreciation provisions to new assets both because it considered that the stimulus to investment was most important with regard to new assets, and in order to avoid artificially encouraging transfers and exchanges of partially depreciated assets, motivated primarily by tax considerations.

The Committee included the sum of the years digits system as an allowable method in addition to the straight-line, the double declining and any other method so long as accumulated allowances would not exceed that which would result from the application of the double declining method. The committee liberalized the treatment of unrecovered costs by permitting fuller amortization during late years of a property's life, and by providing that taxpayers could avail themselves of an option to switch back from double declining balance to straight-line at any time during the life of a property.

The "Summary of the New Provisions of the Internal Revenue Code of 1954" as agreed to by the Conferees generally follows the Senate Report.[12] Again this report specifically includes rental housing as an allowable tangible asset.

ADDITIONAL DOCUMENTATION

Although it is evident from the Hearings and the Reports that Congress knew it was including rental housing as an allowable tangible asset, there is no evidence that there was any major analysis of the difference in behavior between rental housing and machinery and equipment as assets. Rental housing had been included as an allowable tangible asset under prior provisions and was, apparently, simply included under the 1954 provisions. The reasons expressed for the need for liberalizing the depreciation allowance provisions, namely, to bring them into better conformity with actual economic depreciation, were related to curves developed for machinery and equipment.

The quote below expresses the strong belief on the part of a former Treasury official, Stanley S. Surrey that the liberalization was related to buildings simply as an "inadvertent appendage". This former official clearly subscribes to the idea that rental housing was "accidentally" included as an allowable tangible asset.

"The present accelerated methods were initially adopted in 1954 with industrial machinery and equipment primarily in mind. Acceleration of depreciation for buildings in 1954 appears to have been a happenstance, coming along as an inadvertent appendage to the liberalization directed at machinery and equipment. No conscious decision was made to adopt the present system as a useful device to stimulate building or to provide us with more or better housing, let alone lower-income housing. The present tax system for buildings just happened.[13]

This "inadvertency" in the extension of accelerated provision to buildings, however, has created a variety of unanticipated problems. Because of the typically high rates of debt financing in real estate, the advantages of acceleration based on the entire depreciable cost loom much larger relative to a thin margin of equity capital. The availability of the accelerated methods for buildings has thus created a variety of tax problems: deferral of tax, conversion of ordinary income into capital gain, tax-free dividends, spillover of depreciation losses against other income, the phenomenon of the negative tax on real estate earnings with the result that the after-tax income from real estate is greater than the before-tax income, and the development of all the exaggerated forms of tax avoidance inherent in the debt-financed real estate tax shelter." [14]

FOOTNOTES

[1] Recodification of the Internal Revenue Code in 1954 Public Law 591, 83rd Congress.

[2] U.S. Congress. Senate. Committee on Finance. The Internal Revenue Code of 1954. Hearings, 83rd Congress, 2nd session on H.R. 8300, an act to revise the internal revenue laws of the United States. 4 parts, April, 1954. Washington. U.S. Government Print. 1954.

U.S. Congress. Committee on Ways and Means. General Revenue Sharing Revision, 1953. Hearings 83rd Congress, 1st session on topics relating to the General Revision of the Internal Revenue Code. 4 parts, July and August. Washington. U.S. Govt. Printing Off. 1953.

[3] 1946-2. IRS Cumulative Bulletin, p. 42. I.T. 3818.

[4] House Hearings, op. cit.

[5] U.S. Congress. House of Representatives. Committee on Ways and Means. Internal Revenue Code of 1954. Report to accompany H.R. 8300. Washington Gov't. Printing Off., 1954. (83rd Conrgess, 2nd session. House. Report No. 83-1227)

[6] Ibid. p. 22

[7] Senate hearings, op. cit.

[8] Ibid. p. 810.

[9] Ibid. pp. 1341-1343

[10] Ibid. p. 1341.

[11] U.S. Congress. Senate. Committee on Finance. Internal Revenue Code of 1954. Report to accompany H.R. 8300. Washington, U.S. Govt. Print. 1954. (83d Congress, 2d session. Senate Report No. 1622)

[12] U.S. Congress Joint Committee on Internal Revenue Taxation. Summary of the New Provisions of the Internal Revenue Code of 1954 (H.R. 8300) as agreed to by the Conferees. (Public Law 591, 83d Cong.) February. 1955 Washington, Govt. Print. Off. Washington.

[13] Dan Throop Smith, one of the prime architects of the 1954 liberalization, has said, in commenting on the need for further liberalization for machinery and equipment as of 1961 (prior to the 1962 guideline revision and the investment credit): "It is not needed for real estate, depreciation allowances on which are probably too liberal. These allowances might even be reduced, though the repeal of the capital gains provision may take care of the worst of the present unfair tax advantages achieved through real estate transactions." Smith's remarks clearly indicate the primary concern in 1954 with liberal tax depreciation on machinery and equipment, in his words "the most important form of depreciable property from the standpoint of industrial productivity." Dan Throop Smith, *Federal Tax Reform*, McGraw-Hill Company, New York, 1961, Chapter 6, p. 157.

[14] Remarks by the Honorable Stanley S. Surrey. Assistant Secretary of the Treasury before the Fifth Annual Development Forum. Urban America, Inc. International House. University of California. Berkeley, California, October 28, 1968.

DON'T BUY IT—GROW IT

HON. J. J. PICKLE

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 28, 1974

Mr. PICKLE. Mr. Speaker, recently I have started a crusade to encourage people to start gardens.

It makes sense—first, it can cut the food bill; second, it can save energy; third, it is healthy; and fourth, you can be sure that harmful chemicals have not been added to the food.

The Atlanta Constitution ran an article, on February 27, concerning the upsurge in home gardening.

I place this article, by Don O'Briant of the Constitution's staff, in the RECORD:

[From the Atlanta Constitution, Feb. 27, 1974]

DON'T BUY IT—GROW IT

(By Don O'Briant)

The number of home vegetable gardens is growing. A Gallup poll in 1972 indicated that 42 percent of the 68 million households in the United States, or 28 million, had a vegetable garden.

That number rose to 46 percent, or 31 million in 1973.

Almost anyone can have some type of garden. It can be several acres on a farm, or it can be a few pots in the window of an apartment.

For those who have planted gardens in the past and were disappointed, and for those who are planting for the first time this year and seek advice, there is help available.

The Fulton County Cooperative Extension Service of the University of Georgia College of Agriculture is sponsoring gardening clinics at various locations around Atlanta.

If you are unable to attend any of the clinics and want to begin planning your home garden now, here are a few basic hints from Extension Service reports.

First, select a site that has full sun exposure. It should be conveniently located near the house and a water supply.

The soil should be of good texture, fertile and well-drained.

Second, make a plan so that the available space can be used wisely.

For small areas, select those crops that you like best and that will produce an adequate supply on a few plants.

Also, plan to use the space continuously. When a crop has finished producing, plant another crop that is adapted to the particular time of year.

Plant tall growing plants together on the north or west side so they will not shade lower growing plants.

Make a map and keep it current so that the vegetables can be rotated within the garden from year to year.

When buying seeds, always buy good quality from a reputable company. Do not save your own seed and buy "cheap seed."

When buying plants insist on fresh, stocky plants that are free of diseases and nematodes.

The soil should be prepared by chopping litter and spading or turning deep to bury the litter. Add other organic matter such as compost, leaf mold or well-rotted sawdust.

Have a soil test made to determine lime and fertilizer needs. If the pH is low (acid soil), apply the recommended amount of lime before preparing the soil so it can be mixed with the soil during land preparation.

The best approach to fertilization is through soil analysis. Fertilize according to your soil test recommendations.

If the garden soil was not plowed or spaded in the fall, turn the ground in the spring as soon as it is dry enough to work.

A good test is to mold a handful of soil into a ball. If the ball is not sticky but crumbles readily when pressed with the thumb, the soil is in condition to be worked.

After the soil has been plowed or spaded to a depth of seven or eight inches, harrow or rake the soil.

When the soil is ready for planting, make a schedule for each crop and plant on schedule. Planting charts are available from the Extension Service or are listed on the backs of seed packets.

Early in the spring, sow the seed shallow so plants will come up quickly. Later in the summer, sow the seed deeper to insure a good moisture supply.

Always firm (but do not pack) the soil around the seed with the flat blade of the hoe, the wheel of a garden plow or with your foot.

Sow the seed a little thicker than the plants will finally stand. This will allow for those that fail to grow and for plants that may be killed when they are very young.

Use a layer of straw mulch one to two inches thick on the top of beds planted to very small seed. The mulch prevents packing of the soil around the seed when they are watered, and protects the young seedling when it first emerges.

When the plants are well established, thin out extra ones so they will not be crowded. Do the thinning early, before the plants get too tall and spindly.

Give the garden a good soaking about once a week. Light sprinklings at frequent intervals do little good.

More specific information can be provided by your county extension agent or from feed and seed merchants.

SHOULD THOSE INVOLVED IN LABOR DISPUTES BE ENTITLED TO FOOD STAMPS?

HON. THOMAS S. FOLEY

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 28, 1974

Mr. FOLEY. Mr. Speaker, the question of whether or not individuals involved in a labor dispute should be eligible for participation in the food stamp program is still one of apparent and in my opinion, undeserved, controversy. I believe that the following remarks of Leo Perlis, director of the AFL–CIO department of community services, makes valuable contribution to the public debate on this issue and I commend it to the attention of my colleagues:

It wasn't surprising that the Reader's Digest finally joined the U.S. Chamber of Commerce in its campaign to deny public assistance to needy and otherwise eligible families of striking workers.

In its October, 1973 issue, the Digest carried an article entitled "Let's Stop Subsidizing Strikes." Without wasting time, Senior Editor George Denison expressed his bias in the very first paragraph:

"In Chicago," he wrote, "striking Teamsters walk off their $4.12-an-hour job and into the local welfare office. Elbowing aside the aged and needy, they demand—and receive—welfare payments that subsidize their strike."

Now one would suppose that Mr. Denison followed the teamsters all the way from their jobs to the local welfare office—but there is no evidence of it. On the contrary, we have a letter, dated December 7, 1973, from David L. Daniel, director of the Cook County (Chicago) Department of Public Aid, testifying that Mr. Denison's observation about teamsters "elbowing aside the aged and needy" is "totally without foundation." Denying Mr. Denison's assertion that the Chicago welfare office "subsidized their strike," Mr. Daniel declared that "assistance is issued on the basis of need and eligibility. . . . We have no idea as to what the author might have reference about strikers elbowing the aged and the needy but certainly any notion that strikers receive preferential treatment to any other applicant in need is contrary to the practice and procedures of this Department."

But since the Reader's Digest article is based almost entirely on a book entitled "Welfare and Strikes" by Armand J. Thieblot, Jr. and Ronald M. Cowin—it is necessary to take a good look at the book: who published it, who paid for it and who promotes it. This non-book has been referred to variously by the U.S. Chamber of Commerce, the National Association of Manufacturers and an assortment of anti-labor editorialists and congressmen as a "University of Pennsylvania study" or—worse—as a "solid University of Pennsylvania study." Solid is the Reader's Digest adjective. Later we'll see how "solid" the so-called "study" is. But first let's see if it is "a University of Pennsylvania study."

We have a letter, dated November 16, 1973, from Martin Meyerson, president of the University of Pennsylvania, in which he states that the so-called study does not express "the viewpoint of the University or should even imply a concurrence with the decisions reached therein. . . . the report by Armand J. Thieblot, Jr. and Ronald M. Cowin must be viewed as theirs alone."

The Thieblot-Cowin dissertation against public assistance for needy and otherwise eligible families of striking workers was published by the Industrial Research Unit of the Wharton School of Finance and Commerce of the University of Pennsylvania.

The director of the Industrial Research Unit is Herbert R. Northrup. Mr. Northrup was employed by the General Electric Company in the "take-it-or-leave-it" days of Lemuel Boulware, and he assisted Boulware in negotiations with the International Union of Electrical, Radio and Machine Workers (IUE). In one session, Mr. Northrup's sole contribution was to needle the late James B. Carey, then president of the union.

Who contributes to Mr. Northrup's Industrial Research Unit? During the past ten years some 17 companies have contributed large sums of money to this organization. They include such corporate giants as Mobil Oil, Ford Motor, United Air Lines, Lockheed Aircraft and Goodyear Tire and Rubber.

However, when asked specifically, on May 4, 1973, what companies paid for the Thieblot-Cowin "study" Mr. Northrup declined to answer. When the same question was posed to him on May 29, he again refused to answer.

But almost one year earlier, on July 13, 1972, the Daily Labor Report of the Washington-based Bureau of National Affairs had this to say about how copies of the "study" found themselves in the hands of the press corps: "Hill and Knowlton, Inc., public relations firm in New York and Washington, is distributing the report (Welfare and Strikes) to the press for the Labor Law Study Committee, a group of employer representatives and attorneys described as having the objective of bringing attention to 'abuses and inequities in labor laws' and trying to correct them."

What are the abuses and inequities that the "study" is trying to correct?

Straining hard to prove their point, the authors insist that public assistance to needy families of striking workers a) causes strikes, b) prolongs strikes, c) tilts the collective bargaining process in favor of unions, and, therefore, d) it causes inflation.

Their three theories, they say, are based upon facts. Let us look at their "facts."

The "study" claims that the strike (August 28, 1970—January 25, 1971) against Westinghouse in Lester, Pennsylvania, cost the public more than $2.5 million. However, Frank J. Letcarage, Deputy Commissioner of the Pennsylvania Department of Public Welfare, in a letter dated September 7, 1973, stated that "our statistical reporting staff has not made any study as to the public cost of that strike." How the authors of the "study" arrived at their figure is anybody's guess.

The "study" further claims that strikers (August 1, 1970—January 15, 1971) against Johns-Manville in Manville, New Jersey, received $230,075 in food stamp bonuses and approximately $20,000 a month in Aid to Families with Dependent Children (AFDC) benefits.

However, Dorothy Goldman, field representative of the Bureau of Local Operations of New Jersey Department of Institutions and Agencies, in a letter dated August 14, 1973, had this to say:

"We have not been able to ascertain the source or the validity of facts to which you refer nor could we now determine the amount of public assistance, if any, that was allegedly granted to the Johns-Manville strikers without an intensive study of all Somerset County and appropriate Municipal Welfare Department cases. Unfortunately, this is not feasible as it would require a review of not only currently active cases, but all those cases that may have been active at that time and subsequently closed.

"With respect to the Food Stamp bonuses, we may advise that this Division compiles statistics relating to the total bonuses issued in each County. However, there is no breakdown of the proportion of bonuses that may have been extended to persons participating in a strike. Therefore, we can assure you that the information contained in the above book was not obtained from this Division."

How the authors of the "study" arrived at their figures is again anybody's guess.

In their "study," which was published in 1972, the authors "calculated" that in 1973 $62,640,000 will be paid to strikers and their families from AFDC.

However, Wesley R. Grier, Acting Director of the National Center for Social Statistics of the U.S. Department of Health, Education and Welfare, in a letter signed for him by Donald A. Roache on August 14, 1973, had this to say: "Obviously, such an estimate made in mid 1972 for calendar year 1973 is questionable and subject to many variables. Foremost in this respect are (1) the number and duration of the strikes and (2) the location of the strikes relative to whether public aid is available to unemployed fathers (only 24 states have such programs)."

Trend data and statistical predictions are always open to question, but their implications in perspective can hardly be challenged. HEW's Mr. Grier, therefore, takes time to illuminate this fact. He continues to say, in the same letter, that "you will agree, however, that the amount of $62,640,000 (correct or not) represents less than 1 percent of the estimated $7.2 billion that will be spent in Federal and State funds in money payments to all types of families receiving AFDC in 1973."

But then Mr. Grier makes a final point—one which has escaped the Chamber of Commerce, the Reader's Digest and their academic fellow travelers. "We are, of course, interested," writes Mr. Grier, "in serving *all* persons in *need* (emphasis mine)."

The same point was made by Albert C. Frost, Acting Director of the Food Stamp Division of the U.S. Department of Agriculture. In a letter, dated August 20, 1973, Mr. Frost says that "since strikers must meet the same eligibility requirements as other nonstriking households, there is no specific point in the process of certifying persons for program participation to distinguish program participants who are on strike from those who are not. Thus, we have no way of reliably estimating this figure (the 'study' estimates that $238,826,000 will be spent for food stamps for strikers in 1973). Similarly, we know of no other source which would accurately estimate striker participation in the Food Stamp Program."

Nobody else seems to know of any source which "would accurately estimate striker participation" in food stamps or AFDC or in any other welfare program for that matter—except, of course, the Messrs. Theilblot and Cowin, authors of the so-called study—a "study" which was disseminated widely by corporate interests and which helped to produce anti-labor speeches, anti-labor legislation, caused anti-labor editorials and anti-labor television and radio commentaries. We have a sampling of some 50 such canned and other editorials in our files. The "study" became the "bible," as it was probably meant to be, of still another union-busting campaign by the U.S. Chamber of Commerce. It is the heart of the Reader's Digest piece which was printed more than a year after the "study" was published. Why so late? A year after is hardly news. Is it because the Chamber lost its campaign against food stamps for needy families of striking workers in this session of Congress and needs a hand in the upcoming session?

This and other questions, including how this "study" came about, who paid for it, who promotes it are questions fit for a congressional investigation of corporate exploitation of academia. Certainly, it was no empty exercise when the Chamber's Board of Directors approved, on November 8, 1973, its task force recommendation that "the National Chamber reinforce, strengthen and expand its efforts in the educational area." Would the Digest piece be required classroom reading? The Chamber must be proud of the Denison article. We have a letter, dated October 19, from Kenneth O. Gilmore, Assistant Managing Editor of the Reader's Digest, in which he states that Mr. Denison "is a lawyer who has specialized in labor law and that a great deal of careful research was conducted for the preparation of the story." I don't know what the Reader's Digest means by "careful research," but let us see. Mr. Denison never checked his story with anybody in the labor movement. There is no evidence that he checked his story with anybody in the Department of Agriculture or with anyone in the Department of Health, Education and Welfare. Mr. Denison refers to strike assistance in Chicago, Illinois, Contra Costa County, California, and Manville, New Jersey, but there is no evidence that he interviewed anyone in the departments of public welfare in these communities. On the contrary, according to correspondence in our possession, the evidence runs the other way. Still, it must be true that Mr. Denison read the Thieblot-Cowin "study" because his article is as "good" as their book. And how good is the book? Out of Wharton School's entire Industrial Relations faculty of nine, only two members were affiliated with Mr. Northrup's Industrial Research Unit at the time of the "study." One opposed the "study" openly. The other remained silent but, it is reported, he expressed his private comments about the work. It is apparent, according to one Wharton professor, "that Dr. Northrup consulted himself and agreed with himself about the content and appropriateness of this study as an academic document."

The authors of the "study" apparently consulted themselves before they reached their "scientific" conclusion that public assistance to hungry children of eligibile workers forced to take legal action to improve their working and living conditions causes and prolongs strikes against their sensitive employers, thereby tilting the collective bargaining process in favor of the union which, in turn, produces inflation.

It took Jack Anderson, in his column in the Washington Post on January 1, 1974, to confirm what everybody—except the authors of the "study"—knew: that labor in recent years was pinched by inflation and did not cause it.

"It was feared," wrote Anderson, "that labor, pinched by inflation and emboldened by the paralysis of the Nixon Administration, would wreck the economy either through intransigent strikes or inflationary wage demands. Neither happened."

How good is the book? The "study" strongly implies that welfare benefits prolong strikes.

But the senior author, Armand J. Thieblot, testifying on May 30, 1973, in the Grinnel Corporation v. Mary E. Hackett case in Providence, Rhode Island, had this to say under direct examination: "One of the questions posed in the Hunter case was how much longer would the strike last as a result of welfare benefits being made available to the strikers. Our conclusion from our study is that we cannot say, not because we have not discussed it, but because it is impossible to determine. . . . There is no way of really determining whether welfare use makes a strike longer or costlier, or both. . . ."

How good is the book? The "study" strongly implies that welfare benefits help to cause strikes.

But the U.S. Department of Labor reported, according to United Press International on July 31, 1973, that "strikes fell in the first six months of this year to the lowest rate in nine years. . . . The number of man hours of lost time declined from 13,138,000 to 10,590,000 because the strikes were of shorter duration." Obviously, the availability of public assistance does not cause strikes or prolong them. On the contrary, 1973 saw a no-strike contract in steel, swift settlements in rubber, the peaceful conclusion of negotiations in auto, and agreements without strikes in Westinghouse and General Electric, Mr. Northrup's industrial alma mater.

How good is the book? The "study" strongly implies that welfare benefits tilt collective bargaining in favor of unions.

But there is not a single shred of evidence to substantiate this view. The authors of the "study" strain mightily, but all they come up with is a theory—no facts, no figures, no evidence, just theory. But the contrary, of course, is true. What the authors don't say is that the Chamber doesn't like unions, doesn't like strikes and would rather starve needy strikers and their families into submission than offer them subsistence at public expense—part of which the strikers paid themselves when they were working. In his foreword to the "study" Mr. Northrup writes that "organized labor's drive to achieve greater bargaining power, through such mechanisms as coalition bargaining, union mergers, and the development of stronger unified national and international federations, has created a number of problems for union officials." I take it that what Mr. Northrup really means is that it has created a number of problems for company officials—and the "study" is one attempt to solve at least one problem.

The fact that workers would rather work than get on relief, the fact that workers strike as a last resort, the fact that to strike is legal, the fact that needy and eligible families are entitled to public assistance, the fact that workers pay for public assistance when they work, the fact that tax funds subsidize corporations and landowners, the fact that tax funds are used to feed, house and heal convicted murderers and prisoners of war, the fact that wives and children of striking workers are innocent in any event, the fact that strikes are soon settled, the fact that it would take fact-finding committees to determine fault in strikes, the fact that a strike may be the employer's fault, the fact that it is always immoral, unethical, inhuman and even impractical to starve needy men, women and children into submission, the fact that we are, indeed, our brother's keeper—all this apparently escapes the Reader's Digest, the authors of the study and the Chamber of Commerce.

Dr. Hans J. Falck, writing in the Winter 1973 issue of the Menninger (Mental Health) Perspective said that "people tend to believe that those on welfare are there as a result of their own shortcomings—because of their own immorality and weakness. . . . (but) the giving of help is an obligation from person to person because the welfare of one is dependent upon the welfare of others. Both the giving and receiving of help reflect the common good. . . ."

Apparently, here, the common good is of less concern to the Reader's Digest, the Chamber of Commerce and the authors of the so-called study than the corporate belief that, to paraphrase Dr. Falck, needy families of striking workers are in need because of their own shortcomings.

But a three-year study, undertaken by the Institute for Research on Poverty at the University of Wisconsin, found, as reported by the New York Times on September 2, 1973, "that poor people keep working even when they know they could receive the same income if they quit their jobs."

The Reader's Digest, the Chamber and

the authors of the so-called study have a lot to learn. The first lesson is that public assistance does not cause or prolong strikes nor does it favor unions; it is simply the last resort against hunger. The second lesson is that workers strike not to get on the public relief rolls but as a final act of desperation against untenable conditions or arbitrary employers or both. They strike for their welfare and not because of welfare.

The University of Wisconsin's group of sociologists and economists, reporting their findings at the annual convention of the American Sociological Association in New York, stated further, according to the Times, that "low income wage earners in the study kept working even when they were taxed on their earned income at rates that would send members of the middle class scurrying to the nearest tax shelter."

Another three-year study, by Dr. Louis A. Ferman of the University of Michigan and Dr. Joe A. Miller of Penn State University, concluded, according to a report by United Press International on July 2, 1973, that "the stereotype of welfare recipients as freeloaders who avoid work is far from accurate."

Obviously those who made it often forget that, by and large, people would rather work than beg. And the Reader's Digest and the Chamber of Commerce certainly made it.

And so in the face of all the facts, would the Thieblot-Cowin "study" command attention if it were not cloaked in the respectability of the University of Pennsylvania? Would Mr. Denison's article in the Reader's Digest command attention if it were not based on the so-called University of Pennsylvania study? Would the Chamber of Commerce campaign command credibility if it were not buttressed by such "studies" and articles and canned editorials?

Under the circumstances—would it be too much to ask who commissioned, paid for, printed and distributed the so-called study? And why does the University of Pennsylvania permit itself to be used as a cover for such a shabby enterprise? And why did the Reader's Digest run the Denison article more than a year after the publication of the book upon which the article is almost entirely based?

And as for the Chamber of Commerce, we all know why they believe that H. Alger was right. After all—they are the same people who gave us social security and unemployment compensation, medicare and workmen's compensation, and collective bargaining through Section 7A of the old NRA—or did they?

In response to a plea on May 9, 1973 to Billy Graham for his moral intervention on behalf of needy children in the recent AFDC referendum conducted by the Department of Heath, Education and Wefare, we received a form postcard on June 14, 1973 from Mr. George M. Wilson of the Billy Graham Evangelistic Association suggesting that we pray.

We did—and we do so now for the authors of the "study," for the Reader's Digest and for the U.S. Chamber of Commerce. They need it.

THE SAN PEDRO CHAMBER OF COMMERCE OPPOSES CLOSING OF FORT MacARTHUR

HON. GLENN M. ANDERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 28, 1974

Mr. ANDERSON of California. Mr. Speaker, the recent announcement by the Department of Defense that it intends to close Fort MacArthur, the only Army post in southern California, has drawn criticism from many organizations and individuals who have great concern for the effect of the closure on the local population and the economy.

One such organization, the San Pedro Chamber of Commerce under the leadership of President Don Lorenz, has written a persuasive statement opposing the closure and adopted a resolution calling upon the Department of Defense to reconsider its decision to close this historic and important military facility.

At this point, Mr. Speaker, I insert in the RECORD the statement written by the San Pedro Chamber detailing the significant mission of Fort MacArthur and the resolution which urges the Department of Defense to reconsider its intent to close Fort MacArthur.

The material follows:

SAN PEDRO CHAMBER OF COMMERCE,
San Pedro, Calif., February 12, 1974.

Hon. GLENN M. ANDERSON,
House Office Building,
Washington, D.C.

DEAR CONGRESSMAN ANDERSON: The recently announced intention of the Department of Defense to declare Fort MacArthur excess on June 30, 1975 is a matter of great concern to the residents of San Pedro, City of Los Angeles and Southern California Counties. The very significant detrimental effect that this decision would have on the local economy, employment, retired servicemen and their dependents is described in the enclosed fact sheet. Also enclosed is a resolution of the Board of Directors of the San Pedro Chamber of Commerce setting forth the effects of such a move and our unanimous request that this decision be urgently reconsidered by the Department of Defense.

We respectfully request you to employ your good offices to assist us in obtaining a reconsideration of this decision. It is a matter of great import to the Greater Los Angeles and the eight Counties of Southern California.

Yours very truly,
DON LORENZ, *President.*

FORT MACARTHUR, SAN PEDRO, CALIF.

On February 4, 1974, the Secretary of Defense announced, that as a result of the scheduled inactivation of the 19th Air Defense Artillery Group (ARADCOM) during 1974 and the relocation of U.S. Army Reserve units currently stationed at Fort MacArthur, the installation will be declared excess to Department of Defense needs on June 30, 1975.

Fort MacArthur dates back to an 1841 decree by the Mexican Governor which established approximately 50 acres of land as a "government reservation". In 1888 President Grover Cleveland used the Mexican land grant to set aside the property as public domain. In the early 1900's the State of California ceded additional land to the Federal Government, and concurrently additional lands were purchased to permit expansion to accommodate heavy artillery coastal defense. In 1914 the reservation was named in honor of Lieutenant General Arthur MacArthur (father of Douglas MacArthur). The primary mission during World War I and II was coast artillery defense against ship and submarine attack. The coast artillery defenses were inactivated after World War II, and in the 1950's NIKE air defense missile systems were established to protect the Los Angeles Area from surprise air attack. For MacArthur currently provides command and control of assigned units plus administrative and logistical support for the air defense missile systems, Army reserve components and a variety of military and civilian tenant and satellite activities within a designated geographical support area (primarily the eight Southern Counties of California, e.g., San Diego, Imperial, Riverside, San Bernardino, Orange, Los Angeles, Ventura and Santa Barbara).

Excluding the 19th Artillery Group, Fort MacArthur currently provides support to 13 active Army units plus 20 reserve units located on the installation. There are 27 off-post satellite units (includes 19 active Army units) for which the post has support responsibilities; 57 Army reserve units; 16 Army reserve centers; 105 National Guard units, 6 Army reserve area maintenance support activities and 33 ROTC units.

The Army Reserve units stationed at Fort MacArthur are scheduled to be relocated to Los Alamitos Armed Forces Reserve Center by June 30, 1975. Fort MacArthur units and tenant units with continuing missions in the Southern California Area will be relocated to leased facilities in the Los Angeles Area. The responsibility for logistical support currently being provided to off-post satellites, such as ROTC, Army Recruiting, American Forces Radio and Television Service (DOD), Armed Forces Examining and Entrance Station and Los Angeles District Engineer will be transferred to Fort Ord, California.

There are 285 military units or activities including active Army, U.S. Army Reserve and National Guard, which receive support from Fort MacArthur. The average daily strength of the units under command of or those provided support by the post is approximately 28,000 personnel.

The 1259 total civilian and military personnel assigned to and in direct support of the ARADCOM represents approximately 4.5% of the total personnel supported by Fort MacArthur. Not included in the total figure are 218 Non-appropriated Fund employees whose jobs will be eliminated as a result of base closure.

Fort MacArthur provided services and support for approximately 43,000 retired military personnel, all service. Additional support is provided to approximately 45,000 dependents of active and retired military personnel to include those who are serving elsewhere on active duty.

During 1973, the Health Clinic treated more than 105,000 cases on an outpatient basis. More than 40,000 consisted of retirees and their dependents. Approximately 12% of its patient workload is related to ARADCOM personnel and their dependents. With the closure of the Health Clinic, active duty personnel will be forced to use the Terminal Island Dispensary on an out-patient basis. Some facilities are available at the Long Beach Naval Regional Medical Center on an inpatient/outpatient basis. Only limited outpatient facilities are available at the U.S. Public Health Service Clinic in San Pedro and the medical facility at the U.S. Air Force unit in El Segundo. More retirees and their dependents will be referred out to CHAMPUS due to their lower priority.

Fort MacArthur Commissary has average monthly sales of $928,000 serving an average of 41,000 customers. Comparable facilities are available at distances from 5 to 83 miles away.

Fort MacArthur Post Exchange has monthly average sales of $561,000. The same facilities are available at bases located as near as 5 and as far as 107 miles away.

The combined payrolls of military and civilian personnel affected at Fort MacArthur to include the ARADCOM units total approximately $28 million.

The economic impact of personal income is determined by multiplying the level of income by a specified factor. This factor, determined by the Department of Commerce to be 2.63 in the Los Angeles Area, recognizes the generation of new income through repeated expenditures by wage earners. By applying the 2.63 Department of Commerce factor to Fort MacArthur's payroll of $28 million indicates an impact of approximately $74 million. In addition to the pay of personnel, Fort MacArthur procures goods and services with an annual value of approximately $13 million from local businesses within a 75 mile radius.

The inactivation of the ARADCOM units will result in the relocation of 263 military and 321 civilians. It will also result in the elimination of 487 military jobs and 715 civilian positions.

RESOLUTION

Now whereas, Fort MacArthur, established in 1888 as a military reservation, is situated in the San Pedro District of the Greater Los Angeles Complex and adjacent to the Port of Los Angeles and is the only active Army installation in the whole of Southern California; and,

Whereas, Los Angeles is one of the most important population, economic and industrial centers in the nation; and,

Whereas, because of the desire of retired military personnel to locate in an area close to a military installation, the San Pedro area is the home of some 43,000 former career servicemen who use the post exchange, commissary and medical clinic of Fort MacArthur; and,

Whereas, an estimated 45,000 dependents of active duty soldiers, sailors and airmen live in close proximity to Fort MacArthur and use the Post facilities; and

Whereas, the decision to close Fort MacArthur would eliminate 487 military and 715 civilian jobs, and cause the relocation of logistical support of 285 reserve, National Guard and other units to Fort Ord, 360 miles to the north; and,

Whereas, logistical and administrative support to Army Reserve units in Southern California has been provided at Fort MacArthur and dispersal of this support to Fort Ord and Los Alamitos Armed Forces Reserve Center would add significantly to transportation costs alone; and,

Whereas, the veterinarian activities of the U.S. Army with detachment headquarters at Fort MacArthur is one of the major food inspection teams supplying all military services and processed a total of 660,800,000 pounds of meat, poultry and produce at Los Angeles packers in 1973; and,

Whereas, one out of every 12 active duty Army personnel are natives of Los Angeles area making this the largest concentration of home addresses for military personnel within the military services, and certain disposition of emergency matters must be maintained in this area relating to AWOL, death, either of service person or member of family, and financial assistance; and,

Whereas, the annual payroll at the Fort is $28 million, which generates $74 million worth of business in the San Pedro Area and the loss of which would cause a serious economic blow to the local economy; and,

Whereas, Fort MacArthur is more than a convenience and necessity for retired servicemen and more than a factor in the local economy, it is a significant member of the community; and,

Whereas, it is a participant in numerous civic and patriotic observances through the 72nd Army Band and its color guard and enjoyed by thousands of residents; and,

Whereas, some 4,500 young people, in such groups as the Boy Scouts, the YMCA, the Explorer Scouts and the Girl Scouts, are welcomed and enjoy the Post Facilities each year; and,

Now therefore, be it resolved, that by the passage of this resolution, the San Pedro Chamber of Commerce, urges the Departmnt of Defense to reconsider its decision to close Fort MacArthur.

DON LORENZ, *President.*

SOME FACTS ABOUT THE NATIONAL FOOTBALL LEAGUE

HON. JACK F. KEMP

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 28, 1974

Mr. KEMP. Mr. Speaker, during the debate on the television policy of the National Football League last fall, some disparaging remarks were made in this Chamber about professional football in general, and about the NFL in particular.

I would like to share with my colleagues some of the little-known facts about those activities of the NFL which often go unnoticed, but reflect an integral part of league policy, as well as some facts about the preliminary results of congressional alteration of NFL television policy.

The National Football League has volunteered NFL films and TV air time, for the promotion of federally sponsored programs, since 1971, valued at $250,000. NFL players and their families have also donated their time for radio and television commercials and personal appearances to promote these agency efforts. In the past 3 years the NFL has extended over a half million dollars of time, people and footage for governmental projects in the Department of Health, Education, and Welfare, the Federal Energy Commission, and the Department of Justice, as well as for projects dealing with sickle cell anemia, high blood pressure, Goodwill Industries, Careers, United Way, and cancer research. The National Football League and the players of the NFL have willingly and actively supported these civic service programs because they realize that their special expertise and appeal to a large cross section of our population places them in a unique position to easily influence their audiences, and in possessing that influence, that they have a responsibility to our society to encourage the development of and the participation in programs that better the society.

I am extremely proud of my years in pro football and of my affiliation with the game—its players, owners, and fans. And, as a Member of the House, I am grateful for the concern and commitment of the league to the betterment of our country and our people.

Further, I want to bring to the attention of my colleagues some current statistics on league attendance which reflect what may be the results of Congress alteration of NFL television policy.

Of primary significance is the fact that there has been a 63.7-percent increase in no-shows in the 1973 season over the 1972 season. Total no-shows in the 1973 season totaled 1,059,236, including 41,893 no-shows in traditionally sellout postseason games.

The Washington Post recently pointed out that in the 13-week season of 1972, prior to enactment of legislation to lift TV blackouts, the no-show spectator count was 524,871. For that same period in 1973, after the legislation became effective, the no-show count was 826,182.

It would seem, in the interests of objectivity, that Congress should monitor closely the effects of lifting the TV blackout. Admittedly, all the evidence is not yet in. Yet, as the Post points out:

> The real test is expected to come next season when season-ticket holders, who comprise the bulk of NFL attendance, make their decisions about renewing tickets.

To call attention to these facts is not to "cry wolf" or engage in a "doomsday" prediction about the destruction of pro football. However, the Members who voted to alter the TV policy of pro football should be open to empirical evidence that indicates trends in pro football's financial future. Rather than closing our minds, or criticizing the league for showing its side of the story, and even telling pro football to outlaw the zone defense, let us be openminded enough to watch these statistics and trends and be willing to adopt remedial legislation if the facts so warrant.

HOUSE OF REPRESENTATIVES—*Monday, March 4, 1974*

The House met at 12 o'clock noon.

The Chaplain, Rev. Edward G. Latch, D. D., offered the following prayer:

With God nothing shall be impossible.—Luke 1: 3.

Eternal God, our Father, as we go forth into this new day fresh from Thy hand, grant unto us an awareness of Thy presence and a realization of the truth that Thou art with us. In Thee may we find strength and wisdom and love.

Forgive the sins we have committed, the mistakes we have made, and the faults we have allowed to develop. Deliver us from unworthy fears, elevate our endeavors, expand our sympathies, exalt our aspirations, and enlarge our vision.

Grant unto our President, our Speaker, and Members of Congress wisdom and understanding as they face the difficult duties of these disturbing days. Reveal to them and to our Nation the unfailing resources of power which when tapped make us strong, keep us steadfast, and hold us steady all the way.

God bless America—land that we love, stand beside her, and guide her, through the night with the light from above. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Without objection, the Journal stands approved.

There was no objection.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Arrington, one of its clerks, announced that the Senate had passed without amendment a joint resolution of the House of the following title:

H.J. Res. 905. Joint resolution extending the filing date of the 1974 Joint Economic Committee report.

The message also announced that the Senate had passed with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 7363. An act for the relief of Rito E. Judilla.

The message also announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

S. 581. An act for the relief of Ludwik Kikla;

S. 1346. An act for the relief of Leticia (Escobar) Richardson;

S. 2337. An act for the relief of Dulce Pilar Castin (Castin-Casas);

S. 2510. An act to create an Office of Federal Procurement Policy within the Executive Office of the President, and for other purposes; and

S. 2705. An act to provide for the disposition of abandoned money orders and traveler's checks.

ANNOUNCEMENT BY COMMITTEE ON WAYS AND MEANS ON H.R. 13025

(Mr. BURKE of Massachusetts asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BURKE of Massachusetts. Mr. Speaker, on behalf of the acting chairman of the Committee on Ways and Means, the gentleman from Oregon (Mr. Ullman), who is unable to be present today, I am making an announcement directed to my Democratic colleagues in the House, to comply with rule 17 of the Democratic Caucus.

We are today filing a report of the Committee on Ways and Means on H.R. 13025, which was ordered reported by the committee this morning. The bill serves only one purpose—to permit time for orderly predeterminations of disability to be made for disabled persons added to State welfare programs between June and December 1973. It is estimated that there are between 200,000 and 300,000 such persons. In the absence of this legislation, the Social Security Administration advises us that it expects to terminate payments to such persons on March 31. The bill which the committee has reported provides additional time until the redeterminations are made, but not later than January 1, 1975.

Mr. Speaker, because of the urgency of this one item, the committee expects to request a closed rule so that no extraneous amendments will be added. We regard this matter as urgent. We will take a firm position that amendments to this bill in the other body would not be appropriate. Our hope is that the bill will move through this House and through the other body without change so that no individuals will be improperly removed from the disability rolls.

CONGRESSIONAL COUNTDOWN ON CONTROLS CONTINUES

(Mr. STEELMAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. STEELMAN. Mr. Speaker, since the COLC released its proposed regulations governing the health care industry on November 6, I have responded to many letters from hospital administrators, practicing physicians, and officials of the Texas American Hospital Association, protesting the proposed rules and submitting supportive data, as well as alternative suggestions for cost controls.

One letter included these comments:

> Utilities, fuel, and supplies are increasing in price and under the proposed Phase IV regulations it will be impossible to recover enough to continue to pay for these items. Phone charges have increased 18% to 20% in the last year and are expected to increase again in 1974. Depreciation and insurance on the completion of construction and purchase of equipment on the 4th floor will increase our expenses by 13% over this category for last year. Food costs are going up 20% a year. Linen costs are up 8% to 10% a year. Drug costs for Special Care patients are 20% higher than for other patients and are going to increase beyond this in 1974.

The overriding theme of the protest is that the quality of care for patients will deteriorate. Many feel that small hospitals will be encouraged to refer complicated or long-stay patients to a referral or teaching hospital because the intensity of care these patients require would result in an adverse effect on their average revenue and expense per admission. Physicians call this "patient skimming," and the end result seems to assign priority to patient shuffling instead of quality care. Hospitals already overburdened with the paperwork of medicare, medicaid, and private insurance companies will incur even more paperwork.

The hospital situation is unique. These facilities cannot "pump dry" or "sell out." Personnel cannot walk out. Facilities will continue to operate, some of them in the red, and will continue to provide the best care available. But the Government has placed them in the inevitable position of having to choose between quality care for their patients and compliance with economic controls, and I am afraid that the consumer, as a patient, will suffer.

PERSONAL EXPLANATION

Mr. HUDNUT. Mr. Speaker, on roll No. 56, February 28, 1974, the vote on final passage of H.R. 2, to revise the Welfare and Pension Plans Disclosure Act, I was unavoidably detained on other congressional business with a constituent and did not reach the floor in time to record my position. However, I want the Record to show that I favor this legislation and would have voted "aye."

CONSENT CALENDAR

The SPEAKER. This is Consent Calendar day. The Clerk will call the first bill on the Consent Calendar.

TO SELL CERTAIN RIGHTS IN THE STATE OF FLORIDA

The Clerk called the bill (H.R. 377) to authorize the Secretary of the Interior to sell certain rights in the State of Florida.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. GROSS. Mr. Speaker, reserving the right to object, I would like to ask someone conversant with the several bills to be called up under Consent dealing with the disposal of land and certain mineral rights if in all cases and where applicable the bills contain the standard language protecting the Government as to reversion in cases of failure and also providing for fair market value where fair market value is and should be applicable.

Mr. UDALL. Mr. Speaker, will the gentleman yield?

Mr. GROSS. I am happy to yield to the gentleman.

Mr. UDALL. The chairman of the subcommittee is the gentleman from Hawaii and I am on the subcommittee that was discussing the bill. I am told the protection the gentleman refers to is contained in the bills.

Mr. GROSS. Well, I am directing my question to all the bills, but I do not like to raise this question separately in each of the bills. I would like to know if the standard provisions are contained in the numerous bills.

Mr. UDALL. Yes. I am satisfied that they are.

Mr. GROSS. I thank the gentleman and I withdraw my objection.

The SPEAKER. Is there objection to the present consideration of the bill?

There being no objection, the Clerk read the bill as follows:

H.R. 377

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Interior is authorized and directed to convey to the record owner thereof, in accordance with section 3 of this Act, all right, title, and interest in minerals reserved in the United States in land described as the west half of the southwest quarter of section 20, township 15 south range 23 east, in Marion County, Florida.

Sec. 2. The Secretary shall require the deposit of a sum of money which he deems sufficient to cover estimated administrative costs of this Act. If a conveyance is not made pursuant to this Act, the deposit shall constitute full satisfaction of administrative costs notwithstanding that the administrative costs exceed the deposit, but if the amount of the deposit exceeds the actual administrative costs, the Secretary shall refund the excess.

Sec. 3. No conveyance shall be made unless application for conveyance is filed with the Secretary within six months of the date of approval of this Act and unless within the time specified by him payment is made to the Secretary of (1) administrative costs of the conveyance and (2) the fair market value of the interest to be conveyed. The amount of the payment required shall be the difference between the amount deposited and the full amount required to be paid under this section. If the amount deposited exceeds the full amount required to be paid, the applicant shall be given a credit or refund for the excess.

SEC. 4. The term "administrative costs" as used in this Act, includes, but is not limited to, all costs of (1) conducting an exploratory program to determine the character of the mineral deposits in the land, (2) evaluating the data obtained under the exploratory program to determine the fair market value of the mineral rights to be conveyed, and (3) preparing and issuing the instrument of conveyance.

SEC. 5. Moneys paid to the Secretary for administrative costs shall be paid to the agency which rendered the service, and deposited to the appropriation then current. Moneys paid for the minerals or mineral interests conveyed shall be deposited into the general fund of the Treasury as miscellaneous receipts.

With the following committee amendments:

Page 1, lines 6 and 7, strike out "west half" and insert in lieu thereof "northwest quarter".

Page 2, lines 1 and 2, strike out "the deposit shall constitute full satisfaction of administrative costs notwithstanding that" and insert in lieu thereof "and".

Page 2, line 3, after "deposit," insert "the Secretary shall bill the applicant for the outstanding amount".

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

TO SELL RESERVED PHOSPHATE INTERESTS IN THE STATE OF FLORIDA TO THE RECORD OWNER OR OWNERS OF SUCH LANDS

The Clerk called the bill (H.R. 1494) to authorize the Secretary of the Interior to sell reserved phosphate interests of the United States in certain lands located in the State of Florida to record owner or owners of such lands.

There being no objection, the Clerk read the bill as follows:

H.R. 1494

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Interior is authorized and directed to convey, sell, and quitclaim all phosphate interests now owned by the United States in and to the hereinafter described lands to the present record owner or owners of the surface rights of such lands: Southeast quarter of northeast quarter of section 1, township 25 south, range 27 east, Tallahassee meridian, Florida, containing forty acres, more or less.

SEC. 2. In the event that the Secretary of the Interior determines that the lands described in the first section are not prospectively valuable for phosphate, he shall convey the reserved phosphate interests to the present record owner or owners of the surface rights upon the payment of a sum of $200 to reimburse the United States for the administrative costs of the conveyance; otherwise, the phosphate interests shall be sold to the record owner or owners of the surface rights upon the payment of a sum equal to $200 plus the fair market value of the phosphate interests as determined by the Secretary after taking into consideration such appraisals as he deems necessary.

SEC. 3. Proceeds from the sale made hereunder shall be covered into the Treasury of the United States as miscellaneous receipts.

With the following committee amendment:

Page 2, beginning on line 3, strike out all of sections 2 and 3 and insert in lieu thereof the following:

SEC. 2. The Secretary shall require the deposit of a sum of money which he deems sufficient to cover estimated administrative costs of this Act. If a conveyance is not made pursuant to this Act, and the administrative costs exceed the deposit, the Secretary shall bill the applicant for the outstanding amount, but if the amount of the deposit exceeds the actual administrative costs, the Secretary shall refund the excess.

SEC. 3. No conveyance shall be made unless application for conveyance is filed with the Secretary within six months of the date of approval of this Act and unless within the time specified by him payment is made to the Secretary of (1) administrative costs of the conveyance and (2) the fair market value of the interest to be conveyed. The amount of the payment required shall be the difference between the amount deposited and the full amount required to be paid under this section. If the amount deposited exceeds the full amount to be paid, the applicant shall be given a credit or refund for the excess.

SEC. 4. The term "administrative costs" as used in this Act includes, but is not limited to, all costs of (1) conducting an exploratory program to determine the character of the phosphate deposits in the land, (2) evaluating the data obtained under the exploratory program to determine the fair market value of the mineral rights to be conveyed, and (3) preparing and issuing the instrument of conveyance.

SEC. 5. Moneys paid to the Secretary for administrative costs shall be paid to the agency which rendered the service, and deposited to the appropriation then current. Moneys paid for the minerals or mineral interests conveyed shall be deposited into the general fund of the Treasury as miscellaneous receipts.

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

PROVIDING FOR THE CONVEYANCE OF CERTAIN MINERAL INTERESTS OF THE UNITED STATES IN PROPERTY IN UTAH TO THE RECORD OWNERS OF THE SURFACE OF THAT PROPERTY

The Clerk called the bill (H.R. 5236) to provide for the conveyance of certain mineral interests of the United States in property in Utah to the record owners of the surface of that property.

There being no objection, the Clerk read the bill as follows:

H.R. 5236

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Interior shall convey to those persons who, on the date of enactment of this Act, are the record owners of the surface rights thereof, or to the heirs, successors, or assigns of such person or persons, all of the right, title, and interest of the United States in and to the real property consisting of twenty acres and more particularly described in section 2 of this Act. Such conveyance shall be made only if application is made therefor by a record owner of the surface rights within one year after the date of enactment of this Act, and upon payment to the United States by such applicant of such sum as may be fixed by the Secretary to reimburse the United States for the administrative cost of the conveyance plus the fair market value of the minerals as determined by the Secretary.

SEC. 2. The real property referred to in the first section of this Act is situated in Utah County, Utah, and is more particularly described as follows:

Beginning at a point south 151.8 feet and west 0.27 feet from the north quarter corner of section 17, township 5 south, range 2 east, Salt Lake base and meridian, and running thence south 89 degrees 54 minutes east 62.0 feet; thence north 0 degree 06 minutes east 152.1 feet; thence north 89 degrees 29 minutes 44 seconds east 70 feet; thence south 0 degree 06 minutes west 165.62 feet; thence south 89 degrees 54 minutes east 164.97 feet; thence north 0 degree 06 minutes east 137 feet; thence north 89 degrees 51 minutes east 16.5 feet; thence south 0 degree 06 minutes west 137 feet; thence south 39 degrees 20 minutes west 135 feet; thence south 51 degrees 07 minutes east 660 feet; thence north 88 degrees 40 minutes west 268.8 feet; thence south 0 degree 28 minutes 30 seconds west 1262.9 feet along a fence line; thence north 89 degrees 46 minutes west 364.2 feet; thence south 89 degrees 06 minutes 30 seconds west 133.2 feet; thence north 1 degree 17 minutes 30 seconds east 1323.2 feet; thence east 4.34 feet; thence north 0 degree 06 minutes east 466.7 feet, more or less to the point of beginning.

With the following committee amendments:

Page 1, lines 6 and 7, strike out "all of the right, title, and interest of" and insert in lieu thereof "all mineral interests reserved to".

Page 1, strike out the sentence beginning on line 10 and ending on page 2, line 7.

Page 3, following line 6, insert the following new sections:

SEC. 3. The Secretary shall require the deposit of a sum of money which he deems sufficient to cover estimated administrative costs of this Act. If a conveyance is not made pursuant to this Act, and the administrative costs exceed the deposit, the Secretary shall bill the applicant for the outstanding amount, but if the amount of the deposit exceeds the actual administrative costs, the Secretary shall refund the excess.

SEC. 4. No conveyance shall be made unless application for conveyance is filed with the Secretary within six months of the date of approval of this Act and unless within the time specified by him payment is made to the Secretary of (1) administrative costs of the conveyance and (2) the fair market value of the interest to be conveyed. The amount of the payment required shall be the difference between the amount deposited and the full amount required to be paid under this section. If the amount deposited exceeds the full amount required to be paid, the applicant shall be given a credit or refund for the excess.

SEC. 5. The term "administrative costs" as used in this Act includes, but is not limited to, all costs of (1) conducting an exploratory program to determine the character of the mineral deposits in the land, (2) evaluating the data obtained under the exploratory program to determine the fair market value of the mineral rights to be conveyed, and (3) preparing and issuing the instrument of conveyance.

SEC. 6. Moneys paid to the Secretary for administrative costs shall be paid to the agency which rendered the service, and deposited to the appropriation then current. Moneys paid for the minerals or mineral interests conveyed shall be deposited into the general fund of the Treasury as miscellaneous receipts.

The committee amendments were agreed to.

The bill was ordered to be engrossed

and read a third time, was read the third time and passed, and a motion to reconsider was laid on the table.

CONVEYING CERTAIN MINERAL INTERESTS TO THE OWNER OR OWNERS OF RECORD OF CERTAIN LANDS IN THE STATE OF SOUTH CAROLINA

The Clerk called the bill (H.R. 6541) to authorize the Secretary of the Interior to convey certain mineral interests of the United States to the owner or owners of record of certain lands in the State of South Carolina.

There being no objection, the Clerk read the bill as follows:

H.R. 6541

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Interior is authorized and directed, in accordance with section 3 of this Act, to convey by quitclaim deed to the present owner or owners of record all mineral interest of the United States in the following described lands in Clarendon County, South Carolina:

All that piece, parcel, or tract of land lying, being, and situate a north corner iron being 152 feet south of the city limits of Manning, South Carolina, containing 9.7 acres of land and described as follows:

Beginning at a point of the right-of-way of United States Highway 301 and running along United States Highway 301 north 58 degrees 45 minutes east 240.3 feet to a stake;

thence south 31 degrees 15 minutes east 460 feet to a stake;

thence north 58 degrees 45 minutes east 302.4 feet to a stake;

thence north 27 degrees 48 minutes west 459.8 feet to a stake;

thence north 59 degrees 12 minutes east 85.7 feet to a point of curve;

thence north 60 degrees 5 minutes east 32.5 feet to a stake;

thence south 29 degrees 50 minutes east 150 feet to a stake;

thence north 60 degrees 10 minutes east 194.8 feet to a stake;

thence south 46 degrees 55 minutes east 219.2 feet to a stake;

thence south 16 degrees 6 minutes west 123 feet to a point of curve;

thence south 8 degrees 4 minutes east 125.6 feet to a point of curve;

thence south 12 degrees 37 minutes east 106.3 feet to a point of curve;

thence south 20 degrees 22 minutes west 105.7 feet to a point of curve;

thence south 44 degrees 28 minutes west 124.7 feet to a point of curve;

thence south 37 degrees 25 minutes west 114.9 feet to a point of curve;

thence south 32 degrees 39 minutes west 88.6 feet to a point of curve;

thence south 22 degrees 22 minutes west 136.1 feet to a stake;

thence north 38 degrees 58 minutes west 149 feet to a point of curve;

thence north 42 degrees 53 minutes west 190.7 feet to a point of curve;

thence north 48 degrees 44 minutes west 93.5 feet to a point of curve;

thence north 81 degrees 6 minutes west 114.9 feet to a point of curve;

thence north 55 degrees 54 minutes west 110.1 feet to a point of curve;

thence north 24 degrees 24 minutes west 135.4 feet to a point of curve;

thence north 5 degrees 32 minutes west 86.6 feet to a point of curve;

thence north 30 degrees 9 minutes west 171.5 feet to the point of beginning.

Said tract of land bounded as follows: North by United States Highway 301 and the lands of the San-Man Inn of Manning Incorporated; east by the lands of M. R. Webster and of J. K. Breedin; south and west by the lands now or formerly of Anna and John R. Stewart.

For a more particular description of said land, a comparison may be had of a plat made by W. B. Sykes, surveyor, dated March 16, 1951, and recorded in plat book 14 at page 39 in the Office of the Clerk of Court for Clarendon, a plat made by W. B. Sykes, surveyor, on November 16, 1960, and recorded in plat book 16 at page 157 in the Office of the Clerk of Court for Clarendon County, and a plat made by W. B. Sykes, surveyor, dated December 29, 1961, and recorded in plat book 17 at page 31 in the Office of the Clerk of Court for Clarendon County.

SEC. 2. The Secretary shall require the deposit of a sum of money which he deems sufficient to cover estimated administrative costs of this Act. If conveyance is not made pursuant to this Act, and the administrative costs exceed the deposit, the Secretary shall bill the applicant for the outstanding amount, but if the amount of the deposit exceeds the actual administrative costs, the Secretary shall refund the excess.

SEC. 3. No conveyance shall be made unless application for conveyance is filed with the Secretary within six months of the date of approval of this Act and unless within the time specified by him payment is made to the Secretary of (1) administrative costs of the conveyance and (2) the fair market value of the interest to be conveyed. The amount of the payment required shall be the difference between the amount deposited and the full amount required to be paid under this section. If the amount deposited exceeds the full amount required to be paid, the applicant shall be given a credit or refund for the excess.

SEC. 4. The term "administrative costs" as used in this Act includes, but is not limited to, all costs of (1) conducting such exploratory programs as the Secretary of the Interior deems necessary to determine the character of the mineral deposits in the land, (2) evaluating the data obtained under the exploratory programs to determine the fair market value of the mineral rights to be conveyed, and (3) preparing and issuing the instrument of conveyance.

SEC. 5. Moneys paid to the Secretary for administrative costs shall be paid to the agency which rendered the service, and deposited to the appropriation then current. Moneys paid for the mineral or mineral interests conveyed shall be deposited into the general fund of the Treasury as miscellaneous receipts.

With the following committee amendment:

Page 2, line 2, strike out "9.7" and insert in lieu thereof "10.4".

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

CONVEYING CERTAIN MINERAL INTERESTS IN THE STATE OF SOUTH CAROLINA

The Clerk called the bill (H.R. 6542) to authorize the Secretary of the Interior to convey certain mineral interests of the United States to the owner or owners of record of certain lands in the State of South Carolina.

There being no objection, the Clerk read the bill as follows:

H.R. 6542

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Interior is authorized and directed, in accordance with section 3 of this Act, to convey by quitclaim deed to the present owner or owners of record all mineral interest of the United States in the following described lands in Clarendon County, South Carolina:

All that piece, parcel, or tract of land, lying, being, and situate the north corner iron being on the south city limits of Manning, South Carolina, containing one lot of land and described as follows: Beginning at a point on the right-of-way of the United States Highway 301 and running along United States Highway 301 north 60 degrees 10 minutes east 152 feet to a stake; thence south 45 degrees 46 minutes each 156 feet along the south city limits of Manning, South Carolina, to a stake; thence south 60 degrees 10 minutes west 194.8 feet to a stake; then north 29 degrees 50 minutes west 150 feet to the point of beginning. Said tract of land bounded as follows: North by United States Highway 301; east by the lands of J. K. Breedin; south and west by the lands of B. F. Hill.

For a more particular description of said land reference may be had to a plat made by W. B. Skyes, surveyor, on December 29, 1961, and recorded in plat book 17 at page 31 in the Office of the Clerk of Court for Clarendon County.

SEC. 2. The Secretary shall require the deposit of a sum of money which he deems sufficient to cover estimated administrative costs of this Act. If conveyance is not made pursuant to this Act, and the administrative costs exceed the deposit, the Secretary shall bill the applicant for the outstanding amount, but if the amount of the deposit exceeds the actual administrative costs, the Secretary shall refund the excess.

SEC. 3. No conveyance shall be made unless application for conveyance is filed with the Secretary within six months of the date of approval of this Act and unless within the time specified by him payment is made to the Secretary of (1) administrative costs of the conveyance and (2) the fair market value of the interest to be conveyed. The amount of the payment required shall be the difference between the amount deposited and the full amount required to be paid under this section. If the amount deposited exceeds the full amount required to be paid, the applicant shall be given a credit or refund for the excess.

SEC. 4. The term "administrative costs" as used in this Act, includes, but is not limited to, all costs of (1) conducting such exploratory programs as the Secretary of the Interior deems necessary to determine the character of the mineral deposits in the land, (2) evaluating the data obtained under the exploratory programs to determine the fair market value of the mineral rights to be conveyed, and (3) preparing and issuing the instrument of conveyance.

SEC. 5. Moneys paid to the Secretary for administrative costs shall be paid to the agency which rendered service, and deposited to the appropriation then current. Moneys paid for the minerals or mineral interests conveyed shall be deposited into the general fund of the Treasury as miscellaneous receipts.

With the following committee amendment:

Page 2, line 1, after the words "of land" insert "of .6 acres".

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

AUTHORIZING THE SECRETARY OF THE INTERIOR TO SELL CERTAIN RIGHTS IN THE STATE OF FLORIDA

The Clerk called the bill (H.R. 10284) to authorize the Secretary of the Interior to sell certain rights in the State of Florida.

There being no objection, the Clerk read the bill as follows:

H.R. 10284

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Interior is authorized and directed to convey to the record owner thereof, in accordance with section 3 of this Act, all right, title, and interest in phosphate deposits reserved to the United States in land described as the northwest quarter of the southeast quarter of the northwest quarter, section 29, township 17 south, range 26 east, lying south of right-of-way of State road numbered 42; less the west thirty feet thereof, in Marion County, Florida.

SEC. 2. The Secretary shall require the deposit of a sum of money which he deems sufficient to cover estimated administrative costs of this Act. If a conveyance is not made pursuant to this Act, the deposit shall constitute full satisfaction of administrative costs notwithstanding that the administrative costs exceed the deposit, but if the amount of the deposit exceeds the actual administrative costs, the Secretary shall refund the excess.

SEC. 3. No conveyance shall be made unless application for conveyance is filed with the Secretary within six months of the date of approval of this Act and unless within the time specified by him payment is made to the Secretary of (1) administrative costs of the conveyance and (2) the fair market value of the interest to be conveyed. The amount of the payment required shall be the difference between the amount deposited and the full amount required to be paid under this section. If the amount deposited exceeds the full amount required to be paid, the applicant shall be given a credit or refund for the excess.

SEC. 4. The term "administrative costs", as used in this Act, includes, but is not limited to, all costs of (1) conducting an exploratory program to determine the character of the phosphate deposits in the land, (2) evaluating the data obtained under the exploratory program to determine the fair market value of the phosphate rights to be conveyed, and (3) preparing and issuing the instrument of conveyance.

SEC. 5. Moneys paid to the Secretary for administrative costs shall be paid to the agency which rendered the service, and deposited to the appropriation then current. Moneys paid for the phosphate or phosphate interests conveyed shall be deposited into the general fund of the Treasury as miscellaneous receipts.

With the following committee amendment:

Page 2, strike out all of lines 3, 4 and 5, and insert in lieu thereof the following: "made pursuant to this Act, and the administrative costs exceed the deposit, the Secretary shall bill the applicant for the outstanding amount, but if the amount".

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

AMENDING PUBLIC LAW 90–335 RELATING TO PURCHASE, SALE, AND EXCHANGE OF CERTAIN LANDS ON THE SPOKANE INDIAN RESERVATION

The Clerk called the bill (H.R. 5035) to amend Public Law 90–335 (82 Stat. 174) relating to the purchase, sale, and exchange of certain lands on the Spokane Indian Reservation.

There being no objection, the Clerk read the bill as follows:

H.R. 5035

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That subsection (c) of the Act of June 10, 1968 (82 Stat. 174) is amended by deleting the proviso so that said subsection will read as follows:

"(c) Title to lands, or any interests therein, acquired pursuant to this Act for the Spokane Tribe or individual enrolled members thereof, shall be taken in the name of the United States of America in trust for the tribe or individual Indian, and shall be nontaxable as other tribal and allotted Indian trust lands of the Spokane Reservation."

The bill was ordered to be engrossed and read a third time, was read the third time and passed, and a motion to reconsider was laid on the table.

COMPENSATION OF EMPLOYEES OF SENATE COMMITTEES

The Clerk called the Senate bill (S. 2315) relating to the compensation of employees of Senate committees.

There being no objection, the Clerk read the Senate bill as follows:

S. 2315

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 105(e) of the Legislative Branch Appropriation Act, 1968, as amended and as modified by the Order of the President pro tempore of the Senate of October 4, 1973, is amended as follows:

(1) In paragraph (1), strike out "ranging from $18,525 to" and insert in lieu thereof "at not to exceed".

(2) In paragraph (2)(A), strike out "$8,265 to" each place it appears therein and insert in lieu thereof "not to exceed".

(3) In paragraph (2)(B), strike out "$18,240 to", "$14,250 to", and "$8,265 to" and insert in lieu thereof in each place "not to exceed".

With the following committee amendment:

On page 2, immediately below line 3, of S. 2315, insert the following:

SEC. 2. (a) Section 3216 of title 39, United States Code, is amended by striking out ", and the printed words 'Postage paid by Congress' ".

(b) Section 733 of title 44, United States Code, is amended by striking out "Postage paid by Congress.".

(c) Section 907 of title 44, United States Code, is amended by striking out "Postage paid by Congress".

SEC. 3. (a) Section 5(d) of the Act of December 18, 1973 (87 Stat. 742; Public Law 93–191), is amended by striking out "or 3218" and inserting in lieu thereof ", 3218, or 3219".

(b) Section 6(a) of the Act of December 18, 1973 (87 Stat. 744; Public Law 93–191), is amended by striking out "or 3218" and inserting in lieu thereof ", 3218, or 3219".

The committee amendment was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed.

The title was amended so as to read: "An Act to amend the minimum limits of compensation of Senate committee employees and to amend the indicia requirements on franked mail, and for other purposes.".

A motion to reconsider was laid on the table.

PRINTING OF ADDITIONAL COPIES OF HOUSE REPORT, "THE IMPACT OF THE ENERGY AND FUEL CRISIS ON SMALL BUSINESS"

Mr. BRADEMAS. Mr. Speaker, by direction of the Committee on House Administration, I submit a privileged report (Rept. No. 93–858) on the House resolution (H. Res. 726) providing for the printing of additional copies of the House report entitled "The Impact of the Energy and Fuel Crisis on Small Business", and ask for immediate consideration of the resolution.

The Clerk read the resolution, as follows:

H. RES. 726

Resolved, That there shall be printed for the use of the Permanent Select Committee on Small Business of the House of Representatives two thousand additional copies of the House Report entitled "The Impact of the Energy and Fuel Crisis on Small Business," it being House Report Numbered 91–1751 (Ninety-first Congress, second session).

The resolution was agreed to.

A motion to reconsider was laid on the table.

PRINTING OF ADDITIONAL COPIES OF "CONCENTRATION BY COMPETING RAW FUEL INDUSTRIES IN THE ENERGY MARKET AND ITS IMPACT ON SMALL BUSINESS"

Mr. BRADEMAS. Mr. Speaker, by direction of the Committee on House Administration, I submit a privileged report (Rept. No. 93–859) on the House resolution (H. Res. 727) providing for the printing of additional copies of the House report entitled "Concentration by Competing Raw Fuel Industries in the Energy Market and Its Impact on Small Business," House Report No. 92–719, and ask for immediate consideration of the resolution.

The Clerk read the resolution, as follows:

H. RES. 727

Resolved, That there shall be printed for the use of the Permanent Select Committee on Small Business of the House of Representatives three thousand additional copies of the House report entitled "Concentration by Competing Raw Fuel Industries in the Energy Market and Its Impact on Small Business"; it being House Report Numbered 92–719 (Ninety-second Congress, first session).

The resolution was agreed to.

A motion to reconsider was laid on the table.

PRINTING ADDITIONAL COPIES OF "CONCENTRATION BY COMPETING RAW FUEL INDUSTRIES IN THE ENERGY MARKET AND ITS IMPACT ON SMALL BUSINESS"

Mr. BRADEMAS. Mr. Speaker, by direction of the Committee on House Administration, I submit a privileged report (Rept. No. 93-860) on the House resolution (H. Res. 728) providing for the printing of additional copies of the House report entitled "Concentration by Competing Raw Fuel Industries in the Energy Market and Its Impact on Small Business," volume 3, "National Gas Survey and Synthetic Fuel Development," House Report No. 92-1404, and ask for immediate consideration of the resolution.

The Clerk read the resolution as follows:

H. Res. 728

Resolved, That there shall be printed for the use of the Permanent Select Committee on Small Business of the House of Representatives two thousand additional copies of the House report entitled "Concentration by Competing Raw Fuel Industries in the Energy Market and Its Impact of Small Business"—volume 3—"National Gas Survey and Synthetic Fuel Development"; it being House Report Numbered 92-1404 (Ninety-second Congress, second session).

The resolution was agreed to.

A motion to reconsider was laid on the table.

PRINTING OF ADDITIONAL COPIES OF "CONCENTRATION BY COMPETING RAW FUEL INDUSTRIES IN THE ENERGY MARKET AND ITS IMPACT ON SMALL BUSINESS"

Mr. BRADEMAS. Mr. Speaker, by direction of the Committee on House Administration, I submit a privileged report (Rept. No. 93-861) on the House resolution (H. Res. 729) providing for the printing of additional copies of the House Report entitled "Concentration by Competing Raw Fuel Industries in the Energy Market and Its Impact on Small Business"—Volume 2—"Tennessee Valley Area", House Report Numbered 92-1313.

The Clerk read the resolution, as follows:

H. Res. 729

Resolved, That there shall be printed for the use of the Permanent Select Committee on Small Business of the House of Representatives two thousand additional copies of the House report entitled "Concentration by Competing Raw Fuel Industries in the Energy Market and Its Impact on Small Business"—Volume 2—"Tennessee Valley Area"; it being House Report Numbered 92-1313 (Ninety-second Congress, second session).

The resolution was agreed to.

A motion to reconsider was laid on the table.

PRINTING OF A VETERANS' BENEFITS CALCULATOR

Mr. BRADEMAS. Mr. Speaker, by direction of the Committee on House Administration, I submit a privileged report (Rept. No. 93-862) on the House concurrent resolution (H. Con. Res. 78) to authorize the printing of a Veterans' Benefits Calculator, and ask for immediate consideration of the concurrent resolution.

The Clerk read the concurrent resolution, as follows:

H. Con. Res. 78

Resolved by the House of Representatives (the Senate concurring), That after the conclusion of the second session of the Ninety-third Congress there shall be printed fifty thousand one hundred and fifty-five copies of a Veterans' Benefits Calculator prepared by the House Committee on Veterans' Affairs of which two thousand copies shall be for the use of the House Committee on Veterans' Affairs, two thousand copies for the use of the Senate Committee on Veterans' Affairs, thirty-seven thousand four hundred copies for the use of the House of Representatives, and eight thousand seven hundred and fifty-five copies for the use of the Senate.

With the following committee amendments:

Page 1, line 4, delete "one hundred and fifty-five"; insert "three hundred and twenty-five".

Page 1, line 9, delete "four hundred"; insert "five hundred and seventy".

The committee amendments were agreed to.

The concurrent resolution was agreed to.

A motion to reconsider was laid on the table.

PRINTING OF ADDITIONAL COPIES OF HEARINGS ENTITLED "FOREIGN POLICY IMPLICATIONS OF THE ENERGY CRISIS"

Mr. BRADEMAS. Mr. Speaker, by direction of the Committee on House Administration, I submit a privileged report (Rept. 93-863) on the concurrent resolution (H. Con. Res. 397) providing for the printing of additional copies of hearings before the Subcommittee on Foreign Economic Policy entitled "Foreign Policy Implications of the Energy Crisis," and ask for immediate consideration of the concurrent resolution.

The Clerk read the concurrent resolution, as follows:

H. Con. Res. 397

Resolved by the House of Representatives (the Senate concurring), That there shall be printed for the use of the Committee on Foreign Affairs, House of Representatives, one thousand additional copies of the hearings before the Subcommittee on Foreign Economic Policy on September 21, 26, 27, and October 3, 1972, entitled "Foreign Policy Implications of the Energy Crisis".

The concurrent resolution was agreed to.

A motion to reconsider was laid on the table.

PRINTING OF REPORT OF PROCEEDINGS OF THE 46TH BIENNIAL MEETING OF CONVENTION OF AMERICAN INSTRUCTORS OF THE DEAF AS A SENATE DOCUMENT

Mr. BRADEMAS. Mr. Speaker, by direction of the Committee on House Administration, I submit a privileged report (Rept. 93-864) on the Senate concurrent resolution (S. Con. Res. 55) authorizing the printing of the report of the proceedings of the 46th biennial meeting of the Convention of American Instructors of the Deaf as a Senate document, and ask for immediate consideration of the Senate concurrent resolution.

The Clerk read the Senate concurrent resolution, as follows:

S. Con. Res. 55

Resolved by the Senate (the House of Representatives concurring), That the report of the proceedings of the forty-sixth biennial meeting of the Convention of American Instructors of the Deaf, held in Indianapolis, Indiana, from June 24, 1973, through June 29, 1973, be printed with illustrations as a Senate document. Five thousand five hundred additional copies of such document shall be printed for the use of the Joint Committee on Printing.

The Senate concurrent resolution was concurred in.

A motion to reconsider was laid on the table.

PRINTING OF ADDITIONAL COPIES OF SENATE HEARINGS ON CHILD ABUSE PREVENTION ACT, 1973

Mr. BRADEMAS. Mr. Speaker, by direction of the Committee on House Administration, I submit a privileged report (Rept. 93-865) on the Senate concurrent resolution (S. Con. Res. 56) authorizing the printing of additional copies of Senate hearings on the Child Abuse Prevention Act, 1973, and ask for immediate consideration of the Senate concurrent resolution.

The Clerk read the Senate concurrent resolution as follows:

S. Con. Res. 56

Resolved by the Senate (the House of Representatives concurring), That the compilation entitled "Disclosure of Committee on Labor and Public Welfare one thousand additional copies of the hearings before its Subcommitteee on Children and Youth during the present session on the Child Abuse Prevention Act, 1973.

The Senate concurrent resolution was concurred in.

A motion to reconsider was laid on the table.

PRINTING OF ADDITIONAL COPIES OF REPORT OF COMMISSION ON BANKRUPTCY LAWS OF THE UNITED STATES

Mr. BRADEMAS. Mr. Speaker, by direction of the Committee on House Administration, I submit a privileged report (Rept. 93-866) on the Senate concurrent resolution (S. Con. Res. 58) authorizing the printing of additional copies of report of Commission on Bankruptcy Laws of the United States for use of the Senate Committee on the Judiciary, and ask for immediate consideration of the Senate concurrent resolution.

The Clerk read the Senate concurrent resolution, as follows:

S. Con. Res. 58

Resolved by the Senate (the House of Representatives concurring), That there be printed for the use of the Senate Committee on the Judiciary one thousand additional copies each of parts I and II of the Report of the Commission on the Bankruptcy Laws of the United States (House Document 93-137).

The Senate concurrent resolution was concurred in.

A motion to reconsider was laid on the table.

PRINTING OF COMPILATION ENTITLED "DISCLOSURE OF CORPORATE OWNERSHIP" AS A SENATE DOCUMENT

Mr. BRADEMAS. Mr. Speaker, by direction of the Committee on House Administration. I submit a privileged report (Rept. 93-867) on the Senate concurrent resolution (S. Con. Res. 59) authorizing the printing of the compilation entitled "Disclosure of Corporate Ownership" as a Senate document, and ask for immediate consideration of the Senate concurrent resolution.

The Clerk read the Senate concurrent resolution as follows:

S. CON. RES. 59

Resolved by the Senate (the House of Representatives concurring), That the compilation entitled "Disclosure of Corporate Ownership", prepared by the Subcommittees on Intergovernmental Relations and Budgeting, Management and Expenditures, of the Senate Committee on Government Operations, be printed with illustrations as a Senate document; and that there be printed five thousand additional copies of such document for the use of that committee.

The Senate concurrent resolution was concurred in.

A motion to reconsider was laid on the table.

PRINTING OF ADDITIONAL COPIES OF PART I OF SENATE COMMITTEE PRINT ENTITLED "CONFIDENCE AND CONCERN: CITIZENS VIEW AMERICAN GOVERNMENT—A SURVEY OF PUBLIC ATTITUDES"

Mr. BRADEMAS. Mr. Speaker, by direction of the Committee on House Administration, I submit a privileged report (Rept. 93-868) on the Senate concurrent resolution (S. Con. Res. 61) authorizing the printing of additional copies of part I of the Senate committee print entitled "Confidence and Concern: Citizens View American Government—A Survey of Public Attitudes," and ask for immediate consideration of the Senate concurrent resolution.

The Clerk read the Senate concurrent resolution, as follows:

S. CON. RES. 61

Resolved by the Senate (the House of Representatives concurring), That there be printed for the use of the Senate Committee on Government Operations two thousand additional copies of part I of its committee print entitled "Confidence and Concern: Citizens View American Government—A Survey of Public Attitudes," dated December 3, 1973.

The Senate concurrent resolution was concurred in.

A motion to reconsider was laid on the table.

PRINTING OF CONGRESSIONAL EULOGIES AND OTHER TRIBUTES TO THE LATE J. EDGAR HOOVER AS A SENATE DOCUMENT

Mr. BRADEMAS. Mr. Speaker, by direction of the Committee on House Administration, I submit a privileged report (Rept. 93-869) on the Senate concurrent resolution (S. Con. Res. 64) authorizing the printing of congressional eulogies and other tributes to the late J. Edgar Hoover as a Senate document, and ask for immediate consideration of the Senate concurrent resolution.

The Clerk read the Senate concurrent resolution as follows:

S. CON. RES. 64

Resolved by the Senate (the House of Representatives concurring), That there be printed with an illustration as a Senate document a compilation of materials eulogizing the late J. Edgar Hoover, including: memorial tributes in the Congress; the eulogy by Warren E. Burger, Chief Justice of the United States, in the Rotunda of the United States Capitol on May 3, 1972; the funeral services for Mr. Hoover at the National Presbyterian Church, Washington, District of Columbia, including the eulogy by President Richard M. Nixon and the tribute by the Reverend Edward L. R. Elson, Chaplain of the United States Senate; and the various articles and editorials relating to the life and work of J. Edgar Hoover and his contributions to the well-being of the American people.

SEC. 2. There shall be printed five thousand five hundred and fifty additional copies of the document authorized by section 1 of this concurrent resolution, of which four thousand four hundred and twenty shall be for the use of the House of Representatives, one thousand thirty shall be for the use of the United States Senate, and one hundred shall be for the use of the Senate Committee on the Judiciary.

SEC. 3. The copy of such document shall be prepared under the direction of the Joint Committee on Printing, and the document shall be printed and bound in the format currently used for memorial tributes to deceased Members of Congress.

The Senate concurrent resolution was concurred in.

A motion to reconsider was laid on the table.

RESUMPTION OF DIPLOMATIC RELATIONS WITH EGYPT

(Mr. FINDLEY asked and was given permission to address the House for 1 minute, to revise and extend his remarks and include extraneous matter.)

Mr. FINDLEY. Mr. Speaker, last Friday for the first time in nearly 7 years the Stars and Stripes were raised over the American Embassy in Cairo, Egypt. This signified the resumption of full diplomatic relations between Egypt and the United States for the first time since the June 1967 war between Israel and Egypt.

It also signifies the tremendous advance in peaceful relations that has been achieved in the Middle East during the past 6 months under the leadership of the Nixon administration.

Effective diplomacy by the United States stopped a war in the Middle East, on two occasions prevented a superpower confrontation in that region, then succeeded in negotiating a cease-fire and separation of forces.

All this would have been impossible had not President Nixon first established understanding and trust between the United States and other States, notably the Soviet Union, Egypt, Syria, as well as Israel.

ADDITIONAL LEGISLATIVE PROGRAM

Mr. O'NEILL. Mr. Speaker, I take this time to announce we are adding two bills to the Suspension Calendar for tomorrow:

H.R. 13025, to provide additional time for screening disability determinations; and

H.R. 8245, to amend Reorganization Plan No. 2 of 1973, with Senate amendment.

AMENDMENTS TO THE WAGNER-O'DAY ACT

Mr. HICKS. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 11143) to provide the authorization for fiscal year 1974 and succeeding fiscal year for the Committee for Purchase of Products and Services of the Blind and Other Severely Handicapped, and for other purposes, as amended.

The Clerk read as follows:

H.R. 11143

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Act entitled "An Act to create a Committee on Purchases of Blind-made Products, and for other purposes", approved June 25, 1938 (41 U.S.C. 46–48c) is amended as follows:

(1) Section 1(a) is amended—

(A) by striking out "Committee for Purchase of Products and Services of" in the first sentence thereof and inserting in lieu thereof "Committee for Purchases from";

(B) by striking out "fourteen" in the second sentence thereof and inserting in lieu thereof "sixteen";

(C) by striking out "and other severely handicapped individuals" in paragraph (2) (A) and inserting in lieu thereof a period;

(D) by redesignating subparagraphs (B) and (C) of paragraph (2) as subparagraphs (C) and (D), respectively, and inserting after subparagraph (A) the following new subparagraph:

"(B) The President shall appoint one member from persons who are not officers or employees of the Government and who are conversant with the problems incident on the employment of other severely handicapped individuals."; and

(E) by adding at the end of paragraph (2) the following new subparagraph:

"(E) The President shall appoint one member from a list of four persons, each of whom is the head of a State vocational rehabilitation agency, submitted to him by the Executive Committee of the Council of State Administrators of Vocational Rehabilitation.".

Section 1(d) is amended—

(A) by striking out "paragraphs (2) and (3)" in paragraph (1) and inserting in lieu thereof "paragraphs (2), (3), (4) and (5)"; and

(B) by adding at the end thereof the following new paragraphs:

"(4) The member first appointed under paragraph (2)(B) of subsection (a) shall be appointed for a term of three years.

"(5) The member first appointed under paragraph (2)(E) of subsection (a) shall be appointed for a term of four years.".

(3) Section 5 is amended—

(A) by inserting after paragraph (4) the following new paragraph:

"(5) The term 'direct labor' includes all work required for preparation, processing, and packing of a commodity, or work directly relating to the performance of a service, but not supervision, administration, inspection, or shipping.";

(B) by striking out paragraph (6); and

(C) by redesignating paragraphs (7), (8), and (9) as paragraphs (6), (7), and (8), respectively.

(4) Section 6 is amended to read as follows:

"SEC. 6. There are authorized to be appropriated to the Committee to carry out this $240,000 for the fiscal year ending June 30, 1974, and such sums as may be necessary for the succeeding fiscal years.".

Amend the title so as to read: "A bill to redesignate the Committee for Purchase of Products and Services of the Blind and Other Severely Handicapped as the Committee for Purchases Form the Blind and Other Severely Handicapped, to authorize the appropriation of funds for such committee for fiscal year 1974 and succeeding fiscal years, and for other purposes.".

The SPEAKER. Is a second demanded?

Mr. PRITCHARD. Mr. Speaker, I demand a second.

The SPEAKER. Without objection, a second will be considered as ordered.

There was no objection.

Mr. HICKS. Mr. Speaker, I move to suspend the rules and pass the bill, H.R. 11143, to provide the authorization for fiscal year 1974 and succeeding fiscal year for the Committee for Purchase of Products and Services of the Blind and Other Severely Handicapped, and for other purposes, with committee amendments.

The bill before the House is a vehicle aimed at enabling the Committee for the Purchase of Products and Services of the Blind and Other Severely Handicapped to perform its task more effectively. The committee, established under the Wagner-O'Day amendment of 1971, has as its function to help increase employment opportunities for blind and handicapped workers by selecting products and services which the Government will purchase from certified workshops employing such workers.

The 1971 amendment provided authorizations only through fiscal year 1974. This bill provides a continuing authorization to the Wagner-O'Day committee of "such sums as may be necessary" for its operations. Its needs are relatively small. It is believed that its appropriation will not exceed the $300,000 level until fiscal year 1979. The Special Studies Subcommittee of the Committee on Government Operations will, of course, exercise continuing oversight of the operations of the Wagner-O'Day committee.

The bill also increases the membership of the Wagner-O'Day committee by 2 public members, making a total of 5 public members out of 16. One of the additional public members will be a person with knowledge of problems incident to the employment of the nonblind handicapped. There is now one member who covers that group as well as the blind but will hereafter represent only the latter.

The second additional public member will be the head of a State vocational rehabilitation agency. It is an amendment resulting from the suggestion of a member of the Special Studies Subcommittee, the gentlewoman from New York (Ms. ABZUG). Since rehabilitation is an important ingredient of the sheltered workshop program, it is believed that such representation will assist the Wagner-O'Day committee in its work.

Further, the bill shortens the title of the Wagner-O'Day committee to "Committee for Purchases from the Blind and Other Severely Handicapped." The word "severely" is retained in the bill as reported because objection was made to its deletion during the course of the subcommittee hearings.

Finally, the bill extends the definition of "direct labor" to apply to the performance of work under a service contract. This would require that 75 percent of the work be done by those who are blind or otherwise severely handicapped, as is now required in the case of products.

The Special Studies Subcommittee held 4 days of hearings on H.R. 11143 as well as examining the operations of the Wagner-O'Day committee since the 1971 amendments. These hearings have been printed. The bill as it now stands will have a beneficial effect, and I urge that it be adopted.

Mr. PRITCHARD. Mr. Speaker, I join with Mr. HICKS, the chairman of my subcommittee which considered H.R. 11143, in recommending passage of this bill.

The Committee for Purchase of Products and Services of the Blind and Other Severely Handicapped performs valuable services for many disabled people in America. By encouraging the establishment of workshops for the handicapped and selecting various products of those workshops for procurement on a priority basis by the Federal Government, the committee promotes employment for disabled individuals.

In fiscal year 1973, the committee certified 19 new groups of commodities and one new service for priority purchase by the Government. These additions have an annual sales value of more than $3 million, and will create jobs for 172 blind and 102 other severely handicapped persons. For fiscal year 1973, workshops sales to the Government increased by $5 million over the previous year—to approximately $30 million.

Nearly 5,000 handicapped people were employed in producing the goods and services which were worth that amount. Due in large part to the efforts of the Committee for the Purchase of Products and Services of the Blind and Other Severely Handicapped, those people are living useful lives as gainfully employed participants in our economic system, rather than subsisting on public welfare. The small sum which we appropriate annually for the committee is a wise investment.

Mr. Speaker, this record in my opinion justifies continued authorization of the committee. H.R. 11143, the bill before us now, provides that continued authorization. The distinguished chairman of the Special Studies Subcommittee has explained its specific provisions well. I only add the observation that this bill engendered no controversy in either subcommittee or full committee and urge my colleagues to endorse the measure.

Mr. REGULA. Mr. Speaker, as a member of the Special Studies Subcommittee, which originally considered H.R. 11143, I rise in support of the bill.

The Committee for Purchase of Products and Services of the Blind and Other Severely Handicapped, which this measure would continue, serves a worthy purpose. I endorse, as I am sure all Members do, providing employment opportunities for disabled Americans. I am encouraged to learn, as we did from the chairman of the committee during our hearings on H.R. 11143, that the program for the blind is vigorous, and that there has been a definite acceleration in adding commodities and services to the procurement list for workshops serving the other severely handicapped. For this, I congratulate the committee and seek approval of the bill which would prolong its existence.

One item troubles me in reviewing the committee's performance, however. Many of the jobs done by handicapped individuals under its direction require only rudimentary skills; the committee has made little effort to develop the potential of its clients. When the former committee chairman testified before us last June, he told us that his agency planned to expand its operations to assist in training handicapped citizens so that they have sufficient skills to leave their sheltered workshops and become truly self-sufficient. When the current chairman testified in November, he told us the same thing.

The handicapped need action in achieving this objective, not just plans. They, like all Americans, ought to have the chance to develop their talents. We have made a first step in this direction in H.R. 11143 by requiring that the President appoint a State vocational rehabilitation agency director to the committee; we hope that individual will be able to force the committee to focus more of its activities in the area of training and education. The responsibility for implementing the goal remains with the committee, however. I trust that when a chairman of that body next appears before the Special Studies Subcommittee, he will be able to report progress in this area.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. HICKS. I yield to the gentleman from Iowa.

Mr. GROSS. Mr. Speaker, I thank the gentleman from Washington for yielding.

May I ask the gentleman from Washington how many blind people are on the National Committee for the Blind?

Mr. HICKS. On this particular committee that we are talking about here, the Government committee?

Mr. GROSS. That is correct.

Mr. HICKS. There is one representing their interests.

Mr. GROSS. One out of how many?

Mr. HICKS. One out of 16.

Mr. GROSS. Does the gentleman from Washington not think——

Mr. HICKS. Mr. Speaker, if the gentleman will permit me to interrupt, I beg the pardon of the gentleman from Iowa. There are two on the committee; I have just been corrected by our staff.

Mr. GROSS. Two out of 16?

Mr. HICKS. That is correct.

Mr. GROSS. I wonder, does the gentleman from Washington not agree that there might well be four, or some such number, on that committee in order to give the blind better representation?

Mr. HICKS. That might be correct, but the purpose of this committee primarily is to allocate contracts to the workshops that are capable of handling them. Primarily the membership of this committee is made up of representatives from the various departments of the Government that have knowledge of what they have in the way of contracts that could be awarded that might be able to be handled by these workshops. These people get together and they set the prices, and that is the price the Government must pay. And as these contracts are put out, nobody else gets them. The prison workshops get first shot at them, then the second priority are the blind workshops, then the third priority are the severely handicapped workshops. So actually what is needed on the committee is somebody who can make some input to the Government members, telling them what the blind are capable of doing, and that sort of thing and then the Government people are there to see what kind of contracts they have that fit the criteria and can be sent out to these workshops.

Mr. GROSS. I know there is some dissatisfaction on the part of the blind that there are not more blind people represented on the committee.

Mr. HICKS. I might say to the gentleman from Iowa that in our hearings we did not hear that expressed. This representation of the blind has been in existence for a number of years, as I understand it, and it was the severely handicapped that were objecting that their people were not adequately represented. That is why we added that one person for the severely handicapped.

Mr. GROSS. Mr. Speaker, I thank the gentleman from Washington for his answers to my questions.

Ms. ABZUG. Mr. Speaker, will the gentleman yield?

Mr. HICKS. I am happy to yield to the gentlewoman from New York.

Ms. ABZUG. Mr. Speaker, I wish to compliment the gentleman from Washington, the chairman of the subcommittee, for the important work the gentleman has done in this area. Both the handicapped and the blind are very satisfied with the bill which has been brought here for our consideration today.

Extensive hearings were held before the committee on this bill. I believe that that Wagner-O'Day Act will be strengthened by these changes. I urge support of this legislation.

Under H.R. 11143, the Committee for the Purchase of Products and Services of the Blind and Other Severely Handicapped will be expanded to include two additional members: one from the private sector, presumably from a central nonprofit agency dealing with the committee, and the other a representative of the national organization of State vocational rehabilitation directors. The authorization for $240,000 and "funds as needed" will provide the committee with much-needed additional funds and, equally important will grant it the stability of an open-ended authorization.

The provision for two additional members on the committee is significant. By providing for additional representation by those familiar with the problems of the handicapped, the present focus of the committee—emphasizing government procurement problems—should be changed to give greater emphasis to the problems and needs of the blind and the handicapped. I am gratified, too, that my proposal for increased coordination between this program and the vocational rehabilitation program has been embodied in this provision. It is my hope that the Wagner/O'Day program will now be administered in such a way that it can play a significant role in the rehabilitation process.

I am pleased that the Special Studies Subcommittee is issuing an oversight report on the problems still existing in the administration of the Wagner/O'Day program. The report will provide us with the guidance and study necessary to create a comprehensive program dealing with problems not yet solved including the areas of minimum wage standards, fringe benefits, and research and development of new production techniques adapted to the use of handicapped workers. The projection of such a comprehensive plan could more effectively guarantee every blind and handicapped worker a decent wage, decent working conditions, and the potential to lead a more normal life.

Mr. BURKE of Florida. Mr. Speaker, I rise in support of H.R. 11143, to provide the authorization for fiscal year 1974 and succeeding fiscal years for the Committee for Purchase of Products and Services of the Blind and Other Severely Handicapped.

A Committee on Purchases of Blind-Made Products to provide employment opportunities for the blind in making products the Federal Government needed, and would otherwise procure on the open market, was created by the Wagner-O'Day Act of 1938. Under this system an item put on the procurement list, had to be procured at the price specified from a nonprofit workshop for the blind and blind or visually handicapped workers had to perform 75 percent of the direct labor involved in making the commodity.

In 1971, the 1938 law was expanded to include other severely handicapped people, and to include the performance of services as well as the purchase of commodities. This, of course, increased the administrative work of deciding which items should be placed on the procurement list and which workshops should be certified.

It is a happy occasion, today, because this program has been so successful that it is necessary to increase the membership on the Committee for Purchase of Products and Services of the Blind and Other Severely Handicapped. I am pleased to support this legislation and the minor improvements it makes in the existing law—namely, shortening the name of the aforemention commission to Committee for Purchases from the Blind and Other Severely Handicapped, and defining "direct labor" so that the statutory test of performance by the handicapped will be applicable to procurement of services.

Mr. MAYNE. Mr. Speaker, I rise in support of H.R. 11143, authorizing appropriations for the Committee for Purchases From the Blind and Other Severely Handicapped and making other amendments to the Wagner-O'Dav Act, and urge my colleagues to vote for its approval.

This legislation would amend the Wagner-O'Day Act to expand the size of its statutory Committee for Purchases From the Blind and Other Severely Handicapped by adding two more public members. H.R. 11143 provides there should be a separate member who is "conversant with the problems incident to the employment of the blind," and another one who is similarly knowledgeable as to such problems relating to "other severely handicapped," rather than one member for both as at present. The second additional public member of the Committee would be drawn from the ranks of officials who head State vocational rehabilitation agencies, appointed by the President from a list of four submitted by the Executive Committee of the Council of State Administrators of Vocational Rehabilitation.

I am proud of the sheltered workshops for the blind and other severely handicapped located in Iowa's Sixth Congressional District. They and other workshops serve a very useful function, providing handicapped men and women with the opportunity to produce goods and services which are useful and giving them pride in their ability to do this work despite their disabilities. However, workshops are only custodial in nature if they fail to train those handicapped who are trainable and then move these qualified clients into employment in the workaday world where they can compete with non-handicapped persons and need not feel they are "second class citizens." This bill, by broadening the membership of the Committee for Purchases From the Blind and Other Severely Handicapped to include a public member who is engaged on the State level in promoting rehabilitation of the blind and other handicapped, should significantly facilitate the objectives of the Wagner-O'Day Act.

The bill clarifies the act so that its requirement for performance of 75 percent of the "direct labor" by the blind and other severely handicapped persons would include not only products but also work performed under a service contract.

Another major effect of the bill is to extend the appropriation authority for funding the Wagner-O'Day program without any limit, by authorizing appropriation of "such sums as may be necessary for succeeding fiscal years." This change is needed so that repetitive authorization of relatively small amounts will not be required in the future. It is anticipated that the legislation will cost $252,000 in fiscal year 1974, $265,000 in fiscal year 1975, $280,000 in fiscal year 1976, $295,000 in fiscal year 1977, and $310,000 in fiscal year 1978. This will indeed be money well spent, particularly in view of the increased emphasis on rehabilitation which will come about through the change in the administering Committee's membership. I urge the approval of this needed legislation.

GENERAL LEAVE

Mr. HICKS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and include extraneous material on the bill presently under consideration.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

The SPEAKER. The question is on the motion offered by the gentleman from Washington (Mr. HICKS) that the House suspend the rules and pass the bill H.R. 11143, as amended.

The question was taken.

Mr. SYMMS. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 308, nays 0, not voting 123, as follows:

[Roll No. 57]

YEAS—308

Abdnor
Abzug
Adams
Alexander
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Archer
Arends
Armstrong
Ashley
Aspin
Bauman
Bennett
Bergland
Bevill
Biester
Bingham
Blackburn
Blatnik
Boggs
Boland
Bolling
Bowen
Brademas
Bray
Breaux
Brooks
Broomfield
Brotzman
Brown, Calif.
Brown, Mich.
Brown, Ohio
Broyhill, N.C.
Broyhill, Va.
Buchanan
Burgener
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Byron
Carney, Ohio
Carter
Casey, Tex.
Chamberlain
Chappell
Clancy
Clark
Clausen, Don H.
Clawson, Del
Clay
Cleveland
Cochran
Cohen
Collier
Collins, Ill.
Collins, Tex.
Conable
Conlan
Conte
Coughlin
Crane
Cronin
Daniel, Dan
Daniel, Robert W., Jr.
Danielson
Davis, Wis.
de la Garza
Delaney
Dellenback
Dellums
Denholm
Dennis
Dent
Derwinski
Devine
Dickinson
Diggs
Dingell
Drinan
Duncan
du Pont
Eilberg
Erlenborn
Esch
Evans, Colo.
Evins, Tenn.
Fascell
Findley
Fish
Fisher
Flynt
Foley
Ford
Forsythe
Fountain
Fraser
Frelinghuysen
Frenzel
Frey
Fulton
Gaydos
Gettys
Giaimo
Gibbons
Gilman
Goldwater
Gonzalez
Goodling
Griffiths
Gross
Grover
Gude
Guyer
Haley
Hamilton
Hammerschmidt
Hanley
Hanrahan
Hansen, Idaho
Harsha
Hays
Hébert
Hechler, W. Va.
Heckler, Mass.
Heinz
Henderson
Hicks
Hillis
Hogan
Holifield
Holt
Holtzman
Horton
Hosmer
Howard
Huber
Hudnut
Hungate
Hunt
Hutchinson
Jarman
Johnson, Calif.
Johnson, Colo.
Jones, Ala.
Jones, N.C.
Jordan
Karth
Kastenmeier
Kazen
King
Koch
Kyros
Landgrebe
Landrum
Latta
Leggett
Lent
Litton
Long, Md.
Lott
Lujan
McClory
McCollister
McCormack
McFall
McKinney
Madden
Madigan
Mahon
Mallary
Martin, Nebr.
Mathis, Ga.
Matsunaga
Mayne
Mazzoli
Meeds
Melcher
Metcalfe
Mezvinsky
Michel
Milford
Miller
Minish
Mink
Mitchell, Md.
Mitchell, N.Y.
Mizell
Mollohan
Moorhead, Calif.
Moorhead, Pa.
Morgan
Mosher
Murtha
Myers
Natcher
Nedzi
Nelsen
Nichols
Obey
O'Brien
O'Hara
O'Neill
Parris
Passman
Patman
Patten
Perkins
Pettis
Pickle
Pike
Poage
Podell
Powell, Ohio
Preyer
Price, Ill.
Price, Tex.
Pritchard
Quillen
Railsback
Rangel
Rarick
Rees
Regula
Reuss
Rhodes
Rinaldo
Roberts
Robinson, Va.
Robison, N.Y.
Roe
Rogers
Roncalio, Wyo.
Rooney, Pa.
Rose
Rosenthal
Roush
Runnels
Ruppe
Ruth
St Germain
Sarasin
Sarbanes
Satterfield
Scherle
Sebelius
Seiberling
Shipley
Shoup
Shriver
Shuster
Sikes
Sisk
Skubitz
Slack
Smith, Iowa
Smith, N.Y.
Staggers
Stanton, J. William
Stanton, James V.
Stark
Steed
Steelman
Steiger, Ariz.
Steiger, Wis.
Stephens
Stokes
Stuckey
Studds
Sullivan
Symms
Talcott
Taylor, N.C.
Teague
Thompson, N.J.
Thomson, Wis.
Thone
Thornton
Tiernan
Towell, Nev.
Van Deerlin
Vander Jagt
Vander Veen
Vanik
Waggonner
Wampler
Whalen
White
Whitten
Widnall
Williams
Wilson, Bob
Wilson, Charles, Tex.
Wolff
Wright
Wyatt
Wylie
Yates
Yatron
Young, Alaska
Young, Fla.
Young, Ill.
Young, Tex.
Zablocki
Zion
Zwach

NAYS—0

NOT VOTING—123

Addabbo
Ashbrook
Badillo
Bafalis
Baker
Barrett
Beard
Bell
Biaggi
Brasco
Breckinridge
Brinkley
Burke, Calif.
Burke, Fla.
Burton
Butler
Camp
Carey, N.Y.
Cederberg
Chisholm
Conyers
Corman
Cotter
Culver
Daniels, Dominick V.
Davis, Ga.
Davis, S.C.
Donohue
Dorn
Downing
Dulski
Eckhardt
Edwards, Ala.
Edwards, Calif.
Eshleman
Flood
Flowers
Froehlich
Fuqua
Ginn
Grasso
Gray
Green, Oreg.
Green, Pa.
Gubser
Gunter
Hanna
Hansen, Wash.
Harrington
Hastings
Hawkins
Helstoski
Hinshaw
Ichord
Johnson, Pa.
Jones, Okla.
Jones, Tenn.
Kemp
Ketchum
Kluczynski
Kuykendall
Lehman
Long, La.
McCloskey
McDade
McEwen
McKay
McSpadden
Macdonald
Mailliard
Mann
Maraziti
Martin, N.C.
Mathias, Calif.
Mills
Minshall, Ohio
Moakley
Montgomery
Moss
Murphy, Ill.
Murphy, N.Y.
Nix
Owens
Pepper
Peyser
Quie
Randall
Reid
Riegle
Rodino
Roncalio, N.Y.
Rooney, N.Y.
Rostenkowski
Rousselot
Roy
Roybal
Ryan
Sandman
Schneebeli
Schroeder
Snyder
Spence
Steele
Stratton
Stubblefield
Symington
Taylor, Mo.
Treen
Udall
Ullman
Veysey
Vigorito
Waldie
Walsh
Ware
Whitehurst
Wiggins
Wilson, Charles H., Calif.
Winn
Wydler
Wyman
Young, Ga.
Young, S.C.

So (two-thirds having voted in favor thereof) the rules were suspended and the bill as amended was passed.

The Clerk announced the following pairs:

Mr. Rostenkowski with Mr. Udall.
Mr. Rooney of New York with Mr. Hanna.
Mr. Kluczynski with Mr. Kemp.
Mr. Brasco with Mr. Bell.
Mr. Addabbo with Mr. Kuykendall.
Mr. Green of Pennsylvania with Mr. Hinshaw.
Mr. Moss with Mr. Johnson of Pennsylvania.
Mr. Murphy of New York with Mr. Cederberg.
Mr. Nix with Mr. Charles H. Wilson of California.
Mr. Dominick V. Daniels with Mr. Beard.
Mr. Donohue with Mr. Froehlich.
Mr. Hawkins with Mr. Gray.
Mr. Owens with Mr. Eshleman.
Mr. Eckhardt with Mr. Conyers.
Mrs. Chisholm with Mr. Vigorito.
Mr. Carey of New York with Mr. Mailliard.
Mrs. Grasso with Mr. Baker.
Mr. Cotter with Mr. Gubser.
Mr. Burton with Mr. Hastings.
Mr. Badillo with Mr. Young of Georgia.
Mrs. Schroeder with Mr. Mathias of California.
Mr. Roybal with Mr. Maraziti.
Mr. Rodino with Mr. Ashbrook.
Mr. Randall with Mr. Martin of North Carolina.
Mr. Harrington with Mr. Camp.
Mr. Helstoski with Mr. McCloskey.
Mr. Barrett with Mr. Peyser.
Mr. Biaggi with Mr. Quie.
Mrs. Burke of California with Mrs. Hansen of Washington.
Mr. Corman with Mr. Roncallo of New York.
Mr. Davis of Georgia with Mr. Edwards of Alabama.
Mr. Dulski with Mr. McDade.
Mr. Edwards of California with Mr. Minshall of Ohio.
Mr. Davis of South Carolina with Mr. Butler.
Mr. Flowers with Mr. Rousselot.
Mr. Flood with Mr. McEwen.
Mr. Breckinridge with Mr. Schneebeli.
Mr. Moakley with Mr. Wyman.
Mr. Long of Louisiana with Mr. Spence.
Mr. Murphy of Illinois with Mr. Steele.
Mr. Culver with Mr. Burke of Florida.
Mr. Ryan with Mr. Ware.
Mr. Stratton with Mr. Sandman.
Mr. Stubblefield with Mr. Taylor of Missouri.
Mr. Waldie with Mr. Walsh.
Mr. Ullman with Mr. Snyder.
Mr. Brinkley with Mr. Whitehurst.
Mr. Macdonald with Mr. Wiggins.
Mr. Dorn with Mr. Winn.
Mr. Downing with Mr. Wydler.
Mr. Fuqua with Mr. Young of South Carolina.
Mr. Ginn with Mrs. Green of Oregon.
Mr. Gunter with Mr. Ichord.
Mr. Jones of Oklahoma with Mr. Lehman.
Mr. Jones of Tennessee with Mr. Mann.
Mr. McKay with Mr. Mills.
Mr. McSpadden with Mr. Pepper.
Mr. Reid with Mr. Riegle.
Mr. Roy with Mr. Symington.
Mr. Treen with Mr. Montgomery.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

TAX RELIEF FOR LOW- AND MIDDLE-INCOME FAMILIES

(Mrs. GRIFFITHS asked and was given permission to address the House for 1 minute, to revise and extend her remarks and include extraneous matter.)

Mrs. GRIFFITHS. Mr. Speaker, today I am introducing legislation that would give low- and middle-income families income tax relief in this period of spiraling prices. This bill would give taxpayers the option of taking a $200 credit for themselves and each dependent instead of the existing $750 personal exemption.

The average family would pay nearly $200 less in income taxes. A family of four earning $6,000 would save $245, while a family of 6 earning $10,000 would save $330. In fact, nearly all families earning $20,000 or less would pay less taxes by using the optional credit rather than the $750 exemption.

Some of the hardest working American families were actually worse off economically in 1973 than in 1972, despite small wage gains. This is because they paid about 20 percent more for food, 19 percent more for gasoline, plus higher social security and income taxes.

Individually, these families need help. Collectively, we need to keep their consumer demand and purchasing power strong to ward off recession and even higher unemployment.

This measure would provide nearly $6.5 billion in tax relief. Ninety percent of these savings would accrue to persons earning less than $15,000 a year, a group which will channel their tax savings back into the economy in the form of spending on family necessities. It will help such families far more than raising the amount of the personal exemption—a device which already benefits most those who need the tax savings least.

Mr. Speaker, I include tables showing the total distribution of tax relief by income category, and tax savings to several family types by income category in the RECORD along with the bill:

TAX SAVINGS FROM PROPOSAL

[Assumes personal deductions of 15 percent of income]

Adjusted gross income	Present tax	Tax with $200 credit	Tax saving
MARRIED COUPLE WITH 4 DEPENDENTS			
$5,000	0	0	0
$6,000	$28	0	$28
$8,000	322	0	322
$10,000	620	$290	330
$12,500	1,024	758	266
$15,000	1,435	1,248	187
$17,500	1,903	1,779	124
$20,000	2,385	2,340	45
MARRIED COUPLE WITH 2 DEPENDENTS			
$5,000	$98	0	$98
$6,000	245	0	245
$8,000	569	$333	236
$10,000	905	690	215
$12,500	1,309	1,158	151
$15,000	1,765	1,648	117
$17,500	2,233	2,179	54
$20,000	2,760	2,740	20
MARRIED COUPLE WITH 1 DEPENDENT			
$5,000	$208	0	$208
$6,000	362	$153	209
$8,000	706	533	173
$10,000	1,048	890	158
$12,500	1,463	1,358	105
$15,000	1,930	1,848	82
$17,500	2,416	2,379	37
$20,000	2,948	2,940	8

Adjusted gross income	Present tax	Tax with $200 credit	Tax saving
MARRIED COUPLE WITH NO DEPENDENTS			
$5,000	$322	$169	$153
$6,000	484	353	131
$8,000	848	733	115
$10,000	1,190	1,090	100
$12,500	1,628	1,558	70
$15,000	2,095	2,048	47
$17,500	2,604	2,579	25
$20,000	3,135	3,135	0
SINGLE PERSON			
$5,000	$491	$433	$58
$6,000	681	637	44
$8,000	1,100	1,078	22
$10,000	1,530	1,515	15
$12,500	2,059	2,059	0
$15,000	2,630	2,630	0
$17,500	3,249	3,249	0
$20,000	3,915	3,915	0

"BREAKEVEN" POINTS

(Adjusted gross income level at which the optional $200 tax credit is worth the same as the $750 personal exemption.)

Type of tax return and adjusted gross income level:

Married couple with four dependents	$21,764.71
Married couple with three dependents	21,274.51
Married couple with two dependents	20,784.32
Married couple with one dependent	20,294.12
Married couple with no dependents	19,803.92
Single person	12,500.00

DECREASE IN TAX LIABILITY UNDER PROPOSAL

[Based on calendar year 1972 income levels]

Adjusted gross income class	Percent of returns in each income class [1]	Number of returns with tax decrease (thousands)	Decrease in tax liability (millions)	Percent of total decrease
$0 to $3,000	23.1	3,220.5	$165.8	2.6
$3,000 to $5,000	13.4	7,745.8	626.4	9.7
$5,000 to $7,000	11.9	8,736.8	983.3	15.2
$7,000 to $10,000	16.9	12,229.1	1,763.0	27.2
$10,000 to $15,000	19.6	15,045.2	2,280.8	35.3
$15,000 to $20,000	8.7	6,881.2	599.3	9.3
$20,000 to $50,000	5.9	1,017.6	$51.3	0.8
$50,000 to $100,000	.5	1.8	.2	
$100,000 and over	.15	.4	.1	
Total	100.15	54,878.5	6,470.1	100.1

[1] In calendar year 1971 (1972 data unavailable).

INADEQUATE WHEAT SUPPLIES

(Mr. VIGORITO asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. VIGORITO. Mr. Speaker, I would like to voice my strong displeasure with the present administration's nonpolicies to assure adequate wheat supplies to the American consumers.

On several occasions I have written to the President and the Secretary of Agriculture expressing my strong feelings about the prompt need for action on the wheat crisis. Yet the only response I receive is couched in excuses for inaction and rhetoric to shift the blame to the free market system.

As a consequence, I found it necessary to recommend in a letter to the President the following four-point program to be implemented immediately:

First, that USDA should determine the minimum wheat supply necessary to assure a full supply of wheat products during the second quarter of 1974, and to develop a plan to assure that supply. Second and simultaneously, that the President should assign the Director of the Council on International Economic Policy, the responsibility for securing firm agreements from foreign purchasers to delay their shipments until July 1. Third, that the administration should review planned concessional sales and donations under the Public Law 480 program to determine which ones could be postponed without causing undue hardships in foreign lands.

Finally, if these proposed methods do not yield the necessary assured domestic supply, the Secretaries of Commerce and Agriculture should move under the Export Administration Act of 1969, to establish an export licensing system. This should be combined with an immediate announcement that 1973–74 U.S. wheat is "sold out" and that no additional export licenses will be granted for sale of such wheat. This would allow many existing contracts to be filled, but permit an adequate wheat supply to American consumers.

I hope these actions are taken immediately to protect the American consumers.

PRIVACY OF INFORMATION

(Mr. GOLDWATER asked and was given permission to address the House for 1 minute, to revise and extend his remarks and include extraneous matter.)

Mr. GOLDWATER. Mr. Speaker, on tomorrow, in the course of the consideration of H.R. 11793, providing a Federal Energy Administration, it is my intention to offer an amendment to safeguard the privacy of information obtained in the administration of this program.

The amendment follows:

AMENDMENT OFFERED BY MR. GOLDWATER TO H.R. 11793

Page 35, after line 10:

To protect and assure privacy of individuals and personal information, the Administrator is directed to establish guidelines and procedures for handling individual identifiable personal data. He shall provide in such guidelines and procedures a reasonable and expeditious method for each individual data subject to:

(a) be informed if he is the subject of personally identifiable data.

(b) gain access to such data.

(c) contest the accuracy, completeness, timeliness, pertinence and necessity of retention or inclusion of such data. The Administrator shall take necessary precautions to assure that no indiscriminate transfer of personally identifiable data is made to any other person, organization or government agency.

AMENDMENT TO OSHA

The SPEAKER pro tempore (Mr. MAZZOLI). Under a previous order of the House, the gentleman from Wisconsin (Mr. STEIGER) is recognized for 30 minutes.

Mr. STEIGER of Wisconsin. Mr. Speaker, I would like to bring to the attention of my colleagues a bill I introduced February 27, H.R. 13118, to amend the Occupational Safety and Health Act of 1970—OSHA.

The purpose of OSHA is to assure safe and healthful working conditions for American workers—with equity for employers and employees alike.

Presently under the act, employees of the States and their political subdivisions are expressly excluded from its coverage, except under approved State plans.

The purpose of H.R. 13118 is to amend the Occupational Safety and Health Act of 1970 by providing for Federal authority to help assure safe and healthful working conditions of State and local employees where a pattern or practice of unsafe or unhealthful working conditions or imminent danger exists.

State and local governmental employees are not now covered because the term "employer," which is controlling for coverage purposes, expressly excludes States and their political subdivisions.

According to section 3(5) of the act:

> (5) The term "employer" means a person engaged in a business affecting commerce who has employees, but does not include the United States or any State or political subdivision of a State.

The term "State" is defined as follows in section 3(7) of the act:

> (7) The term "State" includes a State of the United States, the District of Columbia, Puerto Rico, the Virgin Islands, American Samoa, Guam, and the Trust Territory of the Pacific Islands.

Since States, as defined in section 3(7) of the act, and political subdivisions of States are not regarded as employers under section 3(5) of the act, they are not covered as employers under the act, except to the extent that section 18(c)(6), and the pertinent regulations of that section, requires as a condition of approval that a State plan:

> (6) Contain(s) satisfactory assurances that such State will, to the extent permitted by its law, establish and maintain an effective and comprehensive occupational safety and health program applicable to all employees of public agencies of the State and its political subdivisions, which program is as effective as the standards contained in an approved plan.

The Department of Labor has established that any entity which has been: First, created directly by the State, so as to constitute a department or administrative arm of the Government, or, second, administered by individuals who are controlled by public officials and responsible to such officials or to the general electorate, shall be deemed to be a "State or political subdivision thereof" under section 33(5) of the act and, therefore, not within the definition of employer, and, consequently, not subject to the act as an employer.

The Department of Labor has further established in section 1975.5 of the Federal Register—January 21, 1972—various factors which will be taken into consideration in determining whether an entity meets the above two tests. Each case is viewed on its merits.

Examples of entities which would normally be regarded as not being employers under section 3(5) of the act are the State departments of labor and industry; the State highway and motor vehicle departments; State, county, and municipal law enforcement agencies as well as penal institutions: State, county, and municipal judicial bodies; State university board of trustees; State, county, and municipal public school boards and commissions; and public libraries.

Depending on the facts in the particular situation, the following types of entities would also probably be excluded as employers under section 3(5) of the act: harbor districts, irrigation districts, port authorities, bi-State authorities over bridges, highways, rivers, harbors, et cetera; municipal transit entities; and State, county, and local hospitals, and related institutions.

The following examples are of entities which would normally not be regarded as a "State or political subdivision of a State," but unusual factors to the contrary in a particular case may indicate otherwise: Public utility companies, merely regulated by State or local bodies; businesses, such as alcoholic beverage distributors, licensed under State or local law; other business entities which under agreement perform certain functions for the State, such as gasoline stations conducting automobile inspections for State and county governments.

Some protection of the employees of State and local governments is provided for elsewhere in the act. Section 18(c)(6) says that a State plan may be approved only if it contains satisfactory assurances that a State will, to its legal ability, establish and maintain an effective and comprehensive occupational safety and health program for public employees.

The Department of Labor has issued guidelines for the States as to the requirements for State and local public employees. These are set forth in the decision approving the North Carolina plan—38 CFR 3041, February 1, 1973. That decision rules that the remedial system of a State public employee program "does not have to be the same as the remedial system available to private employers." Instead, the decision says that, for approval, the State plan must contain assurances that the safety and health programs for State public employees provide for the following: First, regular inspections of workplaces, including inspections in response to complaints; second, a means for employees to bring possible violations to the attention of inspectors; third, notification to employees when no violations are found in a complaint-response inspection; fourth, information for employees about their protection and responsibilities under the program; fifth, protection for employees against employer retaliation for exercising their rights under the program; sixth, information for employees about their exposure to toxic materials, especially when exposures are above levels specified by standards; seventh, procedures for prompt restraint or elimination of imminent danger situations; eighth, a means of notifying employers and employees when an alleged violation has been found; and ninth, a means of establishing timetables for correction of violations, and for notifying employees and employers about them.

All of the approved and proposed State plans provide coverage for State and local public employees. However, the application of the State safety and health program to public employees may be developmental. The Secretary has said that, for approval, a State plan need not meet all of the requirements of section 18 at the time of submission, but may be approved if it meets these requirements within a 3-year developmental period. The period for the development of State and local coverage and the particular provisions in State safety plans vary widely.

All approved State plans provide for some manner of enforcing a compliance of State and local governmental agencies. In a number of States the same type of enforcement is used for public employers as for private employers—that is, Alaska, Iowa, Minnesota, Oregon, and Washington. In other States coverage of State and local employees is similar to that provided for in section 19 of the act for Federal employees, with assurances that the program will meet the specific requirements outlined above—that is, Montana and North Carolina.

In 1972 the Bureau of Labor Statistics published "Injury Rates by Industry, 1970". The following work-injury rates were published based on work injuries and disabling work injuries per million employee-hours of exposure:

Industry	SIC code	Injury-frequency rates		Injury-severity rate	Average days charged per injury			Percent of disabling injuries resulting in—		
		1970	1969		Permanent partial	Temporary total	All disabling injuries	Death	Permanent impairment	Temporary total disability
MANUFACTURING										
Manufacturing, total		15.2	14.8	759	427	18	50	0.2	4.4	95.4
NONMANUFACTURING										
Contract Construction										
Contract construction, total		28.0	28.0	2,100	613	17	75	.7	2.6	96.7
Wholesale and Retrail Trade										
Wholesale and retail trade, total		11.3	11.6	452	545	14	40	.2	2.1	97.7
Educational services	82	6.7	7.3	385	748	15	57	.4	2.2	97.4
Elementary and secondary schools	821	7.1	7.5							
Colleges and universities	822	7.1	7.4	287	639	17	40	.3	1.2	98.5
Government										
State government:										
Hospitals	9280P	21.4	16.0	636	843	17	30		1.5	98.5
Institutions of higher education	9282P	7.4	6.2	308	665	15	42	.3	.8	98.9
Other State government	9290P	10.4		910	646	14	88	.8	2.0	97.2
Local government:										
Transit systems	9341P	22.0		853	557	25	39	.2	.5	99.3
Electric systems	9349P	17.2	17.8	1,391	1,171	20	81	.7	1.3	98.0
Gas systems	9349P	14.1	11.0							
Water supply systems	9349P	24.9	20.1	1,583	771	16	63	.5	1.5	98.1
Refuse collection and disposal	9349P	63.9	48.3	2,598	793	14	41	.3	1.1	98.6
Other utilities (and combination utilities)	934P	23.0								
Hospitals	9380P	13.0	12.2	400	670	16	31	.1	1.7	98.3
Elementary and secondary schools	9382P	9.3	7.5	300	564	13	32	.2	1.4	98.4
Police	9390P	45.6	42.3	2,521	797	12	55	.5	1.3	98.1
Fire protection	9390P	41.7	48.8	4,349	1,275	22	104	.6	3.1	96.3
Highways and streets	9390P	35.6	40.4	2,369	338	14	67	.8	1.3	97.9

There are few instances where the injury frequency rate for State and local employees is lower than those reported under Nonmanufacturing, Manufacturing and Wholesale and Retail Trade. These figures reflect the need for further efforts to assure safe and healthful working conditions for State and local employees.

The present procedures for assuring the safety and health of State and local public employees followed by the States and the Occupational Safety and Health Administration surely comply with the act as it is written. But these procedures lack consistency and they fail to cover public employees in States without approved State plans. The statistics indicate that occupations in State and local employment can be every bit as dangerous as those in the private sector. I therefore believe there is a need to amend the act to provide for an effective and constitutional mechanism to improve the State and local public employee protection on the part of OSHA.

For these reasons, I have introduced H.R. 13118 to amend OSHA of 1970. This bill grants Federal authority to help assure safe and healthful working conditions for State and local employees where a pattern or practice of unsafe or unhealthful working conditions or imminent danger exists. It provides full coverage to public employees and employers, with enforcement through the District Courts in order to be consistent with the Constitutional limitations of *Maryland* v. *Wirtz,* 392 U.S. 183 (1967).

Generally the bill would extend OSHA's coverage to States and their political subdivisions. Specifically, it would amend the definition of the term "person" in the act to include any State or political subdivision of a State. Further, it would amend the definition of "employer" by striking out the phrase which eliminates States and their political subdivisions. These changes in the definition would give to employees of the States and their political subdivisions, as defined by the Occupational Safety and Health Administration, coverage under the act, and provide the full protection of the imminent danger provisions of section 13 of the act.

The bill would also increase the membership of the National Advisory Committee on Occupational Safety and Health from 12 to 14. One of the new members would be a representative of State and local governments and the other would be a representative of employees of State and local governments.

Any employees or representatives of employees of a State or a political subdivision of a State, who believe that a safety or health violation exists that threatens physical harm, or that an imminent danger exists, may request an inspection by giving notice to the Secretary or his authorized representative, of such violation or danger. Any notice shall: First, be in writing, second, set forth with reasonable particularity the grounds for the notice and third, shall be signed by the employees or representative of employees. A copy shall be provided the employer or his agent no later than at the time of inspection, except that, upon the request of the person giving notice, his name or the names of the individual employees referred to in the notice shall not appear in the copy or on any record published, released, or made available according to the act. If the Secretary, upon receipt of the notice, determines there are reasonable grounds to believe that a pattern or practice of such violations or danger exists, he shall make a special inspection as soon as practicable, to determine if such pattern or practice or danger exist.

If the Secretary determines there are no reasonable grounds to believe that a pattern or practice of such violations or dangers exists, he shall notify the employees or representatives of employees in writing of this determination. If the Secretary determines there are no reasonable grounds to believe that a pattern or practice of violations or dangers exists, but that violations or dangers exist which do not constitute a pattern or practice, or that dangers exist which do not constitute imminent dangers, he shall notify the employer and the employees or representative of the employees in writing of this determination.

Prior to or during any inspection of a workplace, any employees or representative of employees employed in the workplace may notify the Secretary or the representative of the Secretary responsible for conducting the inspections, in writing, of any violation of section 5(a) of the act which they have reason to believe exists in the workplace; that is, the general duty clause of the act will cover State and local employees.

The U.S. district courts shall have jurisdiction, upon petition of the Secretary, to restrain any pattern or practice of any violation of section 5(a) that exposes employees of any employer who is a State or a political subdivision of a State to unhealthful or unsafe working conditions. Any such petition to restrain any pattern or practice of any violation of section 5(a) by an employer shall be filed with the appropriate U.S. district court not later than 6 months after the occurrence of any violation which is part of such pattern or practice, and any affected employees or representative of affected employees shall have an opportunity to participate as parties in any proceeding held with respect to such petition. Any order issued may require such steps to be taken as may be necessary to avoid, correct or remove such pattern or practice.

Upon the filing of any petition, the district court shall have jurisdiction to grant such injunctive relief or temporary restraining order as it deems appropriate. The proceeding shall be as provided by rule 65 of the Federal Rules, Civil Procedure.

In the case of a petition to restrain any pattern or practice of any violation of section 5(a) by an employer who is a State or a political subdivision of a State, the Secretary shall, before filing the petition, attempt to eliminate such pattern or practice through voluntary compliance by the employer achieved by informal conciliation or other mediation procedures. Any affected employees or representative of affected employees shall have an opportunity to participate in such procedures.

I am confident this bill will help to assure employees of States and their political subdivisions coverage under OSHA with equity for employers and employees alike. It provides legal and consistent coverage for all of the Nation's State and local employees which the act currently lacks. Procedures for prompt restraint or elimination of imminent danger situations are retained as well as assurances to employers and employees alike for fair and equal treatment under the law.

An amendment such as this is not easily written, and I want to acknowledge the invaluable technical assistance offered by the Labor Department, the Legislative Counsel, the Staff of the Education and Labor Committee and Chuck Hurley and Kathy Farnsworth of my staff. I feel it is essential that we allay the concern expressed by those in the private sector who say, "I am required to do certain things. Why does not the Government have to do the same?"

I am convinced this bill justly handles a situation which requires our attention. Our distinguished colleague, DOMINICK DANIELS, chairman of the Select Labor Subcommittee, has announced oversight and amendment hearings on OSHA beginning March 19. I am confident this legislation will receive the attention and discussion it requires.

The text of the bill follows:

H.R. 13118

A bill to amend the Occupational Safety and Health Act of 1970 by providing for Federal authority to assure safe and healthful working conditions of State and local employees where a pattern or practice of unsafe or unhealthful working conditions or imminent dangers exists

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled. That (a) section 3(4) of the Occupational Safety and Health Act of 1970 is amended by striking out "or" the second time it appears therein and by inserting immediately before the period at the end thereof the following: ", or any State or political subdivision of a State".

(b) Section 3(5) of such Act is amended by striking out "or any State or political subdivision of a State".

Sec. 2. Section 7(a)(1) of such Act is amended by striking out "twelve" and inserting in lieu thereof "14" and by inserting immediately after the first sentence thereof the following new sentence: "One such member shall be a representative of State and local governments and one such member shall be a representative of employees of State and local governments."

Sec. 3. (a) Section 8 of such Act is amended by adding at the end thereof the following new subsection:

"(h)(1) The provisions of subsection (f) shall not apply with respect to any employer who is a State or political subdivision of a State.

"(2) In the case of any employer who is a State or a political subdivision of a State, any employees or representative of employees who believe that a violation of section 5(a) exists, or that an imminent danger exists, may request an inspection by giving notice to the Secretary or his authorized representative of such violation or danger. Any such notice shall be reduced to writing, shall set forth with reasonable particularity the grounds for the notice, and shall be signed by the employees or representative of employees, and a copy shall be provided the employer or his agent no later than at the time of such inspection, except that, upon the request of the person giving such notice, his name and the names of individual employees referred to therein shall not appear in such copy or on any record published, released, or made available pursuant to subsection (g) of this section. If upon receipt of such notification the Secretary determines there are reasonable grounds to believe that a pattern or practice of such violations or dangers exists, he shall make a special inspection in accordance with the provisions of this section as soon as practicable, to determine if such pattern or practice or dangers exist. If the Secretary determines there are no reasonable grounds to believe that a pattern or practice of such violations or dangers exists he shall notify the employees or representative of the employees in writing of such determination. If the Secretary determines there are no reasonable grounds to believe that a pattern or practice of violations or dangers exists, but that violations or dangers exist which do not constitute a pattern or practice or that dangers exist which do not constitute imminent dangers, he shall notify such employer and the employees or representative of the employees in writing of such determination.

"(3) Prior to or during any inspection of a workplace, any employees or representative of employees employed in such workplace may notify the Secretary responsible for conducting the inspection, in writing, of any violation of section 5(a) which they have reason to believe exists in such workplace."

Sec. 4. Section 9 of such Act is amended by adding at the end thereof the following new subsection:

"(d) The provisions of this section shall not apply with respect to an employer who is a State or a political subdivision of a State."

Sec. 5. (a) Section 10 of such Act is amended by inserting after subsection (c) thereof the following new subsections:

"(d) The provisions of subsections (a), (b), and (c) shall not apply with respect to an employer who is a State or a political subdivision of a State.

"(e) The United States district courts shall have jurisdiction, upon petition of the Secretary, to restrain any pattern or practice of any violation of section 5(a) that exposes employees of any employer who is a State or a political subdivision of a State to unhealthful or unsafe working conditions. In the case of petition to restrain any pattern or practice of any violation of section 5(a) by any such employer (1) such petition shall be filed with the appropriate United States district court not later than 6 months after the occurrence of any violation which is part of such pattern or practice, and (2) any affected employees or representative of affected employees shall have an opportunity to participate as parties in any proceeding held with respect to such petition. Any order issued may require such steps to be taken as may be necessary to avoid, correct, or remove such pattern or practice.

"Upon the filing of any petition, the district court shall have jurisdiction to grant such injunctive relief or temporary restraining order as it deems appropriate. The proceeding shall be as provided by Rule 65 of the Federal Rules, Civil Procedure.

"In the case of a petition to restrain any pattern or practice of any violation of section 5(a) by an employer who is a State or a political subdivision of a State, the Secretary shall, before filing such petition, attempt to eliminate such pattern or practice through voluntary compliance by such employer achieved by informal conciliation or other mediation procedures. Any affected employees or representative of affected employees shall have an opportunity to participate in such procedures."

Sec. 6. Section 11 of such Act is amended by redesignating subsection (c) as subsection (d), and by inserting after subsection (b) thereof the following new subsection:

"(c) The provisions of subsection (a) and subsection (b) shall not apply with respect to an employer who is a State or political subdivision of a State."

Sec. 7. Section 17 of such Act is amended by adding at the end thereof the following new subsection:

"(m) The provisions of subsection (a) through subsection (e) and subsection (i) through subsection (l) of this section shall not apply with respect to an employer who is a State or a political subdivision of a State."

Sec. 8. (a) Section 18(a) of such Act is amended by inserting before the period at the end thereof ", or over any such issue with respect to employees of such State or political subdivision of such State".

(b) The second sentence of section 18(e) of such Act is amended by inserting after "(c)" the first time it appears therein the following: ", and, specifically, the requirement set forth in paragraph (6) of such subsection,".

Sec. 9. The amendments made by the foregoing provisions of this Act shall take effect 120 days after the date of the enactment of this Act.

REDUCING SOCIAL SECURITY TAXES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Massachusetts (Mr. BURKE) is recognized for 5 minutes.

Mr. BURKE of Massachusetts. Mr. Speaker, I wish to take this opportunity to inform the Members of the House that I have again today reintroduced my bill to reduce social security taxes for the employer and the employee.

I have joining me 25 other cosponsors, which makes 75 Members of the House, who have cosponsored this legislation.

This social security tax, if you will check back in your home districts, you will find is the most regressive tax in our Nation's history. Over 50 percent of the workers in this country are paying more in social security taxes than they are in income taxes. This is a tax that falls very heavily on small business and places domestic industry at a real disadvantage when they try to compete with our trading partners in the European nations where they pay only a tax of one-third on the employer, one-third on the employee, and the rest from general revenue.

I urge my other colleagues who have not cosponsored this legislation to look into the legislation and join with me so that we can have additional copsonsors. I expect to file another 25 names by next Monday, so it would be nice if you will look into this bill and join the honor roll of cosponsors who are trying to do something about this regressive tax.

HEARINGS ON PARENS PATRIAE LEGISLATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New Jersey (Mr. RODINO) is recognized for 5 minutes.

Mr. RODINO. Mr. Speaker, I wish to announce that the Subcommittee on Monopolies and Commercial Law of the Committee on the Judiciary will hold hearings on H.R. 12528 and H.R. 12921, bills to amend Federal antitrust laws to allow States to sue as parens patriae on behalf of its citizens or for injuries to its own general economy. Hearings on this subject will commence on March 11, 1974, at 10:30 a.m., in room 2141 Rayburn House Office Building. At that time testimony will be heard for the National Association of Attorneys General. Subsequent hearings will be announced at a later date.

Those wishing to testify or to submit statements for the Record should address their request to the Subcommittee on Monopolies and Commercial Law, Committee on the Judiciary, U.S. House of Representatives, Washington, D.C. 20515.

LABOR—FAIR WEATHER FRIEND—IV

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. GONZALEZ) is recognized for 5 minutes.

Mr. GONZALEZ. Mr. Speaker, during the last several days I have told how a clash developed between the demonstrably unfair management of the Farah Co. and the union that was trying to organize it. I am sure that my colleagues will recall that during some of the most bitter days of the dispute I was approached in the public streets of San Antonio by a group of people who had lost their jobs on account of the situation, and these people asked me to hear their grievances—which I did, as it was my duty. Much to my surprise, a few dedicated enemies of mine in the labor movement decided to use this incident to portray me as being antilabor and guilty of "union busting." They knew then and they know now that nothing could have been further from the truth.

But as fate would have it, these individuals seem to have remarkable access to the great powers of labor, and it was not long before I found myself the target of nothing less than the official organ of the AFL–CIO itself.

This particular AFL–CIO report on me resulted from a press release engineered by these few people in San Antonio, who knew that their effort was a complete distortion of what had actually happened, and moreover portrayed me as being unsympathetic to organized labor, when in fact I have always defended labor. I have never apologized for my support of the right of the working man to organize and bargain collectively; that is a right that I have always believed in and defended, even when it cost me political support, and even when my opponents took advantage of it to portray me as a tool of "union goons" as they characterized labor.

So I have been a friend of labor through thick and thin. I thought that if there had ever been any question about anything I had ever said or done, surely I would get the courtesy of being asked for my side of the story. Not so here. I never even got the courtesy of receiving a copy of a message that was supposed to have been sent to me, or a copy of the press release condemning me, until days after the event, and then only through the kindness of a fellow who wondered just what was going on.

Now I was aggrieved by this shabby and grossly unfair treatment. So I wrote a letter to the man most responsible for this whole thing, and who had it in his power to see that the situation was corrected—namely, Don Slaiman, who heads up the AFL–CIO civil rights department, and who provides the money and wherewithal that enables the Labor Council for Latin American Advancement to exist. And in fairness to that body, I will say that its attack on me was not cleared by its board—only two or three board members actually seem to have known about it.

I thus had every reason to think that Slaiman would understand my grievance: Here, after all, was a lifelong friend of labor, from an area where labor has few friends, being assailed by all the powers of the AFL–CIO as a result of the devious efforts of a few people who could influence a guy who controlled an AFL–CIO letterhead. Here I was, victimized by an organization that then had no official existence, and whose directors were not even aware of it. And here I was, not having received even a message from anybody, receiving attacks from the heights of George Meany himself.

You can understand my rage, when I wrote Slaiman this letter:

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., December 20, 1973.

MR. DON SLAIMAN,
Director, AFL–CIO Civil Rights,
Washington, D.C.

DEAR MR. SLAIMAN: Through the courtesy of Mr. Richard Murphy, Legislative Director of SEIV Committee on Political Education, I have received a copy of a Press Release and purported telegram from the so-called Labor Council for Latin American Advancement, condemning what it calls my "union busting attitude".

Needless to say, I have yet to receive the supposed telegram, and can only state that its hypocrisy is equalled only by the shabbiness of your tactics and sheer untruthfulness of your statements. You know as well as anyone, my consistent support for the causes of the people and my stands in behalf of organized labor since long before labor had any importance in my section of the country. You know as well as anyone, my long-standing support of Civil Rights and human decency, even in the days when such stands caused me considerable personal danger and my family much anxiety. You know my voting record.

In light of all this, it is hard to believe how hypocritical it is of you and your cronies not to so much as ask me what my position is respecting the Farah Company, let alone give me the benefit of any doubt whatever. I don't think I owe you any explanations for my conduct. You have not earned the right to condemn me. Your actions can only harm the cause that we both stand for. I would feel much better if you would spend your time attacking the real enemies of labor rather than your friends.

I hope that I will not see again such shabbiness from you or anyone else associated with labor. What labor stands for is too good to be besmirched by such crude, vicious and untrue statements as that I read this morning.

When you need a real friend, don't call on me. I will do what is right because I believe in it, not because I owe you anything—I never have and I never will.

Sincerely yours,
HENRY B. GONZALEZ,
Member of Congress.

I waited a decent length of time for Slaiman to answer, allowing for the holiday season and for possible mail delay, before trying again:

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., January 10, 1974.

MR. DON SLAIMAN,
Director, Civil Rights Department, AFL-CIO,
Washington, D.C.

DEAR MR. SLAIMAN: Last December 20, I wrote you a letter regarding a Press Release issued by the Labor Council for Latin American Advancement, in which I was attacked for a "Union busting attitude."

Thus far, I have not heard anything from the LCLAA, not even a peep. I have yet to receive the telegram that they supposedly sent to me on or about December 18, and the only communications I have had have been from several Board Members of the Organization who have wondered why they were not contacted before this statement was issued. And I am not terribly surprised that I haven't heard anything from you either.

I think that you know what my record in support of Labor is and it speaks for itself. I think that you and those responsible for the Press Release know what the truth is, but you do not want to admit it even to yourselves. You owe me an apology and the LCLAA does, too. I expect it and I demand it. I also expect that the Press Release will be retracted and that I will receive an apology—a public apology—from the Organization.

I used to wonder how it would be possible for Labor to tacitly support the candidacy of its greatest enemy, the present incumbent of the White House, but now I know. It seems clear enough now that you guys would rather spend your energies supporting your enemies and attacking your friends. If that is going to do anything for the advancement of human decency, I've got a lot to learn about politics and life.

I don't think it is too much to expect from you—something less than outright lies—and I don't think it is too much to expect from you the simple courtesy of a reply to my letter. I might never hear from you and you might never retract the statement, or apologize to me. That's your judgment to make. But I want you to know that until I do hear from you and I do get a public apology, you can cross me off your list.

Don't darken my door and don't clutter up my mailbox, unless it is for the purpose of an apology.

Very truly yours,
HENRY B. GONZALEZ,
Member of Congress.

To date, Slaiman has never even acknowledged my letters. I have never received so much as a post card from him or those who joined in issuing the attack on me. John Mitchell used to be that arrogant, when I questioned him about the misconduct of a subsequently dismissed assistant attorney general. I never dreamed that Don Slaiman would be of the same disposition as Mitchell.

But I have thought about this, and on serious reflection have come to believe that those who occupy the penthouse precincts, be they business, government, or labor, share a common self-perception: They see themselves as great agents of power. They see themselves as instruments of history, exempt from the tumult and turmoil that lesser mortals live in. They become interested, even obsessed with acquiring, and most important, using all that power. It becomes more important to be part of history than to wonder what history's judgment will be; after all, if great men cannot be questioned, they come to think they are exempt from making mistakes or being wrong. So to the self-envisioned brokers of power, the important thing is having a role to play, not whether they are doing what is best or right, not to be concerned with its rightness or wrongness. Being a great man takes energy, and being a great man is what counts most.

It may be that having a grand office, all the accoutrements of power, playing such important roles, becomes as intoxicating to men like Slaiman as it did to Haldeman and Ehrlichman, whose arrogance very nearly destroyed free government in the land of the free. And maybe having a position of power is corrupting, as it was to John Mitchell, to whom the important thing was not how you played the game, but whether you won, Constitution, law, honesty, integrity, or any other virtue notwithstanding.

Maybe this is what has happened to Slaiman. Maybe I will never know, because I may never hear from him or the other panjandrums of big labor, who are so accessible to my most zealous and dedicated enemies, but whose doors are closed to the likes of me, just an ordinary, day in, day out friend of labor.

DEPARTMENT OF AGRICULTURE VIOLATING FOOD STAMP ACT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. BROWN) is recognized for 5 minutes.

Mr. BROWN of California. Mr. Speaker, I wish to call to the attention of this body the recently announced decision by the U.S. Agriculture Department to establish the food stamp program in Puerto Rico in a manner that discriminates against poor people there and is in violation of the Food Stamp Act.

Earlier this week, USDA announced plans for starting the program in Puerto Rico, pursuant to the amendments Congress adopted last August. According to that announcement, USDA officials have decided to give a smaller amount of stamps to hungry Puerto Rican families than it provides to mainland families in an apparently cynical disregard for the needs of the island's poor and in an apparent unconcern for the plain language of the Food Stamp Act.

The act states, in its relevant part, that food stamp coupon allotments—the amount each participating family receives—must be set at such a level as would equal the cost of food on the island. The only restriction being that such coupon allotments cannot exceed the mainland levels. The method used by USDA in the past for such calculations involves determining the cost for the particular foods contained in its economy diet plan. Such, for example is the way the current mainland allotment figure of $142 monthly for a family of four was determined. Yet, according to USDA's recent announcement it has set an allotment of $122 monthly for four-person Puerto Rican families. Clearly, the only justification for this reduction in benefits would be if the island had lower foods costs than the mainland. Such is not the case, however. In fact, Puerto Rico has significantly higher food prices than many places in the mainland and these higher prices must certainly mean that the economy diet plan costs more than many places in the mainland. Accordingly, it is quite apparent that USDA has ignored the requirements of the law and has set a discriminatorily low standard for the island.

Turning to another, equally disturbing subject, the Department has also announced that it will delay implementing the program on many parts of the island until as late as March 1975. This is most difficult to understand since the amendments we adopted in August 1973 clearly required the implementation of the program in every political subdivision, including all the parts of Puerto Rico, by June 30, 1974. The only exception is allowed for those places where it is determined that it is impossible or impracticable to do so. Yet, incredibly, USDA has made no such showing to my knowledge.

To be specific, the implementation of food stamps on the island must be accomplished throughout the island by the June 30, 1974, deadline unless USDA and the Commonwealth are able to demonstrate affirmatively and specifically why such implementation is not possible. Lacking such a showing, they are in obvious violation of the law.

If it should develop that indeed such total implementation is truly not possible or practicable—even through the use of municipal governments, additional Federal and Commonwealth agencies and private persons—then the obligation still remains upon USDA and the Commonwealth to complete the implementation at the first possible moment. Even, were such a delay necessary, it should certainly not extend clear to March 1975 for San Juan.

Finally, when setting the income-eligibility standards it is obvious that, once again, USDA chose to ignore the will of Congress. Our 1971 amendment to the act instructed the Department to calculate eligibility by multiplying the number of persons in each household by the per capita income for the island, thus arriving at a maximum income figure for each household size.

It is clear that this was not done. Judging from the figures used in USDA's announcement, in fact, it seems that the eligibility standards are 14 percent lower than those used for U.S. households. This unlawful discrimination must be rectified immediately.

EDUCATIONAL OPPORTUNITIES FOR VETERANS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. WOLFF) is recognized for 5 minutes.

Mr. WOLFF. Mr. Speaker, on behalf of myself and Representatives WALSH, HECKLER of Massachusetts, HELSTOSKI, CARNEY of Ohio, and over 50 House cosponsors, I have introduced legislation designed to equalize educational opportunities for all Vietnam-era veterans. This important measure will provide a direct tuition payment to vets for tuition costs that exceed the national average—of about $400.

Mr. Speaker, this legislation was the result of a joint effort on the part of myself and my four colleagues on the House Veterans' Affairs Committee; it began, and continues, as an effort that crosses both State and party lines, indicated by the broad, bipartisan support the bill has gathered. An identical effort is underway in the Senate; the direct tuition concept there has the support of over 30 Senators, including Majority Leader MANSFIELD and Minority Leader SCOTT.

A few months ago, the Educational Testing Service, which was commissioned by the VA to do a report on the GI education bill, emphatically concluded that the GI bill for Vietnam-era vets falls far short of its World War II predecessor. The World War II program not only provided veterans with a monthly subsistence allowance, but took care of virtually all tuition costs, books, and supplies. The present GI bill, in contrast, provides vets with only a monthly subsistence allowance; this must be stretched to cover not only our high cost of living but also our high cost of education.

One of the most important findings made by the ETS study was that the single most important factor determining whether a vet uses his GI benefits is the State in which he resides. The monthly subsistence allowance that vets presently receive does not begin to cover the costs of schooling in high cost public education States. There are hundreds of thousands of vets, especially in States where public education wears a high price tag, who simply cannot afford to take advantage of their GI education benefits. Thus, the present GI education program does not afford equal educational opportunities for all our vets; this was not the case for World War II veterans who, in fact, were virtually free to pick and choose not only among public schools but among private as well.

The bill we have introduced seeks to amend the basic disparate structure of the current GI bill. It would authorize the Veterans' Administration to reimburse a vet for tuition costs above $419—approximately the national average tuition—with the VA's payments not to exceed $600. Such a variable tuition payment would serve to equalize educational opportunities for all vets, regardless of where they reside.

Recently, the House passed legislation to increase by 13.6 percent the monthly subsistence allowance for vets and to extend the period of eligibility from 8 to 10 years. This was legislation which I and my colleagues on the committee who have sponsored this new bill actively supported, and indeed, helped to draft. It is unquestionably a step in the right direction, but we still have a way to go if we are going to bring the present GI bill anywhere close to a par with its WWII predecessor. The new bill we have introduced is designed to supplement the bill passed by the House, to bring us one step closer toward fulfilling the obligation we have to those who served.

I am pleased to report that Mr. HELSTOSKI, an original sponsor of this proposal and chairman of the Veterans' Affairs Education and Training Subcommittee, will be holding hearings on the direct tuition concept. It would indeed be appropriate if on March 29, the day set aside to honor the Vietnam veteran, Congress could present to the President a truly significant legislative package to upgrade the GI education bill.

Mr. Speaker, for the RECORD I would like to include a list of those Members who have cosponsored our legislation; we urge the rest of our colleagues to join us in this important effort.

The list of coponsors follows:

COSPONSORS OF VETERANS EDUCATION BILL

Mr. Wolff, Mr. Walsh, Mrs. Heckler of Massachustts, Mr. Helstoski, Mr. Carney, Ms. Abzug, Mr. Addabbo, Mr. Badillo, Mr. Bergland, Mr. Boland of Massachusetts, Mr. Brown of California.

Mr. Clay, Mr. Cleveland, Mr. Cohen, Mrs. Collins of Illinois, Mr. Conte, Mr. Conyers, Mr. Cronin, Mr. Danielson, Mr. Drinan, Mr. Edwards of California, Mr. Eilberg, Mr. Esch, Mr. Morgan, Mr. Murtha.

Mr. Fish, Mr. Fraser, Mr. Gilman, Mr. Grover, Mr. Harrington, Mr. Horton, Mrs. Holtzman, Mr. Kazen, Mr. Koch, Mr. Kyros, Mr. Maraziti, Mr. Minish, Mr. Mitchell of Maryland, Mr. Nix, Mr. Owens, Mr. Pepper, Mr. Peyser, Mr. Podell, Mr. Rangel, Mr. Regula.

Mr. Roe, Mr. Roncalio of Wyoming, Mr. Rose, Mr. Rosenthal, Mrs. Schroeder, Mr. Studds, Mr. Tiernan, Mr. Winn, Mr. Mitchell of New York, Mrs. Chisholm, Mr. Thompson of New Jersey, Mr. Sarasin, Mr. Seiberling, Mr. Gunter.

MY VIEWS ON IMPEACHMENT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Connecticut (Mr. GIAIMO) is recognized for 10 minutes.

Mr. GIAIMO. Mr. Speaker, the national debate on impeaching the President continues unabated. With increasing frequency I am being asked where I stand on this issue and, more specifically, how I will cast my vote when the question of impeachment comes to the floor of the House of Representatives.

I want to take this opportunity to explain again my views on impeachment and to let you know the reasons that have led me to arrive at the position I hold.

First of all—and this is most important—when I speak of impeachment I mean the presentation by the House of Representatives of charges against the President which render him unfit to further hold office. I do not mean the removal of the President from office. It is for the Senate to decide beyond a reasonable doubt whether to acquit or to convict the President of the House charges. Conviction in the Senate would, of course, remove the President from office. The House can only decide whether or not there is probable cause of an impeachment offense to warrant a trial on these charges in the Senate.

Impeachment, then, is the equivalent of a grand jury indictment in the sense that it is based on probable cause and it only charges the President with wrongdoing sufficient for removal from office. Unlike an indictment, however, an impeachable offense is not limited to a violation of the criminal law.

It certainly includes criminal offenses. Bribery, for instance, is a cause for impeachment. But much more is included as well. As Alexander Hamilton wrote in the Federalist Paper, the jurisdiction of impeachment includes "those offenses which proceed from the misconduct of public men, or in other words from the abuse or violation of some public trust. They are—political, as they relate chiefly to injuries done immediately to the society."

At the Constitutional Convention, James Madison gave an example of such a violation when he said:

> If the President be connected in any suspicious manner with any person, and there be grounds to believe that he will shelter him, he may be impeached.

In addition to protecting bad men, Madison believed that a President could be impeached for firing good men without cause. Abuse of political power, a habit of authoritarianism, neglect of duty, subverting the integrity of Government or betrayal of trust—the Founding Fathers saw all these grounds for impeachment, though they may not necessarily be grounds for criminal charges.

That the Founding Fathers did not intend to restrict impeachment merely to a violation of the criminal laws is well illustrated in article 1, section 3 of the Constitution which provides that conviction of impeachment shall extend no further than removal from office and disqualification to hold any other office. A party so convicted will still be liable to indictment, trial, judgment, and punishment according to the law.

Impeachment is remedial, not punitive, because its purpose is not criminal proscription but removal from office. The fifth amendment's protection against double jeopardy does not apply in cases of impeachment; nor does the sixth amendment's guarantee of a trial by jury "in all criminal prosecution" because impeachment is not a criminal proceeding and so cannot be governed by the protection of criminal law.

In the past, the House has impeached for improper personal habits, intoxication and other delinquencies that show disqualification to hold and exercise office. In the case of Judge Pickering, who was charged with intoxication on the bench, the Senate voted for conviction. And lest anyone think that in the question of impeachment the Constitution may discriminate between a judge and a President, then I want to emphasize that it does not.

The framers of the Constitution feared despotism and had an entirely realistic view of human nature. While they saw the need for an independent chief executive, they were quite prepared to believe that a President might abuse his power. Having just rid themselves of one King, they did not want to create another.

As George Mason reasoned, "Shall any man be above justice? Above all, shall that man be above it who can commit the most extensive injustice." Impeachment is the means the Founding Fathers chose to insure that Presidents would be accountable for their actions.

Benjamin Franklin put it best when he said:

> Impeachment is the best way for the regular punishment of the Executive when his misconduct should deserve it, and for his honorable acquittal when he should be unjustly accused.

If, as the President insists, he has been maligned by the press and political enemies, then the impeachment inquiry will clear him in the eyes of history. On the other hand, if the Judiciary Committee inquiry finds probable cause that the President is guilty of wrongdoing sufficient to remove him from office, then impeachment by the House should follow.

In modern times Vice President GERALD FORD, when he was a Member of Congress, stated that:

> An impeachable offense is whatever a majority of the House of Representatives considers it to be at a given moment in history.

Former Attorney General Richard Kleindienst voiced a similar opinion when testiflying before a Senate Committee last year. He said:

> You don't need facts to impeach a President, just votes.

It certainly is clear from this that a President can be impeached and convicted for actions that are serious offenses against the public interest but not in and of themselves purely legal crimes.

However, if criminal violations do occur, then I believe that impeachment and removal from office are a necessary first step before an incumbent President can be charged with a criminal act. This is because a President most likely could not be indicted by the Department of Justice since that would violate the doctrine of separation of powers and interfere with his constitutional obligations to conduct the affairs of his office.

The question is not whether a President has performed well in office, or whether he is popular, or whether his policies are worthwhile. The only question is whether or not the President has performed through misfeasance or malfeasance some act which is criminal or a high crime and misdemeanor in the constitutional sense I have described—that is, a serious offense against the public interest.

Too many Americans are unwilling to admit even to themselves that a President can be guilty of wrongdoing. They do not want to look at the facts. They consider it unpatriotic or even traitorous to question the actions of a President. They think that by defending the President they are defending the United States.

This is sheer nonsense. It is the Constitution and not the President that is the supreme law. No one, not even a person who sits in the highest office in the land, is above the law. The Constitution, particularly the Bill of Rights, exists to protect the people from the excesses of government—and not the other way around.

There are those who argue that the law may have been violated but that it was necessary to do so in the interests of "national security." The Constitution knows no such term. A violation of the law on the pretense of saving a government such as ours actually works to destroy it. Illegal acts in the name of national security do not change the quality of the acts or their operation on other parties. To put it simply, the end does not justify the means.

Nor can it be argued that what may have been done by the Executive was excusable because the country was fighting a war abroad while contending with unrest at home. In such troubled times, the reasoning goes, the Executive was entitled to defend itself against those who had no regard or respect for the law. This is fallacious. The law applies to all, all of the time. Jeremiah Black, one of the finest attorneys in 19th century America, best expressed the reasoning behind this proposition in arguments he gave before the Supreme Court in 1866:

> I think it is precisely in a time of war and civil commotion that we should double the guards upon the Constitution. In peaceable and quiet times, our legal rights are in little danger of being overborne; but when the wave of power lashes itself into violence and rage, and goes surging up against the barriers which were made to confine it, then we need the whole strength of an unbroken Constitution to save us from destduction.

And so we come to the question of how Richard Nixon fits into all this. Serious charges have been leveled against the President accusing him of deep involvement in Watergate and all its related appendages.

The President is accused of participating in the coverup of the Watergate burglary and obstructing the course of justice by offers of executive clemency and large sums of money to silence the burglars, by suborning the perjury of his campaign officials, by the false assertion of "national security" to cover illegal wiretaps of political opponents and news reporters, by invoking the nebulous doctrine of executive privilege to deny and inhibit the Special Prosecutor's investigation, by the dismissal of Specal Prosecutor Archibald Cox without cause, and by the deliberate destruction of evidence in his sole possession material to the Watergate case.

The President is accused of employing extortion and the corrupt offering of Government favors to secure campaign contributions, as in the promise of $100,000 from the ITT Corp., $2,000,000 from the Associated Milk Producers, Inc., and $200,000 from Mr. Robert Vesco—illegal campaign contributions from corporations which were subsequently "laundered" through foreign bank accounts.

The President is accused of harassing persons designated as political "enemies" through the use of arbitrary IRS tax audits and FBI investigations.

The President is accused of personally approving a "domestic security plan" involving burglary, wiretapping, and the illegal opening of mail, in direct violation to the fourth amendment of the Constitution prohibiting unreasonable searches and seizures.

The President is accused of attempting to influence the outcome of the trial of Daniel Ellsberg by suggesting to the presiding judge, Hon. Matthew Byrne, that he might be appointed Director of the Federal Bureau of Investigation.

The President is accused of illegally profiting from the Federal Treasury through publicly financed improvements on his private residences in San Clemente and Key Biscayne.

The President is accused of attempting to evade proper payment of his Federal income taxes in an amount approximating a quarter of a million dollars through unallowable and illegal deductions.

And these are only some of the more significant charges. They do not come from labor unions, leftwing lobby groups or wild-eyed, super emotional radicals bent on destroying this country. Rather, the charges come from the cool deliberations of the U.S. courts, the Special Prosecutor's Office, the Senate Watergate Committee and other congressional committees. So far these investigations have uncovered startling revelations of fact that indicate Richard Nixon may well be guilty of impeachable wrongdoing. If nothing else, they cast suspicions on the President so grave that they demand that he come forth to clear himself of the accusations.

These charges certainly are sufficient to establish a prima facie case of Executive misconduct. And this is all the House of Representatives can do—determine if there is enough evidence to warrant a trial of the charges in the Senate. That is all impeachment is. In the Senate the burden of proof will have to go much further, approximating, if not in fact arriving at the conclusion that the President is guilty of impeachable offenses "beyond a reasonable doubt" before Mr. Nixon can be removed from office.

We must not overlook these accusations or the evidence which already exists to substantiate them merely because they involve the person who occupies the highest office in the land. No position is so high that it is above the law. If he is innocent he should welcome this opportunity to clear himself of these charges. If he is guilty we should all be better off for knowing the truth and acting accordingly. Failure to act would be an open invitation to tyranny by this and future Presidents.

AMENDMENTS TO H.R. 11793

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from New York (Ms. ABZUG) is recognized for 5 minutes.

Ms. ABZUG. Mr. Speaker, when H.R. 11793, the legislation establishing the Federal Energy Administration, comes to the floor for amendments, I plan to offer amendments concerning delegation of authority by the Administrator, safeguards for our environmental protection program in the administration of energy-lated programs, and data collection for resources on Federal lands.

The amendment which I will offer regarding delegation of the Administrator's authority has several provisions. First, it would limit his general delegation of functions to officers or employees of the FEA. Second, it would authorize him to delegate his implementation or enforcement functions to State or local governmental officers or boards of balanced composition. Third, it would provide that any plan or program for end-use rationing be implemented through State or local boards so constituted as to reflect the composition of the community as a whole. This last provision is most important. Only at the local level and only through boards which are truly representative of the community will it be at all possible to implement an equitable system of distribution, with due consideration given to those groups in the community who will suffer most from this energy shortage. Priority groups will be different in different communities and specific needs will vary in different localities. But the real hardship cases will be the same in most localities—those who must depend on automotive transportation to earn a living, the handicapped, the elderly, and the poor. These are the groups who rarely have a spokesman to voice their special needs. I would hope that when local rationing boards are established, such groups will be adequately represented.

The second amendment I will offer reflects my grave concern that our environmental protection safeguards may be sacrificed in our zeal to develop new energy programs. This amendment would establish an Environmental Protection Unit within the Federal Energy Administration to coordinate the functions and activities of the Environmental Protection Agency and the Federal Energy Administration. The provision for representation of environmental interests within the new FEA should facilitate such coordination and encourage the Administrator to consult with EPA before undertaking new programs which would adversely affect our environmental programs.

The third amendment, relating to data collection, would require the FEA Administrator, in addition to obtaining much needed data from the energy industry, also to collect such information concerning energy resources on federally owned lands. It would also direct other agencies of the executive branch to furnish such information to the Administrator upon his request. It has been estimated that 80 percent of our fuel reserves are on public lands. Yet, as FEO Administrator

Simon has admitted, we have no adequate data concerning these reserves. That information is vital if we are to know accurately what our reserve status is and if we are to develop our energy policies on the basis of the best available information.

The texts of the amendments follow:

Amendment Offered by Ms. Abzug

DELEGATION OF AUTHORITY

Page 16, strike line 5 beginning with "except" and all that follows through line 7 "appropriate." and insert in lieu thereof:

"(2) The Administrator may delegate any of his functions to any officer or employee of the Federal Energy Administration as he deems appropriate. The Administrator may delegate any of his functions relative to implementation and enforcement of any law administered by him to officers of a state or political subdivision thereof or to state or local boards of balanced composition reflecting the makeup of the community as a whole.

"(3) In the event the Administrator implements any plan or program of end-use rationing, such plan or program shall provide for local implementation through state or local boards of balanced composition reflecting the makeup of the community as a whole."

Amendment to H.R. 11793, as Reported Offered by Ms. Abzug

Page 30, between lines 5 and 6, insert the following new section:

ENVIRONMENTAL PROTECTION

Sec. 11. There shall be established within the Federal Energy Administration an Environmental Protection Unit whose primary purpose shall be to coordinate activities between the Federal Energy Administration and the Environmental Protection Agency. The purpose of such coordination shall be to preclude the possibility that the energy actions undertaken by the Federal Energy Administration will be violative of environmental protection laws including, but not limited to, the National Environmental Protection Act and the Clean Air Act.

And renumber the succeeding sections accordingly.

Amendment to H.R. 11793, as Reported Offered by Ms. Abzug

Page 35, between lines 10 and 11, insert the following new subsection:

(d) The Administrator shall collect from departments, agencies and instrumentalities of the Executive branch of the Government (including independent agencies), and each such department, agency, and instrumentality is authorized and directed to furnish, upon request of the Administrator, information concerning energy resources on lands owned by the Government of the United States. Such information shall include, but not be limited to, quantities of reserves, current or proposed leasing agreements, environmental considerations, and economic impact analyses.

LAND USE BILL IS NOT NEEDED

(Mr. SIKES asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. SIKES. Mr. Speaker, I find myself in direct opposition to the provisions of the so-called Land Use Planning Act of 1974 as approved by the Senate and as recommended by the House Committee on Interior and Insular Affairs. The action of the Rules Committee of the House in returning this measure to committee demonstrates the lack of confidence in the proposals that have been made.

I am not opposed to the concept that land use plans should be devised nor that proper use of our lands will result in a more beautiful, ecologically sound Amercia. Nor am I opposed to the notion that open spaces should be guaranteed, that the people of our country should have the best land use possible, and that Federal help should be given to these ends.

But I am diametrically opposed to the idea that the Federal Government should assume dictatorial powers over private property, dictatorial powers over State plans for land use, and dictatorial powers over the purse strings of our political subdivisions.

I do not for a moment feel that the sponsors of either the Senate or the House bill intended any such development. Nevertheless, I fear that is what could occur if either version of the bill were enacted into law. The bills purport to give the States a free hand, yet they set forth requirements to be met by the States in the development of what is called an adequate land use plan. If the State fails to satisfy the Bureau in Washington, it will lose not only land use planning funds, but possibly will be denied Federal funds which have no bearing on land use policy.

Last year, President Nixon attributed the failure of the urban renewal program in part to the fact that it had been administered by the Federal bureaucracy. In a radio address in January of 1973, he posed the question:

> . . . How can a committee of Federal bureaucrats, hundreds or thousands of miles away, decide intelligently where buildings should take place?

My answer and the answer of many of my constituents is that they cannot. Yet, instead of learning from our past very expensive experience—expensive not only in terms of the billions of tax dollars expended but also in the thousands of homes and lives disrupted—we are now being asked to make this very same mistake again in the area of land use.

Traditionally, this country has believed that decisions on how privately owned land is to be used should be made at the local level. This only makes sense. Who has more interest in how a particular area is developed and who is better able to make the decisions regarding that development than the persons who actually live there? What better way is there to express one's disapproval of a particular action on land use than at the ballot box in a local election or by a personal appearance at a public hearing? It seems to me that it is the persons who live in the local area who are best equipped to know what the alternatives are, have the greatest interest in monitoring the land use decisions that are made and, consequently, will see to it that they are made.

In direct contrast to the faith that I have in each citizen of America to participate in making these decisions are the land use bill which have been passed by the Senate or recommended by the House committee. Instead of having these local decisions made at the local level, State planning boards would be constituted which will have to draw up land use plans in accordance with Federal guidelines. Instead of traveling to city hall, a person who wishes to protest these decisions would have to travel to his State or National Capital. I am greatly concerned about the extent to which the Federal Government would take over control of local land use under these bills.

The alternative to Federal control would be through State plans under which the whole problem of land use control would also be removed from home rule and placed under a State agency. But, my contention is that land use factors should be considered first at the local, not at the State or Federal level.

In like manner, why should not our citizens at the local level have a voice in deciding which and how much land should be reserved for their recreational needs, how and where expanding areas of their cities and towns are to grow and what areas should be designated as ecologically so sensitive that special consideration should be given to their development? Yet, these bills would give such responsibility to decisionmakers who generally will live many miles from the land and the people who will be affected by their decisions.

All of this is bad enough, but the most dangerous provision is the one which would allow a governmental agency in a sense to impound the land of a private citizen in the name of land use planning and deny him a voice in its use.

Mr. Speaker, the right of ownership of property is entwined in that very important concept known as personal freedom. Congress should not be asked to consider a bill which would make property ownership subject to the whim of some Federal bureaucrat.

The fact is, Mr. Speaker, these bills run contrary to the fifth amendment to the Constitution which states in part—

> ". . . Nor shall private property be taken for public use, without just compensation.

I hold to the position that taking a man's land and rendering that land useless to him are one and the same.

I feel that there may be reason for a sound land use bill. Such a bill is not now before us. It is better to let these bills die and to make a new fresh approach which takes into mind not only sound land use but the rights of the public as well as the landowner.

A FREE MARKET: WAY TO END GAS LINES?

(Mr. FASCELL asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. FASCELL. Mr. Speaker, a recent Wall Street Journal contains a most interesting editorial suggesting that if the United States abandoned its allocation program and relied on market forces the price of gasoline would be 59.9 cents per gallon—a price we are rapidly approaching despite our allocation program and various emergency measures taken by many State governments. I believe the Journal's thesis is deserving of consideration and I fervently hope that the Federal Energy Office will immediately consider this alternative method of dealing with the current gasoline shortage.

Mr. Speaker, as the Journal itself says, no one can be absolutely certain that the price would settle within acceptable limits but if freeing the market mechanism were abused by the oil industry I am confident that this Congress would have not only the capacity but the willingness to act firmly to correct such abuses.

The Wall Street Journal article of the February 27, 1974, issue follows:

Gasoline: 59.9 Cents, No Lines

Harassed motorists in the Northeast are tired of waiting to buy gasoline, and are making life difficult for assorted governors, Congressmen and energy czars. The politicians are intervening in the marketplace—ordering 3% more gasoline to that state, 5% to another, upping the price of gas 2 cents a gallon to supersede the former increase of 1 cent a gallon—all in the name of protecting the consumer from $1 a gallon gasoline.

Actually, if the politicians got themselves out of the picture entirely, the market for gasoline would clear at 59.9 cents. That is, of course, our estimate. Energy czar William Simon tells us his guess is 75 cents, the same figure cited by Harvard's Hendrik Houthakker, who has done as much work as anyone else on petroleum elasticities. George Perry of Brookings guesses 80 cents. Professor Houthakker cheerfully acknowledges that these figures are "very conservative," and in fact, "probably too high."

Consider: There are no gasoline lines in Canada's eastern provinces, where near-total dependence on imported crude oil has in effect maintained a free market. The market has cleared at a price of 70 cents per imperial gallon, which is a fifth larger than a U.S. gallon. In U.S. gallons, that is a price of 59 cents.

There also are no gasoline lines in West Germany. The price there is $1.21 a gallon, including an excise tax of 74 cents. Since U.S. taxes average 12 cents a gallon, U.S. motorists will be even with German motorists in competing for the world's oil supply when the U.S. retail price gets within 62 cents of the German one. That is, when the U.S. price reaches 59 cents.

Alternatively, base the calculation on crude oil prices. The oil industry works with an admittedly rough rule of thumb: With taxes and so on constant, a $1-a-barrel increase in crude prices will mean a 3.5 cents-a-gallon increase in gasoline prices. Starting with the more-or-less current U.S. prices of $7.50 for crude and 45.9 cents for gasoline, this means that 75 cents gasoline would imply crude at $19.14, and $1 gasoline would mean crude at $29.14. The cartel's recent price has been $10.50, which means gasoline at 53.4 cents. Kuwait recently specified still higher bids, through there were no takers. But if you make the crude price $13.10, you get gasoline at 59.9 cents.

A great many normally intelligent people find it hard to believe that the gasoline market would clear at 60 cents, or even 75 cents, because they have persuaded themselves that gasoline is the only commodity in history with zero elasticity of demand. So far as we can ascertain, the data base for this conclusion consists of $30,000-a-year government aides interviewing each other on whether they care what the price is. They care more than they admit—just watch the two-car families use the compact more than the station wagon—but in any event a very small percentage of gasoline is purchased by $30,000-a-year government aides.

Historical studies of gasoline elasticity do exist. Two months ago we guessed that the clearing price would be 57 cents, based on Professor Houthakker's earlier studies. These studies were based on small changes in both price and demand, and if anything our experience with sharper price changes over the last year or so suggest that the drop in demand as price increases is larger rather than smaller than the initial studies predicted.

Now of course, estimates are only estimates. No one can guarantee that the price will settle out at any particular level. For one thing, supply has been made uncertain by the crude oil allocation programs, which has disincentives to import oil. If the market were allowed to operate, the addition of U.S. buying power to the world scene would no doubt force prices up a few cents in Canada and West Germany. But it is very difficult to see how the U.S. price could rise much above the equivalent price in the rest of the world. Rather, strong evidence suggests a price not in the neighborhood of 75 cents, but of 60 cents.

This price is already being charged by some stations relying heavily on imported oil. That they continue to make sales is no measure of the elasticity, because domestic gasoline from other stations cannot be transferred and sold at 60 cents. But the fact that the price has already reached this level is suggestive in one sense: The gasoline problem will inevitably be solved by getting the price of gasoline up to the clearing price. In fact, Mr. Simon's whole operation is an effort to get the price up to clear the market as fast as Congress will allow.

In other words, all that agony for motorists, and all those letters to Congressmen and governors, are not the price of avoiding $1 gasoline now and forever. They are the price of postponing 60 cent gasoline from now until summer or fall. It's not much of a bargain. The rest of the world has no lines for gasoline; only the United States is punishing itself by straining to hold back the inevitable.

FROM THE HORSE'S MOUTH

(Mr. MILFORD asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. MILFORD. Mr. Speaker, last week, I heard many speeches from my colleagues concerning the need for passage of the emergency energy bill and particularly the price rollback features.

Very few of those speaking represented States that contain oil producers. Many obviously did not know the actual problems that are faced in producing oil.

I have just received a letter from a man that does know. I would like to share his letter with each of you:

Dear Congressman Milford: I am a small independent operator and petroleum geologist, and I read with dismay what Senator Jackson and his committee have recommended to the Senate regarding rolling back the price of domestic crude oil. It is completely ridciulous and obviously not well thought out. He and his group want to roll back the price of new domestic oil from approximately $10.00 a barrel to $5.25 a barrel, and in turn would pay $10.60 a barrel for imported Canadian oil, $12.00 a barrel for imported Middle East oil, $14.00 a barrel for Venezuelan oil, etc.

Obviously, no one has told Senator Jackson that there are two types of people in the oil business—major companies and the independents. The independent's livelihood depends upon the price of domestic oil since he does not deal in foreign oil ventures.

Everyone is concerned about the imbalance of foreign trade, yet Mr. Jackson's committee seems to be bent upon making our balance of payments even worse by paying high prices for imported foreign oil while lowering domestic oil prices.

Approximately three-fourths of all new oil found in the United States is found by independents and not major oil companies, since recently the majors have been spending most of their exploration dollars in foreign ventures. I am personally involved in many deals that would be marginal at a posted price of $5.25 a barrel. At $10.00 a barrel these projects that I and many others have in mind will be developed and result in additional reserves of domestic oil. Today I cancelled the drilling of a well in Taylor County, Texas because at a rolled-back price of $5.25 a barrel it is not an economic venture. Many other independents are delaying proposed drilling activities until they find out what action the Senate is going to take on Senator Jackson's committee's proposals.

Many secondary recovery projects in which I am involved will be initiated if the price of oil is not rolled back. If it is, these projects will be shelved until a higher price for domestic crude can be obtained (and it will be). So that you may be sure this is not just a "cry wolf" complaint and dealing in generalities, listed below are the secondary recovery projects of which I speak:

East Fort Trinidad, Houston County, Texas.

N.W. Farnsworth, Ochiltree County, Texas.

Fence Creek Unit, Sheridan County, Wyoming.

Gas Draw Muddy Sand Unit, Campbell County, Wyoming.

Mill-Gillette Muddy Sand Unit, Campbell County, Wyoming.

It is difficult to understand how the politics of running for office can be allowed to so severely add to the nation's energy crisis, but this is what Senator Jackson and his cohorts from non-oil states seem to be willing to do.

Many millions of barrels of oil will not be available if the price of new oil is rolled back lower than $9.00 a barrel. Most investors will not invest in the oil business and the domestic supply of crude will be severely curtailed because no new marginal reserves will be available if Senator Jackson and his committee have their way.

It is completely ridiculous to send our dollars abroad to the Arabs, Nigerians, Venezuelans, Indonesians, Canadians, etc., and pay well over twice the price per barrel of oil as we are willing to pay the independents at home.

Please try to convince these politicians that ruining the independent domestic oil business will not insure their election nor help the energy crisis.

Very truly yours,

J. E. Matter,
Petroleum Geologist.

FAIR FOOD STAMP PROGRAM NEEDED FOR THE HUNGRY IN PUERTO RICO

(Mr. MELCHER asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. MELCHER. Mr. Speaker, those of us close to agriculture believe all hungry Americans deserve a fair break.

According to legislative amendments that we passed in 1971 and 1973, the food stamp program must be implemented in every political subdivision of Puerto Rico by June 30, 1974. In 1971, we passed legislation that permitted Puerto Rico to get into the program. In 1973, we required that the food stamp program be extended to every area of the island by the June 30 deadline just as we required it to be available to the poor in every political subdivision of the 50 States. The only permissible basis for delaying the program's implementation in an area is if the Commonwealth can clearly demonstate that it is administratively impossible to accomplish—even through subcontracting with agencies other than the Social Services Department, permitting the municipalities to operate the program, or through some other legitimate means. The gist of our requirement is that the people must be fed as soon as possible, with all eligible persons receiving food aid by the end of this fiscal year. However, USDA has just announced that only five municipalities will be given the program by the deadline. The others will have to wait for months and San Juan will not get stamps until March 1975. This is clearly contrary to the law.

It is noteworthy to point out that the Agriculture Secretary has also just promulgated benefit guidelines for the entire island. Although these schedules will not affect the date when Puerto Rico is supposed to implement the program, it will adversely affect the conditions upon which Puerto Ricans can participate in this important feeding effort.

Under our legislation, the benefit schedules are "to reflect the cost of obtaining a nutritionally adequate diet." This is precisely the same concept that underlies the Program's implementation in the 50 States. Accordingly, it was our intent that a comparison of benefit schedules—between the 50 States and Puerto Rico—reflect a comparison of food costs between these States and the island. Although we did not permit benefit levels in Puerto Rico or the territories to be higher than the ones set for the United States, we did not permit benefits in those territories to be lower if food prices in fact were higher. Moreover, we did not want the Agriculture Department to discriminate against the island or territories on the basis of lower food consumption patterns in those areas than in the United States. Naturally, persons in poverty-stricken areas have cheaper food consumption patterns than persons living in more affluent areas. But an area's impoverished economic situation, and hence that area's poorer food habits, should not be the basis for lower food stamp benefits. The purpose of the program is to help the poor, not to perpetuate their disadvantaged status and, therefore, the only relevant factor in comparing benefit levels between the States and Puerto Rico is the comparative food costs.

Contrary to our explicit statutory requirements, however, the Agriculture Secretary has established low coupon allotment standards for Puerto Rico that are violative of our purposes and intentions and that utilized discriminatory concepts that we clearly discarded. For example, a family of four in Puerto Rico will get only $122 worth of stamps monthly, while a mainland family of four gets $142. Too many needy people will be hurt by the Secretary's new regulations for this to pass unnoticed. I urge the Secretary to immediately rectify this situation and make sure that the discriminatory benefit standards be changed so that the poor in Puerto Rico are not shortchanged out of their food stamp rights.

Finally, I must also express my concern regarding the income-eligibility guidelines announced by the Agriculture Department for food stamp participation on the island. These standards average approximately 14 percent lower than mainland standards and do not appear to have been derived according to the statute which requires the Department to determine the average per capita income on the island and use it as the base for eligibility calculations by multiplying it by the number of persons in each household to determine the income criteria for different-sized families. If the Agriculture Department used any other formula in this regard, then it failed to follow the Food Stamp Act.

DIAL-A-BUS PROVES ITSELF IN SAN DIEGO

(Mr. VAN DEERLIN asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. VAN DEERLIN. Mr. Speaker, for 17 hours a day, the 65,000 residents of the San Diego Model Cities area are able to avail themselves of an unusual transportation service.

It is a special minibus system which offers a dial-a-bus service in addition to operating on regularly scheduled routes. And the emphasis is really on service, especially on making the operation relevant to the needs of the elderly, the destitute and others without constant access to a car.

Now in its second year, the San Diego system is funded with $284,000 in Model Cities money, a subsidy that enables passengers to ride without charge. Some 15,000 San Diegans a month do use the nine small buses which comprise the Model Cities fleet. Conventional bus service in the two Model Cities neighborhoods—Southeast San Diego and San Ysidro—is spotty and most of the residents have limited incomes, so the little buses plug several gaps.

More than 70 percent of the riders have incomes below $400 a month. When on call, the radio-dispatched buses are used to deliver the elderly, handicapped and sick to hospitals. They take job applicants to interviews. They deliver lunches to some 3,000 senior citizens each month, both to shut-ins at home and to recreation centers.

This program has been so successful that a similar dial-a-bus project in Linda Vista, a section of San Diego outside the Model Cities area, copied it.

It is hoped that eventually these systems might be assimilated by the regular transit system. The special, limited purpose carriers would thereby gain new stability. All types are essential in achieving balanced transportation in our crowded urban areas.

AMENDMENTS TO H.R. 11793

(Mr. HECHLER of West Virginia asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. HECHLER of West Virginia. Mr. Speaker, I include here the text of three amendments I intend to offer to H.R. 11793:

Page 20, strike line 22 and all that follows through line 7, page 21.

Page 23, strike lines 18 through 20, inclusive.

Page 37, after line 4, insert the following subsection:

"(d) Not later than 30 days after the date of enactment of this Act, the Administrator shall submit a report to the President and Congress detailing a plan for the creation of a Government corporation which, for the purposes of conserving scarce supplies of energy, insuring fair and efficient distribution of such supplies, maintaining fair and reasonable consumer prices for such supplies, and promoting the expansion of energy sources for the general welfare and common defense and security, would operate and maintain the property and facilities of any person in the United States whenever such property and facilities are utilized in the exploration, development, processing, refining, or required transportation by pipeline of crude oil, petroleum products, natural gas, and coal."

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. MONTGOMERY, for an indefinite period, on account of official business.

Mr. BRASCO (at the request of Mr. O'NEILL), for this week, on account of official business.

Mr. CORMAN for today, on account of official business.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

Mr. BURKE of Massachusetts to address the House for 5 minutes after all other special orders and business of the House today.

(The following Members (at the request of Mr. FRENZEL) to revise and extend their remarks and include extraneous matter:)

Mr. STEIGER of Wisconsin, for 30 minutes, today.

Mr. BELL, for 60 minutes, on March 6, 1974.

(The following Members (at the request of Mr. VANDER VEEN) to revise and extend their remarks and include extraneous matter:)

Mr. RODINO, for 5 minutes, today.

Mr. GONZALEZ, for 5 minutes, today.

Mr. BROWN of California, for 5 minutes, today.

Mr. WOLFF, for 5 minutes, today.

Mr. GIAIMO, for 10 minutes, today.

Ms. ABZUG, for 5 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. MADDEN and to include extraneous matter.

Mr. REGULA to insert his remarks in

the body of the RECORD following the remarks of Mr. PRITCHARD today.

Mr. MILFORD in five instances.

(The following Members (at the request of Mr. FRENZEL) and to include extraneous matter:)

Mr. SANDMAN.

Mr. ERLENBORN.

Mr. ARENDS.

Mr. ASHBROOK in five instances.

Mr. HUDNUT.

Mr. STEIGER of Wisconsin.

Mr. CARTER in two instances.

Mr. YOUNG of Florida in five instances.

Mr. J. WILLIAM STANTON.

Mr. RAILSBACK in two instances.

Mr. HOSMER in two instances.

Mr. FRENZEL in two instances.

Mr. ABDNOR.

Mr. SHOUP in two instances.

Mr. RONCALLO of New York.

Mr. DEL CLAWSON.

Mr. SARASIN.

Mr. DERWINSKI in two instances.

Mr. YOUNG of Alaska.

Mr. GILMAN.

Mr. THONE.

(The following Members (at the request of Mr. VANDER VEEN) and to include extraneous matter:)

Mr. RODINO.

Mr. GONZALEZ in three instances.

Mr. RARICK in three instances.

Mr. ANNUNZIO in six instances.

Mr. BOLLING.

Mr. VANIK in three instances.

Mr. HELSTOSKI in 10 instances.

Mr. LONG of Maryland in 10 instances.

Mr. SIKES in two instances.

Mr. STOKES in six instances.

Mr. KARTH.

Mr. DANIELSON.

Mr. BINGHAM in 10 instances.

Mr. ANDERSON of California in two instances.

Mr. TIERNAN in 10 instances.

Mr. MCCORMACK in two instances.

Mr. BREAUX.

Mr. VAN DEERLIN.

SENATE BILLS REFERRED

Bills of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 581. An act for the relief of Ludwik Kikla; to the Committee on the Judiciary.

S. 1346. An act for the relief of Leticia (Escobar) Richardson; to the Committee on the Judiciary.

S. 2337. An act for the relief of Dulce Pilar Castin (Castin-Casas); to the Committee on the Judiciary.

S. 2510. An act to create an Office of Federal Procurement Policy within the Executive Office of the President, and for other purposes; to the Committee on Government Operations.

S. 2705. An act to provide for the disposition of abandoned money orders and traveler's checks; to the Committee on Banking and Currency.

ADJOURNMENT

Mr. VANDER VEEN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 12 o'clock and 52 minutes p.m.), the House adjourned until tomorrow, Tuesday, March 5, 1974, at 12 o'clock noon.

CONTRACTUAL ACTIONS, CALENDAR YEAR 1973, TO FACILITATE NATIONAL DEFENSE

The Clerk of the House of Representatives submits the following report for printing in the CONGRESSIONAL RECORD pursuant to section 4(b) of Public Law 85-804:

U.S. ATOMIC ENERGY COMMISSION
Washington, D.C., February 28, 1974.

Hon. CARL ALBERT,
Speaker of the House of Representatives.

DEAR MR. SPEAKER: The following information is submitted pursuant to the provisions of Public Law 85-804 and implementing instructions contained in Federal Procurement Regulation 1-17.000.

For the calendar year ending December 31, 1973, the Atomic Energy Commission reports the following actions approved under the subject Act:

1. Residual Powers:

a. A determination dated June 18, 1973, was issued to contractually require contractors subject to the Davis-Bacon Act at the Rocky Flats facility to adhere to certain conditions of employment of the labor agreements between Swinerton and Walberg Company and various construction crafts in the Denver, Colorado, area.

b. Originally a Determination was issued on February 28 and subsequently revised on May 18 and August 22, 1973. These were issued to contractually require contractors and subcontractors, subject to the Davis-Bacon Act at the Nevada Test Site (including the Nuclear Rocket Development Station and Tonopah Test Range) to pay not less and no more than the money provisions and certain other conditions of the construction project labor agreements between Reynolds Electrical and Engineering Company, Inc., and various construction crafts in the Nevada area.

These Determinations are deemed necessary to promote labor stability, efficiency and economy in the performance of contracts and subcontracts at the sites which directly affect the national defense and security.

2. Other Items:

a. Amendments without consideration:

Amount requested	$26, 941. 86
Amount denied	26, 491. 86
b. Amendments without consideration:	
Amount requested	$1, 064. 88
Amount approved	1, 064. 88
c. Amendments without consideration—Alleged defective specifications:	
Amount requested	$64, 330. 00
Subsequently reduced by applicant to	52, 330. 00
Amount denied	52, 330. 00

Sincerely,

JOHN A. ERLEWINE,
General Manager.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1961. A letter from the President of the United States, transmitting notice of his intention to exercise his authority under section 614(a) of the Foreign Assistance Act of 1961, as amended, to permit a grant to a charitable organization in Egypt, pursuant to section 652 of the act; to the Committee on Foreign Affairs.

1962. A letter from the Secretary of Agriculture and the Secretary of Housing and Urban Development, transmitting a joint report on financial and technical assistance provided for nonmetropolitan planning districts during fiscal year 1973, pursuant to section 901 (c) of Public Law 91-524; to the Committee on Agriculture.

1963. A letter from the Governor, Farm Credit Administration, transmitting the 40th annual report of the Farm Credit Administration on the work of the cooperative farm credit system, including the report of the Federal Farm Credit Board, covering fiscal year 1973, pursuant to 12 U.S.C. 2252(3) (H. Doc. No. 93-268); to the Committee on Agriculture and ordered to be printed with illustrations.

1964. A letter from the Assistant Secretary of Defense (Comptroller), transmitting a report for the second quarter of fiscal year 1974 on the estimated value, by country, of support furnished from military functions appropriations for Vietnamese and other free world forces in Vietnam and local forces in Laos, pursuant to section 737(b) of Public Law 93-238; to the Committee on Appropriations.

1965. A letter from the Deputy Secretary of Defense, transmitting a semiannual report on funds obligated in the chemical warfare and biological research programs, covering the first half of fiscal year 1974, pursuant to section 409 of Public Law 91-121; to the Committee on Armed Services.

1966. A letter from the Deputy Secretary of Defense, transmitting a report for calendar year 1973 on special pay for officers holding positions of unusual responsibility, pursuant to 37 U.S.C. 306(f); to the Committee on Armed Services.

1967. A letter from the Deputy Secretary of Defense, transmitting a report for calendar year 1973 on special pay for duty subject to hostile fire, pursuant to 37 U.S.C. 310(d); to the Committee on Armed Services.

1968. A letter from the Assistant Secretary of Defense (Manpower and Reserve Affairs), transmitting a report on defense manpower requirements for fiscal year 1975, pursuant to 10 U.S.C. 133, note; to the Committee on Armed Services.

1969. A letter from the Assistant Secretary of the Treasury, transmitting a report on the status as of December 31, 1972, of foreign credits by U.S. Government agencies and international organizations in which the United States is a member, pursuant to section 634(f) of the Foreign Assistance Act of 1961, as amended [22 U.S.C. 2394(f)]; to the Committee on Foreign Affairs.

1970. A letter from the Deputy Director, U.S. Information Agency, transmitting a draft of proposed legislation to authorize appropriations for the U.S. Information Agency, and for other purposes; to the Committee on Foreign Affairs.

1971. A letter from the Executive Director, Federal Communications Commission, transmitting a report on the backlog of pending applications and hearing cases in the Commission as of January 31, 1974, pursuant to section 5(e) of the Communications Act, as amended; to the Committee on Interstate and Foreign Commerce.

1972. A letter from the Commissioner, Immigration and Naturalization Service, Department of Justice, transmitting reports concerning visa petitions approved according certain beneficiaries third and sixth preference classification, pursuant to section 204 (d) of the Immigration and Nationality Act, as amended (8 U.S.C. 1154(d)); to the Committee on the Judiciary.

1973. A letter from the Commissioner, Immigration and Naturalization Service, Department of Justice, transmitting copies of orders suspending deportation, together with a list of the persons involved, pursuant to section 244(a)(1) of the Immigration and Nationality Act, as amended (8 U.S.C. 1254 (c)(1)); to the Committee on the Judiciary.

1974. A letter from the General Manager, U.S. Atomic Energy Commission, transmitting a report on amendments and modifications to contracts in connection with the national defense executed by the Commission during calendar year 1973, pursuant to 50 U.S.C. 1434(a); to the Committee on the Judiciary.

1975. A letter from the Administrator of General Services, transmitting a report of a building project survey for Columbia, Md., pursuant to section 11(b) of the Public Buildings Act of 1959, as amended; to the Committee on Public Works.

1976. A letter from the Secretary of the Treasury, transmitting a report on the operation of the general revenue sharing trust fund during fiscal year 1973, pursuant to Public Law 92-512; to the Committee on Ways and Means.

1977. A letter from the Secretary of Health, Education, and Welfare, transmitting the annual report of the Social Security Administration for fiscal year 1973, pursuant to 42 U.S.C. 904; to the Committee on Ways and Means.

REPORT OF COMMITTEE ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

[*Pursuant to the order of the House on February 28, 1974, the following report was filed on March 1, 1974*]

Mr. STRATTON: Committee on Armed Services. S. 2771. An act to amend chapter 5 of title 37, United States Code, to revise the special pay bonus structure relating to members of the Armed Forces, and for other purposes with amendment (Rept. No. 93-857). Referred to the Committee of the Whole House on the State of the Union.

[*Submitted March 4, 1974*]

Mr. BRADEMAS: Committee on House Administration. House Resolution 726. Resolution providing for the printing of additional copies of the House report entitled "The Impact of the Energy and Fuel Crisis on Small Business," House Report No. 91-1751 (Rept. No. 93-858). Referred to the House Calendar.

Mr. BRADEMAS: Committee on House Administration. House Resolution 727. Resolution providing for the printing of additional copies of the House report entitled "Concentration by Competing Raw Fuel Industries in the Energy Market and Its Impact on Small Business," House Report No. 92-719 (Rept. No. 93-859). Referred to the House Calendar.

Mr. BRADEMAS: Committee on House Administration. House Resolution 728. Resolution providing for the printing of additional copies of the House report entitled "Concentration by Competing Raw Fuel Industries in the Energy Market and Its Impact on Small Business"—volume 3, "National Gas Survey and Synthetic Fuel Development," House Report No. 92-1404 (Rept. No. 93-860). Referred to the House Calendar.

Mr. BRADEMAS: Committee on House Administration. House Resolution 729. Resolution providing for the printing of additional copies of the House report entitled "Concentration by Competing Raw Fuel Industries in the Energy Market and Its Impact on Small Business"—volume 2—"Tennessee Valley Area" House Report No. 92-1313 (Rept. No. 93-861). Referred to the House Calendar.

Mr. BRADEMAS: Committee on House Administration. House Concurrent Resolution 78. Concurrent resolution to authorize the printing of a Veterans' Benefits Calculator, with amendment (Rept. No. 93-862). Referred to the House Calendar.

Mr. BRADEMAS: Committee on House Administration. House Concurrent Resolution 397. Concurrent resolution providing for the printing of additional copies of hearings before the Subcommittee on Foreign Economic Policy entitled "Foreign Policy Implications of the Energy Crisis" (Rept. No. 93-863). Referred to the House Calendar.

Mr. BRADEMAS: Committee on House Administration. Senate Concurrent Resolution 55. Concurrent resolution authorizing the printing of the report of the proceedings of the 46th biennial meeting of the Convention of American Instructors of the Deaf as a Senate document (Rept. No. 93-864). Referred to the House Calendar.

Mr. BRADEMAS: Committee on House Administration. Senate Concurrent Resolution 56. Concurrent resolution authorizing the printing of additional copies of Senate hearings on the Child Abuse Prevention Act, 1973 (Rept. No. 93-865). Referred to the House Calendar.

Mr. BRADEMAS: Committee on House Administration. Senate Concurrent Resolution 58. Concurrent resolution authorizing the printing of additional copies of the Report of the Commission on the Bankruptcy Laws of the United States for the use of the Senate Committee on the Judiciary (Rept. No. 93-866). Referred to the House Calendar.

Mr. BRADEMAS: Committee on House Administration. Senate Concurrent Resolution 59. Concurrent resolution authorizing the printing of the compilation entitled "Disclosure of Corporate Ownership" as a Senate document (Rept. No. 93-867). Referred to the House Calendar.

Mr. BRADEMAS: Committee on House Administration. Senate Concurrent Resolution 61. Concurrent resolution authorizing the printing of additional copies of part I of the Senate committee print entitled "Confidence and Concern: Citizens View American Government—A Survey of Public Attitudes" (Rept. No. 93-868). Referred to the House Calendar.

Mr. BRADEMAS: Committee on House Administration. Senate Concurrent Resolution 64. Concurrent resolution authorizing the printing of congressional eulogies and other tributes to the late J. Edgar Hoover as a Senate document (Rept. No. 93-869). Referred to the House Calendar.

Mr. HENDERSON: Committee on Post Office and Civil Service. House Resolution 807. Resolution disapproving the recommendations of the President with respect to the rates of pay of Federal officials transmitted to the Congress in the budget for the fiscal year ending June 30, 1975. (Rept. No. 93-870). Referred to the Committee of the Whole House on the State of the Union.

Mr. ULLMAN: Committee on Ways and Means. H.R. 13025. A bill to increase the period during which benefits may be paid under title XVI of the Social Security Act on the basis of presumptive disability to ascertain individuals who received aid, on the basis of disability, for Dececmber 1973, under a State plan approved under title XIV or XVI of that act. (Rept. No. 93-871). Referred to the Committee of the Whole House on the State of the Union.

Mr. HALEY: Committee on Interior and Insular Affairs. H.R. 6395. A bill to designate certain lands in the Okefenokee National Wildlife Refuge, Ga., as wilderness; with amendment (Rept. No. 93-872). Referred to the Committee of the Whole House on the State of the Union.

Mr. EVINS of Tennessee: Select Committee on Small Business. Report on Programs, Policies, and Operations of the Small Business Administration, 1973. (Rept. No. 93-873). Referred to the Committee of the Whole House on the State of the Union.

Mr. EVINS of Tennessee: Select Committee on Small Business. Report on the Impact of Environmental Standards on Small Business (vol. 1, Asphalt), (Rept. No. 93-874). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ALEXANDER:

H.R. 13189. A bill to direct the Comptroller General of the United States to conduct a study of the burden of reporting requirements of Federal regulatory programs on independent business establishments, and for other purposes; to the Committee on Government Operations.

By Mr. BURKE of Massachusetts (for himself, Mr. Reuss, Mr. Clark, Mrs. Collins of Illinois, Mr. Cronin, Mr. Dominick V. Daniels, Mr. Delaney, Mr. Diggs, Mr. Donohue, Mr. Drinan, Mr. Gaydos, Ms. Holtzman, Mr. Johnson of California, Ms. Jordan, Mr. Karth, Mr. Lehman, Mr. McKinney, Mr. Macdonald, Mr. Reid, Mr. Roe, Mr. James V. Stanton, Mr. Stark, Mr. Wolff, Mr. Won Pat, and Mr. Rooney of Pennsylvania):

H.R. 13190. A bill to amend the Social Security Act and the Internal Revenue Code of 1954 to provide for Federal participation in the costs of the social security program, with a substantial increase in the contribution and benefit base and with appropriate reductions in social security taxes to reflect the Federal Government's participation in such costs; to the Committee on Ways and Means.

By Mr. CARNEY of Ohio:

H.R. 13191. A bill to amend the Internal Revenue Code by increasing the personal exemption from $750 to $850, to provide that a taxpayer may elect to credit in the amount of $250 for each personal exemption to which he is entitled in lieu of taking a deduction for each such exemption, and for other purposes; to the Committee on Ways and Means.

By Mr. FISH.

H.R. 13192. A bill to amend the Small Business Act to provide low interest operating loans to small businesses seriously affected by a shortage in energy producing materials; to the Committee on Banking and Currency.

H.R. 13193. A bill to provide for loans for the establishment of construction, or municipal low cost, nonprofit clinics for the spaying and neutering of dogs and cats, and for other purposes; to the Committee on Interstate and Foreign Commerce.

H. 13194. A bill to make it clear that the bonus value of food stamps is to be included in the "hold harmless" amount guaranteed to recipients of supplemental security income benefits under the Social Security Amendments of 1972, so as to assure that recipients in cash-out States do not suffer reductions in the benefits they actually receive; to the Committee on Ways and Means.

By Mr. FROEHLICH:

H.R. 13195. A bill to authorize the Secretary of Agriculture to convey certain real property located within the Nicolet National Forest, Wis., to certain communities for use as solid waste disposal sites; to the Committee on Agriculture.

By Mr. GILMAN:

H.R. 13196. A bill to amend the Small Business Act to provide low interest operating loans to small businesses seriously affected by a shortage in energy producing materials; to the Committee on Banking and Currency.

By Mrs. GRIFFITHS:

H.R. 13197. A bill to amend the Internal Revenue Code of 1954 to permit taxpayers to utilize the deduction for personal exemptions as under present law or to claim a credit against tax of $200 for each such exemption; to the Committee on Ways and Means.

By Mr. HEINZ:

H.R. 13198. A bill to impose during the present energy crisis an excess profits tax on the income of corporations engaged in the production or distribution of petroleum or natural gas; to the Committee on Ways and Means.

By Mr. HICKS (for himself, Mr. Addabbo, Mr. Badillo, Mr. Burgener, Mrs. Chisholm, Mr. Clay, Mrs. Collins of Illinois, Mr. Cronin, Mr. Dominick V. Daniels, Mr. Denholm, Mr. Derwinski, Mr. Eilberg, Mr. Harrington, Mr. Hawkins, Mr. Helstoski, Mr. Lehman, Mr. Litton, Mr. Long of Maryland, Mr. Mazzoli, Mr. Mitchell of Maryland, Mr. Moakley, Mr. Murphy of Illinois, Mr. Podell, Mr. Robison of New York, and Mr. Roncallo of New York):

H.R. 13199. A bill to amend the Civil Rights Act of 1964 to make it an unlawful employment practice to discriminate against individuals who are physically disabled because of such disability; to the Committee on Education and Labor.

By Mr. HICKS (for himself, Mr. Roncallo of New York, Mr. Rosenthal, Mr. Sarbanes, Mrs. Schroeder, Mr. Stark, Mr. Thone, Mr. Vanik, Mr. Winn, Mr. Won Pat, Mr. Yatron, Mr. Biester, Mr. Ford, Mr. Matsunaga, Mr. Conyers, Mr. Bingham, Mrs. Heckler of Massachusetts, Miss Holtzman, and Mr. Riegle):

H.R. 13200. A bill to amend the Civil Rights Act of 1964 to make it an unlawful employment practice to discriminate against individuals who are physically disabled because of such disability; to the Committee on Education and Labor.

By Mr. KING:

H.R. 13201. A bill to amend section 1951, title 18, United States Code, act of July 3, 1946; to the Committee on the Judiciary.

By Mr. MADIGAN:

H.R. 13202. A bill to establish the National Commission on the Prevention of Raw Material Shortages; to the Committee on Armed Services.

By Mr. McCLORY:

H.R. 13203 A bill to amend the Internal Revenue Code of 1954, to permit a taxpayer to take an income tax deduction with respect to the purchase and installation of solar heating and cooling equipment; to the Committee on Ways and Means.

By Mr. McCORMACK (for himself, Mr. Price of Illinois, Mr. Holifield, Mr. Hosmer, Mr. Young of Texas, Mr. Roncalio of Wyoming, Mr. Anderson of Illinois, Mr. Hansen of Idaho, and Mr. Lujan):

H.R. 13204. A bill to amend the Atomic Energy Act of 1954 to provide for improved procedures for planning and environmental review of proposed nuclear powerplants, and for other purposes; to the Joint Committee on Atomic Energy.

By Mr. PARRIS (for himself and Mr. Sarasin):

H.R. 13205. A bill to amend the Internal Revenue Code of 1954 to temporarily reduce the excise tax on gasoline by 2 cents per gallon; to the Committee on Ways and Means.

By Mr. PATMAN:

H.R. 13206. A bill to amend the Economic Stabilization Act of 1970 to extend its expiration date for 1 year; to the Committee on Banking and Currency.

By Mr. PRICE of Texas (for himself, Mr. Collins of Texas, Mr. Hosmer, Mr. Sebelius, Mr. Treen, Mr. Dan Daniel, Mr. Devine, Mr. Huber, Mr. Bevill, Mr. Bafalis, Mr. Clancy, Mr. Bray, Mr. Podell, Mr. Whitehurst, Mr. Roncallo of New York, and Mr. Cleveland):

H.R. 13207. A bill to amend title 18 of the United States Code to provide in certain circumstances the death penalty for kidnaping, and to establish rebuttable presumption with respect to certain unexplained disappearances; to the Committee on the Judiciary.

By Mr. PRICE of Texas (for himself, Mr. Young of Florida, Mr. Veysey, Mr. Derwinski, Mr. Hunt, Mr. Ketchum, Mr. Regula, Mr. Eilberg, Mr. Chappell, Mr. Butler, Mr. Gunter, and Mr. Gaydos):

H.R. 13208. A bill to amend title 18 United States Code to provide in certain circumstances the death penalty for kidnaping, and to establish a rebuttable presumption with respect to certain unexplained disappearances; to the Committee on the Judiciary.

By Mr. ROBINSON of Virginia (for himself, Mr. Collins of Texas, Mr. Dan Daniel, Mr. Robert W. Daniel, Jr., Mr. Eilberg, Mr. Kyros, Mr. Satterfield, and Mr. Winn):

H.R. 13209. A bill to provide further for uniform annual observances of certain legal public holidays on Monday, and for other purposes; to the Committee on the Judiciary.

By Mr. TALCOTT:

H.R. 13210. A bill to prohibit the exportation of fertilizer from the United States until the Secretary of Agriculture determines that an adequate domestic supply of fertilizer exists; to the Committee on Banking and Currency.

By Mr. WAMPLER:

H.R. 13211. A bill to amend title 38 of the United States Code to provide for cost-of-living increases in compensation, dependency, and indemnity compensation, and pension payments; to the Committee on Veterans' Affairs.

By Mr. YOUNG of Alaska:

H.R. 13212. A bill to make available to the city of Ketchikan, Alaska, certain lands necessary to the replacement of the Carlanna Creek Dam; to the Committee on Interior and Insular Affairs.

By Mr. ROBINSON of Virgina (for himself, Mr. Butler, Mr. Chappell, Mr. Collins of Texas, Mr. Dan Daniel, Mr. Robert W. Daniel, Jr., Mr. Derwinski, Mr. Eilberg, Mr. Gunter, Mr. Kyros, Mr. Satterfield, Mr. Talcott, Mr. Whitehurst, and Mr. Winn):

H.J. Res. 926. Joint resolution to authorize and request the President to issue a proclamation designating May 13 of each year as "American Business Day"; to the Committee on the Judiciary.

MEMORIALS

Under clause 4 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: A memorial of the Legislature of the State of California, relative to fuel rationing; to the Committee on Interstate and Foreign Commerce.

362. Also, memorial of the Legislature of the State of Oklahoma, relative to the increase in price of liquefied petroleum gas; to the Committee on Interstate and Foreign Commerce.

363. Also, memorial of the senate of the State of Oklahoma, relative to the energy crisis; to the Commitee on Interstate and Foreign Commerce.

364. Also, memorial of the Commonwealth of Massachusetts, relative to Alexander I. Solzhenitsyn; to the Committee on the Judiciary.

365. Memorial of the Legislature of the State of Wisconsin, relative to veterans' benefits; to the Committee on Veterans' Affairs.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

396. By the SPEAKER: Petition of the National Conference of Lieutenant Governors, Atlanta, Ga., relative to power and energy; to the Committee on Interstate and Foreign Commerce.

397. Also, petition of Hon. Ben C. Duniway, Associate Judge, U.S. Court of Appeals, Ninth Judicial Circuit, San Francisco, Calif., relative to the report of the Commission on the Revision of the Federal Court Appellate System; to the Committee on the Judiciary.

398. Also, petition of Lawrence Timbers, Seattle, Wash., and others, relative to financial disclosure by Members of Congress; to the Committee on Standards of Official Conduct.

SENATE—*Monday, March 4, 1974*

The Senate met at 11 a.m. and was called to order by Hon. Walter D. Huddleston, a Senator from the State of Kentucky.

PRAYER

The Chaplain, the Reverend Edward L. R. Elson, D.D., offered the following prayer:

O God, the Light of all that is true, the Strength of all that is good, the Glory of all that is beautiful, we thank Thee for this moment in the day's occupation when we put aside all other thoughts and declare with our fathers that in God we trust, now and always. In this place of duty where the well-being of so many depends upon the wise judgment of so few, grant that we may think as the apostle on "whatsoever things are true, whatsoever things are honest, whatsoever things are just, whatsoever things are pure, whatsoever things are lovely, whatsoever things are of good report; if there be any virtue, and if there be any praise, think on these things." Then in our private lives and our public service, help us every day to live more nearly as we pray. In the Redeemer's name. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. Eastland).

The second assistant legislative clerk read the following letter:

U.S. Senate,
President pro tempore,
Washington, D.C., March 4, 1974.

To the Senate:

Being temporarily absent from the Senate on official duties, I appoint Hon. Walter D. Huddleston, a Senator from the State of

Kentucky, to perform the duties of the Chair during my absence.

JAMES O. EASTLAND,
President pro tempore.

Mr. HUDDLESTON thereupon took the chair as Acting President pro tempore.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Hackney, one of its reading clerks, announced that the House had passed a bill (H.R. 2) to provide for pension reform, in which it requested the concurrence of the Senate.

EMPLOYEE BENEFIT SECURITY ACT OF 1974

Mr. WILLIAMS. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on H.R. 2.

The ACTING PRESIDENT pro tempore (Mr. HUDDLESTON) laid before the Senate H.R. 2, to provide for pension reform.

Mr. WILLIAMS. Mr. President, I ask unanimous consent that H.R. 2 be considered as having been read twice and that the Senate proceed to its immediate consideration.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. WILLIAMS. Mr. President, I move to strike out all language after the enacting clause and to insert in lieu thereof the amendment which I now send to the desk, and ask that it be stated.

The ACTING PRESIDENT pro tempore. The amendment will be stated.

The legislative clerk proceeded to read the amendment.

The full text of the amendment is as follows:

That (a) section 122(a) of the Internal Revenue Code of 1954 (relating to certain reduced uniform services retirement pay) is amended to read as follows:

"(a) GENERAL RULE.—In the case of a member or former member of the uniformed services of the United States, gross income does not include the amount of any reduction in his retired or retainer pay pursuant to the provisions of chapter 73 of title 10 of the United States Code."

(b) Section 122(b)(2) of such Code is amended by striking out "section 1438" in subparagraph (B) and inserting in lieu thereof "section 1438 or 1452(d)".

(c) Section 72(o) of such Code is amended by inserting after "PLAN" in the heading of such section "OR SURVIVOR BENEFIT PLAN".

(d) Section 101(b)(2)(D) of such Code is amended by striking out "if the individual who made the election under such chapter" and inserting in lieu thereof "if the member or former member of the uniformed services by reason of whose death such annuity is payable".

(e) Section 2039(c) of such Code is amended by striking out "section 1438" in the last sentence and inserting in lieu thereof "section 1438 or 1452(d)".

(f) The amendments made by subsections (a), (b), and (c) shall apply to taxable years ending on or after September 21, 1972. The amendments made by subsections (d) and (e) shall apply with respect to individuals dying on or after such date.

SEC. 2. (a) This Act, other than the first section, may be cited as the "Retirement Income Security for Employees Act".

(b) TABLE OF CONTENTS.—

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Sec. 102. Authorization of appropriations.

PART B—REGISTRATION

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Sec. 152. Duties of Secretary of Health, Education, and Welfare.
Sec. 153. Effective date.
Sec. 154. Authorization of appropriations for Department of Labor.

TITLE II—PARTICIPATION; VESTING; FUNDING; CERTAIN BENEFITS

PART A—PARTICIPATION

Sec. 201. Minimum standards relating to participation.

PART B—VESTING

Sec. 221. Minimum standards relating to vesting.
Sec. 222. Certain nonqualified plans.

PART C—FUNDING

Sec. 241. Minimum standards relating to funding.

PART D—OPTIONAL FORM OF BENEFIT; SPECIAL RULES

Sec. 261. Amendment of section 401.
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PART E—PROTECTION OF PENSION RIGHTS UNDER GOVERNMENT PLANS AND CONTRACTS

Sec. 281. Duties of the Secretary of the Treasury.
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TITLE III—PORTABILITY

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Sec. 305. Acceptance of deposits.
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TITLE IV—PLAN TERMINATION INSURANCE

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Sec. 402. Pension Benefit Guaranty Corporation.
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PART B—COVERAGE

Sec. 421. Plans covered.
Sec. 422. Benefits covered.
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PART C—TERMINATIONS

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PART D—LIABILITY

Sec. 461. Corporation liability.
Sec. 462. Liability of employer.
Sec. 463. Liability of substantial employer for withdrawal.
Sec. 464. Liability of employers on termination of multiemployer plan.
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Sec. 466. Annual notification to substantial employers.
Sec. 467. Recovery of employer liability for plan termination.

PART E—AMENDMENTS TO INTERNAL REVENUE CODE OF 1954; EFFECTIVE DATES

Sec. 481. Amendments to Internal Revenue Code of 1954.
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PART F—ALLOCATION OF ASSETS WHERE SECTION 444 DOES NOT APPLY

Sec. 491. Allocation of assets for plan terminations not covered.

TITLE V—DISCLOSURE AND FIDUCIARY STANDARDS

PART A—DISCLOSURE

Sec. 501. Authority to issue regulations.
Sec. 502. Amendment to Welfare and Pension Plans Disclosure Act.
Sec. 503. Annual reports.
Sec. 504. Investigations.
Sec. 505. Public information.
Sec. 506. Establishment of Advisory Council.
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PART B—FIDUCIARY STANDARDS

SUBPART I—FIDUCIARY STANDARDS UNDER THE WELFARE AND PENSION PLANS DISCLOSURE ACT

Sec. 511. Amendment to the Welfare and Pension Plans Disclosure Act.
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Sec. 521. Fiduciary standards.
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TITLE VI—ENFORCEMENT

PART A—DISPUTES RELATING TO THE QUALIFICATION OF CERTAIN EMPLOYEE PLANS

Sec. 601. Tax Court procedure.

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Sec. 641. Exercise tax for auditing; etc.

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Sec. 691. Arbitration; civil actions by participants and beneficiaries.
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Sec. 693. Actions to redress or restrain violations of fiduciary duty.
Sec. 694. Jurisdiction of courts.
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Sec. 696. Application of Act of March 23, 1932.
Sec. 697. Actions brought by administrator or fiduciary against Secretary.
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TITLE VII—RETIREMENT SAVINGS; LIMITATION ON PROPRIETARY EMPLOYEE CONTRIBUTIONS; TAXATION OF CERTAIN LUMP-SUM DISTRIBUTIONS

Sec. 701. Deduction for retirement savings.
Sec. 702. Certain plans.
Sec. 703. Taxation of certain lump-sum distributions.
Sec. 704. Contributions on behalf of self-employed individuals and proprietary employees.
Sec. 705. Collectively bargained plans.
Sec. 706. Miscellaneous provisions.

(c) Amendment of 1954 Code.—Except as otherwise expressly provided, whenever in this Act an amendment is expressed in terms of an amendment to a section or other provision, the reference is to a section or other provision of the Internal Revenue Code of 1954.

TITLE I—ADMINISTRATION

Part A—Internal Revenue Service

Sec. 101. Establishment of Office.

(a) In General.—Section 7802 (relating to Commissioner of Internal Revenue) is amended to read as follows:

"Sec. 7802. Commissioner of Internal Revenue; Assistant Commissioner.

"(a) Commissioner of Internal Revenue.—There shall be in the Department of the Treasury a Commissioner of Internal Revenue, who shall be appointed by the President by and with the advice and consent of the Senate. The Commissioner of Internal Revenue shall have such duties and powers as may be prescribed by the Secretary.

(b) Assistant Commissioner for Employee Plans and Exempt Organizations.—There is established within the Internal Revenue Service an office to be known as the 'Office of Employee Plans and Exempt Organizations'. The Office shall be under the supervision and direction of an Assistant Commissioner of Internal Revenue. As head of the Office, the Assistant Commissioner shall be responsible for carrying out such functions as the Secretary or his delegate may prescribe with respect to organizations exempt from tax under section 501(a) and with respect to plans to which part I of subchapter D of chapter 1 applies (and with respect to organizations designed to be exempt under such section and plans designed to be plans to which such part applies).".

(b) Salaries.—

(1) Assistant commissioner.—Section 5109 of title 5, United States Code, is amended by adding at the end thereof the following new subsection:

"(c) The position held by the employee appointed under section 7802(b) of the Internal Revenue Code of 1954 is classified at GS–18, and is in addition to the number of positions authorized by section 5108(a) of this title.".

(2) Classification of positions at GS–16 and 17.—Section 5108 of title 5, United States Code, is amended by adding at the end thereof the following new subsection:

"(e) In addition to the number of positions authorized by subsection (a), the Commissioner of Internal Revenue is authorized, without regard to any other provision of this section, to place a total of 20 positions in the Internal Revenue Service in GS–16 and 17."

(c) Clerical Amendment.—The table of sections for subchapter A of chapter 80 is amended by striking out the item relating to section 7802 and inserting in lieu thereof the following:

"Sec. 7802. Commissioner of Internal Revenue; Assistant Commissioner.".

Sec. 102. Authorization of Appropriations.

(a) Initial Authorization.—There is authorized to be appropriated to the Department of the Treasury for the purpose of carrying out all functions of the Office of Employee Plans and Exempt Organizations for each of the fiscal years ending June 30, 1974, June 30, 1975, and June 30, 1976, an amount equal to the sum of $35,000,000 and one-half of the collections from the taxes imposed under section 4940 of the Internal Revenue Code of 1954 (relating to excise tax based on investment income) during the second preceding fiscal year.

(b) Permanent Authorization.—There is authorized to be appropriated to the Department of the Treasury for the purpose of carrying out all functions of the Office of Employee Plans and Exempt Organizations for each fiscal year beginning after June 30, 1976, an amount equal to the sum of—

(1) the amount of the collection from the taxes imposed under section 4975 of the Internal Revenue Code of 1954 (relating to annual tax on plan participation) during the second preceding fiscal year, and

(2) one-half of the collections from the taxes imposed under section 4940 of each Code (relating to excise tax based on investment income) during the second preceding fiscal year.

Part B—Registration

Sec. 151. Duties of Plans.

(a) Annual Registration.—Within such period after the end of a plan year as the Secretary of the Treasury may prescribe, the administrator of each plan to which part I of subchapter D of chapter 1 of the Internal Revenue Code of 1954 applied at any time during such plan year, and each pension plan operated by the Government of the United States, or by the government of any State (including the District of Columbia) or political subdivision thereof, or by an agency or instrumentality thereof, shall file a registration statement with the Secretary of the Treasury. The registration statement shall set forth—

(1) the name and address of the plan,

(2) the name and taxpayer identification number of each individual who has a right to a deferred vested benefit in that plan as of the end of such plan year (other than those individuals who were paid retirement benefits under that plan during such plan year) and who has terminated his employment with the employer, who established and maintain that plan, within that year.

(3) the nature, amount, and form of any such deferred vested benefit, and

(4) such additional or other information as the Secretary may require.

(b) Changes in Status.—The administrator of any plan required to be registered under section (a) shall also notify the Secretary, at such time as the Secretary may prescribe, of—

(1) any change of address of the plan,

(2) any change of name of the plan,

(3) the termination of the plan, or

(4) the merger or consolidation of the plan with any other plan.

(c) Voluntary Reports.—The Secretary is authorized and directed to receive such additional reports relating to plan years ending before January 1, 1974, as the administrator of any such plan may wish to file with him relating to the deferred vested benefit rights of any person terminating his employment during any such plan year with the employer who established and maintained the plan.

(d) Transmission of Information to Secretary of Health, Education, and Welfare; Regulations.—The Secretary of the Treasury shall transmit any statements, reports, or other information obtained by him under this section to the Secretary of Health, Education, and Welfare at such times and in such form as the Secretary of Health, Education, and Welfare may require in order to carry out his responsibilities under section 1131 of the Social Security Act. The Secretary of the Treasury, after consultation with the Secretary of Health, Education, and Welfare, is authorized to prescribe such regulations as may be necessary to carry out the provisions of this section.

(e) Definition of Administrator.—For purposes of this section, the term "administrator" means the person or persons described in section 3(15) of the Welfare and Pension Plans Disclosure Act.

(f) Certificate of Rights.—Each plan administrator filing a registration statement under subsection (a) shall also furnish to each individual described in paragraph (2) of that subsection, within the time prescribed for the filing of the registration statement, a statement setting forth the information with respect to that individual required in the registration statement. At the time he files the registration statement with the Secreary, the administrator of a plan shall furnish evidence satisfactory to the Secretary that he has complied with the requirements of this subsection.

Sec. 152. Duties of Secretary of Health, Education, and Welfare

Title XI of the Social Security Act (relating to general provisions) is amended by adding at the end of part A thereof the following new section:

"NOTIFICATION OF SOCIAL SECURITY CLAIMANT WITH RESPECT TO VESTED PENSION BENEFITS

"Sec. 1131. (a) Whenever the Secretary makes a finding of fact and a decision as to—

"(1) the entitlement of any individual to monthly insurance benefits under section 202, 223, or 228,

"(2) the entitlement of any individual to a lump-sum death payment payable under section 202(i) on account of the death of any person to whom such individual is related by blood, marriage, or adoption, or

"(3) the entitlement under section 226 of any individual to hospital insurance benefits under part A of title XVIII,

or upon request made by any individual with respect to whom the Secretary holds information obtained under section 151 of the Retirement Income Security for Employees Act, he shall furnish to such individual any information regarding any vested right to a pension benefit acquired by the Secretary pursuant to such section with respect to the person on whose wages and self-employment income entitlement (or claim of entitlement) is based.

"(b) (1) For purposes of section 201(g) (1), expenses incurred in the administration of subsection (a) shall be deemed to be expenses incurred for the administration of the Federal old-age and survivors insurance program.

"(2) There are hereby authorized to be appropriated to the Federal Old-Age and Survivors Insurance Trust Fund for each fiscal year (commencing with the fiscal year ending June 30, 1974) such sums as the Secretary deems necessary on account of additional administrative expenses resulting from the enactment of the provisions of subsection (a).".

Sec. 153. Effective Date.

This part shall take effect upon the date of enactment of this Act, but the requirements of section 151 (a) and (b) shall apply only with respect to plan years ending after December 31, 1973.

Sec. 154. Authorization of Appropriations for Department of Labor.

There are authorized to be appropriated such sums as may be necessary to enable the Secretary of Labor to carry out his functions and duties under this Act.

TITLE II—PARTICIPATION; VESTING; FUNDING; CERTAIN BENEFITS

Part A—Participation

Sec. 201. Minimum Standards Relating to Participation.

(a) In General.—Part I of subchapter D of chapter 1 (relating to pensions, etc., plans) is amended by inserting at the end thereof the following new subpart:

"Subpart B—Special Rules

"Sec. 410. Minimum Standards Relating to Participation.

"Sec. 410. Minimum Standards Relating to Participation.

"(a) Participation.—

"(1) Maximum condition. A trust shall not constitute a qualified trust under section 401(a) if the plan of which it is a part requires, as a condition of participation in the plan, that an employee have a period of service with the employer (including, to the extent provided in regulations prescribed by the Secretary or his delegate, a predecessor of the employer) extending beyond the later of—

"(A) one year of service, or

"(B) the date on which the employee attains the age of 30 years.

"(2) Definitions.—For purposes of this subsection—

"(A) Year of service.—The term 'year of service' means a calendar, plan, or fiscal year (whichever is applied on a consistent basis under the plan) during which the employee is employed by the employer for more than 5 months.

"(B) Month.—The term 'month' means any calendar month during which the employee is employed for at least 80 hours of employment.

"(b) Eligibility.—

"(1) In general.—A trust shall not constitute a qualified trust under section 401(a) unless the trust, or two or more trusts, or the trust or trusts and annuity plan or plans are designated by the employer as constituting parts of a plan intended to qualify under section 401(a) which benefits either—

"(A) 70 percent or more of all the employees, or 80 percent or more of all the employees who are eligible to benefit under the plan if 70 percent or more of all the employees are eligible to benefit under the plan, excluding in each case employees who have not satisfied the minimum age and service requirements, if any, prescribed by the plan as a condition of participation, employees whose customary employment is for not more than 80 hours in any one month, and employees whose customary employment is for not more than 5 months in any calendar, plan, or fiscal year (whichever is applied on a consistent basis under the plan), or

"(B) such employees as qualify under a classification set up by the employer and found by the Secretary or his delegate not to be discriminatory in favor of employees who are officers, shareholders, or highly compensated employees.

"(2) Exclusion of certain employees.—For the purpose of determining whether a trust constitutes a qualified trust under paragraph (1), there shall be excluded from consideration—

"(A) employees who are included in a unit of employees covered by an agreement which the Secretary or his delegate finds to be a collective bargaining agreement between employee representatives and one or more employees, if such agreement does not provide that such employees are to be included in the plan, and if there is evidence that retirement benefits were the subject of good faith bargaining between such employee representatives and such employer or employers during the most recently concluded contract negotiations which were the subject of bargaining between such representatives and the employer or employers, and

"(B) employees who are nonresident aliens who have no earned income (within the meaning of section 911(b)) from sources within the United States (within the meaning of section 861(a)(3)).

"(3) Affiliated groups of employers.—For purposes of this subsection, section 401(a)(4), and section 411, all employees of all corporations (within the meaning of section 1563(a)) shall be deemed to be employed by a single employer."

(b) Conforming Amendments.—

(1) Section 401(a) (relating to requirements for qualification) is amended by—

(A) striking out paragraph (3) and inserting in lieu thereof:

"(3) if the plan of which such trust is a part meets the requirements of section 410 (relating to minimum standards relating to participation); and", and

(B) striking out "paragraph (3)(B) or (4)" in paragraph (5) and inserting in lieu thereof "paragraph (4) or section 410(b) (without regard to paragraph (1)(A) thereof)".

(2) Section 406(b)(1) (relating to certain employees of foreign subsidiaries) is amended by striking out "paragraphs (3)(B) and (4) of section 401(a)" and inserting in lieu thereof "paragraph (4) of section 401(a) and subsection (b) of section 410 (without regard to paragraph (1)(A) thereof)".

(3) Section 407(b)(1) (relating to certain employees of domestic subsidiaries engaged in business outside the United States) is amended by striking out "paragraphs (3)(B) and (4) of section 401(a)" and inserting in lieu thereof "paragraph (4) of section 401(a) and subsection (b) of section 410 (without regard to paragraph (1)(A) thereof)".

(c) Clerical Amendment.—Part I of subchapter D of chapter 1 is amended by inserting after the heading and before the table of sections the following:

"Subpart A. General Rule.
"Subpart B. Special Rules.

"Subpart A—General Rule".

(d) Effective Date.—

(1) Except as provided in paragraph (2), the amendments made by this section shall apply to plan years beginning after the date of enactment of this Act.

(2) In the case of a plan in existence on the date of enactment of this Act, the amendments made by this section shall apply—

(A) to plan years beginning after December 31, 1975, or

(B) if later (in the case of a plan maintained pursuant to an agreement which the Secretary of the Treasury finds to be a collective-bargaining agreement between employee representatives and one or more employers), to plan years beginning after the earlier of—

(i) the date on which the agreement terminates (determined without regard to any extension thereof agreed to after the date of enactment of this Act), or

(ii) December 31, 1980.

PART B—VESTING

SEC. 221. MINIMUM STANDARDS RELATING TO VESTING.

(a) In General.—Subpart B of part I of subchapter D of chapter 1 (relating to special rules), as added by section 201 of this Act, is amended by inserting after section 410 the following new section:

"SEC. 411. MINIMUM STANDARDS RELATING TO VESTING.

"(a) General Rule.—Except as provided in subsection (c), a trust shall not constitute a qualified trust under section 401(a) unless a plan of which such trust is a part satisfies the requirements of paragraphs (1) and (2).

"(1) Employee contributions.—A plan satisfies the requirements of this paragraph if, under the plan, an employee's rights in his accrued benefit derived from his own contributions are nonforfeitable.

"(2) Employer contributions.—

"(A) Nonforfeitable percentage.—A plan satisfies the requirement of this paragraph if, under the plan, after 5 years of service (3 of which are consecutive) with an employer, an employee has a right to a percentage of his accrued benefit derived from employer contributions which is nonforfeitable other than by reason of death. The percentage shall not be less than the percentage determined under the following table:

"Years of service	*Nonforfeitable percentage*
5	25
6	30
7	35
8	40
9	45
10	50
11	60
12	70
13	80
14	90
15 or more	100

"(B) Year of service.—For purposes of this paragraph, the term 'year of service with the employer' means—

"(i) with respect to plan years ending before January 1, 1982, a year in which an employee is employed more than a number of months (for not less than a number of hours in each such month) prescribed in regulations promulgated by the Secretary or his delegate after consultation with the Secretary of Labor, and shall include service with a predecessor of the employer to the extent provided in regulations prescribed by the Secretary or his delegate; and

"(ii) with respect to plan years ending after December 31, 1981, any calendar, plan, or fiscal year (whichever is applied on a consistent basis under the plan) in which an employee is employed for more than 5 months (if he is employed at least 80 hours in each of such 5 months) in such year with the employer who adopted the plan (including, to the extent provided in regulations prescribed by the Secretary or his delegate, a predecessor of the employer).

"(C) Tenth year vesting for certain plans.—Paragraph (A) shall not apply to a trust which meets the requirements of section 401(a) and is exempt from tax under section 501(a) or a plan which meets the requirements of section 404(b)(2), if such trust or plan was in existence and met such requirements on the date of enactment of the Retirement Income Security for Employees Act and if the plan of which such trust is a part, or such plan, provides on and after such date that each employee's rights to or derived from employer contributions become completely nonforfeitable (other than by reason of death) no later than the end of the tenth year of service of the employee with the employer who maintains the plan. A plan described in this subparagraph meets the requirements of this paragraph.

"(D) Special rules.—For purposes of determining the nonforfeitable percentage—

"(i) no year of service which begins more than 5 years prior to the beginning of the year in which an employee is first eligible to participate in the plan shall be considered, unless with respect to such year, the employee makes contributions under the plan or the employer makes contributions under the plan on behalf of such employee,

"(ii) years of service shall include any years beginning on or after the date the plan was first effective, and

"(iii) years of service beginning prior to the enactment of the Retirement Income Security for Employees Act and on or after the date on which the plan was first effective (or any amendment thereto was first effective) shall be considered.

"(b) Definitions and Rules Relating to Accrued Benefits.—

"(1) Employee's accrued benefit.—

"(A) In general.—For purposes of this section, an employee's accrued benefit as of any applicable date is—

"(i) in the case of a defined benefit plan, except as provided under paragraph (3), the annual benefit commencing at normal retirement age to which he would be entitled under the plan as in effect on such date if he continued to earn annually until normal retirement age the same rate of compensation upon which his benefits would be computed under the plan, determined as if he had attained normal retirement age on the applicable date, multiplied by a fraction, the numerator of which is the total number of his years of active participation in the plan (including, to the extent provided in regulations prescribed by the Secretary or his delegate, a predecessor plan) as of such date, and the denominator of which is the total number of years he would have actively participated in such plan as of normal retirement age if he had continued to be an active participant in the plan until attaining such age, or

"(ii) in the case of plan other than a defined benefit plan, the balance of the account or accounts for such employee as of that date.

"(B) Limitation.—The numerator of the fraction referred to in subparagraph (A) (i) shall not exceed the denominator.

"(C) Defined benefit plans generally.—In the case of a defined benefit plan which permits voluntary employee contributions, the portion of an employee's accrued benefit derived from such contributions shall be treated as an accrued benefit derived from employee contributions under a plan other than a defined benefit plan.

"(D) Certain insured defined benefit plans.—In the case of a defined benefit plan which is funded exclusively by the purchase of individual insurance contracts, an employee's accrued benefit at any date shall be equal to the benefit which might be purchased by the cash surrender value of the policy on the applicable date. An employee's accrued benefit under such a plan shall not be determined under this subparagraph unless the plan satisfies the requirements of paragraphs (1) through (6) of section 4971(e) (relating to certain insured plans).

"(E) Variable annuity plans.—In the case of a variable annuity plan, an employee's accrued benefits at any date shall be determined in accordance with regulations prescribed by the Secretary or his delegate.

"(2) Allocation of accrued benefit between employer and employee contributions.— For purposes of this section, an employee's accrued benefit derived from employer contributions as of any applicable date is the excess of the accrued benefit determined under paragraph (1) for such employee as of such applicable date over the amount of the accrued benefit derived from contributions made by such employee as of such date. In the case of a plan other than a defined benefit plan, the amount of accrued benefit derived from contributions made by an employee is the balance of the employee's separate account consisting only of his contributions and the income, expenses, gains, and losses attributable thereto or, if a separate account is not maintained with respect to an employee's contributions under such a plan, is an amount which bears the same ratio to his total accrued benefits as the total amount of the employee's contributions (less withdrawals) bears to the sum of such contributions (less withdrawals) and the contributions made on his behalf by the employer (less withdrawals). In the case of a defined benefit plan providing an annual benefit in the form of a single life annuity commencing at normal retirement age without ancillary benefits, the amount of the accrued benefit derived from contributions made by an employee as of any applicable date is the annual benefit equal to the employee's accumulated contributions multiplied by the appropriate conversion factor. For purposes of the preceding sentence, the term 'appropriate conversion factor' means the factor necessary to convert an amount equal to the accumulated contributions to a single life annuity commencing at normal retirement age and shall be 10 percent for a normal retirement age of 65 years. For other normal retirement ages the conversion factor shall be determined in accordance with regulations prescribed by the Secretary or his delegate. For purposes of this paragraph, the term 'accumulated contributions' means the total of—

"(A) all mandatory contributions made by the employee,

"(B) interest (if any) under the plan to the end of the last plan year to which subsection (a) (2) does not apply (by reason of the applicable effective date), and

"(C) interest on the sum of the amounts determined under subparagraphs (A) and (B) compounded annually at the rate of 5 percent per annum from the beginning of the first plan year to which subsection (a) (2) applies (by reason of the applicable effective date) to the date upon which the employee would attain normal retirement age.

The accrued benefits derived from contributions made by an employee shall not exceed the accrued benefits determined under paragraph (1). The Secretary or his delegate is authorized to adjust by regulation the conversion factor, the rate of interest described in subparagraph (C), or both, from time to time as he may deem necessary. The rate of interest shall bear the relationship to 5 percent which the Secretary or his delegate determines to be comparable to the relationship which the long-term money rates and investment yields for the last 10 calendar year period ending at least 12 months prior to the beginning of the plan year bear to the long-term money rates and investment yields for the 10 calendar year period 1964 through 1973. No such adjustment shall be effective for a plan year beginning before the expiration of 1 year after such adjustment is determined and published. For purposes of this paragraph, the term 'mandatory contributions' means amounts actually contributed to the plan by the employee which are required as a condition of employment, as a condition of participation in such plan, or as a condition of obtaining benefits under the plan attributable to employer contributions.

"(3) For purposes of this section, in the case of any defined benefit plan, if an employee's accrued benefit is to be determined as an amount other than an annual benefit commencing at normal retirement age, or if the amount of accrued benefit derived from contributions made by an employee is to be determined with respect to a benefit other than an annual benefit in the form of a single life annuity commencing at normal retirement age without ancillary benefits, the employee's accrued benefit, or the amount of accrued benefit derived from contributions made by an employee, as the case may be, shall be the actuarial equivalent of such benefit or amount determined under paragraph (1) or (2).

"(c) Special Rules.—

"(1) Prohibited discrimination.—Subsection (a) shall not apply to benefits which may not be provided for designated employees in the event of early termination of the plan under provisions adopted to preclude discrimination prohibited by section 401(a) (4).

"(2) Class year plans.—The requirements of subsection (a) (2) shall be deemed to be satisfied in the case of a class year plan if such plan provides that 100 percent of each employee's rights to or derived from the contributions of the employer on his behalf with respect to any plan year are nonforfeitable not later than the end of the fifth plan year following the plan year for which such contributions were made (within the meaning of section 404(a) (6)). For purposes of this section, the term 'class year plan' means a profit-sharing or stock bonus plan which provides for the separate nonforfeitability of employees rights to or derived from the contributions of each plan year.

"(3) Voluntary withdrawals from certain plans.—A trust which is a part of a plan to which employees make mandatory contributions (within the meaning of subsection (b) (2) shall not be disqualified under this section merely because an employee's rights to his accrued benefit derived from employer contributions under the plan (or employer contributions for a particular plan year, in the case of a class year plan) are forfeitable if, by reason of his separation from the service or termination of his active participation in the plan, he voluntarily withdraws all or part of the mandatory contributions made by him (or all or a part of the mandatory contributions made by him for that particular plan year, in the case of a class year plan).

"(4) Termination or partial termination.—Notwithstanding the provisions of subsection (a); a trust shall not constitute a qualified trust under section 401(a) unless the plan of which such trust is a part provides that, upon its termination or partial termination, the rights of all employees to benefits accrued to the date of such termination or partial termination, to the extent then funded, or the amounts credited to the employees' accounts, are nonforfeitable. This paragraph shall not apply to benefits or contributions which, under provisions of the plan adopted to preclude the discrimination prohibited by section 401(a) (4), may not be used for designated employees in the event of early termination of the plan.

"(5) Discrimination.—A plan shall not be deemed to have satisfied the requirements of section 401(a) (4) merely because it satisfies the requirements of this section.

"(d) Recordkeeping Requirements.—

"(1) Single employer plan.—Except as provided by paragraph (2), every employer shall, in accordance with regulations prescribed by the Secretary or his delegate, maintain records with respect to each of his employees sufficient to determine the benefits due or which may become due to such employees.

"(2) More than one employer.—If more than one employer adopts a plan, each such employer shall, in accordance with regulations prescribed by the Secretary or his delegate, furnish to the plan administrator (within the meaning of section 3(15) of the Welfare and Pension Plans Disclosure Act) the information necessary for the administrator to maintain the records required by paragraph (1). Such administrator shall maintain the records required by paragraph (1).

"(e) Cross References.—

"For penalty for failure to meet requirements of subsection (a) (2) (A), see section 4973.

"For penalty for failure to furnish the information or maintain the records required under this section, see section 6690.".

(b) Penalty for Failure To Furnish Information.—Subchapter B of chapter 68 (relating to assessable penalties) is amended by adding at the end thereof the following new section:

"Sec. 6690. Failure To Furnish Information or Maintain Records.

"(a) Civil Penalty.—If any person who is required, under section 411, to furnish information or maintain records for an employee fails to comply with such requirement he shall pay a penalty of $10 for each employee with respect to whom such failure occurs, unless it is shown that such failure is due to reasonable cause.

"(b) Deficiency Procedures Not To Apply.—Subchapter B of chapter 63 (relating to deficiency procedures for income, estate, gift, and certain excise taxes) shall not apply to the assessment or collection of any penalty imposed by subsection (a).".

(c) Comparability of Plans.—Section 401(a) (relating to qualified pension, etc., plans) is amended by adding at the end of paragraph (5) the following: "For purposes of determining whether two or more plans of an employer satisfy the requirements of paragraph (4) when considered as a single plan, if the amount of contributions on behalf of the employees allowed as a deduction under section 404 for the taxable year with respect to such plans, taken together, bears a uniform relationship to the total compensation, or the basic or regular rate of compensation, of such employees, the plans shall not be considered discriminatory merely because the rights of employees to, or deprived from, the employer contributions under the separate plans do not become nonforfeitable at the same rate. For purposes of determining whether two or more plans of an employer satisfy the requirements of paragraph (4) when considered as a single plan, if the employees' rights to benefits under the separate plans do not become nonforfeitable at the same rate, but the levels of benefits provided by the separate plans satisfy the requirements of regulations prescribed by the Secretary or his delegate to take account of the differences in such rates, the plans shall not be considered not to satisfy the requirements of paragraph (4) merely because of the differences in such rates.".

(d) Conforming Amendment.—Paragraph (7) of section 401(a) (relating to requirements for qualification) is amended to read as follows:

"(7) A trust shall not constitute a qualified trust under this section unless the plan of which such trust is a part meets the requirements of section 411 (relating to vesting).".

(e) Clerical Amendments.—

(1) The table of sections for subpart B of part I of subchapter D of chapter 1, as added by section 201, is amended by inserting at the end thereof the following new item:

"Sec. 411. Minimum standards relating to vesting.".

(2) The table of sections for subchapter B of chapter 68 is amended—

(A) by striking out the item relating to the section captioned "Assessable penalties with respect to information required to be furnished under section 7654" and inserting in lieu thereof:

"Sec. 6688. Assessable penalties with respect to information required to be furnished under section 7654.",

and

(B) by inserting at the end thereof the following new item:

"Sec. 6690. Failure to furnish information or maintain records.".

(3) Subchapter B of chapter 68 is amended by striking out the heading of the section immediately preceding section 6689 and inserting in lieu thereof:

"Sec. 6688. Assessable Penalties With Respect to Information Required To Be Furnished Under Section 7654.".

(f) Effective Dates.—

(1) Except as provided in paragraphs (2), (3), and (4), the amendments made by the section shall apply to plan years beginning after the date of enactment of this Act.

(2) In the case of a plan (other than a plan described in paragraph (3)) in existence on the date of enactment of this Act, the amendments made by this section shall apply to plan years beginning after December 31, 1975; however, if the Secretary of Labor determines that the application of any or all of such amendments to a plan for those plan years would create substantial economic hardship for that plan and certifies his determination to the Secretary of the Treasury before that date, the amendments made by this section with respect to which the Secretary of Labor makes such determination shall apply only to plan years of that plan beginning after December 31 of a year not later than 1981 determined by the Secretary of Labor and certified to the administration of the plan and to the Secretary of the Treasury. For purposes of this paragraph the term "substantial economic hardship" includes, but is not limited to, a finding by the Secretary that—

(A) there is a substantial risk that, if such amendment or amendments apply to the plan without any extension, the voluntary continuation of the plan will be unlikely;

(B) the plan will be unable to discharge its contractual obligations for the payment of benefits; or

(C) application of the amendments to the plan without an extension is likely to cause a substantial reduction in the number of plan participants or persons employed by the employer or employers contributing to or under the plan.

Benefits under a plan may not be increased by amendment if an extension under this paragraph is in effect with respect to the plan on the effective date of amendment. If a plan is amended in violation of the provisions of this paragraph, any such extension shall not apply to plan years beginning after the plan year in which such amendment becomes effective.

(3) The amendments made by this section shall apply to plan years beginning after December 31, 1980, in the case of a plan established and maintained by the United States or a State or political subdivision thereof, the District of Columbia, or an agency or instrumentality of the United States or of a State or a political subdivision thereof, or of the District of Columbia.

Sec. 222. Certain Nonqualified Plans.

(a) Genereal Rule.—Section 404 (relating to deduction for contributions to an employee's trust, etc.) is amended—

(1) by inserting in subsection (a)(5) "or subsection (g)," after "or 3,", and

(2) by inserting at the end thereof the following new subsection:

"(g) Certain Plans.—No deduction shall be allowed under this section for a contribution by an employer to a trust created or organized in the United States which is not a trust described in section 401(a) (or a contribution to or under a plan which does not satisfy the requirements of subsection (a)(2)) if the plan of which such trust is a part (or such plan)—

"(1) is established under a written governing instrument,

"(2) provides a determinable retirement benefit for an employee or his beneficiaries which is not required, under the plan, to be paid in full to the employee or his beneficiaries within 5 years after such benefit accrues, and

"(3) in the case of a plan of an employer which is a corporation, provides for the deferral of compensation of any employee who—

"(A) is not an officer of such corporation, and

(B) owns (or is considered as owning (within the meaning of section 1563(e))) stock possessing less than 5 percent of the total combined voting power.".

(b) Effective Date.—The amendments made by this section shall apply for taxable years beginning after December 31, 1975.

Part C—Funding

Sec. 241. Minimum Standards Relating to Funding.

(a) Excise Tax on Failure To Meet Minimum Funding Standard.—Subtitle D (relating to miscellaneous excise taxes) is amended by adding at the end thereof the following new chapter:

"Chapter 44—QUALIFIED PENSION, ETC., PLANS

"Sec. 4971. Minimum standards relating to funding.

"Sec. 4972. Taxes on failure to meet minimum funding standard.

"Sec. 4973. Taxes on failure to meet minimum vesting standard.

"Sec. 4971. Minimum Standards Relating to Funding.

"(a) General Rule.—This section applies to a plan to which part I of subchapter D of chapter 1 applies, which—

"(1) has satisfied (or has been determined by the Secretary or his delegate to have satisfied) the requirements of section 404(a)(2), or

"(2) includes a trust which has qualified (or has been determined by the Secretary or his delegate to have qualified) under section 401(a).

A plan to which this section applies shall have satisfied the minimum funding standard provided by this subsection for a plan year at the end of which the plan does not have an accumulated funding deficiency. For purposes of this section and section 4972, the term 'accumulated funding deficiency' means (except in the case of a plan described in subsection (g)) the excess of the total charges to the funding standard account for all plan years over the total credits to such account for such years.

"(b) Funding Standard Account.—

"(1) Account required.—Each plan to which this section applies shall establish and maintain a funding standard account. Such account shall be credited and charged solely as provided in this section.

"(2) Charges to account.—For a plan year, the funding standard account shall be charged with the amount described in subsection (e) (if applicable), or the sum of—

"(A) the normal cost of the plan for the plan year,

"(B) the amounts necessary to amortize in not less than equal annual installments (computed on the basis of plan years)—

"(i) the initial unfunded past service liability under the plan, over a period of 30 plan years (or the period determined under subsection (d)(2) until fully amortized,

"(ii) separately, wtih respect to each plan year, the net increase (if any) in unfunded past service liability under the plan arising from plan amendments adopted in such year (if as a result of such plan amendments the net unfunded past service liability under the plan for such year increases by 5 percent or more), over a period of 30 plan years, until fully amortized.

"(iii) the net experience loss (if any) for each plan year, over the lesser of a period of 15 plan years or of a number of years equal to the average remaining service life of participants in the plan at the end of such plan year, until fully amortized, and

"(iv) separately, with respect to each plan year, the net increase (if any) in unfunded past service liability under the plan arising from plan amendments adopted in such year (other than net increases required to be amortized under clause (ii)) over the lesser of a period of 15 plan years or of a number of years equal to the average remaining service life of participants in the plan at the end of such plan year, until fully amortized, and

"(C) the amount necessary to amortize in equal payments each waived funding deficiency (within the meaning of subsection (d)) for each prior plan year over a period of 10 plan years, until fully amortized.

For purposes of subparagraph (B), in the case of a plan in existence on the effective date of this section, the initial unfunded past service liability under the plan shall be an amount equal to the unfunded past service liability on such date.

"(3) Credits to account.—For a plan year, the funding standard account of a plan shall be credited with the sum of—

"(A) the amount considered contributed by the employer to or under the plan (within the meaning of section 404(a)(6)) for the plan year,

"(B) the amount necessary to amortize in equal payments—

"(i) the net experience gain (if any) for each plan year over the lesser of a period of 15 plan years or a number of years equal to the average remaining service life of participants in the plan at the end of such plan year, until fully amortized,

"(ii) separately, with respect to each plan year, the net decrease (if any) in unfunded past service liability under the plan arising from plan amendments adopted in such year (other than net decreases required to be amortized under clause (iii)) over the lesser of a period of 15 plan years or a number of years equal to the average remaining service life of participants in the plan at the end of such plan year, until fully amortized,

"(iii) separately, with respect to each plan year, the net decrease (if any) in unfunded past service liability under the plan arising from plan amendments adopted in each plan year (if as a result of such plan amendments the net unfunded liability under the plan for such year decreases by more than 5 percent) over a period of 30 plan years, until fully amortized, and

"(C) the amount of the waived funding deficiency (within the meaning of subsection (d)) for the plan year.

"(4) Interest.—The funding standard account shall be charged or credited with interest (at the rate of interest used under the plan to determine costs) with respect to the balance of such account.

For purposes of this section, normal costs, past service liabilities, and experience gains and losses, shall be determined under the funding method used to determine costs under the plan, and the actuarial assumptions used to determine costs and liabilities under the plan must in the aggregate be reasonable.

"(c) Definitions and Special Rules.—

"(1) Full funding.—If, as of the end of a plan year, a plan would have an accumulated funding deficiency (but for the application of this paragraph) in excess of the full funding limitation—

"(A) the funding standard account shall credited with the amount of such excess, and

"(B) all amounts described in paragraphs (2) (B) and (C) and (3) (A) and (B) of subsection (b) which are required to be amortized shall be considered fully amortized for purposes of such paragraphs.

For purposes of this paragraph, a plan shall be considered fully funded if the accrued liability (including normal cost) under the plan (determined under the funding method used by the plan to determine normal cost for such year if such liability can be directly calculated under such funding method, or determined under the entry age normal funding method if such liability cannot be so calculated under the funding method so used by the plan) is not greater than the value of the assets of the plan (determined, in accordance with regulations prescribed by the Secretary or his delegate, on the basis of average value for 5 or fewer years) on the valuation date of the plan for such year.

"(2) Computation of net experience gains and losses.—In computing net experience gains and losses for a plan year, the value of the assets held under a plan shall be determined (in accordance with regulations prescribed by the Secretary or his delegate) on the basis of average values for 5 or fewer years.

"'(3) Change in actual assumptions, social security, etc., benefits.—For purposes of this section, all costs liabilities, interest rates, valuations of assets, and other factors under the plan shall be determined on the basis of actuarial assumptions which in the aggregate, are reasonable, and, if a change in the funding method or actuarial assumptions used under the plan, a change in benefits under the Social Security Act or other retirement benefits created under State or Federal law, or a change in the definition of the term 'wages' under section 3121, results in an increase or decrease in accrued liability under a plan, such increase or decrease shall be treated as an experience loss or gain. If a plan changes its funding method, the new funding method shall become the funding method used to determine costs and liabilities under the plan only if the change is approved by the Secretary or his delegate. The plan year of a plan may be changed only if the change is approved by the Secretary or his delegate.

"(d) Waiver of Minimum Funding Standard.—

"(1) In general.—If an employer is unable to satisfy the minimum funding standard for a plan year without substantial business hardship, the Secretary or his delegate is authorized to waive the requirements of subsection (a) for such year with respect to all or any portion of the minimum funding standard except the portion thereof determined under subsection (b) (2) (C). The Secretary or his delegate shall not waive the minimum funding standard with respect to a plan for more than 5 of any 10 consecutive plan years. For purposes of this section, the term 'waived funding deficiency' means the portion of the minimum funding standards (determined without regard to subsection (b) (3) (C)) for a plan year waived by the Secretary or his delegate and not satisfied by employer contributions.

"(2) Multiemployer plans.—In the case of a multiemployer plan (as defined in section 401(a) (3)) of the Retirement Income Security for Employees Act—

"(A) the term '40 plan years' shall be substituted for the term '30 plan years' wherever it appears in subsection (b); and

"(B) if 10 percent or more of the number of employers contributing to or under the plan demonstrate to the satisfaction of the Secretary of Labor that they would experience substantial economic hardship if required to contribute the amount necessary to amortize in equal payments any unfunded liability (described in clause (i) or (ii) of subsection (b) (2) (B)) of such plan over a period of 40 years until fully amortized, then the 40-year period described in such clause shall be extended for the period of time (not in excess of 10 years) that is certified for this purpose by the Secretary of Labor to the Secretary of the Treasury.

"(3) Limit on increases in benefits while waiver or extension applies.—Benefits under a plan may not be increased by amendment if a waiver under paragraph (1) or an extension under paragraph (2) is in effect with respect to the plan on the effective date of amendment. If a plan is amended in violation of the provisions of this paragraph, any such waiver or extension shall not apply to plan years beginning after the plan year in which such amendment becomes effective.

"(e) Certain Insured Plans.—If—

"(1) a plan is funded exclusively by the purchase of individual insurance contracts,

"(2) such contracts provide for level annual premium payments to be paid extending not later than the retirement age for each individual participation in the plan, and commencing with the date the individual became a participant in the plan (or, in the case of an increase in benefits, commencing at the time such increase becomes effective),

"(3) benefits provided by the plan are equal to the benefits provided under each contract at normal retirement age under the plan and are guaranteed by an insurance carrier (licensed under the laws of a State to do business with the plan) to the extent premiums have been paid,

"(4) premiums payable for the plan year, and all prior plan years under such contracts have been paid before lapse or there is reinstatement of the policy,

"(5) no rights under such contracts have been subject to a security interest at any time during the plan year, and

"(6) no policy loans are outstanding during the plan year,

the amount charged to the funding standard account shall be equal to the net premiums paid under the plan.

"(f) Plans Other Than Defined Benefit Plans.—In the case of a profit-sharing, stock bonus, or money purchase plan—

"(1) 'normal cost' shall be the amount required under the plan to be contributed for a plan year to fund the current service liability, and

"(2) the amounts required to be charged under subsection (b) (2) (B) (i), (ii), and (iv) shall be the amount required under the plan to be contributed on account of past service liability.

"(g) Exceptions.—Subsection (a) shall not apply to—

"(1) a plan established or maintained outside the United States primarily for the benefit of employees who are not citizens of the United States if the fund for such plan is maintained outside the United States,

"(2) a plan established and maintained solely for the purpose of complying with applicable workmen's compensation or unemployment compensation or disability insurance laws,

"(3) a plan established and maintained by a church or by a convention or association of churches which is exempt from tax under section 501(a) of the Internal Revenue Code of 1954,

"(4) a plan established and maintained by a fraternal society, order, or association described in section 501(c) (8) or (9) of the Internal Revenue Code of 1954 if no part of the contributions to or under such plan are made by employers of participants in such plan,

"(5) a plan established or maintained by the Government of the United States or the government of any State or political subdivision thereof, or by an agency or instrumentality thereof, or

"(6) a plan described in section 404(a) (5).

"(h) Regulations.—The Secretary or his delegate is authorized to prescribe such regulations as are necessary to carry out the provisions of this section.

"Sec. 4972. Taxes on Failure To Meet Minimum Funding Standard.

"(a) Initial Tax.—For each taxable year of an employer who maintains a plan to which section 4971 applies, there is hereby imposed a tax of 5 percent on the amount of the accumulated funding deficiency under the plan, determined as of the end of the plan year ending with or within such taxable year. The tax imposed by this subsection shall be paid by the employer responsible for contributing to or under the plan the amount described in section 4971(b) (3) (A).

"(b) Additional Tax.—In any case in which an initial tax is imposed by subsection (a) on an accumulated funding deficiency and such accumulated funding deficiency is not corrected within the correction period, there is hereby imposed a tax equal to 100 percent of such accumulated funding deficiency. The tax imposed by this subsection shall be paid by the employer described in subsection (a).

"(c) Special Rule.—In the case of a multiemployer plan, see section 413(b) (6).

"(d) Definitions.—For purposes of this section—

"(1) Correct.—The term 'correct' means, with respect to an accumulated funding deficiency, the contribution, to or under the plan, of the amount necessary to reduce such accumulated funding deficiency as of the end of a plan year in which such deficiency arose to zero.

"(2) Correction period.—The term 'correction period' means, with respect to an accumulated funding deficiency, the period beginning with the end of a plan year in which there is an accumulated funding deficiency and ending 90 days after the date of mailing of a notice of deficiency with respect to the tax imposed by subsection (a) under section 6212, extended by—

"(A) any period in which a deficiency cannot be assessed under section 6213(a), and

"(B) any other period which the Secretary or his delegate determines is reasonable and necessary to permit a reduction of the accumulated funding deficiency to zero under this section.

"(e) Regulations.—The Secretary or his

delegate may prescribe such regulations as may be necessary to carry out the provisions of this section.

"(f) Cross Reference.—

"For disallowance of deduction for taxes paid under this section, see section 275.".

(b) Amendment of Section 404.—Section 404 (relating to deductions for contributions to an employees' trust, etc.) is amended by—

(1) inserting immediately after subsection (a) (1) (D) the following new sentences: "The limitations under subparagraphs (B) and (C) shall not apply with respect to the amount of a contribution made to or under a pension plan to the extent such contribution does not exceed the amount of employer contributions necessary to satisfy the minimum funding standard provided by section 4971(a) for the taxable year. For purposes of determining the amount deductible under section 162 or 212 with respect to a contribution to a pension plan and for purposes of determining the limitations under subparagraphs (B) and (C), assets held under the plan shall be valued (in accordance with regulations prescribed by the Secretary or his delegate) on the basis of average values for 5 or fewer years."; and

(2) by striking out subsection (a) (7), and inserting in lieu thereof:

"(7) Limit of deductions.—If amounts are deductible under paragraphs (1) and (3), or (2) and (3), or (1), (2), and (3), in connection with two or more trusts, or one or more trusts and an annuity plan, the total amount deductible in a taxable year under such trusts and plans shall not exceed the greater of 25 percent of the compensation otherwise paid or accrued during the taxable year to the persons who are the beneficiaries of the trusts or plans, or the amount of contributions made to or under the trusts or plans to the extent such contributions do not exceed the amount of employer contributions necessary to satisfy the minimum funding standard provided by section 4971 for the plan year which ends with or within such taxable year. In addition, any amount paid into such trust or under such annuity plans in any taxable year in excess of the amount allowable with respect to such year under the preceding provisions of this paragraph shall be deductible in the succeeding taxable years in order of time, but the amount so deductible under this sentence in any one such succeeding taxable year together with the amount allowable under the first sentence of this paragraph shall not exceed the greater of 30 percent of the compensation otherwise paid or accrued during such taxable year to the beneficiaries to or under the trusts or plans to the extent such contributions do not exceed the minimum funding standard provided by section 4971 for the plan year which ends with or within such taxable year. This paragraph shall not have the effect of reducing the amount otherwise deductible under paragraphs (1), (2), and (3), if no employee is a beneficiary under more than one trust or a trust and an annuity plan.

"Sec. 4973. Taxes on Failure To Meet Minimum Vesting Standard.

"(a) Initial Tax.—For each taxable year of an employer who maintains a plan to which section 411 applies there is hereby imposed a tax of 5 percent on the amount of the accumulated vesting deficiency under the plan, determined as of the end of the plan year ending with or within such taxable year. The tax imposed by this subsection shall be paid by the employer who maintains the plan.

"(b) Additional Tax.—In any case in which a tax is imposed by subsection (a) on an accumulated vesting deficiency and such accumulated vesting deficiency is not corrected within the correction period, there is hereby imposed a tax equal to 100 percent of such accumulated vesting deficiency. The tax imposed by this subsection shall be paid by the employer described in subsection (a).

"(c) Definitions.—For purposes of this section.—

"(1) Accumulated vesting deficiency.—The term 'accumulated vesting deficiency' means an amount equal to the actuarially equivalent value of all benefits under a plan derived from employer contributions which are required by section 411(a) (2) (A) to be nonforfeitable as of the end of a plan year, reduced by an amount equal to the actuarially equivalent value of all such benefits which are, in fact, nonforfeitable under that plan as of the close of that plan year.

"(2) Correct.—The term 'correct' means, with respect to an accumulated vesting deficiency, the crediting under the plan of the amount necessary to reduce such accumulated vesting deficiency to zero as of the end of a plan year in which such deficiency arose.

"(3) Correction period.—The term 'correction period' means, with respect to an accumulated vesting deficiency, the period beginning with the end of a plan year in which there is an accumulated vesting deficiency and ending 90 days after the date of mailing of a notice of deficiency with respect to the tax imposed by subsection (a) under section 6212, extended by—

"(A) any period in which a deficiency cannot be assessed under section 6213(a), and

"(B) any other period which the Secretary or his delegate determines is reasonable and necessary to permit a reduction of the accumulated vesting deficiency to zero under this section.

"(d) Regulations.—The Secretary or his delegate may prescribe such regulations as may be necessary to carry out the provisions of this section.

"(e) Cross Reference.—

"For disallowance of deduction for taxes paid under this section, see section 275.".

(c) Conforming, Clerical, Etc., Amendments.—

(1) The table of chapters for subtitle D is amended by adding at the end thereof the following new item:

"Chapter 44. Qualified pension plans.".

(2) Section 6161 (relating to extensions of time for paying tax) is amended by striking out "or 42" each place it appears in subsection (b) and inserting in lieu thereof ", 42 or 44".

(3) Section 6201(d) (relating to assessment authority) is amended by striking out "chapter 42" and inserting in lieu thereof "chapter 42 or 44".

(4) Section 6211 (relating to definition of a deficiency) is amended by—

(A) striking out so much of subsection (a) as precedes "(1) the sum of" and inserting in lieu thereof the following:

"(a) In General.—For purposes of this title in the case of income, estate, and gift taxes imposed by subtitles A and B and excise taxes imposed by chapters 42 and 44 the term 'deficiency' means the amount by which the tax imposed by subtitle A or B, or chapter 42 or 44, exceeds the excess of—"; and

(B) striking out "chapter 42" in subsection (b) (2) and inserting in lieu thereof "chapter 42 or 44".

(5) Section 6212 (relating to notice of deficiency) is amended—

(A) by striking out "or chapter 42" in subsections (a) and (b) and inserting in lieu thereof "chapter 42, or chapter 44",

(B) by striking out 'chapter 42, and this chapter" in subsection (b), and inserting in lieu thereof "chapter 42, chapter 44, and this chapter", and

(C) by striking out "chapter 42 tax" in subsection (c) and inserting in lieu thereof" "chapter 42 or 44 tax".

(6) Section 6213 (relating to restrictions applicable to deficiencies and petition to Tax Court) is amended—

(A) by striking out "or chapter 42" in subsection (a) and inserting in lieu thereof ", chapter 42 or chapter 44',

(B) by striking out the heading in subsection (e) and inserting in lieu thereof "Suspension of Filing Period for Certain Chapter 42 or 44 Taxes.—"; by striking out "or 4945 (relating to taxes on taxable expenditures)" in subsection (e) and inserting in lieu thereof "4945 (relating to taxes on taxable expenditures), 4972 (relating to taxes on failure to meet maximum funding standard), section 4974 (relating to excise tax on prohibited transactions)"; and by striking out "or 4945(h) (2)" in subsection (e) and inserting in lieu thereof ", 4945(h) (2), 4972(d) (2), or 4974(f) (4)".

(7) Section 6214(c) (relating to determinations by Tax Court) is amended—

(A) by striking out the heading and inserting in lieu thereof "Taxes Imposed by Section 507, Chapter 42, or Chapter 44.—",

(B) by striking out "chapter 42" each place it appears therein and inserting in lieu thereof "chapter 42 or 44"; and

(C) by striking out "chapter 42" in subsection (d) and inserting in lieu thereof "chapter 42, chapter 44".

(8) Section 6344(a) (1) (relating to cross references is amended by striking out "chapter 42" and inserting in lieu thereof "chapter 42 or 44".

(9) Section 6501(e) (3) (relating to limitations on assessment and collection) is amended by striking out "chapter 42" and inserting in lieu thereof "chapter 42 or 44".

(10) Section 6503 (relating to suspension of running of period of limitations) is amended—

(A) by striking out "and chapter 42 taxes)" in subsection (a) (1) and inserting in lieu thereof "chapter 42 or 44 taxes", and

(B) by striking out "or section 507" in subsection (h) and inserting in lieu thereof ", section 507, or chapter 44", and by striking out "or 4945(h) (2)" in subsection (h) and inserting in lieu thereof "4945(i) (2), 4972(d) (2), or 4974(f) (4)".

(11) Section 6512 (relating to limitations in case of petition to Tax Court is amended by striking out "chapter 42" each place it appears therein and inserting in lieu thereof "chapter 42 or 44".

(12) Section 6601(d) (relating to interest on underpayment, nonpayment, or extensions of time for payment of tax) is amended by—

(A) striking out "chapter 42" and inserting in lieu thereof "chapter 42 or 44", and

(B) striking out in the heading thereof "Chapter 42" and inserting in lieu thereof "Chapter 42 or 44".

(13) Section 6653(c) (1) (relating to income, estate, gift, and chapter 42 taxes) is amended by striking out "chapter 42" each place it appears therein (including the caption) and inserting in lieu thereof "chapter 42 or 44".

(14) Section 6659(b) (relating to applicable rules) is amended by striking out "chapter 42" and inserting in lieu thereof "chapter 42 or 44".

(15) Section 6676(b) (relating to failure to supply identifying numbers) is amended by striking out "chapter 42" and inserting in lieu thereof "chapter 42 or 44".

(16) Section 6677(b) (relating to failure to file information returns with respect to certain foreign trusts) is amended by striking out "chapter 42" and inserting in lieu thereof "chapter 42 or 44".

(17) Section 6679(b) (relating to failure to file returns as to organization or reorganization of foreign corporations and as to acquisitions of their stock) is amended by striking out "chapter 42" and inserting in lieu thereof "chapter 42 or 44".

(18) Section 6682(b) (relating to false

information with respect to withholding allowances based on itemized deductions) is amended by striking out "and chapter 42" and inserting in lieu thereof "chapter 42, and chapter 44".

(19) Section 6861 (relating to jeopardy assessments of income, estate, and gift taxes) is amended by striking out "AND GIFT TAXES.", and inserting in lieu thereof "GIFT, AND CERTAIN EXCISE TAXES."

(20) Section 6862 (relating to jeopardy assessment of taxes other than income, estate, and gift taxes) is amended—

(A) by striking out "AND GIFT TAXES.", and inserting in lieu thereof "GIFT, AND CERTAIN EXCISE TAXES.",

(B) by striking out "and gift tax)" and inserting in lieu thereof "gift tax, chapter 42 tax, and chapter 44 tax)".

(21) Section 7422 (relating to civil actions for refund) is amended—

(A) by striking out "chapter 42" and inserting in lieu thereof "chapter 42 or 44" in subsection (e), and

(B) by striking out "chapter 42" in the heading of subsection (g) and inserting in lieu thereof "chapter 42 or 44", and

(C) by striking out "or 4945" in subsection (g)(1) and inserting in lieu thereof "4945, 4972, 4973, or 4974", and

(D) by striking out "section 4945(a) (relating to initial taxes on taxable expenditures)" in subsection (g)(1) and inserting in lieu thereof "section 4945(a) (relating to initial taxes on taxable expenditures), 4972 (a) (relating to initial tax on failure to meet minimum funding standard), 4973(a) (relating to initial tax on failure to meet minimum vesting standard), 4974(a) (relating to initial tax on prohibited transactions)", and

(E) by striking out "or 4945" in paragraphs (2) and (3) and inserting in lieu thereof "4945, 4972, 4973, 4974, or 4975".

(F) by striking out "or section 4945(b) (relating to additional taxes on taxable expenditures)" in subsection (g)(1) and inserting in lieu thereof "section 4945(b) (relating to additional taxes on taxable expenditures), section 4972(b) (relating to additional tax on failure to meet minimum funding standard), section 4973(b) (relating to additional taxes on failure to meet minimum vesting standard), or section 4974(b) (relating to additional tax on prohibited transactions)", and

(G) by striking out "or 4945" in subsections (g) (2) and (3) and inserting in lieu thereof "4945, 4972, 4973, or 4974".

(22) Section 275(a) (relating to certain taxes) is amended by inserting immediately following paragraph (5) the following new paragraph:

"(6) Taxes imposed by chapter 42 and chapter 44 (except section 4975 thereof)."

(d) Effective Date.—

(1) Except as provided in paragraph (2), the amendments made by this section shall apply to plan years beninning after the date of enactment of this Act.

(2) In the case of a plan in existence on the date of enactment of this Act, the amendments made by this section shall apply to plan years beginning after December 31, 1975; however, if the Secretary of Labor determines that the application of any or all of such amendments to a plan for those plan years would create substantial economic hardship for that plan and certifies his determination to the Secretary of the Treasury before that date, the amendments made by this section with respect to which the Secretary of Labor makes such determination shall apply only to plan years of that plan beginning after December 31 of a year not later than 1981 determined by the Secretary of Labor and certified to the administrator of the plan and to the Secretary of the Treasury. For purposes of this paragraph the term "substantial economic hardship" includes, but is not limited to, a finding by the Secretary that—

(A) there is a substantial risk that, if such amendment or amendments apply to the plan without any extension, the voluntary continuation of the plan will be unlikely;

(B) the plan will be unable to discharge its contractual obligations for the payment of benefits; or

(C) application of the amendments to the plan without an extension is likely to cause a substantial reduction in the number of plan participants or persons employed by the employer or employers contributing to or under the plan.

Benefits under a plan may not be increased by amendment if an extension under this paragraph is in effect with respect to the plan on the effective date of amendment. If a plan is amended in violation of provisions of this paragraph, any such extension shall not apply to plan years beginning after the plan year in which such amendment becomes effective.

Part D—Optional Form of Benefit; Special Rules

Sec. 261. Amendment of Section 401.

(a) In General.—Section 401(a) (relating to requirements for qualification) is amended by—

(1) striking out paragraph (4) and inserting in lieu thereof the following:

"(4) if the contributions or benefits provided under the plan do not discriminate in favor of employees who are—

"(A) officers,

"(B) shareholders, or

"(C) highly compensated,

excluding for this purpose employees who are nonresident aliens whose compensation from the employer (for the taxable year of the employer) does not include any earned income (within the meaning of section 911(b)) from sources within the United States (within the meaning of section 861(a)(3)).", and

(2) by inserting at the end thereof the following new paragraphs:

"(11) A trust shall not constitute a qualified trust under this section if the plan of which such trust is a part provides for the payment of benefits in the form of an annuity for the life of a participant unless such plan provides for the payment of such benefit in the form of a joint and survivor annuity (with a survivor annuity of not less than one half of the amount of the annuity payable to the participant during the joint lives of the participant and his spouse), unless the participant elects in writing, within 2 years of normal retirement age (or, if earlier, within 2 years of the first payment of regular retirement benefits), not to have the benefit paid in such form and that such election may be made only after such participant receives a written explanation of the terms and conditions of such joint and survivor annuity and the effect of such election.

"(12) A trust shall not constitute a qualified trust under this section unless the plan of which such trust is a part provides that benefits provided under the plan may not be assigned or alienated unless the beneficiary thereof cannot be located or ascertained within such reasonable period of time as the Secretary or his delegate may prescribe by regulation.".

(b) Plans Benefitting Owner-Employees.—Section 401(d)(3) (relating to additional requirements for qualification of trusts and plans benefiting owner-employees) is amended by striking out "calendar year." and inserting in lieu thereof: "calendar, fiscal, or plan year, or any employees who are included in a unit of employees covered by an agreement which the Secretary or his delegate finds to be a collective-bargaining agreement between employee representatives and one or more employers, if such agreement does not provide that such are to be included in the plan, and if there is evidence that retirement benefits were the subject of good faith bargaining between such employee representatives and such employer or employers during the most recently concluded contract negotiations which were the subject of bargaining between such representatives and the employer or employers.".

(c) Conforming Amendments.—

(1) Section 404(a)(2) (relating to deduction for contributions of an employer to employees' annuity plan) is amended by striking out "and (8)," and inserting in lieu thereof "(8) (11), (12), (13), (14), and (15),".

(2) Section 805(d)(1)(C) (relating to definition of pension plan reserves) is amended by striking out "and (8)" and inserting in lieu thereof "(8), (11), (12, (13), (14), and (15)".

(d) Effective Dates.—

(1) General rule.—Except as provided by paragraph (2), the amendments made by this section shall apply with respect to plan years and taxable years beginning after the date of enactment of this Act.

(2) Exception.—In the case of a trust which is part of a plan which was in existence on December 31, 1972, the amendments made by this section shall not apply with respect to plan years beginning before January 1, 1976.

Sec. 262. Prohibition Against Maintaining Nonqualified Plans.

(a) In General.—Except as otherwise provided in this section, no person engaged in a trade or business which is in or affects interstate commerce shall establish or maintain a retirement plan which does not meet the requirements of section 401 of the Internal Revenue Code of 1954 (other than a plan described in section 404(a)(5) of such Code to which section 404(g) of such Code does not apply).

(b) Enforcement.—The Secretary of the Treasury is authorized to bring an action in any district court of the United States having jurisdiction over a person who establishes or maintains a retirement plan in violation of the provisions of subsection (a) against such person for equitable relief to restrain that person from maintaining such a plan.

(c) Exceptions.—Subsection (a) shall not apply to—

(1) a plan established or maintained outside the United States primarily for the benefit of employees who are not citizens of the United States if the fund for such plan is maintained outside the United States,

(2) a plan established and maintained solely for the purpose of complying with applicable workmen's compensation or unemployment compensation or disability insurance laws,

(3) a plan established and maintained by a church or by a convention or association of churches which is exempt from tax under section 501(a) of the Internal Revenue Code of 1954,

(4) a plan established and maintained by a fraternal society, order, or association described in section 501(c) (8) or (9) of the Internal Revenue Code of 1954 if no part of the contributions to or under such plan are made by employers or participants in such plan,

(5) a plan established or maintained by the Government of the United States or the government of any State or political subdivision thereof, or by an agency or instrumentality thereof, or

(6) a plan described in section 404(a)(5) of such Code to which section 404(g) of such Code does not apply.

(d) Definitions.—For purposes of this section, the term—

(1) "retirement plan" means any plan, fund, or program other than a profit-sharing

plan, which is established under a written governing instrument and provides a determinable retirement benefit for a participant in the plan or his beneficiaries; and

(2) "profit-sharing plan" means a retirement plan established or maintained by an employer to provide for the participation by his employees in the current or accumulated profits of the employer in accordance with a formula for allocating contributions made to the plan by participants in the plan and for distributing benefits under the plan upon retirement or death of any participant.

(e) REGULATIONS.—The Secretary of the Treasury shall prescribe regulations as may be necessary to carry out the provisions of this section.

PART E—PROTECTION OF PENSION RIGHTS UNDER GOVERNMENT PLANS AND CONTRACTS

SEC. 281. DUTIES OF THE SECRETARY OF THE TREASURY.

The Secretary of the Treasury or his delegate shall study the extent to which pension plans established and maintained by the Government of the United States, or by any State (including the District of Columbia) or political subdivision thereof, are adequately funded. In determining whether any such plan is adequately funded, the Secretary or his delegate shall consider the minimum funding standards applicable to private pension plans under the Internal Revenue Code of 1954, the taxing power of the government maintaining the plan, and whether it would be advisable or appropriate to require such plans to comply with the same minimum funding standards applicable to private pension plans or with other minimum funding standards. The Secretary shall submit to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives the results of such study not later than December 31, 1976, together with such recommendations, including recommendations for legislation, as he may deem appropriate.

SEC. 282. DUTIES OF SECRETARY OF LABOR.

(a) DEVELOPMENT OF REGULATIONS.—The Secretary of Labor shall develop, in consultation with appropriate professional societies, business organizations, and heads of interested Federal departments and procurement agencies, recommendations for modifications of Federal procurement regulations to insure that professional, scientific, and technical personnel and others working in associated occupations employed under Federal procurement, construction, or research contracts or grants shall, to the extent feasible, be protected against forfeitures of pension or retirement rights or benefits, otherwise provided, as a consequence of job transfers or loss of employment resulting from terminations or modifications of Federal contracts, grants, or procurement policies.

(b) PUBLICATION.—Recommended changes in regulations governing Federal contracts, grants, or procurement policies shall be developed by the Secretary, as required by subsection (a), within six months after enactment of this Act, and shall be published in the Federal Register within fifteen days thereafter as proposed regulations subject to comment by interested parties.

(c) RECOMMENDATIONS.—After publication under subsection (b), receipt of comments, and such modification of the published proposals as the Secretary deems appropriate, the recommended changes in procurement regulations developed under this title shall be adopted by each Federal department and procurement agency within sixty days thereafter unless the head of such department or agency determines that such changes would not be in the national interest or would not be consistent with the primary objectives of such department or agency.

TITLE III—PORTABILITY

SEC. 301. DEFINITIONS.

For purposes of this title—

(1) "fund" means the Pension Benefit Portability Fund established under section 303;

(2) "corporation" means the Pension Benefit Guaranty Corporation established under title IV of this Act;

(3) "qualified plan" means—

(A) a pension, profit-sharing, or stock bonus plan described in section 401(a) of the Internal Revenue Code of 1954,

(B) an annuity plan described in section 403 (a) or (b) of such Code, and

(C) a bond purchase plan described in section 405(a) of such Code;

(4) "qualified insurance carrier" means an insurance carrier subject to regulation and examination by the government of the State in which an annuitant resides, which is determined by the corporation to be suitable as the issuer of annuity contracts authorized to be purchased under section 307(b)(3);

(5) "participant" means an employee who is covered under a qualified plan other than an employee who, at any time, has been an employee within the meaning of section 401 (c)(1) of the Internal Revenue Code of 1954;

(6) "administrator" means the person or persons described in section 3(15) of the Welfare and Pension Plans Disclosure Act; and

(7) "State" means any of the States of the United States or the District of Columbia.

SEC. 302. PROGRAM ESTABLISHED.

The corporation shall establish a voluntary pension benefit portability program in accordance with the provisions of this title.

SEC. 303. ESTABLISHMENT OF FUND.

(a) IN GENERAL.—The corporation shall establish a Pension Benefit Portability Fund. Any payments received by the corporation under this section or under section 305 shall be deposited in the fund, and all expenditures made by the corporation under, or in connection with, this title shal be made out of the fund.

(b) INVESTMENT OF FUND MONEYS.—The corporation is authorized to invest any amounts in the fund during any fiscal year which it determines not to be needed for use in the program for the payment of liabilities during that year, and any amounts in the fund not needed for the payment of current operating and administrative expenses, in obligations of the United States, and to deposit any such amounts in interest-bearing accounts in, or purchase certificates of deposit from, any bank the deposits of which are insured by the Federal Deposit Insurance Corporation, and to deposit any such amounts in interest-bearing accounts in any savings and loan association in which the accounts are insured by the Federal Savings and Loan Insurance Corporation or in any credit union insured under title II of the Federal Credit Union Act. In no case shall more than 10 percent of the amount invested under this subsection be invested in or with any particular bank, savings and loan association, or credit union.

(c) REPORTS ON STATUS OF FUND.—The corporation shall report to the Congress not later than the first day of the fourth month beginning after the end of the fiscal year of the corporation on the operations and status of the fund during that fiscal year, and on its expected operations and status during the fiscal year of the corporation during which such report is made and the two succeeding fiscal years. The report shall also contain a review of the general policies followed by the corporation in managing the fund and may contain recommendations, including recommendations for additional legislation, with respect to the operations of the fund and of the portability program established by this title, which the corporation chooses to make.

SEC. 304. REGISTRATION.

(a) IN GENERAL.—If an employer who maintains a qualified plan wishes to be able to make payments from his qualified plan assets on behalf of former employees to the corporation for deposit in the fund, or to be able to receive payments from the corporation for the purchase of benefits under his qualified plan for his employees, he shall register the plan with the corporation. The registration shall be in such form and contain such information as the corporation may require. The corporation may not accept any registration application which does not contain the employer's agreement, the breach of which is subject to such charge as the corporation may by law impose, to pay to the corporation, within 180 days after the date on which it is requested, the amount payable under section 305 with respect to a participant in the registered qualified plan who is covered by such registration who requests such payment if that participant was employed by the employer at any time within a period of not less than 12 months preceding the date of the request.

(b) TERMINATION OF REGISTRATION; REREGISTRATION.—An employer may terminate the registration of his plan under this section and reregister from time to time; however, if the corporation determines that a requested termination of registration and a subsequent registration by an employer were for the purpose of discriminating against an employee or group of employees in an unlawful manner or in a manner prohibited to qualified plans under section 401(a)(3) or (4) of the Internal Revenue Code of 1954 or for the purpose of frustrating the purpose of this title, that termination of registration will be treated as not having been effective.

(c) LIMITED REGISTRATION.—An employer may register a qualified plan under this section with respect to less than all of his employees who are participants in that qualified plan if the group of employees with respect to whom he registers the plan is reasonably defined and the employer demonstrates to the satisfaction of the corporation that the group has a particular need for access to the voluntary pension benefit portability program which is not shared by his other employees who are excluded from the registration but who are participants in the same qualified plan.

SEC. 305. ACCEPTANCE OF DEPOSITS.

(a) PAYMENTS BY ADMINISTRATORS.—The corporation shall accept for deposit into the the fund any payment made from the assets of a registered qualified plan by the administrator of that plan at the request of a participant if the payment represents a full discharge of liabiliy by that plan to the participant and is made upon his separation from the service of the employer or employers who maintain the plan.

(b) PAYMENTS BY PARTICIPANTS.—The corporation shall accept for deposit into the fund any payment made by a participant (or former participant) in a qualified plan if—

(1) the payment is all or not less than the taxable portion of a distribution made to the participant by the plan representing a full discharge of liability of the plan to the participant, or a partial discharge of liability which will become a full discharge after being adjusted to reflect the participant's interest in the plan at the close of the plan year, or an installment portion of such a full discharge of liability with any remainder to be paid within 12 months after the date on which the first portion of such distribution is made; and

(2) the payment is made to the corporation for deposit into the fund within 60 days after

the date on which the participant (or former participant) received the distribution to which the payment relates.

For purposes of this subsection, the term "taxable portion" means that part of any distribution to which this subsection applies which is attributable to amounts other than employee contributions made by the participant.

(c) Other Conditions.—The corporation shall not accept any payment described in subsection (a) unless the payment is made directly to the corporation by the administrator of the plan, nor shall it accept any payment described in subsection (a) or (b) unless it is made in cash or its equivalent and it is accompanied by such information with respect to the plan and with respect to the payment and the participant on behalf of whom the payment is made, or who is making the payment, as the corporation may require for the efficient administration of the voluntary pension benefit portability program.

Sec. 306. Individual Accounts.

(a) Account Established.—The corporation shall establish and maintain a separate account for each separate payment received by the corporation under section 305 of this title on behalf of each participant.

(b) Items Shown in Account.—An account established under subsection (a) shall identify the participant for whom it is established and shall show—

(1) the name and address of each qualified plan which makes a payment under section 305 of this title on behalf of the participant in whose name such account is established;

(2) the portion of each such payment which constitutes the amount treated under sections 72, 402(a), and 403 of the Internal Revenue Code of 1954 as the net amount contributed by the participant;

(3) any remaining portion of each such payment; and

(4) the amount which constitutes the income attributable to such account while in the custody of the fund.

Sec. 307. Payments From Individual Accounts

(a) General Rule.—Except as provided in subsection (b), an amount credited to the account of any participant under this title may be paid by the corporation to—

(1) such participant,

(2) his beneficiary,

(3) a qualified insurance carrier selected by such participant, or

(4) a qualified plan.

(b) Limitations.—

(1) In the case of a payment by the corporation to a participant, such payment shall be made upon the written request of such participant and in an amount—

(A) of $100 or more, or

(B) which constitutes the total amount credited to the account of such participant.

The corporation shall, upon the date a participant attains the age of 70½ years, pay to such participant the amount which constitutes the total amount credited to the account of such participant. No payment may be made to a participant who has not attained the age of 59½ years unless that participant is disabled (within the meaning of section 72(m)(7) of the Internal Revenue Code of 1954).

(2) A payment shall be made by the corporation to the beneficiary of a participant only if—

(A) the participant dies before the total amount credited to his account has been paid or distributed in accordance with paragraphs (1), (3), and (4), and

(B) the payment is made to the beneficiary upon his written request and—

(i) is in an amount of $100 or more,

(ii) constitutes the total amount credited to the account of the participant (if less than $100), or

(iii) is used to purchase an immediate annuity for such beneficiary which is payable for his life or for a term certain not extending beyond the life expectancy of the beneficiary) and which is distributed immediately to the beneficiary.

For purposes of this paragraph, the total amount credited to the account of a participant must be paid or distributed to his beneficiary not later than 10 years after the death of the participant.

(3) In the case of a payment by the corporation to a qualified insurance carrier selected by a participant who has attained the age of 59½ years, such payment shall only be made if such payment is used for the purchase of—

(A) a single premium life annuity contract payable during the life of such participant commencing not earlier than the date on which such participant attains the age of 59½ years and not later than the date on which he attains the age of 70½ years, or

(B) a single premium joint and survivor annuity contract payable during the lifetimes of such participant and his spouse commencing not earlier than the date on which such participant attains (or would have attained) the age of 59½ years and not later than the date on which such participant attains (or would have attained) the age of 70½ years,

which will be distributed to such participant on the date on which payments are to commence.

(4) The corporation shall make a payment to a qualified plan only if—

(A) the plan is registered under section 304,

(B) the payment is made pursuant to a request made by the participant within 12 months after he becomes a participant in such plan, or, if later, within 12 months after the plan is registered under section 304, and

(C) the administrator of the plan agrees to accept the payment and to apply it to the purchase of benefits under the plan which have a value equivalent to the value of the payment if it were left in the fund.

(c) Mandatory Withdrawals.—The balance of any account of a participant shall be paid by the corporation to such participant within 30 days after notification to the corporation by the Secretary of the Treasury or his delegate that the trust or plan (which made a payment credited to such account) has been determined not to be a qualified trust under section 401(a) of the Internal Revenue Code of 1954 or not to be a plan which satisfied the requirements of section 404(a)(2) of such Code at the time such trust or plan made such payment.

Sec. 308. Assistance to Plan Administrators

The corporation shall provide assistance to employers, employee organizations, trustees, and administrators of pension plans in their efforts to provide greater retirement protection for individuals who are separated from employment covered under such plans. Such assistance may include, but is not limited to (1) the development of reciprocity arrangements between plans in the same industry or area, and (2) the development of special arrangements for portability of credits within a particular industry or area.

Sec. 309. Amendment of Internal Revenue Code of 1954.

(a) Amendment of Section 402.—Section 402 (relating to taxability of beneficiary of employees' trust) is amended by—

(1) striking out "and (4)" in the first sentence of paragraph (1) of subsection (a) and inserting in lieu thereof ", (4) and (6)",

(2) inserting after paragraph (5) of subsection (a) (as amended by section 703(b) of this Act) the following new pargaraph:

"(6) Certain transfers.—For purposes of this section, a transfer of the full amount representing an employee's interest in an employee's trust described in section 401(a) which is exempt from tax under section 501(a) shall not be considered a distribution under paragraph (1) if the transfer is made in connection with a change of employment by the employee and the transfer is made from a trust under his former employer not later than the 60th day after its receipt by the employee, and within 12 months after such change of employment, to—

"(A) a trust of his new employer which is described in section 401(a) and exempt from tax under section 501(a), or

"(B) an annuity plan of his new employer which meets the requirements of section 404(a)(2).

This paragraph shall not apply to a transfer made in connection with a change of employment by an individual who was, at any time, under the former employer's plan an employee within the meaning of section 401 (c)(1). This paragraph shall also apply in the case of a transfer to such a trust or annuity plan of not less than that portion of an employee's interest in his former employer's plan which does not represent the employee's own contributions if the full amount of his interest in such plan was distributed to him. For purposes of this title, the contribution made to the new employer's plan by such a transfer shall be treated as an employer contribution made on the date contributed, except that for purposes of sections 219(b)(2), 404, 411, 414(a), and 1379(b) it shall be treated as an employee contribution made on such date.", and

(3) adding at the end thereof the following new subsections:

"(f) Taxability of Payments to the Pension Benefit Portability Fund.—A payment to the Pension Benefit Portability Fund (established under section 303 of the Retirement Income Security for Employees Act) by a qualified plan of an amount described in section 305 of that Act on behalf of a participant shall not be includible in the gross income of such participant for the taxable year of such participant in which such payment is made.

"(g) Taxability of Payments From the Pension Benefit Portability Fund.—Any amount paid on behalf of a participant from the Pension Benefit Portability Fund—

"(1) to a member plan, shall not be includible in the gross income of such participant for the taxable year of such participant in which such payment is made;

"(2) to or with respect to such participant, shall be includible in gross income to the extent that such amount (when added to amounts previously received) exceeds the aggregate amount of each payment to the Pension Benefit Portability Fund credited to the account of such participant which is treated as contributed by such participant under subsection (a), or section 72 or 403;

"(3) to a qualified insurance carrier (within the meaning of section 301(4) of the Retirement Income Security for Employees Act) for the purchase of an annuity contract described in section 307(b) (2) or (3) of that Act shall not be includible in the gross income of such participant for the taxable year in which such annuity contract is purchased.

"(h) Taxability of Mandatory Withdrawals From the Pension Benefit Portability Fund.—Any amount paid to a participant under the provisions of section 307(c) of the Retirement Income Security for Employees Act shall be includible in the gross income of such participant to the extent such amount constitutes the amount described in section 306(b)(4) of such Act."

(b) Amendment of Section 403.—Section 403(a) (relating to taxability of beneficiary under annuity plan) is amended by—

(1) striking out "paragraph (2)" in the first sentence of paragraph (1) and insert-

ing in lieu thereof "paragraphs (2) and (4)", and

(2) inserting after paragraph (3) (as added by section 703(b) of this Act) the following new paragraph:

"(4) Certain transfers.—For purposes of this section, a transfer of the full amount representing an employee's interest in an annuity plan described in section 404(a)(2) shall not be considered a distribution under paragraph (1) if the transfer is made in connection with a change of employment by the employee and the transfer is made from a trust under his former employer not later than the 60th day after its receipt by the employee, and within 12 months after such change of employment, to—

"(A) a trust of his new employer which is described in section 401(a) and exempt from tax under section 501(a), or

"(B) an annuity plan of his new employer which meets the requirements of section 404(a)(2).

This paragraph shall not apply to a transfer made in connection with a change of employment by an individual who was, at any time, under the former employer's plan an employee within the meaning of section 401(c)(1). This paragraph shall also apply in the case of a transfer to such a trust or annuity plan of not less than that portion of an employee's interest in his former employer's plan which does not represent the employee's own contributions if the full amount of his interest in such plan was distributed to him. For purposes of this title, the contribution made to the new employer's plan by such a transfer shall be treated as an employer contribution made on the date contributed, except that for purposes of sections 219(b)(2), 404, 411, 414(a), and 1379(b) it shall be treated as an employee contribution made on such date."

(c) Effective Date.—The amendments made by this section shall be effective on and after the date of enactment of this Act.

Sec. 310. Authorization of Appropriations.

There are authorized to be appropriated to the corporation (which shall be treated solely for purposes of this section as an instrumentality of the United States) such sums as may be necessary to carry out the provisions of this title.

TITLE IV—PLAN TERMINATION INSURANCE

Part A—Pension Benefit Guaranty Corporation

Sec. 401. Definitions: Special Rules.

(a) Definitions.—For purposes of this title, the term—

(1) "administrator" means the person or persons described in section 501(g)(11) of this Act;

(2) "substantial employer" means any employer (treating employers which are members of the same affiliated group, within the meaning of section 1504(a) of the Internal Revenue Code of 1954, as one employer) who—

(A) has made contributions to or under a multiemployer plan for each of any 2 consecutive plan years equaling or exceeding 10 percent of all employer contributions paid to or under that plan for each such year, and

(B) who has received notice from the plan administrator under section 466 and has not withdrawn from the plan within 24 months after receiving such notice;

(3) "multiemployer plan" means a plan which the corporation determines is a plan to which more than one employer (treating employers who are members of the same affiliated group within the meaning of section 1504(a) of the Internal Revenue Code of 1954 as one employer) is required to contribute and which is a plan established or maintained pursuant to a collective bargaining agreement between employee representatives and one or more employers, but a plan shall not be considered to be a multiemployer plan within the meaning of this section unless the corporation determines that—

(A) under the plan benefits are payable with respect to each participant without regard to the cessation of contributions by the employer who employed that participant, and

(B) the amount of contributions made to or under the plan for a plan year by any employer making such contributions is less than 50 percent of the aggregate amount of contributions made to or under the plan for that plan year by all employers making such contributions;

(4) "corporation" means the Pension Benefit Guaranty Corporation established under section 402; and

(5) "fund" means the Pension Benefit Guaranty Fund established under section 403.

(b) Special Rules.—

(1) Non-multiemployer plans.—A plan which is not a multiemployer plan shall be treated as the separate plan of each employer (with predecessor and successor employers treated as one employer) who contributed to or under the plan.

(2) Employer.—An individual who owns the entire interest in an unincorporated trade or business shall be treated as his own employer, and a partnership shall be treated as the employer of each partner who is an employee within the meaning of section 401(c)(1) of the Internal Revenue Code of 1954.

Sec. 402. Pension Benefit Guaranty Corporation.

(a) Establishment.—There is established within the Department of Labor a body corporate to be known as the Pension Benefit Guaranty Corporation (hereinafter referred to as the "Corporation"). In carrying out its functions under this Act the Corporation shall be administered by a Board of Directors (as provided in subsection (c)), under the general supervision and direction of the Secretary of Labor.

(b) General Powers.—In addition to any specific power granted to the Corporation elsewhere in this Act, the Corporation shall have the power—

(1) to sue and be sued, complain and defend, in its corporate name and through its own counsel, in any court, State or Federal;

(2) to adopt, alter, and use a corporate seal, which shall be judicially noticed;

(3) to adopt, amend, and repeal, by its Board of Directors, bylaws and rules relating to the conduct of its business and the exercise of all other rights and powers granted to it by this Act;

(4) to conduct its business (including the carrying on of operations and the maintenance of offices) and to exercise all other rights and powers granted to it by this Act in any State or other jurisdiction without regard to qualification, licensing, or other statute in such State or other jurisdiction;

(5) to lease, purchase, accept gifts or donations of, or otherwise to acquire, to own, hold, improve, use, or otherwise deal in or with, and to sell, convey, mortgage, pledge, lease, exchange, or otherwise dispose of, any property, real, personal, or mixed, or any interest therein wherever situated;

(6) subject to the provisions of subsection (c), to elect or appoint such officers, attorneys, employees, and agents as may be required, to determine their qualifications, to define their duties, to fix their salaries, and, to the extent desired, require bonds for them and fix the penalty thereof;

(7) to enter into contracts, to execute instruments, to incur liabilities, and to do any and all other acts and things as may be necessary or incidental to the conduct of its business and the exercise of all other rights and powers granted to the Corporation by this Act.

(c) Board of Directors.—The Board of Directors of the Corporation shall be composed of the Secretary of the Treasury, the Secretary of Labor, and the Secretary of Commerce. Members of the Board shall serve without compensation, but shall be reimbursed for travel, subsistence, and other necessary expenses incurred in the performance of their duties of members of the Board of Directors.

(d) Meetings of Board.—The Board of Directors shall meet at the call of its Chairman, or as otherwise provided by the bylaws of the Corporation.

(e) Bylaws.—As soon as practicable but not later than 180 days after the date of enactment of this Act, the board of directors shall adopt initial bylaws and rules relating to the conduct of the business of the corporation. Thereafter, the board of directors may alter, supplement, or repeal any existing bylaw or rule, and may adopt additional bylaws and rules, from time to time as may be necessary. The Secretary of Labor shall cause a copy of the bylaws of the corporation to be published in the Federal Register not less than annually.

(f) Exemption From Tax.—The Pension Benefit Guaranty Corporation, its property, its franchise, capital, reserves, surplus, and its income (including, but not limited to, any income of the Pension Benefit Guaranty Fund and the Pension Benefit Portability Fund), shall be exempt from all taxation now or hereafter imposed by the United States (other than taxes imposed under chapter 21 of the Internal Revenue Code of 1954, relating to Federal Insurance Contributions Act, and chapter 23 of such Code, relating to Federal Unemployment Tax Act) or by any State or local taxing authority, except that any real property and any tangible personal property (other than cash and securities) of the corporation shall be subject to State and local taxation to the same extent according to its value as other real and tangible personal property is taxed.

Sec. 403. Establishment of Pension Benefit Guaranty Fund.

(a) Trust Fund.—

(1) In general.—There is established on the books of the Treasury of the United States a trust fund to be known as the "Pension Benefit Guaranty Fund" (hereinafter in this title referred to as the "fund"). The fund shall remain available without fiscal year limitation and shall consist of such amounts as may be appropriated to it and deposited in it as provided in subsection (b). Upon request made by the Corporation, the Secretary of the Treasury shall transfer such amounts from the fund to the Corporation as the Corporation deems necessary to pay benefits guaranteed under section 422 and to pay the operational and administrative expenses of the Corporation.

(2) Trustee.—The Secretary of the Treasury is the trustee of the fund and shall report to the Congress not later than the first day of March of each year on the operation and status of the fund during the preceding fiscal year of the corporation.

(b) Authorization of Appropriations.—There is authorized to be appropriated to the fund for each fiscal year an amount equal to the amount of the collections of tax under section 4972 of the Internal Revenue Code of 1954 (relating to taxes on failure to meet minimum funding standard) and chapter 45 of such Code.

(c) Premium Rates; Coverage Schedules.—

(1) In general.—The corporation shall prescribe such insurance premium rates and such coverage schedules for the application of those rates as may be necessary to provide sufficient revenue to the fund for the corporation to carry out its functions under this title.

(2) Coverage schedules.—The corporation shall maintain separate coverage schedules for—

(A) plans which are multiemployer plans,

(B) plans which are not multiemployer plans, and

(C) employers who wish to be insured against liability under part D of this title. Except as provided in paragraph (3), the corporation may revise such schedules whenever it determines that revised rates are necessary, but a revised schedule described in subparagraph (A) or (B) shall apply only to taxable years beginning more than 30 days after the date on which the Congress approves such revised schedule by a concurrent resolution originating in the House of Representatives.

(3) Initial coverage schedules for plans.—The rate of all plans with respect to plan years ending with or within taxable years ending before January 1, 1977, shall be—

(A) in the case of each employer who maintains one or more plans other than a multiemployer plan, with respect to each such plan, an amount equal to $1 for each individual employed by him at any time during each plan year who is a participant in such plan at any time during such plan year; or

(B) in the case of a multiemployer plan, an amount equal to $1 for each individual who is employed by any of the employers in such plan at any time during each plan year and who is a participant in such plan at any one time during such plan year.

(d) Revised Coverage Schedule Procedure.—

(1) In general.—In order to place a revised coverage schedule (other than a schedule described in subsection (c)(2)(C) of this section) in effect, the corporation shall transmit the proposed schedule, its proposed effective date, and the reasons for its proposal to the Committee on Ways and Means of the House of Representatives.

(2) Exercise of rulemaking power of the Senate and the House of Representatives.—The succeeding paragraphs of this subsection are enacted by Congress as an exercise of the rulemaking power of the Senate and the House of Representatives, respectively, and as such they shall be deemed a part of the rules of each House, respectively, but applicable only with respect to the procedure to be followed in that House in the case of resolutions described in paragraph (3); and they shall supersede other rules only to the extent that they are inconsistent therewith. They are enacted with full recognition of the constitutional right of either House to change the rules (so far as relating to the procedure of that House) at any time, in the same manner and to the same extent as in the case of any other rule of that House.

(3) Resolution.—For the purpose of the succeeding paragraphs of this subsection, "resolution" means only a concurrent resolution originating in the House of Representatives, the matter after the resolving clause of which is as follows: "That the Congress favors the proposed revised coverage schedule transmitted to Congress by the Pension Benefit Guaranty Corporation on ———.", the blank space therein being filled with the date on which the corporation's message proposing the rate was delivered.

(4) Referral of resolution.—A resolution shall be referred to the Committee on Ways and Means and the Committee on Education and Labor of the House of Representatives or the Committee on Finance and the Committee on Labor and Public Welfare of the Senate.

(5) Discharge of committee.—If the committee to which has been referred a resolution has not reported it before the expiration of 10 calendar days after its introduction, it shall then (but not before) be in order to move to discharge the committee from further consideration of that resolution, or to discharge the committee from further consideration of any other resolution with respect to the proposed adjustment which has been referred to the committee. The motion to discharge may be made only by a person favoring the resolution, shall be highly privileged (except that it may not be made after the committee has reported a resolution with respect to the same proposed rate), and debate thereon shall be limited to not more than 1 hour, to be divided equally between those favoring and those opposing the resolution. An amendment to the motion is not in order, and it is not in order to move to reconsider the vote by which the motion is agreed to or disagreed to. If the motion to discharge is agreed to or disagreed to, the motion may not be renewed, nor may another motion to discharge the committee be made with respect to any other resolution with respect to the same proposed rate.

(6) Consideration of resolution.—When the committee has reported, or has been discharged from further consideration of a resolution, it is at any time thereafter in order (even though a previous motion to the same effect has been disagreed to) to move to proceed to the consideration of the resolution. The motion is highly privileged and is not debatable. An amendment to the motion is not in order, and it is not in order to move to reconsider the vote by which the motion is agreed to or disagreed to. Debate on the resolution shall be limited to not more than 10 hours, which shall be divided equally between those favoring and those opposing the resolution. A motion further to limit debate is not debatable. An amendment to, or motion to recommit, the resolution is not in order, and it is not in order to move to reconsider the vote by which the resolution is agreed to or disagreed to.

(7) Debatability of motions.—Motions to postpone, made with respect to the discharge from committee, or the consideration of, a resolution and motions to proceed to the consideration of other business shall be decided without debate. Appeals from the decisions of the Chair relating to the application of the rules of the Senate or the House of Representatives, as the case may be, to the procedure relating to a resolution shall be decided without debate.

(e) Borrowing Authority.—The corporation is authorized to issue to the Secretary of the Treasury notes or other obligations in an aggregate amount of not to exceed $100,000,000, in such forms and denominations, bearing such maturities, and subject to such terms and conditions as may be prescribed by the Secretary of the Treasury. Such notes or other obligations shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average market yield on outstanding marketable obligations of the United States of comparable maturities during the month preceding the issuance of such notes or other obligations of the corporation. The Secretary of the Treasury is authorized and directed to purchase any notes or other obligations issued by the corporation under this subsection, and for that purpose he is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under that Act, as amended, are extended to include any purchase of such notes and obligations. The Secretary of the Treasury may at any time sell any of the notes or other obligations acquired by him under this subsection. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes or other obligations shall be treated as public debt transactions of the United States.

Part B—Coverage

Sec. 421. Plans Covered.

(a) General Rule.—Except as provided by subsection (c), this section applies to any plan which, for a plan year, is, or has been determined by the Secretary of the Treasury to be, a plan described in section 401(a) of the Internal Revenue Code of 1954, or which meets the requirements of section 404(a)(2) of such Code. For purposes of this section, a successor plan is deemed to be a continuation of a predecessor plan. For this purpose, a successor plan is a plan which covers a group of employees which includes substantially the same employees as a previously established plan, and provides substantially the same benefits as that plan provided.

(b) Consent by Plans To Be Covered by Title.—The filing of a return under section 6040 of the Internal Revenue Code of 1952 for a plan claiming treatment as a plan to which part I of subchapter D of chapter 1 of such Code applies shall constitute the consent of that plan and its administrator to be bound by the provisions of this title.

(c) Limitations.—This section shall not apply to any plan—

(1) which is a pension plan of the money purchase type, a profit-sharing plan, or a stock bonus plan,

(2) established and maintained by the United States, a State or political subdivision thereof, or a corporation which is an instrumentality of the United States, a State or political subdivision thereof,

(3) established and maintained by a church or a convention or association of churches which is exempt from tax under section 501(a) of the Internal Revenue Code of 1954, unless—

(A) such plan has notified the corporation, in accordance with procedures prescribed by the corporation, that it wishes to have the provisions of this title apply to it,

(B) the plan is established and maintained for the exclusive benefit of employees of such church or convention or association of churches who are employed exclusively in connection with one or more unrelated trades or businesses (within the meaning of section 513 of such Code), or

(C) the plan is a multiemployer plan, and one or more of the employers in the plan is not a church (or a convention or association of churches) which is exempt from tax under section 501(a) of such Code, or

(4) a plan established and maintained by a fraternal society, order, or association described in section 501(c) (8) or (9) of such Code under which no part of the contributions to or under the plan are made by employers of participants in the plan.

For purposes of paragraph (1) of this subsection, the term "money purchase type" does not include a plan under which a fixed benefit is promised if the employer or his representative participated in the determination of that benefit.

Sec. 422. Benefits Covered

(a) General Rule.—Subject to the limitations contained in subsection (b), the corporation shall guarantee the payment of all nonforfeitable benefits and of all ancillary benefits under the terms of a plan which terminates at a time when section 421 applies to it. For purposes of this subsection, the term "ancillary benefit" means any nonforfeitable benefit other than a nonforfeitable retirement benefit which is determined by the corporation to be insurable as an ancillary benefit.

(b) Limitations.—

(1) New benefits.—No benefits provided by a plan in effect for less than 36 months at the time the plan terminates shall be guaranteed under this section. For purposes of this paragraph, the time a successor plan (within the meaning of section 421(a)) has been in effect includes the time a previously established plan (within the meaning of section 421(a)) was in effect.

(2) Benefit increases.—The amount of benefits described in subsection (a) shall be determined without regard to any amend-

ment of the plan which increases the value of benefits payable with respect to a participant, if such amendment was made within the 36-month period preceding the date on which the plan terminates.

(3) Maximum guaranteed benefit under single plan.—Except as provided in paragraphs (8) and (9), the amount of monthly benefits described in subsection (a) provided by a plan, which are guaranteed under this section with respect to a participant, shall not have an actuarial value which exceeds the actuarial value of a monthly benefit with no ancillary benefits in the form of a life annuity commencing at age 65 equal to the lesser of—

(A) 50 percent of his average monthly gross income from his employer during the 5 calendar year period (or, if less, during the number of calendar years in such period in which he actively participates in the plan) preceding the calendar year in which the plan terminates (or the calendar year in which he is no longer an active participant) determined by dividing 1/12th of the sum of all such gross income by the number of such calendar years in which he had such gross income, or

(B) $750 multiplied by a fraction, the numerator of which is the contribution and benefit base (determined under section 230 of the Social Security Act) in effect at the time the plan terminates and the demoninator of which is such contribution and benefit base in effect in calendar year 1974. The actuarial value of a benefit (including ancillary benefits) shall be determined in accordance with bylaws of the corporation. For purposes of subparagraph (A), gross income within the meaning of section 911 (b) of the Internal Revenue Code of 1954 from the employer; and the 5 calendar year period taken into account shall be the 5 consecutive calendar years period which yields the largest average annual gross income from an employer

(4) Maximum amount payable under more than one plan.—Notwithstanding paragraph (3), no person shall receive from the corporation with respect to a participant an amount, or amounts, that has an actuarial value which exceeds a monthly benefit with no ancillary benefits in the form of a life annuity commencing at age 65 equal to the amount determined under paragraph (3)(B) at the time of the last plan termination.

(5) Certain participants—

(A) This paragraph shall apply only to a participant who is covered by a plan as an owner-employee (within the meaning of section 401(c)(3) of such Code) on any day during the plan year in which the plan terminates or any of the 3 consecutive plan years immediately preceding such year.

(B) The amount of monthly benefits otherwise payable from the corporation with respect to each participant described in subparagraph (A) shall be reduced to take account of such participant's individual pro rata share of the accumulated funding deficiency (as defined in section 4971(a) of the Internal Revenue Code of 1954) at the time the plan terminates. The individual pro rata share shall be equal to such accumulated unfunded deficiency multiplied by a fraction, the numerator of which is the amount of benefits otherwise payable from the corporation with respect to such participant and the denominator of which is the value of benefits payable from the corporation with respect to all such participants on the date of termination.

(6) Disqualification.—

(A) Disqualification by secretary.—No benefits accrued under a plan after the date on which the Secretary of the Treasury or his delegate issues notice that he has determined that any trust which is a part of a plan does not meet the requirements of section 401(a) of the Internal Revenue Code of 1954, or that the plan does not meet the requirements of section 404(a)(2) of such Code, are guaranteed under this section unless such determination is erroneous. This subparagraph shall not apply if the Secretary or his delegate subsequently issues a notice that such trust meets the requirements of section 401(a) of such Code or that the plan meets the requirements of section 404(a)(2) of such Code.

(B) Other disqualifications.—No benefits accrued under a plan after the date on which an amendment of the plan is adopted which causes the Secretary of the Treasury or his delegate to determine that any trust under the plan has ceased to meet the requirements of section 401(a) of the Internal Revenue Code of 1954 or that the plan has ceased to meet the requirements of section 404(a)(2) of such Code, are guaranteed under this section unless such determination is erroneous. This subparagraph shall not apply if the amendment is revoked as of the date it was first effective or amended to comply with such requirements.

Sec. 423. Contingent Liability Coverage.

(a) In General.—The corporation is authorized to insure any employer who maintains or contributes to or under a plan to which section 421 applies against the payment of any liability which would be imposed on him under part D of this title in the event of a termination of that plan.

(b) Premiums.—The corporation is authorized to prescribe and collect, in such manner as it deems to be appropriate, premiums for insurance offered under subsection (a). Such premiums shall be determined by the corporation and revised by it from time to time as may be necessary, without regard to the provisions of section 403 (d), and shall be chargeable at a rate sufficient to fund any payments by the corporation which become necessary under any such contract of insurance.

(c) Contingent Liability Coverage.—No payment shall be made by the corporation under any contract of insurance entered into under this section with an employer for contingent liability arising with respect to any benefit unless the premiums under such contract have been paid by the employer and such contract has been in effect (with respect to any such benefit) for more than 60 months.

(d) No Payment if Employer Remains in Business.—No payment shall be made by the corporaton under any contract of insurance entered into by it under this section with respect to the contingent liability of any employer who, within the meaning of section 462(f), remains in business after the termination of the plan with respect to which the contingent liability arose.

(e) Other Insurance.—Nothing in this section shall be considered to preclude the purchase by an employer of insurance from any other person, or to limit the circumstances under which that insurance is payable, or in any way to limit the terms and conditions of such insurance.

Sec 424. Other Risks.

The corporation is authorized to insure (subject to the limitations of section 422(b) (4)) the payment of other classes of benefits under a plan wherever feasible, to prescribe the terms and conditions of such insurance, and to establish and collect such premiums as may be necessary.

Part C—Terminations

Sec. 441. Termination by Plan Administrator.

(a) General Rule.—Before the effective date of the termination of a plan, the plan administrator shall file a notice with the corporation that the plan is to be terminated and for a period of 90 days thereafter the plan administrator shall pay no amount pursuant to the termination procedure of the plan unless, before the expiration of such period, he receives a notice of sufficiency under subsection (b). Thereafter, the plan administrator shall proceed with the termination of the plan in a manner consistent with section 444.

(b) Notice of Sufficiency.—If the corporation determines that, after application of section 444, the assets held under the plan are sufficient to discharge when due all obligations of the plan with respect to benefits guaranteed under section 422 (without regard to section 422(b)(5)), it shall notify the plan administrator of such determination as soon as practicable.

(c) Notice of Insufficiency.—If, within a period of 90 days after a notice of termination is filed by a plan administrator pursuant to subsection (a), the corporation finds that it is unable to determine that, after application of section 444, the assets held under the plan are sufficient to discharge when due all obligations of the plan with respect to benefits guaranteed under section 422 (without regard to section 422(b)(5)), it shall notify the plan administrator within such 90-day period of such finding. Upon issuance of such notice, the plan shall be treated as if it had been terminated by the corporation under section 442 on the date such notice is issued.

(d) Extension of Time.—The corporation and the plan administrator may agree to extend the 90-day period provided by this section by a written agreement signed by the corporation and the plan administrator before the expiration of the 90-day period. Such agreement shall extend the 90-day period in accordance with the agreement. The 90-day period may be further extended by subsequent written agreements signed by the corporation and the plan administrator made before the expiration of a previously agreed upon extension of the 90-day period. Any extension may be made upon such terms and conditions (including the payment of benefits) as are agreed upon by the corporation and the plan administrator.

(e) Subsequent Insufficiency.—If in terminating the plan as authorized by this section, the plan administrator finds that the plan is unable, or will be unable, to pay when due, benefits guaranteed under section 422 (without regard to section 422(b)(5)) the plan administrator shall notify the corporaion of such finding as soon as practicable thereafter. If the corporation concurs with the finding of the plan administrator, it shall terminate the plan under section 442.

(f) Certain Amendments of Plan.—For purposes of subsection (a), a plan with respect to which benefits are guaranteed under section 422 shall be treated as terminated upon the adoption of an amendment to such plan, if, after giving effect to such amendment, the plan is a plan described in section 421(c)(1).

Sec. 442. Termination by Pension Benefit Guaranty Corporation.

(a) Preliminary Determination.—The corporation may institute proceedings under this section to terminate a plan whenever it determines that—

(1) the plan has not met the minimum funding standard required under section 4971 of the Internal Revenue Code of 1954, or has been notified by the Secretary of the Treasury that a notice of deficiency under section 6212 of such Code has been mailed with respect to the tax imposed under section 4972 (a) of such Code.

(2) the plan is unable to pay benefits when due to the extent guaranteed under section 422 (without regard to section 422(b)(5)),

(3) the reportable event described in section 443(b)(8) has occurred, or

(4) the liability of the corporation may reasonably be expected to increase substantially if the plan is not terminated.

(b) Notice to Plan.—Whenever the corporation makes a determination under subsection (a) with respect to a plan it may, upon notice to the plan, apply to the appropriate United States district court for the appointment of a trustee to administer the plan with respect to which the determination is made pending the issuance of a decree under subsection (c) ordering the termination of the plan. If within 3 business days after the filing of an application under this subsection, or such other period as the court may order, the administrator of the plan shall consent to the appointment of a trustee, or fail to show why a trustee should not be appointed, the court may grant the application and appoint a trustee to administer with plan in accordance with its terms until the corporation determines that the plan should be terminated or that termination is unnecessary.

(c) Application for Decree.—If the corporation has issued a notice under this section to a plan administrator and (whether or not a trustee has been appointed under subsection (b)) has determined that the plan should be terminated, it may, upon notice to the plan administrator, apply to the appropriate United States district court for a decree adjudicating that the plan must be terminated in order to protect the interests of the participants and to avoid any further deterioration of the financial condition of the plan or any further increase in the liability of the fund. Upon granting a decree for which the corporation has applied under this subsection the court shall authorize the trustee appointed under subsection (b) (or appoint a trustee if one has not been appointed under such subsection and authorize him) to terminate the plan in accordance with the provisions of section 444.

(d) Powers and Duties of the Trustee.—

(1) Powers.—

(A) Powers before issuance of decree.—A trustee appointed under subsection (b) shall, until the issuance of a decree under subsection (c), have the power—

(i) to do any act authorized by the plan or this title to be done by the plan administrator or any trustee of the plan;

(ii) to require the transfer of all (or any part) of the assets and records of the plan to himself as trustee.

(iii) to invest any assets of the plan which he holds in accordance with the provisions of the plan and applicable rules of law;

(iv) to limit payment of benefits under the plan to amounts guaranteed by section 422 (without regard to section 422(b)(5)) or to continue payment of some or all of the benefits which were being paid prior to his appointment; and

(v) to do such other acts as he deems necessary to continue operation of the plan without increasing the political liability of the corporation, if such acts may be done under the provisions of the plan.

If the court which application is made under subsection (c) dismisses the application with prejudice, or if the corporation fails to apply for a decree under subsection (c) within 30 days after the date on which the trustee is appointed, the trustee shall transfer all assets and records of the plan held by him to the plan administrator within 3 business days after such dismissal or the expiration of such 30-day period, and shall not be liable to the plan or any other person for his acts as trustee except for willful misconduct.

(B) Powers upon issuance of decree.—If the court to which an application is made under subsection (c) issues the decree requested in such application, the trustee shall have the power—

(i) to pay benefits under the plan in accordance with the provisions of section 444,

(ii) to collect for the plan any amounts due the plan,

(iii) to receive any payment made by the corporation to the plan under this title,

(iv) to commence, prosecute, or defend on behalf of the plan any suit or proceeding involving the plan, other than a suit or proceeding in which the corporation is an adverse party,

(v) to issue, publish, or file such notices, statements, and reports as may be required by the corporation or any order of the court,

(vi) to liquidate the plan assets, and

(vii) to do such other acts as may be necessary to comply with this title or any order of the court and to protect the interests of plan participants and beneficiaries.

(2) Notice to interested parties.—As soon as practicable after his appointment, the trustee shall give notice to interested parties of the institution of proceedings under this title to determine whether the plan should be terminated or to terminate the plan, whichever is applicable. For purposes of this paragraph, the term "interested party" means—

(A) the plan administrator,

(B) each participant in the plan and each beneficiary of a deceased participant, and

(C) each employer who may be subject to liability under section 462.

(3) Duties.—Except to the extent inconsistent with the provisions of this Act, or as may be otherwise ordered by the court, a trustee appointed under this section shall be subject to the same duties as a trustee appointed under section 47 of the Bankruptcy Act.

(e) Effect of Other Pending Actions.—An application by the corporation under this section may be filed notwithstanding the pendency in the same or any other court of any bankruptcy, mortgage foreclosure, or equity receivership proceedings or any proceeding to reorganize, conserve, or liquidate such plan or its property, or any proceeding to enforce a lien against property of the plan.

(f) Executive Jurisdiction Over Plan.—Upon the filing of an application for the appointment of a trustee or the issuance of a decree under this section, the court to which an application is made shall have exclusive jurisdiction of the plan involved and its property wherever located, with the powers, to the extent consistent with the purposes of this section, of a court of bankruptcy and of a court in a proceeding under chapter X of the Bankruptcy Act. Pending an adjudication under subsection (c) such court shall stay, and upon appointment by it of a trustee as provided in this section such court shall continue the stay of, any pending bankruptcy, mortgage foreclosure, equity receivership, or other proceeding to reorganize, conserve or liquidate the plan or its property any other suit against any receiver, conservator, or trustee of the plan or the property. Pending such adjudication and upon the appointment by it of such trustee, the court may stay any proceeding to enforce a lien against property of the plan or any other suit against the plan.

(g) Appropriate Court.—An action under this subsection may be brought in the judicial district where the plan administrator resides or is doing business or where any property of the trust forming a part of the plan is situated. A district court in which such action is brought may issue process with respect to such action in any other judicial district.

Sec. 443. Reportable Events.

(a) Report of Event.—Within 30 days after the occurrence of a reportable event, the plan administrator shall notify the corporation that such event has occurred.

(b) Occurrence of Reportable Event.—For purposes of this section a reportable event occurs—

(1) Loss of qualified or exempt status by trust.—At the time the Secretary of the Treasury issues notice that he has determined that any trust which is a part of the plan and which has previously qualified under section 401(a) of the Internal Revenue Code of 1954, or which the Secretary of the Treasury has previously determined has so qualified, has ceased to so qualify or ceased to be exempt from tax under section 501(a) of such Code;

(2) Loss of qualified status by plan.—At the time the Secretary of the Treasury issues notice that he has determined that a plan which has previously satisfied the requirements of section 404(a)(2) of the Internal Revenue Code of 1954 or which the Secretary of the Treasury has previously determined has satisfied such requirements, has ceased to satisfy such requirements;

(3) Benefit decreased.—At the time an amendment of the plan is adopted if, under the amendment, the benefit payable with respect to any participant may be decreased;

(4) Decrease in participants.—At the time the number of active participants is less than 80 percent of the number of such participants at the beginning of the plan year or less than 75 percent of the number of such participants at the beginning of the previous plan year;

(5) Termination under internal revenue code.—At the time the Secretary of the Treasury determines that there has been a termination or partial termination of the plan or a complete discontinuance of contributions thereunder, within the meaning of section 401(a)(7) of the Internal Revenue Code of 1954;

(6) Failure to meet minimum funding standard.—All the time the plan fails to meet the minimum funding standard under section 4971 of the Internal Revenue Code of 1954;

(7) Plan unable to pay benefits.—At the time a plan is unable to pay benefits thereunder when due; or

(8) Certain distributions.—At the time there is a distribution under a plan to a participant who is an owner-employee (within the meaning of section 401(c)(3) of the Internal Revenue Code of 1954) if such distribution is made other than on account of death or disability, exceeds $10,000, and results in the creation of, or an increase in, unfunded vested liabilities under the plan.

(c) Notification by Secretary of the Treasury.—The Secretary of the Treasury shall notify the corporation whenever he makes a determination described in paragraph (1) or (5) of subsection (b), issues the notice described in paragraph (2) of such subsection, mails a notice of deficiency under section 6212 of the Internal Revenue Code of 1954 to a plan with respect to the tax imposed under section 4972(a) of such Code, or obtains any other information with respect to a plan which constitutes a reportable event.

Sec. 444. Allocation of Assets.

As soon as practicable after the termination of a plan to which section 421 applies, the plan administrator shall allocate the assets of the plan as follows:

(1) Certain employee contributions.—In the case of a plan which provides for employee contributions other than mandatory contributions, the portion of an employee's accrued benefit derived from such employee contributions shall be treated as an accrued benefit derived from contributions under a plan other than a plan to which section 421 applies, and, before applying paragraph (2), assets shall first be allocated to such other plan in accordance with the account balances of the participants in such other plan.

(2) Mandatory contributions.—Assets shall first be allocated to each participant to the extent of his total mandatory contributions. In the event that the assets are insufficient for this purpose, the assets shall be so allocated pro rata.

(3) BENEFITS IN PAY STATUS FOR AT LEAST 3 FULL YEARS.—If the assets of the plan exceed the total amount allocated under paragraphs (1) and (2), the remaining assets shall be allocated to each participant who began to receive payment of benefits not less than 3 years prior to the time the plan terminates to the extent not included in paragraphs (1) and (2) and to the extent of the excess of the present value (as of the date on which the plan terminated) of his benefits (at the level in effect 36 months prior to the date of termination) over his total mandatory contributions under the plan. If the assets of the plan are insufficient for this purpose, the assets remaining after the allocation described in paragraphs (1) and (2) shall be so allocated pro rata.

(4) OTHER GUARANTEED BENEFITS.—If the assets of the plan exceed the total amounts allocated under paragraphs (1), (2), and (3), the remaining assets shall be allocated to each participant to the extent of the present value of all other benefits guaranteed under section 422 (without regard to section 422(b)(5)). If the assets of the plan are insufficient for this purpose, the assets remaining after the allocations described in paragraphs (1) and (2) shall be so allocated pro rata with respect to all such other benefits of each participant.

For purposes of this section, "mandatory contributions" are amounts contributed to the plan by the participant which are required as a condition of employment, as a condition of participation in such plan, or in order to obtain benefits under the plan attributable to employer contributions. For this purpose the total amount of mandatory contributions of a participant is the amount of such contributions reduced (but not below zero) by the sum of the amounts paid or distributed to him under the plan prior to such termination.

SEC. 445. RECAPTURE OF CERTAIN PAYMENTS.

(a) AUTHORITY.—To the extent the Corporation would not otherwise have the power under this title to undertake the action described in this section with respect to a plan, the Corporation shall have such power with respect to any plan which affects interstate commerce. For purposes of this section, a plan affects commerce if a labor dispute concerning the plan would hinder or obstruct commerce or the free flow of commerce.

(b) RECAPTURE.—Except as provided in subsection (c), the Corporation is authorized to recover from a participant the recoverable amount of all payments from the plan to him which commenced within the 3-year period immediately preceding the time the plan is terminated. The recoverable amount is the sum of all payments actually received by the participant reduced by (1) the amounts such participant would have received during such 3-year period if he had elected at the time of the first such payment to receive his interest in the plan as a monthly benefit equivalent to a monthly benefit with no ancillary benefit in the form of a life annuity commencing at age 65 and (2) the present value at the time of termination of the benefits guaranteed under this title to the extent such benefits exceed his pro rata share of the corporation liability (determined under section 461). Such pro rata share shall be determined in accordance with bylaws or rules of the corporation.

(c) SPECIAL RULES.—

(1) CERTAIN DISTRIBUTIONS.—In the event of a distribution described in section 443(b)(8) the 3-year period referred to in subsection (b) shall not commence until the date on which the corporation is notified of the distribution.

(2) NO RECOVERY FOR DEATH OR DISABILITY DISTRIBUTIONS.—The corporation shall not recover any payment made from a plan after or on account of the death of a participant, or on account of his disability (if he is receiving disability benefits under the Social Security Act with respect to that disability).

(3) WAIVER.—The corporation is authorized to waive, in whole or in part, the recovery of any amount which it is authorized to recover under this part in any case in which it determines that substantial economic hardship would result to the participant or his beneficiaries from whom such amount is recoverable.

SEC. 446. REPORT BY CORPORATION.

The corporation shall furnish to the trustee and file with the court a report setting forth—

(1) the amount of benefits payable with respect to each participant under a plan to be terminated,

(2) the amount of benefits guaranteed under section 422 which are payable with respect to each participant in the plan,

(3) the present value, as of the time of termination, of the aggregate amount of benefits payable under section 422 (determined without regard to section 422(b)(5)),

(4) the fair market value of the assets of the plan at the time of termination,

(5) the computations under section 444, and all actuarial assumptions under which the items described in paragraphs (1) through (4) were computed, and

(6) such other information with respect to the plan as the trustee may require in order to terminate the plan.

PART D—LIABILITY

SEC. 461. CORPORATION LIABILITY.

The liability of the corporation with respect to a plan which is terminated under this title shall be equal to the present value, as of the time of termination, of the aggregate amount of benefits guaranteed under section 422 (determined without regard to section 422(b)(5)), to the extent not provided for by the fair market value of the assets of the plan, at such time, allocated in a manner consistent with the requirements of section 444. This amount shall be payable from the fund described in section 403.

SEC. 462. LIABILITY OF EMPLOYER.

(a) EMPLOYERS LIABLE.—This section applies to any employer who maintained a plan (other than a multiemployer plan) at the time it was terminated by the corporation, but does not apply—

(1) to an employer who maintained a plan with respect to which he paid the annual optional premium described in paragraphs (2)(C) and (3)(B) of section 403(b) for each of the 5 plan years immediately preceding the plan year during which the plan terminated unless the employer remains in business (as defined in subsection (f)), or

(2) to the extent of any liability arising out of the insolvency of a qualified insurance carrier (as defined in section 301(4) of this Act).

(b) AMOUNT OF LIABILITY.—Any employer to which this section applies shall be liable to the Corporation, in an amount equal to the lesser of—

(1) the amount finally determined under section 461, or

(2) 30 percent of the net worth of such employer determined as of the day 120 days prior to the date of termination, without regard to any liability under this section.

(c) NET WORTH.—For purposes of subsection (b)(2) the net worth of an employer means—

(1) in the case of a corporation whose stock is traded on a national exchange, the aggregate value of such corporation's stock, and

(2) in the case of any other employer, the fair market value of its assets less its liabilities determined in a manner consistent with section 2031 of the Internal Revenue Code of 1954.

(d) SUBORDINATION OF DEBT.—If any employer or employers liable to the corporation under this section or section 464 neglects or refuses to repay, after demand, the amount of such liability (including the interest) there shall be a lien in favor of the United States upon all property and rights of property, whether real or personal, belonging to such employer or employers, against the interest of any other creditor of such employer or employers, other than a lien under section 6321 or 6324 of the Internal Revenue Code of 1954 (relating to lien for taxes), or a lien or other security interest perfecting not later than 30 days after termination securing an obligation incurred by such employer or employers prior to termination. Notwithstanding the provisions of the preceding sentence, if the corporation determines, with the consent of the board of directors, that subordination of the lien to any other creditor of the employer or employers would not adversely affect the collection of such liability, or that the amount realizable by the corporation from the property to which the lien attaches will ultimately be increased by such subordination, and that the ultimate collection of the liability will be facilitated by such subordination, and the corporation issues a certificate of subordination of the lien with respect to such property, or any part thereof.

(e) SUCCESSOR LIABILITY.—For purposes of this section the following rules apply in the case of certain corporation reorganizations—

(1) CHANGE IN IDENTITY, ETC.—If an employer ceases to exist by reason of a reorganization which involves a mere change in identify, form, or place of organization, however effected, a successor corporation resulting from such reorganization shall be treated as the employer to whom this section applies.

(2) LIQUIDATION INTO PARENT.—If an employer ceases to exist by reason of a liquidation into a parent corporation, the parent corporation shall be treated as the employer to whom this section applies.

(3) REORGANIZATION.—If an employer ceases to exist by reason of a merger or consolidation, the successor corporation shall be treated as the employer to whom this section applies.

(f) REMAINING IN BUSINESS.—For purposes of subsection (a), an employer shall be considered to remain in business if, during the plan year within which the plan terminates or the 36-month period following the date of termination, the employer—

(1) is a party to a reorganization described in subsection (e), or

(2) continues to carry on the same business as, or a business similar to, the business in connection with which he maintained the plan which was terminated, without regard to whether he continues to carry on such business at the same location or at a different location.

For purposes of paragraph (2), in the case of a business in which sales are the primary income producing factors, if an employer's gross sales during the year of plan termination or during the 12-month period following the date of termination in such business are less than 25 percent of his average gross sales in such business for the 3 years immediately preceding that year, the employer shall not be considered to have remained in business.

(g) TERMINATION OF SUBSTANTIAL FACILITY.—If an employer ceases operations at a facility in any location and, as a result of such cessation of operations, more than 20 percent of the total number of his employees who are participants under a plan established and maintained by him are separated from employment the employer shall be treated with respect to that plan as if he were a substantial employer under a multiemployer plan and the provisions of sections 463 and 464 shall apply.

Sec. 463. Liability of Substantial Employer for Withdrawal

(a) General Rule.—Except as provided in subsection (d), the plan administrator of a multiemployer plan—

(1) shall notify the corporation of the withdrawal of a substantial employer from the plan, within 60 days after such withdrawal, and

(2) request that the corporation determine the liability of such employer under this title with respect to such withdrawal.

The corporation shall, as soon as practical thereafter, determine whether such employer is liable for any amount under this title with respect to the withdrawal and notify such employer of such liability.

(b) Liability of Employer.—Except as provided in subsection (c) an employer who withdraws from a plan to which section 421 applies, during a plan year for which he was a substantial employer, and who is notified by the corporation as provided by subsection (a), shall be liable to the corporation in accordance with the provisions of section 461 (without regard to the provisions of paragraphs (1) and (2) of section 462(a)) and this section. The amount of such employer's liability shall be computed on the basis of an amount determined by the corporation to be the amount described in section 461 for the entire plan, as if the plan had been terminated by the corporation on the date of the employer's withdrawal, multiplied by a fraction—

(1) the numerator of which is the total amount contributed to the plan by such employer for the last 5 years ending prior to the withdrawal, and

(2) the denominator of which is the total amount contributed to the plan by all employers for such last 5 years.

Any amount collected by the corporation under this subsection shall be held in escrow subject to disposition in accordance with the provisions (2) and (3) of subsection (c).

(c) Special Rule.—

(1) Furnishing of bond.—In lieu of payment of his liability under this section the employer may be required to furnish a bond to the corporation in an amount not exceeding 150 percent of his liability to insure payment of his liability under this section. Such bond shall be in such form and with such surety or sureties and upon such conditions as the corporation may require.

(2) No termination within 5-year period.—If the plan is not terminated within the 5-year period commencing on the day of withdrawal, the liability of such employer shall be abated and any payment held in escrow shall be refunded without interest to the employer (or his bond canceled) in accordance with bylaws or rules prescribed by the corporation.

(3) Termination within 5-year period.—If the plan terminates within the 5-year period commencing on the day of withdrawal, the corporation shall—

(A) demand payment or realize on the bond and hold such amount in escrow for the benefit of the plan;

(B) treat any escrowed payments under this section as if they were plan assets and apply them in a manner consistent with this title; and

(C) refund any amount to the employer which is not required to meet any obligation of the corporation with respect to the law.

(d) Alternative Procedure.—The provisions of this subsection shall apply in the case of a withdrawal described in subsection (a), and the provisions of subsections (b) and (c) shall not apply, if the corporation determines that the procedure provided for under this subsection is consistent with the purposes of this section and section 464 and is more appropriate in the particular case. Upon a showing by the plan administrator of a multiemployer plan that the withdrawal from the plan by any employer or employers has resulted, or will result, in a significant reduction in the amount of aggregate contributions to or under the plan by employers, the corporation may—

(1) require the plan fund to be equitably allocated between those participants no longer working in covered service under the plan as a result of their employer's withdrawal, and those participants who remain in covered service under the plan;

(2) treat that portion of the plan fund allocable under paragraph (1) to participants no longer in covered service as a termination; and

(3) treat that portion of the plan fund allocable to participants remaining in covered service as a new plan.

(e) No Withdrawal Liability Under Alternative Procedure.—The corporation is authorized to waive the application of the provisions of subsections (b), (c), and (d) of this section to any employer or plan administrator whenever it determines that there is an indemnity agreement in effect among all other employers under the plan which is adequate to satisfy the purposes of this section and of section 464.

(f) Rules.—The corporation is authorized to prescribe rules as it deems necessary in order to implement the purposes of this section.

Sec. 464. Liability of Employers on Termination of Multiemployer Plan.

(a) Application of Section.—This section shall apply to all employers who maintain a multiemployer plan at the time such plan is terminated.

(b) Liability of Such Employer.—The corporation shall determine the liability of each such employer in a manner consistent with section 462 except that the amount of the liability determined under section 462(b)(1) with respect to the entire plan shall be allocated to each employer by multiplying such amount by a fraction—

(1) the numerator of which is the amount contributed to the plan by each employer for the last 5 plan years ending prior to the termination, and

(2) the denominator of which is the total amount contributed to the plan by all such employers for such last 5 years.

and the limitation described in section 462 (b)(2) shall be applied separately to each employer.

Sec. 465. Annual Report of Plan Administrator.

For each plan year for which section 421 applies to a plan, the plan administrator shall file with the corporation, on a form prescribed by the corporation, an annual report which identifies the plan and plan administrator and which includes—

(1) a copy of each notification, required under section 463 with respect to such year, and

(2) a statement disclosing whether any reportable event (described in section 443(b)) occurred during the plan year.

The report shall be filed within 6 months after the close of the plan year to which it relates.

Sec. 466. Annual Notification to Substantial Employers.

The plan administrator of each multiemployer plan shall notify, within 6 months after the close of each plan year, any employer making contributions under that plan who is described in section 401(a)(2)(A) that he is a substantial employer for that year.

Sec. 467. Recovery of Employer Liability for Plan Termination.

(a) Collection.—The corporation is authorized to make arrangements with employers, liable under section 462, 463, or 464 for payment of their liability, including arrangements for deferred payment on such terms and for such periods as the corporation deems equitable and appropriate.

(b) Disposition of Employer Liability Payments.—Any amounts received by the corporation as payments of employer liability under this part may be retained by it and used to defray operating and administrative expenses.

Part E—Amendments to Internal Revenue Code of 1954; Effective Dates

Sec. 481. Amendments to Internal Revenue Code of 1954.

(a) Section 401(a).—Section 401(a) (relating to requirements for qualification) is amended by inserting at the end thereof the following new paragraphs:

"(14) In the case of a plan which is required to register with the Secretary or his delegate under the provisions of section 151 of the Retirement Income Security for Employees Act, a trust forming part of such plan shall not constitute a qualified trust under this section unless the plan is so registered.

"(15) In the case of a plan which is required to provide for determination of disputes under the provisions of part A of title VI of the Retirement Income Security for Employees Act, a trust forming a part of such plan shall not constitute a qualified trust under this section unless the plan so provides.

"(16) In the case of a plan to which section 421 of the Retirement Income Security for Employees Act, a trust forming a part of such plan shall not constitute a qualified trust under this section unless the plan provides for the maintenance of insurance under title IV of such Act.

"(17) A trust shall not constitute a qualified trust under this section unless the plan of which it is a part provides that, unless the participant and his employer agree otherwise in writing, the payment of benefits under the plan to which section 411 applies will commence not later than the later of the thirtieth day after—

"(A) the date on which the participant attains the age of 65 years, or

"(B) the date on which the participant completes 10 years of participation in the plan.".

(b) Section 162.—Section 162 (relating to trade or business expenses) is amended by redesignating subsection (h) as (i) and inserting after subsection (g) the following new subsection:

"(h) Insured Pension Losses.—No deductions shall be allowed under subsection (a) for any payment to the Pension Benefit Guaranty Corporation with respect to liability for a plan termination.".

(c) Section 4981.—Subtitle D (relating to miscellaneous excise taxes) is amended by adding at the end thereof the following new chapter:

"Chapter 45—CERTAIN GUARANTEED BENEFIT PLANS

"Sec. 4981. Excise tax on privilege of maintaining insured plan.

"Sec. 4981 Excise Tax on Privilege of Maintaining Insured Plan.

"(a) Imposition of Tax.—There is hereby imposed on the privilege of maintaining a plan insured under the provisions of title IV of the Retirement Income Security for Employees Act a tax determined under subsection (b) for any plan year during which section 421 of such Act applies at any time.

"(b) Rate of Tax.—

"(1) In general.—Except as provided in paragraph (2), the rate of tax for a plan year shall be equal to the rate contained in the coverage schedule in effect for that plan year under subparagraph (A) (in the case of a plan which is not a multiemployer plan) or subparagraph (B) (in the case of a multiemployer plan) of section 403(c)(2) of the Retirement Income Security for Employees Act.

"(2) Alternate tax.—In the case of a taxpayer to which subparagraph (C) (in the case of a plan which is not a multiemployer plan) or subparagraph (D) (in the case of a multiemployer plan) of section 403(c)(2) of the Retirement Income Security for Employees Act applies, the rate of tax for a plan year shall be equal to the rate contained in the coverage schedule in effect for that plan year under such subparagraph.

"(c) By Whom Payable.—The tax imposed under subsection (a) shall be paid by the administrator (as defined in section 3(15) of the Welfare and Pension Plans Disclosure Act) of a plan.

"(d) Exception.—This section shall not apply with respect to a plan year in which the plan terminates under section 441 or 442 of the Retirement Income Security for Employees Act.

"(e) Definition of Multiemployer Plan.—The term 'multiemployer plan' means a plan described in section 401(3) of the Retirement Income Security for Employees Act.

"(f) Cross Reference.—

"For penalties and other general and administrative provisions applicable to this section, see subtitle F.".

(d) Amendment of Section 6511.—Section 6511(d) (relating to special rules applicable to income taxes) is amended by adding at the end thereof the following new paragraph:

"(8) Special period of limitation with respect to amounts included in income subsequently recaptured under qualified plan termination.—If the claim for credit or refund relates to an overpayment of tax imposed by subtitle A on account of the recapture, under section 445 of the Retirement Income Security for Employees Act, of amounts included in income for a prior taxable year, the 3-year period of limitation prescribed in subsection (a) shall be extended until the date which occurs one year after the date on which such recaptured amount is paid by the taxpayer.".

(e) Conforming Amendments.—

(1) Section 404(a)(2) (relating to deduction for contributions of an employer to employees' annuity plan) is amended by striking out "and (8), and if applicable, the requirements of section 401(a) (9) and (10) and of section 401(d) (other than paragraph (1))," and inserting in lieu thereof "(8), (11), (12), (13), (14), (15), and (16), and, if applicable, the requirements of section 401 (a) (9) and (10), of section 401 (c)(6), and of section 401(d) (other than paragraph (1)),".

(2) Section 805(d)(1)(C) (relating to definition of pension plan reserves) is amended by striking out "and (8)" and inserting in lieu thereof "(8), (11), (12), (13), (14), (15), and (16)".

(f) Clerical Amendment.—The table of chapters for subtitle D is amended by adding at the end thereof the following new item:

"Chapter 45. Certain guaranteed benefit plans.".

Sec. 482. Effective Dates.

(a) In General.—Except as provided in subsections (b) and (c), this title shall take effect on the date of enactment of this Act.

(b) Privilege Tax.—The amendments made by section 481 shall apply with respect to plan years and taxable years beginning after December 31, 1973.

(c) Terminations; Liability.—Part C and part D shall apply with respect to plan years beginning after December 31, 1976, unless the corporation determines that moneys in the fund are sufficient to enable it to meet its liability under section 461 with respect to terminations occurring before that date.

Part F—Allocation of Assets Where Section 444 Does not Apply

Sec. 491. Allocation of Assets for Plan Terminations not Covered.

(a) In General.—If a plan to which this title applies is terminated and the provisions of section 444 do not apply to that termination, the administrator of the plan shall allocate the assets of the plan in accordance with the provisions of that section (without regard to the 3-year pay status for benefits rule of paragraph (3)).

(b) Application of Section.—The provisions of subsection (a) shall apply with respect to the termination of any plan other than a plan which is in existence on the date of enactment of this Act and with respect to which there is in effect on such date a written provision governing allocation of assets under the plan upon termination.

TITLE V—DISCLOSURE AND FIDUCIARY STANDARDS

Part A—Disclosure

AUTHORITY TO ISSUE REGULATIONS

Sec. 501. (a) The Secretary of Labor shall have authority to issue such rules and regulations as are necessary to implement the provisions of this Act and the Welfare and Pension Plans Disclosure Act.

(b) In order to avoid unnecessary expenses and duplication of functions among government agencies the Secretary may make such arrangements or agreements for cooperation or mutual assistance in the performance of his functions under this Act and the Welfare and Pension Plans Disclosure Act and the functions of any agency, Federal or State, as he may find to be practicable and consistent with law. The Secretary may utilize on a reimbursable or other basis the facilities or services of any department, agency, or establishment of the United States or of any State including services of any of its employees with the lawful consent of such department, agency, or establishment; and each department, agency, or establishment of the United States is authorized and directed to cooperate with the Secretary and to the extent permitted by law to provide such information and facilities as the Secretary may request for his assistance in the performance of his functions under this Act.

AMENDMENT TO WELFARE AND PENSION PLANS DISCLOSURE ACT

Sec. 502. (a) Section 3 of the Welfare and Pension Plan Disclosure Act (72 Stat. 997) is amended by adding at the end thereof the following new paragraphs:

"(14) The term 'relative' means a spouse, ancestor, descendant, brother, sister, son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law, or sister-in-law.

"(15) The term 'administrator' means—

"(A) the person specifically so designated by the terms of the plan, collective bargaining agreement, trust agreement, contract, or other instrument, under which the plan is operated; or

"(B) in the absence of such designation (i) the employer in the case of an employee benefit plan established or maintained by a single employer, (ii) the employee organization in the case of a plan established or maintained by an employee organization, or (iii) the association, committee, joint board of trustees, or other similar group of representatives of the parties who established or maintained the plan, in the case of a plan established or maintained by two or more employers or jointly by one or more employers and one or more employee organizations.

"(16) The term 'employee benefit plan' or 'plan' means an employee welfare benefit plan or an employee pension benefit plan or a plan providing both welfare and pension benefits.

"(17) The term 'employee benefit fund' or 'fund' means a fund of money or other assets maintained pursuant to or in connection with an employee benefit plan and includes employee contributions withheld but not yet paid to the plan by the employer. The term does not include: (A) any assets of an investment company subject to regulation under the Investment Company Act of 1940; (B) premium, subscription charges, or deposits received and retained by an insurance carrier or service or other organization, except for any separate account established or maintained by an insurance carrier.

"(18) The term 'separate account' means an account established or maintained by an insurance company under which income, gains, and losses, whether or not realized, from assets allocated to such account, are, in accordance with the applicable contract, credited to or charged against such account without regard to other income, gains, or losses of the insurance company.

"(19) The term 'adequate consideration' when used in section 15 means either (A) at no more than the price of the security prevailing on a national securities exchange which is registered with the Securities and Exchange Commission, or (B) if the security is not traded on such a national securities exchange, at a price not less favorable to the fund than the offering price for the security as established by the current bid and asked prices quoted by persons independent of the issuer, or (C) if the price of the security is not quoted by persons independent of the issuer, a price determined to be the fair value of the security.

"(20) The term 'nonforfeitable pension benefit' means a legal claim obtained by a participant or his beneficiary to that part of an immediate or deferred pension benefit which, notwithstanding any conditions subsequent which would affect receipt of any benefit flowing from such right, arises from the participant's covered service under the plan and is no longer contingent on the participant remaining covered by the plan.

"(21) The term 'covered service' means that period of service performed by a participant for an employer or as a member of an employee organization which is recognized under the terms of the plan or the collective-bargaining agreement (subject to the requirements of the Retirement Income Security for Employees Act), for purposes of determining a participant's eligibility to receive pension benefits or for determining the amount of such benefits.

"(22) The term 'pension benefit' means the aggregate, annual, monthly, or other amounts to which a participant has or will become entitled upon retirement or to which any other person is entitled by virtue of such participant's death.

"(23) The term 'accrued portion of normal retirement benefit' means that amount of such benefit which, irrespective of whether the right to such benefit is nonforfeitable, is equal to—

"(A) in the case of a profit-sharing-retirement plan or money purchase plan, the total amount credited to the account of a participant;

"(B) in the case of a unit benefit-type pension plan, the benefit units credited to a participant; or

"(C) in the case of other types of pension plans, that portion of the prospective normal, retirement benefit of a participant that, pursuant to rule or regulation under the Retirement Income Security for Employees Act, is determined to constitute the participant's accrued portion of the normal retirement benefit under the terms of the appropriate plan.

"(24) the term 'security' means any note, stock, treasury stock, bond, debenture, evidence of indebtedness, certificate of interest or participation in any profit-sharing agreement, collateral-trust certificate, preorganization certificate or subscription, transferable share, investment contract, voting-trust certificate, certificate of deposit for a security, fractional undivided interest in, or, in general, any interest or instrument commonly known as a security, or any certificate of interest or participation in, temporary or interim certificate for, receipt for, guarantee of, or warrant or right to subscribe to or purchase, any of the foregoing.

"(25) The term 'fiduciary' means any person who exercises any power of control, management, or disposition with respect to any moneys or other property of any employee benefit fund, or has authority or responsibility to do so.

"(26) The term 'market value' or 'value' when used in this Act means fair market value where available, and otherwise the fair value as determined pursuant to rule or regulation under this Act.".

(b) Paragraph (1) of section 3 of such Act is amended by inserting the words "or maintained" after the word "established", by inserting a comma after the word "unemployment", and by adding the following: or benefits of the type described or permitted by section 302(c) of the Labor Management Relations Act".

(c) Paragraph (2) of section 3 of such Act is amended by inserting the words "or maintained" after the word "established".

(d) Paragraph (3) of section 3 of such Act is amended by inserting the words "or "plan" the first time it appears and inserting in lieu thereof the word "program".

(e) Paragraphs (3), (4), (6), and (7) of section 3 of such Act are amended by striking out the words "welfare or pension" wherever they appear.

(f) Paragraph (13) of section 3 of such Act is amended to read as follows:

"(13) The term 'party in interest' means as to an employee benefit plan or fund, any administrator, officer, fiduciary, trustee, custodian, counsel, or employee of any employee benefit plan, or a person providing benefit plan services to any such plan, or an employer, any of whose employees are covered by such a plan or any person controlling, controlled by, or under common control with, controlling, controlled by, or under common control with, such employer or officer or employee or agent of such employer or such person, or an employee organization having members covered by such plan, or an officer or employee or agent of such an employee organization, or a relative, partner, or joint venturer or any of the above-described persons. Whenever the term 'party in interest' is used in this Act, it shall mean a person known or should have been known to be a party in interest. If any moneys or other property of an employee benefit fund are invested in shares of an investment company registered under the Investment Company Act of 1940, such investment shall not cause such investment company or such investment company's investment adviser or principal underwriter to be deemed to be a 'fiduciary' or a 'party in interest' as those terms are defined in this Act, except insofar as such investment company or its investment adviser or principal underwriter acts in connection with an employee benefit fund established or maintained pursuant to an employee benefit plan covering employees of the investment company, the investment adviser, or its principal underwriter. Nothing contained herein shall limit the duties imposed on such investment company, investment adviser, or principal underwriter by any other provision of law.".

(g) Section 4(a) of the Welfare and Pension Plans Disclosure Act is amended by striking out the words "welfare or pension", "or employers", and "or organizations" wherever they appear.

(h) Paragraph (3) of section 4(b) of such Act is amended to read as follows:

"(3) Such plan is administered by a religious organization described under section 501(c) of the Internal Revenue Code of 1954 which is exempt from taxation under the provisions of section 501(a) of such Code;"

(i) Section 4(b)(4) of such Act is repealed.

(j) Section 4(b) of such Act is further amended by adding at the end thereof the following new paragraph:

"(5) Such plan is established or maintained outside the United States primarily for the benefit of employees who are not citizens of the United States and the situs of the employee benefit plan fund established or maintained pursuant to such plan is maintained outside the United States."

(k) Section 5(b) of the Welfare and Pension Plans Disclosure Act is amended to read as follows:

"(b) The Secretary may require the filing of special terminal reports on behalf of an employee benefit plan which is winding up its affairs (whether or not the plan has terminated), including any period during which the plan has moneys or other assets remaining and for one hundred and fifty days thereafter. Such reports may be required to be filed regardless of the number of participants remaining in the plan and shall be in such form and filed in such manner as the Secretary may prescribe."

(l) Section 5 of such Act is further amended by adding at the end thereof the following new subsection:

"(c) The Secretary may by regulation, as to any class or type of employee benefit plans—

"(1) grant an exemption from all or part of the reporting, disclosure, and publication requirements of this Act; or

"(2) provide a variance in the form or manner of reporting, disclosure and publication required by this Act; or both,

if he finds that the exemption or variance is necessary or appropriate and consistent with the purposes of this Act. Any such exemption or variance may be granted on such conditions as the Secretary may deem appropriate. The Secretary shall prescribe by general rule simplified reports for plans which cover less than 100 participants and which maintain an employee benefit fund with less than $100,000 in assets, except that nothing contained herein shall preclude the Secretary from requiring any information or data from such plans where he finds such data or information necessary to carry out the purposes of this Act nor shall the Secretary be precluded from revoking provisions for simplified forms for any such plan if he finds it necessary to do so in order to carry out the objectives of this Act.".

(m) Section 6 of the Welfare and Pension Plans Disclosure Act is amended to read as follows:

"SEC. 6. (a) A description of any employee benefit plan shall be published as required herein within ninety days after the establishment of such plan or when such plan becomes subject to this Act.

"(b) The description of the plan shall be comprehensive, written in a manner calculated to be understood by the average participant, and shall include the name and types of administration of the plan; the name and address of the administrator; the names and addresses of any person or persons responsible for the management or investment of plan funds; the schedule of benefits; a description of the provisions providing for vested benefits; the source of the financing of the plan and identity of any organization through which benefits are provided; whether records of the plan are kept on a calendar year basis, or on a policy or other fiscal year basis, and if on the latter basis, the date of the end of such policy or fiscal year; the procedures to be followed in presenting claims for benefits under the plan and the remedies available under the plan for the redress of claims which are denied in whole or in part. Amendments to the plan reflecting changes in the data and information included in the original plan, other than data and information also required to be included in annual reports under section 7, shall be included in the description on and after the effective date of such amendments. Any change in the information required by this subsection shall be reported in accordance with regulations prescribed by the Secretary.".

(n) Subsection (a) of section 7 of the Welfare and Pension Plans Disclosure Act is amended by adding the number "(1)" after the letter "(a)", and by striking out that part of the first sentence which precedes the word "if" the first time it appears and inserting in lieu thereof the words "An annual report shall be published with respect to any employee benefit plan if the plan provides for an employee benefit fund subject to section 15 of this Act or".

(o) Section 7(a)(1) of such Act is further amended by striking out the word "investigation" and inserting in lieu thereof the words "notice and opportunity to be heard", by striking out the words "year (or if" and inserting in lieu thereof the words "policy or fiscal year on which", adding a period after the word "kept", and striking out all the words following the word "kept".

(p) Section 7(a) of such Act is further amended by adding the following paragraphs:

"(2) If some or all of the benefits under the plan are provided by an insurance carrier or service or other organization, such carrier organization shall certify to the administrator of such plan, within one hundred and twenty days after the end of each calendar policy, or other fiscal year, as the case may be, such information as determined by the Secretary to be necessary to enable such administrator to comply with the requirements of this Act.

"(3) The administrator of an employee benefit plan shall cause an audit to be made annually of the employee benefit fund established in connection with or pursuant to the provisions of the plan. Such audit shall be conducted subject to regulations of the Secretary and in accordance with generally accepted standards of auditing by an independent certified or licensed public accountant, but nothing herein shall be construed to require such an audit of the books or records of any bank, insurance company, or other institution providing insurance, investment, or related function for the plan, if such books or records are subject to periodic examination by any agency of the Federal Government or the government of any State. The auditor's opinion and comments with respect to the financial information required to be furnished in the annual report by the plan administrator shall form a part of such report.".

(q) Sections 7 (b) and (c) of such Act are amended to read as follows:

"(b) A report under this section shall include—

"(1) the amount contributed by each employer; the amount contributed by the employees; the amount of benefits paid or otherwise furnished; the number of employees covered; a statement of assets, liabilities, receipts, and disbursements of the plan; a detailed statement of the salaries and fees and commissions charged to the plan, to whom paid, in what amount, and for what purposes; the name and address of each fiduciary, his official position with respect to the plan, his relationship to the employer of the employees covered by the plan, or the employee organization, and any other office, position, or employment he holds with any party in interest;

"(2) a schedule of all investments of the fund showing as of the end of the fiscal year:

"(A) the aggregate cost and aggregate value of each security, by issuer,

"(B) the aggregate cost and aggregate value, by type or category, of all other investments, and separately identifying (i) each investment, the value of which exceeds 3 per centum of the value of the fund and (ii) each investment in securities or properties of any person known to be a party in interest;

"(3) a schedule showing the aggregate amount, by type of security, of all purchases, sales, redemptions, and exchanges of securities made during the reporting period; a list of the issuers of such securities. and in addition, a schedule showing, as to each separate transaction with or without respect to securities issued by any person known to be a party in interest, the issuer, the type and class of security, the quantity involved in the transaction, the gross purchase price, and in the case of a sale, redemption, or exchange, the gross and net proceeds (including a description and the value of any consideration other than money) and the net gain or loss, except that such schedule shall not include distribution of stock or other distributions in kind from profit-sharing or similar plans to participants separated from the plan;

"(4) a schedule of purchases, sales, or exchanges during the year covered by the report of investment assets other than securities—

"(A) by type or category of asset the aggregate amount of purchases, sales, and exchanges; the aggregate expenses incurred in connection therewith; and the aggregate net gain (or loss) no sales, and

"(B) for each transaction involving a person known to be a party in interest and for each transaction involving over 3 per centum of the fund, an indication of each asset purchased, sold, or exchanged (and, in the case of fixed assets such as land, buildings, and leaseholds, the location of the asset); purchase or seling price; expenses incurred in connection with the purchase, sale, or exchange; the cost of the asset and the net gain (or loss) on each sale; the identity of the seller in the case of a purchase, or the identity of the purchaser in the case of a sale, and his relationship to the plan, the employer, or any employee organization;

"(5) a schedule of all loans made from the fund during the reporting year or outstanding at the end of the year, and a schedule of principal and interest payments received by the fund during the reporting year, aggregated in each case by type of loan, and in addition, a separate schedule showing as to each loan which—

"(A) was made to a party in interest, or

"(B) was in default, or

"(C) was written off during the year as uncollectable, or

"(D) exceeded 3 per centum of the value of the fund,

the original principal amount of the loan, the amount of principal and interest received during the reporting year, the unpaid balance, the identity and address of the loan obligor, a detailed description of the loan (including date of making and maturity, interest rate, the type and value of collateral, and the material terms), the amount of principal and interest overdue (if any) and as to loans written off as uncollectable an explanation thereof;

"(6) a list of all leases with—

"(A) persons other than parties in interest who are in default, and

"(B) any party in interest,

including information as to the type of property leased (and, in the case of fixed assets such as land, buildings, leaseholds, and so forth, the location of the property), the identify of the lessor or lessee from or to whom the plan is leasing, the relationship of such lessors and lesees, if any, to the plan, the employer, employee organization, or any other party in interest, the terms of the lease regarding rent, taxes, insurance, repairs, expenses, and renewal options; if property is leased from persons described in (B) the amount of rental and other expenses paid during the reporting year; and if property is leased to persons described in (A) or (B), the date the leased property was purchased and its cost, the date the property was leased and its approximate value at such date, the gross rental receipts during the reporting period, the expenses paid for the leased property during the reporting period, the net receipt from the lease, and with respect to any such leases in default, their identify, the amounts in arrears, and a statement as to what steps have been taken to collect amounts due or otherwise remedy the default;

"(7) a detailed list of purchases, sales, exchanges, or any other transactions with any party in interest made during the year, including information as to the asset involved, the price, any expenses connected with the transaction, the cost of the asset, the proceeds, the net gain or loss, the identity of the other party to the transaction and his relationship to the plan;

"(8) subject to rules of the Secretary designed to preclude the filing of duplicate or unnecessary statements, if some or all of the assets of a plan or plans are held in a common or collective trust maintained by a bank or similar institution or in a separate account maintained by an insurance carrier, the report shall include a statement of assets and liabilities and a statement of receipts and disbursements of such common or collective trust or separate account and such of the information required under paragraphs (2), (3), (4), (5), (6), and (7) of section 7(b) with respect to such common or collective trust or separate account as the Secretary may determine appropriate by regulation. In such case the bank or similar institution or insurance carrier shall certify to the administrator of such plan or plans, within one hundred and twenty days after the end of each calendar, policy, or other fiscal year, as the case may be, the information determined by the Secretary to be necessary to enable the plan administrator to comply with the requirements of this Act; and

"(9) in addition to reporting the information called for by this subsection, the administrator may elect to furnish other information as to investment or reinvestment of the fund as additional disclosures to the Secretary.

"(c) If the only assets from which claims against an employee benefit plan may be paid are the general assets of the employer or the employee organization, the report shall include (for each of the past five years) the benefits paid and the average number of employees eligible for participation."

(r) Section 7(d) of such Act is amended by striking out the capital "T" in the word "The" the first time it appears in paragraphs (1) and (2) and inserting in lieu thereof a lowercase "t".

(s) Section 7(e) of such Act is amended to read as follows:

"(e) Every employee pension benefit plan shall include with its annual report (to the extent applicable) the following information:

"(1) the type and basis of funding,

"(2) the number of participants, both retired and nonretired, covered by the plan,

"(3) the amount of all reserves or net assets accumulated under the plan,

"(4) the present value of all liabilities for all nonforfeitable pension benefits and the present value of all other accrued liabilities.

"(5) the ratios of the market value of the reserves and assets described in (3) above to the liabilities described in (4) above,

"(6) a copy of the most recent actuarial report, and

"(A)(i) the actuarial assumptions used in computing the contributions to a trust or payments under an insurance contract, (ii) the actuarial assumptions used in determining the level of benefits, and (iii) the actuarial assumptions used in connection with the other information required to be furnished under this subsection, insofar as any such actuarial assumptions are not included in the most recent actuarial report,

"(B)(i) if there is no such report, or (ii) if any of the actuarial assumptions employed in the annual report differ from those in the most recent actuarial report, or (iii) if different actuarial assumptions are used for computing contributions or payments than are used for any other purpose, a statement explaining same; and

"(7) such other reasonable information pertinent to disclosure under this subsection as the Secretary may by regulation prescribe.

(t) Section 7 of such Act is further amended by striking out in their entirety subsections (f), (g), and (h).

ANNUAL REPORTS

SEC. 503. (a) Section 8 of the Welfare and Pension Plans Disclosure Act is amended by striking out subsections (a) and (b) in their entirety and by redesignating subsection (c) as subsection (a). The subsection redesignated as subsection (a) is further amended by striking out the words "of plans" after the word "descriptions", striking out the word "the" before the word "annual" and adding the word "plan" before the word "descriptions".

(b) Such section is further amended by adding subsections (b), (c), (d), and (e), to read as follows:

"(b) The administrator of any employee benefit plan subject to this Act shall file with the Secretary a copy of the plan description and each annual report. The administrator shall also furnish to the Secretary, upon request, any documents relating to the employee benefit plan, including but not limited to the bargaining agreement, trust agreement, contract, or other instrument under which the plan is established or operated, and any document so furnished shall be available for public inspection by the Secretary.

"(c) Publication of the plan descriptions and annual reports required by this Act shall be made to participants and beneficiaries of the particular plan as follows:

"(1) the administrator shall make copies of the plan description (including all amendments or modifications thereto) and the latest annual report and the bargaining agreement, trust agreement contract, or other instrument under which the plan was established or is operated available for examination by any plan participant or beneficiary in the principal office of the administrator;

"(2) the administrator shall furnish to any plan participant or beneficiary so requesting in writing a fair summary of the latest annual report;

"(3) the administrator shall furnish or make available, whichever is most practicable: (1) to every participant upon his enrollment in the plan and within one hundred and twenty days after each major amendment to the plan, a summary of the plan's important provisions, including the names and addresses of any person or persons responsible for the management or investment of plan funds, and requirements of the amendment, whichever is applicable, written in a manner calculated to be understood by the average participant; such explanation shall include a description of the benefits available to the participant under the plan and circumstances which may result in disqualification or ineligibility, and the requirements of the Welfare and Pension Plans Disclosure Act with respect to the availability of copies of the plan bargaining agreement, trust agreement, contract or other instrument under which the plan is established or operated; and (ii) to every participant every three years (commencing January 1, 1975), a revised up-to-date summary of the plan's important provisions and major amendments thereto, written in a manner calculated to be understood by the average participant; and (iii) to each plan participant or beneficiary so requesting in writing a complete copy of the plan description (including all amendments or modifications thereto) or a complete copy of the latest annual report, or both. He shall in the same way furnish a complete copy of any bargaining agreement, trust agreement, contract, or other instrument under which the plan is established or operated. In accordance with regulations of the Secretary, an administrator may make a reasonable charge to cover the cost of furnishing such complete copies.

"(d) The Administrator of an employee pension benefit plan shall furnish to any plan participant or beneficiary so requesting in writing a statement indicating, on the basis of the latest information available, (1) whether or not such person has a nonforfeitable right to a pension benefit, (2) the nonforfeitable pension benefits, if any, which have accrued or the earliest date on which benefits will become nonforfeitable, and (3) the total pension benefits accrued.

"(e) In the event a plan is provided a variance with respect to standards of vesting, funding, or both, pursuant to title II of the Retirement Income Security for Employees Act, the administrator shall furnish or make available, whichever is most practicable, notice of such action to each participant in a manner calculated to be understood by the average participant, and in such form and detail and for such periods as may be prescribed by the Secretary.".

INVESTIGATIONS

SEC. 504. (a) Section 9(d) of the Welfare and Pension Plans Disclosure Act is amended to read as follows:

"(d) The Secretary may make appropriate investigations when he believes it necessary in order to determine whether any person has violated or is about to violate any provision of this Act or the Welfare and Pension Plans Disclosure Act and in connection therewith he may require the filing of (1) any instruments under which the plan is and has been operated, and (2) supporting schedules of the financial information required to be furnished under either Act and may enter such places, inspect such records and accounts, and question such persons as he may deem necessary to enable him to determine the facts relative to such investigation, except that no periodic examination of the books and records of any plan or fund shall be conducted more than once annually unless the Secretary has reasonable cause to believe there may exist a violation of this Act or any rule or regulation issued thereunder. The Secretary shall make such arrangements as are necessary with the Secretary of the Treasury to preclude a duplication of effort with regard to investigation of violations relating to fiduciaries. For the purposes of any investigation described in this subsection, the provisions of sections 9 and 10 (relating to the attendance of witnesses and the production of books, records, and documents), of the Federal Trade Commission Act of September 16, 1914 (15 U.S.C. 49, 50), are hereby made applicable to the jurisdiction, powers, and duties of the Secretary or any officer designated by him. To the extent he considers appropriate the Secretary shall delegate his auditing and investigative functions under this section with respect to insured banks acting as fiduciaries of employee benefit plans to the 'appropriate Federal banking agency' as that term is defined in section 3(q) of the Federal Deposit Insurance Act (12 U.S.C. 1813(q)).".

(b) Subsection (h) of section 9 of such Act is repealed and subsection (i) of such section is designated as subsection (h).

PUBLIC INFORMATION

SEC. 505. Section 10 of the Welfare and Pension Plan Disclosure Act is amended to read as follows:

"REPORTS MADE PUBLIC INFORMATION: RESEARCH AND STATISTICS

"SEC. 10. (a) The contents of plan descriptions and annual reports filed with the Secretary pursuant to this Act shall be public information and the Secretary may publish any such information and data as he may deem appropriate.

"(b) The Secretary shall develop and maintain a comprehensive and effective program of collection, compilation, and analysis of employee benefit plan information and data. Such program shall relate to information and data whether or not required to be furnished by this Act or the Retirement Income Security for Employees Act and to employee benefit plans whether or not subject to these Acts. Moreover the Secretary is authorized and directed to undertake appropriate studies relating to employee benefit plans including, but not limited to, the effects of the Retirement Income Security for Employees Act upon the provisions and costs of pension and profit-sharing retirement plans, the role of private pensions in meeting requirement security needs of the Nation, as well as alternative methods of providing additional retirement security, the administration and operations of pension plans including types and levels of benefits, degree of reciprocity or portability, financial characteristics and practices, methods of encouraging the growth of private pension and profit-sharing retirement plans, and the adequacy of coverage under this Act and the Retirement Income Security for Employees Act. Without limiting the generality of the foregoing, the Secretary shall also undertake a special study of the sufficiency of the provisions of the Retirement Income Security for Employees Act as applied to high mobility employees and shall recommend such changes in existing law and regulations as may be appropriate to afford to such employees adequate protection against unreasonable forfeiture of pension credits as a result of frequent job changes inherent in the conduct of their occupations or professions, and such other changes as may be appropriate to provide more adequate protection to such employees. In developing such recommendations, the Secretary shall consult with appropriate Federal and State agencies, professional societies, industry and labor representatives, and other professionals societies, industry and labor representatives, and other interested groups with specialized knowledge of the problems of high mobility workers. This special study shall be completed and submitted to the Congress within three years after enactment of the amendments to this Act.

"(c) To carry out his duties under this subsection the Secretary may—

"(1) promote, encourage, or directly engage in programs studies, information, and communication concerning employee benefit plans;

"(2) compile and publish such studies, analyses, reports, and surveys as he may deem appropriate;

"(3) arrange, through grants or contracts for the conduct of such research and investigations as he may deem appropriate;

"(4) make such agreements as are necessary to maintain the confidentiality of the source of any information furnished pursuant to a request by the Secretary) for use in connection with the collection, compilation, and analysis of employee benefit plan information and data.".

ESTABLISHMENT OF ADVISORY COUNCIL

SEC. 506. Section 14 of such Act is amended to read as follows:

"ADVISORY COUNCIL

"SEC. 14. (a)(1) There is hereby established an Advisory Council on Employee Welfare and Pension Benefit Plans (hereinafter referred to as the 'Council') consisting of twenty-one members appointed by the Secretary. Not more than eleven members of the Council shall be members of the same political party.

"(2) Members shall be appointed from among persons recommended by groups or organizations which they shall represent and shall be persons qualified to appraise the programs instituted under this Act and the Retirement Income Security for Employees Act.

"(3) Of the members appointed, five shall be representatives of labor organizations; five shall be representatives of management; one representative each from the fields of insurance, corporate trust, actuarial counseling, investment counseling, and the accounting field; and six representatives shall be appointed from the general public, three of whom shall be persons representing those receiving benefits from a private pension plan.

"(4) Members shall serve for terms of three years, except that of those first appointed, six shall be appointed for terms of one year, seven shall be appointed for terms of two years, and eight shall be appointed for terms of three years. A member may be reappointed, and a member appointed to fill a vacancy shall be appointed only for the remainder of such term. A majority of members shall constitute a quorum and action shall be taken only by a majority vote of those present.

"(5) Members shall be paid compensation at the rate of $150 per day when engaged in the actual performance of their duties except that any such member who holds another office or position under the Federal Government shall serve without additional compensation. Any member shall receive travel expenses, including per diem in lieu of subsistence as authorized by section 5703 of title 5, United States Code, for persons in the Government service employed intermittently.

"(b) It shall be the duty of the Council to advise the Secretary with respect to the carrying out of his functions under this Act, and the Retirement Income Security for Employees Act and to submit to the Secretary recommendations with respect thereto. The Council shall meet at least four times each year and at such other times as the Secretary requests. At the beginning of each regular session of the Congress, the Secretary shall transmit to the Senate and House of Representatives each recommendation which he has received from the Council during the preceding calendar year and a report covering his activities under the Act and the Retirement Income Security for Employees Act for the preceding fiscal year, including full information as to the number of plans and their size, the results of any studies he may have made of such plans and the operation of this Act and the Retirement Income Security for Employees Act and such other information and data as he may deem desirable in connection with employee welfare and pension benefit plans.

"(c) The Secretary shall furnish to the Council an executive secretary and such secretarial, clerical, and other services as are deemed necessary to conduct its business. The Secretary may call upon other agencies of the Government for statistical data, reports, and other information which will assist the Council in the performance of its duties."

ADMINISTRATION

SEC. 507. Section 5108 of title 5, United States Code, is amended by adding at the end thereof the following new subsection:

"(f) In addition to the number of positions authorized by subsection (a), the Secretary of Labor is authorized, without regard to any other provision of this subsection to place a total of 20 positions in the Department of Labor in GS-16 and 17.".

Part B—Fiduciary Standards

Subpart I—Fiduciary Standards Under the Welfare and Pension Plans Disclosure Act

AMENDMENT TO THE WELFARE AND PENSION PLANS DISCLOSURE ACT

SEC. 511. The Welfare and Pension Plans Disclosure Act is amended by redesignating sections 15, 16, 17, and 18 as sections 17, 18, 19, and 20, respectively and by inserting immediately after section 14 the following new sections:

"FIDUCIARY STANDARDS

"SEC. 15. (a) Every employee benefit fund established to provide for the payment of benefits under an employee's benefit plan shall be established or maintained pursuant to a duly executed written document which shall set forth the purpose or purposes for which such fund is established and the detailed basis on which payments are to be made into and out of such fund. Such fund shall be deemed to be a trust and shall be held for the exclusive purpose of (1) providing benefits to participants in the plan and their beneficiaries and (2) defraying reasonable expenses of administering the plan.

"(b) (1) A fiduciary shall discharge his duties with respect to the fund—

"(A) with the care under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims; and

"(B) subject to the standards in subsection (a) and in accordance with the documents and instruments governing the fund insofar as is consistent with this Act, except that (i) any assets of the fund remaining upon dissolution or termination of the fund shall, after complete satisfaction of the rights of all beneficiaries to benefits accrued to the date of dissolution or termination, be distributed ratably to the beneficiaries thereof or, if the trust agreement so provides, to the contributors thereto; (ii) that in the case of a registered pension or profit-sharing-retirement plan, such distribution shall be subject to the requirements of the Retirement Income Security for Employees Act; and (iii) any assets of the fund, attributable to employee contributions, remaining after complete satisfaction of the rights of all beneficiaries accrued to the date of dissolution or termination shall be equitably distributed to the employee contributors according to their rate of contribution.

"(2) A fiduciary is prohibited from engaging in the following transactions:

"(A) holding or purchasing on behalf of the fund any security which has been issued by an employer or employer-group whose employees are participants in the plan, under which the fund was established or a corporation controlling, controlled by, or under common control with such employer, or employee-group, if such investment, which when added to such securities already held, exceeds 7 per centum of the fair market value of the assets of the fund. Notwithstanding the foregoing, such 7 per centum limitation shall not apply to profit sharing, stock bonus, thrift and savings or other similar plans which explicitly provide that some or all of the plan funds may be invested in securities of such employer or a corporation controlling, controlled by, or under common control with such employer, nor shall said plans be deemed to be limited by any diversification rule as to plan funds which may be invested in such securities. Profit sharing, stock bonus, thrift, or other similar plans, which are in existence on the date of enactment and which allow investment in such securities without explicit provision in the plan, shall remain exempt from the 7 per centum limitation until the expiration of one year from the date of enactment of this section. Nothing contained in this subparagraph shall be construed to relieve profit-sharing, stock bonus, thrift and savings or other similar plans from any other applicable requirements of this section. For the purposes of this subparagraph the leasing (or a purchase in connection with such lease) of real property and personal property related to such real property to an employer or employer-group by a plan shall be deemed to be a security of such employer or employer-group;

"(B) any fund other than a profit-sharing, stock bonus, thrift savings plan, etc., holding securities of an employer or employer group which employs participants in such plan, in excess of 7 per centum of the fair market value of such fund on the effective date of this section shall, within 5 years after the effective date of this section, divest not less than 50 per centum of such excess and shall, not later than 10 years after the effective date of this section divest not less than 100 per centum of such excess.

"(3) Except as provided in subsection (c), a fiduciary shall not engage in a transaction with respect to a trust which constitutes a direct or indirect—

"(A) sale or exchange, or leasing of any property between the trust and a party in interest;

"(B) lending of money or other extension of credit between the trust and a party in interest;

"(C) furnishing of goods, services, or facilities between the trust and a party in interest;

"(D) transfer to, or use by or for the benefit of a party in interest of any assets of the trust;

"(E) act by a fiduciary where he deals in his own interest for his own account;

"(F) receipt by a party in interest from any party dealing with the trust in a transaction involving the trust; or

"(G) represent any other party with such fund or in any way act on behalf of a party adverse to the fund or adverse to the interests of its participants or beneficiaries.

"(4) The Secretary, in conjunction with the Secretary of the Treasury, shall by rule or regulation provide for the conditional or unconditional exemption of any fiduciary or class of fiduciaries or transactions or class of transactions from all or part of the restrictions imposed by paragraph (3) of this subsection.

An exemption granted under this section shall not relieve a fiduciary from any other applicable provisions of this Act. In granting an exemption under this paragraph the Secretaries shall assure that such exemption is (A) administratively feasible, (B) in the interests of the fund, and (C) protective of the rights, both contingent and vested, of participants and beneficiaries of such plan. Prior to the granting of an exemption under this paragraph, the Secretaries shall give adequate notice which shall include publication in the Federal Register, to interested persons, of the pendency of such exemptions.

"(c) The prohibitions provided in subsection (b) (3) shall not apply to—

"(1) any loan made by the trust to parties in interest who are participants for beneficiaries (other than an owner within the meaning of section 401(c) (3) of the Internal Revenue Code of 1954 or a proprietary employee within the meaning of section 412(c) (1) of such Code) of the plan if such loans are (i) available to all such participants on a nondiscriminatory basis, (ii) are not made available to highly compensated employees in an amount greater than that amount made available to other employees, (iii) are made in accordance with specific provisions regarding such loans set forth in the plan, (iv) bear a reasonable rate of interest, and (v) are adequately secured;

"(2) a fiduciary receiving any reasonable compensation for services rendered, or for the reimbursement of expenses properly and actually incurred, in the performance of his duties with the fund, or receiving in a fiduciary capacity proceeds from any transactions involving plan funds, except that no person so serving who is actually receiving full-time compensation from an employer or association of employers whose employees are participants in the plan under which the fund was established, or from an employee organization whose members are participants in such plan shall receive compensation from such fund, except for reimbursement of expenses properly and actually incurred and not otherwise reimbursed;

"(3) the receipt by a fiduciary or other party in interest of any benefit to which he may be entitled as a participant or beneficiary in the plan;

"(4) contracting or making reasonable arrangements with a party in interest for office space and other services necessary for the operation of the plan and paying reasonable compensation therefor;

"(5) following the specific instructions in the trust instrument or other document governing the fund insofar as consistent with the specific prohibitions listed in subsection (b) (3);

"(6) taking action pursuant to an authorization in the trust instrument or other document governing the fund, provided such action is consistent with the provisions of subsection (a) or (b).

"(d) Any fiduciary who breaches any of the responsibilities, obligations, or duties imposed upon fiduciaries by this Act shall be personally liable to such fund for any losses to the fund resulting from such breach, and to pay to such fund any profits which have inured to such fiduciary through use of assets of the fund.

"(e) When two or more fiduciaries undertake jointly the performance of a duty or the excise of a power, or where two or more fiduciaries are required by an instrument governing the fund to undertake jointly the performance of a duty or the exercise of power, but not otherwise, each of such fiduciaries shall have the duty to prevent any other such cofiduciary from committing a breach of responsibility, obligation, or duty of a fiduciary or to compel such other cofiduciary to redress such a breach, except that no fiduciary shall be liable for any consequence of any act or failure to act as a cofiduciary who is undertaking or is required to undertake jointly any duty or power if he shall object in writing to the specific action and promptly file a copy of his objection with the Secretary.

"(f) No fiduciary may be relieved from any responsibility, obligation, or duty imposed by law, by any agreement, or otherwise. Nothing herein shall preclude any agreement allocating specific duties or responsibilities among fiduciaries, or bar any agreement of insurance coverage or indemnification affecting fiduciaries subject to regulations promulgated by the Secretary.

"(g) A fiduciary shall not be liable for a violation of this Act committed before he became a fiduciary or after he ceased to be a fiduciary.

"(h) No fiduciary shall permit any assets of the fund to be held, deposited, or invested outside the United States unless the indicia of ownership remain within the jurisdiction of a United States District Court, except as authorized by the Secretary by rules or regulations.

"(i) Any party in interest who participates in a transaction prohibted by this Act knowingly, or with reason to know that the transaction was a transaction to which this Act applies, shall be personally liable to make good to the fund any losses sustained by the fund resulting from such transaction, and to pay to the fund any profits realized by him from such transaction.

"(j) For the purposes of this section a transfer of real or personal property by a party in interest to a trust to which the property is subject to a mortgage or similar lien which the trust assumes or if it is subject to a mortgage or similar lien which a party in interest placed on the property within the 10-year period ending on the date of transfer.

"(k) For the purposes of this section the term 'employer-group' means any controlled group of corporations (as defined in section 1563(a) of the Internal Revenue Code of 1954) of which the employer who maintains the plan is a member.

"(l) This section shall not apply to—

"(1) funds held by an insurance carrier unless that carrier holds funds in a separate account,

"(2) funds held by an investment company subject to regulation under the Investment Company Act of 1940,

"(3) a plan administered by the Government of the United States, or by the government of a State or political subdivision thereof, or by an agency or instrumentality of such a government, or

"(4) a plan established or maintained by a church or a convention or association of churches which is exempt from tax under section 501(a) of the Internal Revenue Code of 1954, unless that plan is taxable under chapter 45 of such Code.

"PROHIBITION OF FIDUCIARY SERVICES

"Sec. 16. (a) No person who has been convicted of, or has been imprisoned as a result of his conviction of, robbery, bribery, extortion, embezzlement, grand larceny, burglary, arson, a felony violation of Federal or State law involving substances defined in section 102(6) of the Comprehensive Drug Abuse Prevention and Control Act of 1970, murder, rape, kidnaping, perjury, assault with intent to kill, assault which inflicts grievous bodily injury, any crime described in section 9(a)(1) of the Investment Company Act of 1940 (15 U.S.C. 80a–9(a)(1)), a violation of any provision of this Act, a violation of section 302 of the Labor-Management Relations Act of 1947 (61 Stat. 157, as amended; 29 U.S.C. 186), a violation of chapter 63 of title 18, United States Code, a violation of section 874, 1027, 1503, 1505, 1506, 1510, 1951, or 1954 of title 18, United States Code, a violation of the Labor-Management Reporting and Disclosure Act of 1959 (73 Stat. 519, as amended; 29 U.S.C. 401), or conspiracy to commit any such crimes or attempt to commit any such crimes, or a crime in which any of the foregoing crimes is an element, shall serve—

"(1) as an administrator, officer, trustee, custodian, counsel, agent, employee (other than as an employee performing exclusively clerical or janitorial duties), or fiduciary of any employee benefit plan, or

"(2) as a consultant to any employee benefit plan,

during or for five years after a conviction or after the end of an imprisonment for any crime listed in this paragraph, unless prior to the end of such five-year period, in the case of a person so convicted or imprisoned, the Board of Parole of the United States Department of Justice determines that such person's service in any capacity referred to in subparagraph (A) or (B) would not be contrary to the purpose of this Act. Prior to making any such determination the Board shall hold an administrative hearing and shall give notice of such proceedings by certified mail to the State, county, and Federal prosecuting officials in the jurisdiction or jurisdictions in which such person was convicted. The Board's determination in any such proceeding shall be final.

"(b) Any person who willfully violates this section, or knowingly permits another person to violate this section, shall be fined not more than $10,000 or imprisoned for not more than one year, or both.

"(c) For purposes of this section—

"(1) any person shall be deemed to have been 'convicted' and under the disability of 'conviction' from the date of the judgment of the trial court or the date of the final sustaining of such judgment on appeal, whichever is later, regardless of when such conviction occurred;

"(2) the term 'imprisonment' shall not include any period of parole; and

"(3) 'consultant' means any person who, for pecuniary benefit, direct or indirect, advises or represents an employer benefit plan, concerning the establishment or operation of such plan.".

EFFECTIVE DATES

Sec. 512. The amendments made by part A and subpart I of part B of this title shall be effective January 1, 1974, except for those amendments dealing with prohibited transactions which shall be effective January 1, 1975.

Subpart II—Fiduciary Standards Under the Internal Revenue Code of 1954

Sec. 521. Fiduciary Standards.

(a) Duplication of Effort.—In order to avoid unnecessary expense and duplication of functions among Government agencies the Secretary of Labor and the Secretary of the Treasury shall make arrangements or agreements for cooperation and mutual assistance. Any information coming to the attention of the Secretary of the Treasury in the course of his administration of this section which may warrant consideration for criminal prosecution under the provisions of this section, or other criminal law shall be forwarded to the Secretary of Labor for immediate transmittal to the Attorney General.

(b) Cooperation With Regard to Investigations.—The Secretary of the Treasury shall make such arrangements as are necessary with the Secretary of Labor to preclude a duplication of effort with regard to investigations of violations relating to fiduciaries.

(c) Administration.—

(1) The provisions of subchapter II of chapter 5 of title 5, United States Code, shall apply to this section.

(2) The Secretary of Labor, in conjunction with the Secretary of the Treasury, shall promulgate rules and regulations for the administration and enforcement of this section with regard to prohibited transactions under section 522(d)(1).

Sec. 522. Prohibited Transactions.

(a) Amendment of Section 503.—Section 503 (relating to requirements for exemption) is amended—

(1) by striking out "or (18)" in subsection (a)(1)(A),

(2) by striking out subsection (a)(1)(B) and by redesignating subsection (a)(1)(C) as (a)(1)(B),

(3) by striking out "or section 401(a)" in subsections (a)(2) and (c),

(4) by striking out subsections (d), (f), and (g) and redesignating subsection (e) as (d).

(b) Excise Tax on Prohibited Transactions.—Chapter 44 of subtitle D (relating to, miscellaneous excise taxes) (as added by section 241 of this Act) is amended by adding at the end thereof the following new section:

"Sec. 4974. Excise Tax on Prohibited Transactions.

"(a) Initial Taxes on Party in Interest.—There is hereby imposed a tax on each prohibited transaction at the rate of 5 percent of the amount involved with respect to the prohibited transaction for each year (or part thereof) in the taxable period. The tax imposed by this paragraph shall be paid by any party in interest who participates in the prohibited transaction.

"(b) Additional Taxes on Party in Interest.—In any case in which an initial tax is imposed by subsection (a) on a prohibited transaction and the transaction is not corrected within the correction period, there is hereby imposed a tax equal to 100 percent of the amount involved. The tax imposed by this paragraph shall be paid by any party in interest who participated in the prohibited transaction.

"(c) Special Rule.—For purposes of subsections (a) and (b) if more than one person is liable under any paragraph of subsection (a) or (b) with respect to any one prohibited transaction, all such persons shall be jointly and severally liable under such paragraph with respect to such act.

"(d) Prohibited Transaction.—

"(1) General rule.—For purposes of this section, the term 'prohibited transaction' means a transaction between a party in interest and an employee's trust described in section 401(a), a plan described in section 404(a)(2), or a qualified individual retirement account described in section 408(a), which is exempt from tax under section 501(a) (or which, at any time, has been determined by the Secretary or his delegate to be such a trust, plan, or account) and which constitutes a direct or indirect—

"(A) sale or exchange, or leasing of any property between the trust and a party in interest;

"(B) lending of money or other extension of credit between the trust and a party in interest;

"(C) furnishing of goods, services, or facilities between the trust and a party in interest;

"(D) transfer to, or use by or for the benefit of a party in interest of any assets of the trust;

"(E) act by a party in interest whereby he deals with the assets of the trust in his own interest or for his own account;

"(F) receipt of consideration from any party in interest by any party dealing with the trust in a transaction involving the trust.

"(2) Special rules.—For the purposes of paragraph (1)—

"(A) Exemption.—The Secretary, in conjunction with the Secretary of Labor shall by rule or regulation provide for the conditional or unconditional exemption of any fiduciary or class of fiduciaries or transactions or class of transactions from all or part of the restrictions imposed by paragraph (1) of this subsection. An exemption granted under this section shall not relieve a fiduciary from any other applicable provisions of this Act. In granting an exemption under this paragraph, the Secretaries shall assure that such exemption is (i) administratively feasible, (ii) in the interests of the fund, and (iii) protective of the rights, both contingent and vested, of participants and beneficiaries of such plan. Prior to the granting of an exemption under this paragraph, the Secretaries shall give adequate notice to interested persons, which shall include publication in the Federal Register, of the pendency of such exemptions;

"(B) Encumbered property.—A transfer of real or personal property by a party in interest to a trust to which this section applies shall be treated as a sale or exchange if the property is subject to a mortgage or similar lien which the trust assumes or if it is subject to a mortgage or similar lien which a party in interest placed on the property within the 10-year period ending on the date of the transfer;

"(C) Loans to participants.—Any loan

made by the trust to parties in interest who are participants or beneficiaries (other than an owner employee within the meaning of section 401(c)(3)) of the qualified plan is not a prohibited transaction if such loans are (i) available to all such participants or beneficiaries on a nondiscriminatory basis, (ii) are not made available to highly compensated employees in an amount greater than that amount made available to other employees, (iii) are made in accordance with specific provisions regarding such loans set forth in the plan, (iv) bear a reasonable rate of interest, and (v) are adequately secured.

"(D) Compensation to fiduciary.—Receiving any reasonable compensation for service rendered, or for the reimbursement of expenses properly and actually incurred, in the performance of his duties with the fund, or receiving in a fiduciary capacity proceeds from any transaction involving plan funds is not a prohibited transaction except that no person so serving who is actually receiving full-time compensation from an employer or association of employers whose employees are participants in the plan under which the fund was established, or from an employee organization whose members are participants in such plan, shall receive compensation from such fund, except for reimbursement of expenses properly and actually incurred and not otherwise reimbursed.

"(E) Lease arrangements between plans and employers of participants.—The leasing (or a purchase in connection with such lease) of real property and personal property related to such real property to an employer or employer-group by a pension plan shall not be a prohibited transaction if such agreements do not exceed the limitations imposed by section 15(c)(6)(A) of the Welfare and Pension Plans Disclosure Act. For the purposes of this paragraph the term 'employer-group' means any controlled group or corporation (as defined in section 1563 (a)) of which the employer who maintains the plan is a member.

"(F) Actions in accordance with governing document.—It is not a prohibited transaction to—

"(i) contract or make reasonable arrangements with a party in interest for office space and other services necessary for the operation of the plan and to pay reasonable compensation therefor;

"(ii) follow specific instructions in the trust instrument or other document governing the fund insofar as consistent with the specific prohibitions listed in this section; or

"(iii) take action pursuant to an authorization in the trust instrument or other document governing the fund, provided such action is consistent with the prohibitions of this section.

"(G) Fiduciary or party in interest as participants.—The receipt by a fiduciary or other party in interest of any benefit to which he may be entitled as a participant or beneficiary in the qualified plan is not a prohibited transaction.

"(H) Other offices.—It is not a prohibited transaction for a fiduciary to serve as an officer, employee, agent, or other representative of a party in interest.

"(I) Exclusions.—A qualified plan or part thereof does not include—

"(i) funds held by an insurance carrier unless that carrier holds the funds in a separate account,

"(ii) funds held by an investment company subject to regulation under the Investment Company Act of 1940,

"(iii) a plan administered by the Government of the United States, or by the government of a State or political subdivision thereof, or by an agency or instrumentality of such a government, or

"(iv) a plan established and maintained by a church or a convention or association of churches which is exempt from tax under section 501(a), unless that plan is taxable under chapter 45 (relating to certain guaranteed benefit plans).

For purposes of this subparagraph, the term 'separate account' means an account established or maintained by an insurance company under which income expenses, gains, and losses (whether or not realized) from assets allocated to such account are credited or charged against the account in accordance with the applicable contract without regard to other income expenses, gains, or losses of the insurance company.

"(J) Distribution to employer.—It is not a prohibited transaction for a fiduciary to make a distribution of the residual assets of the trust in accordance with the terms of the plan, and not in contravention of existing law, to the employer who maintains the plan after all liabilities of the plan with respect to participants and their beneficiaries have been satisfied, except that any assets of the fund attributable to employee contributions, remaining after complete satisfaction of the rights of all beneficiaries accrued to the date of dissolution or termination, shall be equitably distributed to the employee contributors according to their rate of contribution.

"(e) Fiduciary and Party in Interest.—

"(1) Party in interest.—For purposes of this section, the term 'party in interest' means, with respect to a qualified plan, a person who is—

"(A) with respect to a particular prohibited transaction, a fiduciary who benefits from the particular prohibited transaction;

"(B) an administrator, officer, trustee, custodian, counsel of, or person providing benefit plan services to, a qualified plan;

"(C) an employer any of whose employees are covered by such a plan;

"(D) an employee organization any of whose numbers are covered by such a plan;

"(E) an owner, direct or indirect, of 50 percent or more of—

"(i) the combined voting power of all classes of stock entitled to vote or the total value of shares of all classes of stock of a corporation,

"(ii) the capital interest or the profits interest of a partnership, or

"(iii) the beneficial interest of a trust or unincorporated enterprise,

which is an employer or an employee organization described in subparagraph (C), (D);

"(F) a member of the family (as defined in paragraph (5)) of any individual described in subparagraph (A), (B), (C), or (E);

"(G) a corporation, partnership, or trust or estate of which (or in which) 50 percent or more of—

"(i) the combined voting power of all classes of stock entitled to vote or the total value of shares of all classes of stock of such corporation,

"(ii) the capital interest or profit-interest of such partnership, or

"(iii) the beneficial interest of such trust or estate,

is owned directly or indirectly, or held by persons described in subparagraph (A), (B), (C), (D), or (E);

"(H) a corporation which is owned in the manner described in subparagraph (G) by a person who is a person described in subparagraph (E);

"(I) an officer, director (or an individual having powers or responsibilities similar to those of officers or directors), a 10 percent or more shareholder, or a highly compensated employee (earning 10 percent or more of the yearly wages of an employer) of a person described in subparagraph (C), (D), (E), (G), or (H); or

"(J) a 10 percent or more (in capital or profits) partner of a person described in subparagraph (C), (D), (E), (G), or (H).

"(2) Fiduciary.—For purposes of this section, the term 'fiduciary' with respect to a qualified plan means—

"(A) any person who—

"(i) exercises any power of control, management or disposition with respect to any moneys or other property of a qualified plan, or

"(ii) has authority or responsibility to exercise such powers,

If any moneys or other property of an employee benefit fund are invested in shares of an investment company registered under the Investment Company Act of 1940, the investment shall not cause that investment company or that investment company's investment adviser or principal underwriter to be treated as a fiduciary or a party in interest for purposes of this section, except when an investment company or its investment adviser or principal underwriter acts in connection with an employee benefit fund established or maintained pursuant to an employee benefit plan covering employees of the investment company, its investment adviser, or its principal underwriter.

"(3) Stockholdings.—For purposes of paragraphs (1)(E)(i), (G)(i), and (H), there shall be taken into account indirect stockholdings which would be taken into account under section 267(c), except that, for purposes of this paragraph, section 267 (c)(4) shall be treated as providing that the members of the family of an individual are the members within the meaning of paragraph (5).

"(4) Partnerships; trusts.—For purposes of paragraphs (1)(E) (ii) and (iii), (G), (ii) and (iii) and (J), the ownership of profits or beneficial interests shall be determined in accordance with the rules for constructive ownership of stock provided in section 267(c) (other than paragraph (3) thereof), except that section 267(c)(4) shall be treated as providing that the members of the family of an individual are the members within the meaning of paragraph (5).

"(5) Member of family.—For purposes of paragraph (1)(F), the family of any individual shall include his spouse, ancestor, descendant, brother, sister, son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law, or sister-in-law.

"(f) Other Definitions.—For purposes of this section—

"(1) Taxable period.—The term 'taxable period' means, with respect to any prohibited transaction, the period beginning with the date on which the prohibited transaction occurs and ending on the earlier of—

"(A) the date of mailing of a notice of deficiency pursuant to section 6212, with respect to the tax imposed by subsection (a), or

"(B) the date on which correction of the prohibited transaction is completed.

"(2) Amount involved.—The term 'amount involved' means, with respect to a prohibited transaction, the greater the amount of money and the fair market value of the other property given or the amount of money and the fair market value of the other property received; except that, in the case of services described in subparagraph (d)(2) (C) or (D) the amount involved shall be only the excess compensation. For purposes of the preceding sentence, the fair market value—

"(A) in the case of the tax imposed by subsection (a), shall be determined as of the date on which the prohibited transaction occurs; and

"(B) in the case of the tax imposed by subsection (b), shall be the highest fair market value during the correction period.

"(3) Correction.—The terms 'correction' and 'correct' mean, with respect to a prohibited transaction, undoing the transaction to the extent possible, but in any case placing the plan in a financial position not worse than that in which it would be if the prohibited transaction had not occurred.

"(4) CORRECTION PERIOD.—The term 'correction period' means, with respect to a prohibited transaction the period beginning with the date on which the prohibited transaction occurs and ending 90 days after the date of mailing of a notice of deficiency with respect to the tax imposed by subsection (a)(1) under section 6212, extended by—

"(A) any period in which a deficiency cannot be assessed under section 6213(a), and

"(B) any other period which the Secretary or his delegate determines is reasonable and necessary to bring about the correction of the prohibited transaction.".

(c) CLERICAL AMENDMENTS.—

(1) The table of sections for chapter 44 (relating to qualified pension plans), which was added by section 241 of this Act, is amended by adding at the end thereof the following new item:

"Sec. 4974. Excise tax on prohibited transactions.".

(d) EFFECTIVE DATE.—The amendments made by this section shall take effect on January 1, 1975.

(c) SAVINGS PROVISION.—Section 4974 of the Internal Revenue Code of 1954 (relating to excise tax on prohibited transactions) shall not apply to—

(1) a loan of money or other extension of credit between a trust and a party in interest under a binding contract in effect on August 21, 1973 (or pursuant to renewals of such a contract) until August 22, 1983, if such loan or other extension of credit remains at least as favorable to the trust as an arm's-length transaction with an unrelated party would be, and if the execution of the contract, the making of the loan, or the extension of credit was not, at the time of such execution, making, or extension, a prohibited transaction (within the meaning of section 503(b) or the corresponding provisions of prior law);

(2) a lease or joint use of property involving the trust and a party in interest pursuant to a binding contract in effect on August 21, 1973 (or pursuant to renewals of such a contract), until August 22, 1983, if such lease or joint use remains at least as favorable to the trust as an arm's-length transaction with an unrelated party would be and if the execution of the contract was not, at the time of such execution, a prohibited transaction (within the meaning of section 503(b)) or the corresponding provisions of prior law;

(4) the sale, exchange, or other disposition of property described in paragraph (3) between a trust and a party in interest before August 22, 1983, if—

(A) in the case of a sale, exchange, or other disposition of the property by the trust to the party in interest, the trust receives an amount which equals or exceeds the fair market value of the property at the time of such disposition; and

(B) in the case of the acquisition of the property by the trust, the trust pays an amount which is not in excess of the fair market value of the property at the time of acquisition.

TITLE VI—ENFORCEMENT

PART A—DISPUTES RELATING TO THE QUALIFICATION OF CERTAIN EMPLOYEE PLANS

SEC. 601. TAX COURT PROCEDURE.

(a) IN GENERAL.—Subchapter C of chapter 76 of the Internal Revenue Code of 1954 (relating to the tax court) is amended by adding at the end thereof the following new part:

"PART IV—DECLARATORY JUDGMENTS RELATING TO QUALIFICATION OF CERTAIN EMPLOYEE PLANS

"Sec. 7476. Declaratory judgments.
"Sec. 7477. Procedure.

"SEC. 7476. DECLARATORY JUDGMENTS.

"(a) JURISDICTION.—The United States Tax Court shall have jurisdiction under this part to hear controversies and to enter judgments declaring whether a plan established by an employer for his employees is a qualified plan as defined in subsection (b). Any such judgment by the Court constitutes its decision in the proceeding and shall be reviewable in the same manner as any other decisions of the Court.

"(b) QUALIFIED PLAN DEFINED.—As used in this part, the term 'qualified plan' means—

"(1) a pension, profit sharing, or stock bonus plan described in section 401(a),

"(2) an annuity plan described in section 403(a), or

"(3) a bond purchase plan described in section 405(a).

"(c) EXHAUSTION OF ADMINISTRATIVE REMEDIES, ETC.—The Tax Court shall not issue a declaratory judgment under this part in any proceeding unless it determines that the petitioner has exhausted administrative remedies available to him within the Internal Revenue Service and that the plan with respect to which the judgment is sought has been put into effect prior to the commencement of the proceeding before the Tax Court. A plan shall be treated as in effect even though it includes a provision that the funds contributed to it may be refunded in the event the plan is found by the Secretary or his delegate or by the Tax Court not to be a qualified plan.

"(d) COMMISSIONERS.—The chief judge of the Tax Court may assign proceedings under this part to be heard by the commissioners of the court, and the court may authorize a commissioner to enter the decision of the court with respect to such proceeding, subject to such conditions and review as the court may by rule provide.

"SEC. 7477. PROCEDURE.

"(a) RIGHT TO BRING ACTION.—

"(1) ACTIONS BROUGHT BY EMPLOYER OR TRUSTEE; INTERVENTION BY EMPLOYEE.—An action for a declaratory judgment under this part may be brought by an employer who has established a pension, profit sharing, stock bonus, annuity, or bond purchase plan and who has submitted to the Secretary or his delegate a request for a determination that the plan is a qualified plan, that, if amended in accordance with a proposed amendment, it will continue to be a qualified plan, or that termination of the plan in accordance with a proposed plan of termination will not result in the plan being treated as not a qualified plan for the plan year during which the termination occurs. If such a request was submitted by the trustee of the plan, the action for a declaratory judgment may be brought by the trustee. If the action is brought by the employer or the trustee, an employee of that employer may intervene in the proceeding if—

"(A) he intervened in the proceeding before the Internal Revenue Service relating to the requested determination, or

"(B) the employer or trustee failed to provide notice to employees of the submission of the request for a determination at, or prior to, the time at which the request was submitted to the Secretary or his delegate.

"(2) ACTIONS BROUGHT BY EMPLOYEES; INTERVENTION BY EMPLOYER.—An action for a declaratory judgment with respect to a determination obtained by an employer or by a trustee may also be brought by an individual who was an employee of the employer during the period with respect to which the judgment is sought. In any such action brought by an employee, the employer may intervene.

"(b) TIME FOR BRINGING ACTION.—

"(1) 90-DAY PERIOD.—Except as provided in paragraph (2), an action for declaratory judgment under this part must be commenced within 90 days after the date on which the Secretary or his delegate sends by certified or registered mail his determination with respect to the qualification of the plan to the person requesting such determination.

"(2) FAILURE TO ISSUE DETERMINATIONS; EXTENSIONS OF TIME.—If the Secretary or his delegate fails to issue a determination, an action for a declaratory judgment, a requested determination with respect to the qualification of a pension, profit sharing, stock bonus, annuity, or bond purchase plan, or with respect to a proposed amendment or termination of a qualified plan, within 270 days after the filing with him of the request for such determination, an action for a declaratory judgment under this part may be commenced within 90 days after the expiration of such 270-day period. If, prior to the expiration of such 270-day period, the Secretary or his delegate and the person requesting the determination consent in writing to an extension of such period, the 90-day period for commencing an action shall not begin to run until the expiration of the extended period agreed to by the parties.

"(c) BURDEN OF PROOF.—The person bringing an action for declaratory judgment under this part shall have the burden of proof with respect to any ground which was set forth in the determination by the Secretary or his delegate in such manner as to inform the person adequately of the reasons for the determination. The Secretary or his delegate shall have the burden of proof with respect to any ground on which he relies in the proceeding for a declaratory judgment and which was not set forth in his determination in such manner. If the Secretary or his delegate did not issue a determination, he shall have the burden of proof with respect to any ground on which he relies in a proceeding under this part.".

(b) TECHNICAL AMENDMENTS.—

(1) FEE FOR FILING PETITION.—Section 7451 (relating to fee for filing petition) is amended by striking out "deficiency" and inserting in lieu thereof "deficiency or for a declaratory judgment under part IV of this subchapter".

(2) DATE OF DECISION.—Section 7459(c) (relating to date of decision) is amended by inserting before the period at the end of the first sentence the following: "or, in the case of a declaratory judgment proceeding under part IV of this subchapter, the date specified by the Tax Court in its decision".

(3) VENUE FOR APPEAL OF DECISION.—Section 7482(b)(1) (relating to venue) is amended by adding at the end thereof the following new sentence: "In the case of a declaratory judgment of the Tax Court, the rules of this paragraph shall be applied with respect to the employer.".

(c) CLERICAL AMENDMENT.—The table of parts for subchapter C of chapter 76 is amended by adding at the end thereof the following new item:

"Part IV. Declaratory judgments relating to qualification of certain employee plans.".

(d) EFFECTIVE DATE.—The amendments made by this section shall take effect on January 1, 1975.

PART B—AUDITING; ETC.

SEC. 641. EXCISE TAX FOR AUDITING; ETC.

(a) ANNUAL TAX ON PLAN PARTICIPATION.—Chapter 44 (relating to qualified pension plans) which was added by section 241 of this Act is amended by adding at the end thereof the following new section:

SEC. 4975. ANNUAL TAX ON PLAN PARTICIPATION.

(a) GENERAL RULE.—For the calendar year beginning on January 1, 1974, and each calendar year thereafter, there is hereby imposed a tax equal to $1 per participant under a plan established by the employer which is—

"(1) a pension, profit sharing, or stock bonus plan described in section 401(a),

"(2) an annuity plan described in section 403(a), or

"(3) a bond purchase plan described in section 405(a).

"(b) By Whom Paid.—The tax imposed by this section shall be paid by the employer of such participant under such plan.

"(c) Special Rules.—

"(1) The tax imposed by subsection (a) shall not apply to participants under a plan established and maintained by the United States; a State or political subdivision thereof; or a corporation which is an instrumentality of the United States, a State or political subdivision thereof.

"(2) In the case of a plan which is established pursuant to an agreement which the Secretary or his delegate determines to be a collective-bargaining agreement, see section 413.

"(3) For purposes of this section, a plan established by the employer includes a plan established by a predecessor of the employer.

"(d) Definition of Participation.—For purposes of this section, the term 'participant' means an individual who is—

"(1) actively employed by the employer at any time during the calendar year,

"(2) entitled to make contributions to or to have amounts contributed to or under the plan on his behalf by the employer, and

"(3) not currently receiving benefits under the plan.

"(e) Regulations.—The Secretary or his delegate may prescribe such regulations as may be necessary to carry out the provisions of this section.

"(f) Cross Reference.—

"For disallowance of taxes paid under this section as a deduction, see section 275.".

(b) Clerical Amendment.—The table of sections of chapter 44 (relating to qualified pension plans) which was added by section 241 of this Act is amended by adding at the end thereof the following new item:

"Sec. 4974. Annual tax on plan participation.".

(c) Effective Date.—The amendments made by this section shall apply to calendar years beginning after December 31, 1973.

Part C—Actuaries

Sec. 671. Enrollment and Reports of Actuaries.

(a) Reports, Statements, and Notices by Actuaries.—Part III of chapter 61 (relating to information and returns) is amended by inserting at the end thereof the following new subpart:

"Subpart E—Reports, Statements, and Notices by Actuaries

"Sec. 6058. Periodic report and statement of actuary.

"Sec. 6058. Periodic Report and Statement of Actuary.

"(a) General Rule.—The actuarial report described in subsection (b) shall be filed by the plan administrator (as defined in section 3(15) of the Welfare and Pension Plans Disclosure Act) with respect to each defined benefit plan to which section 4971(e) does not apply, for the first plan year for which this section applies to the plan and each third plan year thereafter (or more frequently if the Secretary or his delegate determines that more frequent reports or statements are necessary).

"(b) Actuarial Report.—The actuarial report of a plan required by subsection (a) shall be prepared by an enrolled actuary (within the meaning of section 7517) and shall contain—

"(1) a description of the plan,

"(2) a description of the funding method and actuarial assumptions used to determine costs under the plan,

"(3) a certification that the funding standard account required under section 4971(b) (1) has been maintained during the period to which the report relates,

"(4) such other information regarding the plan as the Secretary or his delegate may by regulations require, and

"(5) a statement—

"(A) that to the best of his knowledge the report is complete and accurate, and

"(B) of his opinion regarding the reasonableness of the funding method and actuarial assumptions used to determine the normal costs of the plan.

"(c) Time and Manner of Filing.—The actuarial report and statement required by subsection (a) shall be filed at the time and in the manner provided by regulations prescribed by the Secretary or his delegate."

(b) Assessable Penalties.—Subchapter B of chapter 69 (relating to assessable penalties) is amended by adding at the end thereof the following new section:

"Sec. 6692. Failure To File Actuarial Notice, Report, or Statement

"The plan administrator (as defined in section 3(15) of the Welfare and Pension Plans Disclosure Act) of a defined benefit plan to which section 6058 applies who fails to file the report or statement required by what section at the time and in the manner required by that section, shall pay a penalty of not to exceed $1,000 for each such failure unless it is shown that such failure is due to reasonable cause.".

(c) Enrollment of Actuaries.—Chapter 77 (relating to miscellaneous provisions) is amended by inserting at the end thereof the following new section:

"Sec. 7517. Enrollment of Actuaries.

"The Secretary or his delegate shall, by regulations, establish reasonable standards and qualifications for persons performing actuarial services described in section 6058 and shall enroll persons found by the Secretary or his delegate to satisfy such standards and qualifications. The Secretary or his delegate may, after notice and an opportunity for a hearing, suspend or terminate the enrollment of an actuary under this section if the Secretary or his delegate finds that the actuary has not satisfied requirements for enrollment. For purposes of this title, the term 'enrolled actuary' means a person who is enrolled by the Secretary or his delegate pursuant to this section."

(d) Clerical Amendments.—

(1) The table of subparts for part III of chapter 61 is amended by inserting at the end thereof the following new item:

"Subpart E—Reports, statements, and notices by actuaries.".

(2) The table of sections for subchapter B of chapter 68 is amended by inserting at the end thereof the following new item:

"Sec. 6692. Failure to file actuarial notice, report, or statement.".

(3) The table of sections for chapter 77 is amended by inserting at the end thereof the following new item:

"Sec. 7517. Enrollment of actuaries.".

(c) Effective Dates.—

(1) The amendments made by subsections (a) and (b) shall apply for plan years beginning on or after January 1, 1976.

(2) The amendments made by subsections (c) and (d) shall take effect on the date of enactment of this Act.

Part D—Enforcement; Resolution of Disputes Generally

Sec. 691. Arbitration; Civil Actions by Participants and Beneficiaries

(a) Arbitration Procedure.—Each employee pension benefit plan subject to this part shall provide—

(1) a procedure for the fair and just review under the plan of any dispute between the administrator of the plan and any participant or beneficiary of the plan, and

(2) an opportunity, after such review and a decision by the administrator (or a failure to make a decision within a reasonable period of time by the administrator), for the arbitration of such disputes.

(b) Civil Actions.—A participant or beneficiary of such a plan may bring a civil action in accordance with the provisions of section 693 of this Act in lieu of submitting the dispute to arbitration under the plan.

(c) Alternative Procedures.—If a dispute under a plan is subject to procedures established by collective bargaining for the resolution of such dispute, the Secretary of Labor, upon written request by a plan administrator, may waive the application of subsections (a), (b), and (e) to such dispute if he determines that the procedures provided for are reasonably fair and effective.

(d) Application of Law Relating to Section 301 of Labor Management Relations Act, 1947.—The arbitration of disputes in accordance with the requirements of this section, and judicial proceedings relating thereto, shall be governed by the laws, decisions, and rules applicable to the arbitration of disputes under section 301 of the Labor Management Relations Act, 1947.

(e) Payment of Arbitration Costs.—The cost of any arbitration proceedings required under this section (including arbitrators' fees) shall be paid by the plan under which the dispute arises, unless the arbitrator determines that a participant's or beneficiary's allegations are frivolous and assesses all or a portion of such cost to that party.

(f) Information and Assistance.—The Secretary shall inform participants and their beneficiaries under plans to which this part applies of their rights under this part. The Secretary is authorized to furnish assistance to such participants and their beneficiaries in obtaining such rights.

(g) The Secretary shall prescribe rules and regulations necessary to carry out this section.

Sec. 692. Civil Actions by Secretary of Labor.

Whenever the Secretary believes that an employees' benefit fund is being or has been administered in violation of the requirements of the Welfare and Pension Plans Disclosure Act and the Retirement Income Security for Employees Act or the documents governing the establishment or operation of the fund, the Secretary may petition any district court of the United States having jurisdiction of the parties or the United States District Court for the District of Columbia for an order (1) requiring return to such fund of assets transferred from such fund in violation of the requirements of such Act, (2) requiring payment of benefits denied to any participant or beneficiary due to violation of the requirements of such Act, or of the requirements of this Act and the Retirement Income Security for Employees Act, and (3) restraining any conduct in violation of the fiduciary requirements of such Act, or of this Act, and granting such other relief as may be appropriate to effectuate the purposes of this Act, including but not limited to, removal of a fiduciary who has failed to carry out his duties and the removal of any person who is serving in violation of the requirements of section 16(h) of the Welfare and Pension Plans Disclosure Act and the Retirement Income Security for Employees Act.

Sec. 693. Actions To Redress or Restrain Violations of Fiduciary Duty.

Civil actions for appropriate relief, legal or equitable, to redress or restrain a breach of any responsibility, obligation, or duty of a fiduciary, including but not limited to, the removal of a fiduciary who has failed to carry out his duties and the removal of any person who is serving in violation of the requirements of section 15(h) of the Welfare and Pension Plans Disclosure Act or against any person who has transferred or received any of the assets of a plan or fund in violation of the fiduciary requirements of the Welfare and Pension Plans Disclosure Act or in violation of the document or documents governing the establishment or operation of the fund, may be brought by any participant or beneficiary of any employee benefit plan or fund subject to the Welfare and Pension Plans Disclosure Act in any court of competent jurisdiction, State or Federal, or the United States District Court for the District of Columbia, without respect to the amount in controversy and without regard to the citizenship of the parties. Where such action is brought in a district court of the United States, it may be brought in the district where the plan is administered, where the breach took place, or where a defendant resides or may be found, and process may be served in any other district where a defendant resides or may be found. Such actions may also be brought by a participant or beneficiary as a representative party on behalf of all participants or beneficiaries similarly situated. In all civil actions authorized by this Act or the Welfare and Pension Plans Disclosure Act, attorneys appointed by the Secretary shall represent the Secretary except as provided in section 518(a) of title 28, United States Code (relating to litigation before the Supreme Court of the United States).

SEC. 694. JURISDICTION OF COURTS.

Suits by a participant or beneficiary for benefits from an employee benefit plan or fund, subject to the Welfare and Pension Plans Disclosure Act, may be brought in any court of competent jurisdiction, State or Federal, or the United States District Court for the District of Columbia, without respect to the amount in controversy and without regard to the citizenship of the parties, against any such plan or fund to recover benefits due him required to be paid from such plan or fund pursuant to the document or documents governing the establishment or operation of the plan or fund, or to clarify his rights to future benefits under the terms of the plan. Where such action is brought in a district court of the United States, it may be brought in the district where the plan is administered, or where a defendant resides or may be found, and process may be served in any other district where a defendant resides or may be found. Such actions may also be brought by a participant or beneficiary as a representative party on behalf of all participants or beneficiaries similarly situated.

SEC. 695. PROCEDURE.

(a) SERVICE.—The jurisdiction of any court competent to hear an action brought by a participant or beneficiary under section 693 or 694 shall be conditioned upon the service of a copy of the complaint upon the Secretary by certified mail, who shall have the right in his discretion to intervene in the action.

(b) REMOVAL.—Notwithstanding any other law, the Secretary shall have the right to remove an action brought under section 693 or 694 from a State court to a district court of the United States, if the action is one seeking relief of the kind the Secretary is authorized to sue for under this Act. Any such removal shall be prior to the trial of the action and shall be to a district court where the Secretary could have initiated the action.

SEC. 696. APPLICATION OF ACT OF MARCH 23, 1932.

The provisions of the Act entitled "An Act to amend the Judicial Code and to define and limit the jurisdiction of courts sitting in equity, and for other purposes", approved March 23, 1932, shall not be applicable with respect to suits brought under this title.

SEC. 697. ACTIONS BROUGHT BY ADMINISTRATOR OR FIDUCIARY AGAINST SECRETARY

Suits by an administrator or fiduciary of an employee benefit plan subject to this Act or the Welfare and Pension Plans Disclosure Act, to review a final order of the Secretary, to restrain the Secretary from taking any action contrary to the provisions of such Acts, or to compel action required under this Act, may be brought in the name of the plan or fund in the district court of the United States for the district where the fund has its principal office, or in the United States District Court for the District of Columbia.

SEC. 698. STATUTE OF LIMITATIONS

Any action, suit, or proceeding based upon a violation of this Act or the Welfare and Pension Plans Disclosure Act shall be commenced within five years after the violation occurs. In the case of fraud or concealment, such action, suit, or proceeding shall be commenced within five years of the date of discovery of such violation.

SEC. 699. RELATIONSHIP TO STATE LAWS

(a) PRE-EMPTION OF STATE LAWS.—It is hereby declared to be the express intent of Congress that, except for actions authorized by section 694 of this title, the provisions of this Act or the Welfare and Pension Plans Disclosure Act shall supersede any and all laws of the States and of political subdivisions thereof insofar as they may now or hereafter relate to the subject matters regulated by this Act or the Welfare and Pension Plans Disclosure Act, except that nothing herein shall be construed—

(1) to exempt or relieve any employee benefit plan not subject to this Act or the Welfare and Pension Plans Disclosure Act from any law of any State;

(2) to exempt or relieve any person from any law of any State which regulates insurance, banking, or securities or to prohibit a State from requiring that there be filed with a State agency copies of reports required by this Act to be filed with the Secretary; or

(3) to alter, amend, modify, invalidate, impair, or supersede any law of the United States other than the Welfare and Pension Plans Disclosure Act or any rule or regulation issued under any law except as specifically provided in this Act.

(b) JURISDICTION OF STATE COURTS.—Subsection (a) of this section shall not be deemed to prevent any State court from asserting jurisdiction in any action requiring or permitting an accounting by a fiduciary during the operation of an employee benefit fund subject to the Welfare and Pension Plans Disclosure Act or upon the termination thereof or from asserting jurisdiction in any action by a fiduciary requesting instructions from the court or seeking an interpretation of the trust instrument or other document governing the fund. In any such action—

(1) the provisions of this Act and the Welfare and Pension Plans Disclosure Act shall supersede any and all laws of the State and of political subdivisions thereof, insofar as they may now or hereafter relate to the fiduciary, reporting, and disclosure responsibilities of persons acting for or on behalf of employee benefit plans or on behalf of employee benefit funds subject to the Welfare and Pension Plans Disclosure Act except insofar as they may relate to the amount of benefits due beneficiaries under the terms of the plan;

(2) notwithstanding any other law, the Secretary or, in the absence of action by the Secretary, a participant or beneficiary of the employee benefit plan or fund affected by this subsection, shall have the right to remove such action from a State court to a district court of the United States if the action involves an interpretation of the fiduciary, or reporting, and disclosure responsibilities of persons acting on behalf of employee benefit plans subject to the Welfare and Pension Plans Disclosure Act;

(3) the jurisdiction of the State court shall be conditioned upon—

(A) written notification, sent to the Secretary by certified mail at the time such action is filed, identifying the parties to the action, the nature of the action, and the plan involved; and satisfactory evidence presented to the court that the participants and beneficiaries have been adequately notified with respect to the action; and

(B) the right of the Secretary or of a participant or beneficiary to intervene in the action as an interested party.

SEC. 699A. RECRIMINATION AGAINST EMPLOYEES AND OTHER PERSONS.

It shall be unlawful for any person to discharge, fine, suspend, expel, discipline, or discriminate against a participant or beneficiary for exercising any right to which he is entitled under the provisions of the plan, this Act, or the Welfare and Pension Plans Disclosure Act, or for the purpose of interfering with the attainment of any right to which such participant may become entitled under the plan, this Act, or the Welfare and Pension Plans Disclosure Act. It shall be unlawful for any person to discharge, fine, suspend, expel, or discriminate against any person because he has given information or has testified or is about to testify in any inquiry or proceeding relating to this Act or the Welfare and Pension Plans Disclosure Act. The provisions of sections 692 and 693 shall be applicable in the enforcement of this section.

SEC. 699B. INTERFERENCE WITH RIGHTS.

It shall be unlawful for any person through the use of fraud, force, violence, or threat of the use of force or violence, to restrain, coerce, intimidate, or attempt to restrain, coerce, or intimidate any participant or beneficiary for the purpose of interfering with or preventing the exercise of any right to which he is or may become entitled under the plan, this Act, or the Welfare and Pension Plans Disclosure Act. Any person who willfully violates this section shall be fined $10,000 or imprisoned for not more than one year, or both.

TITLE VII—RETIREMENT SAVINGS; LIMITATION ON PROPRIETARY EMPLOYEE CONTRIBUTIONS; TAXATION OF CERTAIN LUMP-SUM DISTRIBUTIONS

SEC. 701. DEDUCTION FOR RETIREMENT SAVINGS.

(a) IN GENERAL.—Part VII of subchapter B of chapter 1 (relating to additional itemized deductions for individuals) is amended by redesignating section 219 as 220 and inserting after section 218 the following new section:

"SEC. 219. RETIREMENT SAVINGS.

"(a) DEDUCTION ALLOWED.—Subject to the limitations imposed by subsections (b) and (c), in the case of an individual, there shall be allowed as a deduction amounts paid in money during the taxable year by such individual for his benefit—

"(1) to or under a qualified individual retirement account described in section 408 (a) which is exempt from tax under section 501(a), or

"(2) for a qualified individual retirement bond purchase described in section 409, unless the bond is redeemed within 12 months after its issuance and no interest is payable on account of the application of section 409 (b)(1)(D)(iii).

"(b) LIMITATIONS.—

"(1) GENERAL RULE.—Except as provided in paragraphs (2) and (3), the amount allowable as a deduction under subsection (a) to an individual for any taxable year shall not be less than the lesser of his earned income paid or accrued for such taxable year up to a deduction of $1,000, nor more than 15 per centum of his earned income paid or accrued for such taxable year, up to a deduction of $1,500.

"(2) Participation in certain other plans.—No deduction shall be allowed under this section for the individual's taxable year if, at any time during such taxable year, he is an active participant in—

"(A) an employees' trust described in section 401(a) which is exempt from tax under section 501(a),

"(B) a plan which meets the requirements of section 404(a)(2),

"(C) a qualified bond purchase plan described in section 405(a),

"(D) an annuity plan described in section 403(b), or

"(E) a plan established and maintained by the United States, a State or political subdivision thereof, or a corporation which is an instrumentality of the United States, a State, or a political subdivision of a State.

"(3) Reduction for certain employer accounts.—If an individual is a participant in an account described in section 408(a)(8) for the taxable year, the amount of the limitation otherwise determined under paragraph (1) of this subsection for such year shall be reduced by an amount equal to the employer contributions to such account for such year. If an individual is a participant in such an account for less than his entire taxable year, the amount of the deduction allowable under this section to him for such year shall be reduced by the sum of any amounts allowed as a deduction to the individual for his contributions to such account, and the amount of the reduction determined under this paragraph.

"(4) Contributions made after age 70½ years.—No deduction shall be allowed under this section with respect to any payment described in subsection (a) which is made by an individual who attains the age of 70½ years before the end of the taxable year of such payment.

"(c) Recontributed Amounts.—No deduction shall be allowed under this section with respect to a contribution to which section 72(p)(2)(C) applies.

"(d) Married Individuals.—In the case of a married individual (as defined in section 153), the amount determined under subsection (b)(1) shall be determined without regard to the earned income of his spouse. For purposes of this section, the earned income of, and payments by, a married individual shall be determined without regard to the community property laws of a State.

"(e) Earned Income Defined.—For purposes of this section, the term 'earned income' means any income which is earned income within the meaning of section 401(c)(2) or 911(b)."

(b) Individual Retirement Accounts.—Subpart A of part I of subchapter D of chapter 1 (relating to general rules) is amended by adding at the end thereof the following new section:

"Sec. 408. Individual Retirement Accounts.

"(a) Requirements for Qualification.—A trust created or organized in the United States shall constitute a qualified individual retirement account under this section provided that under a written governing instrument—

"(1) it is maintained for the purpose of distributing the contributions thereto and the income therefrom to a specific individual or his beneficiaries;

"(2) except in the case of a contribution to which section 72(p)(2)(C) applies, contributions thereto during any taxable year may not exceed the excess of—

"(A) the limitation provided by section 219(b) (plus any amounts contributed by an employer to an account described in paragraph (8) for such taxable year), over

"(B) the sum of the amounts paid by such individual during such year—

"(i) for a qualified individual retirement bond purchase described in section 409, for his benefit, or

"(ii) under another qualified individual retirement account,

and, except as provided in subsection (b)(3), may be made only by the individual for whose benefit the account is maintained;

"(3) the assets thereof may not be commingled with other property except in a common trust fund or in the case of accounts maintained by an employer for his employees;

"(4) the assets thereof are required to be held by a bank (as defined in section 401(d)(1)) or other person who demonstrates to the satisfaction of the Secretary or his delegate that the manner in which such other person will hold such assets will be consistent with the requirements of this section;

"(5) the entire interest of the individual for whose benefit the account is maintained will be distributed to him not later than his taxable year in which he attains the age 70½ years, or will be distributed, commencing not later than such taxable year, in accordance with regulations prescribed by the Secretary or his delegate, over—

"(A) the life of such individual or the lives of such individual and his spouse, or

"(B) a period not extending beyond the life expectancy of such individual or the life expectancy of such individual and his spouse;

"(6) if the individual for whose benefit the account is maintained dies before his entire interest has been distributed to him, of if distribution has been commenced in accordance with paragraph (5) to his surviving spouse and such surviving spouse dies before the entire interest has been distributed to such surviving spouse, the entire interest (or the remaining part of such interest if distribution thereof has commended) will, within 5 years after his death (or the death of his surviving spouse), be distributed, or applied to the purchase of an immediate annuity for his beneficiary or beneficiaries (or the beneficiary or beneficiaries of his surviving spouse which will be payable for the life of such beneficiary or beneficiaries (or for a term certain not extending beyond the life expectancy of such beneficiary or beneficiaries) and which will be immediately distribtued to such beneficiary or beneficiaries;

"(7) if contributions thereto may be used for the purchase of an annuity or similar contract issued by a life insurance company, any refunds of premiums are applied within the current taxable year or near succeeding taxable year toward the payment of future premiums or the purchase of additional benefits; and

"(8) in the case of an account to which an employer contributes the additional requirements of subsection (b)(3) are met.

For purposes of this title, a custodial account, annuity contract, or other similar arrangement shall be treated as a trust constituting a qualified individual retirement account of such arrangement would, except for the fact that it is not a trust, constitute a qualified individual retirement account under this subsection. Paragraph (6) shall not apply if distribution of the interest of such individuals have commenced and such distribution is for a term certain over a period permitted under paragraph (5).

"(b) Special Rules.—

"(1) Excess contributions.—If all or a portion of the contributions paid by an individual during any taxable year to a qualified individual retirement account are not deductible under section 219 (other than by reason of section 219(c)), such contributions or portions thereof shall be treated in the same manner as an excess contribution within the meaning of section 401(e)(1), and, for this purpose, section 401(e)(2) and (3) shall apply as if such individual were an owner-employee.

"(2) Community property laws.—This section shall be applied without regard to the community property laws of any State.

"(3) Employer contributions.—An employer may maintain and may contribute to qualified individual retirement accounts for his employees if, with respect to each employee's account for such employee's taxable year—

"(A) the employee is not an active participant in another trust or plan of such employer which is qualified under section 401(a), 404(a)(2), or 405(a),

"(B) the aggregate employer and employee contributions with respect to such account do not exceed $1,000,

"(C) the interest of such employee in such account is nonforfeitable, and

"(D) separate records are maintained for employer and employee contributions.

An account described in this paragraph shall satisfy the requirements of subsection (a) with respect to each individual who participates and shall be treated as such individual's separate account, except that the employer may pay reasonable administrative expenses. In determining the deductibility of employer contributions satisfying the requirements of this paragraph, the limitations under section 404 shall not apply; however, any amount contributed by an employer to such an account during the employee's taxable year for whom the account is maintained in excess of the limitation contained in subparagraph (C) shall not be deductible, but shall be withdrawn from the account by the employer before the end of the taxable year of the employer during which it was made, or carried over to the succeeding taxable year of the employer, during which year it shall be deductible to the extent that a contribution during that year of such excess amount is deductible. Contributions made by an employer to such an account shall be taxable to the participant only as provided by this section.

"(4) Transfer of account incident to divorce.—The transfer of an individual's interest in a qualified individual retirement account to his former spouse under a divorce decree or under a written instrument incident to such divorce shall be deemed not to be a taxable transfer by such individual notwithstanding any other provision of this subtitle, and such interest at the time of the transfer shall be deemed to be a qualified individual retirement account of such spouse, and not of such individual. The basis of such account to such spouse at such time shall be deemed to be the same as the individual's basis at such time. Thereafter such account for purposes of this subtitle shall be treated as maintained for the benefit of such spouse.

"(c) Treatment as Qualified Trust Benefiting Owner-Employee.—Solely for purposes of subchapter F, chapter 44, and subtitle F, a qualified individual retirement account shall be treated as a trust described in section 401(a) which is part of a plan providing contributions or benefits for employees some or all of whom are owner-employees (as defined in section 401(c)(3)), the individual for whose benefit such account is maintained shall be treated as an owner-employee for whom such contributions or benefits are provided, and the person holding the assets of such qualified individual retirement account shall be treated as the trustee of such trust. If section 72(p)(2)(C) applies to a contribution to a qualified individual retirement account, chapter 44 shall not be applied to such contribution.

"(d) Taxability of Beneficiary of Qualified Individual Retirement Account.—

"(1) In general.—Except as provided in paragraphs (2) and (3), the amount actually paid, distributed, or made available to any payee or distributee by a qualified individual retirement account shall be taxable to him in the year in which actually paid or distributed under section 72 (relating to annuities).

"(2) Recontributed amounts.—Amounts paid or distributed by a qualified individual retirement account (except amounts distributed pursuant to provisions of the governing instrument, and meeting the requirements of subsection (a)(5)) shall not be includible in gross income in the year paid or distributed to the extent that such amounts are not subject to the tax imposed by section 72(p)(3) by reason of the application of section 72(p)(2)(C).

"(3) Applicability of section 72(m).—Under regulations prescribed by the Secretary or his delegate, an individual who establishes a qualified individual retirement account shall be treated as an employee who is an owner-employee for purposes of applying paragraphs (2) and (4) of section 72(m) (relating to special rules applicable to employee annuities and distributions under employee plans).

"(e) Treatment of Nonqualified or Nonexempt Account.—If for the preceding taxable year of a trust it was described in subsection (a) and was exempt from tax under section 501(a) and if for the taxable year such trust is not exempt from tax under section 501(a), the fair market value of the account at the beginning of the taxable year, reduced by any contributions of the individual who established such account which were not deductible under section 219 (other than by reason of section 219(c)), shall be included in the gross income of the individual who established such account or his beneficiary as if the assets of the trust had been distributed to him on the first day of the taxable year.

"(f) Special Rule.—Solely for the purpose of determining whether section 72(p)(2)(C) applies to a contribution under subsection (a)(2) or to an amount paid or distributed under subsection (d)(2), the requirement of section 72(p)(1) that the amount paid or distributed be received before age 59½ shall not apply.

"(g) Cross References.—

"(1) For excise tax on a qualified individual retirement account, see section 4960.

"(2) For additional tax on certain distributions from a qualified individual retirement account, see section 72(p)."

(c) Treatment of Distributions From Individual Retirement Accounts.—Section 72 (relating to annuities) is amended—

(1) by striking out subsection (m)(1),

(2) by inserting after "section 401(c)(1)" in subsection (m)(2) ", or under section 219",

(3) by striking out at the end of subsection (m)(3)(A)(i) "or",

(4) by striking out at the end of subsection (m)(3)(A)(ii) "participant." and inserting in lieu thereof "participant, or",

(5) by inserting after subsection (m)(3)(A)(ii) the following new clause—

"(iii) purchased by a trust described in section 408(a) which is exempt from tax under section 501(a).",

(6) by striking out subsection (m)(3)(B) and inserting in lieu thereof:

(B) Any contribution to a plan described in subparagraph (A)(i) or a trust described in subparagraph (A)(ii) or (iii), which is allowed as a deduction under section 404 or section 219, and any income of a trust described in subparagraph (A)(ii) or (iii), which is determined in accordance with regulations prescribed by the Secretary or his delegate to have been applied to purchase the life insurance protection under a contract described in subparagraph (A), is includible in the gross income of the participant for the taxable year when so applied.",

(7) by inserting after "501(a)" in subsection (m)(4)(A) ", a trust described in section 408(a) which is exempt from tax under section 501(a),",

(8) by inserting after "501(a)" in subsection (m)(4)(B) ", a trust described in section 408(a) which is exempt from tax under section 501(a),", and

(9) by redesignating subsection (p) as (q) and inserting after subsection (o) the following new subsection:

"(p) Treatment of Certain Premature Distributions.—

"(1) Application of subsection.—This subsection shall apply to amounts paid or distributed by a qualified individual retirement account described in section 408(a) which is exempt from tax under section 501 (a), which are includible in the gross income of the distributee or payee and which are received by him before the individual for whose benefit such account is maintained attains the age of 59½ years.

"(2) Limitations.—This subsection shall not apply to an amount described in paragraph (1)—

"(A) paid or distributed to such individual on account of his becoming disabled within the meaning of subsection (m)(7),

"(B) includible in gross income under section 72(m)(3)(B), or

"(C) paid or distributed by a qualified individual retirement account to the individual for whose benefit such account is maintained if, within 60 days after receipt, such amount is contributed in full to another qualified individual retirement account for such individual's benefit.

Subparagraph (C) shall not apply to an amount described in paragraph (1) which is paid or distributed to an individual with respect to whom such subparagraph applied at any time during the preceding 36-month period, nor shall it apply unless the same property (other than money) received in such payment or distribution is contributed to such other qualified individual retirement account for such individual's benefit.

"(3) Amount of penalty.—If an individual is required to include in gross income for the taxable year an amount to which this subsection applies, there shall be imposed, in addition to any other tax imposed by this chapter, a tax for such taxable year equal to 30 percent of such amount. The tax imposed under this paragraph shall not be reduced by any credit under part IV of subchapter A and shall not be treated as a tax imposed by this chapter for purposes of section 56.".

(d) Excise Tax on Excessive Accumulations.—Subtitle D (relating to miscellaneous excise taxes) is amended by adding at the end thereof the following new chapter:

"Chapter 43.—RETIREMENT PLANS

"Sec. 4960. Excise tax on individual retirement accounts.

"Sec. 4960. Excise Tax on Individual Retirement Accounts.

"(a) Imposition of Tax.—There is hereby imposed for each taxable year on the assets of a qualified individual retirement account described in section 408(a) which is exempt from tax under section 501(a) a tax equal to 10 percent of an amount which bears the same ratio to the fair market value of the total assets in such account at the beginning of the taxable year as—

"(1) the minimum amount required to be distributed during such year under section 408(a) (5) or (6) (whichever applies), reduced (but not below zero) by the total amount actually distributed during such year by the account to the individual for whose benefit such account is maintained or his beneficiary, bears to—

"(2) the minimum amount required to be distributed during such year under section 408(a) (5) or (6) (whichever applies).

"(b) When Applicable.—The tax imposed by this section shall apply only for taxable years beginning after the taxable year in which the individual who established such account attains the age of 70½ years.

"(c) Rules.—For purposes of this section, the minimum amount required to be distributed during a year under section 408(a) (5) or (6) shall be determined under regulations prescribed by the Secretary or his delegate. In the case of an account described in section 408(a)(8) the tax shall be computed only with respect to each individual in such account. A bond described in section 409, with respect to which a deduction was claimed under section 219, shall be treated, for purposes of this section, as a qualified individual retirement account."

(e) Limitation on Application of Sections 402(a) and 403(a) in the Case of Certain Contributions.—Subpart A of part I of subchapter D of chapter 1 (relating to general rules) is amended as follows:

(1) Amendment of section 402.—Section 402(a) (relating to taxability of beneficiary of exempt trust) is amended—

(A) by striking out in the first sentence of paragraph (1) "and (4)" and inserting in lieu thereof ", (4), and (6)", and

(B) by inserting after paragraph (5) the following new paragraph—

"(6) Individual retirement accounts.—In the case of an employees' trust described in section 401(a), which is exempt from tax under section 501(a), if the total distributions payable with respect to any employee are paid to him within 1 taxable year of the employee (during which he is not at any time 59½ years of age or older) on account of his separation from the service other than by reason of his death, the amount of such distribution, to the extent such distribution would be includible in gross income but for the provisions of this paragraph, shall not be includible in gross income in the year paid if, no later than the 60th day after the close of the taxable year in which such amount was paid to him, such otherwise includible amount is contributed by him in full to one or more qualified individual retirement accounts described in section 408(a). This paragraph shall not apply unless the same property (other than money) received in the total distribution is contributed.

(2) Amendment of section 403.—Section 403(a) is amended—

(A) by striking out in the first sentence of paragraph (1) "paragraph (2)" and inserting in lieu thereof "paragraph (2), and (4)", and

(B) by inserting after paragraph (3) the following new paragraph—

"(4) Individual retirement accounts.—If—

"(A) an annuity contract is purchased by an employer for an employee under a plan described in paragraph (1);

"(B) such plan requires that refunds of contributions with respect to annuity contracts purchased under such plan be used to reduce subsequent premiums on the contracts under the plan; and

"(C) the total amounts payable by reason of an employee's separation from the service other than by reason of death are paid to the employee within one taxable year of the employee (during which he is not at any time 59½ years of age or older),

then the amount of such payments, to the extent such amounts would be includible in gross income but for the provisions of this paragraph, shall not be includible in gross income in the year paid if, no later than the 60th day after the close of the taxable year in which such amounts are paid to him, such otherwise includible amounts are contributed by him in full to one or more qualified individual retirement accounts described in section 408(a). This paragraph shall not apply unless the same property (other than money) received in such payments is contributed. The Secretary or his delegate shall prescribe such regulations as he may deem necessary to carry out the purposes of this paragraph."

(f) Individual Retirement Bond Purchase.—Subpart A of Part I of subchapter D of chapter 1 (relating to general rules) is amended by adding at the end thereof the following new section:

"Sec. 409. Individual Retirement Bond Purchases.

"(a) Requirement for Qualification.—An individual's purchase of United States bonds described in subsection (b) shall constitute a qualified individual retirement bond purchase under this section if contributions (not in excess of an amount determined under section 219) are used solely to purchase for the individual or his beneficiaries United States bonds described in subsection (b).

"(b) Bonds to Which Applicable.—

"(1) Characteristics of bonds.—This section shall apply to a bond issued under the Second Liberty Bond Act, as amended, which by its terms, or by regulations prescribed by the Secretary under such Act—

"(A) provides for payment of interest, or investment yield, only upon redemption;

"(B) provides that no interest, or investment yield, is payable if the bond is redeemed within 12 months after its issuance;

"(C) provides that it ceases to bear interest, or provide investment yield, on the earlier of—

"(i) the date on which the individual in whose name it is purchased attains the age of 70½ years; or

"(ii) five years after the date on which such individual dies, but not later than the date on which he would have attained age 70½ had he lived;

"(D) may be purchased only in the name of an individual described in subsection (a);

"(E) may be redeemed before the death of the individual in whose name it is purchased only if such individual—

"(i) has attained the age of 59½ years,

"(ii) has become disabled (within the meaning of section 72(m)(7)), or

"(iii) redeems the bond within 12 months after its issuance; and

"(F) is not transferable.

"(d) Taxability of Holder of Qualified Individual Retirement Bonds.—

"(1) Gross income not to include bonds at time of distribution.—For purposes of this chapter, in the case of an individual purchasing a bond described in subsection (b), gross income does not include any amount attributable to the receipt of such bond. Upon redemption of such bond, the proceeds shall be subject to taxation under this chapter, but the provisions of section 72 (relating to annuities, etc.), section 402 (relating to taxability of beneficiary of employee's trust), and section 1232 (relating to bonds and other evidences of indebtedness) shall not apply.

"(2) Basis.—The basis of any bond received by an individual under a qualified individual retirement bond purchase shall be zero.

"(3) Bonds Deemed Redeemed.—For purposes of paragraph (1), the proceeds of a bond described in subsection (b) shall be includible in gross income no later than the taxable year in which the individual attains the age of 70½ years.".

(g) Conforming Amendments.—

(1) Retirement income.—Section 37(c)(1) (defining retirement income) is amended—

(A) by striking out subparagraph (A) and inserting in lieu thereof the following new subparagraph:

"(A) pensions and annuities including—

"(i) in the case of an individual who is, or has been, an employee within the meaning of section 401(c)(1), a distribution by a trust described in section 401(a) which is exempt from tax under section 501(a) to the extent such distribution was not subject to the tax imposed by section 72(p)(3), and

"(ii) a distribution from a qualified individual retirement account described in section 408(a) which is exempt from tax under section 501(a) to the extent such distribution was not subject to the tax imposed by section 72(p)(3),".

(B) by striking out subparagraph (E) and inserting in lieu thereof the following new subparagraphs:

"(E) bonds described in section 405(b) which are received—

"(i) under a qualified bond purchase plan described in section 405(a),

"(ii) in a distribution from a trust described in section 401(a) which is exempt from tax under section 501(a), or

"(iii) from a qualified individual retirement account described in section 408(a) which is exempt from tax under section 501(a), or

"(F) bonds described in section 409(a), or".

(2) Adjusted gross income.—Section 62 (relating to definition of adjusted gross income) (as amended by section 702(d)(2) of this Act) is amended by inserting after paragraph (8) the following new paragraph:

"(9) Individual retirement savings.—The deduction allowed by section 219."

(3) Basis for assets held for qualified pension plan contracts.—Section 801(g)(7) (relating to basis of assets held for qualified pension plan contracts) is amended by striking out "or (D)" and inserting in lieu thereof "(D), or (E)".

(4) Pension plan reserves.—Section 805(d)(1) (relating to definition of pension plan reserves) is amended by striking out "or" at the end of subparagraph (C), by striking out "foregoing." at the end of subparagraph (D) and inserting in lieu thereof "foregoing; or", and by adding at the end thereof the following new subparagraph:

"(E) purchased under contracts entered into with trusts which (as of the time the contracts were entered into) were deemed to be qualified individual retirement accounts described in section 408(a) which are exempt from tax under section 501(a)."

(5) Averagable income.—Paragraph (2)(A) of section 1302(a) (relating to definition of averagable income) is amended by inserting "or 72(p)(3)" after section 72(m)(5)".

(6) Earned income.—Section 1348(b)(1) (relating to definition of earned income) is amended by inserting "72(p)(3)" after "72(n)".

(h) Clerical Amendments.—

(1) The table of sections for part VII of subchapter B of chapter 1 is amended by striking out the item relating to section 219 and inserting in lieu thereof the following:

"Sec. 219. Retirement savings.
"Sec. 220. Cross references."

(2) The table of sections for subpart A of part I of subchapter D of chapter 1 is amended by adding at the end thereof the following new item:

"Sec. 408. Individual retirement accounts."

(3) The table of sections for subpart A (designated as such by section 201(c) of this Act) of part I of subchapter D is amended by adding at the end thereof the following new item:

"Sec. 409. Qualified individual bond purchases.".

(4) The table of chapters of subtitle D is amended by adding at the end thereof the following new item:

"Chapter 43. Retirement plans.".

(i) Effective Dates.—The amendments made by this section shall apply to taxable years beginning after December 31, 1973.

Sec. 702. Certain Plans.

(a) Certain Defined Benefit Plans.—Section 401 (relating to qualified pension, etc. plans) is amended—

(1) by inserting at the end of subsection (a) the following new paragraphs:

"(12) In the case of a trust which is a part of a defined benefit plan, the plan of which such trust is a part satisfies the requirements of subsections (j) and (k).

"(13) A trust forming part of a plan which provides contributions or benefits for employees, some or all of whom are proprietary employees, shall constitute a qualified trust under this section only if the requirements of section 412 are satisfied.",

(2) by striking out the first sentence of subsection (d)(1) and inserting in lieu thereof the following:

"In the case of a trust which is created on or after the date of the enactment of this subsection, or which was created before such date but is not exempt from tax under section 501(a) as an organization described in subsection (a) on the day before such date, the assets thereof are held by a bank or other person who demonstrates to the satisfaction of the Secretary or his delegate that the manner in which he will hold such assets will be consistent with the requirements of this section. Notwithstanding the requirements of the preceding sentence, a person (including the employer) other than the trustee or custodian so holding plan assets may be granted, under the trust instrument, the power to control the investment of the trust funds either by directing investments (including reinvestments, disposals, and exchanges) or by disapproving proposed investments (including reinvestments, disposals, or exchanges).", and

(3) by redesignating subsection (j) as (l) and inserting after subsection (i) the following new subsections:

"(j) Certain Defined Benefit Plans.—

"(1) General rules.—A trust which is a part of a defined benefit plan which provides benefits for employees, some or all of whom are employees within the meaning of subsection (c)(1) or proprietary employees within the meaning of section 412(b)(1), shall not constitute a qualified trust under this section unless the plan of which such trust is a part provides that the basic benefit accruing for each separate plan year of participation by such an employee shall not exceed the product of the compensation of such employee under the plan for such year (not in excess of $50,000) and the percentage shown on the following table corresponding to his age at the time his current period of participation began:

"Age attained at participation—

30 or less	6.5
35	5.4
40	4.4
45	3.6
50	3.0
55	2.5
60 or over	2.0

For purposes of this subsection, the term 'basic benefit' means a benefit in the form of a straight life annuity commencing at the later of age 65, or 5 years from the time the participant's current period of participation began, under a plan which provides no ancillary benefits and to which employees do not contribute. The Secretary or his delegate shall prescribe regulations under which the percentages shown on such table shall be adjusted for plans which do not meet the conditions described in the preceding sentence and under which percentage for ages between those shown on the table shall be determined. After December 31, 1977, the Secretary or his delegate may, by regulations, prescribe revised percentages to be used in lieu of the percentages shown in the table provided by this subsection. Such percentages shall be revised by the Secretary or his delegate on the basis of changes in prevailing interest and mortality rates occurring after 1973.

"(2) ALTERNATIVE LIMITATION FOR PROPRIETARY EMPLOYEES.—Notwithstanding the provisions of paragraph (1), a qualified plan (other than a plan which provides benefits for an employee of an electing small business corporation as defined in section 1371) may provide for a basic benefit on behalf of an individual who is a proprietary employee (within the meaning of section 412(b)(1)) which does not exceed 75 percent of the participant's average high 3-year compensation from the employer. This amount shall be amortized in equal payments over the remaining future service of each such proprietary employee or over 10 years whichever is the longer. Average high 3-year compensation from the employer is the amount includible in the gross income of the participant (determined without regard to section 911) for the period of 3 actual consecutive taxable years (or if he has been an employee for less than 3 years, the number of years he has been an employee) of the participant for which his compensation from the employer is the greatest but not in excess of the first $100,000 per year. Where contributions are made under a plan for a proprietary employee who was a participant for a period of less than 10 years, the basic benefit which may be provided under the plan (under this paragraph) shall be reduced ratably.

"(3) AGGREGATION OF PLANS.—For purposes of this subsection—

"(A) DEFINED BENEFIT PLANS.—If a defined benefit plan provides benefits for an owner-employee of a trade or business who controls, or for two or more owner-employees who together control, one or more other trades or businesses, that defined benefit plan and all defined benefit plans established with respect to such other trades or businesses shall be considered as a single plan.

"(B) DEFINED CONTRIBUTION PLANS.—If a defined contribution plan provides for contributions from an owner-employee of a trade or business who controls, or for two or more owner-employees who together control, one or more other trades or businesses, that defined contribution plan and all defined contribution plans established with respect to such other trades or businesses shall be considered a single plan.

"(C) RULES.—For purposes of this paragraph, the term 'owner-employee' also includes an individual who is a proprietary employee (as defined in section 412(b)(1)), and the terms 'control' and 'controls' have the same meaning as they have in subsection (d)(9). An owner-employee who is a participant in both types of plans (described in subparagraphs (A) and (B)) shall be treated, under regulations prescribed by the Secretary or his delegate, as if he were a participant in only one such type of plan.

"(4) REDUCTION OF BENEFITS.—In the case of an owner-employee or proprietary employee who is covered by a defined benefit plan to which this subsection applies, as well as a defined contribution plan, if for a taxable year a deduction is allowable under section 404(a)(9) for a contribution with respect to such owner-employee, then for the plan year of a defined benefit plan ending with or within such taxable year, in applying this subsection the percentage determined under paragraph (1) shall be the percentage determined under such paragraph (without regard to this paragraph) multiplied by the excess of 1 over a fraction—

"(A) the numerator of which is the amount so allowable under section 404) (a) (9), and

"(B) the denominator of which is the limitation determined under section 404(a)(9) with respect to such individual.

"(5) SPECIAL RULES.—Section 404(e) (relating to special limitations for self-employed individuals) shall not apply to a trust to which this subsection applies.

"(k) LIMITATION ON BENEFITS UNDER DEFINED BENEFIT PLAN.—A trust which is a part of a defined benefit plan shall not constitute a qualified trust under this section if, under the plan of which such trust is a part, the benefit under the plan, together with the benefits under all other defined benefit plans (whether or not terminated) of the employer, exceeds 100 percent of the participant's average compensation from the employer which is includible in the gross income of the participant (determined without regard to section 911) for the period of 3 consecutive taxable years of the participant for which his compensation from the employer is the greatest. For purposes of this subsection, if the benefits provided under a pension plan are not in the form of a straight life annuity commencing at age 65 adjusted for fluctuations in the cost of living under a plan to which employees do not contribute, which provides no ancillary benefits, the 100 percent limit provided by the preceding sentence shall be adjusted, in accordance wtih regulations prescribed by the Secretary or his delegate to reflect such other form. In the case of a participant in a defined benefit plan who is also a participant in a money purchase pension plan with respect to the same employment, the limitation determined under this subsection shall be the 100 percent limitation (as adjusted pursuant to the preceding sentence), multiplied by the excess of one over a fraction—

"(1) the numerator of which is the percentage of compensation contributed under the money purchase pension plan (but not greater than 20), and

"(2) the denominator of which is 20.

The percentage limitation applicable to an employee who has been an active participant in the plan for fewer than 10 full plan years shall be the percentage limitation otherwise determined under this subsection, multiplied by a fraction, the numerator of which is the number of such full years and the denominator of which is 10."

(4) by striking out, at the end of subsection (d)(9)(B)(i) "or", by striking out at the end of subsection (d)(9)(B)(ii) "partnership." and inserting in lieu thereof "partnership, or", and by inserting after subsection (d)(9)(B)(ii) the following new clause:

"(iii) in the case of a corporation, own, or are considered as owning, within the meaning of section 1563(e), stock possessing 50 percent or more of the total combined voting power of all classes of stock entitled to vote or 50 percent or more of the total value of shares of stock of the corporation."

(b) PLANS OF PROPRIETARY EMPLOYEES.—Subpart B of part I of subchapter D of chapter 1 (relating to special rules), as added by section 201 and amended by section 221, is amended by inserting at the end thereof the following new section:

"SEC. 412. PLAN OF PROPRIETARY EMPLOYEE.

"(a) GENERAL RULE.—In the case of a plan which provides contributions or benefits for employees some or all of whom are proprietary employees (as defined by subsection (c))—

"(1) the provisions of section 404(e) shall apply, and

"(a) GENERAL RULE.—In the case of a plan out regard to subparagraph (v)) and section 401(e) (without regard to paragraph (2)(E) shall apply if such plan is not a defined benefit plan but excess contributions shall be repaid to the proprietary employee on whose behalf they were made.

For purposes of paragraph (1), the compensation of a proprietary employee taken into account shall not exceed $100,000 per year, and the basic or regular rate of compensation of such an employee taken into account shall not exceed the rate equivalent to compensation at a rate of $100,000 per year paid in equal installments over the year. The provisions referred to in paragraph (1) and (2) shall be applied as if each proprietary employee were an employee within the meaning of section 401(c)(1).

"(b) DEFINITION.—For purposes of this section and section 401—

"(1) PROPRIETARY EMPLOYEE.—The term 'proprietary employee' means an individual who owns, or is considered as owning, within the meaning of section 1563 (e), stock possessing 2 percent or more of the total combined voting power of all classes of stock entitled to vote or 2 percent or more of the total value of shares of stock of the corporation if the total of the present value of the accrued benefits, of all such employees who are active participants in the plan, derived from employer contributions (within the meaning of section 411(b)(2)) exceeds 25 percent of the present value of such accrued benefits for all active participants in the plan. For purposes of this paragraph, in the case of a profit-sharing or stock bonus plan, the rules of section 1563(e) shall be applied without respect to paragraph (3)(C) thereof. To the extent provided in regulations prescribed by the Secretary or his delegate, such term also means an individual who has been a proprietary employee within the meaning of the preceding sentence. The Secretary or his delegate is authorized to prescribe by regulations the actuarial assumptions to be applied in computing accrued benefits for purposes of this paragraph and the time at which the present value of such benefits is determined.

"(2) AGGREGATE OF PLANS.—For purposes of this subsection—

"(A) DEFINED BENEFIT PLANS.—If a defined benefit plan provides benefits for a proprietary employee of a trade or business who controls, or for two or more proprietary employees who together control, one or more other trades or businesses, that defined benefit plan and all defined benefit plans established with respect to such other trades or businesses shall be considered as a single plan.

"(B) DEFINED CONTRIBUTION PLANS.—If a defined contribution plan provides for contributions from a proprietary employee of a trade or business who controls, or for two or more proprietary employees of a trade or business who together control, one or more other trades or businesses, that defined contribution plan and all defined contribution plans established with respect to such other trades or businesses shall be considered as a single plan.

"(C) Rules.—If any such proprietary employee is an owner-employee (within the meaning of section 401(c)(3)) of a trade or business and is a participant in a defined benefit or a defined contribution plan established with respect to that trade or business, such plan shall be taken into account under subparagraph (A) or (B), whichever is applicable, for purposes of this paragraph. A proprietary employee who is a participant in both types of plans (described in subparagraphs (A) and (B)) shall be treated, under regulations prescribed by the Secretary or his delegate, as if he were a participant in only one such type of plan.

"(D) Control.—For purposes of subparagraph (A), a proprietary employee, or two or more proprietary employees, shall be considered to control a trade or business if such proprietary employee, or such two or more proprietary employees together—

"(i) own the entire interest in an unincorporated trade or business,

"(ii) in the case of a partnership, own more than 50 percent of either the capital interest or the profits interest in such partnership, or

"(iii) in the case of a corporation, own (or are considered as owning, within the meaning of section 1563(e)) more than 50 percent of the total combined voting power of stock entitled to vote or more than 50 percent of the total value of shares of stock of the corporation.

For purposes of subparagraph (B), a proprietary employee, or two or more proprietary employees, shall be treated as owning any interest in a partnership which is owned, directly or indirectly, by partnership which such proprietary employee, or such two or more proprietary employees, are considered to control within the meaning of the preceding sentence.".

(c) Repeal of Section 1379.—Subchapter S of chapter 1 is amended by striking out section 1379.

(d) Conforming Amendments.—

(1) The table of sections for subchapter S of chapter 1 is amended by striking out the last item in the table.

(2) Section 62 (relating to adjusted gross income) is amended by striking out paragraph (9).

(e) Clerical Amendment.—The table of sections for subpart B of part I of subchapter D of chapter 1 (relating to special rules), as added by section 221 and amended by section 231, is amended by adding at the very end thereof the following new item:

"Sec. 412. Plan of a proprietary employee.".

(f) Effective Date.—

(1) General Rule.—Except as provided in paragraphs (2) and (3), the amendments made by this section shall apply to plan years beginning after December 31, 1973.

(2) In the case of a plan in existence on July 24, 1973, the amendments made by this section shall apply—

(A) to plan years beginning after December 31, 1975, or,

(B) if later, the earlier of plan years beginning after—

(i) the termination of the agreement pursuant to which the plan is maintained, which the Secretary of the Treasury or his delegate finds to be a collective-bargaining agreement, between employee representatives and one or more employers, in effect on July 24, 1973, or

(ii) December 31, 1980.

For purposes of clause (i), the date on which an agreement terminates shall be determined without regard to any extension thereof agreed to after July 24, 1973.

(3) In the case of a plan in existence on July 24, 1973, the second sentence of section 401(j)(4) (as added by this section) shall apply only with respect to plan years beginning after December 31, 1979.

Sec. 703. Taxation of Certain Lump-Sum Distributions.

(a) Amendment of Section 72(n).—Section 72n (relating to total distribution) is amended by—

(1) striking out the portion of paragraph (2) preceding "applies" the first time it appears and inserting in lieu thereof the following:

"(2) Certain employees.—In any case to which this paragraph",

(2) inserting after paragraph (B) of such paragraph the following: "This paragraph applies to amounts to which this subsection applies which are distributed or paid with respect to an individual who is an employee (within the meaning of section 401(c)(1)) if the number of plan years such individual was such an employee under the plan under which such amounts are distributed or paid exceeds 50 percent of the number of plan years for which he was a participant in such plan.",

(3) striking out "this subsection" in paragraph (3) and inserting in lieu thereof "paragraph (2)", and

(4) striking out paragraph (4) and inserting in lieu thereof the following:

"(4) Determination of tax on certain total distributions.—Notwithstanding any other provisions of this chapter, except as provided in paragraph (5), the tax on amounts to which this subsection (other than paragraph (2)) applies is 15 times the product of—

"(A) the tax (determined by applying the rates contained in the table in section 1(c)) that would result if the taxable income of the recipient were one-fifteenth of the excess of

"(i) the sum of the amount to which this paragraph applies and the portion of the distribution or payment which receives capital gains treatment under section 402(a)(2) or 403(a)(2)(A), over

"(ii) the minimum distribution allowance, multiplied by

"(B) a fraction, the numerator of which is the number of calendar years after 1973 the recipient was an active participant in the plan and the denominator of which is the total number of calendar years the recipient was an active participant in the plan.

For purposes of this paragraph, the minimum distribution allowance is one-half of the first $20,000 of the sum referred to in clause (i), reduced (but not below zero) by 20 percent of the excess of such sum over $20,000.

"(5) Multiple distributions.—If an individual receives more than one distribution to which paragraph (4) applies during a period of 6 consecutive taxable years of that individual, the tax payable on the second or subsequent such distribution shall be determined, under regulations prescribed by the Secretary or his delegate, by applying the provisions of paragraph (4) to the aggregate amount of all such distributions within such period and reducing the amount of the tax so determined by the amount of tax paid with respect to prior distributions within the period. For purposes of this paragraph, such distributions shall be aggregated without regard to the source of such distributions.

"(6) Community property laws.—The provisions of paragraphs (4) and (5) shall be applied without regard to the community property laws of any State.

"(7) Annuities.—For purposes of paragraphs (4) and (5), the distribution of an annuity shall be treated as a distribution in an amount equal to the cash surrender value of such annuity on the date of distribution.".

(b) Amendment of Section 402.—Section 402(a) (relating to taxability of beneficiary of exempt trust) is amended by striking out paragraph (5) and inserting in lieu thereof the following:

"(5) Phase out of capital gains treatment.—The first sentence of paragraph (2) shall apply to a distribution paid after December 31, 1973, only to the extent that it does not exceed such distribution (reduced in accordance with such sentence) multiplied by a fraction, the numerator of which is the number of full years of active participation by the employee in such plan for plan years beginning before January 1, 1974, and the denominator of which is the number of full years of active participation by the employee in such plan."

(c) Amendment of Section 403.—Section 403(a) (relating to taxability of beneficiary under a qualified annuity plan) is amended by striking out paragraph (2)(C) and inserting in lieu thereof the following:

"(C) Phase out of capital gains treatment.—Subparagraph (A) shall apply to a payment paid after December 31, 1973, only to the extent that it does not exceed such payment (reduced in accordance with such subparagraph) multiplied by a fraction, the numerator of which is the number of full years of active participation by the employee in such plan for plan years beginning before January 1, 1974, and the denominator of which is the number of full years of active participation by the employee in such plan."

(d) Conforming Amendments.—

(1) Prohibition of double income averaging.—Subsection 1304(b) (relating to special rules) is amended by redesignating paragraphs (3), (4), (5), and (6) as paragraphs (4), (5), (6), and (7), respectively, and inserting after paragraph 2 the following new paragraph:

"(3) section 72(n)(4) (relating to determination of tax on certain total distributions) and section 82(n)(5) (relating to multiple distributions),"

(2) Limitation on the application of subsection 1304(b).—Section 1304 (relating to special rules on income averaging) is amended by adding at the end thereof the following new subsection:

"(g) Limitation on the Application of Subsection.—(b). Recipients of distributions to which section 72(n)(2) or 72(n)(4) apply may choose the benefit of this part except with respect to such distributions.".

(e) Effective Dates.—The amendments made by this section shall take effect on January 1, 1974.

Sec. 704. Contributions on Behalf of Self-Employed Individuals and Proprietary Employees.

(a) Revision of Limitations.—

(1) Limit on Deductions.—Section 404(e) (relating to deduction limitations) is amended by—

(A) striking out "$2,500, or 10 percent" in paragraphs (1) and (2)(A) and inserting in lieu thereof "$7,500, or 15 percent",

(B) striking out "whichever is the lesser." in paragraphs (1) and (2)(A) and inserting in lieu thereof "whichever is the lesser, the alternative limitation for proprietary employees described in paragraph (4), or the minimum deductible amount described in paragraph (5).", and

(C) by inserting after paragraph (3) the following new paragraph:

"(4) Alternative limitation for proprietary employees.

"(A) Notwithstanding the limitations of

paragraph (1) (but subject to the provisions of section 414), in the case of a plan (other than a plan which provides benefits for an employee of an electing small business corporation as defined in section 1371) which provides contributions for employees, some or all of whom are proprietary employees (within the meaning of section 412(b) (1)), the amounts deductible under subsection (a) in any taxable year with respect to contributions on behalf of any proprietary employee may equal the present value (based on a 6 percent interest rate) of the 'unfunded limitation balance'.

"(B) The term 'unfunded limitation balance' means in the case of a plan which provides no ancillary benefits any excess of—

"(i) 75 percent of the 'contribution base' divided by the appropriate conversion factor (within the meaning of section 411(b) (2)), over

"(ii) what the balance of the employee's account under the plan, as of the close of the preceding plan year, would be if it earned interest at the rate of 6 percent per annum, compounded annually until 'normal retirement age'.

The Secretary or his delegate shall prescribe regulations defining the term 'unfunded limitation balance' for plans providing for ancillary benefits.

"(C) The term 'contribution base' means the average high 3 year compensation includible in the gross income of the participant (determined without regard to section 911) for any 3 consecutive (current or past) taxable years (or if he has been an employee for less than 3 years, the number of years he has been an employee) of the participant for which his compensation from the employer is the geratest, but not in excess of the first $100,000 of compensation for any year.

"(D) For purposes of this paragraph, the term 'normal retirement age' means the older of age 65 or if older the age of the employee on the last day of the tenth year for which he will be a participant under the plan.

"(E) In making the computation provided under this paragraph the provisions of paragraph (2) shall be applicable.

"(F) Notwithstanding the limits of subsections (a) (3) and (7) (whichever is applicable), if the amount determined under subparagraph (A) for any taxable year is less than the amount allowable as a deduction under such subsections then, the excess of the amount allowable under such subsections over the amount determined in subparagraph (A) shall be carried forward and allowable as a deductible contribution when paid in succeeding taxable years to the extent that the total contributions do not exceed the amount determined under subparagraph (A) in such taxable year.

"(G) The Secretary or his delegate may prescribe separate conversion factors under subparagraph (B) (i) for whose normal retirement age is other than age 65. And may adjust this factor to reflect changes in mortality or interest rates.

"(5) Minimum deductible amount.—For purposes of this subsection, the minimum deductible amount for any employee is the lesser of—

"(A) $750, or

"(B) 100 percent of his earned income derived by him from the trade or business with respect to which the plan is established.".

(2) Limit on contributions.—Section 401(e) (3) (relating to contributions for premiums on annuity, etc., contracts), is amended by striking out "$2,500" and inserting in lieu thereof "$7,500".

(3) Limit on amount received.—Section 72(m) (5) (B) (i) (relating to penalties applicable to certain amounts received by owner-employees) is amended by striking out "$2,500" and inserting in lieu thereof "$7,500".

(b) Discrimination.—Section 401(a) (relating to requirements for qualification) is amended by adding at the end thereof the following new paragraph:

"(12) In the case of a plan which provides contributions or benefits for employees some or all of whom are employees (as defined in subsection (c) (1)), the compensation of such an employee taken into account for purposes of paragraph (4) shall not exceed $100,000 per year, and the basic or regular rate of compensation of such an employee taken into account for such purposes shall not exceed the rate equivalent to compensation at a rate of $100,000 per year paid in equal installments over the year.".

(c) Effective Date.—The amendments made by this section shall apply for taxable years beginning after 1973.

Sec. 705. Collectively Bargained Plans.

(a) General Rule.—Subpart B of part I of subchapter D of chapter 1 (relating to special rules) as added by section 201 and amended by sections 221 and 702 is amended by inserting at the end thereof the following new section:

"Sec. 413. Collectively Bargained Plans.

"(a) Application of Section.—This section applies to—

"(1) a plan created and maintained pursuant to an agreement which the Secretary or his delegate finds to be a collective bargaining agreement between employee representatives and one or more employers, and

"(2) each trust which is a part of such plan.

"(b) General Rule.—If this section applies to a plan, notwithstanding any other provision of this title—

"(1) Section 410 shall be applied as if all employees of each of the employers who are parties to the collective bargaining agreement and who contribute to or under the plan on the same basis were employed by a single employer.

"(2) Section 401(a) (4) and 411(c) (4) shall be applied as if all participants who are employed by employers who contribute to or under the plan on the same basis were employed by a single employer.

"(3) For purposes of section 401(a), in determining whether the plan of an employer is for the exclusive benefit of his employees and their beneficiaries, all plan participants shall be considered to be his employees.

"(4) Section 411 shall be applied as if all employers who have been parties to the collective bargaining agreement constituted a single employer.

"(5) The minimum funding standard provided by section 4971 shall be determined as if all participants in the plan were employed by a single employer. For purposes of section 4971 (other than for purposes of determining the portion of a liability required to be amortized for a plan year), a plan year shall be considered to begin on the date the collective bargaining agreement is first effective (treating an agreement to extend a prior agreement as a new agreement, and to end on the expiration date of the agreement determined under such agreement).

"(6) For a plan year (determined without regard to paragraph (5)) the liability under section 4972 of each employer who is a party to the collective bargaining agreement shall be determined, in accordance with regulations prescribed by the Secretary or his delegate, on the basis of his contributions under the plan and his liability for contributions under the plan. The liability for tax under such section in the case of such a plan shall apply first to the extent of any delinquency in meeting required contributions on the part of an employer under such plan.

"(7) For a calendar year the liability under section 4975 of each employer who is a party to the collective bargaining agreement during the calendar year shall be determined by reference to the number of plan participants employed by the employer at any one time during the calendar year.

"(8) Each applicable limitation provided by section 404(a) shall be determined for a plan year (within the meaning of paragraph (5)) as if all participants in the plan were employed by a single employer. The amounts contributed to or under the plan by each employer who is a party to the contract, for the portion of his taxable year which is included within such a plan year, shall be considered not to exceed such a limitation if the anticipated employer contributions for such plan year (determined in a manner consistent with the manner in which actual employer contributions for such plan year are determined) do not exceed such limitation. If such anticipated contributions exceed such a limitation, the portion of each such employer's contributions which is not deductible under section 404 shall be determined in accordance with regulations prescribed by the Secretary or his delegate."

(b) Effective Date.—The amendment made by this section shall apply for taxable years and plan years beginning on or after January 1, 1976.

Sec. 706. Miscellaneous Provisions.

(a) Employee Contributions of Owner-Employees.—Section 401(d) (4) (B) (relating to additional requirements for qualification of trusts and plans benefiting owner-employees) is amended by inserting "in excess of contributions made by an owner-employee as an employee" after "benefits".

(b) Certain Custodial Accounts.—Section 401 (relating to pension, profit-sharing, and stock bonus plans) is amended by striking out subsection (f) and inserting in lieu thereof the following:

"(f) Certain Custodial Accounts or Other Arrangements.—For purposes of this title, a custodial account or an arrangement similar to a custodial account or similar to an annuity contract shall be treated as a qualified trust under this section if—

"(1) the custodial account or arrangement would, except for the fact that it is not a trust, constitute a qualified trust under this section, and

"(2) the assets thereof are held by a bank (as defined in subsection (d) (1)) or another person who demonstrates, to the satisfaction of the Secretary or his delegate, that the manner in which he will hold the assets will be consistent with the requirements of this section.

For purposes of this title, in the case of a custodial account or arrangement treated as a qualified trust under this section by reason of this subsection, the person holding the assets of such account or arrangement shall be treated as the trustee thereof.".

(c) Custodial Accounts for Regulated Investment Company Stock.—Section 403 (b) (relating to taxability of beneficiary under annuity purchased by section 501(c) (3) organization or public school) is amended by adding at the end thereof the following new paragraph:

"(7) Custodial accounts for regulated investment company stock.—

"(A) Amounts paid treated as contributions.—For purposes of this title, amounts paid by an employer described in paragraph (1) (A) to a custodial account which satisfies the requirements of section 401(f) shall be treated as amounts contributed by him for an annuity contract for his employee if the amounts are paid to provide a retirement annuity for that employee and are to be invested in regulated investment company stock to be held in that custodial account.

"(B) Account treated as plan.—For purposes of this title, a custodial account which satisfies the requirements of section 401(f) shall be treated as an organization described in section 401(a) with respect to amounts received by it (and income from investment thereof) which are excluded under this subsection from the gross income of the employees on whose behalf such amounts are paid.

"(C) Regulated investment company.—For purposes of this paragraph, the term 'regulated investment company' means a domestic corporation which is a regulated investment company within the meaning of section 851(a), and which issues only redeemable stock.".

(d) Amendments to Section 404.—

(1) Section 404(a) (relating to deduction for contributions of an employer to an employee's trust, etc.) is amended by—

(A) striking out paragraph (1)(A);

(B) striking out paragraph (1) (B) and (C) and inserting in lieu thereof the following:

"(B) the amount necessary to provide with respect to all of the employees under the trust the remaining unfunded cost of their past and current service credits distributed as a level amount, or a level percentage of compensation, over the remaining future service of each such employee, as determined under regulations prescribed by the Secretary or his delegate, but if such remaining unfunded cost with respect to any three individuals is more than 50 percent of such remaining unfunding cost, the amount of such unfunded cost attributable to such individuals shall be distributed over a period of at least 5 taxable years, or

"(C) in lieu of the amount allowable under subparagraph (B), an amount equal to the normal cost of the plan, as determined under regulations prescribed by the Secretary or his delegate, plus, if past service or other supplementary pension or annuity credits are provided by the plan, an amount not in excess of 10 percent of the cost which would be required to completely fund or purchase such pension or annuity credits as of the date when they are included in the plan as determined under regulations prescribed by the Secretary or his delegate, except that in no case shall a deduction be allowed for any amount (other than the normal cost) paid in after such pension or annuity credits are completely funded or purchased."; and

(c) adding immediately after paragraph (1)(D) the following new sentence: "The limitations under subparagraphs (B) and (C) shall not apply with respect to the amount of a contribution made to or under a pension plan to the extent such contribution does not exceed the minimum funding standard described in section 4971.".

(2) Section 404(a) (relating to deduction for contributions of an employer to an employee's trust, etc.) is amended by striking out paragraph (6) and inserting in lieu thereof:

"(6) Time when contributions deemed made.—For purposes of paragraphs (1), (2), and (3), a taxpayer shall be deemed to have made a payment on the last day of the preceding taxable year if the payment is on account of such taxable year and is made not later than the time prescribed by law for filing the return for such taxable year (including extensions thereof)."

(e) Inclusion of Certain Employee Contributions in Gross Income.—Subpart A of part I of subchapter D of chapter 1 (relating to general rules) as added by section 201 and as amended by sections 701 (b) and (e) of this Act is further amended by adding at the end thereof the following new section:

"Sec. 414. Inclusion of Certain Employer Contributions in Gross Income

"(a) Inclusion of Contributions in Gross Income.—Notwithstanding the provisions of section 402 (relating to taxability of beneficiary of employees' trust), section 403 (relating to taxation of employee annuities), or section 405(d) (relating to taxability of beneficiaries under qualified bond purchase plans), an individual shall include in gross income, for his taxable year in which or with which the taxable year of his employer ends, the amount equal to the excess of—

"(1) the amount of the contributions made on his behalf by the employer during the taxable year of the employer (including amounts deemed to be paid during such year under section 404(a)(6)) to or under a money purchase pension plan which satisfies the requirements of section 401(a), 404 (a)(2), or 405(a) during such taxable year of the employer, over

"(2) 20 percent of such individual's compensation otherwise paid or accrued by him from such employer during the employer's taxable year.

In any taxable year of an individual in which he is covered under two or more money purchase pension plans maintained by an employer, the amount includable in gross income shall be the amount by which the total of such contributions exceeds 20 percent of the compensation received or accrued by such individual during the taxable year of his employer.

"(b) Treatment of Amounts Included in Gross Income.—Any amount included in the gross income of an individual under subsection (a) shall be treated as consideration for the contract contributed by the individual for purposes of section 72 (relating to annuities).

"(c) Deduction for Amounts Not Received as Benefits.—If—

"(1) Amounts are included in the gross income of an individual under subsection (a), and

"(2) the rights of such individual (or his beneficiaries) under the plan terminate before payments under the plan which are excluded from gross income equal the amounts included in gross income under subsection (a),

then there shall be allowed as a deduction, for the taxable year in which such rights terminate, an amount equal to the excess of the amounts included in gross income under subsection (a) over such payments.

"(d) Limitations.—(1) Subsection (a) shall not apply for a taxable year of an employee if, at all times during the employer's taxable year referred to in subsection (a), under the money purchase pension plans maintained by the employer (considering all such plans as a single plan) the rate at which employer contributions are to be made with respect to employee compensation does not exceed 20 percent.

"(2) Subsection (a) shall not apply to contributions made to or under a money purchase pension plan on behalf of an individual who is an employee within the meaning of section 401(c)(1).

"(e) Regulations.—The Secretary or his delegate is authorized to prescribe such forms and regulations as may be necessary to carry out the purposes of this section, including forms on which employers may be required to furnish needful information to employees. Such forms shall be furnished to employees at such time as the Secretary or his delegate may by regulations prescribe."

(f) Limitation on Deduction for Contributions on Behalf of Corporate Employees.—Section 404 (relating to deduction for contributions of an employer to an employees' trust or annuity plan and compensation under a deferred-payment plan) is amended by adding at the end thereof the following new subsection:

"(h) Limitation on Deduction for Contributions on Behalf of Corporate Employees.—Notwithstanding the provisions of subsection (a), no deduction shall be allowed for a contribution made for or on behalf of a corporate employee to or under a defined benefit plan or a defined contribution plan if the amount of such contribution or if the benefit provided under the plan exceeds the amount specified as an alternative limitation on deduction or benefits for proprietary employees in subsection (e)(4) or section 401(j)(2), whichever is applicable.".

(g) Penalty for Failure To Furnish Information.—Subchapter B of chapter 68 (relating to assessable penalties) as amended by section 221 of this Act is further amended by inserting at the end thereof the following new section:

"Sec. 6691. Reports by Employers.

"(a) Civil Penalty.—If any person who is required, by regulations prescribed under section 409(e), or by regulations prescribed under section 151 of the Retirement Income Security for Employees Act, to furnish information to the Secretary or his delegate or to an employee fails to comply with such requirement at the time prescribed by such regulations, such person shall pay a penalty of $10 for each such failure, unless it is shown that such failure is due to reasonable cause.

"(b) Deficiency Procedures Not To Apply.—Subchapter B of chapter 63 (relating to deficiency procedures for income, estate, gift and certain excise taxes) shall not apply in respect of the assessment or collection of any penalty imposed by subsection (a).".

"(h) Net Operating Loss.—Section 172(d) (4) (relating to net operating loss modifications) is amended by—

(1) striking out "and" at the end of subparagraph (C),

(2) striking out "such individual." in subparagraph (D) and inserting in lieu thereof "such individual; and", and

(3) by adding immediately after subparagraph (D) the following new subparagraph (E):

"(E) any deductions allowed under section 219 shall not be treated as attributable to the trade or business of an individual."

(i) Retroactive Changes in Plan.—Section 401 (relating to qualified pension, etc., plans) is amended by striking out subsection (b) and inserting in lieu thereof:

"(b) Certain Retroactive Changes in Plan.—A stock bonus, pension, profit-sharing, or annuity plan shall be considered as satisfying the requirements of subsection (a) for the period beginning with the date on which it was put into effect, or for the period beginning with the date on which there was put into effect any amendment which caused the plan to fail to satisfy such requirements, and ending with the time prescribed by law for filing the return of the employer for his taxable year in which such plan or amendment was put into effect (including extensions thereof) or such later time as the Secretary or his delegate may designate, if all provisions of the plan which are necessary to satisfy such requirements are in effect by the end of such period and have been made effective for all purposes for the whole of such period.".

(j) When Contributions Are Includible in Income.—

(1) Beneficiary of employee's trust.—Section 402(a)(1) (relating to taxability of

beneficiary of exempt trust), is amended by striking out "(1) General rule.—" and inserting in lieu thereof the following:

"(1) General rules.—A contribution by an employer to an employee's trust described in section 401(a) which is exempt from tax under section 501(a) shall not be includible in the gross income of the employee in the year in which so contributed or accrued. For purposes of the preceding sentence, a contribution shall not be treated as having been made by an employer if it is designated as an employee contribution or if the contribution is made as a consequence of the employee's individual choice in return for a reduction in his compensation for foregoing an increase in compensation.".

(2) Employee annuities.—Section 403(a)(1) (relating to taxability of beneficiary under a qualified annuity plan) is amended to read as follows:

"(1) General rules.—If an annuity contract is purchased by an employer for an employee under a plan which meets the requirements of section 404(a)(2) (whether or not the employer deducts the amounts paid for the contract under such section)—

"(A) the payment of the purchase price by the employer shall not be includible in the gross income of the employee in the year in which paid or accrued; and

"(B) except as provided in paragraph (2), the employee shall include in his gross income the amounts received under such contract for the year received as provided in section 72 (relating to annuities).

For purposes of subparagraph (A), an amount paid for the purchase of an annuity contract shall not be treated as being paid by an employer if such amount is designated as an amount paid by the employee or if the amount is paid as a consequence of the employee's individual choice in return for a reduction in his compensation or for foregoing an increase in compensation.".

(3) Effective date.—The amendments made by this subsection shall apply with respect to taxable years beginning after December 31, 1973.

(k) Technical Amendments.—

(1) Information with respect to pension, profit sharing and stock bonus plans.—Subpart A of part III of subchapter A of chapter 61 (relating to information returns) is amended by redesignating section 6040 as section 6040A and inserting after section 6039 the following section:

"Sec. 6040. Information Required in Connection with Certain Plans of Deferred Compensation.

"(a) In General.—Every employer who establishes or maintains a plan of deferred compensation described in part I of subchapter D of chapter 1, or the administrator of the plan, shall file an annual return stating such information as the Secretary or his delegate may by forms or regulations prescribe with respect to the qualification, financial condition and operations of the pension, annuity, profit-sharing, stock bonus, or bond purchase plan established or maintained by such employer; except that, in the discretion of the Secretary or his delegate, the employer may be relieved from stating in its return any information which is reported in returns filed by an organization forming a part of such plan.

"(b) Employer.—For purposes of this section, the term 'employer' includes a person described in section 401(c)(4) and an individual who establishes an individual retirement account described in section 408. The term 'administrator' means the person or persons described in section 3(15) of the Welfare and Pension Plans Disclosure Act.

"(c) Cross Reference.—For provisions relating to penalties for failure to file a return required by this section, see section 6652(f).".

(2) Publicity of returns.—

(A) Section 6103 (relating to publicity of returns and disclosure of information as to persons filing income tax returns) is amended by adding at the end thereof a new subsection (g) to read as follows:

"(g) Information With Respect to Pension, Profit-Sharing and Stock Bonus Plans.—Any return filed under section 6033 or 6040 with respect to a plan of deferred compensation (or copy thereof) or under 6051(d) with respect to wages paid to an employee shall be open to inspection by the proper officers of the Pension Benefit Guaranty Corporation.".

(B) Section 6104 (relating to publicity of information required from certain exempt organizations and certain trusts) is amended by—

(i) striking out "(A) In general.—" in subsection (a)(1) and inserting in lieu thereof "(1) Exempt organizations generally.—",

(ii) inserting "(A) In general.—" in subsection (a) immediately after "(1) Public inspection.—",

(iii) inserting the following clause immediately before subparagraph (B) of subsection (a)(1):

"(ii) Pension, profit-sharing, and stock bonus plans.—An application filed with respect to the qualification of a pension, profit-sharing, or stock bonus plan under section 401(a), 404(a)(2), or 405(a), covering more than 25 persons or with respect to the exemption from taxation under section 501(a) of an organization forming a part of such a plan, together with any papers submitted in support of such application, shall be open to public inspection at such times and in such places as the Secretary or his delegate may prescribe.", and

(iv) striking out "and 6056" in subsection (b) and inserting in lieu thereof "6040, and 6056".

(3) Penalties.—Section 6652 (relating to failure to file certain information returns) is amended by adding at the end thereof the following new subsection:

"(f) Information Required in Connection With Certain Plans of Deferred Compensation.—In the case of failure to file a return required under section 6040 (relating to information required in connection with certain plans of deferred compensation) or 6047 (relating to information relating to certain trusts and annuity and bond purchase plans) on the date and in the manner prescribed therefor (determined with regard to any extension of time for filing), unless it is shown that such failure is due to reasonable cause there shall be paid (on notice and demand by the Secretary or his delegate and in the same manner as tax) by the person failing so to file, $10 for each day during which such failure continues, but the total amount imposed hereunder on any person for failure to file any return shall not exceed $5,000.".

(l) Excess Contributions.—Section 401(e)(1)(B) is amended by striking out clause (ii) and inserting in lieu thereof:

"(ii) with respect to any plan other than a defined benefit plan, the amount of any contribution made by any owner-employee (as an employee) at a rate which exceeds the rate of contributions permitted to be made by employees other than owner-employees;"

(m) Plans Benefiting Self-Employed Individuals.—Section 401(c) (relating to definitions and rules relating to self-employed individuals and owner-employees) is amended by adding at the end thereof the following new paragraph:

"(6) Additional requirements for qualification of trusts and plans benefiting self-employed individuals.—A trust forming part of a pension or profit-sharing plan which provides contributions or benefits for employees some or all of whom are employees within the meaning of paragraph (1) shall constitute a qualified trust only if—

"(A) under the plan, forfeitures attributable to contributions made on behalf of an employee other than an employee within the meaning of paragraph (1) may not inure to the benefit of any individual who, at any time during the period beginning with the taxable year for which the contribution is made and ending with the taxable year during which the forfeiture occurs, is an employee within the meaning of paragraph (1),

"(B) in the case of a defined benefit pension plan, a separate account is maintained with respect to all participants under the plan who are not employees within the meaning of paragraph (1) and another separate account is maintained with respect to all participants under the plan who are employees within the meaning of paragraph (1), and

"(C) it meets the requirements for a qualified trust which is a part of a defined benefit plan which provides benefits for employees, some or all of whom are employees within the meaning of subsection (c)(1) or proprietary employees within the meaning of section 412(b)(1), as those requirements are defined in subsections 401(j) and 401(k).

(n) Conforming and Clerical Amendments.—

(1) Section 6033(c) (relating to cross-references) is amended by adding at the end thereof the following:

"For provisions relating to information required in connection with certain plans of deferred compensation, see section 6040.".

(2) Section 6047 (relating to information with respect to certain trusts and annuity and bond purchase plans) is amended by striking out subsection (d) and inserting in lieu thereof the following:

"(d) Cross References.—

"(1) For provisions relating to penalties for failure to file a return required by this section, see section 6652(f).

"(2) For criminal penalty for furnishing fraudulent information, see section 7207.".

(3) Section 6051 (relating to receipts for employees) is amended by inserting after "exemption," in subsection (a) the following: "or who pays wages as defined in section 3121(a), 3306(b), or 3041(a) to an individual who is an active participant in a plan described in section 219(b)(2),".

(4) The table of sections for subpart A of part III of subchapter A of chapter 61 is amended by striking out the last item and inserting in lieu thereof the following:

"Sec. 6040. Information required in connection with certain plans of deferred compensation.

"Sec. 6040A. Cross references.".

(5) Section 62 (relating to definition of adjusted gross income) is amended by adding after paragraph (9) the following new paragraph:

"(10) Money purchase pension plans.—The deduction allowed by section 410(c).".

(6) Clerical amendments.—

(A) The table of sections for part I of subchapter D of chapter 1 as amended by sections 701 (b) and (e) of this Act is further amended by inserting at the end thereof the following new item:

"Sec. 410. Inclusion of certain employer contributions in gross income.".

(B) The table of sections for subchapter B of chapter 68 as amended by section 221 (b) of this Act is further amended by inserting at the end thereof the following new item:

"Sec. 6691. Reports by employers.".

(o) EFFECTIVE DATES.—Except as otherwise provided in this section, the amendments made by this section shall take effect on January 1, 1974.

Mr. WILLIAMS. Mr. President, the amendment which I have sent to the desk contains the exact language of H.R. 4200 which is the major pension reform legislation passed by the Senate on September 19, 1973 by the unanimous vote of 93 Senators. I am offering the amendment in order that we may go to conference as soon as possible on this important issue of private pension reform for American working men and women. It is my sincere hope, that by this approach, we may proceed to conference expeditiously and resolve the differences between the two Houses of Congress and thus achieve agreement for final enactment of this legislation.

Mr. HUGH SCOTT. Mr. President, reserving the right to object—and I will not object—I rise only for the purpose of commending the distinguished Senator from New Jersey (Mr. WILLIAMS) for bringing this matter up promptly. It is one that has been close to the hearts of a great many of us.

I should like to point out that it has bipartisan support and would like to correct the CBS broadcast on the House action where Cronkite said last week that this was a one-party bill. This is an example of an unfortunate inaccuracy. I am sure that all Senators here realize that while we have our differences, there are Senators on both sides of the aisle who, from the very beginning, are extremely anxious to see pension reform legislation approved and become law. I have supported it. I support the Senator's general approach, and I am delighted that we have reached this point. I am glad that this is a bipartisan measure, and I commend the Senator from New Jersey.

Mr. MANSFIELD. Mr. President, for the past 4 years, I have heard the distinguished Republican leader, time and time again, urge the passage of the pension legislation. It has been one of his major concerns.

Mr. HUGH SCOTT. I do thank the distinguished Senator from Montana. Mr. Cronkite made a plain but inaccurate statement which brought me off my chair.

Mr. WILLIAMS. I thank the distinguished majority leader and the distinguished minority leader. The bill is anything but a partisan bill. It is completely bipartisan. It has the complete support of all the committees concerned, on both sides of the Capitol as well as of the Finance Committee and the Ways and Means Committee.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from New Jersey.

The amendment was agreed to.

The ACTING PRESIDENT pro tempore. The question is on the engrossment of the amendment and the third reading of the bill.

The amendment was ordered to be engrossed, and the bill to be read a third time.

The ACTING PRESIDENT pro tempore. The bill having been read the third time, the question is, Shall it pass?

The bill (H.R. 2) was passed.

Mr. WILLIAMS. Mr. President, I move that the Senate insist on its amendment and request a conference with the House of Representatives on the disagreeing votes of the two Houses thereon, and that the Chair be authorized to appoint the conferees on the part of the Senate.

The motion was agreed to; and the Acting President pro tempore appointed Mr. LONG, Mr. WILLIAMS, Mr. RANDOLPH, Mr. NELSON, Mr. BENTSEN, Mr. JAVITS, Mr. SCHWEIKER, Mr. BENNETT, and Mr. CURTIS conferees on the part of the Senate.

Mr. MANSFIELD subsequently said: Mr. President, I ask unanimous consent that the Senate reconsider its action on the adoption of H.R. 2 and its action on sending H.R. 2 to conference.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. WILLIAMS. Mr. President, I move to table the motion to reconsider.

The motion was agreed to.

THE JOURNAL

Mr. MANSFIELD. Mr. President, I ask unanimous consent to dispense with the reading of the Journal of the proceedings of Friday, March 1, 1974.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

WAIVER OF CALL OF CALENDAR

Mr. MANSFIELD. Mr. President, I ask unanimous consent to waive the call of the calendar of unobjected to measures under rule VIII.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

COMMITTEE MEETINGS DURING SENATE SESSION TODAY

Mr. MANSFIELD. Mr. President, I ask unanimous consent that all committees may be authorized to meet during the session of the Senate today.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

THE NORTHERN CHEYENNES AND STRIP MINING OF COAL IN MONTANA

Mr. MANSFIELD. Mr. President, almost everyone is aware of the fact that in the Fort Union and Power River Basins of Montana, the Dakotas, and Wyoming there are huge coal deposits, some of them at the present time being exploited, others in the process of being exploited.

The Senate is also aware that this body, last year, passed a good strip mining control bill, which is now in the House and is, at the present time, I think, being considered by that body. The Senate passed bill is, in my opinion, a far superior measure than that recommended to the House for adoption. It would be my hope that the bill which passed the Senate would be passed in toto, or as close to it as possible, so that, as far as Montana is concerned, we would have a Federal law which would complement the Montana State law which, in my opinion, is the strongest State strip mining control law in the Nation.

Furthermore, we have in Montana a number of Indian tribes which are interested in coal development on their reservations. One is the northern Cheyenne Tribe, in the southeastern part of the State, a tribe numbering about 2,000. It is a tribe which has had to depend on meager forest reserves its tribal cattle herd and its coal deposits in order to be able to achieve a livelihood.

The unemployment factor among the Northern Cheyennes has been somewhere between 25 and 35 percent for, lo, these many years.

At present, the Northern Cheyennes have drawn up plans for the tribe to process its coal deposits, which are estimated at between $10 and $15 billion in value. Unfortunately, some leases have been entered into with some of the major coal concerns, and the Northern Cheyenne Tribal Council is trying to have those leases cancelled because of irregularities by the Bureau of Indian Affairs in granting the leases. It is trying to work out a formula by which the tribe itself can develop these resources, perhaps even inaugurate a petrochemical plant on the reservation. At present, the Tribal Council is having some difficulties with the Department of the Interior.

Senator METCALF and I are totally, completely, and wholly on the side of the Northern Cheyennes. We would hope that the Interior Department would do something shortly to see that the rights of the Northern Cheyennes are given every consideration and that in case of doubt, the Government should resolve that doubt in the Indian's favor, so that we could in some small way repay the Northern Cheyennes for what we have done to them down through the decades.

I point out, Mr. President, that it was the Cheyennes and the Sioux who carried the battle against Col. George Custer and brought about his defeat at the Battle of the Little Big Horn, in 1877, less than 100 years ago. After that defeat, they were forced to go back to Oklahoma. But the Northern Cheyennes became homesick for their hunting grounds in Montana, and they trekked from Oklahoma back to Montana. They had to contend with the U.S. Cavalry on the way and with starvation. There were slaughters, massacres, and humiliations, but they finally made it. They have tried to do what they could on their own in behalf of their own people.

The Northern Cheyennes are truly called the Race of Sorrows, because their history has been a tragic one. I would hope that, at long last, the Government—the Great White Father, as it used to be called—would come out on the side of the Northern Cheyennes, so that they could be given a planning grant from the Federal Government's Economic Development Administration to advance the studies which are now underway.

At the present time, lawyers who have been hired by the Indians are trying to argue about the legality of the leases which the Indians have entered into and are attempting to bring about a rectification of that situation, so that the Indians will be able to achieve more in the way of a royalty return or if that is not possible to cancel the leases. I think that at present the Northern Cheyennes are getting about 17½ cents on a ton of coal, not anywhere near enough to take care of the tribe, which has always tried to lift itself by its own bootstraps.

I hope that what I have said today will be heard downtown, in the Department of the Interior. I hope that something will be done on the part of the government to recognize that it has an obligation to the first Americans.

Mr. President, I ask unanimous consent that an article published in the Washington Post of yesterday, entitled "Cheyennes Set Plan To Process Coal," by George C. Wilson, and letters I wrote to Secretary Morton under date of February 20, 1974, and to Mr. Korologos of the White House staff of the same date be printed in the RECORD.

There being no objection, the article and letter were ordered to be printed in the RECORD, as follows:

Cheyennes Set Plan To Process Coal

(By George C. Wilson)

The Northern Cheyennes in Montana have drawn up a plan for the tribe to process the $15 billion lode of coal under their reservation rather than let outsiders do it.

The proposal has drawn high-level political backing to date, including support from Senate Majority Leader Mike Mansfield of Montana.

"I'm all for the Northern Cheyennes on this and will help them in every way I can to use the coal for their own benefit," he said.

Mansfield asserted that the coal development project the Cheyennes have in mind would be the biggest Indian self-help project and is the type of endeavor the federal government should encourage.

The Cheyennes have been exploring, with professional help, everything from directly selling the coal to processing it on the spot by building a petrochemical complex on the reservation at Lame Deer, Mont., east of Billings.

Backers argue that a petrochemical complex would provide the widest range of labor and management jobs for the Cheyennes, eliminating the 25 per cent unemployment rate and enabling young Indians to stay with their people rather than work in distant cities.

The Northern Cheyenne Tribal Council report on developing the coal states:

"The Northern Cheyenne intends to change Indians' historic role of passive subservience to agencies who are charged with the administration of trust responsibility for the benefit of the Indian tribes, and who in the past have evidenced little more than apathy toward this responsibility.

"If the Northern Cheyenne are successful in the proposed undertaking the tribe intends to share their experience and to work with other Indian tribes to assist them in implementing the Federal government's presently announced policy of 'self-determination' for Indians and Alaska natives,"

There are several obstacles to overcome—even if the Nixon administration elects to help the Cheyennes.

First, the Peabody Coal Co. of St. Louis already has leases to strip-mine coal out of the reservation. The leases cover 16,000 acres where thick seams of coal are believed to be near the surface. Several other firms have permits to look for coal on the reservation.

Peabody, under the leases, would pay the Cheyennes 17½ cents for every ton of coal the company stripped out of the reservation. Allen Rowland, tribal chairman of the Cheyennes, claims those leases are "ridiculously low" in light of current high prices for coal.

Rowland led a delegation of Cheyennes to Washington last week as part of a year-long effort to get those coal leases canceled. He carried with him a thick book of charges against the Bureau of Indian Affairs superintendent at the reservation—arguing that the failure to follow proper procedures in granting the leases voids them.

Rowland and his delegation argued their case before Leonard Garment, special consultant to President Nixon, and other government officials. Last year, the Cheyennes sent a formal cancellation request to Secretary of the Interior Rogers C. B. Morton.

If the tribe's plea is rejected by Morton, the Cheyennes intend to sue for cancellation.

If the tribe gets the leases canceled, either through Nixon administration or court action, the next step for the Cheyennes will be to decide what to do with the estimated 5 billion tons of coal under the reservation's 433,000 acres.

Rowland stressed that the tribal council so far has authorized him to examine the options, not to commit the Cheyennes to a specific course of action until after further study.

There is widespread agreement in the tribe of 3,000, however, that the Cheyennes themselves—not the Bureau of Indian Affairs or the coal companies—must control their own coal.

The coal under the reservation "could have a significant and lasting economic benefit to the regional economy if developed in an orderly and non-destructive manner," states the tribe's report on how to proceed to develop the resource.

Sensitive to the fact that other bold ventures launched by Indian tribes have failed for lack of planning and expertise, the Cheyenne leadership has engaged outside lawyers and engineering consultants to help them map out a program.

George Crossland, an Osage Indian lawyer based in Washington, has been doing much of the legal and liaison work for the Cheyennes.

"The full range from selling bulk coal to selling electricity, petroleum substitutes and ammonia fertilizer will be explored," states the tribal report.

"It is safe to assume that sufficient income to raise the standard of living to our national norm could be easily achieved with minimal development of the tribe's $15 billion of low sulfur coal reserves."

The Northern Cheyennes are seeking a planning grant from the federal government's Economic Development Administration to advance their studies.

In the meantime, administration and Indian lawyers will continue to argue behind the scenes over the legality of the existing leases on the Cheyennes' coveted coal.

FEBRUARY 20, 1974.

HON. ROGERS C. B. MORTON,
Secretary, Department of the Interior, Washington, D.C.

DEAR MR. SECRETARY: The Northern Cheyenne Tribe of Montana submitted a petition to you on January 7, requesting that you declare void *ab initio* the stripmining permits and leases which Peabody Coal Company and others hold to the Tribe's coal resources. The Tribe bases its complaint on the ground that due to the apparent failure of certain BIA officials to comply with Secretarial regulations (25 CFR 171, 177), the BIA Superintendent's authority to approve the transactions never came into being, therefore, never giving rise to a binding legal agreement between the Tribe and the coal companies. Since this is a matter for your decision and of a legal nature, we will not comment on the substantive issues now before you. However, the Tribe has brought a matter to our attention which observes your immediate attention.

The Tribal officials have expressed their concern that the principal issue which they presented for your decision will not be decided within the narrow legal scope under which they framed their complaint. As we understand it, the Tribe fears that their principal complaint—whether BIA officials complied with regulations—will be glossed over by other issues which they feel are not of primary concern even though such issues may have merit. We also are concerned that this very serious matter be given the attention it deserves.

While we realize that your decision could prove to be embarrassing to some officials, it is long past the time in history when the Federal government should handle Indian trust resources in a casual manner. Our special relationship with the Indian people requires the highest standard of care and conduct in dealing with their resources. Quite clearly the intent of legislation which delegates to you the authority to handle Indian trust resources was not enaced for the purpose of bringing harm to the Indian people, but rather was enacted for their benefit.

The President recognized these special responsibilities when in a report to the Congress, July, 1970, he stated "The United States Government acts as a legal trustee for the land and water rights of American Indians. . . . Every trustee has a legal obligation to advance the interests of beneficiaries of the trust without reservation and with the highest degree of diligence and skill."

As the demand grows for these trust resources, the standard of care by which the trustee will be guided in the exercise of his duties must be more sharply defined than ever before. Therefore it appears unavoidable for all concerned that your decision should be based solely on the narrow issue of compliance.

We eagerly await your decision and written opinion on this case which has so much bearing on the future on the Northern Cheyenne Indians.

Sincerely yours,
/s/ MIKE MANSFIELD.

FEBRUARY 20, 1970.

MR. TOM C. KOROLOGOS,
Deputy Assistant to the President for Legislative Affairs, The White House, Washington, D.C.

DEAR TOM: On February 25th, Allen Rowland, President of the Northern Cheyenne Tribe and a delegation from his Montana reservation have an appointment with Len Garment to discuss the cancellation of coal leases on their reservation.

This matter, now before the Secretary of the Interior, is one of considerable concern to the Northern Cheyenne and the Montana Congressional Delegation. They have our support, and I would appreciate anything the White House can do to assist them.

Sincerely yours,

MIKE MANSFIELD.

TRANSACTION OF ROUTINE MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Does the acting minority leader desire to be heard?

Mr. GRIFFIN. No.

The ACTING PRESIDENT pro tempore. Under the previous order, there will be a period for the transaction of routine morning business, not to extend beyond 11:30 a.m., with statements therein limited to 5 minutes.

Is there morning business?

Mr. GRIFFIN. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. GRIFFIN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

PETITIONS

Petitions were laid before the Senate and referred as indicated:

By the ACTING PRESIDENT pro tempore (Mr. HUDDLESTON):

A concurrent resolution of the Legislature of the State of West Virginia. Referred to the Committee on Public Works:

"HOUSE CONCURRENT RESOLUTION No. 5

"A resolution memorializing the Federal Energy Administration to consider the feasibility of implementation of a hydroelectric facility at the Tygart Dar, Taylor County, West Virginia, as a means of providing an additional source of electricity during the energy crisis.

"Whereas, The recent energy crisis necessitates full utilization of all energy producing resources; and

"Whereas, A possible source of clean and efficient energy for production of hydroelectric power now exists at the Tygart Dam, near Grafton in Taylor County; and

"Whereas, The Tygart Dam was constructed in 1938 with the possible potential for conversion to the production of hydroelectric power; and

"Whereas, Now is the time for the study of the feasibility and potential for production of hydroelectric power at the Tygart Dam by the appropriate agency charged with responsibility of administering energy resources; therefore, be it

"Resolved by the Legislature of West Virginia:

"That it memorialize the Federal Energy Administration to study the feasibility and potential for production of hydroelectric power at the Tygart Dam, Taylor County, West Virginia; and, be it

"Further Resolved, That true copies of this resolution be sent to the Honorable William Simon, Director, Federal Energy Administration, Washington, D.C., to members of the West Virginia Congressional Delegation, to the Clerk of the United States Senate, to the Clerk of the United States House of Representatives, to the United States Army Corps of Engineers, Pittsburgh District, Pittsburgh, Pennsylvania 15219 and to the West Virginia Department of Natural Resources.

"Adopted by the West Virginia Legislature February 8, 1974.

"LEWIS N. MCMANUS,
"Speaker of the House of Delegates.
"C. A. BLANKENSHIP,
"Clerk of the House of Delegates."

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. ERVIN, from the committee on the Judiciary, without amendment:

S. 1688. A bill to protect the civilian employees of the executive branch of the U.S. Government in the enjoyment of their constitutional rights and to prevent unwarranted governmental invasions of their privacy (Rept. No. 93-724).

EXECUTIVE REPORTS OF A COMMITTEE

Mr. STENNIS. Mr. President, as in executive session, from the Committee on Armed Services, I report favorably the nominations of Lt. Gen. Robert Edmondston Coffin, U.S. Army to be placed on the retired list in that grade; Rear Adm. Emmett H. Tidd, U.S. Navy, to be promoted to the grade of vice admiral; and six captains—staff corps—for temporary promotion to the grade of rear admiral; Brig. Gen. John J. Pesch, Air National Guard for promotion to temporary major general, U.S. Air Force. I ask that these names be placed on the Executive Calendar.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. STENNIS. Mr. President, in addition, there are 763 in the Army for temporary promotion to the grade of colonel and below and 990 in the Reserve of the Army for promotion to the grade of colonel and below. In the Marine Corps, there are 345 for promotion to the grade of captain and below, one for reappointment to the garade of chief warrant officer and one Navy enlisted scientific education program graduate for permanent appointment to second lieutenant U.S. Marine Corps, and two Naval ROTC graduates for permanent appointment to second lieutenant U.S. Marine Corps. In the Reserve of the Air Force there are 47 for promotion to the grade of colonel and below. I ask unanimous consent that these nominations lie on the Secretary's desk, for the information of any Senator.

The PRESIDING OFFICER. Without objection, it is so ordered.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first time and, by unanimous consent, the second time, and referred as indicated:

By Mr. TAFT:

S. 3097. A bill to amend the Rail Passenger Service Act of 1970 in order to provide for a demonstration project providing certain rail transportation for highway recreational vehicles. Referred to the Committee on Commerce.

By Mr. DOLE (for himself and Mr. HUGH SCOTT):

S. 3098. A bill to amend the Emergency Petroleum Allocation Act of 1973. Referred to the Committee on Interior and Insular Affairs.

By Mr. DOMENICI (for himself, Mr. PROXMIRE, Mr. EASTLAND, and Mr. DOMINICK):

S. 3099. A bill to require the administrator of any direct Federal loan program or any federally guaranteed loan program to renegotiate or reschedule repayment of such a loan by any person suffering reschedule repayment of such a loan by any person suffering substantial economic harm as a result of the energy crisis, and for other purposes. Referred to the Committee on Banking, Housing and Urban Affairs.

By Mr. BEALL (for himself, Mr. DOMENICI, and Mr. TAFT):

S. 3100. A bill to amend the Older Americans Act of 1965 to extend the Nutrition Program for the Elderly. Referred to the Committee on Labor and Public Welfare.

By Mr. BROCK:

S. 3101. A bill to prescribe a standard for increasing the money supply. Referred to the Committee on Banking, Housing and Urban Affairs.

By Mr. WILLIAM L. SCOTT:

S. 3102. A bill to terminate the Emergency Daylight Saving Time Energy Conservation Act of 1973 on the last Sunday of October 1974, and to amend the Uniform Time Act of 1966 in order to provide that daylight saving time as provided for under such act shall be from the last Sunday in February until the last Sunday in October of each year. Referred to the Committee on Commerce.

By Mr. PROXMIRE:

S. 3103. A bill for the relief of Abram Aguirre-Gonzalez and Hilario Aquirre-Martinez. Referred to the Committee on the Judiciary.

By Mr. McGOVERN:

S. 3104. A bill to promote rail-highway safety by requiring light-reflecting markings on railroad locomotives and cars. Referred to the Committee on Commerce.

By Mr. MONDALE:

S. 3105. A bill for the relief of Junjiro Tsuji. Referred to the Committee on the Judiciary.

By Mr. HUMPHREY:

S. 3106. A bill to amend the Social Security Act to provide for improvements in the program relating to diagnosis, screening, and referral of child health and maternal conditions established by title V of such act. Referred to the Committee on Finance.

By Mr. BROCK:

S. 3107. A bill to make unlawful the transportation, sale, or receipt of counterfeit recordings. Referred to the Committee on the Judiciary.

By Mr. TAFT:

S.J. Res. 194. A joint resolution to authorize the President to proclaim the 22d day of April of each year as Queen Isabella Day. Referred to the Committee on the Judiciary.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. TAFT:

S. 3097. A bill to amend the Rail Passenger Service Act of 1970 in order to provide for a demonstration project providing certain rail transportation for highway recreational vehicles. Referred to the Committee on Commerce.

Mr. TAFT. Mr. President, I introduce a bill to direct Amtrak to undertake a demonstration project of a train to transport recreation vehicles from major urban centers to major recreational areas.

The last 10 years have seen the growth

of great public interest in recreation vehicles—or campers, as they are usually called. In the form either of a trailer or a self-propelled vehicle, the camper has become an important part of the recreation of many citizens. It enables families to travel inexpensively yet in comfort, to see the glories of nature while retaining indoor plumbing.

In Ohio alone, over 140,000 campers are owned. Ohio has 33 manufacturers of recreation vehicles, with a yearly production of 12,000. I am sure my colleagues will find the citizens of their own States equally involved with recreation vehicles.

The recreation vehicle has been hard hit by the fuel shortage. In the face of the inability to obtain gasoline, and the high price of that which is available, the sales and value of recreation vehicles have dropped, and many people are wondering if they will be able to make use of their investment in a camper.

I am proposing an exploration of the concept of a train that would transport recreation vehicles with their owners from metropolitan population centers to recreation areas. Such a train would consist of flat cars with electricity, water, and sewage facilities. You would drive on board, in say, Cleveland, hook up your utilities, and ride, in your recreation vehicle, to Florida, California, or Wyoming. There you would have just a short drive to your campsite; and at the end of your vacation, you would drive back to the station, meet the train, and go back to Cleveland by rail.

I think this is a practical proposal. The success of auto-train has shown that people will use trains on which they can transport their vehicles. The train would not only save gas, and eliminate the factor of uncertain fuel supplies for recreation vehicle owners, it would also save vacation time: On the train, a family on vacation would move day and night to or from their camping area. Also, because people would ride in their recreation vehicles on flat cars, no scarce railroad passenger cars would be required.

Such a train, experimentally on, for example, a Boston-New York-Cleveland-Chicago-Colorado loop route through the summer, could provide a very useful service to a large number of Americans. I hope my colleagues will join with me in authorizing such an experimental demonstration project.

By Mr. DOLE (for himself and Mr. HUGH SCOTT):

S. 3098. A bill to amend the Emergency Petroleum Allocation Act of 1973. Referred to the Committee on Interior and Insular Affairs.

PLASTIC FEEDSTOCKS ALLOCATION PROGRAM

Mr. DOLE. Mr. President, the independent plastic process industry in Kansas and across the Nation has faced a disastrous trend in recent months. In spite of efforts and measures to increase the supply, plastic materials essential to plastic processing have become more and more difficult for independent processors to purchase. The result has been financial ruin or near bankruptcy for many of them. Since the independent processors represent a substantial and vital part of our Nation's economy, this development should be of great concern to all of us here.

To remedy this situation, I am introducing legislation today to amend the Emergency Petroleum Allocation Act of 1973 to provide for the mandatory allocation of plastic feedstocks produced in or imported into the United States.

VITAL INDUSTRY

There are over 8,000 plastics processors in the United States. According to the Organization of Plastic Processors, they directly employ about 600,000 people. The employment of about 11,000,000 people depends on the products they make. About 6,500 of the plastics processors are independent companies. Most of them can be classified as small business without a broad and diverse economic base which would permit financial losses for more than a brief period.

Plastic processors produce a broad range of items—from pipe fittings vital to the oil industry to toys for children. Regardless of their size and products, plastics processors represent an important and substantial part of the economy—in Kansas and the rest of the country.

INPUTS NOT AVAILABLE

The basic inputs to the plastics processing industry are several intermediate compounds known variously as plastic materials, plastic resins or plastic feedstocks. To avoid confusion, I have used the term plastic feedstocks in my bill.

Although there are numerous plastic feedstocks, six major ones are difficult for independent processors to obtain. These are polyvinyl chloride, polystyrene, low-density polyethylene, high-density polyethylene, polypropylene, and phenolic. This legislation is aimed primarily at the allocation of these materials.

Plastic feedstocks are made by a number of large corporate chemical companies. These major corporations convert petrochemical feedstocks into petrochemicals from which plastic feedstocks are further derived.

The distinction between petrochemical feedstocks and plastic feedstocks should be emphasized. Petrochemical feedstocks are currently being allocated to obtain a fair and equitable distribution. Plastic feedstocks are not.

FAILURE OF RELIEF EFFORTS

Petrochemical feedstocks are covered by the mandatory allocation program published on January 15, 1974. These regulations provide for an allocation of 100 percent of the current requirements of petrochemical producers. It was assumed that a normal supply of petrochemical feedstocks would result in a normal supply of plastic feedstocks. However, this expectation has not taken place and the independent plastic processors have been unable to obtain the necessary materials.

ONE-SIDED COMPETITION

The major chemical and oil companies which produce plastic feedstocks are engaged in their own downstream plastics processing through their subsidiary processors. These subsidiary or "captive" processors are in direct competition with the independents.

Under normal circumstances, the major companies produce more plastic feedstocks than their own "captive" processors use. However, the shortage of petroleum products has resulted in a cutback in the production of plastic resins. As might be expected, the majors have supplied their subsidiaries first, letting the independents have what is left over. Under circumstances of a shortage, the independents are bound to be forced out of business unless some provision is made for equitable distribution. The plastic feedstocks allocation program set forth in this bill is designed to provide a more equitable distribution.

RESULT OF INACTION

Unless this legislation is acted on promptly, hundreds of plastics processors will continue to be forced into bankruptcy. Nationwide, over 500 independent processors have already been forced out of business for lack of new materials. And it is estimated that in the next 4 to 6 months, an additional 1,000 processors will be forced to close their doors, resulting in huge economic and job losses.

The number of companies forced out of business is only one measurement of the problem. In a recent study conducted by Arthur Anderson & Co. among a representative sampling of independent processors in the Kansas City area, all but one of the companies contacted indicated a cutback in supplies. As of December 1973, over half of those polled experienced cutbacks in operations of 50 percent or more compared with the operation in the first half of 1973—resulting in a sharp labor cutback and severe financial hardship for the companies and their employees.

Statistics provided by the Organization of Plastics Processors indicate that exports of plastic feedstocks have increased during the same period, some as much as 200 percent. The "captive" processors of the major companies continue to operate at full capacity, accepting new customers.

Mr. President, I do not believe it is the intent of Congress or the Federal petroleum allocation program to force the independent plastics processors into ruin. The independents need, and must have, an adequate supply of plastic feedstocks to stay in operation. They are asking for an equitable and fair distribution of materials which will not disrupt and dislocate markets, force them out of business, and lessen competition, as is now the case. I do not think this is too much to ask for.

TIME FOR FURTHER ACTION

All efforts to relieve the situation up to this point have failed. My own requests to the industry to relieve the severe hardship cases have fallen on deaf ears. Price modificiations by the Cost of Living Council and the Federal Energy Office to encourage greater production of plastic feedstocks have failed to relieve the problems of the independents. And as I mentioned before, the allocation of petrochemical feedstocks has not resolved the inadequate supply of plastic feedstocks. The time has come for an allocation program as set forth in this legislation.

Federal Energy Administrator William Simon has stated that the Emergency Petroleum Allocation Act, as presently written, does not give him authority to allocate plastic feedstocks. This legislation I am introducing will provide the necessary authority.

Failure to act could ultimately lead to the demise of the independent processing industry, lead to further inflationary trends throughout the economy, and foster anticompetitive practices in the petrochemical industry.

Mr. President, the need for this legislation is clear. I urge my colleagues to join me in support of this important bill and in securing its early passage.

I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 3098

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Emergency Petroleum Allocation Act of 1973 is amended by inserting immediately after section 4 thereof the following new section:

"SEC. 4A. (a) Not later than 15 days after the date of enactment of this section, the President shall, by regulation, provide for the mandatory allocation of plastic feedstocks produced in or imported into the United States.

"(b) The regulations prescribed under subsection (a) shall provide, to the maximum extent practicable, for the—

"(1) preservation of an economically sound and competitive plastics industry, and the preservation of the competitive viability of independent plastics processors and small plastics processors; and

"(2) equitable distribution of plastic feedstocks at equitable prices among all regions and areas of the United States and sectors of the plastics industry, including independent plastics processors and small plastics processors.

"(c) The mandatory allocation program established under this section shall be so structured as to result, during each period to which the regulation applies, in the allocation of plastic feedstocks to each plastics processor in an amount not less than the amount sold or otherwise supplied to such plastics processor during the corresponding period of 1973, adjusted to provide a pro rata reduction in the amount allocated to each such processor if the aggregate amount of such product produced in or imported into the United States is less than the aggregate amount produced and imported in 1973.

"(d) For the purposes of this section—

"(1) 'plastic feedstocks' includes, but is not limited to, those petrochemical derivatives used by plastics processors as raw materials for their operations, such as polystyrene, polyethylene (both high and low density), polypropylene, polyvinyl chloride, and other thermoplastic and thermosetting resins; and

"(2) 'plastics processors' includes all persons engaged in the—

"(A) processing of plastic feedstocks for sale as plastic products;

"(B) processing of plastic feedstocks for use as manufacturing components; or

"(C) processing of plastic feedstocks for use by processors covered by clauses (A) and (B) of this subsection.".

By Mr. DOMENICI (for himself, Mr. PROXMIRE, Mr. EASTLAND, and Mr. DOMINICK):

S. 3099. A bill to require the administrator of any direct Federal loan program or any federally guaranteed loan program to renegotiate or reschedule repayment of such a loan by any person suffering reschedule repayment of such a loan by any person suffering substantial economic harm as a result of the energy crisis, and for other purposes. Referred to the Committee on Banking, Housing and Urban Affairs.

Mr. DOMENICI. Mr. President, we all are aware that all levels of government are attempting to cope with current energy shortages and to formulate long-range energy conservation plans. The Congress has passed emergency energy conservation legislation and the President has instituted administrative measures to conserve energy. In addition, our citizens have been asked to comply voluntarily with some stringent, yet very necessary energy savings steps.

I am concerned, Mr. President, that these factors will combine to create economic hardships on individuals and businesses. Of course, some hardship, some disruption of normal business activity is inevitable under these circumstances and we must all be prepared to bear an equitable part of that burden. There is no doubt in my mind that the American people will respond to this challenge as magnificently, as unselfishly as they have at times in this Nation's history when sacrifices and sharing have been required for the common good.

Today I address a specific problem which will be generated by compliance with energy conservation measures. Mr. President, there are many thousands of individuals and businesses across this country who have been able to take advantage of the programs of the Federal Government to loan or guarantee the loan of money for business or personal purposes. Undoubtedly, many of these persons and businesses will suffer economic losses due to the energy shortage and conservation measures implemented to equitably distribute the shortage while carrying on the vital activities on which our continuance as a strong, free nation depends. Undoubtedly, some of these losses will be so great as to prevent repayment of Federal loans, both direct and guaranteed, on schedules established before the adverse impact of energy conservation programs.

These conservation measures instituted by the Government are in the public interest. Of that, there is no doubt. Accordingly, it is in the public interest for individuals and organizations to comply and cooperate to the fullest extent with such conservation measures. In other words, Mr. President, the countermeasures to the energy crisis, mandated by the Federal Government in the public interest, could in many instances, work very serious hardships on individuals and businesses now operating under Federal loans. It is encumbent on the Government, in my opinion, to insure that these entities do not suffer out of proportion because of the national effort to respond to the energy crisis. This is entirely consistent with the basic premise which is the stated Government policy and the intent of Congress—that all Americans should share an equal part of the burden.

Section 1 of the bill I introduced today directs appropriate Federal agencies to make adjustments and allowance with regard to repayment of Federal direct and guaranteed loans where adherence to the original terms of such loans becomes impossible as a direct result of Federal programs to conserve energy.

Mr. President, literally thousands of these situations could be conceived, but I want to cite at this point three examples of business enterprises in my home State of New Mexico that have already experienced severe adverse economic impact. Obviously, the service station operators have experienced severe difficulties in operating of their small businesses. Their problems have been well documented by the media to the extent that they do not require additional delineation here. The provisions of this bill may well prove crucial to the survival of a great many of these service station operators who are vital to the delivery of our gasoline supplies, reduced though they may be.

The situation may be just as critical for the recreation industry in New Mexico since most of those businesses depend heavily on weekend activities and since many of them require more than a tankful of gas in the round-trip from major population centers. A drastic decline in business is the probable result when the full range of energy conservation measures have been implemented.

I am concerned and disturbed that vacation and recreation plans of countless people will be interfered with, but I am even more concerned for the people who depend for their livelihood on recreational enterprises—those who own and operate the business and those who are employed by those businesses. The ripple effect in the small communities in New Mexico would be disastrous. We can ease those hardships by allowing rescheduling of Federal direct and guaranteed loans to affected businesses and by providing additional loans under the provisions of section 2 of this bill.

To do less, in my opinion would be a dereliction of our duty, feeling as I do that when we authorize the intrusion of the Government into people's livelihood, albeit in a good purpose, we have the obligation to mitigate the adverse effects of that intrusion to the maximum extent possible. Certainly included with this obligation is the rescheduling of loans controlled by the Federal Government.

Another important segment of the economy in New Mexico is the general aviation industry. New Mexico shares with only a few other States its immense dispersion of major population areas and centers of commerce which dictates the conduct of business by aircraft to an extent far greater than in most States. Information available to me indicates that there are approximately 5,500 licensed pilots in New Mexico and that there are approximately 3,500 aircraft in the general aviation category. Of the total flying hours by these pilots in these aircraft, fully 50 percent is related to transaction of business. In other words, the use of aircraft is critical to business and commerce in New Mexico. Consequently, the fuel restrictions which are being implemented for general aviation will be felt much more severely in New Mexico than in most other States. I want to provide a means to allow those who cannot meet Federal loan repayment schedules as a result of the fuel reductions to be able to reschedule those payments rather than lose the business or default on the payment.

Certainly the problems of those business enterprises which I have just enumerated are not restricted to my home State of New Mexico. Additionally, these are only three of the many types of small businesses currently affected by the energy crisis. I have commented sufficiently, I believe, upon the first two sections of the bill I am introducing today. Section 3 authorizes loans to small business but these loans under section 3 are not predicated upon the existence of prior Federal direct or guaranteed loans.

Mr. President, I ask unanimous consent that the text of this bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 3099

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) every officer or agency of the United States which administers a direct loan porgram or guarantees a loan shall renegotiate, extend the maturity of, or in any other way reschedule, as appropriate, the repayment of any direct or guaranteed loan under that program by any person who suffers substantial economic harm as a direct result of the national effort to conserve energy during the energy crisis.

(b) The provisions of this subsection shall apply to any direct or guaranteed Federal loan final payment of which is due after December 31, 1973.

Sec. 2. (a) Except as provided in section 3 of this Act, an officer or agency of the United States which administers a direct loan program or guarantees a loan program may make an additional loan (either directly or in cooperation with banks or other lending institutions through agreements to participate on an immediate or deferred basis) to any person who has received any loan under such program if, in the determination of the officer or agency—

(1) such additional loan is necessary to assist that person to repay his loan under such program;

(2) there is a reasonable likelihood of repayment of such additional loan; and

(3) such person has suffered substantial economic harm as a direct result of the national effort to conserve energy during the energy crisis.

(b) An officer or agency of the United States which makes an additional loan under the provisions of subsection (a) of this section may defer repayment of the principal of that loan for a period ending not more than two years after the date on which additional loan is made.

SEC. 3. (a) Section 7(b) of the Small Business Act (15 U.S.C. 636(b)) is amended by striking out the period at the end of paragraph (7) and inserting in lieu thereof "; and" and by inserting immediately after paragraph (7) the following new paragraph:

"(8) during the three-year period beginning on the date of enactment of this paragraph to make such loans (either directly or in cooperation with banks or other lending institutions through agreements to participate on an immediate or deferred basis) as the Administration may determine to be necessary or appropriate to assist any small business concern in meeting mortgage payments and operating costs, if there is reasonable assurance of repayment and the Administration determines that such concern has suffered or shall suffer substantial economic injury as the result of actions taken by the Federal Government for the purpose of conserving energy.".

(b) The Small Business Administration may allow the recipient of any loan authorized under the amendment made by subsection (a) to defer any payment of principal on such loan for a period ending not more than two years after the date of receipt of the loan.

By Mr. BEALL (for himself, Mr. DOMENICI, and Mr. TAFT):

S. 3100. A bill to amend the Older Americans Act of 1965 to extend the Nutrition Program for the Elderly. Referred to the Committee on Labor and Public Welfare.

Mr. BEALL. Mr. President, I am sending to the desk, legislation that would extend title VII of the Older Americans Comprehensive Services Amendments of 1973—the Older Americans Act of 1965 as amended.

In March of 1972, the Congress passed and the President signed into law legislation establishing a 2-year program of nutritional services for our Nation's senior citizens. This legislation was subsequently made a part of the Older Americans Comprehensive Services Amendments of 1973 which was signed into law by President Nixon last May 3. The various titles of the Older Americans Act have a 3-year lifetime with the exception of title VII which was limited to 2 years. Thus the nutrition program for senior citizens expires at the end of this fiscal year.

The nutrition program was further delayed by the failure of Congress to enact an acceptable Labor-HEW Appropriation Act for fiscal year 1973. Even though authorization legislation had been approved, the nutrition programs were unable to begin until funds were dually appropriated. This being the case, most of the money for the nutrition programs across our Nation was not obligated until the fourth quarter of 1973. Preliminary data would indicate that the program is off to a good start but it is probably still too soon to tell whether or not the existing legislation is adequate to meet the needs intended by Congress. I believe it would be prudent for us to extend this program for 1 additional year thus making it conform with the other titles of the Older American Act. This time next year it would be possible for us to have a far clearer perspective of the functioning of the nutrition projects and the Congress can more effectively legislate the future direction of this vital program.

In conclusion Mr. President, my legislation would extend for 1 year the existing title VII of the Older Americans Act of 1965, as amended. S. 3100 provides "such sums shall be necessary" to carry out the third year of this program.

Mr. President I ask unanimous consent that the text of this bill be printed in the RECORD at the conclusion of my remarks along with the letter from the Secretary of Health, Education, and Welfare, the Honorable Caspar W. Weinberger, to the Vice President of the United States transmitting this legislation to the Congress.

There being no objection, the bill and letter were ordered to be printed in the RECORD, as follows:

S. 3100

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 708 of the Older Americans Act of 1965, 86 Stat. 94 42 U.S.C. 3045g, is amended in the first sentence thereof (A) by striking out "and" before $150,000,000", and (B) by inserting after "1974" the following: "and such sums as may be necessary for the succeeding fiscal year".

DEPARTMENT OF HEALTH,
EDUCATION, AND WELFARE,
February 13, 1974.

Hon. GERALD FORD,
President of the Senate,
Washington, D.C.

DEAR MR. PRESIDENT: Enclosed for the congress is a draft bill "To amend the Older Americans Act of 1965 to extend the Nutrition Program for the Elderly."

The bill would extend title VII of the Older Americans Act of 1965 for one year. The purpose of so short an extension is to conform the program's expiration date to that of the remaining titles of the Act. It is hoped, thereby, to facilitate a comprehensive review, both by the Administration and the Congress, of all of the Act's authorities in fiscal year 1975.

We ask that the draft bill be favorably considered.

We are advised by the Office of Management and Budget that enactment of this draft bill would be consistent with the Administration's objectives.

Sincerely,
CASPAR W. WEINBERGER,
Secretary.

By Mr. BROCK:

S. 3101. A bill to prescribe a standard for increasing the money supply. Referred to the Committee on Banking, Housing and Urban Affairs.

ECONOMIC STABILITY ACT OF 1974

Mr. BROCK. Mr. President, the economy of our Nation is a nexus of interrelated dynamics. Any tinkering with it, no matter how small, usually has an effect on the whole. We have had much too much of it in the past 2 years, and now we face a situation that can only be solved by moving to the most competent ruler of our economy, free enterprise.

With this is mind, I am today introducing a bill which I think can at least give us a start in permanently stemming the inflationary tide while insuring continued economic growth. The measure is the Economic Stability Act of 1974.

There is at present an agreement between the Federal Reserve System and the Joint Economic Committee by which the Federal Reserve provides the committee each quarter with a report on monetary and credit conditions. Included in this report is an estimate of the growth in the money supply. Theoretically, when the money supply grows by less than 2 percent or more than 6 percent on an annual basis, the Federal Reserve explains why.

However, this agreement has not in all respects been adequately adhered to, or complied with. The quarterly report gives little information that is not included in the monthly Fed bulletins. Deviations from the 2-to-6 percent growth rate in money are dealt with superficially, or not at all.

Of course, the Fed is not completely to blame for this failure. Accurate measurement of the money supply is a difficult task; understanding the relationship between the Fed's policies and the consequences for the money supply is similarly difficult.

By way of explanation, in raising these issues as matters of special importance, I am not supporting a pure monetarist position concerning the relation between changes in the money supply and subsequent changes in economic activity. Monetarists maintain that money is of primary importance. I cannot accept such a categorical assumption. However, virtually all economists acknowledge that the supply of money is a major factor in providing the basis for economic growth without excessive inflation.

A careful study of American history reveals the following two crucial facts:

First. There has never been a significant inflation which was not preceded by rapid increase in the money supply.

Second. There has not been a recession in the United States in the last one hundred years which was not preceded by a nonincreasing money supply.

The evidence, taken together with the sophisticated studies of the Fderal Reserve itself, should come as no surprise. An economy needs money to facilitate exchange. A growing economy requires a growing money supply. When that growth is choked off, so too is the growth of the economy and recession or depression ensuses. Similarly, when the money supply grows more rapidly than the economy, that is the total production of real goods and services, we have the age-old phenomenon of too much money causing too few goods. The price of these goods, naturally, is bid up. And as people learn to expect this inflation, they attempt to anticipate it by making purchases before prices rise still more. In so doing, they feed the inflation. By spending on scarce resources, they bid prices up still further.

Wage and price controls cannot stem this tide. When people have money and wish to spend it, they will do so, and the so-called black markets, which are of course, the real markets, reflecting people's wishes, develop.

At least a partial solution to this problem appears fairly clear. It is one which many economists have been advocating for some years.

It would be desirable to have the money supply grow at a steady pace, between a 2- and 5-percent annual rate each quarter. These figures are not arbitrary. The American economy, over the long run, grows by about 3 percent in real production each year.

The Economic Stability Act of 1974, by serving to clarify the informal agreement between the Federal Reserve System and the Joint Economic Committee, can significantly increase the probability of insuring steady economic growth with a minimum of inflation and unemployment.

I would stress that this act in no way instructs the Federal Reserve on matters relating to its modus vivendi. The Reserve will proceed as before to exercise its technical expertise as it deems appropriate. What we will have done is to alter the broad goals of our institutions for the benefit of the Nation.

Specifically, the act instructs the Federal Reserve System to increase the money supply within those limits. It does not instruct the Federal Reserve System how to use its policy tools, and it allows the Federal Reserve to go beyond those limits in cases of unusual economic conditions.

In so many words, I propose no panacea, nor do I consider these concepts to be inflexible. Perhaps those are equally effective means of stabilizing, while supporting, sound growth. This bill reflects my desire to start the debate. I hope it will lead to constructive change.

By Mr. WILLIAM L. SCOTT:

S. 3102. A bill to terminate the Emergency Daylight Saving Time Energy Conservation Act of 1973 on the last Sunday of October 1974, and to amend the Uniform Time Act of 1966 in order to provide that daylight saving time as provided for under such act shall be from the last Sunday in February until the last Sunday in October of each year. Referred to the Committee on Commerce.

Mr. WILLIAM L. SCOTT. Mr. President, I send to the desk a bill with regard to a change in daylight saving time and ask that it be printed and referred to the appropriate committee.

The PRESIDING OFFICER. Without objection, the bill will be printed; and, without objection, the bill will be received and referred to the appropriate committee.

Mr. WILLIAM L. SCOTT. Mr. President, a few months ago, Congress passed an emergency measure to provide for daylight saving time on a year-round basis. It was thought that year-round daylight saving time would be a reasonable method of conserving energy. It was estimated that daylight saving time would reduce electrical consumption by 1 or 2 percent. If this figure is translated into barrels of oil it would amount to approximately 100,000 barrels of oil per day. While preliminary reports indicate that some degree of success has been achieved in energy conservation, many people report inconveniences and in certain cases tragic consequences. The problems caused by schoolchildren waiting for schoolbuses in the predawn hours and the unfortunate death of a number of children in Florida has caused great concern to many parents in Virginia and across the country. It has been reported that some children have been abducted and molested while waiting for their buses or walking to school. I have heard that workmen are also going to their jobs before daylight and it has been reported that many tradesmen are unable to perform their work because of the darkness. For example, carpenters are unable to drive nails, farmers are hindered in their chores and many construction workers are unable to begin work.

I believe that it is possible to lessen the danger to children and at the same time effect a savings in energy, and to this end I send to the desk a bill to amend the Uniform Time Act of 1966 and the Emergency Daylight Saving Time Energy Conservation Act of 1973. The purpose of this bill is to provide that daylight saving time would begin on the last Sunday in February and extend through the last Sunday in October of each year. Adoption of this proposal would allow the country to observe 8 months of daylight saving time during which sunrise would not occur until 8 a.m. in the morning or later in many parts of the country. The Library of Congress has furnished my office with separate reports indicating the starting time of school systems in select communities in each of the 4 time zones in the United States and the Washington, D.C. metropolitan area. The reports include the sunrise/sunset times in these areas. This information indicates that a 2-month extension of daylight saving time would not cause any school system to start its elementary schools before sunrise. I ask unanimous consent to have the reports of the Library of Congress inserted at the conclusion of my remarks.

Mr. President, the enactment of this bill would alleviate the problems caused by the predawn transportation of schoolchildren and the disruptions caused in industries, which begin work at an early hour. This appears to be a reasonable compromise to the problem of year-round daylight savings and what we have had in the hope. I hope the Congress will give serious consideration to the bill.

Mr. President, I ask unanimous consent to have printed in the Record two research memorandums from the Library of Congress.

There being no objection, the two memorandums were ordered to be printed in the Record, as follows:

The Library of Congress,
Congressional Research Service,
Washington, D.C., February 5, 1974.

To the Honorable William L. Scott, Attn: Gus Fritchie.

From Congressional Reference Division.

Subject Sunrise/Sunset times and starting times of Washington, D.C., area public schools.

Enclosed are sheets containing sunrise and sunset times for two major cities in each of the four time zones in the United States. The times are Daylight Saving Time (DST).

The calculations were based on the method contained in tables supplied by the U.S. Naval Observatory, and printed in the "Official Associated Press Almanac 1973." Mrs. Morrison of the Naval Observatory Nautical Almanac Section advised us that 1973 figures would suffice for use in determining 1974 sunrise/sunset calculations, as the variation from year to year is so slight as to be negligible.

Also included are the starting times for public elementary, junior high and senior high schools for the following area jurisdictions: Washington, D.C., Montgomery and Prince Georges Counties in Maryland, Arlington and Fairfax Counties in Virginia, and the cities of Alexandria and Falls Church, also in Virginia.

DONALD WITTIG.

WASHINGTON, D.C.—EASTERN TIME ZONE (DAY LIGHT SAVING TIME)

	Sunrise (a.m.)	Sunset (p.m.)
Nov. 1	7:37	6:06
Nov. 16	7:54	5:51
Nov. 26	8:05	5:45
Dec. 1	8:10	5:43
Dec. 16	8:23	5:44
Dec. 31	8:30	5:52
Jan. 5	8:30	5:57
Jan. 15	8:28	6:07
Jan. 30	8:19	6:25
Feb. 4	8:14	6:31
Feb. 14	8:03	6:42
Feb. 24	7:49	6:54
Mar. 1	7:42	7:00
Mar. 16	7:19	7:16
Mar. 31	6:54	7:31

CRS-3

CLEVELAND, OHIO—EASTERN TIME ZONE (DAYLIGHT SAVING TIME)

	Sunrise (a.m.)	Sunset (p.m.)
Nov. 1	7:53	6:22
Nov. 16	8:10	6:07
Nov. 26	8:21	6:01
Dec. 1	8:26	5:59
Dec. 16	8:39	6:00
Dec. 31	8:46	6:08
Jan. 5	8:46	6:13
Jan. 15	8:44	6:23
Jan. 30	8:35	6:41
Feb. 4	8:30	6:47
Feb. 14	8:19	6:58
Feb. 24	8:05	7:10
Mar. 1	7:58	7:16
Mar. 16	7:35	7:32
Mar. 31	8:10	7:47

CRS-4

ST. LOUIS, MO., CENTRAL TIME ZONE (DAYLIGHT SAVING TIME)

	Sunrise (a.m.)	Sunset (p.m.)
Nov. 1	7:29	5:58
Nov. 16	7:46	5:43
Nov. 26	7:57	5:37
Dec. 1	8:02	5:35
Dec. 16	8:15	5:36
Dec. 31	8:22	5:44
Jan. 5	8:22	5:49
Jan. 15	8:20	5:59
Jan. 30	8:11	6:17
Feb. 4	8:06	6:23
Feb. 14	7:55	6:34
Feb. 24	7:41	6:46
Mar. 1	7:34	6:52
Mar. 16	7:11	7:08
Mar. 31	6:46	7:23

CRS-5

MINNEAPOLIS, MINN., CENTRAL TIME ZONE (DAYLIGHT SAVING TIME)

	Sunrise (a.m.)	Sunset (p.m.)
Nov. 1	7:50	6:01
Nov. 16	8:11	5:43
Nov. 26	8:24	5:35
Dec. 1	8:30	5:32
Dec. 16	8:44	5:31
Dec. 31	8:50	5:40
Jan. 5	8:50	5:40
Jan. 15	8:47	5:56
Jan. 30	8:35	6:17
Feb. 4	8:29	6:24
Feb. 14	8:15	6:38
Feb. 24	8:59	6:52
Mar. 1	7:52	6:59
Mar. 16	7:23	7:19
Mar. 31	6:55	7:38

CRS-6

PHOENIX, ARIZ., MOUNTAIN TIME ZONE (DAYLIGHT SAVING TIME)

	Sunrise (a.m.)	Sunset (p.m.)
Nov. 1	7:49	6:06
Nov. 16	8:03	5:54
Nov. 26	8:13	5:50
Dec. 1	8:17	5:49
Dec. 16	8:29	5:50
Dec. 31	8:36	5:58
Jan. 5	8:37	6:02
Jan. 15	8:36	6:12
Jan. 30	8:29	6:27
Feb. 4	8:25	6:32
Feb. 14	8:16	6:42
Feb. 24	8:04	6:51
Mar. 1	7:58	6:56
Mar. 16	7:38	7:08
Mar. 31	7:17	7:20

CRS-7

DENVER, COLO.—MOUNTAIN TIME ZONE (DAYLIGHT SAVING TIME)

	Sunrise (a.m.)	Sunset (p.m.)
Nov. 1	7:33	6:02
Nov. 16	7:50	5:47
Nov. 26	8:01	5:51
Dec. 1	8:06	5:39
Dec. 16	8:19	5:40
Dec. 31	8:26	5:48
Jan. 5	8:26	5:53
Jan. 15	8:24	6:03
Jan. 30	8:15	6:21
Feb. 4	8:10	6:27
Feb. 14	7:59	6:38
Feb. 24	7:45	6:50
Mar. 1	7:38	6:56
Mar. 16	7:15	7:12
Mar. 31	6:50	7:27

CRS-8

LOS ANGELES, CALIF.—PACIFIC TIME ZONE (DAYLIGHT SAVING TIME)

	Sunrise (a.m.)	Sunset (p.m.)
Nov. 1	7:13	5:58
Nov. 16	7:27	5:46
Nov. 26	7:37	5:42
Dec. 1	7:41	5:41
Dec. 16	7:53	5:42
Dec. 31	8:00	5:50
Jan. 5	8:01	5:54
Jan. 15	8:00	6:04
Jan. 30	7:53	6:19
Feb. 4	7:49	6:24
Feb. 14	7:40	6:34
Feb. 24	7:28	6:43
Mar. 1	7:22	6:48
Mar. 16	7:02	7:00
Mar. 31	6:41	7:12

CRS-9

SEATTLE, WASH.—PACIFIC TIME ZONE (DAYLIGHT SAVING TIME)

	Sunrise (a.m.)	Sunset (p.m.)
Nov. 1	7:48	5:57
Nov. 16	8:07	5:39
Nov. 26	8:20	5:31
Dec. 1	8:26	5:28
Dec. 16	8:40	5:27
Dec. 31	8:46	5:36
Jan. 5	8:46	5:41
Jan. 15	8:43	5:52
Jan. 30	8:31	6:13
Feb. 4	8:25	6:20
Feb. 14	8:11	6:34
Feb. 24	7:55	6:48
Mar. 1	7:47	6:55
Mar. 16	7:19	7:15
Mar. 31	6:51	7:34

CRS-10

STARTING TIMES FOR WASHINGTON, D.C. AREA SCHOOL SYSTEMS (ALL TIMES A.M.)

School system	Senior high	Junior high	Elementary	Comments
District of Columbia	9:00	9:00	9:00	
Montgomery County, Md	8:00	8:30	8:50 and 9:00	Some elementary schools now starting at 8:30 will revert to an 8:15 starting time in mid-February
Prince Georges County, Md	7:30 through 9:30	7:30 through 9:00	8:00 through 9:30	These are the "normal" starting times. County authorities have added ½ hour to these times during the winter DST period. However, "normal" starting times will resume Mar. 11.
Arlington County, Va	8:00	8:30	9:15	The following elementary schools have different starting times: Drew—8:00; Read and Longbranch—8:45.
Fairfax County, Va	7:45 through 8:15	7:50 through 8:40	8:15 through 8:55	
Falls Church, Va	8:30	8:30	8:30	
Alexandria, Va	8:55	8:55	9:00	T.C. Williams senior high school starts at 8:00.

THE LIBRARY OF CONGRESS,
CONGRESSIONAL RESEARCH SERVICE,
Washington, D.C., February 20, 1974.

To the Honorable William L. Scott. Attn: Gus Fritchie.
From Congressional Reference Division.
Subject Starting Times for Public School Systems in Selected Metropolitan Communities.

Your recent request asked for the starting times of school systems in selected metropolitan communities in each of the four time zones in the United States. The information given following is to supplement similar information on school starting times in the Washington, D.C. metropolitan area. Except where noted, all starting times are A.M., Daylight Saving Time.

City and State	Time zone	Elementary	Junior high	Senior high
Cleveland, Ohio	Eastern	8:30 through 9:30	9:00	9:00.
Minneapolis, Minn	Central	8:30 through 9:00	7:50 through 8:50	7:30 through 8:00.
St. Louis, Mo	Central	8:30	8:45	8:00.
Denver, Colo	Mountain	8:30	7:50	7:00.
Phoenix, Ariz.[1]	Mountain	9:00	8:00	8:00.
Los Angeles, Calif	Pacific	9:00	8:00 through 8:15	7:30 through 8:30.
Seattle, Wash	Pacific	9:00	8:00 through 9:00	8:00.

[1] Mountain standard time.

By Mr. McGOVERN:

S. 3104. A bill to promote rail-highway safety by requiring light reflecting markings on railroad locomotives and cars. Referred to the Committee on Commerce.

PROPOSAL TO ELIMINATE NEEDLESS RAIL-HIGHWAY GRADE CROSSING ACCIDENTS

Mr. McGOVERN. Mr. President, I introduce for appropriate reference a bill to promote rail-highway safety by requiring light reflecting markings on railroad locomotives and railroad cars.

Every day, every hour, too many are killed or maimed in accidents involving moving vehicles. In spite of some recent decreases because of the lowering of speed limits and less driving as a result of the gasoline shortages the number is still too high.

Now, with new emphasis on the use of railroads, we are running the risk again of rail-highway, grade crossing accidents in increasing numbers. Ten years ago, collisions at grade crossings involving trains and motor vehicles totaled 3,539. These were responsible for 1,432 deaths and 3,676 persons injured.

Even with the rail travel and shipping decline as it has in the past few years, accidents continued. In 1972, for example, 1,500 died and 5,000 were injured. There were 2,263 separate collisions, but this last number does not count all such incidents since it represents only those in which there were $750 or more dollars damage to the vehicles involved.

Particularly disturbing among the accidents are those in which motor vehicles run into the sides of trains. In 1965, there were about 1,215 in which 359 people were killed and 1,419 injured. The record for 1972 was 959 accidents, 253 dead and 1,041 injured. But again, these figures represent only those which cost $750 in damage or caused more than 1 day's disability.

Such accidents are prone to occur mostly at night and they often involve unlighted railway cars, particularly freight.

It must be remembered that rail crossings in rural areas are not the kind one sees in cities, with flashing red lights. In the country, they are unlighted, with often faded letters and even if in the best of condition, difficult to see.

I am firmly convinced that many lives would be saved by using reflective paint on unlighted railroad cars to make the equipment more readily visible, thus, eliminating the hazards of motor vehicles striking the sides of freight cars moving over rail-highway grade crossings.

The bill which I am introducing is a very simple one. It provides the Secretary of Transportation with the authority to establish such orders as may be necessary to require each railroad carrier to place, prior to such date as is established in such orders, on all of its locomotives and cars in service, such light-reflecting markings as the Secretary determines to be the best suited to promote safety at rail-highway crossings. These orders shall also require proper maintenance of such markings and installation of them on locomotives and cars placed in service after such date.

I would like to point out that it would be difficult to find a means of lifesaving at a lower price. This method, consisting only of a strip of reflective paint, is undoubtedly the cheapest safety device obtainable.

In light of anticipated great rail use I very much hope that action will be taken at an early date on this bill designed to save lives. I ask unanimous consent that the text of this bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 3104

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 25 of the Interstate Commerce Act (49 U.S.C. 26) is amended by inserting at the end thereof a new subsection as follows:

"(1) The Secretary of Transportation shall establish such orders as may be necessary to require each carrier to place, prior to such date as is established in such order on all of its locomotives and cars in service such light-reflecting paint or order reflector markings as the Secretary determines to be best suited to promote safety at rail-highway crossings. Such orders shall also require proper maintenance of such markings and installation of such markings on locomotives and cars placed in service after such date."

By Mr. HUMPHREY:

S. 3106. A bill to amend the Social Security Act to provide for improvements in the program relating to diagnosis, screening, and referral of child health and maternal conditions established by title V of such act. Referred to the Committee on Finance.

CHILD AND MATERNAL HEALTH CARE EXTENSION ACT

Mr. HUMPHREY. Mr. President, today I am introducing legislation which authorizes a decisive Federal response to the critical deficiencies in the availability as well as the financing of early diagnosis, screening, and treatment of serious child and maternal health conditions within numerous areas of this country and, particularly, among the Nation's lower-income families.

The bill, entitled the "Child and Maternal Health Care Extension Act of 1974," can signal the initiation of a new child and maternal health care policy for the United States—a program which would guarantee that all infants, children, and pregnant women, without regard to their place of residence, family income, or race will have equal access to medical diagnosis, screening, and comprehensive medical care.

The bill is designed specifically to provide the means by which child and maternal health problems in need of medical care can be identified, treated immediately or referred for additional care to major hospital facilities, and financed for low income families unable to purchase the required medical care.

DOCTOR SHORTAGE EMERGENCY

Currently, there is a critical shortage in the United States of medical personnel providing primary health care to children. Statistics presented in the book, "Lengthening Shadows," published by the American Academy of Pediatrics, indicate that between 1948 and 1968 the national proportion of all fully trained physicians who functioned as primary child health care providers fell from 59 to 36 per 100,000 population under 18, a drop of 64 percent.

Although there were 7,500 more practicing pediatricians in 1967 than there were in 1950, the number of general practitioners, the other major group of child primary health care providers, in the same period decreased from about 100,000 to 64,000.

The same pattern of dramatic decreases in the number of primary child health care providers is manifested in the shorter but more recent period between 1963 and 1971. Combining the statistics in "Lengthening Shadows" with the information published by the American Medical Association in its text, "The Distribution of Physicians in the U.S., 1971," demonstrates that during this 8-year period the national number of general practitioners decreased from 69,518 to 54,439, while pediatricians increased from 9,958 to 13,200 and during this same time period the population under 18 years of age increased by more than 6 percent. Since the loss of general practitioners was almost 5 times as great as the gain in pediatricians, there was actually a substantial decrease in the total number of effective primary child health care providers to handle our increased child population.

The decreasing number of primary child health care providers is not the only problem hampering the provision of health services to children. There is also a serious nationwide maldistribution. According to statistics published by the American Medical Association in "The Distribution of Physicians in the U.S. 1971," there are currently 133 counties, having a total population of nearly one-half million persons, which do not have a single active physician. In addition, more than 1,600 counties, with a total population of at least 23 million persons, do not have an active, resident pediatrician.

While the medical professions have not agreed on the ideal number of primary health care providers per 100,000 children, these counties without a single pediatrician and only a small number of general practitioners are by any standard severely understaffed. Consequently, children of all races, rich and poor alike, residing in these severely understaffed counties, are capriciously denied a basic equality of access to the elementary health care services available to children fortunate enough to reside elsewhere.

FAILURE TO VISIT PHYSICIAN IS WIDESPREAD

Partly as a result of the shortage and maldistribution of primary child health care providers, a disturbing number of our children either have not visited a physician or do so far too infrequently to receive adequate health care. In 1968, according to the 1970 White House Conference on Children and Youth, among those children under 17 years of age, 9.8 million had not seen a physician in a year, 8.8 million had not seen one in 2 to 5 years, and 739,000 had never seen a physician.

A household survey by the National Center for Health Statistics, included in a report for the 1970 White House Conference on Children and Youth, revealed that 18.7 percent of all children 0–5 years old and 39.2 percent of the children 6–16 years of age had not seen a physician in the year prior to the study.

Failure to visit a physician regularly is most serious among low-income families earning less than $3,000 per year. A survey by the National Center for Health Statistics, published in "The Health of Children—1970" revealed that while 74 percent of those children from families earning more than $7,000 annually visited a physician within 1 year of the study, only 52 percent of the children from low-income families did so. The same survey demonstrates that the amount of dental care a child receives follows this same pattern: 62 percent of low-income family children under 17 have never seen a dentist, as compared to 27 percent from high-income families.

Although there is disagreement within the medical professions as to the necessary number of physician and dental care visits for a child, particularly under 6 years of age, it is certainly not zero. In addition, those children seeing a physician at most only once every 2 to 5 years cannot possibly receive the proper medical and dental care to assure safe growth and development.

To improve this Nation's child health care program, the problems caused by the declining numbers as well as the maldistribution of primary child health care providers must be alleviated. Only by addressing these two basic problems can the infrequency of physician visits by such large proportions of American children be reduced, and equal access to child health care be assured for all children regardless of family income or residential location.

ONE BASIC SOLUTION: MOBILE HEALTH CARE FACILITIES

The first substantive part of my bill, section 3, specifically confronts the problems of declining numbers and the maldistribution of primary child health care providers. And it addresses these critical needs through a new and very practical mechanism—the establishment of mobile health care facilities in physician-shortage counties across the Nation.

My bill amends title V of the Social Security Act—Maternal and Child Health and Crippled Children's Services—by adding a new part B to this title, under which the Secretary of Health, Education, and Welfare would make grants to States which submit approved plans for the establishment and operation of mobile health care facilities serving eligible counties. Such counties either would not have a practicing pediatrician, or would have a seriously inadequate number of child health care providers for the population under 18 years of age, as prescribed in regulations to be issued by the Secretary.

These State plans must meet certain important requirements.

In every eligible county in the State there must be a mobile health care team in operation, including a pediatrician and more than one of the following: A pediatric nurse practitioner, a registered nurse, a licensed practical nurse, a dietician, and a health assistant. Emphasis is also placed on the utilization of paraprofessionals and students in medicine and the allied health professions. And, the frequency and locations of mobile health team visits must be clearly spelled out in the State plan.

The key focus of mobile health care teamwork will be careful medical examinations of expectant mothers and children. These examinations must include the diagnosis of the following child health problems:

Child abuse and neglect;

Nutritional deficiencies;

Dental problems;

Emotional problems;

Visual and hearing defects;

Mental retardation and learning disorders;

Crippling and handicapping conditions; and

Catastrophic illnesses.

But the process does not stop here. When these conditions are screened, the child must receive immediate treatment by the mobile health care team, and be referred to the nearest major facility which provides health care on an inpatient or outpatient basis. And this referral must be followed up by a team assistant, to assure that the further required treatment was actually received.

Medical examinations by the mobile health care team are to be free to all children and expectant mothers. The costs of further treatment for lower-income families are to be covered under appropriate public health programs.

PEDIATRIC NURSE PRACTITIONERS

Another step in alleviating the shortage and maldistribution of primary child health care providers is to expand opportunities for education and service as pediatric nurse practitioners.

It is abundantly clear that from the perspectives of time and economy, greater use should be made of pediatric nurse practitioners. Data published for the 1970 White House Conference on Children and Youth, indicate that by spending $19 million over 5 years, 9,500 pediatric nurse practitioners could be trained and who would work under the supervision of about 2,400 physicians. However, to train pediatricians who would provide an equivalent amount of service would require 10 years and $950 million.

Also, in a recent survey of pediatricians, by the American Academy of Pediatrics, more than 50 percent favored delegating to allied health workers, such as pediatric nurse practitioners, such tasks as immunization, providing instructions on child care and feeding, compiling the medical history of the patient and the patient's family, and providing minor medical advice. However, these same pediatricians stated that the major obstacle to the greater use of allied health workers in pediatric practice was the lack of trained workers.

While the Federal Government has provided some moneys for the training of pediatric nurse practitioners, much more needs to be done. To place more emphasis upon this obvious educational need, section 4 of my bill would amend title V, section 511 of the Social Security Act to authorize the Secretary to make grants to institutions of higher learning specifically for the training of pediatric nurse practitioners.

OVERCOMING THE COST BARRIER TO HEALTH CARE

The United States has a comparatively high infant mortality rate—higher than that of 12 other developed nations in the world.

The infant mortality rate varies considerably, however, among economic categories within the United States. As revealed by statistics published in "The Health of Children—1970," the infant mortality rate among low-income families is nearly 63 percent higher than among families with an income greater than $7,000. In a recent HEW publication, "Infant Mortality Rates: Socioeconomic Factors," the authors concluded that infant mortality rates were highest in families which measured low on the socioeconomic variables; an increase in socioeconomic status on any one of the variables was associated with a decrease in infant mortality rates.

One of the factors causing the high infant mortality rate, particularly among the poor, is the lack of pre- and postnatal medical care. The percentage of mothers who receive no prenatal care is 10 times greater among low-income white families than it is among white families earning more than $10,000; the discrepancy between these income categories is even greater when non-white families are considered.

Many of these mothers receiving no prenatal care would be able to receive a diagnosis and some medical assistance from the mobile health care units established under the provisions of the bill I am introducing today.

For those low-income mothers who currently may be fortunate enough to receive prenatal care, most do not have any insurance covering medical costs and hospitalization during delivery or for subsequent treatment. According to statistics published in "The Health of Children—1970," when family income was under $3,000, 78 percent of white mothers and 82 percent of other mothers had no health insurance. At the family income level of $10,000 and over, about 17.5 percent of white mothers and 36.2 percent of other mothers were without insurance coverage. These discouraging figures indicate a dramatic need for both the provision and the financing of health services for pregnant women and infant children.

After birth, life-threating and catastrophic illness take a toll among our children and usually require large financial expenditures by the family in order to secure remedial medical care. While care for these health conditions is certainly expensive, a larger proportion of children and youth, according to 1968 statistics, was uninsured for hospital and surgical costs than was any other age group. According to the 1970 White House Conference on Children and Youth, 24.9 percent of children under 17 years of age had no surgical insurance and 23.7 percent had no hospital coverage.

The lack of coverage among low-income families is even greater than these figures indicate. Hospital insurance covers only 20 percent of the children in low-income families, while such coverage reaches 83.3 percent of the children in high-income families.

In addition, family medical insurance usually does not cover the considerable expense of treating a catastrophic or life threatening illness.

If we are to guarantee that our children suffering from life-threatening and catastrophic illnesses will receive medical care—and not have such care denied by a family's low income—the Federal Government must begin to provide greater support for such care.

To achieve the goal of greater Federal Government support for the care of these child and maternal health conditions, section 6 of my bill would amend section 505(a)(7) of the Social Security Act to require that as a condition for receiving Federal allotments, State plans must provide for comprehensive health care and services for prematurely born infants and for full-term infants who have defects or conditions which are life theratening or handicaping and which can be corrected or ameloriated.

This section also is amended to require that by fiscal 1979 State plans should provide for comprehensive health care and services to all children under 6 years of age whose health is threateneed or has been impaired seriously by a major trauma, a life-threatening illness, or an illness of catastrophic nature.

Furthermore, section 7 of my bill would amend section 505(a) of the Social Security Act to add a new requirement that States shall have plans to provide comprehensive maternity and infant care for low-income families. This care would include prenatal care, care during and after childbirth, and related hospital services for mothers, and comprehensive medical care for infants during their first year of life.

EARLY DIAGNOSIS AND TREATMENT VITAL

Mr. President, it has become increasingly clear that the most serious need in promoting quality health care for mothers and children in America today is the early identification of health problems and their immediate treatment.

This point is driven home in a recent study of child health care in the Washington, D.C., area, and reported in the Washington Post, of March 1, 1974. The article, by Victor Cohn, and entitled "Health Care for Children Found Poor," notes a high incidence of serious health problems, such as iron deficiency anemia, uncorrected vision defects, and hearing losses among children of upper income neighborhoods as well as in low-income areas.

But the conclusion of the study's director, Dr. David M. Kessner, is the central message of this article, that "either the children had not been screened by doctors, or that a thorough diagnosis had not been made after initial screening tests, or the children had not been properly treated after diagnosis."

I repeat, this conclusion applies to children of families in the upper income brackets as well as to children of poor families. It is a conclusion that has been reached again and again in recent studies of child health problems across our Nation.

It is precisely the central intent of my bill to make early medical examination, diagnosis, screening, and immediate treatment readily accessible to expectant mothers, infants, and children, regardless of income or place of residence. I urge Congress to take action on this priority national program.

Mr. President, I ask unanimous consent to have printed in the Record the Washington Post article, and the text of the Child and Maternal Health Care Extension Act.

There being no objection, the article and bill were ordered to be printed in the Record, as follows:

[From the Washington Post, Mar. 1, 1974]

HEALTH CARE FOR CHILDREN FOUND POOR

(By Victor Cohn)

One in every four young children studied in both the middle to upper-income Shepherd Park-Takoma neighborhood in Northwest Washington and in largely low-income Congress Heights in Southeast suffer from such serious health problems as iron deficiency anemia and uncorrected vision defects.

In addition, a team of doctors from the Institute of Medicine at the National Academy of Sciences found that 18 per cent of the 2,487 children they studied here suffered from hearing losses and 13 per cent more had definite or suspected ear infections of the kind that lead to hearing loss.

As a result, the doctors concluded that medical care for families in both well-off and poor neighborhoods is ineffective, with the children of wealthier families not always healthier than those with much lower incomes.

Because the serious ear infections, visual defects and iron-deficiency anemia are all easily identifiable and usually easily treatable conditions, Mr. David M. Kessner, the study's director, concluded that either the children had not been screened by doctors, or that a thorough diagnosis had not been made after initial screening tests, or the children had not been properly treated after diagnosis.

The apparently poor health care was found by the doctors to be the same whether the children's families went to private doctors, hospital outpatient clinics, the prepaid Group Health Association, or—in the case of 337 of the children—the public Cardozo Neighborhood Health Center.

Many private doctors and the American Medical Association have long asserted that they give more preventive care than hospital clinics. Spokesmen for prepaid group practices like Washington's Group Health Association have said they give more attention to prevention than any other medical care program in D.C.

But Kessner said that this study shows that much "medical diagnosis, treatment and follow-up are poorly done" in all settings and that some way of measuring health care quality must be built into each.

The study was made during 1970–71 by: (1) picking a representative sample of 1,436 families with children between 6 months and 11 years old in the two primary neighborhoods and 274 families using the Cardozo center (so a neighborhood health center population could be studied too); (2) interviewing all the mothers; (3) giving physical exams to 2,487 children in a special clinic at Children's Hospital; (4) sending questionnaires to more than 300 of the children's doctors and examining medical records.

The doctors found:

26 per cent of the children between one month and 3 years old had iron deficiency anemia.

26 per cent of those between ages 4 and 11 had uncorrected or inadequately corrected visual disorders. Those wearing glasses were no better off on the average than those without them. Evidently, they were wearing old glasses or had been ill fitted in the first place.

18 per cent suffered from partial hearing losses, and almost 13 per cent had definite or suspected ear infections that could lead to hearing loss at the time they were examined.

"I don't think there's any reason to believe that if we studied the entire city, the results would be strikingly different," Kessner said at a news conference.

There also is no reason to believe that health care in Washington is any different from care in other cities, Dr. Paul B. Cornely, retired Howard University dean and former president of the American Public Health Association, said in a written foreword to the study results.

In economic status, most Congress Heights families studied were in the under-$10,000 annual income class and many were under $5,000. In Shepherd Park-Takoma, most of those families studied earned more than $10,000 and many had incomes more than $15,000.

But the illness rates were the same regardless of economic status. Only when children were compared by mothers' education—another socioeconomic indicator—were those children whose mothers had more education less likely to have iron deficiency anemia or infection-related hearing loss.

Anemia rates varied from 18 per cent in children whose mothers had education past high school to almost 33 per cent among those whose mothers had one to 11 years' schooling. Hearing loss ran from 16 per cent in children whose mothers had education past high school to 23 per cent among those with less than a high school diploma.

Hearing loss, visual defects and anemia were picked out for the study because an Institute of Medicine group found earlier that medical care in children can be judged by looking at just these three "tracer" conditions.

S. 3106

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Child and Maternal Health Care Extension Act".

DECLARATION OF POLICY

SEC. 2. The Congress finds and declares that in order to reduce the infant mortality rate and generally improve the health of children—

(1) more emphasis must be placed upon alleviating the problems caused by the declining numbers and the maldistribution of primary child health care providers, and

(2) greater access to medical care for children must be provided in order to improve child health and to eliminate the needless suffering and crippling conditions experienced by children because of the lack of available early diagnosis, screening, and treatment of potentially serious medical conditions.

SEC. 3. (a) Title V of the Social Security Act is amended by adding at the end thereof the following:

"Part B—Mobile Health Care Facilities

"APPROPRIATION

"SEC. 525. For the purpose of enabling the States to diagnose, screen, and provide immediate limited treatment of child health and maternal health conditions, there is hereby authorized to be appropriated for each fiscal year a sum sufficient to carry out the purposes of this part. The sums made available under this section shall be used for making payments to States which have submitted, and had approved by the Secretary of Health, Education, and Welfare, State plans for establishment and operation of mobile health care facilities.

"STATE PLANS FOR MOBILE HEALTH CARE FACILITIES

"SEC. 526. (a) A State plan for the establishment and operation of mobile health care facilities must—

"(1) provide that a mobile health care team shall be in existence and operate in each of the eligible counties within the State;

"(2) provide for the establishment or designation of a single State agency to supervise the administration of the plan;

"(3) provide that the State agency designated in accordance with paragraph (2) will have authority to carry out the plan in conformity with this section;

"(4) provide that the State agency will (A) make an annual report to the Secretary concerning the activities, achievements, and operations of each mobile health care team established in such State, in such form and containing such additional information as the Secretary may from time to time require, and (B) comply with such requirements as the Secretary may from time to time find necessary to assure the correctness and verification of such reports;

"(5) provide that the Comptroller General of the United States or his delegate shall have access, for the purpose of audit and examination, to the data on which any report required to be submitted under paragraph (4) is based;

"(6) provide that the State agency will from time to time, but not less often than annually, review its State plan and submit to the Secretary any modifications thereof which it considers necessary;

"(7) provide that—

"(A) the personnel assigned to each mobile health care team will include a pediatrician and more than one of each of the following: a pediatric nurse practitioner; a registered nurse; a licensed practical nurse; a dietician; and a health assistant; and

"(B) to the extent practical, students in medicine and the allied health professions who want to specialize in pediatrics or family medicine will be included as personnel on each mobile health care team;

"(8) designate, in accordance with regulations established by the Secretary, the locations within each eligible county that the mobile health care team will visit and the frequency and duration of such visits;

"(9) provide that the mobile health care team will give children medical examinations and that such examinations must include, but are not limited to, the diagnosis and screening of the following conditions—

"(A) child abuse and neglect,

"(B) nutritional deficiences,

(C) dental problems,

"(D) emotional problems,

"(E) visual and hearing defects,

"(F) mental retardation and learning disorders,

"(G) crippling and handicapping conditions, and

"(H) catastrophic illnesses;

"(10) provide that the medical methods, procedures, and equipment the State will require each mobile health care team to employ to assure that the examination and the diagnosis of the conditions designated in paragraph (9) will be of high quality be set out in the State plan;

"(11) provide that each mobile health care team test for pregnancy and screen and diagnose all prenatal and postnatal conditions up to one year after giving birth;

"(12) provide that each mobile health care team screen all pregnant and lactating women for nutritional deficiencies;

"(13) provide that the medical examination, diagnosis, and screening provided by each mobile health care team be free to all children and pregnant and lactating women;

"(14) provide that each mobile health care team will provide immediate preventive care or treatment for the diagnosed conditions where, in the judgment of the attending physician, such immediate care is required because of the serious condition of the patient;

"(15) provide that, for those conditions requiring medical treatment a mobile health care team reasonably cannot provide, the patient will be referred to the nearest, major facility which provides health care on an inpatient or outpatient basis, except that children requiring such referrals shall, whenever possible, be referred to an accredited hospital with facilities for parents to spend extended periods of time with their children during the child's hospital confinement;

"(16) provide that each mobile health care team will refer cases of child abuse and neglect to the appropriate State agency and to any public or private nonprofit center established to identify, prevent, and treat child abuse and neglect which serves the geographic area covered by such team;

"(17) provide that in addition to giving immediate treatment to infants diagnosed as nutritional risks, each mobile health care team will refer such infants to the appropriate local public or private nonprofit health or welfare agencies receiving funds under section 17(a) of the Child Nutrition Act of 1966, as amended, so that such infants may receive supplemental foods;

"(18) provide that children who are crippled or who are suffering from conditions leading to crippling will be referred to the State agency providing services to crippled children under part A of this title;

"(19) provide that women diagnosed as pregnant will receive from the mobile health care team whatever immediate care or treatment their conditions require and for further referral by such team to appropriate health care facilities and physicians as appropriate;

"(20) provide that women determined to be nutritional risks shall be referred to the appropriate local public or private nonprofit health or welfare agencies receiving funds under section 17(a) of the Child Nutrition Act of 1966, as amended, so they may receive supplemental foods;

"(21) provide that all referrals shall be subsequently reviewed by a health assistant assigned to the mobile health care team which makes a referral; and

"(22) provide that any individual who receives treatment in addition to the examination, diagnosis, screening, or immediate treatment which is authorized under the State plan will be given the opportunity to enroll in any public health care program for which he is eligible and that payment for such additional treatment will be made in accordance with the provisions of such program and that, in all other cases, additional treatment will be paid for by such individual.

"(b) The Secretary shall approve any plan which fulfills the conditions specified in subsection (a), except that he shall not approve any plan which—

"(1) proposes to employ a mobile health care team which will visit too few locations or whose visits will be of such frequency and duration to be inadequate to carry out the purposes of this part; or

"(2) fails, in the case of a State in which there is an agreement in effect pursuant to section 794C of the Public Health Service Act under which students or trainees in the allied health professions participate in a work-study program, to provide that employment under such a work-study program on a mobile health care team automatically qualifies as part of such a work-study program.

"PAYMENTS TO STATES

"SEC. 527. (a) Appropriations pursuant to section 525 shall be available for making grants to States having a plan approved under section 526 for the establishment and operation of mobile health care facilities.

"(b) Payments pursuant to grants made under this section may be in advance or by way of reimbursement and in such installments as the Secretary shall prescribe by regulation.

"OPERATION OF STATE PLANS

"SEC. 528. (a) The Secretary shall review periodically the eligibility of all counties in each State and notify the appropriate State agency of changes in the eligibility of each such county to participate in the program established under this part. Each county that is an eligible county (and is participating in the program established under this part) whose child health care ratio is found to exceed the limit established by the Secretary shall continue to be an eligible county and may continue to participate in the program established under this part for not more than one year after notice of ineligibility has been transmitted to the State agency.

"(b) If the Secretary, after reasonable notice and opportunity for hearing to the State agency supervising the administration of the State plan approved under this section, finds—

"(1) that the plan has been so changed that it no longer complies with the provisions of section 526(a); or

"(2) that in the administration of the plan there is a failure to comply substantially with any such provision; or

"(3) that an eligible county within the State is not included within the State plan;

the Secretary shall notify such State agency that further payments will not be made to the State (or, in his discretion, that payments will be limited to categories under or parts of the State plan not affected by such failure), until the Secretary is satisfied that there will no longer be any such failure to comply. Until he is so satisfied he shall make no further payments to such State (or shall limit payments to categories under or parts of the State plan not affected by such failure).

"(c) Whenever any State desires a modification of the State plan in order to reduce the scope or extent of the care and services provided by a mobile health care team under such plan, or to terminate any of the care and services so provided, the Secretary shall, upon application of the State, approve any such modification only if such modification does not violate any of the provisions of section 526(a) or any existent regulation established pursuant thereto.

"Definitions

"SEC. 529. When used in this part—

"(a) The term 'State' means any of the fifty States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, or American Samoa.

"(b) The term 'county' includes a political subdivision of a State formally denominated as a county, parish, or other similar unit.

"(c) The term 'child health care provider' means a pediatrician and such other health care personnel as the Secretary shall designate by regulation after consultation with recognized authorities in, and Federal agencies concerned with, child health care.

"(d) The term 'child health care ratio' means the proportion of child health care providers in a State per 100,000 population under 18 years of age in such State.

"(e) The term 'eligible county' means (1) a county in which there is not located a practicing pediatrician, or (2) a county whose proportion of child health care providers to population under 18 years of age is less than the child health care ratio as defined in subsection (d).

"(f) The terms 'pregnant and lactating women', 'infants', and 'supplemental foods' shall have the same meanings when used in this part as such terms are defined in section 17 of the Child Nutrition Act of 1966, as amended.

"Reports

"SEC. 530. The Secretary shall evaluate annually the operations and accomplishments of the mobile teams in terms of extending child and maternal health care to areas with few primary child health care providers and achieving the purposes of this part. The Secretary shall report his findings together with any recommendations to the President and the Congress not later than March 1 of each year."

(b) Title V of the Social Security Act is further amended by inserting "Part A—General Service Programs" immediately below the caption of such title.

TRAINING OF PEDIATRIC NURSE PRACTITIONERS

SEC. 4. Section 511 of such Act is amended by inserting immediately before the period in the last sentence "and for the training of pediatric nurse practitioners".

PAYMENT FOR SERVICES RENDERED BY A PEDIATRIC NURSE PRACTITIONER

SEC. 5. (a) Section 1905(a) of such Act is amended by redesignating paragraph (17) as paragraph (18) and inserting after paragraph (16) the following new paragraph:

"(17) services rendered by a pediatric nurse practitioner;".

SERVICES FOR CRIPPLED CHILDREN

SEC. 6. (a) Section 505(a)(7) of such Act is amended to read as follows:

"(7) provides, with respect to the portion of the plan relating to services for crippled children—

"(A) for early identification of children in need of health care and services, and for health care and treatment needed to correct or ameliorate defects or chronic conditions discovered thereby, through provision of such periodic screening and diagnostic services that are not already provided by mobile health care teams established pursuant to part B, and such treatment, care, and other measures to correct or ameliorate defects or chronic conditions, as may be provided in regulations of the Secretary;

"(B) effective July 1, 1975, for comprehensive health care and services to prematurely born infants (as determined in accordance with standards prescribed by the Secretary) and full-term infants (as determined in accordance with standards prescribed by the Secretary) who have defects or conditions which are life threatening or handicapping and which can be corrected or ameliorated by health care services and other measures relating to the correction or amelioration of such defects or conditions, as may be provided in regulations of the Secretary; and

"(C) effective July 1, 1975, for comprehensive health care and services to children whose health is threatened or has been seriously impaired by major trauma, life-threatening illness, and other illnesses of a catastrophic nature, and for the provision of such care and services to all children in such age groups as may be prescribed in regulations of the Secretary except that effective by July 1, 1978, such care and services shall be provided to all children under age 6;".

MATERNAL AND CHILD HEALTH SERVICES

SEC. 7. Section 505(a) of such Act is amended—

(1) by striking out "and" at the end of paragraph (14);

(2) by striking out the period at the end of paragraph (15) and inserting in lieu thereof a semicolon and "and"; and

(3) by adding at the end thereof the following:

"(16) effective July 1, 1976, provides, in the case of families with low income (as determined by the State in accordance with criteria prescribed by the Secretary), for (A) comprehensive maternity care to prospective mothers (including prenatal care, care during and after childbirth, and inpatient hospital services related to such care), and (B) comprehensive medical health care for infants during the first year of life.

EFFECTIVE DATE

SEC. 8. The provisions of this Act shall become effective on July 1, 1974.

By Mr. TAFT:

S.J. Res. 194. A joint resolution to authorize the President to proclaim the 22d day of April of each year as Queen Isabella Day. Referred to the Committee on the Judiciary.

Mr. TAFT. Mr. President, I introduce a joint resolution to designate April 22 of each year Queen Isabella Day.

Too often, in our attempts to memorialize our past, we have remembered our great men and forgotten our great women. Simultaneously, while we have endlessly lauded our English founders, we have neglected those from Spain. I know of no better remedy for these deficiencies than the designation of a day of honor for a great woman and a great Spaniard: Isabella, Queen of Castile.

As all the tests tell, it was thanks to the bold vision of this monarch that Columbus was authorized the appropriation for his voyage of discovery. But this was only a part of her work. In a short life of 53 years, she restored the power of the Crown of Aragon, and united that kingdom with Castile, creating modern Spain. She reformed the judicial system, initiating the concept of providing equal justice for all classes. She brought professional administrators and middle-class lawyers into the royal councils, supplanting the hereditary nobles. Throughout her life, Isabella devoted herself so fully to her faith as to go down in history as "the Catholic Queen."

Just as she laid the foundations for Spain's greatness, Isabella also began the rich contribution which Spain has made to our Nation. Not only were we discovered by a Spanish expedition; we were first settled by Spaniards, we received our first culture from Spain, and today many parts of our country reflect a rich Spanish heritage.

I think it is time we recognized this strong woman, and I think a day of commemoration is the least that we owe to her memory.

ADDITIONAL COSPONSORS OF BILLS AND JOINT RESOLUTIONS

S. 1414

At the request of Mr. CHILES, the Senator from California (Mr. TUNNEY) was added as a cosponsor of S. 1414, to strengthen congressional control in determining priorities of appropriations and expenditures by requiring the budget to be organized and submitted on the basis of national needs, agency programs, and basic program steps.

S. 2518

At the request of Mr. MONDALE, the Senator from Hawaii (Mr. INOUYE) was added as a cosponsor of S. 2518, the Women's Educational Equity Act.

S. 2650

At the request of Mr. CRANSTON, the Senator from Maryland (Mr. MATHIAS) and the Senator from New Jersey (Mr. WILLIAMS) were added as cosponsors of S. 2650, the Solar Home Heating and Cooling Demonstration Act.

S. 2852

At the request of Mr. STEVENSON, the Senator from Pennsylvania (Mr. SCHWEIKER), the Senator from Iowa (Mr. HUGHES), and the Senator from Kansas (Mr. DOLE) were added as cosponsors of S. 2852, to preserve small communities' air service.

S. 2893

At the request of Mr. KENNEDY, the Senator from Oregon (Mr. PACKWOOD) was added as a cosponsor of S. 2893, the National Cancer Act of 1974.

S. 2932

At the request of Mr. MONDALE, the Senator from Alabama (Mr. SPARKMAN), the Senator from Michigan (Mr. HART), the Senator from Rhode Island (Mr. PELL), and the Senator from Ohio (Mr. TAFT) were added as cosponsors of S. 2932, to amend title 38 of the United States Code to provide that veterans' pension and compensation will not be reduced as a result of certain increases in monthly social security benefits.

S. 3006

At the request of Mr. PROXMIRE, the Senator from South Carolina (Mr. HOLLINGS) and the Senator from Kansas (Mr. DOLE) were added as cosponsors of S. 3006, the fiscal note bill.

S. 3045

At the request of Mr. BELLMON, the Senator from Kansas (Mr. DOLE) was added as a cosponsor of S. 3045, the Rural Development Health Care Services Act.

ADDITIONAL COSPONSORS OF RESOLUTIONS

SENATE RESOLUTION 240

At the request of Mr. TOWER, the Senator from Oregon (Mr. PACKWOOD) was added as a cosponsor of Senate Resolution 240, authorizing additional expenditures by the Committee on Banking, Housing and Urban Affairs for inquiries and investigations.

SENATE RESOLUTION 281

At the request of Mr. MANSFIELD (for Mr. INOUYE), the Senator from Alaska (Mr. GRAVEL) and the Senator from New Mexico (Mr. MONTOYA) were added as cosponsors of Senate Resolution 281, to express the sense of the Senate with respect to the allocation of necessary energy sources to the tourism industry.

FAIR LABOR STANDARDS AMENDMENTS OF 1974—AMENDMENT

AMENDMENT NO. 993

(Ordered to be printed and to lie on the table.)

Mr. BARTLETT submitted an amendment intended to be proposed by him, in the nature of a substitute for amendment No. 987 to S. 2747, to amend the Fair Labor Standards Act of 1938 to increase the minimum wage rate under that act, to expand the coverage of the act, and for other purposes.

RIGHT TO PRIVACY ACT OF 1974—AMENDMENT

AMENDMENT NO. 994

(Ordered to be printed, and referred to the Committee on the Judiciary.)

Mr. GOLDWATER submitted an amendment, in the nature of substitute, intended to be proposed by him, to the bill (S. 2810) to protect the constitutional right of privacy of individuals concerning whom identifying numbers or identifiable information is recorded by enacting principles of information practice in furtherance of amendments I, III, IV, V, IX, X, and XIV of the U.S. Constitution.

DISAPPROVAL OF PAY RECOMMENDATIONS OF THE PRESIDENT—AMENDMENT

AMENDMENT NO. 995

(Ordered to be printed, and to lie on the table.)

Mr. STEVENS submitted an amendment, intended to be proposed by him, to the resolution (S. Res. 293) to disapprove pay recommendations of the President with respect to rate of pay for Members of Congress.

ADDITIONAL COSPONSORS OF AMENDMENT

AMENDMENT NO. 991

At the request of Mr. CHURCH, the Senator from Missouri (Mr. EAGLETON), the Senator from South Dakota (Mr. MCGOVERN) the Senator from Wyoming (Mr. HANSEN), the Senator from Arkansas (Mr. FULBRIGHT), the Senator from Idaho (Mr. MCCLURE), the Senator from Ohio (Mr. METZENBAUM), the Senator from Georgia (Mr. TALMADGE), the Senator from West Virginia (Mr. RANDOLPH), the Senator from Connecticut (Mr. RIBICOFF), the Senator from Minnesota (Mr. HUMPHREY), the Senator from Alabama (Mr. ALLEN), the Senator from Arkansas (Mr. MCCLELLAN), the Senator from North Carolina (Mr. ERVIN), the Senators from Nevada (Mr. CANNON and Mr. BIBLE), the Senator from Virginia (Mr. HARRY F. BYRD, JR), and the Senator from Florida (Mr. GURNEY) were added as cosponsors of Amendment No. 991, proposed by Mr. CHURCH (for himself and Mr. DOMINICK) to Senate Resolution 293, to disapprove pay recommendations of the President with respect to rates of pay for Members of Congress.

NOTICE OF HEARING WITH PROF. BERNARD LEWIS

Mr. JACKSON. Mr. President, on Friday morning, March 8, the Permanent Investigations Subcommittee is having a special hearing in its negotiation and statecraft study with Bernard Lewis, distinguished historian and professor of Near and Middle Eastern history at the University of London. He will testify on "Détente and the Middle East." The hearing will be in the Government Operations Committee hearing room (room 3302, Dirksen Office Building) at 10 a.m.

NOTICE OF HEARINGS ON U.S. WEAPONS POLICY

Mr. SYMINGTON. Mr. President, I ask unanimous consent that a release issued by Senator MUSKIE and myself be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

HEARINGS—U.S. NUCLEAR WEAPONS POLICY

Senator Stuart Symington (D-Missouri), Chairman of the Subcommittee on U.S. Security Agreements and Commitments Abroad, and Senator Edmund S. Muskie (D-Maine), Chairman of the Subcommittee on Arms Control, International Law and Organization, announced today that their two Foreign Relations Subcommittees will hold hearings in March on various aspects of United States nuclear weapons policies. The Security Agreements and Commitments Subcommittee will focus on "The Changing Security Implications of U.S. Commitments to Europe." The Arms Control Subcommittee hearings will concentrate on current strategic issues involving the United States and the Soviet Union. The two Subcommittees will also hold joint sessions to hear testimony from the Secretaries of State and Defense on nuclear weapons issues of concern to both groups.

The hearings will begin on March 4, with Secretary of Defense James Schlesinger scheduled to testify before a closed session of the Arms Control Subcommittee. Secretary Schlesinger will focus his remarks on Soviet strategic doctrine and current military developments.

Hearings of the Subcommittee on U.S. Security Agreements and Commitments Abroad will begin on March 7. Witnesses on that day will be Professor Stanley Hoffmann of Harvard University and Dr. Morton Halperin, formerly Deputy Assistant Secretary of Defense for International Security Affairs. Professor Hoffmann will survey the history of the United States security commitments in Europe, analyze the constant or recurrent features of American involvement in Europe and discuss the main issues of the present, with special emphasis on strategic nuclear weapon. Dr. Halperin will discuss the role of American military forces in Europe with particular emphasis on the impact of United States tactical nuclear weapons deployed in Europe on our relations with our NATO allies.

On March 14, the Honorable Paul Warnke, former Assistant Secretary of Defense for International Security Affairs, and the Honorable Alain Enthoven of the Stanford Business School, former Assistant Secretary of Defense for Systems Analysis will testify before the Subcommittee on U.S. Security Agreements and Commitments Abroad on the evolution of United States military strategy in Europe and the capabilities and implications of United States conventional and nuclear weapons systems in Europe

Following these hearings, the two Subcommittees plan joint public sessions, on dates yet to be determined, with Secretary of State Kissinger and Secretary of Defense Schlesinger. Secretary Kissinger will testify on the foreign policy implications of United States nuclear weapons in Europe, and Secretary Schlesinger will testify on United States force deployments in Europe. In addition, the two Secretaries will testify on current strategic policies and programs of the United States and the Soviet Union, with emphasis upon the effects of these programs and policies upon the SALT II negotiations.

ADDITIONAL STATEMENTS

TRUMAN AND FULBRIGHT

Mr. FULBRIGHT. Mr. President, I wish to commend the editor of the Baltimore Sun for the accuracy of his account of an incident which has been erroneously described by many others, including the President of the United States.

The editorial from the Sun makes it clear that the suggestion I made in 1946 was not intended to criticize or in any way reflect upon President Truman.

It was intended to promote greater unity between the legislative and executive branches.

Upon reflection, if the precedent had been established at that time, the Congress today would probably not agonize so deeply about the prospect of a change in the person occupying the White House.

Whenever circumstances warrant a change in any public office, it should not be impossible to bring it about. I ask unanimous consent to have the editorial printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Baltimore Sun, Feb. 28, 1974]

TRUMAN AND FULBRIGHT

At his press conference the other night, President Nixon compared his situation to one he said Harry Truman once was in. Mr. Nixon was asked to comment on the recent House race won by a candidate who called for the President to resign or be impeached.

". . . I recall the year 1948 [the President said] when we confidently expected to gain in the House and Mr. Fulbright, as you may recall, called for President Truman's resignation in the spring because the economy was in a slump and President Truman had other problems, and we proceeded to campaign against Mr. Truman, he was the issue, and we took a bad licking. . . ."

What happened was different.

In November, 1946, just after the off-year elections, in which the Republicans won control of House and Senate for the first time since Herbert Hoover's early days (sending to the House for the first time young Richard Nixon, by the way), Representative J. William Fulbright of Arkansas was quoted in the press as saying President Truman should resign, and appoint a Republican successor, since stalemate was at hand. Truman was then quoted as having said Fulbright was "an over-educated Oxford S.O.B."

This had nothing to do with the 1948 election. Republicans did try to make Mr. Truman "the issue" that year, and interestingly enough Mr. Truman, in a sense, tried to make Mr. Nixon the issue. That fall the House Un-American Activities Committee, whose most active member was Richard Nixon, was investigating Communists in the Truman government. Truman blasted this investigation as a red herring and suggested it showed the Republicans couldn't be trusted. And, as Mr. Nixon said, Truman won.

Fulbright's 1946 suggestion came to be a newsy item in a strange way. Fulbright *was* an Oxford man, having gone there after college as a Rhodes Scholar. He liked the British system of parliamentary government. In late October, 1946, Fulbright, a few other members of Congress and a couple of reporters were shooting the breeze at lunch. It was one of those "what if" conversations. What if we lose the House? What if we lose the Senate? Fulbright said if the Democrats lost both House and Senate, Truman should name Republican Senator Arthur Vandenberg of Michigan as next in line (there was no Vice President; under the law the Secretary of State was the successor) and quit. One reporter said she'd like to write the story. Fulbright said no, it was just talk; anyway everyone expected the Democrats to keep control of the Senate. The reporter persisted and finally Fulbright said, okay, *if* we lose House and Senate, print it. Which she did the day after the election.

Years later Truman wrote Fulbright that he had been misquoted. "I made the remark that if you had attended a land grant college in the United States instead of Oxford, you would have never made that statement. I never made any reflection on your personal character nor on your mother."

To which Fulbright replied that he had attended the University of Arkansas, "a land grant college."

THE PRESIDENT PROCLAIMS VIETNAM VETERANS DAY

Mr. HANSEN. Mr. President, I was among those privileged last Tuesday to attend White House ceremonies at which the President proclaimed March 29 Vietnam Veterans Day.

The observance will mark the day that the last American combat troops left Vietnam, where the longest war in which the United States ever was involved took place—an area, it seems, almost doomed to perpetual war, with or without U.S. involvement, since the Communist elements of that region rose to power during and following World War II. Unfortunately, in a number of the nations or troubled Indochina, millions, who since World War II have found intolerable their centuries-old status quo, have been able to find no middle ground—no truly democratic republic that most Americans feel ideal for all people. The Indochinese, in many cases, have felt their choices boiled down to a single family dictatorship, or a Communist dictatorship. Along those general lines often have developed the warring factions.

Their situation is extremely difficult, and certainly it has proved untenable for our country.

The Vietnam veteran, in my judgment, has faced greater difficulty than veterans of any war in which this country has engaged. The Vietnam veteran went to a war, which, in most cases, he didn't understand. He came back to a peace, where, instead of receiving from the American people the honor and respect he, having been reared in the wake of World War II when a nation expressed adequate gratitude to its returning warriors and to their survivors, perhaps felt might be expected; he found instead either an indifference, or at the worst almost a contempt for the military service he had performed, and the inference that he was a "sucker."

Such a situation, for anyone, would be depressing.

Therefore, I believe every American, and certainly all of us here in the Senate, have a special duty to pay honor to the Vietnam veteran on March 29—to show him that he is a valued citizen of our country, that the Nation is not ungrateful for his service, and that we recognize that his service was performed under the most trying of circumstances and that that service was performed well, exceedingly well.

Some have alleged that the Vietnam veteran did not win his war. I submit that the Vietnam veteran did win his war within the parameters of his assignment; and if the war was not "won," it certainly was not his fault. Early in the war, and through the 1960's, if there was a no-win policy, it was through high-level concern over both international and domestic politics, and from 1969 on, when the American fighting man was a part of this Nation's withdrawal policy, that had the support of the American people, the American in uniform supported his Nation's policy in a highly creditable manner. We owe him much—this American who fought a war that nobody wanted, except perhaps the leaders of the Vietcong and the leaders of those nations that supported them, and hoped to gain power, prestige or territory regardless of how many of the people of South Vietnam and their own people died in the course of it.

President Nixon's address Tuesday was inspirational—for the Vietnam veteran; and for those of us in Congress who have the duty to insure that the Vietnam veteran receives expressions of gratitude from this Nation at least equal to those given veterans of earlier and perhaps less difficult wars, from the standpoint of mental anguish.

Mr. President, I ask unanimous consent that the President's message, along with his proclamation of Vietnam Veterans Day, be printed in the RECORD following my remarks, and that we take note of the instrumental role played by President Nixon in extricating America's combat troops from Vietnam in such a manner that our allies did not fall before the enemy as a consequence of the withdrawal vacuum; and I urge that all of the Members of the Senate give special consideration to Vietnam Veterans Day and plan to participate in activities that will indicate to the Vietnam veteran our esteem for him.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From the Office of the White House Press Secretary]

REMARKS OF THE PRESIDENT UPON SIGNING THE VIETNAM VETERANS DAY PROCLAMATION

This Proclamation that I am now signing all of the Members of the House and the Senate who have sponsored it, are aware of it, the members of the press and perhaps the Nation are not aware of why we have a Proclamation designating March 29 as Vietnam Veterans Day.

That is the day that the last American combat soldier left Vietnam, the day, therefore, that marks the final conclusion of America's longest and without question its most difficult war.

It seems to me appropriate that in signing this Proclamation that reference be made to those who fought in that war, those who served in that war, why they fought and why their service was not only in the interest of the country, but in the highest tradition of service to the United States of America as far as the wars in which we have been engaged throughout our history, wars which we trust we will not have to be engaged in in the future if our foreign policy is as successful as we hope to make it.

I know there are some who quarrel with the phrase that I have often used, that our men in Vietnam and those who served in the Armed Forces finally achieved what many thought was impossible—peace with honor.

I do not use this phrase in any jingoistic sense. I use it because when I consider the alternative, I realize how much those who served did for their country under difficult circumstances.

This has been described as a war without heroes, without heroes perhaps except for those who occasionally receive a Medal of Honor that we hand out, but very little attention given to it, those without heroes, a war in which for the first time our prisoners of war come home and for a few fleeting months are recognized for the character that they showed as prisoners, but when I refer to peace with honor achieved by over two and one-half millions who served in Vietnam, I think of what would have happened had they had served and had we failed in our objective.

I am not now going to go into how the war began. It would serve no useful purpose to point out the difficulties that some of us have had as to how the war was conducted, but I do know this:

It was important to bring it to a conclusion in the right way, in a way that America remained respected throughout the world, in a way in which our allies had confidence in us, the neutrals did not lose their faith in us, and particularly where those who might be our opponent still respected us, respected not only our power, but respected our strength in terms of will and willingness to use that strength for a cause to which we were committed.

What would have happened had we not ended the war in the way we did end it? Seventeen million people in South Vietnam, instead of having a Government which is non-Communist with a right to choose for the future, would now be under Communist control.

The seven million people of Cambodia who are fighting against very great odds would certainly now be under Communist control. The small countries of Malasia and Singapore, the much larger country of Indoesia, Thailand, the two hundred million people that live in the perimeter of Southeast Asia, those nations would have a much greater danger threatening them of aggression sweeping over the entire peninsula of Southeast Asia.

People say the domino theory really is not accurate. The difficulty is they have never asked the dominoes, because when we find in visiting those areas, as many of us have, that they are watching what the United States does in terms of its relations to a small country so far away in a very difficult war, when they reach a conclusion that the United States is not a dependable ally, that the United States will be pushed over, when faced with Communist aggression, then they lose confidence in us and they accept the inevitable—that the tide of aggression will engulf them, also.

So, we are grateful to our men who served, because as a result, 250 million people, and perhaps more in the Southeast Asian effort have a chance—not a guarantee, but a chance—to choose their own way, a chance to remain free from a takeover by aggression from outside forces.

Our part will, in the future, be under the Nixon Doctrine, not to furnish troops, but to furnish within our capacities and depending upon their ability to use it, to furnish the economic and military supplies so that they can have what they need to defend themselves.

But, also, the way that this war ended had a much greater significance. There have been some foreign policy developments over the past five years, and particularly over the past two years, that in my opinion would not have occurred, could not have been accomplished, had not the United States proved that it was a dependable ally and also demonstrated in Vietnam that it would not join an enemy to overthrow an ally.

What I am referring to is very simply that when a great power in any of its relations with any countries, large or small, shows a lack of will, it loses respect not only in that area but it loses respect all over the world, and particularly among those who might oppose it in the future and who might be tempted to engage in adventurism, proceeding on the assumption that the United States having backed down one place might do so somewhere else.

So, in conclusion, I simply want to say to the Members of the Congress present, both Democrat and Republican, that we do owe a great debt of honor to those who served here, a great debt that is difficult to repay because this has been a misunderstood war, this has been one in which Americans have been honestly divided and we trust that that may never come again.

But as we see what would have happened had these men not stood firm and had we not backed them up, let me say the chance now to go forward with great initiatives for peace, with the United States strong and respected, we would not have.

So the 2½ million who served in Vietnam deserve our thanks, they deserve, I would say to Mr. Johnson as he may have noted from the press conference last night, special attention insofar as those who have suffered from the wounds of war, and I want particularly personal attention given to any indications that our laws are not being adequately carried out in that respect, in providing the benefits for them.

And finally, looking to the future, the way that we can pay the debt that we owe those who served, those who died, those who were wounded, those who have been prisoners, and those who served and came back with very little in terms of praise or applause, the best way we can repay that debt is to have a strong America militarily, but an America that is respected throughout the world, an America that will not back away from its great and destined role to be the pacemaker of the world, whether it is in the Mideast, in Europe, in Asia or in any other area of the world.

That is our goal, and as we designate this as being Vietnam Veterans Day, let us set as our goal that we in the United States will be able to avoid not only more Vietnams, but build a structure of peace in which all people in the world will be able to avoid a future war, large or small.

VIETNAM VETERANS DAY

(By the President of the United States of America)

A PROCLAMATION

As America enters its second year of peace after a decade of conflict, it is highly appropriate for us to acknowledge the debt we owe to those veterans who served in the Armed Forces during the conflict in Southeast Asia. The untiring devotion that characterized our Armed Forces during this trying conflict is a tribute to the national character.

There are over six and one-half million Vietnam-era veterans, of whom more than two and one-half million served in Vietnam Despite significant disruptions in their lives and other personal sacrifices, they answered the call of their country and served with great distinction.

As a Nation, we have acknowledged our deep respect and admiration by setting aside March 29, 1974, as Vietnam Veterans Day to remember that the honorable peace America achieved came through great sacrifice. Those who served, those who gave their lives, those who were disabled, and those who are still missing in Southeast Asia—and whose full accounting we shall continue to seek—deserve the profound gratitude of their countrymen. For this purpose, the Congress has authorized and requested me to issue a proclamation designating March 29, 1974, as Vietnam Veterans Day.

NOW, THERFORE, I RICHARD NIXON, President of the United States of America, urge the people of this Nation to join in commemorating Friday, March 29, 1974, as Vietnam Veterans Day with suitable observances.

I direct the appropriate officials of the Government to arrange for the display of the flag of the United States on all public buildings on that day; and I request officials of Federal, State, and local Governments, and civic and patriotic organizations, to give their enthusiastic support to appropriate ceremonies and observances throughout the Nation.

I urge all citizens of every age to participate in the events of this day as one means of honoring those men and women who served their country faithfully and courageously during the Vietnam conflict.

IN WITNESS WHEREOF, I have hereunto set my hand this twenty-sixth day of February, in the year of our Lord nineteen hundred seventy-four, and of the Independence of the United States of America the one hundred ninety-eighth.

RICHARD NIXON.

AUTO INSURANCE REFORM

Mr. TAFT. Mr. President, the cost to the Nation's motorists for automobile insurance premiums was estimated to be over $8 billion last year with only $3.36 billion returned in benefits. This expense and low ratio of return falls heaviest on individuals in the lower and middle income sectors of our economy and in many cases creates great economic hardship. This problem has been brought to the attention of the Congress and legislative proposals to alleviate this situation have been actively considered during the last 3 years. A proposal in this area that has generated a great deal of support, and one that I favor, would establish Federal guidelines for State no-fault insurance plans. Both the Commerce and the Judiciary Committee have had an opportunity to examine this area in depth and I am hopeful that the Senate will proceed expeditiously in considering this subject.

An editorial from the Washington Post of February 9, 1974, entitled "A Chance for Auto Insurance Reform," presents a very thoughtful analysis of this issue and I ask unanimous consent that it be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Washington Post, Feb. 9, 1974]

A CHANCE FOR AUTO INSURANCE REFORM

When people buy automobile insurance, they like to believe that their hefty premiums are purchasing them financial protection in the event of an accident—that the money they spend is for something called "coverage." Yet more and more Americans are finding out that a disproportionate amount of their car insurance dollars are wasted on a system that doesn't really protect them the way it should. Instead of getting swift, direct compensation at a justifiable cost, they are running into needless, time-consuming litigation, red tape and unfair payoffs.

In 1972, for example, the nation's motorists paid premiums of $8 billion merely for auto personal injury liability insurance. They got back only $3.36 billion, however, according to the Senate Antitrust Subcommittee staff. Of the $4.6 billion that they did not get back, lawyers' fees accounted for $1.4 billion. Moreover, the system of lawsuits and negotiation often results in overcompensation for small losses and undercompensation for large losses.

In fact, the auto insurance system in most states isn't really designed to deal with accidents in the real sense of the word; it is concerned instead with the expensive, cumbersome business of identifying—or arguing over—*fault* in vehicular mishaps. That is why the no-fault approach—whereby insurance companies pay for losses without regard to who caused the damages—has become an increasingly popular issue with consumers as well as insurance companies.

Last week, the reform movement for a federal no-fault insurance law gained new momentum in the Senate, where foes of a pending bill had based much of their opposition on constitutional arguments. In a 154-page opinion, former Solicitor General of the United States Erwin N. Griswold termed the Senate legislation "constitutional, both overall and with respect to each of its provisions." He concluded that "Congress has the power to enact a national no-fault automobile insurance statute."

Mr. Griswold said the authority lies in clauses of the Constitution that empower Congress to regulate interstate commerce, to build public roads and to make all "necessary and proper" laws to execute its powers. The former solicitor general also responded to arguments that a no-fault system deprives people of their common-law right to sue in court for injury caused by the negligence of others. He noted that the Supreme Court had found that the Constitution did not forbid the creation of new rights or the abolition of old ones recognized by common law to attain a permissable legislative objective.

In addition, according to the opinion, there is precedent: Many workmen's compensation acts totally abolished the common law rights of employees to recover for pain and suffering. The Senate's bill merely eliminates this claim in relatively minor cases. Mr. Griswold argued that the legislation actually provides a broader remedy, since it calls for "basic protection without fault, while at the same time allowing additional recovery for the more serious losses resulting from negligence."

In effect, then, the Senate bill would give people the right to recover directly for damages instead of merely the right to *sue* to recover. It would not eliminate lawsuits in serious cases; they would still be permitted when loss exceeded basic benefit limits. Suits for "non-economic detriment"—which is to say, intangible losses—would be permitted only if an accident victim died, suffered serious and permanent disfigurement or injury or suffered serious and permanent disfigurement or injury or suffered more than six continuous months of total disability. These suits would be subject to a $2,500 deductible, however.

Not only is this a more sensible, efficient and fair system for compensating losses, there is considerable evidence that it would result in lower premiums. One cost study received by the Senate Commerce Committee shows that any plan complying with the standards of S. 354, the Senate bill, would result in significant savings in the average personal injury premium (20 per cent for the District and West Virginia, 10 per cent for Maryland and 5 per cent for Virginia). The study has been analyzed by a joint group of actuaries from three insurance groups—including two major groups that oppose the bill.

The approach to no-fault embodied in S. 354 is important, too, for it is not an attempt to "federalize" insurance systems in the states. Instead, the legislation provides a framework in which each state could proceed to enact no-fault programs—a job that state legislatures controlled by trial lawyers have been slow to take on. The bill would allow states to regulate insurance, set rates and oversee procedures for claims and litigation.

Indeed, S. 354 grows out of years of exhaustive studies and hearings, and it has won important support from the nation's largest auto insurer, State Farm Mutual, which retained Mr. Griswold, as well as the American Insurance Association. Last year, the Senate Commerce Committee approved the bill by a 15-to-3 vote. Now the legislation, under the main sponsorship of Sen. Warren G. Magnuson (D-Wash.) and Philip A. Hart (D-Mich.), is before the Judiciary, with assurances that this committee will permit it to come to a vote.

We believe that S. 354 offers a sound formula for reforming America's auto insurance mess, and that reasonable members of the Senate and House recognize the need to do something about it this year—to end the frustration and discontent of auto insurance buyers as well as accident victims.

PRICE TREND OF GASOLINE

Mr. **FULBRIGHT**. Mr. President, Mr. Alex H. Washburn, president and editor of the Hope Star recently asked the Associated Press for a fact-finding report on the long-range price trend of gasoline. There is much misunderstanding about the nature and scope of the current energy crisis, and I believe my colleagues will find the Associated Press' report interesting and informative. I also wish to take this opportunity to commend Mr. Washburn for his continuing efforts to keep the citizens of Arkansas well informed.

I ask unanimous consent that an article from the Hope Star of February 25, 1974, entitled "Fact-Finding Report Shows Gasoline To Be Underpriced" be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

Fact-Finding Report Shows Gasoline To Be Underpriced

Newspapers offer the reading public both facts and opinions—but our primary service is the publication of facts.

Disturbed by my discovery in The Star's own files last month that the newsprint mills' claim that the paper we print on is badly underpriced in this inflationary age, was true, I wondered if gasoline might also have been underpriced before the rise which began in late 1973.

Therefore I asked the Associated Press for a fact-finding report on gasoline's long-range price trend. Here is the letter I wrote:

Hope, Ark.,
Jan. 24, 1974.

Mr. John R. Starr
Chief of Bureau, The Associated Press,
Little Rock, Ark.

Dear Bob: I am requesting a national AP fact-finding story on the long-range price of "regular" gasoline, that is, the record from 30 or 40 years ago up to the point where the price advanced steeply in 1973.

I am under the impression that the price picture is so distorted by tax increases that gasoline itself may have been underpriced by inflationary standards, until the 1973 rise.

By way of illustration, during the uproar over a great increase in the price of newsprint in 1973 I went through my files and found that 20 years ago (1954) the delivered price of newsprint was $152 a ton compared to $168 a ton for what we now have on hand, and a new price of $178 for some Southern mills, and a $198 price quoted for the South by Canadian mills.

This proves that newsprint is vastly underpriced, even at $198, by today's inflated standards—the lowest multiplier I know of being 3x, and running 5x and 6x on industrial products.

The same fact-finding study on gasoline prices would be a public service, indeed. Please ask the national AP to put someone on it. Yours truly,

Alex. H. Washburn,
President & Editor, Star Publishing Co.

P.S.—Price facts rather than politics will spell out the future of gasoline supplies, a point that needs to be driven home to the public.

Here is the reply from the AP Little Rock bureau:

Little Rock, Ark.,
Jan. 29, 1974.

Dear Alex: I've written to New York requesting the gasoline price history that you asked for.

Sounds like a good idea to me.

Bob Starr,
Chief of Bureau, The Associated Press.

The national Associated Press responded with the following report published in Hope Star Saturday, Feb. 23—repeated today for emphasis:

Washington.—In 14 years from 1958 through 1972, gasoline prices rose 18 percent. In 1973 they shot up another 28 percent.

The American Petroleum Institute says that in January the average price of regular grade gasoline nationwide hit 44.82 cents per gallon. It was considerably higher in some areas. The February average has not been compiled yet, but it will be higher still.

The average price in 1972 was 36.13 cents per gallon.

Until the energy crisis hit, the increase in gasoline prices had lagged substantially behind the more rapid inflation rate of the general Consumer Price Index.

Taking 1957–1958 as a basis, the Consumer Price Index rose 21 percentage points in 10 years, while gasoline rose 10 points.

By 1972, the Consumer Price Index had climbed 45.7 points, while gasoline was 17.9 points higher than when it started.

But late in 1973 the Arab oil-producing nations tripled their prices and other foreign producers followed suit.

Last December, the gasoline price stood at 38 percentage points over the 1958 base, and in January it reached 46.3 points over that base.

The present price of foreign crude oil averages about $10.50 a barrel.

Energy chief William Simon figures the likely eventual price of oil may come down to $7 or $8 a barrel.

But that's still twice as much as foreign oil cost a year ago, and half again as much as price-controlled U.S. oil costs now.

Actually, the good old days for gasoline prices were the early 1930s, but in those depression years a lot of people couldn't afford it even at 17 cents a gallon.

The figures available through the American Petroleum Institute go back to 1918 when regular gasoline sold for about 25 cents a gallon. The average price climbed in postwar inflation to almost 30 cents a gallon in 1920, but then started backing down until 1931 when the price bottomed out at 16.98 cents per gallon.

By 1957, the average price of regular grade gas went above 30 cents per gallon, and for the next seven years it leveled off at about 30 to 31 cents.

From around 1965 onward, gasoline prices began acting like the rest of the inflation-prone economy, rising about one cent a year.

For 1973, the price of regular gas averaged about 38.82 cents a gallon.

In January, it averaged almost 45 cents per gallon.

THE ENERGY CRISIS

Mr. **HANSEN**. Mr. President, the only solution to the energy shortage is more supply.

Inasmuch as more than three-fourths of the U.S. energy needs come from oil and gas, the only short-term solution lies in the domestic exploration, development, and production of more oil and gas.

There are already encouraging signs that the petroleum industry is ready, willing, and able to discover, drill for and produce the new oil and gas we must have to restore domestic energy self-sufficiency and avoid another crisis such as the one brought on by the Arab oil embargo.

Friday's issue of the Washington Post reports that industries supplying petroleum and other forms of energy have sharply increased their planned investment spending this year.

The economics department of McGraw-Hill Publications Co. said the petroleum industry plans to invest $7.68 billion in 1974 which is 42 percent higher than last year and double the increase planned last October.

Mr. President, this is the industry's response to more realistic crude oil and natural gas prices, and higher profits last year. This is the free market system at work, the law of supply and demand operating. Listen to what a group of independent oil operators representing most of the oil-producing areas in the United States said in a telegram to Senators last week:

> For the first time in many years, the independent oil producers find that the present prices received for their crude oil enable them to continue and expand the needed search for the vital energy requirements, in an atmosphere of ever-increasing costs.
>
> We vehemently oppose any attempt to roll back or reduce the prices for crude oil in the firm conviction that this action would have a crippling effect upon efforts to restore domestic exploration and development and cause increased reliance upon unstable foreign sources of crude oil.
>
> Independent oil producers have historically reinvested revenues in order to continue to find new reserves, we stand ready to intensify our historic efforts to plow back these revenues for this purpose.
>
> We endorse and pledge our wholehearted efforts toward the objective of achieving American energy self-sufficiency as soon as possible.

But, Mr. President, these planned investments of almost $8 billion by the petroleum industry in 1974 are based on realistic oil and gas prices and, I can assure you, will quickly fade away if crude prices are rolled back by the Congress.

Listen to what an independent drilling contractor wrote to one of the Senators who supported the Energy Emergency Act which includes the price rollback:

> It is impossible to understand the economic logic of your support of Senator Jackson's so-called Emergency Energy Act. This Act is the biggest fraud yet upon the consuming public and will not do what is purported. How can you increase domestic supplies to decrease dependence on higher priced foreign crude oil by a lowering of needed income or incentive? In the long run affirmative action on this bill can only lead to a greater domestic deficiency and higher end costs due to higher imports, if available. Consumers will eventually figure out what Congress has done to them.
>
> If this bill survives, it will be the first time in history that Congress has set a price on one commodity for one industry. I hope the Supreme Court will find the bill unconstitutional.
>
> In addition to primarily being drilling contractors, we are also small independent oil operators. Passage of this bill will forestall two exploratory wells we had planned and will cause probable plugging and abandoning of two or three other wells. Also, the price rollback will deter public funds or investments in ours and others drilling programs.
>
> Since U.S. crude oil prices have been allowed to increase, oil operators have gone all out to find new domestic reserves. Our rigs, operating in Colorado, Montana, Utah and Wyoming, have increased in activity from a 71.7 percent work factor last year to 95.6 percent for the past three months. This legislation will turn around that rig activity. As a result, we will drop plans to purchase a new big rig. By ourselves this will not make any difference in our overall economy, but multiplied by the hundreds and hundreds of similar examples, our overall economy must suffer. As you can tell, I believe the Senate has done, for short term political reasons, exactly the opposite of good, sound economic logic. Should the bill be vetoed, I hope you will sustain the veto.
>
> Historically, intervention by Government in business has not worked successfully to the benefit of the public. Witness the price freeze on beef a year ago and the deterioration of the railroads over the years under ICC's mass of regulations and red tape. This intervention will be no different. It is very unfortunate that the Congressional body which caused this shortage in the first place, is now trying to correct it. I would much rather be able to purchase needed gasoline at 75¢ per gallon than not be able to purchase any at a lower price.
>
> Rationing (Section 104 in the bill), in my viewpoint, will not solve the basic problem and would become very unpopular with the public. I hope this portion of the bill can be dropped. I further object to all this power being placed in the hands of the administration.

Mr. President, this is ample justification for the President to veto S. 2589, the Energy Emergency Act and for the Senate to sustain that veto.

I hope by now many Senators who voted for that act have reconsidered and can visualize the hoax that would be perpetrated on American consumers.

There are no waiting lines in Europe because those countries did not tinker with the market demand system. They let prices rise and new supplies flowed in. That will happen in this country, too, if we will allow it. The only solution to a shortage is more supply. As higher prices attract more supply, more supply and competition will control higher prices. No one has yet devised a better system than market demand and the market clearing price although various forms of price control and rationing have been tried off and on for centuries. Those who refuse to study history are doomed to repeat its mistakes.

Mr. President, one of the editors of Human Events had some rather pertinent remarks about the author of the price rollback section and another proposal he is now cooking up to solve the energy crisis.

I ask unanimous consent that the article be printed in the RECORD following my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. HANSEN. Mr. President, while I have the highest personal regard for the distinguished chairman of the Committee on Interior and Insular Affairs and his zeal in the floor management of bills such as the Energy Emergency Act, I must say that his information and calculations of the effects of the crude price rollback were somewhat erroneous.

A rollback of the price of about one-fourth of U.S. domestic oil production could not possibly have the effect of reducing gasoline prices by 4 or 5 cents a gallon. Three-fourths of U.S. domestic production would not be affected at all and the one-fourth of total U.S. supply that is imported at even higher prices than the uncontrolled one-fourth of U.S. production would not be affected.

So what we are actually talking about is one-fourth of three-fourths of total U.S. supply which converts into something more like 1 cent a gallon.

Another gross misrepresentation that apparently influenced some votes on the bill was the purported rollback in propane prices that would result from the crude price rollback.

Mr. President, about 70 percent of all propane produced in this country is extracted from natural gas at natural gas processing plants and not at refineries and would not be affected at all by the Energy Emergency Act.

Admittedly, the price of propane did get out of hand through the inept application of price ceilings by the Cost of Living Council. Since the Federal Energy Office took over propane pricing control under the allocation program, Secretary Simon has issued a rollback order which has already achieved substantial propane price reductions. Secretary Simon said:

> There would be a roll-back across the line by propane producers and if we don't see it, we'll roll it back ourselves.

So I hope some Senators will contemplate the real effects the Energy Emergency Act will have on the energy crisis.

It does nothing toward bringing on the additional supplies we must have and will create such an atmosphere of uncertainty as to actually discourage the industry from making the long-term decisions and capital commitments that are so necessary to get us out of this mess.

If the Energy Emergency Act becomes law over the President's veto, then the President will probably need the authority to ration gasoline and other fuels because the shortages will surely be worse even if or when the Arab embargo is lifted and would be with us for a long time.

But on the other hand we could try to demonstrate to the American public that Congress can and should act responsibly and sustain the President's veto.

EXHIBIT 1

While conservatives have been rightly pleased with Democratic Washington Sen. Henry M. Jackson's generally realistic approach to national defense issues over the years and with his stand against further trade concessions to the Soviets unless they allow freedom of emigration for their citizens, Jackson is anything but a conservative on domestic policy, as his approach to the energy crisis makes dramatically clear. Indeed, Jackson's increasingly manifest disdain for the free market system, as evidenced by his dismissal in Senate debate last week of the idea of limiting demand for energy by raising consumer prices as a "19th Century notion," is fast arousing a ground swell of conservative opposition to the Washington lawmaker's 1976 presidential ambitions.

Thus, Sen. Barry Goldwater (R.-Ariz.), in a recent closed-door speech before an audience of top U.S. industrialists, warned that, far from a friend of business, Jackson must be regarded as a skillful and dangerous antagonist of the free market economic approach.

"The Goldwater assault was not personal," wrote columnists Evans and Novak last week, "but in strictly political terms it sought to lay bare what Goldwater called 'the myth' of Jackson as a conservative Democrat close to big business.

"Not at all, said the usually mild-mannered Goldwater: 'Scoop' Jackson was parading in conservative Democratic sheepskin, concealing the wolf of economic populism.

"But in fact, Goldwater went on, Jackson represents a profound threat to American business. He cited Jackson's sponsorship of the bill to place government and public members on boards of directors of major U.S. oil companies. That, he implied, could be the beginning of the end of the free enterprise system."

Goldwater was by no means exaggerating. The onerous piece of legislation to which he referred would not only require the oil companies to tolerate these so-called "public" board members as the price of remaining in business, but—incredibly—would require the companies to pay their salaries as well. Moreover, each of these "board members" would be provided with a staff of assistants; and the cost of these, too, would be borne by the beleagured firms.

In addition, the companies would be required to secure charters from the federal government in order to remain in business. While the details of the bill will not be available until Jackson introduces it in the next week or two. Human Events was able to get some information from Greg Erickson of the Senate Interior Committee staff, who is helping to draft the measure.

According to Erickson, these "public members," who might not even have to be approved by Congress, would perform numerous functions. He noted, for instance, that they would have "statutory authority to have access to all internal information, memoranda, etc. They would be able to look into anything."

In addition, said Erickson proudly, they "could go back to the government" with inactions. The "board members" could also "file briefs on environmental actions, testify at congressional hearings and other things of this kind. Since they would owe no particular allegiance to the companies, we hope, their voices would carry considerable weight."

In short, though Erickson might not put it this way, the Jackson measure seeks to install a government spy ring in the inner sanctum of each of the nation's major oil companies, and to do this at the industry's expense. Commented one observer: "This would be somewhat as if the Watergate burglars had not only staged the break-in but presented the Democratic National Committee with the bill."

Besides their ability to take tales back to the government, moreover, the "public members" would endanger the free enterprise concept in other substantial ways.

Critics are quick to point out, for instance. that where similar arrangements have been imposed in Sweden and other Socialist European countries, the government representatives have used their privileged positions to intimidate industry and inhibit business expansion. Certainly, there is nothing in Erickson's description to indicate that these adjuncts of the federal apparatus would operate differently in the United States.

While Erickson would not discuss the measure's chartering requirements in any detail, saying this part of the bill remained to be written, the Jackson aide made it clear that without a charter, a company would find it extremely difficult, if not impossible, to operate. And to get this charter—and, what's more, to keep it—the targeted firms would be at the mercy of the bureaucrats charged with administering the chartering procedures. Under these conditions, it does not take much imagination to see that the government, and no longer the stockholders or the free market, will have the controlling voice in the direction of one of this nation's most vital industries. Small wonder, then, that Goldwater spoke out about this dangerous and unprecedented legislation.

Nor has the would-be President limited his efforts to the chartering measure alone. Indeed, Jackson more than any other lawmaker was responsible for the Senate's passage last week of the sweeping Energy Emergency measure. This measure fairly overflowed with grants of vast new powers to the federal government and other costly provisos; but by far the most controversial feature was an oil-price roll-back engineered by Sen. Jackson in conference committee.

So ludicrous from an economic standpoint was this provision that even the liberal Washington Post came out against it. "[I]t is disingenuous," the Post said, "for Sen. Henry Jackson (D.-Wash.) to suggest that this kind of roll-back would result in large reductions in gasoline prices for consumers. . . . Legislating fixed ceilings, and trying to write prices into law, is always a bad idea. It is particularly dangerous when applied to a commodity like oil, the future prices of which are very difficult to predict precisely."

In fact, as was amply demonstrated in floor debate on the measure, Jackson's price roll-back would save the consumer little more than 1 cent per gallon of gasoline—and this is in the short run. In the long run, however, the price roll-back provision would actually reduce production and assure higher prices for consumers of gasoline and other petroleum products.

As written by Jackson, the bill would affect what the government calls "new" oil produced above 1972 output levels, plus oil from "stripper" wells that extract less than 10 barrels a day. The average uncontrolled price of this oil was $10.35 a barrel in January, which compares with the controlled price of $5.25 a barrel for "old" oil produced at pre-1972 output levels. If enacted into law, the Jackson roll-back feature would reduce the price of "new" and "stripper" oil to a maximum of $7.09 per barrel, and in many instances much lower.

The result of lower prices inevitably would be lower production, wasted resources, and indefinite prolongation of the shortage. As the Post explained it:

"Both the petroleum industry and the government often speak as though, except for offshore drilling, our domestic production has a rigid physical limit and is now irrevocably declining. In fact, the amount of oil drawn from a well depends on the price for which that oil can be sold.

"If the oil is forced up the well by the pressure of gas or water trapped underground, producing it is comparatively cheap. But in time the pressure will fall, and then recovery begins to get expensive. At that point it becomes necessary to pump the oil up. In time, again, the pump no longer reaches the oil. Then recovery becomes still more expensive, and perhaps the producer has to pump water or gas down to force the oil up. Or perhaps he just closes the well as exhausted.

"In this country wells have typically been shut down with two-thirds of the oil still in the reserve that it has tapped. But at present prices it will become profitable to get many of these wells back into production. It will also be worth sinking wells deeper in the oil fields."

Spurred on by the recent trend toward higher prices, hundreds of small independent producers have been reopening these wells, just as the *Post* predicted. Already, however, Jackson's continuing threats against the future of the industry is reducing this trend.

Testifying before the Senate Finance Committee, for instance, C. John Miller, president of the Independent Producers Association of America, described the recent move toward increased production, but cautioned that a price roll-back could destroy this encouraging development. Miller told the senators:

"We had a rig count up to 1,440 during the month of December and it is now softened to 1,340, and this indecision, this continued sniping that is coming into the industry is making many of the people reconsider the plans that they had made; and we can cite instances, specifics across the country, in every oil,producing area operators have come back into business, where they have leased lands, started to rework old wells and putting together new drilling rigs. . . .

"These things will come to a screeching halt if we have this roll-back," Miller predicted, "not out of spite, but out of the fact there will not be the dollars to do the job."

Thus, at a time when sound considerations of economics would dictate increasing incentives for oil producers to search out and develop more oil, Sen. Jackson has been energetically seeking to thwart the oil industry at every turn. Under these circumstances, it is hardly surprising that conservatives are turning against Jackson and his presidential ambitions in ever growing numbers.

GAO REPORT ON INDIVIDUAL CHARGES UNDER MEDICARE

Mr. CHURCH. Mr. President, today I wish to announce the release and comment on a study prepared at my request by the General Accounting Office on the amount of coverage being provided by medicare on individual claims. Over the years I know that all of us have received many complaints that medicare was covering far below its authorized 80 percent on individuals' claims. As chairman of the Senate Committee on Aging, I have been increasingly concerned over these reports, especially in that they so often stated coverage of 50 percent instead of 80 percent.

Most studies of medicare coverage have viewed claims in the aggregate. In this GAO study, however, claims were selected in four States—Idaho, Missouri, New Jersey, and California—to examine how they were covered on an individual basis. This is, after all how our constituents view them; it will also be how they will view coverage under any national health insurance program. When health insurance programs persistently advertise 80 percent coverage and often deliver far less, dissatisfaction will remain rampant.

The charges medicare will allow are calculated on data collected in a prior time. In a period of rising charges for health care, the charges allowed by medicare must lag behind. Coverage, therefore, will be less than 80 percent. But clearly, if the coverage provided is frequently as low as 50 percent, the intent of the program is not being met. The GAO report provides excellent information on this issue. Unfortunately, it is technical in nature, but I will comment on its salient features in general terms as they apply to Idaho although its findings are very similar for all of the studied States.

GAO studied medicare claims in Idaho for the first 9 months of 1972, finding that over half—55 percent—of them for physicians' services were reduced. These reductions averaged about 25 percent. Almost two-thirds of these reduced claims were for physicians' visits. Claims for laboratory procedures, X-rays and injections were also frequently reduced. About 70 percent of the $600,000 in reductions became liabilities for Idaho medicare recipients.

GAO offered a number of legitimate explanations for these reductions. But the services involved are the most basic in health care. Although GAO found that coverage as low as 50 percent was an infrequent occurrence, the amount of these reductions is quite substantial. If the intent of the medicare program has been met, it has been met at a minimum.

Another striking finding which pertains directly to this situation is the dramatic drop in assignments being accepted by doctors under the medicare program. When a doctor accepts an assignment, he agrees that the charges for his services which medicare will allow will be his final charge, receiving 80 percent of payment directly from medicare and the remainder from the patient. GAO found that in Idaho the number of assignments had dropped from 71 percent of claims in 1969 to 31 percent in 1972. Given other considerations, the rate of assignments is actually less than 30 percent.

Obviously when medicare is paying far less than 80 percent for doctors' services, few doctors will accept what medicare allows as their ultimate charge for a service. Instead they will bill the patient who then applies to medicare for coverage. The patient must eventually pay 20 percent of the amount medicare allows plus all of what medicare does not allow for the service. When the services involved are so basic to health care, the out-of-pocket health costs for medicare recipients increases significantly.

Another point uncovered by GAO was that when a medicare recipient requested that the amount of his coverage on a claim be reviewed, the review often resulted in that coverage being increased. But almost no one requests such a review, particularly when compared to the number of reduced claims.

These findings and the entire GAO report underscore difficult problems in the medicare program which recur in any consideration of national health insurance. For example, the President has proposed an "assignment" system in his health insurance plan in which doctors will either accept allowed charges as their own or inform patients before treatment that they will be liable for the amount in excess of the "allowed" charge. Will this and other jawboning pressure tactics reverse the phenomenon of drastically dwindling assignments observed under medicare?

These problems have no easy solutions, and the GAO report provides no recommendations. But the actual coverage provided to individuals is the crux of whether any insurance program is satisfactory. When such a program is advertised as providing certain coverage for certain services and delivers on only some of its promises, its good points provide little consolation for those who must pay for its failures. Medicare and any other health insurance program must be structured so that it delivers all of the goods, leaving no bad debts behind for its beneficiaries. I recommend the GAO report—"Study of the Application of Reasonable Charge Provisions for Paying Physicians' Fees Under Medicare"—as a timely analysis for dealing with these problems.

A PLEA FOR SANITY

Mr. CURTIS. Mr. President, the American public is being led to believe the cry for impeachment is louder than ever. That is the message we are supposed to be getting from the Vander Veen victory in Michigan. That is supposed to be the new sentiment of the silent majority.

I have often said I do not believe that the majority of the American public wants impeachment or resignation. I still believe that is true.

I ask unanimous consent to have printed in the Record a copy of an editorial published in the Ottumwa, Iowa, Courier. The piece was sent to me by a constituent from Butler County, Nebr. If middle America wants Richard Nixon out of office, that is not the message I am getting from my mail.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

Editorial Comment: A Plea for Sanity

Editor's Note: The following editorial, A Plea for Sanity," appeared recently in the Ottumwa, Ia., Courier. It was written by the publisher of that newspaper, Jerry Moriarity.

Will not one sane voice be raised in these United States with a plea for reasonableness in judging President Richard Nixon?

Will not just one politician abandon the vitriolic, hysteria-creating rhetoric long enough to ask what is being done to our country? And why?

Will not just one editor, embraced by his own obsessions over a shield law, honestly admit that others, even Presidents, have rights to privacy also? Even on tape.

As an interested observer on the presidential scene since the days of Harry S. Truman (although earlier I had heard and seen both Franklin D. Roosevelt and Al Smith) it is distressing to see how this once vigorous nation is being torn asunder in the wake of the sordid Watergate debacle.

Nixon now is being condemned as a Hitler-figure, as an immoral politician, incapable of leading this nation. Impeachment looms on the horizon.

Somehow the perspective has been lost completely.

Just how great are his crimes? How many lives have been lost? How many tax dollars have been misappropriated? How many elected officials have been contaminated?

And let's compare Nixon with several of his predecessors, too, while we're at it.

I was in Washington, D.C., in the new State Department building a number of years ago on the exact day President John F. Kennedy confessed to us that American pilots were flying missions for the first time in South Vietnam.

Before that, under President Eisenhower, we had only an advisory role. Now we were projected—by presidential decree—into that of actual combatants. The pilots who died in those first sweeps started a parade of dead that later seemed interminable. And the war itself was almost interminable, made so because of the no-win policies inflicted on our fighting men.

And don't forget we had the ill-conceived and ill-fated Bay of Pigs invasion of Cuba, engineered by Kennedy, who let the Cuban patriots die on the beaches because no American fire or air power had been supplied as promised. Not even the New York Times protested! And there were no cries for impeachment.

Does the arrest of the four Cubans in the Watergate burglary match this tragedy as some commentators would have us believe?

I heard President Lyndon Johnson in Peoria, condemning Barry Goldwater as a war-monger, while proclaiming himself as a disciple of peace. Many of us still remember the distasteful TV commercials of the little girl with a daisy being blown up in an atomic holocaust, all because of Goldwater, according to the Johnson scriptwriters. Johnson once said: "I'm President of the United States and I can do any doggam thing I want to." And he did. So it wasn't surprising that in a few months after his election, the Messiah of peace out-Goldwatered Goldwater, hobbling us in a war unlike any other in our history.

I felt at the time that Johnson was a dangerous hypocrite and the thousands of crosses in the jungles of Southeast Asia now attest to that truth. And surprisingly—or is it surprisingly?—the fawning liberal press praised Johnson as a hero upon his death. Impeachment never crossed their minds.

Yet these same critics are yelping at Nixon's heels, even though it was Nixon who brought that ugly war to a conclusion.

For the first time in a generation America is at peace. For the first time in more than a score of years, no American serviceman is dying in combat.

And it was Nixon who broke down the barriers separating the U.S. from both Red China and the Soviet Union, no small accomplishment under any standards.

To understand Watergate, it is wise to reflect on the America Nixon inherited as President. Cities were burning. Weathermen revolutionaires were blowing up buildings, occasionally themselves. Civil disobedience was the pattern. President Johnson could not even attend the Democratic convention in Chicago, so ugly was the mood. Candidate Eugene McCarthy couldn't get from his hotel to the convention hall because of demonstrators on the streets. Yippies rioted in the parks, foul words written on their foreheads; some with their pants' fronts opened, exposing themselves. Others contended themselves with throwing human waste at the harassed Chicago police. I was happy to get away from that scene.

And can you honestly say conditions in the U.S. are worse now under Nixon? You've got to be lying in your teeth!

Honk for impeachment, if you will. The sounds can be heard again over the still land; a few years ago they would have been drowned in the cacophony of discontent.

(Editor's Note—Jerry Moriarity, publisher of the Ottumwa Courier, has interviewed and photographed every President since the days of Harry S. Truman. An Air Force veteran of World War II, he is a former Illinois Editor of the Year with newspaper experience in Wisconsin, Illinois and Iowa.)

TRANSPORTATION—NOT JUST AN URBAN PROBLEM

Mr. FULBRIGHT. Mr. President, recent events have focused attention on the transportation situation in this country and have pointed to some serious shortcomings in this area.

The energy shortage has dramatized the danger of over-reliance on highway transportation, a point that some of us have been emphasizing for years in calling for a revitalized national railway system, as part of a truly balanced transportation network.

It would, however, be a serious mistake to ignore the extremely important role that highway transportation must continue to play, particularly in the less-urbanized sections of the Nation.

President Nixon recently submitted a message on transportation to the Congress, including recommendations for some new and consolidated programs. The major emphasis in the President's proposal is on urban transportation problems. Indeed, this is a critical need, deserving of considerable attention by the executive and legislative branches. The danger, however, is that this will be done to the detriment of the needs of our less-populated areas.

There are several clear lessons which should emerge from the Nation's experience in the past decade. On the domestic front one of these is that we need to take the pressure off our urban areas. One way to do this is by making our smaller communities attractive places to live, with the necessary amenities and infrastructure to enable them to be economically viable.

This is why, for example, I have worked so hard in support of the grant and loan program for water and sewer facilities for rural and small communities. Regrettably, despite the clear intentions of Congress, the administration has consistently impounded or reduced funds for these important programs.

Another element vital to the development of the smaller communities, and the resultant easing of pressure on urban areas, is an adequate transportation system, including highways, and, wherever possible, rail connections.

A recent editorial in the Jonesboro, Ark., Sun makes the important point: Smaller communities need help too.

The Sun editorial states:

> Those of us who live away from the urban centers pay gasoline taxes—perhaps a larger share per person than city dwellers because distance is greater and the private car or truck is about the only means of transportation.
>
> We need both better highways and better public transportation—both air and rail—for our area to continue to grow and develop.

Mr. President, as the Sun points out in its editorial, the highway trust fund has done a great deal for Arkansas. Our State continues to maintain its standing as first among the 50 States in the percentage of total interstate highway miles completed and open to the public. A total of 526 miles were authorized under the Interstate System in Arkansas, and 502 miles, or 95 percent, are open to traffic. The Sun editorial notes:

> The Interstate system was conceived and constructed to allow the movement of a large volume of traffic rapidly and safely. Now that the nation is in the grips of an energy crisis and speed limits have been lowered to conserve fuel, the multi-lane facilities, which often reduce mileage between cities, will serve the motorist well.

A report recently submitted to the Senate Agriculture Committee by a group headed by Mr. Ray Metzger, Jr., of Little Rock cited the extreme importance of the transportation system to the movement of agricultural commodities to market. Mr. Metzger, who has studied this matter in great detail, reported that:

> Where rail and highway transportation are substantially inadequate in rual areas, farm bankruptcy and the turning of formerly productive cropland into pasture are the net results.

The report submitted to the Agriculture Committee noted that most farm-to-market roads must be built and maintained by county or local governments which are without the resources for sweeping improvements and unable to tap the Federal-aid highway system for assistance. According to the report:

> The real danger to our agricultural system lies in the abandonment of rail trackage where the highways are incapable of offering substitute service. It is not enough to look at a map and say that there are sufficient roads serving a given area—the question must be asked, "Are those roads capable of carrying a high frequency of heavy loads?"

Since 1940, the report states, American railroads have abandoned 46,000 miles of track, mostly in rural areas, and the farm-to-market road system has been "virtually ignored."

I also want to mention another component of our transportation system—traffic on our inland waterways. Arkansas has made considerable progress in recent years in developing our inland waterways and this can help relieve the freight load on our railroads and highways. Barges are relatively efficient in their use of fuel, and where possible barge traffic should be integrated into the system of transportation of our agricultural commodities.

In this regard it is important that the Government do what it can to aid in the development of commerce on these waterways. This includes assistance in developing harbor and port facilities which can handle large shipments.

A good transportation system is essential for the movement of our agricultural products. As Mr. Metzger's group points out, if we allow our agricultural transportation system to deteriorate, the costs of food to the consumer will go higher. This would threaten a chain reaction which would have serious repercussions for our economy.

Mr. President, I have frequently heard from community leaders in Arkansas about the need for upgrading highways in the rural areas of the State. For example, Mr. George Severson of the Northwest Arkansas Planning and Development District, and Mr. Jack Gibson, of the Southeast Arkansas Resource Conservation and Development Project, have stressed the importance of the development of rural access roads in their respective areas.

I believe we would be making a serious mistake if we fail to heed these calls for attention to the transportation needs of our rural areas and smaller communities. I am not minimizing the seriousness of the problems of the urban areas, but I am afraid that the administration, certain Members of Congress and the national media may be minimizing the problems of the nonurban areas.

WHAT A SMALL COMMUNITY CAN DO

In conclusion, Mr. President, I want to cite an example of what a small community can do, with Federal assistance, to upgrade itself and to become attractive to industry, thus stimulating the economy.

Yellville, in Marion County, Ark., recently dedicated a new sewer and water treatment plant, and bought a railroad spur to a new industrial park. Grants for these projects were obtained through the Economic Development Administration, Environmental Protection Agency and the Ozarks Regional Commission. These grants were supplemented by local funds.

As a result of the new water-sewer facilities and industrial park, construction has begun on a new $629,000 plant for the Marion County Shirt Co., which will employ 100 people.

Yellville also has a new low-cost housing project with 24 units, 16 of which will be for elderly. The project received a $375,000 grant from the Department of Housing and Urban Development.

Mr. President, this is an example of what progressive-minded local citizens, in this case led by Mayor William E. Browning, can do, working in conjunction with Federal agencies.

Without an adequate transportation network, however, such communities will be isolated and severely limited in their development. The result will be even greater pressure on our urban areas.

I ask unanimous consent, Mr. President, to have printed in the RECORD an article entitled "Progress in Yellville," from Arkansas Municipalities, February 1974; an editorial entitled "Where the Votes Are" from the Jonesboro Sun; and an article from the Arkansas Gazette of February 22, 1974.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

PROGRESS IN YELLVILLE

Mayor William E. Browning points with pride to the six major projects which began in 1973, all of which are completed, with the exception of the Marion County Shirt Company, scheduled for completion in April 1974 and the Low Cost Housing Project, scheduled to be completed in May 1974.

The Sewage Disposal Plant which consists of a digester, primary and final clarifier, pumps, three recirculation pits, and first and second stage filters, is located south and east of town.

The Water Filtration and Treatment Plant located South of Yellville, above the Gray Spring, is where the City gets its water supply. The building houses a laboratory with various controls, a pumping station, several filter compartments and a large clear well storage tank. Completing the system is a 194,000 gallon surface tank which is located in the industrial Park, west of town.

The cost of the Sewage Disposal Plant and Water Filtration and Treatment Plant was approximately $1,258,220. The prevalence of rock made the cost so much higher than normal, that one government agency could not provide enough financing. By tying the railroad spur in the Industrial Park, the Sewer and Water improvements program funds were obtained through Grants from the Economic Development Administration, Environmental Protection Agency and the Ozark Regional Commission. Other money was raised locally with the sale of $100,000 general obligation bonds, voted in a special election and a revenue bond issue of $179,000 which was purchased by EDA, to be paid for by the revenue of water and sewer.

Don R. Raney, Executive Director and Ernie Wilkerson, Executive Secretary of the Northwest Arkansas Economic Development District, Inc. assisted in putting the project together.

The Marion County Shirt Company shipping plant, a subsidiary of the Capital-Mercury Shirt Corporatiton of New York, is the first industry to move in to the Industrial Park. A pressing and boxing operation will be in conjunction with the facility.

Construction began October 1, 1973 on the 9,000-square-foot plant which cost $629,067. The plant covers two and one half acres and is on a twenty-five acre tract controlled by Marion County. When production begins 100 people will be employed.

Land was donated by Mrs. Bernice Berry and Hal Burns, Yelville citizens, and the financing was accomplished by Marion County citizens who approved an Act 49 Bond issue, to be paid by a 5-mill tax levy and an Act 9 Bond issue to be paid off by a lease agreement between Marion County and the Capital-Mercury Shirt Corporation.

The Missouri-Pacific tracks were cut into, bringing a rail spur to the Industrial Park, which is available for future industrial development.

The Low Cost Housing Project, a twenty-four rental complex includes 1, 2 and 3 bedroom units. Sixteen units will be for elderly and eight units for non-elderly. There will be eleven structures in the complex, located on a 4.85-acre tract, and all are single story.

The $375,000 project is funded by a Grant from HUD and is under the supervision of the local Federal Housing Authority. Mr. Gay Rorrie is the Executive Secretary, appointed by the Yellville City Council.

Postmaster Burl King announced the U.S. Post Office is in the process of moving to their new location, a 2,320-square-foot brick building. The structure includes a 120-square-foot loading platform and a large black top parking area.

The $40,000 building was erected by Leo Avey, a Yellville businessman and leased to the Post Office.

The Yelcot Telephone Company, serving Yellville and Summit, has moved to its new 3,344-square-foot building on Mill Street, north of the square. Cost of the building is $35,000 and is constructed of cement block with brick front.

WHERE THE VOTES ARE

Another raid on the federal highway trust fund—the federal gasoline tax revenues that have been used to build highways and interstates—is in the offing.

Highway trust money will play a large part in financing urban mass transit, if proposals of President Richard Nixon are approved.

Rep. Bill Alexander discussed the matter realistically the other day when he was in Jonesboro, pointing out "the votes are in the cities."

He noted that there are only about 25 congressmen who represent predominately rural-agricultural districts and a few more who represent districts with large agricultural areas.

In light of the energy crisis, mass transit is fine, but precious little of that money is going to filter down to Northeast Arkansas. So far, we can't even get an Amtrak stop within 60 miles of Jonesboro, and the one Arkansas Amtrak has no Walnut Ridge stop scheduled.

The highway trust fund did plenty of good in Arkansas. According to statistics released recently by the Federal Highway Administration, Arkansas ranks first among the 50 states in the percentage of total interstate mileage complete and open to the motoring public. Highway trust funds paid most of the costs of building the interstate system and a large part of the cost of work on the primary system.

Latest reports show that 502 miles, or 95 per cent of the total 526-mile interstate route in Arkansas, are now open to traffic, while nationally only about 77 per cent of the free facilities are open.

The Interstate system was conceived and constructed to allow the movement of a large volume of traffic rapidly and safely. Now that the nation is in the grips of an energy crisis and speed limits have been lowered to conserve fuel, the multi-lane facilities which often reduce mileage between cities, will serve the motorist well.

But to get back to the trust funds and urban transit, smaller communities need help, too.

Funding for better public transportation is need, and the expenditure of gasoline tax money should not be confined to the large metropolitan areas.

Those of us who live away from the urban centers pay gasoline taxes—perhaps a larger share per person than city dwellers, because distance is greater and the private car or truck is about the only means of transportation.

We need both better highways and better public transportation—both air and rail—for our area to continue to grow and develop.

It takes money for both.

SYSTEM FOR MOVING FARM PRODUCTS BAD, REPORT TELLS PANEL

WASHINGTON.—The country's agricultural transportation system is "very near a complete collapse" that could cause soaring food prices and "the worst depression this country has ever experienced," a report prepared for the Senate Agriculture Committee warns.

The report, written by the Associated Construction Publications' Transportation Betterment Committee, chaired by Ray Metzger Jr. of Little Rock, said increasing rail abandonments and reduced rural road construction had created a transportation "crisis."

The Senate Committee is in the midst of a study of problems in transporting agricultural commodities to market.

The report by Metzger contends that the deteriorating rural transportation network would cause food prices to rise and make the country more dependent on agricultural imports.

"If we do not move very soon, we will be importing food cheaper than we can raise and transport it to our cities," the report said. "If this happens (and it very well might in the next 10 years if something isn't done immediately), then we could have the worst depression this country has ever experienced."

46,000 MILES OF TRACK ABANDONED

Since 1940, American railroads have abandoned 46,000 miles of track, mostly in rural areas, and the farm-to-market road system has been "virtually ignored," the report said.

Further massive rail abandonments are being planned, although the country's "inability to efficiently move last year's agricultural sale has been proven beyond a shadow of a doubt," the report says.

"The real danger to our agricultural system lies in abandonment of rail trackage where the highways are incapable of offering substitute service," it said, adding that the government never conducted a study to correlate the two systems.

"Where rail and highway transportation are substantially inadequate in rural areas, farm bankruptcy and the turning of formerly productive cropland into pasture are the net results," the report contends.

Although the major portion of the farm-to-market system was built prior to 1930, it has been maintained poorly and improved little, the report said.

8.6 PERCENT OF ROADS IN STATE DURABLE

In Arkansas, it noted, only 8.6 per cent of the rural roads are capable of carrying heavy loads.

It said most farm-to-market roads must be bulit and maintained by county or local governments which are without the resources for sweeping improvements and unable to tap the federal-aid highway system for assistance.

Although revenue sharing is expected by some to help, it is inadequate when divided with school systems, health facilities and others, the document contended arguing that federal money must be channelled to the rural transport systems.

The report also suggested that transportation of containerized agricultural products be encouraged with demonstration projects conducted by land-grant colleges and universities in Arkansas, Maine, Indiana, Illinois, Oklahoma, Iowa, Minnesota and Texas.

Arkansas, was recommended as a test site because of its large poultry export industry.

THE PROPANE CRUNCH

Mr. BARTLETT. Mr. President, I have just received a letter from Mr. William A. Johnson, assistant administrator for Policy Analysis and Evaluation, which confirms my remarks of February 25, 1974, before this body.

Mr. President, I ask unanimous consent to have this letter printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. BARTLETT. Mr. President, the propane crunch, which was caused by previous inept Government price controls, is easing. In my home State of Oklahoma much propane storage is full, and retail propane prices have dropped to as low as 22 to 26 cents per gallon in some areas.

Mr. President, the crude oil rollback provision of S. 2589—the Emergency Energy Act—would not significantly affect the price of propane. About 70 to 75 percent of the propane produced in this country comes from natural gas. The Oklahoma Energy Advisor's Council estimates that the rollback provision would reduce the price of propane in Oklahoma only about three-quarters of a cent per gallon. This can be projected into a national savings at the most of about 1½ cents per gallon. All this is at the expense of taking away the incentive to increase crude oil production.

In summary, the price of propane is already dropping far more than the rollback provision provides because the free market is working.

The cost of Senator JACKSON's rollback provision would be reduced domestic production of crude oil at the expense of importing larger quantities of more expensive foreign crude oil.

EXHIBIT 1

MARCH 1, 1974.

Hon. DEWEY F. BARTLETT,
U.S. Senate,
Washington, D.C.

DEAR SENATOR BARTLETT: Propane prices have been dropping recently. This is primarily due to high propane inventories this spring and the pricing actions taken to date by the FEO. Examples of prices delivered to the homeowner in selected states are shown in the following table:

[Cents per gallon]

	Peak prices	*Current prices*
North Dakota	34–36	28–30
South Dakota	34–36	28–30
Tennessee	37–40	31–34
Georgia	37–40	31–34
North Carolina	37–40	31–34
South Carolina	37–40	31–34

The primary reasons for the very high propane prices this winter were two actions by the Cost of Living Council during 1973. First, in the spring of 1973 the CLC froze the price of large oil companies could pay to natural gas processing plants for propane which they extract from natural gas. However, companies with under 60 employees (brokers) were free to purchase and resell propane at any price. Consequently large volumes of propane were taken from normal channels of distribution and placed in the hands of brokers who very often resold the propane to major oil companies at inflated prices. This caused the major oil company prices to increase.

Second, CLC regulations resulted in a less than proportionate raw material cost pass through on gasoline, heating oil, and diesel fuel and a more than proportionate raw material cost pass through on other products, including propane. Consequently, propane was carying part of gasoline's share of these higher foreign crude oil prices.

We have strongly recommended a change in FEO pricing regulations which will alleviate the second problem and reduce the impact of the first problem. This recommended change is to treat all products as "other" products in CLC terms. This would allow an oil company flexibility in pricing products in a responsible manner. If this recommended change were adopted, I am confident propane prices would fall to under 30 cents per gallon for the homeowners.

Sincerely yours,

WILLIAM A. JOHNSON,

Assistant Administrator for Policy Analysis and Evaluation.

CROWNPOINT—GETTING THE ENTIRE COMMUNITY INVOLVED

Mr. MONTOYA. Mr. President, in the January-February issue Community Education Journal a series of articles discussing community education in the Southwest should be of major interest to all those who have worked to improve the educational opportunities of minority groups in the United States.

The small village of Crownpoint, N. Mex., is the focus of an article which I particularly commend to my esteemed colleagues.

This report tells the story of a community in action—and the miraculous things which can be achieved through cooperation. The people of Crownpoint have used their own talents, the help of various State, Federal, and local programs, and the physicial assets of local schools, to create a series of community education programs which are changing their lives and the lives of their children. They are rediscovering cultural arts and values which were being lost through neglect and poverty. They have improved their economic status, and their own feeling of worth. They are working together to educate one another and to develop meaningful and worthwhile community activities.

Their experience should be of interest to every other small community which wants to improve its own opportunities but which feels unable to do so.

Mr. President, I ask that the article by Bruce Carlson, staff writer of Community Education Journal, be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

CROWNPOINT—GETTING THE ENTIRE COMMUNITY INVOLVED

(By Bruce Carlson)

Crownpoint is located about 57 miles north of Gallup, New Mexico, This little village is the site of the Bureau of Indian Affairs Offices, public and Indian boarding schools, a hospital, and several small businesses. During the last decade, the village's political and educational leaders have attempted to get the area's populace involved in different community activities. The following are results of their efforts.

THE CROWNPOINT RUG WEAVERS ASSOCIATIONS

The Crownpoint Rug Weavers Association, which was organized as a tool to help preserve the weaving of Navajo rugs, has mushroomed into a very sound venture for its members. This nonprofit organization provides for the buyer a quality product at the lowest possible cost and to the weaver the most profit.

Interested persons, both Navajo and non-Navajo make up the Association. Those who work with the Association and the auction donate their services without cost to the organization. Ten per cent of the selling price of each rug is retained for the use of advertising and promotion. If there is any money left over, it is paid as shows to the members.

Since starting these auctions, the quality of rug weaving has improved. Old designs that appeared to have been lost, have revived. Unique colors made from natives dyes, not seen for years are being used to create beautiful rugs.

These auctions are held at Crownpoint Elementary School on the 3rd Sunday of every other month starting with February. Buyers should come early, so they can register and have time to enjoy fried bread, mutton stew and chili.

The first rug auction, which was held on May 27, 1964, totaled just $649.00 from the sale of 33 rugs. The last auction, held on February 16, 1973, however, grossed $26,000.00 from the sale of 350 rugs. One could say that the association has made great progress and success.

CROWNPOINT BOARDING SCHOOL PHOTO CLUB

The Crownpoint Boarding School Photo Club plays a vital part in the life of the school as well as the community of Crownpoint. The Photo Club was organized five years ago by Mr. Arvor Roland, seventh and eight grade math teacher at Crownpoint Boarding School.

Mr. Roland selected willing students from the sixth, seventh, and eighth grades to work in the Photo Club at the school. Students are taught the fundamentals of camera and equipment care to begin with. Later they advance to the other phases of photography such as loading and taking pictures, developing and drying prints, developing pictures.

The photo club is involved with recording most all school activities. They are requested to go along on various field trips, sporting events and other school related activities. Experience is also given in taking portraits, wedding pictures, powwows, and various other types of pictures.

SUMMER RECREATION PROGRAMS

Crownpoint Boarding School, assisted by the University of New Mexico's Department of Health, Physical Education and Recreation, is operating a summer recreation program at the school for students in the Crownpoint area. Students ranging in age from 7 to 13 are eligible to attend the June 11—July 19 program free of charge.

The program under the supervision of Community School Director, Larry Lloyd; Student Activity Director, Mary Shannon; and Acting Principal, Jeff D. Bean, offers each student an hour a day in beginning swimming under a qualified water safety instructor. Other sessions include recreational games and sports, archery, roller skating, arts and crafts, hunter safety, library and good grooming.

Miss Mickie Michelson is the Coordinator for the University of New Mexico portion of the program. This program stresses physical education games, swimming, and arts.

Navajo Indian university students majoring in these fields are placed in leadership positions—teaching various segments of the program.

CROWNPOINT SILVERSMITH AWARDS

An eight-week silversmithing class sponsored by the Ft. Wingate Board of Education Adult Education Program, under the direction of Lee Jim, recently concluded in Crownpoint with a banquet and the awarding of certificates to the 25 adults who successfully completed the course. The class was taught at the Crownpoint Boarding School by Albert Tolino, a silversmith and employee at the school.

Students were taught about the basic tools and equipment used in silversmithing as well as stonecutting and setting techniques. Weights and measures of metals and all the processes involved in jewelrymaking were covered during the course instruction.

The students progressed from the simple to the more complexed techniques in silversmithing during the eight-week course, and all of the students completed several pieces of jewelry.

Other activities at Crownpoint which involve large segments of the population include the Crownpoint P.T.A., "Mother Earth Day," the Crownpoint Theatre Workshop, Crownpoint Consumer Education classes, and an annual Arts and Crafts show. These programs demonstrate that Crownpoint is unquestionably a leader in developing community activities.

STATEMENT OF SENATOR HENRY M. JACKSON ON INFORMATION RECEIVED IN OIL COMPANY HEARINGS

Mr. JACKSON. Mr. President, senior officers of the seven largest oil firms—Exxon, Texaco, Gulf, Mobil, Shell, Standard of California—Chevron, and Standard of Indiana—Amoco—testified before the Senate Permanent Subcommittee on Investigations January 21, 22, and 23, 1974.

Witnesses included Roy A. Baze, senior vice president of Exxon; T. M. Powell, vice president of Standard Oil of California; R. H. Leet, vice president of Standard Oil of Indiana; Z. B. Bonner, president of Gulf; Harry Bridges, president of Shell; Annon M. Card, senior vice president of Texaco; and Allen E. Murray, vice president of Mobil.

They testified on a wide variety of issues, ranging from their companies' profits to their current exploration projects.

Information, in the form of statistics, historical data, and business philosophies was given under oath by the oil executives as they participated in the subcommittee's effort to explain to the American people the nature of the oil industry and the causes of the shortages that now affect us.

Questions which the oil executives were not able to answer at the hearings—questions which required additional research by the companies—were responded in written replies given to subcommittee staff in February.

As chairman of the subcommittee, I directed the staff to compile the written replies and then make them public. I wish to announce today that most of the replies have been compiled and may be found in the files of the subcommittee. Subcommittee offices are in room 101 of the Russell Senate Office Building. The oil companies' responses are available weekdays from 9 a.m. to 4 p.m.

Several of the oil companies' written responses concern taxes and other very complex matters which will require more time for the staff to review before being made public. In addition, the companies have asked that certain information submitted to the subcommittee be treated confidentially. These requests are under consideration.

In addition, a vital question—one relating to national defense—raised in the hearings had to do with actions by U.S. oil companies in the recent cutoff of fuel to our military forces overseas. This question is the subject of a current subcommittee investigation. I will have more to report on this inquiry in a few days.

The written replies from the companies are lengthy, but I would like to touch briefly on some of the points the companies made in the responses being made public now.

GAS PRICES

Senators were anxious to learn from the oil executives what they thought the price of gasoline at the pump would be for the remainder of the year. It should be noted, in view of the recent rapid escalation of prices, that these estimates were made in early February.

All seven of the companies offered their estimates in language heavily qualified due to the uncertain impact on price of developments such as market conditions and actions in the Middle East.

Exxon foresaw increases this year of about 6 or 7 cents a gallon. Standard Oil of California expected increases this year not to exceed "a few pennies a gallon."

"Relatively modest" was Gulf's opinion of gas price increases at the pump and Shell, reiterating a view expressed at the hearings by the firm's president, Harry Bridges, predicted that prices would be "fairly stable" over the next 2 or 3 months but in the long run "could go up to 10 to 15 cents a gallon."

While Mobil envisioned a 10-cent a gallon rise this year, Texaco anticipated "some future upward pressure on gasoline prices might be expected." Standard of Indiana estimated 1974 increases to total 10 cents a gallon.

Announced March increases of some companies of over 10 cents a gallon coupled with January and February increases show the prudence of the companies' heavily qualified predictions. Even the highest estimated increases for the year appear to have already been reached in slightly over 2 months.

EXPLORATION

A key issue in the energy crisis is the amount of money the major oil companies are investing in exploration.

Some of the companies set forth the figures budgeted strictly for exploration while others lumped together exploration and production, the latter appearing include development of new wells and secondary and tertiary recovery.

Standard Oil of California said it plans to spend $348 million in 1974 on exploration, $241 million of which will be in the United States, $35 million will be elsewhere in the Western Hemisphere and $72 million in the Eastern Hemisphere. It also intends to spend $481 million—$241 million in the United States—for "production" which is said to include costs of developing new oil fields and projects for secondary and tertiary recovery in oilfields.

Standard Oil of Indiana reported it will invest $1.4 billion in capital and exploration in 1974. Nearly $1 billion is to be spent in projects to develop new supplies of energy, the company said, and some $670 million will be spent on energy resource acquisition and development in North America.

An exploration budget of $221 million and production expenditures of $206.8 million are planned for 1974 by Shell within the United States, while Gulf has programed 1971 expenditures of $486 million for exploration in the United States and $210 million overseas.

Some $153 million will be invested by Texaco this year in exploratory and drilling operations to establish new oil reserves in the United States. Texaco also plans to spend approximately $750 million in developing and providing established reserves.

Mobil gave no estimate on 1974 exploration plans. The company explained that it could not make an accurate projection because so much "will depend on exploration opportunities."

Exxon's 1974 exploration budget includes $1.181 billion for petroleum exploration and development—$609 million in the United States—and $93 million for nonpetroleum exploration and development—$44 million in the United States. Total exploration figures come to $1.274 billion.

Several companies noted that exploration expenditures could increase substantially depending on the extent that Federal and State leases are made available for bidding and the company's success in such sales.

RATE OF RETURN

Senators, like most other Americans, are curious about just what rate of return the oil companies believe they require in order to operate efficiently.

A rate of return of 14 to 16 percent would be "adequate," according to the Exxon Corp. Mobil thought a 12- to 15-percent return was needed to "finance our business and attract the necessary capital."

Saying there was "no meaningful way" of deciding what a necessary rate of return for the oil industry should be, Texaco said "free market forces" should be allowed to set the rate of return. In any event, Texaco said, "rates of return substantially higher than present rates are fully justifiable."

Approximately 15 percent would be a sufficient rate of return, Gulf related, adding that this figure assumed Federal financial aid for projects in coal liquification and gasification. Shell's rate of return should be 14 to 15 percent "over a long period of time" but, the company noted, to meet national energy needs rates of returns for the "next few years" should be higher.

Standard Oil of Indiana said the rate of return should be 15 to 19 percent to meet the needs of the United States and the "remainder of the free world." An "appropriate and proper" rate of return for Standard of California would be at least 16 percent, the firm asserted.

HOARDING

On the subject of whether or not they were using abandoned service stations to hoard gasoline, the oil companies said they practiced no such hoarding.

Mobil said it was aware of rumors that service stations were being used to hoard gasoline, but that the company had been unable to substantiate the rumors. Exxon pointed out that it was possible that "a third party" might purchase or lease a closed station and store petroleum products there without Exxon knowing about it.

COMPANY STATIONS

Senators were interested in knowing whether the large petroleum companies were taking advantage of the shortage of gasoline as alleged to convert dealer operated stations to direct company operated units.

Five of the seven petroleum companies reported small increases in the number of company operated stations during 1973 as can be observed from the table below. One of the seven converted none of its stations from dealer to company operations. Exxon actually converted several hundred stations from company operated stations to dealer operations.

	Gulf	Mobil	Socal	Exxon	Amoco	Shell	Texaco
Switched from dealer to company operated unit	48	[1] 64	[2] 36	14	11	54	0
Switched from company operated to dealer				549	2		
Total number of company operated units		401				332	
Total service stations		24,000			17,800		

[1] Since Jan. 1, 1970—net gain and losses. [2] Net change.

SELF-SUFFICIENCY

The seven oil companies share similar ideas with respect to what must be done in order for this country to approach energy self-sufficiency as rapidly as possible. The requirements would be to develop and use all sources of energy and not rely on any single source. They stress that new sources and technical developments in oil and gas, coal, nuclear fission, synthetics, solar, and geothermal energy will be required to mitigate the simultaneous decreasing efficiencies of existing oil and gas wells and the increasing energy demands required to maintain a healthy economy.

Because of long lead times required for technical development and physical facility installation, uncertainties about prices and taxes, and environmental constraints, the companies claim that many of these energy sources will not make sufficient contributions to our total energy supply until the mid-1980's. Until they do, the United States will be forced to rely upon substantial imports, the companies predict.

Most companies point to the need for energy conservation by the American public for the next decade to reduce the rate of energy consumption growth. Several of the companies emphasize the shortrun need to refine and develop profitable secondary and tertiary recovery methods—waterflooding, thermal stimulation, liquified gas floods, and so forth.

But, among the companies, there is a divergence of predictions as to when—or even if—the United States will achieve self-sufficiency. The companies agree that if self-sufficiency is to be reached or even approached, it will require an unprecedented national effort. It will include "favorable" outcomes of all the aforementioned items, plus the availability of all potential acreage for exploration and development, including the naval reserves in Alaska and California. However, only two of the seven companies, Mobil and Gulf, feel that self-sufficiency can be achieved by 1985. Standard of Indiana, Exxon, Standard of California, and Texaco said self-sufficiency can be achieved, but not by 1985. Shell Oil predicted a need for 1 to 2 million barrels per day of imports in 1990 under the assumption of constrained demand, implying that self-sufficiency is not attainable in this century.

ASIATIC PETROLEUM

On January 13, 1974, the Washington Post reported that Asiatic Petroleum Co., identified as a subsidiary of Shell Oil Co., had been selling heating oil at prices three times what it paid to import the oil.

I ask unanimous consent that the January 13, 1974, Washington Post article be printed at this point in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

THE $1.5 MILLION ON $540,000 PURCHASE: OIL SOLD FOR TRIPLE ITS COST

(By Thomas O'Toole)

A subsidiary of Shell Oil Co. has been selling heating oil in metropolitan New York at prices three times what it paid to import the oil.

The Shell Oil subsidiary, Asiatic Petroleum Co., bought crude oil from Shell's Venezuelan subsidiary, had it refined in the Caribbean and then tanked it last summer to Perth Amboy, N.J., where it stayed in storage until the home heating oil season began in November.

Asiatic paid an estimated 16.5 cents a gallon for the refined oil when it brought it in last summer. Asiatic has made to New York distributors this winter at least three sales of the same oil for 47.5 cents a gallon and now is offering what it has left for 55 cents a gallon.

One sale of 25,000 barrels was made to a Long Island distributor in November, a second sale of 25,000 barrels to a Bronx distributor in December and a third sale of 28,000 barrels to a Queens dealer in December.

The 78,000 barrels of oil add up to almost 3.3 million gallons, which gave Asiatic revenues of more than $1.5 million on oil for which it paid $540,000.

The three New York distributors who confirmed the transactions all asked not to be identified, but all three willingly discussed the sales in somewhat angry terms.

"I bought the oil for 47.5 cents because I had to have it," the president of the Long Island heating oil firm said. "Then they (Asiatic) came to me a second time with a price of 55 cents and I asked them, 'How can you do this to me?' I can't charge these kinds of prices to my customers."

The Long Island distributor turned down Asiatic's oil at 55 cents a gallon, then told a reporter how Asiatic justified its price to him.

"They told me they were a foreign company and not under price controls," the Long Island company head said. "They said they were only charging the going rate for imported heating oil at the time." Asiatic is a subsidiary of Shell Oil in New York, which itself is a subsidiary of the Royal Dutch Shell Oil group of the Netherlands.

Asiatic refused comment on the three transactions, but a spokesman for the company said it had received no formal complaints about its prices from either the Cost of Living Council or the Federal Energy Office.

"It's quite normal for companies to bring heating oil into New York in the summer at one price," the Asiatic spokesman said, "and then sell it in the winter at the going price. The price is nearly always higher in the fall."

Asiatic does not normally sell home heating oil. It is almost exclusively a seller of heavy fuel oil, not the lighter oils like diesel fuel, kerosene and heating oil.

What Asiatic did was to haul the home heating oil from the Caribbean last summer and put it in what oilmen call "bonded storage." This means it cannot be sold. It must be kept in storage until an import license is granted, a practice that was widely used by oil importers in the days when oil import quotas existed.

Asiatic then "moved" the oil through customs in November, when it put it up for sale at 47.5 cents a gallon. This was the "spot" price at the time for independent cargos of heating oil being imported from Western Europe and the Caribbean.

Mr. JACKSON. At the hearing Harry Bridges, president of Shell Oil Co. was questioned about the Post article. Mr. Bridges said that Asiatic Petroleum Co. is not a subsidiary of Shell Oil Co., but is a subsidiary of the Royal Dutch Shell group. He said that Asiatic has no direct connection with the Shell Oil Co.; that Shell is not involved with Asiatic's business; that Shell does not have any control over what Asiatic does; and that the transaction cited was "a transaction they—Asiatic—made."

Mr. Bridges said that although Royal Dutch Shell owns 100 percent of Asiatic, it owns only 69 percent of the Shell Oil Co.

Mr. Bridges said that Royal Dutch exercises no control over Shell Oil, notwithstanding its percentage of ownership. To the contrary, Mr. Bridges explained, Shell Oil is run by its own board of directors.

I requested a complete statement on this matter from Asiatic. This was supplied in an affidavit of John D. Ritchie, president of Asiatic Petroleum Corp., sworn to January 23, 1974.

The affidavit has been received and may be found in the files of the Permanent Subcommittee on Investigations. The staff of the Subcommittee on Investigations has summarized the Ritchie affidavit and reported on other developments in connection with the Asiatic matter. I ask unanimous consent that the staff summary be printed in the RECORD at this point.

There being no objection, the summary was ordered to be printed in the RECORD, as follows:

In the affidavit, Mr. Ritchie said that Asiatic has an arrangement with Shell subsidiaries in Curaco, Trinidad and Venezuela to sell petroleum products. The price payable to the suppliers by Asiatic is fixed as the amount of the proceeds received by Asiatic from its customers less a mark up for Asiatic, and all its direct costs.

Mr. Ritchie said that under these agreements Asiatic is required to consult with its suppliers before closing a contract with a United States customer since the supplier's sales price depends on the proceeds to be received.

Mr. Ritchie said that the oil sold by Asiatic is sought after by buyers in Central and South America and Europe, as well as the United States. If United States prices are lower, Mr. Ritchie said, oil will necessarily go to competing markets outside the United States.

Mr. Ritchie said Asiatic foresaw a need for additional quantities of No. 2 heating oil to be available on the East Coast during the 1973/74 heating season and set about putting itself in a position to meet part of that requirement by acquiring oil during the season of the year when it is likely to be most readily available.

Accordingly, Mr. Ritchie said, Asiatic's Caribbean suppliers agreed to make quantities of No. 2 fuel oil available to Asiatic; Asiatic spent $65,000 during the early summer to convert storage facilities; and during the period July-December 1973, following the normal trade pattern of stock building, some 900,000 barrels of No. 2 oil were brought into bonded storage at Reserve Terminal.

This oil, according to Mr. Ritchie, was provisionally valued at from 20 cents a gallon (July) to 55 cents a gallon (December). On October 3 and 14, 1973, Asiatic sold two barge lots, aggregating 78,628 barrels, to Steuart Petroleum Company at 17.55 cents a gallon, Mr. Ritchie said, adding that Asiatic's posted prices from June 1 through December 31, rose from 20 cents a gallon to 55 cents a gallon.

In mid-November, Mr. Ritchie said, Asiatic sold quantities of No. 2 oil from its Reserve Terminal stocks at 47.5 cents a gallon to the reseller customers and at 49.5 cents a gallon to the industrial users. Mr. Ritchie said that none of Asiatic's customers complained about the price. Pursuant to price arrangements with suppliers, Asiatic credited 46.655 cents a gallon for sales to reseller customers and 48.381 cents a gallon for oil sold to two industrial customers, to its suppliers' accounts.

Mr. Ritchie said that since early December Asiatic has maintained a 55 cent price but has neither offered nor sold No. 2 oil from Reserve Terminal. He said that he expected, subject to the Mandatory Petroleum Allocation regulations, to use the balance of its stock to meet existing contracted commitments in the first quarter of 1974.

On February 6, 1974, the State of New York instituted a civil suit charging that four members of the Royal Dutch Petroleum Group—Shell Oil Company, Asiatic, Shell de Venezuela, Ltd. and Shell Curaco, N.V.—diverted and held secretly in storage, home heating oil meant for New York homeowners. Shell Oil Company and Asiatic denied the charge.

Generally, the statement charges that Shell Oil Company diverted home heating oil, which it normally would have received, to Asiatic. This, the complaint alleges, resulted in (1) higher prices for Asiatic since it sold only foreign oil which is free to seek its own level while Shell Oil Company's price was based on an average of domestic and foreign prices; (2) a common pool which Shell could have drawn on; (3) the hiding of the oil in storage and non reporting to the American Petroleum Institute which provided figures to the Federal Government.

The civil trial commenced on February 27, 1974.

DRILLING

Mr. JACKSON. The companies were asked to provide data on their drilling operations over the last 3 years.

Some of the responses gave gross drilling figures only, some net only. Some isolated exploratory wells; others did not. Some did not indicate what the number of wells stated represented: oil, gas, dry, service, total, or some combination. Some noted that figures given included percentage interest in joint drilling projects or shares in consolidated companies; others were silent as to what the figures included.

In any event, the results show a marked decrease in drilling operations.

The following table lists exploratory wells for the 3-year period, if given, and if not lists the drilling figure given by the company.

I ask unanimous consent to have the table printed in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Year	Exxon, gross wells completed—exploratory	Texaco, gross wells drilled (oil, gas, exploratory in United States)	Shell, wells drilled (dry), injection and producers domestically	Standard of Indiana, net exploratory wells drilled in United States	Standard of California, wells drilled (oil, gas, dry) in United States including percentage content in joint drilling projects	Gulf, net wells drilled worldwide	Mobil, exploratory wells worldwide including consolidated companies
1971	37	1,145	474	254	464	656	93
1972	50	1,225	569	136	320	585	72
1973	36	1,092	471	138	214	[1] 388	61

[1] United States only, foreign not available.

Mr. JACKSON. Only Standard of Indiana drilled more wells in 1973 than in 1972—by a total of 2 wells. All six of the others drilled fewer wells in 1973 than they did in 1972 or in 1971—assuming Gulf's foreign drilling for 1973, which was not available, did not drastically increase.

Standard of Indiana offered an explanation about the decreased exploration, which began industrywide in the mid-1950's. The firm said:

> Standard Oil''s exploratory drilling in the U.S. was largely influenced by cash, incentive and prospect availability considerations from 1964 until well into 1969. The exploratory drilling program was sharply curtailed in 1970 following tax law changes which were expected to reduce incentives and the availability of cash. In 1972 and 1973, spending was increased in response to improving incentives and the availability of OCS acreage. The number of exploratory wells was lower in 1972 and 1973 than earlier years reflecting more high cost offshore, deep and remote location wells being included in the program.
>
> Efforts to increase exploratory drilling . . . were frustrated by uneconomic results and associated lack of attractive prospects. Improving incentives and cash availability along with increasing OCS acreage sales has encouraged Standard to increase domestic spending.

The companies also supplied information on drilling operations over a 10-year period.

Finally the companies supplied some information on secondary and tertiary costs including research and development costs.

ANDERSON REPORTS

Representatives of Aramco shareholders—Mobil, Texaco, Exxon, and Standard of California—were questioned at the hearing on charges made by Jack Anderson, in his column of January 10, 1974, in which it was reported that Aramco encouraged Saudi Arabia to increase oil prices. It was alleged that such increases would give the companies a higher rate of return and also provide the justification for increasing U.S. prices.

I ask unanimous consent that Mr. Anderson's column of January 10, 1974 be printed in the RECORD at this point.

The four companies agreed to submit statements for the record in response to these allegations. Subsequently, subcommittee staff obtained a response from Aramco.

Aramco and its four shareholders denied these charges. They denied that they had met with Saudi Arabian officials to encourage them to increase prices. They said that higher prices were the result of unilateral actions by oil producing countries and that they vigorously opposed such increases.

The companies and Aramco were requested to search their files for documents and records of the type described by Mr. Anderson. All of the companies and Aramco said that they have failed to find such documents.

Representatives of Aramco shareholders were also questioned at the hearing on charges made by Jack Anderson in his column of January 11, 1974 that Aramco followed poor oil field practices and damaged Saudi Arabian oil fields. It was alleged that this damage would limit capacity to only 7.5 million barrels per day and hence the 20-million-barrel-per-day production, often quoted as required to meet world demand, could never be achieved.

I ask unanimous consent that Mr. Anderson's column of January 11, 1974, be printed in the RECORD at this point.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the Washington Post, Jan. 10, 1974]

BEHIND-THE-SCENES OIL MANEUVERING

(By Jack Anderson)

Locked in the files of Aramco, intended for the eyes of its top executives only, is evidence that the giant U.S. oil combine encouraged Saudi Arabia to increase oil prices.

According to the secret paperwork, Aramco calculated that a price increase would boost its "rate of return." So the company, fearing nationalization of its Saudi oil works "well before 1980" and wishing to squeeze out more profits before the takeover, quietly pressed for higher prices.

The cost of crude has shot up 470 per cent over the past year. This has caused economic shock waves throughout the industrial world and could precipitate a worldwide depression.

The Aramco documents show that the corporate controllers were uneasy over the size of the increase and, belatedly, began to worry about the world reaction.

Likely, too, the Persian Gulf countries, would have raised prices without any behind-the-scenes encouragement from Aramco. Still, the company deserves a measure of blame for the Great Price Squeeze.

Aramco, known more formally as the Arabian-American Oil Co., is a consortium of four U.S. corporations—Exxon, Mobil, Standard of California and Texaco. Together, they work the fabulously rich oil fields in Saudi Arabia.

As surely as oil is the life-blood of the West, the Saudi development is the jugular vein.

We have now been given a peek behind the corporate curtain, which for years has concealed the Saudi oil story. We happen to believe that the truth about the oil crisis is a journalistic challenge every bit as important as Watergate. Not only the press but the government itself has had to depend upon the oil companies for information about the dimensions of the crisis.

Now, we have developed our own sources inside Aramco who have access to its most secret files. Admittedly, they have been able to give us only a limited view into the back rooms of the great oil consortium. Many of the documents are also highly technical and, therefore, difficult for laymen to understand.

To protect our sources, we have agreed not to quote directly from the documents. We read carefully selected excerpts to an Aramco spokesman, who disputed the contents. "A lot of people within the company write memos," he said. "This doesn't mean everything they write is correct."

Nevertheless, the confidential memos, supported by tables giving the "rate of return" at various price levels, show that the company early last year was quietly agitating for higher prices.

The documents also show that the company later became alarmed over the greed of the oil producers. In fairness, the press for extortionary prices came more from Saudi Arabia's neighbors than from the Saudis.

Aramco sent a delegation, headed by George Piercey, a senior Exxon vice president, to urge Saudi Oil Minister Zaki Yamani last fall to hold down the price demands. "We were trying," an Aramco spokesman told us, quite accurately, "to keep prices from going crazy."

But Aramco's only concern, judging from the documents, was to prevent political repercussions in the West. Earlier, the company had helped to stimulate a price increase.

The production costs for a 42-gallon barrel of Saudi oil average only a trifling 12 cents. In contrast, the posted price finally hit $11.65 a barrel on Jan. 1. This is a fictitious price, which oil nations use to calculate taxes and royalties. The actual price for a barrel of crude, upon arrival in America, is closer to $9.

Aramco's confidential price-and-profit tables are based on complex calculations. But they can be reduced to this simplicity: the company winds up with a percentage of the price rise. Therefore, the higher the prices, the higher are Aramco's profits.

One reason for this is that the company can charge off the royalties and taxes it pays to Saudi Arabia, dollar for dollar, against its U.S. taxes. This lovely loophole leaves the four members of the consortium with a U.S. tax debt next to nothing.

In 1972, Exxon, with a 6.5 per cent tax rate, paid the most. Mobil paid only 1.3 per cent Standard of California, 2.05, and Texaco, 1.7. Other U.S. corporations pay around 50 percent.

Now, Saudi Arabia has increased Aramco's tax benefits by raising the royalties from about $3 to $7 per barrel.

The confidential tables also indicate that Aramco gets a payback from Saudi Arabia for its technical help in developing new industries, such as salt production. The tables aren't clear, but it appears that the proportion of the payback increases as the price of oil goes up.

In short, the secret documents reveal that the four Aramco partners are making a profit off the price increase. Only their customers are hurting.

Footnote: The documents show that Aramco is changing its economic base. Because the Saudis are expected to take over the oil at the wellhead, the company is preparing to take its profits from refining and marketing. In the past, it has been the other way around.

[From the Washington Post, Jan. 11, 1974]

Reports Hit Aramco Haste on Oil

(By Jack Anderson)

The final lifting of the Arab oil embargo, according to secret reports from the Saudi Arabian fields, won't bring the promised gush of oil.

The reports have been shown to us by sources inside Aramco, the multinational, multibillion consortium which developed the Saudi fields. There are four Aramco partners—Exxon, Mobil, Standard of California and Texaco—each an oil giant in its own right.

In these reports, which have been withheld from both the Saudi and U.S. governments, Aramco engineers have warned that "severe technical difficulties" have hampered production.

Their best estimate is that production will be "stabilized" at no more than 7.5 million barrels a day. This is less than half the 20 million barrels that the Saudis promised if their political terms were met.

But the real scandal, if the engineering reports are correct, is that the production foul-up was caused by Aramco's greed.

For three decades; Aramco has been pumping oil from under the sands of the sheikhdom and paying the Saudis mere alms.

Not only are the fabulous, one-sided oil concessions of the past now at an end, but the company fears that its whole Saudi operation will be taken over by the government. The secret Aramco memos are full of references to "possible nationalization" and "unstable political conditions."

A year ago, the memos predicted nationalization would come "well before 1980." More recent memos warn that the takeover may be only two or three years away.

Aramco, therefore, began draining every drop of oil that could be sold from its Saudi wells. The daily production was increased from 6.5 million barrels in 1972 to 9 million barrels in 1973. The company had set a 9.3-million-barrel production goal by the end of the year.

The corporate objective, according to the secret memos, was to increase production from existing fields without spending any more money than necessary on developing new wells.

The rush to get the oil out caused technical problems. As early as last June, engineers warned that production was too fast. Their secret reports tell of "huge pressure drops" and "erratic production."

The hurried production, according to the reports, created "tremendous volumes" of natural gas, which simply had to be burned off. At a steadier production rate, the reports state, the gas could be compressed and reinjected into the formation.

This would cost a little development money, but it would increase the pressurization and permit more oil to be pumped through existing wells.

However, the documents make clear that Aramco is not interested in preserving petroleum for the Saudi government to expropriate but only in removing as much as possible before nationalization takes place.

There is no shortage of oil under the Saudi sands. The barren, baked desert virtually floats on a sea of petroleum. The engineering reports, indeed, are highly critical of Aramco's management for failing to conduct adequate "development drilling" and "reservoir analysis."

But plainly, the company is unwilling to invest substantial sums in developing Saudi Arabia's vast oil reserves unless the government makes the risk worthwhile.

One memo estimates that it would cost Aramco $1 billion to increase production. The money is needed for drilling new wells and building more pipelines and storage tanks. Even if this vast investment is made, according to the memo, no substantial increase in production could be expected before 1977.

The Aramco documents show that the company, meanwhile, is concentrating on draining the fields it has already developed. Only 14 of the 20 known fields are now being worked, according to the engineering reports, and substantial production is coming from only 12. Geological surveys indicate that many more fields merely await exploration and development.

When the Saudis offered to increase production to 20 million barrels daily, they evidently didn't know about the technical difficulties that have developed. Their suspicions, apparently, were aroused. But the secret reports indicate they were kept in the dark about the seriousness of the trouble.

This is vigorously denied by an official spokesman for the oil consortium. He assured us that the company is developing Saudi Arabia's oil reserves as fast as feasible and that the technical problems haven't been serious. He specifically denied that the company's carelessness will limit future production to about 7.5 million barrels daily, without heavy investments.

We quoted some of the memos to him, including one which declared the "reservoir pressures" fluctuated so greatly that the engineers estimated the daily production would be held at "no more than 7.5 million barrels."

This memo, said the spokesman, was "all wet, completely erroneous." The welfare of the West may depend, to a large extent, on who's telling the truth—the secret memos or the official spokesman.

For Saudi Arabia is the western world's oil jugular.

Mr. JACKSON. Again the four companies and Aramco were asked to submit statements for the record. All denied these charges.

Aramco said that it had some 164.5 billion barrels of remaining probable reserves in its concession area. The production for 1973 totaled 2.7 billion barrels representing an annual depletion rate of less than 1.7 percent as compared to an annual depletion rate in the United States of approximately 13 percent.

Aramco answered charges that it was unwilling to invest substantial sums in developing Saudi Arabia's vast oil reserves by supplying the following figures for expenditures for exploration, drilling, and oil facility investments:

1971, $170 million; 1972, $425 million; 1973, $630 million; and 1974, $900 million programed.

Aramco said that its production rate had reached 8.8 million barrels per day in early October 1973, just prior to the embargo. Aramco said that its present reservoir management practices and oil reserves could easily accommodate an increase in production to the 20 million barrels a day mentioned by Saudi Arabia. All companies and Aramco said that a search of their files has failed to reveal documents and records of the type described by Mr. Anderson.

I ask that unanimous consent that Mr. Anderson's columns of January 28 and February 5, 1974, further commenting on these matters be printed in the RECORD at this point.

There being no objection, the columns were ordered to be printed in the RECORD, as follows:

[From the Washington Post, Jan. 28, 1974]

Details of Aramco Papers Disclosed

(By Jack Anderson)

We're calling Aramco's bluff.

The Arabian-American oil colossus has accused us of "irresponsible journalism" for reporting that it employed wasteful production methods and secretly encouraged Saudi Arabia to increase prices.

"It is inconceivable," Aramco declared, "that Mr. Anderson could have any valid evidence" to back up the charges.

The evidence comes right out of the secret files of the four oil giants—Exxon, Mobil, Standard of California and Texaco—which make up Aramco.

Some of the documents are so sensitive our sources had to hand-copy them on the premises. Other documents, stamped "Confidential," were photocopied by our sources. Some of these papers contain the notation:

"Please respect the confidential nature of this publication by keeping it in a locked drawer or by destroying it if you do not wish to retain it. The proper disposition of this copy is your personal responsibility."

We believe it would be "irresponsible journalism," indeed, to accept the oil industry's self-serving statements about the oil crisis.

To protect our sources, we have agreed not to quote directly from the documents nor to show them to anyone. But we have told Senate investigators generally which documents to subpoena. We have also offered to inspect the subpoenaed documents after they are delivered to the Senate to check whether any have been withheld.

Now let's get down to the specifics.

We reported that Aramco fearing nationalization of its rich Saudi Arabia fields, began draining out every salable drop last year. At the same time, the company also spent as little as possible to maintain and pressurize the wells, causing "severe technical difficulties."

For the evidence, the Senate should subpoena the memos summarizing all the telephone calls between Aramco's headquarters and the four partners. There was considerable telephone talk about the threat of nationalization and the need, therefore, to increase production.

From each of the Big Four, the Senate should also demand to see the responses of the analytical department to inquiries from the board. These describe the technical difficulties caused by overproduction.

The Senate can get the technical details by subpoenaing the engineers' "trip reports." These speak of "erratic production" and "huge pressure drops." Last summer, the technical problems became so serious that Aramco called for the assistance of reservoir experts from Standard of California.

Photos of Saudi Arabia, taken by our astronauts from space, clearly show the huge smoke plumes from the natural gas flares. Production reports criticize Aramco for burning off the gas instead of slowing down production and reinjecting the gas into the oil formations for pressurization.

The technical problems, we reported, will make it impossible for Saudi Arabia to keep its promise to increase production to 20 million barrels a day once its political demands are met. Let us quote one line from the documents in our possession:

"The reservoir pressures fluctuated so greatly that engineers now estimate production will be stabilized at no more than 7.5 M barrels/day, far below the 20 M barrels/day projection." This estimate was made shortly before Christmas.

For evidence that Aramco secretly encouraged Saudi Arabia to boost prices, the Senate should subpoena the records of all meetings with the Saudi oil minister, Ahmed Zaki Yamani. At first, the Aramco crowd quietly pressed for an increase to around $6 per barrel. The price rise was to be in the form of a tax, which could be charged off against the U.S. taxes of the Aramco partners.

With oil prices going up in the Middle East, the partners could then justify increasing U.S. prices, which would give them extra capital to reactivate abandoned wells at home.

The Senate might be interested in subpoenaing the statistical data, which Aramco furnished to its partners. The Big Four also prepared some fascinating economic analyses, complete with charts, showing how the price rise would increase the return on investment.

Footnote: We explained in our original story that Aramco became nervous over the world repercussions caused by soaring oil prices. At this point, Aramco tried to stop the price trend it had helped to start. A delegation, reversing its earlier line, urged the Saudis to stabilize prices.

[From the Washington Post, Feb. 5, 1974]

Aramco Backed Saudi Oil Price Rise

(By Jack Anderson)

The story behind the leap in oil prices is revealed, at least in part, in the secret corporate papers of the Arabian-American Oil Co. (Aramco).

The new Pike's Peak prices will cost the world's oil consumers billions of dollars and the jolt the economies of oil-dependent nations.

Aramco is the world's largest oil producer. Its derricks outnumber the palms on the Saudi Arabian desert, which covers an underground sea of petroleum.

Aramco is a consortium of four of the five largest U.S. oil giants—Exxon, the biggest; Texaco, second; Mobil, fourth and Standard Oil of California, fifth.

Over the past three decades, the four companies have earned enormous profits on the crude oil under the Saudi sands—profits that were sharply boosted by a secret 1950 Treasury Department ruling that permitted them to charge their royalty payments off their U.S. taxes, dollar for dollar.

The write-off, which has been worth hundreds of millions of dollars in tax credits to the Aramco partners, was justified on national security grounds. This special incentive was needed, Aramco pleaded, to preserve the Saudi oil for U.S. defense.

As a measure of the worth of this multimillion-dollar argument, Aramco has cut off all Saudi oil to U.S. armed forces since Oct. 21 at King Faisal's request. The king was offended at U.S. arms shipments to Israel.

Aramco expects to lose its fabulous Saudi oil concessions eventually, but would dearly like to put off the dreadful day. The corporate papers predict that King Faisal will take over the oil fields "well before 1980."

In an anxious scramble for new sources of crude, the Aramco partners dusted off plans to reactivate U.S. wells that had been temporarily abandoned.

As long as there was plenty of cheap Saudi oil available, the four partners weren't interested in conducting costly pumping operations in the United States. But the threat of nationalization dramatically changed their outlook.

However, they didn't want to give up the fat profits they had become accustomed to piling up. They decided, therefore, that they needed higher oil prices to pay for reopening the U.S. wells.

Before they closed these wells, they had creamed off the oil that gushes out on its own power. Now they must pump gas or water into the wells to force out the "secondary" oil. They are also studying "tertiary techniques" for extracting oil from the oil sands.

To raise money for all this, Aramco encouraged Saudi Arabia to raise oil prices. The corporate papers tell of secret meetings with Zaki Yamani, the polished Saudi petroleum minister. The papers mention $6 as the price they hoped to set for a barrel of oil.

The Saudis obligingly came through with a price rise in the form of a tax increase, which the Aramco partners could credit against their U.S. taxes. The secret papers contain complex charts, which show that their profits increased in proportion to the price rise.

Exxon's profits for the last three months of 1973 jumped 59 per cent over the same period in 1972. Mobil reported a 68 per cent increase, Texaco a 70 per cent increase, Standard of California 94 per cent.

The strategy of raising prices worked better than the Aramco partners bargained for. Other oil-producing countries joined in the clamor for higher profits, until the price soared out of bounds.

Alarmed Aramco officials, fearful of worldwide political repercussions, went back to Yamani with a plan to stabilize prices. Although the Aramco partners have benefited mightily from the high prices, they don't want to press their luck too far and risk government controls.

The corporate papers show that the Aramco brass is preparing for another showdown with Yamani this month. They expect Yamani to call for "restructuring Aramco, giving Saudi Arabia a greater share of the oil production. They believe that he will demand an increase from 25 to 51 per cent of the company.

Then Saudi Arabia will wind up controlling Aramco, and it will be just a matter of time before the Aramco partners will be left with whatever oil they can squeeze out of their U.S. fields.

Footnote: Aramco declared that "far from encouraging increased oil prices," it has "worked for reasonable prices." A corporate statement charged that we had failed to substantiate our story and that we couldn't possibly have any "valid evidence" to back it up.

On the contrary, we have given the Subcommittee on Multinational Corporations headed by Sen. Frank Church (D-Idaho) a detailed description of the documents in our possession. We were called behind closed doors, where we testified under oath, read excerpts from the corporate papers and told the subcommittee which documents to subpoena.

STATION CLOSINGS

Mr. JACKSON. The subcommittee requested statistics on 1973 gasoline station closings.

Mobil reported that no Mobil-owned and operated stations were closed; 670 Mobil-owned and dealer-operated stations closed; and 171 dealer-owned stations shut down.

Nineteen of its "salary stations" were closed last year, Shell said, as were 741 franchised stations and five independents.

Some 258 Texaco-owned stations ceased operations as did 793 stations operating under a third-party lease. Texaco reported that 865 privately owned and independently operated service stations handling Texaco brand products were closed by the retailers.

Standard Oil of California said 19 stations it owned were closed in 1973 and 298 dealer-owned stations closed. Another 661 stations closed which were leased to and operated by dealers, Standard of California said.

Standard of Indiana reported that five company-owned stations shut down; and 768 stations which were operated by lessee dealers selling gasolines under the Standard or Amaco brands were closed.

A total of 1,268 "company-owned and leased—from investors—stations" were "deactivated," Exxon informed the subcommittee.

Gulf reported that 1,931 "assured" stations—those which are owned by the firm or leased—ceased to operate in 1973 as did 1,969 "Gulf contract dealers." Those dealers who own or lease their facilities from a third party.

ARAB CRUDE OIL NEGOTIATIONS

Generally, crude oil may be obtained from the Arab States or from any other foreign state by any of three methods. The first of these methods is the acquisition of the rights to explore for and produce crude oil in designated tracts. Although the rights are usually assigned by competitive bidding, they sometimes are assigned to a company which has individually submitted an exploration application to the host country for a particular tract. Rights may also be obtained by a "farm-in," where a company is invited to share the existing rights of another party, usually subject to the approval of the host government.

The second method of obtaining crude oil from foreign states is through direct purchases from state oil companies. This relatively new procedure has increased dramatically in importance recently as state oil company participation in major oil concessions has become a much more dominant force. Available state oil company supplies are usually allocated by competitive bidding.

The third method of obtaining crude oil from foreign states is through direct purchases from other private oil companies. These transactions require no negotiation with the government of the foreign country involved.

The day-to-day relationships with host country governments are usually handled by company field management personnel. Matters such as negotiating tax reference—posted—prices and basic revisions to agreements are usually handled by concessionaire shareholder representatives and field management personnel. Because many concession arrangements are jointly owned, many company decisions and negotiations are made on a team basis.

During the 1960's, there were true negotiations between oil companies and foreign states. However, since the early 1970's, the "government take"—royalties, taxes, and other payments from the oil companies' share of oil production—has become less negotiable.

Before 1970, Middle East—including OPEC and Libya—posted prices—the number upon which Government take was calculated—were determined in negotiations. But in the 1970's, with spare producing capacity vanishing worldwide, the accidental rupturing of the trans-Arabian pipeline, ensuing tanker shortages, and ever increasing demand, the present era of unilateral pricing by foreign oil producing governments evolved.

Efforts to establish countervailing powers by consuming nations and oil companies have failed. Joint industry negotiation terms, under the full knowledge and support of the U.S. Department of State, formed for the Teheran and Tripoli negotiations, encountered stiff resistance and threats of nationalization. Agreements have been continually revised before their exploration dates to "maintain" dollar parity. Cutbacks in production by Kuwait and Libya in early 1972 led to an increasing tightness of supply. Unilateral price increases by OPEC have basically been considered as dicta by the oil companies. Apparently none of the companies has negotiated with Arab states since October 1973 for new rights, although some anticipate a resumption of or are currently negotiating for "buy back" oil terms negotiations and participation agreement revisions.

The role of U.S. Government agencies in assisting oil companies in acquiring foreign crude oil, according to the seven largest domestic oil companies, has been very limited. Very little information or assistance is ever requested by or received from the U.S. Government. Although it does appear that the companies do submit negotiation information to the Government, the majority of these submissions are on a voluntary basis. The Government has not actively participated in industry or company negotiations with OPEC nations, except the 1971 visits of Under Secretary Irwin to oil producing countries and current attempts by the administration to have the OPEC boycott lifted. Exxon makes the following statement about the need for increased Government participation:

> It seems imperative that, in view of the radical changes that have occurred in the international oil scene, the U.S. Government must play a more active role.

All companies stated that it is in their corporate interest to negotiate the price of Arab crude oil downward in the interest of their consumers and of the U.S. economy in general. Standard of Indiana indicated that to the extent that high prices discourage wastefulness, they are beneficial, although current prices and price increases have been disruptive to our economy because of their magnitude. Standard of Indiana also states:

> In the present near-chaotic state of overseas crude oil prices, it is impossible to forecast how our profits would be affected by a negotiated reduction in crude price by the Arab states. . . . From the company's point of view, it would appear pointless to attempt a negotiated reduction in crude oil prices without at the same time seeking to resolve the factors that have contributed to the worldwide supply/demand imbalance.

UNUTILIZED PRODUCTION CAPACITY

Another question asked had to do with the number of oil and gas wells in which each company had an interest which are capable of production but are not at present producing at full capacity and the unutilized production capacity represented by these wells, classified by their location and the reason they are producing less than capacity.

Texaco said that it "has no oil well with unutilized production capacity" below that permitted by State regulatory bodies. Texaco also indicated it had no unutilized gas production capacity.

Exxon's position was similar to that of Texaco, as it reported:

> Exxon U.S.A. does not have proved oil reserves capable of economic production currently that are shut-in waiting for higher prices. Exxon's U.S.A.'s producing oil well compilations are operating at capacity rates subject to applicable State and Federal conservation rules and environmental regulations.
>
> Exxon U.S.A. has virtually no gas that it can make currently available for additional sales.

Exxon said its liquid production decreased since 1972 but that:

> The rate of decline has been substantially retarded by extensive work programs. A similar program for gas wells has also been conducted.

Standard of California explained that:

> Over the years a number of wells have been shut-in because they reached the economic limit at prevailing prices.

When shut-in these wells accounted for production of 5,000 to 7,000 barrels of oil per day. The firm said that 500 wells could be brought back into production at the new level of crude oil prices.

Mobil said:

> It only makes good business sense to produce as much oil and gas allowed under Federal or State regulations and consistent with technically sound reservoir operation aimed at maximizing recovery. This is what we are doing and will continue to do in the future.

Mobil said that of its 15,000 wells in the United States, approximately 200 are shut-in at any one time for workovers taking less than a week. In addition, Mobil had 85 wells shut-in waiting for pipeline connections or Government clearances. These wells were estimated to be capable of producing 13,775 barrels of oil per day and 290 million cubic feet of gas per day.

Shell Oil reported that in the third quarter of 1973, its unutilized oil producing capacity was 45,200 barrels per day from 710 wells. Almost two-thirds of this unutilized capacity was from a field in Utah. Shell said that lack of transportation facilities complicated by the unusual waxy characteristic of the oil was the reason for not producing the Utah field. The remaining one-third of the unutilized oil-producing capacity was indicated as being associated with State regulatory agencies that were not permitting maximum production of fields.

Gulf Oil indicated that it has 588 wells shut-in that were capable of producing 14,769 barrels of oil per day. Of the total, 8,208 barrels of oil per day was not being produced because of State regulatory controls over production. Another 6,400 barrels of oil per day of oil was not produced in Utah since transportation facilities were limited.

Gulf said that its shut-in gas wells were capable of producing 286 million cubic feet of gas per day. About half of the shut-in capacity was attributed to being "prorated by pipeline nominations." One-fourth of the shut-in gas capacity was associated with "waiting on pipeline construction," and another 20 percent was explained as resulting from "State regulatory controls."

Gulf did not report the quantities involved, but said that it had wells that had "been drilled but not completed for production."

Standard of Indiana said that it had no substantial production capacity that it could bring onstream to help alleviate the energy shortage. However, with an in-State regulatory and legal requirement an additional 50,000 barrels of oil per day could be produced with facility expansion. The company said that its shut-in production that could be brought on-stream with the higher crude oil prices would amount to only 2,681 barrels of oil a day.

1973 EARNINGS

Standard of California reported its estimated net income in 1973 was $184 million in the United States and $844 million worldwide. Sales and operating revenue were an estimated $4.169 billion in the United States and $8.482 billion worldwide.

The company issued these figures for the 2 previous years:

[In millions]

	1971		1972	
	United States	Worldwide	United States	Worldwide
Sales revenue	$3, 385	$5, 728	$3, 634	$6, 476
Net income	185	511	200	547

On January 30, 1974, Standard of California issued a press release saying that 1973 worldwide profits were up 54 percent over 1972 and 65 percent of 1971. In the United States, the release asserted, profits were down 8 percent from 1972 and down 0.5 percent from 1971.

The firm noted:

> The principal reason for declines in the U.S. was that the November and December increased cost of purchased oil, domestic and imported, could not be passed on, by means of price increases, until 1971 because of the delays built into the Cost of Living Council regulations. The foreign earnings reflect improved product prices compared to seriously depressed prices in prior years, and from the dollar devaluation.

In replying to the question of its 1973 earnings, Texaco referred the subcommittee to a press release issued January 24, 1974, in which Maurice F. Granville, chairman and chief executive officer, announced that:

> The full year 1973 produced the highest earnings for any year in Texaco's history and the fourth quarter of 1973 similarly showed higher earnings than in any previous quarter.

Mr. Granville described the record earnings as "gratifying."

Specifically, the press release reported, consolidated net income of Texaco for the full year 1973 was $1,282,403,000 or $4.75 a share. These figures were then compared with 1972 income of $889,040,000 or $3.27 a share. The earnings increase came to 45.4 percent, the press release noted, adding that fourth quarter earnings climbed 70.1 percent from 1972 to 1973. In dollars, net income for the fourth quarter went up from $266.6 million in 1972 to $453.5 million in 1973.

Approximately 35 percent of the 1973 earnings was attributable to U.S. operations compared with 49 percent in 1972. The bulk of the earnings for 1973 came from other areas worldwide. Mr. Granville stated:

> U.S. earnings failed to keep pace because of declines in U.S. crude oil and natural gas production and because of price controls on petroleum products and on existing production in the face of sharply rising costs.

The Texaco press release said consolidated gross income for the full year was about $11.8 billion in 1973, an increase of 31.9 percent over the $8.97 billion total of 1972. Texaco's gross income for the fourth quarter had gone up 46.6 percent from $2.4 billion in 1972 to $3.6 billion in 1973.

Terming this a "highly unusual" period in history, Mr. Granville added:

> This strong upswing, especially in the latter part of 1973, followed a period of four years in which the company's returns on both gross income and total assets had been lagging behind the average returns of the last 10 years.
>
> The higher earnings reflected sharp increases in product prices that followed the imposition of the Arab oil cutbacks and embargoes in October, as well as the continued high levels of worldwide operations.
>
> This strengthening of product prices over the previously unsatisfactory levels took place both in Western Europe and other overseas markets and in the United States within Cost of Living Council guidelines.

To report on its 1973 earnings, Mobil put out a press release January 24, 1974. The press release was submitted to the subcommittee.

In the release, Mobil said its 1973 earnings were $842.8 million or $8.28 a share. This was 46.8 percent higher than the $574.2 million, or $5.65 a share, earned in 1972. For the fourth-quarter of 1973, earnings were $271.6 million, or $2.67 a share, an increase of 68.2 percent over the 1972 fourth-quarter earnings of $161.5 million, or $1.59 a share, Mobil said.

Mobil Chairman Rawleigh Warner, Jr., was quoted in the release as saying that earnings outside the United States accounted for the major portion of the earnings increase over 1972.

The press release said:

> Of particular significance were the unusually high foreign currency operating earnings as expressed in U.S. dollars. Estimated earnings in the United States rose about 15 percent.
>
> About $150 million of the $268.6 million worldwide earnings improvement resulted from the conversion of foreign currency profit and loss statements into a weaker 1973 dollar. Mr. Warner cautioned that the recent strength of the dollar versus foreign currencies, if maintained through out 1974, would have an adverse effect on 1974 earnings.

To demonstrate the impact of foreign currency operating earnings on its 1973 earnings Mobil included in its press release two charts. The first shows earnings with the favorable currency translated effect. The second chart shows earnings without the currency translation effect. I ask unanimous consent that the charts be printed in the RECORD at this point.

There being no objection, the charts were ordered to be printed in the RECORD, as follows:

[Dollar amounts in millions]

	1973 earnings estimated	Change (percent)
U.S. operations	$273.8	Up 15
Foreign operations	569.0	Up 70
Worldwide	842.8	Up 47

	Adjusted 1973 earnings estimated	Change (percent)
U.S. operations	$273.8	Up 15
Foreign operations	419.0	Up 25
Worldwide	692.8	Up 21

Mr. JACKSON. Mobil Chairman Rawleigh Warner, Jr., said the increased earnings in 1973 "reflected recovery" from low 1972 earnings. Mr. Warner said domestic crude and natural gas prices had also increased while marketing expenses had declined. He said that:

> While product prices had gone up in 1973, these increases were substantially offset by higher costs for crude oil and other raw materials.

Mr. Warner also pointed out that the oil industry had been under Government price controls since the summer of 1971.

In a press release of January 23, 1974, submitted to the subcommittee, Exxon estimated consolidated earnings for 1973 at $2.44 billion or $10.89 a share. In 1972, the firm had earnings of $1.532 billion or $6.83 a share.

Fourth quarter 1973 earnings were estimated at $784 million or $3.50 a share, Exxon reported, compared with 1972 fourth quarter earnings of $493 million or $2.19 a share.

The press release asserted that Exxon had achieved an 18.8 pecent return on shareholders' equity in 1973, compared with 12.8 percent in 1972. On the basis of assets employed totaling about $25 billion at year end 1973, the return improved to 10.4 percent in 1973 from 7.3 percent in 1972, Exxon reported.

J. K. Jamieson, chairman of the board, observed:

> I hope this signals the start of a period in which the [Exxon] Corporation will again be earning a rate of return on investment which is comparable to that of leading companies in other industries.

Exxon submitted a chart showing its estimates on selected financial and operating data. Financial data are expressed in millions.

I ask unanimous consent that the Exxon chart be printed in the RECORD at this point.

There being no objection, the chart was ordered to be printed in the RECORD, as follows:

	1973	1972
Total revenues	$28,500	$22,438
Taxes and duties other than excise and income taxes	$4,533	$3,989
Excise taxes	$2,330	$1,761
Income taxes	$3,602	$2,346
Total income and other taxes:		
Amount	$10,465	$8,096
Percent of total revenues	36.7	36.1
Net income:		
Amount	$2,440	$1,532
Percent of total revenues	8.6	6.8
Chemical product revenues (including transfers to petroleum affiliates)	$1,880	$1,517
Petroleum product sales, barrels daily	6,155,000	5,701,000
Gross production of crude oil and natural gas liquids, including offtake under special arrangements, barrels daily	6,712,000	6,145,000
Refinery runs, barrels daily	5,759,000	5,146,000
Natural gas sales—billion cubic feet daily	9.7	9.3

Mr. JACKSON. Gulf reported its statement of earnings for 1973 this way:

> Gulf Oil Corporation's consolidated net earnings for 1973 were $800 million, compared with $447 million for 1972, before inclusion of a $250 million extraordinary write-off in that year. These 1973 earnings are equivalent to $4.06 per weighted average share, up from $2.15 in 1972. These earnings represent a profit of 8 cents per dollar on the gross revenue of $9.9 billion up from the 5.8 cents margin on 1972's $7.7 billion. Translated into profit on crude and product sales, Gulf earned about 1.5 cents per gallon on its worldwide operations last year.
>
> Approximately $480 million was earned in Gulf's petroleum operations in the United States, a 14 percent increase over 1972, and before amortization of nonproducing leases, exploration expenses and dry hole expenses totaling $116 million. The improved performance of U.S. Petroleum operations was due to increased prices for crude produced and to a 12.3 percent increase in refined product sales volumes. Product price increases received by the company reflected the recovery of increased costs as approved by the Cost of Living Council. Production of crude oil declined 37,000 b/d or about 8 percent. However, this was more than offset by significant increases in crude oil imports and by increasing refinery runs to 96 percent of capacity, compared with 90.5 percent in the prior year.
>
> Foreign petroleum operations showed net earnings of $560 million compared with $150 million in 1972. The balance of the operations had an aggregate loss of $124 million chiefly reflecting nuclear activities.

Reporting in a January 28, 1974 press release, Standard Oil of Indiana—Amoco—estimated consolidated earnings for 1973 to be $511.2 million. Earnings per share were $7.33, an increase of 36 percent over 1972, the firm announced. "On a fully diluted basis," Amoco said, earnings in 1973 were $7.08 a share and in 1972 were $5.21.

Fourth quarter earnings for 1973 were $121.5 million, an increase of 53 percent over the $79.5 million earned in the fourth quarter of 1972, Standard of Indiana said. The company chairman, John E. Swearingen said the 1973 earnings of $511.2 million are,

> less than the company will expend in the United States in 1974 on efforts to increase domestic supplies of natural gas and crude oil.

Pointing to gains achieved in both petroleum and chemical operations worldwide, Mr. Swearingen attributed a large portion of the increased profits chiefly to higher prices for crude oil. Mr. Swearingen described the increase in domestic crude oil prices as:

> crucial to an expanded search for new domestic supplies of petroleum and increased production from existing fields.

Shell submitted a chart showing "statement of income and retained earnings" for 1973 and 1972 for Shell and its subsidiaries.

I ask unanimous consent that the chart be printed in the Record at this point.

There being no objection, the chart was ordered to be printed in the Record, as follows:

SHELL OIL AND SUBSIDIARY COMPANIES—STATEMENT OF INCOME AND RETAINED EARNINGS

Revenues	1973	1972
Sales and other operating revenue (including consumer excise and sales taxes)	$5, 701, 135, 000	$4, 817, 468, 000
Dividends, interest and other income	48, 431, 000	32, 368, 000
Total	5, 749, 566, 000	4, 849, 836, 000
Costs and expenses:		
Purchased raw materials and manufactured products	2, 264, 903, 000	1, 693, 295, 000
Costs and operating expenses	1, 071, 777, 000	989, 685, 000
Selling, general and administrative expenses	503, 154, 000	489, 788, 000
Income, operating and consumer taxes:		
Consumer excise and sales taxes	817, 327, 000	741, 570, 000
Operating taxes	135, 465, 000	136, 221, 000
Federal and other income taxes	121, 771, 000	82, 578, 000
Depreciation, depletion, amortization and retirements, including dry holes	441, 695, 000	396, 805, 000
Interest and discount amortization on indebtedness	60, 780, 000	59, 423, 000
Total	5, 416, 872, 000	4, 589, 356, 000
Net income	332, 694, 000	260, 480, 000
Retained earnings at beginning of year	2, 116, 801, 000	2, 018, 072, 000
	2, 449, 495, 000	2, 278, 552, 000
Cash dividends paid: $2.40 per share	161, 704, 000	161, 751, 000
Retained earnings at end of year	2, 287, 791, 000	2, 116, 801, 000

Note: 1973—$4.94, and 1972—$3.66 per share based on weighted average shares outstanding of 67,365,167, and 67,396,610 respectively.

Mr. JACKSON. Shell explained these comparative results as follows:

> The financial performance of the company in 1973 compared in relation to the depressed levels of the previous few years. Net income rose from $260.5 million in 1972 to $332.7 million in 1973. A major reason for this was continuing improvement in the performance of the chemical divisions. Other pertinent factors were the large scales volumes of petroleum products, an increase in domestic crude oil prices under the 2-tier system established by the Cost of Living Council, and the firming up of the prices of most products.

COMPARISON OF U.S. AND FOREIGN ACTIVITIES

Senators were interested in comparing United States and foreign sales volume, earnings, and crude production for each company.

The companies answered this question in a variety of ways and it would be impractical to summarize their responses which are to be found in the subcommittee files.

However, Standard of California provided a clear breakdown of such activities by percentage which I believe is very informative. Since Standard of California is a major shareholder in Aramco, the Saudi Arabian producer, its figures show the impact of production from that huge reservoir of oil.

In 1960, 52 percent of Standard of California's net earnings were derived from the United States, 5 percent from the Western Hemisphere and 43 percent from the Eastern Hemisphere. Preliminary figures for 1973 indicate that U.S. earnings had dropped to 22 percent of the total while Western Hemisphere earnings rose to 15 percent and Eastern Hemisphere earnings to 63 percent of the total.

Gross production of crude and natural gas liquids showed the U.S. percentage dropping from 34 percent in 1960 to 15 percent in 1973; the Western Hemisphere's portion dropping from 9 percent in 1960 to 6 percent in 1973; and the Eastern Hemisphere percentage jumping from 57 percent to 79 percent.

Net assets in the United States were 71 percent of total assets in 1960 but dropped to an estimated 58 percent of the total in 1973. The Western Hemisphere percentage of total assets increased from 12 percent in 1960 to an estimated 15 percent in 1973 while the Eastern Hemisphere assets increased from 17 percent in 1960 to an estimated 27 percent of the total in 1973.

Standard of California points out that while its schedules were expressed in terms of percentage, in accordance with the subcommittee's request, the overall magnitude of the dollars or quantities involved should be examined.

Thus, while net earnings in the Eastern Hemisphere increased from $116 million in 1960 to $528 million in 1973, net earnings in the United States also increased, albeit at a much slower rate, from $140 million in 1960 to $184 million in 1973.

Similarly, while gross liquids production in the Eastern Hemisphere grew from 563,000 barrels per day in 1960 to 2,632,000 barrels per day in 1973, U.S. production also rose in that time period from 335,000 barrels per day to 509,000 barrels per day.

Likewise, while Eastern Hemisphere assets grew from $477 million in 1960 to $1.6 billion in 1973, U.S. assets grew from $1.98 billion to $3.36 billion in that time period.

Standard's comment on growth of its net assets in absolute terms and the returns on investment here and abroad is informative:

> Of particular interest in the various numbers is the fact that the net assets of the company have grown by $3 billion since 1960, an increase of 107%. In the United States the increase is $1.4 billion vs $1.6 billion abroad. This increase of 70% in the U.S. investment over the past eleven years has resulted in an increase in domestic profits of only 31% over 1960 and an increase of 52% in production. The charge that investments have been made abroad at the expense of investments in the U.S. is untrue, but it is true that investments made in the U.S. have not brought the results that have been achieved abroad.

OTHER SUBMISSIONS

These are just some of the submissions which have become part of our record of this important hearing. Other noteworthy company submissions include estimates of recoverable crude reserves for 1973 and 1974; expenditures for research and development in alternate energy sources; the impact of crude price increases on energy intensive industries and a comparison of the rate of internal financing of the oil industry with that of other industries.

I would like to thank the members of the Permanent Subcommittee on Investigations for their active participation in these hearings and for their probing questions, many of which resulted in the information I have briefly outlined for you today.

ENVIRONMENTAL PROBLEMS

Mr. McGOVERN. Mr. President, on a cold January morning citizens from every corner of South Dakota joined with me to discuss some of the most urgent issues on my home State's environmental horizon. Our goal was to bring these issues squarely before the people, that we might begin the process of finding a vital balance between economic growth and a clean environment.

The response was overwhelming. The standing-room-only crowd that jammed this Conference on Environmental Issues clearly demonstrated the need to address these issues. To the many of us who have long stood for the recognition of these principles, it was a heartening sign.

Our task has only begun, but I ask unanimous consent to have printed in the Record the procedings of this conference, to serve as the springboard from which further leadership must now come.

There being no objection, the material was ordered to be printed in the Record, as follows:

Proceedings of the Conference on Environmental Issues, January 12, 1974, Sioux Falls, S. Dak.

(Opening remarks of Senator George McGovern)

I extend a warm welcome to you, on this cold January morning, to this Conference on Environmental Issues.

The recent sub-zero weather and the threats of heating problems this winter bring to mind the harsh reality of pioneer lift in South Dakota and the Great Plains region. Recall this passage from Rolvaag's epic work, *Giants In The Earth*, on those early winters:

"A grey waste . . . an empty silence . . . a boundless cold. Snow fell; snow flew; a universe of nothing but dead whiteness. Blizzards from out of the northwest raged, swooped down and stirred up a greyish-white fury, impenetrable to human eyes. As soon as these monsters tired, storms from the northeast were sure to come, bringing more snow. 'The Lord have mercy! This is awful!' said the folk, for lack of anything else to say."

Well, our winter weather is often still awful. And we still hope that the Lord has mercy on us—at least until after we return home from this meeting. And while we're here, perhaps the "heat" surrounding some of the issues on the agenda will be adequate to keep us warm.

I have long believed that one of South Dakota's greatest assets was the quality of her unspoiled environment. It is one of those blessing that we have taken for granted. It seemed incapable of being despoiled.

But we now recognize that this precious asset can be lost here, as it has been in other parts of the country. Our snow still falls just as white as the snow Rolvaag saw. But there are places in America where it mingles with choking smog and pollution. There the snow is gray. And that and much more could happen here, too.

Such concerns inspired this Conference. Its purpose is to focus public attention on some of the major issues that will affect our environment in the near future.

All South Dakotans—not just a few decision makers—must confront these issues. We will all be affected; not just a few. And to participate intelligently the people must have access to all the facts on both sides. That is why I have invited you here today. I hope for a thoughtful discussion, for most of us have as much to learn as we have to share.

We have made the balance you see behind me the symbol for this Conference. For it is also my hope this morning that we can all realize the need for a balance between Growth and the Environment. It is becoming increasingly clear that extremism in either will not serve our long-term objectives. Certainly we must have growth to prosper and progress; the alternative is stagnation and decay. But to seek growth at any cost is equally unwise. Development of any area, or any resource, without regard for the possible environmental damage, is at best short-sighted and at worst the seed for future destruction of the area, its resources, and perhaps even its people.

South Dakota needs growth. We need it badly. But I am convinced that we can ill afford any kind of development purely for the sake of development. Well planned programs are welcome. Our modern state of technology is quite capable of designing development consistent with environmental quality. It is up to us to insist upon it in adopting our standards.

None of us in this room wants to see or cause any significant damage to our environment. On this we all agree. Thus we start this Conference from common ground by sharing a common goal. There will be differences in how we follow this standard in a particular situation. Such differences are not only natural, but highly beneficial if we approach them rationally and if we listen carefully to what everyone has to say.

So I hope that throughout this meeting we will respect the many and varied viewpoints that will come out initially. We have deliberately asked individuals and groups of a wide array of opinions to be with us. All are not only entitled to be heard, but to be heard with respect. There are areas of clear controversy before us. Let us remember that one cannot move toward a balance until the limits of the scale are clearly before us. Thus our goal today must be to understand the differences, consider them both now and afterward, and only then begin to move toward a rational solution. Too often we think mostly of our differences. I ask each of you to stop from time to time to think of the points on which nearly all agree. I think you will be surprised to find that there are many.

SEMINAR I: COAL MINING AND POWER DEVELOPMENT

Moderator: Professor Brent Haglund, Augustana College, Sioux Falls.

Panelists: Merlin Tipton, Associate State Geologist, Univ. of South Dakota; Ernst Habicht Jr., Staff Scientist, Environmental Defense Fund, New York; James Grahl, Manager, Basin Electric Power Cooperative, Bismarck, North Dakota; Ken Holum, Former Assistant Secretary, Dept. of Interior, Washington, D.C.

Participants: Jack Weiland, Public Utilities Commissioner Pierre John Hardaway, Environmental Protection Agency, Denver.

Mr. Tipton presented a series of slides showing the extent and quality of South Dakota's coal resources. Since the text of his presentation would only be relevant accompanied by the slides, his remarks are not included. Questions related to this area may be directed to Mr. Tipton at the University of South Dakota, Vermillion, South Dakota.

WATER: A LIMITING FACTOR TO ENERGY DEVELOPMENTS IN THE NORTHERN PLAINS

(Ernst R. Habicht, Jr., Staff Scientist and Director, EDF Energy Program)

Thank you, Senator McGovern, for providing all of us with this opportunity to exchange ideas and information.

On October 16th 1973 the Environmental Defense Fund, together with other environmental groups, including the Northern Plains Resource Council, the Natural Resources Defense Council and the Montana Wildlife Federation joined forces in litigation with a number of irrigation companies and individual water users on the lower Yellowstone River. Together, we filed suit against the Bureau of Reclamation in Billings, Montana because that Agency has literally given away vast quantities of agricultural water for coal gasification and electric power generation. To many this may seem a strange combination—a consortium of environmentalists and agricultural water users. But the issue that drew this coalition together is gathering momentum every day and it should be a vital concern to all those who depend on water for their livelihood in regions where vast amounts of energy resources are likely to be extracted during the coming decade. South Dakota, downstream of such developments, cannot afford to look the other way.

A vastly more water intensive activity than irrigation promises to soon take hold in the Northern Plains. The conversion of coal to oil, pipeline quality gas and electricity requires enormous amounts of water, principally for the dissipation of waste heat. A 1200 MW(e) generating station, operating at an 80% load factor, occasions the evaporation of some 20,000 acrefeet of water annually in getting rid of waste heat. The first commercial scale coal gasification plant to be built in the United States, to be sited in Northwestern New Mexico by the El Paso Natural Gas Company, will consume roughly 10,000 acrefeet of water in the course of producing about 90 billion cubic feet of gas annually. Such industrial plants represent an annual production of somewhat less than one-half of one percent of our current demands for electric power and natural gas, respectively. That very demand has been increasing at a rate of between 7–10% per year. As this growth is compounded annually, we have had to double our electric power production about every ten years and our natural gas production rather more frequently.

Western coal, high in water and ash content and rather low in heat content is ill-suited to direct combustion for purposes of generating electricity. Were it not for the low to moderate sulphur content of much of this coal, increases in western surface mining would not have been so marked of late. However, such recent developments are in all likelihood the tip of the iceberg since there are gathering incentives for converting this resource into pipeline quality gas. The pressure is on suface mineable coal more than ever because it is very cheap to extract and, unlike eastern bituminous coal, it lends itself quite nicely to existing technologies for coal gasification. Current production of natural gas is in the neighborhood of 25 trillion cubic feet annually and falls considerably short of demand. Let me briefly review the reasons for this shortfall:

1. Uncertainties concerning price deregulation and reregulation of natural gas in interstate shipments have certainly provided incentives for withholding new supplies from the marketplace.

2. The sale of natural gas on a declining block rate basis has served to foster uneconomic growth in the demand for this resource. While less absurd when unit costs of production of gas were declining, such continued practices can only be regarded as ludicrous in an era of rising unit cost production.

3. The incomplete regulation of natural gas led to the two-tiered supply/demand situation in this country. Intrastate gas, not affected by the authority of the Federal Power Commission, has been committed with increasing frequency to extremely poor values of service with concomitant inefficiencies and waste.

4. Underlying the present energy situation has been the systematic lack of attention that all levels of government have paid to the energy sector of the U.S. economy. One particularly unfortunate aspect of such inattentiveness has been the failure to provide ourselves with an independent assessment of domestic oil and gas reserves. While the U.S. Geological Survey provides us with very good numbers for coal and uranium, we have no such equivalent authority to obtain parallel data for oil and gas. Instead we rely entirely upon information supplied by the petroleum industry.

I do not wish to dwell on the question of deregulation of natural gas prices. Suffice it to say that we have chosen to treat the natural gas energy sector as a public utility precisely because of the lack of competition that prevails in that industry. Of course, a sizeable portion of that industry is controlled by oil firms who have, in recent years, also gained substantial control of our coal and uranium reserves. It could well be that we require more rather than less regulation but only such regulation that works to insure the long term public interest. We do *not* need a continued array of short term conflicts of interest such as have prevailed at all governmental regulatory levels since the concept of public utility economics began to be applied in this country.

The development of energy reserves in the West is of paramount interest because of the vast quantities of those very reserves. Colorado is sitting on more oil than Saudi Arabia although it will be fare more costly from both an environmental and an economic perspective to obtain. There is thought to be coal under nearly half of the land in Wyoming and though only a small portion of it is extractable by surface mining techniques, that quantity is very large compared to other cheaply available energy resources and represents an exceedingly attractive investment. Until only a few years ago, the domestic oil companies were paying the Federal Government bonus bids of only $1.00 per acre for tens of thousands of tons of the fuel. The concentration of portions of this coal in relatively small areas is of considerable importance. A single township enveloping the town of Gillette, Wyoming contains 2.87 billion tons of coal, most of which is within 500 feet of the surface. This represents an average of 70 feet of coal underlying the entire 36 square miles.

Montana contains roughly the same amount of coal as Wyoming and, under the easternmost part of Montana and the western third of North Dakota, there are formidable deposits of lignite, a low heat content form of coal that contains much ash and water. While South Dakota is estimated to possess some 2 billion tons of remaining lignite resources, this is paltry in comparison to North Dakota's 350 billion tons of lignite, Montana's 132 billions tons of sub-bituminous coal and 88 billion tons of lignite and Wyoming's 108 billion tons of sub-bituminous coal. I should hasten to add that, of these enormous resources in place, only a modest fraction can be identified as reserves produceable at present prices and thus liable to extraction in the near future. Though technology and prices can increase the quantity of producible reserves rather rapidly, suffice it to say that there is presently more coal than water in the Northern Plains States.

Last summer I went to Bismarck, North Dakota to give testimony before the State Water Commission regarding a proposal by the Michigan-Wisconsin Pipeline Company to make use of some 375,000 acrefeet of water annually from the Garrison Unit for the purpose of converting coal to natural gas. That company claimed that it would require 17,000 acrefeet annually of water for a coal gasification plant producing 250 million cubic feet of gas per day. El Paso, in Northwestern New Mexico, proposed to do the same job with only slightly over half as much water. Interestingly, the North Dakota proposal would use coal which contained a good deal more water—water that could be applied to the overall water requirements of the process—than did the coal to be used by El Paso. Furthermore, the North Dakota climate is substantially cooler than that of New Mexico; gasification of North Dakota coal should thus require less cooling water.

In effect, one company in one state claimed it needed to use more than twice as much water to do the same job employing the same process as another company had already described in a different region of the country. I concluded that either the Michigan-Wisconsin Pipeline Company did not know the process and cooling water requirements of the coal conversion technology they had proposed to use or they were being less than candid with the North Dakota State Water Commission. In either eventuality there was a clear need to further study the proposal. Abundant water available from the Garrison Unit, in contrast with limited water supplies in New Mexico, may have influenced the proposal.

What was clear from the Michigan-Wisconsin proceedings in North Dakota was the enormous momentum that a large industrial concern is able to bring to bear on state and local decisionmakers with a technical proposal involving a very large capital investment. If I came to this community tomorrow with the backing of several New York banks, flanked by an array of technical experts, I could probably persuade a number of influential citizens of the merits of turning South Dakota into green cheese and shipping it to the moon. Make no mistake about it, I would have the same success in persuading my fellow residents of Port Jefferson, New York of covering Long Island Sound with a plastic dome for "all weather boating." Such is the blindness of the growth ethic.

Distressingly, state and local governments are not equipped to perpetually play a defensive role against such propositions. They lack the technical expertise and legal assistance to make the best bargains for their people and for their environment. Of course, the political process is not immune from those who would enhance the value of their land and mineral resource holdings at the expense of their neighbors and fellow citizens. Also, the possibility of playing one community or state off against another—economic blackmail as it were—is becoming a genuine problem of energy-related developments in the Northern Plains. Regional planning, with the teeth of enforcement derived from control over water use in entire drainage basins, is one answer. But the most important solutions lie on the demand side rather than merely focusing on energy supply.

On a grandiose but admittedly haphazard scale, first delineated in the "North Central Power Study" set forth by the Bureau of Reclamation, upstream energy developments are occurring that will surely have great impact on South Dakota. The consumptive use of vast quantities of water from the Missouri River and its tributaries will soon commence with little or no concern as to the consequences.

The Bureau of Reclamation is actively encouraging such developments; after decades of urging the agrarian populace as to the benefits of water developments, the cry of "use it or lose it" is beginning to have a hollow ring. Impoundments containing water earmarked for agricultural purposes are being rededicated to the benefit of Exxon, Mobile, Gulf, Shell and other such needy recipients. The commitment of water at bargain basement prices to this array of corporate welfare clients will insure its rapid consumptive use. Of course, the more quickly Montana and Wyoming water out of the Yellowtail and Boysen Units, now under option contracts to an array of energy companies, is committed and used, the more rapidly the Bureau can justify the construction of new impoundments on the Yellowstone River and its tributaries. One such impoundment, the proposed Allenspur project near Livingston, Montana, would back water up into Yellowstone Park and destroy what is generally thought to be one of the finest trout streams in the United States. That project would surely have to be built in order to maintain firm downstream flows for present water users. Apparently, having run short of useful and statutorily authorized activities with which to busy itself, the Bureau of Reclamation has illegally and irresponsibly carved out a whole new course of action for itself. It promises to soon become the handmaiden of industry rather than of agriculture. Before we grant this Agency authority to put the oil companies in control of the Northern Plains we should examine alternatives to the gathering water grab.

One of the principal problems in providing industrial water from streamflows in this region is that the demand for industrial cooling water is cyclic. Peak cooling demands coincide with both peak irrigation demands and minimum stream flows in the months of August and September. To surmount this unfortunate coincidence of maximum demand and minimal supply and guarantee firm flows during all seasons, it seems necessary to build an extremely expensive array of impoundments. This is an extraordinarily wasteful way to go about solving this nation's energy crisis in view of both economic and environmental expense associated with a proliferating network of dams and diversions of surface waters.

Before EDF took this issue to court, we looked into alternatives to the proposed action of the Bureau of Reclamation. As a point of common sense and indeed one of law as well, the Bureau is compelled to look at alternatives before it enters into any such commitments to supply agricultural water to industrial users. Of course, one alternative is to compel, through sound marketing practices, the least water intensive technology that is feasible in coal gasification or electric power generation. Indeed, where water costs are high, processes are devised to make each drop of water go as far as possible. The City of Los Angeles, which buys water from the metropolitan Water District of Southern California, presently markets industrial water on a declining block rate basis over a range of 135 to 105 dollars per acrefoot. Consequently, the Kaiser Steel Works in Fontana, just outside of Los Angeles, has one of the lowest water requirements per ton of product in any steel mill in the United States. The demand for water by large users is extraordinarily price sensitive. If governmental bodies could impose a price for industrial water commensurate with the real value of this resource in the Northern Plains, considerable leverage over industrial consumption would be repaid along with substantial revenues.

There exists another, perhaps more significant, alternative to the present "marketing" of industrial waters. Beneath the vast coal resources of Montana and Wyoming there is known to be an extremely large, deep aquifer known as the Madison Limestone Formation. Here lies hundreds of millions of acrefeet of water which, though not easily accessible to an individual irrigator or small water user, is a genuine possibly quite economic alternative to the Bureau of Reclamation's schemes. It certainly merits close scrutiny with regard to its economic and environmental costs.

EDF hopes to dissuade the Bureau from delivering any industrial water from existing impoundments until such time as we can determine the feasibility of using deep aquifers for industrial purposes in the Northern Plains. Even if these deep aquifers were recharged with water that would otherwise flow to surface supplies, we would still have the advantage of a natural "impoundment" which may well eliminate the need for a new array of dams and diversion systems. But the fight may not be easy; the energy companies would be perfectly happy to receive yet another subsidy from the taxpayers.

Although environmentalists, energy company executives and politicians now are accusing one another of responsibility for our energy shortages, one major cause for our present energy difficulties lies in the rigid application of policies which were inappropriate in the past and have now become ludicrous. Long-range solutions can only be achieved by conservation in present uses of energy, efficiency in new uses, and an unswerving commitment to insure that the consumer pays the full cost for existing and increasing supplies of energy. Should we elect to satisfy our needs through an environmentally destructive, taxpayer-subsidized exploitation of new sources of energy supply, our present energy supply situation could ultimately be converted from a state of inconvenience and dislocation to one of far more serious economic proportions.

Energy in this country has been artificially cheap because its price has not reflected the true costs of its production. Government tax, regulatory, land-use, and research and development policies at Federal, state and local levels have resulted in the massive subsidization of energy extraction, conversion and end use. Over the years, gross inefficiencies have arisen as a direct consequence of such policies. One notable instance of poor policy is reflected in the rates for power charged by electric utilities. These rates, already subsidized through other policies, decrease in price with increased consumption, even though much new generating capacity increases the average cost of a kilowatt hour. EDF has singled out the electric utility industry because of its inefficiencies and its extraordinarily high growth rate. For nearly two years, we have sought to change the rates that electric utilities charge their customers, with the aim of reducing the excessive growth in demand for electricity. We are also concerned that emerging coal conversion technologies to be employed by the natural gas industry will cause that sector to become far more inefficient and environmentally destructive than it has been in the past.

In its most recent electric rate case, EDF has carried out an extensive utility by utility study in New York State to determine how the demand for electric power may vary with price changes. Our findings, unique in their detail and presented in testimony before the New York State Public Service Commissioin in August, 1973, are in agreement with such data for the nation as a whole and show that price is a strong determinant of demand. This is especially true for large users of electric power, but also applies to smaller consumers who do require longer periods of time to adjust their uses. Given such a responsiveness to price, it is clear that meaningful energy savings, price stability and waste reduction would result from a rate structure that would establish prices for electricity which truly reflect the costs of production. Heretofore, no electric utility in this country has had an accurate idea of what it truly costs to serve most customers. EDF has come forth with several practical suggestions to change this absurd state of affairs. We are also developing parallel arguments regarding the pricing of natural gas.

While consumption of electricity varies with the seasons, the day of the week, and the time of day, electric utilities must have the capacity to supply their customers at the peak period of demand. Consequently, generating units and transmission facilities are used only part time. Those who consume electricity at off-hours do not strain the utility system, and thus do not add appreciably to the costs of the system. But those who make added demands for power during peak periods compel utilities to build new, ever more expensive generating facilities. By utilizing time-of-day meters, as employed in France, higher rates would be charged to those who consume power during peak periods of demand. Such a pricing policy has been shown to reduce the peak demand thus diminishing the need to construct new generating plants. Further, it equitably assigns those extra costs of peak-demand electricity production to those consumers who strain the limits of the system. Even now, instead of such a sound pricing system, our electric utilities continue to satisfy peak demand with dirty, inefficient, part-time generators that burn scarce and expensive fuels and to distribute the additional costs on all consumers, including those who create no peak demand. This is a luxury we can ill afford to continue. EDF will continue to advance its sound economic alternative and will enter further cases with a view to insuring that the marketplace for electric energy works efficiently while insuring a full accounting of environmental costs.

The conservation of demand for energy, an essential component of any successful strategy for solving our energy sector's problems, is also a labor intensive solution. Employment increases with a move to a recycling economy, with increasing insulation of buildings and, in general, where subsidized energy has served to displace labor, to the detriment of economic efficiency. Yet now we are about to embark on a subsidized energy expedition unprecedented in costs. The synthesis of gas and oil from strip mined coal and the utilization of oil shale will be expensive both environmentally and economically with respect to many other energy sources. The energy industry is seeking continued help from the taxpayers—in the form of federal research and development, cheap energy from government lands at giveaway prices, relaxation of those standards that represent the first step towards incorporation of environmental costs in energy prices, and the continuation of the vast panoply of policies that have served to so heavily subsidize energy use in the past. Once again, the environment, the taxpayer and even many consumers are being asked to make sacrifices. Given the inequities now inherent in the energy marketplace, environmentalists, consumer groups, the spokesmen for the poor, taxpayer coalitions, and even many labor unions, should begin to identify their considerable areas of common interest, for the routes to many of their individual objectives are virtually identical.

REMARKS BY JAMES GRAHL, MANAGER, BASIN ELECTRIC POWER COOPERATIVE

As my assignment on this panel, I will review the policy adopted by Basin Electric eleven years ago on rehabilitation of strip-mined lands and our present views on this important matter.

When Basin Electric negotiated its fuel supply contract in 1962 with Consolidation Coal Company, it was new to the business of power production and perhaps better able than established producers to consider policies somewhat different from the usual ones in the power and mining industries in the West. Because it would be a new mine and the amount of strip mining in the Upper Missouri Basin had been relatively limited, Consolidation Coal also was in an easier position to follow different practices than if these had meant a radical break with widely established mining policies in the region.

All of Basin Electric's Directors were and are now working farmers and, therefore, people to whom the prudent use of land and its conservation for the use of future generations are of daily concern and importance. Probably for this reason, the Board and management were anxious from the beginning of Basin Electric to reduce adverse environmental effects of Basin Electric's power production activities. It was recognized that such effects could not be avoided, but the Board felt a responsibility for trying to reduce them to the extent possible while still remaining competitive in power production costs.

Accordingly, the Board decided to include some provision in our contract for fuel supply for some rehabilitation of the spoil banks which would result from Basin Electric's purchases of more than one million tons of lignite per year for our first generating unit alone. (Copies of editorials commenting on Basin Electric policies are attached.)

We did not know what could or should be done because there was no experience to draw upon in respect to spoil bank reclamation in the upper Great Plains. As a minimum effort that would make the spoil banks look better, make it possible for machinery to traverse the mined lands, and create at least the possibility of plantings, we proposed to Consolidation Coal Company the inclusion of a contract provision for the return of the spoil banks to the contours of rolling countryside, and for participation by Consol and Basin Electric in an experimental planting program.

Under this provision, Consol has graded and contoured a substantial proportion of the spoil banks to the contours of rolling countryside. They do resemble the contours of the adjacent undisturbed countryside, except for the "high wall" which marks the beginning of the stripping operation. This experience has demonstrated that spoil banks can be graded into acceptable contours at a relatively low cost.

However, the restoration of these lands to a condition that will support grass or other desirable vegetation is another matter. The subsoil which ends up on top of the mined land apparently is almost entirely devoid of the properties required for the proper absorption of moisture and the support of plant life for more than a few seasons, until after the soil has had many years to weather, leach, etc.

Consol and Basin Electric, shortly after mining operations began, asked for assistance and advice on possible soil treatments from the Northern Great Plains Research Center, of the Department of Agriculture. This is located at Mandan, within an hour's drive of the Consol mine. Although the Center had no funds for such work, the scientists at the Center recognized the problem as an important one. They have analyzed the soils, established numerous test plots and generally have done what they can to investigate the relative worth of various types of treatment for the soils characterizing the spoil banks.

The Center has done considerable research considering that it had to be done with almost no money. As I understand their findings to date, it appears that the most effective treatment is to set aside surface soil materials and replace them on top of the graded and contoured spoil banks. Other types of treatment, such as fertilizing, mulching, etc., do some good, but their value for the long-term is inconclusive as yet and even their short-term effects are less beneficial than covering the spoil materials with a layer of the original surface soils.

This very general conclusion is by no means the precise kind of statement which the Center scientists would make, but it is my impression as a layman of what their work to date generally means.

Partly because of the Center's findings, which the scientists there regard as very preliminary, the latest session of the North Dakota state legislature amended the law on spoil bank reclamation to require the replacement of up to two feet of surface soil material after the spoil banks had been graded and contoured, and then a revegetation program of grasses, shrubs or trees.

As a result, Consol has been removing and stockpiling surface soil material since May, 1972, preparatory to spreading it over the spoil materials after grading and contouring.

The Center's research work to date seems to show that this treatment will be a great improvement over previous practices. Whether two feet of surface soil material will be enough, the scientists at the Center are not prepared to say. Recent news reports indicate that they believe the necessary depth to support perennial grasses and other desirable vegetation will prove to be nearer five feet than two. This is surface soil material, not black "topsoil", that they are talking about.

The cost of the treatment now required by North Dakota law is certainly an acceptable cost, approximating nine cents per ton in 1973. It therefore seems probable that the restoration of strip-mined lands in North Dakota to an acceptable appearance and productive use should prove feasible from a cost standpoint even if it is found that a deeper layer of surface soil material is required and other additional treatment is necessary.

I say it seems "probable" because there is much yet to be learned about the effects of strip-mining on soil structure and productivity, underground water courses, and other aspects.

I believe that through research and experimentation and experience, it will be possibe to develop satisfactory methods for the reclamation of strip-mined lands and their return to long-term productive use in most areas of the West where large coal reserves exist, and for the prior identification of those areas in which such reclamation is not feasible.

I believe this because of the success in various parts of the world in converting unproductive land to agriculturally productive land through research, and because of the findings to date by even the very limited research the Mandan Center has been able to perform with almost no budget.

Then too, there is the popular assumption that by throwing enough money at the research scientists and engineers, we can develop new energy technologies which will make this country self-sufficient. There seems to be widespread optimism that we can develop the fast plutonium breeder, solar power and fusion power to practical, large-scale commercial levels.

However, these in fact pose difficult technical problems. There is no natural law that says we can ever develop *fusion* power, for example, particularly on a large-scale commercial basis. But if we can embark with such optimism on this quest for "unlimited energy" sources, then surely we should have more confidence that through research and practical experience, we can solve the less difficult and more familiar problems associated with the reclamation or restoration of Western strip-mined lands, and to identify ahead of time those which will not be amenable to reclamation.

A very substantial amount of reclamation can be done for acceptable costs. The reclamation cost per ton of coal or lignite will vary widely depending upon the thickness of the coal seam, the amount of overburden, nature of the overburden, the reclamation requirements, and so forth. To provide some rough idea of possibilities, an eight-to-ten foot seam of North Dakota lignite produces about 12,000 to 15,000 tons of lignite. In such a mine, ten cents a ton would provide $1200 to $1500 per acre for reclamation.

In Wyoming and Montana, the thickness of the coal seams varies much more widely, with coal beds up to thicknesses of 100 feet and more. In the case of a 100-foot seam, ten cents per ton would yield $10,000 per acre for reclamation, far more than should be needed.

However, it is not possible to say exactly what is "needed" in terms of investment per acre. There has not been enough research work and reclamation experience for there to be agreement on what must be done to achieve a satisfactory level of mined-land reclamation—or even on what a "satisfactory" level is. For example, it is not *always* best to return land to its original contours. Yet draft legislation these days often calls for this. "Original contours" sometimes include gullies and eroded slopes. It would seem better to spend the energy consumers' money to *improve* upon such "original contours" rather than simply "restore" them.

I would urge, therefore, that those organizations and individuals who are so deeply and rightly concerned about adverse effects of strip-mining in our Western states devote a much larger portion of their efforts than they have to getting an adequate, effective, well-organized research program under way on mined-land rehabilitation by experienced institutions like the Northern Great Plains Research Center. With an adequate budget, I believe the scientists at this Center and in similar institutions could develop a substantial body of very valuable and useful information and ideas which mining companies could then apply and prove out on a practical basis within the next five to ten years.

For this type of research and development program, an adequate budget would be a very modest amount of money compared to the hundreds of millions of dollars being poured into the fast breeder reactor and, I would guess, at least as beneficial in the long run to maintaining a wholesome environment for mankind.

[From the Bismarck Tribune, Feb. 22, 1969]

Basin Restores Spoil Piles

It isn't often that any business organization asks for tougher regulatory legislation, at a greater cost to itself, than lawmakers are prone to give; but that's what Basin Electric is doing.

The Bismarck-based rural electric generating giant has urged that mine spoil bank reclamation be required on considerably stricter terms than those contemplated in a bill now before the Legislature.

Basin, of course, already is a leader in this area, and a voluntary one. What other coal producing companies operating in North Dakota don't want to be forced to do, Basin has voluntarily required its own coal supplier to do.

Under the terms of its contract to supply lignite to the big Basin Electric plant at Stanton, Truax Traer must restore the land from which coal is strip-mined to the condition of "rolling countryside." The cost to Basin is about $18,000 per year at $100 to $150 per acre, which isn't much when balanced against royalty payments to landowners which, at 10 cents a ton, can run to $2,000 per acre, not to mention the many more thousands the mining company gets per acre for the coal.

Actually, under the present proposal being blasted through the Legislature by the coal mines lobby, Basin would be exempted completely from spoil bank rehabilitation. The only mandatory leveling required by the bill would appy to spoil banks within 660 feet of a road or other public facility. Basin has none such, and most other spoil banks would be equally immune.

Next, the mining company bill now in the Senate asks that banks be graded down only to a 25 per cent slope. Soil Conservation Service experts have pointed out this would be too steep for any agricultural use and perhaps too steep to permit water retention for plant growth.

Other states far bigger in mining than North Dakota have far stricter requirements than are being proposed here. This includes states such as Illinois, Virginia, West Virginia and Pennsylvania.

The fact that Basin Electric has been able to absorb the cost of spoil bank reclamation, and require its coal supplier to do such restoration work, should demonstrate that it is feasible for others.

When thousands of dollars of coal can be taken out of a single acre of ground—which, left alone, will never again support agriculture, wildlife or tax-provided services—it shouldn't be too much to put $100 to $150 back into its restoration. Surely it ought to be possible to work out a formula which will divide this cost equitably between the mining company, the landowner who collects the royalties and, perhaps, the buyer of the coal.

[From the Bismarck Tribune, Feb. 3, 1970]

Basin Electric Points Way

In this day of corporate and government bigness and sometimes seeming lack of concern for the general interest, it is heartening to take note of an example that Basin Electric Power Cooperative of Bismarck is setting.

Basin's plans for major distribution lines to member consumer cooperatives posed the usual problems of routing and cost. To these considerations, Basin has voluntarily added one other: The needs of other resource development.

Usually, a straight line is the shortest and cheapest route to use in building a power line, and too often power companies follow that line no matter who or what else might be inconvenienced. The same may be said of other facilities, such as roads.

When Basin began planning for new transmission lines, however, it first contacted the federal Soil Conservation Service and other agencies such as the State Park Service, State Water Commission and State Highway Department to inquire as to what development plans for the future these agencies might have in the areas to be traversed.

Where might future irrigation projects be located? What about dams, and parks, and roads? The purpose: to discover where new lines might be located with the least economic disruption.

Construction of a power line or a road across a quarter-section of prime irrigation land, for example, might cripple or destroy the land's irrigation potential. This would be especially true where use of a modern, pivot sprinkler system that covers a quarter-section at a time is dictated.

The cost of bending the road around the choice land, or of bending the power line around it, would be essentially a one-time cost, and perhaps very small compared to the ultimate loss in revenue from the land over a period of years.

Perhaps there was a time when the cross-country builders could trample on the rights and wishes of anybody who happened to lie in their straight-line path, standing on their power of eminent domain in their refusal to deviate an inch from the straight-line path.

This time should be no more. It doesn't make sense to knock out of production forever an area that over the years would produce hundreds of thousands of dollars in income to save a few thousand in immediate construction costs.

Basin Electric is to be complimented for its broad and innovative consideration of total resource development requirements in its transmission line planning.

[From the Great Falls (Mont.) Tribune, Aug. 9, 1973]

To Use Coal More Efficiently

Two salient points coming out of early discussions at the Forum on Human Needs in progress this week at the College of Great Falls are (1) the need to make more efficient use of coal in production of electricity and (2) the folly of moving millions of tons of coal by long trains running daily from Montana and Wyoming coal fields to generating plants in Minnesota, Illinois and other Great Lakes states.

Because present methods are quite inefficient, only about 30 to 40 per cent of the energy in coal is converted to electricity, explained Lloyd A. Ernst, a Basin Electric Power Cooperative official from Bismarck, N.D. This means 60 to 70 per cent of the heat value of this fuel must be dissipated in the environment, in the air and in the water.

The crying need is for society to develop technology to get more kilowatt hours out of a ton of coal, so less heat will be wasted in the environment, Ernst declared. A new technology called magnetohydrodynamics (MHD) holds the promise of converting 50 to 60 per cent of the heat value of the coal into electricity. The program, which has the support of Montana's delegation in Congress, is based on converting oil or coal to a very hot gas and passing it between electrodes.

The Russians have done significantly more work than the United States in this field and now have a 25 megawatt MHD generator in operation.

The practice of transporting Missouri basin coal to distant generating plants—perhaps ultimately as far away as Texas, Louisiana and the Tennessee Valley—constitutes a wasteful use of natural resources, Ernst said. Out of every 100-ton rail car of coal, 35 tons consist of moisture and ashes. So we haul 35 tons of moisture and ashes hundreds of miles to get 65 tons of combustible fuel to a power plant. This plant then converts only about 22 tons of the material into electricity, while the other 43 tons are wasted in the environment where the generating plant is located.

It would make more sense, as Ernst concludes, to burn the coal as near the mine as possible and instead ship out the "finished" electricity over large capacity transmission lines. It would be better business for the states in the region from which the coal comes. Power plants produce payrolls and add to the tax base of the economy.

A related point brought out in the discussion at CGF: With the people and the government telling the engineers to design and develop power plants capable of "zero discharge" of liquid, gaseous and solid effluents, progress should and no doubt can be made in that direction, but can't be achieved instantly.

In this connection, Ernst noted that Basin Electric's generating plant near Stanton, N.D., which burns lignite, bears the distinction of being the first in the United States to voluntarily require spoil bank rehabilitation in its fuel supply contract.

[Mr. Holum's prepared remarks were not available, but a summary including them may be found within the reprinted news articles at the end of the proceedings.]

Remarks of Jack Weiland

In these days of energy crisis, it is both timely and thoughtful that we are gathered to discuss the environment of the Northern Plains.

This region contains about one-fourth of the nation's remaining coal reserves. This region also badly needs new jobs and economic development.

Taken together, these two factors form a dynamic duo. On the one hand they offer a golden promise of opportunity for the future development of this region. On the other hand, that opportunity is fraught with danger to our physical environment and our social environment.

Before we get carried away by a giddy greed to cash in our region's resources on the energy crisis, we should take a long, hard look at the experience other parts of the country have had with this dynamic duo.

West Virginia is a perfect case in point.

Nature endowed West Virginia with staggering natural resources. The normal human being would think that by virtue of those resources, West Virginia would be a veritable land of plenty for its people. That was not the case. Her natural beauty was wronged. Her people were left a legacy of slag heaps, black lung disease, miner's wages and abject poverty. It was not a fair trade.

Before we allow ourselves to be carried away by that sweet-talking dynamic duo of economic development and the physical environment, we must be absolutely certain that we are getting a fair trade. Otherwise that golden promise will be turned to tragedy and ruin once our resources have yielded all that they will.

There will be others who can speak better than I about what can be done to protect the physical environment from careless exploitation and eventual destruction. All I will say to the point is that no monetary system can hold real value against the natural beauty which is so much a part of our heritage in this region. No amount of money will ever compensate if that heritage is squandered. We will have lost the very thing which sets us apart as a region and makes our people think of themselves as special.

My statement will be about the social environment. It will be short and simple.

1. We must take pains to assure that a significant part of the wealth which can be created by our natural resources will be reinvested in our people, in their health, their education, their general welfare and their common institutions.

2. We should take pains to avoid putting all of our eggs in one basket by using part of that newly-created wealth to stimulate a diversification of the region's economy.

3. We should take pains to assure that the development process supplies jobs which pay decently, provide dignity and encourage upward mobility. Sweatshop development is not worth having. The creation of minimum wage employment and little else is a losing proposition. When the resource is depleted, when the tax angles have played out and when the sweatshops close, we are too often left with social disruption, high incidences of alcoholism and broken families, swollen welfare rolls and a tax base with diminished capacity to care for the problem.

These three protections of the social environment are simply stated; implementing them is quite another matter.

Fortunately, our region has a unique heritage of cooperative ventures. We are not strangers to participating in common enterprises for the common good. The essence of that experience is that we have learned to do for ourselves what others cannot be trusted to do for us. If we do not sell out that heritage, perhaps we have a chance of avoiding the pitfalls inherent in the proposition put to us by the dynamic duo.

Fair warning is in order: What I propose is difficult to achieve. It swims against a strong current. The giant energy corporations are not accustomed to accountability. Their habits are strictly profit-oriented and have made colonies of many places. Those colonies have a lesson to teach. The question is whether we will learn it.

Thank you.

Seminar II: Agriculture and Land Use

Moderator: Roger Steinberg, Extension Environmental Specialist, So. Dak. St. Univ.

Panelists: Allyn Lockner, Secretary, S.D. Dept. of Environmental Protection, Pierre, S.D.; Pat Godsil, Chief of Planning, Air & Water Programs, U.S. Environmental Protection Agency, Denver, Colo.; Steve Quarles, Committee on Interior & Insular Affairs, U.S. Senate, Washington, D.C.

Participant: Evan Dildine, U.S. Environmental Protection Agency, Denver, Colo.

Land Use Issues in South Dakota, Remarks by Allyn O. Lockner, Secretary, South Dakota Department of Environmental Protection

Land use in South Dakota is the topic requiring far more comment than I can make in the next few minutes. The purpose of my remarks today is very limited. It is to summarize some of the existing and potential major issues of land use, and land use planning and regulation in South Dakota. In so doing, I intend to stimulate questions and comments on this vital subject and on the strategies and tactics of land use planning and regulation. I begin my remarks by discussing very briefly the framework for making land use decisions.

MAKING LAND USE DECISIONS

Land use management problems arise when a scarcity of land is perceived. Land use decisions are affected by many social and cultural factors. The competition for the use and enjoyment of land occurs in the buying and selling of land where the amount of money and credit available for the purchase of land largely determines land use. This land market is tempered by the imposition of legal rules governing land conveyance and use. Anglo-American jurisprudence developed an elaborate set of rules for public and private management of this resource. Common law doctrines regulating land use, such as nuisance, have more recently given way to more comprehensive public regulation of land use at the municipal and county levels. More recently, control has been extended to state government in some states and consideration is being given to assigning a role to the Federal Government.

SOME LAND USE ISSUES

Several land use issues have been identified in South Dakota. It has been maintained that the existing land use problems should be corrected or alleviated through land use planning and regulation. It is also alleged that potential land use problems should be prevented through such planning and regulation. Several specific problems requiring land use plans and regulations have been identified by persons interested in this topic:

1. Prohibit residential, commercial and/or industrial development of flood plains.

2 Prohibit residential, commercial and/or industrial development of fire hazard areas.

3. Control residential, commercial and/or industrial development of areas having soil-slip problems or unstable geological formations.

4. Control residential development of lake shores and river banks.

5. Restrict development of areas supplying water for human consumption where such development would pollute or contaminate water supplies.

6. Designate high amenity areas for outdoor recreation purposes.

7. Protect wildlife habitat areas against all types of incompatible development.

8. Protect prime agricultural land against residential, recreational, commercial and/or industrial development.

9. Protect scenic, wilderness and high amenity areas against all types of incompatible development.

10. Protect archaeological, cultural, historic and scientific sites.

11. Control large-scale development such as highway interchanges, shopping centers, and sports arenas, having widespread adverse effects on adjacent areas.

12. Control the platting and sub-dividing of land, including the size and shape of plats, and require advance provision of, or arrangement for, public services to residents of sub-divisions.

13. Control residential development, such as mobile home parks, outside municipal limits.

14. Regulate or prohibit surface mining in areas difficult or impossible to reclaim.

15. Control land use where conflicts exist between public and private goals for use of the land.

16. Resolve jurisdictional disputes on land use among local units of government such as on the municipal-rural fringe.

17. Control land use in areas where private lands adjacent to public development projects are undergoing pressure to be converted to other undesirable uses because of these projects.

18. Regulate land use in areas having substantial air, land, and/or water pollution problems.

These and other demands for land use planning are caused by population growth and mobility, the sharpened competition for land by alternative uses and new environmental constraints.

LAND USE PLANNING AND REGULATION

One way of dealing with these and other land use issues is through land use planning and regulation. A land use plan is a set of objectives, policies, regulations and performance standards and the assignment of responsibilities and authorities for controlling through government one or more uses of some or all land within a unit of government. More specifically, at a minimum, land use planning requires the performance of several functions.

1. Determining existing land use.
2. Determining land use capabilities.
3. Ascertaining land ownership.
4. Determining short- and long-range goals and policies for economic and social growth and development.
5. Determining the public's preferences for land utilization.
6. Analyzing the effectiveness of existing techniques of land use management and control.
7. Evaluating the environmental impacts of land use.
8. Establishing land use objectives.
9. Establishing land use plans and regulations for achieving objectives.
10. Implementing land use plans and regulations.
11. Evaluating the effectiveness of land use plans and regulations.
12. Making appropriate adjustment in plans and regulations to achieve goals. As distinguished from land use issues alone, land use planning and regulation present some issues which must be understood and solved. If planning and regulation is to have wide public support and be effective in achieving desired land use objectives, these issues are stated as questions:

1. Why, or for what reasons, should land use be planned and regulated?
2. What uses of the land should be planned and regulated?
3. Where, or what should be the location of land that is planned and regulated?
4. When, or for how long, should the land use be planned and regulated?
5. How, or by what specific means, should land use be planned and regulated?
6. Who, or what level of government, should do the planning and regulating?

The answers to these questions determine the nature and scope of land use planning and regulation. If land use planning and regulation is desired, the answers must be consistent.

Successful land use planning and regulation is not achieved by merely passing a law and appropriating tax dollars for planning, administering and enforcing land use controls. Besides informed and strong leadership, some of the major characteristics of successful land use regulations are worth noting.

1. Land use plans and regulations should be preceded by an inventory of land use.
2. Land use plans and regulations should be closely tied to comprehensive plans describing the objectives, policies, programs and evaluations of the economic, social, cultural activities of the community or state.
3. Land use plans and regulations and the authority to implement them should embrace the entire area containing the land use problem, factors contributing to the problem, and the effects thereof.
4. Land use plans should be formulated and administered by the lowest level of general purpose government embracing the area containing the land use problem and the effects thereof.
5. State government should develop foundation land use plans and regulations which stipulate the minimum standards and guidelines for land use controls by local governments.
6. State government should regulate land use in areas of critical concern to the entire state, such as flood plains, prime agricultural land and areas in which large-scale development projects are planned.
7. Boards of adjustment should not grant frequent variances, exceptions and special permits, thereby altering in a major way the basic land use pattern envisioned by the land use plan and established by local officials who administer land use controls.
8. Land use plans and regulations should stipulate the basic steps required in the preparation and implementation of a land use plan.
9. Land use planning and regulation should have wide and active public support and the planning process should have wide public participation at all stages.
10. Land use planning should utilize technical personnel who are knowledgeable in the planning process and land use.
11. Land use planning should be closely coordinated with air and water planning.
12. Land use plans and regulations should be enforceable in a court of law.
13. Land use plans and regulations should allow for the construction of "unitized" large-scale projects, such as planned neighborhoods, which create their own environment.
14. Land use planning should require or provide incentive to federal, state, and local governments to regulate the use of their lands in a manner consistent with the land use plans for adjacent private lands.
15. Land use planning and regulation should be consistent with numerous other public policies affecting land use, such as annexation policies, public health codes and inspections, building codes and inspections, types and uses of streets and roads, service district formation and extension, eminent domain, access easements, water rights, mineral rights, aquifer recharge, economic and social development legislation and policies and many other provisions affecting directly or indirectly land use patterns.
16. Land use planning and regulation should assure that private property will not be taken for public use, or its private use changed or restricted, without just compensation and due process of law.
17. Land use planning and regulation should be supported by tax policies, particularly income and property taxation which discourage undesirable land uses and encourage desirable land uses.

These characteristics seem essential if land use planning and regulation is to hold land in desirable existing uses and to guide land into desired new ones.

CONCLUSION

Is there a need for land use planning and regulation in South Dakota? If so, for what uses shall we plan and regulate the land? How shall we go about it?

I conclude my remarks by drawing on a quote from William H. White in The Last Landscape. White wrote:

"Desecration does seem a prerequisite for action. People have to be outraged. Most of the new land-use legislation and the pioneering programs did not come about as a result of foresighted, thoughtful analysis. They came about because people got mad over something they could see."

Shall the desired land uses be achieved by our using foresight, thoughful analysis and planning? Or shall those land uses be achieved only after we are outraged and mad at the desecration of the South Dakota land we see?

TOWARD LAND USE REFORM, STATEMENT OF STEVEN P. QUARLES, SPECIAL COUNSEL, U.S. SENATE COMMITTEE ON INTERIOR AND INSULAR AFFAIRS

Land Use is indeed a timely subject. Undertaking rigorous land use planning necessary to insure a balancing of environmental, economic, and social goals is one of the most critical challenges any generation of Americans has ever faced. The states are proceeding to meet that challenge. We in Washington, both on Capitol Hill and downtown, are striving to complement those efforts. Many in Washington share the concerns expressed here today. Congress joins you in recognizing that we are faced with a land use crisis of national proportions. This is evidenced in this Congress by the over 350 land use policy measures which are pending before thirteen committees of both houses.

I would like to discuss with you today this land use crisis from the perspective of the U.S. Congress and, in particular, the Senate Interior Committee which handles four of the most important measures: the national land use policy, public lands policy, power plant siting, and surface mining proposals. I hope to summarize prospective national land use policy legislation, some of the concepts embodied in that legislation, and some of the major questions confronted in the development of that legislation.

The environment emerged as a major national concern and issue in the late 1960's. Today, television documentaries routinely inform us of the grim story of blight and pollution. Newspapers catalogue environmental crises. Polluters are being picketed, and lawsuits are being filed. I believe future historians will record the first day of this decade as the advent of a new environmental value system in American government. On January 1, 1970, the President signed into law the National Environmental Policy Act. With the adoption of this Act, the quality of life and the proper relationship of man to his surroundings became an official and fundamental governmental responsibility and a priority national goal.

This Act, authored by Senator Henry M. Jackson, Chairman of the Senate Interior Committee, constituted a Congressional response to the need for a comprehensive policy and a new organizing concept for dealing with environmental problems.

The strength of the Act is well established. The President has strongly endorsed it and has appointed vigorous members to the Council on Environmental Quality created by the Act. The administrative provisions of the Act, particularly the inordinately famous environmental impact statement requirement, have proven influential in bringing consideration of environmental factors into Federal decisions at all levels.

But the machinery of government to meet these new environmental responsibilities is in a transitional period.

A consensus is developing that further national policies must be formulated to complete this environmental transition. The agenda for the ninety-third Congress suggests that *land-use planning* is the next logical step in a policy making process which began in 1968.

Government's responsibility to manage the environment until the enactment of the National Environmental Policy Act had taken the form of problem-oriented, narrow-objective policies and programs. Most of these so-called environmental programs had originated in response to crisis conditions. We were *acting*—or, more precisely, *reacting*—on a crisis-to-crisis basis. On the other hand, developmental and social programs were created for and justified solely by narrowly-defined economic and social objectives. Even resources management programs, such as water and timber programs so important to the West, could not be considered as true environmental management programs.

In 1968, the comprehensive nature of environmental management began to be perceived. For the first time, we began to see that every Federal action—the construction of a reservoir, granting of research funds, leasing of public lands—presents an opportunity to obtain environmental benefits—or a risk of incurring unnecessary environmental damages.

The thousands of governmental decisions which were being made often involved tradeoffs between environmental protection and other normally economic values. There was ample evidence that environmental considerations were undervalued, simply overlooked, or outright ignored by responsible decisionmakers. The technicians who designed federal programs had no training with which to determine, much less measure, the environmental consequences of their designs. Furthermore, even the most well-meaning of officials often found their roles circumscribed by limits on authority and responsibility which restricted their ability to give environmental factors any real attention as they pursued the primary objectives of their programs. These conditions formed the backdrop and the justification for the enactment of the National Environmental Policy Act.

We now need a focal point upon which we can continue the proper and logical course of the policies we have begun. This focal point should be the proper planning for the uses of our nation's limited land base.

For two centuries the American people have moved to the West seeking land on which to live, work, and play. The time has passed when there was always more land over the next rise and when your neighbors' smoke had to blow a ways before it reached your door. Yet, the immigration continues and with increasing evidence that the problems of the crowded Eastern seaboard—urban blight, suburban sprawl, an environment that generates despair and violence—are beginning to visit the West as well. There is no longer all land for all uses.

Unfortunately, in the face of a more crowded future, the frontier land ethic remains with its concepts of "expand and conquer", the "sanctity of property rights", and "unlimited resources". Our land was and continues to be settled and developed according to the commonly accepted principle that ownership of the land carries with it the right to do with the land as one damn well pleases. In short, we all still side with Will Rogers. He described our present conception of land most succinctly, albeit unwittingly, when he said "Buy land; they ain't making any more of it".

Although there is much that is good in the frontier ethic—the neighborliness, the strength of the individual, and the equality of opportunity—the frontier attitudes toward the land no longer serve us well. Today, the majority of private and public decisions on land use have impacts in public costs far beyond the proprietary interests of the decisionmakers. At the other extreme, major public decisions on large-scale facilities such as highways, water resource projects and airports predetermine the development of land use patterns on a regional basis for decades to come. These decisions all too often are made with scant appreciation of their impact on State and local interests, on the environment, or on the long-range public good. Thus, we are committing our finite land resource base day-by-day with decisions which may not be in our national interest.

We can expect no better performance from our land use decisionmakers as long as their decisions continue to be made on the basis of totally inadequate information about the land as a resource. Tidelands and estuaries have been filled and developed without regard for or an adequate understanding of the ecological impact. Open space valuable for recreation, greenbelts or just a break in the carpet of urbanization, is succumbing to private development or public projects, not because it is the best land for the new uses but because it is the cheapest. Land uniquely suitable for certain uses, such as for major airports, is being preempted for other uses which possess far less demanding criteria. Often unpopular but essential uses, such as power plants, are placed in locations where resistance is least but with virtually no consideration of both sound developmental and environmental factors. What planning we accomplish is, too often, single purpose planning which fails to relate highways, pipelines, and power plants to recreational housing, and other social and environmental needs. Without an adequate knowledge—sufficient data—concerning our land resources these tragic land use mistakes will be perpetuated.

More often than not the common denominator of all major questions of policy, national or local, is the uses of land. Competition between urban centers and rural areas, between developers and environmentalists, between the employers, the employed and the unemployed, quite often is waged over the application of our land resources. In short, the final focus for much of the competition amongst competing social, economic, and environmental interests and requirement is the land. This competition has been intensified dramatically by the pressure of rapid and continued population growth, expanding urban and economic development, balkanization of governmental entities exercising control over land use, and the increased size, scale, and impact of private actions.

I won't bore you with statistics which document the growing pressure upon our land. Let me just say that, when all the data are thrown together, statisticians tell us that by the year 2000 we must more than double the physical plant of our nation today. This means building a new school, hospital, airport, office building for every one in existence today. We will have to construct in three decades what our forefathers built in *two centuries*. And we simply must do it under the constraints of the emerging environmental conscience. We must begin to develop new policies, procedures, and institutions at all levels of government to improve land use decisionmaking.

With this in mind, Senator Henry M. Jackson introduced the first National Land Use Policy proposal in 1970 and has fought for such a measure during the last two Congresses. His proposal was reported from the Senate Interior Committee too late in the 91st Congress to reach a floor vote. In 1971 his measure was joined by proposals of the Administration and Representative Aspinall, former chairman of the House Interior Committee. With the support of the National Governors' Conference, all but a few of the States, the National Association of Counties, the Administration, all the major environmental groups, and with the endorsement of such publications as the New York Times, St. Louis Post-Dispatch, Wall Street Journal, and Business Week, Senator Jackson's proposal has been reported favorably twice more by the Senate Interior Committee. On September 19, 1972 and June 21, 1973, the Senate passed the National Land Use Policy Act. On the basis of the overwhelming support for the Senate bill, I believe that a National Land Use Policy measure can become law by the end of 1974.

I would like to emphasize, that it is not too late to participate constructively in the development of Federal land use legislation. And that's why I'm here: to solicit your participation. Congress will likely wrestle with literally hundreds of other land use proposals in this next session. In relation to all these measures the views of the citizens and government of South Dakota should be expressed.

To assist you in your thinking as to what should be the proper shape of Federal land use legislation, I would like to outline some of the questions the Interior Committee addressed over the last three years as it put together the best aspects of Senator Jackson's and the Administration's National Land Use Policy proposals.

Both Senator Jackson's and the Administration's proposals would establish a new partnership between Federal, State, and local governments to lessen the stridency, the wasteful delays, and the inefficient results which land use competition generates. The competition would be shifted from contentions over specific land use problems or proposals to the planning process where rational, consistent, long-term decisions can be made. Provision would be made for *participation* of citizens and experts alike and for the collection of the necessary base of land resource data and information.

In general, the two proposals and the combination of the two which was passed by the Senate—

Encourage the States, which have police power and the basic Constitutional authority for planning and management of non-Federal lands, to take the initiative in developing land use programs;

Provide Federal assistance to the States for the staffing, data gathering and analysis, and planning which are necessary prerequisites for coherent decisions;

Encourage or require State land use controls to implement State land use programs;

Contemplate a higher measure of coordination and compliance of Federal action with approved State programs; and

Introduce Federal review of the State programs as a condition to further grants.

The principal questions facing the Committee as the National Land Use Policy Bill was shaped for reporting were:

1. What shall be the emphasis?
2. What should be the result?
3. How much detail?
4. Who shall do the State job?
5. What authority shall the Federal Government have?
6. Who shall do the Federal job?
7. What shall be the provisions for resources?

I will briefly elaborate on each of these questions.

1. WHAT SHALL BE THE EMPHASIS?

Perhaps the threshold question in devising land use legislation is what shall be the emphasis. Certainly we are all opposed to any more legislation encouraging single-purpose planning; for example, we do not need increased planning powers for what I call the "Modern Highwaymen" who rob us of our land for highway construction in the name of some misbegotten notion of freedom. But, we must be careful not to impose a distinct "mission-orientation" upon the planning we mandate. In this environmental era, it would be all too easy to call for planning which has as its only mission the protection of the environment. To do so would limit land use planning's effectiveness. The land use planning we must encourage and which the Federal proposal would mandate is planning which will carefully balance competing environmental, economic, and social requirements and values. To create a land use planning process which serves only as a weapon for environmentalists will insure the absence of participation of developmentalists. Then just as in criminal trials when each side has its own psychiatrist affirming the view of the defendants' sanity, we will have each mission—development, environmental, and social—marching out its own house planner. And it's an accepted law of the Parkinson genre that too much and conflicting planning equals no planning. Both Senator Jackson's and the Administration's measures and the resultant Senate-passed bill emphasize that land use planning must know no single master.

2. WHAT SHOULD BE THE RESULT?

Senator Jackson's proposal even more than the Administration's views this "balancing" of needs and priorities as the essence of land use planning. It reflects a distrust of the most immediate tangible product—the color-coded often utopian map or plan—and a trust in the process—the wide participation of and negotiation among persons and agencies reflecting diverse points of view and priorities. The Senate-passed bill adopts Senator Jackson's belief that this democratic land use process will insure better decision-making not just on land use, but on all environmental, economic, and social issues.

3. HOW MUCH DETAIL?

A principal objective of the national land use policy proposals is to encourage preparation of State land use programs. Clearly, total acre-by-acre planning at the state level, providing for all of the detailed needs of society, would be undesirable and impossible—both financially and politically.

On the other hand, it is the very essence of the land use concept that a measure of comprehensiveness be included in planning. The aim is to have a real knowledge of the available resource—all of it—and a real recognition of all of the critical public demands upon it. Without such perspective, planners do little more than fight "brush fire wars"—that is they plan in isolation on issues immediately before the public eye. Furthermore, in the end, such "instant planning" tends to involve more intervention into local matters by the State than truly far-sighted, comprehensive planning.

The Administration's proposal, borrowing from the Model Land Development Code devised by the American Law Institute, asked that the States assume authority only over that 10% of decisions on areas and uses that are clearly of more than local concern. Certainly, such an approach allows a minimum of State intervention in local affairs; but without a comprehensive overview such a critical areas and uses approach may be nothing more than "spot zoning" at the

State level. Therefore, while the Senate-passed measure does join the Administration bill in mandating state planning for only those critical areas and uses of more than local concern, it maintains all the requirements of the Jackson bill concerning a comprehensive statewide land use data base. From the comprehensive data base, the State can wisely make its more selective critical areas and uses planning decisions.

A quick aside here: Both in hearings on the Federal legislation and in hearings on state legislation which I have attended, even the notion of the State assuming authority over 10% of local land use decisions was often deplored as undemocratic. I think it is important to make the point that the truth is exactly 180 degrees away. Too much of today's land use decisionmaking is plainly undemocratic. With today's larger population, greater wealth and more sophisticated technology, at least 10% of local land use decisions impact upon the wider economy, the greater environment, and the larger regions beyond the boundaries of the local decisionmaker's jurisdictions. Yet those citizens who are active in the wider economy, situated in the greater environment, and living in the larger regions can neither participate in those local decisions nor elect the officials who make them. It is very democratic to ask the states to represent the citizens of the wider economy, greater environment, and larger regions in those critical widely-impacting land use decisions.

4. WHO SHALL DO THE STATE JOB AND IN WHAT MANNER?

The kind of planning which will be done will in part reflect the unique character of the people and geography under the jurisdiction of the State or local government conducting the planning. Therefore, the Senate passed measure attempts to provide as much flexibility as possible to the states in setting up the machinery for the state level decisions and in conducting the processes by which those decisions will be reached.

5. WHAT AUTHORITY SHALL THE FEDERAL GOVERNMENT HAVE?

The national land use policy proposals are viewed by both the Administration and Senator Jackson as "enabling acts" to allow the States and local governments to do their own planning. The Federal government should not substitute its own judgment for the judgment of those levels of government closer to the land use problems and the citizens who would feel the impacts of the decisions concerning those problems. In fact, if the Federal government were to substitute its judgment for that of the States and local governments, the States could be forced to submit to lowest common denominator national standards. I say "lowest common denominator" because any Federal land use standards would have to be loose enough to be workable in States where, for much of the land, use patterns have already been established in a manner which has seriously and adversely affected environmental quality. For States such as South Dakota, for example, where land use is still sufficiently non-intensive as to allow advance planning to preserve the environment, such common denominator standards would be weak indeed and would constitute a roadblock to existing or proposed stringent State land use laws. Instead, the Federal role should be to provide assistance to the State and local governments.

Therefore, the Federal review authority provided in the Senate-passed bill is very limited. The review specifically does not include the second-guessing of the policies embodied in the State's land use program or the designing of a single institutional and processual pattern which the State must fit. Rather, consistent with the enabling act concept, the Senate-passed bill focuses Federal review on whether the State has the authority to implement whatever program it devises, whether it is implementing the program, and whether local governments and citizens are given full opportunity to participate in the program.

6. WHO SHALL DO THE FEDERAL JOB?

It is certain that the responsibility must be placed upon the Federal government to "put its own house in order" as it asks the Senate to do likewise. Senator Jackson's bill embodies a realization of the tremendous and often contradictory impacts Federal programs have upon land-use patterns. That Federal programs have such an impact is best evidenced by Daniel Moynihan's oft-quoted remark: "We already have a national growth policy. It's called the interstate highway program."

Two recent problems confronted by the Senate Interior Committee demonstrate that the Federal "House" *does indeed* need "ordering". Four years ago, the Committee and Congress wrestled with the issue of whether dams should be constructed in the vicinity of the Grand Canyon. The decision was "no" and nearly everyone said it was a resounding environmental victory. Two years ago, the Committee took over 3000 pages of testimony on the Four Corners power plants controversy, considered by many to be a much greater threat to the environment. The issues are the same—the energy "crisis" and the environmental "crisis"—but no proper planning was conducted, no data collected or expertise developed to identify and consider various alternatives to either the Grand Canyon dams or the Four Corners powerplants.

In 1969, the Senate Interior Committee conducted hearings on the Everglades Jetport controversy. Here three prestigious Federal agencies were shown to be blithely undertaking activities—the Department of Transportation developing an airport, the Department of Defense managing a flood control district, and the Department of the Interior protecting a national park—all in conscientious compliance with their mission-oriented mandates but with scarce appreciation of the contradictory, self-defeating and potentially environmentally disastrous land use impacts of their activities.

Obviously, the first step in putting the Federal House in order is to encourage inter-agency communication on land use matters. Senator Jackson's proposal contains several provisions to insure better coordination and rationalization of not only the proposal's programs but all major Federal programs with land-use implication. Among other things, an interagency council was to administer the proposal's program and facilitate communication on land-use matters. On the other hand, the Administration virtually ignored this "house in order" question by proposing a line agency—the Interior Department—to administer its proposal.

Unfortunately it is impossible to sell an inter-agency proposal in Washington where almost everyone has worked in a line agency and has seen his pet proposal "prostituted" in an inter-agency process. And little is accomplished by attempts to say that what is regarded as "prostitution"—that is the rationalizing of competing often conflicting needs and requirements—is exactly what we are after.

Therefore, the Senate passed bill did follow the line agency approach but with strong inter-agency safeguards adapted from the Jackson proposal. The bill requires daily administration of the program by Interior, but provides that all major policy decisions, including review of State programs, be made through a carefully prescribed interagency process.

7. FINALLY, WHAT SHALL BE THE PROVISIONS FOR RESOURCES?

Development of land use programs will be an expensive job. It will also require the assembly of technically trained people at all levels of government and the collection of a great deal of data. Common sense tells us that legislation which requires a job to be done should provide the resources to do it.

Obviously we need better planners . . . we need resource planners rather than the traditional urban, "spatial" planners. And it is improbable that sufficient technically trained people of that ilk can now be obtained to staff 50 State planning agencies which would be responsive to the demands of the legislation. The costs of training such staff and for collecting the necessary data must be appreciated and provided for in the legislation.

I don't know what the cost will be. I don't think anyone does. The Administration bill would have provided $20 million annually in new grant money at 50% of the cost of the State planning effort. The Jackson bill provided $100 million at 90% of the cost. The Senate reduce this $100 million figure to an average of $35 million at 66⅔% of the cost.

To conclude an overly long talk, I urge you to remember that better land use planning is more than a desirable goal; it is an essential one. Unlike two other pre-Socratic elements—air and water—earth or land too often cannot be recycled. Wetlands once dredged and filled, mountains once strip-mined, open spaces once developed may be permanently lost to us. We must work actively and together to insure that we plan for the future—that we achieve a better design for tomorrow. If we do this, we will preserve a healthy liveable environment for our children and their children. I know of no finer legacy.

GETTING BIG MONEY OUT OF POLITICS

Mr. MATHIAS. Mr. President, I am sorry that I was unable to join my colleagues on February 27 in a colloquy on the opportunities which are open to the American people to insure that "Big Money" and "Rampant Secrecy" do not rule the Presidential campaign in 1976. That year, our Bicentennial year, can be the beginning of a new era in Presidential politics. The American people, by "checking-off" $1 on their 1973 tax return, and by checking another box on the same return to allocate $1 from their 1972 taxes, can put their tax money in a fund from which the 1976 general Presidential campaigns will be financed.

I am encouraged by the early response of the American taxpayer which has been reported by Internal Revenue Commissioner Donald Alexander. If the American people continue to respond in the numbers that these early returns indicate, then there will be no need for huge private contributions for the 1976 general Presidential election. If, in addition, the Congress and the President will act on the other campaign measures which are currently before us, then there will be no role for big money or secrecy in any Federal elections in 1976.

America faces no more serious problem today than the growing loss of confidence of the people in their public institutions and their elected representatives. This loss of confidence is corrosive; it attacks throughout the system; it leads to a loss of confidence in the people themselves, and that has the most serious consequences for any society, particularly any democratic society.

Therefore, it is important that the people realize there are ways to recapture the political system for themselves.

It is important that they realize that just because it may be true that "politics was always that way" does not mean that politics must be that way in the future. The people can control the political system; the people can control the politicians; the people need not take a back seat to any "fat cat" or "wheeler-dealer."

And the tax checkoff, which we are discussing today is one good way to begin. In Maryland, I am devoting each week part of a column which I write for some of the newspapers to reminding citizens of the checkoff. I am talking about it on the radio and in speeches which I give throughout the State. I am encouraged by the response I receive. The people want to participate, and to know that their participation in the political system counts.

And so I am pleased to join with my colleagues in reviewing this step toward greater democracy. I will be even more pleased to join them again in the days ahead to consider a major campaign finance reform bill affecting all Federal elections. And I will be ready to join with any of my colleagues in considering what more must be done to insure that the political system handed to us by our forefathers—the greatest inheritance ever received—is secure and vigorous and responsive for our Bicentennial and the years beyond.

MIRACLE CARBURETORS

Mr. PACKWOOD. Mr. President, many congressional offices, mine included, have received an overwhelming number of inquiries into the existence of "miracle carburetors." As a result of the great interest in this subject, I and a number of other Senators asked the Library of Congress to prepare a study addressing the remarks received from constituents as well as various newspaper articles which have appeared from time to time on fuel-efficient engines. Particularly now, in these days of scarce fuel supplies, it becomes all the more critical that any rejorts alleging suppression of inventions resulting in improved fuel economy be investigated. It is interesting, therefore, to note some of the preliminary findings included in the study prepared by the Library of Congress.

Mr. President. I ask unanimous consent that the report be printed in full in the Record.

There being no objection, the report was ordered to be printed in the Record, as follows:

Automobile Carburetors and Fuel Economy: Fact and Fallacy

(By George N. Chatham, specialist, Aeronautics and Space, Science Policy Research Division)

Fuel saving carburetors and carburetor attachments have appeared at a steady rate since mass production of the auto first began. Today's gasoline shortage has caused an intense renewal of interest in many of these devices and in the legends which accompanied them.

As a response to innumerable requests for information on carburetors, real and legendary, as well as the alleged suppression of carburetor inventions, the Science Policy Research Division in the Congressional Research Service held interviews with nationally recognized authorities on the carburetor art. The Patent Office and the Bureau of Standards were also contacted. A summary of the findings and of the interviews follows.

SUMMARY AND CONCLUSIONS

Special driving techniques, discussed in the body of this report, enable vehicles to achieve phenomenal mileage per gallon of fuel consumed. These "economy-runs" lend credence to the idea that some mechanical change, such as a new carburetor, could bring such economy to everyone. However, under normal driving conditions, the energy available from a gallon of gasoline is inadequate to provide the mileage economy promised in carburetor legends.

The consensus of expert opinion and the research at the California Institute of Technology, Pasadena, California, indicates the following points:

1. *Private Brand Carburetors.* Private brand carburetors, (those made to compete with the standard equipment furnished with the car) past and present, have generally fallen short of the efficiency and reliability of those supplied by auto makers.
2. *Modern Carburetors.* The standard modern carburetors approach a practical optimum in performance. Potential increases in performance are small and not worth the excessive increase in cost and complexity required.
3. *Suppression.* The non-validity of the claims made for the super carburetors eliminates the basis for suspicions that some carburetor inventions were suppressed.
4. *Fuel line and carburetor accessories.* Far more carburetor "aids" and fuel line gadgets have been placed on the market than new types of carburetors. One class, the water injection devices, is worthy of mention. The water injection systems meter a fine mist of water into the gasoline-air mixture, usually at the base of the standard carburetor. These devices have been available since the 1930's and are still on the market. The nuisance of keeping the small water tank filled and the injector orifices clean was, in the past, too costly for the 10% to 15% gasoline saving they provided. However, today's fuel shortage could change this attitude and make these devices popular.
5. *The Patent Office.* According to the Patent Office, there are about 19,000 carburetor and carburetor related items on file. This Office does not conduct experiments or make competitive evaluations.
6. *The Bureau of Standards.* The Bureau of Standards ceased all activity in automotive research 24 years ago. At present, the Bureau has no plans to initiate new activity in the field.

OVER A HUNDRED MILES TO THE GALLON

Much credence is lent to the miracle carburetor stories by the often astounding results honestly obtained from special "miles-per-gallon" contests. Oil companies sponsor these contests each year to show that an automobile can obtain 100 or more miles from a gallon of gasoline. The vehicles are made as friction free as possible. They are tuned to conserve gas at the cost of performance. However, the largest factor in the competition is not the machines but the special driving technique. Momentum is conserved to the maximum extent and the engine is turned on for brief periods of acceleration between long coasting periods. Neither the vehicle performance nor the driving techniques would be tolerable or safe in normal driving conditions.

However, information on fuel conservation, useful to the average driver, is produced by these contests. This will be explained in the following section—the gist of an interview with the editor of *Motor Trend* magazine, Mr. Eric Dahlquist.

DAHLQUIST: ON CARBURETORS

Mr. Eric Dahlquist, editor of *Motor Trend* is a leading authority on the carburetor, the history of its development, its ultimate potential and, of course, its legends. In an interview with Mr. Dahlquist, the following information was obtained:

Today's standard carburetors. Mr. Dahlquist contends that the carburetors in use today represent the best balance between cost and the functions expected of a carburetor, namely; a) fuel economy, b) full availability of engine power at all operating speeds, and, c) smooth engine performance.

Carburetor Research. Auto makers have continuous research programs to improve carburetors. The problem they attack is not that of determining the ultimate fuel dispersion/air mixture for the varying engine loads; they already know this. The problem is to find ways to achieve improvements within reasonable costs standards.

Economy demonstrations often give the erroneous impression that the equipment, not the driver, could increase gas mileage by a factor of 10 or more. The fact is that all things held constant—driver, car, etc.—a super carburetor would provide only a modest increase to a car's mileage performance. The California Institute of Technology, with a $3 million grant from General Motors, has devised a super carburetor. It is a computer-controlled, fully electric device. When installed in a Chevrolet, gas mileage was improved by 66%—from 15 miles per gallon to 25 miles per gallon. The cost, however, is about $2,500 per unit. This would almost double the price of some cars, and the fuel economy provided would not be worth the added cost.

In short, the amount of fuel saved by a new type of carburetor must be enough to justify the added cost. If cost is disregarded, then Mr. Dahlquist considers the Cal. Tech. device the ultimate carburetor since its performance closely approaches the theoretical limits of achieving perfect carburetion.

Suppressed Inventions. Most carburetor legends appearing over the past 40 years had their origins in fraud. However, a number of real inventions have appeared. In some cases, companies were founded to produce "superior" carburetors. However, Mr. Dahlquist noted that in each case the designs have had technical problems. Following the designs and products through the years, he observed that the carburetors which offered significantly improved gas mileage, generally 10%, did so at the cost of complexity and unreliability. He stressed that unreliability as well as generally poor performance were the major reasons these private designs eventually vanished. Neither he nor any of his staff has ever found the slightest reason to believe that any carburetor invention has been suppressed.

Auxilliary devices. Far more numerous than new carburetors have been carburetor attachments sold for the purpose of increasing gas mileage. Only one class of these devices, Mr. Dahlquist notes, is worthy of discussion, that is, the water injection systems. There are several brands available in a price range of $25 to $40. They have a history dating back to the 1930's and can increase mileage as much as 20%.

Historically, the savings in fuel have been less important than the bother of using the system. The problem is that the space available under the hood for a water bottle is small. The need for frequent refilling caused most motorists to abandon the devices. However, in the past there was always a sufficient supply of gasoline. In today's fuel shortage conditions, Mr. Dahlquist predicts that the motorist will view frequent water bottle filling differently. *Motor Trend* plans to review some of these devices in an issue tentatively scheduled for mid-year publication. Meanwhile, he had no brand name recommendations but said that some models were listed in the *J. C. Whitney Catalogue of Automotive Accessories.*[1]

Saving gas. According to Mr. Dahlquist, any motorist could increase his' gasoline mileage by as much as 30% by using radial tires, leaving his air-conditioner off and by "pacing" his driving. He considers driving technique the most important of these factors. He points out that gasoline is the car's source of momentum—but that the average driver wastes about as much, through braking, as he uses. A driver is "pacing" himself when his attention is at least a block ahead of his car. For example, driving up to a red light and braking to stop wastes momentum. Lights should be anticipated. With due consideration for safety, a driver should coast toward a red light or toward a light he knows will be red before he can pass it. If the light changes to green prior to his arrival, the driver has wasted neither time nor momentum (gas).

Theoretical limits. Mr. Dahlquist alluded to the "theoretical limit" of carburetor performance—that not quite attainable perfect performance where carburetion contributes a zero loss in efficiency. To elaborate on his point, the following excerpt explains in greater detail just how much improvement in gasoline mileage is possible through improved carburetion.

Excerpt from Kirk-Othmer Encyclopedia of Chemical Technology:

"COMMON FALLACIES CONCERNING GASOLINES

"Over the years, a number of misconceptions about gasoline have cropped up again and again. Some are the products of wishful thinking; others stem from a lack of understanding or a misunderstanding of gasoline behavior in engines. Rumors of some suppressed invention, such as a special carburetor or miraculous fuel additive, that would give fuel economies of 100–200 miles per gallon fall in the wishful-thinking category. By definition, one British thermal unit (Btu) equals 778.26 ft-lb of work, and one horsepower (hp) equals 33,000 ft-lb of work per minute; thus, 2545 Btu are required to produce 1 hp for 1 hr. Because all gasolines, whether regular grade or premium, have almost identical energy content, about 115.000 Btu/gal, 1 gal of gasoline could produce as much as 45-hp of work if every bit of its energy could be converted into useful work by the engine.

"However, the engine must reject still-hot combustion gases to make room for a fresh fuel-air charge, and some 45% of the fuel's heat energy is lost for this reason. Another 20% is dissipated to the cooling water and/or air required to keep engine parts at temperatures they can stand. Friction losses in reciprocating and rotating engine parts consume about 5% of the fuel's energy. Thus, even modern high-compression engines convert only about 30% of a fuel's available energy into useful work. In other words, of the 45 hp-hr theoretically available in 1 gal of fuel, only about 13.5 hp-hr is converted to useful work at the engine's flywheel. And because some 5.5 hp is required to maintain a 2-ton automobile at a constant speed of 20 mph on a level road, the 13.5 hp-hr of flywheel work could run the car for 13.5/5.5 or less than 2.5 hr at that speed.

"Thus, maximum steady-speed fuel economy of the car would be around 2.5×20 or 50 miles per gallon—but only at a constant speed of 20 mph on a level road. Furthermore, because wind resistance and power losses due to tire flexing increase very rapidly with vehicle speed, the power required at highway speeds is much greater—around 20 hp at 45 mph, 40 hp at 65 mph, and 80 hp at 80 mph. Therefore, if all of the flywheel output were available just to move the vehicle at constant speed on a level road, maximum attainable fuel economies would be about 30 miles per gallon (mpg) at 45 mph, 22 mpg at 65 mph, and 13.5 mpg at 80 mph. And these figures do not take into consideration fuel consumption to power such accessories as power steering, power brakes, air conditioning, etc. Nor do they take into account fuel consumed in idling, hill climbing, accelerations, decelerations, etc. And, finally, they do not take account of the fact that, for the acceleration performance demanded by motorists, cars are equipped with engines considerably larger and more powerful than needed just to maintain a given highway speed. Obviously then, dreams of a 200-mpg automobile of the size and performance that the motoring public demands are only wishful thinking—a myth beyond the bounds of possibility."

KNOLL: ON CARBURETORS

Mr. Robert Knoll is a research and testing scientist with the Automotive Research Laboratory of Consumer's Union. The laboratory tests and evaluates automobile and automotive accessories. Their results are published in the Consumer's Union monthly magazine, *Consumer Reports*. The following points have been summarized from an interview with Mr. Knoll.

Carburetor Legends. The gasoline shortage has given the public a genuine reason to hope that there is some germ of truth in the carburetor legends. Since the 1950's, these stories of 200 and 300 miles per gallon carburetors alleged to have been lost in the Patent Office or suppressed by oil firms, have been revived at roughly five year intervals. How and why this happens has always been a puzzle, but this time the reason seems clear. Unfortunately, a myth is still a myth, regardless of its rate of revival.

Private Brand Carburetors. There have been several good attempts to produce carburetors competitive in quality with those supplied by the auto industry. It is Mr. Knoll's observation that none of the private brands were quite as good as the original equipment. None of these carburetors were tested in his lab. However, Mr. Knoll tested the Fish[2] carburetor in his own car. He determined that it worked fairly well but was less efficient than his original carburetor.

Carburetion has improved with time but in the view of Mr. Knoll and his associates this function has never been a weak point in automobile technology. Mr. Knoll advises that improvements in gas mileage lie "down stream" from the carburetor.

Since the "Clean Air Act" of 1970, engine efficiency has been increasingly compromised by anti-pollution devices. The most serious loss occurred with the sharp reduction in compression ratios. This was done to accommodate the lower octane "low lead" fuel and also to reduce nitrous oxide emissions. (A more complete discussion of this point is contained in a letter to *Science* written by Robert J. Nauman which is appended to this section.)

Mr. Knoll closed his discussion by noting that the end point of carburetion was to supply properly dispersed fuel in the correct fuel to air ratio as required by the engine work load. There are no unknowns or mysteries about the process and today's carburetors approach the practical limits of efficiency. According to Mr. Knoll, looking for "breakthroughs" in the carburetion function is equivalent to searching for ways to "cancel the laws of chemistry and physics."

[From the Science magazine, Feb. 15, 1974]

Automotive Emission Standards and Fuel Economy

The Clean Air Act of 1970 (PL 91–604) requiring reduction of automotive emissions by a rather arbitrary 90 percent by 1976 has until recently enjoyed considerable public support, despite the grumblings of the automotive manufacturers and the bitter complaints of new car buyers about poor performance and gas mileage. However, with a serious threat of gas rationing and drastically increased prices facing us, we must reexamine the consequences of proceeding in this direction (1).

The rather simple steps taken before 1971, such as crankcase blow-by control, evaporative controls, leaner mixture ratios, and minor engine modifications to improve burning efficiency were successful in reducing carbon monoxide emissions by 41 percent and hydrocarbon emissions by 73 percent (2). These steps added negligibly to the cost of an automobile and did not result in any loss of performance or economy.

By 1973 all the easy fixes had been used. Further reductions required more drastic and uneconomical measures. Since nitrogen oxide emissions are directly related to wall temperatures, which in turn are related to thermodynamic efficiency, there does not appear to be any way to significantly reduce these emissions without sacrificing efficiency. The steps taken in 1973 to lower the compression ratio and recycle exhaust succeeded in reducing nitrogen oxides by 54 percent, but at a cost of approximately 30 percent in fuel economy. Family-sized automobiles (4500 to 5500 pounds) that averaged from 12 to 14 miles per gallon (mpg) in 1970 now average from 8.3 to 9.7 mpg. Even the new engine designs (such as the Wankel engine and the Honda stratified charge engine) that are reportedly capable of meeting the 1976 emission standards, do so by sacrificing efficiency.

It is estimated (3) that addition of air pollution control devices on a new car in 1975 will cost $314. If we assume that 10 million cars are sold each year, the total cost for these devices will be $3.14 billion per year. Replacement of catalytic converters every 50,000 miles requires an amortized cost of $40 per year for each car. The total annual cost will thus be $4 billion. The fuel consumption of cars manufactured in 1973 is already 30 percent higher than that of 1970 models and we are nowhere near meeting the 1976 emission standards. Even if we assume that these standards can be met with no further sacrifice in economy, the cost of the 30 percent increase in fuel consumption is more than $12 billion at current prices. Thus, we can estimate that the implementation of the 1976 automotive emission standards will cost approximately $20 billion per year.

What will we actually accomplish as a result of this expenditure? Certainly the automobile will become a negligible polluter. However, to require a 90 percent reduction of emissions from a source that is responsible for less than half of the pollution seems somewhat disproportionate. The Los Angeles area already has one of the lowest rates of automotive emission per square mile of any major city in the United States. Its air pollution problem is due to its peculiar geographical location and the resulting high incidence of inversion conditions. Even without automobiles, there would probably still be an air pollution problem in the Los Angeles area from home heating, power generation, and the petrochemical industry. In cities where there is more heavy industry, the reduction of automotive air pollution would produce even less of an improvement in the quality of the air.

There appears to be little evidence that automotive air pollution produces any widespread deterioration of the environment in nonurban areas. Wouldn't it be more reasonable to invest the $20 billion we are about to pay for emission controls in mass transit for the cities, where the population density is high enough to make it practical, and reserve the use of automobiles for small towns and rural areas, where mass transit is not feasible? Furthermore, the requirement by the Clean Air Act that automotive emissions be reduced by 90 percent should be replaced with a provision that every effort should be made to reduce automotive emissions that does not interfere with fuel economy.

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[1] J. C. Whitney & Company, 1917–19 Archer Avenue, P.O. Box 8410, Chicago, Illinois 60680.

[2] The Fish Carburetor Co., Daytona Beach, Florida was dissolved August 28, 1964 due to non-payment of taxes.

ROBERT J. NAUMANN,
Space Sciences Laboratory,
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REFERENCES AND NOTES

1. The U.S. Senate has already voted to postpone until 1977 the requirement that automotive emissions be reduced by 90 percent.

2. These percentages were obtained by taking the values for automotive emissions reported in the 1968 inventory of the National Air Pollution Control Administration and dividing them by the total number of miles driven to get the average grams per mile. These values were then compared with the 1970 emission standards.

3. H. E. Hesketh, *Understanding and Controlling Air Pollution* (Ann Arbor Science Publications, Ann Arbor, Michigan, 1972), p. 162.

THE PATENT OFFICE: ON CARBURETORS

The possibility is often suggested that somewhere in the files of the Patent Office there exists one or more designs for superior carburetors. Further, if the Patent Office could identify and evaluate these inventions, the public might benefit.

Contacts with officials of the Patent Office have revealed that there are 19,902 patents on the carburetor and related art. It should be noted, however, that not a single one of these patents was granted on the basis of superior performance. Patents are granted on the basis of a legally valid "claim" of one or more (one is sufficient) novel features. For example, a carburetor patent may show a complete, but common carburetor modified to include a novel means of attaching the air filter. Although the body of the patent may include great detail of the entire filter/carburetor/engine system, the claim (the strength of the patent) will carefully exclude all but a description of the novel fastener system to hold the air filter.

Searching the patented carburetor art to locate a superior design would require two major steps. First, each patent would be examined by engineers who are proficient in the carburetion process. They would screen the body of patents, identifying those with claims specifying novel features related to fuel economy. The patent office estimates that this screening process could be done at a cost of $50.00 to $100.00 per patent. ($1 million to $2 million total).

The second step would be far more costly. The selected patents, after suitable arrangements with their owners (unless the patent has expired) would be given to an automotive research laboratory for further analysis, research and development.

In conversations with Dahlquist (see preceding interview) and others on the merits of such a program, the following points have emerged.

1. The best laboratories for this purpose are those serving the auto industry. The patents they would examine would fall into three classes: a) those previously selected from the patent art, and licensed by these labs; b) patents issued to the engineers and designers of the labs; c) patents issued to others. The latter group would have two sub-classes. The first would include designs which were actually produced as private brands to compete with carburetors supplied by the auto makers. The second sub-class would consist of untested designs which, for one reason or another, were never developed by anyone.

The preceding interviews with Dahlquist and Knoll provided evidence that the private brand efforts were generally unsuccessful in producing carburetors of the general quality or reliability of those supplied with the cars. In view of this, the prospect that a "super" design could reside in the files of the patent office is reduced to the hope that it is among those in the second sub group, namely private inventions which were passed over. The prospect for this seems dim, especially in light of the point which follows.

2. The question arises of what could be expected of a super design, should one exist. In other words, how much of an improvement is possible over today's designs. The answer is, unfortunately, very little. The optimum air-fuel ratios and the optimum fuel vaporization conditions are all well established. Today's carburetors closely approach these ideal conditions within reasonable cost constraints. (See the Dahlquist interview for an elaboration of this point.)

In summary, the prospect of locating an overlooked jewel in the patented carburetor art appears to be a formidable and costly gamble involving very poor odds for a prize of sharply limited value.

THE BUREAU OF STANDARDS

It is a common but erroneous idea that the Bureau of Standards is conducting automotive research including carburetor testing and design. The Bureau has not conducted investigations in the automotive field for the past 24 years. It has no plans at present to initiate programs in this area.

THE FISCAL 1975 FEDERAL BUDGET

Mr. BIBLE. Mr. President, the distinguished chairman of the Appropriations Committee (Mr. McCLELLAN) opened the committee's hearings on the fiscal 1975 Federal budget on February 27, 1974, with a thoughtful statement which I believe will be of paramount interest to all Members of this body.

Senator McCLELLAN pointed out that although this budget—a record $304.4 billion—is being presented when we are at peace for the first time in a decade, peace has not meant an end to the economic and fiscal trials faced by our Nation.

Senator McCLELLAN made an eloquent plea for return to fiscal responsibility in the conduct of our affairs which I believe bears repeating:

> We cannot continue to pass on to future generations the burden incurred to pay for the excesses of this generation. This practice is both unwise and unsound . . .
>
> It is imperative that we make a concerted effort to reduce Federal expenditures to levels that are more consistent with our fiscal capabilities. No segment of the budget should be sacred—neither military nor civilian expenditures.

Mr. President, as Senator McCLELLAN has emphasized, the Federal budget is the major instrument in our possession for determining the course of the Government not only for the next fiscal year but also in years to come. As he has said, it is incumbent upon all Members of Congress to make certain that this budget provides a durable fiscal foundation for a solvent and prosperous future for all.

I ask unanimous consent that Senator McCLELLAN's remarks be printed in the RECORD.

There being no objection, the remarks were ordered to be printed in the RECORD, as follows:

REMARKS OF SENATOR JOHN L. McCLELLAN

The Senate Committee on Appropriations today begins extensive hearings on the Administration's $304.4 billion budget for fiscal year 1975—the largest in the history of our Nation.

For the first time in a decade these proceedings are being held at a time when there are no American troops dying on foreign soil, no American planes bombing hostile concentrations, no American warships firing on targets in anger.

We are at peace, and for this blessing we are thankful. But peace has not meant an end to the economic and fiscal trials faced by our country.

These hearings begin at a time of mounting crisis and concern over the fiscal stability of our Government and of the world economy. Recession and the threat of depression cast a lengthening shadow over all decisions—from the highest councils of government to the smallest households in the Nation.

These hearings begin at a time when the energy crisis, compounded by the Arab oil boycott, is upsetting the American way of life, dislocating domestic industry, disrupting world trade and drastically altering the balance of international payments.

These hearings begin at a time of mounting inflationary pressure on our economy—currently running at a rate of 8.8 percent a year—and showing no evidence of abating in the near future.

These hearings begin at a time of rising unemployment. After dipping to 4.6 percent in October 1973, the rate of unemployment jumped to 5.2 percent in January 1974 and is expected to grow worse as a result of the energy crisis. It is estimated that about 300,000 workers have already lost their jobs due to the energy crisis.

These hearings begin at a time when the rate of real growth of our economy is declining. After three years of sustained thrust, the real growth of the Gross National Product almost came to a halt in the fourth quarter of 1973—dropping to only 1.3 percent and is expected to drop even further during the first quarter of this year.

These hearings begin at a time when the national debt is still soaring seemingly without control and shows no signs of being stabilized or reduced.

During the decade ending in fiscal 1975, we will have accumulated Federal deficits totaling $13.5 billion. Much more than half of this sum, $7.5 billion, has been incurred in the last five years, alone. By the end of fiscal 1975, the total national indebtedness will be $508 billion, according to current projections. Interest on this sum is estimated at $29.1 billion annually—a sum equivalent to almost 10 percent of total Federal expenditures for fiscal 1975.

The budget before us is not only the largest in the Nation's history, but it is also the first to exceed $300 billion. It is more than double—$34 billion more than double—the fiscal 1965 budget of $118.4 billion.

And the trend is upward. New budget authority—the barometer of future spending levels—is estimated at $322.1 billion in fiscal 1975 as compared to $310.9 billion in fiscal 1974.

While the increase in new budget authority in fiscal 1975 over fiscal 1974 is estimated at $11.2 billion, it should be noted that the new budget also contains requests for supplementals, amendments, and allowances of $14.3 billion for the current fiscal year which are included in the 1974 totals of the new budget, but which have not yet been acted on by the Congress. So, in these terms the fiscal 1975 budget is $25.5 billion over the level the Congress has actually provided so far for this fiscal year.

Yet, our ability to carry out sound fiscal policies and to provide the resources needed to meet current needs and emerging problems is limited by past decisions. In fiscal 1975, over $223 billion in outlays—almost three-quarters of the budget—will be virtually uncontrollable due to existing law and previous commitments. About 90 percent of the increase in outlays between 1974 and 1975 represents mandatory increases that are unavoidable under current law.

Year by year, the amount of the budget that is under Congressional control has steadily been eroded, as trust funds, interest on the debt, legislative bills with either mandatory or backdoor spending authorization have made up larger portions of the budget.

In 1967, for example, only 59 percent of expenditures were uncontrollable. In fiscal 1975, 73 percent of the budget will be uncontrollable. The portion of the budget subject to discretionary control—that is the appropriations process—has declined for three major reasons:

The relative decline as a percentage of the total budget of defense spending, which is the largest relatively controllable outlay in the budget.

The growth in mandatory grants to State and local governments.

The expansion of human resources programs which take the form of benefit payments set by law to individuals and families.

This budget recommends total outlays of $304.4 billion in fiscal 1975—$29.8 billion more than in 1974—and anticipates receipts of $295 billion—an increase of $25 billion over 1974. In view of our lagging economy, this would appear to be a very optimistic estimate.

Thus, we are once again faced with another budget inscribed in red ink—this one with a projected deficit of $9.4 billion.

Uninformed observers—both within and without Congress—have blamed increased military spending for this and previous deficits. But since 1964, defense spending has been steadily decreasing as a percentage of the total budget, while spending on human resources has constantly increased.

Proposed defense spending is up 8% over last year but . . .

Pollution control is up 54%;

Medicare and other health programs are up 13%;

Social Security benefits are up 16%;

Public aid, food stamps and similar programs are up 25%; and

Unemployment pay is up 27%.

From all of the above, it is clear that the Administration is using the budget to prop up the economy in a year of economic stress and uncertainty.

It will be one of the major purposes of these hearings to fully examine all aspects of this decision and to determine its ultimate wisdom.

We cannot continue to pass on to future generations the burden incurred to pay for the excesses of this generation. This practice is both unwise and unsound.

Obviously, we are now paying for the consequences of this folly. Can anyone seriously doubt that the series of huge Federal deficits piled upon each other in recent years and the continued deficits in the U.S. balance of payments have had a devastating effect upon the economy and the value of the dollar? Within a 15-month period we witnessed two back-to-back devaluations. Chronic inflation stalks the economy. There is a world-wide economic malaise and a flight from paper currency to gold. Gold is now selling at $168 an ounce on the open market while it is officially valued at $42 an ounce.

It is imperative that we make a concerted effort to reduce Federal expenditures to levels that are more consistent with our fiscal capabilities. No segment of the budget should be sacred—neither military nor civilian expenditures.

In an effort to restore fiscal responsibility to the operations of the Government, I suggested last year that the Senate Committee on Appropriations, acting through its 13 Subcommittee Chairmen, set tentative appropriations and expenditures ceilings to be observed during the consideration of the various 1974 appropriations bills.

Not only did Congress meet these goals, it exceeded them. After extensive hearings and judicious examination of the President's spending proposals, we cut new obligational authority by a total of $3,262,696,451.

In view of this measure of success, I have again requested the Subcommittee Chairmen to establish tentative appropriations and expenditures ceilings for fiscal 1975 appropriations bills. I am hopeful that once again we will meet—or exceed—these goals.

The Federal budget is the major instrument we have for determining the course of the Federal Government not only during the next fiscal year but also in coming years. It is incumbent upon us—and all Members of Congress—to make certain that this budget provides a durable fiscal foundation for a solvent and prosperous future.

THE RETIRED SERVICE VOLUNTEER PROGRAM

Mr. DOMENICI. Mr. President, I read with great interest an article by Mr. Charles Bartlett in the March 2 edition of the Washington Star-News describing the success of the Retired Service Volunteer Program—RSVP—in Chicago.

As a member of the Special Committee on Aging, I have a strong, continuing interest in programs which are successful in improving the lot of elderly Americans. Mr. Bartlett's article will be of interest to all who are concerned in aiding the elderly, and I request unanimous consent that it be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

Opportunity Opens for the Elderly

(By Charles Bartlett)

Chicago.—In times when the young are unable to channel their idealism and the middle-aged are gripped by a malaise of corruption, it is agreeable to find that the elderly are striking out on their own.

The most recent breakthrough in voluntarism is the extent to which older people are being mobilized in their own behalf. Within the past 18 months, large numbers of citizens past 60 have begun to discover the usefulness of longevity and the satisfaction of unselfish works at a stage of life when many begin to turn inward.

The spur for these efforts has been programs like RSVP (Retired Service Volunteer Program) which opens opportunities for people past 60 to help those who encounter difficulties in old age. This comes at a time when the national conscience is being aroused to the problems of the elderly. A real move is underway to meet the complaints of those who are living longer but enjoying it less.

Antonio Faustini is showing how it can be done in Chicago's Italian community. Retired after a career as radio personality in Italian language broadcasts, he enrolled more than a year ago as a Vista volunteer with the mission of finding immigrants who have been isolated in their old age by language problems. He initially promised to work only 20 hours a week (for about $500 salary) but now he is totally immersed in a battle against human misery.

With Faustini, as with Alex Rackankas who works among the Lithuanians or with Sister Theresa who works among the Mexicans, the most important task is to get these people acquainted with the benefits available to them. Some are even unaware of Social Security. The time-consuming task is to cope with the mass of forms that establish entitlement to food stamps, supplementary income and other cushions against deprivation. Often the cushions do not cover the adversity.

They encounter great pools of loneliness, so it is important also to respond to calls for advice and friendship. "I have not the wisdom of Solomon," Faustini tells people who telephone him, "but I will try." It is hard, patient work to get at the diverse problems and find solutions. Often the volunteers must battle their own frustrations as they hear tired voices describing problems for which there is no solution. This is work that calls at times for the qualities of a saint.

But it is extremely rewarding for those with the stamina and goodness to tackle it. "The more you get involved, the more you love it," Faustini says. "I worked for more money in the past but I never was so happy as I am now."

In fact, the psychological rewards of this volunteer work are the chief reason why many people are being recruited for RSVP. This is less intense and less time-consuming than the work among the ethnics so the volunteers get no reward beyond out-of-pocket expenses and an accident policy. The primary aim of the program is to make older people feel useful. Their good deeds are a by-product.

Success is attested by the program's swelling enrollments, 1,200 in New York City and 950 in Chicago.

Apart from the obvious benefits of these programs, they have two important potentials. They are surfacing the fact that poverty is not solely the concern of ghetto blacks. Ethnic leaders who have been skeptical of social programs are learning that many of their own people need help. The elderly volunteers bring the neglect into the open and learn from their visits to nursing homes and apartments how real help can be supplied.

ON HIRING MINORITIES

Mr. McCLELLAN. Mr. President, the January 1974 issue of the American School Board Journal contains some interesting statistics on the employment rights of minority teachers in the North versus those same rights in the South.

Not surprisingly, the statistics clearly demonstrate the great discrepancies between northern rhetoric and northern action. As we all know, the rhetoric flowing from New York City would lead one to believe that minority teachers, particularly black teachers would be employed on a percentage roughly equal to the percentage of black students in the schools. However, according to the National Education Association, New York City would have to hire an additional 15,375 black teachers to equal the percentage of black students in their schools. In much the same manner that the Federal Government has imposed integration on the South—but not on the North—it now appears it is imposing quotas of black teachers on the South while ignoring the much more serious condition of discrimination against minority teachers that exists in the North.

Mr. President, I ask unanimous consent that the full text of "On Hiring Minorities," that appeared in the January 1974 issue of the American School Board Journal, be printed in the Record so that the Nation may be more fully aware that northern liberal rhetoric is not matched by action with regard to the hiring of minority teachers.

There being no objection, the article was ordered to be printed in the Record, as follows:

On Hiring Minorities

The National Education Association claims that 211,000 additional minority educators must be hired to bring about "equity and parity" for minorities in the public schools.

Samuel B. Ethridge, director of N.E.A.'s teacher rights program, says that minority teachers generally have "fared much worse proportionately in the East, North and West than in the South." While states such as Mississippi, Louisiana, Virginia, Florida, Georgia, South Carolina, North Carolina, Texas, and Tennessee have relatively favorable ratios of black teachers to black students, the northern state of New York, according to Ethridge, "would need almost as many additional black teachers to correct its black teacher-pupil ratio as would the entire 17 southern states, or one-third as many as would the other 49 states." The ratio of black teachers to black students in New York is 1–128.

Among cities with unfavorable ratios, according to N.E.A., are Boston, 1–89; New York City, 1–83; Buffalo, 1–79; San Francisco, 1–61; Pittsburgh, 1–57; Oakland, Calif., 1–52, and Columbus, Ohio, 1–50.

East Baton Rouge, La., with a black teacher-student ratio of 1–26, was named by N.E.A. as having the best ratio out of a group of 37 cities from across the country. Other cities with favorable ratios (1–32 or lower) included Houston; Atlanta; Charlotte-Mecklenburg, N.C.; Richmond; Caddo Parish, La.; Washington, D.C.; and Duval County, Fla.

To bring minority educator and minority student ratios in line with the national teacher-student ratio of 1–22.5, N.E.A. says that public schools would have to hire 116,000 black teachers; 84,500 Spanish-speaking teachers; 7,400 American Indians; and 3,000 Asian Americans.

Just to correct the disparity in black teacher-student ratios, Chicago would have to hire 4,410 black teachers, Philadelphia would have to hire 3,239, Detroit, 2,115, and New York City would need an additional 15,375 black teachers, says N.E.A.

New York City's poor showing in N.E.A.'s study is especially significant in view of the latest school census in that city, showing that black students now are the single largest group of students in the city's school system. Blacks have doubled their numbers in the city's schools during the last 12 years and now make up 36.1 percent (406,974) of the student body. Whites are the second largest group, numbering 397,694 students or 35.2 percent of the student population.

THE CBS TAPES

Mr. HANSEN. Mr. President, the Wall Street Journal on February 20, in an editorial, commented on a court action brought by the Columbia Broadcasting System—CBS—against Vanderbilt University.

I was one who in the spring of 1971 was surprised to learn that Vanderbilt University was the only place where videotapes of network news programs were retained on a permanent basis. I thought at the time, and still believe, that the project is very worthwhile, considering the significant impact that I think television news has upon the American public. Television, and its effects, are in my opinion very much a part of the history of our times.

According to news reports, CBS has sought an injunction against further copying of CBS programs and the delivery of existing copies to the court.

So far as I am aware, Vanderbilt University has never charged fees for use of the videotapes in question; and it is my understanding that the university has kept not only CBS, but the other major networks as well, informed of its activities in this area from the very outset. I am not aware of the motivating factor that may have generated this action by CBS, but I do hope it in no way relates to action I took in the spring of 1971, although that action, in my view and in the view of a number of colleagues, did prove somewhat of an embarrassment to some of the networks.

Most of you had opportunity to view the evening newscasts of a 10-day period during the controversial Laos incursion when they were made available at a day-long presentation in the Russell Senate Office Building. At the risk of reopening old network wounds, I will just state that most with whom I talked felt the news presentations during that period were weighted somewhat against the allied efforts in Laos at that particular time. Some with whom I talked felt the apparent slant of the reporting was inadvertent, and others felt it was deliberate.

But nevertheless, if my use of those videotapes in any way has helped motivate CBS to bring this court action against Vanderbilt, I take this opportunity to publicly apologize to the university, which in my judgment is one of the greatest in the Nation.

The chancellor of Vanderbilt, Alexander Heard, has issued the following statement in regard to the CBS action:

The chancellor of Vanderbilt, Alexander Heard, has issued the following statement in regard to the CBS action:

The Vanderbilt Television News Archive is a nonprofit repository of a circulating collection of television network news broadcasts, initiated and maintained in the public interest and in the absence of any similar service elsewhere. These broadcasts are of nationwide significance, influence, and interest, and we believe that they should be preserved and readily available for study now and in the future.

The procedures of the Television News Archive have been carefully designed in an effort to insure that they do not infringe rights of CBS or of the other networks.

Mr. President, I ask the Senate's unanimous consent that the Wall Street Journal article, entitled "CBS and Its Tapes," be printed in the Record, and would only observe that one point in the article appears inaccurate. To my knowledge, the university does not charge a rental fee for use of the videotapes, but rather just expenses related directly to the use.

There being no objection, the article was ordered to be printed in the Record, as follows:

CBS and Its Tapes

CBS has asked the court to order Vanderbilt University to surrender video tapes of the "CBS Evening News with Walter Cronkite." Moreover, CBS's attorney in Nashville, Tenn., told a TV trade publication that if the court rules in the network's favor, it will likely erase the videotapes.

Incredible as it sounds, the Vanderbilt Television News Archive is the only place where complete videotapes of network news programs are saved permanently. Since most Americans get their information about national and international news from network TV, the archive is obviously a valuable research tool for scholars and researchers.

For almost six years the Vanderbilt archives has videotaped each evening newscast of the three major television networks. The collection presently consists of more than 3,000 hours of news programs, including presidential speeches, Watergate hearings and political conventions. The archive publishes an index and abstract. Tapes are available for study within the archive or at nominal rental fee for use outside. Renters are asked for a statement of how the videotapes will be used, and they must sign an agreement not to rebroadcast or duplicate the tape.

In a suit filed in U.S. District Court in Nashville, CBS charges that the university is infringing its copyright. The issue is a serious one, and all the more so since the status of broadcast copyrights impinges on cable and the whole future of the broadcasting industry. CBS says it wants to protect the sanctity of its copyright, and does not want to risk having its news broadcasts subjected to unauthorized duplication and editing by others.

Moreover, network spokesmen claim they have tried unsuccessfully for several years to persuade the university to accept a royalty-free license. This would allow Vanderbilt to continue videotaping the broadcasts and to maintain them at the university, but not duplicate, edit, rent or sell the tapes. University officials say the first mention of a royalty-free license didn't occur until nearly four years after the archive began, and that CBS still has not proffered a firm offer with stated terms.

Yet surely there ought to be some collection of television news, which no doubt has vast and subtle effects on American life. All the more so since a great many people obviously believed Spiro Agnew's charges that the networks abuse their power. Whatever technical problems the CBS legal department sees, we should think its news department would be glad to have its material collected in a way that such charges can be examined in scholarly fashion rather than traded in the political marketplace.

So it seems to us that a disinterested observer can only hope that in the absence of a network-university agreement, the courts will somehow arrive at a Solomonic solution that will allay CBS's fears yet will not halt Vanderbilt's unique and important archival undertaking. But whatever the outcome in court, it seems clear that the public's right to know would be seriously abridged by erasure of the existing tapes.

IMPROVING OUR PROTEIN SUPPLY

Mr. McGOVERN. Mr. President, the world is facing a startling deficit of protein.

Rapidly building demand for protein food is outstripping our ability to supply it, bidding up prices.

One significant way in which we could increase protein supply, to the benefit of consumers and farmers alike, would be to sharply increase yields of soybeans.

Late last year, in a newsletter to rural people in my State, I pointed out the promise of substantially increased research into soybean productivity. And now, in the March issue of Farm Journal, appears an article which makes the same point.

I ask unanimous consent that my September 1974 South Dakota Rural News and the article entitled "Let's Break the Soybean Yield Barrier," be printed in the Record.

There being no objection, the material was ordered to be printed in the Record, as follows:

[From the South Dakota Rural News]

SOYBEANS: AMERICA'S NEW "BONANZA" CROP

The soybean was a nearly unknown crop in South Dakota three decades ago. And although it represented only 5 per cent of South Dakota's crop production last year (ranking behind corn, hay, wheat and oats) soybeans will rapidly become a significant cash crop in South Dakota as it has in other states.

In 1940, only 2,000 acres was planted to soybeans in all of South Dakota; the yield was a modest 12 bushels an acre. Last year's 253,000 acres harvested an average yield of 29 bushels an acre. This year, acreage has nearly doubled. Crop estimators say South Dakota farmers have planted 468,000 acres to soybeans; they expect a harvest of 459,000 acres. Last year's soybean production brought nearly $25 million ($16 million of that from export sales) into the State's farm economy at an average price of $3.22 a bushel.

Two factors limit the outlook for a"soybean bonanza" for South Dakota—the adaptability of present-day soybean varieties to a relatively small part of the state, and relatively little progress in improving per-acre soybean yields in the past dozen years.

Twelve South Dakota counties—Bon Homme, Brookings, Clay, Grant, Hutchinson, Lincoln, Minnehaha, Moody, Roberts, Turner, Union and Yankton—accounted for 6,983,500 bushels of South Dakota's entire 1972 soybean production of 7,337,000 bushels—95 per cent of the total. Growing conditions west and north of the leading soybean counties are less favorable to today's varieties because the growing season is not long enough, and rainfall is less than in the southeast.

The National Soybean Processors Association believes that a modest investment in research can develop new strains of high-yield soybeans adaptable to such growing conditions. By investing about $2 million a year over the next 10 years in soybean research, NSPA says, the average yield can be doubled.

Agronomist Fred Shubeck of South Dakota State University, who works with soybeans at the Southeast experimental farm near Beresford, believes that additional research can increase soybean yields in South Dakota by at least 30 per cent.

Over the past 20 years, progress in soybean yields has been relatively slow—an improvement of 35 per cent since 1952—while wheat yields increased 80 per cent, corn yields 130 per cent and grain sorghum 260 per cent.

RESEARCH SHORTCHANGED

NSPA says the principal reason for slow progress in improving soybean yields is the limited number of researchers. There are now only 40 soybean breeders in our country—employed by industry, USDA and universities. In relation to the value of the crop, the total ARS expenditure for production research in soybeans in Fiscal 1971 was the lowest of nine major crops. Between 1950 and 1972, the increase in yields of corn was from 38.2 to 96.9 bushels per acre.

A University of Illinois researcher last fall returned from the Far East with over 1,000 new samples of soybean germ plasm—the first time in over 40 years that the U.S. has had a sizable collection of new soybean stock from the crop's area of origin. Other germ plasm collection trips—particularly to mainland China—can build the stock diversity to sustain continued variety improvement.

SDSU's Shubeck points out that South Dakota could gain substantially by development of soybean varieties for shorter growing seasons, narrow rows and possible strains with narrow leaves which would admit more sunlight. He says high-phosphorous fertilizers (soybeans, a legume, won't respond to nitrogen) can increase yield, and new, higher-cost weed control chemicals can help.

Just 20 years ago, American farmers planted 14 million acres of soybeans and harvested 299 million bushels worth $811 million. Last year, acreage soared to 46 million, the crop yielded 1.25 billion bushels and its cash value reached $4.5 billion. The increase was four-fold; export earnings grew from $104 million to more than $2 billion.

BOOMING DEMAND EXPECTED

USDA forecasts that domestic and foreign demand for U.S. soybeans could reach 2.2 billion bushels by 1985; others set it at 2.5 billion, if the beans can be produced. Exports are expected to slow substantially in the summer of 1973 because we have no more beans to ship; and, even earlier, many overseas customers stopped buying because the price had gone above their economic levels.

The soybean is not the only source of protein feed or vegetable oil. The competition is waiting. If we don't learn to produce soybeans more efficiently, U.S. soybean products could be displaced in world markets by lower cost Brazilian soybeans, Canadian rapeseed, Far Eastern palm oil, coconut oil, African groundnuts, Russian sunflower seed, urea, and petroleum-based proteins. Once lost, overseas markets are hard to regain. During the 1972–73 marketing year, the soybean contribution to the balance of payments will be about $2.5 billion. NSPA believes that underproduction could lose most of these markets because American soybeans can not continue to sell in export markets at $6 levels and higher.

THE NSCIC PROPOSAL

The National Soybean Crop Improvement Council, in proposing to double the funds now being used in government-supported soybean research, says USDA spending for soybean production research through the Agricultural Research Service is approximately $2.5 million—about 1/2000th of the value of the crop.

A doubled investment in soybean research, NSCIC claims, can mean a difference of $3 billion a year, by 1985, to the American soybean farmer and to every American who eats beef, pork and poultry, or uses margarine and salad or cooking oil. It can mean an additional $2.5 billion to the American balance of payments. Doubling soybean yields may be an ambitious project, but a 30 per cent increase is indeed likely, if Congress and the Administration agree to this rather modest increase in research funds.

There is only one way to keep food costs stable while maintaining the income of the American farmer—and therefore maintaining his incentive to produce the needed crops and livestock products. That is through yield improvements that will lead to greatly increased crop production at essentially stable farm costs. In this way, we can meet the objection of increasing farm income even while maintaining reasonable food costs to the housewife.

GEORGE MCGOVERN,
U.S. Senator.

[From the Farm Journal, March 1974]

LET'S BREAK THE SOYBEAN YIELD BARRIER

You've already done it with other crops. There's reason to believe you can double soybean yields in the next 20 years, if you get the help you need from USDA, state and commercial researchers, and if you give beans the attention they deserve.

Sure, you may be sitting already at 35 or 40 bu. per acre, a sizeable margin above the national average for 1973 of 27.8 bu. But that low average is a disgrace. It's up only 53% from 20 years ago, whereas corn yields are up 125%, grain sorghum 220% and wheat 84%.

You don't have to look far to see how high yields can reach right now. Wilbur A. Wassenberg and sons Tim and Dan of Nemaha County, Kan., made 91.2 bu. per acre last year on 5.2 acres of bottom land. That's the highest yield ever in a state contest.

Yields like this make you wonder why we haven't pushed the average yield any higher. One reason is that even good growers still don't take the pains with soybeans that they do with corn or cotton. If they plan corn in a 30'' row spacing, they plant beans the same way with the same planter, even though scientists know that soybeans will respond to much closer row spacings.

The Wassenbergs used a 30''-row planter, but they doubled back with it so rows were spaced 15'' apart. Using 90 lbs. of seeds per acre, they dropped seeds 2'' to 3'' apart in the row and no more than 1½'' deep.

Growers aren't the only ones neglecting soybeans. As percentage of crop value, the money that the USDA puts into soybean research is less than amounts pumped into any other major crop.

Skeptics say this isn't the time to push for more soybean production and higher yields. Not with this year's carryover expected to approach 240 million bushels, the second highest on record. "Our markets have grown by 600 million bushels since 1967, and they'll grow that much again by 1980," answers Laurel Meade, former head of USDA's Export Marketing Service. "Either we'll have to increase our soybean acreage substantially, which some people doubt we can do, or we must increase our yields to 40 bu."

The stage is set for the most thorough test yet of solid-seeded soybeans this year. You may be ready to try it yourself. New chemical combinations earned their stripes in test plots last year, and some of the highest yields reported in contests recently came from fields with row spacings of less than 20''.

Wilbur A. Wassenberg got 91.2 bu. yield with 15'' rows. George Fluegel had the top Illinois yield in 1973 with 74.6 bu. Doubling back with his twin-row planter gave him row spacings of 9'' and 8½''.

Early shallow planting in narrow rows is basic to high yields, believes Wassenberg, who planted on May 10. "If you see some seed once in awhile, that's still not too shallow," he says. The Wassenbergs also believe in inoculating seed at extra heavy rates.

Close row spacings require almost total weed control. Wassenberg incorporated a tank mix of Treflan and Sencor. Fluegel incorporated Treflan preplant; sprayed on Basagran after beans were up.

But, there are some other things you should know before you get the itch to broadcast beans yourself. To get more information, *Farm Journal* sought the counsel of agronomist Richard L. Cooper, of USDA's Regional Soybean Laboratory, Urbana, Ill., and USDA-ARS weed scientist Loyd M. Wax. Here are their hopes and concerns:

Cooper has become increasingly hopeful about planting soybeans in narrower rows. He talks about solid seeding soybeans as "going all the way" and has compiled six years of research data comparing 30'' and 20'' row spacings with 7'' rows. This plainly showed a 10% to 20% yield advantage for the solid stand.

These results, however, were gained by using precision planting equipment to get a fairly certain stand of 150,000 plants per acre (two plants per foot of row in 7'' rows).

Now, Cooper has been thrown a curve! When he tried duplicating his results using a grain drill—like many farmers would use if they go to solid seeding—he just couldn't get a predictable stand. Lack of that predictability makes solid seeding a risky proposition—even with excellent weed control.

In 1973, Cooper and colleagues at the University of Illinois used a grain drill to plant 225,000 seeds per acre in 7'' rows—hoping to come up with a stand of 150,000 plants. Instead, they got only 95,000!

Past studies had convinced Cooper that the yield advantage for 7'' rows over 30'' rows was reduced when the population dipped much below 150,000. Results in 1973 underscored that observation.

"We need to debug the grain drill system. That's the bottleneck," Cooper asserts. Scientists will evaluate grain drills and other experimental planters this spring. Implement companies are concerned enough about the lack of information on planting soybeans with grain drills that they'll conduct tests of their own this year.

If you want to try solid seeding, the agronomists have several suggestions: First, *try it on a limited scale*—5 or 10 acres. "With the present state of the art, it makes a high level of management," they say.

The kink is figuring out some way you can be sure of getting 150,000 plants per acre—no matter how you put them into the ground. Without that kind of stand, you're gambling whether solid seeding will be as good or better than planting in rows. A stand much heavier than that may lodge badly. Thinner stands invite weed competition and just don't have enough plants to produce comparable yields.

You'll need a firm seedbed. Tractor wheel tracks have posed a nightmare to those seeding with a drill.

"Remember, a firmer seedbed for better seed contact also is good for germinating more weed seeds," reminds Loyd Wax.

Speaking of weeds, try solid seeding in your cleanest fields, urges Wax. Which of the newer herbicide combinations you choose may depend on their prices and availability. (See story on page 23.)

Finally, please don't assume now that we have some broadleaf herbicides, solid seeding is a lead-pipe cinch. It is not.

Recognize some of the gamble that still goes with it. Otherwise you'll end up kicking a rusty cultivator (or yourself!).

BOB COFFMAN.

BENJAMIN FRANKLIN FIRE SERVICE AWARD TO JON C. GROVER

Mr. MATHIAS. Mr. President, the International Association of Fire Chiefs recently presented its International Benjamin Franklin Fire Service Award to Jon C. Grover, a member of the fire department in Silver Spring, Montgomery County, Md. The ceremony honoring Sergeant Grover marked only the 20th time the award has been presented and the first time a Maryland firefighter has been so honored. An article published December 5, 1973, in the Wheaton, Md., News described the heroism for which Sergeant Grover was cited, and I ask unanimous consent that it be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

INTERNATIONAL AWARD TO LOCAL MAN

Firefighter Jon C. Grover of Silver Spring, recieved the International Benjamin Franklin Fire Service Award at the anniversary convention of the International Association of Fire Chiefs, (IAFC).

The award, the highest honor in the fire service worldwide, honors Grover for his March, 1973 rescue of a woman trapped in an apartment fire in Silver Spring. Upon arriving at the scene of the fire, Sergeant Grover saw two tenants screaming for help from the seventh floor of the apartment building. One was calling from a window, while the other was actually outside an apartment window standing on an extremely narrow, sloping ledge and steadying herself by grasping the brick facing. After shouting to reassure the two that help was on the way, the eight-year department veteran entered the building and made his way to the seventh floor. When he arrived, he found the door of the apartment where the women were trapped had been forced open. Searching the room through the dense smoke, he found that the woman who had been calling for help apparently had escaped. However, looking out the window himself, Grover saw that the other woman was still on the window ledge of the next room. Without hesitating, Firefighter Grover made his way through the intense heat and smoke to the window where the woman was standing precariously. The window itself was broken and as he leaned out to talk to the victim, he noted she was badly cut, apparently from crawling through the window. After trying unsuccessfully to coax the victim to come into the apartment, the firefighter finally leaned through the broken glass onto the ledge, grabbed her, brought her into the apartment and took her to safety.

In addition to the commemorative plaque Chief Kenney presented Sergeant Grover in behalf of the IAFC, the Silver Spring firefighter also received a $200 U.S. Savings Bond from Ray Balzer, vice president of Motorola Communications and Electronics, Inc.

As part of the international award ceremony, Chief Robert Little of York, Pennsylvania, an IAFC director, will also present a special Benjamin Franklin departmental award to Chief Hunter P. Heltzel of Silver Spring and Chief David B. Gratz, director, fire and rescue services for Montgomery County, Maryland. The award recognizes the Silver Spring department's outstanding fire service program which has provided the foremost in training for its personnel, instilled a strong professional attitude and dedication to humanity and duty. As evidenced by Sergeant Grover's actions, the program has provided invaluable service to the community.

This ceremony honoring Sergeant Grover marks only the twentieth time the award has been presented and the first time a Maryland firefighter has been honored.

THE OTHER PRESIDENCY

Mr. HUMPHREY. Mr. President, I call to the attention of the Senate an excellent article entitled "The Other Presidency" by Mr. John Herbers, a White House correspondent of the New York Times.

We are indebted to Mr. Herbers for his critical analysis of the Office of Management and Budget—how it functions, how it is organized, and the personnel who are responsible for its operation.

Every Member of Congress should read this article. It is most revealing. It underscores what has been a growing realization that the power and the authority of the OMB is second only to that of the Presidency itself. The OMB is indeed the other Presidency. The article is a challenge to the Congress to put its own house in order—to modernize our machinery, to restructure our committees, and to equip ourself with the personnel and the legislative tools that are necessary for perfecting good legislation as well as monitoring performance under the legislation.

This article demonstrates once again the importance of Senate confirmation of the Director of OMB and his chief deputies. The article also points out how our Government operates, even though the President may have lost the capacity to govern.

I ask unanimous consent that the full text of this article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THE OTHER PRESIDENCY

(By John Herbers)

WASHINGTON. During the past few months the great superstructure of Presidential government that Richard Nixon built has slowly collapsed: a landslide here, a cave-in there, leaving billows of dust to hover over the ruins. Through the haze, however, it is possible to discern some remaining promontories that have become more important to the President and to the Government, whatever its shape and leadership may be in the months ahead.

One is the Office of Management and Budget, a durable and elite Presidential agency, formerly known as the Bureau of the Budget. For many years it has been the regulator of the disparate departments and agencies the the executive branch, largely through its power to control funds. During the collapse, it has played a stronger role than usual in keeping the Government from flying apart or grinding to a halt. In many respects it has become a surrogate President, administering the Nixon policies as its top officials see them.

This has occurred under the direction of two controversial men who assumed their offices a year ago, each under his own cloud of suspicion raised by the Nixon critics. Roy L. Ash, the new director, encountered considerable opposition because he had come from the presidency of Litton Industries, the giant conglomerate engaged in claims of cost overruns from the military. Frederic V. Malek, the new deputy director, was one of the tough young progmatists whom H. R. Haldeman elevated to authority; he came to O.M.B. from the Committee for the Re-election of the President, where he was deputy director. They have made an odd but apparently effective pair. Mr. Ash, who serves as assistant to the President as well as boss of 660 people in his agency, is disarmingly quiet and gentle, exercising authority over the enormous Government conglomorate in much the same way that he did at Litton; Mr. Malek, a product of the United States Military Academy and Harvard Business School, who readily acknowledges his reputation as an "ass kicker," has furnished the top levels of the agency with the kind of talent he respects—bright young wizards of the business world who want to try their hand at government.

Because the Administration has been so shaken by the Watergate disclosures, O.M.B. has become deeply involved in some phases of the day-to-day operations of the Government, to the consternation of some old-timers, who say the agency should never become a part of operations. But under the circumstances it could hardly avoid doing so. In the recent fumbling attempts by the Government to get a grip on the energy crisis, it was the O.M.B. that supplied most of the initiative and information, because frequently it had the only expertise available.

Moreover, and perhaps more important for the long run, the role that President Nixon had planned for O.M.B.—as a kind of supermanager that would give the President formalized control of his Administration without his having to work the levers of power on a daily basis—has gone on pretty much as the pre-Watergate White House had set it up, despite the general collapse. Before Nixon, only about 30 professionals in the agency were assigned to management. Now there are about 130, roaming the vast bureaucracy to see that the President's policies are carried out in an efficient manner.

O.M.B. can wield enormous power through relatively few people because in representing the President it decides to a large extent how much money will be spent for each program. It then oversees how each program is carried out. It reviews all legislation the departments and agencies submit to Congress, with authority to change it. O.M.B. analyzes every bill that is passed and recommends that the President either sign or veto it.

Virtually every questionnaire sent to business or other private groups must be cleared by O.M.B. It establishes the broad array of committees that advise the Government on policy. To carry out these functions, O.M.B. is equipped with the staff and computers to make the necessary analyses, and it has access to every study and piece of information gathered by the departments and agencies.

In O.M.B. one could learn virtually all there is to know about any branch of the Federal Government, however remote from the center of power. For every program, every expenditure of any size, there is someone in O.M.B. watching. To Ash, it is like world headquarters for a conglomerate, a necessity for orderly business. At this time, about 660 people work there at an average salary exceeding $20,000. Of these, about 440 are professionals. There are about 60 recruited by Malek for the management effort from within and without the Government, mostly in the top levels.

In exercising their authority, the people at O.M.B. have adhered closely to the Nixon philosophy and policies, both by design and execution. That policy, as perceived by the bureaucracy, boils down to this:

"Strengthen the military and the civil police power, but look askance at all else. Economic and social programs run by the Federal Government generally do not work and should be abolished or, if that is not possible, converted either into income supplements or turned over to the states. Free enterprise is basically good, worthy of emulation and should be interfered with as little as possible."

The top levels at O.M.B., and throughout the executive branch, are filled with people who earnestly believe in these ideas and seek to implement them. And they have melded well into a traditionally conservative agency with 30 years' experience in saying no.

Where one finds the O.M.B. depends on whom one sees, and when. Ash has one of the prestige offices in the White House, only a little smaller than that of chief of staff Alexander M. Haig Jr. His top assistants have offices across the way on the second floor of the Executive Office Building. The lesser executives and several hundred troops are housed in the new Executive Office Building, across busy Pennsylvania Avenue on 17th Street. All of this, of course, does not contribute to efficiency, but it lets everyone know how far he is removed in authority from the President.

Everyone who has a White House office may choose his own décor. Ash's outer office is red baroque, like a turn-of-the century ice-cream parlor at Disneyland. His inner office is paneled in rich walnut, befitting his recent status as titan of American industry and his current position in which he manages the expenditure of $300-billion a year. His desk is vast and clean. After introductions, he sits composed before a coffee table in a finely tailored blue suit that does not show a wrinkle. His smooth features are enhanced by ivory skin untouched by weather. Sensitive hands, set off by French cuffs, are folded in his lap. He appears very much at rest, an impression that can be misleading. "At times you think he is not listening," said one of his aides. "But Ash is always listening." Rowland Evans and Robert Novak, the columnists, who dislike Ash and his operation, wrote they were told by a White House "insider" that conferring with Ash "is like sitting in a room with some chilled liver." This observation may be overdrawn, but there is doubt Ash is a private person less at ease with strangers than with organizational charts and computer read-outs. Yet he can be persuasive, even charming.

Like Nixon, Ash springs from Southern California and maintains a residence there. In Washington, he and his wife live in an apartment, at "700 New Hampshire Avenue," Ash says with a laugh. That's the Watergate complex.

For many years, Richard Nixon and Roy Ash, both of whom fought their way to the top, have admired one another, and even after the events of this year, Ash speaks glowingly of his boss. But this may be understandable. While the President has been criticized for taking advantage of every available loophole in the tax laws, Ash has been criticized for claiming Washington as his residence to avoid testifying in a California lawsuit relating to his past business practices while, at the same time and in another document, claiming California as his residence in order to secure a $200 reduction in his real-estate tax. The courts found this legal.

When the 55-year-old conglomerate pioneer was named to head the O.M.B., he had to face a barrage of accusations. Gordon W. Rule, the Defense Department official noted for his tough attitude toward corporations that get too cozy with the Government, asserted that "old General Eisenhower must be twitching in his grave" over the "military-industrial-executive department complex" suggested by Ash's entry into government. And Senator William Proxmire charged that "here we have one of the most difficult and conspicuous conflicts that I have ever seen." Congress sought to require Senate confirmation of Ash and Malek, but President Nixon vetoed the effort successfully. All of this, however, has been so overshadowed by blatant scandals in the Nixon Government that it now is all but forgotten.

Ash cooly rejects any suggestion of conflict, claiming that his loyalty to Litton was severed with the sale of his stock at the time of his appointment. He also rejects charges that he is under a cloud because of the reverses Litton suffered under his leadership, because of Litton overcharges to the Air Force and because of successful lawsuits by former officials of Litton in a dispute over stock. "I left behind a legacy I'm proud of," Ash says. "Remember Litton was entrepreneurial and venturesome. In venture-type business, not everything succeeds and some fail." Ash is proud that he has brought some of his venturesome ways to government.

Ash views the Federal Government as "the biggest conglomerate of them all" and much in need of management. At Litton he developed a system under which a few executives supervised subsidiaries all over the world. "I believe strongly in decentralization and have for 20 years practiced that belief," he says. "Litton was, in some people's minds, a model of how decentralization of large organizations can be carried out. My style is management by inducement rather than management by directive. The only way to get the work of this Government done is to induce, inspire, motivate thousands of people to do thier work. One way of inspiring people is to set goals, high goals, and do what is necessary to achieve them.

"In working with agencies, we always go out and work on their turf. We wouldn't summon them in here. That had been a practice. One of the symbols that some people sometimes use for status is who gets to summon whom to his office. We don't summon anybody. I travel to the departments and agencies and meet with their people on their own grounds I did always at Litton.

To some the Nixon policies may be a matter of politics, but Ash, as a transplanted industrialist, appears to believe in them deeply. When the President's plan for special revenue sharing—converting Federal grants for specific purposes into consolidated funding with state control—bogged down in Congress, Ash quietly got the President to sign a directive ordering the departments and agencies to implement the concept as much as possible by administrative means. His subordinates then served the directive on the Federal establishment across the country.

Some old hands in Washington say that while Democrats tend to be interested in what innovations government can make in the national life, Republicans tend to be fascinated by the machinery of government. In this sense, Ash is very much of the business-oriented managerial class that proliferates in the Nixon Administration.

Yet he is not typical of the Nixon pragmatists who carry out orders without much question. He is too used to being the boss, and it is clear he does what he does for his own reasons. His deputy, however, who is delegated wide authority, is not only typical, he has often been cited as a prototype of the tough, young, nonideological managers who were attracted by Richard Nixon.

Fred Malek is only 37, but he is something of a legend in the annals of the Nixon tough guys. He comes from the blue-collar, ethnic Chicago suburb of Berwyn, where his father is a Pabst beer salesman, and to this day he stands in awe of the American system, free enterprise and the work ethic. His climb upward was made possible by a free education at the United States Military Academy. After serving his required three years in the Army, including a stint in Vietnam as an Airborne Ranger for the Green Berets, in 1960 and 1961, he resigned and earned a master's degree from Harvard Business school while his wife, Marlene, worked.

His first job was with a business consulting firm in Los Angeles, where he and two other Harvard business graduates spent their spare time looking for a faltering manufacturing company. They found a tool company in South Carolina, which they bought for $9-million, with a $2-million down payment, raised in loans on the basis of their persuasion, eagerness and a few thousand dollars of their own money. By applying Harvard management principles and hard work they soon had the company out of the red and in the black, and when Malek came to the Government to find new challenges in 1969, he claimed that he had become a self-made millionaire, barely, before he was 30.

In Washington, he was sent first to H.E.W. as deputy under secretary to apply his management methods to the jungle of agencies and programs that had ensnared and entrapped every secretary. Robert Finch especially needed help, bulldozed as he was by both the White House and the bureaucracy, and Malek soon earned a reputation as a ruthless cutter and shaker. Unlike some of his colleagues, however, he was no hater of blacks and the poor. His cause was efficiency, and he was credited with enhancing some social programs even while cutting back their personnel. On several occasions he has expressed admiration for the late Senator Robert F. Kennedy and said he could have worked for him as readily as for Richard Nixon "Fred doesn't admire or dislike people because of their political ideology necessarily," said a Malek associate. "He wants his heroes to have-----." At H.E.W., Malek is remembered for having helped politicize the department, in the Nixon mold.

He did so well that he was moved to the White House in 1970 as special assistant for personnel, the chief talent scout for high-level appointments. He recruited scores of executives, many of them young eager types like himself. Two incidents brought him to public attention: First, after Walter Hickel was fired as Interior Secretary, Malek went over to the department and cleaned out the Hickel lieutenants who were balking at leaving; and second, it was Malek who said in 1971 that the White House was considering C.B.S. correspondent Daniel Schorr for a Government position to explain the disclosure that the F.B.I. was investigating Schorr. Others have since confirmed Washington's suspicions that the job story was a lie, invented to explain an F.B.I. check on a White House enemy, on orders of Haldeman, Malek now attributes his action to a mixup, a matter of misinformation given to him by his staff.

It was not until mid-January that Malek was identified as the director of a White House effort in June of 1972 to shape Federal grants and actions to win votes for the President's re-election. In memorandums to Haldeman obtained by the Senate Watergate committee, Malek took credit for such things as stopping a Government lawsuit against racial discrimination in the University of Texas faculty because Texas was considered a key state. Malek, replying to the disclosure, said his claims had been "fluffed up a little bit" to please Haldeman, who had ordered the effort.

After John Mitchell resigned from C.R.P. in the wake of the Watergate burglary in 1972, Malek was sent over as deputy to Clark MacGregor, the campaign manager. He never was implicated in the Watergate cover-up, and he has a lot of pride in the campaign C.R.P. put on, especially in the way it was organized down to the storefront and precinct level all over the country. Some who worked there said that in many ways Malek actually ran the committee. After the election his services were recognized even in the haughty, postelection atmosphere at the White House, and it was decided he should have a key role in imposing the Nixon policies and control on the Government, an undertaking the President believed to have been implied in his overriding mandate from the electorate.

Malek is as serious as he is aggressive. He is as lean as a long-distance runner, wiry and hard-muscled. He has boyish blue eyes and graying hair cut mod but not long. He walks with an athletic crouch (football in high school and wrestling in college) as if he were always about to tackle something. He keeps in trim with chin-ups and cottage cheese and occasionally plays touch football with his two children in the Virginia suburbs.

"Fred is a driven man, with a compulsion to succeed, to move upward wherever he is," said one of his associates. "He is not exactly a deep thinker, but he is smart and he is the kind of guy who, if you tell him to take Hill 603, he'll take it one way or the other." For him now, Hill 603 is the Nixon policy. He was determined, for example, to make the President's pledge on drug control work. When the A.F.L.-C.I.O. objected to the merger of enforcement agencies on the ground that jobs would be lost, Congress balked at approving the plan. Malek then executed an extraordinary written agreement with the labor organization guaranteeing a specific number of jobs, an act some said had doubtful legality but which saved the plan.

Malek, in addition to running the management program, oversaw drafting of the budget a task he found invigorating. While the process was not open to public view, one can imagine him getting in licks here and there for the Nixon policy. Much of his mission at O.M.B., however, was accomplished before the sky fell, in recruiting the kind of personnel he and Ash wanted for the agency. It is doubtful that many of them would come now, but since they did, they are, with the President, toughing it out.

The new eminence for the firm of Ash and Malek came about by both design and chance. The old Bureau of the Budget, established by Congress in 1921, was a tweedy, intellectual kind of place where nonpartisan professionalism carried a premium. President Nixon, in his persistent desire to control the bureaucracy throughout the executive branch, saw in his first term the opportunity to achieve that end by building up the bureau's rather weak management component.

With Congressional approval, he reorganized and renamed the agency. And he put layers of political appointees over the career people who had served Democratic and Republican Administrations with equal devotion.

Then early last year, after his landslide re-election, he went a step farther. Ash and Malek were moved into O.M.B. and, through a network of Nixon loyalists newly placed in key positions throughout the departments, put into force a plan called "management by objective," which was simply an orderly means of seeing that the Nixon policies were carried out at all levels. Another component of the move for greater but more formalized Presidential control was the establishment of a super-Cabinet that was to assume much of the authority wielded by the Domestic Council, which Ehrichman had headed but which was reduced greatly as part of the new scheme.

However, after the Watergate disclosures in the spring, the super-Cabinet was abolished (except for Henry A. Kissinger's role in foreign policy and Treasury Secretary George P. Shultz's in economic matters) to placate an aroused Congress that disliked so much concentrated power. Almost unnoticed, the preponderance of the super-Cabinet's authority reverted to O.M.B., which was about the only White House unit with the professionalism and stability to function undeterred through the shocks and scandals. The team of Ash and Malek, happily pursuing "management by objective," knew what to do with their inheritance.

Thus, for example, when a career civil servant who has seen Presidents come and go was asked the other day who was the czar of the wide range of social, urban and transportation programs now that John D. Ehrlichman was no longer in the White House, the answer was simple: "Why, Paul O'Neill, of course," he replied, referring to a young associate director of O.M.B. who is virtually unknown outside the bureaucracy. While studiously avoiding publicity—something the non-O.M.B. Presidential aide seldom does—Mr. O'Neill has negotiated agreements with Congress, initiated programs, blocked proposals from the agencies, decided disputes between departments, brought about the impoundment or release of funds and precipitated Presidential vetoes.

O'Neill provides an excellent example of how much clout a key O.M.B. official can have. He is a youngish looking man of 38 with a smooth open countenance, educated in economics and systems analysis. In the national Government, information is power, and O'Neill, who came to the Bureau of the Budget in 1967, has an enormous store of knowledge about the vast array of programs under H.E.W., H.U.D., Transportation, Agriculture, Labor and related agencies.

O'Neill was close to Ehrlichman, so much so that he was intimately involved in most of the major domestic controversies of recent years—welfare reform, food stamps, busing, housing. He prefers to work behind the scenes. He is known in the bureaucracy as a moderate, one who favors moving from the specialized assistance programs to an income strategy, as exemplified by the family assistance plan offered in the first Nixon term and by housing allowances.

"Paul probably was the major influence in the President's decision to switch from the specialized housing assistance programs to a cash rent allowance for needy families, should further studies find the allowance method feasible," said a spokesman for urban interests. "He played a major part in the decision to terminate the old programs in January of 1973, and he more or less designed and supervised the study for alternatives carried out by (H.U.D. Secretary) James T. Lynn. He knew what they were going to come up with, and the President was presented with virtually a unanimous recommendation."

It is not unusual for O'Neill to negotiate directly with Congressional leaders in any of a number of areas, bypassing the department or agency that formerly would have been responsible. A few weeks ago, President Nixon announced through his spokesman, Gerald L. Warren, that he was giving in after a long fight with Congress and releasing more than $1-billion in impounded education funds. The key man in this, it appeared, was O'Neill, but few knew it. He declined an invitation by Warren to come to the press room and explain it, saying, "I have work to do, and if I had shown up I would have been asked about a lot of other programs."

Asked if the President had accepted his recommendation in the matter, O'Neill said, "I never say what I recommend to the President." Nevertheless, the overriding impression was that this decision came about as have many others these days: The course of action was decided down in the bureaucracy, bubbled up to the top and was given *pro forma* approval by a President preoccupied with his own troubles.

Another area, the overseeing of Federal-state relations and nurturing the New Federalism, a task that once was handled with considerable fanfare by Spiro Agnew and by a succession of Presidential aides, is now conducted ever so quietly, but enthusiastically, by a division of O.M.B. headed until recently by Frank G. Zarb. for example, Mr. Zarb met frequently with Massachusetts officials to find ways to alleviate unemployment caused by closure of the Boston Navy Yard. During the fall, he traveled the country meeting with local and regional Federal officials to coordinate grant programs, and he headed and organized an Administration-wide effort to persuade the bureaucracy to consolidate grants and leave more authority to the state and local governments. (Mr. Zarb was recently promoted to head the Division of Natural Resources, Energy and Science.)

The O.M.B. has taken some positive steps under the Nixon policy. The special division for drug enforcement set up within the O.M.B. brought about, for the sake of efficiency, a very difficult consolidation of agencies, reduced the flow of heroin into the United States through a stepped-up police effort and funneled limited resources into additional drug treatment centers. Antipoverty programs that are wasteful have been abandoned for ones that are more helpful to the poor. Yet the thrust of O.M.B.'s actions has been toward a contraction of the role of the Federal bureaucracy, as seen in a wide range of program changes—education, housing, manpower training, health services, research and others. On a day-to-day basis, private enterprise is treated with deference: The agency blocked emergency use of military helicopters to fly injured motorists to the hospital on the grounds that the military might be competing with private ambulance services.

What the agency has accomplished in the past year demonstrates the true dimensions of the authority and reach of the American Presidency, no matter how crippled the President. Over the years, the enormous powers of the office have by necessity been invested to a large degree in an ever-growing Presidential staff that has taken on a life of its own. In recent months, those powers have been aggressively dispensed by the likes of Roy Ash, Fred Malek, Paul O'Neill and Frank Zarb—hardly household names. Indeed, they have left an impression that even the total political destruction of Richard Nixon would not be likely to diminish the authority that he invested in this largest of all White House offices.

In many ways, officials have evolved gradually into their positions of pre-eminence. I asked O'Neill how the agency had changed over the years. "To make that comparison, I think I would go back to Kennedy days," he said. "In looking back at the historical files, you find that in the nineteen-fifties and nineteen-sixties the Bureau of the Budget in the health program area, for example, had a large staff, maybe 40 to 45 people. They had an architect on the staff, people who worried about how many square feet were in a Federal hospital and where the electrical outlets were located. Now we have, I suppose, seven people working on health programs. But they are not worried about the nitty-gritty of direct Federal hospital care. They are worried about the broader context of what the Federal finance system is doing to the national system of financing. They are worried about manpower questions and problems and construction problems. It is a completely different perspective. It is more of a national perspective of what the Federal role is, what is happening in the country, what the other levels of Government are doing, what the private institutions are doing. And what should we be doing and where should our legislative thrust be?" In other words, the agency is deep into policy. "If you are doing anything important," O'Neill said, "there is no way to stay away from policy."

And Malek is proud of his efforts to alter the operations of the agency in the most basic ways. "We've got the hottest group in town," he says during an interview in his spacious, high-ceilinged office with its yellow walls and parquet floors. "You see, what we have tried to do in this whole management area is change the focus from improving the administrative elements of a department to really getting down to how a department is run, how the goals are set, how the resources are allocated in the performance of these goals, what they actually do. . . . What we are after is not a system but kind of a way of life, where people take a look at their jobs and focus on the results they are going to achieve."

Furthermore, the O.M.B. chiefs demonstrate a resistance to any diminution of their authority. Ash forcefully argues against the idea that the director and his deputy should be subject to Senate confirmation. Such a step, he says, would be like "requiring confirmation of the left hand of the President."

"If the Government were very small, or if the President miraculously would not have 24 hours a day but would have 2,400 hours a day, then he would be doing the same thing that O.M.B. is doing," he says. "It is an extension of his office, operating under his authority, doing those things that he would do if we were a smaller Government or he had some special number of hours available to him each day."

This has caused concern among career people who are aware of the increasing politicization of the agency. This has taken several forms. The post of deputy director, which has wide authority, formerly was held by a succession of career men who resisted any suggestion of partisanship. Under Ash and Malek, the agency has acquired its own lobbyists. In Congress, the political appointees make deals that the career people have resisted for years—for example, the removal of the Rural Electrification Administration from the budget, accelerating the trend toward hiding Government expenditures and activities from the public.

It is true that in many ways the agency remains highly professional, and its best traditions have a way of infecting the political people. Malek seems more restrained, more academic since he joined the agency. Yet it is difficult not to be suspicious about some things. Why did Malek find a place in such a highly sensitive agency for the man who used to be H. R. Haldeman's deputy, Lawrence M. Higby? Although he was not one of those accused of criminal acts, he was Haldeman's right arm at the center of most of the intrigue. He was the writer of some overzealous memos recommending ways to do in the news media. He is now one of Malek's special assistants with a spacious office and a White House telephone number (everyone else except Ash is on a separate exchange). Five months after Haldeman resigned under pressure, he called Higby and instructed him on the removal of files, an order Higby dutifully carried out, according to his testimony before Judge John J. Sirica.

Malek said Higby was working on "various projects," one of which was "developing our concept of what ought to be in the State of the Union message." Higby tells inquirers he is acting as liaison between O.M.B. and the White House. All this may mean nothing more than the extraordinary insensitivity to appearances that the Nixon regime demonstrates from time to time, but it keeps feeding rumors that the remnants of the old Haldeman gang remain in influence and are staked out for a counterinsurgency.

When Samuel M. Cohen retired last May as assistant director for budget review, he was known as "Mr. Budget," a career man of brains and common sense and a devotion to the public interest. He had served under five Presidents and 16 directors when he finally tired of the hectic pace and became a consultant for Robert R. Nathan Associates here. He is impressed by the quality of the people Ash and Malek have brought in, but he does not like the changes that have taken place under Nixon. There is too much "layering in" and politicizing of the agency, he says.

In the old days, the President would meet from time to time with the top career people who kept their fingers on the pulse of the departments and agencies. That way a President could stay on top of what was going on. But that ended when Mr. Nixon reorganized the B.O.B. into the O.M.B. He would meet only with the director, who was once removed from the bureaucracy. When Ash came in, Cohen said, he added a layer of associate directors between the director and the people who measure the pulse. Even Malek hardly ever sees the President. If the agency is to function as a staff arm of the President, as intended, Cohen said, such "layering in" is not the best way to keep him informed.

Ash, Malek and others are sensitive to any suggestion that O.M.B. is in any way "running" the Government. What they are doing, in the broad sense, they say, is trying to provide management and policy oversight and direction that can be institutionalized and passed on to the next President, if he cares to use it. But they say it is too early to tell whether "management by objective" will be a long-range success.

Indeed, 1973 was not the best of years to put their plan to a test. Much of the executive branch has been in limbo because of Watergate, and the crippled White House has not overwhelmed the departments and agencies with initiatives and innovations. What has happened in the regular functions of government has been largely ignored as one scandal after another and the trauma they have generated have preoccupied the nation.

The outcries from the departments that frequently accompany an order for change from the top have not been heard. That, however, may be due to the preWatergate homogenization of the Cabinet and sub-Cabinet in the Nixon mold. Even crusty old Earl Butz at Agriculture, who frequently denounces the President's policies in speeches across the country, is the first to fall in line when it comes to the actual implementation of policy.

The management effort is being handled very delicately, to effect what the President wants without raising the hackles of agencies which in the past have aroused their own constituencies to protest whenever O.M.B. leaned too hard on their programs. "You've got to be tough but not arrogant," said John Hill, who set up the management division for natural resources. "Otherwise you will have doors shut in your face." Further, implementing the Nixon policies can have deep and troubling difficulties. The Nixon policy is to decentralize the Federal Government, giving more authority to regional offices while at the same time turning back Federal authority to state and local officials. What Hill found in the $5-billion-a-year grant program for sewage disposal plants was a horribly entangled administrative setup that invited waste and inequity, and regional directors of the Environmental Protection Agency heady with power as they found themselves with more money to hand out, frequently, than large-city mayors and governors.

Still, an indication of how President Nixon is succeeding in his policy efforts, even as he barely holds onto the Presidency, is apparent in the new budget for the fiscal year beginning next July 1. The percentage of the Gross National Product going into the Federal coffers has leveled off after increasing since World War II; the degree of dependency of state and local governments on Federal dollars is declining, while the percentage of Federal money going to those governments without strings attached is increasing. While some small concessions have been made to increasing social and economic programs, such as mass transit and housing, the big increases continue to be in areas such as national defense and Social Security, which carry specific Presidential approval. Every indication is that these trends will continue.

THE PROFIT SYSTEM AND AMERICA'S GROWTH

Mr. FANNIN. Mr. President, the free enterprise system has made America a prosperous Nation in which more people live better than in any other country in the world. Our economic system has encouraged the production of goods and services which have raised the standard of living rapidly.

It is somewhat astounding that in view of the great progress made under our free enterprise system, there are those who talk more and more about Government regulation and even nationalization of major industries. Why should anyone want to destroy the system which has responded so well to the needs of our people over the past two centuries?

The history of Government intervention in the economy has been a history of disaster. Our current problems of inflation and energy shortage are directly attributable to Government interference, interference which was either initiated by or sanctioned by Congress.

With the numerous examples of benefits from successful business enterprise, and with the unending list of Government failures to provide regulation or service to the people, it is simply incredible that we should consider extending the clumsy hand of the Federal Government.

Mr. President, the New York Times today carried an article of excerpted remarks by Richard C. Gerstenberg, chairman of the General Motors Corp. This article makes the point which I have cited often: Profitable business is essential if we are to gain the means to correct the social and economic problems we seek to solve as national goals. I ask unanimous consent that this article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the Record, as follows:

THE PROFIT SYSTEM AND AMERICA'S GROWTH

(By Richard C. Gerstenberg)

Warren, Mich—As a nation we have launched ourselves on a most ambitious social agenda. We want to achieve even higher standards of education, health, and well-being for all our people. We want to abolish poverty. We want to rebuild our cities. We want to preserve and restore the beauty of our great resources; our land, our waters, and our skies. We want to give every American—of whatever color, religion, or background—an equal opportunity to become all he is capable of becoming. We aim for full employment, and even more—the full opportunity for everyone to participate in all that America has to offer.

These tasks are inherent and they are right—right for our country and for our time. But they are formidable, and sustained achievement will require a full committal of our moral and mental resources. Right now the hard fact is that the material resources essential to this task will simply not be available unless our economy stays healthy, and this is possible only if business remains profitable. Not one of our grand national goals—not one—can be accomplished unless business prospers. Profits, from which come all wages, taxes, and dividends, fuel the growth of our nation, and our future depends on the profitability of free enterprise.

Yet we are daily confronted with evidence that not enough Americans understand this. To them, the word "profit" has a grubby, selfish sound. The Vice President, Gerald Ford, noted recently, that many Americans consider a legitimate profit as a "rip-off, something that the bad guys steal from the good guys."

My concern today is heightened because so many of the most pressing issues confronting our nation are economic in nature. There are dollars-and-cents considerations, hard questions of profit and loss, in the energy situation, in housing, the deterioration of public transit, in the economic inequities between the recess. Yet most of our people are ill-equipped to recognize the economics in these issues, much less to recommend the economic remedies. This lack of public understanding seriously threatens the continuation of our competitive private enterprise system.

In America, public understanding is fundamental. The people still have the ultimate power. Nothing endures—not on Capitol Hill, not in Detroit, and not anywhere in our nation—except by the will and vote of the American people, however unwieldly, however imperfect, however capricious the democratic system may seem. In the last analysis, the people determine what regulations will govern our economy and the conduct of our business.

Remember when we used to say, "Fifty million Frenchmen can't be wrong." Now 200 million Americans can be wrong on balance if a growing number of them believe, as they seem to, that profits are too high, that more regulation is needed, and that big business is getting too big.

The opinion polls present a grim arithmetic. According to a recent survey, only 3 per cent of the American people think business as a whole is not making enough profit, while 35 per cent—or more than ten times as many—think busines is making too much profit. The latest public estimate of the average manufacturer's after-tax profit is 28 cents on the dollar, whereas actually he earns in the neighborhood of a nickel.

For the first time since World War II, a majority of Americans no longer thinks that companies should be allowed to make all the profits they can. The trend instead shows a growing public support for a government ceiling on profits. And it may be significant that this study was taken before the energy situation was brought to the forefront of public attention by the oil embargo.

The public is wrong. Dangerously wrong, because the typical corporation is not the insensitive, unchanging inaccessible giant that so many picture it to be. On the contrary, it is one of the most flexible and responsive of man's creations. It takes on the character of its times.

We in General Motors know there is no conflict between corporate profits and social progress. We know that each is necessary for the other. We expect that the American corporation wil continue to be one of the most effective and efficient assets to society that man has devised to achieve nis social and economic goals.

In addition to our efforts at General Motors to earn a profit, and largely because of our success in those efforts, we are helping to create a better balanced system of transportation in this country and throughout the world; to explore space; to cleanse our air and water; to develop new materials and means of manufacture; to recruit, hire, and advance minority employes and women; to foster minority enterpise; to support education and a wide range of other community and civic programs. In short, to help do what must be done if our country and the world are to become all that we want them to be.

In such ways a corporation—and remember that there are more than 1.6 million of them in the country today—can help swell the tide of social and economic advancement for all the people of this country, even as they seek a profit.

We make these contributions today because the people—that is, the society we serve—expect us to. In that light, these contributions make good business sense, indeed, the times allow no alternative. And we will continue to make such contributions for as long as our business remains profitable.

In the minds of many people, these social contributions are no longer understood as ancillary to a corporation's basic purpose; they are judged to be basic—responsibilities whose performance is even more essential, or at least more praiseworthy, than providing value for the customer, wages for employes, and a fair return on the stockholder's investment.

In many popular trends of thought, basics have been turned upside down. A private corporation is being confused with a public, tax-supported agency. Profits are not applauded; they are scorned. Business is not encouraged; it is regulated. Enterprise is not rewarded; it is questioned and regarded with suspicion.

This is a road down which we dare not travel. It is a road darkened by a lack of public appreciation of what makes a person willing to risk his capital or to work harder than the next fellow. It is a road which leads to the dead end of excessive and irrational Government regulation—and ultimately to the end of private enterprise.

This, I know is not what the American people want. But this is what we will all get unless more understanding is gained of the importance of profit. Somehow, we must convince people, more people than we have already, that a corporation—or any business for that matter—must first do well before it can do good. Better understanding of our institutions won't just happen. We must make it a goal. make it "happen."

BILINGUAL EDUCATION SURVEY AND REPORT

Mr. MONTOYA. Mr. President, the National Education Task Force de la Raza and the National Education Association were joint sponsors of the National Bilingual Bicultural Institute held at the University of New Mexico in Albuquerque. Participants came from 25 States and represented school administrators, project coordinators, teachers, university professors, students, and interested members of Government and the public. I was privileged to address the Institute and was very impressed with the high level of educated concern and interest in bilingual education among those attending.

In order to further assist participants at the institute, the National Education Task Force de la Raza has now compiled information obtained from two surveys taken during and at the end of the 4-day institute, and has released the evaluation of those surveys. They have also prepared a report of the final session of the institute, containing the recommendations of this distinguished group of educators for the future of bilingual-bicultural education in the United States. These two pieces of research effort will be released with the National Education Association as institute reports No. 2 and No. 3.

In addition, Dr. Henry J. Casso, executive director of the National Education Task Force de la Raza, Mr. Rodolfo Rodriquez, and Mr. Elias R. Bernal have prepared a preliminary study of the 5th year ESEA title VII bilingual bicultural programs, focusing especially on programs with a high concentration of Mexican American students. I believe this report will be of special interest to those of my colleagues who are currently assessing the final report of the Commission on Civil Rights Mexican American Education Study.

I wish to commend both organizations for their work on this project, and for the information contained in the three reports prepared and released at this time. Although I am sure those of my colleagues who are deeply concerned about advancing equal educational opportunity for all children in the Nation will want to study these documents in detail, I think it is worthwhile noting the following significant points in each report:

PRELIMINARY STUDY OF FIFTH YEAR ESEA TITLE VII BILINGUAL/BICULTURAL PROGRAMS

In the projects which responded to heavy concentration of Mexican-American students: 88 percent Mexican-American, 8 percent Anglo, and 3 percent black. Pupil teacher ratios varied widely, indicating a much better ratio at the high school level, although there are fewer programs at that level. Only 50 percent of the evaluators of the programs had a functional use of Spanish, and it is worth noting that those who did not speak Spanish had a much greater tendency to use standardized tests while Spanish-functional evaluators preferred criterion referenced tests, as do most bilingual-bicultural educators.

A very large percentage—87 percent—of the programs surveyed considered their program to be a language maintenance program rather than a transitional program. Although most projects reported good to high success in subject areas and in a wide variety of types of education systems used there was a clear need for bilingual teachers, with only 4 percent of those responding reporting a complete staff of bilingual teachers. There was also an evident need to work with local teacher groups, with Federal and State legislators and with boards of education in order to establish a more positive attitude and better understanding of bilingual education. Finally, a significant need to involve parents in the education of their children and in local school government as well as State and Federal Government. Project directors generally expressed a need for continued funding of ESEA title VII projects, a strengthened Federal position on bilingual education, better State support for equal educational opportunity programs like bilingual education, and increased teacher training institutions.

EVALUATION OF THE NATIONAL BILINGUAL BICULTURAL INSTITUTE

This evaluation clearly showed that educators who attended the Institute overwhelmingly preferred language maintenance programs to transitional programs, that a very high percentage—89.5 percent—feel bilingual bicultural education should be a continuous program from preschool to high school, that a high priority exists in recruiting and hiring bilingual teachers, and that 95 percent of the participants feel a teacher's knowledge of the children and appreciation of the cultural environment is the most important element of preparation of teachers for bilingual programs. In addition, of course, 90 percent felt that the teacher should be bilingual.

REPORT OF THE FINAL SESSION OF THE INSTITUTE

This report includes many recommendations which should be considered carefully by educators and by Government. Briefly, it recommends: financial support for bilingual programs under title I of ESEA, improved funding practices for Migrant Education Act, revision of the May 25 memorandum concerning the civil rights of the linguistically and culturally distinct child, special attention to bilingual programs in career education, the establishment of a "Mesa Directiva" to assist the Office of Education in review of programs, position papers, goals, and other matters relating to bilingual needs, better representation of Mexican-Americans in staff positions at the Office of Education, NIE, and other Federal agencies which deal with minority problems, increased teacher-training emphasis in bilingual bicultural Federal programs, and greatly increased funding for research and developmental models for both teacher-training and bilingual bicultural programs.

Mr. President, I urge those Senators who are concerned for equality of education secure and read these reports in detail.

I congratulate the men and women who participated in the institute and especially those who have spent long hours analyzing in detail the surveys taken, the recommendations made, and the plans generated.

Mr. Thomas Villarreal and Dr. Henry J. Casso, institute cochairmen, stated in their final report:

> It is the intention of the Institute that its work contribute significantly toward the creation of a truly democratic, multicultural society founded on a solid base of cultural pluralism through the promotion of a viable education strategy—bilingual bicultural education.

I feel that intention has been amply fulfilled, and offer my thanks to the dedicated educators who have made this material available to all of us.

THE INEQUITY OF GAS RATIONING

Mr. BROCK. Mr. President, I think by this time we may all agree that gasoline rationing is not economically efficient. What we are now beginning to realize is that rationing is also inequitable. This point is illustrated with stark clarity by the distinguished economist Milton Friedman. Dr. Friedman's distinguished colleague in writing for Newsweek, Henry Wallich, also opposes rationing. Mr. President, I ask unanimous consent to have printed in the RECORD the articles by Dr. Friedman and Dr. Wallich.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

THE INEQUITY OF GAS RATIONING

(By Milton Friedman)

There is wide agreement that the most efficient solution for the energy-and-oil crisis is to let the free market reign—to let prices rise to whatever level is necessary to equate the amount people want to buy with the amount available. Higher prices would give each of us a private incentive to conserve energy, would give producers an incentive to add to the supply, and would assure that energy was used for purposes valued most highly by purchasers.

The one argument against this traditional free-market solution is that it is "inequitable." Any solution requires that we use less energy than we would like to use at present prices—that is precisely why we have a crisis. Any solution will therefore "hurt" all of us. But it is maintained that the free market imposes the burden disproportionately on the poor, that government rationing would avoid this "inequity" and hence should be adopted, despite all its defects—waste, bureaucracy, black markets and corruption.

The argument has a strong emotional appeal. But it has no rational basis.

THE ARITHMETRIC OF RATIONING

Consider one scheme for rationing gasoline that has been proposed: give each family coupons entitling it to purchase a specified number of gallons a week at present prices, but then permit it to purchase additional gasoline at free-market prices. Since my concern is with equity, let me waive all questions about the feasibility of assuring that coupons would be honored and about the effects on production incentive. Suppose the allotment per family is 15 gallons per week, that every family uses its allotment, that the fixed price is 45 cents a gallon and that the free-market price, in the absence of rationing, would be 75 cents a gallon *for the same total amount of gasoline* (I shall discuss below the reason for this condition). The scheme is then precisely equivalent to sending each family in the United States a check for $4.50 a week (30 cents times 15 gallons), financing the payment by a tax on the oil industry, and letting the free market distribute the gasoline. Is there anyone who would favor such a national dividend, distributed regardless of need? If there be such a person, would even he favor having its size determined solely by the price of gasoline? If the scheme is bad when stated in its naked form, how can concealing it in ration coupons make it good?

Or consider another varient: distribute coupons covering all gasoline that will be available (say 20 gallons per week), fix the price at 45 cents a gallon, but permit the coupons to be held in a "white" market. Assuming the same facts as in the preceding paragraph, the price of the coupons would be 30 cents a gallon. The scheme would be precisely equivalent to imposing a tax of 30 cents per gallon on gasoline and using the proceeds to send each family in the United States a check for $6 a week (30 cents times 20 gallons). Again, stated nakedly in that way, does the scheme really have any appeal?

Note that I have considered the least inequitable schemes. Alternatives that would prohibit the sale of coupons or that would allocate coupons on the basis of number of cars or "normal" mileage driven rather than equally to all families are equivalent to sending *larger* checks to high-income than low-income families.

THE ECONOMICS OF THE MARKET

Because of my emphasis on "equity," I have omitted a major defect of these rationing schemes—the defect that required me to assume *the same amount of gasoline*. Both schemes would reduce the incentive of producers to add to the supply and would therefore mean less gasoline than under the free market.

The effect on production is important both in the current emergency and in the longer run. Suppose that shortages in any commodity or service are always met by taxes designed to absorb the increase in price. What incentive would that give private enterprise to provide excess capacity to meet such a possibility. As it is, the prospect of occasional bonanzas makes it profitable for enterprises to maintain greater productive capacity and larger inventories than are required under normal circumstances. With that prospect eliminated, the government would itself have to provide such reserves—a task it has hardly demonstrated the competence to perform.

The free-market solution is not only more efficient, it is also more equitable. True "equity" calls for making provision for special hardship cases. It does not call for raining government checks on all and sundry.

THE BIG DECISIONS

(By Henry C. Wallich)

The last tanker may be in by now.

Once the Arabian oil flow has stopped, the crisis will be entering upon a new phase. The scene is like a man being hit on slow-motion camera: the blow travels slowly, but the man can't get out of the way.

When a crisis has long been building up, as this one has, it tends to follow a typical pattern. It begins with scattered warnings which many sensible people write off to Cassandraism and wolf crying. Gradually the storm signals attract wider attention. A point is reached where everybody is talking about the problem. Then it tends to become exaggerated.

The oil crisis now seems to be entering this last stage. The principal decision now to be made concerns rationing. Fuel oil will probably be rationed informally by the distributors. The government allocates oil to them, and they will have to dole it out among their customers. This raises the dangers of favoritism, injustice, and hardship cases. But it will probably work well enough to make formal rationing to householders unnecessary. Falling oil-tank gauges will be the best inducement to turn down thermostats. A higher price will supply added persuasion power.

NO GAS RATIONING

Gasoline is different. Rationing gas is very difficult, although it may come to that. But we do know that, rationed or not, the price of gas will have to rise. Everybody by now pretty well understands—or at least has had every chance to find out—that the oil crisis is not just the result of the Arab boycott. It is the result, more fundamentally, of the Arab price squeeze, which is likely to get tougher. Whether we try to continue importing Arab oil, or develop alternative domestic sources of energy, the price must go up.

Rationing therefore makes no sense if it serves only to postpone a rise in gas prices that cannot long be avoided anyway. It would make sense only if needed to avoid drastic disruptions of supply. Letting people queue up at empty filling stations, as they probably will, may be as traumatic as subjecting them to the injustices and inconveniences of rationing. But a stiff price hike may keep people away from the filling stations.

A good part of this price increase should take the form of a tax. The profits of the oil companies need not go up. The Federal government could use the tax proceeds to cut the income tax in the lower brackets to compensate for the rise in living costs.

The rise in living costs would be painful, but not unbearable. A doubling of the price of gas—which surely is at the pessimistic end of any scale of possibilities—would hurt substantially less than the recent rise in food prices did. With gasoline amounting to about 2.7 per cent of the typical family budget, doubling the price of gas would add that percentage to the cost of living. We did not ration food recently when its average cost rose by about one-fifth. Food amounts to 22 per cent in the typical family budget. And higher food prices held out little promise of bringing in additional supplies. Why then ration gas when a higher price is required anyhow to get substitute supplies? Only dire emergency can justify rationing.

CONSUMERS VERSUS INDUSTRY

Our second big decision will be how much of the shortage to take out on the consumer, and how much on industry. Uneasy estimates are making the rounds about the drop in GNP that the oil crisis will bring. This is very much up to Washington. The amount of oil directly essential to production is not large. An optimistic but well-informed estimate puts it at 20 per cent of total supplies. The rest can be trimmed down, causing hardship and inconvenience but not stoppages.

The political temptation will be to visit the cuts upon industry, because the consumer has more votes. If such a policy produces a loss of output, that loss would have been avoidable. By focusing on the consumer, production and jobs can be safeguarded. This will mean somewhat colder homes this winter. But a nation whose men, when fashion demanded it, were prepared to go hatless in the winter, while its women survive in miniskirts regardless of weather, cannot be overly sensitive to cold. The U.S. has been enormously wasteful of energy while it was cheap. These days may be gone. But the legacy they left will at least have the advantage of making our fuel needs easily compressible. By merely cutting out what we do not seriously need, we can probably get through this crisis. We may also be able to adjust more easily to a permanently tighter energy situation.

THE NATIONAL ARTHRITIS ACT

Mr. DOMENICI. Mr. President, no other disorder causes more prolonged misery to a greater number of people in the United States than do the arthritic and rheumatic diseases. Arthritis is the Nation's number one crippler; each year various forms of arthritic conditions cause unemployment equivalent to nearly half a million people and cost the country approximately $4 billion.

No price tag, however, can be placed on the untold suffering, pain, invalidism, and mental anguish which these disorders impose on individuals and their families. Over 17 million people in the United States, young and old, afflicted with arthritis look to research for a means to relieve their suffering. It is my hope that through the National Arthritis Act, S. 2854, a bill which I recently cosponsored, arthritis research will be given the high priority that it necessitates.

Through the proposed National Arthritis Act, arthritis research and demonstration centers will be established across the country. These centers will serve both as academic settings for intensive, interdisciplinary arthritis research, and as regional headquarters for training in, and demonstration of, diagnostic, prevention, and treatment methods of arthritis.

To provide for the development of the research and demonstration centers, the proposed legislation authorizes the appropriation of $10 million for fiscal year 1975, $15 million for fiscal year 1976, and $25 million for fiscal year 1977.

It is with great vigor that I endorse this strong emphasis on research activities, both basic and clinical. Medical research can be a slow and painstaking process—but, through the establishment of arthritis research centers, a broader, more extensive program could be launched with available resources channeled into select centers where arthritis was top priority. In addition, researchers could be actively encouraged to work in this field, and additional qualified researchers could be trained if an adequate number was not available.

In my own State, the University of New Mexico has spearheaded a highly successful arthritis research program. Centers such as this one could be extended to the further benefit of New Mexicans as well as all Americans.

A second strong point of the act is the establishment of arthritis screening, detection, and control programs. The early detection and diagnosis of arthritis could mean a normal life free from pain and disability for a potential arthritis sufferer. In the proposed legislation, the early detection, screening, and control programs, carried out through the research and demonstration centers, will concentrate on several areas of arthritis prevention and control. Included in these activities may be programs for the early detection of arthritis victims, programs to develop effective and reliable screening procedures for arthritis, and educational programs to provide information on the current care and treatment of arthritis patients.

To carry out these prevention and control programs the National Arthritis Act authorizes to be appropriated $10 million for fiscal year 1975, $15 million for fiscal year 1976, and $20 million for fiscal year 1977.

It is the intention of this act that the funds which it authorizes for research in the detection, treatment, and rehabilitation of arthritis victims be in addition to those sums presently earmarked for arthritis research through the National Institute of Arthritis Metabolism and Digestive Diseases appropriations. Indeed, it is the purpose of the National Arthritis Act to expand the existing authority of the National Institute of Arthritis, Metabolism, and Digestive Diseases in order to more effectively advance a national campaign against arthritis.

Almost everyone, if he lives long enough, will develop some arthritis. It is estimated that 97 percent of all individuals over the age of 60 have enough arthritis so that it can be seen in X-ray film. Too often it is this very segment of our population which is overlooked in our health legislation. My strong support of S. 2854 stems from my deep and abiding concern for the well-being of our senior citizens, although they are not the only ones hit by the disease. We are, however, greatly indebted to those in this country who have contributed so much to our Nation's past, and we must show our awareness and concern for their health needs by uniting in a national commitment against this crippling disease.

I feel this commitment must take the form of a substantially stepped-up research program within the National Institutes of Health; a commitment aimed at combating this disease and, hopefully, leading to its eventual elimination. I believe that the mysteries of arthritis must be examined with all the energy that our Nation's health resources will allow.

The National Arthritis Act provides the tools for our national commitment. It offers the most effective means of tapping the enormous potential of our health resources in fighting arthritis. I urge its immediate adoption.

THE GENOCIDE CONVENTION

Mr. PROXMIRE. Mr. President, I was disappointed that the Senate was unable to invoke cloture on the Genocide Convention debate several weeks ago. However, I intend to continue speaking on this matter every day, as a reminder that ratification of the Genocide Convention deserves our consideration without delay.

When will we put aside our petty fears and give this document the endorsement it deserves? It is simply a matter of decency and commonsense involved here. By ratifying this treaty, we are reaffirming our own commitment, firmly rooted in our traditions and our Constitution, to individual rights; and we are joining in the condemnation of any who would violate those rights in such a horrible, despicable fashion.

Mr. President, I hope that conscience and reason will ultimately prevail here, and that we will once again demonstrate our dedication to justice and liberty. For the longer we postpone consideration of the Genocide Convention, the more that dedication can be held in doubt.

STANDING FIRM

Mr. BROCK. Mr. President, William Safire recently wrote a brilliant column in defense of our free market system and the need to stand fast by its ability to deal with shortages. Though I have spoken many times on my abhorrence of economic controls, and their inevitable effect on supplies, Mr. Safire's wit and descriptive abilities cannot be excelled. For the benefit of my colleagues who missed the column. I ask unanimous consent that it be printed in the Record, along with a Chicago Tribune editorial on the same subject.

There being no objection, the articles were ordered to be printed in the Record, as follows:

Do Not Do Something—Stand There

(By William Safire)

Washington.—Confronting the demon of economic downturn, President Nixon extended his arms, flashed the ancient thumbs-up sign, and pronounced the mystic incantation: "There will be no recession."

Doing their bits to shoo out the dybbuk, advisers like Treasury Secretary George Shultz allowed as how the bedeviled President prophecy would self-fulfill, provided one accepts the Nixon definition of a recession. And economist Herbert Stein sturdily agreed, adding under his breath, "But we're sure gonna have the littlest boom you ever saw."

What must disturb these two believers in economic freedom is the President's willingness to make economic decisions for political reasons—that is, to listen to the populist demand to "do something!"

Last summer, popularity economics called for a wrongheaded price freeze; by satisfying the demogogic lust to "do something," the President—overruling Shultz and Stein—succeeded only in creating shortages and confusion.

This year, popularity economics calls for an evasion of recession at any cost, in a perversion of Keynesianism that says "inflation irritates, but recession infuriates." Some recession is surely necessary to restrain inflation and improve productivity, but the natural downturn would not help the President's plan for political survival.

When his back is to the wall, Nixon tends to adopt the economic suggestions of his Democratic opponents, and with a vengeance: Taking "bold action" to freeze prices, or crack down on profits, or throw federal money at a possible recession. This frenetic activity gives the illusion of leadership and temporarily answers the demands that he "do something."

But when Sen. William Proxmire ladled out the usual pap about "lack of vigorous, forceful economic leadership" to Shultz last week at a congressional hearing, the mild-mannered witness did not grin and bear it. To everyone's surprise, Shultz banged the table and exploded: "I do not see why you just keep saying, saying, saying something that is not true . . . In the stampede for 'action, action, do something,' you find yourself doing the wrong thing."

Shultz, a free-market man who fought against the kind of "vigorous, forceful leadership" that caved in years ago to the clamor for controls—and turned out to be right—denounced the senator's do-something fulminations as "a gross misrepresentation and I'm frankly tired of it."

Proxmire, ashamed at being caught in a demogogic posture by an economist he admires, said "So am I" and backed off.

What brings about this lust for government intervention, this dosomethingism, on the part of those who simultaneously decry excessive presidential power? Why can't "forceful leadership" ever be equated with unpopular self-restraint? Think of the economic mischief that could be avoided if voters were to say to elected officials: "Don't just do something—stand there."

For example, part of Proxmire's complaint was with the way the independent truckers' strike had not been personally handled by the President. Presumably, the senator would have preferred the Lyndon Johnson method, with all-night bargaining sessions in the White House showing the President's personal concern.

That sort of stunting would have undermined the professional mediation which brought about a sensible settlement. It has taken five years to wean disputants away from Oval Office maternal care—and, of course, had the President injected himself into the settlement, the do something set would promptly have berated him for grandstanding.

At a time when the President is especially tempted to take "the popular course," a special responsibility falls on those who airily call on him to "do something" about avoiding a recession and—in the same breath—demand he "do something" about rising prices, and "do something" about shortages induced by price controls.

Such demogogic demands can no longer be made with impunity: The President is now all too likely to respond to them. (I had a small dog which, secure in the belief that my leash would restrain him, loved to lunge and snarl at a huge St. Bernard; one day I dropped his leash and the little dog looked at me as if I had lost my mind.)

Controls have failed; let's admit it. Heavy federal spending and a tax cut could avert a recession—let's admit that, too—but at a cost in inflated prices and reduced real earnings that make it something that is wrong to do.

Instead, let's consider a capitalist's manifesto:

Laissez-faires of the world, unite! You have nothing to lose but your Keynes.

Controls Close-Out Praised

Chicago.—The Nixon administration has decided to dismantle virtually all wage and price controls by May 1, but it wants to keep the Cost of Living Council alive to monitor inflation and perhaps to "jawbone" those industries and unions that seek excessive price or wage increases under the restored freedom of the marketplace.

We can understand the administration's desire to retain controls on petroleum prices, health care, and perhaps one or two other inflation-prone areas, but would prefer to see the expiration of the Economic Stabilization Act on April 30 used as an occasion to get government entirely out of the business of trying to manipulate the economy artificially.

Unlike controls and government intervention, the pricing mechanism of the free market has a proven record of long standing of being able to allocate scarce resources. Many of the shortages that now plague the economy can be traced directly to the control program.

True, prices and wages are likely to rise after controls are ended. But this is the price we must all pay for having succumbed to controls and for the economic distortions created by them. Once these distortions are gone, the marketplace can settle down to pricing goods and services according to supply and demand. No act of Congress can repeal this economic law.

LAW OF THE SEA CONFERENCE

Mr. PELL. Mr. President, many usually well informed people are unaware that the Third United Nations Conference on the Law of the Sea has actually begun. It was initiated by an organization session held at United Nations Headquarters in New York in December. At the session, partial agreement was reached on the rules of procedure for considering crucial substantive issues at the next meeting of the Conference at Caracas in July and August.

The conference is now in an interim but critical period similar to that tricky stage before the starting gun of a sailing race, when the boats are maneuvering for the best position to cross the line.

Even though this stage of the conference does not command great public attention, the need for the successful outcome of the conference in resolving urgent issues is of mounting importance. To cite several examples, there is the need to accelerate the exploitation of offshore gas and petroleum resources but not at the expense of significant pollution of ocean space, there is the need of effective coastal state management of fisheries to prevent irreversible depletion of food fish stocks, there is the need of preserving the traditional freedom of civilian and naval navigation.

Elizabeth Mann Borgese, to whose spendid work in connection with Pacem in Maribus III I referred in a statement last December, Congressional Record, December 13, 1973, has recently described how circumstances surrounding these issues have changed so rapidly as to necessitate, in her opinion, revision of the U.S. draft treaty proposed in 1970 for consideration at the Law of the Sea Conference.

Essential to the sucess of the conference is well-informed public and congressional understanding of the basic issues at stake. This is an educational task that both official and public-interest groups are devoting themselves to, in a highly commendable fashion.

The innovative establishment by the Department of State of the Advisory Committee to the U.S. Law of the Sea Delegation has opened up a unique two-way channel of ideas and information between the executive branch and both the private sector and the Congress.

Pacem in Maribus at the Center for the Study of Democratic Institutions has been the source of much creative thinking and public education.

Max Stanley's Foundation has contributed enormously to this educative process in a series of seminars on the Law of the Sea. The latest one held in January at Airlie House in conjunction with a useful panel discussion of Members of Congress for Peace through Law, was devoted to informing members of Congress and their staffs of where we stand on the conference and soliciting their views on what we should be doing as we maneuver into place for the starting gun.

Knowledgeable writers have also been publishing articles useful in creating wider and clearer appreciation of the essentiality of establishing an orderly regime to assure that ocean space is a lasting source of benefit and harmony for the people of the world.

I commend particularly an article by Prof. Richard N. Gardner of Columbia University entitled "It is Time to Consider the Fish's Point of View." Although a teacher of international law, Dick

Gardner is not held captive of abstruse legal theory in a statutory tower. He made an outstanding record as Deputy Assistant Secretary of State from 1961 to 1965. He energetically wrestles with the practical problems of our times in his concern for a sane future for mankind. The Law of the Sea Advisory Committee is a beneficiary of his membership, which fortunately will also permit him to participate at the Caracas Conference.

I ask unanimous consent that "Statement on the Law of the Sea Conference" by Elizabeth Mann Borgese of the Center for the Study of Democratic Institutions and Professor Gardner's article be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

STATEMENT ON THE LAW OF THE SEA CONFERENCE

(By Elisabeth Mann Borgese)

The Conference on the Law of the Sea will take up its substantial work this summer. The outcome of this conference is doubly important. It will determine the fate of the oceans which cover over 70 percent of the earth's surface and on which all life on earth depends. And it may create a new type of international organization apt to enhance development and peace.

The United States has submitted a working paper, UN doc. A/AC 138/25, presenting a Draft U.N. Convention on the International Sea-bed Area. This will be one of the basic working papers for the Conference. When the paper was first submitted, it initiated a new phase of work in the preparation of the Conference. It generated a number of alternative drafts and added both vision and concreteness to the discussions. A number of its features, such as the proposed Ocean Tribunal, are of lasting value. It is to be hoped that they will find their way into the text of the final Treaty.

The U.S. * * * on scientific research—which are of varying degree of interest to the international community. The revised Fisheries Draft Article (August, 1972) is probably the most rational and advanced proposal in this area now before the U.N.

It is my submission, however, that the basic document, A/C 138/25, is obsolete, and that the piece-meal approach to problems which are interdependent and interacting, is inadequate. I would hope the U.S. Government would revise its basic document, extend its function from the management of the seabed and its resources to the management of ocean space and resources, and incorporate its various sectorial or partial proposals in one comprehensive Treaty.

The reason why the basic document A/C 138/25 is obsolete are manifold. Undoubtedly, technology has advanced much faster than anticipated. The fate of the oceans is endangered by a proliferation of such technologies, intensifying traditional uses of ocean space and resources and introducing many new ones. The oceans' living resources, whose renewal in the past was keeping pace with artisan methods of fishing, are beginning to fall behind in the race with new, industrialized methods of exploitation. The maximum sustainable yield is being reached much sooner than had been anticipated even a few years ago. The last few years have registered a decline in the world's total fish catch, and this at a time when the world's population is fast growing and especially the poorer nations depend on the productivity of the oceans for by far the largest part of their animal protein requirements.

Shipping has increased both in size and number of vessels. Freighters and tankers, carrying half a million of deadweight and more, are crowding international waterways and straits. Collisions and groundings are on the order of the day, releasing vast quantities of pollutants into the ocean. Underwater storage tanks and floating superports are built to accommodate this novel kind of maritime traffic. All these installations are prone to accidents, vulnerable to sabotage and, at any rate, designed for a certain percentage of regular loss and waste, accumulating in the oceans as pollution.

We are at the beginning of a revolution in mineral mining in which the oceans are playing an eminent role. Offshore oil production today accounts for about 20 percent of the world's total oil production. It is estimated that this will rise to about 50 percent over the next two decades. The recovery of manganese nodules from the deep ocean floor of the Pacific and the industrial processing of manganese, nickel, cobalt, and other metals in practically unlimited quantities, is just beginning. The ecological consequences of the extraction and processing of these metals are not known at present.

Urbanization and industrialization of the coasts, discharging huge amounts of organic and inorganic waste into the oceans through rivers and pipelines; the industrialization of agriculture, generating run-offs of chemical fertilizers and the discharge of DDT which reaches the oceans through the atmosphere; the swelling of tourism and the recreational uses of ocean space; the use of the oceans for human habitats, whether under water or on artificial islands—all contribute to an alteration of the balance between land and sea. Factories are being moved out to sea; oil refineries are placed on offshore platforms; airports are put on artificial islands. New energy resources and technologies, fueling a hydrogen economy, will be ocean-based rather than land-based.

The military are moving into the oceans. Strategic weapons systems, easily targetable on land by high flying spy planes or satellites, become invulnerable under the protection of the opaqueness of the seas and with the added advantage of mobility. The "second strike capacity" of the great powers resides today in the oceans.

Ocean science, finally, has been developing at a spectacular rate. The discovery of seafloor spreading and continental drift has added new dimensions to our understanding of the history and nature of our planet. The impact of this science both on industrial and military uses of the oceans is ever increasing.

There is at present no law, national or international, to regulate these new and challenging uses of the oceans. Existing international machinery is totally inadequate. The American Draft Treaty falls short of meeting most of the problems.

If unregulated, the intensification of old uses and the addition of so many new uses of the oceans will engender conflict and waste on a scale unknown in the past: problems which affect the health of the oceans and the survival of man. Problems exasperated by the so-called energy crisis and the ensuing worldwide mood of national retrenchment and short-sighted scramble for resources.

Problems which, in turn, are transnational in scope and must be solved internationally.

A revised U.S. Draft, in my opinion, should:

Give legal and economic content to the concept of the common heritage of mankind;

Ensure the conservation of the common heritage for future generations;

Ensure the full participation of the developing nations in the management of the common heritage and in the benefits derived therefrom;

Harmonize global, regional, and national interests in ocean space and resources;

Reconcile and balance the multiple peaceful uses of ocean space and resources;

Develop a disarmament and arms control apt to bridge the gap between science, economy, and politics; and

Develop a disarmament and arms control policy for the oceans, benefiting from the awareness that many of the technologies and institutional arrangements needed to monitor and control pollution in the oceans have also an arms control effect.

[From the New York Times, Dec. 30, 1973]

REGULATING USE OF THE OCEANS—IT IS TIME TO CONSIDER THE FISH'S POINT OF VIEW

(By Richard N. Gardner)

When the American humorist Robert Benchley was an undergraduate at Harvard, he had to answer an examination question in international law on the Northwest Atlantic fisheries dispute. Finding himself unprepared on the issues, he began: "Some people may care to discuss this case from the point of view of England, others from the point of view of the United States, but I shall discuss it from the point of view of the fish."

The story is now almost forgotten vintage Benchley. But the question of "the point of view of the fish"—to put it more broadly, the protection of marine resources and the rational management of the oceans that cover 70 per cent of the earth's surface—has become one of the most pressing on the diplomatic agenda for 1974. In Caracas, Venezuela, June 20 to August 29, 150 countries will participate in the largest conference ever held under United Nations auspices, the third U.N. Conference on the Law of the Sea.

NEW LAW NEEDED

The law of the sea has appropriately been called "the heart of international law." From the 17th century through the early part of the 20th, countries bordering the oceans generally agreed on what was essentially a strategic definition: territorial waters were limited to three miles, the distance a 17th-century land-based cannon could shoot. The high seas beyond were free for the use of all.

The old consensus was broken by a combination of economic and social factors. As world food needs have grown, improved fishing technologies have created competition between coastal and distant-water fishing nations for marine protein supplies. Energy-hungry developed countries have turned to new deep-sea drilling techniques to explore and tap undersea oil and natural gas deposits. The rising tide of nationalism has led some less developed countries to assert exclusive claims on their offshore resources, while others not endowed with rich offshore assets want to share in the benefits of seabed exploitation.

And meanwhile scientists have issued urgent warnings: the unregulated plunder of the deep, they say, cannot continue. While more sophisticated fishing techniques, including electronic hunting devices that pinpoint schools of fish, are being used by many fleets, there are simply fewer fish to be caught. In Icelandic waters, for example, the combined British-Icelandic haddock catch was 110,000 tons in 1961. Now it is just over 40,000 tons. The "cod war" between Iceland and Britain dramatized the fisheries problem in the North Atlantic but similar situations exist worldwide.

International pollution control, many scientists say, is even more critical. To land-based pollution sources, such as open sewer and industrial waste, and the threat from ocean-going shipping, especially from oil-spillage, have been added the side effects of undersea exploitation.

The search for energy is now under way on the seabed off 100 countries. Three American companies—including one owned by Howard Hughes—are waiting to dredge nodules rich in manganese, nickel, copper and cobalt from the Pacific floor. Failure to impose pollution controls, scientific evidence suggests, may result in the death of all ocean life.

Some marine biologists have gone even further: Since marine organisms supply 70 per cent of the world's oxygen, the death of sea life might mean the death of all biological life.

TRILLION DOLLAR CHANCE

One law of the sea expert, contemplating the vast potential of the world's oceans, has called next year's Law of the Sea conference "the trillion dollar opportunity."

The open question is whether it will be taken. It is all too clear from the recent preparatory sessions here that the 150 participating countries seek a law that will serve immediate national interests. Agreement was not possible even on procedures. Balancing "high seas" freedoms major maritime powers consider essential for security and commerce with justifiable sovereignty in and under territorial waters—all under an effective system of international regulation and benefit-sharing—will take a "quasi-miracle," according to one diplomat.

One example of the intensity of feelings and interests surrounding these questions was the all-out battle required to secure seats for the United States on the steering and drafting committees that will set the Caracas agenda. "Things have come to a pretty pass," the diplomat complained, "when the developing countries don't want to find one place for the United States on a committee of 48."

IS AGREEMENT POSSIBLE

There now seems a fair chance of compromise on a 12-mile territorial sea, which coastal states could treat as national territory subject to the right of "innocent passage" for foreign vessels. But the key to this compromise is satisfactory settlement of a series of related issues. Here is a look at the status of only a few.

Free Transit: The United States and other maritime powers currently hold to the old three-mile limit. But they have indicated a willingness to go to 12 miles provided "free transit" is assured through the approximately 100 international straits. Those straits are between 6 and 24 miles in width. and some of them, such as Gibraltar, Malacca (between Malaysia and Indonesia) and Bab el-Mandeb (controlling the entrance to the Red Sea) are vital for international navigation.

STRATEGIC ISSUES

What the maritime powers want to avoid is the creation of a series of "Berlin corridors" around the world in which political leaders in countries controlling key straits might be tempted to stop traffic. If passage through the Strait of Malacca were restricted, for example, tankers carrying oil from the Middle East to Japan might have to travel an extra thousand miles. And American nuclear submarines could lose much of their mobility.

In return for international guarantees of free transit, international regulations to protect the straits countries from pollution and maritime accidents, are being proposed.

Special coastal rights: Latin-American countries such as Peru and Ecuador now claim a 200-mile territorial sea and other developing countries claim exclusive rights to manage all resources within a 200-mile zone. But these nations may accept a 12-mile limit if they are satisfied on the protection of their vital interests between 12 and 200 miles.

The maritime powers seem prepared to accept the concept of special coastal state rights within a 200-mile zone, again provided international pollution standards are accepted and "high seas" freedoms observed.

COMMERCE, TOO

Commercial issues are also critical here: it is estimated that 61 of the 119 coastal states (the two Germanys, Italy, Korea, and Panama are examples) have other countries' 200-mile zones between themselves and the high seas.

Fisheries: There is a growing consensus that coastal states should have special rights in coastal species of fish and possibly also in "anadromous" fish. One example is salmon, which spawn in streams but roam through the high seas before returning. The toughest fishery issue is that of the migratory species. The United States and others argue that catch quotas should be established set by international agencies for fish like tuna.

Benefit-Sharing: In the summer of 1970, the United States presented a seabed treaty providing that coastal states should turn over to international development agencies a substantial portion of the revenues from seabed exploitation between 200 meters and the continental margain. But developing countries with abundant offshore resources showed little interest then.

At this point, revenue sharing seems possible only on resources developed beyond continental margin, such as managnese nodules. To make the system work, an international supervisory authority would have to be established. And here a hard question to resolve will be the balance of decision-making power between countries with the capacity for seabed exploitation and the rest.

Regulation: The United States and other maritime powers have indicated that some kind of law of the sea tribunal is an essential element of any final package, particularly in view of the practical problems of balancing coastal state and international interests between 12 and 200 miles. The traditional resistance to compulsory dispute settlement by Communist countries and many developing nations suggests that this may be the toughest issue of all.

TRANSPORTATION NEEDS FOR THE ELDERLY

Mr. DOMENICI. Mr. President, the Special Committee on Aging is now in the process of holding hearings dealing with transporation and the elderly: problems and progress. I am a member of that committee and am most concerned with those matters of interest to the elderly. Transportation for the older Americans has been a problem in the past—and is certainly one today during the present energy crisis which affects us all.

This morning I appeared as a witness before the committee to discuss the problem as I see it in my own State of New Mexico, and I ask unanmious consent that my prepared text be printed in the RECORD.

Attached to my statement are comments presented by Mr. A. T. Arroyos, director of the Senior Center of Santa Fe County, before the Area Agency on Aging Task Force in Santa Fe, N. Mex., on November 8, 1973. I ask unanimous consent that my comments be printed in the RECORD at the conclusion of my prepared statement.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

STATEMENT ON TRANSPORTATION NEEDS FOR THE ELDERLY

Mr. Chairman, I welcome this opportunity to speak before your committee on a vital and pressing matter—the transportation problems facing older people.

Inadequate transportation systems intensify other severe problems confronting the elderly. Low-income people suffer most, but individuals with low and median fixed retirement incomes also suffer when suitable transportation is not available. Many are forced into isolation because they are unable to meet with family and friends, participate in community projects or even make a trip to their doctor when the need arises.

Transportation, especially in my rural State of New Mexico, is a constant problem to the senior citizen. Many of our senior citizens cannot take advantage of the services available to them because of the lack of transportation. The 1971 White House Conference on Aging has pointed out rural transportation problems must be solved before there can be effective solutions to rural health, income, employment, and housing difficulties faced by the elderly.

In recent years serious attention has been given to resolving these problems. Through Title III of the Older Americans Act, funds have been made available for various types of transportation services in our communities. The Title VII nutrition program under the Older Americans' Act emphasizes a major component of the program—transportation to and from the project site. The 1973 amendments to the Older Americans Act authorize a special transportation study and demonstration project so we may learn the best ways to furnish adequate transportation to older persons in rural and urban areas. In addition, the Federal Highway Act of 1973 authorizes funds for programs and activities designed to meet the special transportation needs of elderly and handicapped individuals.

Numerous nonprofit organizations are providing transportation services for the elderly such as mini-bus services, meals-on-wheels, dial-a-bus projects, and other services especially designed to serve the special needs of the elderly in a particular locality. Moreover, more than 60 cities throughout the country offer reduced fares or do not accept fares from the elderly on public transportation facilities during nonrush hours.

These are meritous achievements, but they fall desparately short of what we will finally need. These beginnings are a step in the right direction—a step, I may add, being sharply curtailed by the present energy crisis. Although the crisis affects all individuals no matter what age, it is especially burdensome for the elderly whose current problems are apt to plunge into new depths of severity.

The gasoline scarcity and resulting gas prices directly affect the low-income elderly who already feel the impact of rising food costs, housing costs and medical care costs. Those in small communities or rural areas, such as those in New Mexico, rely on gas to travel 10 to 15 miles so they may purchase necessary groceries and supplies. With gasoline so expensive and often times inaccessible many are apt to do without necessities. Elderly individuals are often reluctant to ask friends or relatives for rides when gas is scarce and costly.

The fuel shortage also threatens social service programs designed for the physical and mental well-being of the elderly. Many of these service programs such as the foster grandparent program, senior center progams and nutrition programs provide free transportation services supplied by volunteers. Many volunteers who also face the shortage and are burdened by rising prices will be forced to reestablish priorities and forego their service in favor of pressing personal needs. Volunteers who drive to an elderly person's home to provide services such as Outreach are also apt to forego such service because of the current crisis.

Remedies to transportation problems confronting the elderly must be considered in light of the energy crisis. Elderly individuals must receive their fair share of gasoline and special consideration must be given to volunteers who serve them. For many older people, these services mean the difference between independence and institutionalization. At the same time, we must continue our efforts to ensure that mass transportation systems are designed to meet the needs of older people and special transportation services are provided for individuals unable to use public facilities.

I believe senior citizens have earned the right to a comfortable and secure old age. I believe their talents and abilities—acquired during a lifetime of work—should not go to waste, but should be used to benefit their communities.

I believe senior citizens must not be isolated from the mainstream of American life. They must not be shuffled off to nursing homes, herded into sterile housing developments and abandoned to a lonely and depressing old age.

This country needs their talents, their abilities, their wisdom more than ever. We have to make sure we hold the advances we have made in terms of the health and happiness of older Americans, and continue in the direction of resolving transportation problems faced by the elderly.

Mr. Chairman, I would like at this point to have inserted in the hearings record a statement made by Mr. A. T. Arroyos, Director of the Senior Center of Santa Fe County, New Mexico, given before the Area Agency on Aging Task Forces in Santa Fe on November 8, 1973. In this statement, Mr. Arroyos succinctly points out the many difficult areas which I believe should be considered by this Committee. If there are no objections, I would like his statement inserted now.

SENIOR CENTER OF SANTA FE COUNTY,
Santa Fe, N. Mex.

TESTIMONY BEFORE THE AREA AGENCY ON AGING TASK FORCES, SANTA FE, N. MEX., NOVEMBER 8, 1973

TRANSPORTATION

Today we are a society dependent on wheels.

The automobile has moved in status from a luxury item to common property of every family. Motor vehicle transportation is the mode of personal travel, and a focal point of our participation in the mainstream of society.

Motor vehicle transportation is so common that it is taken for granted by all of us as long as we have a vehicle and can drive.

As we approach a certain age, the private means of transportation on which we have relied on is no longer available because of either economic or physical reasons. We find in some communities that alternative ways of going where we want to go are not available.

The need for transportation also changes in that transportation is not needed to go and from work but rather to and from doctors visits, social services or contacts with associates, friends and relatives.

Concerns of this nature make transportation for senior citizens an issue of serious consideration.

Priority needs expressed by senior citizens I have come in contact with are as follows:

(1) Income;
(2) Health; and
(3) Transportation.

Immobility breeds isolation. Senior citizens must continue to participate in community affairs and therefore they must have transportation.

The elderly like every other age group depend on the ability to travel for shopping, to buy clothing, food and for medical purposes.

Travel is necessary for spiritual, cultural, recreational, and social activities. Where there is not the availability of transportation for the elderly you will find isolation of individuals from the social mainstream and denial of the elderly from a meaningful community life.

Studies and plans of the transportation needs of the elderly is essential to establishing a most worthy transportation system. However, the elderly cannot wait for continuous studies.

The problem is acute and immediate action is needed.

Areas of consideration in establishing transportation for the elderly are the problems the elderly may have such as:

(1) Lack of money for transportation;
(2) Lack of available services to places they need to go and want to go;
(3) Safety, comfort and convenience;
(4) Insurance;
(5) Reliability; and
(6) Restrictions.

The following represent recommendations on how to be able to implement transportation for the elderly:

(1) Seek a coordination of effort to assure maximum use of vehicles from other resources such as: government passenger vehicles, school buses, vans etc.

(2) Seek government assistance (State Commission on Aging under title III, Older Americans Act). A program could be developed by your local government in match funding with the State.

(3) Voluntary community action.

Consideration should be given to:

(a) Driver licensing;
(b) Insurance;
(c) Safety standards;
(d) Volunteer driver insurance; and
(e) Comfort, convenience and reliability.

Transportation should be provided the elderly to and from:

(1) Shopping trips;
(2) Doctors appointments;
(3) Paying of bills;
(4) Laundromats;
(5) Beauty shops;
(6) Food establishments;
(7) Hospitals;
(8) Nursing homes;
(9) Buying of food stamps;
(10) Religious activities;
(11) Social activities;
(12) Cultural activities;
(13) Educational activities;
(14) Employment;
(15) Picnics;
(16) Fishing trips; and
(17) Possibly out of State trips.

Finally, the main concern is eliminating the transportation problems faced by the elderly in their day to day existence.

Should a senior citizens program develop, transportation should be of great concern and included in overall planning of programs for the elderly.

Notwithstanding the many problems the elderly have, transportation is certainly a priority need.

THE DISMAL SCIENCE IS GIVING US DISMAL ADVICE

Mr. PROXMIRE. Mr. President, after 3 weeks of hearings by the Joint Economic Committee, of which I am vice chairman on the President's Economic Report, I am led unalterably to the conclusion that economics and economists are in a state of utter chaos and disarray. They have no acceptable answers to the twin economic problem we face today; namely, inflation and stagnation at the same time, or what is now called "stagflation."

In the 19th century Thomas Carlyle called economics the "dismal science." Economics and economists have never been more dismal than today.

Conservative economists, with their eye on skyrocketing prices and roaring inflation can only propose two unacceptable economic policies—more unemployment and higher interest rates as a means of combating the zooming wholesale and retail price indexes.

Liberal and Keynesian economists—including the otherwise conservative Nixon budget officials—are either proposing or proclaiming an equally unacceptable policy. The doxology of the left is to "spend, spend, spend" at a time of rampaging inflation.

IMPOSSIBLE ADVICE

The economists are giving us impossible advice. They have no good answers. The conventional wisdom of the economists—both conservatives and liberals—is bankrupt in the face of this modern phenomenon. The advice we get is either the orthodoxy of the right or the orthodoxy of the left, both of which are unacceptable.

If economists could jar themselves out of their ideological framework and their preconceived notions, I believe there are policies which could combat stag-flation without either increasing inflation or pushing the unemployment rate to higher and higher levels. Consider these.

ATTACK FOOD AND ENERGY PRICES

The two key elements in inflation are energy and food prices.

On the energy front the Federal Energy Office has the legal authority to base the price of both old and new oil on actual costs plus a fair return. They have not done this. They have made no effort to do it. Such action could reduce the price of gas, oil, and fuel products by significant amounts.

Second. On the food front, the tremendous demand abroad has been a major factor in the increase in price. As a minimum the United States should gather the statistical and factual information on which intelligent decisions on food exports can be based. Such knowledge would have prevented the Russian wheat fiasco. But the Secretary of the Treasury Mr. George P. Shultz, himself an economist, testifying before our committee, refused even to consider the establishment of such an early warning system for food.

REORDER BUDGET—PUSH JOB PRODUCING PROGRAMS, CUT INFLATIONARY SPENDING

We should cut the Federal budget significantly and reorder spending priorities.

This budget includes the biggest peacetime increase in the history of the country—a $30 billion increase. It also includes stepped up spending for the military which is probably the single most inflationary spending in the budget—it produces no consumer goods, satisfies no needs, nor increases the supply of goods like housing, food, or energy in great demand. It also produces fewer jobs for the dollar spent than any other major activity.

By cutting back on inflationary spending—the military, space, highways, public works and the pork barrel—and substituting even small amounts to stimulate housing, provide public service jobs, provide for health needs where shortages have driven up prices, and increase funds for education which provides more jobs per dollar spent than almost any other spending, we could make a real contribution to both combatting inflation and providing jobs.

Instead of inflating the economy by increasing spending above the proposed $304 billion level, we should cut spending by $9 billion, and concentrate the remaining $295 billion budget as strongly as possible in job producing work.

The cruel fact is that this country is in for both a serious inflation and a recession in any event. The way to meet this twin disaster is first to honestly recognize it as a fact. And then to take the painful steps necessary to meet it.

SENATOR ROBERT C. BYRD COMMENDED AS A "MODERN-DAY STATESMAN" BY WTRF

Mr. RANDOLPH. Mr. President, it is gratifying to again focus attention on our able majority whip, Robert C. Byrd of West Virginia. WTRF television and radio in Wheeling, through a timely and accurate editorial by Robert Ferguson, executive vice president and general manager, commends Senator Byrd as a "modern-day statesman of the highest order."

Increasingly, the citizens of the United States are coming to know what West Virginians have long apprecriated, as to the record and respect in which Bob Byrd is held. His incisive answers in yesterday's "Meet the Press" interview is further proof of his leadership.

Mr. President, I ask unanimous consent to include, at this point in my remarks, the WTRF editorial.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

West Virginians long ago became weary of the stereotyped image of the shoeless mountaineer packing a long rifle and a jug of mountain dew. Despite the State's motto, "Mountaineers are always free," the typical hillbilly picture of the people of the State somehow was not complimentary.

Fortunately the image has been dispelled with some sucess over the years. One man who has done much to give the rest of the nation a more positive picture of the mountain state has been Senator Robert Byrd.

Truly a self-made man, Senator Byrd's rise from an energetic boy from Sophia, West Virginia to majority whip in the U.S. Senate has been steady, but not spectacular. One of the most respected men in the U.S. Congress today, Senator Byrd possesses an enviable attendance record. During 1973, the first session of the 93rd Congress, the Senator missed only one of the 594 roll call votes, an attendance of 99.8%. But his devotion to the job goes back even further. From 1959 through 1973 Senator Byrd amassed an amazing percentage of attendance for roll call votes of 96.7%.

So, despite the Senator's busy agenda with key committees, plus his job as majority whip, he has diligently devoted time to the job he was elected to do. West Virginians in particular, in fact, all Americans have reason to be proud of Senator Robert Byrd, a modern-day statesman of the highest order!

Robert W. Ferguson,
Executive Vice President
and General Manager.

THE MIDDLE-CLASS AMERICAN'S DREAM

Mr. McCLELLAN. Mr. President, I recently received a communication from a constituent, Mr. Peter Verbeck, of Heber Springs, Ark., which I would like to share with the Members of this body.

"The Middle Class American's Dream" written by Mr. Verbeck, is I believe, an eloquent statement of the viewpoint of most Americans—the so-called "silent majority."

They do not engage in unruly demonstrations or seek special advantages but work hard, pay their taxes and raise their children with a respect for the law and the traditions that made our Nation great. In these times of crisis and uncertainty, I believe that we would do well to ponder Mr. Verbeck's words and to put them into action.

I ask unanimous consent that Mr. Verbeck's "The Middle Class American's Dream" be printed in the Record.

There being no objection, the communication was ordered to be printed in the Record, as follows:

The Middle-Class American's Dream

As a hard working middle class American tax payer believing in the great men and great deeds that made our country strong, it is my dream that I might see the following wishes come true which would return might and power to our country.

I WISH THAT I COULD SEE

The government providing an income to fewer individuals who are too lazy to get out and work hard for a living;
The government providing fewer subsidies to people or professions who could make it on their own;
The government providing less housing and other facilities to people who ruin and abuse them because they have little or no stake in them;
More of our professional politicians caring about the American people and the American ideal and less about power, status and money;
Honest and sincere politicians at all levels of government;
The middle class bearing less of a tax burden and the wealthy people and corporations paying their fair share;
More criminals in jail rather than walking the streets because of "technicalities" and "loop holes" in our laws discovered by unscrupulous lawyers;
More criminals receiving proper sentences for their crimes;
Less money and aid leaving this country for other countries who sneer at us behind our backs; and
America returning to itself, to its people and to God, the reason for which this country was founded.

SOLAR HEATING AND COOLING DEMONSTRATION ACT OF 1973

Mr. FANNIN. Mr. President, Arizona is blessed with abundant sunshine which has given the State a great climate. This climate has been viewed over the years as an asset for many reasons, not the least of which was its quality as a tourist attraction. In these days we are looking upon the sunshine as an even more important resource, solar energy.

It is only fitting that two of the world's leading solar experts should reside in Arizona. They are Dr. Aden Meinel and his wife Marjorie. These are truly an amazing people. He is currently professor of astronomy and optical sciences at the University of Arizona. He has held many important positions over the years including director of Steward Observatory and the first director of Kitt Peak National Observatory.

She also is an astronomer who has raised a family of seven children and been active in teaching and research. They are the authors of many scientific papers.

Last Monday the Meinels appeared before the Senate Committee on Aeronautical and Space Sciences to testify concerning S. 2658, the Solar Heating and Cooling Demonstration Act of 1973. They said that at this time residential use of solar energy on a large scale appears impractical, but it has practical application for larger commercial buildings, and the prospect for electrical power production is good.

Mr. President, I ask that the testimony from these two outstanding scientists be printed in the Record.

There being no objection, the testimony was ordered to be printed in the Record, as follows:

Testimony on Senate Bill S. 2658 "Solar Heating and Cooling Demonstration Act of 1973"

(By Marjorie Meinel)

Thank you for your invitation to give testimony with regard to this milestone bill.

We began our solar energy work in the area of electrical power, but in the past year we have shifted emphasis to what appears to be an important and more immediate application of solar energy: heating and cooling.

As some of you in the Senate remember, solar energy in the mid 50's was widely hailed as something important. Yet as late as 1970 there was still little to be seen. We remembered these grand predictions of the 50's and when the opportunity came for us in 1970 to look at the energy future of the United States we decided to take a new look at solar energy.

Our starting point in 1970 was to review the literature to see why solar energy had fallen short of its great goals, and whether there were some lessons to be learned to avoid disappointment now that a new surge of interest is at hand. We think the field of home applications of solar energy is especially susceptible to disappointment, and our personal experience with home solar heating systems reinforces these apprehensions.

Solar space heating is not a stand-alone system. Considerable apparatus and controls are required to properly interface a solar unit with existing heating and cooling installations. It is one thing to have this amount of apparatus at a research station but quite another to have it in your own home. The average home owner can hardly be counted on to change the filter in the furnace often enough to keep its efficiency high, let alone tend the solar heating and cooling system.

The basic social problem faced in successful introduction of solar heating and cooling comes right down to the matter of the family budget and costs. A solar house needs a backup unit to provide energy during periods when solar energy is not available. This means some duplication of cost on top of a very expensive installation.

The economics of the choice of the home owner is as follows: He can either have a solar heating and cooling system; or a conventional system plus two extra rooms in the house; or a larger piece of property. When he can sign up at a very nominal cost with the local utility for energy, why should he spend that extra money for the solar unit? Even if the original cost were largely subsidized by the federal government he is faced with the prospects of expensive service and maintenance of the unit. No major appliance has an infinite lifetime, especially when every effort is made by the manufacturer to minimize first costs to the customer.

An example is afforded by "heat pumps" a popular form of heating and cooling in the Phoenix area. In current new subdivision installations the average lifetime to failure of a major component, either the pump or the motor, is now only 18 months. Solar installations, being highly capital intensive, will have even greater pressures to reduce initial cost at the expense of lifetime.

We wonder then if the present act has any provision for covering major contingencies in regard to expensive repairs or revision of a customer's system to correct serious problems?

We recently built two different types of solar heaters for our home in Tucson. One used water as the working fluid and the other air. The water system gave us much trouble. After a few weeks it began leaking at joints because of the daily thermal cycling of the piping. Also on cold nights, even in the desert, it froze up. Air in the lines from small leaks further blocks the automatic pumping. Each of these problems can be solved with appropriate changes to the system, but they all tend to drive up the cost.

The second system, using hot air, gave better performance, even though the absolute efficiency was somewhat lower. It was better adapted to the design of our house and to its forced-air heating and cooling system. A thermal storage bin was constructed behind an adobe wall below the bank of solar collectors.

When you get a solar unit you quickly know that it requires a rather complicated set of controls in addition to the wall thermostat in the house. It must instruct the proper part of the system what to do: whether to draw heat directly from the collector, or to put unwanted heat into storage; to draw heat from storage; or as a last resort, to turn on the house heating system.

The cost of the collector, the point on which most people focus their attention, is only a minor part of the total cost of adding such a system. The collector is about ⅓, the thermal storage ⅓, and the balance divided between the logic unit, ducting controls, and modifications to the house. Our unit satisfies us, but may be too expensive for the average home owner.

In looking at a number of homes in Arizona where the owner was interested in solar energy we were surprised to see how few existing homes meet the requirements for a successful solar installation. Problems include: too many trees, the wrong orientation of the house, poor roof shapes, etc. We suspect that these factors will apply even more extensively in other parts of the country. New homes and new subdivisions offer better chances for successful solar installations.

It is our opinion that solar heating and cooling for individual homes is not going to be widely successful. People who like gadgets may find them interesting and satisfactory. Most people will not want to be bothered with them. Some who get them may be distinctly unhappy, feeling that they were the victims of oversell.

We think that solar installations will be far more successful for apartments, condominiums and commercial businesses. The larger units required will be supported by more sophisticated money management by the owner and by better maintenance. The units might be large enough to encourage operation by a utility. We hope that Congress and the administrators of this act will be cautious about over-emphasis on the apparent "glamour" of home heating and cooling and will concentrate effort on commercial applications where the probability of success is higher.

Thank you.

(By Aden Meinel)

The application of solar energy to heating and cooling of commercial buildings is promising, but the economics of the first costs are crucial to success. One basic contributor to lowered costs is that most businesses have flat roofs. This means that solar collectors can be inconspicuously placed, and where the installation is designed for maximum convenience for maintenance and replacement.

We have recently designed a type of installation for use at a nearby military installation and for some commercial buildings in Tucson. They generally look like this model, designed under the GAP program (gas augmentation program) done cooperatively between Helio Associates and Tucson Gas and Electric Company. Such units could significantly reduce natural gas consumption by these businesses.

There is guarded interest in the operation and/or leasing of such units by the local utility to these businesses. It is guarded not as much from questions of operational performance as it is from the multitude of legal, building code, zoning and union questions. The utility is also concerned about first costs and how to convince the customer to use solar energy.

I would like to focus your attention on what we have assessed as the key thing that blocks the market for commercial uses of solar energy. The introductory costs of a new technology are high, and first units will cost much more than later ones when the market volume gets to be significant. Your bill addresses only part of the problem, since the volume of production will still be hardly out of the "custom built" class at the end of the program.

The key action would be the authorization, starting with Congress and extending in turn down to the level of state utility rate commissions, to extend the principle of comingling to include heat therms. This policy already applies to electricity and to pipeline gas, so that regardless of the unit costs from the various sources of energy feeding the electrical power line or gas line, the cost to the consumer is equalized. If this principle were applied to heat therms then each utility could spread the introductory costs of solar heating and cooling to all its customers. The higher costs of solar would scarcely affect the rate paid by customers during the transition from high initial costs to low large-volume costs.

The policy of comingling heat therms could even be used as a gentle way of convincing businesses to transition. If a business could get slightly lower rates per therm for his energy from solar than his competitor could who elected to stay on natural gas, the swing to solar could be dramatic and accomplish the goals envisioned in this act.

We hope that an appropriate amendment to this act can be written to lead the way to the extension of the policy of comingling to include heat therms by the rate commissions of the states.

In conclusion, we would like to direct your attention to where solar energy may ultimately have its greatest impact and benefit for this country: electrical power production. People already use electrical energy for a vast array of needs and luxuries. If costs can be reduced for solar power it will be the ultimate answer of how to use solar energy. Solar power farms in regions away from the load centers will deliver clean energy into the electrical power grid, delivering energy with almost no perturbation of the way people live and think. The necessary technology is at hand but untested. The first demonstration units could be built within 2 or 3 years and a diligent effort would see the first commercial solar power farm in operation within a decade.

Thank you for your interest.

INFLATION—THE NO. 1 FOE

Mr. PROXMIRE. Mr. President, in the New York Times for Sunday, February 24, there is an article by Mr. Thomas E. Mullaney which makes a great deal of sense.

Mr. Mullaney tells us, quite rightly, that inflation is our No. 1 economic foe. But unlike many others, who wear blinders, he calls for firmness, action, and policies which while meeting inflation do not ignore the highly important questions of economic stagnation and rising unemployment.

This is a thoughtful analysis because we are getting contradictory advice from most economists. Some, fearing inflation above all else, are advocating programs which will attempt to check it through policies which would bring economic disaster and massive unemployment.

Others, more concerned about the slowdown and rising unemployment, are in effect proposing policies which would do little more than feed the raging fires of inflation.

Both advice is not worth taking. We must be more intelligent and more sophisticated than to take that either/or advice.

Mr. Mullaney's analysis is several times better than most of what we have seen and read and a great deal better than the recent advice we have been getting. I ask unanimous consent that it be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the New York Times, Feb. 24, 1974]

INFLATION, THE NO. 1 FOE

(By Thomas E. Mullaney)

There is a growing sense of unease, tension and discontent throughout the land over the state of the nation's economy that seems hardly warranted by its over-all performance and prospects. What certainly is justified, however, is grave concern over the horrendous pattern of the various price indexes.

At the midpoint of the year's first quarter, it was apparent that the economy was displaying some schizophrenic traits—bright in many ways but sharply depressed in others—and was generally proceeding in line with the expectations of a few months ago.

Heavy industry and most consumer lines, with the exception of housing and autos, are moving ahead rather strongly. Housing now seems to have turned upward again, and the auto-sales plunge may soon be bottoming out. Meanwhile, the nation's foreign trade position remains quite favorable.

Short-term interest rates have been dropping from historic highs, with the prime rate now down to 8¾ per cent, while long-term rates continue firm and elevated in an obvious response to inflation fears. At the same time, the cautious public seems to be building up its savings.

Somewhat surprisingly, the stock market has remained rather serene in this confusing atmosphere and has not lost its balance so far. While it has not mounted any rousing rally nor generated any enthusiastic following, it has held much steadier than it normally would in the face of so many domestic and international question marks.

It is true that the market has declined fairly sharply since the start of the Mideast war last October, but not precipitously, and it has moved essentially sideways for the last two months.

Perhaps the market is looking hopefully beyond the rocky road of today to a smoother course soon ahead, but the key to the future lies in the decision of big institutional investors as to what the economic and corporate outlook is. The coming weeks may reveal their thinking.

Without question, there are ample reasons for public concern these days in view of such mammoth problems as inflation, incipient recession and strained international relationships. But the depth of the gloom that seems to abound almost everywhere in the United States seems to be somewhat excessive.

What's wrong? In a philosophical talk before a blue-ribbon audience of businessmen in New York last week, Secretary of the Treasury George P. Shultz sought to analyze the reasons for the current malaise and its origins.

Essentially, he concluded that the United States has been confronted with changes on six major issues in recent years that have created "a sense of unease and confusion." He listed them: the effort at détente with the Communist world, the change in the international role of the dollar, civil rights, environmental problems, the inflation issue and the energy situation.

"We have let go of old ways of thinking on these questions and haven't yet found the new moorings to sustain us," Mr. Shultz said.

He made a plea for constructive leadership and for "followship" when someone comes up with some good ideas, no matter what the source. "It is much easier to be critical than constructive," he said.

The Secretary's thoughtful analysis might have been very apt, but he did not seem to assign enough importance in his talk to the impact and the divisive effects on the nation of the rampant inflation that has afflicted the United States in recent years. It has been building up since the middle of the last decade. And the influence of the Watergate episode in dampening public confidence should not be dismissed either.

The shopper in the supermarket, the banker and the businessman in the boardroom, the politician at the podium, the Government official appearing before a Congressional committee, the economist drafting his next forecast and the investor in stocks, commodities or bonds contemplating his choices are all addressing themselves to one overwhelming subject these days: the threat of even further inflation.

In some parts of the country, the energy shortage and the high cost of fuels might be a dominant topic of discussion, but the effect of spreading inflation is the common denominator of concern throughout the country and the world. And, unfortunately, it may remain so for some time yet.

The sharp escalation of the price level, arising from expansive fiscal and monetary policies as well as greatly accelerated demand for food, fuel and commodities of all kinds, is the root of so many of the world's economic ills and a serious threat to world trade, prosperity, order and progress.

It may be small consolation that, even though the United States is now enduring its worst inflation in almost three decades, the problem here is less forboding than it is in many other parts of the globe. Unhappily, inflation signals from the commodity futures and bullion markets are not false or transitory, it threatens to get much worse before it gets better.

Many coomodities are at record levels, gold shot up $14 an ounce last week to a new peak at $163, and silver went above $6 an ounce for the first time.

Moreover, revised data last week from the Commerce Department disclosed that inflation ran at an 8.8 per cent annual rate in the fourth quarter of 1973, the highest in a quarter of a century—much worse than the worrisome 7.9 per cent rate previously reported in the preliminary estimate. A year earlier the rate had been 3.3 per cent, representing a startling jump in a short period.

The wholesale price index, usually a precursor of trends in consumer prices, provides another worry. It showed a devastating rise of 3.1 per cent for the single month of January. That gain, the second largest on record, was topped only by the 6.2 per cent spurt last August after the Administration had ended much of its summer freeze on food prices. And on Friday, word came that consumer prices were up 1 per cent in January.

If the elevated price trend of the fourth quarter continues, as well as the January pattern in wholesale and consumer prices, the United States will be a little better off in the inflation picture than many of the leading industrial countries of the world, which have also been experiencing unusually sharp upward thrusts in their price levels.

Recent reports indicated that inflation is running about 10 per cent in Germany and France and 15 per cent in Italy and Japan.

While most economists expect a better price performance in this country during the later part of the year, it is by no means assured, particularly in view of the militant soundings on wage demands coming from labor sources.

Arthur F. Burns, chairman of the Federal Reserve Board, had some disconcerting words on that subject in Congressional testimony last week. He warned that, if the Government engages in "overstimulation" of the economy through a tax cut or "substantially enlarged [budget] expenditures," the nation will see an inflation rate "in two-digit figures—in other words, we will move toward a Latin-American standard."

It will be important as well that other nations similarly come to grips with their serious inflation problems lest another worldwide "boom and bust" cycle be created. The stark reality is the fact that the American economy cannot long be effectively isolated and insulated from runaway inflation, recession or depression, if they develop, elsewhere.

The United States, as the world's largest and most resourceful economy, is in a unique position to show the way to other nations in fighting this pernicious disease, but it will require a firmness of purpose in resisting the temptation to ignore this fire while tending the two other potentially critical problems of the day: economic stagnation and rising unemployment.

Unabated inflation would worsen those problems because the erosion of real incomes of the people can only lead to a crisis of confidence that cuts spending and, ultimately, production and employment.

The first priority in the battle against further inflation for the United States is to work hard to expand supplies of goods—food, fuel and a host of other materials in short supply here and elsewhere—rather than trying to pump up demand through excessive Government spending or overliberal monetary policy. Inflation must remain Public Enemy No. 1.

SCHOOLBUS SAFETY: THE DEATHS THEY FORGOT TO COUNT

Mr. PERCY. Mr. President, I reported recently to the Senate on an investigation conducted by the National Transportation Safety Board of a most disastrous motor accident involving a schoolbus near Blythe, Calif. Nineteen persons were killed and 29 injured. The NTSB report in large part blamed a faulty seat anchorage system in the bus and its inadequate escape exits for the tragic results.

Subsequently, I requested the NTSB to forward to me the preliminary investigatory report of another serious schoolbus accident. On December 26, 1972, while crossing a narrow two-lane bridge, a tractor semitrailer collided with the bridge railing and jackknifed into the path of an oncoming schoolbus. The accident occurred 8 miles west of Fort Sumner, N. Mex.

The bus carried children of school age but not schoolchildren in that they were not on their way to school. It was chartered, instead, to transport 35 teenagers and their chaperons from Austin, Tex., to a Baptist Church camp near Santa Fe, N. Mex.

Nineteen occupants died and 17, including the driver, were injured. But check the Government statistics for persons injured and killed in schoolbus accidents in 1972. These figures are not included in the results. Technically, this was not deemed a schoolbus accident since the vehicle was not on the way to or from school. How many other schoolbus casualties are omitted from Government figures, I wonder?

As in the Blythe crash, structural deficiencies of the bus were largely responsible for the extent of injuries and loss of lives in the Fort Sumner accident. Specifically, 19 of 22 passenger seats were uprooted as a result of the collision. As in the bus involved in the Blythe crash, the seat anchorage screws did not firmly engage the floor.

Upon impact, the body of the bus was separated from the bus frame. The exterior of the bus virtually collapsed. Capt. A. C. Jones of the New Mexico State Police remarked that the truck and bus looked as if "they had just melted together."

Like the Blythe crash, the Fort Sumner incident is a case in which a schoolbus was used for a purpose other than the transport of schoolchildren. The bus was not classified as a schoolbus. Thus, present schoolbus safety standard, which are minimal and sorely inadequate, did not even govern the operation of the bus.

Of the accident, Kyle Russ, an ambulance driver, said:

> I wouldn't want to see anything like that again. There were bodies lying around and the inside of the bus looked real bad. I just wouldn't want to see anything like that again.

I believe that a priority of government must be to insure, to as great an extent as is possible, that nothing like this tragic crash is seen again.

The enormous shortcomings that exist in present schoolbus safety regulations are all too apparent.

On the Federal level, it is the National Highway Traffic Safety Administration which must bear primary responsibility. The bureaucratic shuffling of the agency has produced more promised rulemakings than real, effective standards; more protracted research than results. Unfortunately, promises do not prevent highway injury and death.

One thing is clear: time is of the essence. Each day of delay means more children being maimed and killed needlessly.

Thus, I again call on the National Highway Traffic Safety Administration to take prompt action. Comprehensive safety standards must be promulgated—and promulgated soon—to govern the manufacture and operation of schoolbuses, whomever they carry and whatever their destination.

IS THERE A WHEAT SHORTAGE?

Mr. MATHIAS. Mr. President, there has been much discussion in the Nation's newspapers and among the general public about rumors that there could be a serious shortage of wheat by the beginning of the summer. Some have said America will witness "$1-a-loaf" bread; some say the shortage will be so severe that there will be no bread at all. Others, including the U.S. Department of Agriculture, report that there will be no shortage of wheat, but rather a modest surplus.

It is important that the Congress establish the truth about this situation at once, and that we publicize the right facts. Last year, Americans experienced an appalling rate of inflation—close to 9 percent—and about one-half of that inflation was caused by increases in the price of food. Now we may be faced with another new round of food price increases. We in the Congress have the responsibility for learning what the facts are and for taking the actions necessary, on the basis of those facts, to avert a shortage.

Mr. President, I have written Secretary Butz asking for further information on this matter, including his estimate of the effect of wheat price increases on products, such as bread, which are made from wheat. I have, in addition, asked citizens in Maryland to keep me informed as to the rise of wheat and bread prices in the State. I shall be pleased to share this information with my colleagues. But it seems clear to me that there should be no inconsistency between giving wheat farmers a fair return on their investments and providing reasonably priced wheat for the consuming public.

WAYNE WILHELM AWARDED

Mr. MATHIAS. Mr. President, I know my colleagues in the Senate would want to join me in commendation of a 12-year-old boy in Maryland City, Md., who recently received the Boy Scout Medal of Merit for saving a drowning child. Wayne Wilhelm, by his act of courage, not only saved a life; he also demonstrated that courage itself is an integral quality of American character. The News-Leader, a newspaper published in Laurel, Md., reported in its January 3 issue on Wayne Wilhelm and the story behind his award. I ask unanimous consent that this article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

MARYLAND CITY YOUTH HONORED FOR LIFE-SAVING ACTIONS

Twelve-year-old Wayne Wilhelm, a member of Maryland City Boy Scout Troop 939, received the Boy Scout Medal of Merit at a recent awards ceremony for his actions in saving a drowning child last summer.

The award was presented on behalf of the National Boy Scout Court of Honor by Charles Dunmire and Jim Kirk of the Baltimore Area Council Advancement Committee.

The citation accompanying the medal read:

"While wading in the murky waters of Tom's Cove in Chincoteague Bay, Virginia, on June 2, 1973, Laura Clark, about six years old, stepped into a deep hole and began floundering in eight foot deep water. Nearby was First Class Scout Wayne Wilhelm, 12, holder of the Swimming Merit Badge. Wayne swam 40 feet to reach Laura, who was submerging and surfacing in panic. Wayne overcame her struggle and panic and towed her to shallow water. His courage, determination, and skill saved her life and exemplified the Scout tradition.

CONSUMER ENERGY BILL—AN ALTERNATIVE

Mr. McGOVERN. Mr. President, a number of our colleagues have joined Senators STEVENSON and MAGNUSON in the development of a comprehensive Consumer Energy Act which, I believe, can be the basis for congressional action to put us on the road to energy policy which will serve the public interest.

A leading rural publication in my State, the East River Guardian, published by the East River Electric Power Cooperative, recently discussed the Consumer Energy Act. I ask unanimous consent that the article by Loren Zingmark, general manager of the cooperative, discussing the Consumer Energy Act, along with an article from the Los Angeles Times, by former FPC Chairman, Lee C. White, discussing one of the components of the act, be printed in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD as follows:

THE WAY IT IS

(By Loren Zingmark)

The winter of 1973–74 may not go down in history as the coldest winter, weather wise, but you can bet that people are going to be telling stories to their children and grandchildren for a long time about the high prices and short supplies of fuel we have experienced this year.

We have all heard many speeches and read news stories about the fuel crisis and it seems that more confusion than fact is the order of the day. In my column last month I said that Congress is going to have to take the leadership role in creating order out of chaos if the country's economy is to survive.

By this time it seems that every senator and congressman has his name as a sponsor on one of several of the many energy bills introduced in Congress to help solve the problem.

Sen. Adlai E. Stevenson (D-Ill.) and Sen. Warren Magnuson (D-Wash.) are chief sponsors of a comprehensive Consumer Energy Act which is going to get much support in Congress and deserves a close look by all citizens.

The eight-point program proposed in this bill includes a rollback of prices on domestic crude oil and petroleum products and is designed to be "fair to both the public and the oil industry," Stevenson says.

In addition to rolling back petroleum prices to Dec. 1, 1973, levels, the legislation drafted by Magnuson and Stevenson includes the following provisions:

Creation of a federal Oil and Gas Corporation to develop oil and gas resources on public lands and serve as a yardstick against which to measure the production costs of private oil companies.

Regulatory reforms designed to revive competition in the marketplace and "protect the consumer from price gouging."

Divestiture of pipelines now controlled by the major oil companies.

Revision of the bidding system for oil and shale leases on federal lands.

Reform of the franchise system to protect independent gasoline dealers.

Revision of rate structures that encourage waste in industrial use of natural gas at the expense of residential consumers.

Complete public disclosure of information on petroleum supplies and reserves, exports and imports, corporate taxes, etc., and ample investigative authority to enable the Federal Trade Commission to obtain such information.

This bill, while comprehensive, is going to be viciously attacked by the big, effective and well-financed oil lobby in Washington, but remember, many of the great programs like TVA and rural electrification were brought into being and survived the massive lobbying efforts to kill them.

It seems to me that our federal government is going to have to institute some sort of "yardstick" mechanism against which to measure the production costs of private oil companies. This would be the same type of "yardstick" by which TVA and the rural electrification program have served to measure the costs of electric production against those of the private investor-owned electric companies of this country. It's a "yardstick" that has worked well to keep electric rates at levels which the consumer can afford and at the same time be consistent with good business practice.

The pendulum of power and influence has swung much too far in favor of the major oil companies. As Sen. Stevenson says, "The American people, to put it bluntly, are being ripped off."

The oil monopoly power structure cannot continue unchecked. This year, 1974, is a year of decision for Congress and the administration to get the fuel situation in line. If it doesn't happen, and quickly, we have only seen the "tip of the iceberg" of havoc that will be wreaked upon the economy and our people.

[From the Los Angeles Times, Feb. 3, 1974]

A TVA-TYPE COMPETITOR FOR PETROLEUM INDUSTRY

(By Lee C. White)

The Tennessee Valley Authority, launched 40 years ago, has demonstrated that the federal government can operate efficiently in the energy field without destroying or weakening private enterprise in that industry. This country needs a counterpart of the TVA in finding, producing and managing oil and gas deposits on behalf of the people who own them. It is an idea whose time has come.

Geologists believe that 60% to 75% of all oil and gas yet to be discovered in the United States is on publicly owned land. There is no reason why at least part of these valuable resources should not be discovered and developed by a government corporation for use by their owners—the citizens.

Until now, the government has permitted privately owned corporations to exploit these resources by bidding for the right to go on public lands and explore for petroleum. Less than 5% of the petroleum areas on public lands has been thus leased.

Unfortunately, the administration of this program has been wretched. Leases requiring prompt development have been so loosely enforced that in the Gulf of Mexico there are tracts for which bidders paid the government more than $750 million, but from which not a drop of fuel has been marketed even though oil and gas in commercial quantities have been found.

A Federal Oil and Gas Corp., while no panacea, would make a significant contribution to easing our basic and continuing energy problem. Nor is the idea as novel as it seems: The United States is the only major industrial nation that leaves all the handling of petroleum to privately owned corporations, whose management must be responsive to stockholder, as distinguished from national, priorities.

A Federal Oil and Gas Corp. as proposed in pending legislation, would:

—Explore for and develop petroleum resources to meet national needs, not to maximize profits.

—Develop and use the most advanced methods to minimize damage to the environment in all phases of the petroleum process.

—Provide, for the first time in our history, complete and accurate information for public and government on the costs of producing oil and gas, as well as other data on the petroleum business.

—Manage discovered reserves to reduce U.S. reliance on foreign petroleum sources.

—Sell petroleum in a way that insures that a fair share goes to independent refiners and distributors, thus promoting a truly competitive industry.

—Provide a competitive spur to the privately owned oil industry.

There was comparatively little need to consider major alternatives to our privately operated petroleum industry as long as the country's needs were being met. However, when things go wrong, as they obviously have recently, the system must be reexamined.

The advantages of government oil corporation are many. Energy shortages may exist for decades. In this situation, there should be an energy-producing organization motivated not by profits, but by national needs. There is nothing inherently wrong with the profit incentive, but where the product is as essential to national well-being and security as energy, at least part of the country's effort to provide it ought to be motivated by America's security, and the needs of the public.

Environmentally, a government corporation would help assure that trimming or delaying our goals is done in the most acceptable way. Residents along the Atlantic and Pacific coasts, where offshore drilling probably will be stepped up, should have more confidence in the operations of a public corporation required by law to use the most advanced protective techniques than in those of a profit-making company.

Protecting independents in the oil business could be insured by requiring the federal corporation to allocate a fair share of its crude oil to them. Private companies naturally find it difficult to do this themselves. As one oil executive said, "There's no place in our corporate charter, the Constitution, the law, or the Bible where it says we majors must protect and preserve our competitors." He's probably right, but Congress ought to change things so the independents can stay in business as competitors of the majors.

There undoubtedly will be opposition from the oil industry to the proposed government corporation. But the industry ought to welcome the competition and the chance to show it can do a better job than a government agency. This competitive spur to the oil industry may be the best feature of a government oil corporation.

WE CAN NO LONGER BE TOTALLY DEPENDENT ON PRIVATE INDUSTRY

Objections include the assertion that the Postal Service and Amtrak do not augur well for another big government corporation. Apart from the merits of that argument, the TVA is a closer analogy. Though still somewhat controversial, TVA has long since ended any dispute over its electric generating operations. It is among the country's leaders, and has worked harmoniously with private, municipal, and cooperatively owned utilities. The Bonneville Power Administration is another example of an efficient energy agency run by government. I am confident that a federal oil corporation could be as successful as TVA and Bonneville.

Nor would such a public corporation be the first step toward nationalizing the oil industry, any more than TVA meant the end of the private electric utility industry as predicted by some in the 1930s.

No one can claim that creation of a Federal Oil and Gas Corp. is the single, dramatic solution to this country's energy needs for the next 20 years. But I think it is a minimal step that should be taken without delay.

We can no longer permit ourselves to be totally dependent for basic energy supplies on private industry that has failed to develop our resources in a way that meets national needs and protects consumers.

THE ETHICS MOVEMENT

Mr. BROCK. Mr. President, the concept of businesses and professions adopting ethical conduct codes to improve their image is gaining backers, and prominent ones at that. Allan Otten, writing in the February 14 Wall Street Journal, notes that Nobel Prize winning economist Kenneth J. Arrow has embraced the concept publicly several times.

Mr. Arrow's proposition is similar to one advanced by Ivan Hill and the nonprofit American Viewpoint, Inc. in a full-page advertisement last December. Government regulations cannot deal with the whole range of possible harms or social costs that a business might impose on an unsuspecting public. Nor can Government do anything to improve the generally negative image that the sleezy ethics of a few has brought on the business and professional community. So why not ethical codes—"Some generally understood definition of appropriate behavior?" asks Mr. Arrow.

Why not indeed. The Congress is wrestling with reforms to its modes of conduct, including election procedures. But the Congress is not the only institution which has slipped in the eyes of the public over the past several years. It seems to me that the only way for these institutions to regain their lost respect is to earn it. I can think of no better way than for each profession to define ethical conduct as it effects its members, thereby bringing social pressure on their less scrupulous rivals. I ask unanimous consent that Mr. Otten's fine article be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

Politics and People

(By Alan L. Otten)

GOLDEN RULES

Late last year, a full-page ad in this newspaper proclaimed the need to "start working for better ethics in America."

The advertiser, a Carolina-based, nonprofit group called American Viewpoint Inc., deplored the way dishonesty and "sleezy ethics" had permeated business and government. To reverse this situation, it proposed a mass media campaign spotlighting dishonest firms and individuals, new high school and college courses in ethical principles, and that corporations and labor unions develop and enforce codes of ethics.

The ad brought to mind a proposition advanced somewhat earlier by Harvard economist Kenneth J. Arrow. Mr. Arrow is one of four Americans to have won the Nobel Prize for Economics, and therefore even his casual speculations might merit some attention. Yet his suggestion that businesses and professions consider adopting well-defined codes of ethical behavior—an idea broached in a university speech and then developed in an article in a learned journal—was completely ignored.

"I didn't expect an instant national debate," he says, "but I did think I might get a letter or two."

The idea isn't all that revolutionary, either. Doctors and lawyers have long had ethical codes of sorts. Drug firms have set forth proper advertising rules. Some industries have specified minimum quality standards. But many of these codes are generally disregarded and most industries have none at all.

Mr. Arrow rejects the Milton Friedman argument that businesses have no social obligations—that each firm should aim only to maximize its profits. This notion makes good economic sense in many instances, he agrees, but in many other situations "profit maximization is not socially desirable."

A business may harm or impose special costs on the public; it pollutes the local air or water, or increases congestion in one part of town. The seller of a product may know far more about its quality or safety than the buyer does, and so the buyer may need special protection. The average person buying a car or hiring a lawyer or architect is far less able to judge the true value of what he is getting than is the large auto manufacturer buying steel or building a new plant.

Government control is one way to create or enforce social responsibility on business, but Mr. Arrow finds this a slow and inflexible solution. Tax policy can deal with some problems—extra taxes on polluting firms, for example—but Mr. Arrow can't see its application to product safety or product quality. Damage suits and other legal actions tend to be costly control devices, often with all-or-nothing outcomes.

So why not ethical codes—"some generally-understood definition of appropriate behavior"? Writing in Public Policy, Mr. Arrow admits "this may seem to be a strange possibility for an economist to raise," but argues that "when there is a wide difference in knowledge between the two sides of the market, recognized ethical codes can be . . . a great contribution to economic efficiency."

For example, the medical profession's code of ethics may not be universally followed, but it is practiced widely enough to create a popular presumption that each doctor acts with the patient's welfare in mind—that he will not, say, order unnecessary tests or operations. The code protects patients, to be sure, but it also benefits doctors by maintaining the public's trust in the entire profession.

An ordinary car buyer, unable to distinguish between two used cars of substantially different quality, might be willing to pay the same for each. But if the quality differences were made clear, one buyer might prefer a cheaper car with defects—he might be planning to drive it only a short while—while another buyer, planning longer use, might prefer to spend more for a car with fewer defects. From an overall economic point of view, Mr. Arrow contends, this situation is far more intelligent.

So he would have industry explore codes that require certain information to be provided on product safety, or even set minimum safety standards. On product quality, he'd stick with full disclosure, rather than minimum standards; "there's plenty of room in our economy for inferior merchandise at low prices," he states, "so long as people know what they're getting for their money." Codes for professionals might set out liability for faulty performance, or require advance notice to the client of likely costs.

Mr. Arrow isn't so ivory-towered that he doesn't see all the hurdles—the public skepticism, the industry resistance, the unethical firm that doesn't abide by the code. But he doesn't think the scheme is so wildly impractical, either.

"A close look reveals that a great deal of economic life depends for its viability on a certain limited degree of ethical commitment," he writes. "There is almost invariably some element of trust and confidence." Much business is still done verbally, without written contracts; deliveries are made presently, with payment later.

The fact that so many industries now consist mainly of a few large firms makes ethical codes more feasible, he says. Most of these firms are honorable and well-intentioned, and so should see real benefit in such codes; protection against less-ethical competitors, and a means to build public confidence in the industry in general.

Moreover, he points out, it would then be "clearly in the interest of those who are obeying the codes to enforce them, to call attention to violations, to use the ethical and social pressures of the society at large against their less scrupulous rivals."

Some industries might see another benefit from workable, widely-accepted codes. Though Mr. Arrow insists the codes wouldn't rule out occasional resort to government regulation, penalty taxes, or private legal action, the codes might actually work out that way much of the time, helping businesses to stave off tough government control or damage suits.

"One must not expect miraculous transformations in human behavior," economist Arrow concedes. But he obviously believes that ethical codes for business require no great miracle, but only some thoughtful, unemotional consideration.

THE ADMINISTRATION JOINS IN THE DEBATE OVER NATIONAL HEALTH INSURANCE

Mr. CRANSTON. Mr. President, the Federal Government will someday soon—I am convinced—guarantee decent health care to all its citizens as a matter of right.

The public, fed up with the high costs and poor availability of health care in this country, wants and needs a workable, comprehensive national health insurance plan.

In response, President Nixon, in his state of the Union address, refurbished his administration's national health insurance proposal and is working hard to sell it to the people. And Congress has before it a half-dozen different health insurance bills.

The question is: what kind of national health insurance program will come closest to providing decent health care at a reasonable cost to all Americans?

President Nixon's newest health insurance proposal is a significant advance over his first proposal 2 years ago.

The basic benefits are decidedly improved over those he first proposed, and his new plan would extend coverage to many segments of the population excluded under his previous proposal.

However, the administration's proposal would require middle and marginal low-income families to make excessive payments which would deter their receiving comprehensive and preventative health care. I am also most concerned that the average illness would then turn out to cost more out-of-pocket to the medicare beneficiary than at present under medicare. In its analysis of the Nixon proposal, the National Council of Senior Citizens has estimated that the out-of-pocket cost under the plan of the average 12-day hospital stay for medicare beneficiaries would be quadrupled—rising from the present $84 to $342.

In addition. some services now provided under medicaid for indigent persons would be acquired to pay for a portion of basic services now provided to them at no cost. The preventive health care benefits presently available to medicaid beneficiaries up to the age of 18 would be limited and would apply only to individuals up to the age of 13.

Another sleeper in the Nixon plan would deny the right to medical care at Federal expense—historically mandated for American merchant seamen since the first days of the Republic—by authorizing the Secretary of HEW for the first time, to charge for such services.

I do not think we should give the health insurance industry a major responsibility in administering reimbursement with almost no Federal regulatory standards or procedures.

I also do not think Mr. Nixon—or whoever put together his proposal—gave enough consideration to the errors of the original medicare program, where there were insufficient procedures to control overall health care costs—especially during hospitalization—or to provide incentives for the more efficient and effective use of expensive medical resources.

Senator KENNEDY's Health Security Act, S. 3, of which I am an original cosponsor, offers by far the most comprehensive benefits and farsighted plan to deal with the health crisis in our country.

A national health system under our proposal, S. 3, would address these concerns through a more equitable payment system, through a comprehensive benefit package stressing preventive care, with no copayments or deductibles; through advance reimbursement of health providers as an incentive to provide care in the most economic manner; and through the establishment of a resource development fund to support innovative health systems, train needed health personnel, and substantially expand the availability of services in local communities.

I will be actively participating in the deliberations on all the pending national health insurance legislation, and will try hard to see to it that a proposal is enacted which will give all necessary protection to the right of every individual to receive full health care, and will improve the accessibility, availability, and acceptability of comprehensive preventive health care without skyrocketing costs, and with a full range of choice for the patient.

THE ENERGY CRISIS AND THE TRANSPORTATION PROBLEM

Mr. COTTON. Mr. President, the Honorable Meldrim Thomson, Jr., Governor of New Hampshire, is not only a man of strong convictions but is extremely articulate in presenting them. I recently received a copy of a telegram he sent to President Nixon concerning the present energy crisis with particular reference to the transportation problem.

The telegram is not unfriendly to the President; indeed, Governor Thomson is one of the President's strongest supporters. Nevertheless he is not one to mince words and I believe that his forthright approach to the present domestic situation merits the attention of the Congress.

Therefore, I ask unanimous consent that it be printed in the RECORD.

There being no objection, the telegram was ordered to be printed in the RECORD, as follows:

[Telegram sent to President Nixon,
February 6, 1974]

FEBRUARY 6, 1974.

THE PRESIDENT,
The White House,
Washington, D.C.

DEAR MR. PRESIDENT: As a strong supporter of you and your administration, I would respectfully urge your firm and constructive leadership in the domestic problems of the nation, and especially the current independent truckers' strike.

Freezing fuel prices at the nozzel for the rest of the month is no more the answer to the truckers' problems than a pail of water would be for a raging fire.

Silly talk from your new Attorney General implying that governors lack guts in handling violence only adds gas to the flames. I believe that most governors will stand on their constitutional oaths to enforce their laws fairly and firmly, as I did last Monday when truckers surrounded our State House with their rigs.

The real problem is that we have allowed our rail system to deteriorate to the point of vanishing usefulness.

Trucks on highways, especially using the excellent network of Interstate Highways begun by Republican President Eisenhower, constitute the only economical, speedy and practical way to move goods for America from source to consumer.

Trucks are the nations' bloodstream running through the arteries of commerce.

Without the smooth pulse beat of loaded trucks humming over our highways day and night we would quickly become a sick and even dying nation.

I have talked with representatives of our New Hampshire independent truckers and also members of the steering committee of independent truckers who met over the weekend in Washington. I believe that these truckers have serious and legitimate gripes. The most important of these include—

a. Uncertainty of fuel supplies when moving across the nation.

b. Spiraling costs of fuel, tires, and parts which have neither been checked nor allowed to be passed on to the consumer.

c. Archaic I.C.C. and other federal regulations drawn in bygone years when railroads dominated commerce, which complicate and make inefficient the free flow of goods by trucks.

d. Failure to compensate for the slower highway speeds by allowing heavier and longer load limits.

While these problems have not all grown out of energy crisis, they have certainly been spotlighted by it.

As you know, the great majority of truckers are responsible, patriotic Americans. They need help to help America.

An immediate response to these critical problems, both short term and long term, is essential.

I would rspectfully urge for your careful consideration the following action.

1. The immediate appointment of a director of truck transportation in the Federal Energy Office, subordinate to Mr. Simon, but with full power to get truck traffic flowing at once. This will require iron-clad assurances to the truckers that fuel will be available, increased costs will not rest on the truckers thus forcing them into bankruptcy, ancient unworkable regulations will be revised, and uniform national load and dimension limitations will be improved.

2. The appointment at once of a director of energy production, under Mr. Simon, who will have full power to encourage and direct the rapid development of all forms of energy.

We in New Hampshire are trying to build a refinery and a nuclear plant and are having even at this late hour as much trouble with the mass of environmental red tape as the nation had with the Alaska pipe line.

3. A strong appeal by you to the nation to respond to constructive presidential leadership. This appeal must be made over and over again to the people. They must know what you are doing and what you want them to do about an energy crisis which could become a national calamity unless we act more imaginatively and aggressively than we have thus far.

We must lay aside old ways and old habits or we shall quickly become an old, tired and declining nation like Britain.

Rationing, striking and price controls must never be America's mate answer to economic woes.

America's material greatness sprang from a free enterprise system that challenged every man to do his best for the highest possible reward.

We need your positive leadership to see that that great system is promptly relieved of the stiffling web of bureaucratic restrictions.

Your prompt and constructive action in solving these domestic problems will bury the tribulations of Watergate in the strong tide of a leadership to which all America can and will respond.

Respectfully,

MELDRIM THOMSON, Jr.

ANNALS OF INDUSTRY—CASUALTIES OF THE WORKPLACE

Mr. MONDALE. Mr. President, the October 29, 1973 issue of New Yorker magazine contains an article by Paul Brodeur entitled "Annals of Industry: Casualties of the Workplace." The article is the first of a five part series dealing with the hazards of asbestos manufacture. I feel that the article is noteworthy and deserves the attention of my colleagues for it is a most appalling expose of the lax enforcement of, and industrial disrespect for, governmental health and safety regulations.

Mr. Brodeur reviews the history of asbestos manufacture and medical research related to asbestos. He states that, of all the industrial hazards, none is considered more serious than occupational exposure to asbestos. Indeed, 1 out of every 5 deaths among asbestos insulation workers in the United States is due to lung cancer; almost 1 out of every 10 deaths among these workers is due to mesothelioma, an invariably fatal tumor of the linings of the chest or abdomen which rarely occurs without some exposure to asbestos; another 1 out of every 10 deaths among these workers is due to asbestosis, scarring of the lungs resulting from inhalation of asbestos fibers; and almost half of the asbestos workers are dying of some form of asbestos disease.

These frightening statistics were uncovered through the tireless research of Dr. Irving J. Selikoff, the director of Mount Sinai School of Medicine's Environmental Sciences Laboratory, and Dr. E. Cuyler Hammond, vice president for Epidemiology and statistics of the American Cancer Society. Both men have been active in asbestos research for many years and have advised numerous commissions designed to investigate the health hazards of the asbestos industry.

The author observes that, despite these tragic findings, there has been a sorry lack of Government concern for occupational exposure to asbestos. The article furnishes an alarming picture of the medical-industrial disregard for the health of the asbestos worker and of the gross inadequacies of the Government's enforcement of health safety regulations in the asbestos industry.

Mr. President, I ask unamious consent that the article entitled "Annals of Industry: Casualties of the Workplace," by Mr. Paul Brodeur from the October 29, 1973 issue of New Yorker be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD. as follows:

ANNALS OF INDUSTRY: CASUALTIES OF THE WORKPLACE

I—SOME NONSERIOUS VIOLATIONS

A year ago last winter, a flurry of unusual activity accompanied the closing of a factory owned by the Pittsburgh Corning Corporation in Tyler, Texas, a city of sixty thousand about a hundred miles east of Dallas. Production stopped on February 3, 1972, and then the factory, which for more than seventeen years had been manufacturing asbestos insulation, was subjected to a cleanup of prodigious scope and intensity. Under the scrutiny of armed Pinkerton guards, who had been hired by the company to keep unauthorized persons away from the plant and its nearby dumps, sixty-two employees spent a week scraping asbestos waste from machinery and other equipment, and removing and burying truckload after truckload of asbestos scrap that had accumulated in the plant.

This work force was laid off permanently on February 11th, and a crew of four maintenance men spent the next two weeks washing down ceilings and walls and steam-cleaning every piece of machinery in sight. Meanwhile, thirty-five thousand burlap sacks, in which amosite asbestos had been shipped to the factory from mines in South Africa, and which, once emptied, had been sold for a nickel apiece to some of the rose nurseries for which the Dallas-Tyler area is famous, were repurchased by Pittsburgh Corning at double the price, brought back to the plant in trucks, and buried at one of the factory's dumps.

Toward the end of February, the skeleton crew, using acetylene torches, cut up three one-hundred-and-fifty-foot-long chain conveyor belts, three five-hundred-pound cyclone machines, and hundreds of feet of ventilation pipe, all of which were then taken outside and buried in a dump. Other pieces of heavy equipment, including eight twelve-foot-high feeding machines, three one-hundred-foot-long drying ovens, and a dozen dust collectors, were cut up and sold for junk, and still other items, such as saws, an asbestos-scrap grinder, and the draw works and gears for the ovens, were shipped by rail to Pittsburgh Corning's home office, in Pittsburgh. By the end of March, the Pinkertons were no longer needed—there being very little left on the Tyler plant for any trespasser to see—and by the end of April practically nothing remained of the factory except two dilapidated wooden buildings, which had once been warehouses at Camp Fannin, a Second World War training center and P.O.W. camp. One of them—the production building—was virtually empty; the other, the factory's storage area, was half filled with sacks of amosite-asbestos fibre, which the company had not used before shutting the plant.

Although Pittsburgh Corning never gave any official reason for the drastic tidying up that accompanied the closing of its Tyler plant, an explanation of the shutdown itself was made two weeks before by E. W. Holman, the corporations vice-president in charge of manufacturing and technology. In an interview published in the Tyler Courier-Times on January 19th, Holman said that increased costs of buying amosite-asbestos fibre and transporting it from South Africa, plus the fact that his company was finding it more and more difficult to market its finished product because of competition, had brought about a decision to cease operations at the Tyler plant and at a Pittsburgh Corning plant in Port Allegany, Pennsylvania. He remarked that "new clean-air restrictions" had also played a role in "speeding up" the closing of the two factories, since the restrictions would have forced his company to install costly filtering equipment in order to bring the level of asbestos dust in the factories down to lawful limits. According to the Courier-Times, Holman acknowledged that asbestos fibres posed a health hazard, but added that he knew of no specific Pittsburgh Corning employee who was suffering from significant illness as a result of working with the product.

Three weeks after Holman's remarks were published a somewhat different version of the situation at the Tyler plant was given by Anthony Mazzocchi, the director of the Legislative Department of the Oil, Chemical, and Atomic Workers International Union, which had represented employees at the factory since 1962. Speaking at a press conference in Washington, D.C., on February 10th, Mazzocchi disclosed that a government survey had shown major industrial-hygiene deficiencies in the operation of the plant, including a grossly inadequate ventilation system, which had resulted in airborne-asbestos levels constituting a critical occupational health hazard. According to Mazzocchi, the survey had determined that seven of the eighteen workers who had been employed at the factory for ten years or more showed symptoms of asbestosis—scarring of the lungs caused by inhalation of asbestos fibres—which is a significant illness by almost any standard, in that it is irreversible, untreatable, often disabling, and frequently fatal.

Pointing out that asbestos has also been proved to be a potent carcinogen, Mazzocchi voiced the fear that many of the men who had worked in the factory would one day be afflicted with lung cancer or other malignant tumors. Moreover, he indicated that a health hazard might extend far beyond the plant, because the company had sold tens of thousands of burlap sacks contaminated with asbestos dust to nurserymen, who used them to wrap evergreens and other stock for shipment to retailers and gardeners throughout the nation.

For its part, Pittsburgh Corning made a public response only to the last of Mazzocchi's disclosures. On February 16th, a spokesman for the company admitted to a reporter for the Tyler Morning Telegraph that thirty-five thousand burlap bags had been recalled from the Dallas-Tyler area, but he denied that there was any reason to consider them a health hazard. The apparent contradiction in this statement was not resolved by the manager of the Tyler plant, who was quoted at the same time as defying anyone to find any of the bags in question. "We've hired bulldozers to put all those bags underground," he said, making an assertion that would soon apply to much of the factory equipment as well. By then, however, word had got out that considerably more of the Tyler plant was buried than burlap bags and cut-up machinery.

In a sense, the story of the Tyler plant begins with the founding of the Union Asbestos & Rubber Company, in Chicago, in 1918. According to the United States Bureau of Labor Statistics, American and Canadian insurance companies were even then generally declining to insure asbestos workers because of the assumed hazardous conditions of the asbestos industry. Union Asbestos started out as a jobber of railway supplies and an assembler of finished asbestos and rubber products. Business expanded rapidly, thanks to the development of a flexible asbestos tape, which achieved wide use for insulating pipes in steam locomotives, and in 1926 Union Asbestos built a factory in Cicero, Illinois, to manufacture asbestos textiles, insulation materials, packings, brake linings, and gaskets, and a variety of rubber products. Another leap forward took place in the mid-thirties, when the company developed an amosite-asbestos pipe insulation for the Navy. Amosite is a variety of asbestos found in large deposits in the Transvaal region of South Africa, and it had never been used before in the United States, where most asbestos products had been (and continue to be) made of chrysotile, a variety of the mineral that exists in vast deposits in Canada and the Soviet Union, and accounts for ninety-five per cent of the world's production. Because it is as heat-resistant as chrysotile, and can be purchased more cheaply, amosite was chosen for insulating the pipes, turbines, and boilers of modern warships, and by 1940 the Navy's demands for amosite pipe insulation were such that Union Asbestos—or UNARCO, as it had come to be known—started a plant in Paterson, New Jersey. During the war years, the UNARCO plants in Cicero and Paterson churned out amosite pipe covering for the Navy around the clock, winning numerous Army-Navy "E" awards. Such insulation continued to be much in demand in the postwar period, and in 1949 the company set up a third plant to manufacture it, in McGregor, Texas. Then, in November of 1954, as part of a consolidation program, the company shut the McGregor and Paterson factories, and opened the factory at Tyler, Texas.

Little was known about the Tyler plant except that it was set up to operate generally like the factory in Patterson. However, some information that would one day impart tremendous medical significance to this similarity was just then beginning to be developed by Dr. Irving J. Selikoff, a chest physician, who is head of the Division of Environmental Medicine at the Mount Sinai School of Medicine of the City University of New York, director of its Environmental Sciences Laboratory, and a pioneer in the field of asbestos epidemiology. A native of New York City, Dr. Selikoff interned at the Beth Israel Hospital in Newark; did his pathology work at Mount Sinai, where he has been a member of the staff since 1947; and became a chest physician at the Sea View Hospital, on Staten Island, specializing in tuberculosis. In 1951, he participated in the basic research on isoniazid—the antibiotic drug that, by effectively killing tubercle bacilli, has provided a cure for tuberculosis—and in 1953 he founded a medical clinic in Paterson, where, by chance, seventeen of his early patients were men who worked in the nearby UNARCO plant.

At the time, fifteen of the men showed some evidence of pulmonary defects resulting from the inhalation of asbestos. When the Paterson factory closed, they went into other work, and at that point Dr. Selikoff decided to continue his observation of them with X-ray examinations and lung-function tests to determine the history and the natural course of asbestos in men who would not be further exposed, but in whose tissues the previously inhaled fibres would remain. This was the start of a long journey of discovery for Dr. Selikoff, who would eventually help to demonstrate that asbestos is one of the major industrial causes of cancer. At the time, he was interested chiefly in asbestos, because he was not convinced that the relationship between asbestos and cancer, which had previously been suggested by a number of medical authorities, would prove to be a serious problem. As things turned out, he changed his mind. In 1954, all seventeen men from the Paterson factory were working and apparently able-bodied.

Today, only two of them are alive. Of the fifteen who died, seven were victims of lung cancer, two of cancer of the stomach, four of asbestos, and one of malignant mesothelioma—an invariably fatal tumor of the pleura, the membrane that encases the lung, or of the peritoneum, a similar membrane that lines the abdominal cavity—which rarely occurs without some exposure to asbestos. (One of the fifteen deaths was of heart disease.) As early as 1961, by which time six of the seventeen had died, Dr. Selikoff began to suspect the worst for men who were occupationally exposed to the mineral. At that time, he wrote to Edwin E. Hokin, the president of UNARCO, asking him to make employment records available, so that he could undertake a survey of all the men who had worked in the Paterson factory. Hokin turned the request down, saying the records were not available, but he was surely aware that men who had worked in the Paterson factory might be having medical problems, for during the nineteen-fifties the company had paid out substantial amounts of money to employees of the plant who had become disabled with asbestos.

Dr. Selikoff then wrote to several other large asbestos manufacturers in the United States to ask about the health experience in their plants, and was unable to obtain information from any of them. Meanwhile, he and Dr. Jacob Churg, the chief pathologist at Barnett Memorial Hospital, in Paterson, who had himself been finding asbestosis and lung cancer in a large number of workers from the Paterson factory, took their data to Dr. Roscoe P. Kandle, the Commissioner of the New Jersey State Department of Health. Concerned about the situation, Dr. Kandle applied to the United States Public Health Service for funds to undertake a study of the Paterson plant and to make a statewide survey to determine how many people were being occupationally exposed to asbestos. However, the request was denied, lack of resources being given as the reason.

Since Dr. Selikoff already knew that men who had worked in a insulation factory were dying of asbestosis or cancer at an alarming rate, he felt that men who were installing such materials might also risk disease, and early in 1962 he made contact with officials of New York Local 12 and Newark Local 32 of the International Association of Heat and Frost Insulators and Asbestos Workers. The asbestos insulators had been trying for years without success to interest doctors and various government agencies in their medical problems, so they were only too glad to cooperate, and they urged Dr. Selikoff to study the effects of asbestos exposure among their members. He accepted the responsibility, and, though continuing to monitor those of his original seventeen patients who had survived, temporarily abandoned his project to study the other men who had worked in the Paterson factory. At the time, he did not know of the existence of the UNARCO plant in Tyler, Texas.

The Tyler plant was then thriving but was about to change hands. UNARCO held a large contract with the Navy to provide pipe covering for atomic submarines, and the factory was also producing insulation for the chemical-processing industry on the nearby Gulf Coast, which was growing rapidly. Over the years, however, the company had acquired half a dozen plants for the manufacture of various products unrelated to asbestos, and this diversification had altered the objectives of its managers, who decided to quit the asbestos business altogether. As a result, the company sold the Tyler plant in 1962 to the Pittsburgh Corning Corporation—a joint venture of the Pittsburgh Plate Glass Company (now call PPG Industries) and the Corning Glass Works—and the production of amosite-asbestos pipe covering continued as before. By the summer of 1963, however, the new owners were apparently entertaining some misgivings about working conditions in the factory, for at that time they asked the Industrial Hygiene Foundation of America to evaluate the asbestos-dust hazard there. The foundation, which is in Pittsburgh, describes itself as "an association of industries for the advancement of healthful working conditions," and it is financed entirely by industry. It sent industrial-hygiene engineers to the Tyler plant in July and August to review the potential health hazards of handling asbestos and to take samples of airborne asbestos-dust concentrations.

In its report to Pittsburgh Corning, the foundation made no mention of any health hazard, and assured the company that, except in a few areas, the number of asbestos fibres found in the air of the Tyler plant was well below the threshold limit value of five million particles per cubic foot of air—a safety standard for dust in asbestos factories that had been adopted in 1946 by the American Conference of Governmental Industrial Hygienists, which, despite its imposing title, is not a government agency but a voluntary organization with members from various groups, including industry, and with the self-imposed task of recommending safety standards for hazardous substances in industry. Incredibly, the authors of the foundation's report appear to have based their judgment on the assumption that the threshold limit value of five million particles per cubic foot meant five million asbestos fibres, whereas the proponents of the threshold limit value had intended it to apply to *all* the particular matter—fibrous and nonfibrous—in a given cubic foot of air. To understand the magnitude of this error, it should be noted that the study upon which the standard was based had been made in the winter of 1935-36 in four asbestos-textile plants where asbestos fibres were found to constitute about ten per cent of the total amount of airborne dust. The asbestos fibres in the airborne dust measured in the Tyler plant by engineers of the Industrial Hygiene Foundation ranged from a low of twenty-nine per cent to a high of fifty-six per cent. The foundation, however, reported the percentages as if they were of little or no consequence, and contended itself with making recommendations for better housekeeping, better ventilation equipment, and improved maintenance of the ventilation system.

These measures were desperately needed, but there is little evidence to suggest that Pittsburgh Corning felt compelled to initiate them, for when the next survey of the plant was made, more than three years later, conditions were even worse. By that time, the company had acquired a new medical consultant- Dr. Lee B. Grant, a retired colonel, who had been Chief of Aerospace Medicine for the United States Air Force Logistics Command, and who had become medical director of one of Pittsburgh Corning's parent corporations, the Pittsburgh Plate Glass Company, in 1965. At Dr. Grant's request, a survey of the Tyler plant was conducted in November of 1966 by J. T. Destefano, safety and industrial-hygiene engineer for the glass division of Pittsburgh Plate Glass, to see if there had been any significant change in the levels of airborne-asbestos dust since the 1963 survey. After analyzing samples of air from sixteen different areas of the plant, Destefano subsequently reported that asbestos-fibre counts exceeded the threshold limit value in seven instances and that in three of the samples the count was twenty million or more fibres per cubic foot of air. Destefano was, apparently, making the same erroneous assumption about the meaning of the threshold limit value which had been made three years before by engineers of the Industrial Hygiene Foundation. As a result, though he also suggested better ventilation equipment and improved maintenance of the ventilation system, his report did not mention that workers at the Tyler plant were breathing concentrations of asbestos fibres ten times greater than those of the recommended safety standard that was supposed to protect them from disease.

During the span from 1963 to 1966, a tremendous amount of new information concerning the biological effects of asbestos had been developed and was being circulated through the medical and industrial communities. Perhaps the most important study of the period was the one that Dr. Selikoff conducted of the asbestos insulators. As asbestos workers go, these men had comparatively light and intermittent exposure: they often worked out-of-doors on construction projects; they spent half their time working with materials other than asbestos; and most of the asbestos materials they used had an asbestos content of less than fifteen per cent. (The men at the Tyler plant worked in a confined, far dustier atmosphere, and manufactured a product that had an asbestos content of almost ninety per cent.) In spite of this relatively light exposure, however, Dr. Selikoff found radiological evidence of fibrosis of the lungs—that is, scarring of the lungs—in fully half of eleven hundred and seventeen members of the two locals of the Heat and Frost Insulators and Asbestos Workers. Moreover, among three hundred and ninety-two men with more than twenty years of experience in the trade, he found that three hundred and thirty-nine had deveolped asbestosis, and that the disease had by then become moderate or extensive in more than fifty per cent of the cases.

Even more alarming were the results of a mortality study of workers in the two locals. During the early part of 1962, Dr. Selikoff and his administrative assistant, Mrs. Janet S. Kaffenburgh, pored over the union records and compiled a list of the names and addresses of all the six hundred and thirty-two men who had been members of the locals on December 31, 1942, and of the eight hundred and ninety men who had joined between then and December 31, 1962. From the union employment records, they obtained detailed work histories of the total membership of fifteen hundred and twenty-two men, including data on the men's leaving work for other employment, war service, illness, or retirement. This enabled them to calculate the onset and duration of exposure to asbestos for each worker. Records of the union health-and-welfare funds provided them with the dates and places of death of two hundred and sixty-two workers who had died between 1942 and 1963, and copies of the death certificates of all but one of them were obtained. In addition, autopsy protocols, histological specimens, and hospital records were reviewed by Dr. Selikoff and Dr. Churg, the Paterson pathologist, in those deaths (approximately half the total) which occurred in hospitals.

In the next phase of the study, Dr. Selikoff and Dr. Churg were joined by Dr. E. Cuyler Hammond, vice-president of epidemiology and statistics of the American Cancer Society, who had participated in an analysis of the medical effects of the atomic explosions that devastated Hiroshima and Nagasaki in 1945, and whose large-scale epidemiological studies of more than a million men and women provided a major basis for the conclusions drawn in the 1964 Surgeon General's report on the effects of cigarette smoking. Since previous studies had suggested that lung cancer associated with asbestosis seldom develops until twenty years after initial exposure to asbestos dust, Dr. Selikoff and Dr. Hammond decided to limit their first analysis to the six hundred and thirty-two men who were on the union rolls as of December 31, 1942. Taking the men's ages into consideration, Dr. Selikoff and Dr. Hammond then set about comparing the number and causes of death among them with those of the general male population in the United States. The results were depressing. According to the standard mortality tables, two hundred and three deaths could have been expected among the six hundred and thirty-two workers. Instead, there were two hundred and fifty-five, not counting seven men who had died before incurring twenty years of exposure—an excess of twenty-five per cent.

The reason for the excess was not hard to find. The fact that twelve of the deaths were attributed to asbestosis was not particularly surprising, but where six or seven deaths from cancer of the lung, pleura, or trachea were to be expected, there were actually forty-five. And where nine or ten gastrointestinal cancers were to be expected, there were twenty-nine. Since the death rate from lung cancer was known to be more than ten times as high among cigarette smokers as among nonsmokers, Dr. Selikoff and Dr. Hammond realized that they would have to take the smoking habits of the asbestos-insulation workers into account if their findings were to have solid validity. It was, of course, impossible for them to ascertain this information with accuracy in the cases of the two hundred and fifty-five men who had died, so, for purposes of calculation, they assumed that all six hundred and thirty-two men had smoked a pack or more of cigarettes each day, and they demonstrated that even if this had been the case it would have produced a lung-cancer death rate only three and a half times that of the general male population. Cigarette smoking, therefore, could not explain the fact that in this group of asbestos-insulation workers the rate of death from lung cancer was seven times the expected rate.

Because of this study's objectivity, its scope, and its thoroughness, it had a great impact on the medical community. The findings were reported to the annual convention of the American Medical Association in June of 1963—a month before the Industrial Hygiene Foundation began its survey of the Tyler plant—and they were published in the spring of 1964 in the *Journal of the American Medical Association*. It was the first study ever made that had taken a large enough group of asbestos workers from a point far enough back in time and followed them long enough to determine unequivocally what their health experience had been. Unlike almost all the previous investigations, which indicated simply that there was a connection between asbestos and various kinds of cancer, it was based upon the incidence of disease within a defined population, and thus answered a fundamental epidemiological question of how many cancers had developed among how many persons exposed. In doing so, it furnished the first incontrovertible evidence that industrial exposure to asbestos was hazardous; it established sound methodology for future studies; and it marked a turning point in the views held by doctors and health officials around the world.

In October of 1964, in order to review the data that had already been collected and to discuss the problems awaiting solution, the New York Academy of Sciences sponsored an international Conference on the Biological Effects of Asbestos, which was held at the Waldorf-Astoria and was attended by more than four hundred scientists. In addition to the statistics provided by Dr. Selikoff and Dr. Hammond on the incidence of asbestosis and cancer in the insulation workers, there were dozens of reports on the occurrence of disease in people exposed to asbestos. Some of the most alarming information was provided by Dr. J. G. Thomson, of South Africa, who reported finding what appeared to be asbestos bodies—inhaled fibres that have been altered by the reaction of lung tissue, and coated with a colloidal substance rich in iron—in the lungs of one in four people coming to autopsy at random in Capetown. Although asbestos bodies are regularly seen in the lungs of asbestos workers, this discovery indicated that asbestos was becoming a common contaminant in the community at large. There was also a report that mesothelioma was afflicting people who had had only minor exposure to asbestos. This tumor, which takes from twenty to forty years to develop, was previously so rare that it was known to occur in only about one in ten thousand deaths in the general population.

By the time of the international conference, however, it was being found increasingly—not only in people who were exposed to asbestos in their work but also in people who lived in the vicinity of asbestos mines and dumps, or factories where asbestos products were manufactured, or who simply lived in the same house with workers who came home with asbestos dust on their clothes. Perhaps the most striking confirmation of this came from London, where Dr. Muriel L. Newhouse, of the Department of Occupational Health at the London School of Hygiene and Tropical Medicine, investigated seventy-six cases of mesothelioma that had been ascertained by autopsy or biopsy in the London Hospital. To no one's surprise, thirty-one of the seventy-six patients had worked with asbestos, but, in addition, eleven of the forty-five who had not worked with asbestos had simply lived within half a mile of an asbestos factory, and nine others—seven women and two men—were relatives of asbestos workers.

Most of these women had washed their husbands' work clothes regularly. Both of the men in this group, when they were boys of eight or nine, had had sisters who worked in asbestos-textile factories. One of the sisters had been employed as a spinner from 1925 to 1936, and had died of asbestosis in 1947, at which time it was determined at an inquest that "she used to return from work with dust on her clothes." Her brother, who had apparently had no other sustained exposure to asbestos in his lifetime, died in 1956 of a pleural mesothelioma.

Subsequently, in the United States, there were similar findings in a number of places. For example, the proprietor of a junk yard next to the UNARCO factory in Paterson died of mesothelioma, and so did the engineer who first developed the amosite pipe covering manufactured by the company for the Navy, as did his daughter, whose only known exposure to the mineral was that she sometimes played with samples of asbestos products her father brought home for his family to examine. As a result of such incidents, scientists were forced to revise their idea that asbestos was only an industrial hazard, and to give serious consideration to Dr. Thomson's prediction of danger to untold numbers of people in the general community.

Such consideration proved to be well founded, for since then the presence of asbestos bodies in the lungs of ordinary urban dwellers has been confirmed by studies made in Miami, London, Belfast, Pittsburgh, and New York City, where, in a recent investigation conducted by Dr. Arthur M. Langer, the chief mineralogist at the Mount Sinai Environmental Sciences Laboratory, electron-microscope examination of representative samples of tissue showed chrysotile asbestos to be present in the lungs of a hundred and four out of a hundred and twenty-eight people coming to autopsy at random in three city hospitals.

The attitude of the asbestos industry at this time can perhaps be best illustrated by a cautionary letter that was sent to Mrs. Eunice Thomas Miner, the executive director of the New York Academy of Sciences, on October 26, 1964, just after the Conference on the Biological Effects of Asbestos ended, by lawyers representing the Asbestos Textile Institute—an association of asbestos manufacturers that includes the Johns-Manville Corporation, Raybestos-Manhattan, Inc., and Uniroyal, Inc. The letter began by stating that all member companies of the institute shared a grave concern over recent articles carried in local and national newspapers concerning mesothelioma. It went on to say that "innocent but unwise treatment of research data in public discussions, or leaving it to laymen to appreciate the carefully phrased limitations and qualifications, can cause reactions that are not justified by the state of scientific knowledge," and it urged caution in the discussion of medical research into asbestos disease, "to avoid providing the basis for possibly damaging and misleading news stories." It concluded by warning the New York Academy of Sciences that although the right to discuss these subjects was clear, "the gravity of the subject matter and the consequences implicitly involved impose upon any who exercise those rights a very high degree of responsibility for their actions."

During 1966, the Academy sent out thousands of copies of its report of the conference to doctors, officials of state and federal health agencies, and custodians of medical libraries all over the country, and from 1965 on there were many articles in leading medical journals and dozens of newspaper stories concerning new and alarming data that had been developed about the perils of inhaling asbestos. As a result, it seems highly probable that by late 1967 the industrial-health officer of any responsible company engaged in the manufacture of asbestos products would have been given pause by the kind of report that Dr. Grant received from Destefano in September of that year concerning the levels of asbestos dust in the Tyler factory. In fact, considering Dr. Grant's credentials, any other response would have been astonishing, for in addition to being medical director of the Pittsburgh Plate Glass Company and medical consultant to Pittsburgh Corning, he was a member of the American Medical Association, the American Industrial Hygiene Association, and the American Academy of Occupational Medicine, and would one day become president of the American College of Preventive Medicine.

In any case, in December of 1966 Dr. Grant paid a visit to Dr. George A. Hurst, clinical director of the East Texas State Department of Health that happens to be in Tyler—and asked him to conduct a medical survey of the workers at the Pittsburgh Corning plant to determine if they were encountering health problems as a result of their exposure to asbestos. Dr. Hurst immediately set about designing a study of the workers, which included physical examinations, questionnaires, X-rays, and pulmonary-function tests. On February 3, 1967, having received approval from his superiors at the Texas State Department of Health, in Austin, he wrote Dr. Grant that the study could be conducted at a cost to Pittsburgh Corning of forty-two hundred dollars, and that, upon Dr. Grant's approval, it would be started by the first of May and completed as soon as possible.

On March 7th, however, Dr. Grant wrote a letter informing Dr. Hurst that Pittsburgh Corning had decided to forgo the proposed study in favor of some studies that would be conducted by Dr. Lewis J. Cralley, who was associate program chief for field studies and epidemiology in the Public Health Service's Division of Occupational Health, in Cincinnati. Dr. Grant explained that the Public Health Service had been interested for some time in doing environmental and medical studies of the asbestos-products industry, and had recently agreed to include Pittsburgh Corning's plants in Tyler and Port Allegany in the environmental study. According to Dr. Grant, the Public Health Service did not then have sufficient funds to perform the medical study but hoped to receive additional money for that purpose in July. "For this reason, I would like to hold off until July an making a final decision on your proposed medical study," he wrote Dr. Hurst. "Our management is vitally interested in accomplishing the medical study but would like the U.S.P.H.S. to accomplish it as part of their total study. If U.S.P.H.S. can't do the medical study, they would like to consider your proposal further."

An environmental survey of the Tyler plant, which consisted of taking eighty-two samples of air in the factory, was conducted on March 20, 1967, by engineers sent there by Dr. Cralley. However, more than a year passed before Dr. Cralley's people got around to informing Pittsburgh Corning of the results of the survey. The report was dated March 27, 1968, and it was sent to J. W. McMillan, the works manager of the Tyler plant, with copies to Dr. Grant and Dr. Cralley. In many respects, McMillan must have found it a baffling document. On the one hand, it informed him that when twenty-seven of the air samples collected in his factory were analyzed by a standard method, dust concentrations exceeded the threshold limit value of five million particles per cubic foot "in a number of locations." On the other hand, it indicated that when the air samples were analyzed by a new method in use in Great Britain (and soon afterward adopted in the United States), asbestos-fibre counts were considered high in forty-four of the fifty-five other samples. (The fact was that in five of the samples the asbestos-fibre count was twenty to thirty times the range that was considered high by the British Occupational Hygiene Society. Moreover, with the exception of Pittsburgh Corning's plant in Port Allegany, where asbestos-dust levels were also very high, the over-all asbestos-fibre counts in the Tyler factory were far greater than those measured in any of some thirty other asbestos-products factories that had been surveyed by the Division of Occupational Health during the previous three years.) In spite of this, the report made no mention that a health hazard might exist at the Tyler plant, nor did it advise the works manager of the factory to improve the ventilation system or to institute better housekeeping practices—or, indeed, to correct any condition that might have led to the excessive fibre counts it described. Instead, the report concluded by telling him that "your cooperation in this study is sincerely appreciated and the data gained from your plant are of considerable value." It is not known whether the works manager had the benefit of any medical interpretation of the report. Nor is it known whether he had any other way of ascertaining the dimensions of the health hazard that existed in his factory. It is known, however, that two years later he died of mesothelioma.

Since the primary responsibility of the Division of Occupational Health was to protect workers from occupational disease, the omission from its report of any concern for the health of the workers at the Tyler plant seems puzzling, to say the least. Part of the trouble undoubtedly stemmed from the roundabout manner in which the Occupational Health people had to go about their business, for at the time they had no legal authority to enter and inspect factories and no enforcement power of their own. To gain access to factories, they had to be expressly invited by state departments of labor, or by the few state departments of health that had rights of access, or, as in the case of Pittsburgh Corning's Tyler plant and the other asbestos plants they were studying, by the companies that owned the factories. Since the Occupational Health people usually had to go hat in hand to industry in order to initiate their asbestos field studies, they appear to have felt a certain constraint about using the information they gathered. For example, in making arrangements to gain access to plants and take air samples, field-studies engineers invariably gave oral assurance to plant management that the identity of individual factories would be kept confidential and would be released only to the appropriate state agencies. In practice, however, the Division of Occupational Health almost never forwarded interpretations of the health consequences of its findings to state agencies, and in most cases it didn't even send them the sampling data—the report on the Tyler plant being no exception—and that, in effect, prevented any possibility of action to remedy any health hazards. The pledge of confidentiality, of course, precluded any possibility that the data collected in the surveys would be made known to the workers whose health was being affected or to the unions representing them. Moreover, in order not to embarrass management or make workers apprehensive, the government engineers who took air samples during the environmental surveys not only were forbidden to discuss the nature of their activities with any workers they encountered but were also instructed not to wear respirators, which would have afforded them some protection against the hazard of inhaling asbestos dust. As a further extension of this solicitous policy toward industry, the Occupational Health people were careful not to alarm management by reporting in writing the existence of health hazards in any of the asbestos factories they surveyed or by recommending improvements in ventilation equipment and housekeeping procedures to reduce the levels of asbestos dust. In short, they simply took air samples, analyzed them, and reported fibre counts, without drawing any inference as to what the fibre counts might mean in terms of the health and well-being of the men who were exposed to them.

In order to understand more fully what lay behind this practice, it might be helpful to examine the attitude toward asbestos disease held by the people who were in charge of the asbestos field studies at that time. As it happens, I spent several hours one afternoon in March of 1968—a week or so before the report on the Tyler plant was sent out—discussing the asbestos problem with Dr. Cralley and some of his associates in the Division of Occupational Health. At the time, I was looking into the biological effects of asbestos, and I had flown out to Cincinnati to see Dr. Cralley at the suggestion of Dr. Murray C. Brown, who was then chief of the Division of Occupational Health, with offices in Washington, D.C. Dr. Cralley, who received a Ph.D. in industrial hygiene from the State University of Iowa, had joined the Public Health Service in 1941. At the time of our meeting, he had been in charge of epidemiology and field studies for the Division of Occupational Health for nearly four years. He was a fellow of the American Public Health Association, a past chairman of its Occupational Health Section, a past chairman of the American Conference of Governmental Industrial Hygienists, a member of the Committee on Asbestosis and Cancer of the International Union Against Cancer, and an adjunct assistant professor of environmental health at the University of Cincinnati.

At the beginning of our conversation, Dr. Cralley explained that the asbestos-field-studies program had two components—an environmental team, which has been taking dust counts in asbestos-textile and friction-materials plants since 1964, and a medical-epidemiological team, which would soon begin to give X-ray examinations, pulmonary-function tests, and blood tests to five thousand men who worked in these factories. He did not tell me that his engineers had already conducted environmental surveys of Pittsburgh Corning's insulation plants in Tyler and Port Allegany, perhaps because the initial focus of the field-studies program was into other areas of the asbestos-products industry, and these two surveys were exceptions. According to Dr. Cralley, the purpose of the field-studies program was to establish criteria for a possible lowering of the threshold limit value for asbestos. It would take many years to develop these criteria, however, for Dr. Cralley's medical studies of the asbestos-factory workers were designed to proceed from the time of first examination, rather than to reconstruct the events of the past, as Dr. Selikoff's and Dr. Hammond's study of the asbestos-insulation workers had done. Dr. Cralley explained that it would take from two to four years to complete the first medical examinations of the five thousand men he proposed to study, and that if funds were available the men would be reëxamined every five years thereafter. "By following these men for the next fifteen or twenty years, we hope to establish a dose-response relationship for asbestossis," he told me. "Then we'll try to determine what level of exposure carries with it no discernible health hazard."

When I asked Dr. Cralley if this twenty-year-from-now evaluation would take into consideration the development of lung cancer and mesothelioma, he replied that it would not—that he was interested only in asbestosis. I then asked him about the medical studies indicating that mesothelioma could occur with minor exposure to asbestos, and he shrugged and replied that in his opinion the association between mesothelioma and asbestos was not proved.

At this point, Dr. William S. Lainhart, assistant chief of field studies in charge of the medical-environmental team, who was sitting in on our talk, explained that since the main purpose of the program was to trace the natural history of asbestos disease, little would be known about the incidence of lung cancer or mesothelioma until the five thousand men under study were reëxamined in future years. "Ideally, we'd like to take a bunch of twenty-year-olds, put them into an asbestos plant where we know the exact dust levels, and observe them for the next fifty years, or until they die," he said. "Of course, we can't do that. We have to devise studies that are practical. For this reason, we estimate that it will take us from fifteen to twenty years to evaluate with any accuracy the medical effects of today's environment in the asbestos industry."

When I asked about the high rate of asbestosis, lung cancer, and mesothelioma that was already afflicting workers in the asbestos industry, Dr. Cralley told me that such diseases were the result of exposures sustained over the past twenty years or so, and that because great improvements had been made in ventilation systems and industrial-hygiene procedures in the meantime, he expected to find much less disease in the future. When I asked him what he would consider a high rate of disease in the men he proposed to examine, he replied that he would not care to estimate. "We'll have to come to that when we come to it," he said. "Remember that practically everyone is susceptible to chest disease to some extent, and that you can get chest disease even from digging in your garden. With the means we now have at hand, we can only *assume* that asbestosis and other diseases are related to asbestos exposure. Our first priority, therefore, is to study over five thousand men over a long period, and use our observations of what happens to them as the criteria for developing a new standard."

At the close of our meeting, I asked Dr. Cralley why, in view of the fact that asbestos and cancer had afflicted great numbers of asbestos workers since the turn of the century, it had taken so long for the government to begin studying asbestos in earnest, Dr. Cralley said he didn't know. "All I know is that the first real interest came from industry," he told me. "They asked for our help back in 1964, and they have cooperated with us magnificently."

Since it was my understanding that the asbestos industry had never been particularly eager to have its operations scrutinized, I was surprised to hear this, and asked Dr. Cralley what segment of the industry had made the request for help and cooperated so magnificently. "The Asbestos Textile Institute," he replied.

Whatever interpretation one wishes to place upon the rather leisurely approach to the problem of asbestos disease by the administrators of the asbestos-field-studies program, the fact remains that during the first seven years of its existence the program placed no emphasis at all upon control of dust levels in asbestos factors, or upon preventive measures for the workers who were exposed to the dust. Indeed, almost all the meaningful data about dust levels in asbestos factories which were acquired by the program between 1964 and 1971 simply accumulated in the files of its Cincinnati offices, as did all the data on the medical examinations of asbestos workers it conducted after 1968. For its part, the asbestos industry seems to have been quite content with this quiet state of affairs. On the one hand, it could state publicly that, with its assistance, the United States Public Health Service was investigating the possible hazards of industrial exposure to asbestos. On the other hand, it could rest assured privately that, because of the long-term nature of these studies, no information would be forthcoming for many years, and that, because of the pledge of confidentiality, none of it would find its way into the hands of anyone who might seek to remedy any hazards that were found in the meantime.

As for the Tyler plant, it seems to have been considered a kind of fluke by almost everyone concerned. By March of 1968, the medical study of the workers in which Pittsburgh Corning was supposed to be vitally interested was either forgotten or held in abeyance. Dr. Grant never did anything further about the study that Dr. Hurst had designed, and Dr. Cralley and his associates in the Division of Occupational Health never got around to conducting their study. Meanwhile, as the health situation at the Tyler plant was going from bad to worse to appalling, a parade of government inspectors continued to troop through the place without any apparent awareness of the hazards that were staring them in the face. On February 13, 1969, still another safety-and-health inspection of the factory was conducted, this time by industrial-hygiene engineers from the Dallas regional office of the United States Department of Labor's Wage and Labor Standards Administration. The Department of Labor inspectors were authorized to enforce the industrial-health regulations of the Walsh-Healy Act of June 30, 1936, which had been amended to apply to companies holding federal contracts in excess of ten thousand dollars. They found a number of unsatisfactory conditions in the plant, including, again, a substandard ventilation system and inconsistent use of respirators by the workers, and they proceeded to take air samples in six areas of the plant to determine the asbestos-dust levels. By that time, in spite of the foot-dragging of the Division of Occupational Health, the American Conference of Governmental Industrial Hygienists had proposed that the threshold limit value be lowered from five million particles per cubic foot (the standard that had been in effect for more than twenty years) to two million particles per cubic foot, the first of a series of downward revisions they were to consider—each an admission that previously recommended guidelines had allowed workers to inhale concentrations of dust now deemed harmful. (The two million particles were considered the equivalent of twelve asbestos fibres longer than five microns per cubic centimetre of air—five microns being one-five-thousandth of an inch, and a cubic centimetre of air being an amount equal to what might be contained in a small thimble.) The Department of Labor inspectors, however, not only had no equipment to measure asbestos-fibre counts in terms of the proposed conference standard but analyzed the air samples they took in terms of a standard applicable not to asbestos, a known carcinogen, but, rather, to nontoxic nuisance dusts, such as wood dust and chalk powder. As a result, they failed to realize that even the new standard for asbestos was being exceeded dozens of times over in the Tyler plant, and contended themselves with recommending that Pittsburgh Corning issue respirators to employees working in dusty areas of the plant. What seems especially ironic about this is that back in the forties, when UNARCO was operating its Paterson factory—the one upon which the Tyler plant was modelled—not only had it paid its employees five cents extra an hour to wear respirators, which they were obliged to do by insurance underwriters anyway, but it had also repeatedly pointed out to the workers that wearing respirators was a precaution that should always be taken in any absestos factory, and had threatened to fire men who refused to wear them.

As for the inadequate ventilation system, the Department of Labor inspectors recommended in their report (which was sent to James H. Bierer, the president of Pittsburgh Corning, and to Charles E. Van Horne, who had recently become the manager of the Tyler plant) that the company "make a study of the present system with professional advisers and come up to standard, or present qualified proof that the present system is operating, within the minimum specified ventilating range." Instead of reinspecting the Tyler plant to make certain that the company had complied with these recommendations, however, the Department of Labor people simply took Pittsburgh Corning's word that approved respirators would be issued to its employees and that the ventilation system would be improved. Indeed, nobody from the Department of Labor visited the factory again until November of 1971.

For its part, Pittsburgh Corning asserts that by May of 1969 the wearing of approved respirators was required for all employees in the Tyler plant—an assertion that is denied by most of the men who worked there—and that the ventilation system had been duly studied with an eye to improving it. During 1969, the company did indeed engage the services of Dr. Morton Corn, professor of occupational health at the Graduate School of Public Health of the University of Pittsburgh, who visited the Tyler and Port Allegany plants and proposed some engineering controls to bring asbestos-dust levels in them down to recommended limits. But if any significant improvements were made in the ventilation system of the Tyler plant, they were clearly not sufficient to bring the dust levels within such limits. In January of 1970, engineers from Dr. Cralley's group at the Division of Occupational Health—which by then had become the Bureau of Occupational Safety and Health—returned to the factory and took seventeen air samples, and these showed the average airborne-asbestos level to be more than double the proposed twelve-fibre standard. In keeping with earlier practice, however, the engineers chose not to point out the existence of any possible health hazard in their report to Pittsburgh Corning, or to make any recommendations for lowering asbestos-dust levels in the Tyler plant. Nor did they forward their findings to the Texas State Department of Health or to any other agency with enforcement powers. Thus did the Bureau of Occupational Safety and Health add to the series of virtually meaningless surveys that had begun back in July of 1963, when Pittsburgh Corning engaged the Industrial Hygiene Foundation of America to evaluate the asbestos-dust hazard in the Tyler plant. During those six and a half years, five separate studies and inspections of the factory had been conducted, and more than a hundred samples of air had been gathered and transported to laboratories in various parts of the country, where they had been counted, weighed, assayed, and painstakingly analyzed by industrial hygienists, who, depending on what standard they were using, had reported their findings in terms of dust particles per cubic foot or dust weight per cubic metre or fibre counts per cubic centimetre but in terms of what the dust and fibres that the workers were inhaling might be doing to their health.

By this time, however, some preliminary data concerning the mortality experience of the men who had worked in the UNARCO factory in Paterson were being developed, and what the data revealed might have led one to anticipate a most unhappy fate for many of the workers at the Tyler plant. With the aid of a grant from the National Institute of Environmental Health Sciences, which had become concerned about the potential asbestos hazard to the general public, and wanted accurate data concerning it, Dr. Selikoff set up an asbestos-control program in Paterson in 1968, and had begun to trace the sixteen hundred and sixty-four men who had been employed at the Paterson plant between 1941, when it opened, and 1954, when Union Asbestos closed it and transferred its operations to Tyler. This was a laborious process, for Dr. Selikoff and Dr. Hammond had only the names of the men to go on, and addresses for them that were from fourteen to twenty-seven years old. By January of 1970 they had managed to trace most of the nine hundred and thirty-three men who had worked at the factory for at least a year between 1941 and 1945, and who if they were still alive had passed the twenty-year mark since their initial exposure to asbestos dust. They were also able to collect death certificates for almost all of the four hundred of these men who had died. As in the case of the insulation workers in New York Local 12 and Newark, for, even though the study was incomplete, the death certificates showed an extraordinarily high frequency of death resulting from asbestosis, lung cancer, gastro-intestinal cancer, and mesothelioma.

Meanwhile, Dr. Selikoff had continued to maintain a close watch on the insulation workers' health, paying particular attention to those men with more than twenty years' experience, whom he examined once or twice a year. He was thus able to detect symptoms of illness in many of these men * * * way of emphasizing this possibilty, he pointed out that among the insulation workers there were as many excess deaths resulting from mesothelioma as from asbestosis, and twice as many excess deaths resulting from lung cancer. In spite of the alarming data supporting Dr. Selikoff's recommendation for a lower level, the bureau's asbestos experts appear to have been unconvinced that such action was necessary. A year later, when the bureau finally got around to proposing a standard for asbestos, it settled upon the twelve-fibre standard. As usual, the Bureau of Occupational Safety and Health was lagging far behind, for by this time—the autumn of 1970—the Conference of Hygienists had proposed lowering the level for asbestos to five fibres.

To more fully comprehend the absurdity of such proposals and recommendations, one should know that there are always many fibres smaller than five microns in length in any amount of air containing asbestos dust. In fact, most experts in the field readily acknowledge that there may be hundreds, if not thousands, of these smaller fibres, or fibrils—tinier particles into which asbestos fibres readily fragment—simultaneously present for each one longer than five microns. (Indeed, if it were not for the electron microscope, the extent to which asbestos is fibrous would be difficult to believe, for approximately a million individual fibrils can lie side by side in a linear inch of chrysotile asbestos, whereas about four thousand glass fibres—such as those found in various insulation materials—or six hundred human hairs can be aligned along the same distance.) Little is known about the disease potential of fibres smaller than five microns in length; nor does anyone know how many asbestos fibres of any length must be inhaled in order to induce scarring of the lungs, cancer, and mesothelioma. Why count only fibres longer than five microns—which, in effect, constitute only a tiny portion of the total? The reason is simply that the average industrial-hygiene laboratory is equipped with an ordinary phase-contrast optical microscope, capable of resolving only relatively large particles, whereas most particles smaller than five microns can often be seen only by electron microscopy, which is expensive and not readily available. Hence, even though recommended standards of two, five, or twelve fibres greater than five microns in length per cubic centimetre, or thimbleful, of air might actually reflect a hundred, or even a thousand, asbestos fibres per thimbleful, such standards have continually been justified on the basis of economic feasibility, sheer convenience, and wishful thinking—in other words, in the hope that counting only the larger particles would at least serve as an index for measuring the contamination of the air being studied. As for how these patently and admittedly inaccurate counts of fibres per thimbleful can be translated in terms of the lungs of asbestos workers, it should be pointed out that in a normal eight-hour working day a normal worker will breathe in and out about eight cubic metres of air. Since each cubic metre contains a million cubic centimetres, or a million thimblefuls, the worker is breathing in and out eight million thimblefuls of air each day. Thus, an asbestos worker toiling in an environment that is supposed to contain, say, only two fibres greater than five microns in length per thimbleful of air can in fact be inhaling anywhere from eight hundred million to eight billion asbestos fibres and fibrils of all sizes each day.

No one knows for sure how many of these inhaled particles may subsequently be exhaled, but recent studies of the aerodynamics of asbesto fibres suggest that as many as fifty per cent of the fibres may well be retained in the lungs. Not that anyone needs aerodynamic studies to prove that the lungs will retain vast numbers of asbestos fibres. That has been proved beyond a doubt by Dr. Lanber, of the Mount Sinai Environmental Sciences Laboratory, who, using electron microscopy to analyze lung-tissue specimens in autopsies of asbestos workers, has been able to calculate that as many as a hundred thousand billion to a million billion asbestos fibres and fibrils had accumulated over the years in the lungs of some of them. However, even as late as the autumn of 1970, no one in the Bureau of Occupational Safety and Health or, for that matter, in the independent medical community (let alone in the boardrooms of the asbestos industry) was talking about the hazard in terms of human lungfuls of literally billions upon billions of asbestos fibres. Everyone was talking about it, as almost everyone still is, in the euphemistic terms of thimblefuls of air containing two, five, or, at the very most, a dozen fibres. In this way did a few needles become the metaphor for—indeed, the medically and scientifically accepted definition of—a whole haystack.

At the end of 1970, however, an event occurred that showed some promise of overcoming the ignorance, laxity, and confusion that had so long enveloped the asbestos problem and other occupational-health problems. On December 29th, after two years of prodding from industrial unions, led by the United Steelworkers of America and the Industrial Union Department of the A.F.L.–C.I.O., Congress passed Public Law 91–596—the first comprehensive occupational-health legislation it had enacted since the Walsh-Healey Act of 1936. Known as the Occupational Safety and Health Act of 1970, Public Law 91–596 sought to "assure safe and healthful working conditions for working men and women," and under its terms the federal government was authorized to develop and set mandatory occupational-safety-and health standards applicable to any business that engaged in interstate commerce. The Secretary of Labor was given the authority to promulgate improved standards, and to enforce them by conducting inspections of factories and other workplaces and by issuing citations and imposing penalties if the standards were violated. The Department of Health, Education, and Welfare was made responsible for developing criteria for the establishment of the safety and health standards, including regulations for dealing with toxic materials and harmful physical agents and for instituting education and training programs to produce an adequate supply of manpower to carry out the provisions of the Act. So that the department could perform these functions, the Act provided for a National Institute for Occupational Safety and Health, called NIOSH, which replaced the Bureau of Occupational Safety and Health, and which was also given authority to enter factories for inspections and investigations, but, since the Act did not go into effect until April 28, 1971, and since NIOSH did not begin its operations until June 30th of that year, little or nothing was done during the next few months to resolve the problem of industrial exposure to asbestos. This delay was disheartening to many trade-union people and to independent medical researchers, who had hoped for quick action on a new asbestos standard. However, the business-as-usual attitude that had characterized government policy toward the operations of the asbestos industry for so long was about to be shattered by a series of disclosures that, fittingly, would have their apotheosis in the revelation of the atrocious working conditions that had prevailed through the years at the Tyler plant.

The new turn of events got started on May 20, 1971, when industrial hygienists from the Meadville office of the Pennsylvania Department of Environmental Resources sent Pittsburgh Corning a report on some recent inspections they had made at the company's insulation plant at Port Allegany, a small town in the northwestern part of the state. The Commonwealth of Pennsylvania had not yet adopted the standard of twelve fibres per cubic centimetre, so the hygienists who inspected the Port Allegany plant were using the long-outmoded standard of five million particles per cubic foot, which is roughly the equivalent of thirty fibres cubic centimetre. Even though Pittsburgh Corning had installed some new ventilating equipment in the factory during the previous two years, the inspectors found that dust levels exceeded the old standard in five of twenty-five air samples. In one of the samples, the count was more than twenty-six million particles, which meant that there may have been approximately a hundred and fifty fibres per cubic centimetre of air in that location—five times the outdated standard. Such dust levels—and even higher ones—had, of course, been found and ignored in the Tyler plant for years, and the management of Pittsburgh Corning may well have come to expect this process to be repeated elsewhere. The Pennsylvania inspectors, however, gave the company sixty days to improve the ventilation system and institute better housekeeping practices to reduce dust levels at the factory.

While Pittsburgh Corning's managers were mulling over this unexpected situation, some personnel changes were taking place at NIOSH that would soon cause them additional problems. Having reached retirement age, Dr. Cralley was about to leave the Division of Epidemiology and Special Services, which was being reorganized into the Division of Field Studies and Clinical Investigations. A number of positions in the new division had opened up, among them that of chief medical officer, and it was filled on July 1st, with the appointment of a thirty-year-old doctor named William M. Johnson. A native of Olean, New York, Dr. Johnson was brought up in Saranac Lake, graduated from the Stanford University School of Medicine in 1968, interned at the State University of New York at Buffalo, and had just completed a two-year training program in occupational health at the Harvard School of Public Health. He had decided to fulfill his military obligation by putting in a two-year stint with the United States Public Health Service, and, as things turned out, it did not take him long to become immersed in his job there. Within a few days of Dr. Johnson's arrival at the NIOSH offices in Cincinnati, one of the engineers who had been conducting field studies under Dr. Cralley told him about the environmental surveys of asbestos factories that had been in the files for several years. "That engineer was particularly concerned about the situation at the Tyler plant," Dr. Johnson has recalled. "And when I started digging through the files myself, I realized he had good reason to be, for it was plain as day that there was an incredibly serious health problem down there. At that point, I went to Dr. Cralley and asked him whom I should see about the situation. He suggested that I get in touch with Dr. Grant, Pittsburgh Corning's medical consultant. However, when I called Dr. Grant, on July 13th, he told me there really wasn't much of a health problem at the Tyler plant, because the place was so dusty that people didn't stay around there long enough to get sick. He also told me that there were no plans to improve the factory's ventilation system, and that the company planned to convert from asbestos to mineral wool in the near future."

Since Dr. Johnson had received considerable instruction at Harvard in the effects of asbestos exposure, he was less than reassured by his conversation with Dr. Grant. During the next two weeks, he gathered as much information as he could about conditions at Tyler and Port Allegany; then he discussed the situation thoroughly with Dr. Joseph K. Wagoner, who had arrived at NIOSH on August 1st to replace Dr. Cralley as director of the new Division of Field Studies and Clinical Investigations. Dr. Wagoner had received his Doctor of Science degree in epidemiology and bio-statistics from the Harvard School of Public Health in 1970, and had spent ten years as an epidemiologist with the Public Health Service's National Cancer Institute, where he was instrumental in the long struggle to develop and institute standards for the protection of uranium miners, who were occupationally exposed to radioactive dust. He was as seriously disturbed about the potential health hazard at Tyler as Dr. Johnson was, and together the two men decided to make it and other asbestos-products factories their first order of business.

In the meantime, pressed by the deadline given by the Pennsylvania state inspectors for cleaning up the Port Allegany plant, and aware of Dr. Johnson's concern about conditions at the Tyler factory, Pittsburgh Corning made a move to head off some of the pressures that were building up against its asbestos operations. On August 3rd, the company filed an application for a variance from occupational-safety-and-health standards with the Assistant Secretary for Occupational Safety and Health of the Department of Labor, in Washington. Under the terms of the Occupational Safety and Health Act of 1970, the Secretary of Labor could grant a variance to an employer if he determined that the employer "has demonstrated by a preponderance of the evidence that the conditions, practices, means, methods, operations, or processes used or proposed to be used by an employer will provide employment and places of employment to his employees which are as safe and healthful as those which would prevail if he complied with the standard." Pittsburgh Corning's application for a variance was signed and submitted by E. W. Holman, the vice-president in charge of manufacturing and technology—who told the Tyler *Courier-Times* that he knew of no specific Pittsburgh Corning employee suffering from significant illness as a result of working with asbestos. In the application, Holman stated that the threshold limit value for asbestos was exceeded in some areas of the company's Tyler and Port Allegany plants, that the company had been unable to comply with the required standard because of the unavailability of effective ventilation equipment, and that the ineffectiveness of the available equipment had become paricularly significant since the reduction of the standard for asbestos from twelve fibres per cubic centimetres to five. The fact that such a reduction in the official standard had not taken place but had only been published as a proposed change by the Conference of Hygienists suggests that Pittsburgh Corning's managers either were afflicted with a bad case of nerves or were trying to obscure the fact that neither factory was in compliance even with the obsolete standard of five million particles per cubic foot, let alone the twelve-fibre standard itself.

The application for a variance went on to say that as of June, 1971, the company had spent nearly two hundred thousand dollars for research and development of a mineral-wool substitute for asbestos, that it would begin to use mineral wool in some of its operations in August, and that it hoped to make a complete conversion to mineral wool at the Port Allegany and Tyler plants by the middle of 1972. As for the steps the company had taken to provide working conditions as safe and healthful as those which would prevail if the government standard for asbestos had been complied with, Holman stated that Pittsburgh Corning had supplied approved respirators and had required workers to use them; that it had also purchased and was experimenting with new respirators; that it had provided dust-collection and ventilation apparatus; that it had expanded its program of periodic medical examinations; that it had improved housekeeping procedures by the more frequent use of vacuum cleaners; and that it had "provided and will continue to provide health education programs that fully explain to its employees the health hazards associated with asbestos exposure and how they can protect themselves." In a sworn affidavit attached to the application for a variance, Dr. Grant stated that he had knowledge of the matter set forth in the application "so far as said application states that the applicant has provided for its employees health education programs that explain to said employees the health hazards associated with asbestos exposure and how they can protect themselves."

Back at the Division of Field Studies and Clinical Investigations, in Cincinnati, several weeks were to pass before Dr. Johnson and Dr. Wagoner would learn of Pittsburgh Corning's application for a variance. Meanwhile, on August 9th, Dr. Johnson called Horace Adrian, chief of the industrial-hygiene program of the Texas State Department of Health, in Austin, and told him of the extraordinarily high dust levels that had been found in the Tyler plant. Adrian told Dr. Johnson that he had never seen copies of any inspection of the Tyler plant—indeed, he gave Dr. Johnson the impression that he did not know the factory existed—and he would look into the situation as quickly as possible. A week later, Adrian informed Dr. Johnson that he was going to Tyler the next day, August 17th, to conduct a walk-through survey of the factory and to meet Dr. Grant, who also planned to be there. (As it turned out, the purpose of Dr. Grant's visit to Tyler on August 17th was to give the workers there an educational talk on the health hazards of asbestos exposure, which Pittsburgh Corning had already claimed to have done in its application for a variance, filed two weeks before.) On August 24th, Dr. Johnson telephoned Dr. Grant in Pittsburgh, to tell him that the Division of Field Studies and Clinical Investigations wanted to examine the workers at the Tyler plant. Dr. Grant replied that Dr. Hurst, of the East Texas Chest Hospital, had just finished giving the Tyler workers medical examinations, including X-rays and pulmonary-function tests, and he suggested that NIOSH might wish to defer its study of the men until the results of Dr. Hurst's tests could be made available.

In the light of this development, Dr. Johnson and Dr. Wagoner decided to hold off for the time being on their examination of the Tyler workers, and to conduct a medical survey of the men in the Port Allegany plant. (At that point, they had no idea that almost five years before Dr. Hurst had outlined a proposed—and rejected—medical study of the Tyler workers for Pittsburgh Corning.) On September 7th, in order to make arrangements for the survey of the Port Allegany workers, Dr. Johnson went to the plant, where he met Dr. Grant for the first time, and heard him give a talk to the workers on the health hazards associated with asbestos. According to Dr. Johnson, Dr. Grant indicated in his talk that the levels of asbestos dust at Port Allegany were not high enough to be considered dangerous to health. Dr. Grant also claimed that the dust levels were considerably lower than the ones that the insulation workers studied by Dr. Selikoff had been exposed to. (Actually, Dr. Selikoff had demonstrated that the insulation workers were exposed to levels of asbestos dust far below the twelve-fibre standard.) In addition, Dr. Grant implied that cigarette smoking was an important factor in the development of asbestosia, although such few data as are available indicate a very limited effect of cigarette smoking on lung scarring. (Dr. Grant may have misinterpreted some studies conducted by Dr. Selikoff and Dr. Hammond, which showed that asbestos workers who smoke cigarettes run eight times the risk of dying of lung cancer as cigarette smokers in general, and ninety-two times the risk of men who neither work with asbestos nor smoke.) But what Dr. Johnson found most disturbing of all was Dr. Grant's assertion that, in addition to smoking cigarettes, a man would have to undergo from twenty to thirty years of exposure to asbestos before experiencing any adverse effects. Later that day, Dr. Johnson made a point of telling Dr. Grant, in the presence of union officials, that radiological evidence of pulmonary fibrosis had been found in men with less than ten years' exposure, and that there was strong medical evidence to support the belief that lung cancer and mesothelioma could occur at exposure levels far below those that could cause asbestosis. This encounter with Dr. Grant seems to have marked a turning point in Dr. Johnson's dealings with Pittsburgh Corning, for, he has explained, "I came away from it feeling that Dr. Grant had grossly minimized the hazard of working with asbestos, and I assumed that he had probably done the same thing at Tyler on August 17." Dr. Johnson's mistrust of the company's intentions was heightened a few days after this, when he discovered that Pittsburgh Corning had filed the application for a variance with the Occupational Safety and Health Administration; he believed the application to be not only self-serving but downright false in its claim that the company had undertaken to inform its employees adequately about the hazards of working with asbestos.

In addition, Dr. Johnson and Dr. Wagoner had other reasons to fear that no immediate action would be taken to reduce the health hazard at Tyler and Port Allegany. In the middle of August, they had prepared a memorandum expressing their concern about conditions at the two plants (it also included data from Dr. Cralley's files about excess mortality among workers in several large asbestos-textile factories) and sent it to Dr. Marcus M. Key, the director of NIOSH, which had set up its headquarters in Rockville, Maryland. During August and September, as it happened, there were huge internal problems at NIOSH headquarters about how the institute should carry out its role under the Occupational Safety and Health Act and how it should coordinate its activities with those of the Department of Labor's Occupational Safety and Health Administration, which had been given responsibility for enforcing health standards under the Act. An administrative crisis ensured, with the result that no one at NIOSH headquarters could give Dr. Johnson or Dr. Wagoner any assurance that something would be done to alleviate the conditions at the Tyler and Port Allegany plants. Feeling increasingly frustrated, Dr. Johnson and Dr. Wagoner decided after the encounter with Dr. Grant that the situation was serious enough to warrant their taking matters into their own hands. The following week, Dr. Johnson telephoned Steven Wodka, the legislative aide for the Oil, Chemical, and Atomic Workers International Union, and told him about the environmental studies of dust levels in the factory which he had found buried in the files. (The two men had met previously to discuss the problem of workers exposed to beryllium at the Kawecki Berylco Industries plant, in Hazleton, Pennsylvania, where, as in the case of Tyler, the Bureau of Occupational Safety and Health had gathered data about health hazards associated with a substance that the workers were exposed to but had for a number of years neglected to inform the workers of the dangers involved.) Upon learning of the situation at Tyler, Wodka immediately sent Dr. Johnson a letter requesting that he make the environmental data available, and, on September 24th, Dr. Johnson sent them off to the union's Legislative Department, in Washington, D.C.

When Wodka discussed the Tyler situation with his boss, Anthony Mazzocchi, the director of the Legislative Department, Mazzocchi remembered Dr. Selikoff's telling him about a study that he, Dr. Hammond, and Dr. Churg were conducting of the mortality experience of the men who had been employed at the Paterson plant. Mazzocchi quickly got in touch with Dr. Selikoff, who, as it turned out, had completed the first part of the study a week or two before, and was about to present his data at the Fourth International Pneumoconiosis Conference of the International Labor Office, in Bucharest, on September 29th. When Mazzocchi told him about the environmental data on the Tyler plant that Dr. Johnson was making available to the union, Dr. Selikoff sent Mazzocchi the results of his study of the Paterson workers.

They were as alarming as the mortality data on the asbestos insulators. Of three hundred and thirty-three men who had been employed at the Paterson factory for a year or more between 1941 and 1945, eighty-eight had died by December 31, 1959, and fifteen could not be traced. However, Dr. Selikoff, Dr. Hammond, and their associates had managed to trace every one of the remaining two hundred and thirty men who were alive on January 1, 1960, and had studied their experience up to June 30, 1971. Using the standard mortality tables, Dr. Hammond calculated that no more than forty-seven deaths would normally have been expected to occur among these men during that eleven-and-one-half-year period. Instead, there were a hundred and five. Fourteen of the deaths were caused by asbestosis, and, as with the insulation workers, a large majority of the excess deaths were caused by cancer. Two or three lung cancers would have been normal, but twenty-five occurred, and deaths from cancer of the stomach, the colon, and the rectum were three times what the standard mortality tables predicted. In addition, although none would normally have been expected, there were five deaths from mesothelioma.

Mazzocchi and Wodka were profoundly disturbed at the results of the Paterson study, for they could only conclude that the similarity of operations in the two factories meant that much the same thing would happen to the men at Tyler. Meanwhile, as they were trying to decide what to do, Pittsburgh Corning was informed by the Department of Labor that no action would be taken on its application for a variance from occupational-safety-and-health standards until after a public hearing, and that no hearing could be held until the spring of 1972. Since this meant that the company would be forced to comply with existing health standards until then, and since the company had failed to prove that mineral wool could be successfully substituted for asbestos in high-temperature pipe covering, the Pittsburgh Corning people found themselves in a bind. In the early part of October, therefore, they told representatives of Local 4–202, in Tyler, with whom they were negotiating a new contract, that they might have to shut the plant, but said that they wished to consider the local union's proposals on wages, health, and safety before making a final decision. When Mazzocchi and Wodka learned of the company's action, they suspected that Pittsburgh Corning was using the threat of a shutdown to force the local union to minimize its demands for improved working conditions at the Tyler plant. After consulting with representatives of Local 4–202, the two men determined that a strict-compliance program should become part of the union's contract proposal on safety and health. They then submitted a formal request to Dr. Johnson, at NIOSH, on October 7, 1971, for a comprehensive industrial-hygiene study of the Tyler factory and a medical survey of the men who were working there. Upon receiving this request, Dr. Johnson made the necessary arrangements with Pittsburgh Corning and with the Texas State Department of Health, which had previously offered to cooperate, and a survey of the plant was scheduled for the last week of the month.

As things turned out, the NIOSH inspection of the Tyler plant coincided with a crescendo of protest that had been building up for many months over the plight of tens of thousands of workers throughout the country who were being exposed to excessive concentrations of asbestos dust. On August 3rd—the day Pittsburgh Corning filed its application for a variance—Dr. Selikoff wrote to James D. Hodgson, the Secretary of Labor, making carbon copies for leading officials of six labor unions whose members worked with asbestos, and for Dr. Key, at NIOSH. His letter said:

> DEAR MR. HODGSON:
>
> Your department has published initial standards in the Federal Register, in accordance with the Occupational Safety and Health Act of 1970. I understand that these are "initial" and that modifications may be expected as a result of research criteria being developed by the National Institute for Occupational Safety and Health.
>
> One "standard" in the published list is so wrong, and represents such serious hazard to workmen, that I advise its urgent revision.
>
> I refer to the standard for asbestos, which would allow workmen to be exposed to environments containing as many as twelve fibres per cubic centimeter of air. Our research in one asbestos trade—insulation work—demonstrates that work in the past in areas with levels of two to three fibres per cubic centimeter of air has resulted in a very great increase of death due to cancer and to asbestosis. Just how serious this has been may be appreciated from current statistics: at present, one in every five deaths among insulation workers is due to lung cancer, one in ten to cancer of the pleura or peritoneum, one in ten to scarred lungs or asbestosis.
>
> The proposed level is much higher than actually *now* exists. It is so high as to make totally ineffective current efforts by both industry and labor to control this unhappy occupational health hazard.
>
> In Great Britain, the approved level is *less than* one-fifth the standard here proposed and levels of twelve fibres per cubic centimeter for more than even ten minutes would be sufficient to require that the workman wear protective clothing and use an efficient respirator.
>
> Mr. Albert E. Hutchinson, President of the International Association of Heat and Frost Insulators and Asbestos Workers, AFL-CIO, has calculated that there are approximately one hundred thousand men employed doing asbestos insulation work in the United States, in various unions and in various industries. Utilizing statistical calculations by Dr. E. Cuyler Hammond, director of the Department of Statistics of the American Cancer Society, it may be predicted that, if the situation remains the same and does not improve, there will be more than seventeen thousand excess deaths of lung cancer among these men, as well as almost ten thousand unnecessary deaths of cancer of the pleura or peritoneum, ten thousand wholly preventable deaths of asbestosis, and many thousand other cancer deaths, in this one trade alone. Thousands of deaths will occur in other industries, to add to the unhappy toll of this serious error.
>
> I urge you, then, to recall this standard, and substitute one that will help protect workingmen forced to work with this dangerous material.

Although Dr. Selikoff's letter did not engender any immediate response from Secretary Hodgson, it did evoke profound concern among the union officials to whom he sent carbon copies. When Dr. Selikoff returned to New York from Bucharest, Sheldon W. Samuels, the Director of Occupational Health, Safety, and Environmental Affairs for the A.F.L.-C.I.O.'s Industrial Union Department, invited him to attend a meeting of the I.U.D.'s ad-hoc Committee on the Asbestos Hazard, in Washington, on October 18th, so that he might present additional information, which the union people hoped would enable them to get some effective action from the Department of Labor on the problem of occupational exposure to asbestos. Meanwhile, having discovered additional reports in the old Bureau of Occupational Safety and Health files which showed excessive dust counts in a dozen more asbestos factories (there was also an incomplete study of mortality among employees of those factories, which showed an extraordinary number of deaths resulting from asbestosis among men in their forties and fifties), Dr. Johnson and Dr. Wagoner continued to express concern about the asbestos problem to their superiors at NIOSH, who they hoped would take a firm stand in advising the Secretary of Labor to promulgate a tough emergency standard for asbestos. On October 4th, feeling that the situation was getting out of hand, Dr. Johnson and Dr. Wagoner visited Dr. Selikoff in New York to exchange information about the asbestos problem in general and, in particular, about Johns-Manville's asbestos-textile factory in Manville, New Jersey, where that corporation has owned and operated the largest complex as asbestos-products factories in the world for more than fifty years. Dr. Cralley's files had yielded up several environmental studies showing that excessive dust levels had existed in the Manville asbestos-textile factory at least since 1965, when the first study was made; a 1969 medical survey showing findings consistent with asbestosis in thirty-one of a hundred and seventy-nine chest X-rays of the factory employees; and an incomplete mortality study showing, on preliminary analysis, four deaths from mesothelioma and at least ten other asbestos-related deaths among a hundred and eighty asbestos-textile workers. Indeed, the situation at Manville appeared to be similar to the one at Tyler, and on a larger scale. In 1967, engineers from Dr. Cralley's office—now the Department of Field Studies and Epidemiology—had taken air samples that were not analyzed for asbestos fibres until September of 1971, when Dr. Johnson discovered the data in the files. That September, too, Dr. Johnson had fibre counts completed on over a hundred air samples that engineers from Dr. Cralley's division had taken at the Manville asbestos-textile plant during the spring of 1971. The fibre counts showed that even then there were as many as twenty fibres per cubic centimetre of air in some operations of the plant.

Dr. Johnson and Dr. Wagoner believed these data to demonstrate a serious and persistent health hazard at the Johns-Manville factory, and they were anxious to know if Dr. Selikoff could give them any additional information, particularly with regard to other cases of mesothelioma that might have occurred in Manville. As it happened, Local 800 of the United Papermakers and Paperworkers Union, which represented the company's production workers, had provided Dr. Selikoff with a roster of its membership several months before, and he, Dr. Hammond, and one of their associates at Mount Sinai, Dr. William J. Nicholson, had just begun a mortality study of the Johns-Manville employees, so Dr. Selikoff was able to give his visitors details on about a dozen deaths among the workers which had been caused by mesothelioma.

On October 5th, Dr. Johnson and Dr. Wagoner went to Trenton, where they met with the commissioner of the New Jersey Department of Labor and Industry and the deputy commissioner of the state's Department of Health, and told them of the health hazard that they believed to exist at the Johns-Manville plant. When they asked these officials to investigate the situation, however, they learned that the state considered it to be a federal problem and, in any case, did not possess modern fibre-counting equipment for such a task. The following day, the two men took the data they had compiled on the Johns-Manville textile factory to the New York Regional Office of the Occupational Safety and Health Administration, in New York City, only to discover that the people there did not possess adequate fibre-counting equipment, or even know how to use such equipment properly. With that, they flew back to Cincinnati and got in touch with officials of the United Papermakers and paperworkers Union. A few weeks later, they learned something from the union people that the commissioner of the New Jersey Department of Labor and Industry had known for more than a year—that in 1969 alone the Johns-Manville Corporation had paid out $887,341 in workmen's compensation to two hundred and eighty-five employees of the Manville plant who had become disabled with asbestosis.

At his meeting with union leaders in Washington on October 18th, Dr. Selikoff documented his contention that the Department of Labor should establish a standard for occupational exposure to asbestos to replace the current twelve-fibre standard. At the same time, he stressed the fact that any standard for asbestos exposure could be concerned only with the prevention of pulmonary fibrosis, and that little was known as to how low a standard might have to be in order to prevent asbestos-related cancer, which had accounted for fully three-quarters of the excess deaths among the insulation workers.

On November 4, 1971, the Industrial Union Department transmitted through George Taylor, the executive secretary of the A.F.L.–C.I.O.'s standing committee on safety and occupational health, a letter urgently requesting Secretary Hodges to use the power granted him by the Occupational Safety and Health Act of 1970 to declare an emergency standard governing the industrial use of asbestos. The letter declared that the existing twelve-fibre standard constituted "a license to jeopardize without effective restraint the lives of millions of workers," and urged the Secretary to declare an emergency standard of two fibres per cubic centimetre and to issue a bulletin prescribing that an appropriate label be affixed to each container of asbestos and asbestos products, warning workers of danger. In addition, the letter asked the Secretary to get in touch with the administrator of the Environmental Protection Agency "to enable him to investigate the necessity for invoking the imminent-danger provisions of the Clean Air Act, as amended in 1970, to protect our families and communities from the effects of ambient asbestos that escapes from the workplace."

As might be supposed, the Industrial Union Department's letter placed considerable pressure upon Secretary Hodges to take some kind of action. When he did so, however, on December 7th, he declared an emergency standard for asbestos of five fibres longer than five microns per cubic centimetre of air. This, of course, was an emergency standard only in the eyes of the Department of Labor, since it was two and a half times as great as the standard requested by the Industrial Union Department, and since the Conference of Hygienists had already published it as a proposed change. It is not known what, if any, medical data prompted the Secretary of Labor to select the five-fibre standard, or why he chose to disregard the data indicating that asbestos diseases could occur at this level of exposure. Perhaps he was seeking a middle ground that he hoped would be satisfactory both to industry and to the union people. If so, he was neglecting the responsibility placed upon him by the Occupational Safety and Health Act for promulgating standards that, even if they entailed conflict, would assure "the greatest protection of the safety or health of the affected employees." In any case, it is a pity that he was not aware of the NIOSH report on Pittsburgh Corning's Tyler plant, which was then slowly making its way through the bureaucratic labyrinth, for the story of the plant constituted incontrovertible evidence of the sorry tangle of ignorance, laxity, and lack of communication that had from the very beginning characterized government policy toward occupational exposure to asbestos. The story of Tyler also made a mockery of one of the basic assumptions behind this policy: that the government could and would force industry to abide by a numerical fibre standard, and, in so doing, could insure healthful working conditions in asbestos factories.

The NIOSH inspection, which was conducted between October 26th and October 29th, included an industrial-hygiene survey, carried out by engineers from NIOSH's Division of Technical Services, and a medical survey, performed by a three-man team from the Division of Field Studies and Clinical Investigations. The medical team was headed by Dr. Johnson, who has a vivid memory of his first look at the Tyler plant. "Two carloads of us drove in from Dallas late on the afternoon of the twenty-sixth," he recalls. "The factory was situated in an industrial district on the outskirts of town, and it consisted of a pair of wood-shell buildings, each of which was about a thousand feet long, fifty feet wide, and thirty feet high. When we arrived, we were met in the front office by Mr. Charles E. Van Horne, the plant manager, and since it was late in the day, there was just time for a quick preliminary walk-through. The place was an unholy mess. Why, compared with it, the Port Allegany plant looked like a hospital operating room! A thick layer of dust coated everything—from floors, ceiling, and rafters to drinking fountains. As we walked through the interior, we saw men forking asbestos fibre into a feeding machine as if it were hay. They obviously had no idea of the hazard involved. Further down the line, we came upon some fellows with respirators hanging around their necks, who were sitting in an open doorway eating watermelon. I hate to think of the fibre counts on those slices of watermelon. I remember turning to Dr. Richard Spiegel, one of my assistants. 'This is intolerable,' I told him. He was as shocked as I was."

It did not take Dr. Johnson and his associates from NIOSH long to realize that at virtually every stage of the manufacturing process enormous quantities of asbestos dust were being spewed out into the factory. In addition to poor housekeeping procedures, the chief cause was a grossly inadequate ventilation system. Other aspects of the plant's operation were found to be equally hazardous. The scrap-grinding machine, where refuse from various operations was made reusable. was extremely dusty and lacked sufficient ventilation equipment, and a fan near the feed hoppers simply contributed turbulence that redispersed dust into the working environment.

Moreover, both the scrap grinder and the feeding machines relied on a dust-collection system that consisted of canvas bags inside the plant, beneath the roof. These bags were periodically emptied by mechanical shaking, and when this happened huge amounts of asbestos dust were released into the air; then, after it had settled, instead of being vacuumed the dust was swept into piles with push brooms. The ventilation equipment on the saws in the finishing department was also found to be inadequate; excessive amounts of asbestos dust were escaping into the air there as well.

Because of Pittsburgh Corning's application for a variance, the NIOSH inspectors learned, the wearing of respirators had been mandatory in all areas of the plant since

August. However, instead of being used for emergency or backup protection, as industrial-hygiene standards prescribed, the respirators were obviously being employed in the Tyler plant as substitutes for an adequate dust-control system and for proper housekeeping. Nor did the company have any adequate program for selecting, fitting, cleaning, and maintaining the respirators worn by its employees, and many of the men were wearing them improperly. In addition to noting these hazards, the inspectors saw that the factory's lunchroom was within fifty feet of one of the dustiest operations in the plant, and that workers were allowed to enter it wearing clothes that were contaminated with asbestos. The NIOSH men also discovered that compressed-air outlets throughout the plant were being used to blow excess dust off the employees—a practice that simply reintroduced asbestos fibres into the working environment.

As a result of these multiple deficiencies in the ventilation system and in the operating procedures of the Tyler plant, Dr. Johnson and his associates were not surprised to find that, of a hundred and thirty-eight air samples taken at different locations in the factory, a hundred and seventeen exceeded the recommended five-fiber standard. (Of course, even if the Tyler plant *had* observed that standard, workers not wearing respirators would still have been inhaling at least forty million asbestos fibres in an eight-hour working day.) What astonished them, however, was how *much* the levels exceeded the recommended standard, at almost every step in the manufacturing process. In the mixing department, where the feed hoppers and the scrap grinder were situated the maximum concentration was a hundred and eighty-nine fibres per cubic centimetre of air, and the average was seventy-five. In the forming department, where the material was rolled on mandrels, the maximum concentration was a hundred and thirty-four fibres per cubic centimetre, and the average was thirty-nine.

In the finishing department, where pipe covering was trimmed and sawed, the maximum concentration was two hundred and eight fibres per cubic centimetre—an approximation, for the air sample was actually too dusty to permit an exact count under a microscope—and the average was forty-one. Even in the inspection and packing department, where the finished product was weighed, boxed, and shipped, the maximum concentration was ninety-two fibres per cubic centimetre, and the average was twenty-three—nearly double the interim standard of the Department of Labor, nearly five times the standard recommended by the hygienists, and ten times the level of exposure that Dr. Selikoff and other epidemiologists had found to be responsible for the extraordinary number of excess deaths among the insulation workers. But the true intensity of the exposure of the Tyler workers can only be appreciated when one recognizes that such concentrations of long asbestos fibres per thimbleful of air really meant that, before they were required to wear respirators in August, some of these men were inhaling up to a billion of the longer fibres each working day, and many more of the shorter ones, which were not being counted by the engineers.

Since asbestos-induced cancers generally take at least twenty years to develop, and the Tyler plant had been in operation for only seventeen years, Dr. Johnson and his associates did not yet expect to find neoplasms among the sixty-three men working there. However, in order to complement the X-rays and pulmonary-function tests that had been performed in August by Dr. Hurst, they examined the employees for rales—crackling sounds in the chest which can occur with asbestosis—and for finger clubbing, a thickening of tissue at the fingertips which often occurs with asbestosis. After comparing notes with Dr. Hurst, they determined—even without the benefit of the X-rays, which they were not allowed to see—that seven of the eighteen workers with more than ten years of employment at the factory met at least three of four criteria for asbestosis. (These criteria included, besides rales and finger clubbing, dyspnea, which is shortness of breath, and marked reduction of forced vital capacity, which is an inability to take sufficient air into the lungs because of pulmonary fibrosis.) Reduced pulmonary function was also observed in some workers who had been employed at the plant for less than five years. Because of these findings, Dr. Johnson and his associates concluded that the health of the sixty-three employees at the Tyler plant had been gravely jeopardized, but they wished to have the X-rays reviewed by an expert panel of radiologists before making a definitive diagnosis of asbestosis on an individual basis. As things turned out, however, they were seeing only the tip of the iceberg, for when they got around to examining the company's employment records they discovered that a total of eight hundred and ninety-five men had worked in the plant at one time or another. Considering the disastrous mortality figures of the men who had worked at the Paterson factory between 1941 and 1945, this was disturbing news, to say the least. It also provided a chilling corollary to Dr. Johnson's first conversation with Dr. Grant, back in July, when Dr. Grant had suggested that there wasn't much of a health problem at the Tyler plant, because people didn't work there long enough to get sick.

The preliminary report of the NIOSH survey, declaring that an extremely serious occupational-health situation existed at the Tyler plant, was sent, on November 16th, to Dr. James E. Peavy, the commissioner of the Texas State Department of Health, and copies went to a number of other officials, including Dr. Key, Dr. Grant, Van Horne, and John K. Barto, the regional administrator for the Occupational Safety and Health Administration, in Dallas. Barto received the report on November 18th, and acted quickly on it, for he was aware that industrial hygienists from the Department of Labor's Dallas office had inspected the Tyler plant nearly three years before, and, even though they had found an inadequate ventilation system and faulty respiratory protection, had not taken any effective action to remedy the situation, or even reinspected the factory to see whether Pittsburgh Corning had corrected the defects. On November 23rd, Barto sent his assistant, Clarence R. Holder, and John P. Boyle, an industrial hygienist, to conduct still another inspection of the Tyler plant. As might be expected, their findings simply substantiated those of the survey conducted by NIOSH. On December 1st, Holder and Boyle informed Van Horne that violations of occupational-safety-and-health regulations found in the plant included not only improper wearing of respirators but failure to examine workers to determine whether they had the physical capacity for wearing respirators, inadequate housekeeping, and insufficient dust control. They also told the plant manager that citations would be issued and penalties imposed, and that the violations would require immediate corrective action—except extensive improvements in ventilation and dust equipment, for which a later date would be set. Holder and Boyle then returned to Dallas, where in the next two weeks, as they awaited analysis of air samples they had taken, they wrote up a lengthy report of their inspection, which was sent to Holman, the corporation's vice-president in charge of manufacturing and technology, at Pittsburgh Corning's home office, on December 16th. In the meantime, Secretary Hodgson had declared the emergency five-fibre standard for asbestos, but since the inspectors for the Occupational Safety and Health Administration had surveyed the factory under the twelve-fibre standard published in the *Federal Register* of May 29th, they decided it would be unjust to apply the new regulation *ex post facto* to the situation at Tyler. As things turned out, their sense of fair play made little difference, for the obsolete twleve-fibre standard was exceeded—in some instances, ten times over—in forty-two of the forty-four air samples they had taken at the plant. Even so, the Occupational Safety and Health people failed to cite Pittsburgh Corning for violating any fibre standard, or even to list, in the citation for insufficient dust control, the specific dust levels they had found. Moreover, although their *Compliance Operations Manual* clearly compelled them to follow Section 17 (k) of the Occupational Safety and Health Act, which states that "a serious violation shall be deemed to exist in a place of employment if there is a substantial probability that death or serious physical harm could result from a condition which exists . . . unless the employer did not, and could not with the exercise of reasonable diligence, know of the presence of the violation," the inspectors listed the conditions they had discovered at the Tyler plant not under the heading of "Serious Violations" but under the heading of "Nonserious (Other) Violations," which, according to their manual, applied to situations "where an incident or occupational illness resulting from violation of a standard would probably not cause death or serious physical harm." If the violations had been considered serious, the Administration could have assessed Pittsburgh Corning as much as a thousand dollars for each one. For nonserious violations, the Occupational Safety and Health Administration could have assessed a penalty of anywhere from a thousand dollars each to no penalty at all, depending upon the inspector's judgment of "the severity of the injury or disease most likely to result." Given this latitude, the Administration people undertook to grant Pittsburgh Corning the benefit of every doubt. For three violations—improper wearing of respirators, failure to examine the workers to see if they could wear respirators, and inadequate housekeeping—they proposed a fine of twenty-five dollars each. For insufficient dust control, they proposed a fine of a hundred and thirty-five dollars. The total came to two hundred and ten dollars.

—PAUL BRODEUR.

IS ENERGY BILL REALLY A GIVEAWAY?

Mr. BROCK. Mr. President, since I became a Member of this esteemed body, many times my colleagues have heard me comment on the need for the Congress to regain its ability to act as a coequal branch of Government. Recently, columnist Vic Gold wrote an article on this very fact which I found intriguing, and I would like to share it with my colleagues. I ask unanimous consent that Mr. Gold's article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

IS ENERGY BILL REALLY A GIVEAWAY?

Have you heard about the infamous Ziegler Memorandum—the White House masterplan to establish instant dictatorship?

It seems that a national capital monthly now on the newsstands features a fictitious communication from Ron Ziegler to his boss. In a parody of White House memorandese, the press secretary purportedly recommends that Nixon end all this Watergate nonsense by making full use of presidential powers already at his disposal.

For example, think how this could put certain hostile segments of the press in their place. The country has a newsprint shortage, right? Well, the memorandum suggests strict application of available executive authority to allocate strategic material in critical supply.

Get it? No newsprint, no New York Times! Funny? Okay, it may not play in Peoria. But it sure goes over in Georgetown.

The Ziegler memorandum is spurious in detail. But it nevertheless contains a central truth that such disparate libertarian spirits as the American Civil Liberties Union and Sen. James Buckley of New York find disturbing about the pending Energy Emergency Act.

The ACLU recently wrote Sen. Henry Jackson and Congressman Harley Staggers, co-chairmen of the joint Senate-House conference committee now considering the Energy bill. In some detail, the organization raised serious questions regarding the comprehensive powers given the executive branch by the proposed act. Buckley and a handful of his colleagues pressed similar questions when the bill was first debated in the Senate. They were overwhelmingly squelched.

Odd, isn't it? What they keep telling us on Capitol Hill is that Congress means to reassert its authority as a balancing force against an executive branch grown too powerful. But comes an energy crunch—the most serious domestic issue facing the country in four decades—and a legislative body that began copping out on its regulatory responsibility in March 1933 finds the habit hard to break.

Consider the fundamental issues involved in the pending bill to manage national fuel use. Here we have a proposal which would establish a massive new federal bureaucracy with unprecedented peacetime authority to manage practically every facet of national life.

The implications of such broad-gauge legislation are ominous. What about the effect of possible Sunday travel clubs on freedom of religion? Could home use of television and radio be restricted in the name of "energy conservation"?

To date, however, a liberal Democrat-controlled legislative branch, philosophically housetrained to accept the idea of an all-powerful executive, hasn't overly concerned itself with such esoteric matters.

Oh, it's concerned about the possibility of windfall giveaways to oil companies under the Energy Act, all right. But the threat of the biggest giveaway of all—that of vast authority to an already bloated bureaucracy—somehow fails to dent the carapace grown by years of congressional indifference to White House power grabs.

Bringing up the point: If what the country needs is sick satire about the making of American president-dictators, why go to the trouble of conjuring up imaginary memoranda from White House aides? Just take a hard look at what that great bulwark against executive department usurpation, the U.S. Congress, has accomplished in that direction in years past—and is doing even at this late date.

OLDER AMERICANS AND THE INCOME TAX

Mr. KENNEDY. Mr. President, more than 9 million persons 65 or older will be filing tax returns this year. Many of them will be paying more than their fair share.

The Senate Committee on Aging has held hearings into the special difficulties that an elderly person must overcome to discover what deductions he is eligible for and to take advantage of those difficulties.

The vast majority of the elderly do not have highly paid tax consultants to assist them in the job of preparing their tax returns. For them, the process of filling out the tax forms, of deciding whether to take standard deductions or to itemize their deductions, and of deciding what deductions they are eligible for is a time-consuming and often frustrating task.

In the end, many overpay their taxes because they are unaware of the relief measures which have been passed into law.

Although there is legislation pending which would provide tax assistance and counseling to the elderly, it is not likely that there will be action on this proposal before April 15.

Therefore, the Committee on Aging has prepared a checklist of possible deductions as well as a list of special provisions affecting the elderly.

Because these lists would be of great value to elderly taxpayers, as well as to others, I would ask unanimous consent that they be printed in the Record.

There being no objection, the lists were ordered to be printed in the Record, as follows:

Checklist of Itemized Deductions for Schedule A (Form 1040)

MEDICAL AND DENTAL EXPENSES

Medical and dental expenses are deductible to the extent that they exceed 3% of a taxpayer's adjusted gross income (line 15, Form 1040).

INSURANCE PREMIUMS

One-half of medical, hospital or health insurance premiums are deductible (up to $150) without regard to the 3% limitation for other medical expenses. The remainder of these premiums can be deducted, but is subject to the 3% rule.

DRUGS AND MEDICINES

Included in medical expenses (subject to 3% rule) but only to extent exceeding 1% of adjusted gross income (line 15, Form 1040).

OTHER MEDICAL EXPENSES

Other allowable medical and dental expense (subject to 3% limitation):

Abdominal supports.
Ambulance hire.
Anesthetist.
Arch supports.
Artificial limbs and teeth.
Back Supports.
Braces.
Capital expenditures for medical purposes (e.g., elevator for persons with a heart ailment)—deductible to the extent that the cost of the capital expenditure exceeds the increase in value to your home because of the capital expenditure. Taxpayer should have an independent appraisal made to reflect clearly the increase in value.
Cardiographs.
Chiropodist.
Chiropractor.
Christian science practitioner, authorized.
Convalescent home (for medical treatment only).
Crutches.
Dental services (e.g., cleaning teeth, X-rays, filling teeth).
Dentures.
Dermatologist.
Eyeglasses.
Gynecologist.
Hearing aids and batteries.
Hospital expenses.
Insulin treatment.
Invalid chair.
Lab tests.
Lip reading lessons (designed to overcome a handicap).
Neurologist.
Nursing services (for medical care).
Ophthalmologist.
Optician
Optometrist.
Oral surgery.
Osteopath, licensed.
Pediatrician.
Physical examinations.
Physician.
Physiotherapist.
Podiatrist.
Psychiatrist.
Psychoanalyst.
Psychologist.
Psychotherapy.
Radium Therapy.
Sacroiliac belt.
Seeing-eye dog and maintenance.
Splints.
Supplementary Medical Insurance (Part B) under Medicare.
Surgeon.
Transportation expenses for medical purposes (6¢ per mile plus parking and tolls or actual fares for taxi, buses, etc.).
Vaccines.
Vitamins prescribed by a doctor (but not taken as a food supplement or to preserve general health).
Wheelchairs.
Whirlpool baths for medical purposes.
X-rays.

TAXES

Real estate.
State and local gasoline.
General sales.
State and local income.
Personal property.

If sales tax tables are used in arriving at your deduction, you may add to the amount shown in the tax tables only the sales tax paid on the purchase of 5 classes of items: automobiles, airplanes, boats, mobile homes and materials used to build a new home when you are your own contractor.

When using the sales tax tables, add to your adjusted gross income any nontaxable income (e.g., Social Security or Railroad Retirement Annuities.)

CONTRIBUTIONS

In general, contributions may be deducted up to 50 percent of your adjusted gross income (line 15, Form 1040). However, contributions to certain private nonprofit foundations, veterans organizations, or fraternal societies are limited to 20 percent of adjusted gross income.

Cash contributions to qualified organizations for (1) religious, charitable, scientific, literary or educational purposes, (2) prevention of cruelty to children or animals, or (3) Federal, state or local governmental units (tuition for children attending parochial schools is not deductible). Fair market value of property (e.g. clothing, books, equipment, furniture) for charitable purposes. (For gifts of appreciated property, special rules apply. Contact local IRS office.)

Travel expenses (actual or 6¢ per mile plus parking and tolls) for charitable purposes (may not deduct insurance or depreciation in either case).

Cost and upkeep of uniforms used in charitable activities (e.g., scoutmaster).

Purchase of goods or tickets from charitable organizations (excess of amount paid over the fair market value of the goods or services).

Out-of-pocket expenses (e.g. postage, stationery, phone calls) while rendering services for charitable organizations.

Care of unrelated student in taxpayer's home under a written agreement with a qualifying organization (deduction is limited to $50 per month).

INTEREST

Home mortgage.
Auto loan.

Installment purchases (television, washer, dryer, etc.).

Bank credit card—can deduct the finance charge as interest if no part is for service charges or loan fees, credit investigation reports. If classified as service charge, may still deduct 6 percent of the average monthly balance (average monthly balance equals the total of the unpaid balances for all 12 months, divided by 12) limited to the portion of the total fee or service charge allocable to the year.

Points—deductible as interest by buyer where financing agreement provides that they are to be paid for use of lender's money. Not deductible if points represents charges for services rendered by the lending institution (e.g. VA loan points are service charges and are not deductible as interest). Not deductible if paid by seller (are treated as selling expenses and represent a reduction of amount realized).

Penalty for prepayment of mortgage—deductible as interest.

Revolving charge accounts—may deduct the "finance charge" if the charges are based on your unpaid balance and computed monthly.

CASUALTY OR THEFT LOSSES

Casualty (e.g. tornado, flood, storm, fire, or auto accident provided not caused by a willful act or willful negligence) or theft losses to nonbusiness property—the amount of your casualty loss deduction is generally the lesser of (1) the decrease in fair market value of the property as a result of the casualty, or (2) your adjusted basis in the property. This amount must be further reduced by any insurance or other recovery, and, in the case of property held for personal use, by the $100 limitation. You may use Form 4684 for computing your personal casualty loss.

CHILD AND DISABLED DEPENDENT CARE EXPENSES

The deduction for child dependent care expenses for employment related purposes has been expanded substantially. Now a taxpayer who maintains a household may claim a deduction for employment-related expenses incurred in obtaining care for a (1) dependent who is under 15, (2) physically or mentally disabled dependent, or (3) disabled spouse. The maximum allowable deduction is $400 a month ($4,800 a year). As a general rule, employment-related expenses are deductible only if incurred for services for a qualifying individual in the taxpayer's household. However, an exception exists for child care expenses (as distinguished from a disabled dependent or a disabled spouse). In this case, expenses outside the household (e.g., day care expenditures) are deductible, but the maximum deduction is $200 per month for one child, $300 per month for 2 children, and $400 per month for 3 or more children.

When a taxpayer's adjusted gross income (line 15, Form 1040) exceeds $18,000, his deduction is reduced by $1 for each $2 of income above this amount. For further information about child and dependent care deductions, see Publication 503, Child Care and Disabled Dependent Care, available free at Internal Revenue offices.

MISCELLANEOUS

Alimony and separate maintenance (periodic payments).

Appraisal fees for casualty loss or to determine the fair market value of charitable contributions.

Campaign contributions (up to $100 for joint returns and $50 for single persons).

Union dues.

Cost of preparation of income tax return.

Cost of tools for employee (depreciated over the useful life of the tools).

Dues for Chamber of Commerce (if as a business expense).

Rental cost of a safe-deposit box for income producing property.

Fees paid to investment counselors.

Subscriptions to business publications.

Telephone and postage in connection with investments.

Uniforms required for employment and not generally wearable off the job.

Maintenance of uniforms required for employment.

Special safety apparel (e.g., steel toe safety shoes or helmets worn by construction workers; special masks worn by welders).

Business entertainment expenses.

Business gift expenses not exceeding $25 per recipient.

Employment agency fees for securing employment.

Cost of a periodic physical examination if required by employer.

Cost of installation and maintenance of a telephone required by the taxpayer's employment (deduction based on business use).

Cost of bond if required for employment.

Expenses of an office in your home if employment requires it.

Payments made by a teacher to a substitute.

Educational expenses required by your employer to maintain your position or for maintaining or sharpening your skills for your employment.

Political Campaign Contributions: Taxpayers may now claim either a deduction (line 33, Schedule A. Form 1040) or a credit (line 52, Form 1040), for campaign contributions to an individual who is a candidate for nomination or election to any Federal, State or local office in any primary, general or special election. The deduction or credit is also applicable for any (1) committee supporting a candidate for Federal, State, or local elective public office, (2) national committee of a national political party, (3) state committee of a national political party, or (4) local committee of a national political party. The maximum deduction is $50 ($100 for couples filing jointly). The amount of the tax credit is one-half of the political contribution, with a $12.50 ceiling ($25 for couples filing jointly).

Presidential Election Campaign Fund: Additionally, taxpayers may voluntarily earmark $1 of their taxes ($2 on joint returns) to help defray the costs of the 1976 presidential election campaign. If you failed to earmark $1 of your 1972 taxes ($2 on joint returns) to help defray the cost of the 1976 presidential election campaign, you may do so in the space provided above the signature line on your 1973 tax return.

For any questions concerning any of these items, contact your local IRS office. You may also obtain helpful publications and additional forms by contracting your local IRS office.

OTHER TAX RELIEF MEASURES FOR OLDER AMERICANS

Required to file a tax return if gross income is at least

Filing status:

Single (under age 65)	$2,050
Single (age 65 or older)	2,800
Married couple (both spouses under 65) filing jointly	2,800
Married couple (1 spouse 65 or older) filing jointly	3,550
Married couple (both spouses 65 or older) filing jointly	4,300
Married filing separately	750

Additional Personal Exemption for Age: In addition to the regular $750 exemption allowed a taxpayer, a husband and wife who are 65 or older on the last day of the taxable year are each entitled to an additional exemption of $750 because of age. You are considered 65 on the day before your 65th birthday. Thus, if your 65th birthday is on January 1, 1974, you will be entitled to the additional $750 personal exemption because of age for your 1973 Federal income tax return.

Multiple Support Agreement: In general, a person may be claimed as a dependent of another taxpayer, provided five tests are met: (1) Support, (2) Gross Income, (3) Member of Household or Relationship, (4) Citizenship, and (5) Separate Return. But in some cases, two or more individuals provide support for an individual, and no one has contributed more than half the person's support.

However, it still may be possible for one of the individuals to be entitled to a $750 dependency if the following requirements are met for multiple support:

1. Two or more persons—any one of whom could claim the person as a dependent if it were not for the support test—together contribute more than half of the dependent's support.
2. Any one of those who individually contribute more than 10 percent of the mutual dependent's support, *but only one of them,* may claim the dependency deduction.
3. Each of the others must file a written statement that he will not claim the dependency deduction for that year. The statement must be filed with the income tax return of the person who claims the dependency deduction. Form 2120 (Multiple Support Declaration) may be used for this purpose.

Sale of Personal Residence by Elderly Taxpayers: A taxpayer may elect to exclude from gross income part, or, under certain circumstances, all of the gain from the sale of his personal residence, provided:

1. He was 65 or older before the date of the sale, and
2. He owned and occupied the property as his personal residence for a period totaling at least five years within the eight-year period ending on the date of the sale.

Taxpayers meeting these two requirements may elect to exclude the entire gain from gross income if the adjusted sales price of their residence is $20,000 or less. (This election can only be made once during a taxpayer's lifetime.) If the adjusted sales price exceeds $20,000, an election may be made to exclude part of the gain based on a ratio of $20,000 over the adjusted sales price of the residence. Form 2119 (Sale or Exchange of Personal Residence) is helpful in determining what gain, if any, may be excluded by an elderly taxpayer when he sells his home.

Additionally, a taxpayer may elect to defer reporting the gain on the sale of his personal residence if within one year before or one year after the sale he buys and occupies another residence, the cost of which equals or exceeds the adjusted sales price of the old residence. Additional time is allowed if (1) you construct the new residence or (2) you were on active duty in the U.S. Armed Forces. Publication 523 (Tax Information on Selling Your Home) may also be helpful.

Retirement Income Credit: To qualify for the retirement income credit, you must (a) be a U.S. citizen or resident, (b) have received earned income in excess of $600 in each of any 10 calendar years before 1973, and (c) have certain types of qualifying "retirement income". Five types of income—pensions, annuities, interest, and dividends included on line 15, Form 1040, and gross rents from Schedule E, Part II, column (b)—qualify for the retirement income credit.

The credit is 15 percent of the lesser of:

1. A taxpayer's qualifying retirement income, or
2. $1,524 ($2,286 for a joint return where both taxpayers are 65 or older) minus the total of nontaxable pensions (such as Social Security benefits or Railroad Retirement annuities) and earned income (depending upon the taxpayer's age and the amount of any earnings he may have).

If the taxpayer is under 62, he must reduce the $1,524 figure by the amount of earned income in excess of $900. For persons at least 62 years old but less than 72, this amount is reduced by one-half of the earned income in excess of $1,200 up to $1,700, plus the total amount over $1,700. Persons 72 and over are not subject to the earned income limitation.

Schedule R is used for taxpayers who claim the retirement income credit.

The Internal Revenue Service will also compute the retirement income credit for a taxpayer if he has requested that IRS compute his tax and he answers the questions for Columns A and B and completes lines 2 and 5 on Schedule R—relating to the amount of his Social Security benefits, Railroad Retirement annuities, earned income, and qualifying retirement income (pensions, annuities, interest, dividends, and rents). The taxpayer should also write "RIC" on line 17, Form 1040.

CURRENT U.S. POPULATION

Mr. PACKWOOD. Mr. President, I would like to report that, according to U.S. Census Bureau approximations, the total population of the United States as of March 1, 1974, is 211,809,165. In spite of widely publicized reductions in our fertility levels, this represents an increase of 1,429,005 since March 1 of last year. It also represents an increase of 50,063 since February 1, 1974—that is, in just the last month.

Over the year, therefore, we have added enough people to fill two cities the size of Milwaukee, Wis. And in just 1 short month, we have added enough additional people for another Danbury, Conn.

REFORM OF CAMPAIGN FINANCING

Mr. MATHIAS. Mr. President, the Senate will soon begin debate on a bill to fundamentally reform the method by which political campaigns for Federal offices are conducted. This reform is sorely needed. It is unfortunate that we have not moved far sooner to exercise this evil, but I am still hopeful that we can enact a major bill this year.

In anticipation of the Senate's action, Mr. Alfred R. Hunt has written an analysis of the current public financing proposals. Mr. Hunt is member of the Washington bureau of the Wall Street Journal, and his article appeared in that newspaper on February 20, 1974. I believe it is a fair picture of the situation which confronts us, and so I am pleased to call it to the attention of my colleagues.

I therefore ask unanimous consent that it be printed in the RECORD.

There being no objection, the analysis was ordered to be printed in the RECORD, as follows:

CONGRESS WEIGHS CAMPAIGN FINANCING

(By Alfred R. Hunt)

WASHINGTON.—The issue of who should foot the bill for federal elections—the taxpayers or the fat cats—is about to make its umpteenth reappearance on the congressional stage. This time, however, it may be resolved for real.

This matter, of course, has been debated for decades, and with escalating rhetoric since the revelations of Watergate. Even so, foes of public financing have been able to stave off any radical change in the present private funding of elections.

Now their defeat seems to be drawing near. The Senate Rules Committee recently cleared a measure providing for sweeping public financing of all federal elections, and it is likely to attract broad support on the Senate floor within the next month. The House has been the major obstacle to any campaign financing overhaul but now the House Administration Committee is committed to approving legislation within the next few weeks which certainly will include some form of public financing.

To be sure, the issue of whether public financing should be applied to congressional campaigns—and if so, how and when—is still far from settled. But the general outlines of a public financing plan for the 1976 presidential election already are clear. This is certain to revive all the old arguments against the concept, and so it's worthwhile examining some of them now.

THE CHECK-OFF PROVISION

Already on the books is a provision which allows single taxpayers to earmark $1 of their tax returns, and couples $2, for a presidential campaign financing fund. The new legislation would build on this plan by doubling the check-off amount, placing tighter restrictions on private contributions to politicians and spelling out the rules under which federal cash would be doled out. It would further stipulate that if the tax check-off didn't raise enough dough, Congress could appropriate supplemental funds to make up the difference.

Under the Senate Rules Committee bill, as in a bill that passed the Senate, but not the House last year, both presidential primaries and general elections would be covered. In primaries, any Republican or Democratic hopeful would have to raise $250,000 in contributions of $250 or less to qualify for federal largesse.

Once this criterion had been met, primary candidates would receive $1 of federal money for each dollar raised in private contributions of less than $250. This would include the initial $250,000 of small donations raised, and there'd be an overall spending limit of around $16 million for the entire series of primaries. There'd be a fairly generous limit, too, on spending in any one primary.

In general elections, the Democratic and Republican candidates could spend up to $24 million a piece, using any mix of public and private donations they desire. Candidates of minor parties which got at least 5% of the vote in the previous election would qualify for a sum of federal money proportionate to their party's relative showing. If a party failed to achieve 5% of the vote in the earlier race, its candidate still could get some federal money after the election, this reimbursement based on the percentage of votes the candidate received.

For both primaries and general elections, there'd be a fairly loophole-free ceiling of $3,000 placed on the private contributions of any one donor. This, it's widely agreed, would make private fund-raising a lot harder.

The complaints against this proposal are numerous. The fear is it will produce a plethora of frivolous primary candidates who will only run because of the availability of federal money. Sen. James Allen (D., Ala.), for one, suggests there are apt to be 25 or 30 candidates contesting for each major party's nomination. Moreover, some analysts say, this kind of free-for-all could produce a winner with strong emotional appeal to a narrow group but little broad backing.

Upon closer examination, however, these fears seem misplaced. It's very difficult to imagine a totally frivolous candidate raising $250,000 in small contributions. Further, the amount of federal money a candidate drew for his primary campaign would be dependent upon the amount he raised in small contributions, thus pretty safely ruling out the prospects of a Sam Yorty or Hardold Stassen dipping heavily into the federal till.

It is true that candidates with particularly strong emotional appeals often find it easier to attract small contributions, whether it be Barry Goldwater in 1964 or George McGovern in 1972. But often these candidates are better heeled financially than more middle-of-the-road opponents anyway, so it's hard to see how public financing would give them any added advantage.

There are similar fears about the effect upon general election campaigns. Some Senators have worried that the lure of federal funds would prove irresistible to any minor party candidate who dreamed of getting a 5% to 10% vote. This might result in multi-candidate fields, endangering a strong two-party system, it's charged.

Here again, the danger seems more apparent than real. No minor party candidate would get any federal money until he displayed an ability to get at least 5% of the vote. Thus any candidate who dreamed of tapping federal support to push some far-out schemes would only be deluding himself.

A more serious problem, seemingly, would be the exact opposite: Third-or fourth-party candidates could be eliminated from running for the presidency. This is because any candidate whose party didn't receive at least 5% of the vote in the previous election couldn't get any federal money until after the current campaign had ended—and with the $3,000 limit on individual contributions, it would be tough to raise a campaign war chest privately.

On the other hand: since the major-party nominees probably would be relying almost solely on public money, there would at least be more private money lying around. "It would be tough for a minor party candidate to raise money, but the fact that there wouldn't be as much competition for this money is a compensating factor," contends a lawyer for Common Cause, the self-described citizens lobbying group and a major advocate of public financing.

In any event, serious third-party candidates have been terribly uncommon in recent American history. Since Robert LaFollette ran 50 years ago, the only minor party figure to get more than 5% of the vote was George Wallace in 1968, who got 14%. (If he were to do that well in 1976, under the formula in the Senate Rules Committee's bill, Gov. Wallace would be reimbursed with about $7 million of federal money.)

Another fear is that public financing would mean some federal control over elections, and that the party in power could change the ground rules in order to gain advantage. Sen. Lowell Weicker (R., Conn.) has worried this might create a situation like South Vietnam "where, after the election is over, the winner goes around and starts enforcing the law, nailing the losing candidates."

There's no iron-clad guarantee that such tinkering mightn't be possible. But if fairly tight, self-executing standards are devised, it surely would be politically perilous to try to alter them in mid-stream.

WEAKENING THE PARTIES?

It may be that the most serious problem, which has been raised by such thoughtful observers as Washington Post political analyst David Broder, is that public financing would severely weaken political parties. A candidate with government funds would be less dependent upon, and less accountable to, his party.

However, even under public financing, most candidates still would count on the party apparatus to provide much-needed foot soldiers. And under the Senate Rules Committee bill, the national parties and all the state parties combined would be permitted to spend $3.2 million apiece in election campaigns.

Anyway, does the present system really bolster the parties? It's pretty tough, for instance, to find a Republican politician these days who thinks the 1972 Committee to Reelect the President (CREEP) contributed much strength or solidarity to the GOP as a party.

All of this, of course, doesn't dent the very real philosophical arguments that many advance against tapping the taxpayers to support politicians. But chances are these people are fighting a rear guard action. One almost certain byproduct of Watergate will be some public financing of the 1976 presidential race.

Only time will tell whether this proves desirable. Nevertheless, it seems very doubtful that such a plan really would wreak havoc upon this nation's political party and electoral system—and doubly doubtful that it would generate the kind of cynicism and suspicion that have arisen out of Watergate and the misuse of the present system that Watergate symbolizes.

FIREARMS VIOLENCE

Mr. KENNEDY. Mr. President, I would like to enter in the Record articles from two national magazines concerning firearms violence.

An editorial in the February issue of Encore magazine clearly expresses the growing demand for nationwide controls that will effectively reduce the deaths and injuries that guns cause.

Newsweek magazine, in its February 11 issue plainly describes the many needless dangers posed by the possession of millions of privately owned guns.

Dr. Thomas E. Deiker, of the Central Louisiana State Hospital, writes about his fears as a homeowner whose neighbors are armed for self protection. Yet, as Dr. Deiker explicitly illustrates, his neighbors are much more likely to wound or kill a loved one, or another neighbor than to actually fend off intruders.

Both of these articulate treatments set forth the growing dangers from the gun crisis in America. Effectively enforced gun legislation is demanded if we are to reduce the fear, the violence and tragedies that gun abuse generates. It is my hope that Senators who read these accounts will be impressed with the public demand and with our legislative responsibility to enact stiff gun laws.

Mr. President, I request unanimous consent to print both of these articles in the Record.

There being no objection, the articles were ordered to be printed in the Record, as follows:

My Neighbor Is Going To Kill Me

(By Dr. Thomas E. Deiker)

My neighbor has a gun. In fact, not having the good fortune to live in the last house on a dead-end street, I am surrounded by neighbors with guns. My situation is hardly novel, since most American households own at least one weapon. We now have stockpiled enough privately owned guns to arm nearly every man, woman and child in the country. And some of those children are not just hypothetical gun users, as recent homicide trends indicate.

My neighbors' guns make me nervous; I'm afraid that they might go off at the wrong time and pointed in the wrong direction. I've asked why such dangerous items are allowed to clutter up the house. I've gotten several answers, from constitutional rights to the innocent sport of blasting birds out of the skies. I'd like to focus on just one of these reasons—for which social scientists are currently assembling enough data to take the issue out of the realm of speculation.

My neighbor tells me that curling up at night with his gun nearby makes him feel safer. Safer from what? A raving maniac out to better the going entry in the "Guinness Book of World Records" for a homicidal atrocity? My neighbor faces far less danger from the "mentally deranged" killer, who fortunately is extremely rare, than he does from my other neighbor who also has a gun. Contrary to the public myth, mental patients have crime rates far below those of my neighbor or me, for all categories of crime and for homicide in particular. One of the few safe places left to live in this pistol-packing country is on the grounds of your local mental hospital, where the residents are far less aggressive than my neighbor and guns are checked in at the gate.

Safer from some prowler in the night seeking to deprive his wife of her virtue or him of his new color television? According to best available estimates, my neighbor's odds of doing himself in accidentally with his own gun are about five times higher than his odds of being done in by some intruder. Professional breakers and enterers have long since adjusted their techniques to the annoying rise in home guns, with an increase in death rates more detrimental to my neighbor than to his attacker. Burglars and robbers have a clear edge in any encounter with my sleeping neighbor. In our best privately armed city, Detroit, robbers and burglars are currently winning the home shoot-outs at the rate of better than 2 to 1. As a gun owner, my neighbor would be better advised to invest his money in locks and a loud dog.

No, the prowler in the night accounts for fewer than 3 per cent of our gun deaths. The bulk comes from perfectly law-abiding, but gun-toting, people like my neighbor, who kill each other, themselves, or me. Of course, it is this last likelihood that worries me personally. I will grant my neighbor the constitutional right to run a greater risk of accidentally killing himself than of having it done for him by our hypothetical prowler in the night. But the risk of my losing my life is astonishingly higher. My greatest danger of dying of an unnatural cause off the highway comes from inadvertently stepping on my neighbor's marigolds, willfully winking at his wife, or foolishly arguing gun-control laws with him. If it's of any interest to my neighbor, the odds of his killing himself are even higher than of his killing me—if he happens to be subject to fits of depression about the condition of his flowers, the fidelity of his wife or the status of his ego after losing an argument.

NATIONAL DEFENSE

If my neighbor feels safer with a gun under his pillow because of some concern for an internal or external national threat, he has even less cause for serenity. We have managed to kill each other with our guns on an informal, neighborly basis with far greater efficiency than all our organized enemies in this nation's glorious war history. In that regard we exceed by more than 30 times our closest national rival in the developed world. My neighbor should not be obsessed with the likelihood of fighting foreign enemies house-to-house with a Saturday-night special, as romantic as that notion might seem to him. He should rather take comfort in the thought that his country is a really Big Neighbor who carries really Big Guns. My neighbor's peashooter will be superfluous to the contingencies we have planned for a foreign enemy who gets close enough to set foot on our soil.

Perhaps, on the other hand, my neighbor needs reassurance about his constitutional right to mount his horse with gun-carrying neighbors and march on the White House to wrest power back from the hands of a monarchical President with visions of a coronation. Our country has neither the history, temperament or political structure to make guerrilla warfare a viable alternative in the foreseeable future. We don't even have the geography any longer: the only possible stages on which that constitutional drama could be played out have long since been made into National Parks. Should it come to that, the IRA or Black September will forward my neighbor the appropriate handbooks on the extralegal amassing of arms. He could readily run his own gun and ammunition factory with a good furnace, scrap metal, some discrete mining, and formulas found in any high-school chemistry book.

Like most beliefs, my neighbor's concern has a real basis in fact. He does indeed have good reason to worry about his safety at night. With all of us now armed, we are the first nation to move into the realm of intranational overkill: if the only answer to my concerns about a neighbor's potential armed aggression is to acquire a gun, then my only "safety" lies in acquiring a bigger and better gun. The rise in privately owned machine guns and even more deadly devices in recent years points directly to such a grisly possibility.

THE DIFFERENCE

The incredible fact is that recent polls (after the Kennedys and King, but before Wallace and Stennis) show that two-thirds of our citizens favor stricter gun-control laws. If Congress genuinely voiced the will of the people, that would be enough support even to override a veto. The difference lies, we rabid pacifists suspect, in the vigor of the relevant lobbying groups. Although I am guaranteed by my Constitution the right to bear arms, I don't know how much longer I can bear my neighbors' arms.

Freedom To Kill

(By Archibald Holland)

As a Black American you've got a right to kill, the same as any other American. It's in the Constitution—the Fifth Amendment, to be precise. It was passed in 1767, and we've been killing each other with gusto ever since.

Blacks kill Blacks. Blacks kill Whites. Whites kill Blacks, Whites kill each other, and likewise for all shades of color in between, Sweethearts kill lovers, parents kill children, brothers kill sisters, friends kill friends, workers kill bosses. And, occasionally, someone gets around to killing an enemy. The police, of course, kill anything that's Black and moves, including other policemen.

The small percentage of killings left over are done by criminals—some 20 percent, according to the FBI's Unified Crime Reports.

All of these killings are done by Americans, in America. The victims are usually American.

According to the FBI, 17,630 Americans were murdered in 1971. Of this total, 11,459 were killed by guns alone. At this rate, over the next five years roughly 85,000 Americans will be murdered in cold blood—85,000 in addition to those killed in whatever legitimate or illegitimate war we become involved in.

Since the year 1900, 800,000 Americans have been murdered by firearms. This figure represents over 200,000 more people than have been killed in all the wars since and including the American Revolution.

Let's check the record of other countries. In England, an average of 40 people yearly are killed by handguns. In Canada, 90. And in the Netherlands, yearly gun murders number less than 20. The total is even smaller for Iron Curtain countries. The reason is clear: the handgun is impossible to obtain in most of these countries. In England a gun is relatively unobtainable except on the black market, where the price is $1,000 for a single pistol. The average British citizen will never be able to afford the price of a gun in his lifetime. But guns are readily available to Americans by cash purchase or mail order, for as little as $10 for a Saturday Night Special.

Opponents of gun control say such restrictions won't work in this country. They use the time-worn argument that the criminal will be able to get a gun anyway. But since the criminal is only responsible for 20 percent of the killing, even a total war on crime would solve 20 percent of the problem. The question is what to do about the apparently normal Americans who commit the other 80 percent of the total homicides.

In 1966, Charles Whitman climbed a tower at the University of Texas and knocked off 16 of his fellow citizens at one sitting. In Chicago, a few months later, Richard Speck blindfolded eight nurses and put a bullet in each one's brain. In one week four innocent bystanders were shot by an enraged gunman in Central Park. More recently, we have been shocked by the Muslim killings in New Orleans and New York City. None of the principals was a hardened criminal.

In the past ten years we have lost some of the most dedicated leaders in American history: John and Robert Kennedy, Martin Luther King, Malcolm X, Medgar Evers. Except for these planned assassinations, 80 percent of all murders are crimes of rage and passion. It is logical to conclude that had these ordinary people been unable to obtain guns, possibly *no crimes would have occurred.*

Despite all this premeditated violence, the fight to place even a modest control over the sale of guns has failed, except in a few selected areas. The firearms industry booms on. According to the President's Crime Commission, over 50 million Americans own guns. And guns are the cause of 60 percent of all homicides.

How long will Americans permit their sons and daughters to be slaughtered at the rate of 17,000 per year?

One man's freedom to kill means denial of another man's right to live. If we can permit 17,000 people per year to die in unorganized murder, is there any wonder no one listens to those of us who complain about the organized, systematic killings of Auschwitz, Dachau, Bergen, Belsen, Buchenwald and Vietnam?

We owe it to ourselves, our loved ones, and our hope for a long life to insist that our legislators prepare and support laws that ban the sale of all firearms, for whatever purpose. We should provide mandatory burglar insurance and burglar-proof protective devices for all shopowners. And we must give policemen more scientific and less lethal ways of halting criminals. These are essential steps toward creating a society that is safe enough for Americans to live in.

NATIONAL NUTRITION WEEK

Mr. PERCY. Mr. President, this is National Nutrition Week.

I am pleased that the Senate of the United States recognized the crucial importance of good nutrition by passing the resolution I authored, calling on the President officially to proclaim the week of March 3 through 10 as National Nutrition Week.

Unfortunately, the House of Representatives did not complete action on the resolution. Last year, the reverse was true. Perhaps next year both Chambers will complete action before the beginning of the first full week in March.

But the absence of an official proclamation does not diminish the importance or significance of good nutrition to the health and well-being of the American people.

The American Dietetic Association, the originator and organizer of National Nutrition Week, has chosen a most appropriate theme for this year's activities: "Nutrition Saves Dollars."

At a time when food prices are skyrocketing and food shortages are threatening, it is useful to remind ourselves and the American people of the need for a balanced diet to maintain good health and productivity.

In the context of 1974, the phrase "Nutrition Saves Dollars" underscores three important points. First, we need to be even more cautious and selective in the supermarket than ever before if we are to eat correctly. Second, we can obtain a nutritious, balanced, and savory diet without breaking the family's budget. And third, a small investment in good nutrition for the whole family can mean a significant saving in health care costs and an even more significant increase in the productivity of parents and children alike.

I congratulate the American Dietetic Association for mobilizing its members across the country in an effort to focus the public's attention on food and nutrition. It is but one example of the ADA's dedication to educating the public about the ways to achieve good nutrition and to enjoy good health.

It is altogether fitting that another group of dedicated professionals from the food and nutrition field should be holding a legislative workshop here in Washington during National Nutrition Week. I am speaking, of course, of the men and women of the American School Food Service Association.

I salute my friends of the ASFSA who have contributed so very much to the success of our child nutrition programs, most particularly, the school lunch program.

As the ranking Republican member of the Select Committee on Nutrition and Human Needs, I would also like to take this opportunity to salute all those persons who have aided the committee over the years in its efforts to end hunger and malnutrition in this country.

THE DETERIORATING POSTING OF THE U.S. MEN'S AND BOYS' TAILORED CLOTHING INDUSTRY

Mr. HUGH SCOTT. Mr. President, the men's and boys' tailored clothing industry which produces suits, overcoats, topcoats, raincoats, sport coats, and trousers, made from cotton, wool, and manmade fiber, is confronted with a serious threat to its continued existence. Production and employment have been declining, and profits, which have been significantly lower than those for the apparel industry as a whole, were negative in 1973 for the first time in the industry's history and this situation is continuing in 1974.

With the exception of men's sport coats, domestic production of the major categories of men's and boys' tailored clothing declined markedly from 1969 to 1972. During this period, production of men's suits declined by 14 percent, boy's suits by 20 percent, boys' sport coats by 31 percent, and boys' trousers by 13 percent. Similar dramatic production declines were registered in 1973.

This fall off in production has had a devastating effect upon the employment rolls. Between 1969 and 1973, employment dropped 21 percent to 103,900 workers and more cuts will result in 1974 as sales and production drop further.

The decreases in sales and production has, of course, affected profits. The clothing industry experienced a loss of 0.5 percent in 1973. Because of this industry's low profit margin, the reduction in sales volume has caused the liquidation of 108 tailored clothing manufacturers in the past 3 years.

At the same time, imports of products competing with those of the domestic clothing industry are continuing to grow, creating severe disruption of the domestic clothing market. For example, imports of men's and boys' suits increased fourfold between 1968 and 1972; men's and boys' sport coats and jackets tripled during this period. Japan, Hong Kong, Taiwan, and Korea have been and remain the major suppliers, by far, of imported tailored clothing, accounting for 70 percent of total suit imports, 57 percent of sport coat and jacket imports, 80 percent of trouser imports, and 56 percent of outercoat and raincoat imports. The percentage of the domestic market consumed by tailored clothing imports rises substantially each year.

The most significant aspect of this growth of imports of tailored clothing from the four Far Eastern countries is that these imports are continuing to grow despite an overall 18 percent drop in textile and apparel imports and the restrictions under bilateral agreements with these countries covering cotton, wool, and manmade fiber textile products. It is essential that the U.S. endeavor to negotiate reductions in allowable exports to the United States of the key items of men's and boys' tailored clothing. Reduction of exports of these products to the United States—this year—will produce a renewed ability on the part of the domestic tailored clothing industry to increase output and employment and, thus, to face its future with confidence.

CHARLES GREELY ABBOT

Mr. MATHIAS. Mr. President, the death of Charles Greely Abbot on December 17, 1973 at the age of 101 marked the end of a unique career and the departure of one of the elders of the Nation. Mr. Abbot was one of the most distinguished and esteemed citizens of our country and of Maryland. The legacy of his abundant lifespan is a rich one for all of us, particularly in this time of an energy crisis. In 1943, while Mr. Abbot was Secretary of the Smithsonian Institution, a position he held from 1928 to 1944, he stated:

> When our present supply of coal and oil is exhausted, the daily ration of solar energy will represent almost the entire means of livelihood.

Mr. Abbot's work in the field of solar energy is widely respected and will be long remembered and his valuable contributions toward finding alternate sources of energy have assumed new significance as we mourn his passing.

PRICE SUPPORT PROGRAM FOR MILK

Mr. TALMADGE. Mr. President, the following are the data, views, and recommendations of the National Milk Producers Federation relative to the terms and conditions of the price support program for milk for the marketing year beginning April 1, 1974. I ask unanimous consent that it be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

NATIONAL MILK PRODUCERS FEDERATION,
Washington, D.C., February 19, 1974.

Re Notice in Federal Register, Volume 39, No. 12, January 17, 1974, Requesting Data, Views and Recommendations Relative to Terms and Conditions of Price Support Program for Milk for Marketing Year Beginning April 1, 1974.

DIRECTOR,
Commodity Operations Division, ACSC, U.S. Department of Agriculture, Washington, D.C.

DEAR SIR: This is in response to notice in the Federal Register, January 17, 1974, requesting data, views and recommendations relative to terms and conditions of price support for milk for the marketing year beginning April 1, 1974.

The views of the National Milk Producers Federation are the nationwide expression of dairy farmers and of their cooperative marketing associations which do business throughout the 50 states of the Union. These cooperative marketing associations represent the great majority of all milk produced and marketed within the United States. A great number of such associations process milk into butter, nonfat dry milk, and cheddar cheese.

In addition to the interest of cooperative associations in prices paid farmers for milk, they also are deeply concerned with impacts of the Price Support Program on milk plants making butter, nonfat dry milk, and cheese. It is estimated that 75 percent of the butter, more than 75 percent of the nonfat dry milk, and approximately one-half of the cheddar cheese is made in plants of cooperative associations of dairy farmers.

RECOMMENDATIONS

1. The price support level for milk should be established at 90 percent of the parity equivalent price for manufacturing milk as of April 1, 1974. Such price should be announced at the earliest possible date, not later than March 1, 1974.

2. Announcement should be made of intent to periodically adjust the support price upward during the 1974–75 marketing year, as a means of assuring farmers of the 90 percent of parity price support level throughout the marketing year.

3. The CCC purchase prices should be established at levels which will, on the average, enable processing plants making butter and nonfat dry milk, as well as processing plants making cheese, to pay farmers the announced price support level for milk.

In making adjustments from present CCC purchase prices of butter (62 cents New York) and nonfat dry milk (41.40 cents) necessary to reflect the 90 percent of parity price support level for milk, 30 percent of the milk price adjustment (from that currently obtainable from the CCC purchase prices of butter and nonfat dry milk, respectively) should be allocated to butter and 70 percent to nonfat dry milk.

4. As an adjunct to the price support announcement, announcement should be made that the Price Support Program and the market price structure for milk and dairy products will not be adversely affected by additional authorizations to import dairy products by Presidential Proclamations under Section 22 of the Agricultural Adjustment Act. (The legality of using the emergency provisions of the Act to *increase* import quotas, rather than to curtail the importation of dairy products, is now in litigation.)

5. The announcement of the price support level should be accompanied by a detailed formal finding of fact supporting the decision.

CRITERIA FOR ESTABLISHING PRICE SUPPORT LEVEL

Section 201(c) of the Agricultural Act of 1949, as amended including the Agricultural and Consumer Protection Act of 1973, provides that the price of milk shall be supported at such level not in excess of 90 percentum nor less than 80 percentum of the parity price therefor as the Secretary determines in order to:

(1) *assure an adequate supply of pure and wholesome milk to meet current needs;*

(2) *reflect changes in the cost of production; and*

(3) *assure a level of farm income adequate to maintain production capacity sufficient to meet anticipated needs.* (Numerical sequence, emphasis, and inset format added.)

PRICE SUPPORT AT 90 PERCENT OF PARITY REQUIRED

An adequate supply of milk to meet current needs (for the 1974–75 marketing year) cannot be assured at a price support level less than 90 percent of parity

Assurance of an adequate milk supply will require increased production of about 3 billion pounds in Calendar 1974 over the 115.6 billion pounds reported by USDA for Calendar 1973. See Table, page 3.

CALCULATION OF NEEDED MILK PRODUCTION, 1974, COMPARED WITH 1973

[Billion pounds]

	Milk equivalent of butterfat	
	1973	1974
U.S. disappearance, including commercial exports of 0.6 billion pounds [1]	118.6	119.5
Less imports	[2] 4.0	[3] 2.7
	114.6	116.8
Beginning stocks	[4] 5.6	[5] 5.0
Ending stocks	[5] 5.0	[6] 5.0
Reduction in stocks	.6	0
Market requirements from U.S. production	114.0	116.8
Fed to calves and other animals on farms where produced	[7] 1.6	[7] 1.6
Milk production	115.6	118.4

[1] Derived for 1973, and increased for 1974, assuming no change in per capita use and 0.8 percent population growth.

[2] Milk equivalent of butterfat.

[3] Milk equivalent of butterfat, assuming 1972 level of imports plus 100,000,000 lb additional cheese authorized to be imported by Mar. 31, 1974.

[4] Milk equivalent of butterfat in butter, cheese, and evaporated milk stocks, Cold Storage Report, USDA, and Dairy Products, USDA.

[5] Same as footnote 4 plus estimated milk equivalent of ⅓ (421,000,000 lb) butteroil imported but not used by Dec. 31, 1973.

[6] Estimated.

[7] Assumes no change from 1972 as reported in Milk, Production Disposition and Income.

The attainment of 3 billion more pounds of milk will require reversal of the Calendar 1973 downward trend.

Beginning in October 1972, and continuing throughout January 1974, milk production each month fell below that of the corresponding month of the preceding year; and, in total, showed a reduction from 119.9 billion pounds to 115.6 billion pounds, or 3.6 percent. This data is reported by USDA/SRS in Milk Production.

On a per capita per day basis, U.S. milk production for Calendar 1973 showed a larger decrease from Calendar 1972—1.569 pounds to 1.506 pounds, or 4 percent.

The residual supply of milk is now used primarily in the production of butter and nonfat dry milk. Because of the strong demand for cheese, which prevailed throughout 1973, total cheese production exceeded that of 1972, as reported by USDA/SRS in Dairy Products. The same publication discloses that butter production declined 16.3 percent and nonfat dry milk 22.0 percent.

The decline in milk production reflects an exodus of farmers from the milk production business, heavy culling of dairy cattle, and a reduction in milk production per cow.

The exodus of dairy farmers from the milk production business is vividly illustrated by the month-to-month declines in the number of producers delivering milk to handlers regulated by Federal milk marketing orders, as reported by USDA/AMS in Federal Milk Order Market Statistics.

In November 1973, a total of 127,887 producers delivered milk to handlers regulated by 59 marketing orders. This was a reduction of 5,840 producers or 4.4 percent from the number reported for November 1972. The exodus from dairy farming is greater among those delivering milk of manufacturing grade, according to records of member cooperative associations.

In 1973 USDA/SRS, in Milk Production, reported that the number of milk cows on farms for the year was 2.4 percent less than for 1972, and in the last quarter of the year, the number was about 3 percent below the third quarter of 1972.

Another indication of the reduction in cow numbers is expressed by the number slaughtered, as reported by USDA/SRS in Livestock Slaughter. For November 1973, commercial cow slaughterings were 12½ percent over the corresponding month of the previous year, and higher than reported for the previous year in each month of 1973, with the exception of June.

Milk production per cow in 1973 failed to meet the level established in 1972 by 1.2 percent, as reported by USDA/SRS in Milk Production. This marked the first reduction in milk production per cow in 30 years. In view of the heavy rate of culling (presumably of cows producing the least milk), the average production per cow of those remaining in herds should have shown a substantial increase. The decrease is largely explained by reduced rates of high protein concentrate feeding due to its extremely high cost.

The reduction in milk production in 1973 occurred despite market prices in excess of the level of price support. USDA/SRS, in *Agricultural Prices*, reported that prices received by farmers for all milk averaged $7.17, and $6.24 for manufacturing milk in Calendar 1973, as compared to the present price support level of $5.61.

The basic reason for the decline in milk production was that prices received by farmers for milk were too low relative to production costs and returns from dairy farming too low relative to alternatives available to many farmers.

Still another contributing factor was a loss of confidence on the part of dairy farmers by a series of Governmental announcements which they considered as ominous portents for the future of the dairy business; actions which they considered adverse to their interests; and Government failure to act in other instances, when there was sound economic justification for doing so to relieve pressures on rising costs. Among them were:

1. "The Flanigan Report" relative to the U.S. position in the forthcoming GATT negotiations; denial that such report existed; and later, evidence that it did represent Administration philosophy. "The Atlantic Council Report" reflected a similar position.

2. Establishment of the price support level at the minimum required by law on March 15, 1973, and again on August 10, 1973, even though it was plainly evident that higher prices to farmers were necessary to meet rising costs of production and to stem the downward trend in milk production.

3. Establishment of CCC purchase prices at levels which would deny farmers the op-

portunity to obtain the announced price support level if they supplied milk to plants making butter and nonfat dry milk. Many of these plants were cooperative associations owned by farmers.

4. Announcement of intent to increase import quotas for cheese for the purpose of increasing supplies and reducing market prices at almost the same time the price support announcement was made establishing the support level at 75 percent of parity and declaring that such price would assure an adequate supply.

5. A series of seven actions increasing import quotas on dairy products during 1973 and through March 1974, all of which served to depress market prices when higher prices to farmers were urgently needed. Additionally, the Tariff Commission in December 1973 recommended that the import quota on nonfat dry milk be increased by another 265 million pounds for Calendar 1974. Nearly 2 billion pounds of milk would be utilized to produce this quantity of nonfat dry milk.

6. Failure to collect countervailing duties on dairy product imports for which export subsidy payments were publicly announced, in disregard of the express language of the countervailing duty statute.

7. Allowing the importation of dairy products made in plants or from milk not subject to the same sanitary requirements, quality regulations, environmental control measures, livestock disease control measures, and other factors which add to the cost of producing milk in the United States.

8. Effective freezing of prices paid farmers for milk in July by precluding resale price adjustments reflecting increases in raw product costs, even though the price freeze announcement stated that farm prices were not to be frozen.

9. Failure to make needed adjustments in class prices under the marketing order program.

As discussed above, milk production in 1973 declined, while the requirements of consumers for milk and dairy products increased. The upward trend in requirements is shown in Table 1, and expressed differently in Table 12, page 23, of the USDA/ERS Dairy Situation for November 1973. There is every reason to believe that the per capita use of milk for dairy products will hold in 1974, but that total requirements will increase with our growing population. The Bureau of Census predicts a population growth of 0.8 percent for 1974; or 212.2 million by July 1, 1974, as compared to 210.4 a year earlier. This is equivalent to the addition of two cities the size of Washington, D.C.

CCC acquired negligible quantities of dairy products under the Price Support Program in Calendar 1973, and none for the July–December 1973 period. It has been necessary for USDA to severely curtail donations to the authorized outlets, such as the School Lunch Program.

In summary, milk production is not keeping pace with the requirements of the market. The downward trend in milk production which began in November 1972 must be reversed. This can only be done by encouraging farmers to remain in the milk production business, reduce the rate of culling and to feed for maximum milk production. An adequate supply of milk for the 1974–75 marketing year as required by the statute will necessitate a price support level not less than 90 percent of parity.

90 percent of parity required to reflect changes in the cost of production for the 1974–75 marketing year

Although the index of "Prices Paid by Farmers for Commodities and Services, Interest, Taxes, and Farm Wage Rates", as published by USDA/SRS in Agricultural Prices, is reflected in the parity formula, this index does not adequately reflect changes in the cost of producing milk.

Feed accounts for approximately one-half the cost of producing milk, whereas it is a minor component in the index.

Feed prices increased substantially during Calendar 1973. High feed prices relative to milk prices, coupled with strong slaughter cow prices encouraged heavy culling of dairy cattle. That feed costs were high relative to prices received by farmers is demonstrated by the milk-feed ratio, as is published by USDA/SRS in Agricultural Prices. The milk-feed ratio averaged 1.44 in 1973, as compared to 1.72 for the preceding year. The milk-feed ratio, moreover, was the least favorable for milk in 18 years.

Among the feeds commonly relied upon by dairy farmers are: corn, soybean meal, commercial mixes and alfalfa hay. Examples of price quotations for these feeds are shown below and on page 8:

CORN: PRICES RECEIVED BY FARMERS BY MONTHS 1973 TO DATE, AND CHANGE FROM SAME MONTH OF PREVIOUS YEAR

	1973–74, dollars per bushel	Percent change from same month a year ago
1973:		
January	1.39	+27.5
February	1.35	+23.8
March	1.37	+24.5
April	1.42	+25.7
May	1.61	+40.0
June	1.99	+76.1
July	2.03	+78.1
August	2.68	+133.0
September	2.15	+76.2
October	2.17	+82.4
November	2.18	+81.7
December	2.39	+68.3
Average	1.89	+46.5
1974: January	1.94	+86.3

SOYBEAN MEAL: PRICES PAID BY FARMERS FOR 44 PERCENT BY MONTHS 1973 TO DATE AND CHANGE FROM SAME MONTH OF PREVIOUS YEAR

	1973–74, dollars per 100 lb	Percent change from same month a year ago
1973:		
January	10.40	+81.2
February	11.50	+98.6
March	12.60	+112.1
April	12.10	+97.1
May	15.40	+145.6
June	19.60	+210.1
July	17.00	+160.3
August	18.60	+179.7
September	14.90	+119.1
October	13.30	+92.5
November	11.20	+51.6
December	11.90	+33.0
Average	14.00	+111.5
1974: January	11.90	+14.4

PROTEIN DAIRY FEED, 16 PERCENT: PRICES PAID BY FARMERS BY MONTHS 1973 TO DATE, AND CHANGE FROM PREVIOUS YEAR

	1973–74 dollars per ton	Percent change from same month a year ago
1973:		
January	100	+28.2
February	100	+29.9
March	101	+29.5
April	98	+25.6
May	105	+34.6
June	112	+43.6
July	110	+41.0
August	126	+59.5
September	120	+48.1
October	123	+50.0
November	124	+45.9
December	132	+41.9
Average	113	+41.2
1974: January	135	+35.0

PROTEIN DAIRY FEED, 32 PERCENT: PRICES PAID BY FARMERS BY MONTHS 1973 TO DATE, AND CHANGE FROM PREVIOUS YEAR

	1973–74 dollars per ton	Percent change from same month a year ago
1973:		
January	148	+35.8
February	154	+41.3
March	165	+47.3
April	162	+43.4
May	180	+57.9
June	213	+86.8
July	193	+69.3
August	205	+76.7
September	188	+59.3
October	183	+52.5
November	174	+38.1
December	186	+37.8
Average	179	+53.0
1974: January	191	+29.0

DIRECTOR, COMMODITY OPERATIONS DIVISION, FEB. 19, 1974

PROTEIN DAIRY FEED, 40 PERCENT AND OVER: PRICES PAID BY FARMERS BY MONTHS 1973 TO DATE, AND CHANGE FROM PREVIOUS YEAR

	1973–74, dollars per ton	Percent change from same month a year ago
1973:		
January	161	+35.3
February	171	+43.7
March	181	+49.6
April	177	+45.1
May	196	+59.3
June	241	+94.4
July	217	+72.2
August	227	+80.2
September	208	+62.5
October	201	+52.3
November	191	+40.4
December	207	+39.9
Average	198	+55.9
1974: January	208	+29.2

Source: USDA/SRS Agricultural Prices.

ALFALFA HAY, BALED: PRICES PAID BY FARMERS BY MONTHS 1973 TO DATE, AND CHANGE FROM PREVIOUS YEAR

	1973–74, dollars per ton	Percent change from same month a year ago
1973:		
January	45.80	+14.5
February	46.90	+13.3
March	48.70	+18.5
April	47.70	+17.2
May	45.60	+13.4
June	45.20	+15.6
July	48.10	+26.6
August	51.70	+35.7
September	55.50	+40.9
October	59.10	+49.2
November	62.60	+53.8
December	62.90	+44.6
Average	51.70	+28.6
1974: January	65.20	+42.4

There is every indication that the cost of feed fed dairy cattle will remain at high, if not record, levels throughout the 1974–75 marketing year. This is brought about by the stocks relative to the demand for feed grains on a world-wide basis. Contributing to high prices for feed will be the competition for supplies to feed beef cattle, hogs, poultry and other livestock. There is every indication that prices of meat will be high throughout the 1974–75 marketing year.

The future market for corn, wheat, soybeans, soybean meal, and oats indicate that high feed grain prices will persist. The high feed costs will contribute toward the high cost of milk production and to the cost of replacement dairy cattle, whether purchased from other farmers or raised on dairy farms.

Farm to market hauling is another cost which is particularly significant to the marketing of milk. The price of motor fuel increased substantially in recent months, and will be reflected in higher hauling rates in the 1974–75 marketing year.

Another cost faced by farmers is that of complying with newly established environmental control measures.

In the 1974–75 marketing year, dairy farmers will be faced with additional costs for meeting requirements of the Environmental Protection Agency. They will be deciding whether or not to make the investment necessary to comply with the EPA regulations on the horizon, or abandon the milk production business. Thus dairy farmers need assurance that prospective milk prices will keep pace with their rising costs and that they will be compensated for making additional investments as may be required by EPA, and that there returns will be sufficiently high to overcome the burdens imposed by an additional regulatory agency.

Thus a price support level at 90 percent of parity is required to reflect changes in the cost of production for the 1974–75 marketing year.

90 percent of parity required to assure a level of farm income adequate to maintain sufficient production to meet anticipated needs

By any measurement, the anticipated needs of U.S. consumers will be for more milk than was produced in 1973. Factors supporting this view are the probability of further increases in population, an increase in the proportion of the population represented by children and young adults, prospective increases in real income on the part of wage earners and growing recognition of the nutritional value of milk and dairy products in the diet.

As pointed out earlier, U.S. milk production receded in 1973 and failed to meet the requirements of the market. This trend must be reversed and, to do so, prices paid farmers for milk must be reflective of rising costs which persisted throughout 1973, and which are in prospect for 1974 and beyond.

Proposed regulations of the Environmental Protection Agency will bring dairy farmers face to face with new costs of a substantial nature and with regulations which will encourage the liquidation of additional dairy herds.

A National Waste Discharge Permit Program was first initiated in 1970, which required a dairy farmer to apply for a Federal permit if he owned a confined feeding operation involving 700 or more dairy cows and discharged waste into a navigable waterway or tributary. The new proposal will extend the permit program to point source operations even where runoff results from rainfall. The proposed standards would ban all discharge of waste water from any dairy feedlot by July 1, 1977. The impact of this proposal if adopted will be to require all dairy farmers, irrespective of herd size, to construct by July 1, 1977, diversion and run-off collection ponds or lagoons capable of containing all waste water in addition to the run-off from the highest 24-hour rainfall in a 10-year period. Additionally, all new facilities immediately would be required to comply with a 24-hour runoff for a 25-year period.

Bringing matters to a head, faster than originally planned, was a suit filed by the National Resources Defense Council, Inc., an environmental group, against the EPA. The suit, which is in the Federal courts takes issue with the current EPA exemption for the smaller farm operations on the grounds that the pollution control legislation excuses no one from responsibility to prevent the discharging of wastes.

Compounding the problem further is that individual States can administer EPA regulations within their own boundaries and can insist on more stringent standards than those required by Federal law.

The EPA regulations, therefore, must be given serious consideration in establishing the level of price support for the 1974–75 marketing year and 90 percent of parity will be required to offer some glimmer of hope for the milk production business.

Without considering the new EPA regulations, dairy farmers have been abandoning the milk production business at an alarming rate. A great number are disposing of dairy cattle at favorable prices and turning their energies to other lines of agriculture, which are less demanding and which do not require close attention seven days per week.

Others are liquidating dairy cattle and selling their farms because, at current rates, they can realize more by investing the money in high grade bonds, savings and loan associations, or for other purposes than they can realize by milking cows.

A dairy farmer, once he abandons the milk production business seldom re-enters it. The investment is such as to discourage entry by young farmers.

Insofar as dairy cattle are concerned, it must be kept in mind that once a cow goes to slaughter, she, too, is difficult to replace. From the time a calf is born until it can be brought into milk production requires two years. One-half of all calves born are bulls, and all heifer calves are not brought to maturity.

Furthermore, with the reduction in cow numbers which has occurred, the number of heifer calves born is substantially less than in years past.

The rebuilding of milk production capacity to a level sufficient to meet anticipated needs cannot be achieved at a price support level less than 90 percent of parity for the 1974–75 marketing year.

PRICE SUPPORT LEVEL SHOULD BE ADJUSTED PERIODICALLY DURING THE 1974–75 MARKETING YEAR

All prices have been advancing at an accelerating rate in Calendar 1973, and there is evidence that this trend will continue throughout the 1974–75 marketing year.

The Price Support Program must assure dairy farmers that their prices will advance with the trends taking place in the economy, and particularly prices having a specific bearing on milk production, such as the cost of feed, buildings, equipment, farm to market hauling, labor, and interest rates. Milk prices must be sufficient to offset factors which encourage the liquidation of dairy herds, such as prices paid for cull cattle and other alternatives for farmers to gain a livelihood.

On March 15, 1973, the price support level was established at $5.29 or 75 percent of parity. Because of changes in prices paid by farmers for commodities and services, interest, taxes and wage rates, the $5.29 represented only 66 percent of parity by January 1, 1974. Even though the price support level was increased to $5.61 per hundredweight August 10, 1973, to reflect 80 percent of parity as required by the Agricultural and Consumer Protection Act of 1973, this price reflected only 70 percent of parity by January 1974. On both occasions, the CCC purchase prices for butter and nonfat dry milk, when considered together, would not return the announced price support level for milk.

Experience in the 1973–74 marketing year conclusively demonstrated the need for a periodic price support adjustment to encourage dairy farmers to stay in the milk production business, reduce the rate of culling, and feed for maximum milk production.

Announcement at this time that the price support level will be maintained at 90 percent of parity throughout the marketing year would restore confidence on the part of dairy farmers and would contribute toward a needed upturn in milk production to meet current and prospective needs.

ADJUSTMENTS IN CCC PURCHASE PRICES

Butter

Presently the CCC purchase price for Grade A (92-score) butter is 62 cents per pound, New York. Determination of this price assumes a yield of 4.48 pounds of butter.

An increase in the support price for milk used in the production of butter and nonfat dry milk should be accompanied by an upward adjustment in the purchase price of butter in an amount reflecting 30 percent of the price increase for milk from the level currently obtainable from the CCC purchase prices of butter and nonfat dry milk, respectively.

We are of the opinion that an increase in the purchase price for butter will be necessary to avoid increasing the purchase price of nonfat dry milk to a level which would adversely affect its sales position. It is our judgment that a higher price for butter will not adversely affect butter consumption or the consumption of butterfat in other products.

Nonfat Dry Milk

Presently the CCC purchase price for nonfat dry milk is 41.40 cents per pound. Determination of this price assumes a yield of 8.13 pounds nonfat dry milk.

An increase in the price support for milk used in the production of butter and nonfat dry milk should be accompanied by an upward adjustment in the purchase price of nonfat dry milk in an amount reflecting 70 percent of the price increase for milk from the level currently obtainable from the CCC purchase prices of butter and nonfat dry milk respectively.

The increase suggested in the purchase price of butter will result in less of an increase in the purchase price of nonfat dry milk than would be necessary if the CCC purchase price for butter remained at its present level of 62 cents.

The increase suggested in the butter price will enable nonfat dry milk to be priced at a level so that it can compete on the most favorable terms while, at the same time, providing farmers the opportunity to realize the same price support level from milk made into butter and nonfat dry milk as from milk made into cheese.

Cheese

Presently the CCC purchase price for cheddar cheese is 65 cents per pound. Determination of this price assumes a yield of 10.1 pounds of cheese and recovery of ¼ pound butterfat from 100 pounds of milk.

MARKET PRICE STRUCTURE AND PRICE SUPPORT PROGRAM SHOULD NOT BE UNDERMINED BY IMPORTS

The Administration has strongly advocated that farmers place more reliance for prices on the market and less on Government.

Prices received by farmers for milk during the 1973–74 marketing year have been well above the minimum prices established by the Price Support Program, albeit too low relative to the cost of production and to the requirements of the market for milk and dairy products.

Seven times the Government, itself, has intervened in the operations of the milk market by authorizing additional supplies from abroad, of butter, nonfat dry milk, and cheese with the intended purpose of placing a restraint on prices.

During Calendar 1973, approximately 4 billion pounds of milk (on a butterfat equivalent basis) was imported into the U.S. market. Such imports were effective in holding farm milk prices below levels which otherwise would have prevailed. Such price depressing actions are not in the best interests of either dairy farmers or consumers, since they only prolong the current production downtrend and increase consumers' dependence on foreign sources for their supplies of products vital to their nutritional welfare.

The authority for additional imports not only added to the supply side of the equation, but disrupted the market by disturbing the delicately balanced price relationships among the products made from milk.

Dairy farmers viewed the future as encouraging until their confidence was destroyed by the influx of imports authorized by Presidential Proclamation. They are not confident that a policy, such as suggested by the "Flanigan Report" and the "Atlantic Report" would be in the best interests of the American public, but they are convinced it would not be in the best interests of dairy farmers.

The American public cannot look to foreign markets for dependable supplies of milk and dairy products. Although sizable quantities of dairy products have been available from foreign sources to supplement domestic production, there is no assurance that the quantities necessary and prices more favorable than obtainable in the domestic market would prevail once the U.S. dairy industry were crippled.

The fluctuations in dairy products available from the EEC should be sufficient warning. Furthermore, the record of EEC clearly indicates that export subsidies on such would not be paid even though they had surplus production, if the products could be sold without such subsidies. There is no reason why consumers in the EEC should pay more for dairy products than would be paid by U.S. consumers, if the U.S. relied on the same source of supply. And, although there has been a great deal written relative to the comparative advantage held by Western Europe, and certain other countries, over the U.S. relative to the production of milk and dairy products, there has been no showing that the U.S. could obtain a sufficient supply of dairy products at lower prices from foreign sources than are obtainable from domestic production.

In the public interest, the U.S. should no more rely on foreign sources for vital food needs than for its energy. The results of a miscalculation could be extremely costly. In this regard, it must be remembered that dairy farmers, once they abandon the milk production business, seldom re-enter and that young men without sufficient incentive will not enter the dairy production business when other alternatives are brighter.

ANNOUNCEMENT OF PRICE SUPPORT LEVEL SHOULD BE ACCOMPANIED BY DETAILED FINDING OF FACT SUPPORTING THE DECISION

A detailed explanation of the Department's reasoning and factual basis for determining the announced level of price support and CCC purchases prices for butter, nonfat dry milk and cheese would be of great value to the industry and to others with an interest in the Program. This should include the Department's estimate of prospective supplies from domestic sources and market requirements for milk and dairy products. It should include the Department's plans relative to the quantity, timing, and designation of individual dairy products which may be imported during the marketing year.

The finding should explain the Department's concept of an "adequate supply".

The statement should include estimates of production costs and projection of such costs through the marketing year.

The method and rationale for determining CCC purchase prices for butter, nonfat dry milk, and cheddar cheese relative to the announced level of price support should be explained.

A full explanation of the manner in which the Department of Agriculture views the operations of the Price Support Program for the 1974–75 marketing year should contribute toward more stable marketing conditions and be in the public interest.

Announcement of the price support level and of the CCC prices no later than March 1 is urgent so that the industry can make necessary adjustments to the new market situation before the seasonal period of flush milk production.

Sincerely,

Patrick B. Healy, *Secretary*.

CONCLUSION OF MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Is there further morning business? If not, morning business is concluded.

MESSAGES FROM THE PRESIDENT—APPROVAL OF BILLS

Messages in writing from the President of the United States were communicated to the Senate by Mr. Heiting, one of his secretaries, and he announced that on March 2, 1974 the President had approved and signed the following act:

S. 37. An act to amend the Budget and Accounting Act, 1921, to require the advice and consent of the Senate for future appointments to the offices of Director and Deputy Director of the Office of Management and Budget, and for other purposes.

EXECUTIVE MESSAGES REFERRED

As in executive session, the Acting President pro tempore (Mr. Huddleston) laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(The nominations received today are printed at the end of Senate proceedings.)

DISAPPROVAL OF PAY RECOMMENDATIONS OF THE PRESIDENT

The ACTING PRESIDENT pro tempore. Under the previous order, the Senate will now proceed to the consideration of Senate Resolution 293, which the clerk will state.

The legislative clerk read as follows:

A resolution (S. Res. 293) to disapprove pay recommendations of the President with respect to rates of pay for Members of Congress.

The text of the resolution is as follows:

Resolved, That the Senate disapproves the recommendations of the President with respect to rates of pay for the offices referred to in section 225(f)(A) of the Federal Salary Act of 1967 (relating to Members of Congress), transmitted to the Congress on February 4, 1974, pursuant to section 225(h) of that Act.

The ACTING PRESIDENT pro tempore. Under the unanimous-consent agreement, there will be 2 hours for debate on an amendment by the Senator from Wyoming (Mr. McGee), with the time to be equally divided between and controlled by the Senator from Wyoming and the Senator from Idaho.

The clerk will state the amendment.

Mr. McGEE. Mr. President, I send the amendment to the desk.

The legislative clerk read the amendment as follows:

Beginning with "for" after "rates of pay", strike out through the comma following "Congress)", and insert in lieu thereof the following: "recommended for 1974 under section 225(h) of the Federal Salary Act of 1967, that portion of each rate for an office or position which exceeds 105.5 percent of the rate in effect for that office or position immediately prior to the date this resolution is agreed to; disapproves with respect to rates of pay so recommended for 1975 for offices and positions under level I of the Executive Schedule in subchapter II of chapter 53 of title 5, United States Code, for the Chief Justice of the United States, and for the Associate Justices of the Supreme Court, that portion of each rate which exceeds 105.5 percent of the rate in effect for that office or position immediately prior to the date this resolution is agreed to; and disapproves all other rates of pay so recommended for 1975 and all rates of pay so recommended for 1976: such recommendations having been".

The ACTING PRESIDENT pro tempore. Who yields time?

Mr. McGEE. Mr. President, I yield myself such time as may be required.

At the outset, I ask unanimous consent to have the following staff members present on the floor during the debate on the pending matters: Rod Crowlie, Dick Fuller, Dan Doherty, Larry Monaco, and Tom Ebzery.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. McGEE. Mr. President, the plight in which we find ourselves, legislatively, here this morning is one that derives from two quite separate circumstances. The first is a nearly 12-year-long effort on the part of the responsible committee of this body, the Post Office and Civil Service Committee, to provide for the salary structuring of all Federal employees. This was attempted in the first instance in 1962, when we legislated comparability as a basic salary factor ingredient. It meant comparability with the private sector for equal responsibility at the same levels, achieving roughly the same pay.

We have supported that principle vigorously in the 11 years, following the enactment of that law, and in a very broad sense, below the subcabinet level and the upper reaches of the general schedule we have achieved comparability for statutory Federal employees.

But in a separate category, in 1967 we made another effort in the structuring of Federal pay levels, and that was at the Cabinet and subcabinet levels, levels 1 through 5; justices and judges of the Federal judiciary, and Members of Congress.

The formula for that legislation, the Federal Salary Act of 1967, was to call upon a public commission appointed by the President to examine the pay question for these three groups every 4 years and make a recommendation to the President. Such a recommendation, modified by the President if he so chose, then would automatically go into effect, unless disallowed by the Congress itself.

The purpose of that measure, of course, was to try to be as objective as possible about the relative structures that should emerge at these levels of responsibility, without having to go up and down the scales of emotion in terms of whether such a measure would be popular, in contrast with whether such a requirement were necessary, if we were to sustain a sense of administrative responsibility in the public interest.

The first of those efforts to be put into effect was in 1969, at which time the pay levels were adjusted upward. The original proposal had recommended $200,000 a year for the Office of the President of the United States, $62,500 a year for the Vice President, and $60,000 a year for Cabinet members. It also recommended approximately $50,000 for the Members of Congress, and proportionately scaled salaries beneath that level.

But at that moment the Congress decided that it would be more appropriate to set a lower figure than $50,000, and the figure that was agreed upon by the leadership on both sides was $42,500.

I take the time to make that point because, as we started in the restructuring in 1969, we began by distorting this relative status. As it turned out, those who were concerned about voters' flak on the 1969 proposal have since confessed, in hindsight for the most part, that there would have been no more flak on accepting the $50,000 than on accepting the $42,500.

But the bad judgment of the Congress was not only in the decision to cut back to $42,500, but in failing to cut back the pay of others in related pay categories in proportion in order to retain the relationship that the President's Pay Commission had recommended.

So what I am saying, in effect, is that because of the sensitivity in this body and in the other body, there was already a warping of the original intent in terms of the relative responsibilities and relative pay, starting at the top, with the presidency of the United States, and descending through the appropriate levels.

A second factor likewise has overtaken us, in the last few years, a factor that we failed to take into account when we enacted the law in 1967. We were focusing entirely in that new law on the structuring of pay schedules so that a Cabinet or subcabinet member would have a sufficient amount of compensation over those who were working for him. This relationship is an understandable and honorable part of the so-called free enterprise system. But in doing that, we made no allowance for the fact that the subordinates' pay would be increased annually, while the pay of Cabinet and subcabinet members would be considered only every 4 years.

In 1967, comparability pay increases were not quite as consciously appreciated as a rising factor. The inflationary forces that flowed preponderantly from the war in Southeast Asia and the circumstances that required mobilization in regard to that conflict set loose the larger forces that produced the kind of runaway inflation we have been experiencing in the 7 or 8 years since then. But the cost of living's impact upon comparability as not calculated.

So, as a consequence, even as we sit here today and contemplate on the judgment and recommendations made by Congress in 1969, we have been caught up in a cost-of-living rise that, I must say, is devastating across the board. Since 1969, when the Members of Congress last received their pay adjustment, the cost-of-living allowances have risen in all other segments of the Nation's economy very materially.

To summarize them rather than to take the detailed time necessary to spell them out, between 1967 when the law was passed and 1971—nearly 3 years ago now—the pay of the Governors of 15 of our larger States has increased on an average by almost 25 percent. Other State officials in that same interval of time had their pay increased by an average of nearly 30 percent.

I am not arguing that that should not have been. I think that those increases were long overdue. What I am saying is that as the cost of living was going up other public administrators were receiving adjustments that paralleled, at least in part, the speed of that rise. And in the non-Federal realm between 1967 and 1972, that same interval, the white collar and blue collar pay in the private sector increased by over 30 percent, nearly 31 percent.

In organized labor, between 1969 and last year, 1973, the percentage increases of wages, negotiated substantially on the grounds that they were necessary to cover the increase in the cost of living, totalled over 44 percent.

This is simply by way of suggesting, Mr. President, that the cost of living cranked into the economy of everyone and the problems attendant thereto are very understandable and constitute a very grinding factor, whether one is a Senator, a Representative, a bureau administrator, or an undersecretary in the Government, as much so as at any other level in the economy. And it is for that reason that the efforts of the committee today are to at least take a modest step toward redressing this rather conspicuous inequity.

In fact, it is my own view that there may be some difficulty in trying to achieve both of these levels of salary adjustment in the same piece of legislation.

I for one am willing to do something about this. The distinguished ranking minority member of the Post Office and Civil Service Committee, the Senator from Hawaii, and I have already introduced legislation that would deal with the inequities, largely caused by explosive inflation, that have arisen since 1969. There is a basic ingredient involved in the cost-of-living increases at all levels and in a constant way. And so, the bill that will be reviewed by the committee and the hearings that will be held in order to refine those limits in order to project its proposed mechanism, will be a top factor for the committee's deliberations in the upcoming year.

Surely a second area of deliberation will have to be reviewed, and a reassessment of the procedures is outlined in the law of 1967 affecting Cabinet and subcabinet levels. For what we are now in the midst of is the chaotic consequences of what we in the trade call compression of salaries. What this means is that even as the lower grades of Federal employment have achieved comparability increases at regular intervals over the past 5 years, those who have the responsibility for administering them—their bosses, those who have to make the decisions—have received not a nickel.

And as a consequence, those below have come up in pay as those at the Cabinet and subcabinet level have been held constant since 1969.

The price we are already paying for that is present in many ways. A man who has been at grade 16 in the civil service is now at the ceiling imposed by the law, $36,000. So are the men above him, at all steps of grade 17 and at all steps of grade 18. All of the steps for promotion and increase in wages for those grades are frozen at the same level, the figure of $36,000. And to make matters worse, 4 percent of grade 15 at the top step are also up to that ceiling level.

The utter ridiculousness of this compression ought to be weighed carefully by every Member of the Senate because it means that we have permitted to be wiped out by our own reluctance to come to grips with this basic question, the process of 11 years of legislative endeavor to secure meaningfully and with equity comparability increases at all levels of Federal pay in relations to each grade and in relation to the level of responsibility involved.

This alone suggests that down the road ahead it is not going to get any easier. This condition is going to be much worse if we wait until next year. And it will get increasingly worse, and the gap will be that much larger each month and each year we put it off. Unless we wipe out everything and start all over and forfeit the years of experience and cumulative assessment that have gone into this, we will have to face up to it.

When the President sent up his recommendation for a 7.5-percent increase this year, next year, and the next year, it was a compromise effort to avoid biting the bullet. Biting the bullet would require that we accept the salary commission's recommendations to catch up at least with the cost of living since 1969. That would have been a 25-percent salary increase in one chunk.

This is what the reading called for. I am mindful of, if not the ugliness, at least the unpopularity of the timing.

I would think that it is important to recognize that the Members of this body are paid to stand up and be counted, if we are going to follow through our legislative responsibility. That is the reason for the committee's determination to make this presentation at this time.

I know that we have many colleagues who are up for reelection, and that this is a sensitive thing, but if my recollection of the Constitution is accurate at all, two-thirds of the Members of this body ought to be statesmen. They are not up for reelection this year, and they ought to at least stand up for what they say privately and, I believe, know privately is equitable. That is why it is the committee's position that it is important that we act responsibly today.

I personally believe that we should have accepted the President's total recommendation right across the board. Even that was shortened. Even that was a compromise. Even that failed to seize the whole question and try to resolve it.

But, Mr. President, all of us in this body have long since learned that we must strive to act affirmatively and that what ought to be done is sometimes a little beyond what it is possible to mobilize 51 votes for, and so we have learned to settle for half a loaf rather than none, for a quarter of a loaf if that is not possible, or, as in this case, for a crumb from the loaf, rather than nothing, in order to try to realize at least some small measure of what responsibility would seem to call for.

When it became impossible to vote out of the committee—the votes were 5 to 4 in nearly all instances—the President's recommendation, in a desperate effort to submit a view, the committee receded, one step at a time, by 5-to-4 votes, until we voted out a simple proposal to allow the proposed increment for everyone except the Members of Congress. Congress was exempted. I did not approve of that. I do not approve of it now. I believe it demeans the Congress.

I beseech my colleagues—were more of them only here to listen—to put the office of U.S. Senator and the office of Member of the House of Representatives on the line, and to let the voters decide. If I am not worth that kind of a salary in the Senate, then my constituents ought to pick somebody who is worth it. It is the office that requires it.

Mr. President, we are required to administer a budget of $300 billion a year, and it is hoped that we administer it with responsibility. We are required to sort out massive quantities of social and economic legislation that will set the lines of our country's history and the level of our country's living for the next generation at least, That takes a high measure of responsibility.

It is well enough to say that we ought to have dedication, and that you do all of this in a spirit of dedication. But, Mr. President, try to cash in a certificate of dedication at the supermarket on Saturday, and see how many groceries you get. Try to cash in a certificate of dedication on any other material matter that you would like to accommodate yourself to. Dedication is great, and we have a great many people who are dedicated. Curiously enough, a great many of those same people have other means of income, which may strengthen their backbone of dedication. But I say that if we have to fill this body with individuals who first must have established an outside source of income before they can serve in the Senate, or who have had the wisdom to marry into great wealth in addition to marrying for love only, as some of us did, we ought to make that a new requirement for election to this body.

Maybe we ought to turn the Senate into a House of Lords, and know what we are getting. Or maybe we should require professors who come to the Senate, and who were shortsighted enough to put their money primarily into books and college degrees, only to discover that neither one is worth a nickel anymore, to try to deliver lectures where they can, to make up some of the difference outside.

That is fine with me. I happen to enjoy speaking if anyone will listen. I always have. I have lectured professionally for 24 years. But I say that ought not to be a condition of my being able to stay in the Senate. We ought to make sure that the office of U.S. Senator or a Member of the House of Representatives requires no dependence upon any outside income. The office itself ought to determine the level of remuneration and the equitability of the proposed salary adjustment.

Every time we cave in, every time we bend under the pressures, every time we crack under the stress, we are lowering by one more notch the high office which we are expected to fill with responsibility. If there is anyone in this body who thinks he is not worth it, he ought to get out; and if the voters think he is not worth it they ought to throw him out on the next election, and they ought to stand on that. It is important that we as legislators contribute to the sense of fair compensation commensurate with responsibility, and that we tell our constituents, "If you want good and responsible government, you are going to have to pay for it."

That is the way we brag about our private sector; that is the way we pledge ourselves to the American way. That is how the top executive of General Motors manage to squeeze by on $300,000, $500,000, or $750,000 a year. I do not deplore that they receive that. If their directors believe they are worth it, they ought to have it, in order to administer a $15 or $20 billion business.

But what, then, is a board of directors worth, Mr. President, when they have to administer a $300 billion business? What is it worth, Mr. President, when in all truth the fate of the world depends on the kinds of decisions that come out of this Government? What is it worth, Mr. President, when the level of hope for people everywhere hangs on the delicate balance of the kind of a decision that is made in the Government of the United States?

I say in conclusion that a year from now it is going to be worse than at present. A year from then it will be very much worse.

I personally pledge that the Post Office and Civil Service Committee will, indeed, devote the year ahead to a review of the whole thing. That is the very least we can do under the circumstances. In the meantime, let us not make it worse than it is. It is bad enough right now.

Mr. President, that completes my informal and off-the-cuff remarks. My formal statement is as follows:

Mr. President, the Post Office and Civil Service Committee has reported to the Senate by a vote of 6 to 3 a resolution altering the President's pay recommendations by deleting from his schedule of pay increases three annual 7½ percent increases for the Members of Congress. The committee resolution would allow all other pay increases proposed by the President to become effective, as he recommended, in 1974, 1975, and 1976.

I voted in favor of the committee resolution, not because I believe it is the best, the fairest, and most equitable solution to the problem, but, having confidence in the committee system, I believe that, whenever possible, the Senate should work its will upon a recommendation made by a duly appointed committee. In other words, it is my view that the committee resolution will serve as a suitable vehicle for appropriate amendment.

I intend to offer a perfecting amendment reducing the percentage figure to 5.5 percent for 1 year only and including Members of Congress. I recognize the general reluctance of many Members to provide any pay increase whatsoever for Members of Congress, but I believe it is demeaning to Congress to single out that body as the one which does not merit or should not have, for whatever reason, a modest pay increase proposed for officials of all three branches who fall within related pay brackets.

The three annual 7½-percent pay adjustments recommended by the President constitute in my view an extremely modest proposal. The Pay Commission upon whose advice the President based his recommendations argued in its report to him that there ought to be an immediate 25-percent pay increase for those officials involved simply as a matter of equity to make up for the decrease in purchasing power which they suffered because of the 30-percent increase in the Consumer Price Index over the last 5 years. Remember they have had no pay consideration since March 1969. Apparently aware of the chronic indisposition on the part of some Members of Congress to approve pay increases for themselves, the President substantially reduced in his recommendation the 25-percent increase proposed by him by the Commission. As you know, he proposes three annual 7½-percent increases. His proposal was indeed modest. The General Accounting Office reports that his current salary recommendations fall far short of matching the cost-of-living increases since 1969.

Mr. President, the amendment which I offer is not a solution which I would choose were the choice mine alone. If the President's proposal "falls far short," the provisions of my amendment also must be considered far from adequate. Nevertheless, I offer this amendment because I do not believe that the Congress should be excluded and because I believe that the amendment may represent a compromise which will be acceptable to a majority of the Senate. As you know, the House Post Office and Civil Service Committee has reported out a resolution denying the President's proposal across the board. Unless the Senate acts affirmatively today—and I hope that it will act affirmatively on my amendment—it is my belief that the President's recommendation will be entirely washed out.

The amendment that I offer provides for a 5.5 percent pay increase in 1974 for all officials in the three branches for whom the President recommended a 1974 increase. Cabinet members and justices of the Supreme Court under my amendment would receive a 5.5-percent pay increase in 1975 only, postponing the 1974 increase for them in accordance with the timing of the President's proposal. Although the 5.5-percent increase for 1 year is small, it is easily recognizable as being a cost-of-living increase. It is the Cost of Living Council's current cost-of-living guideline established for pay increases. It is a percentage figure which I believe the people of the United States will recognize and approve because it is the kind of cost-of-living increase which in these inflationary times the ordinary citizen is accustomed to receiving himself. Working men, white collar business executives, retirees, social security recipients—all will, I believe, accept and approve this percentage figure. A 5.5-percent increase now can also be construed as representing approximately a 1.1-percent annual increase over the past 5 years.

Mr. President, the General Accounting Office reports also that effective, long-term reforms appear essential to prevent the recurrence of the pay problems we face today. On February 25, Senator FONG and I introduced a bill which represents a first step in bringing about these reforms. I personally am deeply concerned over the possibility that the Senate and House may in time become rich men's clubs. I hope I never see that day, and I can pledge to the Senate my continuing efforts to promote the enactment of legislation to provide for a reconciliation between the existing two separate procedures for setting pay—a reconciliation needed to deal with pay inequities now plaguing the three branches of Government.

Leaving aside the highly charged question of congressional compensation, let us consider for a moment a far more urgent issue involved, and that is the pay of officials in the executive and judicial branches who sorely need the encouragement which affirmative Senate action on my amendment would provide them. We are dealing today with public policy—policy which has a direct influence upon the efficient operation of the executive branch and upon the continuing fair and equitable administration of justice in the Federal courts. Involved is the question of whether or not we are willing to give any kind of assent whatsoever to a principle firmly established in law and relied upon as a condition of employment by Federal employees everywhere. That is the pay-comparability principle laid down unequivocally in the Salary Reform Act of 1962. That principle promises equal pay for equal work, a policy holding that Federal pay rates shall be comparable with private-enterprise pay. My amendment would fall far short of implementing that policy, but it would represent a step in the right direction.

More specifically, we are asked to decide whether or not we shall deny a pay adjustment at all to key officials in the three branches of Government who have had no pay raise in 5 years, during which the Consumer Price Index has gone up by nearly 30 percent. These are the justices and judges of the Federal judiciary and their staffs, cabinet and subcabinet members and the career executives subordinate to them, and Members of Congress.

The executive branch is losing some of its most able decisionmakers to retirement and to private industry. Some Federal judges are tempted by the emoluments of private practice as the disparity between the pay of a judge and that of a good lawyer increases. Many others are hopeful that a pay increase for them, long past due, will not be delayed.

Our attempts to maintain a reasonable and equitable pay structure have been thwarted because career employees every year receive pay increases related to those outside Government, while the top salaries of the executive, legislative, and judicial branches are adjusted only once every 4 years. These 4-year adjustments have the static effect of putting a ceiling on the salaries of career employees. Perhaps our procedures would be workable if there were no inflation. But the upward inflationary pressure of salary rates outside Government has built up compression between the pay of many of our most responsible career executives and the pay of subcabinet members.

Perhaps it would be helpful to review the steps which brought the President's pay recommendation to Congress. Under the Federal Salary Act of 1967, a nine-member nonpartisan Salary Commission is appointed by the President every 4 years to study the pay levels involved and to file its independent recommendations with the President. The usual 4-year period was temporarily extended to 5 years in 1973 when the President waited until December 1972 to appoint his Commission—too late for them to conclude a review and formulate a report to the President so that this matter could be taken up last year. The President has assessed the Commission's report and has substantially scaled down its proposed increases. The Commission's recommended 25-percent increase this year was to restore the lost purchasing power of officials in the executive salary schedule and positions at the same pay level in the legislative and judicial branches. Smaller percentage increases were recommended, as I have noted, for Cabinet Secretaries and Justices of the Supreme Court. The President's Commission considered its 25-percent proposal to be moderate. The Commission wrote:

> In view of the obvious need for moderation implicit in the present economic environment, the Commission decided to limit its salary-increase recommendation to the rise in the cost of living. It appeared to us that simple equity required the restoration of the lost purchasing power of these public servants.

The largest single group of Federal employees are 1.3 million career employees whose annual payroll is $17 billion. Their pay follows the pay of similar positions in private industry in accordance with the principle of equal pay for equal work. Each spring the Bureau of Labor Statistics conducts comparability surveys in the private sector. Data from these surveys are used as the basis for recommendations to the President for pay adjustments. By law, his proposals to the Congress become effective in October of each year unless Congress intervenes. Since 1969 there have been six of these adjustments, amounting to a 42.3 percent increase for all statutory employees except those for whom an increase would boost annual income above the $36,000 salary established for level V, the lowest subcabinet position. The result: all level V positions, all GS-18, all GS-17, 80 percent of GS-16, and 4 percent of GS-15 are receiving the single salary rate of $36,000.

Employees in GS-18, who have not had a pay increase since January 1971, are now working for $7,926 a year less than comparable positions outside Government.

If there is no increase before 1977, the compression effect will extend down to GS-14; and GS-18 will be nearly $15,000 a year below comparability.

We speak these days of the need for frugality and sacrifice. But in my view it is simply not fair to single out certain groups of Federal employees and say to them, "We have decided that it is you who must be frugal and make sacrifices. Everyone else gets pay raises." Inflation is a serious problem, perhaps the most serious problem facing the Nation today. But the pay of almost everyone in our society has been adjusted to keep pace with rising costs. Both blue-collar and white-collar pay has been increased pretty evenly as the cost of living has gone up. This is a necessary response to a difficult situation. Imagine the reaction of a labor leader if he were told that there was no relief in sight for his workers who had not had a pay raise in 5 years. It would probably be explosive. Yet Federal judges, Presidential appointees, Foreign Service officers and top civil service career officials have no redress. They can't even lobby. Chiefly, they must rely upon Congress. One thing they can do is retire as soon as they are eligible, denying to the Government the benefits of their experience and the ability which brought them to increasingly responsible positions.

The risk of losing some of our most able career executives increases each year. More than 1,000 top career officials are eligible to retire. From 400 to 500 more of them will become eligible in 1975. By remaining in Government, these executives are forgoing cost-of-living annuity increases they would have received if they had elected to retire. Annuities were raised more than 10 percent last year. Unless pay is increased, many a career official will undoubtedly be tempted to better himself by retiring on an annuity adjusted upward as the cost of living goes up and by accepting employment outside the Government.

Mr. President, the past few years have seen dramatic changes in the Federal judiciary. While cases have become more complex and more numerous, Federal judges, through the use of individual calendars, computerization, and new management procedures, are disposing of cases more rapidly than ever before. Last year District Courts disposed of more cases than were filed, and the per-judge disposition of cases improved by 30 percent. At the same time, the compensation of lawyers has increased rapidly.

It is not unusual for a good trial lawyer to earn in excess of $100,000 a year, perhaps a lawyer pleading a case before a circuit court judge making $42,500 a year. Since 1967 when one Federal judge resigned, four additional judges, all in 1973, have announced their resignations. Recently, 12 different lawyers turned down feelers for a Federal judgeship. Recently, the Chief Justice of the United States, in response to my query, wrote:

> It is surely not in the public interest to have some of the best qualified lawyers resigning or declining appointment because of inequitable and inadequate compensation.

Involved here are men who stand as the central figure in the administration of justice in this country. The opinions of a Federal judge are not averaged out; he is not a member of a committee. His decisions affect people's lives as he rules on intense and basic human conflicts; his decisions can involve millions of dollars in money or property.

The tradition of the Federal judiciary is an honorable one based upon public service. That tradition is being eroded as judges, under current compensation, are asked to make financial sacrifices—sacrfices which my amendment would ameliorate.

With regard to congressional pay, there have been six increases for Members of Congress in the last 100 years. During that period, the United States had gone through eras of inflation and deflation, increased economic productivity and decreased productivity, depressions, recessions, and growing prosperity. There is no sign that congressional compensation has had any effect whatever upon the fluctuating economic fortunes of this country.

Mr. President, I urge Members to accept this compromise amendment. It will show those executive and legislative branch officials involved that Congress has considered their need and responded to correct an inequity, and it will give them reason to hope that Congress will, in the months ahead, resolve the anomalies that brought us to today's compromise.

Mr. President, I would yield the floor now if the Senator from Hawaii (Mr. FONG) is prepared to submit his amendment which I understand, by agreement, will follow.

The ACTING PRESIDENT pro tempore. The Chair would advise that the amendment is not in order until the time is used or yielded back.

Mr. McGEE. All right. Reserving my right to the floor, I would ask unanimous consent that I may continue to be recognized for a moment to suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. McGEE. I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. McGEE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. McGEE. Mr. President, I ask unanimous consent to have printed in the RECORD relevant tables that spell out the list of steady cost-of-living increases and wage adjustments for all segments of work in our country over the past several years.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

APPENDIX D-VIII

TABLE VIII.—CHANGES IN THE DIRECT SALARIES OF GOVERNORS IN 15 LARGE STATES (1967–71)

[Ranked by number of State employees]

State	Number of employees, October 1970	Governor's salary, 1967	Governor's salary, 1971	4-year percent change
California	239,353	$44,100	$49,100	11.3
New York	201,214	50,000	85,000	70.0
Texas	133,067	40,000	58,500	46.3
Illinois	132,243	30,000	45,000	50.0
Pennsylvania	131,730	45,000	45,000	----
Michigan	120,906	40,000	45,000	12.5
Ohio	106,558	40,000	40,000	----
Florida	78,638	36,000	36,000	----
Virginia	74,491	30,000	35,000	16.7
North Carolina[1]	71,238	25,000	35,000	40.0
Indiana[2]	70,450	$25,000	$25,000	----
Massachusetts	66,998	35,000	40,000	14.3
Washington	65,770	32,500	32,500	----
New Jersey	64,950	35,000	50,000	42.9
Louisiana	64,544	20,000	28,374	41.9
Total	1,623,150	527,600	649,474	----
Average	108,210	35,173	43,298	23.1
Median	78,638	35,000	40,000	14.3

[1] Effective Jan. 1, 1973, the Governor's salary increased to $38,500.

[2] Effective Jan. 1, 1973, the Governor's salary increased to $36,000.

Source: "Boo k of the States, Council of State Governments," 1968–69 edition and 1972–73 edition.

APPENDIX D-IX

TABLE IX.—CHANGES IN SALARIES OF 5 TOP ADMINISTRATIVE OFFICIALS IN 15 LARGE STATES (1967–71)

[Ranked by number of State employees]

State	Number of State employees	Average salary of 5 administrative officials[1] 1967	Average salary of 5 administrative officials[1] 1971	4-year percent change
California	239,353	$26,764	$38,000	42.0
New York[2]	201,214	35,359	44,085	24.7
Texas	133,067	25,900	30,100	16.2
Illinois	132,243	28,500	31,000	8.8
Pennsylvania	131,730	25,500	25,500	----
Michigan	120,906	27,900	33,500	20.1
Ohio	106,558	24,984	24,984	----
Florida	78,638	[3]31,395	33,600	7.0
Virginia	74,491	18,500	26,782	44.8
North Carolina	71,238	$20,100	$29,643	47.5
Indiana	70,450	19,450	26,016	33.3
Massachusetts	66,998	21,600	27,604	27.8
Washington	65,770	20,500	21,900	6.8
New Jersey[4]	64,950	24,100	37,570	55.9
Louisiana	64,544	17,640	26,918	52.6
Average		24,551	30,480	24.1
Median		24,984	29,643	18.6

[1] Secretary of State, Attorney General, Treasurer, Finance or Administration, Health.

[2] Secretary of State, Attorney General, Controller, Budget, Health.

[3] Effective July 1968, in lieu of finance or administration, includes controller.

[4] In lieu of finance or administration, includes budget.

Source: "Book of the States, Council of State Governments," 1968–69 edition and 1972–73 edition.

NOTES ON PAY

State Governors: Between 1967 and 1971, the pay of the Governors of 15 large States increased, on the average, by 23.1 percent.

State officials: Between 1967 and 1971, the pay of State officials (in Employment Security, Public Welfare, Public Health, Civil Defense, etc.) increased by an average 29 percent.

Non Federal: Between 1967 and 1972 white-collar and blue-collar pay in the private sector increased by an average 30.8 percent.

Labor: Between 1969 and 1973 the percentage increases in wages negotiated by collective bargaining agreements were as follows:

	Percent
1969	8.2
1970	11.9
1971	11.6
1972	7.3
1973	5.3
Total	44.3

PRIVATE SECTOR EXECUTIVES

Of the 774 chief executive officers whose companies rank high revenues, net profits, total assets and stock market value, 770 executives had total compensation in 1971 of over $48,000 with an overall range of $812,000 to $30,000. Six hundred and two executives earned in excess of $100,000 with the range of years served as chief executive going from one to 44 years.

APPENDIX D-II

TABLE II.—PERCENTAGE CHANGES IN TOTAL COMPENSATION PAID TO TOP EXECUTIVES BY INDUSTRY (1967–71)

Industry	Percent increase in total compensation over previous year				4-yr percent change 1968–71
	1968	1969	1970	1971	
Manufacturing:					
Durable goods	3.8	5.3	6.8	0.7	17.6
Nondurable goods	2.2	5.1	5.4	5.2	19.1
Petroleum and natural gas	2.8	6.6	5.9	5.3	22.2
Wholesale and retail trade	3.5	3.7	8.2	3.9	20.7
Utilities	3.9	6.3	7.4	6.2	26.0
Construction	3.8	—.7	1.7	—1.1	3.7
Finance and insurance	4.4	5.7	8.5	5.5	26.3
Billion dollar companies	1.4	5.3	5.7	3.0	16.3
Average weighted by number of companies in surveys	3.4	5.2	6.6	3.7	20.3

Note: Total compensation is defined as the sum of salary and bonus.

Sources: 19th–22d editions, 1968–71, Top Management Report, Executive Compensation Service, American Management Association.

Mr. McGEE. Mr. President, I am prepared to yield the floor. I think the Senator from Idaho is ready to proceed.

Mr. CHURCH. Mr. President, first I wish to yield such time as he may require to the distinguished Senator from Virginia (Mr. WILLIAM L. SCOTT).

The PRESIDING OFFICER. The Senator from Virginia is recognized.

Mr. WILLIAM L. SCOTT. Mr. President, I appreciate the courtesy of the Senator from Idaho but will only speak briefly at this time on the proposal before the Senate.

Frankly, I am concerned about the recommendation of the Committee on Post Office and Civil Service. I know there were a series of votes and amendments, but they finally agreed to recommend that everyone under the executive pay system receive an increase in pay except Members of Congress. I do not believe that a fair-minded individual would come to such a conclusion. I believe that since we are considering a political and emotionally charged measure, it might be well for us to go back to the history of the salary commission.

We know that as part of the general pay bill for Government employees we had under consideration the establishment of a commission to fix the pay of the top executives of Government. When we talk about executive pay sometimes in the media and perhaps in the general public mind people think of it only as a pay raise for Members of Congress; yet we have more than 10,000 people in the executive branch of Government subject to this system—those in the super grades, grades 16, 17, and 18, and in the excepted positions not subject to the Classification Act.

When the commission was established I was a member of the Post Office and Civil Service Committee of the House, and opposed the establishment of the commission in the first instance. Then, on the floor of the House a motion to recommit was offered which would have deleted that portion of the pay bill relating to the establishment of a pay commission. I voted in favor of deleting the commission, the thought being that Members of Congress ought to vote on their own pay raises or pay adjustments, whether it be an increase in pay or a decrease in pay, and back during the depression there was a decrease in pay. Nevertheless, the majority prevailed and the commission was established. When established the commission recommended, as I recall, that Members of Congress receive a salary of $50,000 a year, that members of the Cabinet receive $60,000 a year, and members of the Supreme Court also receive $60,000 a year. Even at those high figures it does not seem reasonable to place members of the legislative branch in level 2 while members of the judicial and executive branch were placed in level one.

We speak of reclaiming the prerogatives of Congress and we speak of the three coequal branches of Government. Yet we recognized a difference in standing by saying that Cabinet officers, who incidentally do not have to stand for election in that they are appointed by the President with the advice and consent of the Senate, and members of the Supreme Court appointed for life, who also receive lifetime annuities without making any contribution, receive $60,000 a year as salary and congressmen receive $42,500.

I am not suggesting that Members of Congress should receive pay of $60,000. I do not suggest that for a moment. I am suggesting there is something basically wrong with members of the legislative branch receiving less pay than members of the executive branch and the judicial branch of our Government.

When the commission made its recommendation of $50,000, there were Members of Congress who were concerned that the people of the country would object to large congressional pay raises. They requested informally, of the President—and I speak of some of the leadership on our Post Office and Civil Service Committees of the two bodies of Congress—that the amount be reduced and at their suggestion the President reduced the recommended salary to $42,500. But he kept Cabinet officers and members of the judiciary at $60,000 a year.

Now, we have our Committee on Post Office and Civil Service saying, "Go ahead with the pay raises for others but not for Congress." I think this argument aggravates the inequities. I have a table before me which shows that by 1976 those in level 1 would be increased to $64,500 a year. If the recommendations of the committee were to prevail, Members of Congress would still make $42,500, and members of the President's Cabinet and members of the Supreme Court would get $64,500—a difference there of $22,000 in their pay.

How can we reclaim the rights of Congress as a coequal branch unless we recognize pay at least as a part of the criteria in establishing the prestige and relative standing of Government officials. Under the committee proposal some workers in GS–15, who have been with the Government for a long period of time, would be paid more than Members of Congress.

We would have such people as the Public Printer, the Architect of the Capitol, the General Counsel of the General Accounting Office, making higher salaries than Members of Congress. In fact, the Deputy Public Printer, the Deputy Librarian of the Congress, the Assistant Architect of the Capitol would have salaries above those of Members of Congress.

So I would say that to accept the recommendations of the committee would throw the pay scales further out of kilter. We would have judges of general jurisdiction, district court judges receiving higher salaries. Judges of the court of appeals and the Deputy Director of the Administrative Office of the U.S. Courts receiving higher salaries than Members of Congress. Commissioners of the Court of Claims and referees in bankruptcy would also have a maximum pay in excess of that of Members of Congress.

So I am suggesting that, in whatever action we take, we do what is fair and right insofar as the coordinate branches of Government are concerned, and what is fair and right insofar as the taxpayer is concerned.

Long ago the Government accepted the policy of comparability for Federal salaries; that the pay of all officers and employees of the Government should be comparable to that paid in private industry. I think to an extent that should be true of Members of Congress.

Yet we realize the Government cannot pay a Member of Congress the pay that the head of a large corporation would make in private industry. Some downward adjustment must be made. We have people in private industry with no greater ability or burden on them than Members of Congress, but who receive pay 10 times as much in compensation than Members of Congress.

I do not believe we would have much difficulty documenting the fact that that would not be fair to the American taxpayer.

Yet, it seems reasonable to look at the

overall question of pay for top executives in a fair and impartial manner. In my opinion we are not fair and reasonable when we say, "Go ahead and adjust pay upward for members of the court, for members of the Cabinet, but let us not do anything insofar as the legislative branch is concerned."

If the Congress is to retain the standing it has among the three coordinate branches, I believe pay must be a factor that has to be considered.

I would like to take time later to comment on other phases of this matter and on various proposals that will be offered. I know the distinguished Senator from Hawaii has an amendment he proposes to offer, at an appropriate time, that will delay the raises until next year. I can understand that the political situation may dictate the action he advocates. It might seem reasonable not to raise our pay, insofar as the Senators who are up for election this year are concerned, but to say to the people of the country, "This is the pay that whoever you elect to represent you beginning next January will receive," may be an entirely different manner than an immediate increase in pay for incumbents.

Having said the various things that have come to my mind over the past few moments, I believe we need always to recognize that Congress has not received an increase in pay for 5 years; that the cost of living has risen at approximately 30 percent during that period. If Congress each year had received an increase in pay of something like 5 percent, there would not have been the clamor we have had from the public with regard to pay adjustment.

The President has not attempted to follow the recommendations of the commission this time. He has again reduced it and suggested an increase of 7.5 percent for 3 successive years. I would hope we could support it, and that thereafter such adjustments as necessary can be made on an annual basis.

I appreciate the courtesy, once again, of the distinguished Senator from Idaho yielding this time to me.

Mr. STEVENS. Mr. President, will the Senator from Idaho yield to me for a unanimous-consent request?

Mr. CHURCH. I will yield, but first of all, I would like to say to the able Senator from Virginia that I agree wholeheartedly with the position he takes against the resolution recommended by the committee. Whatever we do with respect to the question of increasing the pay of the best-paid people in the Government, we ought to apply the standard adopted across the board and we should include the Congress in whatever action is finally taken.

The Senator makes a very strong point, which is quite irrefutable, when he takes exception to the committee's recommendation that all other pay raises should go forward while the pay of Congress should be excepted.

I agree with what the chairman of the committee said earlier in his original presentation, that such an action would be demeaning to the Congress and would conflict with the constitutional position of Congress as a coequal branch of the Government.

So I commend the Senator from Virginia very much for his contribution.

Mr. WILLIAM L. SCOTT. I thank the Senator.

Mr. CHURCH. Mr. President, now I am happy to yield to the Senator from Alaska.

Mr. STEVENS. Mr. President, I ask unanimous consent that Wayne Sly, of the Post Office and Civil Service Committee staff, my administrative assistant, George Nethercutt, and my legislative assistant, Michael Spaan, may have access to the floor during consideration of the resolution pertaining to the pay raise.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CHURCH. Mr. President, I yield myself such time as these opening remarks may require.

At the outset, I want to commend the distinguished chairman of the Post Office and Civil Service Committee for having put forward an amendment to the President's recommended pay increases which is a distinct improvement; a proposal which I regard as far more palatable, under all existing circumstances, to the people of the United States. The Senator from Wyoming (Mr. McGee) suggests a 5.5-percent increase in the pay of all top echelon officials in the three separate branches—executive, legislative, and judicial.

This would apply for the coming year, during which the committee would examine possible revisions in the law respecting future pay raises for top echelon officials.

Mr. President, I think this is a greatly improved suggestion as to how Congress should handle this very sensitive question. I certainly prefer it to President Nixon's proposal for a 7.5 percent increase for each of the next 3 years, for a total of 22.5 percent.

I listened with interest to the opening remarks of the Senator from Wyoming (Mr. McGee). He said that the committee would consider the possibility of designating the Cost of Living Index as the standard to which all Federal pay increases might be related.

There is a good deal of commonsense in that suggestion. Already it applies in many places. In fact, it was written into law, when an amendment of mine was incorporated in the last comprehensive reform of social security, so that the beneficiaries under that program are now entitled to automatic cost-of-living raises, from time to time, as stipulated in the law. The same standard is often used with respect to other Federal salaries in the civil service system, particularly those salaries in the lower brackets.

The Cost of Living Index has thus become one of the key—and frequently the most important 'key—factors in determining what increase in pay should be recommended. In some cases with respect to certain Federal employees, the raises are automatic; in others, they come as recommendations to the Congress.

Mr. President, considering how far we have gone toward adopting the Cost of Living Index as a measurement for the adequacy of Federal pay, I certainly think that the committee should give close attention to the use of that particular method, when it undertakes, later this year, to consider revisions in the law. However, the question we now face is a different one. The question we now face is whether any pay raise at all can be justified at this time for the best-paid men and women in the Government.

First, let us ask how much the President's recommendations would cost, since it is yet to be determined whether Senator McGee's substitute for those recommendations will be approved by the Senate as a whole.

The figures are available. For the Congress alone, the cost will be $6 million. When other top echelon officials included within the President's request are considered—those in the judicial and executive branches—the total direct and immediate cost of the President's recommendations for the coming year would amount to $34 million.

But does anyone really believe that these relatively moderate figures actually represent the true cost? Even those who have spoken for increased pay today acknowledge that one of the most pressing reasons for the increase is to take the lid off the whole Federal payroll. They speak of it in more technical terms. They speak of the "compression of salaries." However, what they mean is that we must take off the lid on the top salaries in Government in order that all the other salaries may rise. We are not really talking about a proposal that would cost $6 million or $34 million. We are talking about a proposal that will act like a rising tide which, as everyone knows, lifts all the boats.

We are talking about a proposal that will ultimately cost billions of dollars, once the effects have a chance to filter down through the whole of the Federal bureaucracy. I think that the argument of the proponents makes this proposition quite irrefutable.

So we should next examine the other side of the coin. Once we agree—and I think, as I have said, that there is no real basis for argument that raising the top salaries in Government will lead to a general increase of the entire Federal payroll, measured not in millions but in billions of dollars—then we should reverse the coin and ask if it is fair to withhold a general increase in the Federal salary level from top to bottom. Is it fair to draw the line at the top in order to better restrain the upward trend in Federal salaries as a whole?

First of all, we must recognize this technique is about the only way we will ever do it. I have never seen any disposition in Congress not to vote for civil service pay increases on a regular basis. I, myself, have felt they were justified and have voted for them. However, if we are ever going to restrain Federal pay raises, it is here at the top—where our own salaries are involved and that we will decide at this juncture that policy which is political sensitivities come into play—that it will be done. Nowhere else. No other way.

So, having turned the coin around and raised the question of basic equity, let us proceed to find an answer. Will holding the line on the salaries of Members of the Congress work any great hardship on them?

The Senator from Wyoming (Mr. McGEE) has quite properly pointed out that Senators are paid very modestly as compared to the presidents of General Motors, the ITT, Chrysler, Ford, United States Steel, and other large corporations in the country. I had not supposed that anyone thought that Senators should be paid as much as the best-paid corporate executives.

Nor, for that matter, should anyone else in Government. The clear implication of such an argument is that, in determining the size of our own salary, we should look at what Mr. Henry Ford is getting, or Mr. David Rockefeller, or any other chief executive of a large private corporation.

That is an astonishing proposition, Mr. President, made no less so by the argument that we exercise general oversight of a budget of $300 billion, which is far larger than the budget of any private company.

Yes, one might combine all of the budgets of the biggest companies, and they still would not equal the budget of the Government of the United States. But, really, is this the proper standard? Is there any efficacy at all to the argument that we should consider what the highest paid executives of the largest corporations receive and make that the index as to whether or not we are sufficiently well paid?

I submit, Mr. President, that such an argument is absurd. After all, private corporation executives are paid out of company profits. We are paid out of taxes. Nobody is forcing any consumer to buy a given product, but the laws of the country do compel all citizens to pay taxes.

Furthermore, Mr. President, if the size of Government salaries is to be determined by relating them to the highest paid executives in the private sector of our economy because the Government's budget is bigger than the budgets of those companies, then it would follow that Members of Congress should be paid hundreds of thousands of dollars each year, while the President should be paid millions of dollars.

Obviously, the motivation for men in Government service is not to secure salaries as large as the best-paid executives in private industry. The motivation for those who enter the civil service of the United States is not to get rich. We are comparing apples with peanuts. It is not a valid comparison, and we should dismiss it, once and for all, from our deliberations on this question.

Mr. President, it would make more sense to compare our salaries with what the average man in the street is earning. If there is any comparison to be drawn, it ought to be in that direction, not in the direction of the richest people in America.

I think it ought to be pointed up that even at our present salary, $42,500 a year, we have gone way beyond the average income in this country. Probably the gap between has already widened too far for any of us to appreciate, through our own experience, the problems of those who are trying to raise a family on less than $10,000 a year. But the figures are pretty poignant, and they ought to be pointed out to those who want to keep some perspective on the question we face.

Do you know what the median income is in the United States today? I take the figure from the U.S. Department of Commerce, from its most recent report, captioned "Current Population Report." The median income of families in this country in 1972 was $9,225. That is, you draw a line half way on what the people of the country are making, and half the families fall below that line.

I remember when I first came to the Senate, the question of congressional salaries arose one day in a Democratic caucus. A very distinguished Senator, whom all of us remember with fondness and respect, Senator Paul Douglas of Illinois, made this observation. He said no Member of Congress, in his opinion, should receive a salary so large as to break the linkage that connected him with the people he represented. Senator Douglas contended, and there is rudimentary wisdom in his position, that if the gap between what Members of Congress are paid and the average income of their constituents grows too large, Congressmen will lose touch with the people they represent; they will lose their feeling for what the average citizen is up against.

I suggest that Senator Douglas' standard is much more sensible than the one heretofore suggested; namely, that our salaries be compared with those of the top executives of the biggest corporations in the country.

Well, what about Members of Congress, who are now suffering so, if one were to believe the arguments of the proponents?

Admittedly, the salaries have not been adjusted since 1969, but even taking that into account, what is the position of Members of Congress today, on their $42,500 salary; how do they stand with reference to their constituents?

I will tell you where they stand, Mr. President. They stand in the top percentile. So far have we strayed from Senator Douglas' criterion. Here are the figures, taken from the same Bureau of the Census source. The survey, incidentally, covers the income of persons 14 years and older in the United States, a total of 121,916,000 persons. It shows, out of that population, only three-tenths of 1 percent received incomes of $50,000 or more, while 1.7 percent received incomes between $25,000 and $50,000.

Now I have to interpolate a little, but the proper interpolation of these two figures places the present salary of Congressmen in the top percentile of salaries being received by the population as a whole. So there is the stark comparison: A median salary of $9,225 in 1972 for American families, half of whom received even less, and the current salary for Members of Congress, well within the top first percentile of incomes of the Nation.

So, looking for equity in this matter, I must conclude that there will be no great hardship done to Members of Congress if the salary we presently receive is not increased this year. I think it would be hard to argue otherwise based on these general statistics.

The fact is that we are the best-paid legislators in the world, far above the level of salaries paid to any other legislative body, any other place. In this period of runaway inflation and continuing Federal deficits, in this period when the public has lost so much confidence in the Government and in the political leadership of the land, it would be salutary for Congress to say, "We will hold the line on the best-paid people in the Government, knowing that, in so doing, we may make a beginning toward balancing the budget and coping with an inflation now running out of control."

I say it would be salutary for us, for the way the public looks at us, but I can think of nothing that would do us more grievous harm in the eyes of the people than to raise the topmost Government salaries, across the board. For the American people as a whole, this would simply signal that Congress is no more willing to cope with the country's problems, no more willing to exercise a little self-restraint than anyone in this administration—from the President down. Their last shred of hope for a Government that is still sensitive to the problems of the people would then fade away.

It will be said, of course, that Members of Congress are a special breed; they come here of their own volition. For example, Mr. President, I have not known a Member of this body or the other body, who decided to resign from either House because of the inadequacy of the pay. If there have been any, I have yet to hear of them. They would be rare birds, indeed.

But it is true that we cannot measure the question exclusively in terms of the impact it has on Members of Congress. We should look more broadly to the impact it will have on the civil service as a whole. Again, if equity is to be done, we must ask the question: Will holding the line on the top-paid people in Government, thus imposing restraints on salary increases all the way down the Federal payroll, cause great hardship for Federal employees as a whole?

To answer that question, Mr. President, we must review what has been happening over the past 10 years. Are Federal civil service employees really deprived citizens?

What is the comparative justice in increasing their pay when related to the general situation faced by the American people as a whole?

We have an answer to that question and it is a very good one. It comes from a nongovernmental source, a private survey of what has been happening to Federal pay.

I quote first from the Washington Post which gives us a summary of this analysis in its February 24 edition. The summary published in the Post reads as follows:

Federal Pay Has Doubled in 10 Years

New York, February 24.—Salaries for employees of the federal government have more than doubled in the past 10 years, rising faster than the rate of inflation. Tax Foundation, Inc., reported today.

Federal personnel costs are running at $64 billion a year and are expected to reach nearly $70 billion in the coming fiscal year, the foundation said.

That is an increase of almost $28 billion, or about 66 per cent in the past five years, despite drastic reductions in military personnel since the end of U.S. involvement in the Vietnam war.

The foundation traces the trend in increases to 1962, the year of the Salary Reform Act, aimed at keeping federal pay in line with what industry pays for similar jobs.

Since the bill was passed, the foundation said, average earnings of federal civilian employees have skyrocketed by 88 per cent, as compared to 66 per cent in the private sector and a 38 per cent rise in the consumer price index.

Well, Mr. President, these figures cannot be blinked away. Federal pay has been going up faster than inflation—markedly faster. Federal pay has been going up faster than that for comparable work outside the Government in the private sector of the economy. We cannot blink these figures away, convenient as it might be to ignore them.

Continuing to read:

This does not include the 1973 increases, which more than doubled average federal salaries since 1962.

In the 15 years before passage of the 1962 bill, the major Civil Service pay structure was increased six times. In the 11 years following the act, the pay has gone up 13 times.

In addition to basic salary increases, the foundation found a 147 per cent rise in benefits over the past five years and an upgrading in job classification known as "grade creep."

Jobs in the lowest five grades of the general pay schedule declined by 82,000, or 15 per cent, in the past five years, while positions in the top five categories went up by more than 14 per cent, or 55,200 more positions.

As recently as 1963 the study said, more than half of all General Scheduled employees made less than $8,000 a year and fewer than 2 per cent got $20,000 or more. But by 1973, only 23 per cent were making less than $8,000 and almost 12 per cent were making $20,000 or more.

The foundation, a nonprofit research group founded in 1937, agreed with the general principle that government pay should be comparable with that of private industry "to attract and retain capable people."

There, Mr. President, ends the article.

I ask unanimous consent that a similar article published in the Washington Star also be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

Federal Worker Pay Doubled in 10 Years

New York.—A research group says that federal government salaries, rising faster than the rate of inflation, have more than doubled during the last 10 years to $84 billion annually.

Tax Foundation Inc., a nonprofit group founded in 1937, reported yesterday that federal personnel costs were expected to reach nearly $70 billion during the upcoming fiscal year. It cited an increase of nearly $28 billion, or about 88 percent, in the past five years, despite drastic military personnel reductions following U.S. withdrawal from South Vietnam.

In addition to salary increases, the foundation found, a 147 percent increase in benefits over the past five years, and a general upgrading in job classifications.

Jobs in the top five grades in the general pay schedule climbed more than 14 percent, or 55,200 employees. But positions in the lowest five grades declined by 15 percent, or 82,000 workers.

The foundation linked the trend of salary hikes to the Salary Reform Act of 1962, which sought to keep U.S. pay scales in line with private industry compensation. Since enactment, the group said, the average earnings of federal civilian employees have climbed 88 percent, compared with 66 percent in the private sector.

Mr. CHURCH. So here a group, friendly toward Federal employees as a whole, a group that believes that Federal salaries should be comparable with those in private industry, as I believe they should be. It is not a hostile group, not an anti-Government group, not a group that might be expected to issue a biased analysis of what has happened to Federal pay, but a friendly group, reminding us that Federal pay scales have gone up faster than the inflation and faster than comparable pay outside the Government. Indeed, today we face a situation in which Federal pay for most positions in the Government is substantially higher than for comparable work outside the Government.

In that situation, is it so unreasonable to suggest that in the interest of economy as a whole, in the interest of striving to achieve a balanced budget, in the interest of attempting to cope more effectively with runaway inflation, we might simply hold the line this year on further increases in Federal pay?

Again, the figures are here, the proof is here. The answer to the question is written plainly in the evidence.

So, Mr. President, having looked at both sides of this coin. I can only conclude that the Senate and it is the Senate which will have to decide, since the House of Representatives has elected to duck the issue—would do the country a great service by simply refusing the President's recommendation for any increase in the level of salaries for the best-paid men and women in Government at this time. That is what I argue for.

I know that my honored friend, one Senator who is sitting in the Chamber today, has suggested that there never will be a good time to raise the pay of Congress. He is right. There never will be a good time to do it. It is always a politically sensitive and difficult question. This Senator has challenged me to tell him and other Members of the Senate, when a good time might come, and I confess to him that, when measured by a political yardstick, there may never be a good time for increasing our salaries. But I do say to him that if I cannot define exactly when a good time may be, I can tell him for certain that this is not that time. This is the worst of all possible times to take such action. The evidence is written large in the newspapers every day.

The American people have seldom been more discouraged with their Government. This is borne out not simply by the feel that most of us get when we talk to our constituencies. It is borne out by scientific polls which show that the popular support for the Presidency is near an all-time low. But these polls also show that the popular respect and support for Congress is even lower. Let me quote from one of these recent polls in which the Presidency is compared with Congress. Following my reference to certain parts of this poll, I ask that the entire poll may appear in the Record.

Extracting from the poll, what was the overall job rating that the people gave to the Presidency? In this particular poll by Louis Harris, which was placed in the Record on February 12, 1974, the positive rating given to the Presidency was 30 percent, the negative rating 69 percent with 2 percent not sure. The positive rating given to Congress was only 21 percent, the negative rating 60 percent, with 10 percent not sure. The popular respect for Congress was even lower than that for the Presidency.

In the same poll, the people were asked to express their opinion as to how the Presidency and Congress were doing in keeping the economy healthy. The President received a 19-percent positive rating. against a 78-percent negative, with 3 percent undecided. Congress received only 10-percent positive, 82-percent negative, with 8 percent undecided.

The people were asked to compare the Presidency with Congress in the matter of handling the energy shortage. Twenty-two percent gave the Presidency a positive rating, 74 percent gave a negative rating, with 4 percent undecided. As for Congress, only 10 percent gave it a positive rating, 83 percent gave it a negative rating, while 7 percent were undecided.

In the matter of controlling inflation, which is so close to the pocketbooks of the people these days, the President received a 12-percent positive rating, as against 86-percent negative, with 2 percent undecided. Congress received only a 6-percent positive rating, with 88-percent negative, and 6 percent undecided. That is a failing report card from the American people.

Congress gets failing marks on all subjects, such a dismal report card, that the press itself was stirred to inquire as to what the reasons might be that Congress should be held in such low esteem.

Mr. President, I ask unanimous consent to have printed in the Record the Harris study poll to which I have referred.

There being no objection, the material was ordered to be printed in the Record, as follows:

The Harris Survey: Public's Opinion of Congress Declines to 69–21 Percent Negative

(By Louis Harris)

The public's rating of Congress fell from 69 to 21 per cent negative in January, the lowest recorded by the Harris Survey. This is lower than the over-all job rating for President Nixon, also at its lowest point, 68 to 30 per cent negative.

Between Jan. 18 and 22, a cross section of 1,594 households across the country was asked:

"How do you rate the job Congress is doing—excellent, pretty good, only fair, or poor?"

[In percent]

	January 1974	February 1973
Positive (good-excellent)	21	38
Negative (only fair-poor)	69	45
Not sure	10	17

People were also asked:

"Now let me ask you some specific questions about Congress. How would you rate the job Congress has done on (read list)—excellent, pretty good, only fair, or poor?"

[In percent]

	Positive	Negative	Not sure
Handling the Watergate case	19	72	9
Keep the economy healthy	13	80	7
Handling impeachment proceedings against President Nixon	11	71	18
Handling relations with President Nixon	11	79	10
Inspiring confidence in government	10	82	8
Handling the energy shortage	10	82	8
Keeping spending under control	10	83	7
Controlling inflation	6	88	6

Earlier in January, the Harris Survey had tested public opinion on the President's handling of the same issues. Here is how Congress and the President compare:

[In percent]

	Positive	Negative	Not sure
Over-all job rating:			
Nixon	30	68	2
Congress	21	69	10
Handling Watergate case:			
Nixon	13	82	5
Congress	19	72	9
Keeping economy healthy:			
Nixon	19	78	3
Congress	13	80	7
Inspiring confidence in Government:			
Nixon	17	78	5
Congress	10	82	8
Handling energy shortage:			
Nixon	22	74	4
Congress	10	82	8
Keeping spending under control:			
Nixon	21	74	5
Congress	10	83	7
Controlling inflation:			
Nixon	12	86	2
Congress	6	88	6
Handling relations with (Congress/Nixon):			
Nixon	18	77	5
Congress	11	79	10

The man in charge of the energy situation, William E. Simon, was also rated by the public:

"How would you rate the job done by William E. Simon, the new energy chief—excellent, pretty good, only fair, or poor?"

[In percent]	*Total public*
Positive (good-excellent)	26
Negative (only fair-poor)	35
Not sure	39

Mr. CHURCH. Mr. President, an article on this subject appeared in Sunday's Washington Post, written by one of its most perceptive and knowledgeable reporters, Mr. Spencer Rich.

This is an interesting article. Mr. Rich asked various Members of Congress why this institution is presently held in such low regard. Various answers were given, none of which, in my opinion, really come to grips with the basic question. Some Members, in the article, suggested that it was because Congress had delegated too much authority to the executive, had passed the buck, so that, despite the poor record of the executive, at least the people had more respect for that branch of Government which had accepted the responsibility than it had for a Congress which had delegated it away. There is something to be said for that. Certainly it has been the policy, for the past 40 years, for Congress to delegate more and more authority to the Presidency.

I, along with other Senators, am doing what I can to retrieve this lost authority. Still, when it came to the inflation, there is no disposition in this body to try to deal with it. We threw up our hands, accepted the President's demands that full discretionary authority be delegated to him. Now we have been through phases I, II, III, and IV, all of them transparent failures, and we find ourselves caught up in the midst of the most devastating inflation in 25 years. Yet, I think that the public is right when it concludes that, as between the President, who has obviously failed, and a Congress that didn't try, that Congress should be given the lower mark.

There were others in this article who suggested that perhaps the reason for the bad public image of Congress had to do with the way we procrastinated, the length of time involved in getting to a decision. They believe the public feels that Congress simply debates interminably and then fails to take decisive action. There may be something to this argument too, although, as the sagacious Senator from Maryland (Mr. MATHIAS) wisely pointed out, the fastest decision he could remember around here was the passage of the Gulf of Tonkin resolution, and we might have been serving the public better if we had debated it at greater length.

Surely, it was meant to be part of the function of Congress under the Constitution to be the deliberative body, which was to look with care into all legislative proposals.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. CHURCH. Mr. President, may I take the remainder of my time from the time remaining on the bill? I understood there were 2 hours for both sides.

The PRESIDING OFFICER. That would take unanimous consent.

Mr. CHURCH. Mr. President, I ask unanimous consent.

Mr. McGEE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. McGEE. Taking time from the bill at what stage? There is no time on the bill.

Mr. President, how much time have I remaining?

The PRESIDING OFFICER. The Senator from Wyoming has 6 minutes remaining.

Mr. CHURCH. Mr. President, if no more time remains on the bill, there must be time on the amendments. I desire a few more minutes of whatever time is available. I will borrow against my time on the next amendment.

The PRESIDING OFFICER. Does the Senator make that as a unanimous-consent request?

Mr. CHURCH. Mr. President, I ask unanimous consent that I may borrow ahead such time as I may need to complete my argument.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. CHURCH. Mr. President, I commend this particular article to the Senate. I ask unanimous consent that it may appear in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. CHURCH. Mr. President, this leaves one final question to be answered. I do not find convincing reasons in the article as to why the people hold Congress in such low esteem. The real answer is that people know we are not solving their problems. And they are right. Inflation continues to get worse with every passing week. The President's price controls are a shambles. But even though that may be true, the people are getting no relief from Congress.

Shortages become more serious every day. The President's allocation program has not eliminated the long lines at the gas stations. But the people do not see any action on the Hill to solve their problem.

Such small action as we have taken, involving a modest rollback of prices at the pumps, is now going to be vetoed by the President, and no one expects Congress to override that veto by a two-thirds vote.

The people hold us in low esteem because we are not functioning effectively. The people are finding no solutions anywhere in the Government—neither in the Nixon administration downtown, nor in Congress, up here on the Hill. That is why they hold Congress in low esteem. They will continue to do so as long as we continue to fail them.

Even in the matter of corruption, the only action that seems to be in the offing comes from the courts. A Federal grand jury has indicted seven highly placed lieutenants of the President who held the most powerful positions in the White House until a few months ago. But the people see no evidence of congressional action dealing with the problem of corruption, and they doubt very much whether Congress will find the will to press very far with impeachment proceedings. So there is a warranted disillusionment with Congress.

So when I am asked to say, When will be a good time to raise our pay? my answer is this: It will be a good time when we have come to grips with the problems that beset the people, and when we have solved them sufficiently well that the people begin to regain their confidence in the Government. It will be a good time when the record shows we have earned an increase in pay. Meanwhile, all the talk about hardship, all the talk about the necessity to face up in a statesmanlike manner to the need to increase our pay, just plain falls afoul the evidence I have presented in these remarks.

Yes, the good time to increase our pay will be when we have earned it. Then the American people will not begrudge it.

But until then, we should not hesitate to vote it down.

So I would hope that the Senate will turn down even the improved recommendation made by my friend, the able chairman of the Post Office and Civil Service Committee.

Later in this debate, once the vote has been taken upon the amendments offered by the Senator from Wyoming and the Senator from Hawaii (Mr. Fong), I will proceed, under the unanimous-consent agreement, to call up as the pending business, my resolution to reject the pay increase recommendation across-the-board, and I hope that the Senate will approve it.

Mr. President, I yield the floor.

Exhibit 1

Close Look Reveals Why Congress Is Held in Low Esteem

(By Spencer Rich)

"When I first came here," said a northern Democratic senator who's been in Congress since the mid-1950s, "some senators used to go out and play golf whenever it was sunny, regardless of what was on the floor. Frank Lausche and George Smathers played golf whenever it was warm."

A Senate staff man elaborated: "We'd try to schedule maritime subsidy bills for sunny days in hope that Lausche, who opposed them, would stay out on the golf course."

Lausche (D-Ohio) and Smathers (D-Fla.) have long since departed the Senate and few people knew about their golfing habits.

But similar foibles or outright gross misconduct among present members of Congress were among the major reasons cited by senators, in a survey conducted by The Washington Post last week, to explain why Congress is held in such low public esteem.

Despite repeated assertions by Senate Majority Leader Mike Mansfield (D-Mont.) in recent weeks that the record of Congress over the last year is excellent—perhaps the best in recent memory—a Harris Poll conducted in January found that only 21 per cent felt Congress is doing a good job.

This was a lower rating than President Nixon's, despite his Watergate troubles.

Attempting to explain Congress' poor showing, 25 senators and top staffers, representing a cross-section of Senate opinion, cited these as the main reasons:

The public has become cynical because it sees that too many members of Congress are cowardly, politically opportunistic and willing to vote for anything that makes them look good at home, even if it wrecks the budget and is really of relatively low national priority. They often depend on the President to make the real hard decision on which program to cut back, then scream that the White House is usurping congressional power.

"The public is more discerning than members give them credit for," said freshman Sen. Jesse Helms (R-N.C.), one of those who cited congressional buckpassing and opportunism as the chief reason for public disillusionment. "They can recognize demagoguery, inaction, passing the buck, superficial political oratory . . . this is a bipartisan fault. Do things to make yourself look good and get re-elected . . . thinking of the next election instead of the next generation."

A recent example cited by several senators and staffers: despite cries that gasoline rationing is needed, when the issue came to the floor the Senate rejected mandatory rationing, but now many senators are calling on President Nixon to take the political risk of imposing it.

From Mansfield to Alan Cranston (D-Calif), to Charles McC. Mathias Jr. (R-Md.) and James A. McClure (R-Idaho), every senator and staffer interviewed agreed that there is an element of buckpassing and political showboating of the type described by Helms, and that it has some debilitating effects on Congress's status. But only Helms and McClure gave it the absolute number one rating. Others tended to see it as one of several factors, and perhaps not the most important.

A second major factor, the one most cited, is a general public misconception of how Congress works and should work. People just don't understand that, in a legislative body representing different sections and economic groups, it's natural for members to sharply disagree on issues, debate, squabble, soften their positions, move like lightning on some things and like glaciers on others, and only slowly reach the consensus that compromises their differences and allows a law to be enacted.

The result is that Congress, as compared with the President or a governor who can make decisions entirely on his own, appears unable to lead, or even to make up its mind—"appears ponderous and slow," as Mathias put it. "Congressional action is not a single sabre-stroke but a process of debate and study and more research. It seems exceedingly tedious, yet that is what constitutes the legislative process."

Mansfield points to "535 divergent characters on our side, versus one on the other (the President). When the President speaks, he speaks for the whole executive. When a senator speaks, he can speak only for himself. Perhaps the public has an exalted picture of a Congress which never existed and doesn't exist now."

Cranston heavily emphasized the same point, saying, "We fail to get across the point that we have a two-house legislature and you can expect them to disagree."

Cranston, as well as Mansfield, William Proxmire (D-Wis.) and several others, said Congress has repeatedly demonstrated the ability to lead on many issues, yet the public is unaware of it and Congress often doesn't get the credit.

Cranston cited as examples of congressional leadership: studies, hearings and legislative fights by the Senate Foreign Relations Committee which were a key factor in turning public opinion against the Vietnam war and thus creating the public pressure which caused successive presidents to seek an end to the conflict; the development of numerous health and welfare programs long before the executive branch; a legislated end to the Cambodia bombing, and the elevation of the Watergate issue to major national proportions by Senate creation of an investigative committee whose televised hearings brought the matter home to the public with terrific force.

Mansfield, Proxmire, Russell M. Long (D-La.), Cranston, Hubert H. Humphrey (D-Minn.) and others also cited public impatience with the whole government's apparent incapacity to deal with some immediately pressing problems. Mansfield said public anger at the White House for Watergate had splashed over all other governmental institutions, while the energy crisis was being blamed (rightly in his view) impartially on both the executive branch and Congress.

Humphrey said poor coordination of congressional activities, archaic institutions like overlapping committees, the lack of an overall budget review committee—all gave Congress a bad image.

Proxmire and Long added another explanation: while people like their own senators and representatives, Congress as an impersonal whole is in Proxmire's words, "such a good target."

"No one makes the effort to defend the institution as an institution—they all prefer to defend themselves," said Long. "Twenty-one per cent is not at all the rating the senators and representatives would get in their own districts—they'd all get 51 per cent or more, else they wouldn't be there. When you ask do you like Congress, the question is vague. People say, as a group I don't think highly of them but our own fellow is okay."

Another factor cited by senators is the unquestioned laziness, or dubious conduct, of what most call a relatively small percentage of members, which receives large publicity and discredits the whole institution.

Senators who play golf when they should be on the floor are one example. Here are some others:

A northern senator, presiding over the chamber before packed public galleries, who was so obviously drunk that he was gesticulating, yelling, talking irrationally and generally deeply embarrassing the members before the public.

This happened two years ago; the people watching were stunned.

Members of Congress who steal, misappropriate, appear to be in conflict of interest, or to excessively attend to personal business and pleasure while they should be working for the public.

For example, there have been several well-publicized examples of gross misconduct in recent years. Sen. Daniel Brewster (D-Md) was convicted of taking illegal payments from a mail-order house. Sen. Thomas J. Dodd (D-Conn.) was censured by the senate, 92 to 5, for using for personal expenses money which had been given to him as political campaign contributions. Robert G. (Bobby) Baker, the immensely influential one-time top legislative aide to Senate Majority Leader Lyndon B. Johnson (D-Texas), was convicted on several counts involving financial misconduct. House members have been convicted of bribery.

In addition, some senators said, even though it's legal, it doesn't help the reputation of the institution when members tour around the country picking up $2,500 or $5,000 at a clip for speeches while the Senate is meeting in Washington (Bob Dole earned $33,050 from speeches in 1972. Humphrey, $29,135; James Buckley, $25,105, for example) or when congressmen serving out their last few months before retiring, take government-paid overseas junkets after Congress has adjourned.

According to Congressional Quarterly, Democrats like Rep. Thomas G. Abernathy of Mississippi and Rep. Roman Pucinski of Illinois and Republicans like Sen. Gordon Allott of Colorado and Rep. J. Irving Whalley of Pennsylvania all took overseas junkets late in 1972 although they were retiring in January and Congress had already adjourned.

The public is suspicious enough of junkets by congressmen who are staying in Congress and presumably might make use of whatever they learn on the junkets for the public benefit, said one staff man. The bad image is quadrupled when the man is retiring and is just going out for a joy ride.

Nor does it help when the public discovers that Sen. James Eastland (D-Miss.), a member of the Agriculture Committee which writes the farm program laws, collected over $116,000 in government crop supports on his farm one year (1968), Eastland no longer gets such payments, but the publicity hurt him, Congress and the farm program. There have also been frequent revelations of members holding financial interests in businesses over which their committees had jurisdiction.

All this adds up to bad, bad image. Looking over the whole range of reasons why people give Congress a low rating, one Democratic aide said Congress doesn't deserve to be rated anywhere near that low, with all its faults.

"Maybe if Mike and Speaker Albert were better public relations types, the thing would look different," he said. "But Mike, Scott (Minority Leader Hugh Scott) and Albert are too mild and soft in the way they do things. This place hasn't had a decent image since Johnson and (Former House Speaker) Rayburn left."

The irony of Congress's low rating. many said, is that the factor that seems to contribute most toward the bad image isn't political timidity, laziness or occasional corruption.

It is the one thing for which Congress shouldn't be blamed: the fact that it is a legislative body which by its very nature operates through debate, dispute, delay and the slow grinding down of opposing views into a consensus.

Said Mathias, "People who'd like to see fastest action sometimes forget that the fastest thing we ever did was pass the Tonkin Gulf resolution getting us into the Indochina war."

Mr. McGEE. Mr. President, in the very few minutes that I have left, I would like to address myself to the much broader question; namely, the role of the Congress and the status of the Congress and the integrity of the Congress in Government.

We are all concerned about the question of a balanced budget, but I ask you, what kind of economics and what kind of economists can make that argument in terms of a cost-of-living adjustment that amounts to $34 million? What kind of ridiculous assertion can it be, Mr. President, that there is any meaningful input in that amount in the cost of balancing anything? It is a matter of trying to get justice and equity at a time of great economic bind and difficulty.

Mr. President, if we had not already gone through these steps of granting the private sector a whole series of wage increases that amounted to 44 percent or of increases to Federal employees amounting to 34 percent in the last few years, in defiance of the trend of events, when we should have been freezing and insisting on a freeze on wages and freezing interest rates, it might be different; but we did not do that.

Therefore, in the interest of fairness to the tiny group involved—and I say tiny group—that has been left unattended since 1969, if there is any great demand for equity, it is that we at least have the guts to adjust salaries to where we adjusted it for everybody else. I heard nary a strong voice of protest when those adjustments were made. Let us suggest it and then freeze the whole business. Let us stand up as we should.

But, indeed, the issue we are facing now is the role of the Congress and the status of the Congress, and if my friend from Idaho were here at this moment, I would ask him what kind of Congress is going to impress the people of this land if it rolls over and plays dead at a time when it is asked to stand up and be counted. I guess there are lots of people who think they get paid to hide, to duck, but I say it is time to lay it on the line and tell it like it is, and "like it is" is, are we going to wreck what it took us 11 years to establish, a structure to erase some inequities, and have it wiped out because some are afraid to be counted?

Mr. President, if I were not in violation of the rules, I could tick off names of people who came to the chairman and said, "Stay in there and fight because we need it. Sorry, I can't vote with you. Sorry about that." They know what the score is, and that is why I say some day one has to speak out to adjust that inequity.

Of course, we are concerned with the economy as a whole, and it is in a mess. But it is not in a mess because Congress was overpaid. It is not in a mess, because Congress was not tending to its responsibilities. It is in a mess, because of many things that can be spread from the Presidency to the legislature to the courts, who have made demands, likewise.

My petition here is that this body and our companion body stand up and protect the office of Senators and the office of House Members. Any Senator here who does not think he is worth that ought to get out, and if he is too cowardly to get out, his voters ought to take him out and send somebody that is worth it.

I would allude to the column which appeared in the Washington Post, by Spencer Rich. It is significant that the Senator lift out an important part of that column, and that important part is that voter assessments of the Senate and the House are far different from the voter ratings of the individual Members of the Senate and the House. For example, there are some 100 Senators who rate more than 50 percent on an individual rating by their voters. It is easy to be against an abstraction such as this body, but when voters have to put an X next to the name, everybody here gets more than half of the votes—60 percent, 80 percent, whatever it was.

I think it is interesting to note that in the polls that were taken, each in turn endorsed his own Senator and approved of him, said he was doing a great job. It was the body in general he was against. It may be important to point out that that 21 percent may be one of the highest ratings this body has received. Maybe it is getting better. They did not tell us what it was 10 or 15 or 20 years ago.

All we are being frightened by is evidence of total irritation. The fact that 70 percent of those polled also said they could not identify their own representative ought to tell us a little. I think it is important that we quit playing the numbers game that way and that we quit playing Halloween with scare polls. We are here to stand up and be counted. If the office of Senator is not worth this sum a year, then we ought to abolish it or send somebody down here who is worth it.

We are asked to vote on a $300 billion budget. We are asked to pass on policies that affect not only our Nation's destiny, but may hold in balance of future history of the world and of mankind. It is that kind of responsibility that separates this body from all other legislative bodies in the world in terms of responsibility. Of course, it is not quick and it is not incisive, but it arrives at usually sound decisions. It moves ahead. Even as we do so, it is important that, in that same context, we insist that now is the time to restore equity in the Federal salary structures.

The PRESIDING OFFICER. The time of the Senator from Wyoming has expired.

Mr. McGEE. Mr. President, I ask unanimous consent that I may have 30 seconds more out of the next hour, in order to complete this thought.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. McGEE. In that 30 seconds I will simply suggest that if we fail to do this today, I would hope that the Senator from Idaho and his colleagues will stand by us in a total restructuring in this whole effort in the next year ahead. I do not think they will, because every year it has been the same story. It happens over and over again, and whatever else we have learned, we have learned that there is no easier time. No moment is ever the moment, but now is the time to start redressing an imbalance in the inequities of the Federal pay structure system if we believe in responsible government. If we do not, let us turn it over to a one-man dictatorship.

The PRESIDING OFFICER. Under the previous order, the Senator from Hawaii is recognized for the purpose of calling up an amendment.

Mr. FONG. Mr. President, I have an amendment at the desk. I call up my amendment and ask to have it stated.

The PRESIDING OFFICER. The clerk will report the amendment.

The legislative clerk read as follows:

In lieu of the matter proposed to be inserted in the text of the resolution, insert the following: "for 1974 for all offices and positions referred to in section 225(f) of the Federal Salary Act of 1967, such recommendations having been".

The PRESIDING OFFICER. The time is to be equally divided between the Senator from Hawaii and the Senator from Idaho (Mr. CHURCH).

Mr. FONG. Mr. President, I yield myself 30 minutes.

The PRESIDING OFFICER. The Senator from Hawaii is recognized for 30 minutes.

Mr. FONG. Mr. President, the amendment I offer to the amendment which was offered by the distinguished Senator from Wyoming (Mr. McGEE) would strike out the 7.5-percent pay increase for everyone this year—1974—and adds this 7.5 percent to the 7.5-percent pay increase recommended by the President for 1975, so that the pay increase for 1975 will be 15 percent.

For 1976, my amendment retains the President's recommendation for a 7.5-percent increase.

In an effort to end the 5-year freeze on salaries of Federal judges, Members of Congress, and upper-echelon officials in the judicial, legislative, and executive branches, the President whittled down from 25 to 22.5 percent, the increase recommended by the Second Commission on Executive, Legislative, and Judicial Salaries. In addition, the President stretched out the increase over 3 years, instead of making the entire amount available immediately, as the Commission recommended.

Although I strongly support the President's recommendation for a 7.5-percent increase for each of the 3 years of 1974, 1975, and 1976, I will introduce my amendment, because of a general feeling among my colleagues that no pay increase should be made this year for

Members of Congress or for Federal judges or for upper echelon officials in the executive and legislative branches. There are several reasons for this feeling, and I shall not attempt to elaborate on them. Suffice it to say, they are more political than logical.

By introducing my amendment which falls short of the President's recommendations, I have accepted the reality that the pay increase the President has proposed for this year cannot pass the Senate.

To understand fully the issue before us, we need to know the provisions of the two pay acts relating to salaries of Members of Congress and those top echelon Federal employees who will be affected by the action we take today. We need to know also how these two acts, the Salary Reform Act of 1962 and the Postal Revenue and Federal Salary Act of 1967 which contains the executive schedule of pay, relate to each other.

First, under the Salary Reform Act of 1962, pay rates for Federal white collar employees under statutory pay systems are subject to annual review and adjustment. These pay rates are based on comparability with pay rates in the private sector and are based upon Bureau of Labor statistics surveys. However, the law further provides that these pay rates may not exceed the rate paid for level V of the executive schedule.

In March 1969, when level V was set in the executive schedule at $36,000 annually, a GS–18 in the general schedule—one of the statutory pay systems—was set at $30,239. With the annual increases which have been made according to law during the past 5 years, the comparable pay for a GS–18 today with that paid in the private sector has pushed beyond the $36,000 pay rate ceiling of level V.

The top comparable rate for a GS–18 today is $43,926; for a GS–17 is $43,000; for a GS–16 is $41,550; and for a GS–15 is $36,741—all higher than the level V pay ceiling of $36,000. As of today, at least 85 percent of all supergrade employees—GS–16, 17, and 18—and 1,000 employees in GS–15 are being paid the ceiling rate of $36,000, less than what they are entitled to under the principle of comparability.

Second, under the Postal Revenue and Federal Salary Act of 1967, a Commission on Executive, Legislative and Judicial Salaries submits to the President of the United States, once every 4 years, recommendations on salaries for Members of Congress, Federal judges, Cabinet officers, and other agency heads and certain other officials in the executive, legislative, and judicial branches.

The act also requires that the President, in the budget next submitted by him after receipt of the report of the Commission, to set forth to Congress his recommendations for the adjustment of these salaries. Under the law, the President's recommendations become effective at the next pay period after 30 days following transmittal of the budget, unless in the meantime one House of Congress by resolution disapproves all or part of the recommendations.

Most of the executive positions whose salaries are set by this act are classified from top level I to level V. The level V pay rate was last increased in March 1969, from $28,000 to $36,000.

So we see the Salary Reform Act of 1962 is tied to the Postal Revenue and Federal Salary Act of 1967 by the provision that statutory pay rates cannot exceed the pay rate of level V. This is the provision which creates the problem of the compression of salaries in the statutory systems and denies comparable salary in excess of $36,000 annually for general schedule employees.

Mr. President, after long study and careful review of all of the statistical data, relevant information, and circumstances, I am strongly convinced that Congress, on the grounds of fairness, justice, reason, and sound and efficient government should support the President's recommendation.

These are the reasons which justify support of the President's recommendations:

First. No Federal judge, no Member of Congress, and no one of the 2,000 top executives in the Federal departments and agencies has received a salary increase since the last pay adjustment 5 years ago—March 1969. As a result, another 9,704 high-level Federal employees have had their pay frozen for several years as their salaries cannot exceed $36,000 a year.

Second. On the other hand, almost all other workers in America—yes, almost all other workers in America—have received an increase in pay at least once, if not several times during the past 5 years.

Third. Salaries of 1,300,000 Federal white-collar employees, on the average, have gone up 43 percent during the past 5 years.

Fourth. Salaries of 800,000 Federal blue-collar workers, on the average, have gone up over 45 percent during the past 5 years.

Fifth. Salaries of 3,000,000 military personnel, on the average, have gone up over 80 percent during the past 5 years.

Sixth. Average percentage increases in pay nationally in private industry from 1969 to 1972—4 years—compounded at 5.5 percent for the last 2 years were:

	Percent
Executives	29.1
Clerical	31.4
Junior professionals	30.7
Senior professionals	31.0
Production—manufacturing	33.0

Seventh. Salaries of State Governors, on the average, have gone up 26.5 percent during the past 5 years.

Eighth. Average hourly earnings for nonfarm workers have gone up 29.5 percent during the past 5 years.

Ninth. The Consumer Price Index—which measures the cost of food, durable goods, clothing, transportation, medical costs, and services—has gone up 29.3 percent during the past 5 years.

Tenth. Two hundred sixty-four State and local government officials are receiving salaries larger than the salary received by Members of Congress. This group includes 24 Governors, 11 State administrative and professional positions, 9 mayors or city or county managers, 7 superintendents of schools, officials, 91 other positions in institutions of higher education, 36 public corporation positions, and 54 judiciary members.

Eleventh. The morale of top administrators is low as hundreds of their subordinates with fewer responsibilities receive the same pay they do. For example, 50 employees in the Patent Office make as much as their boss, the Commissioner of Patents, $36,000 a year. Among these 50, some supervise others, yet they all draw identical pay.

In the Department of Defense, 1,262 employees receive the identical pay of $36,000, just as their bosses who are in executive level V.

Skill levels in some supergrade positions have fallen because on occasion, vacancies caused by early retirements must be filled by employees who have less experience and lower skills. The personnel director of a major Government commission in the Washington metropolitan area stated that his organization sometimes must promote relatively "green" GS–15 employees to fill GS–16 vacancies caused by retirements. Other personnel directors indicated similar experiences in their organizations.

Salary compression is making supergrade positions less attractive. Personnel officers have stated that some employees refuse to accept higher positions in the supergrade ranks, because of the absence of additional monetary rewards. Others have expressed unwillingness to make geographic moves to new work assignments even when promotions were involved.

Many such instances were cited. One case involved a GS–15—step 10—employee who was offered a GS–16 position in the personnel office of a major department. The employee would not accept the higher position, because of the added responsibilities and arduous work without additional income.

Some agencies report that they are experiencing increasing difficulty in hiring qualified personnel from outside the Government to fill senior level positions. This is particularly notable in the scientific, medical, and educational fields. Personnel directors said that individuals best qualified to fill supergrade positions often are refusing to accept Government employment because they would suffer a loss of income.

12. Highly qualified employees in the supergrades by the hundreds have retired and many have entered private industry, because their pay has been frozen for so long. More than 1,000 of those in supergrade positions are now eligible to retire. Another 400 to 500 become eligible each year. If salaries in these grades continue to be frozen another 4 years, the Federal Government will suffer a continuing exodus of its top managerial and administrative employees.

13. For many, early retirement is made more attractive. Under current economic conditions, continuation of the $36,000 salary ceiling will allow many employees to earn more retirement income by retiring early rather than continuing to work for the Government. They can then substantially better their current income by accepting non-Government employment.

In planning whether to continue a career or retire, an employee whose salary is at the ceiling must consider the relative financial benefits. For each additional year of work, the employee increases his annual retirement income by about $720—2 percent of $36,000—and contributes $2,520 to the civil service retirement fund. If the Consumer Price Index—CPI—rises and remains at the minimum of 3 percent during that year, it would be more advantageous for the employee to have retired since his annual annuity would have increased by about $810 and he would not have been required to make any additional contributions to the retirement fund. Civil service retirement annuities are adjusted on the first day of the third month that begins after the CPI has risen at least 3 percent from the last adjustment and remains at this higher level for 3 consecutive months. The annuity increase is equal to the highest percentage increase in the CPI during the 3 consecutive month period, plus 1 percent. During the past 3½ years, annuity payments to Government retirees increased 29.5 percent, or almost 10 percent a year.

The following hypothetical example involving a 55-year-old GS-18 employee within 30 years' service at December 31, 1973, illustrates why early retirement has become more attractive. Assuming 5.5 percent cost-of-living annuity increases at January 1 for each of the next 3 years, and the employee retired at December 31, 1973, the employee's annual annuity at January 1, 1977, would be $25,120. However, if the employee works the additional 3 years he would contribute an additional $7,560 to the retirement fund and would receive about $1,477 a year less in his retirement annuity for the rest of his life.

14. Already very highly qualified judges have submitted resignations, because of substantially higher salary offers in private practice, and more such resignations are expected if judges' pay continues to remain frozen.

The income of leading lawyers is 3 to 4 times the salary of Federal judges, and top law graduates are paid $20,000 a year. Judges who have resigned have cited insufficient remuneration as a prime factor.

Fifteen. Many competent attorneys have refused Federal judgeship appointments because of the inadequacy of judges' salaries.

Sixteen. Denying the increase to technicians and scientists and to top administrators in the GS-15, 16, 17, and 18 category would further erode the two fundamental principles of any enlightened pay system: higher pay for higher responsibility and equal pay for equal work.

The salary distinction among supergrade employees has become virtually meaningless. The fact is, three levels of supervision in a typical major division or bureau are earning the same salary, a condition which would be considered totally unacceptable in the private sector. Also the difference between the pay of senior employees and the pay of employees at lower levels has narrowed sharply.

In December 1969, when salaries were unaffected by the present ceiling, the differential between the pay of an employee in the first step of GS-12 and a GS-18 employee's pay was 150 percent. After the October 1973 pay increase, the differential had narrowed to 106 percent and it will continue to narrow if we deny this increase.

Seventeen. The principle of comparability of salary to private industry, which was enacted in 1962, will be almost wholly destroyed in the upper executive positions. In the next 4 years it will worsen and adversely affect additional thousands of employees further down the line.

Eighteen. Salaries of top executive in Government will continue to fall further and further behind industry executives in the next 4 years as industry will adjust salaries from time to time while top executive salary in Government will be frozen until the next quadrennial President's recommendation.

Nineteen. The salary recommended is less than that recommended by the majority of the Commission on Executive, Legislative, and Judicial Salaries.

The nine men of the Commission are knowledgeable men of experience and integrity. They are:

Appointed by the President: Arch Patton, Chairman, director, McKinsey & Co., Inc.; John H. Lyons, general president, International Association of Bridge, Structural & Ornamental Iron Workers; David Packard, chairman of the board, Hewlett-Packard Co.

Appointed by the President of the Senate: Joseph F. Meglen, lawyer, partner, Meglen & Bradley; Bernard G. Segal, lawyer, chairman, Schnader, Harrison, Segal & Lewis, and past president, American Bar Association.

Appointed by the Speaker of the House of Representatives: Edward H. Foley, lawyer, partner, Corcoran, Foley, Youngman, & Rowe, former Under Secretary of the Treasury; William Spoelhof, educator, president, Calvin College.

Appointed by the Chief Justice of the United States: Roger M. Blough, lawyer, partner, White & Case; William T. Gossett, lawyer, partner, Dykema, Gossett, Spencer, Goodnow & Trigg, and past president, American Bar Association.

Their recommendations are based on serious, detailed, and thorough study and are well documented. The Commission in its report said it approached "its task fully conscious of an important constraint upon its recommendations; namely, the need to act with due regard for the spirit of the phase II—5.5 percent—Salary Guideline of the Economic Stabilization Act. In addition we find that a substantial rise in living costs has eroded the purchasing power of salaries of top officials in the three branches of the Federal Government who have not had a pay increase since March 1969."

Seven of the nine Commissioners were convinced that simple equity demands that salaries be raised enough to at least offset the 5-year cost-of-living advance. A majority of the seven, in turn, felt that restoring the purchasing power of Federal officials—a 25-percent increase—would be fair and equitable and at the same time set an unmistakable example of restraint. In addition they felt that growing congressional recognition of the need for a biennial commission that would reassess salary levels in 1975 warranted taking a conservative posture at this point:

> And, three Commissioners voted for a 30 per cent salary increment. . . . Pay increases in other sectors of the economy do, indeed, support such an advance. A very important consideration in this minority view is the belief that judges—as career public servants—have been seriously disadvantaged by a lack of salary action since 1969. Other Commissioners share this concern regarding the Judicial Branch's ability to attract and retain outstanding judges.

Twenty. As a matter of fact, the salary received today by Federal judges and Members of Congress is less than what was recommended in 1968 by the first Commission on Executive, Legislative, and Judicial Salaries. The unanimous recommendations 5 years ago was for $50,000 a year for Members of Congress and appellate judges. By recommending $42,500 at that time, the President created a lag of $7,500 from private industry. The present recommendation compounds the lag.

Twenty-first. According to the law, the next recommendation will be made 4 years hence so adding 4 years more to the 5 years of no increase would make 9 years of no increase for judges, top executives, and Members of Congress.

Twenty-second. No increase for Members of Congress, which in turn, freezes executive pay, would perpetuate and worsen the very severe salary compression problem for the thousands of Federal employees in GS-15 through GS-18. GS-18's have not received any pay increase in 3 years. Right now all GS-18's, all GS-17's, 80 percent of GS-16's, and 4 percent of GS-15's are at the same salary rate of $36,000. It creates a very difficult situation when you cannot give an employee any pay increase at all when he is promoted, even though he is taking on a much more difficult job.

If the current ceiling continues until the next quadrennial review, another 21,000 general schedule employees will be added to those whose salaries would be limited to $36,000—including the top two steps of GS-14, most of those in GS-15, and all of those in GS-16, GS-17, and GS-18. There would then be almost 28,000 employees all earning the same pay, even though their responsibilities range from GS-14 through executive level V. This would mean that six levels of responsibilities would be earning the same pay. What a meaningless pay system this would be.

Twenty-third. The President's recommendation is consistent with the Cost of Living Council regulations. Where State or local government officials have not been allowed pay increases for several years, regulations allow multiplying the 5.5 percent annual guideline by the number of years since the last increase. As it has been 5 years since the last Federal adjustment the regulation would allow an immediate increase of 27.5 percent, plus 5.5 percent a year increase in subsequent years.

Twenty-fourth. The President's recommendation is already 1 year late as it should have been made last year according to law.

Twenty-fifth. The 7.5-percent increase recommended by the President will only cost $34 million a year, with $27 million of this for the executive branch. The bulk of this cost will come from the $2,700 increase in the ceiling on career employees' salaries. This is a tiny amount compared to the total budget of $304 billion.

Twenty-sixth. The $42,500 salary of today is the 1969 salary of $30,090 in purchasing power. Inflation has eroded the buying power of top Federal executives, judges, and congressional Members salaries by 30 percent since 1969. The increase recommended does not even offset the erosion of the last 5 years.

Twenty-seventh. The $42,500 salary of 1978—that is 4 years hence, when the Quadriennial Commission again looks at our salaries—if no pay increase is given now, would be the 1969 salary of $19,800 in purchasing power. This assumes inflation will be 6 percent per year. There are 4 more years of erosion before the next President's recommendation for an increase will be made under present law.

Twenty-eighth. The lag of 30 percent from 1969 to 1974 will increase to 54 percent in 1978 if no pay increase is given now.

Twenty-ninth. A GS–18 employee has already lost in salary for the past 3 years, 1971 through 1973, a total of $11,557, because we have denied him comparable pay according to the general schedule by limiting his pay to $36,000. This GS–18 is now $7,926 below comparability. If there is no increase by October 1976, a GS–18 will be nearly $15,000 below comparability.

Thirtieth. This same employee, if retired today, would suffer a loss of $44,100 in retirement annuity assuming a life expectancy of another 19.3 years beyond age 55.

Thirty-first. Even the modest pay increase recommended by the President—which this Congress will not accept—is far below pay received by industry executives. The average compensation for the three highest levels of executives in manufacturing industry in 1971 was $135,000, $98,000, and $80,000, respectively. In the retail industry, it was $125,000, $96,000, and $80,000 respectively.

Thirty-second. By denying the President's recommendation for pay increases for Members of Congress, we are disparaging ourselves. We are the managing directors of a $300 billion enterprise, the U.S. Government, an enterprise far larger and more complex than any private industry in America. And yet this $300 billion enterprise pays Members of Congress, Federal judges, and top-level executives, excepting only the President, much less than third-level executives average in private industry.

As Senators of the United States the responsibilities of this $300 billion Government rest upon our shoulders. If we must divide that responsibility by 100 Senators, the responsibility on each of us is a $3 billion portion—a portion larger than 99 percent of all the private corporations of America.

When I refer to a $3 billion separate responsibility and to a $300 billion collective responsibility, I am only referring to our financial responsibility to the Nation. On top of that are many other responsibilities on which we must legislate—in defense, in social welfare, in energy, in environment, and in all the other complex and vital areas of our Federal Government of 211 million people.

No director of a private corporation faces such a multitude of concerns and matters—concerns and matters involving the very security and well-being of our Nation and the freedom and liberty of our people.

So, I say to you my colleagues, do not disparage your responsibility as a Senator.

Is a 7.5-percent increase for this year and then another 7.5 percent for each of the 2 years thereafter too much to ask, when for the past 5 years your salary has eroded by 30 percent and you know that it will be eroded another 20 percent before the next quadrennial review by the President? I say and I repeat, "no, no, no."

So my colleagues:

First. Let us face up to the fact that Federal white-collar salaries have gone up 43 percent the past 5 years.

Mr. President, how much time have I got remaining?

The PRESIDING OFFICER (Mr. McClure). Of the 30 minutes, the Senator has 2 minutes remaining.

Mr. FONG. I yield myself another 5 minutes.

The PRESIDING OFFICER. The Senator may proceed for another 7 minutes.

Mr. FONG. Thank you, Mr. President.

Second. Let us face up to the fact that 3 million military personnel salaries have gone up 80.4 percent.

Third. Let us face up to the fact that blue-collar salaries have gone up 50 percent.

Fourth. Let us face up to the fact that now three levels—by 1978, six levels—of Government employees will be paid the same pay. In terms of pay, we will not know who is boss No. 1, boss No. 2, boss No. 3, boss No. 4, and boss No. 5.

Fifth. Let us face up to the fact that 10,000 General Schedule employees are now drawing the same pay and, by 1978, some 28,000 will be drawing that same pay.

Sixth. Let us face up to the fact that morale of top Government employees is low.

Seventh. Let us face up to the serious salary compression problem; let us provide equal pay for equal work and higher pay for higher responsibility.

Eighth. Let us face up to the fact that the appeal of supergrade positions is declining. Why should an employee take on greater responsibility at no greater pay?

Ninth. Let us face up to the fact that the Federal Government is losing its top echelon executive, legislative, and judicial officers, and is losing hundreds of supergrade employees, as it is harder to recruit and retain employees who have not had a pay increase for years, some as long as 5 years, and they cannot look forward to one for the next 4 years unless we grant the increase now.

Tenth. Let us face up to the fact that top officials can do better retirement-wise—receive the annuity they are entitled to now plus up to 10 percent in annual cost-of-living increases in their retirement annuities than to remain working, contributing 7 percent to the retirement fund, and earning only 2 percent more in their future annuity. Also, by private employment, they can exceed the pay they are now receiving in Federal service.

Eleventh. Let us face up to the fact that the Federal Government must compete with private industry for these employees, and private industry pay scales are far higher in the top echelon.

Twelfth. Let us face up to the fact that there has been no congressional, executive, and judicial pay raise for 5 years—a loss of 30 percent of buying power.

Thirteenth. Let us face up to the fact that the $42,500 salary of today has declined in purchasing power to the $30,000 pay of 1969 and, by 1978, will decline to $19,800.

Fourteenth. Let us face up to the fact that if we do not do something now, there will be 4 more years of no raise—a projected loss of 20 to 24 percent over the next 4 years.

Fifteenth. Let us face up to the fact that if we do not do anything now, by 1978, the salary of Government employees in top echelons would drop by 54 percent in purchasing power.

Sixteenth. Let us face up to the fact that just about everyone else in the Nation's work force has received pay raises in the past 5 years, averaging 30 percent.

Seventeenth. Let us face up to the fact that living costs have gone up 30 percent the last 5 years.

Eighteenth. Let us face up to the fact that the pay increase recommended is less than what was proposed by the Salary Survey Commission.

Nineteenth. Let us face up to the fact that the Federal Government is the largest business in the world—$304 billion—and it must be run by competent people.

Twentieth. Let us face up to the fact that the proposed pay raise only costs $34 million out of a budget of $304 billion.

Twenty-first. Let us face up to the fact that the recommended pay increase is already 1 year late.

Twenty-second. Let us face up to the responsibility that is Congress' and Congress alone—to Government employees, to ourselves, and to our country.

Twenty-third. Let us not shudder all over and shake in our boots at voting a pay raise after 5 years of inaction. If we are too afraid to give it to ourselves because we may not look good politically, let us do what is right, proper and fair and let the others get their amply justified pay increase, even if it means some will get more pay than we do.

Although the facts offer compelling evidence that the pay increase should be even larger than either the Commission or the President formally recommended, it is clear that Congress will not even approve these modest increases.

My amendment, therefore, is designed to remove the biggest impediment to equity and fair play for Federal Judges, executive level officials, and for the GS–

15–18 level employees whose pay is frozen as long as executive V level pay is frozen.

This impediment is a situation in which some of these officials would earn more than Members of Congress. Right now, some select few Government officials already earn more than individual Members of Congress. So we have already punched a hole through that ceiling. But I do not propose to make that hole any larger.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. FONG. I ask for an additional 3 minutes.

The PRESIDING OFFICER. The Senator is recognized.

Mr. FONG. My amendment proposes no pay increase this year whatsoever for any of the affected classes of employees or for Federal judges or for Members of Congress.

This will avoid any possible embarrassment for those Members of Congress who are up for reelection this coming November.

In 1975, however, the pay increase would go into effect—at a rate of 15 percent, which is composed of the 7.5 percent proposed by the President this year, plus the 7.5 percent for 1975. In 1976, the increase would be 7.5 percent.

Only Congress can break the logjam on upper echelon salaries that has built up over the past 5 years.

Unless Congress acts now, it will be another 4 years under present law before salary adjustments can be made.

Already the nearly 10,000 Federal employees caught in this salary logjam know they cannot receive one dime more than at present. And this would be true for the coming 4 years as well.

No matter how brilliantly they perform on the job, they cannot look forward to any merit increases. Neither can they look forward to any cost-of-living increases.

Furthermore, they are being deprived—cheated, really—of the higher retirement annuities for which they could qualify if their pay were at the higher level that comparability and job responsibility dictate.

Even if Congress accepted the 25 percent immediate increase recommended by the Commission, these Federal officials would not be made whole in terms of pay and retirement. Yet Congress will not even face up to its responsibility by accepting the President's proposal for 22.5 percent stretched out over 3 years.

My amendment to defer all pay increases until 1975 and 1976 is even more of a compromise with equity and justice.

But sometime, somehow, we in Congress must face up to the gross inequities we are perpetuating.

Sometime, somehow, we in Congress must begin to treat fairly the thousands of Federal employees at the managerial and executive level, as well as our judges.

If we are to attract and retain the skilled and capable people we need to manage and administer our evermore-complex Federal Government, we must accord them salaries commensurate with their duties and responsibilities.

If we are to attract and retain high-caliber people in our judiciary to handle the fast-growing caseload and the evermore-complex issues involved, we must provide appropriate salaries.

If we are to attract capable people to serve in Congress and handle the evermore-complex legislative agenda facing our Nation, we must have a pay level that does not require too much financial sacrifice on the part of those who serve. Otherwise, this legislative body will be open only to individuals with personal wealth.

So I call on my colleagues to join me and begin to rectify a situation that is now grossly unfair to more than 12,000 Federal officers and employees in the executive, legislative, and judicial branches.

Bad as the pay situation is now, it will only worsen in the next 4 years unless we in Congress have the courage to act now.

Mr. President, I urge approval of my amendment.

Mr. President, I was very amused and quite appalled to hear the arguments made by the Senator from Idaho. In his long talk on the Senate floor, he made five points.

His first point is that this is not a $34 million increase in salary, but an increase in salary amounting to billions of dollars.

The second point the Senator makes is that we have tried to compare the salaries of the Members of the Congress with those of executives in private corporations. Those salaries are very large indeed.

The third point the Senator makes is that Government employees have received more in salary increases in the last 5 years than have employees in the private sector.

His fourth point is that this is not the time for an increase in salary.

His fifth point is that the popularity of Congress is at an all-time low and that Congress is held in very low esteem.

Mr. President, the reason why the popularity of Congress is very low and why Congress is held in very low esteem is that the Members of Congress refuse to face up to their responsibilities.

Today we have a very flagrant example of Congress trying to duck its responsibility. We know that the cost of living has increased by 30 percent over the past 5 years. Yet, we are not facing up to our responsibility to meet this situation by giving an increase of 7.5 percent to Members of Congress and to the other top echelon officials of our Government. When we meet obligations such as this and face them squarely and responsibly, then Congress will experience a rise in its esteem.

The Senator from Idaho says that this is not the time to do this. I am amused that a Senator who introduced an amendment on the floor of the Senate to increase the social security payments by 20 percent—and that means an increase of billions of dollars—says that this is not the time to give an increase of 7.5 percent to the people who have not received cost-of-living increases for the past 5 years.

I say that this is the time for such an increase.

The distinguished Senator from Idaho says that the Government employees have received more in pay in the past 5 years than have the employees in the private sector. He says in one breath that he does not believe in the principle of comparability, because he says that the Senator from Wyoming was trying to relate the salaries of the Members of the Congress to those of the top officials of the largest corporations in the country. Next he says that he believes in the principle of comparability in salaries for Government employees.

I think that what the Senator means is that he believes in the principle of comparability for the majority of the Federal employees, those in the lower GS brackets. However, he does not believe in it for the higher echelon employees nor for the Members of the Congress, nor for the judges.

Mr. President, this takes me back to the Senator's first point, that this increase, instead of being an increase that would cost $34 million, will be an increase that will cost billions of dollars.

This shows that the distinguished Senator from Idaho does not realize or know how the pay schedule works.

Under the law, the employees in the General Schedule, the white-collar employees, get an annual comparability increase to that of the employees in the private sector. A Bureau of Labor Statistics survey is made every year. If that survey shows that employees in the private sector are 5 percent above Federal employees, then, the salaries for those Federal employees in the GS schedule are increased to those employed in private industry. The salary of Federal employees rises in accordance with the salary for comparable jobs paid in the private sector.

Mr. President, there are 88 million people employed in the United States. There are only 5 million employed in the Federal Government. So the salaries of the 5 million Federal Government employees follow those of the private sector. In other words, if 80 million people have their pay adjusted, then the 5 million Federal Government employees have their salaries made comparable to the salaries of those in the private sector.

A survey is made by the Bureau of Labor Statistics. Then a recommendation is made to the President. And if the President accepts the recommendation, it automatically goes into effect for the GS schedule, increasing the rates on a comparability basis to those of the private sector. That means that a GS–3, –4, –5, all the way up to GS–16 has an increase in pay to make his salary comparable to the salary in the private sector.

However, when we ask for an increase in pay for those in the GS–18, –17, –16, or even GS–15, who are at the ceiling because their comparability pay is not allowed to be comparable to those of the private sector, the Senator from Idaho says that he does not believe that the principle of comparability should apply. So, I do not believe the distinguished Senator from Idaho understands comparability when he says that he does not believe that these high echelon Federal employees and Members of Congress should be paid in accordance with comparable salaries received by those in private industry. He says in one breath that it should be and then says in another breath that it should not be.

We in Congress are not asking that our salaries be comparable to those who are employed in similar positions in private industry. We say that we should get a 7.5-percent increase in pay this year because for the past 5 years we have not received a single increase. Over the same period of time the cost of living has increased by 30 percent. The President has recommended this increase to the Congress. The President has not given us the full amount that should be given. However, he has recommended a 7.5-percent increase, and this is a very reasonable and modest amount.

When one understands how the salary schedule works, he will note that granting the $34 million in salary increases to the Members of the Congress and an increase to those at the level of GS–16, –17, and –18, and the other executive people from level 1 to level 5 will not increase the pay of all of the other employees.

The distinguished Senator from Idaho says that if we increase the salary in this instance, all of the other employees will receive a salary increase. That is not so.

Every year Federal salaries are reviewed. And the salaries are surveyed and compared with those employed in the private industry. Bureau of Labor Statistics surveys are made and if the salaries of the Federal employees are not comparable, they are increased. Yet, an increase is not given to the Members of Congress or those who are at the GS–16, –17, or –18 level. Right now they are all making the same amount, $36,000 a year. Pretty soon we will not know who is bossing whom. If this continues and we do not give an increase at this time there will be six levels of supervisory employees who will be receiving pay of $36,000. In other words, there will be boss No. 1, boss No. 2, boss No. 3, and boss No. 4 all receiving $36,000 a year.

Mr. McGEE. Mr. President, will the Senator yield?

Mr. FONG. I am happy to yield.

Mr. McGEE. Mr. President, I want to say to my colleague who serves on the Committee on Post Office and Civil Service that these courageous remarks he just shared with this body are hard-hitting and straightforward and they reflect that which is significant here; namely, that the Senator from Hawaii knows better than anyone else in this body the intricacies of the equities at stake in structuring a Federal pay scale and for that reason he understands the need to wipe out those 10 or 11 years to achieve those equities.

I commend him for his leadership in this matter and his courage in telling it like it is.

Mr. FONG. Mr. President, I thank the Senator, who is the chairman of our committee.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. FONG. Mr. President, I ask unanimous consent that I may proceed for 2 additional minutes.

The PRESIDING OFFICER. The Senator is recognized.

Mr. FONG. Mr. President, I have worked with the distinguished Senator from Wyoming on the Post Office and Civil Service Committee for 15 years. We have worked on the comparability statute together. We have prepared salary increase legislation for our statutory employees. We have prepared legislation for the executive, judicial, and legislative branches. We see how these two pay systems conflict with each other in the top grades, grades 15, 16, 17, and 18. All we are saying here today is that we must do something to lift that ceiling so that we do not have this compression and lose the good people we have in Government.

If we want efficient government, competent government, and good government it is important that the employees be paid salaries comparable to salaries paid in private industry. We have established through action by the Congress that salaries in the Federal Government should follow those in the private sector. We have followed that principle. It is only fair that in the top categories, grades 15, 16, 17, and 18 that we give them the comparable salary we promised. It is a moral responsibility and it is a legal responsibility to these people that their pay should reflect comparability of pay with the private sector.

Mr. McGEE. Mr. President, will the Senator yield for 20 seconds?

Mr. FONG. I yield.

Mr. McGEE. Mr. President, I am afraid that the reporters in the Senate did not catch the full intent of the Senator's remarks when he appeared to have said that we want to get good men in government. What he really meant was that we want good men and good women in Government, with equal pay for equal service.

Mr. FONG. That is what I meant, Mr. President.

Mr. President, I ask unanimous consent to have printed in the Record a Report of the Commission on Executive, Legislative and Judicial Salaries, a letter from the American Foreign Service Association, a letter from Justice Tom C. Clark, a letter from the Chief Justice of the Supreme Court, a General Accounting Office memorandum on information and observations on need for executive pay adjustment, and the editorial from the Washington Post of March 4, 1974.

There being no objection, the material was ordered to be printed in the Record, as follows:

Report on the Commission on Executive, Legislative and Judicial Salaries

Washington, D.C.,
June 30, 1973.

The President,
The White House,
Washington, D.C.

Dear Mr. President: We have the honor to present to you the report of the second Commission on Executive, Legislative and Judicial Salaries.

Unlike our predecessor, this Commission approached its task fully conscious of an important constraint upon its recommendations; namely, the need to act with due regard for the spirit of the Phase II (5.5 percent) Salary Guideline of the Economic Stabilization Act. In addition, we find that a substantial rise in living costs has eroded the purchasing power of salaries of top officials in the three branches of the Federal Government who have not had a pay increase since March of 1969. These considerations have greatly restricted the range of decisions available to the Commission.

The principal obstacle to maintaining a reasonable and equitable compensation structure in the Federal Government is the fact that career employees receive annual pay increases that are related to industry salary rates, while the salaries of top officials in the Executive, Legislative and Judicial branches are normally adjusted every 4 years; and these 4-year adjustments have the effect of placing a ceiling on the compensation of career employees, especially during an inflationary period. This, in turn, has created serious salary compression among the top ranks of career employees.

In our judgment, the dual salary system makes it difficult to attract, retain and motivate top officials in the Executive, Legislative, and Judicial branches, as well as career employees. Indeed, the dissonance between the two pay systems, in effect, has become a prime *de*motivator.

Replacing the present quadrennial Commission with a biennial Commission would, we think, largely eliminate compression as a demotivating force in both structures. Further, this modification would make the Executive Salary Schedules more responsive to economic change, and permit the next Commission to carry out what we regard as a much-needed reevaluation of positions within this structure. As we see it, the Phase II limitation precludes such action by the present Commission.

We are convinced that the salary schedules of career employees and the Executive Schedules require more effective integration. The biennial Commission would be one step in this direction, and we have recommended in our report an approach that could be a major advance toward achieving this end.

We share the conviction of the previous Commission that many critically important government positions are inadequately paid, and that this condition unfavorably affects the quality of talent available to these jobs. But once a reasonable degree of integration between the career salary structures and the executive salary structures has been attained, it will become practical for salary relationships more directly to reflect responsibilities of individual positions in these structures.

The Commission reached the above conclusion with great equanimity because the facts clearly pointed the direction corrective action must take. The same cannot be said regarding the Commission's primary function; recommending salary changes for the Executive, Legislative and Judicial branches of the Federal Government. The unusual economic conditions facing the country during our deliberations—price inflation at home and a weakening dollar abroad—led the Commissioners to arrive at three distinctly different salary recommendations, from the same available facts.

Let me summarize them briefly. Two Commissioners concluded that no salary increase should be recommended at this time in order to set an example for the rest of the country (see Minority View on page 33). Seven of the nine Commissioners, however, were convinced that simple equity demands that salaries be raised enough to at least offset the five-year cost-of-living advance. A majority of the seven, in turn, felt that restoring the purchasing power of Federal officials—a 25 percent increase—would be fair and equitable and at the same time set an unmistakable example of restraint (this Majority View is expressed in the report starting on page 23). In addition, they felt that growing Congressional recognition of the need for a biennial Commission that would reassess salary levels in 1975 warranted taking a conservative posture at this point.

And, three Commissioners voted for a 30 percent salary increment (see Minority View on page 34). Pay increases in other sectors of the economy do, indeed, support such an advance. A very important consideration in this minority view is the belief that judges—as career public servants—have been seriously disadvantaged by lack of salary action since 1969. Other Commissioners share this concern regarding the Judicial branch's ability to attract and retain outstanding judges.

Respectfully submitted,

ARCH PATTON, *Chairman*.

COMMISSION ON EXECUTIVE, LEGISLATIVE AND JUDICIAL SALARIES

Appointed by the President:

Arch Patton, Chairman. Director, McKinsey & Company, Inc.

John H. Lyons, General President, International Association of Bridge, Structural & Ornamental Iron Workers.

David Packard, Chairman of Board, Hewlett-Packard Co.

Appointed by the President of the Senate:

Joseph F. Meglen, Lawyer—Partner, Meglen & Bradley.

Bernard G. Segal, Lawyer—Chairman, Schnader, Harrison, Segal & Lewis; Past President, American Bar Association.

Appointed by the Speaker of the House of Representatives:

Edward H. Foley, Lawyer—Partner, Corcoran, Foley, Youngman, and Rowe; Former Under Secretary of the Treasury.

William Spoelhof, Educator—President, Calvin College.

Appointed by the Chief Justice of the United States:

Roger M. Blough, Lawyer—Partner, White & Case.

William T. Gossett, Lawyer—Partner, Dykema, Gossett, Spencer, Goodnow, and Trigg; Past President, American Bar Association.

Executive Director, David H. McAfee.

Introduction

The Federal Salary Reform Act of 1962 and the Salary Act of 1967 provide that the compensation of government employees be administered on two distinctly different bases:

(1) Career employees in the Federal service, paid under the General Schedule, generally receive salary adjustments each year. These increases are directly related to private enterprise salary rates for the same level of work—the "Comparability Principle"—and are based upon Bureau of Labor Statistics surveys. They are by far the largest group of Federal employees; there are 1.3 million of them, with an annual payroll of $17 billion. Periodic reevaluation of positions in this category are the responsibility of the Civil Service Commission.

(2) The compensation of top officials in the Executive, Legislative and Judicial branches [1] of the Government, on the other hand, is subject to adjustment in March of every fourth year with the budget submitted by the President to the Congress. This period was temporarily extended from 4 to 5 years by action of the President last fall. The Executive Schedule specifies the salary rates of approximately 2,800 officials with an annual payroll of $100 million. The only regular review of position value relationships in the Executive Schedule is lodged with this quadrennial Commission, a weakness discussed under the heading "The Commission's Responsibilities".

The normal 4- and present 5-year lag in salary adjustments between the two groups of Federal employees might have been acceptable in an inflationless economy, or if the two systems were independent of each other. However, neither condition is present today. Indeed, the upward pressure of salary rates in the private sector of the economy on the General Schedule has created a severe salary compression among career employees holding many of the most responsible executive positions in the Federal service. The compression results from the legal limitation that no employee in the General Schedule may be paid more than the lowest salary in the Executive Schedule (Level V).

This problem will be discussed in greater detail later, but two related facts should serve at this point to underscore its importance:

Today's Level V compensation of $36,000—the lowest in the Executive Schedule—became effective in March 1969. At that time, the "comparability" salary rate for the top grade—GS-18—in the General Schedule was $30,239. As of January 1973, the "comparability" rate for this grade had risen to $41,734.

However, as a result of the 4-year-old $36,000 Level V "ceiling," every Federal executive in GS Grades 18 and 17 is paid at the $36,000 "ceiling," despite the higher "comparability" rates. Moreover, nearly half of those in Grade 16 are also at this $36,000 salary rate. Thus, when these GS 18-17-16 "Supergrade" jobs are valued by BLS surveys at private enterprise rates, they are shown to be "worth" up to 16 percent more in today's market than the statutory "ceiling" permits them to be paid.

One result of this compression is that there are numerous instances in the Civil Service where two, or even three, levels of position responsibility all receive the same salary. In other words, the supervisor and his subordinate, and sometimes the *latter's* subordinate, each receives a $36,000 salary!

The Commission on Executive, Legislative and Judicial Salaries is deeply concerned by this condition on two counts. The first, of course, is that the motivation of career executives to accept greater responsibility is being undermined when subordinates are paid as much as their superiors.

The second concern is of even greater importance, for it involves the repudiation of a moral obligation of the Congress to career employees. The Congress established the principle of "equal pay for equal work" in Civil Service, as well as an annual salary review. Yet both principles are being violated as applied to "Supergrades" at the top of the General Schedule. (The Commission must assume, as things stand today, that position values at the top of the Civil Service have been soundly evaluated both internally and in comparison with the outside world or private enterprise.)

The Commission's responsibilities

The Act creating the Commission (see Appendix A) had two key provisions bearing on its responsibilities when making recommendations to the President;

It should determine "appropriate pay levels and relationships between and among positions" in the Executive Schedule.[2]

It should determine "appropriate pay relationships" between the Executive Schedule and the General Schedule.

The Commission interprets these provisions to mean it should (1) determine and recommend appropriate pay changes for the Executive Schedule, (2) determine and recommend changes in salary relationships among positions *within* this structure, and (3) determine and recommend changes in salary relationships between the lowest levels of the Executive Schedule and the top grades in the General Schedule.

The Commission has fulfilled the first of these responsibilities, and its recommendations appear in subsequent sections of this report along with supporting data.

In common with the previous Commission, however, we have found the other two responsibilities to be major undertakings. For example, if the Commission were to evaluate whether an Assistant Secretary in one Department should be in the same or a different level as compared with an Assistant Secretary in another Department, it would be essential to know the relative contribution to national programs and objectives of each position's responsibility and authority, as well as the knowledge and skill that each must bring to bear on its own decisionmaking process. The Commission is in no position to make such a determination among the scores of positions in the Executive Schedule because of time and budget limitations.

Given more time and a larger budget, a soundly based evaluation of positions in the Executive Schedule is not only feasible, but desirable. For example, a number of Executive level positions have been called to our attention that seem to be ranked one or more levels higher than appears reasonable in the light of their *present* contributions to national programs and objectives. There probably are other positions ranked too low by the same standard of comparison.

As a practical matter, the number of *different* Executive Schedule positions involved in such an evaluation process would be relatively small, probably not exceeding several score. However, it would be necessary to establish some common measures of value, other than position title, to assess the difference in value among the great variety of functions carried on in the Federal Government.

Insuring sound pay relationships between the bottom of the Executive Schedule and the top of the General Schedule—the third of the Commission's responsibilities—is a more massive undertaking. The "several scores" of different jobs in the Executive Schedule would need to be evaluated in relation to perhaps a few hundred different position responsibilities in the top grades of the General Schedule.

More importantly, common yardsticks of position value for the two systems would need to be developed to insure that the inevitable downgrading of some positions and upgrading of other would have an acceptable internal rationale. Federal employees in Generel Schedule Grades 17 and 18 are usually direct subordinates of the Assistant Secretaries, Comptrollers, or General Counsels in Executive Schedule Levels IV and V. Therefore, such action would be a helpful first step—and a desirable one—toward a better integration of the two systems.

Today, however, no standing body has responsibility for assuring the Congress that positions at the bottom of the Executive Schedule and the top of the General Schedule are reasonably valued in *relation to each other*. Persons familiar with job values in the Federal Government have informed us that there are a number of positions in GS-18—and possibly GS-17—that are distinctly more valuable by any reasonable criterion than some jobs now ranked in Level V. Yet such a demotivational condition of equal pay for unequal work is presently not subject to periodic review, unless this Commission assumes that responsibility, and, as noted above, we have neither the time nor an adequate budget to get the job done.

The previous Commission's findings

The earlier Commission's report, dated December 1968, recommended substantial salary increases in the Executive Schedule that were designed to (a) attract people of high competence to Government service, and (b) provide salary differentials between the various position Levels more commensurate with the responsibilities discharged. It was the Commission's judgment that the then existing pay structure was out-dated. The recommended increases were regarded in part as a

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Footnotes at end of article.

catch-up, and were also expected to establish a more reasonable relationship with 1968 values. (See Appendix B.)

These recommendations in the 1968 report were, with a single exception, substantially reduced by the President. The table below shows the actual 1968 Executive Salary Schedule, the recommended salaries, and those finally enacted. (See Appendix C.)

THE EXECUTIVE SALARY SCHEDULE

	1968 actual	1969 recommendation	1969 enacted
Level I	$35,000	$60,000	$60,000
Level II	30,000	50,000	42,500
Level III	29,500	46,000	40,000
Level IV	28,750	43,000	38,000
Level V	28,000	40,000	36,000

In the final analysis, therefore, only the Level I salary rate—Cabinet Secretaries—was accepted as recommended. All other positions in the Executive, Legislative and Judicial branches received pay increases in March 1969 that were markedly below what that Commission felt were reasonable. Furthermore, the improvement in salary differentials between the various position levels anticipated by the Commission was materially modified by the President's reductions.

Pay trends since the 1968 Commission report

Under existing statutes, any changes made in Executive Schedule salaries as a result of the present Commission's recommendations will not become effective until March 1974. This means *5 years* will have elapsed since Federal judges, Members of Congress, executives running major Government departments, et al.—received their last salary increases.

In the intervening years, inflation has been severe. The Consumer Price Index compiled by the Bureau of Labor Statistics has risen from 106.7 in January 1969 to 127.7 in January 1973. Thus, in the last four years alone, consumer prices have risen 20 percent. This means that an Assistant Secretary in Level IV, who frequently is recruited from industry, has seen the purchasing power of his $38,000 salary drop in these years to $31,750. And by the time his salary is adjusted in March 1974, its purchasing power may well have decreased 25 percent if present trends continue. Meanwhile, of course, his counterparts in industry have typically had their purchasing power maintained by annual pay increases, as we shall see.

To provide a sound basis for deciding on a reasonable salary increase recommendation for the Executive Schedule, the Commission assembled compensation data from many segments of the national economy. As might be expected, we found available surveys had varying terminal dates and covered varying time periods that did not exactly meet our needs. However, in common with the earlier Commission, we regard such data as a guide to arriving at a judgment, rather than a precise measure.

With this thought in mind, we accepted the fact that 5-year data matching the 1969–1974 period under consideration were simply unavailable. Indeed, even industry-wide 1972 salary information will not be ready until after our report is completed. Therefore, we chose the latest 4 years for which data are available—1967 to 1971—as our basic yardstick. And, in the interest of both reasonableness and fairness, we have added 5.5 percent—the Phase II "Guideline"—to all 4-year data to round out the 5-years. We believe this to be a conservative estimate.

The table on pages 6 and 7 shows the percent increase in salaries over this 5-year period of a sizeable cross-section of the economy.[8] During these same 5-years, the salary structure of the Federal General Schedule also increased each year. On the same basis as the foregoing, for example, the change in the General Schedule was as follows:

[In percent]

General Schedule Four years 1967–1971: +28.5.

General Schedule Five-year total: +34.0.

SALARY TRENDS IN NON-FEDERAL SECTORS OF THE ECONOMY, 1967–72

[In percent]

Industry	5 years 1967–71 (actual)	5 years (1972 estimate 5.5 percent)
PRIVATE ENTERPRISE		
Executives: [1]		
Manufacturing:		
Durable goods	17.6	23.1
Nondurable goods	19.1	24.6
Petroleum and natural gas	22.2	27.7
Wholesale and retail trade	20.7	26.2
Utilities	26.0	31.5
Construction	3.7	9.2
Finance and insurance	26.3	31.8
Billion dollar companies	16.3	21.8
Average—all industries	20.3	25.8
Average—80 large companies [2]	22.0	27.5
White collar workers: [3]		
Clerical	25.1	30.6
Junior professional and managerial	26.4	31.9
Senior professional and managerial	25.3	30.8
Blue collar workers: [3]		
Manufacturing—production workers	28.0	33.5
Building trades—journeymen	44.0	49.5
Printing trades	33.0	38.5
Local truck drivers	38.0	43.5
Local transit—operating employees	36.0	41.5
PUBLIC JURISDICTIONS		
Executives: [4]		
State Governors	21.0	26.5
Top 5 State officials	24.0	29.5
State court judges	21.0	26.5
Mayors, city and county managers	28.0	33.5
State university presidents	20.0	25.5
Public school superintendents	31.0	36.5
Federal Reserve bank presidents	22.0	27.5
Professional and managerial: [4]		
State employment security programs:		
State directors	34.0	39.5
Chief of benefits	30.0	35.5
Director—research and statistics	31.0	36.5
State public welfare programs:		
Director—research and statistics	28.0	33.5
Director—social services	32.0	37.5
State public health programs:		
Director—health statistics	26.0	31.5
Health officers	31.0	36.5
Director—public health nursing	28.0	33.5
State mental health programs:		
Director—vocational rehabilitation	34.0	39.5
Other local government: [3]		
Urban public school teachers	31.0	36.5
Urban firemen	36.0	41.5
Urban policemen	35.0	40.5

[1] American Management Association (average for 8,800 executives in 1,526 companies).

[2] McKinsey & Co. (40,000 executives in 80 large companies).

[3] Bureau of Labor Statistics.

[4] U.S. Civil Service Commission.

It should be noted that the 28.5-percent increase during the 1967–1971 period includes approximately 5.0 percent as the "catch-up" needed to equal private enterprise rates for the same level of work as determined by the Bureau of Labor Statistics, an action required by the "Comparability Principle" of the Salary Act of 1967. If this 5.0 percent were deducted, the 5-year total increase in the General Schedule would become 29 percent.

The Commissioners felt uneasy about accepting these substantial increases at face value. We recognized that salary data for 1967 and 1968 predate the last Executive Schedule increase in March 1969. But more importantly, 1967 was a fair profit year and 1968 a relatively high profit year for industry, and above-average bonuses paid to executives might have unduly inflated results.

Therefore, we reconstructed such information as we could—for a number of surveys were unavailable—to eliminate 1967 and 1968. Doing so meant our base information period dropped from 4 years to 3, hence it became necessary to estimate salary changes for both 1972 and 1973. To be conservative, we used the 5.5-percent "Guideline" of Phase II in both years.

In these terms, the 5-year pay increases that are projected—3 years actual, 2 years estimated—can be summarized as follows:

PERCENTAGE COMPENSATION INCREASES

[In percent]

Private enterprise	3 years actual 1969–72	Plus 2 years compounded at 5.5 percent
Executives	16.0	29.1
Clerical workers	18.1	31.4
Junior professional and managerial	17.4	30.7
Senior professional and managerial	17.7	31.0
Production workers (manufacturing)	19.5	33.0

These data indicate both time periods used to assess past pay increases lead to approximately the same conclusion: that 30 percent is a reasonable measure of the actual increase in compensation that will have occurred in the 5 years ending in March 1974. Coincidentally, annualizing and compounding the Phase II "Guideline" of 5.5 percent over 5 years turns out to be 30.7 percent

State and local government pay levels

Another way of evaluating the adequacy of the current Executive Schedule is to compare it with pay levels in state and local government. These smaller government bodies had, on March 31, 1972, some 1,858 jobs paid in excess of $36,000—the bottom rate of the Executive Schedule. Even more significant is the fact that 59 percent (1,094) of these state and local jobs were paid $40,000 or more. Although available data are not in a form to provide a precise measure (See Appendix D–V, page 57), it is clear that *upwards of 650 state and local job holders are paid more than U.S. Senators and Congressmen receive today!*

The point is, of course, that the need for talent to run these smaller government bodies has resulted in major salary increases over the past decade. This surely raises a question of relative value; either state and local government executives are overvalued, or Congressmen and Senators—responsible for the well-being of the country as a whole—are undervalued.

The years ahead

These analyses indicate that executive compensation in industry, and among state and local governments will have advanced approximately 30 percent in the 5 years ended March 1974. In the 4 years already elapsed, the cost of living has risen more than 20 percent.

To clarify its own thinking concerning the future impact of the Federal Government's two pay systems, the Commission used these two figures as a basis for some exploratory forecasts. We assumed, reasonably in our judgment, that salary trends in the private economy will advance the General Schedule 5.5 percent in each of the next 2 years, and 5.0 percent in each of the following 2 years. This would raise the GS–18 "comparability" salary level to $51,00 in October 1976. Then to provide a basis for comparison, we projected an increase in Level V of the Executive Schedule at both 20 percent and 30 percent.

On this basis, the relationship between the bottom of the Executive Schedule (Level V) and the top of the General Schedule (GS–

Footnotes at end of article.

18) would be as follows during the next 4 years:

		Level V increase	
	GS-18	At 20 percent	At 30 percent
January 1973[1]	$41,734	$36,000	$36,000
January 1974	44,025	42,200	46,800
October 1974	46,450	43,200	46,800
October 1975	48,775	43,200	46,800
October 1976	52,200	43,200	46,800

[1] The Federal Pay Comparability Act of 1970 provides that adjustment of the General Schedule (and related Schedules) be made in October. However, in order to conform with the requirements of the Economic Stabilization Act of 1971, the President ordered the October 1972 adjustment be deferred until January 1973. Our projection assumes that the October 1973 adjustment will also be deferred until January 1974 because of the extension of the Stabilization Act.

What this table indicates, of course, is that even a 30-percent pay boost for the Executive Schedule provides only 2 years relief from compression for key General Schedule positions. A 20-percent pay increase is wiped out as a "decompression" agent before it even becomes effective. And the next quadrennial Commission will not meet for 3 or 4 more years.

This table also demonstrates that if no increase in the Executive Schedule is agreed upon for payment in March 1974, GS–18 will be paid $15,200 below its "comparability" rate by October 1976. Furthermore, 28,000 employees in GS–18, 17, 16, 15 and the top of GS–14 would all be paid the same $36,000 in 1976.

The substantial differential between actual and "comparability" pay of top career employees in the upper grades creates an incentive for early retirement that may act to drain off needed talent. Indeed, one Agency head has told us this is already happening, and that the rate will increase unless the pay gap is closed. As he put it, "the good men go first".

This condition results from several key provisions of the Civil Service Retirement Act. Career employees may retire at age 55 with 30 years of service. The size of the individual's retirement annuity is based on the average of his three highest annual salaries. In addition, pensions of all retired employees are increased whenever the Consumer Price Index rises 3 percent or more over a base date, and a 1-percent premium is added to the highest percentage of the ensuing 2 months. There will be a cost-of-living adjustment in July 1973, for example, of 6.1 percent. Any employee who retires on or before June 30, will be eligible to receive this adjustment in his annuity.

Thus a career employee whose pay rate has been frozen will have an opportunity to retire immediately on a larger annuity than he could obtain by continuing on the job for several more years. Even a substantial future pay increase would require a considerable period before the 3-year average would produce an annuity equal to the annuity he could get this year, particularly when his own contributions—7 percent of salary—are taken into account.

Unless the system is changed, therefore, the recurring compression of career pay rates at the top of the General Schedule may well result in the early retirement of the better career executives who at age 55 can find non-Federal employment to supplement their retirement income.

The importance of these top career service positions to the running of our government is not always recognized. One Commissioner made a study of job turnover among Under Secretaries and Assistant Secretaries in the first 4-year term of the three most recent Presidents; Kennedy, Johnson and Nixon. The tenure of the 500 individuals holding positions during these 12 years were as follows:

	Percent
Tenure less than 12 months	20
Tenure 12 to 24 months	33
Tenure over 24 months	47

More than half of the Under Secretaries and Assistant Secretaries thus held their jobs less than 2 years, and one in five changed jobs in less than a year. Checks made by the Commission indicate that industry regards 2 years as a reasonable "learning period" when an executive moves from one functional responsibility to another, or one type of business to another—which is the position in which most new Under Secretaries and Assistant Secretaries find themselves upon joining the Executive Branch. Government sources tell us that only the specialists (taxes, medicine, etc.) are likely to "get on top of their job" in less than 18 months.

A more important, and less understood job-tenure statistic has to do with the time a boss and his subordinate work together. (The superior needs time to assess the effectiveness of his subordinate, and teach him the job; the subordinate needs time to learn his new job, and decide how to work with his new boss.) When the number of months Assistant Secretaries worked with Under Secretaries during the first full term of these three Presidents is compared over the same time span, the results are as follows:

Worked together:	*Percent*
Less than 12 months	39
Twelve to 24 months	38
Over 24 months	23

In other words, when "on the job tenure" becomes "superior-subordinate tenure", the number of Under Secretaries and Assistant Secretaries with less than 12 months tenure working together approximately doubles. On the other hand, only one in four worked together more than 2 years. The turnover is so high as to raise a question of the working effectiveness of such a "team".

It is recognized that a number of promotions occur among the officials of every Administration. This obviously speeds up the job-learning process, and frequently has the same effect where the "superior-subordinate" relationship is concerned. However, there is little evidence that the number of such promotions is large enough to alter the conclusion: turnover in the Executive structure magnifies the importance of "Supergrade" executives.

Industry generally regards 12 months as too limited a time frame for a supervising executive to judge either the capability or performance of any but the clearly outstanding or clearly inadequate executives with whom he has not worked previously. With all the complexities—including those political—found in the Federal Government, the time span for judging capability and performance might well be even longer.

The point is, of course, that if even 40 percent of the Assistant Secretaries are not on the job long enough to feel comfortable making the decisions facing them, the career executives on their staff become very important indeed. Until something can be done to reduce turnover at the Assistant Secretary level, therefore, it is critical that the quality of the executive talents in GS–17 and 18 be above average. And one of the more effective ways of accomplishing this objective is to see that these executives do not feel condemned to having their paychecks below the agreed-upon "comparability" level most of the time!

Recommendations

This Commission believes, as its predecessor did, that the existing compression between Levels in the Executive Schedule is both unreasonable and demotivating. Only 5 or 6 percentage points, for example, separate the salaries of Levels II, III, IV, and V. By any normal standard, the responsibility differential between Levels in the Executive Schedule is substantially greater than these percentages indicate.

Furthermore, there are changes within the Executive Schedule itself that should be made. The value of many jobs has been altered by changing national priorities and leadership needs, hence their value relationships should be readjusted.

However, the Commission does not believe this is an appropriate time to make the substantial salary increases needed to effect these adjustments. While relatively few in number, such pay boosts would be coming during a period of sharply rising living costs, and would be difficult for the public to understand. Furthermore, as leaders of the Federal Government, officials of the Executive, Legislative and Judicial branches should set an unmistakeable example for all of us. These are powerful arguments, in our view, for recommending both moderation and uniformity in salary change at this time.

Executives in industry, state and local governments have had their compensation increased approximately 30 percent in the 5-year period under review. And, as has been noted, compounding the Phase II 5.5 percent "Guideline" for the period equals 30.7 percent. Because of our decision to keep salary changes within the Phase II "Guideline," 30 percent marks the upper limit of a general pay increase considered by the Commission this year.

Indeed, a majority of the Commissioners would have voted for a 30 percent increase had it not been for our expectation that a biennial Commission (Recommendation No. 3) would be established this year.

Such action by the Congress would sharply reduce the risk of compression, and permit another review of the Executive Schedule within 2 years.

1. *Increase salaries in the Executive Schedule to equal the 5-year cost of living advance.*

In view of the obvious need for moderation implicit in the present economic environment, however, the Commission decided to limit its salary increase recommendation to the rise in the cost of living. It appeared to us that simple equity required the restoration of the lost purchasing power of these public servants. Anything less than this amount would mean continued compression among career employees almost from the day the increase became effective. For example, a 20-percent increase would raise Level V to $43,200 on January 1, 1974, at which time Grade 18 would be $44,025 on the basis of Commission forecasts shown in the Table on page 17. We regard a 20-percent pay increase as too small to be realistic.

The Commission recommends a 25 percent salary increase to restore the purchasing power of Executive Levels II, III, IV and V and equivalent positions in the Legislative and Judicial branches. We recommend a smaller percentage increase for Cabinet Secretaries, the Chief Justice of the Supreme Court and Associate Justices, but a dollar increase that approximately maintains the present dollar relationship of these positions with the rest of the Executive Schedule.

The reason for the smaller percentage increase recommended for Secretaries and Justices is to restore what this Commission and its predecessor considered a more reasonable value relationship between these positions and the rest of the Executive Schedule. The previous Commission, for example, recommended a salary of $60,000 for Level I and $50,000 for Level II. The recommended 71-percent increase for Level I was left unchanged but the President reduced the recommendation for Level II to $42,500—a 42-percent increase.

This Commission believes a $10,000 increase for the Secretaries and Justices is equitable in view of the unusually large pay raise they received 4 years ago.

The Commission is sincerely concerned about the current level of compensation paid Federal judges. They are career employees with little opportunity to supplement their judicial salaries. During the past 4 years increases in the cost of living without compensating salary increases have intensified the economic pressures and financial sacrifices required for judicial services. Judges are recruited from a well-paid profession and the difficulty of attracting outstanding lawyers to the Federal bench and retaining them is increasing as judicial compensation falls further behind that of practicing lawyers.

Accordingly, should either the President or the Congress decide to modify or reject the salary rate we recommend for Members of Congress, we earnestly urge that our recommendations for the salaries of Federal judges (and of officials of the Executive branch as well) be approved.

The 1970 law creating the United States Postal Service added members of its Board of Governors to the list of positions for which this Commission is to make salary recommendations. At that time, their compensation was set at $10,000 plus $300 for each Board meeting attended, not to exceed 30 meetings a year. The Postal Service is still in a developmental stage as a separate corporation. The Commission believes the current compensation of the Board is reasonable under the present circumstances.

The new Executive Schedule would compare as follows with the present Schedule:

	Present rate	Proposed rate
Level I	$60,000	$70,000
Level II	42,500	53,000
Level III	40,000	50,000
Level IV	38,000	47,500
Level V	36,000	45,000

On this basis, the cost of the recommended adjustment for the three branches would be $25 million annually.

The specific salaries we recommend for officials included in the Executive, Legislative and Judicial branches of the Federal Government appear below and continue on next page.

Executive salary recommendations

Executive branch

Heads of Departments, Level I, $70,000.

Agency Heads and other Level II positions $53,000.

Under Secretaries and other Level III positions $50,000.

Assistant Secretaries and other Level IV positions $47,500.

Major Bureau Heads and other Level V positions $45,000.

Legislative branch

Senators, Representatives, and the Resident Commissioner from Puerto Rico $53,000.

The Comptroller General $53,000.

The Assistant Comptroller General $50,000.

The Public Printer, Librarian of Congress, Architect of the Capitol, and General Counsel of the General Accounting Office $47,000.

The Deputy Public Printer, Deputy Librarian of Congress, and Assistant Architect of the Capitol $45,000.

Judicial branch

The Chief Justice of the United States $72,500.

Associate Justices of the Supreme Court $70,000.

Judges, Circuit Courts, Court of Claims, Court of Customs and Patent Appeals, Court of Military Appeals $53,000.

Judges, District Courts, Customs Court, Tax Court of the United States, and Director, Administrative Office of the United States Courts $50,000.

Commissioners, Court of Claims $45,000.

Deputy Director, Administrative Office of the United States Courts $45,000.

Referees in Bankruptcy—full time—a maximum of $45,000.

Referees in Bankruptcy—part time—a maximum of $22,500.

Magistrates—full time—a maximum of $45,000.

Magistrates—part time—a maximum of $15,000.[4]

United States Postal Service

Members of the Board of Governors—$10,000 (no increase).

2. *Add Top Legislative Officers to the Commission's Jurisdiction.*

The Commission is not now responsible for recommending salaries paid the Vice President, the President Pro Tempore, the Speaker, the Majority and Minority Leaders. However, since these positions are, in fact, at the top of the official structure of the Federal Government, real inequity would result if they were not moved up in consonance with our recommendations. Since the Commission must take these positions into account in its deliberations in any event, we recommend that they be included in the Commission's responsibility in the future.

3. *Establish a Biennial Commission.*

We recognize the proposed 25-percent salary increase will mean a renewal of compression at the GS–18 level very soon after the change becomes effective. Furthermore, the Commission believes renewed compression would have the effect of further undermining the credibility of the principles of "equal pay for equal work" and annual salary adjustments established by the Congress. In view of the need for highly qualified talent in the "Supergrades" to offset the effect of extremely rapid turnover among Under and Assistant Secretaries, permitting another round of compression in the top grades of the General Schedule would certainly be counterproductive.

To cushion the recurring "compression crunch," we strongly recommend that the present quadrennial Commission be replaced by a biennial Commission that would meet in Fiscal Year 1975 and report its recommendations to the President late in that year so that a further adjustment of these salaries could be considered for 1975. At that time, inequities *within* the Executive Schedule could be evaluated by the new Commission and corrected.

A 2-year cycle of decision in adjusting the compensation of the Executive, Legislative and Judicial branches is essential, in our view, if recurring compression is to be controlled. A system involving salary changes every 4 years is simply incompatible with one that is adjusted each year during an inflationary period, particularly when the 4-year system "puts a lid on" the 1-year system. A 2-year cycle of adjustment for the Executive Schedule reduces the distortion resulting from inflation by half, making such compression as does occur between the two Federal pay systems more tolerable. The 2-year period also sharply reduces the size of the necessary salary increase, hence would lessen the misunderstanding among the electorate that seems to follow any boost in government salaries. Being accustomed to annual pay raises himself, the average voter overlooks the fact that 4 years normally elapse between increases in the Executive Schedule.

But the principal advantage of the 2-year cycle, of course, is that it would bring the two major Federal pay systems into closer harmony with each other, and would reduce to a viable level the dissonance between them occasioned by their 1- and 4-year pay cycles.

Footnotes at end of article.

4. *Integrate the Two Federal Pay Structures.*

Because of the critical importance of staffing the "Supergrades" (GS–16, 17 and 18) with strong executives, some means of integrating these positions with Levels IV and V should be found. The establishment of a biennial Commission would be one step in this direction, for it permits a closer "coupling" of the two systems.

The next step, and one we strongly recommend, would be to establish a task force to evaluate and integrate positions at the top of the General Schedule and the bottom of the Executive Schedule. Such a review should certainly include Levels IV and V of the Executive Schedule, and probably all of the "Supergrades" in the General Schedule. The primary objective of this review, of course, would be to establish value relationships between jobs in both pay systems in terms of their relative responsibility for carrying out national programs and objectives.

The end-product of such a task force would be an integrated position-value relationship among jobs in the two pay systems. In effect, therefore, the task force would do what this Commission cannot do as a consequence of time and budget limitations:

Determine "appropriate pay levels and relationships between and among positions" in the Executive Schedule,

Determine "appropriate pay relationships" between the Executive Schedule and top positions in the General Schedule.

The Civil Service Commission currently has responsibility for a periodic evaluation of the "Supergrades," and the Office of Management and Budget exercises a degree of authority where the Executive Schedule is concerned. Therefore, these two groups might provide the nucleus of manpower to staff such an evaluation task force.

In addition, the Commission urges that knowledgeable "outsiders" be included in the task force to give it objective and disinterested leadership in the position evaluation process. We believe this is necessary to insure a balance between government and industry experience in the measures used to establish position value. Outside expertise would also be helpful in arbitrating conflicting "inside" viewpoints that are liable to develop.

Since OMB does not have responsibility for a continuing review of position relationships in the Executive Schedule, some ongoing means of maintaining the integrity of such a structure is necessary once it has been established by the task force. In other words, some standing body is needed in the years ahead to fit new positions—created to reflect changing national priorities—into the Executive Schedule.

Minority Views

(By Joseph F. Meglen and Edward H. Foley)

The undersigned were appointed by the President of the Senate and the Speaker of the House of Representatives respectively.

While we are in complete sympathy with the need for cost-of-living relief for members of the Federal service, and are in agreement that the greatest need is some relief for Federal judges, we must express our dissent from the majority recommendations for such excessive salary increases at this time for the following reasons.

The statutory function of this report, as we understand it, is to serve as a facility to the President in conveying in his next budget message his recommendations as to the rates of pay he deems advisable. The President has been emphatic in his 1974 budget and his review of 1975 budget forecasts in imposing strict budget limits which he believes essential to maintaining a healthy economy and avoiding accelerated inflation and increased taxes. Under these strictures many existing governmental programs have been curtailed or abolished. Under these circumstances, we do not feel justified at this time in recommending the proposed increases.

Joseph F. Meglen.
Edward H. Foley.

Concurrence and Consent

(By Bernard G. Segal. Joined in by William T. Gossett and by John H. Lyons)

We concur without reservation in Recommendations 2, 3, and 4 of the Report.

We do not dissent from Recommendation 1 for a 25 percent salary increase to the classes specified. Our reason for not dissenting is so that there may be no possible question that the President has been presented with a recommendation having the support of a clear majority of the Commissioners, although we believe that this result would follow in any event since 25 percent is encompassed within the higher percentage we considered appropriate. We are convinced that a recommendation of 25 percent is unconscionably low for the classes of officials to which the recommendation in the Report applies. We dissent from the failure to recommend increases of at least 30 percent, which we regard as the irreducible minimum.[5]

A striking and significant circumstance is that the reasoning, and the supporting statistical and other factual data, in the Report unequivocally support a minimum increase of 30 percent. We shall cite but a few of the statements and statistics in the Report which illustrate this.[6]

Thus the Report states:

". . . During this same five years, the salary structure of the Federal General Schedule also increased each year. On the same basis . . . , the change in the General Schedule was as follows:

	Percent
General schedule:	
4 years 1967–71	+28.5
5-year total	[1] +34.0

[1] The report states that approximately 5 percent of the 34 percent was "catch-up" needed to equal private enterprise rates for the same level of work." However, this is irrelevant to the comparison with the situation of the officials with whom the Commission is concerned, since obviously the compensation for these officials would need greater "catch-up" to equal the compensation of positions of corresponding importance and responsibility in the private sector.

The Report terms the 5.5 percent estimate of next year's increase to be "conservative."

After reviewing compensation of executives in industry and of high level officials in State and local Government, the Report concludes:

"These analyses [i.e., the comprehensive salary data in the Report] indicate that executive compensation in industry, and among State and local governments, will have advanced approximately 30 percent in the five years ended March 1974 . . ."

And the Report states further:

". . . Coincidentally, annualizing and compounding the Phase II 'Guideline' of 5.5 percent over five years turns out to be 30.7 percent."

Accordingly, throughout the deliberations of the Commission and until the last draft Report presented at the final Commission meeting, the lowest percentage increase suggested by any Commissioner or appearing in any draft Report, was 30 percent.[7] Indeed, in the draft Report preceding the last one, the Report's specific recommendation was:

"In light of the above, the Commission recommends an across-the-board increase of 30 percent . . ., which approximates pay increases of industrial and State executives, and the Phase II 'Guidelines' 5.5 percent compounded over five years."

Nothing, therefore, could have been more surprising than when, at the twilight of the Commission's deliberations, members, who had so strongly and—consistently advocated a minimum of 30 percent up to then, for the first time proposed that this be cut to 25 percent stating this to be the estimated increase in the cost of living during the 5-year period to March 1974.[8]

The only argument advanced in the Report for this change in position is "the obvious need for moderation implicit in the present economic environment." We regard this action not as "moderation" but rather as "penuriousness." For according to the Report's specific findings and conclusions which we have quoted above, the Board's present reduced recommendation of 25 percent is approximately 23 percent lower than the figure which would be produced by the President's Phase II "Guidelines," and it is 20 percent below executive compensation in industry and State and local governments.

How can it be "simple equity," as the Report terms it, to deny to every member of three groups of important Government officials increases that would conform to the Guidelines promulgated by the President of the United States pursuant to Act of Congress, and to the national pattern for executives in industry and State and local governments. The Report's belated reduction of the proposed increases from 30 percent to 25 percent becomes even more incomprehensible in view of its recognition of the facts that (1) these officials will have suffered through 5 years of one of the greatest inflationary periods in history with no salary increases, and (2) even if these officials receive increases in March 1974, under present legislation they are faced with the prospect of no salary increases again during the following 3 years at least. In the meanwhile, if executives in industry and State and local governments, and other Federal Government officials, receive only 5.5 percent a year during those 3 years, certainly a minimum prospect by any standard, their compensation will, by the end of that 3-year period, have been increased an additional 17.4 percent.

The Report states that the cost of its recommended salary adjustments would be a total of $25 million. To increase these salaries by 30 percent, rather than 25 percent, would cost the Government an additional $5 million. Can anyone argue that, within the framework of the Federal budget or otherwise, to grant this $5 million, divided among all of the officials involved, would be inflationary or would violate "the obvious need for moderation?"

We have addressed ourselves to the economic justification for the increases. There is a moral obligation, too.

The Report deals so amply with the executive branch that we do not labor that subject further.

As to the Members of the Congress, the difficulty of their position is obvious. One-third of the Members of the Senate and all of the Members of the House of Representatives come up for election in 1974. They are the most likely group to be met with the impact of possible public reaction to increases, which though moderate, would appear high to the uninformed, to those who do not realize that the increases are "catch-up" for 5 years of no increases whatever. Some of this could be remedied by appropriate and forceful presentations to the public through the media and to the leaders of the important groups of our citizenry. It is our belief that leaders in agriculture, business, labor, the professions, and other groups would be willing to take up the cudgels if before the President's next budget message, they were to be properly briefed. The American Bar Association, which sponsored the legislation creating the original Commission on Judicial and Congressional Salaries and strongly supported the legislation creating the present Commission and its predecessor, has announced its unequivocal support for substantial increases for the executives, legislative, and judicial officials involved.

This situation created by the necessity of salary catch-up for our highest Government officials is not new. It has existed throughout our history. From 1789 to 1954, when Congress acted on the recommendations of the first Commission with jurisdiction over judicial and congressional salaries, adjustments in compensation of Members of Congress and the Federal judges were made on the average, once in every 20 years. Since 1954, this long period lag has been improved, but until we have a Commission charged with the responsibility for continuous review of the salaries of these officials, or at least biennial Commissions as the Report proposes, there will be a minimum 4-year lag and as in the present instance, even this may be prolonged. The current situation is aggravated by the severe inflationary pressures which have occurred and the steady erosion of actual income which this has produced. The officials involved can never be made whole; the losses they have incurred by virtue of having received no increases whatever year after year during whatever period is involved—5 years in this instance—is lost to them forever. And when salary adjustments are finally considered, they are of such magnitude that to an uninformed public they seem exorbitant and to Members of the Congress in the sensitive position of coming up for election, the situation seems ominous. But the history of our Country demonstrates that reasoned and restrained action by the Congress has never resulted in adverse consequences at the polls.

So much for the Members of Congress. The situation which the absence of any salary adjustment for 5 years has created for Federal judges, and as a result for the public interest as well, is critical.

It is essential that among the appointees to the Judiciary, there be a substantial number of the most able and talented young men and women. Yet, these are the very persons who are least able to make the financial sacrifice which leaving the Bar and ascending to the Bench involves today. Anyone who has been connected with judicial selection knows how many times recruitment of the most qualified lawyers among those available for judicial appointment is frustrated by their inability to accept the financial sacrifice that is entailed. We are sure we need not emphasize that compensation is not the primary attraction for those who aspire to judicial service. There is the prestige of the judge, the opportunity for enriching and rewarding service in pursuit of the highest aspiration of a people—justice under law. But judges have family obligations, too; children who go to college, all the economic pressures of a mounting economy. A differential, even a substantial differential, between earnings of the lawyer of ability and the judge of ability is to be expected, and judges do not complain of this. But the differential should not be allowed to become so great that it becomes intolerable.

A Federal judgeship is a lifetime appointment. Under prevailing standards of judicial conduct, the judge gives up virtually all opportunity for outside income. Yet, he must maintain a standard of living consistent with his position. Under these circumstances, he is especially hard hit if, when his salary is finally reviewed, the disproportion he already suffers as compared with his counterpart in private practice, is aggravated by failure to afford him even the percentage increases enjoyed by everyone else except his fellow sufferers in the Congress and the Executive branch.

We are faced with grave consequences growing out of the current situation. In the first place, recruitment of the kind of judges all of us want to see on the Bench is becoming more difficult; and now again, as in 1953 when the first Commission met, we are faced by the spectre of resignations of judges who simply cannot subject their families any longer to the financial pressures

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Footnotes at end of article.

of the situation. We do not mean to indicate that if the increase were to be 25 percent rather than 30 percent, there would be a general exodus from the Bench. But there would be a lowering of morale; and there would be an increasing realization on the part of the kind of lawyers we want to attract to the Bench that challenging and inspiring as judicial service is and great as might be the financial sacrifice they would be willing to make, the future is simply to bleak to permit the sacrifice entailed for them and their families.

It is a mistake to believe that the public cannot be educated to understand and appreciate the need for a 30-percent increase in salary for executive, legislative, and judicial officials who have sat by for 5 years without receiving any of the increases enjoyed annually by the rest of the economy.

A dramatic demonstration of this fact came when, as a result of the recommendation of the first Commission on Judicial and Congressional Salaries 2 decades ago, the Congress voted increases of 50 percent in the salaries of District Judges and Members of the Congress, with slightly lower percentages for Supreme Court Justices and judges of the Courts of Appeals. Despite these substantial increases, the response of the Country was largely favorable, as were most of the many editorials throughout the Country. And it can be stated categorically that there were no adverse consequences at the following congressional elections. This was largely attributed to the fact that the Commission had solicited the views of more than 10,000 editors of daily and weekly newspapers, and of publications in the fields of agriculture, business, labor, the professions, and civic, veteran and women's groups; that it had conducted extensive public hearings in the Senate Caucus Room, nationally broadcast and televised, at which present and past members of the Judiciary, the Congress, and the President's Cabinet, as well as representatives of groups having a total membership of more than 30 million people in almost every State in the Country, appeared as witnesses or made written submissions; and that when the Report was officially filed with the President and other officials designated in the statute, extensive press conferences followed. We believe that great benefit would derive if this last procedure were followed here, as the Commission plans to do if afforded the opportunity.

A very recent example occurred in Pennsylvania, whose population certainly represents a microcosm of the Nation insofar as its mix of both rural and urban communities is concerned. There, a continuing Commission had been appointed by the executive, legislative, and judicial heads of the government, in approximately the same manner as our Commission was appointed. The only difference is that that Commission's recommendations go directly to the legislature and become effective in the absence of rejection by the legislature.

The Commission's recommended salary increases for the Governor and heads of the executive departments ranged from 33⅓ percent to 60 percent, and for judges from 33⅓ percent to 44 percent.[9] At first, the adverse public reaction to some of these increases, especially for the legislature, was so great that substantially lower salaries than those recommended by the Commission were adopted by the legislature. Then, the educational process by the Commission began. Now came favorable editorials and improved public response. In the latter part of 1972, the legislature permitted the full salary increases recommended by the Commission to go into effect.

We have been advised that there is no responsible view anywhere in Pennsylvania that legislators will suffer political consequences by virtue of those merited, though substantial, increases which came, by coincidence, after 5 years of no salary increase at all.

In conclusion, the statistics and considerations cited in the Report, the public interest, and the overriding factor of justice amply justify, indeed urgently require, that salary increases of not less than 30 percent be provided for the executive, legislative and judicial officials covered by Public Law 90-206 (81 Stat. 642).[10]

BERNARD G. SEGAL,

Joined in by:

WILLIAM T. GOSSETT,
JOHN H. LYONS.

FOOTNOTES

[1] Each branch of the Federal Government, by separate legislation, has its own salary schedule for top officials. A list of the positions covered by each schedule appears on page 27. For the purposes of this report the term "Executive Schedule" will be used to connote the salary schedules of all three branches.

[2] Excluding the President, the Vice President, the President Pro Tempore of the Senate, the Speaker, and the Majority and Minority Leaders of the two Houses of Congress. The compensation of these positions is covered by other legislation. We will comment on this exclusion in our Recommendations.

[3] Comprehensive salary data are in Appendixes D-I to D-XVI.

[4] Public Law 92-428 (September 21, 1972) provides that the pay of part-time magistrates be not less than $100 a year, and not more than that of part-time referees or $15,000 whichever is less.

[5] The Report recommends increases of $10,000 in the salaries of Secretaries, and of the Chief Justice and the Associate Justices of the Supreme Court, or approximately 17 percent. We recommend that the increase for these officials be $13,000, or approximately 22 percent.

[6] Unfortunately, it is not possible for us to give page citations to the quoted portions of the Report since the Report and this statement of Concurrence and Dissent must be handed simultaneously to the Government Printing Office for printing.

[7] Only at the very last session did any Commissioner suggest that the Commission recommend that no salary increases be granted.

[8] The 25 percent figure includes an estimated increase of 5 percent in the cost of living for 1973. This appears to be too conservative an estimate. As this Concurrence and Dissent is being written, the Department of Agriculture reports that despite controls, food prices have increased 12½ percent thus far this year.

[9] It is not possible to give the percentages for the legislature since the increases included conversion from unreported expense allowances to salary.

[10] The same considerations call for salary increases of no less than $13,000 for Secretaries, and for the Chief Justice and the Associate Justices of the Supreme Court.

APPENDICES

Appendix A

Legislative provisions establishing the Commission on Executive, Legislative, and Judicial Salaries, and a method of setting the rates of such salaries

Public Law 90-206 (81 Stat. 642)
Approved December 16, 1967

Commission on Executive, Legislative, and Judicial Salaries

SEC. 225. (a) ESTABLISHMENT OF COMMISSION.—There is hereby established a commission to be known as the Commission on Executive, Legislative, and Judicial Salaries (hereinafter referred to as the "Commission").

(b) MEMBERSHIP.—

(1) The Commission shall be composed of nine members who shall be appointed from private life, as follows:

(A) three appointed by the President of the United States, one of whom shall be designated as Chairman by the President;

(B) two appointed by the President of the Senate;

(C) two appointed by the Speaker of the House of Representatives; and

(D) two appointed by the Chief Justice of the United States.

Terms of office

(2) The terms of office of persons first appointed as members of the Commission shall be for the period of the 1969 fiscal year of the Federal Government, except that, if any appointment to membership on the Commission is made after the beginning and before the close of such fiscal year, the term of office based on such appointment shall be for the remainder of such fiscal year.

(3) After the close of the 1969 fiscal year of the Federal Government, persons shall be appointed as members of the Commission with respect to every fourth fiscal year following the 1969 fiscal year. The terms of office of persons so appointed shall be for the period of the fiscal year with respect to which the appointment is made, except that, if any appointment is made after the beginning and before the close of any such fiscal year, the term of office based on such appointment shall be for the remainder of such fiscal year.

(4) A vacancy in the membership of the Commission shall be filled in the manner in which the original appointment was made.

Compensation: travel expenses

(5) Each member of the Commission shall be paid at the rate of $100 for each day such member is engaged upon the work of the Commission and shall be allowed travel expenses, including a per diem allowance, in accordance with section 5703(b) of title 5, United States Code, when engaged in the performance of services for the Commission.

80 Stat. 499

(c) PERSONNEL OF COMMISSION.—

80. Stat. 443, 387; Ante, p., 625

(1) Without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and the provisions of chapter 51 and subchapter III of chapter 53 of such title, relating to classification and General Schedule pay rates, and on a temporary basis for periods covering all or part of any fiscal year referred to in subsection (b) (2) and (3) of this section—

Ante, p. 638

(A) the Commission is authorized to appoint an Executive Director and fix his basic pay at the rate provided for level V of the Executive Schedule by section 5316 of title 5, United States Code; and

(B) with the approval of the Commission, the Executive Director is authorized to appoint and fix the basic pay (at respective rates not in excess of the maximum rate of the General Schedule in section 5332 of title 5, United States Code) of such additional personnel as may be necessary to carry out the function of the Commission.

Personnel detail

(2) Upon the request of the Commission, the head of any department, agency, or establishment of any branch of the Federal Government is authorized to detail, on a reimbursable basis, for periods covering all or part of any fiscal year referred to in subsection (b) (2) and (3) of this section, any of the personnel of such department, agency, or establishment to assist the Commission in carrying out its function.

(d) USE OF UNITED STATES MAILS BY COMMISSION.—The Commission may use the United States mails in the same manner and upon the same conditions as other departments and agencies of the United States.

(e) ADMINISTRATIVE SUPPORT SERVICES.—The Administrator of General Services shall provide administrative support services for the Commission on a reimbursable basis.

(f) FUNCTION.—The Commission shall conduct, in each of the respective fiscal years referred to in subsection (b) (2) and (3) of this section, a review of the rates of pay of—

(A) Senators, Members of the House of Representatives and the Resident Commissioner from Puerto Rico;

(B) offices and positions in the legislative branch referred to in subsections (a), (b), (c), and (d) of section 203 of the Federal Legislative Salary Act of 1964 (78 Stat. 415; Public Law 88–426);

(C) justices, judges, and other personnel in the judicial branch referred to in sections 402(d) and 403 of the Federal Judicial Salary Act of 1964 (78 Stat. 434; Public Law 88–426); and

(D) offices and positions under the Executive Schedule in subchapter II of chapter 53 of title 5, United States Code.

(E) the Governors of the Board of Governors of the United States Postal Service appointed under section 202 of Title 39.

80 Stat. 460; Ante p. 638

Such review by the Commission shall be made for the purpose of determining and providing—

(i) the appropriate pay levels and relationships between and among the respective offices and positions covered by such review, and

(ii) the appropriate pay relationships between such offices and positions and the offices and positions subject to the provisions of chapter 51 and subchapter III of chapter 53 of title 5, United States Code, relating to classification and General Schedule pay rates.

80 Stat. 443, 467; Ante, p. 625

(g) REPORT BY COMMISSION TO THE PRESIDENT.—The Commission shall submit to the President a report of the results of each review conducted by the Commission of the offices and positions within the purview of subparagraphs (A), (B), (C), and (D) of subsection (f) of this section, together with its recommendations. Each such report shall be submitted on such date as the President may designate but not later than January 1 next following the close of the fiscal year in which the review is conducted by the Commission.

"Budget"

(h) RECOMMENDATIONS OF THE PRESIDENT WITH RESPECT TO PAY.—The President shall include, in the budget next transmitted by him to the Congress after the date of the submission of the report and recommendations of the Commission under subsection (g) of this section, his recommendations with respect to the exact rates of pay which he deems advisable, for those offices and positions within the purview of subparagraphs (A), (B), (C), and (D) of subsection (f) of this section. As used in this subsection, the term "budget" means the budget referred to in section 201 of the Budget and Accounting Act 1921, as amended (31 U.S.C. 11).

64 Stat. 832; 72 Stat. 852

(i) EFFECTIVE DATE OF RECOMMENDATIONS OF THE PRESIDENT.—

(1) Except as provided in paragraph (2) of this subsection, all or part (as the case may be) of the recommendations of the President transmitted to the Congress in the budget under subsection (h) of this section shall become effective at the beginning of the first pay period which begins after the thirtieth day following the transmittal of such recommendations in the budget; but only to the extent that, between the date of transmittal of such recommendations in the budget and the beginning of such first pay period—

(A) there has not been enacted into law a statute which establishes rates of pay other than those proposed by all or part of such recommendations,

(B) neither House of the Congress has enacted legislation which specifically disapproves all or part of such recommendations, or

(C) both.

(2) Any part of the recommendations of the President may, in accordance with express provisions of such recommendations, be made operative on a date later than the date on which such recommendations otherwise are to take effect.

(j) EFFECT OF RECOMMENDATIONS OF THE PRESIDENT ON EXISTING LAW AND PRIOR PRESIDENTIAL RECOMMENDATIONS.—The recommendations of the President transmitted to the Congress immediately following a review conducted by the Commission in one of the fiscal years referred to in subsection (b) (2) and (3) of this section shall be held and considered to modify, supersede, or render inapplicable, as the case may be, to the extent inconsistent therewith—

(A) all provisions of law enacted prior to the effective date or dates of all or part (as the case may be) of such recommendations (other than any provision of law enacted in the period specified in paragraph (1) of subsection (i) of this section with respect to such recommendations), and

(B) any prior recommendations of the President which take effect under this section.

Publication in Federal Register

(k) PUBLICATION OF RECOMMENDATIONS OF THE PRESIDENT.—The recommendations of the President which take effect shall be printed in the Statutes at Large in the same volume as public laws and shall be printed in the Federal Register and included in the Code of Federal Regulations.

APPENDIX B.—COMPENSATION OF MAJOR FEDERAL OFFICIALS 1789–1972

Calendar year change effective	President	Vice President	Speaker of the House	Majority and Minority Leaders[1]	President Pro-Tem of the Senate[2]	Congressman and Senators	Chief Justice of the Supreme Court	Associate Justices of the Supreme Court	Executive Level I (Secretaries of Departments)[3]	Executive Level II[4]	Executive Level III[4]	Executive Level IV[4]	Executive Level V[4]
1789	$25,000	$5,000	[5] $12			[5] $6	$4,000	$3,500	$1,000–$3,500				
1792									1,500–3,500				
1795						[5] [6] 7							
1796						[5] [7] 6							
1797									2,000–3,500				
1799									3,000–5,000				
1815			3,000			1,500							
1817			[5] 16			[5] 8							
1819							5,000	4,500	3,500–6,000				
1830									4,000–6,000				
1850									6,000				
1853		8,000							8,000				
1855			6,000			3,000	6,500	6,000					
1865			8,000			5,000							
1871							8,500	8,000					
1873	50,000	10,000	10,000			7,500	10,500	10,000	10,000				
1874		8,000	8,000			5,000			8,000				
1903							13,000	12,500					
1907		12,000	12,000			7,500			12,000				
1909	75,000												
1912							15,000	14,500					
1925		15,000	15,000			10,000			15,000				
1927							20,500	20,000					
1932		12,750	12,750			9,000			13,725				
1933						8,500			12,750				
1934:													
February		13,500	13,500			9,000			13,500				
July		14,250	14,250			9,500			14,250				
1935		15,000	15,000			10,000			15,000				
1946							25,500	25,000					
1947		20,000	20,000			12,500							
1949	100,000	30,000	30,000						22,500				
1955		35,000	35,000			22,500	35,500	35,000					
1956									25,000	$22,500 or 22,000	$21,000 or 20,500	$20,500 or 20,000	$19,000 or 17,500
1964		43,000	(8)	(8)		(8)	40,000	39,500	35,000	30,000	28,500	27,000	26,000
1965			43,000	$35,000		30,000							
1967											29,500	28,750	28,000
1969	200,000	62,500	62,500	49,500	$49,500	42,500	62,500	60,000	60,000	42,500	40,000	38,000	36,000

[1] Salary same as Congressman until 1965.

[2] Salary same as Senator until 1969.

[3] Salaries of heads of different departments varied during early years. After 1850, with minor exceptions, all department heads received the same salary.

[4] Executive salary schedule levels not established until 1964. However, 1956 act consolidated a large number of executive level positions in one list and, generally, the positions later placed in the respective executive schedule levels were placed at one of the two salaries shown.

[5] Amount per day.

[6] Compensation of Senators raised to $7 a day. Compensation of Representatives remained at $6 a day.

[7] Pay differential between Senate and House was removed when Congress did not renew provision for higher Senate compensation.

[8] Congressional salary changes in the 1964 act were not effective until January 1965.

Sources: Measures of Federal Salaries, Monthly Labor Review, October 1964, pp. 1143–1148, United States Code. United States Statutes at Large.

APPENDIX C

SALARIES OF MAJOR FEDERAL OFFICIALS, 1968 RECOMMENDATIONS OF COMMISSION ON EXECUTIVE, LEGISLATIVE, AND JUDICIAL SALARIES AND 1969 SALARY CHANGES

Positions	1968 salary	1968 recommendation	Current salaries (1969 action)
Chief Justice	$40,000	$67,500	$62,500
Executive Level I	35,000	60,000	60,000
Associate Justice	39,500	65,000	60,000
Executive Level II	30,000	50,000	42,500
Senators and Representatives	30,000	50,000	42,500
Comptroller General	30,000	50,000	42,500
Judges, Circuit Courts of Appeals	33,000	50,000	42,500
Judges, Court of Claims	33,000	50,000	42,500
Judges, Court of Military Appeals	33,000	50,000	42,500
Judges, Court of Customs and Patent Appeals	33,000	50,000	42,500
Executive Level III	29,500	46,000	40,000
Judges, U.S. District Courts	30,000	47,500	40,000
Judges, Customs Court	30,000	47,500	40,000
Judges, Tax Court	30,000	47,500	40,000
Director, Administrative Office of U.S. Courts	30,000	47,500	40,000
Assistant Comptroller General	$29,500	$46,000	$40,000
Executive Level IV	28,750	43,000	38,000
General Counsel, GAO	28,750	43,000	38,000
Librarian of Congress	28,750	43,000	38,000
Public Printer	28,750	43,000	38,000
Architect of the Capitol	28,750	43,000	38,000
Executive Level V	28,000	40,000	36,000
Commissioners, Court of Claims	29,000	40,000	36,000
Deputy Director, Administrative Office of U.S. Courts	28,000	40,000	36,000
Referees in Bankruptcy (full time)	22,500	40,000	36,000
Deputy Librarian of Congress	27,500	40,000	36,000
Deputy Public Printer	27,500	40,000	36,000
Assistant Architect of the Capitol	27,500	40,000	36,000
Referees in Bankruptcy (part time)	11,000	20,000	18,000

APPENDIX D-I

TABLE I.—CHANGES IN AVERAGE ANNUAL TOTAL COMPENSATION FOR THREE HIGHEST PRIVATE INDUSTRY EXECUTIVES (1967–71)

[Total compensation defined as salary plus bonuses, but excluding fringe benefits]

Type of industry	Executive rank	1967	1971	4-year percent change, 1967–71
Manufacturing	1st	$113,000	$135,000	19.5
	2d	80,000	98,000	22.5
	3d	65,000	80,000	23.1
Retail	1st	120,000	125,000	4.2
	2d	93,000	96,000	3.2
	3d	71,000	80,000	12.7
Gas and electric utilities	1st	83,000	91,000	9.6
	2d	53,000	60,000	13.2
	3d	43,000	49,000	14.0
Commercial banking	1st	$60,000	$73,000	21.7
	2d	43,000	50,000	16.3
	3d	34,000	40,000	17.6
Life insurance	1st	50,000	70,000	40.0
	2d	35,000	45,000	28.6
	3d	30,000	40,000	33.3
Fire, marine and casualty insurance	1st	50,000	60,000	20.0
	2d	35,000	45,000	28.6
	3d	28,000	37,000	32.1

Source: National Industrial Conference Board (NICB) study, "Top Executive Compensation."

APPENDIX D-II

TABLE II.—PERCENTAGE CHANGES IN TOTAL COMPENSATION PAID TO TOP EXECUTIVES BY INDUSTRY (1967–71)

Industry	Percent increase in total compensation over previous year: 1968	1969	1970	1971	4-year percent change, 1968–71
Manufacturing:					
Durable goods	3.8	5.3	6.8	0.7	17.6
Nondurable goods	2.2	5.1	5.4	5.2	19.1
Petroleum and natural gas	2.8	6.6	5.9	5.3	22.2
Wholesale and retail trade	3.5	3.7	8.2	3.9	20.7
Utilities	3.9	6.3	7.4	6.2	26.0
Construction	3.8	−.7	1.7	−1.1	3.7
Finance and insurance	4.4	5.7	8.5	5.5	26.3
Billion dollar companies	1.4	5.3	5.7	3.0	16.3
Average weighted by number of companies in surveys	3.4	5.2	6.6	3.7	20.3

Note: "Total compensation" is defined as the sum of salary and bonus.

Source: 19th to 22d editions, 1968–71, "Top Management Report," Executive Compensation Service, American Management Association.

APPENDIX D-III

TABLE III.—NATIONAL SURVEY OF PROFESSIONAL, ADMINISTRATIVE, TECHNICAL, AND CLERICAL PAY, BUREAU OF LABOR STATISTICS

	Annual percentage increase: 1967 to 1968	1968 to 1969	1969 to 1970	1970 to 1971	4-yr percent change 1967–71
Clerical workers (equivalent to GS 1–4)	5.1	5.5	6.2	6.2	25.1
Junior professional and managerial (equivalent to GS 5–10)	5.8	6.5	6.3	6.3	27.3
Senior professional and managerial (equivalent to GS 11–15)	4.7	5.9	6.4	6.2	25.3

APPENDIX D-IV

TABLE IV.—PAY TRENDS (BELOW EXECUTIVE LEVELS), BUREAU OF LABOR STATISTICS

Industry classification	1967	1971	4-yr percent change, 1967–71
I. Production and nonsupervisory workers (average hourly earnings including overtime):			
Total private industry	$2.68	$3.43	28
Mining	3.19	4.05	27
Contract construction	4.11	5.72	39
Manufacturing	2.83	3.57	26
Transportation and public utilities	3.24	4.21	30
Trade—retail and wholesale	2.24	2.87	28
Finance, insurance and real estate	2.58	3.28	27
Services	2.29	2.99	31
II. Union hourly wage rates (index—as of July 1):			
Building trades—journeymen	100.0	144.0	44
Building trades—helper—laborer	100.0	143.9	44
Printing trades—book and job	100.0	133.7	34
Printing trades—newspaper	100.0	133.1	33
Local truck drivers	100.0	137.8	38
Local truck helpers	100.0	138.8	39
Local transit operating employees	100.0	135.8	39
III. Urban public teachers (average annual salary)	$7,486	$9,799	31
IV. Urban firemen (average annual salary)	6,264	8,513	36
V. Urban policemen (average annual salary)	6,482	8,898	35

APPENDIX D-V

TABLE V.—SUMMARY OF 8 CATEGORIES OF STATE AND LOCAL GOVERNMENT POSITIONS IN 5 PAY BRACKETS[1] ABOVE $36,000 AS OF MAR. 31, 1972

	$65,000 and above	$55,000 to $64,999	$45,000 to $54,999	$40,000 to $44,999	$36,000 to $39,999	Total
Governors	5	5	14	8	5	37
State administrative and professional positions		5	6	49	83	143
Mayors, city and county managers		1	8	15	17	41
City and county administrative and professional positions		3	29	89	176	297
Superintendents and other public school officers		1	6	12	38	57
Positions in institutions of higher education	3	8	80	308	226	625
Public corporation positions	6	9	21	29	32	97
Judiciary			54	320	187	561
Total	14	32	218	830	764	1,858

[1] Value of emoluments, as reported or estimated, has been added to salary to determine total pay.

Source: Survey of pay rates of $36,000 or more in State and local government—U.S. Civil Service Commission.

APPENDIX D-VI

TABLE VI.—CHANGES IN AVERAGE SALARIES OF EXECUTIVES AND OFFICIALS BY OCCUPATIONAL GROUPING

Occupational grouping	Average number of positions	1967–68 average salary	1971–72 average salary	4-year percent change
I. School superintendents:				
A. Over $36,000 in 1972	41	$30,412	$39,962	31.4
II. State Governors:				
A. 15 largest States by number of employees	15	35,173	43,298	23.1
B. All 50 States	50	27,647	33,439	20.9
III. State government:				
A. Top 5 administrative officials in 15 States	75	24,551	30,480	24.1
B. State appellate courts of last resort	328	24,688	29,745	20.5
IV. Public universities:				
A. Presidents of universities with over 30,000 total enrollment	20	40,045	46,015	14.9
B. Presidents of universities whose 1972 salary is $36,000 or more	98	34,901	41,824	19.8
C. Changes in salaries of 3 highest paid university officials	39	37,253	43,059	15.6
V. City and county managers:				
A. Jurisdictions with populations of 1,000,000 or more	8	33,144	42,566	28.4
B. Jurisdictions with populations of 500,000 to 1,000,000	10	31,556	39,553	25.3
C. Jurisdictions with populations of 100,000 to 500,000	56	25,324	31,341	23.8
D. Jurisdictions with populations of less than 100,000	146	$22,204	$27,737	24.9
VI. Private sector:				
A. Medial total compensation of 3 highest company executives weighted by number of companies:				
1st	1,255	91,064	108,553	19.2
2d	1,255	64,409	77,516	20.4
3d	1,255	53,536	63,603	21.5
B. Median total compensation of 3 highest company executives weighted by industry contribution to national income:				
1st	1,255	110,294	126,233	14.5
2d	1,255	80,243	92,787	15.6
3d	1,255	63,832	76,246	19.5
C. Percentage increases in executive salaries by industry (AMA Top Management Report)	31,985			22.6
D. Percentage increases in total compensation paid to executives by industry (AMA)	31,985			20.3
VII. Others:				
A. Federal Reserve Bank Presidents	12	46,333	56,500	21.9

APPENDIX D-VII

TABLE VII.—SALARIES OF STATE EMPLOYEES

[Averages for 50 States]

Program and position	Average maximum salary		4-year percent 1967–71 change
	July 1967	July 1971	
Employment security:			
State director	$15,324	$20,590	34.4
Chief of benefits	13,004	16,859	29.6
Director, research and statistics	13,557	17,691	30.5
Public welfare:			
Director, research and statistics	13,380	71,119	27.9
Director, social services	14,102	18,540	31.5
Public health:			
Director, health statistics	13,332	16,796	26.0
Director, public health engineering	$17,945	$22,727	26.6
Health officer	17,078	22,303	30.6
Director, public health nursing	13,743	17,619	28.2
Director, public health education	12,907	16,028	24.2
Mental health:			
Psychiatrist	20,765	26,029	25.3
Director, vocational rehabilitation	16,497	22,050	33.7
Civil defense: Deputy	12,474	15,882	27.3

Source: U.S. Civil Service Commission.

APPENDIX D-VIII

TABLE VIII.—CHANGES IN THE DIRECT SALARIES OF GOVERNORS IN 15 LARGE STATES (1967–71)

[Ranked by number of State employees]

State	Number of employees, October 1970	Governor's salary, 1967	Governor's salary, 1971	4-year percent change
California	239,353	$44,100	$49,100	11.3
New York	201,214	50,000	85,000	70.0
Texas	133,067	40,000	58,500	46.3
Illinois	132,243	30,000	45,000	50.0
Pennsylvania	131,730	45,000	45,000	
Michigan	120,906	40,000	45,000	12.5
Ohio	106,558	40,000	40,000	
Florida	78,638	36,000	36,000	
Virginia	74,491	30,000	35,000	16.7
North Carolina[1]	71,238	25,000	35,000	40.0
Indiana[2]	70,450	$25,000	$25,000	
Massachusetts	66,998	35,000	40,000	14.3
Washington	65,770	32,500	32,500	
New Jersey	64,950	35,000	50,000	42.9
Louisiana	64,544	20,000	28,374	41.9
Total	1,623,150	527,600	649,474	
Average	108,210	35,173	43,298	23.1
Median	78,638	35,000	40,000	14.3

[1] Effective Jan. 1, 1973, the Governor's salary increased to $38,500.

[2] Effective Jan. 1, 1973, the Governor's salary increased to $36,000.

Source: "Book of the States, Council of State Governments," 1968–69 edition and 1972–73 edition.

APPENDIX D-IX

TABLE IX.—CHANGES IN SALARIES OF 5 TOP ADMINISTRATIVE OFFICIALS IN 15 LARGE STATES (1967-71)

[Ranked by number of State employees]

State	Number of State employees	Average salary of 5 administrative officials [1] 1967	Average salary of 5 administrative officials [1] 1971	4-year percent change
California	239,353	$26,764	$38,000	42.0
New York [2]	201,214	35,359	44,085	24.7
Texas	133,067	25,900	30,100	16.2
Illinois	132,243	28,500	31,000	8.8
Pennsylvania	131,730	25,500	25,500	---
Michigan	120,906	27,900	33,500	20.1
Ohio	106,558	24,984	24,984	---
Florida	78,638	[3] 31,396	33,600	7.0
Virginia	74,491	18,500	26,782	44.8
North Carolina	71,238	$20,100	$29,643	47.5
Indiana	70,450	19,522	26,016	33.3
Massachusetts	66,998	21,600	27,604	27.8
Washington	65,770	20,500	21,900	6.8
New Jersey [4]	64,950	24,100	37,570	55.9
Louisiana	64,544	17,640	26,918	52.6
Average		24,551	30,480	24.1
Median		24,984	29,643	18.6

[1] Secretary of State, Attorney General, Treasurer, Finance or Administration, Health.
[2] Secretary of State, Attorney General, Controller, Budget, Health.
[3] Effective July 1968, in lieu of finance or administration, includes controller.
[4] In lieu of finance or administration, includes budget.

Source: "Book of the States, Council of State Governments," 1968-69 edition and 1972-73 edition.

APPENDIX D-X

TABLE X.—SALARIES OF JUDGES OF STATE APPELLATE COURTS OF LAST RESORT (EXCLUDES ALLOWANCES)

State	Number of judges	1968	1972	4-year percent change 1968-72
Alabama	9	$19,500	$22,500	15
Alaska	5	20,000	36,000	80
Arizona	5	19,500	23,500	21
Arkansas	7	20,000	23,600	18
California	7	32,000	42,747	34
Colorado	7	22,000	27,500	25
Connecticut	6	29,000	29,000	---
Delaware	3	24,500	34,000	39
Florida	7	34,000	34,000	---
Georgia	7	26,500	32,500	23
Hawaii	5	27,000	32,670	21
Idaho	5	20,000	25,000	25
Illinois	7	37,500	40,000	7
Indiana	5	22,500	29,500	31
Iowa	9	22,000	25,000	14
Kansas	7	21,500	23,500	9
Kentucky	7	20,000	26,000	30
Louisiana	7	25,000	37,500	50
Maine	6	20,000	21,250	6
Maryland	7	32,500	40,000	23
Massachusetts	7	29,700	33,800	14
Michigan	7	35,000	42,000	20
Minnesota	7	26,000	32,500	25
Mississippi	9	19,000	26,000	37
Missouri	7	26,500	26,500	---
Montana	5	17,000	22,500	32
Nebraska	7	20,500	25,000	22
Nevada	5	22,000	28,000	27
New Hampshire	5	22,880	27,500	20
New Jersey	7	31,000	45,000	45
New Mexico	5	20,000	22,500	13
New York	7	39,500	45,150	14
North Carolina	7	27,000	33,000	22
North Dakota	5	18,000	22,000	22
Ohio	7	24,000	30,000	25
Oklahoma	9	16,500	25,000	52
Oregon	7	23,500	26,500	13
Pennsylvania	7	37,500	37,500	---
Puerto Rico	9	22,000	27,000	23
Rhode Island	5	25,000	25,000	---
South Carolina	5	24,500	35,000	43
South Dakota	5	17,500	20,500	17
Tennessee	5	24,000	24,000	---
Texas	9	27,000	33,000	22
Utah	5	16,500	23,000	39
Vermont	5	21,000	25,000	19
Virginia	7	22,500	31,000	38
Washington	9	27,500	27,500	---
West Virginia	5	25,500	27,500	8
Wisconsin	7	24,000	28,000	17
Wyoming	4	16,500	22,500	36
Total	328	1,244,080	1,505,217	---
Average annual salary		24,394	29,514	21

Source: "Book of the States, Council of State Governments," vol. XVII (1968-69), pp. 112 and 113; vol. XIX (1972-73), pp. 128 and 129.

APPENDIX D-XI

TABLE XI.—SALARIES OF INTERMEDIATE APPELLATE COURT JUDGES IN 6 LARGE STATES

	Number of judges	1968	1972	4-yr percent change
California	39	$30,000	$40,076	33.6
Illinois	24	35,000	37,500	7.1
Maryland	5	27,500	37,500	36.4
Michigan	9	32,500	38,500	18.5
New Jersey	12	27,000	42,000	55.6
New York	26	40,000	45,521	13.8

Source: "Book of the States, Council of State Governments," vol. XIX, 1972.

APPENDIX D-XII

TABLE XII.—CHANGES IN SALARIES OF PUBLIC UNIVERSITY PRESIDENTS (CHANCELLORS) (1968-72)

[Ranked by size of total enrollment of 30,000 or more]

	Total enrollment, fall 1969 [1]	Salary 1968	Salary 1972	4-year percent change
University of California	142,052	$45,000	$45,000	---
University of Minnesota	70,234	42,000	49,500	17.9
University of Wisconsin [2]	68,176	47,000	45,000	−4.3
Indiana University	54,203	45,000	45,000	---
University of Illinois	54,076	50,000	51,000	2.0
Ohio State University	48,747	40,000	50,000	25.0
University of Maryland	48,293	35,000	45,000	28.6
University of Missouri	47,323	30,000	42,500	41.6
Michigan State University	44,274	38,000	47,500	25.0
University of Michigan	38,328	49,000	55,500	13.3
Purdue University	37,341	43,500	50,000	14.9
University of Texas System [3]	37,203	$51,000	$53,500	4.9
Southern Illinois University	36,515	36,000	44,000	22.2
University of Tennessee	36,303	25,000	45,000	80.0
Wayne State University	34,924	40,000	40,000	---
University of Nebraska	33,595	35,000	40,000	14.3
University of Washington	32,962	50,000	49,000	−2.0
Louisiana State University	32,635	35,000	40,000	14.3
University of Colorado	30,772	31,500	42,800	35.9
University of Hawaii	30,060	32,905	40,000	21.6
Average		40,045	46,015	14.9

[1] Includes students whose programs of study are creditable toward a bachelor's or higher degree and also undergraduate students in 1-, 2-, 3-year occupational programs which are not creditable toward a bachelor's degree. Many of the universities above have more than one campus. Enrollment shown is the combined figure for all campuses.

[2] Effective July 1, 1973, merger will be completed for a new University of Wisconsin System. The listed enrollment figures do not reflect the large addition of students from State colleges that will occur with that merger.

[3] Listed salaries for the chancellor of the University of Texas include an income supplement from foundations.

Sources: "U.S. Civil Service Commission Survey of Pay Rates in State and Local Government," 1968 and 1972. "Digest of Educational Statistics (1970)," U.S. Department of Health, Education, and Welfare, table 83, p. 64.

APPENDIX D-XIII

TABLE XIII.—CHANGES IN SALARIES OF 3 HIGHEST PAID OFFICIALS OF SELECTED PUBLIC UNIVERSITIES, 1968–72

University	1968 salary	1972 salary	4-year percent change
University of California:			
President	$45,000	$45,000	
Chancellor at Berkeley	42,000	44,000	+4.8
Executive vice president	42,500	42,500	
New York City college system:			
Chancellor	40,000	48,375	+20.9
President	35,000	41,275	+17.9
President	35,000	41,275	+17.9
University of Texas:			
Chancellor of system	51,000	53,500	+4.9
Director Medical School, Galveston	37,500	48,500	+29.3
Dean, Medical School, Dallas	33,500	46,000	+37.3
University of Minnesota:			
President	42,000	49,500	+17.9
Vice president, business affairs	33,250	40,000	+20.3
Vice president—academic administration	33,000	40,000	+21.2
University of Wisconsin:			
President	47,000	45,000	−4.3
Vice president	37,250	40,000	+7.4
Chancellor, Madison campus	36,000	40,750	+13.2
New York State University:			
Chancellor	45,000	52,300	+16.2
Vice chancellor	31,000	41,106	+32.6
Do	31,000	41,106	+32.6
University of Illinois:			
President	50,000	51,000	2.0
Provost	39,500	45,000	13.9
Vice president	39,500	42,000	6.3
Ohio State University:			
President	$40,000	$50,000	+25.0
Academic vice president	34,968	39,500	+13.0
Vice president, business	33,888	39,500	+16.6
Michigan State University:			
President	38,000	47,500	+25.0
Vice president, business	37,000	37,500	1.4
Provost	34,000	37,500	+10.3
Louisiana State University:			
President	35,000	40,000	+14.3
Chancellor, Medical School, New Orleans	28,000	42,000	+50.0
Dean, Medical School, New Orleans	30,000	40,000	+33.3
University of North Carolina:			
President	34,000	42,000	+23.5
Chancellor Chapel Hill	32,000	38,120	+19.1
Academic vice president	32,000	36,980	+15.6
University of Kentucky:			
President	35,000	42,500	+21.4
Dean Medical School	36,500	41,000	+12.3
Chairman, Medical School	34,000	38,000	+11.8
Purdue University:			
President	43,500	50,000	+14.9
Vice president, treasurer	37,000	42,000	+13.5
Vice president	32,000	37,000	+15.6
Total, all positions	1,452,856	1,679,287	+15.6
Average	37,253	43,059	+15.6

Source: "U.S. Civil Service Commission Survey of Pay Rates in State and Local Government," 1968 and 1972.

APPENDIX D-XIV

TABLE XIV.—SALARIES OF SUPERINTENDENTS OF PUBLIC SCHOOLS

Jurisdiction	Number of enrollees	School years 1966–67, salary	School years 1970–71, salary	4-year percent change
New York	1,143,853	$40,000	$48,000	20.0
Los Angeles	648,986	45,000	47,000	4.0
Chicago	576,253	48,500	56,000	15.0
Detroit	286,057	30,150	44,150	46.0
Philadelphia	249,093	36,000	42,500	18.0
Houston	241,419	27,500	41,500	51.0
Dade County, Fla	239,218	30,000	40,000	33.0
Baltimore	192,458	35,000	50,000	43.0
Dallas	164,214	35,000	37,500	7.0
Cleveland	149,334	39,500	39,500	
Prince Georges County, Md	147,233	32,500	42,500	31.0
District of Columbia	146,224	26,000	38,500	48.0
Milwaukee	130,540	31,998	39,498	23.0
San Diego	130,332	45,000	40,917	−9.0
Montgomery County, Md	125,344	27,000	38,000	41.0
Columbus, Ohio	108,311	30,000	41,500	38.0
Atlanta	105,815	27,500	37,500	36.0
Boston	95,972	30,000	42,560	42.0
San Francisco	86,205	35,000	42,000	20.0
Cincinnati	83,157	30,000	36,750	23.0
Newark	75,960	21,000	38,200	82.0
Portland, Oreg	74,949	30,000	36,500	22.0
Clark County, Nev	73,826	$28,000	$36,000	29.0
Buffalo	69,595	28,000	37,000	32.0
Long Beach, Calif	68,557	33,500	41,000	22.0
Minneapolis	67,158	35,000	40,000	14.0
Oakland	63,058	30,000	42,498	42.0
Akron	56,439	26,500	36,000	36.0
Greenville County, S.C	56,394	20,000	37,000	90.0
Flint, Mich	45,065	25,000	41,000	64.0
Richmond, Calif	41,313	25,000	36,732	47.0
Jersey City	38,392	25,950	37,350	44.0
Grand Rapids	34,980	24,000	37,500	56.0
Warren, Mich	32,257	23,000	37,000	61.0
Yonkers	30,716	28,500	36,000	26.0
Paterson, N.J	25,304	28,100	36,800	31.0
Brentwood, N.Y	21,906	21,200	36,000	70.0
Newton, Mass	17,812	28,500	40,000	40.0
Palo Alto, Calif	14,629	30,000	38,000	27.0
Inglewood, Calif	13,149	25,000	36,980	64.0
New Rochelle, N.Y	11,693	29,000	38,000	31.0
Average		30,412	39,962	31.4

Source: National Education Association, 1967 and 1971.

APPENDIX D-XV

TABLE XV.—CITY AND COUNTY MANAGER SALARIES, 1967–72

Jurisdiction	Population in thousands	1968 salary	1972 salary	4-year percent change 1968–72
A. Jurisdictions with populations of 1,000,000 or more:				
Los Angeles County, Calif	6,039	$38,520	$51,740	34.3
Orange, Calif	1,458	24,420	33,469	37.1
Orange County, Calif	1,458	36,000	41,748	16.0
San Diego County, Calif	1,318	35,208	41,748	18.6
Nassau County, N.Y	1,300	30,000	55,000	83.3
Dade County, Fla	1,268	32,500	37,500	15.4
Erie County, N.Y	1,087	32,500	36,750	13.1
Alameda County, Calif	1,059	36,000	42,576	18.3
B. Jurisdictions with populations of 500,000 to 1,000,000:				
Westchester County, N.Y	853	49,130	49,130	20.0
Dallas, Tex	844	30,000	43,888	46.3
Monroe County, N.Y	707	33,200	33,774	1.7
San Diego, Calif	697	35,200	38,820	10.3
San Bernardino County, Calif	672	31,942	36,991	15.8
San Antonio, Tex	654	25,000	34,500	38.0
Phoenix, Ariz	582	$26,052	$39,500	51.6
San Mateo County, Calif	551	29,208	42,768	46.4
Contra Costa County, Calif	550	31,500	39,204	24.5
Kansas City, Mo	545	32,500	36,750	13.1
C. Selected jurisdictions with populations of 100,000 to 500,000:				
Cincinnati, Ohio	453	40,000	40,000	0
Fort Worth, Tex	393	22,500	30,000	33.3
Toledo, Ohio	384	25,000	25,000	0
Ventura County, Calif	374	30,996	36,612	18.1
Oklahoma City, Okla	366	28,500	34,000	19.3
Oakland, Calif	362	35,000	43,800	25.1
Long Beach, Calif	359	37,000	43,420	17.4
Miami, Fla	335	29,849	38,075	27.6
Norfolk, Va	308	33,500	36,000	7.5
Riverside County, Calif	306	31,164	39,312	26.1
Rochester, N.Y	296	26,500	39,208	48.0

Sources: International City Management Association, 1968 and 1972 salary surveys. U.S. Civil Service Commission, 1968 and 1972 salary surveys.

APPENDIX D-XVI

TABLE XVI.—ANNUAL SALARIES OF PRESIDENTS OF FEDERAL RESERVE BANKS (1967–71)

	1967	1971	4-year percent change, 1967–71
Boston	$40,000	$50,000	25.0
New York	75,000	90,000	20.0
Philadelphia	45,000	45,000	0
Cleveland	45,000	51,000	13.3
Richmond	45,000	51,000	13.3
Atlanta	35,000	51,000	45.7
Chicago	60,000	67,500	12.5
St. Louis	$35,000	$56,000	60.0
Minneapolis	42,500	45,000	5.9
Kansas City	42,500	56,000	31.8
Dallas	45,000	48,000	6.7
San Francisco	46,000	67,500	46.7
Average	46,333	56,500	21.9

Sources: 54th through 58th Annual Reports, Board of Governors, Federal Reserve System (covering years 1967 through 1971).

AMERICAN FOREIGN SERVICE ASSOCIATION,
Washington, D.C., February 20, 1974.
Hon. HIRAM L. FONG,
U.S. Senate,
Washington, D.C.

DEAR SENATOR FONG: As you may know, the American Foreign Service Association is the professional association, and the duly elected exclusive bargaining representative of the 11,000 men and women of the Foreign Service of the United States working in the Department of State, AID and USIA. We are writing you in your capacity as ranking minority member of the Senate Post Office and Civil Service Committee.

For almost three years now, an increasingly large number of senior Foreign Service personnel in the three Foreign Affairs Agencies have been denied any increase in salary because of the legal requirements in 5 USC 5308 which prohibit their receiving pay in excess of level V of the Executive Schedule. During the same time period, rising State and local taxes, and a very sharp inflation rate both at home and abroad have brought about a situation in which many senior employees in the Foreign Service have had their real, disposable incomes reduced by as much as 30 percent. You will recall that we brought this matter to your attention last spring, and greatly appreciate your efforts in getting the "McGee-Fong" Bill through the Senate. We only regret that the House failed to take parallel action.

The effect of this situation on Foreign Service personnel has been particularly unfortunate because many senior officers in the Foreign Service are regularly required to expend a considerable portion of their own incomes on official entertaining, uncompensated moving expenses, uncompensated educational and educational travel expenses and other extraordinary costs which have long since come to be an expected part of Foreign Service life. Moreover, in the Foreign Service, mandatory retirement comes at age 60, and an employee can only earn 35 years of retirement credit, though in the Civil Service employees can remain to age 70 and earn up to 40 years retirement credit. As a result, Foreign Service personnel rely particularly heavily on a growing "high three" years of income to obtain an adequate pension. Yet, many have seen their opportunities for an adequate pension disappear since they were unable to receive the salary increases to which pay-comparability studies indicated they were entitled.

The President's proposals now before your Committee would only go a small distance in rectifying the situation, but it is at least a start. We believe it would be highly unfortunate if well-justified pay increases were blocked by action of the Congress.

Much has been said in recent days of the need for the Congress to "set a good example" at a time of economic difficulties facing the country. AFSA agrees that the economic privations affecting the entire country should be born equitably. The question, however, is which example should be set. Would it be good public policy to deny further to senior personnel pay increases already long overdue? Almost everyone else in the country has had increases in income in the past three years which matched or came close to matching increases in the cost of living. Should this group of senior employees be the only significant group in the country to suffer a sharp reversal in their personal well-being?

Personnel who have reached the top normal rank in the Foreign Service, FSO or FSIO Class-1, now receives exactly the same pay as those few personnel granted the extraordinary rank of Career Minister (Executive Level V), and receive no more pay than personnel of FSO or FSIO Class-2. The Class-2 officer thus has nothing to look forward to in terms of monetary reward even if promoted twice. Do we really wish to set an example for the country which established the principle that being the best in your field, and thus rising to the top in a fiercely competitive career service brings with it no monetary reward? Do we wish to see the best career personnel attracted away from the career service not because they wish to leave, but rather because it has become highly disadvantageous financially for them to stay when the monetary rewards are greater elsewhere? Frankly, we doubt that these are beneficial examples to set for the country.

We hope that the Congress, in the interest of equity and sound public policy, will permit the increases recommended by the President to take effect, and will give serious consideration thereafter to a change in the law which will provide for a review of executive level pay every two years, rather than every four, so that this situation will not recur.

If you think it would be helpful, the Association would be pleased to meet with you or with other members of the Committee to discuss this matter further.

Sincerely yours,
THOMAS D. BOYATT,
President.

SUPREME COURT OF THE
UNITED STATES,
Washington, D.C., February 25, 1974.
Hon. GALE W. MCGEE,
U.S. Senate,
Washington, D.C.

MY DEAR SENATOR: I have dictated this letter from Florida where I have been lecturing at the University; otherwise I would have called you direct. I did want you to know of my experience with the Judges of the Federal Judiciary. You will remember upon my retirement in 1967, I became Director of the Federal Judicial Center, which the Congress created toward the end of that year. After serving there for almost three years I began sitting on the Courts of Appeals, United States District Courts, Court of Claims, Customs and Patent Appeals and the United States Customs Court. These assignments placed me in contact with many federal judges, especially in the seminars conducted by the Federal Judicial Center for the United States Courts of Appeals and District Courts.

It has been distressing to me to hear the Judges speak of the difficulty they have in making both ends meet financially. Only three weeks ago in Atlanta, Judge Smith, the Chief Judge of the U.S. District Court in Georgia, told me that he was resigning because he had three children in college and was being paid $135,000 to return to private practice. He said that from his contacts, he doubted if salary increases would be sufficient to meet his requirements. He has been on the Bench for about nine years—the approximate time that it takes to indoctrinate a Judge and make him most efficient. Another Federal Judge from Philadelphia, Judge Masterson, resigned just a few weeks before I spoke with Judge Smith. Judge Masterson, like Judge Smith, was one of our younger Judges who has been on the bench about the same period. While Judge Masterson did not say what income would be in private practice, I daresay that $150,000 would be a fair estimate. In my sittings around the country in all the Circuits, except the First which has a light caseload, I find Judges are disturbed over their salaries. I find the same condition in the United States District Courts where I have been assigned all the way from San Francisco to Brooklyn.

In my judgment we will lose a good percentage of our Judges unless some steps are taken to correct the situation by meaningful salary increases. I concur wholeheartedly in the letter that the Chief Justice is sending you today regarding this matter and write only to underscore the urgency of the problem.

With every good wish.

Sincerely,
Justice TOM C. CLARK.

SUPREME COURT OF THE UNITED STATES,
Washington, D.C., February 25, 1974.
Hon. GALE W. MCGEE,
Chairman, Post Office and Civil Service Committee, Washington, D.C.

DEAR SENATOR MCGEE: I have your letter of February 19 advising that, as Chairman of the Post Office and Civil Service Committee, you intend to oppose any action disapproving the President's proposal on salary increases for the Federal Judiciary and other categories and asking my views on this matter.

Although the recommendation departs substantially from the recommendations of the Commission on Executive, Legislative and Judicial salaries, my colleagues on this Court and I agree with your position that the President's proposal should be accepted. One of its important consequences will be to encourage judges in the District Courts and Courts of Appeals to remain in service even though the pending proposal is patently discriminatory against those judges when compared with approximately one-third increase in government salaries generally since the 1969 salary adjustment for Federal Judges. Adoption of the President's proposal may help stem the resignations of District Judges in particular. We have had more resignations in the past year, based on economic grounds, than at any time in the past 100 years. I am also reliably informed that many qualified lawyers have declined appointment because the pay of a District Judge now is only double the starting salary of law graduates hired by large law offices. It is surely not in the public interests to have some of the best qualified lawyers resigning or declining appointment because of inequitable and inadequate compensation.

I feel bound to comment also on the increase provided for the Associate Justices of the Supreme Court which is limited to $4,500 and is deferred nearly one year. This increase of $4,500 is less than one-half the increase provided over three years for Courts of Appeals judges and Members of Congress.

Notwithstanding that the pending proposal fails to take into account the severe inflation of recent years and fails to give due weight to the studies and recommendations of the Commission, its adoption will serve as an important interim function until appropriate legislation can be enacted.

Cordially,

WARREN E. BURGER.

GENERAL ACCOUNTING OFFICE: INFORMATION AND OBSERVATIONS ON NEED FOR EXECUTIVE PAY ADJUSTMENT

(Prepared in response to requests from a number of Members of Congress)

The information we have developed on the need for Executive Pay adjustment is summarized below and is discussed in detail in the remaining sections of this paper.

The quadrennial procedure for adjusting the pay of officials in the executive, legislative, and judicial branches, as provided by the Salary Act of 1967, is failing to achieve its objective. The salaries of these officials have not increased in 5 years (since March 1969). The President's current salary recommendations fall far short of matching the cost of living increases since 1969.

Supergrade employees and senior employees of other pay systems are losing significant comparability salary increases and retirement benefits because the salary rate of Executive Level V has placed a $36,000 ceiling on these pay systems since January 1971. The salary distinction among supergrade employees has become virtually meaningless, and this condition will progressively penetrate into lower pay grades unless the ceiling salary rate is increased.

The recommendations in the President's fiscal year 1975 budget should be accepted. Effective long-term reforms appear essential to prevent recurrence of these problems.

THE QUADRENNIAL PROCEDURE IS FAILING TO ACHIEVE ITS OBJECTIVE

The report of the Commission on Executive, Legislative, and Judicial Salaries, dated June 30, 1973, states that the compensation of these top officials "is subject to adjustment in March of every fourth year with the budget submitted by the President to the Congress."

The report acknowledges that this normal 4-year expectancy has already been extended to 5 years, during which time "executive compensation in industry and among State, and local governments will have advanced approximately 30 percent." However, in the interest of moderation, the Commission proposed to the President that Executive Level salaries be increased only to the extent that the cost of living has risen since the last adjustment in 1969—25 percent.

The President's recommendation, submitted to the Congress on February 4, 1974, proposes to meet this accumulated cost-of-living deficit by three annual salary increases of 7.5 percent each.[1]

This three-stage adjustment plan will not achieve the objective recommended by the Commission. Moreover, the increases recommended by the President will not restore the loss in purchasing power of the salaries established in March 1969. The following chart assumes the CPI increases at the same average rate for the past 4 years (6 percent), and illustrates (1) what has and will happen to the purchasing power of the 1969 salaries through January 1978 (the approximate date of the next Presidential recommendation) and (2) the effect, if accepted by the Congress, of the President's recommended increases.

Assuming the projected trends in the private economy occur, the purchasing power of the Executive salaries will lag about 11 percent behind by January 1976 and by January 1978 the gap will be about 18 percent.

Aside from the loss in purchasing power; the salary lag between Federal officials and their counterparts in the non-Federal sector has been greater.

In this connection, the latest Commission's report cited that the previous Commission's salary recommendations were not fully adopted. Thus, the March 1969 raise did not provide catch-up in such salaries. The previous Commission's report, dated December 1968, recommended substantial salary increases in the Executive Schedule which would provide salary differentials between the various levels more commensurate with their relative responsibilities. The recommended increases were regarded as a catch-up, and were also expected to establish a more reasonable relationship with 1968 values. However, the President substantially reduced the salaries recommended.

	Salaries			
Level	1968 actual	1969 Commission's recommendations	1969 rate established	Shortfall
I	$35,000	$60,000	$60,000	
II	30,000	50,000	42,500	$7,500
III	29,500	46,000	40,000	6,000
IV	28,750	43,000	38,000	5,000
V	28,000	40,000	36,000	4,000

The following table illustrates the fact that the three proposed 7.5 percent pay increases will make only a small reduction in the lag which has developed in the past 5 years between pay raises of Federal and non-Federal executives. We have used the Commission's estimates—namely, that the 5-year lag is 30 percent, and that it will grow at 5.5 percent each year in the next 2 years, and at 5 percent in each of the following 2 years.

[In percent]

Date	Proposed increase	Remaining lag after increase	Additional lag estimated to occur in next year	Cumulative lag
1969–74				30.0
March 1974	7.5	22.5	5.5	28.0
January 1975	7.5	20.5	5.5	26.0
January 1976	7.5	18.5	5.0	23.5

Hence, assuming that the three raises take effect, the actual improvement is very small. By the time the next Quadrennial Commission reviews the problem, the lag in Federal executive salary raises will be only 6.5 percent less than it is today.

The responsibilities of officials in Executive Levels I–V equal or exceed those of their counterparts in the private sector, while their compensation is substantially less. For example, the Chief Forester of the United States, Level V with a salary of $36,000 will be responsible for expenditures in fiscal year 1975 of almost three-fourths of a billion dollars. According to data reported by the American Management Association, the top executives of private companies of similar size earn salaries of $150,000 or more, plus bonuses and other benefits. This wide disparity between Federal and private sector compensation of key executives has long existed.

THE PAY CEILING IMPOSED ON SUPERGRADES AND OTHER SENIOR EMPLOYEES IS HAVING SERIOUS ADVERSE EFFECTS

Pay rates for Federal white-collar employees under statutory pay systems are subject to annual review and adjustment in accordance with 5 U.S.C. 5301. However, the law provides that these pay rates may not exceed the rate for Level V of the Executive Schedule. The Level V pay rate was last increased in March 1969, from $28,000 to $36,000. This rate has been the ceiling for Federal employees pay since that time. The pay rate for GS–18 employees reached this ceiling in January 1971. With the continued increase in other General Schedule salaries, based on comparability with the private sector, the percent of all supergrade employees paid less than the comparability rate has increased sharply because of the $36,000 ceiling, as shown below:

Year:	*Percent*
1971	18
1972	33
1973	64
Today (plus 1,000 at GS–15)	85

There are now 4,200 employees in grades GS–16, GS–17, and GS–18, and 1,000 employees in the top step of GS–15 who should be paid more than the $36,000 ceiling. The following tables shows the GS–15 to GS-18 salary rates, as determined by the comparability process, and the comparability rates affected by the ceiling.

Steps	GS–15	GS–16	GS–17	GS–18
1	$28,263	$32,806	[1] $37,976	[1] $43,926
2	29,205	33,899	[1] 39,242	
3	30,147	34,992	[1] 40,508	
4	31,089	[1] 36,085	[1] 41,774	
5	32,031	[1] 37,178	[1] 43,040	
6	32,973	[1] 38,271		
7	33,915	[1] 39,364		
8	34,857	[1] 40,457		
9	35,799	[1] 41,550		
10	[1] 36,741			

[1] The rate of basic pay for these employees is limited to $36,000 because of the statutory ceiling.

The $36,000 ceiling similarly affects the senior levels of other Federal pay systems.[2] This is the *compression problem,* which adversely affects both Federal employees and the Government. These adverse effects include:

Imbalance between salaries and responsibilities.

Loss of income to the employee, including future retirement benefits.

Early retirement is made more attractive.

Increased turnover of top management personnel and consequent decrease in skill levels.

Declining appeal of supergrade positions.

Hiring for supergrade positions made increasingly difficult.

Imbalance between salaries and responsibilities

Salary compression seriously weakens two pay principles providing internal equity which are established by law: equal pay for equal work; and maintaining pay distinctions in keeping with work and performance distinctions. All employees in grades GS–18, and GS–17, 80 percent of those in GS–16, and 4 percent of those in GS–15 now receive annual salaries of $36,000. The statutory principles (5 U.S.C. 5301) dictate that those paid the same should have responsibilities that are equal; but obviously they are not. In fact, three levels of supervision in a typical major division or bureau are earning the same salary, a condition which would be considered unacceptable in the private sector.

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[1] Except for Cabinet Secretaries and the Chief Justice and Associate Justices of the Supreme Court who would receive one 7.5 percent increase effective January 1975.

[2] i.e. P.L. 313, Foreign Service, Other.

The difference between the pay of senior employees and the pay of employees at lower levels has narrowed sharply during the past several years. In December 1969, when Federal salaries were unaffected by the present ceiling, the differential between the pay of an employee in the first step of GS–12 and GS–18 employee's pay was 150 percent. After the October 1973 pay increase, the differential had narrowed to 106 percent. Continuation of this narrowing will not only further distort pay distinctions in keeping with work distinctions, but it may reduce morale within the work force and have a negative impact upon the career incentives of employees entering the career service.

Loss of income

The most obvious adverse impact of compression is that employees are denied salary increases to which they would otherwise be entitled. The following table shows the annual salary loss of employees at levels GS–18. GS–17 (step 4), GS–16 (step 5), and GS–15 (step 10) based on current comparability rates:

	Comparability rate	Ceiling	Annual salary loss
GS–18	$43,926	$36,000	$7,926
GS–17 (step 4)	41,774	36,000	5,774
GS–16 (step 5)	37,178	36,000	1,178
GS–15 (step 10)	36,741	36,000	741

When viewed on a cumulative basis, the inequity caused by the ceiling seems even greater. For example, a GS–18 employee's cumulative salary loss for the 3-year period ended January 5, 1974, was $11,557:

Period	Salary loss	Comparability rate	Ceiling	Difference
January 1971 to January 1972	$1,624	$37,624	$36,000	$1,624
January 1972 to January 1973	3,693	39,693	36,000	3,693
January 1973 to October 1973	4,411	41,734	36,000	5,734
October 1973 to January 1974	1,829	43,926	36,000	7,926
Total	11,557			

The affected employees are continually losing ground since every cost-of-living increase means a further loss in purchasing power of their stagnated $36,000 salary. For example, the GS–18 salary increase in January 1971 was limited by the $36,000 ceiling and has remained at that rate. Using the changes in the Consumer Price Index (CPI) since that time, we estimate that the purchasing power of a GS–18 employee's $36,000 salary is now worth about $30,985: a drop in purchasing power of $5,015.

An employee's retirement income is determined by applying a formula to the average of his 3-years highest salary. In other words, the higher the average, the greater the employee's retirement income. By compressing salaries below pay rates computed under the comparability process, the ceiling is penalizing employees, since the amount of retirement income they would otherwise be entitled to is being reduced.

For example, if a 55-year-old GS–18 employee retired in January 1974 after 30-years service, his retirement income during a 19.3 year remaining life expectancy would be about $44,100 less than if the pay ceiling had not been in effect.

Early retirement made more attractive

Under current economic conditions, continuation of the $36,000 salary ceiling will allow many employees to earn more retirement income by retiring early rather than continuing to work for the Government. They can then substantially better their current income by accepting non-Government employment.

In planning whether to continue a career or retire, an employee whose salary is at the ceiling must consider the relative financial benefits. For each additional year of work, the employee increases his annual retirement income by about $720 (2 percent of $36,000) and contributes $2,520 to the Civil Service Retirement Fund. If the CPI rises and remains at the minimum of 3 percent during that year, it would be more advantageous for the employee to have retired since his annual annuity would have increased by about $810[3] and he would not have been required to make any additional contributions to the retirement fund.

The following hypothetical example involving a 55-year old GS–18 employee with 30 years' service at December 31, 1973, illustrates why early retirement has become more attractive. Assuming 5.5 percent cost-of-living annuity increases at January 1 for each of the next 3 years, and the employee retired at December 31, 1973, the employee's annual annuity at January 1, 1977, would be $25,120. However, if the employee works the additional 3 years he would contribute an additional $7,560 to the retirement fund, and would receive about $1,477 a year less in his retirement annuity for the rest of his life.

Increased turnover of top management personnel

The turnover of supergrade employees has increased since 1970. This is attributable, in part, to salary compression coupled with cost-of-living increases in retirement annuities. Between 1970 and 1972, supergrade retirements increased from 264 to 380, a rise of about 44 percent. Further, during the first 8 months of 1973, another 379 supergrades retired. If retirements during the last 4 months of the year were at the same rate as during the first 8 months, we estimate that a total of about 570 supergrades retired during 1973, or more than twice the number of 1970.

In terms of the supergrade population, the retirement rate also increased.

	Number supergrades employed	Supergrades retirements	Percentage
1970	4,754	264	5.6
1971	4,855	273	5.6
1972	4,384	380	8.7
1973	4,909	[1]570	11.6

[1] Projected for 12 nonths based upon 379 actual retirements during the 1st 8 months of 1973.

More than 1,000 supergrade employees are now eligible to retire, with 400 to 500 becoming eligible each year. Also, these supergrade employees are retiring at an earlier age.

	Total supergrade retirements	Below 60 years of age	Percentage
1970	264	85	32.2
1971	273	100	36.6
1972	380	154	40.5
1973 (8 months)	379	188	49.6

This loss of experienced management talent is discussed in the following sections.

Decrease in skill levels

Skill levels in some supergrade positions have fallen because on occasion, vacancies caused by early retirements must be filled by employees who have less experience and lower skills. The personnel director of a major Government commission in the Washington metropolitan area informed us that his organization sometimes must promote relatively "green GS–15 employees to fill GS–16 vacancies caused by retirements. Other personnel directors indicated similar experiences in their organizations.

Declining appeal of supergrade positions

Salary compression is making supergrade positions less attractive and threatens the integrity of Federal pay systems. Personnel officers with whom we consulted stated that some employees refuse to accept higher positions in the supergrade ranks because of the absence of additional monetary rewards. Others have expressed unwillingness to make geographic moves to new work assignments even when promotions were involved.

During our study, many such instances were cited to us. One case involved a GS–15 (step 10) employee who was offered a GS–16 position in the personnel office of a major department. The employee would not accept the higher position because of the added responsibilities and arduous work without additional income.

Hiring for supergrade positions made increasingly difficult

Some agencies report that they are experiencing increasing difficulty in hiring qualified personnel from outside the Government to fill senior level positions. This is particularly notable in the scientific, medical, and educational fields. Personnel directors told us that the individuals best qualified to fill supergrade positions often are refusing to accept Government employment because they would suffer a loss of income.

REFORMS APPEAR ESSENTIAL

The problems discussed above will progressively worsen with each day of delay in adjusting Executive Schedule pay. In addition, if the current ceiling continues until the next scheduled quadrennial review, another 21,000 General Schedule employees will be added to those who salaries would be limited to $36,000—including the top two steps of GS–14, most of those in GS–15, and all of those in GS–16, GS–17, and GS–18. There would then be about 28,000 employees all earning the same pay, even though their responsibilities range from GS–14 through Executive Level V. This would mean that six levels of responsibilities would be earning the same pay.

This would result in a virtually meaningless pay system for Federal managers and would seriously undermine the ability of the Government to attract young men and women interested in a long-term career in Federal service.

The current proposal in the President's budget, while falling short of the Quadrennial Commission objective, would offer a measure of relief. Therefore, we believe that the Congress should accept the President's recommendations for adjusting executive, legislative, and judicial salaries.

The cost of this proposed salary adjustment in the fiscal year 1975 budget is $34 million, out of a budget of over $300 billion—or $1 for each $10,000. We believe that the public will recognize the importance of this investment since it will help attract and retain the most competent managers. We also believe that the adjustment is essential even if Congress decides to exempt itself at this time, and even though, in such an event, some Federal executives would earn salaries in excess of the basic pay of

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[3] Civil Service retirement annuities are adjusted on the first day of the third month that begins after the Consumer Price Index (CPI) has risen at least 3 percent from the last adjustment, and remains at this higher level for 3 consecutive months. The annuity increase is equal to the highest percentage increase in the CPI during the 3 consecutive month period, plus 1 percent. During the past 3½ years annuity payments to Government retirees increased 29.5 percent.

Members of Congress (a condition which already exists for Members of the Cabinet).

We believe that the Congress should also consider major reforms in the processes for adjusting Executive Schedule salaries, such as:

Making Executive Schedule salary rates subject to an annual cost-of-living adjustment, in the years between the quadrennial review.

Initiating early action leading to intergrating the Federal pay structures at the top of the General Schedule and the bottom of the Executive Schedule. The report of the Quadrennial Commission proposes the establishment of a task force to develop a plan for achieving this objective. The executive branch should be called upon to proceed with a study and to report its conclusions to the Congress in the next session.

Establishing a policy under which employees whose pay is affected by compression have their retirement income adjusted to reflect the amount to which they would have been entitled if compression were not a factor.

[From the Washington Post, Mar. 4, 1974]

The Question of Congressional Pay

Watergate, inflation and the gasoline shortage may rank high on the list of public issues currently before Congress, but the hottest legislative potato on Capitol Hill these days is President Nixon's belated and awkwardly timed recommendation for congressional pay raises. Though most of the lawmakers seem to believe privately that Congress deserves a raise—it hasn't had one since 1969—politically sensitive members dread the thought of voting themselves more money in an especially volatile election year.

This political fear, while understandable, has generated a curious and unfortunate set of legislative shenanigans that have had almost nothing to do with the merits of the question. Indeed, as columnist Mike Causey observed in "The Federal Diary" last Wednesday, "our elected officials, saints and snakes, liberals and conservatives, family men, churchgoers, statesmen and hacks alike, have all had to act like 11-year-old boys sneaking a smoke in the washroom." The challenge in this instance is to avoid getting caught either casting a vote for the raise or letting an increase happen without some semblance of objection.

Fueling the dilemma is the fact that Congress must decide what to do—or not do—by Saturday, because that is when Mr. Nixon's recommendations would go into effect automatically if neither congressional body acts to change them. At this point, neither the House nor the Senate has acted. But committees in each body, rather than allow the raises to take effect without any votes, have wound up taking less-than-forthright positions on the question—with the result that a series of showdown votes is scheduled to begin in the Senate today.

To make matters worse, the issue isn't confined solely to pay raises for members of Congress, which we happen to believe are justifiable in view of a 30 per cent increase in prices since the last congressional raise. Caught in the political posturing is another important set of recommendations from the President: to increase the now-frozen salaries of some 840 federal judges and court officials, 600 political appointees and 10,000 top career federal executives, Veterans Administration medical personnel and Foreign Service officers—public servants whose pay is pegged to the top federal-executive ceilings.

The danger now is that this whole group of federal employees may be unfairly penalized by a Senate vote to scrub all 1974 pay raises. Civil Service Commissioner Robert E. Hampton, not known as one to cry wolf, has warned that if this happens the government could undergo a severe management and morale problem. "This is one of the most crucial issues involving personnel that has faced the Congress," says Mr. Hampton, noting that "the people who are responsible for running this country at its most critical time are being asked to do their jobs" with pay and future pensions frozen at 1969 levels.

The effort to close this gap began reasonably enough. Under a law designed to effect pay raises in non-election years, the President, Chief Justice and leaders of Congress appoint an outside panel every four years to study pay. The panel is supposed to report to the President, who then passes along recommendations as part of the budget.

But President Nixon failed to appoint his panel members in time to permit recommendations early last year. When the commission did report, it recommended a flat 25 per cent raise for federal officials. Indeed, the panel said that more could be justified, based on comparable wage gains during the 1969-to-1973 period. But the commission noted that 25 per cent this year would be more in line with economic conditions. Mr. Nixon modified the recommendation, proposing 7.5 per cent increases over the next three years.

Thus, the administration's proposals would increase the current $42,500 salary of senators and representatives to $45,700 for this year and would provide similar percentage increases for all others covered, including top federal career employes whose pay is now frozen at $36,000.

At first, members of Congress tried to ignore the issue, hoping that the raises would slip into effect automatically. But when some members introduced resolutions to kill the raises, the squirming intensified. The Senate Post Office-Civil Service Committee voted to kill the congressional raises and let the others take effect. Then the House Post Office-Civil Service Committee found an equally unsatisfactory way to duck the congressional question. The committee took an all-or-nothing stand: either the recommendations all go into effect or all of them get killed.

Now, Senate Chairman Gale W. McGee (D-Wyo.) will try to substitute a one-shot, 5.5 per cent increase as a compromise. Ranking Republican Hiram L. Fong of Hawaii has still other suggestions, including deferral of any raises for one year. Then there are two other senators, Democrat Frank Church of Idaho and Republican Peter H. Dominick of Colorado, who are among those up for re-election—and who want all raises killed. Add to this complicated scenario Sen. Ted Stevens (R-Alaska), who is not up for re-election, who favors all the raises—and who has threatened a filibuster to prevent any resolution blocking the increases. Finally, there is Senate Majority Leader Mike Mansfield (D-Mont.), who will seek to choke off a filibuster—a move that requires a two-thirds vote.

Certainly there are many Americans who react negatively to the idea of increasing congressional salaries—for most voters earn much less. Besides, the argument goes, members of Congress get a lot of "extras." They do get discount health insurance, haircuts and meals, some office and travel expense money, postal franking privileges, parking spaces and other amenities besides the honor of serving in Congress. But there are many expenses, too, that aren't covered by extra allowances: members do not receive entertainment allowances, for example, or additional compensation for family transportation, schooling or every one of the increasing number of trips home that have become necessary as the congressional sessions have grown longer.

Besides, members of Congress are not all independently wealthy retirees from private business. Many are young men and women of modest means who are expected to travel widely, entertain frequently, dress well and live in good housing. Should their salaries be frozen at 1969 levels when prices have already gone up 30 per cent since then?

We believe that good government leadership requires salaries that can attract good public servants of varied means—not just those who can afford to subsidize their mounting living costs, or who may be tempted to find other, less desirable ways to meet their personal bills. If members of Congress honestly believe that they and others covered by the federal-executive pay scales deserve the recommended 7.5 per cent increase, they ought to deal with the question honestly—and explain their position openly and candidly to constituents.

If, however, it takes some show of sacrifice to make them more comfortable this year, they ought to stand up for Senator McGee's 5.5 per cent proposal, avoid any filibuster and not make other federal employees suffer another year of frozen salaries.

Mr. FONG. Mr. President, I yield the floor.

Mr. HELMS. Mr. President, my distinguished colleague, Senator Thurmond, is away from the Senate today on official business, and he has requested that I have placed in the Record a brief statement making clear his opposition to proposed salary increases for Members of Congress.

It goes without saying, Mr. President, that I share the views expressed so eloquently conveyed in Senator Thurmond's statement, which he would have delivered orally on this floor could he have been here today.

Mr. President, I knew the amount of salary Senators receive when I sought election to the Senate. My conscience simply will not permit me to support any proposition to increase that compensation—particularly at a time when the people of my State, and every other State, are being victimized by a crushing burden of inflation caused, in large part, by the failure of Congress to insist upon a balanced budget.

The Federal Government, Mr. President, is the prime culprit behind the inflation our Nation is suffering. The Congress could, if it would, do something about it. But for a generation, Mr. President, the Congress has participated in the tax-and-spend, spend-and-tax philosophy of deficit financing. Now some bedragged economic chickens are coming home to roost.

The people are suffering, Mr. President, and it is poetic justice for Senators and Congressmen to suffer a little bit, too—if, indeed, they are suffering. I must observe, however, that I have observed no suffering among my colleagues, and I would suggest that the vast majority of the constituents of every Member of this Senate would gladly trade compensation with us.

Further comment is unnecessary, Mr. President. This matter, I believe, speaks for itself.

Mr. President, I ask unanimous consent that the statement prepared by Senator Thurmond be printed in the Record.

The PRESIDING OFFICER. Without objection, it is so ordered.

Statement by Senator Thurmond

There is no doubt in anyone's mind that our nation is now caught in the grips of inflation. All segments of society are affected. Probably the most vivid illustrations of this can be found in the exasperation and despair of our housewives trying to make ends meet and our elderly attempting to live on fixed, inadequate incomes.

In these times, it is of utmost importance that we in the Congress give our countrymen a good example to follow. We must truly be the keepers of the public trust, and act in a way that will engender optimism, faith and respect.

To provide ourselves a raise in salary when so many in the land are so far less fortunate than we is simply not the way to do this. I have never voted in favor of a salary increase for myself and I certainly have no intention of doing so now.

For these reasons, I am in opposition to any and all salary increases for members of Congress this year and I hope my colleagues will join me in this opposition.

Mr. BENNETT. Mr. President, the Congress provided in the Salary Act of 1967 a mechanism for adjusting the pay of Government officials in the executive, legislative, and judicial branches. The objective of this mechanism was to do more than dispose of a politically unpleasant task. It was an attempt to set up a mechanism whereby the type of situation we are now confronted with could no longer occur.

Since I am retiring as a Member of the Senate this year and any decision on this question whether for or against will not affect me, I believe I am in a unique position to view this issue objectively.

The President has made the recommendation that increases be granted to meet the accumulated cost-of-living deficit currently faced by the Government employees who have not had a salary increase since 1969. He has proposed to meet this deficit by three annual salary increases of 7.5 percent each. I believe ideally that this recommendation should be adopted. It should be made clear, however, at this point, that this three-stage adjustment will not achieve the objective recommended by the Commission on the Executive, Legislative, and Judicial Salaries.

The Commission has estimated that the 5-year lag in these salaries was 30 percent based on the annual cost-of-living increase granted the rank and file civil service employee for each of the past 5 years and that it will continue to grow 5.5 percent for the next 2 years. The General Accounting Office in its report for Members of Congress, pointed out that even if these three raises take effect, that by the next time the quadrennial commission meets to review Government executive salaries, the lag of the Federal salaries will only be 6.5 percent less than it is today.

The effect of the ceiling imposed on GS employees at the top ranks is that one may proceed through the civil service ranks until he attains $36,000 salary level, then even though his responsibilities may continue to increase; his salary cannot.

Should Congress fail to raise the executive structure salary this spring, and should the current inflation increases for the General Schedule employees continue until 1977, nearly all executives in the GS 15–18 ranks and some in GS–14 ranks will all be paid the same salary when the next review period comes for the executive structure. Today, three or four layers of executives reporting to one another in the same office may be paid the same salary. If this ceiling is not removed, this may be five levels by 1977. This means that an employee, his immediate supervisor, and the supervisor's boss may all be making the same salary. It will get worse if a change is not allowed.

As Business Week pointed out in its January 19 issue—

> The federal salary structure would create a motivational mess in most businesses.

I am sure that none of the Members here need to be reminded of this fact; however, I believe many are steadfastly ignoring it.

The "compression" of salaries has severely negative effect for both the Federal Government and its employees. First, it creates an imbalance between salaries and responsibilities. Why should an official accept more risk and responsibility in the form of a promotion when he does not get more money? Second, it causes a loss of income to the employee including future retirement benefits. Third, early retirement is made more attractive. Why stay extra years at the same salary when it will not affect your retirement? Fourth, it causes an increased turnover of top men from personnel and consequent decrease in levels of skill. Fifth, finally and most importantly, it means Government service is not as appealing as it should be and makes for increased difficulty in recruiting top personnel when these people can find better salaries and more potential for their futures in private industry.

I believe it is crucial, especially at this time, that the Government not take steps to discourage the most capable and well-qualified individuals from seeking election to Congress or pursuing a career of public service. In a very real sense, the voters will get the kind of public officials they pay for. By refusing public officials periodic salary increases to keep up with the cost of living, we limit the Government to two types of individuals: Those who cannot do better elsewhere or those of independent means.

I would prefer to see this body abandon the quadrennial salary review procedure and set up a system which provides for a tie between the GS cost-of-living increases and the congressional executive salary schedules whether it be a direct tie to civil service or a biennial review of the upper salary levels to avoid a recurrence of today's situation. I will remind my colleagues that we have waited 5 years to take this step and we are involved with a 30-percent increase, hardly a publicly appealing figure. However, some Members apparently do not remember before the last increase went into effect, Congress had waited 10 years before it increased government salaries. Every time Congress puts off pay raises until it feels politically safe in acting it assures that a large "makeup" increase will follow eventually. When an increase is proposed, it includes increments for each of the periods when salaries in the private sector and elsewhere in Government were periodically adjusted. This amount appears to be particularly large when it comes all at once every 5 or 10 years.

Mr. HANSEN. Mr. President, most Americans by now are aware of the recommendation for a series of three 7.5-percent pay increases for Congress, the judiciary, the Cabinet, and top-level executives of all three branches. I have not conducted a professional poll of the people, but I would hazard a guess that probably 99 percent of them strongly oppose these pay increases and fully expect Congress to respectfully decline a salary increase until inflation is brought under control. I know the people of my State are opposed to these raises. They have told me so.

Most people would prefer that Congress face this issue head-on, and either vote "yes" or "no" on the record as to pay increases. However, under the "automatic" procedure approved in 1969, recommended pay raises quietly go into effect unless Congress acts specifically to disapprove them. "OK," the people say, "then vote for a resolution to disapprove the increases." Such a resolution was introduced with my cosponsorship by Senator PETER DOMINICK. It stated very simply:

> *Resolved*, that the Senate disapproves the recommendations of the President with respect to rates of pay transmitted to the Congress during February, 1974. . . .

In order to prevent these pay increases, Congress must act before March 6. It is apparent there will be no single vote on a simple resolution, such as the Dominick resolution, to disapprove the increases. Instead, the Senate faces a series of counterresolutions amendments, compromises, and amendments in the second degree, with a possible filibuster by those in favor of the pay increases. It appears a whole series of votes may be required to decide this issue.

I am opposed to any pay increases for any of the officials involved. I am opposed to any and all of the compromises that would give the raise to some, but not to others. And I am opposed to any scheme that would reduce the amount of the raise, or defer it until next year, or otherwise cloud the issue. The Senate should be given the opportunity to consider a straight resolution denying all of these pay raises, such as the Church-Dominick proposal. Such a resolution will have my support, because I am opposed to any raises for anybody.

Most of the people who have written me to oppose these pay increases have cited the inflation rate of recent years and its effect on their income. Indeed, proponents of the pay raise cite the same problem—the pay of Congress and other top Government officials has been eroded by persistent inflation during the past 5 years, and must be increased to compensate for this inflation.

I am aware that certain professional people, most notably in the medical and legal professions, presently are able to earn a higher income in the private sector than as Federal officials, thus making it difficult for Government to recruit these people.

Nevertheless, we were sent to Washington to represent the citizens of this country and to solve such problems as inflation. We are here to consider their interests, and unless we are prepared to somehow cause every citizen to be compensated for the effects of inflation during the past 5 years, then we have no business raising our pay and that of the highest paid officials in Government.

Congress cannot escape responsibility for the inflation this pay raise is supposed to correct, or for the inflation it would spur, if permitted to take effect. Congress is the victim of its own policies and actions. Congress permitted the Nation's finances to be managed in such a way these past many years as to fuel the fires of inflation. Now we are suffering the consequences of that action, or inaction as the case may be.

If inflation is rough on those in Government making $36,000 or more anually, and on Members of Congress who make $42,500 annually, imagine its effect on a family making $15,000, or $10,000, or less. None of our constituents is shedding a single tear over the effect of inflation on the pay of Senators or Cabinet members. Probably they figure Congress deserves a taste of the bitter medicine they have swallowed for so long, as a consequence of inflation.

Until Congress exercises its responsibility to curb inflation by balancing spending with income, Congress does not deserve a pay raise.

Mr. President, I ask unanimous consent that a series of letters from Wyoming people, representative of the sentiment in my State, be printed in the Record. I ask also that an article from the February 27 Wall Street Journal about future prospects for more inflation be printed, as well.

There being no objection, the material was ordered to be printed in the Record, as follows:

[From the Wall Street Journal, Feb. 27, 1974]

United States Seems Headed for Sharp Price Spiral and an Interest-Rate Surge, Burns Warns

(By a Wall Street Journal Staff Reporter)

Washington.—Escalating his inflation alarms, Arthur Burns warned that the U.S. seems headed for a Latin American-style price spiral that could "send interest rates soaring" and ruin chances for stable prosperity.

The nation is facing "an exceptionally difficult economic situation," the Federal Reserve Board chairman told the Congressional Joint Economic Committee. "Inflation is proceeding at a dangerous pace, unemloyment is rising, strong inflationary forces are likely to continue in 1974 and international financial relations have become strained," Mr. Burns testified.

The Fed chief sounded much gloomier yesterday than he had in testimony last week before the House Appropriations Committee. His somber remarks on the economic outlook also contrasted sharply with the generally upbeat predictions President Nixon had made the night before in his press conference, where he said that economic prospects for the rest of the year are "good" and that "we will bring inflation under control as the year goes on."

While Mr. Burns said some improvement in price performance is possible this year, he spent much of his testimony warning of the dire consequences of the present trend. In his prepared statement, he cautioned that "If rapid inflation continues this year, it may undermine confidence send interest rates soaring and wreck our chances of regaining a stable and broadly based prosperity in the near future."

TWO-DIGIT INFLATION

The surge in January consumer prices, at a seasonally adjusted annual rate 12%," is a grim warning that we are on the brink of a two-digit inflation," he said at the conclusion of his prepared remarks.

Under questioning from panel members, Mr. Burns' comments were even scarier. Asked about the interest-rate outlook, the nation's central banker said lending charges could decline if inflation is brought under control. But record rates will result if inflation continues surging, he said.

"If we go the Latin American way—and that is the way we seem to be going—we will have interest rates on Latin American standards," he said, or "a good deal higher than at present" and higher than ever experienced in the U.S. Committee Chairman Rep. Wright Patman (D., Texas) and advocate of low interest rates, apparently couldn't believe his ears and asked Mr. Burns to repeat the statement, which the Fed chief did.

The price spiral, Mr. Burns testified, "may also destroy the gains we have recently made in strengthening our competitive position in world markets and in improving our balance of payments." January's jump in prices in the U.S. "has already served to reduce the dollar's strength in foreign-exchange markets," he stated.

ROLE OF GOVERNMENT

"Inflation cannot be halted this year," the Fed chief said, but the government can and should lay the groundwork for "a gradual return to reasonable price stability."

He conceded under questioning that the Fed "could stop this inflation in a few months dead in its tracks" by severely tightening its grip on money and credit. But "we have no intention of doing it" because of the economic hardship such a policy would cause, he said.

The economic stagnation and soaring unemployment that would result from a severe tightening of monetary policy can be avoided by a more gradual approach to controlling inflation, Mr. Burns indicated. "I think we can end inflation over the next two or three years without going through a protracted period of heavy unemployment," he declared.

In the immediate period ahead, "we will have to suffer some unemployment" as the nation adjusts to fuel shortages and weaker demand, he said, but "I think the period can be brief." The expected rise in joblessness may run "several months," he told newsmen after the hearing. But he declined to estimate how high the jobless rate will go.

"The Federal Reserve is continuing to restrain the rate of growth in money and credit," he told the lawmakers. "I think that is helping lay the foundation" for a gradual return to price stability, he added.

OUTLOOK ON DISCOUNT RATE

The Fed chairman indicated he's against any immediate cut in the Reserve System's discount rate, the fee charged member banks for loans from the Fed. "If that rate were lowered" from its record 7½% level, Mr. Burns said, then the Fed would be "subsidizing" commercial banks with bargain borrowing costs. "We don't think that's a good idea," he said.

On another subject, Mr. Burns joined the consensus of forecasters in saying the U.S. trade balance "will probably register a substantial deficit in 1974 because of the rising oil-import bill." The U.S. trade account swung into surplus in 1973 as exports exceeded imports by $1.68 billion, following a record trade deficit of $6.36 billion in 1972.

The outlook for the overall balance of payments, which measures what the U.S. spends, lends and invests abroad against the total inflow of funds from all transactions with foreigners, is highly uncertain, Mr. Burns said. Large inflows of investment capital, including excess funds from the oil-rich nations, "might equal or even exceed the decline in our trade balance attributable to the large dollar value of oil imports," he estimated. But he also said higher interest rates abroad are causing an outflow of short-term capital from the U.S.

Though he reiterated his opposition to a general tax cut to spur the economy, he endorsed some kind of tax "relief" for low-income workers for whom Social Security payroll taxes have become "an excessive burden." He didn't suggest any specific plan for easing the payroll-tax burden, however.

Casper, Wyo.,
February 6, 1974.

Dear Senator Hansen, I am writing in support of your resolution disapproving of the salary increase for Members of Congress.

I agree with you that the best way to control inflation is for government to equalize spending with income.

Pres. Nixon's comment that the new federal budget, which increases our national debt even more staggeringly than ever, will help combat inflation is nothing less than fiscal *insanity*.

Sincerely,
(Mrs.) Patricia Robison.

Casper, Wyo.,
February 9, 1974.

Senator Cliff Hansen,
Dirksen Senate Office,
Washington, D.C.

Honored Sir: From an editorial in the Casper Star-Tribune, I understand that you and Sen. Dominick of Colorado are sponsoring a resolution to at least post-pone a pay increase bill exceeding the Cost of Living lines.

I for one, believe that this would be a good bill at this time, even though I feel that nearly everyone would appreciate an increase in his income. I personally do not believe that this is the time to give it, and do believe that as you were not in favor of it at this time, I also believe that it is a good time to tighten our belts, due to the present inflationary times we are living in!!

Sometimes it does seem hard for us at the grass-roots to understand just why some of these expenditures are needed, especially when our Government is asking all of us to try to economize to our best ability .

Therefore, as my wife and I both, are trying to manage on our Social Security with some other help from part time work I am doing, and really do seem to be doing right well now, we feel that SOME of you gentlemen in Washington should try as you wish, to curtail some of the unneeded expenses there.

There is no reflection on our part of your handling of our affairs in Wyoming at this time, so take this as a letter that might be used to help you and Mr. Dominick get across what your proposal desires.

Thanking you for taking the time to think of some of us back here, I remain.

Very Sincerely yours,
Charles W. Bisher.

Lusk, Wyo.,
February 9, 1974.

Senator Cliff Hansen,
Dirksen Senate Office Building,
Washington, D.C.

Honorable Sir: I appreciate your view, which coincedes with mine, but as a matter of record I wish to register my opposition to any pay boost for Congressmen at this time. I agree with Senator Barry Goldwater also, who said, "Cost pinch Americans are doing their best to make ends meet in the face of rapidly rising cost of living items."

I hope your efforts, about which I read in the papers as well as in your newsletter, are successful on this issue.

Your sincerely,
Mr. A. F. De Castro.

Edgerton, Wyo.,
February 9, 1974.

Senator Cliff Hansen,

Sir, I am strongly opposed to any increase in pay for our Congressmen at this time. I am a citizen, tax payer, and wage earner.

Yours truly,

Howard Geike.

Mills, Wyo.,
February 9, 1974.

Dear Senator Hansen, we want to help in our support of the Hansen-Dominick resolution to stop this automatic salary increase for the Senate and Congress.

As middle-income tax payers we are so strapped now with taxes we cannot afford to increase any spending. We urge you to work to cut federal spending to the home to stop inflation where it starts. Its very discouraging for couples in their 50's who have worked hard, paid their taxes and now find inflation is eating up everything so you can't save one penny for old age.

We say those in the Senate & Congress who can't live on their salaries should get into private industry and make their big money.

Most Sincerely,

William J. and Betty J. Nickeson.

Rock Springs, Wyo.,
February 9, 1974.

Dear Senator Hansen: I, as many young people, will be voting this year. I feel that it is my responsibility to voice my opinions to my Congressmen. I give my support to your resolutions to disapprove the salary increase of the Congress.

I believe that our government officials are still "public servants". I find it difficult to believe that a man making $42,000 a year can understand the rising cost of living problems the people that put him in office are facing.

Congressmen are becoming less aware of the people's needs. I feel that your resolution will be a step to bring our Congressmen back to the people.

Yours truly,

Melanie Durham.

Rock Springs, Wyo.,
February 13, 1974.

Hon. Cliff Hansen,
Senator, State of Wyoming, Dirksen Office Building, Washington, D.C.

Dear Senator Hansen: I am writing to express my strong opposition to the blanket pay increases for members of Congress and other Government employees.

In these hard times, when the average citizen has a hard time making end meets, it is ludicrous that Government employees are unable to live on the high salaries they are paid. Unfortunately, as you know, it is the middle income families that suffer the most and I resent it. My husband and I both work and even though we paid taxes on the two of us for 1973 (claiming only 2 exemptions), we still are going to have to pay an additional $327.00 by April 15, 1974!

I trust and pray your sponsored Hansen-Dominick Resolution will prevent this blanket increase in salaries.

Yours very truly,

Mrs. Darryl T. Chilton.

Casper, Wyo.,
February 18, 1974.

Senator Cliff Hansen,
Dirksen Senate Office Building,
Washington, D.C.

Dear Sir: I am against a pay raise for Congressmen at this time. With the majority of working Americans struggling to make ends meet, there is no need for this added burden.

I would also like to see a recorded vote on how the members vote on this pay increase bill.

A Wyoming voter,

Marjorie M. Riddle.

Gillette, Wyo.,
February 15, 1974.

Dear Senator Hansen: The automatic, seven percent pay increase proposed in federal budget MUST NOT PASS. Press on for the Hansen-Dominick Resolution.

I believe the American taxpayer has been very liberal with Congressional Compensation such as pension plans, very liberal travel, office and other allowances. At this time it is ridiculous to think we feel generous enough to give more.

There should also be a recorded vote on the pay increase bill. We are entitled to know how the members vote.

Mr. and Mrs. Gene Adams.

Evanston, Wyo.,
February 20, 1974.

Hon. Cliff Hansen,
U.S. Senator for Wyoming, Senate Office Building, Washington, D.C.

Dear Senator: Always, as I bend to the task of writing to our men in Congress my mood is, What good does it do? I'm just one out of many thousands. Is it worthwhile to write? Will they read what I write? And will they pay any attention to it if they do read it?

Senator, if there's anything Congress doesn't need or deserve, it's another pay raise.

And if there's anything that rankles the public more than either the size of the raise, or the raise itself, is the manner in which this grab is being sneaked through without the congressmen having to stand up and be counted. The whole thing is immoral and dishonest, Senator, and I have confidence in you to recognize it as such.

Americans are being asked to sacrifice to fight the price spiral. I expect our leaders to set the pace. Trends are upgraded as one discovers himself and sets a better style.

Sincerely,

Roy Mattehws.

Cheyenne, Wyo.,
February 22, 1974.

Senator Clifford Hansen,
U.S. Senate,
Washington, D.C.

Dear Senator Hansen: When you consider that Congress has drastically cut Medicare benefits over the past few years, affecting those least able to earn money to pay for their care while Congressmen are able to obtain free hospital and medical care, and that Congress has failed to do anything about the problems facing the nation, I cannot see how members of Congress are entitled to a raise in pay. Certainly not on productivity.

It is certainly no wonder that Congress received a lower rating than the President in recent polls.

I wish I had half of $42,000 to live on. I certainly don't think Congressmen are entitled to any more of my money. It's too bad that they will receive the raise if they do nothing. The public is entitled to know how its representatives vote.

Yours truly,

Mrs. A. C. Harrison.

Casper, Wyo.,
February 21, 1974.

Senator Cliff Hansen,
Dirksen Senate Office Building,
Washington, D.C.

Dear Senator Hansen: I agree with your proposal that the Congressional Pay hike (also for other high officials) should not be approved by Congress. It only increases another round of inflation and then another pay increase. There is less buying power after each pay increase. This vicious circle of pay raise followed by price increases gets nowhere and should be stopped. I hope you follow through with sponsoring a resolution to disapprove the three-stage salary increase.

Sincerely yours,

William H. Benz.

Mr. MUSKIE. Mr. President, few issues plunge Members of Congress into more hazardous political waters than the subject of their own salaries. This year is no exception, and the issue is further complicated by the related question of salaries in the executive and judicial branches. Feelings on both sides of the pay issue are all the more intense because of the enormous increases in the cost of living in recent years.

Let me state my position at the outset: I believe there is a special obligation for public servants in all three branches of Government to set an example of retraint for all Americans during this period of continued inflation and economic hardship.

For this reason, I will oppose both the President's proposed pay increase of 7.5 percent per year for the next 3 years and all proposed compromises which would permit any form of pay increase at this time. Now is the time to demonstrate to the people of our country that members of all three branches of the Federal Government are willing to make significant personal sacrifices in the fight against inflation.

This is not to say that a case cannot be made for a pay increase on the economic merits. Since the last pay raise in 1969 for all affected categories, the consumer price index has risen 29.3 percent. Yet salaries have remained frozen—not only for Members of Congress, but also for 842 Federal judges and court offcials, 600 political appointees, and 10,000 top career Federal executives, Veterans' Administration medical personnel, and Foreign Service officers. Meantime, pay for other Federal personnel has risen 42.3 percent, and executive-level pay in industry and in State and local governments has risen between 25 to 30 percent. Even if the President's proposals were enacted, it would be 1978 before top pay catches up with cost-of-living increases over the past 4 years. Meanwhile, the inflation will undoubtedly continue.

Because of the existing pay ceilings, the problem of pay compression in the top-salaried positions has become severe, and morale problems are reported to be intensifying. Civil Service Commissioner Robert E. Hampton has warned against morale loss and possible flight of our most experienced and talented career employees into more remunerative professions if salaries remain frozen at 1969 levels. Chief Justice Burger has issued a similar warning with respect to Federal judges. The General Accounting Office has criticized the President's recommendations as inadequate and has urged reform of the Salary Act of 1967 to insure more equitable treatment of high-salaried Federal personnel in the future.

Notwithstanding the foregoing, I believe that there are stronger countervailing reasons for opposing these pay increases at this time. Above all, I believe that public officials have a special responsibility to show leadership in exercising restraint in matters concerning their own remuneration.

We are living through a critical time in the economic affairs of our country. Average Americans—workers, small businessmen, farmers, older people—are being especially hard hit by rampant inflation. Lower income people are barely holding on as their fixed costs—for food, energy, housing, clothing—continue to soar.

As we struggle together against the debilitating trauma of extreme inflation, it is untimely, to say the least, for those in Government to allow themselves a major pay increase at this time, however deserved that increase may be.

The Government officials affected by the President's proposals are at the upper end of the Federal pay scales. While they have been hit significantly as a result of inflation since the last pay raise in 1969, they nonetheless have remained in a much better position in relative terms than the average American. They can do without a major increase at this time.

I would like to add one additional thought: People with power and influence in our society seem to have been able to find relief during this economic squeeze by passing their own cost increases to those at the bottom end of the economic ladder. The average American is becoming increasingly angry and frustrated at this tendency, and those sentiments are being clearly and forcefully expressed in my own mail from constituents as well as in the media.

If we seriously want to reestablish the credibility of the Congress in the minds of most Americans, we cannot permit the people to believe that our first concern is to use our position of power and influence to get relief for ourselves—while they are unable at the same time to get relief for themselves.

I agree that there is never a good time for Members of Congress to increase their pay, and I appreciate the fact that inflation has wiped away most of the last increase. But I cannot conceive of a worse time to deal with this problem than the present.

Mr. President, I ask unanimous consent that letters from two of my constituents in Maine, one enclosing an article from Newsweek, be printed in the RECORD at this time. These letters are typical expressions of the deep economic frustrations being felt by Americans today. It is because of these frustrations that I believe we must oppose any proposal for a pay increase at this time for Members of Congress, Federal judges, and other high-salaried Government employees.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

YORK, MAINE, *February 18, 1974.*

Hon. EDMUND MUSKIE,
Washington, D.C.

DEAR SENATOR MUSKIE: My husband and I have just come back from visiting with Ruby P. Littlefield of Ogunquit, Maine, who told me that he used to know you quite well when he was a Senator in the Maine Legislature.

We showed him the enclosed clipping from Feb. 18 "Newsweek". He agreed with us that if you haven't read it, you should, because this young woman says so well what the average person feels.

What can we do to make our voices heard except to appeal to you, our representative?

I hope you will be able to find the time to read this article through and not just where it has been underlined.

Sincerely yours,
BARBARA DE GRUCHY.

[From Newsweek, Feb. 18, 1974]

(By Donna Cord)

Diary of a Mad Housewife

You, my fellow Americans, will probably never read this. Not because my thoughts are not interesting, or important, or valid, or a darn sight better than a lot of the gibberish I have read in the My Turn column. But because I am nobody . . . that is, I am not what the enlightened editors of Newsweek would call a distinguished guest writer. But then, how many of those are there around anyway? No, I am just a poor, ordinary schnook—married, mother, citizen. The Bank Americard bill around our house is in four figures and the Sears bill is not far behind. A traveling vacation is in the unforeseeable future, as is a new car (our '68 Chevelle is creaky, but it runs), a new coat, roast beef and air conditioning. How many My Turn columnists can match those qualifications?

The one thing that I have an abundance of at this point in time is anger. Anger and disgust. Not with my country. The United States is blessed (in theory at least) with all the institutions to make it work for the people. I am angry with you, and you, and me. All of us. We have become a nation of sheep and we are being screwed at every turn.

We, the people, are letting go unchallenged atrocities that should warm the hearts of totalitarian leaders everywhere. The governor of California pays no taxes. The President pays laughably little (and by the way—my memoirs and personal papers are just sitting here, waiting for someone to appraise them . . .); your rich landlord probably paid less than you. Capital gains, write-offs, loopholes. Everyone acknowledges that only the middle-average-poor get the tax shaft. So why do we let it happen? Where is a full-fledged taxpayers' revolt? I am tired of being hopelessly debt-ridden while the rich and the super-rich and the politicians go skiing (did you notice our new Vice President happily giving interviews on the snowy slopes of Colorado?).

My husband belongs to no union; he gets no (ha ha) "cost of living" raises. So each year that he earns the same, our financial condition goes straight downhill. We need gas as much as any one, but if *we* had dared to block an interstate highway with our rusty car, we would have been arrested in two minutes flat. Why is it that big, profitable airlines have the ear of the government and plain people do not? Why, if indeed there is a shortage of gasoline, were the huge oil companies allowed to raise their prices to compensate for the reduced supply? All that that accomplished was to keep their profits (amounts so enormous they boggle the mind) at the same level. Well, the oil companies are part of the reason for the energy crisis, so why *should* their profits stay the same (or worse, increase)? What is the tragedy if big business would bear part of the burden of our current troubles?

But oh, no, folks. You and I are the ones who pay—60 cents a gallon and no end in sight. Can you believe that the signs of this energy crunch were not apparent to our government three months ago, or six months ago, or two years ago? What the hell have our leaders been doing? Wallowing in Watergate? But, lo and behold, all of a sudden the government announces that there is an energy crisis and a shortage of practically everything, and we meekly accept. Why aren't we outraged? We are taken for fools and suckers—and we must be.

MACARONI AGAIN

We are fools because we have uncomplainingly let the big-money interests take over our country. If you're not a conglomerate, you're nobody. I laugh and cry and rage all at the same time when some overeducated economist rattles on about supply and demand and trade deficits and baloney; then he slinks away, back to his well-furnished home and well-padded paycheck, while we nod our heads and eat macaroni again.

We, the people, used to have high moral standards—sometimes downright Victorian and repressive, but high nevertheless. So why are we allowing our beloved country to limp along with a President who is at best morally questionable, surrounding himself with yes men and crooks and perjuries and enriching himself at our expense? My house needs remodeling—will you send me tax money to pay for it?

Congress, a body of elected officials completely surrounded by a vacuum, is supposed to reflect the will of the people. And it is reflecting all right—reflecting our *lack* of will to change what is wrong. What are we afraid of? Have we met the enemy and it is us? Where is our public pressure—our collective will—to either get off the President's back (if his is still truly the leadership we want) or get him out of office?

We have gone along for years accepting the rich getting richer, toys that can maim, built-in obsolescence, unsafe cars, medical costs that threaten bankruptcy, air that chokes us and special-interest lobbies in Washington. Don't we care? Are we indeed such sheep that we must wait for a Ralph Nader to come along and get our cars made safer for us? We are the ones who are getting smashed up in our Tinkertoy two-doors at the rate of 50,000 a year while Pentagon personnel spend their time in chauffeured (and, I might add, sturdy) limousines. Where is the "citizens' lobby" to look out for *your* interests?

There is insanity all about us. Our government sells wheat to Russia, which in turn supports and encourages the Arab countries, which in turn shut off our oil. We pay farmers for *not* growing food, and millions go hungry. The dairy industry is a government pet, and I try powdered milk (ugh!) because real milk sells for $1.50 a gallon. If we elect an almost "ordinary" person—that is, not a millionaire—to high office (like Agnew), he winds up with his hand out for money; and if we elect millionaires, how can they know or care about the ordinary needs of ordinary people?

WHERE ARE OUR VOICES?

I have no answers—only a strong faith in the power of the people. I only know that you can't be walked on if you stand up. I know I care about my country and the quality of my life. And so do my neighbors. And the people all across America. Where are our voices? There is a scene from "The Magnificent Seven" in which the outlaw says of the poor villagers whose town he has just plundered, "If God didn't want them shorn, He would not have made them sheep." Have we become a nation of sheep?

MACKLANBURG-DUNCAN CO.,
South Portland, Me.

GOOD MORNING SENATOR MUSKIE: I never thought I would ever get angry enough to write a letter to my Senator. I say my Senator, for I have supported you in any political encounter you have entered since I was able to vote in 1961, and always admired you as a Governor and then U.S. Senator.

I just finished watching "sixty minutes" on CBS, Channel 13 here in Portland, and listened to the Shah of Iran call the oil companies in my country liars.

I have come to the point in time when I don't really trust my government, I'll change that, I trust my government, but I do not admire or trust the few people who are running it.

With the controls (Federal) we have on the people who are paying the bills, which are not the wealthy nor the poor, but the people who are just able to make ends meet. Maybe the "middle American" as we are called should "go on strike" it seems to be a way to get attention but we are too busy working to pay higher food costs (because my Senator and Representatives are sending our grain to Foreign Countries, or a poor fruit picker won't pick or harvest a crop because he can't make enough money to support his family, or a truck owner won't haul the food to my store because he can't afford to pay higher fuel costs.)

And we the "Middle American" are too busy working to pay higher home heating fuel costs (which have doubled in the past twelve months) we are busy working to pay higher gasoline costs (which have increased by over 60%). Home heating fuel and gasoline are in short supply I am told by my Government, whose only knowledge comes from oil companies. These oil companies among other large companies have contributed enormous amounts of money to political campaigns and politicians for political favors.

Can't you control these companies?

Mr. Muskie, I have supported you in any way I could both by vote and money. Now you must support me.

I am damned tired of getting up every morning, listening to the news and finding that we are in more trouble than we were the day before.

Mr. Muskie, my wages are not keeping up with the expenses you are allowing to be charged.

Mr. Muskie, I'm running out of gasoline.

Mr. Muskie, My house is cold because my thermostat is set at 65° (since last November.)

Mr. Muskie, I need your help!

Very Sincerely Yours,
James Severance.

P.S. Let's get America back on the right track, so we can all be proud again.

The PRESIDING OFFICER. Who yields time?

Mr. CHURCH. Mr. President, I yield such time to the Senator from Colorado as he desires.

The PRESIDING OFFICER. The Senator from Colorado is recognized.

Mr. DOMINICK. I thank the distinguished colleague from Idaho.

The PRESIDING OFFICER. The Senator from Colorado may proceed.

Mr. DOMINICK. Mr. President, I listened to the distinguished Senator from Hawaii's impassioned plea on behalf of this amendment with great interest. The debate sounds as though the issue is something new, but it is not new. As long ago as April 6, 1973, almost a year ago, when I heard that a pay raise for Congress was going to be recommended regardless of whether it also applied to the judiciary branch and the executive branch I circulated a letter in a very short period of time and I got 19 signatures, including the distinguished Senator who now occupies the chair (Mr. McClure), and pointed out at that time that while the efforts of the President—

> to hold down the line on inflation, while faced with rising labor costs, increased prices and a difficult international monetary environment have found wide support among us, and it would appear to be very counter-productive to seek any increase in salaries under the purview of this Commission in the immediate future.

Mr. President, I ask unanimous consent to have printed in the Record the letter dated April 6, 1973.

There being no objection, the letter was ordered to be printed in the Record, as follows:

April 6, 1973.

The President,
The White House,
Washington, D.C.

Dear Mr. President: The Commission on Executive, Legislative and Judicial Salaries will be making recommendations on salary increases in their report to be issued after June 30, 1973. It is our understanding that at the April 9 meeting, or subsequent to that date, a tentative recommendation of salary increases of 25% is likely to be forthcoming.

While we recognize the necessity for periodic review of the salary structure of those in the senior levels of the Executive, Legislative and Judiciary Branches, it is the belief of the undersigned that any public recommendation for salary increases at this time would be inappropriate.

Your efforts to hold the line on inflation while faced with rising labor costs, increased prices and a difficult international monetary environment have found wide support among us, and it would appear to be very counterproductive to seek any increase in salaries under the purview of this Commission in the immediate future.

For that reason, we urge you to hold in abeyance any actions recommended by the Commission through the remainder of this calendar year and until the inflationary spiral is sufficiently under control to justify increases throughout the economy. We cannot support any proposal for such increases while the nation is seeking to stabilize its economic position both domestically and in the international community.

Sincerely,
Senator Peter H. Dominick, Senator Milton R. Young, Senator Norris Cotton, Senator James A. McClure, Senator Clifford P. Hansen, Senator Roman L. Hruska, Senator Edward J. Gurney, Senator Charles H. Percy, Senator Dewey Bartlett, Senator Strom Thurmond, Senator Robert Taft, Jr., Senator Carl T. Curtis, Senator Henry Bellmon, Senator Wallace F. Bennett, Senator Paul J. Fannin, Senator George D. Aiken, Senator William V. Roth, Jr., Senator John Tower.

Mr. DOMINICK. Mr. President, I also would like to say to my friend from Hawaii, and I might say that he and I usually view issues comparably, that it would seem when listening to this debate as though the Commission had been unanimous in its recommendations that a 25-percent increase be granted to all top-level executives, and to Members of Congress. As a matter of fact, that is not so. Two of the nine members on the President's Commission on Legislative and Judicial Salaries did not feel justified at the time in recommending the proposed increase. The two members, Mr. Meglen and Mr. Foley, were appointed by the President of the Senate and the Speaker of the House, respectively, so we can see that those Members who were appointed by the leaders in the Senate and the House immediately arrived at the same conclusion as I had, that is, that any effort to try to increase salaries of Members of Congress at this point would do nothing but increase the push for further inflation in this country.

Now the question is, I would suggest, how do we handle the judiciary and executive salaries if we do not want to increase salaries of Members of Congress?

That is a very easy task. There is no reason why the distinguished chairman and ranking minority member of the Committee on Post Office and Civil Service could not amend the law which now put a freeze on this. They do not have to come in here with an extra salary increase; all they have to do is amend the law and bring it out for debate. That would immediately change the situation that was talked about at considerable length and with great gusto by my distinguished friend from Hawaii.

All we would have to do is change this piece of legislation which is now creating the problem or the dam, if that is it, on increased pay raises. It is not that I want to see them go to a greater or added expense in either judicial or executive salaries, nor do I want to see those people necessarily paid a lot more than Members of Congress. But I must say if my own experience is any kind of indicator there is no problem in finding Federal district judges. Every time there is a vacancy or every time it looks as though there might be a vacancy in my State, not only does everyone on the Colorado Supreme Court immediately see if he can get the nomination, but so do about three-fourths of the practicing lawyers in the State. It is one of the most difficult things I know of to try to find the best qualified people. I have found no indication whatever, even though these people in many cases are making much more money than a Federal district judge is paid, that the salary is not large enough.

There may be a problem in some States where people take that attitude. If they do, I am sorry about it. I would not say that necessarily the judicial system is foremost on that particular person's mind but there may be circumstances in his own family living which create a particular problem for that particular person. I can understand that. There is no reason why we should not be able to make allowances for that kind of thing when it is not widespread.

There is an even more important aspect. I was brought up in the political scene in my State of Colorado in which we had a law which Congress would be well advised to pass here—but it will not do it; I am not naive enough to think it would—but our constitution says if we spend more than we take in, the first who get cut off by the ears are the members of the legislature, and all the excess spending over income comes out of their salaries first. This includes not only members of the legislature, but also members of the Governor's cabinet and other State officers who are there. It is designed to hold down the cost of running government. It seems to me this is eminently sound. I said that if we had it in our Constitution or as a law, this would be the most economic-minded Congress we ever heard of. But we probably will not get it, or get an economy-minded Congress. We have not had one in a long, long time.

The next thing of interest is that our constitution in Colorado provides that we are not permitted to raise our own salaries while we are holding office—which is exactly what this measure would do, whether it is the Fong amendment or the McGee amendment or any other amendment. It would not affect me, insofar as I am concerned, if it were delayed until 1975, because I have to run this fall, in the event I seek another term. It would affect two-thirds of the Senate, however, and it would result in a pay raise for them by their own actions while they were holding office.

All the way through, the Commission recommendation and the arguments for it have been based on the theory that inflation has gone on to such an extent that we need a raise. I have high respect for the capability of my colleagues, and actually, if some of our constituents would stay with us on a day-by-day basis and see the hours and hours we spend, not only on the floor but meeting in committees and talking with constituents and talking with agencies and answering letters, I think they would come to the conclusion that the job, in terms of work, deserves a $150,000-a-year salary. But we are not going to get it. That is not what we ran for when we ran for office. We did not run for the money. I did not, when the salary was $22,500. I did not ask for any increase. As a matter of fact, I have voted against every increase since I have been here, not because I am a demagog, not because I would not like more money—I would, just like anybody else—but I think we ran for a specific job at a specific level, and to say, all of a sudden, when we get into this job, we see it is a lot tougher than we thought it was, and because inflation has gone on, we deserve more money, and vote it for ourselves is, to me, a wholly wrong approach.

The last and final point I might mention concerns the causes of inflation. One of the great impacts on inflation—it is not the only one—is the excess Federal spending that goes on. Who is responsible for the excess Federal spending? Members of Congress. So are we going to reward ourselves by higher pay for having pushed through one of the greatest influences on inflation by ourselves?

There is no way we are ever going to stop this inflationary push as long as we have greater Federal spending than we have income to pay for it.

So, knowing full well that $42,500 in my State is considered a high salary for almost any job, calculating that the amount of work we do would require a salary equivalent to $150,000 a year, while knowing we will never get it here, and realizing that we have created part of the inflationary push thereby giving rise to the argument that we need a pay raise. I, for one, cannot see an increase, whether it is the McGee amendment, the Fong amendment, or any other amendment.

Mr. MAGNUSON. Mr. President, will the Senator yield?

Mr. DOMINICK. I am happy to yield.

Mr. MAGNUSON. The Senator from Colorado just asked, Who is responsible for the Government spending excess?

Mr. DOMINICK. That is correct.

Mr. MAGNUSON. And the Senator said, Congress.

Mr. DOMINICK. Yes; I hope so.

Mr. MAGNUSON. Does the Senator realize that Congress has never spent over the Federal budget recommended by the President of the United States? Does he not think that the President ought to be responsible for his own budget?

Mr. DOMINICK. I absolutely do.

Mr. MAGNUSON. We have been under the budget by $21 billion. We will be under the budget this year. It seems to me that when we talk about Congress, we have been fiscally responsible. The President has been irresponsible.

Mr. DOMINICK. That may very well be true.

Mr. MAGNUSON. Is that correct or is it not?

Mr. DOMINICK. No, I do not think it is.

Mr. MAGNUSON. Let me give an answer to that. It may be that both the President and Congress ought to be more responsible. But do not say that only Congress is irresponsible.

Mr. DOMINICK. All right. Congress is the branch that sets the level of appropriations or authorizations In 1972, Congress—both Houses, said we should not spend more than $250 billion in 1 year. But then what did it do? It appropriated $265 billion. Then it jumped all over the President for impounding $15 billion. If he had followed what Congress said to do, he would have been jumped on by Congress.

Mr. MAGNUSON. I am saying Congress has not been fiscally irresponsible. We have been under the budget for the past 5 years. We will be under it this year.

Mr. DOMINICK. I sincerely hope so. I know the great care with which the Senator from Washington handles the budget.

Mr. MAGNUSON. It is a question of the overall priorities. We want to do more; the budget wants to do less. It is a question of priorities. But the overall has been good. I speak for the Senate alone when I say that we will be under the budget again this year.

Mr. DOMINICK. I am happy to hear that. I would agree with the Senator from Washington that the so-called full employment budget is absolutely a bunch of nonsense. With the Senator's ability, he could be paid a salary as high as that of the president of General Motors. But the full employment budget is a lot of baloney.

Mr. MAGNUSON. I did not say that.

Mr DOMINICK. No; I did not say the Senator said it. That is what the full employment budget is. A full employment budget means that the money to do what is necessary would require spending more than we would have coming in.

Mr. COTTON. Mr. President, will the Senator yield?

Mr. DOMINICK. I yield.

Mr. COTTON. Mr. President, I rarely disagree with the distinguished Senator from Washington, who is chairman of the subcommittee on which I serve. But I would call his attention to this: If we are talking about what the Appropriations Committee does, he is absolutely correct. We have kept under the President's budget for the last 5 years. But if he is talking about what Congress does, we must bear in mind that only 44 percent of the expenditures come from our committee.

Mr. MAGNUSON. That is correct.

Mr. COTTON. Back door spending authorizations that have been granted as obligational authority by the entire Congress have run beyond what the Appropriations Committee has recommended.

Mr. MAGNUSON. There is no question about that.

Mr. COTTON. So the Senator from Washington is correct when he says the Appropriations Committees have been frugal. But that does not mean the whole Congress has been, because Congress has been indulging in back door spending.

Mr. DOMINICK. The Senator from New Hampshire is absolutley correct.

Mr. MAGNUSON. That is why we ought to keep the integrity of the Appropriations Committee alive. We have been doing a good job.

Mr. DOMINICK. I do not criticize the Appropriations Committee.

I criticize the Members of Congress. All the way through we have continued back door spending. As has been well said by the Senator from New Hampshire, those spending increases become obligational in nature and are increases about which the Appropriations Committee can do nothing.

So, I would say again that here we have this cause for inflation which gives rise to the statement that we ought to have a pay raise when we ourselves have been largely responsible for that push. We should not reward ourselves for that.

Mr. CHURCH. Mr. President, I join with the Senator's statement, particularly with regard to inflation. Wherever the blame may lie as between the Congress and the President, the fact remains that the Federal deficit has increased by more than $100 billion since Mr. Nixon took office. Even though the Appropriations Committee may have actually appropriated less each year than the President requested, the deficit has continued to spiral upward at an unprecedented rate.

Mr. DOMINICK. To the extent that our deficit is now $465 billion.

Mr. CHURCH. The Senator is correct. And this administration, despite all of its pretensions to being a businessman's administration, devoted to sound fiscal policies, has turned out to be the biggest spender of any administration in recent memory, from that of the late Franklin Delano Roosevelt.

The fact is that deficit spending is running amok. Congress has not closed the gap between income and outgo. The President has yet to submit to the Congress a balanced budget. His latest budget is about $10 billion in the red. Even if the Appropriations Committee does as well this year as before, we will not come even near operating the Government in the black. Deficit spending will continue unless Congress finds a great deal more willpower than it has in the past.

The Senator from Colorado makes a very sound point when he says that we should put the fiscal house of the Government in order. That will be the time to call for a salary increase for the best paid people in the Government. And until we do that, at least as far as our own salaries are concerned, I do not think they should be increased.

On the other hand, I doubt that the people will begrudge a salary increase to us once the Government is operating again in the black. However, based upon the present circumstances. I can understand why the people would feel outraged, in view of this runaway inflation and continued deficit spending, if Congress were to increase its pay and the pay of the top echelons in the Government.

I commend the Senator from Colorado for the points he has raised.

Mr. DOMINICK. Mr. President, I thank the Senator from Idaho. He and I are fighting together all the way through on this matter. I am sure that a great many others will join with us.

Even if the President were to submit a balanced budget for the year, it would not be balanced. Why do I make that statement? The reason is obviously that the so-called "do it by mirror" system is not any kind of method by which we can balance the budget. We balance the budget only if we have full employment.

It seems obvious to me that we cannot do that with the energy crunch.

Mr. MAGNUSON. Mr. President, if the Senator will yield, what we are talking about here, in the whole field of the gross national product, is only a pebble on the beach.

Mr. DOMINICK. The Senator is correct. However, it is a big pebble.

Mr. MAGNUSON. I do not believe that if the Congress were to raise its own salary by 7.5 percent it would shake the fiscal foundations of this Nation.

What the Senator from Idaho and the Senator from Colorado talk about is the fact that we have to set an example.

Mr. DOMINICK. The Senator is correct.

Mr. MAGNUSON. And the few thousands of dollars that the Members of Congress will receive if it votes itself an increase will not shake anyone's family budget.

After all, people must realize that there is an income tax and 50 percent of an increase in salary would go back to the Federal Government anyway.

Mr. DOMINICK. The Senator is correct.

Mr. MAGNUSON. We are not talking about a raise of a few thousand dollars. We are talking about a raise of only half that amount. That will not shake the foundations of the Nation or create inflation or disturb the fiscal foundations of the Federal Government.

I stood up because I wanted to stand up for the Appropriations Committee. I think they did a good job, although perhaps they might do a better job.

Mr. DOMINICK. The Senator is correct. The Appropriations Committee has done a good job.

Mr. MAGNUSON. We are talking about how we look to the rest of the Nation. That is about all it amounts to. I do not believe that the amount of money involved in the pay increase would mean much of anything to the country.

Mr. DOMINICK. We are talking about that plus the fact that in my opinion we should not be raising our own salaries during the term for which we were elected. I think that it would be wrong to do that. If we need to give an increase to the executive and the judicial employees, there is no reason why we cannot amend the existing act.

Mr. CHURCH. Mr. President, will the Senator yield?

Mr. DOMINICK. I yield.

Mr. CHURCH. Mr. President, the Senator from Washington is eminently correct when he says that the actual amount of money involved in a congressional pay hike will not undermine the economy of the Nation or have a very pronounced effect on the inflation.

According to the figures received from the administration, if Congress were to vote itself a pay increase, it would cost about $6 million. If we were to vote to increase the salaries of the top officials of the Government, in accordance with the President's recommendations, it would cost $34 million. That would be the immediate impact of adopting the President's pay increase recommendation. It would cost an added $34 million for the coming year. However, the proponents of the increase have pointed out that one of its principal purposes is to lift the lid on the Federal salaries, making way for an upward adjustment in salaries throughout the Federal civil service.

No one knows the cost of this indirect, but nevertheless inevitable consequence of our decision to raise the salaries of the top echelon officials.

Obviously, the ultimate cost of the increase would not be $6 million or $34 million. The ultimate cost to the Treasury of the United States would be counted in the hundreds of millions of dollars, or billions.

Mr. DOMINICK. Mr. President, the Senator is correct. I would like to add that a member of my staff tells me that in the first year it would be about $34 million. In the second year it would be $68 million. In the third year it would be $102 million. And that is without the additional cost which the Senator is talking about.

Mr. CHURCH. The direct cost would be $102 million in the third year. That does not take into account the indirect costs which would occur in upward adjustments for the entire civil service.

The ultimate cost would be in the hundreds of millions of dollars, indeed billions of dollars. In the last 10 years alone, Federal pay has more than doubled. It has gone up in excess of 100 percent, well ahead of the rate of inflation and well ahead of comparable increases in pay in the private sector of our economy.

As a matter of fact, the present Federal payroll is $64 billion—and it will go up to something over $70 billion next year.

I have supported these increases in the pay for civil servants. Most of us have done so from year to year. But, in the light of this doubling of Federal salaries in the past 10 years, and in view of the fact that pay increases have exceeded the inflation, and that the pay now, except for the topmost levels, actually exceeds comparable pay in private industry, it cannot be truthfully contended that the Federal bureaucracy has been ill served.

Therefore, I think that no undue hardship will be entailed if Congress simply insists on holding the line. The people expect us to do no less, in the face of continuing Federal deficits and this runaway inflation.

Mr. DOMINICK. The Senator from Idaho is undoubtedly correct, and the Senator from Washington was correct in some of the things he said about the public awareness of high officials doing this.

I have here an editorial which points that out quite clearly. One of the points it makes is that Plato suggested that public officials live simply, and therefore not be tempted by money, and that few heed this advice today. The editorial adds:

> Salaries of high officials themselves amount to little in Mr. Nixon's $40 million daily deficit, but the example set by our leaders is important.

That was exactly what the Senator from Washington was saying. I ask unanimous consent that the editorial entitled "Dominick's Salary Stance," published in the Littleton, Colo., Independent of February 14, 1974, be printed in the Record at this point.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

[From the Littleton (Colo.) Independent,
Feb. 14, 1974]

Dominick's Salary Stance

Sen. Peter Dominick pleased his constituents last week when he told Leonard Larsen of the Denver Post that he opposed President Nixon's plan for salary increases for Congress and the cabinet.

As his final contribution toward inflation in 1969, President Johnson approved doubling the pay for President Nixon and jumps for Congress from $30,000 to $42,500 a year—plus dozens of fringe benefits.

Ever since then, most Americans have copied this example and we have had the worst five years of inflation in a century. George Shultz and Arthur Burns asked to have their pay substantially cut, but their gestures did not slow down the annual demands for higher pay by unions, government workers, and many others.

Plato asked public officials to live simply and therefore not be tempted by money. Few heed this advice today. A federal judge in New Jersey has resigned his $40,000 job to make more money as a lawyer. This does not strike us as patriotic. Large incomes mean large consumption of energy and added pollution. More consumption of natural resources that should be left to our great-grandchildren.

In the present case, Sen. Dominick opposes the proposal to hike congressional pay from $42,500 to $52,000, Cabinet officers from $60,000 to $70,000, and 2,800 other officials from $36,000 to $60,000.

He is opposed to both the raise, in view of the 8.8 pct. inflation rate, and also the method of granting the raise. Throughout history, Congress manfully voted itself pay raises. In 1967 it arranged for a "salary commission" to do the embarrassing work of providing pay hikes. These boosts are sent to the President who can alter them. They go into effect unless Congress vetoes the increases. This automatic system permits Congressmen to tell their constituents that they had nothing to do with their salary jumps.

Larsen reports that Rep. Bill Armstrong and Rep. Don Brotzman will support a resolution in the House to follow Dominick's proposal in the Senate.

Few members of Congress improve their financial position while in office. Most of them maintain two homes, and it is not pleasant for their children to be transplanted to the Washington area. Cost and physical effort of elections could be cut in half if we adopted LBJ's advice and chose the 435 House members at presidential elections only. This would tend to give the new President a Congress of his own party—something always to be hoped for.

Salaries of high officials themselves amount to little in Mr. Nixon's $40 million daily deficit, but the example set by our leaders is important. We trust that others in Washington will realize that their behavior is imitated as to morals, salaries, and way of life in this critical time.

Mr. COTTON. Mr. President, will the Senator yield? Just for a minute or two; I do not wish to encroach upon the Senator's time, which I know is limited.

Mr. DOMINICK. I yield to my friend from New Hampshire.

Mr. COTTON. Mr. President, I find myself just a little bit irked by the remarks of my very good friend, whom I greatly admire and who is always very factual and accurate, the Senator from Idaho (Mr. CHURCH).

In the first place, it is apparent to this Senator that the huge increase in what we are paying the Federal bureaucracy has not come so much from increases in salaries as it has from increases in numbers, because we have been adding so many; every bill that goes through adds more employees. The Senator may have taken that into consideration.

Mr. CHURCH. Mr. President, may I respond?

Mr. COTTON. I yield.

Mr. CHURCH. I think the Senator should realize that there has been a very precipitate drop in overall Federal employment, due to reduction in numbers of the Armed Forces. Taking into account the reduced levels in the armed services as compared to the added employees on the civilian side, the net reduction has been over a million. But despite that immense reduction in numbers, the actual cost to the Federal Treasury has increased. The actual payroll has gone up $22 billion, owing to the impact of increases in pay that have already taken effect.

Mr. COTTON. I understand. But when we begin to drag into this picture the cost of the Military Establishment, we are getting entirely off the subject and way out of focus, because we are now trying to do what this Senator, though he has been greatly in the minority, has always insisted it is impossible to do. I believe that, considering the population of the nations of the world today, and the power of the nations of the world today, this idea of a purely voluntary Army, wherein we induce people by money allurements so that we can say we do not have a draft, is something that will bankrupt this Nation before we get through, and we will not have the money to buy weapons because we will be paying so much in salaries.

But I am still irked by this point that was brought up. I am not worried about whether Members of Congress get the raise or not, for several reasons. One reason is that I am leaving and will not get it. It is perfectly true, as the Senator from Colorado has so well said, that we did not run for this job—I do not believe anyone has run for the House or the Senate, or very few ever ran—because of the salary involved. We ran for it because of the responsibility it carries, the honor it carries, the challenge it carries, and whatever inducement ambition may afford.

But here are the people who are being mistreated: We have frozen the salaries, for the past years, so that the people on our own staffs and the people in the higher brackets downtown have had their salaries frozen, so that they have not had the benefit of any of these raises, while, on the other hand, the less experienced, newer, younger members of our staffs, and I suppose of the staffs downtown, have each time automatically received the cost-of-living increase. The result is that, for a number of years now, the most useful, the hardest working people, and the people with the greatest responsibility in your office and mine have been frozen where they were, and very useful people, including key people in the Senate, have just quit and retired because it represented money in their pockets to do so.

Mr. DOMINICK. I would say to the Senator from New Hampshire that I am sure this is true, although I do not usually pay any great attention to the matter. Let me say, however, that we could correct this situation by amending the other act, instead of going this way.

Mr. COTTON. Mr. President, that is exactly what I tried to do. I did my level best. I talked with the Senator from Wyoming (Mr. MCGEE) last year. I talked with my friend the Senator from Hawaii (Mr. FONG), and urged and begged that the Committee on Post Office and Civil Service do one thing, which would not raise anyone's salary one plugged nickel. I urged that they give us a bill that would permit—making it optional—those people on our staffs and downtown who had their salaries frozen, I repeat at their option, to pay out of their own pockets, from what they are now getting, toward their retirement the amount of money that they would be paying toward their retirement had they been allowed to receive the increases that those lower down on the echelon received, and in that way they would not be facing hardship when the time comes to retire after years of faithful service.

I am retiring from the Senate, as everyone knows, next January, and there are people on my staff who have been with me for 25 years, and they have had their salaries frozen for the last several years. If, for 1 year, if only dating back to January 1, the Post Office and Civil Service Committee—if this bill fails, as it is expected that it will—would only permit them at their option to reach into their own pockets on their present salaries and pay out toward their retirement the amount they would have paid had they received their raises, I believe that would be one thing we could do which would be just.

Mr. DOMINICK. I think the Senator from New Hampshire has a good thought there.

Mr. COTTON. Both Senators MCGEE and FONG listened to me with sympathy but did not say why it could not be done. I suspect they felt that if it were done before we acted on this thing today, it might militate against increasing the salaries. I appeal to them and I appeal to the Senate that after we dispose of this, particularly if it fails and the raise does not go through, at least we make my proposal retroactive to last January.

Mr. DOMINICK. I would be happy to support the Senator.

Mr. CHURCH. Mr. President, I think we had better determine how the time is being allocated in this colloquy that involves both sides of the question.

The PRESIDING OFFICER (Mr. MCCLURE). All this time has been charged to the Senator from Idaho who yielded the time to——

Mr. CHURCH. I yielded to the Senator from Colorado. I just think, for purposes of such a general colloquy and debate, we should ask that the time be equally divided between both sides.

The PRESIDING OFFICER. All time up until the present has been charged against the time of the Senator from Idaho.

Mr. CHURCH. I then ask unanimous consent, in view of the general debate which is now developing, on which positions are being taken on either side of the issue, that the time be divided equally between both sides.

Mr. FONG. Mr. President, I have only a few minutes left. I object.

The PRESIDING OFFICER. Objection is heard.

Who yields time?

Mr. MAGNUSON. Mr. President, will someone yield me 1 minute?

Mr. CHURCH. I yield 1 minute to the Senator from Washington.

The PRESIDING OFFICER. The Senator from Washington is recognized for 1 minute.

Mr. MAGNUSON. Mr. President, I would say to the Senator from Colorado, whose opinion I respect on these matters, that what we are talking about here, with Congress, is somewhat different than on the other salaries.

Mr. DOMINICK. That is correct.

Mr. MAGNUSON. The judges and the others are people who are here—grades 18, 19, whatever they are—who have permanent residences here, but Members of Congress have to maintain not only a residence in the Washington area but also in their own State or they cannot qualify to be a Member. So we are a little different.

What we really need more than a salary raise is some expense deduction, such as an ordinary businessman woud take who has to go to his place of business. We work here 10 and 11 months of the year, we all know that. It seems to me that is the approach we should take, because it means that not only do we have to take care of our families back home but we also have to keep going back and forth from our States. So this is what we should do, instead of raising our salaries, which does not mean too much, but this would.

I would, therefore, hope that the committee would consider that point sometime. We have that one deduction now that was knocked down—it is antique. Members cannot do that. So we are a little different from the average person who has a permanent home.

This is what I think Members of Congress would rather have than a salary increase.

Mr. DOMINICK. The Senator is right.

Mr. MAGNUSON. We would not gain anything by it. But we have got to have a residence in our State or we cannot qualify to be a Member of the Senate.

Mr. DOMINICK. The Senator is correct.

Mr. MAGNUSON. I believe that would be a better approach and more equitable.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. HART. Mr. President, will the Senator from Hawaii yield me a couple of minutes?

Mr. FONG. I yield 3 minutes to the Senator from Michigan.

The PRESIDING OFFICER. The Senator from Michigan is recognized for 3 minutes.

Mr. HART. Mr. President, the circumstances of each of us are different. For some it is possible to say that the few thousand dollars involved mean nothing. Perhaps that can be said for most of us. It is true that the timing is bad any time—and surely it is now. But I think there is a principle we are seeking to protect here which is worthwhile. There is no conflict of interest so gross, so outrageous, as men and women in Congress sitting around deciding how much they shall pay each other.

After 170 or 180 years of doing that, we decided—and I think wisely—to seek to reduce to the minimum the appearance of a conflict of interest by creating this commission, provided we can reject or modify their recommendations. That commission tells the President that we should not have, in a sense, a pay raise but that we should have a cost-of-living factor equivalent to the increase in the index since 1969—about 30 percent, or 25 percent—whatever it is. The President then says, well, we should dilute a little further the 7.5 percent for each of the 3 years.

Unless we want to get back to the business of sitting around telling each other what we will pay ourselves every few years, I would hope that we would support the concept established in 1967–1969—whenever it was—and ratify the opinion of that commission which, by a substantial majority, spoke to us in that fashion.

I agree with the Senator from New Hampshire (Mr. COTTON) that no one ever ran for the Senate because of the salary involved.

The PRESIDING OFFICER. The 3 minutes of the Senator have expired.

Mr. HART. Mr. President, may I have 1 more minute?

Mr. FONG. One-half minute.

The PRESIDING OFFICER. The Senator from Michigan is recognized for one-half minute. [Laughter.]

Mr. HART. The quality of our performance would be vastly improved. I suggest that the confidence vested in us would be a little more solid than the circumstances of some of us being in conflict because of having to go out and make speeches for money, or to get money elsewhere.

We have been lectured that Congress is atrophying, that we are giving in to the White House, and not resisting their pressures on us; but in this case, we are doing this to ourselves. We cannot blame this on the White House. This is atrophy self-inflicted.

Mr. DOLE. Mr. President, will the Senator from Idaho yield?

Mr. CHURCH. I yield 3 minutes to the Senator from Kansas.

The PRESIDING OFFICER. The Senator from Kansas is recognized for 3 minutes.

Mr. DOLE. Mr. President, first, I commend the Senator from Wyoming (Mr. McGEE) and the Senator from Hawaii (Mr. FONG) for their efforts in trying to work out a compromise.

It has been said that the difficulty with pay raises in the Senate is that one-third of its Senators are millionaires, one-third are statesmen, and the other third are cowards.

I am not certain what the answer is, but I know that that last third changes as we near election time. There are 33 Senators running this year.

I find it difficult to agree with the Senator from Colorado who said that we should not vote for a pay increase during our term of office. That would never be possible in the Senate because the Senate is a continuing body and we would never have a pay raise if that were the case.

There is no doubt in my mind that this boils down for many of us to being straight politics; that is, is it our political interest to vote for or against pay raise.

I understand the realities of voting on a pay raise. In the 13 years I have been a Member of the House and Senate I know what it has meant so far as a Member is concerned.

I agree with the Senator from Michigan. I think it is a very difficult thing for some to do. There are some of us who are not in the first category of being wealthy and who supplement our income by making speeches, and we are criticized for doing so. There are others who do not need to do anything. There are probably others who consider the pay raise a sort of nuisance, something they have to take care of and send on to the bank. In any event, it never seems to be an appropriate time to increase the pay.

AGAINST PAY RAISE FOR CONGRESS

Mr. President, let me say at the outset that I am against raising congressional salaries as proposed by the President's budget recommendation. And furthermore, I am against giving these raises to high-level civil servants, Cabinet officers and the Federal judiciary.

I have sponsored legislation to deny these 22½ percent increases, and as a member of the Post Office and Civil Service Committee, I voted against modifying or softening the full prohibition on any of these raises taking effect.

VITAL ECONOMIC ISSUES

Economic matters—the so-called pocketbook issues—are the most important domestic concerns for the American people today. Inflation, the cost of living, food prices, the frustrations of the stock market—these are the areas most prominent in the minds of the American people.

Every day some major economic event seems to be in the headlines. It may be the announcement of new Government economic indicators, higher interest rates, a fluctuation the price of gold, or any number of possibilities.

There are, of course, many factors involved in shaping the present economic climate and determining future developments. But one item in particular is recognized by a great number of ordinary people, who are not economists or financial analysts. They realize that leadership and the example set by those in responsibility in Government are important elements in building the strength of our economy and inspiring confidence in the people.

GOVERNMENT SPENDING

One of the great concerns is Government spending. When such a sizable share of the average working man or woman's hard-earned pay is taken to support Government, it is no wonder that there is great concern for wasteful spending, unnecessary programs, and duplication of efforts which have too often come to light. In the people's mind the spending policies of Government are probably the most important influences in determining the economic health of the country. While not the only factor at work, many feel that Federal spending is the prime force in deciding whether we will have a stable, growing economy in which the great majority can expect to prosper and find security, or whether we will have a widely fluctuating—boom-and-bust inflation and recession—economy in which no one's income or savings are safe and secure. They look for and expect Uncle Sam to lead the way by setting his own house in order.

DIFFICULT CONDITIONS

At the present time the country is facing difficult economic conditions. The energy crisis threatens to throw our balance-of-payments account seriously out of balance, and changing relationships with Europe, Japan, and other trading blocs have written a new set of ground rules for America's role in the world marketplace.

TIME FOR SACRIFICE

In the course of efforts to control inflation, major sacrifice have been called for on the part of every sector of the economy. Workers have been told to restrain their bargaining for wage increases. Manufacturers have been required to curtail price increases. Farmers have had ceilings imposed on their prices. These requirements have not been easy or enjoyable for those affected by them. But the American people are a great people who have always been willing to make sacrifices when the need arose to serve the country's basic interest.

At home inflation continues to be a major force with the cost of living having gone up a full 1 percent in January alone.

Clearly no one considers for a moment that the lid is off, and that we can now afford to go on a rampage of wage and price boosts to make up for lost time. Such an attitude is dangerous and exactly the opposite of the mood which must be maintained if inflation is to be controlled.

Unfortunately, the Congress appears determined to pursue such a course—but not on a abstract basis concerning some broad policy affecting, say, business, farmers, or labor. Rather, Congress has before it a question of whether it and other officials at high levels of the Government are going to set an example of sacrifice, restraint, and responsibility—or tell the American people, "You bite the bullet, but we are going to take care of ourselves with a nice fat raise."

PERSPECTIVE IN CONGRESSIONAL SALARIES

Now, as one who has served in the House and Senate for more than 13 years, I have developed my own opinions about the salary levels for Members of Congress. And I believe there is a need to provide a high enough pay for congressional service to make it a career which persons of modest or limited means can afford to take up. Independent sources of income should never be set as a requirement for seeking or serving in Federal elective office.

And the same principle applies to top level officials in the executive branch and in the civil service and in our courts. We should also recognize that—fairly or not—congressional salaries act as lid upon the Federal pay structure. So, when the pressure builds up for higher salaries for the employees covered by the civil service structure—especially at the higher levels—Congress gets put in a very tight spot. There is never a "good" time to raise congressional salaries—that is a political fact of life. But there are valid reasons to do so, both in the interest of making public service in all three branches of Government reasonably rewarding for those who must support themselves and their families.

WRONG TIME

But as the saying goes, there is a time and a place for everything, and now—in the middle of the fight against inflation—is no time to hand out salary increases throughout the highest levels of the Government.

In my view, Congress should receive pay increases by appropriate amounts and at appropriate times, but in all fairness I do not feel we should have these increases at a time when millions upon millions of Americans are being told to practice restraint and pitch in to control the economy.

EXECUTIVE AND JUDICIAL SALARIES

In considering appeals to withhold congressional pay raises but allow them for everyone else, I was not persuaded that such a step was particularly wise, necessary or appropriate. In looking at the $36,000 ceiling imposed on certain high civil service grades by the present pay scales, I am moved to observe that many Kansans would be pleased and enthusiastic to serve in Government at that salary.

Granted, those who would benefit from these increases are subject to the same inflationary pressures which affect everyone. But because of their high positions in the civil service and in the top levels of the administration, they bear a major portion of the responsibility for Government policy decisions—particularly the control of spending and elimination of wasteful practices—and they should not be insulated from the impact of inflation.

Likewise, in considering the request of Chief Justice Burger that the salaries of Federal judges be raised, because of the threat that many judges might leave the bench for financial reasons, I have not noticed a great exodus from the lifetime salary and prestige of a Federal judgeship. Nor has there been—in Kansas at least—any shortage of qualified candidates for vacancies which arise on the bench.

LEADERSHIP FROM CONGRESS

Mr. President, I believe the American people are looking to Congress—and in the most critical way—for leadership on this issue.

As we all know the legislative branch is currently held in very low esteem by the people. In fact the Senators and Congressmen rate below the President in terms of public confidence in the job they are doing. These feelings are manifested in many ways—through surveys, in visits with constituents and at the ballot box. But the questions of congressional salaries and pay raises come up again and again in the discussion of various important issues.

As just one example I would call my colleagues' attention to an editorial which appeared recently in a small but very old and respected Kansas newspaper, the Caney Chronicle. It focuses particularly on the Senate, but in terms of the leadership and example set on issues of salary and fiscal responsibility, it expresses a broad concern which relates to the entire Congress. I ask unanimous consent that this editorial be printed in the Record at this point.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

Look Who's Talking

Watching televised reports of the oil company hearings in recent days makes the timbers beneath the Caney Chronicle quiver with disgust.

The hearings consist of a facedown between a panel of the nation's top U.S. Senators versus a handful of the nation's leading oil company executives.

The senators, in their pious roles, stare fervently at the successful businessmen.

"Now, we're going to make sure you don't make windfall profits," they tell them. "What you need to do is lay off a few people, cut back on your extravagance and make ends meet with a lot less profit."

Senator after senator takes his turn at cracking the whip in the arena of the most successful businessman in America.

The cameras whirr and by Cronkite time tonight, the nation will be fed this slop of the electronic media.

None of the TV networks date back much farther than 1940. The Chronicle has been here since 1885.

Since we've had a few more years to observe, here are our comments to the camera-happy senators who are doing the questioning:

"You're looking down your noses at the most successful of America's business executives. Take a good look, because they represent the inner fiber of our nation.

They're no different from the small town merchant, the Kansas farmer, the insurance man, the barber or the TV repairman.

They use good management techniques, hire expert workers, make fine products, maintain good profits . . . and balance their books.

They're successful.

Now let's take an honest look at you, gentleman:

You were hired by the American people to run a business, too. And it may be "hokey" to say, but, you've made a dandy mess of the things in your job.

You've raised your own wages by 400 percent in the past fifteen years. You've consistently overspent your budget. You've hired incompetent people, you've overstaffed every government building in the nation. You ridicule your company's top management. You refuse to cooperate with the other departments in your company. You devalue your product at every opportunity.

At times, gentlemen, you've given encouragement to your chief competitor.

Perhaps we're wrong, but it seems that you could take some lessons from those "profit-hungry tycoons who cheat the American people."

If someone should be lining up a panel of men to use as a verbal shooting gallery, it should be the businessman of America. . . . and you, gentlemen, should answer the questions.

If we had a choice of hiring a U.S. Senator or an oil company executive to run our business . . . I'm afraid it wouldn't be much of a choice. It would be the oil executive. Their record is just a tad better.

Get your own house in order, gentlemen, then come back to the hearing and take some notes while the oil men do the talking.

Mr. DOLE. This message of "Get Your Own House in Order" touches a very deep and responsive chord with the American people as they observe and evaluate and I know of no more important or ready opportunity to demonstrate an attitude that we are attempting to do so than by turning down these raises—for ourselves and others in positions of high authority and responsibility.

The PRESIDING OFFICER. Who yield time?

Mr. CHURCH. Mr. President, I yield 2 minutes to the distinguished Senator from Alabama.

Mr. ALLEN. I thank the distinguished Senator from Idaho for yielding to me.

Mr. President, I first became a member of any legislative body in 1939, as a member of the Alabama legislature, and served for a number of years in that capacity and in the State Senate, and now in the U.S. Senate, and I have never yet voted for a salary raise for myself.

I feel that at this time, in these critical times, with inflationary forces at work as they are, with Congress supposedly setting the tone for high level public service, it is unseemly and unbecoming for the Senate to devote 1, 2, or 3 days, as the case might be, to the matter before us.

I hope that we will vote in very rapid order on all the amendments pending before the Senate. I hope that in the final analysis, the raise that is being recommended for all categories—for Members of Congress, for the Cabinet, and for the Federal judiciary—will be denied, and I will vote in that fashion.

Mr. FONG. Mr. President, I ask unanimous consent that Clyde DuPont, Mrs. Alyce Thompson, and Kitty Simonds have the privilege of the floor during the debate on this matter.

THE PRESIDING OFFICER. Without objection, it is so ordered.

Mr. FONG. I yield 2 minutes to the distinguished Senator from Alaska.

Mr. STEVENS. That is not a lot of time to start the filibuster I have been reading about.

Mr. President, I think Senators should recall what happened last year, when the Senator from Alabama offered his resolution which would have instructed the Pay Commission that we wanted no pay increase. The net result of that debate at that time was that the Senate went on record that the pay increase should not exceed the Federal pay guidelines.

I support the action of the Senator from Hawaii. If that fails, I support the action of the Senator from Wyoming. In any event, I intend to oppose the resolution which would completely disapprove the action of the Pay Commission.

In the time available, let me read this from the GAO report:

> Between 1970 and 1972, supergrade retirements increased from 264 to 380, a rise of about 44 percent. Further, during the first 8 months of 1973, another 379 supergrades retired. If retirements during the last 4 months of the year were at the same rate as during the first 8 months, we estimate that a total of about 570 supergrades retired during 1973, or more than twice the number of 1970.

The point is that we are losing middle management in Government. We are trying to maintain pay schedules for the judiciary which will not attract those competent, bright, young people who are in the legal profession from their profession at a time when they should go on the bench.

What is more, we are refusing to face up to the question of what is adequate compensation for Congress. I do not feel that that decision should be made on the basis of political expediency, and that is really what is wrong with Congress today. When I first came to the Senate in 1969, as an appointed Senator, one of the first things I had to face was the question of the pay raise. At that time, my colleagues told me—

> You don't have much chance coming back here, anyway, so you had better vote against the pay raise. If you vote for it, that will assure that you won't come back.

I voted for the pay raise then and went home and told my people why I did.

I believe this should not be a millionaire's club; and unless we keep the pay equivalent at least to the rate of inflation, that is what it will become.

Mr. FONG. Mr. President, I yield 1 minute to the senior Senator from Wyoming.

Mr. McGEE. Mr. President, I am not going to rehash what has been gone over all day and for several days. I want to look around this Chamber at the empty chairs and make a mental note of whose chairs they are, and I want to look at the desks that are occupied, and say again to this body that a majority of this body has come up to the leadership on this committee and said, "Hang in there." They have said, "Of course, you're right. This is what ought to be done, but I just can't afford to vote with you this time."

There is a critical issue that is measuring this body. When are we going to stand up and be counted? A consensus approves the wisdom, the equity, as laid out by my distinguished colleague on the committee. Yet, there is a timidity and a forfeiting of Senate stature, in truth, in violation of the integrity, because they are afraid to vote the way they whisper.

The PRESIDING OFFICER. The Senator's 1 minute has expired.

Mr. FONG. Mr. President, I ask unanimous consent that Mr. Charles Bruss have the privilege of the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. FONG. I yield myself whatever time I may require.

The distinguished Senator from Colorado has said that we should set an example for the country of no pay. We have already set an example, Mr. President. We have set an example for 5 years of no pay for Congress, no pay for our top echelon employees; and what has happened in the country? The military received an 80-percent increase in the 5 years during which we have said we will set an example. The Government employees have received 42 percent, and the entire private sector has received approximately 30 percent. This is how they are following us.

What kind of example are we setting? Does the Senator from Colorado mean that if we set an example, Mr. Meany is not going to ask for an increase in the next 4 years for his people? He is asking for a 10-percent increase this year.

How are we going to set an example? Whether we set an example or not, they are not going to follow that example, because they are now asking for a cost-of-living increase, saying that the cost of living has increased by that amount and they want it.

Are we going to tell the 88 million working people in America for the next 4 years that they should follow our example and have no increase, even if the cost of living goes up 6 percent a year and it will cost them 24 percent in the erosion of their purchasing power?

Mr. President, the distinguished Senator from Colorado says, "Change the law, and there will be no compression." I do not see why we must change the law. Is he against the principle of comparability?

The distinguished Senator from Idaho says that he is for the principle of comparability. If we are going to have the principle of comparability, we are going to have this compression problem, because of the $36,000 ceiling.

Now, we have taken care of the statutory employees by this principle of comparability. We have taken care of the blue collar workers. Every year a survey is made in 39 different geographical areas and they are paid comparable wages automatically.

Now, if we are going to have comparable salaries then certainly our salaries should also increase.

Answering the distinguished Senator from Idaho who said that by giving this $34 million increase to the top echelon Government employees we are going to raise the lid and everybody will go up automatically, that is absurd. Everybody in the statutory system is governed by a system of comparability. The salaries of lower ranked employees will go up whether we lift the lid or not on the present $36,000 a year ceiling. The lid will stay there. It is below grades 15, 16, 17, and 18 that comparability is still in effect. However, probably very soon, we will have every one up in the GS-14, GS-15, GS-16, GS-17, and GS-18 pay category.

Mr. President, by lifting the ceiling of $36,000 we do not invite a lifting of all salaries of employees. Those salaries will be governed by the principle of comparability. I do not see how we can change the law because I do not see what other principle could be followed except to say that the 5 million people in Government should follow the 80 million people in the private sector.

The Senator from Colorado said we were responsible greatly for the inflation. Are we responsible for the inflation in Germany? Are we responsible for the inflation in Japan? Are we responsible for the inflation in England? Inflation was brought about last year because there was a drought and there were storms, and supplies and minerals became scarce throughout the world. There was general inflation all over the world. Although our percentage of inflation was high. We witnessed the lowest inflation rate of all industrialized countries, in the world.

In asking my colleagues to vote for my amendment, I urge them to consider that salaries of Federal white collar workers have gone up 43 percent in the past 5 years; that 3 million military personnel salaries have gone up 80.4 percent in the last 5 years; I ask them to consider that blue collar workers earnings have gone up 45 percent in the past 5 years; and I ask them to consider that three levels in our Government, and if we do not do anything now, six levels in our Government will be paid the same pay; that is, the top echelons, grades 14 through 18. In terms of pay we will not know who is boss No. 1, boss No. 2, boss No. 3, boss No. 4, or boss No. 5.

I ask the Senators to consider that 10,000 General Schedule employees are now drawing the same pay and by 1978, if we do not do anything, 28,000 Government employees will be drawing the same amount of pay even though their duties and responsibilities are different.

I ask the Senators also to consider that the morale of Government employees is at a very low point and that the compression problem is working havoc on them. We have not provided equal pay for equal work and higher pay for higher responsibility.

What kind of pay schedule will we

have if we have people with different degrees of responsibilities drawing the same pay? The appeal of promotion to supergrade positions is declining. Let us face up to the fact that the Federal Government is losing its top echelon executives and losing hundreds of supergrade employees. Let us face up to the fact that it is better for them to retire, that it is more attractive for them to retire, than to stay. They can get more money if they retire today, and get cost-of-living benefits and perhaps another job in private industry.

Many employees are quitting and why should they not quit? They would be foolish if they did not.

The Federal Government is competing with the private sector for these employees and the private sector pays much higher salaries.

Let us face up to the fact that for the past 5 years the purchasing power of our employees has eroded 30 percent.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. FONG. I thank the Chair. I ask Senators to vote for my amendment.

Mr. CHURCH. Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. The Senator has 4 minutes remaining.

Mr. DOMINICK. Mr. President, would the Senator yield to me for 1 minute?

Mr. CHURCH. I am happy to yield to the Senator from Colorado.

Mr. DOMINICK. Mr. President, I have been listening to the argument by the distinguished Senator from Hawaii. We should keep in mind that the average per capita income in the United States is about $5,000. The median family income is about $12,000. It is estimated that the number of Americans earning $36,000 a year is extremely small, probably only 1 percent or 2 percent of all the people employed in the United States. I would say that I do not really feel too sorry about it, but even if there is a compression factor, and I am sure there is, it can be changed by amending the acts which are within the jurisdiction of the Committee on Post Office and Civil Service.

I thank the Senator from Idaho for yielding.

Mr. CHURCH. Mr. President, whatever else can be said on the merits or demerits of a pay increase for the top level echelon of Government employees, this is not the time to enact it.

At the moment public confidence in the Government is at an all-time low. What we need to do now in Congress is set an example of restraint. If the word goes out from here in the next few days that we cannot restrain ourselves when it comes to increasing our own pay, then the public will have no basis for any confidence whatever that Congress is prepared to deal with the broader question of controlling Federal spending, limiting Federal deficits, or coping with the most serious inflation to strike this country in a quarter century.

This is the time to set the proper example for the country as a whole, and to turn down any increased pay until we have earned it.

Mr. President, once we have dealt effectively with the problems that beset people, brought inflation under control, balanced the deficit and shown the capacity to cope with the many shortages that now plague the society, then the people would not begrudge us an increase in pay. Until then, I think we should vote it down.

Mr. HRUSKA. Mr. President, I rise in support of the original resolution reported out of the Post Office and Civil Service Commission on February 26, 1974, pertaining to President Nixon's salary increase recommendations. This resolution would serve the same purpose as the resolution I introduced (S. Res. 272) on February 4; that is, to disapprove the President's recommendation for congressional salary increases.

The resolution reported from the Post Office Committee which we are now considering differs from Senate Resolution 276 introduced by my colleague from Colorado (Mr. DOMINICK). Senate Resolution 276 would totally disapprove the President's recommendation.

The Postal Revenue and Federal Salary Act of 1967 (P.L. 80-206), provides that the President's recommendations become effective 30 days following transmittal of the budget, unless in the meantime other rates have been enacted into law or at least one House of the Congress has enacted legislation which specifically disapproves all or any part of the recommendations.

Mr. President, I will not dwell on the fact that an increase in congressional salaries at this time is not in the public interest. It can be argued that an increase which would cost $27 million the first year would not be inflationary in a budget that exceeds $300 billion.

That argument, I submit, misses the point. The point is that at a time when all of us must do all we can to stem inflation, for the Congress to acquiesce in an increase in its own pay would be an abdication of leadership.

We have quite a different problem, however, in our resopnsibility to maintain a high degree of quality and competence in the Federal judicial system.

Each Member of the Senate knows that while salaries in the private sector as well as in other areas of the Government has risen by more than 30 percent since 1969 when judicial salaries were last adjusted, there has been no increase at all for Federal judges. The result has been that it has become increasingly difficult to attract, and in some cases to keep, qualified men and women on the Federal bench.

If the Congress now denies an increase, it will be saying to the Federal bench that we have turned our backs on them for another 4 years since the statute establishes quadrennial review of such salaries.

The result, I fear, will pose a serious threat to the quality and continuity of our judicial system.

It is well known that lawyers of the skill and experience we want on the Federal bench can command income far in excess of the current judicial salaries. If we keep the salaries at their present level, we can anticipate a reduction in the quality of our judges.

It is as simple as this, Mr. President: We will get what we pay for.

The annual additional cost of the proposed increases for the judicial branch would be $4 million. I reject the idea that we cannot afford that figure. Indeed, I suggest that we can ill afford not to approve the increase.

A similar situation exists in the higher grades of the executive branch. Because the Congress has approved annual increases for the lower grades while maintaining a ceiling on the higher grades we have created a situation where the salaries are virtually the same for a senior GS-15 and a Presidential level V.

Thus, while there are vast differences in responsibility and ability, we are paying each the same salary. Such a system is pure folly. It destroys initiative and blurs responsibility.

There are those, of course, who argue that bureaucrats should not be paid more than the Members of this Congress. That seems to me shallow reasoning.

We, the Congress, by our own action, have created a most difficult administrative situation by freezing the higher salaries at the 1969 level while allowing the lower grade salaries that have kept pace with the increased cost of living. That same cost of living has increased for the senior grades as well. Have we the right to demand greater sacrifices for them?

As with the judicial branch, we risk the loss of talented, dedicated men and women whose responsibilities to their families must be weighed when they consider private employment with more attractive salaries.

Mr. President, I urge acceptance of the original resolution reported out of the Post Office and Civil Service Committee.

Mr. MATHIAS. Mr. President, the Congress long ago established the policy that Federal salaries should be comparable to those paid by private employers. The reason for this policy is clear—the people suffer if they are denied the best public servants because of substandard salaries. The Commission on Salaries has recommended that certain salaries be raised so they are consistent with the principle of comparability. I support the Commission's recommendations, as they have been forwarded to us by the President—with one exception. That single exception is that I do not believe that the pay of Representatives and Senators should be raised at this time. My votes on the resolution before us will be consistent with this policy.

The PRESIDING OFFICER. The Senator's time has expired. The question is on agreeing to the amendment of the Senator from Hawaii to the amendment of the Senator from Wyoming.

Mr. FONG. I ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Mississippi (Mr.

EASTLAND), the Senator from Alaska (Mr. GRAVEL), the Senator from Indiana (Mr. HARTKE), the Senator from South Carolina (Mr. HOLLINGS), the Senator from Iowa (Mr. HUGHES), and the Senator from Alabama (Mr. SPARKMAN) are necessarily absent.

I further announce that the Senator from Texas (Mr. BENTSEN) is absent on official business.

I also announce that the Senator from Hawaii (Mr. INOUYE) is absent because of death in the family.

I further announce that, if present and voting, the Senator from Iowa (Mr. HUGHES) would vote "yea."

Mr. GRIFFIN. I announce that the Senator from South Carolina (Mr. THURMOND) is absent on official business.

I further announce that the Senator from New York (Mr. JAVITS), the Senator from New York (Mr. BUCKLEY), and the Senator from Connecticut (Mr. WEICKER) are necessarily absent.

I further announce that, if present and voting, the Senator from South Carolina (Mr. THURMOND) would vote "nay."

The result was announced—yeas 17, nays 71, as follows:

[No. 47 Leg.]

YEAS—17

Beall
Bennett
Brock
Brooke
Cotton
Fong
Griffin
Hart
Huddleston
Kennedy
McClure
McGee
Pearson
Scott, Hugh
Scott, William L.
Stennis
Stevens

NAYS—71

Abourezk
Aiken
Allen
Baker
Bartlett
Bayh
Bellmon
Bible
Biden
Burdick
Byrd, Harry F., Jr.
Byrd, Robert C.
Cannon
Case
Chiles
Church
Clark
Cook
Cranston
Curtis
Dole
Domenici
Dominick
Eagleton
Ervin
Fannin
Fulbright
Goldwater
Gurney
Hansen
Haskell
Hatfield
Hathaway
Helms
Hruska
Humphrey
Jackson
Johnston
Long
Magnuson
Mansfield
Mathias
McClellan
McGovern
McIntyre
Metcalf
Metzenbaum
Mondale
Montoya
Moss
Muskie
Nelson
Nunn
Packwood
Pastore
Pell
Percy
Proxmire
Randolph
Ribicoff
Roth
Schweiker
Stafford
Stevenson
Symington
Taft
Talmadge
Tower
Tunney
Williams
Young

NOT VOTING—12

Bentsen
Buckley
Eastland
Gravel
Hartke
Hollings
Hughes
Inouye
Javits
Sparkman
Thurmond
Weicker

So Mr. FONG'S amendment to Mr. MCGEE'S amendment was rejected.

Mr. McGEE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Wyoming will state it.

Mr. McGEE. Have the yeas and nays been ordered on the next amendment?

The PRESIDING OFFICER. They have not.

Mr. McGEE. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Wyoming (Mr. MCGEE). The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Mississippi (Mr. EASTLAND), the Senator from Alaska (Mr. GRAVEL), the Senator from Indiana (Mr. HARTKE), the Senator from South Carolina (Mr. HOLLINGS), the Senator from Iowa (Mr. HUGHES), and the Senator from Alabama (Mr. SPARKMAN) are necessarily absent.

I further announce that the Senator from Texas (Mr. BENTSEN) is absent on official business.

I also announce that the Senator from Hawaii (Mr. INOUYE) is absent because of a death in the family.

I further announce that, if present and voting, the Senator from Iowa (Mr. HUGHES) would vote "yea."

Mr. GRIFFIN. I announce that the Senator from South Carolina (Mr. THURMOND) is absent on official business.

I further announce that the Senator from New York (Mr. JAVITS), the Senator from New York (Mr. BUCKLEY), and the Senator from Connecticut (Mr. WEICKER) are necessarily absent.

I further announce that, if present and voting, the Senator from South Carolina (Mr. THURMOND) would vote "nay."

The result was announced—yeas 26, nays 62, as follows:

[No. 48 Leg.]

YEAS—26

Beall
Bennett
Bible
Brock
Brooke
Cannon
Case
Cotton
Fong
Hart
Haskell
Huddleston
Johnston
Kennedy
McClure
McGee
Metcalf
Moss
Pastore
Pell
Percy
Scott, Hugh
Scott, William L.
Stevens
Tower
Williams

NAYS—62

Abourezk
Aiken
Allen
Baker
Bartlett
Bayh
Bellmon
Biden
Burdick
Byrd, Harry F., Jr.
Byrd, Robert C.
Chiles
Church
Clark
Cook
Cranston
Curtis
Dole
Domenici
Dominick
Eagleton
Ervin
Fannin
Fulbright
Goldwater
Griffin
Gurney
Hansen
Hatfield
Hathaway
Helms
Hruska
Humphrey
Jackson
Long
Magnuson
Mansfield
Mathias
McClellan
McGovern
McIntyre
Metzenbaum
Mondale
Montoya
Muskie
Nelson
Nunn
Packwood
Pearson
Proxmire
Randolph
Ribicoff
Roth
Schweiker
Stafford
Stennis
Stevenson
Symington
Taft
Talmadge
Tunney
Young

NOT VOTING—12

Bentsen
Buckley
Eastland
Gravel
Hartke
Hollings
Hughes
Inouye
Javits
Sparkman
Thurmond
Weicker

So Mr. MCGEE'S amendment was rejected.

Mr. RANDOLPH. Mr. President, it is a privilege to join in cosponsoring the proposal of the Senator from Idaho (Mr. CHURCH) to disapprove all recommendations for salary increases. Additionally, I wish the record to reflect that I was added as a cosponsor of Senator CHURCH'S original resolution, Senate Resolution 271, on February 6.

There might be a reason why I now want to discuss the issue of pay raises in more detail tomorrow. At present, however, it is my purpose only to restate my opposition to salary increases for the categories that we are considering in this bill which was reported to the Senate over the rollcall objections of Senators BURDICK, DOLE, and RANDOLPH.

Further, Mr. President, I ask unanimous consent that the following material be printed in the RECORD:

Page 7 of the report which gives the rollcall vote in the committee.

My supplemental views in the report, as contained on page 9.

The statement which I issued to my constituency in West Virginia on February 7, 1974.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

THE COMMITTEE VOTE

The Committee's first vote was on an amendment sponsored by Senator Fong to a motion by Senator Jennings Randolph, to disapprove the Presidential recommendations entirely. Fong's first amendment proposed that Senators and Congressmen forego raises until 1975. The Committee vote on the amendment was: Yea—Senators Moss, Fong, Stevens and McGee. Nay—Senators Randolph, Burdick, Hollings, Bellmon and Dole.

The second amendment, also by Senator Fong, proposed to delay all scheduled executive, legislative and judicial salary increases until 1975. The Committee vote on the amendment was: Yea—Senators Moss, Fong, Stevens and McGee. Nay—Senators Randolph, Burdick, Hollings, Bellmon and Dole.

The vote on the successful Fong amendment, disapproving only Congressional pay raises for the full term of the recommendation was: Yea—Senators Moss, Hollings, Fong, Stevens, Bellmon and McGee. Nay—Senators Randolph, Burdick, and Dole.

The final vote to report the resolution was: Yea—Senators Moss, Hollings, Fong, Stevens, Bellmon and McGee. Nay—Senators Randolph, Burdick and Dole.

SUPPLEMENTAL VIEWS OF SENATOR RANDOLPH

To insure that my votes on Senate Resolution 293 are clearly understood, I reiterate my earnest opposition to pay increases for Members of Congress, Judges, and top officials of the Executive Branch, including the military, as proposed in the President's budget.

It is my conviction that this is not a time for Members of Congress and officials of Government who have leadership responsibilities of our Nation to receive pay raises. Foremost among this country's problems is the state of our economy. Citizens generally are confronted with an unusually acute inflationary spiral and in most instances they have not been able to cope with the skyrocketing increases in the cost of living. Until we reverse this situation, the salaries encompassed in the President's proposal should remain at present levels.

One approach to the issue of salary increases would be to combine a resolution of disapproval with legislation which would enable the Congress to consider this issue in 1975. This could be done through a simple amendment to the Federal Salary Act, P.L. 90–206, requiring the President to resubmit next year his recommendations on any part disapproved by the Congress and specifying that any recommendations disapproved in a given year shall be reconsidered by the Congress in the succeeding year. I suggested this approach but it was evident from the discussion in our committee that there was little sentiment for this course of action.

I then moved the adoption of S. Resolution 271 introduced by Senator Church, with my cosponsorship, to disapprove the entire salary proposal. My motion was subsequently amended and thus no direct vote was taken on it.

Votes listed in this report reflect my opposition to salary increases now.

I am in favor of disapproving Congressional pay raises. I am also opposed to pay increases for all others in high level positions in Government which Senate Resolution 293 would allow.

Raises at this time would have disastrous impact on the will of our citizenry to sacrifice in this time of crisis. It is my considered judgment that salary increases in 1974 would cause a further erosion of the people's confidence in our national legislative body. I do not advocate retreat. I plead for restraint.

JENNINGS RANDOLPH.

SENATOR RANDOLPH OPPOSES SALARY INCREASE

I am opposed to pay raises for Members of Congress, Judges, and top officials of the Executive Branch, as proposed in the President's budget. It is my feeling that this is not a time for Members of Congress and officials of Government who are attempting to help resolve the problems of our economy, to receive pay raises. Citizens generally are confronted with an unusually acute inflationary spiral and in most instances they have not been able to cope with the substantial increases in the cost of living. Until we reverse this situation, the salaries encompassed in the President's proposal should remain at present levels.

I am cosponsoring a resolution to disapprove in full the proposed pay plan. That resolution has been referred to the Committee on Post Office and Civil Service, on which I serve, and I shall actively work to secure its approval.

It should be noted that the President's proposals are based on the report of the Commission on Executive, Legislative and Judicial Salaries—established by the Federal Salary Act of 1967. Under the 1967 Act, it is the responsibility of the Commission to study and review the status of salary levels of top officials in the Executive Branch; Members of Congress; justices, judges and personnel of the Judicial Branch and report its findings to the President. The President then submits his proposals to Congress.

The Federal Salary Act requires that any recommendations of the President on salary increases be included in his budget to the Congress. The budget, of course, has to be acted on by the Congress. Additionally, under this Act, Presidential recommendations do not become effective if either House of Congress disapproves the President's proposals within 30 calendar days after receipt of the proposals. The Congress can disapprove the proposals in part or in full. This would have to be done by March 9.

AMENDMENT NO. 991

Mr. CHURCH. Mr. President, in accordance with the unanimous-consent agreement, I call up amendment No. 991, and ask that it be reported.

The PRESIDING OFFICER. The amendment will be stated.

The second assistant legislative clerk read as follows:

Strike out all after "*Resolved,*" and insert in lieu thereof the following: "That the Senate disapproves all the recommendations of the President with respect to rates of pay transmitted to the Congress in the budget for the fiscal year 1975 pursuant to section 225(h) of the Federal Salary Act of 1967.".

Mr. GRIFFIN. Mr. President, will the Senator from Idaho yield briefly?

The PRESIDING OFFICER. The Senate will be in order. Senators will suspend until the Senate is in order.

The Senator from Idaho may proceed.

Mr. CHURCH. Mr. President, for what purpose does the Senator ask me to yield?

Mr. GRIFFIN. If the Senator will yield very briefly, I would like to ask the majority leader about the program.

Mr. CHURCH. Yes, I am happy to yield for that purpose.

Mr. MANSFIELD. Mr. President, in response to the question raised by the distinguished acting Republican leader, I would like first to ask the distinguished Senator fgrom Idaho how long he anticipates speaking today, and also the distinguished Senator from Colorado, and when and under what circumstances they expect the vote to occur on the Church-Dominick amendment now pending.

Mr. CHURCH. I would say, Mr. President, that I have no way of knowing when a vote will occur on the Church-Dominick amendment. It is in the nature of a substitute, and would reject any pay increase at this time. I do not know whether amendments will be offered to the substitute, and I do not know how long the debate will take.

I am ready to vote at any time, since I have made my case for our substitute resolution earlier in the day, and the Senator from Colorado has already spoken at length, so I believe we are prepared for a vote as soon as the Senate is willing to vote.

Mr. DOMINICK. The Senator from Idaho is correct. I am ready to vote right now.

Mr. McGEE. Mr. President, will the majority leader yield?

Mr. MANSFIELD. I yield.

Mr. McGEE. Mr. President, we have discussed this matter among the many Senators who are deeply involved on this issue. There is a group of Senators going to New York this evening, I understand, for a commitment that is already laid on.

Mr. MANSFIELD. After we adjourn.

Mr. McGEE. After we adjourn, yes. I wonder whether, out of respect for that, and because we expect another amendment or two, we could agree not to vote tonight, and see if we could work out something by tomorrow, if that is all right with the leadership.

Mr. MANSFIELD. Mr. President, I think that was the understanding, that we would not vote on the Church-Dominick amendment.

I yield to the distinguished Senator from Alaska.

Mr. STEVENS. Mr. President, I have a couple of amendments. I would like to ask unanimous consent to deliver them to the desk before the latest time the Parliamentarian will tell me I might deliver them.

Mr. GRIFFIN. Mr. President, it is my understanding that if the Senator from Alaska sends them to the desk any time before 11 o'clock Wednesday morning, it will be sufficient.

Mr. STEVENS. I expect to call them up tomorrow, and I would also advise the majority leader that I intend to seek a vote on the alternative I propose tomorrow.

Mr. MANSFIELD. Very well; that explains the situation for today. There will be no further votes this afternoon, but there will be a vote on the Church-Dominick substitute, really, tomorrow.

Senators will recall that under the unanimous consent agreement, it was agreed that we would take up the minimum wage bill tomorrow, on Tuesday, and I hope the Senator from Alaska will keep that in mind. If he wants to offer some amendments tomorrow, maybe we can work out a mutually satisfactory agreement.

Mr. McGEE. This afternoon, I thought we just settled the question of minimum wage. [Laughter.]

Mr. MANSFIELD. In a sense.

But I would hope that some time this week we would be able to take up S. 1017, the Indian education bill; also the minimum wage bill which will be the pending business tomorrow.

Later in the week we can take up, I hope, S. 3066, the omnibus housing bill; following that, hopefully, with S. 1541—though not necessarily in that order—a bill to provide for the reform of congressional procedures with respect to the enactment of fiscal measures, and so forth. Also S. 3044, a bill to amend the Federal Election Campaign Act of 1971.

So we have a full schedule for the remainder of this week, and all of next week. Thus, I would hope that Senators will stay close to the floor and be prepared for any eventuality which might arise.

I thank the Senator from Idaho very much for yielding me this time.

Mr. CHURCH. Mr. President, I have no interest in holding the floor longer. If any Senator wishes to speak at this time, I yield the floor.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Hackney, one of its reading clerks, announced that the House had passed the bill (S. 2315) relating to the compensation of employees of Senate committees, with amendments, in which it requests the concurrence of the Senate.

The message also announced that the House had agreed to, without amendment, the following concurrent resolutions of the Senate:

S. Con. Res. 55. Concurrent resolution authorizing the printing of the report of the proceedings of the forty-sixth biennial meeting of the Convention of American Instructors of the Deaf as a Senate document;

S. Con. Res. 56. Concurrent resolution authorizing the printing of additional copies of Senate hearings on the Child Abuse Prevention Act, 1973;

S. Con. Res. 58. Concurrent resolution authorizing the printing of additional copies of the Report of the Commission on the Bankruptcy Laws of the United States for the use of the Senate Committee on the Judiciary;

S. Con. Res. 59. Concurrent resolution authorizing the printing of the compilation entitled "Disclosure of Corporate Ownership" as a Senate document;

S. Con. Res. 61. Concurrent resolution authorizing the printing of additional copies of part I of the Senate committee print entitled "Confidence and Concern: Citizens View American Government—Survey of Public Attitudes"; and

S. Con. Res. 64. Concurrent resolution authorizing the printing of congressional eulogies and other tributes to the late J. Edgar Hoover as a Senate document.

WATERGATE

Mr. CURTIS. Mr. President, I wish to speak on a matter relating to the current Watergate case. It is a very serious situation when an individual states publicly that he has seen the evidence that the grand jury has taken and, with that statement, to convey the idea that someone is guilty of a crime.

That is very serious. It is most serious when an elected public official, a member of the legislative branch, makes the statement that they have seen the grand jury evidence in the Watergate case and then proceed to pronounce judgment on it.

If they have seen the evidence, then someone is responsible for a violation of law. If they have not seen the evidence, they should not make such statements.

The matter I refer to is set forth in a letter bearing the date of February 28, 1974, signed by Rabbi Baruch Korff, the general charman of the National Citizens' Committee for Fairness to the Presidency. This letter is addressed to the Honorable William Saxbe, Attorney General of the United States, and reads as follows:

FEBRUARY 28, 1974.

Hon. WILLIAM B. SAXBE,
Attorney General of the United States, Department of Justice, Washington, D.C.

DEAR GENERAL: On Monday, February 25, 1974, a seminar was conducted by U.S. Rep. Michael Harrington (D.-Mass.) for approximately 20 people at the Kennedy Institute of Politics, Cambridge, Mass. The seminar was also attended and addressed by Rep. Thomas P. O'Neill, Jr. (D.-Mass.), majority leader of the House. During his remarks Rep. O'Neill has been reported as saying that he thinks special Watergate Prosecutor Jaworski could have *indicted the President*. The following direct quotations have been attributed to O'Neill: *"From what I have seen, the evidence is very damaging."* "Rather than see the evidence made public, I think (O'Neill) the President will resign."

These direct quotations were carried by Associated Press after they were aired on WHRB radio in Cambridge, Mass. Rep. Harrington on the night of February 25 confirmed that WHRB news editor, Dan Raviv, was present at the seminar that morning and that he (Harrington) has asked that the session remain off the record.

The two direct quotations attributed to Majority Leader O'Neill at the very least strongly imply that he has either had access to and read minutes of the grand juries sitting on Watergate matters or he has discussed in detail evidence presented to these grand juries with Mr. Jaworski or informed members of the Jaworski staff. The only other possible explanation for the statements of Majority Leader O'Neill is the purely political motive of making knowingly false statements only to deny them later after the vicious thought included in the original false statements have been given wide circulation.

The source of this data is a story on page 1, column 8 of the morning edition of the Boston Globe, Tuesday, February 26, 1974, byline Stephen Wermiel of the Globe staff. In that story it is reported that O'Neill could not be reached to determine the accuracy of the quotations. The WHRB source, Dan Raviv, did not withdraw the quotations.

It is respectfully submitted that the Department of Justice consider an immediate investigation be made to determine if the facts upon which the memo is based are accurate. It would appear that it would not be difficult to determine from the Kennedy Institute of Politics who attended the seminar.

If indeed Majority Leader O'Neill made such statements, protection of the Presidency, the integrity of the separation of Congressional (O'Neill), and Judicial (Grand Juries), and Executive (the President and the Special Prosecutor) powers has been seriously violated by making available either directly or indirectly to Rep. O'Neill the evidence presented to the grand juries. Either Mr. Jaworski or the members of his staff and Rep. O'Neill should be brought before the courts at least to be reprimanded and perhaps to be more severely punished for what would be such a serious violation of the laws and rules of court if these facts are correct.

Respectfully yours,
(Rabbi) BARUCH KORFF,
General Chairman, National Citizens' Committee for Fairness to the Presidency.

Mr. President, I yield the floor.

Mr. STENNIS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR ADJOURNMENT UNTIL 11 A.M. TOMORROW

Mr. MANSFIELD. Mr. President, I ask unanimous consent that when the Senate adjourns today, it stand in adjournment until 11 o'clock tomorrow morning.

The PRESIDING OFFICER. Without objection. it is so ordered.

ORDER FOR TRANSACTION OF ROUTINE MORNING BUSINESS TOMORROW

Mr. MANSFIELD. Mr. President, I ask unanimous consent that tomorrow, after the joint leadership has been recognized, there be a period of not to exceed 30 minutes for the transaction of morning business, with a time limitation of 5 minutes on each statement therein.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR CONSIDERATION TOMORROW OF S. 2747, THE FAIR LABOR STANDARDS AMENDMENT OF 1974

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that on tomorrow, at the conclusion of routine morning business, the Senate resume consideration of S. 2747, a bill to amend the Fair Labor Standards Act of 1938.

The PRESIDING OFFICER. Without objection, it is so ordered.

EXTENSION OF TIME TO FILE REPORT ON S. 1541

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Committee on Rules and Administration have until midnight, March 6, to file its report on S. 1541, a bill to provide for the reform of congressional procedures with respect to the enactment of fiscal measures; to provide ceilings on Federal expenditures and the national debt; to create a budget committee in each House; to create a congressional office of the budget; and for other purposes.

ADJOURNMENT TO 11 A.M. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, if there be no further business to come before the Senate, I move, in accordance with the previous order, that the Senate stand in adjournment until 11 a.m. tomorrow.

The motion was agreed to; and at 4:16 p.m. the Senate adjourned until tomorrow, Tuesday, March 5, 1974, at 11 a.m.

NOMINATIONS

Executive nominations received by the Senate March 4, 1974:

DEPARTMENT OF THE INTERIOR

Royston C. Hughes, of Maryland, to be an Assistant Secretary of the Interior, vice Laurence E. Lynn, Jr., resigned.

IN THE NAVY

The following: named officers of the Navy and of the Naval Reserve for permanent promotion to the grade of captain:

Captain

Abbott, William Benjamin, II
Adair, Frederick Semple
Adams, Robert Lee, Jr.
Aldern, Donald Deane
Alexander, Marvin Gillen
Alexich, Milton Pivar
Allen, Douglas Arnold
Allen, James Anthony
Allen, John Bishop
Altwegg, David Mattson
Ames, Fred Floyd, Jr.
Anderle, Charles Kenneth
Anderson, Forrest Prentice
Anderson, Paul Leland
Argiro, Vincent James
Arn, Robert Warren
Arnold, John Elwin
Asmus, Paul Allen
Aston, William Joseph
Avallone, Eugene Michael
Avrit, Richard Calvin
Baciocco, Albert Joseph, Jr.
Backman, Fred Myron
Badgett, John Jefferson
Baker, James Ellis, Jr.
Baker, James Gilbert
Barnes, Clifford Paul
Barnes, James Peter
Barrett, Gardner Stewart
Beck, Donald Ancell
Beech, Wayne L.
Beecher, John Dennis
Bell, Clyde Roberts
Bell, Gerald Robert

Bibby, Lowe Haydn, III
Bird, Charles Scudder
Bohannon, William Louis
Bos, Roger Charles
Bradford, Gerald Reese
Brady, Allen Colby
Brandel, William John, Jr.
Bress, Allyn Virginius
Brewer, Glenn Milton
Bridge, Daniel Thomas
Brooks, Walter Allen
Brown, Larry James
Buck, John Addison
Burkhardt, Lawrence, III
Burnett, James Andrew
Burris, Lloyd Edward
Busey, James Buchanan
Butler, Charles Arnow
Byouk, Mark Louis
Byrd, Paul Richard
Cahill, William Anthony, Jr.
Califf, Toxey Haas
Campbell, Ronald Alistair
Carlin Robert Joseph
Cassani, Henry Louis
Caswell, Frederic Chester J.
Chambers, Lawrence Clevelan
Chasse, Robert Leon
Cherrier, Herbert Alvado
Chertavian, Armen
Chewning, Robert Wills
Childers, Donald Johnson
Chisum, Oscar Clarke
Clare, James Stuart
Clausner, Edward, Jr.
Clermont, William Joseph, Jr.
Cobern, Ernest Lee
Coiner, John Alfred
Collins, Ferdinand I, Jr.
Collins, Frank Charles, Jr.
Combs, Robert Ebell
Connally, Robert F., III
Connell, Lewis Edward
Connelly, Robert Bailey
Connors, Eugene Timothy
Conrad, Peter Corteau
Cornwell, James William
Creighton, Bert Haddow, Jr.
Criner, James Ellis
Cromwell, John Philip, Jr.
Cruden, David Selby
Cullins, Peter Kendall
Cunningham, Melville Dexter
Cunningham, Richard Burton
Dallaire, Richard Paul
Dallamura, Richard Anthony
Damico, Richard James
Darrel, Charles George
Davey, John Roderick, Jr.
Davis, Henry Jefferson, Jr.
Davis, Jack William
Davis, Michael Chase
Davis, Paul Harrison, Jr.
Decook, David Walpole
Demun, Taylor Kent
Dietrich, Henry Thornton, Jr.
Donnelly, Raymond Daniel, Jr.
Drummond, Scott Edward, Jr.
Dudley, Calvin Chester
Eakle, Burke Eldridge
Ebbert, Edwin Leigh
Englehart, Harry John
Engquist, Gordon Wendell
Enos, Ralph Lindsay
Eshman, John Robert
Etchison, Frank Leslie, Jr.
Farley, James Walsh
Fellowes, Frederick Gale, Jr.
Felt, Donald Linn
Fisher, William Gooding, Jr.
Fitzgerald, James Gerald
Fletcher, Charles Douglass
Fontaine, Richard Kern
Fowler, John Wesley
Fox, Kenneth
Francis, Thomas Aquinas
Franke, Richard Dean
Frankenberger, William Jame
Fugate, Glenn
Gahafer, Joseph Gorman
Gair, Bruce Otto
Galing, Searcy Garlits
Gallotta, Albert Armond, Jr.
Gardner, Ruel Eugene
Gatje, George Carlisle
Gibbins, Gareth William
Gillcrist, Paul Thomas
Glancy, Thomas Joseph, Jr.
Glunt, David Latta, Jr.
Goetschius, Forrest Dale
Grandfield, Francis Joseph
Granum, Bradford Simley
Gray, Walter Scott, III
Grimm, William Francis
Groehn, Gerhard Curt
Gurney, Charles Edwin, III
Hale, William Todd
Hamilton, Kenneth Muller
Hamilton, Leo Langford
Hansen, Merle Charles
Hansen, Ronald Ralph
Hardisty, Huntington
Hart, Richard Leland
Hawins, Phil R.
Hayes, Morris Lee
Hays, Estel Wilbur
Hays, Thomas Myron, Jr.
Hedges, Ralph Richard
Heenan, Richard Dennis
Heffernan, George Aubin
Hetu, Herbert Edmond
Hinkley, Harold Lewis
Hoganson, John Henry
Holcomb, M. Staser
Holgren, Marvin Aubrey
Hollick, Frederick Basil
Holmberg, Lennart Gustaf
Hopper, Richard Sabin
Horan, Robert Athanasius
Horne, Charles Francis, III
Howe, Richard Bradford
Hughes, Wayne Philo, Jr.
Hukil, Henry Durbin, Jr.
Hull, George Thomas
Hume, Robert John
Hunt, Albert Monroe
Hunter, Charles Bryan
Ingley, Edmund Wesley
Jaburg, Conrad John
Jacskon, Dempster McKee
Jackson, Thomas Lee
James, Charlie Negus, Jr.
Jarvis, Donald Homer
Jayne, Gordon Howland
Jewell, Thomas Allen
Johnson, Arne Christian
Johnson, Guy David
Johnston, Maurice Milton, Jr.
Johnstone, Richard Alastair
Jones, Samuel Oather, Jr.
Karvala, Curtis Arnold
Kauderer, Bernard Marvin
Keane, James Philip
Kehoe, James William, Jr.
Kelley, Frederic Warren
Kemble, Richard Ellis
Kennedy, Robert Correll
Kennedy, Ronald Willard
Kendy, Walter Julius
Kersch, Roger Neil
King, William Richard
Kinnebrew, Thomas Richard
Kirksey, Robert Edward
Kirschke, Ernest James
Knutson, Donald Wayne
Knutson, Wilbert Duane
Kraft, Leroy Marks
Kuhn, Edwin Allan
Kully, Sheldon David
Kurzenhauser, Alfred
Lacey, Alfred Gerald
Lake, Charles Marshall, Jr.
Lamb, Derwin Taylor
Larocque, George Norwood
Layman, Lawrence
Leahy, John Patrick
Lemmon, Virgil Joseph
Lenox, Glen Walter
Lewis, James Thomas
Lidel, Carl John
Lighter, Elbert Donald
Lloyd, Theodore Leighton, Jr.
Loposer, Avery Kenneth, Jr.
Luckett, Thomas William
Lukas, Thomas Edward
Lunt, Vernon Shirley
Lyons, James Aloysius, Jr.
MacFie, Richard Boyden
MacKercher, John Cameron
MacPherson, John Joseph
Mahony, Wilbur James
Mains, Homer Omans, Jr.
Malone, Roy Wilson
Malone, Thomas Logan, Jr.
Manara, Vincent Joseph, Jr.
Manring, Charles David
Marin, William Thomas
Martin, William Raymond
Massimi, Robert Francis
Masterson, Kleber Sanlin, Jr.
Mau, George William, Jr.
Mayberry, Thomas Alfred, Jr.
Maynard, Donald James
McCanna, Marvin George, Jr.
McCormick, Daniel G., III
McDaniel, Clarence Leonard
McGaughy, Richard Wayne
McGrath, Harold Albert
McGuire, Orville Wendell
McIntyre, John Joseph
McKechnie, Russell Roland
McWey, Russell Bartholomew
Meek, Kenneth Leland
Meeks, Thomas Leland
Mehl, James Patrick
Meltzer, Melvin
Meserve, Charles Lemuel
Miale, Robert Eugene
Milius, Paul Lloyd
Miller, Floyd Harry, Jr.
Mills, Joseph Erval
Mischke, Gayland Julius
Mitchell, John Creegan
Mitchell, John Robert C.
Mitchell, Leland Gayle
Moffitt, Russell Louis
Moody, Thomas John
Mooney, John Bradford, Jr.
Moore, Charles Julian
Moore, Ernest Melvin, Jr.
Moore, Loren Irving
Moore, Virgil Wayne, Jr.
Moreau, Arthur Stanley, Jr.
Mountford, Edward Joseph
Mueller, George Edward
Mullin, James
Mulloy, Paul Joseph
Muncy, William Everett
Murphy, Gilbert Franklin, Jr.
Murphy, Ray Douglas
Myers, Carroll Eugene
Myers, William Stewart
Nation, William Clarence
Naugle, James Orin
Naylor, Charles Kenneth
Neel, William Charles
Nelson, Eric Abraham, Jr.
Nelson, Jack Herman
Nevius, William Blauvelt
Newsome, James Walton
Nicholson, John Lewis, Jr.
O'Brien, Jerome Leo
Oder, Howard Wayne
Ogara, Patrick Eugene
Olson, Norman Hugo
Organ, James William
Orrik, Frederick John, Jr.
Orvis, Peter Hill
Orzalli, John Benton
Overdorf, Thomas Rogers
Padgett, Harry Elroy
Palmer, Wallace Chester
Pappas, George Theodore
Patch, Irwin, Jr.
Patten, Michael Allison
Pauly, Donald Erasmus
Phillips, Charles Alfred
Pierce, Ray Edward
Piper, Harold Leroy
Polatty, Donald Bullock

Pollak, Charles Duane
Portnoy, Howard Robert
Powell, William Vogt
Pray, Robert Edgar
Prindle, Charles O'Brien
Pringle, Donald Bruce
Posser, Walter Robert
Quarg, William Frederick
Quinn, Robert Thomas
Rabun, Floyd Kelley
Raithel, Albert Lawrence, Jr.
Ramsey, David Goggin
Ramsey, William Edward
Rasmussen, Robert Leonard
Raybourn, Lee Francis
Redfield, John Morgan
Reed, Charles Arthur
Reed, William Howard
Ricardo, Benny Joe
Rice, James Orville
Richard, Jackson Bethune
Rigsbee, Clifford Marshall
Rilling, Alexander Wolfgang
Rivers, Wendell Burke
Roane, Donald Patterson
Roberts, William Eugene
Rodgers, Frederick Alan
Roehl, Frank Ernest
Rowden, William Henry
Rueff, Eugene Carl
Rumble, Maurice William
Rush, Thornwell Frank
Rushing, Charles Franklin
Saunders, William H., III
Saylor, Eugene Harrington
Schollian, James Joseph
Schuerch, Richard Walter
Schultz, Ford Joel Elmer
Schutz, Walter Joseph
Scott, John Harold, Jr.
Scull, John Duncan
Seeger, Charles Edward
Service, James Edward
Seymour, Ernest Richard
Shafer, Lawrence
Shaid, Robert Allen
Shanahan, Thomas Leo
Shellman, Curtis Barnett, Jr.
Sheppard, Harry Leon, Jr.
Sherar, Robert Cody
Sierer, Payson Dwight, Jr.
Sigsworth, David Eugene
Sims, Gelzer Loyall, Jr.
Sinclair, Alexander Malcolm
Skube, Edward Anthony
Smith, Carol Castleman, Jr.
Smith, Hugh Thornber
Smith, Kenneth Godfrey
Smith, William Frank
Solterer, Carl Frederick
Sorenson, Curtis Alvin
Span, William Francis
Spencer, Robert Webb
Sprunk, William, Jr.
Stader, John Francis
Stadler, Roy Frederick, Jr.
Stark, Peter Amy, Jr.
Stein, George Daniel, Jr.
Stewart, Rodney Lee
Stierman, Joseph William, Jr.
Streightiff, Charles Willia
Strohm, James Joseph
Strunk, Arthur Adolph
Sugg, Ross Edgar
Sullivan, Robert Hayes
Sutherlin, Benjamin Thomas
Swartzrauber, Sayre Archie
Tallet, Arthur Joseph
Tate, Charles Gordon
Taylor, Clinton Wagner
Taylor, Thomas Dewey, Jr.
Tetrick, Claude Jackson
Thiel, Louis Harry Carl, Jr.
Thomas, Richard Terry
Thomas, Svend Erling
Thompson, George Irwin
Thompson, William Summers
Thunman, Nils Ronald
Till, Ernest Anton
Tillerson, Leonard Earl
Treadwell, Lawrence P., Jr.
Trimble, Richard Wallace
Toffer, George John, Jr.
Troutman, Burl Abraham, Jr.
Turnage, Robert Lake
Tuzo, Paul Benjamin III
Valade, Larry Gale
Vanarsdol, Robert Allan
Varley, James Francis
Victor, Francis Ward
Vines, Thomas Edward
Wadsworth, Francis Laughlin
Walden, John Warren
Walker, George Dale
Walker, Henry McDonald
Warren, Thomas Carroll
Webb, James Irwin
Webber, Gene Duane
Webster, Edward Walter V.
Weeks, Robert Hart
Wellman, Harold Nixon
Wenning, James O.
Whelan, Edward Charles, Jr.
Whelchel, Henry Cowan, Jr.
Whistler, Ralph Nelson, Jr.
Whitaker, Robert McKay
White, Maurice Gene
White, Paul Geltmacher, Jr.
Whorton, William Robert
Wilbur, Edward Terhune
Wilde, Stanford Richard
Wilhelm, Quentin Earl
Wilkinson, Joseph Barbour J.
Williams, Charles Dean
Williams, John Thomas
Williams, Ross Norman
Williard, Bobbie Derres
Wilson, Donald Kenneth
Wilson, Jack Leonard
Wilson, James Edgar, Jr.
Wilson, Richard Vincent, Jr.
Wimberly, Tommy Charles
Winkel, Raymond Norman
Winkler, Richard Charles
Withers, Christopher
Wolff, Kenneth Eugene
Wood, Ralph Edwin
Woodbury, John Leland, Jr.
Wright, Richard Taliaferro
Wright, Sidney Victor, Jr.
Wunderlich, Robert
Yamnicky, John David
Yetman, William Raymond
Young, Harold Lawrence
Yount, Tim Buffington
Zacharias, Jerrold Matthew

SUPPLY CORPS

Barrett, Charles William
Baunsgard, Perry Edward
Bennett, William Watkins
Boyce, Thomas Arthur
Caliman, Wayman, Gazaway, Jr.
Carpenter, Charles F., Sr.
Carpenter, Dan Moreno
Carpenter, Norman Eugene
Carson, Donald Eugene
Cuson, Charles Edward
Dickey, William Harlan
Dreese, Richard Nedau
Dunlevy, John Hugh
Edsall, Van Thomas
Flores, Joseph Louis
Foster, Robert Wolfe
Frost, Shirley David
Gallagaher, Robert Francis
Galvez, Richard Michael
Gillespie, James Alwin, Jr.
Giordano, Andrew Anthony
Gudbranson, Larry Gene
Gustavson, Arthur Robert
Hamilton, Oliver Wendell, Jr.
Hendershot, Theodore Raymon
Hennessy, William Joseph
Hill, Robert Edmond
Hurt, Richard Owen
Jackson, Arthur Duane
Kohl, Jacob Daniel
Landfair, Robert Wayne
Mayer, William Henry
McGillivary, Duncan Philip
McMahan, Paul Thomas
Morrison, Quinn Beasley
Nehez, James Robert, Jr.
Phleger, Charles Phillip
Postak, John Nick
Postich, George
Sandrock, John Edgar
Schriner, James Arthur
Spears, Laurence
Stevens, Robert James
Thompson, Gerald Jordan
Umstead, Walter Williams, Jr.
Wadsworth, Ben Awbrey, Jr.
Waller, Edmund Meredith, Jr.

CHAPLAIN CORPS

Auel, Carl Alfred
Bevan, Leory Alfred
Bontrager, John Kenneth
Carr, John Francis
Dillard, Donald Hoyt
Dodson, Leonard William, Jr.
Foelber, Robert Eugene
Goad, John Thomas
Herrmann, Theodore Carl
Johns, Harry David
Laboon, John Francis, Jr.
Linzey, Stanford Eugene, Jr.
Lionberger, Paul Harvey
Miller, Harry Rhodes
Morrill, Giles Drohan
Thompson, John Estill

CIVIL ENGINEER CORPS

Armatrout, Merritt Franklin
Bannister, William Harris
Biederman, Jack Carl
Dixon, Olin Lamar, III
Doyle, Thomas James
Gates, Paul Richard
Mooney, Malcolm Tyler
Myers, Clayman Campbell, Jr.
Raber, Robert Royden
Saravia, Benjamin Louis
Sutherland, Andrew Grant
Sutley, Robert Marion
Taylor, James Theodore
Williams, Edward John, Jr.

JUDGE ADVOCATE GENERAL'S CORPS

Bridges, Kenneth Knox
Evans, Laverne Elton
Fruchterman, Richard L., Jr.
Haight, Gardiner Morton
Higgins, Clinton Kelly, Jr.
McHugh, James Joseph
Newton, Robert Bradford
Odonnell, John Huber, Jr.
Rogers, Richard James
Salomon, Ferdinand Lewis

MEDICAL SERVICE CORPS

Asche, Clifton Ayers
Bower, Harold Robert
Browne, Weldon George, Jr.
Dowling, James Howard
Gay, Laverne William
Green, William James, Jr.
Harris, Albert Claude
Hughes, Robert Glen
Mateik, Edward Donald
McConville, William Edward
Reed, Robert Fleming
Sanders, James Monroe
Schindele, Rodger Francis
Schlamm, Norbert Arnold
Summerour, Thomas Jefferson
Tedford, Charles Franklin

NURSE CORPS

Heimberger, Peggy Susan
McKay, Bernadette Alice
Miller, Jean Louise
Nielubowicz, Mary Joan
Redgate, Janet Marie
Stone, Charlotte Romaine

EXTENSIONS OF REMARKS

DAN MUNDY, NEW LEGISLATIVE DIRECTOR FOR BUILDING AND CONSTRUCTION TRADES DEPARTMENT, AFL–CIO

HON. GEORGE E. DANIELSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, March 4, 1974

Mr. DANIELSON. Mr. Speaker, I am compelled to note that Dan Mundy, an old friend, valuable adviser, and a fine young man from my area has recently been named to an important post as legislative director of the building and construction trades department of the AFL–CIO here in Washington, D.C.

By way of introduction of Mr. Mundy to my colleagues, who will certainly be hearing more of him in the future, I am inserting an article from the Los Angeles Citizen, February 22, 1974, at this point in the RECORD:

[From the Los Angeles Citizen, Feb. 22, 1974]

MUNDY NEW BCT LEGISLATIVE CHIEF

Dan Mundy, who has served as associate director of Los Angeles County COPE since 1969, is leaving his assignment of the Building and Construction Trades Department of the AFL–CIO in Washington, D.C.

Mundy's labor career began when he joined Local 230, of the Plumbers and Pipefitters, in San Diego, as an apprentice.

Following a tour of duty in the U.S. Navy in the South Pacific, Mundy joined 289, Pasadena, where he turned out as a journeyman plumber.

In 1947, Mundy joined Local 78, Los Angeles. He later became recording secretary of the local, and served as business agent and assistant business manager. In 1965, he became business representative with the Building Trades Council and, in 1969, took on his present job of COPE associate director.

Mundy served as a vice president of the Los Angeles County Federation of Labor for eight years. He also was President of the Board of Publishers of the Los Angeles Citizen.

Mundy, who is a graduate of Mark Keppel High School in Alhambra and attended the UCLA labor studies program, has long been active in political affairs throughout Los Angeles County.

He ran for the 50th Assembly District in the eastern part of Los Angeles County during the pivotal 1962 election. Although his candidacy was unsuccessful, Mundy was endorsed by COPE and was among the strongest labor candidates participating in the election which saw President Nixon's attempt to become governor of California turned back.

Prior to this try for office, Mundy was elected a member of the Los Angeles County Democratic Central Committee in 1955 and served for two terms.

Currently he is a member of the State Democratic Central Committee, an appointee of San Fernando Valley Assemblyman Jim Keysor.

Mundy said that his stay with County COPE has been a gratifying period in his life. A native of Los Angeles, his assignment in Washington will be the first time he has worked outside the Southern California area.

"I have seen COPE's program come to fruition in the past several years to the point where a COPE endorsement can usually mean the difference between success and failure in a political campaign," Mundy said.

"I regret that I won't be here for the November election. In this election, I expect to see labor-backed candidates swept into office—I hate to miss it."

Mundy said that he hopes to be a communicative link with those elected officials once they take office in Washington, D.C. He wants to be a very active force for working men and women in the nation's capitol.

CASTRO'S CUBA

HON. HARRY F. BYRD, JR.

OF VIRGINIA

IN THE SENATE OF THE UNITED STATES

Monday, March 4, 1974

Mr. HARRY F. BYRD, JR. Mr. President, the February 16 edition of the Alexandria, Va., Gazette included a thoughtful editorial about relationships between the United States and Cuba.

It is believed that during his recent visit to Cuba, Soviet Premier Brezhnev recommended to Cuban Premier Castro that relations between Cuba and the United States be improved.

This position on the part of the Russian leader may well be a bid for American trade and aid for Moscow's perennially poor satellite. The editorial suggests, and I agree, that détente with Castro's Cuba should be approached with great caution.

I ask unanimous consent that the editorial, "Castro's Cuba" be printed in the Extensions of Remarks.

There being no objection, this editorial was ordered to be printed in the RECORD, as follows:

CASTRO'S CUBA

In his recent public stance, Leonid I. Brezhnev twice revealed the real purpose of of his visit to Cuba. Briefly, it is that Cuba is too expensive a luxury for the Soviet Union to carry indefinitely and one way that would help both the Soviet Union and the island republic would be for Fidel Castro to find his place in the detente with the United States.

Brezhnev's first omen was his cordial greeting cabled to President Nixon—"Flying close to the shores of the United States"—on his way to Havana. He could have been only assuring the President he had no inimical object in his trip, as his predecessor Khrushchev did when he was installing missiles on the island. That caused the economic embargo, which is why the Soviet Union has been subsidizing Cuba at an estimated $1.5 million a day.

His next omen was a caution to Castro and the immense crowd brought to welcome him in Havana. For 75 minutes Castro held forth in a florid speech in which he contrasted the relationship of Socialist Cuba and the Soviet Union to the colony Spain ruled and the later "Yankee neo-colony." Brezhnev then pledged that "Revolutionary Cuba has never been and will never be alone."

Then, Brezhnev said that the capitalist systems and Soviet systems could co-exist peacefully. He said such countries as France, the United States, and the Soviet Union had succeeded in living in peace in the nuclear age. The implication was clear and unmistakable.

Brezhnev conferred privately with Premier Castro, President Osvaldo Dorticos Torrado, and the Armed Services Minister Raul Castro, the Premier's brother. In those conferences, Brezhnev is believed to have urged better relations with the United States, and that a more normal Washington relationship might not only end the economic embargo of the Organization of American States, but might advance detente between Moscow and Washington.

Detente with Castro's Cuba should be very cautiously examined. The Soviets will never want to relinquish her toe-hold on these shores, and she may want us for now, simply to support her satellite and tenderly nurse her back to prosperity. We must not forget that communist Cuba's heart belongs to Daddy Brezhnev.

SELF-HELP PREVENTIVE MEDICINE

HON. CHARLES THONE

OF NEBRASKA

IN THE HOUSE OF REPRESENTATIVES

Monday, March 4, 1974

Mr. THONE. Mr. Speaker, America's greatest resource for better health would be a public with better health education. One of the pioneers in innovative health education is Dr. Keith W. Sehnert. He is a native of Nebraska and has practiced medicine in York and Lincoln, Nebr. His present leadership in health education at Georgetown University in Washington has been highlighted by Parade Magazine. I call attention of my colleagues to this article and have it reprinted in the RECORD at this point:

A NEW TEACHING PROGRAM: HOW TO BE YOUR OWN DOCTOR—SOMETIMES

(By Arlene and Howard Eisenberg)

"The mother who always wanted her son to grow up and be a doctor can, in a sense, be one herself—that is if she lives in the Reston, Va.-Washington, D.C., area.

How? By joining a course in "self-help preventive medicine," the first of its kind in the United States, being sponsored by Georgetown University's Department of Community Medicine and International Health and Georgetown University Community Health Plan. The nine physicians, including department Chairman Robert R. Huntley, who teach it encourage patients to save money and doctors' time by attending to minor problems themselves, or, as project pioneer, Dr. Keith W. Sehnert, puts it, become "activated patients."

None of the first 60 or so graduates expects to be doing open-heart surgery in the near future. But all have become expert in the use of their own stethoscopes, and are equipped with otoscopes to check reddened eardrums and wax-filled canals. They have medical texts and notebooks as well, and have developed the self-confidence to handle minor emergencies without help and major ones without panic.

REVIVAL OF AN IDEA

Mrs. Barbara Runge is saving hundreds of dollars a year administering weekly allergy shots to her three children. And Dr. Sehnert believes that Mrs. Pat Hunter may have spared her 15-year-old daughter Gwen serious rheumatic fever heart damage when, trying out her new stethoscope on the girl, she discovered a too rapid heart beat and alerted her physician to what proved to be a previously undiagnosed strep throat.

Dr. Sehnert would be the last to claim that he has come up with a brand-new idea in patient care. The tall, friendly, 47-year-old family practitioner refers anyone who thinks that to his copy of *Everyman His Own Doctor; or the Poor Planter's Physician*, published by a Dr. John Tennent in 1734. The book offers "plain and easy means for persons to cure themselves of all, or most of the distempers incident to this climate, and with very little charge."

Explains Dr. Sehnert: "A combination of things convinced me of the need for patient education. I guess the triggering incident was a visit by Mrs. Laura Roehrs, a Nebraska nurse I hadn't treated for 20 years, who asked, 'Are you still a doctor-teacher?' When I looked puzzled, she reminded me that I'd seen her for a heart irregularity. 'You spent 15 minutes explaining the problem to me,' she said. For the first time in my life, I understood how fatigue and tensions were making this happen, and then, with the fear gone, I was able to get hold of myself.' "

About that time, Dr. John Renner at the Herndon (Va.) Medical Center, who'd been about to begin a patient education course, accepted a post elsewhere and asked Sehnert if he'd take over the fledgling program. Sehnert wrote a core curriculum, and was off and running.

The course itself consists of 17 weekly evening sessions of two hours each, costs $85 or, for those who can't afford it, a subsidized fee of $25. It includes films, demonstrations, discussions and question-and-answer periods, all in a relaxed roundtable atmosphere, and buttressed by outside reading assignments. The first class, held in 1970, accepted 40 students, but that proved too large for individual attention, and subsequent groups have been held to 25. Most students are housewives, but several men have completed the course, including a lively gentleman in his 60's who enrolled so he could "take care of myself." The only advertising, other than a simple announcement postcard sent out to Reston-Georgetown Medical Center patients, is word-of-mouth.

LATE NIGHT CALL

"I mentioned to a neighbor that I was taking the course," recalls Mrs. Cindy Billings, a mother of two, "and then late one night she called me in a panic about a fever her child was running. I gave her advice on what to look for and do, and told her that it seemed to me that if it didn't get worse, she could wait until morning to phone the doctor. Next morning she told me how grateful she was, and now she's waiting to take the course."

The accent is on preventive medicine, but what to do in emergencies—mouth-to-mouth resuscitation, broken limbs, burns—is not neglected. Students learn to look into a sick child's nostrils and mouth and recognize whether the problem is a cold, flu, or an allergic reaction, from the color of the mucous membranes. They learn warning signs of an oncoming coronary, and why you gargle with salt water for a sore throat.

They're informed of shelf life of common medications—how long aspirin maintains its potency (for years), label expiration dates, how excessive moisture in a refrigerator spoils many medications, and the wisdom of asking a physician to prescribe money-saving generic drugs where possible. Students are taught to use the sphygmomanometer to check blood pressure, and in the program at the Northeast-Georgetown Medical Center in Washington D.C., where there are more hypertension-prone blacks, they are permitted to take the expensive equipment home to check friends and family members.

GETTING RESPECT

Student "doctors" feel they've derived important benefits from their medical "activation."

Declared one woman: "Doctors respect you more—like when I was asked at the hospital what surgery had been done on my son, and I ticked off all of it, using all the right scientific terms."

Relatives, too, are impressed. Smiles another: "When my mother visits me, she has a habit of working in the garden. Once the gnats really got to her, and she started complaining about her neck hurting. I felt it and explained that her lymph glands were swollen—probably from an allergic reaction to insect bites. When she went home, it was still bothering her, so she went to her doctor. That night she called: 'You know, I just paid the doctor $10 for what you told me for nothing.' "

Dr. Sehnert is aware that "a little knowledge is a dangerous thing." What is taught is taught carefully, and students recognize their limitations. "Our medical knowledge," says one, "is really just a thimbleful. But the understanding you get of how the body works give you so much more confidence that you can face a medical problem calmly."

This is true of chronic problems, like that of the woman whose son has a congenital kidney difficulty. It's like living with a loaded gun pointed at your head," she says, "and I used to panic whenever he threw up. Now I know that I only have to worrk if it's accompanied by a spiking fever."

"IT SAVES THEM MONEY"

There are benefits for physicians, too. "For the busy doctor," says Dr. Sehnert, "there's nothing worse than the patient who calls and says, 'I ache all over.' Or, 'I feel so sick.' Our students know how take vital signs—pulse, respiration, temperature—and to report relevant observations like inflamed throats or eardrums, so their phone calls really mean something. We know if they need to come in or not, and can even prescribe on the phone. It saves them money, and it saves us time."

There is a rising tide of consumerism in America, and interest in the Georgetown course is part of that tide. Says one student: "This is a mobile society. You move to a new town and start with a new doctor. Even if you get your files from the last doctor, there may be information missing. You should know exactly what medications you take. Same thing if you take a trip and get sick. You need to be able to explain your own medical history accurately."

"KNOWING WHAT TO EXPECT"

Says Mrs. Pat Hunter: "If the doctor takes time to show you what the problem is, you're not half as scared of the remedy. The big fear is not knowing what to expect. In our courses, they don't treat us like dummies. If we have a question, the doctor brings out a couple of X-rays. He'll say, 'That is what it looks like. This is what it should look like.' This medical mystery stuff has got to go. People are tired of being kept in the dark about their own health and bodies, and getting condescending answers like, 'You don't need to know that, dear'."

These steps can only be to the good. Health education has long been a national disaster area. In high school, where it could lay the groundwork for better, healthier lifetimes, it is too often a joke—a "Mickey Mouse" course reluctantly taught by the football coach or a gym teacher, while the kids pass notes, snicker, and do homework for other classes. Only a few states currently require certification for health education teachers.

"AN IMMENSE RESOURCE"

Yet, as the iconoclastic health economist and author, Prof. Eli Ginzberg of Columbia University, has said, "Programming the American people to do much more about their own health would be a lot more economical and effective in easing the demands on physicians than producing more of them. This is an immense, untapped health manpower resource—particularly if we put some really meaningful health education and first-aid courses in school curricula. Unless laymen can be trained to deal with early symtomology—and many ailments require no more than for a citizen of ordinary intelligence to do some very ordinary things—we'll never have enough physicians."

Part of the answer surely lies in programs like Georgetown's. Writing in a medical journal, internist Richard Bates, applauding the experiment in health education, says "70 percent of what we do in my office could be taught to laymen, to do to themselves or each other." Georgetown doesn't go that far—Sehnert conservatively estimates 10 to 15 percent.

More than 50 health care organizations, medical schools and government groups have requested course guides from Dr. Sehnert. The Mountain Regional Medical Program is interested in duplicating the program statewide in under-doctored Wyoming. Georgetown Medical School has set up a course to teach medical students to teach *their* future patients. Johns Hopkins Medical School is setting up a family health education unit. And, independently, the nation's largest private dispenser of health care, Kaiser-Permanente, has begun a sophisticated patient education program of its own, with everything from audiovisual tapes and films to a health museum. In addition, having sent an observer to the Georgetown course, the Army's Office of the Surgeon General is considering teaching dependent wives to handle minor medical problems in order to help cut the queues at military clinics, where, with the end of the doctor draft, physicians may be in ever shorter supply.

"DOCERE," TO TEACH

Such courses, Sehnert says, are not for everybody. Some people like being passive patients—they want everything medical done for them. But patients who want to be activated will, he believes, have increasing opportunities available to them. "What! see happening as we widen our control of disease," he says, "is that education to stabilize and maintain health will become part of our lives. Doctors will teach classes, say, one day a week, and be paid for prevention, instead of just for cure. That will be most fitting, too, since the word doctor comes from the Latin *docere*, meaning to teach."

That will be just fine with patients like Cindy Billings. "Educate a mother," she says, "and you educate a generation." That next generation is already benefiting from the Georgetown program. Recently, Mrs. Billings took her 3-year-old to the health center. The first thing he said to their family physician was, "Doctor, please look in my ear with the otoscope."

AN AUDIT PROGRAM IN PERU

HON. HERMAN E. TALMADGE

OF GEORGIA

IN THE SENATE OF THE UNITED STATES

Monday, March 4, 1974

Mr. TALMADGE. Mr. President, an audit program in Peru, assisted by the U.S. Agency for International Development, is serving as a model for other Latin American countries in an effort to improve the effectiveness and efficiency of their governmental accounting and auditing systems.

Playing a leading role in this project

is James P. Wesberry, Jr., of the Institute of Public Administration of New York, under contract to AID. Mr. Wesberry is a certified public accountant and management consultant from Atlanta, Ga., and also served three terms in the Georgia State Senate.

There appeared in the January issue of the International Journal of Government Auditing an article by Mr. Wesberry on reorganization of the Government of Peru's audit agencies, where he has been acting as a consultant to the Peruvian comptroller general.

I bring this article to the attention of the Senate and ask unanimous consent that it be printed in the Extensions of Remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

DRAMATIC REFORM OF PERUVIAN COMPTROLLER GENERAL'S OFFICE

(By James P. Wesberry, Jr.)

Prior to 1971 the Comptroller General's Office of the Republic of Peru was a somewhat obscure agency maintaining a passive attitude toward the irregularities and inefficiencies of an ever growing bureaucracy. The appointment of Oscar *Vargas* Prieto. Brigadier General of the Peruvian Army, as Comptroller General in January 1971 signalled the rebirth of the National Audit Agency as a dynamic force in the efforts of Peru's revolutionary military government to

Governmental auditing standards applica-

improve and revitalize public administration in the country. In January 1973 Brigadier General Guillermo *Schroth* Carlin succeeded General Vargas as Comptroller General continuing the dramatic reform and reorganization initiated by him.

New legal provisions were approved including the Organic Law of the National System of Control, the office was completely reorganized, and professional development and training programmes were initiated to strengthen the quality of government audits and other functions related to control of the public sector.

The new Organic Law of the National System of Control and its Regulations have received world-wide acclaim as the most modern and far-reaching examples of legislation for a Supreme Audit Institution in a developing country. They are especially noteworthy in that the "national system" establishes the relationship within its framework not only of the Comptroller General's Office but also of audits made by internal audit units of the various governmental agencies as well as those made of such agencies by independent public accounting firms. Internal auditing is considered to be an indispensable part of the system.

ble to all types of governmental audits are required to be prescribed by the Supreme Audit Institution. Considerable emphasis is placed by the system upon the establishment of sound internal control as the responsibility of each agency head as an integral component of the system.

The law specifically authorizes operational audits of human, material and financial resources applied by public agencies.

REORGANIZATION HIGHLIGHTS

Reorganization was accomplished over a period of several months. The line functions were upgraded from "audit offices" to "General Directorates of Control" and those responsible for the control of the general government were established according to the primary categories of sectors. The Financial Sector, Economic Sectors and General and Social Service Sectors. An important new General Directorate was established for the control of public enterprises thus recognizing the importance of this increasing area of public activity. A further General Directorate was established to audit local and regional governments.

Each General Directorate of Control was staffed with professional audit personnel as well as lawyers and engineers permitting it to function as a fully responsive audit agency within its sphere of control.

The other major reorganization reform consisted of the establishment of a new arm of research and development, the General Directorate of Systems. Standards and Procedures. Within this branch are included the following newly established offices:

Organization and Methods—responsible for improvement of administrative support systems, evaluation of efficiency, and drafting of administrative manuals.

Research, Development and Planning—responsible for the development of technical standards of internal control and auditing, research and development in the area of governmental control and auditing, drafting of auditing manuals and uniform audit programs and internal control questionnaires, and coordination of general planning.

Control of EDP Systems—responsible for developing technical standards in this area, training and assisting auditors in the area of EDP auditing and evaluating existing and proposed EDP systems.

Statistics and Evaluations—responsible for monitoring and evaluating the results of the various control activities carried out.

Engineering Coordination—responsible for the coordination of the activities of the engineers who form part of audit teams when necessary as well as for establishing construction and maintenance standards and preparing special reports.

The regulations set forth the duties and functions of the various organizational units established and provide minimum requisites for the chiefs or directors in charge of each unit. High professional qualifications are set forth for the six Directors General.

TECHNICAL STANDARDS OF CONTROL

To provide guidelines for the establishment of the National System of Control a total of 138 technical standards have been prescribed thus far covering two major areas: Internal Control and Auditing. The 95 internal control standards specify minimum requirements for the maintenance of sound systems of internal control within the various government agencies. The 43 technical standards of auditing provide guidelines for internal auditors, members of the Comptroller General's staff and representatives of private auditing firms designated by that office to perform audits of public agencies. They include the ten "generally accepted auditing standards" of the public accounting profession as well as "fundamental" provisions promulgated by the Office of the Comptroller General. The two groups of standards thus permit the evaluation of both internal and external control. Accompanying each standard is a commentary which explains its application and scope.

STAFF SELECTION AND TRAINING

A high priority was placed by the Comptroller General on the selection and professional training of the audit staff. The audit staff was increased to approximately 270 from less than 100 at the beginning of 1971, achieving the ratio of 75% professional auditors to 25% administrative support personnel—a complete reversal of the ratio which had been in effect prior to 1971. This conversion necessitated taking on many new employees who were selected from among nearly 1,000 applicants who participated in competitive entrance examinations for positions as auditors, assistants and audit helpers. Minimum requirements for auditors included a professional title as a public accountant, a bachelor's degree in accounting and practical experience. Audit assistants and helpers were accepted with a university degree only and some students in their final years were approved.

A massive staff training program first concentrated on existing professional audit staff members, then was extended to new personnel and finally included, at the request of various ministers, internal auditors from a number of governmental agencies. This program during 1971 provided four basic one-month courses for 277 students in the fundamentals of government accounting and auditing.

During early 1972 two more advanced training courses were given to 96 of the senior professional staff. A course in the audit of public enterprise emphasized the practical aspects of auditing the various new state-owned corporations. The second course included the accounting, legal and auditing aspects of financial operations including banking, customs and tax operations. Tweny-one subsequent courses have been offered to date.

International organization support of staff training included a symposium offered by the Inter-American Development Bank on auditing of international loans which was given to 23 auditors and the signing of a series of three annual contracts for programs of technical assistance with the United States Agency for International Development totalling US $124,000 in scholarships for on-the-job training, provision for short term instructors, training materials, course development, etc. Special courses in English language training were offered to outstanding auditors to prepare them for scholarships. Two auditors were sent to the office of the State Comptroller of New York for a one-year program of on-the-job training in 1972–73. They worked as regular audit staff members and participated in the staff training program of that office.

Four top level audit executives were sent to United States universities for specialized training in 1973–74. In addition the USAID program furnished a technical advisor in governmental auditing from the Institute of Public Administration of New York for a period of four years, furnished an offset press for printing training materials, supported. Peruvian participation in international congresses and seminars and the interchange of one top official with the Office of the Comptroller General of Venezuela for one month. It also financed the first course in operational auditing given in Latin America by the U.S. Interagency Auditor Training Center employing simultaneous translation and the development of the Spanish language course in applied operational auditing by a retired official of the United States Comptroller General's Office.

Closely related to the training efforts was the establishment through the USAID program of the new technical library of the Comptroller General's Office which now includes over 4,000 books and other publications in the fields of accounting, auditing and public administration.

An integral part of the program of professional staff upgrading was the "across the board" increase of salaries to end the continual loss of top auditors to other public and private entities which were paying higher salaries. By the end of 1971 the average starting salary for an auditor had been increased by 53 percent. In addition, a number of merit increases and promotions were made. This helped immeasurably in attracting better qualified new personnel as well as overcoming the continual loss of good professionals which had plagued the Comptroller General's Office for many years.

A massive public employee training program in budgeting, accounting and control was also carried out in 1972 and consisted of an intensive one-week course in the three topics by five teams of three instructors, each in 27 different cities throughout the country outside the Lima area. A special text book was prepared in three sections and marked the first time that a specific text was prepared for a course of this type in Peru. Other features of the course were the use of visual aids illustrating good internal control, practical case studies and a concluding examination. The course reached 7,000 public employees having administrative and financial responsibilities and was the largest single effort in public administrative training ever undertaken in Peru.

SCHOOL OF GOVERNMENT AUDITING

The School of Government Auditing was formally established in 1972 to administer all future training courses. It is also responsible for the operation of the library, the program of professional research and development, conferences, seminars, workshops and the publication of a quarterly professional journal, *Peru Control*, distributed to the audit staff and internal auditors throughout government service.

The School gives basic training courses in financial and operational auditing as well as specific and advanced courses on internal control, bank auditing, audit of EDP systems, writing audit reports, advanced audit techniques, investigatory audit techniques and so forth.

A full-time director, chief of academic studies and secretary were appointed; however, the professors and the School consist of outstanding auditors of the Office of the Comptroller General who contribute their practical experience for specific courses. A special course for instructors prepared 22 audit supervisors to serve as professors in the school. Specially invited instructors also give valued assistance occasionally.

Through 1973 the school had trained 1,100 governmental auditors from all levels of government in 27 training courses totaling 84,349 student/hours of training. Included were 27 students from Supreme Audit Institutions of six other Latin American countries invited in collaboration with the Latin American Institute of Auditing Sciences.

Of particular interest is the course in applied operational auditing which presents a practical case study of the audit of a fictitious governmental agency from the initiation of the audit through the writing of the audit report. The text materials for this course consist of 28 chapters of auditing manuals of the United States Comptroller General's Office translated into Spanish.

OTHER REFORMS AND ACTIONS

One of the first steps taken at the start of the reform program was the writing for the first time of the broad operative procedures and rules of the agency. This included a number of provisions for upgrading the quality of government audits and these were later incorporated into the permanent regulations and the technical standards of control.

A major reform was the abolition of the Superior Court of Accounts which had been a prime bottleneck in the process of fiscal control for many years as it created a legal process within the audit process which sometimes delayed publication of audit reports for four to five years. Major efforts were made toward clearing out all pending audit reports which had been caught up in this process.

While ample legal provision had existed since 1964 for penalties to public servants negligent in their duties, these provisions had never been effectively applied before 1971. Beginning in that year many penalties were ordered thus initiating a real effort to improve public financial administration, bring accounting records up to date and establish the necessary discipline in the financial management of public entities. Penalties were applied at all levels of public servants including accountants, mayors and Directors General.

Two major control actions were undertaken during 1971 in addition to normal activities. Operation CONTALDI-ARQ (an acronym for accounting up-to-date and surprise cash counts) was conducted at mid-year consisting of special examinations, made on a surprise basis of 1,413 public entities outside Lima and employing the entire audit staff in surprise cash counts, determination of adequacy and timeliness of accounting records and reports and brief evaluations of systems of internal control. Over U.S. $1,600,000 in idle cash funds were returned to the public treasury as a result of this operation. Ninety-seven public agencies were penalized for grave deficiencies and 22 agencies were scheduled for audit due to irregularities. It was determined that the most poorly administered public entities from the financial viewpoint were municipalities, public welfare agencies and universities. The primary benefit of this massive control operation was to make the entire Peruvian public administration aware that the Office of the Comptroller General was now taking aggressive action.

"Operation Lima" was initiated in October of 1971 and consisted of general audits of selected major ministries, banks and public enterprises in Lima. These likewise resulted in numerous findings of irregularities and corrective actions were initiated. Over U.S. $250,000 was returned to the public treasury as a result.

The impact of these two massive operations of control on the Peruvian public administration has been considered with notable improvements being made even by agencies not yet subjected to audit action.

Other public funds returned to the treasury as a result of normal audits totaled over U.S. $175,000 bringing the total recouped in 1971 to over U.S. $2,025,000.

As a result of 102 audits for special examinations during 1972, a total of 84 final decisions involving financial responsibilities of accountable officials provided for recoupment of U.S. $313,401 in public funds. Administrative responsibility or penalties were established for 487 public servants as a result of audit findings.

As an illustration of the support given to the Office of the Comptroller General by the Council of Ministers, the authorized expenditures of this office were increased by 56% in 1971 over 1970 and a further increase of 27% was approved for 1972. These increases primarily include salary raises for existing employees, additions of new professional staff members and costs of rental and operation of a new building.

Special working groups named by the Comptroller General have performed a number of important research studies which will be incorporated into the Auditing Manual of the Office of the Comptroller General presently being drafted. These include the following:

(a) Development of a uniform method of indexing and crossreferencing audit working papers and uniform audit tick marks.

(b) Development of a standard internal control questionnaire.

(c) Development of a uniform audit program.

(d) Study of the preparation of official audit findings of irregularities.

(e) Study of the detailed process involved in the establishment of individual accountability for irregularities and the application of disciplinary measures.

(f) Provisions for the designation of private auditing firms to conduct examinations of governmental agencies where considered necessary.

INTERNATIONAL RECOGNITION

Because of the great strides made by Peru's Supreme Audit Institution in its reform and reorganization the site of the Latin American Institute of Auditing Sciences (ILACIF) was transferred to Lima in late 1972. This technical-professional regional organization comprising 17 Latin American Supreme Audit Institutions has been given new impetus under the Peruvian Comptroller General's leadership having to date initiated training programs including a course in cost accounting offered for the Bolivian Institute of Public Administration in La Paz and has given technical assistance to the Offices of the Comptrollers General of Bolivia and Ecuador at their request. In addition it publishes a monthly technical news bulletin and has published several technical documents dealing with governmental auditing. Plans call for considerably expanded operations if international organization technical assistance is forthcoming.

BEYOND THE ENERGY CRISIS

HON. DICK SHOUP

OF MONTANA

IN THE HOUSE OF REPRESENTATIVES

Monday, March 4, 1974

Mr. SHOUP. Mr. Speaker, today we are caught up in an energy crisis and quite properly it is receiving a major portion of our time and attention. One of the most frequently heard questions is, "How did we ever get into this situation?" If we are only looking for a convient place to fix the blame, there are plenty of candidates available, but I would submit that it is far more important that we heed the lesson of fuel crisis and allow it to instruct us in acting to prevent other and more serious crises from besetting us in the future.

In this regard we must now recognize and come to grips with the rapidly growing American dependence on foreign sources for the minerals needed to keep our industrial complex operating. U.S. News & World Report of February 4, 1947, carried an article which identified the level of dependency for a number of minerals. For example: In 1972 the United States imported 92 percent of the cobalt we used; 91 percent of the chromium we used; 75 percent of the tin we used; 26 percent of the iron ore; and 9 percent of the copper we used. A cutoff or serious reduction in the supply of any of these could have far-reaching consequences for our whole economy.

Further explication of this situation appeared in Sea Power, February 1974. I would like to offer a few brief excerpts from the article in that issue by Lawrence Griswold.

> But while it is true that the United States can manage a frill-less economy for a steadily-diminishing number of years without imported petroleum, the same is not true for some 68 other raw materials, including 30 listed as "crucial" which must be imported in whole or in part. Of the total, there are 15 entirely absent from the national subsoil on which numerous essential U.S. industries are 100 per cent dependent. If supplies of these were lacking, the passing discomforts caused by a petroleum shortage would seem somewhat less than pinpricks.
>
> Altogether, the security of the United States depends in large part on the continuous availability of more than thirty crucial minerals available only or primarily from foreign sources.

The article by Mr. Griswold cites from a report published by the American Mining Congress in June 1973 that:

Industry in Japan and Germany, backed by their governments, has negotiated long-term contracts to procure the bulk of the growing production of minerals in the developing countries. This means that the U.S. consumer will not be able to draw on those sources-except through the purchase of refined metal or fabricated goods from Japan and Germany . . . *The sad truth is that, if an increasing share of U.S. mineral needs must be met by imports, at some stage in the not distant future this nation will have to face a drop in the standard of living.*

In light of the implications of a raw materials shortage, which I have only briefly outlined here, it is incumbent upon us to immediately begin a searching, in-depth inquiry into the export policies of the United States and the export practices of business. Are we pursuing a policy of exportation that is one of expediency without regard for long-term consequences? Are we exporting ourselves into industrial exhaustion? Directly in point here is a comment by Mr. Andrew J. Biemiller of the AFL–CIO's office of legislation. In a letter to members of Congress recently he said:

> The industrial base of the U.S. has been eroded, as parts of many industries, both old and new, have been exported to other countries. Many kinds of shortages now threaten the health of the U.S. economy.

In conclusion, I would hope that the gasoline shortage has taught us to note the warning signals when they appear. Those warning flags are now up and flying on minerals, and they speak of possible distress which is not far away.

"OUR COUNTRY"

HON. JOSEPH M. MONTOYA

OF NEW MEXICO

IN THE SENATE OF THE UNITED STATES

Monday, March 4, 1974

Mr. MONTOYA. Mr. President, recently a constituent of mine, Leon E. Williamson, wrote to me enclosing a poem he had composed and stating, "I feel common citizens should have some expression in the CONGRESSIONAL RECORD during this time * * * ." I agree, and ask unanimous consent that Mr. Williamson's poem, "Our Country," be printed in the RECORD.

There being no objection, the poem was ordered to be printed in the RECORD, as follows:

OUR COUNTRY

(By Leon E. Williamson)

A prayer for our country
drips silently
from our parched lips.
We have a leader
above the law.
His moral preachments
flow from amorality.
His salary
is barely taxible.
He knows the law
for us
but not for himself.

Our souls seek wisdom
from the ages
while our leader
sanctimoniously tells us
if we knew
what he had done
the highest office
in our land
would be in danger.
For a people
who once was free,
we hang our heads
under the burden
of a leader
who dismisses
our right to know
in pious words
which confuse us
while his spoils increase
and his castles glitter
from our toil.

Our souls seek faith
from the potential
of man's love
while smogs hang thickly
over the dreams
once visible
across the great waters.
Now, pomp and majesty,
tyrannical trappings
stench our land.

Yet, we have a prayer
for our country.
The evening is clearing.
The stars in their craddle
twinkle with inspiration.
Our stout hearts
are in their canoes
ready to cross the Potomak.
Soon the breeze
of information essential
for a democracy
will blow across
our land again.

LONG BEACH CHAMBER OF COMMERCE OPPOSES CLOSING FORT MACARTHUR

HON. GLENN M. ANDERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, March 4, 1974

Mr. ANDERSON of California. Mr. Speaker, Fort MacArthur, located in Los Angeles, Calif., is an important cog in both the national defense and the local economy. As the only Army post in the eight-county southern California area, Fort MacArthur provides administrative and logistical support to 252 individual units in this area, and it also serves the special needs of the many retired military personnel who have located near the post.

To close this facility, as suggested by the Department of Defense, would curtail the efficient and effective support provided to these 252 Army units and would ignore the needs of those who have become dependent on the services provided by the fort to supplement their paltry retired pay.

The Long Beach Chamber of Commerce opposes the closure of Fort MacArthur, and has written Chairman HÉBERT voicing its opposition to the Defense Department's intent to close this vital military installation.

At this point, Mr. Speaker, I place in the RECORD the letter to Chairman HÉBERT from the president of the Long Beach Chamber, Lawrence Kavanau:

LONG BEACH CHAMBER OF COMMERCE,
Long Beach, Calif., February 11, 1974.
Hon. F. EDWARD HÉBERT,
Chairman, House Armed Services Committee, Rayburn House Office Building, Washington, D.C.

DEAR MR. HÉBERT: The Long Beach Chamber of Commerce wishes to advise you of its opposition to the announced closing of Fort MacArthur, a major Army installation in Southern California that produces an actual payroll of $22.7 million, that serves more than 43,000 retired servicemen, and generates $59 million worth of business annually in the San Pedro Bay area of Los Angeles County.

We are fully cognizant of the need to trim national expenditures in a number of fields, but we believe it is most unwise to inflict this additional reduction on a metropolitan area that is still suffering from last year's drastic cutback in Naval operations. To take such a step at a time of national economic uncertainty can only result in a further weakening of our ability to contribute to the continued progress of our country.

We also support the position of Representative Glenn Anderson who points out that over 5% of the Nation's Army retirees live in Southern California and presently depend on Fort MacArthur for the many services to which they are entitled. We further support Representative Anderson's point that one of Fort MacArthur's primary missions is to provide administration and logistical support to the 252 units and activities in the 8 counties of Southern California, including 105 National Guard units, 78 Reserve units and 33 ROTC schools.

We realize the Nike program has become obsolete but we do believe there are overriding needs that require continued operation of a major Army post at Fort MacArthur. We therefore appeal to you for your assistance in bringing about a modification in the Defense Department's directive that would make it possible to keep the installation in business as a vital support facility for the remaining Army forces within our metropolitan region.

Sincerely,

LAWRENCE L. KAVANAU,
President.

FRUSTRATIONS OF HOSPITAL ADMINISTRATORS

HON. NORRIS COTTON

OF NEW HAMPSHIRE

IN THE SENATE OF THE UNITED STATES

Monday, March 4, 1974

Mr. COTTON. Mr. President, earlier this month the New Hampshire congressional delegation met in my office with the Legislative Committee of the New Hampshire Hospital Association to discuss various issues that confront the hospitals that we so vitally depend on. We had a good discussion of the President's national health insurance proposal and the new health resources planning program.

However, the bulk of our time was devoted to phase IV of the economic stabilization program and the problems which our New Hampshire hospitals are encountering with the control program. I have received a letter from Mr. G. A. Desrochers, administrator of the Beatrice D. Weeks Memorial Hospital, of Lancaster, N.H., that puts into plain words the frustrations of hospital administrators everywhere. I ask unanimous consent this letter be printed under extension of remarks.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

BEATRICE D. WEEKS
MEMORIAL HOSPITAL,
Lancaster, N.H., Februrary 15, 1974.
Hon. NORRIS COTTON,
U.S. Senate,
Washington, D.C.

DEAR SENATOR COTTON: I wanted to take a minute to let you know that the whole situation regarding controls on the health care industry is getting to the point of being absolutely absurd.

The President gets up and makes a pitch for national health insurance with only a minimal amount of federal intervention and at the same time, I'm reading a 15 page book from the Cost of Living Council outlining how they want us to limit our total expenses per admission. The next item I picked up to read is a proposal in the Federal Register from the Department of Health, Education and Welfare outlining how they want everyone who is on Medicaid or Medicare to have their need for hospitalization certified prior to admission if it's not an emergency case.

What in the world is going on? Does anyone know what sort of problems this is causing back here? I must spend a couple of hours a day going over new federal regulations, proposed federal regulations, changes in regulations and so forth. I've had to add additional accounting staff in that department to handle the vast array of Medicare, Medicaid and especially Price Commission forms, reports, regulations, etc.

This sort of thing is diverting so much attention away from our primary goal—good patient care—that over a period of time it's bound to effect the health care system, not only here but everywhere.

Now I understand the government is proposing that Price Controls be dropped on all other industries except hospitals and the oil industry. I don't presume to understand all of what's going on in the oil or any other industry but somebody, somewhere better start having some faith in free economy, stop viewing profits as a rip-off and allow the natural forces of the market place, such as competition and the law of supply and demand, handle the problem.

I know a little something about the health care industry, however, and I can tell you what is happening here and what additional controls will bring. You must realize that wages account for some 70% of hospital costs so consequently, when you talk of controlling hospital costs, you talk about controlling our employees' wages. I'll tell you right now that hospital costs are high, but our employees are not overpaid and I don't believe we're overstaffed. Our employees are not happy with their wages now; plus, if we're not able to compete with industry on salaries, we won't be able to attract new employees into the health care field. In addition, those people who are currently in the field are being forced to consider some sort of organization. Unions have been quick to realize this fact and are right now hard at work organizing employees who work at a neighboring community hospital.

I believe it is absolutaely unrealistic to signal out the health care industry for continued control. I'm certain that if it wasn't for the fact that the industry has within it millions of professional people, you would see an immediate response similar to the independent truckers' reaction indicating their outrage at this discriminatory government control. Something should be done and done now to get the heavy hand of the federal government out of the health care industry. I can't imagine that there is that much abuse of Medicare and Medicaid to justify the government's vast expansion of bureaucratic regulatory agencies for the health care industry.

Here's another factor that few are considering: all of these rules, regulations and paperwork are making it so difficult for physician's to practice that they are not recommending anyone to enter the field. some of them are dropping out. If you think there is a shortage of physicians now, just let this continue and see where we end up in the next few years. These people in Washington don't seem to realize that physicians are not crooks; they're trying to care for their patients in the best way they know how. They are trained to know how to diagnose a patient, what tests to run, when to put him in the hospital, when to send him home, etc. Granted, there should be some accountability, but there is a limit.

Sincerely,

G. A. DESROCHERS,
Administrator.

MADISON HIGH SCHOOL'S CLEAN-UP AND CONSERVE PROGRAM IS MODEL FOR ALL AMERICANS

HON. J. WILLIAM STANTON

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Monday, March 4, 1974

Mr. J. WILLIAM STANTON. Mr. Speaker, for some months now, Madison, Ohio, in my district, has been a leader among communities in the northeastern part of the State which have organized civic action programs to deal with the waste, litter, and pollution that threatens to overwhelm our modern way of life. While on a visit to Madison High School a few weeks ago, I had the privilege of meeting some of the students who put together Madison's "Clean-up and Conserve" program, and who have worked long and hard to make the project a success. The following synopsis, prepared by Mr. Peter Lavergne, president of the Madison Anti-Litter League—MALL—shows how MALL came about and how it serves the community. The enthusiasm of those involved can serve as a model for all Americans.

It will be vitally important in the years to come to deal with the major problems that affect the environment and which have led to the energy crisis. These issues will confront every citizen every day, at work, at home or at school.

Civic action of the kind pioneered by MALL in the Lake County area will be needed during the crucial years ahead on a sustained basis. Those who have worked so diligently to make MALL a success are to be commended.

STATEMENT PREPARED BY MR. PETE LAVERGNE, PRESIDENT OF THE MADISON ANTI-LITTER LEAGUE (MALL)

The Madison Anti-Litter League (MALL) developed as a result of an acute interest in the environment on the part of a few Madison High School students, who chose to research for their English project the possibilities of what a high school student could do to improve his community. Upon completion of the project, the English instructor, Mr. Donald C. Strother, asked, "Well is that it? Are you going to put this research away and start another project or are you going to do the things that you said should be done to better the community environment?" The students displayed an enthusiastic desire to begin immediately.

In April 1972, Mr. Strother became the adviser and Mr. Kirk M. Reid, a retired business executive who had expressed his concern for the ecology of the community in a speech to the English classes, was invited to act as a consultant and to aid in the formation of an environmental organization. The local government officials were questioned as to the ecological needs of the community and with these ideas in mind, the students developed their plans.

A membership drive was launched throughout the High School and Middle Schools, netting close to three hundred interested students and faculty members.

A meeting was held to determine the various projects that MALL could undertake. The first project was to organize a monthly collection of newspaper for recycling. A date was selected, the media was notified, and the paper drive was held. The people responded to the student effort by bringing sixty tons of paper. With the continued success, the students undertook the recycling of glass and cans. Twenty months later MALL received its one-millionth pound of recyclable material.

During the past twenty months, MALL has also accomplished the following:

Development of Wildlife Sanctuaries
Christmas Tree Recycling
Leaf Shredding
Printing and Distributing of Bumper stickers
Watershed Pollution Investigation
Education of the Community

Because of these accomplishments, MALL was presented the Governor's Award for Community Action in 1973.

MONTHLY NEWSLETTER

HON. WILLIAM L. SCOTT

OF VIRGINIA

IN THE SENATE OF THE UNITED STATES

Monday, March 4, 1974

Mr. WILLIAM L. SCOTT. Mr. President, since coming to the Congress, we have sent monthly newsletters to our constituents and I ask unanimous consent to print our current newsletter in the RECORD for the information of my colleagues.

There being no objection, the newsletter was ordered to be printed in the RECORD, as follows:

YOUR SENATOR BILL SCOTT REPORTS

VISIT WITH THE PRESIDENT

Last Wednesday I visited with the President and discussed a wide range of issues, including energy problems, the environment and matters of especial interest to Virginians. It was an effort to continue the best possible working relationship between our Senate office and the White House. The President was cordial and appeared to be receptive to suggestions. No commitment on any specific item was requested. I do feel, however, that the meeting was beneficial and that there will be sympathetic consideration given to problems which may arise in the future involving Virginia.

DAYLIGHT SAVINGS

Some months ago the Congress passed an emergency measure to provide for daylight savings time on a year-round basis. It was thought that year-round daylight savings time would save energy and would be a reasonable method of cutting back on electricity.

While preliminary reports indicate that some degree of success has been achieved many people report inconveniences and, in certain cases, tragic consequences. The problems caused by school children waiting for buses in the predawn hours concern many parents across Virginia. Workmen are also going to their jobs before daylight and this offsets energy saved in the evenings.

To lessen adverse conditions created by the time change, I have sponsored legislation which would amend the Uniform Time Act to provide that daylight savings time will begin on the last Sunday in February of each year. Adoption of this proposal would allow the country to observe eight months of daylight savings time during which sunrise does not occur until 8:00 a.m. in the morning or later in many parts of the country. This appears to be a reasonable compromise to the problem and should warrant serious consideration.

TRUCK LEGISLATION

Our Senate Transportation Subcommittee has been holding hearings on proposals to increase the size and weights of trucks on our highways. This matter received considerable attention some years ago but public concern kept changes from being made in Federal standards. Now the issue is again before us, with truck drivers wanting to increase loads in their trucks because of higher fuel prices and reduced productivity due to lower speed limits. They feel that the more a trucker can load onto his vehicle, the less his unit cost will be and this could help keep prices down.

Many citizens, however, are concerned over the safety issue. Some feel that the durability of highways and bridges are threatened by weight increases. The committee therefore is attempting to resolve the apparent conflicts and has scheduled further hearings later this month with special reference to the safety factor.

ENERGY AND GASOLINE SHORTAGE

We received a letter a few days ago from a constituent which began: "While this letter is not submitted in the proper typed form or typed as my usual correspondence is it is because I am waiting in line for gasoline."

Perhaps this illustrates the concern and the frustration being experienced not only by people who are waiting in line for gasoline but by businessmen who are concerned about obtaining the energy necessary to continue their business operations. One constituent indicated that he had recently purchased a motel which was operating successfully until the last few months when motorists began reducing their travel and quit using his accommodations due to the energy shortage. Of course, tourism is a major industry in Virginia. While there are differences of opinion as to the scope of the shortage, the problem is serious and we must make every effort to resolve it.

The Virginia Congressional delegation has scheduled a meeting in my office for Tuesday of this week with the Administrator of the Federal Energy Office, Mr. Simon, to determine what can be done to alleviate the general problems and particularly as they relate to Virginia. In my opinion, however, we must eliminate hoarding of our resources by producers and consumers; reconsider environmental constraints; and make maximum use of our existing fossil fuels, which may include conversion of many stationary plants from oil to coal, with the understanding that the government will permit the continuance of the use of coal, our most abundant source of energy, for a number of years in the future.

Since the question of energy was discused in some detail in our last newsletter I only want to assure you that this office will do everything possible to assist in the solution and to help constituents with their individual problems. We are advised that the State Fuel Allocation Office in Richmond will endeavor to help all who care to call them. The area code is 804 and the telephone numbers are: 770–3508, or 770–1261, or 770–7795.

GENOCIDE TREATY

Some weeks ago, the question of ratification of the Genocide Treaty was once again brought before the Senate but after the leadership failed in its efforts to limit debate, it was withdrawn from further consideration. As you may know, after the atrocities in Germany during World War II, the United Nations adopted a proposal to make genocide an international crime. Everyone would oppose an effort by any nation to exterminate a particular racial, religious, or national group.

This proposal, however, does not require a nation to be advocating genocide but it is so vague that it might include one individual's efforts and cause him to be tried in an international rather than a domestic court. There is a reference to preventing births and forcibly transferring children from one group to another and the question might arise as to whether this includes birth control measures and the busing of children to obtain a racial balance. There is no doubt in my mind that a criminal statute enacted by any of our State legislatures, containing language similar to that found in the Genocide Convention, would be declared invalid because of its vagueness; and it would appear reasonable for any treaty ratified by the Senate to have the same degree of certainty as required for domestic laws.

There is also doubt as to whether a person tried before an international tribunal under this treaty would be afforded all of the Constitutional safeguards guaranteed to American citizens in our Constitution. The American Bar Association and many Senators, including myself, opposed the ratification of the treaty because of its broad scope, its vagueness and simply not being able to comprehend the various situations which might arise in the future under its provisions. Should you desire a copy of the proposed treaty or my comments on the floor for review, please contact the office.

SCHOOL BUSING

A Senate Judiciary Subcommittee had hearings recently on a number of measures relating to the busing of school children to obtain a racial balance. This is a problem which continues to concern many Americans and polls indicate most citizens would prefer that their children attend school within their own neighborhood rather than to be bused some distance from their homes in an effort to obtain a racial balance.

A number of solutions have been suggested, including a Constitutional Amendment to prevent busing, enactment of a law to prohibit race from being considered in the assignment of pupils and freedom of choice under which parents could decide which school their children would attend. Because a Constitutional Amendment would require a two-thirds favorable vote in each House of the Congress, as well as ratification by three-fourths of the State legislatures, there is considerable doubt that this could be accomplished. The other suggested solutions would be subject to review by the Federal courts and could well be declared unconstitutional. A possible alternative would be to transfer jurisdiction over issues and controversies involving the public schools from the Federal to the State courts.

PAMPHLETS AVAILABLE

Our office has a supply of the government publications listed below and if you would like to have any of them, please write us and copies will be forwarded to you:

Summary of Veterans Legislation, 1st Session, 93rd Congress.

Selecting a Vocational School.

House Construction . . . how to reduce costs.

Home heating . . . systems, fuels, controls.

Removing stains from fabrics . . . home methods.

Social Security and Medicare packet.

Soil conservation at home for city and surburban dwellers.

GI BILL

A bill calling for a two-year extension of educational benefits under the G.I. Bill has passed the House and is now in the Senate Committee on Veterans Affairs. It is my understanding that the Committee will consider this and other Veterans education legislation during the latter part of the month.

It seems reasonable for courts of general jurisdiction within the States to decide problems relating to the schools because State judges are more familiar with and attuned to local conditions and problems. Congress does have authority under the Constitution not only to constitute but to determine the jurisdiction of that court. The Chairman of Supreme Court and even to fix the appellate jurisdiction of that court. The Chairman of the Subcommittee, Senator Ervin of North Carolina, agreed that this would be both a constitutional and reasonable approach, although it is but one of the various measures which will be given consideration. Should you desire a copy of my bill or statement before the committee, please let me know.

VISITORS WELCOME

Visitors are always welcome to our Senate office, 3109 Dirksen Building, to obtain passes to the House or Senate visitors gallery. There is also a free guided tour of the Capitol and a very limited number of special tours of the White House. Because of the great demand, reservations for White House tours need to be made approximately a month in advance. However, if you are willing to stand in line, you can go directly to the White House, Tuesday through Saturday, from 10:00 a.m. to 12:00 noon, without prior reservations.

MISCELLANEOUS BILLS

Since our last newsletter, we have sponsored or co-sponsored a number of legislative proposals. Among them are measures to:

Repeal the Economic Stabilization Act, thereby abolishing wage and price controls.

Prohibit the Department of Transportation from imposing mandatory seatbelt standards in vehicles requiring starter interlock systems.

Restore posthumously full rights of citizenship to General Robert E. Lee.

Decontrol pricing of natural gas at the wellhead and allow market conditions to set prices in order to expand natural gas production.

Amend the Clean Air Act to permit the burning of coal rather than oil in factories and industries during the national energy emergency.

LEGAL SERVICES

After a long debate, the Senate passed a bill to establish a non-profit Federal corporation to operate a program providing legal services to the poor in this country. In view of the fiscal condition of the Treasury and for other reasons, I opposed the bill which would cost $260 billion over a three-year period.

In my opinion, legal aid can best be left to local communities and bar associations. Obviously every Senator hates to vote against measures which on the surface would benefit the poor. But we can never have a balanced budget or reduce inflationary pressures if we vote in favor of all spending bills.

OUT OF THE PAST

If I were to try and read, much less answer, all the attacks made on me, this shop might as well be closed for any other business. I do the very best I know how—the very best I can; and I mean to keep doing so until the end. If the end brings me out all right, what is said against me won't amount to anything. If it brings me out wrong, ten angels swearing I was right would make no difference.—Abraham Lincoln.

CORRECT ADDRESS?

Many new names have been added recently to our newsletter list and we would like to avoid duplication and have the names and addresses as accurate as possible. In the event, therefore, that your mailing is inaccurate in any respect, please return the address label with the correction to our office.

OUTSTANDING ALABAMA FOOTBALL PLAYER

HON. BILL NICHOLS

OF ALABAMA

IN THE HOUSE OF REPRESENTATIVES

Monday, March 4, 1974

Mr. NICHOLS. Mr. Speaker, some nights ago it was my honor to attend a banquet at Saks High School, Calhoun County, Ala., honoring a very fine athlete, Boyce Callahan. Boyce competed in high school football at Saks and graduated with outstanding credentials, except that he was labeled as being physically small and for this reason most college scouts said he was too small to make it in college football.

To make a long story short, Jacksonville State University recognized his ability and decided to give him a chance to make their football team and it is lucky for them they did. In Boyce's college football career he was conference rushing champ 4 years straight; All-Alabama Small College, All-NAIA District 27, and All-Gulf South Conference his last 3 years and Little All-America in the NAIA and Associated Press polls his junior and senior years and this is just to mention a few of his honors.

Apparently, when Boyce was in high school all those college scouts could see was a 5-foot, 9-inch high school senior who weighed 160 pounds when dressed in a wet sweat suit. They failed to look inside a young man to find the determination and desire that makes a great football player.

Boyce came to Jacksonville to play and play he did and all the while when Boyce was bursting through those holes on his way to gaining more than 4,000 yards many of those same scouts were eating their words.

Dr. Ernest Stone, president of Jacksonville State, and all the rest of the university community cannot say enough good things about this outstanding young man, not only as an athlete but as a person too. In fact, they paid him the highest tribute anyone can give to an athlete by retiring his number 33.

Mr. Speaker, Boyce Callahan was a respected football player but even more important, he is a respected person and friend to many in Calhoun County. With all due respect, I would like to enter into the Record two articles, one from the Birmingham News and the other from the Anniston Star, that discuss Boyce Callahan's achievements and I hope that each Member of Congress takes notice of his outstanding record:

[From the Anniston (Ala.) Star, Feb. 3, 1974]

"Callahan Day" Ends, Boyce Reaps Honors

It was one of those night's every boy dreams of.

And it was quite a night Saturday night at Saks High School.

For Boyce Callahan.

The "Little All-America" and Jacksonville State University running back and former Saks football great reaped just about every award that could be reaped by a deserving young man.

After all, it was "Boyce Callahan Day" in Calhoun County and even for the State of Alabama, so proclaimed by Gov. George C. Wallace.

But Wallace's proclamation was just icing on a cake spiced with telegrams from Congressmen, Senators, football coaches and the President of the United States.

People like Congressman Bill Nichols, State Sen. Fred Ray Lybrand and Representatives Ray Burgess and Donald Stewart were among the VIP's.

So was Jacksonville State's President, Dr. Ernest Stone and JSU's chairman of the Board of Trustees, Hugh Merrill.

And the list went on.

Callahan's high school football coach Jack Stewart, attended along with Jax State head football man, Charlie Pell and offensive backfield coach, Clarkie Mayfield.

"Callahan Day" got off to a roaring beginning Saturday morning with a reception at Saks, followed by a 'smoker' at the JSU locker room.

Then came the main attraction, a gigantic banquet honoring the 5–9, 160 pound brown-haired halfback.

Nichols helped to get the praise going.

"I'm proud to be here to join you in honoring a very fine man. I'm pleased and privileged and honored to be here on your night," he said.

Before a highlight could be noted, Stone surprised no one by announcing that No. 33, Callahan's jersey number while at Jax the past four years, would be retired.

Callahan received another honor, "Little All-America" style, when Anniston Star Sports Editor George Smith presented him with the Associated Press and NAIA first-team plaque.

Norman Cole, president of the Saks Athletic Club, also was on the end of the awards presentations when he gave Callahan a check for $2,050.

But with all those honors, it was Callahan's former playing mate, Phil Murphy, during his elementary, junior high and varsity years that prompted the crowd to go wild.

Murphy, a member of the University of Alabama Crimson Tide football team, did some reminiscing of yesteryear. He received a standing ovation.

Then Stewart did some talking.

"Boyce Callahan is not only a super football player, but a super person. I think he stands for everything an athlete should stand for.

"The best thing I can say about Boyce is he's still the same person he is now as the time I first met him. I think I can speak for every athlete who ever wore the Red and White (Saks school color). There is no way we can measure the contributions made by Boyce Callahan to Saks High School and to our community."

Presentations were again made. One by Doug Crow another former teammate of Callahan, who, on behalf of the coaches and players of the 1969 Saks football team, honored the Jax great with an award.

Boyd Vaughn presented Callahan with a scrapbook of his playing days while at Saks and Jax State. The award was in the behalf of the community of Calhoun County.

"When a boy comes along like Boyce Callahan, he kindles a spirit in all of us," Pell said near the end of the banquet. He's great, great young man."

But more than that, Callahan's offensive coach, Clarke Mayfield, will tell you, "He's a great football player, but he's also a great leader."

[From the Birmingham News, Feb. 3, 1974]

Boyce's Night—Tributes Pour in From All Over United States

(By Jimmy Bryan)

Boyce Callahan had many nights of magnificence playing football at Saks High School and Jacksonville State University, but none will stand out more vividly in his mind than the night his friends and neighbors pitched for him in the Anniston suburb of Saks Saturday . . . it was a genuine out-pouring of affection for the 5–9, 160-pound tailback who gained over 4,200 yards in 36 Jacksonville State games . . . they filled the cafeteria at Saks High School, and watched again the magic of Boyce Callahan with a football under his arm . . . highlights of his career at Saks and Jacksonville were shown on special films put together by Saks High and Jax State coaches.

There was a letter from President Richard Nixon, from Paul Bryant and Ralph Jordan . . . from Gov. George Wallace and Lt. Gov. Jere Beasley . . . Stewart and Jax coaches Charley Pell and Clarky Maygeld had parts on the program . . . Pell announced that Boyce's No. 33 Gamecock jersey would never be worn again . . . 33 was retired . . . a sizeable cash gift, which would have bought an automobile, was handed the big little man . . . all in all, it was some evening.

SHOULD THE PRICE FOR DÉTENTE BE RAISED?

HON. HARRY F. BYRD, JR.

OF VIRGINIA

IN THE SENATE OF THE UNITED STATES

Monday, March 4, 1974

Mr. HARRY F. BYRD, JR. Mr. President, in recent agreements with the Soviet Union, it becomes increasingly clear that the United States has come off second best.

I think that is true of the grain sale, the settlement of the Russian debt and the SALT agreement on limitation of strategic arms.

It is imperative, I believe, that the representatives of the United States take a firmer stance and win more concessions in bargaining with the Russians. A relaxation of tensions is desirable, to be sure, but a détente in which all the advantages flow to the Soviet Union is unpromising and risky.

In the newspapers of February 21, Columnist Joseph Kraft wrote that unless the United States raises the price for détente, unless it exacts meaningful concessions, support for the policy of détente will vanish in this country.

I agree with Mr. Kraft, and I feel his analysis of the present relative positions of the United States and the Soviet Union is a valuable one.

I ask unanimous consent that the column, "Should the Price for Détente be Raised?" be printed in the Extensions of Remarks.

There being no objection, the column was ordered to be printed in the Record, as follows:

SHOULD THE PRICE FOR DÉTENTE BE RAISED?

(By Joseph Kraft)

The deportation of Aleksandr Solzhenitsyn demonstrates how difficult it is to nurse the Soviet Union toward a civilized political regime. The mellowing of Soviet power is not going to be achieved by the mere force of economic modernization, nor by contact with the West and discreet diplomatic hints.

An all-court press, largely by the United States, is required. By the willful provocation which led to his expulsion, Solzhenitsyn has asked whether we in the West care enough about peace and freedom to go the distance—to keep the pressure on the Soviet regime.

Let us make no mistake about it. By repeated and well-publicized acts of defiance, Solzhenitsyn asked for trouble.

He probably could have gone on writing the powerful novels which won him the Nobel prize. But that wasn't enough. He wrote *The Gulag Archipelago*, an account of the Soviet prison system as it operated under Stalin which named names. He published it in the West with indications that there was more to come if he were arrested.

As the police closed in, he kept Western reporters abreast at every turn. Twice he refused a summons from the secret police, and twice he let reporters in Moscow know about it. The comment he made the day before his expulsion was a particularly sharp challenge to the regime. He refused a summons because of what he called "a situation of general illegality" in the Soviet Union.

So his behavior poses a problem. Why did Solzhenitsyn ask for it? What was he trying to prove?

The answer lies in the achievement of party secretary Leonid Brezhnev. Mr. Brezhnev is on the way to solving the problem of achieving economic progress without abandoning the iron control of the Bolshevik system. His method is what we call detente—the easing of tensions with the West.

By a controlled flow of Western goods and technology and capital, Russia keeps moving forward. The standard of living has slowly improved. The frontiers of knowledge are explored. Television sets, automobiles and computers become part of the Soviet system.

Because this forward motion is achieved largely by borrowing the fruits of Western initiative and invention, the party maintains its supremacy and the military retains its all-powerful grip on Soviet resources. To be sure, in return for its credits and technological assistance, the West does ask a price. Under prodding from the United States, the Soviet Union has lifted—a little—the barriers to emigration of Jews to Israel.

But political change is not set in motion. On the contrary, the dissidents, who advocate real change are sent off one by one to the prison camps of Siberia, or to various asylums, or into exile.

Against this background the logic of deliberately needling the regime, of trying to force a confrontation, becomes clear. Solzhenitsyn, like the physicist Andrei Sakharov, decided that it is no longer feasible to try to work within the system for reform. By courting trouble, and finally achieving it, Solzhenitsyn was signaling desperately to the West.

He was telling us that we should ask far more than we have in return for our capital and technology. He was asking us to insist on more changes in Russia, and more basic changes, as a price for Soviet entry to the advanced world. He was making the case that if the West cracks down hard now, Brezhnev will yield—not be forced to give way to a new set of hard-liners.

My own sense is that Solzhenitsyn is right. It seems to me very clear that the United States should raise the price for detente. It is not enough for the Soviet Union merely to let out several thousand Jews through the backdoor. If the Russians want to be part of the developed world, then they are going to have to behave like an advanced country. That means, at a minimum, whittling down the military occupation of Eastern Europe and allowing the basic freedoms which one of the greatest writers in the world needs to continue his work.

Up to now, President Nixon and Secretary of State Henry Kissinger could make the case for moving discreetly for an easing of the Soviet regime in the context of detente. Now the weakness of that quiet approach is clear. If they don't press Moscow in a more open manner it will be hard to resist the conclusion that, where matters of liberty and morality are concerned, the President and Secretary of State have a high threshold of pain. If nothing else, they will forfeit the American constituency for detente which is already breaking up.

DANGEROUS ECONOMIC SITUATION FACES UNITED STATES

HON. RICHARD BOLLING

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Monday, March 4, 1974

Mr. BOLLING. Mr. Speaker, in recent years I have put so many of Hobart Rowen's columns on economic matters in the CONGRESSIONAL RECORD that I am beginning to feel like a press agent. But the one which follows represents such a high standard of reporting of key developments in the complicated, unusual and terribly dangerous economic situation which confronts the United States and in fact the world that I want to be sure that as many as possible of my colleagues are aware of the column and the situation it describes. It appeared in the Washington Post of Sunday, March 3, 1974.

GROWING ECONOMIC CRISIS SPLITS U.S. POLICY MAKERS

(By Hobart Rowen)

Just as administration officials are squabbling over the real dimensions of the energy crisis, Federal Reserve Board officials are divided on the right strategy to cope with a growing economic crisis.

The economic issue is dramatized by a new assessment of the outlook made at meetings of key Nixon administration men last week, at which it was concluded that the downturn in real gross national product for the first quarter could be over 3 per cent, and possibly as much as 4 per cent.

That much of a negative growth result—the first stage of a recession—would be more serious than anticipated at the beginning of 1974. The government's first forecast of the quarter-by-quarter projections—still unpublished—is understood to have put the first quarter real growth figure at about a minus 2 per cent.

But two things have changed the picture. First, the worst inflation rates since World War I have cut deeply into consumer purchasing power. Harvard Professor Otto Eckstein, who is forecasting a 4.2 per cent drop in real GNP for the first quarter, points out that the January price hikes (37 per cent for the wholesale price index, 12.2 per cent for the consumer index) "are a menace to prosperity."

Second, the public antipathy to gasoline-consuming big cars has run deep. The drop in that part of the economy dependent on autos apparently will range between 15 and 20 per cent in real terms for the first quarter.

Personal income dropped by $4 billion in January, an extraordinary decline. Even if February and March show some improvement, this slide, combined with skyrocketing prices, means that real income is so far off that consumer buying power could be weak for the rest of the year.

"From the point of view of the consumer," says Michael Evans of Chase Econometric Associates, "this is the worst news in almost 40 years."

The one small note of cheer is the McGraw Hill survey indicating a big jump in business plans for capital investment. But whether industry will actually achieve the projected 18 per cent in capital outlays remains to be seen.

With the Federal Reserve Board, there is a well-defined minority that thinks the time has already arrived to move directly to bolster the weakening economy. But they have not yet won the most influential member of that board, Chairman Arthur F. Burns, to their point of view.

The board minority are ready right now for an additional stimulus from government spending. At least one is also in favor of Democratic suggestions on Capitol Hill for a tax cut. And the minority—which at various times includes as many as three of the seven-man board—would favor a substantial easing of the Fed's montetary posture if the first-quarter figures when published later this month actually show the kind of staggering result outlined above.

Chairman Burns, however, feels strongly that the overwhelming economic problem at the moment is the threat of what he calls "Latin-American-type" inflation, and that the only way to deal with it is to follow a period of relative austerity for "several" months.

"The current economic slowdown," Burns told the Joint Economic Committee last week, "does not appear to have the characteristics of a typical business recession." Therefore, he argued, the traditional easier-money policy that might be used to stimulate demand is not the right policy now.

But the board minority aren't so sure that supply constraint, rather than demand, is still the main problem. "This is fast becoming a downturn triggered by weakness on the demand side," says a well-informed source, "and this is the issue that could cause some hot arguments inside the board."

In the Fed's Open Market Committee—the over-all policy-making body which includes presidents of the regional Reserve Banks—Burns has enormous prestige and sway. It is unlikely that the OMC would move to a significant easing of policy until Burns has made up his own mind that the time is ripe.

Treasury Secretary George Shultz for the moment shares Burns' disapproval of substantial acceleration of government spending. He is placing his bets on a mid-year upturn—give or take a few months—a better flow of oil and a more or less natural break in speculative commodity prices.

Meanwhile, the energy crisis has pitted Federal Energy Office boss William E. Simon against the free-market contingent which wants to let prices—rather than allocation orders or rationing—handling the situation. Ranged against Simon are Office or Management and Budget Director Roy Ash and Economic Council Chairman Herbert Stein. Even Shultz, who works closely with and admires Simon privately, has doubts about how long the allocation program should be kept going.

Ash and Stein are more direct. Ash says the shortage will be over in a matter of months. Stein, in an off-the-cuff speech Wednesday night to the National Economists Club here, pointedly blamed the mess on government allocation and price regulations.

"People (on gas lines) are now paying in time for the uncertainty," Stein said. "If they knew they could get gas at 80 cents a gallon, there wouldn't be the lines."

But the free-market formula for easing the oil problem would of course add to existing inflationary pressures.

The worst part of the situation is growing fear in the nation that the government has no plan to cope with the general deterioration of economic prospects.

Burns' warnings of the consequences of "double-digit" inflation are impressive, and he is listened to with the greatest respect on the Hill and by the members of his board, even when they don't fully agree with him. But the mild recession he seems to be advocating wasn't a cure for inflation or high wage demands in 1970. Would it be any more useful now?

There is a sense among many people that the nation is drifting into an economic morass without leadership, that President Nixon's only solution to inflation sounds—strangely—like letting prices rise even farther. Agriculture Secretary Earl Butz makes the same old worn-out promises of better food supplies and lower prices.

A government economist confides—I thought more hopefully than assuredly—that if there is a minus 4 per cent real growth number for the first quarter, it will surely be the worst quarter of the year. "I never heard of a recession in the middle of a capital goods boom," he says.

But Arthur Burns himself more than once has told his students (and fellow board members) that once an economic slide of this sort gets under way, no one knows how far it will go.

A TRUE WINNER

HON. JOHN B. BREAUX

OF LOUISIANA

IN THE HOUSE OF REPRESENTATIVES

Monday, March 4, 1974

Mr. BREAUX. Mr. Speaker, I wish to share with my colleagues and with the people of this great Nation some wisdom that comes—not from the intellect of presumptive statement or the accumulate knowledge of philosophy—but from the heart of youth.

It is the winning entry in a Voice of Democracy contest held in my district in Louisiana, and it deserves the attention of anyone wishing to find hope amid the political chaos that seems ready to engulf us all in the aftermath of 1973.

The writer is Tyra Patterson of Lake Charles, La., and I can add nothing to what she has written, except my thanks and the appreciation of all people who love truth, honesty, loyalty and understanding of what America is all about.

The winning entry follows:

MY RESPONSIBILITY AS A CITIZEN

(By Tyra Patterson)

According to the dictionary a citizen is a native or naturalized person owing allegiance to and entitled to protection from a government.

We have often heard the well known expression "for God and country". We notice that God comes first. In fulfilling my allegiance to my country my primary duty is toward God. In fact, we should all believe in Him and follow the precepts of the Bible. A study of past history reveals that countries that have been based on Christian principles have survived the longest and had the happiest citizens. By the same token, as countries lost their principles, they fell. God protects the nations and their citizens where He is respected and obeyed. This allegiance to God must be individual and collective. I personally must obey God's laws.

My next duty to my country is to prepare myself as a responsible citizen; this may prove to be a lifetime job. First, I must study past history as well as present history in order to be informed historically. Second, as an American citizen, I must study the Constitution of the United States and know the freedoms it guarantees and the responsibilities it sets forth, both the government and citizens. For, as a citizen, it is my duty to preserve and follow the Constitution our forefathers had the marvelous foresight and brilliance to prepare for governing this Republic. They were Christians and based the Constitution on Christian principles.

The Constitution of the United States of America is without a doubt the best blueprint for a representative republic that has ever been devised by men. If representatives elected by the people have integrity and understand the Constitution, it will serve us many hundreds of years. On the other hand, if our officials do not have the integrity to uphold it, *no* written constitution can guarantee us our freedoms and good government. Third, a good citizen becomes informed and informs others about current events and important issues facing the country. By fulfilling my responsibility of being informed, I am preparing myself for another important responsibility, that of intelligent voting.

Citizens should not vote for the mere sake of voting. Therefore, I must be well-informed on the particular issue or candidate and must use the information I have gained to vote for the good of the Republic. For what good is it if people vote for someone or something they know nothing at all about? If that is the case, we have not accepted nor fulfilled our whole responsibility. Suppose we unwarily vote for someone or something which is corrupting our freedoms. Is it not better to not vote at all than to vote without even attempting to investigate the issue? As a citizen I must not flounder in ignorance, but seek truth and not be satisfied with less; nor should I be lazy and let only the minority rule. We should all voice our views, putting, of course, the good of the Republic before personal gain or sectional favoritism.

I must use my influence as a citizen by promoting projects, ideas, and legislation that are good for our country. I must express my views and take the time to write government officials and voice my views. For a government to be responsive to its citizens, it must know their thoughts and ideas. A saying in common use is "Your influence counts, use it!" That is an admonition worthy of repetition.

In the future when I have children of my own, it is my duty to teach my children their responsibilities as citizens toward preserving freedom so they might begin preparing for good citizenship. Only in this way will freedom last for our future generations.

Freedom doesn't come easy and never has, but we must not shirk our responsibilities as citizens because freedom is our most prized possession.

GEORGE B. COLLINS, OIL ATTORNEY, OFFERS SUGGESTIONS ON ENERGY CRISIS

HON. RAY J. MADDEN

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Monday, March 4, 1974

Mr. MADDEN. Mr. Speaker, industry, manufacturing, retail business, and all segments of our economy, including truck operators and motorists of all descriptions, are undergoing a partial paralysis the like of which has never been endured by the Nation.

The Congress last week enacted an energy bill which the vast majority of the House of Representatives, reflecting the minds of their constituents, hopes will eventually bring about sufficient supplies of energy fuel at normal prices.

Many speeches on the floor of the House during the debate on the energy bill were made by Members of Congress, most of whom had little knowledge of the reasons for the oil conglomerates' failing to provide sufficient exploration for oil over the years. It was almost the unanimous opinion that the big oil operators had relied almost exclusively on the Middle East for our energy sources.

This morning I received a letter from one of the leading attorneys in the State of Kansas, who has many years of experience representing oil companies, George B. Collins of the firm of Collins & Collins, Wichita, Kans., setting out some practical recommendations which might help solve our energy difficulties.

COLLINS & COLLINS,
Wichita, Kans., February 28, 1974.

Hon. RAY MADDEN,
House of Representatives,
Washington, D.C.

DEAR RAY: As you know, I have represented major and independent oil producers for over forty years and have had personal interests in petroleum both in the United States and Ireland for more than fifteen years. Pursuant to your request of the other evening for some suggestions as to solving the energy crisis, I have the following to offer:

Depletion: This rule has caused the escape of taxes on billions of dollars of oil and gas income for the benefit of people who have never spent a penny in oil and gas exploration. Many of these are owners of farms, ranches, plantations, as well as railroads and other large corporations with huge landholdings. The law should be changed to permit the depletion allowance to be taken only to the extent that a corresponding expenditure in exploration has been made. The greater portion of this saving has been for the benefit of the large integrated oil companies, much of their production having been obtained through the purchase of the producing properties from independents who were forced to sell their properties due to the low price of oil and gas. These companies find it cheaper to let the independents run the risks of finding production and then purchasing it. This has happened in dozens of cases to my knowledge in the Mid Continent field. The income tax returns would contain this information and administration can thereby be accomplished without any added expense to Internal Revenue Service.

However, the implementation of the foregoing would not have either immediate or far reaching enough effects to correct the energy crisis without meeting the next item which is most critical.

Crude oil prices: The independent producer of oil and gas who it is recognized is responsible for finding 80% of the crude oil supplies in the United States, has been virtually removed from the scene due to the low crude oil prices. The disastrous effects of low prices for farm products in the 30's caused an exodus of hundreds of thousands of farmers from the farm. The 50's caused a similar exodus of independent oil producers due to low prices for their product. The oil producer and the wheat and corn producers are akin in that the price of their product is fixed by others. Rotary rigs operated in Kansas went from a high of 200, 15 years ago, to 20, but have now increased to about 50 due to the increase in crude prices despite the shortage of drilling rigs and casing. Traditionally oil field workers have been among the best paid in the nation and deservedly so, because their high risk and skilled work is around the clock in all kinds of weather and away from their homes. The transportation and refinery workers who depend upon the supplies of crude oil for their jobs are likewise highly paid as befits their skilled and hazardous occupation.

The oil shortage can be met with adequate prices to meet sky-rocketing costs and I trust Congress will recognize that if crude prices are to be shaved that it be done with a delicate touch or it will slit the throat of the independent producer.

Sincerely,

George B. Collins.

RUNNING OUT OF WHEAT?

HON. JAMES ABDNOR

OF SOUTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Monday, March 4, 1974

Mr. ABDNOR. Mr. Speaker, anyone who has more than a rhetorical interest in the much discussed wheat situation will do well to read the following article which was published in the March 1, 1974, issue of the Wall Street Journal. It is not my purpose today to engage in further rhetoric, but to set the record straight. In this regard, the article speaks very well for itself:

Running Out of Wheat?

The American Bakers Association is making a lot of noise, predicting the nation will run out of wheat for a few weeks this spring and there will be a "bread blackout." They know how to hit an American where it hurts, saying that unless the government doesn't take immediate action this will also mean "no hamburger buns, no rolls for hot dogs at the ball games, no bakery snacks for children, no birthday cakes and no pizza."

By all that is red, white and blue, we fearlessly predict nothing of the sort will happen. Cash wheat already has begun to slide from a stratospheric $6.18 a bushel last Tuesday, a price so gaudy that it was attracting Canadian wheat. And with the price falling (it hit $5.59 yesterday) and a new crop coming along in May, foreign buyers may be unloading some of the whopping 480 million bushels they have under contract but haven't used. It takes only 23 million bushels to keep this country at least in bread for a month.

What the worriers seems to forget is that the price of wheat, unlike the price of oil, is not being controlled by the government. By bidding up the price, Americans can not only pull in wheat from Canada. They can also buy back wheat from the 1973–74 crop that has been sold for export but which has not yet left our shores. In effect we have already repurchased 37 million bushels from the Russians when they agreed to defer receipt of current-crop wheat until the new crop comes in. They bought low, sold high, and contracted to buy back through the futures market at a lower price. Ah, capitalism.

The Agriculture Department has good reason to be complacent in the face of the horrors being projected by the millers and bakers. It knows that of that 480 million bushels sold for export but still sitting around, 131.8 million bushels are ticketed for "unknown destinations." Its experience a year ago with its new export monitoring system indicates that the system does overstate exports. Foreign buyers hedge against anticipated shortages or simply take speculative positions at attractive prices. Given the short-term world grain needs and the high U.S. prices, it's not unreasonable to expect that much of the unknown-destination export wheat, and even some of the known-destination wheat, will never leave the country.

Then too, the vision of scarcity painted by the bakers relies on the juggling of numbers in a "statistical year." But farmers don't plant and harvest in a statistical year. Wheat from the old crop doesn't have to last until July 1 because a few hundred million bushels of the new crop will be rolling into the supply stream in May. About the only thing that can prevent this at this point is drought and plague in Texas.

What really seems to be the problem with the millers and bakers is that for the first time in decades they're having to deal in a free market in wheat. Always before, they could get by on skimpy inventories because Uncle Sam, through the taxpayer-financed Commodity Credit Corporation, sat on mountains of wheat that was always available at a moment's notice, at a price. Now, they either have to carry inventory or develop fancy lines of credit so they can buy in the forward market. Many have, and are covered. Those that haven't are learning fast, and we'll venture another fearless prediction that they won't be caught short a year from now.

The only thing that baffles us is what the bakers hope to gain by pumping up scarcity horrors, which can only put upward pressures on prices. Those who have cleverly covered themselves in the forward market would seem to have most to gain competitively speaking, by putting up prices. Those who haven't covered themselves would be better spreading wild stories of a huge wheat glut come spring.

While we're confident the nation will not run out of birthday cakes and pizza pies, we're not totally unsympathetic to the millers and bakers. After all, they were squeezed as unmercifully as any sector by the Cost of Living Council, until they were finally permitted to pass through soaring raw-material costs into the prices of their cakes and pies. But having learned so recently how brutal government intervention in the economy can be, it is troubling that they should now be demanding it again.

FOOD PRICES—WHY SO HIGH?

HON. LESLIE C. ARENDS

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Monday, March 4, 1974

Mr. ARENDS. Mr. Speaker, everyone is concerned about the rising cost of food, but more and more Americans are becoming aware of the fact that this is not the fault of the farmer. Indeed, agriculture is the most efficient sector of our entire food system.

Under leave to extend my remarks in the Record, I wish to include the following editorial which appears in the March 1971 edition of Successful Farming magazine. It is written by their Washington correspondent, Fred Bailey, Jr. According to Mr. Bailey, it is time for the food industry to start leveling with consumers. Food prices are too high—and he gives his analysis of the reasons. His comments are worth reading:

Washington Report: Editorial Viewpoint

(Here is a story that, until now, no one in agriculture has had the backbone to write. it is written by Fred Bailey, Jr., *Successful Farming's* Washington correspondent, and bears reading closely . . . and pondering. If anyone cares to respond, we are always glad to give space to responsible viewpoints.)—The Editors.

As you read this, a lot of people are getting set to spend a lot of money to tell the consumers of this country—as though they hadn't heard it over and over again like a broken record—what a great buy food is. The argument has mainly been that "you can afford it, so quit griping!" This has been the traditional party line of the entire food industry and as farmers we've faithfully followed it like a hound behind a jackrabbit. In the opinion of this writer, it's high time we began leveling with consumers and telling them we couldn't agree with them more: Food prices *are* too high. Because they are.

Who's responsible. And in the same breath we ought to tell them *why* food prices are too high, so if they want to yell at someone they'll know who to yell at—namely those segments of our food system that are really responsible for soaring grocery costs: Labor unions whose featherbedding and excessive wage demands have been a major factor in higher-cost food; a rail system that is often just slightly more efficient than a mule train; a maze of ridiculous laws and regulations by state and local governments; an almost total lack of uniformity in grades and standards; and a long list of other obstacles which stand in the way of consumers getting more for their food dollars.

As the most efficient sector of our food system (and the most efficient sector of the entire U.S. economy, for that matter), we've been apologists for shortcomings in the rest of the system for much too long. And with each new bump in the cost of living curve, these shortcomings become that much more difficult to apologize for, that much harder to justify with silly statistics. The fact is, we have nothing to apologize for, nothing that needs to be justified. Agriculture's accomplishments are a matter of record and most consumers are aware of them.

Time to be honest. Yet we continue to be a party to the big lie that everything's just dandy at the checkout counter. The longer we participate in this deception, the more we risk incurring the distrust and hostility of our best friends: The American consumers who enjoy and pay for the things we produce.

The time has thus arrived to assert that we don't like overpriced food one bit more than they do. After all, we have to buy back most of our groceries at the same inflated prices they have to pay. But it's not just that. Much more worrisome is the fact that when consumers finally tire of being gouged at the grocery store, they'll start buying fewer groceries.

So first thing we need to do is stop parroting the party line about how cheap food is. Our customers know better. Instead, we need to lay out the kind of hard facts a National Commission on Productivity came up with, but in some cases decided not to talk about, when it took a close look at productivity in the food industry. The report of the Commission clearly points a finger at causes of higher food prices. From this and other sources, consider the following:

Of the roughly $750 the average American will spend for food at and away from home this year, farmers will get only about $300. Fully half of the remainder—about $225—will go to pay the tab for labor. During the past 10 years, labor costs in the food industry have soared a staggering 80%, four times faster than productivity.

Or let them look at specifics: Substantial money could be saved by butchering meat into retail cuts at a packing plant but local butchers' unions won't allow it. Costs could be cut if bread and milk could be stacked on the grocery shelf by store clerks instead of by highly paid delivery truck drivers. Fish would be cheaper if they didn't have to be caught in boats built in union boatyards. And supermarket expenses could be reduced if retail clerks weren't so obstinately opposed to automated checkout counters.

Much of our rail transportation makes molasses seem speedy. It takes half again longer, and in some cases twice as long, to move perishable food from the West to the East Coast as it did 20 years ago. Instead of more refrigerated cars to haul food, the railroads today own less than one-third as many as in 1968. At any given time, an average of nearly 90% of the railroad cars in the U.S. are standing still, empty. One result: More food must be carried by trucks, driven by drivers who may earn $25,000 annually.

One more fact for mediation: Mainly because of anti-backhaul laws. up to 40% of the trucks on the road run without a load. Cost: $250 million.

A simple item like an orange is handled 17 separate times from tree to table. Apples are packed in containers of 40 different sizes and shapes, none of which fit a standard grocery shipping pallet. The 8,000 most common items in a food warehouse are packaged in 2,650 different sizes, reducing automated handling.

Federal, state and local regulations add unnecessary millions of dollars to the cost of food. A single change by a single state in the ingredients required to be listed on sausage labels added $75,000 a year to consumer costs. Absurdly confusing packaging and inspection requirements further boost grocery prices.

This is by no means a complete list. It is barely a beginning. But its at least a sample of the sort of things someone should be telling consumers about who is really responsible for the exorbitant cost of food. Let's stop trying to kid our customers.

BURTON K. WHEELER, THE ECHO OF AN ERA

HON. DICK SHOUP

OF MONTANA

IN THE HOUSE OF REPRESENTATIVES

Monday, March 4, 1974

Mr. SHOUP. Mr. Speaker, recently Mr. Woody West of the Washington Star News wrote a tribute to former Senator from Montana, Burton K. Wheeler. Senator Wheeler's services to his State and Nation are well known and he is held in high regard by all who know him. Senator Wheeler is firmly established as one of the great leaders in our history. Accordingly, I submit for the RECORD the comments by Mr. West about Montana's great Burton K. Wheeler:

BURTON K. WHEELER, THE ECHO OF AN ERA

(By Woody West)

The small office high over 15th Street is crowded with yesterday. It echoes, when Sen. Burton K. Wheeler begins to speak, with the fury of old political campaigns, with issues that shaped the present with the dignity and ugliness renerated in the contention of conflicting interests.

Wheeler will be 92 this month. Except for the several months that the farmer senator spends in Montana each year, he daily is in his office at the law firm of Wheeler & Wheeler. He tolerates the importunities of age with the impatience that in prime years he visited upon those he considered malefactors.

His memory tumbles the luminous names from the past out across the room—LaFollette, Borah, Lodge and Roosevelt, and on across the pages of American history that he lived.

In the years since Burton Kendall Wheeler took his seat in the Senate in 1923, America has been transformed from rural to urban, from a bulky adolescent groping through the tangles of international affairs to a giant among nations; from a country sometimes arrogant in confidence of its destiny to one that, now, often dubts itself and its navigation.

In his 24 years as a senator, there was little of major import in which Wheeler was not immersed—from the Tea pot Dome scandal dogged by his senior colleagues from Montana, Sen. Thomas J. Walsh, to the investigation of Harry M. Daughtery's Ohio Gang; the heady days of the New Deal and Wheeler's opposition to FDR's "court packing" plan and the brutal debate over U.S. entry into World War II.

Historians Jonathan Daniels called him a "brass knuckler battler." Wheeler was the recipient of less complimentary descriptions, spanning the political spectrum—radical, Communist, pro-German, conservative, isolationist. He bore them all with the imperturbability of one sure of his footing.

"They said I was an isolationist," he reflected the other day, "but only to the extent that I wanted to keep out of the war. When Japan attacked, I was one of the first to say we had to lick the hell out of them.

"I felt that if we hadn't gotten into it, Hitler and Stalin would have fought it out until one was in the hospital and the other in the coffin."

He leans back in the leather swivel chair, shadowed by a pervasive past. "I said that what we were doing would make the world safe for communism," he recalls, "but I was also one of the few, in 1923, to say we ought to recognize Russia. One paper said I should be deported—where to, I asked, back to Massachusetts?"

He calls himself, "Yankee from the West," in his autobiography, published a decade ago. Born in Hudson, Mass., on Feb. 27, 1882, Burton Wheeler drifted across the continent, through the University of Michigan law school, to Butte, Mont.

It was a familiar course to thousands of young Easterners in those early years of a new century. The Pacific Coast was Wheeler's goal. But, waiting for a train in Butte, the young lawyer sat in a poker game near the depot. Shortly Wheeler was broke. A young dude was easy pickings in those robust years for a couple of Butte card sharks.

Burton K. Wheeler, the "heady days" behind him, is still working.

Wheeler made necessity a vehicle and set up practice there in Silver Bow County. Those were the years when Montanans were vassals. When they spoke of "the company," it meant one thing—the Anaconda Copper Mining Co., that controlled the life of the state, economic, social and political.

Wheeler became a vociferous opponent, a course that in those days usually brought rapid and effective anonymity. Not for B. K. Wheeler, as several generations of Montanans knew him. He was appointed district attorney for the state, served in the Montana House of Representatives, and was massively defeated in his 1920 campaign as a Democrat for the statehouse.

Two years later, however, he was elected to the U.S. Senate, joining Walsh, another tenacious Montana maverick, and served for 24 years. In 1924, Wheeler ran as vice presidential candidate on Sen. Robert M. (Bob) LaFollette's Progressive party ticket, and went down to defeat before the laconic Coolidge. The tide of reform was running out of fuel as prosperity stuck its head, briefly as it would turn out, around the corner.

Now, from the perspective of full years, Wheeler looks about at a world as different from that of his prime years as dust from butter.

"I've never been pessimistic at all about the United States," he says. "I've felt we've made mistakes, a good many, but by comparison with other countries, I feel we're ahead and will continue to be ahead."

He pauses, the mumble of traffic muted there high above the street. "But I must confess that I'm a little more worried about conditions in the country that heretofore, particularly the economic situation. This country and no other country can afford to be as reckless in expenditures and government spending as we've been. And we've used our resources recklessly. The gas and energy shortage may wake up the American people to what could happen in other areas," he says.

A massive stuffed buffalo head gazes down on the office and dozens of pictures of the mighty figures in recent history. Then was then and now is now.

"I don't think Nixon should resign or be impeached," he says, "not because of the man himself but from the standpoint of what it would do to the office of the President. It wouldn't be good for the country. And whatever else, he's done a good job in foreign affairs."

Watergate and its curious ripples don't constitute a first-rate scandal in the eyes of a man who went to the mat with Harry Daugherty who, finally, was forced out of the Cabinet.

"I hold no brief with what's been done," says Wheeler. "I think it was deplorable and those who took part should be prosecuted."

The past again is fresh. "What they did in the last campaign was child's play."

And Wheeler recalls 1920, for example, when he acquired the nickname "Boxcar Burt" after finding it prudent to spend the night inside one that served as a remote railroad station as a group of angry anti-Wheelerites panted outside to administer more than rhetoric and were dissuaded only by a friend of the candidate's who threatened to "fill them full of lead."

And in 1925, when as a result of his unrelenting pursuit of Daugherty, that attorney general trumped up an indictment of Wheeler and the U.S. Senator was tried on an influence charge.

"I was never worried," he says and grins. "The jury stayed out just long enough to take two votes—one to go to dinner at government expense and the other to acquit me."

Outside the 15th Street office, it now is Watergate and credibility and the integrity of institutions. The man who once was called "the most dangerous radical in Congress" watches with a mixture of bemusement and concern.

"When somebody says this business today is worse than Teapot Dome or the Ohio Gang, they don't know what the hell they're talking about," he says and the office hears the Breeze of History.

CHESTER L. WASHINGTON

Hon. Yvonne Brathwaite Burke

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, March 4, 1974

Mrs. BURKE of California. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following:

RESOLUTION

Whereas, Chester L. Washington, editor and publisher of the Central News-Wave Publications of Los Angeles, has had a distinguished newspaper career for more than five decades, and;

Whereas, Mr. Washington broke new ground in his field, first as the first Black full-time reporter for the Los Angeles Mirror-News and later as publisher of the Central and Southwest News, leading free weekly Negro owned newspaper in Los Angeles County, and;

Whereas, Chester Washington has still found time to participate in many community and civic activities and is currently Vice-Chairman of the Los Angeles County Parks and Recreation Commission,

Therefore, be it known this 13th day of December 1973, that we are in recognition of his unprecedented contributions to the devepoment of Los Angeles' Black community. It is further directed that this resolution be entered into the Congressional Record.

TRIBUTE TO HANK KERSHNER

HON. RONALD A. SARASIN

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Monday, March 4, 1974

Mr. SARASIN. Mr. Speaker, as an expression of my sympathy to his family and my appreciation for his work, I would like to bring to the attention of my colleagues the death of Leonard B. "Hank" Kershner.

His dedication to the International Association of Firefighters resulted in significant benefits to firefighters, particularly those in Connecticut. Having had the opportunity to work with Hank during my service in the Connecticut General Assembly, I was impressed with his efforts on behalf of all municipal employees, and firemen in particular.

I would like to share with you the tribute paid to Hank which was published in the February issue of International Firefighter magazine:

HANK KERSHNER, 53, DIES IN BRIDGEPORT

Leonard B. (Hank) Kershner, 53, died January 15 in Bridgeport, Conn., after a long illness. At the time of his death he was an IAFF Staff Rep.

Brother Kershner was appointed a Staff Rep by President McClennan in December, 1971. Shortly after his appointment he was used extensively as a Trustee for the Fed. Fire Fighters of Calif. and was instrumental in helping to resolve their financial difficulties.

President McClennan called Brother Kershner "one of the most talented men I ever knew. He was a gentleman, intelligent and a man of great forbearance. His many skills and abilities will be deeply missed by this International."

President McClennan led a delegation of IAFF officers to the funeral in Bridgeport. Included were James King, who represented the Staff Reps. 3rd Dist. Vice President Martin Pierce and Dan Delegato, Director of Organization. Over 600 fire fighters, state and city officials stood in six-degree temperature at Brother Kershner's funeral.

Brother Kershner was a member of the Bridgeport Fire Department from 1946 to his retirement in 1971.

He was president of Bridgeport Local 834 from 1950 to 1970 and was secretary-treasurer of the Uniformed Fire Fighters Association of Connecticut from 1953 to 1971.

He was executive vice-president of the Connecticut State Labor Council from 1961 to 1973.

A resolution was adopted Sept. 24, 1973, at the Connecticut State Labor Council's convention in Hartford praising his contributions to labor as a General Assembly lobbyist and for his work to establish a collective bargaining law for municipal employees.

The IAFF Executive Board, meeting in Washington, D.C. at the time of Brother Kershner's death, also adopted a resolution praising him for his many years of service to fire fighters on local, state and national levels.

Born in Bridgeport, he was a lifelong resident. He was a Navy veteran of World War II, serving in the Pacific.

Brother Kershner represented fire fighters in collective bargaining thoughtout the state until 1971 and helped to write labor contracts.

He leaves his wife, Mrs. Eva M. Renzulli Kershner, and two daughters, Monica Kershner and Leah Kershner, all at home; his mother, Mrs. Mollie Kershner of Bridgeport and three brothers.

BILL TO MAKE AVAILABLE CERTAIN LANDS TO REPLACE CARLANNA CREEK DAM, ALASKA

HON. DON YOUNG

OF ALASKA

IN THE HOUSE OF REPRESENTATIVES

Monday, March 4, 1974

Mr. YOUNG of Alaska. Mr. Speaker, on November 7, 1973, the Persident declared the Carlanna Dam area of Ketchikan, Alaska, a disaster. The declaration was made after the Carlanna Creek Dam burst, causing widespread damage to homes, roads, and a bridge. In addition to the damage suffered, the loss of this reservoir has threatened the supply of water to the city.

In order to rebuild the dam, certain lands must be conveyed from the Federal Government to the State. The intent of this bill is to make this land available to the State of Alaska, which will in turn, convey the land to the city of Ketchikan. It is important to the citizens of Ketchikan that this measure be approved as soon as possible, so that construction of the dam may proceed.

The bill follows:

A bill to make available to the city of Ketchikan, Alaska, certain lands necessary to the replacement of the Carlanna Creek Dam

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That notwithstanding the provision of the Act entitled "An Act for the protection of the water supply of the city of Ketchikan, Alaska", approved July 27, 1939 (53 Stat. 1131), all or any part of the lands described in the first section of such Act shall be available for selection by and transfer to the State of Alaska under the Alaska Statehood Act for the purpose of making such lands available to the city of Ketchikan, Alaska.

SEC. 2. On and after the date of transfer to the State of Alaska, the provisions of such Act of July 27, 1939, shall not be applicable with respect to any such lands so transferred.

SEC. 3. The acreage of lands transferred to the State of Alaska pursuant to this Act shall be charged against the land grant entitlement of the State under section 6 of the Alaska Statehood Act (72 Stat. 339, as amended; 48 U.S.C. prec. 21 note).

ASIAN TEETH ARE NEEDED FOR GENEVA CONVENTIONS

HON. OLIN E. TEAGUE

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Monday, March 4, 1974

Mr. TEAGUE. Mr. Speaker, in January's Army magazine an article by Maj. Gen. Hayden L. Boatner, U.S. Army, retired, discussed the past and future prisoner of war problem.

The article is a scholarly one and demands the attention of the general public and Members of Congress. I recommend the article to you:

WE MUST PROTECT FUTURE POW'S—ASIAN TEETH ARE NEEDED FOR GENEVA CONVENTIONS

(By Maj. Gen. Haydon L. Boatner,
U.S. Army, Retired)

(American prisoners of war have suffered far more in Asian captivity than anywhere else in our military experience. A mechanism is needed to prevent such abuse, something other than the Geneva Conventions which are reflections of Western values without validity in Asia.)

Never before in American history have prisoner-of-war considerations played such a vital role in negotiations for a cease-fire or peace. And never before have Americans been so emotionally united in expressions of gratitude to and solicitude for their military men held captive. Now, in the wake of Vietnam, while emotions and national interest are so high, let us hope that common intelligence, coupled with the awareness of recent experiences, will force our government to take long-needed steps.

We must do something to obtain more humane treatment for all of our citizens held captive by Asian countries. Let us not continue to pay lip service to the Geneva Conventions, flouted by our enemies in our last three wars in Asia.

The Japanese POW camps of World War II, the North Korean prison camps in the early 1950s, and the detention facilities in Vietnam provided barbaric and savage treatment to our men. Admittedly, we could do nothing for any one set of prisoners while the various wars were going on. But we surely are honor-bound to try to do something now to prevent such treatment in the future. We did try, fruitlessly, after World War II and Korea. We must not fail again.

The failure of international POW agreements—notably the Geneva Conventions—requires a brief account of their evolution. All have been made in Europe; our men have suffered inhumane treatment largely in Asia. Political philosophers and theologians in Europe began during the 16th and 17th centuries to condemn execution, enslavement and ransoming of captured military personnel, pointing out that foreign soldiers were not common criminals. Time and experience led to international agreements based on these European ideas.

In current practice, the Hague Conventions of 1899 and 1907 and the Geneva Conventions of 1929 and 1949 are the important documents. Each of these agreements originated soon after the end of a war. The most recent, the Geneva Convention of 1949, directed its attention largely to the displaced persons of Eastern Europe and the delayed return of many thousands of Germans and Japanese held by the Russians.

For Asia, the ineffectiveness of the Geneva Conventions and of supervision by the International Committee of the Red Cross has been conclusively proved by recent history. Like the League of Nations and the United Nations, the Geneva Conventions tried to encompass the needs and ideas of a great many countries of vastly different cultures, with widely disparate ability to live up to obligations. The resulting documents were nondefinitive, loosely worded and unenforceable. The Geneva Conventions provide no penalties for noncompliance and establish no mechanism for determining adherence or for compelling the fulfillment of obligations.

The greatest deficiencies in the care provided our captured men in Asia have been inadequate medical treatment and food, as well as treatment that was cruel and inhuman by our standards—but not necessarily by theirs. Statistics prove, and what misery they reveal, that in World War II our captured men received much harsher treatment from the Japanese than from the Europeans. For example, of 93,653 U.S. POWs in Europe, only 576 died of causes other than battle. Of the 24,992 Americans held in Japanese custody in the Pacific, 8,452 died of non-battle causes. The ratios were six per 1,000 in Europe to 338 per 1,000 in Asia.

Furthermore, upon liberation only 36 percent of those released from European prisons required hospitalization, compared to 95 percent of those released from Japanese camps. Our Veterans Administration records for the latter group also show an exorbitant death rate during the two years following release.

On the other hand, during World War II our own government established a very good record for the custody of POWs in the United States. Our 900 POW camps held in custody, with excellent treatment, 378,898 Germans, 51,455 Italians and 5,435 Japanese. There is evidence that the German Government became aware that their men were being well-treated and that our men held by them profited from it.

The record of the construction of the Burma-Siam railway by Japan is also horribly revealing. In 18 months, 18,000 out of 46,000 POWs engaged in construction died (of a total of 150,000 involved during the entire construction period, at least 60,000 are believed to have died.)

In spite of the post-World War II Geneva Convention of 1949, our men held prisoner in North Korea by the Chinese and North Koreans were again given barbarous treatment. Again, statistics—which vary somewhat but not enough to obscure the message—provide the proof. One set states that of 7,190 imprisoned, 2,730 (38 percent) died in captivity. Another set shows that of 7,908 U.S. prisoners, 3,993 survived and 3,915 "died in enemy territory."

Unfortunately, U.S. public indignation at that time mostly centered on our "21 turncoats" rather than on the treatment that had been meted out to all our POWs. What a pity and how illogical! In our Civil War, 3,170 Union POWs defected to the Confederacy and 5,452 Confederates defected to the Union.

Not one senior U.S. official saw fit to defend publicly the honorable record of the vast bulk of the men who suffered in the Korean POW camps. And the board of senior officials later convened to study the POW matter became sidetracked from their enquiry into the treatment of our POWs, bringing forth a code of conduct intended to decrease defections. No aggressive efforts were made to initiate reforms in the custodial treatment provided to American military in Asian POW camps.

The huge majority of our reading public was greatly influenced by the articles concerning our POWs repatriated soon after the end of the Korean War. Many of these were written by journalists whose articles were rushed into print before the real facts had been developed. Great emphasis was placed on the "21 turncoats" and "brainwashing." It took almost ten years for the true facts to be separated from distortion and "old soldiers' " tales.

Albert D. Biderman's *March to Calumny*, published in 1963, provided carefully researched details and statistics and proved to my satisfaction that the repatriation of POWs and their treatment prior to repatriation was directly tied to the attitudes and prorgess of the protracted peace talks at Panmunjom.

He said: "There were many fluctuations of treatment for better or for worse, since the Chinese handling of the prisoners tended to reflect quite directly the fluctuations of the propaganda battle of the truce negotiations." He agreed with the Department of the Army, which stated as early as 1956 that, "the exhaustive efforts of several government agencies failed to reveal even one conclusive documented case of actual 'brainwashing.' " In sum, inhuman treatment, yes; brainwashing, no. The point is that the impact of true facts was lessened by emotional overkill.

Of great potential danger to our own men in future wars was a policy in reference to the repatriation of POWs that was first introduced during the Korean War. Every World War II prisoner we held was forced to return to his fatherland. And our courts upheld this policy even for the few who sued to remain here by virtue of dual-citizenship status.

Yet, the same President, Harry S. Truman, who ordered that repatriation "at the point of the bayonet," ten years later proclaimed the new and unheard-of policy of "voluntary repatriation." He vowed he would not force the repatriation of the Chinese or North Koreans back to their countries of origin. His successor, President Dwight D. Eisenhower, in a formal speech on 31 May, 1954, stated:

"The armistice in Korea, moreover, inaugurated a new principle of freedom—prisoners of war are entitled to choose the side to which they wish to be released. In its impact on history, that one principle may weigh more than any battle of our time."

In 1966, the U.S. Department of the Army published an official volume on the history of the Korean War, *Truce Tent and Fighting Front*. On page 138, we read: "and since voluntary repatriation was contrary to the Geneva Convention anyway . . ."

Naturally enough, voluntary repatriation as a principle led both sides to try to make propaganda points by seeking defections. By May, 1952, we held 80,000 POWs on Koje Island and some 50,000 on the mainland of Korea. That month, I became the commandant of Koje-do—the 14th commandant in some two years—and had to screen the North Korean and Chinese POWs remaining there. I rapidly discovered that we were engaged in ideological indoctrination and propagandizing of prisoners.

On my second day on the island, our information and education section volunteered to lend me a Chinese interpreter. As he was relating my remarks to the Chinese, I found him adding "democratic principles" entirely foreign to my own words. He was unaware that I had served 11 years in China or with Chinese units and spoke the language. I fired him instantly and moved the I&E section off the island.

But I have no doubt that efforts to induce defections were frequent, and I am convinced that the principle of voluntary repatriation was the main reason for a major effort by the enemy to arrange for capture of their own political officers so that they could reach the POW compounds and organize a secret resistance to our efforts—a resistance that went far beyond propaganda.

The most common method that the prisoners used on real or suspected recalcitrants within their ranks was simple hanging; another was beating to death with barbwire flails—the night before we moved a group of prisoners from one compound to another, eight of their number died that way. The more subtle method was to force an intended victim to kneel while a full sack of rice was dropped on the back of his neck. A clean, sudden death: no blood nor bruises—just a broken neck.

While Koreans and Chinese were torturing and killing other Koreans and Chinese on Koje-do, as the Muslims and Buddhists of India and Pakistan have done before and since, our own men were being captured, incarcerated and subjected to extreme brutality intended to force them to defect. As a professional soldier, I tried to carry out my orders, but I was and am convinced that the voluntary repatriation policy was ill-advised.

Vice Admiral C. Turner Joy, our first senior negotiator at Panmunjom, evidently felt somewhat the same. He wrote:

" 'Voluntary repatriation' placed the welfare of ex-Communist soldiers above that of our own United Nations Command personnel in Communist prison camps, and above that of our United Nations Command personnel still on the battle line in Korea. . . . The United Nations Command suffered at least 50,000 casualties in the continuing Korean War while we argued to protect a lesser number of ex-Communists who did not wish to return to Communism."

To my great relief, our government never saw fit to raise in Vietnam the question of voluntary repatriation. But we should keep our fingers crossed. With changes in the Presidency, Cabinet, Congress and civilian advisors, strange things can happen again.

Now is the time for our government to face squarely and aggressively the problem of getting better treatment in any future wars for our POWs. Let us admit that in our last three wars in Asia the Geneva Conventions did not protect our men. In none of those wars was the International Red Cross permitted even to enter the Asian camps. Certainly a new and hard look is now indicated. With only a few hundred American prisoners held in Vietnam, not one neutral nation made a public offer to accept the custody of our men—a service for which we would gladly have repaid them many times over. The cultural gap between East and West is too vast, and the difference in standards of living too great, to allow us to expect acceptable custodial care in the foreseeable future in Asia—or for that matter, anywhere outside the "developed West."

I have intentionally omitted any discussion of our POWs held in Vietnam for the simple reason that I have had no experience with them and thus no first-hand knowledge. But in World War II and Korea, I did have considerable experience, which has been supplemented by later research and by my knowledge of Asians. It is high time that our government faces up to its duty to try again to do something to improve the treatment American POWs can expect in any future conflict.

Of course, I have no solution. But only as a starter, why not call upon the United Nations? They might work out arrangements for accepting custody of prisoners or for moving POWs to a neutral country and providing adequate care at the expense of the country of origin. Perhaps some means could be agreed upon for penalizing any country that refused to give U.N. personnel free access to POW camps.

But whatever comes next, we must not again fall into the trap of negotiating an agreement essentially among the European countries, taking essentially European concepts and standards as the norm for all the world. More workable, more realistic approaches to the care and custody of men captured while fighting for our country are long overdue.

DR. AARON—ONE REASON ADAIR COUNTY HAS PRODUCED SO MANY DOCTORS

HON. TIM LEE CARTER

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Monday, March 4, 1974

Mr. CARTER. Mr. Speaker, I am pleased to include in the RECORD an article about Dr. Oris Aaron of Columbia, Ky. Dr. Aaron has spent many years contributing his time and energy to health care delivery in his area of Kentucky. He has also had an impact on the career choices of many of the area's young people.

I believe that my colleagues will find this article of interest:

DR. AARON—ONE REASON ADAIR COUNTY HAS PRODUCED SO MANY DOCTORS

COLUMBIA, KY.—For one reason or another, this sleepy little town on the edge of Appalachia has established itself as something of a physician factory.

In recent years Columbia's 3,000 or so citizens and those in surrounding Adair County have not only produced a surprising number of medical students and doctors, but doctors with national reputations.

Any conversation with community leaders here reveals pride in the city's contribution to the medical community, and though no one knows exactly how many doctors the area has produced, a list of physicians and medical students from the Columbia area compiled by Dr. Oris Aaron, a local surgeon, carries 40 names.

To some people in Columbia, the large number of area natives serving as interns or resident physicians or currently in medical school is directly attributable to Dr. Aaron's personality.

"Dr. Aaron has a commanding personality," said Ed Waggener, local newspaper publisher. "His is a single-minded devotion to medicine, and a young person might not be convinced they want a career in medicine, but after talking with Dr. Aaron, they know they want to be a doctor."

Aaron is the son of a public school administrator, and his family has indeed done its share of providing physicians. His brother, Louis, is a doctor in Elizabethtown; his eldest son Steve is chief resident in surgery at Louisville General Hospital, and his youngest son Phil is a junior medical student at the University of Louisville.

Like others in Columbia, Dr. Aaron isn't sure of the reasons for the area's high percentage of natives entering the medical profession. He's not even certain why he became a doctor.

"It may be that the people here have had pretty close contact with teachers or doctors who've inspired them," he said. "It seems that a tremendous number of doctors have, at one time or another, been students in small liberal arts colleges, and this community has been fortunate in having a small college like that in our midst."

Aaron, like many of his professional colleagues from the area, attended Lindsey Wilson Junior College here, and several community leaders feel the college is directly responsible for starting many doctors on their educational road.

"The college is basic here," he said. "Many of the people who've become doctors wouldn't have made it . . . they'd never have gone to college if they hadn't been able to get started at Lindsey Wilson. It has been of untold value to the area."

Aaron said that when he started to medical school, Adair County was one of the state's poorest areas.

"You ought to remember that back then this entire county had an assessed valuation of only $4 milion," he said. "We were always worried about where the money would come from. We knew if we could get through the first year of medical school, it was likely we could get a loan to help complete it."

The doctors in the community back in those days were "the type of men you used to call humanitarians," Aaron said. "Dr. Flowers . . . Dr. Miller . . . the whole bunch of those old timers were respected men who practiced sound medicine here. They weren't concerned with amassing a lot of wealth."

When Aaron went off to the University of Louisville Medical School, "I didn't go on a bus or anything like that," he said. "I hitched a ride on a milk truck, and when I came home for Christmas, I rode out to the house on a mule."

The area's low economic status hasn't been entirely a detriment, according to Aaron. "The economic level, together with the fact that the people here have been more acutely aware of health problems because of the problems they've had in obtaining health care, have probably worked to elevate the standing of the medical community in the eyes of the community."

Columbia presently has six doctors, and Aaron said he sometimes feels "we receive more recognition than we're entitled to."

Nevertheless, others asked about Columbia's high production of and regard for physicians all agreed that, at least in this area, when the citizens began looking for leaders in the community, they turned to either educators or doctors.

"When you began looking for people who were educated, outside of a couple of Ph. D's at the college, the smartest people in town were the doctors," said Dr. Robert Goodin, a Columbia native who's now chief of cardiology at Louisville General Hospital.

"When I was in high school, if you took the whole county, the most educated people were the four general practitioners and surgeons," he said. "The thing that impressed me then was that, in that setting at least, the 'expert' the people looked to for leadership was most always a doctor."

Goodin said that young people in Columbia "weren't exposed to wealthy bankers or businessmen."

"We didn't have contact with much of a variety of people," Goodin said, "and when we looked for successful people to model ourselves after, we saw the doctors."

Goodin said the "psychology of a small town" was probably another factor in Columbia's producing many physicians.

"You don't know if you can compete in college with the other students in pre-med," he said. "When I went to school, my plans leaned toward dentistry, because the requirements weren't as stringent. Then when I saw I could compete I switched to premed."

Many of Columbia's young people who turned to careers in medicine did so because, according to Goodin, they saw what their parents did for a living, and they wanted something different.

"My parents had to work their cans off on the farm and in a small grocery, and I quite honestly decided that's not what I wanted," he said. "Of the successful people I know who were secure and enjoyed every day of their work, the most prominent were physicians." Mr. and Mrs. Callison are two of the parents Goodin referred to who struggled to see their children educated. In this case the Callisons' sons, William and James, went on to become nationally known physicians—William is an orthopedic surgeon in Asheville, N.C., and James a plastic surgeon in Phoenix, Ariz.

Mr. and Mrs. Callison operated a laundry near their home on Guardian Street until their retirement, and though, in retrospect, they admit to putting in long hours at the business to help pay in part for their boys' education, they don't look on those as times of personal sacrifice. "It wasn't really a hardship on us; we just didn't think about it back then," she said. "They were fortunate enough to get scholarships and fellowships, and they worked. They started working when they were just big enough to have paper routes and would pull the papers around in their little red wagons."

When the Callisons took their sons to Bowling Green to enter Western Kentucky University, they "drove them down in the laundry truck."

"If we'd stopped and thought about it, we'd probably never started the first one through medical school," Mrs. Callison said.

Though the Callison boys didn't start their education at Lindsey Wilson College, both newspaper publisher Waggener and Wallace Coomer, superintendent of Adair County Schools, agreed with Aaron's belief that the junior college has played a major role in the area's physician production.

"The college has been a big advantage for the community," Waggener said. "I know people who've gone on to pre-med somewhere, then returned to Lindsey Wilson, and the school's given them the basis to go back to Eastern, Western, UK or wherever and finish their pre-med studies."

Coomer also acknowledged the college's role, but said he thought a major factor in Columbia's physician production was the respect the town's doctors have always had.

"At the time I was growing up in a rural section of the county, several sections had physicians who'd ride on horseback to treat patients," he said. "They commanded a great deal of the community's respect, and the doctors we have now have that same respect and admiration of the community."

In addition to Aaron and his sons, Goodin, and William and James Callison, other physicians from Columbia include Dr. Harold Rosenbaum, chief of the department of radiology at the University of Kentucky; Dr. Irwin Page, a medical journal publisher in Cleveland, Ohio; Dr. Watts Webb, a cardiovascular surgeon in Syracuse, N.Y.; Dr. Kelly Moss, a general practitioner in Maysville; Dr. Kenneth Moss, a pediatrician in Juneau, Alaska; Dr. James Cravens, a psychiatrist at Bellevue Hospital in New York City; Dr. Frank Turney, a neurosurgeon in Knoxville, Tenn.; Dr. Eugene Coomer, a surgeon in Pittsburg, Kan., and Dr. Thomas Stephenson, a general practitioner at the University of Louisville.

Whatever Columbia's contribution to the medical profession has been in the past, it's likely to become even greater in the future, now that the state has approved construction of a new 65-bed regional hospital here to serve a six-county area.

"We'll need at least a dozen good young men right off the bat," Aaron said, "and though we'll only have 65 beds at first, I'm confident that figure will double in the foreseeable future."

Aaron said he thought the hospital, which will serve the West Lake Cumberland region of the state, will allow the community to "attract desirable young men."

"It used to be that a young doctor would ask about a community's financial situation before deciding where to go to work," he said. "Now desirable young men ask 'do you have the facilities?' That's a great change for the better."

Construction of the hospital, to be built by Extendicare, Inc., somewhere in or near Columbia, is expected to begin next spring, and will take about 20 months to complete. When it's finished, chances are good that Columbia could become a "medical center for this part of the state," Aaron said, and eventually the area may be producing even more doctors than it is now.

"There may be another community in Kentucky that produces more physicians," he said, "but if there is, I haven't heard of it."

FEO AND THE GAS LINES

HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Monday, March 4, 1974

Mr. DERWINSKI. Mr. Speaker, since the energy bill passed by the Congress now awaits a Presidential veto, undoubtly energy legislation will continue to be the No. 1 topic of debate. It would be helpful to all Members to make special note of an article in the March 4 issue of Newsweek, by Prof. Milton Friedman of the University of Chicago.

As we all know, Professor Friedman is a highly respected economist, and I believe his views merit special consideration:

FEO and the Gas Lines

(By Milton Friedman)

As I write this in Chicago, lines are forming at those gas stations that are open. The exasperated motorists are cursing, the service-station attendants are fuming; the politicians are promising. The one thing few people seem to be doing is thinking.

How is it that for years past, you and I have been able to find gas stations open at almost any hour of the day or night, and have been able to drive up to them with complete confidence that the request to "fill up" would be honored with alacrity and even with a cleaning of the windshield? To judge from the rhetoric that pollutes the air these days, it must have been because there was a powerful Federal Energy Office hidden somewhere in the underground dungeons in Washington, in which an invisible William Simon was efficiently allocating petroleum products throughout the land, riding herd on greedy oil tycoons lusting for an opportunity to mess things up and create long lines at their gas stations.

Of course, we know very well that the situation is precisely the reverse. The lines date from the creation of a real Federal Energy Office run by a very visible, able and articulate William Simon. Which is the cause and which the effect? Did the lines produce the FEO or the FEO the lines?

CONSIDER WEST GERMANY

After the Arabs cut output, Germany imposed no price controls on petroleum products. It did initially restrict Sunday driving but soon removed that restraint. The price of petroleum products jumped some 20 or 30 per cent, but there were no long lines, no disorganization. The greedy consumers found it in their own interest to conserve oil in the most painless way. The greedy oil tycoons found it in their own interest to see to it that petroleum products were available for those able and willing to pay the price.

Other European countries, like the U.S., imposed price controls. And, like us, they had chaos.

The Arab cut in output can be blamed for higher prices, but it cannot be blamed for the long lines. Their creation required the cooperation of shortsighted governments.

The world crisis is now past its peak. The initial quadrupling of the price of crude oil after the Arabs cut output was a temporary response that has been working in its own cure. Higher prices induced consumers to economize and other producers to step up output. It takes time to adjust, so these reactions will snowball. In order to keep prices up, the Arabs would have to curtail their output by ever larger amounts. But even if they cut their output to zero, they could not for long keep the world price of crude at $10 a barrel. Well before that point, the cartel would collapse.

The effects of consumer and producer reactions are already showing up. The European countries that introduced rationing and restrictions on driving have eliminated them. World oil prices are weakening. They will soon tumble. When that occurs, it will reveal how superficial are the hysterical cries that we have come to the end of an era and must revolutionize our energy-wasting way of life. What we have been witnessing is not the end of an era but simply shortsightedness.

At home, unfortunately, our problems will not be over so soon. The panicky FEO forced oil companies to shift so much production to heating oil that we face a glut of heating oil but a paucity of gasoline. The FEO's allocations among states have starved some, amply supplied others. Its order that refineries operating at high levels must sell oil to those operating at low levels sounds fine. In practice, however, it reduces the incentive for the recipients to buy oil abroad and produces a wasteful use of oil at home.

We have the worst of both worlds: long lines and sharply higher prices—indeed, higher than I believe they would have been without the waste resulting from FEO controls.

Is rationing the solution? Far from it. It is the problem. We already have rationing of producers and distributors. Coupon rationing of final consumers would simply be the hair of the dog that bit you.

ABOLISH FEO

The way to end long lines at gas stations is to abolish FEO and end all controls on the prices and allocation of petroleum products. Within a few weeks, your friendly dealer would again be cleaning your windshield with a smile.

How can thinking people believe that a government that cannot deliver the mail can deliver gas better than Exxon, Mobil, Texaco, Gulf and the rest?

ENERGY LEGISLATION

HON. DEL CLAWSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, March 4, 1974

Mr. DEL CLAWSON. Mr. Speaker, the editorial column of the Washington Star-News of March 1, contains some excellent advice to the Congress for dealing with the energy crisis in a responsible manner. At this point in the Record, I commend the editorial to the attention of my colleagues. The editorial follows:

The Energy Bill

It took Congress three months to pass "emergency" energy legislation, and then only after irresponsibly loading on an oil-price rollback amendment that invited a presidential veto. President Nixon warned that he would reject the measure if the amendment were attached and he is perfectly justified in carrying out the threat.

The President should have the basic provisions of the bill that, among other things, would give him authority to institute gasoline rationing if necessary, to impose a wide variety of conservation measures, to require electric power plants to burn coal instead of oil if they can make the switch and to suspend temporarily the imposition of more stringent air pollution standards applying to auto exhausts and coal use. Another important provision would require oil companies to provide the government with information on their oil reserves, inventories and refinery production, information that is vital to any intelligent plan for dealing with the energy crisis.

But what he does not need is the provision requiring a rollback in the price of crude oil from new wells, for this might conceivably do more harm than good. We say "might" because we don't know what effect the rollback would have on exploration for new supplies, and neither do the congressmen who attached the amendment to the bill. One thing certain is that the rollback will not produce a single extra barrel of oil.

The amendment was inspired by members of Congress who were hoping to gain favor with voters by posing as champions of the consumers against greedy oil companies. They expected that the rollback would mean lower gasoline prices, but even there they may be off base, for the reduction in prices at the pump could be relatively insignificant.

The whole question of oil company profits, including whether prices should be rolled back or a "windfall profits" tax imposed, needs more study than Congress has given it so far. A central issue involved is whether price restraints would add to shortages by discouraging the search for new supplies. It is a matter that should be considered apart from other provisions of the emergency legislation.

Assuming the President vetoes the bill, the Congress would contribute more toward meeting the energy crisis by moving quickly to re-enact the emergency legislation stripped of the rollback amendment than by trying to override the veto.

JULIA BUTLER HANSEN

HON. JOSHUA EILBERG

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Monday, March 4, 1974

Mr. EILBERG. Mr. Speaker, Julia Butler Hansen has served in the House of Representatives for the past 14 years. As one who has served with Mrs. Hansen for the last 8 of those years, I very much regret her recent decision to retire.

It is difficult to adequately characterize the contributions made by the lady from Washington during her term of service for the Third Congressional District of Washington. As chairman of the Interior Appropriations Subcommittee she has demonstrated an abiding concern for the Nation's environmental well being. She has been a leader in the continuing effort to forge responsible government policy in the areas of fisheries conservation, reclamation of National Park and forest lands, and hydroelectric power development. Her active commitment to the cause of the Indian people is well known.

She has also achieved a series of notable "firsts" as a woman. Mrs. Hansen was the first woman on the city council of her hometown of Cathlamet, Wash. She was the first woman to serve as chairman of a County Democratic Central Committee and as Speaker pro tempore of the Washington State House of Representatives. Our colleague was the first Democratic woman to serve on the Appropriations Committee of the Federal House of Representatives. And she is the first and only woman to serve on the House Democratic Steering Committee to date

It has been an honor to work and serve with her and a personal pleasure to know her. Mrs. Eilberg and I extend our best wishes for a happy and contented retirement.

A CANAL ZONE STUDENT'S RESPONSIBILITY AS A CITIZEN

HON. LEONOR K. SULLIVAN

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Monday, March 4, 1974

Mrs. SULLIVAN. Mr. Speaker, my close association with the Canal Zone residents is long standing, beginning years ago when I frequently visited personal friends in the zone, then continuing when I was a Member and for 14 years chairman of the Subcommittee on Panama Canal of the House Committee on Merchant Marine and Fisheries, and now as chairman of the parent committee.

It is, therefore, my pleasure to bring to the attention of the Congress the winning speech from the Canal Zone this year in the Annual Voice of Democracy contest, which is sponsored by the Veterans of Foreign Wars and its ladies auxiliary. The Canal Zone winner, Jean Stanfield, a senior at Cristobal High School, Coco Solo, will compete in Washington this month, along with winners from the States and the Pacific area, for five national scholarships ranging from $10,000 for first prize to $1,500 for fifth prize. Almost 500,000 secondary school students participated in this year's contest, the theme of which was "My Responsibility as a Citizen."

Miss Stanfield, daughter of Mr. and Mrs. Clarence Curtis Stanfield—her father is in the U.S. Army stationed at Coco Solo, Canal Zone—stresses the obligation of a citizen to actively participate in the affairs of his or her individual family, the community, the Nation, and the world. With so many chaotic situations facing us today, it is encouraging to know of the intense desire of a member of our younger generation to contribute to the betterment of her fellow man.

Jean has written an enviable record to this point in her young life. During her high school days, she has maintained a grade point average of 3.984 and presently ranks No. 2 in her class. At the end of her junior year, she had achieved a major credit in mathematics, English, history, science, and a minor credit in French, in addition to participating in physical education each year. At the present time she is holding a steady job as student assistant to Cristobal High School.

She has received two Kiwanis Bronze Medal Awards for scholarship of achievement; Most Outstanding Junior Girl Award, which included a $100 saving bond from the Cristobal Lions Club, for community and school service; and the Voice of Democracy VFW National Contest Silver Medal and $50 saving bond award for a speech on "My Responsibility to Freedom." In addition to various other awards, she has received nine awards of either merit, achievement, or membership in student activities. Her hobbies are swimming, bowling, tennis, jogging, cooking, and participation in school and community activities.

Her ambition is to attend Auburn University for 5 years in the field of elementary education to the end that she will become a teacher. I am sure Miss Stanfield, in her future teaching career, will successfully fulfill her personal responsibility as an outstanding citizen.

The following is the winning Canal Zone speech by Jean Stanfield:

MY RESPONSIBILITY AS A CITIZEN

(By Jean Stanfield)

A democracy is based on citizenship participation. Therefore, I am encouraged to know and participate in community life and its improvements. Critical thinking and problem-solving abilities are basic to democratic citizenship. To take part in community drives for ecology, conservation, sanitation, and election campaigns; to uphold the laws of the land and support our President, to exercise my freedoms, love my country and respect its flag; all of these are my responsibilities as a citizen.

This citizenship responsibility begins in my home. It is to share the happiness, the sadness, the work, and the play. Helping make my home a pleasant and comfortable place to live in teaches me the importance of good citizenship.

As a family member I respect and help the other members. I try to participate in many family activities with honesty, loyalty, understanding, and love. Family living is an adventure in cooperation. My disciplinary respect for my parents is my responsibility as a citizen in my home.

My citizenship responsibility in my community is based on leadership. I feel my morale has much to do with the achievement of any accomplishment. To be willing to work with endurance and overlook the pain, fatigue, and distress; to keep myself enthusiastic and always active; to discipline myself to be obedient to authority and in the absence of authority have initiative to foresee what needs to be done and commence to do it; to show citizenship appreciation by having interest in and concern about my cherished privileges under constituted government and participate in community programs; all of these are my responsibilities as a citizen in my community.

Teachers make a sincere effort to build democratic attitudes in students. Therefore, as my chosen career, I shall help educate the future generation to learn as good citizens to live intelligently in peace, and help promote the principles of character, scholarship, leadership, and service.

My citizenship responsibility to the world is to possess with other citizens an informed, critical mind and the belief that the barriers to international understanding and goodwill among people can be eliminated through education. I can inspire and assist myself to live so that I will practice a high quality of human relations in my generation.

A loyal and intelligent citizenship needs to be rounded out with an understanding of international affairs and trends. Industrial and commercial progress is dependent on minds sufficiently well informed and well disciplined to rise above narrow prejudice, minority discriminations, and traditional bias. It is my responsibility as a citizen of the world to mature into an informed, intelligently free and loyal citizen of the world.

As Michael Drury once said, ". . . For most of us, it is seldom we are asked to serve our country in any great matter, but it is all the more important for us the living, to serve it in the daily bits that come our way. As one lone citizen, I can't do much about international war, but I can refuse to war with my neighbor. I can let my representative know my views instead of sitting back cynically; I can vote instead of letting my decisions go by default; I can seek to correct the law by lawful means, rather than by rioting or yammering.

"What is handed over to each generation is not a past accomplishment but a present obligation to dedicate ourselves anew to living into reality . . .," as truly responsible citizens.

SBA ASSISTANCE TO SMALL BUSINESSES ADVERSELY AFFECTED BY OUR ENERGY SHORTAGES

HON. BENJAMIN A. GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, March 4, 1974

Mr. GILMAN. Mr. Speaker, today I am introducing a bill providing assistance to those small businesses adversely affected by energy shortages.

There is a critical need for this legislation. While the energy crunch has affected all of us in some way, it has played havoc with certain sectors of our economy. One need not be an expert economist to understand the detrimental effects energy shortages have brought to bear on businesses dealing in automobiles, decorative lighting, plastics, petrochemicals, and tourism, to mention only a few.

I am convinced that American ingenuity will meet and overcome the energy challenge confronting us, by developing alternative sources of energy as well as increasing domestic supplies of traditional fossil fuels. In the meantime, however, we must assure the continued viability of those small businesses experiencing acute hardship. Accordingly, the bill I am introducing today mitigates the damaging effects of the energy crisis, assisting certain small businesses in remaining operational while we are seeking self-sufficiency in energy.

Essentially, the bill provides for the extension of 3 percent per annum loans by the Small Business Administration to those businesses which have experienced substantial economic injury as a result of the energy shortages.

This legislation is worthy of immediate congressional attention. I am pleased to introduce this bill under my own name and invite my colleagues to do the same so that we can show a strong support for the legislation now pending in the House Banking and Currency Committee.

Mr. Speaker, I respectfully request that the provisions of this measure be printed in this section of the RECORD:

H.R. 13196

A bill to amend the Small Business Act to provide low-interest operating loans to small businesses seriously affected by a shortage in energy producing materials

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 7 of the Small Business Act (15 U.S.C. 636) is amended by adding at the end thereof the following new subsection:

"(i) (1) The Administration also is empowered, where other financial assistance is not available on reasonable terms, to make such loans (either directly or in cooperation with banks or other lending institutions through agreements to participate on an immediate or deferred basis) at a rate of interest not to exceed 3 per centum per annum as the Administration may determine to be necessary or appropriate to assist any small business concern to meet operating costs, if the Administration determines that such business concern has suffered substantial economic injury as the result of a shortage in any energy producing material.

"(2) No loan under this subsection, including renewals and extensions thereof, may be made for a period of more than five years.".

THE EMPLOYEE BENEFITS SECURITY ACT

HON. WILLIAM LEHMAN

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Monday, March 4, 1974

Mr. LEHMAN. Mr. Speaker, yesterday's passage of a substantive pension reform bill, the Employee Benefits Security Act, will eliminate much of the uncertainty and insecurity that now characterizes private pension plans. As one of the original sponsors of H.R. 2, I have long felt that reform in this area is very important.

I represent the 13th Congressional District in Florida, which has a higher than average number of retired persons. These are people who have worked long and hard most of their lives, and are now in that time of their life that ought to be free from financial worries. That, unfortunately, is too often not the case.

For many of our senior citizens, Social Security is their only source of income, and is inadequate to cover the costs of their basic needs. Inflation eats away at their income, and whatever savings they might have.

The absence of effective Federal regulation of private pension plans has frequently resulted in the tragic loss of pension benefits these people have counted on. Far too many hardworking Americans have found themselves without any security in their retirement years, despite the plans they made.

The Employee Benefits Security Act requires that one of three vesting plans be used. The first plan is the 10-year service rule, which would guarantee 100 percent vesting after 10 years of covered service, but under which no vesting would occur prior to a full 10 years of service. The second plan, the graded 15-year service rule, provides for 25 percent vesting after 5 years of covered service, increasing by 5 percent for each of the next 5 years and 10 percent for the subsequent 5 years until 100 percent vesting is achieved at the end of the 15th year. The third plan, or "rule of 45," provides for 50 percent vesting when age plus the number of years of covered service equals 45. Vesting would then increase by 10 percent each subsequent year until 100 percent vesting is achieved.

Pension rights must be guaranteed to workers the day they start work. This is of special importance to low paid workers, who change jobs more frequently than most in search for better wages.

The bill also requires actuarially sound funding of pension plans, to guard against the possibility of insufficient funds to pay the vested benefits to workers when they become due.

Termination insurance is included as a backup to the other safeguards in the bill, to protect workers who might otherwise be denied pension benefits or credits through unexpected employer financial difficulties or other contingencies.

The tax provisions of the bill are also important. Individuals who are not covered by qualified or Government pension plans will be permitted to take a tax deduction of up to 20 percent of their earned income, with a limit of $1,500. This amount could be set aside in a bank, savings and loan, credit union, life insurance company or regulated investment company.

Self-employed individuals will be able to deduct 15 percent of their income, with a ceiling of $7,500.

LITHUANIA—A STRUGGLE FOR INDEPENDENCE

HON. PETER W. RODINO, JR.

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Monday, March 4, 1974

Mr. RODINO. Mr. Speaker, on July 22, 1922, our Government recognized the independence of the Lithuanian people—an independence which lasted only 18 years, until this small but proud country was invaded and annexed by the Soviet Union against its will.

The struggle for freedom and independence ranks foremost in the hearts of people all over the world. As a Nation, we have fought and struggled to maintain our own autonomy for almost two centuries now. Yet the people of Lithuania, who celebrate the 56th anniversary of their Declaration of Independence this year, still can only dream of a time when they will really be free again.

The yoke of oppression and domination is indeed a harsh and difficult one, but the Lithuanian people have not buckled under the strain. Instead, they have grown stronger in their resolve, they have continued to resist and they have continued to sacrifice. How long will it take before the Soviet regime realizes that their system of repression and subjugation will never quench the burning desire to be free?

We will not forget the escape attempt of Simas Kudirka. I am joining in a House concurrent resolution expressing our concern about the fate, now unknown, of that Lithuanian sailor. We will not forget the self immolation of Romas Kalanta and the subsequent demonstrations by thousands of young Lithuanians. These courageous acts are symbols of the commitment and dedication of the Lithuanian people. And, for our part, we will also not forget our commitment made 16 years ago to—

> not be a party to any agreement or treaty that would confirm or prolong the subordination of the formerly sovereign Lithuanian state.

Thus, let us once again declare to the Lithuanian people: We have heard your protests, we have recognized your courageous stand, and we will continue to support your struggle to achieve the liberty and freedom which belongs to all men.

FOOD STAMPS FOR PUERTO RICO

HON. BELLA S. ABZUG

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, March 4, 1974

Ms. ABZUG. Mr. Speaker, the Department of Agriculture has just issued regulations concerning the implementation of the food stamp program in Puerto Rico which ignore the intent of Congress in several vital matters and create the strong impression that the Department is not concerned with eliminating hunger among the many impoverished people of that island.

Specifically, the Department has set the coupon allotment schedule lower than that prevailing on the U.S. mainland; it has set income eligibility at a level lower than that called for by a specific provision in the Food Stamp Act and it has indicated that it will carry out a foot-dragging implementation of the program on a town-to-town basis not reaching San Juan until March 1975.

As to the coupon allotment schedule—which determines the amount of stamps each household is eligible to purchase—the Department has apparently ignored the fact that food prices on Puerto Rico are indeed higher than those prevailing on the mainland and it has set allotments at amounts which average nearly 14 percent lower than in the 48 mainland States. For example, a family of 4 in the mainland is currently entitled to $142 worth of stamps monthly—in Puerto Rico it will receive only $122. A family of 5 in the mainland is currently entitled to $168 worth monthly—in Puerto Rico it will receive only $144 worth. And, a family of 6 in the mainland is entitled to $194 worth monthly, but in Puerto Rico it will receive only $166 worth.

As a matter of fact, Congress was aware of the higher food prices on the island when we placed a ceiling in the Food Stamp Act on the level at which allotments could be set. The pertinent provision says that:

> In no event shall . . . coupon allotment schedules so used exceed those in the fifty States.

Apparently, the Agriculture Department has decided that impoverished Puerto Ricans are entitled to eat less food on their island than they would receive if they moved to the mainland. The only resolution of this matter should be an immediate increase in the Puerto Rico allotments so that they equal those on the mainland.

In the case of the income criteria chosen by the Department to determine eligibility on the island, it appears that USDA adhered to the practice it uses in the mainland of setting maximum net income standards at a level such that coupon allotments would equal 30 percent of the income eligibility standard. In the portion of the act concerning Puerto Rico we required the Secretary to set income eligibility levels at a point which would reflect the per capita income on the island. In other words, he should have determined the per capita income and then mutiplied it times the number of members in each family to determine income eligibility levels for each family size. Therefore, neither the system he apparently used nor any system based upon a comparison of mainland and island incomes which might restrict eligibility to a lower level in Puerto Rico because the average income is lower than the mainland's would carry out our intent.

Finally, concerning the speed with which the Department and the Commonwealth government intend to establish the program across the island, the plan according to USDA's recent announcement is to slowly phase-in food stamps starting with small towns in the interior and ending up in San Juan during March 1975. I wish to make it crystal clear that such a plan would indicate a blatant disregard of the mandate in the most recent amendments to the act that require implementation of the program in every area of Puerto Rico by June 30, 1974, unless it is impossible or impracticable to do so. This rule does not allow for excuses based upon administrative convenience. It requires immediate implementation on every part of the island by July 1—including San Juan—unless USDA can show that there is no means by which it or any other agency, including municipal governments, can humanly accomplish the task.

POST CARDS CALLED "CHAOS" AND "DISASTER"

HON. BILL FRENZEL

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Monday, March 4, 1974

Mr. FRENZEL. Mr. Speaker, today two editorials blasting the post card registration bill, H.R. 8053, crossed my desk.

One, dated February 27, by the St. Louis Globe-Democrat described the post card registration bill as "chaos."

The second, furnished by James E. Foy, director of editorials for KNBC, Channel 4, Los Angeles, an NBC affiliate, described post card registration as a "disaster."

These two editorials are typical of the judgments now being expressed by veteran election and registration observers in the press. Because I think they may be of interest to the House, the two editorials follows:

[From the St. Louis Globe-Democrat, Feb. 27, 1974]

POSTCARD REGISTRATION WOULD BE "CHAOS"

Missouri Secretary of State James Kirkpatrick told it like it would be about proposed postcard registration for presidential and congressional elections.

The postcard bill, now in Congress, would result in "chaos, confusion and utter bedlam on election day," Kirkpatrick said. It would lead many Americans to think incorrectly that the federal registration by postcard was all they had to do to vote in any election, while many others would ignore the postcard in the mistaken belief they were eligible to vote in national elections because they had registered under the state system.

"Some voters could vote only for federal candidates and others could vote only for state and local candidates," Missouri's chief election official noted.

Even more important, the possibilities of fraud, or attempt at fraud, appear to be enormous.

While correct in his opposition to the postcard proposal, Kirkpatrick is wrong in his enchantment for a scheme to provide $50 million in federal grants to aid voter registration efforts and improve state and local election procedures.

This proposal, sponsored by Sen. Edward Kennedy, would merely result in waste of taxpayer's money. Voters don't need to have their money spent in an effort to get people to the polls. Intelligent, concerned citizens vote. Others don't. Spending tax money won't improve matters.

[KNBC editorial]

WASHINGTON HAS ENOUGH TO DO NOW

Congress is now considering a new way to register voters for federal elections. It's called Post Card Registrations. It's a disaster.

It would involve spending at least $50 million, and maybe as much as $100 million or more to print, address and mail post cards to 150 million people in the hope of catching the eye of someone who isn't already registered.

The idea, in a way, is laudable: make it easier for the poor, the disadvantaged and the people who don't speak English well to become registered to vote in federal elections.

While there's no doubt in our minds that there must be many people who fit that description and aren't registered now, we just can't see how spending $50 million will change things any.

The big drawback is simply that people who haven't been registered already by the waves and waves of official and volunteer registrars going door-to-door all over America aren't likely to respond to something that comes in the mail.

And even if some *might* do so, $50 or $100 million is a mind-boggling amount to spend to register what could well be a relative handful of people who very probably don't care about voting anyway.

If the bureaucrats are all that anxious to blow a lot of our money on voter registrations boondoggles, the very least they could do would be to give it back to the states, and let the states do the job.

California's share of that money could do a lot more effective work if it were spent here, administered here and controlled here than it could disappearing into the mists that roll off the Potomac.

BAN THE HANDGUN—XXVII

HON. JONATHAN B. BINGHAM

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, March 4, 1974

Mr. BINGHAM. Mr. Speaker, the Police Commissioner of Detroit recently announced plans to launch a statewide petition to ban handguns in that State. He joins the growing list of law enforcement officials, private organizations, and concerned citizens calling for strict gun controls. I applaud his efforts and commend the attached article which appeared in the Washington Post on February 23 to my colleagues:

PISTOL BAN SOUGHT BY POLICE HEAD

DETROIT, Feb. 25.—Detroit Police Commissioner Philip Tannian today launched a statewide petition drive to outlaw handguns in Michigan and require the state to buy all pistols currently in circulation.

"The time has come to put the pistols away" Tannian said. "If we don't, 1974 will be worse than 1973 in gun homicides."

The proposal, which must be approved by the state's voters, would require the state to buy all pistols from citizens at fair market value—total cost tagged at over $50 million—within one year of the handgun ban.

NATIONAL COUNCIL ON AGING CALLS FOR COMPREHENSIVE APPROACH TO PROBLEMS OF THE ELDERLY

HON. ROBERT F. DRINAN

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Monday, March 4, 1974

Mr. DRINAN. Mr. Speaker, last year the Congress committed itself to the needs of our Nation's older Americans through passage of the Comprehensive Older American Services Amendments.

One of the main features of this legislation was the encouragement it provided for the establishment of multipurpose senior centers to provide services and activities for older Americans within their immediate communities.

The legislation also recognized the need for special attention to the transportation problems of the elderly and the development of an extensive nutrition program.

The National Council On Aging has long served as a most effective and articulate voice for the problems and needs of older Americans. Recently I had the pleasure of hearing Mr. William Pothier, chairman of the National Institute of Senior Citizens of the National Council on Aging comment on implementation of the Comprehensive Older Americans Services Amendments. I would like to share his remarks with my colleagues at this time:

STATEMENT OF WILLIAM POTHIER

The National Council on the Aging is a private nonprofit organization which for the past twenty-three years has provided continuing leadership and training to public and private agencies at the national, state, and local levels in the field of aging. It has been a national resource for planning, information and service in the many areas—such as nutrition, housing, and transportation—affecting the lives of our nation's elderly population.

One of its programs is the National Institute of Senior Centers which coordinates the senior centers movement at the national level and acts as a conduit for information exchange among center personnel and others interested in the planning and delivery of services for older Americans at the local level.

The Institute is governed by a Delegate Council whose 45 representatives are elected biannually on a regional basis and thus provide leadership in the aging field in your own districts and at the national level as well.

There are over 3,000 Multipurpose Senior Centers operating in this country providing services and activities for and with older people. These centers act as a two way bridge not only providing the elderly with such services as nutrition, counseling, education and recreation, but also assisting them to maintain active, engaged roles in the community through volunteer service, intergenerational programs and involvement in local and national issues in their own behalf and for the benefit of their communities.

There are four issues we especially want to bring before you this morning:

1. The need for an appropriation for Title V of the Older Americans Act.

2. The lack of funds for the continuation of existing Senior Centers.

3 Continued funds for the Title VII—nutrition programs for the elderly

4. The impact of the energy crisis on older people and the agencies which serve them.

We want to share with you our view from a national perspective, knowing that you and the Delegate from your district will discuss how these issues are affecting your own community.

Since the inception of the Older Americans Act of 1965, Senior Centers have been recognized as a major community resource for older people. Though sponsored by a number of public and private agencies at the local level, their greatest growth has occurred with the advent of Title III funds.

In the Older Americans Comprehensive Service Amendments of 1973, the Congress clearly supported the concept of Multipurpose Senior Centers by identifying them as the focal point for the services and activities made available for and with older people. Furthermore, in support of Centers, Title V was included in the legislation to provide grants for the acquisition, alteration, renovation, and initial staffing of existing facilities to serve as Multipurpose Senior Centers. As noted by Senator Eagleton when submitting the report on the bill, "The locating of services in a single place is one effective way of making the range of services a person needs accessible to him or her." And in these days with the transportation crisis reaching critical proportions, certainly accessibility of services is an important issue.

However, for two consecutive years, no funding has been requested by the Administration to support Title V. In a recent communication from the Commissioner on Aging to Congressman Fascell who was seeking information about funds to rebuild a Senior Center in Miami which had been destroyed by a fire, the Commissioner noted that "there are no Federal funds available . . . to support construction of senior center facilities."

NCOA's National Institute of Senior Centers, which is in contact with over 2,000 Senior Centers of all types, has amassed much information about the physical structures and needs for its member agencies. Comments have come to us, such as the following from a Senior Center in New Haven, Connecticut:

"This Center is in an old rundown building in a very bad neighborhood. Daily attendance has dropped because of fear of mugging. Negotiations are being made to move to a church parish house but I hope . . . we could get funds for a new building of our own."

Or a letter from Alaska which noted:

"[that the community was making] every effort to establish a Senior Center . . . a small area (about 540 sq. ft.) is provided in the city in conjunction with Parks and Recreation. Since our membership is well over a hundred and our town has a senior citizen population of nearly eight hundred, we need more space . . ."

From an economic viewpoint, the Multipurpose Senior Center—with a facility large enough, safe enough, and well staffed—can provide a viable alternative to costly institutionalization. The costs which California, for example, must assume for each elderly person in institutional care is $6,000 per year. By comparison, the San Francisco Senior Center estimates its costs at less than $50 a year to provide essential services for an older person in two centers. Even more striking is the low direct cost of $1.27 per unit of service.

Currently, the cost of new construction is estimated at $40 per square foot. A building which can serve 250 persons requires approximately 10,000 square feet, for a total cost of $400,000. Renovation expenditures are estimated at 50 to 80 percent of new construction depending on the state of the existing facility.

The sums requested previously by the Congress are modest indeed in relation to the costs for facilities and to their growing need. While it would hardly cause mushrooming of luxury facilities for older persons, $35 million per year for renovation, alteration, and acquisition of existing facilities would mark the start of a national effort to further centralize the delivery of services and opportunities in the community for older people.

We therefore propose that:

"Immediate and full appropriation be made available in the amount of at least $35 million per year for each of three years for the purpose of implementing Part A of Title V to acquire, alter, or renovate existing facilities to serve as Multipurpose Senior Centers."

However, Title V, though necessary and critical to the development of Centers, is not sufficient in and of itself. Its funds are limited to facility acquisition and renovation and initial staffing. No funds are available to support the maintenance of Senior Centers.

The goals of the Older Americans Act—to concentrate resources, to foster comprehensive coordinated service delivery in order to secure maximum independence and dignity for older persons living in the community—have been the goals of Multipurpose Senior Centers since their inception. Yet, the act provides no financial support to currently operating Senior Centers, per se, in their role of delivering comprehensive, coordinated services and in developing meaningful opportunities for older people to remain in the mainstream of life.

If the goals of the Older Americans Act are indeed coordinated and comprehensive services, then financial support should be provided for the maintenance of agencies which provide such services. Support should not be left to chance, rather the maintenance of Senior Centers should be articulated in the legislation.

We propose:

"An Amendment to Title V, a new part C, be introduced to provide assistance for those existing Senior Centers which qualify as Multipurpose Senior Centers as of June 30, 1974, by authorizing the Commissioner to make basic sustaining grants for operation for all or part of the costs of staffing of professional and technical personnel."

Regarding Title VII, the nutrition program for the elderly will be ending before it has really had a chance to begin. The need was recognized by the Congress and the Administration in their initial support for the program. However, with increases in costs through inflation and additional expenditures for transportation and the increase in participation as the programs attract more needy people, we request your support of at least $150 million for next year.

A related problem to nutrition is the current requirement of older people to obtain recertification and food stamps in person. We suggest that consideration be given to mailing food stamps and recertification statements together with monthly Social Security checks.

Finally, we would like to share with you some of our concerns regarding the impact of the energy crisis on older people and local agencies serving them. In the testimony of the National Council on the Aging on Monday, February 25, before the Senate Special Committee on Aging's Hearings on Transportation and the Elderly, it was noted that the reported increases of taxi and bus fares in Detroit, Athens, Georgia, cities in Pennsylvania and pending in 20 other large cities around the country will have a critical impact on the ability of older people on fixed incomes. Not only will their personal transportation be affected, but also the delivery of a whole host of other services, such as nutrition, health, employment and recreation.

We are hearing reports of the loss of volunteers and the consequent reduction of outreach services, home meal deliveries, escort services, and on and on.

On person working with a church-operated Meals-on-Wheels project in Pennsylvania wrote:

"The prospect of 70 cents a gallon gasoline threatens to deprive the Meals-on-Wheels program of the volunteer services of those who deliver these meals daily. Many of these volunteers are retired, older Americans with limited incomes. Many others will find the expense of volunteer services are too great to continue or in the event of rationing, will simply not have the gasoline."

The value of such volunteer service to that particular Meals-on-Wheels program has literally been in the millions of dollars. In 1972, the agency logged nearly 45,000 volunteer hours; when costed at $2.00 an hour, this totals nearly 100,000 dollars without considering driving costs at all. At the same time, costs have grown at such a rate that private agencies could never assume these additional expenses. A survey of the routes from the agency's kitchens showed that the drivers drove over 9,000 miles a week to make the Meals-on-Wheels program work.

A full copy of the testimony is available to any of you who are interested. We support the entire list of recommendations made by NCOA in that testimony, but bring before you today only one.

We urge that:

"Services to the elderly be defined as 'emergency services'—a first priority service entitled to the amount of gasoline needed without restriction."

The National Institute of Senior Centers believes that the needs of the elderly are interrelated and varied, requiring a total comprehensive approach. The Title VII Nutrition Program, for example, if placed in a more adequate Senior Center—which has enough space, a strategic location, and a well trained staff—will result in better nutritional services with greater client participation; an adequately supported transportation program can facilitate even greater attendance at the nutrition project; and, elderly persons will be better able to avail themselves of services if they are coordinated through a one-story, accessible Multipurpose Senior Center.

AN AMENDMENT TO BE OFFERED BY REPRESENTATIVE EDWARD I. KOCH

HON. EDWARD I. KOCH

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, March 4, 1974

Mr. KOCH. Mr. Speaker, I intend to offer an amendment to the Federal Energy Administration Act, H.R. 11793.

I wish to make certain that I am allocated 5 minutes to explain it during the amending process.

The amendment is as follows:

AMENDMENT TO H.R. 11793, AS REPORTED

OFFERED BY MR. KOCH

Page 34, line 14, after the period insert the following: "No evidence of criminal activity found during any inspection which the Administrator performs under this paragraph may be admitted in any proceeding except a proceeding relating to the enforcement of any Act which the Administrator is authorized to administer."

THE DIAMOND JUBILEE OF THE VETERANS OF FOREIGN WARS

HON. WILLIAM G. BRAY

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Monday, March 4, 1974

Mr. BRAY. Mr. Speaker, this year, the Veterans of Foreign Wars observes its diamond jubilee. From a meeting of a dozen Spanish-American War veterans in the back room of a drugstore in Columbia, Ohio, in 1899, the VFW has now grown to 1.8 million men.

In some quarters, it is fashionable to be cynical about veterans, and veterans' organizations. However, I often think of the lines from a poem written in 1865 when the New York 7th Regiment returned from the Civil War. True, it was not a foreign war, but the words still apply:

"Uncover your head and hold your breath;
This boon not every lifetime hath—
To look on men who have walked with death,
And have not been afraid."

The roster of foreign wars of the American Republic is long. This is not the time nor the place to go into a historical quarrel as to whether they were right or wrong. Only history, decades and perhaps centuries hence, can tell that. The point remains that men were ordered to go, and they went. Some returned; some did not.

Our very first "foreign" war is now almost forgotten; in fact, the history books call it the quasi-war with France, which, indeed it was. Yet, one of our most famous historical slogans preceded it: "Millions for defense, but not one cent for tribute."

At the end of the French Revolution, the new governing body of France, the Directory, had become, in the words of one historian, 'the arrogant afflictor of the Western World." Britain, Russia, and the United States were the only countries that had not come to terms with the new government; French warships ravaged the American merchant fleet, and President John Adams sent a mission to Paris to try and work out a settlement.

It did not get far. Talleyrand, the French foreign minister, sent some very minor officials—identified only as X, Y, and Z—to inform the mission there would be no negotiations until Talleyrand received a $250,000 bribe, and the United States loaned France $10 million.

The news rocked the American Republic; the slogan came into popular use; Adams took a position of armed neutrality, but in reality it was the same as a declaration of war with France. Congress beefed up the Navy and the Marines and expanded the Army. Famous ships such as *United States, Constellation* and *Constitution* went sliding down the ways of the shipyards. The orders were simple: capture armed French vessels wherever they may be found.

The Army was put in shape to repel a possible French invasion of the United States. George Washington himself went back into active duty, to command a force of 3,000 men; Washington found them to be a collection of "the riff-raff of the country and the scapegallows of the large cities." But the British Navy had Napoleon's ships secured in Egypt, and there was no invasion.

The naval war was something else again. By the end of 1798 14 American men-of-war were at sea, and, that being the days of letting everyone get in on the act, 200 merchant vessels had letters of marque and reprisal, which meant that they, too, could take part.

The United States had the best of it. The only U.S. ship to be defeated during the war was a schooner, *Retaliation*; it mounted 14 guns and was overcome only by two French frigates that between them had 80 guns.

The Army never fought, but out of it all came West Point; on the very last day of his term of office, President Adams appointed the first faculty of the U.S. Military Academy.

Foreign wars; the list is long; like the 3-year "quasi-war," many of them are now forgotten. The quasi-war rates only a line or two in the history books. But our first real "foreign" war that is remembered was the Barbary War.

Morocco, Tunisia, Algiers and Tripoli had received, by 1801, a total of $2 million in ransom for captured seamen, and also for the "prvilege" of allowing U.S. ships to sail the Mediterranean without being attacked. In May 1801 the Pasha of Tripoli, in a burst of confidence, declared war on the United States. The object: squeeze out more money.

President Jefferson was something of a pacifist and had almost dismantled the fleet used during the quasi-war with France, but put it back together. By 1804, Commodore Edward Preble—a rather violent sort of man; Glen Tucker, former Indianapolis newsman, in his masterful work "Dawn Like Thunder," about the Barbary Wars, says of Preble, if I recall correctly, that his name should have been written in gunpowder and signed with a sailor's oath—took a task force into Tripoli harbor and hammered the Pasha's fortress with cannon. The frigate *Philadelphia* ran aground; the Pasha swooped down on it, captured the crew, and floated it, planning to use it himself.

The stage was set for one of the most heroic and dramatic events of all American military history. Young Stephen Decatur slipped into the harbor at night with a picked force, boarded *Philadelphia,* and set her afire. The Pasha screamed in anger from his fortress as his ambitions for a naval force burned to the waterline. Decatur and his men escaped.

The American consul at Tunis, during the war, set in motion the chain of events that for the first time saw an American force—well, at least it was American commanded—operating in a foreign country, that resulted in planting the Stars and Stripes over an Old World fortress.

Eaton, the consul, made a deal with Hamet, brother of the Pasha: Support us and we will put you back in power. Hamet felt he had been pushed off the throne; he was all for it.

Eaton, the consul, rounded up an "army." Headed by a marine lieutenant, it had less than a dozen other marines, a naval midshipman, 40 Greeks, and around 100 of whatever and whomever Eaton could scrape up, plus a squadron of mounted camels commanded by Hamet. The jury-rigged force made a dreadful 500-mile march from Alexander to Derna, 500 miles over sands burning by day and freezing by night. Lieutenant O'Bannon led a charge on the fort at Derna. It fell, for the first time the American flag was planted over a foreign victory.

As I said earlier, the roster of our foreign wars—if one counts incidents where American troops have been used abroad, whether there was combat or not—and there was always the possibility—is long. We think of the Spanish American War; World Wars I and II, Korea, Vietnam, today.

Most are forgotten. But not the men who went. Let us all devoutly hope we will never have to send American fighting men abroad again, for any reason. But let us never forget those who did go—those who did not come back, and those who did.

The following verses are by the English poet Rupert Brooke, yet on this, the 75th anniversary of the VFW, there is something in them that touches us all:

"If I should die, think only this of me;
  That there's some corner of a foreign field
That is for ever England. There shall be
  In that rich earth a richer dust concealed;
A dust whom England bore, shaped, made aware,
  Gave, once, her flowers to love, her ways to roam,
A body of England's breathing English air,
  Washed by the rivers, blest by suns of home.

"And think, this heart, all evil shed away,
  A pulse in the eternal mind, no less
Gives somewhere back the thoughts by England given;
  Her sights and sounds; dreams happy as her day;
And laughter, learnt of friends; and gentleness,
  In heart at peace, under an English heaven."

Substitute "American" for "English"—the words could be ours. The sentiment certainly is.

"Honor the Dead by Helping the Living" is the VFW creed. This they have done for three-quarters of a century. This they will continue to do, as long as there is a member alive who has worn his country's uniform on foreign soil.

KYLE ROTE, JR.—SUPERSTAR

HON. JAMES M. COLLINS

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Monday, March 4, 1974

Mr. COLLINS of Texas. Mr. Speaker, all of Texas is proud that our native son, Kyle Rote, Jr., has won the 1974 superstar competition. He is more than an outstanding athlete. He is an outstanding American.

In soccer Rote has built a name as a great, and as a citizen of Dallas he has earned a reputation as a young man of outstanding character.

The Christian Science Monitor of March 1 carried a story about Kyle Rote, Jr. Here are the basic remarks as written by the Christian Science Monitor sports writer, Larry Eldridge:

SUPERSTARS VICTOR GIVES YOUTH NEW-TYPE HERO

The 1974 Superstars competition proved for a second straight year that many of our most famous, high-salaried, glamour-boy athletes aren't all they're cracked up to be. Meanwhile it also gave Americans a new young sports hero in a much different mold—clean cut, boyish-looking Kyle Rote Jr.

Until this week, Rote's only claim to fame was that he carried the name of a well-known football playing father. In his own right he was just an obscure pro soccer player making a salary of $1,400 per season.

But in a two-day test of skill and versatility, the 23-year-old Texan outdid a half-dozen other big name rivals to walk off with first place and $53,400 in prize money.

Then he pulled another surprise by announcing he didn't even intend to keep all of his winnings.

"My wife and I already had decided we would give some of it away to people who need it worse than we do," he said just after clinching the top prize.

Obviously Rote has different values from many of his contemporaries on the pro sports scene. He and his wife, Mary Lynne, live in a one-bedroom apartment in Dallas, where Kyle is studying theology in addition to his job as a second-year member of the Dallas Tornado in the North American Soccer League. Mary Lynne works as a secretary to help pay his tuition fees at the seminary.

Rote's exploits this week at Rotonda, Fla., could change this style of living easily enough, but he insists that it won't.

"It may be nice to make a lot of money and achieve great fame . . . but these are not the primary values of my life," he says.

Pole vaulter Bob Seagren turned out to be an easy winner over the likes of Frazier, Unitas, Johnny Bench, Rod Laver, Elvin Hayes, Jean-Claude Killy, and Rod Gilbert.

This year again the famous names in the big money sports took a back seat in the final placing behind Rote, runnerup Seagren, and defensive back Dick Anderson of the Miami Dolphins, who finished third.

A good time seems to be had by all, the athletes pick up some extra money, the public gets entertained, and presumably the land developers and TV sponsors who put up all the money are satisfied. Also, of course, a few myths get destroyed along the way.

The first competition demonstrated pretty clearly that many big name athletes look a lot more like your basic middle-aged businessman once you get them out of their specialties.

Completing the field in order were football star Franco Harris, Dutch speed skater Ard Schenk, baseball's Rose and basketball's Jim McMillan (a tie), shotputter Brian Oldfield, Havlicek, and finally Schranz, who might be better advised to stick to skiing.

There are 12 events in the competition, with each athlete choosing the seven he wants to enter except for his own specialty.

Inequities, such as including an elimination tennis tournament in what is basically a decathlon-type competition with points awarded for the top five finishers in each event. Obviously the luck of the draw can affect things here.

It's all in fun, though, and this year it certainly did do a service in producing a genuine new hero.

Rote, whose six-foot, 185-pound body was in perfect condition, actually wrapped up the title on the first day of competition. He bowled a 214 game to win that event, also took first place in the tennis and swimming, and finished second in golf to pile up a virtually insurmountable lead.

His only points on the second day came with a second place finish in the one-mile bicycle race, but they were enough to keep him out in front.

Kyle Rote Sr., who gained fame at SMU and later with the New York Giants in the 1950s, was the typical proud father as he cheered his son on to victory.

"Nothing I ever did gave me such a thrill," he said at the end.

But Kyle Jr. still downplayed the whole thing.

"The money and the recognition are important, sure," he said, "but the biggest thing for me was the chance to compete and fraternize with these great stars."

DR. GERALDINE B. BRANCH

Hon. Yvonne Brathwaite Burke

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, March 4, 1974

Mrs. BURKE of California. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following:

RESOLUTION

Whereas, Dr. Geraldine B. Branch, Los Angeles County Health Officer and Southwest Regional Medical Director, will retire from many years of devoted service to Los Angeles City and County on December 31 1973, and;

Whereas, Dr. Branch has had a distinguished career as a practicing physician, health administrator, and teacher, serving in this community for a quarter century during which she has been a member of many civic groups and recipient of numerous awards, and;

Whereas, she has combined an outstanding professional career with a happy family life, and has carved out a unique place in the field of public health, and has still found time to help establish the Southeast Boys Club and the Westminister Neighborhood Association, as well as taking an active role in many community organizations.

Therefore, be it known this 17th day of November 1973 that we are in recognition of her distinguished service and contributions to our City and County, and wish her a long, happy retirement. Be it further known that this commendation will be placed in the Congressional Record.

HIGH SCHOOL STUDENTS ARE KEEPING FAITH

HON. WILLIAM H. HUDNUT III

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Monday, March 4, 1974

Mr. HUDNUT. Mr. Speaker, during the course of the last 3 weeks, I have had the opportunity to address several groups of Indianapolis high school students in my district—at Broad Ripple High School, Cathedral High School, John Marshall High School, Roncalli High School, Shortridge High School, Brebeuf High School, Park-Tudor School and Orchard Country Day School. At each school I opened with a few introductory remarks, followed by a question and answer period, at the conlusion of which, I would present the school with a flag that had flown over the Capitol—a customary format, I am sure, to many of my colleagues, and a very rewarding experience for me.

In my introductory comments, I endeavored to make three points.

First, I stressed the importance of caring and being involved and concerned. I was pleased to discover there is less apathy and cynicism than one might expect among students. A recent newspaper article under the title, "Politics Disillusions Youth," indicated that 60 percent of the young people polled felt disillusioned in the wake of recent political events. But it also pointed out that only 17 percent felt some other form of Government would be an improvement, and that the great majority of the young people believed our system is essentially sound—it is only the "wrong people running it" who need overhauling. The cynicism, in other words, is directed more at individual men than at our basic institutions; which is good.

During the Watergate hearings on television in 1973, we heard one disillusioned young man say to an audience of 40 million or so who were listening in, that he would not advise young people to go into politics today. I tried to tell my listeners that quite to the contrary, we need young people with ideals entering the political arena today in the party of their choice. We want their candor and honesty, their visions and dreams, their enthusiasm and commitment, their compassion and concern.

I suggested that it is far better for them to agree with me, or disagree with me, than to say, "I don't care." If people give up caring, if they consign politics to an immoral field of unethical behavior where thieves and crooks get fat at taxpayers' expense and where honorable men and women fear to tread, then America is in serious trouble. I reminded them of Edmund Burke's famous observation made almost 200 years ago to the effect that the best way to assure the triumph of an evil cause is for good men to do nothing. And since it was near the time of Lincoln's borthday, I also quoted his statement:

> What constitutes the bulwark of our own liberty and independence? It is not our frowning battlements, our bristling seacoasts,

our army and our navy. These are not our reliance against tyranny. All of those may be turned against us without making us weaker for the struggle. Our reliance is in the love of liberty which God has planted in us. Our defense is in the spirit which prized liberty as the heritage of all men, in all lands everywhere. Destroy this spirit and you have planted the seeds of despotism at your own doors.

The greatest threat to our country is not attack from without but erosion from within. We need a new generation with intellectual curiosity, mortal courage and spiritual sensitivity, a generation that takes its responsibilities seriously, shoulders its burdens cheerfully, participates in the system faithfully and works for change constructively, rather than copping out or saying, "I don't care."

The second point I tried to make with the students was that we desperately need candor in our relationships today. The health and vitality of our democracy depend upon the openness, trustworthiness, integrity and honesty of public officials, both elected and appointed. Candor should not be a sometime thing designated as such on a public relations calendar; it should be a constant hallmark of everyone in public life so that the American people can maintain confidence in the capacity of their leaders to govern. Students in particular respect forthrightness, even if they disagree with what you are being forthright about. They do not like deviousness or prevarication or waffling. They resent secrecy without good reason. They expect straightforward speaking without equivocation. They despise phonies—and insincerity—and callous disregard for truth. They yearn for politicians they can trust. And it is our responsibility, those of us in public life, to answer that yearning and fill that moral vacuum by providing honest and courageous leadership which can elicit confidence from the people.

Finally, I suggested that it is important for us to remember that in these tumultous, confusing, and exciting times there is little possibility that unanimity can be found on most important issues.

As Americans, we do not expect it. Freedom of the press, freedom of speech, freedom of religion, and the two-party system, all prevent our country from becoming an intellectual monolith where there is a one-party line, only one point of view tolerated, and where individuals who criticize the system, are sent into exile—like the Russian Solzhenitsyn. In America, dissent is not disloyalty nor is heterodoxy treason. Ours is a heterogeneous not homogeneous society, in which individuality can come to full flower and different points of view can be successfully harmonized into an overarching symphony of life.

The main point to remember is that we must respect each other, and grant each other the right to his own thoughts and conclusions, even if we think he is wrong. In a free society, we must affirm the freedom of each other to seek his own fulfillment and be himself. In America, there are truths and forms and issues with respect to which men of sincere principle and sound character may differ—without ceasing to be good Americans. The danger lies in a fanatical insistence that only one point of view is valid, only one answer is right, and that, like the Queen in "Alice in Wonderland," we say "Off with their heads" to anyone who disagrees or offends Such conceit, whether it be intellectual, spiritual, social, racial, or what have you, is the bane of our democracy. A healthy brotherhood and an arrogant self-righteousness are incompatible.

The young people asked a lot of good, tough questions when their turn comes. Sometimes these questions were written out in advance, sometimes they were presented by a panel of students, sometimes they just spontaneously combusted from the audience. But they all showed careful thought and deep concern about the issues facing our country today.

May I share with my colleagues in the House a brief summary of these questions, together with an indication of my response?

SUMMARY OF QUESTIONS AND ANSWERS ON THE ENERGY CRISIS

1. Do you think it is real or contrived? (Real shortages do exist and are being felt more heavily in some parts of the country than others.)

2. Is it the oil companies' fault? (No, certainly not entirely. Foolish government regulations, overzealous environmentalism, undisciplined consumption, and mideastern politics are also to blame.)

3. But how can you justify the tremendous profits made last year by the oil companies? (Well, how do you measure profits? On sales or on a return on investment? Against what? A good year or a bad year? Compared to who—food brokers who are lucky to make 1 to 2%, or the Washington Post and New York Times, whose increases in earnings in the first nine months of 1973 over 1972 were 57% and 93% respectively?)

4. Will rationing come? (Let's hope not! If we conserve as much as we can, and let the laws of supply and demand work themselves out in the free marketplace, we may survive without being forced into such a nightmare.)

5. Why are there so many chauffeur-driven limousines in Washington? (Most congressmen would like to reduce the number!)

6. What kind of car do you drive in Washington? (I don't have one there.)

7. Why do you fly back and forth so much between Indianapolis and Washington if there is an energy crisis? (The planes are flying anyway, so I really do not think it is wasting the nation's fuel, and I believe very strongly in trying to stay in touch with my constituents on a regular basis.)

WATERGATE AND RELATED MATTERS

1. How do you explain the 18-minute gap on the tape? (I really cannot!)

2. Do you think they are trying to hide something and cover the whole thing up? (This has undoubtedly happened, though we do not know to what extent.)

3. Do you think the President is directly involved in criminal or illegal activity? (Like any other American, he is innocent until proven guilty.)

4. Do you plan to vote for impeachment? (As of this date, no. We need more hard evidence that the President is guilty of an impeachable offense before I would vote for it. It is a very serious thing for the American people, and our American democracy, and can easily become a partisan-political issue.)

5. If we get involved in impeachment proceedings, do you think the Russians will take advantage of us overseas? (Yes, they would probably try.)

6. Do you think President Nixon's unpopularity and the Watergate problem will hurt you and other Republican Congressmen in the elections in November? (Undoubtedly, these things will become campaign issues around the country, but I sincerely hope that the American voters are wise enough to vote for their Congressman on the basis of his merits and his record in office, rather than hang him because of their disaffection with the President and Watergate.)

MISCELLANEOUS

1. Do you favor the legalization of marijuana? (No.)

2. Do you favor the proposed Congressional pay increase? (No.)

3. What are you doing about it? (Trying to force Congress to vote on it so everyone will have to stand up and be counted.)

4. Will you accept it if it goes through this year? (No.)

5. What about "busing" of school children? (I am against it. Incidentally, I was tremendously interested to discover at Shortridge High School near unanimous opposition to the proposal that it be closed, and its predominantly black population bused to the suburbs. This proposal forms part of a plan currently before the Indianapolis School Board to phase out several inner city schools and transport some 11,000 youngsters to the suburbs in order to comply with guidelines laid down by a Federal judge about racial balance in the public school system. The plan is an absurdity—"sheer madness," one highly placed public official has called it. And the kids know it. They don't want to be bused. Aware of strong probusing sentiment in the leadership of the black community, I was astounded at the outrage expressed by the Shortridge students over busing, and their very vocal protest against their school being closed next year and their being bused to the suburbs ("Half way to Chicago," as one of them put it!) simply reinforced my conviction that the goal of quality education for all our children will not be reached by forced busing to achieve artificial racial balance.

6. Do you support better working conditions and the right to organize for migrant laborers? (Yes.)

7. Why did you vote against the minimum wage bill? Are you against teenagers being paid a decent wage? (No, of course not. But without the so-called "youth differential" in the bill, which would have made it possible to employ teenagers at a figure below the $2.20 minimum, a lot of them might not be offered any job at all.)

8. Do you favor aid to Israel? (Yes.)

9. Do you think we should terminate the space program? (No.)

10. Tell us about a typical day in the life of a congressman. (I talked about casework, commitee work, the debating and voting on the floor, the commuting back and forth between the district and D.C., and my views of my job as service to people.) Do you like what you're doing? (Yes! It's a great privilege—an exciting opportunity—a tremendous challenge—and a heavy responsibility.)

Mr. Speaker, they asked many other questions also. The hour passed very quickly and when I left, in each instance, I was enheartened. I was ever so proud of these young Americans, ever so grateful for them. Our young people today—the vast majority of them—are just great. They are keeping faith with our Founding Fathers' ideal of an enlightened citizenry that supplies the foundation for a viable democracy. They are alert. They are responsible. They are thinking. They care. They have legitimate concerns and they want to help solve our country's problems. They are not rebellious. They do not want to cop out. They are searching for new and valid life styles. They have a lot of faith and hope and love in their hearts; and I have confidence in the America of tomorrow because of the youth of today.

HUMAN GOALS—VALUES FOR LIVING

HON. TOM RAILSBACK

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Monday, March 4, 1974

Mr. RAILSBACK. Mr. Speaker, recently, one of my constituents, Maj. Robert E. Miller of Galva, Ill., was designated by the 1973 National Awards jury as recipient of the Defender of Freedom Award.

The Freedom Foundation, which made the presentation, is a nonprofit, nonpartisan, nonsectarian organization dedicated to strengthening America through greater citizenship responsibilities.

The credo states:

> To personally understand and maintain the American Way of Life, to honor it by his own exemplary conduct, and to pass it intact to succeeding generations is the responsibility of every true American.

Over the years, at least 30,000 jury-selected awards have been granted for spiritual, civic, educational, and economic activities. Major Miller was awarded the George Washington Honor Medal for his entry in the Letters from Armed Forces. I would like to commend Major Miller for his fine letter, and also, for the review of my colleagues, insert the text of that letter for the review of my colleagues. I know it will be an inspiration to all of us.

The letter follows:

Human Goals—Values for Living

Major Thomas Gordon Storey returned to speak to his hometown High School Commencement class in June of 1973 after more than six years as a prisoner of the North Vietnamese.

During years of isolation and captivity this man's values—his goals were in his words "these fabulous five"—Faith, Family, Friends, Future and Freedom. I believe these might have been some of Major Storeys thoughts as he awaited return to his homeland—our beloved America.

FAITH

Our faith to pray—To pray for strength to endure whatever life requires. Faith to believe in answered prayer and strength from an Almighty God. Faith to overcome human failings and to forgive one's fellowman.

FAMILY

The blessings of family ties. The strength, determination and love of a wife. The patience and dedication of a mother. The sacrifice of a father. The adoration of a son and a daughter. The inner "Fortress" of belonging and having your own family and being a part of God's family.

OUR FRIENDS

Having friends—Friends from childhood, from school, from within your church, from work. Friends who help and who need help. The Neighbor, Doctor, Pastor and the Paperboy. The multitude of daily incidents where lives touch to communicate our human needs for ourselves and for our offerings to others.

OUR FUTURE

Our future hopes, plans, desires for personal achievement. Our jobs, education, family, security for our children and their children. Our happiness and freedom to pursue our personal goals. The future of our community, our state and our nation.

OUR FREEDOM

Yes, freedom to believe in justice, dignity, law and order and human rights. Freedom to think. Freedom to choose. Freedom to elect. Freedom to pray. Freedom to work. Freedom to discuss and freedom to act within the boundaries of just laws.

Major Storeys "Fabulous Five" are ageless and timeless. They fit any calendar in America's history. On what better foundation could we build the peace for future generations?

THE ENERGY CRISIS AND ENDANGERED HEALTH

HON. DONALD M. FRASER

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Monday, March 4, 1974

Mr. FRASER. Mr. Speaker, An unpublished American Public Health Association—APHA—study reportedly questions the advisability of current plans to convert oil and gas burning powerplants to coal. APHA scientists have warned that the proposed switch may well threaten the lives of persons suffering from heart and respiratory diseases.

The Energy Emergency Act just passed by Congress includes a provision for conversion of powerplants to coal. If the act becomes law the Federal Energy Administration must exercise the greatest restraint in the number of conversions authorized and fully consider public health factors in each case.

I call Members' attention to the following account of the unreleased APHA study in the February 16 issue of the Washington Post.

The article follows:

[From the Washington Post, Feb. 16, 1974]

Shift to Coal Seen Shortening Lives

(By Morton Mintz)

Thousands of persons with heart and respiratory diseases will die prematurely if plans go through for a massive conversion of power plants to coal, American Public Health Association scientists warn.

Tens of thousands more persons with such diseases will suffer acute attacks, according to the scientists, who have made an unpublished study for the association.

The Nixon administration has asked Congress to give Federal Energy Office Director William E. Simon authority to order all power plants that can convert to coal to do so.

The idea is to free the scarce oil and natural gas now burned by the power plants for other uses.

The proposal is now part of the emergency energy bill that would, among other things, give President Nixon authority to ration gasoline. The bill is scheduled for a vote in the Senate Tuesday.

Capitol Hill opponents of the conversion proposal told The Washington Post of the APHA study and an association source confirmed its existence yesterday.

The APHA commissioned the study before the conversion proposal was made. It is essentially a projection of how many serious and fatal attacks of heart and respiratory diseases can be expected from a given increase in pollution of the atmosphere by the sulfur dioxide created when power plants burn coal.

The scientists fear that in an "at risk" population estimated at 21 million, serious and fatal attacks of heart and respiratory diseases will increase by 20 to 40 per cent over present levels. Currently, about 5,000 persons in this category die of cardiovascular diseases annually; about 50,000 suffer respiratory attacks.

The "at risk" population includes smokers, pregnant women, elderly persons with chronic heart conditions and victims of approximately 50 diseases, including chronic bronchitis and emphysema.

Another characteristic of the persons "at risk" is that they are already exposed to high levels of sulfur dioxide in the atmosphere—yearly averages exceeding 100 micrograms per cubic meter of air. They live in cities of at least 10,000 population, including Washington, Baltimore, Detroit, New York, Boston, and Chicago.

The study—done by a panel of 10 specialists in disciplines including epidemiology, safety, genetics and statistics—is said to be the only one to estimate the number of "excess" deaths and acute respiratory and cardiovascular attacks resulting from the use of coal to generate electric power. The APHA, source declined to name the panel members.

The source said the study was begun more than a year ago, is in its "final stages" and will be published in about two months.

Last year, power plants using coal turned out 0.8 quadrillion (Btu's) of energy. If the planned conversion goes through, the figure will increase to 1.1 quadrillion Btu's.

According to the study, that increase will elevate sulfur-dioxide levels sufficiently to induce approximately 500 deaths among adults with chronic heart disease and bring about 16,800 attacks of respiratory disease—at least severe enough to require medication—among children under five years af age.

In the Senate Tuesday, an effort will be made to return the emergency energy bill to a House-Senate conference committee, partly because of the conversion provision.

But the conference committee includes a powerful contingent of coal-state legislators—among them. Rep. Harley O. Staggers (D-W. Va.), chairman of the House Commerce Committee; Sen. Jennings Randolph (D-W. Va.), chairman of the Senate Public Works Committee, and Sen. Howard H. Baker, Jr. (R-Tenn.).

Opponents of the provision have received little support in the conference committee from Capitol Hill's two principal authors of clean-air legislation, Rep. Paul G. Rogers (D-Fla.), chairman of the House Health and Environment Subcommittee, and Sen. Edmund S. Muskie (D-Maine), chairman of the Senate Subcommittee on Air and Water Pollution. Both favor conversion to coal.

THE 56TH ANNIVERSARY OF LITHUANIAN INDEPENDENCE

HON. CHARLES W. SANDMAN

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Monday, March 4, 1974

Mr. SANDMAN. Mr. Speaker, on February 16, Americans of all nationalities joined with the American Lithuanians in celebrating the 56th anniversary of their proclamation of independence. However, in Lithuania itself, the celebration is not so joyous. Although February 16, 1918, marks the date of the Lithuanian Proclamation of Independence, these courageous people are again living under the suppression of the Russians.

The free world must not rest until the Soviets withdraw their army, police, and ruling apparatus from Lithuania, so the people of Lithuania may freely elect a government of their own choosing.

On this historic occasion, the most fitting commemoration we can offer to the brave citizens of Lithuania, the heroes who have died in the quest of Lithuanian liberty, and the countless relatives and friends of Lithuanian in the United States, is the reaffirmation that the cause of Lithuanian freedom has not been forgotten and the struggle for it will continue until won.

DEATH IN THE SAHEL

HON. LOUIS STOKES

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Monday, March 4, 1974

Mr. STOKES. Mr. Speaker, at a distance of thousands of miles, the tale of death in the Sahel might seem as dry as the Sahara. Yet the immense Sahara is burying six nations, and the herdsmen and farmers who live there, at an accelerated rate of 2½ miles a month.

Five years of little or no rain following generations of overgrazing have left hundreds of thousands of square miles of West Africa in the worst drought of the century. And the area of devastation is growing. Not only the Sahelian nations—Senegal, Mali, Mauritania, Niger, Upper Volta, and Chad—but now Nigeria and Cameroon have been invaded, and to the East, Ethiopia, Somalia, and Kenya. The nations hardest hit so far, those in the Sahel or border region just South of the Sahara, are among the poorest countries on Earth.

In Mali, for instance, so many people live so entirely on the meager grain crop they grow themselves, that the term "per capita income" means nothing. About the only "wealthy" people in Mali are the nomadic herdsmen. There is about one head of beef cattle for every citizen—5 million—and twice as many sheep and goats. Cattle on the hoof—80,000 or more a year—are Mali's principal export. Coastal nations like Nigeria and Cameroon depend on Mali for meat. But because of the drought, 20 percent of the cattle are dead throughout Mali—60 percent or more in the desolate northern region surrounding Timbuktu. Since rain has fallen very little in the last 5 years, the grazing pastures have dried up and the sun has burnt them off, making possible faster encroachment by the Sahara.

The devastation wrought by the drought will be social and political as well as economic. Herdsmen and farmers are trekking to the cities and villages—and to unemployment. Along the way whole families are dying of meningitis, cholera, and malnutrition. The whole thrust of these nations for self-sufficiency has been severely retarded in some cases. But with help they can get moving again.

To date the United States, through the Aid for International Development program, has spent $129 million to airlift 500,000 metric tons of food to the Sahel, about 46 percent of all food shipments from the countries answering the worldwide call for help. Even though the entire massive relief effort averted widespread starvation, some African diplomats have called this aid too little and too late. In 1973 the expected late-summer rains failed to come; greater relief efforts will be needed to avert mass starvation again this year. Meanwhile, the basic problem remains unsolved: how to redevelop the land so that it can revitalize itself and break the cycle of drought.

What drought-stricken Africa needs is a Marshall plan. There is no reason why wartime destruction need be a precondition to American-financed reconstruction and rehabilitation schemes. Because the situation is so urgent, we must increase our assistance to the Sahel as soon as possible. Fortunately, there are several American organizations through which we can act immediately.

One such organization is Africare, a Washington-based group which has consistently demonstrated imaginative and dynamic leadership in addressing the problems of the African drought. In little more than 6 months, Africare has raised almost a quarter of a million dollars for short-term relief projects. The money has come from small contributors, those who could afford to give only $5 or $10. Those funds are used to mount relief projects across the Sahel.

But Africare has also come up with plans for redevelopment of the land—and has already begun putting them into practice. After close study of the different needs of herdsmen and farmers, Africare has designed plans for redevelopment starting at the village level. Among its programs are the sinking of new wells; controlled livestock breeding; intercountry reforestation and reseeding projects; development of grazing enclosures and cattle-feeding stations; and training for new market skills including garden farming and meat/hide-related industries. The building of a series of dams along the Niger River is a grander and more controversial scheme.

But without bold action, taken immediately, and without a large investment of American dollars, the Sahara will not be held back, and it is only a matter of time before West Africa will all be sand and bones.

PEOPLE ANSWER ERLENBORN POLL

HON. JOHN N. ERLENBORN

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Monday, March 4, 1974

Mr. ERLENBORN. Mr. Speaker, our colleagues and others who reed the CONGRESSIONAL RECORD may be interested in knowing that, according to a poll I recently conducted, men are a little more in favor of ending wage controls than women are; and women are a little more in favor impeaching President Nixon than men. In Illinois' 14th Congressional District, however, ending controls of all kinds is a lot more popular than impeachment.

These are indications from the questionnaire which I sent to 10,000 households in February. I got a return of 15 percent, which is well above normal for questionnaires of this sort.

The poll returns from the impeachment question were surprising: Thirty percent favor impeachment, 70 percent oppose. In the 1972 election, Richard Nixon carried the 14th District over Senator GEORGE MCGOVERN by 75.2 percent to 24.7 percent, leaving one-tenth of one percent for the Socialist Labor and the Communist candidates.

Thus, the poll suggests that the past 10 months of Watergate publicity has not moved many Nixon partisans to favor impeachment of the President. A word of caution: My questionnaire is not a scientific sampling. I believe it is reasonably close to accurate, but it is more likely to tell which way the political wind is blowing than tell how hard.

The poll suggests that most people in the 14th District want to end wage controls and end price controls—except on oil—and do not want gasoline rationing.

The suggestion of a permanent relaxation of pollution control did not fare well in the poll.

The detail of the replies:

Ending Wage Controls:	Favor (Pct.)	Oppose (Pct.)
Men	69.3	30.7
Women	65.5	34.5
Total	67.4	32.6
Ending Price Controls:		
Men	59.5	40.5
Women	57.3	42.7
Total	58.4	41.6
Implementing of Gasoline Rationing:		
Men	30.8	69.2
Women	26.6	73.4
Total	28.7	71.3
New Tax Incentives to Encourage Oil and Gas Exploration:		
Men	45.7	54.3
Women	40.1	59.9
Total	42.9	57.1
Controlling Oil Prices:		
Men	60.9	39.1
Women	60.7	39.3
Total	60.8	39.2
Permanent Relaxation of Pollution Controls:		
Men	33.6	66.4
Women	25.6	74.4
Total	29.6	70.4
Impeachment: Should the House Impeach President Richard Nixon?		
Men	29.7	70.3
Women	30.3	69.7
Total	30.0	70.0

AMERICAN INTERNATIONAL COLLEGE ANNUAL MODEL CONGRESS

HON. EDWARD P. BOLAND

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Monday, March 4, 1974

Mr. BOLAND. Mr. Speaker, American International College held its 34th annual Model Congress in February of this year. The Model Congress attracts students from all over New England, New York, and New Jersey, and provides them with practical experience on how American democracy works and actual government operations. Several scholarships are offered to the most outstanding participants of each Model Congress.

Every school may sponsor one piece of legislation to be considered and debated by the Congress. The bills, which are introduced by the students, must be approved by a committee and then sent to one of the Houses for a vote. This legislation represents an amazingly accurate indication of the thoughts of the youth of this country. It consists of subjects ranging from drugs to poverty to the military. The legislation considered by the Model Congress this year follows:

Model Public Laws—34th Annual Model Congress

1H—"To establish in the Federal Bureau of Investigation the practice of destroying an individual's records, kept by said organization, of a specific federal crime for which that individual was arrested by the Federal Bureau of Investigation, if and when he is acquitted of that specific federal crime in a United States' Court of Law."

2S—"To repeal subsection 509 (b) Public Law 91-513 (Comprehensive Drug Abuse Prevention and Control Act of 1970)."

3H—"To maintain the ecological balance of marine life by restricting foreign encroachment on America's natural fishing rights."

4S—"To provide a professional counseling service to all rape victims and to provide an educational program to make young women familiar with methods of prevention."

5H—"To establish a comprehensive national program to deal efficiently with the disposal of solid waste."

6S—"To establish and enforce a 200-mile fishing limit of the United States' waters extending from the shore outward in order to protect the domestic fishing industry, and in so doing amend exisitng resolutions dealing with a 9-mile fishing limit."

7H—"To provide that all chairmen (or chairwomen) of the committees and subcommittees of the House of Representatives and the Senate of the United States of America be elected by their respective committee members."

8S—"To establish a program to provide alternatives for detention for youthful offenders."

9H—"To disclose prviate pension plans, and to establish a new service of the Social Security Department whereas a company must register an annual report, signed and certified, with the Social Security Department five (5) months within the appropriate calendar or fiscal year."

10S—"To prohibit the sale of non-returnable bottles in the United States of America."

11H—"Whereas, Richard Milhous Nixon, President of the United States of America, has failed to uphold the Constitution of the United States of America . . . be it therefore RESOLVED that Richard Milhous Nixon, President of the United States of America, be impeached."

12S—"To amend Article 2, section 1, subsection 2 of the U.S. Constitution."

13H—"An Amendment to the Constitution of the United States to lower the age of majority in the United States to eighteen (18).

14S—"To support the world-wide effort to prevent the practice of genocide."

Many of the bills which have been enacted by Model Congresses of the past, have later become laws through action of the U.S. Congress or various State governments.

Over the years the Model Congress has gained national recognition. Such noted statesmen as Vice President Gerald R. Ford, Governors Hoff of Vermont and Dempsey of Connecticut, Senators Gravel of Alaska and Hatfield of Oregon, and former Democratic National Committee Chairman Lawrence O'Brien have delivered keynote addresses at the Congress and have received honorary degrees from American International College.

The first duty of citizenship gives a thorough knowledge of government and its functions. AIC's Model Congress, the first of its kind in the United States, has endowed generations of young people with this knowledge and with the political skills they need to "work within the system."

SPACE SPINOFF—SATELLITES GIVE EARTH NEW VISTAS

HON. OLIN E. TEAGUE

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Monday, March 4, 1974

Mr. TEAGUE. Mr. Speaker, in the February 13, 1974, issue of the Air Force Times an article by Col. William C. Moore (USAF, ret.) discusses the many benefits of our space program.

The article briefly outlines and comments on several of the benefits realized from our probes in space. I recommend the article to you, Members of Congress and the general public.

The article follows:

Space Spinoff

(By Col. William C. Moore (USAF, Ret.))

While recognizing the scientific value of the U.S. space program, and taking pride in what the U.S. has done, many Americans have been critical of the billions of dollars spent on the space effort. They have seen few practical results, only long-term, somewhat nebulous promises of "new vistas."

Lately, as a result of Skylab experiments and the remote sensing and electronic mapping of the earth by ERTS (Earth Resources Technology Satellite), these new vistas have taken on substance.

Some discoveries not of apparent importance to laymen mean much to scientists.

The Skylab astronauts found, for example, that although a female spider quickly learns to spin a web in a weightless environment, other activities commonplace on earth become dramatically different in the zero gravity of space. Chemical elements—liquids, metals, gases—which have different densities are either heavy or light on earth. In space, they are neither heavy nor light and behave differently. Light elements do not always float to the top of heavy elements.

To scientists these differences portend exciting new discoveries which promise dramatic benefits to mankind. For example:

Liquid—including molten metal—assumes the shape of a perfect sphere in a weightless environment. The practical application of this phenomenon to industrial needs could be far reaching. The manufacture of "perfect" ball bearings is one possibility.

Chemicals, when mixed without the pull of gravity on them, combine differently than they do on earth. Analysts predict that this will lead to exotic new products of great commercial and human value, such as ultra-pure vaccines.

The process of fermentation in a weightless environment is certain, say the scientists, to result in products quite different than the same process on earth. The effect on enzyme production, for example, could solve many problems now encountered on earth in this field of human study.

Metal processing that cannot be done easily—if at all—on earth becomes relatively simple in space, opening the way to new knowledge about material properties and processes, and ultimately to valuable new products for commercial use on earth.

The process of crystallization, relatively free of distortion in space, permits production of crystals with chemical homogeneity and structural perfection. Their physical properties can then be compared with theoretical values for ideal crystals. One end result will be a dramatic improvement in communications.

Clearly these examples are still in the category of scientific curiosity, experimentation, or long-term speculation. Nevertheless scientists are optimistic that the phenomena encountered in experiments to date can be exploited industrially, and applied to everyday problems on earth. This will happen, they predict, as soon as the space shuttle now being developed permits easy, routine access to space. They look forward to advances in medicine, communications, material processing, and manufacturing techniques.

Meanwhile, little is being said publicly about a revolutionary, but highly practical, approach to managing the natural resources of the world using data obtained from the man launched satellite called ERTS (Earth Resources Technology Satellite).

Businessmen, farmers, economists, ecologists, conservationists, and leaders of governments throughout the world have a stake in ERTS. It is not in the category of new vistas. It is, at this very moment, and for 24 hours each day, providing data which man is putting to practical use:

ERTS is on fire alert in California, monitoring conditions that have caused disastrous brush fires nearly every year.

ERTS is pin-pointing sea ice to aid world shipping lines, providing definition of water circulation patterns, and discovering water areas in which schools of fish abound.

ERTS has identified new areas susceptible to earthquakes, discovered a new strain of vegetation in California and detected damage to other vegetation by insects, insecticides and disease.

ERTS has assisted in discovering ore deposits to ease the increasing shortage and is helping to ease the energy crisis by locating areas containing potential sources of geothermal power, oil deposits, and areas with high water-run-off for hydro-electric plants.

ERTS permits quick and easy assessment of damage to above-ground resources on earth. Determining fire damage to timberlands—once arduous, time-consuming, expensive and often inexact work—can be done in hours with ERTS.

ERTS provides information on water resources—where they are, the quantity, and information on where and when water tables rise and fall. This information helps to decide where agriculture should or should not be undertaken.

ERTS is monitoring crops, determining conditions that make them flourish, or make them fail, and where and why they suffer disease. For the first time in history, data is becoming available to estimate crop yields on a world wide basis.

ERTS has graduated from the category of scientific curiosity and experimentation to the world of practicability.

The former chief of NASA's Earth Resources Survey Program, John Robert Porter Jr., recognized the commercial value of his work and when the space program began to phase down he left NASA to form Earth Satellite Corporation (EarthSat).

EarthSat, says Porter, gives commercial impetus to many of the projects or programs associated with the space effort. He is convinced that the impact on the commercial world will be profound, and that the quality of life on earth will be improved.

THE NEED FOR A COORDINATED ENERGY INQUIRY

HON. ROBERT H. MOLLOHAN

OF WEST VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Monday, March 4, 1974

Mr. MOLLOHAN. Mr. Speaker, one of the major problems confronting the Congress in its efforts to act effectively in the current energy situation is lack of adequate, independently verified information upon which to base reasoned and reasonable judgments.

A second problem stems from the fact that energy has become such a significant element in the economic and personal life of the people of this country that each solution impacts on many facets of our society and unless great care is exercised, we can find the cure as harmful as the disease. Traditionally, Congress has considered each component of the energy industry separately. Now, because of the way we are structured there are a number of committees which have jurisdiction over these matters and are legitimately involved in seeking solutions.

It is my firm conviction that we need better coordination of our investigative and analytical efforts. Perhaps we need a single inquiry, starting with the filling station operator and working up the distribution chain to the top of the corporate giants with the sole purpose of eliciting valid chronological information upon which the legislative committees could act in developing midrange and long-term solutions to meet our complex energy needs.

I submit for the consideration of my colleagues a very perceptive editorial from the Wheeling News-Register which demonstrates the public recognition of these factors:

THE CONFUSION OVER GASOLINE

The Nation is more than six months into the energy crisis and it seems that no one including the government knows for certain what is going on.

Finally last week the Federal Energy Office owned up to the fact that some states were not getting their fair share of gasoline supplies. A survey by the federal government disclosed that certain states got as little as 74 per cent of the gasoline received in February 1972 while another state got 97 per cent of the gasoline received two years ago.

Even then the energy office admitted it wasn't sure whether the figures were accurate because four important oil companies did not respond to the survey.

How can this happen? How can these big oil companies be permitted to ignore government efforts to restore some order to this energy mess while individual Americans are asked to readjust their life styles to meet emergency conditions?

The confusion in Washington and around the country over gasoline supplies is enormous. One day the people are told that conditions are improving and there will no need for rationing. But the next day another official says that supplies are getting tighter and rationing is on the way.

It has been obvious right along that some sections of the country were being hit harder on gasoline shortages than others. Why it took so long for President Nixon to express his concern about the long lines at filling stations and thus nudge the energy office to take action we don't know. Has the White House lost all touch with what is happening in this country?

The government should have acted before this to reassess the gasoline allocation system to see that supplies were more evenly and fairly distributed to the states and various sections of the country.

Obviously the government cannot rely solely on the information provided by the oil companies. Look what happened to West Virginia. Last week it was announced that gasoline stations in the Mountain State would receive an additional allotment for February as a result of an error in oil company reports last year.

Governor Moore said that tax records indicate the tax was paid on 1,149,400 barrels of gasoline in February of 1973. However, the oil companies reported to the federal government that they only delivered 990,300 barrels. This leaves 159,000 barrels of gasoline for which the state received no credit in the February allocation.

Meanwhile, at least four congressional committees are studying the energy situation but their efforts are so diffused as to be meaningless.

What a sorry state of affairs. It is no wonder that the people blame the fuel shortages on the oil companies and the government. And they in turn blame each other and the Arabs and the consuming public.

If there is anyone more harried by all of this than the weary motorist, it must be the filling station operator. He is besieged by angry regular customers who demand they get first crack at his supplies. But if he goes along on such a basis the government threatens him with heavy fines. He is hard pressed to keep up with new regulations and paperwork that come his way almost daily. And always he must be wondering whether he will survive in the business.

So the best advice we can offer for Americans at this juncture in the energy crunch is to begin preparing to stretch individual gasoline supplies even more than they have to date.

THE LEGACY OF MARTIN LUTHER KING

HON. CHARLES B. RANGEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, March 4, 1974

Mr. RANGEL. Mr. Speaker, today I would like to insert into the CONGRESSIONAL RECORD an article which recently appeared in the Boston Globe about the great achievements of Dr. Martin Luther King.

The author, Archie C. Epps, presents a picture of this great leader that reminds us again of his contribution to all of us and to the Nation.

I commend the article to the attention of my colleagues:

[From the Boston Globe, Jan. 15, 1974]

THE LEGACY OF MARTIN LUTHER KING

(By Archie C. Epps)

I would like to describe an event that returns to me in memory from the past. On a visit to the South a week ago, I found myself carrying it with me somewhere between the past and the present. I thought of it a great deal. It had occurred in 1955 in Montgomery, Ala., at an allday meeting at Martin Luther King's Church, the Dexter Avenue Baptist Church. Rev. King had just come to public notice. We had heard about him in Talladega County, where I was attending college, and, curious about him, had decided to drive to Montgomery to see him.

We arrived in the morning, in time for a worship service at which King was to preach. I have to tell you about the spirit of the meeting, but the image I have of it is without the buoyancy, hope and excitement we felt that day. The image lacks these elements because although the congregation can be seen alive, moving, and its faces expectant, there is no preacher behind the pulpit. But back to that morning in Alabama.

The man who was preaching as we entered was Rev. Holmes Borders of Atlanta, who was to warm up the congregation for Rev. King. Rev. Borders was known as a great preacher throughout the South, and a dramatic speaker. As we sat down, Rev. Borders began his sermon, not with words, but by moving the pulpit from the center of the church to the side. He then announced that where the pulpit had stood was now home base because he was going to preach about "the great baseball game." Rev. Borders believed that religion should be dramatized to make the point and that life should have laughter in it. The "great baseball game" had the following players:

First base, Faith; second base, Hope; third base, Charity; short stop, Love.

Other players were given virtuous titles:

Pitcher, Jesus Christ; catcher, Holy Ghost; batter, the Devil.

And the umpire was Almighty God, who stepped up behind home base and shouted, "Play Ball ! !" Rev. Borders acted all this out in the place where the pulpit had stood. The congregation, to say the least, was caught up in Rev. Borders' drama; some were nearly on their feet, others raised a hand to let Borders know they were with him. I had seen that raised hand in my home church in Louisiana. The hand was a gesture from the black dance thrown out in anger on some ocasions and joy on others. Words were shouted in encouragement: "Yes, tell it, brother!" Rev. Borders continued until the Umpire Almighty God, had called the Devil out at the third strike. Then Borders launched into a litany of calling things out: "Slavery," he shouted, "You're out!" Segregation," he roared, standing over home base, like the Umpire, "You're out!"

After Rev. Borders' great baseball game was over, the congregation was in an excited, happy, uproar. Everyone said, 'Amen,' not meaning 'peace be with you,' but 'a joyous mission is our proud duty to bear.'

Rev. King came to the pulpit, clapping his hands, saying, 'Amen.' He was happy too. King began what he had to say quietly. But I remember his words: "We're starting out on a dangerous game, my friends; and yet I know God is with us." He went on to explain what had to be done to reconstruct a racist society. He stressed the theme for which he was to become well known: the means to be used in the struggle must contain the quality of the end. The moral questions to be placed on Montgomery's agenda and on the nation's agenda, were like Borders' great baseball game in that they involved issues of right and wrong. But, King cautioned, the task was complex and required both firmness, stamina and practical skills.

Rev. King is dead now and when I think of that meeting, it is with different elements in the image. When I see the image now, King is still alive but moving toward his death, and the members of the congregation who were so expectant then, now seem bitter and dance that black dance, the one in anger.

I would say that today, some 18 years later, the event has a different significance for the observer of black history. In 1955, it stood as a portent of great things to come in King's career and that of his own congregation and black people in the nation. Now, it represents a judgment upon the present. King's movement gained much for the blacks and for the whites as well. It held out as example a way of life dedicated to principle and to justice that anyone might well pursue.

Because Rev. King's birthday is celebrated at this time of year, people in the South were thinking about him, remembering him in that special, difficult way you remembered someone too deeply loved. A friend and I talked about King and about the South today, a land full of expectation and bitterness. It is expectant because it is just possible that a new dimension in race relations can be achieved there but now the black community is not quite sure it wants complete integration. They wish to explore black pride to see where it will lead. The bitterness is the legacy of a violent Southern history in which blacks were victims and when this history is re-enacted, as at a Southern university, where black students were killed, the savage struggle between races is joined, but now more likely to be broken off after a while to share the intimacy of Faulkner's characters.

I heard talk of King's preaching in the South and I yearned to hear his sermons again. I have the text of The Dimensions of a Complete Life, my favorite, on the desk before me. It ends in hope:

"Love yourself, if that means rational, healthy, and moral self-interest. You are commanded to do that. That is the length of life. Love your neighbor as you love yourself. You are commanded to do that. That is the breadth of life. But never forget that there is a first and even greater commandment, "Love the Lord thy God with all thy heart and all thy soul and all thy mind." That is the height of life. And when you do this you live the complete life.

"Thank God for John, who, centuries ago, caught a vision of the new Jerusalem. God grant that those of us who still walk the road of life will catch this vision and decide to move forward to that city of complete life in which the length, and the breadth and the height are equal."

The religious language with which King described his life's goal points us toward secular goals as well. If only our society could be a "city of complete life" in which the savage urge of man to ostracize any one different from his clan would be replaced with love and good will.

ROLAND THEODORE MUELLER

Hon. Yvonne Brathwaite Burke

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, March 4, 1974

Mrs. BURKE of California. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following:

RESOLUTION

Whereas, Roland Theodore (Ted) Mueller, II, of Ladera Heights, son of Mr. and Mrs. Roland T. Mueller, started his scouting career nine years ago, and has now reached the zenith of that career with his induction as an Eagle Scout, and;

Whereas, Ted Mueller has worked his way through all stages of scouting and is currently serving as Junior Assistant Scoutmaster of Troop 292, and;

Whereas, Ted Mueller is not only an excellent Scout, but an honor student at Inglewood High School and an active participant in Sunday School and in the Youth Group at Ladera Church of the Brethren,

Therefore, be it known this 26th day of February 1974 that we are in recognition of this young man, and join with his family and friends in commending him, and further direct that this commendation be entered in the Congressional Rectory.

ADDRESS TO WISCONSIN FARMERS UNION BY MR. OBEY

HON. BOB BERGLAND

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Monday, March 4, 1974

Mr. BERGLAND. Mr. Speaker, last weekend, the gentleman from Wisconsin (Mr. OBEY) made several most pertinent observations that we should all take due note of.

In an address to the Chelsea County, Wisconsin Farmers Union, Mr. OBEY suggested that coming shortages of metals, minerals and food could make the oil crisis look like a tea party.

Mr. Speaker, it does not require an exceptional memory to recall that similar warnings about the energy crisis fell on many deaf ears. I hope that mistake is not repeated and that each of us will study Mr. OBEY's remarks and heed them.

If there is no objection I include the text of Mr. OBEY's speech in the RECORD at this time and that the special attention of the Members be directed at the dangers of excessive export restraints and the critical need to establish permanent grain reserves.

The text follows:

ADDRESS TO WISCONSIN FARMERS UNION BY MR. OBEY

It's no surprise to anyone that the big news today is the energy crisis—and especially our lack of enough oil and gas. Whether we talk about price, total supply, allocation, long lines at gas stations, or ending the embargo by the Arab nations, what it really boils down to is the fact that the world is now in a bitter battle for oil.

U.S.-European relations are more strained than they have been in years because of it.

Ties within the common market itself are being tested.

Japan is torn between its friendship with the United States and its support for our Middle East policies and its obligation to its own people to keep an economy going which is almost 100% dependent on imported oil.

But bad as the situation is, that is not what I want to talk about this morning.

I want to talk about the coming shortages of other items that will make the oil shortage look like a tea party—the coming shortages in food, minerals, and metals.

For many years now the United States has felt that it could feed the world, and indeed, until now it has.

But in 1973 the bubble burst, and we are forced to ask ourselves whether we and the other exporting nations can produce enough food to feed an increasingly populated and prosperous world.

What happened?

A whole lot of things:

First: We saw the first decrease in the total food supply since World War II—a 1% decrease in food production made even worse by a 2% increase in population.

Second: In the United States our reserves of food went down to wafer-thin levels.

Reserves of wheat were at 863 million bushels in 1972, but down to 200 million bushels in 1973, and some people contend that before the crop comes in this year our wheat reserves will be down to zero.

Our feed grain reserves—at 48.4 million tons in 1972—will be down to 41 million tons this year.

And reserves of rice—a world staple—decreased from 18.6 million hundredweight in 1971 to 5.4 million hundredweight today.

Whose fault is it?

Well, it wasn't Orville Freeman who was preaching that the "Government ought to get out of agriculture."

Fact is that the Nixon administration paid a handsome ransom in 1972 to keep land out of production.

They dumped our reserves onto the market in 1973 to keep the price of food down.

The end result is that the Government is not out of agriculture—but it is out of food.

Third: The Soviet Union and China both decided to improve the diets of their people.

Before this when the Soviets were short of protein, they simply increased the slaughter of cattle.

Last year they decided to increase their imports of feed grains.

As we all know, the ineptness of the U.S. Department of Agriculture went a long way in helping them out, as we ended up selling the Soviets one quarter of our wheat crop at dirt cheap prices—subsidized no less—by the American taxpayer.

Fourth: The United States devalued its dollar twice, and as a result, U.S. food became cheap to people throughout the world who couldn't afford it before.

In fact, there was a scramble for food in all the world markets, not only from the Russians and Chinese, but from Japan and from less developed nations who wanted to cash in during a world-wide economic boom.

Fifth: In some cases the weather was a big factor.

Some areas experienced floods, while others like India and Australia suffered drought.

The monsoons missed West Africa for the 5th year in a row, and 6 million people faced starvation.

Sixth: There was a dramatic decline in fish production, highlighted by the disappearance of anchovies off the coast of Peru.

When most people hear about that, they probably think "How unfortunate for pizza lovers."

But the seriousness of that disappearance becomes clear when you realize that in 1970 the Peruvian anchovy catch totaled 20% of the world's total fish production, and most of that went into the production of fish meal for a protein starved world.

(If and when the anchovies will return is unknown.)

Seventh: Shortages of natural gas lead to world-wide shortages of fertilizer, but even that has been made worse because neither the U.S. nor anyone else has adequately increased our fertilizer production capacity for several years.

The U.S. now imports 10% of what we use—if we can find it.

World-wide, if we have shortages of 5–15% of what we need—as some estimate—corn yields alone could fall 20 to 25 million tons short of what we need.

When you put together the increases in demand, and the decreases in supply, it's not hard to figure out that prices are going to go up.

Farmers were the first to feel the pinch of rising food prices as the price of soybean meal and corn, for example, went out of sight.

Inevitably the housewife felt the pinch too, and she reacted by boycotting meat, then hoarding it, and then by buying less.

The President's reaction was to increase imports of red meat and cheese and non-fat dry milk—all in an effort to keep down the price of food.

He slapped on price controls and in the area of soybeans, an export embargo.

What we did to the Japanese with soybeans we will be paying for for years.

We persuaded Japan not to develop new sources of soybean supplies in Indonesia and promised we would supply them with all their needs.

After they took our advice we cut them off for two months without warning.

That was the last straw.

Earlier we had switched our policy toward China with them without warning, then we switched on soybeans and they decided they couldn't count on us any more.

So, when the Arabs cut off everybody's oil, instead of cooperating in an international agreement, the Japanese cut their own deal with the Arabs.

That's not all of it.

The export embargo also put a basic question in everybody's mind: is the U.S. a reliable supplier of food stuffs?

Can we count on them in the future?

If you think the soybean embargo was handled badly, you're right. But if you think the embargo on soybeans was unpopular, you're wrong.

I received many letters from people supporting the President's decision, and with talk of $1 bread, many people think we ought to put export controls on wheat too.

And food isn't all.

The Congress has had requests to halt exports of fertilizer, steel, oil, and pulp, among others.

What's wrong, after all, with meeting our own needs first? And there's some logic to that.

But there is a flaw in that argument too.

Trade is a two-way street. If we set export controls with only our best interests in mind what will keep others from doing the same?

And, if that happens, the results could be far more serious than you think.

The fact is that the United States is becoming dependent on others for raw materials needed for our own manufacturing purposes, at an alarming rate, and since the world's use of minerals doubles every 15 years, we will soon find ourselves in bidding wars for the materials we need.

Over 17 million tons of foreign steel was imported last year, and over one-third of all our iron ore.

The U.S. trade deficit in minerals was $6 billion in 1972, estimated to rise to $20 billion in 1985, and could reach $100 billion by the turn of the century.

We simply don't have enough of 20 key minerals—including zinc, aluminum, manganese, asbestos, tin, nickel, and mercury.

We obtain more than half of our supply from other nations. In some cases, like chromium, we import all we use. Sure, in some cases, like aluminum, we could—if need be—develop our own reserves of these metals.

But the price would be higher because further exploration is necessary or mining is difficult.

But if the oil crisis has taught the world anything, it has shown that a small group of otherwise underdeveloped nations can exert tremendous economic hardships on the major powers if they have basic commodities to sell.

Today, 4 countries control more than 80% of the world's supply of copper. 2 countries control the production of 70% of all tin. 4 countries control more than 50% of natural rubber supplies, important because the energy crisis makes it harder to get the materials needed to make synthetics.

4 countries control more than half of all bauxite (used to make aluminum).

Right now we import 77% of all the tin we use.

What would happen, for example, if Malaysia, Thailand, and Bolivia—who together provide us with 98% of that tin—got together and announced they would halt production unless we were willing to pay double the present price?

Some people think that kind of thing won't happen.

But they didn't think the Arabs could get together either.

The bauxite exporting nations have already held a meeting to discuss the possibility of some cooperative action.

Just as the oil crisis made us appreciate our relationships with Nigeria and Venezuela—from whom we import oil—at the very least it seems to be the realization of our dependence on others for raw materials will increase the importance to us of nations such as Brazil, Peru, Jamaica, Gabon, and Zaire.

The problem is if we start slapping indiscriminate controls on our exports, we will be inviting retaliation by others. That retaliation will hurt and cost jobs.

I am not saying there should be no restraint on exports.

I think there will have to be in certain areas.

What I am saying is that we need a rational policy on resource development and conservation to decrease our use of and reliance upon materials which will inevitably be in short supply—and thereby also reducing our reliance upon foreign suppliers.

And we need a national food policy that will enable the government to keep tabs on export sales of any commodity so that it has an early warning capability if private contracts for exports are running down our domestic supplies to dangerously low levels—like fertilizer, for example.

And we need a national policy which will try to set up a rational series of international agreements on food and other resources.

In oil, I'm hopeful that the President's and Henry Kissinger's efforts to get some kind of coordinated action by the oil-importing nations will succeed—France notwithstanding.

As far as food is concerned, the answer is obviously international agreements establishing world food reserves of wheat, feed grains, and even dairy products under which nations which have adequate food supplies will make sure they get to those which do not.

Food reserves are hardly a new idea.

They are referred to in the Bible (story of Joseph).

The Aztecs had them, and so did the Chinese.

So what's holding us back?

The standard complaints about reserves, it seems to me, are not valid.

For one, contrary to what we have always thought, we know now that the United States may not be able, on short notice, to supply the world with all the food it needs.

To prevent reserve stocks from being used to depress domestic farm prices we could require that any reserve product sold in the domestic market be sold at a fixed level—for example, at not less than 135% of the world market price. (That is figure in H-H-H bill on reserves)

We could control government storage costs by simply establishing reserves—on farms—through the same type of C.C.C. loans which have protected farmers in the past.

We can fill those reserves in the first place by adopting a program which guarantees a decent price to farmers and encourages them to use their land and their machinery to grow food, but which protects them if the market becomes glutted.

And, to protect our own interests, if stocks fall below certain levels we could require exporters to obtain export licenses so that we can closely monitor and clearly see exactly what our reserves are.

In the end, food reserves are a safety valve, to meet human nutritional needs in the world as a whole. To halt widely fluctuating prices and supplies of food.

I wish, with dairy products, for example, that the administration would spend less time trying to implement the Flanigan report and more time thinking about an international agreement among major dairy producing countries which would dispose of surpluses in an orderly way, and which will bring equitable prices to the world's dairy producers.

How much better it would be if we could agree to send cheese, non-fat dry milk, and butter to the hungry parts of the world that need it rather than using export subsidies to allow one country to glut the dairy market of another.

As you may know, the U.N. is holding a world food conference in November, 1974. Until now, that conference has pretty much received the cold shoulder from the administration. But even that may be changing.

The President's economic message to the Congress said the U.S. needs food stocks to be "a reliable supplier of food for the world, and "to provide a measure of domestic price stability."

And the U.S. representative to a planning meeting of the world food conference has indicated that the U.S. hopes we can start a world-wide system to keep food flowing at reasonable prices to everybody, regardless of unexpected events.

I hope that indicates the administration might be waking up although that's expecting a lot from an operation that didn't even send a farm bill to Congress last year.

Perhaps these are indications that we will receive support in the Congress to establish a grain reserve as we tried to do in the House in 1971.

The crisis of 1973 has made it clear that there are few more important measures that the agriculture committees of the House and Senate could act on.

"CASE FOR A FEDERAL OIL AND GAS CORPORATION"—NO. 4

HON. MICHAEL HARRINGTON

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Monday, March 4, 1974

Mr. HARRINGTON. Mr. Speaker, the large extent of corporate management interlocks in the petroleum industry supports the view that a competitive free market system does not operate there.

A recent Federal Trade Commission study claimed that the United States eight largest oil firms are, to some extent, commonly rather than independently owned. For example, the FTC pointed out that the Chase Manhattan Bank, through various nominees, is both the largest shareholder in Atlantic Richfield and the second largest shareholder in Mobil. It is certainly not in the interest of Chase Manhattan to promote vigorous competition between these firms, the

FTC reasoned. I might add that this conclusion is also supported by the fact that William P. Tavoulareas, a director of Mobil, and Robert O. Anderson, director of Atlantic Richfield, serve along with John K. Jamieson, chairman and chief executive of Exxon, and William A. Hewitt, a director of Continental Oil, as 4 of the 25 directors of the Chase Manhattan Bank.

It is interesting to note that a congressional committee in 1912 said:

> When we find common directorship in banks and other businesses located in the same area and representing the same class of interests, all further pretense of competition is useless.

Other examples of overlapping directorates: 4 of the 16 directors of the Bank of America, the largest bank in the United States, are directors of major oil firms. Three of the 26 directors of the First National Bank, the third largest in the United States, and 4 of the 24 directors of Morgan Guaranty Trust Co., the fifth largest bank in the United States, are directors of major oil firms; a total of 9 directors representing the 7 major oil firms are connected with the Chemical Bank of New York—4 of them are directors and 5 are members of advisory committees.

In order for a company to enter the petroleum industry, enormous amounts of capital are required. I have tried to indicate that the financial institutions capable of funding such endeavors share common concerns with the large vertically integrated oil firms. Hence, for these banks to finance a new corporation interested in competing in the petroleum industry would not at all be in their best interests. Thus, as the independents and new corporations find it increasingly difficult to get the requisite financial assistance, the prospects of increasing competition within this industry become increasingly limited.

The Holding Company Act of 1935 prohibits both direct and indirect interlocks in utility holding companies. The Federal Trade Commission staff several years ago recommended that indirect interlocks be also prohibited in industrial corporations, yet no law making them illegal has been passed.

A comprehensive view of the gregarious nature of the large oil companies is provided by an enumeration of the overlapping directorates involving Continental Oil, the 10th largest oil firm—Continental shares directors with 3 banks, 1 insurance company, and 2 coal companies, among many others; through these primary interconnections, Continental has secondary overlaps with 7 of the country's largest insurance companies, 5 of the largest coal companies, 2 investment companies, 2 foundations, 7 other oil companies, 5 banks, 5 of the largest utilities in the country, 2 uranium companies, and 2 natural gas pipelines.

In order to begin to create competitive forces within the oil business, I have introduced legislation to set up a Federal Oil and Gas Corporation. The bill provides that:

> No member of the Board of the Corporation shall, during his term in office, be engaged in any other business, nor may he have any financial interest in any business entity which is engaged in the exploration, development, production, transportation, or sale of natural gas.

The bill also provides that:

> All members of the Board shall avoid all contacts with any person which may tend to create actual or apparent conflict of interest with the Board members' duties and responsibilities under this act."

Finally, the bill requires that all members of the Board must "believe and profess a demonstrable belief—in the purposes of the antitrust and consumer protection laws of the United States."

I would suggest, therefore, that the Federal Oil and Gas Corporation would successfully avoid involving itself in the noncompetitive practices inspired by overlapping directorates.

MACALESTER COLLEGE CELEBRATES CHARTER CENTENNIAL

HON. JOSEPH E. KARTH

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Monday, March 4, 1974

Mr. KARTH. Mr. Speaker, tomorrow Macalester College in St. Paul will begin a year of celebration marking the centennial of the grant to it of an educational charter by the Minnesota Legislature.

I think it would be fitting at this point in the CONGRESSIONAL RECORD to reprint from the publication Macalester Today of January 1974 the background information on the naming of the college and the grant of its charter. The material follows:

PHILADELPHIA, *August 23, 1873.*

Rev. E. D. NEILL,
Minneapolis, Minn.

DEAR SIR: Yours of the 5th is at hand. I am willing to donate the Winslow House property upon the terms set forth in your letter, with a promise that it is to be used for educational purposes and is not to be sold or encumbered, but if the contemplated enterprise should be a failure, or the building should cease to be used for the purpose above referred to, that the property should revert to me.

Faithfully yours,

C. MACALESTER.

With this short, businesslike letter to his fellow Philadelphian, Charles Macalester conveyed the property to establish a college, long the cherished dream of Edward Duffield Neill, to offer "the Prospect of making the Falls of Saint Anthony an educational center for the valley of the upper Mississippi . . ."

The College was named "Macalester College" and on March 5, 1847, the Legislature of the State of Minnesota granted the new institution an educational charter. The special law naming the College went on to identify the fifteen individuals, eight were to be from Minneapolis and seven from Saint Paul, who would serve as trustees of the new school. Included were such prominent men as Alexander Ramsey, Edmund Rice, Levi Butler, John S. Pillsbury and J. C. Whitney.

Earlier, in 1872, Neill had rented Winslow House for $1,200 a year from Macalester to house Jesus College, intended as a student residence, a grammar school, a preparatory school for the University of Minnesota and as a religious education adjunct to the University. As Provost, Neill described his hopes for the precursor to Macalester College in a letter to the Mayor of Minneapolis:

"It is hoped that in time, Christian parents will send their sons to Jesus College, where they will be under the same roof as the Provost, subject to all rules necessary to a gentle home culture, while at the same time enjoying all the advantages of University instruction at no additional expense . . ."

Winslow House itself was an imposing stone structure constructed as a hotel on the eastern banks of the Mississippi overlooking the Falls of Saint Anthony. Costing over $100,000 to build, it had a dining room which could accommodate five hundred guests. In the summers of the 1850s, it served as a fashionable vacation spot for Southern guests. After the Civil War, the guests no longer came, the hotel closed, and the building passed through mortgage foreclosure into the hands of the Philadelphia real estate investor and banker, Charles Macalester.

Macalester, born in 1798 in Philadelphia, the son of a Scottish ship captain, was a self-made millionaire, who had made his fortune mainly through investing in real estate in Western cities, especially Chicago.

A Jackson Democrat and personal friend of the leading political figures of his day, including Jackson, Polk, Clay, Webster, Lincoln and Grant, Macalester supported the Union in the Civil War and switched to the Republican Party, voting for Lincoln in 1864.

Macalester was well known for his charitable contributions and his work on behalf of the less fortunate. A dedicated Presbyterian, he served as an elder in the Second Presbyterian Church of Philadelphia. Above all, he was known for his tolerance; his obituary in the Public Ledger of Philadelphia, December 10, 1873, reads in part:

"His toleration was a leading trait. The Catholic priest, the Episcopal bishop, the Presbyerian minister, the Quaker precision, were often seen in his home, and the Republican and Democrat, the Federal and the Confederate, joined hands over his social board."

Given Macalester's interests, it was to him that Neill petitioned for and found help in establishing a nonsectarian college for men patterned after Yale, Amherst, Dartmouth and Princeton colleges. Soon, however, a series of mills were built at the Falls and the Trustees decided to move the College. Macalester's will contained a codicil bequeathing Winslow House to the College and allowing its sale if the proceeds "shall be used in and towards the erection of other buildings for such college."

Winslow House was sold and the building demolished to make way for the Minneapolis Exposition Company. The proceeds were used to build the East Wing of Old Main on a forty acre portion of Holyoke Farm given to the College by a group of the Trustees, thus ending the first phase in the history of Macalester College.

Now, several phases and 100 years later, we make ready a year-long commemoration to celebrate, starting on March 5, 1974, the 100th anniversary of the grant of the Charter. Much has happened in the intervening century, but many of those goals which our founders cherished still distinguish the College.

Knowledge, compassion, judgment, character, tolerance, community—these have been implicit or explicit in our objectives. Each has been defined and refined from time to time, and the means to these ends have taken ever-changing forms. We may look still very different at the end of two hundred years.

I hope that this year of commemoration may also be a year in which we not only pay homage to the past but take significant steps, as bold and as distinctive as did Neill and Macalester, to shape our future.

Founder's Day Convocation To Begin Charter Year Celebration

A year-long commemoration of the granting of the College charter will start with a special convocation and reception at 10 a.m., March 5, Founders' Day, at the Concert Hall of the Janet Wallace Fine Arts Center.

The celebration will mark the 100th anniversary of the special bill voted by the Minnesota State Legislature on March 5, 1874, granting the College an educational charter and naming it "Macalester College" after Charles Macalester. Macalester was a Philadelphia financier who had donated Winslow House in Minneapolis to founder Edward Duffield Neill for the College.

Trustees, alumni, friends, students, faculty and staff are invited to the convocation, at which the first of the Charter Centennial commemorative medals will be awarded. One hundreds medals have been struck and will recognize outstanding achievement; merit and service to the College.

The Charter Centennial celebration, which will run until March 5, 1975, will feature a series of programs conducted by individual departments, academic divisions and special College groups and offices.

Among the Charter Contennial programs, during the spring term will be an art department faculty exhibition, an Alumni Follies program, special seminars, plays and concerts. One of the Charter Centennial concerts will feature a performance of Stravinski's "L'Histoire du Soldat" by College studio instructors, dancers and actors, and conducted by Edouard Forner, associate professor of music. The dramatic entry for the Charter Centennial will be "Romeo and Juliet," given in late March and early April and directed by Douglas Hatfield, professor of dramatic arts.

DEFENSE CAPABILITIES ARE DAILY LESSENING

HON. ROBERT L. F. SIKES

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Monday, March 4, 1974

Mr. SIKES. Mr. Speaker, the Pensacola Journal in the editorial of Thursday, January 31, 1974, showed a broad understanding of the serious problems which are developing for our country. The editorial entitled "Defense Capabilities Are Daily Lessening," reveals with pinpoint accuracy that the Russians are continuing to improve their strategic capabilities yet the "United States procrastinates, even dawdling over whether to test the Minuteman missiles which have remained inert in their silos for a number of years." The editorial is well worth the attention of Members of Congress, and I submit it for reprinting in the RECORD. The Pensacola Journal does not hesitate to speak out clearly and forcefully on important issues:

[From the Pensacola Journal, Jan. 31, 1974]

Defense Capabilities Are Daily Lessening

Where the United States procrastinates, even dawdling over whether to test the Minuteman missiles that have remained inert in their silos for a number of years, the Soviets improve their strategic nuclear posture, conducting long-range tests of intercontinental ballistic missiles with multiple-targeted warheads.

SALT (Strategic Arms Limitation Talks) negotiations between the United States and Russia, with the goal of forestalling an expensive and potentially catastrophic nuclear arms race, are producing no visible results, with the Soviets doing the foot-dragging.

And while they talk and delay, the Russians are test-firing their new SS19 multiple, individually-targeted reentry vehicle missile (MIRVs) over a 4,500-mile range from deep within the Soviet Union.

Pentagon missile specialists estimate that they will be capable of deploying strategically-operational MIRVs in late 1975 or early 1976.

This will put the Russians, already ahead of the United States in numbers of nuclear submarines and almost at parity with conventional intercontinental ballistic missiles, equal or ahead of the United States in strategic strike capability.

Currently, the United States has equipped both land-based Minuteman and submarine-launched Polaris missiles with MIRVs.

But there will be one imponderable difference to plague American military planners responsible for the defense of the nation. The Russians will know that their MIRV missiles are operational. Without testing, the capability of the Minuteman to answer with a second-strike will be questionable.

Deployed in the Middle West, test-firing the Minuteman requires flight over several states before the missiles reach the Pacific range, and needs authorization by Congress. It is in the Capitol that the firing is being delayed by congressmen sensitive to the fears of their constituents.

This is understandable. It is unfortunate that the Minuteman cannot be deployed near the coastal regions, but, in event of aggression, this would result in almost certain destruction of the nearby cities.

Thus, although there is a remote possibility of danger involved in test-firing over land, this is a contingency that must be faced.

It is intolerable that the capability of a major increment of the nation's defense remain in question.

HOW MONOPOLY CAUSES ENERGY SHORTAGES

HON. FRANK J. BRASCO

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, March 4, 1974

Mr. BRASCO. Mr. Speaker, today scores of millions of Americans writhe in growing, helpless fury and frustration at the increasing shortages of daily necessities. One such vital commodity is gasoline and related fuels. It is a tragedy to see decent Americans turning upon one another in balked rage because they do not fully understand what has caused this situation.

Certainly, the service station owner is not to blame. He is the helpless object of the immediate anger of drivers. Yet that service station operator is squeezed far more mercilessly by the major oil companies than he is by the public.

Wholesalers and distributors are rarely to blame, that I can discover. They are trapped in a similar vise to that the gas station operator is caught up in. All of them are at the mercy of the seven or eight major oil companies: Shell, BP, Standard, Exxon, Standard Oil of California, Mobil, Gulf, Texaco, and Arco. These companies form a cartel around the world that controls non-Communist oil from the moment it leaves the ground to the moment when it flows into our home or auto fuel tanks. That is the central point most citizens are inadequately informed on.

However, as the pressure on the public purse and patience has mounted in recent months, a steady trickle of hitherto unknown facts has come out on the inner workings of the oil industry and how it affects all of us. One basic element in these revelations has been a 2-year study on monopoly in the oil industry conducted by the Federal Trade Commission.

Several months ago, in spite of enormous oil industry pressure to suppress this study and efforts by the administration to prevent its release, the information finally came out. That publication revealed that vertical monopoly was the prevailing fact of life in the oil business. From the moment the oil left the ground to the time we consume it, these few massive companies control it. How? Because they own the lion's share of the tankers. Their fleets usually far outnumber, in numbers and tonnage, that of most of the world's navies. Pipelines are controlled by them in one of the tighter monopolies. Unloading terminals and tank farms are also tightly controlled, as are the refineries in this country. In other words, if you want to transport, unload, store, pump, pipe, or refine petroleum products, you have to play it the way these few major oil giants tell you to. No other options exist.

Last summer, for example, when we suffered our first significant gasoline shortage, 1,500 small gas station operators were forced out of business. Simultaneously, however, the major oil companies were constructing hundreds of gasoline stations across the Nation to accommodate their secondary brands, which have been slated to compete with independent service stations. How, one might ask, could they build their own stations, while driving operators out of business with the excuse that there were no gas supplies? Surely they would not have begun such an extensive nationwide construction program if they had no gas. Mysterious, what?

In the refining area their stranglehold is even tighter. Small, independent refiners are in a state of economic bondage to the majors, totally dependent upon them for supplies of crude oil. As a result, in the refining area there is no effective competition among them. Further, because their crude oil supplies and markets largely lie overseas now, they have placed greater emphasis on foreign refineries, which have been built by the majors in a variety of foreign parts, although very few new ones have been built in the United States, where their tax advantage is so enormous. America's consumers, then, have subsidized through tax breaks the building of massive new refineries abroad by the majors, so they in turn could sell their foreign oil to foreign markets for lucrative profits. And, of course, all royalties, taxes, and other foreign expenses are written off their American taxes, leaving the average taxpayer to make up the difference out of his and her own pocket.

The Federal Trade Commission, recognizing this, has made a valiant effort to place some of these facts before the public. It has even made an attempt to force the companies to sell 40 to 60 percent of their refinery capacity. Ten to thirteen new companies would be formed to buy divested refineries, under a still tentative proposal offered by the FTC's Bureau of Competition.

Their report is enormously revealing, stating that if the oil industry had been organized to depend upon truly free markets, it is doubtful that the existing refinery capacity shortage would ever have been brought into being to plague us today. That same report recommends that the major oil companies be required to divest themselves of significant amounts of pipeline holdings. These should include joint-venture pipelines, which are always owned by a grouping of the eight major oil companies.

My references here stem from an original antitrust complaint made by the FTC against these same major companies in July of 1973. In it, the Federal agency charges that since 1950, these corporations have monopolized refining and maintained monopoly in that vital area in the east coast, gulf coast, and midcontinent markets.

In other words, what the agency is saying is that what the Nation's oil industry desperately needs is a heavy dose of good old fashioned "laissez faire" capitalism in the form of competition, which is totally missing in that business today.

Until these moves are made, initiated by the Government and enforced by our Federal courts, the average consumer will continue to be squeezed mercilessly by the eight major oil companies, waiting in longer and longer lines for less product at higher prices and profits to the companies. Once their monopoly is broken, efficient independent marketers would spring up, making more and cheaper gas and oil available to consumers, because their sources of supply would be more reliable than they are now. Today, a major oil company, devoted to the goal of driving all competition out of business, simply shuts off supplies to independents of all kinds—gas stations, distributors, marketers and similar free spirits, including even small refineries.

A ban on future refinery acquisitions by the eight majors was also called for in the FTC report, plus a limit on their joint ventures and exchanges of crude oil and similar oil products. It is precisely through such exchanges that they are able to stifle such competition as still survives and bamboozle the public. We rarely see the shells, much less the pea.

One of the devastating examples of how the majors have stifled more refinery capacity was cited by the FTC regarding the proposal by Occidental Oil to build a major refinery in Machiasport, Maine. That facility could have alleviated the shortages in the most energy-short area of the country, yet it was stifled and defeated by the combined opposition of the major oil corporations. FTC staff counsel said the majors are so interdependent that in virtually every facet of their operation, they have common rather than competitive interests. And that, in plain language, is why we have an energy shortage in this country today.

Here is another example. All but Arco and Standard of Indiana are partners in the Iranian Oil consortium and additionally are partners in many other joint international ventures in the Middle East. Further, the eight companies are to a significant extent commonly owned. Chase Manhattan Bank, presided over by David Rockefeller of the Standard Oil family, and commonly known as the Standard Oil bank, is the largest shareholder in Atlantic-Richfield and the second largest shareholder in Mobil. These holdings are largely hidden from public view through "nominees" or "street names"; meaningless-sounding fronts created solely to conceal the fact that so much is owned by so few.

Can we expect there to be meaningful competition between such companies in light of these ownership facts? Hardly. Ties between these banks and companies are so strong as to prevent any competition. A major refinery costs up to $600 million, if it is to have a capacity of 25,000 barrels daily. Only a huge bank or group of banks can finance such a venture. Are they going to finance competition for the companies they are huge stockholders in? Highly doubtful.

On the boards of directors of these banks sit oil company representatives. On the oil company boards of directors sit bank representatives in illegal interlocking directorates. Therefore, new refineries are not financed. Even their public relations aproaches, through, for example, tax-deductible advertising and propaganda campaigns, are exactly alike.

We are therefore confronted with a huge vertical energy monopoly, squeezing the Nation's consumers of billions of dollars in dubious profits on which they will pay minimal Federal taxes. We can now see that a structure of monopoly exists that can only be broken by direct Federal antitrust action, which, lamentably, has been notably missing when it is needed most. Few thinking citizens expect any such action under this administration.

However, it is vital to delineate the structure of this monopoly before the Congress and the people in the hope that legislative action will be forthcoming to override the President's resistance to antitrust action. I believe the Congress should act forthwith to set up a Federal Oil and Gas Corporation, and to break up the major oil companies. If the President vetoes such measures, let the Members of this body go on record as to whose side they are on—the people's side or that of the oil companies and the administration.

TWENTY-NINE PERCENT OF U.S. OFFSHORE GAS AND OIL WELLS "SHUT-IN"

HON. LES ASPIN

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Monday, March 4, 1974

Mr. ASPIN. Mr. Speaker, more than 29 percent of the U.S. oil and gas wells offshore in the Gulf of Mexico are "shut-in," that is, wells drilled but not producing, according to the U.S. Geological Survey Statistics.

The U.S. Geological Survey says that these wells could produce at least 140,000 barrels of crude oil per day and more than 1 million m.c.f.—1,000 cubic feet—of natural gas per day.

The Geological Survey blames the shut-in wells on the need for additional production facilities, repairs, and in some cases wells that are relatively depleted. It is important to remember, however, that the estimate of 140,000 barrels per day of crude oil and 1 million m.c.f. of gas assumes that none of the allegedly depleted wells are producing again.

Mr. Speaker, this 140,000 barrels per day would represent a 1.5-percent increase in domestic production which is a significant amount during the current shortage. This 140,000 barrels per day may seem insignificant to some, but the administration is making a major effort to open up the Naval Petroleum Reserve in Elk Hills, Calif., which produces only 160,000 barrels per day. With consumers sitting in long lines waiting for gasoline and an economic disaster possible, any increase in crude production is welcomed and an important weapon in curbing the shortage.

If the major oil companies were really doing everything possible they would open up these wells which they know contain a vast amount of oil and gas.

It is interesting to note, Mr. Speaker, that the Department of Interior regulations which governs oil and gas leases are drawn up so loosely that the company can easily sit on a producible lease for up to 5 years. In fact, I am frankly even suspicious that some big oil companies or their agents may have had a hand in formulating these regulations.

According to the Standard Leasing Agreement issued by the Bureau of Land Management of the Department of the Interior the lessee must use "reasonable diligence" in exploring and developing a lease granted by the Federal Government. When a member of my staff questioned an official of the Department of the Interior on the meaning of "reasonable diligence" he was told that "fundamentally a lease does not require production" for 5 years in the competitive lease or 10 years in a noncompetitive lease.

Only after the lease has been renewed and the production on every well on a lease has stopped can the Interior Department revoke the lessee's rights.

In short, Mr. Speaker, the Department of Interior's Bureau of Land Management Regulations are shot full of holes that protect oil companies and allow them to withhold production. As long as 1 well operates on a lease even if 100 are shut-in, the Interior Department cannot do anything if the lease has been renewed or extended.

Mr. Speaker, I am calling on the Interior Department today to stop being the patsy of the big oil companies and revise their regulations to force the oil companies to produce additional oil and gas. If the oil companies will not put these wells into production within 6 months then their leases should be revoked. I am not asking the oil companies to do anything unreasonable in view of their current profits. In fact, Mr. Speaker, it is high time that the oil companies share the burden of solving the current crisis.

It is interesting to note that this problem is not only in offshore leases but on onshore leases as well. According to the U.S. Geological Survey's statistics, approximately 11 percent of the oil pools and 9.4 percent of the gas pools onshore are shut-in. Officials of the Geological Survey have told members of my staff approximately 10,000 to 12,000 extra barrels of oil a day could be produced by these onshore wells and that between 100 and 200 m.c.f. per day of natural gas could be produced.

Mr. Speaker, both onshore and offshore the Federal Government must force companies to produce all the oil possible. These are public lands belonging to the people of the United States. No oil company has the right to withhold production and worsen the suffering of the American consumer.

I include the following figures:

SHUT-IN WELL COMPLETIONS ON OCS LANDS, AS OF OCT. 30, 1973

	Active		Shut-in		Injection disposal	Total completions
	Oil	Gas	Oil	Gas		
Santa Barbara Channel	173	0	18	0	4	195
Gulf of Mexico	3,615	2,073	3,056	885	328	9,957
Total	3,788	2,073	3,074	885	332	10,152

2004 shut-in oil well completions and 448 shut-in gas well completions were attributable to depletion of reserves in the form of water influx, high gas-oil ratios, or pressure depletion. These wells cannot be produced regardless of the price of oil but will remain shut-in pending recompletion as injection or disposal wells, or permanent abandonment.

206 oil well completions and 131 gas well completions were shut-in waiting on construction of production facilities, pipelines, completion of drilling on the platform, testing, etc. These wells are capable of production and it is estimated they will produce 97,000 barrels of oil and 871,000 MCF of gas per day upon being placed on production.

864 oil well completions and 306 gas well completions are shut-in because of mechanical problems, sanding up, and waiting on workover. It is estimated that fifty percent of these wells can be returned to production after remedial work. The economics of repairing or reworking these wells will be enhanced by an increase in the price of oil and gas. It is estimated that these wells could produce at a rate of 43,200 barrels of oil and 207,000 MCF of gas per day initially after reworking operations are completed.

NOTE: As of December 1, 1973, there were 6029 oil and gas wells in the Gulf of Mexico OCS. Of these, 1270 oil and 507 gas wells were shut-in. Many wells in the Gulf of Mexico contain more than one well completion which accounts for the 9957 well completions shown above for the Gulf of Mexico.

(1) SHUT-IN WELLS

The number of producible zone completions (not wells) on Federal onshore leases as of December 31, 1973, was as follows:

Active:	
Oil	16,675
Gas	8,371
Shut-in:	
Oil	2,119
Gas	872

VOTER REGISTRATION ACT

HON. DONALD M. FRASER

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Monday, March 4, 1974

Mr. FRASER. Mr. Speaker, the Voter Registration Act, H.R. 8053, will be coming to the floor of the House on Wednesday. I commend the following article from the Washington Post, February 24, 1974. The editorial presents fine arguments in favor of the Voter Registration Act:

VOTER REGISTRATION BY MAIL

This year, millions of Americans will go to the polls to determine the shape of the 94th Congress—in a series of electoral rites guaranteed to undergo much scrutiny and analysis in the wake of what's been happening on the national scene since 1972. Regardless of what the voters decide, however, millions of other Americans will *not* have gone to the polls—because they weren't registered to vote. Undoubtedly, this phenomenon will then generate a spate of interpretations examining voter "apathy" and "alienation." What is too often overlooked, though, is the amount of administrative red-tape still attached to the election system including procedures for voter registration.

Specifically, the requirement in most states that people must appear in person for registration at some appointed time and some prescribed place in advance of Election Day is a serious limitation on the franchise in this country. Registration can be quite troublesome for citizens who live in rural areas at some distance from the nearest courthouse, as well as for those whose jobs make it difficult to get to registration places at times when registrars are ready to sign them up. In urban areas, too, there is the problem of volume.

The precise effect on voter participation is hard to gauge, but one poll by the public opinion research firm of Daniel Yankelovich, Inc., found that three-fourths of those who did not vote in the last presidential election had stated that they would have voted had they been registered. Moreover, according to a report by the House Administration Committee, priliminary statistics of the Bureau of Census indicated that 87 per cent of those citizens who did register stated that they voted.

It can be argued that people ought to care enough to make sure they're properly registered to vote. Nevertheless, the process ought to be as simple as possible. A simplified, convenient and uniform system of registration through the mails would go a long way toward that objective.

Right now, Congress has an important opportunity to effect this reform. The Senate already has passed a bill providing for registration by mail, and the House Administration Committee has approved a companion measure that is now before the House Rules Committee. Basically, the legislation would establish voter registration by mail throughout the country for federal elections.

Registration forms would be sent to postal addresses at least once every two years, and would be available at all post offices and military installations. Distribution also could be made through other federal agencies or through state officials. Completed forms would be returned to the appropriate state or local election officials for verification, and applicants would be sent forms notifying them whether their registrations have been accepted or rejected.

To help guard against abuses of this system, the legislation provides for federal assistance, at the request of states, in preventing fraudulent registration or voting. In addition to current federal criminal penalties and other existing actions possible under state laws, civil actions could be brought; and the measure provides for severe criminal penalties of fines and imprisonment for various offenses.

Opponents of H.R. 8053, the House bill, claim that postcard registration would encourage fraud and lead to administrative chaos. But the fact is, registration by mail is already working—quite well—in a number of areas around the country, including Montgomery County, which joined with four other Maryland jurisdictions in opting to be covered under a new state law.

We fail to see any persuasive reason for Congress refusing to permit this sensible reform, which seeks to lower the barriers to voting in the United States. H.R. 8053 deserves prompt passage by the House and final congressional approval in this election year.

SUPPORT OF BILL TO REMOVE TARIFF ON METHANOL IMPORTED FOR FUEL USE

HON. IKE F. ANDREWS

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Monday, March 4, 1974

Mr. ANDREWS of North Carolina. Mr. Speaker, the House Committee on Ways and Means today held a hearing on H.R. 11251, a bill to amend tariff schedules to provide for the duty-free entry of methanol imported for use as fuel.

It was my privilege to testify in support of this bill introduced by the Honorable AL ULLMAN and cosponsored by 14 other members of the committee and by the Honorable GEORGE MAHON, chairman of the House Committee on Appropriations.

This legislation could help alleviate the No. 1 problem in North Carolina and most other States—the energy crisis—and at this point I would like to insert in the RECORD a portion of my prepared testimony before the Committee on Ways and Means:

EXCERPTS FROM STATEMENT BY REPRESENTATIVE ANDREWS OF NORTH CAROLINA

It is doubtful that any one action, with the possible exception of an end to the Mid-East oil embargo, will have any real, substantial impact on alleviating the energy crisis. Rather, a wide range of actions are necessary.

One such action would be to remove the present tariff of 7.6 cents per gallon of methanol imported into the United States from non-Communist countries for use as fuel.

My understanding is that removal of the tariff would enable Transco to import methanol from Iran and for Houston Natural Gas to import it from Saudi Arabia.

What Transco imports would go into the distribution systems serving the Eastern United States, from the gulf coast to North Carolina to New England.

Transco supplies three major natural gas companies in North Carolina—Piedmont, the Public Service Co., and N. C. Natural Gas—and they, in turn, serve many and varied users in our State.

In 1971, Transco began curtailing natural gas to North Carolina, and these curtailments have reached the point where we receive 14 percent less than we are supposed to receive.

What is known as the Transco end-use

plan has been ordered by the Federal Power Commission. However, this matter is still pending before that agency, and the effective date for implementing this plan has been stayed by the U.S. Court of Appeals for the District of Columbia.

Late last year, all members of the House and Senate from North Carolina joined in filing a friend-of-the-court brief objecting to implementation of the Transco end-use plan, which could mean the curtailment of natural gas to our State of approximately 23-to-28 percent.

Thus, the importation of methanol by Transco could help to avert, or at least lessen, the drastic impact this curtailment would have if the end-use plan is ordered into effect.

Piedmont Natural Gas is one of several companies which have signed agreements or letters of intent to purchase imported methanol from Houston Natural Gas if the tariff is removed. At this time, Piedmont plans to buy 608,300 short tons of methanol per year, the equivalent of 10.9 billion cubic feet of nautral gas. Piedmont probably would build a gasification plant to convert liquid methanol to natural gas and would use this to offset curtailments and, if possible, to increase its volume of natural gas sales in North Carolina to keep pace with recent economic and population growth trends.

Looking beyond North Carolina, removing the tariff on methanol imported for use as fuel should have a number of desirable results national and internationally:

1. It would make it economically feasible to import methanol. I am told that, because of the tariff, the United States has imported no methanol in recent years. The tariff of 7.6 cents per gallon is equivalent to $1.20 per mcf (thousand cubic feet) of natural gas, and retaining this duty would continue to prohibit such imports.

2. Because we are not now importing any methanol, removing the tariff would mean no loss in revenues to the U.S. Treasury.

3. I understand that the State Department and other agencies in the executive branch have commented favorably on H.R. 11251. Hopefully, removal of this tariff will serve to improve our relations with Saudi Arabia, Iran, and other Mid-East nations and give Secretary Kissinger another bargaining tool in his negotiations to end the oil embargo.

4. Removal of the tariff should result in the productive use in this country of fuel not now being used productively in the Middle East. My understanding is that, in Saudi Arabia, natural gas is now being flared, or burned off, as an incident of oil production. This natural gas could instead be converted into methanol, imported in the United States, and used for fuel. An additional plus is that the methanol can be transported in regular tankers rather than in the special cryogenic tankers needed to transport imported liquid natural gas.

Gentlemen, the only hitch to this bill seems to be time itself. Houston Natural Gas has advised me it will have to build a methanol plant in Saudi Arabia and that it will be about two and one-half years before the first methanol is imported. Time is truly of the essence, and unless there are some overpowering objections to this bill which have not been made known to me, I urge its immediate and favorable consideration in this Committee and on the floor. Thank you.

MY RESPONSIBILITY AS A CITIZEN

HON. CHARLES E. CHAMBERLAIN

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Monday, March 4, 1974

Mr. CHAMBERLAIN. Mr. Speaker, each year the Veterans of Foreign Wars of the United States and its ladies auxiliary conducts a Voice of Democracy Contest throughout the Nation's secondary schools and I believe the winning speech from Michigan for 1974 is deserving of attention. "My Responsibility as a Citizen" is the theme this year and certainly Miss Amy J. Smith, 4619 Van Atta Road, Okemos, Mich., a student at Okemos High School, has addressed herself to this subject with sincerity and enthusiasm. Miss Smith will now be coming to Washington along with the winners from other States for a final judging. So that others may share in her advice about becoming effective leaders in preserving our system of government, I ask that the text of Miss Smith's be included in the RECORD:

MY RESPONSIBILITY AS A CITIZEN

Pearl Bailey is a well-known entertainer. She tells of a time when her mother spoke to her about going into show business. Her mother said, "Pearl, be careful if you become famous. Someone will always be watching what you do, and they will be influenced by it". Pearl says this has made her cautious about what she does, realizing that she is an example for countless people because of her fame. But even if you're not famous, your family, friends, everyone who sees you is affected by the example you set. The best way to bring out the good points in others is to be good examples and leaders. We can better America now, and help secure our future, making patriotism a privilege. You and I can do it, through leadership. This is our responsibility as citizens.

My idea is that everyone, no matter what his talents or abilities, can be an effective leader in some phase of helping others. Certainly we must realize that not all of us are leaders all of the time. But even for a fleeting instant, if a person perhaps considered a follower has influence in someone's life, the correct decision or action sets an important example, the most essential facet of leadership. In a time when good leadership is scarce, all of us must be aware of the qualities to cultivate in ourselves and others.

I will try to enumerate some of these so that we may be aware of a good way to approach the important leadership instances in our daily lives. Preparing for the future is a part of our citizenship responsibilities. Incorporating this needed awareness for a good leader brings to our attention the problems of society, but at the same time allows us to view them optimistically, having faith in the basic good of man. Even the least of us has his own leadership potential and abilities.

In helping others, a dedication of true commitment, compassion, and enthusiasm will help assure a successful outcome. Self-confidence grows through a constant search for self-improvement. Knowledge of history is helpful. We can all learn from past leaders. We *are* learning all of the time. It is inherent in humans, but we must cultivate good study habits to separate the wheat from the chaff in all the vast possibilities of study. We must glean what can be of use to ourselves and others. Delegated responsibility is effective in dynamic leadership, realizing however, that another's personal rights take precedence over any act we would wish to accomplish. Abiding by agreed-upon principles when dealing with others is the mark of a good leader. New ideas, imagination and flexibility are necessary. These characteristics should be utilized for the benefit of all.

Lastly, and perhaps most importantly, a leader's own gain is not a determining factor in his decisions. When we are in the position of a leader, we must band together with those being led in a common cause. One must not dominate the other. There will undoubtedly be times when the roles are reversed.

We may not be famous like Pearl Bailey, but people watch us just the same. We should be as conscious as she is of the example we set. Growing through leadership, means first being the kind of person we would like others to be. In the words of Pearl Bailey (from her book The Raw Pearl), "Dear God, speak to me. Give me a little more wisdom, more knowledge, more love and understanding for my fellow man. Cleanse me of all my misgivings and set me straight on the path. Teach us again how to smile. Help us to learn to help ourselves."

My responsibility as a citizen is to help myself by helping others, striving to be a fitting example. When others achieve their potential as citizens, realize their personal goals, and better this country partly by our hand, we are richer for it. If we stand together now and fulfill our citizenship responsibilities, a redeeming American quality will ensue—Brotherhood.

COMMENDS ILLINOIS SOUTHWEST DISTRICT EAGLE SCOUTS

HON. TOM RAILSBACK

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Monday, March 4, 1974

Mr. RAILSBACK. Mr. Speaker, I would like to commend several young men in my congressional district for being awarded the rank of Eagle Scout.

This rank is bestowed only upon those who are physically strong, mentally awake, and morally straight. The Scouts must be self-reliant, accept responsibility, and leadership in their troop, be good outdoorsmen, and be individuals who give of themselves to their homes, their schools, their churches.

The Eagle Scout has earned 21 merit badges which represent service to others and symbolize that he will do his share as a future leader of adult society.

Of the 21 merit badges he must earn, the following are required: Camping, cooking, citizenship in the community, citizenship in the Nation, nature, soil and water conservation, personal fitness, first aid, swimming, lifesaving, and safety. Merit badges earned for Star Scout and Life Scout rank can be used to establish the Eagle Scout total. While serving as a Life Scout, the candidate for Eagle Scout must serve actively as troop warrant officer for a period of not less than 6 months. Also, while serving as a Life Scout, he must plan, develop, and carry out with the approval of his Scoutmaster a service project helpful to his school, community, or place of worship.

It is with great pride that I list the names of the young men in the Southwest District of Illinois who have recently achieved the status of Eagle Scout:

SOUTHWEST DISTRICT EAGLE SCOUTS

Steven J. Jacobsen, 526 East Carroll St., Macomb 61455, Troop 309.

Robert D. Baxter, R. R No. 3, Macomb 61455, Troop 309.

James M. Roberts, 424 Johnson St., Macomb 61455, Troop 300.

Jeffrey M. VerSteeg, 697 West Main St., Bushnell 61422, Troop 343.

Ralph W. Adamson, 384 Dean St., Bushnell, 61422, Troop 343.

Herbert R. Elkin, 1114 Memorial Drive, Macomb 61455, Troop 302.

Robert C. Meline, 1218 West Adams St., Macomb 61455, Troop 309.

Mark Cleland, 923 Washington St., Bushnell 61455, Troop 343.

Gary McEntire, 339 West Murray St., Macomb 61455, Troop 309.

Michael S. Hill, R. R. No. 3, Macomb 61455, Troop 332.

Richard M. Wheeler, 1112 Debbie Lane, Macomb 61455. Troop 330.

Timothy R. Norton, 526 East Jefferson St., Macomb 61455, Troop 330.

Michael Wheeelr, 1112 Debbit Lane, Macomb 61455, Troop 330.

Kevin Hill, R R. No. 3, Maple Lane Road, Macomb 61455, Troop 332.

Christopher McDaniel, 846 East Franklin St., Macomb 61455, Troop 332.

NATIONAL HEALTH INSURANCE

HON. BENJAMIN S. ROSENTHAL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, March 4, 1974

Mr. ROSENTHAL. Mr. Speaker, national health insurance is perhaps the most important social issue facing the Nation and the Congress today. I am pleased that the President has finally recognized the serious shortcomings in the way health care is financed and delivered in this country today. The program he has sent to the Congress, despite major deficiencies, is a promising sign that his administration is serious about seeing progress made in this vital area.

Americans today are spending $94.1 billion a year on health care—$441 for each man, woman, and child—yet this Nation ranks worse than 11 to 26 other countries in life expectancy and infant mortality.

Dr. Jesse L. Steinfeld, the former U.S. surgeon General, declares:

> The only category in which we rank first is in cost. We pay more per capita for health care than citizens of other industrialized nations, but we're getting less.

We are spending several times more today on health care than we were just over a decade ago—a 350-percent increase from $26.9 billion in 1960—and we are giving it a bigger share of our national wealth—from 5.2 percent of the gross national product to 7.7 percent.

More than one-third of that increase has not been for additional services but merely to meet price inflation. Overall medical costs have increased nearly twice as fast as the cost of living; hospital costs alone have risen almost five times as fast as other prices.

And what are we getting for our $94.1 billion?

Americans pay more per person for health care than citizens of any other industrialized nation, yet the evidence indicates we are getting less per dollar spent:

We rank 15th in infant mortality;

Twelfth in maternal mortality;

Twelfth in life expectancy for women and 27th for men;

About 150 U.S. counties do not have a single doctor and another 150 have only one physician;

Twice as many black infants die in the first year of life as whites;

Poor people suffer four times as many heart conditions, six times as much mental illness, arthritis and high blood pressure as their more affluent neighbors.

There is a national health personnel shortage of nearly 500,000, including 50,000 physicians, 20,000 dentists, 15,000 nurses and 28,000 other health specialists and professionals. By 1990, the shortages are expected to reach 725,000.

Today the number of doctors providing family care is only about 1 for 2,000 people as compared to 3 for 2,000 in the 1930's. Part of the reason for this is the large number of new doctors going into the specialties.

Thirty million persons under the age of 65, nearly 1 in 7, have no health insurance whatever. More than half have no insurance to cover doctor bills outside a hospital, and 35.5 million people have no coverage for surgery. Only 1 American in 10 has coverage for dental care.

Health insurance today covers only about one-fourth of private health costs, and patients must pay the rest out of their own pockets.

Let me put it another way:

There is a significant shortage of trained medical personnel—ranging from doctors and nurses to technicians and paraprofessionals—and of proper facilities; and the personnel and facilities we do have are inadequately distributed geographically and socially. Compounding this is the problem of skyrocketing costs.

EQUAL CARE FOR ALL

What, then, should we be getting for our $94.1 billion?

Everyone, all Americans, should be getting the same high quality of health care and at prices all can afford.

There is no conceivable reason why a person should get better health care because he lives in a better neighborhood, has a better job, has a certain color skin or has more money. Health care should not be made available according to conditions of economics, age, sex, race, employment, or any other factor than one of need.

There is no conceivable reason why the wealthiest, most technically and scientifically advanced nation on Earth cannot also be the healthiest.

Health care is one of the most significant issues of the 1970's. I have joined more than 60 of my colleagues in cosponsoring H.R. 22, the Health Security Act. I endorse this bill not as the solution to the problem, but because I believe it comes closer than any yet offered to making the American health care system truly the best in the world.

This is a consumer program, not a health industry-insurance company program, and the consumer will have a major voice in setting policy and running the system. Of course, the medical profession also will play an important role, but this will be a health care partnership, not a dictatorship.

The essential key to health care reform is a fundamental shift in emphasis from crisis medicine to preventive medicine.

The more we do today to prevent illness and keep the population healthy, the less we will have to spend tomorrow on cures and treatment.

While the Health Security Act is a strong preventive medicine program, the administration plan excludes preventive care for adults.

A RIGHT, NOT A PRIVILEGE

Adequate health care is not a privilege. It is a fundamental right of all Americans.

This is basically contrary to the predominant philosophy of our present health care system—health service now centers around the independent practitioner, with care a privilege rather than a right.

We must revolutionize this system. We must step back at every level and critically reexamine the total health care system.

The drastic revisions in health manpower, distribution, financing and training, the great task of reeducating both physicians and patients to a new health care system must begin now with innovations and encouragement at local, State, and Federal levels.

The President has shown he is aware of the national crisis in health care and his proposal—comprehensive health insurance plan or CHIP—demonstrates a heretofore absent willingness to work to solve it. CHIP is the basis for serious negotiations with the Congress for the establishment of national health insurance.

CHIP: INDUSTRY WINDFALL

One of the most serious shortcomings of the administration's health insurance proposal is its reliance on the private health insurance industry.

Business Week magazine has said CHIP has "an overall business orientation" and it "depends almost entirely on private insurers."

This, in my opinion, is its most serious flaw.

The private health insurance industry, which has traditionally shown far greater interest in wealth than health, must bear a large portion of the responsibility for the skyrocketing medical costs we are experiencing.

It has shown itself either unwilling or unable to do much, if anything, about keeping prices down. Its emphasis on treatment in hospitals rather than in less expensive outpatient facilities has helped send costs up.

Senator Ted Kennedy, a principal sponsor of the Health Security Act, has predicted the administration plan will mean $7 billion in windfall profits for the insurance industry, which has been unable to control costs and provide adequate coverage. Senator Kennedy said:

> Just as they protect the oil industry, this Administration will protect the profits of the insurance industry while the American people pay higher costs and stand in line for

> services. I will oppose the passage of any bill that unleashes insurance companies to vastly increase their profits on Americans, while doing nothing to assure them better care.

Business Week reports that the insurance companies, under the administration plan, "would double their present 1973 annual premium income of better than $26 billion." This no doubt will also double the $3.3 billion in profits and overhead the companies retained last year.

Under CHIP, the insurance companies would no longer have any risks at all and the whole principle of insurance would be negated. All the companies would do, essentially, would be keeping records. The Government would become their salesman. It would be better—more efficient, effective, and economical—to put national health insurance in the proven and capable hands of the Social Security Administration. This is what H.R. 22 would do. Reliance on hundreds of private insurance companies and health protection plans would not only be an administrative nightmare but also needlessly inflate overhead costs by more than $1 billion a year.

COSTS

The administration plan would cost a family of four at least $150 and as much as $1,650 a year, depending on how much health care it utilized. By contrast, under the Health Security Act—H.R. 22—that family would pay a maximum of $150 a year depending on income—1 percent of wages up to $15,000—regardless of how much illness it experienced.

Financing for the administration plan would be split two ways, with employers paying 65 percent and employees 35 percent—the split would eventually go to 75 and 25.

Taxes to pay for H.R. 22 would be collected on the basis of income. Half the cost would come from general Federal revenues and half from employer-employee taxes; employers would pay 3.5-percent extra payroll tax and employees would pay 1-percent extra payroll tax.

The administration plan will cost the Government billions—no one knows how much. We do know, however, that it will cost American families far more than they are paying now and it will ultimately cost more than the H.R. 22 health security program. That is largely because CHIP does little to stop skyrocketing health costs or to keep insurance companies from finding new ways of enlarging their already enormous profits at the consumer's expense.

The President contends his plan would not increase taxes and is, therefore, preferable to the health security program, which is wholly tax financed. In reality, however, the "premiums" that both employers and employees would be forced to pay are a mandated cost just like taxes. Taxes, at least, have the virtue of uniform rates which are decided upon after open, public debate in the Congress by the people's representatives. Mandated insurance premiums, on the other hand, are taxes whose rates are established on a case-by-case basis behind the closed doors of the board rooms and actuarial departments of the giant commercial insurance corporations.

Under the administration plan, families would have to pay their $150 premium plus $1,500 in allowable medical bills in a single year before the Government would take over all expenses. To reach this $1,500 level, however, a family would have to incur about $5,000 in medical bills in a year. This is because of cost-sharing deductible expenses in the plan.

The CHIP deductibles are so high that it is estimated only one American in four would get any benefits in a given year.

Families would have to pay for the first $150 in annual medical expenses for each person—with a maximum of three such deductibles a year per family—and 25 percent of the bills above that level, plus $118.80 a year medicare tax. In addition, the family also would pay the first $50 per person—up to $150 per family—for prescription drugs. There would be no payments for covered services after the family's bills hit $1,500 for that year.

H.R. 22, on the other hand, requires no deductibles, no coinsurance, no $1,500 expenditure, and no premiums to insurance companies; instead, it pays all costs.

CHIP HITS MIDDLE INCOME HARDEST

CHIP hits poor and middle-income Americans hardest. A family earning less than $2,500 a year will have to pay as much as 6 percent of its income on medical care before the Government assumes all the costs. By comparison, a family earning over $30,000 will have to pay only 5 percent of its income before the Government takes over paying all bills. Hardest hit, however, is the family making $10,000; it has to pay 15 percent of its income before reaching the $1,500 cutoff point.

For the elderly, "out of pocket expenses will soar," according to the National Council of Senior Citizens, which predicts the average medicare hospital bill will be four times as large, going from $84 today to $342 under CHIP. In addition, a 30-day hospital stay under CHIP would be nine times as costly, from today's $84 to $750.

The National Council of Senior Citizens said the administration plan "helps people in terms of catastrophic health insurance but 95 percent of the elderly will not be helped."

Many indigent persons would have to pay more for health care under CHIP than they now do in most States under medicaid. Indigent veterans, who get free treatment in VA hospitals for nonservice-connected illnesses when bed space is available, would have to begin paying part of the costs under the administration plan.

DIFFERENCES AND LIMITATIONS

The differences between H.R. 22 and CHIP are many. Some of the more significant ones are:

Under the administration proposal, consumers would not be assured they can get a doctor. CHIP does nothing to train more doctors or make certain one is available when needed. Patients would not be assured clinics, mental health centers, or hospital beds. CHIP takes no responsibility for providing facilities. CHIP subscribers would not be assured a fair health insurance premium that they or their employers can afford, because insurance companies can charge up to 150 percent of the going rate—$936 a year—for anyone in a "high risk" group.

H.R. 22 relies on stronger Government control than the administration plan and sets national standards of quality care.

Under CHIP, much of the control is left to the States, which could then divide into regions. There is no overall overseer in or out of government. With each State or region virtually running its own show, there is the potential of 50 to several hundred different plans and pricing schedules. Some States could choose to stay out of the plan, as happened with medicaid, thus denying coverage to thousands or even millions. In a highly mobile society like ours, compatibility of plans is vital if we are to avoid chaos.

The administration proposal lacks adequate, effective cost controls. It does nothing to halt the runaway health care costs of the past several years, leaving protection against increasing medical costs, health insurance premiums, deductibles, and coinsurance features entirely in the hands of private insurance companies, physicians, and other members of the health care industry.

Fee schedules would be established under CHIP for reimbursing doctors, but that would not prevent physicians from setting higher fees and making all but a few patients pay the difference out of their own pockets. The only patients who could not be charged above the fee schedule would be those who are poor, disabled, or considered high risks. And since doctors would not be required to participate in the CHIP program and since they could receive less money for treating these categories of patients, there would be no assurance these persons could get treatment. In fact, there would be an incentive in the administration plan for doctors to refuse service to these types of patients in favor of more affluent ones.

This could not happen under the Health Security Act with its strong cost controls and principle of equal coverage for all Americans regardless of means.

Health security program benefits cover the entire range of personal health care services, including prevention and early detection of disease, care and treatment, and medical rehabilitation. There are no cutoff dates, no coinsurance, no deductibles, and no waiting periods.

Limitations in coverage are far fewer than those in the administration program, as the chart below shows:

CHART

NATIONAL HEALTH SECURITY PROGRAM, H.R. 22 *Limitations*	COMPREHENSIVE HEALTH INSURANCE PLAN *Limitations*
1. Nursing home care is limited to 120 days per benefit period. The period may be extended, however, if the nursing home is owned or managed by a hospital, and payment for care is made through the hospital's budget, or the nursing home is part of an organized prepaid group practice plan (HMO).	1. Skilled nursing home care is limited to 100 days of post-hospital extended care.
2. Psychiatric hospitalization is limited to 45 consecutive days of active treatment during a benefit period, and psychiatric consultations are limited to 20 visits during a benefit period. These limits do not apply, however, when benefits are provided through health maintenance organizations or comprehensive mental health care organizations.	2. Psychiatric hospitalization is limited to 30 consecutive days of active treatment during a benefit period, and psychiatric consultations are limited to 15 visits during a benefit period. A comprehensive mental health care organization is limited to 30 visits.
3. Dental care is restricted to children through age 15 at the outset, with the covered age group increasing annually until persons through age 25 are covered. Within five years, the program will establish a schedule for phasing in coverage of the entire adult population.	3. Dental care is restricted to children through age 13. No provisions to phase in adult population.
4. Prescribed drugs are limited to those provided through hospital in-patient or out-patient departments, or through organized patient care programs (such as health maintenance organizations or professional foundations). For other patients, coverage provided for drugs required for the treatment of chronic or long-term illness.	4. Prescribed drugs are limited to those provided through hospital in-patient or out-patient departments, or through organized patient care programs (such as health maintenance organizations or professional foundations). Secretary of HEW may, by regulation, provide for prescription drugs for the treatment of chronic or long-term illness.
5. In all other respects, covered health services will be available without limit, in accordance with medical need.	5. Home health services limited to 100 visits per year.
	6. Eye care only through age. 13.
	7. Ear exams and hearing aids only through age 13.
	8. Preventive services limited to children through age 6 and prenatal, maternity and family planning services.

A SYSTEM FOR PEOPLE, NOT PROFIT

The administration plan is industry oriented when it should be consumer oriented. The insurance companies, the doctors and their colleagues can take care of themselves—it is time to help the American people for a change.

The CHIP proposal contains no substantive commitment to reform the Nation's health care system, and consumers would have no direct voice at any point in the new program. Neither would employers. Both, however, are required to foot all the bills.

I am frankly skeptical of the commitment to improving health care when it comes from an administration that has vetoed several pieces of needed health legislation, impounded millions of dollars appropriated by the Congress for health programs, and cut back spending on biomedical research.

And there is no evidence that the outlook has improved or the administration is now committed to improving the health of Americans. The fiscal year 1975 budget the President just sent to the Congress drastically cuts Federal aid to medical, dental, and nursing schools at a time when there are serious shortages of personnel in all these areas. The fiscal year 1975 budget also severely reduces Federal construction money for medical facilities and terminates Federal mental health center grants.

As part of the new health care system that we must build, there must be a new health team. We need to expand the supply of medical manpower through the training of allied health personnel such as physician's assistants, child health practitioners, community health workers, and family planning aides.

Within the new health team system, duties and responsibilities would be allocated on the basis of actual capabilities for performing specific tasks, rather than by possession of a categorical title. Ideally, the distinctions among health personnel should be made on the basis of the nature of the judgments that each level is capable of making. This fluid system, directed by its most highly trained member, the physician, could provide superior health care with maximum efficiency, low cost, and better service for its recipients.

While I am hopeful of the President's new stance, his proposals should be carefully studied. I intend to exert all the pressure I can for legislation that will free health resources from their narrow, wasteful roles and divert them to the growth and expansion of the team system.

There is virtue in the concept of close physician-patient contact. But the population needs and environmental health problems stemming from neglect in housing, nutrition, and preventive medicine—shameful for a country of our wealth—have overwhelmed the capacity of the old system.

That system must be changed.

I support a system of prepaid national health insurance based on the proven social security concept. All the evidence indicates this public insurance system operates with greater efficiency and lower cost to the consumer than the private insurers.

I do not support a system that would abolish the personal doctor-patient relationship. Every person should be able to choose his own doctor, if he wishes, and all persons should have equal access to the same high quality of medical care and at prices they can afford.

I do not support a system of national health service in which the Government owns and operates all facilities, and everybody works for the Government. What I have in mind is a true partnership between the private and public sectors, between the health professional and the patient. There will be Government financing and administrative management, accompanied by private provision of personal health services through private practitioners, institutions, and other providers of medical care.

It must be a system truly responsive to the needs of the people, a health care system appropriate to our advanced and affluent Nation's needs and desires.

VICTORY FOR HOME RULE

HON. ANGELO D. RONCALLO

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, March 4, 1974

Mr. RONCALLO of New York. Mr. Speaker, last week the Committee on Rules struck a strong blow for individual freedom and home rule decisionmaking when it voted 9 to 4 to indefinitely suspend consideration of the Land Use Planning Act.

This is not the first time the Rules Committee has taken this stand. In 1972 it refused to grant a rule for a similar bill. I believe that this action reflects the heartfelt feeling of most members that the Congress should not consider attempting such deep inroads into areas reserved to the several States under our Constitution. The chairman of the Interior Committee has been quoted as saying he will continue to press for passage of this legislation. The lopsided vote in Rules, however, suggests that continued committee work in this area would be a further waste of taxpayer dollars. Although I am confident that the bill is dead, at least for the 93d Congress, I intend to remain on guard.

Mr. Speaker, I am proud to have led the fight in the House in opposition to this bill, first calling it to my colleagues' attention last fall. Since the following remarks which I made to the Rules Committee might help put this issue into its proper perspective, I am including them in the RECORD at this point. I am very pleased it was not necessary to present them on the floor of the House during debate.

The remarks follow:

STATEMENT TO THE COMMITTEE ON RULES OPPOSING THE LAND USE PLANNING ACT

Thank you, Mr. Chairman. I appreciate this opportunity to testify in opposition to the rule which has been requested to provide for the consideration of H.R. 10294, the Land Use Planning Act of 1974.

Mr. Chairman, this bill has been brought before the Committee under false pretenses. The mail from my constituents has been 100 percent opposed to the bill, but my office, and I imagine most other Members' offices as well, have been besieged by telephone calls from ecology-oriented organizations, asking us to vote for this so-called "environmental" legislation. Indeed, this is a significant and dangerous misconception with which this issue has surrounded itself since its first introduction some three years ago. Perhaps in response to two special orders I took during the last Session, the Report to accompany H.R. 10294 finally reveals that the Committee on Interior and Insular Affairs has a rather strange and unusual definition of "environment." I would suggest most strongly that Members, and especially outside organizations, supporting this bill under the impression that it will protect the environment as the term is usually understood—that is the ecology of our land, air, water and natural resources and the general quality of life in this country—I suggest that they read very carefully pages 42 and 43 of the Committee Report. Suddenly "environment" takes on new meanings, including: industry, transportation and utility facilities, urban development, supply of housing, development of new towns, diversification of communities with a narrow economic base . . . and the assurance "that local regulations do not unreasonably restrict or exclude development and land use of regional or national benefit. . . ." No, this is not the environment as we know it.

I am sure that there are areas of the country in which the environment could be enhanced through the state land use planning processes envisioned in this bill. But there are many, many others, particularly suburban areas such as I am privileged to represent, in which such a shift from local to state and federal control of the use of land will cause the environment irreparable harm. As I have stated on the House floor, this bill can be used both to help or to hurt the environment—it all depends on who is doing the using and the slant of those who are implementing its provisions. If this is what the Interior Committee means by a "balanced approach," it is a balance not in favor of the environment, but rather in favor of centralized control of the use of land. This is another thing entirely.

Other Members will talk to you today about the various shortcomings of H.R. 10294. Some of these problems involve the Constitutional "taking" issue, the loss of land productivity when productivity is a vital key to our fears of unemployment and underemployment, and the possibly all-encompassing nature of the term "areas of critical environmental concern," I largely share many of these concerns. I would like to concentrate, however, on what I believe is the true essence of this bill: centralization of decision making. The question is who is best qualified to make decisions on land use—local officials responsible to the electorate who have to live with the results of their decisions or State and Federal bureaucrats, far removed from the scene of their folly and responsible mainly to the justification of their own position? Despite its protestations to the contrary, this bill is anti-federalist and anti-home rule. It patently seeks to inject the supposed wisdom of our national government into the balance of power within the several States on land use decision making. Section 106 clearly favors the State governors and bureaucracies over locally-elected officials. Subsection (a) requires that local action be "subject to State administrative review with State authority to disapprove such implementation . . ." Subsection (c) requires that States retain or obtain authority "to regulate the use of land within areas which . . . have been designated as areas of critical environmental concern which are, or may be impacted by key facilities; which have been identified as presently or potentially subject to development and land use of regional benefits; or large scale development. . . ."

In other words, the States must have a veto power over local decisions. Some states have already opted for this system, and more power to them, if that is what their citizens want. Some states, however, such as my own State of New York, have chosen to vest such power totally with the lowest unit of local government available. In fact, the voters of my state have twice beaten back attempts to set up mandatory regional planning agencies. We like it our way, and it is not, and should not be, the function of the Federal government to interfere with our decision.

Let me be more specific. In New York it is the local governments which are generally pro-environment and the State which is pro development.

A case in point is the infamous Oyster Bay-Rye bridge proposal, which would have raped much of the remaining green space in my town and forced greater urbanization upon us. This was a state proposal, and it was only through a concerted effort by local governments working together with local citizens that we were able to beat back this anti-environmental proposal. If there had been a regional planning agency, if the State had a veto power of our decision, they likely could have defeated us. In their zeal to export the problems of the city to the suburbs, they would have ripped up our greenery, destroyed our wetlands, polluted our air with diesel fumes and noise and encouraged the overdevelopment which must perforce accompany the access roads leading to the bridge. Citing considerations of greater than local concern, they could have sacrified the quality of our environment on the alter of regional benefit.

If I am any prophet, this bill, in any state having suburbs around large cities, will hand anti-environmental developers the strongest weapon they have ever had.

If this is not enough, after the bill destroys home rule in favor of the State governments, it turns around and gives the Secretary of the Interior the power to veto plans which the States themselves have developed. How far away from the man on the street can you get? I for one, and this probably goes for every Member of Congress with a suburban constituency, would not relish the thought of going home in the fall and trying to explain to the people of my district why I voted to substitute the will of state and Federal bureaucrats for their own.

I might have been able to live with the funding level of the Administration's initial funding proposal of $170 million over the eight year life of this legislation. I would still have to be convinced that we were not duplicating the fine work of voluntary national associations of elected local officials in the interchange of information on land use planning. At an average of slightly over $20 million a year, this could have provided for a small information and statistical office in Interior and small planning grants to states and municipalities. But H.R. 10294 asks between $850 million and one billion dollars of taxpayers' money—especially if you add in administrative costs over the last five years of the bill, which has been conveniently left out—plus another 25 percent of matching funds which will have to be raised through state taxes. This bill is insulting not only to the character of our local citizen, but to his pocketbook as well.

Mr. Chairman, I cannot urge in strong enough terms that the Committee not grant the requested rule. You reached the right decision in 1972; I pray that you will do so again. Thank you.

ARE WE DOOMED TO REPEAT THE PAST?

HON. JOHN R. RARICK

OF LOUISIANA

IN THE HOUSE OF REPRESENTATIVES

Monday, March 4, 1974

Mr. RARICK. Mr. Speaker, while American automobile companies are being attacked in Congress for the role their European subsidiaries played in supplying the Nazis in World War II, other American firms are being praised for their new trade dealings with the Soviet Union. Reportedly, Cleveland, Ohio, companies now have contracts with the Soviets valued at $90 million to help build the Kama River truck plant in the Soviet Union.

American automobile subsidiaries in Canada and the Argentine are being "encouraged" to sell vehicles and equipment to Castro's Cuba in order to help relieve unemployment in their country.

Those who do not benefit from their past mistakes are said to be doomed to repeat them.

I ask that related news clippings follow my remarks:

[From the Washington Post, Feb. 27, 1974]

GM, FORD UNITS CRITICIZED ON WORLD WAR II ROLE

(By Morton Mintz)

Foreign subsidiaries of General Motors Corp. and Ford Motor Co. became principal suppliers of armored halftracks and other materiel to the Nazis in World War II and, after hostilities ended, collected reparations from the U.S. government for bombing damage to Axis war plants, the Senate antitrust subcommittee was told yesterday.

The testimony came from subcommittee assistant council Bradford C. Snell, who made a five-year study of the auto and ground transportation industries. His sources included the U.S. Strategic Bombing Survey, the Justice Department, the Foreign Claims Commission and declassified military documents.

In Detroit, GM said Snell's charge that it aided the Nazi war effort is "false." After the outbreak of war in 1939, the company said "a German board of managers appointed by the Nazi government assumed responsibility for the daily operations of Opel," Germany's largest auto firm, which GM had acquired in 1929.

After Germany declared war on the United States in December 1941, the Nazis controlled Opel through "a German alien enemy custodian," GM said.

In Dearborn, Ford said, "It should be obvious that the policies and direction of any company in Germany, regardless of its ownership immediately before and during World War II, were dictated by the German government.

"Ford Motor Co. had no participation or financial results of Ford of Germany while the United States was engaged in World War

II," said John A. Banning, Ford's executive director for overseas palnning.

"It seems to us that events of more than 30 years ago are irrelevant to any judgment on the role of international corporations in the vastly different world of today," Banning said.

Subcommittee chairman heard Snell and San Francisco Mayor Joseph L. Alioto at the opening of a four-day hearing on whether the auto and ground transportation industries should be restructured

GM sent a protest that the hearings deal with GM's bus business, which is the target of a pending anti-monopoly suit brought by the City of New York. It is improper to inquire into matters that are before the courts," GM vice president Robert F. Magill said.

Hart, while promising to do his best to protect GM's right to a fair trial, said the hearings—which affect the industry at the heart of his own state's economy—must proceed. Never could a congressional inquiry into anti-competitive conduct in any industry be held without encountering simultaneous litigation, he said.

Snell said he feels some ambiguity about the roles and loyalties of multinational corporations. In the current atmosphere of detente, for example, he said, GM may well be serving American interests if it builds a truck plant in Siberia. U.S. foreign policy before World War II encouraged American corporations to invest abroad and bring dividends home.

But, the auto industry was "uniquely convertible" to war, and GM was so big that it became "the essential ingredient" of both the Allied and Nazi war efforts.

In the study, Snell said that GM and Exxon subsidiaries, at "the urgent request of Nazi officials" in 1935 and 1936, had joined German chemists in erecting plants to supply the mechanized German armies with scarce synthetic leaded fuel.

In 1938, he said, GM's chief for overseas operations "was awarded the Order of the German Eagle (first class) by Chancellor Adolf Hitler," largely for having agreed to build a heavy-truck facility at Brandenburg, which was relatively invulnerable to air attack.

Also in 1938, Snell said, the same award went to a Ford executive for opening a truck plant with the "real purpose," according to U.S. Army Intelligence, of making "troop transport-like vehicles" for the Wehrmacht.

After war broke out in 1939, GM converted its 432-acre Opel plant at Russelsheim to assembling propulsion systems for half of the Luftwaffe's most important bombers, the Ju-88s, Snell said. The same facility also assembled 10 per cent of the jet engines for the Me-262, the world's first operational jet fighter. GM's plants in the United States then were building conventional aircraft engines, Snell said.

GM and Ford subsidiaries built the bulk of Germany's armored "mule" three-ton half-tracks and medium- and heavy-duty trucks, Snell said.

He said his point was not to attack auto executives, but to show that the industry's monopolistic structure "is incapable of behaving and performing satisfactorily." Mayor Alioto, a leading antitrust trial lawyer, put it another way: "What's good for General Motors is not necessarily good for the country." They urged breaking up the big auto companies through new legislation.

Both men charged that GM, sseking to maximize profits, had conspired, starting in the 1920's, with oil, tire and highway interests to make the United States almost totally reliant on autos and trucks. The destruction of electric street transit systems in 51 cities was one result, Snell said.

Alioto detailed "the terrifying power of the automobile monopoly" in destroying the electrified system that once linked San Francisco and other bay-region cities.

GM called Snell's accusations about its role in the demise of electric urban transit systems "untrue."

[From the Washington Post, Mar. 3, 1974]

Détente Is Popular in Cleveland

(By Dan Morgan)

Cleveland.—Traveling toward this Midwestern city in a six-seater company airplane this week, a Soviet and an American made crude sketches of part of a nuclear power plant on a coffee napkin, and talked business.

Nikolai D. Maltsev, a short, graying Soviet electric power official making his second trip to the United States, had a question for his host, Cleveland businessman John G. Frischkorn.

With the help of a Soviet engineer-interpreter, he asked Frischkorn if the Americans have precision equipment for replacing the long, heavy reactor cores which fit into nuclear power systems. Frischkorn added several lines to the Soviet's sketch, and declared that such a device could probably be designed without too much difficulty.

Then, as the snow-covered Allegheny Mountains rolled by 18,000 feet below, the two men settled back to wait for their arrival and a subsequent round of factory tours and VIP luncheons arranged by the business and civic community.

Although fundamental questions are being asked about detente in Washington in the wake of the Middle East crisis, last year's grain deal, the exiling of writer Alexander Solzhenitsyn and other setbacks, Soviet and American business officials seem more interested than ever in expanding their economic cooperation.

In this industrial hub, a congressional threat to end Export-Import Bank credits for exports to the Soviet Union and to deny Moscow tariff concessions hovers like a small, dark cloud.

Some businessmen here seem hardly able to believe that the Senate may soon pass legislation which would almost certainly snuff out their budding, lucrative business with the Soviet Union and perhaps make the visits of the Soviet officials here this week nothing but a historical curiosity.

According to the local office of the U.S. Department of Commerce, Cleveland-area companies now have contracts with the Soviet Union valued at at least $90 million. Many of those are for foundry equipment at the huge Kama River truck manufacturing plant project, in which about 70 American firms are participating.

Frischkorn, the host aboard the company plane, is director of international operations for the Cleveland Crane and Engineering Co., of Wickliffe, a 700-employee firm that has cashed in dramatically and handsomely in the Soviet high-technology market.

Of the estimated $25-million of orders on its books for 1974, about $10 million came from a contract signed in July with the Soviets for six large overhead monorail systems for hot metal and sand pouring operations at Kama River.

After that, company officials are eyeing deals to supply equipment for a tractor factory on the Volga, a shipyard in Moscow and an automated warehouse to be erected in the later stages of the Kama River project.

"If this keeps up, we could take our company and duplicate it once again," said a gleeful Robert M. Underwood, a senior project manager on Kama River who has won the nickname "the Kama Czar."

However, Cleveland Crane President Karl A. Pamer is well aware of the cloud that now hangs over future East-West trade.

"If the Senate cuts off Export-Import credits, we're dead as far as further deals with Russians go," he said last week during a pre-lunch cocktail party for Maltsev at the Holiday Inn in Wickliffe.

Yet there are many here who say they would support such a step. Though Cleveland is the home town of Cyrus Eaton, the industrialist friend of Soviet leaders and backer of trade with the Communists for years, it is also the home of some 85,000 Jews, as well as other large ethnic minorities.

For the numerous descendants of displaced persons—Hungarians, Poles, Romanians, Slovaks, Czechs, Slovenes and others—the Soviet Union has long been an emotional issue. Some of the newest citizens of Cleveland came here from Czechoslovakia as late as 1968 in the wake of the Soviet invasion, and many people still have relatives in Central Europe.

The Cleveland Crane Co. is in the congressional district of one of the chief Capitol Hill advocates of Soviet trade restrictions,—.

——— was House sponsor last year of an amendment to the administration's trade bill which would deny credits and trade concessions to countries that prohibited free emigration.

In Washington, the measure is viewed by many as extremely tough, but in Cleveland, some criticize ——— for not being tough enough.

"He's concentrating on the Jewish emigration," said a man who emigrated from Czechoslovakia after the Communist takeover in 1948. "People are asking why he isn't doing something for the Czechs. America should put the same type of pressure on Poland and Czechoslovakia, to reunite families. . . ."

In a coffee shop in the industrial suburbs east of Cleveland, the topic of trade with the Soviets drew an immediate, angry reaction from a group of workers.

"No way," said a man of Hungarian descent when asked if he approved of trade with the Soviets.

"I wouldn't work on equipment which was being delivered there," another man said.

A third, younger man said he would work on production for the Soviet Union "because the choice is that or unemployment." But he added "Why should we support a government that Lenin set up to eventually overthrow us?"

In the coffee shop only one person, a Nixon backer, said she would support the trade, "if we have a surplus." But she added that she has doubts since the Soviet-American grain deal of 1972.

Such emotional responses may be softening, some Clevelanders believe.

The prospect of a huge Soviet market and the frequent sight of Soviet visitors in Cleveland have had an impact on public opinion.

"Mr. ——— is extremely popular here, and there is strong impulse to opening up * * *," said Sidney Vincent, head of the Cleveland Jewish Federation. "But there is a strong impulse to opening up to the Soviet Union. We are not asking for a cessation of trade, only saying it should be conditioned on human attributes."

As the visit of Maltsev and other Soviet officials to Cleveland on Wednesday, Thursday and Friday indicated, economic cooperation has produced a new business look unthinkable a couple of years ago.

Some Cleveland businessmen hand out printed cards bearing their names in Russian Cyrillic letters on the reverse side. Maltsev, who has the title of deputy minister of Soviet energetics and electrification, was whisked from place to place in an executive gray Fleetwood Cadillac.

"This is too important to make mistakes," said Frischkorn of the limousine service.

Interpreters are in great demand, and some firms have started keeping files of Soviet press clippings with business leads.

"We have somebody clipping Pravda," said one businessman.

Officials of both countries are getting to know each other, though tours of the kind Maltsev made leave little time for relaxed socializing. Anticipating a heavy schedule in Cleveland, Maltsev did this shopping—for copies of James Bond novels requested by his engineer son—before he arrived.

Local businessmen are on a first-name basis with some officials, such as Georgi Shukin, head of the Kama Purchasing Commission office in New York City. "Georgi likes first names," one American said. "He is very informal."

The advent of trade, particularly involving complicated engineering equipment, has also brought a new phenomenon, that of Soviet citizens living in American communities. About 100 Soviet engineers and technicians are living in Pittsburgh.

Three Soviet technical inspectors live in a suburban Cleveland apartment. In their spare time, when they are not checking out equipment destined for Kama River, they watch color television and practice their English. But so far, they have not been to a movie or had much social contact with Americans.

One company that made a strong pitch for Soviet business last week was the Bailey Meter Co., in Wickliffe, outside Cleveland.

When Maltsev arrived at the plant Thursday morning, he was greeted by a phalanx of company officials, and a company employee handed him a box of flowers. A Soviet and an American flag in the lobby flanked a sign welcoming Maltsev in both languages.

At a working session that followed, Maltsev's questions tended to bear out the view of American experts that Soviet officials know what they want from the United States.

Does the company manufacture a device for measuring the humidity inside the pipes of nuclear reactors? he wanted to know. No, explained company President Frank Jones, because in the United States the moisture content is calculated, rather than measured.

"We calculate the same way, but it takes a long time," Maltsev said.

When Maltsev expressed an interest in computers for performing this task, Jones ordered that a technical paper be provided.

After that, Maltsev asked a question about devices for measuring the condition of reactor pipes. When Jones described the system used by his company, Maltsev said: "We do the same thing, exactly."

The interest of Soviet officials in such highly sophisticated technology has led some American critics of detente to warn that Moscow is mainly interested in using the trade boom to overtake the United States and upgrade Soviet military capability.

Last week, Under Secretary of State for Economic Affairs William J. Casey assured a seminar in Washington that there would be continuing restrictions on technologies which have both military and civilian uses.

Soviet and American business officials tend to stay away from such touchy subjects.

"The fellows we work with never bring up politics," said Cleveland Crane's Robert Underwood, who is in touch with Soviet engineers and purchasing agents in New York or Pittsburgh almost daily.

"These guys are pretty good to deal with," he said. "They want quality. They're not interested in a fancy sales pitch. They prefer to deal with engineers."

He is convinced that the American experience rubs off on his Soviet counterparts.

"It must be a fantastic experience for them, after they've heard so much about the vices of capitalists," he said.

The view that Soviet trade makes points for the United States, however, is still challenged by many congressmen.

At a civic luncheon Thursday at the Cleveland Plaza Hotel, Soviet and American speakers drew attention to the uncertain future of East-West trade.

"Trade helps us get used to one another," said Maltsev, in a speech that also mentioned the "horrible arms and weapons" which are being manufactured.

John T. Connor Jr., the newly appointed head of the Moscow office of the U.S.-U.S.S.R. Trade and Economic Council, was more blunt.

"For good or bad we seem to mix politics and business," he said. "But we can't treat them as subordinates, or as inferiors not entitled to the same treatment as others, if we are going to have more constructive relations."

"I think we should talk openly about these things," he said later, as the Clevelanders and their Soviet guests milled about. "This is one of the great issues of the times. People don't talk much about foreign policy. They didn't talk about the League of Nations, either—until it was too late."

[From the Washington Star-News, Feb. 17, 1974]

The 42,000 Argentine Cars: Cuba May Get United States OK

(By Jeremiah O'Leary)

Secretary of State Henry A. Kissinger is reported ready to approve special licenses for the sale to Cuba of 42,000 Ford, General Motors and Chrysler cars and trucks produced in Argentina by wholly owned U.S. companies.

The final decision, informed sources said, is to be made Tuesday when Kissinger meets with Treasury Department officials on the eve of his departure for Mexico City for a meeting with the Latin foreign ministers.

While officials of both departments declined comment, these sources said it was clear that the United States has more to gain that lose by approving the sale. Both the United States and the three auto firms are under heavy Argentine legal and political pressure to issue the export licenses.

A favorable decision by Kissinger and Secretary of the Treasury Shultz would bring the first major crack in the U.S. policy of commercial isolation of Cuba.

Ford, General Motors and Chrysler face severe penalty taxes under Argentine law if they do not comply with that country's new investment law requiring exports. Argentina, which has taken a tough stand on the matter, also could make it difficult for component parts to pass Argentine customs or even nationalize the firms if they do not meet export quotas.

A U.S. decision to grant the export licenses would give Kissinger something substantial to present to the Latin foreign ministers when he reaches Mexico City.

The situation involves billions of dollars and has deep political implications. Argentina last August granted the Fidel Castro government credits of $200 million a year for six years, totalling $1.2 billion, for purchases to be made exclusively in Argentina. After the deal was made, U.S. auto builders, with millions invested in their Argentine plants, suddenly were hit by oil shortages and the consequent plummeting sales in the United States.

Forced to cut back production and lay off thousands of workers in the United States the Big Three of the auto industry are anxious to avoid further losses in their overseas operations. When the Argentine credits went to Havana, the Cuban government quickly placed orders for cars and trucks made in Argentina by the U.S. companies as well as by Fiat.

Under the Trading With The Enemy Act no U.S. company may enter into commerce with Cuba without special licenses.

The Argentine argument, which many U.S. V officials find compelling, is that the Americans cannot have it both ways in the conflict between the two nations' laws. The Buenos Aires regime argues that the companies cannot be masked as Argentine businesses and be governed by U.S. laws too.

State Department sources said there have been only 11 exceptions made for sales of U.S. products to Cuba in the dozen years in which the two nations have not had diplomatic relations.

Some officials point out that by approving the licenses, Washington will be able to sidestep a confrontation with Argentina and other Latin nations which are particularly sensitive to the matter.

Mexico, host of the foreign ministers' conference, is particularly adamant on its stand that any product manufactured in Mexico must be available for export. Foreign Minister Emilio Rabasa said here two weeks ago that Mexico would not tolerate any foreign business that for any reason would not engage in expansion of foreign trade.

If Kissinger and Shultz agree, Kissinger would be in a position at Mexico City to add substance to rhetoric about a new era of relations with the Latins. The agenda requires discussion of multinational corporation, international trade and monetary dealings, coercive economic measures and cooperation for development.

While there is no specific deadline for decision on the Argentine licensings, some American officials believe the Mexico City conference would provide a perfect setting for a Kissinger declaration on the subject.

Kissinger already has defused another agenda item, the Panama Canal, by a flying trip to the isthmus where he and Foreign Minister Juan Tack signed a declaration of principles for negotiating a new treaty there.

VICE PRESIDENT GERALD FORD IN KENTUCKY

HON. TIM LEE CARTER

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Monday, March 4, 1974

Mr. CARTER. Mr. Speaker, Vice President Gerald Ford recently addressed the Lincoln Club Banquet of the Fifth District of Kentucky, and he received a warm and enthusiatic reception from the 3,500 people who attended the event in London, Ky.

I feel honored that the Vice President accepted my invitation to visit my district and address this large gathering. Although there were many newspaper accounts of the meeting, I am including for the Record the following article from the Corbin, Ky. Times-Tribune:

[From the Corbin (Ky.) Times-Tribune, Feb. 14, 1974]

Approximately 3,500 Kentuckians Are on Hand To Greet Vice President Ford

(By Pat O'Connor)

On Tuesday night I traveled to the Laurel County High School gym to cover a basketball game. Less than 24-hours later that sports arena became the scene of an eager crowd of Republicans waiting for United States Vice President Gerald Ford to appear.

The long hours of preparation by the 5th District Lincoln Republican Club for the vice president's visit wasn't quite over for the Corbin and London Republican Woman's Club members who were still working on decorations Wednesday afternoon around 4 p.m. when this reporter arrived on the scene.

First I had picked up an identification badge along with the Corbin Times photographer, Jack Thurston. Then we walked around the high school watching the major television personnel get their equipment ready for the evening's festivities.

From the high school a bus took the press corps to the London Airport to cover the landing of Ford's plane. State and local policemen surrounded the airport terminal while about 200 people stood in the misting rain, hoping that they would get a chance to say hello or shake hands with Ford.

To give the photographers a better view, members of the press were sent to a roped-off area on the runway. There were a few minutes of standing around and waiting in the dismal weather. One WAVE-TV man didn't sound too happy about his visit to London. "Why did I volunteer to cover this thing?" he complained.

Then an airplane was sighted in the sky towards the east and everyone knew the vice president was going to make it on time. As his plane touched ground around 5 p.m., another newsman remarked that it always filled him with wonder to see an airplane land. For experienced newsmen, it was a little odd that a vice president and his party were arriving in one plane. Before the energy crisis struck, Ford would've been flying in one plane with his advisors while members of the national press and others would've been in a second plane.

Senator Marlow Cook was the first dignitary to leave the plane. Among the Republicans welcoming Cook and the Vice President's party were 5th District Rep. Tim Lee Carter and Republican National Committeewoman from Corbin, Mrs. Harold B. Barton. For Gerald Ford, it was his first visit to the hills of Kentucky since he was named vice president.

After posing for a few pictures with the greeting party, Ford headed for the crowd of well-wishers at the gates near the terminal. There he shook hands and greeted his fans for a few minutes. The rain went from a drizzle to a harder downpour and Ford was whisked away to his limousine.

The photographers and reporters then raced to their bus. Before leaving the airport, however, the bus driver had a minor mishap as he started to turn a corner and had to back up when the bus banged into a parked car. Security guards waved the bus driver to go ahead to the high school. Along the way, Laurel County residents stood on their porches and watched from their windows as the vice president's caravan, led by the State Police, headed towards the high school.

Members of the press corps, whose numbers had increased with newsmen traveling from Washington with Ford, were sent to the high school cafeteria where they grabbed their seats and made last minute preparations before Ford appeared for a half hour press conference.

Paul Miltich, Ford's press secretary introduced the vice president and the questioning from the group of about 100 newswriters began.

As could've been expected, opening questions dealt with Watergate. "I disagree with Barry Goldwater that Watergate has been disastrous for the Republican party," Ford said. The issues concerning the people are peace and prosperity.

He predicted that the employment picture will look much brighter in a few months and more people than ever will be employed by the end of summer. "When November is here, the Republicans will do just as well if not better at the polls in spite of Watergate and the current economic picture," Ford said.

Ford said gas rationing isn't the answer to distributing gas among drivers. "I believe that people would rather wait in lines at the gas station than wait in lines at the post office for their rationing cards," the vice president said.

Several of the newswriters grinned when Ford emphatically stated that he is totally and unequivocally opposed to court ordered busing to achieve racial integration in the schools. "That is not the way to get better education for all Americans," he said. The Nixon administration opposed the Supreme Court decision to order busing in Detroit, Ford said. He added that although Congress has the authority to deny an appellate court ruling, he would rather see the court make the right decision.

When Ford was asked what the environmentalists would have to sacrifice as the government works to solve the energy problems, Ford said he hoped they wouldn't retreat to the point where they would lose headway in solving environmental problems. Then he praised environmentalists for not taking court action on the 30 major utility companies which have switched from using gas to coal for their power.

A newsman said to Ford that Elliot Richardson was speaking in Bowling Green about a week ago and Richardson said that Ford was a 3-2 favorite to win the presidential nomination in 1976. This prompted Ford to explain his reasons for repeatedly denying that he will seek the nomination.

"I have promised my wife Betty that I would leave public life in 1976 and I believe I can do a better job as vice president if I'm not under suspicion of being a potential candidate."

That ended the vice president's press conference. The newsmen from the wire services and morning newspapers rushed to their typewriters and then to their telephones to call in the details of Ford's visit up to that point.

Meanwhile, the Corbin Times photographer and a Washington cameraman slipped into a private reception between the vice president and the top ranking Republican officials of Kentucky. Former Governor Louie Nunn was first seen that evening entering the reception room.

Next on the agenda was the dinner itself. Eating barbecued spare ribs while balancing the paper plate in your lap isn't the easiest trick in the world but for the crowd in the stands they managed. Baked potatoes, rolls and tossed salad completed the menu.

After the introduction of the top ranking state officials and main Republican committee workers, the vice president first entered the gym and the crowd cheered. While Ford and other members of the main table ate, entertainment was provided by several musical groups. The Metcalfe County Entertainers, Harlan Musettes and the Russell County High School Band performed for the Republicans.

Ribbons of red, white, and blue were draped along the tables and bouquets were placed on the tables of county and state officials. Many of the women had dressed for the gala occasion by wearing long evening gowns or their best pant suits.

After finishing his dinner, Ford lit up his pipe and glanced around the crowd that included secret service men and security guards.

Around 8:30 p.m. the preliminary Republican speakers were finished and Ford began delivering his speech. With a Jackson County enthusiast leading the crowd's cheers, Ford was applauded several times as he listed President Nixon's achievements in office.

As soon as Ford ended his speech, the crowd of about 3,500 rushed for the doors despite the planned benediction and recessional. The highlight of the Lincoln Day Banquet was over for most of the crowd and it wouldn't be long before Ford returned to the airport where he would head back to Washington.

APPRECIATING PHILADELPHIA

HON. JOSHUA EILBERG

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Monday, March 4, 1974

Mr. EILBERG. Mr. Speaker, for too many years the people of Philadelphia have suffered in silence when jokes about our city were told, generally by persons who had never been there.

However, the truth has finally come out. Others are beginning to realize what a fine city Philadelphia really is.

Unlike some other places I could mention, it is a wonderful place to both live and visit. This fact is clearly evident from an article published in the February 24, 1974, edition of the Washington Post, which I now enter into the Record:

All Things Considered: Appreciating Philadelphia

Kind friends, forgive my growing mania
For Philadelphia, Pennsylvania . . .
A person would have to have bats in the belfry
Not to take pleasure in Philadelphry.
—Ogden Nash.

(By John Koenig, Jr.)

Philadelphia.—America's most historic city, turning an eye to the future, is quietly renewing itself—that is, if you can say that construction workers and restoration experts move quietly. But the old Quaker City's approach to everything has always been rather subdued. No great blowing of one's horn here. It's not necessary, the true Philadelphian figures, for if the outlanders don't know and appreciate Philadelphia, that's *their* misfortune.

However, Philadelphians, old and nouveau, are now taking a new look at themselves and their city and how it appears in the eyes of the nation and the world. For 1976 will be the 200th birthday of the United States. And where was the United States founded? Why, "in Philadelphia, of course."

For the Bicentennial there will be no world's fair, no international exposition attempting to glorify American—and Philadelphia—history. Perhaps the day of the world's fair is over, many Philadelphians figure. They note also that some fairs held elsewhere in recent years have been financial flops.

Anyway, business and political leaders who did want to bring another world's fair to Philadelphia in 1976 lost a hard-fought battle. Residents of the city's northeast area, the first proposed site for the exposition, didn't want the congestion it would bring. A largely undeveloped area southwest of the city's airport was proposed later, but construction was deemed too costly and by that time it was getting too late to start.

But the old city, with its two million residents, plus nearly three million in the suburbs and nearby towns, still wants to do something big for 1976. Its Centennial Exposition of 1876, marking 100 years of American independence, was America's—and perhaps the world's—first great and successful world's fair. The Sesquicentennial Exposition of 1926, scene of the first Dempsey-Tunney fight and for which a giant stadium was built—the location each year of the Army-Navy football fracas before 100,000 fans—was another landmark in world's fair history.

It is theorized here that in this day of rapid communication, people no longer need a giant, costly exposition to make them aware of the wonders accomplished in the scientific, industrial and social spheres. But exposition or no, Philadelphia expects to be the central focus point of the United States' 200th birthday celebration in 1976.

Plans for the observance were made some time ago, hence the hammer and saw, the bulldozer, the construction crane and the laying of brick and stone that you see all over central Philadelphia. The observance of the Bicenntenial is pointed not just at bricks and mortar, nor even at formal ceremonies marking the occasion. It involves, rather, the cooperative effort of the entire city to demonstrate what an old community can do, within the periphery of American democratic society, to renew itself and to continue to provide its inhabitants with the good life in the future.

Philadelphians are, in many ways, a breed all to themselves. They exalt their neighborhoods, their local high and prep schools and their many universities and colleges. And rightly so, for local pride has kept in good repair many of the 50 or so neighborhoods, once independent towns and villages, that surround the central city nucleus.

The nasal Philadelphia accent (an Indianan I once knew who had lived in Philadelphia for a time said "everyone had adenoids") can be heard cheering the city's "Big Five" college basketball teams. And where else, as Sports Illustrated magazine once asked, do you hear all the citizens call a sorrel-toppled player "Reds" instead of "Red"?

A visiting British journalist some years ago termed Philadelphia the "most British of American cities." Maybe so, if you consider the city's pride in its history, its wariness of hurried change, and its love for the sports of rowing and soccer (even cricket, years ago), fostered by large-scale immigration in earlier times of English and Scottish factory workers.

From the beginning there has been a polyglot population, but always subject to the early Quaker pattern of tolerance and absorption. William Penn's original English and Welsh Quakers were joined in 1683 by the first Germans, invited by Penn himself. An open society attracted people from many other countries. South Philadelphia is known for its large "Little Italy." Today there is a large black population, from whose ranks have come such diverse individuals as concert singer Marian Anderson, heavyweight boxing champion Joe Frazier, and Chubby Checker, who popularized the "twist."

Although many sections of the city, such as Germantown, Chestnut Hill, Olney, Frankford, West Philadelphia and South Philadelphia, have their own community life and well-established restaurants and clubs, the predominant business, entertainment and night life world is in center city.

Among restaurants, Bookbinder's is known across the country. Philadelphia has long claimed to be the best theater center outside New York. Of Ethel Merman's 13 hit Broadway musicals, 11 opened in Philadelphia. It would take more than Chicago to challenge the exalted position of the Philadelphia Orchestra in the music world.

For what passes as "night life" at a time when large night clubs have vanished from just about every major city in the country, Philadelphia has its share. The emphasis, as always, has been on intimate little music bars and discoteques on the small side streets of midcity. They're more fun than the big ones of former days in New York.

Formally, there will be three centers of attention in the Quaker City's observance of the Bicentennial, which will come just a few years before the Tricentennial of the founding of Philadelphia.

First and foremost will be the observances around Independence National Historical Park, the site of Independence Hall and the Liberty Bell. Completion of the park is to include the rebuilding of Benjamin Franklin's home and printing plant and of the Graff House, the rooming house where Thomas Jefferson wrote his draft of the Declaration of Independence.

Removal of the old wholesale fruit and produce center on Dock Street to a new location with modern facilities at the far end of South Philadelphia cleared the way for redevelopment and restoration of Philadelphia's new famed Society Hill area. This occurred during what are regarded as the enlightened and forward-looking administrations of Mayors Joseph S. Clark and Richardson Dilworth in the 1950s.

Society Hill, it must be pointed out, originally had nothing to do with what might be called "High Society," nor is it a hill. It derives its name from the Society of Free Traders, an early commercial group that owned property near the Delaware River waterfront. This section did indeed become the center of 18th century Philadelphia life. By the early 20th century, however, much of it was blighted.

A happy combination of urban renewal, the Old Philadelphia Development Corporation and private investment resulted in a greatly improved and blended mixture of restored streets and historic homes beside new town houses and high-rise apartment buildings. Needless to say, property values rose meteorically.

A second focal point for 1976 will be along the Delaware River waterfront, still one of America's greatest seaports. This will be Penn's Landing, a unique development to cost $70 million. It will feature a marina, hotel, restaurants, docks with replicas of vessels from the 17th century to the present that will be open to the public, landscaped recreation areas, harbor tours and night spots with live entertainment to supplement those in the commercial city center.

The third focus will be on the city's cultural institutions, including the Philadelphia Orchestra, and opera and dance groups with a year-long series of premieres. Major national sports championship events also will be featured.

Thirteen new hotels and motor inns are projected for the city by 1976, adding another 5,0000 rooms to the 13,0000 now available in the city and on its fringes. Close to 400 conventions already are booked for 1976.

But it is the very life of the city itself—in its giant new office buildings, in its restored residential sections—that will strongly mark Philadelphia's observance of the nation's 200th birthday. That life—the good living in Philadelphia—goes on right now. You don't have to wait until 1976 and the Bicentennial to see and experience it.

The city's active Convention and Visitors Bureau recently held a series of "booster" receptions in Washington, New York and Chicago, the three cities outside Philadelphia in which it believes most decisions are made on where to hold national conventions and meetings. To these receptions came sales representatives of Philadelphia hotels and the city's entertainment world, armed with literature pointing up what a great convention center the Quaker City is. One of the obstacles they must overcome, they say, is the attitude in some places that Philadelphia is staid, stuffy and typified by the old gag: "I went there for a weekend once, and it was closed."

"This attitude, of course, is nonsense," said one spokesman at the Washington meeting. "It was promoted probably by places with nothing to offer on their own. We face this sort of thing by telling the facts—the great attractions of Philadelphia in theaters, music, business, historic sites, education, and expanding night life. This is a city where people are coming back downtown to live."

For Washington-area residents, a visit to Philadelphia can be particularly meaningful, regardless of what interest they may have in the preparations for the 1976 Bicentennial. For, in a sense, Philadelphia is the parent of Washington. And, fortunately, whatever restrictions may be placed on the use of automobiles during the gasoline shortage, the city will be easy to reach and get around in. Train service to Philadelphia, via Amtrak, is excellent, and within the city there is a topnotch subway, commuter train and bus network.

It was this city that served for 10 years as the temporary capital of the United States and the home of Congress while the first government buildings were being planned and built in the District of Columbia. George Washington spent his eight years as the nation's first President in Philadelphia, and here the new nation first received the diplomatic representatives of other nations.

But the chief claim of Philadelphia to being the focal point of the Bicentennial is the fact that in this city, the largest in the American colonies and second only to London in the 18th century British Empire, the founders of the nation wrote and signed both the Declaration of Independence and the U.S. Constitution.

At that time, the Philadelphia area already had been settled for roughly 150 years. The Dutch and the Swedes came first, in the 1620s and 1630s, and a few thousand of their descendants were living along the Delaware and Schuylkill Rivers when William Penn, under a land grant from Charles II of England, formally founded Philadelphia and the province of Pennsylvania in 1682.

The heritage left by William Penn and his Quaker Commonwealth is evident everywhere—representative government, tolerance of religious differences, and social betterment. Penn's views helped form not only Philadelphia's but the entire American way of life.

Today, William Penn still stands at the head of the city—atop City Hall tower, 547 feet in the air. When completed in 1901, this tower, including its monumental statue of Penn, was the world's tallest building. It remains Philadelphia's highest, for under city ordinance no other building is permitted to top it. For generations Philadelphians have either admired or hated that gray stone City Hall building. Ornate as only a Victorian structure can be, it stands in the middle of town—at the intersection of Broad and Market Streets. But love it or lump it, the visitor cannot help but be impressed with it as a landmark.

An elevator takes the public up the tower to the foot of the 37-foot-high William Penn statue for a magnificent view of the city and right across the Delaware River to the south Jersey suburbs. The mayor's sumptuous reception chamber and other parts of City Hall also are open to the public.

This is, in fact, a good starting point for a sightseeing tour of the city. Immediately adjacent to City Hall is the Philadelphia Convention and Visitors Bureau, a low-rise, modern, circular structure housing a cooperative staff with ready-at-hand information. Here the visiting Washingtonian can pick up the schedule of Philadelphia's Cultural Loop Bus. This I found to be another Philadelphia "first," comparable in its way to the multitude of other Philadelphia "firsts," including America's first lending library, hospital, insurance company, savings bank, botanical garden, zoological garden, university and academy of fine arts. There are plans now for a Night Life Loop Bus.

Philadelphia's cultural loop bus connects the 18th century historic area of the city, around Independence Hall in downtown east, with City Hall, the Benjamin Franklin Parkway, the famed Franklin Institute and Fels Planetarium, the Philadelphia Museum of Art—one of the world's greatest—and the zoological garden in Fairmount Park. The bus fare is only 50 cents for all day, and you may stay as long as you want at any one institution because your ticket is still good on any later bus.

Moving around town on your own by automobile or taxi, there are three areas in which to concentrate your attention. The first, of course, is the Independence Square-Society Hill area, the heart of 18th century Philadelphia, where restoration of old homes has been moving at a record clip. Congress Hall, Carpenters Hall (where the First Continental Congress met) and the American Philosophical Society all are here.

The second general area for the visitor to see centers around City Hall. In many of these city blocks there is evidence that Philadelphia is among the nation's leaders in rebuilding a business center. This can be seen in the Penn Center development on the former site of the old Pennsylvania Railroad terminal and its "Chinese Wall" railroad tracks, and in the massive new office buildings rising on Market Street which dwarf any of the new structures in Washington.

A third exploratory tour of the old city should be made by auto—out Benjamin Franklin Parkway, from City Hall, to the Philadelphia Museum of Art. Pause a while at the entrance to the museum and look back toward City Hall for the most photographed view of downtown Philadelphia's skyline.

Continue along East River Drive, beside the Schuylkill River. You are now in Fairmount Park, which covers 4,110 acres. On the wooded hilltops above the river drive are historic houses open to the public. These were the "country" homes of 18th century Philadelphia. Benedict Arnold, marrying into the Shippen family, owned one of them—Mt. Pleasant.

Germantown is but one of the many neighborhoods in the city of Philadelphia. Once they were villages surrounding the heart of colonial Philadelphia. Germantown dates back to 1683, when the first German settlers invited by William Penn arrived. The city expanded its borders to the north and the west as the decades ticked away. Memories still linger on in the old neighborhoods. In the streets of North Philadelphia, W. C. Fields juggled apples and oranges as a boy helping his father sell them. Some of the Dukenfields (the true family name) are still around. In an interview not many years ago, Leroy, a younger brother of the great comic, disclosed that his name for W.C. always was "Big Nose."

At West Philadelphia High School, they've never forgotten that Jeannette Macdonald went to school here. Her great movie singing partner, Nelson Eddy, once was a reporter in the church and school department of the Evening Bulletin. Singers? South Philadelphia has produced many of them—Mario Lanza and Eddie Fisher, to name two.

But the central city of William Penn and Ben Franklin still is the heartbeat of Philadelphia.

A former Philadelphian who still carries the torch, Koenig free-lances from Alexandria.

LITHUANIAN INDEPENDENCE DAY

HON. JOSHUA EILBERG

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Monday, March 4, 1974

Mr. EILBERG. Mr. Speaker, I wish to join with my colleagues today in commemorating the 56th anniversary of Lithuania's independence. The brave people of Lithuania have suffered under foreign oppression for over 700 years. From 1795 to 1915 Lithuania was under Russian domination followed by German occupation during the First World War. Lithuania experienced only two decades of independence making great progress in agriculture, social legislation, and education. The enjoyment of liberty was cut off when Lithuania was occupied by the Red army in the Second World War. Following the German attack on the Soviet Union, Lithuania was in Nazi hands until it was reoccupied by the Soviet Army in 1944. Since then it has been considered by the Soviet Union as a component republic.

I salute the courageous people of Lithuania who know the value of freedom that we often take for granted. It is appropriate that we, as individuals, who cherish the blessings of liberty, should pay tribute to a people who have never wavered in their devotion to the cause of liberty for their country. We look forward to the day when Lithuania's independence is restored.

SENATE—*Tuesday, March 5, 1974*

The Senate met at 11 a.m. and was called to order by Hon. DICK CLARK, a Senator from the State of Iowa.

PRAYER

The Chaplain, the Reverend Edward L. R. Elson, D.D., offered the following prayer:

Almighty God, in whom we live and move and have our being, we need Thee every hour, in joy and in pain, in prosperity and in adversity, in success and in failure, in the moment of prayer and in the hours of toil. To our human striving add Thy divine strength. If we forget Thee, do not forget us. Restrain and correct us when we would do wrong. Confirm and strengthen us when we would do right. Guide us by Thy Commandments and support us by Thy grace. Then in quietness and confidence may we leave the result to Thy unerring judgment, remembering that the judgments of the Lord are true and righteous altogether.

In Thy holy name we pray. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. EASTLAND).

The second assistant legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, D.C., March 5, 1974.

To the Senate:

Being temporarily absent from the Senate on official duties, I appoint Hon. DICK CLARK, a Senator from the State of Iowa, to perform the duties of the Chair during my absence.

JAMES O. EASTLAND,
President pro tempore.

Mr. CLARK thereupon took the chair as Acting President pro tempore.

THE JOURNAL

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the reading of the Journal of the proceedings of Monday, March 4, 1974, be dispensed with.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

COMMITTEE MEETINGS DURING SENATE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that all committees may be authorized to meet during the session of the Senate today.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

EXECUTIVE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate go into executive session to consider nominations on the Executive Calendar.

There being no objection, the Senate proceeded to the consideration of executive business.

The ACTING PRESIDENT pro tempore. The nominations on the Executive Calendar will be stated.

U.S. AIR FORCE

The second assistant legislative clerk read the nomination of Brig. Gen. John J. Pesch, to be a major general.

The ACTING PRESIDENT pro tempore. Without objection, the nomination is considered and confirmed.

U.S. ARMY

The second assistant legislative clerk read the nomination of Lt. Gen. Robert Edmondston Coffin, to be a lieutenant general.

The ACTING PRESIDENT pro tempore. Without objection, the nomination is considered and confirmed.

U.S. NAVY

The second assistant legislative clerk proceeded to read sundry nominations in the U.S. Navy.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the nominations be considered en bloc.

The ACTING PRESIDENT pro tempore. Without objection, the nominations are considered and confirmed en bloc.

NOMINATIONS PLACED ON THE SECRETARY'S DESK

The second assistant legislative clerk proceeded to read sundry nominations in the Air Force, the Army, and the Marine Corps, which had been placed on the Secretary's desk.

The ACTING PRESIDENT pro tempore. Without objection, the nominations are considered and confirmed en bloc.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the President be notified of the confirmation of these nominations.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

LEGISLATIVE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate resume the consideration of legislative business.

There being no objection, the Senate

resumed the consideration of legislative business.

PROGRAM

Mr. MANSFIELD. Mr. President, for the information of the Senate, and at the suggestion of my distinguished associate, the Republican leader, I should like to announce the schedule insofar as the joint leadership has been able to arrive at an accommodation.

Today the Senate will consider S. 2747, the minimum wage bill and, hopefully, we will be able to finish it either today or tomorrow.

Tomorrow of course, we take up Senate Resolution 293, the pay raise resolution. If the President vetoes the Emergency Energy Act today or tomorrow, it would be the intention of the joint leadership to request a 2-hour limitation on debate and to vote on the veto sometime in the afternoon on tomorrow.

Following that, if there is no filibuster in progress, we would like to turn to S. 3044, the Federal election campaign reform bill, which could well go over into Friday—this is all tentative, so the leadership will have to be allowed some flexibility—unless S. 3044 is referred to the Finance Committee; although I think, in talking to the chairman of the Finance Committee, if the Finance Committee portion is eliminated, the bill can be brought up. So, with that proviso in mind, I make that statement.

Hopefully, the pay raise resolution will be out of the way, but if it is not, we will stay with it and be in session this coming Saturday and stay in until midnight if need be.

So, if all these proposals are disposed of this week—and I think it is a little bit doubtful at the moment—we intend to take up next week the Federal election campaign reform bill, S. 3044; S. 3066, the omnibus housing bill; Senate Resolution 240, a Banking Committee resolution; S. 872, dealing with the prosecution of crimes on aircraft. Those measures, in turn, will be followed by S. 1401, the mandatory death penalty legislation; S. 354, the approval of no-fault insurance; and S. 1541, a congressional budget reform proposal.

Mr. HUGH SCOTT. I thank the distinguished majority leader. He has laid out for us a very ambitious program for the immediate future. I hope we shall be able to get to it soon.

I do not think he meant that there was any connection between the minimum wage bill and the pay raise measure. I think they are separate measures.

Mr. MANSFIELD. Absolutely.

Mr. HUGH SCOTT. If it is possible, I hope that we may have the President's recommendations on campaign reform. I hope so, because it would be well to have the administration's point of view before we begin to consider this legislation, which is now slated for early action.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Hackney, one of its reading clerks, announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H.R. 377. An act to authorize the Secretary of the Interior to sell certain rights in the State of Florida;

H.R. 1494. An act to authorize the Secretary of the Interior to sell reserved phosphate interests of the United States in certain lands located in the State of Florida to the record owner or owners of such lands;

H.R. 5035. An act to amend Public Law 90–335 (82 Stat. 174) relating to the purchase, sale, and exchange of certain lands on the Spokane Indian Reservation;

H.R. 5236. An act to provide for the conveyance of certain mineral interests of the United States in property in Utah to the record owners of the surface of that property;

H.R. 6541. An act to authorize the Secretary of the Interior to convey certain mineral interests of the United States to the owner or owners of record of certain lands in the State of South Carolina;

H.R. 6542. An act to authorize the Secretary of the Interior to convey certain mineral interests of the United States to the owner or owners of record of certain lands in the State of South Carolina;

H.R. 10284. An act to authorize the Secretary of the Interior to sell certain rights in the State of Florida; and

H.R. 11143. An act to redesignate the Committee for Purchase of Products and Services of the Blind and Other Severely Handicapped as the Committee for Purchases From the Blind and Other Severely Handicapped, to authorize the appropriation of funds for such committee for fiscal year 1974 and succeeding fiscal years, and for other purposes.

The message also announced that the House had agreed to the following concurrent resolutions, in which it requested the concurrence of the Senate:

H. Con. Res. 78. Concurrent resolution to authorize the printing of a Veterans' Benefits Calculator; and

H. Con. Res. 397. Concurrent resolution providing for the printing of additional copies of hearings before the Subcommittee on Foreign Economic Policy entitled "Foreign Policy Implications of the Energy Crisis."

ENROLLED JOINT RESOLUTION SIGNED

The message further announced that the Speaker had affixed his signature to the enrolled joint resolution (H.J. Res. 905) extending the filing date of the 1974 Joint Economic Committee report.

The enrolled joint resolution was subsequently signed by the Acting President pro tempore (Mr. CLARK).

HOUSE BILLS REFERRED

The following bills were severally read twice by their titles and referred, as indicated:

H.R. 377. An act to authorize the Secretary of the Interior to sell certain rights in the State of Florida;

H.R. 1494. An act to authorize the Secretary of the Interior to sell reserved phosphate interests of the United States in certain lands located in the State of Florida to the record owners of such lands;

H.R. 5035. An act to amend Public Law 90–335 (82 Stat. 174) relating to the purchase, sale, and exchange of certain lands on the Spokane Indian Reservation;

H.R. 5236. An act to provide for the conveyance of certain mineral interests of the United States in property in Utah to the record owners of the surface of that property;

H.R. 6541. An act to authorize the Secretary of the Interior to convey certain mineral interests of the United States to the owner or owners of record of certain lands in the State of South Carolina;

H.R. 6542. An act to authorize the Secretary of the Interior to convey certain mineral interests of the United States to the owner or owners of record of certain lands in the State of South Carolina; and

H.R. 10284. An act to authorize the Secretary of the Interior to sell certain rights in the State of Florida. Referred to the Committee on Interior and Insular Affairs.

H.R. 11143. An act to redesignate the Committee for Purchase of Products and Services of the Blind and Other Severely Handicapped as the Committee for Purchases From the Blind and Other Severely Handicapped, to authorize the appropriation of funds for such committee for fiscal year 1974 and succeeding fiscal years, and for other purposes. Referred to the Committee on Labor and Public Welfare.

HOUSE CONCURRENT RESOLUTIONS REFERRED

The following concurrent resolutions were referred to the Committee on Rules and Administration:

H. Con. Res. 78. Concurrent resolution to authorize the printing of a Veterans' Benefits Calculator; and

H. Con. Res. 397. Concurrent resolution providing for the printing of additional copies of hearings before the Subcommittee on Foreign Economic Policy entitled "Foreign Policy Implications of the Energy Crisis."

ROUTINE MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order, there will now be a period for the transaction of routine morning business of not to exceed 30 minutes, with statements therein limited to 5 minutes each.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

COMMUNICATIONS FROM EXECUTIVE DEPARTMENTS, ETC.

The ACTING PRESIDENT pro tempore (Mr. CLARK) laid before the Senate the following letters, which were referred as indicated:

SURVEY ON FUNDING NEEDS OF SCHOOLS FOR FOOD SERVICE EQUIPMENT

A letter from the Assistant Secretary of Agriculture, transmitting, pursuant to law, a survey on the funding needs of schools for food service equipment (with an accompanying document). Referred to the Committee on Agriculture and Forestry.

REPORT ON ASSISTANCE PROVIDED FOR NONMETROPOLITAN PLANNING DISTRICTS

A letter from the Secretary of Housing and Urban Development, transmitting, pursuant to law, the fourth annual report on financial and technical assistance provided in fiscal year 1973 for nonmetropolitan planning districts (with an accompanying report). Referred to the Committee on Agriculture and Forestry.

Report of Farm Credit Administration

A letter from the Governor, Farm Credit Administration, transmitting, pursuant to law, a report of that Administration, for the fiscal year ended June 30, 1973 (with an accompanying report). Referred to the Committee on Agriculture and Forestry.

Report on Support Furnished Certain Military Functions

A letter from the Assistant Secretary of Defense, transmitting, pursuant to law, a report of the estimated value, by country, of support furnished from military functions appropriations, for the second quarter of fiscal year 1974 (with an accompanying report). Referred to the Committee on Appropriations.

Report of Defense Manpower Requirements

A letter from the Assistant Secretary of Defense, transmitting, pursuant to law, a report on defense manpower requirements, for fiscal year 1974 (with an accompanying report). Referred to the Committee on Armed Services.

Report on Funds Obligated in Chemical Warfare and Biological Research Programs

A letter from the Deputy Secretary of Defense, transmitting, pursuant to law, a report on funds obligated in the chemical warfare and biological research programs, during the first half of fiscal year 1974 (with an accompanying report). Referred to the Committee on Armed Services.

Report Concerning Officer Responsibility Pay

A letter from the Secretary of Defense, transmitting, pursuant to law, a report concerning officer responsibility pay (with an accompanying report). Referred to the Committee on Armed Services.

Report on Special Pay for Duty Subject to Hostile Fire

A letter from the Secretary of Defense, reporting, pursuant to law, on special pay for duty subject to hostile fire. Referred to the Committee on Armed Services.

Report of Social Security Administration

A letter from the Secretary of Health, Education and Welfare, transmitting, pursuant to law, the annual report of the Social Security Administration, for fiscal year 1973 (with an accompanying report). Referred to the Committee on Finance.

Proposed Legislation by the Department of Health, Education, and Welfare

The Acting Secretary of Health, Education, and Welfare, transmitted a draft of proposed legislation to increase the period during which benefits may be paid under title XVI of the Social Security Act on the basis of presumptive disability to certain individuals who received aid, on the basis of disability, for December 1973, under a State plan approved under title XIV or XVI of that act (with an accompanying report). Referred to the Committee on Finance.

Report of Airport and Airway Trust Fund

A letter from the Fiscal Assistant Secretary of the Treasury, transmitting, pursuant to law, the third annual report on the financial condition and results of the operations of the Airport and Airway Trust Fund dated June 30, 1973 (with an accompanying report). Referred to the Committee on Finance.

Report on General Revenue Sharing

A letter from the Secretary of the Treasury, transmitting pursuant to law, a report on the operation and status of the (general revenue sharing) trust fund, dated March 1, 1974 (with an accompanying report). Referred to the Committee on Finance.

Report on Receipts, Expenditures and Balances of the U.S. Government

A letter from the Secretary of the Treasury, transmitting, pursuant to law, a report on receipts, expenditures and balances of the U.S. Government for the fiscal year ended June 30, 1973 (with an accompanying report). Referred to the Committee on Finance.

Proposed Legislation by U.S. Information Agency

A letter from the Deputy Director, U.S. Information Agency, transmitting a draft of proposed legislation to authorize appropriations for the U.S. Information Agency and for other purposes (with accompanying papers). Referred to the Committee on Foreign Relations.

Report of Atomic Energy Commission

A letter from the General Manager, Atomic Energy Commission, transmitting, pursuant to law, a report on certain actions approved by the Commission. Referred to the Committee on the Judiciary.

Suspension of Deportation of Certain Aliens

Two letters from the Commissioner, Immigration and Naturalization Service, U.S. Department of Justice, transmitting, pursuant to law, copies of orders suspending deportation of certain aliens (with accompanying papers). Referred to the Committee on the Judiciary.

Withdrawal of a Suspension of Deportation of Certain Aliens

A letter from the Commissioner, Immigration and Naturalization Service, U.S. Department of Justice, transmitting, pursuant to law, a copy of an order withdrawing the suspension of deportation of a certain alien (with an accompanying paper). Referred to the Committee on the Judiciary.

Third Preference and Sixth Preference Classification for Certain Aliens

A letter from the Commissioner, Immigration and Naturalization Service, Department of Justice, transmitting, pursuant to law, reports concerning third preference and sixth preference classification to certain aliens (with accompanying papers). Referred to the Committee on the Judiciary.

Notice of Disapproval of Certain Action Taken by the Advisory Council on Employee Welfare and Pension Benefit Plans

A letter from the Assistant Secretary of Labor, informing the Senate of certain action taken by the Advisory Council on Employee Welfare and Pension Benefit Plans, pertinent to pension reform legislation. Referred to the Committee on Labor and Public Welfare.

Report on Building Project Survey for Columbia, Md.

A letter from the Administrator, General Services Administration, transmitting, pursuant to law, a report on building project survey for Columbia, Md. (with accompanying papers). Referred to the Committee on Public Works.

Amendments to Approved Prospectuses for Certain Public Building Projects

A letter from the Administrator, General Services Administration, transmitting, pursuant to law, amendments to approved prospectuses for certain public building projects in Dayton, Ohio, Roanoke, Va., and Charlotte Amalie, Virgin Islands (with accompanying papers). Referred to the Committee on Public Works.

PETITIONS

Petitions were laid before the Senate and referred as indicated:

By the ACTING PRESIDENT pro tempore (Mr. CLARK):

Resolutions of the Massachusetts State Senate. Referred to the Committee on the Judiciary:

"Resolutions

"Extending greetings on behalf of of the Commonwealth of Massachusetts to Alexander I. Selzhenitsyn, his wife Natalya and his children and inviting him and his family to make their new home in the United States of America

"Whereas, Alexander I. Solzhenitsyn is an outstanding author and has contributed several major literary works in the past decade, for which he has been honored with the Nobel Prize in literature; and

"Whereas, He has been a persistent and sharp critic of policies implemented by the Soviet Socialist government to repress politically dissident views; and

"Whereas, He has been in the past a victim of such repressive policies, having been imprisoned during the political dictatorship of Joseph Stalin; and

"Whereas, He is now again a victim of such policies, having been recently stripped of his Soviet citizenship, unlawfully deported from his country and sent into permanent exile; and

"Whereas, The United States of America has long been a "Mother of Exiles" and has welcomed all those "yearning to be free"; now, therefore, be it

"*Resolved,* That the Massachusetts Senate hereby extends its greetings, on behalf of the Commonwealth of Massachusetts, to Alexander I. Solzhenitsyn and his family and invites them to make a new home in the United States of America, where they may enjoy every right and privilege which our Constitution guarantees to the people of this country; and be it further

"*Resolved,* That a copy of these resolutions be transmitted forthwith by the Clerk of the Senate to the Congress of the United States and to Alexander I. Solzhenitsyn and his family.

"Senate, adopted, February 19, 1974."

A resolution adopted by the Detroit Lithuanian Organizations Center, Detroit, Mich., relating to the withdrawal of Soviet Union military forces and apparatus from Lithuania. Referred to the Committee on Foreign Relations.

A resolution adopted by the Mathematical Association of America, Evanston, Ill., praying for the enactment of legislation to institute sizeable program of postdoctoral fellowships. Referred to the Committee on Labor and Public Welfare.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. MOSS, from the Committee on Interior and Insular Affairs, without amendment:

S. 265. A bill to authorize the Secretary of the Interior to sell certain mineral rights in certain lands located in Utah to the record owner thereof (Rept. No. 93-725).

EXECUTIVE REPORTS OF COMMITTEES

As in executive session, the following favorable reports of nominations were submitted:

By Mr. SPARKMAN, from the Committee on Banking, Housing and Urban Affairs:

William J. Casey, of New York, to be president of the Export-Import Bank of the United States.

(The above nomination was reported with

the recommendation that the nomination be confirmed, subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first time and, by unanimous consent, the second time, and referred as indicated:

By Mr. STAFFORD (for himself, Mr. Randolph, Mr. Beall, Mr. Cranston, Mr. Javits, Mr. Mondale, Mr. Taft, and Mr. Williams):

S. 3108. A bill to amend the Rehabilitation Act of 1973. Referred to the Committee on Labor and Public Welfare.

By Mr. ROTH:

S. 3109. A bill to authorize the President to establish and carry out a program for rationing and ordering of priorities among classes of end-users of gasoline. Referred to the Committee on Interior and Insular Affairs.

By Mr. INOUYE:

S. 3110. A bill for the relief of Mrs. Etsuko Kogachi Bowman. Referred to the Committee on the Judiciary.

By Mr. MATHIAS:

S. 3111. A bill to amend the Internal Revenue Code of 1954 to provide for an 8-percent reduction in the amount of income tax withholding. Referred to the Committee on Finance.

By Mr. PERCY:

S. 3112. A bill to amend the District of Columbia Sales Tax Act to exempt certain food programs from the imposition of the sales tax. Referred to the Committee on the District of Columbia.

By Mr. BUCKLEY:

S. 3113. A bill to facilitate the movement of persons and goods in interstate commerce, and to aid in eliminating the burdens on interstate commerce which result from the lack of adequate coordination of highway and other transportation facilities and systems in many parts of the United States, through a comprehensive program of Federal assistance to States and localities to aid in the provision of such transportation facilities. Referred to the Committee on Commerce.

By Mr. STEVENSON (for himself and Mr. Muskie):

S. 3114. A bill to amend the Economic Stabilization Act of 1970, as amended, to provide for the orderly termination of economic stabilization controls, increased production of commodities and productive capacity in short supply, voluntary price and wage restraint, and for other purposes. Referred to the Committee on Banking, Housing and Urban Affairs.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. STAFFORD (for himself, Mr. Randolph, Mr. Beall, Mr. Cranston, Mr. Javits, Mr. Mondale, Mr. Taft, and Mr. Williams):

S. 3108. A bill to amend the Rehabilitation Act of 1973. Referred to the Committee on Labor and Public Welfare.

Mr. STAFFORD. Mr. President, today I am introducing on behalf of myself and Senators Randolph, Williams, Beall, Cranston, Javits, Mondale, and Taft an amendment to the Rehabilitation Act of 1973 which would transfer the functions of the Rehabilitation Services Administration, now a division of the Social and Rehabilitation Services Administration, to the newly created Office of Human Development.

In doing some research on the Rehabilitation Act of 1973, I did some reading of the original debate on the Smith-Fess Act of the 66th Congress, and I was impressed by the fact that the authors and sponsors of the legislation viewed themselves as creating a human development program and they particularly disdained the idea of this being a welfare program.

This program was created to help disabled individuals develop new talents so that they could again participate in our society to their fullest extent. From a basic conceptual point of view, when we speak of programs for handicapped individuals such as education of the handicapped, developmental disabilities, and rehabilitation, we speak of developing the potential of a handicapped child or adult to participate to his or her fullest extent in our society and not become dependent upon the welfare system.

One of the strongest arguments used in support of the Rehabilitation Act of 1973 was that it returned an estimated $3 to $5 on every $1 the Government invested by enabling the handicapped individual to earn a living.

Therefore, the newly created Office of Human Development is a more appropriately suited environment for the growth of programs which relate to the realization of the potential of handicapped individuals.

Mr. President, I ask unanimous consent that the pamphlet published by HEW on the mission, programs and approach of the Office of Human Development be printed in the Record at this point.

There being no objection, the pamphlet was ordered to be printed in the Record, as follows:

OFFICE OF HUMAN DEVELOPMENT

(Note.—The Office of Human Development increases Federal responsiveness to the needs of children and youth, the aged, mentally retarded people, rural Americans, American Indians and Alaskan Natives.)

MISSION

The Office of the Assistant Secretary for Human Development was established in April 1973 to focus the Department's planning and resources more effectively on certain groups of Americans with special needs: children and youth, the aged, mentally retarded persons, American Indians and Alaskan Natives, and people living in rural areas. Programs serving these groups, which had been scattered throughout the Department, have now been consolidated in the Office of Human Development.

In addition to his responsibilities for program management, the Assistant Secretary for Human Development is principal adviser to the Secretary for policy development in these areas, ensuring that the Department itself becomes more responsive to issues concerning OHD constitutents, and addresses them more effectively as part of the Department's overall planning.

Basically, OHD has been established to help these special groups of Americans develop their fullest human potential, to make the services they receive more effective and better coordinated, and to fulfill the Department's commitment to make the Federal government more responsive to their needs.

PROGRAMS

Program management and policy development for a broad range of services to special populations have been consolidated in OHD. They include:

Administration on Aging (AoA)

AoA is the Federal focal point for the needs, concerns and interests of older persons, as the principal agency for carrying out the programs of the Older Americans Act. Through the Interdepartmental Working Group of the Domestic Council Committee on Aging, AoA is also the principal agency for promoting coordination of Federal resources available to meet the needs of older persons.

AoA administers three major grant programs: (1) a Federal-State-local program which provides support for State agencies and area agencies on aging to establish a comprehensive, coordinated service system for older persons; (2) the National Nutrition Program for the Elderly, designed to provide low-cost, nutritious meals to low-income persons age 60 and over; and (3) a research, demonstration and manpower development program which seeks to identify effective methods of helping older people, and to promote the preparation of teachers, researchers, and practitioners for the field of aging.

AoA is establishing a National Information and Resource Clearinghouse on Aging, and provides staff for the Federal Council on Aging.

Office of Child Development (OCD)

OCD consists of two major bureaus: Child Development Services and the Children's Bureau. The agency has four major functions: (1) to operate Federally-funded programs for children, such as *Head Start* and *Parent and Child Centers;* (2) to develop innovative programs for children and parents; (3) to serve as a coordination point for all Federal programs for children and their families; and (4) to act as an advocate for the children of the nation, by bringing their needs to the attention of the government and the American public. OCD also awards grants for research, demonstration, and other social services involving children and their families.

Office of Youth Development (OYD)

OYD's major mission is to assist in the removal of barriers to positive youth development, so that young people will be able to assume responsible, productive roles in society. Under the Juvenile Delinquency Prevention Act, OYD's Division of Youth Services Systems makes grants to assist local governments to strengthen services to young people, through coordinated, integrated programs.

The Division of Youth Activities works directly with youth-serving organizations and youth groups, as part of its effort to serve as the Federal government's spokesman for youth activities. The Division of Program Coordination is concerned with coordinating the wide range of Federal programs serving the needs of youth.

Native American Program (NAP)

NAP serves the special needs of American Indians and Alaskan Natives by providing funds to Tribal Councils to strengthen tribal government, to assist tribes toward economic self-sufficiency, to establish additional programs as needed, to obtain other resources and benefits for which they are eligible, and to manage the institutions which affect their daily lives. NAP also funds American Indian urban centers, training and technical assistance projects, and education scholarship programs. The Native American Program emphasizes *self determination,* to encourage American Indians and Alaskan Natives to exercise fully their responsibility to utilize and manage their own resources.

Office of Mental Retardation Coordination (OMRC)

OMRC serves the Secretary in an advisory capacity and is the focal point for consideration of policies, programs, procedures, activities and related matters concerning mental retardation. *Programs for the Handicapped* and other OMRC publications are widely distributed to a specialized readership within the field of mental retardation.

President's Committee on Mental Retardation (PCMR)

PCMR advises the President on mental retardation matters and coordinates with all departments and agencies throughout the Federal government to further the goal of preventing retardation and reducing the institutionalization of mentally retarded people. The Committee publicizes means of preventing many of the specific causes of mental retardation, and works with professional groups, the private sector, and the general public to improve services for mentally retarded people and to change misconceptions and prejudicial attitudes about them.

Office of Rural Development (ORD)

ORD is the catalyst within the Department for finding ways to meet the human needs of rural Americans. Its four areas of activity are: (1) the identification of barriers to the delivery of services to people in rural areas; (2) the design and recommendation of human service delivery systems in rural areas; (3) the establishment of a rural network, coordinated with other Federal agencies, to deliver services to target areas; and (4) representation of the Department on the interdepartmental task forces concerned with rural development.

President's Council on Physical Fitness and Sports (PCPFS)

The Council conducts programs to inform the public about the nature and extent of the physical fitness problem in America.

It supplies technical services and information to State and local school systems, recreation agencies, sports organizations, youth-serving groups, employers and others. The Council also promotes private support for physical fitness and sports devedopment programs, coordinates Federal physical fitness programs, and supervises a Federally-funded summer sports program for economically disadvantaged youth.

APPROACH

OHD's emphasis is on coordination—in program planning, delivery of services, legislative initiatives, budgeting, and evaluation of program effectiveness. OHD brings to its mission an understanding of the organization and operation of Federal programs throughout the Department of HEW, and their relationship to other sources of assistance from State, local and private agencies. Rooted firmly at the "delivery line" of services, OHD communicates to its special populations the government's concerns and proposed solutions to their problems and needs. At the same time, OHD is an effective channel of communication from the consumer to the very highest levels of the Department.

As part of the Administration's emphasis on decentralization, much of the program management and decision-making is the responsibility of the 10 HEW Regional Offices. As a result, programs find greater and more productive interaction at the local level with volunteer groups, State and local government units, and professional organizations. Regions are the testing grounds for innovative approaches to ways in which services are coordinated and delivered to the citizen who needs them.

REGIONAL OFFICES

For further information, write to the Assistant Regional Director for Human Development, U.S. Department of Health, Education, and Welfare.

Region I (Conn., Me., Mass., N.H., R.I., Vt.) John F. Kennedy Federal Bldg., Boston, Mass. 02203 (617) 223-6831.

Region II (N.Y., N.J., P.R., Virgin Islands) 26 Federal Plaza, New York, N.Y. 10007 (212) 264-2975.

Region III (Del., Md., Penna., Va., W.Va., D.C.) P.O. Box 13716 Philadelphia, Pa. 19101 (214) 597-6561.

Region IV (Ala., Fla., Ga., Ky., Miss., N.C., S.C., Tenn.) 50 Seventh Street N.E., Atlanta, Ga. 30323 (404) 526-5478.

Region V (Minn., Wis., O., Mich., Ill., Ind.) 300 S. Wacker, Drive, Chicago, Ill. 60606 (312) 353-4698.

Region VI (Ark., La., N.M., Okla. Tex.) 1114 Commerce St., Dallas, Tex., 75202 (214) 749-2491.

Region VII (Ia., Kan., Mo., Neb.) Federal Bldg., 601 E. 12th St., Kansas City, Mo. 64016 (816) 374 3436.

Region VIII (Colo., Mont., N.D., S.D., Utah, Wyo.) Federal Office Bldg., Rm. 10021 1961 Stout St. Denver Colo. 80202 (303) 837-2622.

Region IX (Ariz., Calif., Hawaii, Nev., Guam, Tr. Terr.) 50 Fulton St., San Francisco, Calif. 94102 (415) 556-2650.

Region X (Alaska, Ore., Idaho, Wash.) Arcade Plaza Bldg., 1321 Second Avenue Seattle, Wash. 98101 (206) 442-0482.

Mr. STAFFORD. Mr. President, the administration's foresightedness in the creation of the Office of Human Development presents us with an opportunity to start moving in this direction of placing programs that relate to the development of the individual in functional operating offices that are geared to the needs of developing individuals.

Mr. President, I ask unanimous consent that the text of my bill be printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection it is so ordered.

(See exhibit 1.)

Mr. STAFFORD. Mr. President, I would hope that the distinguished Senator from West Virginia and the chairman of the Subcommittee on the Handicapped, Mr. RANDOLPH, who is a cosponsor of this legislation, will entertain my request for an early hearing on this legislation so that we may act in the best interest of all handicapped individuals as expeditiously as possible.

EXHIBIT 1

S. 3108

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the first sentence of section 3(a) of the Rehabilitation Act of 1973 is amended by inserting after the word "in" the following: "the Office of Human Development of".

By Mr. ROTH:

S. 3109. A bill to authorize the President to establish and carry out a program for rationing and ordering of priorities among classes of end-users of gasoline. Referred to the Committee on Interior and Insular Affairs.

Mr. ROTH. Mr. President, I am today introducing a bill to authorize President Nixon to ration gasoline. I recognize that this provision is in the conference report on the Energy Emergency Act, but I want this authorization to be given now rather than to become involved in other issues. I decided to offer this separate bill after a near-crisis situation developed in the State of Delaware and after seeing first-hand that the present system, at least in this part of the country, is breaking down.

People panic and tempers grow shorter when lines grow longer. The number of incidents in the lines are beginning to increase. In addition, to the distress this situation causes the public, it puts service station operators in an almost intolerable position. They are being harassed and pressured from every side. To compound the problem even more the productivity of the Nation is being affected. Employees of necessity are arriving at work late, leaving early and throughout the day simply because they have to be sure to get their gasoline before their service stations close or run out of supplies.

All of this is affecting both morale and attitudes. People find it hard to understand why they have to wait in long lines just to buy a few gallons of gasoline, particularly when they read and hear reports that there are no shortages in other parts of the country. Many people do not believe that a gasoline shortage really exists and their frustration and disbelief erodes even more the credibility of Government.

Standby rationing authority should be on the books and it should be used by the President if the FEO is not able to promptly work out these problems. I realize that rationing will bring problems of its own. One thing in its favor, though, is that people will know how much gasoline they will get and can plan accordingly. They will also know that they will be treated the same regardless of who they are or where they live. Under the present system it appears that in order to assure that we are treated equitably we have to act somewhat like a squeaky wheel. Recently, for example, Governor Tribbitt and the Delaware congressional delegation made a number of contacts with the Federal Energy Office to seek to alleviate the short supply of gasoline in our State. Speaking for myself, when the lines began to develop and people began to panic, I, like my colleagues in other States did everything I could to get an emergency allocation.

In fairness to Mr. Simon and his associates at the Federal Energy Office, the present system has only been in effect for a little more than a month. I know that FEO officials are dedicated and are doing everything they can to treat everyone fairly. This, however, is a very complex situation, although, it still may be made to work equitably.

Long range rationing is not the answer. It should be used only as an interim measure until the supply increases either through the lifting of the embargo or by other means. Unless current problems are corrected and corrected promptly a temporary rationing program is far preferable to the chaos we have been experiencing.

By Mr. MATHIAS:

S. 3111. A bill to amend the Internal Revenue Code of 1954 to provide for an 8-percent reduction in the amount of income tax withholding. Referred to the Committee on Finance.

Mr. MATHIAS. Mr. President, I send to the desk a bill to stimulate the economy, reduce unemployment, and cut the budget deficit by reducing the massive overwithholding of Federal individual income taxes that occurs each year.

This bill would cut withholding for Federal income taxes by 8 percent across the board. It would thereby free approximately $10 billion to flow through our economy during the next year, producing goods, services, and jobs.

According to a study performed at my request by the Congressional Research Service using the facilities of Data Resources, Inc., this reduction of withholding would produce 180,000 jobs for Americans, increase consumer spending by $6.2 billion and real GNP by $6.9 billion over the coming year, and result in a reduction of the Federal deficit of more than $2 billion.

Last year, an estimated $2.2 billion had to be refunded to American taxpayers at the end of the tax year. This is close to one-fourth of the total Federal income tax owed by American citizens. This pattern has been prevalent for years. It is a situation which was exacerbated by changes passed in the 1971 Revenue Act which were designed to solve limited cases of underwithholding, but resulted in increasing overwithholding by approximately $8 to $10 billion.

Today close to 80 percent of American taxpayers receive refunds. The average refund, I am informed, is approximately $350. Many taxpayers prefer a system which results in overwithholding. They would rather that Uncle Sam owe them in April than that they owe Uncle Sam. The size and number of the refunds due each April suggests, however, that withholding could be modestly reduced without resulting in underwithholding for most Americans. In other words, the average American would still overwithhold, but not as much as now. I believe it is hard to justify any system which withholds from taxpayers more money than the Government is ultimately entitled to.

This proposal is designed to alleviate the impact of current economic trends on millions of American wage earners and taxpayers and their families.

These economic trends are ominous, at best.

The past year, 1973, saw inflation soar at a totally appalling rate of 8.8 percent—almost three times the amount forecast by economic advisers 1 year ago. As 1973 ended, the unemployment rate jumped to 5.2 percent—meaning that more than 4.5 million Americans who wanted to work did not have jobs. The growth of our economy, measured as gross national product, slowed during the year to a standstill. And our international situation was cast under a dark cloud by the oil embargo imposed by Arab States, and the soaring price of foreign oil needed by America, and even more so by America's principal allies and trading partners.

The forecasts for the year ahead are not good. Inflation, we are told, will continue in the range of 7 to 8 percent. Unemployment will rise, possibly to 6 percent before the year has ended. Our gross national product may actually decline in the early months of this year, and the recovery expected in the latter half of the year will result in a net increase of only about 1 percent. The international situation remains very uncertain. Personal income actually declined in January of this year for the first time since the devastation of Hurricane Agnes in June 1972.

It is important to note that high inflation and high joblessness do not affect all Americans equally. One-half of the inflation in 1973 resulted from increases in food costs—an item that cannot be cut from the family budget. Over a third of the inflation in 1974 will come in full costs—and again this is a budget item over which families have only limited control. Rent and housing costs also increased appallingly and the high interest rates during the latter half of the year cut back new housing starts considerably. The fact that food stamp allowances were raised 28 percent last year helped those eligible for these benefits, but the average American ended the year with less real income than at the outset.

Given these economic facts of life, I was pleased to note that the President indicated in his Economic Report to the Congress his willingness to initiate measures to ease the economic crunch on Americans. I believe the time for such action is now, and I introduce this bill in hope of quick committee action. Other actions may also be necessary, including increased unemployment compensation and new public service jobs. I shall have more to say on these proposals at a later date. But I believe the bill I send to the desk today deserves enactment whether or not we are able to move ahead in these other areas.

Mr. President, I ask that an additional analysis of this proposal which was prepared by the Congressional Research Service be printed at this point in the RECORD together with a copy of the bill which I am introducing today.

There being no objection, the analysis and bill were ordered to be printed in the RECORD, as follows:

ECONOMIC EFFECT OF CORRECTING THE OVERWITHHOLDING IN THE INDIVIDUAL INCOME TAX

What would be the economic impact of the Federal government's collecting 10 billion dollars less annually in withheld taxes, while not changing the tax liability? In other words, personal tax withholding would decrease, but income tax refunds would decrease also by the same amount. Would this temporary increase in spendable income help the economy avoid the 1974 slump that is now being predicted?

In order to analyze the effects of this change, the Data Resources Inc. Quarterly model of the economy was used. The model solution (called "Control 1/30") assumes for 1974 a 1 percent annual rate of growth of real Gross National Product (real GNP), an increase in the Consumer Price Index of 8.9 percent and a three-month curtailment of oil imports. The solution of Control 1/30 and a new solution, "overwithholding," which shows the effect of the withholding schedule change, are compared in Table 2.

In 1972 the tax laws were changed, allowing larger personal exemptions. At the same time, however, the withholding schedules were changed to correct for previous underwithholding. (Table 1 shows the percentage change between the old withholding schedules and the 1972 withholding schedules.) That is, effective tax rates were lowered at the same time that withholding rates were increased. The amount of overwithholding that resulted far exceeded anyone's expectation. The intended stimulation of the economy from the tax cuts was more than offset by the change in the withholding schedules. Income tax refunds for 1972 increased 10 billion dollars—from 14 billion dollars in the spring, 1972, to 24 billion dollars in the spring of 1973.

The withholding schedule of 1972 is still in effect, resulting in an annual overwithholding of 10 billion (in today's dollars). If withholding rates were changed back to pre-1972 levels, a 10 billion dollar annual cut in withholding could be achieved. The economic effect would be that of a temporary tax cut, while the budgetary effect would be, at the worst, null, since tax liabilities would not decrease as they would if an actual tax cut were made.

A permanent change in the withholding schedules will only create a temporary "tax cut" effect. In 1974, taxes would appear lower, reflecting the lower withholding rates. Since taxpayers would have more income in 1974, they would presumably spend more. The economy would then expand to meet this demand; GNP would rise and more jobs would be created. But in 1975, the 1974 income tax refunds will also be lower. Thus, the effect of the continued lower withholding in 1975 is cancelled out by the decrease in income tax refunds from the previous year. This economic "tax cut" will stimulate the economy in the first year, but not in subsequent years. It will have the effect of a tax cut in 1974 only.

PERCENTAGE CHANGE IN AMOUNT OF INDIVIDUAL INCOME TAXES WITHHELD, BY SELECTED ANNUAL WAGES, MARITAL STATUS AND FAMILY SIZE, 1971–72

Annual wages	Single person	No children	2 children
$3,600	14.8	23.0	([1])
$6,000	6.0	3.8	−0.9
$8,400	7.7	2.4	−1.1
$10,000	6.2	1.8	−.9
$14,400	5.6	7.1	2.0
$20,400	15.9	12.7	9.0

[1] Withholding was increased from zero to $0.60 a month.

Sources: Commerce Clearing House, "New Federal Graduated Withholding Tax Tables Effective Jan. 16, 1972" (CCH, 1971) pp. 14, 15, 24, 25; CCH, "New 1971 Federal Graduated Withholding Tax Tables Effective Jan. 1, 1971" (CCH, 1970), pp. 14, 15, 24, 25.

The economic impact can be measured by adding the assumption of a temporary "tax cut" to the economic assumptions of the DRI model. However, because it's too late for this withholding schedule's change to be made in the first quarter of 1974, it was assumed that the new schedules would go into effect the second quarter of 1974, resulting in a decrease in taxes withheld in 1974 of 7.5 billion dollars, or three-quarters of the 10 billion dollar decrease (at annual rates) in withholding. In other words, personal taxes would be $2.5 billion lower in each of the last three quarters of 1974. In 1975, $10 billion fewer taxes would be withheld, $2.5 billion in each quarter of 1975. However, because the refunds from 1974, received in 1975, had been decreased by $7.5 billion, the net effect in 1975 would be only a $2.5 billion decrease in individual taxes withheld. In 1976, the full $10 billion decrease in 1975 tax refunds would completely cancel the economic effect of the new withholding rates. The above "tax cuts" were substituted in the DRI model, and a new prediction for 1974 and 1975 simulated.

As is seen from the accompanying tables, the cut in withholding results in an immediate rise in real GNP for 1974. It should be noted that the DRI forecast, "Control 1/30", differs somewhat from the official administration forecast. Because the DRI forecast is less optimistic than the administration's, the "overwithholding" solution, which shows a much better economic climate than "Control 1/30", may not look very different from the administration's forecast. However, "overwithholding" is based on the DRI assumptions. The important thing to look at is not the *level* of GNP, unemployment, etc., in the "overwithholding", but the difference between "overwithholding" and the DRI forecast. For example, what is important is that GNP is $5.8 billion higher in 1974 in the "overwithholding" solution (assuming the change in the withholding schedules) than it is in the DRI control solution, as is shown in Table 2. The price level, measured by the GNP deflator, is about the same for both solutions.

The "tax cut" directly affects disposable income, since it lowers taxes. Personal income is also higher, however. This is not caused directly by the change in taxes; it is caused by the overall stimulation of the economy, which raises GNP and lowers the unemployment rate. This "multiplier" effect raises disposable income $9.4 billion above the control solution in 1974 while the tax cut accounts for only $7.5 billion of this difference.

This stimulation of the economy feeds back to increased tax receipts. Total federal tax receipts appear to decrease in 1974 not by the $7.5 billion but by $5.8 billion. Because the $7.5 "cut" is not a cut in personal tax liability, the net effect is to increase revenues by $1.7 billion. This increase in revenues is caused by higher corporate profits and higher personal income, providing a higher tax base.

The effects of the change in overwithholding in 1975 are smaller and in 1976 no significant difference is found between the control solution and the overwithholding solution.

In effect, a permanent change in the overwithholding will provide a temporary stimulus to the economy at a time when a recession is being predicted.

TABLE 2

	1974	1975
Gross national product (GNP):		
Overwithholding	1,398.6	1,533.6
Control January 30	1,392.7	1,532.1
Difference	5.8	1.6
Percent difference	.42	.10
GNP in 1958 dollars (real GNP):		
Overwithholding	849.6	882.9
Control January 30	845.5	881.6
Difference	4.1	1.3
Percent difference	.48	.14
GNP deflator (1958=1.00):		
Overwithholding	1.646	1.737
Control January 30	1.647	1.737
Difference	−.001	−.001
Percent difference	−.07	−.04
Unemployment rate:		
Overwithholding	5.6	5.6
Control January 30	5.7	5.7
Difference	−.1	−.1
Percent difference	−1.91	−1.77
Personal income:		
Overwithholding	1,140.8	1,241.0
Control January 30	1,138.3	1,240.5
Difference	2.4	0.6
Percent difference	.21	.05
Disposable income (personal income minus taxes):		
Overwithholding	978.0	1,056.0
Control January 30	968.6	1,052.7
Difference	9.4	3.3
Percent difference	.97	.31
Consumption (personal consumption expenditures):		
Overwithholding	880.1	957.6
Control January 30	874.5	955.4
Difference	5.6	2.2
Percent difference	.64	.23
Total Federal tax receipts:		
Overwithholding	280.2	313.8
Control January 30	286.0	316.5
Difference	−5.8	−2.6
Percent difference	−2.03	−0.83
Federal personal taxes:		
Overwithholding	118.1	133.2
Control January 30	125.3	136.1
Difference	−7.2	−2.9
Percent difference	−5.72	−2.13
Federal corporate profits taxes:		
Overwithholding	48.0	52.2
Control January 30	47.0	52.1
Difference	1.0	.2
Percent difference	2.05	.35

S. 3111

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 3402(a) of the Internal Revenue Code of 1954 (relating to income tax collected at source) is amended by striking out "The amount of income tax to be withheld shall be:" in each of the tables contained therein and inserting in lieu thereof "The amount of income tax to be withheld is 92 percent of:".

(b) The amendment made by subsection (a) shall apply with respect to wages paid on or after the 30th day after the date of the enactment of this Act.

By Mr. PERCY:

S. 3112. A bill to amend the District of Columbia Sales Tax Act to exempt certain food programs from the imposition of the sales tax. Referred to the Committee on the District of Columbia.

Mr. PERCY. Mr. President, the meals on wheels program is a nonprofit service provided by volunteer groups in many communities across the country. Program volunteers, generally organized by churches, temples, and social and civic organizations, deliver thousands of low-cost, nutritious meals to homebound elderly, convalescent, and handicapped Americans who are unable to prepare their own food. This service provides not only good nutrition to thousands of shut-ins, but human companionship as well.

As ranking Republican on the Select Committee on Nutrition and Human Needs, I have been fortunate to come in contact with the Greater Washington Meals on Wheels Confederation. In the course of my involvement with the local groups, an inequitable situation has come to my attention. Under existing law in the District of Columbia, one program, Parishes United for Meals on Wheels, operated by five Catholic parishes, must pay a 2-percent retail food sales tax not paid by any of the other meals on wheels programs in the area for meals delivered to recipients living in the District of Columbia. That only one program is so taxed stems from the fact that in the District, only the Parishes United program provides meals not prepared in a church kitchen. This one group purchases the meals it delivers from a hospital kitchen and is consequently ineligible for the food sales tax exemption enjoyed by the 18 other meals on wheels groups in the metropolitan area.

The amount of money involved in providing this additional exemption is small. Yet because of the existing tax law, District of Columbia customers of the Parishes United Meals on Wheels must pay slightly more for each meal than do customers who receive the same meal but live in Maryland.

In my view, all meals on wheels programs should be treated equally, and tax exemptions should be available to all groups. I am introducing legislation today to provide for that equal treatment and I ask unanimous consent that the bill be printed in the Record at this point.

There being no objection, the bill was ordered to be printed in the Record, as follows:

S. 3112

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled. That section 128 of the District of Columbia Sales Tax Act (D.C. Code, sec. 47–2605) is amended by adding at the end thereof the following new paragraph:

"(s) Sales of food or beverages to any person for use in the operation, by a nonprofit private voluntary organization, of a nonprofit food service program and sales of such food or beverages by such person in connection with such program."

By Mr. BUCKLEY:

S. 3113. A bill to facilitate the movement of persons and goods in interstate commerce, and to aid in eliminating the burdens on interstate commerce which result from the lack of adequate coordination of highway and other transportation facilities and systems in many parts of the United States, through a comprehensive program of Federal assistance to States and localities to aid in the provision of such transportation facilities. Referred to the Committeee on Commerce.

GENERAL TRANSPORTATION TRUST FUND

Mr. BUCKLEY. Mr. President, yesterday, I participated in the first of a series of hearings to be held by the Public Works Subcommittee on Transportation. Yesterday's hearing in New York City and those to follow will prove of critical importance in shaping future Federal policies toward transportation in general, and urban transportation in particular.

The "urban transportation problem," as it has come to be known, is bound up in a complex web of urban problems that are in substantial part attributable to the relentless trend toward urban dispersal and the outmigration of population and job opportunities. The decline of central cities and the phenomenal explosion of suburbia and beyond appear to be characteristic of metropolitan areas irrespective of the availability of mass transportation faciilties of the kind we have in New York City. The growth of the suburbs has in no way diminished the need for a high quality transit network, but it has modified the pattern of transportation demand.

As a result of these and other factors, our once viable urban transit facilities are today plagued with problems of expense, delay, congestion, and pollution. These reflect increased specialization of urban transit to serve peak period commuters, that, when combined with a serious overall decline in transit use, are now the hallmarks of the urban transportation problem.

Our purpose in New York City yesterday, and in the future hearings, is to learn how Federal transportation policies and programs can be structured so as to contribute to the solution of instead of contributing to, this ever more urgent problem. I say this because it is becoming ever more obvious that Federal decades, Federal policy has concentrated the effect of exacerbating the urban transportation problem. For nearly two decades, Federal policy has concentrated on building roads, and especially on the enormous and extraordinarily successful Interstate Highway System—if we measure success only in terms of miles of highway built—that has dominated Federal transportation efforts and absorbed 75 percent of Federal highway dollars.

Although we now have superb Interstate highways, the concentration on the Interstate System has had the effect of forcing State planners to think almost exclusively in terms of highways and the internal combustion engine, rather than in terms of a more flexible and comprehensive approach to the needs of metropolitan areas; one that would encompass the use of rail and buses as well as trucks and private automobiles.

I believe the time is overdue for us to adopt a broader view of our transportation needs. We must outgrow the habit of thinking in terms of highway versus mass transit, realizing that each form of transportation plays its own vital role in an integrated approach to the problem of moving people and goods in and out of our metropolitan areas. We can, in part, achieve this goal by increasing the flexibility of Federal programs. As I see it, the Federal objective ought to be to enable State and local authorities to use available funds for the most efficient solutions to their local transportation problems, regardless of whether they are used for highway construction, maintenance, traffic engineering, bus acquisition, special express lanes or the improvement of mass transit.

To this end I am introducing today a bill that would, in effect, transform the highway trust fund into a general purpose transportation trust fund and extend its life to 1985. Expenditures from the transportation trust fund would be made in accordance with comprehensive State plans, approved by the Secretary of Transportation, which must demonstrate coordination with local development and transportation planning. My bill tentatively proposes an allocation formula to States based on population, and a basic matching share of 75 percent for all forms of transportation. While I am not committed to any particular level of Federal contribution, I do believe it is important that the level be uniform irrespective of use so as to avoid causing distortions in State and local planning.

Given our heightened environmental concerns, the imperatives of the energy crisis and our new realizations of the need for balance in our approach to transportation, I believe the time is ripe for a rethinking of Federal transportation policy. Especially as the Interstate System, for which the highway trust fund was established, is nearly completed. I am aware, having been involved in the writing of Federal-aid highway legislation for 2 years in a row, that other and newer highway construction programs will be proposed that could claim all the revenues that the Federal Government could collect for transportation purposes for many years. Congress should renounce this narrow view of Federal transportation assistance, and instead encourage cooperation and selection of the best mixture of options by the affected State and local governments.

I am frank to admit that I do not believe that a general transportation trust fund is ultimately the best means to effect the policy of flexibility and local determination. I find the now-dormant concept of transportation revenue sharing more appealing in the long run. At the same time, I understand the need for a period of transition from a structure of myriad Federal categorical programs to a no-strings-attached return of transportation funds to the States and localities. It is my hope that a general transportation trust fund will become a bridge between a rigid collection of Federal programs and a flexible policy of assistance to State and local communities who know best what their problems are and how they must be resolved.

By Mr. STEVENSON (for himself and Mr. MUSKIE):

S. 3114. A bill to amend the Economic Stabilization Act of 1970, as amended, to provide for the orderly termination of economic stabilization controls, increased production of commodities and productive capacity in short supply, voluntary price and wage restraint, and for other purposes. Referred to the Committee on Banking, Housing and Urban Affairs.

Mr. STEVENSON. Mr. President, today I am introducing a bill with Senator MUSKIE to provide for an orderly end to wage and price controls.

It would require the administration to bring about decontrol in an orderly fashion by securing commitments to increase production of commodities which are in short supply, expand deficient industrial capacity, and exercise wage and price restraint. An additional year for the transition would be available, and to help secure and enforce such commitments, present economic stabilization authority would be retained.

Mr. President, a return to a free and decontrolled economy is of the highest priority. Our bill would permit the return to a free market without an explosive new surge of inflation. It would lay the foundation for an end to scarcity and a return to healthy economic growth. Most important, it would help insure that once controls are ended, they will be ended for good.

Congress must take the lead in rectifying the economic mismanagement of the last three and a half years. Having brought us to the brink of economic chaos, the administration now proposes to abandon the fight against inflation despite pervasive shortages, spiraling prices, inadequate plant and equipment, and an impending recession. In the words of one highly respected economist, such a course would be "grossly irresponsible."

Today we are in the midst of the worst inflation the country has experienced since the end of World War II. In 1973 alone, consumer prices rose by more than 9 percent. Food prices rose by 20 percent. Wholesale prices rose by more than 18 percent. Real earnings, meanwhile, fell by 4 percent in the year ending with January 1974.

Industrial production at the end of 1973 fell by almost 4 percent, and unemployment in January rose to 5.2 percent, the biggest monthly increase since January 1970.

The worst is probably ahead. In January, consumer prices shot up at an annual rate of 12 percent. Wholesale prices rose at an annual rate of 42 percent. Wholesale price increases eventually will filter through to the retail level.

Shortages are becoming pervasive. Wheat stocks are at their lowest levels since 1948. Fertilizer is unavailable in many parts of the farm belt at any price. Ferrous scrap shortages have impeded iron and steel output, and the unavailability of reinforcing steel bars is hindering construction of buildings and roads. Meanwhile, capacity utilization in many sectors is stretched to the limit.

In these circumstances, precipitous abandonment of the economic stabilization program would be foolhardy. Wage and price controls are no long-run solution, but once they have been established, there is no easy way out.

Hasty decontrol can produce serious consequences. With no commitments on either supply or price or no means of enforcing such commitments, decontrol will simply bring on another round of inflation, this one more severe than the last. And that round will be followed in short order by still another round of controls.

Without orderly decontrol, industry will raise prices all at once in an attempt to compensate for previously suppressed prices and test the marketplace. Moreover, knowing that decontrol is coming, industry will be tempted to withhold products from the marketplace until that day arrives. Labor will seek to regain lost ground, restore eroded purchasing power, and seek to protect itself against future price increases. The result will be a wage and price bulge of serious proportions which will fuel the fires of inflation still further, produce additional disruptions and dislocation, and inflict additional harm on labor, those on fixed incomes, and all others who cannot keep pace. If that happens, the pressure to reinstitute controls will be irresistible.

The on-again off-again controls of the Nixon administration have already caused hardship for workers, uncertainty for business, shortages, and severe dislocation in many industries. If the Government is to decontrol for good—as it should—it must decontrol carefully and in an orderly manner—and not simply give up the fight. It must do so in a way that insures that controls will not have to be imposed again.

The bill which we are introducing today would help accomplish these objectives. Commitments to price and wage stability and increased output and industrial capacity where there are shortages would significantly mitigate the inflationary pressures which could otherwise be overwhelming when controls are removed. Retention of the underlying stabilization authority for the transitional period would make such commitments meaningful and enforceable. To permit the careful economic analysis required for the identification of present and future shortages and potential inflationary trends, the bill gives the President authority to gather the necessary data.

In many circumstances, no commitments may be necessary. It may be that in a given industry, industrial production and capacity are sufficient to satisfy demand. It may also be that any price or wage increases which are expected to follow upon decontrol or the grant of other relief will not have serious inflationary consequences for the economy as a whole.

It is also possible that for one reason or another a commitment might be ineffective to secure expanded output or increased capacity. Such might be the case, for example, where, because of serious market uncertainties and substantial lags from the time of an investment decision to the time new output materializes, an industry could not reasonably be expected to promise increased output of a given product.

Accordingly, the bill grants the President broad discretion in determining what action to pursue. Commitments are requested only "to the maximum extent practicable" and not when they are "unnecessary," would be "ineffective," or are "otherwise impracticable."

To prevent abuse of this broad authority, the President is required to justify in writing any decision to decontrol or grant price or wage increases without securing commitments on supply and price and wage restraint. This way he will have sufficient flexibility to decontrol as rapidly as possible, but the Congress and the public will be able to monitor how effectively the President is acting to insure that decontrol does not simply produce more inflation.

One of the key features of the bill is the opportunity it provides, through an existing program and an established institution, to deal with present shortages and to provide for an orderly transition to complete decontrol. The need for assurances that price relief or decontrol does not result in merely higher prices without expansion of supply has already been recognized by the Cost of Living Council. Price relief or decontrol to date in many instances has been conditioned on supply and price restraint commitments. For example, the Council exempted cement from controls only after the industry agreed to expand capacity. Similarly, certain nonferrous metals were exempted only after producers agreed to improve domestic capacity and increase utilization of existing plant.

The bill adopts and refines that commitment technique and makes it more flexible; first, by mandating—not just permitting—its use; second, by requiring its use where partial relief or complete decontrol is involved; third, by permitting a phasing out of controls on a sector-by-sector basis as circumstances warrant instead of requiring a complete phaseout by April 30 of this year; fourth, by extending the basic stabilization authority for another year, it provides an incentive to industry and labor to commit themselves to improved performance, and gives the President the power to enforce such commitments; and fifth, it gives the executive branch the power to tailor its efforts to varying circumstances as they arise.

In recognition of the extra burden which labor has borne since the institution of economic controls, the President is required, in determining permissible wage increases, to give due consideration to the need for real earnings to keep pace with increases in prices and productivity.

This bill differs from the administration's bill in several significant respects. First, under the administration's bill, with certain limited exceptions, the economic stabilization program would be abandoned as of April 30. Under our bill, the power to stabilize the economy would be continued for another year.

Second, under the administration's bill, commitments to secure greater output and thereby alleviate shortages as well as secure voluntary wage and price restraint would be unattainable after April 30. Indeed, as a practical matter, they are now unattainable since no sector of the enonomy is likely to agree to anything of significance today if it need merely wait 2 months to be free of constraints altogether. Under our bill, there will be a strong incentive for parties seeking decontrol to reach agreement since the alternative might be to remain under control for another year.

Third, under the administration's bill, decontrol would come suddenly with no time for the economy to adjust. Under our bill, an additional year will be available to phase out controls.

Fourth, under the administration's bill, when May 1 arrives, the full effect of existing shortages and inadequate capacity will be inflicted on the economy. Under our bill, provision will be made for alleviating shortages and expanding capacity so that decontrol will not merely produce increased prices.

Fifth, under the administration's bill, enforcement of commitments will require the laborious and uncertain process of court action. Because of the imprecise nature of many commitments which have already been obtained, enforcement through the courts may be difficult. Under our bill, enforcement can be effected immediately through the reimposition of economic stabilization controls.

Sixth, under the administration's bill, labor is singled out for discriminatory treatment. The President would be given certain powers to set aside wage increases after April 30. In light of the decline in real earnings during 1973 and the failure of wage increases to keep pace with price increases during the period of controls, singling out labor for such treatment is grossly inequitable. Under our bill, the requirement that the President consider the need for real earnings to keep pace with prices and productivity when he determines the wage increases to be permitted under decontrol commitments would prevent the imposition of unfair burdens on labor.

Some argue that wage and price controls are responsible for present shortages, that they have been ineffective to stem inflation and that they, therefore, should be abolished immediately. That argument is only partly true.

In the first place, the failure of the administration's economic stabilization program to stem price increases today is attributable not so much to controls per se but to the administration's failure to provide for an orderly transition from the strict controls of phases I and II. In fact, the Administration abandoned the program almost as soon as it had begun.

During the freeze of phase I, price increases were reduced significantly. In the year just prior to phase I, consumer prices were rising at an annual rate of 4.4 percent. During the freeze, that rise was reduced to an annual rate of 1.6 percent. During phase II, when certain price increases were permitted but controls remained in effect, inflation was held to an annual rate of 3.6 percent. It was only with the abrupt dismantling of controls at the end of phase II and the administration's clearly signaled intent during phase IV to end the economic stabilization program as soon as possible, that consumer prices took off, rising at an annual rate of 9.8 percent. The lesson of this experience is that regardless of how effective controls may be, once they have been instituted they cannot be abandoned without provision for an orderly transition.

Second, shortages, on the whole, have not been caused by wage and price controls. To be sure, there have been occasions when price controls caused diversions of commodities to export markets or discontinuation of less profitable product lines. But the real cause of widespread shortages lies in the extraordinary growth in worldwide demand in the late sixties and early seventies and the failure of U.S. industry in the sixties to build the capacity to meet that demand.

The simultaneous expansion of economic activity among the advanced economies in the late sixties and early seventies was unprecedented. In the past, growth in one area was usually offset by decline or stagnation in others. Widespread boom caught most countries totally unprepared. The result was a global scramble of unprecedented proportions for raw materials and finished products. As both the National Association of Purchasing Managers and the National Association of Business Economists are reported to agree, it was this unprecedented high demand augmented by devaluation of the dollar, which was the primary cause of shortages, not wages and price controls.

U.S. industry was woefully unprepared to meet this unexpected demand. Investment in new plant and equipment during the sixties—before wage and price controls were imposed—had been seriously deficient. Investment was being sacrificed to consumption.

The evidence is startling. In 1960, net investment in the United States amounted to only 7.2 percent of GNP. By comparison, in Japan, it amounted to 20 percent, in Germany, 15 percent, and in the Netherlands, Italy and Sweden, over 12 percent. In 1965, net investment in the United States was only 7.5 percent of GNP; but in the United Kingdom, it was over 27 percent; in Japan, 18 percent; in Germany, 15 percent; and in Canada, it came to 13 percent.

By 1970, the United States had fallen even further behind. Net investment fell to just over 6 percent of GNP, but it rose to over 20 percent in Japan, 15 percent in France, 17 percent in the Netherlands, and 12 percent in Italy.

In short, long before controls were imposed, the foundation for shortages and rising prices was there. As the Director of the Cost of Living Council has pointed out:

Therein lies the main cause of lack of capacity today rather than in the effects of recent controls.

That view is confirmed by the capital spending boom which has been going on since the beginning of 1973, despite the existence of the economic stabilization program. In that year, total expenditures for new plant and equipment grew to over $100 billion, a larger yearly increase than at any time in recent history. Projections for 1974 call for a record $112 billion outlay. Machine tool orders in January of this year are up to 18 percent over levels a year ago. Gross fixed investment, after bumping along at less than $150 billion dollars through 1971, jumped almost 19 percent in 1973 to $194 billion.

All this adds up to a willingness to increase potential productive capacity, despite the existence of wage and price controls, so long as the economic outlook is healthy. The task we face today is to make that outlook healthy as we return to a decontrolled economy.

To do that, much needs to be done in the areas of fiscal and monetary policy. But a first step is to forestall another serious bout of inflation with all the hardships and uncertainties that would ensue. The best way to do that is to make sure that the return to a decontrolled economy is orderly. Increases in supply and commitments to exercise restraint are essential prerequisites. Without them, decontrol will mean drastic inflation, increased hardship, greater uncertainty, and economic failure.

No resolution is foolproof. But there is no easy way out. We cannot wash our hands of the matter. We must face up to our responsibilities.

The proposal we have offered is realistic and flexible. It will permit us to return to an uncontrolled economy in a responsible way. Most importantly, it will insure that when the economic stabilization program is ended, it will be ended once and for all.

ADDITIONAL COSPONSORS OF BILLS AND JOINT RESOLUTIONS

S. 821

At the request of Mr. Bayh, the Senator from South Dakota (Mr. McGovern), the Senator from Utah (Mr. Moss), the Senator from California (Mr. Cranston), the Senator from New Jersey (Mr. Williams), the Senator from Maryland (Mr. Mathias), the Senator from North Dakota (Mr. Burdick), and the Senator from California (Mr. Tunney) were added as cosponsors of S. 821, a bill to improve the quality of juvenile justice in the United States and to provide a comprehensive, coordinated approach to the problem of juvenile delinquency, and for other purposes.

S. 872

At the request of Mr. Hruska, the Senator from Oregon (Mr. Packwood) was added as a cosponsor of S. 872, to facilitate prosecutions for certain crimes and offenses committed aboard aircraft, and for other purposes.

S. 1835

At the request of Mr. Hartke, the Senator from Oregon (Mr. Packwood) was added as a cosponsor of S. 1835, to amend title 38, United States Code, to increase the maximum amount of Servicemen's Life Insurance to $20,000, to provide full-time coverage thereunder for certain members of the Reserves and National Guard, to authorize the conversion of such insurance to Veterans' Group Life Insurance, and for other purposes.

S. 2786

At the request of Mr. Percy, the Senator from New Mexico (Mr. Domenici) was added as a cosponsor of S. 2786, to amend chapter 34 of title 38, United States Code, to increase from 36 to 48 months the maximum period of educational assistance to which an eligible veteran may become entitled under such chapter, and to extend from 8 to 15 years the period within which an eligible veteran must complete his program of education under such chapter after his discharge from military service.

S. 2801

At the request of Mr. Proxmire, the Senator from Alaska (Mr. Stevens) was added as a cosponsor of S. 2801, to amend the Food, Drug, and Cosmetic Act to include a definition of food supplements, and for other purposes.

S. 2822

At the request of Mr. Mathias, the Senator from Kansas (Mr. Dole) and the Senator from Minnesota (Mr. Humphrey) the Senator from Colorado (Mr. Haskell) and the Senator from New York (Mr. Javits) were added as cosponsors of S. 2822, to encourage the preservation of open lands in or near urban areas by amending the Internal Revenue Code of 1954 to provide that real property which is farmland, woodland, or open scenic land and forms part of an estate shall be valued, for estate tax purposes, at its value as farmland, woodland, or open scenic land—rather than at its fair market value—if it continues to be used as such for at least 5 years after the date on which the estate tax return is filed.

S. 2881

At the request of Mr. Fannin, the Senator from Texas (Mr. Tower), the Senator from Florida (Mr. Gurney), and the Senator from South Carolina (Mr. Thurmond) were added as cosponsors of S. 2881, to amend section 1951, Title 18, United States Code, act of July 3, 1946.

S. 2906

At the request of Mr. Mondale, the Senator from Utah (Mr. Moss) was added as a cosponsor of S. 2906, a bill to amend the Internal Revenue Code of 1954 to permit taxpayers to utilize the deduction for personal exemptions as under present law or to claim a credit against tax of $200 for each such exemption.

S. 2992

At the request of Mr. Humphrey, the Senator from Tennessee (Mr. Brock) was added as a cosponsor of S. 2992, the Modern Congress Act of 1974.

S. 3006

At the request of Mr. Proxmire, the Senator from Kentucky (Mr. Huddleston) was added as a cosponsor to S. 3006, the fiscal note bill.

S. 3043

At the request of Mr. Nelson, the Senator from South Dakota (Mr. Abourezk), the Senator from Alaska (Mr. Gravel), and the Senator from Colorado (Mr. Dominick) were added as cosponsors of S. 3043, the Federal Citizens Appeal Act of 1974.

S. 3067

At the request of Mr. Hartke, the Senator from South Dakota (Mr. McGovern), the Senator from Indiana (Mr. Bayh), and the Senator from Iowa (Mr. Clark) were added as cosponsors of S. 3067, to amend title 38, United States Code, to increase the rates of disability compensation for disabled veterans, and for other purposes.

S. 3072

At the request of Mr. Hartke, the Senator from South Dakota (Mr. McGovern), the Senator from Indiana (Mr. Bayh), and the Senator from Iowa (Mr. Clark) were added as cosponsors of S. 3072, to amend title 38, United States Code, to liberalize the provisions relating to payment of dependency and indemnity compensation, and for other purposes.

S. 3079

At the request of Mr. Thurmond, the Senator from Indiana (Mr. Hartke), the Senator from Wyoming (Mr. Hansen), the Senator from Vermont (Mr. Stafford), the Senator from Georgia (Mr. Talmadge), the Senator from Iowa (Mr. Hughes), and the Senator from West Virginia (Mr. Randolph) were added as cosponsors of S. 3079, to reinstate November 11 as National Veterans Day.

SENATE JOINT RESOLUTION 91

At the request of Mr. Gurney, the Senator from Rhode Island (Mr. Pastore) was added as a cosponsor of Senate Joint Resolution 91, to codify and emphasize existing rules and customs pertaining to the display and use of the flag of the United States.

ADDITIONAL COSPONSOR OF RESOLUTION

SENATE RESOLUTION 281

At the request of Mr. Inouye, the Senator from South Dakota (Mr. Abourezk) was added as a consponsor of Senate Resolution 281, to express the sense of the Senate with respect to the allocation of necessary energy sources to the tourism industry.

DISAPPROVAL OF PAY RECOMMENDATIONS OF THE PRESIDENT—AMENDMENT

AMENDMENT NO. 996

(Ordered to be printed, and to lie on the table.)

Mr. STEVENS submitted an amendment, intended to be proposed by him, to the resolution (S. Res. 293) to disapprove pay recommendations of the President with respect to rates of pay for Members of Congress.

FAIR LABOR STANDARDS AMENDMENTS OF 1974—AMENDMENT

AMENDMENT NO. 997

(Ordered to be printed, and to lie on the table.)

Mr. BUCKLEY submitted an amendment, intended to be proposed by him, to the bill (S. 2747) to amend the Fair Labor Standards Act of 1938 to increase the minimum wage rate under that act, to expand the coverage of the act, and for other purposes.

ADDITIONAL COSPONSORS OF AMENDMENTS

AMENDMENT NO. 964

At the request of Mr. BUCKLEY, the Senator from Oklahoma (Mr. BARTLETT), and the Senator from Virginia (Mr. WILLIAM L. SCOTT) were added as cosponsors of amendment No. 964, intended to be proposed by him to the bill (S. 2747) to amend the Fair Labor Standards Act of 1938 to increase the minimum wage rate under that act, to expand the coverage of the act, and for other purposes.

AMENDMENT NO. 985

At the request of Mr. TAFT, the Senator from Colorado (Mr. DOMINICK) was added as a cosponsor of amendment No. 985, intended to be proposed by him, to S. 2747, the Fair Labor Standards Act.

AMENDMENTS NOS. 986 AND 987

At the request of Mr. TAFT, the Senator from Georgia (Mr. TALMADGE) and the Senator from South Carolina (Mr. HOLLINGS) were added as cosponsors of amendments Nos. 986 and 977 intended to be proposed by him to S. 2747, the Fair Labor Standards Act.

AMENDMENT NO. 991

At the request of Mr. CHURCH, the Senator from Wisconsin (Mr. NELSON) was added as a cosponsor of amendment No. 991, proposed by Mr. CHURCH to the resolution (S. Res. 293) to disapprove pay recommendations of the President with respect to rates of pay for Members of Congress.

NOTICE OF HEARINGS ON SMALL BUSINESS LEGISLATION

Mr. CRANSTON. Mr. President, the Subcommittee on Small Business of the Banking, Housing and Urban Affairs Committee will hold hearings on the small business authorization proposal.

The hearings will be held at 10 a.m., March 13 and 14, room 5302, Dirksen Senate Office Building, and those persons interested in testifying should contact Miss Carolyn Jordan of the committee staff at 225-7391.

NOTICE OF HEARINGS ON FEDERAL MINING AND LEASING LAWS

Mr. METCALF. Mr. President, I wish to inform Senators and all interested persons that the Subcommittee on Minerals, Materials and Fuels of the Committee on Interior and Insular Affairs, has scheduled hearings on March 27 and 29 on pending legislation to revise the laws governing mineral development on Federal lands. The principal bills before the subcommittees are S. 1040, the Mineral Leasing Act of 1973, proposed by the administration; my proposal, S. 3085, the Hardrock Minerals Development Act of 1974, and S. 3086, the Mineral Development Act of 1974, proposed by the American Mining Congress. Two bills which would revise the revenue sharing provision of the Mineral Leasing Act of 1920—S. 3009 and S. 3010—will also be considered. We want the witnesses to testify on all these bills.

We particularly urge the witnesses to address first, the anticipated impact of S. 1040 on the Federal coal leasing program, which the subcommittee is presently reviewing, and second, the anticipated impact of S. 1040 and S. 3085 on hardrock mineral development.

Anyone wishing to testify at these hearings should call Mike Harvey of the committee staff at 225-1076. The hearing will begin at 10 in room 3110, Dirksen Senate Office Building on March 27 and 29.

NOTICE OF HEARINGS ON COMMODITY RESERVES

Mr. HUDDLESTON. Mr. President, I want to take this opportunity to announce that public hearings will be held on Commodity Reserves before the Subcommittee on Agricultural Production, Marketing and Stabilization of Prices on March 21 and 22, 1974. The hearings will be held in the Caucus Room of the Russell Building.

There are two bills presently before the subcommittee, S. 2005, and amendment No. 963 thereto, and S. 2831. Commodities affected are wheat, corn, grain sorghums, barley, oats, rye, soybeans, and cotton.

The hearings will not, however, be limited to the provisions of these bills. Rather, the subcommittee hopes that witnesses will address not only the broad philosophy of reserves as such, but also the question of world as opposed to domestic reserves and such specific factors as desirable reserve quantity levels, release price levels, management and control of reserves, cost, effect on farm prices, availability under continued demand stress and all other factors relating to the broad topic of such reserves.

Anyone wishing to testify please notify the committee clerk as soon as possible.

NOTICE OF HEARINGS ON ENERGY REORGANIZATION BILLS, S. 2135, AND S. 2744

Mr. RIBICOFF. Mr. President, the Subcommittee on Reorganization, Research and International Organizations of the Committee on Government Operations will hold hearings on March 12 and March 13 on S. 2135 and S. 2744, proposed energy reorganization legislation. The hearings will begin at 10:15 a.m. in room 3302 Dirksen Senate Office Building.

HEARINGS ON NOMINATION OF ROYSTON HUGHES, OF MARYLAND, TO BE ASSISTANT SECRETARY OF INTERIOR

Mr. JACKSON. Mr. President, I wish to announce for the information of the Members of the Senate and other interested persons that the Committee on Interior and Insular Affairs has scheduled open hearings for March 11 on the nomination by President Nixon of Royston Hughes of Maryland to be Assistant Secretary of Interior.

The hearings will be held in room 3110 of the Dirksen Senate Office Building and will begin at 11:00 a.m.

Persons wishing to testify or submit statements for the hearing record should so advise the staff of the Interior Committee.

Mr. President, I ask unanimous consent that a biographical sketch on Mr. Hughes be printed in the RECORD at this point in my remarks.

There being no objection, the biographical sketch was ordered to be printed in the RECORD, as follows:

BIOGRAPHICAL SKETCH ON MR. HUGHES

Royston C. Hughes was nominated by President Nixon on March 1, 1974, to be Assistant Secretary of the Interior for Program Development and Budget.

Born in Rochester, New York, on September 8, 1938, Mr. Hughes attended public school in Rochester, New York. He was graduated from the United States Naval Academy in Annapolis, Maryland, with a B.S. degree in 1960 and from the American University in Washington, D.C., with an M.A. degree in international relations in 1967.

He was on active duty with the U.S. Navy from 1960-1969, during which time he served on destroyers and cruisers, and was an instructor at the U.S. Naval Academy in the Department of English, History and Government. He also served with the Navy as a protocol officer in Vietnam.

From March 1969 to January 1971, Mr. Hughes was legislative assistant to Secretary of the Interior Rogers C.B. Morton when Mr. Morton was the Congressman from the First Congressional District of Maryland.

Since January 1971, he has served as Assistant to the Secretary of the Interior and in other key posts in the Office of the Secretary. For a period of six months he directed the Office of Territorial Affairs, administering a $100 million program for Micronesia, Samoa, Guam, and the Virgin Islands. He also directed the Department's Office of Congressional Affairs for 11 months. As Assistant to the Secretary he has exercised general management authority for the Secretary in a variety of administrative, program, and information areas, and supervised the activities of the Department's eight regional offices which coordinate the Department's program activities.

As Assistant Secretary for Program Development, Mr. Hughes will be responsible for budget planning and development, policy and program analysis, and the review of environmental aspects of Department projects and programs. He succeeds Dr. Laurence E. Lynn Jr. who left the Department on February 1, 1974, to join the Brookings Institution in Washington, D.C.

Mr. Hughes is married to the former Joan Rosswork of Annapolis, Maryland. They have three children. Mr. and Mrs. Hughes reside at 91 Tarragon Lane, Edgewater, Maryland.

HEARINGS TO RESUME ON CONGRESS AND MASS COMMUNICATIONS

Mr. METCALF. Mr. President, I wish to call attention to the resumption of hearings conducted by the Joint Committee on Congressional Operations on the subject of Congress and Mass Communications. The third day of hearings is scheduled to open Thursday, 7 March, in room 2359 of the Rayburn House Office Building.

As we watch the American public's opinion of Congress slip to a level of confidence commensurate with that of the executive branch of Government, it becomes clearer that the American public must be educated and informed as to the workings of the people's branch of government, of which recent polls have indicated they know so little.

The first phase of the hearings, among other disclosures, made it clear the major television networks and public broadcasting systems are eager to expand their coverage of our activities—from committee sessions to floor debates—and are willing to discover whether the viewing audiences in fact do wish to become better informed as to how Congress functions as an institution.

A basic operating assumption of the Joint Committee in these hearings is that since the public holds the mass media in such relatively high confidence and that the substantial majority of Americans inform themselves on current events through the broadcast media, then Congress might do well to explore the possibilities of increased cooperation with the media, to ensure that, to the greatest possible extent, congressional operations are open to their coverage.

In addition to receiving testimony from the presidents of two commercial networks and the Corporation for Public Broadcasting, the Joint Committee in the opening days of the hearings also heard from the Washington bureau chiefs of the major networks.

Four of my colleagues in the Senate and four Members of the House of Representatives shared their views on this subject with the committee on the opening day of the hearings. Most of the discussion regarded how to make Congress more accessible to the broadcast media—not whether to do so.

On Thursday we expect to receive testimony from the distinguished assistant majority leader, Senator ROBERT C. BYRD, from public broadcasting executives and from Mr. Julian Goodman, president of the National Broadcasting Co.

We will also have a chance to view on television monitors public television coverage of the State legislatures of Florida and Connecticut, where direct broadcasting of legislative proceedings is now beyond the experimental stage.

On March 12 the joint committee will meet with the chairmen of the committees of correspondents and photographers assigned to cover Congress. There also will be a panel discussion by media critics and analysts on the subject of how reporting of Congress can be improved.

Two final days of hearings have been scheduled for April 9 and 10 so that we may receive testimony from other media spokesmen who have asked to be heard, members of the press and academic experts in the field of congressional operations.

In proceeding with these hearings, Mr. President, it remains the committee's intent to probe the possibility of expanding the access of the mass media to congressional activities, of improving the coverage of Congress as an institution and of improving the services and facilities now available to members of the press.

I encourage my colleagues and their representatives to attend the final 4 days of these hearings as we progress with this vital line of inquiry. I ask unanimous consent to have the list of witnesses who will testify before the joint committee during hearings this month appear at this point in my remarks.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

TENTATIVE WITNESS LIST—RESUMPTION OF HEARINGS ON CONGRESS AND MASS COMMUNICATIONS, THE JOINT COMMITTEE ON CONGRESSIONAL OPERATIONS

THURSDAY, MARCH 7

10:00 A.M.

Senator Robert C. Byrd.

Julian Goodman, President, National Broadcasting Company.

Hartford Gunn, President, Public Broadcasting Service.

Jim Karayn, President, National Public Affairs Center for Television.

Lee Frischknecht, President, National Public Radio.

Matthew Coffey, President, Association of Public Radio Stations.

William Giorda, Manager, KUT–FM, Austin, Texas.

2:00 P.M.

Panel: "Television Coverage of State Legislatures."

Connecticut general assembly

Lewis B. Rome, Senate Majority Leader.

David B. Ogle, Executive Director, Joint Committee on Legislative Management.

Connecticut Public Television (*CPTV*)

Paul Taff, President.

Florida State legislature

Representative William Birchfield, Jacksonville.

Florida public television

Fred Rebman, President, WJCT–TV, Jacksonville.

TUESDAY, MARCH 12

10:00 A.M.

Panel: "How Can Reporting of Congress Be Improved?"

Robert Blanchard, Ph. D., Chairman, Department of Communications, American University.

Neil MacNeil, Correspondent, Time Magazine.

Ben Bagdikian, Columbia Journalism Review.

Testimony: Congressional News Galleries.

Gene Bernhardt, UPI, Standing Committee of Correspondents.

Bill Greenwood, CBS News, Radio and Television Correspondents Gallery.

Frank Cancellare, AP, Press and Photographers Gallery.

Neil MacNeil, Time Magazine, Periodical Gallery.

ADDITIONAL STATEMENTS

THE ADMINISTRATION'S POSITION ON WAGE AND PRICE CONTROLS

Mr. JAVITS. Mr. President, I ask unanimous consent to have printed in the RECORD the administration's declaration of policy on wage and price controls, as stated by Dr. John T. Dunlop, Director of the Cost of Living Council, before the Joint Economic Committee, on February 19, 1974. I present it for the information of Senators.

There being no objection, the declaration of policy on wage and price controls was ordered to be printed in the RECORD, as follows:

STATEMENT OF DR. JOHN T. DUNLOP, DIRECTOR OF THE COST OF LIVING COUNCIL BEFORE THE JOINT ECONOMIC COMMITTEE

Mr. Chairman and Members of the Committee:

I appreciate the opportunity this morning to present the Administration's proposals for the future of economic controls to this Committee and to answer questions on those proposals. As you know, Secretary Shultz and I presented the recommendations on February 6th before the Subcommittee on Production and Stabilization of the Senate Committee on Banking, Housing and Urban Affairs.

Since the proposals were detailed before that Committee at that time and you have had a chance to review them, I thought, it might be appropriate to limit myself today to some general introductory remarks based on questions which have been raised since our analysis and recommendations of February 6, 1974.

I

The inflation in the prices of primary commodities in 1973–74 has been world wide, unexpected and beyond the range of previous experience. Ferrous scrap, essential to various branches of steel production, sold for $30 to $40 a ton a year ago and today sells for $115 to $130 a ton. The cash price of No. 1 Hard Red Winter Wheat at Kansas City last Friday was $6.11 a bushel, the highest price recorded. Prior to 1972, the highest price was $2.97 in December 1947. Cotton prices at Memphis reached 92.75 cents a pound last September; they are still in the 70–75 cent range compared to an average of less than 35 cents in 1972 and the years of the preceding decade. The rise in world crude oil prices needs no statistical citation. Thus, the full range of primary commodities—feed grains, fibers, metals and energy—have reflected a virulent price inflation this past year.

The basic explanation for these unprecedented price surges consists of a number of factors—the simultaneous boom in the advanced industrial countries during 1973; the rapid rate of expansion in the last half of 1972 and early 1973 here and abroad; the decline in agricultural output in several countries including the 7 percent decline in the United States; the oil embargo; and the dollar devaluations which further raised dollar prices of imports and made our exports more attractive. This past year this country has learned as never before how closely our economy is related to those of the rest of the world.

In this difficult economic setting, wage and price controls cannot be a powerful tool to constrain domestic inflation. We have sought to use controls during this period to contribute to five major objectives consonant with economic expansion and higher employment levels:

(1) To allow the passthrough of the costs of imports that are absolutely necessary to the

domestic economy, as in the case of imported oil, and to allow domestic prices to be high enough so that a serious drain of additional exports to world markets would not create business hardship and unemployment. Most importantly, at the same time we have sought to protect the American consumer by providing for no more than a dollar-for-dollar pass-through of imported costs and have allowed prices of domestic products like aluminum and copper to rise gradually toward world levels only when necessary to preserve supply

(2) To constrain price increases at finished goods levels from the large cost increases derived from the primary price explosions. Such constraint is achieved through the devices of prenotification, labor productivity offsets, strict accounting of costs *actually* incurred (not anticipated costs), and in some cases further postponement or denial of price increases otherwise cost justified that are found to be unreasonably inconsistent with the goals of the stabilization program.

(3) To constrain the impact of these price increases on wages by programs to improve collective bargaining and to moderate wage increases while recognizing the need to provide for equitable adjustments in individual cases.

(4) To use all available means to modify government and private policies to increase supply and productivity.

(5) To pursue the policy of gradual decontrol on a sector-by-sector basis.

Any dispassionate observer in the economic environment of 1973 and 1974 with these large worldwide primary price increases, will agree that wage and price controls can have only very limited impact to restrain inflation and that there are risks that controls will effect substantial economic damage. It is my judgment that in this difficult and complex economic setting the Economic Stabilization Program has made an incremental contribution to price and wage restraint. Nonetheless, the authority for mandatory controls should, with the exception of a few sectors, be allowed to lapse after April 30, 1974.

II

In any appraisal of wage and price controls it is essential, as my detailed testimony sets forth on p. 39, to avoid two extreme positions that are often advanced. One view is that controls can do no good, can only do harm, can make no contribution to the restraint of inflation, and that controls are an entirely unwarranted interference with the "free market." The other view is that direct controls are a powerful and ready tool in the fight against inflation which should be a permanent and continuing part of the government arsenal. In my judgment, neither view is supportable by experience.

Wage and price controls can make an incremental contribution to price stability or may cause adverse effects on production, depending on the profile of the inflation and the way in which controls are designed and administered. Moreover, short-term and longer-term consequences of controls should be distinguished. The consequences of controls, for me, are a pragmatic and quantitative matter. For the past year, the evidence and conclusions as to the results of the controls program have been collected and analyzed and are presented on pp. 17–35 of the detailed testimony.

III

The first half of the year 1974 gives evidence of being characterized by severe inflationary pressures from the same fundamental forces that characterized 1973, except that there is generally expected to develop less pressure on capacity as the year develops, save in certain industries where long-run supplies continue to be short. The table on page A–150 of the testimony shows a number of econometric projections of the GNP deflation by quarters for 1974, generally with declining price increases. These projections, in most cases, were based on the assumptions that controls will lapse on April 30, 1974.

The economic environment of 1974 will require in many industries and within many firms very considerable readjustments to substantially higher energy prices, temporarily higher and in some instances permanently higher raw materials and feedstock costs and rapid variations in demand for products. For example, the automobile industry must adjust to the higher demand for small cars and the relative drop in the demand for large cars; the plastics industry faces acute readjustments with permanently higher costs of feedstock more than likely; a number of industries face adjustments toward or away from low-end products, depending on demand and capacity conditions; large adjustments in transportation costs require major reviews in many sectors; long term capacity decisions are required in many industries. International markets also involve considerable uncertainty and change.

In these circumstances, it is our considered judgment that the need for flexibility of decision making in industry in the period ahead is of paramount importance to protect jobs and efficiency, and overrules the incremental contribution that widespread controls might make to price stability in the economic environment expected after April 30, 1974. Accordingly, we have recommended that, with the exception of a few sectors, the authority to impose controls be allowed to lapse.

The decontrol process has not been abrupt or precipitous; it will have been spread gradually over nine and one-half months since July 18, 1973. The testimony on page 12 sets forth the sectors decontrolled. Since that compilation, the Cost of Living Council has decontrolled the following sectors: steel drum reconditioning firms, marine terminal prices, rendering, ferrous and ferro-alloy scrap, and nonrubber shoes.

In the case of all significant sectors we have sought and received commitments in the public interest as to future prices, capacity, domestic sales or industrial relations procedures. Anyone familiar with the experience of 1946 or 1952 can contrast our current course with the disorderly retreat from controls in these earlier periods.

IV

The main purpose of this brief introduction is to focus attention on the proposed continuing Cost of Living Council as described on pages 57–58 of the testimony. The proposed activities—most of which we have been doing this past year to a limited extent—are apart from mandatory wage and price controls.

The Administration's recommendations are based upon three fundamental principles: (1) The Federal Government must have a continuing and deep concern with the rate of inflation, even apart from the primary tools of fiscal and monetary policy. Since wage and price controls are not adjudged to be an effective instrument for restraining inflation in the period ahead, there should be in the government an institutional focus of concern and activity applied to particular sectors to restrain inflation. (2) The widespread impact of the Federal Government on particular sectors—such as in agriculture, construction and transportation—has significant consequences for inflation. The government should see that its activities take into account the inflationary potential of its policies, and in these times, public policies should involve supply stimulation to constrain price and wage inflation. Illustrations of activities of this nature carried on during the past year are summarized on page A–16–18 of the testimony. We intend to expand such activities. (3) The government can and should use its influence and leadership with private parties, and State and local governments, to restrain prices and costs and to increase productivity. In some problem areas, such activities involve labor-management-government advisory committees. Attention is directed to the recommendation that the Federal Advisory Committee Act be amended to exempt such tripartite committees. (Testimony pages 61–63.)

While the testimony spells out the Administration's position on the future of controls and the role of the Cost of Living Council after April 30, it may be helpful to try to indicate what the new Council is *not* proposed to be. It is not a planning agency, since its activities are intended to be focused on inflation; nor is it proposed as another Council of Economic Advisers or as another mediation or dispute settlement agency. On the other hand, it is more than a price and review board in that it regards supply problems, and government actions affecting supply, as central to its proposed mandate. And it is more than a Cabinet Committee on Price Stability, such as established by President Johnson in 1968, to publish studies and arrange conferences, since its main preoccupation is intended to be government supply actions or private activities designed to constrain short-term or long-term inflation in problem sectors of the economy.

Apart from monetary and fiscal policy, the recommendations constitute, in my view, the most practical and effective means for fighting inflation under the economic conditions that now lie ahead. While opinions may differ over how best to confront the complex problems of inflation, no one should confuse the proposal to end widespread mandatory wage and price controls with an abandonment of concern over inflation. The recommendations constitute our judgment as to the most effective means to restrain inflation in particular sectors in the circumstances immediately ahead.

COLUMNIST'S VIEWS SUBSTANTIATE NEED FOR "MODERN CONGRESS"

Mr. HUMPHREY. Mr. President, recently I introduced S. 2992, the Modern Congress Act. About the same time, I was privileged to testify before the Joint Committee on Congressional Operations, on the subject of Congress and the mass media.

A central thought underlying my remarks on both occasions was that Congress must act quickly and decisively to win back the confidence of the American public. We are all aware, I am sure, of the opinion polls which show a significant decline in the public's estimate of the accomplishments of Congress as well as the administration.

In my opinion, we cannot reverse this trend with window-dressing or public relations gimmicks. Substantive action is needed.

The Modern Congress Act spells out the steps to be taken for Congress to get its house in order to accomplish this action—including establishment of a Citizens' Committee to Study Congress; commissioning of a study of Senate committee jurisdiction; creation of an Office of Congressional Counsel; strengthening the powers of the Comptroller General; mandating an annual "State of the Congress Message" by the leadership of both houses of Congress; reform of congressional fiscal and budgetary practices; formation of Legislative Review Subcommittees in each standing committee; creation of an Office of Congressional

Communications; requiring that committee meetings be open to press and public; undertaking a study of computerized scheduling of Senate committee meetings; and creating a Joint Committee on National Security.

Each of these proposals, Mr. President, would work toward making Congress more efficient and effective, and thus more worthy of the esteem of the public. In particular, the "State of the Congress" message, the Office of Congressional Communications and the open-meeting requirement would work toward giving the public more complete information upon which to judge Congress and its work. I believe that a more open and accessible Congress would in turn find that the public's respect was more readily accessible to it and its members.

In my remarks before the Joint Committee, I elaborated on this theme, urging consideration of the Modern Congress Act's provisions. I also urged opening the floors of the Senate and House to routine coverage by the radio and television news media. And I proposed methods of encouraging the smaller news outlets back home in our states and districts to improve their knowledge of Congressional operations and their access to Senators and Representatives from their coverage areas.

Mr. President, in a recent column, Marianne Means explored at length the question of public attitudes toward government in general, and the Congress in particular. I find her thoughts enlightening, and her comments on the need for better communication are particularly pertinent.

Mr. President, I ask unanimous consent that the text of Ms. Means' column be printed in the Record.

There being no objection, the column was ordered to be printed in the Record, as follows:

A Frightening Communications Gap

(By Marianne Means)

Washington.—Twenty months after the Watergate break-in, a nagging question lingers on and festers: How could a national network of politicians, who were really criminals, flourish at the hghest level of the Federal Government?

The easiest answer is to say the President is a knave, but it cannot be that simple. Evangelist Billy Graham would blame Watergate and its related horrors on a universal moral decline among the people, but that condemns too broadly, as though divorce and marijuana are to be equated with burglary and perjury.

The heart of the problem Sen. Edmund Muskie recently suggested, is that most Americans have very little notion of what they are doing when they vote nor of what the persons they elect do when they get into office. This is not very flattering to the voters, and when President Nixon referred to them as "children" in that context he was roundly criticized.

But Muskie cited a survey taken for his Subcommittee on Intergovernmental Relations by Lou Harris; the results showed a frightening communications gap between the people and the so-called servants whose salaries they pay.

DON'T WANT TV EXPOSURE

Muskie was testifying before a joint Congressional committee on behalf of a measure to permit floor debates to be televised. Most Congressmen, however, seem more frightened by such television exposure than by the statistics. They clearly have their priorities in the wrong place.

Repeated polls have indicated that only a minority of citizens know the names of their local, state and Federal Government officials. The Harris survey confirmed this situation: only 46 percent correctly identified their Congressman; only 42 per cent could name both Senators; and 20 per cent believed that Congress is composed of the Senate, the House and the Supreme Court.

In exposing the giant communications gap, the survey also showed that state and local officials thought they were reaching the public, but the public said otherwise. Both local and state officials over-estimated public information about their activities by 26 points.

Surprisingly, the public reported more confidence in television and newspaper news than did the officials. But none of the figures are awe-inspiring. Forty-one per cent of the public had confidence in TV news, 30 per cent in the press. But only 17 per cent of state and local officials had faith in TV news and 19 per cent in newspapers. Muskie noted that problems are inevitable when "the men and women who know most and best what government is doing trust least the only reliable means they have for communicating their knowledge."

THE PUBLIC'S OUT OF TOUCH

The survey found only 24 per cent of the public reported ever having gone to the local government; most who did were professionals, the college educated or active citizens. The percentages were lower, but the pattern similar, for contact with state and Federal governments.

The concerns that took these people to their government were primarily personal rather than issue-oriented. Traffic-related problems and zoning questions were the most frequent reasons at the local level. At the state level, financial help was the big motivator. At the Federal level, help was sought for grants, passports, disability insurance payments and the like.

No substantial number of citizens tried to communicate with state or local governments about broad policy questions. Only 25 per cent of those who said they had ever written to express an opinion to Congress or the White House did so on a public issue.

It appears some of the responsibility for Watergate can be spread in every direction. The President, of course, established the climate that made it possible. But the public was not paying enough attention to realize what was going on, and honest officials were not pressing for better communication and more open disclosure.

LITHUANIA

Mr. HUGH SCOTT. Mr. President, February 16 marked the 56th anniversary of the founding of the modern Republic of Lithuania. An independence day that should have been marked by celebration was, instead, a day of sadness for Lithuanian-Americans who wish their country to be free.

Many of my Lithuanian-American constituents in Pennsylvania have asked me to note in the Record their continuing hope, which I share, that one day Lithuania will achieve independence. I assure them that I share this hope.

The Lithuanian-American Community of the U.S.A., Inc., headquartered in Philadelphia, is one of many ethnic organizations througout this Nation that is actively working to have all Americans remember the plight of Lithuania and the other Baltic nations.

This organization said in a letter to me:

> The lessons Lithuania and her people have heroically given to the world should not be forgotten and ignored.

I hope that we do not allow ourselves to forget, and that one day Lithuania and her neighbors will celebrate true independence.

OFFICE OF FEDERAL PROCUREMENT POLICY

Mr. HATHAWAY. Mr. President, I rise to commend the Senate for its passage last Friday, March 1, 1974, of S. 2510, a bill to create an Office of Federal Procurement Policy. This bill will provide a most important advancement in the field of Government procurement by consolidating in one office the responsibility for major procurement policy development now being performed in numerous agencies. The bill also provides a major benefit to the small business contractors who are presently subject to numerous and varying procurement policies and procedures.

As chairman of the Government Procurement Subcommittee of the Small Business Committee, I called for hearings last May 17 and 18, 1973, to consider small business aspects of the recommendation of the Commission on Government Procurement for the creation of a central office responsible for government-wide procurement policy. During those hearings we heard testimony of small businessmen and small business associations, as well as some of the procuring agencies of the Executive Department supporting this recommendation. They cited many instances when current regulations pertaining to procurement matters needlessly differed from agency to agency, were unreasonably long and confusing. It is their hope that this situation can be rectified and their opinion that the problem can best be handled by a central office of procurement policy.

As you are aware, the Congress has adopted a policy of encouraging small business through the means of Government contracts. In the Small Business Act, as well as other laws, special provisions are made to encourage small business contractors to contract with the Government. And, in fact, small business has accepted this opportunity. Out of a total Government procurement and of approximately $50 billion in fiscal year 1973, about 20 percent of the dollars went to small business on prime contracts. Yet, despite the efforts to encourage small business to contract with the Government, there are other aspects of the procurement procedures which effectively deter small business participation.

Certainly, small businessmen find that long and detailed procurement regulations which are frequently amended and cover several volumes are not conducive to seeking a Government contract. The small business does not have, and cannot afford a staff to constantly research these complex regulations, yet the contractor is on notice that it is his obligation to be fully informed of these details and abide by them.

I would doubt that anyone is so naive as to believe that, with the formation of this policy office as provided for in S.

2510, procurement regulations and policies applying to all procuring agencies can be quickly reduced to a few simple and well-stated principles applicable to all procurement situations. In today's complex world, this is not even a suitable goal. It is noted, however, that in section 2 of S. 2510, Declaration of Policy, there is a list of 12 policies to be followed by the office. Each of these 12 points is concerned with the promotion of the "economy, efficiency, and effectiveness in the procurement of goods, services and facilities." Through such actions as avoiding or eliminating overlapping or duplication of procurement regulations, redundant requirements, identifying gaps, omission or inconsistencies of the laws, regulations, and directives pertaining to procurement, a great service will be performed. It would be a service which will directly affect and benefit small business contractors.

Another benefit arising from the creation of this central procurement policy office which is not so evident is the fact that small business contractors, as well as others, can more easily express their views, objections, and other comments on the procurement process. At present, these small business contractors come to the Small Business Committee, to us individually as their elected representatives, as well as the procuring agencies responsible for the procurement policy or its interpretation concerning the difficulties they are encountering under procurement policies. By creating an office specifically to review and promulgate procurement policy, the small businessman has a focal point for his comments and suggestions. This should encourage the small business contractor to speak up.

In short, Mr. President, I see much value in this bill authorizing the creation of the Office of Federal Procurement Policy. While I have stressed the small business interests in such an office, it would seem that the same benefits will flow to all involved in this multibillion-dollar activity.

Congratulations go to the distinguished junior Senator from Florida (Mr. CHILES), sponsor of the bill, who is also chairman of the ad hoc subcommittee, and all Members of the parent Government Operations Committee, for their fine work on this legislation stemming from one of the most important recommendations of the Commission on Government Procurement. It is my hope that the members of the other body will likewise take expeditious action on S. 2510 so that we may see its early enactment.

THE EXPORT-IMPORT BANK

Mr. BROOKE. Mr. President, it has become increasingly evident that the fate of the United States is inextricably linked to the fate of the world as a whole. We must not, indeed we cannot, avoid a reasonable and rational involvement in all areas of international relations.

In this regard, I fully believe that we must do everything we legitimately can to insure that American businesses are able to obtain their fair share of world trade. The Export-Import Bank of the United States plays an important role in this area.

While no one would deny that this organization, as any other organization involved in similar endeavors encounters certain difficulties and certainly needs monitoring by the Congress, I think it is unfortunate that in recent months a very negative image has been given of the Export-Import Bank by certain media articles. To counterbalance the negative emphasis the Bank has received I would like to call my colleagues' attention to a recent article by Ronald L. Dechene entitled "Keep the Export-Import Bank." I believe this article summarizes the explicit importance of the Export-Import Bank to American business.

Mr. President, I ask unanimous consent that this article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the New England Business Journal, Feb. 19, 1974]

KEEP THE EXPORT-IMPORT BANK

(By Ronald L. Dechene)

American business, not traditionally government-dependent. would do well to support the continued existence of the Export-Import Bank of the United States.

Founded in 1934, it has never really been an import bank, and exists solely to facilitate the financing of export transactions. A variety of means are available to extend and guarantee credit to overseas buyers and, more often, to domestic sellers. The services offered to United States suppliers consist of guarantees and insurance backing for short and medium term export transactions, as well as discounting export debt obligations held by commercial banks.

The Bank is diligent in maintaining a non-competitive image in relation to private capital and accordingly, direct loans to foreign buyers are not frequent. But objections have been raised suggesting that the Bank merely offers United States supported subsidies by offering low-interest capital assistance and perhaps, should be eliminated. This criterion is not well founded, for the Bank does perform a crucial and central role in export expansion.

The assistance offered to accommodate medium and short term export transactions is particularly important to the small or medium sized United States exporter.

Eximbank provides guarantees to U.S. commercial banks directly, and also indirectly, through the Foreign Credit Insurance Association. F.C.I.A. is an organization of insurance companies backed by Eximbank. designed to provide short term export financing assistance. Briefly, F.C.I.A.'s assignable policies are provided for qualified buyers, which permits assignment of the policy to a participating commercial bank, in anticipation of the commercial bank's willingness to discount the short-term overseas transaction. The risk is largely borne by the Eximbank backing.

Other programs are: the Co-operative Financing Facility which provides assistance to overseas financial institutions by lending up to one-half of the funds required after a payment of ten percent has been paid by the buyer—the co-operating institutions subsequently lend the balance of the capital to the buyer; the Relending Facility is similar but differs in that Eximbank offers to lend the full amount to the relending institution to finance product lines, for which the United States market share is low. Needless to say this tool is not used frequently, since it might appear. by some, too heavy-handed.

The element of risk for overseas shipment is somewhat greater compared to domestic shipment, when one considers the difficulty of litigating overseas, when payment troubles occur.

Usually the reflex action by United States exporters is a demand for an irrevocable confirmed letter of credit which burdens the foreign buyer, often unnecessarily, with high handling costs and the need to pay in advance.

These facts tend to explain why some exporters haven't expanded export growth more quickly than they expected.

Credit terms to facilitate more normal cash flow for overseas buyers is as important there as here. Export financing assistance is available at very low cash and administrative costs, due in large part to the efforts of Eximbank. Any criticism of that organization should be carefully weighed with these facts in mind.

FOOD STAMPS IN PUERTO RICO

Mr. HART. Mr. President, the Secretary of Agriculture recently promulgated regulations for the food stamp program which will discriminate against the people of Puerto Rico. The Secretary has ignored congressional instructions contained in food stamp legislation by setting an unconscionably slow pace for implementing the program across the island and by setting coupon allotment and income-eligibility standards that will wrongfully reduce food stamp benefits for thousands of needy families from the program.

In the 1971 amendments to the Food Stamp Act, Congress passed legislation that allowed Puerto Rico and the U.S. territories to participate in the program. Under that legislation, participation in the program was voluntary. For various reasons, no program was implemented on Puerto Rico, and the island's needy population receives only surplus commodity assistance.

This past summer, however, Congress made the food stamp program mandatory for every political subdivision in the United States, Puerto Rico and the territories. Under that legislation, the food stamp program must be implemented in every area of every State, territory and the Commonwealth by June 30, 1974, unless it is clearly demonstrated by each State, territory or Commonwealth that it is administratively impossible or impracticable to implement the program by that time. This deadline was not to be taken lightly and only under rare or extreme circumstances did Congress expect the program not to be implemented by the end of fiscal 1974. Consequently, food stamps should be available throughout the island by July 1. Under the administration's regulations, the program will not reach San Juan until March 1975.

The Puerto Rican eligibility schedule required by the 1971 amendments to the Food Stamp Act is to "reflect the average per capita income" of the island so long as the schedule does not exceed the standard used in the 50 States. Under this statutory formula, income eligibility standards for Puerto Rico and the territories should be very easy to determine. Once the per capita income of Puerto Rico is found, the eligibility standard for any household size would be equivalent to that household size multiplied by that per capita income figure. If the product is higher than the continental U.S. standard, as I understand it is for Puerto Rico, the continental standard is used.

The Department of Agriculture eligibility standards for Puerto Rico are very much below the legally required standards. Once again, it appears as if the Department has decided to ignore the law. It is likely that thousands upon thousands of needy Puerto Rico residents will be left out of the program because of this action. It is my hope that this situation will be corrected immediately by the Secretary.

According to the 1971 amendments, the "coupon allotment" schedule must "reflect the cost of obtaining a nutritionally adequate diet" in Puerto Rico, but such schedule must not be higher than the one used throughout the United States. It is my understanding that food prices on the island are considerably higher than on the mainland, which means that Puerto Rico's coupon schedule must equal the continental schedule. Unhappily, the Secretary's new regulations propose a schedule lower than required by law.

Again, I urge the Secretary to rescind these unlawful and discriminatory regulations. The people of Puerto Rico must be afforded the "opportunity to obtain a nutritionally adequate diet" as mandated by Congress. They must not be treated as second-class citizens. They are entitled to all food stamp benefits consistent with the laws Congress passed in 1971 and 1973.

THE PETROLEUM INDUSTRY

Mr. BARTLETT. Mr. President, last month, during a regular nationwide broadcast of one of the major TV networks a well known and respected news commentator made certain statements about the petroleum industry.

Mr. Abbott Sparks, publisher of the Petroleum Engineer, responded to this commentary with certain facts about the petroleum industry which may clarify some possible misconceptions.

Mr. President, I believe Mr. Sparks' letter deserves the close scrutiny of every member of the United States Senate.

I ask unanimous consent that Mr. Sparks' letter be printed in the Record.

There being no objection, the letter was ordered to be printed in the Record, as follows:

The Petroleum Engineer
Publishing Co.,
February 8, 1974.

Dear ——— ———: During your program Tuesday, February 5, in your commentary you made a statement to the effect that, "Since all aspects of the petroleum industry are controlled by a few large companies—since they have all the information—they control the drilling, the producing, transportation, refining, etc.—they can have hidden profits at each stage of the transaction."

This is the frightening and terrible thing about news originating from capable and well meaning journalists like yourself. I am sure you mean well and feel you were speaking honestly. But your statement could not be more wrong. I am sure that millions of people listening to you took it for exactly what you said, with full trust and confidence in you.

In the U.S. the major companies do not control the drilling of wildcat wells. They do not control the drilling of development wells. They own an estimated 60% of production. They do not control the wellhead prices of either gas or oil. By and large, they do not control its transportation by pipeline, either oil or gas or products pipelines. Their largest position would occur in refining—where the top ten do refine about 70% of the products. The same ten market some 70% of total demand, but their products are sold mainly through branded independent dealers.

You, and many other commentators and politicians, seem prone to make many assumptions about the industry which are totally unbased, totally unfair, and terribly distorted. And you are doing a great disservice to many people, many companies, and many Americans when you function as an analyst of such limited background in so diverse an industry.

As a student and journalist of a quarter century in the industry, who has not one share of stock in any major oil company, my company would like to invite you to come and spend a week, or a day, or a half day in Dallas at our expense to further your understanding of the industry in depth.

The major companies have no control over drilling, and own very little drilling equipment. Drilling is done by a man called a drilling contractor, much as a man who would build a house for you would be a building contractor. He drills holes in the ground for independent producers, or for major companies, or for himself. The Supreme Court shut off gas market prices at the wellhead in 1954, and there were 3,028 rigs running in December of 1955. By May of 1971, rigs running had declined to 870. Nearly three out of four drilling rigs had been stacked or become obsolete in the 18 years following control of natural gas prices at the wellhead! Drilling contractors and drilling rigs went out of business right and left, while the demand for energy products was doubling every 12 years! The oil companies which could put their money where the profits were—outside the U.S.

During the middle 50's there were about 12,000 active independent producers—who have nothing whatsoever to do with the major oil companies. An independent producer is a man who promotes, develops, or puts together the money for drilling for oil and gas. Historically, he has been responsible for the drilling of 70% to 80% of all exploration wells in this country to locate needed new reserves. But price ceilings and reduced incentives drove independent producers out of business by the thousands between 1955 and 1971, while the U.S. demand for energy products was doubling.

Mr. Smith, the facts are easy to find. Any one of your researchers can look them up. Look up the number of independent producers or drilling contractors in those years. Look up geological and petroleum engineering degrees conferred. Look up the number of "oilfield supply stores" selling drilling equipment in 1955 and then again in 1970. You'll find every single factor in this country's domestic drilling capability in serious decline from the middle 1950's to the early 1970's! Wells drilled went from 57,000 down to 27,000 in that period!

You are a journalist. You should have been working for a publication that was trying to sell subscriptions to geologists, drilling contractors, foremen, superintendents, petroleum engineers during those 15 years when they were declining every month and every year. There wouldn't be any question in your mind that the U.S. domestic drilling capability has been all but driven out of existence by ill-advised government legislation. There wouldn't be any doubt in your mind that it was caused by price controls and politicians seeking votes, rather than energy. There wouldn't be any doubt in your mind why the major companies have gone to other countries, for the simple economic necessity that our government made it attractive to drill and explore for oil and gas in almost any other country than this one.

As far as Washington being warned about this shortage—the first thing that Washington has listened to about energy came from the Arabs: "We won't send you any more." Have you ever thought how much worse it might have been, or how much more pitifully vulnerable we might be had the Arabs waited another 3 or 4 years?

1965 was the last year the U.S. could produce enough petroleum to supply its daily needs. Today it can only produce 70% of its daily needs. We are wholly dependent on some other country or some other source for 30% of our energy today, and who knows how much tomorrow. You probably don't like to think of America as a second-rate nation—but how do you make many important decisions when you only have 70% enough energy to supply your daily needs?

There has been a lot of talk about major company profits. Can you believe the major portion of those profits came from their efforts in countries outside the U.S.? The portion of their profits that came from the U.S. in the ten years prior to '73 would not begin to support the kind of exploration onshore and offshore this country needs today to stimulate its energy supply. Had they not made money in *other* countries, they would not even be capable of staging the substantial capital investment program that is now needed for developing new reserves in this country. If you want to do the research, there's quite a scoop for you, and it would give you an opportunity to report the positive side of the major company's contribution to America. What a unique thing it would be to see someone attempting to report positive things that the energy industry has done; for example that it has built more roads, schools, and churches, created more jobs in other countries than any other U.S. industry. (In short, it has exported more free enterprise than any other U.S. industry.)

You come across as an honest, respected, and serious journalist. Our invitation is serious. We'll pay your air fare, get together a group of people from many different types of companies to answer your questions, and let you come down and ask anything you may wish. We're not looking for publicity. We're not interested in your taping it or broadcasting it. We'd like to help your educational base for interpreting and "analyzing" developments. We'd set up the session on any basis you wish. You name it.

May we look forward to having you as our guest?

Sincerely,

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INFLATION AND JOBS

Mr. CRANSTON. Mr. President, now the lowly bean has joined the ranks of steak, eggs, milk, and other high-priced foods. In 1 year bean prices have more than doubled. Plain old-fashioned pinto beans: from 19 cents a pound in 1973 to 49 cents today. Navy beans, 29 cents a pound to 71 cents. Unbelievable? It is happening. And the worst is yet to come in food prices. They are going higher.

If bean prices alone increased by more than 100 percent, no wonder the cost of food to the average family in 1973 soared 23 percent. And no wonder the overall cost of living increased by 8.8 percent in the last quarter of 1973.

Unless a working person received an 8.8-percent increase in wages in 1973, his standard of living went down last year.

And, right along with this rampant inflation, we have rising unemployment. And a serious threat of recession. Some 700,000 Californians are now unemployed. The energy crisis is costing us 3,000 jobs a week. Predictions now are that unemployment in California will rise from 7.3 percent to 8 percent and more.

What can we do about it?

I. INFLATION

To begin with, Federal spending must be controlled. The Budget Control Act, of which I am a cosponsor, will help Congress achieve that objective. I also firmly believe that the huge, wasteful overseas military spending program should be cut back. We are spending $30 billion on overseas bases, including $17 billion on European support—and this more than 25 years after World War II.

Tax reform, including windfall profit taxes on oil companies, and a stronger minimum income tax provision—to make sure millionaries pay their fair share of the tax burden—is another anti-inflation step.

Gulf Oil, for example, reported profits of 153 percent in the final quarter of last year. Yet, it paid only 2 percent of its income on Federal income taxes. Corporate and personal income taxes are riddled with loopholes—for everyone but the average working man and woman.

II. EMPLOYMENT

I believe that when the private economy falters, the Federal Government should provide more jobs, not fewer jobs, as this administration in Los Angeles has. Last month I held Senate Labor Committee hearings on the energy crisis and on unemployment. We found out that there is plenty of important work to be done: mass transit systems, water and air pollution control systems, housing—there are a million unemployed construction workers—crime control, and improvements in health and education.

At that hearing, I proposed emergency appropriations to create 500,000 public service jobs over the next year. We can do this with no increase in taxes. I will be joining with Senators KENNEDY, MONDALE, NELSON, and JAVITS in this bipartisan effort. Public service jobs reduce Government expenditures for unemployment benefits and welfare payments, produce substantial new tax revenues, and generate a comparable number of new private sector jobs.

A final note about the energy crunch, a bad news package of inflation and unemployment all wrapped up in one.

High fuel and gasoline prices. Long lines at the pumps. Lost jobs because of shortages.

We need a crash energy development program. We need gasoline rationing if shortages persist. And we cannot tolerate a do-nothing attitude by the administration, as this crisis deepens and our economic situation grows worse.

WINDFALL PROFITS OF THE PETROLEUM INDUSTRY

Mr. HATHAWAY. Mr. President, one of the few beneficial results in the rise of oil prices is that it allows Congress to enact a more efficient and equitable system of taxation of the petroleum industry. With the average American facing ever-increasing gasoline prices, Congress must reaxamine the special tax treatment, such as percentage depletion, expensing of intangible drilling costs, and the foreign tax credit for royalties, provided the petroleum industry. In this regard, the Senator from Wisconsin, GAYLORD NELSON, a member of the Senate Finance Committee, prepared a thoughtful statement for the recent House Ways and Means Committee hearings on windfall profits of the petroleum industry. I ask unanimous consent to print in the RECORD at this time Senator NELSON's statement.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR GAYLORD NELSON BEFORE THE COMMITTEE ON WAYS AND MEANS, HOUSE OF REPRESENTATIVES, FEBRUARY 7, 1974

Mr. Chairman, and members of the Committee: Thank you for providing me this opportunity to discuss with you the problem of windfall profits. The energy shortage which has meant to most Americans increasing prices and lowering thermostats, has meant to oil companies a bonanza of profits. Some of these are windfall profits, and I believe we have a legislative duty to ensure that they are subject to substantial taxes. Many noted economists and tax experts will testify on how to achieve this goal. I offer my views, obviously not as an economist or as a tax expert, but as a legislator, who like yourselves, has, because of committee assignment the major responsibility for enacting reasonable and just tax laws. Many of you have had this particular responsibility much longer than I. I know how difficult it is trying to make any sense out of the studies, memoranda, technical explanation, charts and tables of economists and tax lawyers. At such times, I am somewhat consoled by Oliver Wendell Holmes' statement that:

"All life is an experiment. Every year, if not every day, we have to wager our salvation upon some prophecy based upon imperfect knowledge."

The acute fuel shortage of the past months compels Congress to take a new look at the special tax treatment, such as percentage depletion, expensing of intangible drilling costs and the foreign tax credit for royalties, provided the petroleum industry. Defenders of these provisions maintain they are an appropriate tax adjustment for a risky business exploring diminishing assets, and are a necessary incentive for exploration and development. Others argued that they create unjustifiable tax shelters for the rich, substantially reduce the tax burdens of oil companies, result in a misallocation of resources, and are inefficient and costly subsidies. Now is a particularly appropriate time to review these provisions because price increases may in themselves have created sufficient incentive for domestic exploration and development. If there is any benefit to be derived from the rising price of oil, it may be that it offers us a unique opportunity to provide for a more rational and equitable system of taxation of the petroleum industry.

If we do not change percentage depletion, the public is going to be outraged if not astonished to discover that oil companies have received huge increased tax deductions because of increased prices. Since the percentage depletion is calculated at 22 percent of the price of crude oil, increases in price automatically result in a rise in the deduction. In other words, the higher the price, the higher the tax write-off. If percentage depletion is left unchanged, it will increase, for domestic oil alone, to $2.2 billion this year from about $1.5 billion in 1972.[1]

Percentage depletion is controversial, in part, because it is an extraordinary tax subsidy permitting the taxpayer to recover dollar amounts exceeding on the average 16 times the original investment.[2] Also, it should be remembered that the taxpayer has already recovered most of his capital investment in the first year of production because of expensing of intangible drilling costs.

Besides being an extraordinary tax subsidy, there are numerous studies questioning its effectiveness. Just last week the Senate Committee on Interior and Insular Affairs released a study on the Federal tax treatment of oil and gas, concluding that "present tax provisions such as percentage depletion, expensing of intangibles and expensing of dry holes have a relatively small effect on investment in oil and gas production."[3]

No current discussion of energy would be complete without quoting William Simon. Writing to Senator Jackson, Mr. Simon writes ". . . in the short run, changes in percentage depletion rates should have little effect on the rate of expenditure of discovery efforts." Further on he states, "in the long run, a change in percentage depletion should have no effect, per se, on the rate of production."[4] Putting Mr. Simon's words into simple English, he is saying that changes in the depletion allowance will have little effect on exploration and no effect on production. While there are many economic studies supporting Mr. Simon's conclusions, there are also some common sense observations about percentage depletion suggesting Mr. Simon is right.

First and foremost, as percentage depletion is written, it is an incentive for oil men to pump from existing wells rather than an incentive to explore for new sources of petroleum.

Secondly, percentage depletion is claimed by owners of oil royalties, even though they are completely passive renters who do no drilling and take no risks.

Thirdly, depletion allowances can be claimed for income for producing wells abroad which do not necessarily insure a source of oil for the United States, secure or otherwise.

Fourthly, percentage depletion, because of the net income limitation, is of doubtful significance to marginal wells, because it is far more valuable to productive rather than marginal wells.

Fifthly, percentage depletion encourages misallocation in the energy area, providing tax incentive for undertaking oil and gas activities as opposed to undertaking research and development of alternate sources of energy.

I have stated some of the reasons that suggest why percentage depletion is a wasteful and expensive tax subsidy and should be repealed. The current world oil price allowed us, however, to disregard its past validity and consider only its present justification. Prior to 1973, U.S. oil prices were about $1 to $1.50 above world price, and many felt that we had to protect the domestic oil industry. Whether or not this protection policy was the wisest thing we could have done, it was what we did. We decided that the domestic oil industry was sort of like Penn Central: it couldn't compete without being protected. The important fact now is that the need for protection has vanished because the world price is above the U.S. price. This change of price does not suggest that the percentage

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Footnotes at end of article.

depletion doesn't make sense for foreign oil; it suggests that it doesn't make sense on any oil.

It should be understood that recent price increases not only remove the reason to shelter the domestic oil industry from the outside world, but more than adequately compensate them for the loss of the percentage depletion. One expert has calculated that, assuming oil companies were expecting $4 a barrel, a price of $4.70 a barrel would make up the difference for repeal of the depletion allowance. In fact, price expectations for most existing oil contracts is probably in the neighborhood of $3.00 a barrel.[5] When one considers that the average price of crude oil, less than two years ago was $3.50, and today the estimated average price for domestic crude oil as of January 1, is $5.25 in the case of old oil and $9.50 in the case of new oil,[6] it is clear that price increases have already richly rewarded the oil industry for any loss suffered by repeal of the percentage depletion.

This committee is considering various forms of excess profits taxes. It seems to me that the first step to achieving fair taxes on the petroleum industry is to immediately end some of the existing tax preferences. Trying to tax away excess profits while continuing present tax breaks is like trying to scoop water with a sieve. For this reason, I urge repeal of the percentage depletion which will raise $2.45 billion in the first year.[7]

In addition, I will evaluate the provision permitting the current write-off of intangible drilling and developing costs for producing oil wells. Cost of labor, materials, and other goods incidental to drilling are considered "intangible costs of drilling" and can be expensed, permitting the immediate recovery of capital investments. By most criteria, exploration and development costs for productive wells are all investment in capital, and would be for other industries subject to a depreciation allowance over the useful life of the capital asset. The basic rationale for this provision is that oil and gas exploration is a high risk business, which will not be undertaken unless there are tax incentives.

I wonder if the same rationale can apply with equal force for foreign exploration and development. Recent international events make this a doubtful matter. From the standpoint of the national interest of the United States, properties discovered abroad do not necessarily have the same benefits as those discovered domestically. A question can be raised to discover foreign oil and gas, particularly when it can be used to shelter U.S. income from taxes.

FOREIGN TAX CREDIT

While the rationale for the expensing of intangible drilling costs and percentage depletion is essentially rooted in tax subsidy concepts, the allowance of the foreign tax credit is basically rooted in concepts of tax equity. The fundamental tax problem raised by international transactions is that they generally bring into play the taxing jurisdiction of two or more independent countries. If both countries were to impose their tax without regard to the other, the result would be double taxation with the possible tax burden exceeding 100 percent of the income. The foreign tax credit is a basically sound device to prevent double taxation.

In the case of international oil companies, however, there are some unique questions about the operation of the foreign tax credit. First is the question of whether the taxes imposed by producing countries are truly foreign income taxes. These countries have few activities to which their income taxes apply, apart from oil production. The tax is imposed on an artifically created price and does not necessarily relate to the true income of the taxpayer. Further, the government is also the owner of the property and is presumably indifferent whether it receives royalties or taxes, as long as it is satisfied with the total amount of payments. Finally, the foreign tax credit applies to offset a United States tax liability on a net income already sharply reduced by intangible drilling deductions and percentage depletion allowances, so it seems to be the final step towards tax avoidance. Treasury statistics indicate that in 1971, because of the foreign tax credit, U.S. oil companies were able to reduce their tax bill from $3.2 billion to $788 million, or more than 75 percent.[8]

It seems clear that the tax levied by the OPEC countries on oil companies is higher than general business taxes, and is, in large part, a payment for supplying the oil, a royalty. Persian Gulf wells are fantastically productive. The average daily production of the 535 producing wells in Saudi Arabia is 10,117 barrels of oil compared to an average of 18 barrels a day for the 525,850 producing wells in the United States.[9] These wells should command very high royalty rates, not the trifling 12½ percent presently charged. When one spreads lease bonuses over expected oil yields from U.S. offshore wells, the effective royalties come to about 50 percent, and these wells are not as productive as those of the Persian Gulf.[10]

The history of the OPEC tax arrangement indicates clearly that the tax was increased in lieu of the royalty so as to exploit the advantage of the foreign tax credit. Last week, testimony before a subcommittee of the Senate Foreign Relations Committee explained an involved arrangement of Wall Street lawyers helping Middle East countries to draft appropriate tax laws and a special revenue ruling resulting in a dramatic drop in the federal taxes paid by American international oil companies. The Arabian American Oil Comapny paid federal taxes of $50 million in 1950, but only $6 million in 1951, the year the new revenue ruling went into effect. Incidentally, the Joint Committee on Internal Revenue Taxation did a study on the special revenue ruling and its effect, and I would think it would be of some help to the members of this Committee in their work on this most complex area.

While all this is interesting history on how tax policy and even foreign policy is made by oil companies, free of any restraint from Congress, it does not provide an easy answer on what to do. There are, however, certain obvious approaches which I would like to discuss briefly. One approach is to treat the entire tax levied by oil producing countries as a royalty and require the oil companies to deduct it as a business expense providing a dollar-for-dollar tax credit. This may, however, place American international oil companies at a competitive disadvantage and disregard that oil producing countries may, in fact, levy some real taxes. The second approach would be to try to distinguish between what represents royalties and what represents taxes and treat them accordingly. I doubt that the Committee will like this approach, because of the incredible complexities and difficulties involved in making such a distinction and its inevitable arbitrariness. Furthermore, such an approach may result in additional tax reduction for international oil companies. International oil companies have such an excess of foreign tax credit that they might be more than glad to turn some of them into immediately deductible royalty.[11] The third, and what seems to me the most hopeful, approach is the one recommended by President Kennedy in his 1963 tax return message to Congress which would limit credits for foreign taxes on producing income to that source of income and not allow them to reduce United States taxes on other sources of foreign income.[12] This approach is similar to one proposed by this Committee in the Tax Reform Act of 1969. The bill, as reported by this Committee, provided for a separate foreign tax credit limitation on foreign taxes paid with respect to income derived from foreign mineral production to preclude excess foreign tax credits arising from this source to be used to offset what would be the United States tax on other foreign income in the same or other countries. The Ways and Means Committee report justified this separate treatment of income taxes on production income because of the difficulty of distinguishing a royalty payment from a tax payment where the foreign tax authority is also the owner of the mineral rights.[13]

One minor point, domestic corporations qualifying as a Western Hemisphere Trade Corporation are permitted roughly a fourteen percent point reduction in tax. Congress apparently approved (WHTC) to encourage American multinational corporations to operate in Latin America. After some 30 years in the Code, however, there has been no demonstration of the benefits or, indeed, who it is that is benefiting, but in any case, this tax break for mineral activities conducted in Latin America, for example, Venezuela, or in Canada, seems highly questionable.

TAX REDUCTION

In conclusion, any discussion of taxes and windfall profits does not do anything about the number one problem facing most Americans today—the unprecedented peacetime inflation. The average working American was on an Alice-in-Wonderland treadmill last year. He had to work harder and harder just to stay in the same place.

A study just released by the Joint Economic Committee, for example, shows that a family with a budget of $12,614 had to pay an extra $1,168 just to maintain their 1972 living standards in 1973. In addition, that same family had to pay $281 more in social security and income taxes during 1973, a 15-percent increase.[14]

I would suggest to the Committee that any revenue raised by a more reasonable and equitable tax on the oil industry be used to provide tax relief to the American taxpayer. With growing fiscal deficits, permanent tax reduction may be unsound and unwise, but a temporary tax reduction in the form of a tax credit fashioned for low income taxpayers would be both sound tax and economic policy. It would help offset the impact of price increases to hard pressed Americans and secondly, it would provide a stimulus to an economy experiencing a substantial economic slowdown not associated with the present oil shortage.

Thank you once again for allowing me to testify, and I hope that my comments will prove to be of some value.

FOOTNOTES

[1] "Tax Notes." Tax Analysts and Advocates, Feb. 4, 1974.

[2] Testimony of Professor J. Reid Hambrick before the House Ways and Means Committee (Panel discussions on tax reform, part 9, Natural Resources, Feb. 26, 1973, p. 1369). His estimate is a current one, which is based on data from the most recent Treasury survey of depletion (1959).

[3] "Analysis of the Federal Tax Treatment of Oil and Gas and Some Policy Alternatives," Senate Committee on Interior and Insular Affairs. Serial No. 93–29, Jan. 1974.

[4] "Financial Requirements of the Nation's Energy Industry." Committee on Interior and Insular Affairs. Serial No. 93–5. March 6, 1973, pp. 240–244.

[5] Testimony of Professor Edward Erikson before the Senate Finance Committee Subcommittee on Energy. Nov. 28, 1973. Part I. pg. 213.

[6] Testimony of Treasury Secretary George P. Shultz before the House Ways and Means Committee hearings on various proposals concerning windfall profits. Feb. 4, 1974.

[7] "Tax Notes". Tax Analysis and Advocates, Feb. 4, 1974.

[8] "Preliminary Statistics of Income 1971—Corporations Income Tax Returns". Department of the Treasury, Internal Revenue Service.

[9] Report of the Federal Trade Commission for the Senate Finance Committee. "World Oil Developments and U.S. Oil Import Policies". Dec. 12, 1973.

[10] Testimony of Gerald M. Brannon, Research Professor, Georgetown University, before the Senate Foreign Relations Committee Subcommittee on Multi-national Corporations. Jan. 30, 1974.

[11] Testimony of Stanford Ross, Attorney, before the Senate Foreign Relations Committee subcommittee on Multi-national Corporations. Jan. 30, 1974. (See hypothetical example, p. 33).

[12] President Kennedy's 1963 tax reform message, House Ways and Means Committee hearings. Part I, Jan. 24, 1963.

[13] Report to accompany H.R. 13270 (Tax Reform Act of 1969) House Ways and Means Committee. pp. 116–120.

[14] "Inflation and the Consumer in 1973" study by the Joint Economic Committee. Jan. 14, 1974.

VOCATIONAL REHABILITATION

Mr. MATHIAS. Mr. President, 1973 was a year of agony for vocational rehabilitation. In February, this body by a vote of 86 to 2, and the House by a vote of 318 to 57, passed a new vocational rehabilitation authorization measure only to see it vetoed by the Executive. The Congress failure to override the veto disappointed hundreds of handicapped persons in my State, and undoubtedly thousands more throughout the Nation. I said at the time the Senate failed in its efforts to override the veto that I would not abandon the handicapped in Maryland who desperately wanted to become self-reliant. Moreover, I pledged to continue in my efforts to enact soundly conceived, and fiscally responsible legislation for the handicapped in this session of the 93d Congress.

Therefore, I have joined with other Senators in introducing a new vocational rehabilitation bill in May. That bill eventually gained the support of the administration and represented the fruits of many long hours of negotiation between the administration and Members of the U.S. Senate. The new bill did not retreat from the basic goals which had been included in the previous vetoed bills. I was of course, gratified that the President saw fit to sign the new vocational rehabilitation bill into law.

In the last decade, we have witnessed a nationwide expansion of interest and concern about the rightful place of the handicapped in American society. This increased concern is not at all limited to the Halls of Congress. It is also very evident in my State of Maryland. Traveling from the Eastern Shore to the hills of western Maryland, I have met Marylanders from all walks of life who are looking for the answers and solutions to the problems facing the handicapped. And the concern expressed is genuine and pervasive. Now in Maryland, and across the Nation as well, a dynamic debate is taking place among community leaders, professionals in the field, business leaders, private citizens, and politicians over the means for achieving the goal of helping each handicapped individual become as independent and productive as possible.

The belief that all men and women should have an equal chance to make as much of themselves as they can—to go as far as their innate abilities and energies and interests can take them—these convictions, along with the knowledge that the vocational rehabilitation program is one of the oldest, most successful, and cost effective of the Federal human resources programs ever passed into law, prompted my support for a meaningful appropriation level for new authorizing legislation when the Committee on Appropriations of which I am privileged to be a member, considered the administration's supplemental budget request for vocational rehabilitation in December.

Mr. President, at this time I ask unanimous consent that the full text of my testimony before the Labor-HEW Subcommittee of the Appropriations Committee on November 30, 1973, be printed in the RECORD.

There being no objection, the testimony was ordered to be printed in the RECORD, as follows:

TESTIMONY OF SENATOR CHARLES McC. MATHIAS

Mr. Chairman, I appreciate the opportunity to appear before you today to discuss the appropriation of funds for the Rehabilitation Act of 1973.

As you may recall, I have been a strong advocate of this program which has as its objective the rehabilitation to gainful employment of our handicapped citizens. I was pleased to support the extension and improvement of the vocational rehabilitation program during the difficult legislative period which this program experienced during 1972 and 1973. The experience of two Presidential vetoes, and the failure of the Senate to override the veto of S. 7, (the initial Rehabilitation Act of 1973), has resulted in serious funding problems and delays in the continued progress of this most worthwhile program.

The success of the federal-state rehabilitation program is well documented. This program was referred to by Mr. James Dwight, Administrator of the Social and Rehabilitation Service, as "one of the oldest and certainly one of the most successful of the federal human resources programs" in testimony during Oversight Hearings on vocational rehabilitation before the Select Subcommittee on Education of the House Committee on Education and Labor on August 3 of this year.

Public Law 93–112, the Rehabilitation Act of 1973, ultimately passed overwhelmingly by the Congress and signed by the President in September, is, in my opinion, progressive legislation. However, if the mandate of the Congress is to be met, if more and more individuals with severe handicaps are to receive rehabilitation services, progress under this new legislation will depend, in the main, upon the spirit in which the law is administered, and especially on how adequately the program is funded.

Mr. Chairman, I was recently contacted by Mr. J. Leo Delaney, Assistant State Superintendent of Schools in Vocational Rehabilitation in my State of Maryland. Mr. Delaney contacted me relative to the funding of Public Law 93–112 at levels which are necessary to maintain satisfactory levels of service for the rehabilitation of handicapped citizens in the State of Maryland and across the nation.

Mr. Delaney informs me that the opening of the new Maryland Comprehensive Rehabilitation Center in Baltimore in January of this year has caused funding problems which had not been anticipated when planning and construction of this much needed facility was under way. Subsequently, the new facility, designed to especially meet the rehabilitation needs of the severely handicapped, is now operating only at fifty percent capacity.

Mr. Delaney further states that state administrators of vocational rehabilitation programs expected that federal funding for these programs would continue at the same rate experienced during the late 1960's, but that lower rates of appropriations during the past several years have caused a reduction in services below the capabilities of an excellent field staff, and below the capacity of the new Comprehensive Rehabilitation Center to continue to meet the needs of Maryland's severely handicapped population.

Assistant State Superintendent Delaney has requested that I urge the Congress to fund the Rehabilitation Act of 1973 at the maximum limits authorized for the basic federal-state program in Public Law 93–112, and that adequate funds also be provided for research, training, program expansion, and facility construction so that the mandate of Congress as expressed in the Rehabilitation Act of 1973 can be fulfilled.

Therefore, I am pleased to support this request, and urge that the Congress appropriate no less than the following amounts for FY 1974:

1. An appropriation of $650 million for the basic state-federal vocational rehabilitation program for 1974, the full authorization under the Act. The new legislation provides for reallotment of unused funds, even if such reallotments result in increasing a state's original allotment, so all that is appropriated can be used.

2. An appropriation of $37 million for innovation and expansion grants for 1974, the full authority. One-half of this sum will be expended on state priorities and one-half on federal priorities. State priorities, undoubtedly, will be used for initiating and expanding programs for the older blind, deaf, spinal cord injured, victims of end-stage renal disease and other persons with severe handicaps.

3. An appropriation of at least $20 million for rehabilitation facilities construction and staffing in 1974, and $15 million for service projects and rehabilitation facility improvement for 1974. Several rehabilitation groups will be requesting $50 million for rehabilitation facilities in view of the new emphasis on the rehabilitation of the severely handicapped.

4. An appropriation of at least $27.7 million for training of rehabilitation personnel in 1974. This request reflects the spirit of the new legislation authorizing a balanced program for the training of rehabilitation personnel to be financed under the Rehabilitation Act with emphasis upon training personnel to serve individuals with the most severe handicaps.

5. An appropriation of at least $25 million for research for 1974. This, likewise, is necessary due to added emphasis on research, and mandates support of special programs for research and training centers, engineering research centers, spinal cord injury research centers, and international research in rehabilitation.

6. An appropriation of at least $25 million for special projects for 1974. The new authority mentions specifically special project programs in the areas of migratory workers, older blind, deaf, and spinal cord individuals. Any lesser appropriation will make a mockery of the new emphasis in the authorizations.

If the various components of the Rehabilitation Act are fully funded, it would mean that, in the State of Maryland, these maximum allowances will still not meet the total needs of the State Vocational Rehabilitation Agency since Maryland realizes but one percent of any base support increase despite having two percent of the national population. In order to provide for more funds, the State Superintendent of Schools has promised the support of the State Department of Education for a 1975 fiscal year supplemental request from the Maryland General Assembly in order to acquire additional state funding.

The need for full federal funding as authorized is vitally necessary as increasingly the federal support of vocational rehabilitation has leaned toward services to the severely handicapped, and the indigent disabled. This emphasis, while totally merited, complicates the funding problem since the provision of services to these groups takes longer, and often requires purchase of multiple services from vendors, in addition to extensive counseling and employment placement services.

I am pleased that in my State of Maryland, the vocational rehabilitation program is operating at an economical level as evidenced by the fact that in Fiscal Year 1972 the cost per rehabilitated case in Maryland was $1,239 as compared to the national average of $2,137. Despite the claims from some quarters of "creaming clients", and providing services to persons who may be well able to take care of their own rehabilitation needs, I am proud that the Maryland Vocational Rehabilitation Agency has achieved a high ranking in rehabilitating the severely disabled, including Social Security Disability beneficiaries, by being tenth in the nation in cases rehabilitated.

I believe it should be noted that the funding level for the basic state-federal program for which I have urged approval is that agreed to by the Administration in the compromise legislation which, in final form, became Public Law 93–112, the Rehabilitation Act of 1973. It should also be noted that these amounts were supported in a letter from HEW Secretary Weinberger to members of the House and Senate prior to final passage of the Act. In this letter, Secretary Weinberger indicated that authorization levels included in the legislation were acceptable to the Administration.

However, in testimony recently before the House Appropriations Subcommittee on Labor-HEW, SRS Administrator Dwight requested appropriation levels well below the authorized levels. For example, only $615.9 million was requested for the basic federal-state program, only $8.1 million was requested for training of rehabilitation personnel, and only $0.5 million was requested for rehabilitation facility construction projects.

In view of these requests, one must seriously question how the Administration will meet its commitment to the successful continuation of the vocational rehabilitation program. The inconsistency demonstrated by SRS and RSA officials regarding the funding and administration of the Rehabilitation Act of 1973 is, therefore, of great concern to me. The attempts of these officials to underfund this program, phase out, and eventually terminate its vital training programs, and reorganize its successful modes of service delivery are not only in evidence regarding vocational rehabilitation programs but have been appearing with alarming frequency regarding other valuable human services and education programs currently operating throughout the federal government.

These actions regarding the vocational rehabilitation program give me special concern because of the success and financial soundness of this program which rehabilitated a record 360,726 handicapped Americans during the fiscal year ending June 30, 1973. The 1973 figure, up 11 per cent over the 326,138 rehabilitations recorded for FY 1972, is the highest yearly total ever reached since the state-federal vocational rehabilitation program began in 1920.

In order to prevent any attempted administrative dismantling, unnecessary reorganization, and "fractionation and dissolution"[1] of the state-federal rehabilitation program and to assure that funds appropriated under the Rehabilitation Act of 1973 are indeed used for the rehabilitation of handicapped people, I am prepared, if necessary, to offer an amendment to the First Supplemental Appropriation Bill to ensure that no funds appropriated under this Act are used to experiment with or change the administration of the vocational rehabilitation programs in the several states.

Mr. Chairman, the President indicated that in signing the Rehabilitation Act of 1973, that it was "a symbolic piece of social legislation that would help over 1.2 million handicapped citizens." In order for the vocational rehabilitation program to reach this goal, full appropriations must be made under the new authority in Public Law 93–112 as soon as possible.

Mr. Chairman, I urge the Congress to make these authorizations and to continue to exercise oversight of the vocational rehabilitation program to ensure the mandate of Congress regarding the rehabilitation of our handicapped citizens is being accomplished effectively and efficiently.

In these ways, Mr. Chairman, we in the Congress can provide for the continuation, improvement, and expansion of the vocational rehabilitation program, which has been universally acclaimed, on a bipartisan basis, as one of the most successful federal-state cooperative endeavors in the history of our government.

Mr. MATHIAS. Mr. President, while I was disappointed that the House-Senate conferees on the supplemental appropriation bill for 1974 did not see fit to appropriate additional funds for research, I am pleased that the committee and the Congress were not persuaded that the training program should be phased out. The language which I offered in the conference which stressed that the training supported through institutions for the training of rehabilitation counselors, rehabilitation physicians, rehabilitation nurses, rehabilitation psychologists, and occupation and physical therapists, as well as other rehabilitation personnel, is essential to the effectiveness of the rehabilitation program, was accepted by the conferees and I am grateful to my colleagues for this.

Mr. President, I have been a strong advocate of full funding for the Federal-State vocational rehabilitation program. Therefore, I would think that the distinguished chairman of the Labor-HEW Appropriations Subcommittee, Mr. MAGNUSON, would consider an additional supplemental appropriations bill for the vocational rehabilitation program if later estimates from the States at any time show that matching funds are available so that the full amount of $650 million authorized in the Rehabilitation Act of 1973 can be used.

Mr. President, I understand that we can expect that the administration will request a supplemental appropriations bill later this year if this situation occurs. It is my understanding that the States have now matched enough money to reach at least a $644 million appropriation level.

Mr. President, my own State of Maryland is considered by some criteria to be one of the richer States, and because this is a factor used in the formula for allotting funds for the basic support program of vocational rehabilitation, Maryland is getting a much smaller portion of the Federal RSA funds than any other States, some of which are much smaller. This has resulted in Maryland contributing much more to the rehabilitation of its handicapped citizens than the minimum 20 percent State/80 percent Federal ration required by the Vocational Rehabilitation Act. As a matter of fact, Maryland's current effort is sufficient to qualify for at least $4 million more than its present allotment of Federal RSA funds. In reviewing the recent estimate of the formula allotments for the different possible levels of funding, it is indicated that even at the $650 million level at least 13 States will not be funded at the 80/20 ratio provided by the act.

Maryland has almost exactly 2 percent of the national population, but out of the last increase in RSA appropriation of section 2 funds of $30 million, Maryland received $313,882, or slightly more than 1 percent.

The Maryland DVR staff has worked diligently to respond to the changing priorities established on the national level, and for a number of years Maryland, in comparison with other States, has been providing services to a much higher number of clients at far below the average cost. However, if Maryland is to fully implement its service program at the Maryland Rehabilitation Center and respond to the new priorities to service increasing numbers of the severely disabled, it is obvious that additional funds will have to be provided to prevent a serious decrease in the number of disabled being served and rehabilitated.

Mr. President, at this time I ask unanimous consent that a chart provided by Mr. J. Leo Delaney, the former assistant State superintendent in vocational rehabilitation of the Maryland State Department of Education, highlighting the accomplishments of the Maryland vocational rehabilitation program be inserted in the RECORD.

There being no objection, the chart was ordered to be printed in the RECORD, as follows:

HIGHLIGHTS: FISCAL YEAR 1973

(9,122 persons rehabilitated; 11th nationally in rehabilitation per 10,000 disabled population; 23,113 referrals; 26,774 persons served; $1,413,972 annual reduction in public assistance payments at closure; $5,084,390 cost of case services; $27,768,884 increased earnings for the year on 9,122 rehabilitants; and $35,770,384 total earnings for the year on 9,122 rehabilitants.)

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[1] Oversight Hearing; Vocational Rehabilitation Services; Select Subcommittee on Education; August 3, 1973; P. 38.

COMPARATIVE DATA IN DVR PROGRAMS, FISCAL YEAR 1972

	Number of rehabilitations	Rehabilitations per counselor man-year	Average cost per rehabilitation (sec. 2)	CS expenditure per counselor man-year
U.S. total	326,138	42	$2,137	$51,358
Maryland	8,788	57	1,239	32,419

Source of information: State Vocational Rehabilitation Agency program data, fiscal year 1972.

MARYLAND COMPARED TO UNITED STATES, FISCAL YEAR 1973

	Number of rehabilitations	Rehabilitations per 100,000 population	Rehabilitations per 10,000 disabled population
U.S. total	360,726	171	296
Maryland	9,122	225	432

5-YEAR COMPARISON—MARYLAND DVR

Fiscal year	Total rehabilitations	Counselor man years	Rehabilitations per counselor	Case service expenditure per counselor	Case service expenditure per rehabilitation	Cost of counseling and guidance per rehabilitation	Combined cost of case services and counseling and guidance
1969	6,934	118.65	58.4	$29,115	$498	$416	$914
1970	7,679	127.50	60.2	31,587	524	473	997
1971	8,014	150.75	53.1	29,323	551	514	1,065
1972	8,788	158.25	55.5	32,126	541	548	1,090
1973	9,122	172.50	52.9	30,370	574	601	1,176

Mr. MATHIAS. Mr. President, undergirding our commitment to equity and equal opportunity is the fundamental belief that every person in our society has an intrinsic value. The Congress in 1973 made it clear that this belief extends to the handicapped as well.

PAY INCREASES FOR FEDERAL OFFICIALS

Mr. TALMADGE. Mr. President, I oppose the pay increases for high-ranking Federal officials recently proposed by the President of the United States. I shall vote to disapprove the President's recommendations.

Much has been said about how sensitive the issue of pay raises for Government officeholders has become. Indeed, Mr. President, this is a sensitive issue. It is an explosive issue. Today, the U.S. Senate finds itself on the top of a powder keg and the electorate has a short fuse.

No full-time Federal official affected by the proposed pay increase presently makes less than $36,000 annually. Some argue that Cabinet members making $60,000, Congressmen making $42,500, and district court judges making $40,000 have been hit just as hard by inflation as the so-called average workingman.

I would venture to say that argument does not stir much sympathy in the mind of a worker who must feed, clothe, educate, and house his family on less than one-fourth that income.

Some argue that these pay increases are well deserved. I submit, Mr. President, that most Americans would disagree. Most Americans probably feel that some Federal officials do not even earn their present salaries. After all, is not reckless spending by the Congress the primary cause of our economic woes. Are not edicts by HEW bureaucrats the reason for forced schoolbusing? Have not permissive Federal judges coddled criminals and turned them loose on society on mere legal technicalities?

In short, Mr. President, one need not be blessed with the wisdom of Solomon or the logic of Socrates to conclude that the people would be outraged if pay raises for the very public officials with whom they are so disillusioned and disgusted were permitted to slip through. We would do grave disservice to both the taxpayers and ourselves if we do not kill the proposed pay increase once and for all right here and now.

ECONOMIC IMPACT OF THE FUEL SHORTAGE ON TRUCKING IN MARYLAND

Mr. MATHIAS. Mr. President, on December 27, 1974, Senator Beall and I held hearings in Baltimore to examine the impact that the energy crisis was having in the State of Maryland. One of our witnesses on that day was Michael P. Chrismer, president of the Maryland Motor Truck Association; and we found his testimony of enduring interest and increasing timeliness. I would like to bring his comments to the attention of our colleagues, and therefore ask unanimous consent to have his remarks printed in the Record.

There being no objection, the testimony was ordered to be printed in the Record, as follows:

Comments of Michael P. Chrismer

Senator Mathias and Senator Beall . . . my name is Michael P. Chrismer, president of the Maryland Motor Truck Association, Incorporated, and president of the Dignan Trucking, Incorporated, Baltimore, Maryland. I appreciate this opportunity of presenting to you the views of the more than 400 members of our association on the economic impact of the current fuel shortages.

Operating trucks is our business. The demand for our services is generated, not from within our own desires, but rather, from the shipping public we serve. This demand has been increasing at the rate of 7 percent each year. In Maryland, 85 percent of our communities depend entirely on trucks for their transportation needs. Two counties, Calvert and St. Mary's, are completely dependent upon trucks for transporting their goods.

Trucks transport nearly 100 percent of Maryland grown fresh fruits and vegetables. Nearly 65 percent of the intercity tonnage of Maryland manufactured commodities is shipped by truck and the same percentage of fresh fruits and vegetables unloaded in Baltimore arrived by truck.

It should be evident by these few statistics that truck transportation is vital to the economic well-being of this great State. For this very reason, we who are engaged in the business of operating trucks to move Maryland's transportation needs, wish to express our deep concern over this energy shortage.

A great deal has been said recently about the inconvenience the fuel shortage is creating. Operating our automobile less . . . heating or cooling our home less . . . operating our pleasure boat less . . . these are all unfortunate happenstances in our life and they will affect each of us. But if the public knew the total consequences of the fuel shortages, the inconveniences mentioned would soon become minimal matters.

I cannot emphasize strongly enough that literally everything we eat, use and wear, comes to us by truck. Not only do trucks deliver the end product to us as consumers, but trucks also transport the raw materials, the component parts and the necessary fuel to process, manufacture, and distribute the finished product.

The fuel shortage has affected the trucking industry in two ways . . . reduced speed limits and reduced fuel supplies to operate our trucks. The immediate impact of the fuel shortages was felt when the speed limit in Maryland was reduced from 60 to 50 m.p.h. for all vehicles. This action immediately reduced our delivery time by almost 10 percent. As a result, it takes us longer to deliver the same tonnage that we were delivering before. Let me illustrate.

A study of one of our tank haulers showed that with just two of his customers, under a dedicated service, operating his trucks 24 hours a day six days a week for three months, he delivered 43,958,000 gallons of product. In August he delivered 15,024,000 gallons of product in 2,019 trips; in September he delivered 13,750,000 gallons in 1,842 trips; in October he delivered 15,184,000 gallons in 2,056 trips. At 50 miles per hour, the number of trips was reduced by 1,200. To put it another way, to deliver the same quantity of product at 50 m.p.h. as was previously delivered at 60 m.p.h. would require one additional vehicle for every 10 vehicles now operated. And if he had the equipment to operate, he would use more fuel because of the extra vehicles needed to do the job.

As you know, the amount of diesel fuel and gasoline available to the trucking industry is still somewhat uncertain. But we can discuss the impact on the trucking industry of the new fuel allocation program. Under this program, the trucking industry is to receive 100 percent of 1972 base year usage of gasoline and 110 percent of 1972 base year diesel fuel.

With respect to diesel fuel, which by the way, is the only fuel we can use in these vehicles, trucks are placed under category II uses, as cargo, freight and mail transportation, defined under section 200.45, subpart F of the new proposed mandatory fuel allocation regulations. This means that after category I uses have been met, trucking companies may receive up to 110 percent of 1972 usage. A company who has experienced only that industry average growth rate of 7 percent per year will still fall short of its needs by at least 4 percent. Granted, the new program allows for adjusted priorities, but the real question is will there be in fact, diesel fuel available.

If we combine the impact of the reduced speed limit and the reduced amount of fuel available to the industry, our ability to meet the truck transportation needs of Maryland is reduced by 10 to 15 percent.

Then, there is the effect of the increased cost of fuel with which we must contend. Preliminary data received from our carriers indicates that the average cost per mile has increased by five cents, as a direct result of fuel cost increases. In the base year 1972, average fuel costs for nine carriers reporting was 12.36 cents per gallon before taxes. In November of this year, the average cost had risen to 18.56 cents per gallon before taxes. State and Federal taxes total 13 cents per gallon. As you no doubt are aware, in December the cost of fuel increased at an even higher rate. We estimate that the average cost per gallon will reach 30 cents before taxes by the end of 1973. Additional cost increases have been authorized for January and February, as reported by Mr. Simon, of the Federal Office of Energy Policy.

The economic impact of the fuel shortage on the trucking industry should be fairly evident. If trucks cannot get the fuel they need to operate, and if trucks are to operate at less efficiency as a result of a 50 m.p.h. speed limit, and if the cost of fuel is allowed to continually increase at such an accelerated rate, the impact on the trucking industry will be severe indeed. This will have a dominoes effect on the rest of the economy in Maryland.

If the President, the Congress and the Governor of Maryland are sincere in their claims that we must find ways of conserving our fuel supplies, the Maryland Motor Truck Association would offer the following recommendations.

1. Shippers must be advised to plan their pick-up and delivery schedules in advance so that the carrier can obtain full utilization of his vehicles. I might mention that many of our carriers have asked their shippers to do this. In some instances it has worked well. In others it has not. In still other instances, the carrier has arbitrarily taken steps to this effect.

2. Encourage shippers to notify a carrier 24 hours in advance, wherever possible, when a pick-up is to be made at his facilities. This also will allow the carrier to better schedule his vehicles to achieve maximum utilization of his equipment.

3. Size and weight limits must be relaxed at least during the period of this emergency.

With respect to this last point there is a great deal I can say to substantiate this request. I will try however, to explain these benefits as briefly as possible. Perhaps the best way to explain the benefits of increased weights, for example, is to inform you of what was accomplished in California this past summer.

The October, 1973 issue of Pacific Traffic Magazine carried an editorial by John P. Eichorn, indicating that "the trucks which hauled the biggest harvest in California's history used 17 percent less fuel and for every seven trucks formerly used only six were needed. The result was less pollution, less congestion on the highways and a savings of thousands of gallons of fuel." The California Department of Transportation recognized that agricultural products would not get to market in time if immediate action was not taken in the face of the energy crisis. Trucking companies who hauled these products were issued special permits on a 30 day basis to haul increased weights. Not only did the trucks do the job needed but they did it with less fuel, and with no increase in the number of vehicles.

The same thing can and must be done in Maryland and throughout the Nation. The Maryland Motor Truck Association has proposed a program of temporary permits which would authorize five axle combinations of vehicles to operate with a maximum gross weight of vehicle and load of 80,000 lbs. Our proposal would in no way increase our legal axle weights. In fact, the additional 7,000 lbs. of gross weight would still not reach our allowable axle weights when the load is evenly distributed over the five axles. Further, the request made by our association is in line with the recommendation of the Federal Highway Administration under the so-called "Table B" for weight limits on the Interstate System.

With just 7,000 lbs. more we can still save fuel, operate fewer vehicles, improve our ecology, and minimize rising transportation costs. All of these things would directly benefit us as consumers. If only we could eliminate the emotionalism! If only we could eliminate the red tape! If only we could convince the powers that be, that what we are asking for is not a selfish request.

The only way we can keep up with the demand for truck transportation under the present scheme of things, is to put more vehicles on the road. At the present time we are waiting as long as one year for our new vehicles. If we are truly at a crisis now, then now is the time to act. Winter is upon us. And, this always means delays in delivering freight. These delays, coupled with a reduced speed limit, and a real need to conserve as much fuel as possible, suggest to me that the health and welfare of this State and the Nation rests with our elected officials. I hope you will act expeditiously. Thank you.

IMMEDIATE ACTION NEEDED TO PRESERVE SSI BENEFITS FOR TENS OF THOUSANDS OF AGED BLIND AND DISABLED

Mr. CRANSTON. Mr. President, last week I joined with Senator RIBICOFF and several other Senators in cosponsoring a bill of great importance to some 185,000 disabled supplemental security income—SSI—beneficiaries who are in danger of losing their disability assistance at the end of this month unless the Congress moves now with all dispatch.

The difficulty has arisen out of recently enacted legislation Public Law 93–233, amending the Social Security Act, in which the "grandfather" provision extending SSI coverage to all disabled individuals who were receiving assistance under State plans in December 1973, was modified, to provide that now only individuals who received assistance under State plans for aid to the disabled both for December 1973, and for at least 1 month prior to July 1973, are to be considered disabled without regard to the Federal disability standards.

Apparently there was some concern that States would load up their disability rolls with aid to families with dependent children—AFDC—recipients prior to Federal takeover in order to have them automatically transferred to the SSI rolls on January 1. However, I understand that a sampling taken recently in New York, indicates that the vast majority of such transferred individuals would qualify anyway under the Federal definition for SSI disability.

Nonetheless, because of the amendment in Public Law 93–233, individuals who came onto the State rolls between July and December are now required to establish their eligibility under Federal disability standards.

Payments under the SSI program may be made for up to 3 months to otherwise eligible individuals who are presumptively disabled but not yet determined to be disabled. This means that during January, February, and March of this year, individuals who fall within the category we have been discussing, in addition to new cases brought on the rolls since January 1974 are entitled to receive SSI benefits. However, the 3 months are just about up, and in States where there are large numbers of disabled SSI recipients, the task confronting the Social Security Administration—SSA—regional offices of reviewing each one on a case-by-case basis to determine whether or not the individual meets the SSI disability standard is a momentual one, which simply cannot be accomplished in the time frame set forth by law.

In California alone, there are some 36,548 disabled persons who have been added to the rolls since June. In addition, there are estimated to be over 2,500 disabled SSI recipients who have come into the program since January. All of these individuals must be evaluated under the new Federal SSI disability standards.

Our bill, S. 3069, would authorize the payment of supplemental security income benefits, on the basis of presumptive disability, for up to 12 months, to otherwise eligible individuals who became recipients of State administered disability assistance during the second half of calendar year 1973. This would allow the Social Security Administration, which administers SSI, to complete the required eligibility review, as well as insure that no disabled person looses his or her benefits without clearly establishing a reason.

Congressman ULLMAN introduced a similar measure in the House of Representatives, H.R. 13025, and yesterday the Ways and Means Committee reported the bill out of committee. It should be noted that the administration also has forwarded to the Congress a draft bill which would, if enacted, have virtually the same effect as the bill I am cosponsoring.

Mr. President, I am told the Social Security Administration is already issuing warning letters to these disabled SSI recipients and they will have to start issuing termination notices by the middle of the month. I think everyone is in agreement that this bill is necessary to avert untoward hardship of thousands of disabled persons in California and across the country.

I urge the Senate to move with the same speed and deliberations that has characterized House action.

RATIONING PROPOSALS

Mr. MATHIAS. Mr. President, as gaslines lengthen and tempers shorten we must reflect on whether rationing would eliminate hardship and the tremendous waste of human resources as people sit in gaslines. I am troubled that there has been no meaningful debate as to the best way to ration gas should it become necessary.

On December 18, 1973, I inserted a rationing proposal in the RECORD for review by Members of Congress. I also sent the proposal to the Federal Energy Office for their comment. Since that time, I have received two additional proposals of merit and I ask unanimous consent that the rationing plans proposed by Clifford J. Maloney and by William J. Toth be printed in the RECORD.

MALONEY PLAN

The plan relies upon the availability of a tax return from nearly everyone who works, an internal revenue system "in place" and a citizenry conditioned to figure adjustments on income taxes for every legitimate purpose.

We now are allowed and instructed to adjust the number of exemptions claimed, not merely to cover dependents, but also to adjust for over deductions caused by changes in the law and otherwise. See line (j) of a standard form W–4. Pension plans, savings banks, and the like could be instructed to do likewise if that were desired. Welfare checks could of course be adjusted to neutralize that portion of increased gasoline taxes judged proper.

A suitable excise tax would be collected at the refinery or at the port of importation. Neither are particularly numerous and each involves considerable volume. The size of the tax would be set by the administration subject to override by either branch of Congress as is now true of Executive reorganization. No need would ever exist to police thousands of gasoline pumps hidden away in obscure locations. No opportunity or incentive, to cheat at any point in the distributive chain could arise for the Government would already have its share, and all transactions subsequent thereto would be carried out in money units. In particular, when a motorist gets his refill at his accustomed dealer he would pay in cash or by credit card as usual. No question of ration stamps would arise. No need to collect, safeguard, account for or surrender such stamps would fall upon the dealer. His company sees that he correctly manages his cash transactions and would continue to do so in its own self-interest.

It is true that, including the new rebatable excise tax, the unit price of some grades of gasoline might exceed the current recording capacity of some pumps—presumably $1. So far as listing is concerned, the dollar unit could be understood and only the cents be listed. So far as accumulating is concerned, again the totalizer could accumulate the cents per gallon alone. All pumps now do so. Most, if not all, pumps also now total the number of gallons delivered. This total is precisely the portion of the total bill due because of the dollar portion of the per gallon charge. The sum of the money charge as now listed on the pump and of the number of gallons delivered, also shown on the pump, would be the complete amount due as long as the charge per gallon including all applicable taxes did not exceed $2. One addition is certainly simpler than accounting for stamps. And, in the case of credit card sales, the same record that now is filed with the company and supplied to the customer would verify and check the transaction. There is a further advantage. With stamps a motorist will often have stamps enough for part but not all of his purchase. No such nightmare could occur under the plan outlined herein.

The employer of every worker would increase the number of deductions appropriate to everyone on his payroll by some suitable formula subject as always to correction by form W–4. No more incentive would exist for a taxpayer to cheat on this action than exists now; and the penalties for doing so would be the same. The Internal Revenue Service has accurate data on everyone's previous year consumption as a clue to locating noncompliance—and such activity would be as much its normal duty as it is for all deductions now.

The Service itself has learned and has taught the public how, in effect, to convert a credit into a deduction by use of form W–4. If desired, the license number of the car or cars owned by each driver could be required by the payroll office as authorization for each deduction. Whatever is done at this initial step should be kept very simple so that the great majority of cases would be at once adequate but automatic; thus resulting in an imperceptible burden on the payroll office.

In short, the proposal is identical to the suggestion of Treasury Secretary Shultz to let the private enterprise system work—if we accept income tax deductions—or credits—as part of that system. Abuse of the buyer is a certain consequence of the current noncompetitive centralized planning approach—exactly parallel to the proclaimed ideal of Sovietized states. On Washington News Conference Sunday, January 20, Mr. John Sawhill, Deputy Director, the Federal Energy Office, asserted that 17,000 employees and $1 billion would be required to enforce rationing. This bugaboo, created by the lack of imagination of that office, is being used to condone the inefficiencies, the harassments, the economic ruin of independent dealers, and, yes, even the physical dangers of the current situation.

All of the difficulty of the rebatable excise tax procedure for the fair and nonburdensome sharing of the available energy resources described in this letter would reside in ascertaining the appropriate quantity appropriate for each taxpayer. In principle that determination is the same in a rationing scheme. But there is a difference of the greatest importance. Under a stamp rationing system one must get his stamps before he gets his fuel. Under a rebatable excise tax system, he does not. With stamps, there is no way to post-audit and recover the stamps. In the scheme described here, the Internal Revenue Service would have the usual 3 years grace to check eligibility and all the sources of cross-checking now existent would be available.

The proposal has one further enormous advantage. In violent contrast to a rationing scheme, it could be modified quickly without any necessity for allowing completion of "float" of outstanding stamps. There would be none. The procedure could be instituted, modified, and/or dropped with a minimum of preparation, staff recruitment of disbanding, or notice to the consuming public.

TOTH PLAN

Below is outlined a method of gas rationing that is equitable, inexpensive to implement, and very inexpensive to operate. It is a rationing plan that avoids the expense and bureaucracy required by a coupon rationing system. It entails a taxation plan that avoids the unfairness to the small consumer and to the poor that an across-the-board tax plan imposes. It allows necessary driving for work and for shopping while financially discouraging luxury driving without making it impossible. It rewards car pooling and discourages single driving. It encourages smaller, more economical cars rather than the larger gas consuming automobiles. In addition, it makes mass transit more attractive as a regular means of transportation.

This plan consists of three basic parts:

First. A tax would be levied on all gasoline sales. The amount of such a tax is optional, but a $1 per gallon tax would not require new pump registers to be installed. The total bill would be the amount on the register plus $1 for every gallon of the purchase. Fractional parts of a gallon would simply be taxed at a rate of 10 cents for each one-tenth of a gallon.

Second. Each working driver would be given a weekly tax allowance based on his individual gasoline requirements. The tax allowance would be returned on each pay day as a reduction of his weekly Federal income tax deduction. The allowance is computed from the one-way distance from home to place of employment. The weekly distance traveled is multiplied by an average expected mileage—for example, 16 m.p.g.—and this is multiplied by the per gallon tax to give the weekly tax allowance. The round trip distance could be used in a more liberal plan, but it is recommended that only a portion—for example, 75 percent—of this distance be allowed to encourage car pools whenever possible. In addition, one to two gallons a week can be allowed for shopping trips and other necessary travel. The use of an average gas mileage should encourage more economical cars and proper maintenance to maximize gas mileage on individual cars. Furthermore, this average can be increased as the national average increases, but perhaps a practical limit should be set.

Third. The weekly tax allowance can be calculated by the employer, who can easily check for correct distances. The yearly tax allowance can be calculated and printed somewhere on the employee's W–2 form. The Federal income tax forms for 1974 could simply be amended to allow this yearly gasoline tax allowance to be subtracted from the yearly income tax bill. The tax paid at the gasoline pump serves to pay this portion of the income tax; therefore, income tax revenues remain unaltered. The individual will receive no additional tax rebate for taxes paid above his allowance.

Since this method of gas rationing uses existing agencies, no new organization need be set up, thereby reducing expenses and delays. This plan financially rewards those who economize on fuel at the expense of those who use more than their allotment. This is essentially the same result as would be achieved by the sale of unused ration coupons by the individual. The excess revenues raised could be used to improve mass transit systems, encourage further exploration and development of fuel supplies, or any of a number of other projects.

In addition to the above-mentioned advantages, this plan is extremely flexible and can easily be modified as circumstances require. It would also be ideal for long-term or permanent use to reduce expanding fuel consumption.

FOOD STAMP BENEFITS IN PUERTO RICO

Mr. EAGLETON. Mr. President, the Department of Agriculture recently promulgated food stamp regulations that establish coupon allotment and eligibility guidelines for the residents of Puerto Rico. Those guidelines are considerably below the ones that were established for the 50 States on November 1, 1973, and are, I believe, contrary to the clear intent of Congress.

First, the Department determined that lower coupon allotments should be provided to island residents apparently because they previously have had cheaper and less adequate diets than persons living in the United States. I am told that the Department costed out a completely different and cheaper market basket of food for Puerto Rico than they did for the continental United States, based essentially on the fact that people on the island have poorer diets than people on the continent. As a result, benefit levels set for Puerto Rico will perpetuate the island's relative undernourished status in complete disregard of statutory policies.

In enacting the Food Stamp Amendments of 1971, we required that coupon allotments be based on the "cost of a nutritionally adequate diet in Puerto Rico and the respective territories"—the exact same principle that we applied for the United States. Therefore, with the sole exception that allotments could not be set at higher levels than the ones utilized on the continent, Puerto Rican coupon allotments had to maintain the same relationship with U.S. coupon allotments as the average cost of food, for the same commodities, compared between the two political entities.

Second, the Department established much lower eligibility guidelines for Puerto Rico on the basis of the previously mentioned lower coupon allotments. It did this by establishing eligibility at a level at which coupon allotments would be equal to 30 percent of the eligibility amounts.

However, the Food Stamp Act requires that eligibility regulations be designed to "reflect the average per capita income in Puerto Rico and the respective territories," not that they be based on a percentage of coupon allotment levels. In sum, the people of Puerto Rico have been hurt by the Department in the food stamp program simply because they are poorer than people on the continent. This is certainly not what we intended.

Since food prices are actually higher in Puerto Rico than they are in the continental United States, and because people on the island are in great need of sufficient food benefits, I urge the Secretary of Agriculture to take immediate steps to revise the coupon allotment and eligibility guidelines applicable to Puerto Rico. Those now in effect are inimical to the legislation passed in 1971 as well as to commonsense.

BEYOND PAY BOOSTS—FACING UP TO FISCAL RESPONSIBILITY AND S. 3006

Mr. PACKWOOD. Mr. President, sometime either tomorrow or hopefully by the end of the week, the Senate will decide to defeat or accede to a pay boost for Congress and other governmental officials.

Without going into the many reasons at this time, I will vote against any form of a pay raise. However, at this moment I would ask my colleagues to look beyond the relative mote of pay increases to the beam that still remains a great source of irritation and dire consequence to the Nation.

In looking ahead, we must hone our fiscal responsibility to a sharpened degree. For this reason, I am pleased to join the senior Senator from Wisconsin (Mr. PROXMIRE) in cosponsoring S. 3006, the Fiscal Note Act.

Stated simply, this bill would require the relevant department or agency to provide the estimated cost for any measure to be placed as a "fiscal note" at the bottom of the first page of any legislation.

The merits of such a notation are many. Too often, legislation is introduced, considered, even passed, but for whose effective implementation the money with the word "deficit" in fine print upon passage, but which in the end will later show up for the taxpayer in big, red numerals.

If from the beginning—from the very introduction of a bill instead of months later in committee or on the floor—we consider legislation not only from its program merits, but also from what we can afford, only then do we take seriously our duty not only as the appropriators of taxpayers' dollars but also our duty as savers.

I commend this proposal to my colleagues, and ask unanimous consent that the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 3006

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Fiscal Note Act".

SEC. 2. (a) A bill or joint resolution of a public or private character which has been introduced in the Senate or received by the Senate from the House of Representatives shall be printed only when there appears at the bottom of the first page thereof, in bold-face type, a fiscal note prepared by the department or agency which will carry out such bill or joint resolution. Such fiscal note shall state the amounts estimated, in constant dollars, to be the direct and indirect costs likely to be incurred or the direct and indirect savings likely to be achieved—

(1) by the United States Government in carrying out such bill or joint resolution in the fiscal year in which it is introduced or received in the State and in each of the five fiscal years following such fiscal year (or for the authorized duration of any program authorized by such bill or joint resolution, if less than five years), except that, in the case of measures affecting the revenues, the fiscal note shall state only the estimate of such department or agency of the change in revenues for a one-year period; and

(2) if sufficient information is already in the possession of such department or agency or is readily available, by State and local governments.

(b) This section shall not apply to any such bill or joint resolution of a public character, or part thereof, making a direct appropriation, the purpose or effect of which is to expend any Federal funds.

SEC. 3. (a) A copy of each bill or joint resolution required by section 2 to have printed on its first page a fiscal note shall, upon introduction in the Senate, be transmitted immediately to the department or agency which will carry out such bill or joint resolution.

(b) Not later than seventy-two hours following the receipt of any bill or joint resolution transmitted under subsection (a) of this section, such department or agency shall transmit the text of the fiscal note for that bill or joint resolution to the Public Printer for printing by him.

(c) If a Senator notifies a department or agency that he intends to introduce a bill or joint resolution required under section 2 to be printed with a fiscal note, which that department or agency will carry out, and submits a copy of the bill or joint resolution to such department or agency, such department or agency shall provide such Senator with the text of the fiscal note for that bill or joint resolution. Such fiscal note shall be placed at the bottom of the first page at the time of introduction. A copy of any bill or joint resolution introduced with a fiscal note in accordance with this subsection shall be transmitted to the Public Printer for printing, and the provisions of subsections (a) and (b) of this section shall not apply to any bill or joint resolution so introduced.

THE GENOCIDE CONVENTION: AN INTERNATIONAL PERSPECTIVE

Mr. PROXMIRE. Mr. President, the decade of the 1960's was a difficult period for America in the area of foreign policy. As the Vietnam war continued to escalate our position of leadership and influence came under intense questioning. Now that we have ceased military operations in Southeast Asia, and realize our tragic mistake of involving ourselves in the quagmire of Vietnam, there are some who advocate a new policy of isolationism.

But this is not the time to retreat to the illusory safety and calm of isolationism. Even though we have wandered off the proper course in foreign policy in the past, there is no reason why we should not reorient our foreign policy goals. We should develop a constructive program of stability and peace as our role in international affairs. The visits of the President of the United States to Peking and Moscow hopefully will pave the road to peace and mutual understanding. At best, the trips by the President will mark the beginning of an era of international cooperation, an era which should have begun years ago.

Internationalism is a reality in this day and age. We must adjust to that fact. While we maintain the sovereign integrity of our great Nation we can productively participate in the creation of a better world community.

Our continued commitment to the United Nations is one avenue for such efforts, but we should not neglect any opportunity for such substantive involvement. The Treaty for the Prevention and Punishment of Genocide represents a golden opportunity to express this Nation's attitude toward this crucial work.

Therefore, I urge Senators to move immediately to endorse this humanitarian and time declaration.

CREDIT MANAGEMENT

Mr. PACKWOOD. Mr. President, I had the pleasure to meet today with Mr. Kenneth H. Knox, the president of the National Association of Credit Management, and Mr. R. W. Kupfer, the executive vice president of the Oregon Association of Credit Management.

These two Oregonians are here in Washington for the third Washington Legislative Conference of the National Association of Credit Management. While I know that several Members of Congress were able to participate in this conference, I am sure that those who were not would want to read the welcoming remarks delivered by Mr. Robert T. Goodwin, the executive vice president of the association.

Mr. President, I ask unanimous consent that those remarks be printed in the Record.

There being no objection, the remarks were ordered to be printed in the Record, as follows:

Remarks of Mr. Robert D. Goodwin, Executive Vice President, National Association of Credit Management

It is my pleasure to welcome you to this congressional luncheon. This is our third Washington Legislative Conference of the National Association of Credit Management. We extend a warm welcome to the Members of Congress and their staff assistants who are with us again this year, as well as to those of you who may be with us for the first time today.

Once again we are gathered in this room to culminate a very effective and successful meeting. Yesterday in our sessions at the Quality Inn we were privileged to meet with representative members of the legislative and executive branches of our federal government. These guests shared with us some of their current activities and programs and gave us insight into areas of importance to us as citizens and as business credit executives. At the same time we were able to impart to them some of our concerns and interests as businessmen and as a business organization.

Today with this enlarged gathering we would like to take just a few brief moments to tell you a bit about our organization. We are proud of NACM, proud of its history, and proud of the service it renders to the business community and to the public at large.

The National Association of Credit Management is an organization of 37,500 company members who are concerned with the granting of business credit by one commercial entity to another. This is business credit—as opposed to consumer credit which of course is credit granted to an individual for personal, family or household purposes.

Our members are manufacturers, wholesalers, financial institutions, and business firms which are engaged in rendering services of various sorts to other business firms.

These members are responsible for watching over business assets totaling billions of dollars. In many cases these assets represent the company's largest asset—their accounts receivable.

The National Association of Credit Management was founded 78 years ago in 1896 by 82 business credit executives meeting in Toledo, Ohio. Growth from 600 members at the end of 1896 to nearly 38,000 members today underscores our position as one of the major membership organizations in the business world. Some say we are the second largest corporate membership organization in the country, after the U.S. Chamber of Commerce.

Let me say that the heart or thrust of our organization's service activities centers around some 100 member-owned and member-operated affiliated associations of business credit executives at the local and state level. These NACM affiliated associations are located in every major business center in the country.

Every day businessmen in these communities look to their NACM organization to provide them with services which are vital to the smooth function of our economic system.

One of these key services is a fair and honest exchange of business credit information. Through the NACM National Credit Interchange System, businessmen exchange factual, complete and concise ledger experience on which to make sound business decisions.

From a legislative standpoint, we are naturally concerned that lawmakers at both the national and state level are aware of the distinctions and differences between consumer and business credit—and that they recognize the indispensable need for the free and unimpeded exchange of business credit information. The viability and growth of our economy depend on it.

In another area, many of our NACM affiliated groups render an all-important collection service to their members. Again, this is a vital part of our service to our member companies and the business community. NACM's professional collection people render benefits to both the creditor and debtor company. Their service offers the debtor company faced with delinquency in its obligations, the means of returning to dignity through an orderly process of honoring its commitments. It offers the creditor company the means of insuring a return of much needed operating or expansion capital. In some cases, it may represent the margin that enables a debtor to carry on his enterprise, to continue to serve the business community at the most economical level, and to continue to provide employment in the community.

Another major activity of the National Association of Credit Management member-owned and member-operated affiliates is the assistance they offer their members in dealing with bankrupt or financially distressed companies.

In many cases they are able to work out arrangements which forestall a bankruptcy to the satisfaction of both the creditors and the company that is having difficulty.

When the situation has reached a point beyond this solution, our local affiliated association, through its good offices and expert staff, provides the catalyst for working out a settlement that is most fair and equitable to all parties.

These are just a few highlights touching on who we are and what we are and what our interests are.

I hope that each of the honored legislators here today will remember this occasion and the individuals of the business credit community who are serving as your hosts at this luncheon.

Each of them is an expert in this field of business credit. He knows its unique contribution, concerns, and characteristics.

We hope that this NACM Washington Legislative Conference will broaden the avenue of communication between you and us. We want to keep in touch with you as members of your constituency. Certainly the business credit executives and the executive leaders of local NACM associations here in this room, as well as others who could not be with us today, are available to you for consultation—particularly on matters that might bear on the highly specialized field of business credit.

To our congressional guests, and to their busy staff aides, on behalf of everyone of us here, we thank you for sharing your valuable time with us.

HOW OUR MILITARY AID IS USED

Mr. CRANSTON. Mr. President, from time to time I try to draw the attention of the Senate to the ways in which U.S. military aid is used—or rather, misused. Here are two significant examples.

In a special report to the New York Times, Correspondent Joseph Lelyveld filed a story on the Moslem rebellion in the Philippines. He described the total destruction of the town of Jolo, formerly inhabited by 40,000 people. On February 21, he wrote:

> Outside the town, the Government has been using Sabre jets, aged C–47 gunships, and armed helicopters, all supplied by the United States, to strafe and bomb the rebel force, which is estimated now at about 1,500.

A week later, in South Vietnam, the International Commission of Control and Supervision tried twice to visit a Communist-held town to supervise prisoner releases. Twice the commission's helicopters were turned back by planes flown by President Thieu's air force and supplied by the United States.

Mr. President, later in this session I intend to bring more example of this kind to the attention of the Senate. I will do my best to bring about substantial cuts in the military aid program that leads to these abuses.

It is one thing to give arms to a democratic country defending itself against a foreign attack. It is quite another to hand out millions of dollars worth of weapons to dictators interested solely in perpetuating their own power.

I ask unanimous consent that two articles on the Philippines and South Vietnam, dated February 21 and February 28, respectively, be printed in the Record.

There being no objection, the articles were ordered to be printed in the Record, as follows:

[From the New York Times, Feb. 23, 1974]

Battle Leaves Philippine Town in Ruins

(By Joseph Lelyveld)

Jolo, The Philippines, February 21.—Scanning a scene of devastation and ruin unlike any this country has seen since World War II, an old man remarked in English as rueful as it was jagged, "Sorry this time because of this you see now."

He was standing in what had been the commercial center of a town of 40,000 people. Now it was acres of charred rubble and blasted concrete, from which bodies were still being recovered this morning, more than a week after the Philippine armed forces finally took Jolo back from Moslem insurgents.

The Government admits to more than 300 dead, giving a "body count" of 225 rebels, about 50 civilians and only 29 of its own troops. From what could be learned from survivors here today, it seemed reasonable to estimate the toll at nearly double the Government's figure but much lower than 10,000 dead or missing mentioned in earlier reports.

An air force officer said that at least 100 Government troops had actually been killed so far in the fighting, which is continuing in the interior of Jolo Island, an outcropping of volcanic hills and coconut groves in the center of the Sulu Sea about 570 miles southwest of Manila.

The hospital administrator, Sauradjan Ibba, said he had been hearing estimates of 200 civilians killed, and the Roman Catholic Bishop of Jolo, the Most. Rev. Phillip Smith of Boston, said he thought that a fair guess.

Clearly no one will ever know for sure. But even 200 would be a low figure, considering the heavy firepower poured into the town by army artillery, naval batteries firing from a few hundred yards offshore and an old tank used to keep the rebels from capturing the airstrip.

Outside the town, the Government has been using Sabre jets, aged C–47 gunships and armed helicopters, all supplied by the United States, to strafe and bomb the rebel force, which is estimated now at about 1,500. In the last month the insurgents have managed to shoot down two jets and four helicopters.

One helicopter was shot down from the town plaza by members of the 90-man Jolo police force, all of whom defected to the rebels, along with the mayor, when the fighting started Feb. 7. Two were hit two days ago, after official spokesmen had announced in Manila that the rebels were scattered and fleeing to the hills.

The Manila spokesmen have been dispensing accounts of the ferocity of the rebels and their disregard for human life. The Secretary of Defense, Juan Ponce Enrile, said in an interview that the rebels had raped nuns in Jolo, then added, "We don't want to make anything out of this."

The report, later broadcast, was disclaimed on all sides here and with special vehemence by the nuns. "Nothing has been hurt, nothing has been hit, nothing has been abducted, nothing has been molested," protested Sister Imaculata, who answered the door at the Carmelite convent.

According to another nun, Sister Marion Chipeco of the Good Shepherd Order, the rebels deserved praise for their pains to spare civilian lives. She said they had led the residents of the western end of town, where only a handful of buildings remain * * * Bitay Milakhum, who was wearing an armband that identified him as "Senior deputy sheriff" of Jobo, said the air force later bombed those places. He said he had seen mass graves.

Aladjadi Amilottoh, a mathematics teacher in a local high school, took refuge with his family in a doctor's house on the edge of town the night of Feb. 7. There were non insurgents near the house, Mr. Amilottoh said this morning as he lay in the Sulu public hospital under a pink tablecloth that was serving as a blanket.

According to Mr. Amilottah, the house was shelled by an army battery and seven civilians died, including his wife, his eldest daughter, two of his sons and his sister-in-law.

Of his six surviving children, two were wounded, including a three-year-old daughter, whose left hand had been torn off by shrapnel. She sat next to Mr. Amilottoh on his hospital bed as he spoke. He had lost his left arm.

"They only suspected there were rebels there but they were all evacuees," he said. Then, after a pause, he repeated himself, as if he needed to search for some sense in the words. "They just suspected it," he said.

Government spokesmen contend that the carnage in Jolo has not upset the conciliatory "policy of attraction" that has supposedly guided the handling of the Moslem insurgency since September. But experienced observers think it is bound to increase the mistrust in the Moslem areas of Sulu and Mindanao for a remote, unsympathetic, Christian Government in Manila. That mistrust, they say, is the underlying cause of the struggle.

SETTLERS MOVE IN

Of the 40 million Filipinos, only 2.5 million are Moslems. Ten years ago, most lived in areas in which Moslems were in the majority. In the open political system that then existed in the Philippines, they enjoyed a measure of influence in Manila.

But Christian settlers, who view the Moslem areas as a Philippine frontier, now outnumber the Moslems in most places and there have been bitter struggles for land. With the introduction of martial law by President Ferdinand E. Marcos in September, 1972, the Moslems lost whatever leverage their votes had given them.

Assignment of blame for the outbreak on Jolo depends on who is telling the story and where he begins. It is clear that rebels managed to infiltrate the town of Jolo, starting on about Feb. 4, and that, backed by the police, they staged a coordinated attack on military camps at opposite ends of the town in the early hours of Feb. 7.

But the armed forces had started a major military operation on Jolo Island late in January to regain towns the rebels had been occupying without challenge for several months. That operation, which began with two amphibious landings on the southern side of the island, apparently started the rebels thinking of diversionary tactics in Jolo town.

Once the rebels started infiltrating the town, there were three armed groups there besides the Government troops—the infiltrators, a group of "returned" rebels who had been allowed to keep their weapons after surrendering to the Government, and the police, who apparently viewed these "returnees" as a threat to their authority.

It even appears that the Government dispensed arms to rebels who surrendered, making new weapons an inducement to change sides. The surrendered rebels were then enlisted in the Government's operations against the remaining insurgents.

This divide-and-rule tactic was successful to an extent, but it pushed the police into the arms of the insurgents. Mr. Enrile denied that the defection of the entire police force and the mayor indicated any failure by military intelligence. "We knew all along they belonged to the rebel group," he said, "but we gave them the benefit of the doubt."

The official view is that the Moslem insurgency on Jolo has been taken over by "Maoists" and has thereby lost the support of the people, but there is no firm evidence that the insurgent leaders have told their supporters anything about Mao Tse-tung or, indeed, that they have any ideological leanings that way.

A leader of the "returned" rebels now fighting with the army replied with a bewildered stare when he was asked about "Maoists" in the hills. When asked whether the insurgents there were good Moslems, he replied that they were.

The insurgents tell their followers that they are fighting to prevent "genocide" against all Moslems in the Philippines. The Marcos Government, which relies upon Saudi Arabia and Iran for its oil supplies, is especially sensitive these days about such charges. That may be one reason the armed forces are now making "Maoist" their euphemism for Moslem rebel.

No more than 5,000 of Jolo's population appeared to still be in the town today. Many of these were scavenging in the ruins. They appeared to be finding little of value, for the damage that was begun by shelling was completed on the afternoon of Feb. 8 by a fire that razed the center of the town.

The blaze could easily have been started by artillery fire, but military authorities insist it was begun by "Maoists" to cover their retreat. Other sources assert the army started it to burn the rebels out.

[From the Washington Post, Mar. 1, 1974]

Planes Block 'Copters: ICCS Visit Thwarted by Saigon Air Force

Saigon, February 28.—Helicopters of the International Commission of Control and Supervision were twice forced to turn back by government fighter planes today as they tried to reach a Communist-held town in South Vietnam.

The three helicopters were taking a commission team to observe prisoner exchanges at the town of Locninh, 75 miles north of Saigon.

Iranian Ambassador Assad Sadri of the Commission, who was aboard one of the helicopters, said that though he could not say what the fighter pilots' intentions were, it seemed as if air strikes were going on in the region of the air corridor used for the flights to Locninh.

A Vietcong spokesman told reporters that two commission helicopters later reached the town to supervise the prisoner releases.

He said that of 191 prisoners flown to Locninh for release to the Vietcong, five asked to defect to the government side and three students who said they were non-Communists elected to go into political exile with the Vietcong and were accepted.

Sadri said the three helicopters were in a previously agreed air corridor on the edge of government-controlled territory some 37 miles north of Saigon when they were first turned back.

They returned to Tansonnhut airport near Saigon, and when they tried again a short time later were turned back in the same area by propeller-driven A–1 Skyraiders.

Two days ago the government high command here said three unarmed, orange-striped helicopters of the Joint Military Commission were fired on by Communist ground forces as they returned from ferrying prisoners for release at Locninh.

A command spokesman said he could not confirm today's incident, but that if it did take place it was not as serious as the Vietcong attack on the military commission helicopters.

The government command continued today to deny reports from military sources that there had been heavy fighting in the Mekong Delta though its spokesman said Communist forces had increased small scale shelling and ground attacks in the area.

CWA STATEMENT ON EXPULSION OF ALEXANDER SOLZHENITSYN

Mr. PERCY. Mr. President, the executive board of the Communications Workers of America—CWA—has issued a statement on the expulsion of Alexander Solzhenitsyn from the Soviet Union. The statement welcomes the Soviet writer to the Western World and makes the interesting point that, while Soviet policy denies emigration to thousands who wish to leave, it deports "into unwanted exile" a man who wishes to remain in the U.S.S.R.

Mr. President, I ask unanimous consent that the text of the Communications Workers' statement be printed in the Record.

There being no objection, the statement was ordered to be printed in the Record, as follows:

Communications Workers' Statement

The Executive Board of the Communications Workers of America, AFL–CIO, speaking for more than 575,000 Americans committed to the idea of freedom of communication, welcomes Alexander Solzhenitsyn to the free, non-communist world. We hope that the Soviet government will soon make it possible for the wife and children of Mr. Solzhenitsyn to join him, and that he will be able to regain possession of his literary files and research data.

It is a sad commentary on the Soviet government that it cannot tolerate an outstanding humanitarian writer like Solzhenitsyn to live and to work unharmed and unmolested within the borders of the Soviet Union.

It is a sad commentary on Soviet policy that it insists on keeping within its borders thousands of people who wish to emigrate—but forcibly deport into unwanted exile a Solzhenitsyn who wishes to remain in Russia as a free and creative writer.

It is a sad commentary, furthermore, on the Soviet's labor organizations, which are controlled by the government and the Communist Party, that they never protested the expulsion of Solzhenitsyn from the Soviet writers union and that they now do not so much as utter a word of protest against the kind of attack and persecution that has been leveled against Solzhenitsyn since he exposed the workings of the Soviet concentration camp system.

We hope that Mr. Solzhenitsyn will now find peace and an opportunity to continue his brilliant writing.

We hope that the Soviet Union and its leaders will come to recognize that the welcome atmosphere of "detente"—which offers the world the vision of peace rather than devastating warfare—can be strengthened, not weakened, by expanding the freedoms and rights of Soviet citizens. When that happens, it may then be possible for a writer of world-wide acclaim like Solzhenitsyn to return to his native land and to the people who he has served so well in the great books that have sprung from his heart and his pen.

FUEL ALLOCATION TO MIGRANT WORKERS

Mr. HUMPHREY. Mr. President, the Federal Energy Office last month promulgated regulations assuring the agricultural industry a 100-percent priority in the allocation of bulk fuel. While this action is critically important for the Nation's farmers and consumers, nonetheless it falls a step short of the action needed to assure a stable food supply during the current energy crisis.

I strongly believe that the Federal Energy Office should provide a means of supplying the gasoline necessary for the transportation of the Nation's migrant workers to harvest sites, if the American farmer is to have a sufficient labor supply to harvest his crops this year.

According to the Department of Agriculture, over 14,000 migrant workers traveled to northern farm States last year from home-base areas in California, Texas, and Florida. Many farmers in northern States are vitally dependent upon migrant workers as part of the labor supply. Minnesota, for example, uses over 8,000 migrant workers annually; the State of Michigan uses over 83,000. The State of Ohio uses over 32,000; New York 30,000; and Illinois 20,000.

The Nation has no current alternative to the use of migratory labor in many crops. The Department of Labor reports that even by 1975, over 83 percent of the total harvest of fresh citrus and many vegetables must be hand picked and is not readily subject to a machine harvest. These crops include oranges, table grapes, apples, grapefruit, lemons, pears, strawberries, pecans, fresh tomatoes, lettuce, and other vegetables.

A recent manpower survey in the State of Texas revealed that 62 percent of migrant families did not plan to migrate north for the harvest this year, because of the fuel shortage. Unless such a labor shortage is averted, it will spell disaster for our farm economy and will produce food shortages of such a magnitude as to spiral the cost of living even faster than today.

I urge the Federal Energy Office to take steps now to address this need. We must not only prevent an emergency situation in the agricultural industry. We must also give thousands of farmworker families the chance to work again this year, lest they be confronted with desperate poverty.

SELECTIVE SERVICE APPROPRIATION FOR FISCAL YEAR 1975

Mr. HATFIELD. Mr. President, today I submitted a statement to the Senate Appropriations Subcommittee on HUD, Space, and Veterans in opposition to the Selective Service System budget request of $47,163,000 for fiscal year 1975. Again this year we are dealing with a bureaucracy that continues to bleed the Federal Treasury to the tune of $47 million-plus a year for no constructive purpose that I can see. According to the testimony of Selective Service Director Byron Pepitone, 90 percent of the fiscal year 1975 budget request is for payroll. This makes the Selective Service System an excellent example of a Federal agency that exists primarily to shuffle paper.

I would also like to mention one alarming statement by Mr. Pepitone in his testimony this morning, Under questioning by the subcommittee chairman, Senator Proxmire. One reason for the slight decrease in this year's request relative to that of fiscal year 1974 is a reduction in force of Selective Service System personnel. However, the request for 1975 does not include severance pay for these employees, of which there are approximately 1,200. Therefore, Mr. Pepitone admitted that he knows now that he will have to come up for a supplemental before the end of fiscal year 1975 to meet these severance costs.

The fiscal year 1975 budget request, therefore, is deceptive—we have already been told that it will not be enough. Such action is at the very least an abuse of the supplemental appropriations procedure, and should be disturbing news to any Member of this body concerned with orderly budgetary and appropriation procedures.

This sort of bureaucratic behavior should not be tolerated in any agency. I have great respect for Mr. Pepitone and his staff, and he has provided me with prompt and courteous answers to my questions about his operation. But I believe the Selective Service System has outlived its useful purpose, and should be abolished.

I ask unanimous consent that my statement to the Senate Appropriations Subcommittee on HUD, Space, and Veterans and a letter and report from Selective Service Director Pepitone on the costs of terminating the Selective Service System be printed in the Record.

There being no objection, the material was ordered to be printed in the Record, as follows:

Statement of Senator Mark O. Hatfield in Opposition To Appropriations for the Selective Service System

Mr. Chairman, last year the Selective Service System came before this Subcommittee to request $55,000,000 for the examination, registration, and classification of young men subject to the military draft. The Subcommittee found that amount to be excessive in light of the termination of inductions, the success of the all-volunteer Army, and the ever-present need to eliminate waste in the Federal Budget, and reported an appropriation of $35,000,000 which was subsequently approved by the full Senate. Conference committee action, however, raised the final appropriation to $47,500,000.

Despite that 36% increase over what the Senate deemed necessary of its operations, the Selective Service System has found it impossible to live within its budget. Indeed, it is spending, or would like to, at a clip nearly equal to its original request for FY74 of $55,000,000. In addition to the $47.5 million appropriated for FY74, the Selective Service System is now requesting a total of $6.26 million in supplementals: $4,250,000 to cover mandated military and civilian pay increases, and $2,010,000 for service to registrants and general and administrative costs. That brings the total amount appropriated and requested for FY74 to $53,760,000, only $1,300,000 short of the original FY74 request.

In my testimony before this Subcommitee last year, I remarked that the Selective Service System is a fine example of a bureaucracy that continues to exist and expend the taxpayers' money more by virtue of its own momentum than for any constructive purpose. Judging from this year's record of expenditures, and the FY75 request for $47,163,000, I would say that statement is just as true today. I urge this Subcommittee to substantially reduce the Selective Service Systems budget request for FY75, for several reasons.

Throughout FY 74 and on into FY 75, the Selective Service System has been and will be co-locating local boards as the demands on the system decrease. It is my understanding that this process of co-location may reduce the number of operational sites for local draft boards to 700 in Fiscal Year 1975. Approximately 1.9 million men will be registered at these sites in FY 75.

Due to increases in its own operational costs, the Army has discontinued examinations for registrations. The Selective Service System will therefore no longer need to expend public funds for busing registrants to examination centers.

When inductions ceased in December 1972, so did assignments of conscientious objectors to alternate service occupations. There fore, by the end of December 1974, all but a handful of the approximately 4000 conscientious objectors presently under the supervision of the Selective Service System will have completed their obligation, thus eliminating another Selective Service function.

With these economies, I do not believe the appropriation request of $47,163,000 can be justified. Since the Senate found $35,000,000 sufficient for operations last year, an appropriation substantially below that amount should be all that is required for Fiscal Year 1975 activities.

Beyond these fiscal arguments, however, is the more fundamental question of whether the Selective Service System should be allowed to continue at all. Just in terms of practical manpower considerations, I do not believe that the standby draft gives any degree of manpower readiness which could not be matched in the event of an emergency. Historically, and understandably, the National Guard and the Reserves have been our second line of defense after the active duty forces. They have been the immediate source of additional combat and support personnel in any wartime situation when men were quickly needed. The draft by its very nature cannot rapidly supply the manpower necessary for a large-scale war. This is because a draftee under the present system would have to be examined, classified inducted, transported to a training area, and trained before he would become combat ready. The training process alone requires five to six months for basic infantry jobs and up to 18 months for more sophisticated roles.

Under the present realities of technological warfare, the only contingency in which we would need large numbers of men, and thus the possibility of a full-scale draft, would be if another Vietnam or series of Vietnam-like wars occurred. And assuming that the nation were to be supportive of such a policy, a draft created at the time of the conflict would more than adequately meet our manpower needs. Wars of this nature grow slowly; we do not suddenly need thousands of men more one day than we did the previous day.

More importantly, the very presence of the Selective Service System poses a threat to individual liberty and to the separation of powers between the Congress and the President.

In essence, military conscription is a form of involuntary servitude, which we have rationalized by maintaining it would enhance our freedoms at home and enable us to create freedom abroad. But we cannot try to defend freedom at home or abroad by taking it away from our own citizens. And so long as the mechanism for imposing this form of involuntary servitude exists, even though it may have apparently been "defanged" by the termination of the induction authority, we pose a great threat to individual freedom in our society.

Likewise, so long as a standby draft and its manpower pool exist, there is a great temptation for the President to ease us into wars which the Congress has not declared, the War Powers Act notwithstanding. This was true of the Vietnam War, as the existence of the draft too easily allowed us to slip into a war without the fullest consideration of the implications.

Finally, the continuation of the standby draft maintained by the Selective Service System belies and undermines our expressed commitment to the volunteer Army. Secretary of the Army Callaway has recently released a report which concludes that the Army is "good, combat-ready, and improving with the passage of time." Why then do we need to continue registering nearly 2 million men a year at a cost of $47 million? By doing so, aren't we implying that the volunteer Army won't work, or that we don't want it to?

I therefore believe that the Selective Service System should be terminated. At my request, Director Pepitone has estimated that termination costs for the first half of FY75 would be $41,487,000. That is a substantial amount of money, but it is far less than the total dribbled out over years if we continue to fund indefinitely this bureaucratic dinosaur which lacks any economic or military justification for its existence.

I realize there are members of this Subcommittee and the Senate who oppose "legislation through appropriation." Nevertheless, I urge you to consider appropriating $41,487,000 for the sole purpose of terminating the Selective Service System. Barring such action, I trust that the Subcommittee will substantially reduce the appropriation request of $47,163,000 for FY75.

SELECTIVE SERVICE SYSTEM,
Washington, D.C., March 4, 1974.

Hon. MARK O. HATFIELD,
U.S. Senate.

DEAR SENATOR HATFIELD: This is in response to your letter of February 21 wherein you asked for my estimate of the funds which would be required to terminate the operation of the Selective Service System. It also will serve to confirm my conversation of February 2 with Mr. Keith Kennedy of your office, also in response to your letter of February 21.

As I suggested to Mr. Kennedy in the telephone conversation of Friday, February 22, I have not devoted a great deal of time to estimating the cost of terminating the Selective Service System, inasmuch as the provisions of the Military Selective Service Act, which I am charged with administering, require that the System continue to operate. As a matter of fact, the provisions of the Military Selective Service Act require that the System not only continue to operate during zero draft but also continue to operate with the same organizational configuration that made up the System on the date of the passage of the Act—September 28, 1971. For this reason, and as a result of the requirements to prepare for the fiscal year 1975 budget hearings and the defense of the budget request, my time has been devoted primarily to identifying what the costs for operation in fiscal year 1975 would be, as opposed to what it would cost to terminate the System in 1975.

Notwithstanding these facts, and in an effort to be responsive to your request, I have devoted as much time as possible between the receipt of your letter on February 22 and this date to assemble what I believe to be a reasonably thorough estimate of the costs of terminating the System, assuming that action would be taken by the Congress to repeal the Military Selective Service Act prior to July 1, 1974.

For the purposes of the estimate, I have assumed that effective at the beginning of fiscal year 1975—July 1, 1974—all mission activities would cease and termination activities would commence. The logistical effort for a complete shutdown of our nationwide offices and transfer of permanent records, disposition of equipment and separation of employees in accordance with Civil Service Commission regulations is conservatively estimated at six months. Obviously, after closing, there would be a number of residual actions which I assume would be handled by other Federal agencies:

1. Liquidation of unpaid obligations, payroll record processing and payment of severance pay could be accomplished by the Department of the Treasury.

2. Final processing of personnel actions could be accomplished by the Civil Service Commission.

3. Final transfer and disposition of remaining equipment and disconnect services could be accomplished by the General Services Administration.

Based in the foregoing assumption, there is attached an estimate of what I consider to be reasonable costs to terminate the activity completely, commencing July 1, 1974, and providing to the Archivist of the United States those permanent records of the System which, by law, are permanent records and must be preserved, and observing the requirements of the law with respect to the termination of both civilian and military personnel as well as the requirements imposed, also by law, with respect to the disposition of Federally owned equipment now possessed by the System.

Sincerely,

BYRON V. PEPITONE.

SELECTIVE SERVICE SYSTEM ESTIMATED TERMINATION COSTS FOR THE FIRST HALF OF FISCAL YEAR 1975

Personnel compensation, $13,704,000.[1]

Civilian salaries, $9,180,000.

Military salaries, $1,024,000.

Accrued Annual Leave (civilian only), $3,500,000.

Based on the following employment levels:

	Civilian	*Military*
July	3,300	128
August	2,500	128
September	1,250	128
October	1,250	128
November	1,250	0
December	1,250	0

Personnel benefits: Retirement, life and health insurance, FICA, etc., $827,000.

Benefits to former employees: Severance Pay (statistical CSC formula based on average age and average length of services), $21,300,000.

Travel and transportation of persons: Transportation expenses, per diem and car rental for direct closing work for property control and records transfer, supervision, employee counseling, etc., $581,000.

Transportation of things: Records disposal and destruction, equipment transfer, etc., at National Headquarters, State Headquarters, Service Centers and local board sites, $750,000.

Rent, communications and utilities: Space rental, telephone, postage, equipment rental and miscellaneous, $4,125,000.[2]

Printing and Reproduction: Directives and policy guidance related to termination activities and employee separation, $25,000.

Other services: Health services, guard services, maintainance and other miscellaneous contractual services, $75,000.

Supplies and materials: ADP, office, packing and other miscellaneous supplies, $100,000.

Total estimated cost, $41,487,000.[3]

MINERALS AVAILABILITY

Mr. DOMENICI. Mr. President, the purpose of my remarks today is to add my voice to those who have indicated their growing alarm over the future availability of certain critical minerals to the United States. For reasons I shall discuss, I am of the opinion that this is an extremely serious issue which must be faced now while we have the opportunity to deal with it without an atmosphere of immediate crisis. As our experience with the energy crisis so vividly demonstrates, actions taken in crisis are often so reactionary and ill-conceived as to magnify rather than diminish the crisis. Advance recognition of impending crisis can help avoid or alleviate drastic consequences such as those this Nation and its citizens have suffered during the petroleum shortage.

The impending crisis to which I refer,

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[1] Reflects two pay increases since submission of June 1973 estimate.

[2] Includes $3,500,000 for space rental costs which were not a part of June 1973 estimate.

[3] There will be an additional cost for military readjustment pay (1,200,000) and military accrued leave ($400,000) which will be paid by the Department of Defense.

Mr. President, is that which could result from the increasing reliance of the United States on foreign supplies of essential minerals. Realization that we are dependent on imports for a large percentage of the raw materials so vital to our industrialized economy and to our security is not just a recent occurrence. Many people, many organizations, and many Government agencies have known and commented on the specifics of our growing mineral dependency for sometime.

Some have recently also considered the question of whether such reliance held potential adversity for the United States and other industrialized, mineral-short nations and have concluded that no such threat was visible. For example, the National Commission on Materials Policy concluded in its report released last June that:

> As to the possibility that countries might form effective cartels to deny supplies to major importers or to raise prices, with the exception of petroleum, the Commission has not isolated any commodities for which the economic and political basis for such action now exists.

These are reassuring words, especially from such a prestigious and competent body, but, Mr. President, last June is an Arab oil embargo ago—an eon in the evolution of the "economic and political basis" for cooperative actions by mineral exporting nations. That oil embargo, in my opinion, has provided the visible and undeniable proof that in certain circumstances, less-developed, mineral-abundant nations can join together to take advantage of their good fortune, creating difficult, far-reaching problems for nations dependent on external sources of supply concentrated in a few nations of the world.

I have already mentioned that disproportionate distribution of the world's remaining reserves of precious minerals has long been recognized, but a closer look at recent production figures shows this not to be just an academic question, but one with serious ramifications, particularly for the United States.

Looking first at the minerals which we import in significant quantities, it is alarming to note that in 1972 we imported 100 percent of four minerals, including chrominum and the platinum group metals. That same year there were 7 other minerals which we had to import more than 80 percent of the total amount we used, including cobalt, 90 percent, aluminum, and manganese. There were 10 other minerals which we imported more of than came from domestic sources, including tin and nickel.

Other vital minerals which we imported in substantial amounts were iron, 28 percent, lead, 26 percent, and copper, 18 percent. These percentages are steadily increasing as U.S. consumption continues to rise and domestic sources are depleted.

These figures paint a bleak enough picture relative to our mineral dependence, but it is compounded by the fact that the world supply of several of these critical minerals is concentrated in only a few nations. It therefore must be realized that the United States and the rest of the industrialized world are becoming increasingly dependent on those nations for a critical share of their mineral supplies. Most of the mineral rich countries are among the less developed nations of the world and fall into the category often described as the "Third World." As nations struggling to emerge from their backward status, they have every right to seek to maximize the benefits they can obtain from the control they collectively exert over minerals the rest of the world must have. With the success of the Arab oil embargo as a visible example of the collective-bargaining, those nations can collective-bargaining to increase the rebe expected to increase their efforts at collective bargaining to increase the return from the minerals they control.

This will probably occur first where there exists a peculiar set of circumstances, the most important of which is the control of most of the exportable supplies of a specific mineral by a relatively small number of countries. There are, of course, many other relevant factors, but the situations where this most important factor now exists is cause for concern and action now.

Most of the world's exportable supply of copper, in excess of 80 percent, is controlled by four countries that have already organized to wield the power this posture gives them. Likewise, four nations control close to 95 percent of the world's supply of tin, a metal the United States had to import at the rate of 77 percent of total consumption in 1971. Ninety percent of the world's supply of bauxite is controlled by five countries. This is a tremendously important raw material to the United States which had to import 96 percent of the aluminum ore and metals it used in 1971. Lead is another concentrated mineral, with four countries controlling over 60 percent of the world's exportable supply. The United States will import all but about 15 percent of its nickel requirements by 1985 mostly from two nations.

There are other examples I could cite, but I believe these are sufficient to testify to the possibility of cooperative efforts to control exports of these and other minerals of similar distribution of availability. The next question is: "So what? What are the problems that would be created for this country if such cartels were formed and exercised their power?"

There are some problems immediately apparent. Security is certainly one of the most obvious. Some of the minerals in this category, if not all, are essential to our national defense and we must have either a healthy stockpile or an assured supply in order to maintain the equipment required for an effective and impressive defense posture.

Another serious consequence of a cutoff of foreign supply or abnormal increase of price is the inflationary effect of our economy. This would be aggravated even further in those instances where the resultant price would cause affected minerals to be exported from this country.

Our balance of trade deficit would become even harder to manage if these minerals should follow the recent price history of foreign oil which was enabled by collective action of oil exporting nations. We must keep in mind this dramatic episode in which just a year ago experts in this field were predicting that it would take until 1985 for the cost of oil to reach the $4 to $5 a barrel range when in reality, Mr. President, oil reached over $11 a barrel earlier this year.

Who can forecast what such potentially vast amounts of capital flowing into these few nations might have on the international monetary system? What will they do with these tremendous windfalls? We have already seen that economic warfare of the most devastating kind is not beyond the realm of possibility.

Having attempted to document the existence of a potential problem for the United States and the other mineral depending nations, I would be remiss not to suggest some solutions. These are obvious, but the apathy with which we approached the energy crisis and the inertia of decades of inaction regarding this issue convince me that we must now, today, begin to consider these alternatives.

Stockpiling is a temporary hedge but even so, to me it seems essential since it provides time to implement programs devised for emergency shortage situations.

Reducing demand for virgin materials is an absolute must—essential ingredient in simply stretching the world's finite resources as far as possible regardless of concentration of location. This is an approach which has received far too little attention and development in this Nation. In fact, the National Materials Advisory Board of the National Academy of Sciences in a 1972 report described the existing national materials policy as "so biased in favor of production and consumption that one can hardly overstress the need for temperance and foresight in monitoring and controlling wasteful and nonexistent uses."

Other factors such as environmental control, restoration and protection support the need to recover and reuse materials rather than to use and discard. I will introduce a bill in the Senate soon to accelerate Federal efforts along this line and to increase the conversion of solid wastes to usable energy and heat.

We can increase domestic production of most of the scarce minerals by development of new techniques of discovery, production and manufacture.

Minerals on the seabed provide a means to increase our production and I encourage and support legislative initiatives to facilitate and regulate the location, recovery and distribution of the valuable manganese nodules on the Earth's ocean floors to help supplement this Nation's supply of five valuable minerals: manganese, iron, cobalt, copper, and nickel. This is typical of the ingenuous approaches we must take to avoid and reduce the foreign reliance which would otherwise come about.

Certainly we can substitute available minerals for those not so available. We must adapt our technology to increase utilization of widespread and abundant basic minerals such as the silicates, iron, magnesium and lead.

In short, Mr. President, we must have a national materials policy which recognizes that unless we take quick, decisive action to prevent it, we may find ourselves hostage at some point to a foreign nation or group of nations because, although they may have only one possession of consequence, it is one we cannot do without. I urge my colleagues to give this matter their urgent attention and support all efforts to prevent a reenactment of the Arab oil embargo applied to vital basic minerals.

NEW YORK TRANSPORTATION HEARINGS

Mr. BENTSEN. Mr. President, yesterday, the Senate Transportation Subcommittee, which I have the honor to chair, held the first of six regional hearings on Transportation Planning and Priorities for the Seventies in New York City. We are studying a wide range of issues in transportation, including the financing of highways and mass transit, transportation and energy, and transportation planning. During the course of the hearings, we will receive testimony on the President's recent transportation proposals.

The New York City hearings offered the subcommittee some excellent testimony from local, State, and National officials, as well as representatives of the construction industry. In other hearings, we will be receiving testimony from a broad range of witnesses, as the subcommittee moves to develop legislation.

The leadoff witness in New York was the very distinguished mayor of New York City, the Honorable Abraham Beame. Mayor Beame's articulate statement expressed the view that operating subsidies for New York are critically needed to preserve the economic health of our most populous city.

Because I believe my colleagues should read Mayor Beame's statement, I ask unanimous consent that it be printed in the Record.

There being no objection, the statement was ordered to be printed in the Record, as follows:

On behalf of the people of New York City, I thank you for this opportunity to present the City's transportation priorities for consideration by the Congress of the United States.

Congress has accomplished much in the past year in passing new and significant transportation legislation.

We consider the Federal-Aid Highway Act of 1973 as a real breakthrough, and we like its recognition of the need for local control over programs and its redirection of Highway Trust Fund money for mass transit.

We also applaud the Minisch-Williams bill which was hammered out in the Senate-House conference and we hope both houses and the President will go along with it.

I am pleased that the President himself has recognized the need for changing the formula for distributing Federal transportation funds so that factors other than population can also be included in the formula.

The President's and Congress' unprecedented commitment in principle to provide operating subsidies for mass transit, as well as new construction funds, could well preserve the economies of our nation's cities which have mass transit networks.

The real problem is that not enough funds have been made available so far to satisfy our transit needs.

Let me direct the Subcommittee's attention to the precarious dependence of New York City on its transportation systems. When you look at what this great City of eight million people has in terms of transportation, you are forced to conclude that our economy quite literally depends on our mobility and that our very lives are shaped by the way we move from place to place.

We are, in fact, the transportation capital of the world. Consider the following:

On rails, we have the world's largest and most complex subway system. We have three separate systems of commuter railroads. And, we have a large and complicated network of freight railroads.

On rubber, we have both private and public systems of buses totaling nearly 8,000 vehicles. We have more than 20,000 medallion and non-medallion taxi cabs. About 1,600,000 automobiles are registered to New York City owners. And, some 100,000 trucks are registered within our five boroughs.

In terms of service and facilities relating to this rubber travel, New York City has more than 6,000 miles of local streets, more than 200 miles of interstate highways, expressways and parkways, 62 bridges, 4 tunnels, an estimated 5,000 garages and parking lots; and 66,000 on-street parking meters.

In shipping, we have six ferries making 43,000 trips a year and transporting 20,000,000 passengers a year. Tugs, barges, cargo ships and passenger liners use our rivers and harbor; and, about 200 million tons of cargo move each year over our waterways.

We have two major airports within the City limits, handling 800,000 airplane landings and takeoffs a year, transporting 40,000,000 passengers a year.

A rough and very conservative estimate of the worth of all these transportation systems and facilities is $40 billion. The key element of all this is our subway and bus network.

Our subway and bus system has a replacement value of more than $15 billion. And, their operating costs run more than one billion dollars a year.

Our subway system includes 700 miles of track, 7,000 cars, 400 stations, 180 power substations, 26 routes and 7,300 train trips a day involving some 36,000 switching operations.

Our subways and buses move more than six million people a day, or 1.9 billion people a year.

Our subways alone carry 1.2 billion passengers a year.

All domestic airlines carry less that 20% of that; all railroads in the nation carry only about 25% of that; and, all our intercity buses carry less than 20% of our subway passengers.

In other words, all domestic airlines and all railroads and all intercity buses in the whole country combined carry less than 65% of the passengers which our subways, alone, carry.

That is the magnificent picture of what we have in terms of transportation.

But the picture has a cloud in it. The Federal government has spent billions on the nation's waterways, airways and highways, but very little in comparison on our subways.

Moreover, in distributing Federal aid for capital construction, our national government has in effect discriminated against cities with already developed systems. So, if we built our systems years ago, we have been penalized up to now in terms of Federal aid for the prudence and foresight of our fathers.

But now we can no longer pay for our needs alone, especially in the running and maintenance of our existing systems, and we desperately need Federal assistance.

We spend $100 million in capital funds a year just to maintain our existing mass transit plant in safe working order.

Construction is now underway on the first major transit expansion program here in more than 35 years. By the time it is finished, it will probably cost nearly $3 billion.

If the Congress is committed to improve mass transit nationally, it must recognize the urgency and magnitude of the need in cities like New York where, under the current funding levels, we cannot *both* upgrade and expand our *existing* systems.

But, our need to subsidize transit *operating* costs is much more critical today than our capital transit construction program.

In addition to our capital needs, daily operation costs are becoming prohibitive. Currently, New York City's overall mass transit deficit is more than $600 million per year.

This deficit exists and grows despite a massive subsidy by the City itself. Thus, today the City government is subsidizing mass transit with about $420 million, including $155 million in debt service; a $100 million cash subsidy from revenue sharing funds; about $85 million for the transit police and approximately $80 million for reduced fares for the elderly and school children.

Continually raising the fare will not solve the City's transit problem. As you know, I am committed to doing everything I can to maintain our present fare structure, because I believe that the City's economic well-being depends upon inexpensive mass transit,

Therefore, the first transportation priority for this City and region is major Federal assistance which will keep mass transit fares at their present levels.

And, I believe this assistance should be granted not only on the basis of population, but also on factors other than population, such as ridership, mileage and so on.

I believe that what I request from the Federal government to meet New York City's transportation needs is not impractical, and the present Federal energy crisis supports this belief.

The current gasoline shortage makes it clear that adequate and inexpensive mass transit is the best answer to diminishing energy resources, to the air quality problem, and to proper land use development.

The national energy shortage is perhaps the most compelling argument yet advanced for granting Federal operating subsidies for keeping the fare down and for granting more capital aid for rehabilitation of existing mass transit and expanding it.

We now have proof that mass transit is the acceptable alternative to private vehicles.

The energy shortage has also shown that we do need an overall balanced transportation system which must include not only highways with auxiliary transit modes such as exclusive bus lanes, park-and-ride programs, jitneys and other innovations, but also improved subways and rail roads.

And, as I said, our first priority in New York City must be subsidizing our mass transit operating costs.

Thus Federal transportation aid should not be earmarked for this or that mode of travel. The decision on whether Federal aid should be used for highways or mass transit should be made by localities based on local needs.

And this local option should include the right to use funds for either capital construction or operating costs.

Federal funds should pass through directly to the large cities in order for them to achieve flexibility of planning and local priorities. Increased local control over such programs is needed to ensure that local needs are adequately and appropriately met.

In planning, we must give greater guarantees to large cities of developing greater roles in long range policy making.

In summation:

New York City has almost immeasurable transportation assets.

The key asset is our public system of subways and buses.

New York City is now subsidizing the operating costs of its mass transit system to the extent of $420 million.

New York City cannot provide much more assistance to subsidize the present fare structure.

Maintaining the present fare is essential to the City's overall economy and raising the fare would hurt our well-being in both the public and the private sectors.

We are inexorably driven to request massive Federal assistance not only for the maintenance of our present fares, but also for improving our mass transit plant and for developing a balanced system of rail and rubber transportation.

Local options should include the right to determine whether Federal transportation funds will be used for highways or for mass transit; or for capital construction or to subsidize operating costs.

Thank you.

WORK IS HERE TO STAY, ALAS

Mr. PERCY. Mr. President, great concern has arisen among employers, labor organizations, the academic community, and the public at large with the quality of the work life experienced by the American labor force at this stage in our economic history. Progressive managements throughout the Nation have been making the effort to make work more meaningful and satisfying to workers and to thus increase employee productivity.

Sar Levitan, one of the Nation's leading manpower experts, has published, through the Olympus Publishing Co., a new book on this subject entitled "Work Is Here To Stay, Alas." In it he has documented some of the efforts of the labor unions to improve the working welfare and job satisfaction of their members through contributions to the job enrichment movement.

Because this effort by the labor movement is not as well-known as it should be, I ask unanimous consent that pertinent excerpts from Dr. Levitan's book be printed in the RECORD.

There being no objection, the excerpts were ordered to be printed in the RECORD, as follows:

EXCERPTS FROM DR. LEVITAN'S BOOK

The laissez-faire model assumes that jobs have evolved throughout the industrial era in response to technical and scientific developments. But work has been affected by the continuing efforts of workers to combat and compromise the originally unlimited power of managements to determine job content solely with regard to maximum output. Generally, union negotiators have concentrated on the payment for work and have left the nature of the work to be determined by the employer. But this is by no means the only effect of collective bargaining on work. Unions have also exerted pressures on the design of work through negotiations on work hours, the minimum safety and health requirements of jobs, the standard amount of work to be performed in a given period, the methods and tools which may be used, and the limitations on who may work. Years of bargaining have gradually extended the rights of workers to determine how their work will be organized and assigned. The evolved precedents of industrial jurisprudence have established a countervailing force to the employers' absolute control over work content and job design.

In 1914 unions forestalled the adoption of Frederick Taylor's "scientific management" and succeeded in putting "Taylorism" on the defensive by securing legislation which outlawed for a time the use of "a stop-watch or other time-measuring device, or a time study of any job" in the Army, Navy, and Post Office departments.[1] Three decades ago production standards in the auto industry were not subject to grievance procedures. But repeated strikes by workers who felt their interests were at stake have made this a subject of mutual negotiation. In 1946, a presidential conference aimed at avoiding strikes failed because management rejected the union contention that such things as the technology of production, production standards, and the location of plants were issues in which labor should have a say. But whether management has admitted it or not, unions have had a decisive impact on the design of work.[2]

In the debate over wages, one of the critical arguments has always been the agreed-on standard of work. Whether the pay is by the piece or by the hour, normal work methods and speeds must be determined in order to set fair pay rates. Time and motion studies are only part of a continuing reevaluation of these standards. In this debate, unions in quest of higher wages have exerted a permanent pressure to keep the work norms at the lowest level possible. The employer has gradually surrendered the right to demand maximum effort in return for minimum wages. Although pay is the articulated issue, in fact the quality of work has also been affected, for the pay rate determines how much work must be done, and how fast. Often advances in productivity occasioned by new machines, techniques, and greater experience have been the occasion for bitter struggles over the standards of work. As quickly as new and faster machines have come into use, the unions have established rules governing their operation and output.

In many cases, unions have sought to delay the adoption of new methods or machines. Though the number of workers rather than the quality of work was most often the issue, this resistence did affect the evolution of industrial jobs. Automatic glassmaking machines, stitchers and lasters in shoe manufacture, cigar rollers, paint sprayers, recorded music, automatic typesetters, and countless other innovations were vigorously resisted by unions because they decreased the skill or numbers of workers. In a few cases, the decline in the quality of work caused by new machinery was sufficient to lead unions to permanently limit the use of the new equipment. For example, the use of the hand granite surfacer, which was faster but more dangerous, was greatly restricted by the granite cutters' union.[3] These cases of temporary delay or complete prohibition of a machine or process, however, have been the exception. Instead unions have used wage and job security issues to establish limits on the design of jobs.

In the clothing industry, union-management counsels establish the price per garment, thus effectively setting the work standards which must be maintained to afford decent wages. In many industries unions bargain over the number of workers who must be employed to perform certain jobs. Though these negotiations sometimes seek simply to preserve employment, more often they effectively determine the quality of work. Thus on an assembly line, the number of workers who are present determines the number of relief breaks, the intervals of repetition, and the speed with which the operations must be performed.

In the area of work scheduling, unions also exerted pressure to improve the quality of work. The most notable success was the establishment of the forty-hour workweek, which released workers from the endless cycle of dawn-to-dusk toil and fatigue. In addition to limits to the hours of work, unions have exacted premiums for overtime or shift differentials, thus encouraging regular and convenient working hours. At the same time, they have bargained to set lunch and break periods, to gain vacation and sick leave rights, and to obtain pensions that enable earlier retirement.

These improvements in scheduling and paid nonwork time have decreased the actual amount of work time required, and increased discretionary time. Such changes in the quantity and scheduling of work, while they do not alter the nature of the tasks, are improvements in the overall quality of the jobs. Again, though the bargaining has always been conducted over the rewards for work—overtime pay, vacation rights—the effect of these compromises has been to develop jobs which are better to work at, as well as better paid.

The most direct contribution of union bargaining to the quality of work has come in the area of occupational health and safety. Although managements have generally been free to establish what work will be done, with unions arguing only how much will be paid for this work, the line has often been drawn at jobs which are particularly dangerous or unhealthy. In the first years of this century, union organizations were instrumental in outlawing the use of phosphorus and lead in manufacturing processes. Over the years collective bargaining has sought changes in job methods and procedures to limit the danger in high-risk occupations. The elaborate rules which govern mine safety and the various precautions required in construction and heavy manufacturing are the best examples of union-initiated improvements. Gradually, standards of safety and health have been accepted in most industries where they are important. In 1970, with labor backing, Congress passed the Occupational Health and Safety Act, designed to set standards and enforcement machinery for most of the economy.

Besides this concern with overtly dangerous or unhealthy working conditions, unions, particularly at the shop level, have been continually concerned with improving unpleasant or uncomfortable working conditions. Ventilation, lighting, cleanliness, bathroom facilities, cafeterias, parking, and innumerable other factors related to the workplace have been the object of union negotiations. Although such improvements cannot change jobs or redesign work, their cumulative effect may significantly raise the quality of work.

The system of collective bargaining which has become the standard for industrial relations was conceived as essentially a mechanism for obtaining a fair price for labor. Yet as Sumner Slichter has noted, the equally important function of unions has been to establish a system of "industrial jurisprudence" by which workers have achieved a set of "civil rights" in the workplace, countermanding the otherwise unlimited prerogatives of management to determine work rules. By negotiating improvements in working conditions, standards for health and safety, work schedules, leisure time, and work standards, unions have had the most significant impact on the design of jobs. As a result the technological imperative toward absolute efficiency in the use of human labor has been channeled, delayed, directed, and controlled to a great measure by the collective pressure of organized workers. Though the requirements of the factory system have largely established the tasks that must be performed, union negotiations and compromise have shaped the nature and conditions for industrial jobs.

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[1] Cited by Don D. Lescohier, *Working Condition*, Vol. 3, in John R. Commons and Associates, *History of Labor in the United States, 1886–1932* (New York: McMillan and Co., 1935), p. 314.

[2] William Gomberg, "Job Satisfaction: Sorting Out the Nonsense," *The American Federationist* (June 1973), p. 15.

[3] Sumner H. Slichter, *Union Policies and Industrial Management* (Washington, D.C.: The Brookings Institution, 1941), p. 208.

The historic union role in the design of work and the obvious continuing concern of workers for the humanization of their jobs are important in the context of the current debate over job redesign. Those who suggest that union leaders are out of touch with their discontented memberships and have been slow to join the bandwagon for work reform are ignoring the traditional union role in the design of work. The pay, leisure, and fringe benefits on which union bargainers have concentrated are not at all peripheral to the "equality of work"; to a large extent they determine this quality. Union leaders who insist that traditional rewards are still the best way to improve jobs are not insensitive to the desires of their members. They recognize that the tasks which must be performed in industrial organizations will not disappear through work reform. Instead, they seek for their membership the maximum benefits for performing these tasks and the best conditions under which to accomplish them. The redesign of work with the worker in mind has been the goal of organized labor since its founding, and continues to be so today.

UNION INTEREST IN WORK REFORM

The depth and importance of this new interest cannot be read in the consultants' surveys and the psychologists' theories. The surest index of the future scope and direction of job enrichment efforts will be reflected in the interest of organized labor in job reform. Until now job redesign has been largely a parochial debate conducted by managers and academics. The motivational force behind virtually every experiment has been management; the criterion by which the programs have been justified has been profit. Numerous efforts have been made to "enlist union support" or to "stimulate union initiative," but so far the ball has been carried by those outside organized labor.

This absence of union leaders or members from the councils of the work reformers suggests that the issue has not yet achieved the importance some have claimed. No "stimulation of union participation" was necessary to win workers' support for better pay, shorter hours, or improved working conditions. Similarly, the most successful and longest lasting models of participative management in the United States are the Scanlon plans, which were designed and instituted by union members. The lack of spontaneous support from unions for the current work reform proposals suggests that neither unions nor their members feel the issue is critically important.

Some have assumed that workers desire humanized work but that their leaders are insensitive to their wishes. But the suggestion that the desires of rank and file differ sharply from those of their leadership is not supported by evidence. The frequency with which members vote to reject settlements negotiated by their bargainers demonstrates that workers seldom keep their wishes secret, and the law guarantees them the right to express their wishes. If work reform is to be a significant issue in the future, the first indication of this trend will be the importance accorded it by unions. When job enrichment is truly an idea whose time has come, no "involvement of the workers" will be needed. Union leaders will already be spokesmen for the idea.

Job enrichment in this context will develop as a logical extension of the labor unions' demands on behalf of their members. Unions which won the right to shorter hours, improvements in working conditions, and a voice in determining work rules will take another step toward controlling their work lives. The worker will seek a new voice in how he wishes to perform his job. further encroaching on management prerogatives. Bargaining may force eliminating or upgrading jobs which workers find undesirable. But until this time comes, well-intentioned efforts to improve the lot of workers will only lead the horse to water. Until union involvement is spontaneous and vocal. the experiments in work reform will be inconsequential to most workers.

When sufficient interest is aroused. the union strategy will doubtless be the traditional one of collective bargaining. The kinds of demands which unions might make include:

(1) *Special incentives to those with undesirable jobs:* For example, workers with assembly-line jobs might receive extra holidays, more flexible work hours, or wage differentials. These added costs to the company for undesirable work would encourage managements to find ways to improve or eliminate these jobs.

(2) *A voice in the design of new production systems:* Unions might evaluate new methods of production and recommend their own preferences with regard to the quality of work. Rather than striking after costly systems are in place, they might lodge "grievances in advance," against undesirable methods of production. In the decision-making process, a union threat to strike would have vastly more leverage against a proposed plan than against an actual system.

(3) *Complaints under the occupational safety and health laws:* If the unions developed solid data on the detrimental effects of certain kinds of work on mental or physical health, they would have grounds for seeking improvement or abolition of this work.

(4) *Consultation in matters of company policy or the quality of production:* Eventually it is possible that unions may insist that production goals should be jointly determined according to workers' concerns, as well as according to maximum profitability. Though these prerogatives are currently far out of union bounds, they may not always be so. Workers in other countries already enjoy some of these rights. Unions might join forces with consumer groups demanding improved product quality (through more careful assembly) or higher standards of product safety, or more ecologically sound production processes. Such demands might win strong support in the count of public opinion.

Currently it is doubtful that union negotiators would broach any of these demands, much less stick by them under pressure, because support for such changes among rank and file is lacking. On issues concerning the content and control of work, the self-interest of management has always far exceeded that of union members. Before unions vigorously seek improvements in work, a majority of their members must feel such changes are worth striking for. At present a majority of union members sometimes support strikes over pay, leisure, pensions, job security, work rights, and other issues, but they seldom protest the quality of their work in such walkouts. The importance of work reform will continue to be accurately reflected in demand (or lack of them) from workers and their unions.

THE TRANSPORTATION PROBLEM FACING OLDER AMERICANS

Mr. DOMENICI. Mr. President, the Special Committee on Aging, of which I am a member, recently held hearings on the transportation problem facing many older Americans as a result of the energy crisis.

There are a number of reasons why this transportation crunch, which affects all Americans, is particularly hard on the elderly. I believe that my distinguished colleague from Florida, Senator Gurney, outlined the problem accurately in his statement before our committee, and I would like to bring Senator Gurney's comments to the attention of my colleagues here in the Senate.

I ask unanimous consent that his statement be printed in the Record.

There being no objection, the statement was ordered to be printed in the Record, as follows:

STATEMENT FOR SENATOR GURNEY

Mr. Chairman, the problem of inadequate transportation is one which has been experienced by older Americans for years now and I can honestly say that if any good comes from this energy crisis it will include the proving to all Americans what older Americans have known for years now—if we can't get from here to there, hardship, loneliness and a deep sense of isolation result.

Transportation, in my view, is a two-fold problem for the elderly: First is the problem of getting back and forth between homes and the grocery store or the drugstore or the doctor's office or trips of necessity. The second problem in transportation is in getting back and forth from city to city, to visit the family or to visit friends.

For senior citizens in large cities with adequate mass transit systems, transportation back and forth to the store may not be as convenient, but it will probably still be possible. Visits out of town, however, will be another story. For senior citizens in small towns and rural areas, however, the energy crisis will be a crisis in the true sense of the word, since in a gerat many of those small towns, the automobile is the only way to go. In those places, an outing to the grocery store is a major undertaking, and no transportation means no food. It is with a strong sense of urgency and concern, then, that I look forward to our hearings this week. I am hopeful that our witnesses will provide us not only with a focus on the true scope of the energy crisis and its effect on transportation for older Americans, but will give us some down to earth suggestions and alternatives, so that we can meet this energy crisis headon.

I am grateful to the chairman, Mr. Church, for calling the hearings, and I hope that the testimony, suggestions and recommendations made this week will be instrumental in meeting transportation needs which will exist long after the crisis has passed.

TELLING THE TRUTH ABOUT THE FOOD SITUATION

Mr. TALMADGE. Mr. President, our consumers today are very upset about rising food prices and the prospect that these prices might go even higher.

As we face the possibility of recession on the one hand and a continuation of the debilitating inflationary spiral at the same time, it is difficult to quarrel with these concerns.

Unfortunately, much of the rhetoric surrounding food prices is based on emotionalism rather than fact, and this has caused many problems, both in people's minds and in the willingness of some farmers to produce more.

One organization is attempting to grapple with this information problem in a sensible, factual manner. This group is called the Agricultural Council of America.

I ask unanimous consent that an address by Mr. J. S. Francis, Jr., chairman of the Agricultural Council of America be printed in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

ADDRESS BY MR. J. S. FRANCIS, JR.

Gentlemen, I especially appreciate this opportunity to be with you and participate in your program. The Pacific Northwest Farm Forum has a reputation for giving balanced and intelligent appraisal to the important issues in our industry. And I would say judging from today's newspages and news casts that balanced and intelligent reporting of food prices, export policy, economic controls, production demands and a host of other issues were never in more demand.

Permit a word or two here at the outset on why I feel a more reasoned approach to the issues is so essential.

I'm afraid we have reached the point that psychological aspects of the situation have become as important as its economic aspects.

Quite bluntly, farmers and consumers are too frequently cast in adversary roles. as if they were not totally and irrevocably dependent on each other. Because of this adversary posture we frequently lapse into a nationwide search for villians, culprits and scapegoats: Those who are really—or so we are to believe—responsible for high food prices.

This breathless effort to find some, or just any, guilty party—can only lead to greater and greater frustration on the part of all concerned—consumers, farmers, processors and retailers and others, including the news media.

It can only lead to further frustration, more accusations, more vehement denials and a general deterioration in an already bad situation. And it is really a never ending self-defeating process because no one group, party or individual is guilty.

The Amercan agricultural system has and continues to out-perform all other food production mechanisms in history—so well in fact that price increases over the past 18 months have shattered a period of relative calm in which our consumers had become thoroughly accustomed to thoroughly reliable food service at prices that would by any calculation be considered a bargain.

Here is where we find a substantial source of trouble: the system has been so reliable that a lot of people simply took it for granted. Consumers automatically expected those shelves and counters fully stocked with only moderate changes in price; Government automatically guarded against having too much rather than not enough; and the media seemed to almost automatically underestimate the significance of the entire subject area of food and fiber production.

The past 18 months have greatly changed those attitudes. During that period we have also measured through the boycotts, export bans, freezes and threatened rollbacks what might be called the power of misguided opinion.

We have seen the public react to bits and pieces of unrelated information in a way that has threatened our agricultural system, and, because of the resulting uncertainties, actually helped to bring about higher prices.

If you're a producer, you are bound to be troubled over the fact that your story has not been coming through. Some of us have had a tendency to over-react. We have had a tendency to almost give up in disgust with a "What's the use?" attitude.

But there are encouraging signs. For the first time in 20 years the urban media is taking our story seriously. They are beginning to realize that how food and fiber are produced is not a take-it-for granted issue.

The challenge is: *Now that we've got their attention what are we going to do with it?*

The organization I represent, the Agricultural Council of America, hopes to make judicious use of this opportunity.

We are a non-profit, non-legislative organization with a single purpose: To take the story of American agriculture to the urban consumer.

As our program evolves we are taking several factors into consideration.

1. The urban consumer can be expected to react in one of three ways: *positively, apathetically*, or *negatively*. Therefore, our message and the medium must be *varied* enough to appeal to this broad attitude base.

2. All of us are continually bombarded with messages asking us to think about something, buy something, or do something. So despite the fact that we do have greater opportunities to expose our message, competition for the attention of the public is extremely keen, what we present must be attractive and succinct.

3. Finally, we cannot afford to be considered a "pressure" group intent upon unduly imposing our self-serving message. Therefore, our messages must be sensitive, factual, and relatively low pressure.

With these factors in mind, a six-point action program has been developed.

Point one is the development of a national theme. ACA's present, first phase, media campaign uses the broad theme: "We want the people who buy what we grow, to know how we feel." Release prints are available for a series of 60 section TV spots developing this theme. These spots profile Jeff Strack and his family speaking directly to the urban consumer from their farm in Sycamore, Illinois. It is warm, honest people-to-people communiaction. The message centers on the farmers' need for a profit to stay in business. These color spots are now being sponsored on television across the country by local groups such as farm organizations, banks, or individual supplier firms.

The theme of this present media campaign should be replaced by spring with a more permanent theme which will include a simple general message that can be appropriately repeated over and over in future television and radio spots and in newspaper and magazine advertising. ACA has contracted with outside counsel to assist in the development of a theme and selection of markets for messages.

A *Center for Food Communication* will provide a nationwide news outlet for farm spokesmen. Broadcast actuality equipment enables the Center to tape and distribute statements to the media within minutes by telephone. The Center will be formally launched at a news conference in the very near future. This event is designed to draw media attention to agriculture's 1973 role in helping the U.S. achieve its first balance of trade in five years.

A *farmer-to-media tour* is now pinpointed for early March. The tour will feature farm and ranch spokesmen from representative areas and commodities. Appearances will be arranged on radio and television talk shows and sessions scheduled with editors and reporters to inform them of the Center for Food Communication and its services.

Another service of the CFC is a series of seminars at land grant colleges and universities. These seminars are planned to offer urban newsmen access to agriculture's best brainpower—scientists, economists, nutritionists, agricultural leaders and individual farmers. Planning of a prototype seminar for the national news media is now under way.

Data Resource Bank will serve as a clearing house for information. Its purpose is to bring about wider use of materials, programs, and information sources already in existence. A systematic collection and evaluation of materials produced by individual firms and organizations to communicate the story of agriculture is in progress. By mid–1974 ACA expects to publish the first catalogue of outstanding materials. Your input will be most welcome.

ACA's continuing publications report on current organization activities. *Background Briefing* is published bi-monthly for membership. *Agriculture USA* is a monthly newsletter with a present circulation of 5,000. It is designed for consumer groups, government leaders, and media, as well as membership.

And finally, a *television special* paying tribute to American farmers and ranchers for their historical and economic contribution to the nation's development will be produced for airing during the fall of 1974, hopefully around Thanksgiving season.

I would like to explain very briefly something about the organizational structure of ACA. Perhaps I can do so best in a framework of questions and answers.

First, who are ACA supporters? Present membership is rapidly approaching 400. It includes small and large individual producers; producer organizations and associations; financial institutions, both commercial banks and the farm credit system; and also strong support from the agri-business sector.

Second, how is policy set? The Agriculture Council of America is a corporation. The governing body is the Board of Directors elected by the general membership. Between meetings of the Board, the Officers and the Executive Committee, who are elected by the Board, are responsible for the conduct of business. We are also establishing various committees to advise and assist the Executive Committee.

What is the composition of the Board? The by-laws require that the Board reflect both the over-all make-up of the American agricultural community and the composition of the membership. Any one commodity or supplier-product is prohibited from having more than four members on the Board. Currently the Board consists of 36 members and five yet unfilled positions have been provided for representatives from specific commodity and supplier-product categories.

Furthermore, our by-laws require that all officers and a majority of the Board be producers. This, of course, is to maintain the producer character of the organization. It is interesting to note that this specific feature was drafted and presented by a major agribusiness supplier—International Harvester.

What about lobbying activities? As I have already stated, ACA's objective is to communicate with consumers. We are prohibited by our by-laws from engaging in any political activity, whether local, state or federal. This does not prohibit the organization from articulating positions on current issues, which we fully intend to do. However, we cannot become involved in lobbying or in partisan politics.

It is around this framework that we hope to begin a task that is long overdue—that of re-establishing the basic bonds—the direct economic ties—between farmers and consumers. They are both interested in stability of price; and they are both interested in continuity of supply. You can't get more basic than that.

It is these very basic interests that so urgently require public re-examination and reaffirmation.

That presents a challenge for us all.

But it cannot be met as long as careless, overblown rhetoric is permitted to perpetuate the frustrating search for a villian and the degrading clamor for a hanging.

A more reasonable look at the situation would not require that much of anyone. In the main it means striving for more direct, honest and useful communication.

The consumer is tired of hearing farm groups say he never had it so good. We should stop trying to make that point because it really turns them off.

Consumers, on the other hand, must realize that American agricultural efficiency really provides the basis for our high standard of living, and that much of that efficiency has come about through sacrifice of farm sweat and income. The American producer is not getting rich; he is just catching up and, gentlemen, that is only fair. After all, the fact that we have been able to reallocate vast amounts of labor resources from farming to factory and other kinds of work is the very basis—the first prerequisite—for a consumer-oriented economy. Our consumers also should be prepared for the fact that maybe we haven't been paying enough for food.

For 20 years farm prices stayed relatively stable while farm costs rose year in and year out. If the producer's costs went up, but his prices stayed the same, how did he stay in business? You gentlemen know that many did not, and that even those who survived were able to survive only by producing greater volumes, by becoming more efficient.

There is however a point of diminishing returns—a point that in this case went ignored for 20 years. It cannot be ignored any longer.

For that reason we very much believe that a fresh look at the entire situation would benefit us all.

NIGERIA: AFRICA'S EMERGING NEW POWER

Mr. PERCY. Mr. President, I wish to bring to the attention of my colleagues an important article by Jean Herskovits in Saturday Review World for February 9, 1974, in which the remarkable developments in Nigeria are vividly portrayed. The leadership of Yakubu Gowon, the brilliant Nigerian leader, whose great accomplishments I have previously brought to the attention of the Congress is discussed in the context of both domestic and international considerations.

I ask unanimous consent that the article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

NIGERIA: AFRICA'S EMERGING NEW POWER

(By Jean Herskovits)

For most Americans the name Nigeria evokes only the image of a bloody civil war fought a few years back. They may recall that the Nigerian government was accused—by, among others, candidate Nixon in 1968—of genocide against secessionist Biafra. When the shooting stopped, Nigeria quickly dropped out of public consciousness; few even discovered that nothing approaching genocide had taken place.

Yet Nigeria is important—not only for Africa but also for the rest of the world, including the United States. Her civil war has now been over longer than it lasted, and her importance comes from strengths that have little to do with it. Decisive in the change has been the young man who held the country together during thirty months of bitter strife and has guided it through four post-war years of reunification and reconciliation: Gen. Yakubu Gowon, head of the federal military government and currently chairman of the forty-two-nation Organization of African Unity (OAU).

Nigeria is large. With a population estimated at more than 60 million, she has more people than France and more than twice as many as any other country in Africa.

Nigeria is rich. Her abundant natural resources include the most timely one of all, oil. The nation now stands eighth among the world's oil producers and, after Canada, is the largest supplier of crude oil to the United States. Indeed, within a year, American trade and investment figures for Nigeria will be higher than those for South Africa—a development that could have profound effects on U.S. southern African policy.

In the African context, Nigeria is powerful. Her army of more than 200,000, mobilized to crush secession, is the biggest by far in black Africa—four times the size of the next largest, that of Zaire. Its leaders are men trained at Sandhurst and Fort Benning, tested not only in the war against Biafra but also in U.N. operations in the Belgian Congo.

In sum, Nigeria was destined for a role of preeminence in Africa and influence beyond that continent—if only she could hold together as a nation. Yakubu Gowon's leadership has thus far met that imperative, opening the way for Nigeria's preeminent role, which was recognized this year in his election as OAU chairman.

Expectations were high, at home and abroad, when Nigeria achieved independence in 1960. People said she was a "model of democracy" and a country whose astonishing diversity and ethnic differences could be accommodated in a workable federal system. They did not understand Nigeria's complexities, and the new nation's image was steadily eroded—by flagrant corruption, sporadic violence, a general strike, rigged elections, and two dubious adventures in taking a crucial national census. A bloody army coup overthrew the constitutional government in January 1966; a second coup, engineered by a different set of officers, followed in July.

Thrust forward into the exposed position of leadership by these cataclysmic events was then-Lieutenant Colonel Gowon, not yet thirty-two. Sandhurst trained, respected by his fellows, he had confined his ambitions to the army, and he was unknown outside its confines. In that time of smoldering hatreds and senseless killings, in a country sliding inexorably toward the civil war that would break out in July 1967, Gowon's prospects for mere physical survival seemed bleak.

Seven-and-a-half years later, Gowon is still head of state, admired and respected throughout the country and, now, outside it. If he was not able to prevent a civil war whose fundamental causes were rooted in the past, he has led Nigeria through it to unity and the promise of stability, without which a wider role would be impossible.

That is little short of a miracle to Nigerians, who disagree about many things but overwhelming agree about Gowon. Some phrase their feeling as "our great good luck." Praise comes even from Ibo who fought against him for Biafran secession and who now credit him with their jobs and their very lives. They have seen a reconciliation and reconstruction unparalleled in this century's civil strife.

Gowon's first major political step, the creation of twelve states in May 1967, was all but eclipsed by Biafra's declaration of secession just afterward. But in the long view, the creation of those states may be more important than the war itself, for in them, Nigerians say, lies their hope for stability.

It was characteristic of General Gowon to tell me recently, "Of course, I am no political scientist," but his creation of the states showed a keen understanding of what politics is about in a Nigeria that has always been very political. He has little of the flamboyant style of African politicians. He doesn't even like politics, particularly the kind Nigeria saw after independence.

Politics then was full of ethnic and geographical problems that compounded the difficulties inherent in such ill-fitting institutions as the regional federal structure. The three- and later four-unit federation was inappropriate for dealing with people from some three hundred ethnic groups. Each of the three largest groups—Yoruba, Ibo, Hausa-Fulani—feared that two would gang up against one. The rest of the groups—called "minorities," though they are, taken together, some 50 percent of the population—feared domination by the three giants. Creating twelve states reduced the intensity of those problems and thereby quieted the fears. If people still squabble about boundaries and states, "that is inevitable and healthy," the foreign minister explains, adding, in a semantically puzzling but very Nigerian statement, "It is Nigeria's dynamic equilibrium."

Gowon's second long-range goal for Nigeria, in tandem with stability, is economic growth. The twelve-state arrangement contributes to it as well. Each of the twelve capitals is a center for development; the competition among them is its own stimulus. With a share in the ever-rising oil revenues (last year some $1.5 billion, up from $475 million in 1969), each state now has the resources of each of the four former regions. "You can develop a lot everywhere with that money," an official said. The "everywhere" is new. A drive through the country now shows stunning changes—tarred roads, piped water, dams, factories, government offices, not to mention new schools, hospitals, even universities.

Of course, serious problems persist in this complex country. Gowon's government is in a hurry to accomplish all it can before he steps aside in favor of popularly elected civilians, as he has promised to do in 1976. Nigerians do not find much to criticize in their head of state, but when they do, they fasten on qualities many would regard as virtues. He is too deliberate: Why don't problems—unemployment, military rule—go away faster? He is too meticulous: Why does he insist on proof before punishing alleged corruption? He is naive: Why does he think he can move entrenched interests by rational argument?

Those same critics concede that Nigeria has suffered from haste in the past; they also concede that Gowan cannot be all that naïve, having survived in office despite extraordinary political cross-currents. But millions of Nigerians in low places worry about the issue on which he himself places high priority: "eradication of corruption in our national life." They know he himself is incorruptible, but they say that is not enough; he should deal harshly with his subordinates who take what Nigerians call "their 10 percent off the top."

Further, although Gowan's reconciliation policy has had striking results (that the city of Kano, where Ibo were slaughtered in 1966, has an Ibo chief of police is a revealing example), there is one glaring flaw: Approximately 30 former Nigerian army officers are still in jail, although 113 others who fought for Biafra never have been. Some of the thirty took part in the January 1966 coup; others, in the 1967 Biafran invasion of Nigeria's midwestern state. Those are the deeds hardest for Gowon to forgive, but the country is now strong enough to make amnesty total.

The man who has to deal finally with all the problems is still young, just thirty-nine. His bearing is military, whether in uniform or, as he often is, in one form or another of Nigerian national dress. Yet he is relaxed and witty, and he is handsome, too. (My Ibo driver, asked why we were going more slowly than usual through Gowon's village, explained, "I want to see if they are all as beautiful as the head of state.") His voice has more confidence than it once did, but he still does not intrude his presence upon groups or individuals. When he visited New York City last October, he delivered all his speeches—save the one given to the U.N. General Assembly—without texts. He answers questions easily, frankly when he thinks he can, diplomatically when he must, always at length.

Gowon doesn't like descriptions of externals, even when they are true: "I object to your saying I am a 'Christian from a northern minorities area.'" His tone was firm despite his smile, and he added, "I want to be judged not by who I am but by what I do." The externals originally made him acceptable to Nigerians under their old political juggling. But now his appeal is different. They like his style—low-key and pragmatic, without airs, and strikingly civilian.

They also like much of what he does. Recently he announced plans to spend $750 million on workers' housing during the next three years— an astonishing amount in a developing country. "Imagine that from a man who is not ideological," remarked one of the state governors. In fact, Gowon expresses Nigerian pragmatism, and part of his popularity comes from the people's delight in seeing a pragmatist tackling real problems.

It is not surprising that, only four years after the end of the civil war, Gowon still devotes most of his time and energy to making Nigeria viable. That is one reason why he has not been issuing grandiose statements about African problems; personal style is the other. Now, with internal consolidation well under way, he and his foreign minister, Dr. Okoi Arikpo, have begun work on the strong, independent foreign policy that Nigeria's size and resources justify. They are moving outward in concentric circles, starting with Nigeria's neighbors, quietly dealing with matters of interest to the whole continent, from white-minority rule to neo-colonial influence to economic cooperation.

Quiet, however, is the key, with the profile kept low. Gowon's style is very different from that of Ghana's Kwame Nkrumah, whose flaming ideological pronouncements in the Sixties inspired some Africans but scared more. "Africans are easily frightened," an East African diplomat told me recently. "Many people on our continent are very conservative," he said, explaining how attractive they find Nigeria's self-assurance without arrogance.

Nigeria's priorities at home are her priorities for Africa: stability and technological advancements that will lead to growth. Paradoxically, surviving her civil war has strengthened Nigeria's influence in Africa. It is not just that Africans worry about balkanization and that Nigeria was able to remain one country. More important to Africans, beyond even the post-war magnanimity they admire, is their awareness that Nigerians know what it is to have very serious problems.

General Gowon initiated his new foreign policy with state visits to Nigeria's neighbors, visits that were important on a continent where personal contacts matter. Action followed diplomatic cordiality. Nigeria has given Dahomey, her neighbor to the west, a $3 million interest-free loan and is building a road connecting Lagos and Porto Novo. She has built another road to—and will share electricity with—Niger, her neighbor to the north. Nigeria and Togo are drawing up plans to start a western African common market. Recently the Nigerian government gave $3.75 million to drought-stricken Sahelian countries to the north, despite the fact that her own northern states have been hard hit by drought. None of that is glamorous, but, unlike rhetoric, it is real. Such actions not only build up Nigeria's credit with her neighbors but also underscore her relative wealth and importance in black Africa.

These actions undermine the most obvious of Africa's neo-colonialisms—that of France, which once ruled all those neighbors. Nigerians relish that fact, convinced as they are that France hoped to destroy their country through its near-official support of Biafra.

Nigeria's strength in black Africa, then, is political as well as economic. Despite more than a decade of western African independence from colonial rule, the region's European-drawn boundaries—however irrational they are—have resisted change. If these boundaries do give way, the new configurations will probably be built around Nigeria, with her proven ability to unite disparate groups in a federal relationship.

White-minority rule is, of course, Africa's overriding political issue. Support for the liberation movements—all but one of them are in southern Africa—is easy. It is the cause that keeps black Africa together. But Nigeria has unique possibilities and therefore, some say, unique responsibilities. She has already made large contributions in money and matériel and has trained civilian personnel who can serve in liberated areas.

Nigeria has a 200,000-man army, huge by black African standards, and one quarter of it has seen combat. The army's simple existence may give heart to freedom fighters and pause to those they fight. As African armies go, it is modern, though not ultra-modern, for Gowon has not indulged in costly re-equipping. There are MIGs left over from the civil war, and there are British tanks, as well as other conventional weapons.

Nigeria does not now have specific plans for deploying those troops. Gowon would prefer a different script. As he told the United Nations in October, "Nobody in Africa wishes to adopt the path of armed struggle . . . for the love of it." But with growing white-minority intransigence, Gowon and the OAU find it increasingly hard to maintain that view.

Asked recently about a possible holocaust to oust South Africa's white rulers, he replied, "We will shed a little blood if we must." He turned aside more questions with a wry smile and his own question: "Do you expect an army man to reveal his strategic plans?" But no one should make C. O. Ojukwu's miscalculation: "I know Jack, and Jack won't fight," the Biafran leader said, using Gowon's nickname.

Meanwhile Nigeria works actively for the cause of African liberation. In 1970 Gowon declared that it was vital for all liberation movements that one succeed within three years. The timetable was new, and so was his naming Guinea Bissau as the place. On September 24, 1973, Guinea Bissau proclaimed its independence from Portugal, its ruling party (the PAIGC) claiming control over 90 percent of its land. "I just made it," remarked Gowon about his prediction, which had been helped along by Nigerian aid. "But how much will Nigeria help now?" a southern African asks. "That's where the test of her effectiveness with the liberation movement will come." Then, after a pause: "Of course it's the PAIGC who will decide what they want."

This line fits Nigerian strategy: Act only in response to specific requests. Gowon commits the country publicly to being of whatever assistance she can and specifies money, administrative personnel, and matériel: "We will help, within our means." The means aren't unlimited, but they are greater than anyone else's in black Africa.

At the United Nations, Gowon again endorsed the OAU resolution asking that all nation's "extend to the liberation movements, and to the millions of Africans under severe oppression and exploitation, such material assistance as would ensure fulfillment to the African peoples of the promise held out by the charter of the United Nations." The major Western powers will not willingly answer that call, but economic facts may force them to do so. Nigeria is the second largest supplier of crude oil (almost all of it sulfur-free) to the United States, whose imports of it have doubled in the past year. Americans do not yet see the implications of that. President Nixon made that perfectly clear last October when the White House canceled, rescheduled, and recanceled his appointments with General Gowon until finally the Nigerians had had enough. Fortunately Gowon is not easily piqued; otherwise Nixon might be asking us to lower our thermostats still further.

Gowon's state visit to England last June and the deference the British paid him showed an awareness of Nigeria's economic importance not yet evident in Washington. As an ambassador to the United Nations told me, "They haven't worried about African wrath before, but now it means the wrath of Nigeria. She can use her growing influence in some Western quarters to get support, or at least neutrality, on southern African [black liberation] matters."

"I do not believe in economic blackmail," Gowon declares. But Africans say the main reason why the British do not give in completely to the Smith regime in southern Rhodesia is fear of Nigerian reprisals. A wise American administration would not have dealt in unneeded Rhodesian chrome when to do so was to irritate Nigeria with her needed oil.

Although it has not been terribly effective in its ten-year existence, the OAU is symbolically important. Its chairmanship is the greatest honor Africa confers, and General Gowon's election to it is an African statement about Nigeria's strength. No one at the end of the civil war thought such recognition could come so soon. It is a tribute to Gowon for what he has done, including his taking the lead in Nigeria's early resumption of amicable relations with the four OAU countries that recognized Biafra (Tanzania, Zambia, Ivory Coast, Gabon). The $750,000 Nigeria sent to help Zambia after the closing of the Zambian-Rhodesian border showed the depth of her African reconciliation.

Gowon has impressed African leaders in small, personal ways, too. For example, on a continent that respects age, it matters to older heads of state that when they seek interviews with him, he comes to them. As OAU chairman, Gowon has been mediating, with unusual success, conflicts between Ethiopia and Somalia and between Tanzania and Burundi. It is most startling to see him handling a dispute between French-speaking nations—Senegal and the Ivory Coast on one side and Guinea on the other. His influence is surely enhanced by his style and his understanding of the way Africans work, an understanding illustrated by his having sent his own plane to shuttle negotiators back and forth between sessions.

Nigeria has exercised an important measure of leadership vis-à-vis the European Common Market, it has united black Africa and the Caribbean states (an achievement scarcely imaginable before their trade ministers met in Lagos last July) so that now, led by Nigeria's commissioner for trade, they are negotiating as one with the EEC. They will not accept existing terms of association, designed to keep them suppliers of primary products. Gowon says, "We must not allow Europe to perpetuate the economic relationship of colonial days."

Nigeria's attitudes toward countries outside Africa rest largely on two considerations: the country's stand on the Nigerian civil war and its current policy on African liberation from white-minority rule. Because the Russians did sell arms to Nigeria (and continue to give rhetorical support to liberation) while the United States refused to sell her arms (and still violates the Rhodesian boycott), some observers worry about Soviet influence in Lagos. That is simplistic cold-war thinking. Nigeria cannot be bought for one ideological camp or another. If Americans find coolness from Nigeria—despite the admiration many Nigerians, including General Gowon, have for much that we do at home—that is not because of the Russians. It is because the Nigerians felt betrayed by unquestioning American public acceptance of Biafran propaganda and because they resent U.S. coziness with Portugal and the white regimes of southern Africa.

In a wonderfully satirical little book called *How To Be a Nigerian,* Peter Enahoro writes, "Next to God, there is nothing that fills the heart of a Nigerian with greater awe than a chairman." The bit of truth in that raises Nigerians' respect for Gowon, "their" OAU chairman. Yet Nigeria herself remains Gowon's highest priority. "The most important thing we can do for Africa now is to build a strong economy," a federal civil servant says, echoing Gowon's views. Along with the other members of OPEC (Organization of Petroleum Exporting Countries), Nigeria has almost quadrupled her oil prices, which may raise her oil income to more than $7 billion this year. She will not join the Arab states' boycott and cut supplies, nor will she step up production beyond its normal increase to take up their slack. But none of that means that Nigeria will never play oil politics, for she is the one country in black Africa that can hope to have a strong economy in the near future.

Under Nigeria's "military democracy," as he likes to call it, General Gowon's leadership seems secure at least until 1976, the scheduled date for the return to civilian rule. Many of his countrymen hope that he—perhaps as a civilian—will continue to hold office beyond that date. This is not impossible, for his commitment to Nigeria's success seems to be all-consuming. "If we fail," he once said, "the whole of Africa and the black race will not forgive us."

PRESUNRISE BROADCASTING

Mr. PELL. Mr. President, the only commercial radio station in my home city of Newport, R.I., station WADK, is prohibited from broadcasting as early in the morning as some other dawn-to-dusk stations in this country because its signal is identical with that of a station in the Bahamas.

I realize that the arrangements for selecting one of two stations on the same frequency for the right to broadcast at night are made in international treaties. In this case, the Bahamian station has been given the nighttime priority.

However, it is important, too, for the citizens of Newport County to have a local source of public service announcements, especially regarding the closing of schools because of bad weather, before sunrise during the winter months.

I understand that the Federal Communications Commission has undertaken discussions with the government of the Bahamas regarding this problem and I hope that these discussions would lead to some modification of the situation for next winter so that the residents of Newport County will have access before dawn to these vital messages.

I ask unanimous consent to print in the Record two resolutions, one from the Rhode Island House of Representatives and one from the Newport City Council, regarding this problem.

There being no objection, the resolutions were ordered to be printed in the Record, as follows:

State of Rhode Island and Providence Plantations—House Resolution

Memorializing Congress to petition the Federal Communications Commission to exempt radio station WADK from the regulating provision that prohibits presunrise broadcasting

Whereas, Radio station WADK is the only station licensed to service Newport County; and

Whereas, During the winter months, the broadcasting of necessary public service announcements is required before the sunrise hour; now, therefore, be it

Resolved, That Congress be memorialized and respectfully requested to petition the Federal Communications Commission to exempt radio station WADK from the regulating provision that prohibits pre-sunrise broadcasting; and be it further

Resolved, That the secretary of state be and he is hereby authorized and directed to transmit duly certified copies of this resolution to the senators and representatives from Rhode Island in the congress of the United States.

Resolution of the Council of the City of Newport

Whereas, due to the energy crisis and the enactment of daylight saving time, many local radio stations cannot broadcast before sunrise because of the F.C.C. ruling; and

Whereas, Newport County's only commercial radio station is effected by the ruling because it interferes with a radio station located in the Bahamas; and

Whereas, this station disseminates vital and critical information to many parents who are concerned about the welfare of their children going to school in these dark hours—such information about road conditions, temperature, and weather; Now, Therefore, Be It

Resolved, That the Council of the City of Newport, voicing its concern, brings to the attention of the F.C.C. the unfairness of the rule, and authorizes and directs that a copy of this resolution be forwarded to the F.C.C. and the Rhode Island Congressional Delegation.

HELPFUL HINTS FOR SENIOR CITIZEN TAXPAYERS

Mr. GURNEY. Mr. President, the Senate Special Committee on Aging, on which I serve, has recently published some helpful hints for senior citizen taxpayers. Due to the timeliness of this brief report, I ask unanimous consent that it be printed in the Record.

There being no objection, the report was ordered to be printed in the Record, as follows:

Checklist of Itemized Deductions for Schedule A (Form 1040)

MEDICAL AND DENTAL EXPENSES

Medical and dental expenses are deductible to the extent that they exceed 3% of a taxpayer's adjusted gross income (line 15, Form 1040).

INSURANCE PREMIUMS

One-half of medical, hospital or health insurance premiums are deductible (up to $150) without regard to the 3% limitation for other medical expenses. The remainder of these premiums can be deducted, but is subject to the 3% rule.

DRUGS AND MEDICINES

Included in medical expenses (subject to 3% rule) but only to extent exceeding 1% of adjusted gross income (line 15, Form 1040).

OTHER MEDICAL EXPENSES

Other allowable medical and dental expense (subject to 3% limitation):

Abdominal supports.

Ambulance hire.

Anesthetist.

Arch supports.

Artificial limbs and teeth.

Back supports.

Braces.

Capital expenditures for medical purposes (e.g., elevator for persons with a heart ailment)—deductible to the extent that the cost of the capital expenditure exceeds the increase in value to your home because of the capital expenditure. Taxpayer should have an independent appraisal made to reflect clearly the increase in value.

Cardiographs.

Chiropodist.

Chiropractor.

Christian science practitioner, authorized.

Convalescent home (for medical treatment only).

Crutches.

Dental services (e.g., cleaning teeth, X-rays, filling teeth).

Dentures.

Dermatologist.

Eyeglasses.

Gynecologist.

Hearing aids and batteries.

Hospital expenses.

Insulin treatment.

Invalid chair.

Lab tests.

Lip reading lessons (designed to overcome a handicap).

Neurologist.

Nursing services (for medical care).

Ophthalmologist.

Optician.

Optometrist.

Oral surgery.

Osteopath, licensed.

Pediatrician.

Physical examinations.

Physician.

Physiotherapist.

Podiatrist.

Psychiatrist.

Psychoanalyst.

Psychologist.

Psychotherapy.

Radium Therapy.

Sacroiliac belt.

Seeing-eye dog and maintenance.

Splints.

Supplementary Medical Insurance (Part B) under Medicare.

Surgeon.

Transportation expenses for medical purposes (6c per mile plus parking and tolls or actual fares for taxi, buses, etc.).

Vaccines.

Vitamins prescribed by a doctor (but not taken as a food supplement or to preserve general health).

Wheelchairs.

Whirlpool baths for medical purposes.

X-rays.

TAXES

Real estate.

State and local gasoline.

General sales.

State and local income.

Personal property.

If sales tax tables are used in arriving at your deduction, you may add to the amount shown in the tax tables only the sales tax paid on the purchase of 5 classes of items: automobiles, airplanes, boats, mobile homes and materials used to build a new home when you are your own contractor.

When using the sales tax tables, add to

your adjusted gross income any nontaxable income (e.g., Social Security or Railroad Retirement Annuities).

CONTRIBUTIONS

In general, contributions may be deducted up to 50 percent of your adjusted gross income (line 15, Form 1040). However, contributions to certain private nonprofit foundations, veterans organizations, or fraternal societies are limited to 20 percent of adjusted gross income.

Cash contributions to qualified organizations for (1) religious, charitable, scientific, literary or educational purposes, (2) prevention of cruelty to children or animals, or (3) Federal, state or local governmental units (tuition for children attending parochial schools is not deductible). Fair market value of property (e.g. clothing, books, equipment, furniture) for charitable purposes. (For gifts of appreciated property, special rules apply. Contact local IRS office.)

Travel expenses (actual or 6¢ per mile plus parking and tolls) for charitable purposes (may not deduct insurance or depreciation in either case).

Cost and upkeep of uniforms used in charitable activities (e.g., scoutmaster).

Purchase of goods or tickets from charitable organizations (excess of amount paid over the fair market value of the goods or services).

Out-of-pocket expenses (e.g. postage, stationary, phone calls) while rendering services for charitable organizations.

Care of unrelated student in taxpayer's home under a written agreement with a qualifying organization (deduction is limited to $50 per month).

INTEREST

Home mortgage.

Auto loan.

Installment purchases (television, washer, dryer, etc.).

Bank credit card—can deduct the finance charge as interest if no part is for service charges or loan fees, credit investigation reports. If classified as service charge, may still deduct 6 percent of the average monthly balance (average monthly balance equals the total of the unpaid balance for all 12 months, divided by 12) limited to the portion of the total fee or service charge allocable to the year.

Points—deductible as interest by buyer where financing agreement provides that they are to be paid for use of lender's money. Not deductible if points represent charges for services rendered by the lending institution (e.g. VA loan points are service charges and are not deductible as interest.) Not deductible if paid by seller (are treated as selling expenses and represent a reduction of amount realized).

Penalty for prepayment of a mortgage—deductible as interest.

Revolving charge accounts—may deduct the "finance charge" if the charges are based on your unpaid balance and computed monthly.

CASUALTY OR THEFT LOSSES

Casualty (e.g. tornado, flood, storm, fire, or auto accident provided not caused by a willful act or willful negligence) or theft losses to nonbusinesses property—the amount of your casualty loss deduction is generally the lesser of (1) the decrease in fair market value of the property as a result of the casualty, or (2) your adjusted basis in the property. This amount must be further reduced by any insurance or other recovery, and, in the case of property held for personal use, by the $100 limitation. You may use Form 4684 for computing your personal casualty loss.

CHILD AND DISABLED DEPENDENT CARE EXPENSES

The deduction for child dependent care expenses for employment related purposes has been expanded substantially. Now a taxpayer who maintains a household may claim a deduction for employment-related expenses incurred in obtaining care for a (1) dependent who is under 15, (2) physically or mentally disabled dependent, or (3) disabled spouse. The maximum allowable deduction is $400 a month ($4,800 a year). As a general rule, employment-related expenses are deductible only if incurred for services for a qualifying individual in the taxpayer's household. However, an exception exists for child care expenses (as distinguished from a disabled dependent or a disabled spouse). In this case, expenses outside the household (e.g., day care expenditures) are deductible, but the maximum deduction is $200 per month for one child, $300 per month for 2 children, and $400 per month for 3 or more children.

When a taxpayer's adjusted gross income (line 15, Form 1040) exceeds $18,000, his deduction is reduced by $1 for each $2 of income above this amount. For further information about child and dependent care deductions, see Publication 503, Child Care and Disabled Dependent Care, available free at Internal Revenue offices.

MISCELLANEOUS

Alimony and separate maintenance (periodic payments).

Appraisal fees for casualty loss or to determine the fair market value of charitable contributions.

Campaign contributions (up to $100 for joint returns and $50 for single persons).

Union dues.

Cost of preparation of income tax return.

Cost of tools for employee (depreciated over the useful life of the tools).

Dues for Chamber of Commerce (if as a business expense).

Rental cost of a safe-deposit box for income producing property.

Fees paid to investment counselors.

Subscriptions to business publications.

Telephone and postage in connection with investments.

Uniforms required for employment and not generally wearable off the job.

Maintenance of uniforms required for employment.

Special safety apparel (e.g., steel toe safety shoes or helmets worn by construction workers; special masks worn by welders).

Business entertainment expenses.

Business gift expenses not exceeding $25 per recipient.

Employment agency fees for securing employment.

Cost of a periodic physical examination if required by employer.

Cost of installation and maintenance of a telephone required by the taxpayer's employment (deduction based on business use).

Cost of bond if required for employment.

Expenses of an office in your home if employment requires it.

Payments made by a teacher to a substitute.

Educational expenses required by your employer to maintain your position or for maintaining or sharpening your skills for your employment.

Political Campaign Contributions: Taxpayers may now claim either a deduction (line 33, Schedule A, Form 1040) or a credit (line 52, Form 1040), for campaign contributions to an individual who is a candidate for nomination or election to any Federal, State or local office in any primary, general or special election. The deduction or credit is also applicable for any (1) committee supporting a candidate for Federal, State, or local elective public office, (2) national committee of a national political party, (3) state committee of a national political party, or (4) local committee of a national poltical party. The maximum deduction is $50 ($100 for couples filing jointly). The amount of the tax credit is one-half of the political contribution, with a $12.50 ceiling ($25 for couples filing jointly).

Presidential Election Campaign Fund: Additionally, taxpayers may voluntarily earmark $1 of their taxes ($2 on joint returns), to help defray the costs of the 1976 presidential election campaign. If you failed to earmark $1 of your 1972 taxes ($2 in joint returns) to help defray the cost of the 1976 presidential election campaign, you may do so in the space provided above the signature line on your 1973 tax return.

For any questions concerning any of these items, contact your local IRS office. You may also obtain helpful publications and additional forms by contacting your local IRS office.

OTHER TAX RELIEF MEASURES FOR OLDER AMERICANS

Filing status:	*Required to file a tax return if gross income is at least*
Single (under age 65)	$2,050
Single (age 65 or older)	2,800
Married couple (both spouses under 65) filing jointly	2,800
Married couple (1 spouse 65 or older) filing jointly	3,550
Married couple (both spouses 65 or older) filing jointly	4,300
Married filing separately	750

Additional Personal Exemption for Age: In addition to the regular $750 exemption allowed a taxpayer, a husband and wife who are 65 or older on the last day of the taxable year are each entitled to an additional exemption of $750 because of age. You are considered 65 on the day before your 65th birthday. Thus, if your 65th birthday is on January 1, 1974, you will be entitled to the additional $750 personal exemption because of age for your 1973 Federal income tax return.

Multiple Support Agreement: In general, a person may be claimed as a dependent of another taxpayer, provided five tests are met: (1) Support, (2) Gross Income, (3) Member of Household or Relationship, (4) Citizenship, and (5) Separate Return. But in some cases, two or more individuals provide support for an individual, and no one has contributed more than half the person's support.

However, it still may be possible for one of the individuals to be entitled to a $750 dependency deduction if the following requirements are met for multiple support:

1. Two or more persons—any one of whom could claim the person as a dependent if it were not for the support test—together contribute more than half of the dependent's support.
2. Any one of those who individually contribute more than 10 percent of the mutual dependent's support, *but only one of them,* may claim the dependency deduction.
3. Each of the others must file a written statement that he will not claim the dependency deduction for that year. The statement must be filed with the income tax return of the person who claims the dependency deduction. Form 2120 (Multiple Support Declaration) may be used for this purpose.

Sale of Personal Residence by Elderly Taxpayers: A taxpayer may elect to exclude from gross income part, or, under certain circumstances, all of the gain from the sale of his personal residence, provided:

1. He was 65 or older before the date of the sale, and
2. He owned and occupied the property as his personal residence for a period totaling at least five years within the eight-year period ending on the date of the sale.

Taxpayers meeting these two requirements may elect to exclude the entire gain from gross income if the adjusted sales price of their residence is $20,000 or less. (This election can only be made once during a taxpayer's lifetime.) If the adjusted sales price exceeds $20,000, an election may be made to exclude part of the gain based on a ratio of $20,000 over the adjusted sales price of the residence. Form 2119 (Sale or Exchange of Personal Residence) is helpful in determining what gain, if any, may be excluded by an elderly taxpayer when he sells his home.

Additionally, a taxpayer may elect to defer reporting the gain on the sale of his personal residence if within one year before or one year after the sale he buys and occupies another residence, the cost of which equals or exceeds the adjusted sales price of the old residence. Additional time is allowed if (1) you construct the new residence or (2) you were on active duty in the U.S. Armed Forces. Publication 523 (Tax Information on Selling Your Home) may also be helpful.

Retirement Income Credit: To qualify for the retirement income credit, you must (a) be a U.S. citizen or resident, (b) have received earned income in excess of $600 in each of any 10 calendar years before 1973, and (c) have certain types of qualifying "retirement income". Five types of income—pensions, annuities, interest, and dividends included on line 15, Form 1040, and gross rents from Schedule E, Part II, column (b)—qualify for the retirement income credit.

The credit is 15 percent of the lesser of:

1. A taxpayer's qualifying retirement income, or

2. $1,524 ($2,286 for a joint return where both taxpayers are 65 or older) minus the total of nontaxable pensions (such as Social Security benefits or Railroad Retirement annuities) and earned income (depending upon the taxpayer's age and the amount of any earnings he may have).

If the taxpayer is under 62, he must reduce the $1,524 figure by the amount of earned income in excess of $900. For persons at least 62 years old but less than 72, this amount is reduced by one-half of the earned income in excess of $1,200 up to $1,700, plus the total amount over $1,700. Persons 72 and over are not subject to the earned income limitation.

Schedule R is used for taxpayers who claim the retirement income credit.

The Internal Revenue Service will also compute the retirement income credit for a taxpayer if he has requested that IRS compute his tax and he answers the questions for Columns A and B and completes lines 2 and 5 on Schedule R—relating to the amount of his Social Security benefits, Railroad Retirement annuities, earned income, and qualifying retirement income (pensions, annuities, interest, dividends, and rents). The taxpayer should also write "RIC" on line 17, Form 1040.

ELMWOOD SENSORS: A GROWTH STORY

Mr. PELL. Mr. President, I should like to take this opportunity to bring to the attention of my colleagues an article which appeared in the Providence Sunday Journal of February 24, 1974, entitled "Elmwood Sensors: a Growth Story."

This tribute, which appeared in the business, finance, and industry section and was written by Donald D. Breed, is a story of a small business in Rhode Island which started a dozen years ago with annual sales of a little over a hundred thousand dollars a year and is now grossing over $9 million annually. This is the story of a company which was started with 4 employees and now has 400.

But the success story of Elmwood Sensors is really the story of its chief executive officer, Mr. Ernest Nathan. Mr. Nathan immigrated to the United States from Germany in 1929 and had various executive positions with several different corporations until age 56, when he bought a small business called Thermel. The confidence and support of the Small Business Administration, which assisted him with a Small Business loan, as the company grew and grew to its present substantial size, was not without merit.

Mr. President, I ask unanimous consent to print in the RECORD the article I have described in order that it may serve as a demonstration to other businessmen of what can be done by one man who has the determination and capacity to produce qualitative materials to achieve well deserved success.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. PELL. I know Mr. Nathan well and would like my colleagues to realize that not only is he an eminently successful businessman, but he finds time to take a leadership role in business and civic affairs, specifically in the fields of education and the humanities.

I would hope that Elmwood Sensors and more importantly Mr. Nathan would serve as an inspiration to America's small businessman. For even in this period of national recession, their backlog of orders is continuing to build, and this once struggling small business is now a permanent, corporate entity.

EXHIBIT 1

[From Providence (R.I.) Sunday Journal, Feb. 24, 1974]

ELMWOOD SENSORS: A GROWTH STORY

(By Donald D. Breed)

Consider Elmwood Sensors Inc.

A dozen years ago, its annual sales were $115,000. In the current fiscal year, they will be over $9 million.

The company began life with 4 employes. Today it has 400.

Its space initially was 7,000 square feet. Now it has nearly 100,000 square feet.

It has become a leading manufacturer of fixed-temperature thermostatic controls, with a range of applications from hair curlers to spacecraft. In recent years, it has moved into a new field: contactors.

Foreign markets have been attacked confidently, and last fiscal year export sales were $2 million.

Elmwood Sensors is, indeed, what a struggling small businessman hopes will happen to his company. It is an encouragement to the mini-executive who's convinced of the worth of his product and the validity of his approach, but has a distressing balance sheet.

The very beginning is not so encouraging. It was founded as Thermel Inc. in May, 1961, but was sold to Ernest Nathan the next April when the founders, as Mr. Nathan put it, "ran out of money." In the next two years under Mr. Nathan, Elmwood Sensors "lost thousands of dollars," he said. "We were as much as $200,000 in the hole before it started to take."

It did take, as the sales figures show. As 1974 begins, and a national recession is feared, Elmwood Sensors' new orders are still "coming in strong," according to Alan Nathan, who succeeded his father last year as president and chief operating officer. Ernest Nathan remains chairman and chief executive officer.

"We don't see any weakness in the marketplace—yet," he said. Elmwood's backlog went up by $300,000 last month, and it is rising this month.

Whereas the energy crisis has had an adverse effect on most of U.S. industry, it seems to have an opposite effect on the market for thermostatic controls.

Americans are pretty well committed to using electricity in many applications, but there is increasing interest in conservation. "The only way to save," Ernest Nathan said, "is to shut it off when it gets too warm."

At the lower end of its market, Elmwood has benefited from the discovery that small appliances, like a corn popper, tend to use less energy for a particular task than a pan on a stove.

Elmwood's sales are all to OEMs (original equipment manufacturers), and are about equally divided among three main markets:

Thermostats for consumer products.

Precision thermostats for industrial equipment and, to a lesser degree, military or space users.

Contractors. These are not themostats; they're devices for opening and closing, circuits that carry heavy electrical loads.

Elmwood started to make contactors five years ago. While they have nothing in particular to do with changes in temperature, it works out that they're distributed through the same channels. Unlike its strong position in the thermostat market. Elmwood's share of the contactor market is now "insignificant," Ernest Nathan said.

What thermostats and contactors have in common is that they open and close circuits. The thermostats do it with a convex bimetal disk that snaps to the opposed convex direction when heat changes. The principle is that heat makes one kind of metal expand faster than another. A contactor is opened and closed by an electromagnet which is actuated by a mild electrical current.

The Nathans are proud of their list of more than 1,000 customers, including all the top appliance manufacturers and the top makers of computers and copying equipment—"the fussiest buyers," Alan Nathan said.

As a rule of thumb, the company tries to arrange it so that no one customer represents more than 10 per cent of sales volume. That way, loss of a single account won't be a disaster.

While the market for thermostats and contactors has grown in the dozen years since Ernest Nathan bought Elmwood Sensors, the company's own growth has been much steeper. He says the achievement is based on "quality, service and delivery."

In the case of thermostats for consumer products, he said, Elmwood makes a dependable product at a competitive price. With precision thermostats, upon which the life of a sophisticated computer may depend, people are willing to pay a premium to get quality, he said.

The company has two basic programs to insure that its product will be reliable. Incoming materials are inspected thoroughly before going into production, and finished products are inspected before they're shipped; that is called quality control. Quality assurance comprises the various measures taken during manufacturing.

One of the ways Elmwood's concern for quality is expressed is that none of its employees is on piecework. This is perhaps notable, since production is relatively labor-intensive.

The company has been unable to automate extensively, because there are too many short runs, due to the necessity of meeting differing customer specifications.

Alan Nathan, who came up through sales, adds that another reason for Elmwood's growth is that it is "more aggressive" because it is small and independent. With the sale of one of its competitors to a conglomerate, Elmwood is "the last of the independents left" in the field.

Alan told of fielding an inquiry from Japan one weekend evening while he was playing bridge at another house. The person-to-person call had come in to his home, and the babysitter had given the number of the other house. It was then morning in Japan, and while the bridge-players waited, the 33-year-old president of the company told the Japanese customer where his order was.

It's things like that that help Elmwood to "compete with Japanese in Japan and Germans in Germany," according to Alan Nathan. The biggest factor in its exports, however, is air freight. The products are lightweight and delivery to principal European cities can be made virtually overnight.

The dollar devaluation early last year also helped "get our foot in the door," said Alan Nathan. "It showed we can ship and service from here."

AFTER EARLY LOSSES, $100,000 ORDER WAS TURNING POINT

Just this month, Ernest Nathan journeyed to Indiana to attend the funeral of the man who gave Elmwood Sensors its first order over $100,000. Speaking of Thomas L. Clark, executive of Easy Heat Wirecraft who was killed in a snowmobile accident, Mr. Nathan said: "If it had not been for him, I think we would not have made the grade. It was the turning point in our history."

Even with the Easy Heat breakthrough, Mr. Nathan confessed, "We had to shoot crap." But the order was large enough for Mr. Nathan to raise the money to buy the necessary tooling. And with the tooling, Elmwood was in a position to get other orders.

The first couple of years had been tough. Mr. Nathan himself drew no salary, because, as he explained, any salary would have come out of his own pocket anyway, and he would have had to pay income taxes on it.

In December of 1972, Elmwood got a Small Business Administration-approved loan of $125,000, which Mr. Nathan personally endorsed. A decade later, the SBA here cited him as the small businessman of the year.

Elmwood's top management is now a father-and-son enterprise, and Mr. Nathan defers to his son, Alan, as spokesman for the company. Still, the transformation of Elmwood Sensors from a small company that was losing money to a medium-sized one that is growing in both sales and profits was a personal achievement for the chairman.

LIKE ONE OF THE BIG BOYS

One of the reasons Elmwood ran in the red at the start was that, as Mr. Nathan said, "from the very beginning, we made up our minds we have to act like the big boys." This meant quality control procedures, and an adequately staffed customer service laboratory.

This lab's function is to devise products to fit particular customers' needs. Mr. Nathan differentiates it from research and development, which he did not consider a requirement in the early years but something that was undertaken "when we could afford it."

The notions about quality and the need for scientific customer service came, Mr. Nathan said, from his background in the chemical industry in Germany, which he said was ahead of its time in these respects. He applied them to thermostatic controls manufacturing because, he said, "the principle is the same."

Mr. Nathan was born in Augsburg, Germany and graduated from the Institute of Textile Technology in Reutlingen, Germany. He came to the United States in 1929, he said, to establish a U.S. branch and learn English, with the intention of going back to Germany after a year or so.

He stayed, he said, because he liked it here —not because, as a Jew, he wanted to avoid Nazi persecution. Living in Bavaria, he had been well aware of Hitler's 1923 beer hall *putsch*, but like many others in 1930 he "didn't think that Hitler would win."

The "branch" he came to found was Warwick Chemical Co., and he was its president from 1930 to 1952. In 1945, he sold Warwick Chemical to Sun Chemical Corp., and from 1948 to 1952, he was also a vice president of Sun. Since the merger, he had been living in New York, and in 1952, he became executive vice president of Palestine Economic Corp., a benevolent investment trust which, as Mr. Nathan described it, operated 28 businesses in Israel, worth $34 million, from New York. "It was a forerunner of the conglomerate," he said. Also during 1952, he served as chairman and treasurer of Metro-Atlantic Inc.

In 1955, he returned to Rhode Island and became president, director and a stockholder of Chemo Products Inc. of West Warwick, an affiliate of Crompton Co. It was during the '50's that he held executive positions with Gob Shops, a string of franchised stores. This venture outside manufacturing may be described as the only time Mr. Nathan stumbled in his business career.

AGE 56, WITHOUT A BUSINESS

Late in 1961, Mr. Nathan sold his interest in the Crompton Co., and as he describes it: "I was age 56, without a business and with limited funds to invest. I was too old to get a job, but too young to retire—and not rich enough to retire." His solution was to buy Thermel.

Mr. Nathan is active in business and civic affairs, notably Jewish organizations and those involving education and the humanities. Alan Nathan also is devoting time to community service, but his interest is in ecology. He is active in Save the Bay and in recycling efforts in Barrington.

IDA REPLENISHMENT

Mr. JAVITS. Mr. President, I commend to my colleagues a letter from five distinguished economists deploring the refusal of the House of Representatives to authorize further U.S. support for the International Development Association, the "soft loan" window of the World Bank for the poorest of the developing countries. The action of the oil producing countries in raising their prices for oil will add further another adverse factor in the development plans of the developing countries, and promises to produce the most severe hardship unless concerted international action is taken to assist these countries. Continued U.S. support for IDA is essential, and is especially crucial in convincing the oil producing countries of the seriousness of the situation for the developing countries so that they will shoulder their rightful share of the burden they have themselves contributed to.

I ask unanimous consent to have printed in the Record an editorial entitled, "IDA Funds: To Help the Poorest Nations."

There being no objection, the editorial was ordered to be printed in the Record, as follows:

IDA FUNDS: TO HELP THE POOREST NATIONS

To the Editor:

We are shocked and dismayed by the refusal of the House of Representatives to authorize the modest $500-million-per-year U.S. contribution to replenishing the capital of the International Development Association, the agency of the World Bank Group on which the poorest of the world's poor countries must depend for development aid. These countries, already at the margin of subsistence, suffer the greatest hardship from the steep rise in the price of oil. Although they cannot use I.D.A. funds to finance oil purchases, since these funds are mostly earmarked for development, they desperately need aid at this time, when the rise in oil prices is reducing their already meager domestic saving.

If sustained by the Senate, the action of the House would also amount to our going back on a collective commitment already accepted by other countries and agreed to by the U.S. Administration in return for a reduction of our share from the original 40 per cent to 33⅓ per cent of the total new capital. If the authorizing legislation is not kept alive, the poorest of the less-developed countries will probably be deprived not only of our contribution but of the whole $1.5 billion a year that the donor countries agreed to provide for the next three years, unless the other donors shame us by making their contributions anyway.

Both parties in the House bear a share of the blame for defeat of the authorization. More important than assessing the blame, however, is to find a way of saving the I.D.A.

Perhaps it can be saved by some of the changes that have occurred since the total amount of the replenishment and the shares of the donor countries in the total were negotiated. The sharp rise in the prices of oil, besides creating new difficulties for the donor countries and the less-developed oil-importing countries, has assured great enrichment of the oil-exporting countries.

We suggest that the House might be willing to authorize the already negotiated U.S. contribution if the oil-exporting countries, which must in any event find ways of investing the enormous unspendable increase in their wealth, were to make a substantial contribution to the I.D.A. Such contributions, by increasing the total three-year replenishment above the $4.5 billion negotiated by the present donors, would help offset the shrinkage of funds available to the poorest countries for development.

At the same time, the resulting enlargement of the total replenishment would further reduce the proportionate American share, a result that the Congress presumably would welcome. If such contributions were obtained, the recent opponents of the authorization would probably find it easier to support a revised proposal than to reverse a past vote.

The very existence of the I.D.A. is at stake. It has been an instrument of long-standing American policy, and our proposed contribution to it is less than 1/25 of 1 per cent of our G.N.P. It would be tragic if, in frustration over other matters, we were to deny less-fortunate people even this very modest token of our better nature.

Fritz Machlup, Robert V. Roosa, Walter S. Salant, Tibor Scitovsky and Robert Triffin.

Washington, Feb. 25, 1974.

OPENNESS IN GOVERNMENT

Mr. KENNEDY. Mr. President, whether as a reaction to the public outcries against secrecy in Government that made the outrages of Watergate possible, or as a natural coming of age of the principles of open government reflected in the Freedom of Information Act, enacted in 1966, both Congress and the independent agencies of the Federal Government are now acting in concert and in parallel to open the processes and records of our national Government.

On the legislative front, both the House and Senate are moving legislative proposals to amend the Freedom of Information Act to facilitate quicker and freer public access to agency records. On February 21 the House Government Operations Committee reported to the floor

H.R. 12471, Congressman Moorhead's bill to strengthen the act. Last week the Senate Subcommittee on Administrative Practice and Procedure reported to the Judiciary Committee S. 2543, which I introduced last fall. It thus appears likely that during this session Congress will act to strengthen substantially the Freedom of Information Act.

A number of agencies have issued new regulations recently designed to streamline FOIA procedures. The Consumer Product Safety Commission went one step further, promulgating regulations comprising, in the Commission Chairman's words, a "comprehensive policy on openness." The Commission has developed a public calendar listing all meetings between the Commission staff, Commissioners, and outside parties, most of which are open to public attendance. The CPSC's regularly scheduled meetings are also open to the public. As Chairman Richard Simpson recently told the Consumer Assembly:

> We believe our business is the public's business. That's why we've adopted a "goldfish" bowl approach to life. And that's why we will not use the Freedom of Information Act to conceal either our decision making process or hide our mistakes.

Last December then Acting Attorney General Robert Bork extolled the virtues of freedom of information in government before the plenary session of the Administrative Conference. Mr. Bork observed:

> The Freedom of Information Act implicates the central issues of our form of government; the central issues, that is to say, of representative democracy. The core value of the First Amendment to the Constitution is the right of citizens and the press continuously to evaluate their government and that right is meaningful only if they know what their government does and why it does it. The Freedom of Information Act, therefore, aids in making discussion that is already free also discussion that is informed. Its basic thrust is disclosure and only when another critical value conflicts, such as the right of the individual to some degree of privacy, does the Act permit nondisclosure.

Mr. President, on February 19 Federal Trade Commission Chairman Lewis Engman also spoke about the need for open government. Addressing the National Press Club, Chairman Engman emphasized that—

> The Freedom of Information Act is at least as important for the values it articulated and the tone it sets as it is for the specific disclosure requirements it established. It forced agencies to rethink their responsibilities to provide information to the public about what they were doing, what they were not doing, and why.

Chairman Engman outlined the steps taken by the FTC in recent years to open its doors to public scrutiny, indicated that the Commission had been reviewing these information policies in recent months, and announced changes to be instituted in the near future. These changes include: First, announcing industrywide investigations whenever the Commission votes to undertake one; second, doubling the period for public comment on proposed consent orders, after a staff analysis of the proposed settlement has been made available to the public when the proposed order is announced; third, expediting the handling of FOIA requests and releasing otherwise exempt documents after a given period of time has elapsed; and fourth, requiring the maintenance of records of all outside contacts, which will be made public when the file becomes public.

I believe that these statements and activities bring credit to the agencies involved and are encouraging to both the Congress and the public. Chairman Engman's speech was devoted entirely to the subject of Government openness, and I ask unanimous consent that this speech be printed in the Record in its entirety.

There being no objection, the speech was ordered to be printed in the Record, as follows:

[From the Federal Trade Commission]

ADDRESS BY LEWIS A. ENGMAN, CHAIRMAN, FEDERAL TRADE COMMISSION, BEFORE THE NATIONAL PRESS CLUB, WASHINGTON, D.C., FEBRUARY 19, 1974

Approximately 190 years after the delegates to the Convention which wrote our Constitution gathered in secrecy in Philadelphia, America finds itself with precisely the same questions which the delegates faced at their first meeting: How much government business can or should be conducted out of the public eye without destroying the confidence of the people in the result? And conversely, how much publicity can attend the carrying out of discussion, debate and action within government councils without eliminating candid discussion and legitimate rights of privacy?

If those were easy questions with easy answers, I suggest that we would have resolved them long ago. But of course we have not.

Two centuries ago, the delegates to the Constitutional Convention met amidst some of the most elaborate security precautions available at the time: members sworn to secrecy, guards patrolling the area around the building so that the citizens could not creep up to the open windows in order to overhear the debates. And even though there was a prolonged howl from many segments of the public, those in attendance drafted a brilliant instrument of government and got it ratified by the necessary states. It was close—in New York, the legislature agreed to ratification by just three votes—but it was successful.

Since that time, however, things have changed. Among the changes has been the creation of one of the most powerful networks of communications ever devised. Another has been the evolution of government from an institution that had very little impact on the daily lives of its thinly-settled population to an institution which exerts—in my view—an excessive influence on everything from the state of the arts to the availability of gasoline.

And, as government—particularly at the federal level—has grown to have a greater impact on our lives, the people have come to expect that that government will become commensurately more accountable. Indeed, as our society has moved from a predominately agrarian one to a predominately industrialized one, we have come to realize that we are more and more dependent on the sophisticated institutions which characterize a modern nation. And we have demanded that these institutions, including government, become more accountable for the things they are doing for us and for the things they are doing to us.

Unfortunately, institutional accountability has not kept pace with institutional growth. Or at least the people do not believe that it has. And, as a result, we have entered a period in which the American people trust their institutions less and less. The popular phrase for this state of affairs is "credibility gap." But in saying that there is a credibility gap between the people and their institutions, we have identified only a symptom of a problem—not the problem itself.

At least one of the problems is that the people are uneasy when they don't know how decisions are made which affect their lives; when they don't know why those decisions are made; when they are not even sure who is making them. In a totalitarian state, the solution to this problem—from the government's point of view, at least—is quite straightforward. They identify those who are disaffected and who voice their disaffection—and then they either shoot them, lock them up, or—as we have seen, exile them—depending, I suppose, on logistics—or, in some extreme cases, on the pressure of world opinion. In a democracy, the solution is inestimably more difficult because it depends not on good marksmanship but on good judgment.

On the one hand, it seems clear that not everything in government can be totally open. We cannot expect the NATO commander to open his war plans file for public inspection—even though these plans would undoubtedly be of great interest to, and could have a great effect upon, the general public. That would be the exercise, at best, of bad judgment. Also, as we have seen many times over the past few years, delicate negotiations between heads of state cannot be conducted successfully in an open forum. Real progress comes when the negotiators meet face to face and lay their cards out on the table, sometimes one at a time.

On the other hand, everyone agrees that much of the work of government—trials and appeals at the Federal Trade Commission, for example—can be and is most effectively conducted out in the open.

But between the extreme examples I have chosen for illustrative purposes—examples on which there is little disagreement—is a middle ground demanding hard decision—an area in which men of intelligence, good will and even good judgment can find room to disagree.

My opening reference to the "secret discussions" of the Founding Fathers serves to make another important point: The line between publicity and confidentiality can be drawn by well-intentioned, honorable men in different places at different times. It takes—I think—some humility and some perspective to recognize that the line drawn at one time will probably be erased and drawn somewhere else as circumstances change.

A major erasure and redrafting occurred in 1966 with the enactment of the Freedom of Information Act. It took years, and numerous bureaucratic skirmishes, followed by a steady stream of court decisions before the Act began to take hold. But it did take hold, and it is probable that future decisions will continue to move the line even further along the spectrum toward greater openness.

The Freedom of Information Act is at least as important for the values it articulated and the tone it set as it is for the specific disclosure requirements it established. It forced agencies to rethink their responsibilities to provide information to the public about what they were doing, what they were not doing, and why.

The Federal Trade Commission in particular has taken numerous steps in recent years to open its doors to public scrutiny and to diminish the possibility of—or the appearance of—improper influence. For example, every time the Federal Trade Commission issues a complaint, accepts a consent order (that is, settles a case), renders an advisory opinion or undertakes any formal law enforcement proceedings against an individual, a company or an industry, we place that action on the public record where it can either be applauded or criticized as you see fit. Moreover, beyond mere "placement on the public record," we distribute a news release and in many cases a full set of papers both to the press and to the citizens who have asked for such materials. In fact, we do this with such regularity that we receive more criticism from people who believe we engage in publicity too vigorously than we do from people who think we are too secretive.

Also, before we settle a case, we place the proposed consent order on the public record for 30 days and then carefully reconsider the order in light of comments received during that period.

In addition, we have very strict rules governing actual or attempted ex parte communications with Commissioners when a case is in adjudication. Ex parte, for those of you who are neither lawyers nor Latin scholars, means a communication which takes place "off the record" (the record being in this case the trial record), or when both parties to the matter are not present. Under our rules, such communications are not allowed—and if they should occur because, for example, someone mails an ex parte communication to a Commissioner, they are immediately placed on the public record.

In recent months, the Commission has been reviewing these and other public information policies, and I am pleased to report today that we will shortly be taking out our erasers and drawing new lines that will open the agency to even greater public scrutiny.

In undertaking this task, the Commission has been guided by several factors. I'd like to share them with you since they have guided our hands as we have attempted to strike a better balance.

First, we took a hard look at the existing rules and practices and analyzed the criticisms which have come from various quarters.

Second, we kept in mind the Commission's unique status and our statutory mission. We view ourselves not as a "regulatory agency" in the usual sense of the term, but rather as a law enforcement agency with a combination of functions ranging from investigational to prosecutorial, to adjudicatory.

Third, we had to keep in mind that the Commissioners themselves wear many hats—hats change at different stages of the law enforcement process.

Fourth, we tried to give great weight to the public's legitimate and escalating demands for increased information about their government.

Fifth, we studied the successes and failures of old and new policies of sister agencies.

And finally, we made some very difficult judgments about the potential consequences of alternative courses of action—consequences that could affect the functioning of the agency or persons with whom we deal.

Important considerations which we had to bear in mind are:

The need to protect evidence.

The responsibility to safeguard legal strategy in an adversary system of law.

The rights of those under investigation to due process without unfair adverse publicity.

The desirability of encouraging respondents to provide confidential data voluntarily, thus avoiding the need for time-consuming subpoena enforcement activity.

The moral and strategic necessity to protect from economic, social or other retribution those citizens who come to us with complaints.

Recognition of the fact that if we are to enforce the law, we must be aware that among those watching our activities most closely are potential respondents. And these companies just might be a little more circumspect in their behavior if they are uncertain as to which companies within an industry will be targeted for an investigation.

With that as background, then, I want to outline the changes that we will be instituting in the very near future. These changes fall into four broad categories:

First, the Federal Trade Commission will begin announcing the existence of industry-wide investigations whenever it votes to undertake one. Such announcements will be temporarily delayed only when premature publicity might impair our ability to obtain evidence or result in its destruction. In addition, we will also make public the existence of investigations into acts or practices involving risks to public health and safety. Finally, when we have undertaken an investigation which is not industrywide, which does not involve health or safety, and which does not blossom into a complaint or consent order, an announcement of such investigation will be made when it is closed by public release of the closing letter.

Second, the present 30-day period for public comment on proposed consent orders will be doubled—to 60 days. In addition, a staff analysis of the proposed settlement will be made available to the public when the proposed consent order is announced. These changes will encourage meaningful public comment on proposed orders. The purpose is to provide the public with a better understanding of what the proposed settlement is all about and why it is being considered for final acceptance.

Third, we are making an effort to expedite handling of Freedom of Information Act requests in the following way: Requests for materials which are clearly releasable under the Freedom of Information Act will be granted as soon as the documents can be located. Such authority will be delegated to the Commission's General Counsel. In addition, in most cases intra-agency memoranda in closed files will be disclosed to the public after an appropriate period of time, say three years. These memoranda will include most types of staff advice and recommendations. Finally, all internal documents will be released from closed files after a longer period of time unless some specific reason makes public disclosure contrary to the public interest.

Fourth, by directive, all members of the Federal Trade Commission staff will be required to maintain for the files a record of *all* outside contacts including members of Congress, representatives of the executive branch, members of the press and anyone else when such contacts relate to investigations or cases—except for those contacts with parties directly involved in the normal course of business. These memoranda will become available for public inspection when the file becomes public.

In addition, each Commissioner has individually agreed to maintain a log of all meetings or conversations between the Commissioner and anyone outside the Commission when such contacts relate to pending investigations or cases.

These new procedures were not arrived at lightly. In our judgment, they represent a careful weighing of all the factors which a law enforcement agency must take into account.

The main thrust behind these policies, however, is our recognition that we must be sensitive to the increasing and legitimate public demand for a freer flow of information from the government to the people—for the more open policies which government must pursue if it is to re-establish public confidence.

It has been said that sunlight is the best antiseptic. At a time when public expectations are high and confidence in public institutions is low, we are very much in need of the sunlight of public scrutiny.

The times in which we live have been characterized with many distinctive labels. On one occasion I referred to our present era as the Age of Accountability . . . the age when the American people are demanding that each of their institutions justify its activities—indeed, its very existence.

Whatever we choose to call these times, it is clear that it is not enough for us to be satisfied with the procedures, the programs, the policies and the accomplishments of the past.

Rather, there is the need for more effective consumer protection enforcement, for even more vigorous enforcement of the antitrust laws, for more accountability; indeed, for more responsive government at every level.

I believe that the new Federal Trade Commission policies which I have articulated today measure up to the demands of the times. Given the obvious need for a certain amount of confidentiality inherent in any law enforcement agency, I think they are a positive step. I also believe that they are rooted in good judgment and that they will not detract from continued tough but fair enforcement of the law.

In closing, I want to emphasize that these policies represent not just my decisions—although it is my role to describe them to you—they represent the consensus of the Commission—not merely a majority, but a unanimous verdict.

These improvements have the support of each Commissioner. I hope that today and in the years to come they will have yours.

THE ENERGY CRISIS IN MARYLAND

Mr. BEALL. Mr. President, on December 27, 1973, my distinguished colleague from Maryland (Mr. MATHIAS) and I held hearings in Baltimore to determine the impact of the energy crisis on Maryland citizens. Representatives from all sectors of our State's economy testified, and provided us with a great deal of information as to how fuel shortages are affecting the residents of my State.

One of the areas most affected by the energy crisis, particularly in Maryland, is the charter boat industry. One of our witnesses at the hearing was Mr. Ed Darwin, who represented the Maryland Charter Boat Association. I ask unanimous consent that Mr. Darwin's remarks be printed in the RECORD, for the benefit of my colleagues.

There being no objection, the remarks were ordered to be printed in the RECORD, as follows:

TESTIMONY FROM THE MARYLAND CHARTER BOAT ASSOCIATION

(President Capt. Harry Campbell)

My name is Captain Ed Darwin. I am a charter boat captain speaking on behalf of the Maryland Charter Boat Association. There are approximately 325 charter fishing boats that carry from six to fifty passengers operating from ports on the entire Chesapeake Bay. Our principal income is derived by offering our services to local and visiting sport-fishermen from mid-April until late February. The dates differ in each Bay area.

The captains have invested large sums of money in their boats and equipment. This constitutes a "life time" savings to many. Most of us have no other trade or occupation. These men could lose their boats, homes and other assets unless they are able to work.

There are related industries and areas that will be hurt immeasurably if we are forced to keep our crafts moored. The economy of fishing centers such as Rock Hall, Tilghman Island, Chesapeake Beach, Annapolis, Solomons Island, Kentmoor and many others depends on the charter boats that operate from these areas. The bait harvesters and sellers market will be reduced. Fishing tackle and marine equipment industries, hotels, motels and restaurants will suffer as will state and federal tax revenues. We hope that the policy makers are aware of these and other ramifications if we are forced to close our industry due to the lack of fuel.

It is a fact that we are considered as a recreation. We do provide a participating type of pleasure for the sportsman, but it is our livelihood. Since this is our livelihood, we feel that this should be the primary consideration for fuel allocation.

The type of fishing we do is unique to the Chesapeake Bay and should not be judged as part of the ocean fisheries. We are not forced to run for hours to get to our fishing grounds. Ocean charter boats burn large volumes of fuel. We require only from fifteen to fifty gallons per day per boat.

We are aware that a critical fuel shortage has occurred and are willing to participate in any way to help alleviate this crisis. We hope that the answer to the national crisis is not to create a personal crisis where our industry is made to bear an unjust burden. The charter boat captains would like to continue as an asset to the state and not become a liability where state aid or welfare is necessary. Our industry is directly dependent on the amount of fuel we obtain. Therefore, we wish to be considered for a priority fuel allocation.

The Maryland Charter Boat Association is grateful to this committee for the opportunity to speak. We would appreciate notice of future hearings so that we can attend and explain our position. We are willing to do anything or go anywhere, if it is necessary, to continue our existence.

THE BEEF SITUATION

Mr. BENTSEN. Mr. President, the cattle feeders of this country are in the midst of an economic depression that deserves the attention of every citizen in America. Their plight should concern all of us, because, first, the source of one of our favorite food items—beef—is in jeopardy; and second, this is another example of how needless Government interference can cripple a great industry.

Let me explain that cattle feeders are those cattlemen who take yearling animals, fatten them with grain and finish them into the choice animals. These finished animals, in turn, yield the choice beef that we all desire. Last year, cattle feeders in the United States marketed over 25 million animals—enough to supply every man, woman, and child in America with 110 pounds of beef each. That is an 80-percent increase in 20 years.

Texas, the No. 1 cattle feeding State in the Nation, fed and marketed 4,412,000 animals last year. Texas became No. 1 in cattle feeding, because of: First, the abundance of feeder cattle produced in the Lone Star State; second, the availability of grain grown in the State; third, our unique climate that is conducive to cattle feeding; and fourth, the ingenuity of our cattlemen in putting together the capital and systems that permit us to produce beef more economically than other areas.

But many of these entrepreneuring cattlemen—in Texas and in other cattle feeding States—are now on the verge of bankruptcy. And if they are allowed to go broke, it not only will affect the Nation's beef supply, it will also have a depressing effect on all our grain farmers, on all our farm and ranch cattle producers, and on the entire economy.

In the last year our cattle feeders have seen their feed costs more than double; slaughter, capital, and transportation increase and the price he receives drop by more than 20 percent. In any industry, this would clearly mean bankruptcy for a great many people.

These cattle feeders are also victims of Government price controls, which the administration so unwisely enforced on the beef industry last June on a selective basis. At that time, against the advice of cattle industry leaders and economists across the country, the Cost of Living Council discriminated against the beef industry by singling it out to leave under price controls. The result was that fat cattle stacked up in the feedlots; then when the freeze finally was lifted in September, they glutted the market, causing prices to drop 30 percent in 6 weeks

During the ensuing 2 months, cattle feeders suffered losses of $100 to $150 on every animal marketed. As you might expect, such losses forced many feeders out of the business. And I predicted at the time that it would take months for the cattle industry to recover from the unjust Government interference.

The remaining cattle feeders were about to get back in the black in January, then came the trucker's strike, which lasted for 2 weeks in early February. Again, fat cattle stacked up in the feedlots. And now that the trucker's strike is over, cattle prices are again depressed, having dropped 20 percent in the last month.

And again, cattle feeders are losing big money—this time about $100 per head on each fat animal marketed. These losses have been going on for 3 weeks and, on top of the earlier losses, are bankrupting many feeders who 6 months ago were considered very substantial and successful businessmen. Businessmen who provided the risk capital, the management, and the work to assure America a continuing supply of nutritious beef. Furthermore, unless something is done immediately to relieve the situation, the losses promise to continue for several weeks.

Unfortunately, these lower prices have not been passed on to consumers. Retail prices have not dropped accordingly. I am strongly concerned that the reduced prices for beef have not been reflected in the supermarket. This is unfair to the consumer and the producer and is causing a buildup of cattle in the feedlots. This is another disruption of the system which must be corrected.

So I call on the chain stores to be equitable with the cattle feeding industry during this crisis—and to help consumers who are wanting more beef—by featuring more beef, by offering more specials and by sharing their increased margins with both feeders and consumers. Only in this way will we be able to move more beef. And only by moving more beef at this time will we be able to assure adequate beef supplies later.

During the month of February, replacements of cattle in feedlots were down about 30 percent. If the cattle do not go into feedlots, they cannot come out 6 months later as scheduled. If these reduced placements continue into March, it means that we will have a reduced supply in late summer. And reduced supplies mean higher prices for consumers.

Also, I call on the Nation's meat packers to do all they can to move more beef. By accepting more modest profits—packer profits were at record high levels during the past quarter—they can help everyone else in the industry stay in business and help consumers by providing beef at prices they can afford.

In addition, today, I am calling on the U.S. Department of Agriculture to step up purchases of beef for school lunch programs, for the Armed Forces, and for institutions. There now is an oversupply of heavy cattle in feedyards that will produce yield grade 4 and 5 carcasses, which are considered by the trade to be a bit wasty. These animals are available today for less than 38 cents per pound—bargain sale prices, which are less than fat cattle were bringing a year ago. I repeat, fat cattle are bringing less today than they were a year ago.

We now have more cattle in the United States than at any time in history. And I see no reason why consumers should not have the benefits of this record production, while at the same time permit all segments of the cattle industry to make a fair profit. It can be done; it must be done.

WORLD TRADE

Mr. JAVITS. Mr. President, I ask unanimous consent to have printed in the Record the remarks I made at the Springfield, Ill., World Affairs Council on the subject of new problems and opportunities in world trade.

There being no objection, the address was ordered to be printed in the Record, as follows:

New Problems and Opportunities in World Trade

The year 1974 is a critical year for all of us . . . a year which could bring enormous changes to the world's economic and political life and especially for world trade. We stand at a critical juncture of the kind that we reach only a few times in a century, and perhaps comparable only to the decisions we faced at the end of the Second World War. The decisions we take will affect our lives and the lives of our children for years to come. Although the decisions are not wholly within our grasp. I think nevertheless that the United States can influence in a major way the direction in which the world moves. Without the American example I frankly see little hope that the necessary course can be chosen, and even with the American example the way will be perilous and long. An indispensable element will be the informed and active participation of the American people, and their understanding of the issues involved. I wish to set out for you some of these major international economic issues and to make some suggestions concerning the policies we should pursue.

Our most critical immediate economic problem is the enormous shift in economic power from the oil consuming nations to the oil producing nations as a result of the astronomical increase in oil prices demanded by the OPEC cartel. As recently as January 1, 1971, the posted price of OPEC oil was $1.80 a barrel. The most recent increase was on December 23, 1973, when the posted price was raised from $5.11 to $11.65 a barrel. This translates into an f.o.b. market price of roughly $8.50 a barrel.

The magnitude of these price increases will shift between $40 and $60 billion from the oil consuming to the oil producing countries in 1974, and in the process threatens to add between 1% and 3% to the rates of inflation already raging at high levels throughout the world. The effect of such a shift is the equivalent of a tax increase of that amount in the oil consuming countries, and a consequent reduction in demand at a time when these countries are beginning to suffer a slowing down of economic growth and come within the shadow of a possible economic recession. How many economists would now recommend a tax increase as the proper prescription for the U.S. economy, and yet the effect of oil price increases is the same as an excise tax imposed on us from abroad the proceeds of which wind up in the treasuries of other countries.

What of those countries which will benefit from these vast revenues? Some of them, such as Iran, Nigeria, and Indonesia have large populations which could benefit from this new wealth if it is properly invested. Most of the beneficiaries, however, are countries with small populations and feudal regimes, which are utterly unprepared for the riches which will pour upon them, and are likely to indulge themselves in orgies of spending for arms and prestige instead of economic development. For example, it is estimated that Abu Dhabi will have a per capita income of $40,000 as a result of its massive oil revenues.

It is important that we understand who is benefitting from these transfers and who is suffering. It is easy but incorrect to think that these price hikes represent a triumph by the poor third world over the rich western countries. Even some of the developing countries did not understand the true nature of the situation when the Arabs applied the oil embargo against the United States and the Netherlands, and then proceeded to raise their prices. Now they understand. It is the developing countries without oil, which stand to suffer the most from the oil price increases, because (1) they lack the capacity to borrow on international money markets; and (2) they have less capacity for reducing their oil consumption by conservation without materially injuring their economies.

The energy situation has also produced a marked shift in fortunes among the developed countries. Japan's economic miracle has run head on into almost total dependency on imported oil. European countries also are highly dependent on imported oil, and this dependence has been clearly demonstrated in the scramble to arrange bilateral deals with Middle Eastern countries and the serious weakening of the European Common Market. The lack of European unity on the energy issues indeed, has raised serious questions regarding the future of the Common Market. One may argue that France has advanced the cause of Western unity by clearly staking out the opposite pole, but the French have probably succeeded in undermining the tax policy and common agricultural policy of the EEC which were of primary benefit to themselves.

In this serious weakening of Western resolve the United States has retained in large measure its relative economic strength. Our relative self-sufficiency in oil, the renewed strength of the dollar, the marked improvement in our international balance of payments, our enormous strength in food production, and our strong capital markets—which are likely to be the major beneficiaries of Middle East investments—have combined to restore the United States to a dominant economic position in the world. I do not want to be excessively optimistic about our position, because in the short run we face very serious inflation and a marked slowdown in our economy. The Arab oil embargo continues and grows more serious as time passes. At the same time our inadequate domestic policies have undoubtedly contributed to our difficulties, especially the Administration's stubborn refusal to institute some rationing system. Instead the Administration has pinned its hopes on an early end to the oil embargo, whereas an effective rationing system would have strengthened our ability to bargain with the Arabs.

The situation I have briefly outlined is exceedingly complex, and a combination of a number of wrong decisions could result in a world recession, with disastrous consequences for some nations. A number of wrong decisions have already been made, such as the 123% boost in OPEC oil prices in December and the French refusal to cooperate with other oil consuming nations while at the same time exchanging weapons for oil in the Middle East. Our task should be to keep from making more wrong decisions and to modify those already made. The Washington Energy Conference was a significant beginning, even with the lack of French cooperation.

Let me make some suggestions that I think can put us on the right path.

One, we must develop policies that will enable and encourage the oil producers to invest their oil revenues in productive investments in the oil consuming nations. Of their vast increases in oil revenues only a portion, perhaps 25% of the total, can be used for increased consumption and in industrialization in their own countries. Their economies are too backward and their populations too limited to utilize more than that. The rest will be available for investment, and a large portion of that can be expected to find its way to the United States, as the country with the least long term problems and the strongest currency. The United States must then stand ready to recycle or relend these funds to those countries suffering the worst balance of payments deficits.

If we can persuade other countries to finance their deficits, rather than attempting to foist them off on other oil consuming countries through restricting internal demand or currency devaluation, we shall be a long way toward solving our problems. Even the French seem prepared to finance their deficits in large part, and so do the other Europeans.

In addition, the United States must resist the temptation to close its doors to Arab investments in an attempt to retaliate against their embargo. Substantial Arab investment in the U.S. economy will give them a stake in our continued prosperity, and make them less likely to engage in disruptive practices. We should certainly refrain from using the entrapment argument, i.e. that we shall encourage Arab investment only to be able to nationalize it. All that will ensure is that it does not come at all.

Two, the United States occupies a similar position in world food production to the Arab position in world oil production. I recognize that some degree of oversimplification is involved, but as one small example, the United States and Canada between them account for over half of the world trade in wheat. The world energy and food situation are closely interconnected, with large energy inputs required for fertilizer production, and crop harvesting, drying, and transport. As an example, it is estimated that India may lack 1 million tons of fertilizer in 1974, which could reduce their grain harvest by 10%.

Although we occupy a position of major importance in world food production, we are not in a position to force foreign policy changes in other countries through using food as a weapon. There are too many alternative sources of supplies in the world for those who have the money. We should strongly resist the temptation to become the oil embargo Arabs of food. On the other hand we have seriously depleted our food stocks, and have followed policies that encouraged food exports at almost any cost. The time has come when we must monitor our food exports much more closely, and step in when necessary to achieve the twin goals of domestic self-sufficiency, including the build up of certain food stocks, and directing exports to the poorest nations and areas.

Three, the most critical of the energy caused problems will be in the poorest of the developing countries. It has been estimated that oil price increases will cost the developing countries $8 to $9 billion more in 1974 than they paid in 1973, enough to wipe out the total amount of public aid to the developing countries. Some developing countries will be much harder hit than others with resources or sufficient economic strength to borrow in normal capital markets. India, Bangladesh, Sri Lanka, and the poorest of the African countries are in truly dreadful shape, with unthinkable possibilities for human suffering.

Although Iran has offered a $1 billion aid fund, and the Arab countries have set up a limited aid fund for Africa, these amounts are woefully inadequate. It is essential that the oil consuming countries, including the developing countries, persuade the oil producing countries to adopt aid policies to alleviate the disruption their price increases have caused. At the same time, the developed countries must continue their aid to the developing countries, and the United States must live up to its commitment to the development banks. The IDA action must be righted in the Senate.

Four, the oil consuming countries need to adopt common policies to reduce their dependence on OPEC oil, with all this implies for sharing of resources and common research efforts, and must pursue economic policies that will maintain demand and high levels of economic activity in their countries.

Expanded world trade should be one of the aims and results of these coordinated actions. Oil deficits cannot be exported from one oil consuming country to the others without disrupting the pattern of world trade, and thus efforts to reduce world barriers to trade are probably more important than ever.

There is room for guarded optimism in this situation. There will be great investments needed in new productive enterprises, and ingenious ways to use the capital of the oil producing countries could result in solid boosts for the economies of the developed countries. We are not at the end of the road, but at the beginning of a new one, with great possibilities for a saner and more prosperous life if we can adopt reasonable common policies. We must not shirk our responsibilities in the world by withdrawing unto ourselves, or ignoring the hundreds of millions of people in the developing countries for whom this situation could become a major catastrophe. For we should not forget that in the end the U.S. position in the world depends on our economic strength and our moral commitment to what is right.

OIC 10TH ANNUAL LEGISLATIVE AWARD

Mr. HUMPHREY. Mr. President, 1 week ago in Minneapolis my colleague, Gaylord Nelson, the distinguished and able Senator from Wisconsin, was given the Legislative Award of the 10th Annual Convocation of the Opportunities Industrialization Centers (OIC) for his determined efforts in securing final enactment of the Comprehensive Employment and Training Act of 1973. The OIC is a nationwide organization of community groups devoted to providing comprehensive employment services and job opportunities for low-income persons who are unemployed or underemployed. It was founded 10 years ago by Rev. Leon Sullivan of Philadelphia, and its programs, which currently exist in more than 100 American cities, make it the largest minority-operated manpower training resource in the country.

In accepting the award, Senator NELSON spoke with great fervor on the unemployment problems our country will almost surely face in the months ahead. He noted the special problems faced by the poor and disadvantaged worker in America, and he outlined a broad program for coping with some of the most pressing concerns. Because I believe his remarks deserve our careful consideration at this critical time, I ask unanimous consent that they be printed in the RECORD.

There being no objection, the speech was ordered to be printed in the RECORD, as follows:

SPEECH OF SENATOR NELSON

Opportunities Industrialization Centers have made their mark in one hundred poverty communities throughout the nation. The strong and broad support which OIC engenders in those communities comes across clearly on Capitol Hill, and those members of Congress who represent the States and districts where OICs are located have spoken out enthusiastically in your behalf. As a result of the understanding of OIC shared by so many members of Congress, your mark is now imprinted in the law of the land. With the overwhelming support your work has generated we were able to retain in the new manpower legislation a recognition of your role by OIC's as community-based organizations with experience in the manpower field.

In the five years that I have been chairman of the Subcommittee on Employment and Poverty, no hearings have been more inspiring than the two in which we were privileged to hear the Reverend Leon Sullivan testify on behalf of OIC.

I remember well the first occasion in 1970 when Leon Sullivan—accompanied by OIC representatives from all over the country who filled the hearing room—eloquently testified before members of our Subcommittee and the many other members of the Senate who came by the hearing room to express their support for OIC. Believe me Leon Sullivan was most persuasive on that occasion. I promised then and there that my best effort would be given to assuring that manpower reform legislation included a significant role for your work. The bill we passed that year did include a special section providing for assistance to Opportunities Industrialization Centers, but unfortunately the Employment and Manpower Act of 1970 was vetoed by the President. But we did not give up on the need for manpower reform legislation. And you did not give up on your commitment to make sure that OIC would continue to play an important role in the Nation's manpower efforts.

Accordingly, the Job Training legislation which I introduced along with Senator Javits last April specified that Opportunities Industrialization Centers were eligible for funding by State and local prime sponsors of manpower programs. Once again, with great eloquence and passion, Reverend Sullivan testified last May before our Subcommittee that OIC's wanted very much to participate in the reformed manpower system.

By a vote of 88 to 5 we passed that legislation through the Senate without any change. The legislation then went to conference. As I know you appreciate, it was not an easy task to design a manpower reform system for turning responsibility for job training programs over to State and local governments, while at the same time seeking to encourage prime sponsors to utilize existing programs. In addition to OIC, we felt an equally strong commitment to programs such as Mainstream, Operation SER, and Community Action agencies.

The Senate and House conferees agreed to principle that prime sponsors must be able to make their own decisions as to programs that would provide manpower training in their areas. But the Senate conferees insisted upon, and were able to secure in the final legislation, a clear authorization specifying that comprehensive manpower services may include "manpower training, employment opportunities, and related services conducted by community-based organizations." The legislation then clearly defines community based organizations as meaning "organizations which are representative of communities or significant segments of the communities and which provide manpower services (for example, *Opportunities Industrialization Centers*, Jobs for Progress, Mainstream, and Community Action Agencies)."

One of the most important provisions in the new manpower legislation is the requirement that all prime sponsors must maintain policy advisory councils. These councils must include representatives of community-based organizations.

I am sure that in the communities where OIC's are located you will be taking steps to secure representation on the councils as community based organizations.

These councils will be established in the next few months so as to be fully operational in time for the fiscal year beginning next July 1. Those of us who drafted this legislation are hopeful that the prime sponsor's policy advisory councils will be the source of significant input to the prime sponsor from community organizations like OIC. Together with community action agencies and other groups, you will serve as the voice of the poor in recommending policies and goals as the prime sponsor plans its manpower programs.

It should be pointed out that the legislation sets forth the responsibility of each prime sponsor to develop a comprehensive plan. That plan must duly consider continued funding of programs of demonstrated effectiveness which have been previously conducted in the area. I am confident that OIC's around the Nation will see to it that the resources they have to offer receive the full consideration of prime sponsors as they make their decisions regarding the funding of programs and services.

AN ENERGY CRISIS FOR THE POOR

There has always been an energy crisis for the poor and disadvantaged people of this country. Their "energies" have long been consumed in the difficult and bitter struggle of simply trying to make ends meet. It is compounded by the "crisis" of a new price for food every time a person goes to the grocery store, of dead end jobs at wages that don't even pay the rent, or—for many—of no jobs at all. The current energy crisis may be calling for sacrifices from *all* Americans today—but it just gives most poor people the chance to say "welcome to the club" to the rest of the country.

The sad fact is that there have been too few crusaders for the rights of the poor like the Reverend Leon Sullivan. There have been too few who have matched their words with meaningful action to increase the opportunities for a better life for their brothers and sisters.

Some economists talk of "tax cuts" to ease the problem of the poor, but most poor people don't even make enough to pay income taxes in the first place. For them the taxes that need cutting are the cruel "taxes" of inflation and the "taxes" of unemployment.

We are living at a time when food and housing payments constitute a 40 percent larger chunk of the budget of the low income family than of anyone else. Yet the Administration has in some areas even adopted a conscious policy of rationing available goods by raising the prices, with inevitable effects on poor families that can only be called disastrous.

Home heating oil, for example, was found one year ago to take 8.8 percent of the household budget of the poorest 25 percent of the population, as contrasted with just 2.2 percent of the budget of the richest quarter. Yet the President's Council of Economic Advisors suggests we could make more fuel available to industry just by letting high prices reduce the demand of home heating users for fuel. The Council said, and I quote: "One should note that the effect of a price rise can be as great as the effect of a shortage in diverting expenditures from oil-related products," and it also said that "even if the cut in energy use is 'relatively little' compared to a price increase, the price increases that have occurred *or are in prospect* are sufficiently large to have a substantial effect on the total use of energy and its distribution."

Now, while rationing by higher prices may be valid enough from an economist's point of view, that economist is probably heating his home with electricity or wood—because his analysis fails to take into account that there is a level beyond which a family cannot cut down on its use of heating oil, and that in most homes and apartments there is no inexpensive way to switch from one fuel to another. There is no choice available to a family but to pay the higher price for the product—or freeze to death! And that policy of higher prices is an example of regressive economic policy at its very worst—since it hits the poor family more than four times harder than it hits the rich.

The already inadequate incomes of the poor will be stretched to the breaking point unless the Government adopts and sticks with tough, no-nonsense policies to restrain price increases—which should include an immediate rollback in the prices of such crucial items as home heating oil, propane and domestically produced gasoline and diesel fuel.

In addition, we must make every effort to bring down the unconscionable cost of foreign petroleum. And we must also ensure that equity be done in the prices of food and housing, the other two most important parts of the poor person's household budget. If this requires additional price controls, then we should be prepared to institute them—but we must ensure that they are better enforced than the confusing and inequitable controls of Phases I through IV.

But despite the ravages of inflation on the meager budgets of the poor, I believe unemployment and underemployment give rise to even greater despair among low income families. National unemployment figures for January show that unemployment among minorities stands at 9.4 percent—or nearly double the 5.2 percent rate of the country as a whole.

Yet those official figures of the Department of Labor do not even hint at the actual employment crisis afflicting our Nation's urban poor. They in no way reflect the number of people who are underemployed or "subemployed"—that is, who are so discouraged they have simply given up on finding a job; who are locked involuntarily into a part time job; or who are employed full time in dead end jobs at wages below the poverty level.

Even during the prosperous sixties, when most economists were telling us we were living through an era of so-called "full employment" the Labor Department's first Urban Employment Survey showed a startling

33.5 percent rate of "subemployment" in our nation's inner cities. When those figures were updated by a special taskforce in 1972, the figures showed that over 30 percent of the inner city workforce still either had no jobs at all, or failed to earn more than the Government's barest subsistence level of $4,000 per year for a family of four.

The Administration's response to those alarming subemployment figures was to disband the taskforce that developed them.

THE ROLE OF THE GOVERNMENT

The problems generated by widespread unemployment and subemployment will not be solved by any group in our society working alone. Reverend Leon Sullivan has ably demonstrated that the poor can work hand in hand with private industry to provide training and meaningful jobs at decent pay.

But a huge burden still falls upon our federal, State and local governments to ensure full employment in times of crisis. And by and large government has not risen to the task. Unemployment is a rampaging herd of elephants, but the government thus far has been trying to beat it back with flyswatters.

There are many ways government can effect the unemployment problem in this country, and I believe a comprehensive approach should include the following elements:

(1) We can and must respond to the immediate problem with a new commitment to public service employment. The Administration's budget request of 40,000 jobs for the remainder of this fiscal year and 50,000 jobs for next year under the new Comprehensive Employment and Training Act must be considered a start. But is becoming increasingly clear that much more will be needed before this unemployment crisis is over. Nationwide unemployment jumped from 4.8 percent 5.2 percent in January, for the biggest one month leap since 1969. More than 5 million people are now officially unemployed, according to the Bureau of Labor Statistics, and 600,000 of those have lost their jobs since October. We should fund a minimum of 400,000 badly needed jobs at the State and local level over the next two years.

Since 1971, public service employment has proved itself to be an effective, if underutilized, tool in the struggle against high unemployment. It funds State and local governments to provide jobs at decent pay in such badly needed services as education, health, conservation and public safety. It provides valuable training to unemployed persons, generates additional jobs in the private sector and virtually pays for itself with money the government does not have to spend on unemployment compensation and welfare payments.

(2) In addition, to directly combat rising unemployment we must improve our State and national unemployment compensation laws. We must raise the level and extend the duration of benefits for those eligible for compensation, and we must also extend the coverage afforded by these laws to groups who have not been covered in the past.

(3) We must alter the civil service laws or policies in many of our State and Federal jurisdictions. Governments now employ nearly 20 percent of the country's workforce, and they must now work to correct the unfair discrimination they traditionally practice against the poor and the undereducated and underemployed.

(4) Finally, we must re-evaluate all our governmental procurement policies, to encourage greater economic development and channel money and jobs into areas of high unemployment. Politicians are going to have to give up a bit from their own pork barrel if poor people are going to be able to feed their families anything but beans.

The problems of our nation's poor are not going to be solved just by solving this particular energy crisis. OIC has shown us that employment, not welfare, is the only way we are going to breathe new economic life into our dying inner cities. Some welfare payments will always be necessary, of course. But while massive welfare has been shown to divide us, economic development and full employment in dignified jobs at decent wages can unite us. We must settle for nothing less than the assurance that all workers are trained and employed, and that their jobs are satisfying and their wages are safeguarded against the ravages of inflation. Only then will we solve the more important "energy crisis" that has been wasting our most precious source of energy—the minds and bodies and souls of more than twenty five million Americans.

CHIEF JUDGE RAY PETTINE

Mr. PELL. Mr. President, I should like to at this time bring to the attention of my colleagues an article which appeared in the Providence Journal on February 19, 1974, concerning the chief judge of the U.S. district court in Providence, Ray Pettine.

The title of this article, "Legal Scholars Laud Rhode Island Judge," is entirely self-explanatory. Nothing I could say could add to this title. Accordingly, I should like to ask unanimous consent to print in the Record this article by Bruce DeSilva regarding Judge Pettine, a judge who is considered to be one of the most brilliant legal minds in our Federal judiciary—undoubtedly one of the most influential judges in the United States who has not hesitated to make precedent setting decisions in his many years on the bench.

I know Judge Pettine personally and have great respect for his integrity and legal ability. In the words of Marvin Karpatkin, a national counsel for the ACLU:

> Judge Pettine looks at a case, looks at the Constitution, and makes a decision.

There being no objection, the article was ordered to be printed in the Record, as follows:

Legal Scholars Laud Rhode Island Judge

(By Bruce DeSilva)

"I know a lot of my decisions are controversial, but that cannot deter me from doing in good conscience that which is mandated by the Constitution."—Chief Judge Raymond J. Pettine of U.S. District Court in Providence.

A series of precedent-setting decisions in the last five years has made Judge Pettine one of the most influential federal judges in the country.

His 1970 decision limiting the power of Adult Correctional Institutions officials to read prisoners' mail (Palmigiano vs. Travisono) has been used as a precedent by 60 other courts.

His 1969 ruling that the Peace Corps violated the First Amendment by firing an employe who was critical of U.S. Vietnam policy (Murray vs. Vaughn) has been cited in 30 other court decisions.

Ten courts have already cited his 1973 decision that prison authorities cannot transfer inmates to out-of-state facilities without giving them due process hearings (Gomes vs. Travisono).

According to three constitutional law experts interviewed, at least a dozen of the judge's other decisions are of national importance.

"It's no accident he's had important cases," said Prof. Alan Dershowitz of Harvard University Law School. "You don't get interesting cases. You make interesting cases. What for many judges would be routine cases, he makes important because he sees his function as raising issues rather than burying them."

"Most judges look at a case, look at the precedents and make a decision," said Marvin Karpatkin, a national counsel for the American Civil Liberties Union. "Judge Pettine looks at a case, looks at the constitution and makes a decision."

"He is a great judge," said Prof. Herman Schwartz, a prison law expert at the University of Buffalo. "Although he is constantly breaking new ground, his decisions are almost never reversed by the higher courts."

The three agreed Judge Pettine's greatest impact has been in the area of prison law. They pointed to four major cases in addition to the two mentioned above.

In Morris vs. Travisono in 1970, the judge established a code for the ACI that spelled out living conditions and pivileges that must be provided prisoners. It also provided that prisoners must be allowed to present a defense before the prison disciplinary board, which must base its decisions on "substantial evidence."

In Inmates of the Boys Training School vs. Affleck in 1972, he ruled that juvenile prisoners have a constitutional right to rehabilitation programs. He also ruled that isolation in a cold, dark cell violates a juvenile's constitutional guarantee against cruel and unusual punishment.

In the National Prison Reform Association vs. Sharkey in 1972, the judge ruled prison authorities violated the first amendment rights of prisoners by refusing to allow the association to meet inside the prison.

And in Gomes vs. Howard in 1972, he ruled prison officials could not deny a prisoner in the awaiting trial section the right to vote. That decision, Professor Schwartz said, preceded a similar ruling by the U.S. Supreme Court about two months ago.

"These are all very important cases—very widely cited," Professor Schwartz said. "He is one of the most courageous pioneers in the whole business of making prisons answerable to the law. There aren't many judges in the country who really take the Constitution seriously when it comes to prisoners."

The three experts emphasized, however, that Judge Pettine's precedent-setting decisions have not been limited to the area of prison law.

He was the first judge to rule that a serviceman accused of violating marijuana laws while off base has the right to be tried in a civilian court, Mr. Karpatkin said. The military claimed drug offenses affect morale and discipline and should be tried in military court.

Mr. Karpatkin said that 1969 case (Moylan vs. Laird) has been cited widely by district and appellate judges, and added that a similar case is finally being considered by the U.S. Supreme Court.

In Jenness vs. Forbes, decided before the 1972 election, Judge Pettine ordered the commander of the Newport Naval Base to permit Linda Jenness, presidential candidate of the Socialist Workers Party, to campaign on the base.

By denying her the right to campaign after allowing Vice President Spiro Agnew to land at the base and make a political speech, the commander was violating the equal protection clause of the constitution, the judge ruled.

"That's virtually unprecedented," Professor Dershowitz said. "Many similar cases were decided the other way. It's a very important and gutsy decision."

In Davis vs. Robinson in 1972, Judge Pettine ruled that the state had violated the National School Lunch Act by failing to establish the lunch program in the neediest schools of some participating school districts.

Professor Dershowitz called Judge Pettine's ruling "an extremely important, innovative decision." Mr. Karpatkin called it "a very humane and understanding decision."

A New York judge used the decision as the basis for his ruling in a similar case.

In Unemployed Workers Union vs. Hackett, Judge Pettine ruled in 1971 that the state Department of Employment Security violated the First Amendment by prohibiting the union from distributing leaflets and talking to unemployed persons inside the DES offices.

Mr. Karpatkin called the case "another area in which the judge was ahead of his time and other judges have followed." The case says there is a right to free speech in a public place, whether it is in the street or under a roof, he said.

When the U.S. Supreme Court expanded the meaning of conscientious objection so that persons who do not believe in God can claim that status, Judge Pettine was one of the first judges to apply that decision retroactively to take persons convicted under the old definition out of jail, Mr. Karpatkin said.

Anthony D. Ramos, formerly of East Providence, whom Judge Pettine had sent to jail 15 months earlier for failing to report for induction, was one of those the judge freed in 1970.

"I sensed the feeling of satisfaction on his part that someone he felt obliged to send to jail he could now let out," Mr. Karpatkin said. "I wish all judges showed that kind of humility and compassion."

'He is simply a superb judge," said Professor Dershowitz.

Not everyone agrees.

Judge Pettine's critics, while conceding the importance of his decisions, say many of them wrongly infringe on the power of the legislative and executive branches of government.

Fred T. Wilkinson, director of the Missouri Department of Corrections, criticized one of the prison cases (Morris vs. Travisono) at the 1971 National Governors' Conference in San Juan.

"The federal court has taken over management of the institution," he declared.

Sen. Erich A. O'D. Taylor, D-Newport, charged the judge's decisions concerning the ACI have "put handcuffs around all our efforts to run that place properly." And Anthony P. Travisono, director of corrections, has threatened several times to disregard the decisions.

John J. Affleck, state director of social and rehabilitative services, said the judge's recent decision ordering the dismantling of part of the flat-grant welfare system "intrudes very strongly" on the state administrative decision-making process.

The judge has also taken some heat for striking down two state anti-abortion decisions.

"A judge does not discuss the merits of his opinions," said Judge Pettine. "He speaks through his decisions."

The 60-year-old judge, who looks more like a trim 45, said his important decisions are due in large part to the work of young Rhode Islands Legal Services lawyers who represented the plaintiffs in many of the cases. "The quality of the arguments has a lot to do with the quality of decision writing," he said.

But he swelled with pride when he mentioned that his son-in-law studied one of his cases at Cornell University Law School.

Judge Pettine leaned back in the chair in his paneled office on the second floor of the federal building in Providence and lit up a cigarette. Smoke was still rising from his half-filled meershaum pipe on the desk top.

"I always hoped and dreamed that someday I would be a judge," he said. "Incredibly it happened to me when I was 52 years of age. To me it is the most privileged of positions. I feel a tremendous sense of responsibility.

THE GEOGRAPHY OF SECTION 23

Mr. ABOUREZK. Mr. President, recently a brief was published by the Rural Housing Alliance entitled, "The Geography of Leased Public Housing Under Section 23: More Discrimination Against Rural and Small Town People."

The study reveals that section 23 is pretty much an urban program. That finding is significant in view of the President's apparent intent to eliminate public housing as Congress has approved it and improved it over the years.

If the President has his way, and if HUD continues to operate as it has in the past, that 31 percent of the people who live in nonmetropolitan areas can look for a long postponement of a decent home, if they are poor.

This Congress should not allow such a situation to continue. A family should not have to move to the city to get decent shelter, clean water and adequate sewage facilities because Federal programs will not function in those areas.

Mr. President, I ask unanimous consent that the Rural Housing Alliance study may be printed in the Record.

There being no objection, the study was ordered to be printed in the Record, as follows:

The Geography of Leased Public Housing Under Section 23: More Discrimination Against Rural and Small Town People

(By George W. Rucker, Rural Housing Alliance, February 1974)

HIGHLIGHTS

From its inception in 1965 until mid-1973, the Section 23 program provided for the leasing of a total of 162,000 units. The program has accounted for 30% of all public housing units put under Annual Contributions Contract in the last five years.

Geographic distribution of the program has been uneven. California has accounted for 24% of all units leased under Section 23.

Though Section 23 was originally conceived of as a way to utilize existing housing for public housing, nearly half of the units under the program have been specifically constructed for it. This new construction aspect has been most characteristic of the South.

The total number of Section 23 units going into nonmetropolitan areas has been 29,300—only 18% of all Section 23 units. This means that the program has been only half as effective as other public housing approaches in reaching rural areas and small towns.

BACKGROUND NOTES

The U.S. Public Housing program started in 1937 and has run on one cylinder for nearly 40 years. In that period of time it has managed to get little better than 1 million units under management, contrasted to the total of 63 million dwelling units in the U.S. It was not lack of need for low income housing but the grim opposition of the vested interests—ideological, realtor and slum landlord—which kept the program at such low levels.

In 1965 one of the many new approaches to try to solve the housing problems of the poor was a program to permit the Department of Housing and Urban Development (HUD) to finance leasing by Local Housing Authorities of privately owned housing, new and old, in clusters or individual units. The mix of ideas was to enable the agencies to cut costs by using existing stock, mix public housing among private units to get away from the "project" image, facilitate mixing of racial groups, and give private enterprise a cut in the program along with tax payments to local governments. In the eight years between its birth and mid-1973, this program had made 162,000 housing units available to public housing authorities, 30 percent of the total achieved in the last five years.

In the new Nixon budget for FY 1975 it is proposed to virtually eliminate the old public housing program and go all out on the leasing program. Under the proposals in the budget, over 400,000 units would be authorized for the next 18 months. Public management through housing authorities would also be all but eliminated and income levels served under the program substantially raised.

People in small towns and rural areas have reason to be concerned over and above the other conflicts over the program. They are being had, again, by this shift because the program does not seem to work as well in small towns and rural areas as other public housing approaches.

THE GEOGRAPHY OF LEASED PUBLIC HOUSING UNDER SECTION 23

Preliminary statistics just made available by HUD indicate that as of mid-1973 there were 162,000 leased public housing units under Annual Contributions Contract. The program began in the mid-1960's and 84% of those units have been put under ACC since 1967. During that 5½-year period, the leasing program has accounted for about 30% of all additions to the public housing supply.

Distribution of the leasing program has been extremely uneven. Five states account for 45% of those 162,000 units, and one state—California—accounts for 24% of the total! (California, where the leasing approach escapes the local referendum required for other public housing programs, has been the leading user of Section 23 *both* for new construction *and* for existing units; Massachusetts, New York, and New Jersey are the other biggest users of the program for *existing* housing; Florida, Mississippi, Louisiana, and Ohio are the other biggest users of the program for *new construction*. Together, those eight states account for well over half the total program.)

Just over 46% of the Section 23 units had been especially constructed for the program. This aspect has been particularly favored in the South. (That region accounted for 45% of all the leased *new construction* units, but less than 10% of the leased *existing* units.) Conversely, application of Section 23 to already existing housing, either with or without rehabilitation, has been most favored on the Pacific Coast and in the Northeast. (These latter two areas together account for two-thirds of the existing units under lease, but only one-third of newly constructed Section 23 units. California alone accounts for 30% of the existing units put under lease, and together with Massachusetts and New York, accounts for 45% of the total.)

Nonmetropolitan usage

Of the 162,000 unit total, 29,300—or 18%—of the leased units are in nonmetropolitan areas. Again, the distribution pattern is uneven. Section 23 is most heavily used for nonmetro areas in the South. The five states with the most nonmetro section 23 units were Mississippi, California, North Carolina, Louisiana, and South Carolina. Together, they accounted for 38% of the nonmetro total. (In Mississippi and South Carolina, more than three-fourths of all Section 23 units were in nonmetro areas, and in North Carolina and Louisiana, more than 40%.)

But it needs to be emphasized that use of the Section 23 program in nonmetropolitan areas rests overwhelmingly on new construction. Some 77% of the Section 23 units in such areas came under that category.

Nonmetro use of section 23 compared with nonmetro use of other public housing programs

Taken as a whole, the Sec. 23 program has not served nonmetropolitan areas as well as other public housing programs. About 24% of all public housing units are in nonmetropolitan areas, but only 18% of Sec. 23 units are in such areas. The disparity is even more striking when one remembers that the leasing program is a recent development on the public housing scene. During the years in which Sec. 23 has been a major vehicle, more like 30%–35% of the units added to the public housing supply have been in nonmetropolitan areas. If Sec. 23 has accounted for 30% of all additions to the supply, with 18% of those going into nonmetro areas, then 35%–40% of the units under programs *other than Sec. 23* have evidently been going into nonmetro areas. In short, other public housing programs have been twice as effective as Sec. 23 in reaching nonmetro areas.

We don't have the data necessary for a direct comparison, state-by-state, covering the late 1960's and early 1970's. However, we do have *regional* data on the metro-nonmetro distribution of all public housing units brought under contract during the three years 1970, 1971 and 1972. Based on those data, we have estimated the distribution pattern for the longer period 1968 through 1972 and for the component divisions of the regions as well.

Unless these estimates are extremely wide of the mark (and we have allowed a range of 5% in each case), they indicate that in every one of the nine Census Divisions of the country, the Sec. 23 program was less successful in reaching nonmetropolitan areas than the other public housing programs used during the same period.

In fact, looking only at *new construction* for leasing—that part of the program receiving the most usage in nonmetro areas—it would *still* appear that in most parts of the country, the other pubic housing programs are more successful in reaching nonmetro areas. Only the Northeast Region and the West North Central Division would seem to be exceptions to that generalization.

In short, the geography of the Sec. 23 program (at least as operated in the past) certainly supports the arguments of those who contend that nonmetropolitan areas have little existing housing stock suitable for assisted housing—particularly in the Southern states. It also gives little reason for optimism to those who might think that an expanded Sec. 23 program means an expanded nonmetro public housing program.

LOCATION OF SEC. 23 LEASED PUBLIC HOUSING UNITS UNDER ANNUAL CONTRIBUTIONS CONTRACT AS OF JUNE 30, 1973, BY PROGRAM CATEGORY, IN ALL AREAS AND IN NONMETROPOLITAN AREAS, BY STATE, DIVISION AND REGION

States, divisions and regions	Number of sec. 23 units under ACC, June 30, 1973						Percent of sec. 23 in nonmetropolitan areas
	All areas; Program categories—			Nonmetropolitan areas; program categories—			
	New construction	Existing units	All units	New construction	Existing units	All units	
Total, United States	75,244	86,759	162,003	22,685	6,617	29,302	18.0
Maine	625	343	968	453	150	603	62.3
New Hampshire	406	771	1,177		69	69	5.9
Vermont	602	629	1,231	602	629	1,231	[1] 100.0
Massachusetts	3,111	7,196	10,307	110	488	598	5.8
Rhode Island	4	762	766				
Connecticut	1,662	1,126	2,788	100		100	3.6
New England	6,410	10,827	17,237	1,265	1,336	2,601	15.1
New York	3,575	5,295	8,870	2	249	251	2.8
New Jersey	459	4,753	5,212		65	65	1.2
Pennsylvania	1,721	3,498	5,219	955	53	1,008	19.3
Mid Atlantic	5,755	13,546	19,301	957	367	1,324	6.9
Northeast	12,165	24,373	36,538	2,222	1,703	3,925	10.7
Delaware	200	46	246				
Maryland	190	1,143	1,333	140	67	207	15.5
Virginia	187	561	748				
West Virginia	142	125	267				
North Carolina	3,707	361	4,068	1,740	196	1,936	47.6
South Carolina	1,666	269	1,935	1,450	269	1,719	88.8
Georgia	2,503	927	3,430	958	38	996	29.0
Florida	6,762	1,027	7,789	1,170	115	1,285	16.5
South Atlantic [2]	15,563	5,003	20,566	5,458	685	6,143	31.0
Kentucky	550	6	556	225		225	40.5
Tennessee	2,502	220	2,722	897	28	925	34.0
Alabama	3,832	46	3,878	1,565		1,565	40.4
Mississippi	4,593	24	4,617	3,631	24	3,655	79.2
East South-Central	11,477	296	11,773	6,318	52	6,370	54.1
Arkansas	497		497	211		211	42.5
Louisiana	3,956	311	4,267	1,661	175	1,836	43.0
Oklahoma	436	1,806	2,242	436	496	932	41.6
Texas	2,199	1,041	3,240	268	168	436	13.5
West South-central	7,088	3,158	10,246	2,576	839	3,415	33.3
South [2]	34,128	8,457	42,585	14,352	1,576	15,928	38.1
Ohio	3,917	3,269	7,186	324	41	365	5.1
Indiana	639	1,230	1,869	93	55	148	7.9
Illinois	2,099	3,551	5,650	692		692	12.2
Michigan	1,544	563	2,107				
Wisconsin	940	184	1,124	200	14	214	19.0
East North-central	9,139	8,797	17,936	1,309	110	1,419	7.9
Minnesota	309	2,816	3,125	210	25	235	7.5
Iowa	8	1,556	1,564	6	206	212	13.6
Missouri	912	1,567	2,479	557	2	559	22.5
North Dakota	956	118	1,074	956	118	1,074	100.0
South Dakota	129	155	284	129	155	284	100.0
Nebraska	169	1,684	1,853				
Kansas	584	672	1,256	380	187	567	45.1
West North-central	3,067	8,568	11,635	2,238	693	2,931	25.2
North-central	12,206	17,365	29,571	3,547	803	4,350	14.7
Montana							
Idaho	202	48	250				
Wyoming	120	380	500	120	380	500	[1] 100.0
Colorado	377	135	512	43	60	103	20.1
New Mexico	455	850	1,305	455	50	505	38.7
Arizona	1,033	71	1,104	42	44	86	7.8
Utah	462	75	537	234		234	43.6
Nevada	90	700	790				
Mountain	2,739	2,259	4,998	894	534	1,428	28.6
Washington	357	3,644	4,001				
Oregon	1,210	3,631	4,841	584	1,016	1,600	33.1
California	12,439	26,330	38,769	1,086	985	2,071	5.3
Alaska							
Hawaii		700	700				
Pacific	14,006	34,305	48,311	1,670	2,001	3,671	7.6
West	16,745	36,564	53,309	2,564	2,535	5,099	9.6

[1] State has no metropolitan area.

[2] Includes District of Columbia.

Source: Preliminary tabulation of Feb. 15, 1974 made available by Statistical Operations Branch, Division of Research and Statistics, Department of Housing and Urban Development.

NONMETROPOLITAN SHARE OF PUBLIC HOUSING UNITS UNDER ALL PROGRAMS AND UNDER SEC. 23 LEASING PROGRAM, BY CENSUS DIVISION AND REGION, SELECTED PERIODS

Census divisions and regions	Percentage of all public housing units going to nonmetro areas		Percentage of sec. 23 units going to nonmetro areas, 1965–73		
	Cumulative total, 1937–71	Estimated for recent years 1968–73	New construction	Existing units	Total (both)
U.S. total	22.4	[1] 30–35 [38]	30.1	7.6	18.1
New England	9.8	16–21	19.7	12.3	15.0
Middle Atlantic	7.2	8–13	16.6	2.7	6.7
Northeast region	7.9	[1] 11–16 [16]	18.3	7.0	10.9
South Atlantic	29.9	36–41	35.1	13.7	31.0
East South-central	46.8	62–67	55.0	17.6	54.1
West South-central	36.7	42–47	36.3	26.6	33.3
South Region	36.1	[1] 45–50 [52]	42.1	18.6	38.1
East North-central	14.9	21–26	14.3	1.3	7.9
West North-central	36.0	60–65	73.0	8.1	25.2
North-central region	20.4	[1] 35–40 [42]	29.1	4.6	14.7
Mountain	40.5	66–71	32.6	23.6	28.6
Pacific	11.0	18–23	11.9	5.8	7.6
West region	17.1	[1] 26–31 [33]	15.3	6.9	9.6

[1] Bracketed figures are actual percentages for the 3-yr period, 1970–72, from data made available by Statistical Operations Branch, Division of Research and Statistics, Department of Housing and Urban Development.

Sources: Data in 1st col. are from Public Housing: Where It Is and Isn't (Rural Housing Alliance and Housing Assistance Council, 1972); data in 2d col. are estimated (largely on basis of indications from the regional data for 1970–72); and data in final 3 cols. are from preceding table.

SOUTH DAKOTANS WANT FTC TO INVESTIGATE PRICE SITUATION

Mr. ABOUREZK. Mr. President, on January 31, 1974, I submitted a statement regarding beef prices to a subcommittee of the Senate Agriculture Committee. In that statement I made a major recommendation that the Federal Trade Commission begin an immediate examination of price spreads in the livestock-meat industry.

On February 12, 1974, the Legislature of the State of South Dakota adopted a concurrent resolution memorializing the Congress of the United States to direct the Federal Trade Commission to undertake an investigation of the present marketing and pricing structure in the livestock industry with a view toward providing a more equitable distribution of profits among producers, processors, and retailers.

I am pleased that the Legislature of the State of South Dakota has adopted this resolution with which I so fully agree. I am equally pleased to note that according to newspaper reports, the FTC is intending to make an investigation of the food industry one of their major efforts.

However, I also note that I am still receiving anguished calls from South Dakota livestock producers who are having to sell their animals at a loss while retail grocery store prices are not showing any significant decline. It is clear that there are profits—somewhere. We do not know who is getting them or why cattle feeders are going broke at the same time that consumers are paying near record prices for beef.

These questions must be answered. It is up to Congress to see that the FTC carries through on its intentions of investigating the food industry and that the FTC has enough resources to do the job right. This effort has my fullest support and I will be watching the efforts of the FTC with great interest.

Mr. President, I ask unanimous consent that my statement of January 31 and House Concurrent Resolution No. 514 of the Legislature of the State of South Dakota be printed in the Record.

There being no objection, the statement and resolution were ordered to be printed in the Record, as follows:

Statement of Senator James Abourezk of South Dakota

First of all, I would like to commend the Subcommittee for holding hearings on the current state of the beef industry. It is very ironic that we seem to be faced with a situation in which consumers are paying higher than ever prices for beef at the supermarket while cattle feeders are finding that their market has dropped out from underneath them.

I have received hundreds of letters from my constituents which raise this issue. A typical example is the following comments from Mrs. Mark Ryken of Centerville, S.D.:

"Do you fully realize the impact of the loss of $100 to $200 per head on cattle has had in the midwest? Many can never come back from the loss. The freeze destroyed markets, and when feeders were ready to sell—there *were no markets*. Cattle feeders weren't "holding"—they had no alternative. We all feel pretty lost that no one seems aware or concerned. The packers should be examined for "windfall" profits not *catch-up*. The consumers were paying $1.29 for hamburger at the peak time—now with the live price down $100 to $200 per head, hamburger is $1.10 at our local butcher shop. Without the inducement for profit, livestock feeding can't continue. Cattle feeders feel like "displaced people crying in the wilderness."

Now prices are up somewhat and instead of losing $100 or $200 per head, cattle feeders are losing "only" $50 per head. This is clearly an intolerable situation.

According to a Department of Agriculture study published in December, feeders have to have $55.25 per hundred weight for feed steers just to break even. On January 17, 1974, feeder steers were selling in Sioux Falls, South Dakota for $48.18. This was a big jump from the $41.13 paid on December 13, 1973. The difference, however, is between going broke quickly and going broke slowly.

There are at least two major ironies in this situation. One is that while cattle feeders are going broke by being forced to sell feeders at less than the cost of production, the consumer is not getting any noticeable break at the supermarket. As Mrs. Ryken indicated, somebody is getting a profit, but it is not at all clear who.

Secondly, this price situation now is likely to mean acute meat shortages further down the road. Cattle on feed figures for January 1, 1974 show a 6% decline over similar figures for January 1, 1973. Further, these figures are somewhat misleading in that the 1974 figures include a large number of overweight cattle that had been held off the market by feeders in hopes that prices would get better. But when you start looking at light and middle weight calves, you find that there are only about 77–78% of the figures of a year ago.

This means that in April-May-June, when these animals should be reaching marketing weight, there is apt to be a 20% shortage compared to last year. And the feeders who should be around to make up the shortage won't be in business any longer. You can't stay in business for long if it costs you $55.25 per hundredweight to produce beef and you are only getting $41 or $48 in return.

What can be done? It is clearly in the interest of our government to stabilize the beef price picture. It is not fair for farmers and ranchers to have to continue to face the crazy up and down price cycle like they did last year. Not only is it not fair, but also it is self-defeating. This kind of instability drives feeders out of business and threatens the basic supply of beef.

In the short range, the Administration can step up its purchase of beef for school lunch and commodity programs. This has been underway since October but could be readily expanded. It would have the benefit not only of expanding and stabilizing the beef market, but also would improve the quality for school children and others who are the recipients of these commodities.

Secondly, beef import policies should be reviewed. Meat import restrictions were removed three years ago. This policy of letting in hundreds of millions of pounds of foreign products has been, I am sure, an important factor in the instability of domestic markets. This places the American cattle producers in direct competition with the producers of every other Nation.

Further, imports raise important sanitary questions. American slaughtering is very carefully inspected so that the American consumer can be assured of the safety and quality of the beef he eats—if it is American beef. Foreign packing plants are not subject to such rigid inspection and imports do not meet the same high standards as is the case with domestic production.

These two steps can be taken right away and will help immediately. However, my third recommendation, I feel, is more important for the long run. Congress should order the Federal Trade Commission to begin an immediate investigation of price spreads in the livestock-meat industry. We need to know where the profits are going. We know that the profits are there—someplace. What we don't know is why cattle feeders are going broke at the same time that consumers are paying near record high prices for beef.

The whole industry should be examined from the farmer-rancher on through to the final consumer. We need to know what happens at every step along the way and who is getting what.

If the FTC can't do this job, then Congress should do it by itself. Perhaps this Subcommittee could expand hearings and do the kind of comprehensive examination that is needed. In any case, it is clear that more information is needed and that both consumers and cattle producers, deserve a better break.

Thank you.

HOUSE CONCURRENT RESOLUTION NO. 514

A concurrent resolution, memorializing the Congress of the United States to direct the Federal Trade Commission to undertake an investigation of the present marketing and pricing structure in the livestock industry with a view towards providing a more equitable distribution of profits among producers, processors and retailers

Be it resolved by the House of Representatives of the State of South Dakota, the Senate concurring therein:

Whereas, a critical situation threatens the consumer's future supply of meat, present meat price trends at farm and retail levels threaten both the nation's economy and the consumer's supply of food; and

Whereas, livestock prices the past four months have resulted in multibillion dollar losses to the livestock feeder and the nation's economy; and

Whereas, the problem touches every rural and urban resident as the economic drain suffered at producer level becomes a concern of our nation's economy; and

Whereas, producer costs are up, income is down and the retail consumer costs for meat have not adequately reflected the drastic losses suffered by our feedlots; and

Whereas, it is the concern of the Legislature of the state of South Dakota that an even flow of food products exist between producer and consumer; and

Whereas, it is important that the consumer be advised that livestock prices at farm level are at depressed levels, that unrealistic price spreads between producer and consumer at retail level are unfair to the consumer and hinder the ultimate flow of food products from farm to dinner table; and

Whereas, necessary information must be made available to the consumer to substantiate the need for improved livestock income and a full account of the processor and retailer costs must be public knowledge to consumers for public assurance that proper returns are realized to maintain continuity of our nation's food supply:

Now, therefore, be it resolved, by the House of Representatives of the Forty-ninth Legislature of the state of South Dakota, the Senate concurring therein, that the Congress direct the Federal Trade Commission to undertake an investigation of the present marketing and pricing structure in the livestock industry with a view towards providing a more equitable distribution of profits among producers, processors and retailers and bringing the marketing spread back in balance; and

Be it further resolved, that copies of this resolution be forwarded by the Chief Clerk of the House of Representatives of the state of South Dakota to the Chairman of the Committee on Agriculture of the House of Representatives and Senate of the United States, to each member of the South Dakota Congressional delegation, to the Agricultural Committee Chairman of each house of all the states in the Midwestern Conference of the Council of State Governments, and to the Federal Trade Commission.

KIDNEY DISEASE PROGRAM IN CHAOS

Mr. HARTKE. Mr. President, one of the proudest achievements of my 15 years in the U.S. Senate was the passage of the kidney disease amendment on September 28, 1972. That amendment inaugurated the first national catastrophic health insurance program in the history of the United States. It sought to guarantee that no person with chronic kidney disease would die simply because he lacked the money to pay for the necessary treatment. Until that program took effect, people were dying in spite of the fact that the technology exists to keep them alive.

The kidney disease program began on July 1, 1973. Nine months later, I regret to report that much of that program remains in chaos.

Over the past several months, I have received extensive correspondence from physicians, hospitals, and patients throughout the country. Each letter repeats a common theme—the program is not working. It is mired in redtape and delay. I must say, Mr. President, that I find the situation most discouraging. Congress acted with great foresight to meet a sincere and distinct problem—but the ineptitude of the Executive has served to thwart our purpose.

As of February 8, 1974, over $22 million has been paid to health care providers under the kidney disease program. As admirable as this figure may be, it is only one-fourth of the amount which we had estimated would have been paid during the first 9 months of the program. In addition, if the experience in Indiana is any indication, this $22 million represents only two-thirds of the total amount which has been billed to date by health care providers.

Mr. President, I ask unanimous consent that the text of correspondence which was recently received by my office from health care providers in Indiana, be printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. HARTKE. Mr. President, this correspondence makes it clear that those who are providing kidney disease treatment are not getting reimbursed in an equitable and efficient manner. As of the end of January of this year, there was $2,500,000 outstanding in reimbursements owed to institutions in the State of Indiana delivering care to patients under the kidney disease program.

While figures which have been provided by Social Security's Bureau of Health Insurance do not seem to recognize a backlog of this magnitude, an internal memo of the Social Security Administration does recognize what may be a well-endowed backlog as of last month.

It is unfortunate, however, that Social Security personnel are all too willing to blame this delay on the hospitals and physicians. The correspondence which appears in appendix A makes it clear that any delays on the part of the health care provider were occasioned by the unending number of new forms and the excessive ambiguity in the program's regulations. This is the type of bureaucratic morass which can defeat the purpose of the program. Quite honestly, it makes me fear for the future of any national health insurance program for this country. If bureaucratic bungling and internal power struggles within the executive branch can be allowed to thwart the provision of health care to people whose lives depend upon it, then we have reached a sad state in the history of this country.

Mr. President, I ask unanimous consent that various memoranda on this subject, prepared by the personnel of the Social Security Administration, be printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 2.)

Mr. HARTKE. Mr. President, this correspondence will make it clear to all of my colleagues that what is taking place in the kidney disease program is excessive and unnecessary delay.

Mr. President, I call upon the Social Security Administration and the Department of Health, Education, and Welfare, to act immediately to put the kidney disease program in order. Our hospitals and physicians in Indiana have been urging action for the past several months. All they have heard are promises of help with very little tangible action. Unless the delays and ambiguities are corrected immediately, the kidney disease treatment program in Indiana will come to a halt and people who would otherwise continue to live active, productive lives, will die. The situation in other States is not much different. Because of the importance of this program to the lives of thousands of Americans and to the future of national health insurance, I urge the administration to act expeditiously.

EXHIBIT 1

INDIANA UNIVERSITY SCHOOL OF MEDICINE,
Indianapolis, Ind., January 30, 1974.
Mr. HOWARD MARLOWE,
Russell Building,
Washington, D.C.

DEAR MR. MARLOWE: I am in receipt of a copy of a letter from James B. Cardwell, Commissioner of Social Security, to Senator Hartke. I want to thank you prior to my comments for your help and interest in this matter. I am sorry that I have not gotten back to you sooner. As you are probably aware, it is difficult for us in the field to practice medicine, and to try and deal with these bureaucratic problems. Mr. Cardwell is correct that I have been in touch with the staff at the Bureau of Insurance as well as being the gentleman who met with both the Social Security and the Secretary of Health from Indiana as a representative of a national organization.

Unfortunately, I am unable to agree with what Mr. Cardwell has stated. More specifically, I am sorry to inform you that the program is no nearer to operation that it was when we first discussed it. I have been assured on a number of times that this is a problem which will be handled and I have some reason to believe that some clarification and changes will be made eventually. However, the emphasis on cost and not on quality still continues to be the primary goal of the Social Security Administration as I see it.

Paralysis of operation continues to the

detriment of the patient. We are still unclear about many parts of the interim guidelines some six months after they were released and those that we understand are clearly unworkable. I think that there is realization on the part of at least the Social Security Administration that these problems do exist. Unfortunately, I have not seen a rapid move to correct the situation. Since our meeting, I have attended several sessions both with federal and State officials in trying to clarify the situation. However, I must say that these have been largely unrewarding. I think that Senator Jackson's recent statement in the Congressional Record sums the situation up well. I hope that statements like that and help of other legislators will lead to this program becoming an effective one.

I will try and keep you informed to our efforts and will call upon you as the need arises. Once again I want to thank you for your help. It would appear the urgency with which the medical community views this problem has not been transmitted sufficiently to those responsible for running the program. This is the most important factor here. I personally want to stop dealing with this problem and return to dealing full time with the patients who require this type of care. However, as long as this problem exists we will have to continue to divert our energies and resources to it and not the main problems at hand.

Sincerely,

Stuart A. Kleit, M.D.,
Associate Professor of Medicine
Chief, Renal Division.

Methodist Hospital of Indiana, Inc.,
January 30, 1974.

Senator Vance Hartke,
Senate Office Building,
Washington, D.C.

Dear Vance: We have appreciated your interested and the support of your staff regarding our concerns for financial reimbursement from the Social Security Administration under Public Law 92-603 for chronic kidney disease patients.

The attached material indicates the problem generally existing in the hospitals providing these programs within the State of Indiana. Also included is specific material related to Methodist Hospital's major program and an attachment concerning a commercial firm, the Culligan Water Conditioning Co., who play a vital role in providing necessary soft water for home dialysis.

We will appreciate it if you could have your office review these materials and discuss them with Social Security administrators responsible for conducting these programs.

I will be in Washington next week at the annual meeting of the American Hospital Association and hope to visit you along with a contingent from the Indiana Hospital Association and hope that I can receive further information and support from you at that time.

If you have any questions, please ask a member of your staff to contact Mr. Fred Brown, Vice President, Operations of Methodist Hospital.

Cordially yours,

Jack A. L. Hahn.

Problems in Hospitals

The treatment of End Stage Renal Disease in the State of Indiana is being brought to a halt by the Interim Regulations of Public Law 92-603. After seven months of chaotic discussions, the program is still not in effect. If it continues along its current course, it will result in the development of a system which not only delivers inferior care but it will be at a higher price than is necessary or justifiable.

The current major problem is that the regulations have led to confusion, doubt and paralysis of action at all levels. It is difficult to identify who has decisive responsibility in this program, and who can affect changes to meet the needs of the patient. Communications between SSA, HEW, Regional SSA, Intermediaries and Providers are confused and uncoordinated. Administrators of these organizations refuse to accept the fact that his program is not working. Communication is poor and there are many misunderstandings.

The Administrators of this program lack sensitivities to the complex relations involved in delivering care to patients with End Stage Renal Disease. The specifics are as follows:

1. Hospitals in the State of Indiana have not been paid for services rendered dating back to July 1973. It is our estimate that Accounts Receivable of more than $2,500,000 are on the books of the institutions of the State of Indiana delivering care to patients with End Stage Renal Disease.

St. Joseph's Hospital in South Bend, for example, has billed SSA for $280,000 since December 1973 and has received no payment to date. It is almost impossible for the hospials to continue accepting patients on dialysis, when absolutely no reimbursement has been forthcoming nor is there promise of any.

2. The Regulations prevent fee for service payment to physicians. Physicians' fees must be incorporated in the hospital cost for dialysis as a so-called facility charge. Even those physicians who have attempted to make such an arrangement have been almost unable to do so because of delays and misinformation.

3. The paper load is inordinately high and growing. Forms are complex. And the resultant information, in our opinion, probably will be useless.

4. Home dialysis in the State of Indiana may shortly cease to exist. This form of dialysis therapy is the least expensive, and in some ways the most effective. The reason this form of therapy will stop is because of the unworkable SSA Regulations regarding the payment for durable medical equipment. Culligan Water Conditioning Co., who supplies water treatment for home dialysis patients, has refused to put in more dialysis water treatment systems because they cannot come to a workable agreement with SSA (see attached letter). Further, they have threatened to remove water treatment systems from patients' homes in which SSA will not pay. It is unnecessary to point out that if this happens the patients will die.

5. The State Renal Disease Commission is totally paralyzed for the lack of coordination and confusion arising from the Federal Regulations. The commission has at its disposal $500,000 to use as funds of last resort. These were meant to supplement the federal funds and act as reimbursement, where co-insurance did not exist, and the patient was unable to pay.

In order to provide payment, the State Board of Health must know just what is going to be covered by SSA. Currently, this is impossible to determine. If it is not determined shortly, the $500,000 will revert to the State Board of Accounts, and become unavailable to Chronic Renal Disease Patients.

6. The entrance of SSA and HEW into this field effectively removed all other third party payers. No other third party payer will make any payment to anyone, until SSA has decided how it is going to pay.

Methodist Hospital of Indiana, Inc.,
Indianapolis, Ind., January 29, 1974.

From: Wayne Edwards.

Subject: Renal Dialysis Program.

To: Fred Brown.

Although HEW's interim regulations for the Chronic Renal Disease Program are dated July, 1973, these regulations were not into the hands of the Finance Department of the hospital until approximately mid-August, 1973. The first general information meeting was held by our Medicare intermediary at the end of August, at which time they had no more answers to questions than the participating hospitals.

These interim regulations contain some indications of routine lab service and charge ceilings which appear to be rather arbitrary, and yet seven months after the program began, we are still operating under these "interim" regulations.

At our August meeting with the intermediary we were provided with samples of forms SSA-2742, Medicare Chronic Renal Disease Patient History, and SSA-2743, Medicare Chronic Renal Disease Charge and Service Information. Supplies of these forms were not made available to us until November, 1973, and January, 1974, respectively. Our Print Shop had prepared a supply of the SSA-2743 on November 21, 1973.

In November we requested a rate increase, retroactive to July 1, 1973, to cover the "Physicians Supervisory Fee" permitted under the program; however, this put the training dialysis rate in excess of the guidelines. In December the intermediary (Blue Cross) replied giving approval for their insurance, but did not indicate approval nor disapproval of the rates for Medicare purposes. On January 17, 1974, we received a Renal Dialysis Questionnaire from the intermediary with cover letter stating it must be returned in 30 days, and if a rate increase in excess of the guideline is desired, the request must accompany the questionnaire when it is returned. As a result there has been and still is some question as to the rate we should use to bill the Medicare program for dialysis service.

The forms mentioned above are in addition to routine Medicare forms, *not* in place of them. These additional billing forms required under the renal program have added to the work load of our billing staff. The requirement to explain routine lab tests in excess of limits and non-routine lab tests, has increased processing time due to transportation delays and the physician "finding" time to make the necessary review and comments.

Last November our Medicare Billing Section submitted claims for patients over 65 years of age who were also on the Chronic Renal Program without submitting the special renal program forms. These claims were rejected with a form letter stating they were incomplete, but without explaining what was missing. Approximately 60 days later, after several inquiries, we were told that claims for patients under the Chronic Renal Program must be submitted with the special forms even when the patient is over 65.

During the past years it has been the practice of the hospital to provide home dialysis patients with 2-3 months supplies at one time. This practice was continued when the hospital converted to direct shipment of supplies by a vendor rather than pickup at our warehouse by the patient. Under current regulations, only one month's home dialysis supplies may be billed at a time; therefore, we had to revise our agreement with our supplier to keep our permitted billing in line with that billed to us.

Each of these items has served to delay and/or confuse the billing process, and as a result, our first chronic renal program billings were submitted to the intermediary on about January 10, 1974, and we have no reply or payment on these accounts to date.

A further complication was added to the renal program dilemma recently when the Culligan Water Conditioning Company (our prime supplier of water conditioning equipment for home dialysis patients) re-evaluated their position and stated they would accept new dialysis patients only on a "selected basis," because of the mounting accounts receivable due from this type accounts. Culligan suggested that we step in as a middle man for all home dialysis patients, old and new, so that Culligan bills us and we in turn bill the various patients. This would leave Culligan with one safe receivable from the hospital, but leave the hospital with increased receivables on business that cannot create cash flow profits (Medicare pays only cost) but can cause collection problems.

WAYNE EDWARDS,
Director, Financial Systems and Procedures.

FEBRUARY 27, 1974.

REIMBURSEMENT OF PHYSICIANS

Staff members of the Office of the Assistant Secretary for Health and of the Social Security Administration have been engaged in both improving the existing procedures for payment for physicians' services in connection with maintenance dialysis and in developing an alternative payment mechanism designed to better accommodate the arrangements of physicians providing this service. We are making every effort to complete the early development of an acceptable alternative; we hope to be able to make some announcement on our decision on this matter very shortly and then to put into effect a new procedure soon thereafter. In the meantime, we are taking steps to expedite payment for physicians' services under the present provisions.

In modifying our present approach, we may retain the present reimbursement method for physicians services and provide an optional alternative. The option we have considered would provide for a fee which would recognize the needs of patients for diverse and continuing medical management over an extended period of time. As we see it, the fee in this arrangement would cover both complicated and uncomplicated dialyses as well as care during periods of illness and for periodic monitoring; it would be in contemplation of services rendered by a physician or group during a monthly period, for example, and would on the average present an equitable amount in relation to the services provided to patients.

It may be worthwhile to review in some detail the present method in which physicians' "usual and ordinary" services are treated as an integral part of the dialysis procedure and reimbursed as an element of the facility cost or charge. The physicians' services rendered to patients in maintenance dialysis facilities—from simply on-call availability to the performance of a physical examination—and a given patient's needs and services received on a given occasion are often difficult to specify or quantify. On many occasions of dialysis, the patient has little or no contact with the physician involved in the service. In other cases, the service needed is extensive. In recognition of the wide variation in needs and current practices and the absence of professional consensus on the composition of physicians' services required in the course of routine maintenance dialysis, it seemed imprudent, or unproductive, to attempt to specify or identify any one set, or sets, of specific services—or groupings of services—as those for which reimbursement was to be made, with a separate prevailing charge established for each set. The term "supervisory," used in the initial instructions to describe the services of physicians in connection with routine maintenance dialysis, was intended to encompass generally those various services that are "usually and ordinarily" rendered during such dialysis.

Although the current policy covers the physician's routine services in connection with dialysis only as a component of the facility's reimbursement, this was not intended to place constraints on the mechanism of reimbursement to the physicians; e.g., fee-for-service, salary, capitation, percentage share. Such arrangements are matters resolved between the physician and the facility—not by the government.

EXHIBIT 2

FEBRUARY 27, 1974.

While there is no question that there have been delays in payments to hospitals for renal services in Indiana, the payment situation is improving. No renal disease bills were submitted prior to November 1973. Lutheran Hospital began billing in November, St. Margaret's, St. Joseph's, and Indiana University did not bill before December and Methodist Hospital did not bill until near the end of January. In recent weeks there have been an increasing volume of payments to Indiana facilities. As of February 22, the payment situation is as follows:

Facility	Amount paid	Bills awaiting query response
St. Joseph's Hospital, South Bend	$226, 764. 24	$45, 000
St. Margaret's Hospital, Hammond	70, 220. 53	47, 000
Indiana University Hospital, Indianapolis	43, 059. 33	6. 000
Lutheran Hospital, Fort Wayne	120, 021. 41	20, 000
Methodist Hospital, Indianapolis	18, 251. 59	20, 000
Total	478, 317. 10	138, 000

The report submitted by Mr. Hahn reflects that St. Joseph's had submitted $280,000 in billings and nothing had been paid. On December 18 St. Joseph's had carried 52 claims to the intermediary but did not bill again for renal services until 163 claims were submitted about January 23. Over $226,000 has now been paid and the remainder of the bills are in process. Between January 15 and February 7, Methodist submitted bills totaling about $115,000, but only bills totaling about $40,000 were processible. The remainder were returned because of incorrect or incomplete charge information on billing forms. There has been communication between the intermediary and the hospital and properly completed forms are now being submitted. The intermediary also is developing whether St. Margaret's, Indiana University, and Methodist Hospital can be issued an accelerated payment to provide cash flow for pending unbilled services.

With respect to the complaint concerning complexity and volume of forms, we acknowledge that two additional forms have been required for the CRD program. The first is a patient history form which is required on a one time only basis to provide essential information about the patient. The data it elicits was considered necessary to obtain information about the CRD patient population. The professionals, i.e., physicians who advised DHEW during planning stages, strongly endorsed the need for such medical information. It also has uses in our internal claims control operation by ensuring that CRD patients are separately identified from the aged and disabled.

The second form is a charge and service information form which is required to accompany each bill submitted by a renal facility. Its basic purpose is to elicit more detailed information regarding the services rendered by the facility. The regular Medicare billing form is not suited to providing this needed detail simply because it was obviously not designed for use in billing for dialysis services. The program's requirements for including such items as routine laboratory services in the overall dialysis charges and nonroutine laboratory services as a separately reimbursable item necessitated a breakout of these charges. This was needed not only for the collection of charge and service information which will be required to determine the costs of the program and evaluate the need for changes in reimbursement policies but also for intermediaries to perform adequate bill review to determine proper reimbursement.

Certainly we recognize that this adds to the paperwork of facilities but we believe it is essential at this time. We are endeavoring to simplify this billing function especially in the area of laboratory services, as is mentioned later in this report. Also, we are considering the development of a special billing form for renal services to Medicare patients that would eliminate the need for two forms having to be completed for each bill. However, in order to be prepared to accept bills under this new program we initially had to add supplemental forms and modifications to the existing Medicare forms and claims processing systems.

With respect to laboratory services the current procedures require that facilities separate routine lab services (those generally done regularly for all CRD patients) from nonroutine laboratory tests. Routine laboratory charges must be included with maintenance dialysis charges when intermediaries determine the applicable payment for maintenance dialysis services. Furthermore, when routine tests are performed in excess of a certain frequency they must be separately identified and justified.

This has caused substantial billing preparation and accounting problems for hospital and, quite frankly, difficulty for intermediaries in reviewing the bills and determining payment due. To alleviate this problem we have developed and will be implementing shortly a modification of this method to permit hospitals and intermediaries to agree on a monthly charge for all routine laboratory services. No separate listing will be required and the monthly rate will cover a set of routine tests regardless of frequency. We believe this will simplify matters for the hospitals and permit intermediaries to limit the amount of review necessary, speeding up payments.

The other problems cited in Mr. Hahn's letter relate principally to dialysis. Indiana has a very active home program and Dr. Kleit is deeply troubled by problems he has had in the home program.

Equipment manufacturers (dialysis machine and water purification systems) have complained bitterly about the Medicare rules on reimbursement for durable medical equipment. Their principal concerns are with the requirement that such costly equipment must be reimbursed at 80 percent and over many months in amounts equivalent to what rental rates would be. For example, the Culligan Water Company in Indianapolis advised Dr. Kleit that they would have to discontinue installing their systems in the homes of patients. Obviously, this action would "paralyze" their home program in Indiana.

The company voiced strong opposition to Medicare reimbursement methodology. Their view is that insurmountable business risks and cash flow problems arise from the failure to reimburse 100 percent of charges in a lump-sum payment. As is specified in sections 1833(a)(1) and 1833(f)(1) of the Social Security Act, the Medicare carrier's reimbursement is 80 percent of reasonable charges, and purchased major items of durable medical equipment are reimbursed over a period of time in amounts equivalent to the rental rate and only as long as the equipment is used for the beneficiary's medical treatment.

Considerable discussion has occurred between staff of the Bureau of Health Insurance and Culligan Company representatives, as well as representatives of the Indianapolis Blue Shield Medicare Department. It has been determined that the Indianapolis Culligan dealership is being reimbursed in full for installation costs and that the reasonable charge allowed for covered items reflects the billed charges. In addition, Medicare has begun to reimburse an additional interest charge levied because payments are made over a period of time and the dealership is incurring additional costs.

A meeting was held February 19 in Indianapolis with representatives from Culligan's Indianapolis and Chicago main office; Indianapolis Blue Cross and Blue Shield; Methodist Hospital; and University Hospital. The result of the meeting, we understand, is that water purification equipment will be rented (rather than sold outright) and that hospitals will provide patient insurance eligibility information to the Culligan dealership prior to installation so that sources of payment can be identified. These changes should overcome the reluctance of the Culligan Indianapolis office to continue to make water purification available.

In addition, manufacturers of dialysis equipment and water purification equipment raised concerns about the requirement that no Medicare payment be made for months when the equipment is not used. In recognition of this we have reassessed this policy and will permit payments to continue for up to 3 months when a patient is not using his home equipment, e.g., he is hospitalized for illness or transplant, or he cannot perform home dialysis for a temporary period of time because his helper is not available. This revised policy should help allay the manufacturers concerns in this area.

Mention is made in the material that facilities are precluded from billing for more than one month of home supplies. This was a requirement of our original procedures because of initial concerns about possible overpayments due to significant amounts of supplies, purchased and reimbursed by Medicare for future months, being unused because of higher death rate among these patients. In response to the concerns voiced by beneficiaries and suppliers who traditionally dealt with three month quantities we have also modified this policy. Several months ago we changed our procedures to permit billing and reimbursement for home supplies on a quarterly basis rather than monthly.

With respect to the statement that billing forms were not available until November 1973, our records indicate that copies of Forms SSA-2742 (Medicare Chronic Renal Disease Patient History) and SSA-2743 (Medicare Chronic Renal Disease Charge and Service Information) were distributed to all intermediaries in the latter part of July 1973 for release to their respective providers and facilities. Copies of these forms also appeared as exhibits in a provider reimbursement manual and a related intermediary letter released in July 1973. Thus, any facility requiring copies for billing purposes could have used the available form for duplicating purposes. Our records also indicate that a number of intermediaries had forms and were reimbursing as early as September 1973. We are not certain whether any reimbursement was transacted prior to September, although it is possible.

A contact was made with Indiana Blue Cross to determine the status of Methodist Hospital's Medicare reimbursement exception request. As of February 27 none of the Indiana hospitals have submitted Medicare exception requests and the cost questionnaires needed to evaluate them. Some communication on reimbursement rates had occurred in November and resulted in a reimbursement increase by Indiana Blue Cross under its private (non-Medicare) contracts. Until a Medicare exception request and specifically identified cost data are processed no increase in Medicare rates can be considered.

In summary there is no question that there have been serious problems in Indiana and problems do remain to be resolved. However, the payment situation is improving and we have endeavored to improve the situation by reassessing current Medicare policies, modifying billing procedures and meeting with all parties concerned to try to resolve difficulties with home equipment manufacturers and suppliers.

The intermediary's training efforts, undertaken about September 1973, apparently were not effective in that one hospital still is not sending in bills, one sent in no bills until November, three started billing in December and one in January. To some extent it is evident that hospitals who delayed substantially did not take much initiative to develop an internal system to process bills to their intermediary. We acknowledge, however, that many technical clarifications and instructions were not readily available until the last quarter of 1973. The intermediary, we understand, has updated training efforts and has scheduled followup sessions to be completed by March 1. We also understand that a meeting to discuss Indiana renal disease claims problems is planned for March 6 and 7. The intermediary and Health Insurance Regional Office Staff will meet to discuss issues the first day and the meeting will be broadened to include Indiana hospital representatives the second day.

CHRONIC RENAL DISEASE PAYMENTS AS OF FEB. 8, 1974

Intermediary	Total paid by intermediary as of Jan. 25, 1974	Amount paid by intermediary Jan. 28–Feb. 8, 1974	Total paid by intermediary as of Feb. 8, 1974	Total paid by intermediaries in region as of Feb. 8, 1974
Boston region				$1,876,586.29
Rhode Island Blue Cross	$264,322.16	$28,750.47	$293,072.63	
Massachusetts Blue Cross	1,114,492.58	5,122.64	1,119,615.22	
Travelers (Connecticut)	41,161.77		41,161.77	
Connecticut Blue Cross	139,975.67	66,530.25	206,505.92	
Aetna (Connecticut)	170,006.69	46,224.06	216,230.75	
Total		146,627.42		
New York region				3,418,872.89
Hospital Service Plan of New Jersey	209,258.38	56,258.65	265,517.03	
Prudential Insurance Co. (New Jersey)	859,237.08	147,918.77	1,007,155.85	
Associated Hospital Services of New York	1,388,610.00	538,282.00	1,926,892.00	
Utica Blue Cross	38,782.90	7,641.55	46,424.45	
Albany Blue Cross	10,755.47	15,802.26	26,557.73	
Syracuse Blue Cross	21,211.40	1,115.00	22,326.40	
Travelers (New York)	34,667.72	4,392.40	39,060.12	
Rochester Blue Cross	49,550.40	12,986.40	62,536.80	
Buffalo Blue Cross	22,402.51		22,402.51	
Total		784,397.03		
Philadelphia region				2,574,952.57
GHI—Washington, D.C	517,236.32	160,722.72	677,959.04	
Maryland Blue Cross	187,690.14	68,248.00	255,938.14	
Inter-County Hospitalization	330,423.90	397,951.97	728,375.87	
Wilkes-Barre Blue Cross	11,811.47	2,730.18	14,541.65	
Capital Blue Cross	78,033.21	7,398.20	85,431.41	
Charleston Blue Cross	49,139.35	26,579.10	75,718.45	
Delaware Blue Cross	9,981.72	10,055.21	20,036.93	
Allentown Blue Cross	10,909.50		10,909.50	
Philadelphia Blue Cross	1,341.00	8,469.00	9,810.00	
Roanoke Blue Cross	5,188.10	5,258.50	10,446.60	
Pittsburgh Blue Cross	146,064.00		146,064.00	
Richmond Blue Cross	414,681.39	125,039.59	539,720.98	
Total		812,452.47		
Atlanta region				1,370,370.09
Blue Cross of Florida	516,678.62	233,691.93	750,370.55	
Blue Cross of Georgia/Atlanta	13,812.55		13,812.55	
Blue Cross of Kentucky	44,156.66	33,730.81	77,887.47	
Blue Cross of North Carolina	64,891.64	26,015.19	90,906.83	
Blue Cross of Chattanooga	124,832.94	85,480.48	210,313.42	
Blue Cross of Columbus	96,242.84	7,290.94	103,533.78	
Blue Cross of Alabama	23,377.05	17,051.44	40,428.49	
Travelers (Atlanta)	1,865.70	1,039.00	2,904.70	
Aetna (Memphis)	2,312.50		2,312.50	
Blue Cross of Mississippi	10,840.83	10,677.09	21,517.92	
Blue Cross of South Carolina	2,626.24	41,230.48	43,856.72	
Blue Cross of Memphis	1,487.20	11,037.96	12,525.16	
Total		467,245.32		

See footnotes at end of table.

CHRONIC RENAL DISEASE PAYMENTS AS OF FEB. 8, 1974—Continued

Intermediary	Total paid by intermediary as of Jan. 25, 1974	Amount paid by intermediary Jan. 28–Feb. 8, 1974	Total paid by intermediary as of Feb. 8, 1974	Total paid by intermediaries in region as of Feb. 8, 1974
Chicago region				$3,997,520.09
Hospital Service of Illinois	$1,119,371.45	$530,345.52	$1,649,716.97	
Rockford Blue Cross	30,810.94		30,810.94	
Minnesota Blue Cross	544,130.77	347,504.97	891,635.74	
Wisconsin Blue Cross	259,772.48	121,011.58	380,784.06	
Cincinnati Blue Cross	90,336.00		90,336.00	
Nationwide Insurance Co	1,680.75		1,680.75	
Indiana Blue Cross	253,389.88	53,863.52	307,253.40	
Blue Cross of Michigan	216,859.87	34,807.87	251,667.74	
Columbus Blue Cross	4,813.05	32,708.20	37,521.25	
Lima Blue Cross	19,683.12	2,866.00	22,549.12	
Travelers (Minnesota, pt. A)	13,511.68	7,719.00	21,230.68	
Travelers (Minnesota, pt. B)	4,583.52	1,962.64	6,546.16	
Canton Blue Cross	16.80	12.00	28.80	
Cleveland Blue Cross		305,758.48	305,758.48	
Total		1,433.559.78		
Dallas region				1,747,361.84
Oklahoma Blue Cross	147,517.14	61,040.27	208,557.41	
Arkansas Blue Cross	90,882.40		90,882.40	
New Orleans Blue Cross	113,509.60	36,599.60	150,109.20	
Texas Blue Cross	843,983.00	235,878.34	1,079,861.34	
New Mexico Blue Cross	157,433.36	26,972.90	184,406.26	
Baton Rouge Blue Cross	27,780.03	5,765.20	33,545.23	
Total		366,256.31		
Kansas City region				1,252,581.70
Kansas City Blue Cross	113,767.04	109,333.15	223,100.19	
Nebraska Blue Cross	49,683.92	19,861.02	69,544.94	
St. Louis Blue Cross	63,890.73	13,449.16	77,339.89	
Sioux City Blue Cross	117,250.96	17,057.60	134,308.56	
Mutual of Omaha	378,696.85	51,561.17	430,258.02	
Des Moines Blue Cross	207,036.80	110,993.30	318,030.10	
Total		322,255.40		
Denver region				442,020.56
Colorado Hospital Service	220,306.77	75,058.51	295,365.28	
Blue Cross of North Dakota	92,904.37	95.36	92,999.73	
Blue Cross of Utah	51,170.30	2,078.25	53,248.55	
Blue Cross of Montana		407.00	407.00	
Total		77,639.12		
San Francisco region				4,537,222.65
Aetna (Nevada)	22,674.00	11,678.00	34,352.00	
Oakland Blue Cross	1,042,184.00	[1] 75,000.00	1,117,184.00	
Los Angeles Blue Cross	3,074,999.00	26,713.00	3,101,712.00	
Travelers (Los Angeles)	13,616.00		13,616.00	
Arizona Blue Cross	63,627.00	619.00	64,246.00	
HMSA	144,564.00	46,879.00	191,443.00	
Aetna (Los Angeles)	14,509.00		14,509.00	
Kaiser	160.65		160.65	
Total		160,889.00		
Seattle region				370,235.75
Oregon Blue Cross	103,416.29	15,428.11	118,844.40	
Washington/Alaska Blue Cross	44,911.57	39,817.83	84,729.40	
Aetna (Seattle)	119,058.45	20,513.04	139,571.49	
Idaho Blue Cross	11,348.16	15,742.30	27,090.46	
Total		91,501.18		
Division of Direct Reimbursement	613,472.16	75,139.28	688,611.44	688,611.44
2-week total		4,742,962.41		
Total as of Feb. 8, 1974				22,276,335.87
Adjusted previous total as of Jan. 25, 1974				17,533,373.46

[1] Estimated payment; Oakland BC had discontinued keeping records of CRD payments, but will resume next week.

TRIBUTE TO SECRETARY OF DEFENSE SCHLESINGER

Mr. McCLELLAN. Mr. President, the Secretary of Defense, Mr. James R. Schlesinger, announced today that significant reductions will be made in civilian and military personnel assigned to the headquarters staffs of his own office, the Joint Chiefs of Staff and the respective armed services.

During the remainder of the 1974 fiscal year and in the 1975 fiscal year, Mr. Schlesinger said that reductions in headquarters staffs will average between 7 and 15 percent for each service. The staff of the Office of the Secretary of Defense and that of the Joint Chiefs of Staff will be reduced by 15 percent in that period. The total reduction in headquarters staffs will be approximately 14,000 military and civilian personnel.

Secretary Schlesinger cannot be commended too highly for this action for it is clear evidence of concern over the mounting costs of defense personnel—and of a determination to do something about it.

As I pointed out in a statement this morning at the opening of the Defense Appropriations Subcommittee's hearings on the administration's record-high $86.8 billion military budget for fiscal 1975, pay and personnel costs are one of the most rapidly accelerating factors in our spending on defense. I noted that:

> In fiscal 1964, it cost $12.3 billion to pay an active duty force of 2,685,000; in fiscal 1975, it will cost $22.9 billion to pay for an active duty force of 2,152,000. Thus, we are now having to pay almost twice as much for a force only 80 percent the size of the one we had in 1964.

In this time of ever-increasing personnel costs it is more imperative than ever that the Armed Forces use their military and civilian personnel in the most effective manner. More efficient use of manpower will not only reduce defense costs but will strengthen the combat arms of our military forces.

Mr. President, it is indeed gratifying that Secretary Schlesinger has taken note of this situation and is moving with forthrightness and dispatch to make our military forces more efficient. I am particularly pleased to note that although substantial personnel savings have already been achieved, Secretary Schlesinger has indicated that further economies in headquarters staffs are possible without creating an adverse impact on combat effectiveness.

I am convinced that the American people desire a strong and vigorous defense in this era of international tension and uncertainty—and that they are wililng to pay the price required. But I also believe that they will accept this heavy burden more readily if they are assured that their tax dollars are being spent wisely and with full deference to get the most efficient and effective defense force possible.

Mr. President, I ask unanimous consent that my statement opening the hearings of the Defense Appropriations Subcommittee and the fiscal 1975 defense budget be printed in the Record.

There being no objection, the statement and budget were ordered to be printed in the Record, as follows:

Excerpts From Remarks of Senator John L. McClellan

The Senate Defense Appropriations Subcommittee begins hearings today on the Administration's request for a national defense budget for fiscal 1975 of $85.8 billion in outlays.

Not only is the total budget request of $304.4 bililon for fiscal 1975 the largest in the history of our Nation, but this defense budget is also a new record high in terms of dollar outlays. The previous defense record was $80.4 billion voted thirty years ago during fiscal 1945 at the height of World War II.

The survival of America and of the entire free world was on the line in 1945. We all were willing then to make any sacrifice, to meet any demands, and to go to any length to repel the global threat to freedom that was posed in that catastrophic conflict.

But the world—and America—has drastically changed since those days.

Since then, we have fought two bitter wars, both marked by a no-win policy—a policy that is contrary both to national tradition and to national character. We have now been thrust into free world leadership. Indeed, we stand today as a bulwark of defense aaginst totalitarian aggression and conquest.

This largest-ever peacetime budget will serve to reinforce and fortify our defense posture in this era of detente. We must maintain an adequate and impressive military arsenal while urgently seeking further arms limitations. This presents a dilemma—a paradox—that is confusing and not readily understood by many of our citizens.

They ask—if we have peace—why we do not spend more money for our peaceful pursuits and less for weapons of war.

They ask—if we have detente—why we must continue to improve and strengthen our ability to make war.

The answer is that world peace is not secure and that detente is not permanent. It is only a temporary expedient—an arresting experiment—while the superpowers probe the possibilities of arms limitations and other actions calculated to promote peace and understanding.

At the same time, the American people must understand that the cost of maintaining a formidable defense is increasing. Military costs, like all other costs, are going up. For example, this budget reflects the accelerated cost of the voluntary army and the pay of personnel, the rapidly increasing price of sophisticated weaponry, vitally needed maintenance and modernization delayed and deferred through the years of Vietnam; and the compelling necessity of maintaining a viable national defense in a time of international tensions and uncertainties.

A clear indication of the effect of inflation and increased pay on military personnel costs is illustrated by the following: In fiscal 1964, it cost $12.3 billion to pay for an active duty force of 2,685,000; in fiscal 1975, it will cost $22.9 billion to pay for an active duty force of 2,152,000. Thus, we are now having to pay almost twice as much for a force only 80 percent the size of the one we had in 1964.

Since fiscal 1973, the defense budget has climbed $12 billion—with the current request for outlays $6.3 billion larger than in fiscal 1974. The greater part of this increase is directly attributable to the factors cited above.

Comparing the fiscal year 1975 budget with that of fiscal year 1973, it should be noted that three general pay increases have added $4.6 billion and that the cost of subsistence will be at least a half billion dollars more. The ration rate on January 1, 1972, was $1.46 per man per day; on January 1, 1973, is was $1.65; and on January 1, 1974, it had risen to $2.28, the rate reflected in the FY 1975 budget. That is what it is costing today for food for each of our military personnel.

Petroleum prices paid by defense agencies on February 1, 1974, were 123% above FY 1973 prices. The FY budget is based on this February 1, 1974 price. This alone adds $1.7 billion to the FY 1975 defense budget.

Inflation added 7% to the defense budget from FY 1973 to FY 1974, and the FY 1975 budget is premised on a further rise of 5% over FY 1974—adding $4.7 billion to the FY 1975 budget. Yet, the current rate of inflation may be double this estimate—further complicating the problems of fiscal management.

Thus far, I have been discussing total outlays for military spending. The Subcommittee will also consider requests for new supplemental obligational authority for fiscal 1974 which is in two parts.

Part one is a supplemental request of $6.2 billion for fiscal year 1974. Of this amount, $3.4 billion is for pay and rate increases. The January 1, 1973, increase for military and civilian personnel will cost $1.5 billion. The October 1, 1973, pay increase will add another $1 billion. Cost-of-living increases for retired personnel, wage board increases, and increased food and postal costs make up the remainder of the $3.4 billion.

Part two contains $2.8 billion to improve force readiness, cover fuel price increases and extra costs of U.S. arms supplied to Israel during the recent conflict.

This Subcommittee must consider the request of $85.6 billion in new budget authority for Department of Defense functions for fiscal year 1975.

Without objection, I shall include in the record at the conclusion of my statement a tabulation setting out the fiscal year 1974 appropriations, the pending supplemental request thereto, and the request for fiscal year 1975.

Last year, in an effort to improve fiscal responsibility, the Senate Committee on Appropriations, acting through its 13 Subcommittee Chairmen, set tentative appropriations and expenditure ceilings to be observed during its consideration of the various appropriations bills.

We were able to meet the goals we then established—in fact, we exceeded them. After extensive hearings and judicious examination of the President's spending proposals, the Congress reduced new obligational authority by a total of $3,262,696,451.

On April 16, 1973, I announced a tentative ceiling of $74,124,000,000 for the FY 1974 defense appropriation bill, a reduction of $3 billion below the original budget request. On September 21, 1973, however, the Congress received a budget amendment from the Administration which added $126.5 million more to its request.

The bill as passed by the Senate provided $73,264,627,000 plus $503,300,000 in transfers from other accounts. Thus, the Senate bill was $3.5 billion below the amended budget request, and the bill as finally passed and signed by the President was $3 billion below the total of his revised budget.

In view of that measure of success, the Senate Appropriations Committee will again undertake to establish tentative appropriations ceilings for fiscal 1975.

The Defense Appropriations Subcommittee will endeavor to trim obligational authority by an estimated $3.5 billion—or 4.09 per cent of the total $85.6 billion earmarked for this purpose. I am hopeful that once again we will meet—or exceed—these goals.

But it will be our purpose to propose spending cuts only where we are convinced they can be made without unduly diminishing or weakening our defense posture.

Traditionally, after each of our major wars, we have followed a naive and reckless policy of quick disarmament. After World War I, World War II, and Korea, we put down our arms and indulged the unwarranted assumption and false hope that military preparedness was not essential to our future security and world peace.

And once again—this time after Vietnam—the same pressures are being exerted. There are many well-intentioned and patriotic Americans—some of them in the Congress—who are convinced that defense spending is wasteful and unnecessary in a period of détente. Military spending, they claim, consumes a disproportionate share of our national wealth while outlays for health, education, housing, and other domestic programs are being shortchanged.

Our people need to know the facts. By any yardstick, spending on defense has been and is now substantially declining as a percentage of the Gross National Product, as a share of the Federal budget, and most dramatically, as a percentage of all Federal spending.

—In 1964, defense outlays consumed 8.3% of the gross national product; in 1975, the percentage is 5.9%. Stated in dollars, if the fiscal year 1975 budget took the same share of the gross national product as fiscal year 1964, defense outlays for FY 1975 would be $120.8 billion instead of $85.8 billion as requested in the President's budget.

—In 1964, defense outlays represented 41.8% of the total Federal budget; in FY 1975, defense outlays will be only 27.2% of the total budget.

—Defense spending has been rising far less rapidly than any other major category within the budget. While total Federal outlays for all purposes have increased by about 157% since 1964—from $118.6 billion in 1964 to an estimated $304.4 billion for 1975—defense spending increased by only 73% during that same period—from $49.6 billion to $85.8 billion.

We hear much talk today of détente—as if it relieves us of the need to maintain a strong defense. We must not equate or confuse détente with disarmament.

Even with détente we must maintain—pending hopes for effective arms limitation agreements—a military force that provides a sufficient deterrent to insure peace and our security.

It will be the purpose of these hearings to determine the proper level of military strength that we should maintain for adequate preparedness and which is consistent with our national resources.

TABLE NO. 1.—DEPARTMENT OF DEFENSE APPROPRIATION BILL FOR FISCAL YEAR 1975

By functional components (1)	Enacted fiscal year 1974, Public Law 93-238 and Public Law 93-245 (2)	Supplemental appropriation request fiscal year 1974 (3)	Adjusted fiscal year 1974 total (4)	Budget request fiscal year 1975 (5)	Remarks (6)
TITLE I—MILITARY PERSONNEL					
Military personnel, Army	$7, 109, 950, 000	$651, 850, 000	$7, 761, 800, 000	$7, 914, 800, 000	
Military personnel, Navy	5, 271, 350, 000	458, 650, 000	5, 730, 000, 000	5, 765, 200, 000	
Military personnel, Navy, 1969, 1971, 1972 deficiencies				51, 026, 000	
Military personnel, Marine Corps	1, 547, 000, 000	129, 534, 000	1, 676, 534, 000	1, 728, 700, 000	
Military personnel, Air Force	6, 863, 350, 000	624, 550, 000	7, 487, 900, 000	7, 450, 000, 000	
Reserve personnel, Army	452, 408, 000	41, 692, 000	494, 100, 000	490, 600, 000	
Reserve personnel, Navy	209, 403, 000	13, 897, 000	223, 300, 000	209, 700, 000	
Reserve personnel, Marine Corps	91, 173, 000	3, 827, 000	65, 000, 000	73, 000, 000	
Reserve personnel, Air Force	126, 962, 000	10, 085, 000	137, 047, 000	148, 565, 000	
National Guard personnel, Army	555, 900, 000	51, 600, 000	607, 500, 000	621, 700, 000	
National Guard personnel, Air Force	177, 500, 000	14, 583, 000	192, 083, 000	198, 577, 000	
Total, title I—Military personnel	22, 374, 996, 000	2, 000, 268, 000	24, 375, 264, 000	24, 651, 868, 000	
TITLE II—RETIRED MILITARY PERSONNEL					
Retired pay, Defense	4, 681, 900, 000	468, 800, 000	5, 150, 700, 000	5, 687, 600, 000	
TITLE III—OPERATION AND MAINTENANCE					
Operation and maintenance, Army	6, 214, 697, 000	483, 200, 000	6, 697, 897, 000	6, 837, 400, 000	
Operation and maintenance, Navy	[1] 6, 076, 950, 000	561, 100, 000	6, 638, 050, 000	7, 291, 000, 000	
Operation and maintenance, Marine Corps	410, 645, 000	31, 000, 000	441, 645, 000	446, 300, 000	
Operation and maintenance, Air Force	6, 504, 294, 000	455, 000, 000	6, 959, 294, 000	7, 519, 400, 000	
Operation and maintenance, Defense Agencies	1, 454, 898, 000	93, 580, 000	1, 548, 478, 000	1, 876, 800, 000	
Operation and maintenance, Army Reserve	253, 900, 000	10, 790, 000	264, 690, 000	279, 700, 000	
Operation and maintenance, Navy Reserve	170, 750, 000	33, 500, 000	204, 250, 000	238, 400, 000	
Operation and maintenance, Marine Corps Reserve	11, 000, 000	80, 000	11, 080, 000	11, 400, 000	
Operation and maintenance, Air Force Reserve	221, 900, 000	15, 120, 000	237, 020, 000	278, 200, 000	
Operation and maintenance, Army National Guard	524, 400, 000	25, 080, 000	549, 480, 000	608, 400, 000	
Operation and maintenance, Air National Guard	514, 250, 000	33, 250, 000	547, 500, 000	596, 100, 000	
National Board for the Promotion of Rifle Practice	159, 000	11, 000	170, 000	178, 000	
Claims, Defense	49, 100, 000		49, 100, 000	54, 600, 000	
Contingencies, Defense	5, 000, 000		5, 000, 000	5, 000, 000	
Court of Military Appeals	864, 000	53, 000	917, 000	1, 065, 000	
Total, title III—Operation and maintenance	22, 412, 807, 000	1, 741, 764, 000	24, 154, 571, 000	26, 043, 943, 000	
TITLE IV—PROCUREMENT					
Aircraft procurement, Army	138, 400, 000	22, 000, 000	160, 400, 000	339, 500, 000	
Transfer from other accounts	(21, 400, 000)				
Missile procurement, Army	525, 100, 000	84, 400, 000	609, 500, 000	459, 200, 000	
Transfer from other accounts	(22, 000, 000)				
Procurement of weapons and tracked combat vehicles, Army	224, 300, 000	121, 800, 000	346, 190, 000	385, 300, 000	
Procurement of ammunition, Army	784, 300, 000	268, 000, 000	1, 052, 300, 000	1, 344, 800, 000	
Transfer from other accounts	(146, 100, 000)				
Other procurement, Army	461, 690, 000	56, 700, 000	518, 390, 000	786, 200, 000	
Transfer from other accounts	(39, 500, 000)				
Aircraft procurement, Navy	2, 722, 700, 000	219, 200, 000	2, 941, 900, 000	2, 960, 600, 000	
Transfer from other accounts	(106, 800, 000)				
Weapons procurement, Navy	800, 700, 000	28, 600, 000	829, 000, 000	833, 900, 000	
Shipbuilding and conversion, Navy	3, 468, 100, 000	24, 800, 000	3, 492, 900, 000	3, 562, 600, 000	
Other procurement, Navy	1, 204, 200, 000	224, 200, 000	1, 428, 400, 000	1, 684, 500, 000	
Transfer from other accounts	(45, 000, 000)				
Procurement, Marine Corps	173, 932, 000	40, 700, 000	214, 632, 000	228, 800, 000	
Transfer from other accounts	(5, 000, 000)				
Aircraft procurement, Air Force	2, 720, 400, 000	445, 000, 000	3, 165, 400, 000	3, 496, 600, 000	
Transfer from other accounts	(54, 000, 000)				
Missile procurement, Air Force	1, 393, 300, 000	39, 000, 000	1, 432, 300, 000	1, 610, 800, 000	
Transfer from other accounts	(30, 000, 000)				
Other procurement, Air Force	1, 542, 700, 000	197, 700, 000	1, 740, 400, 000	2, 071, 800, 000	
Transfer from other accounts	(30, 000, 000)				
Procurement, Defense agencies	66, 000, 000		66, 000, 000	102, 017, 000	
Total, title IV—Procurement	16, 225, 822, 000	1, 772, 100, 000	17, 997, 922, 000	19, 866, 617, 000	
Transfer from other accounts	(499, 800, 000)				
TITLE V—RESEARCH, DEVELOPMENT, TEST, AND EVALUATION					
Research, development, test, and evaluation, Army	1, 912, 100, 000	55, 043, 000	1, 967, 143, 000	1, 985, 976, 000	
Transfer from other accounts	(3, 500, 000)				
Research, development, test, and evaluation, Navy	2, 651, 805, 000	67, 828, 000	2, 719, 633, 000	3, 261, 933, 000	
Research, development, test, and evaluation, Air Force	3, 042, 000, 000	83, 766, 000	3, 125, 766, 000	3, 518, 860, 000	
Research, development, test, and evaluation, Defense Agencies	457, 900, 000	10, 852, 000	468, 752, 000	528, 700, 000	
Director of test and evaluation, Defense	24, 600, 000		24, 600, 000	27, 000, 000	
Total, title V—Research, development, test, and evaluation	8, 088, 405, 000	217, 489, 000	8, 305, 894, 000	9, 322, 469, 000	
Transfer from other accounts	(3, 500, 000)				
TITLE VI—SPECIAL FOREIGN CURRENCY PROGRAM					
Special foreign currency program	2, 600, 000		2, 600, 000	2, 900, 000	
TITLE VII—NAVAL PETROLEUM RESERVE					
Naval petroleum reserve	(1)		(1)	6, 900, 000	
TITLE VIII—GENERAL PROVISIONS					
Additional transfer authority	(625, 000, 000)		(625, 000, 000)	(750, 000, 000)	
Grand total	[2] 73, 786, 930, 000	6, 200, 421, 000	[2] 79, 987, 351, 000	85, 582, 297, 000	
Transfers from other accounts				(750, 000, 000)	

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[1] In the Supplemental Appropriations Act, fiscal year 1974 (Public Law 93-245), $72,000,000 was included in operation and maintenance, Navy, for the naval petroleum reserve.

[2] Includes $400,000 for the Defense Manpower Commission. No funds have been requested for fiscal year 1975.

CONCLUSION OF MORNING BUSINESS

Mr. MANSFIELD. Mr. President, is there further morning business?

The ACTING PRESIDENT pro tempore. Is there further morning business? If not, morning business is closed.

FAIR LABOR STANDARDS AMENDMENTS OF 1974

The ACTING PRESIDENT pro tempore. Under the previous order, the Senate will now resume consideration of the unfinished business, S. 2747, which the clerk will report by title.

The second assistant legislative clerk read as follows:

A bill (S. 2747) to amend the Fair Labor Standards Act of 1938 to increase the minimum wage rate under that act, to expand the coverage of the act, and for other purposes.

Mr. JAVITS. Mr. President, I ask unanimous consent that I may suggest the absence of a quorum, without the time being charged to either side.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. JAVITS. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. WILLIAMS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. WILLIAMS. Mr. President, a parliamentary inquiry in connection with the consent time agreement on this bill.

The ACTING PRESIDENT pro tempore. The Senator will state it.

Mr. WILLIAMS. Could the Chair state when the 2 hours time limitation on the bill began to run and how much time is left of that 2 hours?

The ACTING PRESIDENT pro tempore. The time began to run for 1 minute this morning, so 1 hour and 59 minutes remain.

Mr. WILLIAMS. I appreciate that. The agreement entered into earlier did not state whether the time used on that date was to be included, and I gather it was not and that we are beginning the time period today.

The ACTING PRESIDENT pro tempore. The time period began today.

Mr. WILLIAMS. Mr. President, the bill (S. 2747) was reported by the committee with a series of technical amendments. I ask unanimous consent that the committee amendments be considered at this time en bloc.

The ACTING PRESIDENT pro tempore. Without objection, the amendments will be considered and agreed to en bloc, and the bill as thus amended will be considered as original text for the purpose of amendment.

Mr. JAVITS. Mr. President, I ask unanimous consent that I may suggest the absence of a quorum without the time being charged to either side.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. JAVITS. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. DOMINICK. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. DOMINICK. Mr. President, I yield myself 10 minutes on the bill.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. DOMINICK. I yield.

Mr. JAVITS. Mr. President, I yield the Senator from Colorado 10 minutes on the bill. The time has been transferred to me by the minority leader.

Mr. DOMINICK. That is fine because I know how honorable the Senator is. However, just a matter of procedure, since the Senator is in favor of the bill which I oppose, I would presume that we have time between the Senator from Ohio (Mr. TAFT) and myself.

Mr. JAVITS. The minority leader has transferred the time to me momentarily. However, I yield time to the Senator from Colorado.

Mr. DOMINICK. I thank the Senator.

Mr. President, the Senator from Ohio (Mr. TAFT), the Senator from Maryland (Mr. BEALL), and I wrote minority views on this bill, which I think are of considerable interest and outline some of the problems we find with the bill.

We have not enacted any amendments to the Fair Labor Standards Act since 1966, and all three of us—and I think most of the Members of the Senate—recognize the need for a constructive increase to the minimum wage. In the interim the debate surrounding minimum wage legislation has centered around four issues: the amount of increase in the wage rate, extensions of coverage, repeal of exemptions which are now in the law, and a differential wage structure for the young people of the country.

Unfortunately, after 3 years of congressional consideration, no constructive amendments to the act have become law. The bill reported out by the committee is essentially identical to the bill vetoed by the President in the summer of 1973, and the reasons for rejecting the bill last session are equally as compelling in certain areas for S. 2747.

I might point out that Senator TAFT and I have kept emphasizing this problem in the committee and on the floor and have offered amendments which we thought would increase the possibility of getting a wage rate at a higher minimum level for those people who are at the minimum while avoiding a veto.

If we had enacted the bill which we had suggested, we would long since have been at the rate which this bill proposes. It seems ironic to me that we are here fighting the same thing all over again.

In this year, the committee heard no witnesses and had before it little or no current data upon which to assess the effects on the economy of the actions it took, especially with regard to exemptions and extensions of coverage. The failure of the committee to include new initiatives to reduce youth unemployment is also extremely disappointing.

In our minority views to last year's vetoed bill, S. 1861, we stated in detail our reasons for rejecting the committee's approach, and we would reiterate some of them briefly here.

First, we believe the coup de grace approach that the committee has taken with respect to existing exemptions is unwarranted. The potential adverse economic effect resulting from repeal or modification of these exemptions to certain segments of the economy, especially small businesses, is significant and in certain cases the committee's action may mean economic fatality for many small businesses in the country and many thousands of their employees. For example, S. 2747 would repeal or severely modify current exemptions in the Fair Labor Standards Act for the following areas and occupational categories: retail and service establishments grossing less than $250,000 annually—complete repeal of minimum wage and overtime exemption; tobacco employees; nursing home employees; hotel, motel, and restaurant employees; salesmen, partsmen, and mechanics; food service establishment employees; seasonal industry employees; cotton ginning and sugar processing employees; and, local transport employees.

At the very least, action should not be taken in these areas until sufficient facts are before the committee to permit each exemption to be considered on its own merit.

These were all enacted for meritorious reasons to begin with and to simply eliminate them without any testimony or hearings on the need or desirability of these exemptions seems, to me, to be inappropriate.

S. 2747 is deficient with regard to new initiatives to increase employment opportunities for youth. As an example of this acute problem, the national unemployment rate as of January 1974, for Caucasians 16 and 17 years of age was 16.8 percent and for non-Caucasians 16 and 17 years of age, the rate was a towering 38.9 percent. These statistics underscore the need for implementation of a national program of specialized wage structures for youth similar to proposals we have advocated during prior consideration on this issue. Such a national initiative would constructively supplement the broad authority the Secretary of Labor currently has available under section 14 of the act with regard to adoption of special wage structures for youth employment and training.

Domestic service employees would be covered for the first time under the bill as reported by the committee with a wage scale for such employees the same as that established for those who have been under coverage for some time. While we share the concern the committee has expressed for the economic advancement for individuals in this occupational category, we believe such an extension of coverage under the act will further complicate tax and reporting problems and create further unemployment.

As a matter of fact, the Secretary of Labor came down and said in his testimony last year that by applying the minimum wage to domestics the committee would create severe unemployment. Why? Because domestics are considered to include babysitters, neighbors' children who mow the lawn, everyone who delivers a circular—not a newsboy, because they are specifically exempt—window washers, and a whole group of people who are not ordinarily thought of as domestics, but who would be included. The housewife and the household owner will simply do this work themselves. Why should they be bothered, every quarter, with filing a return as to whether they have paid the right wage, and be subject to criticism by the Labor Department of the Federal Government?

In addition, I might also add that the concept of saying that a neighbor who comes along and mows your lawn is thereby affecting interstate commerce is a ridiculous concept. The only power we have to set wages at all under the Constitution is when interstate commerce is affected. I have a very hard problem with the constitutionality in any form. Certainly a more practical approach than covering all such employees who earn more than $50 in a calendar quarter—committee incorporation of section 209(g) of the Social Security Act—can be found to reflect the committee's concern in this area.

We believe Congress should expeditiously enact constructive increases in the minimum wage to help compensate for the eroded purchasing power of our lowest paid workers. The longer a minimum wage increase is postponed, the greater the pressure will be for excessive increases over too short a period of time, thus maximizing the inflationary and disemployment effects on the economy. To continue to hold a wage rate increase hostage to unrelated political issues only penalizes our Nation's lowest paid workers. Therefore, we are hopeful the Senate will adopt constructive changes in the committee bill to permit amendments to the Fair Labor Standards Act to become a reality during this session of Congress, and we shall most certainly be offering such amendments as we go along.

Mr. President, I reserve the remainder of my time.

The ACTING PRESIDENT pro tempore. Who yields time?

Mr. JAVITS. Mr. President, I yield myself 10 seconds just to transfer the time of the minority leader to the Senator from Colorado.

The ACTING PRESIDENT pro tempore. Who yields time? If no one yields time, the time will run equally against both sides.

Mr. JAVITS. Mr. President, I ask unanimous consent that I may call for a quorum call without the time being charged to either side.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. BUCKLEY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. STEVENSON). Without objection, it is so ordered.

AMENDMENT NO. 964

Mr. BUCKLEY. Mr. President, on behalf of myself and Senators MCCLURE, HATFIELD, FANNIN, HELMS, DOMINICK, GOLDWATER, BROCK, and THURMOND, I call amendment No. 964 and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

SEC. . Section 218 of the Economic Stabilization Act of 1970 is amended—

(1) by striking out "April 30, 1974" and inserting in lieu thereof "on the date of enactment of the Fair Labor Standards Amendments of 1974"; and

(2) by striking out "prior to May 1, 1974" and inserting in lieu thereof "on or prior to the date of enactment of the Fair Labor Standards Amendments of 1974".

Mr. BUCKLEY. Mr. President, this was the matter debated last November on which there was a rollcall vote. I have subsequently circularized our colleagues detailing the arguments. Hearings have been held before Senate committees; but, most importantly, in the intervening months, each one of them has had a deluge of mail underscoring the extraordinary dislocations which have been occurring in each one of our States—dislocations which are the direct result of the attempt to cope with inflation not by attacking the sources of inflation but by trying to place a lid on the pressures which are allowed to boil away.

The result of this has been that more and more items have been withdrawn from production because they can no longer be produced for a reasonable return. As a consequence, we not only have important items of manufacture being removed from the market place but also a chain reaction as more and more factories and firms are forced to curtail their activities or, in many instances, to close down because of the lack of availability of essential ingredients. In my prepared statement I have referred to them.

There are impacts in agriculture, in the paper industry, and wherever we turn.

I believe it is time for Congress to stand up and declare that we have had enough of this experimentation; that we understand that each day that goes by will result in further dislocations, further threats to employment; and that we must therefore terminate the Economic Stabilization Act now, rather than waiting for it to expire on April 30, in accordance with the existing statute.

We are all seriously concerned, Mr. President, with the indications that our economy is slowing down. We are concerned about the upturn in unemployment. At the same time, we are debating a bill, the minimum wage law, which will have the effect of placing pressures on employers to lay workers off, especially those with the lowest levels of skills, especially in marginal firms. It happens that some of the firms that are most hard hit by the phenomenon of the effects of price controls are precisely those firms which are employing marginal workers, which are small, which cannot cope with dislocations of any nature.

So, I believe that this is an appropriate time to consider enacting as an amendment to the minimum wage bill an amendment which will bring a sigh of relief across this country, in every sector, which will enable manufacturing firms and others to dust off plans that have been mothballed pending a return to economic freedom in this country, so that we can begin planning to expand capacity in order to meet the demand that has not been satisfied as a result of these shortages.

I suggest, therefore, that we would be doing only half the job if we moved on the minimum wage legislation at this time, without, at the same time, abolishing those price controls that are so serious a deterrent to employment in the United States.

Mr. President, during the many months an adjustment in the minimum wage has been under consideration, a factor which could nullify all attempts to assist the workingman has been lurking in the background unnoticed. S. 2747 seeks to bring a better standard of living to millions of American workers by raising the minimum wage. The bill fails, however, to deal with a major obstacle to job security—wage and price controls. The time is overdue for us to level with the American workingman and admit that price controls do not work, and they cannot be made to work in a free economy. The longer we postpone the lifting of controls the greater is the gamble we take with the employment of the very workers we hope to help by raising the minimum wage.

For this reason, I introduce, today, an amendment to repeal the Economic Stabilization Act, thereby, abolishing the existing system of wage and price controls. This is essential if the economy is to be allowed to adjust to increases in wage levels mandated by S. 2747. It is also essential if we are to reverse the loss of jobs now resulting from shortages created by economic controls.

Mr. President, I assume my mail on matters involving jobs and the economy is no different than yours or that of other Senators, except to the extent that mine reflects a very large constituency and the great variety of manufacturing, commercial and agricultural interests that are contained within New York State. In recent weeks I have received urgent appeals from manufacturers of exhaust fans, medical supplies, industrial packaging, seals, electrical goods, plastics, paper, hosiery, housing, clothing, hardware, prestress concrete, and dairy products, as well as from railroads, hospitals, farmers, employee groups, trade associations, and meat packers, to name just a sampling. Running through all this mail is a common anguished call for relief from the impact of economic controls—relief for those writing the letters or relief for their suppliers. A number of New York firms, especially smaller ones, have already had to cut back or shut down. Many others write that they will have to close down in another few weeks unless they find some way around the shortages now crippling them. Moreover, they make it clear that the longer the present situation is allowed to continue, the more far reaching will be the dislocations in their own areas of business.

I assume, Mr. President, that the experiences I have described are not unique to New York State. As a matter of fact, a study just completed by the National Association of Manufacturers confirms the dislocations I have described are anything but localized. Let me cite some of the findings of the NAM study as reported in a recent issue of Human Events:

> Nearly two out of three companies indicated that the scrapping of price controls would encourage them to increase their productive capacity. One out of every three has postponed or cancelled plant and equipment expenditures due to controls.
>
> Three out of five small firms and four out of five large companies stated that controls adversely affected corporate earnings.
>
> Some 84 percent of all firms said no when asked if controls had any beneficial effects on the conduct of their business.
>
> Some 97 percent of the large companies and almost 92 percent of the small firms favored a quick end of controls.
>
> Some 45 percent of the firms said controls are damaging the U.S. position in foreign trade.
>
> More than 76 percent of the small firms and nearly 87 percent of the large companies said that consumers would end up paying more for products purchased because of controls.

The record, Mr. President, seems overwhelming. Our intervention into the workings of our complex economy has created shortages in goods that only recently were in good supply, it has inhibited investment in new facilities, and threatens to unleash large-scale unemployment. These serious dislocations are the devastating consequences of our attempt to control inflation by attacking the symptoms instead of the causes. I speak, of course, of the attempt to maintain consumer price stability through wage and price controls in the face of the universal experience here and abroad demonstrating that these measures will not relieve inflationary pressures any more than sealing off the safety valve will save an overheated boiler from exploding. In fact, to the extent that we have diverted ourselves from attending to the causes of inflation; namely, an excessive expansion of the supply of money—to that extent have we allowed the pressure to continue to build until they burst out here and there with special violence, just as they have during the past year.

Since the Nixon administration took office in 1969 we have had an opportunity to test the ability of controls. Between December 1970 and August 1971, when the President invoked the powers granted him under the Economic Stabilization Act of 1970, the Consumer Price Index had grown at an annual rate of 3.8 percent. Since August 1971, the Nation has undergone the trauma of four phases of controls in various forms that have imposed extraordinary dislocations on an already strained economy, and to what end? Since August 1971, the Consumer Price Index has risen at an accelerated rate that for the 12-month period before the Arab boycott had reached a level of 7.3 percent.

The explanation is not difficult to find. In the 3-month period before controls, the Federal Reserve increased the money supply at an annual rate of only 5 percent. Since controls were imposed, the money supply has increased at an average annual rate of 9.1 percent. Economic controls simply could not hold the lid on an economy that was overheated by an attempt to cope with Federal deficits totaling more than $100 billion in a 5-year period.

It is bad enough that controls have failed so signally in achieving their objective of price stability. What is far more serious is that in the process of imposing them we have caused dislocations that will plague us far into the future. The extent of these dislocations, and the speed with which they are spreading, becomes more apparent every day. As I mentioned earlier, every bag of constituent mail I receive contains new examples of essential items in short supply.

What we must understand is that these shortages did not just "happen." They were caused. They are the predictable consequences of the imposition of controls on a free economy. When the market ceases to be free, when a willing buyer is not allowed to bargain with a willing seller, we destroy the signals that channel investment and production. If a producer is not allowed to sell a given item at a price commensurate with the cost and risk in its production, he will simply stop producing it. This simple lesson in economics was driven home to millions of Americans last summer as they watched on television the destruction of tens of thousands of day-old chicks, because the price allowed farmers for the sale of their poultry was less than the cost of the feed required to bring those chicks to marketable size. And so it is with expanding production to meet increased demand. No one will invest in new plant and equipment if the goods to be produced are not permitted to be sold for a price that will allow a reasonable return on the investment.

Now I know that there are those who blame our shortages on exports; and it was, of course, to control these that the House adopted H.R. 8547, the Export Control Amendments of 1973, which the Senate was scheduled to debate last month. H.R. 8547 seeks to attack the problem of growing shortages by limiting the export of goods in short supply. The bill as reported out ignores, however, the reason why such goods are not being sold within the United States in the first place. Too often they are not being sold domestically, because the prices at which the Cost of Living Council allows them to be sold do not justify the cost of their production. While it is true that today many items in short supply are being exported from the United States for sale in free markets abroad, it does not follow that the prohibition of such exports will solve the problem of shortages facing domestic consumers. Aside from the fact that export restrictions could lead other countries to place restrictions on the export of goods we in the United States require, such laws are apt to be as futile as the attempt to fight inflation with wage and price controls. Commodities that are shipped abroad because they cannot be sold at a profit at home are apt not to be produced at all if they are denied access to free markets.

To illustrate this point, I would like to cite the case of steel rebars that are used to reinforce concrete foundations. Historically, steel rebars are produced by large steel mills when demand for more profitable steel products slackens. Small mills which have been able to reduce costs by using ferrous scrap, have in the past been able to maintain a more continuous flow of this inexpensive item. Because controls froze rebars at a low price, this item has been forced out of domestic markets by rising costs of production and spiraling demand for more profitable items. Even though the Commerce Department placed limits on the export of ferrous scrap, the domestic shortage of rebars has continued. Rebars will be produced for sale at a profit abroad. They will not be produced for sale at a loss at home. Prohibiting their export, therefore, will only mean that American mills, large and small, will stop producing them. The steel industry, incidentally, is not petitioning for the decontrol of rebars. The purchasers are.

Mr. President, there can no longer be any lingering doubts that the whole fabric of controls is harmful to our economy. The current shortages in more than 150 critical industrial commodities that have been caused by price controls will not be legislated out of existence by imposing still other controls on our economy. The time has come for us to recognize that price controls simply do not work. It is not merely a matter of devising a more effective regulatory machinery. Economic interrelationships are so subtle, so sensitive, that it is impossible for any body of regulators, however large, however wise, to anticipate how and where to mobilize the resources and set the prices so that our infinitely complex economy can work at maximum efficiency. The tragic consequences of recent governmental attempts to control prices and wages here and abroad provides persuasive evidence that there is no administrative or procedural reform that can improve them.

The time has come for us to recognize that wage and price controls not only do not work—they cannot be made to work in a free society. The legislative authority conferred by the Congress and invoked by the President has resulted in grave injury to every sector of our economy without achieving any significant offsetting benefits. In short, wage and price controls have been an unmitigated disaster for the United States, and should be abolished forthwith.

Two months ago, I introduced an amendment to the emergency energy bill that would have accomplished this objective by terminating the Economic Stabilization Act. As might be expected, I was met with objections that whereas wage and price controls were, of course, not desirable, the time was not opportune for restoring freedom to the economy. Arguments were made to the effect that because of the energy crises, and this or that other factor, an immediate lifting of controls would create chaos. Therefore, it was said, we would have to wait for a more appropriate moment when some degree of price stability had been achieved.

Mr. President, one thing that can be said with certainty is that the time will never be just right to return the direction of our economy to the decisions freely made on a daily basis between millions of buyers and sellers. What can be said with equal certainty is that the longer we wait, the longer we postpone the moment when we lift the albatross of controls from around our economic necks, the greater will be the immediate disclocations as prices are released to seek their natural level—and in the meantime, with glacial certainty, we will see the shortages continue to spread, causing more and more firms to close their doors for lack of essential supplies, adding their employees to the ranks of the unemployed.

Mr. President, I can think of no better way to summarize what it is I have tried to say in these few minutes than to quote excerpts from an editorial that appeared in the November 1973 issue of Modern Plastics. Although it speaks of the conditions affecting just one industry and the controls on that industry have recently been relaxed, the problems described and conclusions drawn are of very broad application today:

> The simple fact is that current price controls have created an Alice-in-Wonderland scene of unreality where it is going to become increasingly difficult to operate. Resin suppliers, forced to sell at severely limited list prices (and without control over what their customers do with the resins), aren't exactly falling all over each other to build new capacities. Converters who have price commitments to their customers, but are forced to pay twice the going rate, are starting to think about trading instead of manufacturing. End users, hearing a growing chorus of "shortage, shortage, shortage," are worrying whether or not to design in plastics.
>
> And the whole industry is in malignant turmoil.
>
> What to do.
>
> Remove price controls. It was a free economy that brought resin prices down, let it be a free economy that will allow resin prices to move up to where economic forces will allow them to be. Free competition in a free market place has brought the plastics industry to its present prominence. Only a return to those conditions will assure its future growth.

Mr. President, the time to face the facts is now. The time to bite the bullet of decontrol is now. I urge the Congress not merely to recommend that the Economic Stabilization Act be allowed to expire on April 30, but that we take action now, immediately to bring to a halt this ruinous interference in the workings of a once free and enormously productive economy.

For 2 weeks, the Subcommittee on Production and Stabilization held hearings to consider whether the Economic Stabilization Act of 1970 authorizing these controls should be extended beyond its current expiration date of April 30, 1974. Witness after witness confirmed the conclusion that the imposition of price and wage controls has been an unmitigated disaster. The only way to prevent still greater short- and long-term damage to the economy and employment is to terminate the Economic Stabilization Act now, immediately.

Mr. DOMINICK. Mr. President, will the Senator yield to me, as a cosponsor of his amendment, for a couple of comments?

Mr. BUCKLEY. I am delighted to yield.

Mr. DOMINICK. I was intrigued with the idea of the Senator suggesting this as an amendment, and I am delighted to join him in it.

One of the things we have faced over and over and over again is the hospital situation. There are now two suits pending, one by the American Hospital Association and one by the Catholic Hospital Association, against the Cost of Living Council, on the ground that they are not permitting them in any way whatsoever to be able to reasonably determine what their expenses and prices must be.

This has been generated out of a phase IV regulation which requires you to figure out what your per patient cost is on the basis of the patient load during the preceding year. As you decrease the number of patients in a hospital, which is what we are all trying to go to, it is obvious that the per patient cost is going to go up, because the hospital expense does not go down that fast. The net result is that by the time they come into the new calendar or fiscal year, they have already gotten up to their level of an increase over the previous year, and they cannot raise any prices.

In addition, they have had to use all their contingency funds and the interest on it in order to pay these expenses prior to the time they can take any other action.

So we have had many complaints from our State. The suits did not start in our State. We have been able to get a couple of exemptions. Too often, our effort has been to act as an ombudsman against of the Cost of Living Council. If we can get rid of COLC, it would be beneficial to everybody, not only small business but also the whole medical situation throughout the United States.

Mr. BUCKLEY. I thank the Senator from Colorado for describing a specific instance of the effect of arbitrary attempts to place lids on an economy as interrelated as ours, with such subtle relationships between supply and demand.

Experience over the years, abroad and, of course, in the last 2 years in this country, has substantiated the fact that no matter how dedicated a group of regulators may be, no matter how well informed, they simply are not agile enough or wise enough, they simply do not have the knowledge that is required, to enable them to anticipate all the subtle shifts that vitally affect the nature of demand—and whether a given item will be produced or will not be produced.

I, therefore, urge Senators to bite the bullet and not to pass the buck by looking to the Executive for guidance, but to determine to do today what we know is in the interest of every sector of America, most particularly the consumer, in every phase of our economy: That is, to allow the forces of the marketplace, once again, to generate the resources necessary for the meeting of human needs; to channel our resources into the production of items now in short supply, so that we can once again restore vitality to our economic system. Vitality is essential if we are to avoid what could become a serious recession in this country.

I urge Senators to act decisively and forcefully. In doing so, I would remind Senators that they will be enacting a policy that has the full support and availability of the AFL–CIO, which for months has been advocating a new wage-price policy. This same policy is advocated by the National Farm Bureau, whose activities have been thwarted by economic dislocations created by the economic controls. Also they would be following the recommendations of the National Association of Manufacturers, which has conducted with its member firms a very thorough study of economic controls, to which I have alluded in the course of my formal remarks.

Mr. President, I reserve the remainder of my time.

Mr. JOHNSTON. Mr. President, I yield such time as he may desire to the distinguished senior Senator from New York.

Mr. JAVITS. Mr. President, the matter which is raised certainly deserves to be raised; there is no question about that.

We have been considering this matter in the Joint Economic Committee. We have heard, I think, the two leading witnesses, Dr. Dunlop, the Director of the Cost of Living Council, and Arthur Burns, Chairman of the Federal Reserve Board.

It is very interesting that in neither case—this is certainly no wild idea—in neither case has the complete dismantling of the Economic Stabilization Act as contemplated by this measure been recommended. Dr. Dunlop—and it is rather coincidental that I put his statement in the Record this morning without connecting it with this amendment—Dr. Dunlop—and I refer to his statement made on Tuesday before the Joint Economic Committee—a short time ago recommended that the Cost of Living Council be continued. Then he proceeded to specify what we should and should not do. He pointed out that he did not intend that the Cost of Living Council be carried on as a complaint agency or as a mediation or dispute-settlement agency.

On the other hand, he said it should be more than a price review board, which apparently was a reference to the Cabinet Committee on Price Stability which President Johnson established in 1968. All that did was to publish studies and arrange conferences. But he said that the main preoccupation of the Cost of Living Council is intended to be Government supply actions or private activity designed to constrain short-term or long-term inflation in problem sectors of the economy.

In addition, the administration itself spelled out the fact that it wishes controls continued in the health field and, in addition, in the case of oil and oil products. That is already dealt with in separate legislation.

Mr. President, we have had our attention very sharply called to two points, which I think are important in this respect. One, in connection with the interest in restraining inflation, we are now at the point of what is called two-digit inflation, and that kind of inflation is reminiscent of Brazil and other countries whose currencies have become valueless, with galloping inflation in the economy. So to leave it unrestrained and to absorb what could be a devastating bulge without facing it, would be nearly fatal to the economy. Second, we are told production will increase, and so forth, if we take off all controls. As Dr. Dunlop pointed out, where they see the possibility of increase in supply, that is a factor in taking off controls entirely.

Mr. President, I ask unanimous consent that Dr. Dunlop's statement may be printed as part of these remarks. I wish to leave his statement in the Record otherwise, as colleagues may desire to send it out as a unitary document.

There being no objection, the statement was ordered to be printed in the Record, as follows:

STATEMENT OF DR. JOHN T. DUNLOP, DIRECTOR OF THE COST OF LIVING COUNCIL, BEFORE THE JOINT ECONOMIC COMMITTEE

Mr. Chairman and Members of the Committe: I appreciate the opportunity this morning to present the Administration's proposals for the future of economic controls to this Committee and to answer questions on those proposals. As you know, Secretary Shultz and I presented the recommendations on February 6th before the Subcommittee on Production and Stabilization of the Senate Committee on Banking, Housing and Urban Affairs.

Since the proposals were detailed before that Committee at that time and you have had a chance to review them, I thought it might be appropriate to limit myself today to some general introductory remarks based on questions which have been raised since our analysis and recommendations of February 6, 1974.

I

The inflation in the prices of primary commodities in 1973–74 has been world wide unexpected and beyond the range of previous experience. Ferrous scrap, essential to various branches of steel production, sold for $30 to $40 a ton a year ago and today sells for $115 to $130 a ton. The cash price of No. 1 Hard Red Winter Wheat at Kansas City last Friday was $6.11 a bushel, the highest price recorded. Prior to 1972, the highest price was $2.97 in December 1947. Cotton prices at Memphis reached 92.75 cents a pound last September; they are still in the 70–75 cent range compared to an average of less than 35 cents in 1972 and the years of the preceding decade. The rise in world crude oil prices needs no statistical citation. Thus, the full range of primary commodities—feed grains, fibers, metals and energy—have reflected a virulent price inflation this past year.

The basic explanation for these unprecedented price surges consists of a number of factors—the simultaneous boom in the advanced industrial countries during 1973; the rapid rate of expansion in the last half of 1972 and early 1973 here and abroad; the decline in agricultural output in several countries including the 7 percent decline in the United States; the oil embargo; and the dollar devaluations which further raised dollar prices of imports and made our exports more attractive. This past year this country has learned as never before how closely our economy is related to those of the rest of the world.

In this difficult economic setting, wage and price controls cannot be a powerful tool to constrain domestic inflation. We have sought to use controls during this period to contribute to five major objectives consonant with economic expansion and higher employment levels:

(1) To allow the passthrough of the costs of imports that are absolutely necessary to the domestic economy, as in the case of imported oil, and to allow domestic prices to be high enough so that a serious drain of additional exports to world markets would not create business hardship and unemployment. Most importantly, at the same time we have sought to protect the American consumer by providing for no more than a dollar-for-dollar passthrough of imported costs and have allowed prices of domestic products like aluminum and copper to rise gradually toward world levels only when necessary to preserve supply.

(2) To constrain price increases at finished goods levels from the large cost increases derived from the primary price explosions. Such constraint is achieved through the devices of prenotification, labor productivity offsets, strict accounting of costs *actually* incurred (not anticipated costs), and in some cases further postponement or denial of price increases otherwise cost justified that are found to be unreasonably inconsistent with the goals of the stabilization program.

(3) To constrain the impact of these price increases on wages by programs to improve collective bargaining and to moderate wage increases while recognizing the need to provide for equitable adjustments in individual cases.

(4) To use all available means to modify government and private policies to increase supply and productivity.

(5) To pursue the policy of gradual decontrol on a sector-by-sector basis.

Any dispassionate observer in the economic environment of 1973 and 1974 with these large worldwide primary price increases, will agree that wage and price controls can have only very limited impact to restrain inflation and that there are risks that controls will effect substantial economic losses. It is my judgment that in this difficult and complex economic setting the Economic Stabilization Program has made an incremental contribution to price and wage restraint. Nonetheless, the authority for mandatory controls should, with the exception of a few sectors, be allowed to lapse after April 30, 1974.

II

In any appraisal of wage and price controls it is essential, as my detailed testimony sets forth on p. 39, to avoid two extreme positions that are often advanced. One view is that controls can do no good, can only do harm, can make no contribution to the restraint of inflation, and that controls are an entirely unwarranted interference with the "free market." The other view is that direct controls are a powerful and ready tool in the fight against inflation which should be a permanent and continuing part of the government arsenal. In my judgment, neither view is supportable by experience.

Wage and price controls can make an incremental contribution to price stability or may cause adverse effects on production, depending on the profile of the inflation and the way in which controls are designed and administered. Moreover, short-term and longer-term consequences of controls should be distinguished. The consequences of controls, for me, are a pragmatic and quantative matter. For the past year, the evidence and conclusions as to the results of the controls program have been collected and analyzed and are presented on pp. 17–35 of the detailed testimony.

III

The first half of the year 1974 gives evidence of being characterized by severe inflationary pressures from the same fundamental forces that characterized 1973, except that there is generally expected to develop less pressure on capacity as the year develops, save in certain industries where long-run supplies continue to be short. The table on page A–150 of the testimony shows a number of econometric projections of the GNP deflation by quarters for 1974, generally with declining price increases. These projections in most cases, were based on the assumptions that controls will lapse on April 30, 1974.

The economic environment of 1974 will require in many industries and within many firms very considerable readjustments to substantially higher energy prices, temporarily higher and in some instances permanently higher raw materials and feedstock costs and rapid variations in demand for products. For example, the automobile industry must adjust to their higher demand for small cars and the relative drop in the demand for large cars; the plastics industry faces acute readjustments with permanently higher costs of feedstock more than likely: a number of industries face adjustments toward or away from low-end products, depending on demand and capacity conditions large adjustments in transportation costs require major reviews in many sectors; long term capacity decisions are required in many industries. International markets also involve considerable uncertainty and change.

In these circumstances, it is our considered judgment that the need for flexibility of decision making in industry in the period ahead is of paramount importance to protect jobs and efficiency, and overrules the incremental contribution that widespread controls might make to price stability in the economic environment expected after April 30, 1974. Accordingly, we have recommended that, with the exception of a few sectors, the authority to impose controls be allowed to lapse.

The decontrol process has not been abrupt or precipitous; it will have been spread gradually over nine and one-half months since July 18, 1973. The testimony on page 12 sets forth the sectors decontrolled. Since that compilation, the Cost of Living Council has decontrolled the following sectors: steel drum reconditioning firms, marine terminal prices, rendering, ferrous and ferro-alloy scrap, and nonrubber shoes.

In the case of all significant sectors we have sought and received commitments in the public interests as to future prices, capacity, domestic sales or industrial relations procedures. Anyone familiar with the experience of 1946 or 1952 can contrast our current course with the disorderly retreat from controls in these earlier periods.

IV

The main purpose of this brief introduction is to focus attention on the proposed continuing Cost of Living Council as described on pages 57–58 of the testimony. The proposed activities—most of which we have been doing this past year to a limited extent—are apart from mandatory wage and price controls.

The Administration's recommendations are based upon three fundamental principles: (1) The Federal Government must have a continuing and deep concern with the rate of inflation, even apart from the primary tools of fiscal and monetary policy. Since wage and price controls are not adjudged to be an effective instrument for restraining inflation in the period ahead, there should be in the government an institutional focus of concern and activity applied to particular sectors to restrain inflation. (2) The widespread impact of the Federal Government on particular sectors—such as in agriculture, construction and transportation—has significant consequences for inflation. The government should see that its activities take into account the inflationary potential of its policies, and in these times, public policies should involve supply stimulation to constrain price and wage inflation. Illustrations of activities of this nature carried on during the past year are summarized on pages A–16—18 of the testimony. We intend to expand such activities. (3) The government can and should use its influence and leadership with private parties, and State and local governments, to restrain prices and costs and to increase productivity. In some problem areas, such activities involve labor-management-government advisory committees. Attention is directed to the recommendation that the Federal Advisory Committee Act be amended to exempt such tripartite committees. (Testimony pages 61–63.)

While the testimony spells out the Administration's position on the future of controls and the role of the Cost of Living Council after April 30, it may be helpful to try to indicate what the new Council is *not* proposed to be. It is not a planning agency, since its activities are intended to be focused on inflation; nor is it proposed as another Council of Economic Advisers or as another mediation or dispute settlement agency. On the other hand, it is more than a price and review board in that it regards supply problems, and government actions affecting supply, as central to its proposed mandate. And it is more than a Cabinet Committee on Price Stability, such as established by President Johnson in 1968, to publish studies and arrange conferences, since its main preoccupation is intended to be government supply actions or private activities designed to constrain short-term or long-term inflation in problem sectors of the economy.

Apart from monetary and fiscal policy, the recommendations constitute, in my view, the most practical and effective means for fighting inflation under the economic conditions that now lie ahead. While opinions may differ over how best to confront the complex problems of inflation, no one should confuse the proposal to end widespread mandatory wage and price controls with an abandonment of concern over inflation. The recommendations constitute our judgment as to the most effective means to restrain inflation in particular sectors in the circumstances immediately ahead.

Mr. JAVITS. Mr. President, Dr. Dunlop pointed out where they see the possibility of increase in supply that is a factor in taking off controls entirely. He pointed out that the Cost of Living Council recently decontrolled steel drums, reconditioning firms, marine terminal prices rendering ferrous and ferro-alloy scrap and nonrubber shoes, because they met that kind of test.

We know an enormous sector of retailing has been decontrolled. The chairman of the Federal Reserve Board came in with a proposition that would have enabled us to review price and wage increase periods with a cooling off period, and as always with the implied power to move back into a control pattern if the cooling off action, hearings, and publication of their views did not work.

But again, we have no such alternative here. This is a straight decontrol and removal of even the opportunity to decontrol, which I think is highly inadvisable.

The two authorities cited are the AFL–CIO, and Senator BUCKLEY properly tells us this has been their published position, which calls for an end of all controls, and the National Association of Manufacturers.

I do not need to protest my respect for either organization. I am one of the few Members of my party who have enjoyed some support from the AFL–CIO. But, Mr. President, that does not inhibit me and I think I would not enjoy that support if I were inhibited from dealing with these issues as they need to be dealt with in the total interest of all Americans, including the up to 20 million Americans in organized trade unions. In their interest I think we would literally outrage the person who goes to the grocery store these days and people who buy anything as consumers, if we not only dismantle any controls we have but also the mechanisms to reinstitute them.

There is ample latitude to phase in decontrols, to ease up, and put something on a premium basis, items where production may be stimulated. But in many cases, there is a limitation of facilities, in many cases there is a removal of will to produce any more, and many other factors, including consumer attractiveness.

I subscribe to the view that increased supply will have a profound and anti-inflationary influence. Indeed, the whole emphasis of our program must be directed to that end. But that does not mean that a great deal cannot be done with controls that are available, by the way the price mechanism is handled, especially the phase-in, going in or going out of controls, as needed.

We would leave ourselves defenseless in the critical state of the economical condition of this country and the world, with a very grave continuing danger of inflation if we stripped ourselves of the power of controls.

Whatever there is to the Buckley argument, and the argument of his colleagues, nobody is God, and cannot pretend the last element of judgment, but whatever there is to their argument, they must yield to the fact that all legislation is a tradeoff.

Surely, we may be sacrificing something in the initiative or stimulus to increase production, or something in the ultimate bulge which always comes when controls are taken off. These are tradeoffs and we must be realistic. But compare that with the real possibility of showing ourselves incapable of dealing with so eroding a force in terms of our economy as inflation, which is still galloping very successfully, notwithstanding our best efforts.

If we strip ourselves of the power to control, let alone the controls themselves, we must come down heavily on the side of continuing the mechanism. I know that it expires April 30. Inasmuch as I am against the policy they advocate I hope we will either defeat or table the amendment.

Mr. JOHNSTON. Mr. President, I wish to thank the distinguished senior Senator from New York for so eloquently and lucidly pointing out some of the issues involved in the most complicated and basic question of the American economy. It is not quite so simple as saying, "Do controls work or do they not work?" Rather, there are a host of questions, myriad questions that need to be resolved.

One month and a week ago, on January 31, the Subcommittee on Production and Stabilization of the Committee on Banking, Housing and Urban Affairs began its hearings on the question of economic stabilization. We were very pleased to have the distinguished junior Senator from New York as one of our key witnesses. With his usual style, force, and logic, the junior Senator from New York contributed greatly to the hearings we have had, propounding the very strong sentiment against the continuation of controls.

Since that time we have had some 35 additional witnesses appear before our committee, not one of whom recommends that we continue controls as we have them. Every single witness, from the junior Senator from New York to the witnesses we will have tomorrow, all say we ought to move away from controls. The question is: How do we do it; when we do we do it, and what modicum, if any, of control power do we maintain?

I might add, as an aside, how curious it is that on so basic a matter as economic stabilization, we should begin on the first day of the hearings with the Senator from New York advocating complete decontrol and conclude our hearings tomorrow with Mr. Meany, president of the AFL–CIO, advocating the same position. It is a real curiosity that the lambs appear to be lying down with the lions. Perhaps one of the reasons for not adopting the Buckley amendment at this time is to prolong the spectacle of these two titans joining hands together in common cause.

In all seriousness, though, the hearings are not yet complete. They will be completed this week. We are going to mark up a bill this week.

Let me just briefly detail some of the questions involved. As I see it, as chairman of the subcommittee, the question of whether we ought to continue the existing controls program is not one of the issues. The question of whether we ought to move further into or away from controls is a question virtually settled in the minds of most Senators. Everyone recognizes that we ought to move away from the control procedures we now have, but a number of questions remain.

For example, should the administration be given the power, as they request, to enforce those promises which business has voluntarily given, promises about increasing capacity, promises about executive wages, promises about prices, promises which have been given to the Cost of Living Council in exchange for decontrol which has been carried out on a sector-by-sector basis?

Should the administration be given the power in this legislation to provide that labor contracts cannot be reopened when the current act expires as many contracts provide? The administration requests that the bill include this kind of authority. This is an issue of great substance and certainly one which ought to be considered, I submit, in committee.

Perhaps most important is the basic question of whether we should have standby controls. This is, as the senior Senator from New York has pointed out, the crucial question. The arguments are strong on both sides. I believe, and I hope the subcommittee will agree, that there should be a continuation of standby controls, but with the parameters for the exercise of those controls being well defined, well limited, taking the Government, taking the Cost of Living Council, in a decided direction away from controls.

I think that to repeal altogether any authority might be counterproductive. First, it would create an atmosphere in which, if inflation continues unabated—as all our witnesses have indicated inflation will—Congress would very likely have a very strong, unmeasured reaction, perhaps calling for additional freezes for across-the-board controls, in a crisis atmosphere in which the wrong kind of decisions can be made.

The possibility of future crisis legislation causes enormous uncertainty and itself breeds inflation. When industry is afraid that the Government is going to come back and precipitately freeze prices or control prices across the board, that is when industry reacts and raises its prices in advance of the uncertain action of Congress.

What I have proposed is standby controls, with the procedures, the machinery, for the exercise of those controls being predetermined and carefully limited, limited so that business will know that whatever action on standby controls is contemplated or taken cannot be done precipitately, cannot be done across the board, cannot be done on a broad base, but only in those circumscribed, carefully limited situations that are defined in the bill we eventually enact.

There is also the matter of health care, Mr. President. This administration has not been generally regarded as favoring increased economic regulation, but we are told that Dr. Dunlop believes we must regulate the health care industry. I personally come down on the other side of that issue—that health care should not be singled out by name for regulation—but this is a question which ought to be considered this week in markup.

There is also the very important question of whether the life of the Cost of Living Council should be abruptly terminated today, at least as far as the Senate is concerned, or whether it ought to be continued, as Dr. Dunlop suggests, as a monitoring agency to gather information, to serve in a conciliatory and mediating capacity, to advise the Congress to do all of those things not involving an affirmative sanction of law, but involving an information gathering and advisory capacity, which is so important to an understanding of the economic structure and economic directions of this country.

Mr. President, the reasons, in short, for being against this amendment, are, first of all procedural, in that the committee, under our committee system, ought to be allowed to work its will, having heard from over 35 witnesses in 6 days' hearings; and, second, because the great weight of argument militates against an abrupt termination at this time, some 30 days in advance of the termination date of this act; and the Congress ought, rather, to consider this very important, very complicated, very involved question in a more sober atmosphere, a more reflective atmosphere, which the committee system of the Congress affords and provides.

Mr. President, I intend to move to table the amendment, and at that time would like to ask that we bring the matter up for a vote at 2 p.m., which I understand will be after the Republican luncheon.

I would like to have a response from the proponent of the amendment as to whether that suits his purposes.

Mr. BUCKLEY. Mr. President, what time did we begin debate on this amendment?

The PRESIDING OFFICER. Debate began at 12:07.

Mr. BUCKLEY. As we have 1 hour to a side, may we schedule that vote for 2:07?

Mr. JOHNSTON. 2:07 would be suitable for me. I will really not need a full hour of debate on our side.

Mr. President, I therefore move to table the amendment and ask for the yeas and nays.

Mr. JAVITS. Mr. President, there are not enough Senators here to order the yeas and nays.

The PRESIDING OFFICER. The motion of the Senator from Louisiana will not be in order until the time of the Senator from New York has been yielded back or used.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. JOHNSTON. I yield.

Mr. JAVITS. I would suggest that the parties use time and then perhaps can agree on a brief recess and then fix a time for the vote.

Mr. BUCKLEY. Mr. President, I believe that the Senator from Louisiana and I are willing to make certain that there will be no votes before 2:07 p.m.

Mr. JOHNSTON. That is fine.

Mr. BUCKLEY. Mr. President, I yield 3 minutes to the Senator from Idaho (Mr. McClure).

Mr. McCLURE. Mr. President, I do not intend to belabor the issue for a great deal of time. I want to respond to a couple of points that have been made and cite an example that I believe clearly illustrates the need for a change from the present situation.

First of all, it has been suggested that if we were to adopt the amendment of the Senator from New York it would show that we are ourselves ineffective in dealing with the problem of inflation. I would say that the precise contrary is the fact. I would say that we now show ourselves ineffective in dealing with the problem of inflation. In fact, inflation has run farther and the cost of living has increased more. I think that the case should be made clearly to the American public that price controls breed higher prices and not lower prices. They are, therefore, counterproductive.

It has been suggested that we ought to do away with the uncertainty and set up standby controls. As I understood it from the Senator from Louisiana, he said that would eliminate uncertainty. It seems to me that would breed uncertainty.

The way to do away with uncertainty is to repeal the statute so that the people will understand that there will be no controls. There are no standby controls, and no control will be applied in this case. This will not be done on the basis of some bureaucratic judgment.

If we want to get away from uncertainty, we should adopt the Buckley amendment.

Mr. President, I want to show how the Government reacts to price controls that it imposes on others.

The whiz kids of the Federal bureaucracy have outdone themselves.

As if we have not seen enough straitjacket regulations applied to private enterprise, and not to Government, they have given the taxpayer another example to fume over.

This time, it is the General Services Administration, and of course, the Cost of Living Council, and the U.S. Mint. And the rub—copper.

CLC has enforced a 68-cent-a-pound ceiling on the price of copper. That ceiling applies to you, to me, to anybody who might want to buy or sell copper—anybody save a special interest group without peer—the Federal Government.

The General Services Administration, in a recent sale of copper from our strategic stockpiles, took average bids of 86.46 cents on the pound for copper—nearly 19 cents above the CLC ceiling. Had any private interest jacked the price that high, the Government lawyers would have descended with writs, orders, summons, subpenas—enough paper to stop anybody from doing anything.

But in this case, nothing happens. What is not OK for the private sector is certainly OK for Uncle. After all, the Government is not in the business of making profits. Or is it?

GSA, to make its budget look good and businesslike, has been making considerable profit involving copper. Under old contracts, it buys the metal at 38 cents a pound, yet it sells it for that magic 86.46 cents. Maybe some argument can be made for the Federal Government making money. But GSA also sells that 38 cent copper to the U.S. Mint—this time at 75 cents a pound, a 33-cent a pound profit that is 8 cents above that ceiling imposed by CLC. But what makes that profit by the General Services Administration really intolerable in this case is that it is no profit at all. For one Federal agency to overcharge another is to steal from the taxpayer—he is the guy who pays that profit. And he is the guy to foot the bill and bear the aggravation for all this nonsense.

It is high time that we do away with the mechanism by which this result can come about.

Mr. WILLIAM L. SCOTT. Mr. President, will the Senator yield?

Mr. BUCKLEY. I yield.

Mr. WILLIAM L. SCOTT. Mr. President, I thought I was a cosponsor of this amendment. I see that my name is not listed.

I commend the distinguished Senator from New York on his amendment. I intend to support it.

If I am not already a cosponsor of the amendment, I ask the distinguished Senator from New York if he would add my name to the amendment.

Mr. BUCKLEY. Mr. President, I ask unanimous consent that the name of the distinguished Senator from Virginia (Mr. WILLIAM L. SCOTT) be added as a cosponsor at its next printing.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BUCKLEY. Mr. President, I apologize for the oversight.

Mr. WILLIAM L. SCOTT. Mr. President, I said in my newsletter that I was a cosponsor. I do not want to falsify my newsletter. I thank the Senator from New York.

Mr. BROCK. Mr. President, will the Senator yield?

Mr. BUCKLEY. I yield the Senator from Tennessee 5 minutes.

Mr. BROCK. Mr. President, I have long been a cosponsor of this particular amendment. I have been a cosponsor since it was first offered last year and before that time.

I have opposed wage and price controls in not just the sense that they create shortages, dislocations, inequities, hardships, and inflation, but more directly to the point because controls by definition are the opposite of freedom. They cannot work in a free society. Nor can we remain free as long as we have control over the marketplace of these 211 million Americans.

I think that many of us back in 1971 when we saw the fantastic outflow of our national reserves decline as a result of the decline in the value of the dollar felt that perhaps very temporarily if Congress had no other device than to support the President and support this freeze it would be all right.

I remember well that debate. We were promised time and time and time again that the time purchased with these constraints and with this temporary removal of our consitutional safeguards would be used to address the more fundamental problem.

Mr. President, we were had. The time was not used to address that fundamental problem. Congress continues to spend money like it was going out of sight. The administration has submitted budget after budget that was well in excess of anticipated revenues. As a matter of fact, a great many people used the controls as an excuse for more Federal spending. They said that Federal spending could not have an inflationary impact when we had controls. That was a fallacious statement. We have seen that it was a fallacious statement.

Under controls, the pace of inflation has not gone down. It has gone up to the point where last year we had an 18-percent increase in the wholesale price index.

We now have citizens in small business and elsewhere who are beginning to lose their jobs because of the sheer incompetence of the Federal Government to manage the marketplace in a free society.

I say this not in derogation of the sincerity or ability of those who have been assigned this responsibility. They are men of integrity and ability. They do their best. However, for anyone to have the arrogance to assume that an individual or any collection of individuals can substitute their judgment for the collective wisdom of 211 million Americans is insane. It does not work. It has not worked. It cannot work. It never will work. It is time that we face up to that fact and relieve the American people of this enormous hardship which Congress has imposed upon them.

I have an enormous respect for the Senator from Louisiana (Mr. JOHNSTON). He is one of the ablest Members of this body and one of the most sincere Members that I know. He shares the philosophy that we must end controls. I undertsand his argument. This is a complicated, enormously difficult, and terribly important matter. And we should not be dealing with it on the floor. I am sympathetic to that argument. I think that it has a great deal of merit.

But, Mr. President, we have been dealing with this matter for 2½ years, not just in this debate, and in those 2½ years we have found the program wanting. We have seen it fail. People in America today are out of work because of the Government's programs, policies, and controls. I do not think they want to wait any longer for a congressional hearing.

We debated this matter last November, was it not? I ask my friend from New York.

Mr. BUCKLEY. Yes, it was, Mr. President.

Mr. BROCK. In connection with the energy bill. Senators will recall, the Senator from New York and I cosponsored this same amendment at that time, and again the argument was made, "Wait."

Mr. President, people cannot wait when they are not working. They do not have any choice. We have had the energy bill before the Senate within the last 2 weeks, and in that bill there was a section granting major new unemployment benefits for employees of energy related and affected industries.

Does that not tell us anything? Does it not tell us, for goodness sake, "Let us get at the root of the problem. Let us not come in with more unemployment compensation, but let us give these people an opportunity to do the job."

The only way to do that is to free the marketplace. In the testimony we have had before our subcommittee on this issue, not one witness has testified for a continuation of controls. Not one, to my knowledge. They have all testified against it.

I have asked each witness this question: "What is going to happen in terms of inflation if we keep controls on?"

They said, "Inflation." Their estimates averaged from 7 to 9 percent, but the consensus was that inflation will continue with controls.

I asked, "All right, what kind of inflation will we have if we take the controls off?"

The answer was, "The same. The same inflation, with or without controls."

Mr. BUCKLEY. Mr. President, will the Senator yield?

Mr. BROCK. I yield.

Mr. BUCKLEY. Did they not also go on to say that the only difference was that if we have controls, we will continue shortages, and if we lift controls we may restore production?

Mr. BROCK. That is what I was about to add. The question is not what is going to happen in the next 3 or 4 months, but in the next 12 to 18 months. If we leave controls on—and this is the universal argument of economists, businessmen, labor representatives, all—if we leave controls on, shortages will get worse, inflation will get worse, and we will have economic disaster. The longer you leave controls on, the worse it gets.

If we take controls off, we will still get the price pinch for the next 6 to 8 months. No one questioned that. No one says we are not going to have to bite a bullet, and a very tough bullet. But if we take controls off, the market begins to respond, the supply increases, and we begin to find our way out of the woods.

Mr. President, that is the basic choice. The basic choice is not whether or not we are going to have inflation. The question is, How do we stop it? By increasing controls, which increase demand, making it worse, or by motivating an increase in supply, and letting the marketplace address its own problems, so that the price can utimately come down? That is what will happen to food prices in the latter part of this year, because there we have returned to a free market in terms of the economy, and that is what we will have to do with the overall economy.

Of the many problems facing our Nation today, none is more pressing nor more difficult to solve than inflation. Two years ago, a solution was sought in the application of direct wage and price controls. Although the original imposition of the controls may have had a temporary ameliorative effect in dampening the expectations that sustain wage and price increases, their continued effect has resulted in shortages, loss of jobs, and even higher prices.

The limitations of controls were recognized by Secretary of Treasury, George Shultz, when in submitting economic stabilization legislation to Congress he pointed out:

> Any dispassionate observer in the economic environment of 1973 and 1974 with its large worldwide primary price increases, will agree that wage and price controls can have only very limited impact to restrain inflation and that there are risks that controls will effect substantial economic damage. It is my judgment that in this difficult and complex economic setting the Economic Stabilization Program has made an incremental contribution to price and wage restraint. Nonetheless, the authority for mandatory controls should, with the exception of a few sectors, be allowed to lapse after April 30, 1974.

I, for one, do not feel that our economy can afford to take any more punishment from the dislocations of the control program and urge that all controls be dropped now.

My constituents from Tennessee have told me that they will be faced with loss of jobs and plant closings unless something is done immediately.

Small foundries in Tennessee recently informed me that their supplier of merchant pig iron has discontinued shipment of this essential raw material because of the price controls.

Contractors who recently visited me from Tennessee have informed me that they have been unable to obtain structural steel necessary to complete their building projects.

One merchant wrote me that his supplier was selling his 1973 salmon pack in export markets because of the price restrictions in the domestic market.

Testimony before the Senate Subcommittee on Production and Stabilization reviewing the future of wage and price controls shows a similar picture nationally.

Both labor and management came to our Committee to ask for a discontinuation of this inequitable program.

A survey conducted by the National Association of Manufacturers involving approximately 2,300 firms, both small and large, showed that approximately 94 percent of all responding companies indicated unusual difficulty in obtaining requirements of important materials or supplies. When asked to identify the possible influencing factors to which the firms attributed shortages, wage and price controls themselves ranked as the leading cause. To demonstrate the point even more dramatically, three out of four firms expect the shortage problem to become much more severe within the next 6 months if controls are continued.

The continuation of selective controls is dangerous because this technique not only increases the distortions among industries and services of different sizes, but, it increases the distortion of the flow of capital and labor due to the effects of substitution, interdependencies, and administrative lags among controlled and noncontrolled sectors.

One example was seen when fertilizer was decontrolled and ammonia was diverted to that industry away from the production of synthetic fibers for apparel. Tennessee farmers must have fertilizer and Tennessee textile workers must have synthetic fibers if they are to earn a livelihood. Who is to tell which of these deserves the highest priority. Allocations by the marketplace are far superior to any centrally directed system, and most consistent with personal freedom.

Rather than continue economic controls, we should move to attack the basic causes of inflation.

No inflation has ever been countered except through reliance on the fundamentals of fiscal and monetary restraint. A step in this direction would be for the Senate to pass the budget reform legislation which has been reported by the Government Operations Committee.

In the supply area, we should continue to take steps to reverse the longstanding Government policy of discouraging rather than encouraging farm production, so that food prices can come down. In addition, we should embark immediately on a program to increase our energy supply with primary reliance on the private sector of our economy.

Finally, we must consider final passage of additional legislation relating to tax, pension, and welfare reform to relieve hardships and increase incentives.

Mr. President, I do not think we have any choice. I do not think we can delay. I think it is imperative that Congress accept responsibility for its mistakes of the past, and get about its task of removing this burden to the free processes of American life.

I think it is time we renew our commitment to the American people to do what we can do about inflation, and that is get our Federal budget under control, pass a budget reform act, and accept the responsibilities that Congress and the people of this country have imposed upon us.

I thank the Senator for yielding.

Mr. BUCKLEY. Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. The Senator from New York has 32 minutes remaining.

Mr. BELLMON. Mr. President, will the Senator yield me 2 minutes?

Mr. BUCKLEY. I yield 2 minutes to the Senator from Oklahoma.

Mr. BELLMON. Mr. President, during recent days and weeks I have traveled to many counties in my home State, talking with people who own small businesses, who work in all sections of the economy, including agriculture, the oil industry, banking, retail stores, wholesalers and public officials. While no doubt many problems concern the people across Oklahoma, the No. 1 problem is clear: the state of the economy. On February 4, I introduced legislation to repeal the Economic Stabilization Act of 1970. Senator BUCKLEY's amendment would accomplish the same purpose, and, because of the urgent need for this country to return to a free marketplace I support this amendment. The longer we delay, the more shortages and inequities we can expect. By acting affirmatively on Senator BUCKLEY's amendment, Congress will again permit the decisions of the marketplace to dictate through supply and demand the production decisions of our Nation. I strongly feel that a free market rather than by the artificial restrictions of wage and price controls can effectively and efficiently meet the needs of American consumers.

Roughly 2½ years ago, the President took a generally popular step when he announced a wage and price freeze on August 15, 1971. At that time, the freeze worked, as did phase II, which followed in November and lasted through 1972. Consumer prices in 1972, by which many economists judge the inflationary rate, rose only by 3.2 percent. That was in sharp contrast to the inflationary rate of about 6 percent in early 1971. It seems clear that up until mid-1973 the administration's controls were effective. However, at that point the causes of inflation apparently changed.

The controls had clearly worked for a while, but in 1973 the inevitable inequities, distortions, and disincentives began to pile up. Several factors contributed to the ineffectiveness of the controls, which no administration and no government could control. With the economy reaching nearly full employment, the general demand for goods and commodities rose to a point where it exceeded the supply available at then existing prices. Because of the control ceilings, business had no real incentive to increase production capacity, so the shortages worsened. A further contributing factor to the economic disarray was the explosion of food and raw commodity prices in the world market. We were placed in the position of attempting to control prices in the markets of the American economy which, because of increased international trade, were only subsectors of world markets. As the differences between world export prices and domestic controlled prices extended to more and more commodities at increasing spreads, incentives were created for American producers to sell their products on the world market rather than the domestic market. By maintaining price controls in our economy, within an environment of worldwide inflation produced by increased demand, more domestic shortages were produced than would otherwise have been the case.

Because of these three factors, today we have serious shortages which threaten the stability of our economy. The evidence is all around us: late delivery days on furniture, aluminum, fertilizer, bottled gas, paper, newsprint, food freezers, baling wire, cement, structural steel, oilfield equipment such as pipeline and mud pumps, cotton goods, copper, zinc, many chemicals, and even, on some items on specific days, food. The distortions we witnessed were perhaps most explicit last summer, when we saw the drowning of millions of baby chickens because it was cheaper to kill them than to raise them and sell them for food.

Perhaps the best description of the problem is contained in a survey produced by the National Association of Manufacturers. Of some 500 member firms, nearly all of them said they were having trouble getting supplies and mainly attributed their problems to controls. Eighty-five percent predicted worsening shortages if controls continued, and most predicted that shortages would cease if controls were lifted. Two-thirds of those surveyed indicated that they would be encouraged to expand their own productive capacity after decontrol. A high percentage believe consumers will end up paying more over the long haul than they would have without controls. The National Association of Business Economists found that economists at 900 companies favor decontrol by a ratio of 2 to 1. It is difficult to think of an industry that does not have some sort of shortage problem, and the cause of the problem in most cases has been an unrealistic supply and demand situation created by artificial prices not realistic with those existing in the world economy.

We have seen workers being laid off and production slowdowns because raw materials are being shipped out of the country at attractive export prices, rather than selling at domestic prices. The answer to this problem is not further trade controls or relaxation of price controls but rather ending the controls and returning to the free marketplace where goods are valued by the price which buyers operating in a free market are willing to pay. It is fair to ask whether or not in a free market situation, shortages and shutdowns will occur because of rising raw material prices and the possibility that specific products may be priced out of the market.

The answer is that if rising material costs decide a product's fate it would at least signify that those products were less important to consumers than other products bidding for the same materials. And if these increased material prices raise the prices of the products and the consumer vote begins to turn against those products, the businessman will at least have some time to try to improve his relative position by cutting costs, producing different products, improving his efficiency, and so forth. If he succeeds, it will be better for the American economy and the consumer will benefit. However, under our system of controls, he does not have this chance. Rather, the businessman wakes up one morning and can't get raw materials because U.S. prices are controlled and foreign prices are not. He finds himself the victim of artificially created market forces that are irrational and produce diseconomies in their impact.

It is clear, then, that after a period of success, the wage and price controls are failing because they are challenging fundamental market forces. In the long run, the continuation of wage and price controls will do more harm than good.

William J. Fellner, a member of the President's Council of Economic Advisers, has said:

> Any large-scale interference with the price structure beyond a very limited period, is a mistake.

Arthur Burns, Chairman of the Federal Reserve Board and recently reappointed to a second term, said:

> A control system can help for a time—and it did. But it is time to return to the free markets.

Dr. C. Jackson Grayson, Jr., a former Chairman of the Price Commission, argued in a recent article in the Harvard Business Review that—

> The free market system is in danger of collapse under central economic controls; we must put the brakes on now.

Grayson views with alarm the trend of economic controls and suggests that unless we return promptly to a market system "conceived on the concepts of competition, monetary reward, excellence, and change," we will "have helped to build our own cages" of a society with limited personal and economic freedoms.

In short, the controls are now counterproductive, and they are doing very little, relatively, to hold down general price levels and are creating shortages by holding back expansion of productive capacity and making many items unprofitable to produce.

It is fair that one would ask, "If prices are decontrolled, what can we anticipate?" Certainly prices will increase somewhat. On the basis of evidence of the last 2 years, however, it can be predicted that prices will rise even if controls are left on in the future, just as they have in the recent past. In the long run, the only way to curb inflation is to bring supply to a better balance with demand, which will happen only if the controls are ended, and to hold down the Federal deficit by operating under a realistic fiscal policy. This of course will put the burden upon our backs. Members of Congress will have to stand up against pressures of increased Federal spending and make hard decisions on where available funds will do the most good.

The past Chairman of the Council of Economic Advisers, Paul McCracken, has indicated that another probable effect of decontrol would be a higher rate of capital investment, which would accelerate economic growth, alleviate production bottlenecks, and make the United States more competitive in international markets. The effect on another of our pressing problems, the energy crisis, would also be significant. Although tremendous price increases have been allowed already under the control program, we have seen an immediate pressure on practically every consumer to conserve its use and reduce consumption of energy. There is no other form of rationing as quick and efficient as rationing by the marketplace and by the purse. The supply, on the other hand, can be increased by speeded-up transportation and deliveries, and can lead to the reopening and working of marginal wells which did not produce a profit margin at lower prices. Further, exploration will be stimulated, and funds will be provided for new refining capacity. Also, it will be possible to utilize recovery techniques which are not now economically feasible at recent prices.

Based on the above, it is clear that controls have caused serious disruptions and instabilities in the economy, and after a period of holding down inflation, they have failed to contain the inflationary rate in the United States. Until controls are ended, we can expect continued shortages, artificially reduced capacities, and continued inflation. Therefore, I would urge the Senate accept the Buckley amendment and repeal the Economic Stabilization Act of 1970. We must stop relying on artificial controls which do not work and face up to the real solution for ending inflation by holding down the cost of government and controlling Federal spending.

Mr. BUCKLEY. Mr. President, I thank the Senator from Oklahoma for his very pertinent remarks.

I have two unanimous-consent requests, Mr. President. The first request I make on behalf of the Senator from Arizona (Mr. FANNIN). I ask unanimous consent that Thomas E. Shroyer of his staff be permitted to be present in the Chamber during the course of the debate on this measure.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BUCKLEY. I also ask unanimous consent that the name of the Senator from Oklahoma (Mr. BELLMON) be added as a cosponsor of my next amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BUCKLEY. Mr. President, I would like to address myself to some of the arguments advanced by my distinguished colleague from New York (Mr. JAVITS) and by the distinguished Senator from Louisiana, and also to place in perspective what we are talking about in terms of human beings, and why I believe we must consider this matter with a sense of urgency. I would like to bring our colleagues up to date on the situation of a paper company in New York State which I mentioned in my "dear colleague" letter dated February 19, 1974.

I mentioned that Stevens and Thompson Paper Co., one of four such companies in New York State, was facing an imminent shutdown in operations. I further mentioned that in the past 30 years the Stevens and Thompson Co. could count on between 25 and 30 suppliers of pulp. However, with the imposition of price controls, the profit was taken out of the pulp business, and now Stevens and Thompson cannot find a single reliable supplier. I am advised that they have enough supplies on hand to keep the company in operation for 4 days next week. After that, the company will be forced to close down, and will have to lay off 200 workers. Two hundred is a small figure in terms of overall statistics, but that figure is vitally important one when we take into consideration that this firm is the one sustaining industry in that town of Greenwich, N.Y. If its paper operations shut down after 105 years of continued operations, it could reduce Greenwich to a ghost town and remove the principal means of livelihood for a community for 2,262 Americans.

I say, Mr. President, this is one of many examples that are daily coming to our attention. I do not think we can afford the luxury of waiting until April 30 and then allowing the program to die of its own weight. I do not believe that we can ignore the fact that the more the dislocations take place, the harder it will be to put the pieces back together again. I do not think we can discount the urgency of allowing industry across the country to begin putting into effect long deferred plans for expansion so that we can meet the rising demand instead of allowing shortages to grow more and more chronic.

I recognize that there are those who have advised otherwise. Dr. Dunlap, the head of the Cost of Living Council, has requested that we continue that council well beyond April 30, that we have all kinds of authority granted to it even if we terminate the actual controls, but it is totally understandable that someone involved in the day-by-day operations of an operation of this kind should become wrapped up in it and would conceivably be the last person to understand the futility of the effort in which he has been involved.

It is significant that Dr. Grayson who was in charge of the earlier attempts to maintain wage and price controls—I believe he was in charge of phases I and II—testified before the Subcommittee on Production and Stabilization as to the need to terminate, to clean ourselves of the whole concept of controls, because they simply will not work and which our experience has so established beyond any peradventure of a doubt.

The Senator from Louisiana (Mr. JOHNSTON) talks about the desirability of considering the alternative of standby authority. Certainly my esteemed colleague from New York (Mr. JAVITS) has also spoken about the need to have that authority in the corner.

I believe the most dangerous thing we can do for the health of the economy is to have such authority there, because as long as it exists we will have a blanket of uncertainty that will smother initiative and the investment policies of the companies on whom we depend for employment, for jobs, for taxes, and for the goods we require in our normal lives.

So I believe that the very existence of these controls will be a depressant on precisely what we are hoping to encourage; namely, to unleash our economic vitality.

Second, we all recognize that the lifting of controls will be accompanied here and there by sharp increases in prices. This has ever been thus. The only thing we know is that the longer controls are in place the more erratic will such increases be.

If we have standby controls waiting to be enacted by the will of one man, the President, we can anticipate extraordinary political pressures to invoke them and then we will be in the entire cycle all over again. Rather, I think it is far more prudent for us to take a look at our own prior experience at the conclusion of World War II, when controls were lifted and when the backlog of demand was far higher than it is today, and acknowledge that there will be that rise so that the rise will trigger an increase in production to meet the shortages, and as the economy once again is freed to act in the marketplace, we will once again see a stabilization and a reduction of prices in response to supply, always provided we in this body have the guts and the self-discipline to address the cause of inflation; namely, outrageous and persistent deficits in the Federal budget.

We have learned the hard way that giving a group of men and women authority to dictate what we may charge for our services or our goods will have no effect whatsoever in the shorter and the longer run over the rate of inflation. We have also learned, I fear, that the mere apparatus of wage and price controls, whether it be actual control or standby authority, or some kind of in-the-middle variations thereof, which would allow someone in Washington to cajole, to investigate, to weigh, and so forth and so forth, will have no effect on inflation other than to divert our attention from the essential job, and that is to impose on ourselves—and by ourselves—I mean the Congress—the self-discipline to live within our budget.

Mr. President, I reserve the remainder of my time.

Mr. JOHNSTON. Mr. President, I should like to respond to the arguments made by my friend from New York (Mr. BUCKLEY), as well as those made by the Senator from Idaho (Mr. MCCLURE) and the Senator from Tennessee (Mr. BROCK).

The argument is made that the existence of standby controls would in itself breed inflation which would result in an irresistible temptation on the part of those administering the program to invoke the controls, which in turn would produce anticipatory inflation from all of industry.

Mr. President, I should like to suggest that precisely the opposite is true. I should like to submit to my colleague from New York the scenario on which I base that statement. If I may, first let me digress for a moment to let the Senator from New York know what I mean at least by standby controls.

There is at least one bill, the one I have filed, S. 2961, which provides for standby controls but does so in a most limited and precise way. This bill would provide that it is the sense of Congress that the decontrols of wage and price controls throughout the economy would be achieved as promptly as possible, consistent with the need to avert serious hardship or deprivation.

The bill further states that the President may not impose these controls unless he has first made the following findings—first, that the absence of controls would lead to serious inflation resulting in serious hardship or deprivation.

The operative words, Mr. President, are that controls may not be continued or may not be imposed unless there is serious inflation resulting in serious hardship or deprivation. Moreover, under my bill, the President must also find that the severity of the hardship or deprivation resulting from such inflation requires a resort to direct controls and cannot be moderated satisfactorily by stimulating additional supply through the market mechanism.

The bill goes further to define what the factors are in weighing the two essential indicators for the use of controls. For example, the President must consider whether the inflation in a particular sector can be moderated successfully in the absence of extensive controls over other related sectors. For example, it would seem that in food we cannot hold down prices on food simply by controlling farm prices without controlling fertilizer prices, tractor prices, fuel prices, and so on. If you are going to control the price of food, it must very likely be done through the chain of commodities and the chain of prices for related products. So this is one of the factors which must be taken into consideration.

The President is also directed to take into consideration the degree to which such controls will inhibit the growth of supply in that sector by causing the curtailment of production, which we have seen in much of the economy, by causing impairment of capital formation, by stimulating foreign demand.

The President is also directed, as a process of this weighing, to determine the anticipated period of time it would take the market mechanism to catch up with the need for supply.

Mr. BUCKLEY. Mr. President, will the Senator yield?

Mr. JOHNSTON. I yield.

Mr. BUCKLEY. Does the proposal grant the President any authority he does not now have in weighing various factors?

Mr. JOHNSTON. No. At present, the President is not limited by any such factor.

Mr. BUCKLEY. Then, if the President today is not able to garnish the figures, facts, and so forth, to issue controls that will have the effect of alleviating shortages and holding prices under today's conditions, why should we have any confidence in his ability to do so tomorrow?

Mr. JOHNSTON. The point of S. 2961 is this, and it is a point that the Senator from New York has made: We ought to get out of controls as quickly as possible, but we ought to keep those standby controls only when necessary to relieve deprivation or serious hardships. What this bill does is to define the continuation of controls in terms of deprivation or serious hardship and weigh it against the need to stimulate production through the market mechanism and further defining the factors that will go into this determination that the President must make.

Mr. BUCKLEY. Have we not just seen a demonstration of the incapability of a bureaucracy or of a President to in fact move in and eliminate all these shortages and dislocations and price fluctuations of which the Senator speaks?

Mr. JOHNSTON. I think yes, in the sense that we both agree—and all the witnesses before the committee agreed—that wage and price controls have very limited effectiveness, that they can be used not across the economy to control wages and prices over a long period of time in all circumstances, but they are limited, with a limited life.

What this bill is designed to do is to keep the standby authority to be used in those limited circumstances when it can be effective, when it must be used to avert the serious shortages and serious deprivation.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. JOHNSTON. I yield.

Mr. JAVITS. I should like to suggest one thing to both my colleagues.

This discussion so far has proceeded in a very one-dimensional way: Should we have controls or should we not? But no one has tried to evaluate what could have happened to our situation if we had not had any controls. No one has made any estimate of that. It seems to me that that bears upon the question very seriously.

Yes, we have had a very serious inflation and a very serious budget deficit situation. But even more important on the budget deficit is that President Johnson swept the Vietnamese war under the rug for years. There were no controls of any kind, whether on wages, prices, budgets, expenditures, or the use of gasoline or anything else—nor on taxation. On the contrary, we reduced taxation by approximately $14 billion—an unbelievable act which I voted against, for all the good that does me or anybody else in this country.

I think this is a very fruitful discussion. It is the key element in the country today. Notwithstanding the excitement about Watergate, this is it with the individual citizen. I do not wish to denigrate the other, but this is the key point.

I think we have to adjudge what would happen without the controls. What concerns me—and I hope the Senators will address themselves to this in the debate—is that in view of the effect which inflation has at this point, I just see it blowing up all over and absolutely destroying faith in money if we simply leave ourselves defenseless.

I am not arguing about decontrol of this, that, or the other, because that will happen. It is bound to happen. It seems to be the common view that it should, thus giving the economy a chance to go forward. But, on the overall, whether the inhibition should be on a businessman not to raise his price too much because of a historic base or whether there should be reinstitution of controls and the runaway situation I see—the Senator, of course, differs with me—if we lift all controls over power to reimpose them, I certainly would choose the former.

Mr. JOHNSTON. I think the senior Senator from New York has made a most important point—and I believe it has been overlooked by the junior Senator from New York—and that is the momentum of inflation. We have seen the Consumer Price Index in the past year rise only 8.8 percent. The wholesale price index rose by 18.8 percent. Perhaps only half of the effect of that wholesale price index has been felt on the Consumer Price Index. That will be felt this year.

The rise in petroleum prices, in turn, is going to affect a whole host of commodities, a whole host of goods at the marketplace, from fertilizers and insecticides to food and steel and textiles and plastics and petrochemicals, and many other commodities which are purchased by Americans. All this price momentum is going to find its way into the Consumer Price Index, and it has not done so thus far.

So what is the scenario? I submit that the scenario is probably something like this: We are going to go pretty much into decontrol, no matter what happens, whether or not we keep present controls, which I think is not a real alternative; but if we kept present controls, we would still go to decontrols, as the CLC is doing right now. In the first half of 1974, we are going to see inflation at least as high as we have had in the past year, and perhaps higher. Both so-called liberal and so-called conservative economists say that this is true. We are going to have inflation continuing in food, in the basic transportation cost, and in a whole host of things that are affected by the cost of energy, the ever-increasing cost of energy.

So, what is going to happen when inflation goes at a rate higher than it is this year? The focus is going to be right here, in Congress. The kind of thing I want to avoid is the kind of atmosphere we had here in December with respect to the energy crisis, when a proposal was submitted to us in haste, in a crisis atmosphere, by the conference committee, to do away with so-called "windfall profits."

Not one Member of the Senate could defend that proposition on its merits. Not one person I heard could defend even the constitutionality of that provision. But there was such an overwhelming feeling in Congress to do something, even if it was wrong, that we almost enacted a provision which was both unwise and unconstitutional and perhaps counterproductive. The matter, of course, was sent back to the conference committee for further work and further debate.

However, the point is that if we do not have some kind of standby mechanism that carefully prescribes the parameters within which prices and wages can be controlled, we will have a demand for hasty, ill-considered action which in turn will breed the anticipatory inflation we saw in phase III.

In phase II inflation went at a runaway rate, many economists say, because it was a signal to the economy that all wraps were going to be off, all constraints on prices were going to be off and, in turn, the freeze was going to be reimposed; and in anticipation of that prices were raised at alarming rates.

The point is that it is much better, in my judgment, to prescribe carefully the terms under which standby controls can be used, and to avoid the hasty, unwise, crisis atmosphere in which Congress would be called upon to enact provisions which may be very unwise, indeed.

Mr. HELMS. Mr. President, will the Senator yield?

Mr. JOHNSTON. I am glad to yield to the Senator from North Carolina.

Mr. HELMS. Mr. President, I commend the distinguished Senator from Louisiana on his customary eloquence. But, I must confess that he leaves me a bit puzzled. I wonder if I might direct a few questions to the distinguished Senator.

Mr. JOHNSTON. Certainly.

Mr. HELMS. Would the Senator agree that what we are really talking about here is philosophy—the question of whether we really believe in the free enterprise system or merely pretend to believe in it?

Mr. JOHNSTON. I think that is part of the question, and if that is the question, let me say that the Senator from Louisiana shares with the Senator from North Carolina a desire and a deep and abiding faith in the free enterprise system. I desire to continue it. I desire not to see it destroyed by controls.

Mr. HELMS. I noticed that the Senator in his splendid remarks referred to the oil situation. He, coming from an oil-producing State, and a great State, put his finger on the real issue confronting the Senate, and the country, today.

I think the Senator would agree that Government action is primarily what created the oil crisis. If there had been no restraints on prices and production, I do not think there would be the lines that now exist at filling stations throughout the States. And competition would have kept prices down. Does the Senator agree with that?

Mr. JOHNSTON. Not altogether. I think much of the crisis was created in Washington. I think blame for the energy crisis can be very generously passed around from the Executive, to Congress, to the oil companies, to the Arabs. So many share in the blame for that; but I will admit, however, to the point that governmental action has, to some extent, caused that.

Mr. HELMS. Does it strike the Senator as somewhat ironic that on a double track in the Senate at this time we have this matter of economic philosophy under discussion and on the other track we have the matter of pay raises for Congress? I think this is a symbolism which is terribly important. Government does not have to worry about prudent management for the simple reason that, by and large, Government does not know anything about prudent management. When the Government needs more money, it simply says to the people, "Fork it over. We will borrow today and make your children and grandchildren pay it back."

So some Senators would resolve their financial problems if, indeed, we have problems, and I do not think we do, but some Senators would propose to raise their own pay, and that money would come from the taxpayers on whom we now would impose controls as to their hope of making a reasonable profit. So I think we run into a sort of negative situation where we talk out of both sides of our mouths.

Mr. JOHNSTON. Mr. President, will the Senator yield?

Mr. HELMS. I yield.

Mr. JOHNSTON. I submit that would not be the first time that occurred in Washington.

Mr. HELMS. But the Senator would agree that should be diminished, particularly at this time when I think there is a greater need than ever before for Senators to level with the people. We talk about the capitalist system and we say that capitalism must survive. Then we turn around and say to this man over here running a little establishment, "You have to artificially raise your wages and keep down your prices to whatever we in Washington think is best." I think the distinguished Senator from Louisiana would agree that under the capitalist system that I believe in, that little man trying against growing odds to run his business knows best how to handle his own affairs.

That is what we are confronting today, is it not? It is a question whether we are going to substitute the artificial judgment of Government for the form of judgment in the marketplace. We cannot cut it any finer than that. I think that is what this debate is all about.

Mr. JOHNSTON. I think the Senator from North Carolina has pointed out a very deep, basic sentiment and philosophy, with which I agree. That is, the free enterprise system ought to be promoted and is ultimately the basis of our economy. We have our problems today. However, they are a little more complicated than that. For example, there are the gasoline prices, which are affected both under this act and under the Petroleum Allocation Act. In my judgment, if we took the lid off gasoline prices, we would see more gasoline, but at a price of perhaps $1 a gallon. Ultimately, taking the lid off the price of gasoline would produce a supply; there is no question about that. If we let gasoline prices go to $1.20 a gallon, as it is in Italy, or to $1 a gallon, as it is in France, then we would have an increase in supply but also an increase in price. But how long would that take?

Mr. HELMS. That is the question.

Mr. JOHNSTON. What would it do to a fellow who lives 15 miles from town or 15 miles from his job, and who, 3 years ago, bought a gas-guzzling car. He does not have the money to buy a new car; neither does he have the $1.15 or $1 to buy the gasoline to get to work. So we need to have a cushion period for holding the lid on the price.

Mr. HELMS. If the Senator will forgive me for interrupting him, that poor, hypothetical individual is no better off if he cannot get gasoline because it is too high than he would be if it were not available. I suspect he would choose, between the two, to have gasoline available to him. At least he would have a choice.

Mr. JOHNSTON. That is true; but I submit there is a point between 40 cents a gallon, which gasoline cost only a few months ago, and $1 a gallon. There is a price at which gasoline can be fixed which will both produce a supply and make it available within reasonable limits for a limited period of time.

Mr. HELMS. The Senator is exactly correct. I agree with him entirely. Our only difference is, who is going to decide what the price will be? The Government or the marketplace? I say it should be the marketplace.

Mr. President, I ask unanimous consent that the time I am consuming be charged to the distinguished Senator from New York (Mr. BUCKLEY) rather than to that of the distinguished Senator from Louisiana.

Mr. BUCKLEY. I gladly yield such time as the Senator from North Carolina requires, within reason.

Mr. HELMS. "Within reason" will be 2 minutes or less, I should say.

Mr. BUCKLEY. The Senator may take as much time as he wishes.

Mr. HELMS. I thank the distinguished Senator.

Many times on the floor of the Senate, since I arrived here, I have spoken of the absolute necessity of having a balanced Federal budget. On one occasion I was pleased with what I considered to be a remarkable success, expressing the general attitude of the Senate that a balanced budget is imperative. We came within 3 votes—46 to 43—of putting the Senate on record in favor of balancing the Federal budget. This is what we are talking about when we talk about controlling inflation.

Mr. BUCKLEY. It is one of the classic causes.

Mr. HELMS. I forget at the moment the latest amount of the national debt. It was between $465 billion and $470 billion, as I recall, when I last checked.

Mr. BUCKLEY. About $460 billion.

Mr. HELMS. I saw a calculation sometime back—I mentioned it previously on the floor of the Senate—that interest alone on the money that Congress has appropriated and that the bureaucrats have spent through the years—in excess of funds taken in by the Federal Government—the total debt is $465 to $475 billion—but the interest alone on that money is costing the taxpayers approximately $28 billion a year. That is where the inflationary cost can be found, in large measure, because, if we break that down, it costs about $54,000 a minute, I will say to the Senator from Louisiana, to pay the interest alone on the existing Federal debt, or something like $1,000 a second every time the clock ticks.

This is the Congress responsibility. We talk about prudence in Government, we talk about economy in Government, but we surely do not practice it in this Chamber, and then we turn around to correct our mistakes by saying to the man on the firing line in the marketplace, "You have to let us control your wages. You have to let us control your prices. You have to do what we say." That is the sin of our generation, and that is what this issue today is all about.

I thank the distinguished Senator from New York for yielding to me.

Mr. BUCKLEY. Mr. President, I want to thank the Senator from North Carolina for placing the whole context of the debate today in its proper dimensions.

We are talking about the basic premises, the basic principles: Do we or do we not believe in our economic system? Do we or do we not believe that it has outlived its usefulness?

I think the reluctance that my friend from Louisiana, who I know deep down does share our belief in the viability and workability of the marketplace, of the competitive free enterprise system, illustrates one of the extraordinary dangers that comes any time we become expedient and abandon basic principles.

One of the great hazards of imposing controls is that there is never a convenient time to wiggle out of those controls. There is always hesitancy because something might happen or someone might be blamed for getting out of them too soon. What happens is that the longer we have controls in place, the greater are the dislocations, and therefore the greater will be the erratic movements of prices once they are lifted, until we again, through the give and take and the producing of adequate goods, get prices that become stabilized. That is what our system is all about.

I suggest that we are never going to find a convenient time to back out. We should have the courage to stand by our principles at this time, to admit that we have made a colossal mistake, and do what we can to keep from digging ourselves further into an economic hole.

If we do not do that, if we keep a cloud over the economy in terms of standby controls or any substitute for that, then we will assuredly, in my judgment, move into a situation where we will have a depression with inflation, and an inflation aggravated by the shortages that we produced by the unfortunate attempt to control inflation through arbitrary controls.

The Senator from Louisiana spoke about his proposal, how he would design standby controls so that they can move in selectively if inflation became intolerable. Frankly, I think inflation is intolerable now. That is why I want us to take measures to wiggle out of the controls.

The Senator from Louisiana correctly pointed out that we cannot say we will contain farm prices by saying, "You will not sell your chicken for more than such and such." We saw what happened last summer when we were faced with that situation. Poultrymen had no option whatsoever but to destroy day-old chicks because the cost of the feed would exceed the price the Government would allow them to sell the end product for. So, the Senator from Louisiana says, in order to meet the situation, we will have to control, simultaneously, every ingredient that goes into producing that chick—the feed, the wiring, the tags on the legs. And if we do that, then we have to worry about every farmer who produces the feed, and then we have to say to that farmer, "We will freeze your price, but we will freeze all those things that go into the cost of your production, so we will freeze the cost of diesel fuel, we will freeze the cost of fertilizer, we will freeze the cost of gasoline, we will freeze the cost of plows"—there is no end to it.

Even if there were an end to that, even if we could trace in all the elements that would enable a poultryman to produce one chicken at a predictable price, we would find another situation which we had not anticipated. It is one thing to say, "You cannot sell fertilizer for more than X price per bag." It is quite another thing to be sure there will be a bag at that price.

One situation we face with respect to prices this coming year is that farmers, when they were plowing their fields last fall, found they could not buy adequate supplies of fertilizer. So we do not know whether the crops this summer and fall will be of the anticipated sizes.

So, Mr. President, if we learned one thing, if we ought to have learned one thing, out of the experience and agony we have gone through in recent months, it is that there is no way of controlling an economy such as ours without creating shortages, without creating dislocations, and if we go only part of the way, we are only aggravating the situation; we have to decide whether we are going to move into a total socialized economy or a totally free one.

I yield to the Senator from Arizona.

Mr. GOLDWATER. Mr. President, I thank my friend from New York. I just want him to know that I stand behind him in this effort.

I just wanted to give my colleagues an example of what the debate is all about today. I just received from my office a specific example of how interference by the Cost of Living Council has disrupted private industry. We were just given facts today proving that the Council has totally disrupted the fresh citrus industry. After the Council upset the agricultural marketing order on navel oranges recently, the market price fell to $3.40 a carton, below the farmer and packinghouse cost of $3.54 to 3.66 per carton. Also, because of the Council's action in forcing several thousands of additional boxcars of navel oranges onto the market all at one time, Arizona Valencia oranges, which are just entering the market, fell $1 a carton, pushing the price below cost for this item, too.

Mr. President, I have been in business. I was a businessman when I came to this body. We do not have too many in this body who have had experience working in the marketplace. I can tell this body that price and wage controls have never worked in the whole history of man since they were first started in Babylon thousands of years ago, and the end result of wage and price controls, if carried through to their ultimate end, is a completely Government operated economy, a socialized economy, if that word is acceptable, and this is where we are headed.

Now, wage and price controls are not working; so what is the next thing? Well, profit control probably will be attempted. Interest control. That does not work. So we get into the control of who is going to make what and where it is going to be made. We might have, for example, a small town in New York State that needs an industry that is presently successful in the State of Arizona. Under that concept, it could be moved to New York.

So I hope this amendment is not tabled. I hope that this body can overcome the mistakes of the administration, although I would much rather see my President withdraw wage and price controls than to have us do it for him; but we are headed for nothing but economic disaster. Inflation does not even enter into this trouble, because the fact is that we are going through today what is caused by the high rate of Federal spending engaged in by this body and, sad to say, to some extent by the administration.

Wage and price controls destroy the natural marketplace, which is the secret of American business. Prices should be controlled by the marketplace. Wages should be controlled by the marketplace, not by law or Government fiat. If any of my colleagues doubt this, I invite them to study business firms in this country and show me one that has ever become successful because of wage and price controls.

The very people this hurts the most is the small business people, not the giants. They can live through this. The small corner store and the small farmer cannot weather Government control of wages and prices. Eventually, it gets the big fellow, too.

This country is dangerously close to economic trouble. And if we have it we can point to wage and price controls as being one cause, but not the only cause.

We are engaged in this country today in the very thing that caused the collapse of Austria in 1928 which, in turn, caused a worldwide depression. Having seen that, I never want to see one again.

We are engaged in precisely the same thing that caused the collapse of the Staatsrat, which was their House. That was the time when the Austrian schilling was important in this world, much more important than our dollar was at that time.

I salute the Senator from New York. I am happy to be a cosponsor of his amendment.

I hope that we can defeat the tabling motion and have the courage to face up to the fact that something had to be done to help businessmen in this country.

Mr. BUCKLEY. Mr. President, as always, the Senator from Arizona has compressed more hard, good sense in a few statements than any other Senator is capable of doing.

It is a historic act and it is indisputable. It is a mistake to believe that we in the 20th century have perfected a better technique than the techniques used in ages past.

We need only to look at the experience of the last 2 years to see that quite the contrary is true. It has become increasingly difficult for the Government to move without causing the gravest distortion.

Mr. President, I want to address myself now to the statement made by my colleague, Senator JAVITS. He said in an exchange with the distinguished Senator from Louisiana that it was two dimensional because we fail to address ourselves to what would have happened had we never imposed price controls in the first instance.

We can describe the horrors that have resulted. However, what might have been the result if the President had not invoked the authority forced on him by the Congress.

Since the Nixon administration took office in 1969 we have had an opportunity to test the utility of controls. Between December 1970 and August 1971, when the President invoked the powers granted him under the Economic Stabilization Act of 1970, the Consumer Price Index had grown at an annual rate of 3.8 percent. Since August 1971, the Nation has undergone the trauma of four phases of controls in various forms that have imposed extraordinary dislocations on an already strained economy, and to what end? Since August 1971, the Consumer Price Index has risen at an accelerated rate that for the 12-month period before the Arab boycott had reached a level of 7.3 percent.

In other words, we can look at all three dimensions of this problem and see from actual experience what happens when we try to contain inflation by placing lids on an inflated economy. Just what happens when we approach the problem by trying to keep a check on Federal deficits, when we make an honest effort to keep from inflating the money supply by printing paper, when we take the traditional measures required to finance inflation.

I think the record is clear that we were overcoming the inflationary forces born of the Johnson years. We yielded to the temptation to impose control, and we are now harvesting the results—shortages and renewed inflationary pressures.

Mr. President, I urge my colleagues to defeat the motion to table that the distinguished Senator from Louisiana intends to offer.

I would be happy to join with the distinguished Senator from Louisiana in an agreement to surrender the remainder of our time and set the time for a vote at 10 minutes after 2 this afternoon.

Mr. JOHNSTON. That would be entirely suitable to me.

Has the Senator yielded back the remainder of his time?

Mr. BUCKLEY. Mr. President, I yield back the remainder of my time.

Mr. JOHNSTON. Mr. President, I yield back the remainder of my time and I move to table the amendment of the Senator from New York and ask unanimous consent that the vote thereon occur at 10 minutes past 2.

The PRESIDING OFFICER. Without objection, the unanimous-consent request of the Senator from Louisiana is agreed to.

RECESS TO 2:10 P.M.

Mr. JOHNSTON. Mr. President, I ask unanimous consent that the Senate stand in recess until 10 minutes after 2 this afternoon.

The PRESIDING OFFICER. Without objection, it is so ordered.

At 1:46 p.m., the Senate took a recess until 2:10 p.m.; whereupon the Senate reassembled when called to order by the Presiding Officer (Mr. DOMENICI).

The PRESIDING OFFICER. The question is on the motion to table amendment 964 to S. 2747.

Mr. JOHNSTON. Mr. President, I ask unanimous consent that Jack Weiss, a member of my staff, be allowed the privilege of the floor during the vote.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JOHNSTON. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. JOHNSTON. Mr. President, I ask unanimous consent that the order for the quorum cal be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JOHNSTON. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. BUCKLEY. Mr. President, I ask for the yeas and nays on the amendment I offered.

The yeas and nays were ordered.

Mr. COOK. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. COOK. I just heard the Senator from New York ask for the yeas and nays on his amendment. I thought that before we recessed, a motion had been made to table the Senator's amendment. Is that not correct?

The PRESIDING OFFICER. The Senator is correct.

Mr. BUCKLEY. The Senator from New York was just anticipating the defeat of that motion.

Mr. COOK. I am delighted to be straightened out by the distinguished Senator from New York.

Mr. JOHNSTON. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. JOHNSTON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to the motion to table. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Mississippi (Mr. EASTLAND), the Senator from Arkansas (Mr. FULBRIGHT), the Senator from South Carolina (Mr. HOLLINGS), the Senator from Minnesota (Mr. MONDALE), and the Senator from Utah (Mr. MOSS) are necessarily absent.

Mr. GRIFFIN. I announce that the Senator from Connecticut (Mr. WEICKER) is absent due to death in the family.

The result was announced—yeas 66, nays 28, as follows:

[No. 49 Leg.]

YEAS—66

Abourezk
Aiken
Baker
Bayh
Beall
Bentsen
Bible
Biden
Brooke
Burdick
Byrd, Robert C.
Cannon
Case
Chiles
Church
Clark
Cook
Cranston
Eagleton
Ervin
Fong
Hart
Hartke
Haskell
Hathaway
Huddleston
Hughes
Humphrey
Inouye
Jackson
Javits
Johnston
Kennedy
Long
Magnuson
Mansfield
Mathias
McGee
McGovern
McIntyre
Metcalf
Metzenbaum
Montoya
Muskie
Nelson
Nunn
Pastore
Pearson
Pell
Proxmire
Randolph
Ribicoff
Roth
Schweiker
Scott, Hugh
Sparkman
Stafford
Stennis
Stevens
Stevenson
Symington
Talmadge
Tower
Tunney
Williams
Young

NAYS—28

Allen
Bartlett
Bellmon
Bennett
Brock
Buckley
Byrd, Harry F., Jr.
Cotton
Curtis
Dole
Domenici
Dominick
Fannin
Goldwater
Gravel
Griffin
Gurney
Hansen
Hatfield
Helms
Hruska
McClellan
McClure
Packwood
Percy
Scott, William L.
Taft
Thurmond

NOT VOTING—6

Eastland
Fulbright
Hollings
Mondale
Moss
Weicker

So Mr. JOHNSTON's motion to lay on the table Mr. BUCKLEY's amendment (No. 964) was agreed to.

SENATOR RANDOLPH SUPPORTS S. 2747, FAIR LABOR STANDARDS AMENDMENTS

Mr. RANDOLPH. Mr. President, the chairman (Mr. WILLIAMS) and ranking minority member (Mr. JAVITS), of the Committee on Labor and Public Welfare, have ably pointed out that the pending measure, S. 2747, is the result of long and careful study. Many days of hearings, committee meetings, floor debate, and House-Senate conferences have been held on this and predecessor legislation.

Although no legislation amending the Fair Labor Standards Act has been signed into law since 1966, the consumer price index increased by more than 35 percent between 1968, when the $1.60 per hour minimum wage took effect, and December 1973. Inflation continues unabated. Thus, the purchasing power of a minimum wage worker has steadily diminished, to the point that a wage of $2.28 per hour is now required to give him the same real income he derived from his $1.60 per hour in 1968.

The Senate has attempted for some time to secure needed improvements in the Fair Labor Standards Act. We adopted a bill in 1972, and again in 1973. Last fall the Congress adopted a worthwhile and necessary measure, but it was vetoed by the President, and the House was unable to override the veto.

Controversy continues to plague our efforts to obtain relief for millions of our lowest income workers. The result has been the unfortunate prolongation—and aggravation—of conditions for many domestic workers, farmworkers, retail trade workers, and others. There may be economic hardships imposed on business and industry due to an increase in the minimum wage, but such hardships must be contrasted to the burdens experienced by the $1.60 per hour worker who, if he has a wife and two children, is working at a federally sanctioned wage that is $1,300 per year below the official poverty level.

Aside from raising the minimum wage of workers whose earnings previously have been protected by the minimum wage law, S. 2747 provides coverage to nearly 7 million workers to whom the law does not now apply. Certainly this is appropriate if the objective of the original 1938 act—to eliminate "labor conditions detrimental to the maintenance of the minimum standard of living necessary for the health, efficiency, and general well-being of workers"—has meaning. I helped to draft and actively worked, as a House Member, to secure passage of the 1938 act.

The effects of inflation should be distributed equally to lessen their burden; they should not be loaded onto the backs of those least able to pay them. Though our country is beset by serious problems, we nonetheless remain the wealthiest Nation in the world, with one of the highest levels of per capita income. The existence of such widespread affluence imposes on our Government the duty to assure more equitable treatment for our lowest-paid wage earners.

I support S. 2747, the Fair Labor Standards Amendments of 1974, and urge its favorable consideration by the Congress.

The PRESIDING OFFICER (Mr. DOMENICI). The bill is open to further amendment.

Mr. DOMINICK. Mr. President, I call up my amendment No. 981, a copy of which is on every Senator's desk, and I ask for the yeas and nays on it.

The yeas and nays were ordered.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk proceeded to read the amendment.

Amendment No. 981 (in the nature of a substitute), offered by Mr. DOMINICK (for himself, Mr. TAFT, and Mr. BEALL), is as follows:

Strike out all after the enacting clause and insert in lieu thereof the following:

That this Act may be cited as the "Fair Labor Standards Amendments of 1974".

INCREASE IN THE MINIMUM WAGE

SEC. 2. (a) Section 6(a)(1) of the Fair Labor Standards Act of 1938 is amended to read as follows:

"(1)(A) Not less than $2 an hour during the first year from the effective date of the Fair Labor Standards Amendments of 1974,

"(B) Not less than $2.10 an hour during the second year from the effective date of such amendments,

"(C) Not less than $2.20 an hour during the third year from the effective date of such amendments,

"(D) Not less than $2.30 an hour thereafter.".

(b) Section 6(a)(5) of such Act is amended to read as follows:

"(5) if such employee is employed in agriculture, not less than $1.60 an hour during the first year from the effective date of the Fair Labor Standards Amendments of 1974, not less than $1.80 an hour during the second year from the effective date of such amendments, not less than $2 an hour during the third year from the effective date of such amendments, not less than $2.20 an hour during the fourth year from the effective date of such amendments, and not less than $2.30 an hour thereafter.".

(c) Section 6(b) of such Act is amended—

(1) by inserting after the words "Fair Labor Standards Amendments of 1966" a comma and the following: "or title IX of the Education Amendments of 1972"; and

(2) by striking out paragraphs (1) through (5) of such section and inserting in lieu thereof the following:

"(1) not less than $1.80 an hour during the first year from the effective date of the Fair Labor Standards Amendments of 1974;

"(2) not less than $2 an hour during the second year from the effective date of such amendments;

"(3) not less than $2.20 an hour during the third year of such amendments; and

"(4) not less than $2.30 an hour thereafter.".

TECHNICAL AMENDMENTS

SEC. 5. (a) Section 6(c)(2)(C) of the Fair Labor Standards Act of 1938 is amended by substituting "1974" for "1966" each time it appears in such paragraph.

(b)(1) Section 6(c)(3) of such Act is repealed.

(2) Section 6(c)(4) of such Act is redesignated as section 6(c)(3).

EFFECTIVE DATE

SEC. 6. The amendments made by this Act shall take effect on the first day of the second full month which begins after the date of the enactment of this Act.

Mr. DOMINICK. Mr. President, I yield myself 10 minutes, and I will say to my colleagues that I doubt I will take much more than that, although other Senators may want to speak on behalf of the amendment.

I do think it is important, so I hope my colleagues will listen.

I would say to my friends and colleagues that the problem with increasing the minimum wage throughout has been the disagreement over extension of coverage, over youth differentials, over overtime, over exemptions, and the rate of increase. In order to try to avoid that problem, the Senator from Ohio (Mr. TAFT), the Senator from Maryland (Mr. BEALL), and I put together an increase in the minimum wage which will, in fact, be a bigger increase than provided by the committee bill, but which does not deal with any of these very controversial subjects. In other words, we leave it the way the law is now.

Our amendment would do the following: For those who were covered under fair labor standards prior to 1966, it would take them to $2, then $2.10, then $2.20, then $2.30.

For those who were covered in 1966, which was the last time we amended the Fair Labor Standards Act, it would take them from $1.60 to $1.80, up to $2, $2.20, and $2.30.

For agricultural workers, they would go from $1.30 to $1.60 the first year, to $2, $2.20, and then $2.30. The effect of that is to bring the agricultural workers even with nonagricultural workers, which is different to a considerable degree from the 30-cent differential that exists now.

In all cases, I may say to my colleagues, our bill, over a long period of time, takes workers to a higher level than the committee bill would. This may seem like a defect to some persons, but I do not really think it is. It assures an increase in minimum wage which would, at least hopefully, equal the inflationary rate which we can see has been going on in this country for over 20 years.

If we take that into account, we would not have to wrestle with the minimum wage again until after the expiration of this particular increase, which would be 1977, as opposed to 1974, 1975, or 1976.

One of the great benefits of this proposal is that it gets away from the committee effort to extend the law to domestics. As I said before, the committee language is such as to make the pay for domestics so high as to cause them to be substantially engaged in interstate commerce, which is hard for me to swallow. My proposal gets away from domestics totally by not including them in the bill, by not taking up that issue, an issue which Secretary Brennan, who supported the bill last year, said would result in massive unemployment, because nobody will pay for all the reports that have to be made for those who work only in the summer. A household head is going to have to get his wife or somebody else to do that for him, if he can.

A second position it gets away from, which is in the committee bill, is the overtime pay for State and local employees. I do not know how many Senators have had mayors, councilmen, and representatives from the National League of Cities visit them in the last couple of days to ask them about overtime pay for State and local employees.

They say that we are destroying every agreement they have ever had with policemen and firemen and other officers in the States' governmental system, and that we ought to keep out of it.

Mr. President, I ask unanimous consent, on behalf of the Senator from New York (Mr. BUCKLEY), to have Mr. Frank McGuire granted the privilege of the floor during the debate on the minimum wage bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOMINICK. The third thing—and this is probably as controversial an item as any—is the so-called youth differential. The committee bill does not deal with this effectively at all. Our effort gets it back into committee, so that we can deal with it in far more detail in committee hearings.

These are the principal things we are avoiding by going this way. We will then have ample time in committee to deal with each one of them.

Another thing is to eliminate most exemptions that now exist in law, whether for the regular minimum wage or for the overtime minimum. This creates a couple of massive problems in a whole number of interrelated industries and probably will cause rather substantial unemployment again. I am not talking about the so-called "ripple" effect, which I talked about last year. That effect results when we get a "ripple" from everyone else going up the next step. Those who will get the maximum benefit from this will be those earning, say, $9 or more an hour. They will get their differential by having an increase in their rate. They will have a much higher rate increase than anyone else.

I want to get the minimum wage increase which I have been trying to get for 3 years or more. This increase will not be vetoed—and, if vetoed, the veto will not be sustained.

I do not want to forecast what my friends on the House side are going to do. However, I have a feeling that if we go into conference on this bill with the House conferees, there will be little or no difficulty in trying to work out an agreement whereby we can maintain the basic principles of the minimum wage increase and avoid most of the problems which I have outlined.

Mr. WILLIAMS. Mr. President, I yield myself 5 minutes.

The PRESIDING OFFICER. The Senator from New Jersey is recognized for 5 minutes.

Mr. WILLIAMS. Mr. President, the amendment offered by the Senator from Colorado is substantially the same amendment as was offered the last time the minimum wage bill was before the Senate. I believe that the major difference is that the first step to be reached under his amendment last year would have been $1.80. It would then have gone to $2. And periodically it would have been increased up until $2.30 is reached.

I do not wish to particularly argue about the schedule of increases in the minimum wage of the bill before us at this time. Of course, I strongly support the bill that I have the responsibility to manage here, together with my colleague, the ranking minority member of the committee, the Senator from New York (Mr. JAVITS).

Our schedule is $2 on the effective date, and a year later it would go to $2.20.

The reason that I so strongly oppose this amendment is that it deals only with the minimum wage levels for those who are presently covered by the Fair Labor Standards Act.

It does not take account of any of the millions who are now, we hope, to be included under the coverage of the Fair Labor Standards Act, literally millions of people who will newly be covered under the pending bill.

It seems to me that the amendment of the Senator from Colorado really would permit a continuation of people on the welfare rolls, a continuation of welfare payments, and would not permit what I think is basic, and should be basic to our society and to our economy, and that is the work ethic.

I know that the work ethic presents a mockery to those people who are presently at $1.60 an hour and those who are not covered under the act and are below $1.60 an hour.

We want to promote the opportunity for people who work to be able to make enough money to support themselves and their families and not have a continuation of working people having to piece out a meager standard of living through resort to the welfare rolls.

Mr. President, during the debate on S. 2747, the Fair Labor Standards Amendments of 1974, on Thursday, February 28, 1974, the Committee on Labor and Public Welfare was charged with having brought legislation to the floor of the Senate without knowing the impact of the legislation. The Senator from Colorado suggested that and in about the language on that date. The charge has been made, without foundation, and it has been made so often in the past 3 years that it is ludicrous. It just is not accurate at all.

I will not remind my colleagues that these minimum wage amendments have been subjected to more days of hearings, executive committee sessions, and floor debate than almost any other piece of legislation since this administration took office. However, even more importantly, since I first introduced minimum wage legislation in 1969, together with the committee, we have continually obtained updated economic impact data from the Department of Labor on at least 15 occasions and have made that material available to Sentors, before asking them to vote on this legislation.

In addition, for the first time since the enactment of the Fair Labor Standards Act in 1938, the Senate had available both in 1972 and 1973 printed and bound background materials on the Fair Labor Standards Act, including the legislative history of every provision in the act, an enumeration of every study ever done by the Department of Labor on the Fair Labor Standards Act, including the special industry studies, and summaries of every one of those studies, as well as the past 19 annual reports of the Secretary of Labor to the Congress.

These materials were prepared and distributed at my direction with the assistance of materials provided by the administration.

Mr. President, in my judgment after careful review of these materials, S. 2747 is completely consistent with all the available data. So that Members of this body are not misled into believing that data does not exist, I feel compelled to ask that the Public Printer make these materials available once again, in abbreviated form. Therefore, I ask unanimous consent that the following materials be printed in the RECORD:

First. Estimated number of nonsupervisory employees paid less than the minimum wage rates specified in S. 2747 and estimated cost of raising their wages to those rates.

Second, Estimated number of nonsupervisory employees brought under the minimum wage provisions of the Fair Labor Standards Act by S. 2747.

Third. Estimated number of wage and salary workers added to the minimum wage and overtime coverage of the Fair Labor Standards Act by S. 2747.

Fourth. Estimated number of nonsupervisory employees exempt from the minimum wage and/or overtime provisions of the Fair Labor Standards Act as amended by S. 2747.

Fifth. Estimated number of nonsupervisory employees paid less than the minimum wage rates specified in H.R. 12435 and estimated cost of raising their wages to those rates.

Sixth. Estimated number of nonsupervisory employees brought under the minimum wage provisions of the Fair Labor Standards Act by H.R. 12435.

Seventh. Estimated number of wage and salary workers added to the minimum wage and overtime coverage of the Fair Labor Standards Act by H.R. 12435.

Eighth. Estimated number of nonsupervisory employees exempt from the minimum wage and/or overtime provisions of the Fair Labor Standards Act as amended by H.R. 12435.

Ninth. 4(D) Reports—Summaries and Recommendations.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

ESTIMATED NUMBER OF NONSUPERVISORY EMPLOYEES PAID LESS THAN THE MINIMUM WAGE RATES SPECIFIED IN S. 2747 AND ESTIMATED COST OF RAISING THEIR WAGES TO THOSE RATES

Coverage status and proposed minimum wage rate	Employees paid less than proposed rate		Annual wage bill increase		Total number of employees (thousands)	Projected annual wage bill (millions)
	Number (thousands)	Percent	Amount (millions)	Percent		
APR. 1, 1974[1]						
Total, all nonsupervisory employees subject to the minimum wage	3,419	6.1	$1,498	0.4	55,618	$413,401
Employees presently subject to the minimum wage	2,675	5.4	868	.2	49,427	368,243
Employees subject to the minimum wage prior to 1966 amendments to $2	1,426	3.8	530	.2	37,125	299,826
Employees subject to the minimum wage as a result of 1966 amendments	1,249	10.2	338	.5	12,303	68,417
Federal Government to $2	49	7.9	20	.4	615	5,293
State and local government to $1.80	274	9.4	66	.4	2,914	15,578
Other private nonfarm employees to $1.80	829	10.2	227	.5	8,261	45,831
Farmworkers to $1.60	87	16.9	25	1.4	513	1,715
Employees newly covered by 1974 amendments	744	12.0	630	1.4	6,191	45,158
Federal Government to $1.80					1,693	15,779
State and local government to $1.80	69	2.0	48	.2	3,386	27,474
Domestic service to $1.80	651	63.9	572	36.8	1,018	1,555
Other private nonfarm employees to $1.80	21	30.5	9	3.6	69	265
Farmworkers to $1.60[2]	3	13.1	1	1.1	25	85
JULY 1, 1974[3]						
Total, all nonsupervisory employees subject to the minimum wage	24	(4)	18	(4)	55,705	420,434
Employees presently subject to the minimum wage					49,427	373,658
Employees subject to the minimum wage prior to 1966 amendments at $2					37,124	304,072
Employees subject to the minimum wage as a result of 1966 amendments					12,303	69,586
Federal Government at $2					615	5,377
State and local government at $1.80					2,914	15,849
Other private nonfarm employees at $1.80					8,261	46,601
Farmworkers at $1.60					513	1,759
Employees newly covered by 1974 amendments	24	.4	18	(4)	6,278	46,776
Federal Government at $1.80					1,693	15,973
State and local government at $1.80					3,386	27,856
Domestic service at $1.80					1,018	2,150
Other private nonfarm employees to $1.80	24	15.3	18	2.5	156	710
Farmworkers at $1.60[2]					25	87
APR. 1, 1975[5]						
Total, all nonsupervisory employees subject to the minimum wage	4,653	8.4	1,437	.3	55,705	435,635
Employees presently subject to the minimum wage	3,814	7.7	1,246	.3	49,427	387,175
Employees subject to the minimum wage prior to 1966 amendments to $2.20	2,066	5.6	693	.2	37,124	315,148
Employees subject to the minimum wage as a result of 1966 amendments	1,748	14.2	553	.8	12,303	72,027
Federal Government to $2.20	58	9.4	18	.3	615	5,571
State and local government to $2	381	13.1	111	.7	2,914	16,410
Other private nonfarm employees to $2	1,193	14.4	394	.8	8,261	48,229
Farmworkers to $1.80	116	22.7	30	1.7	513	1,817
Employees newly covered by 1974 amendments	839	13.4	191	.4	6,278	48,460
Federal Government to $2					1,693	16,568
State and local government to $2	97	2.9	32	.1	3,386	28,884
Domestic service to $2	682	67.0	140	6.4	1,018	2,171
Other private nonfarm employees to $2	55	35.3	18	2.4	156	748
Farmworkers to $1.80[2]	5	19.4	1	1.1	25	89
JULY 1, 1975[6]						
Total, all nonsupervisory employees subject to the minimum wage	28	.1	24	(4)	55,792	442,684
Employees presently subject to the minimum wage					49,427	393,006
Employees subject to the minimum wage prior to 1966 amendments at $2.20					37,124	319,600
Employees subject to the minimum wage as a result of 1966 amendments					12,303	73,406
Federal Government at $2.20					615	5,656
State and local government at $2					2,914	16,711
Other private nonfarm employees at $2					8,261	49,172
Farmworkers at $1.80					513	1,867
Employees newly covered by 1974 amendments	28	.4	24	(4)	6,365	49,678
Federal Government at $2					1,693	16,772
State and local government at $2					3,386	29,265
Domestic service at $2					1,018	2,322
Other private nonfarm employees to $2	28	11.5	24	2.0	243	1,227
Farmworkers at $1.80[2]					25	92

Coverage status and proposed minimum wage rate	Employees paid less than proposed rate: Number (thousands)	Employees paid less than proposed rate: Percent	Annual wage bill increase: Amount (millions)	Annual wage bill increase: Percent	Total number of employees (thousands)	Projected annual wage bill (millions)
APR. 1, 1976 [7]						
Total, all nonsupervisory employees subject to the minimum wage	3,124	5.6	$947	0.2	55,792	$458,603
Employees presently subject to the minimum wage	2,187	4.4	723	.2	49,427	407,134
Employees subject to the minimum wage prior to 1966 amendments at $2.20 since Apr. 1, 1975					37,124	331,252
Employees subject to the minimum wage as a result of 1966 amendments	2,187	17.8	723	1.0	12,303	75,882
Federal Government at $2.20 since Apr. 1, 1975					615	5,860
State and local government to $2.20	490	16.8	149	.9	2,914	17,282
Other private nonfarm employees to $2.20	1,553	18.8	535	1.1	8,261	50,816
Farmworkers to $2	144	28.1	39	2.0	513	1,924
Employees newly covered by 1974 amendments	937	14.7	224	.4	6,365	51,469
Federal Government to $2.20					1,693	17,397
State and local government to $2.20	129	3.8	44	2.1	3,386	30,339
Domestic service to $2.20	707	69.4	145	6.2	1,018	2,354
Other private nonfarm employees to $2.20	95	39.1	33	2.6	243	1,285
Farmworkers to $2.00 [2]	6	25.7	2	2.1	25	94
JULY 1, 1976 [8]						
Total, all nonsupervisory employees subject to the minimum wage	187	.3	182	[4]	56,304	467,786
Employees presently subject to the minimum wage					49,427	412,691
Employees subject to the minimum wage prior to 1966 amendments at $2.20					37,124	335,247
Employees subject to the minimum wage as a result of 1966 amendments					12,303	77,444
Federal Government at $2.20					615	5,930
State and local government at $2.20					2,914	17,624
Other private nonfarm employees at $2.20					8,261	51,908
Farmworkers at $2					513	1,982
Employees newly covered by 1974 amendments	187	2.7	182	.3	6,877	55,095
Federal Government at $2.20					1,693	17,610
State and local government at $2.20					3,386	30,750
Domestic service at $2.20					1,018	2,525
Other private nonfarm employees to $2.20	187	24.8	182	4.4	755	4,113
Farmworkers at $2					25	97
APR. 1, 1977 [9]						
Total, all nonsupervisory employees subject to the minimum wage	177	.3	49	[4]	56,304	484,799
Employees presently subject to the minimum wage	169	.3	47	[4]	49,427	427,619
Employees subject to the minimum wage prior to 1966 amendments at $2.20 since Apr. 1, 1975					37,124	347,563
Employees subject to the minimum wage as a result of 1966 amendments	169	1.4	47	.1	12,303	80,056
Federal Government at $2.20 since Apr. 1, 1975					615	6,146
State and local government at $2.20 since Apr. 1, 1976					2,914	18,226
Other private nonfarm employees at $2.20 since Apr. 1, 1976					8,261	53,645
Farmworkers to $2.20	169	33.0	47	2.3	513	2,039
Employees newly covered by 1973 amendments	8	.1	2	[4]	6,877	57,180
Federal Government at $2.20 since Apr. 1, 1976					1,693	18,267
State and local government at $2.20 since Apr. 1, 1976					3,386	31,848
Domestic service at $2.20 since Apr. 1, 1976					1,018	2,594
Other private nonfarm employees at $2.20 since July 1, 1976					755	4,301
Farmworkers to $2.20 [2]	8	31.7	2	2.0	25	1e0

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[1] Estimates are based on employment in September 1973 and earnings levels projected to Apr. 1, 1974, assuming an annual increase of 5 percent. For tipped employees, earnings include cash wages plus an allowance of 50 percent of the applicable minimum wage for tips. Estimates exclude changes proposed for employees in Puerto Rico and the Virgin Islands.

[2] Farmworkers added to coverage by revision of sec. 3(e).

[3] Estimates are based on employment in September 1973 and earnings levels projected to July 1, 1974, assuming an annual increase of 5 percent. For tipped employees, earnings include cash wages plus an allowance of 50 percent of the applicable minimum wage for tips. Estimates exclude changes proposed for employees in Puerto Rico and the Virgin Islands.

[4] Less than 0.05 percent.

[5] Estimates are based on employment in September 1973 and earnings levels projected to Apr. 1, 1975, assuming an annual increase of 5 percent. For tipped employees, earnings include cash wages plus an allowance of 50 percent of the applicable minimum wage for tips. Estimates exclude changes proposed for employees in Puerto Rico and the Virgin Islands.

[6] Estimates are based on employment in September 1973 and earnings levels projected to July 1, 1975, assuming an annual increase of 5 percent. For tipped employees, earnings including cash wages plus an allowance of 50 percent of the applicable minimum wage for tips. Estimates exclude changes proposed for employees in Puerto Rico and the Virgin Islands.

[7] Estimates are based on employment in September 1973 and earnings levels projected to Apr. 1, 1976, assuming an annual increase of 5 percent. For tipped employees, earnings include cash wages plus an allowance of 50 percent of the applicable minimum wage for tips. Estimates exclude changes for employees in Pnerto Rico and the Virgin Islands.

[8] Estimates are based on employment in September 1973 and earnings levels projected to July 1, 1976, assuming an annual increase of 5 percent. For tipped employees, earnings include cash wages plus an allowance of 50 percent of the applicable minimum wage for tips. Estimates exclude changes proposed for employees in Puerto Rico and the Virgin Islands.

[9] Estimates are based on employment in September 1973 and earnings levels projected to Apr. 1, 1977, assuming an annual increase of 5 percent. For tipped employees, earnings include cash wages plus an allowance of 50 percent of the applicable minimum wage for tips. Estimates exclude changes proposed for employees in Puerto Rico and the Virgin Islands

ESTIMATED NUMBER OF NONSUPERVISORY EMPLOYEES BROUGHT UNDER THE MINIMUM WAGE AND OVERTIME PROVISIONS OF THE FAIR LABOR STANDARDS ACT BY S. 2747 (WILLIAMS-JAVITS BILL)

[In thousands]

Industry	Presently covered by the minimum wage provisions of the FLSA	Exempt or not covered by minimum wage provisions of the FLSA: Total	Exempt or not covered by minimum wage provisions of the FLSA: Covered by S. 2747 [1]	Exempt or not covered by minimum wage provisions of the FLSA: Not covered by S. 2747	Presently covered by the overtime provisions of the FLSA	Exempt or not covered by the overtime provisions of the FLSA: Total	Exempt or not covered by the overtime provisions of the FLSA: Covered by S. 2747 [1]	Exempt or not covered by the overtime provisions of the FLSA: Not covered by S. 2747
All industries	49,427	14,625	6,877	7,748	42,573	21,479	8,611	12,868
Private sector	45,898	9,546	1,998	7,748	39,194	16,250	3,382	12,868
Agriculture	513	719	25	694		1,232		1,232
Mining	568	5		5	556	17	6	11

Industry	Presently covered by the minimum wage provisions of the FLSA	Exempt or not covered by minimum wage provisions of the FLSA			Presently covered by the overtime provisions of the FLSA	Exempt or not covered by the overtime provisions of the FLSA		
		Total	Covered by S. 2747[1]	Not covered by S. 2747		Total	Covered by S. 2747[1]	Not covered by S. 2747
Contract construction	3,608	17		16	3,570	55		55
Manufacturing	17,524	104	52	62	16,856	772	455	317
Transportation and public utilities	4,104	77		77	2,407	1,774	50	1,724
Wholesale trade	2,687	38		8	2,476	215	105	112
Retail trade	3,149	866	587	3,279	5,157	5,858	576	5,280
Finance, insurance, and real estate	2,662	151		151	2,661	152		152
Service industries (except private households)	7,087	2,539	126	2,413	5,511	4,115	1,307	2,808
Private households		2,060	1,018	1,042		2,060	883	1,177
Public sector	3,529	5,079	5,079		3,379	5,229	[2] 5,229	
Federal Government	615	1,693	1,693		615	1,693	[2] 1,693	
State and local government	2,914	3,386	3,386		2,764	3,536	[2] 3,536	

[1] No estimates have been prepared of the number of employees of conglomerates with annual sales of more than $10,000,000 who would be brought under the act by S. 2747.

[2] Approximately 674,000 Federal, State, and local government employees engaged in fire protection or law enforcement activities (including security personnel in correctional institutions) would be subject to a special overtime provision.

Note: Estimates exclude 2,147,000 outside salesmen and relate to May 1973 for agriculture, October 1973 for education, and September 1973 for all other industries.

ESTIMATED NUMBER OF WAGE AND SALARY WORKERS ADDED TO THE MINIMUM WAGE AND OVERTIME COVERAGE OF THE FAIR LABOR STANDARDS ACT BY S. 2747 (WILLIAMS-JAVITS BILL)

[In thousands]

Exemption provision	Estimated number of employees presently covered by minimum wage or overtime provisions	Estimated number of employees added to coverage by S. 2747		
		Total	On effective date of 1974 amendments	At a later date
Minimum wage	49,427	6,877	6,191	686
Federal, State, and local government	3,529	5,079	5,079	
Domestic service		1,018	1,018	
Retail or service establishments:				
Elimination of establishment annual volume of sales test thereby extending coverage to exempt units of chain enterprises		654		[1] 654
Agriculture—revision of man-day coverage test to include local hand-harvest laborers	513	25	25	
Motion picture theaters		59	27	[2] 32
Telegraph agencies in retail or service establishments		(3)	(3)	
Small loggers (less than 9 employees)		42	42	
Shade grown tobacco		(3)	(3)	
Conglomerates with annual gross volume of sales exceeding $10,000,000:				
Elimination of farmworker exemption		(3)	(3)	
Elimination of retail service establishment exemption		(3)		(4)
All other nonsupervisory employees	45,385			
Overtime compensation	42,573	8,611	6,102	2,509
Federal, State, and local government:				
Policemen, firemen, and correctional institution employees		674		[5] 674
Transit workers		57		[6] 57
Nursing home employees		46	[7] 46	
Food service employees		47		[6] 47
Other public employees	3,379	4,405	4,405	
Domestic service		883	883	
Retail or service establishments:				
Elimination of establishment annual volume of sales test thereby extending coverage to exempt units of chains		520		[8] 520
Telegraph agencies in retail or service establishments		(4)		(4)
Pipe lines		15	15	
Fish and seafood processing		40		[6] 40
Local, transit, private (drivers, operators, or conductors)		35		[6] 35
Hotels, motels, restaurants:				
Maids and custodial service workers		248		[9] 248
Other hotel, motel, and restaurant employees		(1,273)	[10] (1,273)	[10] (1,273)
Nursing homes, private		742	[7] 742	
Salesmen, partsmen, and mechanics		11	[11] 11	
Cotton ginning				[12] (22)
Sugar processing				[12] (25)
Food service employees in retail or service establishments, private		199		[6] 199
Bowling establishments		48		[6] 48
Seasonal industries		641		[13] 641
All other nonsupervisory employees	39,194			

[1] Employees added to coverage: Establishment annual dollar volume of sales test lowered to $225,000 on July 1, 1974—84,000 employees; to $200,000 on July 1, 1975—84,000 employees; and elimination of test on July 1, 1976—486,000 employees.

[2] Employees added to coverage: 3,000 on July 1, 1974, when establishment annual sales volume is lowered to $225,000; 3,000 on July 1, 1975, when volume is lowered to $200,000; and 26,000 when establishment annual sales volume test is dropped.

[3] Minimum wage exemption repealed; no estimate prepared because of nature of exemption.

[4] Exemption phased out according to schedule applicable to retail or service establishments that are part of chain enterprises (see footnote (1) above).

[5] Special overtime exemption for public policemen, firemen, and correctional institutional employees establishes a 28-day work period with time and one-half required after 192 hours on the effective date of the 1974 amendments; 184 hours 1 year later; 176 hours 2 years later; 168 hours 3 years later; and 160 hours 4 years later.

[6] Time and one-half required after 48 hours per week on the effective date of 1974 amendments, 44 hours 1 year later and 40 hours 2 years later.

[7] Time and one-half required after 8 hours per day and 80 hours per 14-day work period.

[8] Excludes 7,000 commission salesmen who would qualify for overtime exemption under sec. 7(i).

[9] Time and one-half required after 48 hours per week on the effective date of 1974 amendments, after 46 hours per week 1 year later, 44 hours per week 2 years later, and 40 hours per week 3 years later.

[10] Time and one-half required after 48 hours per week on the effective date of 1974 amendments and after 46 hours per week 1 year later.

[11] Exemption repealed for partsmen selling parts for and mechanics servicing trailers and aircraft.

[12] During 1974, time and one-half will be required for all hours worked over 72 per week for 6 weeks, 64 hours for 4 weeks, 54 hours for 2 weeks and 48 for the rest of the year; on Jan. 1, 1975, the schedule becomes 66 hours for 6 weeks, 60 hours for 4 weeks, 50 hours for 2 weeks, 46 hours for 2 weeks. and 44 hours for the rest of the year; on Jan. 1, 1976, the schedule becomes 60 hours for 6 weeks, 56 hours for 4 weeks, 50 hours for 2 weeks, 46 hours for 2 weeks, 44 hours for 2 weeks, and 40 hours for the remainder of the year.

[13] Sec. 7(c) and 7(d) overtime exemptions phased out as follows: Time and one-half will be required for hours worked over 10 per day and 48 per week under either section for a period of 10 weeks for employers qualifying for 1 exemption and 14 weeks for those qualifying for both exemptions effective during 1974; on Jan. 1, 1975, the number of weeks is reduced to 5 for a single exemption and 7 for both; on Jan. 1, 1976, the number of weeks is reduced to 3 weeks for 1 and 5 for both; and both exemptions are repealed on Dec. 31, 1976.

Note: Figures in parentheses relate to employees affected by the 1974 amendments whose employer is not required to pay time and one-half (or the equivalent) for overtime hours beyond 40 per week for at least part of the year. These employees are not included in the totals.

Estimated number of nonsupervisory employees exempt from the minimum wage and/or overtime provisions of the Fair Labor Standards Act as amended by S. 2747 (Williams Bill), United States—Estimated number of non-supervisory employees in categories in which exemption applies

SECTION OF FLSA PROVIDING EXEMPTION	[In thousands]
Total exempt from minimum wage and/or overtime	13,718
Exempt from minimum wage and overtime	8,597
6(f) and 7(1) Domestic service employees with earnings too low to be covered by Social Security	991
13(a)(1) Outside salesmen	2,147
13(a)(2) Retail-service establishments[1]	4,574
13(a)(3) Seasonal amusement establishments	97
13(a)(4) Custom manufacturing in retail establishments	(2)
13(a)(5) Catching and processing fish and seafood	13
13(a)(6) Agriculture	711
13(a)(7) Exempt under section 14	(2)
13(a)(8) Small newspapers	13
13(a)(10) Switchboard operators of small telephone exchanges	(2)
13(a)(12) Seamen on foreign vessels	(2)
13(a)(15) Babysitters employed on a casual basis and companionship services	51
Exempt from overtime only	5,121

Full overtime exemption	3,568
7(i) Commission salesmen in retail or service establishments	426
7(n) Charter activities of local transit employees	(²)
13(b)(1) Motor carriers	928
13(b)(2) Railroads	554
13(b)(3) Air transportation	267
*13(b)(4) Fish and Seafood processing	[40]
13(b)(5) Outside buyers of poultry, eggs, cream, milk	(³)
13(b)(6) Seamen	61
*13(b)(7) Local transit	[92]
13(b)(9) Announcers, news editors of small radio or television stations	(³)
13(b)(10) Salesmen, partsmen, mechanics	446
13(b)(11) Drivers, drivers' helpers paid on trip basis	(³)
13(b)(12) Agriculture, irrigation	553
13(b)(13) Farmworkers engaged in livestock auction operations	(²)
13(b)(14) Country elevators-area of production	24
13(b)(15) Processing maple sap into sugar or sirup	(³)
13(b)(16) Transportation of farm products	(²)
13(b)(17) Taxicab drivers	59
*13(b)(18) Food service employees in retail or service establishments	[246]
13(b)(20) Domestic service live-ins	135
13(b)(21) Shade-grown tobacco	(²)
*13(b)(22) Telegraph agency in retail or service establishment	(²)
13(b)(23) Substitute parents for institutionalized children	(²)
13(b)(26) Motion picture theaters	59
13(b)(27) Small loggers (less than 9 employees)	42
Partial overtime exemption	1,553
7(b)(3) Independent bulk petroleum dealers [4]	32
7(c) and 7(d) Seasonal industries [5]	[641]
7(m) Tobacco handling and processing incidental to auction sale [6]	44
13(b)(8) Hotels, motels and restaurants:	
A. Employees other than hotel maids and custodial employees [7]	1,400
B. Maids and custodial employees [8]	[248]
*13(b)(19) Bowling establishments	[48]
13(b)(19) Bowling establishments	[48]
13(b)(24) Cotton ginning [9]	22
13(b)(25) Processing sugar beets, sugar beet molasses or sugar cane [9]	26
13(h) Cotton and sugar service employees [6]	29
Special overtime provisions:	
7(j) Hospitals and nursing homes [10]	[2,943]
7(k) Federal, State and local government fire protection and law enforcement activities (including security personnel in correctional institutions) [11]	[674]

* Exemption being phased out; at least one-and-one-half times the regular rate for hours over 48 per week on the effective date of the FLSA Amendments of 1974; 44 hours one year later, and 40 hours two years later. *Figures in brackets are not included in totals.*

[1] Elimination of establishment annual sales volume test will eventually add 686,000 employees to minimum wage and overtime coverage not included in this figure: 87,000 on July 1, 1974, when the sales test is decreased to $225,000; 87,000 on July 1, 1975, when the sales test becomes $200,000; and 512,000 on July 1, 1976, when the sales test is repealed.

[2] No estimate prepared because of nature of exemption.

[3] Less than 10,000 employees; the total number of employees exempted under sections 13(a)(10), 13(b)(5), 13(b)(9), 13(b)(11) and 13(b)(15) was estimated at 14,000.

[4] At least one-and-one-half times the minimum rate for overtime hours in excess of 40 hours and up to 12 hours per day and 56 hours per week and one-and-one-half times the regular rate for all overtime hours in excess of 12 per day and 56 per week.

[5] Seasonal industries exemptions:

7(c) *or* 7(d)—10 weeks with at least one-and-one-half times the regular rate for hours over 10 per day and 48 per week on the effective date of FLSA Amendments of 1974, 7 weeks on January 1, 1975, 5 weeks on January 1, 1976, and repealed on December 31, 1976.

7(c) *and* 7(d)—7 weeks under each provision with at least one-and-one-half times the regular rate for hours over 10 per day and 48 per week on the effective date of FLSA Amendments of 1974, 5 weeks under each provision on January 1, 1975, 3 weeks under each provision on January 1, 1976, and repealed on December 31, 1976.

[6] At least one-and-one-half times the regular rate for hours over 10 per day and 48 per week for a period of not more than 14 weeks.

[7] At least one-and-one-half times the regular rate for hours over 48 per week on the effective date of the FLSA Amendments of 1974; and 46 hours per week one year later.

[8] At least one-and-one-half times the regular rate for hours over 48 per week on effective date of the FLSA Amendments of 1974; after 46 hours per week one year later; after 44 hours per week 2 years later; and after 40 hours per week 3 years later.

[9] On the effective date of FLSA Amendments of 1974, at least one-and-one-half times the regular rate for hours over 72 per week for 6 weeks, 64 hours per week for 4 weeks, 54 hours per week for 2 weeks and 48 hours per week for the remainder of the year; on January 1, 1975 at least one-and-one-half times the regular rate for hours over 66 per week for 6 weeks, 60 hours for 4 weeks, 50 hours for 2 weeks, 46 hours for 2 weeks and 44 hours for the remainder of the year; on January 1, 1976, at least one-and-one-half times the regular rate for hours over 60 per week for 6 weeks, 56 hours for 4 weeks, 48 hours for 2 weeks, 44 hours for 2 weeks and 40 hours for the remainder of the year.

[10] 14-day work period with at least one-and-one-half times the regular rate for hours over 8 per day and 80 per 14-day work period.

[11] 28-day work period with at least one-and-one-half times the regular rate for hours over 192 on the effective date of the FLSA Amendments of 1974; 184 hours on July 1, 1974, 176 hours on July 1, 1975; 168 hours on July 1, 1976; and 160 hours on July 1, 1977.

Employment Standards Administration
February 20, 1974

ESTIMATED NUMBER OF NONSUPERVISORY EMPLOYEES PAID LESS THAN THE MINIMUM WAGE RATES SPECIFIED IN H.R. 12435 AND ESTIMATED COST OF RAISING THEIR WAGES TO THOSE RATES

Coverage status and proposed minimum wage rate	Employees paid less than proposed rate		Annual wage bill increase		Total number of employees (thousands)	Projected annual wage bill (millions)
	Number (thousands)	Percent	Amount (millions)	Percent		
APR. 1, 1974 [1]						
Total, all nonsupervisory employees subject to the minimum wage	4,377	7.8	$2,077	0.5	56,124	$414,044
Employees presently subject to the minimum wage	3,113	6.3	1,121	.3	49,427	368,243
Employees subject to the minimum wage prior to 1966 amendments to $2	1,426	3.8	530	.2	37,124	299,826
Employees subject to the minimum wage as a result of 1966 amendments	1,687	13.7	591	.9	12,303	68,417
Federal Government to $2	49	7.9	20	.4	615	5,293
State and local government to $1.90	376	12.9	122	.8	2,914	15,578
Other private nonfarm employees to $1.90	1,175	14.2	424	.9	8,261	45,831
Farmworkers to $1.60	87	16.9	25	1.4	513	1,715
Employees newly covered by 1974 amendments	1,264	18.9	956	2.1	6,697	45,801
Federal Government to $1.90					1,693	15,779
State and local government to $1.90	95	2.8	64	.2	3,386	27,474
Domestic service to $1.90	1,140	74.8	878	40.0	1,524	2,198
Other private nonfarm employees to $1.90	26	37.7	13	4.9	69	265
Farmworkers to $1.60 [2]	3	13.1	1	1.1	25	85
JULY 1, 1974 [3]						
Total, all nonsupervisory employees subject to the minimum wage	28	(⁴)	23	(⁴)	56,211	421,616
Employees presently subject to the minimum wage					49,427	373,883
Employees subject to the minimum wage prior to 1966 amendments at $2					37,124	304,072
Employees subject to the minimum wage as a result of 1966 amendments					12,303	69,811
Federal Government at $2					615	5,377
State and local government at $1.90					2,914	15,900
Other private nonfarm employees at $1.90					8,261	46,775
Farmworkers at $1.60					513	1,759

Footnotes at end of table.

ESTIMATED NUMBER OF NONSUPERVISORY EMPLOYEES PAID LESS THAN THE MINIMUM WAGE RATES SPECIFIED IN H.R. 12435 AND ESTIMATED COST OF RAISING THEIR WAGES TO THOSE RATES—Continued

Coverage status and proposed minimum wage rate	Employees paid less than proposed rate		Annual wage bill increase		Total number of employees (thousands)	Projected annual wage bill (millions)
	Number (thousands)	Percent	Amount (millions)	Percent		
JULY 1, 1974 [3]—Continued						
Employees newly covered by 1974 amendments	28	0.4	$23	(4)	6,784	$47,733
Federal Government at $1.90					1,693	15,973
State and local government at $1.90					3,386	27,871
Domestic service at $1.90					1,524	3,089
Other private nonfarm employees to $1.90	28	17.9	23	3.2	156	713
Farmworkers at $1.60 [2]					25	87
JAN. 1, 1975 [5]						
Total, all nonsupervisory employees subject to the minimum wage	4,746	8.4	785	.2	56,211	431,717
Employees presently subject to the minimum wage	3,426	6.9	645	.2	49,427	382,847
Employees subject to the minimum wage prior to 1966 amendments to $2.10	1,564	4.2	298	.1	37,124	311,435
Employees subject to the minimum wage as a result of 1966 amendments	1,862	15.1	347	.5	12,303	71,412
Federal Government to $2.10	51	8.3	8	.1	615	5,506
State and local government to $2	408	14.0	67	.4	2,914	16,267
Other private nonfarm employees to $2	1,281	15.5	241	.5	8,261	47,842
Farmworkers to $1.80	122	23.8	31	1.7	513	1,797
Employees newly covered by 1974 amendments	1,320	19.5	140	.3	6,784	48,870
Federal Government to $2					1,693	16,368
State and local government to $2	104	3.1	20	.1	3,386	28,550
Domestic service to $2	1,154	75.7	109	3.5	1,524	3,114
Other private nonfarm employees to $2	57	36.5	10	1.3	156	749
Farmworkers to $1.80 [2]	5	20.7	1	1.1	25	89
JULY 1, 1975 [6]						
Total, all nonsupervisory employees subject to the minimum wage	28	(4)	24	(4)	56,298	443,290
Employees presently subject to the minimum wage					49,427	392,685
Employees subject to the minimum wage prior to 1966 amendments at $2.10					37,124	319,288
Employees subject to the minimum wage as a result of 1966 amendments					12,303	73,397
Federal Government at $2.10					615	5,647
State and local government at $2					2,914	16,711
Other private nonfarm employees at $2					8,261	49,172
Farmworkers at $1.80					513	1,867
Employees newly covered by 1974 amendments	28	.4	24	(4)	6,871	50,605
Federal Government at $2					1,693	16,772
State and local government at $2					3,386	29,265
Domestic service at $2					1,524	3,249
Other private nonfarm employees to $2	28	11.5	24	2.0	243	1,227
Farmworkers at $1.80 [2]					25	92
JAN. 1, 1976 [7]						
Total, all nonsupervisory employees subject to the minimum wage	6,014	10.7	1,851	.4	56,298	453,747
Employees presently subject to the minimum wage	4,578	9.3	1,544	.4	49,427	401,949
Employees subject to the minimum wage prior to 1966 amendments to $2.30	2,187	5.9	752	.2	37,124	326,948
Employees subject to the minimum wage as a result of 1966 amendments	2,391	19.4	792	1.0	12,303	75,001
Federal Government to $2.30	60	9.8	19	.3	615	5,782
State and local government to $2.20	522	17.9	159	.9	2,914	17,082
Other private nonfarm employees to $2.20	1,658	20.1	573	1.1	8,261	50,234
Farmworkers to $2	151	29.4	41	2.2	513	1,903
Employees newly covered by 1974 amendments	1,436	20.9	307	.6	6,871	51,789
Federal Government to $2.20					1,693	17,186
State and local government to $2.20	138	4.1	48	.2	3,386	29,974
Domestic service to $2.20	1,192	78.2	223	6.8	1,524	3,272
Other private nonfarm employees to $2.20	99	40.7	34	2.7	243	1,273
Farmworkers to $2 [2]	7	27.2	2	2.2	25	93
JULY 1, 1976 [8]						
Total, all nonsupervisory employees subject to the minimum wage	187	.3	182	(4)	56,810	469,095
Employees presently subject to the minimum wage					49,427	413,004
Employees subject to the minimum wage prior to 1966 amendments at $2.30					37,124	335,551
Employees subject to the minimum wage as a result of 1966 amendments					12,303	77,453
Federal Government at $2.30					615	5,939
State and local government at $2.20					2,914	17,624
Other private nonfarm employees at $2.20					8,261	51,908
Farmworkers at $2					513	1,982
Employees newly covered by 1974 amendments	187	2.5	182	0.3	7,383	56,091
Federal Government at $2.20					1,693	17,610
State and local government at $2.20					3,386	30,750
Domestic service at $2.20					1,524	3,521
Other private nonfarm employees to $2.20	187	24.8	182	4.4	755	4,113
Farmworkers at $2 [2]					25	97
JAN. 1, 1977 [9]						
Total, all nonsupervisory employees subject to the minimum wage	3,980	7.0	662	.1	56,810	481,313
Employees presently subject to the minimum wage	2,356	4.8	464	.1	49,427	423,759
Employees subject to the minimum wage prior to 1966 amendments at $2.30 since Jan. 1, 1976					37,124	344,638
Employees subject to the minimum wage as a result of 1966 amendments	2,356	19.1	464	.6	12,303	79,121
Federal Government at $2.30 since Jan. 1, 1976					615	6,081
State and local government to $2.30	522	17.9	90	.5	2,914	18,010
Other private nonfarm employees to $2.30	1,658	20.1	325	.6	8,261	53,012
Farmworkers to $2.20	176	34.3	49	2.4	513	2,018

Footnotes at end of table.

ESTIMATED NUMBER OF NONSUPERVISORY EMPLOYEES PAID LESS THAN THE MINIMUM WAGE RATES SPECIFIED IN H.R. 12435 AND ESTIMATED COST OF RAISING THEIR WAGES TO THOSE RATES—Continued

Coverage status and proposed minimum wage rate	Employees paid less than proposed rate		Annual wage bill increase		Total number of employees (thousands)	Projected annual wage bill (millions)
	Number (thousands)	Percent	Amount (millions)	Percent		
JAN. 1, 1977 [9]—Continued						
Employees newly covered by 1974 amendments	1,624	22.0	$198	0.3	7,383	$57,554
Federal Government to $2.30					1,693	18,045
State and local government to $2.30	138	4.1	28	.1	3,386	31,493
Domestic service to $2.30	1,192	78.2	113	3.2	1,524	3,546
Other private nonfarm employees to $2.30	286	37.9	55	1.2	755	4,371
Farmworkers to $2.20 [2]	8	33.3	2	2.0	25	99
JAN. 1, 1978 [10]						
Total, all nonsupervisory employees subject to the minimum wage	184	.3	27	(4)	56,810	504,055
Employees presently subject to the minimum wage	176	.4	26		49,427	443,691
Employees subject to the minimum wage prior to 1966 amendments at $2.30 since Jan. 1, 1976					37,124	360,554
Employees subject to the minimum wage as a result of 1966 amendments	176	1.4	26	(4)	12,303	83,137
Federal Government at $2.30 since Jan. 1, 1976					615	6,377
State and local government at $2.30 since Jan. 1, 1977					2,914	18,920
Other private nonfarm employees at $2.30 since Jan. 1, 1977					8,261	55,697
Farmworkers to $2.30	176	34.4	26		513	2,413
Employees newly covered by 1974 amendments	8	.1	1	(4)	7,383	60,364
Federal Government at $2.30 since Jan. 1, 1977					1,693	18,947
State and local government at $2.30 since Jan. 1, 1977					3,386	33,070
Domestic service at $2.30 since Jan. 1, 1977					1,524	3,656
Other private nonfarm employees at $2.30 since Jan.1, 1977					755	4,586
Farmworkers to $2.30 [2]	8	33.3	1	1.0	25	105

[1] Estimates are based on employment in September 1973 and earnings levels projected to Apr. 1, 1974, assuming an annual increase of 5 percent. For tipped employees, earnings include cash wages plus an allowance of 50 percent of the applicable minimum wage for tips. Estimates exclude changes proposed for employees in Puerto Rico and the Virgin Islands.

[2] Farmworkers added to coverage by revision of sec. 3(e).

[3] Estimates are based on employment in September 1973 and earnings levels projected to July 1, 1974, assuming an annual increase of 5 percent. For tipped employees, earnings include cash wages plus an allowance of 50 percent of the applicable minimum wage for tips. Estimates exclude changes proposed for employees in Puerto Rico and the Virgin Islands.

[4] Less than 0.05 percent.

[5] Estimates are based on employment in September 1973 and earnings levels projected to Jan. 1, 1975, assuming an annual increase of 5 percent. For tipped employees, earnings include cash wages plus an allowance of 50 percent of the applicable minimum wage for tips. Estimates exclude changes proposed for employees in Puerto Rico and the Virgin Islands.

[6] Estimates are based on employment in September 1973 and earnings levels projected to July 1, 1975, assuming an annual increase of 5 percent. For tipped employees, earnings include cash wages plus an allowance of 50 percent of the applicable minimum wage for tips. Estimates exclude changes proposed for employees in Puerto Rico and the Virgin Islands.

[7] Estimates are based on employment in September 1973 and earnings levels projected to Jan. 1, 1976, assuming an annual increase of 5 percent. For tipped employees, earnings include cash wages plus an allowance of 50 percent of the applicable minimum wage for tips. Estimates exclude changes proposed for employees in Puerto Rico and the Virgin Islands.

[8] Estimates are based on employment in September 1973 and earnings levels projected to July 1, 1976, assuming an annual increase of 5 percent. For tipped employees earnings, include cash wages plus an allowance of 50 percent of the applicable minimum wage for tips. Estimates exclude changes for employees in Puerto Rico and the Virgin Islands.

[9] Estimates are based on employment in September 1973 and earnings levels projected to Jan. 1, 1977, assuming an annual increase of 5 percent. For tipped employees, earnings include cash wages plus an allowance of 50 percent of the applicable minimum wage for tips. Estimates exclude changes proposed for employees in Puerto Rico and the Virgin Islands.

[10] Estimates are based on employment in September 1973 and earnings levels projected to Jan. 1, 1978, assuming an annual increase of 5 percent. For tipped employees, earnings include cash wages plus an allowance of 50 percent of the applicable minimum wage for tips. Estimates exclude changes proposed for employees in Puerto Rico and the Virgin Islands.

ESTIMATED NUMBER OF NONSUPERVISORY EMPLOYEES BROUGHT UNDER THE MINIMUM WAGE AND OVERTIME PROVISIONS OF THE FAIR LABOR STANDARDS ACT BY H.R. 12435 (DENT BILL)

[In thousands]

Industry	Presently covered by the minimum wage provisions of the FLSA	Exempt or not covered by minimum wage provisions of the FLSA			Presently covered by the overtime provisions of the FLSA	Exempt or not covered by the overtime provisions of the FLSA		
		Total	Covered by H.R. 12435	Not covered by H.R. 12435		Total	Covered by H.R. 12435 [1]	Not covered by H.R. 12435
All industries	49,427	14,625	7,383	7,242	42,573	21,479	8,443	13,036
Private sector	45,898	9,546	2,304	7,242	39,194	16,250	3,888	12,362
Agriculture	513	719	25	694		1,232		1,232
Mining	569	5		5	556	17	6	11
Contract construction	3,608	17		17	3,570	55		55
Manufacturing	17,524	104	42	62	16,856	772	455	317
Transportation and public utilities	4,104	77		77	2,407	1,774	50	1,724
Wholesale trade	2,683	8		8	2,476	215	105	110
Retail trade	7,149	3,866	587	3,279	5,157	5,858	576	5,282
Finance, insurance, and real estate	2,662	151		151	2,661	152		152
Service industries (except private households)	7,087	2,539	126	2,413	5,511	4,115	1,307	2,808
Private households		2,060	1,524	536		2,060	1,389	671
Public sector	3,529	5,079	5,079		3,379	5,229	4,555	674
Federal Government	615	1,693	1,693		615	1,693	1,646	47
State and local government	2,914	3,386	3,386		2,764	3,536	2,909	627

[1] No estimates have been prepared of the number of employees of conglomerates with annual sales of more than $10,000,000 who would be brought under the act by H.R. 12435.

[2] New exemption for salesmen, partsmen, and mechanics of boat dealers.

Note: Estimates exclude 2,147,000 outside salesmen and relate to May 1973 for agriculture, October 1973 for education, and September 1973 for all other industries.

ESTIMATED NUMBER OF WAGE AND SALARY WORKERS ADDED TO THE MINIMUM WAGE AND OVERTIME COVERAGE OF THE FAIR LABOR STANDARDS ACT BY H.R. 12435 (DENT BILL)

[In thousands]

Exemption provision	Estimated number of employees presently covered by minimum wage or overtime provisions	Estimated number of employees added to coverage by H.R. 12435		
		Total	On effective date of 1974 amendments	At a later date
Minimum wage	49–427	7,383	6,697	686
Federal, State, and local government	3–529	5,079	5,079	
Domestic service		1,524	1,524	
Retail or service establishments: Elimination of establishment annual volume of sales test thereby extending coverage to exempt units of chain enterprises		654		[1] 654
Agriculture—revision of man-day coverage test to include local hand-harvest laborers	513	25	25	
Motion picture theaters		59	27	[2] 32
Telegraph agencies in retail or service establishments		(3)	(3)	
Small loggers (less than 9 employees)		(3)	(3)	
Shade-grown tobacco		(3)	(3)	
Conglomerates with annual gross volume of sales exceeding $10,000,000:				
Elimination of farmworker exemption		(3)	(3)	
Elimination of retail service establishment exemption		(3)		(4)
All other nonsupervisory employees	45–385			
Overtime compensation	42,753	8,443	6,608	1,835
Federal, State, and local government:				
Transit workers		57		[5] 57
Nursing home employees		46	[6] 46	
Food service employees		47		[5] 47
Other public employees	3,379	4,405	4,405	
Domestic service		1,389	1,389	
Retail or service establishments: Elimination of establishment annual volume of sales test thereby extending coverage to exempt units of chains		520		[7] 520
Telegraph agencies in retail or service establishments		(5)		(5)
Pipelines	4	15	15	
Fish and seafood processing		40		[5] 40
Local transit, private (drivers, operators, or conductors)		35		[5] 35
Hotels, motels, restaurants:				
Maids and custodial service workers		248		[8] 248
Other hotel, motel, and restaurant employees		(1,273)	[9] (1,273)	[8] (1,273)
Nursing homes, private		742	[6] 742	
Salesmen, parts men and mechanics		11	[10] 11	
Cotton ginning				[11] (22)
Sugar processing				[11] (26)
Food service employees in retail or service establishments, private		199		[5] 199
Bowling establishments		48		[5] 48
Seasonal industries		641		[12] 641
All other nonsupervisory workers	39,194			

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[1] Employees added to coverage: Establishment annual dollar volume of sales test lowered to $225,000 on July 1, 1974—84,000 employees; to $200,000 on July 1, 1975—84,000 employees; and elimination of test on July 1, 1976—486,000 employees.

[2] Employees added to coverage: 3,000 on July 1, 1974, when establishment annual sales volume is lowered to $225,000; 3,000 on July 1, 1975, when volume is lowered to $200,000; and 26,000 when establishment annual sales volume test is dropped.

[3] Minimum wage exemption repealed; no estimate prepared because of nature of exemption.

[4] Exemption phased out according to schedule applicable to retail or service establishments that are part of chain enterprises (see footnote (1) above).

[5] Time and one-half required after 48 hours per week on the effective date of 1974 amendments, 44 hr 1 yr later and 40 hr 2 yr later.

[6] Time and one-half required after 8 hr per day and 80 hr per 14-day work period.

[7] Excludes 7,000 commission salesmen who would qualify for overtime exemption under sec. 7(i).

[8] Time and one-half required after 48 hr per week on effective date of 1974 amendments, after 46 hr per week 1 year later, 44 hr per week 2 yr later, and 40 hr per week 3 yr later.

[9] Time and one-half required after 48 hr per week on effective date of 1974 amendments and after 46 hr per week 1 yr later.

[10] Exemption repealed for partsmen selling parts for and mechanics servicing trailers and aircraft.

[11] During 1974, time and one-half will be required for all hours worked over 72 per week for 6 weeks, 64 hr for 4 weeks, 54 hr for 2 weeks, and 48 for the rest of the year; on Jan. 1, 1975, the schedule becomes 66 for 6 weeks, 60 for 4 weeks, 50 for 2 weeks, 46 for 2 weeks, and 44 for the rest of the year; on Jan. 1, 1976, the schedule becomes 60 hr for 6 weeks, 56 for 4 weeks, 50 for 2 weeks, 46 for 2 weeks, 44 for 2 weeks, and 40 for the remainder of the year.

[12] Secs. 7(c) and 7(d) overtime exemptions phased out as follows: Time and one-half will be required for hours worked over 10 per day and 48 per week under either section for a period of 10 weeks for employers qualifying for 1 exemption and 14 weeks for those qualifying for both exemptions effective during 1974; on Jan. 1, 1975, the number of weeks is reduced to 5 for a single exemption and 7 for both; on Jan. 1, 1976, the number of weeks is reduced to 3 weeks for one and 5 for both; and both exemptions are repealed on Dec. 31, 1976.

Note: Figures in parentheses relate to employees affected by the 1974 amendments whose employer is not required to pay time and one-half (or the equivalent) for overtime hours beyond 40 per week for at least part of the year. These employees are not included in the total.

Estimated number of nonsupervisory employees exempt from the minimum wage and/or overtime provisions of the Fair Labor Standards Act, as amended by H.R. 12435, United States—Estimated number of nonsupervisory employees in categories in which exemption applies

SECTION OF FLSA PROVIDING EXEMPTION

[In thousands]

Total exempt from minimum wage and/or overtime	13,885
Exempt from minimum wage and overtime	8,091
6(f) and 7(k) Domestic service employees working 8 or fewer hours in workweek	485
13(a)(1) Outside salesmen	2,147
13(a)(2) Retail-service establishments [1]	4,574
13(a)(3) Seasonal amusement establishments	97
13(a)(4) Custom manufacturing in retail establishments	(3)
13(a)(5) Catching and processing fish and seafood	13
13(a)(6) Agriculture	711
13(a)(7) exempt under section 14	(3)
13(a)(8) Small newspapers	13
13(a)(10) Switchboard operators of small telephone exchanges	(3)
13(a)(12) Seamen on foreign vessels	(2)
13(a)(15) Babysitters employed on a casual basis and companionship services	51
Exempt from overtime only	5,794
Full overtime exemption	4,241
7(i) Commission salesmen in retail or service establishments	426
7(m) Charter activities of local transit employees	(2)
13(b)(1) Motor carriers	928
13(b)(2) Railroads	554
13(b)(3) Air transportation	267
*13(b)(4) Fish and seafood processing	[40]
13(b)(5) Outside buyers of poultry, eggs, cream, milk	(3)
13(b)(6) Seamen	61
*13(b)(7) Local transit	[92]
13(b)(9) Announcers, news editors of small radio or television stations	(3)
13(b)(10) Salesmen, partsmen, mechanics	446
13(b)(11) Drivers, drivers' helpers paid on trip basis	(3)
13(b)(12) Agriculture, irrigation	553
13(b)(13) Farmworkers engaged in livestock auction operations	(2)
13(b)(14) Country elevators-area of production	24
13(b)(15) Processing maple sap into sugar or syrup	(3)
13(b)(16) Transportation of farm products	(2)
13(b)(17) Taxicab drivers	59
*13(b)(18) Food service employees in retail or service establishments	[246]
13(b)(20) Public law enforcement and fire protection employees	674
13(b)(21) Domestic service live-ins	135
13(b)(22) Shade-grown tobacco	(2)
*13(b)(23) Telegraph agency in retail or service establishment	(2)
13(b)(24) Substitute parents for institutionalized children	(2)
13(b)(27) Motion picture theaters	59
13(b)(28) Small loggers (less than 9 employees)	42
Partial overtime exemption	1,553
7(b)(3) Independent bulk petroleum dealers [4]	32
7(c) and 7(d) Seasonal industries [5]	[641]

7(1) Tobacco handling and processing incidental to auction sale [4]	44
13(b)(8) Hotels, motels and restaurants:	
A. Employees other than hotel maids and custodial employees [7]	1,400
B. Maids and custodial employees [8]	[248]
*13(b)(19) Bowling establishments	[48]
13(b)(25) Cotton ginning [9]	22
13(b)(26) Processing sugar beets, sugar beet molasses or sugar cane [9]	26
13(h) Cotton and sugar cane employees [6]	29
Special overtime provisions:	
7(j) Hospitals and nursing homes [10]	[2,943]

*Exemption being phased out; at least one-and-one-half times the regular rate for hours over 48 per week on the effective date of the FLSA Amendments of 1974; 44 hours one year later, and 40 hours two years later. *Figures in brackets are not included in totals.*

[1] Elimination of establishment annual sales volume test will eventually add 686,000 employees to minimum wage and overtime coverage not included in this figure: 87,000 on July 1, 1974 when the sales test is decreased to $225,000; 87,000 on July 1, 1975 when the sales test becomes $200,000; and 512,000 on July 1, 1976 when the sales test is repealed.

[2] No estimate prepared because of nature of exemption.

[3] Less than 10,000 employees; the total number of employees exempted under sections 13(a)(10), 13(b)(5), 13(b)(9), 13(b)(11) and 13(b)(15) was estimated at 14,000.

[4] At least one-and-one-half times the minimum rate for overtime hours in excess of 40 hours and up to 12 hours per day and 56 hours per week and one-and-one-half times the regular rate for all overtime hours in excess of 12 per day and 56 per week.

[5] Seasonal industries exemptions:

7(c) *or* 7(d)—10 weeks with at least one-and-one-half times the regular rate for hours over 10 hours per day and 48 per week on effective date of FLSA Amendments of 1974, 7 weeks on January 1, 1975, 5 weeks on January 1, 1976 and repealed on December 31, 1976.

7(c) *and* 7(d)—7 weeks under each provision with at least one-and-one-half times the regular rate for hours over 10 hours per day and 48 per week on effective date of FLSA Amendments of 1974, 5 weeks under each provision on January 1, 1975, 3 weeks under each provision on January 1, 1976 and repealed on December 31, 1976.

[6] At least one-and-one-half times the regular rate for hours over 10 per day and 48 per week for a period of not more than 14 weeks.

[7] At least one-and-one-half times the regular rate for hours over 48 per week on the effective date of the FLSA Amendments of 1974; and 46 hours per week one year later.

[8] At least one-and-one-half times the regular rate for hours over 48 per week on effective date of the FLSA Amendments of 1974; after 46 hours per week one year later; after 44 hours per week 2 years later; and after 40 hours per week 3 years later.

[9] On effective date of FLSA Amendments of 1974, at least one-and-one-half times the regular rate for hours over 72 per week for 6 weeks, 64 hours per week for 4 weeks, 54 hours per week for 2 weeks and 48 hours per week for the remainder of the year; on January 1, 1975 at least one-and-one-half times the regular rate for hours over 66 per week for 6 weeks, 60 hours for 4 weeks, 50 hours for 2 weeks, 46 hours for 2 weeks and 44 hours for the remainder of the year; on January 1, 1976, at least one-and-one-half times the regular rate for hours over 60 per week for 6 weeks, 56 hours for 4 weeks, 48 hours for 2 weeks, 44 hours for 2 weeks and 40 hours for the remainder of the year.

[10] 14-day work period with at least one-and-one-half times the regular rate for hours over 8 per day and 80 per 14-day work period.

February 1972.

List of Economic Studies Published by the Employment Standards Administration, 1954 to Date

I. INDUSTRY STUDIES TO TEST FEASIBILITY OF EXTENDING COVERAGE

1. Eating and Drinking Places, Preliminary report on data pertinent to an evaluation of the need for and the feasibility of extending the minimum wage, January 1962.

2. Laundry and Cleaning Service, Data pertinent to an evaluation of the need for and feasibility of extending the minimum wage, January 1962.

3. Hotels and Motels, Data pertinent to an evaluation of the need for and feasibility of applying statutory minimum wage and maximum hours standards, February 1962. (Value of tips in relation to cash wages.)

4. Restaurants and other Food Service Enterprises, Data pertinent to an evaluation of the need for and feasibility of applying statutory minimum wage and maximum hours standards, February 1962. (Value of tips in relation to cash wages.)

5. Hotels and Motels, Data pertinent to an evaluation of the need for and the feasibility of extending the minimum wage, January 1964.

6. Laundry and Cleaning Services, Data pertinent to an evaluation of the need for and the feasibility of extending the minimum wage, January 1964.

7. Restaurants and other Food Service Enterprises, Data pertinent to an evaluation of the need for and the feasibility of extending the minimum wage, January 1964.

8. Hired Farm Workers, Data pertinent to determining the scope and level of a minimum wage for hired farmworkers, January 1964.

9. Nongovernment Hospitals, A Study to Evaluate the Feasibility of Extending the Minimum Wage under the Fair Labor Standards Act, January 1965.

10. Hired Farmworkers, A Study to Evaluate the Feasibility of Extending the Minimum Wage under the Fair Labor Standards Act, January 1966.

11. Motor Carriers, A Study to Evaluate the Need for and Feasibility of Extending Overtime Provisions to Employees of Motor Carriers, January 1966.

12. Nursing Homes and Related Facilities, A Study to Evaluate the Feasibility of Extending Minimum Wage and Overtime Protection under the Fair Labor Standards Act, January 1966.

13. Laundry and Cleaning Services, A Study to Determine the Implications of Applying the Minimum Wage and Maximum Hours Standards of the Fair Labor Standards Act, January 1967.

14. Motion Picture Theaters, A Study to Evaluate the Feasibility of Extending Minimum Wage and Overtime Protection under the Fair Labor Standards Act, January 1967.

15. State and Local Governments, A Study to Evaluate the Feasibility of Extending Minimum Wage and Overtime Protection under the Fair Labor Standards Act, January 1971.

II. DISTRIBUTION STUDIES TO DETERMINE LEVEL OF THE MINIMUM WAGE

16. Manufacturing Industries, A Study to Evaluate the Minimum Wage and Maximum Hours Standards of the Fair Labor Standards Act, January 1965. (Relationship between employees working overtime and the level of their wages.)

17. Wholesale Trade, A Study to Evaluate the Minimum Wage and Maximum Hours Standards of the Fair Labor Standards Act, January 1965. (Relationship between employees working overtime and the level of their wages.)

18. Wages and Hours of Work of Nonsupervisory Employees in All Private Nonfarm Industries by Coverage Status Under the Fair Labor Standards Act, January 1972.

III. STUDIES OF EFFECTS OF MINIMUM WAGE LEGISLATION

19. Results of the Minimum Wage Increase of 1950, published in 1954. (Economic effects in selected low-wage industries and localities.)

20. Studies of the Economic Effects of the $1.00 Minimum Wage Interim report, March 1957. (Economic effects in selected low-wage industries and localities.)

21. Reports Submitted to the Congress in Accordance with the Requirements of Section 4(d) of the Fair Labor Standards Act, January 1959. (Effects of the $1.00 minimum wage in selected low wage industries and localities.)

22. Report Submitted to the Congress in Accordance with the Requirements of Section 4(d) of the Fair Labor Standards Act 1959, February 1960. (Appraisal of the $1.00 minimum wage and the Puerto Rico wage order program.)

23. Report Submitted to the Congress in Accordance with the Requirements of Section 4(d) of the Fair Labor Standards Act (1960), January 1961. (Appraisal of proposed legislation and wage levels in Puerto Rico.)

24. Report Submitted to the Congress in Accordance with the Requirements of Section 4(d) of the Fair Labor Standards Act, January 1962. (Appraisal of the effects of the 1961 Amendments.)

25. Report Submitted to the Congress in Accordance with the Requirements of Section 4(d) of the Fair Labor Standards Act, January 1963. (Effects in retail trade, nonmet areas of the South and North Central regions, and small met areas of the South.)

26. Effects of Minimum Wage Rates Established under the Fair Labor Standards in Retail Trade in the United States and Puerto Rico, A Study of Changes in Wage Structure of a Matched Sample of Retail Establishments, November 1963.

27. Report Submitted to the Congress in Accordance with the Requirements of Section 4(d) of the Fair Labor Standards Act, January 1964. (Appraisal of the 1961 changes and study of wholesale prices in selected low-wage industries.)

28. An Evaluation of the Minimum Wage and Maximum Hours Standards of the Fair Labor Standards Act, January 1965. (Effects in nonmet areas of the South, effects of the 44-hour standard in retail trade, and wholesale prices in selected low-wage industries.)

29. Minimum Wage and Maximum Hours Standards under the Fair Labor Standards Act, An Evaluation and Appraisal, January 1966. (Effects in nonmet areas of the South and North Central regions, and small met areas of the South.)

30. Retail Trade, A Study to Measure the Effects of Minimum Wage and Maximum Hours Standards of the Fair Labor Standards Act, January 1966.

31. Minimum Wage and Maximum Hours Standards under the Fair Labor Standards Act, the 1966 Amendments, January 1967. (Coverage under the Fair Labor Standards Act, implications of the $1.40 minimum in selected industries, and implications of the $1.00 minimum in non-Federal hospitals.)

32. Retail Trade, A Study To Measure the Effects of the Minimum Wage and Maximum Hours Standards of the Fair Labor Standards Act, January 1967.

33. Report Submitted to the Congress in Accordance with the Requirements of Section 4(d) of the Fair Labor Standards Act, January 1968. (Effects and implications of the 1966 Amendments, and special reports on prices, Puerto Rico and Fair Labor Standards Act coverage.)

34. Eating and Drinking Places. A Study of the Effects of the $1.00 Minimum Wage under the Fair Labor Standards Act, January 1968.

35. Hotels and Motels, A Study of the Effects of the $1.00 Minimum Wage under the Fair Labor Standards Act, January 1968.

36. Hired Farmworkers, A Study of the Ef-

fects of the $1.00 Minimum Wage under the Fair Labor Standards Act, January 1968.

37. Panama Canal Zone Study, A Study of the Effects of Extending the Fair Labor Standards Act Provisions to Federal Employees in the Zone, June 1968.

38. Minimum Wage and Maximum Hours Standards under the Fair Labor Standards Act, 4(d) report, January 1969. (Effects of the 1966 Amendments, and special reports on prices and coverage under the Fair Labor Standards Act.)

39. Nursing Homes and Related Facilities, A Study of the economic effects of the $1.15 minimum wage under the Fair Labor Standards Act, January 1969.

40. Laundry and Cleaning Services, A Study of the economic effects of the $1.15 minimum wage and 42 hours maximum workweek standards under the Fair Labor Standards Act, January 1969.

41. Hired Farmworkers, A Study of the effects of the $1.15 minimum wage under the Fair Labor Standards Act, January 1969.

42. Minimum Wage and Maximum Hours Standards under the Fair Labor Standards Act, 4(d) report, January 1970 (Effects of the 1966 Amendments, and special reports on prices and coverage under the Fair Labor Standards Act.)

43. Educational Institutions, A Study of the economic affects of the $1.30 minimum wage and 40-hour maximum workweek standards under the Fair Labor Standards Act, January 1970.

44. Hospitals, A study of the economic effects of the application of minimum wage and maximum hours standards under the Fair Labor Standards Act, January 1970.

45. Minimum Wage and Maximum Hours Standards under the Fair Labor Standards Act, 4(d) report, January 1971. (Effects of of the 1966 amendments and special reports on cash wages and value of tips of tipped employees in eating and drinking places and hotels and motels, equal pay act, characteristics of workers paid in violation of the Federal minimum wage standard, coverage under the act, and historical data on the relationship between the minimum wage and average hourly earnings.)

46. Hired farmworkers, an economic effects study of proposals to increase the minimum wage under the Fair Labor Standards Act and the feasibility of extending coverage to additional workers, January 1972.

47. Minimum Wage and Maximum Hours Standards Under the Fair Labor Standards Act, 4(d) report, January 1972. (Secretary of Labor's statement on proposed amendments to the act, effects of the last phase of the 1966 Amendments and special reports on wages and hours of work of nonsupervisory employees in all private nonfarm industries and hired farmworkers, coverage under the act, and the relationship between minimum wages and welfare reform legislation.)

IV. ADMINISTRATIVE STUDIES

48. The Minimum Wage in Puerto Rico, A Background Study, November 1955.

49. Salary Test for Executive, Administrative, and Professional Employees, November 1955.

50. Handling and Processing of Agricultural Products, Data Pertinent to an Evaluation of Exemptions Available under the Fair Labor Standards Act, February 1962.

51. Salary Test for Executive, Administrative, and Professional Employees, March 1962.

52. Salary Test for Executive, Administrative, and Professional Employees, Puerto Rico and the Virgin Islands, April 1962.

53. A Special Compilation of Materials Relating to the Appropriatness of the Maximum Hours Standard, June 1963.

54. State Minimum Wage Laws and Orders Applicable to Employees in Hotels and Motels, Restaurants, and Laundries; Summary of Provisions Relating to the Level of the Minimum Wage, Standards for Overtime Compensation, Extent of Employee Coverage, and Methods of Crediting Gratuities and Other Fringe Benefits, January 1964.

55. Small Logging Operations, Data Pertinent to Evaluation of the 13(a)(15) Exemption of the Fair Labor Standards Act, January 1964.

56. Sheltered Workshop Report of the Secretary of Labor, September 1967.

57. Premium Payments for Overtime under the Fair Labor Standards Act, November 1967.

58. Sheltered Workshops, A Study of Wage Payments to Handicapped Clients in Sheltered Workshops Certified under the Fair Labor Standards Act, January 1969.

59. Earnings Data Pertinent to a Review of the Salary Tests for Executive, Administrative, and Professional Employees, as Defined in Regulations, Part 541, June 1969.

60. Agricultural Handling and Processing Industries, Data pertinent to an evaluation of overtime exemptions available under the Fair Labor Standards Act, January 1970.

61. Cash Wages and Value of Tips of Tipped Employees in Eating and Drinking Places and Hotels and Motels, Data pertinent to an evaluation of the tip allowance available under the Fair Labor Standards Act, January 1971.

V. FOREIGN TRADE STUDY

62. Foreign Competition in the Jewelry and Silverware Industry in the United States, February 1965.

VI. COMPLIANCE STUDIES

63. Extent and Incidence of Noncompliance with the Fair Labor Standards Act, September 1957.

64. Extent of Compliance and the Characteristics of Noncompliance with the Fair Labor Standards Act, May 1966.

VII. STUDIES OF MINIMUM WAGE COVERAGE

65. Development of Coverage Estimates of Federal and State Minimum Wage Legislation, Selected Years.

VII. AGE DISCRIMINATION IN EMPLOYMENT STUDIES

66. Age Discrimination in Employment Act of 1967, A Report Covering Activities in Connection with the Statute During 1968, January 1969.

67. Age Discrimination in Employment Act of 1967, A Report Covering Activities in Connection with the Act During 1969, January 1970.

68. Age Discrimination in Employment Act of 1967, A Report Covering Activities in Connection with the Act During 1970, January 1971.

69. Age Discrimination in Employment Act of 1967, A Report Covering Activities in Connection with the Act During 1971, January 1972.

SUMMARIES AND RECOMMENDATIONS

Williams Bill: Amends Sec. 3(d).

Source: 1971 4(d) pp. 1–3; Study relates to sec. 3(d).

Nonsupervisory employees in State and local governments

Summary and findings: At issue is the question of including State and local government employees under the FLSA, and if so, should they be covered, at least initially, at a lower minimum than those previously covered.

1. Noncovered government employees had substantially higher earnings than did covered government employees ($3.27 an hour in 1970 versus $2.25 an hour in hospitals and $2.48 an hour in schools, in 1969).

2. The South accounted for a disproportionate share of the lower-paid employees (43 percent earning less than $1.60 an hour).

3. Local government employees were paid more than State employees ($3.36 versus $3.05 an hour).

4. Library, park, and recreation employees were the lowest-paid occupations surveyed.

5. Males had higher earnings than females.

6. A 0.3 percent increase in the wage bill would be required to raise those paid under $1.60 to that rate.

7. The average workweek consisted of 38.1 hours, although public safety employees tended toward longer workweeks—over 40 hours.

Williams Bill: Amends tip provisions in Sec. 3(m).

Source: 1971 4(d) pp. 8–10; Studies relate to Sec. 3(m).

Cash wages and value of tips of tipped employees in eating and drinking places and hotels and motels

This study provides an evaluation of that portion of Sec. 3(m) of the FLSA permitting an allowance of up to 50 percent of minimum wage for tips actually received in arriving at the cash wage of a tipped employee.

Eating and drinking places

Findings:

1. While one out of six tipping establishments paid all of their tipped employees cash wages of at least $1.45 an hour, the minimum wage applicable to nontipped covered employees, almost half of the tipped work force was employed in establishments where at least four-fifths of the employees in the selected occupations were paid cash wages of less than $1.45 an hour.

2. Overall, three-fourths of all tipped employees and four-fifths of all waiters and waitresses were paid cash wages of less than $1.45 an hour.

3. Elimination of the tip allowance would have required a 22 percent increase in the March 1970 hourly wage bill of the 323,900 employees in the three selected occupations in establishments with tipped employees to raise the cash wages of the 218,800 employees who were paid less than $1.45 to that level.

4. If the tip allowance were eliminated at the same time that the 15-cent statutory increment became effective, it would have required raising the wages of three-fourths of the tipped employees and half of the nontipped employees in the selected occupations who were paid less than $1.60.

Year-round hotels and motels

Findings:

1. One-sixth of the tipping establishments paid all of their workers in tipped occupations at least the $1.45 an hour minimum applicable to nontipped employees in covered hotels and motels. In half of the tipped establishments, however, at least two-fifths of these workers were paid less than that amount.

2. Two-thirds of all tipped employees were paid less than $1.45 an hour, as were four-fifths of all tipped waiters and waitresses.

3. Elimination of the tip allowance and raising the wages of all employees earning less than $1.45 an hour to that level would have required an 11 percent increase in the hourly wage bill of the 153,900 employees in the selected occupations in covered hotel and motel establishments. Wage raises would have had to be given to 60,200 employees.

4. The combined cost of raising the wages of nontipped employees from $1.45 to $1.60 an hour and eliminating the tip allowance, thereby raising the minimum for tipped employees to the same level as all other nonfarm employees subject to the FLSA, would require an increase of 17 percent and would affect 66 percent of the employees in the five selected occupations.

Accordingly, the elimination of the tip provisions would have a substantial impact on hourly wage bills in such establishments.

Williams Bill: Amends sec. 3(r) and sec. 6(b).

Source: 1970 4(d), pp. 11–17; Studies relate to FLSA Secs. 3(r), 6(b), and 7(j).

Effects of the $1.20 minimum wage educational institutions—

Wage adjustments in educational institutions were mostly confined to bring workers paid below the minimum up to the $1.30 level. The $1.45 minimum wage will require a wage bill increase of 1.0 percent in educational institutions, somewhat greater than the impact of the $1.30 minimum. Employment for the nonsupervisory personnel in educational institutions showed a moderate increase of 3 percent between the October 1968 and March 1969 survey periods.

Hospitals (non-Federal)

Adjustment to the $1.30 Federal minimum wage was earned by a combination of many interrelated factors such as increases in State minimum wage rates, collective bargaining, manpower shortages, and the general increases in wages and salaries over the 1966–1969 period. Employers were paying all but 12 percent of the employees $1.60 an hour or more in March 1969, nearly 2 years before the $1.60 Federal minimum was scheduled to go into effect. The average work-week declined from 37.1 hours in the survey week in July 1966 to 35.5 hours in March 1969, reflecting the reduction in Federal overtime standards for newly covered employees (from 44 hours effective February 1, 1967 down to 42 and 40 in each succeeding year), increased use of part-timers, and the general downward trend in the average weekly hours of all private nonfarm employees. Over one-third of the nonfederal hospitals reported that they utilized the 14-day work schedule provided in Sec. 7(j) for some employees in March 1969. In hospitals using the plan, nine-tenths of all full-time employees were nonsupervisory employees on the 14-day work schedule. Overall, the educational and hospital sectors appeared to have had little difficulty in adjusting to the minimum wages established by the 1966 admendments.

Williams Bill: Modifies 7(a) and strikes out 7(d).

Source: 1970 4(d), pp. 17–19; Study relates to secs. 7(c) and 7(d); and 13(b) (14), (15), and (16).

Agricultural handling and processing industries: Data pertinent to an evaluation of overtime exemptions available under the FLSA

Recommendations: It was recommended that consideration be given to phasing out the overtime exemptions currently available to the agricultural handling and processing industries under Sec. 7 (c) and (d) of the FLSA. The study also indicated no sound basis for the continuation of the year-round exemptions available under Secs. 13(b) (14), (15), and (16) of the FLSA nor the overlap presently existing between the 7(c) and/or 7(d) and 13(b) exemptions.

Findings:

1. Existing exemptions are not fully utilized.
2. Many establishments are presently paying premium rates for hours worked in excess of 40 in a week.
3. Some industries appearing to be less seasonal than others qualify for additional weeks of overtime exemptions under current provisions.
4. A universal 40-hour overtime standard would remove intra-industry inequities currently existing for employers paying premium rates for hours over 40 as a result of union agreements, competition, or belief in fair labor standards.
5. Second and third shifts could be used in some industries to relieve long hours.
6. Technological advances have lengthened the processing period thereby reducing the need for long hours of work in some industries.
7. There was a sharp drop in man-hours over 40 a week during the periods the exemptions were most likely to be claimed.

Williams Bill: Amends secs. 3(r) & (s), 6, & 7.

Source: 1969 4(d), p. 2. Recommendations relate to Secs. 3 (r) & (s), 6, 7, 14(d) (2).

Secretary of Labor Wirtz recommended:

1. Extending coverage to every job within the reach of Federal authority, and provision should be made for encouraging full supplementary coverage at the same level, through State legislation.
2. The statutory level should be set at no less than $2.00 an hour, with provisions being made for subsequent adjustment of this figure to keep the minimum wage level in proper relationship to changing wage levels prevailing in the country.
3. Provision for overtime payment after 8 hours a day and 40 a week should apply to all industries and all workers.
4. Provision should be made for Federal reimbursement where the payment of subsistence wages is impossible economically—as in the case, but only illustratively, of the employment of handicapped workers by a "sheltered workshop."

Williams Bill: Amends secs. 3(s), and 6.

Source: 1969 4(d), pp. 1 and 11–19; Studies relate to Secs. 3(s), 6(a) (5), 6(b) and 14(d) (2).

Regarding the impact of the 1966 amendments, employment increased in the areas affected by the extensions of coverage and there was no evidence of any restraining effect by the broader coverage on employment opportunity. The increased minimum wage levels set in 1966 did not contribute to the current inflationary spiral to an extent which permits reasonable questioning of their net value in strengthening both the position of low-paid workers in particular and the economy in general.

Laundry and Cleaning Services (Effects of the $1.15 minimum wage).—Adjustment to the $1.15 Federal minimum wage was eased by a year's experience with the initial $1.00 wage floor—the first step of the 1966 FLSA amendments, effective February 1, 1967. Comparison with data from the previous laundry and cleaning service study revealed an overall employment increase between mid-1966 and April 1967. The reduction in the overtime premium pay standard from 44 to 42 hours resulted in relatively fewer employees working long workweeks and an overall drop in the length of the average workweek.

Nursing Homes and Related Facilities (Effects of the $1.15 minimum wage).—Overall the increase in the Federal minimum wage from $1.00 to $1.15 an hour on February 1, 1968, had a significant effect on the wage structure of the lowest-paid workers in nursing homes and related facilities. There were little additional concentrations in the wage structure between $1.15 and $1.60. However, the proportion of workers paid $1.60 an hour and above increased substantially during this same period. Primarily, this reflected the effect of higher State minimum wage standards in some of the more populous States in the Northeast and West. Nonsupervisory employment increased substantially during the periods that the $1.00 and $1.15 minimum wage rates went into effect. Changes in the average weekly hours of work during the 6-month period spanning the effective date of the $1.15 minimum wage were relatively minor.

Hired Farmworkers (Effects of the $1.15 minimum wage).—The immediate effect of the increase in the Federal minimum wage to $1.15 an hour was confined to raising the wages of hired workers paid less than $1.15 an hour to that rate. There was little or no evidence of indirect effects or increases beyond those required by law. Agriculture appeared to have adjusted to the $1.15 minimum wage standard without adverse employment effects. On covered farms, hired farmworker employment increased 36 percent during the period spanning the effective date of the $1.15 Federal minimum wage.

Sheltered workshops

The 1968 study revealed that a substantial proportion of the clients employed in both the 1967 and 1968 survey periods did not get wage increases commensurate with the amounts contemplated by the 1966 FLSA amendments and that for most "regular" clients, the achievement of a statutory minimum wage does not appear attainable without some assistance. In October 1967, roughly one-half of all clients earned less than the applicable 70-cent floor rate for regular clients. In March 1968, over half the clients earned less than the new floor rate of 80 cents. In relation to the statutory minimum, 7 out of 8 clients earned less than $1.40 in October 1967 and less than $1.60 in March 1968.

Metropolitan areas

The regularly scheduled surveys in Green Bay, Wisconsin; Little Rock, Arkansas; Manchester, New Hampshire; and Raleigh, North Carolina, were broadened so as to obtain some indications of the effects of the improved labor standards under the FLSA that became effective on February 1, 1968. The study showed that nonsupervisory employment in the industries surveyed increased in three of the four areas between June 1967 and June 1968. Virtually all of the previously covered employees paid between $1.40 and $1.60 an hour in June 1967 were raised to $1.60 by June 1968. Changes in the wage structure of employees in the newly covered industries were partially obscured by State minimum wage standards in two of the surveyed areas. The effects of the $1.15 minimum wage were most marked in Raleigh and Little Rock.

Source: 1968 4(d), pp. 1–3, 10–13, 21–22: Studies relate to:

Pertinent FLSA sections and changes by S. 1861; sections

HOTELS AND MOTELS

Sales test:	
13(a) (2)	7(a) (3).
Overtime exemption:	
13(b) (8)	7(b) (4).
Tips:	
Last sentence of 3(m)	2(d).

EATING AND DRINKING PLACES

Sales test:	
13(a) (2)	7(a) (3).
Overtime exemption:	
13(b) (8)	7(b) (4).
Tips:	
Last sentence of 3(m)	2(d).

FARMS

Man-day test:	
13(a) (6)	7(a) (5).

Easement into the first phase of the 1966 amendments was assuaged by the generally encouraging economic picture at the time. Total employment continued its rise throughout the year and there was virtually no evidence of layoffs or plant shutdowns occurring as a result of the 1966 amendments. The facts clearly indicate that desirable social gains were achieved without economic disruptions.

Hotels and Motels—(Effects of the $1.00 minimum wage).—Imposition of a wage floor in 1967 had no adverse effects on employment as evidenced by increases in both covered and noncovered sectors. In 1967, 15 percent of the tipped employees were paid less than 57½ cents an hour and 20 percent of the nontipped employees less than $1.15 an hour, the minimum rates that were to become applicable 9½ months later. The wage bill impact of raising the wages of workers to the 1968, $1.15 level was estimated at 1.6 percent, affecting 19 percent of all covered workers. Two out of every five workers covered by the act will have been unaffected by the 1968 raise, as these workers were already either at or above the 1968 level.

Eating and Drinking Places—(Effects of the $1.00 minimum wage).—As in hotels and motels, no disemployment effects were noted that can be attributed to the new wage floor. Employment rose in the covered sector, but fell in the noncovered sector. In this industry the step-up to $1.15 was estimated to have affected 13 percent of covered employment and resulted in a 1.1 percent increase in the industry wage bill. Over one-half of the covered restaurant employees were employed in establishments where no one will be affected by the then new 1968 requirements.

Farms—(Effects of the $1.00 minimum wage).—Employment on farms continued its long-term downward trend through the establishment of the first farm minimum wage. However, disemployment effects of the FLSA were minimal as employment in the noncovered sector decreased more rapidly than in the covered sector. To comply with the $1.15 rate, effective in 1968, it was estimated that 28 percent of the 384,000 covered workers would require pay increases.

Puerto Rican study

Source: 1968 4(d), pp. 13–14.

Relates to sections 5, 6(a)(2), 6(c), 8, and 10 of the FLSA which would be amended by sections 2(g) and 4(d).

Predictions to the contrary, Puerto Rican industries adjusted relatively smoothly to the first phase of the 1966 amendments. Employment generally rose among those industries surveyed which had had hardship appeals denied. In those few industries where employment declined, the decline was minimal, two percent, and in fact, the actual number of establishments in those industries rose.

Sheltered workshops

Source: 1968 4(d), pp. 15–16.

Relates to section 14(a) of the FLSA and is not at issue under S. 1861.

No specific legislative recommendations were made; however, the following program suggestions were entertained:

1. Wage supplement for eligible clients.
2. Financial support for therapy for workshop clients.
3. Financial support for the workshop for training.
4. Opening of new product markets.
5. Support for modernization of facilities.
6. A technical assistance program to the workshop, including managerial assistance.
7. Out-placement services for clients.

The study found that the requirement that the applicable minimum wage for clients of sheltered workshops should be at least 50 percent of the statutory minimum wage has not significantly affected their overall wage structure. The primary effect was to increase the number of work activities centers in which no specified minimum is applicable rather than to increase the wages of handicapped workers.

Study of excessive overtime

Source: 1968 4(d), pp. 17–19.

Relates to entire section 13(b) of the FLSA and section 5(b) of S. 1861 dealing with overtime exemptions.

The report proposed no legislative changes but indicated that further study would be conducted. The report makes the following observations:

1. Effectiveness of overtime provisions as a deterrent to long workweeks has been reduced by the increased value of supplementary pay benefits from about 5 percent in 1938 to 20 percent in 1968. Most of the benefit payments are not included in the computing of overtime pay.
2. Hiring and training costs tend to favor overtime work as against new hires.
3. There have been expressions of dissatisfaction by employees with excessive continuing overtime in some industries. However, many employees rely on regular overtime as an integral part of their paychecks.
4. Employers are now tending to believe that the disadvantages of overtime have been understated. They claim that continuing overtime reduces productivity and increases absenteeism.
5. Thirty-six million workers in 1967 were subject to the overtime provisions of the FLSA (40 million in 1971).
6. Considerable overtime is being worked in areas with high unemployment rates.

Source: *Panama Canal Zone Study,* June 1968.

Relates to section 18(b) of the FLSA and section 8 of S. 1861 which changes the minimum wage increase schedule for Panama Canal Zone employees from that of newly covered workers to that which applies to workers previously covered by the FLSA.

This report was required by section 604 of Public Law 89–601, the Fair Labor Standards Amendments of 1966.

Recommendation: No changes in the FLSA as it applied to Federal employees in the Panama Canal Zone.

Summary and findings:

(1) The study indicated that the application of the $1.00 and $1.15 Federal minimum wage rates and the maximum hours standards to Federal employees had little effect on the total labor costs in the Zone.

(2) Wage bill increases required for the $1.15 an hour rate amounted to 0.7 percent and even less was expected for the next step-up to $1.30 on February 1, 1969.

(3) The greatest impact was registered upon non-U.S. (Panamanian) citizens. However, under the provisions of the Treaty of Mutual Understandings and Cooperation with the Republic of Panama, and the accompanying Memorandum of Understandings Reached, effective August 23, 1955, citizens of the Republic of Panama were to be accorded the same employment opportunities and the same basic wages within the Zone's U.S. Government positions as were United States citizens.

Williams Bill: Amends Secs. 3(s), 6, 13(a)(2) and 13(b)(8); repeals 13(a)(4), (a)(9) and (a)(11).

Source: 1967 4(d), pp. 34–54; Studies relate to secs. 3(s), 6, 7, and 13(b)(8).

The following summaries are of studies conducted to determine the effects of the 1961 and 1966 amendments on the pertinent industries.

Retail trade and service industries

Regarding the workers subject to a Federal minimum wage increase to $1.40, the study showed that it would require a 1.4 percent increase in the weekly wage bill for the previously covered sector in retail trade to be raised to $1.40. Almost a quarter of the workers were employed in retail establishments in which no increase in the weekly wage bill was legally required.

The impact of the $1.00 Federal minimum wage made effective on February 1, 1967 by the 1966 amendments to the FLSA was also light. All but 2 percent of the almost 1 million newly covered retail trade employees (excluding food service workers) earned at least $1.00 in June 1966.

Laundry and cleaning services

The direct increase in the hourly wage bill required to raise the wages of laundry and cleaning services workers receiving less than $1.00 an hour in mid-1966 to that level was slightly less than 2 percent. Of more significance was the overtime requirement of premium pay for hours worked over 44 in a week. More than a fifth of 86,400 workers in the industry were working in excess of 44 hours weekly at the time of the survey.

Nursing homes and related facilities

The Federal minimum wage of $1.00 effective February 1, 1967 had a relatively greater impact for workers in nursing homes than in hospitals. A study submitted to Congress in January 1966 showed that nearly 3 out of 10 nonsupervisory workers in nursing homes were paid less than $1.00 an hour in cash wages and 3 percent worked over 48 hours a week in April 1965.

Motion picture theaters

An April 1966 study showed that almost half of the 103,000 nonsupervisory employees of motion picture theaters were paid less than $1.25 an hour and a fourth were paid less than $1.00 an hour. Over 3 out of 4 motion picture theater employees worked less than 35 hours a week in April 1966. The relatively short hours in the industry reflect the fact that youths comprise a significant part of the work force.

Hospitals

A nationwide survey of hospitals (excluding Federal hospitals) conducted in July 1966 showed that 4 percent of the employees were paid less than $1.00 an hour, the Federal minimum wage that was to become effective on February 1, 1967. The 44-hour workweek standard that became effective at the same time affected 7 percent of the nonsupervisory employees of hospitals who worked more than 44 hours in the survey week in July 1966. The direct increase in the hourly wage bill required to raise the wages of workers earning less than $1.00 an hour to that level of 0.4 percent nationwide and 1.6 percent in the South.

Source: 1966 4(d), pp. 1–18.

Economic effects of the 1961 amendments

1. The 1961 amendments raised the earnings of over 3½ million workers by an annual total of approximately $1.2 billion.
2. No adverse effects were apparent as a direct result of the 1961 amendments.
3. Coverage under the act is too limited and not responsive to concepts of economic equity. Seventeen million workers, including high concentrations of low-paid, black, and women employees, are outside the act's minimum wage protection.
4. Available data indicate that extension of coverage, raising the minimum, and overhauling the overtime provisions are feasible without adverse economic effect.

Analysis of proposed amendments

1. Minimum rate increases provided in H.R. 10518:

$1.40—3.8 million workers would receive wage increases totaling $856 million annually.

$1.60—5.9 million workers would receive wage increases totaling $2.8 billion.

$1.75—7.4 million workers would receive wage increases totaling $4.8 billion.

2. Extension of coverage (President Johnson's recommendation—S. 1986):

Would extend coverage to 4.6 million employees in retail trade, hotels, restaurants, laundries, hospitals and nursing homes, and other industries. The committee revision of H.R. 8259 would increase coverage by 7.9 million workers including 1.3 million hired farmworkers.

3. Overtime standards:

President Johnson's message recommended changing the overtime premium rate from time and one-half to double time after 45 hours per week. The House Committee Report provided for the referral of this proposal to the Secretary of Labor for further study. Studies conducted in 1964 and 1965 covering the operation and effect of the time and one-half provision of the Act concluded that the growth of supplementary benefits tended to diminish the comparative effect of the time and one-half provision.

Studies to evaluate the feasibility of extending minimum wage and overtime standards under the Fair Labor Standards Act

Nursing homes

The study presently relates to section 13(b)(8) of the FLSA and section 7(b)(4) of S. 1861 which would modify the partial 48-hour overtime exemption.

1. In April 1965, approximately 70 percent of nursing home nonsupervisory employees

worked in homes with gross annual receipts of less than $250,000.

2. Cash wages of employees in the smaller homes averaged $1.16 an hour, 22 cents less than in larger nursing homes.

3. Half of all nonsupervisory employees were paid less than $1.25 an hour.

4. Just over 20 percent of the nursing home employees worked at least 48 hours a week (40 percent in the South) and 32 percent worked over 40 hours a week (57 percent in the South).

Hired farmworkers

This study presently relates to section 6(a)(5), 13(a)(6) and 13(b)(12) of the FLSA and sections 3(b), 4(b) and 7(a)(5) of S. 1861 which would raise the minimum wage and modify the exemption.

1. The House of Representatives committee bill provided for the coverage of 1,300,000 hired farmworkers.

2. Hired farmworkers averaged $1.00 an hour in cash wages in May 1965; $1.11 on farms using 300 or more man-days and $0.93 on farms using less than 300 man-days. One-third of the workers were paid less than 75 cents an hour; half less than $1.00; and two-thirds less than $1.15.

3. One-third of all hired farmworkers were furnished lodging of some kind and one-sixth were furnished meals. Cash wages on farms where workers received either lodging or meals averaged 17 cents an hour less than on farms which paid only cash wages.

4. Ninety-two percent of farmworkers on farms in May 1965 were paid on a time rate basis.

A study to evaluate the feasibility of extending the overtime provisions of the Fair Labor Standards Act

Motor carriers

The study relates to section 13(b)(1) of the FLSA which is not at issue under S. 1861 or S. 2259.

1. In 1964 approximately 1.4 million drivers, drivers' helpers, loaders and mechanics were exempt from the overtime premium pay provisions of the Fair Labor Standards Act.

2. About 65 percent of the drivers, 60 percent of the mechanics, 50 percent of the loaders and 40 percent of the drivers' helpers employed by common carriers worked over 40 hours a week. Over half of the drivers' helpers who worked in excess of 40 hours a week worked more than 48 hours.

3. Most drivers, loaders and mechanics averaged in excess of $3.00 an hour as did 20 percent of the drivers' helpers.

Other studies included as part of the 1966 4(d) research package.

Evaluation of expansion of section 14 of the FLSA in 1961, evaluation of full-time students at special minimum wages

Relates to section 14(b) of the FLSA and is not at issue under S. 1861. However, S. 2259 would create a special youth minimum wage.

Of the 2,300 stores holding full-time student certificates in November 1965, 84 percent were held by variety stores and 11 percent by food stores. Three out of five stores with certificates either made no use of them during the 12 month period prior to reapplication, or usage amounted to less than 5 percent of all hours of employment in these stores.

Minimum wage developments in Puerto Rico since the 1961 FLSA amendments

Relates to section 5, 6(a)(2), 6(c) and 8, of the FLSA and sections 2(h), 3(d) and 10 of S. 1861.

Substantive increases in employment and gross average hourly earnings were noted in manufacturing and most of the major nonmanufacturing industries with covered employment in Puerto Rico between 1961 and 1965. Of the 154 minimum wage rates in effect in December 1965, 50 were at the $1.25 mainland minimum; 16 between $1.15 and $1.25; 33 between $1.00 and $1.15 and 55 below $1.00.

Studies of nonmetropolitan areas of the southern and north central regions and small metropolitan areas of the south

The impact of the FLSA in raising wages was noted in similar clusterings around the minimum wage level for each of the periodic step increases of the 1961 amendments. In June 1965 when 42 hours was the standard, smaller proportions of workers were on extended workweeks in the southern nonmetropolitan and small metropolitan areas, whereas relatively little changes in the proportion occurred in nonmetropolitan areas of the North Central region.

Retail trade: An interim study of the effects of the 1961 amendments

Relates to sections 3(m), 3(r), 3(s), 3(t), 6(b), 7, 13(a)(1), 13(a)(2), 13(a)(4), 13(a)(11), 13(b)(10), and 3(b)(18), of the FLSA and sections 2(d), 2(e), 2(f), 4(a), 4(c) and 7(a) (3) and (4) of S. 1861 which amend the sales size test and repeal the minimum wage and overtime exemptions for certain classifications of retail trade establishments.

1. The coverage of retail trade under the FLSA had only a moderate impact on the wages of employees as evidenced by the fact that only one-tenth of the covered workforce were paid less than $1.25 an hour, the Federal minimum that was to become applicable three months after the June 1965 survey period.

2. There were no marked changes in the hours worked distributions although there was evidence of a slight long-term downward trend in this area.

3. Employment in the covered sector increased.

Source: Compliance Survey, 1965, pp. 1, IV, VI.

This was the second nationwide survey conducted to measure the level of compliance and the nature and scope of noncompliance with the FLSA.

1. It was estimated that, overall, 1.8 million workers in 343,000 establishments were underpaid under one or more of the monetary provisions during the investigation period covering a time span of up to two years.

2. Compared to a similar survey conducted in 1956–7, there was an 85 percent increase in the number of employees paid less than the applicable minimum wage and a 55 percent increase in the number not receiving proper overtime pay.

3. Separate data were provided for Puerto Rico and the Virgin Islands, where a sizeable number of workers were underpaid under the FLSA.

Studies included in the 1965 4(d) research package

Nonmetropolitan Areas of the South—(Effects of the 1961 amendments).

Study relates to section 6.

Williams Bill: Amends section 6.

In the three and one-half year period following the 1961 amendments nonsupervisory employment increased in about half of the 15 low-wage nonmetropolitan areas of the South studied to measure the effects of the $1.25 minimum wage. The increases ranged upward from 8 percent. In the 15 areas combined, employment climbed from 129,000 in October 1960 to 141,000 in March 1964, an increase of more than 9 percent. Over the same period, marked reductions also occurred in the proportion of nonsupervisory employees paid less than $1.25 an hour in industries generally subject to the provisions of the FLSA in the areas studied. In each of the 15 areas studied, at least one out of every five workers worked over 40 hours during the March 1964 survey week.

Retail Trade—(Effects of the 44-hour workweek standard) pp. 87–115.

Study relates to Section 7.

Williams Bill: Amends Section 7.

A nationwide survey was made in June 1964 to evaluate the effect of the 44-hour standard on hours of work in covered retail establishments which first became subject to the provisions of the FLSA in September 1961. Overall there was a slight decline between June 1962 and June 1964 in the already small proportion of employees in covered retail establishments (other than gasoline service stations) who worked more than 44 hours a week—from 12 to 10 percent. The proportion working exactly 44 hours a week was very small in covered retail trade establishments in June 1962 and remained virtually unchanged by June 1964. Employment in covered retail trade establishments rose about 4 percent between 1962 and 1964. In nonmetropolitan areas of the South there was generally a significant reduction in the proportion of employees working more than 44 hours a week in establishments subject to the FLSA. In nonsubject establishments the trend was less defined, but the proportion of employees working more than 44 hours was high in 1962 and 1964.

Nongovernment Hospitals—p. 117.

Williams Bill: Amends Section 3(s), 6, 7.

Study relates to Sections 6 and 7.

This study provided a basis for evaluating, in terms of employment and wage structure, the legislative proposal to extend minimum wage and overtime coverage to employees of nongovernment hospitals. It was estimated that 1.2 million employees (798,000 nonsupervisory) in nongovernment hospitals were exempt from the minimum wage and overtime provisions of the FLSA. In mid-1963, about 9 percent of the 771,471 employees of private short-term hospitals with 100 or more employees in metropolitan areas were earning less than $1.00 an hour, 20 percent less than $1.15 and 29 percent less than $1.25. Most of the low-paid workers were nursing aids, maids and porters, and kitchen and laundry workers.

The majority of workers were employed in hospitals in which the predominant scheduled workweek averaged 40 hours or less. In the South, however, 14 percent of the nonprofessional workers were in hospitals in which the predominant scheduled workweek was more than 40 hours.

Manufacturing Industries—pp. 119–120.

Williams Bill: Amends Sections 6 and 7.

Study relates to Sections 6 and 7.

A nationwide survey in manufacturing industries indicated that hourly rates for almost one million nonsupervisory employees were at or within 5 cents of the $1.25 Federal minimum wage in March 1964. They accounted for 6 percent of the 14½ million factory work-force in the United States. More than 2¼ million workers, or 16 percent, earned less than $2.00 an hour. The influence of the minimum wage on the wage structure was particularly apparent in the South. The occurrence of long workweeks was common in manufacturing at the time of the survey in March 1964. About 4¼ million nonsupervisory employees in the United States were reported to have worked over 40 hours during the survey week. Half, or more than 2 million employees worked 48 hours and over and a fifth between 44 and 48 hours.

Wholesale Trade—pp. 121–122.

Williams Bill: Amends Sections 6 and 7

Study relates to Sections 6 and 7.

A nationwide survey in wholesale trade indicated that hourly rates for 240,000 nonsupervisory employees were at or just above the $1.25 Federal minimum wage in March 1964. They accounted for about a tenth of the more than 2¼ million employees in wholesale trade in the United States. Over a fifth of the workers, or 487,000, earned less than $1.50, and almost half, or about one million, received less than $2.00 an hour.

Long workweeks were common in wholesale trade at the time of the survey in March 1964. About three-quarters of a million wholesale trade employees in the United States worked over 40 hours during the survey week.

Nearly two-fifths of them worked 48 hours and over, and a fourth between 44 and 48 hours.

Foreign Competition in the Jewelry and Silverware Industry in the United States, 1965, letter of transmission—Relates to section 4(e) of the FLSA which is not at issue under S. 1861.

This study was undertaken under the provisions of section 4(e) which directs the Secretary to gain full information when he has reason to believe that the competition of foreign producers has resulted or is likely to result in increased unemployment in the United States.

The report concludes that "foreign competition has not resulted in increased unemployment" in the jewelry and silverware industry as defined for purposes of this report.

1964 4(d):

Studies in 1963 were directed at low-wage segments of the labor force in which Federal minimum wage or maximum hours standards were either nonexistent or minimal in order to determine the impact of legislative proposals to extend FLSA coverage.

Studies relate to sections 3(s), 6, and 7; and old 13(a)(2)(ii), 13(a)(10), and 13(a)(15).

Williams Bill: Amends sections 3(s), 6, and 7; and repeals 13(a)(13) and 13(b)(15) except maple sap processing.

Hotels and Motels—p. 15.

In 1963, an estimated 489,000 nonsupervisory workers in hotels and motels were exempt from the minimum wage and overtime provisions of the FLSA. Of the 190,695 employees in hotels and motels with $250,000 or more in annual sales which were part of enterprises with $1 million or more in annual sales, one-third were paid cash wages amounting to less than $1.00 an hour in June 1963. In the South, 63 percent of the employees in large establishments of large enterprises were paid less than $1.00 an hour. Cash wages below $1.00 an hour were paid to 24 percent of the nontipped and 76 percent of the tipped employees in large establishments of large enterprises.

Twenty-seven percent of the nonsupervisory employees in large establishments of large hotel and motel enterprises worked 48 or more hours in a week and 46 percent worked over 40 hours a week in June 1963. The comparable proportions for the South were 57 and 71 percent, respectively.

Laundry and Cleaning Services—p. 16.

In 1963, an estimated 513,000 nonsupervisory workers in laundry and cleaning services were exempt from the minimum wage and overtime provisions of the FLSA. Of the 75,077 employees of laundry and cleaning enterprises with annual receipts of $1 million or more, 16 percent earned less than $1.00 an hour in June 1963. In the South, 45 percent of the employees in large laundry enterprises were paid less than $1.00 an hour.

Fifty-eight percent of the employees of laundry and cleaning enterprises worked 40 hours or less and about 12 percent worked 48 hours or more a week. In the South, 48 percent of the employees in the large enterprises worked 40 hours or less and 18 percent 48 hours or more.

Restaurants and Other Food Service Enterprises—p. 17.

An estimated 1.6 million nonsupervisory workers in restaurants and other food service enterprises were exempt from the minimum wage and overtime provisions of the FLSA. Of the 180,235 employees in establishments grossing over $250,000 which were part of $1 million plus enterprises in June 1963, almost one-third were paid less than $1.00 an hour.

Thirty-six percent of the nonsupervisory employees in large establishments of large eating and drinking enterprises worked over 40 hours a week and 22 percent worked 48 hours or more. In the South, the proportion working over 40 hours was 59 percent, and the proportion working 48 hours or more was 45 percent.

Small Logging Operations—p. 18.

An estimated 87,000 workers employed by small logging establishments were exempt from the minimum wage and overtime provisions of the FLSA. Many of the questions raised with respect to the appropriateness of the "small logging" exemption have involved the problem of competitive inequity. Independent loggers with 13 or more logging workers and integrated sawmills which employ a total of 13 or more workers in their logging operations have been required to pay the minimum wage and overtime. (Cutoff point for 13(a)(13) exemption is now 8 or more employees.) In the four Southern States, more than half of the employees in small logging operations earned less than the 1.25 minimum hourly wage applicable to covered workers at the time of the survey. In the three North Central States, 8 percent of the small logging workers were paid less than $1.25 an hour.

Sixty-two percent of workers in the South and 72 percent in the North Central area in small logging operations worked under 40 hours in the survey week.

Overtime Hours—p. 20.

Increasing disclosures involving violations of the overtime provisions point to the need for intensifying enforcement activity and for evaluating the effectiveness of the time and one-half provisions of the FLSA as a deterrent to long workweeks.

Handling and processing of Agricultural Products—p. 22.

In a peak employment period in 1960, the 11 agricultural handling and processing industry groupings in which exemptions were generally applicable employed 800,000 workers, of whom only 91,000 worked in establishments exempt from both the minimum wage and overtime provisions of the FLSA under section 13(a)(10). Only about 16,000 of the 91,000 workers in exempt establishments were paid less than $1.00 an hour, the minimum wage applicable to covered workers at that time. The survey data indicated that with respect to the great bulk of employment in the handling and processing of farm products, employers did not use an exemption period of more than 14 weeks, and that during the peak period hours in excess of 56 were no more prevalent than were hours in excess of 40 in manufacturing generally. In manufacturing, premium pay was required for hours over 40 at that time.

Hired Farmworkers—p. 23.

In May 1963, about 1.8 million hired farmworkers were employed in agriculture. Of this number, almost 80 percent were paid less than $1.25 an hour and, significantly, 45 percent were paid less than 75 cents an hour. About 750,000 or 42 percent of all hired farmworkers were employed in May 1963 on farms using 300 or more man-days of hired labor in the previous year's peak quarter. Average hourly earnings of employees on such farms were somewhat higher than for all hired farmworkers. However, even on such farms, about two-thirds of the workers were paid less than $1.25 an hour and two-fifths were paid less than 75 cents an hour.

1963 4(d):

As a result of the 1961 amendments over 2 million low-paid workers received wage increases, which added up to more than one-half billion dollars a year.

The effects of these increases have been carefully watched by the Department of Labor. Two clear conclusions emerge from the studies so far made. First, the 1961 minimum wage increases had no discernible effects on average wages in the economy generally. There is no indication that these increases produced any general upward pressure on the wage structure. Second, the 1961 minimum wage increases had no discernible effect on the nation-wide level of employment in the industries affected. On an overall basis employment has risen in these industries since the 1961 amendments took effect.

Despite repeated predictions to the contrary, the evidence is emphatic that the successive amendments to the Act have gone far toward its objective of eliminating "conditions detrimental to the maintenance of the minimum standard of living necessary for health, efficiency and general well-being of workers . . . without substantially curtailing employment or earning power."

The wage effects of the recent amendments were confined for the most part to wage increases required to raise wages of covered workers to the minimum wage levels. In some low-wage areas, the 1961 amendments also brought wage increases to employees paid at or somewhat above the minimum wage level prior to their enactment, but there was no consistent pattern of such indirect effects.

Exempt food service workers in newly covered retail stores received some benefit from the amendments. However, workers in noncovered establishments of this and other industries did not benefit, underlining the necessity for further extending the coverage of the Fair Labor Standards Act.

The following studies were conducted to measure the effects of the extension of coverage of the FLSA by the 1961 amendments in industries and areas in which the amendments were expected to have had the largest impact.

Retail Trade—pp. 19–29.

The study relates to section 13(a)(2).

Williams Bill: Modifies sections 13(a)(2), and repeals 13(a)(4), and (a)(11).

Nationwide surveys of retail trade disclosed that the cash wages of 7 percent of the nonsupervisory employees in covered retail establishments were raised to $1.00 between June 1961 and June 1962. The corresponding proportions for variety stores were 31 percent in the United States and 55 percent in the South.

The studies also showed that by June 1962 there was a small but significant change in weekly hours of work in covered retail trade. The proportion of retail employees working 40 hours or more decreased from 61 percent in June 1961 to 57 percent in June 1962.

Employment in covered retail trade increased between June 1961 and June 1962 in all kinds of business except drug stores, where there was no change.

Nonmetropolitan Areas of the Southern and North Central Regions—pp. 30–80.

The studies relate to sections 6 and 7.

Williams Bill: Amends sections 6 and 7.

Selected Southern nonmetropolitan areas: The minimum wages provided for in the 1961 amendments to the FLSA caused changes in the wage structure of the subject industries and in covered retail trade. In October 1960, 30 percent of the nonsupervisory employees in the subject industries (other than retail trade and construction) were paid less than $1.15 an hour. In June 1962, 3 percent were paid less than that amount. During the same period, the proportion of employees paid less than $1.25 an hour went from 40 percent to 31 percent. Between October 1960 and June 1962 employment increased in the subject industries as a whole and in each of the major industry divisions comprising the total. Employment in covered retail trade declined while employment in noncovered retail trade increased.

Selected North Central nonmetropolitan areas: The minimum wages set by the 1961 amendments had much less effect here than in the South. In October 1960, 11 percent of the employees in the subect industries were paid less than $1.15 an hour, and in June 1962, 2 percent were paid less than that amount. Employment increased in the subject industries and in covered retail trade between October 1960 and June 1962 and declined in the nonsubject industries.

Small Metropolitan Areas of the South—pp. 81–110.

The studies relate to sections 6 and 7.

Williams Bill: Amends sections 6 and 7.

In June 1961, 12 percent of the nonsupervisory employees in the subject industries in the small metropolitan areas of the South were paid less than $1.15 and 19 percent less than $1.25. By June 1962 all but 2 percent were paid at least $1.15 an hour and the proportion receiving less than $1.25 an hour had decreased slightly to 17 percent. In June 1962 employment was 13 percent higher than in June 1961 in the subject industries; the increase in nonsubject industries was 15 percent. Employment decreased 2 percent in covered retail trade and increased 10 percent in noncovered retail trade.

1962 4(d):

The principal measurable effect of the 1961 amendments was to increase the wages for a substantial number of workers in certain relatively low-wage industries. Increases were provided for 1.9 million workers as a result of the increase in the minimum to $1.15 per hour and to 663,000 workers by the extension of coverage at $1.00 an hour to workers previously not covered by the minimum wage.

In his Economic Report of January 1962, the President indicated that the economy had regained its momentum and the Fair Labor Standards Amendments of 1961, which raised the minimum wage and extended it to more workers, was a contributing factor.

Concern had been expressed about two potential adverse effects of the minimum increases, namely, price rises and increased unemployment. The nationwide series showed that neither of these materialized in the period immediately following the 1961 amendments.

The following reports were part of the 1962 research package:

Restaurants and Other Food Service Enterprises: Data pertinent to an evaluation of the need for and feasibility of applying statutory minimum wage and maximum hours standards.

Study relates to sections 6 and 7.

Williams Bill: Amends sections 3(m) amending only the tip allowance, 6, 7, 13(a) (2), 13(b) (8) and 13(b) (18).

This survey provided data on earnings, hours of work, tips, and perquisites as of June 1961, for eating and drinking places with ten or more employees in metropolitan areas of 750,000 or more population.

Data were also obtained for two large metropolitan areas of less than 750,000 population, nonmetropolitan areas of the South and North Central regions, nine small metropolitan areas of the South, and food service workers in retail stores.

More recent, and hence more relevant, data are available in the 1968 "Eating and Drinking Places" report and the 1971 study of "Cash Wages and Value of Tips of Tipped Employees in Eating and Drinking Places and Hotels and Motels."

Laundry and Cleaning Services: Data pertinent to an evaluation of the need for and feasibility of extending the minimum wage.

Study relates to sections 6 and 7.

William Bill: Amends Sections 3(s), 6 and 7.

This report contains similar data to the "Restaurants and Other Food Service Enterprises" report of 1962. The areas surveyed are the same. More recent, and hence more relevant, data are available in the 1969 "Laundry and Cleaning Services" report.

Hotels and Motels: Data pertinent to an evaluation of the need for and feasibility of applying statutory minimum wage and maximum hours standards.

Study relates to Sections 6 and 7.

Williams Bill: Amends sections 3(m) amending only the tip allowance, 6, 7, 13(a) (2), and 13(b) (8).

This study reports similar data to the "Restaurants and Other Food Service Enterprises" report of 1962 for employees of establishments with 20 or more employees in large metropolitan areas, one metropolitan area with less than 750,000 population, nonmetropolitan areas of the South and North Central regions, and nine metropolitan areas of the South with populations ranging from 100,000 to 150,000.

More recent, and hence more relevant, data are available in the 1968 "Hotels and Motels" report and the 1971 study of "Cash Wages and Value of Tips of Tipped Employees in Eating and Drinking Places and Hotels and Motels."

Handling and Processing of Agricultural Products: Data pertinent to an evaluation of exemptions available under the Fair Labor Standards Act.

Study relates to sections 7(c), 7(d), 13(b) (14), (15) and (16).

Williams Bill: Repeals sections 7(c), 7(d), and 13(b) (14).

This study of the agricultural handling and processing industries was conducted by the Department of Agriculture for the Wage and Hour Division in accordance with the requirements of Section 13 of the Fair Labor Standards Amendments of 1961. The field survey was limited to the 48 contiguous States for 11 industry groupings in which one or more minimum wage and overtime exemptions (formerly 7(b) (3), 7(c) and 13 (a) (10)) were generally applicable. A 12th industry, meat packing, was not surveyed, but secondary source materials were compiled. The report presented data on wage levels, weekly hours of work, overtime pay, and seasonality of operations in 1960.

More recent data are available in the 1970 "Agricultural Handling and Processing Industries" report, volumes 1 and 2.

Shellfish Processing on the Atlantic and Gulf Coast: A Study of the Effects of Minimum Wage Coverage, pp. 6, 13, and 23.

Study relates to section 13(a) (5) of the FLSA and is not at issue under the Williams Bill.

In March 1962 there were 11,336 production workers engaged in processing shellfish on the Atlantic and Gulf Coast. Employment levels in this highly seasonal industry ranged from 15 percent below the March level in the low production periods to 15 percent above in the high production periods.

Hourly earnings of production workers averaged $1.11 in March 1962.

One-third of all production workers worked under 15 hours a week in March 1962. In the low production period, the proportion was 61 percent and even in periods of high production, 10 percent worked less than 15 hours a week.

Salary Tests for Executive, Administrative and Professional Employees, pp. i, ii, 1, 32, 39, and 49.

Study relates to section 13(a) (1) of the FLSA and is amended by sections 5(a) (1) and 5(a) (2) of the Williams Bill which would bring executive, administrative and professional employees and outside salesmen under the equal pay provisions of the law.

This report presents data pertinent to a review of the salary tests ($80 a week for executive and $95 a week for administrative and professional employees) required under Part 541 of the Regulations for exemption under section 13(a) (1) of the FLSA. The report excludes retail and service establishments and draws no conclusions as to what are appropriate salary tests.

Excluding retail and service establishments, an estimated 3 million executive, administrative and professional employees were exempt under section 13(a) (1) at that time.

Four percent of all establishments had minimum executive salaries below $85 a week and 13 percent below $100. Minimum administrative employees' salaries under $100 a week were found in only 4 percent of the establishments. Two percent of all establishments had professional employees with a minimum salary of under $100 a week and 12 percent with employees below $115.

Subsequent to public hearings, the salary requirements for Regulation 541 exemption in other than retail or service establishments were raised to $100 for executive and administrative employees and $115 for professional employees. The corresponding tests in retail and service establishments were set at $80 and $95, respectively.

1967 4(d), pp. 1 and 2:

The 1961 report of the Secretary of Labor generally urged the Congress to act upon the administration's recommendations for extending minimum wage protection to additional employees, raising the minimum wage to $1.10 or $1.15 an hour and improving the Act's enforcement provisions by providing more effective means for recovering unpaid minimum wages and overtime compensation illegally withheld. According to the report, almost one-half of unpaid wages disclosed in investigations under the FLSA annually remained unpaid.

Mr. WILLIAMS. Mr. President, I ask unanimous consent on behalf of the Senator from Washington (Mr. MAGNUSON) and the Senator from Illinois (Mr. STEVENSON) that Nick Miller and Les Goldman be granted the privilege of the floor during the consideration of S. 2747. These are staff members who will be here for the nongermane amendments that will follow.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JAVITS. Mr. President, will the Senator yield me 5 minutes out of the time in opposition?

Mr. WILLIAMS. Mr. President, I yield 5 minutes to the Senator from New York.

Mr. JAVITS. Mr. President, I must say that I cannot get hung up on the extension of the minimum wage to $2.30 in the third year.

It is a fact that a carrot is thrown into this amendment in order to please some, in that they go even beyond the committee in terms of what they increase the minimum wage to be. But facing the matter, at the end of 2 years, with inflation running at 8 to 9 percent a year, I do not know that anyone wants to be frozen into $2.30 right now. It might be very unfair, just as this measure is now archaic, considering the situation which has developed in the intervening period since the $1.60.

I do not believe that is a major argument in favor, but I think the major argument against is the number of things which are omitted in the way of exemptions, which we have promised ourselves consistently that we would phase out as industrial developments, collective bargaining, and general progress indicated that they were no longer an essential survival factor for business. So we are phasing them out, as indeed we should, and the bill itself phases them out fairly slowly.

I think that is all to the good. By the way, respecting policemen and firemen, there is a very important provision here which should be mentioned in this connection, which deletes hours of sleep and hours of eating time where you have a 24-hour shift, and that, it seems to me, should go a very long way to answer the qualms of local administrations. To concede for a minute that a job in government would pay less than the minimum wage provided in this bill is really asking us to subscribe to a very mean condition on the part of government, at no matter what level, which I really hope very much the Senate does not subscribe to.

But the important points, really, are the coverage of domestic employees and Government employees by the minimum wage, and that represents a pretty substantial expansion to include a general figure of something in the area of 5 to 6 million people who would be involved in the extension of the law.

I deeply believe that the extension of the law to domestics is a very constructive act. The reason it is constructive, Mr. President, is that we are all suffering today from the fact that people who work as domestics consider themselves demeaned, consider themselves servants, and that they are not entitled to the protection of the laws covering other workers. I recall the pride that came into the people who work for us, many of them not too well educated, not through any fault of their own, but simply through reduced circumstances when they began, when social security was introduced for them.

Another thing which is terribly important is that most of those domestics have neither unemployment insurance nor workmen's compensation, so social security coverage was a very big thing for them, in giving them a sense of dignity in their practice of an honorable pursuit, not dependent upon the whim of some "master or mistress," and this minimum wage compensation will therefore be a blessing to some of our lowest paid employees, persons who do not feel themselves equal in terms of dignity with so many Americans.

The provision is not onerous. The $50 a quarter test pretty much eliminates most of the really casual workers in that respect. It is somewhat better than the House test, which is 8 hours a week of work, which would include a great many of casual workers. It pretty much reaches people who engage in domestic work as a fairly constant practice, and who should have the benefit of minimum wage coverage.

As a matter of fact, there are mighty few places in the country where what would be the minimum wage under our bill is not already the going rate. It seems almost inconceivable that you could get people to work for less in domestic work, but I am sure that is the case or we would not have all this opposition.

So both on grounds of dignity and of adequacy of supply of this kind of labor, as well as on grounds of humanitarianism and serving the general objective of the minimum wage legislation, we should install the minimum wage for domestic workers. It is high time that we do it. Of course, the exemptions for casual babysitters, companions, exemptions from overtime for live-in people, where it would be very difficult to judge, is a very pertinent argument.

Finally, as to the recordkeeping, Mr. President, if they are to receive the benefit of social security, there would be recordkeeping anyway.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. JAVITS. I yield myself 2 additional minutes of Senator WILLIAMS' time.

The Senator from Colorado (Mr. DOMINICK) spoke of the youth differential, and I wish to state that there we have made a very important change in this area concerning students. We have established, for small establishments, without any reference to historic practice, four students which that establishment may have who are paid less than the minimum wage.

Also, the provisions of the Fair Labor Standards Act, a fact which is often overlooked, are very liberal in providing less than the minimum wage where there is a legitimate need and opportunity for training; and it seems to me that that is a very fair tradeoff between the situation which my colleagues claim is onerous and the situation of the trade unions, which very deeply fear low-wage competition from young people.

I point out also that the argument which is made as to the high rate of unemployment for youth doubles back on itself, because it is inconsistent with the argument that this will not have much of an effect on taking jobs away from older people. Mr. President, you cannot have it both ways.

The solution with respect to youth must depend upon extensive manpower training and the Neighborhood Youth Corps, et cetera, instead of cheap hiring.

So I believe the liberalization already provided respecting students, plus the opportunity to utilize the provisions of existing law in a proper way for other youth, where they are really going to get training, is very adequate for the purpose of the present law. I hope very much, therefore, that the Senate will defeat the amendment.

The PRESIDING OFFICER. Who yields time?

Mr. DOMINICK. Mr. President, I yield the Senator from Ohio such time as he may require.

Mr. TAFT. Mr. President, I thank the Senator for yielding.

First of all, I would like to ask unanimous consent that the privilege of the floor be granted to Miss Jane Porteous, of my staff, during the debate on this measure.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. TAFT. Mr. President, last December Senators DOMINICK, BEALL, and I introduced amendments to the daylight saving bill that would have provided constructive increases in the minimum wage. We felt that such an initiative was imperative in light of the failure of the majority party after the veto to send a constructive bill to the President. A majority of the committee voted with the Senate leadership to table this proposal. Unfortunately, they were successful and millions of American workers still have not been provided with any relief.

The Senate today is again considering a proposal that is poorly drafted and represents a response to special pressure groups. The committee proposal fails adequately to respond in the areas of special incentives to reduce youth unemployment.

The Senator from New York just discussed this issue. The very fact that there has been some modification to open the full-time student area to exemption in itself indicates a belief in the philosophy to which I subscribe, that more jobs will be created for youth, by increased emphasis on specialized wage structure.

Unfortunately, I do not think that the approach of the committee bill provides enough for the employment to the full-time students.

There is a basic difference in philosophy on this issue with the Senator from New York and others who support that point of view, but the fact is that we do have a tremendously high rate of unemployment among our youth today, particularly minority youth. It is very unfortunate that we cannot do something meaningful in this legislation to try to alleviate this problem. The Congress last session enacted the Comprehensive Employment Training Act and I actively supported the bill. I hope that we move ahead in the direction of doing something to make the manpower training program more effective. However, I am disturbed from what I have heard recently about the attitude of some of those administering the manpower training program bill, in applying strict standards of control and direction from the various regional offices. But I am not going to get into that today. I am aware of the problem. We have to take a good, hard look at the question, because youth unemployment is a very important problem.

The committee proposal also is deficient with respect to coverage of domestic service employees.

The Senator from New York has commented on unemployment and social security coverage, both of which, I think, are indispensable, as well as compensation coverage. But there is great danger, unless we approach the problem properly it will be rejected by the courts.

I think the specific amendment being offered relating to that section of the committee bill will create disemployment by imposing a tremendous burden on those who employ domestic workers for limited periods, say, during each week or 2-week period in their homes.

I am cosponsoring an amendment that would take another approach by covering any domestic employee who works more than 24 hours in a workweek for an employer.

The provisions of the committee bill with respect to overtime coverage for firemen and policemen raise serious problems. Units of local government from all around the country say, "Are you going in the direction of trying to give more responsibility to State and local governments?" The committee bill does exactly opposite on this subject.

The committee bill also repeals and modifies many existing exemptions without justification.

It is all very well to talk about the committee reports that are available, but economic circumstances change. We have had no hearings on S. 2747 whatsoever. All the data we have is more than a year old now and is based on the vested bill that was considered last year.

Quite frankly, I think that the proposal the Senate is being asked to approve by the committee represents in essence a response to unrelated national political considerations and, unfortunately, does not consider the legitimate interests of millions of American working men and women. To suggest that S. 2747 represents a compromise is to give a completely inaccurate appraisal of the situation. This legislation is essentially the same proposal that was vetoed last August and provides great uncertainties as to the future of amendment to the Fair Labor Standards Act in the 93d Congress.

Constructive amendments in the Fair Labor Standards Act are necessary and I do not believe that unacceptable risk should again be taken with regard to providing increases to our Nation's workers and further delay this legislation. I, therefore, have joined with Senators **Dominick** and **Beall** in offering an amendment in the nature of a substitute to the committee bill. This amendment, No. 981, would establish a minimum wage of $2.30 an hour for all employees currently covered by the act, 10 cents an hour higher than the minimum established by the committee proposal. This approach, I believe, is far superior to the committee bill and provides greater certainty of acceptance.

The longer a minimum wage increase is postponed, the greater the pressure will be for excessive increases over too short a period of time, thus maximizing the inflationary and disemployment effect on the economy due to the disruptive cost changes likely to occur when a sudden, violent increase in the minimum wage is made.

Equally as important, of course, is the very tragic effect it may have on thousands of workers who may be disemployed either because their jobs are eliminated due to the additional cost or because the concern itself becomes financially insolvent.

The Senator from New Jersey talked about the welfare rolls being swelled if we do not pass this bill. But, unfortunately, I am convinced to the contrary, that what we are likely to see is a disemployment effect resulting from the passage of the bill.

Mr. President, I should like to discuss at some length a subject I referred to earlier—overtime coverage for firemen and policemen.

S. 2747 phases in minimum wage and overtime coverage of the FLSA for State, county, local, and Federal employees. I have reservations about the general premise upon which the theory of coverage to such employees is advanced, as I have mentioned earlier. I believe the advice of the advisory commission on intergovernmental relations is correct in stating that this approach is an unnecessary interference with the prerogatives of local and State governments. I also question the constitutionality of extending the requirements of the act to such employees, although the theories of the Supreme Court decisions of *Wickard* v. *Filburn*, 317 U.S. 111 (1942) and *Maryland* v. *Wirtz*, 392 U.S. 183 (1968) may be arguably extended to include coverage of such employees under the act.

I am particularly concerned, however, with the phase out of the exemption for firemen and policemen. This action by the committee I believe is not based on sound judgment and shows a great disregard as to the practical burdens that will be placed on many communities throughout the Nation. Specifically, the impact of such an action by the committee will be to, first, reduce the availability of fire and police protection to cities and towns due to the severe economic impact; and, second, reduce, if not completely curtail, supplemental employment opportunities to many employees in these occupational categories.

The Fair Labor Standards Act when originally adopted in 1938 was approved with the intent of correcting oppressive wage practices in industries affecting interstate commerce. No statistics were furnished to show that these occupational categories are subject to oppressive wage practices and one must question the motivation of the committee in phasing in coverage for such employees.

Mr. William F. Danielson, director of personnel for the city of Sacramento, Calif., last year in appearing before the House General Subcommittee on Labor for the National League of Cities stated as follows regarding providing overtime coverage for firemen:

> The traditional terms of employment for firemen provide for a 56-hour average duty week (24 hours on duty, 48 hours off), an arrangement which firemen have always preferred to the straight 40-hour work week, 8-hour work day of most other municipal employees. By accepted standards, fire department personnel spend a small percentage—1 to 3% of their on-duty hours in responding to fire calls and a far greater part—a minimum of 67%—of their time in standby activities such as eating, sleeping and recreation. The daoption of provisions which would phase in overtime pay would completely disrupt all existing labor contracts and could force local governments to choose one of several options, none of which are satisfactory. Local governments could:
>
> Increase tremendously the property tax burden or find some other source of revenue;
>
> Reduce the level of service provided by fire departments by simply reducing manpower on duty and/or equipment and fire station houses;
>
> Revert paid fire departments to volunteer fire departments with just enough paid firemen to drive the trucks to the fire; or
>
> Reduce the level of service in some other functions of municipal government to make funds available for increased personnel costs in the fire departments.
>
> Extension of the fair labor standards act to firemen will cause additional problems in terms of other public safety employees' salaries. Coverage of firemen under the act would in many instances mean a minimum salary increase of 14%. Even if law enforcement personnel were specifically excluded, they would hardly expect less.
>
> Paying firemen overtime at time and a half would, it is estimated, for example, would add $7.5 million to Detroit's annual budget at current pay scales; cost Long Beach, California an extra $2.5 million; Minneapolis an added $1.5 million annually; St. Paul, $1 million; Ogden, Utah $385,000; and, Hartford, Connecticut an additional $369,000.

It is especially interesting to note that Senators have received correspondence from not only city officials but also firemen opposing this provision of the committee bill.

Firemen and policemen of this country are to be commended for their work and they should be adequately compensated. I seriously question, however, whether the approach contained in the committee bill is the proper way to proceed. I much prefer the legislation that currently is pending in the House Education and Labor Committee, H.R. 12435, on this subject, as firemen and policemen continue to be excluded from the overtime provisions of the act. If such employees must be covered by the overtime requirements of the act I would prefer such coverage only apply to cities with a population over 250,000 employees. I will not, however, offer an amendment on the Senate floor to strike overtime coverage for such employees as I do not want to jeopardize conference deliberations on the approach contained in the House bill.

Mr. President, these are just a few of the problems I see with the committee bill. I urge adoption of the substitute amendment of the Senator from Colorado.

I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. DOMINICK. Mr. President, I yield to the Senator from Arizona such time as he may require.

Mr. FANNIN. I thank the Senator.

Mr. President, I am pleased to speak for the Dominick amendment and against the bill S. 2747. This is essentially the same bill which passed the Senate in 1972 and died in the House when the full House sustained Representative **Erlenborn** in his contention that House conferees should represent the views of the House-passed bill.

It is the same bill which passed the Senate in 1973, after the defeat of the Taft-Dominick substitute by a 47 to 46 vote, and was subsequently vetoed by the President. I fully realize that the $1.60-per-hour rate is unrealistic and was unrealistic in 1972 and 1973. Last year I joined Senator **Tower** in a substitute which contained a slightly lower minimum than the Taft-Dominick substitute. Our amendment was overwhelmingly defeated. After that defeat, I voted for the Taft-Dominick substitute.

Mr. President, the bill before the Senate could have become law with the minimums it contained in 1972 and 1973. It is not the law today because of the stubborn insistence of the AFL–CIO that the bill must not contain provisions for a youth differential. The youth differential was supported by the majority in the House and by the President. Mr. President, the American people should know who has been preventing an overdue raise in the minimum wage.

In consideration of this legislation, I have been concerned with two primary goals. I believe we have to broaden the economic opportunities for the young, the disadvantaged, the impoverished and the marginal worker. I believe we want to reduce unemployment and bring inflation under control. We must attempt to relieve our cities of their financial problems caused in part by high welfare costs and relief rolls. We must attempt to accelerate development in our rural areas and restore farming and growing of vegetables and citrus fruits to their rightful place in our economy.

The committee bill works contrary to those goals. At this time I want to voice my concern with other specific provisions of the committee bill.

The committee bill would extend coverage but not overtime to an estimated 1,200,000 domestic service employees. Apparently the committee majority finds constitutional basis for coverage in the "commerce clause" on the ground that cleaning product sales affect commerce, and domestic employment releases other persons to work in commerce. I had thought that the "commerce clause" had been extended to its outermost limits, but this breaks all bounds.

The Department of Labor has taken the position, both last year and this year, that it would be almost impossible to enforce this provision of the committee bill.

I just cannot imagine the housewife struggling with the paper work which would be required. I can imagine the housewife giving her husband the alternative of either filling out the forms or dispensing with the domestic and performing half the housework himself. It has been my impression that domestics are in such short supply and in such great demand that they can ordinarily set their own wages.

The extension of coverage to some 5 million State and local government employees is offensive to me. This is a massive intrusion of the Federal Government into State and local governmental affairs. State and local officials can better appreciate the differences in the cost of living, which vary widely between States. The administration is concerned about the vitality and viability of State and local governments. Federal Government regulation of wages of State and local government employees would be at cross purposes with those goals and would tend to weaken our system of federalism.

The failure of the committee bill to provide a lower minimum for teenagers standing alone provides sufficient reason for me to vote against the bill. Economists from three leading universities advocated a youth differential.

Many nations, among them the United Kingdom, France, and Japan, have lower minimum wages for youth. The central argument for a lower minimum rate for teenagers in the United States is their very high unemployment rate, and in particular the extremely high unemployment rate of nonwhite teenagers.

The ratio of teenage to adult unemployment rates has tended to rise, while the proportion of the labor force in the 16–19 age group has also been rising. It has been observed that, apart from this trend, the ratio of teenage to total unemployment rates has risen every time the minimum has been increased. Source: American Enterprise Institute, Legislative Analysis, May 9, 1973, Page 16.

Surely, the Senate does not wish to accelerate this already alarming increase in teenage unemployment.

The committee bill would further extend coverage by completely eliminating many exemptions which have long been recognized under the Fair Labor Standards Act.

Minimum wage coverage would be extended to some 150,000 farmworkers by elimination of the exemption for "local, seasonal, hand harvest laborers" section 13(a)(6). This would have the further effect of reducing the size of farms to which minimum wage coverage extends, because such employees would be included for the first time in computing the 500 man-day test.

The impact of this would fall heaviest on fruit and berry farms, which utilize large numbers of hand laborers during two short harvest seasons.

Sections 7 (c) and (d) of present law provide exemptions from overtime for seasonal employment. Section 7(c) provides a 10-hour workweek in a seasonal industry if employees receive premium pay for hours in excess of 10 in 1 day or 50 in 1 week. The committee bill eliminates this partial exemption from overtime.

Section 7(d) of present law provides the same partial exemption from overtime premium pay for "recurring seasonal peaks of operation at the places of first marketing or first processing of agricultural or horticultural commodities from farms if such industry is engaged in the handling, packing, preparing, storing, first processing, or canning of any perishable agricultural or horticultural commodities in their raw or natural state."

Mr. President, these provisions have been carefully limited by the Secretary of Labor by regulations which the affected industries understand. Under those regulations, some dozen of the major packing and canning companies have moved major operations into Mexico to take advantage of the cheaper wage rates. Does the committee honestly desire to drive the remaining canners and packers out of the United States and throw additional thousands of employees out of work?

Mr. President, agricultural processing and seasonal employment are only two of the partial exemptions which the committee bill would eliminate. The complete list follows:

First. Small retail and service establishments grossing less than $250,000, but which are part of "enterprise" grossing $250,000 annually—minimum wage and overtime.

Second. Small retail establishments which "make or process" goods they sell—minimum wage and overtime.

Third. Administrative and executive employees in retail-service industries—40 percent allowance for nonsupervisory work eliminated—minimum wage and overtime.

Fourth. Local, seasonal, hand-harvest laborers—minimum wage.

Fifth. Agricultural processing—overtime.

Sixth. Seafood processing—overtime.

Seventh. Cotton ginning—overtime.

Eighth. Sugar processing—overtime.

Ninth. Local transit—overtime.

Tenth. Hotels, motels and restaurants—overtime.

Eleventh. Nursing homes—overtime.

Twelfth. Auto, aircraft and truck and trailer dealerships—overtime.

Thirteenth. Catering and food service—overtime.

Fourteenth. Bowling establishments—overtime.

Fifteenth. Motion picture theaters—minimum wage and overtime.

Sixteenth. Small loggers and sawmills—minimum wage.

Seventeenth. Shade-grown tobacco—minimum wage.

Eighteenth. Oil pipelines—overtime.

Nineteenth. Small telegraph companies—minimum wage and overtime.

The committee bill first raises the present minimum for agricultural workers from $1.30 per hour to $1.60 immediately and to $2.20 per hour ultimately. It then proceeds to knock out the exemptions which have made it possible for farmers to survive. Still not content with the havoc it would bring, the committee bill goes forward to destroy many of the exemptions from overtime provided by section 13(b) of present law. Since my State of Arizona is a large producer of cotton, I was particularly alarmed by the elimination of section 13(b)(15). This subsection exempts from premium overtime pay "any employee engaged in ginning of cotton for market, in any place of employment located in the county where cotton is grown in commercial quantities." I suggest that other Senators give particular attention to what the committee bill does to section 13 and determine how it would affect industries of large importance in their States.

Unfortunately, an opponent of this bill is quickly labeled as being motivated by a feeling of total disregard and lack of compassion for the downtrodden and disadvantaged.

This myth has been perpetuated despite massive economic evidence backing up the contention that legislation like the pending bill can have adverse impacts on just those groups of workers the Fair Labor Standards Act is intended to aid.

I very much regret that this debate is again taking place. The same pro and con arguments that were debated last year will again be repeated. Had the spirit of compromise been realized this might have been avoided and the Congress would not be faced with the distinct possibility of taking all or nothing.

Mr. President, I commend the distinguished Senator from Ohio for his statement regarding the problems that exist with respect to the provisions in this bill that would apply to firemen. I had some local officials in my office today, complaining bitterly about this provision and giving expression about the tremendous cost involved, when it is not even fair to the firemen. They are not asking for it, in the reports I have received. It is completely unnecessary, and it would place a tremendous burden upon the people of these communities. Many small communities are now struggling to have a viable economy, and to have this extra cost placed upon them as a further burden is very unfair.

Mr. President, for many reasons, I am opposed to the proposed legislation, and I strongly support the Dominick amendment. I intend, in fact, to support all amendments which may serve to make this bill less inflationary, less creative of unemployment, or those which seek to retain any or all of the existing exemptions, partial or whole. I would vote yea for a youth differential. I would vote yea for an amendment striking out the coverage of domestics and State and local government employees. However, I cannot in good conscience vote for the bill as it stands. I sincerely hope that a spirit of compromise can develop in the Senate and that we can pass a bill which the House will accept and the President can sign, and the issue will not need to occupy so much of our time for the next several years.

Mr. President, I commend the very capable Senator from Colorado for his fight to correct some of the inequities in this bill. I trust that Members of this body will realize the sensibility of accepting his recommendation.

Mr. President, I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. WILLIAMS. Mr. President, I have no further requests for time.

A parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. WILLIAMS. Mr. President, how many minutes remain on this side?

The PRESIDING OFFICER. The Senator from New Jersey has 45 minutes remaining and the Senator from Colorado has 21 minutes remaining.

Mr. DOMINICK. Mr. President, unless the Senator from New Jersey wants to take some time now, I would like to take 3 minutes and close the debate.

Mr. WILLIAMS. I would be willing, perhaps reserving 1 minute in the event something the Senator suggests requires a reply.

The PRESIDING OFFICER. The Senator from Colorado is recognized.

Mr. DOMINICK. Mr. President, I was very interested in listening to my distinguished friend, the Senator from Arizona, make his statement. It is interesting that if the compromise which we had offered some 2 years ago had been adopted, the minimum wage would have been in effect for well over a year at a much larger increase than now can be foreseen.

It seems to me a crime that we have been unable to get any compromise along the lines we have been urging. Compromises have all come from the Senator from Ohio and me.

The Senator from New York indicated they had compromised on domestics. They compromised with respect to domestics that get $50 quarterly, which is around $4.25 a week, and that is hardly what I would call a massive compromise.

We have very little in the way of the youth differential which is meaningful, and it only applies to full-time students and does not apply to nonstudents at all, which is where the major problem is in unemployment.

Furthermore, we have very little in the way of compromises on overtime with State and local employees. I cannot see any useful function that we have exercised in the committee bill except to disrupt State and local government, as the Senator from Arizona and the Senator from Ohio pointed out.

Consequently, it seems to me that the only rational way to go at this matter to get an increase in the minimum wage, which we all want, is to eliminate all these provisions and hold hearings in depth in committee on each problem and get a specific piece of legislation.

Mr. WILLIAMS. Mr. President, I yield myself 2 minutes.

The PRESIDING OFFICER. The Senator from New Jersey is recognized.

Mr. WILLIAMS. Mr. President, the point of view of those who oppose the amendment of the Senator from Colorado has been stated on this occasion and on other occasions when this amendment has been before us, and when other bills have been before us. We have heard the statement of the Senator from Colorado and the Senator from Ohio, and particularly the great concern that broadened coverage of the minimum wage will have a disemployment effect, and this suggests that there is a great concern that there will be greater unemployment.

I just want to point to one area of unemployment, domestics. In a little over 10 years the work force employed in domestic service has been cut in half during a period when the demand and need for domestic workers has increased by one-third. Part of that, I am sure, is the fact of the low wages that do prevail and the lack of coverage. Housework is noble when it is done by the housewife, but when someone is hired to do work of this kind it is made to be mean and menial. It is my viewpoint that in domestic work if the employment is given the dignity it deserves, by coverage under the Fair Labor Standards Act, maybe those working women and those who need help in their homes will have an adequate supply of those who need the work and want the work but cannot afford to go to work in Bethesda when the wages are as low as they are today.

Mr. DOMINICK. Mr. President, the Senator from Texas would like to be recognized for 6 minutes, and I yield to him.

The PRESIDING OFFICER. The Senator from Texas is recognized.

Mr. TOWER. Mr. President, for the third time in 3 years, we are debating amendments to the minimum wage law. For a number of reasons the Congress has failed to pass a reasonable piece of legislation over this period of time.

Quite frankly, Mr. President, I am somewhat pleased by this turn of events. I have never been convinced that the minimum wage law has achieved any of its objectives. Rather, I believe the hard economic evidence portends a Federal minimum law that is counterproductive, hitting hardest our marginally trained workers, particularly teenagers out of school. The minimum wage law's nonresponsiveness to our national employment objectives is directly related to the detrimental effect it has on small business. It was for this reason that I offered an amendment to last year's version of the minimum wage bill to increase the small business exemption to $325,000, from its present $250,000 and why I introduced S. 2740, to provide an automatic increase in this exemption in accordance with annual cost-of-living increases.

Nevertheless, the position that minimum wage increases are inherently counterproductive is not one that has majority support in the Congress. Recognizing this, I and many others holding identical or similar positions have been willing to compromise on the extent of the increases and the expansion of coverage under the Fair Labor Standards Act. Senators DOMINICK and TAFT, in particular, have taken a responsible posture, advocating smaller incremental increases while, at the same time, seeking from the proponents of the present and past bills, documented proof as to the feasibility of eliminating exemptions that were placed in the act for a particular purpose and are time tested. The arguments presented by Senators DOMINICK and TAFT have convinced me that the substitute which they have proposed, in good faith, will have a minimal detrimental effect and in some instances, give some economic security to a segment of our work force.

Nevertheless, this position has not carried the day. It has not carried the day because "big labor" represented by the AFL–CIO has ignored the economic arguments that have been successfully advanced for the last 3 years.

I would hope that they would recognize that there are at least two sides to the minimum wage issue. They might recognize the almost unanimously held belief that S. 2747, this year's version of the minimum wage bill, will further aggravate a teenage unemployment situation which is simply intolerable.

Mr. President, with respect to particular provisions of the bill before us, as a proponent of the small business community, I would hope that a reconsideration of the bill's provision relating to the eventual elimination of the so-called small chainstore exemption could be undertaken. This exemption, like the straight small business exemption, is in reality only a $150,000 exemption in gross sales, due to the inflation since the last time these provisions were amended.

Therefore, the exemption assists the very small chainstores and not the Kresges and Woolworths. The effect of the provision in the bill will not be to bankrupt these small chains—but, rather to force them to reconsider their business structure, resulting in their vacating the rural towns of America. At this point in my remarks, I would like to have inserted a listing of locations of retail establishments with dollar volumes under $250,000 per year.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

LOCATION OF RETAIL ESTABLISHMENTS WITH VOLUME UNDER $250,000 PER YEAR

Town	*Population*
ALABAMA	
Anniston	5,000
Arab	2,989
Ashland	1,160
Attalla	7,292
Boaz	5,573
Centre	2,254
Childerburg	4,884
Fort Payne	8,258
Hartselle	7,355
Heflin	2,400
Oneonta	4,136
Oxford	3,603
Pell City	4,859
COLORADO	
Brush	3,376
Littleton	26,466
Springfield	1,629
Yuma	2,219
FLORIDA	
Apopka	4,100
Avon Park	6,073
Brooksville	4,100
Bushnell	700
Clermont	3,700
Dade City	4,300
Eustis	6,700
Groveland	2,000
Haines City	9,000
High Springs	2,000
Jasper	2,300
Lake City	8,500
Lake Placid	700
Lake Wales	8,300
Leesburg	12,000
Live Oak	5,000
Madison	3,500
Monticello	2,200
Mt. Dora	4,600
Mulberry	2,700
Perry	4,000
Sebring	7,300
Starke	5,000
Sun City Center	2,143
Tabares	3,300
Umatilla	1,600
Wauchula	3,100
Wildwood	2,100
Williston	1,800
GEORGIA	
Bremen	3,500
Carrollton	10,000
Cedartown	9,025
College Park	18,203
Dalton	18,570
Fort Oglethorpe	3,831
Marietta	27,264
Quitman	4,200
Rome	30,221
Rossville	3,727
Smyrna	19,027
Summerville	4,950
Tallapoosa	2,877
Toccoa	6,971
Trion	1,946
IDAHO	
Buhl	2,975
Gooding	2,599
Preston	3,310
Shelley	2,614
ILLINOIS	
Astoria	1,281
El Paso	2,300
Farmer City	2,100
Morris	8,194
Mt. Sterling	2,182
Plano	4,000
INDIANA	
Dunkirk	3,465
Edinburg	4,906
Knightstown	2,456
Greenwood	11,408
KANSAS	
Anthony	2,625
Belleville	3,006
Beloit	4,161
Burlington	2,055
Elkhart	2,100
Ellsworth	2,130
Greensburg	1,855
Herington	3,228
Horton	2,150
Hugoton	2,675
Hutchinson	36,885
Kinsley	2,209
Lawrence	45,698
Leavenworth	25,147
Lincoln	1,953
Manhattan	27,575
Marion	2,030
Newton	15,439
Oberlin	2,253
Osborne	1,933
Phillipsburg	3,241
Pittsburg	20,171
Plainville	2,665
Russell	5,313
Sabetha	2,351
Smith Center	2,346
Syracuse	1,683
Wakeeney	2,282
Wamego	2,501
KENTUCKY	
Campbellsville	10,040
London	4,800
Middlesboro	12,607
Nicholasville	5,800
Versailles	4,800
LOUISIANA	
Arcadia	3,000
Colfax	2,500
Coushatla	3,000
Donaldsville	2,200
Larose	1,500
Marksville	3,200
Mathews	1,000
Minden	10,000
New Roads	5,500
Simmesport	1,500
Thibodaux	16,000
MARYLAND	
Easton	6,809
MICHIGAN	
Flat Rock	5,643
Fowlerville	1,978
Hudson	2,618
Ionia	6,361
Lake Odessa	1,924
Lapeer	6,314
Muskegon Heights	17,304
Northville	5,400
Otsego	3,957
Rochester	7,054
Romeo	4,012
St. Louis	4,101
Tecumseh	7,120
Trenton	24,127
Wayne	21,054
MISSISSIPPI	
Batesville	5,000
Bay Springs	1,800
Booneville	5,895
Bruce	1,800
Calhoun City	2,000
Carthage	2,900
Cornith	11,581
Crystal Springs	5,200
Durant	2,710
Eupora	1,468
Gloster	1,400
Hazelhurst	4,350
Hernando	2,300
Louisville	5,500
Morton	2,750
Philadelphia	6,500
Quitman	2,050
Richton	1,078
Summit	1,700
Tylertown	1,700
Union	2,100
West Point	9,000
Winona	4,282
MISSOURI	
Boonville	7,514
Braymer	919
Brunswick	1,370
Buckner	1,695
Cameron	3,960
Carrollton	4,847
Fayette	3,520
Glasgow	1,336
Higginsville	4,318
Holden	2,089
Lexington	5,388
Liberty	13,704
Louisiana	4,533
Marceline	2,622
Mexico	11,807
Odessa	2,839
Paris	1,442
Richmond	4,948
Sweet Spring	1,716
Trenton	6,731
Warrensburg	13,125
Washington	8,499
Wellsville	1,565
MONTANA	
Dillon	4,548
NEW MEXICO	
Lovington	9,660
Portales	9,695
NORTH CAROLINA	
Aberdeen	1,592
Ahoskie	5,105
Angier	1,431
Apex	2,192
Belmont	4,814
Biscoe	1,244
Black Mountain	3,204
Burnsville	1,388
Carolina Beach	1,663
Carthage	1,034
Chadbourn	2,213
Clinton	7,157
Dunn	8,302
Elizabeth City	14,069
Elizabethtown	1,418
Erwin	2,852
Fairmont	2,827
Fayetteville	53,510
Edenton	4,766
Forest City	7,179
Franklinton	1,459
Fuquay-Varina	3,576
Graham	8,172
Hamlet	4,627
Havelock	5,283
Hendersonville	6,443
Hilsborough	1,444
Kings Mountain	8,465
Liberty	2,167
Lillington	1,155
Lincolnton	5,293
Louisburg	2,941
Madison	2,018
Marion	3,335
Mooresville	8,808
Nashville	1,670
New Bern	14,660
Newland	524
Newton	7,857
Northwilkesboro	3,357
Oxford	7,178
Pittsboro	1,447
Raeford	3,180
Red Springs	3,383
Robbins	1,059
Robersonville	1,910
Rocky Mount	34,284
Rowland	1,358
Roxboro	5,370

Rutherfordton	3,245
St. Pauls	2,011
Scotland Neck	2,869
Shallotte	1,000
Shelby	16,328
Silver City	4,689
Smithfield	6,677
Southern Pines	5,937
Spencer	3,075
Spindale	3,848
Spring Hope	1,334
Spruce Pine	2,504
Statesville	19,996
Sylva	1,561
Tabor City	2,400
Vass	885
Wadeboro	3,977
Wake Forest	3,148
Wallace	2,905
Washington	8,961
Waynesville	6,488
Wendell	1,929
West Jefferson	1,000
Whiteville	4,195
Williamston	6,570
Yanceyville	1,274
Zebulon	1,839

OKLAHOMA

Altus	21,225
Atoka	2,877
Chandler	2,524
Durant	10,467
Jenks	1,734
Pauls Valley	6,856
Wilburton	1,772

SOUTH CAROLINA

Andrews	2,879
Batesburg	4,036
Blackburg	2,174
Bennettsville	7,468
Bishopville	3,404
Charleston hgts	
Cheraw	29,520
Chesnes	2,000
Chester	6,906
Clover	3,500
Darlington	6,990
Dillon	5,991
Edgefield	2,750
Fort Mill	4,505
Fountain Inn	2,500
Georgetown	10,449
Great Falls	2,727
Hartsville	8,017
Hemingway	1,026
Kingstree	3,381
Lake City	6,247
Lancaster	9,186
Laurens	10,298
Loris	1,741
Marion	7,435
Mullins	6,006
Orangeburg	13,252
Simpsonville	2,500
Spartanburg	35,000
Whitemire	2,663
Winnsboro	3,411
Woodruff	4,483
York	4,758
Myrtle Beach	8,536
Timmonsville	2,246
Windy Hill	1,000

TENNESSEE

Brownsville	7,011
Clarksville	31,719
Clinton	4,843
Crossville	4,668
Dayton	4,225
Elizabethton	12,269
Etowah	3,683
Fayetteville	6,893
Harriman	10,054
Hixson	2,660
Humboldt	10,066
Kingston	4,319
LaFollette	7,130
Lewisburg	7,131
Lookout Mountain	1,711
Manchester	6,024
Maryville	10,348
Morristown	21,332
Rockwood	5,345
Sevierville	2,890
South Clinton	1,000
Spring City	1,800
Tullahoma	14,908

TEXAS

Andrews	11,135
Anson	2,615
Aransas Pass	5,813
Belton	8,600
Brazoria	1,700
Breckenridge	5,900
Bridge City	8,100
Brownfield	10,286
Burkburnette	7,621
Caldwell	2,300
Canyon	8,333
Carthage	5,400
Childress	5,400
Clifton	2,578
Comanche	3,900
Conroe	9,192
Copperas Cove	10,818
Crane	3,796
Daingerfield	3,133
Dimmitt	4,300
Donna	7,300
Dublin	2,810
Fabens	3,241
Floydada	4,100
Fredericksburg	5,326
Friendswood	5,600
Galena Park	
Gilmer	5,000
Graham	7,477
Grand Saline	2,200
Groveton	1,200
Hallettsville	2,700
Hamilton	2,760
Hamlin	3,325
Haskell	3,600
Hebbronville	4,079
Hemphill	1,000
Hereford	13,414
Humble	1,711
Jacksonville	9,700
Jefferson	2,800
Kenedy	4,156
Kermit	10,465
Knox City	1,500
La Grange	3,000
Lake Jackson	9,651
Levelland	10,153
Llano	2,608
Lockhart	6,400
Luling	4,719
Madisonville	2,881
Marfa	2,647
Marlin	6,300
Mathis	5,351
McCamey	2,647
McGregor	4,365
Mercedes	9,355
Mexia	5,900
Mineola	3,600
Mt. Pleasant	12,000
Muleshoe	4,500
Ozona	2,864
Paducah	2,052
Paris	20,977
Pittsburg	3,800
Port Lavaca	10,000
Quanah	3,948
Raymondville	7,987
Refugio	4,340
Rockdale	4,655
Rockport	3,879
Rotan	2,404
Rusk	4,900
San Benito	15,176
Sanderson	1,229
Schertz	4.061
Schulenberg	2,294
Sealy	2,785
Seminole	5,737
Seymour	3,400
Shamrock	2,600
Sherman	24,988
Shiner	2,102
Sinton	5,563
Stephenville	9,200
Sulphur Springs	10,000
Taft	3,200
Tulia	5,200
Uvalde	10,764
Weimar	2,104
Winnsboro	3,000
Winters	2,907
Yorktown	2,400
Sonora	2,149

UTAH

Richfield	4,471
Trementon	2,794

VIRGINIA

Altavista	2,708
Buena Vista	6,425
Collinsville	6,015
Damascus	1,230
Pocahontas	1,300
Salem	21,982
South Hill	3,858

Mr. TOWER. Mr. President, the table illustrates that the vast majority of these towns have less than 10,000 people, with the largest in my State being Paris, Tex., with a population of 20,977. The loss of these kinds of establishments in rural towns represent a major economic loss and I would suggest that the likelihood of this transpiring in many of these communities necessitates the continuation of the $250,000 exemption.

I am also very much concerned by the bill's provisions relating to State and local workers, particularly the overtime provisions concerning policemen and firemen. At a time when the Federal Government has finally recognized the need to restore some of the policymaking to State and local authorities, it is poor public policy to force local governments to adjust their budgetary process and public employee work schedule to the specific commands of the Fair Labor Standards Act.

City officials in my State unanimously oppose this provision and question the committee report's assertion that there will be little if any negative impact on their governmental processes.

Mr. President, I would hope that the Congress recognizes the need to find the middle-ground on this matter. At a time when we are facing such enormous and complicated domestic problems, it would be most responsible if we were to give "big labor" a message—a message that the Congress can effectively legislate on its own two feet in the general public interest and not in the interest of a "political strategy," no longer serving the interests of the average working person but only the interests of a few who have abused the public's interest.

Mr. WILLIAMS. Mr. President, I have yielded back my time.

The PRESIDING OFFICER. The Senator has.

Mr. DOMINICK. Mr. President, I yield back my time.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment offered by the Senator from Colorado for himself and other Senators. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The second assistant legislative clerk called the roll.

Mr. MANSFIELD (after having voted in the negative). On this vote I have a pair with the Senator from South Carolina (Mr. HOLLINGS). If he were present and voting, he would vote "yea." If I were at liberty to vote, I would vote "nay." Therefore, I withdraw my vote.

Mr. ROBERT C. BYRD. I announce that the Senator from Mississippi (Mr. EASTLAND), the Senator from South Carolina (Mr. HOLLINGS), and the Senator from Utah (Mr. MOSS) are necessarily absent.

I further announce that, if present and voting, the Senator from South Carolina (Mr. HOLLINGS) would vote "yea."

Mr. GRIFFIN. I announce that the Senator from Connecticut (Mr. WEICKER) is absent due to death in the family.

The result was announced—yeas 30, nays 65, as follows:

[No. 50 Leg.]

YEAS—30

Allen
Baker
Bartlett
Beall
Bellmon
Bennett
Brock
Buckley
Cotton
Curtis
Dole
Dominick
Ervin
Fannin
Fong
Griffin
Gurney
Hatfield
Hruska
McClellan
McClure
Nunn
Roth
Sparkman
Stennis
Taft
Talmadge
Thurmond
Tower
Young

NAYS—65

Abourezk
Aiken
Bayh
Bentsen
Bible
Biden
Brooke
Burdick
Byrd,
Harry F., Jr.
Byrd, Robert C.
Cannon
Case
Chiles
Church
Clark
Cook
Cranston
Domenici
Eagleton
Fulbright
Goldwater
Gravel
Hansen
Hart
Hartke
Haskell
Hathaway
Helms
Huddleston
Hughes
Humphrey
Inouye
Jackson
Javits
Johnston
Kennedy
Long
Magnuson
Mathias
McGee
McGovern
McIntyre
Metcalf
Metzenbaum
Mondale
Montoya
Muskie
Nelson
Packwood
Pastore
Pearson
Pell
Percy
Proxmire
Randolph
Ribicoff
Schweiker
Scott, Hugh
Scott,
William L.
Stafford
Stevens
Stevenson
Symington
Tunney
Williams

PRESENT AND GIVING A LIVE PAIR, AS PREVIOUSLY RECORDED—1

Mansfield, against.

NOT VOTING—4

Eastland
Hollings
Moss
Weicker

So Mr. DOMINICK's amendment was rejected.

Mr. JAVITS. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. WILLIAMS. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. TAFT. Mr. President, I am about to call up an amendment, but before doing so, I ask unanimous consent that I may yield to the Senator from Alabama, so that he may call up an amendment, without losing my right to the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SPARKMAN. Mr. President, I call up an amendment which I have at the desk, and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The second assistant legislative clerk read as follows:

On page 13, line 20, strike out the word "or".

On page 13, line 21, before the parenthesis, insert a comma and the following: "the Tennessee Valley Authority".

Mr. SPARKMAN. Mr. President, this is a simple amendment. It simply seeks to exempt the Tennessee Valley Authority from the operations of the Civil Service Commission, and I hope the Senate will agree to it.

Mr. WILLIAMS. Mr. President, as I understand the amendment, it does not exempt TVA employees.

The PRESIDING OFFICER. Will the Senator use his microphone?

Mr. WILLIAMS. As I understand, it does not exempt the TVA employees from coverage under the act, but it does provide that they will not be covered by the Civil Service Commission with respect to administration.

As I understand, they have their own administrative organization.

Mr. SPARKMAN. That is the situation, and the reason for the amendment.

Mr. WILLIAMS. This is also done as to other areas of new coverage under the act. I am willing to accept the amendment.

Mr. JAVITS. Mr. President, this is satisfactory to us.

The PRESIDING OFFICER. Do Senators yield back their time?

Mr. SPARKMAN. I yield back the remainder of my time.

Mr. WILLIAMS. I yield back the remainder of my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Alabama.

The amendment was agreed to.

Mr. TAFT. Mr. President, I send an amendment to the desk, and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The second assistant legislative clerk proceeded to read the amendment.

Mr. TAFT. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. TAFT's amendment is as follows:

On page 2, line 10, insert "during the second year from the effective date of such amendments, and not less than $2.30 an hour" immediately after the word "hour".

On page 2, insert between lines 23 and 24 the following:

"(3) not less than $2.20 an hour during the third year from the effective date of such amendments,".

On page 2, line 24, strike "(3)" and insert in lieu thereof "(4)".

On page 2, line 24, strike "$2.20" and insert in lieu thereof "$2.30".

On page 3, insert between lines 12 and 13 the following:

"(D) $2.20 an hour during the fourth year from the effective date of such amendments,".

On page 3, line 13, strike "(D) $2.20" and insert in lieu thereof "(E) $2.30".

Mr. TAFT. Mr. President, the amendment that I have just sent to the desk will provide a $2.30 minimum wage level for each employee category under the Fair Labor Standards Act. It would, in effect, add on a 10-cent increment over a year period for employees covered prior to 1966 by establishing the $2.30 level by 1976 for such employees. For employees covered by the 1966 amendment, and by S. 2747, the $2.30 increment would be reached 3 years after enactment, 1977. For agricultural employees, the $2.30 level would be reached 4 years after enactment, 1978.

I would hope that the committee chairman would accept this amendment as it is vital to millions of American working men and women to keep their purchasing power from being eroded by increasing inflationary trends in the economy. As the committee chairman has stated, the minimum of $2.28 is necessary to reflect the increased cost of living. The approach that I have proposed would reflect this vital concern and provide continuity in the wage increments proposed by both the Dominick, Beall, Taft substitute and S. 2747, as well as the House bill.

Mr. President, that completes my remarks explaining the amendment. I have advised the distinguished chairman of the committee of this amendment. I feel that to adopt it at this time would, if this measures becomes law, give a degree of certainty and predictability to the law that would be very desirable, both from the point of view of the economy and from the point of view of employment.

The PRESIDING OFFICER. Who yields time?

Mr. WILLIAMS. Mr. President, I would advise the Senator that I am not inclined to accept his amendment. I have just conferred with the ranking Republican member of the committee, the Senator from New York (Mr. JAVITS), and he is not inclined to accept it, either.

The reason is very simple. What the amendment would do would be to lock in, today, a 10-cent-an-hour increase 2 years down the road.

In view of the recent fact of inflation and the rate of increase in the cost of living, when we are dealing with the basic, minimum wage, I certainly would not want to lock the lowest paid workers in the country into that kind of an increase 2 years down the road, and I do it here as a matter of law now.

So I oppose the amendment.

Mr. TAFT. Mr. President, I yield myself such time as I may consume.

I find the arguments made by the chairman of the committee to be somewhat surprising, in view of the fact of his support for increments in the minimum wage.

Just because we adopt that figure at this time, it does not mean that the committee could not reconsider the matter if the state of the economy indicates we should have a further increase. I see no reason for not adopting a $2.30 level this time.

Mr. President, I ask for the yeas and nays on the amendment.

The yeas and nays were ordered.

Mr. TAFT. Mr. President, I have no further requests for time on the amendment, and I am ready to yield back the remainder of my time.

The PRESIDING OFFICER. Who yields time?

Mr. WILLIAMS. Mr. President, has the Senator from Ohio yielded back his time?

Mr. TAFT. I am prepared to do so, if the Senator from New Jersey is ready.

Mr. WILLIAMS. The Senator from New York, I believe, wanted to address himself to this amendment. I suggest the absence of a quorum, but as I do so, I state that we will be ready to yield back our time within a matter of minutes.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. JAVITS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JAVITS. Mr. President, this is obviously an appealing amendment. It raises the minimum wage in the third year, and one would think, why not? But, as we have argued, it is a part of the package of the Senator from Colorado. The reason why not—and I join Senator Williams in opposition to the amendment—is that our times are simply too uncertain, in terms of the inflation and the cost of living today, to make that decision now. It may be unfair; it may be excessive, or it may be way under what is needed, probably the latter.

Therefore, to lock ourselves in, or to lock the American working people in at this stage does not seem to me to be provident.

As I say, superficially it is attractive. It is 10 cents an hour more, but it is 3 years from now and, in the present situation, in my judgment, as in the judgment of the Senator from New Jersey (Mr. Williams), we would be better advised to take the 2-year extension which is about as much as we can see—perhaps even more than we can see—in the road ahead now. Then take another look at it during the second year.

For these reasons, Mr. President, I hope that the Senate will reject the amendment.

Mr. WILLIAMS. Mr. President, I yield back the remainder of my time.

Mr. TAFT. Mr. President, the present bill, as I understand it, would go to $2.20 and stay at $2.20, unless some changes are made by Congress. The $2.30 is really an attempt to predict and hopefully to establish some degree of direction as to where we will go at the end of the second year. If we do not go to the $2.30, and we stay at the $2.20, the choice is between $2.30 and $2.20 in the amendment.

I yield back the remainder of my time.

The PRESIDING OFFICER. (Mr. Domenici). All time on his amendment has now been yielded back.

The question is on agreeing to the amendment of the Senator from Ohio (Mr. Taft).

On this question the yeas and nays have been ordered and the clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Nevada (Mr. Cannon), the Senator from Mississippi (Mr. Eastland), the Senator from South Carolina (Mr. Hollings), and the Senator from Utah (Mr. Moss) are necessarily absent.

I further announce that, if present and voting, the Senator from Nevada (Mr. Cannon) would vote "nay."

Mr. GRIFFIN. I announce that the Senator from Connecticut (Mr. Weicker) is absent due to death in the family.

The result was announced—yeas 19, nays 76, as follows:

[No. 51 Leg.]

YEAS—19

Allen
Baker
Beall
Bellmon
Bennett
Brock
Buckley
Curtis
Dole
Dominick
Fannin
Goldwater
Hatfield
Hruska
Packwood
Roth
Taft
Thurmond
Young

NAYS—76

Abourezk
Aiken
Bartlett
Bayh
Bentsen
Bible
Biden
Brooke
Burdick
Byrd,
  Harry F., Jr.
Byrd, Robert C.
Case
Chiles
Church
Clark
Cook
Cotton
Cranston
Domenici
Eagleton
Ervin
Fong
Fulbright
Gravel
Griffin
Gurney
Hansen
Hart
Hartke
Haskell
Hathaway
Helms
Huddleston
Hughes
Humphrey
Inouye
Jackson
Javits
Johnston
Kennedy
Long
Magnuson
Mansfield
Mathias
McClellan
McClure
McGee
McGovern
McIntyre
Metcalf
Metzenbaum
Mondale
Montoya
Muskie
Nelson
Nunn
Pastore
Pearson
Pell
Percy
Proxmire
Randolph
Ribicoff
Schweiker
Scott, Hugh
Scott,
  William L.
Sparkman
Stafford
Stennis
Stevens
Stevenson
Symington
Talmadge
Tower
Tunney
Williams

NOT VOTING—5

Cannon
Eastland
Hollings
Moss
Weicker

So Mr. Taft's amendment was rejected.

Mr. JAVITS. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. WILLIAMS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. MANSFIELD. Mr. President, will the Senator yield me 2 minutes?

Mr. WILLIAMS. I yield.

ORDER FOR VOTE ON PRESIDENT'S VETO OF THE EMERGENCY ENERGY ACT TOMORROW

Mr. MANSFIELD. Mr. President, I ask unanimous consent that in the event that the President vetoes the Emergency Energy Act, as I understand he will at either 10 or 11 tomorrow, the time on the veto begin to run at the hour of 3 o'clock, for a period not to exceed 2 hours; that the time be equally divided between the Senator from Washington (Mr. Jackson) and the Senator from Arizona (Mr. Fannin), and that the vote occur at 5 o'clock.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

DISAPPROVAL OF THE PRESIDENT'S PAY PROPOSALS—CLOTURE MOTION

Mr. MANSFIELD. Mr. President, I ask unanimous consent at this time, out of order, to send back to the desk a cloture motion, and I ask that it be read.

The PRESIDING OFFICER. The cloture motion having been presented under rule XXII, the Chair, without objection, directs the clerk to read the motion.

The legislative clerk read as follows:

CLOTURE MOTION

We, the undersigned Senators, in accordance with the provisions of Rule XXII of the Standing Rules of the Senate, hereby move to bring to a close the debate upon Senate Resolution 293, to disapprove the pay recommendation of the President with respect to rates of pay for Members of Congress.

1. Mike Mansfield.
2. Peter H. Dominick.
3. George D. Aiken.
4. Walter F. Mondale.
5. Joe Biden.
6. Joseph M. Montoya.
7. Robert C. Byrd.
8. Gaylord Nelson.
9. Jennings Randolph.
10. James A. McClure.
11. Henry M. Jackson.
12. Warren G. Magnuson.
13. William V. Roth, Jr.
14. Robert Dole.
15. Dewey F. Bartlett.
16. Marlow W. Cook.
17. Frank Church.

FAIR LABOR STANDARDS AMENDMENTS OF 1974

The Senate continued with the consideration of the bill (S. 2747) to amend the Fair Labor Standards Act of 1938 to increase the minimum wage rate under that act, to expand the coverage of the act, and for other purposes.

AMENDMENT NO. 989

Mr. DOMINICK. Mr. President, I call up my amendment No. 989.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk proceeded to read the amendment.

Mr. DOMINICK. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered; and, without objection, the amendment will be printed in the Record.

The amendment is as follows:

On page 16, strike out lines 13 through 18 and insert in lieu thereof the following:

"(f) Any employer who regularly employs one or more employees in domestic service in his or her household shall pay to each such employee whom such employer so employs for twenty-four hours or more wages for such employment in such workweek at a rate not less than the wage rate in effect under section 6(b).".

On page 16, beginning on line 22, strike through line 2, on page 17, and insert in lieu thereof the following:

"(1) Subsection (a)(1) shall apply with respect to any employee who in any workweek is employed by an employer who regularly employs one or more employees in domestic service in his or her household if such employee is so employed for at least twenty-four hours in such workweek.".

Mr. DOMINICK. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. DOMINICK. Mr. President, I yield myself 10 minutes; and I will say to my colleagues that I do not expect to take very much more time, although others may wish to talk on the amendment.

What this amendment attempts to do is to put some order into the question of coverage of domestics: What is or is not a domestic? It is not defined in the committee bill, except for example, to exclude casual babysitters. Most of us do not want to hire a casual babysitter, anyhow, so I cannot see that that does very much.

The committee bill sets a trigger of $50 per quarter. Mr. President, $50 per quarter amounts to a little over $4 a week. Therefore, it really covers everyone, and that is what the bill does.

This amendment would provide that they are not covered unless they work for 24 hours a week. In other words, the amendment would try to get at the problem which I think the committee was looking at originally, which is what coverage for those ordinarily considered as a "domestic." A domestic now would include a window washer, the neighbor's boy who mows your lawn, someone who comes in as a babysitter, unless it is a casual babysitter, and I would not comment on that because I do not know what a "casual babysitter" is.

My amendment provides we would have to have 24 hours of work or more in a week in order to be within the extent of the coverage. There are a good many reasons for this. This extension of coverage by the committee will add 1 million employees to the minimum wage at a cost ranging anywhere from $550 to $833 million approximately. I submit, Mr. President, that such an additional cost along with recordkeeping requirements will result in the elimination of many domestic jobs and thus penalize those who in too many cases are unskilled employees. Labor Secretary Brennan has consistently opposed extending coverage because of a strong belief that such a provision will have a "severe disemployment effect."

In addition, I believe that Congress power to act in this area is questionable at best. The congressional commerce power requires in the regulation of intrastate business a "rational basis" for a finding that the activity affects interstate commerce substantially. I think proponents of this extension of coverage will have difficulty sustaining their position. I have stated in the past and repeat now that if the best case the committee can make for extension to domestics is the use of vacuum cleaners, then the commerce power has no limits. I refer my colleagues to page 21 of the report on the bill to review the "case" for finding domestic workers in interstate commerce.

Mr. President, I believe that if the Senate is to go ahead with such an expansion of coverage, then at least there should be a reasonable trigger to begin coverage. Certainly $50 per quarter is not such a reasonable trigger. That figure is absurdly low, and I believe a higher standard is needed. To require minimum wage reports and records for people doing lawn and garden work as well as various other types of workers presents practical difficulties.

What is going to happen? Householders are not going to pay it and they are not going to hire the people. Such an additional cost, when coupled with the additional recordkeeping requirements will result in the elimination of many jobs and penalize those who in too many cases are unskilled, and the ones we are trying to help.

Mr. President, Labor Secretary Brennan has consistently opposed extending coverage because of a strong belief that such a provision will have a "severe disemployment effect."

In addition, the committee fails to take into consideration the testimony of Secretary Brennan who stated before our committee the following:

> Proposals have been made that would extend coverage to domestics in household employment. Mr. Chairman, I cannot express too strongly my concern for the well-being of this group of workers.
>
> Because of this concern we have tried hard to balance this need for a fair wage for household workers with their need for employment opportunities. This is a difficult problem and the Department finds itself on the horns of a dilemma. For example, in large metropolitan areas such as Washington, New York, or Boston, domestics are already receiving more than the minimum wage we propose for other employees. There, this amendment will have little, if any, effect. In other areas of smaller cities and towns, domestics receive considerably less than the present minimum. The problem with applying the minimum wage to them has, as analysis clearly shows, a severe disemployment effect. This would reduce the income of many families where a member was employed either full-time or part-time in household work. Domestic service is in some respects unique from other forms of employment. A household who hires a maid typically has just so much budgeted for that purpose with no more available. She also has no opportunity to pass on any higher wage cost. If it comes down to it, the housewife can substitute her labor and that of other family members for the domestic. Few employers in other fields can do so.
>
> Administration and enforcement of minimum wage and overtime coverage for domestics could also present other serious problems. It may be unrealistic to expect accurate recordkeeping. Homemakers are not engaged in business in the traditional sense with experience in maintaining business records. Effective enforcement will probably turn on a difference of opinion between homemaker and maid over hours worked. It would be difficult, if not impossible, for the Secretary to make out a case. For these reasons, Mr. Chairman, the Administration has opposed extension of FLSA coverage to domestics.

So I am not saying this out of the blue. This is the Secretary of Labor who was in the labor unions himself in New York. This is the analysis he gave our committee last year. Despite that, the committee has gone merrily ahead and said they covered it by putting in a starting point of $50 a quarter. They have not covered it. If it is $50 a quarter, that makes $4 a week, so that if one hires a babysitter twice a week, she could be covered. It seems to me that is total nonsense.

Mr. President, the bill would extend coverage to 1,285,000 domestics. As I have indicated, the starting point for coverage would be $50 per quarter per employer. This figure is ridiculously low, and in the absence of a committee definition could result in the "once a week" lawnmower being covered under the act. I do not believe such a situation is warranted and have, therefore, submitted an amendment to raise the test to 24 hours per week for a single employer.

Such a provision I believe will serve in preserving jobs rather than eliminating them for domestics and will ease the effects of administrative requirements on the American housewife. In addition, it is a more reasonable standard requiring more than a "casual" or "part-time" employment situation between an employer and employee before coverage would be extended. The position of the committee in adding complete coverage for domestics and thus adding additional recordkeeping and other chores for the American housewife while excluding small businessmen is totally ridiculous. To do so is to invite violations of the law, and I see no reason for inviting the Federal bureaucracy into the kitchens of our homes. I urge adoption of my amendment to insure coverage extends to those employed on a semipermanent basis in the home.

Mr. President, I wish to repeat that I do not think we have any business in this field at all, but if we do have any business in this field—and if I am wrong, I have been wrong before, so I do not claim to be infallible—we ought to at least put in a definition which will take care of the people we are trying to protect and "24 hours a week" would be such a definition.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. DOMINICK. I am happy to yield.

Mr. TAFT. I would like to make a point in connection with this matter with respect to the constitutional effect as between the bill and the amendment. One of the problems I see with the bill is that the amount involved of $50 is so small——

Mr. DOMINICK. $50 a quarter.

Mr. TAFT. Yes. It is so small it seems to me almost bound to be found by the court to be de minimis in its effect on interstate commerce. Along with the Senator from Colorado, I have great doubts whether, even with the 24-hour-a-week, or, for that matter, a 40-hour week, stipulation we would be within the constitutional limitations that may be found to exist with regard to the commerce clause.

Mr. DOMINICK. Mr. President, I thank the Senator from Ohio, because this is important. I personally do not feel it is constitutional in any way whatsoever. However, if it is, and if I am wrong, let us put a trigger in which has a little more basis in fact than the committee has now. That is my point, and I am sure that is the point of the Senator from Ohio.

The PRESIDING OFFICER. The Senator's 10 minutes have expired.

Mr. DOMINICK. Mr. President, I reserve the remainder of my time.

Mr. WILLIAMS. Mr. President, I yield myself 5 minutes.

Again, this amendment, in this form or a comparable form, has been before us on the other occasions when a minimum wage bill has been part of the Senate program. We have been over the road before. The Senator from Colorado has not persuaded me with the wisdom of his view that domestics should, in effect, be pretty much outside the coverage of the Fair Labor Standards Act, and I certainly have not been able to persuade him, nor have the 13 other members of the Committee on Labor and Public Welfare been persuasive, either.

I believe that, on the coverage of domestics, the vote within the committee has been repeatedly 13 to 3. As we came to the floor last time, we had a record vote. The vote was closer than the committee vote, but still the Dominick provision lost on a vote of 41 yeas and 56 nays. That, of course, is not determinative of the issue as it come before us now.

The coverage that the Dominick amendment would reach as to domestics would be those who are pretty much full time domestics with one employer. All of those domestic workers whose work takes them into more than one household—into two or three; and this is a work pattern that is very common with this occupation—would not be covered under the Fair Labor Standards Act as a result of the amendment.

The employees who would meet the basic test of employment for a quarter, which is the social security test—it is not drawn from the air; we use the test for coverage under social security to bring coverage to domestic workers—are the people who would not be reached if the Dominick amendment should prevail. And who are these workers?

They are about 2 million people who are truly at the bottom of the economic ladder in terms of wages, in terms of hardship, and in many other ways, too. They are faced with multiple transportation problems in getting to their jobs. They are faced with an occupation that certainly does not give an individual the feeling of worthwhileness and dignity that most people have in their employment. This occupation is still shot through with psychological attitudes.

We are not trying to deal with many of the problems that domestic workers are faced with, but we are dealing with the one, I submit, that is most important to them. If they have a job and work by the hour, let those hours of work give them a return that will let them keep body and soul together. That is exactly what this minimum wage is supposed to be all about—the absolute minimum for people to eke out a living without being beholden to the community and being the subjects of welfare.

Anybody who has a wage which is lower than this minimum wage is, as we all know—unless he is a very casual worker who does not need the job for a livelihood, but I am speaking of those who have such a job and need it for a livelihood and need it for a minimum wage—a candidate for the ever-swelling welfare rolls.

Our job, as I see it, is to bring this great law to those who are not reached. That is what the bill does. We are now talking about one group that has not been reached—the domestic workers—and the amendment effectively denies coverage to them.

Mr. President, S. 2747 would bring under the minimum wage and overtime provisions of the act all employees in private household domestic service earning "wages"—$50 per quarter—for purposes of the Social Security Act, but retains a minimum wage and overtime exemption for casual babysitters and companions and an overtime exemption for live-in domestic service employees.

The term "domestic service" employee is not defined in the act.

The committee, however, has referred to the regulations issued under the Social Security Act, and the generally accepted meaning of domestic service relates to services of a household nature performed by an employee in or about a private home of the person by whom he or she is employed.

A dwelling used primarily as a boarding or lodging house for the purpose of supplying such services to the public, as a business enterprise, is not a private home.

In the case of live-in domestics, where it is difficult to determine the exact hours worked, any reasonable agreement of the parties which takes into consideration all of the pertinent facts will be accepted as a proper basis for determining hours worked.

This aspect of S. 2747 is very straightforward.

It offers us an opportunity to assure a fair wage for Americans willing to work for a living, many of whom are forced to rely on welfare despite a full year's work.

It offers us a simple choice—a living wage or continued reliance upon public assistance for domestic service employees and their families.

In my judgment, coverage of domestics is needed as a reasonable alternative to the continuing blight of public assistance to thousands upon thousands of working Americans.

During the past 13 years, the number of domestic service employees in the country has been reduced by half at a time when the demand for domestic services rose by 33 percent.

If these trends continue, a much-demanded occupation will have been reduced to near oblivion.

In order to understand why household work is a dying occupation, all one need do is to consider the following:

The median income for a full-time domestic in 1969 was $1,926 per year.

The present median income is $1,800 and 81 percent of all domestics reported total cash incomes under $2,000 per year.

As of March 1970, more than 200,000 women—and I should point out that 97 percent of all domestics are women—were the sole heads of families.

More than half of all domestics were reported as working less than 15 hours a week and only a fifth worked a full workweek—35 hours and over. This means that the pending amendment would exclude more than half of all domestics.

Almost three-fifths of the female heads of families who reported private household employment as the job held longest during 1969 had incomes below the federally-established poverty level of $3,743 for a family of four.

In addition, roughly 74 percent of all domestics work in urban areas where high costs of living further undercut their already meager pay.

Consider also that the fringe benefits taken for granted by most segments of the work force are almost totally lacking for domestics.

Most fail to receive vacations, holidays, or sick leave with pay.

They have virtually no health insurance, unemployment benefits, or worker's compensation.

Retirement plans are unheard of. In fact, the only significant legal protection afforded domestics is minimum wage coverage in five States—Wisconsin, New York, Massachusetts, Montana, and Maryland—and coverage under the Social Security Act.

The lack of nationally accepted standards of employment has also placed undue hardships on domestic employees.

Workloads and the expectations of employers fluctuate greatly from job to job.

Compounding the workers' problems is the lack of a third party intermediary to whom the workers can appeal when treated unfairly.

Faced with an employer who refuses to pay the full amount previously agreed to, or a family that forces her to accept a 3-week unpaid vacation because they have decided to take a trip to Europe, the only recourse the worker has is to quit unless, of course, as happens too often, the employer calls up suddenly in the morning and says, "We will not be needing you anymore."

Another factor of significance when talking about domestic employment is the dignity and respect that ought to come with honest work.

Many domestics are treated just as they were 150 years ago—that is, as slaves.

Two-thirds of all household workers are black and of the remaining one-third, many are Chicanos, American Indians, or members of other minority groups.

They are called "girl" and by their first names while they, themselves, must still address their employers and employers' children as "ma'am" or "sir" or "Miss Jane."

In lieu of fair wages, they are often given secondhand clothing and leftover food.

The lack of respect accorded domestics is in many ways, an unfortunate reflection of the value we place on the traditional role of women in our society.

The housewife's job has always been considered of secondary importance, even though it is the housewife who is entrusted with our most valuable resources and our most valuable material possession, our children and our home.

In hiring a domestic, most employers

expect her to accept many of the responsibilities of the homemaker, thereby creating a situation in which a dollar value is being placed on her everyday duties.

Considering the current wage for domestics, it would mean that we are placing an 80-cent-an-hour value on the work done by every housewife in America.

This hardly seems reasonable. Also of significance is the fact that most household workers are blacks or members of other minority groups.

In failing to cover domestics under our basic wage-and-hour law, we would be turning our backs on these people.

Many who watch our legislative activities view the coverage of domestics as an effort to remedy racial and sexual discrimination.

I know that one can argue as a matter of law that these workers are not being discriminated against on a basis of sex, race, or national origin.

But the plain fact is that private household domestic workers are overwhelmingly female and members of minority groups. I hope the Senate will respond to their legitimately felt needs.

Opponents of minimum wage coverage for these workers have presented a number of arguments. They claim that domestics in no way affect the flow of interstate commerce.

Yet, one has only to look at the buses leaving the District of Columbia for the Maryland and Virginia suburbs every morning to see a perfect example of the flow of interstate commerce. The metropolitan Washington, D.C., area is in no way an exception.

Among other areas where domestics regularly cross State lines in traveling to and from work are:

The city of New York-Connecticut-New Jersey area; the Cincinnati-Kentucky locale; the St. Louis, Missouri-East St. Louis, Illinois area; and the Kansas City, Missouri-Kansas area.

In addition to the workers crossing State lines, the equipment and supplies they use are regularly distributed in interstate commerce.

Vacuum cleaners, for instance, are manufactured in only six States. Laundry equipment is produced in only seven States, creating a tremendous flow in commerce of these items used daily by domestics.

Also, it is common knowledge that every domestic handles such items as soap, wax, and other household cleaners which have moved in interstate commerce.

The employment of domestics in households also frees members of these households to engage in activities and businesses directly affecting the flow of interstate commerce.

The Supreme Court in Wickard against Filburn held that wheat grown wholly for home consumption was constitutionally within the scope of Federal regulation of wheat production because, though never marketed interstate, it supplied the need of the growers which otherwise would be satisfied by his purchases in the open market.

In short, we were persuaded that coverage of domestic employees is a vital step in the direction of insuring that all workers affecting interstate commerce are protected by the Fair Labor Standards Act.

Another argument used by those who oppose coverage for domestics is the difficulty of enforcement, citing in particular the failures under the Social Security Act's coverage of all currently employed domestics.

There is, however, a very basic difference between social security and minimum wage coverage. The concept of social security is one of deferring immediate gratification for later rewards.

To a woman trying to raise a family on $2,000 a year, this is clearly an impossibility. Thus, when presented by her employer with the choice of either having social security payments deducted from her paycheck or having a few extra dollars a week, the latter may be an understandably inevitable choice.

In large part, if social security coverage of domestics has failed, it is because the wage scale is so low that the employer must operate outside of the law in order to provide for a family. Providing workers with minimum wage coverage, however, is tantamount to directly increasing their daily earnings.

Should the domestic employer be unwilling to voluntarily adhere to the FLSA, it is unlikely that the workers would not take the necessary measures, as set forth by the law and regulations, to obtain what is rightfully theirs.

An additional reason for including domestics under FLSA coverage is that once their wages have risen, many of them will cease to need welfare payments to supplement their income.

Raising the incomes of domestics will also have the salutory effect of increasing their buying power, thus helping to bolster the sagging economies of the inner cities where most of the workers reside.

One other factor bears noting because of its increasing importance—the fact that careers for women have become increasingly common and that this occurrence is bound to lead to an increased demand for domestic help in the homes of employed wives and mothers. If an effective and dignified domestic work force is to be developed, a living wage and respectable working conditions are vital.

Now that Congress has sent to the States the constitutional amendment guaranteeing equal rights to women, it would be hypocritical in the extreme to deny an appreciable segment of the female work force, earning low wages, an opportunity to share in the rewards of more meaningful employment under the protection of the Fair Labor Standards Act.

Finally, the coverage of domestics involves the protection of poor women—often black—and their families. To large numbers of these families, often fatherless, welfare, drugs, and crime have become sordid facts of life.

A fair wage for a day's labor could go a long way toward building a life for these families that is free of welfare and above the poverty standard. There can be little doubt that the low wages now paid to domestics as a group have a substantial effect on the economy and the fiscal and tax policies of both the Federal Government and the States.

According to estimates of the Department of Labor, the minimum wage rates proposed for domestics in the committee bill will place in the hands of these low-income employees an additional $572 million during the first year after the effective date, $572 million plus an additional $140 million during the second year, and $572 plus $140 plus an additional $145 million during the third year and thereafter.

That will represent a substantial increase in purchasing power which is bound to have salutary effects on the national economy, as well as the economy of our central cities, where many domestic employees live.

Furthermore, this additional income will serve to lessen welfare payments to this category of employees, and should also serve to upgrade the status and dignity of this type of work.

Over and above the direct impact on interstate commerce which results from the low wages received by this large group of employees, there can be little doubt that the deplorably low wages received by domestics contribute substantially to the vicious poverty cycle which has created such chaos in our central cities.

Of particular concern is the fact that nonwhite persons living in poverty increased by almost a half million between 1971 and 1972, according to a recently released report of the Department of Commerce. This increase occurred at the same time that the number of white persons living in poverty declined.

Our inability to end poverty in America has already had a pervasive impact on the population characteristics of our cities, and this in turn has already resulted in profound changes in commercial, economic, social, and educational patterns throughout the country.

These changes and the problems they have created, are not localized, and their solution demands Federal, not merely local action as Congress has already recognized in enacting a myraid of programs dealing with such matters as housing, welfare, education, transportation, manpower training, and public service employment.

Since domestic employment is one of the prime sources of jobs for poor and unskilled workers, it is clear that there is an important national interest at stake in insuring that the wages received for such work do not fall below a minimal standard of decency.

In this vein, the committee took note of the expanded use of the interstate commerce clause by the Supreme Court in numerous recent cases to accord Federal protection to persons needing such protection.

The Senate has twice rejected an amendment to strike coverage of domestic employees in recognition of the fact that domestic workers in households are in need of this Federal protection. Connections with the flow of commerce are both tangible and direct, proving a rational basis for finding the requisite link to interstate commerce.

Mr. President, the coverage of domestics is one of the most important provisions in this bill. It epitomizes the committee's concern for the working poor and most clearly demonstrates the relationship between the minimum wage and welfare. An annual salary of $2,000 to a head of a family is no incentive to work, in my judgment.

Furthermore, I believe that America would be outraged to realize that many working poor who are receiving welfare payments must live on public assistance because their employers are free to pay substandard wages.

There is no valid reason for the American taxpayer to have to subsidize the payment of subminimum wages by an employer who can afford to hire a private household domestic employee.

Yet, that is the effect of failure to cover domestic employees under the Fair Labor Standards Act.

The typical household domestic employee works and travels long hours for exceptionally low wages in order to raise her children to a life of decency, to provide them with the barest opportunity to escape the cycle of poverty.

Then, because she only earns $1,900 a year for a full year's work, she must turn to public assistance. We must not cheat these hardworking Americans. We must not deprive them of their opportunity to obtain by honest work the bare minimum necessary for a decent living.

The committee is persuaded that objections to covering domestics on the ground of administrative complexity and difficulty of enforcement are unacceptable reasons for denying the benefits of the act to those most in need of such benefits.

The committee notes that, unfortunately, enforcement funds and resources are limited and that decisions must be made by the Secretary as to how best to allocate funds in order to maximize the effectiveness of the available funds and resources in insuring that all covered workers obtain the full benefits guaranteed them under law. Therefore, through the years, each Secretary has been required to exercise judgment on enforcement policy. That judgment, however, cannot be exercised in such a manner as to repeal the coverage provided by Congress.

The committee is confident that appropriate methods to insure compliance can be fashioned within the authority of the Secretary of Labor under the FLSA. More importantly, the committee is convinced that legislation which clearly expresses the intent of Congress with respect to fair labor standards for domestics will be followed by voluntary compliance on the part of most homemakers. And, as I have stated previously, should the employer be unwilling to adhere voluntarily to the FLSA, it is unlikely that the workers would not take the necessary measures, as set forth by law and regulations, to obtain what is rightfully theirs.

I hope my colleagues will reject this amendment.

I strongly oppose the amendment, as I have done on other occasions in the Senate. We have successfully beaten back this amendment on two other occasions. I hope that will happen this time.

Mr. DOMINICK. Mr. President, I yield myself 5 minutes.

I listened to the speech of the Senator with total amazement. It is not often that I get fired up in this type of thing. However, I just finished reading for the benefit of the Senator from New Jersey and my other colleagues who are listening what Secretary Brennan himself said. Mr. Brennan testified that the effect is a large disemployment; that we are not going to have these people working at all. So we increase the welfare rolls; we do not decrease them.

If one has someone working around the house 24 hours a week, pay that person the minimum wage which he should be paid. This is what my amendment says. If such a person is a so-called "casual" babysitter, which the bill exempts—and I say I would not think of hiring a casual babysitter for anything, but if one hires someone on an occasional basis—he does not get paid the minimum wage. We can do that if we will, but to provide that every housewife who hires a casual employee that she wants to help out with household tasks, and to require that housewife to coordinate quarterly reports to be given to the Labor Department on minimum wage is a bureaucratic nightmare which does not increase employment at all.

Mr. HANSEN. Mr. President, will the Senator yield?

Mr. DOMINICK. I yield.

Mr. HANSEN. I recall a conversation I had with Daniel P. Moynihan several years ago when he was one of the economic advisers that President Nixon had when he first took office in 1969. He was appearing before the Finance Committee, and he was saying that if we were concerned about employment in this country, do not raise the minimum wage. All that happens when we raise the minimum wage is to deny people with few merchantable skills the opportunity even to find work.

I can assure my colleagues that I was openminded when he appeared before that committee, because, as a former Governor of Wyoming, I had recommended increasing the minimum wage in the State of Wyoming, and as a consequence of my recommendation and the feelings of a majority of the legislature, we did raise the minimum wage.

But what Pat Moynihan, a man with great liberal credentials, had to say and what the Senator from Colorado (Mr. DOMINICK) has had to say is true. If we want to be sure to put people out of work, the kind of people who would be exempted from the application of this law, people who do not have skills that enable them to get many jobs, but who have to start somewhere, the Dominick amendment makes very good sense, because it gives them a chance to get a job. And, as we all know, the biggest barrier to a person who has never been gainfully employed is to get his first job. He may find, as he possibly has not known before, that he has to get to work in time and has to do many things. He has to get to and from where he lives to where his job is. He may have to read a road map to get from one place to the other. These are things that we think are very elementary. However, one would be surprised to discover how many people have never had a job and who do not know that they have to get up at a certain time to get to work on time, that they will make a better impression if they have their hair combed, or whatever the case may be. However, it does not make any sense to continue in the operation of this law a mechanism that denies work to lots of people in this country who do these jobs, who are doing them now, and who will not do them if the law is passed and includes them under its application and requires that they be paid a certain amount, because whether it is babysitting or whatever it might be, if the person who has to pay the bill finds that it is not worthwhile to the employer and is going to cost more money, the people are not going to have the job.

I hope that the amendment of the Senator from Colorado will be approved. I think that it is in the interest of the working man, the working young person in this country who must have a chance to get his first job. Once a person gets his first job, he has a chance of improving his job status. However, a person does need to get a job first of all.

I thank the Senator for yielding.

Mr. DOMINICK. Mr. President, I thank the Senator for his statement. I has been most helpful.

The PRESIDING OFFICER. The 5 minutes have expired.

Mr. DOMINICK. Mr. President, I yield myself an additional 5 minutes.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. DOMINICK. I yield to the Senator from Ohio.

Mr. TAFT. Mr. President, the Senator from Colorado made an excellent point with regard to the matter of jobs.

Many services are involved. However, I would like to suggest that the real effect of the bill as presently drafted would be to use an increased number of electrical appliances and machines. That might be great for the manufacturers, but it reduces jobs.

A whole group of service organizations has grown up in the window-washing field, the janitor field, in laundry service, and in gardening and at a far higher cost as far as the family budget is concerned. This trend will continue because we are imposing this additional burden on people who will not bear it.

The Senator is right. There will be a net loss in jobs in this field and a turning away from the domestic employment of many people for whom this is the only kind of employment.

Mr. DOMINICK. Mr. President, I thank the Senator from Ohio. I think the Senator from Ohio put his finger right on the trouble.

What I want to emphasize again is that what we are talking about is the domestic employment throughout this country. In Boston, New York, Philadelphia, or Washington most "domestics" are getting over the minimum wage already.

We probably will not have as much disemployment there as we would elsewhere. If we go into Ohio or into Julesburg, Colo., or other places in the country, a lot of the employment for the domestic employee that might be available would disappear, because the people will say that their budgets will not stand it and they will do it for themselves.

Mr. TAFT. Mr. President, I have here three interpretive bulletins from the U.S. Department of Labor with regard to regulations. One is entitled "Hours Worked." That is fairly short. It is printed in double columns. It is only 13 pages long. The bulletins contain long, technical regulations which lawyers have had a difficult time understanding.

The next bulletin is shorter. The title is "Wage Payments Under the Fair Labor Standards Act." It is in smaller print and is only 8 pages long. Interpretations of overtime requirements and whether or not one has to compute overtime in a particular situation are not always as clear this bulletin says.

Another general bulletin is 52 pages long in double columns.

To apply these regulations to nonbusiness entities is very questionable. Every employer of domestic service employees will have to understand these bulletins.

Mr. DOMINICK. Mr. President, the Senator from Ohio is an excellent lawyer. However, an average housewife is not trained in the law. As a matter of fact, a good many Coloradans have said that the trouble with Congress is that there are too many lawyers in it.

We cannot expect the average housewife to understand these regulations and to be able to follow them.

I hope that the Senate will agree to my amendment.

Mr. WILLIAMS. Mr. President, I do not know what those forms are. This is not really as involved as the Senators are claiming and describing. It is a simple matter. If one works for the prescribed period, then he is paid the minimum wage. It is that simple. One just pays the fair, decent minimum wage if he employs anybody, and he will be all right.

With regard to this disemployment business, we have been over this before. We will go over it again.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD the experience that we have had with all of the increases in the minimum wage with respect to the employment figures that followed. In every case, the employment went up. It did not go down.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

EMPLOYMENT AND UNEMPLOYMENT EFFECT

That there is no discernible increase in unemployment is equally established. A review of the employment-unemployment series published by the Bureau of Labor Statistics of the Department of Labor shows that nonagricultural employment increased after each change in the law and that unemployment actually decreased after all but one of the changes and in that case it remained unchanged.

The data on employment and unemployment trends are presented below in the hope that consideration of proposed amendments to the Act will no longer be clouded by unsupported allegations that employment always declines and that unemployment rises after the minimum wage rate is increased.

First, on the employment side:

On January 25, 1950, the minimum wage was increased from $.40 to $.75 an hour and nonagricultural employment rose from 43,778,000 in 1949 to 45,222,000 in 1950.

On March 1, 1956, the minimum wage was increased from $.75 to $1.00 an hour and nonagricultural employment rose from 52,408,000 in 1956 to 52,894,000 in 1957.

On September 3, 1961, the minimum wage was increased from $1.00 to $1.15 an hour and nonagricultural employment rose from 54,042,000 in 1961 to 55,596,000 in 1962.

On September 3, 1963, the minimum wage increased from $1.15 to $1.25 an hour and nonagricultural employment rose from 56,702,000 in 1963 to 58,331,000 in 1964.

On February 1, 1967, the minimum wage increased from $1.25 to $1.40 an hour and nonagricultural employment rose from 65,857,000 in 1967 to 67,915,000 in 1968.

On February 1, 1968, the minimum wage increased from $1.40 to $1.60 an hour and nonagricultural employment rose from 67,915,000 in 1968 to 70,284,000 in 1969.

On the unemployment side minimum wage increases have never resulted in increased unemployment. On the contrary, subsequent to the 1949, 1961, and 1967–1968 minimum wage increases, unemployment actually decreased, and in the case of the 1956 minimum wage increase, unemployment remained stable.

The Committee recognized that a higher minimum wage may mean increased employer costs, but it also means increased purchasing power in the hands of the poor and a greater demand for goods and services. For the worker, it means less hardship and greater dignity. For the Government, it means lower welfare costs. Under the requirements of the Social Security Act with respect to Aid to Families with Dependent Children, for a family of four headed by a woman working fulltime a $.60 increase in the minimum wage would result in about a $.40 reduction in assistance or a reduction of $69 per month or $832 a year. There would be some variation among the states but in 33 states the full $69 per month reduction will be realized. In another 15 states reductions of less than $69 per month would be realized.

Mr. WILLIAMS. Mr. President, in this one area of employment or disemployment, we do not have a minimum wage for domestic workers. Within the last decade, domestic employment has decreased 50 percent during a period when the demand for domestic workers has increased by one-third.

The lament is that domestic workers are not available. And a minimum wage coverage that will bring them that minimum wage and will guarantee an incentive to go out and do the work that the housewife does not want to do or is not able to do because she is going to work and needs someone to do her work in the house.

Mr. President, I strongly oppose the amendment. I yield as much time as he needs to the distinguished Senator from New York.

Mr. JAVITS. Mr. President, I will take only a few minutes. I will not repeat any of the arguments made by the Senator from New Jersey which I adopt.

Mr. President, I want to add two points. First, we do have a domestic minimum wage requirement in New York. I have not heard a single discussion of any kind about any disemployment there. Domestics are still highly in demand notwithstanding the minimum.

Second, the exclusion factor must be judged by one point in this amendment. Under this amendment the 24-hour test applies to one employer. The whole nubbin of this thing is to give a sense of dignity to that domestic employed in domestic service, much as we did in the old days to the itinerant workers. Frequently they may work for four or five families during 1 week. We do it in our case, in our household.

Why confine it to the one-employer test, which is what the Dominick amendment does?

For all the reasons stated, therefore, by Senator WILLIAMS, and the additional reason I have mentioned, and especially the experience, I oppose the amendment. We actually do it in a big industrial State with 10 percent of the country's population, and it has not caused any trouble at all.

It reminds me, just to finish, going back almost 30 years, of the time when we first had a bill to stop discrimination in employment on account of race, which was known as the Ives-Quinn bill. Senators will remember Senator Irving Ives, who served here with some of us, including, I think, the Senator from Rhode Island (Mr. PASTORE). The same thing was said about it.

I was the Attorney General of New York, and administered that bill. It was the most tranquil thing in the world; no such revolution broke out, any more than it would with this.

What we are talking about is $1.80 an hour. What self-respecting person would pay a person who does all that drudgery less than $1.80 an hour?

So I certainly hope the Senate will reject the amendment. I believe it is high time that this reform was made in behalf of the almost 3 million Americans engaged in the kind of work we want the most.

Mr. TAFT. Mr President, will the Senator from Colorado yield me 5 minutes?

Mr. DOMINICK. I yield 5 minutes to the Senator from Ohio.

Mr. WILLIAMS. I have yielded back the remainder of my time, so I hope the Senator will not say anything that requires a reply.

Mr. TAFT. Mr. President, I ask unanimous consent that the Senator's yielding back of his time be rescinded.

Mr. WILLIAMS. I object.

The PRESIDING OFFICER. Objection is heard.

Mr. TAFT. Mr. President, the new point made by the distinguished Senator from New York, to which there should be some reply and some comment, relates to the practice in New York State. I have no particular desire to enter into a long colloquy with him on it. We have been into that before when this matter was before us.

It is my understanding that no cases have been brought in New York State with regard to this law and, therefore, we face another question as to whether or not Congress should enact laws that no one pays any attention to.

Insofar as the social security law is concerned, it is all too frequently ignored, and subterfuges are entered into in order to avoid getting into reporting situations, and citizens are thus encouraged to have disrespect for the law, and to avoid it. That is unfortunate and not the proper way to proceed.

To my knowledge, there is nothing in the New York experience which shows that if there was enforcement of the New York law, and if there were a close investigation or examination of what is actually done insofar as reporting is concerned, there would be any substantial degree of compliance with reporting requirements.

Mr. President, S. 2747 extends for the first time unemployment compensation under the Fair Labor Standards Act to domestic service employees. Coverage would extend to any such employee compensated $50 or more in a calendar quarter by an employer.

I do not oppose payment of the minimum wage and overtime compensation to domestic employees. In fact I believe the current rate of $1.60 an hour is far too low in many sectors of the country for the valuable services that individuals in this occupational category perform. Nor do I view this a racial issue as some would make it. I do object to the coverage of such employees under the FLSA, however, as I believe that such action will increase unemployment, present great administrative and enforcement problems and is not based on a proper interpretation of the interstate commerce clause of the Constitution.

In order to substantiate that, all we really have to do is go back and take a look at when the Fair Labor Standards Act was passed in 1938. The House of Representatives joined in a report on this bill under the so-called Ramspeck rule, which went into the whole question of what is interstate commerce, which I think plainly by its terms would have excluded anything affecting interstate commerce so very remotely as domestic employment affects it.

The committee in adopting section 209(g) of the Social Security Act for coverage purposes simply has not focused upon the practical problems that will surface by such extension of coverage. First, who is a domestic? The committee provides the Senate with no definition of a domestic—can it be a member of one's family who performs regular services for a household for compensation? I would ask the committee chairman to comment on the question of definition of a domestic employee if he would.

What effect will the committee action have on day-care situations where several working mothers leave their children at the households of friends? Has the committee received impact studies in this area?

How can the committee justify exempting businesses with gross sales of $250,000 a year, but yet cover practically every household that employs even occasional help? What rationale is involved?

I am quite concerned that the effect of the action will in fact result in disregard of the law and create unemployment for many domestics. Secretary of Labor Brennan, in appearing before the committee last year, which was commented upon by the Senator from Colorado (Mr. DOMINICK), stated:

> Proposals have been made that would extend coverage to domestics in household employment. Mr. Chairman, I cannot express too strongly my concern for the well-being of this group of workers.
>
> Because of this concern we have tried hard to balance this need for a fair wage for household workers with their need for employment opportunities. This is a difficult problem and the Department finds itself on the horns of a dilemma. For example, in large metropolitan areas such as Washington, New York, or Boston, domestics are already receiving more than the minimum wage we propose for other employees. Therefore, this amendment will have little, if any, effect. In other areas of smaller cities and towns, domestics receive considerably less than the present minimum. *The problem with applying the minimum wage to them has, as analysis clearly shows, a severe disemployment effect.* This would reduce the income of many families where a member was employed either full-time or part-time in household work. Domestic service is in some respects unique from other forms of employment. A household who hires a maid typically has just so much budgeted for that purpose with no more available. She also has no opportunity to pass on any higher wage cost. If it comes down to it, the housewife can substitute her labor and that of other family members for the domestic. Few employers in other fields can do so.
>
> *Administration and enforcement of minimum wage and overtime coverage for domestics could also present other serious problems.* It may be unrealistic to expect accurate recordkeeping. Homemakers are not engaged in business in the traditional sense with experience in maintaining business records. Effective enforcement will probably turn on a difference of opinion between homemaker and maid over hours worked. It would be difficult, if not impossible, for the Secretary to make out a case. For these reasons, Mr. Chairman, the Administration has opposed extension of FLSA coverage to domestics.

The intent of Congress in enacting the FLSA in 1938 was to prohibit the channels of interstate commerce from being used to support oppressive wages in nationally involved industries. The Senate committee report of 1938 states on page 6 in the general statement for enactment:

> The Federal Government cannot and should not attempt to regulate the wages of all wage earners throughout the United States. But the Federal Government cannot by its inaction permit the channels of commerce to be used to set this spiral of deflation in motion. It cannot and should not permit our great interstate industries to become engulfed.

The committee report goes on to consider the definition of "employer engaged in commerce" and states that this phrase is intended to mean:

> An employer in commerce, or an employer engaged, in the ordinary course of business, in purchasing or selling goods in commerce. Under this definition purely local businesses are excluded from the operation of the act. Even businesses which do make purchases or sales of goods in commerce are excluded if such purchases or sales are casual and do not constitute a settled course of business practice.

The action of the committee takes on this subject in S. 2747 in no way reflects this original intent.

Further, the committee fails to present a justification of how such coverage can meet the constitutional criteria of the interstate commerce clause. I would ask the committee chairman, on what legal rationale this action is based and what employment situations are excluded by this constitutional clause if domestic employees are not?

I can see no "rationale basis" for Congress to proceed in this area either constitutionally or practically and would urge Senators to support the amendment of the Senator from Colorado (Mr. DOMINICK).

Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. All time has been yielded back. The yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Mississippi (Mr. EASTLAND), the Senator from South Carolina (Mr. HOLLINGS), the Senator from Utah (Mr. MOSS), and the Senator from Nevada (Mr. CANNON), are necessarily absent.

I further announce that, if present and voting, the Senator from Nevada (Mr. CANNON) would vote "nay."

Mr. GRIFFIN. I announce that the Senator from Connecticut (Mr. WEICKER) is absent due to death in the family.

The result was announced—yeas 37, nays 58, as follows:

[No. 52 Leg.]

YEAS—37

Allen
Baker
Bartlett
Beall
Bellmon
Bennett
Brock
Buckley
Byrd, Harry F., Jr.
Cotton
Curtis
Dominick
Ervin
Fannin
Fong
Goldwater
Griffin
Gurney
Hansen
Hatfield
Helms
Hruska
Johnston
Long
McClellan
McClure
Nunn
Packwood
Roth
Scott, William L.
Sparkman
Stennis
Taft
Talmadge
Thurmond
Tower
Young

NAYS—58

Abourezk
Aiken
Bayh
Bentsen
Bible
Biden
Brooke
Burdick
Byrd, Robert C.
Case
Chiles
Church
Clark
Cook
Cranston
Dole
Domenici
Eagleton
Fulbright
Gravel
Hart
Hartke
Haskell
Hathaway
Huddleston
Hughes
Humphrey
Inouye
Jackson
Javits
Kennedy
Magnuson
Mansfield
Mathias
McGee
McGovern
McIntyre
Metcalf
Metzenbaum
Mondale
Montoya
Muskie
Nelson
Pastore
Pearson
Pell
Percy
Proxmire
Randolph
Ribicoff
Schweiker
Scott, Hugh
Stafford
Stevens
Stevenson
Symington
Tunney
Williams

NOT VOTING—5

Cannon
Eastland
Hollings
Moss
Weicker

So Mr. DOMINICK's amendment (No. 989) was rejected.

Mr. JAVITS. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. WILLIAMS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

AMENDMENT NO. 985

Mr. TAFT. Mr. President, I call up my amendment No. 985.

The PRESIDING OFFICER. The amendment will be stated.

The second assistant legislative clerk proceeded to read the amendment.

Mr. TAFT. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered; and, without objection, the amendment will be printed in the RECORD.

The amendment is as follows:

On page 1, between lines 2 and 3, insert the following:

"TITLE I—FAIR LABOR STANDARDS AMENDMENT"

On page 1, line 4, strike out the word "Act" and insert in lieu thereof the word "title".

On page 1, line 7, strike out the word "Act" and insert in lieu thereof the word "title".

On page 51, line 14, strike out the word "Act" and insert in lieu thereof the word "title".

On page 51, line 20, strike out the word "Act" and insert in lieu thereof the word "title".

On page 51, after line 20, add the following new title:

"TITLE II—AMENDMENTS TO THE FEDERAL SALARY ACT OF 1967

"REMOVAL OF MEMBERS OF CONGRESS FROM THE COMMISSION ON EXECUTIVE, LEGISLATIVE, AND JUDICIAL SALARIES

"SEC. 201. (a) Section 225(f)(A) of the Federal Salary Act of 1967 is repealed.

"(b)(1) Section 225(g) of such Act is amended by striking out '(A),'.

"(2) Section 225(h) of such Act is amended by striking out '(A),'."

Mr. ROBERT C. BYRD. Mr. President, will the Senator yield for a question?

Mr. TAFT. I am glad to yield.

Mr. ROBERT C. BYRD. It is my understanding that the able Senator does not wish to proceed with debate and action on his amendment today. Is my understanding correct?

Mr. TAFT. I would prefer to wait until tomorrow.

RESUMPTION OF TRANSACTION OF ROUTINE MORNING BUSINESS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that no time be charged on the amendment of the distinguished Senator from Ohio, that no time be charged on the bill, and that the Senate resume the transaction of routine morning business, with statements therein limited to 5 minutes.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. WILLIAMS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

LEGAL SERVICES CORPORATION

Mr. WILLIAMS. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on H.R. 7824.

The PRESIDING OFFICER (Mr. JOHNSTON). The Chair lays before the Senate a message from the House on H.R. 7824, which the clerk will report.

The assistant legislative clerk read as follows:

Resolved, That the House disagree to the amendments of the Senate to the bill (H.R. 7824) entitled "An Act to establish a Legal Services Corporation, and for other purposes."

Mr. WILLIAMS. Mr. President, I move that the Senate insist upon its amendment and request a conference with the House, and that the Chair be authorized to appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. NELSON, Mr. KENNEDY, Mr. MONDALE, Mr. CRANSTON, Mr. HUGHES, Mr. RANDOLPH, Mr. HATHAWAY, Mr. TAFT, Mr. JAVITS, Mr. SCHWEIKER, Mr. DOMINICK, and Mr. BEALL conferees on the part of the Senate.

QUORUM CALL

Mr. WILLIAMS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

EXECUTIVE SESSION

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate go into executive session to consider the nomination of William J. Casey to be President of the Export-Import Bank of the United States, which was reported earlier today.

The PRESIDING OFFICER. Without objection, it is so ordered.

EXPORT-IMPORT BANK OF THE UNITED STATES

The PRESIDING OFFICER. The nomination will be stated.

The second assistant legislative clerk read the nomination of William J. Casey of New York to be President of the Export-Import Bank of the United States.

The PRESIDING OFFICER. Without objection, the nomination is considered and confirmed.

Mr. GRIFFIN. Mr. President, I ask unanimous consent that the President be notified.

The PRESIDING OFFICER. Without objection, it is so ordered.

LEGISLATIVE SESSION

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate return to consideration of legislative business.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROGRAM

Mr. ROBERT C. BYRD. Mr. President, the Senate will convene at the hour of 10 a.m. tomorrow. The hour on the motion to invoke cloture will immediately start running. At the hour of 11 a.m. there will be an automatic quorum call and upon the establishment of a quorum the Senate will proceed to vote immediately by rollcall on the motion to invoke cloture on Senate Resolution 293, the pay raise measure.

If cloture is invoked the Senate will continue action on the pay raise resolution until it is disposed of, and if the pay raise resolution is disposed of at a fairly early hour the leadership would then hope to resume consideration of the minimum wage bill.

At the hour of 3 p.m. debate on the override of the President's veto of the energy emergency bill will begin. The debate will last for 2 hours. The time will be equally divided and the vote will occur on the override of the President's veto at 5 p.m. tomorrow. That will be a yea-and-nay vote, automatic under the Constitution.

ADJOURNMENT TO 10 A.M.

Mr. ROBERT C. BYRD. Mr. President, if there be no further business to come before the Senate, I move, in accordance with the previous order, that the Senate stand in adjournment until the hour of 10 a.m. tomorrow.

The motion was agreed to; and at 5:22 p.m. the Senate adjourned until tomorrow, Wednesday, March 6, 1974, at 10 a.m.

CONFIRMATIONS

Executive nominations confirmed by the Senate March 5, 1974:

EXPORT-IMPORT BANK OF THE UNITED STATES

William J. Casey, of New York, to be president of the Export-Import Bank of the United States.

(The above nomination was approved subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

IN THE AIR FORCE

The following officer for temporary appointment in the U.S. Air Force under the provisions of chapter 839, title 10 of the United States Code:

To be major general

Brig. Gen. John J. Pesch, [redacted]FG, Air National Guard.

IN THE ARMY

The following-named officer to be placed on the retired list in grade indicated under the provisions of title 10, United States Code, section 3962:

To be lieutenant general

Lt. Gen. Robert Edmondston Coffin, [redacted], Army of the United States (major general, U.S. Army).

IN THE NAVY

The following-named captains of the Navy for temporary promotion to the grade of rear admiral in the staff corps indicated subject to qualification therefor as provided by law:

MEDICAL CORPS

Henry A. Sparks.
Dudley E. Brown, Jr.

SUPPLY CORPS

James E. McKenna.
James R. Ahern.

CIVIL ENGINEER CORPS

Robert F. Jortberg.

DENTAL CORPS

George A. Besbekos.

Rear Adm. Emmett H. Tidd. U.S. Navy having been designated for commands and other duties determined by the President to be within the contemplation of title 10, United States Code, section 5231, for appointment to the grade of vice admiral while so serving.

IN THE AIR FORCE

Air Force nominations beginning Charles H. Bell, Jr., to be colonel, and ending Paul E. Hoover, to be colonel, which nominations were received by the Senate and appeared in the Congressional Record on February 21, 1974.

IN THE ARMY

Army nominations beginning Albert A. Ackerman, to be colonel, and ending Brian F. Wells, to be first lieutenant, which nominations were received by the Senate and appeared in the Congressional Record on January 31, 1974.

Army nominations beginning Shelby G. Alfred, to be colonel, and ending William H. Waters, to be lieutent colonel, which nominations were received by the Senate and appeared in the Congressional Record on February 21, 1974.

IN THE MARINE CORPS

Marine Corps nominations beginning Gary W. Barnes, to be captain, and ending John D. Yarbrough, to be chief warrant officer, W-2, which nominations were received by the Senate and appeared in the Congressional Record of January 31, 1974.

Ernest H. Cates, for reappointment to the grade of chief warrant officer in the Marine Corps, which nomination was received by the Senate and appeared in the Congressional Record on February 6, 1974.

Marine Corps nominations beginning Grafton Spinks, to be second lieutenant, and ending Richard C. Roten, to be second lieutenant, which nominations were received by the Senate and appeared in the Congressional Record on February 18, 1974.

HOUSE OF REPRESENTATIVES—*Tuesday, March 5, 1974*

The House met at 12 o'clock noon.

Rev. Hans Dumpys, St. Timothy Evangelical Lutheran Church, Oak Park, Mich., offered the following prayer:

O God and Father of all people, we come into Thy presence acknowledging Thy power and majesty over all of life. Thy providence governs the course of nations.

O God, our Ruler and Judge, we pray for all public servants of this land, especially for the Members of this body. Grant them the wisdom to regard their office as a trust from Thee and as a channel of service for the welfare of all people.

Amid all the pressures of public office, we ask the continual pressure of Thy gracious will upon the consciences of Thy servants to serve this Nation in the knowledge of Thy ultimate judgment. Lord, grant us to do justice, to love mercy, and to walk humbly with our God. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Without objection, the Journal stands approved.

There was no objection.

PRIVATE CALENDAR

The SPEAKER. This is Private Calendar day. The Clerk will call the first individual bill on the Private Calendar.

MRS. ROSE THOMAS

The Clerk called the bill (H.R. 2535) for the relief of Mrs. Rose Thomas.

Mr. GROSS. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Iowa?

There was no objection.

COL. JOHN H. SHERMAN

The Clerk called the bill (H.R. 2633) for the relief of Col. John H. Sherman.

Mr. GROSS. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Iowa?

There was no objection.

ESTATE OF THE LATE RICHARD BURTON, SERGEANT, FIRST CLASS, U.S. ARMY (RETIRED)

The Clerk called the bill (H.R. 3533) for the relief of the estate of the late Richard Burton, sergeant, first class, U.S. Army (retired).

Mr. GROSS. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Iowa?

There was no objection.

MR. AND MRS. JOHN F. FUENTES

The Clerk called the bill (H.R. 2508) for the relief of Mr. and Mrs. John F. Fuentes.

Mr. GROSS. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Iowa?

There was no objection.

MURRAY SWARTZ

The Clerk called the bill (H.R. 6411) for the relief of Murray Swartz.

Mr. GROSS. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Iowa?

There was no objection.

ESTELLE M. FASS

The Clerk called the resolution (H. Res. 362) to refer the bill H.R. 7209 for the relief of Estelle M. Fass to the Chief Commissioner of the Court of Claims.

Mr. GROSS. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Iowa?

There was no objection.

RITA SWANN

The Clerk called the bill (H.R. 1342) for the relief of Rita Swann.

Mr. GROSS. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Iowa?

There was no objection.

LEONARD ALFRED BROWNRIGG

The Clerk called the bill (H.R. 2629) for the relief of Leonard Alfred Brownrigg.

Mr. GROSS. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Iowa?

There was no objection.

BOULOS STEPHAN

The Clerk called the bill (H.R. 4438) for the relief of Boulos Stephan.

Mr. GROSS. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Iowa?

There was no objection.

FAUSTINO MURGIA-MELENDREZ

The Clerk called the bill (H.R. 7535) for the relief of Faustino Murgia-Melendrez.

Mr. GROSS. Mr. Speaker, I ask unanimous consent that this bill be passed without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Iowa?

There was no objection.

ROMEO LANCIN

The Clerk called the bill (H.R. 4172) for the relief of Romeo Lancin.

Mr. GROSS. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Iowa?

There was no objection.

AUTHORIZING SECRETARY OF INTERIOR TO SELL RESERVE MINERAL INTEREST IN CERTAIN LAND IN THE STATE OF CALIFORNIA TO THE RECORD OWNERS OF THE SURFACE THEREOF

The Clerk called the bill (H.R. 2544) to authorize the Secretary of the Interior to sell reserved mineral interests of the United States in certain land located in the State of California to the record owners of the surface thereof.

There being no objection, the Clerk read the bill, as follows:

H.R. 2544

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Interior is authorized and directed to convey, sell, and quitclaim all mineral interests of the United States in and to the property situated in the State of California and described in section 2 of this Act to Robert E. Pumphrey and his wife, Audrey M. Pumphrey, the record owners of the surface rights thereof.

SEC. 2. The property referred to in the first section of this Act is more particularly described as follows:

(1) parcel numbered 7, containing forty acres, more or less, as described in the deed dated November 10, 1968, entered into between Marion E. Cole, grantor, and Robert E. Pumphrey and his wife, Audrey M. Pumphrey, grantees; and

(2) parcel numbered 6, containing two hundred and twenty-nine acres, more or less, as described in the deed dated September 24, 1965, entered into between Samuel D. Bashline and his wife, Pauline B. Bashline, grantors, and Robert E. Pumphrey and his wife, Audrey M. Pumphrey, grantees.

SEC. 3. In the event that the Secretary of the Interior determines that any land described in section 2 of this Act is not prospectively valuable for minerals, he shall convey the reserved mineral interests to the record owners of the surface rights referred to in the first section of this Act upon the payment of a sum of $200 to reimburse the United States for the administrative costs of the conveyance; otherwise, the mineral interests shall be sold to such record owners of the surface rights upon the payment of a sum equal to $200 plus the fair market value of the mineral interests as determined by the Secretary after taking into consideration such appraisals as he deems necessary.

SEC. 4. Proceeds from any sale made under this Act shall be covered into the Treasury of the United States as miscellaneous receipts.

With the following committee amendment:

Page 2, beginning on line 14, strike out all of sections 3 and 4 and insert in lieu thereof the following:

SEC. 3. The Secretary shall require the deposit of a sum of money which he deems sufficient to cover estimated administrative costs of this Act. If a conveyance is not made pursuant to this Act, and the administrative costs exceed the deposit, the Secretary shall bill the applicant for the outstanding amount, but if the amount of the deposit exceeds the actual administrative costs, the Secretary shall refund the excess.

SEC. 4. No conveyance shall be made unless application for conveyance is filed with the Secretary within six months of the date of approval of this Act and unless within the time specified by him payment is made to the Secretary of (1) administrative costs of the conveyance and (2) the fair market value of the interest to be conveyed. The amount of the payment required shall be the difference between the amount deposited and the full amount required to be paid under this section. If the amount deposited exceeds the full amount required to be paid, the applicant shall be given a credit or refund for the excess.

SEC. 5. The term "administrative costs" as used in this Act includes, but is not limited to, all costs of (1) conducting an exploratory program to determine the character of the mineral deposits in the land, (2) evaluating the data obtained under the exploratory program to determine the fair market value of the mineral rights to be conveyed, and (3) preparing and issuing the instrument of conveyance.

SEC. 6. Moneys paid to the Secretary for administrative costs shall be paid to the agency which rendered the service, and deposited to the appropriation then current. Moneys paid for the minerals or mineral interests conveyed shall be deposited into the general fund of the Treasury as miscellaneous receipts.

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

CONVEYING MINERAL RIGHTS IN CERTAIN REAL PROPERTY LOCATED IN SEMINOLE COUNTY, FLA.

The Clerk called the bill (H.R. 3901) to convey the mineral rights in certain real property located in Seminole County, Fla., to Carroll L. Ward, Senior, the owner of such real property.

There being no objection, the Clerk read the bill as follows:

H.R. 3901

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That there are hereby quitclaimed to Carroll L. Ward, Senior, of Orlando, Florida, all right, title, and interest of the United States in and to the phosphate in the real property owned by Carroll L. Ward and located in Seminole County, Florida, which are more particularly described in section 2 of this Act, and which were reserved to the United States in patent numbered 1144523, issued to Walter J. Krohne on May 19, 1954, and patent numbered 1144524, issued to Fred S. Alward on May 19, 1954.

SEC. 2. The real property referred to in the first section of this Act is more particularly described as follows: The northeast quarter of the northwest quarter of section 33, township 21 south, range 31 east, containing 40.015 acres. The east half of the northwest quarter of the northwest quarter of section 33, township 21 south, range 31 east, containing 20 acres, more or less.

With the following committee amendments:

Page 1, lines 3 and 4, strike out "That there are hereby quitclaimed to Carroll L. Ward, Senior, of Orlando, Florida," and insert in lieu thereof:

That the Secretary of the Interior is authorized and directed to convey to the record owners of the surface

Page 1, lines 7 and 8, strike out "Carroll L. Ward and" and insert in lieu thereof "the record owners of the surface".

Page 2, following line 10, insert the following new language:

SEC. 3. The Secretary shall require the deposit of a sum of money which he deems sufficient to cover estimated administrative costs of this Act. If conveyance is not made pursuant to this Act, and the administrative costs exceed the deposit, the Secretary shall bill the applicant for the outstanding amount, but if the amount of the deposit exceeds the actual administrative costs, the Secretary shall refund the excess.

SEC. 4. No conveyance shall be made unless application for conveyance is filed with the Secretary within six months of the date of approval of this Act and unless within the time specified by him payment is made to the Secretary of (1) administrative costs of the conveyance, and (2) the fair market value of the interest to be conveyed. The amount of the payment required shall be the difference between the amount deposited and the full amount required to be paid under this section. If the amount deposited exceeds the full amount required to be paid, the applicant shall be given a credit or refund for the excess.

SEC. 5. The term "administrative costs" as used in this Act includes, but is not limited to, all costs of (1) conducting an exploratory program to determine the character of the phosphate deposits in the land, (2) evaluating the data obtained under the exploratory program to determine the fair market value of the mineral rights to be conveyed, and (3) preparing and issuing the instrument of conveyance.

SEC. 6. Moneys paid to the Secretary for administrative costs shall be paid to the agency which rendered the service and deposited to the appropriation then current. Moneys paid for the minerals or mineral interests conveyed shall be deposited into the general fund of the Treasury as miscellaneous receipts.

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time and passed.

The title was amended so as to read: "To convey the mineral rights in certain real property located in Seminole County, Florida, to the record owners of the surface."

A motion to reconsider was laid on the table.

RUSSELL G. WELLS

The Clerk called the bill (H.R. 8545) for the relief of Russell G. Wells.

Mr. GROSS. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice

The SPEAKER. Is there objection to the request of the gentleman from Iowa?

There was no objection.

AUTHORIZING THE SECRETARY OF INTERIOR TO SELL CERTAIN RESERVED PHOSPHATE INTERESTS OF THE UNITED STATES IN FLORIDA

The Clerk called the bill (H.R. 10626) to authorize the Secretary of the Interior to sell reserved phosphate interests of the United States in certain lands in Florida to John Carter and Martha B. Carter.

Mr. GROSS. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. BOLAND. Mr. Speaker, I ask unanimous consent that the further call of the Private Calendar be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

PERMISSION FOR COMMITTEE ON RULES TO FILE CERTAIN PRIVILEGED REPORTS

Mr. SISK. Mr. Speaker, I ask unanimous consent that the Committee on Rules may have until midnight tonight to file certain privileged reports.

The SPEAKER. Is there objection to the request of the gentleman from California?

Mr. RHODES. Mr. Speaker, reserving the right to object, I should just like to ask the gentleman from California what the reports are.

Mr. SISK. Mr. Speaker, we are considering some three bills in connection with the Committee on Foreign Affairs. They are small bills dealing mostly with housing overseas. We, at the present time, are hearing the matter of conference work on mass transit and also the elementary and secondary education bill, which it is doubtful we will finish today. Those are the matters under discussion at the present time.

Mr. RHODES. Mr. Speaker, I have no objection, and I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

APPOINTMENT OF DELEGATION OF CANADA-UNITED STATES INTERPARLIAMENTARY GROUP

The SPEAKER. Pursuant to the provisions of section 1, Public Law 86-42, the Chair appoints as members of the U.S. delegation of the Canada-United States Interparliamentary Group the following Members on the part of the House: Mr. Morgan of Pennsylvania, Chairman; Mr. Johnson of California; Mr. Randall of Missouri; Mr. Kyros of Maine; Mr. Stratton of New York; Mr. Meeds of Washington; Mr. Culver of Iowa; Mr. McEwen of New York; Mr. Horton of New York; Mr. Winn of Kansas; Mr. du Pont of Delaware; and Mr. Mallary of Vermont.

APPOINTMENT OF DELEGATION OF THE MEXICO-UNITED STATES INTERPARLIAMENTARY GROUP

The SPEAKER. Pursuant to the provisions of section 1, Public Law 86-420, the Chair appoints as members of the U.S. delegation of the Mexico-United States Interparliamentary Group the following Members on the part of the House: Mr. Nix of Pennsylvania, Chairman; Mr. Wright of Texas; Mr. Gonzalez of Texas; Mr. de la Garza of Texas; Mr. Kazen of Texas; Mr. Udall of Arizona; Mr. Waldie of California; Mr. Wiggins of California; Mr. Lujan of New Mexico; Mr. Broomfield of Michigan; Mr. Burke of Florida; and Mr. Conlan of Arizona.

CONSCIENTIOUS OBJECTORS

(Mr. KOCH asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. KOCH. Mr. Speaker, yesterday the Supreme Court decided that a person who had lawfully qualified as a conscientious objector and had served 2 years of alternative service was not eligible for Veterans' Administration education benefits. I believe this decision should be corrected by legislation. The history of this country has been, from its earliest beginnings including the Revolutionary War, to allow bona fide conscientious objectors to provide their services in a way acceptable to their deeply held religious and moral beliefs so as not to violate their consciences, and in accordance with the laws of the United States insofar as what service would be acceptable.

To deny such young men who abided by both their consciences and the laws of the United States the veterans benefits provided all others, in my judgment is unconscionable. The lawful designation of conscientious objector status and the service required thereunder have never been construed as punishments, but rather as an acceptable decision of consience and service in lieu of bearing arms. To deny veterans benefits to those young men denigrates CO status and serves to punish them for exercising their religious, moral, and philosophical beliefs. This country's greatness is enhanced because it has encouraged and guaranteed religious freedom.

PERSONAL EXPLANATION

Mr. ADAMS. Mr. Speaker, on February 28 I was present and voted on all amendments to and passage of H.R. 2, Employee Benefits Security Act. On rollcall No. 53, the vote on the amendment to transfer the administration of the pension insurance program from the Department of Labor to a private Government corporation similar to the FDIC, I was recorded as absent. I was present, inserted my card and pushed the "nay" button, but I failed to note that my vote was not recorded by the electronic device. If properly recorded, my vote on the amendment would have been "nay."

THE UNIFORM EMERGENCY TELEPHONE NUMBER, 911

(Mr. ROUSH asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ROUSH. Mr. Speaker, many is the time I have addressed my colleagues in the House regarding the subject of the nationwide, emergency telephone number, "911." And I have urged you to bring the possibility of this single, emergency telephone number to the attention of your communities. A number of you have done just that and so millions of Americans are enjoying the luxury of that single, simple emergency reporting number.

Meanwhile, I would not have you think that my own State has been remiss in the matter of adopting "911." Actually Huntington, Ind., my home, was the first community in the Bell System to adopt "911" back in 1968. Now Huntington has been joined by other Indiana communities including Kendallville, Anderson, Muncie, Auburn, Bloomington, Bluffon, Crawfordsville, Frankfort adopts "911" today and South-Bend, Mishawak, Martinsville, Osceola are scheduled for "911" a year from now.

Of special interest and pleasure to me is the recent announcement I have received from the president of General Telephone Co. of Indiana, Inc. to the effect that Fort Wayne, Ind., the largest city in my congressional district could have "911" in the near future.

The comprehensive plan sent to me by General Telephone Co. of Indiana outlines their plan for attaining "911" capability throughout the area served by General Telephone Co. of Indiana. As a part of that plan their Fort Wayne switching complex is expected to have the required technical modifications for "911" completed by the end of the third quarter of 1977.

I want to congratulate General Tel for their forward step. I have been in contact with the company for the past several years regarding the possibility of establishing "911," particularly in the city of Fort Wayne, a northern Indiana community of approximately 180,000 people.

I know that the telephone company has committed a great number of man hours and actual dollars to the decision that was involved. There were many technical problems to be resolved. They have evidently accomplished this. They are to be congratulated for this forward step toward improved emergency telephone communications. I look forward to the day when I can lift up the phone in my Fort Wayne congressional office and dial "911" for emergencies.

AMERICAN LEGION TO HONOR VICE PRESIDENT FORD

(Mr. ARENDS asked and was given permission to address the House for 1 minute, to revise and extend his remarks and include extraneous matter.)

Mr. ARENDS. Mr. Speaker, tomorrow evening will be a special occasion for those of us in the Congress who have had the pleasure of serving for so long with our distinguished Vice President, Gerald R. Ford.

As many of you know, the American Legion periodically honors an individual in public life considered to have made an exceptionally outstanding contribution to the welfare of our country and the cause of the veteran.

According to National Comdr. Robert E. L. Eaton, the selection of the Vice President for this coveted award was actually made some months ago and was based not on his present position as Vice President but rather on his long years of service in the House of Representatives. I think all of us will agree that no individual in government today is more deserving of this recognition.

Jerry has been a dedicated and active Legionnaire for many years and, as a matter of fact, still retains his membership in Furniture City Post 258 in his hometown of Grand Rapids, Mich. I know how proud he has been of his years of association with the Legion, and the Nation's veterans have likewise been fortunate to have such a vigorous champion in the Congress.

Only six Americans have received the

Legion's Distinguished Public Service Award thus far. They are the late Senator Everett Dirksen; our former Speaker, John W. McCormack; former Representative Carl Vinson; and our colleagues from Texas, Representatives OLIN E. TEAGUE and GEORGE H. MAHON. It was my privilege to receive the award in 1972.

The presentation will be made to Vice President FORD at the National Commander's annual banquet honoring Members of Congress at the Sheraton Park Hotel on March 6. The banquet will be the highlight of week-long activities in conjunction with the Legion's annual Washington Conference of national and State executives.

I am sure all of us will want to be present to join in saluting JERRY as he receives this outstanding award.

GUDE BLASTS VA'S HANDLING OF GI BILL BENEFITS

(Mr. GUDE asked and was given permission to address the House for 1 minute to revise and extend his remarks.)

Mr. GUDE. Mr. Speaker, officials of the Veterans' Administration have tried to minimize the difficulties experienced by veterans in obtaining the educational benefits due them under the GI bill. The officials have said that there are only about a thousand outstanding cases of difficulty throughout the Nation.

If experience in my congressional district is any guide, the VA has greatly underestimated the problem.

Fourteen veterans have appealed to my district office alone for help in cases of nonpayment of benefits that have proved to be real hardship and, in one case, goes back to the veteran's entrance into school in last year's summer session.

Many other cases go back to last fall. None of the problems is less than 3 months—and three missing monthly checks—old. My office has tried to get action and has found what appear to be instances of lost files and of an inability to find and remedy computer errors. I have today telegraphed Donald E. Johnson, Administration of Veterans' Affairs, to secure his personal attention to these problems.

If you multiply the experience in my congressional district by the number of congressional districts throughout the United States, it is clear that there may be well over twice the number of serious foul-ups than the VA will admit.

STATEMENT CONCERNING DISCHARGE PETITION ON HOUSE RESOLUTION 846, "INCREASED PRODUCTION AT ELK HILLS NAVAL PETROLEUM RESERVE"

(Mr. CONTE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. CONTE. Mr. Speaker, as a cosponsor of this discharge petition, I would like to point out why we believe it will be successful.

First of all, the House of Representatives wants Elk Hills opened up. On December 19, just before the Christmas recess, when every Congressman was anxious to go home for the holidays, I introduced a motion to recommit the supplemental appropriations bill to the conference committee with instructions to add $64.5 million for increased oil production at Elk Hills.

The House passed my motion by a vote of 216 to 180. This bill was signed by the President, so the appropriations for Elk Hills are already available.

The Senate has also passed a resolution similar to House Resolution 846, and I am assured that this legislation is favored by the administration, the Department of the Navy, and the American people.

The Navy wants operations at Elk Hills expanded because that would be in the best interests of the naval petroleum reserve program itself.

And the American people want more oil from Elk Hills because it is a matter of jobs and economic welfare. The country needs more oil, and Elk Hills is a source we can tap quickly. The only group that does not want this legislation is the Armed Services Committee. Last December, we were promised a committee bill on Elk Hills within a short time. Well, we have waited almost 3 months, and there is no hint of any action forthcoming.

We are in an energy crisis, and even if the Arab oil boycott ends, our troubles will not be over. The crisis demands immediate action. I urge my colleagues to join us on this discharge petition.

CALL OF THE HOUSE

Mr. DAN DANIEL. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. O'NEILL. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The call was taken by electronic device, and the following Members failed to respond:

[Roll No. 58]

Andrews, N.C.
Biaggi
Blatnik
Boggs
Brasco
Burke, Calif.
Burton
Carey, N.Y.
Chisholm
Clark
Conyers
Dellums
Diggs
Dorn
Dulski
Eckhardt
Esch
Evans, Colo.
Fraser
Gray
Hawkins
Hébert
Helstoski
Jarman
Jones, Ala.
Jones, Okla.
Kluczynski
Long, La.
Lujan
Mailliard
Mills
Minshall, Ohio
Montgomery
Moss
Murphy, N.Y.
Nichols
Pike
Randall
Reid
Rodino
Rooney, N.Y.
Runnels
Stratton
Stubblefield
Treen
Whitehurst
Zwach

The SPEAKER. On this rollcall 384 Members have recorded their presence by electronic device, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

PROVIDING FOR AGREEING TO SENATE AMENDMENTS TO H.R. 8245, TO AMEND REORGANIZATION PLAN NUMBERED 2 OF 1973

Mr. HOLIFIELD. Mr. Speaker, I move to suspend the rules and pass the resolution (H. Res. 947) to agree to Senate amendments to H.R. 8245, to amend Reorganization Plan Numbered 2 of 1973.

The Clerk read as follows:

H. RES. 947

Resolved, That upon the adoption of this resolution the bill H.R. 8245, to amend Reorganization Plan Numbered 2 of 1973, with the Senate amendments thereto be, and the same is hereby, taken from the Speaker's table to the end that the Senate amendments be, and the same hereby are, agreed to.

The SPEAKER. Is a second demanded?

Mr. HORTON. Mr. Speaker, I demand a second.

Mr. WIGGINS. Mr. Speaker, I demand a second.

The SPEAKER. Is the gentleman from New York (Mr. HORTON) opposed to the legislation?

Mr. HORTON. No, I am not, Mr. Speaker.

Mr. WIGGINS. Mr. Speaker, I am opposed to the resolution.

The SPEAKER. Does the gentleman from California demand a second?

Mr. WIGGINS. Mr. Speaker, I demand a second.

The SPEAKER. Without objection, a second will be considered as ordered.

There was no objection.

The SPEAKER. The Chair recognizes the gentleman from California (Mr. HOLIFIELD).

Mr. HOLIFIELD. Mr. Speaker, I am calling up H.R. 8245 to rectify an inequity and to alleviate a serious problem in the Immigration and Naturalization Service.

As Members will recall, Reorganization Plan No. 2 of 1973 was allowed to go into effect by a vote of 281 to 130 on June 7, 1973. The effective date as specified in the plan was July 1, 1973. The plan dealt primarily with the creation of a new Drug Enforcement Administration in the Department of Justice but contained provisions affecting the Immigration and Naturalization Service in Justice and the Bureau of Customs in Treasury. During the consideration of that plan it was brought to the attention of the committee that section 2 of the plan as drawn would produce difficulties in administration which had not been foreseen. Section 2 would have transferred a number of employees—approximately 900—of the INS to the Department of the Treasury who would be made a part of the inspection force of the Bureau of Customs. Representatives of the employees of the INS in testimony before the committee and in other representations to the administration pointed out the difficulties that would result from this transfer. They agreed to withdraw their opposition to the plan if the administration and our committee would submit to the Congress a bill deleting section 2. This was the only way in which the plan could be remedied as we all know reorganization plans cannot be amended during their consideration by the Congress.

H.R. 8245 is the result of that commitment and would accomplish the objective agreed to. That bill passed the House unanimously on July 17, 1973. It was returned to us by the Senate, however, on December 3, 1973, with an amendment that would permit the Government to be sued by those who are victims of acts or omissions of investigative or law enforcement officers of the U.S. Government. The Senate amendment was precipitated by the unfortunate incident in Collinsville, Ill., last year in which officers of the Bureau of Narcotics and Dangerous Drugs of the Justice Department were involved in an illegal entry, assault, battery, and the destruction of property of an innocent citizen. Technically, since the amendment amends an act not in the jurisdiction of the Committee on Government Operations it would be considered nongermane.

As my colleagues know, I am one who has objected to nongermane amendments being placed on House bills by the Senate. I am, however, sympathetic with the objective that the amendment seeks to achieve as I deplore the apparent violation of personal and constitutional rights which the Collinsville incident revealed.

I also believe very strongly that the Immigration Service should be able to make its plans for future activity with the certainty that the passage of this legislation will provide. We have a very serious problem of illegal aliens in this country. Los Angeles County in my State and the Southwest generally are being literally overrun by aliens who find ways to get through the border patrol and our INS inspectors at ports of entry. This is a problem that demands immediate and concerted attention and the stepped-up activity of the INS if we are not to be completely inundated. But as long as congressional action is unfinished, the uncertainty about jobs and status among INS personnel is having a severe effect on morale and work in the INS. General Chapman, the new head of the Immigration and Naturalization Service, called on me to express his great concern about the problem, as have numerous other officials of the Justice Department and the administration. The American Federation of Government Employees, which represents a number of the INS personnel, has also made representations about the need for a quick resolution of this problem.

I have, therefore, requested the forebearance of Members who object to the procedure which is often followed by the Senate so that we can put this matter behind us and get on with the important task of strengthening the Immigration Service as the Director of OMB promised that it would be strengthened.

I am aware that there is pending before the Donohue subcommittee of the Committee on Judiciary legislation requested by the administration which is more comprehensive in scope than the Ervin amendment in this bill. In view of the circumstances, however, I feel we should not hold up the passage of this bill pending action on the broader legislation.

This action today on the Senate amendment does not foreclose further legislation from the Judiciary on the anti-no-knock problem.

Mr. DONOHUE. Mr. Speaker, will the gentleman yield?

Mr. HOLIFIELD. I yield to the gentleman from Massachusetts.

Mr. DONOHUE. Mr. Speaker, I favored Reorganization Plan No. 2 as it was presented to the House on June 5, 1973, when it was represented by Chairman Holifield that he had agreed with the representatives of the employees of the Immigration and Naturalization Service that if they withdrew their opposition to Reorganization Plan No. 2 as presented, his committee would present to the Congress a bill deleting section 2 which would have had the effect of transferring the Immigration and Naturalization inspecting force from the Justice Department to the Bureau of Customs. I am, therefore in favor of H.R. 8245 which is the result of that commitment. I accept the principle agreed to by the Government Operations Committee with the representatives of the employees of the inspections force of the Immigration and Naturalization Service. However, I have reservations about its passage in its present form for the reason that in H.R. 8245 as it is before us today, there is a nongermane amendment inserted by the Senate when H.R. 8245 was before that body. This is an amendment entirely unrelated to the subject matter of H.R. 8245 as it passed the House, and the amendment is not within the jurisdiction of the Committee on Government Operations but within the jurisdiction of the House Committee on the Judiciary since it involves an amendment to the Tort Claims Act.

I conclude from the statement of the gentleman that he is a strong opponent to nongermane amendments.

Mr. HOLIFIELD. That is right.

Mr. DONOHUE. And he is a strong opponent for one committee to invade the jurisdiction of another committee.

Mr. HOLIFIELD. That is right.

Mr. DONOHUE. Therefore, the gentleman says that these amendments with reference to no-knock law should not be in here.

Mr. HOLIFIELD. That is right.

Mr. DONOHUE. Now, did the gentleman take any steps to remove them or to correct them?

Mr. HOLIFIELD. Yes; I conferred with the people on the other side and they are adamant. Senator Ervin put this amendment on. They are adamant in getting this.

The gentleman knows the problems we have dealing with the other side. I could not get this bill from the Speaker's desk under unanimous consent. I had to take this route and risk my own bill by getting a two-thirds vote in order to save the 900 men that were going to be transferred from the Immigration and Naturalization Service.

Mr. DONOHUE. Could this matter not have been referred to the Committee on Rules?

Mr. HOLIFIELD. Mr. Speaker, I tried to get a waiver from the Rules Committee on nongermane amendments to the FEA bill so that I could pick up the Senate bill. I tried to get a waiver, and the Rules Committee tells me that they are against giving waivers on nongermane amendments, and I think they are right. I believe the Rules Committee ought to develop a rule which would face this terrible problem we have.

This is one of the frustrations of committees of the House which are expert in certain fields and are trying to do a good job. When a bill goes over there, they hang Christmas tree ornaments all over it.

Mr. Speaker, I am just as much against this practice as the gentleman from Massachusetts is, but we are now 6 months into this year; Reorganization Plan No. 2 is in effect; the administration has not yet put into effect all these things, but are going to put them into effect. I am doing this in desperation.

If I do not get a two-thirds vote today, I will go to the Rules Committee and try to get a waiver.

Mr. DONOHUE. Mr. Speaker, could this matter not have been handled otherwise by having it go to a committee on conference?

Mr. HOLIFIELD. Mr. Speaker, I could not get it from the Speaker's desk except by unanimous consent to go to conference, and I was informed that I could not get it.

Mr. DONOHUE. Did the gentleman ask that a conference committee be formed to iron out the differences between the House version and the Senate version?

Mr. HOLIFIELD. Mr. Speaker, I did not, because under the parliamentary situation I must rise and ask unanimous consent to take from the Speaker's desk the legislation and send it to conference. I could not get that. I was told that different Members would object.

Mr. DONOHUE. Did the gentleman make that request in the House?

Mr. HOLIFIELD. No, I did not make it because I felt it was futile. I had been told by Members that they would object to it.

Mr. DONOHUE. Is that not the customary procedure?

Mr. HOLIFIELD. No, it is not the customary procedure. It is one of the customary procedures. Another way is to put it under suspension for a two-thirds vote. Another way is to get the Rules Committee to waive the point of order against nongermane amendments. I was told that I could not get that.

Mr. DONOHUE. Did the gentleman make the request of the Rules Committee?

Mr. HOLIFIELD. I talked to some of the Members.

Mr. DONOHUE. I mean formally.

Mr. HOLIFIELD. No, but I will go before the committee and ask them for a rule if this bill is defeated today. They tell me they will turn it down, but I will still go before the committee and ask them.

Mr. WIGGINS. Mr. Speaker, Members of the House, first let me emphasize this point: This is not a simple jurisdictional squabble between the Committee on Government Operations and the Committee on the Judiciary. This involves a very important and delicate governmental issue.

The basic thrust of the bill before us deals with governmental reorganization, a bill which is needed and which I support; but when that bill went to the Senate, without hearings, an amendment was added. That amendment deals with the exclusionary rule.

I assure the Members that this is an important subject. That amendment creates a civil cause of action by amendment to the Federal Tort Claims Act for intentional torts committed by law enforcement officers. The specific problem envisioned by the proponents of the amendment were fourth amendment violations where a police officer may improperly enter the premises of a suspect.

The purpose of the amendment was to give a civil remedy to the aggrieved person for injury and damages sustained by reason of that entry.

By way of background, for many years in this country, it has been the law, adopted by the Supreme Court, that evidence obtained as a result of an illegal search and seizure is not admissible in the trial of a defendant. This judicially created doctrine is known as the "exclusionary rule."

Mr. Speaker, the implementation of that rule has raised many problems, problems which I believe are well known to the Members. There has been a great public dissatisfaction with the effect of that rule in specific cases, because clearly on some occasions it prevents probative evidence, often decisive on the question of guilt, from coming to the attention of the jury.

As recently as 1971 the Supreme Court considered this problem in the case of Bevins against Six Unnamed Federal Narcotics Agents, and in that opinion the Chief Justice suggested that perhaps the Congress ought to consider a civil remedy for persons aggrieved by reason of illegal search and seizure. In response to that invitation, a bill is now pending before the Committee on the Judiciary.

The effect of the Senate amendment is to effectively oust that committee from its consideration of this measure and to adopt a very profound and far-reaching measure without committee hearings either in the Senate or in the House. The issue is too important to be treated summarily.

I do not wish to be understood as being necessarily against the creation of a civil remedy in the case of fourth amendment violations.

I think there is great promise for such a remedy as an alternative to the exclusionary rate, but it ought not to be adopted in haste and it ought not to be adopted absent consideration by committees having jurisdiction over that delicate subject. However, such is the situation that confronts the House right now: Whether to agree to a Senate amendment which creates this new cause of action without hearings in the Senate or without hearings on the House side.

Mr. Speaker, I want the Members all to know that the Senate proposal which is before us now raises a whole host of problems, very difficult problems, which have been researched and briefed in the document which is before me. I am going to ask unanimous consent to extend my remarks and place that brief in the RECORD.

Suffice it to say now, Mr. Speaker, that if this Congress acts in haste and adopts the Senate amendment, it is going to do possible prejudice to the legitimate rights of innocent persons accused of crimes, and it is going to do possible prejudice to the rights of the Government in pursuing causes of action in criminal proceedings.

Just by way of illustration only, the granting of a civil cause of action simultaneous with an arrest is to open up all forms of civil discovery proceedings, which would be totally inconsistent with an ongoing criminal trial; and this procedure may well be used solely for discovery purposes, as distinguished from the successful prosecution of a civil claim.

I wish the Members to understand this, too: That many of the victims of illegal searches and seizures are "pretty bad guys." The Members should understand that a door can be illegally kicked down and the police may find on the other side of that door a person cutting up 50 pounds of heroin. That person may not be tried and convicted, by reason of the illegal search, but we are giving him a civil cause of action for kicking down a door by reason of this legislation. Such a consequence is a fact that Members ought to ponder before they vote in haste.

The proper remedy at this time is to vote "no" on this suspension and to permit the Committee on the Judiciary to give judicious consideration to this very difficult and most delicate question involving the proper implementation of the fourth amendment of the U.S. Constitution.

Mr. BUTLER. Mr. Speaker, will the gentleman yield?

Mr. WIGGINS. I will be happy to yield to the ranking member of the subcommittee, the gentleman from Virginia (Mr. BUTLER).

Mr. BUTLER. Mr. Speaker, is the gentleman prepared to state with some degree of certainty what the effect of the Senate amendment is on the Federal Tort Claims Act, and on the exclusionary rule at this time?

Mr. WIGGINS. Well, I am prepared to say this: That the Federal Tort Claims Act is amended by reason of this legislation to submit the U.S. Government to a civil cause of action by reason of the intentional torts specified in the amendment committed by law enforcement officers.

That is a new cause of action and a new right not presently existing under the Federal Tort Claims Act.

Mr. BUTLER. But is it not correct, however, that because of this the effect on the exclusionary rule is not clear? Is that not a fair statement?

Mr. WIGGINS. I will answer in this way. Many of us have been concerned for many years about the rigid and mechanical operation of the exclusionary rule. One suggestion made by such an eminent person as the Chief Justice of the U.S. Supreme Court has been to create a civil remedy. I think that is worthy of exploration. However, under this legislation the remedy is created without the benefits of that exploration and without modifying this exclusionary rule.

Mr. BUTLER. I thank the gentleman.

It is also perfectly clear that we have not had an opportunity either in our committee or in the Senate to explore the effects of this civil remedy on the exclusionary rule and its extensive ramifications.

I understand that the gentleman has filed with his comments the brief recently prepared for the subcommittee as to the questions raised with reference to this matter.

I want to associate myself with the remarks of the distinguished gentleman from California and state most emphatically that if we are going to undertake to create a civil remedy of this extent and of this far-reaching effect without exploring it, then we are going to make a serious mistake. Doing it in the name of benefiting 900 members of the Border Patrol it seems to me once more brings the Congress of the United States into low repute with the people of the United States.

Mr. WIGGINS. I thank the gentleman for his remarks.

I believe the Members ought to realize that this Senate amendment was an emotional response to the unfortunate Collinsville case in Illinois. The Senators from Illinois were properly concerned with that incident and responded by creating on the Senate floor this civil remedy, believing that that was the typical situation; namely, a wholly innocent person put upon by Federal officers.

I want to remind you that most of the people who are affected by illegal searches and seizures are not at all that innocent.

Mr. DONOHUE. Will the gentleman yield?

Mr. WIGGINS. I yield to the gentleman.

Mr. DONOHUE. This does not create a new remedy, does it? The innocent victim still has a civil remedy against the person who violates his rights. Is that right?

Mr. WIGGINS. An individual always has a remedy by reason of the tort committed on his person or on his property. This bill, however, imposes liability on the U.S. Government for this intentional misconduct of its agents.

Mr. DONOHUE. In other words, it shifts the liability from the individual to the U.S. Government?

Mr. WIGGINS. Presumably the individual remains responsible for his own torts, but it extends liability of the Government as well.

Mr. DONOHUE. And it only applies to law enforcement officers. It does not apply to any other Federal employees that might violate the rights of an individual. Is that not so?

Mr. WIGGINS. The gentleman is correct, as I understand the bill.

Mr. Speaker, since at least the time of *Bivens* v. *Six Unknown Named Federal Narcotics Agents*, 403 U.S. 388 (1971), numerous proposals have been studied for providing an adequate tort remedy for victims of illegal searches. The key word is adequate since an illusory remedy might serve to eliminate any means of redress, given the possibility that courts might see such an apparent remedy as a basis for modifying or eliminating the exclusionary rule. The problem is one of no small complexity and the proposals presented in H.R. 8245, while certainly a step in the right direction, present problems both for law enforcement and for the victim of official excesses. A brief discussion of some of these difficulties follows:

I. PROBLEMS PRESENTED TO THE VICTIM

A. The remedy is not exclusive.

While this is a problem for law enforcement it also presents some difficulties to the victim of an illegal search or arrest. In a typical situation an aggrieved party would join both the offending agent or agents and the United States. The Government may well decide that the case should be settled but the agent who, proportionately, has more to lose may choose to contest the suit. Thus a recalcitrant party may force litigation where the interests of justice and the victim would require settlement. In the alternative, the U.S. attorney may be more interested in a criminal prosecution against the victim and thus might fight out a lawsuit of dubious validity in order to avoid a collateral bar on the criminal charges as might be the result of an out of court settlement.

B. Judgment as a bar.

Twenty-eight U.S.C. 2676 states that a judgment in a Torts Claim Act action is a bar to further claims. Arguably that would mean that the loser of a civil suit could not bring a motion to suppress even where the United States had not been a party to the judgment in the suit itself. Thus, a situation could arise where the Government settled out of a case before judgment but the court held against the victim in his suit against the agent. The United States could then bring criminal charges against the victim and he might well be barred from bringing a motion to suppress because of the judgment against him, even though the Government had informally admitted wrongdoing.

C. Alternative to exclusionary rule.

The exclusionary rule has increasingly come under attack. The suggestion of Chief Justice Burger in Bivens that the rule be replaced with a tort remedy is one that has ample support. A court might easily see this proposal as an alternative to the exclusionary rule and thus eliminate the rule in favor of a tort remedy that may, in this form, be somewhat illusory. This is especially true with indigents who have some guarantees in a criminal proceeding that they will receive both free and adequate counsel. In a civil remedy, left to their own resources and with the limit on attorney's fees contained in 28 U.S.C. 2678, they may find themselves with no remedy at all or with the ability to remedy a constitutional violation dependent on one's wealth.

D. Fifth amendment problem.

Simmons v. *United States*, 390 U.S. 372 (1968), bars the use of testimony made in suppression hearings in the underlying criminal action, thus protecting a victim's right to protest a constitutional violation while simultaneously protecting his fifth amendment rights. The Torts Claims Act of course contains no such provision and since the proceeding is civil in nature the Simmons rationale might not prevail. In any event the intended result should be spelled out clearly so that the Simmons approach is not abandoned without consideration.

E. Lack of punitive damages.

The actual damages against a victim of an illegal search may well be minimal. The collateral effects may be enormous. The Collinsville situation provides a classic example of the type of situation where the effects of the illegality go far beyond the actual damages done. The provision of 28 U.S.C. 2674 barring punitive damages is inappropriate to a situation such as illegal searches, where a proper remedy not only compensates the victim but deters the perpetrator. In fact, since a court may be highly reluctant to award damages to a victim of an illegal search where it is shown that he was found with, for instance, 50 pounds of heroin, liquidated damages may be necessary for a proper remedy.

F. No limit on discovery.

Since the civil rules provide much broader discovery than do the criminal rules, a prosecutor might use the civil suit as a means of obtaining discovery of the defendant's case. An adequate remedy would require the use of the criminal rules for discovery in those cases where the criminal proceeding, if there is one, has not been terminated.

G. Speedy trial.

A prosecutor might well use the existence of a civil suit to delay the trial of a defendant to the defendant's disadvantage. The blame for the delay could then be placed on the defendant and a remedy for the denial of the speedy trial right might then be foreclosed.

H. Civil death.

A victim of an illegal search might choose to bring his action after the criminal proceeding for any number of reasons—including desire for a speedy trial and fifth amendment worries. If the proceeding leads to incarceration the prisoner may then be faced with a civil death statute barring him from bringing civil actions. Since State law governs under the Tort Claims Act the bar might be used against him in seeking a redress for a valid grievance. An extreme example would be where the trial court had found that the search was illegal and the evidence should be suppressed but a conviction nevertheless resulted. Thus a wrong could be found where no remedy was available.

II. PROBLEMS FOR LAW ENFORCEMENT

A. The remedy is not exclusive.

An action against an agent is liable, economically, to be a futile gesture. Weighing this against the very real possibility of overly excessive caution caused by the possibility of being sued mitigates against a nonexclusive remedy. If actions are barred against truckdrivers for their intentional torts (28 U.S.C. 2679 (b)) why should an agent acting under orders or in good faith be subject to lawsuits when the action against the Government serves the interest of both the victim and society? A bill with a provision insuring disciplinary action proportionate to the culpability is far more desirable.

B. No limit on discovery.

Again the use of the civil rules may provide a potential defendant with greater discovery than permitted under the criminal rules, thus creating a flood of frivolous law suits brought for purposes of gaining discovery rather than damages. For every motion to suppress existing today there will be one suit for damages upon the enactment of a bill permitting civil rules to be used.

C. Relation to criminal proceedings.

An adequate remedy would spell out the nature of the remedy in relation to potentiail criminal proceedings. Where an illegal search has taken place there is little to stop an unscrupulous prosecutor from trading a commitment not to seek an indictment for an agreement not to sue. The important question of the order of proceedings is one that should be resolved. Venue is also important since the civil suit might well take place in a district different from the criminal action and contrary results might then be reached.

D. State law problems.

The Tort Claims Act is tied to torts, not to constitutional violations, and is dependent on State law. Thus a State might have a statute forbidding all wiretapping or a case holding all wiretapping to be a tort. Would a Federal officer operating with a valid court-ordered wiretap be liable for civil damages if such acts were a tort in the State? The Supremacy Clause might not apply where the Federal statute has stated that State rule governs. If a State's rules as to night time warrants were stricter than constitutional standards would an officer, acting within the Constitution, be liable for civil damages? Added to this is the inherent problem of making important aspects of Federal criminal procedure dependent upon the State in which a Federal officer is acting and not upon nationally applicable constitutional principles.

The proposed remedy is a significant move in the right direction and the problems brought to the fore by the incidents at Collinsville certainly suggest a need for rapid congressional action. But the problems, though solvable, are very complex, and well-intended but hasty action which later turns out to be inadequate for the victim and unnecessarily detrimental to effective law enforcement certainly does no service either to the victim or to society in the long run.

Mr. HOLIFIELD. Mr. Speaker, I yield such time as he may use to the gentleman from Texas (Mr. WHITE).

Mr. WHITE. Mr. Speaker, I am in favor of this legislation to prevent the transfer of 900 immigration inspectors to the Bureau of Customs for very compelling reasons.

There are 433 official ports of entry into the United States. We have about 1,200 inspectors who in 1971 had to cope with 225 million persons—including 91 million citizens, many more than once—passing through these points. In 1971 alone, inspectors—and border patrolmen—had to contend with the arrival of 383,000 aircraft flights originating outside the United States and 90,000 ship arrivals. The importance of the task of our immigration inspectors is further illustrated by the number of illegal aliens who have gained surreptitious entry into the United States. Estimates vary from 1 to 2 million and up to 10 million.

With this alarming manpower shortage in our border enforcement program, the INS can ill afford to lose 900 immigration inspectors to the Bureau of Customs, where the crossover of jurisdictions between the Justice and Treasury Departments will almost surely hamper our border enforcement activities.

Mr. WIGGINS. Mr. Speaker, I yield 5 minutes to the gentleman from New York (Mr. HORTON).

Mr. HORTON. Mr. Speaker, I rise in support of H.R. 8245.

This bill was brought before the House to repeal those parts of Reorganization Plan No. 2 of 1973 which transferred to the Bureau of Customs the document inspections authority and some 900 officers of the Immigration and Naturalization Service. No other aspects of the plan are affected by this bill.

Just to set the record straight, it was brought out that this was a transfer of personnel from the Immigration and Naturalization Service that would not benefit the reorganization plan. There was an agreement between those who were concerned about it and the administration that section 2 would not be put into effect. Because we could not amend Reorganization Plan No. 2, we agreed that we would approve it, but later repeal section 2. H.R. 8245 is that repealer and it was passed by the House unanimously.

I agree with what the chairman, the gentleman from California (Mr. HOLIFIELD) said, that unfortunately the Senate has attached to this bill, H.R. 8245, a nongermane amendment. The Committee on Government Operations had no control over this Senate action.

I urge the Members to vote for H.R. 8245 in order to carry out the obligations and the promises that have been made to these people who agreed that the Reorganization Plan numbered 2 should go through back in June of last year with the understanding that we would try to repeal section 2. I agree with the gentleman from California (Mr. HOLIFIELD) that nongermane Senate amendments ought not to be attached to House bills. As the gentleman from California (Mr. HOLIFIELD) has indicated, we did everything we could to try to bring this bill without this nongermane amendment to the floor.

I personally am in favor of the amendment that has been put on by the Senate because it is an attempt to prevent the type of thing that happened in Collinsville, Ill. But, aside from my own personal views, it is not germane to the jurisdiction of the Committee on Government Operations. But it is important that we get Reorganization Plan numbered 2 corrected, and we have to do it by passing H.R. 8245.

The SPEAKER. The time of the gentleman has expired.

Mr. HOLIFIELD. Mr. Speaker, I yield 2 additional minutes to the gentleman from New York (Mr. HORTON) so that I may make a statement.

Mr. Speaker, will the gentleman yield?

Mr. HORTON. I yield to the gentleman from California.

Mr. HOLIFIELD. Mr. Speaker, I hold in my hand H.R. 10439 which was introduced by the gentleman from New Jersey (Mr. RODINO) and the gentleman from Michigan (Mr. HUTCHINSON) on September 20, 1973. That is almost 6 months ago. That is the bill that I referred to, the so-called omnibus bill on the Tort Claims Act.

The Committee on the Judiciary has been a busy committee, we all know that, and I am not criticizing the committee, but I am saying that in these 6 months they have not acted upon the bill that would have corrected this thing. The emergency situation has arisen whereby we are trying to save the border patrol from being transferred into the Custom Service, which as everybody agrees is not the kind of reorganization to be made.

So, because of that 6-month delay in not taking care of a matter by the Committee on the Judiciary, we are faced with a Senate amendment to a bill dealing with this emergency problem of the border patrol, and that is why we are having to take this course of action today.

Mr. HORTON. Mr. Speaker, I thank the gentleman from California (Mr. HOLIFIELD) for his comments, and I think he has made a very important point. This legislation has been before the Committee on the Judiciary, this omnibus bill, and so far as I know there have not been any indications as to any hearings being scheduled on the bill, and so far as I know nothing will happen to it until after the Easter recess. I believe that this bill is very important insofar as Reorganization Plan No. 2 is concerned, so I would respectfully urge the Members of the House to vote for H.R. 8245 notwihstanding the nongermane amendment.

Mr. HOLIFIELD. I yield such time as he may consume to the gentleman from California (Mr. DANIELSON).

Mr. DANIELSON. Mr. Speaker, and Members of the House, I rise in support of the measure now pending before the House, recognizing the fact that the amendment added by the Senate is a nongermane amendment, and does pertain to the jurisdiction of the Committee on the Judiciary.

I would like to point out that, first of all, the nature of the amendment which has been added by the Senate is a very proper amendment and one that most of us could and should support. Second, that the Committee on the Judiciary now has pending before it the bill which was introduced by the chairman, the gentleman from New Jersey (Mr. RODINO) and the gentleman from Michigan (Mr. HUTCHINSON), H.R. 10439, which will provide for a review of the entire Tort Claims Act, and it will probably be before us within the next few months, and will be able to deal fully with the subject matter of the Senate amendment that is now before us, to either eliminate it from the statutes, to increase its scope, or modify it, to do whatever the Committee on the Judiciary might seem to think is the proper thing to do. But certainly we should not hold the Reorganization Plan No. 2 hostage because of the Senate nongermane amendment.

I therefore urge a vote for this measure.

Mr. HOLIFIELD. Mr. Speaker, I yield such time as he may consume to the gentleman from California (Mr. VAN DEERLIN).

Mr. VAN DEERLIN. Mr. Speaker, I represent a district which has the busiest border-crossing point in the entire world. I have known and respected the chairman of the Committee on Government Operations for more than two decades. His legislative skills in a difficult parliamentary proceeding have always been obvious. He finds ways to pass good laws. I therefore have no hesitancy in rising now in support of the legislation that he brings before us under this suspension of the rules.

Mr. WIGGINS. Mr. Speaker, I yield such time as he may consume to the gentleman from Massachusetts (Mr. DONOHUE).

Mr. DONOHUE. Mr. Speaker, I might repeat I am not opposed to the bill amending Reorganization Plan No. 2, as originally passed by the House but I am conscious of the rules of the House. The rule of the House which emphasize its opposition to nongermane amendments, and that is what we have here in this bill.

Mr. DENNIS. Mr. Speaker, will the gentleman yield?

Mr. WIGGINS. I yield to the gentleman from Indiana.

Mr. DENNIS. I thank the gentleman for yielding.

Mr. Speaker, I walked in here today knowing nothing about this particular measure. I used to be on the Immigration Subcommittee. I am very sympathetic with the needs of the Border Patrol, but here, because of a parliamentary problem, as I understand it, we are about to deal with imposing a very serious potential financial obligation on the Government of the United States, and with a serious constitutional proposition in connection with the exclusionary rule.

With all due respect to the chairman, and with due respect for his problems, I have to query whether we really ought to go into things so fundamental because of a parliamentary situation created by the aberrations of the other body. Therefore, I am going to oppose the suspension under the circumstances.

Mr. HOLIFIELD. Mr. Speaker, of course, we are handling this legislation in complete accord with the Rules of the House. When we handle a bill under suspension, we suspend the Rules of the House, including the rule of germaneness. That is the way we are operating on this bill and two more bills we have scheduled today. We will do exactly the same thing with them. We will suspend the Rules of the House, which will include the rule of germaneness. Of course, this is a technical argument that can be made, but if the gentleman from Massachusetts—who is my friend and on my Committee on Government Operations, and who has been very courteous to me on this matter—is going to hold hearings on this matter, we are going to send this bill back over to the Senate. I do not know how long it will lie there before it is accepted. I do not know.

I am sure that if he is going to hold hearings on this matter and modify or eliminate or expand this particular provision of law, which all of us admit ought to be done, he will have an opportunity to do it expeditiously. He could bring in a simple bill on this within a week from his committee and do whatever he wants to do with this particular part of the Tort Claims Act.

I say we are faced here with a realistic situation. We are proceeding under the Rules of the House, and the rules at this time provide for suspension of the Rules of the House in order to get at those things which we want to get to today in all three of these suspensions. The other two are not from my committee. So I hope that the House will sustain the motion to accept H.R. 8245 with the amendment.

Mr. WIGGINS. Mr. Speaker, I have no further requests for time. I yield back the balance of my time.

The SPEAKER. The question is on the motion offered by the gentleman from California (Mr. HOLIFIELD) that the House suspend the rules and agree to the House resolution (H. Res. 947).

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. DONOHUE. Mr. Speaker, I demand a recorded vote.

A recorded vote was refused.

Mr. BUTLER. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 317, nays 86, not voting 28, as follows:

[Roll No. 59]

YEAS—317

Abdnor
Abzug
Adams
Addabbo
Alexander
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Arends
Armstrong
Aspin
Bafalis
Barrett
Bell
Bennett
Bergland
Bevill
Biaggi
Biester
Bingham
Boggs
Boland
Bolling
Bowen
Brademas
Breaux
Breckinridge
Brinkley
Brooks
Broomfield
Brotzman
Brown, Calif.
Brown, Mich.
Brown, Ohio
Broyhill, N.C.
Buchanan
Burke, Calif.
Burke, Mass.
Burlison, Mo.
Byron
Carney, Ohio
Carter
Casey, Tex.
Cederberg
Chamberlain
Chisholm
Clark
Clausen, Don H.
Clay
Cleveland
Cohen
Collins, Ill.
Conable
Conte
Conyers
Corman
Coughlin
Cronin
Culver
Daniel, Dan
Daniels, Dominick V.
Danielson
Davis, Ga.
Davis, S.C.
de la Garza
Delaney
Denholm
Dent
Derwinski
Diggs
Dingell
Donohue
Downing
Drinan
Dulski
du Pont
Eckhardt
Edwards, Ala.
Edwards, Calif.
Eilberg
Erlenborn
Esch
Eshleman
Evins, Tenn.
Fascell
Findley
Fish
Fisher
Flood
Flowers
Foley
Ford
Forsythe
Fountain
Fraser
Frelinghuysen
Frenzel
Frey
Fulton
Fuqua
Gaydos
Gettys
Giaimo
Gibbons
Gilman
Ginn
Gonzalez
Grasso
Gray
Green, Oreg.
Green, Pa.
Griffiths
Grover
Gude
Gunter
Guyer
Hamilton
Hanley
Hanna
Hanrahan
Hansen, Idaho
Hansen, Wash.
Harrington
Hastings
Hays
Hébert
Hechler, W. Va.
Heckler, Mass.
Heinz
Helstoski
Henderson
Hillis
Hinshaw
Holifield
Holtzman
Horton
Hosmer
Howard
Huber
Hudnut
Hungate
Hunt
Ichord
Jarman
Johnson, Calif.
Johnson, Colo.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Tenn.
Jordan
Karth
Kastenmeier
Kazen
Kemp
King
Koch
Kyros
Landrum
Latta
Leggett
Lehman
Lent
Litton
Long, Md.
Lujan
McCloskey
McCollister
McCormack
McDade
McFall
McKay
McKinney
McSpadden
Madden
Madigan
Maraziti
Martin, N.C.
Mathias, Calif.
Matsunaga
Mazzoli
Meeds
Melcher
Metcalfe
Mezvinsky
Milford
Miller
Minish
Mink
Mitchell, Md.
Mitchell, N.Y.
Mizell
Moakley
Mollohan
Moorhead, Pa.
Morgan
Mosher
Murphy, Ill.
Murtha
Natcher
Nedzi
Nelsen
Nichols
Nix
Obey
O'Brien
O'Hara
O'Neill
Owens
Parris
Passman
Patman
Patten
Perkins
Pettis
Peyser
Pickle
Pike
Poage
Podell
Preyer
Price, Ill.
Pritchard
Quie
Quillen
Railsback
Rangel
Rarick
Rees
Regula
Reuss
Rhodes
Riegle
Rinaldo
Roberts
Robison, N.Y.
Rodino
Roe
Roncalio, Wyo.
Roncallo, N.Y.
Rooney, Pa.
Rose
Rosenthal
Rostenkowski
Roush
Roy
Roybal
Ruppe
Ryan
St Germain
Sarasin
Sarbanes
Satterfield
Schroeder
Seiberling
Shipley
Shriver
Shuster
Sikes
Sisk
Skubitz
Slack
Smith, Iowa
Stanton, J. William
Stanton, James V.
Stark
Steed
Steele
Steelman
Stephens
Stokes
Stuckey
Studds
Sullivan
Symington
Talcott
Taylor, N.C.
Teague
Thompson, N.J.
Thomson, Wis.
Thone
Tiernan
Towell, Nev.
Udall
Ullman
Van Deerlin
Vander Jagt
Vander Veen
Vanik
Veysey
Vigorito
Waggonner
Waldie
Walsh
Ware
Whalen
White
Widnall
Wilson, Bob
Wilson, Charles H., Calif.
Wilson, Charles, Tex.
Winn
Wolff
Wright
Wydler
Wylie
Wyman
Yates
Yatron
Young, Alaska
Young, Ga.
Young, Ill.
Young, Tex.
Zablocki
Zwach

NAYS—86

Archer
Ashbrook
Ashley
Badillo
Baker
Bauman
Beard
Blackburn
Bray
Broyhill, Va.
Burgener
Burke, Fla.
Burleson, Tex.
Butler
Camp
Chappell
Clancy
Clawson, Del
Cochran
Collier
Collins, Tex.
Conlan
Cotter
Crane
Daniel, Robert W., Jr.
Davis, Wis.
Dellenback
Dennis
Devine
Dickinson
Duncan
Flynt
Froehlich
Goodling
Gross
Gubser
Haley
Hammerschmidt
Harsha
Hicks
Hogan
Holt
Hutchinson
Ketchum
Kuykendall
Landgrebe
Lott
McClory
McEwen
Mahon
Mallary
Mann
Martin, Nebr.
Mathis, Ga.
Mayne
Michel
Moorhead, Calif.
Myers
Pepper
Powell, Ohio
Price, Tex.
Robinson, Va.
Rogers
Rousselot
Runnels
Ruth
Sandman
Scherle
Schneebeli
Sebelius
Smith, N.Y.
Snyder
Spence
Steiger, Ariz.
Steiger, Wis.
Symms
Taylor, Mo.
Thornton
Wampler
Whitten
Wiggins
Williams
Wyatt
Young, Fla.
Young, S.C.
Zion

NOT VOTING—28

Blatnik
Brasco
Burton
Carey, N.Y.
Dellums
Dorn
Evans, Colo.
Goldwater
Hawkins
Jones, Okla.
Kluczynski
Long, La.
Macdonald
Mailliard
Mills
Minshall, Ohio
Montgomery
Moss
Murphy, N.Y.
Randall
Reid
Rooney, N.Y.
Shoup
Staggers
Stratton
Stubblefield
Treen
Whitehurst

So (two-thirds having voted in favor thereof) the rules were suspended and the resolution was agreed to.

The Clerk announced the following pairs:

Mr. Kluczynski with Mr. Rooney of New York.

Mr. Burton with Mr. Brasco.

Mr. Hawkins with Mr. Murphy of New York.

Mr. Montgomery with Mr. Carey of New York.

Mr. Blatnik with Mr. Dellums.

Mr. Staggers with Mr. Mailliard.

Mr. Reid with Mr. Shoup.

Mr. Moss with Mr. Treen.

Mr. Stratton with Mr. Mills.

Mr. Stubblefield with Mr. Whitehurst.

Mr. Dorn with Mr. Randall.

Mr. Evans of Colorado with Mr. Minshall of Ohio.

Mr. Macdonald with Mr. Jones of Oklahoma.

Mr. Long of Louisiana with Mr. Goldwater.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. HOLIFIELD. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks on the resolution just agreed to and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

EXTENSION OF TIME FOR DETERMINATION OF DISABILITY FOR SUPPLEMENTAL SECURITY INCOME PURPOSES IN CERTAIN CASES ADDED TO STATE PROGRAMS BETWEEN JUNE AND DECEMBER 1973

Mr. ULLMAN. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 13025) to increase the period during which benefits may be paid under title XVI of the Social Security Act on the basis of presumptive disability to certain individuals who received aid, on the basis of disabilty, for December 1973, under a State plan approved under title XIV or XVI of that act.

The Clerk read as follows:

H.R. 13025

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That any individual who would be considered disabled under section 1614(a)(3)(E) of the Social Security Act except that he did not receive aid under the appropriate State plan for at least one month prior to July 1973 may be considered to be presumptively disabled under section 1631(a)(4)(B) of that Act and may be paid supplemental security income benefits under title XVI of that Act on the basis of such presumptive disability, and State supplementary payments under section 212 of Public Law 93–66 as though he had been determined to be disabled within the meaning of section 1614(a)(3) of the Social Security Act, for any month in calendar year 1974 for which it has been determined that he is otherwise eligible for such benefits, without regard to the three-month limitation in section 1631(a)(4)(B) of that Act on the period for which benefits may be paid to presumptively disabled individuals, except that no such benefits may be paid on the basis of such presumptive disability for any month after the month in which the Secretary of Health, Education, and Welfare has made a determination as to whether such individual is disabled, as defined in section 1614(a)(3)(A) of that Act.

The SPEAKER. Is a second demanded?

Mr. SCHNEEBELI. Mr. Speaker, I demand a second.

The SPEAKER. Without objection, a second will be considered as ordered.

There was no objection.

The SPEAKER. The Chair recognizes the gentleman from Oregon (Mr. ULLMAN).

Mr. ULLMAN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the bill H.R. 13025 has one and only one purpose. That is to prevent the termination of supplemental security income (SSI) benefits on March 31, 1974, to between 150,000 and 200,000 persons now receiving those benefits. Under existing law, disabled persons who were added to State disability programs between June 1973 and December 1973 must meet the Federal definition of disability. No change would be made in existing law in that respect. However, the Department of Health, Education, and Welfare has found it impossible to identify the persons involved and make new determinations of eligibility before April 1. They advise that while these can be made at a fairly rapid pace, they need an outside limit at the end of 1974 in order to make all of them. The bill accordingly provides that those persons who were transferred from State welfare programs to the SSI program on January 1 would continue in all respects to be treated like other SSI beneficiaries until the disability is determined or January 1, 1975, whichever occurs earlier. The bill was reported unanimously by the Committee on Ways and Means.

The provisions of Public Law 92–603 (H.R. 1 of the 92d Congress) would have made all of these persons eligible for SSI benefits. However, newspaper publicity in the fall of 1973 indicated that States were transferring large numbers of recipients from their AFDC and State general assistance programs to their disability programs so that the individuals would be eligible for SSI benefits. Data now available indicates that this probably did not occur on a large scale, that a substantial majority of the persons affected will continue to be eligible for SSI benefits after new determinations are made.

The House accepted a Senate amendment in H.R. 11333 which was approved December 31, 1973, and became Public Law 93–233. The amendment, which rolled back the date of receipt of State aid to the disabled to June 1973 in order to be eligible to be grandfathered was directed at the transfer problem. We were not advised of the administrative problems which the Department of Health, Education, and Welfare faced. Because of its retroactive nature, the Department had to obtain information from the States from which they could make a determination of which individuals were added to State welfare programs between June and December 1973. The identification had to be made by States in some instances and counties and is just now reaching a fair degree of completion. The much larger job of redetermination of disability of those individuals involved remains to be done.

Mr. Speaker, I urge passage of the bill.

Mr. SCHNEEBELI. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, H.R. 13025 is designed to correct a problem which has arisen in connection with the start of the new Supplemental Security Income program.

The SSI program is, of course, a federalization of the old State programs of aid to the aged, blind and disabled. It was enacted in the preceding Congress as a part of H.R. 1, which became Public Law 92–603.

We included in that law a "grandfather" clause, providing that anyone who was receiving disability assistance under a State program as of December, 1973, would be eligible for benefits under the new SSI program when it began the following month. Our intent was clear. We wanted to assure aid under the Federal program for those who had relied on State programs prior to the changeover.

Later, however, through a Senate amendment which eventually became part of Public Law 93–233, the "grandfather" clause was changed to require that in order to be eligible for disability benefits under the new Federal program without regard to Federal disability standards, a recipient must have been on the State rolls not only in December of 1973, but at least 6 months earlier.

The intent of this change also appears clear—to prevent the conversion of an unknown number of persons who, between July of 1973 and January of 1974, may have been placed improperly on State disability assistance rolls as a result of a relaxation of State standards.

However meritorious the change, it did pose administrative and other problems. The effect of it was to require that all those placed on State disability rolls during the second half of 1973—roughly estimated at some 300,000 persons—would have to meet the SSI definition of disability and would have to be examined individually in this regard. The Department of Health, Education and Welfare has estimated that this task, which necessarily will fall upon State disability determination units, will require about 12 months.

Under current law, however, payments under the new SSI program must be stopped in March for all those not certified as eligible under the new program. The legislation before us would extend for 9 months the time during which payments could be made to recipients on the basis of presumptive disability.

Mr. Speaker, we have been assured that the Social Security Administration, which administers the SSI program, and the State agencies concerned, will proceed with the redetermination process as expeditiously as possible. Those who meet the disability criteria of the new SSI program would be retained on SSI rolls; those failing to meet the new disability criteria would be removed. The extension of time which this bill provides, not only would protect the rights of individual recipients involved in the redetermination process but would permit the administrative job to be accomplished in an orderly fashion.

Without this legislative relief, a substantial number of persons throughout the country would be denied the benefits they have been receiving and are entitled to receive.

For these reasons, Mr. Speaker, I support H.R. 13025 and urge its passage.

Mr. ULLMAN. Mr. Speaker, I yield such time as he may consume to the gentleman from Massachusetts (Mr. MOAKLEY).

Mr. MOAKLEY. Mr. Speaker, I wish to commend my distinguished colleague (Mr. ULLMAN) and the able ranking minority Member (Mr. SCHNEEBELI) for the promptness with which they and their colleagues on the Ways and Means Committee have brought this matter to the floor.

With comparable speed in the Senate, I am confident that we can save the April checks of thousands of disabled Americans who depend on the supplemental security income program for program for their survival.

On behalf of 6,000 disabled in Massachusetts who have been in serious danger of being dropped from this program, I wish to pay tribute to my distinguished colleague from Massachusetts (Mr. BURKE) who has worked so hard to safeguard the SSI benefits of our disabled neighbors in the Commonwealth.

Today Mr. BURKE has again strengthened his well earned reputation as a champion of senior citizens and the needy in Massachusetts.

Mr. ROSTENKOWSKI. Mr. Speaker, the legislation before us today, while simple in nature, is indicative of the myriad of problems that have arisen as a result of the enactment of the supplemental security income—SSI—legislation. Developing a unified Federal approach to effectively accommodate what were 50 divergent State public assistance programs is no easy task. Unexpected problems have arisen as has been evidenced by two recent amendments to the program (Public Law 93–66 and Public Law 93–233). These amendments have themselves resulted in the creation of deadlines which will be difficult to meet. H.R. 13025 is designed to resolve one such problem. It would allow the Social Security Administration to continue payments to those disability cases yet to be screened in accordance with statutory requirements of Public Law 93-233, who would otherwise receive no further checks after March 31, 1974. These cases would continue to receive payments under a presumption of disability until a determination can be made to insure that they meet the Federal criteria for disability payments. The extension of this deadline will allow for orderly implementation of the program without any unnecessary hardship to the disabled that are in the process being transferred from State programs. The need for this legislation was first brought to my attention by Illinois State officials whose preliminary analysis of the SSI program revealed several pragmatic problems that were not fully anticipated during the Congress original consideration of the concept of SSI. While the extension of time granted by this legislation will alleviate one implementation problem, there is another that I hope will soon be discussed by our Ways and Means Committee. That problem, the skyrocketing costs of medicaid under SSI, is one that is expected to cost my own State of Illinois over $40 million—twice the amount that the State expected to save as a result of the original enactment of the SSI legislation. While it is obviously necessary to make certain adjustments in the program to make it more efficient and more equitable, we must be sure that we do not lose sight of the original purposes behind the inclusion of SSI in H.R. 1 during the last Congress. It is for this reason that while I do support this legislation today, I would hope that the committee would, at the earliest opportunity, evaluate the implementation of this program to insure that it is being put into effect in the manner that was originally contemplated when the House first considered this legislation in the early summer of 1971.

Ms. ABZUG. Mr. Speaker, I am pleased to support H.R. 13025, which will extend through December 1974, the period during which certain disabled persons may continue to receive supplemental security income—SSI—benefits pending the legally required determination of disability.

This legislation, as you know, is being considered to correct an emergency situation which, unless rectified, will result in the complete loss of benefits for thousands of disabled Americans who should receive financial help.

In December of 1973, the "grandfather" provisions enacted in the SSI program under which all aged, blind, and disabled persons on the State rolls of the old age assistance, blind, and disability programs are transferred to the SSI program were modified so that disabled persons would become automatically eligible for SSI only if they had been on the State rolls for at least 1 month prior to July 1973. Disabled persons added to State rolls between June and December 1973 were required to be reviewed against SSI standards.

The effect of this December modification has been to require the Social Security Administration to ascertain which of the individuals among the 1.3 million disabled recipients came on the rolls after June 1973 and then determine which of these 300,000 or more individuals met SSI disability standards.

Obviously, the Social Security Administration could not complete this monumental task between December 1973 and the January 1, 1974 implementation date. The law presumes disability through March of 1974 for those added to the rolls between June and December of 1973. After that time the Social Security Administration and the States will be required to stop providing benefits.

Unless this legislation is enacted, 185,000 disabled Americans will be cut off from aid at the end of March through no fault of their own. In New York, as many as 47,300 recipients of SSI payments to the disabled will lose their aid completely at the end of March without this emergency legislation.

It is with very deep regret that I have watched the painfully slow, if not dangerously inept, administration of the SSI program. Thousands of my constituents—the elderly, the blind, and disabled poor who are the least able to bear the hardship resulting from bureaucratic snafus—have suffered needlessly at the hands of this merciless program. Without question it is absolutely necessary that we pass the legislation being considered here. Further the Congress and the Nation must take immediate steps to insure that these disabled needy, especially the alcoholics and drug addicts, are not arbitrarily and with malice or rancor denied the assistance they so desperately need.

Mr. BIAGGI. Mr. Speaker, I rise in support of H.R. 13025 which will provide an extension for the determination of disability benefits for 300,000 supplemental security income recipients. Unless this legislation is passed, these senior citizens will face the loss of SSI benefits at the end of this month, a situation which could have drastic consequences for these Americans.

According to the existing law, in order for these Americans to continue to get SSI benefits, HEW would have to complete redetermination of their disability claims by the end of March. The Department of Health, Education, and Welfare has admitted that due to the unusual amount of problems encountered in the early going of the SSI program, it would be impossible for them to complete these redeterminations by March 31. This legislation was introduced to extend the period of time these citizens can receive SSI benefits until December 31 or until the redetermination is completed, whichever comes earlier.

The loss of these valuable SSI funds would render these already beleaguered senior citizens virtually helpless in the battle against inflation. For many of these people, SSI is the single biggest source of funds they receive to cover their basic necessities.

This bill although simple in language is critically important to the economic future of these 300,000 older Americans. I urge its swift approval today, in the House and its prompt signature by the President.

GENERAL LEAVE

Mr. ULLMAN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and include extraneous material on the bill now before the House, and I urge passage of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

There was no objection.

The SPEAKER. The question is on the motion offered by the gentleman from Oregon (Mr. ULLMAN) that the House suspend the rules and pass the bill H.R. 13025.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

INCREASES IN CERTAIN ANNUITIES

Mr. WALDIE. Mr. Speaker, I move to suspend the rules and pass the Senate bill (S. 1866) to provide increases in certain annuities payable under chapter 83 of title 5, United States Code, and for other purposes, as amended.

The Clerk read as follows:

S. 1866

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 8345 of title 5, United States Code, is amended by adding at the end thereof the following new subsection:

"(f)(1) Notwithstanding any other provision of this subchapter, other than this subsection, the monthly rate of annuity payable under subsection (a) of this section shall not be less than the smallest primary insurance amount, including any cost-of-living increase added to that amount, authorized to be paid from time to time under title II of the Social Security Act.

"(2) Notwithstanding any other provision of this subchapter, other than this subsection, the monthly rate of annuity payable under subsection (a) of this section to a surviving child shall not be less than the smallest primary insurance amount, including any cost-of-living increase added to that amount, authorized to be paid from time to time under title II of the Social Security Act, or three times such primary insurance amount divided by the number of surviving children entitled to an annuity, whichever is the lesser.

"(3) The provisions of this subsection shall not apply to an annuitant or to a survivor who is or becomes entitled to receive from the United States an annuity or retired pay under any other civilian or military retirement system, benefits under title II of the Social Security Act, a pension, veterans' compensation, or any other periodic payment of a similar nature, when the monthly rate thereof, is equal to or greater than the smallest primary insurance amount, including any cost-of-living increase added to that amount, authorized to be paid from time to time under title II of the Social Security Act.".

SEC. 2. (a) An annuity payable from the Civil Service Retirement and Disability Fund to a former employee or Member, which is based on a separation occurring prior to October 20, 1969, is increased by $240.

(b) In lieu of any increase based on an increase under subsection (a) of this section, an annuity payable from the Civil Service

Retirement and Disability Fund to the surviving spouse of an employee, Member, or annuitant, which is based on a separation occurring prior to October 20, 1969, shall be increased by $132.

(c) The monthly rate of an annuity resulting from an increase under this section shall be considered as the monthly rate of annuity payable under section 8345(a) of title 5, United States Code, for purposes of computing the minimum annuity under section 8345(f) of title 5, as added by the first section of this Act.

SEC. 3. This Act shall become effective on the date of enactment. Annuity increases under this Act shall apply to annuities which commence before, on, or after the date of enactment of this Act, but no increase in annuity shall be paid for any period prior to the first day of the first month which begins on or after the ninetieth day after the date of enactment of this Act, or the date on which the annuity commences, whichever is later.

The SPEAKER. Is a second demanded?

Mr. GROSS. Mr. Speaker, I demand a second.

The SPEAKER. Without objection, a second will be considered as ordered.

There was no objection.

Mr. WALDIE. Mr. Speaker, the amendment to S. 1866 contains the provisions of H.R. 9107 as passed by the House on December 7, 1973, by a record vote of 270 to 95.

The two bills contain substantially identical provisions with one exception, section 6 of the Senate bill related to the cost-of-living increases in social security benefits.

There was considerable controversy over the cost-of-living provisions for social security at the time the House considered H.R. 9107, and there was no way the provisions of H.R. 9107, as passed by the House, could be added to the Senate bill which was pending at the Speaker's desk at that time.

The controversy over the cost-of-living increases in social security benefits has since been resolved by the passage of Public Law 93–233, approved on December 15, 1973.

Mr. Speaker, what we are proposing here today is merely to add the provisions of H.R. 9107, as passed by the House on December 7, 1973, to a similar Senate-passed bill, and send it back to the Senate for their early attention.

The provisions of the amendment which I have offered would establish a minimum level of civil service retirement annuity benefits equal to the minimum social security benefits, and would provide for increases in annuities based upon employee separations which occurred prior to October 20, 1969. The increases represented by this amendment would be $240 per year—$20 per month—in the case of each entitled retiree, and $132 per year—$11 per month—in the case of each surviving spouse.

Mr. Speaker, this legislation is designed to assist those retired civil service employees who are most in need. Essentially, this legislation would accomplish two things. First, it would set a minimum civil service annuity for all Federal retirees at the same level as the minimum social security benefit. Under present law, this would be $84.50 per month, with increases provided for under the provisions of Public Law 93–233. This provision would establish a floor under civil service annuities by insuring that these benefits will be equal to the minimum social security benefit.

We are all aware of the effect that skyrocketing prices have had upon persons attempting to live on relatively fixed incomes. The civil service annuitants who would be benefited by the minimum annuity provision are those who are not only attempting to live on a relatively fixed income, but on abysmally low incomes.

By definition, in order for an annuitant to be entitled to this minimum pension, the annuitant first must not be receiving any social security at all; and second, the annuitant must not be receiving any Federal pension of any kind that is more or equal to the minimum social security benefit. So, the Members can see that we are dealing with a very small number of persons who would be in that category, and those numbers that there are, are diminishing because they are generally the very elderly who were employed by the Federal Government when wages were extremely low, or in part-time positions when wages were extremely low.

Second, the other major provision of this legislation deals with the pre-October 20, 1969 retirees. That date was used because it is the date of enactment of the law which liberalized the civil service retirement system and otherwise improved the benefits of employees who retired after that date. Retirees in the pre-October 20, 1969 category had their annuity computed on their highest salary average for 5 years, while those retiring after that date have their annuity computed on their highest salary average for 3 years. Moreover, the provisions of the Pay Comparability Act of 1970 have substantially increased the salaries of civil servants. Consequently, those individuals who retired before that date have generally received substantially lower annuities than those who worked in similar jobs and GS levels but who retired after that date.

I do not believe this to be fair. The annuity increase for the pro-October 20, 1969 annuitants, together with the provision to provide annuitants with a minimum civil service annuity equal to the minimum social security benefit will represent an important step toward remedying the hardships that these persons must now bear.

Mr. Speaker, I urge the adoption of S. 1866 with an amendment.

Mr. GROSS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, inasmuch as the pending proposal on S. 1866 is one primarily of procedure rather than substance, I do not intend to reopen arguments on an issue which has already been decided by the House.

As the Members of the House know, on December 7, 1973, the House passed the bill H.R. 9107, providing for minimum annuities under the Federal Civil Service Retirement System, a bill which I then opposed.

I do not endorse the provisions or the principle of H.R. 9107, but that matter is settled and behind us. What we are doing now is accommodating the other body by passing the Senate bill with the House-adopted provisions of H.R. 9107. I do not object to this procedure, but I do hope that the other body will take cognizance of this action and respond by affording similar attention to certain House bills that are languishing on the other side of the Capitol.

Mr. BURKE of Florida. Mr. Speaker, I support S. 1866, and am pleased that action is finally being taken on this legislation since I introduced similar legislation in the 91st, 92d, and 93d Congresses to increase the annuities under the civil service retirement program.

By passing S. 1866, we will finally be correcting the unfair situation that presently exists under the law, where civil service retirees can be paid an amount less than the minimum social security primary insurance. As we know civil service employees are not permitted to participate in the social security program, therefore, it seems that simple justice requires that parity with the minimum social security primary insurance be afforded to retired Federal employees.

There are many retired persons residing in south Florida including many former Federal employees. The unprecedented inflationary expansion of our economy during the past 10 years has become the mortal enemy of our retired citizens. Although the cost-of-living adjustment formula established in the civil service retirement law has helped somewhat in the fight against inflation; yet it appears that, we have done much more for the recipients under our social security program and who before retiring worked in the private sector, than we have for Federal retirees, on their survivor annuitants.

Presently, approximately 15 percent of the current civil service annuity beneficiaries are receiving less than the minimum social security benefit of $84.50. We are all aware of how little this sum will buy in terms of food, shelter, clothing, medicine, and transportation.

The passage of S. 1866, will help approximately 80 percent of those presently on the civil service annuity rolls. Federal workers who retired prior to October 20, 1969, receive annuities based on earnings during past years of low-salaried employment, which had less liberal benefit levels. Many are now well advanced in age, and they need more and more services and goods. The flat $300 yearly increase in the annuity of these retirees, as a one-shot equalization, may appear high since it costs $2.8 billion. However, the hardship experienced by those of our elderly Federal retirees, who must struggle to make ends meet on low annuities which will buy less and less today and tomorrow as inflation continues, persuades me to state without equivocation that this legislation is not only worthwhile, but it is a must.

I wish that I could honestly state that

we have a formula to halt inflation. Hopefully, the Members will have the courage to stop some of the wild spending habits practiced in the past.

Mr. Speaker, I am glad to be able to vote for those who worked and paid their share of taxes over the years to support our Government—I am happy to support the bill before us.

The SPEAKER. The question is on the motion offered by the gentleman from California (Mr. WALDIE) that the House suspend the rules and pass the Senate bill (S. 1866) as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended, and the Senate bill, as amended, was passed.

A motion to reconsider was laid on the table.

ACCESS TO PSYCHOLOGISTS AND OPTOMETRISTS UNDER FEDERAL HEALTH BENEFITS PROGRAM

Mr. WALDIE. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 9440) to provide for access to all duly licensed psychologists and optometrists without prior referral in the Federal employee health benefits program, as amended.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 8902 of title 5, United States Code, is amended by adding at the end thereof the following:

"(j) When a contract under this subchapter requires payment or reimbursement for services which may be performed by a psychologist or optometrist, licensed or certified as such under Federal or State law, as applicable, an employee, annuitant, or family member covered by the contract shall be free to select, and shall have direct access to, such a psychologist or optometrist without supervision or referral by another health practitioner and shall be entitled under the contract to have payment or reimbursement made to him or on his behalf for the services performed. The provisions of this subsection shall not apply to group practice prepayment plans.".

SEC. 2. The amendment made by this Act shall become effective with respect to any contract entered into or renewed on or after the date of enactment of this Act.

The SPEAKER. Is a second demanded?

Mr. GROSS. Mr. Speaker, I demand a second.

The SPEAKER. Without objection, a second will be considered as ordered.

There was no objection.

Mr. WALDIE. Mr. Speaker, under existing contracts between the Civil Service Commission and certain health insurance carriers, Federal employees and their dependents must be referred to a psychologist or an optometrist by a licensed medical physician in order for such services to be covered under these contracts. This requirement denies participants their freedom of choice, imposes a needless expenditure of time and money, and also relegates psychologists and optometrists to a second-class role in the medical profession.

The major justification for this bill is the availability of psychologists and optometrists to the general public as compared to the medical physicians who practice in the same fields. The referral clause has become a means to reduce the accessibility of these services by limiting the number of readily available practitioners, and in so doing artificially determines and limits who shall receive treatment and what types of services shall be rendered.

The U.S. Civil Service Commission has indicated, in a statement by Mr. Andrew E. Ruddock, former Director of the Bureau of Retirement, Insurance and Occupational Health, before the Senate Subcommittee on Compensation and Employment on November 23, 1971, that the referral procedure for psychologists is not a necessary requirement for adequate mental health treatment. Aetna Life and Casualty, in response to the Commission's opinion, changed the provisions of its plan, under the Federal employee program, in 1971 to allow more direct access to psychologist services. In 1973, Aetna again revised its Federal employee program to provide for direct access to the services of optometrists.

Presently, 46 States and the District of Columbia provide for the licensing of psychologists and all States, as well as the District, license optometrists. Forty-two States have provisions in their insurance codes which allow optometrists to be providers of covered services. A House Post Office and Civil Service Committee Report issued on May 13, 1970 (No. 91–1084) has indicated that the fact that the carriers are administering a Federal contract is no reason for circumventing compliance with applicable State laws.

The administration's opposition to this bill rests solely on its belief that redefinition of such services requires contractual negotiation rather than legislative action.

It is my opinion that H.R. 9440 would rectify the aforementioned injustices, and therefore, I urge that H.R. 9440 be passed by the House as amended.

Mr. GROSS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, there were few objections to this legislation in committee, but I feel it important to bring to the attention of the House some of the comments of the U.S. Civil Service Commission.

As has already been explained, this legislation, H.R. 9440, amends the Federal employees health benefits program to the extent that if a contract under this program provides benefits for the services of duly licensed psychologists and optometrists, then such services shall be provided without the requirement of prior referral by another health practitioner.

While the Civil Service Commission believes this may increase the use of such services and therefore increase the premium of the health benefits plans, they say there is no way of estimating this increase.

The only experience we have to draw on is the case of the Government-wide Indemnity Benefit plan—Aetna—which in 1971 liberalized its benefits by eliminating the requirement that a psychologist's services had to be on referral. The Civil Service Commission told our committee the report from Aetna showed that allowable expenses for psychologists' services rose from some $368,000 in 1971 to $631,000 in 1972, an increase of 71 percent from 1 year to the next.

Similar increases under the other plans, if this legislation is enacted, could result in higher premiums and higher costs to the Government. I think it is incumbent on the appropriate committees of Congress to monitor this program, if this bill becomes law, to insure that psychologists' and optometrists' services do not unduly affect the level of premium of the various health benefits plans.

It is also possible that the various health benefits plans would decline to offer the services of psychologists and optometrists, if the cost of providing such services became an inordinate percentage of their total outlay.

Mr. Speaker, I do not intend to prolong the debate on this legislation, but I make these remarks so that there can be some legislative history on the possible problems that may surface as a result of this legislation.

Mr. DULSKI. Mr. Speaker, I rise in support of H.R. 9440.

This legislation allows participants under the Federal employees' health benefits program to have direct access to licensed or certified psychologists or optometrists without the necessity of supervision or referral by another health practitioner.

Most of the plans under the Federal employees' health benefits program include benefits for services which can be provided by a psychologist or optometrist. However, in many cases these plans provide for payment or reimbursement for services performed by psychologists or optometrists only upon supervision or referral by a physician.

According to the information furnished to the Post Office and Civil Service Committee during the consideration of this legislation, 46 States and the District of Columbia now license or certify psychologists to provide mental health services and all States license or certify optometrists to provide certain eye care services.

Moreover, these States have established rigid standards by which to judge the qualifications of psychologists and optometrists to provide health services.

In view of this evidence I believe that the current restrictions on the use of psychologists and optometrists under many of the Federal employees' health benefits plans are totally unreasonable and unjustified.

Therefore, I urge my colleagues to vote in favor of H.R. 9440 which will prohibit the imposition of such unreasonable restrictions under future health benefits contracts.

The SPEAKER. The question is on the motion offered by the gentleman from California that the House suspend the rules and pass the bill H.R. 9440, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. WALDIE. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and to include extraneous matter on the bill just passed, H.R. 9440.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

FEDERAL ENERGY ADMINISTRATION ACT

Mr. HOLIFIELD. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 11793) to reorganize and consolidate certain functions of the Federal Government in a new Federal Energy Administration in order to promote more efficient management of such functions.

The SPEAKER. The question is on the motion offered by the gentleman from California.

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill H.R. 11793, with Mr. Natcher, Chairman pro tempore, in the chair.

The Clerk read the title of the bill.

The CHAIRMAN pro tempore. When the Committee rose on Tuesday, January 29, 1974, the Clerk had read the first section of the committee amendment ending on page 14, line 21.

Mr. HOLIFIELD. Mr. Chairman, I move to strike the last word.

(By unanimous consent, Mr. Holifield was allowed to proceed for an additional 5 minutes.)

Mr. HOLIFIELD. Mr. Chairman, I have asked for this time because the general debate on this bill occurred a month ago.

Mr. Chairman, general debate on H.R. 11793, the bill to establish a Federal Energy Administration—FEA—was held and concluded on January 29, 1974. As I advised the Members then, in my opening statement, reading the bill for amendments was deferred at the request of Mr. Staggers, the distinguished chairman of the Committee on Interstate and Foreign Commerce. The leadership concurred in this request. Now that S. 2589, the energy emergency bill, has been passed and sent to the President, we resume consideration of H.R. 11793, which will be read for amendment today.

Speaking for myself and as chairman of the Committee on Government Operations, I was happy to cooperate with Chairman Staggers, with the Speaker, and with the leadership in working out an acceptable arrangement. For reasons which he considered good and sufficient, Chairman Staggers wanted to clear his bill first, and that was done. I supported his bill. Now it is our responsibility to complete the second part of the task; namely, to provide the organizational base to administer conservation and related programs in the energy emergency. That is the purpose of H.R. 11793, the bill before us today.

To provide continuity with the discussion in the general debate of January 29, I will recapitulate briefly what H.R. 11793 is intended to do.

This is an organizational bill. It creates a new temporary agency—the Federal Energy Administration, to meet the current energy crisis. The bill was approved, with a single dissenting vote, by our committee on December 19, 1973. The Senate passed a similar bill on that date. The legislation has administration support.

The bill transfers to the Administrator of the FEA from the Department of Interior functions related to or utilized by the Office of Petroleum Allocation, the Office of Energy Conservation, the Office of Energy Data and Analysis, and the Office of Oil and Gas. Also transferred to the Administrator are functions related to or utilized by the Energy Division of the Cost of Living Council.

In these transfers we are not adding to, or subtracting from, the authorities of these offices, which are derived from specific legislation within the jurisdiction of various committees. We have respected and preserved the jurisdiction of other committees. The substantive legislation still is controlling in these matters. The Administrator will exercise the authority associated with the organizational units transferred. He will perform also administrative functions outlined in the bill.

This bill is complementary to, not a substitute for, S. 2589. H.R. 11793 provides the administrative organization. S. 2589 provides various emergency powers and duties in addition to those already conferred by a number of existing laws.

You may well ask: What happens if the President vetoes S. 2589 as he has several times indicated might be done? I would hope that the President reconsiders his position and gives his approval to the bill which our eminent colleague, the gentleman from West Virginia, has worked so hard to get through the Congress. However, if the President vetoes S. 2589, it is still necessary and important to enact H.R. 11793 for the following reasons:

First. An administrative organization, created by statute, is needed to replace the makeshift administrative organization created by Executive order. We need a Federal Energy Administration to replace the Federal Energy Office. As the members know, funding of FEO is subject to a point of order because it has not been specifically authorized by law. For the time being, FEO has been operating out of the President's fund, but a line item of $19 million is requested in the 1975 budget. So, H.R. 11793 will create the necessary organization and authorize it to be funded.

Second. An administrative organization is needed to fully effect the transfers of functions which will give central direction to administration of the emergency energy programs. S. 2589 does not effect these transfers. Neither can they be done by Presidential action alone. H.R. 11793 provides for the transfers and creates a full-formed administrative organization.

Third. Laws now on the statute books, such as the Economic Stabilization Act, the Petroleum Allocation Act, and the Defense Production Act, give the President authority—which may be delegated—of one kind or another to deal with the energy emergency. These authorities taken together are not sufficient for the tasks at hand, and that is why S. 2589 was passed by the Congress. But even if S. 2589 is vetoed, these other authorities will remain for varying periods, subject to extension by the Congress; and, as I say, an administrative organization is required to give coherence and direction in utilizing these authorities and in dealing with current energy problems.

Fourth. A veto of S. 2589, if it occurs, does not necessarily doom the legislative effort to confer additional emergency powers. A veto can be overridden. Failing that, it may very well happen that the committees of jurisdiction will decide promptly to report out a bill minus the price rollback and other provisions strongly opposed by the administration, and hence make it veto proof. There are important powers in energy conservation, including rationing, which should be authorized—but not in this bill (H.R. 11793).

Let us not kid ourselves or the country that the energy crisis is over, and that it is now simply a problem, as the President described it. The crisis is real. It will be enduring. Of course, it will change in intensity and impact from time to time, but it will not go away. It is a crisis in the short term because it is disrupting daily life in serious ways. It is a crisis in the long term because America's future, its social and economic progress, depend upon adequate, reasonably priced energy supplies. And because the crisis is both short term and long term, we need two kinds of energy organizations to deal with the crisis—a FEA for dealing with short term problems, and an ERDA for the longer term research and development so essential in meeting future energy needs.

As this bill is read for amendment, the indications are that many amendments will be offered. Several dozen already have been announced. More may be in the offing. With an open rule, Members are entitled to offer amendments to the legislation. But, in my opinion, it would be a mistake—a serious mistake—to load this bill with amendment for new policies and programs. We should not make this a Christmas-tree bill in anticipation of a Presidential veto of S. 2589, or for other reasons.

Now, there will be a few amendments of a technical nature which I believe we can accept. In fact, I intend to offer several myself. In the 2 months since this bill was reported, a few minor changes are indicated in the interest of clarification or to eliminate some provisions no longer needed. Apart from these minor or technical amendments, I must oppose every amendment which deals with a program or policy issue within the jurisdiction of other committees. I made that clear in my opening statement at the general debate.

Our committee does not want to transgress on the jurisdictions of other committees. We try to respect their jurisdictions and to keep our committee in proper bounds. That is why I emphasize so strongly that this is an organizational bill and not a bill to do all the things embodied in S. 2589.

Let us keep that distinction clear. Let us not legislate in panic and confusion. Let us not get committee jurisdictions all mixed up, for by doing so, we weaken and disorganize the Congress and contribute to the public view that the Government is unable to respond to the Nation's needs.

Mark my words. There is a great disillusion in the land with the processes of Government. There is a loss of faith in the integrity of Government leaders. There is a loss of confidence in the ability of the Government to act effectively and get things done. The performance of this Congress—the last in which I shall serve—will be judged by, as much as anything, its responses to the energy crisis.

Do we then want to go through another exercise in futility, loading this bill with amendments which will drag it down to a veto, or do we exercise the necessary self-restraint and proceed in an orderly manner, supporting the judgment of your Committee on Government Operations, which has sought conscientiously to do its job, at the same time respecting the jurisdictions of other committees?

I urge the Members as strongly as I can to show such restraint and prudence. I ask them not to overload this bill with amendments, not to make it unbalanced and lopsided. The provisions are carefully drawn to provide an administrative organization. I respectfully request that the Members help us maintain the integrity of the bill and support the committee by approving it.

Mr. SYMMS. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count.

Sixty-eight Members are present, not a quorum. The call will be taken by electronic device.

The call was taken by electronic device, and the following Members failed to respond:

[Roll No. 60]

Anderson, Ill.
Ashley
Blackburn
Blatnik
Bolling
Brasco
Broomfield
Burke, Calif.
Burton
Carey, N.Y.
Clark
Clay
Conyers
Coughlin
Dellums
Diggs
Dorn
Edwards, Calif.
Goldwater
Griffiths
Hanna
Hansen, Wash.
Hawkins
Hays
Hébert
Hogan
Howard
Jones, Ala.
Jones, Okla.
McFall
McKinney
Mailliard
Martin, Nebr.
Mills
Minshall, Ohio
Montgomery
Moss
Murphy, N.Y.
Nichols
Randall
Reid
Rhodes
Rooney, N.Y.
Sisk
Smith, N.Y.
Staggers
Steele
Stratton
Stubblefield
Treen
Vander Veen
Whitehurst
Williams

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. FLYNT, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill H.R. 11973, and finding itself without a quorum, he had directed the Members to record their presence by electronic device, whereupon, 378 Members recorded their presence, a quorum, and he submitted herewith the names of the absentees to be spread upon the Journal.

The Committee resumed its sitting.

Mr. HORTON. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I will say to the members of the committee that this bill was before the House on January 29 of this year, so it is over a month ago that the bill was considered. We had 2 hours of general debate at that time.

Just before the quorum call, the gentleman from California (Mr. HOLIFIELD), the chairman of the committee, reiterated the purposes of the bill and what it provides. So I will not take the time of the committee to go into that except to say that this is an organizational bill which would establish the Federal Energy Administration.

Mr. Chairman, I would like to take just a few minutes to reiterate for the benefit of my colleagues two points that were made in the general debate on this bill.

First, H.R. 11793 is a most important bill. It provides the organizational capability to meet the current energy crisis. It does not set the policies or grant the program authority necessary to solve our current energy problems. Rather, it sets up the organization to administer these policies and programs.

The importance of this bill has been recognized by all parties. As the committee of conferees on the Staggers bill says in its joint explanatory statement, Senate Report 93–663, page 43:

> The Conferees wish to emphasize that the creation of a temporary Federal Emergency Energy Administration under this Act does not remove the necessity of the Congress acting upon legislation reported by the House and Senate Government Operations Committees. The need for statutory creation of an administrative office within the Executive Branch which consolidates energy policy-related functions of government remains real and immediate.

Second, since this bill is a reorganization bill, I am afraid many of the suggested amendments are nongermane. I intend to raise points of order against all such amendments. This House has and is considering numerous pieces of legislation being reported by committees with jurisdiction over energy problems. These other bills are the proper targets for these amendments, not this reorganization bill. Such nongermane amendments would not be part of the regular procedure of this House and they would only serve to complicate and further delay the passage of this bill.

I hope my colleagues who propose such nongermane amendments will understand that I am not necessarily taking a position against their proposals, but rather am protecting this vitally important bill on which my committee has worked long and hard.

Mr. Chairman, I would like to emphasize that the Committee on Government Operations, as well as the subcommittee, acted on this bill as quickly as possible during December. We tried to get the bill out before the House recessed. We did bring it up immediately after the second session of the 93d Congress began. It has been held up now for over a month, and I think it is important for the administration to have this organization, the Federal Energy Administration. If they do not have it, they are going to be more severely handicapped than they are now.

Again, I wish to emphasize that this bill is an organizational bill. It does not grant program authority. Those authorizations for grants and other authority should come through the appropriate committees, not through the Committee on Government Operations.

Mr. ECKHARDT. Mr. Chairman, will the gentleman yield?

Mr. HORTON. I will be glad to yield to the gentleman from Texas.

Mr. ECKHARDT. Mr. Chairman, I am glad to hear what the gentleman from New York has said with respect to the bill.

Do I understand the gentleman then to say that this bill is totally for the purpose of creating a structure to exercise authorities which must be derived from other legislation?

Mr. HORTON. Mr. Chairman, that is absolutely correct.

Mr. ECKHARDT. Then, for instance, on page 19 of the bill section 5, titled "Functions," (5) reads:

> (5) promote stability in energy prices to the consumer, promote free and open competition in all aspects of the energy field, prevent unreasonable profits within the various segments of the energy industry, and promote free enterprise;

This would merely indicate the scope in which the agency could act but would not independently give the agency, for instance, authority to set prices and to roll back profits.

Mr. HORTON. That is correct.

Mr. ECKHARDT. Or to engage in any other substantive enterprise, Is that correct?

Mr. HORTON. Those authorities would have to come from another committee of the House. They would not come from the House Committee on Government Operations. What we are trying to do here is to set up the organization and the structure and give the authority to the administrator.

The CHAIRMAN. The time of the gentleman has expired.

(By unanimous consent, at the request of Mr. ECKHARDT, Mr. HORTON was allowed to proceed for 5 additional minutes.)

Mr. HORTON. What section is the gentleman referring to?

Mr. ECKHARDT. To section 5 of the bill on page 19.

Mr. HORTON. Yes.

Mr. ECKHARDT. I would assume, then, that "promote stability in energy prices to the consumer," and so forth, would really give this agency authority substantively to deal with that which has been granted to the agency under a bill like the Economic Stability Act.

Mr. HORTON. That is correct.

Mr. ECKHARDT. I would like to call the attention of the gentleman to section (7) on page 19 where it says:

> (7) develop and oversee the implementation of equitable voluntary and mandatory energy conservation programs and promote efficiencies in the use of energy resources;

As I understand it, there are no mandatory energy conservation programs other than those which stem from the Allocation Act and which stem from the Economic Stabilization Act and which stem from specific acts as, for instance, a change to permanent daylight saving time, through action taken by this House. That is all you intend to cover there. Is that correct?

Mr. HORTON. That is correct.

And let me make this point, because this is, I believe, a good place to make it.

If, for example, under section (5) they develop a program, then they would have to come back to the Congress to get authorization for that program unless it is already in existence at the present time. We are not giving any new authority or authority not already given in this bill. That is the point I want to make.

Mr. ECKHARDT. (7), then, would not create any substantive authority in the agency whatsoever but would merely embrace that authority substantively which derives from separate existing law. Is that correct?

Mr. HORTON. That is correct. And let me explain it also so that the gentleman is not being misled.

There may be on the books at the present time authorizations being transferred over to this agency from other agencies. Those authorities and rules would be in existence, and he could exercise those authorities, but we are not giving him any new authority, which is the point that the chairman of the committee, the gentleman from California (Mr. HOLIFIELD) made. It is inappropriate for us to take up the type of amendments suggested to us which I think are not germane insofar as our committee is concerned.

Mr. ECKHARDT. Would the gentleman from New York be kind enough to yield to the gentleman from California, the Chairman of the Committee, to find out whether these confirmations of my questions are in his view correct?

Mr. HOLIFIELD. In my view, the gentleman expressed it as clearly as possible, I think.

Let me go on to say (7) to "develop and oversee the implementation of equitable voluntary," that would come under the heading of a function and even duties.

If he can get it done voluntarily, why, that, of course, would be within his power to persuade.

When it comes to mandatory energy control programs they would have to be authorized, in my opinion.

We have a clarifying amendment I think that will satisfy the gentleman from Texas on this.

Mr. ECKHARDT. I thank both of the able gentlemen.

Mr. HORTON. Mr. Chairman, I thank the gentleman from Texas for asking the question because I think it helps to clarify the point we are trying to make.

Mr. ROSENTHAL. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I think we have hit the crux of this debate at the very early hours of the amending process. I want to offer a few thoughts that I have on this subject. I do initially want to pay great tribute and sincere respect to the chairman of the committee, the gentleman from California (Mr. HOLIFIELD), and the ranking minority member, the gentleman from New York (Mr. HORTON), for the very industrious and very useful work they have performed in bringing this bill to the floor of the House. But I must say that I seriously disagree with the philosophy of their remarks. You cannot have an organizational bill that does not in some way make policy in broad general terms, and we have learned this from the many bills we have reported out of the Committee on Government Operations. The way you establish organization in effect makes policy, but in this bill that axiom is even more precise than it ever was.

For example, we are turning over to the Federal Energy Administration all of the functions of the Cost of Living Council in terms of price controls, in terms of price considerations in this area and so this bill invites amendments dealing with the stability of prices, with the resources available, with the quality of the information in reporting resources and all of these other important matters.

It is my view, which I will argue in greater length during a point of order that I anticipate being made, that this bill is an appropriate vehicle for any amendment dealing with the subject and functions that this agency will have.

The Members will see during the course of the reading of this bill, that the bill is replete with substantive functions and responsibilities and one cannot hide behind the traditional cloak that all we are doing is creating the machinery of a vehicle without acknowledging that that vehicle has life, blood, and fiber and deals directly with the substantive issues that really are the crux of the debate today. Because, in fact, there is no issue as to how this organization should be set up. In other bills we have had some discussion as to whether there should be two Assistant Secretaries or three Assistant Secretaries or four Administrators or six and one-half Administrators. But the issue in this bill deals particularly, in light of the President's threatened veto of the Staggers energy bill, with the establishment of this administration and if we are going to give it the tools that we want it to have. Give it the tools to enact and enforce the policies that we consider important to the national welfare. And one cannot address himself affirmatively to that issue without publicly acknowledging that this bill is an appropriate vehicle for every substantive amendment that this agency has an area of responsibility for.

I would hope, Mr. Chairman, that we can keep that mandate in mind not only in ruling on the relevancy of amendments but in considering the weight that we should give to substantive amendments. I would urge the committee to deliberate carefully and slowly on every substantive amendment, realizing that not only is this the only vehicle we have to implement public policy, but it is a highly relevant vehicle because the Federal Energy Administration cannot work unless Congress gives it direction in the area of public policy that it wants it to work on.

The CHAIRMAN. Are there amendments to section 1? If not, the Clerk will read.

PARLIAMENTARY INQUIRY

Ms. ABZUG. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentlewoman will state her parliamentary inquiry.

Ms. ABZUG. Are we not on page 14 of the bill?

The CHAIRMAN (Mr. FLYNT). The Chair will state to the gentlewoman from New York (Ms. ABZUG) that we are reading section 1, lines 20 and 21 on page 14.

Ms. ABZUG. I thank the Chairman.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

DECLARATION OF PURPOSE

SEC. 2. (a) The Congress hereby declares that the general welfare and the common defense and security requires positive and effective action to conserve scarce energy supplies, to insure fair and efficient distribution of and the maintenance of fair and reasonable consumer prices for such supplies, to promote the expansion of readily usable energy sources, and to assist in developing policies and plans to meet the energy needs of the Nation.

(b) The Congress finds that to help achieve these objectives, and to assure a coordinated and effective approach to overcoming energy shortages, it is necessary to reorganize certain agencies and functions of the executive branch and to establish a Federal Energy Administration.

ESTABLISHMENT

SEC. 3. There is hereby established an independent executive agency to be known as the Federal Energy Administration (hereinafter in this Act referred to as the "Administration").

AMENDMENT OFFERED BY MR. ECKHARDT

Mr. ECKHARDT. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ECKHARDT: Page 15, line 12, after "SEC. 3" insert "(a)".

Page 15, line 15, after period insert the following new subsections:

"(1) (1) Whenever the Federal Energy Administration submits any budget estimate o request to the President or the Office of Management and Budget, it shall concurrently transmit a copy of that estimate or request to the Congress.

(2) Whenever the Federal Energy Administration submits any legislative recommendations or testimony or comments on legislation to the President or the Office of Management and Budget, it shall concurrently transmit a copy thereof to the Congress. No officer or agency of the United States shall have any authority to require the Federal Energy Emergency Administration to submit its legislative recommendations, or testimony or comments to any officer or agency of the United States for approval, comments, or review prior to the submission of such recommendations, testimony, or comments to the Congress.

(3) The Federal Energy Administration shall be considered an independent regulatory agency for purposes of chapter 35 of title 44, United States Code, but not for any other purpose.

Mr. HORTON. Mr. Chairman, I make a point of order against the amendment.

The CHAIRMAN. The gentleman will state it.

Mr. HORTON. I make the point of order that the amendment is inappropriate to section 3 which is the establishment of the independent executive agency to be known as the Federal Energy Administration. The provisions of the amendment, as I heard them read—I do not have a copy—more appropriately apply to section 7 on page 21 of the bill which has to do with administrative procedures and administrative provisions.

The CHAIRMAN. Does the gentleman from Texas (Mr. ECKHARDT) desire to be heard on the point of order?

Mr. ECKHARDT. Mr. Chairman, if I might ask a parliamentary inquiry at this time, I should like to follow it with a unanimous-consent request to withdraw and offer the amendment at that point. I think that there is argument against the point of order, but I do not wish to make that argument at this time, if I may ask a parliamentary inquiry at this point.

The CHAIRMAN. Is the gentleman from Texas making a unanimous-consent request to withdraw his amendment at this time?

Mr. ECKHARDT. At this time I do make such request.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

PARLIAMENTARY INQUIRY

Mr. ECKHARDT. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. ECKHARDT. If I do not insist upon the amendment at this point in the bill, would I be precluded, because of the reading of a particular section, from dealing with the subject matter of this amendment at a later time at the point that the gentleman has referred to as the appropriate place in the bill for the offering of the amendment?

The CHAIRMAN (Mr. FLYNT). The Chair will respond to the parliamentary inquiry by saying that the Chair will protect the right of the gentleman from Texas, and all other Members, to offer an amendment at the appropriate point in the bill.

Mr. ECKHARDT. I thank the Chairman.

The CHAIRMAN. Are there further amendments to section 3?

If not, the Clerk will read.

The Clerk read as follows:

OFFICERS

SEC. 4. (a) There shall be at the head of the Administration an Administrator of the Federal Energy Administration (hereinafter in this Act referred to as the "Administrator"), who shall be appointed by the President, by and with the advice and consent of the Senate. The Administrator shall receive compensation at the rate now or hereafter prescribed for offices and positions at level II of the Executive Schedule (5 U.S.C. 5313). The Administration shall be administered under the supervision and direction of the Administrator, who shall be responsible for the efficient and coordinated management of the Administration.

(b)(1) The functions and powers of the Administration shall be vested in and exercised by the Administrator.

(2) Except as otherwise expressly provided by law, the Administrator may from time to time delegate such of his functions as he deems appropriate.

(c) There shall be in the Administration a Deputy Administrator, who shall be appointed by the President, by and with the advice and consent of the Senate, and who shall receive compensation at the rate now or hereafter prescribed for offices and positions at level III of the Executive Schedule (5 U.S.C. 5314).

(d) There shall be in the Administration six Assistant Administrators, who shall be appointed by the President, by and with the advice and consent of the Senate, and shall receive compensation at the rate now or hereafter prescribed for offices and positions at level IV of the Executive Schedule (5 U.S.C. 5315).

(e) There shall be in the Administration a General Counsel, who shall be appointed by the President, by and with the advice and consent of the Senate, and shall receive compensation at the rate now or hereafter prescribed for offices and positions at level IV of the Executive Schedule (5 U.S.C. 5315).

(f) There shall be in the Administration not more than nine additional officers who shall be appointed by the Administrator and shall receive compensation at the rate now or hereafter prescribed for offices and positions at level V of the Executive Schedule (5 U.S.C. 5316).

(g) Officers appointed pursuant to this section shall perform such functions as the Administrator shall specify from time to time.

(h) The Deputy Administrator (or in the absence or disability of the Deputy Administrator, or in the event of a vacancy in the office of the Deputy Administrator, an Assistant Administrator, the General Counsel or such other official, determined according to such order as the Administrator shall prescribe) shall act for and perform the functions of the Administrator during any absence or disability of the Administrator or in the event of a vacancy in the office of the Administrator.

(i) The provisions of section 208 of title 18, United States Code, shall apply to this Act. For the purposes of this Act, subsection (b) of such section 208—

(1) can only be invoked and implemented personally by the Administrator; and

(2) shall not be invoked as to any person unless and until the Congress has received, thirty days in advance, notice of the Administrator's intention to do so, together with a detailed statement of the subject matter concerning which a conflict exists and the nature of an officer's or employee's financial interest, in the case of an exception set forth in clause (1) of such subsection; or the name and statement of financial interest of each person who will come within an exception set forth in clause (2) of such subsection. Nothing contained in this subsection shall affect in any way the operation of other laws relating to officers and employees of the United States Government.

Mr. HORTON (during the reading). Mr. Chairman, I ask unanimous consent that section 4 be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

AMENDMENTS OFFERED BY MR. HORTON

Mr. HORTON. Mr. Chairman, I offer amendments.

The Clerk read as follows:

Amendments offered by Mr. HORTON: On page 16, line, 8 delete the word "a" and insert in lieu thereof the word "two"; and on lines 8 and 9, change the word "Administrator" to "Administrators".

On page 17, delete the language on lines 9 through 17 and insert in lieu thereof the following:

"(h) A Deputy Administrator designated by the Administrator (or in the absence or disability of the designated Deputy Administrator, or in the event of a vacancy in his office, the other Deputy Administrator; or in the event no Deputy Administrator has been designated, the senior Deputy Administrator; or in the absence or disability or vacancy in both offices of Deputy Administrator, an Assistant Administrator, the General Counsel or such other official, determined according to such order as the Administrator shall prescribe) shall act for and perform the functions of the Administrator during any absence or disability of the Administrator or in the event of a vacancy in the office of the Administrator."

Mr. HORTON. Mr. Chairman, I ask unanimous consent that my amendments be considered en bloc.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. HORTON. Mr. Chairman, I ask unanimous consent that a further technical amendment to section 8 dealing with this subject be considered at the same time.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

The Clerk read as follows:

Technical amendment offered by Mr. HORTON: On page 24, delete the language on lines 15 and 16 and insert in lieu thereof the following:

" '(62) Deputy Administrators of the Federal Energy Administration (2).'."

Mr. HORTON. Mr. Chairman, this amendment is a very simple amendment, because all it does is increase the number of Deputy Administrators from one to two.

The Federal Energy Office, created by Executive Order No. 11748 on December 4, 1973, has been functioning over the last 7 weeks with virtually the same structure, although with a smaller staff, than the new FEA organization. During this period, it has become apparent that the resources required to deal with the energy emergency, should be applied in two distinct directions.

On the one hand, there are the immediate operational difficulties inherent in allocation, conservation and pricing policies which must be coordinated. At the same time, longer term policies, such as expediting the development of all energy resources, recommending import and export policies, and collecting and analyzing data must also be coordinated.

Because of the complexities of the two issues, it has become clear that there is the need for an additional policy level position. To meet this need, the FEO is requesting an additional Deputy Administrator.

This is not an organizational change in that the structure of FEA, as proposed in the bill and explained in the report, will remain intact. What it does is provide the Administrator with the flexibility to meet the challenges of the issues with a properly managed organization.

I hope the committee will accept the amendment.

Mr. KAZEN. Mr. Chairman, will the gentleman yield?

Mr. HORTON. I yield to the gentleman from Texas.

Mr. KAZEN. Has the gentleman discussed the duties to be performed by the two Assistant Administrators?

Mr. HORTON. These are not Assistant Administrators.

Mr. KAZEN. Are they Deputy Administrators?

Mr. HORTON. These are deputy administrators, as I indicated, who would have responsibility for coordinating price and other functions—the operational side. The other would have the responsibility of coordinating long-range export-import policy problems and such matters.

Mr. KAZEN. Mr. Chairman, who is going to have the responsibility of answering questions from the gentleman's constituents and mine?

Mr. HORTON. That would have to be done by the administrator, and I would assume he will have a congressional liaison office.

Mr. Chairman, I want to say to the gentleman here that one of the reasons why this bill is so important now is because the FEO is operating under Executive order, and the people who are actually manning the shop, so to speak, are borrowed personnel. They are not of any particular organization except their own organization at the present time, and that is one reason for the problems that the Members of Congress are having.

Mr. Chairman, I would expect that if this bill is enacted into law, that there will then be an organization able to give the type of response we get from Federal organizations which are established and functioning.

Mr. KAZEN. Mr. Chairman, if the gentleman will yield further, is there anything in this bill that will give them some guidance as to the type of setup they ought to have? The only place where we have been able to go to get answers for our constituents has been the regional office. That is hundreds of miles away from my district. We cannot do it on the telephone. We cannot find anybody who will give us answers.

Mr. HORTON. Mr. Chairman, I understand the problem the gentleman has, because no Member of the Congress has had any more such problems than I have had. The problem has been that the agency just has not gotten the personnel assigned to it to do the job. It has tried through regional headquarters.

However, let me answer the question the gentleman asked. This bill does not establish the specifics of the organization. It does not say they have to have a regional office here or there. That will be up to the Administrator. I am sure there will be regional offices. That testimony was given to us by the FEO Administrator, and I am sure there will be that type of office established.

Mr. KAZEN. Mr. Chairman, I am hoping that, in addition to the regional offices, they will scatter some men out in the field who have the authority to give answers to questions, because, as the gentleman well knows—and I know he has this problem as does every other Member of the Congress—just last week a tremendous number of inquiries from farmers who had to plant the next day came in, and they could not wait for a month while they file some kind of form in order to get answers which they needed immediately.

Mr. HORTON. Mr. Chairman, I know exactly what the gentleman has been up against. We did have some officer established in upstate New York, because in New York City we had one regional office and we could not even get through by telephone. We have established offices in Buffalo, Rochester, and Syracuse; that is, offices staffed by individuals borrowed from another agency.

That is the point I am trying to make, that we need this organization so that the structure can be set up by the Administrator to more easily handle the problems the gentleman is asking about.

The CHAIRMAN. The question is on the amendments offered by the gentleman from New York (Mr. HORTON).

The amendments were agreed to.

AMENDMENT OFFERED BY MR. ECKHARDT

Mr. ECKHARDT. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ECKHARDT: Page 16, line 2, after "the Administration." insert the following new subsection and renumber the following subsections:

"(b) The Administrator may be removed by the President for cause. If the Administrator is removed the President shall furnish the Congress with a statement of the cause for removal. For purposes of this subsection the term "cause" shall mean malfeasance, neglect of duty and documented incompetence."

Mr. ECKHARDT. Mr. Chairman, there is no more important office today, from the standpoint of power and the exercise of administrative procedure, than the office of Administrator of the Federal Energy Agency and, if this bill is passed, the Administrator of the Federal Energy Administration. This office makes rules that have the effect of life and death over industries. It is in substance the same kind of regulatory agency that other regulatory agencies of Government are.

All this amendment does is to provide that the Administrator who, after all, exercises tremendously great authority, be subject to removal by the President only for cause.

For purposes of this subsection the term "cause" shall mean malfeasance, neglect of duty, and documented incompetence.

Now, that means that the President may not utilize this office as an office which is subject to subjective determinations with respect to actions which it takes. The amendment is solely directed toward giving the agency additional independence, the kind of independence that will permit this agency to make a judgment totally on the basis of the facts and totally on the basis of the economics of the situation, and the head of the agency cannot be removed from time to time.

For instance, Mr. Love has been removed, and another man has been put in his place. Mr. Simon might be removed and another man put in his place. Once this agency is set up, it ought to be as objective as it is possible to make it. That is the purpose of the amendment.

Mr. HOLIFIELD. Mr. Chairman, will the gentleman yield for a question?

Mr. ECKHARDT. I yield to the distinguished gentleman from California, the chairman of the committee.

Mr. HOLIFIELD. Mr. Chairman, as I understand the gentleman's amendment, it requires the President to remove an Administrator for malfeasance, neglect of duty, and documented incompetence.

Does the gentleman mean to suggest that if the policy of the Administrator runs contrary to the policy of the President, that would not be cause for removal, and is not that a departure from the procedure?

Do not all appointees of the President, except those in regulatory agencies, serve at the pleasure of the President?

Mr. ECKHARDT. Mr. Chairman, the gentleman is absolutely correct, and that is really the purpose of this amendment.

It is my position—and I think it is a valid one—that this agency is quite different from the ordinary agency which might be set up to carry out a general question of policy.

Mr. HOLIFIELD. Mr. Chairman, if the gentleman will yield again to me, does this Administrator have the power to make rules and regulations and publish them in the Federal Register, that is, rules and regulations that are binding upon the people the same as regulatory agencies?

Mr. ECKHARDT. Yes, sir; he does if those rules stem from authorities granted in other and separate acts.

Mr. HOLIFIELD. That is a different thing. Then the act itself provides the basis for rules and regulations, and there is a commonly accepted principle of law that rules and regulations may, after going through certain hearings under the Administrative Procedure Act, be set up based on law.

Mr. ECKHARDT. If the gentleman will yield back to me, for instance, in the Register of the 15th of January there were provisions providing for requirements for the splitting of a barrel of oil, favorable, as I recall it, to the middle distillate side instead of to the gasoline side; a perfectly feasible and proper regulation on the part of the FEO. However, that regulation would have had a direct effect on refineries and determined whether or not they would be able to produce that which would sell most profitably or, rather, would be required to produce something in greater need but perhaps not so profitable. I submit that that was a proper regulation. It never went into effect because the refineries actually voluntarily began to split the barrel in the direction of the middle distillates.

However, the point I am making is that this agency acts exactly like a regulatory agency and has functions which are so close——

The CHAIRMAN. The time of the gentleman has expired.

Mr. HORTON. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I think this is a very ill-advised and inappropriate amendment. The amendment provides that the administrator may be removed by the President for cause and then goes on to say that if he is removed, Congress has to be furnished a statement as to the cause of his removal and that cause shall mean certain malfeasance, neglect of duty, and documented incompetence.

First of all, I would like to emphasize to the Members that we are creating a 2-year agency here and not creating an agency that will be going on indefinitely.

Also we have to assume that the President will appoint somebody who will be competent to handle this agency. The President does have the authority to remove, and I do not think we ought to tamper with that.

What this amendment proposes to do is to put a new qualification on the ability of the President to remove someone whom he has appointed from office.

First of all, I think it is unconstitutional. According to *Humphrey's Executive* v. *United States*, 295 U.S. 602, decided in 1935, congressional attempts to limit the President's power of removal would appear to be unconstitutional. For us to do something here in this regard would probably be unconstitutional.

Second, I do not think it is good because it diffuses responsibility and is a bad administrative arrangement.

Mr. Chairman, I hope the amendment will be defeated.

Mr. ECKHARDT. Will the gentleman yield?

Mr. HORTON. I yield to the gentleman.

Mr. ECKHARDT. Does not the gentleman recognize that we have authority to create regulatory agencies in which the power of removal is so limited?

Mr. HORTON. I did not get the end of the gentleman's statement. Yes, we can create a regulatory agency.

Mr. ECKHARDT. Then why can we not give in this agency some of the characteristics of a regulatory agency constitutionally? I recognize you do not think it is good policy, but is there really a serious constitutional question?

Mr. HORTON. First of all, it is not a regulatory agency but an operational agency, and the President will certainly appoint somebody who has the confidence of the President and his authority. We have provided in the bill that the administrator and the deputy administrators, because there are two of them now, the assistant administrators and the general counsel will all have to be approved by the advice and consent of the Senate. I think that is an adequate safeguard insofar as the Congress is concerned without any qualification of the ability of the President to remove a person and any requirement that it be done for cause.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas (Mr. Eckhardt).

The amendment was rejected.

AMENDMENT OFFERED BY MS. ABZUG

Ms. ABZUG. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Ms. Abzug: Page 16, strike line 5 beginning with "except" and all that follows through line 7 "appropriate." and insert in lieu thereof:

"(2) The Administrator may delegate any of his functions to any officer or employee of the Federal Energy Administration as he deems appropriate. The Administrator may delegate any of his functions relative to implementation and enforcement of any law administered by him to officers of a state or political subdivision thereof or to a state or local boards of balanced composition reflecting the makeup of the community as a whole.

"(3) In the event the Administrator implements any plan or program of end-use rationing, such plan or program shall provide for local implementation through state or local boards of balanced composition reflecting the makeup of the community as a whole."

Ms. ABZUG. Mr. Chairman, the section that I am seeking to eliminate and for which I seek to substitute the language that the Members have just heard, now reads as follows:

(2) Except as otherwise expressly provided by law, the Administrator may from time to time delegate such of his functions as he deems appropriate.

One of the problems with the bill before us, which has been recognized by our chairman as well as by members of the committee is that it grants very broad and sweeping powers to the FEA Administrator, without any limitations or guidelines. What I hope to accomplish with this particular amendment is to limit the authority of the Administrator to delegate functions. Beyond that, my amendment would require that, if gasoline rationing is instituted, as I believe it should be, implementation be through State and local boards of balanced composition reflecting the makeup of the community as a whole. It is conceivable, with the language as it now stands, that the Federal Energy Administrator could delegate his authority to anyone. For example, he could delegate his authority to oil company executives, who themselves may be responsible for our current energy problems. My amendment would limit the authority of the Administrator in this respect by providing that he could delegate his powers only to employees of the Federal Energy Administration, including those serving in regional offices. Beyond that, the Administrator could delegate his powers of implementation and enforcement to State and local officials or boards of balanced composition.

We have all had the frustrating experience of not knowing whom to deal with at the Federal Energy Office, and that is because there have been no clear guidelines for delegation of authority. In view of these experiences over the past few months in attempting to deal with the Federal Energy Office, it should be clear that an amendment such as I am proposing is necessary.

We must know exactly who has authority and who is responsible for what functions. We must also provide for the delegation of enforcement and implementation functions to state and local officers and boards composed of representative members of the community. The purpose of the boards would be to implement any rationing plans promulgated and to handle hardship appeals. The proposed rationing regulations published recently by the Federal Energy Office provide for Governors, in the absence of State law, to set up State offices for gasoline rationing. There are no guidelines as to the operation or the composition of these offices.

None of us is under any illusion that gasoline rationing, should it ever come about, would be an easy matter or simple to implement. The need to control our supplies, however, and to alleviate the unbearingly long lines at gas stations should convince us that such an approach is necessary.

Only the local community can know its own needs and can best determine what is fair and equitable to its own citizens. Only at the local level can a hardship appeal be truly evaluated. Whether a handicapped or elderly person receives an extra allotment of gasoline and so remains a productive member of society or whether a traveling salesperson, whose sole means of livelihood depends upon the automobile, receives enough gas to earn a living may well depend upon the local community's sensitivity to his needs.

This amendment would provide for local boards to implement gasoline rationing plans in their own communities, or at the State level, or both. To assure equitable treatment, the amendment requires that the boards consist of members who truly reflect the nature of the community. While Washington may set the policy and the guidelines for rationing plans, such plans must be implemented at State and local levels.

Mr. Chairman, I urge my colleagues to support the amendment I have offered, because I believe that, as the bill now reads, it contains a very serious weakness in its broad, sweeping, undefined delegation of powers.

Mr. HORTON. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, this amendment in part is modeled on a provision in the Jackson-Staggers bill which is S. 2589, but it makes two significant changes which should first be considered by the appropriate legislative committees of jurisdiction before they are adopted.

First, this amendment would limit the authority of the administrator to delegate his authority to other agencies. This is now in the Jackson-Staggers bill, but only for the programs under the bill. For the purposes of that bill, there is no need to reiterate the limitation here. However, the amendment would extend that restriction to functions not within the Jackson-Staggers bill but transferred solely by this bill. These are the functions of the Department of the Interior, offices of Energy Conservation, Energy Data and Analysis, and Oil and Gas. These include programs of long standing not precipitated by the energy emergency. I doubt that we know whether and to what extent those programs involve cooperation by other agencies, and I suggest that the legislative committees of jurisdiction should be given the opportunity to assess the impact before this amendment is approved.

Secondly, the proposed amendment would add a new provision to the Jackson-Staggers bill which would require use of State and local boards for end-use rationing programs. The use of State and local boards may be a good idea. The committee, after studying the matter, authorized such use but did not make it mandatory. Presumably, they felt it best to leave this to the discretion of the administrator as a necessary option to management of rationing programs.

If the amendment were necessary, it should have been offered and considered with the Jackson-Staggers bill. In any case, this body should have the benefit of the study and the advice of the appropriate legislative committees of jurisdiction before making this change to this bill. It should not be tacked onto the present bill, which is presented solely as an organization bill, so I urge that the amendment be defeated.

Ms. ABZUG. Mr. Chairman, will the gentleman yield?

Mr. HORTON. I yield to the gentlewoman from New York.

Ms. ABZUG. I thank the gentleman for yielding. He does realize that the amendment proposed does make organizational suggestions? They are not substantive suggestions as he is implying. It does make organizational suggestions.

Mr. HORTON. I understand that, but I think that, again, the subject that the gentlewoman is talking about is something that should go through the appropriate legislative committees and not through the Committee on Government Operations. Therefore, I hope that the amendment will be defeated.

Ms. ABZUG. Mr. Chairman, will the gentleman yield further?

Mr. HORTON. I yield to the gentlewoman from New York.

Ms. ABZUG. I thank the gentleman for yielding. I just want to correct one of the things that the gentleman stated, in that the Administrator may delegate any of his functions to any officer or employee of the Federal Energy Administration, or to officers of a State or local subdivision. It does not seek to prevent the Administrator from delegating his authority to appropriate people. Would the gentleman not agree that what I am seeking to do is to see to it that we do not involve the delegation of authority outside of the authority of Government to those who have a conflict of interest? Would that not be an important guideline for the Administrator?

Mr. HORTON. As I tried to indicate, I think that these are matters more appropriately handled by the legislative committees of jurisdiction, not in this organizational bill.

The CHAIRMAN. The question is on the amendment offered by the gentlewoman from New York (Ms. ABZUG).

The question was taken; and on a division (demanded by Ms. ABZUG) there were—ayes 17, noes 34.

So the amendment was rejected.

The CHAIRMAN. Are there further amendments to section 4? If not, the Clerk will read.

The Clerk read as follows:

SEC. 5. To meet the energy needs of the Nation for the foreseeable future, the Administrator shall—

(1) advise the President and the Congress with respect to the establishment of a comprehensive national energy policy for the balance of the twentieth century, and in coordination with the Secretary of State, the integration of domestic and foreign policies relating to energy resource management;

(2) assess the adequacy of energy resources in meeting demands for the immediate and long-range future for all sectors of the economy and for the general public;

(3) develop effective arrangements for the participation of State and local governments in the resolution of energy problems;

(4) develop plans and programs for dealing with energy production shortages;

(5) promote stability in energy prices to the consumer, promote free and open competition in all aspects of the energy field, prevent unreasonable profits within the various segments of the energy industry, and promote free enterprise;

(6) assure that programs are designed and implemented in a fair and efficient manner so as to minimize hardship and inequity while assuring that the priority needs of the Nation are met;

(7) develop and oversee the implementation of equitable voluntary and mandatory energy conservation programs and promote efficiencies in the use of energy resources;

(8) develop and recommend policies on import and export of energy resources;

(9) collect, evaluate, assemble, and analyze energy information on reserves, production and demand and related economic data;

(10) identify the need for and take action to expedite the development of energy resources;

(11) work with business, labor, consumer and other interests and obtain their cooperation; and

(12) perform such other functions as may be prescribed by law.

Mr. HORTON (during the reading). Mr. Chairman, I ask unanimous consent that section 5 be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

AMENDMENT OFFERED BY MR. HOLIFIELD

Mr. HOLIFIELD Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HOLIFIELD: Page 18, line 15, strike "for the balance of the twentieth century" in subdivision (1) of section 5, and insert in lieu thereof "in relation to the energy matters for which the Administration has responsibility".

Page 18, line 20, strike "long-range" in subdivision (2) of section 5, and insert in lieu thereof "longer-range".

Mr. HOLIFIELD. Mr. Chairman, these are clarifying amendments.

These amendments will serve to reflect the underlying intent of this bill, which I described in my explanation on January 29, 1974, when the bill was presented to the House for consideration, that this agency, as distinguished from ERDA, the Energy Research and Development Administration, will be dealing with the short-term aspects of our energy problem and largely on the basis of presently available technology. The period of duration of FEA, as prescribed in section 19 of this bill, is 2 years. The Senate version of this bill, which was passed by the Senate on December 19, 1973, provides for an even shorter period.

Of course, the 2-year term may prove to be insufficient to alleviate our present crisis—or emergency—or serious problem—depending on who the administration spokesman is—in which event the Congress could later extend it. But we want to make it clear that the FEA people should keep their eyes exclusively on the immediate and relatively short-range problems within the scope of their statutory responsibilities.

I respectfully request the adoption of this clarifying amendment.

Mr. MILFORD. Mr. Chairman, will the gentleman yield?

Mr. HOLIFIELD. I will be happy to yield.

Mr. MILFORD. Mr. Chairman, one of the questions that bothers me concerns the relationship between ERDA and this bill. It appears to me that we should be putting this new agency under ERDA or vice versa, because it is very difficult to separate short-term from long-term energy problems.

Mr. HOLIFIELD. No; the ERDA agency is to be the primary research and development agency for the Government in the field of energy, both in nuclear and fossil fuels and geothermal and all other forms of energy.

Now, some of those problems will be long-range problems and some will be short-range problems.

I would say my judgment would be, for instance, that it is an immediate problem to take the sulfur out of the oil and coal stacks to make energy environmentally acceptable. That is a short-term thing and it is a job for ERDA to do at the request of the FEA Administrator.

I would hope that they would respond to it. The Administrator of ERDA and the Administrator of FEA and, of course, the Secretary of Interior are all appointees of the President and they all have roles to play. The Interior Department has a role to play in the leasing of land and that sort of thing; but ERDA has both short- and long-term energy research and development.

What we are saying here is that the FEA should exert its present emergency effort to establishing those things that can be done within a shorter time period

That is all we are saying here. It is a clarifying amendment. ERDA is separate from FEA, but it has to be responsive to the agencies of the Government in this particular energy field, and the ERDA bill so requires.

What we are really saying here is that we want the FEA at this time to concern itself with those things that have to be done in an emergency way, not the creation of fusion, which will be 30 years from now. They have an ongoing program on that, but we want the emergency that faces this Nation now handled first. In the meantime, we want to continue with the longer range programs which are to be assigned to ERDA.

Mr. MILFORD. Mr. Chairman, if the gentleman will yield further, his point is well taken but fails to recognize something that is extremely important. That is, there is often a conflict between what should be done now and what should be done in the long range. We would have two Government agencies working on the same subject and possibly at loggerheads with each other.

Mr. Chairman, it was my understanding that we were creating an administrative agency wherein all energy matters would be brought under one jurisdiction—one bureau.

I think everyone agrees that one of our main problems, in trying to administer energy programs, has been diversification of authority scattered through several different agencies.

It appears that we have defeated our original purpose. We are beginning with two separate agencies that will be dealing with energy.

Mr. HOLIFIELD. Mr. Chairman, we contemplate in the bill that there shall be a study by the administrator of those things which are in the longer range and those things which will be done immediately, and to report to the Congress. We think we have taken care of it.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California (Mr. Holifield).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. HOLIFIELD

Mr. HOLIFIELD. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Holifield: On page 18, line 12, after "Administrator, insert ", to the extent expressly authorized by other sections of this Act or any other provision of law,".

On page 23, strike line 18 and all that follows through line 20; and on line 21, change "k" to "j".

The CHAIRMAN. The Chair will point out that in the amendment offered by the gentleman from California, the first section of the amendment refers to section 5 which is presently under consideration. The second section of the amendment refers to section 7, which point has not been reached in the reading of the bill.

Mr. HOLIFIELD. Mr. Chairman, the Chair is exactly right.

The CHAIRMAN. Does the gentleman from California ask unanimous consent to withdraw his amendment as offered, and offer a new amendment which conforms to the rule?

Mr. HOLIFIELD. Mr. Chairman, I ask that unanimous consent, and I offer the first amendment which has already been read, page 18, line 12.

PARLIAMENTARY INQUIRY

Mr. ALEXANDER. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. ALEXANDER. Mr. Chairman, reserving the right to object and making a parliamentary inquiry, am I to understand that the amendment offered by the distinguished chairman of the committee is to section 5 of the bill only?

Mr. HOLIFIELD. Mr. Chairman, that is correct.

The CHAIRMAN. The amendment which will be offered if the present amendment is withdrawn, as the Chair understands it, will refer to section 5 only.

Mr. ALEXANDER. Mr. Chairman, I withdraw my reservation of objection.

PARLIAMENTARY INQUIRY

Mr. HORTON. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. HORTON. Mr. Chairman, reserving the right to object and making a parliamentary inquiry, could the gentleman from California ask unanimous consent to consider the amendment that he proposed on page 23?

The CHAIRMAN. He could, but the Chair will state the gentleman from California has not done so.

Mr. HOLIFIELD. Mr. Chairman, I have not done so, and I prefer to have it in an orderly way. Unfortunately, this amendment was handed to me by the staff and does not signify that this was in section 7.

Mr. HORTON. Mr. Chairman, I withdraw my reservation of objection.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

AMENDMENT OFFERED BY MR. HOLIFIELD

Mr. HOLIFIELD. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Holifield: On page 18, line 12, after "Administrator", insert ", to the extent expressly authorized by other sections of this Act or any other provision of law,".

Mr. HOLIFIELD. Mr. Chairman, the purpose of this amendment is to make clear that the intent is to give this new agency only the functions specifically transferred to it by section 6 and any additional functions that may be assigned by law to it in the future. We wish to make it clear that the bill does not give the Administrator any new authority to initiate a consumer rationing program or similar programs.

The Administrator will have only the authority for new programs provided by existing law or future legislation such as that proposed in the Energy Emergency Act.

Mr. ROSENTHAL. Mr. Chairman, I rise in opposition to the amendment.

Mr. ALEXANDER. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count.

Fifty-four Members are present, not a quorum. The call will be taken by electronic device.

The call was taken by electronic device, and the following Members failed to respond:

[Roll No. 61]

Annunzio
Arends
Barrett
Blatnik
Bolling
Brasco
Burke, Calif.
Burton
Carey, N.Y.
Clark
Clay
Conyers
Dellums
Dickinson
Diggs
Dorn
Esch
Frelinghuysen
Giaimo
Gray
Hansen, Wash.
Hawkins
Hébert
Heckler, Mass.
Hogan
Jones, Ala.
Jones, Okla.
Landrum
McFall
Macdonald
Mailliard
Martin, Nebr.
Mills
Minshall, Ohio
Montgomery
Mosher
Moss
Murphy, N.Y.
Nichols
O'Neill
Pike
Randall
Rangel
Rees
Reid
Rooney, N.Y.
Rooney, Pa.
Ryan
Seiberling
Steiger, Wis.
Stephens
Stratton
Stubblefield
Stuckey
Tiernan
Treen
Whitehurst
Wilson,
Charles H.,
Calif.
Wyatt
Wylie

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. Flynt, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill H.R. 11793, and finding itself without a quorum, he had directed the Members to record their presence by electronic device, whereupon 371 Members recorded their presence, a quorum, and he submitted herewith the names of the absentees to be spread upon the Journal.

The Committee resumed its sitting.

The CHAIRMAN. At the time that the point of order of no quorum was made, the Chair had just recognized the gentleman from New York (Mr. Rosenthal) for 5 minutes in opposition to the amendment offered by the gentleman from California (Mr. Holifield).

Mr. ROSENTHAL. Mr. Chairman, this is a very, very serious amendment. I vigorously oppose it. The net effect of this amendment would be to override the Committee on Government Operations, which reported this bill to the floor by a vote of 28 to 1.

It would do that because it would most likely affect the germaneness ruling of the Chair in terms of amendments that could be offered to the functions provisions of the bill.

The Commitee on Government Operations in reporting this bill to the floor stated on page 18, section 5 under the "Functions" responsibility,

To meet the energy needs of the Nation for the foreseeable future, the Administrator shall—

Then it lists a number of powers. In section (5):

Promote stability in energy prices to the consumer, promote free and open competition in all aspects of the energy field, prevent unreasonable profits within the various segments of the energy industry, and promote free enterprise;

If this amendment is passed, it could affect the Chair's rule as to the germaneness of an amendment that I intend to offer providing for a rollback in domestic crude. It would potentially affect the germaneness of the amendment I will offer which provides a rollback in domestic crude, which is, in effect, word for word the Stagger's amendment which passed the House last week.

This amendment would possibly preclude that amendment, or most likely preclude it. It would most likely preclude the amendment to be offered by the gentleman from Arkansas (Mr. Alexander) in reducing the price of propane gas and the amendment to that amendment that I understand will be offered by the gentleman from Illinois (Mr. Findley).

Now, the Committee on Government

Operations in voting 28 to 1 specifically intended to give this Administrator functional responsibility to assume new programs, new responsibilities, and mandated that he should "promote stability in energy prices to the consumer."

What this amendment would do would limit his responsibility in violation of that direction of the Committee on Government Operations to those existing programs or laws that are on the books and those responsibilities in this law.

The committee dealt with this legislation at great length. It considered it very carefully. As a matter of fact, the "promote free enterprise" section of this number (5) was a matter of great debate in this committee. The committee by this 28-to-1 direction wanted this Administrator to do something about consumer prices. If this amendment of the distinguished gentleman from California is adopted, it would preclude, I believe, the amendments for a price rollback that I would offer and the amendment on propane gas price rollback that the gentleman from Arkansas (Mr. ALEXANDER) and the gentleman from Illinois (Mr. FINDLEY) will offer.

If Members are interested in doing something about consumer prices in this or any other energy area, if Members are interested in promoting free and open competition, then all aspects of the energy field must be considered. If Members are interested in preventing unreasonable profits within the various segments of the energy industry, then they will have to vote down this amendment and permit the committee to work its will on these other amendments.

Each of us should have an opportunity to vote on these other significantly important amendments.

I urge the defeat of the amendment.

Mr. HORTON. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, this amendment, for the benefit of those who were not here on the floor when it was offered, proposes to add on page 18, line 12, these words:

> To the extent expressly authorized by other sections of this Act or any other provision of law.

Now, the purpose of the amendment is to make explicit the intent to give the new agency only the functions which are expressly transferred to it by section 6, or any additional functions that may be assigned by law to it in the future.

We want to make very clear that the amendment does not give the bill any new authority to initiate a consumer rationing program, or similar programs.

I want to respectfully disagree with the gentleman from New York (Mr. ROSENTHAL), when he said that this is defeating the purpose of the Committee on Government Operations. If we listen to what the gentleman from New York (Mr. ROSENTHAL) had to say, it would make it appear as though the Committee on Government Operations was getting into the jurisdiction of the Committee on the Interior, the Committee on Interstate and Foreign Commerce, and other legislative committees.

This is a reorganization bill. I have emphasized that in January when the bill was here for general debate; I have emphasized it earlier today; the chairman has emphasized it. The intent of this bill is not to expand any authorities or programs that are already existing. That extension of authority and program would have to come out of the legislating committees of this Congress.

It is certainly not the intent of this bill, as I stated on the floor during general debate, to get into policies and programs which are within the jurisdiction of other committees. The effect of this amendment is to make clear that the language of section 5 in no way grants policy and program authority, such as authority to promulgate end-use allocation plans or to set prices of petroleum products. This bill did not before, and without question, does not now deal with substantive authority in these areas.

It would be inappropriate for the Committee on Government Operations to get into those areas. Such substantive authority is handled only by other bills or laws such as the Economic Stabilization Act, the Emergency Petroleum Allocation Act, and the proposed Energy Emergency Act. This bill changes in location authority to implement the programs contained in those other laws. This bill now does not treat in any manner the program and policy contained in these other laws.

Mr. HOLIFIELD. Mr. Chairman, will the gentleman yield?

Mr. HORTON. Mr. Chairman, I yield to the gentleman from California.

Mr. HOLIFIELD. Mr. Chairman, the gentleman has expressed exactly the philosophy of the bill. The gentleman from New York (Mr. ROSENTHAL) has expressed his philosophy; the gentleman from Arkansas (Mr. ALEXANDER) will express his philosophy. Both of them have a perfect right to do that. They have a different philosophy.

Their amendments should have been offered to the Staggers bill. That is the bill that had the programs in it, not this bill. This bill does not carry the programs. The only programs in this bill are programs already in effect that have been placed in the laws, and those entities that are carried over such as the economic stabilization act; such as the different functions of interior that are carried over. But, that was done by the committees of jurisdiction. We are not changing that.

We are putting them together for coordination and direction.

Mr. Chairman, I will have to oppose, even though I might be personally in favor of some of these—I would have to oppose in order to protect the integrity of the bill. The bill, as the gentleman from New York has said, is an organization bill. We are not trying to roll back prices or set the price of propane gas. We are not trying to do any of these things which were done in the Staggers bill.

Mr. HORTON. Mr. Chairman, will the gentleman from California agree with me that if we adopt the policy that has been enunciated by the gentleman from New York (Mr. ROSENTHAL), it would be inconsistent with the jurisdiction of the Committee on Government Operations?

Mr. HOLIFIELD. Of course, it would. We have always respected the jurisdiction of committees of substantive origin of the legislation. This is a moving together of things that have already been done by substantive legislation of these other committees, and it is not ordinary to detract from or add to. That is our position on this bill.

Mr. Chairman, I will tell the Members of this House that if they vote this bill out with these program items such as the gentleman from New York (Mr. ROSENTHAL) now wants, and the gentleman from Arkansas (Mr. ALEXANDER) has told me very courteously that he is going to offer, we will get this bill vetoed. We are trying to set up an organization so that this Congress can take credit for it.

The CHAIRMAN. The time of the gentleman from New York has expired.

(By unanimous consent, Mr. HORTON was allowed to proceed for an additional 2 minutes.)

Mr. ROSENTHAL. Mr. Chairman, will the gentleman yield?

Mr. HORTON. Mr. Chairman, I yield to the gentleman from New York.

Mr. ROSENTHAL. Mr. Chairman, I thank the gentleman for yielding to me.

Mr. Chairman, am I correct when I stated that the committee voted this bill out 28 to 1?

Mr. HORTON. That is correct.

Mr. ROSENTHAL. And section 5 says the following:

> To meet the energy needs of the nation for the foreseeable future, the administrator shall—(5) promote stability in energy prices to the consumer—

Am I correct?

Mr. HORTON. That is the language of the bill. I do not have it in front of me, but I assume the gentleman is reading accurately.

Mr. RONCALIO of Wyoming. Mr. Chairman, will the gentleman yield?

Mr. HORTON. I yield to the gentleman from Wyoming.

Mr. RONCALIO of Wyoming. Mr. Chairman, on the assumption that the President will veto the Staggers bill, which we considered last week, will there be any other area in which we can combine form and substance in order to bring down the price of propane and, therefore, respond to the problem of runaway prices?

Mr. HORTON. Mr. Chairman, I am glad the gentleman has asked that question.

The way that question can be answered is to go back to the committee of jurisdiction, which is the Committee on Interstate and Foreign Commerce, and take it up there and report out another bill.

This bill should not be burdened down with authority. I will respectfully point out to the gentleman that the Committee on Government Operations has a specific jurisdiction. It has authority for reorganizations; it does not have authority for legislative functions other than to create organizations.

That is the thing the chairman of the committee and I have been trying to point out ever since the debate started.

I understand the gentleman's frustration, but this is not the place to take out his frustrations.

Mr. RONCALIO of Wyoming. Mr. Chairman, I appreciate the answer given by the gentleman from New York.

I am not easily frustrated, but when I have constituents whose prices of propane have been quadrupled while the price of crude has only gone up half, I can appreciate the people are looking to us for an answer.

They do not distinguish form from substance, and we cannot either, any more than we can distinguish it in a good skier or a good swimmer. There is no distinction between form and substance.

Mr. HORTON. Mr. Chairman, I understand the gentleman's point. That is the reason why in the Congress we have different committees with different jurisdictions.

Mr. BROWN of Ohio. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, I appear before the Members as a Member of the Subcommittee on Government Operations from which this legislation sprang, and also as the ranking Republican member of the Subcommittee on Communications and Power of the Interstate and Foreign Commerce, which has jurisdiction over programs included in the Emergency Energy Act and, therefore, the committee from which that legislation sprang.

I would have to say that it is rare that we see a committee come to this House floor with as precise an understanding of the jurisdiction and responsibility of the committee and its legislative limits as we see this afternoon. The gentleman from California (Mr. Holifield), chairman of the committee, and the gentleman from New York (Mr. Horton) bring to us a bill which is designed to meet organizational requirements and not substantive changes in programs to which we have already addressed ourselves. That legislation on programs came, as it properly should, through the Committee on Interstate and Foreign Commerce.

Mr. Chairman, I support the chairman of the committee, the gentleman from California (Mr. Holifield) and the ranking minority member, the gentleman from New York (Mr. Horton) in their feeling that this legislation ought to be limited to the organizational function of the Federal Energy Administration.

Now, we all know what the game has been here. This piece of legislation has been held hostage until we could get the Emergency Energy Act out of the Senate and House conference committee. And that legislation would be law now if we had followed House rules. But we had to have in that Emergency Energy Act the rule-violating amendment on rolling back the price of oil, because on that particular item, one of the members of the conference, a member of the other body, wanted to make a little hay. The hay has now been made. But we still don't have legislation. We need to have legislation to give us the organization that will get this job done of dealing with our energy problems.

Fortunately, we have that legislation before us now. If we start through this lengthy process of adding to this piece of legislation all the programs and all the arguments about whether we should or should not have rationing or whether we should or should not have the rollback of prices, what will be the result? Further delay and jeopardy for this needed legislation.

The impact will be that we will not have an organization capable of doing the energy job. That is what we need. We need somebody to have the staff, the functions assigned to it, the budget assigned to it, and the authorization to get the job done.

Now, the people back home are pretty upset at the Congress. They are about as upset at the Congress as they are at the administration, and the administration certainly deserves to have people upset at it, based on some of the problems it has created for itself by its behavior. The Congress can avoid similar disrepute by sticking to its own rules.

I would like to see the Congress at least stick to some understanding of what its own rules are and let us limit ourselves in this legislative consideration to the job of the Committee on Government Operations.

I can tell you, if you break down the rules here, you will have the possibility of the Committee on Government Operations taking over the jurisdiction of every other committee of the Congress, because literally that is what it is supposed to do, namely, have some oversight function in all areas. But then you will have chaos, not only between the House and the other body on whether or not we are going to follow the rules of germaneness and appropriateness as to what can be done in a conference, but you will wind up within this body in a family fight over which committees bring what to the floor.

Mr. Chairman, I would urge all of the Members to support the amendment offered by the chairman of the committee (Mr. Holifield) in this particular instance.

The gentleman has no more empires to build. Chet Holifield is leaving this Congress after this year, as he has already announced, after a long and distinguished career, contributing not only a great deal to the country but to the Congress. In this, as in many other instances in the past, he is right on the way in which we should be operating. I do not always agree with him on the function. We disagree on this question of whether or not we ought to vote rollbacks on the price of oil. The gentleman voted in another way than I did when that amendment was here under the Commerce Committee's jurisdiction where it properly belonged. However, I agree with him and he is right on this matter of jurisdiction over organization. This bill and his committee should limit itself to that.

Mr. HOLIFIELD. Will the gentleman yield?

Mr. BROWN of Ohio. I yield to the gentleman.

Mr. HOLIFIELD. I thank the gentleman for yielding.

I voted for the rollback provision in the Staggers bill because I think it ought to be rolled back. I make no apologies to my liberal friends about my feelings and convictions. They are well known.

The CHAIRMAN. The time of the gentleman has expired.

(By unanimous consent, Mr. Brown of Ohio was allowed to proceed for 1 additional minute.)

Mr. BROWN of Ohio. I yield further to the gentleman from California.

Mr. HOLIFIELD. I thank the gentleman very much.

As I said, I voted for the rollback provision in the Staggers bill. I am not sailing under any false colors. However, that was the place to vote for it, not in an organizational bill. As long as I am on this floor I am going to fight for the jurisdiction of every committee, including my own. I am not going to encroach on any committee if I can prevent it. That is all I am trying to do. I will match my record with my liberal friends over the years as long as they want to go back and long before they came here, because I was voting for liberal principles then and I am still voting for them. However, I am opposed to legislation in an organizational bill, because that is the only way you can keep this going here, and you will find that out, my friends, long after I am gone from the floor.

Mr. ALEXANDER. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from California (Mr. Holifield).

Before I make my statement I would like to echo the remarks made previously by the gentleman from Ohio when he complimented the gentleman from California (Mr. Holifield). I, too, applaud the efforts of our chairman for the diligence and constant effort which he exerted in order to steer this very difficult bill on a correct course and passage through the Committee on Government Operations. I applaud the gentleman's efforts and his long work and diligence and applaud the product that that committee produced here by an overwhelming vote from the committee.

However, I would say to those gentlemen who argued earlier that they are getting the cart before the horse. We are not arguing here whether or not Mr. Rosenthal's amendment is good or bad or whether or not my amendment is good or bad. We are trying to address ourselves to the issue of whether or not the bill should be restricted in its present form so as to prevent Mr. Holifield from offering his amendment and so as to prevent me from offering my amendment.

Those of us from States that use propane know for far over a month I have tried to communicate with you about the extreme conditions that have resulted from a policy in the oil industry that has allowed an increase of more than 350 percent in propane prices over the last year.

Mr. Chairman, I say to my colleagues that if this amendment is voted down that it will give me an opportunity to offer an amendment that will put some equity into the propane pricing that has caused havoc in rural States like Arkansas.

Subsection 6 under this bill says that the Administrator shall:

> (6) assure that programs are designed and implemented in a fair and efficient manner so as to minimize hardship and inequity while assuring that the priority needs of the Nation are met;

Mr. Chairman, I urge my colleagues to vote down this amendment so that these purposes can be kept in the bill and so that I can offer an amendment to do something about the propane prices.

Mr. FINDLEY. Mr. Chairman, will the gentleman yield?

Mr. ALEXANDER. I yield to the gentleman from Illinois.

Mr. FINDLEY. Mr. Chairman, I thank the gentleman from Arkansas for yielding to me.

Frankly, Mr. Chairman, I am not on the Committee on Interstate and Foreign Commerce nor am I on the Committee on Government Operations, and further, frankly, I do not care where, from which committee, the problem is solved. I can hunt all over my own congressional district among constituents who are users of propane gas and not find one of them that cares whether the solution comes out of the Committee on Government Operations or the Committee on Interstate and Foreign Commerce.

It just happens that the Committee on Government Operations has a bill on the floor today. I think we ought to seize the opportunity today to bring about the reform that the gentleman's amendment will bring about and also the reform that my amendment will effect.

Mr. ALEXANDER. Mr. Chairman, I would only add that this bill grants to the Administrator certain discretion. We should have the opportunity in this body to offer amendments that would limit that discretion of the Administrator under the provisions of this bill.

Mr. ECKHARDT. Mr. Chairman, I move to strike the requisite number of words and I rise in favor of the amendment.

Mr. Chairman, most of the discussion here has been on two prospective amendments and how this amendment would affect them. Frankly that is too deep a subject for me to fully understand.

With respect to the parliamentary situation it would seem to me that the bill is either of a structure wide enough to embrace the Rosenthal amendment, and of a broad enough structure to make the amendment on propane gas germane, or it is not.

I do not know that this amendment makes any difference in that respect but I do not intend to talk with respect to some prospective points of order.

The point is simply this: Unless the position that the distinguished gentleman from California and the distinguished gentleman from New York propounded in the answers to the questions I asked earlier today is correct, this is the most far-reaching delegation of authority I have ever seen in a bill.

Why, according to the Rosenthal theory this would permit the agency to do anything to promote stability in energy crises, to promote free and open competition, to prevent unreasonable profits, and, of all things, to promote free enterprise. What could not be done to promote free enterprise? This is like passing a law delegating to the Federal Energy Agency the authority to promote the public welfare.

What in Heaven's name is the limitation on such authority?

Furthermore, in section 7, as it now reads, and without the amendment, it is said that one of the functions of this agency is to develop mandatory energy conservation programs. What possible program does not fall in that category? You can tell people to go to bed by 9 o'clock, or shut off their lights, or cut off their TV, or close the grocery stores, or whatever you might want to do, and all of this would be a mandatory energy conservation program.

The gentleman from New York and the gentleman from California said that was not intended. I do not think it was. I think they were talking candidly when they said that the framework of these functions was merely stated in broad enough terms to permit the agency to act as a structure to enforce existing law and that which might be passed by separate legislation. So they are not attempting to change this bill by the amendment; they are simply trying to make it clear that the functions of this agency are designed to carry out that which we pass in this Congress, and not to carry out that which some bureaucrat determines to be proper law. That is all it does.

I may be conservative when I am opposed to permitting an agency to make law instead of Congress making the law. If I am, I am glad to have that appellation. Is it no longer respectable to insist that the people have a voice with respect to the functions of Government and not that agencies determine such matters by fiat? I do not know what one calls that—liberal or conservative—but at any rate I am for limiting agency power until Congress acts, and that is all I understand the amendment does.

Mr. HOLIFIELD. Mr. Chairman, will the gentleman yield?

Mr. ECKHARDT. I yield to the gentleman from California.

Mr. HOLIFIELD. I thank the gentleman for yielding.

The gentleman expresses my attitude on this exactly. We are not trying to advance new law; we are not trying to detract from existing law; we are trying to put these different functions that go into this agency together, so that they can be coordinated according to existing law. Any bill, whether it is the Staggers bill or any other bill, that is signed by the President and becomes law, it is the function of that committee that the gentleman is on—I believe the gentleman is on that committee; is he not?

Mr. ECKHARDT. The Committee on Interstate and Foreign Commerce.

Mr. HOLIFIELD. The Committee on Interstate and Foreign Commerce. It is the gentleman's function to do this, and I am leaving it with him. I deplore the price of propane, and I have as many people in California who use propane as does the gentleman from Arkansas. I have 20 million people who are paying increased prices for gasoline. I do not like it, and they do not like it, but this bill is not the bill to control that particular facet.

The CHAIRMAN. The time of the gentleman has expired.

Mr. RONCALIO of Wyoming. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I shall not speak 5 minutes. I should just like to oppose the amendment offered by the gentleman from California, with my proper respect for his work on atomic energy and his leadership over the years. Neither am I ashamed of the fact that I voted for a rollback on crude last week. It still gives a Wyoming marginal operator the right to go as high as $7.09 a barrel on what he was getting $3.10 a barrel for 14 months ago if the President would exert the 35-percent discretionary increase provided in the Energy Emergency Act. Instead, he says he will veto. If he vetoes, there will be no relief for propane consumers. That is why I oppose Mr. HOLIFIELD's amendment, and why I therefore want consideration of the Alexander amendment. Every little town in Wyoming has dozens of retired civil service people, hundreds of retired couples, living on small, fixed incomes, living in mobile homes who heat and cook with propane, and they have gone from 14 cents a gallon wholesale 1 year ago to 38 cents a gallon wholesale now. That is almost legal robbery. They write by the hundreds and say, "What right have you Congressmen to allow a situation like that to prevail? You are no good in Congress if you cannot avoid that injustice."

So we voted for a rollback, and now we are told, "Oh, well, the rollback on crude will not make a bit of difference to the propane users, because it is a distillate byproduct of the natural gas line." So we let the robbers thrive, and we jeopardize the chance to bring more production to the marginal independent producers of oil in Wyoming.

We come back a week later and say, "Don't draw that fine line between last week's bill and this week's bill."

Who cares about what last week's bill was and what this week's bill was? We have got a dozen committees in this House that overlap in jurisdiction and in personnel, and in jealousy and in staff, and we are becoming the laughing stock of the Nation. We must do something about removing ourselves from this situation pretty soon. Let us vote this thing down and get some relief for the people of this Nation who need it, and get our production of oil back up again.

Mr. HORTON. Mr. Chairman, will the gentleman yield?

Mr. RONCALIO of Wyoming. I yield to the gentleman.

Mr. HORTON. The point is that there has not been any energy legislation enacted by this Congress and signed into law and we are trying to pass a bill and set up an organization which is necessary. If we vote the bill up with all the amendments, as the gentleman from New York (Mr. ROSENTHAL) and the gentleman from Arkansas (Mr. ALEXAN-

DER) proposed, we are not going to get an agency set up and Congress will end up getting not anything. The gentleman has made a very good point in supporting the amendment.

Mr. RONCALIO of Wyoming. Mr. Chairman, I appreciate the comments of the gentleman from New York; but let the Congress work its will, because if the President vetoes it we will end up again with a 300 percent increase in propane, which downgrades us that much, including the President.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California (Mr. HOLIFIELD).

The question was taken, and the Chair announced that the ayes appeared to have it.

RECORDED VOTE

Mr. ROSENTHAL. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 301, noes 103, not voting 27, as follows:

[Roll No. 62]

AYES—301

Abdnor
Abzug
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Archer
Arends
Armstrong
Ashbrook
Aspin
Bafalis
Baker
Bauman
Beard
Bell
Bennett
Bergland
Bevill
Blackburn
Boggs
Bolling
Bray
Breaux
Breckinridge
Brinkley
Brooks
Broomfield
Brotzman
Brown, Calif.
Brown, Mich.
Brown, Ohio
Broyhill, N.C.
Broyhill, Va.
Burgener
Burke, Fla.
Burleson, Tex.
Butler
Byron
Camp
Carney, Ohio
Carter
Casey, Tex.
Cederberg
Chamberlain
Chappell
Clancy
Clark
Clausen, Don H.
Clawson, Del
Cleveland
Cochran
Cohen
Collins, Ill.
Collins, Tex.
Conable
Conlan
Corman
Coughlin
Crane
Culver
Daniel, Dan
Daniel, Robert W., Jr.
Daniels, Dominick V.
Danielson
Davis, Ga.
Davis, S.C.
Davis, Wis.
de la Garza
Dellenback
Denholm
Dennis
Derwinski
Devine
Dickinson
Donohue
Downing
Dulski
Duncan
du Pont
Eckhardt
Edwards, Ala.
Edwards, Calif.
Erlenborn
Eshleman
Evans, Colo.
Fascell
Fish
Fisher
Flood
Flowers
Forsythe
Fountain
Frelinghuysen
Frenzel
Frey
Fulton
Fuqua
Gaydos
Gettys
Gibbons
Ginn
Gonzalez
Goodling
Gray
Green, Oreg.
Gross
Grover
Gubser
Guyer
Haley
Hamilton
Hanley
Hanna
Hanrahan
Hansen, Idaho
Harsha
Hastings
Hébert
Hechler, W. Va.
Henderson
Hicks
Hillis
Hinshaw
Holifield
Holt
Horton
Hosmer
Huber
Hudnut
Hunt
Hutchinson
Jarman
Johnson, Calif.
Johnson, Colo.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Tenn.
Jordan
Karth
Kazen
Kemp
Ketchum
King
Kluczynski
Kuykendall
Kyros
Landgrebe
Landrum
Latta
Leggett
Lent
Litton
Long, La.
Long, Md.
Lott
McClory
McCloskey
McCollister
McDade
McEwen
McFall
McKay
McKinney
McSpadden
Madden
Mahon
Mallary
Mann
Martin, Nebr.
Martin, N.C.
Mathias, Calif.
Mathis, Ga.
Matsunaga
Melcher
Michel
Milford
Mink
Mitchell, N.Y.
Mizell
Mollohan
Moorhead, Calif.
Moorhead, Pa.
Morgan
Murphy, Ill.
Myers
Natcher
Nedzi
Nelsen
Nichols
Nix
O'Brien
O'Hara
O'Neill
Parris
Passman
Patman
Pepper
Perkins
Pettis
Peyser
Pickle
Pike
Poage
Powell, Ohio
Preyer
Price, Ill.
Price, Tex.
Pritchard
Quie
Quillen
Railsback
Rarick
Rees
Regula
Reuss
Rhodes
Roberts
Robinson, Va.
Robison, N.Y.
Roe
Rogers
Roncallo, N.Y.
Rooney, Pa.
Rose
Rostenkowski
Roush
Rousselot
Roy
Runnels
Ruppe
Ruth
Sandman
Sarasin
Satterfield
Scherle
Schneebeli
Schroeder
Sebelius
Shoup
Shriver
Shuster
Sikes
Sisk
Skubitz
Slack
Smith, Iowa
Smith, N.Y.
Spence
Stanton, J. William
Steed
Steelman
Steiger, Ariz.
Steiger, Wis.
Stephens
Stubblefield
Stuckey
Studds
Symington
Symms
Talcott
Taylor, N.C.
Teague
Thomson, Wis.
Thone
Towell, Nev.
Udall
Ullman
Van Deerlin
Vander Jagt
Vander Veen
Veysey
Vigorito
Waggonner
Walsh
Wampler
Ware
White
Widnall
Wiggins
Williams
Wilson, Bob
Wilson, Charles H., Calif.
Wilson, Charles, Tex.
Winn
Wolff
Wright
Wyatt
Wydler
Wylie
Wyman
Yatron
Young, Alaska
Young, Fla.
Young, Ill.
Young, S.C.
Young, Tex.
Zablocki
Zion
Zwach

NOES—103

Adams
Addabbo
Alexander
Anderson, Calif.
Ashley
Badillo
Biaggi
Biester
Bingham
Boland
Bowen
Brademas
Buchanan
Burke, Calif.
Burke, Mass.
Burlison, Mo.
Chisholm
Clay
Conte
Conyers
Cotter
Cronin
Delaney
Dent
Diggs
Dingell
Drinan
Eilberg
Esch
Evins, Tenn.
Findley
Flynt
Foley
Ford
Fraser
Froehlich
Grasso
Green, Pa.
Griffiths
Gude
Gunter
Hammerschmidt
Hansen, Wash.
Harrington
Hays
Heckler, Mass.
Helstoski
Holtzman
Howard
Hungate
Ichord
Kastenmeier
Koch
Lehman
Lujan
McCormack
Macdonald
Madigan
Maraziti
Mayne
Mazzoli
Meeds
Metcalfe
Mezvinsky
Miller
Minish
Mitchell, Md.
Moakley
Mosher
Murtha
Obey
Owens
Patten
Podell
Reid
Riegle
Rinaldo
Rodino
Roncalio, Wyo.
Rosenthal
Roybal
Ryan
St Germain
Sarbanes
Seiberling
Shipley
Snyder
Staggers
Stanton, James V.
Stark
Steele
Stokes
Sullivan
Taylor, Mo.
Thompson, N.J.
Thornton
Tiernan
Vanik
Waldie
Whalen
Whitten
Yates
Young, Ga.

NOT VOTING—27

Barrett
Blatnik
Brasco
Burton
Carey, N.Y.
Collier
Dellums
Dorn
Giaimo
Gilman
Goldwater
Hawkins
Heinz
Hogan
Jones, Okla.
Mailliard
Mills
Minshall, Ohio
Montgomery
Moss
Murphy, N.Y.
Randall
Rangel
Rooney, N.Y.
Stratton
Treen
Whitehurst

So the amendment was agreed to.

The result of the vote was announced as above recorded.

AMENDMENT OFFERED BY MR. ROSENTHAL

Mr. ROSENTHAL. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ROSENTHAL: On page 18, line 11 change SEC. 5 to SEC. 5(a).

On page 20, after the period on Line 2, add the following new subsection:

"(b) Section 4 of the Emergency Petroleum Allocation Act of 1973, as amended by this title, is further amended to prevent inequitable prices with respect to sales of crude oil, residual fuel oil, and refined petroleum products, by adding at the end thereof the following new subsection:

"(j) (1) The President shall exercise his authority under this Act and the Economic Stabilization Act of 1970, as amended, so as to specify (or prescribe a manner for determining) prices for all sales of domestic crude oil, residual fuel oil, and refined petroleum products in accordance with this subsection.

"(2) Except as otherwise provided in paragraphs (3) and (4), the provisions of the regulation under subsection (a) of this section which specified (or prescribed a manner for determining) the price of domestic crude oil, residual fuel oil, and refined petroleum products, and which were in effect on the date of enactment of this subsection shall remain in effect until modified pursuant to paragraph (5) of this subsection.

"(3) Commencing 30 days after the date of enactment of this subsection, and until any other ceiling price becomes effective pursuant to the terms of paragraph (5) hereof, the ceiling price for the first sale or exchange of a particular grade of domestic crude oil in a particular field shall be the sum of—

"(A) the highest posted price at 6:00 a.m., local time, May 15, 1973, for that grade of crude oil at that field, or if there are no posted prices in that field, the related price for that grade of crude oil for which prices are posted; and

"(B) a maximum of $1.35 per barrel.

"(4) The regulation under subsection (a) of this section shall be amended so as to provide that any reduction in the price of crude oil (or any classification thereof), of residual fuel oil, or of a refined petroleum product (including propane) resulting from the provisions of this subsection is passed through on a dollar-for-dollar basis to any subsequent purchaser, reseller, or final consumer in the United States. Such pass-through of price reductions shall, to the extent practicable and consistent with the objectives of this section, be allocated among products refined from such crude oil on a proportional basis, taking into consideration historical price relations among such products.

"(5) (A) The President may, in accordance with the procedures and standards provided in this paragraph, amend the regulation under subsection (a) of this section to specify a different price for domestic crude oil, residual fuel oil, or refined petroleum products, or a different manner for determining the price, other than that provided in paragraph (2) or (3) of this subsection, if he finds that such different price or such different manner for determining such price is necessary to permit the attainment of the objectives of this Act.

"(B) Every price proposed to be specified pursuant to this subsection which specifies a different price or manner for determining the price for domestic crude oil provided for in paragraph (3) of this subsection, and every price specified for (or every prescribed manner for determining the ceiling price of) residual fuel oil and refined petroleum products, shall be transmitted to the Congress and shall be accompanied by a detailed analysis setting forth—

"(i) the additional quantities of crude oil, residual fuel oil, refined petroleum products, or if any, that can reasonably be expected to be produced;

"(ii) the effect, if any, upon the demand for crude oil, residual fuel oil, refined petroleum products, or

"(iii) the impact upon the economy as a whole, including the impact upon consumers and the profitability of and employment in industry and business;

"(iv) any significant problems of enforcement or administration; and

"(v) the impact of the preservation of existing competition within the petrolum industry.

resulting from the proposed change in the price of crude oil or manner for determining the price of residual fuel oil or refined petroleum products. Any change in a price of domestic crude oil (or any classification thereof) which is transmitted to Congress within 30 days after enactment of this subsection, which prescribes a different price or a different manner for determining such price provided in paragraph (3) of this subsection shall not take effect until 15 days after the detailed analysis required by this paragraph has been transmitted to the Congress.

"(C) No price for domestic crude oil, or any classification thereof, specified pursuant to this subsection shall exceed the ceiling price provided in paragraph (3) of this subsection by more than 35 percent.

"(D) Ceiling prices or a manner for determining prices established by or pursuant to this subsection are maximum permissible prices, and any seller may sell domestic crude oil, or residual fuel oil, or any refined petroleum product produced therefrom at any lesser price. In the case of any exchange of domestic crude oil, residual fuel oil, or refined petroleum products, the ceiling price shall apply to the total value of the goods and services asked, given or received in exchange for such crude oil, residual fuel oil, or refined petroleum product.

"(6) (A) Any interested person who has reason to believe that any price or manner for determining prices in the regulation under subsection (a) of this section does not prevent inequitable prices may petition the President for a determination under subparagraph (B) of this paragraph.

"(B) Upon petition of any interested person, the President shall by rule determine whether the price of crude oil, residual fuel oil, or any refined petroleum products does not prevent inequitable prices. The President may either affirm such price, or method for determining such price, or establish a different price, or method of determining such price, upon a finding (accompanied by a detailed analysis of such finding as is required under paragraph (5)).

"(7) (A) The President may provide, in his discretion under regulations prescribed by him, for such consolidation of petitions as may be necessary or appropriate to carry out the purposes of this subsection.

"(B) The President may make such rules, regulations, and orders as he deems necessary or appropriate to carry out his functions under this subsection.

"(8) No petition under paragraph (6) of this subsection to determine prices may be filed later than one year after the expiration of this Act or any extension thereof.

"(9) The President may at any time act to establish ceiling prices lower than those provided in paragraphs (2) and (5) if he determines that lower ceiling prices still permit the attainment of the objectives of this Act.

"(10) The provisions of this subsection shall apply to all crude oil notwithstanding the provisions of subsection (e) (2) of this section and section 406 of Public Law 93-153 (87 Stat. 590).

"(11) (A) A proceeding to amend the regulation under subsection (a) of this section with respect to prices as authorized and limited under the terms of paragraph (5) of this subsection and a rulemaking proceeding under paragraph (6) of this subsection shall be governed by section 553 of title 5, United States Code, except that the President shall afford interested persons an opportunity of at least 10 days to present oral and written views, data, and arguments. The 10-day period for presentation of views, data and arguments respecting such action may be postponed until after such action takes effect where the President specifically finds that strict compliance would be likely to cause serious impairment to the operation of the program and such finding and the reasons therefor are set out in detail in the Federal Register at the same time of publication.

"(B) Judicial review of an amendment to the regulation under subsection (a) of this section with respect to prices under the terms of paragraph (5) of this subsection and a rule promulgated under paragraph (6) of this subsection shall be reviewable pursuant to the provisions of section 211 of the Economic Stabilization Act of 1970, as amended, except that any such amendment and rule may not be enjoined or set aside, in whole or in part, unless the court makes a final determination that such amendment or rule is in excess of the President's authority, is arbitrary or capricious, is otherwise unlawful under the criteria set forth in section 706(2) of title 5, United States Code, or is based on findings required by this subsection which are not supported by substantial evidence.

"(12) For the purposes of this subsection—

"(A) The term 'inequitable price' means a price in excess of a price which is reasonable, taking into consideration the price necessary to obtain sufficient supplies of crude oil, residual fuel oil and refined petroleum products, to permit the attainment of the objectives of this Act;

"(B) the term 'domestic crude oil' means crude oil produced in the United States or from the outer Continental Shelf as defined in section 2 of the Outer Continental Shelf Lands Act (43 U.S.C. 1331); and

"(C) the term 'interested person' includes the United States, any State, the District of Columbia, Puerto Rico, and the territories and possessions of the United States."

Mr. ROSENTHAL (during the reading). Mr. Chairman, I ask unanimous consent that the amendment may be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

Mr. HORTON. Mr. Chairman, reserving the right to object, I want to make a point of order against the amendment. I do not have any objection to the amendment being considered as read, but I do want to reserve my point of order.

Mr. Chairman, I withdraw my reservation of objection.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

POINT OF ORDER

Mr. HORTON. Mr. Chairman, I rise to a point of order against the amendment. My point of order is that the amendment offered by the gentleman from New York (Mr. ROSENTHAL) is nongermane under rule XVI, clause 7.

The CHAIRMAN. Does the gentleman from New York desire to be heard on his point of order?

Mr. HORTON. I do, Mr. Chairman. I do not wish to imply a position for or against the amendment by making this point of order, but I do feel constrained to block it because of the importance of getting this bill through under regular procedure. We must not allow this bill to be tied up in a thousand controversies as have been other energy bills.

The germaneness rule is one of the distinctive features of the procedures of this House. It dates back to our very beginning. There have been occasions where this House has acted as though this rule was not applicable, and the legislation has been poorer as a result. I think the rule of germaneness should be strictly applied to H.R. 11793. It is a soundly conceived organization bill and we should consider it as such.

I realize there has been some question as to whether this bill does, in fact, grant policy and program authority. I have maintained from the beginning that this bill does not do so; and for that reason I was willing to support the amendment, recently adopted, which provides that nothing in the functions section of the bill shall be considered to set policy or grant program authority. The acceptance of this amendment underscores the lack of policy and program authority in the bill; and, of course, the Chair will have to take into account the significance of the adoption of this amendment because, to quote from Cannon, volume VIII, section 2910:

> (T)he Chair considers the relation of the amendment to the bill as modified by the Committee of the Whole at the time at which it is offered.

Let me explain exactly what the bill does. As it states in the "declaration of purpose" section:

> (I)t is necessary to reorganize certain agencies and functions of the executive branch and to establish a Federal Energy Administration.

The bill then proceeds to establish the administration. Section 5 sets out the general areas of interest of the new Federal Energy Administration. Section 6 transfers to the Agency authority from other offices and departments in the executive branch. In no way does this bill affect any of these substantive laws other than to change the location of responsibility for their execution. My committee did not amend the substance of these transferred laws, because their substance is within the jurisdiction of other committees. The remaining sections of the bill deal with typical administrative authorities granted to departments and agencies and the necessary arrangements for the transition to the new Agency.

Clause 7, of course, holds that no propositions on a subject different from that under consideration shall be admitted under color of amendment:

> The mere fact that an amendment proposes to attain the same end sought to be attained by the bill to which offered does not render it germane. (*Cannon*, Vol. VIII, sec. 2912).

Also, the whole of the amendment must be germane—Cannon, volume VIII, section 2922, 2980. It is, of course, the burden of the proponent of this amendment to prove that it is germane to the bill. I do not believe the gentleman can sustain such an argument.

I would like to point out that this amendment cannot be held germane simply because it relates to laws being amended by this bill. Let me again quote Cannon, volume VIII, section 2909:

> (T)he rule of germaneness applies to the relation between the proposed amendment and the pending bill to which [it is] offered, and not to the relation between such amendment and an existing law of which the pending bill is amendatory.

There are, of course, numerous other precedents along the same lines, such as Cannon, volume VIII, section 3045, 2948, and 2946. The reason for this is that the House needs a way to protect itself from amendments which have not been properly considered.

> While the committee may report a bill embracing different subjects, it is not in order during consideration in the House to introduce a new subject by way of amendment. (Hinds, Vol. V, sec. 5825).

Also, as is to be found in Cannon, volume VIII, section 2912, one of the functions of the rule requires that germaneness is to preclude consideration of legislation which has not been considered in committee. Other committees have considered or are considering the subject of this amendment, and this amendment is germane to their legislation. The Chair has in the past stated that amendments dealing with subject matter in the jurisdiction of another committee are not germane—CONGRESSIONAL RECORD, volume 118 part 16, page 19931; part 11, page 13641; part 14, pages 18207, 18208—While I can symphathize with those who feel obliged to respond to the energy crisis by offering substantive energy policy and program amendments, these amendments are not appropriate to this organizational bill.

H.R. 11793 is a reorganization bill; it is not a policy or program bill. The House has long recognized the distinction between policy bills and organizational bills. The very fact that we have established a Government Operations Committee with responsibility for, and I quote from rule XI, clause 8: "Reorganizations in the executive branch," is evidence of the long appreciation of this House for the distinct legislative area of reorganization. If we begin to allow policy and program authority to be added to reorganization bills, an important barrier between the work of my committee and the work of other legislative committees will have been ruptured.

I also point out parenthetically, Mr. Chairman, that this bill does provide for price involvement. It does make a change in the price. Therefore, I think that the amendment is nongermane and hope that the Chair will so rule.

The CHAIRMAN. Does the gentleman from New York wish to be heard on the point of order?

Mr. ROSENTHAL. Mr. Chairman, my amendment to freeze and roll back petroleum prices has been challenged as being nongermane to H.R. 11793, the Federal Energy Administration Act. The amendment is clearly germane under House rules and House precedents and the point of order should not be sustained.

Rule XVI (7) states that:

> No motion or proposition on a subject different from that under consideration shall be admitted under color of amendment.

The subject matter of H.R. 11793 is the establishment of a new Federal Energy Agency whose Administrator is authorized to regulate energy prices and is admonished, in section 5, to "promote stability in energy prices." The subject matter of my amendment is the achievement of stability in energy prices, clearly the same as the subject matter of a major portion of the legislation itself.

House interpretations of the germaneness rule hold that "the fundamental purpose of an amendment must be germane to the fundamental purpose of the bill" and "an amendment should be germane to the particular paragraph or section to which it is offered," House rule XVI, section 794.

My amendment goes to a fundamental purpose of the bill—bringing about stability in energy prices—and it appears as a part of the "functions" section which requires such stability.

The legislation was considered by and reported out of the Government Operations Committee under the committee's legislative jurisdiction over "reorganizations in the executive branch of government," House rule XI, 8. This is the same jurisdiction pursuant to which the committee has approved the creation of the Department of Transportation, Housing and Urban Development and other agencies of Government—all of which were given new powers and authority in addition to reorganizing and consolidating existing functions and all of which established new policy that might technically belong in the jurisdiction of another committee.

H.R. 11793 was not considered by the committee under authority of the Reorganization Act of 1949, which has now lapsed and which specifically prohibited "authorizing any agency to exeercise any function which is not expressly authorized by law at the time the plan is transmitted to the Congress."

My price rollback amendment is germane for additional reasons:

No House rule or precedent prohibits the Government Operations Committee from granting new power or creating new policy in a bill of this kind—so long as the power or policy is directly related to the purpose for which the agency is being created. In fact numerous provisions already in H.R. 11793 and in other Government Operations' bills to reorganize and consolidate, create new powers and set new policy.

For example, the committee, in the Federal Energy Act, has already expressly established new policies and created new powers not elsewhere authorized by law:

Section 4(i) amends and revises a Federal conflict of interest statute—section 208 of title 18, United States Code—technically within the jurisdiction of the Post Office and Civil Service Committee.

Another provision, section 17, authorizes a study of and report on oil and gas reserves not now required by law—probably a subject within the jurisdiction of the Interior or Commerce Committee.

The point here is that the committee has already seen fit, in H.R. 11793, to create new policies the subject matter of which might properly be said to belong in other committees.

Moreover, the Government Operations Committee has a long history of establishing new policies and creating new powers that technically infringe on the jurisdiction of other committees. For example:

The Department of Transportation Act, reported by the committee in 1966, dealt with: First, the safety compliance records of applicants seeking operating authority from the Interstate Commerce Commission—technically, Commerce Committee jurisdiction; second, authority over the formulation and economic evaluation of proposals for the investment of Federal funds in transportation facilities or equipment—technically, Banking and Currency jurisdiction; third, standards for economic evaluation of waste resource projects—technically Public Works Committee jurisdiction.

It is simply impossible as well as unwise to attempt to separate organizational provisions on the one hand, from so-called policy provisions, on the other. In the past, the committee has never hesitated to legislate policy when those provisions were directly relevant to the functions of the agency created. It should not now attempt to do so. Organization and policy are inextricably bound together.

When the House entrusted to the Government Operations Committee the power to legislate the existence of new agencies, it also gave to the committee, of necessity, leeway to establish new policies and powers essential to the purposes of an agency. Examples of what might be characterized as policy as opposed to organizational provisions can be found in many other agency bills reported out of the Government Operations Committee.

The committee, in section 2 of the present bill—H.R. 11973—establishes as a purpose of the Federal Energy Administration the establishment of "fair and reasonable consumer prices" for energy supplies. Section 5, paragraph 5, establishes as a function of the Administrator, the promotion of "stability in energy prices to consumers." My amendment merely provides a mechanism by which this purpose and function can be carried out.

It is also relevant to the parliamentary challenge that section 6 of the bill transfers to the Federal Energy Administrator all functions of the Cost of Living Council over energy prices. A concomitant of the Government Operations Committee's authority to transfer functions from one agency to another is its right to condition that transfer.

For these reasons, I respectfully urge that the point of order be rejected.

Mr. ECKHARDT. Mr. Chairman, I would like to speak against the point of order.

Mr. Chairman, though I agree with the commendable restraint of the Chairman of this Committee in not entering into functional areas of the bill, that it came beyond the Committee on Interstate and Foreign Commerce, nevertheless I cannot fail to agree with the gentleman from New York (Mr. ROSENTHAL), that it is utterly impossible in a bill this complex to separate procedural operations and function from a subject matter with respect to which that official is designed to control.

This bill by the very amendment that was passed a minute ago by an overwhelming vote, referred to other sections of this act as giving substantive authority to the agency, so that the bill now reads: "To meet the energy needs of the Nation for the foreseeable future, the administrator, to the extent expressly authorized by other sections of this act or any other provisions of law," and then it says what he shall do.

Mr. Chairman, there are other sections of this bill which give substantive authority for transfer. This agency has no authority, as the gentleman from New York stated before, to deal with the question of prices except by virtue of the section on transfer on page 20 whereby transfers provide for this agency to exercise a broad area of authority.

Now, why may not this House choose, in determining what authorities are granted to the agency, whether this House desires to limit this authority to transferred authorities or to new ones? This is the same general question. It is a question of whether or not the agency will extend its authority effectively over the questions of price control.

Further, the provisions of the act provide administrative procedures which have considerable influence on substance. The act in section 15 provides for information gathering power, which of course leads to the question of whether or not that information gathering power would ultimately be utilized for the purpose of extending or contracting the authority of the agency.

Mr. Chairman, it seems to me that we make a terrible mistake here in deciding these issues on questions of points of order when clearly the general area of control of price; the general area of control with respect to certain determination about allocations, is subject to the structure created in this bill. To attempt to divorce structure from substance, it seems to me, is an extremely artificial thing.

Mr. Chairman, I know that a lot of Members hope that the point of order will be granted, because they feel that the matter is under another bill, but that bill may be out of the way pretty soon. I wonder how we would all feel if that bill had been vetoed, the veto upheld, and then we are faced with a structure which has no real substance. We need to flesh out that skeleton.

Mr. Chairman, I oppose the point of order.

The CHAIRMAN (Mr. FLYNT). The Chair is prepared to rule on the point of order.

The gentleman from New York (Mr. ROSENTHAL) has offered a substantive and lengthy amendment which begins with the following words:

> Subsection (b), Section 4 of the Emergency Petroleum Allocation Act of 1973 as amended by this title is further amended to prevent inequitable prices with respect to sales of crude oil, residual fuel oil and refined petroleum products by adding at the end thereof the following new subsection:

The gentleman from New York (Mr. HORTON) has made a point of order against the amendment on the ground that the amendment is not germane to the bill under consideration.

The gentleman has made the further point of order that the amendment covers a subject matter not within the jurisdiction of the Committee on Government Operations, but within the legislative jurisdiction of another Committee of the House of Representatives.

The gentleman from New York, in urging the Chair to overrule the point of order, has cited many reasons. Part of the gentleman's statement deals with another section of the bill which has not been read at this time. Part of his remarks deal with the policy of the amendment, not with the parliamentary situation.

The Chair would not want to rule in this instance in such a manner that every law of the United States dealing with the energy question would be open to amendment in the pending bill.

The gentleman from New York (Mr. ROSENTHAL) referred during his argument to a bill in the 89th Congress creating a new Department of Transportation and delineating the duties of its Secretary. The Chair has examined the CONGRESSIONAL RECORD for the period when that bill was under consideration. An amendment was offered on that occasion directing the Secretary of Transportation to conduct a study of "labor laws as they relate to transportation," a matter within the jurisdiction of another committee, and to recommend procedures for settlement of labor disputes. A point of order was made against that amendment, and the Chairman at that time (the Honorable MEL PRICE of Illinois) ruled such an amendment out of order as not being germane to the bill under consideration.

The Chair would point out that the question of committee jurisdiction is not the sole test of germaneness. The primary test is always the relationship of the amendment to the text of the bill to which it is offered.

But this amendment clearly seeks to amend another law, the Emergency Petroleum Allocation Act of 1973, which is not sought to be amended in the bill under consideration.

Therefore, the Chair refers to a ruling made by Mr. Speaker Carlisle on March 17, 1880:

> When it is objected that a proposed amendment is not in order because it is not germane, the meaning of the objection is simply that the proposed amendment is a motion or proposition upon a subject matter different from that under consideration.

The Chairman of the Committee of the Whole House, John J. Fitzgerald of New York, on September 27, 1914, ruled that:

> For an amendment to be germane means that it must be akin to or relevant to the subject matter of the bill. It must be an amendment which would appropriately be considered in connection with the bill. The object of the rule requiring amendments to be germane . . . is in the interest of orderly legislation.

In passing on the germaneness of an amendment, the Chair considers the relation of the amendment to the bill as modified by the Committee of the Whole at the time it is offered and not as originally referred to the committee. And it has been held that an amendment which might have been in order, if offered when the bill was first taken up, may be held not germane to the bill as modified by prior amendments.

The Chair, therefore, rules that the amendment seeks to amend a separate piece of legislation, namely, the Emergency Petroleum Allocation Act of 1973, which is not amended in the bill under consideration and sustains the point of order.

AMENDMENT OFFERED BY MR. ALEXANDER

Mr. ALEXANDER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

> Amendment offered by Mr. ALEXANDER: Page 20, after line 2, insert the following new subsection:
>
> (13) in administering any pricing authority, by rule, provide for equitable allocation of all component costs of producing propane gas. Such rules may require that (a) only those costs directly related to the production of propane may be allocated by any producer to such gas for purposes of establishing any price for propane, and (b) prices for propane shall be based on the prices for propane in effect on May 15, 1973.

POINT OF ORDER

Mr. HORTON. Mr. Chairman, I rise on a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. HORTON. Mr. Chairman, I make a point of order against the amendment, and without repeating I will make the same argument I made against the other amendment.

The CHAIRMAN. Does the gentleman from Arkansas desire to be heard on the point of order?

Mr. ALEXANDER. I do, Mr. Chairman.

The CHAIRMAN. The gentleman is recognized for 5 minutes.

Mr. ALEXANDER. Mr. Chairman, the gentleman from New York in raising a point of order with reference to my amendment addresses himself to the transfer of functions, which is the entire basis of his argument.

I point out to the Chairman that the transfer of functions is achieved under section 6, page 20, of the bill entitled "Transfers."

My amendment, Mr. Chairman, is to section 5 entitled "Functions."

While this bill establishes a new Federal Energy Administration for administering the authority transferred to it by the enactment of this bill, it also grants authority to exercise the power of discretion.

Discretion with respect to the establishment of a comprehensive national energy policy for the balance of the 20th century.

Discretion to develop plans and programs for dealing with energy production shortages.

Discretion to promote stability in energy prices to the consumer.

Discretion to prevent unreasonable profits within the various segments of the energy industry.

And, discretion to assure that programs are designed and implemented in a fair and efficient manner so as to minimize hardships and inequity.

Mr. Chairman, inasmuch as the exercise of previous Federal discretion has in fact caused hardships and inequity—has in fact been unfair—I offer this amendment to limit the discretion of the Administrator granted in this bill so as to insure that he shall, by rule, assure that programs are in fact designed and implemented in a fair and efficient manner so as to minimize hardship and inequity.

The CHAIRMAN (Mr. FLYNT). The Chair is prepared to rule.

The gentleman from Arkansas (Mr. ALEXANDER) has offered an amendment on page 20, after line 2, to insert the following new subsection:

Page 20, after line 2, insert the following new subsection:

(13) in administering any pricing authority, by rule, provide for equitable allocation of all component costs of producing propane gas. Such rules may require that (a) only those costs directly related to the production of propane may be allocated by any producer to such gas for purpose of establishing any price for propane, and (b) prices for propane shall be based on the prices for propane in effect on May 15, 1973.

The gentleman from New York (Mr. HORTON) has raised a point of order against the amendment on the ground that it is a nongermane amendment and on the ground that it seeks to amend existing law.

The Chair has carefully examined the amendment offered by the gentleman from Arkansas (Mr. ALEXANDER) and has listened carefully to the arguments made in support of the point of order by the gentleman from New York (Mr. HORTON)' and the arguments made against the point of order by the gentleman from Arkansas (Mr. ALEXANDER). The Chair does not find anything in the amendment which seeks to amend any existing law.

The Chair has referred to volume VIII, Cannons Precedents, sections 3022 and 3023, where it is stated that to a provision delegating certain powers a proposal to limit such powers is germane.

To a section authorizing the Interstate Commerce Commission to change rates, an amendment providing that the Commission in making such changes shall not increase rates was held to be germane.

To a proposal to grant certain authority, an amendment proposed to limit such authority is germane.

To a bill authorizing the imposition of war risk insurance to insure vessels, an amendment denying such insurance to vessels charging exorbitant rates was held to be germane.

The pending section, as the Chair points out, contains a list of functions or authority.

The Chair will again point out that committee jurisdiction is not the sole test of germaneness. The primary test is always the relationship of the amendment to the text of the bill to which it is offered.

Section 5 of the bill under consideration sets forth the functions of the Administrator. Under the provisions of section 5 the Administrator is directed to engage in the following:

To advise the President and the Congress on energy policies; assess the adequacy of energy resources; develop plans and programs for dealing with energy production shortages; promote stability in energy prices and prevent unreasonable profits; assure that programs are designed and implemented to assure the priority needs of the Nation are met; develop and oversee voluntary and mandatory energy conservation programs; recommend policies on import and export policy; and take action to expedite development of energy resources.

This section includes a broad range of powers; therefore it is clear that to the list functions so enumerated in this section, other related functions could be added by way of amendment. It is also clear that these functions or duties could be limited by way of amendment. For these reasons, the Chair overrules the point of order.

The Chair now recognizes the gentleman from Arkansas (Mr. ALEXANDER).

Mr. ALEXANDER. Mr. Chairman, this amendment attempts to correct the unfair and inequitable hardships that exist today because of a pricing policy which permitted the oil refineries to increase their wholesale price of propane gas to their retail dealers as much as 350 percent last year. The triple price increase was passed on to the consumer and I have knowledge of a case in Clover Bend, Ark., where a lady living on a widow's pension had an increase in her propane gas prices from $35 a month a year ago to $95 just a few months ago. Since most of the people using propane in rural areas like Arkansas are living on fixed incomes, many elderly, many poor, this practice is unfair and creates numerous hardships among the people who rely on propane gas for heating and for cooking.

My colleagues will argue that the price rise of crude oil is the basis for the price rise in propane gas but I point out to them that after refining a barrel of crude oil only 3 percent of the barrel is refined into propane gas. The rest is gasoline, fuel oil, various distillates and other products. Thus an increase in the imported price of crude oil from $5 to $17 per barrel only slightly increases the production cost of propane.

Mr. HAMMERSCHMIDT. Mr. Chairman, will the gentleman yield?

Mr. ALEXANDER. I yield to the gentleman from Arkansas.

Mr. HAMMERSCHMIDT. I thank the gentleman for yielding.

I want to commend my distinguished colleague, the gentleman from Arkansas, for furnishing the leadership in this amendment that speaks to a very serious inequity across the rural areas of our Nation, and even in some cities.

Mr. Chairman, I rise in support of the amendment offered by my distinguished colleague from Arkansas (Mr. ALEXANDER). This amendment would prohibit the passing through of costs to customers of LP gas unless such costs are directly related to the production of liquified petroleum.

I have generally opposed price rollback actions because of the inequities which frequently result from such action. Since the advent of economic stabilization controls, I have regretted the trend which has taken our economy in the direction counter to our free enterprise system and served to remove the incentives which have made our system work so successfully.

However, rural America, which relies heavily on propane or liquified petroleum fuel, has been caught between a set of complex factors involving reduced availability of natural gas, soaring prices of imported crude oil, and heavy industrial demands for LP.

The LP gas situation is not necessarily a regional problem, but it is one which has created severe hardships for rural areas and, in particular, the State of Arkansas which is the fourth largest user of this particular fuel in the Nation. Throughout the country, 13 million families heat and cook with propane.

Additionally, 1,436,000 farms in our Nation utilize propane and the general American consumer will be impacted by the high price of fuel showing up in increased food costs. The wholesale price of propane has risen from 6 to between 23 and 26 cents a gallon in a year, and retail prices have hit as high as 39 cents a gallon. All users of propane have seen their bills at least doubled and frequently tripled.

On February 6, 1974, my distinguished colleague from Missouri (Mr. TAYLOR) and I introduced H.R. 12688, to amend the Emergency Petroleum Allocation Act of 1973 to roll back the price of propane gas. We sent a letter to all of our colleagues in the House of Representatives advising them of our legislative initiative and, as a result, we have now reintroduced the legislation several times with cosponsors who represent districts from all parts of the country. During the month of February, the Federal Energy Office issued new propane pricing regulations to prevent future "price loading" onto propane. More recently, the FEO has issued a ruling which seeks to achieve a gradual reduction in propane price levels. I have been greatly pleased by some reduction in the price of propane gas throughout the State of Arkansas, but I would still urge my colleagues to support this amendment.

Due to the untenable burdens to a population segment of citizens who cannot conceivably bear them, I feel that a permanent legislative solution is warranted. In my State, 76 percent of the rural population use LP for heating. Many of these are elderly persons on social security, low-income residents receiving welfare assistance and handicapped individuals. But the scope of the problem is broader than one of home heating where $100 monthly bills were becoming the rule rather than the exception. School districts and churches have been equally hard hit. A small school complex heating with propane may use around 17,000 gallons in a school year. With average school operating budget increases of around 10 percent, it is impossible to meet a 300 percent rise in their heating bill without cutting back in some of the vital areas of their educational programs. The same is true for the many church establishments who can no longer make ends meet.

Added to this picture are poultry producers who, already struggling with increased feed costs, must somehow manage to keep their broiler houses and any production facilities they may own heated through the winter months. Even small LP dealers in Arkansas have contacted me expressing their deep concern over the fact that their regular customers can no longer afford to meet their current price levels and to urge that something be done.

I am aware of the general problem throughout the Nation of rises in all kinds of petroleum products, yet their percentage of increase is small compared to propane. Also, the users of LP gas are in the worst position of any one citizen group I know to be hit this hard. A retired person in my congressional district expressed the situation this way:

> I have turned my thermostat down to 68, can only afford to burn one lamp, I am driving 50 miles an hour but only using my car when necessary. Now, I expect some help from my Government.

I urge my colleagues to support this amendment.

Mr. RONCALIO of Wyoming. Mr. Chairman, will the gentleman yield?

Mr. ALEXANDER. Mr. Chairman, I have been recognized to argue this amendment, there is also credit due to Mr. RONCALIO of Wyoming who has worked with me closely. I am pleased to offer it and hope its passage can alleviate the need for a petroleum price rollback because of the disproportionate and almost criminal price increases experienced on propane in his State.

I yield to the gentleman from Wyoming.

Mr. RONCALIO of Wyoming. I thank the gentleman for yielding. I am grateful to the gentleman from Arkansas, under whose leadership I am proud to have sat, for his offering this amendment. Of course, I support it.

Mr. BUCHANAN. Mr. Chairman, will the gentleman yield?

Mr. ALEXANDER. I yield to the gentleman from Alabama.

Mr. BUCHANAN. I thank the gentleman for yielding.

Mr. Chairman, I rise in strong support of this needed amenment by the gentleman from Arkansas, and I urge its passage.

Many Americans are today faced with the problem of rising prices in many areas. One of the most rapidly escalating areas of price increases has been that of propane gas.

Propane, which provides heating and other essential services for Americans living in outlying areas has, in the last 13 months, increased in some instances by as much as 520 percent. Because LP-Gas represents only 3 percent of a barrel of crude oil, it is clear that consumers of this product are being forced to bear a disproportionate share of recent crude oil costs.

Mr. Chairman, this drastic increase is an unbearable expense for our rural citizens. Most harshly hit are rural dwellers, often elderly citizens, living on low or fixed incomes.

Recently, I joined with some 51 of my colleagues in a letter to Federal Energy Office Administrator William E. Simon asking that FEO go beyond its February 1 regulations which froze the price of propane at its highest level in history by instituting a base period with a subsequent dollar for dollar passthrough of additional costs as they proportionately relate to propane at the wholesale level.

The amendment offered by our distinguished colleague would urge, support and hopefully mandate a policy to allow producers to determine the price of propane gas by adding on to the May 15, 1973, price of propane only those increased costs which are directly related to the production of propane.

Mr. Chairman, we must act to restore sanity to propane pricing levels. It is my hope that the House will favorably consider this amendment and thereby underline our intention and desire to bring propane prices back to an affordable level. The amendment has been modified for the sake of germaneness, but its passage should constitute a clear call by the Congress to the energy agency to act to affect this needed change.

Mr. ALEXANDER. Mr. Chairman, a 350-percent increase in the wholesale price to the retail dealer, when only 3 percent of the volume is refined into propane gas, is patently unfair. All of the increased costs of refining crude oil should not be heaped and loaded onto the cost of propane. Only those costs that are directly related to the cost of producing propane should be allowed to be passed on to the consumer.

Mr. Chairman, my amendment would cure the injustice and set right the wrongs on the propane pricing policies.

Mr. NICHOLS. Mr. Chairman, will the gentleman yield?

Mr. ALEXANDER. I yield to the gentleman from Alabama.

Mr. NICHOLS. I thank the gentleman for yielding.

I want to commend the gentleman on his amendment. Mr. Chairman, we have some 35 percent propane users in the State of Alabama, which is about one-third of all of our total homes in the State, that use this type of heating. The prices there have increased 355 percent in the last year. It is an unconscionable increase in prices. I certainly congratulate the gentleman from Arkansas on his initiative. I expect to support his amendment.

Mr. MONTGOMERY. Mr. Chairman, will the gentleman yield?

Mr. ALEXANDER. I yield to the gentleman from Mississippi.

Mr. MONTGOMERY. Mr. Chairman, I strongly support the amendment offered by the gentleman from Arkansas and commend him for offering this important legislative proposal to bring relief for the consumers of propane and butane. All fuel prices have risen much more than any of us would like but nowhere in the energy field has the price increase been as staggering as it has for propane and butane. Since the beginning of last year, we have seen the prices for these two important fuels jump by the astounding amount of almost 400 percent in some areas. We must not only take action to hold the line on the price of butane and propane, but we must also take action to bring about a price reduction.

Mr. Chairman, I think it is important to make it part of the legislative record, and Congressman ALEXANDER can correct me if I am wrong, but we who support this amendment fully expect it to result in a price reduction once implemented.

The people of America can learn to live with short supplies of necessary fuels as has been evidenced by the conservation measures voluntarily taken to date. But they will not stand for, nor should they be expected to stand for, uncalled for price increases that in no way reflect actual increases in the cost of production and refining. No where has this inequitable situation been more evident than it has with propane and butane.

Mr. Chairman, the Federal Energy Office issued a regulation the end of January which supposedly was to bring relief for the consumers of butane and propane. However, I consider their actions only a partial answer to an intolerable problem. I also feel that their action showed a certain amount of insensitivity on their part for the horrendous price increases being forced on the users of propane and butane. To hold prices at an unrealistically high level is no solution of the problem, it is only an acknowledgment of the problem.

I urge my colleagues to support and vote for the Alexander amendment. This legislative proposal is one way we in the Congress can take the lead we should take to bring relief for the American people who are being hard pressed to pay for what little fuel there is available.

Mr. FLOWERS. Mr. Chairman, will the gentleman yield?

Mr. ALEXANDER. I yield to the gentleman from Alabama.

Mr. FLOWERS. I thank the gentleman for yielding.

I should like to commend the gentleman. I totally agree with the matter he has brought to the attention of the House. I support his amendment.

Mr. KAZEN. Mr. Chairman, will the gentleman yield?

Mr. ALEXANDER. I yield to the gentleman from Texas.

Mr. KAZEN. I thank the gentleman for yielding.

I want to commend the gentleman from Arkansas for bringing this amendment to the floor. This is not in any sense a rollback in price; it is authorizing the administration to charge only the proportionate share of increase to propane, and this is the just thing to do.

Mr. PICKLE. Mr. Chairman, will the gentleman yield?

Mr. ALEXANDER. I yield to the gentleman from Texas.

Mr. PICKLE. I thank the gentleman for yielding.

The gentleman in the well and I have worked on this and other amendments trying to find some approach to an equitable solution of the propane problem. I am delighted that we apparently have found that solution. I want to commend the gentleman from Arkansas for persevering in his approach.

Mr. BROTZMAN. Mr. Chairman, will the gentleman yield?

Mr. ALEXANDER. I yield to the gentleman from Colorado.

Mr. BROTZMAN. I thank the gentleman for yielding.

Mr. Chairman, I rise in support of the gentleman's amendment. I have many constituents, particularly in the mountain areas, who suffer from this disparity in pricing. I want to thank the gentleman from Arkansas for providing his leadership. I support his amendment.

The CHAIRMAN. The time of the gentleman has expired.

(By unanimous consent, Mr. ALEXANDER was allowed to proceed for 2 additional minutes.)

Mr. THORNTON. Mr. Chairman, will the gentleman yield?

Mr. ALEXANDER. I yield to the gentleman from Arkansas.

Mr. THORNTON. I thank the gentleman for yielding.

I should like to express my enthusiastic support for the amendment offered by the gentleman from Arkansas, and to commend him for his hard and effective work in bringing it to the floor of the House.

Mr. STAGGERS. Mr. Chairman, will the gentleman yield?

Mr. ALEXANDER. I yield to the gentleman from West Virginia.

Mr. STAGGERS. I thank the gentleman for yielding.

I want to associate myself with the remarks he has made and also with those who have joined in support of this very important amendment. I want to say that I think this is one of the most important issues we can answer for the farmers in America today. I again congratulate the fine work that he has done on this fine amendment.

Mr. HAYS. Mr. Chairman, will the gentleman yield?

Mr. ALEXANDER. I yield to the gentleman from Ohio.

Mr. HAYS. I thank the gentleman for yielding.

I want to congratulate the gentleman for offering this amendment and to point out that a vote for this amendment is a vote for the people who have been gouged the most and who have been the least able to pay for something which has put a terrific profit in the already swollen coffers of the oil companies.

Mr. VANIK. Mr. Chairman, will the gentleman yield?

Mr. ALEXANDER. I yield to the gentleman from Ohio.

Mr. VANIK. I thank the gentleman for yielding.

Mr. Chairman, I want to congratulate the gentleman for submitting his amendment. I want to associate myself with him. I want to congratulate him for bringing this to the attention of the committee.

Mr. KOCH. Mr. Chairman, will the gentleman yield?

Mr. ALEXANDER. I yield to the gentleman from New York.

Mr. KOCH. I thank the gentleman for yielding.

As the gentleman in the well knows, I do not think there is a single user of propane gas in my district. I am going to vote for the gentleman's amendment because I think it is fair. I think I have responsibility for his constituents, as I think he and every Member of this House has to urban constituents.

I would hope when we vote for matters that affect the rural and suburban constituencies that we will do the same for matters affecting those of us living in the cities.

AMENDMENT OFFERED BY MR. FINDLEY TO THE AMENDMENT OFFERED BY MR. ALEXANDER

Mr. FINDLEY. Mr. Chairman, I offer an amendment to the amendment offered by the gentleman from Arkansas (Mr. ALEXANDER).

The Clerk read as follows:

Amendment offered by Mr. FINDLEY to the amendment offered by Mr. ALEXANDER: Add the following at the end of the amendment:

"The Administrator shall not allow costs attributable to changes in ownership and movement of propane gas where, in the opinion of the Administrator, such changes in ownership and movement occur primarily for the purpose of establishing a higher price."

Mr. FINDLEY. Mr. Chairman, I support completely the Alexander amendment. It will meet a very serious problem in the price of propane fuel. It does not go quite far enough. The purpose of my amendment to the amendment is to deal with a very critical problem under which some popane speculators have engaged in paper transfers of ownership of propane gas in which the gas has not moved one-half inch, but the ownership has been transferred by paper several times. Each time the mark-up has been added to the price of the propane fuel. The whole purpose of it, of course, is to jack up the price to the ultimate consumer.

The Internal Revenue Service has found a case in which 14 million gallons of propane gas were sold three times in quick succession, producing a $1.3 million profit for two intermediary concerns. The transactions occurred during a 24-hour period and the propane never moved from its underground storage point in Texas.

According to a Federal energy official, there is no indication of wrong-doing on the part of these intermediaries. In addition, existing laws and regulations do not prohibit taking advantage of the scarcity of propane to engage in this paper transfer of ownership a number of times in order to jack up the price of propane fuel.

I am under the impression, and if the gentleman from Arkansas (Mr. ALEXANDER), is nearby, I am under the impression that he supports my amendment to the amendment. Am I correct?

Mr. ALEXANDER. Mr. Chairman, if the gentleman will yield, I have no objection to the amendment. I think it will add to and strengthen the amendment which I offered.

I would urge those who spoke in favor of my amendment to support his amendment.

Mr. RONCALIO of Wyoming. Mr. Chairman, will the gentleman yield?

Mr. FINDLEY. I yield to the gentleman from Wyoming.

Mr. RONCALIO of Wyoming. Mr. Chairman, I would like to commend the gentleman from Ohio (Mr. FINDLEY) for the amendment to the amendment and I hope that his illustrious young son, who is now a reporter on the Gillette, Wyo., paper, will investigate Citgo's four-time proposition of changing the name that ran propane gas from 8 cents to 32 cents in 11 months.

Mr. HAMMERSCHMIDT. Mr. Chairman, will the gentleman yield?

Mr. FINDLEY. I yield to the gentleman from Arkansas.

Mr. HAMMERSCHMIDT. I strongly support the amendment to the amendment.

Mr. Chairman, I rise in support of the amendment offered by my distinguished colleague from Illinois. It would disallow costs attributable to changes in ownership and movement of propane gas where such changes occur primarily for the purpose of establishing a higher price.

As a chief cosponsor of legislation to provide for a rollback and tighter limitations on propane price levels, I strongly endorse Congressman FINDLEY's amendment to curb abuses by brokers who have unscrupulously taken advantage of certain loopholes in the law to sell propane back and forth on paper, each time adding a markup.

Based on joint study efforts by my staff and that of Congressman GENE TAYLOR, we discovered increases in the wholesale price of propane from 350 to 520 percent, depending upon locality. Our Nation's LP gas distributors were covered by pricing regulations and were faced with the situation of their product being priced out of the market by actions of those from the refinery level through their wholesale purchase points for subsequent delivery to end users. There is no question that refiners were loading a disproportionate share of increased costs of other products onto propane. Through a Federal Energy Office decision early in February, new pricing regulations now prevent this practice. A more recent ruling will result in some decrease in price levels, but it is my view that the cumulative effect of these administrative actions will not go far enough in negating the severe hardships which have been created for rural citizens and farmers throughout the country.

It is becoming more and more apparent that there is no propane shortage which, under supply and demand market forces, would account for astronomical price jumps. Recent API figures show propane inventories at this time to be above those of a year ago. Last spring and summer there was an artificial shortage of the product. Phase III price control regulations exempting brokers and speculators from price controls encouraged propane purchases from small independent refiners for speculative purposes. At this time, around 10 percent of the total LP gas production was diverted into the hands of brokers and large consumers, setting the stage for price manipulation.

In my part of the country, I know that prices as high as 36 cents a gallon have been paid by consumers for propane. I have strongly urged FEO to intensify its investigation into "price-gouging" and concentrate a field force in Arkansas and neighboring States. In Arkansas, 76 percent of our farms rely on propane. When it is taken into consideration that 40 percent of all Arkansas farms netted, according to USDA 1970 figures, less than $1,600 per annum we, therefore, have some 21,200 farm families spending around 30 percent of their income to meet the propane costs necessary for heating, cooking and agricultural production.

Arkansas is the largest poultry producer in the United States, and the propane siutation has created severe problems in the production of this most basic consumer commodity which, in this day of near-prohibitive meat prices, has proven to be an increasingly important family diet feature. In 1973, agricultural users paid 2.8 cents per bird for propane. In 1974, agricultural users were faced with as much as 7.6 cents per bird. Not only does this matter pose immediate operating difficulties for the typical poultry grower, but it equates to a general consumer problem by threatening the supply of poultry or adding to food costs.

I strongly urge my colleagues to support this legislative step toward a permanent solution to the propane crisis.

Mr. RONCALIO of Wyoming. Mr. Chairman, I rise in support of the amendment to the amendment.

Mr. Chairman, I shall not use the full 5 minutes.

Mr. Chairman, I am pleased to associate myself with and contribute to the work of my colleague, Mr. ALEXANDER, of Arkansas, in sponsoring an amendment to roll back propane prices.

In the State of Wyoming, the price of propane has been an urgent concern for months. The outrageous hikes in prices, going as high as 300 percent in a 9-month period in many areas, have hit hard at thousands of my constituents.

As Mike Leon, columnist for the Sheridan, Wyo., Press observed about the impact in one area of my State:

> Residential propane users were paying around 14 cents a gallon in this area not long ago. In a few months, they've seen the price go to 20, 25, 30 cents and on up. Where's the ceiling?

This problem was the reason I voted for the rollback of oil prices, because in that action we hoped to achieve a reduction in the price of propane, estimated at either a 50-percent reduction or a 20-cent-a-gallon reduction. In response to the outcry in Wyoming over propane prices, I voted for the rollback. However, if we can achieve a propane rollback through this amendment, then I will be satisfied.

Of the literally hundreds of letters I received, I am inserting for the RECORD a few which I believe illustrate how desperately propane consumers need relief.

The first letter is from Roy H. Guess, petroleum exploration geologist; the second from Eunice M. McEwan; the third from Adam Uhrich; the fourth from Sheridan and Noreen Hopkins; the last from John Stencel, president of the Rocky Mountain Farmers Union. The letters follow:

NOVEMBER 4, 1973.

DEAR REPRESENTATIVE RONCALIO: Here are the facts—you decide what to do.

1. On Jan. 1, 1973 the retail price of propane in Buffalo, Wyoming was 14.5¢ per gallon.

2. On Nov. 1, 1973 the retail price of propane was 30.3¢ per gallon—a 100+% increase.

3. The propane dealer was making less profit on Nov. 1 than he was on Jan. 1.

NEXT

1. On Jan. 1, 1973, a barrel of 39 crude (where I own a small override) in the West Sussex Field brought $3.49 per barrel.

2. Today the price has increased to $4.61 per barrel—a 32% increase.

The 32% increase in the price of crude oil was *badly needed* since the price has been so low that we have only ½ the number of wells being drilled in the U.S. today as compared to 1956.

QUESTION??

Why do we get a 32% increase in crude and a 207% increase in the price of propane.

Sincerely,

ROY H. GUESS.

MAVERICK CLUB,
Sheridan, Wyo., February 6, 1974.

Hon. TENO RONCALIO,
House Office Building, Washington, D.C.

DEAR TENO: We would like to commend you on your efforts to bring about some kind of control of propane prices. We sincerely hope that you may successfully prevail in your attempt to have the rate reduced.

Over the past year the cost of our propane has risen from 13.5¢ per gallon on April 1, 1973 to 36.5¢ per gallon in January 1974. The first raise came on April 26, 1973 when the price went to 17.9¢. On October 1 the price went to 23.9¢; on November 21 the price went to 28.5¢; and then on January 16, 1974 the price jumped to 36.5¢ per gallon.

In 1973 the Maverick used 9,465 gallons of propane for a total cost of $1,793.26 including tax. If we are to use the same amount of propane in 1974 at 36.5¢ per gallon the cost will be $3,558.37, or nearly double the 1973 total.

The realization of the seriousness of the propane problem hit when our January 1974 statement arrived. In January 1973 we used 1,570 gallons at 13.5¢ for a total cost of $214.71. In January 1974 we used 1,900 gallons (800 gallons at 28.5¢ and 1,100 gallons at 36.5¢) for a total of $648.31.

If the price of propane continues to climb, or even if it remains at 36.5¢ per gallon, our business is in jeopardy, as we can not operate with such a high overhead.

We realize that our entire country is facing unprecedented problems and that many people are suffering greater hardships than just the price of propane. However, we can not help but be a little selfish by presenting our problem and asking for your help to solve it.

Sincerely yours,

EUNICE M. MCEWAN,
Maverick Supper Club.

CHEYENNE, WYO.,
January 29, 1974.

Hon. TENO RONCALIO,
House of Representatives,
Washington, D.C.

DEAR MR. RONCALIO: There has been much talk about the oil crisis, heating fuel, propane, and related products but nothing seems to be forthcoming from the discussion.

I would like to register a complaint about the ever increasing cost of propane. I use propane to heat my house which is five years old, construction is brick veneer over frame, the house is insulated and is approximately 1050 square feet.

In 1969, 1473 gallons of propane were consumed at an average net cost (excluding sales tax) of 15.04¢ per gallon. The next years are as follows:

Year	Gallons consumed	Annual average net cost per gallon (cents)
1970	1,734	15.84
1971	1,590	17.00
1972	1,246	17.00

COSTS STARTING ON DEC. 28, 1973, FOR TANK FILLINGS

Date	Gallons	Net cost per gallon (cents)	Difference (cents)	Net cost
Dec. 28, 1972	240	17.5		$42.00
Jan. 25, 1973	175	18.5	1.0	32.37
Feb. 26, 1973	185	18.5	0	34.23
Apr. 24, 1973	306	19.5	1.0	59.67
June 6, 1973	100	22.5	3.0	22.50
Sept. 24, 1973	170	23.8	1.3	40.46
Oct. 23, 1973	70	29.0	5.2	20.30
Nov. 21, 1973	110	31.9	2.9	35.09
Jan. 22, 1974	250	37.9	6.0	94.75

The preceding table shows an increase of 20.4¢ per gallon which I think is absurd.

Since the winter heating season started, my thermostat has been set at 66°F during the day and 63°F at night, doing this has helped hold down my cost which would have been higher.

Another thing that annoys me is when I was paying 31.9¢ per gallon, another company in this area was selling propane for 23.9¢ per gallon—but would not take on any new customers. It seems strange that there is this much price differential between companies.

These are some facts and figures that I'm sure you are aware of. Therefore, anything you can do to help stabilize the ever increasing prices and have them rolled back would be greatly appreciated by me and my family and many others. Also I might be able to warm up a little by following the government guidelines of setting my thermostat up to 68°F.

Thank you for your time.

Sincerely yours,

ADAM L. UHRICH.

STORY, WYO.,
November 6, 1973.

Hon. TENO RONCALIO,
U.S. Representative,
House Office Building,
Washington, D.C.

DEAR SIR: Last January 1, we were paying 14.5c for propane gas per gallon, and when they delivered our last propane gas, it was priced at 30c per gallon—an increase of over 100% in nine months.

Our supplier tells us that he is making no more profit margin than he was in January, and that due to increased operating costs, he is making less, and we are still having to pay more than double. He tells us that natural gas was given a 27% increase, why do we get a 100% increase?

We are retired people, me from 23 years service as Postmaster at Story, and my husband from his Real Estate business here, and since our retirement is fixed, we are very concerned when necessary items, such as propane gas, goes up to this figure.

Since it seems that our supplier, Mr. Washut of Buffalo, Wyo. cannot do anything about this, we are asking you to look into this matter. Can you do something to help us?

May we hear from you in regard to this matter?

Respectfully,

SHERIDAN and NOREEN HOPKINS.

ROCKY MOUNTAIN FARMERS UNION,
Denver, Colo., January 24, 1974.
Hon. TENO RONCALIO,
Member of Congress,
Longworth Building,
Washington, D.C.

DEAR TENO: May I commend you and the other members of the Colorado and Wyoming delegations who have asked the Federal Energy office to investigate price practices by producers of propane gas.

We have known since last winter of the increases that have been charged to farmers and ranchers. In some areas, propane fuel was as low as 11 cents a gallon. In those same areas today, it is up to 36 and 38 cents. I have heard that propane might have also increased to as much as 44 cents a gallon to consumers. It seems strange that the price increases could have been so extreme in such a short period of time.

As I am sure you are all aware, many rural residents use propane to heat their homes. If prices become too high, these people will not be able to afford to keep their homes warm.

I certainly hope that it can be made known as soon as possible that the major refineries are allocating to propane an unfair share of the increasing cost of domestic and imported crude oil.

If we can be of help to you in relating inequitable pricing situations, please contact our office.

Sincerely,

JOHN STENCIL, *President.*

Mr. HOLIFIELD. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I have been in this House almost 32 years, and I recognize the trends of the House and the waves of opinion, and so forth and so on. However, I must oppose this amendment because I believe that this may be an amendment which opens the door to other amendments which should not be adopted into this bill.

Mr. Chairman, I recognize that the oil companies have unfairly imposed upon the American people some exorbitant prices. I know that just as well as I know that I am standing here. I had hoped that those matters would be taken care of by the committees of substantive jurisdiction. I have supported Mr. STAGGERS and his committee in many of the attempts they have made to correct some of these injustices.

Mr. Chairman, I realize in this propane gas situation the exorbitant rise in price, as is evidenced by the chart out in the hall, has been unfair to the people of the districts which depend upon propane gas, but I must oppose this on principle, that we may be opening the door to many other amendments which will destroy the integrity of this bill.

Therefore, I oppose the amendment offered by the gentleman from Arkansas for the reason that I think of as the principle that is involved, that it is a dangerous principle to accept and it may destroy this bill before we get through with its consideration.

Mr. HORTON. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, members of the committee, I reluctantly rise in opposition to this amendment. I do not want to pass judgment on it. I am certain that the sponsor of the amendment, Mr. ALEXANDER, and those who have spoken in favor of it, have made excellent points, and I am sure that they are very much concerned about the problem as it exists in their districts. It exists in my district, and I am also very much concerned about it.

Mr. Chairman, as the Members know, I made a point of order against this amendment, as I did against the Rosenthal amendment, and my point of order was overruled. This is a good reason for me to make this point now, because it shows exactly what happens when the nongermaneness rule is not applied very strictly.

Mr. Chairman, one of the points I made was that this was nongermane because it is not germane to the subject matter of the Government Operations' jurisdiction. I do not want anyone on this floor today to think that we have had any hearings on this subject, because we have not. There has not been one word of hearing with regard to whether or not this is a good or bad amendment.

I certainly am in sympathy with the points which have been made by my friends who are very much concerned about it, but we have had no testimony, no hearings. This is not a matter within the jurisdiction of the Committee on Government Operations.

Mr. Chairman, I respectfully point out to the Members that I realize it is difficult for them to vote against an amendment which appears to have widespread support in this House. However, I do want to make the point to the Members that it is very important to preserve this bill, which is for the purpose of setting up an organization, the Federal Energy Administration.

Now, this is new law; this is new authority which we are giving to this agency, and it should come through the proper committee, which is the Committee on Interstate and Foreign Commerce.

They have the Members and they have the staff on that committee who are familiar with the problems that are involved in this amendment. We are not on the Committee on Government Operations. Our staff has not gone into this problem; we have had no hearings, we have had nobody before us to talk to us about whether or not this is an appropriate amendment, whether it is a good amendment, whether it is a bad amendment, or whether it ought to be changed.

In other words, what is happening right here on the floor today is that the will of the House is being worked, but it is being worked as a committee. We should not follow that procedure if we have committees of original jurisdiction.

Mr. Chairman, I realize that my point of order was overruled, but I am making the point very strictly with the Members of the House here that if we adopt this amendment and others like it, in essence what we are going to do is invade the jurisdiction of other committees of this Congress.

What we want to do is pass the Emergency Energy Administration bill. We want to put the Federal Energy Administration in business, and we are not going to be doing it by adopting these types of amendments.

Mr. Chairman, I urge that the Members oppose this amendment and that the amendment be presented to the proper committee, which is the Committee on Interstate and Foreign Commerce, where it can properly be heard, and it can then come out and be acted on.

Mr. Chairman, I urge that the amendment be defeated.

Mr. MAYNE. Mr. Chairman, I move to strike the last word.

Mr. Chairman, there has been some statement that this amendment in effect does not really propose a rollback. I am willing to take the responsibility for supporting the amendment as a rollback of propane prices, although this is the first time that I have ever favored a mandatory price rollback for any commodity.

It seems to me that there are really scandalous and shocking circumstances here, including instances of outright market manipulation, that cry out for a rollback in propane prices.

I know of no other commodity that has risen so much in price as has propane, and with less reason.

For instance, actual propane prices of major producers for delivery at Mont Belview, Tex., are shown in today's issue of "The Oil Daily" to have risen from 5.94 cents per gallon on April 30, 1973, to 23.25 cents per gallon on January 10, 1974, and throughout January.

This near quadrupling in propane prices in but 8 months is totally unconscionable, and is a national scandal and disgrace.

And this irresponsible quadrupling in charges does not include anything but the major producer's initial charges, it does not include further price gouging along the line by brokers, actions which have forced the residential propane users throughout this country to pay even more exorbitant rates.

Mr. Chairman, many of the 13 million American families who use propane in their homes and who are being squeezed and forced to pay these sky-high prices for their propane are retired rural residents, elderly people who live in rural communities and who can use no other kind of heat in their furnaces and stoves. They have no real choice. They are the ones who have suffered the greatest personal hardship from propane price gouging.

I approached the Federal Energy Office of Mr. Simon, and I approached the propane industry, starting in December, and I have kept trying to get some action on this great national problem. Finally, in the middle of February, I had had enough of waiting for some real leadership and some action on this by either the industry or by the Federal Energy Office. It was clearly not forthcoming. I therefore introduced legislation which would require a rollback in propane prices.

I commend the gentleman from Arkansas (Mr. ALEXANDER) and our colleagues from Missouri and Arkansas (Mr. TAYLOR and Mr. HAMMERSCHMIDT) for their leadership in seeking first administrative and then legislative solutions to this serious problem. There has been some decrease in propane prices since these gentlemen and I introduced bills proposing rollbacks in propane prices, but the decrease has simply not been sufficient. Propane prices are still inordinately and inexplicably high, beyond reason. The major distributors have certainly not lived up to their responsibilities to do all they legally can to self-police propane pricing along the line, and the actions taken by Mr. Simon and his Federal Energy Office regarding the propane price situation have been too little and too late.

There has not been demonstrated any real shortage of propane. Heaven knows what the situation would have been if we had had a wet fall in the Corn Belt last fall and propane had to be used for extensive corn-drying. Then there might indeed have been a shortage of propane, and there might have been some reason for some increase in propane prices.

However, the fact is that we did not have a wet fall, there was no explosion in demand or abnormal drawing upon propane stocks for crop-drying. No shortage developed. Propane inventories stood at 67 million barrels at yearend compared to 54 million barrels at the end of 1972.

The soaring in propane prices was not caused by any shortage, or by any increased cost in the production of propane. The rapid price increases were principally the result of a loophole in the Cost of Living Council guidelines, which allowed distributors to allocate a disproportionately high percentage of the costs of refining and processing crude oil to be passed on to the purchasers of propane and ultimately to the consumer, even though propane is but a small portion of the total end product of refining. Propane makes up only 3 percent of the refined product from a barrel of crude oil. This inequitable allocation of costs had no logical basis and was clearly unjustified.

I am reluctant to support any rollback, but rollback of propane prices is absolutely necessary under the circumstances, in order to stop profiteering, and alleviate the hardships being inflicted on consumers. We must have action now, not just conversation and sweet talk with nothing being done to protect the consumers of propane in this country. Jawboning for voluntary price cutbacks has not and will not do the job.

I support the amendment offered by the gentleman from Illinois and the amendment offered by the gentleman from Arkansas, and urge my colleagues to support their adoption.

Mr. HORTON. Will the gentleman yield?

Mr. MAYNE. I am happy to yield to the gentleman from New York.

Mr. HORTON. The gentleman indicated he had introduced a bill or bills on this subject. To what committee were they referred?

Mr. MAYNE. My bill, H.R. 12795, and Congressman Taylor's H.R. 12973 which I cosponsored, were both referred to the Committee on Interstate and Foreign Commerce.

Mr. HORTON. I thank the gentleman.

Mr. MAYNE. I wish the committee would have got moving on these bills and have reported such a bill here upon which we could vote, so we would not have to resort to these amendments. But this is a very urgent situation which demands immediate action without further delay.

Mr. HORTON. I agree with the gentleman.

Mr. MAYNE. There has been no comparable increase in crude oil or in any other commodity of which I am aware—this propane situation is patently unfair and inequitable, and clearly cries out for action.

Mr. BUCHANAN. Will the gentleman yield?

Mr. MAYNE. I am happy to yield to the gentleman.

Mr. BUCHANAN. The Chair ruled this amendment to be germane. The problem and the crisis is urgent for many Americans. We have a chance to act, and I urge passage of this amendment so we can act today to resolve this problem.

Mr. CULVER. Mr. Chairman, I strongly support the amendment now before us to roll back propane prices to equitable levels. Firm and constructive action on this matter will demonstrate that the Congress can be looked to, to meet the real needs of the people hardest hit by the current energy crisis.

In the visits I have made to the homes of people in my own State of Iowa, and in the mail that I have received from them, I have come face to face with the severe personal distress caused by the massive increases in propane prices over the past year. This is a vitally necessary commodity for our farmer and for our homeowners who have no access to substitute fuel. The prices they have paid have jumped dramatically from month to month, reaching levels that are three times the prices paid 1 year ago.

These increases are unjustified and wholly disproportionate. Propane represents only about 3 percent of the refinery output from a barrel of crude oil, yet the oil companies have heaped their cost increases upon this small segment of their production.

The amendment I support would change that situation by rolling back prices as a starting point, to their May 15, 1973, levels, and then allowing the passthrough of only such increased costs as are directly related to propane production. This should sharply reduce present price levels, without visiting any unfairness or hardship on refineries.

Mr. Chairman, the administration has temporized with this problem and therefore, failed to recognize or meet the genuine distress of our consumers, particularly the elderly and other citizens on low or fixed income. I believe Congress can and must demonstrate its greater sensitivity and responsiveness by adopting this price rollback amendment.

Mr. HECHLER of West Virginia. Mr. Chairman, I am strongly supporting the amendment of the gentleman from Arkansas (Mr. Alexander) because millions of low- and medium-income people throughout the Nation have been shocked by the skyrocketing prices of propane. This amendment will be hailed by many people in my State and in all 50 States. Suddenly in 1973 the prices of propane shot up out of all reason. For example, Mrs. Roger A. Dailey of 8629 Edmunds Branch Road, Ona, W. Va., wrote to me that propane had been priced at 21.9 cents per gallon "for over 5 years, then bang without any notice of a price increase it started up."

Mrs. Dailey informed me that in May 1973, the price rose to 25.9 cents per gallon, shot up to 35.9 cents per gallon in November 1973, and by December 1973 the price was 42.9 cents per gallon.

Even greater increases have been occurring, and that is why I am pleased to join with those who are determined that the neglected consumers of this Nation must be protected against this kind of price gouging.

We have heard enough of "incentives" and "profit margins." Let us roll up our sleeves and protect the consumers who are the backbone of this Nation.

Mr. MILLER. Mr. Chairman, I rise in support of the amendment which will allow only those costs directly related to the production of propane to be passed on to the consumer and will use May 15, 1973, as the beginning of the base period for this passthrough.

Mr. Chairman, the effect of this amendment will be to alleviate the terrible burdens that have been imposed on users of propane in the past months. Due to a loophole in regulations, increased costs for all crude oil were allowed to be dumped entirely onto propane. This created incredible price increases of 300 to 400 percent. In many instances the people who use propane are those least able to afford such price hikes, but increases of this magnitude hit all users extremely hard, no matter what there financial capabilities may be. All of the Members here have received letters detailing the hardships the propane price rise has caused. In some cases families have had to shut off most of their homes and live in only one heated room to be able to afford to make it through the winter.

Last summer it was necessary to allow some increases in the price of propane to encourage production of a scarce energy source. Unfortunately when propane became abundant the price increases did not stop. This amendment to the Federal Energy Administration Act is necessary to eliminate the inequities that have arisen. I urge its passage.

Mr. KYROS. Mr. Chairman, at this time, when the Congress is considering the creation of a permanent agency to administer the growing body of energy-related legislation passed by this Congress, it is appropriate to ask: How well is this administration carrying out the intent of the Congress in administering the laws already passed?

When we do so, we find that the Federal Energy Office in at least one critical area of its responsibility has acted directly contrary to the intent of the Congress.

Despite the specific mandate of the Congress appearing in committee reports accompanying the Emergency Petroleum Allocation Act of 1973, and in the Congressional Record, volume 119, part 26, pages 34315–34316, the regulations recently issued by the FEO pursuant to that legislation deny an allocation of feedstocks to plants which manufacture synthetic gas to supplement critically short supplies of pipeline natural gas.

Gas utility service, of course, is indispensable to the maintenance of industrial production, employment levels, and vital services necessary to health, safety, and public welfare. We New Englanders, and especially the citizens of the State of Maine, are particularly aware of the disastrous consequences and severe public hardship that would flow from a prolonged interruption of gas supply in cold climate regions.

Accordingly, I respectfully request you, Mr. Chairman, to note that it was and is the intent of the Congress in enacting both the Emergency Petroleum Allocation Act of 1973 and the Energy Emergency Act of 1974 to assure the maintenance of adequate gas utility service to the citizens of this Nation and for that purpose, that it is the intent of the Congress that the Federal Energy Administrator accord a top priority to all petroleum feedstocks, including naphtha, propane, butane, and natural gas liquids, necessary to meet the current requirements of plants which will supply synthetic, substitute gas to pipeline and gas distribution companies.

Mr. HOLIFIELD. The gentleman refers to certain matters within the jurisdiction of other committees, but I am sure that the FEA Administrator will read this legislative record and give proper heed to the concern expressed by the gentleman from Maine.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois (Mr. FINDLEY) to the amendment offered by the gentleman from Arkansas (Mr. ALEXANDER).

The amendment to the amendment was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Arkansas (Mr. ALEXANDER), as amended.

The amendment as amended was agreed to.

Mr. BOLAND. Mr. Chairman, I am convinced that the creation of a Federal Energy Administration is absolutely essential if we expect a first-class professional effort from the administration in the area of energy policy and decision taking. Much has been said in this Chamber and in other forums in recent months concerning the merits of the Federal Energy Office's allocation and price policies. Whether those remarks were laudatory or defamatory, few indeed ever cited the hard work or unusual circumstances under which Mr. Simon and his staff have labored.

Those circumstances are those of uncertainty as to salary scales, job permanence, opportunities for advancement, permanent funding and staff levels, availability of office space, et cetera. The Federal Energy Office, which is a creature of Executive order, is so fluid an organization that none of these particulars have been fleshed out. They will continue to remain in this suspended state until and unless this Congress takes action to authorize and fund a permanent statutory body, with assigned duties, regular staffing and pay levels, regular appropriations, and Senate-confirmed principal officers.

When a permanent Federal Energy Administration has been created, it will be able to fill its ranks with regularly recruited personnel who can anticipate some sort of stable career opportunities rather than having to rely on staff borrowed from a number of agencies, who, by contrast, have no idea of the probable length of their tenure there or their suspended careers in their original departments or agencies. A statutory FEA would further have a regular budget appropriation and would be in the position of regularly accounting for its use of funds as do other agencies of Government. The appointment of its chief officials would come under the scrutiny of the Senate, an element of congressional control which the gravity of the energy crisis makes a very important tool for general congressional policy direction.

Mr. Chairman, considering any number of the adverse conditions under which the present temporary amalgam of borrowed staff in the FEO has labored to date, I think it is time we realized that we must take action to see that these overworked and dedicated people no longer must work in the dark. We cannot continue to ask them to put the cart before the horse in this too crucial area of energy policy. The FEA really ought to be started on its way in proper fashion. Mr. Simon and his staff need a clear delineation of authority, their own appropriation, and their own permanent employees. Until we have provided those elements of stability, the competence and around-the-clock efforts of these people will continue unrewarded with the kind of employment and management conditions that the rest of us enjoy. If we want the kind of energy solutions that are best for this country, we certainly ought to insure that those that proffer them have the proper wherewithal to make them.

Mr. RAILSBACK. Mr. Chairman, I would just like to add my support to H.R. 11793, legislation to reorganize and consolidate certain energy programs and policies within the Federal Energy Administration. Events of the last few months have vividly demonstrated the need for strong and coordinated leadership to resolve the energy problems our country is now unfortunately facing.

H.R. 11793 is important for several reasons. First, it will resolve any remaining confusion concerning the proper lead agency for implementing energy emergency policy.

Second, the bill allows the Administrator the flexibility he needs to resolve energy emergency problems on a short-term basis. For example, the committee did not outline the specific functions of the six Assistant Administrators of FEA, observing "that the emergency nature of the agency, quickly changing conditions, and the varied functions to be performed, require the utmost administrative flexibility."

Third, this legislation recognizes the need for more timely and relevant energy information across an entire spectrum of issues. The need for accurate energy supply and demand information has become painfully apparent during this energy crisis. The bill takes an important first step toward resolving the problem by expanding the Administrator's powers to collect and evaluate data.

Mr. Chairman, H.R. 11973 lays the foundation on which we can hopefully resolve the energy crisis and sets us on the proper course toward energy self-sufficiency. I urge immediate enactment of the bill before us this afternoon.

Mr. HOLIFIELD. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. FLYNT, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee having had under consideration the bill (H.R. 11793) to reorganize and consolidate certain functions of the Federal Government in a new Federal Energy Administration in order to promote more efficient management of such functions, had come to no resolution thereon.

REQUEST TO SUSPEND RULES AND CONSIDER HOUSE RESOLUTION 807

Mr. GROSS. Mr. Speaker, I move that the rules be suspended and the House proceed to the consideration of the resolution, House Resolution 807, disapproving pay increases.

The SPEAKER. The Chair will state that the gentleman from Iowa has not consulted the Chair and the Chair is not going to recognize the gentleman from Iowa for that purpose.

The Chair would like to state further that the request of the gentleman from Iowa violates the "Gross" rule whereby he has requested that notification of suspensions be given 24 hours in advance.

Mr. GROSS. What kind of a rule is that?

The SPEAKER. The Gross rule.

COMMUNICATION FROM HON. WILLIAM S. MAILLIARD

The SPEAKER. The Chair lays before the House the following communication:

WASHINGTON, D.C.,
March 5, 1974.

Hon. CARL ALBERT,
Speaker of the House of Representatives,
Washington, D.C.

DEAR MR. SPEAKER: I beg leave to inform you that I have this day transmitted to the Governor of California my resignation as a Representative in the Congress of the United States from the Sixth District of California, effective today.

Sincerely,
WILLIAM S. MAILLIARD,
Member of Congress.

ENERGY CRISIS

(Mrs. GREEN of Oregon asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. GREEN of Oregon. Mr. Speaker, I would like to insert in the CONGRESSIONAL RECORD one of the more cogent articles—brought to my attention to date—on the energy crisis. Written by Myron E. Sharpe, editor and publisher of Challenge, the magazine of economic affairs, the article was reprinted in Sunday's Washington Star-News.

Certainly, there is no easy way out of the current dilemma. We all recognize that far more information is required to cope with the immediate energy crisis and to carry into effect sound long-range plans. However, I do think Mr. Sharpe places in a proper perspective the various roles played by Government, the OPEC countries, and the multinational oil companies, in addition to highlighting some of the positive implications of the Arab oil embargo and the higher OPEC oil prices. The author also states the case for public regulation of our energy resources.

I believe this article merits the attention of those seriously concerned about this energy crisis and it is therefore commended to my colleagues.

Bad Guys, Good Guys and Oil

PORTRAIT IN OIL

(By Myron E. Sharpe)

The phrase "portrait in oil" comes from the autobiography of Nabur Gulbenkian who was one of the richest oil men in the world He steadfastly followed the credo: "I believe in comfort. I enjoy myself. I enjoy life. I enjoy everything I do." According to his obituary in *The New York Times*, Gulbenkian was once asked whether he preferred old brandy or young women, horses or Rolls Royces, city life or country life. After stroking his beard a moment, he replied: "I prefer everything."

That of course is the American credo too. If there is a shortage of oil, we will find a way to get around it. If we must invent substitutes, we will do it by 1980 and damn those who say we can't. That is the only sensible way of looking at it. After all, old brandy, young women, horses, Rolls Royces and city and country life cannot be enjoyed without energy. Yes, we will find a way to get what we want. But everything about us will be revealed in the course of it.

The first step is to find out who is to blame. An article in the January issue of *Fortune* says: "Despite clear and insistent warning from his own officials beginning as long ago as 1970, President Nixon failed to take adequate action to cope with energy problems until it was far too late." True, and oil experts knew even earlier. But before we pin this on Nixon, let us consider that the same facts were available to some other leaders—names such as Heath, Pompidou, Brandt, Tanaka and Gandhi. They all enjoy the services of bigger planning agencies than we do. It is too much of a strain to believe that all the presidents and prime ministers in the world made the same mistake at the same time.

The inaction must be explained as an inherent difficulty governments have in reckoning with turning points, in this case a turning point in the world oil situation. People who say "we can't go on like this" have no status in government. All the status belongs to yea-sayers who assume that tomorrow will be very much like today. Since this is rarely the case, we should take some of that status and give it to a planning board whose job is to assume that, indeed, we really cannot go on like this.

Then surely the Arabs are to blame. They cut supplies and raised prices. They acted in their own selfish interest and didn't consider the rest of the world. That sounds very wicked until you realize that they are just playing a game whose rules were made by Europeans and North Americans. For many years the prices of raw materials exported by poor countries fell while the prices of industrial products exported by rich countries rose. Was there a hue and cry at the suffering this caused in the poor countries? Of course not. For many years we restricted agricultural acreage as a means of keeping farm prices up, even though much of the world went hungry. Diabolical? Not at all. Just good business practice.

Now the Oil Producing and Exporting Countries, a club which includes Venezuela, Iran, Nigeria and Indonesia in addition to the Arabs, have awakened to the knowledge that oil is a wasting asset and will all be gone by 2010, give or take a few years. Any self-respecting cartel in possession of that information will try to get the most from what it has by raising its price to a level that approaches the cost of substitutes and by restricting its output to a level that stretches out the benefits as long as possible.

Suddenly every non-Arab has become a follower of Henry George and is wondering out loud what the members of OPEC have ever done to deserve all that oil. This is a line of reasoning we must resist until we are ready to apply the same standards to ourselves.

In fairness we must also clear the oil companies of any blame in this affair. On the international scene, the producing and consuming countries are more and more coming to make their arrangements on a state-to-state basis with oil and aid as the bargaining counters. The once proud companies are reduced to the menial job of drawing oil from beneath the sands and dispensing it according to the dictates of others. An oil concession is accompanied by a noose and the wearer must act the part of a "tax collecting agency," to use the anguished expression of the chairman of BP. Of late a new and even more lucrative arrangement called participation has been devised by Sheik Yamani, oil minister of Saudi Arabia. The exporting countries come to own a share in the oil companies; the companies do all the work, including marketing the oil everywhere a motor runs or a wheel turns. The oil countries then collect a share of the revenues in addition to the tax.

Domestically the oil companies have not begun construction of any refineries amid all this hubbub nor will any be completed this year (it takes three years to build one) even though they knew that demand was rising. This is a reaction to adversity: several lean years of too much oil; a price war; a reduced depletion allowance; frozen prices; and environmentalist alarm over Alaskan pipelines and offshore rigs. By not building refineries the majors have been able to deal with these difficulties and end up with terrific profits.

Using a refreshingly direct metaphor—for an oil executive—the president of Shell said that he and his colleagues had to "claw our way back." If several of those claws have gotten lodged in painful places, that comes under the heading of external diseconomies of scale, by common consent not the concern of business.

We have shown that all the parties are blameless. The point is: don't blame people for doing things that flow naturally from the positions they occupy in life. The next question is: Don't blame them for what?

The Arabs, about to raise prices for reasons already mentioned, did it with a flourish in the winter of 1973–74. They combined a healthy price rise with an embargo imposed for the purpose of promoting a better understanding of their views on Israel. This unfortunately coincided with a shortage of refining capacity in the United States. The Arabs, being in a recalcitrant mood, could hardly be expected to permit the multinationals to ship refined oil from the Middle East to make up our shortfall. Those who argued that there was no world shortage of oil were right; but that was hardly the point.

What happens next is that very much higher oil prices make it feasible to perfect the techniques needed to use other sources of energy: nuclear fission, liquefied coal and shale in the next few years; the sun, the wind, the tides, nuclear fusion and the internal heat of the earth in the next fifty. Higher prices also guarantee that we will have more oil—possibly much more oil—from Alaska, offshore and places yet undreamed of.

Everybody who has put pen to paper about oil has been proved wrong on one point or another and it may be that the coming boom in prospecting will again prove everybody wrong: the oil age may not come to an end in 40 years after all. It is not too farfetched to suppose that we may again be up to our necks in oil with prices coming down.

But after the traumatic price rise this winter we are not likely to return to our old ways. The big car appears finished and mass transit has a chance; the reversal of the auto economy alone will change the character of the country. The waste of energy in the way we heat, cool and insulate buildings is coming under scrutiny. Manufacturers of energy-intensive products such as aluminum have suddenly discovered ways to save 30 to 40 percent of their electric bill. Opportunities to be rational are upon us.

The prerequisite is reliable statistics. The daily fumble with figures and the wildly divergent opinions of the highest authorities about what is going on in the oil industry make mandatory reporting of accurate information by the industry a proposition that everybody can agree on.

Then comes planning. Here is another instance where we have backed into planning because there was no choice. The most doctrinaire antiplanner is not going to defend the helter-skelter arrangement we had in which the Treasury, the Department of State, the Office of Emergency Preparedness, the Texas Railroad Commission, the Bureau of Mines, the American Petroleum Institute and the companies themselves all had a hand in the mismanagement of the industry.

Nor is there much to be said in favor of leaving it to the companies. They cut down on research at the precise moment that research was most needed. They stopped building refineries when they were most needed. They were favored with enormous incentives through the depletion allowance and even more enormous ones through the tax write-off allowed for royalties paid to the producing countries. Apparently the five percent in federal taxes the companies must pay is too burdensome and must be replaced with a subsidy if they are to continue as viable private institutions.

We have found to our discomfort that energy is too important to leave to the energy men. The research will now be done by the government. The information will be collected by the government. The planning will be done by the government. But under the present setup the public will not be the prime beneficiary. The 18 majors will be the prime beneficiary because, whether our efforts are directed to oil, coal, shale or gas, they have the largest proprietary interest. They will also be the first in line when public lands and shores are auctioned off for exploration. And they will in due course collect the money as gas rises to a dollar a gallon.

The public will pay the bill. The public will swim in the oil slicks and live in the strip-mined counties. The energy companies—that is the euphemism for vertically integrated oligopolies that go in for horizontal integration—will remain the strongest interest group in the field and have things their way.

So it will go unless we dare to put the public interest first and nationalize the majors or at least place them under public regulation. No doubt public bureaucracy presents problems of its own; no worse, I imagine, than those recently imposed by private bureaucracy. Had a nationalized oil industry possessed the temerity to execute the maneuvers of the last few years we would now be at the barricades.

That leaves the Arabs and their oil-rich confreres. Whether we like it or lump it, they are in a strong position. With $50 billion a year flowing in (or is it $100 billion?) they have practically imposed economic development on themselves. They need Europe and Japan for that just as Europe and Japan need them for oil. Mutual forbearance is the best attitude under the circumstances.

The industrialized nations built their postwar economies on cheap oil. Now they face the most colossal redistribution in modern times. Let us accept poetic justice with good grace.

LET'S END CONTROLS—COMPLETELY

(Mr. STEELMAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. STEELMAN. Mr. Speaker, it is increasingly apparent that we are reaping a bitter harvest from the sowing of wage and price controls. The administration is slowly coming to the same realization.

Treasury Secretary George Shultz and Cost of Living Council Director John T. Dunlop have come part of the way by supporting a decontrolled economy, except in the areas of energy and health. By so doing it appears they have seen the futility of the present course. Both have testified that standby authority would lead to a demand for significantly greater wages and prices within a short time because of the fear of new controls.

Mr. C. Jackson Grayson, dean of the School of Business Administration of Southern Methodist University eloquently puts forth the case against controls in an article appearing in the Wall Street Journal on February 6, 1974.

At this point I should like to insert his article:

Let's End Controls—Completely

(By C. Jackson Grayson, Jr.)

The wage-price control or decontrol debate has shifted from whether we are going to decontrol to (A) how far, (B) when, and (C) how?

A consensus prediction seems to be that (1) gradual decontrol will continue, (2) that some sectors, probably energy, construction, and health will continue under long term controls, (3) that the Stabilization Act will be extended, and (4) that a wage-price control "stand-by" mechanism will be created.

I find a growing attitude of almost "inevitability" that this is the course that we will (or should) follow among Congressmen, businessmen, labor leaders, the press and members of the administration.

I challenge the necessity, wisdom, or inevitability of any or all of these. Before it is too late, I urge instead: (1) end all controls totally by April 30, (2) let the Stabilization Act expire, and (3) do not establish the proposed "stand-by" control mechanism.

Total decontrol sounds frightening to some, particularly politicians fearing voter reaction. "How can I vote for decontrol?" complained one decontrol-minded Congressman. "A vote for decontrol sounds like a vote for inflation."

It is true that if all sectors were decontrolled, there would be some wage and price increases. Some might be large and rapid as the market moved to adjustment levels necessary to ration resources and attract capital and labor.

But the economy-wide increases on total release will not be nearly as large as some fear. Much of the economy has already been released, and forecasts are for a slackening economy.

Who will be sending prices and wages upward? The market. Purchasers (industrial and consumers) will be signalling "more" or "less" of a wage, good, or service. The market, not the controllers, will be allocating resources to society's most efficient uses.

NOT PERFECT, BUT . . .

Those who argue that this market mechanism is imperfect because of market power by business or labor or structural defects, should work to correct such faults rather than continue reliance on a mechanism that is far more dangerous to the market mechanism than such alleged imperfections. This line of argument will tend to keep us in controls forever as a countervailing power to alleged blocks to competition.

Arguments will surely be made, in rebuttal, that price increases will hurt the poor more than the rich. By definition, this is true. The poor have less money. Any price increases hurt them more, controls or not.

But if society wishes to increase economic opportunity for those with lower income (as I think we should), this is best done by means other than controls. In fact, continued controls, in many ways, hurt the poor. They tend to drive low markup items from the shelves, provide those with higher incomes and better education opportunities to get around the system. And they increase unemployment for marginal workers whose productivity is not great.

In late 1972 it was the fear of large wage settlements in 1973 that postponed decontrol. These did not materialize despite a more flexible Phase 3 and rapidly escalating prices. Shortages (fuel, steel, fiber, paper, etc.) are now being advanced as a reason for continued controls: "Price increases will not increase capacity in the short run and will merely result in higher profits."

Continued controls are not going to help the shortage problem. If anything, they will prolong shortages because of the lack of increased incentive (profits) to invest and expand quickly. Management, labor, and capital will delay action or even flow elsewhere. The result could then reach a point where arguments would be made that the federal government must invest to expand capacity through direct investment (to wit, the proposed federal oil and gas corporation).

While some people would agree with the philosophy of total decontrol, they would stop short of energy decontrol. For the same reasons as given above, I would not.

Yes, prices will increase. (They are going to increase anyway, with controls.) Yes, prices will increase more rapidly with decontrol. But the solution to the shortages would also be faster as price served its function of rationing and as incentives were increased for supply of more energy sources. Again, help for people with lower incomes should be done with mechanisms other than continued wage/price controls.

Similar arguments can be made for also removing controls from other sectors popularly nominated for long term controls—construction, health, food.

Finally, continued selective decontrol, while appealing to those who believe they know how to manipulate the allocation system, is dangerous. It increases the distortions among industries and services of different sizes; but more importantly, it increases the distortion of the flow of capital and labor due to unforeseen effects of substitution, interdependencies, false price signals, and administrative lags among controlled and non-controlled sectors. It was for these reasons that we shied away from industry-by-industry controls altogether in the Price Commission.

Our economic understanding and models are simply not powerful enough to handle such a large and complex economic system better than the marketplace. Partial decontrol (or its converse, partial control), tends to build a false belief in the minds of the public that controllers really "can" manipulate the system more efficiently, and will increase the cry for selective "recontrol" later on. After all they knew how to selectively decontrol, didn't they?

I also don't believe that the Stabilization Act should be continued past April 30, even if decontrol were complete prior to that date.

If the act sat on the books, there would be tremendous pressure and temptation to reimpose controls in the near future. Even in a stable economy, some prices rise dramatically, some stay stable, some decline. But the headlines go to the increases, and political pressure will be heavy to reimpose controls over this or that sector.

If Congressmen think they will have immediate political problems now from decontrol they should think what they are letting themselves in for over the next year or two as prices fluctuate and successive delegations descend on them. They and the Executive Branch will be continually besieged to put controls back on across the entire economy, or selectively on visible wage settlements and price increases.

I recommend that the act expire now. Then, if the nation wishes to re-embark on the controls road again, the decision would be subject to full public debate, and not decided by administrative decision in the Executive Branch.

PRESSURES AND POLITICS

Finally, I recommend strongly against establishment of the proposed stand-by wage/price agency. If such an agency were created, whether responsible to the Executive or Legislative Branch, it would be subject to continual pressure to reimpose controls, totally or selectively. The monitors would find it almost impossible not to take "action" (direct controls or jawboning) even when price increases represented pure demand shifts. Prices would be determined as much by politics as economics.

Secondly, the "responsibility" for control of inflation would be thought to rest in the hands of this agency instead of at the more fundamental levels of fiscal and monetary policy, increased productivity, structural reform to increase competition, and widespread acceptances of individual responsibility to help control inflation.

Third, such an agency would undoubtedly be staffed by able people, anxious to do a job. The temptation of such a combat-ready group to "fine-tune" the wage/price mechanism would well nigh be irresistible. Parkinson's Law would surely operate. Many bright economists would like nothing better than to get their hands on the throttle of the economy to install their honest beliefs about "necessary" government intervention in the market.

Fourth, its proposed main activity of "jawboning" is not innocuous. To most people, that term means public spirited appeals for restraint and cooperation on wages and prices. But, if past history is any judge, jawboning will also include threats to pass punitive legislation, to unleash a Justice or FTC investigation, to sell stockpiles to depress markets, to issue or leak derogatory stories to the press, and to issue or deny government contracts.

At the personal level, jawboning can include subtle offers or denials of government appointments, or even threats to audit personal tax returns. All have been used. In my opinion, these are all abuses of power and contrary to the American sense of fair play and civil liberties.

Finally the mere existence of such an agency would encourage price increases and discourage price decreases.

An unfortunate lesson learned from the various phases is that you'd better get wage/price increases while you can. Time and again, the "good guys" got hurt by exercising restraint. Many businessmen have told me that they will not reduce prices for fear that a new freeze, a new rule, or a new recontrol will catch them with their prices down. If such an agency were sitting there, symbolically hovering over the marketplace with a sniper's rifle, I think we would not see many price decreases, and would see instantaneous price increases. We would be institutionalizing inflation.

NEW SCENARIO IS POSSIBLE

Many of these points have been made before. Yet I am alarmed at the feeling of inevitability of the events of the next few months—partial decontrol, extension of the act, and creation of a stand-by mechanism. Businessmen seem resigned to this fact as a way of getting at least partially out. Administration officials apparently believe that this is the course to be followed to get congressional agreement. Many Congressmen believe that they can't completely decontrol because of public backlash.

The scenario does not have to come out that way. We can decontrol, with better long-range consequences for everyone, including the poor.

Why do I, who ran a price control program, argue as strongly as I do? I know price controls intimately and how people work in them. I know the distorting effects and political pressures. Controls do have some value, but for a limited time period and under special circumstances. After that, they should be abandoned.

More importantly, I know from first hand experience that allocations by the marketplace are far superior to any centrally directed system, and are most consistent with personal freedom.

It's easy to get into controls, but as we are now witnessing, hard to get out. It is time to act with courage. Let's get out, and let's get out completely.

THE VOICE OF DEMOCRACY SCHOLARSHIP PROGRAM

(Mr. TALCOTT asked and was given permission to address the House for 1 minute, to revise and extend his remarks and include extraneous matter.)

Mr. TALCOTT. Mr. Speaker, each year the Veterans of Foreign Wars of the United States and its Ladies Auxiliary conduct a Voice of Democracy contest. This year nearly 500,000 secondary school students from over 7,000 schools participated in the contest competing for the five national scholarships which are awarded as the top prizes. First prize is a $10,000 scholarship, second is $5,000, third prize is $3,500, fourth prize is $2,500, and the fifth prize is $1,500. The contest theme was "My Responsibility as a Citizen."

The Voice of Democracy scholarship program is a national broadcast scriptwriting program which provides an opportunity for 10th, 11th, and 12th grade students in our public, private, and parochial schools to think, write, and speak up for freedom and democracy. The program was originated by the broadcasting industry and the U.S. Office of Education 27 years ago, and for over a quarter of a century now it has had the continuing support of the National and State associations of broadcasters and secondary school principals.

"My Responsibility as a Citizen," theme for the VFW's 27th annual Voice of Democracy scholarship program, focuses and calls for a personal evaluation of their responsibility in preserving democracy as a way of life in our Republic.

The winning contestant from each State is brought to Washington, D.C., for the final judging as guest of the Veterans of Foreign Wars.

The winning speech from the Pacific area was delivered by Lisa A. Seale from the congressional district which I have the honor to represent. Lisa is the daughter of Lt. Col. and Mrs. Thomas A. Seale. She resides in Bangkok with her family while they accompany her father on his present military assignment.

Miss Seale is a junior in the International School, Bangkok, Thailand. She plans a career in oceanography and is interested in the arts and sports. She is fluent in Spanish and serves as a Red Cross volunteer.

I join her parents, two younger sisters and brother, her classmates, and the VFW in thanking and commending Lisa for her love of her country and her clear and thoughtful recognition of citizen responsibilities.

I am especially impressed that a young lady, far away from home, can express such splendid feelings about citizen participation and responsibility.

I insert Lisa Seale's speech in the Record at this place.

My Responsibility as a Citizen

(By Lisa Seale)

Responsibility is the interpretation of duties by an individual, for that individual. It grows and matures with the person, always building on its past. Citizenship responsibilities likewise spread, and this interpretation can only be a temporary one; it, too, must expand.

Citizens cannot exist without interaction in a community of citizens. We are human beings, and we need each other. Together we learn to progress, to benefit each member of the group. Progress promotes change, and change brings added responsibility. This responsibility can come about only through maturity, so as we participate in our community, we ourselves mature. By participating, I help not only my citizenship, but I fulfill my obligation to help my community progress.

The maintenance of representation, that is, voting, is one of the most basic obligations a citizen has in a democracy. We are individual citizens in a representative society. Our representation consists of a vote. Without this vote, this tool of participation, we are no longer represented; as citizens, we die. Our beliefs and ideas, ourselves, are the essence of governmental actions. To prepare for this existence as represented citizens, awareness of the world should be maintained. This awareness should include political affairs, social and economic affairs, affairs that affect the lives of people. An understanding of the world brings an understanding of myself, and by understanding myself, I am capable of casting the vote that will represent my beliefs and my citizenship.

Respect toward fellow citizens, toward the government, toward the United States and its ideals, toward the world: this is an obligation of not only a citizen, but of a human being. It is the fundamental responsibility of a member of a group. It is impossible to communicate and progress without a respect for the people and the institutions with which I live.

Thought, above voting, above participation, above responsibility, is the greatest obligation any citizen, of any age, has. It is a preparation for action and participation, it is a foundation for reform and change, and it is the basis for justification of existing ideals. It is the best background for citizenship. Without thought, without the development of ideas and beliefs, every citizen is lost. No vote can be cast without thought, and only through it can come respect, or disrespect. It is impossible to participate without first understanding what one is participating in, and why. Thought is a faculty every human and every citizen possesses, and it is individual to each.

Thought and respect, working, helping, voting: all are responsibilities a country asks of its citizens, and citizens ask of themselves, in return for a just representation, and protection of lives and rights. They are simple, and they are important.

THE LATE MRS. MARY A. BEADES

(Mr. BURKE of Massachusetts asked and was given permission to address the House for 1 minute, to revise and extend his remarks and include extraneous matter.)

Mr. BURKE of Massachusetts. Mr. Speaker, may I take this opportunity to announce the passing of Mrs. Mary A. (Hamrock) Beades of Milton, Mass., at the age of 95. Mrs. Beades lived in my hometown of Milton, Mass., and was loved by her neighbors. The mother of a former colleague of mine, the Honorable John Beades of Dorchester, it was my privilege to join with many other distinguished Americans to send her birthday greetings on her 87th birthday. Mrs. Beades was always young in heart. Mrs. Burke joins me in extending our heartfelt sympathy and prayers to her son John, her daughter Catherine, and other members and relatives during this time of sorrow. I include for the Record an article that appeared in the Boston Globe today:

Mary Beades; Her Birthday Was an Event

Mrs. Mary A. (Hamrock) Beades died yesterday at her home, 97 Huntington rd., Milton. She was 95.

Some years ago when her son, John Beades, was a state senator, he asked a few friends to send his mother a card on her birthday Oct. 15. By 1965 the idea had mushroomed into an avalanche of mail.

On her 87th birthday that year she received cards and telegrams from Pope Paul VI, Cardinal Cushing, President Johnson, Gov. Volpe, Sen. Edward M. Kennedy, Leverett Saltonstall, six Massachusetts congressmen, 89 state legislators, 31 judges, numerous VIPS and dozens of long-time friends.

After looking through the mail that day she said: "I don't like getting old, but then, who does. Hearing from so many nice people makes it a lot more pleasant."

She was born in Roscommon, Ireland, and came to the United States in 1898. She was followed two years later by her childhood sweetheart, Michael Beades, and they were married in 1901.

Mr. Beades, who died in 1940, was a conductor on the old Boston Elevated Street Railway for more than 40 years.

Mrs. Beades lived for many years on Batesville road in Dorchester, and well into her late 80s, she did her own cooking and housework.

Besides her son, she leaves a daughter, Mrs. Catherine Johnson of Milton; a brother, Henry Hamrock of Ireland; two sisters, Mrs. Delia Pierce of Belmont and Mrs. Elizabeth Liberty of Dedham; four grandchildren and seven great grandchildren.

A funeral Mass will be said Thursday at 10 a.m. at St. Brendan's Church, Dorchester. Burial will be in Mt. Calvary Cemetery.

BONDED FUELS AND OILS

(Mr. VANIK asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. VANIK. Mr. Speaker, during the past few months, it has come to my attention that companies with foreign subsidiaries and others importing fuels, have been placing large quantities of fuels, including No. 6 or residual oil, jet fuel, and others in bond. By placing this fuel oil in bond, the law allows it to be used in foreign commerce and does not subject it to domestic taxation. It has been my understanding, however, that this fuel oil is often taken out of bond, at times convenient to the companies involved, when the higher domestic prices warrant the payment of the domestic duty. This appears to be just one more way for companies to hedge against higher domestic prices and to sell for higher prices and profits which result from the delays in the ultimate sale of this oil. Statistics are not available from the Federal Energy Office, the Office of Oil and Gas, the Customs Bureau, the Census Bureau, or any other Federal agency to determine the quantities of fuels and oils which were bonded during the past 6 months compared to a comparable period a year ago.

It is my belief that without such vital statistics, it is impossible to develop a rational and dependable national policy to close the gap between supplies and demand in this country for fuel through an effective and meaningful allocation program.

Therefore, I have written the following letter to Mr. William Simon, the Director of the Federal Energy Office, asking that his office conduct an immediate study to determine whether efforts are underway to circumvent the spirit, if not the letter, of the law, in regard to bonded fuels. It is my further hope that after such study, that Mr. Simon can, if necessary, issue firm guidelines for the control and sale of bonded fuels to eliminate any manipulation of such fuels in the future. The letter is as follows:

MARCH 5, 1974.

Hon. WILLIAM E. SIMON,
Administrator, Federal Energy Office,
New Executive Office Building,
Washington, D.C.

DEAR MR. SIMON: After a great deal of research, my office has been unable to determine the extent to which various types of fuels and fuel oils have been placed in bond upon their arrival at American ports. While the Customs Bureau participates in the bonding process and in the process of taking fuels and oils out of bond, they indicated that all resulting statistical data is turned over to the Office of Oil and Gas in your agency.

My office further learned that there is no separate data compiled which relates specifically to this bonded fuel, or the quantity of fuel and oil taken from bond at later dates, for domestic use.

It is my firm belief that availability of this statistical data is essential in the process of developing rational and meaningful allocation of fuels and oils in your effort to equalize supplies with demand.

Therefore, would it be possible for your office to develop comparative data on bonded fuels and oils from the past six months with a comparative period in 1972 to determine whether the spirit and letter of the laws relating to bonded fuels have been observed? Would it also be possible to determine whether these laws have been circumvented in any way by firms seeking to take advantage of higher prices and a greater allocation than otherwise would have been possible?

It would be helpful if such a study would include the names of the domestic firms and foreign subsidiaries involved in such activities, were some to be found actively involved in such activities. Finally, does your agency contemplate issuance of any guidelines in connection with the bonding procedure and the uses of the fuels and oils which are bonded or taken from bond?

Your cooperation in this request would be deeply appreciated.

Sincerely yours,
CHARLES A. VANIK,
Member of Congress.

TRIBUTE TO THE GENTLEWOMAN FROM WASHINGTON, MRS. HANSEN

The SPEAKER pro tempore (Mr. MCFALL). Under a previous order of the House, the gentleman from Washington (Mr. MEEDS) is recognized for 60 minutes.

Mr. MEEDS. Mr. Speaker, it is with mixed emotions that I on behalf of myself and my colleagues from the State of Washington have taken this time and this opportunity to speak on the retirement of our friend and colleague, the gentlewoman from Washington (Mrs. HANSEN).

I am happy that she will achieve her long-felt desire to return to the Pacific Northwest and enjoy the benefits of Washington State.

I am reminded of what she said in her statement when she announced her retirement. She said:

> I am a westerner and I want to return to the West. At the end of the year when my term expires I shall return to my home in Cathlamet, Washington, with my husband to write, garden and do as I please, hang up the telephone or take the damn telepnone off the hook and when people I do not know appear at my door and walk in without knocking, I will have the great opportunity of telling them it is my private home.

It is pretty hard to see anything bad about a statement like that, because I think that is probably something every Member of the House has wanted to do.

So I am happy for the gentlewoman from Washington (Mrs. HANSEN) that she will have that opportunity to do something that she wants; but I am also very sad. I am sad because her loss as a colleague to me personally will be a substantial loss; but even above and beyond that, her loss to this House of Representatives, to the State of Washington and, indeed, the Nation, is a great loss. As Dean of the Washington Congressional Delegation, she has been a powerful and enlightened voice on behalf of the region and its interests. As the first woman subcommittee chairman of this body, and of either body, she has been very effective as chairman of the Interior Appropriations Subcommittee, as she has made budget policy decisions for Interior and related departments that are of crucial importance to the Western States and to this Nation.

Her concern for the needs of the Indian people, in which I have a special interest and which I think everyone is aware, have earned her the first presentation, her and Senator SAM ERVIN, the first presentation of the coveted Henry M. Teller Award for outstanding efforts in behalf of legislation affecting Indian people. Her records in environmental, hydroelectric power, reclamation, forestry and fishery resources, have benefited the Pacific Northwest and the Nation.

Her remarkable career of 37 years in city, State and Federal elected offices have broken traditions against women office holders at every step.

By the time she was elected to Congress in 1960, she had already become a legend for her achievements in the Washington State Legislature. Beside shattering precedent against women's leadership, she had created a government structure for the Washington State Highway System, a system freed from political pressures and a system, incidentally, that is still in operation. Washington now has one of the finest highway networks.

It has been my personal privilege and pleasure to serve with Mrs. HANSEN since my election to the 89th Congress. I have both worked with her and learned from her since then.

It was a pleasure to do both. Besides my personal acquaintance with her many accomplishments, I was also proud to turn over two counties of my constituency when it was decreed in a redistricting petition. I regretted losing Callam and Jefferson Counties, and the friends I made there, but I knew they would be well served by Mrs. HANSEN; and indeed they have been.

JULIA BUTLER HANSEN will be sorely missed in Congress; missed by those of us who have served with her; missed by her constituents and missed by those who believe in good Government, but her outstanding record of public service will continue to inspire all of us.

Mr. ALBERT. Mr. Speaker, will the gentleman yield?

Mr. MEEDS. Mr. Speaker, I yield to the distinguished Speaker of the House.

Mr. ALBERT. Mr. Speaker, first of all may I thank our friend from Washington for taking this special order, because I think it is one of the most important that will be taken in the House this year.

When I heard him recite what I read about JULIA's departure, she made it sound so good that I am afraid she is going to start a stampede out of this Chamber.

Mr. Speaker, when JULIA HANSEN leaves the House of Representatives next January, she is going to leave a vacuum that will not be filled. Of course, when I think of her own personal life as recited in her note of retirement, I can understand why JULIA has decided to retire from public service after a long and illustrious career in the House, and I can understand her desire to go back to the great and beautiful Pacific Northwest.

Mr. Speaker, when I think of the House of Representatives and the Nation, this is one retirement which is almost beyond my understanding. In all of my years in the House, I have never known a person who understands the legislative process and the use of legislative political power better than Julia. She is a craftsman without a superior. Julia Hansen has had enormous impact on the House and the country.

As chairman of the Democratic Committee on Organization, Study, and Review, she has probably done more than any other person in our time to bring the operations of the majority party up to date, make its operations more democratic, and to give to all of its members a chance to participate in the activities of the House and its committees.

As chairman of the Appropriations Subcommittee on Interior and Related Agencies, Julia serves as a model for any and all chairmen. Her committee is the American committee. Her's is the committee devoted to improving our own country and making life better for our own people.

Mr. Speaker, in my judgment, no chairman in all the history of that committee has performed its functions with greater skill, greater success, or greater dedication than Julia Hansen. Mrs. Hansen has molded budgets that whittled the fat and nurtured the muscle of the heart of America. The personality and character of the budgets were reflected in the landslide margins by which they passed the House.

Mr. Speaker, I am sure that scores of Members like myself owe her more gratitude than we will ever be able to pay. She has effectively tried to respond to every legitimate problem in our districts which came within the jurisdiction of her committee. Julia Hansen has more savvy, more sense, more judgment, and has accomplished more success in things undertaken than almost anyone I know.

Within Julia Hansen is the heritage of her father, who was a western sheriff, and her mother, who was a frontier schoolmarm: A combination of courage and concern—a mixture of intellect and ingenuity—a quality of individualism and community concern.

I just do not know what it is going to be like to serve in this House without Julia. I know it is going to make my burdens and the burdens of most of us more difficult. I know her departure is going to have an impact on a lot of people. I just hope that we who stay after her can continue to demonstrate the interest that she has had in building up our natural resources, in taking care of our public lands and our possessions, in extending full economic and social opportunities to our original Americans. Her service has been a model for us all. It is hard to give her up as a colleague, but, Julia, we can never give you up as a friend.

Mr. MEEDS. Mr. Speaker, I thank the distinguished Speaker for those fine and perceptive words.

Mr. MAHON. Mr. Speaker, will the gentleman yield?

Mr. MEEDS. I yield to the gentleman from Texas.

Mr. MAHON. Mr. Speaker, I must say, as one who has great admiration for Julia Hansen, that she should forever treasure the eloquent words of the Speaker. I have not heard in my time here, I think, a more eloquent tribute to a departing Member, and I want to congratulate the Speaker. I want to say also that Julia Hansen deserves every word of it.

The Speaker said that the departure of Julia Hansen would have an important impact on a lot of people including the Speaker. I would say this for sure. It will have an impact on the chairman of the Committee on Appropriations because Julia has been a strong member of that committee for 11 years now.

She has been a leader; she does her homework; she knows what it is all about; she understands the political process.

She has distinguished herself in such an important way, and she has maintained the support and the admiration of all Members of the House.

I do not like to use the word "retirement." I cannot think of anyone with the energy and drive of Julia Hansen ever retiring. I just think of her as departing from this body to work somewhere else. It sounds as though we think she is about to depart tomorrow, but we are going to depend upon her leadership at least for the remainder of this session.

Mr. Speaker, Julia Hansen is a trailblazer in many ways. She was the first woman Democrat ever to become a member of the Committee on Appropriations. It is not so important perhaps that she was the first, but what matters is her stellar performance in the job. She certainly has set a pattern for all women, and I should say men too, to follow in the House and on the committees upon which they serve.

In 1967 she became chairperson of the Interior Appropriations Subcommittee. She was the first woman to become a subcommittee chairman in the history of the House or Senate. Her other subcommittee assignments have included Foreign Operations, Military Construction, and Transportation.

What she has done as a leader in this House has been her distinguishing mark, and that is what I would like to call attention to here. All of the Members can scarcely know of the admiration we have for her on the Committee on Appropriations or for her devotion to her work. She always knows her legislation; she always holds her own in any contest.

It is because she knows her bill and she knows her House and she knows her people that when she goes back to Main Street in Cathlamet, she will take with her quite a heritage.

In the Appropriations Committee her responsible, common sense approach to our problems have marked her as a capable leader. We have counted on her and she has produced. Her record of constructive accomplishments should always be a source of satisfaction to her.

Julia Hansen's work on the Interior Subcommittee is an example of American dedication at its finest. She is a champion of the natural resources of our Nation and has played a vital role in the development and protection of our public lands and our national parks. She has been one of the most important friends that the American Indians have ever had.

Not only has her immediate constituency benefited from her presence in Congress, but the entire Pacific Northwest and the Nation generally have been well served.

Mr. Speaker, it is good that we have in our country men and women who can make such a great contribution to the ongoing progress and development of this Nation.

I salute you, Julia, and may God bless you.

Mr. ADAMS. Mr. Speaker, will the gentleman yield?

Mr. MEEDS. I yield to the gentleman from Washington.

Mr. ADAMS. Mr. Speaker, I thank the gentleman for yielding.

Mr. Speaker, the written word often seems to me to be cold and not sufficiently descriptive of my thoughts when I have a strong feeling about something. Mere words do not describe the deep respect and affection I have for you, Julia.

I want you to know that whatever we say today can never properly pay respect to you for the rare integrity, intelligence and courage you have displayed in your 37 years of public service.

My colleagues, from the first time I met Julia Butler Hansen while she was serving in the State legislature until this day, I have never known a time when she was not ready to take a stand on any issue and then do what was necessary to see that right prevailed.

Through the 10 years we have served together in Congress I have always known I could check my thoughts with her and receive good advice not only on the specifics of the legislation but more importantly, on the basic effect it would have on the every day lives of our constituents. This wonderful blend of theory and practical politics has been a wonderful help to me, Julia, and I, shall miss this very much.

Julia has not only represented the citizens of the Third District of Washington very well but in addition, she has been a great force for good for the people of the entire Nation. As chairman of the "Hansen committee" on reform, she, more than any other person, has been successful in making the House of Representatives more open and responsive to the people. I do not know of any other representative who could have held together the diverse forces on this committee and come forth with a coherent result. The solid progressive results of this committee have been enormous and all of us are in her debt for this service.

As chairman of an important subcommittee of the Appropriations Committee Julia was one who not only protected the arts and humanities but positively moved to improve the whole climate for such activities throughout the United States. We all hope the momentum you have started will continue into the future.

I cannot close my remarks, Julia, without a personal reference to the help and encouragement you have given me throughout the years. I remember your courage and support in the John Kennedy campaign of 1960. Your advice and good counsel on the committees I should apply for in 1964. Your careful but strong position on how I should respond to the Vietnam war. Finally, the many quiet conferences we have had just off the floor on many, many subjects when you gave to me so freely of your years of experience in legislative matters.

I want to say thank you, Julia, for it all. I shall miss you very much—and you will probably have to open your door in Cathlamet from time to time and say—all right Brock, come on in, I have a few minutes for you.

Betty and I wish you and Henry and the rest of your family a happy and wonderful life. You notice I do not say retirement, Julia, because you will never retire. It is just a change of activity and all of us wish you the very best for the future.

Mrs. MINK. Will the gentleman yield?

Mr. MEEDS. I yield to the gentlewoman from Hawaii.

Mrs. MINK. I thank the gentleman for yielding.

Mr. Speaker, I want to join in the very eloquent words of the Speaker, the chairman of the Committee on Appropriations and my colleague in the well and Mr. Adams, the gentleman who just completed his comments.

It is a very difficult thing to express one's feelings and sentiments about a colleague that we have come to respect and regard so highly, a person with whom we have worked on legislation of very real and intimate concern, and to suddenly realize that because the gentleman in the well has taken the time for a special order today that somehow we must put down all our words and our sentiments in one statement.

The gentleman in the well Mr. Meeds, and the two gentlemen from Washington Mr. Adams and Mr. Foley and I came to the Congress at the same time in the 89th Congress. We were a very confused and largely unruly group of freshmen. One of the things that I can remember very vividly in that first year's experience here in 1965 in working together with my colleagues from Washington, as I did, as a Member from the West, was how often they felt the need to consult with Julia, to find out from her what the real issues and the real purpose of the various pieces of legislation were that were being considered in the House. This has become a habit that I have continued to notice of my colleagues because I consult them quite frequently on the business that comes before the House. So in this very personal way the presence and valuable advice of Julia will be missed when she leaves this body next year.

But far beyond that, Mr. Speaker, I am here this afternoon to speak for people who are a part of this great Nation but who are not represented here in the fullest sense. One of the missions that I accepted when I came to the Congress was to serve on the Committee on Interior and Insular Affairs, to try to make sure that the interests of the people of American Samoa, Guam, the trust territories specifically and also the people of the Virgin Islands and Puerto Rico had some measure of representation on that Committee on Interior and Insular Affairs, as well as in the other committee on which I served. And never once in the years that I have been here, and it is nearly 10 years, has there ever been any question but that the gentlewoman from Washington (Mrs. Hansen) who chaired the committee that was responsible for the appropriations for these people way out in the offshore areas would always make sure that their interests were to the fullest extent possible protected. And it was with a great warmth of feeling and assurance that I could always go back to these people and report to them the excellence of that leadership of the gentlewoman from Washington and how much she cared for them. So from them I wish to express their fond farewell and their best wishes.

The last item that I want to mention is the tremendous contribution that the gentlewoman from Washington (Mrs. Hansen) has made, not to us as colleagues, but to this institution as the chairman of the Hansen committee. So many times I recall in my campaigns recently I have talked about these reforms and noted that they were the accomplishments and achievements of the chairwoman of this committee. And all of the changes that we have talked about and the democratization of this institution, the ability of someone like myself in 10 short years to have assumed the chairmanship of a subcommittee, is due entirely to her dedicated service in this House.

So for these three small but important reasons, Julia, I am so pleased to have this opportunity to express my warmest and highest regards and my fondest aloha and best wishes for happiness in the years to come.

Mr. MEEDS. Mr. Speaker, I now yield to the gentleman from Wisconsin (Mr. Obey).

Mr. OBEY. Mr. Speaker, I thank the gentleman from Washington for yielding to me.

Mr. Speaker, I have always been impressed by the fact that there is probably not a State in the Union which is better represented than is the State of Washington. And all one has to do to be cognizant of that fact is to look at the gentleman in the well, Mr. Meeds, and some of the other Members from the State of Washington who are here on the floor. And certainly the gentlewoman from Washington, Julia Hansen exemplifies why the State of Washington is so highly regarded in this body.

Mr. Speaker, I served with Julia for 4 years on the Interior Appropriations Committee and the last 2 years before this one it was my privilege to serve as her ranking member. And it just amazed me the first year that I was on that subcommittee to hear her discuss in great detail Indian reservation after Indian reservation which came up for discussion under the budget for the Committee on the Interior.

I had the impression after sitting on that committee for about 3 weeks that she must have visited virtually every one of the reservations in the country because she knew so much about each and every one of them, and she so obviously cared about all of them. I learned so much from her about not only Indian problems in this country, but problems relating to our resource base as well.

I think that if there is any one word that could be used to sum up Julia Hansen, it would simply be the word "kind." She has great compassion for people who are less fortunate than Members who served in Congress. I do not know if there is anybody less fortunate these days, but she has great compassion for the less fortunate in our society. And she has always been willing to help other Members.

She came to my district and visited many reservations and forest lands and other projects. It was obvious to my constituents then that she cared about them and cared about their needs.

I do not think anyone who ever heard it will ever forget her eloquent defense of appropriations for the arts when they were under attack in the Committee on Appropirations a year and a half ago. When she finished, she received a standing ovation in the committee—and she well deserved it. It was the most eloquent defense I have ever heard of support for things to make human beings a little better.

I remember her outrage when we discovered in the committee a couple of years ago that for every dollar the Government spends on trying to determine what the value is for a piece of land which is going to be put up for lease to oil companies, for instance, that private industry has spent $20 on that same kind of research. I remember the warnings that she issued for years in that Subcommittee on Energy. If one were to read the reports of her subcommittee, one would see the warnings which it issued on the coming metal shortage. Julia has not only seen the problems immediately before her, but the problems coming down the road. She has warned those people who would listen of their potential import.

I want to say one more word about her role in congressional reform. I think much has already been said. I think that much as she has contributed to the advancement of reform in this House, she will still be doing more in the year yet to come. There is work going on on reform right now that she still is engaged in. I am looking forward to working with her on that. It has been a privilege for me to serve both in the same Congress and on the same committee with Julia Hansen.

Mr. FLYNT. Mr. Speaker, will the gentleman yield?

Mr. MEEDS. I yield to the gentleman from Georgia.

Mr. FLYNT. I thank the gentleman for yielding.

Mr. Speaker, I certainly wish to associate myself with the remarks of those who have preceded me in paying tribute to one of our ablest and finest colleagues in the House of Representatives. Like the gentleman from Wisconsin, I, too, have sat on the Subcommittee on Appropriations which the gentlewoman from Washington has chaired. She was a firm, always fair, and effective chairman of that subcommittee.

Whenever JULIA BUTLER HANSEN presided over her subcommittee, there was no doubt but that she was the chairman of that subcommittee. She had perhaps as great a grasp and knowledge as everybody else present at the time did. There have been many occasions when she has certainly demonstrated that she had a better grasp and knowledge of almost any bureau within the Department of the Interior, and many of the related agencies over which that subcommittee has jurisdiction, than the principal witnesses who appeared before her committee—and our committee—at that time.

She came to the Congress of the United States with a wealth of experience as a legislator in her beloved State of Washington. She served in the House of Representatives and in the Senate of that State. She served as chairman of the Committee on Highways of both the House and the Senate. She served well in the legislature of her home State.

She has demonstrated resolve, which I have seldom seen equaled and never excelled, on many matters affecting her work here in the House of Representatives.

There has been a great deal said about the work of the Hansen committee on legislative reform.

While I did not always necessarily agree with everything that she and her reform committee recommended, I certainly want to congratulate her on the finest job that could have been turned in by whomsoever the Speaker of the House might have designated as chairman of that committee.

Mr. Speaker, we hate to see her leave. We have come to admire and respect her as a colleague. What is more, we have come to have a deep and abiding affection for her as a friend. We shall miss her very much. My wife, Patty, and our children, join me in wishing her and Mr. Hansen and their family every happiness in the many years of good health and happiness which we hope will certainly be theirs together.

I wish in closing not only to pay my tribute, but to directly and symbolically salute an able and effective Member of the Committee on Appropriations and a Member of the House of Representatives, a lovely lady and, indeed, one of the greatest Americans it has ever been my privilege to know.

Mr. MEEDS. Mr. Speaker, I yield to the gentleman from Washington (Mr. FOLEY).

Mr. FOLEY. I thank the gentleman. I have had some difficulty approaching this afternoon without a great sense of sadness. There is really no reason that should be so, because the occasion for reviewing the enormous respect and affection of this body for JULIA HANSEN should be as pleasant as it is evident. Nevertheless especially for members of the delegation from the State of Washington, it is difficult to think that there will be a day next January when the 94th Congress will meet and JULIA HANSEN will not be here as our dean, as she has been from the moment of our arrival in this House and as she is today. None of us has known the House of Representatives without knowing JULIA HANSEN as our leader, a leader not only in the sense that she was the senior Member of the delegation, but a leader in the more significant sense of teacher and mentor.

There have been many eloquent statements this evening about the enormous contribution JULIA HANSEN has made to her district, to her State, and to the Nation.

None of us can fully or adequately catalog her achievements. I should list first her efforts in behalf of the American Indians, of all those in our American family, who in desperation needed a powerful and compassionate friend. Her support of the arts and humanities has enriched the cultural life of this Nation. Her defense of our natural heritage of land and water will win the gratitude of future generations. She more than any single Member has made meaningful congressional reform a reality.

This is the merest sketch of a record so rich in accomplishment that any Member of this House would be honored to call it his own.

Again, for those of us from the State of Washington there is another and very special gratitude we must express: JULIA showed us how to be legislators. She set standards—high standards. She established a standard of competence; she showed that this was not a job to be taken lightly or casually. It required hard and constant effort. JULIA's enormous competence and preparation will remain with us a model.

Candor has become a relatively new political virtue—at least in some quarters. It has always been a part of JULIA's public and private life.

JULIA has always been straight with everyone. When she agreed, you knew she agreed. When she disagreed, you knew she disagreed, and why. JULIA's candor was a direct result of her fundamental honesty, which she could not dissemble and did not want to.

And, then there is her sense of compassion—as one Member said. "JULIA is kind" "JULIA cares," as another said. JULIA cares about people; she cares about the work of this House and about the future of this country. JULIA is kind. What an essential quality in a lawmaker that is.

And, of course, there is her courage. Every once in a while each Member has to face an enormously difficult decision, one that involves some political risk, and one which requires courage. It is not the physical courage of the battlefield of course but the moral courage to make judgments that honestly represent one's principles as well as convictions. JULIA HANSEN has never failed to show such courage.

Mr. Speaker, I think there are probably other things she has taught us, but those are the things that remain with me. Competence, candor, compassion, and courage, and together with her unimpeachable integrity they make up a very wonderful legacy for all of us who have known JULIA so well and admired her so much.

Mr. Speaker, she is going to remain the dean of the Washington State delegation. I think all of us from Wasington pledge to you, JULIA, that we are going to look forward to your coming back, as we know you will, and seeing you in the State and having the benefit of your advice and counsel as we always have in the past.

Again, I think we cannot imagine a time when we would be in Congress and JULIA would not be here with us. We know she will be with us certainly in spirit, in affection, in a sense of shared values and experiences.

JULIA, all of us send to you and to your family—to Henry and David and all of your family—our warmest, best wishes.

All we can say to you, JULIA, is thank you for the courtesies, the things you have done to help us, and for those standards you have set for us. I think the highest tribute to you will be our constant effort to follow the high road you have charted.

Mr. HICKS. Mr. Speaker, will the gentleman yield?

Mr. MEEDS. Mr. Speaker, I yield to the gentleman from Washington.

Mr. HICKS. Mr. Speaker, I thank the gentleman for yielding to me.

JULIA, you will understand that with all the eloquence that has gone on here in the past few moments, I want to join in all of it, but these four of us who came back here and whom you have guided as your chicks—some of them have been here long enough now that they are long-winded, so I am going to cut mine a little short.

I want to recall just for a moment the first time that I ever met you. You will not remember this, but it was in the 1950's. Bill Bugey had a dinner one night, and at that time I had heard about you. I was a little awestricken to begin with.

I sat over on the side, and contrary to now, I had little to say. You were there. He was the Director of Highways, and you were there as the real power on the highways. And I understood that before the evening was over.

Mr. Bugey was a pretty competent fellow. He went on to organize a bill for the Bay Area Rapid Transit System down in California.

The next time was when the four of us met in the Federal courthouse there in Seattle. You probably will not remember this either, but again I was there, and I did say something that night—probably it was some brash statement.

Nothing has been said this evening that I recall about JULIA HANSEN's short fuse, but she does have a short fuse. The storm clouds come up pretty fast, but they go away just as quickly. But I did not know that. They snapped that evening, and I felt, well, I am off to a great start.

But when we got back here, JULIA was everything that everyone has said she was this evening.

So all I can say is thank you for all the help that you have been to me and my district, a good portion of which is now your district, as a result of the last redistricting.

Mr. Speaker, I will just say that JULIA BUTLER HANSEN is a great lady. No one in this House would oppose that statement. She will be missed not only by the people of the State of Washington, but, although they do not know it, by the entire United States.

Mr. McCORMACK. Mr. Speaker, will the gentleman yield?

Mr. MEEDS. I yield to the gentleman from Washington.

Mr. McCORMACK. Mr. Speaker, I thank the gentleman for yielding.

Mr. Speaker, I suppose I am the only Member here who has served in two legislative bodies with Mrs. HANSEN. When I was first elected to the Washington State Legislature of the House of Representatives in 1956 and went to my first caucus, I found that I had been assisted by a man who was the dean of the Democratic Party at that time, and his name was Mr. Oley Olson.

Mr. Olson unfortunately was dying, and he never even got to the first caucus. He called me over to visit him before I went, and he said, "I cannot go over with you. I cannot advise you, but I do have one thing I must tell you. Look up JULIA HANSEN and take your advice from her."

Mr. Speaker, I think that is the finest piece of advice I ever received. I did what I was instructed to do, and I think it is the smartest thing I have ever done.

I served with JULIA for 4 years in the House of Representatives, and I have continually considered her as my mentor and my adviser. There is no way I can overstate the benefits I have gained from her guidance.

The only consolation to be gleaned from her decision to retire from Congress is that my many years of close contact and association with her will continue to be the source of guidance and wisdom to me in her absence.

JULIA has served in public life in the State of Washington and in the Nation now for 17 years. Her brilliance and dedication and her far-reaching accomplishments are virtually without comparison. Her retirement is well deserved, and I wish her the best in her new life.

Quite frankly, it is hard to imagine how we in Congress will do without her. I know I will miss her.

Ever since she first ran for city councilman in Cathlamet, Wash., she has been a leader among leaders, and she has been one of America's outstanding women. Her work during that distinguished career has touched almost every aspect of American life.

As a member of the Washington State Legislature, she pioneered in the field of highway legislation and helped to set national standards and terms of allocation for highway safety.

I might say that a few moments ago when the gentleman from Georgia, in referring to her experience in the legislature, said she was chairman of the Highway Committee in the House and in the Senate, he was only half right. She was only chairman of the Highway Committee in the House. Of course, she ran the Highway Committee in the Senate as well, but she was only formally chairman of the committee in the House of Representatives.

Mr. Speaker, she was always the voice of the underdog. She was not always just working for highways. She was working for women, for children, for the handicapped, and for minorities.

She was the leader in forming many of the policies and programs for education, conservation, recreation, and the humanities.

As every Member of Congress well knows, she has followed that same pattern in her long service here in the House of Representatives.

Her influence spans the range of subjects from forests to arts and humanities and the field of resources and fisheries, to Indians and to every sort of recreation and concern for our country and its culture.

I would like to mention a special contribution which is well known to us in the Northwest but less well known here in the halls of Congress, that is, JULIA BUTLER HANSEN is an author who has worked on the early history of the Pacific Northwest and impressively contributed to our knowledge and appreciation of our early cultural origins. Her books have been widely read and are used today by the schoolchildren of the Northwest. I expect that more of them will be published and used in the future if JULIA's promise to go home and write holds true.

I believe a word of comment is called for here on her outstanding contribution to the restoration of Fort Vancouver, which is now a part of my congressional district and which owes its restoration entirely to her. About this time next year we will celebrate the 150th anniversary of Fort Vancouver's dedication by Gov. John Simpson and the Hudson Bay Co. Fort Vancouver subsequently served as the location of the first farm, the first school, and the location of just about everything from a grist mill to a brick yard in the Northwest. This will also be a dramatic contribution that Mrs. HANSEN is making to the American bicentennial celebration and a meaningful tribute to her efforts.

The Speaker, none of us in the Washington State delegation can quite believe that JULIA is leaving us. It is truly the end of an era not only for our delegation but for the entire Congress. She takes with her not only her own splendid work accomplishment but our respect and devotion and the knowledge that having known her and worked with her and learned so much from her will always remain one of the most important aspects of our legislative careers and our personal lives.

Mr. BOLAND. Will the gentleman yield?

Mr. MEEDS. I yield to the gentleman from Massachusetts.

Mr. BOLAND. Mr. Speaker, the membership of this House will be the poorer as the result of the retirement of Congresswoman JULIA BUTLER HANSEN of Washington. She has been a dedicated, hard-working representative of the Third Congressional District during her 14 years in this city. In the time that she has served with me on the Appropriations Committee, I have always been impressed by her judgment, her articulation and by the leadership she has displayed in managing the important issues with which she has been concerned. As chairwoman of the Interior Appropriations Subcommittee, she has established a record for forthright comment and energetic probing that certainly ranks her amongst the most respected Members of the House.

Further, JULIA HANSEN has tackled the grueling responsibility of serving a constituency a continent away with energy typical of her whole attitude to life. She has demonstrated resilient strength in any number of political situations since coming to Washington, D.C.

I have always considered it a great pleasure as well as an instructive one to work with JULIA in the deliberations of the Transportation Appropriations Subcommittee on which we both serve. I shall be sorry indeed to lose a valuable and truly outstanding colleague, as will, I am sure, all those Members with whom she came into contact in the years we in the House have known her.

While we are all aware of how much the cause of women has been advanced in the past few years, it is my conviction that it is women such as JULIA HANSEN that have made the greatest strides for themselves and their fellow women—not those who have captured the headlines but rather those who have won the respect of the public. I am convinced that achievements like hers are the real heart of the hard-earned acceptance that women have so recently gained. I feel that the women of this country join me along with my colleagues today, in applauding JULIA BUTLER HANSEN's many fine years of public service to her home State of Washington and to the Nation. We regret her decision to call an end to such a distinguished career, but we are all cognizant of how fully she deserves rest and reward for her efforts.

And, JULIA, don't "rip the damn telephone off the wall" when you get back to Cathlamet. For the jingle of the phone, will often be from, the many friends you are leaving behind here in Washington, still looking for the advice and counsel that you have so magnanimously given during your splendid service to your district, your State, and Nation.

Mr. MEEDS. Mr. Speaker, I now yield to the gentleman from Washington (Mr. PRITCHARD).

Mr. PRITCHARD. Mr. Speaker, I thank the gentleman in the well for yielding to me.

JULIA, I really cannot believe that you are retiring. I have been hearing about it, and I have always said that I will believe it when I see it, and that means when you stop filing on it, that is when I will believe it. But with all of the wonderful words that have been said today it must mean that you are not going to file again and I am so sorry.

I think at times we who are on the other side of the aisle have a little different perspective of somebody than just somebody in their own party. I first started serving with JULIA 16 years ago when I arrived at the State capital as a freshman legislator. At first I was taken to lunch by a fellow by the name of Evans who is now the Governor and he said, "Won't you go on the Highway Committee?" He said, "We need some more people from Seattle." I said, "Isn't that the one that has the woman for a chairman?"

He said, "That's the one. But," he said, "don't be scared of her, her bark is really worse than her bite, and as long as you are honest why, you can get along with her."

So the first thing I did was to meet JULIA, and she said, "It is nice to meet you," and with her next breath she said, "Where do you stand on the bridge?" At that particular time there was a great effort to bridge the Puget Sound and JULIA was sort of leading the charge. And I gulped and said, "I am against the bridge, Madam Chairman." And I can remember she looked at me and said, "Well, I think I have got enough votes in the House so it is all right."

Later on a delegation came down from Bainbridge where my parents live, and the cause of my position, and I can remember they said, "How are we going to stop the bridge?" I said, "Go over to the Senate, because as long as JULIA is the chairman of the committee here no one is going to stop the bridge in the House." And of course it passed through with a large number of votes, but then happened to die in the Senate.

Mr. Speaker, I think of JULIA BUTLER HANSEN as a skilled craftsman. Really, when we talk about public servants, politicians, and servants of the people, I think that JULIA epitomizes the very best because in all the battles that you have fought each time that I have watched you, you have been fighting for not your own side but for a belief that you held dear and for a cause that you felt was right. And as mad as you probably have gotten at times and I have been at times on the receiving end of it, why, it was always because you felt it was an injustice, and it was never because of a feeling that you personally had against them.

As one who was a highway builder in the State of Washington, being a living legacy to this for the job you did—and it was pioneering because you took a lot of the politics out of the highway building in the State of Washington—I think our State will always be grateful for what you did.

People in the State of Washington have much to thank you for.

Then, personally I want to say that you have been so helpful and so kind to me when I came back as a freshman and was the only Republican in the delegation from our State—and I should add that all of the other Members have been most helpful—but I remember that you had a luncheon for me when I first came, and you have given me great enjoyment and I am most appreciative. I know that it is hard for me to believe that our State will not be represented by you here and I have a feeling that your service is not over in our State.

When I see the Governor tomorrow night, as we all will, I know that I am going to put in a plug for you because I want him to put you to work somewhere and in some capacity. I see that look on your face now that indicates that you do not want this, but, JULIA, I do not believe you are really ready to go out to pasture. You have so much to offer and you have so much knowledge and you have so many friends that we would be just selling our State short if you did not continue in some capacity. I think we owe it to ourselves to see that you go back in some capacity so as to help.

I feel very humble today to have been a part of this small recognition of the service and the great contributions that you have made, not only in our State but throughout the United States.

Mr. MEEDS. Mr. Speaker, I now yield to the gentleman from Missouri (Mr. BURLISON).

Mr. BURLISON of Missouri. Mr. Speaker, I am pleased to join my colleagues in praise of an extraordinary woman. This characterization of her, however, is too narrow. By that I mean she is not just one of the outstanding women legislators in this body, but ranks among the most gifted, period, without designation of gender. When the circumstances and situations require it, she exhibits aggressiveness and firmness. At other times, when appropriate, she displays a rare compassion and understanding.

The ability of JULIA HANSEN will be sorely missed in the 94th Congress. Her experience, dedication, and almost inate legislative ability is not generated or replaced overnight. It has been my privileged honor to know her and serve with her. I wish her well in a relaxing and refreshing retirement, but implore her not to forget us or ignore us when we seek her counsel for our unending legislative problems.

Mr. MEEDS. Mr. Speaker, I yield to the gentleman from California (Mr. MCFALL).

Mr. McFALL. Mr. Speaker, like all of us, I am sorry that JULIA BUTLER HANSEN is retiring. Like all of us, I respect her decision to retire, but accept it with sadness.

I want to take this time to thank JULIA for what she has done for the West, what she has done for transportation, what she has done for the stability of the procedures of our party caucus and the procedures of this House, for what she has done for the country, and just for her friendship. I hope that her retirement is a happy one, because she will take with her the praises of her colleagues and her constituents for her accomplishments for her country and the respect and affection of her colleagues for her ability and for her friendship.

I know that the Members join me in saying that our Nation is richer for her service, the House is richer for her contribution, and all of us are richer because of having known her.

Mr. FOLEY. Mr. Speaker, I yield to the gentleman from Georgia.

Mr. GINN. Mr. Speaker, although I have had the privilege of serving in this body for just over a year, I, too, have fallen under the JULIA HANSEN magic. Shortly after I arrived in the Congress last year, the Department of the Interior announced its intention to close a rather important facility in my district. I sought and received Mrs. HANSEN's able assistance and the facility is still in operation today, thanks to her very able and great help. Even though few of the people in my congressional district way down in Georgia personally know JULIA, but as she prepares to depart Washington, D.C., I want her to know she leaves with the love and deep appreciation of the entire First Congressional District of Georgia. We wish her Godspeed.

Mr. FOLEY. Mr. Speaker, I yield to the gentleman from Washington (Mr. MEEDS).

GENERAL LEAVE

Mr. MEEDS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks on the subject just discussed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Washington?

There was no objection.

Mr. MEEDS. Mr. Speaker, I ask unanimous consent that the following letters and statements be made a part of the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Washington?

There was no objection.

THE RETIREMENT OF REPRESENTATIVE JULIA BUTLER HANSEN

Mr. MAGNUSON. Mr. President, Representative JULIA BUTLER HANSEN—dean of Washington State's delegation in the House of Representatives, chairman of the House Interior Appropriations Subcommittee, and my very close friend and colleague for so many years—has announced she will retire from Congress at the end of the year. While I would be the first to acknowledge that Mrs. HANSEN long ago earned every right to shed the burdens of elective office, I also know how much her presence in the Congress will be missed by the Nation, the Congress, all of us in the Washington delegation and, especially, by her district.

Having served for 8 years on her hometown city council and for 22 years in the Washington State legislature, Mrs. HANSEN arrived in Congress in 1960 with more legislative experience and savvy than many Members have when they leave. She will depart after 37 years in elective office and with a record of solid legislative achievement of which she can rightfully be proud.

Throughout her career, Mrs. HANSEN has again and again broken traditions that previously had excluded women from positions of public responsibility and authority. She was the first woman to serve on the city council of her hometown of Cathlamet, Wash. She was the first woman to serve as chairman of a County Democratic Central Committee. She was the first woman to be Speaker pro tempore of the Washington State House of Representatives. She was the first woman subcommittee chairman in either the U.S. House or Senate. She was the first Democratic woman to serve on the House Appropriations Committee. And she is the first and only woman to serve on the House Democratic Steering Committee.

Mrs. HANSEN has succeeded where so many others—men and women alike—fail because she has worked hard, spoken bluntly and battled fiercely for what she believes to be right. And if anyone doubts that statement, he should talk with those here in the Senate who have confronted her in conference.

In announcing her decision to retire, Mrs. HANSEN spoke with the same blunt honesty that has always been her trademark.

"I am a Westerner and I want to return to the West."

She said:

"At the end of the year, when my term expires, I shall return to my home in

Cathlamet, Wash., with my husband, to write, garden, do as I please, hang up the telephone or take the damn telephone off the hook, and when people I do not know appear at my door and walk in without knocking, I will have the great opportunity of telling them it is my private home."

But no one gives up their privacy and leisure hours for 37 years to serve the public unless they have a great love for their country and a deep commitment to their fellow citizens. So I was not at all surprised that Mrs. HANSEN also said in her announcement:

"As a private citizen, I shall continue, as long as I live, to have a strong interest in my community, district, State, and Nation."

That, as all of us in the Washington congressional delegation know, is a profound understatement. All of us, and particularly I, will continue to seek her advice, ask her assistance, and value her friendship. And I know she will continue to be as blunt as ever in her advice, as valuable as ever as an ally, and as sincere as ever in her friendship.

John R. McGuire, Chief, U.S. Forest Service

As chairman of the Subcommittee on Interior and Related Agencies of the Committee on Appropriations, Congresswoman Hansen has championed Federal natural resource programs, particularly forestry programs. One of Mrs. Hansen's longstanding concerns has been the lack of adequate long range planning and analysis as a basis for determining federal forestry funding. At each appropriations hearings, Mrs. Hansen has emphasized the necessity of taking the long-term view in funding forestry and other natural resources programs. She has continually sought to protect the natural resources budget from unduly bearing the burden of reducing Federal spending. Under her guidance, the Subcommittee on Interior and Related Agencies has repeatedly increased the Forest Service budget in such basic and long range areas as reforestation, timber stand improvement, cooperative forestry and research. Yet her Subcommittee has almost always stayed within the total budget amount requested by the President for natural resources, and the Subcommittee has simultaneously insisted that forestry and other natural resources agencies constantly review and initiate efficiencies in managing their programs and funds.

Mrs. Hansen comes from a beautiful, heavily forested area of the Pacific Northwest, and she brought to Congress an appreciation of the full range of values and benefits which our national forests provide, based on personal knowledge and experience. Through the years, she has retained this balanced view of our forests and has been a strong and vocal supporter of the Multiple Use-Sustained Yield Act which guides the management of our national forest lands.

In reviewing annual budget requests for forestry and other resource programs, Mrs. Hansen has not been content to rely on dialogue between the Executive Branch and the Congress. She has opened the appropriations process to the public calling in witnesses from the timber industry, from universities with forestry management and research programs, and from conservation groups. She has actively sought their views as the Subcommittee tried to establish funding levels and priorities.

Mr. Speaker, this Congress and the Nation owe a large debt of gratitude to Julia Butler Hansen for the dedication and knowledge she has brought to her job of chairman of the Interior and Related Agencies Appropriations Subcommittee. The impact of her leadership in forestry and other natural resource programs will be felt for years by millions of American citizens who can expect a continued, sustained flow of amenities and resources from our public lands because of the interest and diligence Mrs. Hansen displayed in funding our natural resource programs.

Don Hodel, Bonneville Power Administration

March 4, 1974.

Hon. JULIA BUTLER HANSEN,
House of Representatives,
Washington, D.C.

DEAR MRS. HANSEN: At the end of this year, when your announced retirement from Congress will take effect, you will join a select group of devoted Americans who have achieved a very outstanding legislative and public service record. On behalf of the Bonneville Power Administration I wish to thank you for all the sound advice, assistance and cooperation you have given us over the years.

While you have earned a well-deserved retirement, we are certain you will maintain your avid interest in local and National affairs. We are looking forward to reading your next book.

We will miss you on the Congressional scene.

Nancy Hanks, Chairman, National Endowment for the Arts, Washington, D.C.

It is difficult, indeed, to find words to express the appreciation I feel for all that Julia Butler Hansen has done for the arts in this country.

In the five years in which I have served as Chairman of the National Endowment for the Arts, I have been strengthened by the knowledge that at all times, and on all matters that concerned our programs, I could count on the patience, the understanding, and the wisdom of Mrs. Hansen. And I called upon her, many times. Each year, as I prepared to defend my requests for new and larger appropriations, I knew that I faced a Chairman who was perceptive, conscientious, deeply opposed to any waste or misuse of public funds. And yet, I looked forward to our encounters, because I saw in her a true champion of the public interest.

The National Council on the Arts at its meeting on February 7 unanimously requested that I convey their great gratitude to Mrs. Hansen for all she has done for the arts. I pay tribute today both for Council members, past and present, and for myself. The National Council on the Arts, the National Endowment for the Arts, and I personally are indeed privileged to have been associated with Julia Butler Hansen.

The American Film Institute

"The exercise of vital powers along lines of excellence in a life affording them scope" is the way the Greeks defined happiness.

By that definition, Julia Butler Hansen's career as a Member of the U.S. House of Representatives should certainly have provided her happiness, for she has exercised her powers and used her talents in a very complete and always excellent manner.

Motion pictures are one of Julia Hansen's interests and that will surprise only those who are unaware of the extraordinary scope of this woman's learning and caring. Today the United States finally has in The American Film Institute a national organization dedicated to our only indigenous art, an organization dedicated in advancing the art of film and to preserving the richness of America's cinematic heritage. The American Film Institute is one of the many good works that exist and have made progress because of the encouragement and the support of the Congresswoman from Washington.

Julia Hansen is noted for her imaginative support of the legislation for the arts which has enabled the National Endowment for the Arts to make such practical progress with her as Chairman of its Appropriations Committee. It is true to form that Julia Hansen would understand and embrace that one art—the movies—which reaches out to the largest and broadest segments of our population, the one which touches the lives of people in every corner of the country and in each of its small towns.

Julia Hansen observed the importance of the movie theater in her own small town of Cathlamet—how it provided a gathering place and how the town suffered when that small film house went dark. She was able to translate the importance of that tiny institution to the lives of her people in Cathlamet into an understanding of the potential which the film medium and the film arts have for enriching the lives of the American people across the nation; and shape that understanding into a vision of how the federal government could play a role by creating The American Film Institute. Americans who in future years enjoy the great films of the past which have been preserved, and others who enjoy the works of the new filmmakers being trained by The American Film Institute will do so because Julia Hansen spoke up and cared for the medium of motion pictures.

Mrs. Hansen is a remarkable woman. The trustees, the Staff, and the Fellows of The American Film Institute join me in paying tribute to her. She will certainly be missed as a Member of Congress by everyone who cares about good government. She has served the people of this country for 13 years in the Congress and we at The American Film Institute salute her accomplishments as a legislator and wish her well on the next phase of her full and active life.

I am sure that whatever Julia Hansen undertakes when she returns to her home in the State of Washington will give her happiness and, in the spirit of the Greek definition, it will find her using her powers along the lines of excellence. Surely, once again, her fellow citizens will be the better for it.

Listing of Achievements of Smithsonian Institution During Mrs. Hansen's Chairmanship of Interior and Related Agencies Appropriations Subcommittee, Prepared by the Smithsonian

Her efforts and accomplishments on behalf of the Congress and the Nation as a whole are manifold, but are possibly most immediately manifest in our neighbor on the Mall, the Smithsonian Institution.

On the last day of the First Session of the 29th Congress, a day which I might point out came in August, an independent establishment was created to administer the trust responsibilities assumed by the United States under the will of James Smithson, an English scientist who bequeathed his fortune "to found at Washington, under the name to the Smithsonian institution, an establishment for the increase and diffusion of Knowledge among men."

In the years of Mrs. Hansen's service in the Congress that Institution has enjoyed a remarkable renaissance, and under her able chairmanship of the Interior and Related Agencies Subcommittee the initiatives of its management have been guided and encouraged by her sympathetic understanding and support to enliven the Institution and to provide education and enjoyment for its 135 million visitors.

Her great concern for public accessibility to and utilization of the Smithsonian's museums is reflected in their now being opened into evening hours during the spring and summer; a substantial program of guided educational tours for school children; exhibitions which are circulated to colleges and museums throughout the country; encouragement of scholarly works on Indian culture and training opportunities for Indians in museum techniques; and the development of a neighborhood museum with its fresh, non-traditional approach to the role of museums in the life of a community.

Mrs. Hansen has also recognized the role of Smithsonian research, and has enthusiastically supported its investigation aimed at increasing man's understanding of the beginnings of his universe; his impact on his natural environment; his relationship to those who share this planet with us; and his cultural and artistic heritage.

While conscious of the importance of preserving the record of past generations, and providing generously for the enlightenment of the present one, Mrs. Hansen with her keen interest in the future as well as the past has also prepared firm footing for the inevitable increases of visitors. Implementation of a master plan for remodelling the Zoo to meet the needs of the animals and the educational needs of people has begun. In two years the National Air and Space Museum, with new facilities to record, exhibit, and conduct research into man's aspirations in space, will be completed. But above all, this far-sighted lady and her subcommittee have assured that the millions expected to visit the Smithsonian in 1976 will find welcome and delight in its observance and celebration of the Bicentennial of the American Revolution with major exhibits in the national museums in Washington, important publications in science, history, and art, and the Festival of American Folklore, demonstrating the survival of old world ways in our culture, the richness of the regional variation of our land, the contributions of working America to the fabric of national life, and the traditional skills and heritage of the native American.

The warmth, the wit, and the wisdom of this lively western woman will be cherished in the hearts of those who seek new horizons of understanding, and in that of a Nation grateful for her years of dedicated service to its institutions.

Woodrow Wilson International Center for Scholars

Since its creation by the 90th Congress in 1968, the Woodrow Wilson International Center for Scholars has accumulated an increasing debt of gratitude to Julia Hansen for her dedicated labors on behalf of the nation's first Presidential memorial center for scholarship, devoted to bridging the gap between the world of learning and the world of public affairs. Congresswoman Hansen played a central role in bringing into being this "living memorial" to our twenty-eighth President; and the sympathetic interest and oversight provided was essential to the institution in its formative period. She has further evinced her interest in the Woodrow Wilson Center by agreeing to serve as a member of the Center's Advisory Council.

In a little more than three years of active existence, the Center has accommodated more than 150 scholars from 27 countries. They are engaged in the study of a wide variety of fundamental political, social and intellectual issues designed to illuminate man's understanding of critical contemporary and emerging problems. Congresswoman Hansen's support of this enterprise and her commitment to the importance of the life of the mind, and the characteristic Wilsonian link between knowledge and moral purpose, are important features in the legacy of her public service.

National Endowment for the Humanities

This occasion offers us an opportunity to inform the nation of Mrs. Hansen's outstanding contribution to making the National Endowment for the Humanities, and, through that agency, the humanities an increasingly vital force in the nation. With her aid and counsel during these past seven years Federal aid for the humanities was able not merely to be sustained—but also to become an important part of our society's attempt to promote the creative and intellectual energies of the American people.

She has encouraged the Endowment in its many and various efforts to promote national progress in humanities, including its efforts to support our great scholars in exploring the implication of man's past experience, to aid our schools and colleges in giving humanities teaching the kind of attention the sciences have long enjoyed, and, most of all, to extend the humanities beyond their traditional home in academia to all parts of our society.

The fact that those activities directed at increasing the appreciation, understanding, and *use* of humanistic knowledge by the average citizen now comprise the largest component of the agency's efforts is due in large measure to Mrs. Hansen's own insistence that the humanities should be not simply adornments to be enjoyed in our personal lives but rather are essential elements to responsible decision-making in a democratic society. This view is reflected especially in programs which bring citizens and humanists together to discuss critical public issues. Four years ago no such program existed in *any* country, and now they are in operation in nearly every state and involving over one million Americans, thanks to Mrs. Hansen's leadership.

The many Bicentennial activities are now getting underway which will bear fruit two years hence will be a source of satisfaction to her and will confirm her deep interest. We thank her for her accomplishments now; the nation will continue to thank her in the future.

Press Release

Congresswoman Julia Butler Hansen, D., of Washington State's Third District, announced today that she will not seek re-election to a ninth term in the U.S. House of Representatives this fall.

A distinguished member of Congress, Rep. Hansen achieved high ranking through her service on the powerful House Appropriations Committee, the Democratic Steering Committee and as head of the Democratic Organization Study and Review Committee of the House.

In making known her decision not to seek another term, Mrs. Hansen said: "I want to express my gratitude to the people of the district for their consistent support during the years that I have served both in the State Legislature and in Congress.

"I am a Westerner and I want to return to the West," she said. "At the end of the year, when my term expires, I shall return to my home in Cathlamet, Wash., with my husband, to write, garden, do as I please, hang up the telephone or take the damn telephone off the hook, and when people I don't know appear at my door and walk in without knocking, I'll have the great opportunity of telling them it is my private home.

"As a private citizen I shall continue as long as I live to have a strong interest in my community, district, state and nation.

"I have many regrets about leaving public office, but not nearly as many regrets as anticipations about what life as a private citizen can be.

"Life is not going to be long enough to do all the things that I want to do," she said. "I have so many interests."

"Thirty-seven years is a long time to be pursued by an endless string of people who want everything from post offices to gasoline, It is also a long time to receive telephone calls on Christmas Eve or New Year's Eve from the United Press or Associated Press," she continued.

"Traveling east to west is one of the biggest trials and tribulations there is and Main Street in Cathlamet, where I own my home, will never look as good as it will after all my encounters with Washington D.C., houses where the plumbing won't work; landlords won't weather strip, and charge everyone ungodly rents, particularly to members of Congress. I am delighted at the prospect of being Mrs. Julia Hansen again—citizen of the U.S.A.," she continued.

"I am probably one of the few people who didn't really ever want to come to Congress and had to be pushed, because I had never considered that politics were really a career," Rep. Hansen said. "It played an important part of my life. When I was born my mother was in public office. I was married while serving in public office. And my granddaughter was born while I was serving in Congress."

"But this long association with public office has had its ups and downs," she declared. "When I was a small youngster I was admonished by my mother, 'Now remember I hold public office and you can do certain things and you can't do certain things.' I can remember when I was a small girl, and my father was sheriff, of angry culprits coming to the house and threatening to shoot him."

Continuing, she said, "I was bathing my son when he was a baby and an irate constituent showed up and told me in no uncertain terms to drop him because she needed and demanded my time. But I have loved and appreciated all the people in the Third District and I have loved the district. It is the most beautiful part of the United States and I return with great affection for the land and wonderful neighbors."

She expressed appreciation for the support and encouragement she had received during her political career from J. M. McClelland Sr., president of the Longview, Wash., Daily News. "I doubt that I would have sought election to the State Legislature if it had not been for his encouragement."

"I want to thank all of the people representing the communications media for their courtesy and consideration throughout my career in public office," Mrs. Hansen said.

She added that during the months ahead she hopes to visit every county in her district and say, "Thank you," to all her many friends and supporters. "I am not only grateful for their support, but for their interest in government and their participation in the programs with which my office has been associated. They have always participated and worked with the office to make possible some of these things."

Mrs. Hansen has achieved a unique record for a woman in public office. Congressional Research Service has indicated it is possible that she has served longer than any other woman, a period of 37 years, as a city council member, legislator and Member of Congress.

Mrs. Hansen's career as an elected official began as a member of the Cathlamet City Council, where she was first elected on December 7, 1937, and took office on Jan. 11, 1938. In the fall of 1938 she was elected to the State Legislature, where she served for 22 years.

She resigned from the Legislature in November 1960, after being elected to fill an unexpired term and, at the same time, was voted a full two-year term in Congress. Mrs. Hansen has served continuously in the House of Representatives since late 1960.

There were eight years early in her political career where she was involved in an election campaign every fall. From her first city council campaign in 1937 through 1944 she was busy with a campaign for office each year. First it was an election to the council, the next year it was a campaign to retain her seat in the Legislature. It was a grueling experience, one that she will never forget. She served eight years on the council and 22 years in the Legislature.

Mrs. Hansen has pioneered the way in breaking with tradition that has kept women out of key positions of government at the local, state and national levels.

Mrs. Hansen, during her political career, has achieved the following "firsts" for women in government:

First woman to serve on the Cathlamet City Council.

First woman to serve as chairman of a County Democratic Central Committee.

First woman chairman of the Roads and Bridges Committee of the Washington State House of Representatives.

First woman to be speaker pro tempore of the Washington State House of Representatives.

First woman to become chairman of the Western Interstate Committee on Highway Policy Problems of the 11 western states, a position she held for ten years from 1950 to 1960.

First woman subcommittee chairman in either the House or Senate of the U.S. Congress.

First Democratic woman to serve on the House Appropriations Committee.

First woman to serve as a member of the House Appropriations Subcommittee on Transportation.

First and only woman to serve on the House Democratic Steering Committee.

During her service in the State Legislature, Mrs. Hansen made major contributions to the development of the state's highway system. As chairman of the House Roads and Bridges Committee she worked with great vigor toward establishing a long-range highway construction program reaching all parts of the state. She also initiated the legislation that resulted in the establishment of a state highway commission that took the highway program out of the hands of the political forces working in the Legislature.

Mrs. Hansen expressed the belief that her most important highway legislation was the law that provided for development of limited access highways, placing the state of Washington in a position of nationwide leadership in highway safety and management. She also was responsible for initiating research by two state universities that provided the basis for a priority system of allocating highway funds, a system now used both nationally and internationally. Other important highway legislation she introduced provided for speedier truck licensing and placing the State Patrol on a sound fiscal basis.

She turned her attention to the problem of mass transit during her service in the Legislature and through the years has supported the idea of providing means for moving large numbers of people conveniently and quickly at a limited cost and a minimum consumption of energy.

"We must seek better ways to manage traffic on our highways and streets," she commented. "Mass transit is one of the methods that can be utilized. And it will contribute to savings in energy."

Because of her legislative efforts in behalf of highways, she was selected as the keynote speaker for the 1952 conference in Washington, D.C., on Project Adequate Roads.

Mrs. Hansen was named to the Legislature's Education Committee in 1939 and was chairman from 1941 to 1947. While serving on the committee she successfully sponsored legislation for school lunches, teacher contract laws, a new approach to junior college basic financing and an employee retirement program, along with the 1945 basic school support bill which established the system of distributing school funds on a basis of need. Mrs. Hansen also co-sponsored a bill authorizing construction of a new state library. She served as chairman of the State Legislature's Elections and Privileges Committee where she authored legislation that gave women equality on county and state party central committees.

Her work on behalf of highways in the State Legislature was widely recognized and she was named chairman of the Western Interstate Committee on Highway Policy of the 11 western states. Mrs. Hansen held this position for ten years, gaining wide recognition for her contributions to state highway programs throughout the entire West.

Following her election to Congress in 1960, Mrs. Hansen immediately plunged into the work of the House. At various times she served on the Education and Labor, Veterans Affairs, and Interior and Insular Affairs Committees. She was named to the House Appropriations Committee, the first Democratic woman to serve on the committee. She was assigned to the Interior and Related Agencies subcommittee and was elevated to chairman of the subcommittee in 1967. She made her first floor appearance in this significant role when she presented the 1968 appropriations bill for the departments and agencies funded through her subcommittee.

She continues as chairman of this subcommittee, which is responsible for funding that runs upwards from $2.5 to $3 billion annually. Many of the activities funded in these departments are of vital importance to the Pacific Northwest.

Rep. Hansen's subcommittee has the responsibility of reviewing the appropriations requests for 28 different agencies plus management for key energy programs, 300,000 miles of federal roads, 753 million acres of public lands, vital natural resources including the national parks and federally-owned timber and mineral lands, research in the field of oil and coal, pollution abatement and federal programs for approximately 600,000 American Indians, as well as the Trust Territories in the Pacific.

Mrs. Hansen has traveled throughout the United States and Alaska on her committee work and has probably spent more hours on Indians reservations, U.S. Forests and Department of Interior programs than any other subcommittee chairman for many years. She will continue to head the subcommittee and carry out these responsibilities during the balance of 1974.

She has maintained a deep interest in the problems of the Ameircan Indians, both those on reservations and those living in urban areas. During appropriations hearings Mrs. Hansen has consistently sought increased funding for hospitals, schools and employment opportunities for the Indians.

Her great interest in the best possible utilization of the nation's natural resources is revealed in her questioning of witnesses before her appropriations subcommittee. This can cover a wide range from development of processes for increased use of the nation's coal reserves, search for new oil and shale fields, better utilization of the national forests, as well as funding for the arts and humanities.

The departments and agencies funded through the subcommittee include:

The Forest Service, Bureau of Land Management, Joint Federal-State Land Use Planning Commission of Alaska, Bureau of Sport Fisheries and Wildlife, Bureau of Outdoor Recreation, Land and Water Conservation Fund, National Park Service, Smithsonian Institution, Bureau of Mines, Federal Metal and Nonmetallic Mine Safety Board of Review, Geological Survey, Office of Coal Research, Office of Coal and Gas, Office of the Secretary, Office of the Solicitor, Office of Water Resources Research, Bureau of Indian Affairs, Indian Claims Commission, Indian Health Service, National Council on Indian Opportunity, Territorial Affairs, American Revolution Bicentennial Administration, National Endowment for the Arts and Humanities, National Gallery of Art, Pennsylvania Avenue Development Corp, and the Woodrow Wilson International Center for Scholars.

In 1970 Mrs. Hansen was assigned the challenging task of serving as chairman of the Democratic Committee on Organization, Study and Review, which later became known as the "Hansen Committee." Through the efforts of the committee, numerous rules and policy changes were carried out in the House. Some of the achievements of the committee included abolishing the old seniority rule for elevating committee members to chairmanships; a provision that no Member may chair more than one subcommittee; providing that no Member shall be a a member of more than two committees with legislative jurisdiction. She also supported legislation that cut off funds for continuation of the U.S. military activities in Cambodia, marking the first time the House has passed legislation limiting U.S. involvement in the Indochina war.

Mrs. Hansen is the dean of the Washington State delegation in the House. And, in this connection, she remarked, "I'm not quitting because of Watergate."

Mrs. Hansen is a member of the board of directors of the American Revolution Bicentennial Commission as the representative of Congress. She was named to the position by Speaker Albert.

Numerous honors have been bestowed on Mrs. Hansen in recognition of her outstanding efforts in the field of lawmaking. At the 125th annual commencement at St. Mary's College, Notre Dame, Ind., she was presented with the degree of Doctor of Laws for her outstanding work in public life. The award took note for her outstanding work in the State Legislature and Congress in the fields of environmental protection, resource and energy management, historic preservation, improvement of Indian health and education programs, and for advancing the arts and humanities.

In 1973 Mrs. Hansen, along with Sen. Sam Ervin, D.-N.C., were honored by the National Congress of American Indians with the Henry M. Teller Award for outstanding efforts in behalf of legislation benefitting the Indian people. Rep. Hansen also has been honored for her work in behalf of the nation's Indian tribes by the Cherokee, Chickasaw, Choctow, Creek and Seminole tribes. The Makah Tribe in the state of Washington also honored her for support of a youth opportunities program.

Mrs. Hansen is a member of the Board of Directors of historic Fords Theater in Washington, D.C., honorary board of directors of Wolf Trap Farm Theater; a member of the board of directors of the Forest History Society; a member of the Advisory Committee of the Woodrow Wilson International Center for Scholars, and an honorary director of the Chinook Heritage Foundation.

Congresswoman Hansen has been deeply interested in the arts and humanities. David G. Barry, chairman of the Washington State Commission for the Humanities, wrote in a letter to Gov. Daniel J. Evans: "I believe it is important to note and give special recognition as well that Congresswoman Julia Butler Hansen is chairperson of the House Subcommittee on the Interior and Related Agencies of the House Committee on Appropriations. It is through her vision and leadership at the national level that the state-based commissions of the National Endowment for the Humanities have grown from approximately six when our commission came into being to approximately 40 at the present date. This joining of Federal and State leadership will contribute much to decision-making that will influence the future quality of life in our state and country.

Jay Gordon Hall, director for government relations, General Motors Corp., said, "As a patron of the arts, I wish to express my appreciation for all that Mrs. Hansen has done for the arts since becoming chairman of the Appropriations subcommittee funding the National Endowment for the Arts. She has given the arts program its greatest impact by supplying needed federal support."

She is an honorary state member of Delta Kappa Gamma, national education society. Her state honorary membership was awarded in 1947 for "outstanding service to education." Mrs. Hansen is an honorary member of the Washington State Patrol Retired Officers Association and National Association of State Outdoor Liaison Officers. She has received the Washington State Good Roads Association's meritorious public service award, a certificate of recognition from the Washington State University Student Chapter of the American Road Builders Association and a certificate of merit from the Washington State War Fund Committee.

Mrs. Hansen has been a force in Democratic Party affairs through the years. She served as chairman of the Wahkiakum County Central Committee for 20 years; served as vice president of the Washington State Young Democrats in 1939; Nine-County League chairman in 1944 and 1945; a member of the State Executive Committee from 1936 to 1940, and a member of the Democratic National Advisory Committee from 1955 to 1957.

She was "Democratic Woman of the Year" in 1958 and woman's chairman of the Magnuson for Senator state campaign in 1956. Mrs. Hansen also was elected unanimously as chairman of the platform committee at the state Democratic conventions in Yakima in 1958 and Spokane in 1960.

Mrs. Hansen is a member of numerous organizations including the Society of Naval Sponsors, having christened the nuclear submarine Queenfish; Mt. Rainier Chapter L.E.S., the University of Washington chapter of the D.A.R., Elochoman Grange, Longview Business and Professional Women, American Association of University Women, Clark County Historical Society, National Capital Democratic Club and the Cathlamet Commercial Club.

Mrs. Hansen was formerly manager of the Wahkiakum County Abstract Co. and G. Henry Hanigan Insurance Co. in Cathlamet. She also served as office assistant in the Wahkiakum County Engineer's Office.

Rep. Hansen is well known as a creative writer. She is the author of the prize-winning Northwest historical juvenile novel, "Singing Peddles," published by Sutton House, Henry Holt Co. and Binfords and Mort. She also has written a historical play, "Birnie's Retreat," which has been performed by local casts in Cathlamet and will be presented through the American Revolution Bicentennial celebrations in 1976.

She is a graduate of the University of Washington, working to earn her way through the university.

Mrs. Hansen's maternal ancestors founded Groton, Mass., in 1634 and her paternal ancestors helped Daniel Boone settle Kentucky.

Her family moved to Washington Territory in 1877, settling first in Tumwater before moving to Cathlamet in 1882. Her father, former Wahkiakum County sheriff, was a Spanish American War veteran with the Second Oregon Volunteers. Her mother, a teacher, was Wahkiakum County school superintendent and was named Washington State Mother of the Year in 1960.

Mrs. Hansen's husband, Henry A. Hansen, is a retired logger and a native of Cathlamet. They have one son, David, and a new granddaughter. Mrs. Hansen's brother, Dr. James Butler, is on the faculty of the Department of Drama at the University of Southern California after serving several years as chairman of the department. He is author of several books on the history of drama.

Mr. MEEDS. Finally, Mr. Speaker, I think we have seen here today that little escapes the perceptions of our own colleagues. It would be difficult to try in any way to summarize the great achievements of the gentlewoman from Washington State. She has been a great statesman, a great legislator; but she is also a talented writer, a poet, a daughter of a gifted painter. If it could be in any way summarized, Mr. Speaker, I think there used to be an ad that said it all: "JULIA HANSEN is tough, but, oh, so gentle."

Mr. SMITH of Iowa. Mr. Speaker, we have heard the well chosen words of the Speaker, the chairman of the Appropriations Committee and several others indicating great appreciation for the service of JULIA BUTLER HANSEN and for her as a person. They were words very well chosen and deserved.

My brother happens to live in the district which she represents. I have visited there several times and am well aware that her service is appreciated there just as it is appreciated here. Obviously, they feel a loss also and would have reelected her with an overwhelming majority.

I have served on three committees with JULIA. First, I served on the Committee on Education and Labor with her where she exhibited a great knowledge of matters under the jurisdiction of that committee. Then we both moved to the Appropriation Committee where she has distinguished herself. Little can be added to the words of others concerning service on that committee.

I have also served on the Hansen committee. She has shown great leadership with that committee. She on many occasions has done what many would have considered impossible by securing a concensus on far-reaching reforms. These reforms were passed quietly but effectively and for example, the rule assuring that seniority alone would not guarantee a chairmanship was agreed upon long before organizations were ever heard of which now are trying to claim credit. Those rules passed because she was able by sheer leadership ability to forge a concensus and get those who did not agree to go along. Reforms under her leadership are more far-reaching than all reforms passed since the days of Joe Cannon and she deserved the place she will have in history for those accomplishments.

Many more words of appreciation would be warranted but would be redundant. I join all in extending thanks for her service and wishing her a very happy future.

Mr. UDALL. Mr. Speaker, people and legislators like JULIA HANSEN do not come along very often. She is as feminine as old lace, yet tough as steel when the public interest is involved.

This country and this House are tremendously indebted to this remarkable public servant. Her courage and skill and ability to harmonize desperate views played a crucial role in the movement of recent years to reform and improve House procedures. I think it clear, for example, that the first modification of the seniority system of the House came about because of her prestige, her knowledge of the House, and her legislative skills.

We in Arizona will always remember her compassion for our Indian tribes, her support for reclamation and resource development. She made an exceptional record as chairman of her appropriations subcommittee.

This sound, sensible woman will be missed by all of her colleagues. I wish her many happy years of retirement in her beloved State of Washington.

Mrs. HECKLER of Massachusetts. Mr. Speaker, it is with mixed emotions that I arise to address my colleagues today. I am saddened for I have recently learned of the impending retirement of my good friend JULIA BUTLER HANSEN, but I welcome this opportunity to pay tribute to the Congresswoman's outstanding public career and service to her Nation.

Congresswoman HANSEN's career is dotted with "firsts"—first woman city council member of Cathlamet, Wash.; first woman to serve as chairman of a county democratic central committee; first speaker pro tempore of the Washington State House of Representatives.

Such tradition-breaking did not cease in her home State of Washington. Soon after coming to the Nation's Capital, Mrs. HANSEN was named to positions of leadership within the Congress. First democratic woman to serve on the House Appropriations Committee; first woman to serve as a member of the House Appropriations Subcommittee on Transportation. In short, JULIA BUTLER HANSEN's career has been completely remarkable.

In her role as chairman of the Interior Subcommittee of the House Appropriations Committee, Congresswoman HANSEN has overseen a motley group of Federal holdings. From 300,000 miles of Federal roads to 753 million acres of public lands, from the national parks to Federal programs for approximately 600,000 American Indians, Mrs. HANSEN has reviewed numerous programs at the very heart of America. For the woman who lovingly describes her district "as the most beautiful part of the United States," such a responsibility must have been a veritable labor of love.

Sincerity—innovativeness—determination—all of these words could accurately be applied to Congreswoman HANSEN. But, I know more than any of these, the quality we shall miss the most is the forthrightness she brought to every aspect of her public life. That quality is often in short supply these days. So, when we see someone who exemplifies honesty leaving public service, all Americans should feel the loss

Congresswoman HANSEN has given unsparingly to her fellow Washingtonians and her country for 37 years. Her outstanding service deserves to be awarded with the privacy and freedom impossible in the fishbowl atmosphere that prevails in the Nation's Capital. Congresswoman HANSEN said it best herself—

> I am delighted at the prospect of being Mrs. Julia Hansen again—citizen of the U.S.A.

Mr. RONCALIO of Wyoming. Mr. Speaker, our colleague JULIA BUTLER HANSEN, has been as cooperative, as helpful, and as understanding of an Appropriations Chairperson for Wyoming's best interests as we have had in several generations, in my opinion. Serving in her sensitive position, she has shown time and again her concern for the environment, for the best interests of the two national parks of Wyoming—Teton and Yellowstone National Parks, for the best interests of our hydroelectric development, reclamation, a few of the Federal fisheries left in my State, and for the needs of our Indian people. She also holds the distinction of being the first woman to hold a subcommittee chairmanship in either the U.S. House or the U.S. Senate.

In her term in the House, Wyoming has been served by a series of Members, beginning with the late Keith Thomson, William Henry Harrison, my own term in the 89th Congress, again a term by William Henry Harrison to be followed by John Wold in the 91st Congress, and to be succeeded by me again in the 92d. I am sure all of us are grateful to JULIA for her thoughtfulness and her fairness in dealing with Wyoming and its requirements over the years. May she and her husband and family enjoy a rich and rewarding retirement.

Mr. RARICK. Mr. Speaker, it is a pleasure for me to participate in this special order taken by our colleague LLOYD MEEDS to honor the gentlelady from Washington, Mrs. HANSEN, who has chosen to retire at the close of this Congress.

Mr. Speaker, I have great admiration and respect for Mrs. HANSEN. She is truly a distinguished individual who has been a guiding figure in our domestic affairs for several years from her position as chairman of the Interior Appropriations Subcommittee.

It has been my pleasure and distinct privilege to work with Mrs. HANSEN over the past years on matters coming under her jurisdiction. I have always been impressed with her responsiveness to the needs of the American people and her concern for the people of all areas of the country.

Mr. Speaker, I would like to take this opportunity to express to Mrs. HANSEN the sincere gratitude of the people of my district and State for her dedicated work and leadership. We in Louisiana know firsthand of her concern for the environment, for forestry and forest management, for the sportsman, and for the general operations of the Departments and agencies under the jurisdiction of her subcommittee. She will be missed by the people of her district and the people of this Nation, and by the Congress which she serves so well.

Mr. KASTENMEIER. Mr. Speaker, I felt a deep sense of regret when I learned of the plans of JULIA BUTLER HANSEN to retire at the end of this year from the U.S. House of Representatives. The loss of this experienced and effective Member will be felt not only by the people in her congressional district, but by all Members and citizens who are concerned about the quality of government in this country. Although both of us came to Congress in the "class of 1959," there can be no doubt that she brought with her more savvy about the workings of Government and politics than any other freshman Member of that year.

She was the first woman to serve on the Cathlamet, Wash., city council. She was the first woman to serve as speaker pro tempore of the Washington State House of Representatives. Here in the U.S. Congress, she was the first woman to serve as a subcommittee chairman, and the first democratic woman to serve on the House Appropriations Committee.

Those of us who have had the honor and pleasure of serving with Mrs. HANSEN during the past 14 years know that she did not take her public duties and responsibilities lightly. She worked tirelessly as chairman of the House Interior Appropriations Subcommittee, and she earned the respect of every member because of her straight forward manner, and her uncompromising will to do what she felt was in the best public interest. In a city where the ability to "read between the lines" is a prerequisite to survival, it is always a pleasure to communicate with Mrs. HANSEN. She said what was necessary and she said it in a way that left little room to doubt what she meant.

It is difficult at this time to assess the many benefits that citizens of this country enjoy or will enjoy in the years ahead because JULIA HANSEN was forceful enough to battle for those programs and policies in which she believed. It is not possible to list all of the worthy programs that have enjoyed funding because of her efforts, but I can mention at least two that had direct effect in my own district.

While JULIA'S considerable interest in the efforts of the U.S. Forest Service has been greatly beneficial to overall program aims, she has been particularly appreciative of the work being carried out at the Forest Products Laboratory in Madison, Wis. It was primarily because of her substantial support that the laboratory was able to research and develop a computerized system to position logs at the saw to maximize yield of useful lumber. Although the best open face—BOF—sawing system is not yet in widespread commercial use, it promises in the days ahead to increase the yield of useful lumber by 10 percent. At a time when forest resources of this country are under severe strain, this new sawing process can help meet demand and save one out of every ten trees that would have been required previously.

Another example of Mrs. HANSEN'S tenacious fighting ability is provided by an Office of Management and Budget—OMB—decision to impound some $960,000 required for a land exchange between the University of Wisconsin and the U.S. Forest Service in Madison. The land exchange was needed by the University of Wisconsin to complete future development of a multi-million-dollar medical research and training center, and it was also beneficial to the future development of the Service's Forest Products Laboratory.

JULIA recognized the wisdom of the proposal, included the necessary funds in the budget and guided the provision to enactment. OMB impounded the funds provided, and I went to Mrs. HANSEN seeking her assistance in freeing the appropriation. For nearly 2 years we did battle with OMB over the impounded land exchange funds, and at no time did Mrs. HANSEN waiver in her strong support and willingness to continue the fight. Late last year, OMB finally relented in its opposition, and the land exchange was completed in January of this year. Mrs. HANSEN'S assistance in this long struggle was invaluable, and it helped prevent an OMB decision that jeopardized both the future of the medical research center and the Forest Products Laboratory.

Neither of these actions are likely to win any widespread recognition for Mrs. HANSEN, and yet she worked for them with the vigor one might expect from a Member toiling for funds for a battleship which he expected to bear his name emblazened across its bow. No home builder of the future will perhaps recognize that lumber is more plentiful and less costly because JULIA BUTLER HANSEN made certain that research was funded which led to more efficient use. And no patient using the research facilities of the University of Wisconsin will know that partially because of the efforts of Mrs. HANSEN, the research facility was developed to its full potential. But I am fortunate enough to be aware of her efforts, and for all of those who may not be, I will take this opportunity to express a deep appreciation.

I understand that JULIA is going back to her beloved West, to her admiring westerners, and to her own house and flower garden in Cathlamet. We will miss her greatly here in the Congress, but understand that after 37 years in public life, she richly deserves some time to do precisely what she wants to. Whatever those retirement plans might hold, I wish her good luck, success, and above all enjoyment.

Mr. DENT. Mr. Speaker, today, I join with my colleagues in the House in paying tribute to a very exceptional woman. I am speaking of JULIA BUTLER HANSEN, who after 37 years in public office, 14 of which she spent here with us in these Chambers, is retiring at the end of this term to her home in the West.

JULIA is not only an exceptional woman because she consistently served as a hardworking and contributing Member of Congress, but she leaves a unique record of firsts for a woman in public office. She was the first woman to chair a subcommittee in either the House or the Senate, and she was the first and only woman to serve on the House Democratic Steering Committee.

Her efforts were not only directed toward the people of her district, but toward the welfare and betterment of the entire Nation. She has made notable contributions in the areas of mass transit, highway legislation, proper utilization of natural resources, and bettering the lives of our Indian population.

JULIA BUTLER HANSEN will certainly be missed here in Washington by her friends and colleagues. She has earned the respect of all of us as a doer and a fighter for what she believes in, but through it all she has constantly remained a beautiful and gracious lady whom I regard with a very deep and warm affection.

I would personally like to extend her every good wish for many, many years of good health, and much happiness. I hope that her home in the West will provide the pleasures and satisfactions of retirement which she anticipates. Her departure will leave an unfillable place in our lives, but we know that the place we leave in hers will soon be filled with all the blessings of family and friendship which she has so long put aside to serve her country.

Mr. LONG of Maryland. Mr. Speaker, as a member of the Interior Appropriations Subcommittee, chaired by Representative Julia Butler Hansen, I can confirm that she guides the Nation's natural resources budget with thoroughness and grace. Her sense of priorities and her skillful handling of the witnesses have earned her the special respect of the committee.

Mrs. Hansen's retirement is a disappointment to many who are concerned about achieving a balanced use of our scarce natural resources. She will leave behind her a legacy of concern which will continue to motivate those responsible for managing our natural resources and public lands.

I join my colleagues in wishing Mrs. Hansen all the best as she returns to her beloved State of Washington.

Mr. THOMPSON of New Jersey. Mr. Speaker, I am proud and pleased to join my colleagues in paying tribute to Representative Julia Butler Hansen who has decided not to seek re-election. She has been a truly great and distinguished Member.

When Mrs. Hansen was first elected, she became a member of the Committee on Education and Labor on which I serve. She distinguished herself there and had much to do with the improvement of the education of the youngsters of America and of the wages, hours, and working conditions of those covered by the Federal labor laws.

It was with real regret that we lost her to the Committee on Appropriations. But it can be accurately said, that her contributions there as a member and subcommittee chairman have won her a national name and the respect of literally millions of the American people. Not only has she shown concern for the environment, our national parks and lands, our power problems, energy resources and the needs of the Indian people, but she has been in the forefront of an extremely successful effort to finance the Arts and Humanities Foundation. By that action alone, she has helped to foster arts councils in each of the 50 States and to take the beautiful things in life throughout the land to all of the people.

I have had the honor of serving on the Reform Committee which she has so brilliantly chaired. Through her skill, knowledge and patience, she became the catalyst for the Hansen committee which is composed of a truly representative cross section of the Democratic Party in the House. Virtually all of the reforms coming from the committee have been unanimously agreed upon by that committee, thanks largely to Julia's skill.

It would be very easy to use the entire time for today's debate extolling Julia Butler Hansen's great qualities. We all know them and, therefore, I shall conclude with my thanks for having known and served with her and with every wish that she have a long and happy retirement.

Mr. ROYBAL. Mr. Speaker, it is a privilege to join my colleagues in paying tribute to the Honorable Julia Butler Hansen whose distinguished career in the House of Representatives is drawing to a close at the end of this session.

After 37 years as a public servant, Julia can certainly reflect with pride on her numerous achievements and political "firsts." In 1960 when she came to Washington she brought with her an extensive background in State and local politics—having been the first woman to serve on the Cathlamet City Council as well as the first woman to hold the post of speaker pro tempore of the Washington State House of Representatives, just to name a few of her many accomplishments.

As we all know, Julia's record here in Congress has been no less glowing. Since not only was she the first woman Democratic member but also the first woman Chairperson in the history of the House Appropriations Committee, where I have had the honor and privilege of serving with her since 1971.

Although her experience and expertise will be sorely missed by all of us, I know that Julia will continue lifelong service to the State of Washington and the Nation. As she prepares to return to private life, I extend to her my sincere best wishes for success and enjoyment in her forthcoming pursuits.

Mr. REUSS. Mr. Speaker, Representative Julia Butler Hansen, my friend and colleague, has announced she will retire from Congress at the end of this year.

Though we all will miss her, no one can say she has not earned rest and peace at her home in Cathlamet, Wash., to which she plans to return.

Her 37 years of public service—on the Cathlamet City Council, in the Washington State Legislature, and in Congress—have been packed with accomplishments.

She was the first women to be speaker pro tempore of the Washington State House of Representatives, the first woman to chair a subcommittee in Congress, and the first and only woman to date on the House Democratic Steering and Policy Committee, on which I have enjoyed serving with her.

In the State Legislature, Julia chaired the Education Committee and successfully sponsored legislation for school lunches and a bill for distribution of school funds on the basis of need.

After coming to the House of Representatives in 1960, she was assigned to the Appropriations Committee and became chairman of its Interior and Related Agencies Subcommittee in 1967.

That subcommittee—responsible for the budgets of 28 agencies, and appropriations of up to $3 billion each year—could not have been put in abler hands. She has worked tirelessly to protect our National Parks, enlarge fisheries, develop more energy resources, and help American Indians.

In 1970, Julia was selected for the difficult task of chairing the Democratic Committee on Organization Study and Review. Her efforts resulted in the replacement of the old seniority rule by election of committee chairmen, a major and long-overdue reform.

It has been a great pleasure working with Julia, and she and her family have my best wishes.

Mr. HANSEN of Idaho. Mr. Speaker, I am sad at the thought of the breaking up of the Hansen contingent in the Congress and want to pay tribute to my distinguished colleague from the neighboring State of Washington who has done so much for Idaho. During her 14 years of dedication in and to the Congress, Julia Butler Hansen has made an inestimable contribution to her State and Nation. I have been privileged to work closely with her and, while I respect her desire to retire, I will feel keenly the loss of her great cooperation on measures that were necessary to the well-being of the area of the West which encompasses both Idaho and Washington.

Particularly will her leadership in the Appropriations Committee be missed. Her deep interest in the arts and humanities are well known and Americans who worked diligently in both fields will feel her loss of service.

While she has risen to the heights in congressional service she has never lost her basic human touch. Despite her stated plan to rest and relax, I am confident that Julia Butler Hansen will continue to serve wherever she is.

Mr. MONTGOMERY. Mr. Speaker, the retirement of the gentlewoman from Washington at the end of this year will bring to an end 37 years of outstanding public service. I feel very fortunate to have served with Julia Butler Hansen during 8 of her 14 years in the House of Representatives. I have always valued highly her sage advice and counsel.

One of Mrs. Hansen's most outstanding characteristics is her deep and abiding concern for the American Indians. This was brought forcefully to my attention when I had the opportunity to accompany her on a visit with the Mississippi Band of Choctaw Indians, who reside in my district. Her deep concern was evidenced by her searching questions into the availability of health care and education for the Choctaws. As a result of her visit we were able to secure the necessary funds for new and expanded hospital facilities.

Mr. Speaker, the House of Representatives will miss the drive, hard work, and leadership of Julia Butler Hansen come next January. At the same time, we should all feel fortunate to have served with her and we should be appreciative of the changes she helped bring about for the good of the House.

Mr. SYMINGTON. Mr. Speaker, it is my pleasure to join so many of my colleagues in honoring one of our most outstanding congressional leaders, Julia Butler Hansen, who retires after 14 years of remarkable legislative accomplishment. Mrs. Hansen was the first woman to head an important subcommittee in either the House or Senate; she has served with great distinction over the Appropriations Subcommittee for the Department of Interior and related agencies. Her many achievements include the innovative earth resources satellite program designed to assist in both the search for new energy sources and the protection of our environment. Her Appropriations Subcommittee's support of this NASA-Department of Interior project was vital to the successful development of this technological breakthrough.

Equally significant are her contributions to her home State of Washington where she served for 20 years as a member of the State House of Representatives. JULIA BUTLER HANSEN was the recipient of the Washington State outstanding service plaque for her State legislative work on highway safety. In addition to Mrs. HANSEN's successes in behalf of highway safety, the environment and the Department of Interior's diverse programs, she has also worked in behalf of her constituents and the Nation during her years on the Appropriations Subcommittee on Transportation, the Education and Labor Committee, the Veterans' Committee, and the Interior and Insular Affairs Committee.

All this is known. In addition I have a special acknowledgment of gratitude to make. For a number of years I and my office enjoyed the friendly presence and marvelous assistance of JULIA's daughter-in-law, Nancy—Mrs. David Hansen. With the arrival of JULIA's first grand-daughter and namesake, Nancy retired to the life of wife and mother, as does now our dear friend, JULIA HANSEN.

For her decades of accomplishment, I am happy to join in this well-deserved tribute to JULIA BUTLER HANSEN. For her years of outstanding public service, I offer her our thanks and best wishes for a happy, noncongressional life in beautiful Washington State.

Mr. NATCHER. Mr. Speaker, I rise to salute my friend, JULIA BUTLER HANSEN, who has announced that she will not run for reelection this year.

It has been a distinct honor and a privilege for me to serve on the Committee on Appropriations and to serve in the House with Mrs. HANSEN. Her concept of public trust is without parallel and words are inadequate to fully describe her tremendous capacity for loyalty and love of her country and of the House of Representatives. In every position that she has held down through the years, she has achieved distinction and her service in all of her assignments has been marked by a high sense of conscience and duty.

According to my information, Mrs. HANSEN is the first woman to serve as a subcommittee chairman of the Committee on Appropriations and she has made an excellent chairman of the Subcommittee on Interior Appropriations. As one of the subcommittee chairmen on the Committee on Appropriations, I have followed her service on her subcommittee, and know that she has done an excellent job.

She has always been cheerful, humble and dedicated and possesses a delightful sense of humor.

We will miss Mrs. HANSEN, and I want to wish her and the members of her family the best of everything in the future.

Mr. PERKINS. Mr. Speaker, one always regrets to hear of the retirement of a colleague with whom he has served, and for whom he holds great affection and esteem. This, I am sure, is the feeling of all Members of the House for our colleague, JULIA BUTLER HANSEN.

Mrs. HANSEN joined us after a special election on November 8, 1960, and was subsequently assigned to the Committee on Education and Labor, of which the late Cleve Bailey of West Virginia was then chairman.

With the enthusiasm and the interest which has characterized her entire congressional career, Mrs. HANSEN quickly emersed herself in the work of the committee, and I well remember her service on the Select Subcommittee on Education. She was particularly interested and effective in hearings into the economic conditions in the performing arts, chaired by Mr. THOMPSON of New Jersey. I like to think those hearings laid the foundation for the subsequent landmark National Foundation for the Arts and Humanities Act. I remember Mrs. HANSEN was also interested greatly in the committee's work in adult education, and made significant contributions to our hearings and inquiries in that field.

Had she remained with the Committee on Education and Labor, she would long since have been a subcommittee chairman there, too. And I like to think that her stamp and her name would be on much of the legislation that committee has produced in the last decade.

Mrs. HANSEN, however, fits into no mold. She is a dedicated representative of the people and she has made her contribution where her assignments called her.

As a member of the Committee on Appropriations, and as a distinguished chairman of the Subcommittee on Interior and Related Agencies, JULIA BUTLER HANSEN has served the Congress and the country well indeed.

Aside from her invaluable help in funding the programs initiated in the Committee on Education and Labor, I want to say a personal word.

As she has with all Members having business before her subcommittee, Mrs. HANSEN has been most understanding and helpful with the special problems faced by the people of my congressional district. Time and again, we have had to turn to her with some problem or snag, and time and again she has turned her good sense and good humor loose upon it, and the problem has been solved. For this assistance I am grateful, and the people of the Seventh District of Kentucky are grateful.

Mr. Speaker, JULIA HANSEN has been a Member's Member; but she has above all else been a people's Member. We will miss her, and the people will miss her.

As she takes her leave of us at the end of the year to "do as she pleases," our affection, our appreciation, and our good wishes follow in her train.

Mr. BUTLER. Mr. Speaker, I wish to join my colleagues this afternoon in paying tribute to the Congresswoman from Washington, Mrs. HANSEN. As a new Member of this body, I have not had an opportunity to know her very well, but in the work I have been engaged in with respect to our Bicentennial efforts I have had an opportunity to become familiar with her record of involvement in the Bicentennial, and it is to this that I would like to speak.

Congresswoman HANSEN has served as a House Member of the American Revolution Bicentennial Commission from February 1971, to January of this year, when the current American Revolution Bicentennial Administration assumed the work of the Commission. In addition, Mrs. HANSEN has exercised her usual good judgment in dealing with the budget of the Bicentennial in her capacity as chairman of the Interior and Related Agencies Subcommittee on the Appropriations Committee.

In my review of the legislative and administrative history of the Bicentennial efforts, I found Mrs. HANSEN always to be a source of responsible leadership and sound judgement. Her actions have had a significant impact on the shape and direction of our Bicentennial efforts to date, and her departure will deprive the Bicentennial of a prime source of leadership and responsible criticism. I would hope that the Congresswoman from Washington will find time in her retirement to continue her interest and involvement in the Bicentennial, and I, for one, will always welcome her advice.

Mr. STEIGER of Arizona. Mr. Speaker, our country owes a tremendous debt of gratitude to our colleague, the Congresswoman from Washington's Third District, JULIA HANSEN, for the devotion she has shown over the years to the setting of proper policies and then assuring the necessary funding for proper management of our natural resources owned by all Americans. Without her help in providing funds for the various programs and projects required to manage America's vast resources, the Bureau of Land Management and the other bureaus within the Department of the Interior would have fallen far short of meeting today's challenges. Her absence from the Congress as the chairwoman of the Subcommittee on Interior and Related Agencies will be a great loss. It is with great pleasure that I wish that gracious lady from Washington a happy and enjoyable retirement.

Mr. McDADE. Mr. Speaker, it has been my privilege to salute many Members of Congress here on the floor of the House, but I cannot imagine paying tribute to any finer Member than the distinguished lady we salute today, Mrs. JULIA BUTLER HANSEN.

There are things which must be said by me about her work here in the Congress—and many of them will be said. But were I to exhaust the pages of this RECORD, the story would be incomplete. There is just no way I could possibly portray the endless patient hours, days, weeks, months expended by this distinguished lady as chairman of the Subcommittee on Interior and Related Agencies in the Appropriations Committee. In that subcommittee, there had to be decided precisely what would be done with an amount of money greater than the budgets of many of our States. And it has to bring that final appropriations bill to the floor for the final action of the Congress. She has been intelligent in her understanding of the needs of America, gracious in hearing the impassioned pleas of those who have appeared before her, forthright in her statement of the limitations within which she felt she had to work, and wise in the ultimate determination of the priorities which must be met. She is a most remarkable woman.

And I would point to the last word of the preceding paragraph. She is above all things a woman. She is precisely the sort of woman that reminds one of the gentleman who once said: "I cannot imagine why women want to be equal to men. I have always thought them to be superior." She has given to her work that special warmth and understanding that no man can find, that represents a peculiar virtue found only in a woman, and in a most extraordinary woman. She never really had to lean with the hard hand of authority to get something done. There was just no way you could say no to JULIA.

We are losing an outstanding Member of Congress through her decision not to seek reelection, a reelection which she most certainly would have achieved had she chosen to run. But there is no way any Member of Congress would wish to take from her what she expressed so well in her own statement—a chance to be herself once more, free from the endless importunings of the constituents she served so well. I would now like to say a few words of the career of JULIA BUTLER HANSEN.

It is fortunate for the area of the Northwest and for the Nation that events and circumstances were such as to lead JULIA BUTLER HANSEN into a long and illustrious public service career—a career that started in the Washington State House of Representatives, culminating in her becoming the first woman to be chairman of an Appropriations Subcommittee in the U.S. Congress—the Subcommittee on Department of the Interior and Related Agencies.

But all of us are aware of her outstanding public service activities—they are well documented. Today, I would like to pay special tribute to JULIA BUTLER HANSEN as a person of uncommon prescience—a person of her times who was able to see the shape of problems to come and who, with integrity and purpose set out to do something to alleviate the problems.

It is in the area of the natural environment and natural resources where we find revealed the special qualities of Mrs. HANSEN—her concern for the natural environment, but even more important, for people. The present natural resource protection versus development dilemma with which we are wrestling today was foreseen by Mrs. HANSEN many years ago. But she did not jump on environmental bandwagons that called shrilly for a complete stop to everything that smacked of development. Nor, on the other hand did she regard every acre of open space as the rightful and immediate target for the drill or bulldozer.

Mrs. HANSEN belonged to those special few in the Federal Government who foresaw the need for balance. She recognized the sharp horns of the dilemma—the need on the one hand for vast amounts of resources in order to sustain America's society, but the need at the same time to take every measure possible so that our land and waters are not unalterably degraded. Her keen interest in, and fine support of, the programs of the U.S. geological survey reflects her complete understanding of the importance of earth sciences investigations to the welfare of the Nation. She has recognized full well that wise decisions concerning the use of our precious land and natural resources cannot be made without the kinds of basic data and scientific analyses that the survey provides. In this regard, she told this House on June 27, 1973, when she presented her budget that her committee "has been deeply concerned for years about the total knowledge of American resources which are available to make America operate efficiently," and that "we must provide the public with all the facts and research necessary for judgment making."

Her concerns for people, for resources, and for the environment not only of the Northwest, but of the entire Nation, brought her into contact with a wide range of Federal, State, industrial and educational groups. She did her homework. She harvested hard facts, not just opinions or indecisive half-judgments, but scientific and technical data upon which she herself could judge the nature of the problems. As one example of her probing for new ideas and how they could be of help, several years ago she recognized the significance of remote sensing of the environment from space. This intrigued her because she had grasped the fact that new technological tools would have to be developed if the resource-environmental tangle were to be resolved. She recognized that new tools were needed to help monitor changes in the environment, and to provide a view of our environment in a new way.

Despite many obstacles, she fought for the idea that such remote sensing devices should be carried in Earth-orbiting satellites and provide Earth scientists with never-before-obtained views of the Earth's surface. This information, she was convinced, would bring space technology to the people, with benefits accruing directly to the man-on-the street.

Mrs. HANSEN's understanding, belief, and unremitting vigor in her support of the Earth Resources Observation System—EROS—program of the Department of the Interior, helped the idea develop into reality, providing experimenters with a better understanding of our resources and our environment, and the interaction of man's activity upon them. This is prescience at work. This is being the forceful person of our times that characterizes Mrs. HANSEN's life and career.

One should understand that Mrs. HANSEN's foresight involves no unrealistic dreaming. She says that the Nation must accelerate its resource exploration activities. She insists that such exploration be carried out only if the people and the environment are protected from such exploration or eventual exploration. The challenges ahead are many and diverse; but Mrs. HANSEN leaves us the touchstones and the guidelines for meeting the challenges, namely, unswerving dedication to the job, imagination, integrity, and an abiding belief in the American people and their ability to see things through.

That, Mr. Speaker, is only a small picture of a limited part of the responsibilities which Mrs. HANSEN has borne so well over many years. Were we to attempt to exhaust all of those responsibilities, it would be a formidable challenge indeed. I will take the liberty, however, of appending two other facets of the career of Mrs. HANSEN. I will append a letter from Mr. Ron Walker, Director of the National Park Service of the Department of the Interior, and a letter from Mrs. Frankie Hewitt, executive producer of the Ford's Theatre Society.

Is it not a remarkable thing to speak of the remarkable contributions of one person in the field of space technology as it relates to Earth resources, the field of conservation of our natural resources through the National Park Service, and the preservation and enhancement of the theatrical arts in America.

It has been said in distant days that the Renaissance man was learned in the arts and learned in the sciences, that his knowledge sought the boundaries of human knowledge in an endless variety of subjects. If that is true, then in JULIA BUTLER HANSEN we have the complete Renaissance woman, and a delightful and wonderful woman withal.

U.S. DEPARTMENT
OF THE INTERIOR,
Washington, D.C., March 4, 1974.

Hon. JOSEPH M. McDADE,
House of Representatives,
Washington, D.C.

DEAR MR. McDADE: We have been advised that the House of Representatives has promulgated for Tuesday, March 5, a Special Order of Business to honor Representative Julia Butler Hansen. Since much of Mrs. Hansen's outstanding career as a legislator has been devoted to activities of the National Park Service, it would be greatly appreciated if this letter could be made part of the proceedings.

The National Park Service and, I am sure, the entire Department of the Interior have been saddened by the announcement that Mrs. Hansen will leave the Congress at the end of her present term. Her long and faithful service on the Interior and Insular Affairs Committee and the Appropriations Subcommittee on Interior and Related Agencies has spanned a period during which the Nation has faced unprecedented challenges in adding to our store of park and outdoor recreation lands, and providing for the conservation of God-given natural resources.

Mrs. Hansen leaves a record of solid achievement highly visible in the National Park Service. During her tenure as Chairwoman of the Appropriations Subcommittee, our record of expansion has been remarkable, due in considerable part to her keen interest and strong support. During fiscal years 1968–1974, some 45 new areas have been added to the National Park System, which now embraces 298 units. This is an 18 percent increase. For the same time period, the budget of the National Park Service rose from $128 million to $297 million—a 131 percent increase.

Beyond her contribution to the growth of the national parks, however, Mrs. Hansen's guidance, advice and foresight have been instrumental in establishing many new Service activities, of which I will highlight a few.

The opportunity inholding purchase program makes available funds to acquire, as they become available, lands in older areas of the National Park System which are still privately owned. Between 1969 and the end of 1973, more than one-half of the total inholding acreage where legislative acquisition authority exists was purchased at a cost of $50.6 million.

Our living history, interpretation, and other activities have been greatly aided at almost no cost through the Volunteers in Parks program which has attracted thousands of citizens to do non-paid, part-time work in numerous park locations.

The Summer in the Parks program has considerably expanded urban recreational opportunities, particularly in Washington, D.C., and has provided needed transportation for urban youth to nearby parklands.

In an effort to stimulate economic opportunities for American Indians, the Service, upon request, provides technical assistance to Indian tribes to help plan and develop recreational facilities on Indian lands.

To strengthen law enforcement in the national parks, special authority has been provided in the Appropriations Act to use any available funds to cover unbudgeted costs necessary to maintain law and order.

Mrs. Hansen has also made major contributions to the rapidly growing nationwide effort to save noteworthy sites and buildings commemorating our Nation's history. Appropriations for the National Register of Historic Places and the associated grants-in-aid program to the States and the National Trust for Historic Preservation have received her consistent interest and support and have increased steadily since enactment of the National Historic Preservation Act in 1966. The study activities of the National Park Service that help support these programs have also been strengthened. These are the Historic Sites Survey, Historic American Buildings Survey, Historic American Engineering Record, and Interagency Archeological Salvage program.

In particular should be noted her deep interest in seeing that appropriate emphasis is given to the role of blacks and Indians in our national history. Studies of historic sites illustrating black history now being conducted under contract by the Afro-American Bicentennial Corporation are in large part a result of her personal interest.

Finally, Mrs. Hansen has consistently worked for the proper funding and development of the historical areas of the National Park System. The reconstruction of the historic old fur trading post of Fort Vancouver, Washington, now underway, is a notable example of this concern.

All Americans interested in their past and in the Nation's scenic treasures will long have cause to be grateful that Mrs. Hansen, during a critical time, held positions of great influence in shaping the course of the National Park Service.

On behalf of all my Service colleagues, I extend to Julia Butler Hansen our warm wishes for a most rewarding period of retirement. We look forward to seeing her often in the national parks.

Sincerely yours,

Ronald H. Walker,
Director.

Ford's Theatre Society,
Washington, D.C., March 5, 1974.

Hon. Joseph McDade,
Rayburn Building,
Washington, D.C.

Dear Congressman McDade: For the past seven years, Julia Hansen has served on the Board of Trustees of Ford's Theatre.

Much of the credit for making Ford's the alive. vibrant theatre that it is today is due directly to her sympathetic interest during those early years.

Indeed, on several occasions when we at Ford's were struggling to establish this historic building as a living theatre, Julia Hansen's steady, unwavering support literally made the difference between success and failure.

It is, therefore, with much sadness, that we learned of her plans to retire. All of the performing arts are losing a good and devoted friend. As the producer at Ford's, I shall miss her guidance and help.

I shall miss her sense of humor and her exquisite sense of proportion. But most of all, I shall miss her because she is "one of a kind." Julia Hansen is an original.

Sincerely,

Frankie Hewitt,
Executive Producer.

Mr. HOSMER. Mr. Speaker, retirement from one's chosen profession is always a sad time and a happy time.

In the case of Julia Butler Hansen, we are saddened by her announcement of retirement from the Congress, where her vigorous leadership has personified a long career of statesmanship. We are also happy for this great lady because we are fully aware that she has earned the right to enjoy the many peaceful years ahead—away from the sound and fury of legislative battle.

Mrs. Hansen's retirement has generated quite an outpouring of comment within the Department of the Interior—all highly favorable.

At the top executive levels of the Department, as well as with technical personnel who have appeared before her Appropriations Subcommittee, I have been struck by one comment that has been universally expressed: "She is a great American. She has consistently put national interests ahead of party and regional politics."

I can think of no greater compliment—nor a more deserved one.

There have been many other comments—many of them relating to the careful preparation that precede's Mrs. Hansen's hearings and the fair and impartial manner in which those hearings are conducted.

Perhaps the greatest tribute of all, however, is the widely held view that Mrs. Hansen was among the first to foresee the emerging energy crisis and to act effectively to find solutions for it.

A prime example is in the area of coal production and utilization. Not only did she support an accelerated coal development program, she fought valiantly to increase funding for the projects sponsored by the Office of Coal Research.

Mrs. Hansen realized—at an early stage—that we must utilize our vast coal reserves in an environmentally accepted manner instead of leaning too heavily on foreign imports of fuel.

She can be justifiably proud of her many accomplishments, but for this one long struggle in particular, this Nation will always owe her a great debt of gratitude.

All of us in the House of Representatives wish you many, many happy years of a well deserved retirement.

Mr. EVINS of Tennessee. Mr. Speaker, certainly I want to associate myself with the remarks of the gentleman from Washington (Mr. Meeds) and others in paying tribute to the outstanding record of service of the lady from Washington, Mrs. Julia Butler Hansen—Chairman Hansen—who recently announced her retirement from the Congress.

Mrs. Hansen is genial, cooperative, and helpful—a true lady in every sense of the word—and also a gifted and talented leader whose great abilities have contributed much to the legislative enrichment of the Congress.

During her 14 years in Congress, Mrs. Hansen has served her district, State, and Nation faithfully and well. Her 37-year record of public service at all levels of government has been outstanding.

As chairman of the Subcommittee on Interior Appropriations of the Committee on Appropriations, Mrs. Hansen has provided vital leadership at a crucial time in our history when the demands for preservation of the environment must be balanced against the need for developing and providing vital and essential services for our expanding population.

Mrs. Hansen has demonstrated great ability and effectiveness in her concern for the environment, for progress, for our national parks and forests, fisheries, energy resources, reclamation, hydroelectric power, and the needs of the Indian people.

Hers has been a dedicated and enlightened voice in behalf of the Pacific Northwest.

I am sure that my Democratic colleagues will recall that it was Mrs. Hansen who introduced proposals in 1972 for improvement of the efficiency of the House—proposals which were adopted and which have accomplished much toward broadening the base of participation by all Members.

I sincerely regret the decision by Mrs. Hansen to retire from the Congress. She understands the workings of the Congress—the problems of its Members, and she at all times endeavors to cooperate in the interest of this great Nation. She will be greatly missed.

We appreciate Julia, we shall miss her very much, but we wish Mrs. Hansen the very best of good luck and success in her richly deserved retirement.

Ms. JORDAN. Mr. Speaker, I am pleased to join my colleagues in this well deserved tribute to one of our most distinguished colleagues, Julia Butler Hansen, a Member of the House of Representatives from the State of Washington since 1960. Although I have not served with Mrs. Hansen as long as some of my colleagues, I have in that relatively short time come to admire her legislative ability and her determination to accurately represent her district.

We are losing an able colleague but her outspoken defense of her convictions and her persuasive politics have left an indelible impression on this Chamber. With public confidence in Congress at its lowest ebb, it is indeed hard to accept the prospect of her absence. No single Member can be said to have done more in making this body more responsive to the needs of the citizenry.

Let us not lose the impetus for reform that Representative Hansen gave us in chairing the Committee on Organization, Study, and Review—the "Hansen committee." Her no nonsense approach to much needed reforms can only be described as an orderly rebellion against the status quo. As Thomas Jefferson described it:

> A little rebellion now and then, is a good thing, and as necessary in the political world as storms in the physical.

Let us pray that we all learn in her stead to rebel against the ineffectual, the inefficient, the frustrations that keep us from being more responsive and more democratic in serving here after Julia Butler Hansen is gone.

Mr. BURKE of Massachusetts. Mr. Speaker, colleagues in the House, Congresswoman Julia Butler Hansen of the

Third Congressional District of Washington, chairman of the House Interior Appropriation Subcommittee, has announced she will retire from Congress at the end of the year which will conclude 37 years of public service in city, State, and Federal Government. In this time she has pioneered both as a woman and concerned citizen.

Mrs. HANSEN was the first woman to serve on the Cathlamet City Council.

First woman to become chairman of a county Democratic central committee.

First woman to serve as the roads and bridges committee of the Washington State House of Representatives.

First woman to be speaker pro tempore of the Washington State House of Representatives.

First woman to become chairman of the western interstate committee on highway policy problems of the 11 Western States, a position she held for 10 years.

First woman subcommittee chairman in either the House or Senate.

First Democratic woman to serve on the House Appropriations Subcommittee on Transportation.

First and only woman to serve on the House Democratic steering committee.

In addition Mrs. HANSEN has maintained a deep interest in the problems of the American Indians. During appropriations hearings she has consistently sought increased funding for hospitals, schools, and employment opportunities for the Indians.

Mrs. HANSEN is also known for her great interest and activity in our Nation's natural resources. For increased use of the Nation's coal reserve, search for new oil and shale fields, better utilization of the Nation's forests, as well as funding for the arts and sciences.

Representative HANSEN and the great effort she has lent to the Congress will be missed, but her accomplishments serve as an inspiration for all those who follow.

Mr. O'NEILL. Mr. Speaker, it is with deep sadness and a heavy heart that I stand here today to bid farewell to the gentlewoman from Washington, my dear friend and colleague, JULIA BUTLER HANSEN.

Elected to the 86th Congress in 1960, JULIA has brought to this Chamber an abundance of energy, resourcefulness, diligence, and a crusading spirit, which have endeared her to all Members of the House.

To even attempt to chronicle all the distinguished legislative achievements of this fine Representative and the first woman ever elected chairman of an appropriations subcommittee hardly begins to detail the high marks of excellence which JULIA merits for an outstanding performance and service of the past 14 years.

As chairman of the Interior Appropriations Subcommittee, JULIA has led the crusade for better education opportunities for Indians and other minority groups. From her field trips to Indian reservations JULIA gained valuable firsthand information on the plight of our most disadvantaged minority group. The ignorance, degradation, and poverty which she witnessed from these on-site inspections greatly moved this deeply compassionate woman and gave her the idea of founding a kindergarten in the Bureau of Indian Affairs. Later, Chairman HANSEN pioneered a highly successful work and learn, clean-up program on the reservations.

An advocate of equal educational opportunities for all Americans, JULIA BUTLER HANSEN firmly believed that only through federally directed educational programs for Indians would the American ideals of social justice, equal job opportunities, and civil rights ever be realized. The pioneering educational efforts inaugurated by JULIA HANSEN are a giant step forward toward bringing this goal to fruition.

Long before the energy crisis confronted America, JULIA was an advocate of geological surveys so that we could have the important data on our natural resources. The Interior Committee has carried on a prodigious amount of activity under her aegis. A skilled politician and knowledgeable chairman, JULIA has exhibited a willingness to share her almost limitless knowledge about Interior matters with her committee colleagues, and her conscientious devotion to her duties have earned JULIA the praise and gratitude, the devotion and loyalty of all those who have worked with her on the Appropriations Committee.

JULIA is as distinguished a parliamentarian as she is a chairman. Before she came to the U.S. House of Representatives, JULIA had an outstanding career in the Washington State Legislature, serving as Speaker pro tem and as a member of the Rules Committee. This parliamentary experience in the State legislature helped prepare her for the arduous duties she assumed as chairman of the Subcommittee on Organization and Review of the Democratic Caucus.

JULIA BUTLER HANSEN has been loved and revered by all who knew her and served with her in the House. This Chamber will be greatly diminished by her departure. But to those of us who know and admire her, JULIA will continue to represent the inimitable qualities of strong personal courage, integrity, and a dedication to legislative service in the full measure of human energy.

Mr. EVANS of Colorado. Mr. Speaker, I am proud to join with my colleagues in honoring a distinguished and remarkable person, Congresswoman JULIA BUTLER HANSEN.

I have served on the Interior Subcommittee of the House Appropriations Committee for just over a year now, and during that time have been impressed with the tremendous knowledge, skill, and compassion exhibited by Chairwoman HANSEN. Although her presence on the subcommittee will be greatly missed, her tireless dedication and efforts will be remembered by those who worked closely with her.

It will be a long time before we will be able to replace the resources and skills Representative HANSEN brought to the subcommittee. Time after time, she has shown tremendous patience in listening to witnesses, and proven her ability to effectively cross-examine them. She is tough, yet fair in her work, retaining firm control of committee proceedings.

Perhaps most outstanding is Congresswoman HANSEN's concern for the more than 600,000 American Indians receiving assistance through Federal programs funded by the Interior Subcommittee. Her service was rewarded in 1973 by the National Congress on the American Indian with the Henry M. Teller Award for outstanding efforts on behalf of benefiting the Indian people. A total of six of the Nation's Indian tribes have honored her in the past 14 years for her untiring work on their behalf.

Representative HANSEN, through sheer ability and determination, has made significant contributions to the governmental process. She worked her way through the ranks of city, State, and Federal Government service to become the first woman to chair a subcommittee in either the U.S. House or Senate. She is also the first and only woman to serve on the House Democratic Steering Committee, a highly important and influential position. Her achievements have been only just returns for her hard work and determination.

I can appreciate Representative HANSEN's desire to return to "private life" after 37 years of public service. She has more than adequately fulfilled a need to serve her fellow citizens, earning their respect and admiration in the process. Representative HANSEN indeed deserves to be called a "representative of the people."

The most fitting tribute we can pay to our fellow Member of Congress is to carry on the work she has so ably handled here. If the work and goals of Representative HANSEN are continued and fulfilled, all the more citizens can benefit from her skills and service.

Mrs. GRIFFITHS. Mr. Speaker, the people of the State of Washington can be proud of their Congresswoman, JULIA BUTLER HANSEN. Her announced retirement after 14 years of service in the Congress has come only too soon, and at a time when her direction and voice in the management of our natural resources will be sorely missed.

Mrs. HANSEN has worked long and hard in the public interest. Her dedication and work on the Appropriations Committee and her chairmanship of its Interior Subcommittee, her former service on the committeees of Education and Labor, Veterans' Affairs, and Interior and Insular Affairs have left an indelible mark, particularly on our natural resource programs. Her life-long love for the "land" stems from her own origins in the far Northwest, where her grandparents homesteaded.

In Mrs. HANSEN, we have seen public service at its best. Not only has she held the trust and confidence of her constituents but she has won the respected esteem of her colleagues. I am proud to have served with Mrs. HANSEN in this House.

Mrs. SULLIVAN. Mr. Speaker, I am delighted to join in this tribute to our colleague from Washington, JULIA BUTLER HANSEN. Over the past 14 years we have had numerous occasions when one or another of us has taken the floor of the House to praise this extraordinary legislator for her great contributions to the work of the Congress. And there will be more such occasions in this session, I am sure, particularly when she brings before us the annual appropriation bill for the Department of Interior and Related Agencies.

As the first and only women to serve as chairman of a subcommittee of the House Appropriations Committee and manage one of the massive funding measures containing so many hundreds of important items of Government financing, JULIA HANSEN has earned the respect and admiration of every Member of this House for the manner in which she has handled this tremendous reresponsibility. It has always been a virtuoso performance reflecting knowledge, sensitivity, skill in debate, and remarkable leadership. Those of us who came to know Mrs. HANSEN well when she came to Congress 14 years ago have never been the least bit surprised by her ability in this or any other assignment she has had in the Congress. She is one of the most able Members to serve in the House in the years I have been here.

As a woman, I am proud of her. As a friend, I am grateful for the wisdom she has shared with me and the help she has given me on many of my legislative projects. If there were any way I could persuade her to change her mind and remain in the Congress after this term, I would certainly seek to do so, because this country needs JULIA HANSEN in the Congress.

I can understand her desire to call it quits after 37 years in public life, during which time she has done far more than her share as a legislator in her home State and then in the Congress to make this a better country and to establish the truth that politics and integrity can, and often do, go hand in hand. Seldom in our history has it been more important for the public to realize that this combination can and does exist.

The whole political process on which our country has been built is now on trial. The career of JULIA HANSEN has demonstrated the best side of political activity.

We shall miss her terribly as a voice of conscience and decency in the Congress of the United States, and also as one of our most able and effective Members.

Mr. CONTE. Mr. Speaker, I was saddened to learn recently that our colleague, Congresswoman JULIA BUTLER HANSEN, has decided to retire.

Mrs. HANSEN and I have served together on the Appropriations Committee and on the Appropriations Subcommittee on Transportation. During that time, I have developed a great respect for her legislative abilities. Her thorough and precise handling of matters coming under our jurisdiction was a great asset. Her absence is sure to be felt.

On another Appropriations Subcommittee, that of Interior and Related Agencies, Mrs. HANSEN distinguished herself as the first woman to chair an appropriations subcommittee.

Her 37-year career in city, State, and Federal elected offices has been marked by many highlights.

Before being elected to the 87th Congress, Mrs. HANSEN served in the Washington State House of Representatives. She has also been active in many worthy nongovernmental organizations, and her record shines with the recognition she has earned from groups too numerous to mention.

Most notable among her areas of expertise is her mastery of the intricacies of highway planning. Within the Washington State House of Representatives, she chaired the highway committee and sat on both the joint factfinding committee on highways, streets, and bridges, and the 11 Western States highway policy committee. I mention these to illustrate the depth of expertise that will be lost to the Subcommittee on Transportation upon Mrs. HANSEN's retirement.

I could go on in greater detail to express her many contributions within the House. Suffice it so say, the lady shall be missed. I wish her great happiness in her return to private life, and I am grateful for this opportunity to add my voice to those singing her praises today.

Mr. DE LA GARZA. Mr. Speaker, it was with regret that I learned of the decision of Congresswoman JULIA BUTLER HANSEN to retire from this body.

Representative HANSEN had been a Member of the House for 4 years before I came here in 1965. Prior to that she had served with distinction in the Washington State House of Representatives. Her career in city, State, and Federal offices has been outstanding. I honor her for being the first woman in Congress to hold a subcommittee chairmanship, the important Appropriations Subcommittee on Interior and Related Agencies.

JULIA BUTLER HANSEN will be missed in the House. She will be missed by me. I will always cherish the privilege of having served with her.

Mr. CORMAN. Mr. Speaker, I commend the gentleman from Washington for taking this time so that those of us who have the privilege of working with JULIA BUTLER HANSEN also have the honor of giving her a proper goodby.

I think history will record the contribution that Congresswoman HANSEN made to this body and, indeed, to the Nation. JULIA BUTLER HANSEN is a highly individualistic Member of the House; she is not just another member of a large body. I think most Members of Congress have some personal qualities that give them some measure of distinction, but I do not know of anyone in my time who has stamped her character so firmly on the House of Representatives as JULIA BUTLER HANSEN. Mrs. HANSEN is one of the best examples I have ever known of a Member who takes care of her myriad duties in Washington and never forgets her constituents. She has meshed these two roles with great success and with steady devotion to both.

During Mrs. HANSEN's 37 years of public service she achieved many first for women in government and in so doing advanced the cause of equal rights for women. Some of her accomplishments include:

First woman to serve as chairman of a county democratic central committee.

First woman to be speaker pro tempore of the Washington State House of Representatives.

First woman subcommittee chairman in either the House or Senate of the U.S. Congress.

First woman to serve as a member of the House Appropriations Committee.

First and only woman to serve on the House Democratic Steering Committee.

I have always known Mrs. HANSEN to be fair and consistent and unbiased and courageous. I am sorry she is leaving for she has honored us all by her integrity.

I shall miss this extraordinary woman.

Mr. HALEY. Mr. Speaker, it is a pleasure and a privilege to rise here today and join our colleagues in praising the excellent legislative record of a most distinguished colleague and one of the most gracious ladies to serve in the U.S. Congress, the Honorable JULIA BUTLER HANSEN.

While I respect the decision of the gentlewoman from Washington to return home to a more leisurely and more private life, I know that with her leaving, our Nation will lose the great skill of one of the most effective legislators this House of Representatives has known.

During the 14 years that Mrs. HANSEN has served in the Congress, I have had the opportunity to work closely with her on many occasions. We have shared a deep interest in, and a mutual responsibility to, our first citizens, the American Indians. While Mrs. HANSEN has been chairman of the Subcommittee on Interior and Related Affairs of the House Committee on Appropriations, I served as chairman of the Subcommittee on Indian Affairs of the House Committee on Interior and Insular Affairs and more recently as chairman of the full Interior Committee. I know well Mrs. HANSEN's accomplishments in the area of Indian Affairs.

During the period from 1966 through fiscal year 1974, while Mrs. HANSEN has chaired the Interior Appropriations Subcommittee, appropriations for the Bureau of Indian Affairs have increased from $207.9 million to $494.7 or approximately 138 percent.

The Indian nations can be and are very grateful for Congresswoman HANSEN's interest in their overall welfare. She has shown a continuing, deep concern for Indian education from prekindergarten through graduate school; that the general assistance needs on reservation was comparable to needs of non-Indians of surrounding communities; that housing and living conditions be improved; that Indians were not denied employment because of lack of vocational and on-the-job training opportunities; that property and water rights are protected; that the reservation resources produced the maximum income from such as forest produce industry, agriculture and rangeland pursuits, oil and mineral production, and business enterprises.

Her interests in Indian welfare has been most sincere.

Some of the programs in which she specifically expressed concern are as follows:

Graduate studies under higher education; kindergarten; prekindergarten; adult and vocational education; work-learn program for youth; construction of educational facilities; Indian housing improvement and development; forest management; property management; road construction; irrigation maintenance and construction; and Indian employment and income.

In the field of education, Congresswoman Julia Butler Hansen—by virtue of her unstinting efforts and humanitarian interest in upgrading the quality and scope of educational services for Indian children—has won the respect of Indian people as a unique individual. Unswerving in her dedication to serve as the conscience of the Congress in the discharge of its responsibilities to Indian people, Mrs. Hansen has consistently forced the Bureau of Indian Affairs and Interior Department to reassess and refine its program efforts in more positive ways to positively discharge Federal trust responsibilities and the promulgation of optimum educational services to Indian tribes. Her extra efforts in this regard have won for her a place of distinction, not only for her constituents in the State of Washington, but for all reservation Indians in America.

In recollecting her achievements in behalf of Indian education and the Bureau of Indian Affairs, she can look with pride and satisfaction in providing the impetus for the initiation of early childhood programs on reservations, specifically kindergarten and the parent-child development program. Her continual interest and support for Chemawa Indian School—its physical facilities, its curricula, its residential program, its student body—need not be belabored here. Mrs. Hansen has fought long and hard to provide additional funds to the Bureau of Indian Affairs for meeting the needs of Indian college students in the realm of higher education. The explosive increase in enrollment of Indian students in higher education programs found Mrs. Hansen a willing and receptive congressional supporter of Indian needs. So, too, in her consideration of the Bureau's library and media programs for schools and the vital segment of summer programs wherein cultural, remedial, academic, recreation and enrichment components could be provided on the many Indian reservations.

These accomplishments for the Bureau of Indian Affairs and the Indian people receiving services are a reflection of her fiscal realism to support quality education programs. More basic, however, Mrs. Hansen has served to focus the obligation of the Congress on the developmental and learning requirements of Indian children and youth. In so doing, she will remain the benchmark for all future actions of our Government in its relationship and obligations to Indian people.

Two programs that clearly indicate Mrs. Hansen's unswerving concern for individual Indians are the social services program and the youth work-learn program. Today the budget for Indian social services stands at over $60 million. Time and time again Mrs. Hansen asked Bureau witnesses if their estimates for welfare that were being presented were adequate. It was largely due to admonitions that she did not want to see us "up here" for supplementals that the Bureau has carefully and correctly estimated the welfare needs of Indian people in recent years.

Mrs. Hansen's concern for Indian youth and the environment in which they live is exemplified by the youth work learn program. First started at Mrs. Hansen's direction in fiscal year 1969, it has grown from a budget of $124,700 to $500,000 in fiscal year 1974. Through participation, Indian youth help to clean up and improve their local community and earn spending money for their personal needs during the school year.

It goes without saying that all BIA programs have benefited from Mrs. Hansen's stewardship of the House Appropriation Subcommittee on Interior and Related Agencies, however the social services and the youth work-learn are outstanding examples among the Indian services programs.

Those active in the natural resources programs of the Bureau of Indian Affairs, in which the chairman has extensive knowledge, have thanked Mrs. Hansen for her responsiveness to the needs of the Indian people. They recognize her awareness of the operations of forest management, the value of the Indians' forest resources, and the need to adequately protect and develop them. Her support of the Indian community and the programs of the Bureau by which they hope to eventually accomplish optimum development of the Indians' natural resources will long be remembered. Through her efforts and those of her committee, the Indians have realized substantial returns from the management and protection of their natural resources.

In retiring from the Congress, Julia Butler Hansen leaves an enviable record of accomplishment in many areas. I have mentioned only a few portions of that record.

Julia, Mrs. Haley joins me in extending our best wishes to you as you embark on another career, that of enjoying the life of Mrs. Citizen. May your days be as full as you wish them to be. We will miss you here.

Mr. ANDREWS of North Dakota. Mr. Speaker, it has been my good fortune since becoming a Member of Congress in 1963 to have served on the Appropriations Committee with the lovely and distinguished lady from Washington, Julia Butler Hansen. I have always valued her good counsel, admired her fine judgment, and have treasured, always, her warm friendship. I hope that when I ever choose to retire, I can step out with the same grace, style, and good humor that she has shown. I shall miss her very much.

Mr. CHARLES H. WILSON of California. Mr. Speaker, it was with deep regret that I learned of Congresswoman Julia Butler Hansen's decision to retire this year. Yet I know she will leave the House of Representatives with a satisfaction that proves Samuel Johnson's maxim:

> One should not think of retiring from the world until the world will be sorry that you retire.

Congresswoman Hansen came to the House after a 23-year long career in city and State elected office. And, since that first election to national office, the people of her home State of Washington have continued to reelect this remarkable woman who has served them so well.

During her 14 years in Congress, Congresswoman Hansen has represented her constituency and her country with great dedication to the principles of high office. The first woman to hold a subcommittee chairmanship in Congress, her knowledgeable leadership of the Interior Appropriations Subcommittee has won her a national reputation as a champion of conservation and the rights and the needs of the American Indian.

But Julia Butler Hansen has not confined her legislative initiatives to this one field—although she is indeed a recognized authority in conservation matters. Her tenure in the House of Representatives has given her sharp insight into the legislative process; and, during the 1972 Democratic caucus, she was instrumental in developing reform proposals that resulted in making Congress more efficient and therefore more effective.

And so departs one of our best minds and most able legislators. Her wisdom and experience will be sorely missed. Yet I know that, with her zest for living, her retirement years will be rich and rewarding. There, in the lush, natural surroundings of her home State of Washington, she can relax among the beauty which she has worked so tirelessly and successfully to preserve.

Mr. HANLEY. Mr. Speaker, it is a distinct pleasure today to join with all my colleagues in paying tribute to the beloved Julia Butler Hansen. We were all saddened a short time ago when Julia announced her decision to retire from public office at the end of the 93d Congress. I, for one, still hope she will change her mind, although I realize that she well deserves the time she seeks with her family.

In the nearly 10 years that I have been privileged to know Julia, we have become good friends. From her vantage point on the Appropriations Committee, she has been of consistent assistance to me personally, and to the people of central New York. I guess people always come first with Julia, though, as evidenced by her 36 years of continuous service in elected public office. As much as we are going to miss her here, the people of Washington are going to miss her even more, for they have been her prime concern since her first term in the Washington House of Representatives back in 1939.

Mr. Speaker, my wife, Rita, joins me in wishing Julia and her family many, many years of good health and happiness.

Mr. ANNUNZIO. Mr. Speaker, I rise in tribute to Congresswoman Julia Butler Hansen who has announced she will retire at the end of the 93d Congress. I have served with Mrs. Hansen in the House of Representatives for almost a decade and I can testify to her unflagging dedication to better and more responsive government for all Americans. The people of the Third District of Washington are losing an outstanding legislator and we in the House are losing a most esteemed colleague and inspiring associate.

Congresswoman Hansen has received justly deserved awards for her creative work in the fields of environmental protection, resource and energy management, historic preservation, improvement of Indian health and education programs, and for advancing the arts and humanities.

I personally am most familiar with Mrs. Hansen's able service as chairwoman of the Democratic Organization Study Group and as a member of the House Democratic Steering Committee. Long before the word "reform" became a political cliche, Julia Butler Hansen was instrumental in fundamental and genuine reform of the committee system of the House of Representatives. I was privileged to work with her on historic changes such as the abolishment of the old "seniority" rule for elevating committee members to chairmanships and the extension of legislative responsibility to the subcommittees.

Congresswoman Hansen cares deeply about the welfare of her State and country and she has proved this through her brilliant public career and her energetic resourcefulness. I am proud to have served these 10 years in the House with Julia Butler Hansen and am sorry to see her go.

Julia, I wish you continued good health and happiness, because when you make this new beginning in your life I know you will not be able to stop using your talents for continuing contributions to your community and country.

Mr. BROOKS. Mr. Speaker, it was with great regret that I read of Mrs. Hansen's intended retirement. The gentlewoman from Washington is an effective, able legislator and the Congress, her district, her State and the United States can ill afford to lose such an outstanding leader.

Mrs. Hansen has earned the highest respect of her colleagues. Those of us who have the honor to work with her know that she is a capable advocate and a formidable adversary. While she is always a charming lady, she never asks for nor needs any concessions because she is a woman. When it comes to getting legislation passed or representing the interest of the Washingtonians she serves, she knows how to get the job done and does not spare any effort in doing so.

A tireless, dedicated leader, she will be missed by all of us here in the Congress. We wish her a well-deserved rest and a chance to spend some time with her family but I doubt sincerely that she will fade into the background. Julia Butler Hansen is too determined to help people. Although she will not be in Congress, I know that next year will find her still actively seeking ways to solve our problems and improve the future of our country.

Mr. FASCELL. Mr. Speaker, I am pleased to join our colleagues in paying special tribute to Julia Butler Hansen although I am saddened that the occasion has been initiated by her decision to retire from the House of Representatives at the end of this Congress.

In recent years, conservation has become a common cause of the Congress and the Nation. Under Julia's leadership, however, the House Interior Subcommittee of Appropriations Committee has for years made possible the establishments of the national park system, insuring the preservation of much of our natural environment.

I am particularly grateful for her understanding of the need to protect the delicate environment in south Florida. Her strong support and assistance in the acquisition of the Biscayne National Monument lands and water and the Everglades National Park lands cannot be overestimated. In south Florida the preservation of the Everglades is absolutely essential not only because it is a tropical environment unique to the United States, but because it plays such an important role in south Florida's water supply. Failure to preserve the Everglades, could have imperiled the fresh water supply for all of south Florida and destroyed the only tropical area in the country as well.

We in the House are also indebted to Julia for her hard work on the greatly needed reforms in House and committee procedures, and for leading efforts to open positions of leadership to more Members.

Julia is one of the real "no nonsense" Members of the House. Her willingness to listen to any argument openly and to respond candidly, have earned her my great respect. I have always known that Julia would listen fairly, but that I had best be prepared with a very strong case.

Mr. Speaker, I join all of our colleagues in commending Julia Butler Hansen for her 37 years of outstanding public service. The House of Representatives will lose one of its able leaders, the Nation will lose one of its original defenders of our environment, and the third District of Washington will lose an effective and valuable representative when she retires. Though we shall miss her experience and her leadership, I join in wishing her the best in a much deserved retirement.

Mr. GOODLING. Mr. Speaker, when a man has had a distinguished career, we say without qualification that he has served well. When a woman has had a distinguished career, some people are apt to say, "She did well—for a woman." Representative Julia Butler Hansen has indeed served well. She deserves and receives our unqualified admiration. Her record of public service and legislative accomplishment would be an asset to any man or woman.

Like her pioneer ancestors, Mrs. Hansen has established herself in new territory. In every phase of her career, she opened doors that were previously closed to women. She was the first woman to serve on the city council of Cathlamet, Wash.; she was the first woman Speaker pro tempore of the Washington State House of Representatives; she was the first woman subcommittee chairman in the U.S. Congress—to mention only a few of her record-setting accomplishments.

While distinguishing herself in elective office, Mrs. Hansen also achieved success in her private life. She is a wife, mother, grandmother, author of a juvenile historical novel and an historical play, and an active participant in community affairs both in Cathlamet and the Washington, D.C. area.

I ask my colleagues to join me in paying tribute to a great public servant, a good citizen, and an extraordindary human being.

Mr. ROUSH. Mr. Speaker, it is with great sadness that I learned that Representative Julia Butler Hansen, chairman of the House Interior Appropriations Subcommittee, is planning to retire from Congress at the end of this session.

I am not a member of Mrs. Hansen's subcommittee, but I do serve on the full Appropriations Committee with her and I have learned a great deal from observing her work. I have also had the pleasure of appearing before her subcommittee the past 3 years requesting funds for the Indiana Dunes National Lakeshore. I found her as chairman gracious, demanding, cooperative, energetic, inquisitive, untiring. I always knew that I had to make a good "case" in order to win her approval of funding projects.

She will be very much missed in public life. For 37 years Mrs. Hansen has served her community and her country. She has been a city council member, a State legislator, a Member of Congress, during which time she has achieved an enviable record.

I not only remember her as subcommittee chairman for her hard-work, her enthusiasm, her dedicated perseverance, but also the special contribution she made as chairman of the Democratic Committee on Organization, Study and Review, the "Hansen Committee" as it came to be called. Progressive reforms in committee membership and leadership are attributable to this special committee.

In her retirement announcement, Mrs. Hansen mentioned that she has "many regrets about leaving public office," so do all of us who know her and have worked with her. We wish she were staying, but we respect her reasons for leaving. She has been and remains a Member of Congress' ideal Member of Congress. Her example will not soon be forgotten, certainly not by this member from Indiana.

Mr. SISK. Mr. Speaker, like many of my colleagues here today assembled, I would like to join in paying tribute to Julia Butler Hansen who has announced her retirement after serving 16 years in the U.S. House of Representatives.

I will not be remiss in admitting that her absence will be felt, for she was indeed a friend to those of us from the West, and especially those of us in California. I have enjoyed her counsel and trust that it will still be available.

As chairman of the Interior Appropriations Subcommittee she has time and again demonstrated a real concern for the best possible utilization of our natural resources, a goal I share with her. Many of the projects now underway in California to develop water resources, more properly harvest our renewable resources, and to better protect our natural heritage owe a great deal to her personal involvement with not only the single issues, but of the total scope of the problem.

I wish her well when she finally closes her legislative career and returns home to Cathlamet, Wash. And I hope she will find the time to visit and review the many projects and programs she has helped guide through the legislative mill, not only in California but throughout the Western States and the United States.

In her retirement announcement she stated she will visit every county in her district and thank her many friends and supporters. I am equally proud to take this moment to join with my colleagues in thanking her, both as a friend and supporter.

Mr. WON PAT. Mr. Speaker, I would like to take this occasion to extend best wishes to Chairwoman Julia Butler Hansen for a happy and well-deserved retirement.

We from territorial areas will surely miss her able hand at the helm of the House Appropriations Subcommittee on Interior and Related Agencies. Mrs. Hansen has built a fine reputation for herself as an effective chairwoman. She is known for her probing questions and her ability to ferret out waste and inefficiency in Government. Yet we from Guam and the other U.S. offshore areas have found these qualities—so important to bringing efficiency to Government—are coupled with the recognition of our immense and unique territorial problems. In short, while watching to see that Federal dollars are spent wisely, Mrs. Hansen has been sensitive to needs in the territories.

The aid of the gentle lady in advancing the cause of the territories has been greatly appreciated and will be sorely missed when she leaves for Cathlamet at the end of this year. Despite our loss, we hope that future years for the chairwoman from Washington will be as fulfilling as those she has spent in this House.

Mr. HUNGATE. Mr. Speaker, I would like to join my colleagues in paying tribute today to the gentlewoman from Washington, Mrs. Julia Butler Hansen. In her 14 years with us in the House of Representatives she has distinguished herself as few others have in so short a period.

It is inconceivable to me that a former Secretary of Interior, when up for confirmation, in 1969, asked "Julia Butler who?" Anyone who has served in this body with Mrs. Hansen would never and could never ask that kind of a question. As the senior member of the Washington delegation she has exhibited the kind of leadership qualities which made her a leader in the Washington House of Representatives for 21 years.

Thirty-five years of public service in elective office will come to an end with the retirement of this devoted public servant at the end of the 93d Congress. Such a record is seldom made by any person but Mrs. Hansen has paved so many needed roads in her life that it is not unusual that she would pave more here in the Congress. As the first woman appointed to be chairman of an Appropriations Subcommittee on the Interior and Related Agencies, she has become a legendary chairman. As an expert on Indian education, Mrs. Hansen has won the devotion and respect of many educators for her role in paving new roads in this branch of education. Her concern and understanding of forestry made her a valuable leader in sensible protection of our woodlands.

We in the Congress will sadly miss her as she retires from public service, Washington will miss her devotion as a public servant and all future Secretaries of Interior will miss her great knowledge and sympathy for their work and the work of the Department of the Interior.

Mr. JOHNSON of California. Mr. Speaker, it is with a great deal of feeling that I rise today to express the pride that I have in having had the opportunity to serve during the past 14 years as a colleague of the gentle lady from Washington, my good friend, Julia Butler Hansen.

As a Representative of one of the Pacific Coast States I have had an opportunity to work closely with her on a variety of projects and in solving many problems which are common to Washington, Oregon and California.

When she first came to the House of Representatives her abilities and legislative knowledge learned through more than a score of years in local and State government were recognized immediately. In those early years it became obvious that she was the type of legislator we all respect and admire—namely a dedicated public servant who did her home work, who knew what she was talking about and whose word was her bond. In later years Mrs. Hansen, of course, was elevated to the chairmanship of the Interior and Related Agencies Subcommittee of the Committee on Appropriations, where we were all impressed not only by her legislative skills but also her knowledge of the operations of the Interior Department and its many resource oriented agencies. There is no one in Congress today who better understands and appreciates the workings of this department, or who has a greater feeling for the conservation and wise utilization of our natural resources. Those of us in California, which is a resource oriented State, depend upon the food and fiber produced from our soils, and appreciate the tremendous way in which Mrs. Hansen has carried out her responsibilities in this assignment.

On behalf of myself, the Second Congressional District of California, and the State as a whole may I express to you, Julia, my deep appreciation for all that you have done for the State, the West and the Nation. We are going to miss you here in our Nation's Capitol. We can appreciate your desire to return home, and as you said at the time you announced your retirement "take the telephone off the hook," if you want to. When you do return to Washington to stay let me say that you can do so with the knowledge that the resources of the West and the Nation are preserved and managed far more efficiently, far more effectively than they were 14 years ago when you first came to Washington. This is the tribute and the memorial which will stand for generations to your outstanding public service in the House of Representatives.

Mr. MAZZOLI. Mr. Speaker, our distinguished colleague, Congresswoman Julia Butler Hansen, has announced her retirement from public life, thus ending a long and distinguished career of service to her State and her country.

Few individuals today can match, far less surpass, Mrs. Hansen's record of achievement in government. From her contributions as chairman of the Interior Appropriations Subcommittee in the House to her role in Democratic caucus reform efforts, Julia's years of public service have been marked by a dedication to the cause of good government.

While I was privileged to know Mrs. Hansen for only a relatively few years, her reputation as a public servant was known to all of us, on both sides of the political aisle. Her presence will be missed.

I would like to take this opportunity to extend to Mrs. Hansen every best wish for a future of health, happiness, and prosperity.

Mr. WHITTEN. Mr. Speaker, in my years in the Congress I have served with many people, many of whom have been my close personal friends, and all of whom I have respected for the qualities which brought them here knowing they reflected the general feelings of the people whom they represented.

During that whole period which covers 17 terms I have known no one who exhibited more dedication, more energy, more interest in her district, State, and the Nation than has my friend, Julia Butler Hansen. Truly she has been forthright and able, claiming no quarter, but fighting for what she believed in and doing so most effectively. A veteran of many successful years in her State legislature, Julia has been equally successful here. Julia's success has been tremendous as a member of the Committee on Appropriations, and then as the first woman chairman of a subcommittee; and, you can be sure her sex did not gain her this position.

Mr. Speaker, we shall all miss Julia's fine personality, her never failing courtesy, and her candor, but certainly we understand her decision for she has done her part. The Congress will be less able without her presence; the Nation a better Nation for her service.

Here's hoping that she will enjoy many happy years and find time to visit my family and my State, Mississippi, where she was signally honored by a joint meeting of the Mississippi Legislature, as a national legislator without peer.

Julia, we shall miss you here, but hope to continue to see you We do know we all will see the results of your work down through the years.

Mr. VAN DEERLIN. Mr. Speaker, the sense of loss that we all feel over Mrs. Hansen's retirement announcement must be balanced by the thought that if any one has truly earned the peaceful joys of retirement, it is Mrs. Hansen.

As others have noted, Mrs. Hansen registered many "firsts" during a remarkable 37-year career in politics.

She was the first woman to serve on the city council of her hometown of Cathlamet.

Later, she was the first woman elected speaker pro tempore of the Washington State House of Representatives.

But among our colleagues, Mr. Speaker, her greatest renown is as the first woman ever to head a subcommittee of the House Appropriations Committee. She has presided with grace and distinction over the Interior Appropriations Subcommittee—and a legislative domain that includes funding for 28 different agencies and 753 million acres of public lands.

Several years ago, Mrs. HANSEN was to a considerable extent responsible for initiating the recent reforms in our congressional seniority system, as chairman of the special committee set up to advise the Democratic Caucus on these matters. In large part as a result of her efforts we have spread power around a bit by providing that no member may head more than one subcommittee, and by stipulating that committee chairmen face approval by the caucus.

It is possible that when Mrs. HANSEN finally steps aside she will have established a new longevity record for continuous service by a woman in politics.

When she set out on her illustrious career, our colleague met and overcame obstacles then impending the progress of women aspiring to high public office and key legislative assignments.

The trailblazing by Mrs. HANSEN has made the course a bit easier for the women who follow. Her series of "firsts"—these may be her greatest legacy.

Mr. BOLLING. Mr. Speaker, JULIA BUTLER HANSEN's retirement is a great loss to the Congress and to the country.

Mrs. HANSEN has made great contributions to the cause of reform in the House of Representatives through her outstanding work in the Democratic caucus.

Perhaps even more important has been her extraordinary work as member and chairman of the Subcommittee of Interior of the House Committee on Appropriations. Her work in that position in behalf of Indians and the territories among many other good causes has been unique and equally outstanding.

Her statement on announcing her retirement is typical vintage Hansen. She says it like it is and it is refreshing.

May she have a wonderful retirement in her beloved West. Wherever she is and whatever she does I know she will be doing something constructive to help people and our country.

Mr. CEDERBERG. Mr. Speaker, it is with a real sense of loss that I take this opportunity to join my colleagues in recognizing the retirement of the gentlewoman from Washington, JULIA HANSEN.

JULIA BUTLER HANSEN has as fine a record in the Congress as any Member could boast. She has served her State and the Nation with distinction during her 14 years in this body, and previously during her service in the Washington State Legislature. The people of the State of Washington can be proud of JULIA BUTLER HANSEN's 37 years of public service. I am certain that, but for her decision the Third District of Washington would continue to recognize her dedication by returning her to this body.

I personally will miss the gentlewoman. As the chairman of the Interior Subcommittee of the Appropriations Committee, Mrs. HANSEN's leadership and sensitivity were apparent to those of us who had the privilege to work with her. I must say that my position as the ranking member of the full committee has been made a little easier in the knowledge that she is so capably leading the subcommittee. It has been a real pleasure to have had the opportunity to work with JULIA HANSEN over the years and I'm certain that I speak for my colleagues on the committee when I say that her presence has lent a touch of graciousness to the committee for which we all shall always be grateful.

I personally shall miss JULIA, however I know that she looks forward to a well-earned rest. I wish her the very best in the future.

Mr. ROGERS. Mr. Speaker, I would like to join my colleagues in the House of Representatives in expressing my regret that Congresswoman JULIA B. HANSEN of Washington has decided not to run for another term of office.

As chairperson of the Subcommittee on Interior and Related Agencies of the House Appropriations Committee, she has exhibited a great capacity for comprehending environmental and other social problems and for devising effective solutions toward the alleviation of these problems. I have particularly noted the effective manner in which she has translated her appreciation of the health needs of the Native American and Alaskan Native populations into the funding of vitally necessary programs for the delivery of primary health care.

I am grateful for the opportunity to have served with JULIA HANSEN and wish to join my colleagues in praising her many accomplishments while serving as a Member of the House and in wishing her health and happiness in the years to come.

Mr. DRINAN. Mr. Speaker, it is with regret that I greet the announcement to retire of Congresswoman JULIA BUTLER HANSEN. There is no need to enumerate her many achievements in the area of the environment, national parks and forestlands, hydroelectric power, fisheries, reclamation, energy resources, and the needs of Indian people. Her contributions have been thoughtful and important.

Congresswoman HANSEN was the first woman to hold a subcommittee chairmanship in either body of this Congress. She served admirably as chairwoman of the Interior Appropriations Subcommittee. Her courage was manifest in the leading role she took in presenting reform proposals to the 1972 Democratic Caucus which were designed to make Congress more effective and representative.

It has been my privilege to know and admire Congresswoman HANSEN. We shall all miss her.

Mr. MINSHALL of Ohio. Mr. Speaker, it is an honor to join in tribute to our distinguished colleague from the State of Washington, JULIA BUTLER HANSEN, who has announced that she will leave the Congress at the close of this session.

Throughout her seven terms in the U.S. House of Representatives she has provided dedicated, conscientious service to the Third Congressional District. In recent years she has won well-deserved laurels for her chairmanship of the Subcommittee on Interior Appropriations which reflects her concern for the environment, the Nation's energy resources, and the American Indian.

I have been privileged to work with Mrs. HANSEN in our full Appropriations Committee sessions and to see at first hand the high standards of excellence she brings to any assignment. She has given 37 years of her life to public service, in city, State, and Federal offices, and I know that now she looks forward to spending more time with her family and in the challenges of a private career. She will take with her the gratitude of her colleagues and all of our best wishes for continued success and happiness in her every endeavor.

Mr. CASEY of Texas. Mr. Speaker, I would like to join in stating that the decision of JULIA BUTLER HANSEN not to return to the House of Representatives will leave a void in the Congress that can never be fully filled.

She is truly a flower of these legislative halls, and I would say a rose more than any other flower, because while there is charm and beauty in abundance, those of us who are her colleagues on the Appropriations Committee can testify that there are also thorns. Anyone who has gone up against her in an appropriations fight has been certain of coming out with scratches.

In all sincerity, Mr. Speaker, JULIA HANSEN's service has been an inspiration to all of us. No Member of the House has more compassion for the right cause. And when she determines that a cause is right, she can be as strong and unyielding as the giant fir trees of the district she represents so capably.

I have had the privilege of serving with JULIA HANSEN since she came to the Congress almost 14 years ago. I have worked with her and I have learned to admire her courage, respect her judgment, and marvel at her diligence.

Generations to come will owe JULIA HANSEN a large debt of gratitude for her work in preserving public lands of this beautiful Nation and for insuring that there will always be quiet places where the wildlife roams free, the water is pure, and the air clear.

We here know that JULIA HANSEN was the first woman to chair a subcommittee of the Appropriations Committee, that for interior affairs. But we are also aware that there has never been a more knowledgeable and hard-working chairman of any committee.

While we here did not share the benefits of JULIA HANSEN's talents and wisdom until 1960, her home State of Washington was already well aware of her contributions to public service. Before her election to Congress she had served with distinction for 22 years in the Washington Legislature, including a term as that body's minority leader.

Mr. Speaker, JULIA HANSEN has brought credit to her State and to this Congress for many years.

I know that I speak for all my colleagues in saying that we will miss her counsel, her wit, and her charm when we depart from this 93d Congress.

Mr. BENNETT. Mr. Speaker, we in Congress are certainly going to miss the spirited, able, and lovely lady from Washington, JULIA HANSEN. The country is going to miss her leadership here, too. She has left an imprint on our country for the better in everything she has done here; and in fact set a high standard for effective legislative achievement that would honor any person that has ever served here. We will miss you JULIA and the great things you have done for your country will always remind us of you.

Mr. McCLORY. Mr. Speaker, it is with the greatest sense of personal affection and respect that I join in today's tribute to one of the great women of the Congress, JULIA BUTLER HANSEN, Representative in Congress for the Third District of the State of Washington.

Mr. Speaker, I have been privileged to know JULIA HANSEN personally and to follow and analyze her thoughtful and conscientious work in this great legislative Hall. Her long years of service, totaling now 37 in all, attest to the record of her service—which has resulted in her constituents' returning her to this body session after session.

Mr. Speaker, JULIA HANSEN'S special areas of public service are closely associated with the constituency which she has represented. Her love and respect for the out-of-doors, her affinity with the founders of our Nation, including the American Indians who inhabited this land even before her forebears arrived—have benefited all of us who serve with her in the Congress—and the American people throughout the Nation who are the true beneficiaries of her talents and devotion to the affairs of our Nation.

Mr. Speaker, I am proud to join today in honoring this great woman of the Congress and to extend my best wishes for many years of good health and happiness to the beloved Representative of the Third District of the State of Washington, JULIA BUTLER HANSEN.

Mr. CLEVELAND. Mr. Speaker, the impending retirement of our colleague from Washington, JULIA BUTLER HANSEN, represents a great loss to this body. Her long years of public service have eminently equipped her to discharge her duties as head of the Interior Appropriations Subcommittee with distinction. With the wide-ranging scope of this vital subcommittee's jurisdiction, Mrs. HANSEN has been immersed in national policy issues of increasing relevance to the critical needs of our time. Yet she has been most responsive to the fact that ultimately our policies involve people, programs, and projects. In this connection Mrs. HANSEN has been most helpful over the years in our efforts in the Second District of New Hampshire involving restoration of Atlantic salmon in the Connecticut River, the Federal fish hatchery at Nashua and Berlin, and the North Eastern Forestry Laboratory at Durham.

When she announced her intention to retire, I was struck by her observation concerning the more abrasive and burdensome aspects of service here in the Congress. I share many of these, as do a number of other Members and a few of the more perceptive commentators who have written on the subject recently. So, in tribute to her service and in sympathy with her reasons for retiring, I can only wish her many years of the calmer life she has so fully earned in the Congress, and my personal word of thanks.

Mr. DON H. CLAUSEN. Mr. Speaker, I think I can safely say that the distinguished gentlewoman from Washington (Mrs. HANSEN) is among the most respected Members of the House.

To me, she typifies the best in responsive and responsible leadership.

While she has announced her retirement from the Congress at the end of this year, it is premature to say goodbye to her now since she can do more in the remaining year than most people could in several years.

JULIA is five times as good a legislator as any one outside of the Congress will ever know of her work. But those of us who serve with her and work with her on a daily basis know full well her extraordinary ability and talent.

If one needed to describe JULIA in one word, that word would probably be "knowledgeable." She is methodical in making sure she has a complete grasp of the issues that come before the Congress. Her understanding is unmatched.

She is constructive and always leaves accomplishment in her wake. Others have commented on her general achievements in the fields under the jurisdiction of the Interior Appropriations Subcommittee, but I can add to that more specifically from my own personal experience.

The Redwood National Park, the King Range National Conservation Area, the Point Reyes National Seashore, and the Golden Gate National Recreation Area are all in northern California and all owe their very existence in substantial measure to the gentlewoman from Washington. These areas will remain always as living monuments to JULIA BUTLER HANSEN and her great efforts to make the country she loves a better place for all Americans to enjoy.

I very much regret her decision to retire as it leaves a great void in the Congress. I do wish her the best in the coming year and in the years to come.

In closing, this brief message is directed to the people of her congressional district in Washington, who had the wisdom to send JULIA back to Congress each election year. We in the Congress, are deeply in your debt for sending this kind of quality representation to Washington.

You have every right to take great pride in the extraordinary contribution JULIA BUTLER HANSEN has made to her district, her State, and our Nation.

When JULIA gave you her word or made a commitment—you could count on it. Her word was her bond.

In attempting to adequately describe JULIA, I believe this phrase comes closest to doing just that—

> The real purpose of our existence is not to make a living, but to make a life—a worthy, well-rounded, useful life.

JULIA, you have made life worth living for a lot of very grateful people—including the Congressman from Redwood Country, California, USA.

I shall remain eternally thankful for you and your friendship.

Mr. WYMAN. Mr. Speaker, Representative JULIA BUTLER HANSEN, one of the most dedicated, respected, and admired Representatives in the Congress, will be greatly missed by all of us when she leaves Washington, D.C., at the end of the year when her term expires.

But after 37 years in elective office she certainly deserves the pleasures of a private life, or as she put it in announcing her decision to retire, "to write, garden, do as I please, hang up the telephone, or take the damn telephone off the hook."

A representative strongly devoted to the responsibilities of her office, she has had little time for those pleasures during her 14 years in Washington.

And that, along with her great ability and forcefulness, is why she has accomplished so much for the United States.

As chairman of the House Interior Appropriations Subcommittee, she has been a prime force behind responsible legislation which has benefited the territory she represents, the Pacific Northwest. And unlike so many others she has maintained an acute awareness of the needs of all the regions in the United States.

For example, she has long accepted a leading role in accelerating forest research in the Northeast. She has pursued with great success the establishment of programs to research into how forests can enhance urban environments, how tree diseases can be combated, how the timber yield can be improved, how recreational uses of forests can be expanded and, in anticipation of an increase in the demand for water in the coming decades, how to improve forest management to increase watershed resources for urban areas.

Her untiring efforts in this field for the benefit of the Northeast—including my home State, New Hampshire—are a clear example of the relentless attention and insightful understanding that she has afforded the problems of the entire country.

As equally impressive and commendable, Mrs. HANSEN is the living example of what some feminists only talk about. During her 37 years in public life, she has broken tradition in achieving a remarkable number of "firsts" for women in Government. Among the many others, she was the first Democratic woman to serve on the House Appropriations Committee, the first woman subcommittee chairman in either House or Senate of the U.S. Congress, and the first woman to serve as a member of the House Appropriations Subcommittee on Transportation.

The House of Representatives and the country have been ameliorated with her effective leadership and achievements, and her presense, felt by all, will most certainly be missed by all.

Mr. FOLEY. Mr. Speaker, I yield to the gentlewoman from Washington.

Mrs. HANSEN of Washington. Mr. Speaker, may I say in the first place, it is very difficult to express all the appreciation and affection that I have for the Members here today who have said so many kind things. I have a genuine affection for every Member of the State of Washington; but my friends, do not sit around and wait for me to run, because I am not going to. I think that has been one of the worries here for a great many years.

I want to say this, that each Member that comes here has an opportunity to do something for this Nation, because we believe in the parliamentary system of Government. We believe in the legislative branch. It has been my privilege to serve 37 years in some legislative branch of Government. I treasure the years that I have had to work with people; but more than anything, may I say from the bottom of my heart to my very beloved colleagues, I would never take the telephone off the wall to one of them and I do hope to see all of them. I shall never retire from my interest in America, nor my State, nor my district, nor the world itself.

I love you all and thank you again for your gracious comments.

The SPEAKER pro tempore. (Mr. MAZZOLI). The time of the gentleman has expired.

THE 56TH ANNIVERSARY OF LITHUANIAN INDEPENDENCE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Pennsylvania (Mr. FLOOD) is recognized for 60 minutes.

Mr. FLOOD. Mr. Speaker, I take pride again this year in being able to join with my colleagues in observing and commemorating the independence of once-free Lithuania.

It is with pride that we in this Nation are able to stand as free men in this great public forum and speak without fear of rebuke or retaliation. This pride is mixed with sorrow when we remember that so many friends and relatives of American citizens behind the Iron Curtain do not share this great privilege with us.

I should like to recall two aspects of Lithuania relative to this commemoration, the 56th anniversary: namely, free Lithuania, and Lithuanians in my own State of Pennsylvania.

On February 16, 1918, the Lithuanian people broke a long period of Soviet domination—1795–1915—followed by a short period of German domination, and declared themselves an independent nation.

Just 21 short years later the Lithuanian people were again brought under Russian domination, and on August 3, 1940, Lithuania was declared a constituent republic of the Soviet Union—a cruel joke this country has never recognized.

Briefly occupied by the Nazi troops during World War II, the Soviets reoccupied the little country in 1944 with the help of the Red army, and to this day the Lithuanian Republic is a ward of the Kremlin colonists.

World War I cost the Lithuanian people a great deal for in 1915 they traded Russian oppression for German persecution. The Russians were finally gone, but the Lithuanian people were not free. However, within 2 years two events, as important as any in this century, led to the eventual and long-awaited freedom and independence of the Lithuanian people: The Russian Revolution and the defeat of Kaiser Germany.

With independence on the horizon 200 Lithuanian delegates formed a congress laying the groundwork for an independent Lithuania based on ethnological frontiers. Finally, on February 16, 1918, Lithuania declared itself an independent state in the family of independent nations.

As we all know, a declaration of any kind does not establish a condition in fact. For example, our own American Declaration of Independence was made in 1776, but we were not free from the British until the War for Independence ended in 1783, and we did not become the country we know today until 1789.

Before the first year of independence had run its course, the German Army left the country, and immediately on their heels, the Soviet Army reentered the country. There obviously is more to being independent than merely saying so, for it was not until the following year the Russian Red Army was forced out of the country under the leadership of the Polish Army.

Besieged with problems at home and with that infinite patience that Communist governments seem to have, Russia decided to sign a peace treaty with Lithuania on July 12, 1920.

We know that Russia made a sham of that treaty within 20 years, but we did not know the extent of that deception until we realize exactly what the treaty included. That treaty made it clear that the Soviet Union recognized "without any reservation the sovereignty and independence of the State of Lithuania," and "voluntarily and forever renounced" all sovereign rights possessed by Russia over the Lithuanian people and territory. That would have been a treaty of splendor and hope if only the Russians had not intended it to be a farce and the most degenerate of jokes.

Following the treaty of peace with Russia, the struggling, newly independent nation immediately had a dispute of long standing with Poland on its hands involving the fate of Vilnius, the designated capital of Lithuania. When the issue reached the League of Nations, the city of Vilnius was awarded to Poland due mainly to the fact that Poles were in the majority of the city's population. This dispute wrecked Lithuanian-Polish relations until 1938.

Lithuania, which was recognized by the United States on May 31, 1921, joined the League of Nations on September 22, 1921, and thus began Lithuania's brave attempt as a free and equal independent nation in the world community.

As is the case with all new states who are not prepared by their colonial masters to assume self-government, there was some internal disruption and political discord. However, one cannot discount the great advances the country made during its brief tenure of independence in industrialization, farming and agriculture, social legislation and in cultural pursuits. While the country struggled with itself, it did so with a dignity of which we can all be proud.

When war again engulfed Europe, little Lithuania was squeezed by both Germany and Russia, and during that conflict, was occupied by both countries, suffering terrible human and material losses. Since the end of World War II, Lithuania has been a colony of the Soviet Union.

I am especially proud, Mr. Speaker, that so many of these fine and brave people who have left Lithuania for one reason or another to come to the United States, have elected to settle in my own State of Pennsylvania and particularly in my congressional district in the northeastern part of the State.

In the last century coal mining and railroad employment drew many to Pennsylvania as well as to the steel centers around Pittsburgh and the great oil regions in the Alleghenies in northwestern Pennsylvania.

Today we find many Lithuanians and their descendants living in Wilkes-Barre and the Wyoming Valley, Scranton, Shenandoah, Mahanoy City, Pottsville Shamokin, Mount Carmel, and many other communities in my section of the State. They have made great and important contributions to their respective communities and have bravely and patriotically served our Nation during the periods of its greatest peril.

I deeply and sincerely wish along with these Americans that someday in the near future Lithuania will once again have the opportunity to govern its own affairs and destiny with dignity and human justice.

I include the following:

REMARKS OF JOSEPH KAJECKAS

(Translation of remarks by Joseph Kajeckas, Charge d'Affaires of Lithuania, on February 10, 1974 at a commemoration by the Washington Lithuanian-American Society of the 56th Anniversary of Lithuania's Declaration of Independence)

In commemorating the 56th anniversary of Lithuania's Declaration of Independence, we are remembering how the Lithuanian Taryba, in meeting in Vilnius on February 16, 1918, unanimously decided to address the governments of other countries in these words:

"The Council of Lithuania, sole representative of the Lithuanian people, in conformity with the recognized right to national self-determination, and in accordance with the resolution of the Lithuanian Conference held in Vilnius from September 18 to 23, 1917, hereby proclaims the restitution of the independent State of Lithuania, founded on democratic principles, with Vilnius as its capital, and declares the rupture of all ties which formerly bound this State to other nations."

After this there followed the struggles of the Lithuanian nation to achieve Lithuanian Independence. Thanks to the determination, sacrifices and dedication of the people, those battles were won. Lithuania became a full-fledged member of the family of free nations. With care and dignity she lived up to her ideals on the domestic front and honorably discharged all her obligations in the international community.

Alas, the Soviet Union, after concluding a secret agreement with Nazi Germany, breaking all the most solemn treaties she had contracted, occupied Lithuania in 1940.

Thus was extinguished the flowering of Lithuania's exercise of sovereignty. But the United States and other countries of the free world do not recognize that military, forcible occupation of Lithuania by the Soviet Union. The Lithuanian State thus continues to exist de jure. And we are not the only ones who commemorate February 16. The Secretary of State, Dr. Henry A. Kissinger, sent me the following message on behalf of the Government and People of the United States:

FEBRUARY 8, 1974.

DEAR MR. CHARGE D'AFFAIRES: On the occasion of the fifty-sixth anniversary of the proclamation of Lithuanian independence, I am pleased to extend to you and the Lithuanian people greetings and best wishes on behalf of the Government and people of the United States of America.

The efforts of the Lithuanian people to preserve their national heritage and to assert their right to self-determination are well known throughout the world. Our country, which is fortunate to have many citizens of Lithuanian background, is especially cognizant of the spirit and aspirations of the Lithuanian people.

Best regards,

HENRY A. KISSINGER.

On our national day, we are happy to have with us Mr. William S. Shepard from the Department of State and Congressman Robert Hanrahan. We are happy that each year, Lithuanian Independence Day is observed by proclamation of numerous governors of states and mayors of cities. February 16 is observed each year by the Congress of the United States. Already, on February 7 this year our Independence was commemorated in the United States Senate.

In their remarks, various Senators pointed out that Lithuania is today entirely in the control of Moscow, that throughout the land there is promulgated an intensive program of Russification and the usurpation of basic human rights. From their remarks it is clear that the free world clearly knows how zealously the Kremlin seeks to crush Lithuanian hopes of regaining sovereignty, and how systematically it strives to eradicate Lithuanian aspirations to regained independence. And in the West, renewed championing of the rights of Jews behind the Iron Curtain raises anew as well the basic rights to freedom of all the enslaved peoples behind the Iron Curtain.

It is all the more important these days to remain mindful of the subjugation of millions of people in the captive nations, because the Soviet Union's continuing aggression against these peoples has taken on refined and subtle forms of genocide—extending now to the systematic efforts, mentioned earlier, to destroy the ethnic identity and national individuality of the captive peoples. We can see how brutally insidious such Soviet efforts can be, when we see in the American press a team of Lithuanian, of Latvian athletes being referred to as "Russians". Behind the Iron Curtain, the efforts to destroy national identity take on increasingly familiar forms, such as arrests for contrived political reasons, complex systems of exile, or the nefarious practice of imprisoning individuals of conscience in "psychiatric hospitals".

These various practices show how important it is to see the Soviet efforts for what they really are, and the Lithuanian people depend on the truth remaining known in the free world and especially in the United States. As long as the truth remains known about Lithuania's right to freedom, her people will continue to be nourished by the promises held forth by the ringing words of America's own Declaration of Independence:

"We hold these truths to be self-evident, that all men are created equal, that they are endowed by their Creator with certain unalienable Rights, that among these are Life, Liberty and the pursuit of Happiness."

As other nations have lived by these principles, so Lithuania hungers to live by the same right to freedom, a right so basic that we resolve wholeheartedly to continue to insist that the world cannot be said to live in peace when freedom is so flagrantly denied to the people of my ancient homeland.

Times change, it is true; and political climates change, and the slogans that accompany them. People used to speak of the absence of "hot" war as a hopeful state, called "peaceful coexistence." Now there is more and more talk of "détente," as though a state of mind or a set of semantic symbols truly represented something in reality. People who truly love freedom know what the reality of Soviet promises is, and what the reality is of people who suffer Soviet subjugation and who know what freedom is because they are willing to suffer in its pursuit.

Those whose eyes are not blinded by slogans, and who are willing to learn from the past, will realize how much to the point were the words of Brezhnev to his people in December, 1972, when he stressed the inevitability of ideological warfare between the communist and capitalist societies. The battle lines are truly drawn, and we should always take care not to be the dupes of words. Let us rather look to the deeds of those who profess to champion "peaceful coexistence".

In remembering that a "realistic" view of world affairs does not have to mean a view that fails to recognize how hopes and values dynamically shape human realities, let us note how important it is for the world that the United Nations become a body capable of effective championing of its ideals.

In weighing the possibilities available to the U.N. as a politically expressive force in the world, I am thinking in particular of the November 30, 1973 General Assembly resolution that reads as follows, in part:

"It is imperative that the United Nations should become a more effective instrument in safeguarding and strengthening the independence and sovereign equality of all States, as well as the inalienable right of every people to decide its own fate without any outside interference, and that it should take firm action, in accordance with the Charter of the United Nations, to oppose foreign domination and to prevent and suppress acts of aggression or any other acts which, in violating the Charter, may jeopardize international peace and security."

Such words speak to the heart of the Lithuanian people's hope that we will one day regain our national freedom and independence. We vow to work bravely and energetically to that end, believing that our cause must prevail because it is right.

Mr. DOMINICK V. DANIELS. Mr. Speaker, on February 16, 1918, the gallant people of Lithuania declared the establishment of the Republic of Lithuania. This event was the culmination of centuries of hope, hope that Lithuania might once again be a free and independent nation.

For 22 years, Lithuania was a respected and independent nation. Unfortunately, in 1940 along with her sister republics of Latvia and Estonia, Lithuania was swallowed up by its giant neighbor, the Union of Soviet Socialist Republics as a result of the infamous Hitler-Stalin pact of 1939. Earlier a significant number of Lithuanians had been absorbed into Adolf Hitler's Third Reich with the absorption of Memel and adjacent territories. In 1941, Hitler's legions conquered the Lithuanian nation and the Nazis maintained their control until the last days of World War II.

With the defeat of Hitler, the Lithuanian people were once again forcibly included into the Soviet system.

Mr. Speaker, despite years of oppression the proud Lithuanian spirit is untamed. Despite more than 50 years of systematic oppression of the Lithuanian language and culture, Lithuanian nationalism still is a burr under the saddle of those who would Russianize this indomitable people.

On behalf of all the people of New Jersey I salute the great Lithuanian people. Their cause will never be forgotten.

Mr. LANDGREBE. Mr. Speaker, I am proud to participate in the commemoration of the anniversary of Lithuania's independence.

Lithuanians are a proud people who have never forgotten their freedom in spite of alien oppression. Their history is rich and imbued with struggles to be recognized as a separate nation.

The tiny Baltic nation of Lithuania was founded in 1251. It grew to become one of the largest territorial empires and entered into a union with Poland in 1569. This independent state experienced few internal struggles and lived in peace for many years. All this harmony came to an end in 1795, when the Polish-Lithuanian community fell under Russian rule until World War I.

In 1918, on February 16, after years of Russian and German domination, Lithuania reestablished its own government. The sovereign State of Lithuania began to flourish, and agricultural and educational reforms were instituted. For almost 23 years, this tiny nation made its mark in the world community. It is ironic to note that Lithuania was recognized as an independent nation by most of the major powers, including the Soviet Union which signed a treaty in 1920, renouncing all of its territorial claims to Lithuania.

However, in 1940, the Soviet Union, instituting its policy of aggression and expansion, broke its treaty, and invaded with its armies and secret police. After World War II, a new terror commenced, culminating in the death of over 30,000 citizens and the inhuman treatment and deportation of over 350,000 men. This is in a country of 3 million.

It is important to know this history in order to understand the struggle of this people, and that although this may be the history of one nation, it is typical of many small Eastern countries which are now controlled by the Communists.

Let lessons be learned from the history of this valiant country. The people are still struggling against forced russification programs. In 1970, a Lithuanian, Simas Kudirka vainly pleaded for freedom during a tragic incident which President Nixon termed "shocking." In 1972, on May 14, a young Lithuanian committed an act of self-immolation for the cause of freedom. For 2 days, crowds rioted crying, "Freedom for Lithuania."

Mr. Speaker, such powerful and dramatic pleas for independence cannot be ignored. How many more "shocking" incidents need occur while we stand idly by? How can we speak of a détente with a government which attempts to destroy such nationalistic peoples as the Lithuanians?

I, for one, cannot and shall not forget their cries.

Mrs. HOLT. Mr. Speaker, the courageous people of Lithuania are celebrating the 56th anniversary of their declaration of independence at a time when their basic human rights are being denied them by the Soviets.

Lithuanian nationalism dates back to 1251 when all the municipalities of the area which was to become this small Baltic country, were unified. In 1918, the country declared their independence and defeated the Red army to achieve this. A constitution which emphasized the freedoms of speech, assembly and communication, was adopted, and this energetic nation made great progress both economically and in the field of human liberties.

In 1940, the Soviets ruthlessly destroyed these freedoms by occupying the country and determining its satellite status. Although the right of Lithuanians to direct their national destiny ended, their love for freedom was strengthened—their determination to regain this intensified.

For 34 years, these brave people have sacrificed their lives in defiance of Soviet suppression. It remains a compelling moral obligation for those of us in the free world to respond to their hope of freedom, and to encourage our Lithuanian brothers in their struggle for basic human rights.

Mr. GREEN of Pennsylvania. Mr. Speaker, on February 16, 1918, the Lithuanian people declared their independence. After over 120 years of struggle, a Congress of 200 Lithuanian delegates ended domination by both Russians and Germans and created a democratic state. Early in 1919, this independence was challenged by Russian Communists who entered the capital, Vilnius, and installed a Red government, but the courageous Lithuanians drove them out again in 1920. In 1922, a constitution according freedom of speech, assembly, religion, and communication was put into effect.

The 20 years of Lithuanian independence which followed were marked by great advances in the fields of agriculture and social progress and by important achievements in literature and opera. It was an era which paralleled the great cultural achievements in other historic nations.

Unfortunately, this golden era was short lived. On June 15, 1940, the Soviets once again invaded this great country, and Lithuanians were executed and exiled by their Soviet captors. It is a tribute to this great people, however, that no amount of Soviet brutality could break their spirit and their desire for independence.

They have had the grit to go on. Their struggle for freedom continues. That struggle shall ultimately result in victory, as did the American battle for independence.

That is why it is fitting that we in America should pay tribute to Lithuanian independence and that this special order be held for that purpose. And it is the reason for my own personal continued recognition of Lithuania as a separate state—not a Russian subject—and my own pride in looking forward to the ultimate Lithuanian victory.

It is a struggle with which all Americans can—and should—identify. My prayers are with the Lithuanian people.

Mr. HANLEY. Mr. Speaker, each year on February 16, Lithuanians around the world join together in spirit to celebrate Lithuania's Declaration of Independence. This year as we mark the 56th anniversary of this memorable occasion we also commemorate the bravery and dedication of those Lithuanians who live under the control of the Soviet Union, in their oppressed homeland.

Though they are now dominated by the Soviets, the people of Lithuania still hold the same love of independence and freedom they did when their Republic was born.

The calls for freedom that have echoed throughout Lithuania since their subjugation by the Soviet Union have not gone unheard in the free world. Brave men such as Simas Kudirka, the Lithuanian sailor who sought sanctuary aboard a U.S. Coast Guard cutter, and Romas Kalanta, the young priest who publicly burned himself to death to protest the lack of religious freedom in his country, have brought the story of the Lithuanian people to us here in the free world.

We who enjoy the fruits of freedom cannot afford to forget those who are not as fortunate as we, such as our brothers in Lithuania. It could only be a grave mistake for us to be caught up in the "spirit of Moscow" and forget the plight of our oppressed brethren in Lithuania.

Let us today reassure these people who have been denied their freedom for so long, that we have not forgotten them and that we shall continue to devote our efforts and our prayers to their cause—the cause of freedom and self-determination.

Mr. ADDABBO. Mr. Speaker, I join my colleagues in this special ceremony to commemorate the 56th anniversary of Lithuanian Independence Day. The significance of this annual reminder of the history of Lithuania cannot be emphasized enough as we hear more and more about détente with the Soviet Union

The story of the brief declaration of Lithuanian independence is a reminder to all of us that freedom does not come easily and that once achieved it is preserved only by constant effort. The illegal occupation of Lithuania by the Soviet Union and the oppression of a people who still yearn for liberty is a sad blight on the record of human rights. The lack of self-determination, civil, and religious liberties has not dampened the desire for freedom of these captive people and that is why we pay them tribute each year.

Basic international human rights have been violated and I join my colleagues in extending our hopes to the Lithuanian people for a time when we will celebrate their independence and freedom from the bonds of tyranny.

Mr. COUGHLIN. Mr. Speaker, today we are reminded of the 56th anniversary of the Declaration of Independence of Lithuania. Most anniversaries of independence, like our own, are celebrated with a spirit of nationwide joy and thanksgiving. Lithuania's Independence Day, however, was celebrated only by Lithuanians outside their homeland, for Lithuania has been occupied by the Soviet Union since 1940.

Accompanying the Soviet's occupation are the usual denials of religious freedom, self-determination and human rights. This oppression, however, has not crushed the determined spirit of the Lithuanians to regain their freedom. They revolted in 1941, fought a guerrilla war from 1944 to 1953, and held many demonstrations in the 1960's and 1970's which culminated in the self-immolation of Romas Kalanta.

During a period when our Nation is troubled, I believe we should take the time to examine Lithuania's fight for freedom and support it as well as learn from it. Freedom is not a luxury to be taken for granted—it is the very essence of our country's existence and growth. It is an ideal that is a reality for us, but for some it is only a memory.

I share the hopes of the free world that liberty will thrive again in Lithuania and other captive nations. The right to shape one's own destiny is an individual one as well as a national one, and I sincerely hope to see the restoration of Lithuania's national identity and dignity.

I would also like to take this opportunity to extend to the Lithuanian American Council and to all Lithuanians my support and best wishes for success in the difficult task of peacefully restoring freedom to their homeland.

Mr. MINSHALL of Ohio. Mr. Speaker, why would a people who have been subjugated by another country since 1940 observe the 56th anniversary of their Declaration of Independence? Why would a people, who are denied the right of worship, who are denied the right of self-determination, who are denied the right of dissent, who are denied the right to emigrate, consider themselves free? Because they are free—in spirit.

For centuries Lithuanians knew freedom in their kingdom by the Baltic shore. Then the imperial powers of Russia, Prussia, and Austria conspired against Poland and Lithuania and partitioned the countries amongst themselves. After 120 years of suppression by Russia, Lithuania finally gained her independence on February 16, 1918, 56 years ago. From 1918 to 1940, the independent Republic of Lithuania governed herself admirably. Then another conspiracy was formed, this time between Germany and Russia, and Lithuania once again fell subject to aggression. The U.S.S.R. occupied the country then outright annexed it.

However, the Russians have discovered that although they can subjugate the body, they cannot subjugate the spirit. The Lithuanians have never ceased their opposition to Soviet rule. The Amber Coast has seen revolts, guerrilla wars, demonstrations, and self-immolations. In one decade almost 30,000 Lithuanians gave their lives for freedom.

One can only imagine the number of Lithuanian political prisoners there are in Russia today: Men and women imprisoned or committed to psychiatric hospitals, because of a speech or a publication critical of the U.S.S.R. Such names as Vilnius, Statkevicius, Jablaskus, Sevruk, Lauce, are not as familiar as Solzhenitsyn, but the men are as brave and unrelenting in their search for truth and freedom for their people as Solzhenitsyn is for his people. When their goal is realized, the people may once again sing without fear, "Lithuania, our fatherland, land of heroes."

Lithuanians living in the United States continue to try to help their countrymen. The Cleveland Chapter of the Lithuanian American Council under the able leadership of K. A. Pautienis adopted the following resolution:

RESOLUTION

We, Lithuanian Americans of the Cleveland area, gathered at the parish auditorium of the Our Lady of Perpetual Help Church in Cleveland, Ohio, on Sunday, February 17, 1974, to observe the fifty-sixth anniversary of the restoration of independence of Lithuania; and

To honor those who died for Lithuania's freedom; and

To repeatedly condemn the forceful occupation of Lithuania by the Soviet Union, and the continuing physical, religious and cultural suppression of the Lithuanian people by the Soviets, all of which is the direct consequence of secret Soviet pacts with the former Hitler's regime; and

To alarm all the free peoples of the Soviet genocidal actions by settlement of Russian and other colonists on Lithuanian soil with the intent to alter the ethnic character of Lithuania's population, and also the recently intensified anti-religious activities seeking to destroy all churches; and

To recall the sad fate of Simas Kudirka, the many priests and thousands of Lithuanian citizens in the forced labor camps in Siberia.

Now, therefore, be it resolved, that:

1. We repeat our demands for the complete withdrawal of Soviet armed forces and all of their agents, thus enabling the Lithuanians to govern themselves.

2. We express our gratitude to the Administration and the Congress of the United States for the refusal to recognize the seizure of Lithuania by the Soviets and for the moral support for the Lithuanian cause, and also request that our Administration modify its present foreign policy by seeking freedom for Lithuania and the other Soviet enslaved nations.

3. We urge our Administration to direct the attention of the world opinion on behalf of the restoration of human rights in Lithuania and to protest such frequent violations by the Soviets.

4. We also urge our Administration to withhold any further aid to the Soviet Union until it releases Simas Kudirka and the countless numbers of other prisoners.

And finally, be it resolved to forward copies of this resolution to the President of the United States, the Secretary of State, to all Members of the U.S. Senate and the House of Representatives from Ohio and to the news media.

Although the United States has refused to recognize the seizure of Lithuania by the U.S.S.R., we must also actively press for the compliance of the Soviet Union with the U.N. Declaration of Human Rights. In view of this responsibility, I have introduced the following House concurrent resolution:

CONCURRENT RESOLUTION

Whereas the United States of America was founded upon and long cherished the principles of self-determination and freedom; and

Whereas these principles, expressed in the sovereign quality of nations, are the very reason for the existence of the United Nations, as set forth in the charter of that world organization; and

Whereas the United States and all other members of the United Nations have solemnly pledged themselves to make these principles universal and to extend their benefits to all peoples; and

Whereas, on December 10, 1948, the General Assembly of the United Nations passed the Universal Declaration of Human Rights which was accepted both by the United States and the Union of Soviet Socialist Republics, defining said rights as relating to citizens of all member states; and

Whereas, since 1918 Soviet communism has, through the most brutal aggression and force, deprived millions of formerly free peoples of their right to self-determination; and

Whereas the Congress of the United States has unanimously expressed in Public Law 86–90, approved July 17, 1959, its revulsion at the continued enslavement of the peoples of Eastern and East Central Europe who were described by the said public law as captive nations; and

Whereas the Hungarian, Polish, Czech, Slovak, Carpatho-Ruthenian, Latvian, Lithuanian, Estonian, East German, Rumanian, Bulgarian, Albanian, Ukrainian, and White Ruthenian peoples may only look to the United States and the United Nations for the restoration of their national self-determination and political independence; and

Whereas the member nations of the United Nations have failed to bring before the General Assembly for successful discussion the problem of self-determination and political independence of the peoples of Eastern Europe; and

Whereas, despite the numerous resolutions passed by the United Nations General Assembly, Russian occupation troops are still maintained in Hungary and the issue of their removal has not come up for discussion in the Assembly since 1962; and

Whereas it is vital to the national security of the United States and to the perpetuation of free civilization that the nations of the world act in concert through the forum of the United Nations in demanding national self-determination and political independence for the peoples enslaved by Communist governments; and

Whereas the Constitution of the United States of America, in article II, section 2, vests in the President of the United States the power, by and with the advice of the Senate, to make treaties and to appoint Ambassadors: Now, therefore, be it

Resolved by the House of Representatives (the Senate concurring), That the President of the United States is hereby authorized and requested to instruct the United States Ambassador to the United Nations to request at the 1974 session, that (1) the United Nations insist upon the fulfillment of its charter provisions based on self-determination of all peoples in the form of the sovereign equality of states and condemnation of colonial rule; and (2) the Soviet Union be asked to abide by its United Nations membership obligations concerning colonialism and interference with the sovereignty of other nations through the withdrawal of all Soviet Russia troops and agents from other nations now under Communist rule and through returning to their respective homelands all political prisoners now in prison and labor camps; be it further

Resolved, That the President of the United States is further authorized and requested to use all diplomatic, treaty-making, and appointive powers vested in him by the Constitution of the United States to augment and support actions taken by the United States Ambassador to the United Nations in the interest of self-determination and political independence of these nations.

Mr. WIDNALL. Mr. Speaker, today it is my pleasure to add my sincere good wishes to the Lithuanian people on the occasion of the 56th anniversary of the Lithuanian independence day which occurred February 16.

It is important to note that the Lithuanian in his native country is unable to openly celebrate this event because of subjugation by the Soviet Union since 1940. However, the desire to be independent still burns in the hearts of the Lithuanian, and it serves as a source of inspiration for us and others who strive to maintain our liberties. Lithuanians in recent years have taken bold steps in attempting to establish their religious and political freedoms.

I, along with many other Americans, recognize the contributions of Lithuanians in the United States, and am aware of their dedication and desire to achieve their national identity. We hope that their efforts are not in vain.

I look forward to the day when Lithuanians will be able to celebrate their Independence Day in Lithuania and again express my congratulations to the Lithuanians for their determined efforts.

Mr. MOORHEAD of Pennsylvania. Mr. Speaker, I am happy to be a participant in the commemoration of the 56th anniversary of the Lithuanian independence.

Although Lithuania has been a satellite state of the Soviet Union ever since World War II, Lithuania had once been an independent country under its first president, Antanas Smetona, in 1918. The Soviet Communists have attempted to obliterate the religion of the Lithuanians and they have collectivized the Lithuanian farms without the permission and the will of the Lithuanians themselves. However, Lithuania is just one of the several countries which the Soviet Union has forcefully and unjustly annexed to its "Communist Empire." Thus, I feel deeply for these trampled people and will support, wholeheartedly, their cause, and that of others, against oppressive communism.

Mr. DONOHUE. Mr. Speaker, it is a particular personal privilege and pleasure to join with my colleagues here this afternoon in commemorating the origin of Lithuania's independence 56 years ago.

This very special historical event occurred on February 16, 1918, after Lithuania had been occupied by czarist Russia for more than 100 years.

Under the Soviets hundreds of thousands of Lithuanians were rounded up and deported to torturous camps in Siberia. Thousands more were falsely accused of being political enemies and were murdered.

Religious practice was suppressed. Every Communist effort was and has been consistently made to eliminate the world renowned culture of the proud Lithuanian people.

Nevertheless, the supremely courageous people of Lithuania have not given up and never will give up their undying determination and desire to be free and independent again.

They have demonstrated themselves to be a stalwart people who will never abandon the moral values that are their heritage.

The brave and dignified conduct of the Lithuanian people, under Communist slavery, provides all the world with a noble example and inspiration that an unyielding spirit can resist and remove any injustice, no matter what it is.

However, as Americans, we must never pause or hesitate in our efforts to give every possible hope and aid to the Lithuanian people in their just cause.

In all appropriate assemblies and particularly in the U.S. Congress, we must continue to repeatedly condemn the illegal suppression of Lithuania, and other Baltic countries by the Soviet Union.

I believe that if we persevere in our determination to keep the penetrating searchlight of truth upon the oppressive conduct of the Communist leaders they will eventually be impelled to withdraw their forces from Lithuania and let these great people freely govern themselves.

The history of the world very clearly shows that all temporary tyrants and tyrannies must come to an end and that eternal truth and justice must finally prevail.

Let us all continue to work together to speed the ending of this tyranny in Lithuania.

GENERAL LEAVE

Mr. FLOOD. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the subject of my special order today.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

EXPORT POLICY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Connecticut (Mr. McKinney) is recognized for 5 minutes.

Mr. McKINNEY. Mr. Speaker, last year, due to overambitious export policies, last minute export controls had to be imposed on soybeans to avoid critical shortages at home. Judging from current predictions of shortages in wheat and other vital raw materials, it appears that Agriculture Secretary Butz and others who make U.S. export policy are again willing to sell the entire domestic supply of vital materials out from under the American people. Unless Congress acts immediately to reform export policy which is now based on misinformation and wishful thinking, we face the intolerable possibility of importing large amounts of Canadian wheat and other once abundant materials to meet our immediate needs.

If the Departments of Agriculture and Commerce are unable to accept the responsibility to adequately provide for our resource requirements through reasonable export policies, I propose that Congress adopt measures similar to the four point plan of the American Bakers Association to insure that exports of farm products, and other essential resources, do not cause domestic shortages.

The plan calls for: the determination of the minimum supply of any material—of which the United States is a net exporter—needed for domestic use during each quarter of the fiscal year; the formulation of a plan to get that amount into the domestic markets; authority to delay delivery of such resources to foreign buyers until U.S. requirements are met; and finally, the imposition of export licensing requirements to effectively control the flow of products.

Mr. Speaker, the present condition of U.S. wheat supplies unmistakably demonstrates the need for such action by Congress. The Department of Agriculture now predicts that the carryover supply of wheat from the winter crop will be 178 million bushels, the lowest carryover in 27 years. On the basis of continued exportation at the present rate, others close to the situation predict that there will be a deficit of 2.1 million bushels by June 30—the date the new crop will begin to be sold.

Denying the possibility of a shortage, the Department of Agriculture admits the possibility of "regional dislocations." As a New Englander who is living through a gas shortage, I know only too well what a regional dislocation is and I do not intend to have the people in my area regionally dislocated again. The Eastern United States could be without bread from late May until September if, as a result of rampant exports, the domestic wheat supply ceases to flow to mills in the Midwest for even 2 weeks before the new crop is harvested.

The present policy would allow the people of some regions to suffer a shortage of bread. The present policy risks those shortages by depending on optimum weather conditions, adequate fuel supplies to harvest the crop, and sufficient fertilizer—made from fuel-based products. Whether the American people have enough grain products depends upon the willingness of Canada and other nations to sell the remainder of their winter crop to ease the pressure on the American market, the willingness of the Russians to defer delivery of past wheat purchases, and it depends upon the unlikely willingness of American farmers to flood the market with the entire spring crop immediately after the harvest.

When, due to high meat prices, most families depend heavily on grain products for their nutritional needs, there is no justification for a policy which entails such risks. Congress must act to eliminate those unnecessary risks and establish sound export policies.

It is alleged that the current policies have resulted in a favorable shift in the U.S. balance of trade. I believe Congress must weigh the value of a trade surplus achieved at the cost of high, inflationary prices for grain products. In that the United States produces more than three times its annual domestic wheat consumption, such high prices, or a shortage, are inexcusable.

Others oppose any change in present export patterns because that action may anger foreign customers and give the United States a bad reputation in the international market.

While remembering that the foundation of government policy should not be to please foreign buyers, but to see that domestic needs are met, I believe a nation which feeds its citizens will gain the respect and favor of the entire international community.

The policymakers have had to admit the inadequacy of the current export policy on several occasions. During the last 2 years, export controls were hurriedly placed on soybeans, as well as copper and steel scrap. Even now, arrangements are being made to lift import quotas to allow the purchase of Canadian wheat if a shortage develops. These plans are explained as "safety measures."

I believe a safer course would be for Congress to establish a workable resource reserve program, such as the American Bakers Association has proposed, to avoid the threat of needless shortages.

Mr. Speaker, the American people are being victimized by unrealistic estimates of domestic needs and policymaking on the basis of hopes—not facts. Congress has the opportunity, and the duty, to require the Departments involved to fulfill their responsibility to protect the welfare of the people by establishing effective food and resource reserve programs.

STATE-CONDUCTED LOTTERIES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Maryland (Mr. Hogan) is recognized for 30 minutes.

Mr. HOGAN. Mr. Speaker, like other forms of gambling, the lottery has a long, colorful history in America. All Thirteen Original Colonies established revenue-raising lotteries, and several of the country's oldest universities trace their financial origins back to 18th century lottery wheels. By 1830, authorized and unauthorized lotteries were collecting an estimated $60 million, five times the entire Federal budget. A series of scandals, however, turned public opinion and the Congress against lottery promotion, and by 1900 the legal lottery had disappeared.

Its reemergence as a revenue device dates back to 1964 and establishment of the New Hampshire Sweepstakes. Since then, seven other States have commenced to operate lotteries and another 20 are expected to follow suit in the next few years.

As the proliferation of State lotteries increases, interest in the revision or repeal of Federal statutes which inhibit their operation continues to mount. Current Federal law impedes the operation of State lotteries in a variety of ways:

It prohibits the mailing, or transportation across State lines, of lottery tickets. 18 U.S.C. 1301, 1302; 39 U.S.C. 3005;

It prohibits the mailing, or delivery across State lines, of newspapers containing lottery advertisements or lists of prizes drawn. 18 U.S.C. 1301, 1302;

It prohibits radio and television broadcasting of lottery advertisements or information concerning their operation. 18 U.S.C. 1304;

It prohibits the transportation of lottery materials across State lines. 18 U.S.C. 1953; and

It imposes an excise tax upon State lottery operations unless the winners are determined by the outcome of a horserace. 26 U.S.C. 4402.

With the exception of the tax provision, which the States have managed to maneuver around by basing lottery drawings on horserace results, Federal law imposes a real burden upon State lottery operations.

Mr. Speaker, because of the apparent need to change the Federal laws which impede the operation of those lotteries, I am today introducing legislation to amend titles 18 and 39 of the United States Code to exempt State-conducted lotteries from certain restrictive provisions of the Federal law. The effect of this legislation would be to allow States to freely conduct a lottery system within reasonable bounds.

Section 1084 of title 18 U.S.C. would be amended to permit the transmission of lottery information interstate as long as the information emanates from a jurisdiction where the lottery is State-conducted and is transmitted into a jurisdiction which permits the placing of bets or wagers on the former State's lottery.

Section 1307(a) of my proposed legislation seeks to render section 1301 nugatory with respect to State-conducted lotteries. Thus, the interstate transportation of lottery tickets, advertisements, and prize lists would be permitted. Inasmuch as the proposed section 1307(a) does not indicate that the tickets, and so forth, must be transmitted solely under the authority of an appropriate State agency, a private individual would be protected if he transports lottery tickets interstate as long as the tickets are obtained in, or perhaps originate from, a jurisdiction having State conducted lotteries. It would also insure that lottery information could be broadcast over radio and television.

Mr. Speaker, due to these existing restrictive Federal statutes, State-conducted lotteries are finding it costly to administer certain procedures. Since it is illegal to mail lottery tickets across State lines, those lottery States appealing to the out-of-State market, require that names and addresses be recorded on the tickets and that the tickets themselves be left inside the State. Receipts are issued as records of the tickets, but do not represent claim instruments. Aside from the cost involved, this procedure is annoying to many potential players. In addition, many newspapers and radio and television, are in violation of the law.

During the two centuries of this Nation's history, public policy has moved back and forth between permissive and restrictive attitudes toward State-conducted lotteries. Judging from the action of a number of State legislatures, the tide is now running strongly in favor of legalizing lotteries.

In the meantime, States are moving ahead on other fronts in their efforts to change the Federal law. Recently, the Third Circuit Court of Appeals unanimously held that 18 U.S.C. 1304 does not proscribe the broadcasting of winning numbers in State lotteries as a news item, such a broadcast is protected by the first amendment. The Court restricted the application of 18 U.S.C. 1304 to promotion of lotteries for which the licensee receives compensation.

Mr. Speaker, each of the Federal statutes were originally intended to discourage the growth of illegal games, yet, it has resulted in impeding the evolution of State-conducted lotteries. A congressional review has begun, with the creation of the Commission To Review the National Policy Toward Gambling, but Federal law does not seem slated for early revision. States anxious to act in the gambling field will have to work around Federal law for the time being.

The bill follows:

DISCUSSION DRAFT, JUNE 18, 1973

A bill to amend titles 18 and 39 of the United States Code, to exempt State-conducted lotteries from certain prohibitions of Federal law

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 1084 of title 18, United States Code, is amended by adding at the end thereof the following new subsection:

"(e) Nothing in this section shall be construed to prevent the transmission of any information with respect to lotteries, gift enterprises, or similar schemes conducted by any agency of a State under authority of law from any State in which such lotteries, gift enterprises, or similar schemes are conducted into any State which has enacted a law specifically permitting the placing of bets or wagers on such a lottery, gift enterprise, or similar scheme."

(b) (1) Chapter 61 of title 18, United States Code, is amended by adding at the end thereof the following new section:

"§ 1307. State-conducted lotteries, gift enterprises, or similar schemes.

"(a) Sections 1301, 1302, 1303, and 1304 of this chapter shall not apply with respect to any lottery, gift enterprise, or similar scheme conducted by any agency of a State under authority of law.

"(b) For the purposes of this section, the term 'State' means the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Trust Territory of the Pacific Islands, or any other territory or possession of the United States."

(2) The analysis of chapter 61 of title 18, United States Code, is amended by adding at the end thereof the following:

"1307. State-conducted lotteries, gift enterprises, or similar schemes."

(c) Section 1953(b) of title 18, United States Code, is amended by inserting immediately after "publication" the following: ", or (4) the transportation of any materials or information with respect to lotteries, gift enterprises, or similar schemes conducted by any agency of a State under authority of law from any State in which such lotteries, gift enterprises, or similar schemes are conducted into any State which has enacted a law specifically permitting the placing of bets or wagers on such a lottery, gift enterprise, or similar scheme."

SEC. 2. Section 3005 of title 39, United States Code, is amended by redesignating subsection (c) as subsection (d) and by inserting immediately after subsection (b) the following new subsection:

"(c) This section does not apply to any lottery, gift enterprise, or scheme for the distribution of money or of real property or personal property, by lottery, chance, or drawing of any kind conducted by any agency of a State acting under authority of law. For the purposes of this subsection the term 'State' means the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Trust Territory of the Pacific Islands, or any other territory or possession of the United States."

THE RIGHTS OF NURSING HOME PATIENTS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Maine (Mr. COHEN) is recognized for 5 minutes.

Mr. COHEN. Mr. Speaker, in December of last year, I introduced H.R. 11759, the nursing home patients' bill of rights. As I stated at that time, the aim of this measure is to provide firm assurances to patients in nursing home facilities that their rights as citizens and human beings will continue to be recognized and respected. The legislation was developed with the help of numerous individuals knowledgeable and concerned about the problems encountered in long-term care facilities throughout this country. The rights it guarantees include the rights to privacy, to unrestricted communications with those inside or outside the nursing home, to adequate medical care, and to full knowledge of one's medical condition and proposed treatment.

I would like to take this opportunity today to inform the Members of the House of several developments which have occurred in the ensuing months. I am pleased to announce that the patients' bill of rights has now been introduced on the Senate side by Senators PERCY, CHURCH, and MOSS. These Senators, of course, have long been respected for their concern and involvement in the problems of the elderly. Also, the Department of Health, Education, and Welfare in a letter to me and in a statement in the Federal Register has indicated their intention to issue regulations on patients' rights and I understand that officials in the Department are continuing their work in this area at the present time.

I would also like to share with my colleagues some of the many expressions of support for H.R. 11759 which I have received from citizens throughout the country. The patients' bill of rights is now pending before the House Ways and Means and the Senate Finance Committees. While I recognize the heavy responsibilities these committees are presently carrying, it is my sincere hope that the concerns expressed in the following letters will encourage the committees to give favorable consideration in the near future to the enactment of the nursing home patients' bill of rights.

The article follows:

MEDOWAK, MAINE, *February 1, 1975.*

Hon. WILLIAM S. COHEN,
House of Representatives,
Washington, D.C.

DEAR REPRESENTATIVE COHEN: We were pleased to read about your bill H.R. 11759 regarding Nursing Homes and Boarding Homes. It is long past due and we heartily support it.

Sincerely,

CLARENCE AND ARLENE SLOOTMAKER.

NATIONAL RETIREMENT CONSULTANTS,
Columbus, Ohio, February 14, 1974.

Hon. WILLIAM S. COHEN,
Congress of the United States, House of Representatives, Washington, D.C.

DEAR MR. COHEN: Thank you for the copy of your proposed legislation on "Federal Nursing Homes Patients' Bill of Rights." You and your colleagues are to be commended. It is a good piece of work that should be included in the Social Security Act.

It is a sad commentary on life, however, when such a bill is necessary, but life being what it is sometimes such action is required. You stated in your address that one nursing home administrator told you that operating under these guarantees is just good business sense. For him the bill is not needed; but for those that do not operate in that manner, will the message reach them? Can the bill be reenforced?

Having the bill and calling it to the attention of the nursing home patient might not be enough. Many people who are patients in nursing homes are incapable of realizing their right either through lack of education or timidity or both. They might not be aware that they need a sponsor or guardian. In these cases the bill might be useless. Again how can the bill be enforced? Possibly we should have a federally administrated ombudsmen system for the elderly to guarantee the bill of rights.

Again, I commend you for authoring the bill and I hope that it meets with success in both the House and Senate. If my organization can be of help in the preparation of future legislation, I would be happy to help.

Sincerely yours,

GEORGE BOE.

BATH REGIONAL ASSOCIATION
FOR RETARDED CHILDREN, INC.,
Bath, Maine, January 30, 1974.

Hon. WILLIAM COHEN,
House of Representatives,
Washington, D.C.

DEAR REPRESENTATIVE COHEN: The Bath Regional Association for Retarded Children, Inc. would like to voice our support for H.R. 11759, a bill which we understand would guarantee the civil rights of nursing and boarding home residents. Our Association provides an activity program for many disabled adults who reside in such homes. We have first hand knowledge of their rights being infringed upon.

Since the State of Maine has set a goal of returning many institutionalized people to the community, we feel that it would be in their best interests to have their rights guaranteed. We would appreciate a copy of the resolution and also would like to hear of it's progress.

Thank you for your efforts.

Sincerely,

ROBERT L. JONES,
Executive Director.

NOVEMBER 28, 1973.

STATEMENT MADE AT BLAINE HOUSE CONFERENCE WORKSHOP BY KATHERINE HULSEY

After several years of extensive visiting with patients in nursing and boarding homes, I am convinced of the need of a Bill of Rights for these disadvantaged human beings. I am also of the following opinions:

1. Any patient in a nursing or boarding home is a "Potential Prisoner of the Proprietor".

2. Although many patients are getting good care, there are also many who have no way of communicating with the outside, no way to better their so-called "living" and no way to obtain legal assistance. Furthermore, in many cases when efforts to help disadvantaged persons fail, it results in less care, worse treatment and hardships to the patient.

3. A nursing or boarding home facility can not be properly judged by its appearance. Some of the most unpretentious, drab homes give excellent personal care to each and every patient while some modern, highly-rated facilities care nothing about the individual patients.

4. A patient's emotional and mental well-being is as important, if not more important, than their physical well-being.

Please picture yourself—suddenly confined to a nursing or boarding home.

You will be lucky if you ever make another decision—when and what to eat, how much, when you go to bed and who you room with.

You may never again have a moment of privacy—no curtains around your bed, limited space and your door always open.

You might have a comfortable chair to sit in while out of bed.

You will never make or receive a telephone call.

You might or might not receive mail. Or it might be opened by the proprietor.

Perhaps the proprietor will forbid visitors. If you do have company someone might hover around to "listen".

Maybe you like to read—no light. Or watch T.V.—no outlet. Or listen to your radio—no room. The sun might bother your eyes—no shades.

If you complain, you might be told to leave. You might get shipped out—perhaps to Augusta State Hospital.

Perhaps while you still have your sanity, your roommates are mental patients. Or perhaps they are uncompatible.

Maybe you will like your doctor—if you ever see him.

Maybe you will be worried about your money. You wonder where it is. Perhaps your check will be brought to you to sign, but you never will have any money for small necessities.

Perhaps your hair will never be washed because you have no means of paying the hair dresser who comes around.

Perhaps you will never see your personal belongings again. They might be "locked up" for safe keeping.

Perhaps you will make some friends and become "adjusted". Then suddenly, without warning, you will be moved to another floor or wing. Or perhaps you will be put into an ambulance and whisked off to another facility—maybe better, maybe worse. Maybe far away from those you know.

Friends may want to write, but perhaps your forwarding address will be given to no one.

As a fastidious person, you may have trouble adjusting to indecent odors.

You may be hungry and lonely.

Perhaps you will be tranquillized enough so you do not care.

This is an ulgy picture. But it could be you or me some year in the future.

STATE COUNCIL OF OLDER PEOPLE,
Portland, Maine, February 5, 1974.

Hon. WILIAM S. COHEN,
House of Representatives,
Washington, D.C.

DEAR REPRESENTATIVE COHEN: At the February fourth meeting of the State Council of Older People, the Board of Directors unanimously passed a resolution supporting your bill HR 11759 for a Federal Nursing Home Patients Bill of Rights and urged that all members of the Board write to you personally concerning their support of this bill and also take the word back to the areas in Maine which they represent.

As you perhaps know, three directors of this group are elected from each of the five Task Force Areas in Maine so that Maine's elderly are well represented by this organization. We have a membership of approximately four thousand senior citizens.

Sincerely yours,

MRS. JUNE F. PERKINS,
Secretary.

AMERICAN ASSOCIATION OF RETIRED PERSONS, NATIONAL RETIRED TEACHERS ASSOCIATION,
Washington, D.C., January 8, 1974.

Hon. WILLIAM S. COHEN,
Washington, D.C.

DEAR CONGRESSMAN COHEN: I was glad to receive your letter of December 21 enclosing a copy of H.R. 11759 providing for a patients' bill of rights in skilled and intermediate nursing homes. I have read the bill with care and feel that its adoption would strengthen the position of patients in all nursing homes and would measurably improve the standards of care in many homes where such standards are not fully observed. It is important for good patient care that patients' rights be clearly defined.

I will write to Congressmen Mills and Schneebeli urging hearings on the bill, and if hearings are held I would be happy to testify in its favor. In the meantime, if you will furnish us with 25 additional copies of the bill and your statement from the Congressional Record we will also see that members of our Legislative Council, who are in contact with State legislatures, receive copies. The fact that Maine is moving forward on this will be of interest to them.

Sincerely,

JOHN MARTIN,
Special Consultant.

KHARTUM 1 YEAR LATER

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Indiana. (Mr. HAMILTON) is recognized for 10 minutes.

Mr. HAMILTON. Mr. Speaker, 1 year ago I rose in this Chamber to express regret and sorrow over the tragic murder of two senior U.S. diplomats in Khartum, Sudan, by some Palestinian terrorists of the small Black September guerrilla faction. At that time, I expressed my concern that such acts might threaten cease-fires in the Middle East and that, if this crime against Cleo Noel and Curt Moore, two innocent officers in the service of their country, passed without trials of the perpetrators, terrorism and violence will only increase and cycles of terrorism and counterterrorism will gain more acceptance as a fact of life.

Today, I regret to report that there has been no formal trial of the 10 men arrested and accused of involvement in the crime. In fact, two of the men originally accused of involvement are now free because they could demonstrate that they had no advance knowledge of the act to be committed.

It is true that preliminary court actions have occurred and are supposed to near completion soon. In September 1973, a brief session was held but action was postponed in part because several of the defense lawyers had been detained by the Sudanese Government on unspecified charges relating to internal political troubles. Sessions before a magistrate resumed in November, seeking to determine what charges, if any, were to be brought against the arrested. The sessions are still in progress, and it is hoped that final action in these preliminary hearings will result in formal charges and the opening of a trial.

But the fact remains that a year has passed and little has happened. It would be unfortunate if, with the passage of time and the occurrence of other important events in the area, moods have changed and this matter no longer receives a high priority.

For example, the United States, with a new Ambassador in Khartum, may be today reluctant to push the Sudanese as hard on this issue as it did several months ago because it considers the Sudanese Government to be friendly, moderate, and understandably anxious to avoid strains in its relations with some of its more radical Arab neighbors. On another side, the Sudanese may be concerned that such a dastardly act could occur on their soil, but they may today be more preoccupied with trying to heal internal wounds caused by a long and bloody civil war between blacks and Arabs and trying to preserve workable relations with Palestinian groups so that Sudan will not be a target spot again. And 1 year later many Palestinian leaders, except perhaps those of the Black September group, may be fairly well convinced that what happened in Khartum was a big mistake. They may even say now they are willing to try to prevent such acts in the future.

Mr. Speaker, we seem to be on the road toward a lasting Mideast peace which must eventually solve the Palestinian issue. But the road to peace will be long and there will be many stops, starts, and detours along the way.

Our preoccupation with getting peace talks in the Middle East started and moving, however, should not deter us from consideration of many other and related problems of the Middle East. Getting the oil embargo and production cuts lifted as soon as possible is one problem. Curbing terrorism on all sides is another. And continuing to urge and insist on a fair trial, public or closed, in the Sudan or elsewhere for those arrested in the killings of Cleo Noel and Curt Moore is another issue that we must press forward on all fronts. If we do not, the cause of true peace in the Middle East may be hindered and terrorists acts could again go unanswered, thereby once more fascinating and encouraging extremists and fanatics in the Middle East and elsewhere to air their frustrations with themselves and with the world in desperate acts of violence. I hope that the trial in the Sudan commences soon and justice is achieved in due course.

HEARINGS ON EDUCATION OF HANDICAPPED CHILDREN

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Indiana (Mr. Brademas) is recognized for 30 minutes.

Mr. BRADEMAS. Mr. Speaker, one of the greatest human problems to which we must yet address ourselves is the education of handicapped children. Early last year, 13 of our colleagues joined me in introducing H.R. 70, the education for handicapped children bill. If this legislation were enacted, the Federal Government would help States provide special education for nearly 3 million handicapped children.

Joining me in sponsoring this bill, Mr. Speaker, were the gentleman from Kentucky, the distinguished chairman of the Committee on Education and Labor, the Honorable Carl D. Perkins; the gentleman from New Jersey (Mr. Thompson); the gentlelady from Hawaii (Mrs. Mink); the gentleman from Washington (Mr. Meeds); the gentleman from Missouri (Mr. Clay); the gentlelady from New York (Mrs. Chisholm); the gentlelady from Connecticut (Mrs. Grasso); the gentleman from Kentucky (Mr. Mazzoli); the gentleman from Michigan (Mr. O'Hara); the gentleman from Pennsylvania (Mr. Dent); the gentleman from New York (Mr. Koch); the gentleman from Michigan (Mr. Ford); and the gentleman from New York (Mr. Badillo).

Mr. Speaker, this week the Select Subcommittee on Education, which I have the honor to chair, will begin hearings on this measure.

Among the witnesses scheduled to testify will be the Governors of two of the largest Eastern States, the Honorable Milton Shapp of Pennsylvania and the Honorable Francis W. Sargent of Massachusetts.

The hearings will be held 9:45 a.m. on Wednesday and Thursday, March 6 and 7, in room 2175 of the Rayburn House Office Building.

Also scheduled to testify during the hearings will be Ewald B. Nyquist, commissioner of education for New York State, and Daniel Ringelheim, director of special education of the New Jersey State Department of Education.

We shall be hearing as well, Mr. Speaker, from a panel of attorneys who will discuss the constitutional rights to education of handicapped children. Included on that panel will be Thomas L. Shaffer, dean of the University of Notre Dame Law School; Donald Hollingsworth, an attorney from Memphis, Tenn.; and Pat Wald, a lawyer from the mental health law project of Washington.

Concluding our witnesses this week, Mr. Speaker, will be several parents of handicapped children, including Marilyn Gorham of Silver Spring, Md.; Muriel Lee of Nashville, Ind., and Samuel Teitelman of New Haven, Conn., who will tell us of their experiences in attempting to find appropriate educational settings for their youngsters.

DIMENSIONS OF THE PROBLEM

Mr. Speaker, there are, today, approximately 7 million handicapped preschool and school-age children. These children seek little more from life than other children—to learn and to grow—so that as adults they may contribute to society and enjoy the benefits of our great land. Yet these children, Mr. Speaker, continue to remain among the greatest sufferers of pain and injustice.

Their handicapping conditions vary: Mental retardation, deafness, speech impairment, visual damage and blindness, emotional disturbances, as well as motor and limb disabilities and multiple handicaps. But these youngsters, the "exceptional" among us, share one reality in common: the majority of them are still denied the opportunity to reach their full potential.

HANDICAPPED CHILDREN ARE NOT ADEQUATELY SERVED

Mr. Speaker, I am sure my colleagues will be destressed to learn that 60 percent of the 6 million school-age handicapped children in America are not now receiving any of the special educational services they need to develop their full potential. Fully 1 million children of that 60 percent, Mr. Speaker, are totally excluded from any form of publicly assisted education.

Literally hundreds of thousands of these young Americans are committed to caretaker institutions which provide only physical sustenance and are unable to meet the special educational needs of these children. Many of us will recall for example, the intense debate over the often deplorable conditions at the Willowbrook State School in New York State, a school which houses some 5,000 mentally retarded persons.

A special Federal task force created by the Secretary of the Department of Health, Education, and Welfare was sent to investigate that institution and observed in its report of October 1972, that a "very large number" of residents received only basic maintenance care. The investigative team further noted that this basic care was, itself, too often substandard, and they cited the nearly complete absence of eye examinations, the primitive quality of dental care, and the availability of medical services "only when crises occurred."

We are then, Mr. Speaker, not talking simply of the absence of training and education; we are speaking about the lack of even minimally adequate mainteance services for handicapped children.

STATE DIFFERENCES

In all candor, Mr. Speaker, whether a handicapped child receives educational services, depends, in large measure, on where that child lives. And we face, here, the major problem of providing educational services to handicapped children: the financial inability of the States to provide them.

Consider, Mr. Speaker, that in the 1971–72 school year:

Seven States were providing educational services for less than 20 percent of their handicapped children.

Nineteen States were serving less than 31 percent of their handicapped children.

Only 17 States in the entire country served more than 50 percent of their handicapped children.

Equally disturbing, Mr. Speaker, are the patent disparities in educational services when these services are considered by the nature of the disability.

I include here, once again, a chart, produced by the Council for Exceptional Children, that indicates that only 57 percent of trainable mentally retarded youngsters, 52 percent of speech-impaired children, 17 percent of the hard of hearing, 13 percent of the seriously emotionally disturbed, 45 percent of the deaf, 35 percent of the crippled, and 26 percent of the multihandicapped, are receiving the appropriate special educational services which they desperately require:

TABLE I.—HANDICAPPED CHILDREN BY DISABILITY RECEIVING AN EDUCATION

	TMR	EMR	HH	D	SI	VI	ED	C	OHI	MH
Estimated number of handicapped children	191,063	1,147,803	260,981	45,681	2,145,647	64,718	749,441	183,802	1,089,147	35,838
Number of handicapped children being educated	109,175	594,646	44,430	20,771	1,122,232	22,718	99,400	63,450	165,589	9,242
Percent of handicapped children being educated	57	52	17	45	52	35	13	35	2	26

Key: TMR—trainable mentally retarded; EMR—educable mentally retarded; HH—hard of hearing; D—deaf; SI—speech impaired; VI—visually impaired; ED—seriously emotionally disturbed; C—crippled or orthopedically handicapped; OHI—other health impaired (includes learning disabled); MH—multiply handicapped.

Clearly, Mr. Speaker, if we are to improve upon these woefully inadequate figures, we must provide additional assistance to the States to provide the services these children need.

EFFECT ON SOCIETY

But, Mr. Speaker, beyond the destructive effects to the individual child are the detrimental effects to society resulting from our neglect of handicapped children.

The President's Committee on Employment of the Handicapped has estimated that 2.5 million handicapped children will pass beyond school age during the next 4 years.

Without the educational services they need, 1 million of these children will be employed below the poverty level. Ten percent of that number will end up partially dependent upon family and community—most of them home idle much of the day, the rest, in sheltered workshops or under sheltered care.

But 650,000 of that 1 million young adults will be unemployed and on welfare at a continuing cost to the Nation, with an additional 30,000 totally dependent on others for their survival.

Mr. Speaker, the President's Committee estimated that 2.2 million of these children have the potential to be financial contributors to our society.

And I would be derelict if I did not point out, too, that keeping an individual in an institution throughout his lifetime, when that person might be functioning totally or partially in society, costs the American taxpayer, according to the President's Committee on Mental Retardation, $250,000. Twelve years of special educational services, by comparison, Mr. Speaker, costs approximately $22,000.

Even if we were to ignore the potential economic gain for both the individual and society resulting from the provision of special educational services, I believe my colleagues will agree that the tenfold costs associated with institutionalization are evidence of the waste and ineffectiveness caused by our failure to educate handicapped children.

COURT ACTIONS FOR THE HANDICAPPED

While exclusion and inappropriate education continue, Mr. Speaker, the American judiciary has begun to move, utilizing the equal protection and due process principles of the Constitution to end exclusion and inhumane treatment. Moreover, the courts are not simply suggesting that handicapped children must be given some sort of education, or the same education as other children receive, but the courts are now saying: Handicapped children have a constitutional right to whatever kinds of special education are required to help them meet their full potential.

PENNSYLVANIA

In January 1971, the Pennsylvania Association for Retarded Children brought suit against Pennsylvania for the State's failure to provide all retarded children access to a free public education. The plaintiffs included 14 mentally retarded children of school age representing themselves and "all others similarly situated." At issue in this landmark confrontation was a challenge to law and practice which excludes, postpones, or denies free access to public instruction for all exceptional youngsters who can benefit from special educational opportunities.

The court did not mince words in its subsequent decree. It mandated that the State could not apply any law which would postpone or in any way deny mentally retarded children access to a publicly supported education, including a public school program, tuition or tuition maintenance, and homebound instruction.

The court went further: by October 1971, the plaintiff children were to have been reevaluated and placed in programs.

And the court decreed, finally, that by September 1972, all retarded children in a State between the ages of 6 and 21 must be provided a publicly supported education.

THE DISTRICT OF COLUMBIA

And despite the financial difficulties, the State responsibility is clear. In the District of Columbia "right to education" case that was heard in Federal district court in 1972, the District claimed that it would be impossible to afford plaintiffs the relief sought unless Congress appropriated needed funds, or unless funds were diverted from other educational services for which they had been appropriated.

The court responded by saying:

> The defendants are required by the Constitution of the United States, the District of Columbia Code, and their own regulations to provide a publicly-supported education for these "exceptional" children. Their failure to fulfill this clear duty to include and retain these children in the public school system, or otherwise provide them with publicly-supported education, and their failure to afford them due process hearing and periodical review, cannot be excused by the claim that there are insufficient funds. . . .

And, continued the court:

> The District of Columbia's interest in educating the excluded children clearly must outweigh its interest in preserving its financial resources. If sufficient funds are not available to finance all of the services and programs that are needed and desirable in the system, then the available funds must be expended equitably in such a manner that no child is entirely excluded from a publicly-supported education consistent with his needs and ability to benefit therefrom. The inadequacies of the District of Columbia Public School System, whether occasioned by insufficient funding or administrative inefficiency, certainly cannot be permitted to bear more heavily on the "exceptional" or handicapped child than on the normal child.

OTHER STATE ACTIVITIES

The remarkable acceleration of litigation with respect to education for the handicapped is evident when we observe that over 40 cases on the right to education for handicapped children have been filed or completed in 26 States.

Further evidence of the impact of judicial action as well as the burgeoning public awareness of the problems involved is the impressive number of new statutes mandating education for handicapped children which are being approved by State legislatures. In calendar year 1971, a substantial 237 out of 899 bills introduced regarding the education of the handicapped won final passage in State legislatures. The public journey from "charity" to "rights" via the avenues of the courtroom and the State assembly chamber is thus being accomplished.

Mr. Speaker, it is now incumbent upon the Congress of the United States to respond to the challenge of educating handicapped children.

COSTS FOR THE EDUCATION OF THE HANDICAPPED

Today the special education of handicapped children can no longer be viewed as some sort of "frill" to be addressed after the public school system has taken care of practically every other need.

But we must now also face candidly the hard economic reality. It costs more to educate most exceptional children; the standard terminology refers to the "excess cost" of providing such educational service.

A 1970 Office of Education report, "Educational Programs for Exceptional Children, Resource, Configuration, and Costs," demonstrates that the average cost of educating a handicapped child is 1.87 times the cost of educating a nonhandicapped child—with a range of 1.18 for a child with a speech handicap to 3.69 for a child with a physical handicap.

How well are we doing, Mr. Speaker?

The most current data, an October 1970 National Education Association report, indicates that only 3.3 percent of the almost $39 billion spent by all public jurisdictions on elementary and secondary education in the United States was spent on education of the handicapped—despite the fact that these children represent 10 to 12 percent of the total school-age population and that their education is more expensive.

The States and localities are making a valiant effort to increase their support, and the present level of spending nationwide for the education of the handicapped is $3.5 billion.

But, Mr. Speaker, it is estimated that it would cost about $7 billion annually to provide the appropriate education which exceptional children have a right to enjoy. Thus, the total public financial commitment is barely half of what is needed.

And the Federal Government is today spending only $350 million to help better the lives of these children through education.

EXISTING FEDERAL PROGRAMS

Mr. Speaker, it is not my purpose to ignore the value of existing Federal programs, however inadequate in relation to total need.

We now provide direct grants to the States under the legislative aegis of the Education of the Handicapped Act for the initiation, expansion, and improvement of special educational programs, along with centers and services to meet special needs, moneys for the training of personnel in special education, the operation of some early childhood projects, and support for continuing research in the education of the handicapped.

In other words, Mr. Speaker, present law provides a most commendable mechanism for making available "seed moneys"; it does not provide a desperately needed Federal partnership with the States to meet the full challenge of educating children with handicaps.

Nor would I gainsay the respectable progress at the Federal level when measured over the long run. For instance, 10 years ago the Federal Government spent less than $1 million on education of the handicapped. This sum has increased over 300-fold. Ten years ago the benefits of early education and day care were limited to a fortunate few. But, more recently, the inclusion of the handicapped in Project Head Start and in vocational education programs means that more children are being served.

Nor do I wish to ignore numerous other Federal legislative initiatives that provide important services to handicapped Americans of all ages—services not necessarily related to education—such as the Developmental Disabilities Act and the half-century-old vocational rehabilitation program.

FEDERAL COMMITMENT LACKING

Nonetheless, Mr. Speaker, Federal support for the education of these "invisible children" remains scant and wholly insufficient. The total Federal commitment of $350 million, when it finally reaches the beneficiary, represents only about $30 per child.

Or, to look at it from a different angle, the Federal Government provides only slightly more than 1½ percent of the cost of educating each handicapped child, while, on the average, it provides almost 7 percent of the cost of educating all other children.

Let me put the point another way: Out of the $1,000 per citizen spent by the Federal Government, only 50 cents is directed toward educating handicapped children.

Mr. Speaker, we must soon face the growing demand for justice from parents, teachers, the courts and, in a real and haunting sense, from the children themselves. And the Federal Government as well as the States must help in that quest for justice.

The price tag is high; but the price tag handed to the American taxpayer, because of the failure adequately to educate our handicapped children will be, inevitably, far higher.

EDUCATION FOR HANDICAPPED CHILDREN BILL

That is why, Mr. Speaker, together with 14 colleagues on the Education and Labor Committee, I have introduced H.R. 70, the education for handicapped children bill.

Our bill, Mr. Speaker, would authorize the Federal Government to pay up to 75 percent of the "excess costs" involved in educating a handicapped child as compared to educating a nonhandicapped child.

Under the bill, Federal funds would be allotted to each State to enable the State to reimburse local school districts for up to 75 percent of the excess costs of educating handicapped children in the districts.

In brief, Mr. Speaker, the bill would enable the Federal Government to enter into a partnership with the States to help make good for America's 7 million handicapped children on the rich promise of American life—that each individual will be able to develop to his full potential.

It is on this measure, Mr. Speaker, H.R. 70, the education for handicapped children bill, that Governors Shapp and Sargent, and other witnesses, will be testifying before the Select Education Subcommittee tomorrow and Thursday.

Mr. Speaker, as we consider legislation to assist those whom we may call the "vulnerables" of our society—the poor and the elderly, the very young and the handicapped—some words from a great American President frequently return to my mind.

They were spoken by Franklin D. Roosevelt during the second inaugural address.

Said President Roosevelt:

> The test of progress is not whether we add more to the abundance of those who have too much, it is whether we provide enough for those who have too little.

Mr. Speaker, for too long the handicapped children of America have had too little.

Let us act now to correct that injustice.

Mr. Speaker, the text of H.R. 70 follows:

H.R. 70

A bill to provide financial assistance to the States for improved educational services for handicapped children

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Education for Handicapped Children Act".

PURPOSE

SEC. 2. (a) The Congress finds—

(1) that the special educational needs of handicapped children are being met in only a few school systems in the United States;

(2) that there are no special educational services at all for 60 per centum of the estimated number of handicapped children in the United States;

(3) that there are many handicapped children throughout the United States participating in regular educational programs whose handicaps prevent them from having a successful educational experience because of a failure to detect the existence of the handicap;

(4) that developments in the field of the training of teachers for the handicapped and the development of remedial and testing procedures have advanced to the point that given appropriate funding sources and levels, State and local educational agencies can and will provide effective special education programs and services to meet the educational needs of the handicapped;

(5) that present State and local financial resources are inadequate to meet the special educational needs of handicapped children; and

(6) that it is in the national interest and welfare that the Federal Government support special educational programs for meeting the educational needs of the handicapped.

(b) It is the purpose of this Act that all handicapped children receive special educational services commensurate with their individual needs through programs operated by State and local educational agencies which will be of exemplary nature and high quality and designed to provide handicapped children an opportunity to participate meaningfully in family, community, and national affairs.

DEFINITIONS

SEC. 3. For purposes of this Act, the term—

(1) "handicapped children" means mentally retarded, hard of hearing, deaf, speech impaired, visually handicapped, seriously emotionally disturbed, crippled, or health impaired children or children with specific learning disabilities who by reason thereof require special education and related services;

(2) "Commissioner" means the Commissioner of Education;

(3) "the average per pupil expenditure for handicapped children" in a State shall, as determined by the Commissioner, be the aggregate current expenditures during the second fiscal year preceding the fiscal year for which the computation is made (or, if satisfactory data for that year are not available at the time of computation, then during the earliest preceding fiscal year for which satisfactory data are available) of all local educational agencies in the State which provide special educational services to handicapped children, aged three to twenty-one years, inclusive, including the education of such handicapped children in homes and in institutions, plus any direct current expenditures by the State for operation of such agencies (without regard to the sources of funds from which either of such expenditures are made), divided by the total number of such handicapped children in average daily attendance to whom such agencies provided free public education during such preceding year and of such handicapped children receiving education as provided by any such local agency in homes or institutions;

(4) "the average per pupil expenditure for children" in a State shall be, as determined by the Commissioner, the aggregate current expenditures during the second fiscal year preceding the fiscal year for which the computation is made (or, if satisfactory data for that year are not available at the time of computation, then during the earliest preceding fiscal year for which satisfactory data are available) of all local educational agencies in the State, plus any direct current expenditures by the State for operation of such agencies (without regard to the sources of funds from which either of such expenditures are made), divided by the total number of children, aged five to seventeen years, inclusive, in average daily attendance to whom

such agencies provide free public education during such preceding year;

(5) "excess cost" means the amount, if any, by which the average per pupil expenditure for handicapped children as defined in (3) in a State minus the average per pupil expenditure for children in such State exceeds $800;

(6) "State" means the several States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, American Samoa, the Virgin Islands, and the Trust Territory of the Pacific Islands.

(7) "State educational agency" means the board of education of any State or other agency or officer of such State primarily responsible for the supervision of public elementary and secondary schools in such State, or, if there is no such officer or agency in such State, then an officer or agency designated by the Governor of such State or by the law of such State; and

(8) "local educational agency" means a public board of education or other public authority legally constituted within a State for either administrative control or direction of, or to perform a service function for, public elementary or secondary schools in a city, county, township, school district, or other political subdivision of a State, or such combination of school districts or counties as are recognized in a State as an administrative agency for its public elementary or secondary schools. Such term includes any other public institution or agency having administrative control and direction of a public elementary or secondary school.

AUTHORIZATION; DURATION OF PROGRAM

SEC. 4. (a) There are authorized to be appropriated for the fiscal year ending June 30, 1974, and for each of the next four fiscal years thereafter such sums as may be necessary for the purpose of making grants under section 5(a)(2) of this Act.

(b) There is authorized to be appropriated for each fiscal year for the purpose of making grants under section 5(a)(1) of this Act an amount equal to not more than 3 per centum of the amount appropriated for such year for payments to States under section 5(b) of this Act.

(c) There are authorized to be appropriated such sums as may be necessary to carry out section 9(b) of this Act.

(d) There are authorized to be appropriated such sums as may be necessary to enable the Commissioner to administer the provisions of this Act.

GRANTS: AMOUNTS AND ENTITLEMENT

SEC. 5. (a)(1) The Commissioner shall allot the amount appropriated pursuant to section 4(b) for each fiscal year among the Commonwealth of Puerto Rico, Guam, American Samoa, the Virgin Islands, and the Trust Territory of the Pacific Islands for such year according to their respective need for such grants. The maximum grant which a local educational agency in the Commonwealth of Puerto Rico, Guam, American Samoa, the Virgin Islands, and the Trust Territory of the Pacific Islands shall be eligible to receive and the terms upon which payment shall be made to the Department of the Interior shall be determined pursuant to such criteria as the Commissioner determines will best carry out the purposes of this Act.

(2) In any case in which the Commissioner approves a State plan submitted to him pursuant to section 7, the grant which such State shall be eligible to receive for any fiscal year shall be the sum of—

(A) the amount obtained by multiplying the total number of handicapped children, aged three to twenty-one years, inclusive, in such State during the second fiscal year preceding the fiscal year for which the computation is made (or, if satisfactory data for that year are not available at the time of the computation, then during the earliest preceding fiscal year for which satisfactory data are available) by $600; and

(B) the amount obtained by multiplying the excess cost (as defined in section 3(5)) with respect to such State by 75 per centum of the total number of handicapped children in such State (as determined in order to compute the average per pupil expenditure for handicapped children in such State for such fiscal year).

(3) For the purposes of paragraph (2), the term "State" shall not include the Commonwealth of Puerto Rico, Guam, American Samoa, the Virgin Islands, or the Trust Territory of the Pacific Islands.

(b) The amount of any State's allotment under subsection (a) for any fiscal year which the Commissioner determines will not be required for that year shall be available for reallotment, from time to time and on such dates during such year as the Commissioner may fix, to other States in proportion to the original allotments to such States under subsection (a) for that year, but with such proportionate amount for any of such other States being reduced to the extent it exceeds the sum the Commissioner estimates such State needs and will be able to use for such year; and the total of such reductions shall be similarly reallotted among the States whose proportionate amounts were not so reduced. Any amount reallotted to a State under this subsection during a year shall be deemed part of its allotment under subsection (a) for that year.

(c) In the event the funds appropriated to carry out this Act are insufficient to make in full the allotments to which the States are entitled in any fiscal year, the allotment to each of the States for such fiscal year shall be reduced pro rata.

UNIFORM STANDARDS, CRITERIA, AND PROCEDURES

SEC. 6. As soon as practicable after the date of enactment of this Act, the Commissioner shall establish standards, criteria, and procedures to determine which children are "handicapped children" within the meaning of section 3(1). Such standards, criteria, and procedures shall be applied uniformly by all States submitting State plans to the Commissioner pursuant to section 7.

STATE PLANS

SEC. 7. (a) Any State which desires to receive grants pursuant to section 5 shall submit to the Commission through its State educational agency a State plan at such time, in such manner, and containing or accompanied by such information as he deems necessary. The Commissioner shall approve any such State plan and any modification thereof if he determines that such plan—

(1) sets forth such policies and procedures as will provide satisfactory assurance that funds paid to the State under this Act will be expended by the State either directly or through local educational agencies to initiate, expand, or improve programs and projects, including preschool programs and projects, which are designed to meet the educational needs of handicapped children throughout the State.

(2) provides for the identification of all handicapped children in the State, together with a list of the local educational agencies within the State responsible for the education of each such handicapped child, whether such child remains in the area served by the local educational agency or is sent out of the area for educational services. Such identification shall include the location in which each child is presently receiving educational services, a description of the services which each such child is presently receiving, and a statement as to whether or not each such child is institutionalized. Such identification shall be updated from time to time upon changes in the educational status and location of each such child;

(3) includes a proposal for the study of the State's present procedures for the institutionalization of handicapped children, including a study of the classification procedures for handicapped children and the services provided for such children within institutions, and an evaluation of whether institutionalization best meets the needs of such children. Such study shall also include recommendations for methods of deinstitutionalizing handicapped children, with recommendations as to how such children may best be integrated into the regular educational system, if appropriate.

(4) provides for the reduction of the number of handicapped children in the State who are institutionalized, where such institutionalization does not best meet the needs of such children, and for the integration of such children into the regular educational system;

(5) provides for the establishment of procedures for the classification of a child as a handicapped child, which shall include notice and an opportunity for a hearing, including an opportunity to examine records relating to such classification, to the parents or guardians of such child before a local educational agency makes or changes such classification, an independent evaluation of any such classification, and an opportunity for such parents or guardians to appeal the initial decision of such agency with respect to any such classification;

(6) provides satisfactory assurance that, to the extent consistent with the number and location of handicapped children in the State who are not enrolled in public elementary and secondary schools, provision will be made for participation of such children in special educational programs and services provided to handicapped children by the State or by local educational agencies;

(7) provides for procedures and objective measurements for evaluating at least annually the effectiveness of special educational programs and services in meeting the educational needs of handicapped children, including assurances that testing and evaluation procedures for purposes of this paragraph will be administered so as not to be racially or culturally discriminatory;

(8) provides for making such reports, no less often than annually, in such form and containing such information as the Commissioner may require to carry out his functions under this Act, including identification of all handicapped children in the State required by paragraph (2), together with statistical information as to the numbers of such children who are, and are not, being provided with special educational programs and services and information as to the steps being taken to provide such programs and services to all such children, and the results of the testing and evaluation procedures carried out pursuant to paragraph (7);

(9) provides for keeping such records and for affording such access thereto as the Commissioner may find necessary to assure the correctness and verification of reports under paragraph (8) and proper disbursement of funds under this Act;

(10) provides that the State educational agency shall prepare and administer the State plan, and shall, from time to time but no less often than annually, review its State plan and submit to the Commissioner any modifications thereof which it considers necessary;

(11) provides for the establishment of a State Advisory Committee on Education for All Handicapped Children, consisting of an appointed membership which shall be broadly representative of individuals involved in the education of handicapped children, including educators, administrators of programs for handicapped individuals, and parents of handicapped children. Such State advisory committee shall (A) assist the State educational agency in determining priorities within the State for educational serv-

ices for handicapped children, (B) advise such agency of unmet needs within the State in the education of handicapped children. (C) review the State plan and make recommendations to the Governor regarding the education of handicapped children, and (D) perform such other functions as the Governor deems appropriate;

(12) provides for the distribution of grants under this Act to local educational agencies by the State educational agency on the basis of the relative need for special educational services in all geographical areas in the State and among appropriate subgroups on handicapped children in the State, as developed under the State plan;

(13) provides satisfactory assurance that the control of funds provided under this Act, and title to property derived therefrom, shall be in a public agency for the uses and purposes provided in this Act, and that a public agency will administer such funds and property;

(14) provides satisfactory assurance that such fiscal control and fund accounting procedures will be adopted as may be necessary to assure proper disbursement of, and accounting for, funds paid under this Act to the State, including funds paid by the State to any local educational agency;

(15) contains a statement of policies and procedures which will be designed to ensure that all educational programs for handicapped children in the State will be properly coordinated by the persons in charge of special educational programs for handicapped children in the State educational agency;

(16) sets forth policies and procedures which provide satisfactory assurance that funds made available under this Act will be so used as to supplement and increase the level of State and local funds expended for the education of handicapped children, and in no case supplant such State and local funds;

(17) the State education agency shall provide a plan for educational accountability that assures every handicapped child within a State an equal education program based upon measures of the effectiveness of those programs in terms of acquisitions of skills that increase the possibility of self-sufficiency of the handicapped child; and

(18) the State agency in carrying out its administrative responsibilities shall encourage exemplary and innovative approaches to meeting the special educational needs of handicapped children.

(b) The Commissioner may disapprove a State plan or modification thereof only after reasonable notice and an opportunity for a hearing to such State.

STUDY OF INSTITUTIONALIZED CHILDREN; REPORT TO CONGRESS

Sec. 8. (a) The Commissioner shall review the provisions of the State plans required under section 7(a)(2) and section 7(a)(3) relating to the education of handicapped children who are institutionalized, and shall disseminate information to the States concerning such efforts in other States as he determines will be useful to the States.

(b) The Commissioner shall report to the Congress no later than January 1, 1975, his recommendations with respect to changes which may be necessary in the amount and entitlement of grants under section 5 of this Act, and under other Acts which provide assistance for the education of handicapped children, in order to encourage the removal of handicapped children from institutions where appropriate, and to improve programs of instruction for handicapped children who require institutionalization.

PAYMENT

Sec. 9. (a) (1) If a State plan submitted to the Commissioner pursuant to section 7 is approved by him, then the Commissioner shall pay to such State the amount which it is eligible to receive pursuant to section 5.

(2) From the funds paid to it pursuant to paragraph (1), each State educational agency shall distribute to each local educational agency of the State the amount for which such application has been approved.

(b) The Commissioner is authorized to pay to each State amounts equal to the amounts expended by it for the proper and efficient performance of its duties under this Act, except that the total of the payments in any fiscal year shall not exceed the greater of—

(1) 1 per centum of the total grant for such State as determined for such fiscal year pursuant to section 5; or

(2) $75,000, or $25,000 in the case of the Commonwealth of Puerto Rico, Guam, American Samoa, the Virgin Islands, or the Trust Territory of the Pacific Islands.

WITHHOLDINGS

Sec. 10. Whenever the Commissioner, after reasonable notice and opportunity for hearing to any State educational agency, finds that—

(1) a State is not making a determined effort to provide directly or through local educational agencies effective special educational programs and services for all handicapped children in all areas of such State; or

(2) there has been a failure to comply substantially with any provision of any State plan approved pursuant to section 7;

the Commissioner shall notify the agency concerned that further payments will not be made to the State under this Act (or in his discretion, that the State educational agency shall not make further payments to local educational agencies affected by the failure) until he is satisfied that there no longer is any such failure to comply. Until he is so satisfied, no further payments shall be made to the State under this Act, or payments by the State educational agency under this Act shall be limited to local educational agencies not affected by the failure, as the case may be.

JUDICIAL REVIEW

Sec. 11. (a) If any State is dissatisfied with the Commissioner's final action with respect to the approval of its State plan submitted under section 7, such State may, within sixty days after notice of such action, file with the United States court of appeals for the circuit in which such State is located a petition for review of that action. A copy of the petition shall be forthwith transmitted by the clerk of the court to the Commissioner. The Commissioner thereupon shall file in the court the record of the proceedings on which he based his action, as provided in section 2112 of title 28, United States Code.

(b) The findings of fact by the Commissioner, if supported by substantial evidence, shall be conclusive; but the court, for good cause shown, may remand the case to the Commissioner to take further evidence, and the Commissioner may thereupon make new or modified findings of fact and may modify his previous action, and shall file in the court the record of the further proceedings. Such new or modified findings of fact shall likewise be conclusive if supported by substantial evidence.

(c) Upon the filing of such petition, the court shall have jurisdiction to affirm the action of the Commissioner or to set it aside, in whole or in part. The judgment of the court shall be subject to review by the Supreme Court of the United States upon certiorari or certification as provided in section 1254 of title 28, United States Code.

FOOD STAMPS FOR AGED, BLIND, AND DISABLED

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. WOLFF) is recognized for 5 minutes.

Mr. WOLFF. Mr. Speaker, I am introducing legislation today to restore to all aged, blind, and disabled, who are participating in the new supplemental security income program, their right to participate as well in the food stamp program. This legislation is urgently needed if we are to provide, for those who need it the most, an adequate level of benefits on which to survive.

Mr. Speaker, when Congress enacted the Social Security Amendments of 1972, creating the new SSI program of assistance to the needy aged, blind, and disabled, there was included a provision to exclude SSI recipients from eligibility for food stamps or surplus commodities. This was clearly an arbitrary and discriminatory provision, and Congress eventually came to recognize its inequity. Congress sought to correct the problem with passage of Public Law 93–233 last session. This legislation provides that SSI recipients will be eligible for food stamps unless they are receiving a so-called cash-out payment from the State to equal the bonus value of food stamps.

Unfortunately, this legislation solves only part of the problem. It means that SSI recipients in the five cash-out States—New York, California, Nevada, Massachusetts, and Wisconsin—are not eligible for food stamps. Especially for those who were formerly receiving public assistance and food stamps the loss of eligibility for food stamps has meant a reduction in the actual benefits they receive under the new SSI program. While these people face an especial inequity, the current program is unfair to all SSI recipients, regardless of whether they were "grandfathered" into the program or not.

For one thing, the bonus value of food stamps in my own State of New York, for example, does not equal the real value of the food stamps being received by those in the States which chose not to cash out. The bonus value of food stamps in New York is approximately $10; the real value is closer to $15. For another thing, when we consider our very high cost of living, high cost of food, rent and every other basic commodity, the level of benefits being received by SSI recipients, those most in need of our help, is simply inadequate to make ends meet.

Congress itself recognized the inadequacy and last session provided for a $10 cost-of-living increase in benefits; the irony is, however, the Federal Government did not cover the increase because Congress altered the "hold harmless" provision for the States as provided in the 1972 amendments. Thus, because of this, several States, including New York, have felt they could not afford the increase and therefore have not passed through the $10 in benefits to SSI recipients.

It seems to me we are quibbling when we deny eligibility for food stamps to SSI recipients in the five cash-out States. It would be far more equitable to regard the so-called cash-out payment as a cost-of-living increase, let it remain in the SSI payment, and restore these individuals' eligibility for participating in the food stamp program. This is what my bill intends to do. It merely provides a channel by which SSI benefits can more accurately reflect the cost-of-living and more adequately respond to the needs of those least able to afford the demands of our inflationary economy.

Mr. Speaker, I would like to share with my colleagues an example, using dollar figures, of the inadequacies we are talking about. In Nassau or Queens County, which I represent, it is virtually impossible to find a one-bedroom apartment for less than $150 a month. Food, as you well know, if you are living on just the basic necessities, runs anywhere from $80 to $100 a month. A single individual living alone in either Nassau or Queens, if he has no other "outside" income, receives a maximum of $206 in SSI payments. I need not point out the degree to which this individual is struggling to make ends meet. The addition of food stamps for this individual might just mean the difference between starving and getting by.

Mr. Speaker, there are many inadequacies in the SSI program which it will take Congress and the States time to work out. I feel that our foremost concern must be to provide an adequate level of benefits. The needy aged, blind, and disabled depend upon our assistance; the least we can do is restore their right to participate in the food stamp program.

RUNAWAY BOYS AND GIRLS

The **SPEAKER** pro tempore. Under a previous order of the House, the gentleman from Pennsylvania (Mr. ROONEY) is recognized for 10 minutes.

Mr. **ROONEY** of Pennsylvania. Mr. Speaker, the national tragedy of runaway boys and girls has been widely reported and discussed in the pages of the daily press and the major newsweekly magazines. The number of runaway children is difficult to determine accurately but estimates place them in this country at about 1 million. Their numbers appear to be growing, their average age declining but estimated at 15 years. It is further estimated that some 20,000 runaway youths are presently wandering the streets of New York City.

Why these young people run away from home has been attributed to many factors—broken homes, uninterested parents, rejection, the generation gap, the youth culture. Whatever the reasons, the situation should concern all of us before aimless roaming and living on city streets become more widespread.

The tragedy of youth's alienation from their homes and families is further compounded by the evils and pitfalls which lie in wait on the streets of our cities. Too often these teenagers are lured or forced into drugs, prostitution, theft, and murder. The shocking headlines of recent months has exposed even more squalid, bizarre, and deadly ends that have swallowed up our young.

No major constituency in the Nation has escaped the problem of runaway youth. In the midst of this depressing facet of our national life it was gratifying and uplifting for me to take part on January 27 in the dedication of Valley Youth House in Bethlehem, Pa.

Valley Youth House is a private, nonprofit social welfare agency that was created to deal specifically with the runaway youth problem not only in Bethlehem, but also in Allentown, Easton, and the surrounding communities of the Lehigh Valley.

The house, a former private residence, is not a "drop-in" center. It is a shelter house, a place where runaways can retreat to for temporary haven, for counseling, for understanding. Staffed on a 24-hour basis by professional social workers, directed by a professional social worker, Valley Youth House ideally serves as a medium for reconciling the youths with their parents. Failing that, the House serves as a medium to refer young people to other social agencies for further help.

Prior to the dedication, it was my privilege to serve, in 1972, as campaign chairman for the first fund drive conducted on behalf of this shelter for runaways. We had received late that year a Federal Law Enforcement Assistance Administration grant of approximately $95,000 through Pennsylvania's Governor's Justice Commission, subject to our raising $50,000 locally. Our campaign was successful. Another fund raising campaign will be conducted in the near future and, of course, Federal funds will again be necessary to help the Lehigh Valley maintain this agency.

To get Valley Youth House started, a group of citizens from Allentown, Bethlehem, and Easton and outlying neighborhoods worked for over a year drawing up plans, getting the necessary and proper endorsements from local officials and agencies, and applying for Federal funds. This citizens group was composed of social workers, businessmen and women, bankers, housewives—interested people from every walk of life, banded together in a pioneer effort to improve the condition of the disaffected youth of their communities.

But I would particularly like to call the attention of my colleagues to the guiding force behind Valley Youth House. Peter P. Prichett who, until his untimely death last fall, worked ceaselessly to achieve his dream of a shelter house for the young. Because of Peter Prichett's untiring efforts the house became a reality. It was to dedicate Valley Youth House to Peter's memory that I attended the ceremonies in Bethlehem on the 27th.

During my congressional career I have been asked many, many times to take part in dedication ceremonies as have all of my colleagues in the House. They are after all a part of the job. But too often in a Congressman's life dedications become routine.

Let me assure you that I was more than routinely pleased and honored to be in Bethlehem last week because, far greater than my professional interest is my personal interest in Valley Youth House. Now I have dedicated more imposing physical structures. But what that modest home represents to me and to the families of the Lehigh Valley is far more impressive and inspiring than most of the others I have dedicated.

In the brief history of this shelter home for runaway children, Peter and the house were as one. Just as Peter and the word dedication were as one. For Peter was a dedicated man.

He was dedicated to his family, dedicated to his work, to his church, to his community, and especially dedicated to the troubled youth and to their parents in the Lehigh Valley.

There are thousands of troubled families in my district. There are hundreds of runaway children who need a successful shelter house to restore them to their own homes. Or to aid them in other ways. Without a Valley Youth House these young people run the risk of living as rejected, discarded, broken, and disillusioned young men and women.

We cannot permit that tragedy to occur in the Lehigh Valley or anywhere else in this country. That was Peter Prichett's concern. And Valley Youth House represents his and our dedication to that concern.

The Lehigh Valley is fortunate indeed to have benefited from the devotion to youth exemplified by Peter Prichett. He has been succeeded as president of Valley Youth House by Eugene R. Kline, an equally dedicated business executive who gives unstintingly of his time and efforts. The shelter house itself is supervised by a capable, professionally trained social worker, Gary W. Stone. A board of directors of some 20 members of the Lehigh Valley actively serves the agency.

It would be impressive if I were able to report to my colleagues that Valley Youth House has chalked up a long record of successfully handled cases of runaway children. Numerically the figure is small, but growing as more and more people in the community become aware of it. Since the shelter house opened its doors last March, about 200 young people have been sheltered, counseled, referred, or returned to their homes.

I mention Valley Youth House to you today in the hope that you will consider, not the numbers, but the spirit, the vision, and the goal of Peter Prichett and his friends in the Lehigh Valley.

Our colleagues in the Senate have already reviewed and approved S. 645, the Runaway Youth Act. A House bill, H.R. 9298, is now awaiting hearings with the House Education and Labor Committee. I urge all of you in this body to give every consideration to the prompt passage of legislation which will help every community in our Nation to return its runaway children to their homes or keep them in their home community. The problem transcends regions and politics. The tragedy of runaway youth touches us all.

EMERGENCY ENERGY BILL

The **SPEAKER** pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. METCALFE) is recognized for 5 minutes.

Mr. **METCALFE**. Mr. Speaker, recently the House passed and sent to the President the emergency energy bill. The President has stated that he will veto this bill because of section 110 which deals with the price of domestic oil products. I would like to include in the RECORD an editorial from the Washington Post for March 3, 1974, which ought to resolve the problems that the President has with this section of the bill.

The Veto and the Energy Bill

President Nixon is wrong in his decision to veto the Emergency Energy Bill. He is wrong in his purpose and wrong in his reasoning. It is a broad and valuable piece of legislation, addressing a great range of issues that the oil shortage raises. This veto would give somber evidence of the degree to which the President has now removed himself from the concerns of his fellow citizens, and the isolation in which he wraps himself.

Mr. Nixon's argument with the bill revolves around a section that would roll back the prices of one category of our oil supply, that part of domestic production now exempt from price controls. This oil amounts to roughly one-sixth of our current supply. It is utterly inaccurate for Mr. Nixon to suggest that a reduction in the spectacularly high price of this oil would deepen the current shortages and force us into gasoline rationing. It is equally inaccurate, on the other side of the issue for Sen. Henry Jackson (D-Wash.) to suggest that this rollback promises a large reduction in retail prices. The President and his adversaries are carrying on the debate in terms of mere slogans.

To see the price that we are all being asked to pay for Mr. Nixon's veto, it is necessary to look at the other sections of the bill. In addition to the rollback provision, it contains additional unemployment compensation for those who lose their jobs in the shortage. There is protection in this bill for service station operators against arbitrary cancellation of their franchises by the oil companies. There are requirements for the orderly collection of the statistics that the government now notoriously lacks. There are rules to govern an orderly conversion of power plants for coal without the present bypassing, and perhaps violation, of the Clean Air Act. There is the authority for the President to impose gasoline rationing. All of these provisions ought to be law now, but they are all in the bill that the President intends to veto.

The rollback provision is less than perfect. But, with its defects, it serves a purpose that Mr. Nixon evidently does not acknowledge. It sets a certain limit to the heights to which crude oil prices will be permitted to soar. A few numbers are helpful in following the argument. About half of the country's oil supply is under price controls at $5.25 a barrel. About a third of foreign oil, currently selling at a bit over $10 a barrel. The dispute is over the remaining one-sixth of the supply which, being uncontrolled has leaped up to the world price of $10. The Emergency Energy Bill would roll it back to the controlled price and then, where production costs justified it, authorize Mr. Nixon to let it go up as high as $7.09. Writing numerical price ceilings into law is a bad practice, particularly in a time of rapid inflation. But this fault is mitigated by the temporary nature of the law, which would run only 14 months. To judge whether the roll-back is reasonable, remember that the price of all American oil was around $3.40 a barrel one year ago. Seven dollars is a price beyond the wildest dreams of oil men at any time up until last fall. At that price, incidentally, exploration and production go forward at the industry's full capacity. Beyond that figure, higher prices do not increase production incentives enough to justify the cost to the consumer.

A reader recently wrote us a letter chiding us for neglecting the simplest and quickest answer to the gasoline shortage. He asked: Why not simply let go of prices and let drivers pay whatever the traffic will bear? The same question is apparently asked around the White House from time to time. That, in fact, is what most of the European countries have done. In Germany, for example, there are no lines of cars waiting at the service stations. The Germans find it incomprehensible that American drivers should be having such troubles, in a country that is the world's leader in oil production, while Germany, which must import all of its oil, has no shortage at all. The answer is as simple as supply and demand. In this country, most people see gasoline prices as a social issue as well as economics, and the government is holding down the price artificially by law. In Germany the government has let the free market set the price. While the German driver does not have to wait in line for gasoline, he is currently paying $1.25 a gallon for it.

Prices are obviously going to keep rising in this country. In the end, they will come to rest when supply equals demand. But the purpose of wise government policy would be to use controls and rationing to get us through the transition without letting the price suddenly shoot up to panic levels that would certainly be much higher than any true equilibrium. In Germany, a country where mass transportation is good and commuting long distances by car is rare, the government can afford to view gasoline as almost a luxury. In this country it is a basic necessity for a very large number of people, by no means all of whom are well to do. The passage to higher prices of scarcer fuel needs to be a gradual affair. If Mr. Nixon vetoes the Emergency Energy Bill, Congress will have a clear responsibility to override that veto.

UNEMPLOYMENT COMPENSATION IMPROVEMENTS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Massachusetts (Mr. BURKE) is recognized for 5 minutes.

Mr. BURKE of Massachusetts. Mr. Speaker, I have today introduced legislation to help alleviate the situations faced by the increasing number of workers who are expected to become unemployed in the coming months. I believe that virtually all of the economic forecasters are in unanimous agreement that the number of unemployed is bound to increase in the coming months primarily, but not solely, because of the energy shortage.

The legislation I am introducing is in many respects similar to recommendations which were recently made by the administration to provide for special unemployment compensation payments to workers who exhaust their regular unemployment compensation. These special unemployment compensation benefits would augment existing unemployment compensation programs by providing up to 13 additional weeks of federally financed benefits to those who work in areas experiencing high unemployment and who exhaust benefits under the State unemployment compensation laws and under the Federal-State extended unemployment compensation program. The legislation would also provide up to 26 weeks of benefits to workers in such areas who are ineligible for regular benefits because they worked in noncovered employment.

The legislation that I have introduced improves upon the administration's proposal in several respects.

In addition to providing for a special program, my proposal contains permanent amendments to the Federal-State Extended Unemployment Compensation Act of 1970 and also provides for an extension of a present temporary authority to the States to disregard the so-called 120-percent requirement of the States "on" and "off" indicators which will permit any State that has an insured unemployment rate of at least 4 percent to continue its extended benefit period until January 1, 1976 when the changes I am proposing in the permanent law would become effective.

My proposal would also increase the number of weeks that a worker could receive extended unemployment compensation under the permanent law from a maximum of 13 weeks to a maximum of 26 weeks.

Mr. Speaker, I shall include at the end of my remarks a brief comparison of the administration's proposed amendments and the provisions contained in my proposal.

It is my intention, Mr. Speaker, to urge that the Committee on Ways and Means give early attention to the matter of providing additional unemployment compensation to the long-term unemployed. I believe that it is incumbent upon the Congress to enact legislation of this nature without delay. The impending veto of the energy bill which contains, among other things, provisions to provide additional benefits to workers unemployed because of the energy crisis, enhances the timeliness of this issue. Although the provisions contained in the energy legislation leave much to be desired, they do relate to a problem which cannot be ignored.

The comparison follows:

Comparison of Administration Proposal on Special Unemployment Compensation and Draft Bill

SUBJECT	ADMINISTRATION PROPOSAL	DRAFT BILL
(1) Benefit amount.	Equal to regular weekly benefit amount.	Same.
(2) Eligible individual.	Benefits are payable to: (1) those who have exhausted all rights to regular compensation and extended compensation if payable, and (2) those not otherwise eligible for compensation provided that they would qualify for regular compensation under State law if their employment and wages which are not covered by State law were treated as though they were covered.	Same.
(3) Duration of benefits.	Benefits are payable for one-half the number of weeks of a worker's regular benefits up to 13 weeks.	Same.

(4) Area and State triggers.	Benefits are paid on the basis of an area trigger. The rate of insured unemployment in an area must be either: (1) at least 4 percent and 120 percent of the rate for the corresponding 13 weeks in the period October 1, 1972, through September 30, 1973, or (2) at least 4.5 percent.	Same. Same, except that special benefit claims would be included (they are excluded under the Administration proposal) in determining the rate of insured unemployment.
	An "area" must have a population of at least 250,000 and consist of an economically integrated geographical unit in which workers may readily change jobs without moving. All parts of a State not within a designated area are considered to be an area.	Same.
Financing.	Financed from appropriations from Federal general revenues.	Same.
Effective date.	Begins 30 days after enactment. Ends June 30, 1975.	Begins 30 days after enactment. Ends December 31, 1975 (when amendments to the Federal-State Extended Unemployment Compensation Act would become effective.
Amendments to the Federal-State Extended Unemployment Compensation Act.	None.	Doubles the number of weeks of extended benefits an individual could receive under the program. Under present law, an individual receives benefits equal to one-half of the number of weeks of his regular benefits up to a maximum of 13 weeks with an overall maximum on regular and extended benefits of 39 weeks. Under the bill, an individual could receive extended benefits for a period equal to the number of weeks of his regular benefits up to a maximum of 26 weeks with an overall maximum on regular benefits and extended benefits of 52 weeks. Changes the national and State "on" and "off" indicators by reducing the requirements to put an extended benefit period in effect on a national or State basis. The rate of insured unemployment in the *national* "on" and "off" indicators would be decreased from 4.5 percent to 4 percent. The *State* "on" and "off" indicators would be modified by eliminating the present 120-percent requirement and by using a "seasonally adjusted" rate of insured unemployment in place of the "raw" insured unemployment rate presently used in the State triggers.
Transition provision.	None.	Extends until January 1, 1976, the period in which states are permitted to disregard the 120-percent requirement in the State "on" and "off" indicators.

"ON INTRODUCTION OF A BILL TO PROHIBIT THE CONTROL OF ALTERNATIVE ENERGY SOURCES BY INTEGRATED OIL COMPANIES"

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Massachusetts (Mr. HARRINGTON) is recognized for 5 minutes.

Mr. HARRINGTON. Mr. Speaker, I am today introducing legislation to ban the major oil companies from controlling alternative energy sources. It has become increasingly clear, in the past decade, that concentration of ownership within the energy industries has approached monopolistic proportions. Approximately 84 percent of American refining capacity is controlled by major oil firms, as is 72 percent of our natural gas production and 30 percent of our domestic coal reserves; 7 out of the 15 largest coal producers in the United States are oil companies; 17 oil companies account for approximately 55 percent of our uranium reserves. Last month, the first lease for developing geothermal steam resources on Federal lands went to the Shell Oil Co. And several months before that, the first lease for developing the Nation's oil shale resources went to Gulf and Standard Oil of California.

By prohibiting oil firms from owning corporations concerned with coal, oil shale, tar sands, uranium, geothermal or solar energy development, my bill would halt this accelerating thrust toward complete horizontal integration of our energy sources.

It has always seemed to me that the oil companies are in violation of the Clayton Anti-Trust Act of 1914, which stipulates—

> No corporation engaged in commerce shall acquire directly or indirectly the whole or any part of the stock or other share capital, and no corporation subject to the jurisdiction of the FTC shall acquire the whole or any part of the assets, of another corporation engaged also in commerce, where in any line of commerce in any section of the country, the affect of such acquisition may be substantially to lessen competition, or to tend to create a monopoly.

The legislation I am introducing today would fulfill the letter and spirit of the Clayton Act by making absolutely explicit prohibitions, which in my opinion, is clearly justified by the act.

We must seek relief from the current plague of high energy costs. Price competition has to be restored in order to achieve a lowering of these costs. It seems to me that domination of alternative energy sources by the major oil firms clearly presents a conflict of interest situation that most certainly should be prevented. If the oil industry is permitted to acquire new energy sources, then how can we expect to see the restoration of price competition? For example, there exists no reason for an oil company to develop residential solar heating devices to the point where they would compete with home heating oil.

The most well-intentioned and public-minded corporation should never be expected to precipitate a price war concerning its own interchangeable fuel sources.

My proposed legislation differs from a bill introduced into the U.S. Senate by Senator ABOUREZK, in that the prohibitions I am discussing here would only apply to the integrated oil companies. It is my feeling that the nonintegrated independent entrepreneurs within the oil industry ought to be permitted to engage in the production of alternative energy sources. In fact, shut off as they are from any major role in the production of oil, the independents might very well face economic ruin if they are not afforded the opportunity to develop the country's other energy sources.

The bill I am submitting would, in addition to addressing the problems of high prices and inadequate supply, create new challenges for us as a nation. If the major oil companies are not allowed to acquire and control new sources of energy, they will, of course, withhold their capital from developing these sources. So it is imperative that we begin now to create new centers of energy research and development funding and expertise—in the private sector, in government, and in the universities.

In fact, by keeping the major oil companies out of these economic areas, we can create additional opportunities for our Nations' sophisticated research and technology industries, hard hit by the recent economic situation. I suggest that this is the direction in which we must go, if we are to solve our energy scarcities without creating a scarcity of competition in the process.

CHANGES IN ALLOWANCES FOR MEMBERS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New Jersey (Mr Thompson) is recognized for 5 minutes.

Mr. THOMPSON of New Jersey. Mr. Speaker, House Resolution 457, 92d Congress, provided the Committee on House Administration the authority to fix and adjust from time to time various allowances of Members of the House of Representatives. Pursuant to this authority the committee has issued order No. 12 as follows:

Committee Order No. 12

Resolved, That effective March 1, 1974, each Member of the House of Representatives shall be entitled to office space suitable for his use in the district he represents at such places designated by him in such district. The Sergeant at Arms shall secure office space satisfactory to the Member in post offices or Federal buildings at not more than three (3) locations if such space is available. Office space to which a Member is entitled under this resolution which is not secured by the Sergeant at Arms may be secured by the Member, and the Clerk shall approve for payment from the contingent fund of the House of Representatives vouchers covering bona fide statements of amounts due for office space not exceeding a total allowance to each Member of $200 per month; but if a Member certifies to the Committee on House Administration that he is unable to abtain suitable space in his district for $200 per month due to high rental rates or other factors, the Committee on House Administration may, as the Committee considers appropriate, direct the Clerk to approve for payment from the contingent fund of the House of Representatives vouchers covering bona fide statements of amounts due for suitable office space not exceeding a total allowance to each Member of $500 per month. In the event suitable office space is not available in post offices or other Federal buildings, and the Member certifies to the Committee on House Administration that he is unable to obtain suitable private space in his district for $500 per month due to high rental rates or other factors, the Committee on House Administration may direct the Clerk to approve for payment from the contingent fund of the House of Representatives vouchers covering bona fide statements of amounts due for suitable office space not exceeding approximately 1,500 square feet at rates not to exceed the highest applicable rate charged to Federal agencies in the district established by regulations issued by the Administrator of General Services pursuant to section 210 (j) of the Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 490(j)). Members shall be entitled to have no more than three (3) district offices outfitted with office equipment, carpeting, and draperies at the expense of the General Services Administration.

As used in this resolution the term "Member" means any Member of the House of Representatives, the Resident Commissioner from Puerto Rico, and the Delegates from the District of Columbia, Guam, and the Virgin Islands.

Committee Order No. 12 rescinds the provisions of Committee Order No. 1 revised.

A MONUMENT TO COPERNICUS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New Jersey (Mr. Dominick V. Daniels) is recognized for 5 minutes.

Mr. DOMINICK V. DANIELS. Mr. Speaker, the Polish American Progress Association recently donated to Hudson County a bronze memorial tablet of the great Polish astronomer Copernicus which will be displayed in the lobby of the County Administration Building in Jersey City. The dedication ceremonies took place January 27, and it was my sincere pleasure to participate in these ceremonies.

Not only does this attractive tablet symbolize the many contributions made to Hudson County by its Polish-American community, but the Copernicus memorial will provide other citizens of the county with additional insight into the rich historical traditions of the Polish people.

Mr. Speaker, at the dedication, the principal speaker was my good friend, neighbor, and colleague, the Honorable Henry Helstoski. In his remarks, Congressman Helstoski focused on the achievements of the Polish astronomer and discussed what the legacy of Copernicus means for people throughout the world. In view of the fact that I found his remarks informative and inspiring, I would like to take this opportunity to share his speech with our colleagues.

Congressman Helstoski's remarks follow:

A Monument to Copernicus

Of all men it can be said that they have lived. But of few men can it be said that they have lived on.

Yet though Copernicus, the great astronomer and father of modern science was born in Poland 500 years ago, we have gathered here today to dedicate a tablet in his honor.

Copernicus was outstanding in many fields. One of history's greatest intellectuals, he distinguished himself as a theologian, scholar, painter, poet, physician, lawyer, economist, soldier, statesman and scientist. But above all, he was an eminent astronomer—so formidable that his theories have formed the foundation of modern astronomy. It was he who disproved the idea that the earth is the center of the universe, and he formulated theories which have led to our exploration of space today.

Copernicus completed his early education in Poland. However, he was soon attracted to Italy, which at that time was the intellectual center of the world. Young Copernicus saw many changes taking place—Columbus was carving out a new world, and Michelangelo, DaVinci and Raphael were at work altering our aesthetic perceptions forever.

At this time one of science's most fundamental axioms was the notion that the universe revolved around the earth. Copernicus challenged the dogma of the past, and persevered until he discovered that the universe revolved around the sun.

The Copernican theory, as it came to be known, met with outrage. His ideas were not accepted for many years, primarily as a result of opposition by the Church, for these new ideas dramatically conflicted with the teachings of the bible. However, Copernicus, his intellectual integrity sustained by his knowledge and expertise, confronted his critics and successfully challenged scientific traditions which had reigned supreme for centuries.

The 500th anniversary tribute to the Polish astronomer is particularly timely because of the relationship of his pioneering theory to modern space research. The National Aeronautics and Space Administration, for example, recently named a satellite in his honor, and last year, Pan American World Airways renamed one of its Boeing 707 planes "Jet Clipper Nicolaus Copernicus." In addition, the United States Postal Service has issued a commemorative stamp marking the Copernicus anniversary.

Copernicus, as today's dedication vividly underscores, has not only inspired people of Polish descent, but his achievements and contributions have inspired throughout the world. The principles for which he stood—diligence, integrity, and intellectual freedom—still remain among mankind's most admired virtues.

Today, we live in an age frustrated by an infinite number of complexities. Unfortunately, though perhaps justifiably, many citizens have become cynical about their government and disenchanted with the men they have elected to govern. However, as I turn to this tablet, I see the face of only one man, and I am reminded of all the good one great man can give mankind.

We all cannot be astronomers, poets, physicians or any of the many things this great man was. However, we all can be decent human beings, dedicated to embodying the principles for which Copernicus stood into our own daily lives.

So I say in conclusion, it is my sincere hope that this monument will serve forever as a vivid reminder to all who walk through these doors that the principles of integrity, dedication, and freedom still remain vibrantly alive.

A FAREWELL TO A "FAIR" LADY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from South Dakota (Mr. Denholm) is recognized for 5 minutes.

Mr. DENHOLM. Mr. Speaker, the name of the Honorable Julia Butler Hansen is marked forever in the annals of history. Her deeds are marked in the topography of America—and her image of dedication to duty as a servant of the people shall be remembered by all.

Julia Butler Hansen has accomplished much for many but she has always held true to the dignity of the cause in the interest of those less fortunate. Her art of legislative works will be entered upon the scrolls of time but her understanding of humanity will live in the minds of men.

Mrs. Hansen has achieved what most women have never sought—and she sought what most men have never achieved. She has earned the retirement of tranquility. Her 37 years of service to the people of America is a legislative challenge to her successor. Her announced retirement compels a farewell to a "fair" lady. Fair in the steadfast principles of decency, diligence, and duty. Fair in first for the people as benefactors of her best effort. Fair in a firm understanding of equality for all.

I am honored to join the multitudes that remember JULIA BUTLER HANSEN for many kindly deeds, her legislative works—but most of all as a friend. I am hopeful that her 37 years of service to others will be equalled in the blessings of time in her retirement accordingly.

Mr. Speaker, it is not goodby to Mrs. HANSEN today—it is but a warm farewell to a "fair" lady.

NO-FARE MASS TRANSIT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Utah (Mr. OWENS) is recognized for 5 minutes.

Mr. OWENS. Mr. Speaker, I wish to direct the Members' attention to a significant development in my home State of Utah in the effort on the part of the people of this country to conserve our energy resources. Due to the persistent efforts of a determined and dedicated representative to the Utah State Legislature, the voters of the major counties of Utah will have a chance this November to approve a system of no-fare mass transit for the residents of our major cities.

I wish to insert, for the Members' information, the following newspaper accounts from the Salt Lake Tribune of the events leading up to the Utah State Legislature's becoming the first legislative body in the world to authorize a method for offering no-fare mass transit on a local basis.

[From the Salt Lake Tribune, Feb. 16, 1974]

NECESSARY ATTENTION CONVERGING ON URBAN MASS TRANSIT PLIGHT

The day of mass transit seems to have dawned once more. After years of indifference and neglect, state and federal officials are paying rapt attention to the matter.

In Utah, for instance, the State Legislature this year became the first such body to authorize a method for offering no-fare bus service on a local basis. Now, President Nixon has sent urban areas a valentine in the shape of approval for subsidizing bus, subway and other commuter line operating costs. These developments are truly overwhelming.

Mr. Nixon's move was particularly surprising. Until his special budget message to Congress Wednesday, the White House threatened to veto any congressional measure that channelled federal money to local mass transit operating costs. So crucial was Mr. Nixon's reversal that a previously-passed bill, tied up in a House-Senate conference committee, is expected to move now, incorporating the President's proposals.

According to initial reports, Mr. Nixon's package would mean $70.8 million for Utah over a six year period. It's assumed approximately 75 percent would go to the heavily populated Wasatch Front, where increasing traffic congestion needs the alleviation that additional transportation financing can provide.

Work is already well along on one solution—a regional bus line, envisioned as meeting public transportation needs from Payson on the south to Brigham City on the north. The concept, and general agreement that better bus systems are an answer to many traffic related problems, prompted legislative approval for the no-fare referendum bill.

Sponsored and tirelessly promoted by Rep. Sam Taylor, D-Salt Lake, the law will permit residents in public transit districts to impose on themselves by vote a one-quarter percent sales tax for financing no-fare bus service. It could raise an estimated $5.4 million in Salt Lake County alone. Mr. Nixon's plan would allocate Salt Lake City, which helps pay Utah Transit Authority bus line operating expenses, approximately $7 million annually. The cup runneth over. Maybe.

Presidential proposals must still survive tough congressional travel. Highway groups will want to make sure they aren't losing too much control over money formerly spent on roadwork. Major metropolitan centers are already complaining about the distribution method, saying they need a larger share than presently recommended. It's not definite whether local or state governments will administer the eventual pay-out, which makes a difference as to how much actually ends up with transit operations.

As far as the UTA is concerned, even the Taylor no-fare program requires initial approval by county officials to gain the ballot, then a favorable public vote. And it could compete with another alternative allowed by the 1973 Legislature—a two mill property tax for financing minimum fare bus transportation. Depending on economic conditions by next fall, any tax increase could do poorly as a ballot issue.

Regardless, revived interest in better mass transit is appropriate. Reduced air pollution, reasonable commuter costs and less traffic congestion aren't possible without expanded, reliable interurban public transportation. It's now time for the public and public representatives to decide how to achieve as much.

[From the Salt Lake Tribune, Jan. 30, 1974]

UTAH HOUSE PASSES TRANSIT BILL

(By Clark Lobb)

"Sam's Bill" breezed through the Utah House of Representatives Tuesday 62 to 5.

The measure, sponsored by Rep. Samuel S. Taylor, D-Salt Lake City, provides for a no-fare transit system to be financed through imposition of a one-quarter cent sales tax in counties with transit districts (Salt Lake Weber and Davis). The people of those counties will vote on the measure next November if their county commissions put it on the ballot.

The legislation is known formally as House Bill 13, but as far as the legislature and a sizeable crowd in the gallery were concerned it was "Sam's Bill." Seldom if ever has a single legislator devoted so much time and effort to a single piece of legislation. It marks the fourth time it has been voted upon in the House and the second time it has been passed. However, the bill now goes to the Senate which let it die on the table last year.

FACING CHOICE

There is a possibility that voters will have a choice of voting for HB13 or a bill passed last winter calling for a two-mill property tax increase on an option basis in counties with transit districts. Here again it will be up to the respective county commissions to place it on the ballot.

"I would welcome a choice between the two," Rep. Taylor said. "I'm that confident of my bill."

He said the energy crisis with its lower rates of speed has resulted in fewer accidents and that the fatality rate decreased from 25 deaths in January, 1973, to 5 deaths this January.

No one spoke against the bill, although Rep. Eldon H. Barlow, R-Clearfield, would have amended it to provide a minimum fare. He argued that the county should not be "locked into a no-fare system." He said. "They should be able to decide for themselves how much the fare should be. The amendment failed decisively by a voice vote.

[From the Salt Lake Tribune, Feb. 2, 1974]

UTAH SENATE APPROVES TRANSIT BILL

Breaking out in tears, Rep. Samuel S. Taylor, D-Salt Lake City, saw his no-fare transit bill passed by the Utah Senate Thursday night on a 17 to 9 vote.

"It's the people's victory," said the elated representative, shaking hands with everyone in sight.

The passage of the bill came after four successive legislative attempts to gain approval and each time it met failure in one house or the other.

PASSES 62-5 IN HOUSE

The House passed the bill last Tuesday on a 62 to 5 vote and the Senate, to the surprise of Rep. Taylor, gave a relatively new approval to the bill. Seventeen votes is a mere three votes more than is needed for a majority in the Senate. But a technical amendment was made in the Senate and the bill to be finally cleared must pass through the House again.

REFERENDUM PROVISION

The bill would permit counties in a public transit district to impose a referendum for voters to decide whether to permit an additional one-quarter percent sales tax to fund a no-fare transit system.

Senators after the balloting praised Rep. Taylor for his tenacious efforts to secure the measure.

Sen. Karl Swan, D-Tooele, acknowledged that in the representative's first attempt to gain passage, he thought him a "little hairbrained and way out in left field." But Rep. Taylor's persistence sold him, Sen. Swan said.

THE PEOPLE SPEAK

Supporters of the bill said citizens were "clamoring" for the no-fare proposal and Sen. Swan noted: "What the people want they ought to get."

Principal opposition to the measure was expressed by Sen. W. Hughes Brockbank, R-Salt Lake City, who said that the state government should retain the sales tax at the state level for financing government. He added there are questions as to what transit districts would do if there were any excess revenue from the local option sales tax.

The technical amendment involves unknowingly placing extraneous words into a separate section of the bill. The House will have to concur with the Senate amendment Saturday.

Several legislators noted that they looked at the optional no-fare proposal more favorably this time due to the threat of the energy crisis.

"EVALUATION OF EDUCATION: IN NEED OF EXAMINATION," A REPORT OF THE NATIONAL ADVISORY COUNCIL ON EDUCATION PROFESSIONS DEVELOPMENT

(Mr. BRADEMAS asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. BRADEMAS. Mr. Speaker, of the many national advisory councils that consider federally supported programs, among the most diligent and valuable is the National Advisory Council on Education Professions Development, which Congress established in 1967 to consider the program supported by the Education Professions Development Act.

Recently this advisory council issued a preliminary statement of findings and recommendations in connection with a most important subject; namely, the way in which Federal programs in education as well as the projects which are supported with these Federal funds are being evaluated.

I believe that Members of Congress will read with great interest this preliminary report. I understand that a full report on the subject of evaluation of educational efforts will be submitted by the Council on March 31, 1974.

Mr. Speaker, the report to which I have made reference follows:

EVALUATION OF EDUCATION: IN NEED OF EXAMINATION

(A Report of the National Advisory Council on Education Professions Development)

PREFACE

The National Advisory Council on Education Professions Development was established by the Congress in 1967 to review and evaluate the effectiveness of the operations of the Education Professions Development Act (Title V of the Higher Education Act), and of all other programs of the Federal government having to do with the training and development of educational personnel. These programs, which involve an annual outlay in excess of half a billion dollars, are administered by a variety of Federal agencies: the Department of Health, Education, and Welfare; the National Science Foundation; the Office of Economic Opportunity; National Institutes of Health; the Manpower Administration of the Department of Labor; the National Endowments for the Arts and for the Humanities; and similar agencies. The members of this Council are appointed by the President. The Council submits its reports to the President and Congress.

In January of 1972 this Council submitted a report to the President and to the Congress in which we examined the policies governing a number of Federal efforts designed to bring about improvements in the training and development of those educational personnel who staff the schools and colleges of the nation.

In that report, entitled *Windows to the Bureaucracy*, we concluded that—with reference to policies needed to insure effective results from legislation—"the resources devoted to the formulation of policies are inadequate; the processes employed are primitive; and the results are unacceptable."

We outlined some specific steps that might be taken by both the Congress and the Executive Branch to bring about improvements in the formulation of "policies of effective means."

Since that time we have been conducting an inquiry into another equally important subject: *the way in which Federal programs in education—and the state and local projects which are supported with these program funds—are being evaluated*. The focus has been on the training of educational personnel, though we have included in our concerns the evaluation of other aspects of education.

The Council has addressed the question of evaluation on two earlier occasions. The first was in the Council's Second Annual Report, submitted in January 1969. This report ranged over a number of issues bearing on the improvement of the Federal effort in education. One chapter was devoted to Research and Evaluation.

Evaluation was the subject of a special report devoted exclusively to this topic. This was submitted in May 1969. We concluded this special report by saying:

"In its second annual report, submitted earlier this year to the President and Congress, this Council devoted a major section to research and evaluation. It has expanded on its statements in that report at this time because *the need for sensible policies concerning evaluation of educational programs is rapidly emerging as one of the major issues in American education*." (emphasis added)

In its current inquiry, this Council has been reviewing some of the major evaluations and evaluation research reported on during the period 1966 to date. It has also been seeking to identify the salient issues concerning the evaluation of educational endeavors.

This report is a preliminary statement of our findings and recommendations.

Over the past ten years some $25 billion has been invested in Federal efforts to improve education in the elementary and secondary schools, in the colleges and universities, and in other settings.

The early part of this period saw the Federal government initiate a range of actions designed to bring about improvements in almost every aspect of the educational system; a number of pieces of landmark legislation were passed; substantial funds were appropriated to carry out this legislation; programs to implement this legislation were developed in the Office of Education, the National Science Foundation, the Office of Economic Opportunity, the National Institutes of Health, the Manpower Administration of the Department of Labor, the National Foundation on the Arts and Humanities, and other agencies.

More recently, the emphasis has shifted from the initiation of efforts aimed at bringing about improvements in American education to an interest in determining whether these efforts are achieving their goals.

EVALUATION OF FEDERAL ACTIVITIES GENERALLY

This interest in evaluating effectiveness is not confined to education. The following developments give some indication of the important role that has now been assigned to evaluation of Federal activities generally:

1. Increasingly in new legislation enacted and in amendments to existing statutes explicit provision for evaluation has been made. The General Accounting Office reports that in the areas of health, education, welfare, economic opportunity, and like Federal activities, there are twenty-three Acts in which formal objective evaluation is now prescribed. Some of these statutes have numerous provisions for evaluation.

2. The Executive Branch has been placing increasing emphasis on "cost-effectiveness" as a means for determinging whether the results from given Federal programs are in proportion to the money expended. Such a procedure assumes the capacity on the part of the agencies to carry out appropriate and effective evaluation.

3. There has been a very substantial increase in the funds alloted for evaluation in the Executive Branch. The General Accounting Office reports that expenditures for nondefense program evaluation have jumped from $19 million in 1969 to $110 million in 1972.

4. It is clear that before the end of this year the Congress will have instituted some major reforms related to fundamental aspects of its own procedures. We speak of provisions for the establishment of budget ceilings; for machinery which will enable the Congress to set broad areas of priority concern; and for the creation of a Congressional Office of the Budget. The success of these reforms will depend, in no small way, on the capacity of the Congress to evaluate the effectiveness of the programs it has legislated—or at least to interpret evaluations conducted by the Executive Branch and to appraise the quality of such evaluations.

EVALUATION IN EDUCATION

In the field of education, the amount of activity devoted to evaluation has been considerable. Numerous evaluation studies, as well as books, monographs and articles analyzing the findings of these studies, have been published—all in an attempt to determine what works and what does not work and, indeed, whether *anything* works in education.

The importance that has been assigned to evaluation, and the influence that evaluation studies have exerted to date, prompt a question that must receive serious consideration:

Is "evaluation", as an aspect of social science research, capable of responding adequately to the extraordinary demands placed upon it by the developments cited above?

This Council has been exploring this question over the last few months. This exploration has consisted of a review of major evaluation studies and an attempt to identify those salient issues which the President and the Congress might take into account in making decisions concerning the evaluation of educational effectiveness, and in appraising existing evaluations of Federal efforts in education. We intend to continue this inquiry. However, we feel it appropriate to report two conclusions arrived at up to this point:

1. There is a need for a full-scale examination of the concepts, methods and manner of conducting evaluations of Federal programs in education.

2. Federal agencies responsible for evaluating educational programs should prepare policy statements which identify and record the positions of these agencies on the major issues concerning evaluation. Such positions would form a basis for guiding the decisions of these agencies with respect to the kinds of evaluation they intend to pursue.

Members of the Council* submitting this report are:

Waldo R. Banks, Sr., President, American Education Economic Assistance Foundation, Carson, California.

Larry J. Blake (Chairman), President, Flathead Valley Community College, Kalispell, Montana.

Jason E. Boynton, Associate Professor of Education, University of New Hampshire, Durham, New Hampshire.

Jennie A. Caruso, Dean of Women, Maple Heights West Junior High School, Maple Heights, Ohio.

Thomas R. Hills, Associate Professor of Political Science, Black Hills State College, Spearfish, South Dakota.

M. Elizabeth Jacka, Executive Vice President, National Merit Scholarship Corporation, Evanston, Illinois.

Marvin D. Johnson, Vice President for University Relations, University of Arizona, Tucson, Arizona.

Arnulfo L. Oliveira, President, Texas Southmost College, Brownsville, Texas.

Joseph Young—Executive Director.

SECONDARY BOYCOTTS ARE UNFAIR TO OTHERS

(Mr. TALCOTT asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. TALCOTT. Mr. Speaker, in every industry, but agriculture, the secondary boycott is considered immoral and illegal.

A secondary boycott is intended to hurt innocent persons who are not parties to any dispute.

Even union members are beginning to speak out, to the public, to their leaders, and to their fellow union members, against secondary boycotts because they are unfair and unjust.

Monte Mart is a small grocery business

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*As of September 1973. The Council consists of fifteen members. Appointments to fill current vacancies are now being made by the President.

in our congressional district. They sell Gallo Wine along with other brands. Customers can choose.

Ceasar Chavez and UFW have a dispute with Gallo and threatened to picket the Monte Mart stores with whom they have no dispute. Monte Mart management offered to permit UFW members to conduct an "informational picket" inside their stores directly in front of the Gallo Wine display—and to furnish a table and chairs for the convenience of the picketers. What could be more fair.

The story and the reaction of the people who are on the scene is clearly and accurately told in an excellent editorial of the Salinas Californian of February 26, 1974.

I ask unanimous consent to include the editorial at this place in the RECORD, and I urge everyone to read it.

As the editor wisely suggests, we desperately and urgently need national farm labor legislation to stop unfair and immoral injury to innocent parties.

SECONDARY BOYCOTTS UNFAIR TO OTHERS

Judging from George Meany's comments on secondary boycotts last week, the current mass picketing at Monte Mart, and the huge crowd during a Superior Court hearing, isn't going to get much national support and funding.

Meany, speaking in Miami Beach last week, firmly rejected an appeal from Cesar Chavez for AFL–CIO help in boycotting Gallo wines on the retail level.

He said the AFL–CIO is willing to approve a product boycott of California grapes and lettuce, "but not a secondary boycott which would work to the detriment of the winery workers, or the meat cutters, or the retail clerks."

This shows the national union thinking on secondary boycotts and Meany was termed far less enthusiastic in his support for the UFW than he has been in the past.

This confirms our own beliefs and that of the union employes at Monte Mart. It doesn't gain the United Farm Workers supporters—it turns people against them. And, in the case of Monte Mart, it turns individual union members of other unions against them, which does irreparable damage to the labor movement, generally.

What has happened is that Monte Mart has been singled out by UFW for a concentrated effort. The result: 206 union employes at four Monte Mart stores have signed a petition objecting to picketing of the stores by UFW and sympathizers.

The petition asks Meany to exercise his influence to stop the UFW picketing which Monte Mart employes say is unfair and is jeopardizing their jobs.

The petition, signed by members of the Retail Clerks Local 839, or the Meat Cutters Union, asserts, "The UFW pickets are forcing many of our customers to trade at non-union stores and some of our fellow employes have been laid off as a result".

A copy of the petition has been forwarded to James Housewright, president of the Retail Clerks International Assn. in Washington, D.C., according to James Dobbs, Local 839 president. He said, however, that he is taking no stand on the matter at present because he felt it would be premature.

The Californian feels and agrees with Meany on the secondary boycott point, that Monte Mart employes have hit the nail on the head when they state, "What seems most unfair is that the UFW is picking on us rather than the producer of the product (Gallo wine) that they claim to have a dispute with."

The president of the employee's association noted that a table and limited informational picketing had been offered the UFW at the store's main entrance, but the UFW would rather continue mass picketing.

The most incongruous of all facts is, however, that the employes state, "We are the only union department store in Monterey County affiliated with AFL–CIO and the AFL–CIO has supported the UFW."

This vividly supports the contention in every other industry but agriculture that secondary boycotts are wrong and should be banned. They are banned under the Taft-Hartley Act of 1947 in labor areas other than agriculture. That act's passage was based on the tenent that such a tactic as boycotting was an unfair labor practice and that the consumer is the principal loser.

In Monte Mart's case, union employes of different groups are fast becoming the losers, as well.

There is no basis for what is currently going on. The grievance is with Gallo, not Monte Mart, other grocery or liquor stores.

And, we repeat again, state and national legislation should be adopted to make this matter as clear for agricultural products, as it is for industrial products.

Secondary boycott intimidation has no place in a free society where collective bargaining is accepted and the primary sources are, and should be, the parties concerned.

NEW HOPE FOR CHARACTER EDUCATION

(Mr. TALCOTT asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. TALCOTT. Mr. Speaker, some years ago, I was considering the introduction of legislation to encourage character education. I was then dissuaded for the reason that clear guidelines and specific objectives could not be promulgated and, further, that this subject would only add another task to our already overburdened teacher corps.

I am very pleased that Ray Charlson, the outstanding superintendent of the Monterey County, Calif., Office of Education, has provided a succinct answer to what "character education" really is.

The six qualities of character which Dr. Charlson enumerates and describes are excellent guidelines for students, teachers, graduates, and dropouts.

Perhaps character education is not dead.

I ask unanimous consent to insert Dr. Charlson's editorial from the February 1974 issue of the Newsletter published by the Monterery County Office of Education.

MORE ON CHARACTER EDUCATION

(By Ray Charlson)

My comments regarding "What Every Happened to Character Education" in the last *Newsletter* brought forth a little chiding from my professional colleagues, and they asked the very good question, what do you think character education is? I don't have the talents to adequately answer that question, so I've gone to someone who is competent. My answer in part as to what is character education is given by Dr. William Menninger of the famed Menninger Clinic. He listed six qualities of character that one should seek to gain maturity. His description, summarized somewhat is as follows:

Sincerity.—All your cards face up. People know where you stand and how they stand with you. No sham, pretense, apple-polishing, hypocrisy, arrogance or equivication. Real all the way through.

Personal Integrity.—Similar to sincerity. But more, it refers to very special qualities of decency, honesty, loyalty, fair play and honor. Such a person has a deep sense of responsibility; he keeps his promises; he lives up to his commitments.

Humility.—Humility is often the character trait of great men. Maturity is often combined with modesty. Humility is rarely present in the smart alecks, the know-it-alls, the self-appointed saviors of the self-appointed patriots.

Courtesy.—Means much more than being thoughtful or polite to others. It means tolerance. I want to worship my God in my way and give full approval to you to worship your God in your way. I have my eccentricities and I approve of you having yours. You are just as good as I am and I respect your right to speak your piece even if I don't agree.

Wisdom.—The wisdom to make the right decisions and actions, to do the right things at the right time, and to give the correct guidance and counsel when it is needed.

Charity.—Maybe the most important, in broadest interpretation means the capacity to love. It implies the acceptance of the fact that we all have weaknesses; we all make mistakes. To be able to get along with people requires the charity of forgiveness.

I'm sure that if through our educational efforts and contacts with our students we help them to attain the traits and attitudes described by Dr. Menninger, then our country, our culture, and our democratic way of life will be strengthened and continued.

POSTAGE INCREASES

(Mr. SISK asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. SISK. Mr. Speaker, I am deeply apprehensive about the impact further postage rate increases will bear upon this Nation. Last Saturday's 2-cent across-the-board rate increase by the U.S. Postal Service, its second such raise since it was established by Congress less than 4 years ago, is significant in its effect and cause to ask when will it end.

The postage increase, which boosted an air mail stamp to 13 cents and regular first-class mail to a dime, is totally unwarranted and it is time Congress put an end to it.

Mail service is too important to a free nation to allow either inadequate service or frequent postage rate increases to be the norm, yet we have both. The mail is the one avenue everyone has not only to communicate with friends, but also to question and probe officials, and never has there been a greater need for the latter than today. But without an end to postage rate increases we are likely to price the cost of mail service out of the reach of a large segment of our society, especially the poor and those on fixed incomes, and that would strike at one of the basic premises of this country.

Our economy is out of control; at every turn the cost of living has skyrocketed, leaving the public to anguish and wonder when it all will cease. Two more cents for a stamp ostensibly may not seem like much, but, when one discerns that the mail is a primary means of communication over a year's time, then the cents quickly multiply into dollars.

Postage increases have already significantly affected publication of periodicals which disseminate necessary information, but are we going to stand by and allow the costs of first-class mail to become so stiff that it discourages the public from effectively using our mail system? The U.S. Postal Service is a legal monopoly, and inherent in such a status is that it should always safeguard the public from poor service and unwarranted costs. Unfortunately, such safeguards have not been assured in this case.

One must also raise the question whether the costs of first-class mail are, in effect, subsidizing the various other classes of mail. If so, then Congress must put a stop to it so that the American consumer pays only for actual services and is not subjected to hidden costs.

It is surely time for Congress to examine this entire issue, further delay will only foster the disdain of the public and complacency of the U.S. Postal Service, which, in turn, will precipitate more and more postage rate increases which none can afford.

MAILINGS UNDER CONGRESSIONAL FRANKING ACT

(Mr. UDALL asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. UDALL. Mr. Speaker, I submit for printing into the RECORD at this point regulations affecting mass mailings under the Congressional Franking Act as adopted by the House Commission on Congressional Mailing Standards:

Mass Mailing Restrictions Under the Congressional Franking Act

Notice is hereby given that pursuant to Section 3210(a)(5)(D) of title 39, United States Code, the House Commission on Congressional Mailing Standards has prescribed regulations for the House of Representatives governing the time during which franked mass mailings, as defined under the subject, may not be made.

The statutory restriction on the use of the frank for such mass mailings prior to elections is set forth in 39 U.S.C. 3210(a)(5)(D) as follows:

"(5) It is the intent of the Congress that a Member of or Member-elect to Congress may not mail as franked mail—

"(D) any mass mailing when the same is mailed at or delivered to any postal facility less than 28 days immediately before the date of any primary or general election (whether regular, special, or runoff) in which such Member or Member-elect is a candidate for public office. For the purpose of this clause (D) the term 'mass mailing shall mean newsletters and similar mailings of more than 500 pieces in which the content of the matter mailed is substantially identical but shall not apply to mailings—

"(i) which are in direct response to inquiries or requests from the persons to whom the matter is mailed;

"(ii) to colleagues in Congress or to government officials (whether Federal, State, or local); or

"(iii) of news releases to the communications media. The House Commission on Congressional Mailing Standards and the Select Committee on Standards and Conduct of the Senate shall prescribe for their respective Houses such rules and regulations and shall take such other action, as the Commission or Committee considers necessary and proper for the Members and Members-elect to conform to the provisions of this clause and applicable rules and regulations. Such rules and regulations shall include, but not be limited to, provisions prescribing the time within which such mailings shall be mailed at or delivered to any postal facility to attain compliance with this clause and the time when such mailings shall be deemed to have been so mailed or delivered and such compliance attained."

Accordingly, the Commission has established the following regulations regarding restrictions on mass mailing:

"(a) Mass mailings as defined under Section 3210(a)(5)(D) of title 39, United States Code, may not be mailed as franked mail by a Member of or Member-elected to the House of Representatives when the same is mailed at or delivered to any postal facility other than the Publications Distribution Service of the House of Representatives, hereinafter referred to as the House Folding Room, less than 28 days immediately before the date of any primary or general election (whether regular, special, or runoff) in which such Member or Member-elect is a candidate for any public office.

"(b) Such mass mailings, if processed through the House Folding Room, shall be deemed to be in compliance with the subject statutes and these regulations, if delivered to the House Folding Room, with instructions for immediate dispatch, not less than 30 days immediately before the date of any such election. The House Folding Room shall issue a receipt, which shall specify the date and time of delivery and a brief description of the matter to be processed, to the Members at the time he or she delivers such mass mailings to the House Folding Room.

"(c) For the purposes of the subject statutes and these regulations, a Member of or a Member-elect to the House of Representatives, shall be deemed to be a candidate for public office at any election as hereinabove set forth if his or her name appears anywhere on any official ballot to be used in such election."

Although the commission does not anticipate any immediate changes in these regulations, the commission would appreciate, and therefore invites comments or suggestions which might assist in future revision of the rules. Comments should be submitted by mail to the commission at 207 Cannon House Office Building, Washington, D.C. 20515.

In consideration of the foregoing, the regulations on mass mailing restrictions as hereinabove set forth are made effective immediately.

Issued in Washington, D.C., on March 5, 1974.

MORRIS K. UDALL,
Chairman.

Mr. Speaker, in order to assist Members of the House in determining the cutoff dates for mass mailings as they apply to the various primaries to be held by the States in 1974, the Commission has prepared a tabulation of these primary dates, as provided by the Republican and Democratic campaign committees, as well as the cutoff dates for mass mailings applicable thereto.

The dates listed in the second and third columns of the tabulation are the 28th and 30th day immediately before the primary election dates and, therefore, are the last dates, as appropriate, on which a mass mailing may be made.

The tabulation follows:

State	Date of primary	28 days	30 days
Illinois	Mar. 19	Feb. 19	Feb. 17
Texas	May 4 (June 1[1])	Apr. 6	Apr. 4
Alabama	May 7 (June 4[1])	Apr. 9	Apr. 7
District of Columbia	May 7	do	Do.
Indiana	do	do	Do.
North Carolina	May 7 (June 4[1])	do	Do.
Ohio	May 7	do	Do.
Nebraska	May 14	Apr. 16	Apr. 14
West Virginia	do	do	Do.
Pennsylvania	May 21	Apr. 23	Apr. 21
Arkansas	May 28 (June 11[1])	Apr.30	Apr. 28
Oregon	May 28	do	Do.
Kentucky	do	do	Do.
California	June 4	May 7	May 5
Iowa	do	do	Do.
Mississippi	June 4 (June 25[1])	do	Do.
Montana	June 4	do	Do.
New Jersey	do	do	Do.
New Mexico	do	do	Do.
South Dakota	do	do	Do.
Maine	June 11	May 14	May 12
South Carolina	June 11 (June 25[1])	do	Do.
Virginia	June 11	do	Do.
Connecticut	Primaries held on 8th or 9th Wednesday following the close of the State conventions, which will convene between June 1 and July 15, 1974.[1]		
Tennessee	Aug. 1	July 4	July 2
Idaho	Aug. 6	July 9	July 7
Kansas	do	do	Do.
Michigan	do	do	Do.
Missouri	do	do	Do.
Georgia	Aug. 13 (Sept. 3[1])	July 16	July 14
Louisiana	Aug. 17 (Sept. 28[1])	July 20	July 18
Wyoming	Aug. 20	July 23	July 21
Alaska	Aug. 27	July 30	July 28
Oklahoma	Aug. 27 (Sept. 17[1])	do	Do.
Nevada	Sept. 3	Aug. 6	Aug. 4
North Dakota	do	do	Do.
Delaware	Sept. 7	Aug. 10	Aug. 8
Arizona	Sept. 10	Aug. 13	Aug. 11
Colorado	do	do	Do.
Florida	Sept. 10 (Oct. 1[1])	do	Do.
Maryland	Sept. 10	do	Do.
Minnesota	do	do	Do.
New Hampshire	do	do	Do.
New York	do	do	Do.
Rhode Island	do	do	Do.
Utah	do	do	Do.
Vermont	do	do	Do.
Wisconsin	do	do	Do.
Massachusetts	do	do	Do.
Washington	Sept. 17	Aug. 20	Aug. 18
Hawaii	Oct. 5	Sept. 7	Sept. 5

[1] Runoff election, if necessary. Applicable cutoff dates for runoff elections are not shown.

PATSY MINK SEEKS FUEL FOR HAWAII

(Mrs. MINK asked and was given permission to extend her remarks at this point in the RECORD and to include extraneous matter.)

Mrs. MINK. Mr. Speaker, since the fuel crisis began last October I have worked diligently in every way possible to bring more fuel to Hawaii.

Countless telephone calls have gone from my office to high officials of the Federal Energy Office in Washington, San Francisco, and Hawaii, both on behalf of specific Hawaii users and seeking broad policies to shorten lines at retail gasoline stations.

I have cooperated and worked with my congressional colleagues, Acting Gov. George Ariyoshi, and State legislative officials, and also sought on my own to increase the flow of gasoline to Hawaii consumers. My wire to Acting Governor Ariyoshi urging him to bring suit against the FEO was followed by his threat to do so, which I am convinced is the reason Hawaii received an extra allocation of gasoline for February.

In Congress I am seeking legislative relief for the gasoline shortage as well as congressional probes of oil company manipulations in the crisis.

To show how the energy crisis has affected my State, I am inserting for the Record my written inquiries and urgent appeals on behalf of more fuel for Hawaii:

November 1, 1973.

Hon. John Kyl,
Assistant Secretary for Congressional and Public Affairs, Department of the Interior, Washington, D.C.

Dear Mr. Kyl: The enclosed letter from Mr. Hichiro Kobayashi of the Kobayashi Travel Service is forwarded for your attention.

Mr. Kobayashi has asked for relief from the effect of Federal fuel allocation regulations which bar his new bus company from receiving fuel.

I would appreciate your careful attention to his request. Please advise me on any action taken regarding this matter, and the reasons therefor.

Very truly yours,
Patsy T. Mink,
Member of Congress.

November 5, 1973.

Mr. Robert Plett,
Assistant Director for Petroleum Allocation, Office of Oil and Gas, Department of Interior, Washington, D.C.

Dear Mr. Plett: This is to urge that adequate fuel supplies be allowed for the operation of Hawaiian Airlines, Inc., and Aloha Airlines, Inc., in the State of Hawaii.

As set forth in the enclosed letter from one of the airlines, the air service currently provided among the islands of Hawaii is absolutely essential for the State economy and well-being of the people. There are no alternatives. In fact, the service is mandated by Federal certification.

I request that exemptions be considered for the increases in fuel allocation required by both airlines.

Very truly yours,
Patsy T. Mink,
Member of Congress.

November 5, 1973.

Mr. Duke Ligon,
Director, Office of Oil and Gas, Department of Interior, Washington, D.C.

Dear Mr. Ligon: I am advised that an important construction job in the State of Hawaii is threatened by the shortage of fuel for helicopters. The helicopters now fly materials which can only be taken to the Hawaiian electric tower extension site in this manner.

Since the job started in 1973 there was no 1972 allocation. The company involved, Hawaii Helicopters International, P.O. Box 1401, Lihue, Kauai, Hawaii, says it needs immediate relief from quota restrictions. One thousand gallons a month of jet fuel are sought to complete the tower.

Your consideration of this request will be appreciated.

Very truly yours,
Patsy T. Mink,
Member of Congress.

November 5, 1973.

Mr. Eugene W. Standley,
Office of Oil and Gas, Region 9,
San Francisco, Calif.

Dear Mr. Standley: This is to state my strong support for the urgent appeal by the Hawaiian Electric Company for a diesel fuel allocation in excess of that prescribed by regulations.

The company considers approval of its requested increase essential to the continued meeting of electrical power needs on the Islands of Oahu, Maui and Hawaii. Unless the 1973 and 1974 allocations it has requested are provided, there will be no way to provide essential services to the people of Hawaii.

The State of Hawaii is entirely dependent on fossil fuel for its energy supplies, and has no alternative sources such as electrical power pool arrangements with other public utilities. It is believed that the base year of 1972 presents an inaccurate measure of the projected need, since the fuel use that year did not reflect the continuing population growth or the increased military presence on the Island of Oahu following the ending of the Vietnam war.

Your approval of the increased allocation requested is urgently sought.

Very truly yours,
Patsy T. Mink,
Member of Congress.

November 7, 1973.

Mr. Eugene Standley,
Office of Oil & Gas, Region 9,
Department of Interior,
San Francisco, Calif.

Dear Mr. Standley: I am advised of the need of Mr. David Welsh, President, Makaha, Inc., P.O. Box 947, Waianae, Hawaii 96792, for additional fuel allocation for tour bus operation.

No diesel fuel was used by the firm in 1972, and therefore, it has no 1973 allocation under the regulations. Since the firm has $100,000 in equipment which cannot operate without the requested allocation, the company faces financial failure without approval of the requested allocation. I request that it be approved.

Very truly yours,
Patsy T. Mink,
Member of Congress.

November 7, 1973.

Mr. Eugene Standley,
Office of Oil & Gas, Region 9,
Department of Interior,
San Francisco, Calif.

Dear Mr. Standley: The enclosed letter from Mr. Charles E. McCrary of InterIsland Resorts, Hawaii, is forwarded for your attention.

I agree with Mr. McCrary's comments as to the great economic need for the transportation services for which the additional fuel allocation is sought.

Your approval of his request would be appreciated.

Very truly yours,
Patsy T. Mink,
Member of Congress.

November 9, 1973.

Mr. Eugene Standley,
Regional Representative, Office of Oil and Gas, Department of the Interior, San Francisco, Calif.

Dear Mr. Standley: I am advised of the need of Mr. Ralph Koga, N.K.'s Bus Service, Inc., 919 California Avenue, Wahiawa, Hawaii 96786, telephone (808) 621–0777, for an additional bus fuel allocation.

The use of this company's 30 buses has increased over the last six months but it is getting only 95% of the fuel from Standard Oil of the 70,000 gallons received in 1972. The buses are used to take children to school, field trips, and excursions on a year-round basis.

I request that the company's additional allocation be approved. Thank you for your assistance.

Very truly yours,
Patsy T. Mink,
Member of Congress.

November 13, 1973.

Mr. Eugene Standley,
Regional Representative, Office of Oil and Gas, Region 9, Federal Office Building, San Francisco, Calif.

Dear Mr. Standley: This is to urge approval of the application of Kauai Electric Company, Hawaii, for an additional allocation of diesel fuel oil to run its electrical power generators.

Due to severe electrical power shortages and blackouts in past years, the company, which is the only provider of power on the Island of Kauai, has added an additional power generator. The generator was not in operation in November of 1972, the base month for the current month's allocation. Because of the increased fuel use of the additional generator, the allocation of 95% of the 1972 amount is about one-third short of the projected demand.

Without the requested increase, the company could be without fuel to run its generators during the latter one-third of November, 1973. This would result in a reduction of some 75 percent in the power supply on the island (the company provides about 25 percent by a generator run on Number 6 fuel, which is still in supply).

Due to the geographical separation of the island from any other source of power, there is no alternative of receiving power from another location. While the people of Kauai will make every effort to curb the use of power, I see no way to prevent a power emergency except by urgent approval of the requested additional allocation.

Your prompt assistance in this matter would be sincerely appreciated.

Very truly yours,
Patsy T. Mink,
Member of Congress.

Hawaiian Electric Co, Inc.,
Honolulu, Hawaii, November 14, 1973.

Representative Patsy T. Mink,
Cannon House Office Building,
Washington, D.C.

Dear Representative Mink: I want to thank you very much for taking time out of your very busy schedule to assist me, on behalf of Hawaiian Electric Company, with the fuel oil allocation problem.

Your support and assistance made it possible for me to successfully help the Company gain the necessary cooperation from the Oil and Gas Administrative Offices.

We in Hawaii, are fortunate to have you representing us in Congress, and most certainly should be proud.

On behalf of Hawaiian Electric Company, I sincerely thank you for your generous kokua.

Sincerely,
W. Buddy Soares,
Director of Community Affairs.

[Telegram]

Adm. Eli T. Reich,
Administrator, Office of Petroleum Allocation, Department of Interior, Winder Building, Washington, D.C.:

Urgently request increased fuel allocation for Hawaii trucking industry. Monthly 1972 base distorted by 34-day West Coast Shipping strike starting January 17, 1972, and 41-day shipping interruption starting October 25, 1972. Both Months were artificially low fuel use months for trucks in Hawaii. Hawaii transportation is unique since trucks must deliver to the consumer all products whether they arrive in State by ocean or air freight.

Hawaii now faced with slowdown in both transportation and construction with adverse economic results and serious worker layoffs now pending.

Your provision on immediate increase urgently required.

Patsy T. Mink,
Member of Congress.

November 21, 1973.

Re Mr. Kevin Johns, Maliko Farms, Makawao, Maui, Hawaii.

Mr. Eugene Standley,
Regional Representative, Office of Oil and Gas, Region 9, Federal Office Building, San Francisco, Calif.

Dear Mr. Standley: The above named wrote you a letter dated November 13, 1973, in which he asks for relief from the effect of Federal fuel allocation regulations which bar his newly established business from receiving diesel fuel. He was previously receiving a temporary allocation of 200 gallons per month.

His old supplier Mr. Jim Haines, Manager, Union 76, Kahului, Maui, Hawaii, has denied selling him fuel until he receives permission from your department.

His business, the only source of income for him and his family, is involved in tractor rental operations (with himself as operator) on an hourly basis to farmers in the Peahi-Kula area. Without any fuel his business will go bankrupt and his credit rating permanently damaged.

I would appreciate your careful attention to his request. Please advise me on any action taken regarding this matter and the reasons therefor.

Very truly yours,

Patsy T. Mink,
Member of Congress.

November 21, 1973.

Hon. Richard M. Nixon,
President of the United States,
The White House,
Washington, D.C.

Dear Mr. President: According to a newspaper article quoting the Cost of Living Council, "despite a shortage of heating fuels in the country, U.S. exports of fuel oil in 1973 will be almost triple last year's.".

I would appreciate your verification of this and an explanation of steps you have taken to curb the flow of fuel from the United States.

I also ask what steps have been taken to increase the importation of oil and fuel from countries other than the Arab states participating in the embargo against our country.

Thank you for your assistance.

Very truly yours,

Patsy T. Mink,
Member of Congress.

November 28, 1973.

Re H.R. 11031; H.R. 11450; and S. 2589.

Hon. Harley O. Staggers,
Chairman, Committee on Interstate and Foreign Commerce, U.S. House of Representatives, Rayburn House Office Building, Washington, D.C.

Dear Mr. Chairman: This is to request that any emergency energy powers legislation approved by the Committee protect the economy of the State of Hawaii.

Sec. 203(b) (2) of S. 2589 as passed by the Senate on November 19th directs the President to promulgate an energy rationing program which, among other things, restricts the use of fuel "for nonessential uses such as . . . recreational activities . . ." Sec. 204(b) (1), among other things, empowers the Civil Aeronautics Board to cut airline service not required for the public convenience and necessity.

The emerging thesis of such energy conservation proposals is that fuel consumption for recreational travel should be curbed in favor of more essential uses. While the objective is laudable in general, its specific effect on Hawaii may be disastrous.

What may be "luxury" travel in other States is an essential component of the economy in Hawaii. Visitors spent $645 million in travel to Hawaii in 1971, and I am sure the amount has increased since then. By comparison, our sugar and pineapple sales totaled only $344 million.

Legislation or an administrative program which blindly restricts all "recreation" travel as a "luxury" would actually jeopardize Hawaii's major industry and cause economic chaos. Since the whole purpose of our allocation plan is to protect the economy, it would be foolish in the extreme to destroy the economy of an entire State in the process.

I strongly urge that the unique needs of the State of Hawaii receive full consideration in any legislation you may pass. Undue restrictions on the use of fuel for tour or charter buses, or rental cars, for example, would cripple our travel industry. Similar damage would be caused if airline flights to Hawaii were greatly reduced.

I believe the situation warrants a special amendment to this legislation exempting Hawaii's travel industry from restrictions, unless the agency taking such action demonstrates in advance that such restrictions would not damage the State's economy.

The jobs of many thousands of Hawaii workers and their families are at stake. While we want to do our part in conserving energy, I hope you will see to it that the vital concerns of Hawaii are not ignored.

Very truly yours,

Patsy T. Mink,
Member of Congress.

November 29, 1973.

Re H.R. 11031.

Hon. Harley O. Staggers,
Chairman, Committee on Interstate and Foreign Commerce, U.S. House of Representatives, Washington, D.C.

Dear Mr. Chairman: During markup of emergency energy powers legislation, I urge that the Committee specifically include language directing high priority in fuel allocation or rationing to *public transportation systems*.

I recognize that Congress provided some direction to the President in S. 1570, which was signed as P.L. 93–159 on November 27th. Nevertheless, S. 2589, the Senate-passed bill now before the Committee, contains further specific priority for public (mass) transportation in Sec. 204(c), which states: "The President shall develop and implement federally sponsored incentives for the use of public transportation, including priority rationing of fuel for mass transit systems, and Federal subsidies for reduced fares and additional expenses incurred because of increased service, for the duration of the energy emergency."

I feel similar language would be a vital addition to H.R. 11031. The situation of Honolulu, Hawaii, and many other cities, is that increased public transportation offers the only viable long-range solution to pressing transportation and energy problems. Honolulu has been developing a mass transportation system using buses, but its future is jeopardized by the fuel shortage. If the city is restricted to its 1972 allocation as originally proposed, it could not move forward with plans to increase the number of buses still more.

A definite, statutory requirement by the Congress that such mass transportation systems receive fuel priority would enable the city to go ahead with its plans to purchase additional buses. Otherwise, if the fuel situation is uncertain, it may be unable to do so. The net result, however, would be *increased* fuel use in 1974 because commuters would continue to drive to work in private automobiles.

Honolulu has experimented with free public use of buses in what may be a pilot project for other cities. A meaningful effort is being made to end the cycle of increased auto use and highway construction in one of the nation's most land-restricted areas. The results should be beneficial both to the environment and fuel consumption.

Any assistance you can provide to mandate specific benefits for public transportation in H.R. 11031 is urgently needed.

Very truly yours,

Patsy T. Mink,
Member of Congress.

December 1, 1973.

Hon. Frank F. Fasi,
Mayor, City and County of Honolulu,
Honolulu, Hawaii.

Dear Mayor Fasi: Thank you for your letter of November 23 concerning the fuel crisis facing the bus system. To date, I have received no response from Admiral Reich at the Office of Petroleum Allocation, to which I sent a wire on November 27 urgently requesting approval of the city's emergency application for 60 day's fuel supply. I am advised, however, through contact with the Department of Transportation, that the Phillips Petroelum Company has agreed to supply fuel through the end of December.

I devoted considerable effort this past week, and will continue trying, to obtain specific statutory requirements of permanent priority for public transportation systems such as Honolulu's for fuel allocation. Enclosed is my letter to Chairman Staggers of the House Committee on Interstate and Foreign Commerce. Similar letters were sent to all other members of the Committee. The Committee has been working on H.R. 11031, the Administration's emergency energy powers bill which has already passed the Senate (in amended form) as S. 2589.

In addition to these communications, I worked with Councilman Frank Loo in arranging for him to personally speak with Chairman Staggers and other key members of the Committee to emphasize Honolulu's specific needs. Councilman Loo was in Washington on behalf of the Council. I have also talked with Committee members and will continue seeking urgent and mandated priority for public transportation.

Hopefully, we will be able to secure lawful guarantees of sufficient fuel for the city bus system during the energy shortage.

Very truly yours,

Patsy T. Mink,
Member of Congress.

December 4, 1973.

Hon. Eli T. Reich,
Administrator, Office of Petroleum Allocation, Department of Interior, Washington, D.C.

Dear Admiral Reich: This is to request that regulations to be issued within the next two weeks on allocation of residual fuel consider the particular needs of the State of Hawaii.

Residual fuel is used by shipping companies which supply virtually all of Hawaii's daily needs. There are no alternative sources of supply for these goods since most is too bulky to ship by air. With the number of airplane flights to Hawaii probably to be reduced, we will be more dependent than ever on ocean shipping.

I strongly request that sufficient residual fuel be allocated to Hawaii and other offshore areas of the United States to meet their critical needs. Your attention to this matter will be appreciated.

Very truly yours,

Patsy T. Mink,
Member of Congress.

December 4, 1973.

Hon. George R. Ariyoshi,
Acting Governor, State of Hawaii,
State Capitol, Honolulu, Hawaii.

Dear Lt. Governor: In regard to your letter of November 7 concerning the fuel allocation program, I am advised that several problems on which you commented have been resolved.

Forms are now available for requesting additional allocations, and a Hawaii representative, Mr. H. Tucker Gratz, has been named for the allocation program. In addition, new regulations have been issued under a Congressional bill passed last month.

I am well aware of the continuing severe problems encountered by Hawaii businesses and private users, and will continue exerting every effort to help them obtain essential fuel supplies.

I would strongly urge you to take a statewide inventory of all our energy requirements for 1974, listing the areas of highest priority.

Very truly yours,

PATSY T. MINK,
Member of Congress.

DECEMBER 4, 1973.

Mr. THOMAS G. HELD,
President, Aloha Hawaii Travel Ltd.
Honolulu, Hawaii.

DEAR MR. HELD: Thank you for your letter concerning the need to oppose any moves, by airlines or government, to cut flights to Hawaii on the basis that they are for vacation purposes. I completely agree.

While vacation travel may be a "luxury" to other States, in Hawaii it is an essential component of our economy. Visitors spent $645 million in travel to Hawaii in 1971, a figure second only to national defense expenditures of $721.8 million. Receipts from sugar processing and pineapple sales were only $344 million by comparison. The trend is toward tourism becoming the dominant economic activity in Hawaii.

While all of us in Hawaii are aware of the need to conserve energy use, the economic lifeblood of an entire State must not be sacrificed in the process. I will make all efforts to assure that this does not happen.

Very truly yours,

PATSY T. MINK,
Member of Congress.

DECEMBER 5, 1973.

Mr. EUGENE STANDLEY,
Regional Representative, Office of Oil and Gas, Region 9, San Francisco, Calif.

DEAR MR. STANDLEY: Mr. David Darling of Kula, Maui, Hawaii 96790, has asked for my assistance in obtaining an allocation of 80 gallons of diesel fuel a month. He has a small business utilizing one tractor with himself as the operator. He performs work for farmers in the area under a rental basis. His business was started in July of 1973.

Mr. Darling sent in his application forms for fuel allocation to the regional office in San Francisco on November 29. Unless it is approved, he will be forced to go on public assistance as the small business will be his only source of income.

Your approval of this request would be appreciated.

Very truly yours,

PATSY T. MINK,
Member of Congress.

DECEMBER 7, 1973.

Re Air Distribution, Inc., Box 947, Honolulu International Airport, Honolulu, Hawaii

Mr. EUGENE STANDLEY,
Regional Representative, Office of Oil and Gas, Region 9, San Francisco, Calif.

DEAR Mr. STANDLEY: Mr. William T. Parlette, Vice President-Planning, has advised me that this company has contacted Admiral Reich in an effort to secure additional fuel.

This new airline plans to serve air freight carriage requirements to the "neighbor islands" of Hawaii which are greatly in need of transportation services.

Your assistance in obtaining necessary fuel will be appreciated.

Very truly yours,

PATSY T. MINK,
Member of Congress.

DECEMBER 17, 1973.

Hon. WILLIAM E. SIMON,
Administrator, Federal Energy Office,
Washington, D.C.

DEAR MR. SIMON: Urgently request your assistance before December 20 deadline to modify proposed regulations on 1974 allocation of aviation fuel to commuter airlines such as Royal Hawaiian Air Service, Hawaii, in order that the only source of public transportation to many Hawaii communities may be maintained.

Regulations as proposed would limit 1974 fuel to 90 percent of that used in 1972, which would very shortly forces airlines out of business. An allocation of 90 percent of 1973 usage, however, would allow Royal Hawaiian Air Service to maintain viable air service while still bearing a fair share of the fuel shortage burden.

In 1973 the airline is carrying passenger traffic. The majority of passengers are residents of small communities who have no feasible surface transportation alternative because of the geographic division of the State of Hawaii into isolated islands not connected by roads or rail.

Royal Hawaiian provides the only scheduled public air transportation at Hana, Kaanapali, Kalaupapa and Upolu Point. It carries more passengers than either Hawaiian Airlines or Aloha Airlines at Molokai and Lanai Islands. The airline connects all these small communities with the major hub airports of Honolulu, Kahului, Kona, and Hilo. It cannot continue to provide this essential public air transportation service to the citizens of Hawaii's smaller communities under the presently proposed fuel allocation regulations.

An appeal has been sent to your office by the airline. I respectfully request that you act in accordance with this appeal.

Very truly yours,

PATSY T. MINK,
Member of Congress.

DECEMBER 17, 1973.

Mr. RICHARD O. BUCK,
Executive Vice President, Spencecliff Corp., Honolulu, Hawaii.

DEAR MR. BUCK: Thank you for your letter concerning the urgent need for adequate fuel allocation to maintain employment in Hawaii. I completely agree that this is of great concern. With the other members of the Hawaii Congressional delegation, I have been actively seeking to obtain enough fuel in the coming year for our major industries such as tourism and construction.

The delegation, with Acting Governor Ariyoshi and other officials from Hawaii government and industry, met in Washington last week with key officials in the fuel allocation program. We had one objective: to impress on them the unique situation in Hawaii and need for recognition of this in the allocation program. We told them that travel is not a "luxury" in Hawaii as in other States, but an essential component of the economy. We gave them figures on the employment impact of such industries as construction, trucking, and shipping, as well as tourism.

The result was the officials pledged to seek recognition in the final regulations of the unique needs of Hawaii and our island territories. I am still seeking to assure that this comes about. Our congressional delegation and State officials have made a great effort to protect the interest of the people of Hawaii in this matter. I will continue doing all I can say as your Representative in the Congress.

Very truly yours,

PATSY T. MINK,
Member of Congress.

ALOHA HAWAII TRAVEL LTD.,
Honolulu, Hawaii, December 17,1973.

Mr. WILLIAM G. FOSTER,
Chairman of the Board, Hawaii Visitors Bureau, Honolulu, Hawaii

DEAR BILL: The enclosed copies of recent correspondence tell a story.

Obviously, I was concerned about the effect the "energy crisis" could have on our business, so decided to do what I could about it through Hawaii's Washington representatives.

I'm very impressed with the immediate and real action taken by Representative Patsy T. Mink. Right now, as never before, we all need to review our faith in our elected officials; and, therefore, we appreciate their sincere efforts on our behalf.

Would you please acknowledge Representative Mink for her efforts?

Sincerely,

THOMAS G. HELD,
President.

DECEMBER 19, 1973.

Hon. WILLIAM E. SIMON,
Administrator, Federal Energy Office,
Washington, D.C.

DEAR MR. SIMON: This is to request revision of proposed mandatory petroleum allocation regulations (10 C.F.R. Ch. 11) in accordance with the enclosed proposal submitted to Mr. Duke Ligon and other Federal energy officials by the State of Hawaii and the four members of Hawaii's congressional delegation.

Specifically, the regulations should provide for the establishment of a new petroleum allocation district consisting of Hawaii and other U.S. territories and possessions in the Pacific. Within such district, an overall allocation should be made to the State based on current needs, with an appropriate percentage reduction based on the national energy reduction—but keeping in mind that petroleum supplies virtually 100 percent of Hawaii's energy needs. Thus a 10-percent cut of petroleum in Hawaii would be far more severe than a 10-percent cut in petroleum in any mainland State which has such alternative sources of energy as natural gas, hydroelectric power, and nuclear power, and is connected to other States by an electric grid system. Thus, any reduction in Hawaii petroleum should result in no more than the *total energy reduction* suffered in any other State as a result of the allocation program.

The State of Hawaii should be issued special authority under the regulations to apportion fuel within its allotment to the various end users. This authority is necessary because of the unique economy in which visitor travel is the largest single industry. Similarly, no national regulations governing transportation uses of fuel can possibly be equitable in Hawaii which has no automobile, truck, bus, or train transportation between islands. Regulations intended to shift use from one form of transportation by restricting its fuel would simply result in a termination of Hawaii transportation since the alternative envisioned nationally would not be available in the State. In addition, Hawaii is in no position to reduce its fuel needs through lowering space heating temperatures since very little energy is currently used for space heating.

Hawaii has a low per-capita energy use and most goes for uses directly connected with public health and safety or employment. The State is already devoting major efforts to increasing public transportation and reducing the use of private automobile transportation. Accordingly, your regulations should ask that Hawaii accept no more than a proportionate adverse impact of the fuel shortage. If the fuel shortage causes 6 percent unemployment in other States, we ask that it not cause 10 percent in Hawaii. Yet that would be the likely effect of the regulations as proposed which give no priority to our principal industry and do not recognize the composition of our transportation structure. I ask that revisions be approved along the lines suggested.

Very truly yours,

PATSY T. MINK,
Member of Congress.

December 19, 1973.

Hon. William E. Simon,
Administrator, Federal Energy Office, Washington, D.C.

Dear Mr. Simon: A change in proposed fuel allocation regulations is requested in order to permit adequate fuel to be supplied to Hawaiian Tug and Barge Co. and Young Brothers Ltd., Hawaii. They should be placed in category 1 instead of category 2 since they supply essential commerce services for which there is no alternative source.

Continuation of the transportation services they provide is far more important in Hawaii than for similar companies in other States because Hawaii has *no* automobile, bus, truck, or rail transportation between major islands to make up for any cut in ocean transportation.

These companies (1) move the bulk of all freight traffic between the islands which includes such critical cargo as foodstuffs, vegetables, refrigerated cargo, cattle, and construction materials; (2) provide, assist and standby tug service at Barber's Point Standard Oil refinery and Hawaiian Independent Refinery off-shore moorings, the facilities through which fuel supplies reach the refineries; (3) tow fuel, propane and bulk cement barges between the islands; (4) make monthly trips to the west coast with a 9,000 ton capacity grain barge in support of Hawaii flour mills, Hawaii's bakeries, and the cattle and other livestock industries; (5) provide tug assistance as required for all vessels entering and departing Honolulu harbor, the State's supply lifeline; (6) provide water taxi service to vessels anchored off-port of Honolulu; (8) military movement of cargo and freight to Canton and Johnston Islands and ship assist at Pearl Harbor; and (9) assist ships in distress in the mid-Pacific area.

They are a basic, critical function in the economy of Hawaii. Any cutback of fuel would spread major disruptions in employment and supply of essential goods to many businesses and individuals throughout the islands.

I urgently request a change in the regulations to recognize these factual conditions.

Very truly yours,

Patsy T. Mink,
Member of Congress.

General Contractors
Association of Hawaii,
Honolulu, Hawaii, December 19, 1973.

Hon. Patsy T. Mink,
House of Representatives,
Washington, D.C.

Dear Representative Mink: We want to take this means to thank you and your fine staff for the excellent cooperation given our Committee during our visit last week in Washington. Our President, Mits Kaneshige and I came away from Washington most impressed by the high degree of professionalism shown by your staff and their dedication to you and the office that you hold.

We are highly elated by Secretary Simon's appointment of Paul Joy to a policy level staff position with the Energy Office. It is apparent to us now that our efforts in Washington were not in vain and that, in fact, we did get the job done.

For our part we want to thank you for your efforts on behalf of our energy team from Hawaii. Frankly, we feel that the questions you raised at our Monday morning briefing session gave rise to a complete review as to what we were all prepared to do and say at the Tuesday morning meeting with Mr. Ligon. Once again, may I repeat my special thanks to you for your participation.

Our President, Mits Kaneshige, joins me in wishing you and yours a joyous and happy holiday season.

Sincerely yours,

George L. Nottingham,
Chairman, Special Energy Committee.

December 19, 1973.

Mr. William Arntz,
Federal Energy Office, Region IX
San Francisco, Calif.

Dear Mr. Arntz: The enclosed application of Citizens Utilities Company for fuel during 1974 for their power plant on Kauai, Hawaii, is referred for your attention.

I urgently request the provision of adequate fuel for this plant which is the provider of all public power on the island. Hawaii is not connected to any other power source by an electric grid and is completely dependent on sources located on the island.

Your speedy approval of the application in accordance with fuel allocation regulations is requested.

Very truly yours,

Patsy T. Mink,
Member of Congress.

TELEGRAM

December 21, 1973.

William E. Simon,
Administrator, Federal Energy Office,
Washington, D.C.:

Please refer mandatory petroleum regulations published Federal Register December 13 concerning middle distillates subpart F, Agriculture Production. Imperative Agriculture Production as defined in regulations be moved from Category II to Category I because food production is highest national interest. Also, allocation for Agriculture Production must be increased to "current requirements up to 150% of base period" to allow for harvesting and processing of bumper crops. 1972 absolutely inadequate as base period year.

Patsy T. Mink,
Member of Congress.

January 9, 1974.

Mr. William E. Simon,
Administrator, Federal Energy Office,
Washington, D.C.:

Strongly urge revision in motor gasoline allocation regulations favoring large businesses using 84,000 gallons annually. This discriminates against small business in Hawaii and elsewhere. Such small firms will be forced to compete with consumers for scarce supplies, while larger competitors will be guaranteed 100 percent of base period volume. Recommend even-handed treatment of all commercial users not based on size.

Patsy T. Mink,
Member of Congress.

December 21, 1973.

Hon. William E. Simon,
Administrator, Federal Energy Office,
Washington, D.C.

Dear Mr. Simon: This is to request your assistance in obtaining approval of the enclosed request by Seatrain Co. for an increase in the allocation of fuel for the operation of container handling equipment of the firm's Honolulu terminal. The equipment consists of container cranes, truck tractors and portable generator sets for refrigerated containers, and is a vital part of the transportation lifeline for all Hawaii goods.

The monthly allocation of 95% of the 1972 amount used is insufficient because the firm's terminal operations were greatly slowed in 1972 due to shipping strikes which halted commerce.

Any assistance you can provide would be appreciated.

Very truly yours,

Patsy T. Mink,
Member of Congress.

Royal Hawaiian Air Service,
Honolulu International Airport, Hawaii,
December 31, 1973.

Hon. Patsy T. Mink,
House of Representatives,
Washington, D.C.

Dear Mrs. Mink: On behalf of Royal Hawaiian Air Service and the thousands of Hawaii citizens we serve, I would like to express my sincere appreciation for your immediate and positive response to our appeal for assistance regarding the fuel allocation program of the Federal Energy Office. Your letter of strong support for our request to Mr. William E. Simon stated the problem clearly and concisely, and I hope it will result in recognition of the special predicament we all are faced with here in the Islands.

As you know, the general allocation for scheduled commuter airlines has been revised upward from 90% to 100% of 1972 usage and hopefully the final regulations will include a workable method of appeal for hardship allocations. I am pleased to report that last Friday Royal Hawaiian was granted a temporary exceptional hardship allocation for the month of January by our State energy office and the local federal allocations officer, Tucker Gratz. This may bridge the gap until we can obtain an extended allocation for the rest of 1974 under the new regulations similar tc that which was previously granted to Hawaiian and Aloha Airlines.

I will keep you informed of our progress and any problems which may arise in this effort. In the meantime, our deepest thanks again for your timely assistance.

Aloha,

Robert D. Haws,
President.

January 7, 1974.

Re Fuel for Hana, Hawaii
Regional Administrator, Federal Energy
Mr. William Arntz,
Office, Region 9, San Francisco, Calif.

Dear Mr. Arntz: Hana is a small town isolated on the southeastern shore of Maui Island and is not served by any commercial sea cargo company. The only air transportation is a small aircraft incapable of carrying large cargo. The only source of bulk supplies is land. The only land freight company of any type serving Hana is Redo Express, Inc.

Redo Express is owned by Mr. Valentine Redo, who also has the school bus and U.S. mail contracts servicing Hana. He advises he has been unable to obtain sufficient fuel for his freight, school, and mail vehicles, and therefore used part of the freight allocation to supply the school and mail needs.

Enclosed is a fact sheet on his fuel use. Mr. Redo advises me that the Hana gasoline station runs out of fuel and cannot reliably supply the school and mail vehicles. Unless an additional allocation is provided these services to Hana may be completely cut off, greatly endangering the public health and welfare. Your assistance is urgently requested in obtaining an adequate allocation for Mr. Redo.

Very truly yours,

Patsy T. Mink,
Member of Congress.

Spencecliff Corp.,
Honolulu, Hawaii, January 7, 1974.

Hon. Patsy Mink,
House of Representatives,
Washington, D.C.

Dear Mrs. Mink: Thank you for your letter, the related information and follow up information regarding Hawaii's unique needs concerning the current energy shortage.

We at Spencecliff appreciate your efforts and hope that your continued efforts will help Hawaii and its people through these difficult times.

Mahalo and Aloha,

Richard O. Buck,
Executive Vice President.

January 12, 1974.

Hon. William E. Simon,
Administrator, Federal Energy Office,
Washington, D.C.

Dear Mr. Simon: The enclosed application of January 3, 1974, for additional fuel allocation for Royal Hawaiian Air Service is referred for your consideration.

Under new regulations on aviation fuel, regional carriers in Hawaii will receive 100 percent of base year allotment. Their supplemental allocations should allow them to handle an expected 10–15 percent increase over 1973 traffic levels, but the same regulations would allow Royal Hawaiian Air Service only the name amounts of fuel used two years are in 1972.

Royal Hawaiian Air Service provides vital public air transportation to many isolated communities which the scheduled regional carriers cannot afford to serve, and yet the citizens of these small communities face the same inter-island transportation problems as residents of the State's larger cities. I am hopeful that your office will recognize this need by granting this scheduled commuter airline a similar supplemental allocation as requested.

Thank you for your assistance in this matter.

Very truly yours,
PATSY T. MINK,
Member of Congress.

JANUARY 21, 1974.

Re Mr. W. R. Boddy, Waianae, Hawaii
Mr. WILLIAM ARNTZ,
Regional Representative, Federal Energy Office, Region 9, San Francisco, Calif.

DEAR MR. ARNTZ: Mr. Boddy is among a minority group which has been discriminated against in fuel allocation regulations.

The group consists of persons who converted their cars to diesel fuel use last year as a conservation measure. Lacking a 1972 use record, they have no 1974 allocation. Dealers say it is illegal to sell them diesel fuel, so they can't drive to work.

Your assistance in obtaining an allocation of diesel fuel for Mr. Boddy and others similarly situated is urgently requested.

Very truly yours,
PATSY T. MINK,
Member of Congress.

JANUARY 21, 1974.

Mr. WILLIAM ARNTZ,
Regional Representative, Federal Energy Office, Region 9, San Francisco, Calif.

DEAR MR. ARNTZ: Your assistance is urgently requested in obtaining fair consideration of an equitable increase in gasoline allocation for Mr. Richard T. Hashi, proprietor of a gasoline station as Wailuku, Maui.

As described in the enclosed material, Mr. Hashi has installed new facilities predicated on a breakeven point of 35,000 gallons of gasoline to sell a month, but he has been allocated only 30,000 gallons. This appears to justify consideration of an increase of at least 5,000 gallons per month.

Your speedy assistance in this matter would be appreciated.

Your truly yours,
PATSY T. MINK,
Member of Congress.

FEBRUARY 2, 1974.

Mr. WILLIAM ARNTZ,
Regional Representative, Federal Energy Office, Region 9, Fox Plaza Bldg., San Francisco, Calif.:

Urgently request desperately needed added 2300 gallons gasoline for February for Stones Express, Honolulu, Hawaii, to move group tour luggage from airport and hotels. Already 40 employees out of work. Some 80 percent of Hawaii's travel agents depend on company. Visitor Industry to be thrown into chaos unless emergency allocation provided.

FEBRUARY 4, 1974.

Hon. WILLIAM E. SIMON,
Administrator, Federal Energy Office, Washington, D.C.

DEAR MR. SIMON: The enclosed Resolution Number 149, as passed by the Hawaii House of Representatives, is forwarded for your attention.

I am deeply distressed that the Federal Energy Office has not bothered to consider the unique needs of the State of Hawaii, in its gasoline allocation policies. I say "needs" since gasoline in Hawaii is used almost exclusively for essential purposes such as getting to and from work or in the principal economic activity of visitor transport.

In most States gasoline is used largely for pleasure driving. There are few highways in Hawaii so we do far less of this. As an example, Rhode Island has about 20 percent more population but uses 40 percent more gasoline for travel in a smaller land area.

In December of 1973 the Acting Governor of Hawaii and all four members of the Hawaii Congressional delegation conferred with Mr. Duke Ligon and two other officials who were involved in the preparation of fuel allocation regulations. We asked that as an isolated group of islands, isolated from any energy sources such as nuclear power, natural gas, coal, or otherwise, Hawaii be placed in a separate fuel allocation district. This was not done and we have not received the courtesy of an explanation of why not.

Nevertheless the Acting Governor and other officials still have attempted to do the best they can. A "Gasplan" was initiated in Hawaii to try to end chaos and violence at gasoline stations resulting from the Federal indifference. Success of this State allocation plan depends on an initial one-time supplemental allocation of gasoline to Hawaii.

Your prompt attention to the unusual and extreme hardships caused in Hawaii, and approval of an additional allocation as sought by the resolution, would be sincerely appreciated.

Very truly yours,
PATSY T. MINK,
Member of Congress.

FEBRUARY 8, 1974.

Hon. WILLIAM E. SIMON,
Administrator, Federal Energy Office, Washington, D.C.

DEAR MR. ADMINISTRATOR: This is to request clarification of the basis for selecting ten cities under which the gasoline rationing plan, if implemented, would receive the least gasoline. Honolulu, Hawaii, was one of these ten cities.

I strongly protest the proposal because it is not based on the factual conditions in Honolulu. At present, we have no adequate mass transit system. All of my own Congressional district on the Island of Oahu is rural. If all drivers on the island received only about 33 gallons per month, they would be unable to drive to work. This amount is completely inadequate.

Secondly, I protest the gasoline rationing plan itself. It would be grossly inequitable to give coupons to every licensed driver, whether his or her automobile is used for driving to work or not. Those who drive to work should receive top priority.

I suggest giving persons who drive to work first priority, based on the distance they commute. Where a family has only one employed person but two cars and two drivers, it would receive one and one half the worker's allotment. If the family had two employed persons, two cars and two drivers, it would receive two times the allotment. Where a family has more than two persons employed fulltime, similar multiples would be provided.

I am also greatly opposed to allowing coupons to be sold, which will create a terrible situation. Instead, we should allow coupons to be accumulated, thereby encouraging conservation for such purposes as saving for a summer vacation. Such encouragement could be provided by giving the coupons a greater value in terms of gasoline they will buy if held for more than a month. If a coupon expires at the end of a month, drivers will be encouraged to use them all up even in wasteful ways. It is ridiculous to make people buy gas at the end of the month just because their coupons will be no good the next month!

Very truly yours,
PATSY T. MINK,
Member of Congress.

FEBRUARY 8, 1974.

Hon. DONALD D. H. CHING,
Senator, 4th District, State of Hawaii, Honolulu, Hawaii.

DEAR SENATOR CHING: We are deeply cognizant of the agonizing problems you are facing in the forthcoming Legislature as Hawaii struggles to meet the gasoline shortages which are currently being projected.

We would like you to know that we have been working night and day to try in every way possible to find answers to the many perplexing problems which have been brought to our attention. We stand ready to offer the services of our joint offices in any way that you deem necessary.

Much alarm has been generated because of Hawaii's inadequate allocation of gasoline. We have attempted on numerous occasions to obtain special consideration from the Federal Energy Administration for our problems in Hawaii with very little results thus far. But be assured that we will continue to pursue these matters vigorously.

Hawaii's gasoline allocation fraction for February 1974 is 85.9% of the 1972 consumption. This compares with other States as follows: Maine 74% (the lowest in the nation), California 82%, New York 81%, Rhode Island 83%, Washington, D.C., 76.7% Maryland 77%, Virginia 77%, Texas 85%, Indiana 85%, Minnesota 97% (highest in the nation). The national average is 83%.

We are of course keenly aware that the basic problem is the use of 1972 as the base year for us in Hawaii. We are still working to try to have this amended.

However given the allocation fraction of 85.9% for Hawaii, the further question that we feel must be explored is whether the local suppliers in Hawaii are supplying us all the gasoline to which we are entitled. To pursue this matter requires investigating this in Hawaii which we are advised that you will be soon undertaking. An actual inventory of the distribution to the retail outlets we feel is in order.

Should the Legislature be exploring these matters in the next week, we would like very much to participate in these hearings in any way that you may regard as appropriate. Alternatively if you feel that it would be preferable for the Congressional delegation to conduct its own inquiry into these matters, we are prepared to do so.

We are prepared to cooperate to the fullest extent in whatever way you feel is appropriate and timely and which can be helpful to you in your efforts.

Very truly yours,
PATSY T. MINK,
U.S. House of Representatives.
DANIEL K. INOUYE,
U.S. Senate.

FEBRUARY 8, 1974.

Mr. WILLIAM ARNTZ,
Regional Representative, Federal Energy Office, Region #9, Fox Plaza Bldg., San Francisco, Calif.:

Advised by Helen H. Morita, President of Charley's Taxi and Tours, Honolulu, Hawaii, they will be out of business in two days because Standard Oil will not release any more gasoline for February. Form FEO 17 filed January 15 your office still pending. Taxi and tour vehicles are supposed to receive 100 percent current requirements but this company receiving only 12 percent. Situation critical. Urgently request immediate assistance.

PATSY T. MINK,
Member of Congress.

February 13, 1974.

Regional Representative William Arntz,
Federal Energy Office #9, Fox Plaza Bldg., San Francisco, Calif.:

Advised that Aviation Center, flight school at Kahului, Island of Maui, Hawaii, closing Monday because of fuel lack. Standard Oil said to violate sections 211.113C and 211.144 FEO regulations by not providing allocation. Urge your assistance. Contact David Martin at the Center, 808—877-4687.

Patsy T. Mink,
Member of Congress.

February 14, 1974.

Administrator William E. Simon,
Federal Energy Office,
Washington, D.C.:

Urgently request definite answer to this question: If Hawaii Governor imports Canadian gasoline, can this be kept and used in Hawaii over and above the existing allocation? Regional office will not provide answer.

Patsy T. Mink,
Member of Congress.

Federal Energy Office,
San Francisco, Calif., February 15, 1974.

Hon. George R. Ariyoshi,
Acting Governor,
State of Hawaii,
Honolulu, Hawaii.

Dear Governor Ariyoshi: This letter is in response to a request from National Office FEO that I amplify my letter to you of February 8, 1974.

In that letter I indicated that the State would become a supplier in the event it purchased the motor gasoline as proposed. I also directed your attention to Section 211.11(b) (5) (39 FR 1924, January 15, 1974). Under this section no supplier may use an allocation fraction greater than one (1.0). The allocation fraction is the basis used by a supplier to apportion his allocable supply among his purchasers and is computed by dividing the total allocable supply by the base period or adjusted base period volume. The allocable supply is defined as the total supply of the substance to be allocated including both imported and domestic fuels.

In any situation where the total allocable supply exceeds the base period or adjusted period volume, the fraction will necessarily exceed one (1.0) and is therefore surplus. Under this section, the surplus must be reported to the National FEO and the appropriate Regional FEO. The *National Office* may then direct distribution of the surplus. If the *National Office* does not act within 15 days, the supplier may distribute at his own discretion. The foregoing would be true regardless of whether the supplier was new and had no base period volume or if the supplier had been in existence and did have a base period volume.

The effect of the foregoing is to restrict the allocable supply of a particular supplier to his base period or adjusted base period volume. Any imported fuel is considered as a part of the total allocable amount and is not treated as a separate product to be considered as additional fuel. Therefore, to the extent that all allocable fuels including newly imported fuels exceed the above allocation fractions, it is subject to National Office FEO distribution.

Since this question is of interest to Senators Hiram Fong and Daniel Inouye and Representatives Patsy Mink and Spark Matsunaga, I will be sending copies of this letter to their attention. If I may be of further help, please call on me.

Thank you for your continued cooperation.

Sincerely yours,

William C. Arntz,
Regional Administrator.

February 19, 1974.

Hon. William E. Simon,
Administrator, Federal Energy Office, Washington, D.C.

Dear Mr. Simon: This is to request approval of the request by mortuary associations in Hawaii and other States for reconsideration of the petroleum allocation regulations restricting fuel for mortuaries.

Under the existing regulations the mortuaries do not receive priority allocation as they had during World War II, and thus may be unable to obtain fuel for their gasoline powered machinery used in digging graves.

Unless mortuaries receive a supply equal to their current needs a health problem may result. Your assistance in obtaining reconsideration and revision of the regulations would be appreciated.

Very truly yours,

Patsy T. Mink,
Member of Congress.

February 19, 1974.

Mr. William Arntz,
Regional Representative, Federal Energy Office, Region 9, San Francisco, Calif.

Dear Mr. Arntz: This is to request approval of the request submitted through Texaco Co., for an additional petroleum allocation for the Texaco Service Station, Hilo, Hawaii, operated by Mr. Alan Higaki.

Mr. Higaki is suffering under Federal regulations because he worked hard and succeeded in building his business.

He bought the station on September 1, 1972. Unlike previous owners he worked hard and built gasoline sales to an average of 25,000 gallons a month. Unfortunately, the previous owner's sales were only 16,250 gallons in February of 1972, and Mr. Higaki will receive only 80 percent of this or 13,000 gallons. This is about 600 gallons a day and will be reduced even more since the previous owner's sales sank to 6,000 gallons in August of 1972, which is why he declared bankruptcy. At this rate the regulations will force Mr. Higaki into bankruptcy simply because his predecessor did likewise.

Your approval of an additional allocation would be appreciated for this station, as requested by Texaco.

Very truly yours,

Patsy T. Mink,
Member of Congress.

February 19, 1974.

Mr. William Arntz,
Regional Representative, Federal Energy Office, Region 9, San Francisco, Calif.

Dear Mr. Arntz: This is to request your assistance in obtaining a supplemental allocation of fuel for Kauai Mortuary, Inc., of Koloa, Hawaii.

Their major problem is diesel fuel. In 1973 the company used 606 gallons in the operation of its crematory. It is to receive this year only 230 gallons in June, the amount received in June of 1972.

This January the company received an emergency allocation of 50 gallons but needs at least 155 gallons to carry them until June. Their application is at the regional office of FEO in San Francisco.

I urge the approval of this small emergency allocation to avert a health problem.

Thank you for your assistance.

Very truly yours,

Patsy T. Mink,
Member of Congress.

[ITT Wire, Feb. 20, 1974]

Representative Richard S. H. Wong,
Chairman, Special Committee on Energy, State Capitol, Honolulu, Hawaii.

Allocation fractions for March not compiled yet by FEO. They hope to have figures by end of this month but will not guarantee it. Originally announced allocation fractions for February are Ala. 78.9, Alaska 83.8, Ariz 82.9, Ark 79.7, Calif 82.8, Colorado 85.8, Conn 82.1, Del 79.4, Fla 86.3, Ga 83.4, Hi 85.9, Idaho 86.3, Ill 81.3, Ind 85.4, Iowa 88.3, Kansas 86.5, Ky 75.5, La 87.7, Me 74, Md 77.3, Mass 81.2 Mich 82.2, Minn 97.4, Miss 81.4, Missouri 83.3, Mont 86.1, Neb 82.6, Nevada —, NH 83.2 NJ 80.8, N Mex 88.8, NY 81.2, NC 78.2, ND 87.4, Ohio 90.2, Okla 86.8, Ore 78.8, Pa 80.7, RI 83.7, SC 78.3, S Dak 86.5, Tenn 77.8, Tex 85.8, Utah 81.8 Vt 82.2, Va. 77.5, Wash. 85.0, W.Va 81.7, Wisc. 87.4, Wyo. 89.1, DC 76.7. Allocable supply is determined by adding up reports sent by all suppliers in state to FEO showing how much they will have on hand in the month from their own production of gasoline and from imports. Allocation fraction is determined by comparing the supply figure with the amount of gasoline used in the state in the same month in base year 1972. February national average shows states are receiving 83.3 percent of 1972 amount. On Feb. 9 Simon proclaimed diversion of up to 2 percent additional gasoline, for Ark. Del, Ill, Ky, Md., Maine, Miss, NJ, NC, Tex, Va, Tenn and DC, and up to 2 percent less for Iowa, Kans, Minn, N Mex, N Dak, Ohio, Okla, S Dak, Wisc and Wyo. On Feb 19 he repealed this order and substituted new list of 2 percent extra for Conn, Fla, Ill, Ind, Md, Mass, Mo, NY, Pa, and RI, and 5 percent extra for Ala, Ariz, Ga, Nev, New H, NJ, Ore, Vt. Va, and W Va. Have strongly objected to Simon that Hawaii was given no extra gasoline, and urged him to do so immediately. FEO figures show 389,300 barrels available supply in Hawaii for February 1974 reported by suppliers. State set-aside was 11,679 barrels, leaving 377,621 barrels total allocable supply. The allocation requirement was 439,800 barrels (gasoline used in state in February 1972). Shortfall is 50,500 barrels. Each barrel has 42 gallons of gasoline. So. 377,621 is .859 of 439,800. Hawaii's allocation therefore is 85.9 percent of 1972 base.

Very truly yours,

Patsy T. Mink,
Member of Congress.

Administrator William E. Simon,
Federal Energy Office,
Washington, D.C.:

Please provide exact figures by supplier on amount of gasoline actually delivered in Hawaii for use of public at retail gasoline stations in February 1974, compared with February 1972 and February 1973. Also how many gallons are being diverted this month to military use from that reported to FEO by the suppliers in their reports for February.

Patsy T. Mink,
Member of Congress.

Administrator William E. Simon,
Federal Energy Office,
Washington, D.C.:

Strongly object to FEO order of February 8 diverting Hawaii civilian gasoline to military use. This allocation being subtracted gallon for gallon from local civilian supply. Since military defense is national concern any increased use should come from national allocation and the full burden should not be placed on one State. Hawaii civilian allocation should be increased corresponding to the amount diverted to military. Urge immediate action to maintain full civilian supplies of gasoline in Hawaii.

Patsy T. Mink,
Member of Congress.

Administrator William E. Simon,
Federal Energy Office,
Washington, D.C.:

I speak for angry constituents in the State of Hawaii who believe that you have been unfair to Hawaii in failing to recognize our urgent needs for additional gasoline allotments. If any State is deserving of additional gasoline, it is the State of Hawaii. Residents of every other State can easily give up one weekend's drive of 2 or 300 miles which would consume two tankfuls of gasoline and achieve a 15% reduction of their fuel consumption. However in Hawaii no such long driving is part of our customary use of the automobile. Our use of the automobile in Hawaii is confined to essential travel, to and from work, to and from the store, school, the hospital, etc. To ask our residents of Hawaii to give up 15% of their gasoline consumption is therefore an entirely different situation. The base year of 1972 is also unfair to Hawaii. It was the year of depressed economic activity as a result of the over 100-day long shipping strike. To use this base year is unrealistic for Hawaii. If you are now taking into account population growth and other factors in your re-distribution of gasoline to 20 States, it is absolutely unfair that you have not given Hawaii like consideration and like percentage of additional gasoline as you did the 20 States.

I urgently implore you to investigate Hawaii's needs and to include Hawaii in your current plan of additional allotments of gasoline.

PATSY T. MINK,
Member of Congress.

FEBRUARY 20, 1974.

Rep. Patsy T. Mink charged William E. Simon, Administrator of the Federal Energy Office, with favoritism for giving 20 States additional gasoline and failing to consider Hawaii's plight. Mrs. Mink in a telephone call to FEO said Hawaii was being penalized for having taken the early initiative to control the emergency conditions which resulted from the FEO order.

Mrs. Mink also sent a wire to Simon in which she said, "I speak for angry constituents in the State of Hawaii who believe that you have been unfair to Hawaii in failing to recognize our urgent needs for additional gasoline allotments. If any State is deserving of additional gasoline, it is the State of Hawaii. Residents of every other State can easily give up one weekend's drive of 2 or 300 miles which would consume two tankfulls of gasoline and achieve a 15% reduction of their fuel consumption. However in Hawaii no such long driving is part of our customary use of the automobile. Our use of the automobile in Hawaii is confined to essential travel, to and from work, to and from the store, school, the hospital, etc. To ask our residents of Hawaii to give up 15% of their gasoline consumption is therefore an entirely different situation. The base year of 1972 is also unfair to Hawaii. It was the year of depressed economic activity as a result of the over 100-day long shipping strike. To use this base year is unrealistic for Hawaii. If you are now taking into account population growth and other factors in your re-distribution of gasoline to 20 States, it is absolutely unfair that you have not given Hawaii like consideration and like percentage of additional gasoline as you did the 20 States.

"I urgently implore you to investigate Hawaii's needs and to include Hawaii in your current plan of additional allotments of gasoline."

Mrs. Mink also strenuously objected in a separate wire to the Federal Energy Office directive to divert additional gasoline from Hawaii's civilian stocks to military uses. She pointed out to William Simon, Adm. of FEO, that military defense is a national concern and therefore increased military use should be taken from the national allocation, not from the limited supply of a single small state. She urged immediate action to replenish the civilian supplies of gasoline in Hawaii.

Secretary JAMES R. SCHLESINGER,
Department of Defense,
The Pentagon,
Washington, D.C.:

Urgently request your review of the order to increase the military purchase of gasoline from the Barber's Point refinery in Hawaii. In 1973 military purchase of gasoline in Hawaii was an average of 500 barrels per day. Now the military purchase of gasoline is an average of 4,000 barrels a day. I do not question your need for the fuel. I do however question your need to buy it in Hawaii. Hawaii is short on gasoline and diesel oil. We are in need of every gallon of gasoline we can refine for our own civilian needs. We cannot afford to have the military draw down upon our scarce supplies. The military presence in Hawaii serves a national need. Accordingly it seems to me that the military needs should come out of the national pool or fuel reserve. Hawaii should not be made to suffer because the source of fuel for the military has been shut off. The military fuel needs should be brought in from other areas of the country. Whatever fuel the military takes from our Hawaii refinery should not come out of our civilian allotment. Your urgent attention is requested to help us alleviate this dire emergency condition for the State of Hawaii.

PATSY T. MINK,
Member of Congress.

Acting Governor GEORGE ARIYOSHI,
State of Hawaii,
State Capitol,
Honolulu, Hawaii:

Urge you to file suit immediately today in Federal Court against the Federal Energy Office as the State of Maryland has done. Have tried to obtain FEO justification for granting 20 States the additional gasoline without success. Was told this morning that the data and justification does not exist, and that efforts were now underway to gather them up and would be available for the public in early March. Accordingly since the decision to allocate additional gasoline was not based on known facts at that time. This can support a charge that the decision was arbitrary and capricious and therefore insupportable and Hawaii should be allocated additional gasoline same as the others. Not to give Hawaii additional gasoline is highly discriminatory, grossly inequitable, and unconstitutional.

PATSY T. MINK,
Member of Congress.

Hon. RICHARD S. H. WONG,
Hawaii House of Representatives,
Honolulu, Hawaii:

As in all legal suits based upon hardship, urgently need facts to support this plea to FEO. Please send me data month by month based upon state tax records of gas consumption 1972 and 1973. Send me all info in detail, numbers unemployed because unable to get gas, businesses closed because of no gas, government services which are curtailed or cut because of no gas, increased costs to government on account of gas shortage, etc. Also send me base retail price of gasoline, average for 1971, average for 1972, month by month for 1973, and Jan., Feb., retail price in 1974. Suggest you follow thru as per your suggestion, as state of Maryland has done, and file suit today in Federal court. Send me the facts upon which you base your suit, so that I can work on it from this end. The reallocation of gas is dependent solely upon proof, repeat proof of hardship. Need hard data. Cannot just keep repeating as I have done since December, that we are suffering, we are in a crisis, the lines are long, etc. need the hard facts. Please help.

Thanks.

Very truly yours,
PATSY T. MINK,
Member of Congress.

FEBRUARY 21, 1974.

Rep. Patsy T. Mink has sent a wire to Acting Governor George Ariyoshi urging the State of Hawaii file suit immediately against the Federal Energy Office for its failure to allocate Hawaii additional gasoline when it did so to 20 other States.

Rep. Mink stated that she had been in touch with several officials in the Federal Energy office in Washington, D.C. and had been unable to obtain any information or data or justification for the granting of the additional gasoline to the 20 States and not Hawaii.

One FEO official whom she did not name her source, stated to Mrs. Mink, that the FEO did not have any data to justify its decision and that it was made arbitrarily. This same official stated that the data was being compiled after the fact and would be available in early March to support this decision.

Mrs. Mink urged Acting Governor Ariyoshi to file suit charging the Federal Energy Office Office with arbitrary and capricious action when it failed to accord Hawaii emergency status along with the other 20 States. Mrs. Mink advised the Acting Governor that she would be prepared to fly home to testify at the trial on behalf of the suit.

FEBRUARY 22, 1974.

Hon. WILLIAM E. SIMON,
Administrator, Federal Energy Office, New Executive Office Building, Washington, D.C.

DEAR MR. SIMON: This is in further reference to my request for more gasoline for Hawaii.

According to the enclosed correspondence, the shortage of gasoline in Hawaii has begun "to adversely affect the military mission of active duty uniformed personnel".

This is further proof of the existence of an acute shortage in Hawaii.

The FEO's admitted goof in allocating 5 percent more for gasoline-rich Georgia is doubly inexplicable in light of your continued refusal to acknowledge the actual needs in Hawaii!

Very truly yours,
PATSY T. MINK,
Member of Congress.

FEBRUARY 23, 1974.

Hon. WILLIAM E. SIMON,
Administrator, Federal Energy Office, New Executive Office Building, Washington, D.C.

DEAR MR. SIMON: Thank you for your letter of February 14 in response to my inquiry of January 9 concerning discrimination against small business in the gasoline allocation program.

I made the point that business concerns using more than 84,000 gallons a year receive an allocation of 100 percent of base period use, but small concerns receive no specific allocation and must compete at retail gasoline stations with all other users. This appears to grant favored treatment to Big Business and help put small business out of business.

Your reply acknowledged "there is the problem" but offered no solution to the problem, beyond the vague hope that retail gasoline dealers will "exercise some judgment in their sales to their customers." Such discretion, however, is outlawed by your own regulations which forbid dealers to give special treatment to particular customers.

Unless it is your policy to use these regulations to consolidate all business in America into large economic concentrations, I fail to see the logic in your existing scheme. I ask a reasonable solution be attempted under which all business, whether large or small, is given an equal opportunity to compete. Thus there should be no favored treatment for users of 84,000 more of gasoline.

Very truly yours,

Patsy T. Mink,
Member of Congress.

Hon. John T. Dunlop.
Director, Cost of Living Council,
Washington, D.C.

Price of electricity on island of Kauai, State of Hawaii doubled in recent months. Due to price on bunker oil being sold to Kauai Electric by Standard Oil having increased in price for 400%. Question is why is not price of bunker oil which is sold in Kauai Electric not under the controls of your agency? Am told that bunker oil is sold at sea to ships. Same quality of fuel to electric companies called Residual No. 6. Is this correct? Also that Residual No. 6. is subject to price regulation, although bunker is not because sold on the high seas. Please clarify. Urgent that I have reply as soon as possible.

On Friday, February 22, 1974, at 11:30 a.m. I met with John Schaefer Deputy Assistant Administrator for the Federal Energy Office together with Dr. Fujio Matsuda, Eiler Ravenholt of Senator Inouye's office, Alice Thompson and Larry Nakatsuka of Senator Fong's office, and Francis Nakamoto of Congressman Matsunaga's office. We discussed the matter of Hawaii bringing in foreign crude and were told that while crude oil was not under the agencies control and we were free to bring it in, all the refined products which were produced from it were subject to allocation and redistribution to the rest of the country. Thus this means that although we could bring in foreign crude oil, if we made gasoline out of it, it would not add to the overall gasoline supplies to which Hawaii would be entitled. In addition, since this gasoline we would refine would be higher in price than that we now receive shipped in from California, the net effect would be that we would not receive the gasoline from the west coast, but would be stuck with our own higher price gas and the consumers of Hawaii would have to foot the bill for the rest of the country.

Shortly thereafter John Schaefer announced his resignation from the Agency. Who knows what the policy will be next month. But the commonsense approach requires that the national distribution of all additional foreign gasoline brought in from any and all sources. Otherwise everybody in desperation will be outbidding the other, and in the end the poor American consumer will be stuck with the fantastically high priced gasoline on their hands, perhaps exactly what the administration wants.

On Saturday, February 23, at 3 p.m. I went down again to meet with Federal Energy Office officials. This time it was with William Walker, General Counsel of FEO. Present at this meeting were Eiler Ravenholt of Senator Inouye's office, and Francis Nakamoto of Congressman Spark Matsunaga's office. It was during our discussions about Hawaii's need for more gasoline and our intention to go to court if we did not get any, that Mr. Walker took a phone call in the outer office, and came back in to say that Hawaii had erroneously been omitted from the list published the night before by William Simon listing 26 States to receive more gas. He told us that Hawaii would indeed receive more gas, approximately 2 million gallons which would be credited to the State set aside.

And so we moved on to March with still more anxieties and worries in store for the people of Hawaii and the Nation.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. Dellums (at the request of Mr. O'Neill), for today, on account of illness.

Mr. Minshall of Ohio (at the request of Mr. Devine), for March 4, 5, and 6, on account of illness.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

Mr. Foley, for 60 minutes, today.

(The following Members (at the request of Mr. Bafalis) and to revise and extend their remarks and include extraneous matter:)

Mr. Kemp, for 10 minutes, today.

Mr. Rousselot, for 60 minutes, on March 6.

Mr. McKinney, for 5 minutes, today.

Mr. Hogan, for 30 minutes, today.

Mr. Miller, for 5 minutes, today.

Mr. Cohen, for 5 minutes, today.

(The following Members (at the request of Mr. Studds) and to revise and extend their remarks and include extraneous matter:)

Mr. Hamilton, for 10 minutes, today.

Mr. Brademas, for 30 minutes, today.

Mr. Gonzalez, for 5 minutes, today.

Mr. Matsunaga, for 20 minutes, today.

Mr. Wolff, for 5 minutes, today.

Mr. Roy, for 5 minutes, today.

Ms. Abzug, for 5 minutes, today.

Mr. Rooney of Pennsylvania, for 10 minutes, today.

Mr. Ford, for 5 minutes, today.

Mr. Metcalfe, for 5 minutes, today.

Mr. Burke of Massachusetts, for 5 minutes, today.

Mr. Harrington, for 5 minutes, today.

Mr. Thompson of New Jersey, for 5 minutes, today.

Mr. Fascell, for 20 minutes, today.

Mr. Dominick V. Daniels, for 5 minutes, today.

Mr. Dulski, for 5 minutes, today.

Mr. Denholm, for 5 minutes, today.

Mr. Owens, for 5 minutes, today.

Mr. Adams, for 30 minutes, on March 6.

Mr. Dent, for 60 minutes, on March 6.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mrs. Mink, to extend her remarks in the body of the Record, notwithstanding it exceeds two pages of the Record and is estimated by the Public Printer to cost $1,515.25.

Mr. Culver, on the Alexander amendment prior to the vote.

Mr. Roncalio of Wyoming, and to include letters, correspondence, and other extensive material during debate on the Alexander amendment.

Mr. Hechler of West Virginia, during debate on Alexander amendment.

Mr. Kyros (at the request of Mr. Holifield), during general debate on H.R. 11793.

(The following Members (at the request of Mr. Bafalis) and to include extraneous matter:)

Mr. Veysey.

Mr. Frey.

Mr. Hanrahan in four instances.

Mr. Kemp in three instances.

Mr. Esch.

Mr. Sarasin.

Mr. Gilman.

Mr. Walsh.

Mr. Archer.

Mr. McKinney.

Mrs. Holt in two instances.

Mr. Wyman in two instances.

Mr. Wydler.

Mr. Bauman in two instances.

Mr. Railsback in two instances.

Mr. Price of Texas.

Mr. Conte in two instances.

Mr. Collins of Texas in four instances.

Mr. Gude.

Mr. Gross.

Mr. Mallary.

Mr. Hosmer in two instances.

Mr. McClory in two instances.

Mr. Coughlin.

(The following Members (at the request of Mr. Studds) and to include extraneous matter:)

Mr. Evins of Tennessee.

Mr. O'Neill in six instances.

Mrs. Burke of California in 10 instances.

Mr. Boland in three instances.

Mr. Rees in two instances.

Mr. Harrington in four instances.

Mr. Roy.

Mr. de la Garza in 10 instances.

Mrs. Mink.

Mr. Diggs.

Mr. Lehman in 10 instances.

Mr. Hébert.

Mr. Mollohan.

Mr. Gonzalez in three instances.

Mr. Rarick in three instances.

Mr. Pickle in 10 instances.

Mr. Hanna.

Mr. Wolff in three instances.

Mr. Anderson of California in two instances.

Mr. Burke of Massachusetts.

Mr. Podell.

Mr. Hungate.

Mrs. Grasso in 10 instances.

Mr. Fascell in five instances.

Mr. Drinan in three instances.

Mr. Stokes in six instances.

Mr. Dominick V. Daniels in two instances.

Mr. Dulski in five instances.

Mr. Ashley.

Mr. James V. Stanton.

Mr. Waldie in two instances.

Mr. Rodino.

Mr. Nix.

Mr. Roncalio of Wyoming in six instances.

ENROLLED JOINT RESOLUTION SIGNED

Mr. HAYS, from the Committee on House Administration, reported that that committee had examined and found truly enrolled a joint resolution of the House of the following title, which was thereupon signed by the Speaker:

H.J. Res. 905. Joint resolution extending the filing date of the 1974 Joint Economic Committee report.

ADJOURNMENT

Mr. GINN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 6 o'clock and 45 minutes p.m.), the House adjourned until tomorrow, Wednesday, March 6, 1974, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1978. A letter from the Assistant Secretary of the Army (Research and Development), transmitting a report of Army experimental, developmental and research contracts of $50,000 or more covering the 6 months ended December 31, 1973, pursuant to 10 U.S.C. 2357; to the Committee on Armed Services.

1979. A letter from the Administrator of General Services, transmitting a draft of proposed legislation to amend the provisions of title III of the Federal Civil Defense Act of 1950, as amended; to the Committee on Armed Services.

1980. A letter from the Administrator of General Services, transmitting a draft of proposed legislation to amend the Defense Production Act, as amended; to the Committee on Banking and Currency.

1981. A letter from the Acting Assistant Secretary of State for Congressional Relations, transmitting a draft of proposed legislation to authorize appropriations for fiscal year 1975 for carrying out the provisions of the Board for International Broadcasting Act of 1973; to the Committee on Foreign Affairs.

1982. A letter from the Attorney General, transmitting a draft of proposed legislation to amend the Comprehensive Drug Abuse Prevention and Control Act of 1970; to the Committee on Interstate and Foreign Commerce.

1983. A letter from the Administrator, Federal Energy Office, transmitting a draft of proposed legislation to provide for the labeling of major appliances and motor vehicles to promote and effect energy conservation, and for other purposes; to the Committee on Interstate and Foreign Commerce.

1984. A letter from the Under Secretary of the Interior, transmitting notice of a proposed credit against future royalty payments of the Union Oil Co. of California for various Outer Continental Shelf leases, pursuant to section 10(b) of the Outer Continental Shelf Lands Act of 1953 (43 U.S.C. 1339 (b)) to the Committee on the Judiciary.

1985. A letter from the Commissioner, Immigration and Naturalization Service, Department of Justice, transmitting a request for the withdrawal of a case involving the suspension of deportation, previously submitted pursuant to section 244(a)(1) of the Immigration and Nationality Act, as amended (8 U.S.C. 1254(c)(1)); to the Committee on the Judiciary.

1986. A letter from the Secretary of Transportation, transmitting a draft of proposed legislation to authorize appropriations for the Coast Guard for the procurement of vessels and aircraft and construction of shore and offshore establishments, to authorize appropriations for bridge alterations, to authorize for the Coast Guard an end-year strength for active duty personnel, to authorize for the Coast Guard average military student loads, and for other purposes; to the Committee on Merchant Marine and Fisheries.

1987. A letter from the Secretary of Transportation, transmitting a draft of proposed legislation to amend section 2 of title 14, United States Code, to authorize icebreaking operations in foreign waters pursuant to international agreements, and for other purposes; to the Committee on Merchant Marine and Fisheries.

1988. A letter from the Administrator of General Services, transmitting a revised prospectus for the Federal Office Building previously approved for construction at Saginaw, Mich., to the Committee on Public Works.

1989. A letter from the Administrator, U.S. Environmental Protection Agency, transmitting a prospectus concerning EPA's proposal to lease laboratory facilities at Research Triangle Park, N.C., pursuant to the Public Buildings Act of 1959, as amended; to the Committee on Public Works.

Received From the Comptroller General

1990. A letter from the Comptroller General of the United States, transmitting a report on the examination of the financial statements of the Panama Canal Company and the Canal Zone Government for fiscal year 1973, pursuant to 31 U.S.C. 841 (H. Doc. No. 93-226); to the Committee on Government Operations and ordered to be printed.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 or rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. MORGAN: Committee on Foreign Affairs. H.R. 12920. A bill to authorize additional appropriations to carry out the Peace Corps Act, and for other purposes; with amendment (Rept. No. 93-875). Referred to the Committee of the Whole House on the State of the Union.

Mr. HOLIFIELD: Committee on Government Operations. H.R. 12471. A bill to amend section 552 of title 5, United States Code, known as the Freedom of Information Act (Rept. No. 93-876). Referred to the Committee of the Whole House on the State of the Union.

Mr. PEPPER: Committee on Rules. House Resolution 954. Resolution providing for the consideration of H.R. 12341. A bill to amend the Foreign Service Buildings Act, 1926, to authorize sale of a property in Venice to Wake Forest University (Rept. No. 93-877). Referred to the House Calendar.

Mr. PEPPER: Committee on Rules. House Resolution 955. Resolution providing for the consideration of H.R. 12465. A bill to amend the Foreign Service Buildings Act, 1926, to authorize additional appropriations for the fiscal year 1974 (Rept. No. 93-878). Referred to the House Calendar.

Mr. PEPPER: Committee on Rules. House Resolution 956. Resolution providing for the consideration of H.R. 12466. A bill to amend the Department of State Appropriations Authorization Act of 1973 to authorize additional appropriations for the fiscal year 1974, and for other purposes (Rept. No. 93-879). Referred to the House Calendar.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ANDERSON of California:

H.R. 13213. A bill for the relief of certain natives of the Philippines who served in the U.S. Armed Forces during World War II; to the Committee on the Judiciary.

By Mr. BURKE of Massachusetts:

H.R. 13214. A bill to provide for a temporary program of special unemployment compensation in areas of high unemployment and to amend the Federal-State Extended Unemployment Compensation Act of 1970; to the Committee on Ways and Means.

By Mr. BYRON:

H.R. 13215. A bill to amend the Export Administration Act of 1969, to provide a formula to control the exports of wheat, soybeans, and corn from the United States, and for other purposes; to the Committee on Banking and Currency.

By Mr. COLLIER:

H.R. 13216. A bill to require the execution of an oath or affirmation or declaration of allegiance before a passport is granted or issued; to the Committee on Foreign Affairs.

By Mr. ESHLEMAN:

H.R. 13217. A bill to require the Administrator of the Federal Energy Office to prescribe regulations to assure that the owners of abandoned gas stations take certain safety measures; to the Committee on Interstate and Foreign Commerce.

By Mr. FORD:

H.R. 13218. A bill to provide for the mailing of absentee voting matter free of postage; to the Committee on Post Office and Civil Service.

By Mrs. GREEN of Oregon:

H.R. 13219. A bill to repeal the Emergency Daylight Saving Time Energy Conservation Act of 1973; to the Committee on Interstate and Foreign Commerce.

By Mr. JOHNSON of Pennsylvania:

H.R. 13220. A bill to amend section 402 of the Regional Rail Reorganization Act of 1973 to provide for an increase of $500 million in the amounts authorized to be appropriated for rail service continuation subsidies; to the Committee on Interstate and Foreign Commerce.

By Mr. JOHNSON of California (for himself, Mr. Haley, Mr. Hosmer, and Mr. Lujan):

H.R. 13221. A bill to authorize appropriations for the saline water program for fiscal year 1975, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. LANDGREBE (for himself and Mr. Symms):

H.R. 13222. A bill to provide for a phaseout period for certain Federal elementary and secondary education programs which would otherwise expire on June 30, 1974, and for other purposes; to the Committee on Education and Labor.

By Mr. MATHIS of Georgia (for himself, Mr. Drinan, Mr. Gude, Mr. Gunter, Mrs. Heckler of Massachusetts, Mr. Hungate, Mr. Mitchell of New York, Mr. Preyer, Mr. Riegle, and Mr. Wolff):

H.R. 13223. A bill to prohibit the exportation of fertilizer from the United States until the Secretary of Agriculture determines that an adequate domestic supply of fertilizer exists; to the Committee on Banking and Currency.

By Mr. QUIE:

H.R. 13224. A bill to amend the Internal Revenue Code of 1954 to exempt certain trust income from the earned income limitation on the low income allowance; to the Committee on Ways and Means.

By Mr. SCHNEEBELI:

H.R. 13225. A bill to make permanent the provision in the Social Security Act for providing assistance for U.S. citizens returned from foreign countries; to the Committee on Ways and Means.

By Mr. SIKES:

H.R. 13226. A bill to amend title XI of the Social Security Act to repeal the recently added provision for the establishment of Professional Standards Review Organizations to review services covered under the medicare and medicaid programs; to the Committee on Ways and Means.

By Mr. TALCOTT:

H.R. 13227. A bill for the relief of certain natives of the Philippines who served in the U.S. Armed Forces during World War II, to the Committee on the Judiciary.

H.R. 13228. A bill to amend the Internal Revenue Code of 1954 to temporarily reduce the excise tax on gasoline by 2 cents per gallon; to the Committee on Ways and Means.

By Mr. WOLFF:

H.R. 13229. A bill to repeal section 411 of the Social Security Amendments of 1972 and certain related provisions of law in order to restore to aged, blind, and disabled individuals receiving supplemental security income benefits (under title XVI of the Social Security Act) their right to participate in the food stamp and surplus commodities programs; to the Committee on Ways and Means.

By Mr. WOLFF (for himself, Mr. Addabbo, Mr. Sikes, Mr. Biaggi, Mr. Tiernan, Mr. Pettis, and Mr. Davis of Georgia):

H.R. 13230. A bill to amend the Airport and Airways Development Act of 1970; to the Committee on Ways and Means.

By Mr. WYMAN (for himself, Mr. Van Deerlin, Mr. Riegle, Mr. Thompson of New Jersey, Mr. Moakley, Mr. Talcott, Mr. Anderson of Illinois, Mr. Johnson of Pennsylvania, Mr. Blatnik, Mr. Bauman, Mr. Stuckey, Mr. Dominick V. Daniels, Mr. Ketchum, Mr. Drinan, Mr. Morgan, Mr. Sandman, Mr. Pritchard, Mr. Waggonner, Mr. Derwinski, Mrs. Chisholm, Mr. Myers, Mr. Gunter, Mr. Stokes, Mr. Symms, and Mr. Brown of Michigan):

H.R. 13231. A bill to amend title II of the Social Security Act to increase the amount of outside earnings which (subject to further increases under the automatic adjustment provisions) is permitted each year without any deductions from benefits thereunder, and to revise the method for determining such amount; to the Committee on Ways and Means.

By Mr. WYMAN (for himself, Mr. Montgomery, Mr. Lent, Mr. Johnson of Pennsylvania, Mr. Williams, Mr. Brown of California, Mr. Green of Pennsylvania, Mr. Nichols, Mr. Zion, Mr. Hechler of West Virginia, Mr. Forsythe, Mr. Devine, Mr. Walsh, Mr. Charles Wilson of Texas, Mr. Mazzoli, Mr. Robison of New York, Mr. Harrington, Mr. Regula, Mr. Rose, Mr. Goodling, Mr. Parris, Mr. Boland, Mr. Horton, Mr. Bafalis, and Mrs. Boggs):

H.R. 13232. A bill to amend title II of the Social Security Act to increase the amount of outside earnings which (subject to further increases under the automatic adjustment provisions) is permitted each year without any reductions from benefits thereunder, and to revise the method for determining such amount; to the Committee on Ways and Means.

By Mr. WYMAN (for himself and Mr. Cleveland):

H.R. 13233. A bill to amend title II of the Social Security Act to increase the amount of outside earnings which (subject to further increases under the automatic adjustment provisions) is permitted each year without any deductions from benefits thereunder, and to revise the method for determining such amount; to the Committee on Ways and Means.

By Mr. BARRETT:

H.R. 13234. A bill to amend the Internal Revenue Code of 1954 to eliminate the percentage depletion allowance for oil and gas wells, to deny credit for foreign taxes imposed on income from such wells, and to provide for an excess profits tax on the income of oil producing and refining corporations; to the Committee on Ways and Means.

By Mr. BAUMAN:

H.R. 13235. A bill to amend the Rail Passenger Service Act of 1970 to require the National Railroad Passenger Corporation to initiate additional rail passenger service in the Northeast corridor to determine the feasibility of utilizing such service to alleviate transportation problems caused by the energy crisis; to the Committee on Interstate and Foreign Commerce.

H.R. 13236. A bill to require the Secretary of the Army and the Chief of Engineers to act on certain applications within 90 days or explain his failure to do so; to the Committee on Public Works.

By Mr. BIAGGI:

H.R. 13237. A bill to amend the Small Business Act to provide for direct loans at the rate of 4 percent per annum to small business concerns adversely affected by the energy crisis to assist them in meeting their normal operating costs; to the Committee on Banking and Currency.

By Mr. BINGHAM:

H.R. 13238. A bill to amend section 4(a) of the Agriculture and Consumer Protection Act of 1973, and for other purposes; to the Committee on Agriculture.

By Mr. BRINKLEY:

H.R. 13239. A bill to authorize the Secretary of Housing and Urban Development to encourage and assist in the development on a demonstration basis of several carefully planned projects to meet the special health-care and related needs of elderly persons in a campus-type setting; to the Committee on Banking and Currency.

By Mr. CONLAN (for himself and Mr. Rhodes):

H.R. 13240. A bill to implement the Federal responsibility for the care and education of the Indian people by improving the services and facilities of Federal Indian health programs and encouraging maximum participation of Indians in such programs, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. DRINAN:

H.R. 13241. A bill to authorize the disposal of tantalum minerals from the national stockpile; to the Committee on Armed Services.

By Mr. DULSKI:

H.R. 13242. A bill to amend title 5, United States Code, to extend the status of preference eligible to the spouse or dependent parent of a member of the armed forces in a missing status, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. FORD (for himself and Mr. Nedzi):

H.R. 13243. A bill to amend title 39, United States Code, to eliminate certain restrictions on the rights of officers and employees of the U.S. Postal Service, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. FROEHLICH:

H.R. 13244. A bill to amend the Agricultural Adjustment Act of 1933 with respect to the emergency treatment of imports of agricultural commodities and products thereof; to the Committee on Agriculture.

By Mr. GROSS:

H.R. 13245. A bill to require the execution of an oath or affirmation or declaration of allegiance before a passport is granted or issued; to the Committee on Foreign Affairs.

H.R. 13246. A bill to amend title 18, United States Code, relating to the production of false documents or papers of the United States, and the use of false information in obtaining official documents and papers of the United States, involving an element of identification; to the Committee on the Judiciary.

By Mr. GUBSER:

H.R. 13247. A bill to require, upon written request by any individual, the disclosure of materials which relate to the receipt of any money from the United States by any person, State, or unit of local government; to the Committee on the Judiciary.

By Mr. HARRINGTON:

H.R. 13248. A bill to prohibit the control of alternative energy sources by integrated oil companies; to the Committee on the Judiciary.

H.R. 13249. A bill to amend the Gun Control Act of 1968; to the Committee on the Judiciary.

By Mr. HOGAN:

H.R. 13250. A bill to amend titles 18 and 39 of the United States Code, to exempt State-conducted lotteries from certain prohibitions of Federal law; to the Committee on the Judiciary.

By Ms. HOLTZMAN (for herself, Mr. Badillo, Mr. Brown of California, Ms. Chisholm, Ms. Collins of Illinois, Mr. Culver, Mr. Danielson, Mr. Dellums, Mr. Eilberg, Mr. Fraser, Mr. Frenzel, Mr. Gonzalez, Mr. Harrington, Mr. Hogan, Mr. Mitchell of Maryland, Ms. Mink, Mr. Nix, Mr. Podell, Mr. Riegle, Mr. Rosenthal, Ms. Schroeder, Mr. Tiernan, Mr. Van Deerlin, Mr. Won Pat, and Mr. Young of Georgia):

H.R. 13251. A bill to amend the Fair Labor Standards Act of 1938 to narrow the circumstances under which an employer employing employees subject to that act may have wage differentials based on the sex of the employees; to the Committee on Education and Labor.

By Ms. HOLTZMAN (for herself, Ms. Abzug, Mr. Bingham, Mr. Drinan, Mr. Moakley, Mr. Stark, and Mr. Studds):

H.R. 13252. A bill to amend the Fair Labor Standards Act of 1938 to narrow the circumstances under which an employer employing employees subject to that act may have wage differentials based on the sex of the employees; to the Committee on Education and Labor.

By Mr. KYROS:

H.R. 13253. A bill to amend the Packers and Stockyards Act of 1921, as amended, so as to more adequately cover the egg industry, and for other purposes; to the Committee on Agriculture.

By Mr. O'HARA (for himself, Mr. Annunzio, Mr. Aspin, Mr. Conable, Mr. Horton, Mr. Kemp, Mr. Kluczynski, Mr. Landgrebe, Mr. Latta, Mr. Minshall of Ohio, Mr. Reuss, Mr. James V. Stanton, Mr. Steiger of Wisconsin, Mr. Stokes, Mr. Vander Veen, Mr. Vigorito, Mr. Walsh, and Mr. Young of Illinois):

H.R. 13254. A bill to permit the diversion and withdrawal of additional water from Lake Michigan into the Illinois Waterway, and for other purposes; to the Committee on Public Works.

By Mr. ROBERTS:

H.R. 13255. A bill to amend title 18 of the United States Code to provide in certain circumstances the death penalty for kidnapping, and to establish a rebuttable presumption with respect to certain unexplained disappearances; to the Committee on the Judiciary.

By Mr. ROGERS (by request) (for himself and Mr. Hastings):

H.R. 13256. A bill to amend the Comprehensive Drug Abuse Prevention and Control Act of 1970; to the Committee on Interstate and Foreign Commerce.

By Mr. RODINO:

H.R. 13257. A bill to encourage the movement in interstate and foreign commerce of recycled and recyclable materials and to reduce the quantities of solid waste materials in commerce which cannot be recycled or do not contain available recycled materials, and for other purposes; to the Committee on Interstate and Foreign Commerce.

H.R. 13258. A bill to amend the Internal Revenue Code of 1954 to eliminate, in the case of any oil or gas well located outside the United States, the percentage depletion allowance and the option to deduct intangible drilling and development costs, and to deny a foreign tax credit with respect to the income derived from any such well; to the Committee on Ways and Means.

By Mr. ROE:

H.R. 13259. A bill to amend the Federal Boat Safety Act of 1971 in order to increase the Federal Government's share of the costs of State boat safety programs during fiscal year 1975 and thereafter, and to increase the authorization for appropriations for such programs; to the Committee on Merchant Marine and Fisheries.

H.R. 13260. A bill to amend the Public Works and Economic Development Act of 1965 to extend the authorizations for a 5-year period, and for other purposes; to the Committee on Public Works.

By Mr. ROSENTHAL (by request):

H.R. 13261. A bill to amend the International Claims Settlement Act of 1949, as amended, to provide for the timely determination of certain claims of American nationals settled by the United States-Hungarian Claims Agreement of March 6, 1973, and for other purposes; to the Committee on Foreign Affairs.

By Mr. ROY:

H.R. 13262. A bill to amend section 403 (c) of the Rail Passenger Service Act of 1970 to provide that States may request rail passenger service beyond the basic system upon agreement to reimburse the National Railroad Passenger Corporation for not less than 50 per cent of any losses associated with such service; to the Committee on Interstate and Foreign Commerce.

By Mr. ST GERMAIN:

H.R. 13263. A bill to amend the Federal Property and Administrative Services Act of 1949, as amended, to provide for the assignment of surplus real property to executive agencies for disposal, and for other purposes; to the Committee on Government Operations.

By Mr. SISK:

H.R. 13264. A bill to amend the provisions of the Perishable Agricultural Commodities Act, 1930, relating to practices in the marketing of perishable agricultural commodities; to the Committee on Agriculture.

By Mr. TREEN (for himself and Mr. Armstrong):

H.R. 13265. A bill to provide a tax revenue source for State and local entities by the reduction and elimination over a 4-year period of the taxes imposed under the Internal Revenue Code of 1954 on cigars, cigarettes, cigarette papers and tubes; to the Committee on Ways and Means.

By Mr. WALDIE:

H.R. 13266. A bill to amend title 5, United States Code, to remove the requirement of 5 years of employee service immediately before retirement for an annuitant to be eligible to continue health benefits coverage after retirement; to the Committee on Post Office and Civil Service.

By Mr. WON PAT (for himself and Mr. Matsunaga):

H.R. 13267. A bill to authorize Federal agricultural assistance to Guam for certain purposes; to the Committee on Agriculture.

By Mr. MATSUNAGA:

H.R. 13268. A bill to provide for public financing with respect to congressional elections, to establish a Federal Elections Commission, to impose limitations upon political contributions and expenditures, and for other purposes; to the Committee on House Administration.

By Mr. FINDLEY (for himself, Mr. Ryan, and Mr. Bingham):

H.J. Res. 927. Joint resolution to bring Atlantic community policy toward the Government of Greece before the Council of the North Atlantic Treaty Organization; to the Committee on Foreign Affairs.

By Mr. ROONEY of Pennsylvania:

H.J. Res. 928. Joint resolution to designate March 31 through April 6 of each year as "National Boys' Clubs Week"; to the Committee on the Judiciary.

By Mr. SHOUP:

H.J. Res. 929. Joint resolution regarding the status of negotiations with foreign governments in relation to debts owed the United States, and for other purposes; to the Committee on Foreign Affairs.

By Mr. WOLFF (for himself, Mr. Derwinski, Ms. Abzug, Mr. Chappell, Mr. Collier, Mrs. Collins of Illinois, Mr. Dan Daniel, Mr. Fulton, Mr. Gunter, Ms. Holtzman, Mr. Hudnut, Mr. Ichord, Mr. McCollister, Mr. Moakley, Mr. Riegle, Mr. Sisk, Mr. Symms, and Mr. Veysey):

H.J. Res. 930. Joint resolution regarding the status of negotiations with foreign governments in relation to debts owed the United States, and for other purposes; to the Committee on Foreign Affairs.

By Mr. FLOOD (for himself, Mr. Burleson of Texas, Mr. Carney of Ohio, Mr. Downing, Mr. Eshleman, Mr. Flynt, and Mr. Ichord):

H. Res. 948. Resolution in support of continued undiluted U.S. sovereignty and jurisdiction over the U.S.-owned Canal Zone on the Isthmus of Panama; to the Committee on Foreign Affairs.

By Mr. NELSEN:

H. Res. 949. Resolution relating to the serious nature of the supply, demand and price situation of fertilizer; to the Committee on Agriculture.

By Mr. PRICE of Texas:

H. Res. 950. Resolution in support of continued undiluted U.S. sovereignty and jurisdiction over the U.S.-owned Canal Zone on the Isthmus of Panama; to the Committee on Foreign Affairs.

By Mr. TALCOTT:

H. Res. 951. Resolution expressing the sense of the House with respect to missing American newsmen in Southeast Asia; to the Committee on Foreign Affairs.

By Mr. THOMPSON of New Jersey:

H. Res. 952. Resolution to provide funds for the expenses of the investigation and study authorized by House Resolution 267, 93d Congress; to the Committee on House Administration.

By Mr. VANDER JAGT:

H. Res. 953. Resolution relating to the serious nature of the supply, demand, and price situation of fertilizer; to the Committee on Agriculture.

MEMORIALS

Under clause 4 of rule XXII, memorials were presented and referred as follows:

366. By the SPEAKER: Memorial of the Legislature of the State of Oklahoma, relative to the supply of fertilizer; to the Committee on Agriculture.

367. Also, memorial of the Legislature of the State of West Virginia, relative to a feasibility study of the production of hydroelectric power at Tygart Dam, W. Va.; to the Committee on Interstate and Foreign Commerce.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BURKE of Massachusetts:

H.R. 13269. A bill for the relief of Daniel Crowley; to the Committee on the Judiciary.

By Mrs. HOLT:

H.R. 13270. A bill for the relief of Charles Hammond, Jr.; to the Committee on Merchant Marine and Fisheries.

EXTENSIONS OF REMARKS

AMERICAN SECURITY COUNCIL REPORT ON VIETNAM

HON. STROM THURMOND

OF SOUTH CAROLINA

IN THE SENATE OF THE UNITED STATES

Tuesday, March 5, 1974

Mr. THURMOND. Mr. President, a year after the conclusion of our involvement in South Vietnam the American Security Council has issued a report assessing the results of our efforts there.

This report, entitled "Vietnam: Not in Vain," is available at the Council Office here in Washington.

Mr. President, I ask unanimous consent that a press release accompanying issuance of the report, dated February 26, 1974, be printed in the Extension of Remarks at the conclusion of my comments.

There being no objection, the release was ordered to be printed in the Record, as follows:

PROPAGANDA ATTACKS THREATEN SAIGON'S SURVIVAL, SAYS VIETNAM REPORT

WASHINGTON, D.C.—An independent fact-finding group warned today that "the struggle for South Vietnam ultimately may be decided not on the battlefield but by the false facts and wrong impressions given to Congress and the American public by anti-Vietnam propagandists."

"There is reason for concern," said the fact-finders report, "that the Congress, preoccupied with problems closer to home, might succumb to the pressures of the anti-Vietnam propagandists."

"A small minority of critics of American policy in Vietnam," the report added, "would, in effect, snatch failure from the jaws of success and deliver South Vietnam and its 18 million people to the Communists by default."

The eight-member group, which conducted a ten-day inspection tour of South Vietnam last month, was headed by John Moore Allison, former Assistant Secretary of State for Far Eastern Affairs, who also served ambassadorial posts in Japan, Indonesia and Czechoslovakia. Others included Amb. Elbridge Durbrow (ret.), U.S. Ambassador to South Vietnam from 1957–61; Repr. Philip M. Crane (R-Ill); Richard W. Smith, Chairman, National Federation of Young Republicans, and Dr. Anthony Kubek, research professor, University of Dallas.

The mission was sponsored by the American Security Council, a private, non-profit organization concerned with national defense and security, and the Vietnam Council on Foreign Relations, a Saigon-based non-profit, non-partisan organization founded in 1968 to promote international understanding.

"South Vietnam," said the report, "stands today on the threshold of viability, of being able truly to 'go it alone.'

"For the first time," the report added, "there are signs that a nation is emerging, with a unity of purpose and of leadership and with an increasing degree of popular participation."

While noting the severe economic problems that remain and warning that "the next two years will be crucial years," the report said:

"If the South Vietnamese can be helped to fill the vacuum left by the departure of more than half a million American troops and to strengthen their defenses and economy and political and social life, they will have a better than even chance to endure and to prosper in the years to come."

"Since South Vietnam stands steady on the battle-front," the report declared, "its enemies have mounted new attacks on another front—Washington."

"These verbal assaults," it said, "have reached a crescendo unparalleled since the days of the Vietnam 'moratorium' and the 'March on the Pentagon.' Familiar voices that once demanded U.S. withdrawal from Vietnam now denounce any and all U.S. aid to Saigon."

Citing personal observations and intensive surveys by trained U.S. Embassy experts, the report sharply refuted charges that South Vietnam is a "police state" imprisoning up to 202,000 "political prisoners."

It quoted an "exhaustive and painstaking analysis" by official Embassy sources covering every penal institution in South Vietnam and showing that the total prisoner population as of August, 1973, was 35,139, "comprising civilian prisoners of all types, not just 'political prisoners,' however defined."

In a day-long visit to South Vietnam's Con Son Island prisoners, the Fact-Finding group found that the so-called "tiger cages," first publicized in a *Life* magazine article in July, 1970, and no longer in use, were not cramped, underground torture cells as the *Life* story had implied but actually were above-ground cells with top and side openings and with more space than comparable isolation cells in many modern U.S. prisons.

The Con Son visit, which included interviews with English-speaking Vietcong prisoners, "indicated no evidence of malnutrition or other mistreatment," said the report.

"It would be a mistake of historic proportions," the report added, "should Congress accept now the argument of critics who contend that the U.S. participation in the defense of South Vietnam was all wrong and that the U.S. should cut its losses and abandon the South Vietnamese as a hopeless cause."

The report concluded: "Congress should give close scrutiny to the latest outpouring of propaganda, charging the Saigon government with harboring 'political prisoners' by the hundreds of thousands. It should look closely also at the familiar purveyors of such bias to determine (1) their ulterior motives, if any, and (2) their financial support and whether, as some members of Congress believe, they should register as foreign agents.

"Not only members of Congress, but all thoughtful Americans, should examine the facts—all the facts—before making up their minds. Americans have a natural aversion to being 'sold a bill of goods' yet, today, it is clear that many of our citizens are being deceived by organized propagandists of the left who seek elimination of all U.S. support for South Vietnam, thus enabling the North Vietnamese and their Vietcong allies to do what they cannot do on the fighting front—take over."

UPCOMING TRADE NEGOTIATIONS IN MEN'S AND BOYS' APPAREL

HON. THOMAS P. O'NEILL, JR.

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 5, 1974

Mr. O'NEILL. Mr. Speaker, among the many industries which are facing difficult days ahead is one which plays an important role in my State, and that is the men's and boys' clothing industry. The apparel industry in general employs more than a million people, which makes it one of the largest in terms of employment of any manufacturing industry. Anything that threatens the apparel industry, therefore, is a distinct theat to the American economy as a whole, and a special threat to a number of States, including Massachusetts, where so many apparel workers live and work.

Within the apparel industry, the men's and boys' clothing industry is passing through an especially difficult period. Production and employment are declining; more than 30,000 workers have lost their jobs since 1969. The industry's profits have been low and it is possible that when the figures are in they will show that the industry actually operated at a loss in 1973.

This year, 1974, prospects are no better. Sales are still declining, and so is employment. This is a harsh prospect for the country when we already face the possibility of severe unemployment because of the energy crisis. In the case of the apparel industry, and men's and boys' clothing particularly, the problem is not so much the energy crisis as the rising level of imports from low-wage countries, particularly the major exporting countries of the Far East.

Three years ago the U.S. Government signed bilateral agreements with these exporting nations, regulating the flow of imports to the United States. The agreements did not cut off imports; on the contrary, imports continued to climb. Imports of men's and boys' suits have more than doubled between 1969 and 1973. Imports of men's and boys' sport jackets by 1973 were three times what they were in 1968. So the agreements were only effective to a certain extent in moderating the increasing flood of imports.

Last December, the Government participated in a new multinational agreement laying the basis for the regulation of textile and apparel trade among about 50 nations. Although the new Multi-Fiber Agreement—MFA—represents a long-sought goal, it is now necessary for the Government to renegotiate the prior agreements with the four Far Eastern exporters.

I am hopeful that as our Government negotiators enter upon this task, they are mindful of the problems faced by the men's and boys' clothing industry. The new MFA cannot serve as an excuse to loosen the bonds regulating imports of these products. They are probably too loose already, and the results can be seen in declining production and increasing unemployment. I urge our negotiators to do their utmost to provide real regulation of trade in these areas before America finds itself with more empty factories and more ghost towns, sad testimony to an industry that use to provide needed employment opportunities but which was destroyed by the growing flood of low-wage imports from abroad.

PANAMA CANAL SURRENDER

HON. HARRY F. BYRD, JR.

OF VIRGINIA

IN THE SENATE OF THE UNITED STATES

Tuesday, March 5, 1974

Mr. HARRY F. BYRD, JR. Mr. President, in newspapers of January 24, Anthony Harrigan, columnist and executive vice president of the United States Industrial Council, issued a stern warning against surrender of U.S. sovereignty over the Panama Canal.

I think that Secretary Kissinger made a serious mistake in committing the United States to yielding control over the canal to Panama, and I hope that if and when a treaty modification ending U.S. sovereignty is submitted to the Senate, that it will be defeated.

I ask unanimous consent that the column, "Panama Canal Surrender" be printed in the Extensions of Remarks.

There being no objection, the article was ordered to be printed in the Record, as follows:

PANAMA CANAL SURRENDER

(By Anthony Harrigan)

While Secretary of State Kissinger was being hailed for securing Israeli-Arab troop disengagement along the Suez Canal, he agreed to a giveaway of the Panama Canal. Ambassador Ellsworth Bunker was dispatched to Panama and the State Dept. announced a plan to "give the Panama Canal back to the Panamanians."

Dr. Kissinger may have gone too far this time. In proposing to abandon the Panama Canal to the strongman regime of Gen. Omar Torrijos, Dr. Kissinger is recommending that the United States surrender territory over which it has sovereign control. The treaty of 1903 gives the U S. sovereignty over the Canal and Canal Zone in perpetuity.

The Indianapolis News, in a forthright editorial on the proposed giveaway of the Panama Canal, says: "It becomes increasingly difficult to be certain just whose side our diplomats are on." The same people who gave the American people the disastrous grain deal with the Soviet Union, which caused the rise in bread prices in the U.S., now favor turning over the Panama Canal to a regime that is hand-in-glove with the Libyan government that wants to punish the United States for its Middle East policy.

It is really incredible that Secretary of State Kissinger should approve a surrender of the Panama Canal, especially at a time when the United States is the target of economic warfare by the oil-producing nations. The Panamanians, once in control of the canal, undoubtedly would take a leaf from the Arabs' book and deny American ships access to the canal unless further political concessions were made.

The United States depends on rapid movement of ships between the Atlantic and Pacific Oceans. One of the first considerations for the State Dept. should be maintenance of control of the Canal Zone so as to assure secure movement between the two oceans. As Rep. Daniel J. Flood (D-Pa.) has pointed out, the Panama Canal is "the jugular vein of hemispheric defense."

If the Panama Canal is not controlled by the United States, it affords no security to the United States and friendly powers. When the Suez Canal fell under Egyptian influence, it became a political instrument for Col. Nasser of Egypt Last year, C. L. Sulzberger of *The New York Times* admitted that "what Torrijos hopes to accomplish in the Panama Canal Zone is somewhat the same as what Nasser accomplished vis-a-vis Britain in the Suez Canal Zone."

The American people have a major stake in the Panamanian situation. They should demand that the State Dept. tell all it knows about relations between the Panamanian and Libyan regimes. Last spring, Panama established diplomatic ties with Libya, Algeria and Bulgaria. There were reports of Libya financing a new canal across the Panamanian isthmus—a canal, the use of which would be denied to the friends of Israel. Jose Guillermo Aizpu, the finance minister of Panama, had talks with Dictator Muammar Gaddafi of Libya. The possibility of an economic and political link between the military dictatorship in Panama and the Libyan leftists cannot be ignored. Libyan support for Panama would vastly extend the area of revolutionary Arab influence. As one student of Panamanian affairs has advised me, "With an Arab-controlled canal in Panama and with the Arab-controlled Suez Canal, the Arabs would control the key water ways of the world."

In any case, the transfer of the canal to Panama would be intolerable. The proposal exemplifies the bankruptcy of Dr. Kissinger's diplomacy, which is based on winning "peace" through abandonment of solid advantages enjoyed by the United States. To achieve an empty "détente" with the Soviet Union Dr. Kissinger yielded America's superiority in several areas of nuclear defense. Now, in order to appease leftist elements in Latin America, he would yield the vital Panama Canal to an unstable, anti-American junta.

SAN PEDRO AREA CHAPTER RETIRED OFFICERS ASSOCIATION OPPOSES CLOSURE OF FORT MACARTHUR

HON. GLENN M. ANDERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 5, 1974

Mr. ANDERSON of California. Mr. Speaker, in order for our military to succeed in its mission under our system of government, the public must support its activities by providing the manpower and the funds to sustain a defense posture second to none. And to continue to serve our country, the military must be cognizant of the needs and desires of its supporters.

Yet, the Department of Defense—by announcing its intent to close Fort MacArthur, the only Army post in southern California—has ignored the needs of those who have dedicated their lives to the service of our country. The retired officers, the "alumni" of the service, have loyally supported the aims of the military and they have every right to expect loyalty in return.

At this point, Mr. Speaker, I ask consent to place in the RECORD a letter from the San Pedro Area Chapter Retired Officers Association calling upon the Department of Defense to reconsider its decision to close Fort MacArthur, and instead continue this post as an Active Army installation. I commend the president of this outstanding organization, Col. W. E. Besse; the secretary, Col. Monroe Smartt; and the treasurer, Comdr. Ken Brown, for their cogent remarks which accurately and concisely list the reasons for maintaining this historic and necessary military facility.

SAN PEDRO AREA CHAPTER
RETIRED OFFICERS ASSOCIATION,
February 20, 1974.

On 4 February 1974 the Secretary of Defense announced that as a result of the scheduled inactivation of the 19th Air Defense Artillery Group during 1974 and the relocation of the U.S. Army Reserve Units currently stationed at Fort MacArthur, the installation will be declared excess to Department of Defense needs on 30 June 1975.

Excluding the 19th Artillery Group, Fort MacArthur currently provides support to 13 active Army units plus 20 reserve units located on the installation. There are 27 off-post satellite units (includes 19 active Army units) for which the post has support responsibilities; 57 Army Reserve units; 16 Army reserve centers; 105 National Guard units, 6 Army Reserve area maintenance support activities and 33 ROTC units.

The Army Reserve units stationed at Fort MacArthur are scheduled to be relocated to Los Alamitos Armed Forces Reserve Center by 30 June 1975. Fort MacArthur units and tenant units with continuing missions in the Southern California area will be relocated to *leased* facilities in the Los Angeles area. The responsibility for logistical support currently being provided to off-post satellites, such as ROTC, Army Recruiting, Armed Forces Examining and Entrance Station, and Los Angeles District Engineer, will be transferred to Fort Ord, 360 miles north of Fort MacArthur.

The members of this chapter, The Retired Officers Association, (over 100 strong) protest the proposed closing of Fort MacArthur for reasons:

1. If the Army Reserve units are to maintain their own vehicles then complete shop facilities must be constructed and installed at Los Alamitos. If not, then support by Fort Ord will be costly and time consuming beyond acceptable limits.

2. The closure of the Long Beach Navy Station and the movement of the Van Camp Fish Cannery to San Diego have both had an adverse effect upon the local economy. The closure of Fort MacArthur will further the stagnation of the San Pedro area economy.

3. The total military-civilian payroll of Fort MacArthur is $28 million. Applying the Department of Commerce factor of 2.63 to the $28 million payroll indicates an economic impact of approximately $74 million. In addition to the payroll, Fort MacArthur procures goods and services with an annual value of approximately $13 million from local businesses within a 75-mile radius.

4. Fort MacArthur is the only Army installation in Southern California. For over 80 years the Army has enjoyed the support of the people of the Metropolitan area of Los Angeles. The closure of Fort MacArthur means the loss of the Army image in this area. Success of the all volunteer Army depends upon this public support.

5. Once again DOD has broken faith with the military retired community. Thousands of career retired military have established their homes within the area serviced by Fort MacArthur to avail themselves of the services and facilities to which they are legally entitled. The Fort's closure denies these people full dental and medical care; none is available at the Long Beach Navy Station. The Navy Commissary cannot physically hande the increased load that will be created by the closure action. I. D. cards must be processed by an Army installation—will Army personnel now travel 360 miles to Fort Ord for this required service? With no Army post in Southern California burial services for deceased Army personnel will not be available.

The membership of this chapter request that you take every action available to you to secure the continuation of Fort MacArthur as an active Army installation. We refer to the main post on Pacific Ave. and the area on Gaffey Street. We interpose no objections to the disposal of the two NIKE sites at White's Point and Point San Vicente. Your cooperation will be deepy appreciated.

Respectfully requested,
MONROE T. SMARTT,
Colonel, USAF, Retired, Secretary.

FEDERAL EMPLOYMENT FOR FAMILIES OF MIA'S AND POW'S

HON. THADDEUS J. DULSKI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 5, 1974

Mr. DULSKI. Mr. Speaker, today I am introducing legislation to extend 10-point veterans' preference for Federal employment to spouses and dependent parents of those officially missing in action or held as prisoners of war. The bill will also extend preference to eligible veterans' remarried widows, if the remarriage is terminated by death, divorce, or legal separation.

The legislation fulfills requests of Resolutions 472 and 473, adopted by the American Legion at their 54th National Convention, as follows:

RESOLUTION NO. 472

Whereas, The American Legion has traditionally favored and supported preference in Federal employment for war veterans, as well as widows and mothers of those gallant men who have laid down their lives for their country, and

Whereas, military personnel of the United States Government are frequently called upon to expose themselves to critical national security interests circumstances in. near, and over the territories of foreign powers, and

Whereas, circumstances may lead to military personnel being detained by a foreign power against the wishes of the military member and the United States Government, and

Whereas, this period of detention for the military member may be extensive and secretive causing undue hardship and personal tragedy to spouses and dependent parents, and

Whereas, during this period of personal hardship the spouses and dependent parents of those missing in action or held as prisoners of war may need and deserve additional assistance, especially in obtaining employment to support the family, and

Whereas, certain additional and other benefits are currently available to spouses and dependent children of members of the Armed Forces who have been reported missing in action or held as prisoners of war, and

Whereas, many of those reported missing in action or held as prisoners of war may eventually be declared dead and the released prisoners of war be determined disabled, and

Whereas, the widows of those declared dead and many of the spouses or dependent parents of those former prisoners of war found to be disabled will be entitled to veterans' preference; now, therefore, be it

Resolved, by the American Legion in National Convention assembled in Chicago, Illinois, August 22, 24, 1972, that The American Legion seek necessary action either by executive order or legislation to provide veterans' preference on a special appointment authority in Federal employment for the spouse or dependent parent of any military member who now, or in the future, is reported missing in action or is captured and detained by a foreign power if such status was caused by the fulfillment of military orders and not due to personal misconduct such as desertion or a criminal act, provided the spouse or dependent parent claiming veterans' preference has received official notification that the military member is missing in action, or is held as a prisoner of war; and, be it further

Resolved, that such veterans' preference to the spouse or dependent parent of a military member reported missing in action or held as a prisoner of war be continued valid until the military member is declared legally dead or is returned to the military control of the United States Government.

RESOLUTION No. 473

Whereas, The American Legion has traditionally favored and supported veterans preference in Federal employment for widows of these gallant men who have lost their lives for the United States during a time of war or National Emergency, and

Whereas, Section 2 of the former Veterans Preference Act of 1944 (now codified in title 5, U.S. Code, Section 2108) provides that unmarried widows of a veteran as defined in said section shall be entitled to veterans preference, and

Whereas, this preference as provided unmarried widows terminates when the widow remarries, and

Whereas, Public Law 91-376, approved August 12, 1970, provides that widows of veterans who remarry are again eligible for benefits from the Veterans Administration if the subsequent marriage is dissolved by death; now, therefore, be it

Resolved, by The American Legion in National Convention assembled in Chicago, Illinois, August 22, 23, 24, 1972, that The American Legion take necessary action either by Executive Order or legislation to provide that veterans preference shall be restored to widows of deceased veterans who remarry if the remarriage is terminated by death.

Mr. Speaker, I believe these are fair requests and needed changes in the law. In recognition of veterans' service to their Government, the laws now provide for the preference system for them and, in certain cases, their dependents. With the present gap in the law, MIA and POW families are left in limbo, although their contribution to the Nation will prove to be the ultimate sacrifice in some cases.

Rather than waiting for a final, official declaration of death, at which point spouses and dependent parents would become eligible for preference points, we should grant it now to assist in obtaining Federal employment for these deserving families.

This bill will not bring home any of our MIA's, and we must continue to press through every possible channel for a full accounting. But it will help demonstrate our Nation's concern as well as give practical evidence of our gratitude.

LET US SUPPORT THE HOUSING GUARANTY PROGRAM

HON. RICHARD T. HANNA

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 5, 1974

Mr. HANNA. Mr. Speaker, I have followed with great interest the activities of the Office of Housing in the State Department's Agency for International Dedevelopment. With its housing guaranty program, AID has brought U.S. private investment funds to bear on the housing shortage in many countries in Latin America, Africa, and Asia. To date they have provided 51,367 units in Latin America, 12,022 in Africa, and 12,741 in Asia. In each country AID works through a contractual arrangement with a public financial institution or housing authority. This program has not only provided housing units, but operational experience and training for people in the recipient country.

The aid housing guaranty experience in South Korea is an instructive case history. In November 1972, AID authorized a $10 million guarantee to the Korean Housing Corporation which operates under the Ministry of Construction. In March of 1973, construction began on 1,490 three-bedroom units in condominium form in Seoul. As is often the case, there were an abundance of qualified potential homeowners in Seoul. Over 8,000 applicants drew lots for the right to buy one of these units. The success of this project has had many immediate and indirect consequences of great benefit to the Korean people. Not the least of which is a substantial increase in the priority given to housing by the Korean Government. The Korean Government is to be complimented for this posture and its willingness to take on a heavy responsibility in providing housing.

I find it particularly ironic, Mr. Speaker, that through AID's housing efforts we are demonstrating to foreign governments the how and why of a sound housing policy at the very time when our own Government has decided not to have a housing policy. Perhaps the teacher should become the pupil.

In any case, Mr. Speaker, it has come to my attention that the Korean Housing Corporation would like to receive additional housing guarantee for 1974. I hope the AID will look favorably on this request and that my colleagues in the House will join me in supporting the AID housing guarantee program.

THE ENERGY CRISIS

HON. WILLIAM R. ROY

OF KANSAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 5, 1974

Mr. ROY. Mr. Speaker, for one major industry, the energy crisis is turning out to be a blessing in disguise. With the price of gasoline continuing to mount, and the lines at the gas stations continuing to lengthen by the day, the American public is searching for—and demandding—alternatives to our automobile-dominated transportation system. That industry: passenger rail service.

When Amtrak was first established almost 3 years ago, there were many "doubting Thomases" who felt that the chances for the success of a passenger rail system were very limited. But the current energy shortages have enhanced both the need for and the probability of success of the passenger rail service alternative. I know that the citizens of Kansas have shown renewed interest in the addition and reinstatement of passenger rail service.

This past year has seen a near 20-percent increase in intercity passenger rail ridership. This marked a turnabout after more than 20 years of steady decline of passenger rail traffic. From all indications, 1974 will witness a "rush back to the rails" with ridership projections being 30 to 50 percent over what was previously predicted.

This surge of interest in passenger rail service dictates that Congress examine Amtrak service to see what action must be taken so as to accommodate this sudden demand for train service.

It is becoming increasingly clear that we must expand the route offerings now contained in the basic rail system. There are several areas of the country not now served—or at best, underserved—by Amtrak. The Midwest is one of these areas.

Under existing law, there are several ways to go about expanding the basic rail system. One option is for the Secretary of Transportation to exercise the authority granted him under the Amtrak Improvement Act of 1973 to designate at least one "experimental route" per year. The Federal Government would underwrite any operating losses incurred by this route.

Another avenue which can result in expanded rail service comes under the provisions of the Rail Passenger Service Act of 1970. Section 403(c) of this law specifies that a State, regional, or local agency may request passenger service beyond that identified as part of the original basic system if it declares it is willing to assume at least two-thirds of any operating losses incurred from this new service. The Federal Government would then assume the other third of the losses.

Since the enactment of this law, only two States, Massachusetts and Illinois, have taken advantage of the section

403(c) provisions. Many States have found this formula unworkable, if not completely infeasible. Already groaning from financial pressures, most States have found that they cannot assume such a large financial risk.

Mr. Speaker, I think it is time to change this ⅔-⅓ formula so as to provide States with a greater incentive to opt for the section 403(c) alternatives. I am introducing a bill which would do exactly this. My bill equalizes the financial burden by increasing the Federal contribution to 50 percent, and thus reducing the State burden from 66⅔ to 50 percent.

I think this change in formula will result in an expansion of the rail service offering throughout the country. Of course, parallel efforts must be made to provide the additional equipment for the actual operation of these routes.

The American public is responding to the "all aboard" calls of Amtrak. We in Congress must find ways to effectively address the public's resounding clamor for increased passenger rail service throughout the country. I think that my bill addresses itself to this need.

A BILL TO PROVIDE EQUITY FOR PHILIPPINE VETERANS OF THE U.S. ARMED FORCES

HON. GLENN M. ANDERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 5, 1974

Mr. ANDERSON of California. Mr. Speaker, under current immigration law, special categories are created in order to allow certain people to immigrate to this country on a priority basis.

For example, brothers, sisters, and children of U.S. citizens, spouses and unmarried children of permanent residents, talented professionals, and workers to fill a labor shortage—all receive a special preference.

However, one important group that should be permitted to immigrate on a priority basis is the Philippine veterans of the U.S. Armed Forces.

Today, there is no special treatment for those aliens who courageously served as members of the U.S. military—those who fought under our flag, under our commanders, side by side with American men.

Veterans have a special place in the hearts of Americans. We all recognize the debt of gratitude that we owe those who served in the Armed Forces to protect and preserve this great land. But we have been remiss in paying that debt to the aliens who have served honorably as members of our Armed Forces. As an example, under current law it means nothing that a man or woman served for several years with the U.S. Army during World War II when he or she applies for an immigrant visa number. This is wrong, and it is high time that we corrected this injustice.

To correct what I believe is an oversight in the law, the bill I am introducing today would extend first preference category privileges—the same privileges extended unmarried children of U.S. citizens—to those persons who have served at least 3 years as members of the U.S. Armed Forces and have been honorably discharged.

If passed, those who put their lives on the line in the service of our country would be on an equal footing with the other groups who receive special preference status.

As a matter of justice, Mr. Speaker, those who chose to defend our Nation and who answered the call at our time of need, certainly deserve to be given the same rights as others who wish to enter this country if they so choose.

1973 VOTING RECORD

HON. ROBERT F. DRINAN

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 5, 1974

Mr. DRINAN. Mr. Speaker, I believe my constituents are entitled to a full report of my congressional activities. They are entitled to know exactly what I have done on their behalf. Accordingly, I am attaching herewith my complete voting record for the 93d Congress, 1st Session.

I participated as fully as I was able in the legislative activities of the Congress. In 1973, there were 541 recorded votes in the House of Representatives. I voted 537 times, bringing my attendance record to more than 99 percent.

I also sponsored 222 bills, many of which have already become law. I testified before House and Senate Subcommittees 11 times in support of various legislative proposals, ranging from support of financial aid to Israel to support of the Charles River Wakefield project in the Fourth Congressional District.

I held office hours for a total of 206 hours on 33 separate days with approximately 1,133 constituents. In addition, I spoke with over 100 groups in the Fourth Congressional District, including 20 schools, 17 business and labor groups, and 61 community organizations.

I am pleased to submit my voting record:

1. Election of Speaker. For election of the Speaker of the House of Representatives for the 93rd Congress the nominees were Rep. Carl Albert (D. Okla.), speaker since 1971, and Rep. Gerald R. Ford (R. Mich.), minority leader since 1965. Albert was elected 236–188, Jan. 3, 1973. Voted: Yes.

2. H. Res. 6. House Rules for the 93rd Congress. Motion to order the previous question on the resolution approving the rules of the House for the 93rd Congress, including two major changes proposed by the House Democratic caucus Jan. 2. The major changes were: (1) an increase to four from two of the number of days set aside each month for consideration of less controversial bills which are listed on the suspension calendar and require a two-thirds majority vote for passage, and (2) revising the procedure under which the speaker could adjust the daily meeting time of the House. Under previous rules, the House met at noon unless an alternative time was agreed to by unanimous consent; under the proposed modification, the speaker could alter the meeting time if he obtained majority approval. Motion agreed to 208–206. Jan. 3, 1973. Adoption of the motion precluded the possibility of amending the resolution on the floor. Voted: Yes.

3. H. Res. 132. House Committee Study. Motion ordering the previous question, ending debate and closing the possibility of amendment from the floor, on the rule (H. Res. 176) providing for consideration of the resolution. Agreed to 205–167. Jan. 31, 1973. Voted: Yes.

4. H. Res. 132. House Committee Study. Adoption of the rule (H. Res. 176) providing for consideration of and forbidding amendments to the resolution. Adopted 238–135. Jan. 31, 1973. Voted: Yes.

5. H. Res. 132. House Committee Study. Passage of the resolution creating a special committee to study the role, jurisdiction and procedures of the standing committees of the House. Passed 282–91. Jan. 31, 1973. Voted: Yes.

6. H.J. Res. 123. Highway Beautification Commission. Motion to suspend the rules and pass the resolution extending the Highway Beautification Commission through fiscal 1973 and increasing to $450,000 from $200,000 funds for commission activities for fiscal 1973. Passed 283–40. Feb. 5, 1973. Voted: Yes.

7. H.R. 2107. Rural Environmental Assistance Program. Motion to order the previous question—thereby ending debate and the opportunity to offer amendments—on the rule (H. Res. 188) providing for consideration of the bill reinstating the rural environmental assistance program. Agreed to 237–150. Feb. 7, 1973. Voted: Yes.

8. H.R. 2107. Rural Environmental Assistance Program. Amendment to require the agriculture secretary to spend the amount allocated by the secretary for the rural environmental assistance program—$140-million in fiscal 1973—rather than the total amount Congress had appropriated for the program—$225-million in fiscal 1973—as provided by the committee bill. Rejected 176–217. Feb. 7, 1973. Voted: Yes.

9. H.R. 2107. Rural Environmental Assistance Program. Amendment to restrict payments under the rural environmental assistance program to farmers whose average annual net income from all sources during the preceding three years was $10,000 or less. Rejected 132–260. Feb. 7, 1973. Voted: No.

10. H.R. 2107. Rural Environmental Assistance Program. Passage of the bill to require the agriculture secretary to spend the total amount appropriated by Congress—$225-million in fiscal 1973—for the rural environmental assistance program (REAP). Passed 251–142. Feb. 7, 1973. Voted: Yes.

11. H.R. 3694. Bicentennial Commission. Motion to suspend the rules and pass the bill authorizing appropriations of $3,359,000 to extend the activities of the American Revolution Bicentennial Commission for the period Feb. 16, 1973, to June 30, 1973. Motion agreed to 286–72. Feb. 20, 1973. Voted: Yes.

12. H.J. Res. 345. Continuing Appropriations for Fiscal 1973. Passage of the joint resolution to extend through June 30, 1973, funding for programs and operations of the Labor and Health, Education and Welfare Departments at an annual level of $29.8-billion and foreign military and economic aid programs at an annual level of $3.6-billion for the remainder of fiscal 1973. Passed 311–73. Feb. 21, 1973. Voted: Yes.

13. H.R. 1975. Emergency Farm Loan Program. Amendment to allow farmers, eligible as of Dec. 26, 1972, in 555 counties throughout the United States designated by the Secretary of Agriculture, to apply for emergency disaster loans for an 18-day period beginning with the enactment of the bill. Adopted 196–160. Voted: No.

14. H.R. 1975. Emergency Farm Loan Program. Passage of bill to return the Emergency Farm Loan Program, which provided emergency low-cost loans to farmers and rural homeowners in areas affected by natural disasters, basically to the terms and conditions that prevailed before 1971. Passed 269–95. Feb. 22, 1973. Voted: Yes.

15. H.R. 3577. Interest Equalization Tax Extension. Passage of the bill to extend the equalization tax, first enacted in 1963 as a temporary deterrent to the outflow of U.S. capital to other nations by removing the incentive for foreigners to borrow funds in the United States and for Americans to invest in foreign securities bearing a higher interest rate, from March 31, 1973, to June 30, 1974. Passed 358-23. Feb. 27, 1973. Voted: Yes.

16. H. Res. 256. Select Committee on Crime. Passage of the resolution to re-constitute the committee for the first six months of 1973 and to transfer its functions to the Judiciary Committee after June 30. Passed 317-75. Feb. 28, 1973. Voted: Yes.

17. H. Res. 18. Banking and Currency Committee Funding. Motion to order the previous question on the resolution to authorize funds for investigations and inquiries by the Banking and Currency Committee for the 93rd Congress. Opponents of the resolution sought to defeat the motion in order to amend the resolution. Agreed to 204-191. Feb. 28, 1973. (The resolution subsequently was passed by voice vote.) Voted: Yes.

18. H. Res. 257. District of Columbia Committee Funding. Passage of the resolution authorizing the House District of Columbia Committee to expend monies on studies and investigations, including trips abroad to study local government administration in foreign countries. Rejected 153-234. Feb. 28, 1973. Voted: Yes.

19. H.R. 3298. Rural Water-Sewer Grants. Passage of the bill to require the secretary of agriculture to spend the entire amount appropriated by Congress each fiscal year for water and sewage grants to rural communities. Passed 297-54. March 1, 1973. Voted: Yes.

20. H.R. 4278. School Lunch Programs. Motion to suspend the rules and pass the bill to assure that federal financial assistance for child nutrition programs—the school lunch and breakfast programs—was maintained at the level budgeted for fiscal 1973. Motion agreed to 352-7. March 5, 1973. Voted: Yes.

21. H.J. Res. 393. Postsecondary Education Commission. Motion to suspend the rules and pass the bill to extend the life of the National Commission on the Financing of Postsecondary Education to June 30, 1974, and to extend the deadline for its final report from April 30, 1973, to Dec. 31, 1973. Motion agreed to 332-29. March 5, 1973. Voted: Yes.

22. H. Res. 259. Open Committee Meetings. Motion to order the previous question, thus ending debate and the opportunity of amending the rule (H Res 272) providing for consideration of the resolution. Motion agreed to 197-196: March 7, 1973. Voted: Yes.

23. H. Res. 259. Open Committee Meetings. Amendment to authorize executive department officials and experts to attend closed committee meetings, for the purpose of assisting the committee in drafting legislation, if authorized by the committee. Adopted 201-198. March 7, 1973. Voted: No.

24. H. Res. 259. Open Committee Meetings. Passage of the resolution amending House rules to require open committee meetings except where national security or personal privacy was involved, or where the committee decided by majority vote to close its doors. Passed 371-27. March 7, 1973. Voted: Yes.

25. H.R. 17. Vocational Rehabilitation Act of 1973. Amendment in the form of a substitute bill restricting HR 17 to a three-year extension of the existing grants program to the states for vocational rehabilitation services. Rejected 165-213. March 8, 1973. Voted: No.

26. H.R. 17. Vocational Rehabilitation Act of 1973. Passage of the bill amending the Vocational Rehabilitation Act to extend for two years the authorization of grants to states for vocational rehabilitation services, at an authorization of $1.5-billion, and authorizing new grants for a three-year period for rehabilitation services to persons with severe disabilities. Passed 318-57. March 8, 1973 Voted: Yes.

27. H.R. 71. Older Americans Act. Amendment, in the form of a substitute bill, to authorize $501-million in grants for fiscal 1973-74 for states and regional programs of assistance for senior citizens and to reduce the federal share of grants for certain social services over three years; funding after fiscal 1974 was left open-ended. Rejected 168-229. March 13, 1973. Voted: No.

28. H.R. 71. Older Americans Act. Passage of the bill to strengthen and expand programs under the Older Americans Act of 1965, to authorize $1.4-billion over a three-year period and to strengthen representation of the interests of the elderly at the federal level. Passed 329-69. March 13, 1973. Voted: Yes.

29. S. 583. Rules of Evidence. Passage of the bill to delay the effective date of proposed new rules of evidence for federal courts until such time as Congress had approved them. Passed 399-1. March 14, 1973. Voted: Yes.

30. H.R. 2246. Public Works and Economic Development Act. Passage of the bill extending the Public Works and Economic Development Act of 1965 for one year, through fiscal 1974, and authorizing a total of $1.2-billion, including $800-million for public works grants; $170-million for public works and business development loans; $50-million for technical assistance and research; $50-million for growth centers and economic development districts, and $152.5-million for regional action planning commission programs. Passed 278-108. March 15, 1973. Voted: Yes.

31. H. Res. 285. Public Works Committee Funding. Passage of the resolution providing $1.52-million in expenses for the Public Works Committee for the first session of the 93rd Congress. Passed 372-9. March 20, 1973. Voted: Yes.

32. H.R. 5446. Solid Waste Disposal Act Extension. Passage of the bill to extend for one year the Solid Waste Disposal Act of 1965 as amended and authorizing appropriations for fiscal 1974 at the same funding level authorized for fiscal 1973 ($238.5-million), composed of $140-million for grants to states and municipalities for model resource recovery systems and solid waste disposal facilities; $76-million for the Environmental Protection Agency to develop new recycling and waste disposal techniques and $22.5-million for research and demonstration projects on mine waste disposal. Passed 392-2. March 21, 1973. Voted: Yes.

33. H. Res. 308. Internal Security Committee Funding. Passage of the resolution providing $475,000 in expenses for the Internal Security Committee for the first session of the 93rd Congress. Passed 289-101. March 22, 1973. Voted: No.

34. H.R. 5445. Clean Air Act Extension. Passage of the bill to extend for one year the Clean Air Act of 1970 and authorizing appropriations for fiscal 1974 at the same funding level authorized for fiscal 1973 ($475-million), composed of $300-million for programs to supervise motor vehicle emissions, state implementation of air quality standards and assistance to state and municipal air pollution control agencies; $150-million for the Environmental Protection Agency to develop technology for controlling automobile and powerplant pollution and $25-million for certification of low-emission vehicles and their purchase by the federal government. Passed 387-1. March 22, 1973. Voted: Yes.

35. H.R. 5293. Peace Corps Authorization. Motion to recommit the bill to committee with instructions to report it back containing an amendment to limit the authorization to one year and to reduce fiscal 1974 funds by about $17-million. Rejected 132-238. March 29, 1973. Voted: No.

36. H.R. 5293. Peace Corps Authorization. Passage of the bill authorizing for the Peace Corps appropriations of $77-million for fiscal 1974 and $80-million for fiscal 1975. Passed 299-72. March 29, 1973. Voted: Yes.

37. H.R. 3153. Social Security. Motion to suspend the rules and pass the bill to amend the Social Security Act to make technical and conforming changes. Agreed to 340-1. April 2, 1973. Voted: Yes.

38. H. Res. 330. Ocean Treaty. Motion to suspend the rules and pass the resolution endorsing objectives set forth in the President's ocean policy statement of May 23, 1970, and to be pursued by the U.S. delegation to the Law of the Sea Conference: objectives included protection of freedom of the seas beyond a 12-mile territorial limit and free transit through international straits, recognition of several "interests" of the international community, an effective International Seabed Authority for regulation and development of seabed resources, and conservation and protection of living resources. Agreed to 303-52. April 2, 1973. Voted: Yes.

39. H.R. 3577. Interest Equalization Tax. Adoption of the conference report to extend the interest equalization tax, first enacted in 1964 as a temporary deterrent to the outflow of U.S. capital to other nations by removing the incentive for foreigners to borrow funds in the United States and for Americans to invest in foreign securities bearing higher interest rates, from March 31, 1973, to June 30, 1974. Adopted (clearing the measure for the President) 396-18. April 4, 1973. Voted: Yes.

40. H.R. 5683. Rural Electrification Loan Program. Motion to order the previous question, ending debate on the rule (H. Res. 337) providing for the consideration of the bill. Agreed to 244-170. April 4, 1973. Voted: Yes.

41. H.R. 5683. Rural Electrification Loan Program. Amendment, in the form of a substitute bill, to tighten loan criteria for 2 per cent loans and to give the Rural Electrification Administration more discretion on the amount of funds that could be loaned. Rejected 162-244. April 4, 1973. Voted: No.

42. H.R. 5683. Rural Electrification Loan Program. Passage of the bill to amend the Rural Electrification Act to establish a revolving fund, made up in part of current Rural Electrification Administration assets totaling $4-billion, for insured and guaranteed loans to rural electric and telephone systems at interest rates which were intended to allow them to achieve the objectives of the act. Passed 317-92. April 4, 1973. Voted: Yes.

43. H. Res. 340. European Study Conference. Adoption of the resolution to authorize additional investigative authority for the Committee on Interior and Insular Affairs, to allow two committee members to represent the United States at the General Assembly of the International Centre for the Study of the Preservation and Restoration of Cultural Property, at Rome, Italy. Adopted 281-70. April 5, 1973. Voted: Yes.

44. H.R. 4586. Inconvenienced Sportsmen's Association. Passage of the bill to incorporate the National Inconvenienced Sportsmen's Association, an organization designed to provide sports programs for handicapped persons, in the District of Columbia at no cost to the federal government or the District of Columbia. Passed 328-0. April 9, 1973. Not voting.

45. H.R. 342. Educational Personnel. Passage of the bill to authorize the District of Columbia to enter into the Interstate Agreement on Qualification of Educational Personnel which facilitates, the sharing of information about the qualifications of educators. Passed 331-1. April 9, 1973. Not voting.

46. H.R. 3298. Rural Water-Sewer Grants. Passage over the President's April 5 veto of the bill to require the secretary of agriculture to spend the entire amount appropriated by Congress each fiscal year for water and sewer grants to rural communities. Re-

jected (President's veto sustained) 225–189. April 10, 1973. Voted: Yes.

47. H.J. Res. 205. Atlantic Union Delegation. Motion to adopt the rule (H. Res. 348) for consideration of the bill (H.J. Res. 205) creating an Atlantic Union delegation to organize and participate in a convention of delegates from the NATO treaty democracies. Rejected 197–210. April 10, 1973. Voted: yes.

48. H.R. 3180. Congressional Franking Privilege. Passage of the rule (H. Res. 349), under which the bill to clarify the use of the congressional franking privilege was considered. Rule adopted 371–14. April 11, 1973. Not voting.

49. H.R. 3180. Congressional Franking Privilege. Passage of the bill to clarify the use of the franking privilege by members of Congress, including examples of acceptable and unacceptable uses and the establishment of a select commission to advise congressmen and decide grievances. Passed 354–49. April 11, 1973. Voted: No.

50. H.J. Res. 496. Supplemental Appropriations. Passage of the bill authorizing urgent supplemental appropriations for fiscal 1973 of $26.8-million for the Civil Aeronautics Board, $468-million for the Veterans Administration, $872-million for college student aid programs and $1.8-million for the General Services Administration. Passed 367–0, April 12, 1973. Voted: Yes.

51. H.R. 6168. Wage-Price Controls Extension. Motion to order the previous question, thus ending debate and preventing amendments to the resolution (H. Res. 357) setting rules for floor consideration of the bill (H.R. 6168) to direct the President to roll back prices to Jan. 10 levels. The resolution made in order the offering of another bill (H.R. 6879) to roll back prices to March 16 levels as an amendment in the nature of a substitute for H.R. 6168. Motion to order the previous question rejected 147–258. April 16, 1973. Voted: Yes.

52. H.R. 6168. Wage-Price Controls Extension. Amendment to the amendment in the nature of a substitute extending the President's authority to impose wage and price controls to April 30, 1974—Impose a ceiling on all prices except for agricultural prices at the farm at levels in effect on April 16, 1973. Rejected by recorded teller vote 139–263. April 16, 1973. Voted: Yes.

53. H.R. 6168. Wage-Price Controls Extension. Amendment to the substitute amendment—Require the Cost of Living Council to offer the opportunity of hearings before issuing an order reducing wages and to publish an explanation of such an order within 30 days after it was issued. Adopted by recorded teller vote 271–132. April 16, 1973. Voted: Yes.

54. H.R. 6168. Wage-Price Controls Extension. Amendment to the substitute amendment—Extend the President's controls authority for 60 days and direct him to develop and report to Congress by May 15, 1973, a comprehensive controls program. Rejected by recorded teller vote 151–253. April 16, 1973. Voted: Yes.

55. H.R. 6168. Wage-Price Controls Extension. Amendment to the substitute amendment—Direct the President to roll back rents to Jan. 10, 1973, levels and allow to limit rent increases to amount of increases in state and local taxes or necessary capital improvement costs. Rejected 173–225. April 16, 1973. Voted: Yes.

56. H.R. 6168. Wage-Price Controls Extension. Amendment to the substitute amendment—Direct the President to roll back rents to Jan. 10, 1973, levels and allow increases up to 2.5 per cent annually with increases in state and local taxes and necessary capital improvement costs. Rejected 147–250. April 16, 1973. Voted: Yes.

57. H.R. 6168. Wage-Price Controls Extension. Amendment to the substitute amendment—Direct the President to roll back food prices to March 16, 1973 levels and rents to Jan. 10, 1973 levels and require the President to impose mandatory controls whenever the consumer price index rises at an annual rate of 3 per cent over three months or by 2.5 per cent over a year. Rejected by recorded teller vote 101–303. April 16, 1973. Voted: Yes.

58. H.R. 6168. Wage-Price Controls Extension. Motion to recommit the bill extending the President's wage-price controls authority to the Banking and Currency Committee. Rejected 164–243. April 16, 1973. Voted: Yes.

59. H.R. 6168. Wage-Price Controls Extension. Passage of the bill to extend the President's authority to control wages and prices for one year to April 30, 1974, from April 30, 1973. Passed 293–114. April 16, 1973. Voted: Yes.

60. H.R. 6691. Legislative Appropriations. Amendment to delete $58-million for the extension of the west front of the Capitol. Rejected 189–195. April 17, 1973. Voted: Yes.

61. H.R. 6691. Legislative Appropriations. Motion to recommit the bill with instructions to delete $58-million for extension of the west front of the Capitol. Rejected 185–215. April 18, 1973. Voted: Yes.

62. H.R. 4204. Emergency Employment Act. Motion to order the previous question on the rule for the consideration of the bill (H Res 360), thus ending debate and the possibility of amending the rule. Rejected 193–209. April 18, 1973. Voted: Yes.

63. H.R. 4204. Emergency Employment Act. Motion to order the previous question on the Latta amendment (HR 6710) in the form of a substitute to the rule under which the bill was considered (H Res 360), thus ending debate and further amendment of the rule. Rejected 157–245. April 18, 1973. Voted: No.

64. H.R. 4204. Emergency Employment Act. Motion to table the motion to reconsider the rule (H Res 360) for the consideration of the bill to extend the Emergency Employment Act for two years at a cost of $4.5-billion. Motion to table agreed to 183–173. April 18, 1973. Voted: No.

65. S. 50. Older Americans Act of 1965. Passage of the bill to extend and to expand the Older Americans Act of 1965, authorizing $543.6-million and other sums as necessary for fiscal 1973–75 and strengthening the interests of the elderly at the federal level. Passage meant adoption of a Senate amendment to delete a mid-career training program and to change authorizations for some programs from specific amounts to open-ended. Passed (and thus sent to the President) 348–0. April 18, 1973. Voted: Yes.

66. S. 502. Federal-Aid Highway Program. Amendment to permit urban areas to use $700-million in each of fiscal years 1974–76 from the Highway Trust Fund for mass transit projects or roads. Rejected by recorded teller vote 190–215. April 19, 1973. Voted: Yes.

67. S. 502. Federal-Aid Highway Program. Amendment to delete a provision in the bill that allowed highway funds to be distributed directly to urban areas with a population of 400,000 or more rather than allocated by state governments. Adopted 292–93. April 19, 1973. Voted: Yes.

68. S. 398. Wage-Price Controls. Adoption of the conference report on the bill to extend for one year the President's authority to impose wage and price controls for one year to April 30, 1974. Adopted (and thus cleared for the President) 267–115. April 30, 1973. Voted: Yes.

69. H.R. 3932. OMB Director. Adoption of the rule (H. Res 351) providing for consideration of the bill to abolish the Office of Management and Budget, to re-establish it with a director and deputy director subject to Senate confirmation, and to transfer to the director from the President certain statutory authority now delegated to the director by the President. Adopted 318–56. May 1, 1973. Voted: Yes.

70. H.R. 3932. OMB Director. Amendment in the nature of a substitute to require Senate confirmation of all directors and deputy directors of OMB appointed after enactment of the bill. Rejected 130–263. May 1, 1973. Voted: No.

71. H.R. 3932. OMB Director. Passage of the bill to abolish the Office of Management and Budget (OMB), to re-establish OMB with a director and deputy director subject to Senate confirmation and to transfer to the director from the President certain statutory authority now delegated to the director by the President. Passed 229–171. May 1, 1973. Voted: Yes.

72. H.R. 6388. Airport Development. Adoption of the rule (H Res 379) to provide for consideration of the bill to amend the Airport and Airways Development Act. Adopted 385–2. May 2, 1973. Voted: Yes.

73. H.R. 6388. Airport Development. Passage of the bill to amend the Airport and Airways Development Act of 1970 by increasing the federal share of airport development costs, execept at the nation's largest airports, from 50 per cent to 75 per cent, and by prohibiting local taxation of airline passengers. Passed 386–16. May 2, 1973. Voted: Yes.

74. H.R. 982. Immigration and Nationality Act Amendments. Amendment to delete from the bill language imposing sanctions upon employers who knowingly hire illegal aliens. Rejected 96–266. May 3, 1973. Voted: No.

75. H.R. 982. Immigration and Nationality Act Amendments. Passage of bill amending the Immigration and Nationality Act to make it unlawful for U.S. emloyers to hire illegal aliens. Passed 297–63. May 3, 1973. Voted: Yes.

76. H.R. 4967. Indian Claims Commission Authorization. Motion to suspend the rules and pass the bill to authorize $1.2-million for the Indian Claims Commission for fiscal 1974 and to increase to $2.7-million from $1.8-million funds for a revolving loan fund to help Indians obtain expert assistance in the preparation of claims. Motion agreed to 336–8. May 7, 1973. Voted: Yes.

77. H.R. 6574. Servicemen's Group Life Insurance. Motion to suspend the rules and pass the bill to provide full coverage under Servicemen's Group Life Insurance for members of the Armed Forces Reserve, the National Guard and for certain members of the Retired Reserves. Motion agreed to 342–1. May 7, 1973. Voted: Yes.

78. H.R. 2828. National Cemeteries Act. Motion to suspend the rules and pass the bill to provide additional burial allowances for veterans and to consolidate most federal cemeteries under the Veterans' Administration. Motion agreed to 340–1. May 7, 1973. Voted: Yes.

79. H.R. 29. Postal Service Payments to Retirement Fund. Motion to suspend the rules and pass the bill to provide for payments by the Postal Service to the Civil Service Retirement Fund to pay off future liabilities attributable to salary increases for Postal Service employees. Motion agreed to 344–0. May 7, 1973. Voted: Yes.

80. H.R. 5452. Sea Grant Authorization. Motion to suspend the rules and pass the bill to extend the National Sea Grant College and Program Act of 1966 and to authorize funding of $30-million for fiscal 1974, $40-million for fiscal 1975 and $50-million for fiscal 1976. Motion agreed to 368–9. May 8, 1973. Voted: Yes.

81. H.R. 5451. Oil Pollution. Motion to suspend the rules and pass the bill to amend the Oil Pollution Act, further restricting oil discharge on the open seas by tankers in accordance with 1969 and 1971 amendments to the 1954 International Convention on Prevention of Pollution of the Sea by Oil. Motion agreed to 370–1. May 8, 1973. Voted: Yes.

82. H.R. 7445. Renegotiation Act Extension. Passage of the bill to extend until June 30, 1975, the Renegotiation Act of 1951, which provides for a review of government contracts

in the defense and space programs by the Renegotiation Board to eliminate excessive profits. Passed 388-0. May 9, 1973. Voted: Yes.

83. H.R. 6370. Interest Payments on Time and Savings Deposits. Committee amendment to delete from the bill to extend the authority of federal bank regulatory agencies to set different limits on interest rates on time and savings deposits a provision forbidding mutual savings banks to maintain interest-bearing checking accounts. Rejected 98–264. May 9, 1973. Voted: Yes.

84. H.R. 6370. Interest payments on Time and Savings Deposits. Passage of the bill to extend the authority of federal bank regulatory agencies to set different limits on interest paid on time and savings deposits and to forbid mutual savings banks to allow negotiable orders of withdrawal on accounts on which interest is paid. Passed 376–4. May 9, 1973. Voted: No.

85. S. 394. Rural Electrification Loan Program. Adoption of the conference report on the bill to amend the Rural Electrification Act to establish a revolving fund to provide for insured and guaranteed loans to rural electric and telephone systems at low interest rates. Adopted (and thus cleared for the President's signature) 363–25. May 10, 1973. Voted: Yes.

86. H.R. 7447. Second Supplemental Appropriations. Fiscal 1973. Motion to order the previous question, ending debate on the rule (H. Res. 389) under which H.R. 7447, the bill to provide supplemental appropriations for 1973, was considered. Rejected 184–222. May 10, 1973. (Rule later agreed to by voice vote after being amended.) Voted: No.

87. H.R. 7447. Second Supplemental Appropriations, Fiscal 1973. Amendment to delete language in the bill authorizing the Defense Department to transfer funds from other defense programs for use in Southeast Asia, including the bombing of Cambodia, and to cover increased subsistance costs and the devaluation of the dollar. Adopted by recorded teller vote 219–188. May 10, 1973. Voted: Yes.

88. H.R. 7447. Second Supplemental Appropriations, Fiscal 1973. Amendment to the amendment (*see vote 89, below*) to prevent the latter amendment from taking effect for two months. (This would nullify the latter amendment since the two-month period would expire after the end of fiscal 1973 to which the latter amendment applied.) Rejected by recorded teller vote 180–219. May 10, 1973. Voted: No.

89. H.R. 7447. Second Supplemental Appropriations, Fiscal 1973. Amendment to prohibit the use of funds in the bill by the Department of Defense to finance combat activities in Cambodia. Adopted by recorded teller vote 224–172, May 10, 1973. Voted: Yes.

90. H.R. 7447. Second Supplemental Appropriations, Fiscal 1973. Amendment to increase education impact aid for Category B students (those whose parents lived or worked on federal property) from 54 per cent to 68 per cent of entitlement. Adopted by recorded teller vote 211–178, May 10, 1973. Voted: Yes.

91. H.R. 7447. Second Supplemental Appropriations, Fiscal 1973. Second vote on amendment (*see vote 87, above*). Approved 194–187. May 10, 1973. Voted: Yes.

92. H.R. 7447. Second Supplemental Appropriations, Fiscal 1973. Passage of the bill to provide supplemental appropriations of $2,855,542,209 for 10 cabinet-level departments, several federal agencies and legislative branch operations for the remainder of fiscal 1973 and to prohibit appropriations or transfer funds in the bill from being used to finance U.S. combat activities in or over Cambadia. Passed 284–96. May 10, 1973. Voted: Yes.

93. H.R. 6768. U.N. Environmental Program. Amendment to reduce the U.S. contribution to the United Nations environmental program from $40-million over fiscal 1974–78 to $2.5-million for fiscal 1974 only. Rejected 164–216. May 15, 1973. Voted: No.

94. H.R. 6768. U.N. Environmental Program. Amendment to reduce the contribution of the United States to the United Nations environmental program from $40-million over fiscal 1974–78 to $5-million for fiscal 1974 only. Adopted 200–184. May 15, 1973. Voted: No.

95. H.R. 6768. U.N. Environmental Program. Second vote on amendment (*see vote 94 above*). Rejected 192–198. May 15, 1973. Voted: No.

96. H.R. 6768. U.N. Environmental Program. Passage of the bill to authorize a $40-million contribution by the United States over fiscal year 1974–78, with a maximum of $10-million for fiscal 1974, to the U.N. Environmental Fund, established to coordinate and support work on international environmental concerns. Passed 266–123. May 15, 1973. Voted: Yes.

97. H.R. 5777. Hobby Protection Act. Passage of the bill to protect hobbyists against the reproduction or manufacture of imitation political items, coins, tokens, paper money and commemorative medals not clearly identified as imitations, with violations to be regulated under the Federal Trade Commission Act and through private civil suits. Passed 382–7. May 16, 1973. Voted: Yes.

98. H.J. Res. 512. Extension of Housing Laws. Motion to suspend the rules and pass the bill to extend through June 30, 1974, Federal Housing Administration insurance programs and Department of Housing and Urban Development urban renewal programs, model cities authorizations, open space programs, neighborhood facilities grants and rehabilitation loan programs, and authorizing $110-million for comprehensive planning and $195-million for additional new community guarantees. Motion agreed to 357–1. May 21, 1973. Voted: Yes.

99. H.R. 6330. Robert F. Kennedy Stadium. Motion to suspend the rules and pass the bill to permit the Armory Board of the District of Columbia, which ran the Robert F. Kennedy Stadium, to borrow up to $1.5-million in order to add 8,000 seats in the stadium. Motion agreed to 270–98. May 21, 1973. Voted: Yes.

100. H.R. 6717. Recreational Facilities. Motion to suspend the rules and pass the bill to amend Section 210 of the Flood Control Act of 1968 to prohibit the charging of fees for the use of certain public recreation areas at lakes and reservoirs under the jurisdiction of the U.S. Army Corps of Engineers. Motion agreed to 307–90. May 22, 1973. Voted Yes.

101. H.R. 7200. Railroad Retirement. Motion to recommit to the House Interstate and Foreign Commerce Committee the bill to liberalize eligibility requirements for railroad retirement and extend benefit increases, thus killing it. Rejected 10–393. May 22, 1973. Voted: No.

102. H.R. 7200. Railroad Retirement. Passage of the bill to amend the Railroad Retirement Act of 1937 and the Railroad Retirement Tax Act to extend temporary retirement benefit increases through Dec. 31, 1974, and to liberalize eligibility requirements for railroad retirement. Passed 387–5. May 22, 1973. Voted: Yes.

103. S. 518. OMB Director. Passage, over the President's May 18 veto, of the bill to temporarily abolish the Office of Management and Budget (OMB) and re-establish OMB with a director and deputy director subject to Senate confirmation (including the incumbent Director Roy L. Ash and Deputy Director Frederic V. Malek) and to transfer to the OMB director from the President certain statutory authorities currently delegated to the director by the President. Rejected (thus sustaining the President's veto) 236–178. May 23, 1973. A two-thirds majority vote (276 in this case) is required to override a veto. Voted: Yes.

104. H.R. 7528. NASA Authorization, Fiscal 1974. Amendment to prohibit use of funds in the bill to operate a South African space tracking station. Rejected by recorded teller vote 104–294. May 23, 1973. Voted: Yes.

105. H.R. 7528. NASA Authorization, Fiscal 1974. Passage of the bill authorizing $3.1-billion for the National Aeronautics and Space Administration for fiscal 1974 for the U.S. space program and related activities. Passed 322–73. May 23, 1973. Voted: Yes.

106. H.R. 6912. Dollar Devaluation. Adoption of the rule (H. Res. 408) for consideration of the bill to authorize a 10 per cent devaluation of the dollar. Adopted 299–9. May 29, 1973. Voted: Yes.

107. H.R. 6912. Dollar Devaluation. Amendment to allow private purchase, sale and ownership of gold by U.S. citizens after Dec. 31, 1973, instead of at a date to be determined by the President. Rejected 162–162: May 29, 1973. Voted: No.

108. H.R. 6912. Dollar Devaluation. Amendent to strike a provision giving the President the authority to determine when to end the prohibition on private gold ownership (the amendment would have had the effect of allowing private ownership of gold on enactment of the bill). Rejected 100–218. May 29, 1973. Voted: No.

109. H.R. 6912. Dollar Devaluation. Passage of the bill to authorize the secretary of the Treasury to revise the international par value of the dollar from one thirty-eighth of an ounce of gold to 0.023684 of an ounce or 0.828948 Special Drawing Right (a devaluation of 10 percent), to provide for private ownership of gold in the United States and to authorize $2.25-billion for international development lending institutions. Passed 281–36. May 29, 1973. Voted: Yes:

110. H.R. 5857. National Visitor Center. Passage of the bill to amend the National Visitor Center Facilities Act of 1968 to authorize an additional $8.68-million to complete the renovation of Washington's Union Station as a National Visitor Center and to direct the Secretary of the Interior to provide for transportation services between the center and other points in the capital. Passed 288–75. May 30, 1973. Voted: No.

111. H.R. 5858. JFK Center Authorization. Passage of the bill to authorize $7.5-million in fiscal 1974-1976 Interior Department appropriations for the maintenance, security and information operations of the John F. Kennedy Center for the Performing Arts in the District of Columbia, including $2.4-million for fiscal 1974, $2.5-million for fiscal 1975 and $2.6-million for fiscal 1976. Passed 260-100. May 30, 1973. Voted: Yes.

112. H.R. 7806. Health Programs Extension. Passage of the bill to authorize $1.27-billion to extend 12 expiring health programs through fiscal 1974. Passed 372-1. May 31, 1973. Voted: Yes.

113. H.R. 7724. Biomedical Research. Amendment to bar specifically federal sponsorship of research on live human fetuses. Adopted 354-9. May 31, 1973. Voted: Yes.

114. H.R. 7724. Biomedical Research. Passage of the bill to authorize $208-million for each of fiscal years 1974 and 1975 to continue a federal program of biomedical research fellowships and training grants. Passed 361-5. May 31, 1973. Voted: Yes.

115. H.R. 6458. Emergency Medical Services. Passage of the bill to authorize $145-million for fiscal years 1974-76 for grants to local communities to plan, establish or initially operate emergency medical care systems and for research and training in emergency medical services. Passed 261-96. May 31, 1973. Voted: Yes.

116. H. Res. 398. Capitol Police. Motion to suspend the rules and pass the bill to promote 32 members of the Capitol Police and to reduce by 15 the number of positions on the force. Motion agreed to 229–0. June 4, 1973. Voted: Yes.

117. H.R. 8070. Vocational Rehabilitation. Motion to suspend the rules and pass the bill to authorize $660-million for fiscal 1974 and $690-million for fiscal 1975 for rehabilitation

services grants to the states and other sums as necessary for special rehabilitation projects. Motion agreed to 384-13. June 5, 1973. Voted: Yes.

118. H.R. 7935. Minimum Wage. Amendment to amendment (*see vote 119, below*) to set the hourly minimum wage for farm workers under the Fair Labor Standards Act at $1.80 upon enactment of the bill and to increase it to $2.00 in the second year and to $2.20 in the third year. Rejected 186–232. June 6, 1973. Voted Yes.

119. H.R. 7935. Minimum Wage. Amendment in the form of a substitute bill to increase the hourly minimum wage for most non-farm workers under the act to $1.90 upon enactment, then to $2.10 in 1974 and to $2.20 in 1975; to increase the minimum wage for farm workers to $1.50 upon enactment, to $1.70 in 1974, to $1.85 in 1975 and to $2.00 in 1976, and to permit the employment of full-time students and youth under 18 at $1.60 ($1.30 if farm labor) or 80 per cent of the applicable minimum wage, whichever is higher, for a 180-day period. Rejected 199–218 June 6, 1973. Voted: No.

120. H.R. 7935. Minimum Wage. Amendment to set the hourly minimum wage for employees covered prior to the 1966 amendments to the Fair Labor Standards Act as $1.90 upon enactment, $2.10 in the second year and $2.20 in the third year. Rejected 193–225 June 6, 1973. Voted: No.

121. H.R. 7935. Minimum Wage. Amendment to set the hourly minimum wage rate for employees covered prior to the 1966 amendments to the Fair Labor Standards Act at $2.00 upon enactment, $2.10 in the second year and $2.20 in the third year. Rejected 189–224. June 6, 1973. Voted: No.

122. H.R. 7935. Minimum Wage. Substitute for amendment (*See vote 123, below*) to set hourly minimum wage for farm workers covered under the Fair Labor Standards Act at $1.50 upon enactment, $1.70 in the second year, $1.85 in the third year and $2.00 in the fourth year. Rejected by recorded teller vote 195–224 June 6, 1973. Voted: No.

123. H.R. 7935. Minimum Wage. Amendment, identical to *vote 118*, to set the hourly minimum wage for farm workers at $1.80 upon enactment, $2.00 in the second year and $2.20 in the third year. Rejected 102–313 June 6, 1973. Voted: Yes.

124. H.R. 7935. Minimum Wage. Amendment to delete provisions in the bill extending minimum wage coverage to certain federal employees. Rejected 167–249 June 6, 1973. Voted: No.

125. H.R. 7935. Minimum Wage. Amendment to delete from the bill the provisions extending coverage to state and local government employees. Rejected 182–233. June 6, 1973. Voted: No.

126. H.R. 7935. Minimum Wage. Amendment to delete provisions in the bill to phase out the overtime pay exemption for employees working in certain seasonal occupations. Accepted 251–163. June 6, 1973. Voted: No.

127. H.R. 7935. Minimum Wage. Amendment to permit employers to hire youths under 18 or full-time students at $1.60 an hour ($1.30 for agricultural labor) or 80 per cent of the applicable adult minimum wage (whichever is higher), for a period not to exceed 20 work weeks. Rejected 199–215. June 6. 1973. Voted: No.

128. H.R. 7935. Minimum Wage. Second vote, on the amendment to make minimum wage increases in the bill inapplicable to workers employed in the Canal Zone (amendment was previously approved by voice vote). Adopted 213–203. June 6, 1973. Voted: No.

129. H.R. 7935. Minimum Wage. Passage of the bill to increase the hourly minimum wage, to extend coverage to about 6 million workers and to extend overtime pay coverage to certain employees previously exempted. Passed 287–130. June 6, 1973. Voted: Yes.

130. Adjournment. Motion to adjourn. (The effect of the motion was to cut off House floor discussion initiated by McCloskey (R. Calif.) on impeachment.) Rejected by those present 9–143. June 6, 1973. (A quorum was not present; the House agreed by a voice vote to a McCloskey adjournment motion.) Voted: No.

131. H. Res. 382. Drug Reorganization Plan. Adoption of the resolution disapproving the President's Reorganization Plan Number 2 of 1973 to combine federal drug law enforcement activities within a single new agency in the Justice Department. Rejected 130–281. June 7, 1973. Voted: Yes.

132. H.R. 7645. Department of State Authorization, Fiscal 1974. Passage of the bill to authorize $687.4-million for the Department of State and related activities, to require certain nominees to ambassadorships to disclose campaign contributions and to prohibit use of any funds authorized in the bill for reconstruction aid to North Vietnam. Passed 331–57. June 7, 1973. Voted: Yes.

133. H.R. 7446. American Revolution Bicentennial. Passage of the bill to establish the American Revolution Bicentennial Administration (to replace the American Revolution Bicentennial Commission) to coordinate planning for the 1976 bicentennial celebration. Passed 344–14. June 7, 1973. Voted: Yes.

134. H.R. 2246. Public Works and Economic Development Act. Adoption of the conference report on the bill to provide a one-year extension of the Public Works and Economic Development Act of 1965 authorizing $430-million for fiscal 1974 for the Economic Development Administration and multi-state regional economic planning commissions. Passed 276–2. June 8, 1973. Voted: Yes.

135. H.R. 7670. Maritime Authorization. Adoption of the resolution (H. Res. 426) under which the bill was considered on the floor. Passed 274–0. June 8, 1973. Voted: Yes.

136. H.R. 7670. Maritime Authorization. Passage of the bill to authorize $531,315,000 for fiscal 1974 for Department of Commerce maritime programs. Passed 266–10. June 8, 1973. Voted: No.

137. Calendar Wednesday Business. Motion to dispense with Calendar Wednesday (Rule 24, clause 7) business on June 13. Rejected 221–119. June 11, 1973. A two-thirds majority vote (227 in this case) is required to suspend the rules and dispense with Calendar Wednesday business. (Opponents of dispensing with the normally routine request sought to use the procedure to force the Rules Committee to vote on a rule to bring to the House floor a bill (H.R. 2990) to give the House Post Office and Civil Service Committee jurisdiction over the operations of the Postal Service. The Rules Committee previously had voted to defer action on the bill after the post office committee had approved it by a 22–1 vote. The Calendar Wednesday procedure allows bills blocked by the Rules Committee to be brought to the floor for consideration.) Voted: Yes.

138. H.R. 4083. District of Columbia Insurance Act. Passage of the bill to strengthen laws relating to the regulation of insurance in the District of Columbia. Passed 330–0. June 11, 1973. Voted: Yes.

139. H.R. 6713. District of Columbia Election Law. Passage of the bill to amend the District of Columbia Election Act to extend the time period for filing nominating papers, to reduce the number of signatures needed to place a third party presidential candidate on the ballot, to eliminate the provision for runoff elections after general elections were held and to make other changes. Passed 330–12. June 11, 1963. Voted: Yes.

140. H.R. 8250. District of Columbia Authorizations. Passage of the bill to authorize 26 programs and activities of the government of the District of Columbia. Passed 268–84. June 11, 1973. Voted: Yes.

141. H.R. 4771. District of Columbia Rent Stabilization. Passage of the bill to regulate the maximum rents to be charged by landlords in the District of Columbia. Passed 210–144. June 11, 1973. Voted: Yes.

142. H.R. 5293. Peace Corps Authorization, Fiscal 1974. Adoption of the conference report on the bill to authorize $77-million for the Peace Corps in fiscal 1974. Passed 329–64. June 12, 1973. Voted: Yes.

143. H.R. 77. Legal Services Trust Funds. Adoption of the rule (H. Res. 423) to provide for consideration of the bill to amend the Labor-Management Relations Act of 1947 to allow employer contributions to jointly administered trust funds for legal services. Adopted 307–91. June 12, 1973. Voted: Yes.

144. H.R. 77. Legal Services Trust Funds. Amendment to permit employees, their families and dependents to select an attorney of their choice as part of any legal services trust fund plan. Agreed to 279-126. June 12, 1973. Voted: No.

145. H.R. 77. Legal Services Trust Funds. Amendment to pending amendment to strike language specifying that, once a jointly administered trust fund agreement is in effect, it would be a unfair labor practice unilaterally to modify or terminate or to refuse to bargain concerning the trust fund in subsequent labor negotiations. Rejected 111–293. June 12, 1973. Voted: No.

146. H.R. 77. Legal Services Trust Funds. Amendment to provide that no labor organization or employer shall be required to bargain on the establishment of a legal services trust fund, but once established, it would be an unfair labor practice to unilaterally modify or terminate the trust fund agreement or to refuse to bargain concerning the trust fund in subsequent negotiations. Rejected 177–223. June 12, 1973. Voted: No.

147. H.R. 77. Legal Services Trust Funds. Passage of the bill to amend the Labor-Management Relations Act of 1947 to permit employer contributions to jointly administered trust funds to defray costs of legal services for employees, their families and dependents. Passed 257–149. June 12, 1973. Voted: Yes.

148. H.R. 8410. Debt Ceiling Extension. Motion to order the previous question, thus ending debate and foreclosing amendments to the rule (H. Res. 437) to provide for consideration of the bill to extend the temporary $465-billion ceiling on the federal debt to Nov. 30, 1973. The rule also waived points of order against consideration as an amendment to H.R. 8410 the text of a bill (H.R. 3932) to require Senate confirmation of the director and deputy director of the Office of Management and Budget (OMB). Rejected 21–395. June 13, 1973. Voted: No.

149. H.R. 8410. Debt Ceiling Extension. Motion to order the previous question, thus ending debate and foreclosing amendments, on the substitute amendment to the rule (H. Res. 437) to provide for consideration of the bill extending the temporary $465-billion ceiling on the federal debt to Nov. 30, 1973. The substitute amendment contained no provisions waiving points of order against consideration as a floor amendment to H.R. 8410 the text of a bill (H.R. 3932) requiring Senate confirmation of the director and deputy director of the Office of Management and Budget (OMB). Motion adopted 254–160. June 13, 1973. Voted: No.

150. H.R. 8410. Debt Limit Extension. Amendment to the rule (H. Res. 437) to provide for House floor consideration of the bill to extend the temporary federal debt ceiling to Nov. 30, 1973. The amendment contained no provisions waiving points of order against consideration as a floor amendment to H.R. 8410 the text of a bill (H.R. 3932) requiring Senate confirmation of the director and deputy director of the Office of Management

and Budget. Adopted 248–163. June 13, 1973. Voted: No.

151. H.R. 8410. Debt Limit Extension. Adoption of the rule (H. Res. 437) as modified by the amendment (*vote 150, above*) to provide for floor consideration of the bill to extend the temporary $465-billion federal debt ceiling to Nov. 30, 1973. Adopted 271–141. June 13, 1973. Voted: No.

152. H.R. 8410. Debt Limit Extension. Passage of the bill to extend the temporary $465-billion federal debt ceiling to Nov. 30, 1973, to exclude bonds sold to government agencies and to the Federal Reserve System from a $10-billion limit on sales of long-term Treasury bonds paying interest of more than 4¼ per cent, and to authorize the Treasury to issue checks convertible into savings bonds as payment of federal income tax refunds. Passed 261–152. June 13, 1973. Voted: No.

153. H.R. 3926. Arts and Humanities. Amendment to reduce the fiscal 1974 authorization for arts and humanities by $64-million, from $145-million to $81-million. Rejected 141–248. June 14, 1973. Voted: No.

154. H.R. 3926. Arts and Humanities. Amendment to delete from the bill the authorizations for fiscal 1975 and 1976. Rejected 146–235. June 14, 1973. Voted: No.

155. H.R. 3926. Arts and Humanities. Passage of the bill to extend the National Foundation on the Arts and Humanities through fiscal 1976. Passed 309–63. June 14, 1973. Voted: Yes.

156. H.R. 8619. Agricultural, Environmental and Consumer Protection Appropriations, Fiscal 1974. Amendment to forbid the use of funds in the bill for salaries of government officials who carry out a program of federal subsidies to Cotton, Inc., a quasi-public organization designed to conduct cotton promotion and research. (The effect of the amendment would be to end the program.) Adopted 234–125. June 15, 1973. Voted: Yes.

157. H.R. 8619. Agricultural, Environmental and Consumer Protection Appropriations, Fiscal 1974. Substitute amendment to the pending amendment, the effect of which would be to reduce 1974 crop price support ceilings from $55,000 per crop to $20,000 per person. Adopted 195–157. June 15, 1973. Voted: Yes.

158. H.R. 8619. Agricultural, Environmental and Consumer Protection Appropriations, Fiscal 1974. Passage of the bill to appropriate $9,385,750,600 for agricultural, environmental and consumer protection programs for fiscal 1974. Passed 304–3. June 15, 1973. Voted: Yes.

159. H.R. 8658. District of Columbia Appropriations, Fiscal 1974. Pasasge of the bill to appropriate $964,179,000 for the District of Columbia in fiscal 1974 and to set the annual federal payment to the city at $187,450,000. Passed 321–64. June 18, 1973. Voted: Yes.

160. H.R. 8152. Law Enforcement Assistance. Amendment to make optional rather than mandatory the inclusion of representatives of citizens, professional and community organizations in state and regional criminal justice and law enforcement planning units. Adopted 227–162. June 18, 1973. Voted: No.

161. H.R. 8152. Law Enforcement Assistance. Amendment to state that no part of the bill should be interpreted to require a grant recipient to adopt a quota or other system to achieve racial balance or to deny or terminate a grant because a recipient refused to adopt a quota or other such system for this purpose. Adopted 231–161. June 18, 1972. Voted: No.

162. H.R. 8152. Law Enforcement Assistance. Passage of the bill to authorize $1-billion a year for programs of the Law Enforcement Assistance Administration in fiscal 1974 and 1975. Passed 391–0. June 18, 1973. Voted: Yes.

163. H.R. 689. Misuse of Federal Names. Motion to suspend the rules and pass the bill to make it a federal crime to prohibit private persons, as well as debt collecting agencies, from attempting to collect debts by misusing names to convey the false impression that an agency of the federal government is involved. Motion agreed to 399–0. June 19, 1973. Voted: Yes.

164. H.R. 6129. Trust Territories. Motion to suspend the rules and pass the bill to authorize $60-million in each of the fiscal years 1974, 1975 and 1976 for the civil government for the Trust Territory of the Pacific Islands. Motion agreed to 387–14. June 19, 1973. Voted: Yes.

165. H.R. 7127. Historical Preservation. Motion to suspend the rules and pass the bill to authorize appropriations of $15.7-million in fiscal 1974, $20.1-million in fiscal 1975 and $24.5-million in fiscal 1976 for programs under the National Historic Preservation Act of 1966. Motion agreed to 385–16. June 19, 1973. Voted: Yes.

166. H.R. 5464. Saline Water Program Authorization. Adoption of the rule (H. Res. 434) under which the bill to authorize funds for the fiscal 1974 saline water program was considered. Adopted 389–4. June 19, 1973. Voted: Yes.

167. H.R. 5464. Saline Water Program Authorization. Committee amendment to increase funds in the bill for the fiscal 1974 saline water program from $9.2-million to $15.8-million. Adopted 281–125. June 19, 1973. Vote: Yes.

168. H.R. 5464. Saline Water Program Authorization, Passage of the bill, as amended, to authorize $15.8-million for the saline water conversion program for fiscal 1974. Passed 399–4. June 19, 1973. Voted: Yes.

169. H.R. 5094. Salaries of Deputy Marshals. Passage of the bill to raise the salary levels of deputy U.S. marshals. Passed 319–84. June 19, 1973. Voted: Yes.

170. H.R. 8760. Transportation Appropriations, Fiscal 1974. Amendment to delete $1.6-million from the bill for construction of new moorings at Cheboygan, Mich., for the Coast Guard cutter *Mackinaw*. Rejected 107–309. June 20, 1973. Voted: No.

171. H.R. 8760. Transportation Appropriations, Fiscal 1974. Yates (D Ill.) amendment to add $3-million to funds in the bill for research and development for the purpose of alleviating the transportation problems of the handicapped on mass transit systems. Rejected 204–213. June 20, 1973. Voted: Yes.

172. H.R. 8760. Transportation Appropriations, Fiscal 1974. Amendment to add $9.7-million to funds in the bill for research and development for demonstration of a personal rapid transit system program. Rejected 137–277. June 20, 1973. Voted: Yes.

173. H.R. 8760. Transportation Appropriations, Fiscal 1974. Amendment to delete all funds in the bill ($29.6-million) for research, development and demonstrations for personal rapid transit programs. Rejected by recorded teller vote 17–392. June 20, 1973. Voted: No.

174. H.R. 8760. Transportation Appropriations, Fiscal 1974. Passage of the bill to appropriate $2,753,216,000 for the Department of Transportation and related agencies ($2,662,856,000 of the amount was for fiscal 1974, and $90,360,000 was an advance appropriation for fiscal 1975). Passed 414–2. June 20, 1973. Voted: Yes.

75. H.R. 7824. Legal Services Corporation. Adoption of the rule (H. Res. 435) for the consideration of the bill to establish an independent corporation to replace the legal services program that had been operated by the Office of Economic Opportunity since 1965. Adopted 358–34. June 20, 1973. Voted: Yes.

176. H.R. 7824. Legal Services Corporation. Amendment to strike language in the bill allowing the corporation to make grants or contracts to perform research, training and technical assistance. Adopted 245–168. June 21, 1973. Voted: No.

177. H.R. 7824. Legal Services Corporation. Amendment to allow individuals to bring suit in federal district court against the Legal Services Corporation to enforce compliance with the legal service corporation act and to be reimbursed by the corporation for all legal and court costs, if they win the case. Rejected 159–237. June 21, 1973. Voted: No.

178. H.R. 7824. Legal Services Corporation. Amendment extending restrictions on lobbying by poverty lawyers working in the legal services program to include efforts to influence administrative decisions by federal, state or local government agencies. Adopted 200–181. June 21, 1973. Voted: No.

179. H.R. 7824. Legal Services Corporation. Amendment to limit further the partisan and nonpartisan political activities of lawyers receiving more than half of their income from legal assistance activities. Adopted 207–171. June 21, 1973. Voted: No.

180. H.R. 7824. Legal Services Corporation. Amendment to prohibit the Legal Services Corporation from participating in any proceeding or litigation relating to the desegregation of schools. Adopted 221–150. June 21, 1973. Voted: No.

181. H.R. 7824. Legal Services Corporation. Amendment to prevent the corporation from funding legal research backup centers that specialized in problems affecting the poor. Adopted 233–139. June 21, 1973. Voted: No.

182. H.R. 7824. Legal Services Corporation. Motion to strike the enacting clause and thus kill the bill. Rejected 91–283. June 21, 1973. Voted: No.

183. H.R. 7824. Legal Services Corporation. Substitute amendment for the amendment (*see vote 184, below*) to prohibit poverty lawyers from helping women to procure a non-therapeutic abortion or to force a hospital or doctor to participate in an abortion if doing so was against their policy or convictions. Adopted 316–53. June 21, 1973. Voted: No.

184. H.R. 7824. Legal Services Corporation. Amendment, as amended (*see vote 183, above*), to prohibit poverty lawyers from helping women procure a therapeutic abortion or to force a hospital or doctor to participate in an abortion if doing so was against their policy or convictions. Adopted 301–68, June 21, 1973. Voted: No.

185. H.R. 7824. Legal Services Corporation. Passage of the bill to establish an independent Legal Services Corporation to replace the legal services program that had been operated by the Office of Economic Opportunity since 1965. Passed 276–95 June 21, 1973. Voted: Yes.

186. H.R. 8510. National Science Foundation Authorization, Fiscal 1974. Amendment to delete from the bill the provision designed to prevent selective impoundment of science funds and to reinstate the less stringent, customary authority covering transfers of funds between programs. Rejected 109–238. June 22, 1973. Voted: No.

187. H.R. 8510. National Science Foundation Authorization, Fiscal 1974. Amendment to prohibit the National Science Foundation from funding research on live human fetuses. Adopted 288–73. June 22, 1973. Voted: Yes.

188. H.R. 8510. National Science Foundation Authorization, Fiscal 1974. Passage of the bill to authorize $612.9-million for the National Science Foundation in fiscal 1974. Passed 364–6. June 22, 1973. Voted: Yes.

189. H.R. 8825. HUD, Space, Veterans Appropriations, Fiscal 1974. Amendment to increase funds in the bill for community comprehensive planning grants to $100,000,000 from $25,000,000. Rejected by recorded teller vote 168–184. June 22, 1973. Voted: Yes.

190. H.R. 8825. HUD, Space, Veterans Appropriations, Fiscal 1974. Amendment to increase funds in the bill for urban renewal programs to $1-billion from $600-million. Rejected 106–241. June 22, 1973. Voted: Yes.

191. H.R. 8825. HUD, Space, Veterans Appropriations, Fiscal 1974. Passage of the bill to appropriate $19,070,954,000 for the Department of Housing and Urban Development (HUD), the National Aeronautics and Space Administration, the Veterans' Administration and six other independent agencies for the fiscal year ending June 30, 1974. Passed 316–21. June 22, 1973. Voted: Yes.

192. H.R. 7447. Second Supplemental Appropriations, Fiscal 1973. Motion to recede from disagreement to a Senate amendment which prohibited the use of funds in H.R. 7447 or funds in any other previously enacted appropriations bill from being used to carry on U.S. military activities in or over Cambodia and Laos. Agreed to 235–172. June 25, 1973. The House subsequently agreed, by voice vote, to concur with the Senate amendment. Voted: Yes.

193. H.R. 7447. Second Supplemental Appropriations, Fiscal 1973. Motion to amend the Senate amendment (*see vote 192, above*) to postpone until after Sept. 1, 1973, the prohibition against using any of the funds in H.R. 7447 or funds in any previously enacted appropriations bill from being used to carry on military activities in or over Cambodia and Laos. Rejected 204–204. June 25, 1973. Voted: No.

194. H. Res. 454. Suspension of the Rules. Adoption of the resolution to allow motions to suspend the rules during the week of June 25, 1973. The purpose of the resolution was to allow the House to consider conference reports without regard to the 3-day layover period normally required. Adopted 276–129. June 25, 1973. Voted: Yes.

195. H.R. 8662. AEC Authorization, Fiscal 1974. Amendment to allow states to establish stronger regulations covering emissions from nuclear power plants than those set by the Atomic Energy Commission. Rejected 136–266, June 25, 1973. Voted: Yes.

196. H.R. 8662. AEC Authorization, Fiscal 1974. Passage of the bill to authorize $2.4 billion for fiscal 1974 operations and programs of the Atomic Energy Commission. Passed 398–4, June 25, 1973. Voted: Yes.

197. H.J. Res. 636. Continuing Appropriations, Fiscal 1974. Motion to limit debate on all amendments to the Addabbo amendment to 20 minutes. Agreed to 275–136, June 26, 1973. Voted: No.

198. H.J. Res. 636. Continuing Appropriations, Fiscal 1974. Amendment, to the pending substitute amendment to the Addabbo amendment, to prohibit any funds in H.J. Res. 636 or any funds appropriated in previously enacted bills from being used to support U.S. military combat activities in or over Cambodia or Laos. Adopted 218–194. June 26, 1973. Voted: Yes.

199. H.J. Res. 636. Continuing Appropriations, Fiscal 1974. Substitute amendment to the pending Addabbo amendment, as amended by Long amendment (see 198, above); the amendment, as offered, would have barred the use of any funds in H.J. Res. 636 from being used to support U.S. combat activities in or over Cambodia or Laos after Sept. 1, 1973. Adopted 232–181. June 26, 1973. Voted: Yes.

200. H.J. Res. 636. Continuing Appropriations, Fiscal 1974. Addabbo amendment as amended by the substitute amended by the Long amendment (see votes 198 and 199, above); the Addabbo amendment, as offered, would have barred the use of any funds in H.J. Res. 636 from being used to support U.S. combat activities in or over Cambodia, Laos, South Vietnam and North Vietnam without the expressed consent of Congress Adopted 240–172. June 26, 1973. Voted: Yes.

201. H.J. Res. 636. Continuing Appropriations, Fiscal 1974. Adoption of the resolution to continue funding, through Sept. 30, 1973, for all government activities for which regular fiscal 1974 appropriations bills have not been enacted and to bar any funds in the bill or in any previously enacted bill from being used to support U.S. combat activity in or over Cambodia and Laos. Adopted 325–86. June 26, 1973. Voted: Yes.

202. H.R. 8877. Labor, HEW Appropriations. Fiscal 1974. Adoption of the rule (H Res 455) for the consideration of the appropriations bill for the Departments of Labor and Health, Education and Welfare and related agencies. Adopted 395–3. June 26, 1973. Voted: Yes.

203. H.R. 8877. Labor, HEW Appropriations, Fiscal 1974. Amendment to the amendment (*see vote 204 below*) to reduce appropriations for the Office of Economic Opportunity by $192,500,000, to $141,300,000. Rejected 110–288. June 26, 1973. Voted: No.

204. H.R. 8877. Labor, HEW Appropriations, Fiscal 1974. Amendment to reduce appropriations for 26 programs covered by the bill by a total of $631,624,000. Rejected 186–213. June 26, 1973. Voted: No.

205. H.R. 8877. Labor, HEW Appropriations, Fiscal 1974. Amendment to provide an additional $15 million, to $60-million, for bilingual education programs. Rejected 161–244. June 26, 1973. Voted: Yes.

206. H.R. 8877. Labor, HEW Appropriations, Fiscal 1974. Amendment to provide that grants to state education agencies for aid to educationally disadvantaged students be not less than 90 per cent of the funds received by those agencies in fiscal 1972. Rejected 190–218. June 26, 1973. Voted: Yes.

207. H.R. 8877. Labor, HEW Appropriations, Fiscal 1974. Motion to recommit the bill with instructions to report it back with an amendment deleting a total of $631,624,000 from 26 programs covered in the bill. Rejected 186–219. June 26, 1973. Voted: No.

208. H.R. 8877. Labor, HEW Appropriations, Fiscal 1974. Passage of the bill to appropriate $32,816,467,000 for the Departments of Labor and Health, Education and Welfare, and the Office of Economic Opportunity and other related agencies for fiscal 1974. Passed 347–58. June 26, 1973. Voted: Yes.

209. H.R. 8215. Shoe Copying Lathe Imports. Committee amendments to the bill to continue the suspension of import duty on shoe copying lathes until June 30, 1976. Adopted 403–0. June 27, 1973. (The House subsequently passed the bill by voice vote.) Voted: Yes.

210. H.R. 4200. Servicemen's Benefit Tax. Passage of the bill to exclude from a serviceman's taxable income amounts paid into a survivors benefit plan. Passed 402–0. June 27, 1973. Voted: Yes.

211. H.R. 8917. Department of Interior Appropriations, Fiscal 1974. Adoption of the rule (H. Res. 470), under which the bill to appropriate funds for the Department of Interior was considered, waiving points of order against the bill for unauthorized appropriations and for including authorizing legislation on an appropriations bill. Adopted 401–12. June 27, 1973. Voted: Yes.

212. H.R. 7447. Second Supplemental Appropriations, Fiscal 1973. Passage, over the President's June 27 veto, of the bill to appropriate $3,362,845,279 in supplemental fiscal 1973 funds for several departments and agencies and to bar funds in the bill and in previously enacted appropriations bills from being used to support U.S. military activity in or over Cambodia and Laos. Rejected 241–173. June 27, 1973. Voted: Yes.

213. H.R. 8917. Department of Interior Appropriations, Fiscal 1974. Passage of the bill to appropriate $2,269,554,200 in fiscal 1974 funds for the Department of the Interior and related agencies and $191,200,000 to liquidate contract authority. Passed 405–4. June 27, 1973. Voted: Yes.

214. H.R. 8537. Dependents Assistance Act. Motion to instruct House conferees to disagree to a Senate amendment extending until Dec. 31, 1973 from May 31, 1973, the date by which members of the armed forces at or above the rank of colonel in non-combat assignments would be entitled to flight pay. Agreed to 238–175. June 28, 1973. Voted: Yes.

215. H.R. 8947. Public Works-Atomic Energy Commission Appropriations, Fiscal 1974. Amendment to delete from the bill $3.8-million for nuclear underground explosions to generate natural gas (Project Plowshare). Rejected 108–303. June 28, 1973. Voted: Yes.

216. H.R. 8947. Public Works-Atomic Energy Commission Appropriations, Fiscal 1974. Amendment to add $4.7-million for geothermal energy research. Adopted 206–205. June 28, 1973. Voted: Yes.

217. H.R. 8947. Public Works-Atomic Energy Commission Appropriations, Fiscal 1974. Passage of the bill to appropriate $4,676,395,000 in fiscal 1974 for public works, flood control and electric power projects, the Atomic Energy Commission and related agencies. Passed 384–26. June 28, 1973. Voted: No.

218. H.R. 8548. Council on International Economic Policy. Passage of the bill to extend the Council on International Economic Policy (CIEP) for two years and to require Senate confirmation of future CIEP executive directors. Passed 322–62. June 28, 1973. Voted: Yes.

219. H.R. 9055. Second Supplemental Appropriations, Fiscal 1973. Amendment to the amendment (*see vote 220A below*), to extend the ban on U.S. combat activities in or over Cambodia or Laos to apply to any country. Rejected 57–346. June 29, 1973. Voted: No.

220. H.R. 9055. Second Supplemental Appropriations, Fiscal 1973. Amendment to bar upon enactment the use of funds in the bill or in any previously enacted appropriations bill from being used to support combat activities in or over Cambodia or Laos. Rejected 169–236. June 29, 1973. Voted: Yes.

221. H.R. 9055. Second Supplemental Appropriations, Fiscal 1973. Passage of the bill to appropriate $3,362,845,279 in fiscal 1973 funds for several departments and agencies and to bar upon enactment the use of funds in the bill to support U.S. combat activities in or over Cambodia, Laos, North Vietnam and South Vietnam and to bar the use of funds in previously enacted appropriations bills for such purposes after Aug. 15, 1973. Passed 278–124. June 29, 1973. Voted: No.

222. H.R. 8916. State, Justice, Commerce Appropriations, Fiscal 1974. Amendment to add $2.8-million to the funds in the bill for the federal judiciary in order to expand probation personnel by 340 new officers instead of 170 as provided in the bill. Adopted 220–164. June 29, 1973. Voted: Yes.

223. H.R. 8916. State, Justice, Commerce Appropriations, Fiscal 1974. Passage of the bill to appropriate $4,374,461,000 for the Departments of State, Justice, Commerce, the federal judiciary and 14 related agencies in fiscal 1974. Passed 370–11. June 29, 1973. The President had requested $4,456,595,000. Voted: Yes.

224. H.R. 8410. Debt Limit Extension. Motion that the House concur with an amendment to a Senate amendment to the bill to extend the temporary $465-billion federal debt ceiling to Nov. 30, 1973. The motion would have had the effect of accepting Senate amenments to provide a 5.6 per cent Social Security benefit increase in April 1974, to increase federal Supplemental Securtly Income (SSI) payments starting in January 1974 and to allow states to continue extended federal-state unemployment benefits even though their unemployment rates had not risen by 20 per cent in two years, as required by an existing law. Motion rejected 185–190. June 29, 1973. Voted: Yes.

225. H.R. 8410. Debt Limit Extension. Motion that the House concur with an amendment to Senate amendments to the bill to extend the temporary $465-billion federal debt ceiling to Nov. 30, 1973. The motion would have the effect of accepting modified Senate amendments to shift the presidential election campaign contribution tax check-off to a non-partisan basis, and to allow states to continue extended federal-state unem-

ployment benefits even if their unemployment rates had not risen by 20 per cent in two years. Senate amendments to increase Social Security and other benefits were not subject to the motion. Motion adopted 294–54. June 30, 1973. Voted: Yes.

226. H.J. Res. 636. Continuing Appropriations. Fiscal 1974. Adoption of the conference report to continue funding from July 1 through Sept. 30 for federal departments and agencies for which regular appropriations bills had not yet been passed and to bar the use of any funds in the bill or in any previously enacted appropriations bill from being used to support combat activities in or over North Vietnam, South Vietnam, Cambodia and Laos after Aug. 15, 1973. Adopted 266–75. June 30, 1973. Voted: No.

227. H.R. 7445. Renegotiation Act Extension. Adoption of the conference report on the bill to extend the federal Renegotiation Board authority for one year, to provide a 5.6 per cent increase in Social Security benefits as of June 1974; to increase the Social Security payroll tax wage base to $12,600 in January 1974; to increase benefits under the federal Supplemental Security Income program as of July 1974; and to delay until Nov. 1, 1973, the implementation of federal regulations on aid to state and local social services programs. Adopted 327–9. June 30, 1973. Voted: Yes.

228. H.R. 8860. Farm Program Extension. Amendment to reduce the limit on government subsidy payments to farmers from $37,500 per crop to $20,000 per crop. Adopted 313–89. July 10, 1973. Voted: Yes.

229. H.R. 8860. Farm Program Extension. Amendment to reduce the limit on government subsidy payments to farmers to $20,000 per farmer and to prohibit farmers from leasing or selling cotton allotments Adopted 246–163. July 10, 1973. Voted: Yes.

230. H.R. 8860. Farm Program Extension. Amendment to prohibit the use of Commodity Credit Corporation funds to finance or guarantee the sale of wheat or feed grains to the Soviet Union and the People's Republic of China. Rejected 139–264. July 10, 1973. Voted: Yes.

231. H.R. 8860. Farm Program Extension. Amendment to delete from the bill provisions for government subsidies for Cotton Inc., a cotton promotion and research organization. Adopted by recorded teller vote 241–162. July 11, 1973. Voted: Yes.

232. H.R. 8860. Farm Program Extension. Amendment to remove from the bill the escalator clause providing for annual adjustments in target prices for wheat, feed grains and cotton, based on changes in production costs. Rejected 174–239. July 11, 1973. Voted: Yes.

233. H.R. 8860. Farm Program Extension. Amendment to allow the Agriculture Department to extend basic price support loans to non-participants in the wheat, feed grains and cotton programs. Rejected 160–247. July 11, 1973. Voted: No.

234. H.R. 8860. Farm Program Extension. Amendment to provide a three-year phaseout of "income supplement" payments for farmers and to eliminate crop-by-crop acreage allotments Rejected 186–220. July 11, 1973. Voted: Yes.

235. H.R. 8860. Farm Program Extension. Motion for the committee of the whole to rise, thus postponing action on the bill to extend for four years the farm program and the food for peace and food stamp programs. Agreed to 325–67. July 12, 1973. Voted: Yes.

236. H.R. 8606. Small Business Act. Amendment to delete from the bill provisions which would give the recipient of a Small Business Administration disaster relief loans an option of 3 per cent interest and cancellation of $2,500 of the loan or 1 per cent interest and full repayment of the loan. Rejected 167–245. July 12, 1973. (The House subsequently passed the bill by voice vote.) Voted: No.

237. H.R. 2990. Postal Service Authorization. Passage of the bill to require annual authorization of appropriations for the U.S. Postal Service. Passed 328–65. July 12, 1973. Voted: Yes.

238. H.R. 8860. Farm Program Extension. Amendment to strike from the bill the cotton provisions. Adopted 207–190. July 16, 1973. Voted: No.

239. H.R. 8860. Farm Program Extension. Amendment to delete from the bill the section to transfer from the Labor Department to the Agriculture Department the authority to establish pesticide regulations. Adopted 221–177. July 16, 1973. Voted: Yes.

240. S. 504. Emergency Medical Services. Adoption of the conference report on the bill to authorize $185-million for fiscal years 1974–76 for federal assistance to area emergency medical care systems and to prohibit the secretary of health, education and welfare from closing eight Public Health Service hospitals without specific authorization from Congress. Adopted 306–111. July 17, 1973. Voted: Yes.

241. H.R. 6078. Immigration Inspectors. Motion to suspend the rules and pass the bill to allow inspectors of the Immigration and Naturalization Service of the Bureau of Customs hazardous duty advantages under civil service retirement. Motion agreed to 296–123. July 17, 1973. Voted: Yes.

242. H.R. 8949. Veterans' Loans. Motion to suspend the rules and pass the bill to provide for readjustment of the interest rates on loans to veterans based on prevailing market demands. Motion agreed to 412–33. July 17, 1973. Voted: Yes.

243. H.R. 9048. Veterans' Health Care. Motion to suspend the rules and pass the bill to expand Veterans Administration (VA) medical programs at a first-year cost of $64.9-million and to authorize the VA to contract for the medical care of certain dependents and survivors. Motion agreed to 421–0. July 17, 1973. Voted: Yes.

244. S. 2120. Railroad Safety Authorization. Motion to suspend the rules and pass the bill to authorize for fiscal 1974 $19.4-million to carry out provisions of the Federal Railroad Safety Act of 1970 and $1.2-million for the Hazardous Materials Transportation Act of 1970. Motion agreed to 409–7. July 17, 1973. Voted: Yes.

245. S. 1752. Productivity Commission. Motion to suspend the rules and pass the bill to authorize $5-million for fiscal 1974 for the Commission on Productivity and Work Quality (previously called the President's National Commission on Productivity). Motion rejected 174–237. July 17, 1973. Voted: No.

246. H.J. Res. 542. War Powers. Amendment in the nature of a substitute bill to bar troop commitments without a congressional declaration of war, specific congressional authorization or a military attack on the United States, except in the case of emergency; to provide for presidential reports to Congress on any troop commitment; and to require Congress to enact within 90 days of the President's initial report on any commitment a bill or resolution approving or disapproving of the action. Rejected 166–250. July 18, 1973. Voted: No.

247. H.J. Res. 542. War Powers. Amendment in the nature of a substitute bill to bar the President from committing U.S. troops to hostilities or increasing the number of combat troops overseas unless Congress had declared war or given specific authorization or the President was acting within his constitutional authority; to set up procedures for the President to report such actions and for Congress to order disengagement. Rejected 153–262. July 18, 1973. Voted: Yes.

248. H.J. Res. 542. War Powers. Whalen (R. Ohio) amendment to require Congress, within 120 days of a presidential report of a commitment or enlargement of U.S. combat troops abroad, to declare war or pass a resolution either approving or disapproving its continuation. Rejected 200–211. July 18, 1973. Voted: No.

249. H.J. Res. 542. War Powers. Passage of the resolution to require the President to report to Congress within 72 hours any commitment or increasing commitment of U.S. combat troops abroad, to require the President to terminate any such action within 120 days of his report unless Congress authorizes continuation and to allow Congress to direct by a concurrent resolution the termination of U.S. commitment at any time. Passed 244–170. July 18, 1973. Voted: No.

250. H.R. 8860. Farm Program Extension. Amendment to substitute amendment (see vote 252 below), to delete a provision giving eligibility for food stamps to persons receiving supplemental security income (SSI) payments authorized in the 1972 Social Security Act amendment. Adopted 238–173. July 19, 1973. Voted: No.

251. H.R. 8860. Farm Program Extension. Amendment to substitute amendment (see vote 252 below), to prohibit the issuance of food stamps to strikers and their families. Adopted 213–203. July 19, 1973. Voted: No.

252. H.R. 8860. Farm Program Extension. Substitute amendment to the food stamp section to the bill, amended by the amendment (see vote 250 above) and the amendment (see vote 250 above), to remove certain provisions restricting eligibility of food stamps. Adopted 210–207. July 18, 1973. Voted: No.

253. H.R. 8860. Farm Program Extension. Amendment to prohibit subsidy payments to farmers whose workers were on strike. Rejected 85–326. July 19, 1973. Voted: Yes.

254. H.R. 8860. Far Program Extension. Amendment to second substitute amendment (*see vote 255 below*), to prohibit food stamps for strikers and their families under the existing food stamp program, due to expire Sept. 30, 1973. Adopted 208–207. July 19, 1973. Voted: No.

255. H.R. 8860. Farm Program Extension. Amendment to the second substitute amendment, to restore the cotton provisions to the bill except for the subsidy for Cotton, Inc., a research and promotion organization. Adopted 250–165. July 19, 1973. (The House subsequently rejected, by voice vote, the second amendment in the form of a substitute bill.) Voted: Yes.

256. H.R. 8860. Farm Program Extension. Motion for the committee of the whole House to rise and report the bill to the House with enacting clause stricken, thus killing the bill. Rejected 73–338. July 19, 1973. Voted: No.

257. H.R. 8860. Farm Program Extension. Motion to include in the recommittal motion (*see vote 258 below*). instructions to drop from the bill the target-price escalator provision for cotton. Adopted 248–165. July 19, 1973. Voted: Yes.

258. H.R. 8860. Farm Program Extension. Motion, as amended by the motion (*see vote 257 above*), to recommit the bill to the Agriculture Committee with instructions to delete the target-price escalator provisions of wheat, feed grains and cotton. Rejected 182–225. July 19, 1973. Voted: Yes.

259. H.R. 8860. Farm Program Extension. Passage of the bill to establish for four years a modified price support program for wheat, feed grains and cotton, to continue food for peace and food stamp programs, to establish a limitation of farm subsidy payments of $20,000 per farmer and to prohibit the issuance of food stamps to strikers and their families. Passed 226–182. July 19, 1973. Voted: No.

260. H.R. 8538. Public Broadcasting. Amendment to the committee amendment, to withhold grants for construction of new facilities until the potential recipient is found to be in compliance with laws prohibiting discrimination in employment practices. Rejected 189–190. July 20, 1973. (The House subsequently passed the committee amendment by voice vote.) Voted: Yes.

261. H.R. 8538. Public Broadcasting. Passage of the bill to authorize $80-million for fiscal 1974 and $95-million for fiscal 1975 for programming and the construction of facilities for the Corporation of Public Broadcasting. Passed 363–14. July 20, 1973. Voted: Yes.

262. H.R. 5356. Toxic Substances. Adoption of the resolution (H. Res. 493) providing for the consideration of the bill to provide for a program to protect human health and the environment from hazardous chemical substances. Adopted 351–4. July 23, 1973. Voted: Yes.

263 H.R. 5356. Toxic Substances. Amendment to direct the administrator of the Environmental Protection Agency (EPA) to coordinate actions taken under the bill with actions taken to enforce the Federal Water Pollution Control Act and the Clean Air Act, using authority under the other laws when appropriate. Adopted 193–192. Voted: Yes.

264 H.R. 5356. Toxic Substances. Amendment to direct that the administrator of the Environmental Protection Agency implement provisions of the bill only after a hearing which provides for opportunity to cross-examine persons submitting information or testimony. Rejected 159–236. July 23, 1973. Voted: No.

265. H.R. 5356. Toxic Substances. Second vote on amendment (*see vote 263 above*) Rejected 189–202. July 23, 1973. Voted: Yes.

266. H.R. 5356. Toxic Substances. Passage of the bill to authorize the administrator of the Environmental Protection Agency to require the testing of chemical substances, to establish a system of pre-market screening of test data of potentially dangerous chemicals and to adopt rules restricting the manufacture of chemical substances in order to protect human health and environment. Passed 324–73. July 23, 1973. Voted: Yes.

267. H.R. 8929. Postage Fees. Adoption of the resolution (H. Res. 495) to provide for the construction of the bill to revise mailing rates for certain publishers and book record distributors. Rejected 180–202. July 23, 1973. Voted: Yes.

268. S. 1888. Farm Program Extension. Motion to order the previous question, thus ending debate and further amendments, on his motion to instruct the House conferences (*see vote 269, below*) on the bill to establish a four year farm program and to continue the food stamp and food for peace programs. Agreed to 244–155. July 24, 1973. Voted: No.

269. S. 1888. Farm Program Extension. Motion to instruct the House conferees to insist on language in the House-passed bill (*see vote 268, above*) which would prohibit the sale of agricultural commodities to North Vietnam under the food for peace program. Agreed to 371–35. July 24, 1973. Voted: No.

270. H.R. 8480. Impoundment Control and Spending Ceiling. Amendment to empower the Comptroller General to exempt from the provisions of the bill any impoundment he determined was made under authority granted the President by the Anti-deficiency Act of 1905. (The act gave the President authority to establish fund reserves to provide for contingencies or reflect savings, changed circumstances or changed requirements.) Rejected 180–229. July 24, 1973. Voted: Yes.

271. H.R 8480 Impoundment Control and Spending Ceiling Amendment to require passage by both the House and the Senate of a concurrent resolution to overrule a presidential impoundment of funds, rather a simple resolution passed by either the House or the Senate as provided for in the bill. Rejected 205–206. July 24, 1973. Voted: No.

272. S. 1423. Legal Services Trust Funds. Adoption of the conference report on the bill to permit employer contributions to jointly administered trust funds to defray costs of legal services for employees, their families and dependents. Adopted (thus sent to the President) 256–155. July 25, 1973. Voted: Yes.

273. H.R. 8480. Impoundment Control and Spending Ceiling. Amendment to provide that impounded funds would be released automatically after 60 days unless both the House and the Senate by concurrent resolution approved the impoundment. Rejected 96–318. July 25, 1973. Voted: Yes.

274. H.R. 8480. Impoundment Control and Spending Ceiling. Amendment to the amendment (*see vote 275 below*), to reduce the ceiling on fiscal 1974 federal outlays to $260-billion from $263.1-billion. Rejected 156–252. July 25, 1973. Voted: No.

275. H.R. 8480. Impoundment Control and Spending Ceiling. Amendment to reduce to $263.3-billion, from $267.1-billion as provided for in the bill, the ceiling on fiscal 1974 federal outlays. Rejected 205–206. July 25, 1973. Voted: No.

276. H.R. 8480. Impoundment Control and Spending Ceiling. Motion to recommit the bill to the Rules Committee with instructions that it be reported back with an amendment to require enactment of a concurrent resolution by both houses of Congress to disapprove of presidential impoundments. Rejected 208–212. July 25, 1973. Voted: No.

277. H.R. 8480. Impoundment Control and Spending Ceiling. Passage of the bill to set a $267.1-billion ceiling on federal spending in fiscal 1974, to provide procedures for either the House or the Senate to force the President to release impounded funds and to direct the President to impound funds proportionately from controllable federal spending programs to meet the ceiling. Passed 254–164. July 25, 1973. Voted: No.

278. H.R. 9360. Foreign Aid. Amendment to reduce funds in the bill authorized for population planning and health from $150-million to $75-million for fiscal 1974, and to delete from the bill funds for the program in fiscal 1975. Rejected 131–271. July 26, 1973. Voted: No.

279. H.R. 9360. Foreign Aid. Gross (R–Iowa) amendment to delete from the bill the $93-million authorized for selected economic and social development problems in each of fiscal years 1974 and 1975. Rejected 203–204. July 26, 1973. Voted: No.

280. H.R. 9360. Foreign Aid. Amendment to delete the $60-million in the bill authorized for development assistance to selected countries and organizations for each of the fiscal years 1974 and 1975. Rejected 173–232. July 26, 1973. Voted: No.

281. H.R. 9360. Foreign Aid. Amendment to prohibit foreign assistance to any country which expropriates any property owned by U.S. citizens, repudiates any contract or imposes any discriminatory measures having the effect of expropriation, unless the President determines that appropriate steps toward compensation are being taken. Adopted 278–102. July 26, 1973. Voted: No.

282. H.R. 9360. Foreign Aid. Amendment to delete from the bill the section which would establish the U.S. Export Development Credit Fund to offer low-interest loans to developing countries to purchase U.S. exports. Adopted 240–137. July 26, 1973. Voted: No.

283. H.R. 9360. Foreign Aid. Motion to recommit the bill to the Foreign Affairs Committee with instructions to report it back with reductions in authorizations totaling $68-million, including cuts of $25-million for education and human resources. $33-million for selected economic and social development programs and $10-million for development assistance to selected countries and organizations. Agreed to 232-139. July 26, 1973. Voted: No.

284. H.R. 9360. Foreign Aid. Passage of the bill to authorize for fiscal 1974 $978.9 million for foreign economic assistance. $632-million for Indochina postwar reconstruction, $1.15-billion for foreign military assistance and credit sales, and to authorize for fiscal 1975, $821-million for foreign economic assistance. Passed 188-183. July 26, 1973. Voted: Yes.

285. H.R. 8947. Public Works-AEC Appropriations, Fiscal 1974. Adoption of the conference report on the bill to appropriate $4,749,403,000 for fiscal 1974 for public works, flood control and power projects, and for operations and facilities of the Atomic Energy Commission and other agencies. Adopted 373–9. July 30, 1973. Voted: Yes.

286. S. 1989. Federal Salaries. Adoption of the resolution (H. Res. 512) providing for consideration of the bill to direct the President to submit to Congress by Aug. 31, 1973, recommendations for an adjustment of salaries for members of Congress, the cabinet and the federal judiciary, and to provide for a review of the salaries every two years (instead of every four years). Rejected 156-237. Voted: Yes.

287. S. Con. Res. 42. August Adjournment. Adoption of the resolution to provide for a congressional adjournment from Aug. 3 to Sept. 5 unless members were given prior notice by the congressional leadership to reassemble. Adopted 370-22. July 30, 1973. Voted: Yes.

288. H.R. 9474. Veterans' Benefits. Motion to suspend the rules and pass the bill to increase monthly rates of disability and death pensions and dependency and indemnity compensation. Agreed to 385–0. July 30, 1973. Voted: Yes.

289. H.R. 9286. Defense Procurement Authorization. Amendment to reduce to $3.1-billion, from $3.8-billion as recommended by the committee, the authorization for the CVN-70 nuclear aircraft carrier. Rejected 88-323. Voted: Yes.

290. H.R. 9286. Defense Procurement Authorization. Amendment to delete $473.5-million for research and development of the B–1 bomber. Rejected 96–313. July 31, 1973. Voted: Yes.

291. H.R. 9286. Defense Procurement Authorization. Amendment to prohibit U.S. forces from being stationed in any nation after June 30, 1974, for the defense of that country unless the country paid proportionately (based on gross national product) as much as the United States for its national defense, or until the country notified the North Atlantic Treaty Organization that it intended to do so. Rejected by recorded teller vote 130–282. July 31, 1973. Voted: Yes.

292. H.R. 9286. Defense Procurement Authorization. Amendment to reduce the number of U.S. troops abroad by 322,000 and to place a ceiling of 300,000 on the number of troops to be stationed overseas after fiscal year 1974. Rejected 67–339. July 31, 1973. Voted: Yes.

293. H.R. 9286. Defense Procurement Authorization. Amendment, as a substitute amendment, to direct the Armed Services Committee to issue a report by April 1, 1974, on troop levels in Europe (the amendment would have reduced troop levels abroad by 100,000). Adopted 242–163. July 31, 1973. Voted: No.

294. H.R. 9286. Defense Procurement Authorization. Amendment to reduce the funds authorized in the bill by $949.7-million by establishing a defense procurement spending ceiling of $20.45-billion—equal to the 1973 fiscal appropriation of $19.5-billion modified by a 4.5 per cent inflation adjustment. Adopted 242–163. July 31, 1973. Voted: Yes.

295. H.R. 9286. Defense Procurement Authorization. Passage of the bill to authorize $20.45-billion for military procurement, research and development and military assistance to South Vietnam and Laos in fiscal 1974. Passed 367–37. July 31, 1973. Voted: No.

296. H.R. 8825. HUD, Space, Veterans Appropriations, Fiscal 1974. Adoption of the conference report on the bill to appropriate $19,056,500,000 for the Department of Housing and Urban Development, the National Aeronautics and Space Administration, the Veterans Administration and six other independent agencies. Adopted 401–9. Aug. 1, 1973. Voted: Yes.

297. H.R. 8825. HUD, Space, Veterans Ap-

propriations, Fiscal 1974. Motion that the House insist on its disagreement with the Senate amendment to limit funds for the use of limousines and other passenger vehicles by officials of the Department of Housing and Urban Development and other agencies funded by the bill. Agreed to 222–189. Aug. 1, 1973. Voted: No.

298. H.R. 9590. Treasury-Postal Service Appropriations, Fiscal 1974. Amendment to reduce to $15,200,000, from $16,000,000, fiscal 1974 appropriations for salaries and expenses for the Office of Management and Budget. Rejected 199–209. Aug. 1, 1973. Voted: Yes.

299. H.R. 9590. Treasury-Postal Service Appropriations, Fiscal 1974. Amendment to reduce to $1,552,000, from $2,070,000, fiscal 1974 appropriations for salaries and expenses for the Office of Telecommunications Policy. Rejected 190–217. Aug. 1, 1973. (The House by voice vote subsequently passed the bill appropriating $4,845,398,000 for operations and activities of the Treasury Department, the Postal Service, the Executive Office of the President and other agencies.) Voted: Yes.

300. H.R. 9130. Alaskan Pipeline. Adoption of the resolution (H. Res. 515) providing for consideration of the bill to allow the secretary of the interior to grant rights-of-way across federal lands in excess of 50 feet, to direct the secretary to grant such rights-of-way for the trans-Alaska pipeline and to declare the secretary's actions regarding the pipeline to be in accordance with the National Environmental Policy Act, thus barring further judicial review of the pipeline under that act. Adopted 401–11. Aug. 2, 1973. Voted: Yes.

301. H.R. 9130. Alaskan Pipeline. Amendment to prohibit the granting of rights of way or permits across any area of the National Park System, the National Wildlife Refuge System or the National Wilderness System unless the secretary of the interior found that granting such rights-of-way or permits would not interfere with the uses of which such areas were intended and were in the public interest. Rejected 160–261. Aug. 2, 1973. Voted: Yes.

302. H.R. 9130. Alaskan Pipeline. Amendment to delete language from the bill declaring that actions by the secretary of the interior regarding the trans-Alaska pipeline were in compliance with the National Environmental Policy Act (NEPA) of 1969, and substituting language giving priority in federal courts to proceedings regarding rights-of-way and permits for the Alaskan pipeline. Rejected 198–221. Aug. 2, 1973. Voted: Yes.

303. H.R. 9130. Alaskan Pipeline. Amendment to require the President, within six months after enactment, to develop a National Petroleum Contingency Plan to assure the equitable allocation of available crude oil and petroleum products among the states and the five Petroleum Administration for Defense (PAD) districts at nondiscriminatory prices during periods of disproportionate shortages. Rejected 179–233. Aug. 2, 1973. Voted: Yes.

304. H.R. 9130. Alaskan Pipeline. Amendment to require that all articles, materials and supplies used in the construction, operation and maintenance of the trans-Alaska pipeline after Aug. 2, 1973, be mined, produced or manufactured in the United States. Adopted 334–65. Aug. 2, 1973. Voted: No.

305. H.R. 9130. Alaskan Pipeline. Amendment to authorize the secretary of the Interior to grant rights-of-way and permits as were necessary for the construction only of the trans-Alaska pipeline, instead of for the construction, operation and maintenance of the line. Rejected 177–228. Aug. 2, 1973. Voted: Yes.

306. H.R. 9130. Alaskan Pipeline. Passage of the bill to amend the Mineral Leasing Act of 1920 to authorize the secretary of the interior to grant rights-of-way in excess of 50 feet across federal lands for oil and gas pipelines, direct the secretary to grant a right-of-way for the proposed trans-Alaska pipeline and declare that actions taken by the secretary of the interior relating to the construction of the pipeline were in accordance with the National Environmental Policy Act (NEPA) of 1969—thus barring further judicial review of the pipeline on environmental grounds. Passed 356–60. Aug. 2, 1973. Voted: No.

307. S. 1636. Council on International Economic Policy. Adoption of the conference report on the bill to extend the White House Council on International Economic Policy (CIEP) to June 30, 1977, to authorize $1.4-million for operations and activities of CIEP in fiscal 1974 and to require Senate confirmation for future appointments of CIEP executive directors. Adopted 335–71. Aug. 3, 1973. Voted: Yes.

308. S. 1264. Eisenhower College and Rayburn Library Grants. Adoption of the resolution (H. Res. 518) to provide for the consideration of the bill to direct the secretary of the treasury to grant $1 to Eisenhower College in Seneca Falls, N.Y., for each Eisenhower proof silver dollar that is issued. (10 cents of each dollar granted to the college would be allocated to the Samuel Rayburn Library in Bonham, Texas, under an agreement between the two institutions.) Rejected 183–230. Aug. 3, 1973. Voted: No.

309. S. 502. Federal-Aid Highway Program. Adoption of the conference report on the bill to authorize $19.9-billion for federal-aid highway programs and related activities for fiscal years 1974–76, and to provide that cities and states can use up to $200-million in fiscal 1975 from the Highway Trust Fund for purchase of buses (rather than exclusively for highways) and $800-million from the fund in fiscal 1976 for buses and rail transit (subway) construction. Adopted 382–34. Aug. 3, 1973. Voted: Yes.

310. H.R. 7935. Minimum Wage. Adoption of the conference report on the bill to increase the hourly minimum wage for most workers covered under the Fair Labor Standards Act of 1938 to $2.20 an hour after June 30, 1974, and to extend coverage to approximately 6.7 million additional workers. Adopted (and thus cleared for the President) 253–152. Aug. 3, 1973. Voted: Yes.

311. S. 1888. Farm Program Extension. Motion to order the previous question—thus ending debate and the possibility of further amendment—on the pending motion to agree to the Senate amendment (*see vote 312, below*) to House amendments to the Senate version of the bill with an amendment to urge American farmers to produce to their full capabilities. Agreed to 349–54. Aug. 3, 1973. Voted: No.

312. S. 1888. Farm Program Extension. Motion to accept with an amendment (*see vote 311, above*) the Senate amendment (deleting language banning the issuance of food stamps to strikers and their families) to the House amendments to the Senate version of the bill. Agreed to 252–151. Aug. 3, 1973. Voted: Yes.

313. H.R. 8658. D.C. Appropriations, Fiscal 1974. Adoption of the conference report on the bill to appropriate from local revenues $954,731,200 for the District of Columbia for fiscal 1974 and to set the annual federal payment to the city (paid in lieu of taxes on federally owned property) at $187,450,000. Adopted 342–47. Aug. 3, 1973. Voted: Yes.

314. H.R. 8760. Transportation Appropriations, Fiscal Year 1974. Adoption of the conference report on the bill to appropriate $2,898,446,006 for fiscal 1974 operations and programs of the Department of Transportation and related agencies. Adopted 359–5. Aug. 3, 1973. Voted: Yes.

315. H.J. Res. 512. Insured Housing Loans. Motion to recommit to conference the bill to extend through June 30, 1974, the authority of the Federal Housing Administration (FHA) to insure loans and mortgages and to halt the Nixon administration Jan. 8 moratorium on new commitments under federal housing subsidy programs. Agreed to 202–172. Sept. 5. 1973. Voted: No.

316. H.R. 8920. Lead-Based Paint Poisoning. Passage of the bill to authorize $52.5-million in each of fiscal 1974 and 1975 for detection and treatment of lead paint poisoning in children, elimination of lead paint hazards and research on safe lead-content levels in paint. Passed 368–11. Sept. 5. 1973. Voted: Yes.

317. H.R. 8449. National Flood Insurance. Passage of the bill to increase the total face value authorized for federal flood insurance programs to $10-billion from $6-billion and to deny, after July 1, 1975, federal financing for acquisition or construction purposes to any community designated as a floodprone area which does not participate in the federal flood insurance program. Passed 359–21. Sept. 5, 1973. Voted: Yes.

318. H.R. 6912. Dollar Devaluation. Adoption of the conference report on the bill to authorize the secretary of the Treasury to revise the international par value of the dollar from one thirty-eighth of an ounce of gold to 0.023684 of an ounce or 0.828948 Special Drawing Right (a devaluation of 10 per cent) and to provide for private ownership of gold in the United States when the President determines that such ownership would not adevrsely affect the U.S. international monetary position. Adopted 322–59. Sept. 6, 1973. Voted: Yes.

319. H.R. 8351. Amtrak Authorization. Passage of the bill to authorize $107.3-million for the National Railroad Passenger Corporation for fiscal 1974. Passed 357–37. Sept. 6, 1973. Voted: Yes.

320. H.R. 8547. Export Administration Act. Adoption of the resolution (H. Res. 484) providing for consideration of the bill to require the Secretary of Commerce in most instances to determine materials or commodities to be subject to export controls as a result of the present or prospective domestic inflationary impact or short supply of such materials, and to establish certain export controls on lumber and logs. Adopted 304–84. Sept. 6, 1973. Voted: Yes.

321. H.R. 8547. Export Admnistration Act. Amendment to require the secretary of commerce to report to Congress any prohibition or curtailment of exports and to provide that either the House or Senate could disapprove and thus halt the secretary's action. Rejected 154–211. Sept. 6, 1973. Voted: Yes.

322. H.R. 8547. Export Administration Act. Passage of the bill to amend the Export Administration Act of 1969 to require the Secretary of commerce in most instances to determine materials or commodities to be subject to export controls as a result of current or prospective domestic inflationary impact or short supply of such materials. Passed 220–133. Sept. 6, 1973. Voted: Yes.

323. H. Res. 536. G. Gordon Liddy Contempt Citation. House Armed Services Committee resolution citing Liddy, a convicted Watergate conspirator, for contempt of Congress for refusing to testify before the committee's Special Intelligence Subcommittee concerning the burglary of the office of Daniel Ellsberg's psychiatrist. Adopted 334–11. Sept. 10, 1973. Voted: Yes.

324. H.R. 7482. Little Cigar Act. Passage of the bill to amend the Federal Cigarette Labeling and Advertising Act of 1965 to define the term "little cigar" and to include little cigars under the broadcast advertising restrictions enacted in the Public Health Cigarette Smoking Act of 1969. Passed 287–63. Sept. 10, 1973. Voted: Yes.

325. H.R. 7645. State Department Authorization. Fiscal 1974. Motion to delete from the conference report on the fiscal 1974 State Department bill, a nongermane section to cut off funds for the Department of State and other foreign affairs agencies if they fail to

furnish information requested by the Senate Foreign Relations and House Foreign Affairs Committees within 35 days. Agreed to 213–185. Sept. 11, 1973. Voted: No.

326. H.R. 2096. Wine. Passage of the bill to prohibit states to impose discriminatory burdens upon interstate commerce in wine. Passed 248–152. Sept. 11, 1973. Voted: Yes.

327. S. 1697. Eucalyptus Assistance: Adoption of the rule (H. Res. 511) providing for floor consideration of the Senate-passed bill to require the President to furnish $11-million predisaster assistance to avert or lessen the effects of a major forest fire in two California counties with some 2,700 acres of combustible eucalyptus trees killed in a 1972 freeze. Rejected 163–233. Sept. 11, 1973. Voted: No.

328. S. 504. Emergency Medical Services. Passage of the bill over President Nixon's Aug. 1 veto of a bill to authorize $185-million in fiscal 1974–76 for federal assistance to area emergency medical care systems and to prohibit the secretary of health, education and welfare from closing eight Public Health Service hospitals without specific authorization from Congress. Veto sustained 273–144. Sept. 12, 1973. Voted: Yes.

329. H.R. 7974. Health Maintenance Organizations. Passage of the bill to authorize $240-million in fiscal 1974–78 to aid the development of health maintenance organizations (HMOs) and to require certain employers to make the option of an HMO health benefits plan available to employees. Passed 369–40. Sept. 12, 1973. Voted: Yes.

330. H.R. 8789. Bicentennial Coinage. Passage of the bill to provide a new coinage design and date emblematic of the 1976 American Revolution Bicentennial for dollars, half-dollars, and quarters. Passed 396–4. Sept. 12, 1973. Voted: Yes.

331. H.R. 8619. Agricultural, Environmental and Consumer Protection Appropriations, Fiscal 1974. Motion that House conferees insist on House-passed language to the bill that would limit the payment of federal farm subsidies to $20,000 per farm and would bar payment for cotton acreage allotments after Dec. 31, 1973. Agreed to 231–160. Sept. 13, 1973. Voted: Yes.

332. H R. 6576. Water Resources. Passage of the bill to authorize the secretary of the interior to engage in feasibility investigations for four proposed water resource development projects, at an estimated cost of $1-million over a two-to four-year period. Passed 321–74. Sept. 13, 1973. Voted: Yes.

333. H.R. 9639. School Lunch. Amendment to retain the basic existing federal payment of eight cents for each meal served under the national school lunch program. Rejected 127–272. Sept. 13, 1973. Voted: No.

334. H.R. 9639. School Lunch. Passage of the bill to increase the basic federal payment for each meal served under the National School Lunch and Child Nutrition Acts to 10 cents from eight cents, to increase federal payments for both free and reduced-price school lunches and school breakfasts, to authorize the payment of cash in lieu of food commodities to state educational agencies and to extend the supplemental feeding program for new mothers and their infants through fiscal 1975. Passed 389–4. Sept. 13, 1973. Voted: Yes.

335. H.R. 9553. Home Game Broadcasts. Passage of the bill allowing three years of television broadcasts of home games of certain professional sports if tickets had been sold out for at least 72 hours prior to gametime. Passed 336–37. Sept. 13, 1973. Voted: Yes.

336. H R. 7265. ACTION. Motion to suspend the rules and pass the bill to authorize $88-million for the operation of federally funded domestic volunteer programs by the ACTION agency. Motion agreed to 339–14. Sept. 17, 1973. Voted: Yes.

337. H.R. 8070. Vocational Rehabilitation. Adoption of the conference report on the bill to authorize $1.55-billion in fiscal 1974–75 for federal grants to the states for rehabilitation of the handicapped and to create several new programs to aid the handicapped. Adopted (and thus sent to the President) 400–0. Sept. 18, 1973. Voted: Yes

338. H.R. 7730. San Carlos Mineral Strip. Motion to suspend the rules and pass the bill to authorize the secretary of the interior to purchase property located within the San Carlos mineral strip. Motion rejected 236–164. Sept. 18, 1973. Voted: No.

339. H.R. 37. Endangered Species. Motion to suspend the rules and pass the bill to provide for the conservation, protection, and propagation of species or subspecies of fish and wildlife threatened with extinction. Motion agreed to 390–12. Sept. 18, 1973. Voted: Yes.

340. H. Res. 420. Congressional Interns. Motion to suspend the rules and pass the resolution to establish a congressional intern program for college students and teachers of government or social studies in high schools or colleges. Motion agreed to 345–64. Sept. 18, 1973. Voted: Yes.

341. H.R. 7935. Minimum Wage. Passage of the bill, over the President's Sept. 6 veto, to amend the Fair Labor Standards Act of 1938 to increase the minimum wage rates under that act and to expand the coverage of that act. Veto sustained 259–164. Sept. 19, 1973. Voted: Yes.

342. H.R. 9715. USIA Authorization, Fiscal 1974. Amendment to provide for a cut-off of funds for the U.S. Information Agency if it fails to furnish information, other than direct communications with the President, requested by the Senate Foreign Relations or House Foreign Affairs Committees within 35 days. Adopted 240–178. Sept. 19, 1973. Voted: Yes.

343. H.R. 9715. USIA Authorization, Fiscal 1974. Passage of the bill to authorize $224-million for the U.S. Information Agency in fiscal 1974 and to provide that agency funds would be cut-off if it fails to furnish information, other than direct communications with the President, requested by the Senate Foreign Relations or House Foreign Affairs Committees within 35 days. Passed 305–108. Sept. 19, 1973. Voted: Yes.

344. H.R. 9256. Federal Employees' Health Benefits. Adoption of the rule (H. Res. 546) providing for floor consideration of the bill to increase the federal contribution to federal employees' health insurance premiums to 75 per cent by 1977. Adopted 311–81. Sept. 19, 1973. Voted: Yes.

345. H.R. 8917. Interior Appropriations, Fiscal 1974. Adoption of the conference report on the bill to appropriate $2,433,137,200 in fiscal 1974 for the Department of Interior and related agencies and $191,200,000 to liquidate contract authority. Passed 385–14. Sept. 20, 1973. Voted: Yes.

346. H.R. 8917. Interior Appropriations, Fiscal 1974. Motion that the House recede from its disagreement to the Senate amendment to appropriate $50-million for the National Endowment for the Arts and concur with an amendment to appropriate instead $46,025,000. Agreed to 326–73. Sept. 20, 1973. Voted: Yes.

347. H.R. 9281. Federal Police-Firemen Retirement. Motion to recommit the bill to the House Committee on Post Office and Civil Service· with instructions to substitute a guaranteed annuity for the computation formula in the bill, to eliminate premium pay as a basis for retirement compensation, and to grant to the president the authority to fix the maximum retirement age. Rejected 116–282. Sept. 20, 1973. Voted: Yes.

348. H.R. 9281. Federal Police-Firemen Retirement. Passage of the bill to increase retirement benefits for federal police and firemen, to allow overtime hours as part of the base pay in computing retirement benefits; to require mandatory retirement at 60, and to allow the agency to set minimum and maximum entry requirements for age. Passed 299–93. Sept. 20, 1972. Voted: No.

349. H.R. 9256. Federal Employees' Health Benefits. Passage of the bill to increase the federal government's contribution to federal employees' health insurance premiums to 75 per cent from 40 per cent by 1977. Passed 217–155, Sept. 20, 1973. Not voting.

350. H.R. 8619. Agriculture, Environmental and Consumer Protection Appropriations, Fiscal 1974. Adoption of the conference report on the bill to appropriate $9,927,667,000 for agricultural, environmental and consumer protection agencies for fiscal 1974. Adopted 348–24. Sept. 25, 1973. Voted: Yes.

351. H.J. Res. 727. Continuing Appropriations, Fiscal 1974. Substitute to the amendment (*see Vote 352, below*), to provide that education aid to disadvantaged children be distributed on a per pupil basis to each local education agency at a rate not less than in fiscal 1973. Rejected 184–198. Sept. 25, 1973. Voted: No.

352. H.J. Res. 727. Continuing Appropriations, Fiscal 1974. Amendment to provide that the amount of education aid to the disadvantaged distributed to each local education agency would be no less than 85 per cent of the amount each agency received in fiscal 1973. Adopted 286-94. Sept. 25, 1973. Voted: Yes.

353. H.J. Res. 727. Continuing Appropriations, Fiscal 1974. Amendment to prohibit the Cost of Living Council from conducting a program which discriminated among petroleum marketers in the method for establishing gasoline and other petroleum product prices. Adopted 371–7. Sept. 25, 1973. Voted: Yes.

354. H.J. Res. 727. Continuing Appropriations, Fiscal 1974. Passage of the bill to continue through the adjournment of the first session of the 93rd Congress funding for federal departments and agencies for which regular appropriations bills had not yet been enacted. Adopted: 368–7. Sept. 25, 1973. Voted: Yes.

355. H.R. 981. Immigration and Nationality. Amendment to increase to 35,000 from 20,000 the maximum allocation of visas each for Canada and Mexico. Rejected by recorded teller vote 174–203. Sept. 26, 1973. Voted: No.

356. H.R. 981. Immigration and Nationality. Amendment to provide for a five-year aggregate limit on the extensions of one-year visas for certain migrant workers and specifying employment contract requirements and working conditions. Rejected 70–310. Sept. 26, 1973. Voted: No.

357. H.R. 981. Immigration and Nationality. Passage of the bill to amend the Immigration and Nationality Act to provide immigration limits of 20,000 visas annually per country. Passed 336–30. Sept. 26, 1973. Voted: Yes.

358. H.R. 8029. Indian Judgments. Motion to suspend the rules and pass the bill to expedite the distribution of funds appropriated by certain judgments of the Indian Claims Commission and the U.S. Court of Claims. Motion agreed to 331–33. Oct. 1, 1973. Voted: Yes.

359. S. 2419. Farm Bill Errors. Motion to suspend the rules and pass the bill to correct typographical and clerical errors in PL 93–86. Motion agreed to 330–28. Oct. 1, 1973. Voted: Yes.

360. H.R. 10397. Cabinet Committee on Opportunities for Spanish-Speaking People. Motion to suspend the rules and pass the bill to extend the authorization for the Cabinet Committee on Opportunities for Spanish-Speaking People. Rejected 241–130. Oct. 1 1973. Voted: Yes.

361. S. 795. Arts and Humanities. Adoption of the conference report to extend through fiscal 1976 the National Foundation on the Arts and Humanities Act of 1965 and to authorize appropriations of $597-million for the three-year period. Adopted 294–106. Oct. 2, 1973. Voted: Yes.

362. S. 1914. Radio Free Europe. Passage of

the bill to authorize $50.2-million for the operations of Radio Free Europe and Radio Liberty in fiscal 1974, and to create a new seven-member Board for International Broadcasting to oversee the radios' operations. Passed 313–90. Oct. 2, 1973. Voted: Yes.

363. H.R. 6452. Urban Mass Transit. Adoption of the resolution (H. Res. 372) providing for consideration of the bill to authorize $800-million for fiscal 1974–75 grants to state and local agencies for urban mass transit operating subsidies and to increase the federal share of assistance for mass transit capital grant programs. Adopted 282–131. Oct. 3, 1973. Voted: Yes.

364. H.R. 6452. Urban Mass Transit. Amendment to delete from the bill the provision to authorize $800-million for fiscal 1974–75 for grants to state and local agencies for urban mass transit operating subsidies. Adopted 206–203. Oct. 3, 1973. Voted: No.

365. H.R. 6452. Urban Mass Transit. Motion to strike the enacting clause and thus kill the bill. Rejected 143–268. Oct. 3, 1973. Voted: No.

366. H.R. 6452. Urban Mass Transit. Second vote on the amendment (see vote 364 p. 2680). Rejected 205–210. Oct. 3, 1973. Voted: No.

367. H.R. 6452. Urban Mass Transit. Passage of the bill to authorize $800-million for fiscal 1974–75 grants to state and local agencies for urban mass transit operating subsidies and to increase the federal share of assistance for mass transit capital grant programs. Passed 219–195. Oct. 3, 1973. Voted: Yes.

368. H.R. 10088. Big Congress National Preserve. Passage of the bill to authorize $116-million for land acquisition and $900,000 for development to establish the Big Cypress National Preserve in Florida. Passed 376–2. Oct. 3, 1973. Voted: Yes.

369. H.J. Res. 748. Dollar Devaluation Appropriations. Amendment to reduce from $2,203,000,000 to $477-million the limit on appropriations to maintain the gold value of U.S. financial commitments in the International Monetary Fund and international development banks in terms of the dollar which was devalued by 10 per cent Feb. 12, 1973. Rejected 129–237. Oct. 4, 1973. Voted: No.

370. H.J. Res. 748. Dollar Devaluation Appropriations. Passage of the bill to appropriate such sums as necessary, up to a limit of $2,203,000,000, to maintain the gold value of U.S. financial commitments to the International Monetary Fund and international development banks in terms of the dollar which was devalued by 10 per cent on Feb. 12, 1973. Passed 274–90. Oct. 4, 1973. Voted: Yes.

371. H.R. 9682. D.C. Home Rule. Adoption of the rule (H. Res. 581) providing for House floor consideration of the bill to grant self-determination to the residents of the District of Columbia. Adopted 346–50. Oct. 9, 1973. Voted: Yes.

372. H.R. 9682. D.C. Home Rule. Amendment to the pending committee substitute amendment to provide for presidential appointment of judges to the D.C. Court of Appeals and the D.C. Superior Court, rather than appointment by the D.C. mayor. Adopted 228–186. Oct. 10, 1973. Voted: No.

373. H.R. 9682. D.C. Home Rule. Amendment to the pending committee substitute amendment to allow either chamber of Congress or the president to veto actions taken by the city council. Rejected 138–273. Oct. 10, 1973. Voted: No.

374. H.R. 9682. D.C. Home Rule. Amendment to the pending committee substitute amendment to create a federal enclave containing most of the federal buildings and lands in the District of Columbia to be supervised by a national service director to be appointed by the president. Adopted 209–202. Oct. 10, 1973. Voted: No.

375. H.R. 9682. D.C. Home Rule. Amendment to the pending committee substitute amendment to provide for presidential appointment of the city's chief of police rather than appointment by the D.C. mayor. Rejected 132–275. Oct. 10, 1973. Voted: No.

376. H.R. 9682. D.C. Home Rule. Amendment to the pending committee substitute amendment to limit the National Capital Planning Commission's planning authority to the District of Columbia, thus excluding parts of Maryland and Virginia. Rejected 130–278. Oct. 10, 1973. Voted: No.

377. H.R. 9682. D.C. Home Rule. Substitute amendment to the committee substitute amendment that would provide for an elected eight-member city council but continue presidential appointment of the mayor instead of a 13-member elected council and an elected mayor. Rejected 144–273. Oct. 10, 1973. Voted: No.

378. H.R. 9682. D.C. Home Rule. Passage of the bill, as amended by the committee substitute, to provide for the nonpartisan election of a 13-member city council and a mayor by the residents of the District of Columbia and to reorganize the District government. Passed 343–74. Oct. 10, 1973. Voted: Yes.

379. H.J. Res. 727. Continuing Appropriations, Fiscal 1974. Motion to recommit to conference the bill which would continue funding for several federal departments and agencies through adjournment of the first session of the 93rd Congress. Motion rejected 182–225. Oct. 11, 1973. Voted: Yes.

380. H.J. Res. 727. Continuing Appropriations, Fiscal 1974. Adoption of the conference report on the bill to continue through the adjournment of the first session of the 93rd Congress funding for federal departments and agencies for which regular fiscal 1974 appropriations had not yet been enacted. Adopted 309–99. Oct. 11, 1973. Voted: No.

381. H.R. 10614. Military Construction, Fiscal 1974. Passage of the bill to authorize $2,651,227,000 in fiscal 1974 appropriations for construction projects at military bases in the United States and overseas. Passed 359–28. Oct. 11, 1973. Voted: No.

382. H.J. Res. 542. War Powers. Adoption of the conference report on the bill to establish a 60-day limit on the President's powers to commit U.S. troops abroad, unless Congress declared war or specifically authorized the action or was unable to meet because of an armed attack on the United States, and to permit Congress to end such a commitment at any time by passage of a concurrent resolution, which would have statutory authority without a presidential signature. Adopted 238–123. Oct. 12, 1973. Voted: No.

383. H.R. 10203. Water Resources Development Act. Passage of the bill to authorize $1,258,257,000 for fiscal 1974 for construction, repair, design and development of flood control, navigation and other water resources projects on the nation's rivers, harbors and coastlines. Passed 337–14. Oct. 12, 1973. Voted: Yes.

384. S. 907. Arctic Winter Games. Motion to suspend the rules and pass the bill to authorize $150,000 for the U.S. contribution to the international 1974 arctic winter games to be held in Alaska. Motion agreed to (and thus cleared for the President) 306–54. Oct. 15, 1973. Voted: No.

385. H.R. 8346. National Building Standards Act. Motion to suspend the rules and pass the bill to amend the Housing and Urban Development Act of 1970 to create a National Institute of Building Standards, which would develop test methods and criteria to judge the performance of existing and new building technology and would encourage standardization of local building codes. Motion rejected 108–258. Oct. 15, 1973. Voted: Yes.

386. H.R. 9590. Treasury-Postal Service Appropriations, Fiscal 1974. Adoption of the conference report on the bill to appropriate $5,233,189,000 in fiscal 1974 for the Treasury Department, U.S. Postal Service, Executive Office of the President and related agencies. Adopted 403–10. Oct. 16, 1973. Voted: Yes.

387. H.R. 9590. Treasury-Postal Service Appropriations, Fiscal 1974. Motion to accept a Senate amendment restoring a provision to allow the President to set White House staff salaries without regard to Civil Service requirements. (The provision had been deleted from the bill by the House on a point of order against legislative provisions in an appropriations bill.) Motion adopted 253–153. Oct. 16, 1973. Voted: No.

388. H.R. 9590. Treasury-Postal Service Appropriations, Fiscal 1974. Motion to accept a Senate amendment restoring a provision to allow the President to make payments for official entertainment expenses without a regular government accounting. (The provision had been deleted from the bill by the House on a point of order against legislative provisions in an appropriations bill.) Motion adopted 302–107. Oct. 16, 1973. Voted: No.

389. H.R. 6691. Legislative Appropriations, Fiscal 1974. Adoption of the conference report on the bill to appropriate $605,189,933 for fiscal 1974 operations of the legislative branch. Adopted 400–11. Oct. 16, 1973. Voted: Yes.

390. H.R. 10717. Menominee Indians. Motion to suspend the rules and pass the bill to repeal the act terminating federal supervision over the property and members of the Menominee Indian Tribe of Wisconsin as a federally recognized, sovereign Indian tribe. Motion agreed to 404–3. Oct. 16, 1973. Voted: Yes.

391. H.R. 9681. Emergency Petroleum Allocation. Amendment to provide that any allocation of crude oil should not apply to the production stage (but at the pipeline or refinery stage), unless the President found it necessary to include producers within an allocation program. Rejected 136–245. Oct. 16, 1973. Voted: No.

392. H.R. 9681. Emergency Petroleum Allocation. Motion to limit time for debate on all pending amendments to 15 minutes. Motion rejected 161–214. Oct. 16, 1973. Voted: Yes.

393. H.R. 9286. Defense Procurement. Adoption of the rule (H. Res. 601) providing for House floor consideration of the conference report on the fiscal 1974 defense procurement bill and waiving points of order against Senate non-germane amendments. Rejected 193–216. Oct. 17, 1973. Voted: Yes.

394. H.R. 9681. Emergency Petroleum Allocation. Amendment to transfer authority to monitor the petroleum allocation program from the Federal Trade Commission to the General Accounting Office. Rejected 152–256. Oct. 17, 1973. Voted: No.

395. H.R. 9681. Emergency Petroleum Allocation. Passage of the bill to direct the President to establish a mandatory program to allocate crude oil and refined petroleum products to assure that shortages are shared equally by all users and all regions of the United States. Passed 337–72. Oct. 17, 1973. Voted: Yes.

396. S. 2016. Amtrak Authorization. Adoption of the conference report on the bill to authorize $154.3-million in fiscal 1974 for the National Railroad Passenger Corporation (Amtrak). Adopted 346–51. Oct. 17, 1973. Voted: Yes.

397. H.R. 10397. Cabinet Committee on Opportunities for Spanish-Speaking People. Passage of the bill to authorize $1.5-million for the Cabinet Committee on Opportunities for Spanish-Speaking People for the period of June 30, 1973 to December 31, 1974. Passed 273–97. Oct. 18, 1973. Voted: Yes.

398. H.R. 9639. School Lunch. Motion to concur in a Senate amendment to a disputed provision in the conference report on the

school lunch bill. The Senate amendment would have provided that no state could receive less in federal payments in fiscal 1974 for the free and reduced-price school lunch programs than it had received in fiscal 1973. Motion rejected 145–218. Oct. 18, 1973. Voted: Yes.

399. H.R. 10586. Military Dependents' Medical Care. Passage of the bill to authorize the use of health maintenance organizations to provide medical care to military dependents under the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS). Passed 345–41. Oct. 23, 1973. Voted: Yes.

400. H.R. 3927. Environmental Education. Adoption of the rule (H. Res. 600) providing for House floor consideration of the bill to extend through fiscal 1976 the Environmental Education Act of 1970 and to authorize appropriations under the act totaling $45-million for fiscal 1974–76. Adopted 369–15. Oct. 24, 1973. Voted: Yes.

401. H.R. 3927. Environmental Education. Amendment to extend through fiscal 1974, rather than through fiscal 1976, the Environmental Education Act of 1970. Rejected 140–252. Oct. 24, 1973. Voted: No.

402. H.R. 3927. Environmental Education. Passage of the bill to extend through fiscal 1976 the Environmental Education Act of 1970 and to authorize appropriations under the act of $5-million in fiscal 1974, $15-million in fiscal 1975 and $25-million in fiscal 1976. Passed 335–60. Oct. 24, 1973. Voted: Yes.

403. H.R. 10956. Emergency Medical Services. Adoption of the rule (H. Res. 655) providing for House floor consideration of the bill to authorize $185-million in fiscal 1974–76 to aid area-wide systems of emergency medical care. Adopted 380–2. Oct. 25, 1973. Voted: Yes.

404. H.R. 10956. Emergency Medical Services. Passage of the bill to authorize $185-million in fiscal 1974–76 to aid area-wide systems of emergency medical care. Passed 364–18. Oct. 25, 1973. Voted: Yes.

405. H.R. 9456. Drug Abuse Education. Adoption of the rule (H. Res. 656) providing for House floor consideration of the bill to extend the Drug Abuse Education Act of 1970 for three years. Adopted 376–4. Oct. 30, 1973. Voted: Yes.

406. H.R. 9456. Drug Abuse Education. Passage of the bill to authorize $90-million in fiscal 1974–76 appropriations under the Drug Abuse Education Act of 1970 for school-based and community-based education programs on drug and alcohol abuse. Passed 372–13. Oct. 30, 1973. Voted: Yes.

407. H.R. 9286. Defense Procurement. Motion to delete from the defense procurement conference report a section ruled non-germane which would require the secretary of health, education and welfare to continue to operate eight Public Health Service hospitals and to require specific congressional authorization for PHS hospital closings. Motion rejected 103–290. Oct. 31, 1973. (The House subsequently agreed to the conference report by a voice vote.) Voted: No.

408. H.J. Res. 735. Iranians at U.S. Naval Academy. Motion to suspend the rules and pass the bill to authorize the secretary of the Navy to admit for instruction at the U.S. Naval Academy two students from Iran, without cost to the United States. Motion agreed to 343–28. Nov. 6, 1973. Voted: No.

409. H.R. 5874. Federal Financing Bank. Motion to suspend the rules and pass the bill to establish a federal financing bank to coordinate federal borrowing. Motion agreed to 349–25. Nov. 6, 1973. Voted: Yes.

410. H.R. 8219. Organization of African Unity. Motion to suspend the rules and pass the bill to authorize the President to extend to the Organization of African Unity certain privileges and immunities as stipulated in the International Organizations Immunities Act. Motion agreed to 340–39. Nov. 6, 1973. Voted: Yes.

411. H.R. 10937. Watergate Grand Jury Extension. Motion to suspend the rules and pass the bill to extend the term of the federal grand jury of the District of Columbia investigating the Watergate break-in and coverup for six months beyond its normal expiration on Dec. 4, 1973, and to permit the U.S. District Court of the District of Columbia to extend it an additional six months upon the request of the grand jury. Motion agreed to 378–1. Nov. 6, 1973. Voted: Yes.

412. H.J. Res. 542. War Powers. Passage, over President Nixon's Oct. 24 veto, of the bill to establish a 60-day limit on the President's powers to commit U.S. troops abroad, unless Congress declared war or specifically authorized the action or was unable to meet because of an armed attack on the United States, and to permit Congress to end such a commitment at any time by passage of a concurrent resolution, which would have statutory authority without a presidential signature. President's veto overridden 284–135. Nov. 7, 1973. Voted: Yes.

413. H.R. 11104. Federal Debt Limit. Motion to order the previous question—thus ending debate and the possibility for amendments—on the rule (H. Res. 687) to provide for House floor consideration of the bill (H.R. 11104) to extend the temporary federal debt ceiling to June 30, 1974. (Adoption of the motion prevented tax reformers from offering a substitute rule allowing for floor amendments to increase Social Security benefits and to tighten the minimum tax on preference income.) Motion agreed to 274–135. Nov. 7, 1973. Voted: No.

414. H.R. 11104. Federal Debt Limit. Amendment to reduce in the bill the temporary federal debt ceiling level to $475.7-billion from $478-billion. Adopted 263–147. Nov. 7, 1973. Voted: Yes.

415. H.R. 11104. Federal Debt Limit. Passage of the bill to increase the temporary federal debt limit to $475.7-billion and to extend the temporary limit from Nov. 30, 1973, to June 30, 1974. Passed 253–153. Nov. 7, 1973. Voted: No.

416. H.R. 9142. Northeast Rail Services. Adoption of the resolution (H. Res. 688) providing for House floor consideration of the bill to authorize $421.5-million plus $1-billion in federal loan guarantees to reorganize the six bankrupt railroads in the Northeast into one profitable corporation. Adopted 393–2: Nov. 8, 1973. Voted: Yes.

417. H.R. 9142. Northeast Rail Services. Amendment to terminate all federal compensation payments made to any employee under the bill within six years after the new corporation began. Rejected by recorded teller vote 148–245. Nov. 8, 1973. Voted: No.

418. H.R. 9142. Northeast Rail Services. Second vote on the amendment previously adopted by voice vote to limit to six years the monthly allowance payments to certain employees transferred under the new system to another northeastern railroad. Rejected 187–198. Nov. 8, 1973. Voted: No.

419. H.R. 9142. Northeast Rail Services. Passage of the bill to authorize $421.5-million plus $1-billion in federal loan guarantees to reorganize the six bankrupt railroads in the Northeast into one profitable corporation. Passed 306–82. Nov. 8, 1973. Voted: Yes.

420. S. 1081. Alaskan Pipeline. Motion to recommit to conference the Alaskan pipeline bill with instructions to House conferees to insist on deleting provisions to authorize the Federal Trade Commission to take certain court actions on its own; to transfer from the Office of Management and Budget to the General Accounting Office authority to review regulatory agency requests for business information and to require Senate confirmation of the incumbent and future directors of the White House Office of Energy Policy and Administrators of the Interior Department Mining Enforcement and Safety Administration. Motion rejected 162–213. Nov. 12, 1973. Voted: No.

421. S. 1081. Alaskan Pipeline. Adoption of the conference report on the bill to authorize the immediate construction of the trans-Alaskan pipeline, to amend right-of-way provisions of the Mineral Leasing Act of 1920, and to authorize the Federal Trade Commission to take certain court actions. Adopted 361–14. Nov. 12, 1973. Voted: Yes.

422. H.R. 8916. State, Justice, Commerce Appropriations, Fiscal 1974. Adoption of the conference report on the bill to appropriate $4,687,527,000 in fiscal 1974 for the Departments of State, Justice, Commerce, the federal judiciary, and 15 related agencies. Adopted 394–11. Nov. 13, 1973. Voted: Yes.

423. H. Con. Res. 378. Thanksgiving Recess Passage of the resolution to provide for House adjournment for the Thanksgiving holiday from close of business Nov. 15 until Nov. 26. Passed 215–190. Nov. 13, 1973. Voted: No.

424. H.R. 8877. Labor-HEW Appropriations, Fiscal 1974. Motion to recommit to conference the bill to appropriate $32,926,796,000 in fiscal 1974 for the Departments of Labor and Health, Education and Welfare and related agencies. (The purpose of the motion was to seek a House-Senate conference agreement on a new formula for distributing education aid for disadvantaged children.) Motion agreed to by recorded teller vote 272–139. Nov. 13, 1973. Voted: Yes.

425. S. 1570. Emergency Petroleum Allocation. Adoption of the conference report on the bill to direct the President to establish a mandatory program for the allocation of oil and oil products. Adopted 348–46. Nov. 13, 1973. Voted: Yes.

426. H. Res. 128. Members' Conduct. Adoption of the resolution expressing the sense of the House that any member convicted of a crime and sentenced to two or more years imprisonment should refrain from participation in committee business and from voting in committee or on the floor. Adopted 388–18. Nov. 14, 1973. The President did not take a position on the resolution. Voted: No.

427. H.R. 11459. Military Construction Appropriations, Fiscal 1974. Passage of the bill to appropriate $2,609,090,000 for fiscal 1974 Department of Defense construction of family housing, bachelor living quarters and other armed forces facilities. Passed 366–29. Nov. 14, 1973. Voted: No.

428. H. Res. 702. Judiciary Committee Funds. Motion to order the previous question on the House Administration Committee amendment to reduce proposed funds in the resolution for the House Judiciary Committee. (The vote had the effect of ending the chance of further amending the amendment.) Agreed to 230–182. Nov. 15, 1973. (The amendment to reduce the funds to $1-million from $1.5-million was subsequently adopted by voice vote.) Voted: Yes.

429. H. Res. 702. Judiciary Committee Funds. Motion to order the previous question on the resolution to provide funds for the House Judiciary Committee to enable it to carry out its impeachment investigation of President Nixon. (The vote had the effect of ending the chance of further amending the resolution.) Agreed to 233–186. Nov. 15, 1973. (The resolution was subsequently agreed to (*See vote 431, below*).) Voted: Yes.

430. H. Res. 702. Judiciary Committee Funds. Motion to recommit the resolution to the Administration Committee with instructions that the resolution be amended to require that no less than one-third of the funds be available to the minority party and to require the committee to define the nature and scope of its investigation before spending any of the $1-million contained in the resolution. Rejected by recorded teller vote 190–227. Nov. 15, 1973. Voted: No.

431. H. Res. 702. Judiciary Committee Funds. Adoption of the resolution to provide an additional $1-million for the House Judiciary Committee to carry out its investigation of impeachment charges against Pres-

ident Nixon. Adopted 367–51. Nov. 15, 1973. Voted: Yes.

432. H.R. 11333. Social Security Benefit Increases. Amendment to delete a provision that requires the federal government to pay the cost of increasing supplemental security income (SSI) benefits in January 1974 for the aged, blind and disabled poor in states that would supplement federal payments under the SSI program. Adopted 246–163. Nov. 15, 1973. Voted: No.

433. H.R. 11333. Social Security Benefit Increases. Passage of the bill to increase Social Security benefits by 7 per cent in March 1974 and by an additional 4 per cent in June 1974, to increase the Social Security payroll tax wage base to $13,200 in January 1974 and to provide future adjustments in the payroll tax rate and to move up to January 1974, from July 1974, scheduled increases in benefits under the federal supplemental security income (SSI) program which was scheduled to replace existing federal-state matching assistance programs for the aged, blind and disabled poor. Passed 391–20. Nov. 15, 1973. Voted: Yes.

434. H.R. 11238. D.C. Adoption Subsidies. Passage of the bill to authorize subsidy payments to foster parents for adoption of certain "difficult to place" children who are wards of the District of Columbia. Passed 350–0. Nov. 26, 1973. Voted: Yes.

435. H.R. 7446. American Revolution Bicentennial. Adoption of the conference report on the bill to establish the American Revolution Bicentennial Administration (to replace the American Revolution Bicentennial Commission) to coordinate planning for the 1976 bicentennial celebration. Adopted 357–34. Nov. 27, 1973. Voted: Yes.

436. H.R. 11324. Daylight Savings Time. Motion to consider the rule (H. Res. 718) providing for House floor consideration of the daylight savings time bill. Motion agreed to 349–40. Nov. 27, 1973. (The rule was subsequently adopted by voice vote.) Voted: Yes.

437. H.R. 11324. Daylight Savings Time. Passage of the bill to provide for daylight savings time from the first Sunday occurring 15 days after enactment until the last Sunday in April 1975. Passed 311–88. Nov. 27, 1973. Voted: Yes.

438. H.R. 11010. Manpower Development. Adoption of the rule (H. Res. 719) providing for House floor consideration of the bill to extend programs providing for employment and training opportunities for the unemployed. Adopted 386–7. Nov. 28, 1973. Voted: Yes.

439. H.R. 11010. Manpower Development. Amendment to reduce the population requirement for local governments eligible to administer public employment program assistance to 50,000 from 100,000. Adopted 248–149. Nov. 28, 1973. Voted: Yes.

440. H.R. 11010. Manpower Development Amendment, as modified, to provide that several units of local government with an aggregate population of 50,000 may administer public employment assistance rather than to restrict eligibility to those groups of government in which at least one unit of government had a 100,000 population. Adopted 260–140. Nov. 28, 1973. Voted: Yes.

441. H.R. 11010. Manpower Development. Amendment to increase fiscal 1975 funds earmarked in the bill for the public employment program to $1 billion from $500 million. Rejected 107–292. Nov. 28, 1973. Voted: Yes.

442. H.R. 11010. Manpower Development. Passage of the bill to extend programs providing for employment and training opportunities for the unemployed. Passed 369–31. Nov. 28, 1973. Voted: Yes.

443. H.R. 11104. Federal Debt Limit. Adoption of the resolution (H. Res. 721) providing for House disagreement to Senate amendments to the federal debt limit bill and returning the bill to the Senate. The Senate had added to the bill amendments to provide for federal financing of presidential and congressional election campaigns. Agreed to 347–54. Nov. 29, 1973. Voted: No.

444. H.R. 11575. Defense Appropriations, Fiscal 1974. Amendment to increase personnel funds in the defense appropriations bill by $1.25 million to raise the number of race relations instructors and officers from 2,555 to 3,255—the full number requested by the President. Rejected 178–226. Nov. 29, 1973. Voted: Yes.

445 H.R. 11575. Defense Appropriations, Fiscal 1974. Amendment to delete language in the bill that would prohibit the Navy from spending more than $851.6 million in fiscal 1974 for ship repairs and alterations at Navy ship yards, thus requiring it to spend 31.5 percent of its allotted repair and alteration funds at private shipyards. (The amendment would have allowed the Navy to determine where the repairs were to be made.) Rejected 170–203. Nov. 30, 1973. Voted: No.

446 H.R. 11575. Defense Appropriations, Fiscal 1974. Amendment to reduce over-all funds in the bill by $3.5-billion and to direct the Defense Department to compensate for the reduction by spending funds in the unobligated prior year balances category in the Defense Department budget. Rejected 118–250. Voted: Yes.

447. H.R. 11575. Defense Appropriations. Fiscal 1974. Amendment to reduce the active duty force levels by 22,000 men—to 2,158,000 from the 2,180,000 level recommended by the Appropriations Committee. Rejected 160–210. Nov. 30, 1973. Voted: Yes.

448. H.R. 11575. Defense Appropriations. Fiscal 1974. Passage of the bill to appropriate $74,488,609,000 for Department of Defense activities and all major armed forces and weapons programs in fiscal 1974. Passed 336–23. Nov. 30, 1973. Voted: No.

449. H.R. 11576. Supplemental Appropriations, Fiscal 1974. Amendment to increase the appropriation for programs authorized under the Rehabilitation Act of 1973 to $741,668,000 from $707,538,000. Rejected 160–164. Nov. 30, 1973. Voted: Yes.

450. H.R. 11576. Supplemental Appropriations, Fiscal 1974. Passage of the bill to appropriate supplemental funds totaling $1,433,035,718 for several federal departments and agencies in fiscal 1974. Passed 295–8. Nov. 30, 1973. Voted: Yes.

451. S. 1191. Child Abuse Prevention. Motion to suspend the rules and pass the bill to authorize $60-million in fiscal 1974–76 for the prevention and treatment of child abuse and neglect and to establish a National Center on Child Abuse and Neglect. Motion agreed to 354–36. Dec. 3, 1973. Voted: Yes.

452. H.R. 11710. Salary of Attorney General/Congressional Franking Privilege. Motion to suspend the rules and pass the bill to lower to $35,000 from $60,000 the salary of the attorney general and to clarify the proper use of the franking privilege by members of Congress. The purpose of the bill was to clear the way for the appointment of Sen. William B. Saxbe (R. Ohio) as attorney general. Motion agreed to 261–129. Dec. 3, 1973. Voted: No.

453. H.R. 9437. International Travel. Motion to suspend the rules and pass the bill to amend the International Travel Act of 1961 to authorize $40-million in fiscal 1974–76 for programs to encourage foreign travelers to visit the United States. Motion agreed to 272–120. Dec. 3, 1973. Voted: Yes.

454. S. 1443. Foreign Aid. Adoption of the rule (H Res 725) providing for House floor consideration of the bill to authorize $2.4-billion for foreign economic and military assistance in fiscal 1974 and $922-million in economic assistance in fiscal 1975. Adopted 265–137. Dec. 4, 1973. Voted: Yes.

455. S. 1443. Foreign Aid. Adoption of the conference report on the bill to authorize $2.4-billion for foreign economic and military assistance in fiscal 1974 and $922-million in economic assistance in fiscal 1975. Adopted 210–193. Dec. 4, 1973. Voted: Yes.

456. H. Con. Res. 173. Fishing Industry. Motion to suspend the rules and pass the resolution to declare it the policy of Congress to support, protect and enhance the coastal and offshore fisheries resources of the United States. Motion agreed to 405–0. Dec. 4, 1973. Voted: Yes.

457. H.R. 8877. Labor-HEW Appropriations. Fiscal 1974. Adoption of the conference report on the bill to appropriate $32,926,796,000 in fiscal 1974 funds for the Departments of Labor and Health, Education and Welfare and related agencies. Adopted 371–33. Dec. 5, 1973. Voted: Yes.

458. H.R. 8877. Labor-HEW Appropriations. Fiscal 1974. Motion that the House agree to an amendment reported in technical disagreement that would allow the President to impound up to $400,000,000 of the total amount provided in the bill. Motion agreed to 263–140. Dec. 5, 1973. Voted: No.

459. H.R. 7130. Budget Reform. Amendment to set at July 1 rather than March 31 the deadline in the bill for final congressional action on legislation to authorize appropriations for the fiscal year to start on the following Oct. 1. Rejected vote: 106–300. Dec. 5, 1973. Voted: No.

460. H.R. 7130. Budget Reform. Amendment to prohibit congressional consideration of bills to create or extend a major federal program with anticipated costs of more than $100-million in the first three fiscal years of the program's existence unless the bill or existing law either provides for pilot testing of the program, requires that an evaluation of the program be made within three years or is accompanied by a statement in the committee report giving reasons for waiving both pilot testing and evaluation. Rejected 185–218. Dec. 5, 1973. Voted: No.

461. H.R. 7130. Budget Reform. Amendment to limit to three years the authorization of appropriations for all federal programs except those funded by user taxes. Rejected 192–217. Dec. 5, 1973. Voted: No.

462. H.R. 7130. Budget Reform. Amendment to require that Congress hold all appropriations bills—including those within budget targets after final action and send them to the President only after completing a budget reconciliation process. Rejected 117–289. Dec. 5, 1973. Voted: Yes.

463. H.R. 7130. Budget Reform. Amendment to delete provisions giving either the House or the Senate power, by passing a resolution, to require the President to spend impounded funds. Rejected by recorded teller vote 108–295. Dec. 5, 1973. Voted: Yes.

464. H.R. 7130. Budget Reform. Amendment to require passage of a concurrent resolution by both the House and Senate to force the President to spend impounded funds and to allow Congress to selectively require release of impounded funds for certain programs without affecting impoundments for other programs. Rejected 186–221. Dec. 5, 1973. Voted: No.

465. H.R. 7130. Budget Reform. Amendment to make the bill's impoundment control provisions effective on Oct. 1, 1975—the date that the budget control provisions would be implemented—rather than upon enactment. Rejected 185–221. Dec. 5, 1973. Voted: No.

466. H.R. 7130. Budget Reform. Passage of the bill to revise congressional procedures to give Congress better control over federal spending and fiscal policy and to allow either the House or the Senate to direct the President to spend impounded funds. Passed 386–23. Dec. 5, 1973. Voted: No.

467. H. Res. 735. Gerald R. Ford Confirmation. Adoption of the rule (H. Res. 738) providing for House floor consideration of the nomination of Rep. Gerald R. Ford (R. Mich.) to be Vice President of the United States. Adopted 389–15. Dec. 6, 1973. Voted: Yes.

468. H. Res. 735. Gerald R. Ford Confirmation. Confirmation, as provided for by the 25th Amendment, of President Nixon's nomi-

nation of Rep. Gerald R. Ford (R. Mich.) to be Vice President of the United States. Confirmed 387–35. Dec. 6, 1973. Voted: No.

469. H.R. 11459. Military Construction Appropriations, Fiscal 1974. Adoption of the conference report on the bill to appropriate $2,658,861,000 in fiscal 1974 for construction of military family housing, bachelor quarters and other installations in the United States and overseas. Adopted 329–40. Dec. 7, 1973. Voted: No.

470. H.R. 9107. Federal Retirement Annuities. Adoption of the rule (H. Res. 673) providing for House floor consideration of the bill to establish a minimum civil service retirement benefit equal to the minimum Social Security benefit and to increase civil service annuities based upon retirement prior to October 20, 1969, by $300 for a retiree and $165 for a surviving spouse. Adopted 295–70. Dec. 7, 1973. Voted: Yes.

471. H.R. 9107. Federal Retirement Annuities. Passage of the bill as amended to establish a minimum civil service retirement benefit equal to the minimum Social Security benefit and to increase annuities based upon retirement prior to October 29, 1969, by $240 for a retiree and $132 for a surviving spouse. Passed 270–95. Dec. 7, 1973. Voted: Yes.

472. H.R. 10710. Trade Reform. Adoption of the rule (H. Res. 657) providing for House floor consideration of the bill to grant the President far-ranging powers to negotiate agreements adjusting trade barriers. (The rule prohibited any floor amendments not offered by the Ways and Means Committee except an amendment by Charles A. Vanik (D Ohio). The rule also allowed amendments to strike the entire section dealing with trade with Communist nations and to strike the section providing generalized trade preferences to developing nations.) Adopted 230–147. Dec. 10, 1973. Voted: No.

473. H.R. 1010. Trade Reform. Vanik amendment to forbid extension of credits or guarantees by any federal government agency for trade with a Communist nation if the President found that its government denied the right to emigrate or imposed more than nominal fees or taxes on citizens who wished to emigrate. Adopted 319–80. Dec. 11, 1973. Voted: Yes.

474. H.R. 10710. Trade Reform. Amendment to strike provisions to forbid extension of trade credits or most-favored-nation duty status for trade with a Communist nation if the President determined that its government denied the right to emigrate or imposed more than nominal fees or taxes on citizens who wished to emigrate. Rejected 106–298: Dec. 11, 1973. Voted: No.

475. H.R. 10710. Trade Reform. Passage of the bill to give the President broad powers to negotiate trade expansion agreements and to take steps to reduce trade barriers subject to congressional veto procedures, grant import relief, provide adjustment assistance for workers and industries hurt by imports and retaliate against unfair trade practices. Passed 272–140. Dec. 11, 1973. Voted: Yes.

476. H.R. 11088. Israeli Emergency Assistance. Amendment to authorize use of the emergency Israeli aid bill's funds to support implementation of both the 1967 United Nations Security Council resolution calling for Israeli withdrawal from occupied territories and for respect for the sovereignty and territorial integrity of every state in the area, and the 1973 UN Security Council resolution calling for a cease-fire and peace negotiations. Rejected 82–334. Dec. 11, 1973. Voted: No.

477. H.R. 11088. Israeli Emergency Assistance. Passage of the bill to authorize $2.2-billion in emergency security assistance for Israel. Passed by recorded teller vote. 364–52. Dec. 11, 1973. Voted: Yes.

478. H.R. 11771. Foreign Operations Appropriations, Fiscal 1974. Amendment to delete from the bill $1-million in military training funds for Chile and to bar use of any of the bill's funds for military credit sales to Chile. Rejected 102–304. Dec. 11, 1973. Voted: Yes.

479. H.R. 11771. Foreign Operations Appropriations, Fiscal 1974. Amendment to reduce funds in the bill for emergency military assistance for Cambodia to $50-million from $150-million. Rejected 147–256. Dec. 11, 1973. Voted: Yes.

480. H.R. 11771. Foreign Operations Appropriations, Fiscal 1974. Amendment to prohibit the use of any Export-Import Bank funds to extend credit to any nonmarket (communist) economy country or any country that does not have preferential most-favored-nation tariff status. Rejected 13–266. Dec. 11, 1973. Voted: No.

481. H.R. 11771. Foreign Operations Appropriations, Fiscal 1974. Passage of the bill to appropriate $5,833,912,000 in fiscal 1974 for foreign economic and military assistance. Passed 219–180. Dec. 11, 1973. Voted: Yes.

482. H.R. 11450. National Energy Emergency Act. Adoption of the rule (H Res 744) providing for House floor consideration of the bill to direct the President to take certain actions to assure that the nation's essential energy needs are met. Adopted 272–129. Dec. 12, 1973. Voted: Yes.

483. H.R. 11450. National Energy Emergency Act. Amendment to the pending substitute amendment to provide a mechanism for congressional disapproval within 15 days of proposed presidential energy plans rather than to require congressional approval of all proposed presidential energy plans. Rejected 152–256. Dec. 12, 1973. Voted: No.

484. H.R. 11450. National Energy Emergency Act. Amendment to the pending substitute amendment to provide for participation by the Justice Department and Federal Trade Commission in the preparation of any allocation plans to prevent possible anti-competitive practices. Adopted 286–112. Dec. 12, 1973. Voted: Yes.

485. H.R. 11450. National Energy Emergency Act. Amendment to eliminate the coal industry from provisions of the pending energy emergency bill which would restrict windfall profits. Adopted 256–155. Dec. 13, 1973. Voted: No.

486. H.R. 11450. National Energy Emergency Act. Amendment to ban the allocation of petroleum for busing of students to schools farther than the school nearest to their homes. Adopted 221–192. Dec. 13, 1973. Voted: No.

487. H.R. 11450. National Energy Emergency Act. Motion that all debate on the pending substitute amendment and amendments to it be concluded at 10 p.m. that day. Motion rejected 58–351. Dec. 13, 1973. Voted: No.

488. H.R. 11450. National Energy Emergency Act. Amendment to the pending substitute amendment to delete provisions for hearings by the Renegotiation Board with judicial review to protect against windfall profits, to permit the President to restrict unreasonable profits in the oil and coal industries, and to require him to propose legislation to further regulate excess profits and provide incentives to industry to invest profits in fuel research and exploration. Rejected 188–213. Dec. 13, 1973. Voted: No.

489. H.R. 11450. National Energy Emergency Act. Amendment to the pending substitute amendment to extend through the 1977-model year the interim federal vehicle emission standards for the 1975-model year. Adopted 199–180. Dec. 13, 1973. Voted: No.

490. H.R. 11450. National Energy Emergency Act. Amendment to the pending substitute amendment to delete provisions, which exempted from antitrust action those voluntary energy conservation agreements by retail establishments to limit operating hours or adjust delivery schedules. Rejected 170–223. Dec. 14, 1973. Voted: Yes.

491. H.R. 11450. National Energy Emergency Act. Amendment to the pending substitute amendment to suspend auto emission standards through Jan. 1, 1977, or the date on which the President declared that the petroleum shortage was at an end, whichever was later, in all areas except specified regions with significantly high pollution levels. Rejected 180–210, Dec. 14, 1973. Voted: No.

492. H.R. 11450. National Energy Emergency Act. Amendment to the pending substitute amendment to permit the allocation of fuels for the busing of students only where the busing plan had been approved by the appropriate school board. Rejected 185–202, Dec. 14, 1973. Voted: Yes.

493. H.R. 11450. National Energy Emergency Act. Motion that the House conclude all debate on the pending substitute amendment and amendments to it at 6:30 p.m. that day. Motion agreed to 197–196, Dec. 14, 1973. Voted: No.

494. H.R. 11450. National Energy Emergency Act. Motion to strike the enacting clause of the bill and thus kill the bill. Motion rejected 56–335, Dec. 14, 1973. Voted: No.

495. H.R. 11450. National Energy Emergency Act. Amendment to the pending substitute amendment to limit the number of automobiles which consumed less than 17 miles per gallon purchased by the federal government in fiscal 1975 to 30 per cent of the total number purchased, and to limit the number of automobiles which consumed less than 20 miles per gallon purchased by the federal government in fiscal 1976 to 10 per cent of the total number purchased. Adopted 299–89, Dec. 14, 1973. Voted: Yes.

496. H.R. 11450. National Energy Emergency Act. Amendment to the pending substitute amendment to exempt from restrictions on windfall profits the owners of leases which produced less than 25,000 barrels of oil per day. Rejected 189–194, Dec. 14, 1973. Voted: No.

497. H.R. 11450. National Energy Emergency Act. Amendment to the pending substitute amendment to authorize federal incentives to promote the use of public transportation and federal subsidies to maintain or reduce existing fares and additional expenses incurred because of increased service. Adopted 197–184, Dec. 14, 1973. Voted: Yes.

498. H.R. 11450. National Energy Emergency Act. Motion that the House, meeting as a Committee of the Whole House, cease debate on the energy bill and return to meet as the House. Buchanan sought to offer a motion to revise the time agreement under which the bill was being considered, a motion not permitted when the House is meeting in Committee of the Whole. Motion rejected 104–280. Dec. 14, 1973. Voted: No.

499. H.R. 11450. National Energy Emergency Act. Amendment to the pending substitute amendment to provide unemployment assistance to persons who lose their jobs because of administration and enforcement of the act. Adopted 311–73. Dec. 14, 1973. Voted: Yes.

500. H.R. 11450. National Energy Emergency Act. Amendment to the pending substitute amendment to direct the energy office administrator to consider in drafting energy conservation plans the needs of businesses (such as delicatessens) which supply convenience goods and services at other hours than conventional daytime working hours. Adopted 301–60. Dec. 14, 1973. Voted: Yes.

501. H.R. 11450. National Energy Emergency Act. Amendment to the pending substitute amendment to include commercial fishing operations among activities granted priority schedules in the bill for the allocation of scarce fuels and for energy conservation plans. Adopted 332–19. Dec. 14, 1973. Voted: Yes.

502. H.R. 11450. National Energy Emergency Act. Amendment to the pending substitute amendment to prohibit the export of coal or petroleum products if either the secretary of labor or the secretary of commerce certified that the exports would contribute to do-

mestic unemployment. Adopted 327–27. Dec. 14, 1973. Voted: Yes.

503. H.R. 11450. National Energy Emergency Act. Amendment to the pending substitute amendment to exempt the naval petroleum reserves from provisions of the bill. Rejected 174–202. Dec. 14, 1973. Voted: No.

504. H.R. 11450. National Energy Emergency Act. Amendment to the pending substitute amendment to exempt from restrictions on windfall profits owners of leases which produced less than 5,000 barrels of oil per day. Rejected 140–226. Dec. 14, 1973. Voted: No.

505. H.R. 11450. National Energy Emergency Act. Amendment to the pending substitute amendment to direct the Interstate Commerce Commission to eliminate rate discrimination against the shipment of certain recycled materials. Adopted 349–8. Dec. 14, 1973. Voted: Yes.

506. H.R. 11450. National Energy Emergency Act. Motion that the House cease meeting as a Committee on the Whole House, thus preventing further consideration of the energy emergency bill at that time. Motion rejected 86–290. Dec. 14, 1973. Voted: No.

507. H.R. 11450. National Energy Emergency Act. Amendment to the pending Staggers (D. W. Va.) substitute amendment to prohibit the export of crude oil or oil products unless the President found that the exports would not contribute to domestic oil shortages. Rejected 152–205. Dec. 14, 1973. Voted: Yes.

508. H.R. 11450. National Energy Emergency Act. Amendment to the pending substitute amendment to suspend auto emission standards through Jan. 1, 1976, or the date on which the President declared that petroleum shortages were over, whichever was later, in all areas except specified regions with significantly high pollution levels. Rejected 170–205. Dec. 14, 1973. Voted: No.

509. H.R. 11450. National Energy Emergency Act. Amendment to the pending substitute amendment to prohibit the export of petroleum products for use either directly or indirectly, in military operations in South Vietnam, Cambodia, or Laos. Adopted 201–172. Dec. 14, 1973. Voted: Yes.

510. H.R. 11450. National Energy Emergency Act. Amendment to the pending substitute amendment to prohibit the export of petroleum products for use, either directly or indirectly, in military operations in Israel. Rejected 50–320. Dec. 14, 1973. Voted: No.

511. H.R. 11450. National Energy Emergency Act. Motion to recommit the bill to the Interstate and Foreign Commerce Committee. Motion rejected 173–205. Dec. 14, 1973. Voted: No.

512. H.R. 11450. National Energy Emergency Act. Passage of the bill to authorize specific, temporary emergency actions to ensure that essential U.S. energy needs would be met. Passed 265–112. Dec. 14, 1973. Voted: Yes.

513. S. 1435. D.C. Home Rule. Motion to recommit to conference the bill to provide for an elected mayor and city council in the District of Clumbia. Rejected 80–259. Dec. 17, 1973. Voted: No.

514. S. 1435. District of Columbia Home Rule. Adoption of the conference report on the bill to provide for an elected mayor and city council in the District of Columbia. Adopted 272–74. Dec. 17, 1973. Voted: Yes.

515. S.J. Res. 180. Convening of Second Session, Motion to suspend the rules and adopt the joint resolution to provide for the convening of the second session of the 93rd Congress on Jan. 21, 1974, unless members were given prior notice by the congressional leadership to reassemble on a different date. Motion agreed to 263–91. Dec. 17, 1973. Voted: No.

516. S. 2482. Small Business Loan Ceiling. Motion to suspend the rules and pass the bill to extend for six months the loan authority of the Small Business Administration and to increase the ceiling on the face value of SBA loans to $4.875-billion from $4.3-billion. Motion agreed to 339–21. Dec. 17, 1973. Voted: Yes.

517. H.R. 9256. Federal Employee's Health Benefits. Adoption of the conference report on the bill to increase the federal government's contribution to federal employee's health insurance premiums to 60 per cent by 1975, from an existing level of 40 per cent. Adopted 307–82. Dec. 18, 1973. Voted: Yes.

518. H. Res. 746. Suspensions: Adoption of the resolution to authorize the House speaker to accept motions to suspend the rules at any time during sessions from Dec. 19–22, 1973. Adopted 284–101. Dec. 18, 1973. Voted: Yes.

519. S. 2166. Opium Disposal. Motion to suspend the rules and pass the bill to authorize the disposal of about 65,700 pounds of opium from the national stockpile. Motion agreed to 270–122. Dec. 18, 1973. Voted: No.

520. S. 2316. Copper Disposal. Motion to suspend the rules and pass the bill to authorize the disposal of about 251,600 short tons of copper from the national stockpile. Motion agreed to 315–73. Dec. 18, 1973. Voted: No.

521. H.R. 11714. Indoor Energy Conservation. Motion to suspend the rules and pass the bill to authorize $16-million for the General Services Administration over three years to develop improved design, lighting, insulation and architectural standards to promote energy conservation in homes, business structures and industrial buildings. Motion rejected 230–160. Dec. 18, 1973. Voted: Yes.

522. H.R. 11763. National Visitor Center. Motion to suspend the rules and pass the bill to amend the 1968 National Visitor Center Facilities Act to provide for the construction of an inter-city bus terminal in Washington, D.C. Motion agreed to 356–18. Dec. 18, 1973. Voted: Yes.

523. H.R. 11576. Supplemental Appropriations, Fiscal 1974. Motion to recommit to conference the fiscal 1974 supplemental appropriations bill with instructions that the House conferees accept a Senate amendment to appropriate $72-million for exploration and production at two naval petroleum reserves. Motion to recommit agreed to 216–180. Dec. 19, 1973. Voted: Yes.

524. H.R. 11510. Energy Research and Development Administration. Amendment to authorize six, rather than five, Energy Research and Development Administration assistant administrators to provide for separate assistant administrators for energy conservation and for environment and safety, rather than one assistant administrator for energy conservation, environment and safety. Rejected 112–271. Dec. 19, 1973. Voted: Yes.

525. H.R. 11510. Energy Research and Development Administration. Passage of the bill to reorganize federal energy research and development programs in a new independent Energy Research and Development Administration. Passed 355–25. Dec. 19, 1973. Voted: Yes.

526. S. 1559. Manpower Revenue Sharing. Motion to recommit to conference the bill to provide financial assistance to state and local prime sponsors for job training and employment programs. Rejected 93–264. Dec. 20, 1973. Voted: No.

527. S. 1559. Manpower Revenue Sharing. Adoption of the conference report to authorize federal assistance to state and local agencies for job training and employment programs. Adopted 330–33. Dec. 20, 1973. Voted: Yes.

528. H.R. 11575. Defense Appropriations, Fiscal 1974. Motion to recommit to conference the fiscal 1974 Defense Department appropriations bill. Motion rejected 88–280. Dec. 20, 1973. Voted: Yes.

529. H.R. 11575. Defense Appropriations, Fiscal 1974. Adoption of the conference report on the bill to appropriate $73,714,930,000 in fiscal 1974 for the Department of Defense. Adopted 336–32. Dec. 20, 1973. Voted: No.

530. H.R. 11771. Foreign Operations Appropriations, Fiscal 1974. Adoption of the conference report on the bill to appropriate $5,780,434,000 in fiscal 1974 for foreign economic and military assistance, and to provide for the transfer of $44-million in previously appropriated Transportation Department funds to initiate a program to reorganize rail service in the Northeast and Midwest. Adopted 216–149. Dec. 20, 1973. Voted: Yes.

531. S. 1983. Endangered Species Act. Adoption of the conference report on the bill to extend protection to fish, wildlife and plants that were likely to become endangered in the foreseeable future, as well as those in immediate danger of extinction. Adopted 355–4. Dec. 20, 1973. Voted: Yes.

532. H.R. 6186. District of Columbia Insurance Dividends. Motion to suspend the rules and pass the bill to regulate District of Columbia insurance dividends with an amendment that would allow employees of the federal and District of Columbia governments to be candidates for mayor and city council in the city. Motion agreed to 319–26. Dec. 20, 1973. Voted: Yes.

533. H.R. 9142. Northeast Rail Services. Adoption of the conference report on the bill to reorganize the six major or bankrupt railroads in the Northeast and Midwest into one profit-making corporation. Adopted 284–59. Dec. 20, 1973. Voted: Yes.

534. H.R. 11576. Supplemental Appropriations, Fiscal 1974. Adoption of the conference report to appropriate $1,703,125,386, in 1974 funds for several federal departments and agencies. Adopted 329–10. Dec. 20, 1973. Voted: Yes.

535. H.R. 11333. Social Security Benefits. Adoption of the conference report to provide an 11 per cent increase in Social Security benefits by June 1974. The conference report provided for a 7 per cent increase in March 1974, and another 4 per cent increase in June 1974. Adopted 301–13. Dec. 21, 1973. Voted: Yes.

536. S. 921. Wild Rivers-Energy Emergency Act. Demand for a second to the motion to suspend the rules and agree to Senate amendments to the bill, as amended by a substitute measure that included a modified limitation on windfall profits by the oil industry. Second ordered 148–113. Dec. 21, 1973. Voted: Yes.

537. S. 921. Wild Rivers-Energy Emergency Act. Motion to suspend the rules and agree to Senate amendments to the bill, as amended by a substitute measure that included a modified windfall profits provision. Motion rejected 169–95. Dec. 21, 1973. Voted: Yes.

538. S. 921. Wild Rivers-Energy Emergency Act. Motion to suspend the rules and agree to Senate amendments to the bill, as amended by a substitute bill to grant the President temporary emergency powers to deal with fuel shortages, but excluding limitations on windfall profits. Rejected 22–240. Dec. 21, 1973. Voted: No.

539. S. 921. Wild Rivers-Energy Emergency Act. Motion to suspend the rules and agree to Senate amendments to the bill authorizing $20-million to extend and complete the current study of a proposed expansion of the Wild and Scenic Rivers System and to grant the President temporary emergency powers to impose gasoline rationing and certain energy conservation measures. The bill would have an earlier expiration date and would have excluded the windfall profit provisions. Motion rejected: 36–228. Dec. 21, 1973. Voted: No.

540. H. Con. Res. 411. Adjournment Resolution. Adoption of the resolution to provide for the adjournment of the first session of the 93rd Congress, *sine die*. (Under provisions of the resolution, the Congress would reconvene upon written request by the leadership of either House to the Secretary of the Sen-

ate or the Clerk of the House.) Rejected 74–171. Dec. 21, 1973. (The resolution subsequently was passed by voice vote on Dec. 22, 1973.) Voted: No.

541. Adjournment Motion. Motion that the House of Representatives stand adjourned, *sine die*. Motion rejected: 39–160. Dec. 22, 1973. Voted: No.

CONTINUATION OF ELIGIBILITY FOR COVERAGE UNDER THE FEDERAL EMPLOYEES' HEALTH BENEFITS PLANS UPON RETIREMENT FROM FEDERAL SERVICE

HON. JEROME R. WALDIE

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 5, 1974

Mr. WALDIE. Mr. Speaker, today I have introduced a bill to amend section 8905, title 5, United States Code to delete the present requirement that a Federal employee, in order to be eligible to continue his other participation in a Federal employees' health benefits plan, upon retirement, must have been enrolled in a health benefits plan for 5 years immediately before his or her retirement.

I believe that the prompt enactment of this bill would remedy hardships imposed on certain Federal employees who are not eligible to continue their participation in a Federal employees' health benefits plan upon retirement from Federal service solely because they have not participated in the plan for the 5 years immediately preceding their retirement. In some cases, Federal employees do not elect to enroll in a Federal employees' health benefits plan because they are protected under a health benefits program provided by their spouse's employer.

Often, upon the death, divorce, retirement, and so forth, of the spouse this employee is then without health insurance protection. Should the employee elect to enroll in a Federal employees' health benefits plan and subsequently retire from Federal service within 5 years of the date of enrollment in the plan, he or she is denied eligibility to continue health insurance coverage as a Federal annuitant. Thus, at the time when the employee is most likely to require health insurance, he or she is left without protection.

The 5-year enrollment requirement was established in 1959 at the inception of the Federal Employees' Health Benefits Plans because it was believed that employees should participate in a health benefits plan for more than a token period prior to retirement. The 5-year period was arbitrarily established in order to insure that not only older employees, anticipating retirement, would elect to participate in a health benefits plan. Since 1959, participation in the Federal Employees' Health Benefits Plans has become widespread, encompassing employees of all age categories. Thus, the 5-year requirement has become an anachronism and has lost its validity in today's environment.

The enactment of this bill would delete the 5-year requirement and provide relief to employees who would otherwise be denied health insurance protection at a time when it may be desperately required:

H.R. 13266

A bill to amend title 5, United States Code, to remove the requirement of five years of employee service immediately before retirement for an annuitant to be eligible to continue health benefits coverage after retirement

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 8905(b)(1) of title 5, United States Code, is amended—

(1) by deleting subparagraph (A); and

(2) by redesignating subparagraphs (B) and (C) as subparagraphs (A) and (B), respectively.

MALLARY ANNOUNCES POLL RESULTS

HON. RICHARD W. MALLARY

OF VERMONT

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 5, 1974

Mr. MALLARY. Mr. Speaker, I sent a questionnaire to my constituents in late January. The questionnaire was sent to all postal patrons in Vermont. The response I received from about 20,000 people and the views expressed in the questionnaires indicate that Vermonters are deeply concerned about our Nation's problems, especially the energy crisis.

In the questionnaire, I asked Vermonters what they felt were the Nation's most important priorities. They responded that energy shortages were far and away the most pressing problem. Eighty-seven percent of the people responding felt that energy shortages were a very important or most important priority. This compared with 68 percent who felt that welfare reform was a very important or most important priority, 66 percent for tax reform, 62 percent for unemployment, 58 percent for consumer protection, 55 percent for protection of private pensions, 52 percent for drug abuse and environmental protection, 51 percent for campaign financing reform, 44 percent for national health insurance, and 33 percent for housing.

These concerns were also reflected in responses concerning Federal spending. Vermonters overwhelmingly support more Federal funds for energy research and development and for mass transit. These two areas were the only areas in which a majority of Vermonters indicated that more Federal funds should be spent. Seventy-nine percent responded that more Federal funds should be spent for energy research and development, and 68 percent responded that more funds should be directed for mass transit.

Majorities were also clear in the area of defense, where 55 percent felt that less funds should be spent; welfare, where 60 percent responded that less funds should be spent; and revenue sharing, for which 51 percent felt that the same amount of funds should be continued.

For agriculture, responses were almost evenly split for spending more or less, with 45 percent responding that spending levels should remain the same. Forty-five percent also responded that spending levels should remain the same for education, with 16 percent who felt that levels should be reduced, and 39 percent for increasing spending. In the area of health, 12 percent responded that spending levels should be lower, 47 percent that spending should remain the same, and 41 percent that spending should increase.

It is clear, however, that a solid majority opposes an increase to the total Federal budget. Forty-five percent responded that total Federal spending should be reduced, 43 percent that spending should remain the same, and only 12 percent responded that total Federal spending should be increased.

Energy concerns were again reflected in responses to questions about major issues. Eighty-four percent of the people responding felt that protecting jobs should be a top priority in distributing fuel and gasoline, and 70 percent felt that highway money should be spent on improving mass transit.

Vermonters apparently favor campaign reform, but oppose the use of public funds for this purpose. Sixty-eight percent responded that Vermont should restrict out of State contributions, and 86 percent responded that the size of political contributions should be limited, but 59 percent opposed use of tax money in paying for political campaigns.

A substantial majority of the respondents support the Supreme Court decision on abortion. Sixty-six percent responded in favor of the decision, with 24 percent opposing the decision and 10 percent who were undecided. A majority of 51 percent opposed making food stamps more easily available to people.

The response was very much divided on the issue of President Nixon's tenure in office. Thirty-five percent of the respondents felt that the President should stay in office, and 18 percent felt that impeachment proceedings should continue in order to prove or disprove the charges against the President. Twenty-one percent indicated that the President should resign, and 26 percent favored impeachment now.

Mr. Speaker, the questionnaire questions and responses were as follows:

A. General: Answer scale: (1)=NO; (2)=No; (3)=Uncertain; (4)=Yes; (5)=YES	1	2	3	4	5
1. The economy and rationing: Should protecting jobs be a top priority in distributing fuel and gasoline?	3	6	7	40	44
2. Mass transit: Should highway money be spent on improving mass transit?	10	8	12	30	40
3. Food stamps: Should they be made more easily available to more people?	30	21	19	17	13
4. Campaign financing: Should Vermont restrict out-of-State contributions?	8	12	12	26	42
5. Campaign financing: Should the size of political contributions be limited?	3	6	4	29	58
6. Campaign financing: Should tax money be used to assist in paying for political campaigns?	46	13	9	18	14
7. Abortion: Do you believe that the Supreme Court decision that permits women and their doctors to decide about abortions within the 1st 3 mo of pregnancy and allows the State to regulate abortions after 3 mo is a reasonable solution?	18	6	10	34	32

B. Priorities: On the following scale of 1 to 5, which of these issues requires the most urgent consideration? (1)=Not important; (2)=Somewhat important; (3)=Important; (4)=Very important; (5)=Most important.	1	2	3	4	5
8. Reform of the welfare system	2	8	22	28	40
9. Drug abuse	4	14	30	28	24
10. Unemployment	2	8	28	33	29
11. Protection of private pensions	6	19	30	23	22
12. Environmental protection	4	16	28	22	30
13. Energy shortages	1	2	10	25	62
14. Tax reform	2	10	22	26	40
15. Campaign financing reform	9	17	23	22	29
16. Consumer protection	4	13	25	29	29
17. National health insurance	14	18	24	20	24
18. Housing	8	27	32	19	14

C. Budget: On the following scale, how would you like to see your tax money spent this year compared to last year? (1)=Spend less; (2)=Spend same as now; (3)=Spend more	1	2	3
19. Agriculture	28	45	27
20. Mass transit	12	20	68
21. Defense	55	31	14
22. Energy research and development	5	16	79
23. Welfare	60	29	11
24. Health	12	47	41
25. Education	16	45	39
26. Revenue Sharing	32	51	17
27. Total Budget	45	43	12

28. President Nixon: In your opinion, which best describes your feelings about President Nixon?	Number
(1) He is doing an excellent job and should stay in office	10
(2) He is better than any other President we can get under the circumstances and should stay in office	11
(3) He is no worse than other politicians and should stay in office	14
(4) He should not be impeached now. Congressional impeachment proceedings will either prove or disprove the charges against him	18
(5) Under the present circumstances, he should resign	21
(6) On the basis of information now available, he should be impeached	26

ATTACKS INDISCRIMINATE SHELLING IN CAMBODIA

HON. ROBERT N. C. NIX

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 5, 1974

Mr. NIX. Mr. Speaker, I rise to point out, as chairman of the Asian and Pacific Affairs Subcommittee of the House, the terrorism practiced by those forces which seek to overthrow the Khmer Republic.

Artillery fire has been directed into Phnom Penh into the marketplace of the city to kill as many civilians as possible. Over 1,000 civilians, all told, have been killed in such attacks; 150 people were killed in recent rocket attacks on the marketplace.

These attacks point to the strategy of terror which is the main weapon of the Communist forces in Cambodia.

They seek to force the population of the countryside into the city of Phnom Penh and then they terrorize them by savage shelling.

The present Government has tried to negotiate with these forces without avail.

Therefore, we must be aware in the House, with the example of Cambodia in mind, that so-called guerrilla warfare places very little dependence on persuasion. Guerrilla reforms are carried out at the point of a gun. As in the past, guerrilla warfare is very often simply murder.

KISSINGER COMMITS UNITED STATES TO NEGOTIATIONS FOR PANAMA CANAL GIVEAWAY

HON. JOE L. EVINS

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 5, 1974

Mr. EVINS of Tennessee. Mr. Speaker, it appears that the Department of State is moving forward with its plans to surrender U.S. control and sovereignty over the vital and strategic Panama Canal and Canal Zone, notwithstanding the opposition from Members of Congress and the American people.

Following a recent meeting in Panama where representatives of the United States and Panama signed a joint statement of principles for negotiations on a new Panama Canal Treaty, Secretary of State Henry Kissinger made a speech brimming with good will, rhetoric, and the intent of this administration to compromise our sovereignty in Panama.

Secretary Kissinger goes on to say that there have been some criticisms of the United States about the Panama Canal, and that "some of these criticisms are justified."

The Secretary of State declared that Panamanian Foreign Minister Tack and Ambassador Bunker "have shown that Panama's sovereignty and the vital interests of the United States in the Panama Canal can be made compatible"—then Secretary Kissinger said:

> A new agreement must restore Panama's territorial sovereignty.

Secretary Kissinger said further:

> In the President's name, I hereby commit the United States to complete this negotiation successfully and as quickly as possible.

Translated from State Department jargon, this is an acknowledgment that the administration plans to surrender our sovereignty—as a matter of fact, Secretary Kissinger said, with a grand verbal flourish:

> A new agreement must restore Panama's territorial sovereignty while preserving the interests of the United States and its participation in what is for us an indispensable international waterway.

Stripped of bureaucratic flight of fancy and hyperbole, Mr. Kissinger's remarks boil down to a "giveaway" and a surrender of U.S. rights and sovereignty in Panama now held by the United States.

The commitment has been made for negotiation of a treaty with Panama and the only saving consideration may be that any treaty must be ratified by the U.S. Senate.

I again deplore the actions of the Secretary of State in setting in motion the machinery to give away our territorial sovereignty in Panama vitally needed for our two-ocean Navy and the security of the United States.

In this connection I place in the RECORD a recent telegram which I sent Secretary Kissinger, deploring and denouncing the planned Panama Canal giveaway and a response from Stanton D. Anderson, Acting Secretary for Congressional Affairs, Department of State:

FEBRUARY 7, 1974.

Hon. HENRY KISSINGER,
Secretary of State,
Department of State,
Washington, D.C.

DEAR MR. SECRETARY: I am alarmed, distressed and disturbed over the reported sellout of United States sovereignty over the Panama Canal and Canal Zone. The United States bought this land, invested billions, built the Canal, and the national defense and national interest demand that we retain our control and sovereignty. You should not yield to pressure from those who cry "Yankee Imperialism". What is needed is a strong dose of Yankee thrift and common sense, for a change. Don't give away our rights to this strategic area and Canal and open the door to another "Suez". Protect our two-ocean navy and our national security and defense. Retain the Panama Canal and Canal Zone in the public interest of the United States.

Action and a favorable report hereon will be appreciated.

With kindest regards.

JOE L. EVINS,
Member of Congress.

DEPARTMENT OF STATE,
Washington, D.C., February 28, 1974.

Hon. JOE L. EVINS,
House of Representatives,
Washington, D.C.

DEAR MR. EVINS: Secretary of State Kissinger has asked me to reply to your telegram concerning the Panama Canal and Canal Zone.

You may be assured that the question of United States interests in the Panama Canal and how we might best protect them has been subject to the most thorough review and continues to receive concerted attention throughout the Executive Branch. Our principal goal in these negotiations is to protect U.S. interests.

Panama has been discontented with the Treaty of 1903 since its inception and has pressed for more favorable terms with increasing intensity in recent years. Treaty revisions were made in 1936 and 1955. But the most objectionable feature from Panama's viewpoint—United States exercise of rights as if sovereign in the Canal Zone in perpetuity—remained unchanged. The canal has become the major political issue in Panama as well as a continuing source of tension in U.S.-Panamanian relations. A flag raising incident in the Canal Zone in 1964 led to riots and the death of 20 Panamanians and 4 Americans.

After considering all the factors, and recognizing that a disgruntled and resentful government and people in Panama could create a situation in which United States interests in the canal would be seriously threatened, the resumption of treaty negotiations with Panama was undertaken. The negotiations began in June 1971 and have been renewed under a new U.S. chief negotiator, Ambassador at Large Ellsworth Bunker.

Primary United States objectives in the negotiations are: the right to administer, operate and defend the canal for an extended period of time; an option to expand canal capacity, either by adding a third set of locks or building a new sea-level canal.

As in all negotiations both sides have put forth positions. Many issues remain to be resolved and negotiations are continuing. We cannot predict when an agreement on a new treaty will be reached.

Any decision which the President might make affecting the future of the canal will, of course, protect United States interests. In fact, a major reason for initiating these negotiations is to head off a crisis which would endanger those interests. A treaty, of course, would be submitted to the Senate for approval and would be subject to full constitutional process.

More specific information concerning the issues involved in the Canal treaty negotiations are contained in the enclosed copy of the Background and Status of the Panama Canal Treaty Negotiations prepared by the Office of Panamanian Affairs.

I hope that the enclosed material will serve to relieve your concern about the future of the Panama Canal. Please continue to call on me whenever you believe I might be of assistance.

Sincerely yours,

STANTON D. ANDERSON,
Acting Assistant Secretary for Congressional Relations.

PANAMA CANAL ZONE

HON. ROBERT PRICE

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 5, 1974

Mr. PRICE of Texas. Mr. Speaker, I am today sponsoring legislation which clearly expresses my sentiments and those of most of the people of the 13th District of Texas—and that is a resolution which in unmistakable terms unalterably opposes my sellout of American interests in the Panama Canal Zone.

Once again, those who are allegedly negotiating in behalf of the "interests" of the United States propose to serve our interests by surrendering them to an unstable and unfriendly foreign government. Of course, the sellout would be sold to the Congress and to the American people as a gesture of "good will" and will be couched in the flowery language of of the State Department as being a recognition of "changing times" and done in the name of peace, and brotherly love. But I would like to ask—since when has the canal ceased to be a lifeline to the security and commerce of the United States? And since when has the Government of Panama achieved the stability which would guarantee future American use of the canal under reasonable and fair conditions as the United States in its management of the canal over the past 60 years has provided to the shipping interests of all the nations of the world? What makes those who propose to surrender American control of the canal be so naive as to believe that we can actually trust the leftist dictatorship, the Panamanian Government? How many times in the past has the United States negotiated agreements with Nations only to find its interests and investments nationalized or confiscated in the twinkling of an eye by a subsequent government which has come to power by force? What would happen to American interests if Panama were to suddenly come under the control of a madman like Fidel Castro? What would our bureaucrats do in the face of that "new reality"? Would we then crawl on our knees and beg for the right to use the Panama Canal which has already cost the American taxpayers over $5 billion and the American determination to succeed where others had failed?

The apologetic American negotiators are attempting to smugly rationalize and justify their efforts to sellout this Nation by suggesting that those who defend American control of the Panama Canal are out of touch, neanderthals, backward, or to quote a recent statement of the Secretary of State:

> Those who fail to understand new currents are inevitably engulfed by them.

The only new current in this world is the crescendo of brazen attempts by hostile foreign nations to abrogate commitments to the United States and to seize our citizens and their property without fear of retaliation and without regard to just compensation. Now more than ever, the United States represents the world's best hope for stability and world peace. American rule over the Panama Canal has been evenhanded, and has provided both stability and the highest per capita income in all of Central America to the people of Panama.

President Lincoln once remarked that he did not fear his enemies—it was his friends he worried about. Likewise, with the "faceless wonders in striped pants at the State Department" as they have been aptly labeled by our distinguished colleague, H. R. GROSS, as negotiators for our Nation, we need not wonder about the motives of the Panamanians, but rather need to protect ourselves from our own State Department.

The time is here and now for the Congress, including the House of Representatives which shares with the Senate the power to dispose of and make all needful rules and regulations respecting the territory or other property belonging to the United States, to make it "perfectly clear" to all that we do not intend to give away the critically important Panama Canal, which by every legal treaty and right has been bought and paid for by the taxpayers of the United States.

POLITICIANS PLAY THE ENERGY SHELL GAME

HON. ROBERT E. BAUMAN

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 5, 1974

Mr. BAUMAN. Mr. Speaker, coincident with the energy crisis there seems to be a growing shortage of economic logic on the part of political leaders on all levels. This abandonment of logic was demonstrated by the passage of the emergency energy conference report.

The Easton Star Democrat of Easton Md., recently commented editorially on Government action and the fuel shortage, and their thoughts are worth sharing.

GOVERNMENT AND THE GAS SHORTAGE

The socialists and other great liberal thinkers in our midst have been telling us for years that government management of the economy would bring us to paradise.

We are getting a taste of their paradise now, as we frantically search for open gas stations, wait for hours in gas lines, pray that the gas pumps won't run dry until we get our portions.

Chaos prevails in Maryland and neighboring states. Commerce is slowed to a crawl. People are losing their jobs for lack of gasoline.

But the havoc has not been caused by the gasoline shortage of only 16 per cent nationally, which we could easily overcome with prudent conservation measures that the public was demonstrably willing to accept.

The crisis erupted only when the federal government started allocating gasoline according to the miscalculations of a central bureaucracy. The horrors we are experiencing are the inevitable result whenever political institutions enter business management.

If the petroleum industry had been left free to manage the business it knows so well, gasoline would have been distributed efficiently according to market needs.

We would have experienced some shortages with which we could have coped, but we would not have had scenes of desperation and madness at every Maryland service station that has managed to survive.

If anybody had predicted a year ago that the governor of Maryland would be suing the federal government to obtain more gasoline, that forecaster would have been regarded as insane.

But insanity is the correct description of the climate in which we live today. There is real danger that government intervention has damaged the petroleum distribution system for years to come. Hundreds of retail gasoline dealers in Maryland have closed their businesses permanently.

Not only has their sales volume been reduced by the shortage of product, but they are paying higher wholesale prices, and federal price controls have prevented them from making a decent profit on the gasoline they do sell.

The dealers are paying wholesale prices that have risen sharply for two reasons: the price of crude oil imports has been drastically increased by foreign producers, and American oil companies need billions of dollars for investment to expand domestic production.

Down the line is the retail dealer stripped of his profits. Those that survive are hanging on by cutting back services and laying off employees. In recent weeks they have been struggling to do business with mobs of frustrated motorists.

Meanwhile, the politicians of the land are not making matters any better. They even seem determined to worsen the crisis with outrageous displays of demagoguery.

They fume and fuss about the awful distortions in the federal allocation system, but not one has suggested that government should get out of the oil business and let efficient private industry do the job.

They do not talk about the need for production. Instead, they fiddle with price controls, which actually discourage production by limiting the profits needed for investment in expanding production.

In Washington, Sen. Henry M. Jackson plays with a proposal to roll back domestic crude oil prices, which will restrict investment in the production we so desperately need.

In Maryland, Governor Mandel proposes higher taxation on the oil companies, which will either drain profits or cause higher prices for the petroleum products marketed in Maryland.

While the public suffers, political leaders play a shell game with the scarcity, complain about profits in the industry, propose higher taxes and more regulation—none of which produces more oil.

The only cure for the petroleum shortage is more production on a large scale that can only be achieved by the genius of free enterprise in a free market, and healthy profit margins are essential to generate the massive investment that is needed.

As you leave your home at 5 a.m. to search for a gas line at a station that might be open, and as you endure the long wait if you are lucky enough to find such a line, just remember who caused your predicament.

Remember how the environmental extremists blocked construction of refineries, prevented offshore oil drilling, delayed construction of the Trans-Alaska pipeline for four years, delayed development of nuclear power plants that could have reduced our dependence on petroleum.

And remember the congressmen and bureaucrats who embodied the ideas of the ecology fanatics in the laws and regulations of our land.

Also remember the congressmen who voted for federal tax policies that encouraged development of foreign oil resources and discouraged development of our domestic resources.

Devote some thought to the federal price-controllers who have restricted the profits essential for increased productivity, and think about the economic disaster that price controls are forcing on your local retail dealer.

And finally, consider the federal energy czars who have fouled up the distribution system so horribly by substituting bureaucratic decisions for the experienced efficiency of private industry.

We invite you to ponder the lesson that we all can learn from the mess we are in.

LITHUANIAN INDEPENDENCE

HON. WILLIAM F. WALSH

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 5, 1974

Mr. WALSH. Mr. Speaker, Lithuania was an independent nation for only 22 short years, until 1940 when the Soviet Union invaded and occupied Lithuania, Latvia, and Estonia and forcibly annexed these Baltic States. The United States and other great Western powers have steadfastly maintained a policy of nonrecognition of this forceful incorporation of the Baltic States into the Soviet Empire.

This nonrecognition policy must continue, especially, in view of the Soviet-proposed "European Conference on Security and Cooperation." As indicated in the published preliminaries of the Conference, the Soviet concept of the security of the European states has one primary prerequisite: That the territorial integrity of the states and inviolability of their frontiers be maintained.

The recognition of the territorial "status quo" in Europe would violate the right of self-determination of the people and nations of Eastern Europe. It would be tantamount to world ratification of the infamous "Molotov-Ribbentrop Pact of 1939," and would extinguish for all time the small candle of hope on the darkness of the totalitarian oppression.

Today, the United States stands on the threshold of the most meaningful and potentially rewarding era in the history of mankind. For the first time in the last 50 years, global peace is attainable. However, global peace is only the first great objective of our Nation, we must also seek the attainment of justice and freedom for all oppressed nations.

For even if the countries of the world cease hostilities toward one another, the unresolved legacies of the Second World War must be confronted; the status of the Baltic nations must be—for once and for all—equitably resolved. Furthermore, let us not be fooled that world peace can be attained by offering the inalienable rights of the people of Lithuania and the other Baltic nations upon the altar of appeasement.

Even now, Lithuanians raised under the yoke of communism are risking and sacrificing their lives in defiance of the Soviet regime, seeking religious and political freedom for their country. The unsuccessful escape attempt of the Lithuanian sailor, Simas Kudirka, the self-immolation of Romas Kalanta, and the subsequent demonstration by thousands of young Lithuanians, and the petition of 17,000 Lithuanian Roman Catholics to Kurt Waldheim of the United Nations, demonstrate their thirst for freedom at any price.

The 89th Congress, during its 2d session, adopted House Concurrent Resolution 416, urging the President to direct the question of the status of the Baltic countries in the United Nations and other international forums.

The time is now for the public at large and the Government of this Nation to unite and share the concern of all Lithuanian Americans over the plight of their native country.

MASSACHUSETTS HOUSE PASSES RESOLUTION URGING THE CONGRESS TO REDUCE SOCIAL SECURITY TAXES

HON. JAMES A. BURKE

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 5, 1974

Mr. BURKE of Massachusetts. Mr. Speaker, on February 25, the Massachusetts State Legislature adopted a resolution introduced by Representative Michael Paul Feeney memorializing the Congress of the United States to enact legislation to reduce the social security payroll tax from its present 5.85 percent to 3.9 percent by increasing the taxable wage base to $25,000 and adding the Federal Government as a participant in the program.

This is legislation I introduced several weeks ago (H.R. 12489) and I am proud to say that approximately 80 Members of this body have now joined me as cosponsors.

I think it is important to note that the people of Massachusetts, through their elected State officials, are sending their message loud and clear to the Congress and that message is that something must be done to redress the excessive payroll tax. I know that the residents of Massachusetts are not alone in this desire.

I urge my colleagues to listen to the voices of the people and join me in an attempt to alleviate the payroll tax burden on millions of low and middle income members of the workforce.

I include for the RECORD a copy of the resolution adopted by the Massachusetts House and a press release issued from the State House following its adoption.

COMMONWEALTH OF MASSACHUSETTS

Resolution memorializing the Congress of the United States to enact legislation amending the Social Security Act and the Internal Revenue Code of 1954 to provide for Federal participation in the costs of the Social Security Program, with a substantial increase in the contribution and benefit base and with appropriate reductions in social security taxes to reflect the Federal Government's participation in such costs.

Whereas, There is pending before the Congress of the United States a bill H.R. 12489 which if enacted into law would amend the Social Security Act and the Internal Revenue Code of 1954 to provide for federal participation in the costs of the Social Security Program, with a substantial increase in the contribution and benefit base and with appropriate reductions in Social Security taxes reflect the Federal Government's participation in such costs; and

Whereas, Said bill would grant tax relief to every wage earner with an income of $20,000, or less; and

Whereas, It is the sense of the Massachusetts House of Representatives that, in these times of severe inflation, every means should be employed to increase the spendable income of working people; and

Whereas, Said bill, in addition to aiding the workers, would lower the cost of doing business for employers; therefore be it

Resolved, That the Massachusetts House of Representatives urges the Congress of the United States to enact into Law House Resolution 12489; and be it further

Resolved, That copies of these resolutions be forwarded by the Clerk of the House of Representatives to the President of the United States, to the Secretary of State, to the presiding officer of each branch of Congress and to each member thereof from this Commonwealth.

PRESS RELEASE

The Massachusetts House of Representatives today memorialized Congress by adopting resolutions filed by Representative Michael Paul Feeney of Hyde Park in support of United States House Bill 12489 sponsored in the Congress by Representative James A. Burke of Massachusetts.

Burke's bill which has already attracted widespread support in the Congress would reduce the social security payroll tax from its present 5.8% to 3.9% by increasing the taxable wage base from $13,200. to $25,000. and financing social security out of the federal government's general revenues. The Burke bill would provide substantial increases in both the contribution and benefit base and would increase tax relief to every wage earner with $20,000, or less. His bill would also lower the cost of business for employers.

Burke who has made this one of his major legislative projects for 1974 points up that the financial cost of the social security is borne to too great a degree by the lower and middle income working people of the United States. In effect, the tax features of the law actually penalize them.

THE GASOLINE SITUATION—A STATEMENT OF REGRET

HON. MARJORIE S. HOLT

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 5, 1974

Mrs. HOLT. Mr. Speaker, the Severna Park Shell service station which is located close to my home in Severna Park, Md., has recently been distributing an article entitled "The Gasoline Situation—A Statement of Regret," to its customers.

This article depicts, poignantly, the problems being placed on the service station owner by recent Federal regulations and legislation. It is an eye-opening account of what the Government has already done to these independent businessmen, and what possibly could follow if the bureaucracy is entrusted with additional powers.

I would like to share this statement with my colleagues:

The Gasoline Situation—A Statement of Regret

Success in the service station business depends upon the ability to attract and keep regular customers. To do this, a man must work hard, be honest, and give excellent service at a fair price.

Today, federal bureaucrats are undermining our ability to serve our regular customers who are so essential to our success.

The trend is clear: the service station business is being pushed into socialism. The fruits of long years of hard work are going down the drain. And the freedom to do business in the traditional American way is being destroyed.

Look what has happened in the past few months:

First, our prices were rigidly controlled. We could not raise our prices even though the prices we paid for supplies went up. In this way, the all-important margin of profit—never very high in this business—was narrowed to the point where the continued existence of our business was in doubt.

Next, they put a ceiling on the amount of gasoline we could get.

Now, they are forcing us to sell to everyone, whether or not they are our valued customers who helped us build this business.

The next step will probably be a government order forcing us to sell gas during hours prescribed by some bureaucrat. Chances are that the bureaucrat who will tell us when we must open and close never ran a business of his own, never faced tough competition, never provided jobs and goods and services for his neighbors. Yet the government will give him the power to run our business for us.

Who knows what the step after that will be? We are sure of only one thing: If this continues much longer our country will soon find itself stuck deep in the swamp of socialism, unable to capitalize on the initiative and energy of its most ambitious, creative, and productive citizens. The fate of England will be our fate, too.

, Justifying their dictates as necessary to achieve such worthy ideals as "fairness" and "equality", our bureaucratic masters are destroying the freedom to earn one's own living in one's own individual way. In the process of doing this, they are also reducing our drive, inventiveness, and productivity to the point where we are in danger of becoming a nation of drones, passively waiting for the bureaucrats to give us our daily bread.

We want to apologize to our regular customers for the inconveniences you are now experiencing so patiently. We would like to hold our gasoline for you, but we are told we must not do that. Big Brother is Watching. 1984 or was that 1974? You have supported us through the years, and we promised we would give you special consideration now—but we can't. Unlike many who are suddenly discovering our gas pumps, you patronized Severna Park Shell regularly, even though you could have purchased gasoline elsewhere for a few pennies a gallon less. Now, when gas is short, we can't put you first in line and are forced to sell to those who chose not to do business with us before.

Since the government is dictating to us to sell to those who ignored us before the energy crisis, will the government in turn force people to do business with us after the energy crisis is over? We doubt it. Bureaucratic conceptions of "fairness" never extend both ways.

We are considering the possibility of legal action to test the government's power to make our business decisions for us, to force us to sell gasoline to those who refused to do business with us two or three months ago and thus to deprive our regular customers of needed gasoline.

We may also try another possibility. Maybe all service stations should sell their entire monthly allocation during the first week or two of the month. Then, when all the gasoline in the state is gone, just sit back and let the bureaucrats deal with the ensuing crisis. What fun!

Isn't it time we had some leadership from federal and state levels, rather than reactions to problems that could have been avoided by leadership? Anyone can ride a train, but it takes professionals to run it. Consequently, it is time our government hired or trained the professionals necessary to do the job. The catch all phrase of conflict of interest appears to be more of a political consideration and we believe the country comes first and politics a far distant second.

Once again, we want to thank all of our regular customers for your patience, your cooperation, and your understanding in this very difficult situation. We appreciate it deeply.

Severna Park Shell Corp.,
Severna Park, Md.

POSTAGE FREE ABSENTEE VOTING ACT OF 1974

HON. WILLIAM D. FORD

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 5, 1974

Mr. FORD. Mr. Speaker, today I am introducing the Postage Free Absentee Voting Act of 1974.

For several years the city of Dearborn Heights, through the efforts of its city clerk, Mr. Robert G. McLachan, has been advocating the free mailing of absentee voting material. The city has been joined in its efforts by the International Institute of Municipal Clerks.

Today, I am pleased to introduce legislation designed to accomplish their goal. Very simply, my proposal would authorize the agency or official of a State or a political subdivision thereof which administers the election laws to mail postage free absentee ballots and instructions to any voter requesting such material. Further, this measure provides for the free return mailing of the ballot to the designated official or agency for tabulation.

It is estimated, Mr. Speaker, that about 5.7 percent of the total votes cast in the 1972 general election were by absentee ballots. Many persons who, for reasons of infirmity or proximity to their legal place of voting, were unable to reach the polls on election day and voted by mail. In my district, over 8,000 absentee ballots were counted in the general election. This would include the elderly, students, as well as civilian and military personnel stationed overseas.

Mr. Speaker, my proposal will encourage and promote a greater participation in the electoral process. Citizens have no greater power or expression of sentiment than through their vote, and as their representatives, it should be one of our primary responsibilities to evoke an even greater interest in our democratic system.

Mr. Speaker, I strongly believe my bill would accomplish this. Similar legislation has also been introduced in the other body.

At this point I would like to insert into the Record the text of the Postage Free Ballot Act of 1974.

H.R. 13218

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

Sec. 2. (a) Chapter 34 of title 39, United States Code, is amended by adding at the end thereof the following new section:

"§ 3406. Mailing of absentee voting matter

"(a) An official or agency of a State or political subdivision having authority to administer the election laws of the State or political subdivision may mail free of postage to an absentee voter of the State or political subdivision an application for an absentee ballot requested by the absentee voter, an absentee ballot, instructions explaining such application or ballot, and an envelope or other cover to return such application or ballot to the official or agency. The absentee voter may make a return mailing of his application or absence ballot free of postage if such mailing is made in the return envelope or other cover provided by such official or agency.

"(b) Any envelope or other cover containing matter authorized to be mailed free of postage under subsection (a) of this section shall bear the words 'Free Postage—Absentee Voting Matter', or words to the effect specified by the Postal Service, in the upper right-hand corner of the address area.

"(c) For the purposes of this section, the term—

"(1) 'State' shall include each of the several States and the District of Columbia; and

"(2) 'election' shall include any general, special, or primary election."

(b) The analysis of such chapter, immediately preceding section 3401 of such title, is amended by adding at the end thereof the following new item:

"3406. Mailing of absentee voting matter.".

Sec. 3. (a) Section 2401(c) of title 39, United States Code, is amended by striking out "3403–3405" and inserting in lieu thereof "3403–3406".

(b) Section 3627 of such title is amended by striking out "3403–3405" and inserting in lieu thereof "3403–3406".

ARTHUR GODFREY

HON. SILVIO O. CONTE

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 5, 1974

Mr. CONTE. Mr. Speaker, Arthur Godfrey, television personality extraordinaire and ardent environmentalist, is celebrating his 70th birthday this year. A feature article by Marion Clark of the Washington Post Service, which appeared in the Springfield, Mass., Republican this Sunday tells of his continued zest and vigor.

I would like to take this opportunity to wish my good friend Arthur Godfrey a very happy birthday and invite my colleagues to join me in wishing him many more returns of the day.

At this time, I introduce the article by Marion Clark in the Record:

"Hewahya, Hewahya"—Old Redhead Arthur Godfrey Now at 70 Admits He's Never Relaxed a Day in His Life

(By Marion Clark)

Washington.—It was the great croon, the sound of streamlined ease the 1950's fancied to be its trademark that happy, everything's okey-dokey, adenoidal mutter of Arthur Godfrey, the Old Redhead, snuggling the sound of ultimate relaxation into millions of American ears, lulling you awake mornings on the radio, lulling you to sleep evenings on the television—and making you laugh. Not a belly-laugh, just a slow, relaxed chuckle while he slipped up to a joke, easy-like, and slithered away.

If the Old Redhead, one of the greatest salesmen of all time, told you a product was okey-dokey, you could relax some more because, no siree, you weren't going to get gypped by the man whose honest Irish puss and buddy-buddy sincerity brought in $27 million worth of accounts to CBS per year.

No, you weren't going to get gypped by Mr. Relaxation, the man who was at-ease every second, at-ease enough on-the-air to fire Julius Larosa in front of 20 million viewers by sidling up to it, telling them Larosa had just sung his swan song. At-ease enough, in his early days on Washington radio, to make the Bronx cheer famous, giving it to one station exec or another most days before dawn, sure that none of "the idiots upstairs" were awake and listening. Or, to rip up commercials, muttering "nuts to that!"

Mr. Easy—does it. Who could ever forget the snicker? Or the greeting, the most imitated greeting of all times? "He—wahya, hehwahya, hehwahya."

We were fine. So was he.

Then, he'd laugh the second most famous laugh in radio, as soporific as the shadow's was sinister.

"Hyeunh, hyeunh," he'd laugh; "hyeunh, hyeunh."

He could even "hyeunh, hyeunh" at his own singing on the Cool Hand Uke, putting across some lyric like "She's Got Pimples on Her But, she's nice," so subtly the whole nation would end up singing it in its sleep.

But then Arthur Godfrey was probably the first media man to understand that it's not great singing or dancing or joke telling, but instant environment—a lifestyle you can borrow for half an hour, cool 'n' creamy—that people want. He supplied just that, which was good, because he arrayed the most spectacularly mediocre herd of talent ever to affront the American public. But nice. Relaxed.

Godfrey started it all in Washington, slipping relaxation into the crannies of row-house kitchens, nudging clerks awake in downtown boarding house rooms, back in the predawn mornings of the depression, back when tuning in Red Godfrey through the static could be the only reason to get up at all.

He had come, all bumpy road, from Hasbrouck Heights, N.J., where he grew up, and from a stint in the Navy, where he says he got his backbone. Most recently he had come from a Washington hospital, where he'd been laid up for months after a near-fatal auto accident that left him so badly battered the doctors said he'd never walk again, and where, he says, he developed his philosophy of radiostyle.

It was easy. It dawned on him, lying there alone in that hospital room with one radio, that radio announcers sounded ridiculous pontificating "ladies and gentlemen," when most of their audiences were just like him, one guy, alone, needing a little company—a buddy.

Media people are still saying that Godfrey "put Washington on the map" with his Hi-ya Buddy show, which ended up running 15 years before the move to New York, national radio, the network, TV, and ultimately Godfrey-to-Godfrey days of cool 'n' creamy, coast-to-coast media environment.

Along about 1945 he eased himself into some farm property down near Leesburg, Va., and every once in a while he might be jawing with a neighbor and ease himself into buying some of their extra property too, until he ended up easing himself into about 2600 acres of sweet land down there, which is called home now.

So there sits Mr. Relaxation's paradise with the swimming pool, the indoor skating rink, the solid fortress of a house, the mostly-for-fun farm animals and the airport where he can buzz the tower in his twin Beechcraft Baron to his heart's content, because it's Godfrey Field, after all, and he donated the land for it to the state of Virginia.

You can just see the old Redhead himself, now that he's 70 and has survived it all—the 40 years of public gone-fishin's flash, the amassing of a fortune so huge just trying to spend one-tenth of it could give a lesser man hives—basking, in character, next to the pool, the sun dipping behind one of his ole Virginny hills, glinting off his carrot top, shooting shadows down his golden cheeks, drawing them taut with lengthening, luxurious laughlines.

It makes you feel good. Even if you're not one of the millions of honorary "Little Godfreys" who hope the sun always shines on Arthur, it makes you feel somehow all right to know at least someone made it out to pasture, out to the golden acres.

I find Arthur Godfrey, in his 70th year, at a suite at a Washington hotel not down on the farm at all. He's just arrived from the West Coast to attend a meeting on conservation before he flies off to Florida the next day, and he's holed up with supplies: A survival kit of one bottle of Louis Martini red wine, another bottle of Inglenook Beaujolais, two plates of imported cheeses and fruits, and two plastic glasses he bought, "fooling the hotel," so he would not have to call room service.

The culmination of 70 years' worth of wisdom from the sunshine man, who, on top of it all, manages to look 20 years younger than his years, red hair intact, energy full throttle, wit never slowing and spirit downright disgusting. He's even dieted away 30 pounds in the last three months, putting him in better form than most 40-year-olds. Puts you to shame.

"Oh s—!" he says, "I've never been relaxed a day in my life. Once you're relaxed you're dead.

"But, I'll tell you, honey, when I want to take my mind off things, I do what any other intelligent man does. I get in bed with a good woman."

None of this "I play backgammon" stuff for the Old Redhead.

"You show me any man in the world," he goes on, "who's done something of magnitude, some outstanding creative endeavor, I don't care how far up he is, and I'll show you a swinger."

There is one gear here. Superglide. Nonstop. Rip up the script. Shove it to Axion, shove it to Julius LaRosa, pour that wine down the sink. If you don't love it, forget it. The doctor says you'll never walk again, forget it. Just keep walking. No Make a fool out of him. Figure skate, ride horses, jump up and down on the sofa in the hotel suite.

PASSPORT FRAUD, FORGERY

HON. H. R. GROSS

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 5, 1974

Mr. GROSS. Mr. Speaker, Frances Knight, the long-time, able head of the State Department's Passport Office, has written a frightening account of widespread, global passport fraud which should be must reading for every American, and certainly every Member of Congress.

She reveals that the number of U.S. passports reported lost or stolen rose from 17,129 in 1970 to an all time high of 27,501 in the last fiscal year. And she outlines a compelling case why a great number of these "lost" or "stolen" passports must be viewed as fraud cases.

This is a chilling account and a trend that must be reversed.

I have introduced two pieces of legislation dealing with passports. One bill requires the execution of an oath or affirmation or declaration of allegiance to the United States before a passport may be issued.

The second deals with the production or use of false papers to obtain official documents of the United States, such as passports.

I commend these bills to the Members of the House. A U.S. passport is one of the most valued documents on Earth. If we do not act to prevent its widespread debasement and forgery, we will have only ourselves to blame.

Mr. Speaker, I include Miss Knight's article, which appared in the February 16, 1974, issue of Human Events, for insertion in the Record at this point:

Passport Fraud Reaching Crisis Proportions

(By Frances G. Knight)

As I get older, my fuse seems to get shorter and in recent years I have become more vocal and resentful about paying high taxes, a substantial portion of which appear to be subsidizing criminal activities, national as well as international. I am angry with and speak out against the inefficiency, the duplication of work, the high cost of supporting the political hacks and the gold-bricking bureaucrats who confuse, delay and sidetrack the operations of the federal government.

The Congress is aware of this situation, but points an accusing finger at the Administration, and the Administration is aware of these internal roadblocks but points an accusing finger at the Congress. The taxpayers are caught in the middle. They subsidize maladministration, mismanagement and inefficiency every time they pay taxes.

With the exception of some notable progress in our foreign policy, thanks to White House initiative and a hardworking staff, the antics of our top-heavy federal bureaucracy have done little over the past decade to instill in young Americans a respect for government.

NATIONAL IMAGE HURT

Americans living overseas as federal employees or representatives of U.S. business and industry report that "morale is shot to hell" and shake their heads in disbelief as the foreign press picks up every detail of news detrimental to the U.S. Our national image is hurting everywhere—at home and abroad.

The once vaunted "can do" reputation of our country has given way to significant shrugs, snickers and jokes. Let us not forget that the billions of "giveaway" dollars never bought us friendship. Too often we read that substantial amounts of this generosity have found their way into the pockets of crooked foreign politicians, and earned us only anger and contempt from the people we sought to aid.

Our citizens appear to be punch-drunk from persistent bad news and slanted press reports, unconfirmed accusations, recriminations and opinionated statements from headline seekers. We appear to move from one crisis to another, none of which gets resolved, all of which detract from our ability to move constructively in our own areas of interest and responsibility.

Since I was appointed director of the Passport Office in 1955, I have concentrated on the United States passport, citizenship and related matters. From 1955 through 1965, we made substantial headway in the development of a new passport book and in modernizing the operations and management of the Passport Office and its field agencies.

But we were dismayed then as we are now at the lack of support within the bureaucracy for any administrative or organizational improvement which would bring about a saving of tax dollars and betterment in public services rendered U.S. citizens.

The fact that the Passport Office is a revenue-producing operation seems to be an anathema to those officials biased against a government operation paying for itself or producing a profit. Self-sufficiency in a government operation apparently is a "no-no." Furthermore, there seems to have developed in the past decade a concerted effort to delay, block and render impotent any program recommended by the Passport Office to combat fraud, to stem the erosion of the integrity of the United States passport, and to improve congressional and public service.

All passport frauds are committed for the purpose of covering up criminal activities. These include fraudulent citizenship claims which are advanced by aliens to obtain illegal entry into the U.S. Persons obtaining passports by fraud fall into several basic categories: (*1*) drug traffickers; (*2*) militant groups; (*3*) confidence men or swindlers; (*4*) illegal aliens in the United States; (*5*) fugitives from justice; and (*6*) imposters. These criminals specialize in certain types of fraud such as adoption frauds, tax evasion, fraudulent use of the passport, imposter fraud and slot fraud.

By way of a brief explanation: an *impostor fraud* is one in which a person assumes the identity of another individual to obtain a passport. Such cases occur domestically as well as abroad. The procedure involves obtaining officially issued birth or baptismal certificates or hospital records, either by theft or purchase from persons living and with little expert cosmetic assistance the impersonation becomes effective.

Another procedure involves the use of birth records of persons deceased. There is no efficient coordination between births and deaths in this country. As a matter of fact, there is no standardization of birth records or certificates in the United States.

The Division of Vital Statistics in the Department of Health, Education and Welfare has been working with state authorities, the Passport Office and other federal authorities in an endeavor to obtain standardization of not only the birth document itself, but strengthening the protection of these records to enhance the integrity of the documents. Birth certificates are now more formal and consistent, but no one knows whether an individual born 30 years ago or six months ago is still with us or has gone to his reward.

Adoption frauds occur almost exclusively abroad and generally involve childless American couples who adopt a child overseas and then report the birth to a consular post as their own.

Fraudulent use of a passport involves one which has been legitimately issued but subsequently altered to remove a restriction or to indicate its issuance to another person. This may be done with or without the consent of the original bearer.

Slot cases involve the reporting of the birth of children overseas, when in fact such birth did not occur. This is a method by which an alien child can be brought into the U.S. as a citizen or at some later date an alien may use this birth registration to enter the United States as a citizen. Such a procedure requires the collusion of an American citizen.

Documentation fraud is rampant in this country, not only in those documents which are submitted with passport applications but those submitted for Social Security, for health benefits, for pensions, for almost any service or financial profit which can be chiseled out of the federal government.

It is now public knowledge that the Immigration and Naturalization Service has had a horrendous fraud problem for years regarding illegal aliens and no one knows this better than the Immigration officials who now admit it.

Visa frauds and the entry of illegal aliens need microscopic examination. Counterfeit visas, the smuggling of bodies across borders, and the increasing number of aliens who come in on nonimmigrant visas and disappear forever in the mass of humanity in our large cities should be areas of primary concern to the federal government.

It is an open secret that many Washington hostesses are hiring full-time domestic help who came in on student visas but who never set foot in a classroom. As one very prominent socialite in our Capital pointed out, "I don't want to know how they get into this country."

Restaurants catering to Washington's high society are known to hire illegal aliens who for some reason are never around when the premises are raided.

In the state of California, officials report that there is a regular U.S. bus route across the Mexican border returning illegal aliens to their native villages. There is no indication that the establishments who repeatedly hire these illegal aliens ever go out of business.

MARRIAGE RACKETS

There is a thriving business in the marriage racket whereby a U.S. citizen will marry an alien for a substantial down payment, bring the alien into the U.S. as a dependent, apply for citizenship, apply for a passport, get a Social Security number, get a job and finish the farce by getting a divorce, thus freeing the U.S. citizen for another marrying project.

A recent case, brought to my attention by a worried Washington resident, concerned a nurse who had come to the United States on a visitor's visa and in due course accepted a job as a nurse-companion. She was advised by an "attorney" specializing in the entry of illegal aliens to marry a U.S. citizen for the purpose of establishing a status as a dependent.

For the sum of $600 the nurse went through the ceremony and obtained a marriage license. Within a matter of weeks, her husband demanded money and threatened to expose her if she did not pay him a monthly fee. The lawyer told her she could not get to the authorities because that would expose her to deportation. She was subsequently advised to leave town and change her identity. It is presumed that the lawyer arranged this too. As far as is known, she has disappeared into the mass of 210 million in the United States. Efforts to obtain identifying information of the so-called "attorney" and his client were unsuccessful.

There is also a substantial baby racket connected with the passport frauds, details of which can only be pieced together with the cooperation of other governments. Phony hospital records can be provided for a price and a child brought into the U.S. as a citizen can easily be farmed out again for a fee to a childless couple who do not wish to go through legal adoption channels.

Statistics reflect that for Fiscal Year 1970, 17,129 United States passports were reported lost or stolen on a worldwide basis. In 1971, the number rose to 20,620. In 1972, the lost or stolen figure rose to 24,152 and in Fiscal 1973 we reached an all time high of 27,501. Some of these passports, of course, were destroyed in some manner. We estimate, however, that more than half of these documents are still outstanding and represent a potential for illegal use abroad.

Specific information tying lost passports to criminal activity and specifically to drug-related activity is not always available to the Passport Office. However, let me mention three cases as examples where information of drug-related fraud was available.

In one case a German national was arrested attempting to use a U.S. passport to smuggle hashish out of Afghanistan. The passport she used had been reported lost at Kabul by the American girl to whom it had been issued. A picture of the German girl has been substituted for that of the original bearer.

In another instance, an alien, found to be in possession of a U.S. passport, claimed the passport had been sold to him by the American citizen bearer along with a number of credit cards belonging to another American citizen. Reportedly, the passport and the credit cards were to be used for the purchase of narcotics in Bangkok, Thailand.

Another case involved an attempt by an alien to sell a U.S. passport which had been report lost by a girl who had previously been apprehended trying to smuggle hashish out of Afghanistan.

There are many cases involving drug-related passport frauds but, unfortunately, we rarely get the facts in time to take preventive action. Most frauds surface long after the event. However, patterns appear which cannot be ignored even though proof of actual fraud is not available.

An American consular officer in New Delhi, reporting on the loss of 70 U.S. passports between January and July 1972, stated: "loss or theft is predominantly among the young and the pattern is quite similar, leading the consular officer to believe that in many cases the passports have either not been lost but retained by the bearer for reasons best known to him, or have been given or sold to persons unknown."

The consular officer related the pattern as follows: The American citizen was on a train and while sleeping, his or her purse was stolen; or while running across the street in a heavy monsoon rain the passport must have dropped in water and could not be found; or the hotel room was broken into while the passport bearer was sleeping—passport and money stolen under vague circumstances; or passport was stolen while sleeping in the park in central Delhi, etc.

In most cases, travelers' checks are stolen along with the passport and the routine involves application to American Express for replacement of traveler's checks at the same time applying for a replacement passport. The procedure is too pat for complacency.

First: the passport is reported lost.

Second: the police authorities are informed.

Third: a police statement of loss is required.

Fourth: the embassy or consulate is advised of the loss.

Fifth: Identification papers are produced and a replacement passport is issued.

More recently we have been informed that young Americans have been coming in to register upon arrival in India with the consulate office in New Delhi so that their passport and other identity are recorded. Several days later they are back saying, "Remember me? I registered here the other day." In view of their certifications regarding loss, the embassy has no alternative but to accept application for a replacement passport and to issue it.

PASSPORTS AND DRUGS

While there is no indication that an organized group is involved in the lost of stolen passports in India, the young people appear to be suspiciously well versed in the procedure for applying for a replacement. Drugs, especially hashish, are commonly used by some globe-trotting hippies and it is quite possible that passports are being "sold" rather than "lost" to finance a personal drug habit. But how do we prove this?

Another reason for losing passports, according to the consular office in New Delhi, may relate to visa limitations. He reports that "Many young U.S. citizens overstay their visas and may find it convenient to lose the passport so that they may apply for an exit visa with a fresh passport."

Some people might ask the question, "Why the great demand for U.S. passports by the drug traffickers?" The answer is that the United States passport is considered the most acceptable document of identification available.

An American citizen can have any kind of a foreign name; he can be any color and have any known accent without arousing suspicion. Our citizenship is a conglomerate of race, color, accent and appearance. Professional drug traffickers and other criminals seek cover with the best identification available and with the least chance of an official challenge. Many of them find it advantageous to have more than one passport in fictitious identities because their true names already are known by authorities.

Another reason for falsely reporting a passport as lost is to obtain a "clean passport"; one which does not reflect entry or departure dates. Too much traveling in certain areas arouses suspicion and with a clean passport one can more easily pass as a tourist. We have been told this is also a help to those citizens who wish to avoid U.S. income taxes.

With reference to the domestic variety of passport frauds, the increase in fraudulent applications uncovered by the Passport Office rose from 174 in Fiscal Year 1970 to 288 in Fiscal Year 1971 to 319 in Fiscal Year 1972 to 449 in Fiscal Year 1973, which caused us to look into the identification of the kinds of fraud involved, the *modus operandi*, the category or types of persons perpetrating the frauds, and all of the pertinent circumstances that would assist us in combating this rise in domestic frauds which was becoming unmanageable. A study by the Legal Division of the Passport Office disclosed that the basic problem was one of impersonation fraud. Let me explain:

Impersonation cases. These involve persons who secure birth evidence and the identity of other individuals and then obtain identification evidence associating them with the birth evidence. With this evidence, all properly documented, they then apply for and obtain United States passports.

Fraudulent document cases. This category involves persons who obtain counterfeit or altered birth documents, counterfeit driver's licenses, and obtain passports in the false non-existent identities. This stutation is encouraged by ads which appear in the news media purporting to provide almost any type of documentation that can be imagined, identity documents, driver's licenses, etc.

Some persons have been known to obtain more than one passport using one or both of the above methods. In virtually every case, these persons claim birth in the United States.

The Passport Office in cooperation with other federal agencies has recently uncovered an extensive operation in California by various individuals and groups to obtain and sell documents which will enable a person to use a false identity. Information indicates there are over 1,000 false identities available for sale. At the present time we are unable to ascertain how many have actually been sold. The documenation obtained by this group generally consists of a birth certificate of a child who died shortly after birth or at an early age, plus a driver's license and a Social Security card issued in this name.

FALSE IDENTITIES

The facts of an actual case will demonstrate the procedure. "George Perry," a delightful, bright-eyed child was born in Texas on Aug. 30, 1944. A short time later, the family moved to California, where, on June 24, 1947, the child was drowned in a tragic accident. The grief-stricken family would be horrified to know that a copy of the birth certificate of their child was obtained in 1973 and used to obtain a driver's license and Social Security number by a person now incarcerated and awaiting trial on charges involving murder, drug trafficking and false statements in a passport application.

In essence, the identity of the deceased child was used by this criminal. When the subject attempted to obtain a United States passport in 1973, his false identity was detected.

While the Passport Office was successful in detecting the fraud in this and other cases involving this type of operation before the passport was issued, a number of persons using this technique have been successful in obtaining United States passports. Evidence and information currently emerging show that a number of persons involved in this operation are also involved in illegal drug activities. A coordinated effort initiated by the Passport Office is now being carried on by several government agencies to terminate the activities of these individuals and groups.

Beginning Aug. 1, 1929, the Passport Division (as it was then called) started to maintain a statistical record on passport frauds and suspicious cases. The Passport Office has never been permitted to hire investigators. Fraud research, reports and limited actions were, then as now, carried on by a small legal unit. Reports and summaries were forwarded, then as now, through channels to whoever at that precise moment had an alleged interest in fraud activities.

On Jan. 10, 1937, the Passport Office prepared a comprehensive report on passport frauds and the contents are as appropriate to the situation today as they were then.

Records compiled by William Duggan, chief of the Passport Office Legal Division, indicate that passport fraud was a subject discussed at every House Appropriations subcommittee hearing from 1930 through 1955 with the exception of 1952 and 1954. Despite this, in 1955 when I became director of the Passport Office I was appalled at the lack of staff, lack of space, lack of equipment and the general sweat shop conditions which existed in the office.

My predecessor advised me orally and subsequently by letter that she had never been accorded adequate support by her superiors in the Department of State and that she never received the full appropriation voted to the Passport Office by the Appropriations committees. This fact was made known to the proper officials and for a few years thereafter the Passport Office was permitted to expand and concentrate on its statutory responsibilities.

REPEATED WARNINGS

In a reorganization of the office in March 1956 we established a fraud unit in our Legal Division which is now known as the "Enforcement Branch." We also established an in-house quality review of passport applications. Since the rise in domestic frauds in Fiscal 1971 the Legal Division has given special emphasis to searching for and documenting suspected passport fraud cases. This has resulted in the initiation of new fraud detection techniques.

I don't underestimate the fantastic cost and human suffering resulting from worldwide drug traffic. But this should have been evident to any but the ridiculously naive back in the '50s and '60s. Whether the lack of action results from indifference or stupidity, the end results are the same.

There is no use denying the fact that those of us who are exposed to the machinations of the criminal element in this country, are frustrated and discouraged by the lack of action on our repeated warnings to the dangers of fraudulent documents submitted to the federal and state government for the purpose of false identification.

I pointed out in my Sept. 15, 1972, testimony before the Senate's Internal Security subcommittee that the Passport Office has been ringing the alarm on passport and identification frauds for 43 years. I can testify to the fact that, in the past 19 years while I have been director of the Passport Office, we have been vigorously fighting this serious problem. During the past several years, the failure to obtain investigative support for the Passport Office fraud program has caused the situation to deteriorate almost beyond description.

It is a fact on record that I have repeatedly requested personnel to combat the growing workload and attendant fraud situation. We have spent a great deal of time attempting to get our message across and making recommendations to the Department of State through budget presentations, through conferences and reports and memoranda which never see the light of day. There has been no evidence of support nor even interest in our problem. The cost of this neglect cannot be overestimated.

Years ago document frauds were estimated to cost the United States government a half-billion dollars annually in the loss of taxes. Today, a conservative estimate of the cost is closer to $1.5 billion down the drain. The hidden total is anybody's guess—and this tremendous drain of revenue must be made up by every American who pays taxes. In other words, documentary fraud is being effectively subsidized by the citizen taxpayer.

The appalling fact is that most of our citizens are abysmally ignorant of these facts. They are constantly being diverted to other matters, relatively unimportant when placed in juxtaposition to the existing strata of crooks and criminals operating in American society.

Unless Congress takes decisive action to make fraud a non-paying proposition, it will continue to spread and be totally unmanageable. Swift and stern measures should be taken to make the use and submission of fraudulent documents to any department, agency or segment of the U.S. Government a costly and unpleasant experience. In my opinion this should certainly include such documents as naturalization certificates. Social Security cards, visas and passports, licenses and any other such reference which might be used as personal identification for the obtention of services from the federal government.

I want to state as emphatically as possible that we in the Passport Office are at the end of the rope. We are drowning in paperwork involved in management studies, statistics, time-studies, manpower utilization studies, productivity, analyses and other such matters which seep down to us from the upper echelons of management and administration. At a time when fraud is increasing we are denied staff to combat it.

If we ever get Administration and congressional support, there are, in my estimation, some immediate and long-term remedies. For instance:

The enactment of legislation which would make it a criminal offense for any organization or individual to apply for or procure any identification pertaining to another person for the purpose of establishing by such identification a false identity. This would cover the current misuse of birth and baptismal certificates, driver's licenses and other identifying documents for the purpose of obtaining passports and other benefits illegally from the federal government.

It should be remembered that passport applications come to us through the mail and any legislation contemplated should take note of the fact that the Post Office is thus involved in the transmittal of the fraudulent documents.

The Passport Office must be supported in its staffing requirements. We cannot go through another year of mounting workload, directly and indirectly related to the issuance of passports. Meat-axe cuts of essential security and public services, which pay for themselves many times over, are not justified at any time, but they are especially obnoxious when compared to the waste of time and manpower in the duplication of effort and unessential paperwork which we see at the echelons over us.

The Passport Office must be supported in its requirements for prompt and thorough investigation of the fraud cases which presently we forward to the Department's Office of Security. In my opinion we cannot and should not be forced to wait six months or a year or two for investigations of violations of passport criminal statutes.

I want to make it clear that I am not blaming the Office of Security for the long delays. That office is understaffed, according to its director. The Office of Security has felt the axe as has the Passport Office. Now, if the Department of State cannot handle these investigations promptly, I suggest that the investigative process on passport frauds be transferred to some other area of government which can do the job expeditiously and professionally, or transfer the investigative function, with adequate personnel, to the Passport Office.

The Passport Office services to U.S. citizens must be expanded through new field agencies and facilities. I have been recommending this solution to our situation for five years and for five years it has been denied—not in the Congress—but within the bureaucratic machinations of the annual intra-departmental budget hearings. Unfortunately, too many decisions are being made by officials who have little or no experience in the problems of a line operation. Our recommendations are based on facts, experience and precedence. But for years, our persistent warnings and recommendations and suggestions have fallen on deaf ears.

Is anyone interested in stemming the financial drain of a billion and a half tax dollars? Who is looking into the waste, indifference, inefficiency, overlapping functions and duplication of work in government? Who is concerned with the deteriorating integrity of government documents brought about by counterfeiting, fraud and perjury? Indeed, who does one go to for help? Who? Who?

Our flag need not be lowered solely in mourning for the dead who have served our country well. Lower it to half mast in mourning for the living who have forgotten allegiance and loyalty, who "pass by on the other side" when firm action and decision are required, who do not want to get "involved" in unpleasant or controversial situations, who disdain the law, give succor to our enemies, and who, through their indifference and disdain towards our national well being, destroy the very fiber and essential character of our country.

THE CASE OF THE SEALED ENVELOPE

HON. ROBERT P. HANRAHAN

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 5, 1974

Mr. HANRAHAN. Mr. Speaker, I am sure the credibility of our President is as important to my colleagues as it is to me. The Chicago Tribune ran an article last week which other Members may find of interest:

[From the Chicago Tribune, Mar. 2, 1974]

THE CASE OF THE SEALED ENVELOPE

The ripples from Watergate are lapping closer and closer to the doors of President Nixon's Oval Office. The grand jury yesterday gave Federal Judge John Sirica indictments charging H. R. Haldeman, former White House chief of staff, and six others with obstruction of justice and perjury or making false statements in connection with the Watergate coverup.

It is the first time a formal charge has been made against Mr. Haldeman. Also named are John Mitchell, former attorney general, and John Ehrlichman, former domestic affairs adviser, who are both under indictment in other matters; Charles Colson, formerly on the White House staff; and Robert Mardian, Gordon Strachan, and Kenneth Parkinson, all formerly associated with the Committee for the Reelection of the President.

But these indictments, explosive as they are, pale in importance before a sealed envelope which the jury gave to Judge Sirica. After reading it, he announced that it would be held "in a safe place until further order of this court."

This is a highly unusual step for a grand jury to take. But then this is a highly unusual situation. The general assumption, predictably enough, is that the envelope contains the jury's findings relative to the President of the United States.

On this assumption, we believe the jury did just what it should have done. There is serious doubt whether a President is subject to indictment. Judge Sirica himself has said that any evidence involving the President would probably be turned over to the House Judiciary Committee for its use in determining whether to recommend impeachment of the President. Under these circumstances, the jury may quite properly have decided not to take the responsibility for releasing anything which might intrude upon the constitutional prerogatives of the House.

Whatever part the President may have played in the coverup, he has already been subjected to a degree of public scorn and ridicule which would be utterly intolerable if any lesser personage were involved. Even a President is entitled to fairness.

The problem now facing everyone involved—the judge, the House, the President, and the country—is one of time. The guilt or innocence of the lesser players in this tragedy, even Messrs. Haldeman and Mitchell, is of trivial importance to the country compared with what the people think of Mr. Nixon himself. If he is in fact innocent, then every day's delay in demonstrating this to the country's satisfaction will be a tragedy in itself. The longer the uncertainty persists, the more the country will suffer.

To this extent, the mere existence of the sealed envelope, whatever its contents, calls for early action by the House Judiciary Committee—either to clear the President, if it can find persuasive reason for doing so, or to recommend a vote on his impeachment.

And this brings us to the dilemma. The President's guilt or innocence depends largely on evidence presumably to be brought out in the trials of Messrs. Haldeman, Mitchell & Co. According to Special Prosecutor Leon Jaworski, these trials may last three or four months. Impeachment proceedings in the meanwhile might jeopardize the fairness of the trials.

In short, the sealed envelope has taken on an awe-inspiring importance, and Messrs. Haldeman & Co. have been relegated to minor roles in their own trials. If the sealed envelope and the accompanying briefcase do indeed contain evidence against the President, if any of the seven plead not guilty, and if it is improper for the two proceedings to take place at the same time, then for the sake of the country it may be wiser to give priority to the Judiciary Committee.

LITHUANIAN INDEPENDENCE

HON. VICTOR V. VEYSEY

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 5, 1974

Mr. VEYSEY. Mr. Speaker, even during the depression when the U.S. economy was at a low point, thousands of foreign nationals were coming to our shores. Why would they immigrate into a country where unemployment was commonplace and money was scarce? Because they knew that the freedom to attend the church of their choice, to have a choice and a say in their government, to have the freedom of movement, and dignity were far more precious than any other material consideration. Those precious rights that we take for granted, are the envy of all oppressed peoples.

A country who had these inalienable rights, Lithuania, lost them on June 15, 1940, when she was invaded and occupied by the Soviet Union.

The Lithuanians, so very much like those Americans who fought for our freedom, from the beginning of the occupation have waged an intensive fight for freedom. During the period between 1944 and 1952, some 30,000 Lithuanian freedom fighters lost their lives in an organized resistance movement. Thousands of others were imprisoned or deported to Siberia.

The Soviets are so intense on assimilating these people that they have deported them to other parts of Russia, allow only Russian to be spoken as the official language, and in general try to "breed out" any nationalism.

We, in Congress, have fought diligently for human rights for our people and the world. Our principle of freedom and independence is known throughout and we should assert our influence to gain acceptance of our principles for all the peoples of the world.

I join my colleagues today in expressing my support of their fight against communism and for the liberation of Lithuania and all other Soviet-enslaved nations.

APPROPRIATIONS FOR BLIND AND HANDICAPPED

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 5, 1974

Mr. BIAGGI. Mr. Speaker, I was pleased at the overwhelming approval which the House gave yesterday to the bill H.R. 11143, to authorize appropriations and expand certain programs of the Committee for Purchases of Products and Service of the Blind and Severely Handicapped. Passage of this legislation will insure that the important work accomplished so far by the Committee which included the employment of over 5,000 blind and handicapped persons in 1973 will continue in the years to come.

In addition to expanding the authorization period of the Committee, another important aim of this legislation is to make it more responsive to the needs of the individuals they assist in obtaining employment. One of the key sections of the bill expands the public membership of the Committee from its present three members to five. One of these new members will be a person with knowledge of the problems incident to the employment of the nonblind handicapped. This is significant because in the past the problems of both the blind and nonblind handicapped worker were lumped together, this will allow each group to get the specialized attention they need.

The second new public member of the Committee will be a director of a State vocational rehabilitation agency. I applaud this addition to the Committee and feel it will help the Committee in its achieving the goal of providing every blind and handicapped individual they serve with the opportunity to reach their full potential in the working world.

The bill authorizes funds for the Committee through fiscal year 1979. This will provide the Committee with the financial continuity necessary for them to continue to provide these essential services for the blind and severely handicapped of our society.

Far too often the blind and handicapped person in the society receives nothing but empty promises of help. We are considering legislation today which seeks to expand the work of a Government agency which has worked. Their accomplishments on behalf of the blind and handicapped are impressive. These people are not seeking handouts, rather they are hoping to contribute to the society through gainful employment. This opportunity should not be denied, rather it should be expanded to cover each and every person who desires it. Our passage of this bill will insure that the commitment to improving the quality of life for the blind and handicapped in America will continue.

LITHUANIA'S DECLARATION OF INDEPENDENCE

HON. GILBERT GUDE

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 5, 1974

Mr. GUDE. Mr. Speaker, February 16 was the 56th anniversary of Lithuania's Declaration of Independence. Although Lithuania was recognized by several countries including the United States and Russia, today its independence has vanished. The Baltic nation is presently suffering under Russian rule as a state in the U.S.S.R.

During the two decades after their declaration of 1918, the Lithuanians demonstrated their great ability and desire for self-government. The country adopted a constitution modeled partially after that of the United States which provided for a President and a parliament. Land reform legislation was passed which increased the number of farmers and thereby the agricultural output of the country. Terrific strides taken in industry were accompanied by labor control laws, and other social legislation helped with the institution of more equitable laws. Material and social prosperity was coupled with a cultural growth unparalleled in Lithuania's long history. The number of schools swelled, literature flourished, and there was an awakening appreciation of art and music.

The year 1940 brought the Second World War and Russian occupation of Lithuania. The Soviets requested that a friendly government be installed and, when such a request was not willingly granted, a rigged election produced a parliament of Soviet-allied statesmen. They asked for entry of Lithuania into the U.S.S.R. as a Soviet state, and the nation was annexed 1 month later. A process of Russification commenced which included deportations throughout the 1940's. As a result, much of the country's population is either Russian or Polish. Despite this decentralization, the Lithuanians have kept alive their fight for freedom. From 1944 to 1952, the inhabitants were involved in a guerrilla war with Russia, and as recently as May of last year there were protests in the capital city concerning Soviet rule.

While many nations behind the Iron Curtain are resigned to their fate as satellites of the Russian Government, the Lithuanians have protested and I am confident will continue protesting until the Soviet straitjacket is removed. Their love of freedom is equaled only by their courage as they battle for their basic human rights which have been suppressed. The United States joins all free countries of the world in commendation of Lithuania's valor, and in the hope that someday the independence about which Lithuania has dreamed for so long will again become a reality.

VOICE OF DEMOCRACY

HON. THOMAS P. O'NEILL, JR.

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 5, 1974

Mr. O'NEILL. Mr. Speaker, each year the Veterans of Foreign Wars of the United States and its Ladies Auxiliary conducts a Voice of Democracy contest. This year nearly 500,000 secondary school students participated. The contest theme was "My Responsibility as a Citizen."

I am proud that the winning contestant from my State, Ms. Laura Tramontozzi, is one of my constituents, and I ask that her speech be included in the RECORD as follows:

MY RESPONSIBILITY AS A CITIZEN

The challenge of the times demands what we must do to keep our world beautiful and bountiful. We want to live in a place where growth, development, and human happiness can flourish. What better place to begin this discovery than in our own country and in ourselves.

Before one can be pronounced a good, responsible citizen, a few points should be considered. Remember this country was founded upon the principles of freedom, equality, justice and humanity. Our decision today must be how we can make these principles survive? They are absolutely necessary in our daily lives because they demonstrate the essentials of the well being of everyone. To me the characteristics of good citizenship are: Conviction—the firm belief that motivates action. Compassion—the sharing of another person's sorrow or hardship; Courage—the moral strength to face danger, trouble, or pain without fear . . . Conviviality—the relationship between two friends; Creativity—the ability to produce something new, useful and imaginative.

While all these thoughts are relevent for the masses, they are also generalizations. How can I assess my own responsibility as a citizen? Am I of the firm conviction that my country is the one country in which I am proud to be a citizen? These are crucial times . . . the credibility of our leader is constantly questioned, the edicts of our judicial system are frequently revised, there are alarming exposures of corruption and crime revealed every day.

I see my responsibility as a defender of all that is good—and a resister of all that is wrong. I believe in Constructive means to rectify the ills of life.

In my own small way I have tried to exercise diligence in the performance of my duties. To prove my concern for the greater good of my community, when the local civic group was formed, I volunteered to assist in the various facets of preparations and I became the first junior member of the Oak Square Civic Association. After attending eighteen months of court hearings, it was very satisfying to see the fruition of the discussions—the dedication of a multi-purpose outdoor recreation park.

This past summer I felt there was a need for a Little Theatre Group. I was concerned about the teens and subteens who had nothing to do but roam the streets. I approached the local director of Summerthing who was delighted to sponsor me. About two dozen young people responded and shared in a happy and enriching experience. My joy was in knowing that something of value which I had been fortunate to learn, had been shared with others. As a volunteer hospital worker this past summer, I found that being needed was indeed being a good citizen.

From these simple involvements I trust that I have aquired the proper attitude, compassion and moral courage to take constructive action in the future. I believe that sharing and promotion are man's inherent traits of basic sociability. They are the seeds implanted in man to survive TOGETHER as good citizens.

The creativity needed to enhance these characteristics was nurtured in us by our Yankee forefathers. They were forced by circumstances to make do or do without. Simplicity and togetherness conditioned their lives when they launched out as a new nation. Today, golden opportunities present themselves. They can help us achieve spectacular performance in the promotion of good citizenship.

Without a doubt, our forefathers were our first and best citizens. In the Constitution, they established the groundwork, the principles of good citizenship. As the time approaches for the Bicentennial Celebration, let each of us emulate our forefathers. Let us recreate the spirit of Proud Citizenship—let us revert to Simplicity, Justice, Honesty and Involvement—the indicators of free loyal American Citizens.

"HOOSIER HYSTERIA"

HON. EARL F. LANDGREBE

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 5, 1974

Mr. LANDGREBE. Mr. Speaker, contrary to what some nonresidents of the great State of Indiana might believe, the term "Hoosier Hysteria" is not meant to refer to the political picture in Indiana.

Instead, the term "Hoosier Hysteria" has been coined to describe the excitement generated each year by the Indiana High School Athletic Association's State high school basketball tournament.

Since this tournament was established back in 1911, the four phases of the event, sections, regionals, semi-State, and State tourneys have provided not only excitement, but a "happening" in every community. While the young people provide displays of their athletic prowess on the basketball courts, the games also provide a chance for communities to come together.

As a result of this "Hoosier Hysteria," Indiana has become known throughout the Nation as the greatest basketball State in the country. We in the Second District are extremely proud of the part that teams from our part of the State have played in building this tradition.

In 1974, six teams from the Second District claimed sectional championships and will advance this weekend into the regional tournaments. I would like to make my colleagues familiar with the names of these teams as they carry the hopes of thousands of people from their respective communities into the upper rungs on the ladder of basketball success in Indiana:

The North Judson Blue Jays of Starke County, winners of the Knox sectional.

The Valparaiso Vikings of Porter County, winners of the Valparaiso sectional.

The Hebron Hawks of Porter County, winners of the Kankakee Valley sectional.

The Plymouth Pilgrims of Marshall County, winners of the La Ville sectional.

The North White Vikings of White County, winners of the Benton Central sectional.

The Lafayette Jefferson Bronchos of Tippecanoe County, winners of the Lafayette sectional.

We are very proud of the young men on these teams and the communities they represent and wish the Congress to take note of their achievements.

SALARY PROPOSAL NEEDS REJECTING

HON. OLIN E. TEAGUE

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 5, 1974

Mr. TEAGUE. Mr. Speaker, the proposed pay raise, for Members of Congress, the Cabinet, and top Federal officials, comes at a time in which our country is facing grave economic problems. I am against such an increase.

In an editorial that appeared in my hometown newspaper, the Bryan Daily Eagle, the editor points out some very real problems and consequences that go with this pay increase. I believe we should have that negative vote that would stop the salary increase.

The editorial follows:

[From the Bryan (Tex.) Daily Eagle, Feb. 2, 1974]

Salary Proposal Needs Rejecting

In the interest of federal spending and the depressing state of the United States' economic and political condition, Congress would do well to reconsider taking President Nixon up on his suggested pay raises.

Members of Congress, the Cabinet and top federal officials are scheduled to receive pay hikes in excess of 7 per cent in March with additional increments in 1975 and 1976. The salary increases are part of the budget package to Congress from the President.

Annual salaries for members of Congress would go from $42,500 to almost $46,000 in March. Cabinet officers, now earning $60,000, would get almost a $4,000 raise and upper bureau officials would get similar increases. Nixon's proposal would also boost the pay of many top federal workers under the government's "supergrades." Salaries on those jobs are now frozen at $36,000.

Although this is the first pay increase for the government's upper echelon since 1969, the timing is most ill-timed and inappropriate. Obviously the taxpaying citizen of this nation does not expect his congressmen and government officials to serve for a pittance; but with the administration and Congress setting guidelines for pay increases at 5.5 per cent, it is hard to justify one for themselves which is higher than that suggested for the common laborer. It is equally difficult to convince the middle-income wage earner that $42,500 isn't already a sufficient wage for a congressman. The proposal appears rather inflationary.

Nixon's proposed wage increase comes at a most unfortunate time in his career. Here is a President of the United States proposing a healthy salary increase for a Congress being asked to bring impeachment proceedings against him. It clearly smacks of a payoff attempt and Congress would do well to think twice before letting itself be placed in that position.

Under law, the only thing which can stop the proposed salary increase is a negative vote by Congress within 30 days after the proposal is made. At this point in time, with elections coming up this fall, congressmen may find a new salary increase won't sit too well with the already economically and politically strained public. The proposal should be rejected.

PLIGHT OF OLDER AMERICANS

HON. CLARENCE D. LONG

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 5, 1974

Mr. LONG of Maryland. Mr. Speaker, I wish to share with my colleagues the remarkably thoughtful comments of one of my constituents, Mr. Joseph Cameron, on the grim problems which confront older people.

The comments follow:

DUNDALK, MD., *February 22, 1974.*

Congressman CLARENCE D. LONG,
House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN LONG: As a citizen and public official of the state of Maryland, a Congressman concerned with your constituency, and the well being of your country, you are to be congratulated for your devotion in office.

You are familiar with the following remarks, but I am sure there are many who are little concerned with the brief thesis presented here-in.

Patience ceases to be a virtue. This is an old adage that has gained momentum in a large segment of our society. The thirty million retired people are tired of playing games for peanuts. An impass or blind alley has been reached, and we try to placate human stagnation with trival activity.

Genial sociological involvement of the Senior Citizen by different organizations is good, but after the dance what? Coffee and a sandwich, cards, arts and crafts, a picture or lecture. Social chatter is a good release for frustrated emotions, or it can become devastating to an individual who does not see a solution to the dilemma of the upward spiral of the cost of living.

Regimental activity can only fill a small percentage of time; then the stern reality of existence becomes catastrophic.

I have been involved since retirement in close proximity with some of the conditions you are familiar with. Special studies as a supervisor with Bethlehem Steel, Studies with Johns Hopkins Hospital, City Hospital, Spring Grove Institution, Visiting Minister. This has given me the opportunity to come in contact with a great number of people under all circumstances.

What I refer to now is to clarify my opening remarks. In many involvements with Senior Citizens I find the inequity thrust upon them by hospitals, doctors, nursing homes, Social Security, insurance, Blue Cross, Blue Shield, stores, high taxes, rent, etc. The opportunity to make a choice, to see and do what is appealing to them is denied by the continuing upward escalating cost of living.

In a survey I made, I found one third of the retired people on Social Security received less than $100 per month, the second third less than $200, the remaining third $300 or less. Some were renting, some are home owners. The increase granted at times by Social Security has disappeared long before the first increased check arrived.

Thousands of people have made payments for thirty years and more to Social Security. Their place of employment contributing a like amount, this has amounted to millions of dollars. Many have purchased homes through F.H.A. making a loan from the government from the fund they had contributed to through taxes and Social Security.

You have the thanks, Congressman Long, for your efforts in behalf of Social Security recipients, and from your local constituency for efforts and results of achievements in our community.

As we represent thirty million Social Security votes, we do so with the knowledge that this could be a decisive factor in an election.

Our people are entitled to more than a ride on a street car called desire. Decisive action is the order of the day. To be allowed the dignity of a rewarding retirement, after years of contributing to the affluent advancement of our nation, not only from a monetary standing, but a physical, mental, and moral motivation, justifies more than a room, a pot of beans, and by chance a television.

We call upon our nation for an equitable adjustment to the base rate of our Social Security system, with the adjustments to the fluctuating cost of living.

With highest regards.

JOSEPH W. CAMERON.

LITHUANIAN INDEPENDENCE DAY

HON. JOHN W. WYDLER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 5, 1974

Mr. WYDLER. Mr. Speaker, on February 16, 1918, Lithuania declared its independence. Two years later, after the Lithuanians and other Baltic countries had fought against the Bolshevik's Red Armies, the Communist Government in Russia recognized that independence in a formal treaty. Then under the guise of protecting Lithuania from German aggression, the Soviet Union intervened in 1940, and ultimately annexed Lithuania to the Union of Soviet Socialist Republics. This was supposedly accomplished by election, however, it was a cruel hoax that denied the Lithuanians their freedom.

The strength of character and national resolve of the Lithuanians have kept this, the 56th anniversary of their independence day, an important event in their lives. It allows them to once again display their spirited independence to the Russians who rule their country through the Communist Party of the Soviet Union.

In fact, in May 1973, Lithuania was toured by Mikhail A. Suslov, CPSU Politburo member to bestow the Order of the Friendship of the Peoples to Lithuania. This was in honor of the 50th anniversary of the formation of the Union of Soviet Socialist Republics, but should be interpreted as a signal of the Kremlin's concern about its nationalities policy, and its clear failure in Lithuania.

Suslov criticized those in Lithuania who would try to revive nationalism, and he made it sound as if those who were doing so were backward elements of the population who did not know better. Quite the contrary, every expression of independence in Lithuania is a clear expression of dissent and disapproval of the Soviet Union's repressive and humiliating policies.

Even though the Lithuanian's only enjoyed two decades of freedom as a nation in this century, they are no less dedicated to their country and the hope that it will once again be free. It is only right we pause and salute them.

CASE FOR A FEDERAL OIL AND GAS CORPORATION

HON. MICHAEL HARRINGTON

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 5, 1974

Mr. HARRINGTON. Mr. Speaker, joint ventures among domestic and international petroleum firms are a significant characteristic of the intricate web of relationships within the oil industry.

Cooperative ventures are advantageous to society when a resulting decrease in costs provides a consequent reduction in price to the consumer. This can be achieved through joint ventures by allowing firms to pool their capital, spread their investment risk, and allow the use of complementary techniques and equipment. By employing a joint bidding arrangement, corporations which may not have had enough capital to bid independently may join together and increase the number of effective bidders for a particular concession. Although the purpose of joint ventures are to provide increased benefits to consumers and corporations alike, I suggest that the major oil companies are using these ventures to extend vertical integration—and therefore monopolistic control—throughout the oil industry.

A recent Federal Trade Commission report claimed that the United States' eight largest oil companies "are interdependent to such an extent that, in virtually every facet of their operation, they have common rather than competitive interests." The FTC study went on to suggest that joint ventures are so pervasive throughout the industry that the major corporations are on a "partnership basis in their exploration and development activities."

The FTC cited the example of the two largest oil product pipelines in the country—the Plantation Pipeline and the Colonial Pipeline. Exxon, Shell, and Standard Oil of California own 100 percent of the Plantation Pipeline Co., while Gulf, Texaco, Standard Oil of Indiana, and Atlantic Richfield own 58 percent of the Colonial Pipeline Co. The FTC also claimed that in all five levels of operation—crude production, crude transportation, refining, product transportation, and marketing of the refined product—strong ties between the United States' largest oil firms predominate. In addition, in 1965, the FTC recorded more than 400 joint ventures among the eight largest domestic oil corporations.

In an attempt to limit the monopolistic control of the large petroleum companies and to increase the competitive forces within the industry, I have introduced legislation creating a Federal Oil and Gas Corporation. The Corporation would enter directly into the petroleum industry in an attempt to provide needed competition. The bill provides "that no joint or cooperative basis is authorized if there is any likelihood that exploration, development, acquisition, or sale jointly or cooperatively with another entity or entities may adversely affect competition, restrain trade, further monopolization, or violate the spirit or content of any Federal statute respecting trade or commerce."

It seems to me, Mr. Speaker, that this approach to joint ventures should prevail for the industry as a whole. My hope is that the Federal Oil and Gas Corporation bill will inspire more analysis of this problem by making the Corporation a model in its approach to the joint venture question.

JULIA BUTLER HANSEN

HON. LOUIS STOKES

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 5, 1974

Mr. STOKES. Mr. Speaker, the announcement that Representative JULIA BUTLER HANSEN will retire from Congress at the end of this year means that we in the House, and especially those of us on the Appropriations Committee will lose a colleague of great skill and conviction. While we may lose her presence, she will leave us a record of outstanding accomplishment and a great personal example. As chairman of the Subcommittee of Appropriations on the Interior and Related Agencies, she has shown a keen attentiveness for the protection of the environment and to the need for increased conservation and efficient utilization of the Nation's natural resources. She has also made contributions toward the well-being of the American Indians, both those on reservations and those living in urban areas. Her efforts were consistent and effective in obtaining increased funding for hospitals, schools, and employment opportunities for the Indians.

Mrs. HANSEN has shown that skill, competence, and hard work can indeed break the traditions which have kept women out of key positions of public service at all levels. In addition to many breakthroughs in her earlier career, Mrs. HANSEN was the first woman subcommittee chairman in either the House or Senate of the U.S. Congress. She was the first Democratic woman to serve on the House Appropriations Committee; she was the first woman to serve as a member of the House Appropriations Subcommittee on Transportation and, significantly, she was the first and only woman to serve on the House Democratic Steering Committee. Her example has been a guiding light for many, and her service of value to all.

As chairman of the Democratic Committee on Organization, Study and Review, which later became known as the "Hansen committee," Mrs. HANSEN, in 1970, was instrumental in instituting numerous rule and policy changes which were implemented by the House. Among the new rules established are: Elimination of the seniority rule for elevating committee members to chairmanships; a provision that no member may chair more than one subcomittee; and a provision that no Member shall be a member of more than two committees of legislative jurisdiction. I share Mrs. Hansen's concern for improving the ability of the House to function and congratulate her for her contribution toward such important reforms.

As Democratic Woman of the Year in 1958, and by her example before and since receiving this well deserved award, she has helped give the Democratic Party a concern for the need to include women and minorities in the policymaking bodies of the party and to insure equal access for all members regardless of race or sex.

Mr. Speaker, it is indeed a pleasure to review the outstanding career which Mrs. Hansen has had, and an equally great sorrow that this phase of her public service is over. Her 37 years of public service have created a record of accomplishment which few will be able to equal. I shall miss her insight on the Appropriations Committee and her sincere friendship at all times.

BIG BUSINESS CHIEFS COUNSEL BIG GOVERNMENT

HON. JONATHAN B. BINGHAM

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 5, 1974

Mr. BINGHAM. Mr. Speaker, if the American taxpayer wonders why big business has fared so well during the economic crisis perhaps the cozy relationship between corporate moguls and their administration benefactors created by service on the myriad Federal advisory committees is one reason.

There are an estimated 1,400 committees with 24,500 members giving the executive branch advice. Among the corporations with billions of dollars worth of assets to protect and which have major representation are: Sarnoff of RCA—a member of 93 committees; Geneen of ITT—92; Jones of G.E.—79; DeButts of ATT—74; Blumenthal of Bendix—67; and Burnham of Westinghouse—58. Over 700 such representatives serve on Defense Department advisory committees alone. The major oil companies: Exxon, Atlantic Richfield, Mobil, Standard of California, Phillips, Gulf, and Texaco are represented on at least 21 such committees. Exxon is on 49.

I believe that it is time for the executive branch of our Government to seek public expertise, that is, advice from sectors of the country not weighed down by billion dollar special interests to protect. For indeed, to paraphrase a familiar maxim, what's good for the people will in the end be good for big business.

Reprinted herewith is a portion of the February 26 edition of the Gallagher President's report:

The Gallagher President's Report

Dear Chief Executive: Big business, big government strengthen ties. Close relationship aided by Federal Advisory Committee Act (signed into law October 6 1972). 1973 first full year legislation in effect. Bill provides for creation of private sector advisory committees to furnish Executive Branch with advice, expertise, ideas, opinions in key areas affecting U.S. national, international policy. Estimated 1400 committees in existence with total membership of 24,500. Among billion-dollar corporations with major representation on advisory committees: Bobby Sarnoff's RCA Corp. (93), "Hungry Hal" Geneen's ITT (92), Reginald Jones' General Electric (79), John deButts' AT&T (74), Mike Blumenthal's Bendix Corp. (67), Don Burnham's Westinghouse Electric (58). Legislation calls for public announcement, attendance at meetings not considered in violation of national security. Complaints mount over committee attempts to exclude public despite bill's provisions to encourage public participation.

Military-industrial complex, oil interests well protected. Over 700 private sector representatives sit on Defense Department Federal advisory committees. E.g., General Dynamics' Dave Lewis, Honeywell, Inc.'s Stephen Keating, Litton Industries' "Tex" Thornton. (See Supplement for representative list of billion-dollar corporation chief executives with Federal advisory committee memberships.) Pentagon muscle enhanced by efforts of private military-oriented organizations with total membership of six milion, total annual operating budgets of $36 million. Many registered as lobbyists or retain "legislative representatives." Include American Legion, Veterans of Foreign Wars, Aerospace Industries Association, Electronic Industries Association. Oil interests protected via Federal advisory committees attached to Commerce Dept., Federal Power Commission. Ken Jamieson's Exxon Corp. leader with membership on 49 Federal advisory committees. Followed by Atlantic Richfield, Mobil Oil (33 each); Standard Oil of California (24); Phillips Petroleum, Texaco, Gulf (21 each).

CHILE EXPERIENCE SHOWS SOCIALISM PRODUCES LESS

HON. JAMES M. COLLINS

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 5, 1974

Mr. COLLINS of Texas. Mr. Speaker, today we spend too much time downgrading our own country. We criticize our private enterprise system, yet we never pause to realize how superior it is to any other form of government.

Let's not make the mistake that Chile has just experienced. A Socialist government took over in 1970. By August 1973 they had galloping inflation of 452 percent. There was a shortage of food and medicine. The purchasing power of white collar workers and laborers had been reduced by 50 percent as compared to 1970.

Agricultural production dropped 45 percent in just these 3 years. Mining production dropped 20 percent. Housing starts had a deficit of 40 percent. In 3 years, Chile turned its finances backward from a foreign currency reserve of $340 million to a debt of $600 million. Chile is now faced with the serious problems of reconstruction and has to repay the deficit carryover.

Chile concentrated for 3 years on dividing the wealth with more consumption. It was a downhill ride with more socialism. Let's learn from Chile's 3 years of adversity. America should work toward more production, a balanced budget, and more income for those who produce more. Growth comes from increased production and a sound fiscal policy.

SHAPELL INDUSTRIES HONORED

HON. THOMAS M. REES

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 5, 1974

Mr. REES. Mr. Speaker, many observers of the American scene have noted that today the American people are going through a very deep change of attitude toward their lives and institutions. They seem to be turning inward—in a search for new and more meaningful values.

I believe that one of the manifestations is that our citizens are concerned, more than ever before, about the quality of their lives. They are no longer satisfied to be stuffed into unimaginative crackerbox subdivisions which dot the landscape forming inflexible grids. They want their homes and communities to afford more than bare shelter sporting the latest in nationally advertised appliances.

I am privileged to have as a constituent company, Shapell Industries, Inc., nationally recognized builders and developers. This firm has for years specialized in excellence of community development. Mr. Nathan Shapell, chairman of the board, has recently been commended by both the cities of Long Beach and Norwalk for Shapell Industries' contribution to the high quality of life in these communities as depicted in their residential and commercial developments.

Mr. Speaker, I would like at this time to place in the Record these two resolutions of commendation honoring Shapell Industries for their leadership and dedication in improving the quality of life in these communities through creative development.

The resolutions follow:

Resolution of Commendation—Shapell Industries, Inc.

Whereas, the City of Long Beach prides itself on high standards for land use and residential development; and

Whereas, the City of Long Beach is known for its beautiful communities; and

Whereas, it has come to the attention of the City Council that our high standards are reflected in El Dorado Park Estates, one of our most beautiful communities of homes; and

Whereas, it is worthy of note that Shapell Industries, Incorporated, the developer and builder of all the homes in El Dorado Park Estates, has announced that the last new home in that community of more than fourteen hundred homes has just been sold;

Now, therefore, be it resolved: That the City Council of the City of Long Beach wishes to commend Shapell Industries, Inc., for its high usage of the land on which El Dorado Park Estates has been built; and

That the City Council of the City of Long Beach wishes to commend Shapell for the pioneer usage of all underground utilities in El Dorado Park Estates which presaged by nine years current environmental requirements and demonstrated extreme foresight by Shapell; and

That the City Council of the City of Long Beach wishes to commend and express appreciation to Shapell for the design and quality of the homes in El Dorado Park Estates which has enhanced the quality of life in our community.

Let the Great Seal of the City of Long Beach be affixed hereto.

Adopted this 28th day of August, 1973.

Commendation

Whereas, S & S Construction Company was founded in 1955, with the Company's first development located in the City of Norwalk; and

Whereas, between 1955–1962, S & S Construction Company built 1,346 homes, 136 apartment units, and several major shopping centers in the City of Norwalk; and

Whereas, all of these homes, apartments and shopping centers have contributed significantly to a high quality of life for the people of the City of Norwalk; and

Whereas, S & S Construction Company and its parent company, Shapell Industries, Inc., have recently returned to the City of Norwalk where the company first put its roots down; and

Whereas, the City of Norwalk anticipates a further contribution to this community by the company through residential construction in the traditional quality and high standards of S & S Construction Company;

Now, therefore, I, Arthur F. Gerdes, Mayor of the City of Norwalk, on behalf of the 95,000 residents of our community, do hereby commend Nathan Shapell, Chairman of the Board; David Shapell, Executive Vice President and Director; and Max Webb, Vice President and Director of Shapell Industries who as founders of S & S Construction Company, have performed an outstanding role in the development of the City of Norwalk.

Dated this 17th day of October, 1973.

DISTRIBUTIVE EDUCATION CLUBS

HON. LOUIS FREY, JR.

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 5, 1974

Mr. FREY. Mr. Speaker, the Lake Brantley High School Patriots of Forest City, Fla., have a new addition to their curriculum that epitomizes the heritage of the United States.

America was built on the principle of hard work and Lake Brantley's new co-operative distributive education (CDE) class operates on that principle.

The CDE class trains tomorrow's workers in merchandising, marketing, and management, of which over one-half of all the working force in America is composed.

Distributive Education Clubs of America (DECA) is a club organized through CDE so students may participate in an organization specifically designed for a distributive education student. DECA is a national organization dedicated to publicizing distributive education throughout the community and State. It stresses community involvement and social awareness.

The Lake Brantley High School DECA chapter has done many things to illustrate this such as: Helping with a community halloween party; sponsoring an 8-year-old Seminole Indian girl on the Brighton Reservation near Okeechobee; planning to purchase, distribute, and plant more than 1,000 trees in south Seminole county; taking a survey concerning the construction of a civic center in the local area; and providing 24-hour protection for the school through a local community patrol.

DECA is indeed a vehicle for students by which they may obtain their personal goals and become responsible citizens as well as tomorrow's leaders.

ENERGY CRISIS

HON. ROBERT P. HANRAHAN

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 5, 1974

Mr. HANRAHAN. Mr. Speaker, whether it is real or manufactured, short-term, or indefinite, the effects of our "energy crisis" are very real, and we are all feeling them sharply. The feelings of the public about the crisis and the Government's handling of it are certainly of interest to me, as I am sure they are to my colleagues. My colleagues may find the following articles of interest in this regard:

Energy: A Long-Term or Short-Term Crisis?

(By Clayton Fritchey)

Maybe, as William E. Simon, the energy czar, suggests, the U.S. budget director, Roy Ash, "should keep his cotton-pickin' hands off energy policy," but Mr. Ash has raised some important points just the same.

Moreover, it is interesting in itself that two such intelligent and well-informed members of the same Administration, with access to the best information the government has, could differ so sharply over the nature of the so-called energy crisis.

Mr. Simon, chief of the Federal Energy Office, insists that the shortages are both genuine and long term. They'll be here, he says, "for a long time to come." Mr. Ash, on the other hand, sees the crisis as "manageable and short term."

If nothing else, their differences demonstrate the inadequacy and unreliability of the government's fact-finding ability in the area of energy, especially oil. Up to now, Washington, having no means of gathering its own oil data, has had to rely on the self-serving figures supplied by the oil industry.

While Mr. Simon is, to be sure, the nation's No. 1 energy expert, it is only fair to say that the Ash view is shared by some very knowledgeable economists and old oil hands. The respected London Economist, for instance, reports that there is even a case "for arguing that the world is likely to be glutted with energy before the end of this decade," which is only six years away.

The present energy "crisis," says The Economist, "is about the 15th time since the war when the great majority of decision-influencing people have united to say that some particular product is going to be in the most desperately short supply for the rest of this century. On each of the previous occasions the world has then sent that product into large surplus within five to 10 years."

The record largely bears this out. Since 1945 there have certainly been alarms over shortages in a range of products, including commodities, metal and raw materials, nearly all ending in a glut of supply when rising prices triggered bigger production and improved technology.

A product generally has a high elasticity of supply, The Economist argues, under the following conditions:

(1) If it can be produced in many different ways.

(2) If technology seems on the brink of bringing in more powerful new ways.

(3) If the distribution system for it can be greatly improved.

(4) If economics in the product's use seem fairly easy.

In the opinion of The Economist, "energy fulfills each of these conditions in profusion."

Well, it must be conceded that energy can be produced in countless ways: oil, coal, shale, alcohol, windmills, atomic fission and fusion, harnessing rivers, the geothermal process and other processes yet to come. If the price is right, they'll all be developed.

As to technology, there are almost daily developments, some of them seeming almost like science fiction, such as the demonstration in Bangkok last week of a substitute water-base liquid for the gasoline used by autos. The demonstration was under the auspices of the Thai king and was witnessed by foreign diplomats, including U.S. Ambassador W. R. Kintner. A Volkswagen, using water mixed with unspecified carbons, was successfully driven three miles. Mr. Kintner was "very impressed."

Regarding The Economist's other two points, it is obvious that the distribution system for all forms of energy improves every year; and recent experience has shown that substantial economies can easily be made in the use of energy, which helps in the short as well as long term.

The brightest hope for relatively short-term relief lies with oil, for, regardless of Saudi Arabia and Kuwait, most, if not all, of the other major oil countries are already stepping up their production. Indonesia, Iran, Venezuela and Canada are all capable of large and swift expansion.

An even bigger increase, however, will come when the Alaska pipeline starts bringing in 2 million or more barrels a day, and England's great North Sea continental shelf starts producing 2 to 4 million barrels daily. Both of these projects have been accelerated by the "crisis," just as the crisis is speeding up development of America's boundless offshore oil deposits.

Frank Ikard, president of the American Petroleum Institute, notes that the U.S. Geological Survey estimates about 190 billion barrels of oil beneath our continental shelf, which is twice as much as used in the United States in the last 100 years. In addition, there are 1.1 trillion cubic feet of natural gas there, all of it producible.

No one knows how much untouched oil there is in the world but it seems to be almost everywhere. In only the last few days new discoveries have been made in Greece and Bolivia. Some of the Arab producers, in anticipation of ever higher prices, think their oil is more valuable underground than above it. They might learn a few years from now that they had outsmarted themselves.

[From the Washington Star-News, Feb. 23, 1974]

Energy and Politics

If anyone wonders why Congress received only a 21 percent favorable rating in a recent Harris opinion survey, he need look no farther than the Capitol Hill foul-up over emergency energy legislation.

President Nixon asked Congress before its December recess to enact a simple bill giving the administration authority to impose gas rationing if needed, to institute a wide variety of mandatory fuel allocation plans and to postpone anti-pollution requirements for cars and factories under certain conditions. So what does Congress do? First it gets tied into knots over adding a "windfall profits" tax against oil companies, and after dropping that idea gets all balled up on an oil price rollback.

Why can't House and Senate members pass the emergency legislation and deal with profits and prices separately? The main reason is that some members seem intent on making political hay with the legislation.

A large share of the blame must rest with Senator Jackson, a potential candidate for the Democratic presidential nomination in 1976, who sponsored the amendment requiring oil companies to roll back the price of crude oil, which in turn presumably would mean a reduction of up to five cents a gallon in gasoline. Now that may earn Jackson some Brownie points with the voters who are angry over high prices, but the fact is it would not produce a single extra gallon of gasoline nor would it result in a more equitable allocation of supplies available, which at the moment are the most pressing problems for most drivers.

It may be that prices should be rolled back, or an excess profits tax imposed, or some other measure enacted to prevent oil companies from cashing in unduly on the energy crisis. But that is a controversial subject that should be considered separate from the emergency legislation requested by President Nixon.

Some argue that the President already has authority under his national emergency powers to institute gas rationing and order mandatory conservation measures. But there is a legal question involved that could be cleared up with the emergency legislation. The chaotic conditions at the gas pumps, which get worse daily, indicate it is going to be a very short time before the administration bumps squarely up against a decision on rationing. It is time for Congress to give the President the legislation requested and quit playing political games with it.

THE DOLLAR-A-LOAF DEBACLE

HON. BERTRAM L. PODELL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 5, 1974

Mr. PODELL. Mr. Speaker, in the March 1, 1974, issue of the Jewish Press under my weekly column "Report From Congress" there appeared my general observations regarding the prevailing economic horror story entitled "The Dollar-A-Loaf Debacle."

My article follows:

THE DOLLAR-A-LOAF DEBACLE

(By Congressman Bertram L. Podell)

Not too long ago, a high official in the baking industry issued the dire warning that, due to the Nixon Administration's ineptitude in handling the economy, bread would be costing a dollar a loaf by the beginning of April. It isn't hard to understand that this would condemn a large segment of our population, particularly the elderly living on fixed incomes, to a slow death by malnutrition.

The economics of the situation are such that it soon becomes apparent that this official was exaggerating somewhat. He was basically attacking the manufactured grain shortage that occurred after the massive grain sales to the Soviet Union late in 1971. This man's contention was that the Nixon Administration did not know how to make agricultural plans, and that it had disrupted the natural economic cycle of supply and demand. To a point, he was correct. The sales to Russia did result in higher prices in grain products, and meat and milk products which are dependent on grains for their production. However, this disruption in the supply of grains has almost been completely righted, and, with the expected bumper crop of winter wheat expected in mid-March, the United States may wind up with a 15 percent surplus on hand.

With such a surplus, a fact that would certainly have been available to this high official in the baking industry, why was there no talk of perhaps a reduction, or at the very least, a stabilization in the prices of grain products. Instead, we are warned to steel ourselves for another round of price increases in the coming months. And not only the baking industry, but the beef producers are beginning to sing the same song. Several weeks ago, officials in the meat industry warned American housewives that they would have to be prepared for higher beef prices. Of course, they said, these prices would not be as high as last August's record high prices, but they would be substantially higher than what we are now paying—as though most of these prices could be considered reasonable.

These two episodes are symptoms of a disease gripping this nation, a disease named "Stagflation." This is a term coined by economists to describe a situation in which there is little or no real economic growth, accompanied by high levels of inflation. The economy is stagnant, inflation is rampant, hence, "stagflation." That is why your paychecks have not been rising to keep pace with the prices you must pay for the necessities of life.

It is difficult to say what causes stagflation, because it is considered to be an aberrant economic condition. Some people, often those in big business, blame government controls which have done nothing to control inflation, but which have disrupted the normal patterns of supply and demand. They are partially right. The government controls instituted ever since Phase II of the Economic Stabilization Program was set aside have done little or nothing to control inflation. Every day we see another segment of the economy being granted inflationary price increases, while the wages which you earn remain at the same level, and may even be losing in purchasing power. The government is not controlling anything worth speaking of.

Economically speaking, a moderate rate of inflation would not be so bad if the economy were growing at a rate faster than that of inflation. For example, if the economy were growing at a rate of 10 percent a year, as reflected in the Gross National Product, and inflation was growing at the rate of 5 percent a year, the real rate of growth this nation's economy would be experiencing would be a full 5 percent a year. This would be evidence of a healthy economy, of growth in the industry and service sectors, and of continuing high levels of consumer purchases. But in the year which just ended, the United States experienced a growth rate of less than 2 percent, while inflation was at nearly 8 percent. Certainly, this nation cannot reasonably consider itself economically healthy.

Is there anything that can be done about this situation, or are we to resign ourselves to a future of high prices and low incomes? For one thing, the administration could fully commit itself to the policy of encouraging economic controls to bring inflation to an end. However, this Administration seems to be headed full tilt in the opposite direction. At this time, the indications are that the Cost of Living Council, which has been rendered virtually ineffective, will not be renewed for the next fiscal year. I think this would be a disaster for the nation. For, even though the Council's effectiveness is limited, the very fact that it exists, and that it does enforce some of the very weak regulations still remaining in effect, may act as a deterrent on some of the more outrageous price increases. Were the Council to be abandoned completely, it would probably be a carte blanche to industry to raise prices to whatever levels they feel the market would bear. In these days when most of us are wondering how we are going to adequately feed and clothe our families, and whether there will be enough fuel to heat our homes and get us to work, we need a positive statement from the Administration that it is aware of these problems and is trying to do something about them.

Such assurances do not seem to be forthcoming at present. The Administration is too caught up in the quagmire of Watergate, and the Congress has its hands full not only with that issue but with the determination of whether the energy shortage is genuine or has been manufactured by the oil industry itself. It seems that no one has time for figuring out an answer to one of life's simpler questions, such as how much will we have to pay for a loaf of bread. But in the long run, this is just as important a question to this nation's welfare as finding a solution to our energy problems, and I intend to do what I can to make sure that some sanity is restored to this nation's economy.

VIEW FROM A PARISH

HON. CHARLES B. RANGEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 5, 1974

Mr. RANGEL. Mr. Speaker, I would like to bring to your attention and to the attention of my colleagues a magnificent article which appeared in the New York Times on February 18, 1974. It was entitled "View From a Parish," written by Rev. Michael T. Breslin.

The article raises many pertinent questions concerning abortion. Abortion is a personal question where the answer should not be dictated by any one religion's dogma. I hope all my colleagues will take some time and read this short but important article:

VIEW FROM A PARISH

(By Michael T. Breslin)

London's Hyde Park turned out, for me, to be quite a disappointment. I expected to hear a lively dialogue between speaker and listener on a whole spectrum of issues. Instead, I found only fruitless confrontation, closed minds on both sides—mountebanks versus hecklers. Has something like this breakdown in communications begun to occur between New York's Roman Catholic hierarchy and laity, between those who hold the "official Catholic position" and those who are concerned for the well-being of our whole society?

Not that the church owes New York any apology for its role in this town. We've been around for a long time, and we've been involved. Witness all the schools, hospitals, social agencies, orphanages and immigrant services.

We haven't run away from the inner city or the "changing neighborhood." And we'll stay—not playing the same role, of course, but we'll be where the action is, and we're not afraid to get our hands dirty.

Our community counts among its members many people on both sides of the major issues: the newly arrived immigrant as well as the immigration official; the happily married and the divorced; the innocent victim, the criminal and the leader of the crime syndicate; public-school and private-school principals, teachers, parents and students; the frightened middle class as well as the poor living on welfare; the racist and his victim; the woman having an abortion as well as her doctor.

To represent so many different people honestly and to provide them with useful moral leadership is not easy. Can we any longer be satisfied with the kind of "soap-box morality" that simply shouts prohibitions—no birth control, no abortion, no sex outside of marriage—but with no mention of human problems?

Can we go on with our maneuvers to get political support for "official church positions" by such open threats to our fellow New Yorkers as "save our schools or we'll flood yours" and "legislate against abortion or be exposed as anti-Catholic"?

Have we even noticed that large numbers

of our people ignore the "official" teachings and refuse to lend political support to the "Catholic" side of current issues? Why do most Catholics practice birth control? Is it true that most of New York's abortion patients are Catholic? Haven't the human experiences of our people taught us to be flexible and to avoid making up burdens impossible to carry?

I believe that today we can settle for nothing less than true moral leadership adapted to the real needs and circumstances of the people who look to our community for strength and direction. Would it not be a betrayal of many sincere people to expose them to more Albany demonstrations, press releases and bishops' letters repeating the so-called "moral absolutes"?

Can't we trust more in the basic goodness of people, in their fundamental life-decision to do what is right, and in their good judgment to choose what, before God, seems right for them as they make the complex moral decisions required of each of us?

Our approach to moral leadership must become more catholic, more universal. There are situations in society that demand not new laws but the dispassionate attention of whole communities. Has our society been focusing its attention sufficiently on its most fundamental moral issues: economic exploitation, inequality of opportunity, political and military accountability, adequate evaluation of schools, wars and production of war machines instead of more beneficial products, personal irresponsibility in some life-styles, a just immigration policy, use of wholesale abortions instead of finding effective means of birth control, racism, escapism through drugs, our worldwide responsibility to the poor?

Isn't it true that every act of man (even killing) is sometimes good and sometimes bad? Isn't the moral value of our individual acts governed by some fundamental choice we have made to orient our whole life either to take care of ourselves above all or to put ourselves at the service of others?

Is it because we have failed to convince even our own people of our "official position" that we are seeking to legislate morality? Don't we see that making of laws is a power that can corrupt the whole society if used blindly? Don't we risk encouraging crime and graft by making unenforceable laws against gambling, prostitution, sex movies, pornography?

Don't we risk favoring one group in our society over another by insisting on legislating the "Catholic point of view" on abortion and private schools?

In general, are we trying to use legal force as a substitute for deep moral reflection on the common problems that our whole society is facing? Do we teach "moral absolutes" because we are afraid to put ourselves into the complete moral situation in which people here are finding themselves as they try to judge what is right?

MACALESTER COLLEGE CELEBRATES 100TH ANNIVERSARY

HON. BILL FRENZEL

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 5, 1974

Mr. FRENZEL. Mr. Speaker, today Macalester College in St. Paul, Minn., celebrates the 100th anniversary of the granting of its educational charter by the Legislature of the State of Minnesota. The charter centennial celebration will run for 1 year featuring a series of programs by groups and offices of the college.

Macalester College has an impressive reputation for turning out some excellent scholars and is a fine example of the great educational institutions found in the State of Minnesota. I am pleased and proud to salute its long history of achievements and successes.

GASOLINE SHORTAGE

HON. JOSHUA EILBERG

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 5, 1974

Mr. EILBERG. Mr. Speaker, the administration's handling of the "oil crisis" as a whole and in its various parts can at best be described as inept.

During the truckers strike, while President Nixon and FEO Chief William Simon were floundering around for a political solution, Gov. Milton J. Shapp of Pennsylvania was forced to step in and deal with the problem.

At this time I enter into the RECORD a column on this situation by Nicholas von Hoffman which is complimentary to Governor Shapp and the Governor's reply.

The material follows:

GASOLINE SHORTAGE

(By Nicholas von Hoffman)

Every day it gets worse. The gas situation, I mean.

Now they're doing this odd day-even day business, and in a lot of places it's not working.

Next there'll be a shoe leather shortage and we'll be to hopping right-footed on odd days and left-footed on evens. On television, you can see pictures of gas station owners strapping on guns like cowboys—arming themselves against their non-customers who'd like to be their customers only there's no gas. Peace with honor at the pumps.

Meanwhile—and you can handle this—they are still debating in Washington whether or not there is a gas shortage. People are fighting for drops of the stuff, spending hours waiting for half a tank of it. Money lost. Work lost. Business lost. Chaos. And the people in Washington don't know for sure if there's a real shortage.

His Czarship—the Fuel Simon—says we don't need rationing, we might need rationing, we do need rationing, we don't need rationing. And he gets some more movie stars to tell the suckers to conserve the stuff.

I say let's have rationing. With rationing we'll get a black market. With a black market we'll get free enterprise and with that we'll get some gas!

It's also time to overthrow his Czarship, the Fuel Simon, let him go the way of the other Romanoffs.

When the truck drivers went on strike he and his Super-Boss, Czar Nixon hid under the bed.

The Governor of Pennsylvania, Milton J. Shapp had to come to Washington to save the country from anarchy.

And now the gas station owners are starting to go out on strike. His Czarship, the Fuel Simon, is already hiding from a posse of angry state officials.

New anarchy. New stupidity. Higher costs for the working people. Off with the Fuel Simon's head.

And I'm Nicholas von Hoffman saying either bring back Governor Shapp to Washington or move this paralyzed, incapacitated national capital to Harrisburg, Pa.

OFFICE OF THE GOVERNOR,
Harrisburg, Pa., February 27, 1974.

Mr. NICHOLAS VON HOFFMAN,
Washington Post Co.,
Washington, D.C.

DEAR MR. VON HOFFMAN: I thoroughly enjoyed your two recent commentaries as part of the CBS Spectrum series which dealt with the Federal Energy Office's handling—or mishandling—of the energy problem and the resulting chaos from their action.

While I'm flattered by your complimentary references to me, quite frankly, I wish it wasn't necessary that I go to Washington to become involved in these problems. It's only because the national leadership has abdicated its responsibilities in these areas, and has left the states and the cities with the problems that force officials like myself to come to the Capitol and seek resolution.

We're the ones left with the angry people. It is our roads that get blockaded. We're the ones who don't have the gasoline or diesel fuel to allocate. The federal government, instead of dealing with the problem, appears to be running away from it.

Nonetheless, I greatly appreciate your kind words and while, as any public figure I am pleased by recognition of my actions; nonetheless, I hope it's not necessary for me to travel to Washington in the future except in the course of normal state business.

Sincerely yours,
MILTON J. SHAPP,
Governor.

P.S. On your point about moving the Capitol—York, Pennsylvania, a short 25 miles south of Harrisburg was the Federal Capital for little more than a year in 1777 and 1778; we'd be glad to move the seat of government back to central Pennsylvania—if you're starting a movement!

MEMBERS URGED TO MISS GRIDIRON CLUB DINNER

HON. JEROME R. WALDIE

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 5, 1974

Mr. WALDIE. Mr. Speaker, the annual Gridiron Club dinner has been the subject of some controversy in recent years because of the club's policy of discriminating against women.

This year the Journalists for Professional Equality are holding a "counter Gridiron dinner" on April 6, the same night as the Gridiron Club event.

I would urge all Members of Congress, Mr. Speaker, to skip the Gridiron Club dinner and attend, instead, the "counter dinner" which will be held at 7 p.m. at Mount Vernon College's gymnasium.

The proceeds of this event will go to the Reporters Committee for Freedom of the Press which provides funds to working members of the press threatened with court action for their failure to disclose sources.

Mr. Speaker, I hope to see many of my colleagues at this event on April 6.

MISLEADING ADS PREY ON PUBLIC

HON. THADDEUS J. DULSKI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 5, 1974

Mr. DULSKI. Mr. Speaker, recently I have been getting inquiries from my constituents about advertisements purporting to offer—usually for a fee—inside information on obtaining social security benefits.

One such advertisement implies that the Government is guarding secrets about eligibility and states that:

> If you do not take advantage of your new social security benefits, you are only cheating yourself . . . It is easy to start getting your new social security benefits.

Another offers a booklet which, although it is free upon request, is deplorably entitled, "Stake Your Claim—How to Work the Social Security Gold Mine."

The facts are, of course, that eligibility for social security benefits is clearly defined by law, and free, accurate information is provided to the public upon request. Any local Social Security Administration office will furnish the information. An individual can write or visit the office nearest to him or the Social Security Administration, Baltimore, Md. 21235, and can receive, free of charge, a statement of his own social security earnings, booklets describing available benefits, application forms, and answers to specific questions.

At this point, I am inserting my recent correspondence with the Social Security Administration on this subject:

JANUARY 18, 1974.

Commissioner JAMES B. CARDWELL,
Social Security Administration, Department of Health, Education, and Welfare, Baltimore, Md.

DEAR COMMISSIONER: I assume your agency is aware of this advertisement, as well as the contents of the report that is offered at the cost of $3.00.

Several of my constituents have inquired as to the accuracy of the information in this publication. They also ask why this information cannot be made available free by our Government.

I would appreciate having your comments in this regard.

Sincerely yours,

T. J. DULSKI.

SOCIAL SECURITY ADMINISTRATION,
Baltimore, Md., February 4, 1974.

Hon. T. J. DULSKI,
House of Representatives,
Washington, D.C.

DEAR MR. DULSKI: I understand and share your concern about the promotional advertisement, "How to Collect from Social Security at Any Age!" This advertisement has been appearing in many newspapers and we have been concerned with some of the misleading statements that are made about the social security program. As you can see, some statements about the program appear in the form of questions and suggest that complete answers can be obtained only by reference to the report published by the Good News Publishing Company.

I believe that advertising of this type does a great disservice to the public. In addition to undermining its confidence in the integrity of the social security program, it also helps to create the impression that the individual must obtain from outside sources (at a price) that information which is provided openly and without charge by the government source. The Social Security Administration maintains over 1,000 offices where members of the public may secure accurate and reliable information about social security free of charge.

I recently asked our Chicago Regional officials to get in touch with the company to suggest other approaches to their advertising. In addition, we are currently in contact with the Federal Trade Commission concerning similar promotional materials, (issued by Mr. Ralph Ginzburg, publisher of the magazine, *Moneysworth*, offering a free copy of the booklet, "Stake Your Claim—How to Work the Social Security Gold Mine"). You can be assured that the Social Security Administration regards it as a responsibility to the people we serve to inform them of the deception involved in this type of advertising.

Sincerely yours,

JAMES B. CARDWELL,
Commissioner of Social Security.

I believe the claims in these ads are more than "a great disservice to the public"; I believe they are outrageous. If there is any gold mine connected with social security, it is being worked by these unscrupulous advertisers.

If the Federal Trade Commission is unable to halt such blatant misleading of the public, then Congress needs to take remedial action.

A GREAT AMERICAN

HON. THOMAS P. O'NEILL, JR.

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 5, 1974

Mr. O'NEILL. Mr. Speaker, on December 5, 1973, Nicholas Johnson left the Federal Government after more than 10 years of dedicated, staunchly independent, and committed service to his country. At the age of 29, Nick was appointed Maritime Administrator by President Johnson. He was the youngest to serve in that capacity since President Kennedy's father, Joseph P. Kennedy, in 1936. He served with distinction there until 1966 when he was appointed to the Federal Communications Commission where he served for the next 7½ years.

Rarely has a Federal administrative official shown such undiminished zeal and independence over a 10-year span of Government service. Rarely has a Federal commissioner so consistently and intelligently articulated the needs and interests of the public.

In 1967 the U.S. Jaycees selected the Ten Outstanding Young Men of America. One was a Senator from Massachusetts—EDWARD M. KENNEDY. The other Federal official was FCC Commissioner Nick Johnson.

Later the New York Times reported college students were turning away from folk heroes like Jerry Rubin and Abbie Hoffman to more solid young leaders. One was Ralph Nader. The other was Nick Johnson. Then the New Republic selected them as the first winners of its coveted "Public Defender Award."

In this age of turmoil when the integrity, independence, and commitment of public servants is so often questioned, the governmental life and times of Nicholas Johnson serve as a reminder that, with courage, Government officials can be responsive to the common weal.

RED CHINESE-DOMINATED REGIME IN ALBANIA CONTINUES ATROCITIES AGAINST ITS SUBJUGATED PEOPLE

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 5, 1974

Mr. BIAGGI. Mr. Speaker, there are some who say that the 1970's should be a period of relaxed tensions between the United States and Red China. They say we should befriend the Red Chinese and give them the benefit of our technological know-how, trade with them and permit them to extend their sphere of influence to their neighboring countries.

Mr. Speaker, I say "no" to this policy of acquiesence. I want no part of friendship with a nation that continues to assert a policy of world domination through communism.

At the present time, only three states are under the political influence of Red China. One of those states is Albania. If customs and practices in that country are an example of what would occur if the Red Chinese spread their influence to other countries, I believe this Nation would be condemning such people to a hell on Earth.

I recently came in contact with two particular problems experienced by the subjugated peoples of Albania. Since the Communists took over that state in 1944, many freedom-loving Albanians fled their homeland to come to the West.

Many have taken up residence in my congressional district in New York City. Over the years they have sought to communicate with their families still living in their ancestral homeland, but the Communist dictators have sought to thwart their every effort. They wanted to send back a few gifts to help ease the miserable life those still in Albania must suffer, but the authoritarian regime has cut off all such mail.

In 1967, a most cruel law was passed—or more rightly announced—by the regime in Albania. This new decree declared that all those who fled Albania are "enemies of the people" and made it a crime to communicate in any way with them or to receive mail and packages from them. As a result, many Albanians here in America are unable to find out even if their loved ones in Albania are alive let alone send them any mail or gifts.

Similarly, anyone in Albania who sends letters to the "enemies of the people" in foreign lands, would also be declared "enemies of the people" and subject to arrest, imprisonment, and death.

This authoritarian state also announced in 1967 that it was the first totally atheistic state in the world. At that time the Communist regime embarked on a program of persecution of all religious people in their country. All places of worship were closed and their property seized. The clergy was abolished and any manifestation of faith or worship was made a crime.

A report of only one of their atrocities reached this country last August. A Catholic priest, 72 years of age, the Rev. Stephen Kurti, was tried and shot in Miloti, Central Albania, just because he baptised a baby privately at the request of the child's mother.

Such actions are not typical of countries that seek international peace and friendship. Such actions, though, are typical of those countries where the doctrines of the Red Chinese brand of communism are prevelant.

We have no diplomatic relations with the Albanian regime—and, frankly, I do not think we should. However, to prevent other Albanias from developing and to prevent more people from coming under the type of dictatorship espoused by the Red Chinese, we should ban all trade and exchange of information with the Red Chinese unless they guarantee the rights of international communication, travel, and religious belief.

We have a precedent for this in the passage by this body of the Mills-Vanik-Jackson amendment which seeks to prohibit most-favored-nation status to the Soviet Union unless they permit their people to exercise their basic right to emigrate freely. So, too, should we require as a condition for any relaxation of trade restrictions with the Red Chinese, that they permit people under their influence, including the Albanians, the right to freely travel, to practice their religion, and to communicate with other people throughout the world.

BANANAS ON PIKE'S PEAK

HON. CRAIG HOSMER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 5, 1974

Mr. HOSMER. Mr. Speaker, being marked up in the Interior Committee is H.R. 11500, which is euphemistically called a bill to regulate the surface mining of coal, but which, in actuality is an antisurface coal mining thing which, if enacted, would guarantee a lot of cold dark winters by unduly interfering with the Nation's energy supply.

For instance, H.R. 11500 would require each State to declare any or all of its land unsuitable for surface coal mining. At the same time it says this designation shall not prevent the mineral exploration of any area so designated. In other words, the operator who cannot mine an area is allowed to discover how much coal he cannot mine.

That makes just about as much sense as trying to grow bananas on Pike's Peak. H.R. 11500 is notorious and it should be defeated.

LITHUANIAN AMERICANS OF CLEVELAND SPEAK OUT

HON. LOUIS STOKES

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 5, 1974

Mr. STOKES. Mr. Speaker, the Lithuanian Americans of Cleveland have issued a resolution in commemoration of the 56th anniversary of the restoration of independence of Lithuania. They speak for millions of their friends and relatives in a land oppressed by foreign invaders. The world is still largely ignorant of the degree of suffering which the Lithuanian people must bear. But Lithuanian Americans are speaking out in their behalf, and their story is being told.

I wish to share with my colleagues in the House one evidence of how the Lithuanian Americans of Cleveland are responding to the tragic situation of their brothers and sisters in the old country.

RESOLUTION

We, Lithuanian Americans of the Cleveland area, gathered at the parish auditorium of the Our Lady of Perpetual Help Church in Cleveland, Ohio, on Sunday, February 17, 1974, to observe the fifty-sixth anniversary of the restoration of independence of Lithuania; and

To honor those who died for Lithuania's freedom; and

To repeatedly condemn the forceful occupation of Lithuania by the Soviet Union, and the continuing physical, religious and cultural suppression of the Lithuanian people by the Soviets, all of which is the direct consequence of secret Soviet pacts with the former Hitler's regime; and

To alarm all the free peoples of the Soviet genocidal actions by settlement of Russian and other colonists on Lithuanian soil with the intent to alter the ethnical character of Lithuania's population, and also the recently intensified anti-religious activities, seeking to destroy all churches; and

To recall the sad fate of Simas Kudirka, the many priests and thousands of Lithuanian citizens in the forced labor camps in Siberia. Now therefore, be it resolved, that:

1. We repeat our demands for the complete withdrawal of Soviet armed forces and all of their agents, thus enabling the Lithuanians to govern themselves.

2. We express our gratitude to the Administration and the Congress of the United States for the refusal to recognize the seizure of Lithuania by the Soviets and for the moral support for the Lithuanian cause, and also request that our Administration modify its present foreign policy by seeking freedom for Lithuania and the other Soviet enslaved nations.

3. We urge our Administration to direct the attention of the world opinion on behalf of the restoration of human rights in Lithuania and to protest such frequency violations by the Soviets.

4. We also urge our Administration to withhold any further aid to the Soviet Union until it releases Simas Kudirka and the countless numbers of other prisoners.

And finally, be it resolved to forward copies of this resolution to the President of the United States, the Secretary of State, to all Members of the U.S. Senate and the House of Representative from Ohio and to the news media.

BRICKER AMENDMENT

HON. BILL ARCHER

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 5, 1974

Mr. ARCHER. Mr. Speaker, it was 20 years ago on February 26, 1954, that the U.S. Senate voted on the Bricker amendment and, by a vote of 60 to 31, it failed by one vote to achieve the two-thirds vote necessary to pass the Senate as a constitutional amendment. It was unfortunate that this measure failed of passage.

The Bricker amendment was introduced by former Senator John W. Bricker of Ohio in 1952 and, after extensive hearings, it came to a vote 2 years later.

This proposed amendment was designed to deal with a problem which has been the concern of this Congress: the great expansion of Presidential power in the area of foreign affairs.

The period of World War II saw the emergence of the United States as a world power. There was a movement toward stronger Executive authority in the realm of foreign affairs especially through the use of executive agreements. These executive agreements circumvented the normal treaty route. The executive agreements made by the United States with a foreign power or foreign powers bound the United States in the field of foreign affairs and, unlike a treaty, did not have to be submitted to the Senate for its advice and consent. These executive agreements made major commitments for the United States in world affairs—commitments which excluded the participation of the legislative branch of Government.

The growing U.S. presence in world affairs and the emergence of the United Nations also brought up new problems concerning treaty obligations and U.S. domestic law and policies.

This amendment proposed by former Senator Bricker sought to meet this problem and the growing concern of many Americans that our increasing international obligations would erode some of our freedoms here at home. It sought to alleviate this concern by requiring that any executive agreement made by the President and any foreign country—or international organization—should be subjected to the constitutional limitations on treaties; for example, the advice and consent of the Senate.

The amendment went further to protect any American rights being abrogated or negotiated away by treaty. If any provision of a treaty denied or abridged any right enumerated in the U.S. Constitution, the treaty provision would have no legal effect. This section was designed to prevent treaty law from superseding U.S. constitutional law. In addition, it was provided that no treaty could permit any foreign power or any other international organization to supervise, control, or adjudicate the rights of citizens in the

United States or any other matter within the domestic jurisdiction of the United States, Finally, a treaty could only become effective as internal law in the United States by the process of the enactment of appropriate legislation by Congress.

During this age of Executive dominance in foreign affairs and a period of "undeclared wars," we need this type of protection.

We recently witnessed, during the debate on the Rhodesian chrome bill in the other body, the assertion was made that the United Nations boycott of Rhodesian chrome was binding on the United States despite the fact that this chrome is vitally needed in the manufacturing of stainless steel in the United States. There was the attempt during the debate to make this action of an international body an action equiavlent to a U.S. law, and thus binding on our country. Certainly the interest of the United States is not served by aiding or supporting the boycott.

The other legislative body also debated the Genocide Treaty. This measure, if passed by the Senate, would have made many matters of U.S. domestic concern matters of international concern and adjudication.

Although we are willing to cooperate in international bodies for mutual benefit, we need to act in a way which serves the best interests of the United States and all of its citizens. An amendment to the Constitution which would subject treaties and executive agreements to some restrictions would aid us in protecting our sovereignty.

It was unfortunate that the Bricker amendment met defeat. We owe a debt of gratitude to former Senator Bricker for making this fight two decades ago. The United States would be better off today had this fight to pass the amendment been successful. I have introduced House Joint Resolution 778, the full text of the Bricker amendment. Other colleagues in the House have sponsored or cosponsored the amendment. The past 20 years should serve as a lesson to all of us. We need to adopt the Bricker amendment.

MRS. CRAIG

HON. WILLIAM L. HUNGATE

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 5, 1974

Mr. HUNGATE. Mr. Speaker, America and Missourians lost an outstanding public-spirited citizen in the death of Mrs. Horace W. Craig, February 19, 1974.

It is through the untiring efforts of citizens like Mrs. Craig, that our democratic process is made to work.

She will be missed by all who knew her and the many who never knew her will benefit from her good works and dedication to our Nation.

The article follows:

Services Set for Mrs. Horace Craig at Christian Church

Funeral services for Mrs. Horace W. Craig, McCredie, will be held at 2 p.m. Friday at First Christian Church. Mrs. Craig died Tuesday at the Callaway Memorial Hospital. She was born Jan. 14, 1898, at Garner, Ark., the daughter of Judge Eugene and Edwina Neville Wallen Burks.

The former Miss Leila Fern Burks, she was reared in California, Oregon, Colorado and Webster Groves. The family moved to Fulton in 1912 and Mrs. Craig graduated from William Woods College in 1916. She attended South East Missouri State College, Cape Girardeau, and taught in the St. Louis County public schools until her marriage to Horace Wise Craig on June 21, 1921.

During the 1920's she taught at Hereford and Craig schools and returned to teaching during World War II at Marein, Millersburg and Hardin schools. She was one of the founders and officers of the Christian Women's Fellowship at Richland Christian Church where she had been a member since 1921.

Mrs. Craig was vice chairman of the Callaway County Democratic Committee at the time of her death and had served as Democratic Committeewoman from McCredie township since 1926. She served as secretary of the committee for several years and as vice chairman for the past 10 years. She was an ex-officio member of the Ninth District Democratic Congressional Committee. She was also an active member of the Callaway County Woman's Democratic Club.

Other organizations Mrs. Craig held membership with included Delta Kappa Gamma; Charity Stille Langstaff chapter of the Daughters of the American Revolution which she formerly served as Regent; a past board member of the Daniel Boone Regional Library; a past president and member since 1921 of the McCredie Woman's Club; past board member of the National Alumnae Board of William Woods College and was the recipient of the Green Owl Award in 1964 from the Alumnae Association for her outstanding service.

She was preceded in death by her husband, Dec. 24, 1957, her parents, two sisters, Mary Eulalia and Dr. Eugenia Burks Clark.

She is survived by a son, Daniel B. Craig, Baltimore, Md., a sister-in-law, Mrs. J. L. Dunn, Fulton, a niece, Mrs. John A. Howard, Denver, Colo., and a cousin, Dent Wallen, Mexico.

Friends may call at Browning Funeral Home after 2 p.m. Wednesday. The family requests contributions to a memorial fund to purchase children's books for the Fulton Branch of the Daniel Boone Regional Library. Friends handling the fund are Mr. and Mrs. Harlan Borman, Mr. and Mrs. H. L. Dutton, Mrs. D. M. Cuthbertson, Mrs. Bryan Harris and Mrs. Robert Britts.

Burial will be at Hillcrest Cemetery.

CONGRESSMAN MOORHEAD SPEAKS ON COMMUNITY DEVELOPMENT BLOCK GRANTS

HON. THOMAS L. ASHLEY

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 5, 1974

Mr. ASHLEY. Mr. Speaker, few Members of the House of Representatives are as respected for their thorough understanding of the need for high-quality housing and community development legislation as our distinguished colleague, the gentleman from Pennsylvania, Congressman William S. Moorhead.

For this reason, I believe that his colleagues will read with interest the text of an address delivered by Mr. Moorhead on March 4, 1974, before the National League of Cities-U.S. Conference of Mayors.

In this speech, Mr. Moorhead has provided us with a well-rounded and thoughtful discussion of community development block grants in particular, and the Housing and Urban Development Act of 1974 in general.

I insert the text of the speech in the Record at this point:

Remarks of Congressman William S. Moorhead (D., Pa.)

Mayor Martin, of Norfolk, Mayor Bradley, of Los Angeles, ladies and gentlemen. I want to thank you for asking me to address so august and impressive an assemblage.

Since a recent poll showed that people have more confidence in their trashman than their Congressman, I guess I should be happy to be invited anywhere.

There is no doubt, amidst today's soaring inflation, rising unemployment, and the energy crisis, that public officials—correctly or incorrectly—will bear the brunt of citizen outrage.

Just recently, I saw a bumper sticker which reflects this augury. It read "Dear God. Please Let Me Have Enough Gasoline to Get to the Polls on Election Day."

I think we all agree, for a number of reasons, 1974 will be a crucial year in terms of our national housing and community development policy.

We have not passed a major housing and community development bill for three years.

We are now in the second year of a Presidentially-imposed moratorium on all assisted housing programs.

A bloodied and besieged President, wounded but still possessing great power and authority, faces the threat of impeachment.

The Nation's economy, jolted by rampant inflation, is being further pressured toward higher prices and greater unemployment by the energy crisis.

And finally, it is a congressional election year.

In this swirl of events anything could occur in the next few months, from passage of a full blown housing and community development bill to a presidential veto of same, a veto neither house could override.

I need not remind you—although I will a bit later in my remarks—how very strong a force you represent for translating some very progressive ideas—shared by Congress, the Administration, and your own association—into the Housing and Urban Development Act of 1974.

You've come to Washington ostensibly to hear what the federal government is going to do about giving you the community development tools and resources to revitalize and recaste your communities.

You've come to Washington to find out if the federal government will again be the provider of funds to assist in housing those who pay dearly for shelter and those who have no housing at all.

You've come to Washington, I hope, stripped of partisan rancor, devoid of inflammatory rhetoric, to work with the Congress and the Administration to forge the same union that created and approved, in the words of the late Lyndon Johnson, the "Magna Carta of housing legislation," the Housing and Urban Development Act of 1968.

Let me dwell on the latter need for bipartisan cooperation—and in your own case—cooperation at different levels of government.

Let's not kid ourselves. The Administration may not have the horses to pass the kind of community development and housing bill it wants, but it has more than enough to stop any effort it does not like.

We know it and they know it.

Therefore, any success rests on mutual compromise.

In the past few weeks, the Housing Subcommittee and the Administration, in the person of HUD Secretary Jim Lynn, have locked horns and reached tentative agreement on issues which some weeks ago I would have considered irreconcilable.

Much credit for this should go to the Secretary himself, who has engaged in a highly personal brand of diplomacy between HUD and its authorizing committees on Capitol Hill.

We've managed to reach the accords I speak of in a series of extraordinary Housing Subcommittee mark-up sessions with Lynn and his staff present.

We've done this in the spirit of common resolve, devoid of stridency or quest for pride of authorship.

If sincerity alone could father a new housing bill, then ladies and gentlemen, I would suggest that we're dealing with a very pregnant situation.

But we all know that good intentions are not sufficient. It takes more than good intent and good will to produce good legislation. Therefore, I would be remiss if I suggested that the battles were over, the war won. They are not and it is not for we've just begun the skirmish.

I see three crucial demands we must satisfy.

We must produce a community development program which builds on the block grant or special revenue sharing concept.

We must inextricably wed a community development program to a housing component.

And finally, in doing these first two, we must produce a bill which appeals to the broad, often conflicting, needs of a majority of House and Senate members.

In 1971—in an effort to produce a totally new concept in housing and community development legislation—the Housing Subcommittee chartered three panels to investigate the housing issue.

I was fortunate enough to chair Panel #3, which was charged with producing legislative ideas for, and I quote, "developing a suitable (urban) living environment."

Kurt Wehbring, one of a dozen outstanding consultants who wrote issue papers for our panel, contributed a work entitled "Block Grants: A Means for Achieving a National Housing and Urban Development Policy."

Wehbring's embryonic proposals—and the recommendations of our panel—are what brought you here today.

As you know both the Housing Subcommittee and the Administration last year offered their respective legislative versions of a community development block grant program.

Our's was part of H.R. 10036, the so-called Barrett-Ashley bill. The Nixon Administration countered wtih the Better Communities Act, or BCA.

H.R. 10036 had three major parts: (1) a program of block grants for community development and housing, (2) a major new program providing for the modernization of our existing public housing stock, (3) a revised program of FHA mortgage insurance with special provisions for assisting middle income families.

The program for community development block grants provides $2.5 billion to be distributed automatically to communities during the first year of a three-year $8.25 billion program according to a population, poverty, and housing need formula. These funds would be provided in a block grant form consolidating the urban renewal, water-sewer, neighborhood facilities, and open space programs. To receive funds, metropolitan cities would have to submit applications which contain balanced programs that would eliminate or prevent slums and blight, provide housing for low- and moderate-income people and improve community facilities and services. All communities must, as a condition of receiving these community development block grants, submit plans to provide low and moderate income housing.

The Administration's Better Communities Act is quite similar in principal to the community development segment of H.R. 10036, but the Administration would grant funds, under the population, poverty, overcrowding formula, to large counties as well as major cities.

Technically, the Subcommittee is producing an entirely new, or "clean" bill from the major recommendation of each side.

Let's examine what the Subcommittee has done or expects to do. There no longer exists any doubt in my mind—or in the collective minds of the Subcommittee—that we must, and can, begin the community development block grant program in fiscal year 1975, not 1976 as we originally suggested.

One additional year of phasing out current categorical programs means another year of inaction and no substantial progress.

I believe we can put together a bill—and with all systems "go"—see it pass the House by this coming June.

This should give you about six months to comply with the public participation and needs stipulation requirement that precedes approval of your community development application. Using this timetable—which is only a "guesstimate"—eligible recipients could begin receiving their funds by January 1, 1975.

Regarding the applications themselves, the Subcommittee has embraced the suggestion of the Administration—and a position strongly advocated by your Washington staff—to simplify the process greatly and allow you to decide your own priorities with a minimum of interference from Washington or HUD area offices.

The Subcommittee has agreed not to make you go through detailed application requirements before receiving your first entitlement. However we have emphasized quite strongly that the Secretary must conduct a vigorous post performance audit to guarantee proper use of federal funds.

In other words, in the first year to facilitate start-up, the Secretary should not seriously challenge your community development priorities—unless they are patently absurd or unreasonable—but we do expect him to hold back second and third year funds if, in his judgment, you fail to make serious advances toward your own program objectives.

In addition, we want a three year authorization to assure you, when you begin to address your community development needs under the block grant program, that there will be a sustained federal commitment allowing you to complete your programs.

On a most crucial issue, the Subcommittee has tentatively decided to return to the original Barrett-Ashley proposition which would include in your hold harmless share credit for your Model Cities program experience.

That's the good news. The bad news is that we expect to allow Model Cities experience to appear in your formula or hold harmless share for no more than three years—and in many cases for less than three years.

It seems inequitable to continue to grant hold harmless shares—which in most instances will be more than your formula shares—in perpetuity because of a federal program commitment which never was meant to be etched in stone.

However, before you get your hackles up, please be assured that we are assiduously working on a mechanism—which may be a special categorical program or a Secretary's discretionary fund—that would provide additional funds to metropolitan cities to soften the descent from hold harmless, including Model Cities, to your formula share.

While the Subcommittee has yet to adopt the Administration's plan to treat urban counties on an equal basis as metropolitan cities, we are attempting to put urban counties in a special category that reflects their legitimate community development needs. We might accomplish this by giving urban counties a formula claim on funds which exist in the SMSA once metropolitan cities have received their share.

There are two very good reasons for some such solution.

First, many counties are exercising community development authority granted them under state law, and aggressively pursuing programs for their component governments.

We should encourage this by rewarding those counties which have the legal capacity to perform these activities.

The second reason—and this is one which extends to other facets of the Community development package—is that unless the bill carries a broad appeal (translate this as money) for governments other than metropolitan cities we don't have a chance of winning on the floor.

Reflecting new demographic patterns, more and more Congressmen find themselves representing suburban constituents.

I'm one of them. Before 1970, I represented only wards in the city of Pittsburgh. Following the census and reapportionment, I now represent 85% of Pittsburgh and 150,000 suburbanites east and south of Pittsburgh.

Therefore our community development bill must allocate funds and meet the needs of not only those who have had ample community development experience but also those who have received little or no federal community development money.

While Members of Congress, the Administration, and groups like yourself enthusiastically support community development revenue sharing legislation, that same support often evaporates when the subject turns to federally subsidized housing.

I've little doubt that a community development block grant program, independent of a housing component would sail through Congress with little opposition.

After all, water and sewer programs, open spaces, historical preservation, urban beautification, and some elements of urban renewal appeal to a broad social and economic range of people.

But subsidized housing addresses the needs of only one group—the poor and near poor.

Without real lobbying clout in Washington, this group is near powerless.

Yet before we rush to give money to cities and counties and other units of government to confront their community development needs, we must ask ourselves some questions.

For whom are we developing our communities?

What replaces units torn down by urban renewal programs?

What replaces shelter which is labeled worthless by code enforcement programs?

Who lives in model neighborhoods?

The answers are people and housing.

If there is anything which we have learned in the last few years, it is that we cannot have sound community development without a close tie-in with housing assistance and that we cannot have effective housing programs without local governments providing adequate facilities and services and a healthy community environment for housing.

Thus, in all our deliberations with the Secretary we've made it patently clear that we must have a strong subsidized housing program to go along with community development.

For all intents and purposes, the Subcommittee has retreated from its insistence on housing block grants to parallel the community development section as originally suggested by Barrett-Ashley.

The Administration has offered for fiscal year 1975 to fund the construction of 300,000 units of revised Section 23 Leased Housing.

That's fine . . . for a starter.

The basis for final agreement on a community development bill rests on the Administration's willingness to further expand the Section 23 program to allow HUD to work with both local housing authorities (LHA's) and private and non-profit developers to create a mix of housing.

Without a housing program, the Subcommittee will not approve a community development bill.

The two, in my mind, are inseparable.

We are several years away from the housing allowance cash grants desired by the Administration and HUD cannot go through the charade of partially funding or fully funding community development programs while turning a deaf ear to housing programs.

Before concluding my remarks, I would like to offer a suggestion on what community groups and cities, which are concerned over the need for adequate housing, can do to fill the void created by the retreat of the federal government from housing assistance programs.

The key to revitalizing a community, whether with new housing or, as more often is the case, rehabilitating older units, is to attract private money.

There will never be enough federal money available to properly fill the needs of all those who spend a disportionate share of their income for shelter or who have no decent housing at all.

The amount of money to accomplish this has been conservatively established as $7 billion per year.

The federal government has never spent more than $1.5 billion annually on housing programs. Thus it is imperative to get banks and savings and loans interested in putting their funds into loan and mortgage programs for inner city neighborhoods.

An extremely successful effort in this regard has taken place in my city of Pittsburgh.

Called the Neighborhood Housing Services, the project demonstrated that community groups, by closely monitoring a revolving neighborhood rehabilitation loan fund, can convince private financial institutions that loan making in the inner city can be profitable.

The group started with a grant from a local foundation. They turned this money into a revolving loan fund which made low interest rehabilitation loans to local residents. This indigenous effort proved so successful that private lenders who had written-off the area once again turned their attention to loan-making activities.

To be a success, such an effort needs: strong local leadership, at the community level and in city hall; a local financial industry willing to consider an innovative self-help program in older communities; a private source of seed money; and finally, an unyielding determination by the community to improve itself.

We've done it on a small scale in Pittsburgh and it can be reproduced in other cities. I urge you to consider it.

In closing let me return to the issue at hand and assure you of certain facts: the members of the Housing Subcommittee desperately want to produce a good housing and community development bill, which the entire House can embrace; the Administration very much wants a community development bill, by holding that hostage for a quality housing component, I think we can get a bill out of committee that both sides can agree upon; the economy of the Nation can get a much needed boost from a strong federally subsidized housing program; and finally, and most importantly, every member of Congress—and the Administration, too—is aware that there are too many crumbling cities and ill-housed people in our country.

By building on these points, employing strong citizen interest, the lobbying strength reflected in this conference, and the inherent lobbying power in this room, I think we can overcome the Administration's retreat from the national commitment to provide "a decent home in a suitable living environment for all Americans."

Thank you.

HARRINGTON CITES NEED FOR LEGISLATION TO PREVENT SOCIAL SECURITY FROM CUTTING VA PENSIONS

HON. MICHAEL HARRINGTON

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 5, 1974

Mr. HARRINGTON. Mr. Speaker, over the past week I have received a deluge of letters from veterans and their dependents, from coast to coast, urgently seeking help in their fight against the inflation which is viciously devouring each dollar almost before it enters their pockets. These letters support legislation I introduced on February 13 (H.R. 12787) to protect the pension benefits of veterans and dependents from the legal loophole which denies them the full financial benefit of social security increases, by dropping veterans' pensions they have earned every time social security benefits are increased.

In the first session of the 93d Congress, two laws, Public Laws 93-66 and 93-233, were enacted increasing social security benefits by a total of 16.9 percent. These laws, however, do not guarantee that these increases will be "passed through" to all recipients. To the contrary, because present law requires that increases in social security be considered in calulations of income for determining both eligibility for veterans' benefits and the amount of these benefits, more than 1⅓ million current recipients of VA benefits will soon find that their checks have been substantially reduced.

In fact, thousands of current recipients will be disqualified entirely from receiving veterans' pensions because of the increases in social security.

In all too many cases, the increases in social security are leaving recipients in worse shape, in terms of total income, than they had been before Congress enacted the benefit increase laws. We should not take away with one hand what we appear to give with the other. Our assistance programs should genuinely enhance the financial security of the aged, widowed, and disabled. To provide only the illusion of help—and play a shell game with the welfare of millions of veterans and their dependents—is not enough. The legislation I have introduced would guarantee that increases in social security enacted during the 93d Congress will not adversely affect the benefits received by veterans, their widows, or their dependents.

We must do more than sympathize with those who depend on fixed incomes. We must protect their rights to the full veterans' benefits they deserve, and act against the injustice of reduced or discontinued pensions resulting from increases in social security. Unless we wish to add to the ranks of those who are already on welfare, we must cease giving with one hand, seeming to acknowledge a grave need for an increase in the means of our elderly, and taking away with the other, because of a needless but damaging technicality in the law.

The following letter from a woman in California is an example of the troubling problems which confront veterans suffering at the hands of decreasing or terminated pensions due to the increase in social security benefits. The text of her letter follows:

DEAR MR. HARRINGTON: Thank you for taking the time out of your busy schedule to try and help the many veterans and veterans' widows from having money taken from our checks every time there is an increase in social security.

I was shocked when I received my January check of which $15.79 was deducted leaving my check at $29.84. (Even before the Social Security increase came through.)

The first payment to the hospital will be raised from $72.00 to $84.00. The payment to the doctor will be raised from $60.00 to $70.00.

Please sir: where will it all lead to?

I have written several times to the Veterans' Administration. All I received was a form letter explaining the law.

I am in my 74th year. I would like to work so as to make up the difference, but no one wants to hire people this age, even though you are healthy and able to work.

I sincerely hope that some way can be found to correct this law.

God bless you for your effort.

POST CARD REGISTRATION

HON. J. J. PICKLE

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 5, 1974

Mr. PICKLE. Mr. Speaker, I observed on the Whip Notice this week that the post card registration bill may come up after Tuesday.

I have noticed certain arguments being made that post card voter registration is confusing and discourages people not to register.

Mr. Speaker, these arguments are not valid.

At the conclusion of my remarks, I will ask that the post card used to register voters in Texas be placed in the RECORD.

I do not see why there should be opposition to having large numbers of our constituencies voting.

In my district, with post card registration, the number of voters registered is high. And it is easy to register. In the past I have personally assisted in registering working people and students at the University of Texas at Austin and other schools. Using the post card system many students will register, and then vote.

This is the way it should be, and our democratic system is improved by it.

Below is the Texas post card format:

(Front)

Place stamp here

Fritz Robinson
County Tax-Assessor Collector
Travis County Court House
P.O. Box 1748
Austin, Texas 78767

(Back-left side)

APPLICATION FOR VOTER REGISTRATION CERTIFICATE

Travis County, Texas

Do not reregister if registed in 1972

Date: ——— 19—

Voting Precinct No. —— (if known).

NAME OF VOTER

Mr., Miss, Mrs.________________(Please print)

Street address________________________________

Street or Route No. (do not use P.O. Box)

City______________________ Zip Code______

Social Security Number_________(if known)

Telephone number____________________________

Sex: —— Male —— Female.

Age ————

—— check here if serviceman or student

(Back-right side)

Residence: I certify that the applicant is 18 years of age or over,* a citizen of the United States, and will have resided in Texas and the county and city for 30 days upon the effective date of the certificate for which this application is submitted. I understand that the giving of false information to procure the registration of a voter is a felony.

*If under 21, show date of birth______________

month day year

FORMER REGISTRATION

If resgistered in another Texas county during the preceding three years

Name of county______________________________

Residence address____________________________

Street or Route No.

City______________________ Zip Code______

Mail certificate to the following temporary address if it is not to be mailed to the permanent address above:

Street Number______ City____ Zip Code____

Mail or deliver application promptly to County Tax Assessor Collector of Your Home County. Application must be received by the registrar 31 days prior to election at which you wish to vote

Sign Here:_________________________________

Signature of voter agent*

*Husband Wife Father Mother Son or Daughter ONLY

(Circle one where applicable)

Deputy ___________________________________

Telephone No._______________________________

Please note that the left side is used if the voter is registering for the first time. The right side is for those who have moved to another county and must re-register.

I might add, if a person registered the year before, that person is automatically registered the following year.

INADEQUATE IMPLEMENTATION OF THE FOOD STAMP PROGRAM IN PUERTO RICO

HON. BOB BERGLAND

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 5, 1974

Mr. BERGLAND. Mr. Speaker, I wish to state my strong concern regarding the announcement by the Department of Agriculture earlier this week about its plans for implementing the food stamp program in Puerto Rico. It seems that once again the Department is attempting to cut budget corners at the expense of hungry people—contrary to the will of Congress.

Under recent amendments to the Food Stamp Act, the Secretary of Agriculture is required to implement the program in Puerto Rico by June 30, 1974. It appears from this week's announcement that, not only will he fail to meet this deadline—by 9 months—but he intends to restrict eligibility to a level lower than that required by the act and he also intends to shortchange the island's malnourished poor families on the amount of food stamps they will be receiving.

I shall take up these matters one at a time, starting with implementation. The August 1973 amendments to the act require that the program be operated in every political subdivision of the United States as of June 30, 1974, unless it is impossible or impracticable to do so. It would surely seem that the 11-month period from August 1973 to July 1974, would be sufficient advance notice. Yet, according to this week's announcement the Department is unwilling to bring the program to San Juan until March of 1975—an incredible 19 months from enactment of the amendment. I, for one, am very skeptical that a serious effort is being made.

Let the Department know that the food stamp program has been designed to meet the very urgent needs of hungry people. Unless the Department and the Commonwealth can sustain the burden of proof put on them by the act and come up with showing that it is "impossible and/or impracticable" to bring about islandwide implementation by June 30, 1974, they will be in violation of the statute if the plans in this week's announcement are carried out.

As to the coupon allotments, it appears that the Department has completely failed to take into account the fact that food prices on the island are significantly higher than those in major cities of the mainland. I say this, because according to the announced coupon allotment schedule a Puerto Rican family of four is slated to get only $122 worth of stamps to meet their monthly food needs instead of the $142 they would get living in even the least expensive area of the mainland.

One can only surmise at how the Department arrived at the $122 figure. It may be that they costed out the usual, inadequate diet of Puerto Rico's poor, added a few dollars and arrived at the figure announced—totally disregarding the high cost of standard staple items that are essential to good nutrition. I am calling upon the Department, here and now, to calculate the islandwide cost of standard food items. If they are as high or higher than the mainland then coupon allotments must be raised to whatever level is necessary so long as they do not exceed the statute's maximum: "The prevailing coupon allotment levels on the mainland."

Finally, the eligibility standards are also lower than the mainland's.

It would appear that USDA did not calculate them in the manner required by the act which is to multiply the island's per capita income figure by the number of people in a household to determine that household's maximum income eligibility figure but instead, they followed the procedure used in the mainland. That is to set eligibility at a point at which coupon allotments would equal approximately 30 percent of the income eligibility level. By following the mainland policy they used the inadequate coupon allotment figures previously discussed as the base and came up with eligibility standards that are approximately 14 percent lower than the mainland's.

It should be sincerely noted, however, that the Department could have used a worse method and determined eligibility by comparing the island's lower per capita income to the mainland's higher figures and then reducing the eligibility by a proportionate amount. Some observers of the Puerto Rico situation feared such would happen and it would, of course, have been in complete violation of the act. The Department wisely chose not to follow such a course.

BILL TO INSURE CONGRESSIONAL SURVEILLANCE OVER DEBTS OWED TO THE UNITED STATES

HON. LESTER L. WOLFF

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 5, 1974

Mr. WOLFF. Mr. Speaker, I am pleased to report to my colleagues that our bill to insure congressional surveillance over settlements of debts owed to the United States by foreign nations is gathering continued support in the House.

This legislation, originally introduced by Congressman DERWINSKI and me, seeks to insure congressional involvement in the renegotiation, rescheduling, cancellation or settlement of foreign debts owed to the United States. It is designed to prevent "giveaways" of the American taxpayers' money without prior consultation by the Congress.

We introduced this joint resolution last week with the bipartisan support of over 40 Members. Today, we have reintroduced the bill with 16 new cosponsors, a list of which follows my remarks.

We are also making progress in moving the resolution through the House. Congressmen DERWINSKI, BROOMFIELD, and I were successful in having the House Foreign Affairs Committee adopt our amendment to the Foreign Assistance Act of 1961, to insure congressional surveillance over currency settlements that come under this act. Our joint resolution applies the terms of this amendment to all currency settlements, involving all American aid, including Public Law 480 funds.

We are looking forward to continued support from our colleagues and ultimate passage in the House.

A complete list of those Members who have cosponsored our resolution follows:

COSPONSORS OF HOUSE JOINT RESOLUTION 920

Wolff, Derwinski, Addabbo, Anderson (Ill.), Archer, Bevill, Broomfield, Brown (Calif.), Cohen, Collins (Texas), Conte,

Daniel, Robt. (Va.), Devine, Dickinson (Ala.), Drinan, Eilberg, Fuqua, Gettys, Gross, Harrington, Helstoski, Hinshaw,

Hosmer, Hungate, Kemp, Ketchum, Long (Md.), Lott, Mann (S.C.), McCormack, Montgomery, Sandman, Sarbanes,

Taylor (N.C.), Tiernan, Whitehurst, Winn, Yates, Young (Fla.), Heinz, Podell, Pritchard, Lelaney, Burke (Mass.), Gilman.

NEW COSPONSORS ADDED TODAY

Abzug, Chappell, Collier, Mrs. Collins (Ill.), Daniel, Dan (Va.), Richard Fulton, Gunter, Holtzman,

Hudnut, Ichord, McCollister, Moakley, Reigle, Sisk, Symms, Veysey.

PROGRAM RUN BY ABCD CHANGES LIVES

HON. THOMAS P. O'NEILL, JR.

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 5, 1974

Mr. O'NEILL. Mr. Speaker, as many Members are aware, the authorization for the Office of Economic Opportunity expires in June 1974. For 10 years now OEO has served the poor, the unemployed, the handicapped, and the economically disadvantaged. It signifies America's continuing commitment to and concern for those persons who have not had an opportunity to become part of the economic mainstream. OEO has helped these people attain independence and self-reliance, not through handouts, but through programs, like job training, designed to equip them with permanent skills. Action for Boston Community Development—ABCD—the major OEO grantee in Boston, has served the community and the people of Boston in this capacity for years. It has enabled participants to rise from poverty to assume their place in the community as productive and creative persons. I am submitting for the Record the story of one person whose life was changed by his involvement in a program organized and run by ABCD and funded by OEO. I am sure that there are countless other stories like it in Boston and throughout the Nation. It argues eloquently for the continuation of OEO. I commend it to my colleagues for their examination:

CODMAN SQUARE—A LONG WAY FOR JIMMY

(By Jeremiah Murphy)

Sometimes you need a break, but Jimmy McConoghy of Dorchester wasn't buying that line a few years ago because he figured he was doing all right.

He had quit school at 16 and was picking up a few dollars stealing cars and selling parts, and that gave him enough money to tie one on now and then and hang out on the corner at Codman Square in Dorchester.

Jimmy figured he was doing all right, and so what if he had a long juvenile record and now there were those stolen cars and a little breaking and entering. He had grown up in a broken family in Dorchester, so it was easy to drift with the crowd, to climb up to the roof of the Woolworth's store and sit there and get tanked on beer and perhaps a pint he stole from the drugstore where he worked parttime.

He was 16 years old, drifting around, crashing at any place he could find. He wasn't worried, because teenagers think they are going to be kids forever. But it doesn't work that way. Two of his old Dorchester pals became Walpole prison inmates. It could have happened to him. Sometimes that is the pattern.

But Jimmy McConoghy got a break. One night he stopped into Sal's Pizza Shop and bumed a cigarette off a pretty young blonde named Else. And later he asked her for a date. She said no.

But he kept after her and eventually she said OK, but only under certain conditions: that he stop stealing cars and find a job and . . . It came at a very bad time, because McConoghy was going into Dorchester District Court in a few days on a car theft charge.

So he signed up for an Action for Boston Community Development (ABCD) training program to learn how to repair typewriters. Then Judge Paul H. King gave him one more chance and McConoghy started going over to Broadway in Southie every day. He wanted to quit the typewriter course, but instructor John Gilmore somehow kept him going, and ABCD counselor Bob Elias kept calling and asking "How's it going? . . . come on, you can make it."

Jimmy finished the 16-week course and now he could do something that some of his pals hanging on that Codman Square corner couldn't do: earn an honest living.

Then Gilmore went to the Royal Typewriter Division in Cambridge and told them about Jimmy's police record and still convinced them to give him a try. So McConoghy went to work with Royal and liked it. So what if he didn't get rich. He had a straight job and that meant Else still would go out with him, so he tried to forget about stealing cars and getting stiff on rooftops and all that.

But then it was 1969 and the draft was threatening, so Jimmy signed up with the Army. Everything went okay, because he was assigned to repair typewriters at Fort Knox. He was promoted to the equivalent of sergeant and got orders to go to Germany, so that is when he and Else decided to get married.

He spent a year or so in Germany, then returned to Dorchester and a little apartment and his old job at Royal. He travels around Greater Boston now making typewriter repairs and if things work out right, maybe he will move up in the company. He likes the job.

McConogby looks like a thousand other 23-year-old Dorchester guys with his longish black hair and a moustache. But there is an important difference from his old friends on the corner, because now he is married with a home and sometimes on weekends he and the wife drive up to New Hampshire to go skimobiling and all that. Maybe someday he will be able to swing a down payment on a house of their own. The other night McConoghy sat in the Tara pub on Dorchester avenue and talked about Judge King and John Gilmore and Bob Elias and the Royal typewriter company, but most of all he talked about his wife. "She made the difference," he said. The reason he said sure, go ahead and use his name, was that "maybe the story will help one kid in Dorchester . . . you never know." It is a damned good reason. Then James Anthony McConoghy got into his little yellow sports car and drove home. To Else

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DEMANDS COMPLETE WITHDRAWAL OF SOVIET FORCES

HON. JAMES V. STANTON

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 5, 1974

Mr. JAMES V. STANTON. Mr. Speaker, in view of the fact that Lithuanian-Americans are one of the smallest minorities in the United States, I would like to call attention to their cause. For this reason, I am inserting in the Record a resolution adopted on February 17, 1974, by the Cleveland chapter of the Lithuanian-American Council, Inc.

The resolution follows:

RESOLUTION

We, Lithuanian Americans of the Cleveland area, gathered at the parish auditorium of the Our Lady of Perpetual Help Church in Cleveland, Ohio, on Sunday, February 17, 1974, to observe the fifty-sixth anniversary of the restoration of independence of Lithuania; and

To honor those who died for Lithuania's freedom; and

To repeatedly condemn the forceful occupation of Lithuania by the Soviet Union, and the continuing physical, religious and cultural suppression of the Lithuanian people by the Soviets, all of which is the direct consequence of secret Soviet pacts with the former Hitler's regime; and

To alarm all the free peoples of the Soviet genocidal actions by settlement of Russian and other colonists on Lithuanian soil with the intent to alter the ethnic character of Lithuania's population, and also the recently intensified anti-religious activities, seeking to destroy all churches; and

To recall the sad fate of Simas Kudirka, the many priests and thousands of Lithuanian citizens in the forced labor camps in Siberia. Now therefore, be it

Resolved, that:

1. We repeat our demands for the complete withdrawal of Soviet armed forces and all of their agents, thus enabling the Lithuanians to govern themselves.

2. We express our gratitude to the Administration and the Congress of the United States for the refusal to recognize the seizure of Lithuania by the Soviets and for the moral support for the Lithuanian cause, and also request that our Administration modify its present foreign policy by seeking freedom for Lithuania and the other Soviet enslaved nations.

3. We urge our Administration to direct the attention of the world opinion on behalf of the restoration of human rights in Lithuania and to protest such frequent violations by the Soviets.

4. We also urge our Administration to withhold any further aid to the Soviet Union until it releases Simas Kudirka and the countless numbers of other prisoners.

And finally, be it resolved to forward copies of this resolution to the President of the United States, the Secretary of State, to all Members of the U.S. Senate and the House of Representatives from Ohio and to the news media.

IMMEDIATE INVESTIGATION OF OIL SITUATION ESSENTIAL

HON. CLARENCE D. LONG

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 5, 1974

Mr. LONG of Maryland. Mr. Speaker, the Shah of Iran charged over a week ago that the United States is importing as much oil as ever if not more, and suggested fraud on the part of oil companies in the present, so-called energy crisis.

I have introduced a House resolution, which now has 66 cosponsors, directing a factfinding investigation by the Committee on Interstate and Foreign Commerce, with full subpena power to obtain the facts under oath from oil companies' executives.

My resolution compels a factfinding investigation, rather than leaving it in the hands of an Administration which has shown it lacks a sense of urgency about the energy crisis.

The House will be considering today the Federal Energy Administration Act, which would allow the Administrator, when he is nominated and confirmed by the Senate, to issue subpenas to the oil companies and inspect their places of business if necessary.

The key word here is "allow." Nothing in the bill as it comes to the floor today mandates an investigation, let alone sets a time deadline for reporting. In fact, any information classed as "trade secrets" or "other confidential data" may not even be released by the Administrator, except to the General Accounting Office.

In addition, we are dealing with an as yet unestablished group, and a bureaucracy at that, in the proposed Federal Energy Administration.

The Administrator of FEA should have subpena power. But beacuse we do not have the power to compel him to use his full authority and report back to us, I strongly urge that House Resolution 917, my bill, be acted upon as quickly as possible. We need facts now.

DISCRIMINATION IN SEEKING CREDIT

HON. BENJAMIN A. GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 5, 1974

Mr. GILMAN. Mr. Speaker, today I am introducing legislation prohibiting discrimination on account of sex or marital status against individuals seeking credit.

Over the past few years we have made some significant gains in providing more equitable treatment for women in employment and education. There remain, however, several areas in which women are still actively discriminated against. One such area, the refusal of equal credit, has vast ramifications not only for the American woman but also for our entire economy.

It is a well established fact that a woman, either married or single, experiences much greater difficulty in obtaining credit than a man—even if their financial situations are similar. Married women are often refused credit in their own name. Single women have trouble establishing credit and widows or divorced women experience difficulty in trying to reestablish credit.

While we have come a long way in our acceptance of women's equal role in our society, we have yet to lawfully prevent discrimination against women seeking credit.

Accordingly, I am introducing a measure today, a companion bill to legislation introduced by my colleague, Mr. PEYSER of New York, prohibiting discrimination on account of sex or marital status against individuals seeking credit.

Mr. Speaker, the provisions of this bill are clear and precise—they are strong provisions with severe enough penalties to insure that the American woman is justly treated when she seeks credit extension.

Mr. Speaker, I insert the text of this bill at this point in the RECORD:

H.R. —

A bill to prohibit discrimination on account of sex or marital status against individuals seeking credit

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Equal Credit Act".

PROHIBITION OF DISCRIMINATION ON ACCOUNT OF SEX OR MARTIAL STATUS

SEC. 2. (a) (1) It shall be unlawful for any creditor or card issuer to discriminate on account of sex or marital status against any individual with respect to the approval or denial or terms of credit in connection with any credit sale, any loan or mortgage, or any other extension of credit, or with respect to the issuance, renewal, denial, or terms of any credit card. It shall be unlawful for any lessor of real or personal property to discriminate on the basis of sex or marital status against an individual entering into a lease agreement with respect to such property.

(2) For the purpose of extending credit or issuing, renewing, denying, or determining the terms of any credit card—

(A) with respect to a married couple or either spouse, any creditor or card issuer shall take into account the combined incomes of both spouses if both spouses are obligated; and

(B) with respect to any individual, any creditor or card issuer may not rely on the probability or assumption that—

(i) the income of such individual may be diminished because of the sex or marital status of such individual; or

(ii) the rate of increase in the income of such individual may be affected by the sex or marital status of such individual.

(b) (1) Any creditor or card issuer who discriminates against any individual in a manner prohibited by subsection (a) is liable to such individual in an amount equal to the sum of—

(A) in the case of an individual action, not less than $100 nor more than $1,000; or

(B) in the case of a class action, not more than the greater of $50,000 or 2 per centum of the net worth of the creditor or card issuer, as the case may be, as of the end of the creditor's or card issuer's fiscal year immediately preceding the fiscal year in which the discrimination occurred; and

(C) in the case of any successful action to enforce the foregoing liability, the costs of the action together with a reasonable attorney's fee as determined by the court.

(2) Any action under this section may be brought in any court of competent jurisdiction during the one year period commencing on the date of occurrence of the violation.

ADMINISTRATIVE ENFORCEMENT

SEC. 3. (a) Compliance with the requirements imposed under this Act shall be enforced under—

(1) section 8 of the Federal Deposit Insurance Act, in the case of—

(A) national banks, by the Comptroller of the Currency;

(B) member banks of the Federal Reserve System (other than national banks), by the Board of Governors of the Federal Reserve System;

(C) banks insured by the Federal Deposit Insurance Corporation (other than members of the Federal Reserve System), by the Board of Directors of the Federal Deposit Insurance Corporation;

(D) banks (other than cooperative banks) which are not insured by the Federal Deposit Insurance Corporation, by the Board of Directors of the Federal Deposit Insurance Corporation;

(2) section 5(d) of the Home Owners' Loan Act of 1933, section 407 of the National Housing Act, and sections 6(i) and 17 of the Federal Home Loan Bank Act, by the Federal Home Loan Bank Board (acting directly or through the Federal Savings and Loan Insurance Corporation), in the case of any institution subject to any of those provisions and any building and loan, savings and loan, or homestead association, or cooperative bank which is not subject to any of those provisions;

(3) the Federal Credit Union Act, by the Director of the Bureau of Federal Credit Unions in the case of any credit union, whether or not insured in accordance with the provisions of such Act.

(b) For the purpose of the exercise by any agency referred to in subsection (a) of its powers under any Act referred to in that subsection, a violation of this Act or any regulation prescribed by such agency under this Act shall be deemed to be a violation of a requirement imposed under that Act. In addition to its powers under any provision of law specifically referred to in subsection (a), each of the agencies referred to in that subsection may exercise, for the purpose of enforcing compliance with this Act, any other authority conferred on it by law.

(c) Except to the extent that enforcement of this Act is specifically committed to some other agency under subsection (a), the Federal Trade Commission shall enforce such requirements. For the purpose of the exercise by the Federal Trade Commission of its functions and powers under the Federal Trade Commission Act, a violation of this Act or any regulation prescribed by the Federal Trade Commission under this Act shall be deemed a violation of a requirement imposed under that Act. All of the functions and powers of the Federal Trade Commission under the Federal Trade Commission Act are available to the Commission to enforce compliance by any person with this Act, irrespective of whether that person is engaged in commerce or meets any other jurisdictional tests in the Federal Trade Commission Act.

(d) Any agency referred to in subsection (a) and the Federal Trade Commission shall prescribe regulations to effectuate the provisions of this Act.

CRIMINAL SANCTION

SEC. 4. Whoever willfully and knowingly violates any provision of section 2 or any regulation prescribed to enforce the requirements imposed under such section shall be fined not more than $5,000 or imprisoned not more than one year, or both.

DEFINITIONS

SEC. 5. For purposes of this Act, the term—

(1) "Credit" means the right granted by a creditor to a debtor to defer payment of debt or to incur debt and defer its payment.

(2) "Credit sale" refers to any sale with respect to which credit is extended or arranged by the seller.

(3) "Creditor" means any person who extends, or arranges for the extension of, credit in connection with loans, sales of property or services, or otherwise, whether or not a finance charge or late payment charge is required.

(4) "Credit card" means any card, plate, coupon book, or other credit device existing for the purpose of obtaining money, property, labor, or services on credit.

(5) "Card issuer" means any person who issues a credit card, or the agent of such person with respect to such card.

(6) "Mortgage" means that the term as defined by section 201 of the National Housing Act.

(7) "Lessor" means one who grants use and possession of real or personal property in consideration of something to be rendered.

EFFECTIVE DATE

SEC. 6. This Act shall take effect on the ninetieth day after the date of its enactment.

TRIBUTE TO WILLIAM SIDELL

HON. GLENN M. ANDERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 5, 1974

Mr. ANDERSON of California. Mr. Speaker, on March 11, the United

Brotherhood of Carpenters & Joiners of America will hold a testimonial dinner in Los Angeles to honor their general president, William Sidell.

For the past 35 years, William Sidell has been a distinguished leader of the labor movement. He has earned a reputation for his outstanding record of accomplishments in both the State of California and the Nation.

From his first elected office as warden of the 4,500 members of Local 721, William Sidell has risen to be the general president of the United Brotherhood of Carpenters & Joiners of America, representing over 600,000 members. As a member of the executive council of the AFL–CIO, he is also indirectly responsible for over 10 million members.

In 1957, William Sidell was elected secretary-treasurer of the Los Angeles County District Council of Carpenters, which represents 33 local unions and whose membership of over 55,000 makes it the largest in the Nation.

Mr. Sidell has also served as an executive board member of the California State Council of Carpenters, and the California State and Los Angeles County Building & Construction Trades Councils; secretary of the Southern California Conference of Carpenters; and vice president of the California Labor Federation, AFL–CIO.

In 1962, William Sidell was elected to his first national office in the United Brotherhood of Carpenters and Joiners as general executive board member for the eighth district.

Mr. Speaker, in addition to his involvement in the labor movement, William Sidell has generously given his time and talent to a wide variety of civic and social interests. He has served as a member of the California Governor's Advisory Commission on Housing Problems, the Los Angeles Mayor's Labor-Management Committee, the executive board of both the Los Angeles and California Committees on Political Education, and secretary-treasurer of the Organized Labor Voters Registration Service, Inc.

Throughout his many years of devotion to the needs of his fellow man, Bill has made many friends in management, business, and government, as well as in organized labor. I am sure they all join me in expressing our appreciation to this man for his many years of unselfish dedication.

I am certain that through the efforts of Anthony Ramos, executive secretary of the California State Council of Carpenters; M. B. Bryant, a member of the general executive board of the eighth district; and others, this dinner will be a most successful and fitting testimonial to Bill Sidell's outstanding achievements.

We in California are grateful that we have leaders in the national labor movement of the caliber of William Sidell. I know that his wife, Frankie, their three children, Suzann, Barton, and Gary, and their five grandchildren share our deep pride in this great man.

THE PHONY BREAD SHORTAGE

HON. ROBERT P. HANRAHAN

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 5, 1974

Mr. HANRAHAN. Mr. Speaker, since the infamous Russian wheat deal, we have been hearing about this bread shortage or that lack of wheat. My colleagues may find the following article from the Chicago Tribune of interest in this regard.

The article follows:

The Phony Bread Shortage

The American Bakers Association keeps warning that the United States may run out of bread because of record exports to foreign countries. Its latest warning came a few days ago at a "Save Our Bread" rally in Washington, designed to drum up congressional support for a ban on wheat exports. Unless the government acts immediately, the association says, American consumers may have to go without bread for up to four weeks this spring.

The United States Department of Agriculture and the National Association of Wheat Growers reply that this just isn't so. Since the Washington rally, wheat futures prices on the Chicago and Kansas City grain exchanges have dropped, indicating the grain trade doesn't believe the bakers, either. A spokesman for the milling industry told The Tribune that, altho wheat supplies are indeed extremely tight, he didn't know of a single company that has thus far turned down an order for flour because of a lack of wheat. It is the oil problem almost in reverse.

Market analysts at the Kansas City Board of Trade say they believe most large baking and milling companies have either bought enough wheat or contracted for future delivery of enough to insure an adequate supply until next summer. Among them is Campbell Taggert, Inc., a holding company for 75 large bakery firms that produce brand-labeled bread in the South, Southwest, and West. The company's chairman, Bill O. Meade, has written his stockholders to assure them that the company had anticipated tight wheat supplies and "had already purchased flour and wheat for the critical months ahead."

Mr. Meade wears two hats, one as chairman of Campbell Taggert, the other as chairman of the bakers association. His reassuring letter was prompted by the alarm generated by his own warnings on behalf of the association of a wheat shortage and $1-a-loaf bread this spring.

It looks as if Secretary of Agriculture Butz is right in accusing the bakers of an "irresponsible scare tactic to catch the headlines and perpetrate a hoax on consumers." The secretary told the bakers that if they are really worried about a bread shortage to "put your money where your mouth is" and buy 150 million bushels of wheat, which he said was immediately available for sale in this country.

The baking industry, understandably, wants to avoid higher costs and higher prices, and it is true that export curbs would tend to hold domestic prices down. But such curbs could produce long-term repercussions that would more than offset any short-term advantage for the baking industry.

For one thing, export curbs would mean abrogating contracts made in good faith, and would advertise to the rest of the world that we are not a reliable supplier. Wheat importing countries would look elsewhere for future suppliers. This country is still under a cloud of suspicion created last summer when our embargo on soybean exports aroused consternation in Europe and Japan. Since then the Nixon administration has pledged that such action will not be repeated.

Export curbs also would break faith with the American farmer, who depends on foreign sales to take two-thirds of his wheat crop. Farmers this year have responded to high wheat prices by producing what is forecast as a 2.1 billion bushel crop—nearly 15 per cent above last year's record output.

Farmers may not be so ready to respond in future years if they think the government will react to industry or consumer pressure and pull the plug on their prices.

API PRESIDENT WARNS OIL INDUSTRY

HON. OLIN E. TEAGUE

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 5, 1974

Mr. TEAGUE. Mr. Speaker, Saturday, March 2, 1974, the Washington Post carried an article by Jack Anderson that I believe deserves the attention of every Member of Congress and especially the general public. Mr. Anderson quotes API's Frank Ikard from a letter he wrote that scolds the oil industry.

The free-enterprise petroleum industry is literally on a teeterboard and the weight of public opinion will be the deciding factor.

The article follows:

API President Warns Oil Industry

(By Jack Anderson)

In a confidential letter, the embattled president of the American Petroleum Institute has warned oil company executives that they had better make peace with the little people in the industry.

API's Frank Ikard, as mouthpiece for the oil industry in Washington, bluntly scolded the corporate chiefs for their insensitivity to the problems of the jobbers, distributors and retail dealers. This highhanded attitude, he warned, was making life difficult for pro-industry legislators in Congress.

"Clearly," Ikard wrote, "it has become politically popular to take potshots at the oil industry—in fact, it has almost become a political necessity to do so. . . . Right now, the Congress—or a large segment of it—is in a punitive mood."

He continued: "Unfortunately, one of the biggest problems we face springs from right within our own industry. Scattered all across the country, there are literally hundreds of highly vocal and very angry jobbers, distributors, commission agents and retail dealers."

They are angry, Ikard said, because the oil companies are not listening to their problems or answering their questions. "We can't win this fight," he declared, "with a large and very influential segment of our industry battling against us instead of with us."

He called upon the oil moguls to court the small operators and to persuade them to join in a "grass roots" campaign to keep Congress from "taking punitive actions which could cripple the entire industry."

He warned that the "next three to six months could quite literally decide the future of the free-enterprise petroleum industry."

THE NEW LOUISIANA STORY

HON. F. EDWARD HÉBERT

OF LOUISIANA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 5, 1974

Mr. HÉBERT. Mr. Speaker, on February 15, 1974, the Louisiana congressional delegation and the Louisiana Society of Washington bestowed upon James Domengeaux, chairman of the Council for the Development of French in Louisiana—CODOFIL—a plaque which reads:

> For enlightening the Nation to the vital necessities of language pluralism in an increasingly demanding world.
>
> For awakening the State to its linguistic resources and a People to its heritage.

Who is this man Domengeaux and why did he receive this plaque?

I believe the life of Jimmie Domengeaux, with whom I entered Congress in 1941, can best be described in the following way: he is a champion of lost causes that are no longer lost after he has taken them over.

His professional life as a lawyer corresponds to this description: murder cases that looked hopeless were turned over to him; the helpless small landowner manipulated by the big corporations came to see him. There is still today a standing rule in his Lafayette law office that anybody in the grips of loan sharks or finance companies shall be defended free of charge. The underdog continues to flock to his law office, as well as the kind of clients that make his firm one of the most prestigious in the South.

His political life corresponds to the above description. Domengeaux has always been aloof from rigid coalitions and, a lone wolf, has at times, with a handful of associates, succeeded in demolishing these coalitions when the philosophies they lived by seemed to him to be detrimental.

His personal life reflects the description above. Domengeaux has, to this day, a realm of powerful friends, loyal and dedicated to his person. He has, also, a few powerful enemies.

When former Gov. Sam Houston Jones described him at a huge public gathering in St. Martinville in October 1968, designed as the kickoff for the campaign to save the French language in Louisiana, he said:

> He is a man who loves people, but who also loves a fight for the eternal verities, and immutable principles that have been the mark of true civilization since the greatness of man has evolved from the caves and mud huts of antiquity—Had this man lived in the days of the Crusades, he would have been leading the battalions and divisions and phalanxes of greatness—and now this restless soul of a great man strikes out on another great crusade; that of the preservation of the culture and language of a great people.

Human motivation is never one but multiple. It is therefore not simple to ascertain what really started Jimmie Domengeaux on saving the French language in Louisiana. Closest to the truth, I would say, would be a combination of the aspects described above, a convergence of altruism, love of a good fight, and love of his fellow man. Add to this a capacity to see the forest as well as every tree in it and an instinct that has served him well in most activities he has taken up and you will have an inkling of the way the mind of this man works and what brought him, one day in 1967, to embark upon a project that most saw as impossible.

On that day, he had a vision of what the United States could be in a world whose political, psycological, and sociological coordinates were changing radically. He saw this great Nation, a world leader isolated in the world, not only retain the strength of the position it has but augment that strength in the new order of things. He saw the different intangibles coming into play, the future alliances built no longer on pure economics alone but equally on the more ethereal aspects of culture, humanism, and heritage. He saw that the United States had at home the potential material to play a leading role in this new world because it has at home the heritages of all the world built into the mosaic of its national identity. He felt that there are practically no languages foreign in the United States, that most are native, rooted as they are in the thousand and one different groups that make up this Nation.

He wrote of these thoughts, later, in the January 1970 issue of the Acadiana Profile:

> The day can be seen, no longer around the corner, when this Country will have to deal with the rest of the world not primarily from the position of strength it has and will still have—The United States will deal with the rest of the human race through the ability to understand other peoples, through the capacity to grasp other cultures.
>
> And this can only be done, not by eliminating the strength it has and by all means should keep, but by adding the essential humanistic element of the intimate knowledge of languages.

He knew that this country's national identity had been cemented together by the melting pot philosophy, by the need for the whole Nation to speak a common language in order to assure unity and stability to a country that could have resembled the Tower of Babel if the prolifering of tongues had been allowed to go on unchecked. For a multitude of different languages made up the basic fabric of the national cloth. He also knew that the time had come for the United States to abandon the melting pot attitude, never officially declared but nevertheless vividly applied.

> Today, because of unilingualism, the United States, this leader of Nations, is inexorably turning upon itself and crawling into its own shell.

He wrote in that same issue of Acadiana Profile:

> Through lack of communications on a deeper human level, this very influential part of the world, with a presence in every part of the world, is becoming isolated in all parts of the world. It is ironical, and tragic, that the Country which ushered in the new era of communications (through its advanced electronics technology) finds it extremely hard to communicate—Language is communication, or rather, the means of communication.

Domengeaux hesitated a little before declaring that the melting pot philosophy had served its time. He knew that attacking sacred cows is not a popular thing to do. But he also knew that this particular sacred cow, the melting pot attitude, which had served the Nation so well in the past, was on the way to doing irreparable harm to this country in this world of rapidly shrinking dimension, of instant communication and rapprochement between peoples and nations.

He recognized the death of the melting pot philosophy in this country and acknowledged the new age of language pluralism, the roots of which he saw already imbedded in U.S. soil through the Nation's origins and multiple heritages. As he said, later, in that issue of Acadiana Profile:

> I see, in the very near future, the day when the United States will be a bilingual country. It will be bilingual for German in areas where that language prevailed. It will be bilingual with Italian in places where that language developed. It will be bilingual with Spanish in regions where this language was used. It will be bilingual with French where French blossomed.

As was the case in all of Domengeaux' endeavors, only a handful of close friends heeded his words at first. Then, through persuasion, goading, and rebuilding of pride, the idea spread. And by the time this year he received his plaque, the legislature had created the Council for the Development of French in Louisiana—CODOFIL—the Quebec Government had opened and manned an office in Lafayette, the French Government had given massive assistance, the Canadian Government was convinced of the worthiness of the cause, overtures had been made to, or by, a number of other important governments, including Belgium, 40,000 pupils were taking French in the elementary grades, and the French language was being heard once again on the streets of bayou towns and villages from where it had disappeared. And other States of the Union were watching this movement in Louisiana which authoritative people, including, and especially, education officials, had said was impossible and was now embracing all fields of human endeavor including, and especially, education.

In other words, in less than 7 years, Domengeaux and those who believed in him brought a language from the brink of extinction to the verge of existence.

We, in Washington, have been watching with keen interest the Louisiana experiment. I said, myself, after the Second World War:

> America, as well as every other country of the world, depends on contact with the others for its very livelihood. How, then, can we isolate ourselves between our two oceans and pretend the rest of the world does not exist. We cannot.

I do not think I will be breaking the National Security Act if I say that, as chairman of the House Armed Forces Committee, I am in a position to know of the dire need of languages development in the United States insofar as one sector is concerned, that of national defense. In 1959, the National Defense Education Act was established to try to promote the studying of languages by those so qualified at the college level. NDEA institutes were set up throughout the Nation in an effort to alleviate the great inadequacy of our Nation in the extremely important field of international communications.

May I be so candid as to say that this approach has failed. Language curricula are weakening throughout the Nation's universities and colleges and language requirements are being dropped outright in most.

We, of Washington, view this as extremely serious for the security of the Nation, not to mention the other areas of our national endeavor such as economics and culture. The seriousness of our lack in languages development is brought home to us every day in one way or another, in opportunities missed through misunderstandings that could have been avoided, in the need to resort continually to interpreters, often foreign or foreign-trained, in every move we make on the international plane. It has been said by scholars that one delaying factor in the signing of a final peace agreement in Vietnam was the hindrance caused by the unsureness of the interpretation of the peace agreement as written by the other side. A first and main reason of this unsureness in interpreting the other fellow's thought resides in the fact that "you cannot put yourself in the other fellow's skin unless you know that fellow's language intimately," as Jimmie Domengeaux ably puts it.

The example alone of the Communist overthrow of the Chilean Government should in itself spur the United States to embark upon a massive program of languages development. Not as temporary remedy for this or that ailment, as most Federal language programs have been devised, but for the sake of languages themselves and the good of the Nation through their mastery, as put forth by Domengeaux and leading educational authorities at a luncheon chaired by freshman Congressman JOHN BREAUX here, July 11, 1973, attended in person by a score of U.S. Senators and Representatives from Louisiana, New England, and other States, including, besides the Louisiana congressional delegation, Senators MUSKIE, KENNEDY, PELL, GRAVEL, MCINTYRE, STAFFORD, and Representatives SARASIN, WYMAN, KYROS, STUDDS, MALLARY, DRINAN, CRONIN, and at which I introduced personally my good friend the CODOFIL chairman. The Chilean Government was overthrown without one shot being fired because the Soviet Union had perfected some 20,000 technicians in Chile's national language. These technicians, completely fluent in the language, mingled in every strata of Chilean society and were thus able to influence, primarily through language, every level of that society.

> It 's ironic that school boards throughout this Country have spent millions of dollars to destroy ethnic languages in children who were born speaking them, while at the same time they were spending added millions to teach the same languages in high school and college to children who knew none at all and were already too old to learn them easily, *said at that luncheon Dr. Marron Fort, Director of the French North American Program at the University of New Hampshire and Vice-Chairman of the Council for the Development of French in New England (CODOFINE), a recently formed organization patterned along the lines of CODOFIL.* For years educators and government officials have complained about the lack of bilingual individuals who might do America's business abroad while right in our midst were millions of individuals who spoke French, Spanish, German, Polish and a dozen other languages.

At that luncheon also, Dr. Cecil Taylor, chancellor of Louisiana State University, said:

> A source of strength for this Nation lies in big, multiple language proficiencies—and cultural diversity.

I am not being too strong in qualifying as dismal this Nation's failure in that basic art of communication, the art of languages.

Where this Nation failed, however, Louisiana is succeeding. That Southern State is bringing back to life a language that was practically dead. How are they doing it?

Like every good politician, Domengeaux knew that you cannot bring anything about unless the people want it. The people of Louisiana were indifferent at best. The Anglo-Saxon element of the population was barely aware of the existence of a French-language phenomenon, because, truly, the French language had become a nonphenomenon. In the other elements of Louisiana society, the French language had been swept under the rug. The Cajun and Creole parents spoke only English to their children. That was the case also in the Negro family, although the blacks spoke French to a greater degree than did the whites. Everywhere the language was identified with poverty and ignorance.

The melting pot attitude was not by any means a deliberate attempt by the English-speaking to wipe out the other languages. It came from the different ethnic groups themselves who believed they saw in this philosophy a better chance for their offspring to make it in an environment they perceived as dominated by the English language. They spoke exclusively English to their children. This practice spread to the schools. The Cajun kids were punished for speaking French on the school grounds not by the English but by the Cajun teachers themselves.

In this atmosphere, after a number of generations the mother tongues in the United States other than English became something to shun, to be ashamed of. My own mother, a French teacher in New Orleans, spoke French fluently. I cannot speak a word of it. My parents spoke French in the home only to each other and when they wanted to keep something secret from the children.

This practice was widespread in Louisiana.

Jimmie understood this and understood it well. He embarked on a psychological campaign to give worth to bilingualism in the eyes of the people.

When he undertook this campaign, people who spoke the French language were looked upon as ignorant and backward by the other members of their own ethnic group. Today, it has become fashionable to speak French in Louisiana and the language can be heard again on the streets of the bayou towns and villages. People have become proud of their heritage and language. Civic clubs throughout southwest Louisiana have started conducting their meetings and procedures in French. And bilingual street signs and historical markers are cropping up in many localities in "Acadiana," the name given to the southwest Louisiana region since the awakening of the State to its linguistic resources and of a people to the value of its traditions.

This metamorphosis of Acadiana was accomplished by an unrelenting barrage of written and verbal incentives to speak French in the home, to teach French to the children in the early grades, to be aware that bilingualism is an asset and not a liability. This "psychological battle" as Jimmie puts it, was done first through several hundred billboards planted along the main highways, then through thousands of attractive handy-size posters placed in public view in the banks, stores, churches, and in the homes of the increasing number of Louisianians who recognized the value of the fledgling CODOFIL movement. It was done through the commercial advertisers who added a little slogan at the end of their advertisement on radio and TV, first by a few of Domengeaux' friends through their personal sympathy for him and then by dozens of other businessmen who saw a captive market for their products if the movement took momentum. It was done, also, through an unending series of speaking engagements which brought Domengeaux to the four corners of his State and to international conferences and meetings abroad.

Although not intended as such, this campaign caught the fancy of the local, national, and international press. Over a 1-year period, some 50 top foreign newsmedia featured the French-language renaissance in Louisiana: Connaissance des Voyages, ranked among the leading travel periodicals in the world, with a 24-page color spread and cover; Toronto Star, the biggest English language daily in Canada; Le Monde, the Paris intellectual daily; Le Devoir, the Montreal intellectual daily; Jours de France, the big Paris slick magazine, with an 8-page color spread; Radio-Canada with a coast-to-coast television musical pictorial using Lousiana French-language talent both black and white; Agence France-Presse, the French wire service serving 136 countries; Le Figaro, the second-biggest French daily in the world; La Presse, the biggest French-language daily in the Western Hemisphere; Montreal Star, the second-biggest English-language daily in Canada; L'Express, the "Time Magazine" of the French world; TV Hebdo, French-Canada's "TV Guide," with a five-part series; Syntheses, an in-depth topic analysis magazine; the Belgian daily, Le Soir, among the biggest in Europe, with two front-page features—were among those talking about Louisiana and of the first signs of success in its attempts to revive a dying tongue.

The Philadelphia Enquirer said about CODOFIL in June 1970:

> A special phenomenon is sweeping the lush bayou country of southwest Louisiana. A million and a half Cajuns are learning not to be

> ashamed. These generous, intelligent and moral people are emerging from generations of self-hatred, awakening to a sense of their heritage and rediscovering their folklore.

The Los Angeles Times, Life magazine, the Baltimore Sun and the New York Times have featured articles and editorials in a similar vein as well as a dozen other U.S. papers and most of Louisiana's 32 dailies. The Economist of London, England, just put out a write-up on Louisiana with a special section on CODOFIL. And the Reader's Digest, for its French and English international editions, Paris-Match, the highest circulation newsphoto weekly in the French world, and the Wall Street Journal are preparing articles for early publication on the renaissance of the French language.

This unsolicited, invaluable publicity will continue unabated as a result of the convention held in Lafayette this March of the International Association of French-Speaking Journalists and French-Speaking Press, attended by some 150 newsmen, reporters, and wives from 20 French-speaking regions of the world. The convention is a sort of follow-up to the International Congress of the French-speaking Americas held in Lafayette in April 1972 under the auspices of CODOFIL and attended by 22 French powers, at which incoming Governor Edwin Edwards, fresh from taking his oath of office in both French and English, made a half-hour speech, off-the-cuff, and all in French, in which he said:

> If it concerns the French language in Louisiana, you will not have to stand in line in my office, you will not have to cool your heels at my door, I will do everything I can to help the language live and prosper.

Incidentally, this publicity, obtained quite by accident and which could not have been bought for any price, is causing a tourist boom in Louisiana. According to the Louisiana Tourist Development Commission, the flow of tourists from across the Canadian border has increased by 30 percent. It can be assumed that the majority of these tourists are Quebecois, known to move around a lot. The U.S. deficit in international tourism being 2.9 billions, this tourist aspect should in itself be sufficient to cause the U.S. Government and the different States to implement serious programs of second languages.

Domengeaux knew, meanwhile, that speeches, posters, slogans, and incidental tourism were not enough to catch the young, whose generation, although still understanding French to a large extent in the Acadiana region, had abandoned the use of the language for all practical purposes as being something of another age, and in whose eyes the movement might be construed as part of an establishment trick to channel the proverbial restlessness of youth into determined streams. Without the participation of the young, the language is truly dead. So Domengeaux started sending Lousiana's teenagers where they dance, play, work, laugh, study, quarrel in the language; in the State of Quebec first, then in France and other French-speaking areas of the world.

They were a handful at first. But now they leave Louisiana by the hundreds every summer and come back in the fall speaking French. Some 60 French clubs in Louisiana's high schools recently formed a CODOJEUNE, intended to be a youth wing of CODOFIL for the early teens.

From a stigma of inferiority which it was a couple of years ago, the language has become an in-thing among the young of Louisiana. It is a swinging language as, under Domengeaux's personal encouragement and incentive, they are showing this month with their Tribute to Cajun Music, a presentation of traditional and contemporary French Louisiana music put on in the Municipal Auditorium of Lafayette in conjunction with CODOFIL and the Performing Arts Division of our own Smithsonian Institution.

Foremost on Domengeaux's mind all this time, and a subject of daily preoccupation from the start, was the fact that the language was not taught in the schools. He saw as I saw, the failure of the present system of foreign languages teaching in the United States, by which hundreds of millions of dollars are spent each year to start a second language in college or high school to produce a post-graduate unilingual person. He called this a "criminal waste of time, money and talent" and, before the American Association of Teachers of French in New Orleans in December 1970, advocated the outright abandonment of foreign languages in the United States unless they are taught right, unless what Bruce Garder, former chief of the U.S. Office of Education's modern language section, called "an absurdity which passeth understanding" is corrected.

Domengeaux knew, and this has been demonstrated to us hundreds of times here in Washington in our international dealings, that you cannot fully understand the other fellow unless you can put yourself in that man's skin. And you cannot put yourself in that man's skin unless you know his language intimately. And to know a language intimately, you have to start that language when you are a child: in the elementary grades and better still, in kindergarten. High school is simply too late. The more so for college and university.

A second language started in high school or college is but a coat of veneer camouflaging a basic incapacity to communicate adequately in that language. One does not feel the language and one does not feel the breadth and scope of meaning conveyed by the other person.

Dr. Fort said at that Washington luncheon:

> We have only begun to communicate with others when we can talk with their tongues, listen with their ears, see with their eyes through their own language.

Because certified teachers of French did not exist in Louisiana for the elementary grades, CODOFIL—by now Domengeaux had met privately with President Pompidou, Prime Minister Trudeau, Prime Minister Bourassa and the ministers and high civil servants of those three governments—started importing young teaching assistants from France through an arrangement resembling that of the U.S. Peace Corps by which French draftees can serve their 2-year compulsory military service teaching in foreign countries. The first handful that arrived in the fall of 1970 has been augmented to several hundreds, including a contingent of young teacher trainees from Quebec following a personal visit to Prime Minister Bourassa by Governor Edwards, who upon his return, at an unveiling of bilingual historical markers in the city of New Iberia, said:

> The French language is not just a tool used to draw trade or tourism. We have tangible evidence enough through our economic benefits—The language is also a continuing expression of age-old loyalties and a proud heritage.

This program of imported teaching personnel will last only during such time as needed for Louisiana universities to produce a sufficient number of native certified elementary teachers. Six Louisiana universities have implemented elementary French teacher training programs up to now and at present certify a couple hundred native teachers a year total. It will take several years before the elementary French teaching staff will be completely homegrown, however. The process is being speeded up through special courses followed by several hundred Louisiana teachers in France and Quebec each summer and a hundred teachers and school administrators on year-long study in France. Louisiana has also waived out-of-State tuition fees for studying teaching personnel from abroad and placed French as part of language arts, no longer looking upon it as just an enrichment subject.

CODOFIL's French school programs are supervised by the State Department of Education and by the CODOFIL Academic Advisory Board comprising, by Governor appointment, the heads of the foreign languages of all Louisiana colleges and universities and set up to counsel CODOFIL on all matters academic. The Board also publishes for CODOFIL, twice a year, the Revue de Louisiane—Louisiana Review, a bilingual academic magazine subscribed to by the majority of important universities of the world and by the intelligentsia of most big cities. A similar advisory body has been constituted to concentrate entirely on the kindergarten level.

Six years ago, there were no pupils taking French in the elementary public schools of Louisiana and very few in the private and parochial schools. Today, there are over 40,000. Some 7,000 are added each year, forming "a deep and vast reservoir of bilingual individuals for the high-school and university levels and beyond to all spheres of adult life," as Dr. Elmo Authement, dean of administration of Nicholls University, Thibodaux, described it to the Conseil de la Vie Francaise en Amerique meeting in Quebec City in August 1973.

An independent evaluation report on a pilot group of CODOFIL elementary pupils made for the State Department of Education by Ghini and Associates, New Orleans, says:

> Summatively, it can be stated that the Pilot French Program is a very sizable, educational project with vast socioeconomic implications. Its educational worth is undeniable; its impact on the educational community remarkable. The program has fueled the enthusiasm of Louisiana parents toward their offsprings' learning of French, and rekindled their own smouldering pride in their

> Franco-American ancestry. Further, it affords an opportunity to pass on to their progeny the cultural heritage which is unique to Louisiana.

Even if a given language has disappeared from a given area, the people of that area still have the ethnic personality fashioned by, or expressed by, that language in their ancestors, a situation conducive to a more ready grasp of the language if reintroduced effectively in that given society. In most cases, the ear of these people is attuned to the language because most have heard it spoken in their childhood by their grandparents, or their friends' grandparents, those excellent "foreign sound-tracks for the kids" as they are amiably nicknamed by Sol Cordova, coordinator of Field Services for Bilingual Children's Television, in Oakland.

Although on a still very limited basis, French was back in Louisiana's elementary grades where it had not been since the Civil War. But in order that the possession of a language will be intimate, Domengeaux knew the classroom was not enough, for "a language confined will soon wither away," as he wrote in that issue of Acadiana Profile.

He wrote:

> You have to hear it when you turn the radio on in your car, you have to see it spoken when you turn on a television set in your home, you have to dance to it when you put a quarter in the jukebox, you have to speak it at the family table.

So began a series of contacts and encouragement to get more French on the air through existing programs and inauguration of new ones. CODOFIL personnel set out on a research program to gather information on all matters Louisianian that could be interesting to the general public. This material is fed weekly to the French broadcasters who now pepper their shows with tidbits of information on every conceivable subject that can be of interest to their listeners.

Simultaneous with the regeneration of French in Louisiana has taken place a regeneration of French music, with Cajun music making an exciting comeback. Seven years ago, there were less than a total of 10 hours a week of French broadcast between a couple of radio stations in Louisiana. Today there are some 200 hours a week over a total of some 20 stations. The French broadcasters are forming a Broadcasters Advisory Board, similar to the CODOFIL Academic Advisory Board.

Domengeaux held off entering the written mass media. The main reason for this was that, although a third of Louisiana's close to 4 million population still speak or understand French natively, practically nobody can read or write it, due to its obliteration in the schools. With the current year, however, some 20 newspapers publish a weekly bilingual column provided by CODOFIL and consisting of information similar to that broadcast over the air.

This bilingual column serves as a textbook for the thousand adults taking night classes given across the State by the CODOFIL teaching personnel from abroad and serves as a link between the 15 CODOFIL Parish chapters and their present 30,000 members pending the early organizing of the whole State's 64 parishes—counties—and the creating of a chapter liaison bulletin.

The column also serves as an information vehicle for the different organizations and associations created under the aegis of CODOFIL such as the International Municipal and Bilingual Committee grouping Louisiana's mayors and municipalities for exchanges within the framework of twinnings between cities in the State and in the rest of the French-speaking world, the Louisiana section of the International Association of French-speaking parliamentarians grouping the French-speaking legislators of the world, the Louisiana part of the International Association of French-speaking Medical Doctors, and others.

What were the Anglo-Saxons, and the other groups of English-language descendants doing all this time? With two-thirds of the membership in the legislature they participated fully in the unanimous vote that in May 1968 created CODOFIL "empowered to do any and all things necessary to accomplish the development, utilization, and preservation of the French language as found in the State of Louisiana for the cultural, economic, and tourist benefit of the State."

They also participated fully in the unanimous accompanying vote allowing "the French language and history of French populations in Louisiana and elsewhere in the Americas" to be taught in the first 5 years in the public elementary and 3 years in the high school systems of the State "as expeditiously as possible but not later than the beginning of the 1972–73 school year—except that any parish or city school board, upon request to the State board of education, shall be excluded from this requirement, and such request shall not be denied."

They also fully participated in the unanimous vote, taken at that same time, stipulating that—

> Educational television operated under the auspices of any public institution in the State of Louisiana be bilingual in character paying due regard to the proportion of French-speaking listeners within the broadcast area of such operations.

They fully supported the unanimous adoption of other accompanying acts allowing Louisiana educational institutions to offer teacher certification programs in elementary school French, permitting legal notices and public documents to be published in French supplementary to the required English publication and authorizing the establishment of a nonprofit French Language Television Broadcasting Corp.

They organized from A to Z the first big CODOFIL convention at Natchitoches, in completely Anglo-Saxon territory, in December 1969; they readily accepted the teaching personnel from abroad—one completely Anglo-Saxon parish, Ouachita, requested and got 15 French teachers; they make up one-third of the groups that study abroad each year; and, this year, they fully supported the near-unanimous inclusion of an article in the proposed new State constitution recognizing the right to preserve and foster the linguistic origin of Louisianians.

One newspaper, the Shreveport Times, in a completely Anglo-Saxon area, said in a January 1971 article on CODOFIL:

> Historically Louisiana has been a State sharply divided between the Anglo-Saxon North and the predominently Cajun French-speaking South. Now, through the introduction of French to the Union Parish classes, a step may have been taken toward bridging the gap that has so long separated these two areas.

The newspaper further quoted the Anglo-Saxon school principal as saying:

> This has been a truly remarkable program, we certainly are well pleased with the success of the program. The children are so responsive that they have picked up the language faster than the other teachers . . . It is a dream come true to get French into the elementary grades.

The Bastrop Daily Enterprise, also serving a completely Anglo-Saxon area, said in a September 1973 editorial on CODOFIL:

> Yes, we are making progress here in Louisiana in second language learning, far above anything I have seen in any other State. I am proud that our school board and superintendent, with the cooperation of parents and students are participating so well. I hope one of these days that Anglo-Saxon North Louisiana will be as French-speaking as South Louisiana.

To quote that Ghini and Associates evaluation report again:

> When asked if they (the parents) liked the idea of having their child learn French, 97% of parents answered "Yes", and even more impressively, the respondents from the Northern Parishes who supposedly have less French ancestry than those of the other two areas, were 100% in favor of their children learning French.

The Anglo-Saxon people, and the others of English language descent, see the tremendous benefits to their children and grandchildren of what Jimmie Domengeaux is saying to the State and Nation. They see the value of bilingualism for their descendants in a world where everybody is a neighbor. Especially, they see the economic side of bilingualism and the advantages in this field for those who possess it. They know that the multinational corporations is where it's at in today's, and tomorrow's, world. American-owned for the most part, the need of the multinationals in American personnel who speak more than one language is increasing in leaps and bounds. The French language effectively taught in Louisiana's schools is career education in its true meaning and the Anglo-Saxon parents know this.

What were the Negroes doing? That Ouachita Parish which requested and got 15 French teachers has a black supervisor active in that program. One-third of their population speaking French natively to a still greater degree than the Whites, the Louisiana Negroes see the progress of bilingualism in their midst as giving them an edge over the unilingual white man in business, culture, and education both at home, where they see a second language giving to their children a greater scope of being and the prestige of added culture, and abroad, where they see how the forces in today's world are being realigned into patterns definable not to strict economics alone. They know that the white man will have much greater difficulty getting things done in the emerging nations than will the bilingual black man because the majority of these are black and French-speaking. They realize that much matters of importance to the Nation with the emerging countries will be managed by bilingual American blacks.

Domengeaux said at that Washington luncheon:

> The French-speaking black American will be a bridge between the United States and the emerging countries.

For the other elements of Louisiana society, the Cajuns and the dozen other groups linked historically to the French language in Louisiana, the current renaissance is giving back to a people its soul. It is uncovering an identity which had been buried in self-depreciation and shame.

As for the young, of all ethnic and racial origins, in their perennial value seeking, they see with Jimmie Domengeaux and CODOFIL the potential of the French language in Louisiana not only in relation to the Nation and international affairs as such but as regards their home towns and home State.

They see that the development of a truly bilingual Louisiana, based on the existence of a strong indigeneous French-speaking community in Acadiana, will be the impetus to a social and economic development far surpassing the already tremendous contributions of tourism. They realize that the longrun economic development of a region does not depend primarily on its natural resources but rather on its human resources.

The ability of a region to create and attract high growth and high-technology industries depends largely on the skills and the innovative spirit of its population and on its institutional infrastructure. It cannot be stressed enough that an economy based on natural resources is necessarily an unstable one on the long run for the nature of natural resources is constantly changing with technological progress.

Domengeaux has repeated time and again that Louisiana's vast oil resources will be depleted one day, in a relatively short time as counted by the calendar of history, and that the key to longrun economic and social development is an economic structure based on the acquired skills of the population and on the specialized and sophisticated services offered by the institutions of the region. CODOFIL knows that the basic question in regional economic development today is how to create a climate which will keep the dynamic, the innovators, the potential entrepreneurs and the young in the region; or even attract them from other regions.

Looking at the truly unique cultural heritage which Louisiana possesses it seems to Domengeaux and to the young Louisianians who support his movement that Louisiana should be a tremendously exciting and stimulating place to live and work, a stage which should attract the young from all over the Nation. They see that this heritage may indeed be Louisiana's last chance to create an innovative social milieu which would make it unique in America.

Although the creation of a truly bilingual Louisiana will be a long and difficult task, they see that the growth of an educated French community in the State will inevitably give rise to a multitude of institutions which will make their State a major cultural center in America. They see what will happen when Louisiana will possess the only truly bilingual French-English university in the United States. Equally, the serious development of French and bilingual mass media, TV, radio, newspapers, and so forth, will imply new standards in Louisiana journalism and cultural production. In short, it will most certainly furnish the necessary impetus for the establishment of a Louisiana-based "intelligentsia," comparable to those existing in Boston, San Francisco, or Montreal. For much of the university educated elite of America, Louisiana will not just be a nice place to visit but also to live.

The day Louisiana becomes a rallying point for the educated, research-based industries and company head offices will not be far behind. Companies are increasingly interested in locating their head offices and research facilities in areas where their skilled personnel and executives like to live and where they can easily attract such personnel. The role of cultural amenities is increasing constantly as a major factor in attracting modern industries.

The young see that the existence of a French-language identity will not only facilitate commercial links hitherto neglected in other areas of the world but will equally help to attract investments to Louisiana from such countries as France, Canada, Belgium, and Switzerland, not to mention immigration. The Montreal or Brussels businessman will certainly feel more inclined to invest in an environment where French is also spoken. Also, French-speaking students from across the world will come and study in Louisiana. For much of the rest of the world, whether they be students, businessmen, or artists, Louisiana will be the first place they will look to for American know-how, so important in this modern world built on technology.

This has already started to happen, although the French language movement in Louisiana is still in its infancy. In 1971, the big Province of Quebec, one-third the size of the continental United States, wanted to go to Texas for its know-how, manpower, and equipment in its offshore development in the vast Gulf of St. Lawrence region where a fabulous strike has been made off Sable Island. The French language, embodied as a movement through the fledgling CODO FIL, tipped the scale in favor of Louisiana. And the director of the Quebec office in Lafayette, established when that Government saw in 1969 that Louisiana was serious in its efforts to regenerate the French language, tells me that a number of important firms from Montreal are showing a definite interest in inaugurating business on the Gulf of Mexico, with Louisiana as their local base of operation.

The young see with CODOFIL, that the creation of such a unique French-English community, with all the institution that this implies, will permit Louisiana to export cultural goods across America and to play the dominant role in certain fields which it should have played from the beginning. In this respect, the death of French-Acadian music, unique to Louisiana, would, for example, not only be a cultural crime but also an economic one. With sufficient marketing this unique product could be exported around the globe. Cajun music is already becoming "in" in Paris, Montreal, and Brussels. What a splendid way to make Louisiana known around the world.

The young look to the future. They see that CODOFIL is not an attempt to turn back the clock; they see that the leaders of the French language movement are not looking in the rearview mirror.

The young talk of the need for a better America, of the need for new alternatives. There is talk of the need to develop a "counter culture." Every summer one can observe young Americans going to Europe in droves: In search of what? Some go in for Zen. Others become Jesus freaks. Some emigrate. Many of these reactions, if not most, are negative and most can only be temporary solutions. The construction of a true living cultural alternative within America will be a most positive and creative way of responding to the needs and aspirations of much of Louisiana's and America's young. The Louisiana French culture will be a uniquely American alternative.

A bilingual Louisiana is a project which is striking the imagination of the young. Because it is not presented as the conservation of an old rural culture but rather as a new, modern and progressive alternative. And because the chairman of CODOFIL founded his movement devoid of all nationalistic, religious or racial significations.

He wrote in that issue of Acadiana Profile:

> I would be the first to sabotage the Council and fight the French language if I thought the movement was a nationalistic one.

I have said that Domengeaux and CODOFIL have brought a second language from a state of near-extinction to one of near-existence in Louisiana. The truth is that the French language will certainly disappear from the scene in one generation as will other second languages in the United States if the following measures are not taken immediately or in the very near future:

Second languages must be put on a priority footing in individual States and in the Federal Government of the United States. They must no longer be treated as stepchildren, or as "illegitimate children" as Domengeaux puts it.

The major part of Louisiana's French language movement is financed through cost-sharing arrangements with foreign governments. The State cannot continue forever to expect foreign countries to educate its children. This Nation, once so independent-minded and strong, seems to have developed a dependency syndrome lately. The energy question is an example in point.

Let the foreign aid from the French-speaking nations to this country stop, and that will be the end of the French language in Louisiana despite the gigantic task accomplished by CODOFIL in the last 7 years. That unbelievably rich natural asset will be lost forever to the State and Nation unless its development will already have been put on the priority list of the local school boards throughout the State and backed by adequate local funding.

I said there are several hundred foreign teachers of French in the State. It is several thousand that is needed at the elementary level. Right now; before the native language is eroded among the population irretrievably. I mentioned that the legislature allowed the establishment of a nonprofit French language television station. The capacitating act has no power, however, since no funds were ever committed to set up this TV station.

Be assured that the foreign countries will pull out one day, due to changing politics and priorities at home and the other unforeseeable million reasons why nations go one way or another. Louisiana must educate its own children.

On the national level, the puerile titles this and titles that in second languages must be abandoned for a mature thought-out progressive and forceful policy toward the development of languages across the Nation for the sake of those languages themselves and the good they will do to the Nation and not in view of underprivileged children or as a palliative for the predicament of immigrants with faulty English.

Every American child should have the opportunity to learn intimately a second language from kindergarten to university on a basis equal to that of arithmetic or the other priority school subjects. This is as basic to the security and progress of this Nation as are guns, economics, and the arts. My God, immigrant children have more rights in this country than citizen children.

If this is not done, then the teaching of foreign languages should be abandoned in the United States for they are a "fraud on the American public," as Domengeaux told that meeting of the American Association of Teachers of French in New Orleans. He said:

> We must act rapidly if ethnic languages in the U.S. are not to become the exclusive property of a handful of linguistic aristocrats in our universities.

We Louisianians will not let this happen in our State.

Not with Governor Edwin Edwards who, in opinions polled by the American Press of Lake Charles in the fall of 1971, said:

> I will do everything in my power to encourage the continued expansion of the French language. . . . Unfortunately, this unique advantage and asset are in grave danger of being lost. CODOFIL has rendered the State a singular service in seeking to fortify and expand the French language among all the people of the State.

Not with Superintendent of Education Louis Michot saying, in that same poll:

> This great Nation and Louisiana must end linguistic provincialism and Louisiana is uniquely situated to develop a true bilingualism. . . . I am a member of the CODOFIL board of directors and an active supporter of CODOFIL since its organization. . . .

And Lieutenant Governor James Fitzmorris saying:

> I applaud the efforts of those attempting to rekindle interest in the French language, customs and culture in our State, and in our educational system. . . . I want you to know that I support you toward the fulfillment of such a goal.

And Attorney General William Guste saying:

> French is one of the great diplomatic and commercial languages of the world. But even more important, it is a bridge to a large percentage of the world's population with whom we want to create an even greater friendship. I sincerely hope that Louisiana will set the pace for the rest of the Nation in our ability to share a common language.

Not with State Secretary Wade O. Martin who said in the CODOFIL Parish Chapter Manual:

> Louisiana without its million and a half French-speaking citizens would be quite another State. Everyone who speaks this beautiful language knows its tremendous value and importance to the State's culture, its heritage and its economy. No movement is more important to all our people than the development and retention of the French language. It makes the whole State, and all the citizens of the State, unique in this Nation.

Not with the Legislature which, after having unanimously created CODOFIL, reiterated 4 years later its full support of the movement with a concurrent resolution, introduced by Senator Edgar Gonzague Mouton, chairman of the education committee of the Louisiana Senate, to commend the chairman of CODOFIL and which said:

> . . . the development, utilization and preservation of the French language in this State is vital to the continuation of much that is unique about Louisiana, and in order to accomplish these goals the teaching of French in the schools of this State is of utmost importance and must be an integral part of efforts to preserve the French language tradition in the State . . .

Not with a million and half people demanding to save and develop their native language and heritage and another 2½ million backing, and participating in, that demand.

EDUCATION AND INCOME IN THE BLACK COMMUNITY

HON. CHARLES B. RANGEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 5, 1974

Mr. RANGEL. Mr. Speaker, the relationship between educational, and economic advancement in the black community is an important but rarely explored subject.

In a speech last October before the 58th Convention of the Association for the Study of Afro-American Life and History, Andrew F. Brimmer, a member of the Board of Governors of the Federal Reserve System, spoke to that subject.

I now submit the text of the speech for the attention of my colleagues.

EDUCATION AND INCOME IN THE BLACK COMMUNITY

(Remarks by Andrew F. Brimmer, member, Board of Governors of the Federal Reserve System, before the 58th Annual Convention of the Association for the Study of Afro-American Life and History, October 19, 1973)

The extent to which blacks have—or have not—made genuine economic progress in recent years has been a subject of wide debate. Where one comes out in this controversy is likely to depend as much on his own perception of the progress which he thinks blacks *ought* to have made as on a dispassionate assessment of the objective evidence. There are so many dimensions to this issue that it is difficult to explore particular facets in isolation. Nevertheless, I believe that our general understanding is enhanced by illuminating strategic elements of the black experience whenever an opportunity arises.

To that end, I decided that—rather than presenting a formal Presidential address at this 58th Annual Convention of the Association for the Study of Afro-American Life and History—I would focus on an underlying trend holding significant implications for blacks during the 1970's but which I believe has not received sufficient attention. So, I will review briefly the role of education and its contribution to blacks' economic advancement.

Between 1960 and 1972, the proportion of the black population 20 to 29 years old who had completed high school rose from 38 per cent to 64 per cent for males and from 43 per cent to 66 per cent for black females. For white males in the same age group, the rise was from 64 per cent to 84 per cent; for white females the rise was from 66 per cent to 83 per cent. Over this period, the white-black education gap at the high school level was reduced from 28 to 20 percentage points for men and from 23 to 17 percentage points for women. Moreover, within the last few years, the proportion of young blacks completing high school accelerated noticeably.

An even sharper acceleration occurred in the case of college education. In 1960, about 4 per cent of all blacks in the 25–34 age range had completed 4 years or more of college. (The figures were about the same for men and women—4.1 per cent and 4.0 per cent, respectively.) For all whites in the same age group, the proportion was 11.9 per cent in 1960; 15.8 per cent for white men, and 8.3 per cent for white women. By 1972, about 7.9 per cent of all blacks in the 25–34 age bracket had completed 4 years or more of college; by sex the statistics were 8.3 per cent for black men and 7.5 per cent for black women. Among whites, the figures were: total, 18.8 per cent; men, 22.6 per cent, and women, 15.0 per cent.

An even more crucial trend is the rising propensity for young black people to attend college. In 1972, some 540 thousand blacks 18 to 24 years old were enrolled in college compared to 297 thousand in 1967. The 1972 figure represented 18 per cent of all blacks in that age range vs. 13 per cent in 1967. For young whites, the enrollment was 4,710 thousand in 1967 and 5,624 thousand in 1972—equal to 27 per cent and 26 per cent, respectively. The number of black men attending college rose from 167 thousand in 1972 to 287 thousand in 1972; this indicated an increase from 16 per cent to 21 per cent of the black males in the 18–24 year age group.

In contrast, while the number of white males attending college rose from 2,761 thousand to 3,195 thousand, enrollment as a proportion of the 18–24 white male population declined slightly—from 35 per cent to 31 per cent. The number of young black women enrolled in college expanded from 130 thousand to 253 thousand, or from 10 per cent to 16 per cent of the black females of college age. The number of white females in the same category climbed from 1,949 thousand to 2,428 thousand, lifting to 22 per cent from 20 per cent the proportion of the college-age population attending college.

In 1964, there were 234 thousand blacks enrolled in college (representing 5.0 per cent of total enrollment of 4,643 thousand.) By 1967, blacks represented 4.9 per cent of the total enrollment, and this had climbed further to 8.8 per cent in 1972. Black males raised their proportion from 5.7 per cent to 8.2 per cent of all males during this five-year period; the corresponding fraction for black females rose from 6.3 per cent in 1967 to 9.4 per cent in 1972. So, while a sizable gap remains between the proportion of white and black youths attending college, the differential narrowed appreciably over the last decade—especially during the last few years.

These advances in educational attainment made a substantial difference in the degree of economic progress made by blacks during the 1960's. Just how much difference is indicated by the figures in the attached table. Panel A of the table shows median income in 1959 and 1969 and years of school completed by males 25 to 54 years old. The median income at each educational level is expressed as a ratio to the median for all men in the age range: $6,408 in 1959 (in 1969 dollars) and $8,465 in 1969. In Panel B, median income and education in 1969 are shown for both men and women for age groups 25–34 and 35–54. In this case, the base is the median income ($9,651) for white men, age 35–54, who had completed 4 years of high school; this was approximately the median income for all men in the age range 25–54 years.

Several features stand out in this table. As one would expect, for both races and for both men and women, median income increases progressively with both age and education. However, education clearly has the more influence. For example, in 1959, men with a high school education earned about two-thirds more than those who dropped out in grade school. Men with 4 years of college, earned 2⅓ times as much as those with the least education. Four years of college raised earnings by two-fifths above earnings at the high school level. This general pattern also held for blacks—except that the extra income yielded by extra education was slightly smaller: three-fifths for high school graduates—and 100 per cent for college graduates—compared with grade school drop-outs; and one-quarter for college graduates over those with a high school education. For white men, the high school grade school spread was somewhat smaller, and the gains from college somewhat larger—than was true of black men.

By 1969, the grade-school-high-school-college differentials were about the same as a decade earlier for all men in the 25–54 age group. Among black men, the grade-school-high school gap was also unchanged over the decade. But the earnings for black high school graduates had climbed to 2-¼ times those of grade school drop-outs, and the margin of college over high school graduates had widened to two-fifths. Among white men, the gap between earnings of college graduates and those with the least education had also widened somewhat.

In recent years, young black men—with much better educations—have advanced their incomes relatively much more rapidly than did blacks who were older. For instance, in 1969, at both the elementary and high school level, black-white earnings ratios were approximately the same for men 25 to 34 years old (about .72) and for those 35 to 54 years (about .73). In contrast, increased education past the high school level generally raised the ratio of black to white earnings for young black men. For the latter with four years of college, the ratio was .78, and for those with five or more years the ratio was .84. Among older male college graduates, the black-white ratio was .64, and for those with five or more years it was .73. On the other hand, in 1969, in contrast to the situation among black men, the earnings of black female workers with education beyond the high school level roughly equalled the earnings of their white counterparts—independently of age.

Despite this improvement, however, the absolute income gaps between blacks and whites—at all educational levels—remain substantial.

As shown in Panel B of the table, on the average a black man with a high school education was still earning in 1969 about the same amount as a white man who only went to grade school. Among black women, the situation was only slightly better. Black men with a college degree had earnings about equal to or somewhat below those of a white high school graduate. But taken as a whole, the evidence presented here supports the conclusion stated above; younger blacks are making substantial progress in achieving secondary and higher education, and this increased education is yielding higher incomes both absolutely and relative to whites.

EDUCATION AND INCOME, 1959 AND 1969

Note: In panel A, median income at each educational level is expressed as a ratio to the median for all men in the age range 25 to 54 years. In panel B, the base is the median income ($9,651) for white men, age 35 to 54, who had completed 4 years of high school; this was approximately the median for all men in the age range 25 to 54 years.]

A. MEDIAN INCOME IN 1959 AND 1969, BY YEARS OF SCHOOL COMPLETED, MALES 25 TO 54 YEARS OLD

Item	1959 (In 1969 dollars)			1969		
	Total	Black	White	Total	Black	White
Median income	$6,408	$3,570	$6,637	$8,465	$5,222	$8,795
Ratio to median	1.00	.56	1.04	1.00	.62	1.04
Education:						
Elementary (total)	.75	.47	.82	.70	.49	.75
Less than 8 years	.63	.44	.71	.61	.46	.65
8 years	.87	.58	.90	.80	.53	.83
High school (total)	$1.03	$0.66	$1.05	$0.98	$0.69	$1.01
1 to 3 years	.98	.64	1.01	.88	.63	.92
4 years	1.06	.70	1.08	1.02	.73	1.04
College (total)	1.32	.82	1.35	1.28	.94	1.30
1 to 3 years	1.19	.78	1.22	1.14	.88	1.16
4 years	1.48	.88	1.50	1.44	1.02	1.46

B. MEDIAN EARNINGS IN 1969 AND EDUCATIONAL ATTAINMENT OF PERSONS 25 TO 34 AND 35 TO 54 YEARS OLD (YEAR-ROUND WORKERS), BY SEX

	Black				White			
	Male		Female		Male		Female	
	25 to 34	35 to 54	25 to 34	35 to 54	25 to 34	35 to 54	25 to 34	35 to 54
Median income	$6,346	$6,403	$4,403	$3,901	$8,839	$9,736	$5,175	$4,966
Ratio to median ($9,651)	.66	.66	.46	.40	.92	1.01	.54	.51
Education:								
Elementary: 8 years or less	.49	.54	.30	.27	.69	.77	.41	.42
High school:								
1 to 3 years	$0.60	$0.67	$0.38	$0.37	$0.82	$0.91	$0.44	$0.46
4 years	.70	.77	.48	.47	.89	1.00	.52	.53
College:								
1 to 3 years	.80	.85	.57	.59	.95	1.19	.59	.60
4 years	.90	.97	.72	.76	1.16	1.51	.75	.76
5 years or more	1.03	1.27	.82	.94	1.22	1.74	.84	.96

Source: Panel A: U.S. Department of Commerce, Bureau of the Census, "Social and Economic Characteristics of the Population in Metropolitan and Nonmetropolitan Areas, 1970 and 1960," current population reports, series P-23, No. 37, June 24, 1971, table 12, p. 54. Panel B: Bureau of the Census, "The Social and Economic Status of the Black Population in the United States, 1972," July 1973, tables 15 and 16, pp. 25 and 26.

NETWORK TV NEWS LACKS BALANCE

HON. JAMES M. COLLINS

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 5, 1974

Mr. COLLINS of Texas. Mr. Speaker, do you have the feeling that the TV News on the networks lacks balance? I have just read two interesting articles on the tilting of news on TV. There was an excellent article in the February Readers Digest by E. J. Epstein on TV Network News. I read the similar reaction in a suburban newspaper back home.

The big issue is the narrow viewpoint of New York TV men. Most news goes out to the viewers as the eyes and ears of a New Yorker view it, and New York represents only the negativism, what is wrong with America, voice of doom viewpoint. Why do the viewers not get the broader perspective of Little Rock, Phoenix, Mobile, or Columbus.

Bill Elliot runs a great newspaper and tells it like it really is. The White Rocker newspaper is close to the people and feels the grass roots. You will feel a real Texas viewpoint as you read the following editorial written by Bill Elliot in last week's newspaper, the Dallas White Rocker:

TV NEWS

It's estimated fifty million Americans watch the news on television each night. Most of them think the news they see is the big news of the day, impartially selected by trained experts scanning all the day's news events. Unfortunately that's not true.

Rather, television news is part entertainment, part bias and part money-oriented—plus some news. It's not that all newscasters themselves, are slanting the news, though many do. It's the system, and the fact that ninety per cent of the working press, especially in New York, where all national television news is edited, is far left.

The system makes it impossible for national television news to be a fair presentation, such as the reader gets in a newspaper. Edward Epstein, writing in February's "Reader's Digest," makes the situation crystal clear. He points out that: (1)-Virtually all national television news is filtered through a close-knit group of men in New York; (2)-most film footage comes from just four metropolitan centers (New York, Washington, Chicago and Los Angeles); (3)-much so called national news is, instead, staged or created for camera crews; and (4)-events which make good visual watching get preference over other, more significant, news.

In addition to these factors, television news time is very limited (thirty minutes minus commercial interruptions). No one would propose to read a major newspaper in that amount of time—news, editorials, columnists, sports, etc.

There's still another factor—television news must be sold. Newspapers sell advertisements but not news. It makes a difference.

In summary, television's newscasts shouldn't be taken too seriously. Television news is often slanted, often staged, often biased and often not news at all!

WILLIAM J. SOLLNER ORGANIZED SOLFILM INTERNATIONAL

HON. PATSY T. MINK

OF HAWAII

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 5, 1974

Mrs. MINK. Mr. Speaker, I am impressed with the cinematography of William J. Sollner of Kapaa, Kauai, who has organized a Hawaii-based corporation—Solfilm International—devoted to the production of films on Hawaii's multiethnic heritage.

Mr. Sollner has received praise from the American Library Association for his film narration of the hard life suffered by early Japanese laborers in the sugarcane fields of Hawaii. Now he has earned praise again for his film, "Dance Trip," which documents Filipino-American history.

I am pleased to insert this review of "Dance Trip" from the December 19, 1973, Berkeley Democrat, which my colleague, Hon. WILLIAM JENNINGS BRYAN DORN of South Carolina, referred to me, and a review from December 24, 1973, issue of the Kauai newspaper, the Garden Isle news:

[From the Berkeley Democratc, Dec. 19, 1973]

COUNTY MAN PRODUCES DANCE FILM FOR HAWAII

The world premier of a South Carolinian's 28 minute explosive yet festive Filipino cultural documentary film "Dance Trip" will highlight Hawaii's annual memorial program Dec. 29, honoring the memory of Philippine national hero and martyr Dr. Jose Rizal.

Jerry Stafford, public relations specialist for the South Carolina Public Service Authority in Moncks Corner, is co-producer and editor of the film resulting from almost two years of collaboration of effort with award-winning writer Bill Sollner, and dance-director Jose Bulatao, both residents of Hawaii.

From rehearsal setting to lush tropical garden and tourist center locations, Bulatao's dance troupe, the Bailes de Jose is the action focus of "Dance Trip", premiering at the Convention Hall in Lihue, Dec. 29.

Stafford, who had nine years of film and television production experience prior to joining the Public Service Authority, says the motion picture is more than an entertaining piece.

"We have compacted some of the most explosive archive and live action material we could obtain on several areas of Filipino history and the current situation in Hawaii. We believe it will lift the audience right out of their seats."

It was decided early to let the dancing carry the continuity of the film story; but taking their inspiration from Dr. Rizal's Poetry and essays, the film-makers also let it express qualities of Filipino character such as courage and devotion of ideals of liberty, for which the Filipino struggle has lasted over 400 years.

"In spite of the Spanish, the Americans, the Japanese, (among other invaders) they kept on dancing! And today, on Kauai, they dance for all who cherish liberty and believe public institutions and public servants are accountable to the people."

Dance, then, is the universal language in which "Dance Trip" speaks to its viewers. Although the content of the film is mostly devoted to the Filipino-American situation in contemporary Hawaii, Sollner hopes audiences will recognize its implicit tribute to all minority groups who have had to struggle for a place in the sun. And he also hopes the film, slated for nationwide promotion and distribution, will cause Mainland audiences to re-examine the role of the U. S. in the Pacific since Dewey uttered that fateful command. "You may fire when ready, Gridley!"

Sparked by Kauai's educator and dance director, Jose Bulatao, Sollner shot most of the live footage on Kauai and Stafford filmed the special warfare sequences in Kansas City in July. Editing began by Stafford about a year ago in Greenwood and the tricky task of mating picture, music, and sound track was completed this month in Charleston. His wife Dottie served as production and editorial assistant on the show.

"The project has been a tremendous learning experience for those of us who worked on it," Stafford says.

The South Carolina filmmaker believes that where it's taught at all, Filipino-American history is usually debased to a footnote of the Spanish-American War in our schools.

"As a result, few Mainland Americans are at all knowledgeable about the Philippines, or the impact of Filipino culture on places like Hawaii. And until we worked on this film, it never occurred to us that there might be a connection between what happened in the Philippines 75 years ago and what we have gone through in Southeast Asia over the past decade or so."

In addition to the sheer beauty and excitement of the dancing, the film-makers have carefully developed subthemes and sequences to portray religious, social, economic, and historical roots of the Filipino presence in Hawaii today.

"But we tried to avoid imposing our own viewpoint," says Sollner. "We were careful to let events and people speak for themselves. For example, Mark Twain had some things to say about U. S. involvement in the Philippines that are seldom included in classroom reading assignments. We included those things in the 'Dance Trip' narrative."

Aside from its entertainment and educational values, the film is intended as a fund-raising for Filipino organizations in Hawaii.

Mr. and Mrs. Stafford will fly to Hawaii for the premier and memorial program.

[From the Garden Islands, Dec. 24, 1973]

"DANCE TRIP" HITS REVIEWER LIKE A FREIGHT TRAIN

(By George Spelvin)

("Dance Trip", the film Mr. Spelvin reviews, will be shown as part of the Rizal Day celebration at the Convention Hall on December 29. Evening will begin at 6 p.m. and will also feature nohost cocktails, Filipino food, a fashion show and live dancing.)

A funny thing happened to me on Kauai last night. I got run over by a freight-train . . . a Cannonball Express with the brakes out. It was a sneak preview of the new Solfilm, "Dance Trip."

I've seen the Bailes de Jose and enjoyed them in live performance. They make this island a better place to live than it would be without them. On film something strange and wonderful happens: The historical and contemporary context and significance of the dances becomes visible . . . almost palpable. That vague, shadowy confusion I, as a Mainlander born and reared, always felt about Philippine-American history was suddenly split with bolts of light; our tragic background of mutual misunderstanding scattered by the consolation of youth, beauty, color, action, and music.

It got to me. Yes. Hardened sinner and reprobate that I am, I must confess to a repeated tightening of the throat . . . a recurring impulse to weep that was overwhelmed by the exaltation that swept me up and along from sequence to sequence. I have good eyesight, but it kept blurring under the emotional impact of the effects worked by the vision of the film.

For "Dance Trip" is a film of vision . . . of promise. It does not ignore the cruel and ugly realities of the Filipino-American experience; neither does it dwell upon them. Rather, it uses them to demonstrate the durability and beauty of a unique and precious cultural heritage that has survived four-hundred years of turmoil and degradation to enrich our lives in a language more eloquent than words: the language of dance!

It is not a simple film, though it seems so. More than a commentary, the narrative plays as counterpoint to the visual. There are subtle hooks and barbs scattered throughout. Persistent, unconscious racism; economic exploitation; condescending, paternalistic intellectualism; materialistic values . . . all get their lumps. But what commands is the sheer vitality of the unifying dance sequences. Here we have crass commercialism juxtaposed with simple piety . . . here is Plastic Aloha juxtaposed with genuine from-the-heart community . . . here is the bulwark of inner strength and tradition to oppose the forces of shift and change rampant in Hawaii . . .

So it's a film to see more than once. The compacting and layering of opposites: ideas, values, viewpoints, events, interpretations . . . all make it a thinking man's film. Yet the bouyant, almost unbearable beauty of the music and costumes and dance make it a film to delight the senses of all. And for this writer, it has given rise to a rather unlikely rise to a rather unlikely aspiration: If there is such a thing as re-incarnation, I would like to come back as a Filipino, just to be able to dance like those kids!

A PROSPECTUS FOR SOLFILM INTERNATIONAL

THE FILMS

The richness of Hawaii's ethnic and cultural diversity, as well as the State's geological variety should suggest the range and scope of subject matter that is offered to SOLFILM subscribers and audiences. All films are short, (10, 15, 20 minutes) locally produced, in sound and color. Each film meets the highest professional standards of quality. Good taste and integrity in the production and selection of SOLFILM'S library is scrupulously maintained.

Titles already produced or acquired and available for bookings include:

"Sleeping Giant"—A boy's hike to the summit of Kauai's east side landmark; a film allegory of growth to manhood; 10 minutes.

"Cane Camp"—Life in one of the fast disappearing cane camps of old Hawaii; an appreciation of those whose labor built the sugar industry; 20 minutes.

"The Temple"—The once-in-a-lifetime experience of a festival and dedication for a new Buddhist Temple built by a village congregation; 20 minutes.

"Beyond Tomorrow"—A look at the origins and development of Hawaii's unique facility for curriculum development in the schools of the Aloha State; 25 minutes.

"Camera Tour, Hawaii"—A live narration accompanies this still incomplete tour of Hawaii's beaches, mountains, gardens, and metropolitan center, Honolulu; 15 minutes.

[From the Booklist, American Library Association, May 15, 1973]

THE 16MM. FILMS

(Cane camp. Producer: William J. Sollner. Distributed by Solfilm International, R.R. #1, Box 30, Kapaa, Kauai, HI 96746. 1972. 20 min., $225.)

A poetic recapturing of the life and hard times of the Japanese laborers who came to Hawaii to work the enormous sugar cane fields. Using period drawings and historic prints and footage of the cane fields and shabby labor camps that lie behind the facade of the Hawaii promoted for tourism, the film describes the milieu of the laborers who worked 14 hours a day in the fields that are so necessary to Hawaii's economy and who were granted no rights of citizenship. The narration occasionally becomes too cloying and flowery and the artful shots and camera movements sometimes bear little relation to the subject portrayed, yet the attempt to give dignity and meaning to the hardships of these people is valid and provides an interesting corollary to the experiences of the migrant workers in the continental U.S. Good for social studies, minority studies, and units on Hawaii in high schools and community colleges and as unusual material for programs on Hawaii in public libraries and community groups. Ages 14-adult.

CANE CAMP

The experience of Japanese contract laborers in the sugar cane fields of Hawaii is the theme of this 16mm sound/color production from SOLFILM. The story is told by one of them as he reflects upon his life there in one of the typical cane camps on Kauai, the Garden Island, northern-most of the Hawaiian chain and for many the most beautiful.

A Buddhist, the narrator recounts with quiet dignity and occasional irony the circumstances by which he and his people arrived in Hawaii and what life for them was like in the fields and in the camp. Effective use of archive material and pictography supports impression of authenticity. The success of the Japanese in adapting to and coping with the harsh conditions on the plantations is well known. In CANE CAMP the effort has been made to convey what it felt like and how the immigrants not only endured but also overcame obstacles of language and citizenship to re-affirm the highest ideals of our country in solid achievement.

Suggested for use in public library film programs; for loan to civic, community, and patriotic organizations; for high school and college level courses of study in ethnic minorities, American history in the Pacific, social studies, cultural appreciation, American cultural patterns, etc. 20 minutes. Price $225.

SLEEPING GIANT

A landmark mountain that from its summit offers a spectacular view of Kauai's east coast, the "Sleeping Giant" is the setting for this film allegory about what it means for a boy to grow into manhood. Through photographic attention to the symbolic values of the ascent, a poetic parallel is drawn between the difficulties/hazards/delights of the climb . . . and the maturation process. The Sleeping Giant comes to be seen as the man to be awakened in every boy.

Suggested for use as a stimulus to discussion with young groups and mixed groups of young people and adults; for elementary and junior high language-arts classes, physical growth and development classes, programs in self-appreciation and understanding. 10 minutes. Price $135.

TITLES IN PRODUCTION—OR SOON TO BE

"Ti Ceremony"—The many uses of the Ti leaf; 10 minutes.

"Trail to Kalalau"—A hike many tourists will wish they could take, and one they'll never forget; 15 minutes.

"Sugar Blues"—The refining of raw sugar set to an imaginative musical score; 12 minutes.

"Salt of the Earth"—The manufacture of salt in the ancient Hawaiian manner at Hanapepe on Kauai; 12 minutes.

"Hawaiian Quiltying Party"—A folk-art that survives in both the new and old Hawaii; 15 minutes.

"Billfish Tournament"—Big game of the sea and how it is caught; 25 minutes.

"Canoe Race"—A favorite Hawaiian sport from earliest times down to the present; 20 minutes.

"Churches of Hawaii"—A tour of famous and little known sites and shrines of Hawaii's religious heritage; 25 minutes.

"Gardens of Paradise"—A generous sampling of the lush public and private gardens of the Aloha State; 25 minutes.

"Death of a Beachboy"—Colorful final rites for one of Waikiki's most colorful types; 18 minutes.

"Dance Around the Islands"—Ethnic dance troupes in performance, including Korean, Japanese, Filipino and Squaredance groups; 20 minutes.

"Ride the Big Surf"—A look at the action at internationally famous Makaha & Sunset Beaches on Oahu, as well as at lesser known spots on the Outer Islands; 25 minutes.

"Swamp in the Sky"—A tour of a swamp located near the summit of Mt. Waialeale on Kauai, at the four thousand foot level where rainfall sometimes exceeds 600 inches per year; 15 minutes.

"Hawaiian Waters"—A guide to safety on and in the ocean, for residents and visitors; 12 minues.

"Boy on a Board"—A local youngster builds and rides his own surfboard; 13 minutes.

"Cook Hawaiian"—A do-it-yourself guide for visitors who want to amaze their friends back home by preparing favorite island dishes: Kalua pig laulau, one-two-three finger poi, lomilomi salmon, opihi garnished with seaweed, pineapple chase; 20 minutes.

"Hawaiian Artists"—Local artists in different mediums, at work in their own studios; one of a series; 10 minutes.

"Paniolo"—A study of the Hawaiian cowboy in contrast to the stereotype western range-rider on the Mainland; 15 minutes.

"Pineapple Sundae"—A study of the production of this important but declining industry, 20 minutes.

"Fashion, Hawaii"—A review of the major production houses and their lines in Hawaii's fashion industry, modeled by local girls; 20 minutes.

"Pidgin Spoken"—An introduction to local vernacular and language useage, featuring native talent and hidden microphone techniques; 15 minutes.

"Mountains of the Moon"—A trek across Haleakala's craters, where America's astronauts trained for their missions to the Moon; 20 minutes.

"Volcano Land"—Big Island, courtesy of Mother Nature; 20 minutes.

SERIOUS POLITICAL ILLNESS—APATHY WINS IN MICHIGAN

HON. ROBERT P. HANRAHAN

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 5, 1974

Mr. HANRAHAN. Mr. Speaker, with all of us facing an election this fall, I think my colleagues may find interesting the following article by Michael Kilian, from the Chicago Tribune:

SERIOUS POLITICAL ILLNESS—APATHY WINS IN MICHIGAN

(By Michael Kilian)

Despite Republican protests to the contrary, the loss of Vice President Ford's former 5th District congressional seat in Michigan was an unmitigated disaster full of ominous portent for G.O.P. fortunes in November.

It was, if you will, a symptom of a serious political illness that could prove fatal. But, unless both parties manage to diagnose it more accurately, it may not only kill the one but infect the other—and destroy the very tissue of the two-party system.

The name of the disease is voter apathy.

The Democrats would have the nation believe the Michigan race was a great Democratic triumph. Their candidate, Richard Vender Veen, a lawyer with a record of losing elections, stunningly upset Robert Vander Laan, the respected Republican leader of the Michigan state Senate, who had not lost an election. All this, in an overwhelmingly Republican district that had not been held by a Democrat since 1910.

Vander Veen had made Watergate *the* issue of the campaign. He ran not so much against his opponent as against President Nixon and positioned himself in such a manner as to say that a vote for Vander Veen was a vote to make Ford, hero of the district, President. Thus, the Democrats interpreted Vander Veen's victory as a massive casting out the Republican devils and turning to the Democrats as the best hope for honest government.

Many Republican spokesmen went along. William McLaughlin, G.O.P. state chairman, hung the whole thing on Watergate and dropped strong hints that the Republicans' only salvation in the fall would have to be Nixon's resignation.

But there is no triumph in winning an election by default. There is little victory when an enemy drops dead before the battle. And that is what happened: The Republican Party in the 5th District dropped dead.

There was no great turning to the Democratic Party. Vander Veen received only 53,008 votes, fewer than Democrat Jean McKee won running against the mighty Ford in 1972 and 1970. It was the kind of vote Democrats have always received in the district, the kind of vote Vander Veen would have received if he had not mentioned the word "Watergate" once.

What won the election for Vander Veen was that the Republicans stayed home—in legions. Vander Laan received less than half the vote Ford did in 1970. In predominantly Republican Ionia County, only 7,000 of 17,000 registered voters turned out. Vander Veen's vote was only 7 per cent below the 10-year Democratic average for the district. Vander Laan's was 55 per cent below the Republican 10-year average.

Morley Winograd, Democratic state chairman, is singing the song of a resurgence in Democratic popularity these days, but in a January interview in Lansing, he was much more candid.

"If 30 per cent of the Republican [5th District] vote stays home," he said, "we can win."

That is what happened.

The Republicans would have been in trouble this year, even without Watergate. They have been the "ins" Presidentially since 1969. They must take the responsibility for runaway inflation and the shaky economy. They will be the targets for voter anger provoked by the fuel shortage. With Watergate, they will be in even more trouble.

But the most devastating effect of Watergate has not been on the electorate at large, but on the Republican Party itself. The campaign financing scandals have dried up normally reliable Republican campaign fund sources. The constant attention given to Watergate by the news media has driven Republican leaders to the brink of paranoia and frightened many of their best potential candidates out of the 1974 running.

But, the worst of all, as the Michigan results attest, it has so disgusted and so disturbed the Republican rank and file that millions of them will not even bother to vote

Before they can hope to appeal to independents, let alone go back to trying to woo Democrats, the Republicans will have to restore their own house and rekindle in their foot soldiers the faith that once was. It is hard to see how they can accomplish much of this by November, or even before the impeachment ordeal is concluded.

In the meantime, the Democrats should not chortle. The protest of apathy was directed at politics in general as much as Watergate. At a time when the Harris Poll finds Congress held in as low esteem as the discredited Nixon, a 55 per cent reduction in any voting bloc is nothing for any politician to cheer about.

DAN MUNDY, NEW LEGISLATIVE DIRECTOR FOR BUILDING AND CONSTRUCTION TRADES DEPARTMENT, AFL-CIO

HON. GEORGE E. DANIELSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 5, 1974

Mr. DANIELSON. Mr. Speaker, I am compelled to note that Dan Mundy, an old friend, valuable adviser, and a fine young man from my area has recently been named to an important post as legislative director of the building and construction trades department of the AFL-CIO here in Washington, D.C.

By way of introduction of Mr. Mundy to my colleagues, who will certainly be hearing more of him in the future, I am inserting an article from the Los Angeles Citizen, February 22, 1974, at this point in the RECORD:

MUNDY NEW BCT LEGISLATIVE CHIEF

Dan Mundy, who has served as associate director of Los Angeles County COPE since 1969, is leaving his assignment here to become legislative director of the Building and Construction Trades Department of the AFL-CIO in Washington, D.C.

Mundy's labor career began when he joined Local 230, of the Plumbers and Pipefitters, in San Diego, as an apprentice.

Following a tour of duty in the U.S. Navy in the South Pacific, Mundy joined Local 289, Pasadena, where he turned out as a journeyman plumber.

In 1947, Mundy joined Local 78, Los Angeles. He later became recording secretary of the local, and served as business agent and assistant business manager. In 1965, he became business representative with the Building Trades Council and, in 1969, took on his present job as COPE associate director.

Mundy served as a vice president of the Los Angeles County Federation of Labor for eight years. He also was president of the Board of Publishers of the Los Angeles Citizen.

Mundy, who is a graduate of Mark Keppel High School in Alhambra and attended the UCLA labor studies program, has long been active in political affairs throughout Los Angeles County.

He ran for the 50th Assembly District in the eastern part of Los Angeles County during the pivotal 1962 election. Although his candidacy was unsuccessful, Mundy was endorsed by COPE and was among the strongest labor candidates participating in the election which saw President Nixon's attempt to become governor of California turned back.

Prior to this try for office, Mundy was elected a member of the Los Angeles County Democratic Central Committee in 1965 and served for two terms.

Currently he is a member of the State Democratic Central Committee, an appointee of San Fernando Valley Assemblyman Jim Keysor.

Mundy said that his stay with County COPE has been a gratifying period in his life. A native of Los Angeles, his assignment in Washington will be the first time he has worked outside the Southern California area.

"I have seen COPE's program come to fruition in the past several years to the point where a COPE endorsement can usually mean the difference between success and failure in a political campaign," Mundy said.

"I regret that I won't be here for the November election. In this election, I expect to see labor-backed candidates swept into office—I hate to miss it."

Mundy said that he hopes to be a communicative link with those elected officials once they take office in Washington, D.C. He wants to be a very active force for working men and women in the nation's capital.

A VOICE OF DEMOCRACY IN NEW JERSEY

HON. EDWARD J. PATTEN

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 5, 1974

Mr. PATTEN. Mr. Speaker, each year, the Voice of Democracy scholarship program, sponsored by the VFW and its ladies auxiliary, invites the youth of America to write and record a "citizenship" paper for entry in a nationwide contest. The thoughts are always fresh and reflect the sense of pride that these people have in their country.

This year, the winner of the New Jersey State contest and a finalist in the national competition is a young man from Carteret, N.J., and a constituent of mine of whom I am very proud. Gerald Hughes, who is planning to attend law or medical school after his college education, will graduate from Carteret High School where he has distinguished himself scholastically and in his community.

The theme of the Voice of Democracy program this year is "My Responsibility as a Citizen" and Jerry's thoughts look toward the coming Bicentennial celebration of our Nation and how one can truly practice responsible citizenship. His winning theme follows:

MY RESPONSIBILITY AS A CITIZEN

(By Jerry Hughes)

In 1976, the United States will conduct its bicentennial celebration. Men and women from across the nation will assemble for numerous expositions and festivals which will proclaim the great technology, education and heritage of the United States. Their celebration will be incomplete, however, without the realization that two hundred years of great America is the direct result of two hundred years of great American citizens. Today, each citizen should strive to follow the example of his ancestors. The country has changed, but many responsibilities remain the same.

We live today in an age of paradox. It is an age of great technology and of death in the streets, of scientific advances and of the abuse of drugs; it is a time of changing values, yet those who wish to destroy society persist. Now, more than ever, we, the American people, should realize the duties and responsibilities of citizenship. The time has come to realize that the future of the country lies solely in the hands of the citizen.

It is easy to become a citizen; that is the birthright of every American. To live up to the ideals of citizenship, however, is a challenge all should confront. I realize that my responsibilities are few compared to the many benefits I have received as a result of my citizenship. The United States protects my family and gives me a home. It gives me the opportunity to attend institutes of higher learning and gives me a voice in the government. The responsibilities I assume are small price to pay for the freedoms, protection and representation granted to me, and all citizens, by this nation.

I owe allegiance to my country in time of war. It is both duty and logical reasoning that place this responsibility on my shoulders. America has given me many freedoms—the freedoms to speak, write and live as I choose. To allow these freedoms and opportunities to be jeopardized would be to allow the destruction of the American ideal. Surely no American would wish that his freedom be taken away. Supporting the nation in time of trouble is an obligation from which none should hide.

The opportunities found in America have resulted in the development of the age of technology. New fields in science and medicine and computer technology open every day. I must strive to become the qualified individual who will help mold the future of America. I must educate myself and become a vital part of this country's growth. I must take full advantage of the opportunities around me. Maybe one day I will suggest a solution to the fuel crisis, destroy the cancer cell or effectively deal with pollution. No matter what I attempt, my responsibility is to strive for a goal that will benefit my country and my fellow citizens.

As the goals of an individual vary so does the way in which he must achieve his goals. A politician depends on the indulgence of his fellow citizens. He pledges to uphold the ideals of representative government. I should exercise my voting privilege to uphold the traditional democracy that is America. I must never be afraid to have my vote heard above the rumble of the masses.

The three responsibilities I have mentioned specifically—allegiance, education, and the vote—are immediately understood and noticed. There is one more responsibility, however, that is often underemphasized. The fruits of this labor are not instantly seen nor easily recognized. It is the example of a parent and the following of that example by his child. As a good citizen each person should be dedicated to his country. He should be aware of his responsibilities and be willing to display his pride in America. It is this pride and sense of responsibility that he must instill in his child, for, without this ingredient, a nation could not flourish for more than a single generation.

I will strive to fulfill my obligation to America. I have my entire lifetime to improve myself and become a better citizen. My duty is to continue the tradition of great American citizenship by becoming better educated, by defending my country, by voting in elections, and by instilling in my children a sense of national pride. When these responsibilities are carried out, I will become an element of American greatness.

And so, when the year 1976 arrives, with Washington and New York and Philadelphia exploding with the vibrance of a nation reborn, I, too, will join in the celebration. I will rejoice not only in the greatness of my country and my heritage, but also in the greatness of my citizenship.

MAYOR ARTHUR J. CLARK

HON. ROBERT F. DRINAN

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 5, 1974

Mr. DRINAN. Mr. Speaker, I would like to bring to the attention of my colleagues an excellent address of Mayor Arthur J. Clark of Waltham, Mass. The talk was given in Washington on March 5, 1974, before a meeting of the Massachusetts congressional delegation, representatives of the Massachusetts League of Cities and Towns, and officials of the Massachusetts Chapter of the National Association of Housing and Redevelopment.

Mayor Clark is presently serving as the president of the Massachusetts Mayors Association. He has served as the mayor of Waltham for the past 4 years, where he has continually fought for programs to benefit his city and his constituents.

Mayor Clark charges that this administration is no longer capable of carrying out its duties. He points to rampant inflation, rising unemployment, severe shortages of all kinds, and the bewildering energy problem as sure indications that the policies and programs of this administration have fallen far short of what they were purported to be.

In calling for immediate and positive action, Mayor Clark recommended the following:

First. The President reestablish a new and meaningful dialog with the Congress.

Second. A total price and wage freeze that is worked out in consultation with both business and labor, and allows for no favoritism.

Third. Price rollbacks including an immediate rollback in price of fuel to that existing in November 1973.

Fourth. A truly independent Federal Energy Office, which will conduct its own investigations, rather than depend upon the information provided by the oil companies.

Fifth. A strong program of economic reconversion, with a special emphasis on medical research.

Sixth. The concept of special revenue sharing to actually become a reality before the next fiscal year beginning July 1, 1974.

I am pleased to share these most perceptive and relevant comments with my colleagues:

ADDRESS BY MAYOR ARTHUR J. CLARK

In the President's recent press conference he said that the energy "crisis has passed"—that he was bringing "inflation under control", and that there was no "recession".

Yet unemployment is rising, inflation is worsening, shortages are becoming common. It is clear that local officials must protest; they must speak out.

Historically most Americans have been patient. We have had confidence in our form of government and in our elected officials, seeing policies and programs we disagreed with, we voiced our dis-satisfaction, knew that it would be heard, and that the situation would be corrected.

However, confidence and patience depend on leadership and today we have no leadership—at least we have no leadership on the national level.

Twenty years ago our position in the world was pre-eminent. The world looked to us to maintain its peace, to lead the way in trade policy and in social and economic programs. Domestically we had leadership in Washington. Today there is a void. Settlement of the truckers' strike, for example, was set in motion by Governor Milton Shapp of Pennsylvania rather than by White House initiative.

America presents a poor image to the world in its current domestic policies. It waffles at dead center instead of taking decisive action.

Americans today are no longer confident, they are no longer patient, they are frustrated. Violence has entered our everyday life. People are becoming sick and tired of uncertainty, insecurity and lies, as the American dream becomes more and more illusory. Real and imagined affronts are provoking new irrational and frightening responses that could rend the fabric of our society. Fringe groups on the left try to institute a food program based on kidnapping and ransom in California only to be followed by a similar right wing group in Georgia. Gas station attendants are assaulted across the country. Women fight over depleted toilet paper supplies in the supermarkets. Last Thursday nine gas pumps were knocked over in the City of Waltham, People are upset, frustrated, and prone to react violently since they see no other solution.

As inflation increases, unemployment rises, and supplies grow short, Americans are looking to Washington and what do they see? They see a President who has sealed himself off and will not work with the Congress. They see an Administration smeared. They see an Administration that has proved itself incapable of carrying out its administrative duties. The policies and programs that this President has devised for the American people have fallen far short of what they were purported to be.

General Revenue Sharing was designed to alleviate the financial burden of local government. Yet uncontrolled inflation has eaten up the assistance General Revenue Sharing was to have provided our cities and towns. Today we receive less in real dollars than we did before. Two years ago President Nixon, when signing the General Revenue Sharing measure, promised the National League of Cities and the U.S. Conference of supplemental funds in the form of Special Revenue Sharing and that he would continue the categorical grant programs pending passage of his Better Communities Act. Then, with much fanfare, he proposed and submitted to the Congress the Better Communities Act. However, rather than vigorously lobbying for the bill, or attempting to work out a compromise, the Administration placed a financial gun at Congress' head by impounding or cutting back on congressionally appropriated funds for programs under the categorical grant system. The President did not keep his promise. He walked out on his commitments. He also ignored many judicial rulings against his impoundment of funds. Such a procedure is becoming typical of this administration. It has not presented viable or palatable legislation, that Congress can act on.

Today confusion runs rampant in Washington. Some of this confusion is probably due to the revolving door policy that has become the President's Cabinet. In less than six years the President has found it necessary to appoint more cabinet officers than any previous President. Look at some of the dropouts: Romney, Love, Hickel, Richardson, Connolly, Laird, Finch, and Peterson. As cabinet officers come and go, those who remain add to the administrative anarchy.

At one moment the Federal Energy Office says Massachusetts deserves an energy reallotment, at another it says "no", and now it says "yes" again.

It is disgraceful that the Governor of Massachusetts must travel back and forth to Washington in a seesaw effort to increase the state's rightful allocation and to correct the false figures provided by the oil companies,—interests that are directly benefitting from the smoke screen laid down by the Administration. It's a matter of record that during the North Vietnamese offensive the giant oil tank farms on the Mekong Delta remained untouched. Glistening in the sunlight and gleaming in the moonlight, as villages all about were utterly destroyed by constant bombing.

There are many questions that can be asked about the current fuel crisis. Why were oil imports held down long after it should have been apparent that U.S. oil production had peaked?

Why did the oil industry cut its output early in 1972 even as its spokesmen warned of upcoming shortages and as U.S. refining capacity was becoming inadequate to fill growing demand?

Why has the northeast borne the heaviest burden in the Administration's fuel allocation program?

These and other questions demand answers from both the oil companies and the Administration. The people of Massachusetts and the rest of the Country have a right to know.

As Mayor of the City of Waltham, as a citizen of Massachusetts, and as a consumer, I do not like the fact that in November #4 heating oil cost the City 8.5¢ and #2 cost 27.1¢, while today #4 cost 13.7¢ and #2 cost 33.5¢. In November the City bought gas at 20¢ a gallon, today it costs 43¢ a gallon. I do not like the fact that last Friday going down the 2½ miles of Main Street in Waltham gas costs 65.8¢ at one end of town, 53.9¢ at the other end, and 46.1¢ in the middle. This 19.8¢ price differential typifies the confusion and inequities involved in the Administration's handling of the energy crisis and the economic stability of this country.

Given the current level of confusion and duplicity, is it any wonder that we find ourselves in the paradoxical situation where both the car owner and the service station operator are at each other's throats over the availability and cost of gasoline?

The lack of dynamic national domestic leadership, I believe has been responsible for inflation and the devasting energy crisis that is causing havoc, not only for the individual citizen but also for municipal officials.

Why am I speaking out at this time? I have just finished budget deliberations in my city, and frankly I am afraid. If the current rate of inflation continues I am afraid we will have to have emergency legislation allowing cities and towns to borrow money to finance their operations through part of the fiscal '75 budget period.

For the first time in four years I feel control of the City Budget has given way to this inflation, the fiscal cycle change, state vetoes of money due to cities, Presidential impoundments, legislation without funding, state and federal agency mandates requiring expenditure of local funds but with no formal assistance. It is almost impossible for cities and towns to prepare a realistic budget for this coming fiscal year.

The Administration would lead us to believe that a crisis is solved by stating that the crisis no longer exists. American people, facing long gas lines, paying higher prices for the necessities of life, reading about indictments of men selected to help lead the nation, know that this approach smacks at irresponsible leadership.

Yes our people are suffering for the state and local government does not have the power to significantly change the inflationary economy, and the Administration is not attuned to the plight of this country.

It is becoming clear to all of us, to you and to me, that the present administration has been all too effective in creating hardships for the people of Massachusetts as well as for the country as a whole.

The faith of the people in their government's ability to deal with these problems must be restored. Why, in a nation where people have always given so much of themselves, must they receive so little in return? It seems that the philosophy of this administration is to afflict the afflicted and comfort the comfortable.

No longer can local officials stand on the sidelines in national issues which critically affect their constituencies.

We need positive and immediate action. The developments of the next few months may have unforgettable consequences for the conduct of government in my state and in our country if we do not have:

1. The President ending his isolation and establishing a new meaningful dialogue with Congress that includes regular personal meetings and provides an opportunity for the public to be informed.

2. A total price and wage freeze that allows for no favoritism of big business at the expense of labor and that is worked out in consultation with both business and labor.

3. Price rollbacks including an immediate rollback in the price of fuel to that existing in November of 1973.

4. A Federal Energy Office that will come to grips with actual policies, equitable national allocations and realistic planning based on its own investigation rather than relying on the oil companies, and in the same vein the Administration must examine all avenues of energy production throughout the country.

5. With the Vietnam War over, there must be economic reconversion that will provide employment and special programs, particularly in medical research.

6. The concept of Special Revenue Sharing must become a reality before the next fiscal year beginning July 1, 1974. The President must end his impoundment policies; he must also move to provide transitional funds pending passage of Special Revenue Sharing legislation for in this era of energy shortages when people cannot travel miles to shopping centers there is dire need for renewal of downtown areas and funds should be made available immediately for this purpose.

If the President does not move on these items, then damn it, he should resign.

DISCUSSING FREEDOM WITH YOUNG SOVIET LEADERS

HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 5, 1974

Mr. CRANE. Mr. Speaker, all too often the effort at developing better relations between the United States and the Soviet Union seems to involve a moratorium on criticism of the denial of freedom inherent in such cases as that of Alexander Solzhenitsyn and other dissenting intellectuals, or of Jews who seek to emigrate but are not permitted to do so.

Many Americans, and many of their leaders, are all too willing to close their eyes to the denial of human freedom and dignity in the Soviet Union, and speak instead of trading with the Soviet Government and of lending that Government huge sums of public money.

Recently, a meeting was held at Saint Simons, Ga., of young American and Soviet political leaders. While some of the Americans proceeded along the route set forth for "détente" and avoided asking their Soviet counterparts any questions which might prove provacative, one clearly did not. He is John D. Lofton, Jr., formerly editor of Monday, the publication of the Republican National Committee, and now a syndicated columnist.

Mr. Lofton reported about this meeting in a very illuminating article which appeared in the February 1, 1974, issue of National Review.

At one point he asked his Soviet counterparts to comment on the statement of Soviet author Anatolii Kuznetsov on why he left the U.S.S.R. Kuznetsov declared:

> If I were now to find myself in the Soviet Union, I should go out of my mind. . . . My first work was published 25 years ago. In those 25 years, not a single one of my works has been printed in the Soviet Union as I wrote it. For political reasons, the Soviet censorship and the editors shorten, distort, and violate my works to the point of making them completely unrecognizable. Or they do not permit them to be published at all. . . . Because my writing appears in such an ugly, false, and misshapen form, I am ashamed to look people in the face.

The Soviet response was reported this way by Mr. Lofton:

> Just as I was about to ask for the Soviets' reaction to this statement, the Soviet chairman broke in and heatedly denounced Kuznetsov as a "liar" and a "traitor" and denounced me for bringing the subject up, saying that as our guest he was personally offended that I had raised such a subject.

Mr. Lofton reports that, as might be expected, there were many differing points of view among the American delegates, half of whom were Democrats and half Republicans. The Soviets, on the other hand:

> Had only one spokesman per issue, with no dissent within the delegation. . . . When I asked one of the Soviets during a break why there was never any disagreement among them on anything, he said that there was, but that it was in private. He explained that they ironed out their differences prior to the meetings. . . . What sort of differences do you have in private? I asked. Only small ones, he replied. Was there any dissent from the idea that you should not disagree in public? I asked. The question did not come up, he said.
>
> The tragedy of the young Soviets' answer to most questions, John Lofton concludes, was not that they were consciously lying, but that they had, in fact, never before really thought about what it was that was being asked. If these are the Soviet leaders of the future, I am not very optimistic about . . . détente.

I wish to share this article by John D. Lofton, Jr., with my colleagues and insert it into the RECORD at this time:

ONE BIG HAPPY FAMILY

(By John D. Lofton, Jr.)

"We understand our two countries have different approaches to some problems, and that is why I think we should explain our positions—to establish man-to-man contact"—Andrei Filippov, official of the Committee on Youth Organizations of the USSR, quoted in the Savannah (Ga.) Morning News, explaining the purpose of the meeting between young American and Soviet political leaders.

My opportunity to establish "man-to-man" contact with the Soviets and explain "our positions" came when I was invited to attend a State Department sponsored conference of young American and Soviet political leaders at Saint Simons, Georgia. I of course accepted, and it was with great enthusiasm that I awaited my first contact with a Russian as our double-decker, English touring bus pulled into the King and Prince Beach Hotel late one Sunday night. I soon met Andrei Girenko, First Secretary of the Ukraine Komsomol Committee, member of the Komsomol Central Bureau, Deputy of the Supreme Soviet of the Ukrainian SSR and, unknown to me at the time, head of the Soviet delegation to the conference.

"Who are you?" he asked through the interpreter as we shook hands. I explained that I was editor of the Republican Party's official publication *Monday,* sort of the GOP's version of *Pravda* and *Izvestia* combined, with one significant difference: in the United States there were publications available other than mine published by the ruling party. Ignoring this initial needle, Girenko, unsmiling, asked "What does your publication do for youth?" Well, I explained, there is nothing in the publication specifically aimed at youth, but a good many articles of interest to youth are run in every issue. Besides, I went on, my own personal philosophy leads me to look at persons as individuals and not as groups or masses or age groups; and I am moreover confused as to just what you mean by youth, since I have been told that one of your colleagues here at the conference is a 40-year-old bachelor who is editor of one of your national youth publications. So before I answer your question, what do you mean when you say youth?

Girenko listened to the translation and responded wearily: "Please tell Mr. Lofton to excuse my not answering tonight his sharp-pointed questions, but I have traveled far and am very tired." I said this was fine but (and here I winked and smiled at him) I did not want to hear any further excuses from him after he was rested. He smiled and nodded. Girenko neither spoke to me nor looked at me again for the duration of the conference.

Early the next day the nearly 50 of us—half Soviets, half Americans (of whom half were Democrats, half Republicans)—met in plenary session to discuss the four topics before the conference: Soviet-American relations, political parties, media in contemporary society, and youth in contemporary society. It was during this session that I first attacked statements with which I was in strong disagreement, statements made not by one of the Soviets but by James Jackson, a liberal Democrat, former UPI deputy bureau chief in Moscow, and presently a Nieman Fellow at Harvard.

In presenting his paper on the American press, Jackson viciously attacked American advertising, charging that it had "subverted" and "corrupted" the press by "repeated attempts . . . to influence its handling of news, attempts which often are successful." As an example, he said the American press had played down Ralph Nader's report on the unsafe nature of GM's Corvair "out of concern for its huge automobile advertising accounts."

Jackson, however, praised the diversity of the American press noting that if the *Washington Post* publishes an incorrect story, the

New York Times is only "too happy" to expose the error of its rival newspaper.

Following Jackson's presentation, I asked for recognition and dissociated myself from certain statements he had made. I said I expected this sort of distortion and misunderstanding from our Soviet friends, but I found it shocking coming from one of our own.

First, I explained that I had been editor of one paper and news editor of another, had studied the media quite extensively, and had never known of an instance where advertiser pressure resulted in a story's being either watered down or scrapped altogether. I asked Jackson for specifics. He leaned back in his chair and whispered that he would talk to me later about this. I said that I would like the information now since the charge was a serious one. He said he had no specifics.

As to the absurd charge that Ralph Nader had a difficult time getting his views across in our media, I said that with the exception of Richard Nixon, I knew of no one who commands the attention of the American media more than Nader. I pointed out that two investigators from Senator Abraham Ribicoff's office had recently concluded an in-depth investigation of Nader's allegations about the Corvair and found the substantive charges untrue. In retrospect, if the press is to be faulted regarding Nader, it is because they gave too much rather than too little credence to what he had to say.

I also asked Jackson for an example of the last time the *New York Times* corrected the *Washington Post*. Again, he had no specifics. I concluded by saying I thought Jackson's main problem was that he had been viewing the American media for too long from the Soviet Union. I expressed concern for Jackson's insulation from reality, noting that he was going from Moscow directly to Harvard.

DRAMATIS PERSONAE

The next two days were to be spent in subcommission meetings. My subcommission, media in contemporary society, included Jackson, me, and three other Americans: Mrs. Janet Rodgers, our chairman, a former city councilwoman from Merriam, Kansas, who seemed determined to grin down the Soviets as Davy Crockett grinned down the bear (she liked to say, "some people believe today is for preserving yesterday; I believe today is for planning tomorrow"); Idaho State Senator Lee Barron, a big, hardline, rawboned man, who wore lumberjack shirts and told the Soviets things like: "It all boils down to this. If you leave me alone, then I'll leave you alone. But if you come over here, then I'm gonna fight you!"; and Wyche Fowler, an alderman from Atlanta who had been to the Soviet Union and wanted to deal with the Soviets on a "human level."

It also included three Soviets: Aleksei Nodiya, the 40-year-old bachelor and editor of the youth magazine *Rovesnik*; Dmitrii Biryukov, a top USSR television programing executive; and Oleg Tabakov, a good-humored actor (the Russian Charlton Heston), now director of the Moscow Theater *Sovremenrik*. All three were hardliners.

I looked forward to the subcommission sessions because it was in these smaller sessions, I was told, that we would get down to basics. But it was not to be.

Early in our session, the Soviet Chairman, Nodiya, attempted a power play, announcing that the Soviets were interested in discussing four and only four topics, which he listed peremptorily.

Responding before Mrs. Rodgers could grin her assent, I explained while we understood their desire to talk about only those things that interested them, not all of us on the American side shared the Soviet interests completely, and to the extent that we did not, we would like to discuss other matters of interest to us.

We caucused and decided that we would respond individually to questions raised by the Soviets; then, when our turn came, each of us would raise the issue of interest to himself. Our method of operation was in sharp contrast to the Soviets'. Both in the plenary and in the smaller subcommission sessions, the Soviets had only one spokesman per issue, with no dissent within the delegation. The Americans, however, frequently raised different issues and criticized each other's views on the same subject.

When I asked one of the Soviets during a break why there was never any disagreement among them on anything, he said that there was, but that it was in private. He explained that they ironed out their differences prior to the meetings so that they could present a unified front. What sort of differences do you have in private? I asked. Only small ones, he replied. Was there any dissent from the idea that you should not disagree in public? I asked. The question did not come up, he said.

After we returned from our caucus, the Soviet chairman asked what it was we wanted to talk about now that they had stated their interests. When it came my turn, I said that I was interested not so much in what the Soviet media tell the people, as in what they do not tell the people. In other words, I'd like to talk about freedom of speech for writers and intellectuals in the Soviet Union, the access of minority viewpoints to the Soviet media, censorship in general, and things like that. For example, I concluded, I would like to read from a statement by Soviet author Anatolii Kuznetsov on why he left the USSR and have them respond to some of his statements.

PLOT LINE

Wellllll, the Soviet chairman grimaced, these things are not of interest to us, they are really not on the subject of the conference, youth, but if we have time perhaps we will address ourselves to them.

The time did not arrive until the middle of the second and final day of our subcommission session, and when it did, the subject almost ended our meeting.

I began by reading a few sentences from Kuznetsov's 1969 statement:

"If I were now to find myself in the Soviet Union, I should go out of my mind. . . . My first work was published 25 years ago. In those 25 years, not a single one of my works has been printed in the Soviet Union as I wrote it. For political reasons, the Soviet censorship and the editors shorten, distort, and violate my works to the point of making them completely unrecognizable. Or they do not permit them to be published at all. . . . Because my writing appears in such an ugly, false, and misshapen form, I am ashamed to look people in the face."

Just as I was about to ask for the Soviet's reaction to this statement, the Soviet chairman broke in and heatedly denounced Kuznetsov as a "liar" and a "traitor" and denounced me for bringing the subject up, saying that as our guest he was personally offended that I had raised such a subject. (Tabakov the actor joined in, saying he had known Kuznetsov personally for many years and he was all the things Aleksei Nodiya was saying he was and more.)

Seeing that this line of questioning was getting nowhere fast, I switched to an earlier point raised by Mr. Barron, namely that Soviet Communism is aggressive and will use force to achieve its ends if all else fails. To support this charge, I quoted from an article by top Party functionary Boris Ponomarev in the October 1971 issue of the Central Committee's house organ, *Kommunist*. In the piece on Communist Parties in non-Communist countries, Ponomarev cites as one of their roles the pursuance of a "course toward the revolutionary liquidation of the capitalist system."

But before I asked for comments on this statement, I asked the Soviet chairman if Ponomarev was also a "liar" and a "traitor." Both of us, I told him, could save a lot of time if when a name was mentioned, the other would state immediately whether this person did or did not belong on the liar and traitor list.

Nodiya exploded, talking so fast the interpreter could barely keep up. It was highly insulting, he said, to compare Ponomarev with the scurrilous Kuznetsov. Because I had done this and obviously did not hold him in esteem, Nodiya added, he would not send me copies of his publication as he had promised. Then he took the piece of paper with my name and address on it and dramatically placed it in the center of the table.

TV executive Dmitrii Biryukov, coming to the aid of his colleague, said I shouldn't be so upset by the word "revolution." After all, American groups also use the word. As an example he cited the Daughters of the American Revolution.

After American delegates Jackson and Fowler dissociated themselves from my questions and things calmed down a bit, chairman Nodiya smiled, lit a cigarette, and said that if I did not really mean to compare Ponomarev with Kuznetsov, he would send me copies of his publication.

Smiling and nodding, I answered that since the most important thing in my life was to get his publication, I would withdraw not only the odious comparison but also all the things I had said the previous two and a half days. Nodiya smiled, retrieved my name and address from the middle of the table, and placed it back in his notebook.

During our subcommission sessions I had a couple of provocatively titled books by Robert Conquest lying on the table beside me: *The Great Terror*, a story of the Stalin purges, and *The Nation Killers*, a story of the Soviet deportation of nationalities. Dmitrii kept glancing at them and finally asked "Are those about the Soviet Union?" I smiled and replied, "Of course net. It is a two-volume history of Swiss imperialism." He took *The Nation Killers*, flipped through it, and within 30 seconds had found a Soviet general whom he labeled "crazy" and said was in a mental institution. "This man killed thousands of our people," he said shaking his head. "Like your Mylai."

No, there were not thousands killed at Mylai, I corrected him. "More like Katyn Forest perhaps," I said, choosing the World War II massacre of Polish officers by the Soviets. He closed the book, handed it back to me, and said nothing more.

NO VILLAINS

When I raised the general subject of censorship in the Soviet media, Dmitrii said the Soviet press is "misunderstood" in the U.S., that there is no censorship. The only thing the Soviet censoring body—the *Glavlit*—keeps out of the press, he said, looking me straight in the eye, is "secret information, "pornography" and "anti-Soviet material."

As to just what constitutes "anti-Soviet material, this, as with many other things I was about to ask about, was a VCQ—"a very complex question," as Dmitrii replied.

When I told him many shows have run on American TV criticizing the Vietnam policy of the American government, and asked if Soviet TV had ever carried or would carry a program criticizing the Vietnam policy of the Soviet government, Dmitrii said that theoretically it was possible but none had ever run and would not be run because no one disagreed with the Vietnam policy of the Soviet government.

This led to a general discussion of minority viewpoints in the Soviet Union and what access they had to TV. Dmitrii did concede that not everyone in the USSR agreed on everything, but he could not think of any important issue on which there were many people in disagreement. As a matter of fact, he couldn't even think of an *un*important issue on which many people disagreed with the Soviet government position.

Still grappling with my question, Dmitrii went on to relate, with obvious pride, a long and rambling story, which he said showed how the Soviet media serve the people: This particular program opened with a reporter asking a woman leaving a store if she had gotten everything she wanted. No, she replied, she had been unable to purchase a certain type of laundry soap. The next scene showed the reporter interrogating the store manager who said he had not been supplied with enough of the soap to meet demands. The next scene showed the reporter giving the soap factory manager the third degree as to why he was not producing enough of the soap; the next scene was an interview with the Minister of Chemicals or whoever, who pledged that the quota for the particular type of laundry soap in question would be increased. The final scene showed the happy shopper with her soap.

When I explained to Dmitrii that this was not really the type of thing I was asking about, he looked crestfallen. What I wanted to know was: would the Soviet media have been as diligent in assisting this woman if she has asked for a different form of government rather than a certain type of laundry soap? Dmitrii answered instantly, "Nyet!"

The tragedy of the young Soviets' answers to most questions was not that they were consciously lying, but that they had in fact never before really thought about what it was that was being asked. If these are the Soviet leaders of the future, I am not very optimistic about the possibility of détente. After all, how do you deal with people who are more upset that you would *mention* there is very little freedom in their country than they are at the fact that there *is* very little freedom in their country?

ILLINOIS IS BEING SHORTCHANGED

HON. HAROLD R. COLLIER

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 5, 1974

Mr. COLLIER. Mr. Speaker, according to preliminary figures, residents of Illinois received 6.19 percent of the total personal income received by the people of the United States during 1972, or $57.7 billion out of $932.4 billion. Although Illinoisans pay taxes accordingly, they receive considerably less than that percentage from the multitude of Federal aid programs.

A study of the various data included in Federal Aid to States, published recently by the Department of the Treasury, demonstrates how my State is being shortchanged. Undoubtedly other States are similarly discriminated against. I hope that some of my colleagues from such States will make similar studies in order to direct maximum attention to the absurdity of sending $1.50 to $2 to the Nation's Capital in order to get $1 back.

Unnecessary programs ought to be abolished and necessary activities shifted to State and local governments. Such transfers should be accompanied by transfers of tax sources.

Reductions in Federal income tax rates could be offset by increases at State levels. Switching of both the tax burdens and the responsibilities for running the programs would enable taxpayers to keep a closer watch on how their money was being spent. Programs with high price tags could be curtailed and impractical activities discontinued much easier at the State levels than in Washington, D.C.

No program ought to be put into effect in every State in the Union just because it has been successful in one or even a dozen States. An activity that works in part of the country may be a complete failure elsewhere. Let the section that benefits from a successful program assess its own taxpayers and not those of the entire Nation.

Mr. Speaker, included in the study to which I referred earlier in my remarks are all programs in which at least 48 of the 51 jurisdictions participated.

The study follows:

Program	50 States and District of Columbia	Illinois	Percent
Department of Agriculture:			
Agriculture experiment stations	$70, 129, 608	$2, 056, 434	2. 93
Child nutrition programs	1, 145, 018, 218	52, 609, 277	4. 59
Commodity Credit Corporation—Price support donations	234, 342, 351	5, 805, 047	2. 48
Cooperative agricultural extension work	152, 841, 847	5, 229, 683	3. 42
Cooperative projects in marketing	3, 017, 891	61, 077	2. 02
Food stamp program	2, 160, 719, 532	125, 059, 550	5. 79
Forest protection, utilization, and restoration	25, 555, 330	149, 358	.58
Strengthening markets, income, and supply—Value of commodities distributed	202, 380, 417	3, 462, 741	1. 71
Rural water and waste disposal grants	35, 923, 232	1, 099, 300	3. 06
Watershed and flood prevention operations and resource conservation and development	85, 730, 138	1, 502, 645	1. 75
Civil Service Commission: Intergovernmental personnel assistance	12, 362, 645	708, 911	5. 73
Department of Commerce:			
Economic Development Administration—Development facilities grants	170, 040, 161	4, 594, 146	2. 70
National Oceanic and Atmospheric Administration—Research, development, and facilities	17, 736, 158	3, 422	.02
Corporation for Public Broadcasting	34, 248, 815	247, 958	.72
Department of Defense:			
Civil preparedness	26, 925, 816	887, 733	3. 30
National Guard centers construction	27, 536, 582	261, 972	.95
Environmental Protection Agency:			
Construction of waste treatment facilities	680, 291, 623	58, 569, 916	8. 61
Operations, research, and facilities	60, 379, 307	3, 524, 152	5. 84
Office of Economic Opportunity:			
Community Action programs	676, 351, 691	36, 254, 296	5. 38
Work experience and training	14, 414, 581	96, 808	.67
Department of Health, Education, and Welfare:			
American Printing House for the Blind	1, 621, 681	90, 484	5. 58
Child development	360, 283, 373	14, 848, 989	4. 12
Cooperative vocational education	578, 417, 390	22, 387, 833	3. 87
Educational improvement for the handicapped	38, 943, 666	2, 436, 833	6. 26
Educational professions development	111, 144, 775	2, 858, 016	2. 57
Elementary and secondary educational activities	1, 753, 770, 494	81, 416, 981	4. 64
Emergency school assistance	48, 676, 750	477, 576	.98
Higher education activities	174, 386, 669	5, 911, 159	3. 39
Libraries and community services	83, 394, 917	2, 780, 464	3. 33
School assistance in federally affected areas	515, 245, 949	9, 004, 564	1. 75
Health services delivery	525, 525, 230	12, 435, 721	2. 37
Health services planning and development	155, 841, 240	1, 282, 989	.82
Mental health research and services	318, 141, 796	8, 117, 083	2. 55
Preventive health services	44, 704, 468	2, 343, 405	5. 24
Health manpower education and utilization	$288, 400, 491	$9, 492, 362	3. 29
Child welfare services	44, 864, 079	2, 027, 025	4. 52
Maintenance assistance	5, 705, 448, 215	330, 045, 299	5. 78
Medical assistance	4, 556, 290, 288	252, 944, 051	5. 55
Social services	1, 534, 708, 576	132, 215, 658	8. 62
Public assistance—State and local training	28, 350, 904	739, 322	2. 61
Social and rehabilitation services	644, 209, 675	24, 359, 513	3. 78
Work incentive activities	258, 553, 405	6, 260, 130	2. 42
Department of Housing and Urban Development:			
Low-rent pubic housing	1, 013, 059, 833	84, 248, 704	8. 32
Urban planning assistance	74, 014, 502	3, 002, 457	4. 06
Urban renewal	998, 222, 092	27, 973, 585	2. 80
Water and sewer facilities	155, 153, 988	6, 038, 811	3. 89
Department of the Interior:			
Fish and wildlife restoration management	50, 573, 250	1, 504, 728	2. 98
Land and water conservation fund	107, 236, 057	5, 377, 350	5. 01
National wildlife refuge fund	2, 707, 622	87, 735	3. 24
Preservation of historic properties	3, 063, 279	83, 208	2. 72
Water resources research	8, 000, 000	197, 397	2. 47
Department of Justice: Law enforcement assistance	531, 592, 935	24, 003, 087	4. 52
Department of Labor:			
Manpower Administration:			
Cooperative area manpower planning system	16, 506, 021	364, 821	2. 21
Emergency employment assistance	957, 540, 483	32, 272, 141	3. 37
Grants for employment services	62, 883, 298	3, 128, 980	4. 98
Institutional training	198, 001, 883	9, 935, 880	5. 02
Manpower training services	88, 849, 748	4, 810, 017	5. 41
Manpower unemployment trust fund, State administrative expenses	783, 382, 891	37, 502, 593	4. 79
Neighborhood Youth Corps	396, 595, 349	22, 651, 464	5. 71
Operation Mainstream	58, 853, 120	2, 399, 577	4. 08
Public service careers	31, 311, 907	414, 169	1. 32
Other: Occupational Safety and Health Administration	4, 248, 216	60, 000	1. 41
National Foundation on the Arts and the Humanities	6, 168, 265	127, 250	2. 06
Department of Transportation:			
Beautification	16, 551, 097	844, 966	5. 11
State boating safety assistance	4, 071, 623	105, 572	2. 59
Federal airport program	231, 632, 698	5, 732, 530	2. 47
Highway safety programs	67, 697, 031	1, 651, 115	2. 44
Highway trust fund	4, 596, 052, 827	212, 780, 914	4. 63
Department of the Treasury: Revenue sharing	6, 636, 318, 228	341, 847, 631	5. 15
Total, above items	40, 707, 221, 217	2, 055, 906, 565	5. 05
Total, 98 programs and miscellaneous	43, 056, 511, 440	2, 159, 128, 983	5. 01
Total, omitted items	2, 349, 290, 223	103, 222, 418	4. 39

HOUSE OF REPRESENTATIVES—*Wednesday March 6, 1974*

The House met at 12 o'clock noon.

The Chaplain, Rev. Edward G. Latch D.D., offered the following prayer:

Beloved, follow not that which is evil, but that which is good. He that doeth good is of God.—III John 11.

Almighty God, our Father,
" 'Mid all the traffic of the ways—
Turmoils without, within—
Make in my heart a quiet place,
And come and dwell therein."

Waiting upon Thee in spirit and in truth may we receive wisdom to make wise decisions, courage to carry our responsibilities with honor and love to motivate us in all our endeavors.

Bless our Nation with Thy loving favor and our leaders with Thy gracious spirit, together may we be channels for justice and peace and good will in our world.

With the spirit of Christ we pray. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Without objection, the Journal stands approved.

There was no objection.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Arrington, one of its clerks, announced that the Senate had passed with an amendment, in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 2. An act to provide for pension reform.

The message also announced that the Senate insists upon its amendments to the bill (H.R. 2) entitled "An act to provide for pension reform," requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. LONG, Mr. WILLIAMS, Mr. RANDOLPH, Mr. NELSON, Mr. BENTSEN, Mr. JAVITS, Mr. SCHWEIKER, Mr. BENNETT, and Mr. CURTIS to be the conferees on the part of the Senate.

The message also announced that the Senate insists upon its amendments to the bill (H.R. 7824) entitled "An act to establish a Legal Services Corporation, and for other purposes," requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. NELSON, Mr. KENNEDY, Mr. MONDALE, Mr. CRANSTON, Mr. HUGHES, Mr. RANDOLPH, Mr. HATHAWAY, Mr. TAFT, Mr. JAVITS, Mr. SCHWEIKER, Mr. DOMINICK, and Mr. BEALL to be the conferees on the part of the Senate.

WEALTHY AMERICANS PAY NO FEDERAL INCOME TAX

(Mr. VANIK asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. VANIK. Mr. Speaker, in this morning's mail, I received from the Internal Revenue Service a copy of their latest publication, "Statistics of Income, 1971, Individual Income Tax Returns."

According to the figures on page 6, there were 883 Americans in 1971 filing returns of $1 million and over. Three of those individuals, with total adjusted gross income of $6,495,000, paid no Federal income taxes.

Twelve individuals, who had adjusted gross incomes of between half a million and a million dollars in tax year 1971, had returns which were not taxable. These 12 people had a total adjusted gross income of $8,582,000. If this kind of income can go untaxed—who should be paying taxes?

The extent of tax abuse through the use of tax loopholes extends through the broad spectrum of the high income tax brackets.

I also want to point out, Mr. Speaker, that there are thousands and thousands of wealthy taxpayers who have income which is not included in adjusted gross income—such as interest from tax-free State and local bonds. These individuals can be millionaires, pay absolutely no Federal tax, and yet this fact will not show up in the IRS statistics.

Mr. Speaker, tax reform and tax justice must be one of the top priorities of this Congress.

DEMOCRATIC VICTORY IN OHIO

(Mr. HAYS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HAYS. Mr. Speaker, yesterday the citizens of Cincinnati and Hamilton County rejected a Republican congressional candidate and a Republican administration and elected a Democrat, TOM LUKEN, in the First Congressional District of Ohio by a vote of 55,171 to 51,057—52 percent to 48 percent.

The First Congressional District of Ohio is Republican territory. In this century, there have been three single-term Democratic Members from the First; their Representatives for the other 68 years have been Republicans. In 1966, the people sent ROBERT TAFT, JR., to Washington and returned him in 1968 with 67 percent of the vote. In 1970, William Keating became their Congressman with 68 percent of the vote and was returned in 1972 with 70 percent of the vote.

Presidential elections demonstrate the solidity of Cincinnati's Republicanism. Cincinnati was the only major city in the country never to vote for Franklin Delano Roosevelt in any one of his four campaigns for the White House. However, in each of Richard Nixon's national campaigns the citizens of the First Congressional District have supported him. In 1960, his vote was 54.5 percent; 48 percent in a three-way race in 1968, and in 1972, 63 percent.

The voters' performance at the polls yesterday is a clear indication of the regard for the Nixon administration held by its longest and most loyal supporters.

TOM LUKEN's campaign proved that the economic issue is the difference between Democrats and Republicans. TOM LUKEN called for an "economy that puts needs of life before claims of profit or power." He stated that the Nixon administration "is making a mockery" of congressional efforts to deal with the energy crisis.

TOM LUKEN asked the voters of Cincinnati if they were "tired of spending 85 cents for a half gallon of milk" and "alarmed about sending their kids to school in the dark," to turn things around and send a Democrat to Washington.

Mr. Speaker, I think this is a clear message to our friends on the other side that we need a veto-proof Congress. Maybe they will help.

NEW PROGRAMS FOR DEFENSE

(Mr. BINGHAM asked and was given permission to address the House for 1 minute, and to revise and extend his remarks.)

Mr. BINGHAM. Mr. Speaker, some of us in this body have urged in the past that the Defense Department should abandon the idea of constructing huge and very vulnerable nuclear aircraft carriers and concentrate, instead, on more numerous and less expensive ships in order to protect the sea lanes.

According to press reports, the Secretary of Defense has now expressed very much that idea, at least so far as future construction is concerned. This is most reassuring.

It would be wonderful if the Secretary of Defense would be equally realistic in recognizing that land-based intercontinental missiles are doomed to become obsolete in a few years, whether it be 5 or 10 or 15 years. This is so because improvements in offensive missile technology will make the land-based ICBM's increasingly vulnerable to attack.

In contrast to his practical approach to the carrier problem, Dr. Schlesinger seems to be preoccupied, not with decreasing our reliance on land-based missiles, but on improving their offensive accuracy. This approach is bound to arouse dangerous anxiety in the Soviet Union that the United States is attempting to build a first-strike capability. And it will do so at great expense which in a few years will be entirely wasted.

MAJORITY WHIP JOHN J. McFALL SAYS OHIO ELECTION EXPRESSES NATION'S LACK OF CONFIDENCE IN NIXON ADMINISTRATION

(Mr. McFALL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. McFALL. Mr. Speaker, the trail of special elections across the country has become a referendum through which the people are expressing their lack of confidence in the Nixon administration.

The triumph yesterday of THOMAS LUKEN in the heart of Taft country, the area that the gentleman from Ohio (Mr. HAYS) just spoke about, makes three out of four victories for Democratic candidates in Republican strongholds. It is only the third time this century that the Cincinnati seat has been held by a Democrat.

Voters in Pennsylvania, Michigan, and now Ohio congressional districts have made clear the deep-running disaffection of the American people with the Nixon administration. The trickle has become a trend pointing toward a Democratic flood in the 1974 general elections.

More is involved here than the question of honesty in government and the abuse of public trust. The people are also expressing their displeasure with the administration's inability and outright unwillingness to act in response to the legitimate needs of the people.

There could be no better example of that attitude than this morning's veto of the legislation which would have given the President emergency powers to deal with the energy crisis. After rationalizing away the legislation in a lengthy and somewhat strident veto message, the administration indicated again that it plans to do nothing about a situation that threatens massive job loss and the disruption of our entire economy.

CONTROL OF INFLATION

(Mr. BURGENER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BURGENER. Mr. Speaker, there are now 55 days left until the expiration of the wage and price control authority this Congress granted to the Executive under the Economic Stabilization Act.

A review of the history of this Government's attempts to control inflation by law is the history of failure—not just during the period of the current controls but during the controls imposed for World War I, World War II, and the Korean conflict.

It should be clear to the Members of this House that this Government cannot control inflation by simply outlawing it. We must work to cure the cause of inflation.

The record of the current controls shows how impossible is the task of controlling through artificial restrictions the prices and wages of an economy as complex and interrelated as the modern economy. Under phase I we experienced a 2-percent annual rate of inflation. Under phase II the rate was an annual 3.6 percent. With the provision of phase III we saw an annual rate of 7.4 percent. Now, under the current phase IV we have had an annual inflation rate of 11.1 percent.

Clearly, the attempt to control inflation by fiat has resulted in a simple delay in the increases which would have occurred. Inflationary pressures have not been eliminated by these regulations. Their effect has only been postponed. And the longer they are postponed, the worse they are going to be.

We Americans must restore our confidence in the free marketplace. The marketplace will deal with the high costs. The marketplace will deal with shortages. High prices, which naturally come with goods in short supply will always result in one of two things or both. These high prices will stimulate production of the goods in shortage and secondly, through innovation and new technology, they will create substitute goods to fill the public demand.

The Economic Stabilization Act should be repealed now, or at the least, allowed to expire on April 30, 1974.

PRESIDENTIAL COOPERATION ON IMPEACHMENT INQUIRY

(Mr. DEVINE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DEVINE. Mr. Speaker, I was interested in the remarks of the gentleman from California, the candidate for Governor out there, about what happened in court this morning. You know, the impeachment committee has not yet defined an impeachable offense. It has not yet filed any charges specifically on what they are going to try to impeach the President for.

The President through his counsel this morning agreed first to answer interrogatories from the impeachment committee; and, second, to turn over everything that has been turned over to the Jaworski committee, including 17 or 19 tapes and over 700 documents; and, third, agreed to meet with select members of the Committee on the Judiciary and answer any questions they wanted to ask. The President has agreed to do everything, in other words, but turn over the keys to the White House, and I do not think he is expected to do that.

OUTCOME OF SPECIAL ELECTIONS

(Mr. MICHEL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MICHEL. Mr. Speaker, I do regret our having lost the seat in Cincinnati yesterday, but I am very happy about our winning in the California 13th District. State Senator BOB LAGOMARSINO waged a very aggressive campaign against seven opponents in a district where Democratic registration exceeds Republican registration by 7,000. BOB in that particular campaign took the initiative; he held it and kept the campaign on track, on the issues important to the 13th District of California.

So far as the Cincinnati race is concerned, we have no apologies to make for the efforts of our congressional or national campaign committees.

I again emphasize the special election nature of this race and the ones in Michigan and Pennsylvania, for that matter. In the fall these races may very well be reruns, but in any event they will all be considered as new ball games so far as we are concerned. We are not about to throw in the towel yet, and I believe with a few more solid base hits and better pitching this fall we can retake these three seats.

I will make one further observation and direct it particularly to the Democratic side of the aisle.

You have now increased your working majority from 51 to 58 seats and I wonder if that will help you get better organized to get this Congress moving on the big, important issues facing the country today.

With every committee chairmanship and a clear majority on every committee, you certainly have the votes to do anything you please.

ONE REPUBLICAN DEFEATS SEVEN DEMOCRATS

(Mr. KETCHUM asked and was given permission to address the House for 1 minute, and to revise and extend his remarks.)

Mr. KETCHUM. Mr. Speaker, I was most interested in the remarks of my distinguished colleague, the gentleman from Ohio, and also the remarks of my distinguished colleague, the gentleman from California, regarding yesterday's elections. I think the whole world knows that in the past four elections three Republicans were defeated by three Democrats. I would simply like the world to recognize the fact that yesterday one Republican defeated seven Democrats in one race.

PROPOSED CONGRESSIONAL PAY RAISE SHOULD BE VOTED DOWN

(Mr. O'BRIEN asked and was given permission to address the House for 1 minute, and to revise and extend his remarks.)

Mr. O'BRIEN. Mr. Speaker, as a freshman Member of this House I may be stepping into an area where angels fear to tread.

But I feel compelled to ask:

Why do we not have enough guts to vote on the question of raising our own pay?

Why should we let the other body beat us to the punch in voting down this ill-timed, extravagant pay hike?

As we all know, the President has recommended a 22.5-percent raise over a 3-year period for Members of Congress, Federal judges, Cabinet members, and other high Government officials.

Under the Federal Salary Act of 1967, the first step of this increase—7.5 percent—will automatically go into effect Saturday midnight, March 9, unless disapproved by either the House or Senate.

Almost a week ago the House Post Office and Civil Service Committee, by a vote of 19 to 2, reported out a resolution of disapproval.

Why has this resolution not been brought to the floor for a vote? What are we waiting for?

I understand that the gentleman from Nebraska (Mr. MARTIN), the ranking minority member of the Committee on Rules, has asked his committee to clear the resolution for a floor vote, and that the committee is meeting at this hour on his request.

I hope and trust that the Rules Committee will act promptly so that the House will have an opportunity to work its will on the disapproval resolution.

Several weeks ago Pollster Louis Harris reported that the public's rating of Congress had fallen to a record low. According to his survey, only 21 percent of those interviewed gave us a positive job rating; 69 percent said we were doing a poor or only fair job.

When I see the stalling around on an issue like this, I have to ask myself: Is it any wonder that people feel like they do about Congress?

If we want to change that unflattering image, I think one of the first things we should do is get that disapproval resolution to the floor and vote it up or down.

PRESIDENT'S PROPOSAL TO PRESENT EVIDENCE ON WATERGATE

(Mr. KUYKENDALL asked and was given permission to address the House for 1 minute, and to revise and extend his remarks.)

Mr. KUYKENDALL. Mr. Speaker, I somewhat hesitate to make this statement, but I think it has been forced upon me by statements made earlier today by the gentleman from California.

In the U.S. News & World Report of the week before last there was a statement made for impeachment, and a statement made against impeachment by two Members of the House. It is a known fact that the minority members of the Committee on the Judiciary refused to take a positive stand on impeachment because they are supposedly part of the jury. Because of their refusal I was asked to make the case against impeachment.

I want to say that I think it is paradoxical and totally ridiculous that one member of the Judiciary Committee who publicly, in a national publication, came out for impeachment, stands on this floor this morning and criticizes the President's sincere efforts to present evidence.

CALL OF THE HOUSE

Mr. DICKINSON. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. McFALL. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The call was taken by electronic device, and the following Members failed to respond:

[Roll No. 63]

Abdnor
Abzug
Annunzio
Blatnik
Brasco
Burke, Calif.
Burton
Carey, N.Y.
Chisholm
Clark
Collins, Ill.
Conyers
Dellums
Dennis
Eckhardt
Ford
Fraser
Gettys
Gray
Hawkins
Hébert
Ichord
Jones, Okla.
Karth
Mills
Minshall, Ohio
Montgomery
Murphy, Ill.
Murphy, N.Y.
Nix
O'Hara
O'Neill
Patman
Powell, Ohio
Randall
Rangel
Reid
Rhodes
Rooney, N.Y.
Rostenkowski
Stratton
Thompson, N.J.
Treen
Whitehurst
Widnall
Zwach

The SPEAKER. On this rollcall 384 Members have recorded their presence by electronic device, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

FEDERAL ENERGY ADMINISTRATION ACT

Mr. HOLIFIELD. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 11793) to reorganize and consolidate certain functions of the Federal Government in a new Federal Energy Administration in order to promote more efficient management of such functions.

The SPEAKER. The question is on the motion offered by the gentleman from California.

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill H.R. 11793, with Mr. FLYNT in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee rose on yesterday, section 5 of the committee amendment in the nature of a substitute, ending on page 20, line 2, had been considered as read and open to amendment at any point.

Are there further amendments to section 5?

AMENDMENT OFFERED BY MR. MOSS

Mr. MOSS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Moss: Page 18, line 11, insert "(a)" after "SEC. 5.".

Page 20, after line 2 and after the Alexander amendment, insert the following:

(14) In administering any pricing authority, provide for equitable prices with respect to all sales of crude oil, residual fuel oil, and refined petroleum products in accordance with subsection (b) of this section.

(b)(1) Pricing authority of the Administrator shall be exercised so as to specify (or prescribe a manner for determining) prices for all sales of domestic crude oil, residual fuel oil, and refined petroleum products in accordance with this subsection.

(2) Except as otherwise provided in paragraphs (3) and (4), the provisions of any regulation under pricing authority of the Administrator which specified (or prescribed a manner for determining) the price of domestic crude oil, residual fuel oil, and refined petroleum products, and which were in effect on the date of enactment of this subsection shall remain in effect until modified pursuant to paragraph (5) of this subsection.

(3) Commencing 30 days after the date of enactment of this subsection, and until any other ceiling price becomes effective pursuant to the terms of paragraph (5) hereof, the ceiling price for the first sale or exchange of a particular grade of domestic crude oil in a particular field shall be the sum of—

(A) the highest posted price at 6:00 a.m., local time, May 15, 1973, for that grade of crude oil at that field, or if there are no posted prices in that field, the related price for that grade of crude oil for which prices are posted; and

(B) a maximum of $1.35 per barrel.

(4) Any regulation under pricing authority of the Administrator shall be amended so as to provide that any reduction in the price of crude oil (or any classification thereof), of residual fuel oil, or of a refined petroleum product (including propane) resulting from the provisions of this subsection is passed through on a dollar-for-dollar basis to any subsequent purchaser, reseller, or final consumer in the United States. Such pass-through of price reductions shall, to the extent practicable and consistent with the objectives of the pricing authority of the Administrator, be allocated among products refined from such crude oil on a proportional basis, taking into consideration historical price relations among such products.

(5)(A) The Administrator may, in accordance with the procedures and standards provided in this paragraph, amend any regulation under pricing authority of the Administrator under subsection (a) of this section to specify a different price for domestic crude oil, residual fuel oil, or refined petroleum products, or a different manner for determining the price, other than that provided in paragraph (2) or (3) of this subsection, if he finds that such different price or such different manner for determining such price is necessary to permit the attainment of the objectives of such pricing authority.

(B) Every price proposed to be specified pursuant to this subsection which specifies a different price or manner for determining the price for domestic crude oil provided for in paragraph (3) of this subsection, and every price specified for (or every prescribed manner for determining the ceiling price of) residual fuel oil and refined petroleum products, shall be transmitted to the Congress and shall be accompanied by a detailed analysis setting forth—

(i) the additional quantities of crude oil, residual fuel oil, refined petroleum products, if any, that can reasonably be expected to be produced;

(ii) the effect, if any, upon the demand for crude oil, residual fuel oil, refined petroleum products, or

(iii) the impact upon the economy as a whole, including the impact upon consumers and the profitability of and employment in industry and business;

(iv) any significant problems of enforcement or administration; and

(v) the impact on the preservation of existing competition within the petroleum industry.

resulting from the proposed change in the price of crude oil or manner for determining the price of residual fuel oil or refined petroleum products. Any change in a price of domestic crude oil (or any classification thereof) which is transmitted to Congress within 30 days after enactment of this subsection, which prescribes a different price or a different manner for determining such price provided in paragraph (3) of this subsection shall not take effect until 15 days after the detailed analysis required by this paragraph has been transmitted to the Congress.

(C) No price for domestic crude oil, or any classification thereof, specified pursuant to this subsection shall exceed the ceiling price provided in paragraph (3) of this subsection by more than 35 percent.

(D) Ceiling prices or a manner for determining prices established by or pursuant to this subsection are maximum permissible prices, and any seller may sell domestic crude oil, or residual fuel oil, or any refined petroleum product produced therefrom at any lesser price. In the case of any exchange of domestic crude oil, residual fuel oil, or refined petroleum products, the ceiling price shall apply to the total value of the goods and services asked, given or received in exchange for such crude oil, residual fuel oil, or refined petroleum product.

(6)(A) Any interested person who has reason to believe that any price or manner for determining prices in any regulation under any primary authority of the Administrator does not prevent inequitable prices may petition the Administrator for a determination under subparagraph (B) of this paragraph.

(B) Upon petition of any interested person, the Administrator shall by rule determine whether the price of crude oil, residual fuel oil, or any refined petroleum products does not prevent inequitable prices. The Administrator may either affirm such price, or method for determining such price, or establish a different price, or method of determining such price, upon a finding (accompanied by a detailed analysis of such finding as is required under paragraph (5)(B)) that such prices as affirmed or reestablished prevents inequitable prices.

(7)(A) The Administrator may provide, in his discretion under regulations prescribed by him, for such consolidation of petitions as may be necessary or appropriate to carry out the purposes of this subsection.

(B) The Administrator may make such rules, regulations, and orders as he deems necessary or appropriate to carry out his functions under this subsection.

(8) No petition under paragraph (6) of this subsection to determine prices may be filed later than one year after the expiration of this Act or any extension thereof.

(9) The Administrator may at any time act to establish ceiling prices lower than those provided in paragraphs (2) and (5) if he determines that lower ceiling prices will permit the attainment of the objectives of the pricing authority of the Administrator.

(10) The provisions of this subsection shall apply to all crude oil notwithstanding any other provisions of law.

(11)(A) A proceeding to amend any regulation under the pricing authority of the Administrator with respect to prices as authorized and limited under the terms of paragraph (5) of this subsection and a rulemaking proceeding under paragraph (6) of this subsection shall be governed by section 553 of title 5, United States Code, except that the Administrator shall afford interested persons an opportunity of at least 10 days to present oral and written views, data, and arguments.

The 10-day period for presentation of views, data, and arguments respecting such action may be postponed until after such action takes effect where the Administrator specifically finds that strict compliance would be likely to cause serious impairment to the operation of the program and such finding and the reasons therefor are set out in detail in the Federal Register at the time of publication.

(B) Judicial review of an amendment under paragraph (5) of this subsection, and a rule promulgated under paragraph (6) of this subsection shall be reviewable pursuant to the provisions of section 211 of the Economic Stabilization Act of 1970, as amended, except that any such amendment and rule may not be enjoined or set aside, in whole or in part, unless the court makes a final determination that such amendment or rule is in excess of the Administrator's authority, is arbitrary or capricious, is otherwise unlawful under the criteria set forth in section 706(2) of title 5, United States Code, or is based on findings required by this subsection which are not supported by substantial evidence.

(12) For the purposes of this subsection—

(A) The term "inequitable price" means a price in excess of a price which is reasonable, taking into consideration the price necessary to obtain sufficient supplies of crude oil, residual fuel oil and refined petroleum products, to permit the attainment of the objectives of this Act;

(B) the term "domestic crude oil" means crude oil produced in the United States or from the Outer Continental Shelf as defined in section 2 of the Outer Continental Shelf Lands Act (43 U.S.C. 1331);

(C) the term "interested person" includes the United States, any State, the District of Columbia, Puerto Rico, and the territories and possessions of the United States.

(D) The term "pricing authority of the Administrator" means any authority to issue any regulation or order with respect to prices of crude oil, residual fuel oil, or refined petroleum products, pursuant to any function transferred to, vested in, or delegated to the Administrator;

(E) the term "refined petroleum product" means gasoline, kerosene, distillates (including Number 2 fuel oil), LPG, refined lubricating oils, or diesel fuel; and

(F) the term "LPG" means propane and butane, but not ethane.

POINT OF ORDER

Mr. HORTON. Mr. Chairman, I rise to make a point of order against the amendment offered by the gentleman from California (Mr. Moss).

The CHAIRMAN. The gentleman will state his point of order.

Mr. HORTON. Mr. Chairman, the amendment offered by the gentleman from California (Mr. Moss) is nongermane to this reorganization bill, and section 5, under rule XVI, clause 7.

The committee yesterday amended section 5 of the bill before us so that the functions listed would clearly not confer any new authority on the FEA Administrator. The authority available to the FEA Administrator must come from other sections of this act, or provisions of other laws which are now in existence.

As the Chair pointed out yesterday, amendments must be germane to the bill as modified by the Committee of the Whole at the time they are offered, and not as originally referred to the committee. Therefore, amendments attempting to add policy or program powers to section 5 are nongermane to that section.

The subject matter of this amendment was not considered in the committee, and is not dealt with in any other provisions in this bill; it is a subject matter completely different from the matter under consideration.

In the interest of orderly legislation, as pointed out yesterday by the Chair, the amendment should be ruled out of order. It is inappropriate to section 5, because section 5 does not add any new policy or program. It amends existing law, Mr. Chairman, in ways that are not affected by the bill which is now before the committee. For example, the Economic Stabilization Act, there are sections there that are in this amendment that are not involved in this bill.

It deals with a subject matter which is not in the bill, and if any part of the amendment is nongermane, then the whole amendment should be considered nongermane.

Mr. Chairman, I want to make a very strong argument here against overruling this objection, because if it is overruled, then it is going to open the door to this Committee on Government Operations for a bill being subjected to every amendment that should legitimately go before another committee of this Congress. I think it is very important to preserve orderly legislation that matters of this type go before the committees of original jurisdiction. This committee, the Committee on Government Operations, has had no hearings, has had no expertise in this matter that is the subject of this amendment by the gentleman from California.

We are not prepared at this time to take this amendment up. It is not involved. It should be ruled nongermane, Mr. Chairman, and I hope that it is.

The CHAIRMAN. Does the gentleman from California desire to be heard on the point of order?

Mr. MOSS. I do, indeed, Mr. Chairman, because I have heard some most novel bases put forward as a predicate for finding an amendment not in order. The fact that the committee did not consider it seems to me to be irrelevant to the question of germaneness.

Section 5 of the bill before us requires the Administrator to:

> Promote stability in energy prices to the consumer, promote free and open competition in all aspects of the energy field, prevent unreasonable profits within the various segments of the energy industry, and promote free enterprise;

The amendment I have offered is a limitation upon the Administrator. It says he cannot go back before the prices set in May of 1973 in the exercise of his authority, excepting that he may add a total of $1.35, bringing to $5.25 a barrel the effective price of crude oil. It does provide that there can, upon certain findings by the Administrator, be an increase to $7.09.

While the Committee on Government Operations, according to the gentleman from New York, may not feel that it is capable of legislating in this area, I have the utmost respect for it, having served on that committee for a much longer period than has the gentleman from New York who has made the point of order. It is completely competent to legislate in this field, as is this committee, as is the House to whom this committee must report its final actions, because substantively this same material was included in the Emergency Fuel Act that passed and was just recently vetoed by the President—the rollback provisions.

I understand that the very distinguished gentleman from New York (Mr. ROSENTHAL) on yesterday offered precisely the language, and a point of order was made, and properly sustained, against it because it undertook to amend an act which was not before this committee. But that is not the case in this instance. We are limiting the discretion. We are limiting the authority which we are by this act itself, the proposed legislation in the Committee on Government Operations, granting to the Administrator. Clearly that is germane; clearly that is within the province of this committee and of this House to limit the scope of authority conferred or being conferred upon a new office.

Mr. DINGELL. Mr. Chairman, will the gentleman yield?

Mr. MOSS. I yield to the gentleman from Michigan.

Mr. DINGELL. I thank the gentleman for yielding.

Mr. Chairman, I should like to address myself to the point of order and rise in opposition to the point of order.

Mr. Chairman, the point of order is bottomed on the thesis that the amendment offered by the gentleman from California is new and different matter to that which appears in the bill and as such is not germane.

I would call the attention of the Chair to page 19, line 3, of the bill. I would point out that in the bill as presented to the House by the Committee on Government Operations there are clear directions to the agency to be created under the word "Functions" which appears at page 18, line 10.

One of these functions, and I quote page 19, line 3, is to:

> Promote stability in energy prices to the consumer, promote free and open competition in all aspects of the energy field, . . .

Now, I quote the language that I believe is most urgent and I commend it to the reading of my good friend from New York:

> Prevent unreasonable profits within the various segments of the energy industry, and promote free enterprise;

Obviously, the language of the amendment offered to the committee amendment now before us by my friend from California (Mr. Moss) deals with a limitation upon the actions and the authority of the Administrator. This action is quite different than that which fell before a point of order when offered by the gentleman from New York (Mr. ROSENTHAL) yesterday.

I would point out again that not only is it a limitation of authority, but it is a limitation of a specific grant of authority and a specific function which would be vested in the Administrator by the bill now before us, as amended by the committee.

Now, it is the thesis of the gentleman from New York (Mr. HORTON) that the amendment adopted earlier by the House so changes the quality and the character of the legislation before us as to rule out any substantive amendments at all.

This, I must point out to the Chair, is a most extraordinary thesis, because while the amendment offered yesterday by the chairman of the committee, the gentleman from California (Mr. HOLIFIELD) relating to a limitation on the purposes of the bill might have been adopted, we are in no fashion precluded thereby from offering subsequent amendments or from treating matters which would otherwise have been germane to the bill now before us.

For these reasons, Mr. Chairman, I would submit to the Chair most respectfully that the functions of the amendment before us are clearly germane to the provisions of the bill, relate to provisions in the particular section. The amendment is germane to the particular section and to the bill and to the functions which would be assigned by the Administrator.

Mr. ADAMS. Mr. Chairman, will the gentleman yield?

Mr. MOSS. Mr. Chairman, I yield to the gentleman from Washington.

Mr. ADAMS. Mr. Chairman, I want to associate myself with the remarks of the gentleman from Michigan and oppose the point of order.

I would simply make this additional point, going to the same section the gentleman referred to, page 19, lines 3 through 7. The language there needs to be defined in greater detail and we have in this amendment a specific limitation on that language defining what this Administrator should do under the words:

> Promote stability in energy prices to the consumer, promote free and open competition in all aspects of the energy field, prevent unreasonable profits.

Therefore, this is germane to the bill and very important to the bill.

I thank the gentleman for yielding.

Mr. HOLIFIELD. Mr. Chairman, I support the point of order made by the gentleman from New York (Mr. HORTON).

I point out that an amendment to section 5 on page 18 inserted certain language which was limitation language upon the actions of the Administrator. The language that was put in was the following:

> To be authorized by other sections of this Act or any other provision of law.

And on down further:

> In relation to energy matters for which the Administrator has responsibility.

The Administrator has responsibility for the implementation of the entities that were transferred over into this act with the limitation of the amendment which I proposed and which was accepted by the House.

I, therefore, believe that this amendment, the purpose of it is to limit the Administrator to the other sections of this act or other provisions of law that might be in existence at this time or might be passed in the future. This amendment, which is nine pages in length, which my colleague from California (Mr. Moss) has offered, covers a multitude of matters which are not found in existing law, nor are they authorized in this act except in general terms.

Mr. Chairman, I, therefore, support the point of order and ask that the Chair rule that this amendment is out of order.

Mr. ROSENTHAL. Mr. Chairman, I rise in opposition to the point of order.

Mr. Chairman, my distinguished colleague from California suggested that the amendment he offered and which was passed yesterday is a limitation in some way—the implication of his remarks—a limitation in some way on subdivision 5 of section 5. That, Mr. Chairman, is not the case. The amendment that the Committee adopted on yesterday to line 12, page 18, would read as follows now:

> SEC. 5. To meet the energy needs of the nation for the foreseeable future, the administrator to the extent expressly authorized by other sections of this act or any other provision of law—

Then, it goes on to continue the 12 specific areas.

The amendment of the gentleman from California distinctly differs from the amendment I offered yesterday, although it has essentially similar thrust and desire and motivation. It does not seek to amend a pre-existing statute. I think the Chair ruled quite appropriately yesterday that the amendment that I offered was inappropriate and a point of order laid against it because it attempted to amend another statute.

The amendment offered by the gentleman from California, in effect, does not attempt to amend any other law, but is a limitation and a further direction to the Administrator of the mandate that the Committee on Government Operations laid down in subdivision 5 of section 5. The committee, I assure the chairman, spent a great deal of time in analyzing and reviewing and discussing all of these functions. Section 5 is truly one of the most important, if not the most important, section.

Mr. Chairman, I do not want to belabor the point, but the requirement to promote stability in energy prices, the requirement to prevent unreasonable profits, the requirement to promote free and open competition, all of these are elaborated on in greater detail; all of these are limited in a further expression of the will and intent of this Committee in the amendment of the gentleman from California (Mr. Moss).

Mr. Chairman, I would most respectfully urge the Chair to overrule the point of order.

Mr. ECKHARDT. Mr. Chairman, I rise to speak in opposition to the point of order.

Mr. Chairman, the present speaker recognizes, of course, the ruling of yesterday and recognizes the basis on which it was ruled, and does not speak against that ruling of yesterday. But, as the gentleman from New York has pointed out, that ruling was distinguishable from the butane amendment only upon the grounds that the Rosenthal amendment did expressly amend another statute.

Mr. Chairman, the present speaker also does not disagree with the Chair on the proposition that an amendment to section 5 was had which in some respects limited section 5, but this is the point upon it.

Mr. Chairman, the amendment to section 5 did not nullify section 5, item (5), with respect to actions to promote stability in energy prices derived from transfers. It only limited that section in that respect: That it provided, referring to page 19, line 3, the provisions contained in item (5), that the Administrator should "promote stability in energy prices," et cetera. It only provided that this should not be free standing authority additionally granted.

Still, though, it permits the Administrator to "promote stability in energy prices to the consumer, promote free and open competition in all aspects of the energy field, prevent unreasonable profits within the various segments of the energy industry," et cetera, under the transfer authority granted in section 6.

For instance, it is provided in section 6, item (b), on line 16, as follows:

> There are hereby transferred to and vested in the Administrator all functions of the Chairman of the Cost of Living Council, the Executive Director of the Cost of Living Council, and the Cost of Living Council, and officers, et cetera.

Now, that authority is transferred to the Administrator, and under that authority he may promote stability in energy prices and thereby limit those prices. He may roll them back if he is acting under express standing legislative authority now granted. And he can do that by virtue of the transfer section.

Mr. Chairman, the amendment would limit that right. It would limit the extent of the exercise of the transfer power. It would limit it with respect to the provisions of the bill that say that the price shall not be rolled back past $7.09.

So this bill transfers authority from one agency to this one, then expressly provides broad authority with respect to stabilizing prices, and the amendment would then restrict the broad authority. So it is clearly germane to the bill here before us.

The CHAIRMAN (Mr. FLYNT). The Chair is prepared to rule.

The gentleman from California (Mr. Moss) has offered a substantive amendment to section 5 of this bill. The amendment has been read in its entirety and will appear in the RECORD of the proceedings of today.

Against this amendment the gentleman from New York (Mr. HORTON) has made a point of order as follows:

> That the amendment offered by the gentleman from California (Mr. Moss) is not germane to the bill or to the section of the bill to which it is presently offered.

The Chair had, of course, anticipated that further questions regarding the germaneness of amendments to section 5 might arise today, and for that reason the Chair has reviewed the actions taken by the Committee of the Whole on yesterday.

The Chair has carefully read and fully attempted to analyze each line of the amendment offered by the gentleman from California (Mr. Moss).

The Chair has diligently endeavored to understand the full import and the total impact of the amendment which the gentleman from California (Mr. Moss) has offered. Section 5 of the bill was amended by the amendment offered yesterday by the gentleman from California (Mr. HOLIFIELD), so that the preface to that section now reads as follows:

> To meet the energy needs of the Nation for the foreseeable future, the Administrator, to the extent expressly authorized by other sections of this Act or any other provisions of law . . .

There follows in section 5 a list of functions which define the broad areas in which the Administrator may act. This list on enumeration of functions, as the Chair stated yesterday, is, of course, subject to germane amendment. Whether additional functions relating to the energy needs of the Nation, if added to this list by way of amendment, would be authorized by other provisions of this bill or by other law, is a legal question and not a parliamentary question.

Whether or not a function given the Administrator under section 5 is authorized by existing law is a matter that goes to the effect of the amendment and not to the question as to whether or not it is germane.

The Chair does not, under the precedents, rule on questions of the consistency of amendments or upon their legal effect. The question upon which the Chair must now rule is, "Is the amendment in its entirety as offered by the gentleman from California germane to section 5 of the bill H.R. 11793?"

The Chair will state that section 5 sets forth the functions of the Administrator, and on yesterday the Chair enumerated some of the functions. The section includes a broad range of functions and duties, and under the rules of germaneness other related functions could be added to the list by way of amendment. Functions or duties could also be limited by way of amendment, but substantive law cannot be changed by an amendment to a section dealing with functions.

Much of what the gentleman from California (Mr. Moss) and others have said is true. Much of the amendment offered deals with functions, and part of the amendment purports to modify the Administrator's functions; but portions of the amendment extend further than defining, restricting, or limiting the functions of the Administrator.

It should be borne in mind that section 5 of this bill relates to the functions of the Administrator of the Federal Energy Administration. Although part of the amendment does define and limit the functions of the Administrator, other portions of the amendment place a mandatory burden on him or, even without action on his part, effectively change existing law and pricing authority.

Therefore, the Chair sustains the point of order made by the gentleman from New York.

Are there any further amendments to section 5?

AMENDMENTS OFFERED BY MR. GUNTER

Mr. GUNTER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

> Amendments offered by Mr. GUNTER: Page 19, line 23, add the following new subsection:
>
> "(11) Issue preliminary summer guidelines for citizen fuel use within 30 days of the enactment of this Act.
>
> Page 19, line 23, strike out "(11)" and insert in lieu thereof "(12)".
>
> Page 20, line 1, strike out "(12)" and insert in lieu thereof "(13)".

POINT OF ORDER

Mr. HORTON. Mr. Chairman, I make a point of order against the amendments. Basically they are the same arguments I made before and also this sets up a policy or program which is outside the section and not a subject matter of this bill.

The CHAIRMAN. Does the gentleman from Florida desire to be heard on the point of order?

Mr. GUNTER. I do, Mr. Chairman.

Mr. Chairman, the amendment is rather simple and easy to understand. It requires the Administrator to issue within 30 days, upon enactment of this act, a preliminary summary.

The CHAIRMAN. If the gentleman from Florida would suspend, the Chair would like to request the gentleman to confine his remarks at this time to the point of order rather than to the merits of his amendment.

Mr. GUNTER. I thank the Chairman, and I would add that I was leading up to that.

Mr. Chairman, the amendment as stated would simply require the Administrator, to issue within 30 days upon enactment of this act, preliminary summer guidelines for fuel use which, Mr. Chairman, I think falls within the framework of the section specifying the functions. I do not interpret this particular specification as outside of those programs which are spelled out in the committee report, and in the body of the act.

The CHAIRMAN (Mr. FLYNT). The Chair is prepared to rule.

The gentleman from Florida (Mr. GUNTER) has offered an amendment to section 5 of the bill, to which amendment the gentleman from New York (Mr. HORTON) has raised a point of order.

The Chair has carefully read the language of the amendment, and has carefully listened to the arguments made by the gentleman from New York (Mr. HORTON), in support of his point of order, and the arguments made by the gentleman from Florida (Mr. GUNTER), in opposition to the point of order.

In the opinion of the Chair, the language of the amendment as offered by the gentleman from Florida clearly relates to the functions of the Administrator, which are otherwise enumerated and defined within the section now under consideration.

The Chair finds nothing in the language of the amendment which mandates the Administrator any more than do the other functions enumerated, nor does the Chair find anything in the amendment which would in any way amend or seek to amend existing law.

The Chair does not rule now or at any other time on the consistency of amendments; the Chair, therefore, after analyzing the amendment and listening to the argument, rules that the amendment is germane and, therefore, overrules the point of order.

The Chair now recognizes the gentleman from Florida in support of his amendment.

Mr. GUNTER. Mr. Chairman, today, I am offering three amendments to H.R. 11793, the Federal Energy Administration Act for this House to consider.

The first amendment requires the Administrator to issue, within 30 days upon enactment of this act, preliminary summer guidelines for citizen fuel use.

This will give people, especially those who expect to make the longer summer trips, the information they will need to plan for their summer vacations. It will also provide like information to businesses dependent on tourism.

I, for one, Mr. Speaker, was not satisfied with the answer that Mr. Simon gave in an interview published in U.S. News & World Report when he said, in response to a question about fuel supplies this summer, that, "Summer is a long way off."

This attitude of Mr. Simon's appears pervasive among those at the Federal Energy Office these past few months. Rather than making adequate plans to avoid acute shortages, the FEO has waited for the crisis to hit before taking action.

In my State alone, in a few months time, we first had the incident of robbing Peter to pay Paul in the case of the hijacked oil diverted by the FEO from Florida to Massachusetts, and replaced only after the most vigorous objections were offered by the Florida congressional delegation. Incidentally, this oil was replaced at a higher price to the consumers of Florida.

Then came the shortage of adequate fuel supplies for agriculture, endangering the shipment of perishable food products from Florida to their destinations.

And now have come the gas lines, which in some parts of Florida are unbelievably long, while in other parts of the State they are comparatively short.

Again, Mr. Chairman, an example of poor planning.

All this amendment seeks to achieve is to serve notice to the Administrator to develop a plan which, by reason, he should already have near at hand.

The time to act is now. The alternative, especially in Florida, and other tourist-oriented States, is ruinous disaster to an industry with significant economic import.

I believe the people of this country should have summer guidelines before summer comes. This is what this amendment seeks to accomplish.

Mr. STUDDS. Mr. Chairman, will the gentleman yield?

Mr. GUNTER. I yield to the gentleman from Massachusetts.

Mr. STUDDS. I thank the gentleman for yielding.

I wonder if the gentleman would elaborate a little bit on precisely what he means by these guidelines. Is it his intention that people would simply be put on notice as to the amount of fuel they could expect in an area during the summer?

Mr. GUNTER. Obviously, the specific approach which the Federal Energy Office might take in this instance is left up to them by the language in the amendment, but I would hope we would be able to have as a result of this amendment an indication of the availability of fuel to the motoring public.

Mr. STUDDS. To eliminate the uncertainty in people's minds as to whether or not it is safe to go to a tourist area; is that correct?

Mr. GUNTER. That is precisely the purpose of the amendment.

Mr. STUDDS. I represent an area myself, Cape Cod; where this is a matter of critical concern at this point. I thank the gentleman, and I support his amendment.

Mr. ERLENBORN. Mr. Chairman, will the gentleman yield?

Mr. GUNTER. I yield to the gentleman from Illinois.

Mr. ERLENBORN. I thank the gentleman for yielding.

I should like to raise a similar question as to what the gentleman means by "guidelines." This is not necessarily a work of art. Sometimes we pass laws and empower an agency that has the authority to administer those laws to adopt guidelines which have the force of law. Is that what the gentleman intends here, or are these just suggestions to citizens that have no force of law but only a suggestion to them as to how they might proceed for their own and for the public's best interest?

Mr. GUNTER. I thank the gentleman for raising that question lest there be any misunderstanding. I think this type of legislative history will be helpful. Certainly summer guidelines to indicate the availability of fuel to individual Americans would not be intended to have the force of law. The purpose of the amendment and the purpose of the action on the part of the FEO would be for proper planning so that the American public, particularly those who hopefully will be planning vacation trips, can know what to expect. I realize there would have to be some flexibility, because we do not know at this point whether or not the Arab oil embargo will be lifted, so there must be leverage. But at least the guidelines will provide some indication of fuel availability, and businesses as well as the public will be assisted, particularly as they relate to tourism and the leisure industry.

Mr. ERLENBORN. Would the gentleman yield further?

Mr. GUNTER. I yield to the gentleman from Illinois.

Mr. ERLENBORN. If I understand the gentleman correctly, that he intends this to mean that informational guidelines be made available to the public but they would have no force of law; is that correct?

Mr. GUNTER. That is exactly correct.

Mr. ERLENBORN. I thank the gentleman.

The CHAIRMAN. The time of the gentleman has expired.

(At the request of Mr. HOLIFIELD, and by unanimous consent, Mr. GUNTER was allowed to proceed for 1 additional minute.)

Mr. HOLIFIELD. Mr. Chairman, will the gentleman yield?

Mr. GUNTER. I yield to the gentleman from California.

Mr. HOLIFIELD. I thank the gentleman for yielding.

The gentleman comes from the great State of Florida and I come from the great State of California. We both have a lot of summer tourist business. Of course, we are both interested in keeping those tourists coming. Is it not true that if we get into administrative detail like this, we should also take care of the skiers up in Vermont and up in Sun City, Idaho, Sun Valley, and other places? In other words, should the Administrator not also be given the authority to issue guidelines for spring, summer, fall, and winter?

Mr. GUNTER. Mr. Chairman, the language of this amendment would not preclude such action, and I would hope that beginning with the summer guidelines, this would start the cycle so that the FEO would in fact develop year-round guidelines for tourist travel. The truth is that a large segment of this Congress has requested the FEO to take such action, and they have not chosen to so act thus far.

With the adoption of this amendment, I believe, we will finally see those needed guidelines.

The CHAIRMAN. The time of the gentleman has expired.

Mr. BAUMAN. Mr. Chairman, I rise in support of the amendment and would like to commend the gentleman from Florida for offering this amendment.

When 43 Members of the House sign a joint statement addressed to a Federal official, the least he can do is to be responsive, after he takes more than a month to respond. The letter that each of us received was insulting, because it did not even refer to the topic of the original question we addressed: What can we do to protect the economies of our districts which depend heavily on tourism and vacation travel.

I personally wrote a separate letter to Mr. Simon, representing as I do the "Land of Pleasant Living"—Chesapeake Bay and the ocean resorts in Maryland—and asked the question specifically about allowing Sunday gas sales for tourists—another unresponsive letter was the result.

I hope that what the gentleman from New York (Mr. HORTON) said will happen, and that this bill will be the magic key that will unlock the bureaucracy and allow some answers as to what these tourism States can do this summer. In the meantime, it is a sad state when we have to resort to an amendment on the floor of the House to get Mr. Simon to respond to our legitimate inquiries on behalf of the people we represent.

Mr. HORTON. Mr. Chairman, will the gentleman yield?

Mr. BAUMAN. I yield to the gentleman from New York.

Mr. HORTON. I am glad the gentleman raised this point. I think it can be argued in this bill, this bill is to establish the Federal Energy Administration. At the present time the Administrator of the Federal Energy Office is operating under an Executive order. Personnel have not been transferred over to any organization. The functions have not been transferred over. It is really not a function or operation of the agency. That is why this bill is so important.

I think it is necessary for us to get this bill enacted so that there can be set up a proper Federal agency to handle these energy problems, to transfer personnel, to transfer function, so that there can be appropriate personnel and facilities, so there can be the type of response that the gentleman has brought up.

I have had the same problem that other gentlemen have. I understand the concerns of the gentlemen and I understand the concern of other gentlemen raising these same problems. That is why this bill is so important to establish this agency, so that there will be an agency to function with the necessary tools.

Mr. BAUMAN. I would only say in response to the gentleman, I do not think any amendment or legislation will give Mr. Simon increased ability to answer his mail in a responsive manner.

The gentleman from Florida by his amendment has seen fit to write into the bill a requirement that Mr. Simon does concern himself with this important issue of tourism and vacation fuel needs. For that I commend him.

Mr. BENNETT. Mr. Chairman, I move to strike the last word.

I rise in support of my colleague from Florida and his amendment. I think it is a well-thought-out amendment and accomplishes what should be done. I hope no one will seriously oppose it.

The present energy crunch facing this Nation is one of the most serious events that has occurred in our lifetime. Further, we can expect shortages to occur in other of the essentials of our way of life. There is nothing more important that we can do here in Congress than to bring about needed solutions. The bill before us is one needed tool and what we can pass of what the President today vetoed should be immediately passed again. There is a sense of urgency in the country on this. We should have the same sense of urgency here, and I regretfully say that we have not as an institution been as speedy and effective as I would have liked to have seen. I am not blaming anyone, but I am frankly concerned that we have not been able to act more promptly.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Florida (Mr. Gunter).

The question was taken; and the chairman being in doubt, the committee divided, and there were—ayes 30, noes 14.

So the amendment was agreed to.

Mr. ROSENTHAL. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count.

Fifty-four Members are present, not a quorum. The call will be taken by electronic device.

The call was taken by electronic device, and the following Members failed to respond:

[Roll No. 64]

Annunzio
Bingham
Blackburn
Blatnik
Brasco
Burton
Carey, N.Y.
Chisholm
Collier
Collins, Ill.
Conyers
Dellums
Derwinski
Diggs
Edwards, Calif.
Fraser
Gettys
Gross
Hanna
Hansen, Idaho
Hansen, Wash.
Hawkins
Hébert
Ichord
Jones, Okla.
Karth
McKinney
Mills
Minshall, Ohio
Mitchell, Md.
Montgomery
Murphy, Ill.
Murphy, N.Y.
O'Neill
Patman
Randall
Reid
Rooney, N.Y.
Rostenkowski
Stanton, James V.
Stephens
Stokes
Stratton
Stuckey
Thompson, N.J.
Treen
Ware
Whitehurst
Widnall
Wilson, Charles H., Calif.
Wolff

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. Flynt, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill H.R. 11793, and finding itself without a quorum, he had directed the Members to record their presence by electronic device, whereupon 379 Members recorded their presence, a quorum, and he submitted herewith the names of the absentees to be spread upon the Journal.

The committee resumed its sitting.

The CHAIRMAN. When the point of order of no quorum was made the Chair had started to recognize the gentleman from New York (Mr. Peyser). The Chair will now recognize the gentleman from New York (Mr. Peyser).

Mr. ADAMS. Mr. Chairman, will the gentleman yield for a parliamentary inquiry?

Mr. PEYSER. I yield to the gentleman from Washington.

PARLIAMENTARY INQUIRY

Mr. ADAMS. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN. The gentleman will state his parliamentary inquiry.

Mr. ADAMS. Mr. Chairman, my parliamentary inquiry is this: Is the same section of the bill still open for amendment; are we still working on the function section?

The CHAIRMAN (Mr. Flynt). The Chair will respond to the parliamentary inquiry of the gentleman from Washington that section 5 is still pending.

Mr. ADAMS. I thank the Chairman, and I thank the gentleman from New York for yielding to me.

Mr. PEYSER. Mr. Chairman, I was going to take the floor and offer this as an amendment, but because of the action of the House yesterday I am not going to do this, I do feel it is of the utmost importance that the House fully recognizes the problem that many people in this country are facing as pertains to the consumer cost of electricity, particularly people in the Northeast, and specifically New York City, Westchester, and Long Island. In New York the Consolidated Edison Co. over the past year has more than trebled its rates on fuel costs. The Members have to understand that we have two things in New York involving costs, we have the fuel adjustment charge and the electrical rate itself, the fuel adjustment costs in many cases are larger than the electrical bill.

Mr. Chairman, we are at a point where homes that were purchased 2 or 3 years ago for $30,000 to $40,000, which were all-electric homes, and which were sold, incidentally, on the basis of economy operation, are now paying electrical bills that in some cases are higher than the mortgage payments on those homes.

A typical bill on an all-electric home in the past 3 months has been ranging from $220 to $250 a month. If one can picture the people who have purchased these homes being faced with these kind of costs then one can get an idea of the magnitude of the problem.

I am calling for a four-point program. A good deal of the program can be done without legislation.

No. 1, I am calling on the Public Service Commission in New York not to grant a rate increase to Consolidated Edison until the fuel adjustment cost has dropped at least 50 percent.

Second, I am calling on Mr. Simon to direct more domestic oil into the Northeastern region, to give them the benefit of lower cost oil because, as the Members are aware, 75 percent of all the oil used by electrical utilities in the Northeast comes from imported sources.

The cost of that imported oil today is running $12 to $14 a barrel.

Third, I am calling for the adjustment of the imported oil costs themselves, so that if the cost exceeds $7.50 a barrel, there will be a Federal subsidy to the electrical utility companies to keep the cost level at that rate. I know of no other way of giving the consumer a chance of surviving what is now an economic catastrophe.

Finally, I am calling for the transfer to coal wherever possible, within the Federal environmental guidelines, by these electrical utilities, because we have the coal, the cost is cheap, and we have to find a way of utilizing it in order to protect the consumer now against the rate that he is being charged.

I should like to point out something of equal importance. Yesterday when we discussed amendments to this Federal energy administration bill, the point was raised that the energy bill that we passed a week ago was the place to put on these amendments. This was the place where we could act.

As the Members know, the energy bill was vetoed by the President this morning. The energy bill is going to come back to this House, and while there are imperfections in it—and there is no question in my mind of that—I think it still does enough that every effort should be made in this House to override that veto and to have an energy bill. If we do not have an energy bill, all the amendments that were going to be offered, that are now really not in order on this piece of legislation, are going to have to be again introduced in new legislation, which means more time, a delay in our efforts to help the public, and a situation that I think is now intolerable.

We must find a way of addressing this problem, and the only way I see it right now is by the overriding of the Presidential veto.

Mr. Chairman, I yield back the balance of my time.

AMENDMENT OFFERED BY MR. BAUMAN

Mr. BAUMAN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

> Amendment offered by Mr. Bauman: Page 20, line 2, strike out the period and insert the following: "; *Provided, however*, That none of the powers or functions granted to the Administrator under the terms of this Act shall permit the promulgation of any rule or rules providing for the establishment of a program for the rationing among classes of users of crude oil, residual fuel oil, or any refined petroleum product, and for the assignment to such users of such products of rights, and evidence of such rights, entitling them to obtain such products in precedence to other classes of users not similarly entitled, without the prior approval of Congress."

POINT OF ORDER

Mr. HORTON. Mr. Chairman, I make a point of order against the amendment.

The CHAIRMAN. The gentleman will state his point of order.

Mr. HORTON. Mr. Chairman, I make a point of order against the amendment for the reasons that I have stated earlier. In addition, in effect it indirectly amends section 4 of the Emergency Petroleum Allocation Act, and it also gives specific negative direction to the administrator in a section which purports to outline the general powers or functions of the administrator. Therefore, I think it is a nongermane amendment, and I ask that the Chair declare it nongermane.

The CHAIRMAN. Does the gentleman from Maryland desire to be heard on the point of order?

Mr. BAUMAN. Mr. Chairman, only briefly, to say that I point out the amendment specifically states that it applies to the limitations of the powers and functions granted to the administrator under the terms of this act. I do not need to refer the Chair to his excellent dissertation yesterday on the amendment offered by the gentleman from Arkansas as to what constitutes a limitation.

For the same reason that this is no more than a limitation on the powers granted in the bill, I think this is perfectly germane.

If the Chair desires, I shall be glad to cite the appropriate precedents that I think are applicable.

The CHAIRMAN (Mr. Flynt). The Chair is prepared to rule.

The gentleman from Maryland (Mr. Bauman) has offered an amendment to section 5 of the bill. The gentleman from New York (Mr. Horton) has raised a point of order against the amendment on the ground of nongermaneness. The Chair has carefully read the amendment offered by the gentleman from Maryland (Mr. Bauman). It is well settled that section 5 includes a broad range of functions and duties of the administrator. It is clear that under the rules of germaneness, other related functions may be added to the list by way of amendment.

Also, the functions or duties therein enumerated may be limited by way of amendment.

The Chair feels that the amendment offered by the gentleman from Maryland is in the nature of a limitation and, therefore, overrules the point of order.

The gentleman from Maryland is recognized.

Mr. BAUMAN. Mr. Chairman, I assume it would be inappropriate for me to notice the presence on the floor of the House of the Vice President of the United States, so I will not do that.

Nevertheless, since the applause is coming out of my time, perhaps I can construe his presence as an endorsement of my amendment.

Mr. HUNT. Mr. Chairman, will the gentleman yield?

Mr. BAUMAN. I yield to the gentleman from New Jersey.

Mr. HUNT. The gentleman will never use his time any better.

Mr. BAUMAN. I thank the gentleman from New Jersey.

I know that some of my colleagues endorse in principle the general provisions of this bill, but I think it is imperative that we all take a stand today whether or not we as representatives of the people are going to pass on the issue of rationing of fuel.

What my amendment does in essence is to say that none of the powers granted the Administrator or anyone else in this bill shall allow rationing unless Congress approves. The gentleman from Texas (Mr. Eckhardt) yesterday referred to page 19 of the bill and to the broad scope of powers granted which the Federal Energy Office will have in developing and overseeing the implementation of what they call "equitable and voluntary distribution of fuel."

Now, we all heard the gentleman from New York (Mr. Horton) refer to the fact that the emergency energy conference report has been vetoed. Thus this bill may be the only chance we have to decide this issue of rationing.

It is very easy for us to pass the political buck to the administration and say we are not going to vote on the rationing issue; but I happen to agree with the gentleman from Ohio (Mr. Hays), who a few weeks ago said on this floor that if we avoid this responsibility, we will face the political consequences; but more important, I do not want the same wonderful people who brought us fuel allocation to be deciding the system of fuel rationing, unless we in Congress have a chance to decide how that system will work in minute detail.

I represent a district of farmers that need fuel to operate, of watermen and fishermen that cannot go out to catch oysters or fish without fuel, of workers commuting many miles with no mass transit.

I want to know what the system of rationing will contain. This amendment will provide that the Federal Energy Administration must come back to us and submit their plan for final vote.

I hope my colleagues will support this.

Mr. PARRIS. Mr. Chairman, will the gentleman yield?

Mr. BAUMAN. I yield to the gentleman from Virginia.

Mr. PARRIS. I wonder if the gentleman would tell us whether it is the intention under his language again to prohibit a retail seller, a gasoline station operator, from operating his station in accordance with preferential treatment for retail customers or commercial accounts, that sort of thing, or is it intended to go strictly to a rationing program?

Mr. BAUMAN. This amendment should be interpreted to mean that the Federal Energy Office will not be permitted to issue orders, as some have already been issued, causing great consternation among retail dealers, saying they must distribute their supplies in any particular way, if such distribution is part of a rationing system. Mr. Simon already has assumed that power; but I disagree with it. I say that if it is part of a rationing system, Congress must first examine it.

Mr. ECKHARDT. Mr. Chairman, will the gentleman yield?

Mr. BAUMAN. I yield to the gentleman fom Texas.

Mr. ECKHARDT. The gentleman mentioned in speaking of section 5 these broad powers that I interpreted. I did not say that. I said the interpretation of the gentleman from New York (Mr. Rosenthal), of that section would have given such authority. I supported the position of the chairman and the position of the ranking majority member, that that section did not extend any authority beyond what existed in existing law.

Mr. BAUMAN. The gentleman from Maryland must apologize to the gentleman from Texas. The gentleman from Maryland tries to listen carefully, and apparently he misunderstood.

Mr. CRANE. Mr Chairman, will the gentleman yield?

Mr. BAUMAN. Mr. Chairman, I yield to the gentleman from Illinois.

Mr. CRANE. Mr. Chairman, there is a question I have in terms of this issue of rationing. Would the gentleman's amendment apply to the question of allocation of petroleum products?

Mr. BAUMAN. Only to the question of rationing and not to allocation.

Mr. HOLIFIELD. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, the Chair has rightly ruled, I think in this instance, that the amendment is germane. However, there are many amendments which are germane which will be offered today to this bill that in my opinion will defeat the bill. They are undesirable. We want to establish and give to the administration a vehicle with which to implement such laws that are now on the books, and such laws as may be put on the books, to help to solve this energy crisis.

The subject of rationing is a very important subject. It is a subject which I may agree should be put into practice and someone else may agree should not be put into practice, but this is an organization bill. This is not a bill to set up programs of allocation or rationing or any other type of program.

I say that we should not prohibit the Administrator from doing what he thinks is necessary, within existing law, to solve the problems that face this Nation.

If we tie the Administrator's hands, if we say, "You can do this, but you cannot do that; you can do one thing, but you cannot do the other," then he has a perfect opportunity to say, "The Congress has given me an unworkable act. They have given me a mandate to do this or to do that, and I have to obey, but it may circumvent the objective of my operation, which is to solve some of these energy problems."

We are going to have a lot of these amendments this afternoon, and the House is going to have to make its decision. Do the Members want to load this bill down with programmatic authorities and prohibitions, with authority to put in certain programs and take out certain programs, or are we going to build here a workable administrative and implementing agency, a normal type of agency to implement and execute the laws and intent of Congress as expressed in those laws?

So, Mr. Chairman, this question is going to come up again. This same type of decision is going to have to be made. We have made those decisions in the Staggers bill, and that bill was vetoed. Now, if we load this bill down with all of these different desires that each of us have, then we are going to get this bill vetoed. Perhaps some Members want it to be vetoed, but I personally do not want the bill vetoed.

I want to be able to say that this Congress worked its will and gave to the Administrator an effective agency to function in the field of policy, programs, and procedures. I want to be able to say that we did that. I do not want the administration to say, "We sought the means of trying to obtain answers to this crisis and the Congress failed to give us the means to do so."

Mr. Chairman, I do not want to go back to my district and explain to my people that the Congress could not act effectively to get the job done. I hope that this amendment and other similar amendments along this line will be defeated.

Mr. MOSS. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I look at this amendment and I think it has the effect of repealing the emergency petroleum allocation bill which was reported from the Committee on Interstate and Foreign Commerce, passed by this House and by the other body, and is now the law of the land.

Mr. BROYHILL of North Carolina. Mr. Chairman, will the gentleman yield?

Mr. MOSS. Mr. Chairman, I yield to the gentleman from North Carolina.

Mr. BROYHILL of North Carolina. Mr. Chairman, I would agree with the gentleman from California that any reading of the amendment would have the effect of repealing the allocation bill under which we presently operate.

I think that this is a mistake. It is a mistake to do it in this fashion. I happen to agree with the gentleman, in that I would like to see an end-use rationing program come back to the Congress, but I do not think the gentleman's amendment does that. It goes much further than that. It does a great deal of harm to the allocation program under which we are presently operating.

Mr. Chairman, for that reason I am opposed to the amendment.

Mr. MOSS. Mr. Chairman, I thank the gentleman.

I wish to stress that no one knows the full reach of what might be done under this provision. Now, there are many communities operating marginally at this moment because they have secured supplemental allocations. The District of Columbia is an area where there seems to be a lessening of pressures because they have secured supplemental allocations.

However, as I read this language, all that would be nullified, and much more. The Administrator would be powerless to deal with any of the problems to which the members of the Committee on Interstate and Foreign Commerce of this House and the members of the Commerce Committee of the Senate and the Members of this House and of the other body addressed themselves.

Mr. BAUMAN. Mr. Chairman, will the distinguished gentleman yield?

Mr. MOSS. I will be happy to yield to the gentleman from Maryland.

Mr. BAUMAN. Mr. Chairman, undoubtedly the confusion that has arisen in the gentleman's mind and in the minds of some of the other Members as to the meaning of the language has been drawn from the fact that this was taken directly from the bill of the Committee on Interstate and Foreign Commerce concerning rationing.

This is the way the committee described it, as "rationing," and all I did was turn it into language appropriate to this section of this bill.

Mr. MOSS. Mr. Chairman, I will yield no further at this time.

Mr. BAUMAN. I would not expect the gentleman to.

Mr. MOSS. Mr. Chairman, from whatever source the gentleman may have gotten his language, the language is not precisely the same, because it goes beyond what the Committee on Interstate and Foreign Commerce did. It does create a most mischievous piece of legislation, and it would have a bad, if not a catastrophic, effect, should it become a part of this bill.

Mr. Chairman, I strongly urge the Members of this House, once they fully understand how far this goes, to use their good judgment and use their caution and vote down the amendment.

Mr. HORTON. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I point out to the Members of the Committee that we are back in the same situation that we were in yesterday afternoon, and I would like to reemphasize that this is a reorganization bill.

The Committee on Government Operations of the House of Representatives is charged with the responsibility of looking at reorganization proposals. Thus, we had this proposal before us to create the Federal Energy Administration. We held hearings on it, and we did everything we could in order to get the bill before the committee as quickly as possible, and now it is out here on the floor.

Unfortunately, for the sake of this bill, the energy emergency bill, which went through the Committee on Interstate and Foreign Commerce of this House, was vetoed today, and most of the amendments that are now being proposed are amendments that more appropriately should be before the Committee on Interstate and Foreign Commerce.

As a matter of fact, in the debate right now, we are finding Members on either side of the question from the Committee on Interstate and Foreign Commerce going over the same ground they have gone over before.

The amendment before us now proposed by the gentleman from Maryland (Mr. BAUMAN) more appropriately should be before the Committee on Interstate and Foreign Commerce.

In view of the fact that there has been a veto of the Emergency Energy Act and assuming it is sustained, I would assume that the Committee on Interstate and Foreign Commerce would have to go back into session and go through the work of preparing another bill to be presented to the House of Representatives.

Mr. HOLIFIELD. Will the gentleman yield to me on that point?

Mr. HORTON. I am glad to yield to the chairman.

Mr. HOLIFIELD. I strongly urge that the Committee on Interstate and Foreign Commerce do go back into session and take up that bill and bring out a bill which can be passed by this House and signed by the President.

I think it is going to be tragic if we, because of pique or resentment or any other emotion, say at this time that we can no longer set up the programs which need to be set up in America.

I agree with the gentleman in hoping that the gentleman from West Virginia (Mr. STAGGERS), and the ranking minority member of that committee will go back into session and bring out something that we can get signed, so that we can get on with the work of trying to meet this energy crisis in our country.

Mr. HORTON. I thank the gentleman for his contribution. I would certainly agree with him in his request that the Committee on Interstate and Foreign Commerce reconsider this matter and take up the subjects that are now being offered as amendments to this particular bill.

Mr. HOLIFIELD. Will the gentleman yield further?

Mr. HORTON. I yield to the gentleman.

Mr. HOLIFIELD. I might say we respected the jurisdiction of the Committee on Interstate and Foreign Commerce and we fought off amendments of substance which should be in their committee and in the Committee on Banking and Currency, all the way through the hearings and the markup at different points in the bill. I wish the members of that committee today would show the same courtesy to us that we showed to them.

Mr. MOSS. Will the gentleman yield?

Mr. HORTON. Yes. I yield to the gentleman.

Mr. MOSS. As a member of both the Committee on Government Operations and the Committee on Interstate and Foreign Commerce, I respectfully point out the pending amendment is not offered by a member of the Committee on Interstate and Foreign Commerce.

Mr. BAUMAN. Will the gentleman yield?

Mr. HORTON. I yield to the gentleman.

Mr. BAUMAN. I would like to point out that it is offered by a Member of Congress, however.

Mr. HORTON. Mr. Chairman, the point I am trying to make is that we have before us a bill which tries to set up an administration, the Federal Energy Administration. If this Administration is to have additional authority and to have new programs, then the matter should go before the proper legislative committee. That is the way we are organized in this House. The Committee on Interstate and Foreign Commerce has that responsibility.

This amendment regardless of its merits, should be considered by the appropriate committee. The Government Operations Committee is not the proper committee to consider it.

What is happening here now is that we are beginning to have substantive amendments proposed to change the authority which is transferred to the Adminstrator.

So I urge that this amendment and all amendments similar to it be voted down.

(By unanimous consent, Mr. HORTON was allowed to proceed for 2 additional minutes.)

Mr. HORTON. Mr. Chairman, there are two alternatives: Either we have to recognize that this is a reorganization bill and must keep away from or reject the substantive amendments whether we are for or against them, or in the alternative go through this process of considering them. Then we will be here for the rest of today and tomorrow and all next week trying to fight them. Then we probably will not get the Federal Energy Administration established.

This Congress has not enacted any meaningful energy legislation since last November. I think it is very important that we do something affirmative. One thing we can do and I believe we should do is to establish this agency. That is what we are trying to do here today.

So I plead with you, let us stay away from the substantive amendments and just stick to those that have to do with setting up this organization.

(By unanimous consent, Mr. HORTON, at the request of Mr. ADAMS, was allowed to proceed for 2 additional minutes.)

Mr. ADAMS. Will the gentleman yield?

Mr. HORTON. I yield to the gentleman.

Mr. ADAMS. I think the gentleman from New York has made a very fine statement. I understand the desire of the Committee on Government Operations simply to fill in procedurally what the Federal Energy Office will do.

As you will remember, the Committee on Interstate and Foreign Commerce, of which I am a member, did create an administration, but it did not go into the problems of the Committee on Government Operations as to how it should be set up.

But I want to point out to the gentleman from New York that the reason that some of us have some amendments to offer, and I might add that we are trying to keep these amendments very narrow, is that we have created, and there is passed already, the Emergency Allocation Act which provides for an equitable price of fuel and for a passthrough of prices based on crude oil prices. And we have given the power, or this committee now is about to do it under this bill, to this Administrator to run this program. Therefore, what we are going to do with our amendments is to say the statute is there, but we do not want this act that is going through today to be construed to let this man go beyond certain powers. In other words, the powers that are created procedurally to him. We are trying to limit that.

Mr. HORTON. I am glad the gentleman is making that point, and it is exactly the point I am making. The Administrator does not have any more authority under the provisions that we have in our bill than already exist in the present law. The amendments that the gentleman is talking about are amendments that would either restrict or add to that authority. And appropriately that should go to the Committee on Interstate and Foreign Commerce which has jurisdiction over such matters. It does not have to be done in this bill, and it is more appropriate that it be done by that committee, the Committee on Interstate and Foreign Commerce.

Mr. ADAMS. If the gentleman will yield further——

Mr. HORTON. I do not yield further at this time, because I wish to make my point.

What I am trying to say is that this bill should not be burdened with the gentleman's suggestions, but rather they should go to the legislative committee which has jurisdiction. The members of that committee have heard the testimony not only of the witnesses, but they have also had the opportunity to study the subject matter of these substantive problems. We have not done so in the Committee on Government Operations. Therefore, I think it is more important that these amendments go before the Committee on Interstate and Foreign Commerce, which has the legislative jurisdiction.

That is the way that this House has been set up. That is the way the House is organized. If we want to change that organization, then that is something else, but that is the way the House is set up.

So, Mr. Chairman, it is very important, it seems to me, that we stick to setting up an agency and not get involved with these substantive matters.

The CHAIRMAN. The time of the gentleman from New York has again expired.

Mr. ADAMS. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I would request that the gentleman from New York (Mr. HORTON) remain in the well so that I may finish the colloquy with the gentleman, because I do not believe we are as far apart as the gentleman indicates.

Mr. HORTON. Mr. Chairman, if the gentleman will yield, I do not think that we are far apart, but I would just hope that the gentleman would take his amendment before the Committee on Interstate and Foreign Commerce.

Mr. ADAMS. Mr. Chairman, let me explain what our problem is in this particular debate.

With regard to the substantive price of crude oil, and the passthrough of prices, they are still authorized under the Emergency Allocation Act that has passed the Committee on Interstate and Foreign Commerce, and which was not vetoed by the President. There is a bill which was vetoed which has more extensive proposals, but we will fight that out on another day.

Mr. Chairman, we have been confronted directly with the Federal Energy Administration regulations which have been set out. Yesterday, just as an example, we had an amendment offered on propane gas that was to limit the manner in which that office operated, to limit its regulatory authority.

Mr. HORTON. Mr. Chairman, will the gentleman yield?

Mr. ADAMS. No; I do not yield to the gentleman at this point.

Mr. Chairman, let me say that the regulatory authority is properly in the field of Government operations. We could say to this Federal Energy Administrator in this bill, "You have to do nothing more than sit over there and discuss energy conservation plans, and do not touch prices or anything else." But that is not what has been done in this bill.

Paragraph 5 of this section 5 has a reference in there that he is to deal with prices, and that he is to deal with free enterprise, and this gives him rulemaking powers, which he has exercised quite extensively in the past, and they are transferred over from the Office of Price Authority now in effect, the Cost of Living Council, the authorities which they have, and would place them in this agency.

Mr. HORTON. If the gentleman would yield so that I might add something on that.

Mr. ADAMS. I will yield to the gentleman in just one moment.

We give him these new powers now that he has statutorily to issue regulations under those laws.

Our only alternative with this bill that gives him this kind of regulatory authority is to be certain that that regulatory authority is circumscribed sufficiently that he does not do something that this Congress did not intend. I want to assure the gentleman that that is what we are trying to do, and that is to limit what they are going to do with the regulations, not try to create a new statute but because in this gentleman's opinion under the Emergency Oil Allocation Act he already has the power to control prices, and he has the power to alter them by means of the passthrough. We want to be sure that he uses that carefully.

I will yield to the gentleman if he wants to comment.

Mr. HORTON. I understand what the gentleman is saying, but we do not in this bill expand or restrict the authority that the Administrator would have under any of the bills that have already been enacted into law. In other words, the laws that are on the books are transferred, and he would administer those.

What the gentleman is proposing, and what other people are proposing by the way of amendment, is to restrict authority or give additional authority.

I was opposed to the propane gas amendment yesterday, not on its merits, but because I did not think it appropriately should be before this committee. I made a point of order against it on the basis that it was not germane. I was overruled. I made the same point against other amendments. Some of the points of order were upheld and some were not.

But aside from whether or not a point of order as to nongermaneness would be sustained, it is a question as to whether or not the Committee on Government Operations has the authority legislatively to go into the matter. According to the rules of the House, those matters are within the jurisdiction of the Committee on Interstate and Foreign Commerce and not that of the Committee on Government Operations. So it is very important that we make this distinction here in this debate.

What I am saying to the gentleman and to the other members of the committee is that when we get into these substantive matters, then we are jeopardizing the opportunity to establish this agency.

Mr. ADAMS. I understand the gentleman on the merits, but would he agree with this proposition: We could say in this bill, for example, that we will not transfer cost-of-living price controls to this new agency. That is part of this reorganization. We would say we are not going to do it. We may want to say in this debate and by an amendment that we only want to transfer over part of that authority. To me that is properly within the regulatory area, and I am going to support the later amendments that say that this new Administrator just simply cannot go out and issue any regulations that he wants to. But as long as we have the section in this bill on pricing, a number of us who have been very involved with this are trying to be careful that this new Administrator does not have additional powers beyond what he has now.

Mr. HORTON. All I can say to the gentleman is that the chairman of the committee got an amendment through yesterday on a record vote, which indicated that we were not creating any new authority or any new program. What we are trying to do is to stick within the confines of this bill.

The CHAIRMAN. The time of the gentleman has expired.

Mr. CRANE. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, I should like to take this opportunity to praise the gentleman from Maryland for his amendment. I have heard some interesting discussion here that has somewhat intimidated me, inasmuch as I am not a member of the Committee on Governent Operations, in addressing myself to this area of expertise presumably denied all the rest of us in the Committee of the Whole House. Be that as it may, on the question of rationing I would argue that I have some expertise and I have devoted some time to studying the issue.

I think that not only on the issue of rationing but perhaps on the broader question addressed by the gentleman from Maryland; namely, the question of whether the Congress exercises its appropriate responsibility or, in characteristic irresponsible fashion once more bucks the decisionmaking power to some Federal agency, some Federal czar, or the White House, the gentleman from Maryland is attempting in his amendment to insist that this Congress assume the responsibility for making the important decision involving the denial of a fundamental right, which is what rationing inevitably involves. I praise him for insisting that this Congress assume responsibility for that act, instead of some Federal czar. In addition to that, I would hope that there would be an extensive debate in this Congress, which might be responsive to the folks back home, before it ever thinks in terms of considering a coupon rationing program.

I have had the privilege of participating in "The Advocates" show on Public Service Broadcasting some weeks ago. The subject was on coupon rationing. We took the negative position on that debate. The returns on the debate showed a 7 to 1 return in opposition to coupon rationing.

I would certainly despair if the Congress gave such power to a Federal czar to put him in a position to impose that on us.

Mr. BAUMAN. Mr. Chairman, would the gentleman yield?

Mr. CRANE. I yield to the gentleman from Maryland.

Mr. BAUMAN. I thank the gentleman for his kind remarks. The late Speaker, Thomas Reed, of Maine, said that the 5-minute rule should be used either to clarify or confuse. I think we have seen that demonstrated amply here today. The question was advanced whether this amendment pertains only to rationing. We were told that we should be concerned by the language that says unless Congress approves, there cannot be the establishment of a program for rationing among classes of users and so on.

Now, if the use of the word "rationing" means allocation, the allocation law we passed last fall gives the power of rationing and in either case I think the bureaucrats should be forced to come back here before they do any more, before they go down a road that has been badly bungled in many respects. I say that the Congress should have the right to vote on the rationing issue and that is what we are voting on in my amendment.

Mr. CRANE. I could not agree with the gentleman more. This Congress abdicated its responsibility on the question of wage-price controls when we gave the President discretionary power. We are giving the same discretionary power now to some unknown energy czar.

Mr. SYMMS. Mr. Chairman, would the gentleman yield?

Mr. CRANE. I yield to the gentleman from Idaho.

Mr. SYMMS. I would like to commend both the gentleman in the well and the gentleman from Maryland for their remarks and point out to Members of this body that the rating of Congress in the eyes of the public is lower than that of the Executive. One of the reasons is that we pass the decisions over to the executive branch and they are not made in the Congress where they should be made.

This is a very important amendment and we should demonstrate to the American people that we stand up and be counted for yes or no on a matter as important as rationing.

Mr. CRANE. The Congress is moving down a garden path that is a one-way road to destruction of our freedoms.

It is like the old quotation:

> Vice is a creature of such frightful mien, that to be hated needs but to be seen; but seen too oft, familiar with her face, we first endure, then pity, then embrace.

Mr. KETCHUM. Mr. Chairman, I rise in support of the amendment; although, I must say that I found myself yesterday in total agreement with my distinguished friend, the dean of the California delegation and the chairman of the committee and the ranking minority member of the committee, when they valiantly sought to offer to this body that this was, indeed, an organization bill and not a policy bill; but the fact remains that yesterday by the action of this body on the Alexander amendment, we gave up that prerogative and we established a precedent. The precedent has now been established and I believe that we should go forward.

Now, to borrow a statement from the distinguished gentleman from Wyoming (Mr. RONCALIO) I would say this is the only game in town right now to speak on whether or not we wish to exhibit our power on the subject of rationing gasoline.

I am a freshman Member of this body and yet since the 3d day of January 1973, I have heard people on both sides of this aisle condemn the administration, condemn the Executive for either usurping our authority or for us abdicating our authority to the executive branch. Here is an opportunity presented to us to get back some of that power. I can see no earthly reason for an Executive, whoever that individual may be, setting up a rationing program and then having all of us go back to the hustings and refusing to share the blame for rationing.

Because, my friends, the fault will be right here. If we are not willing to take the heat, I would submit that we will vote no on this amendment. If we are willing to take the heat, as we should be as representatives of the people, we will be willing to take the heat and assure the firm approval of this amendment. I hope that it will be affirmed.

Mr. ECKHARDT. Mr. Chairman, will the gentleman yield?

Mr. KETCHUM. Mr. Chairman, I yield to the gentleman from Texas.

Mr. ECKHARDT. Mr. Chairman, does the gentleman find anything in this amendment that prohibits rationing? I do not. All it says is that nothing in this act will permit rationing. There is nothing in this act that does permit rationing.

It is as if this amendment says that nothing in this act shall permit the invasion of Cambodia.

Mr. KETCHUM. Mr. Chairman, I would say to the gentleman from Texas that there is nothing in this amendment that says that we shall not invade Cambodia. I would submit to him that through the Economic Stabilization Act, which I presume the gentleman voted for, we have a mandatory fuel allocation program that was a complete mess, and so will this be if we do not take the power back.

Mr. ECKHARDT. Mr. Chairman, will the gentleman yield further?

Mr. KETCHUM. Certainly.

Mr. ECKHARDT. Mr. Chairman, the point is, if we want to take away the power to ration, we have to amend the Petroleum Allocation Act.

This says:

> Strike out the period and insert the following: "; *Provided, however,* That none of the powers or functions granted to the Administrator under the terms of this act shall permit the promulgation of any rule or rules providing for the establishment of a program for the rationing among classes of users of crude oil, residual fuel oil, or any refined petroleum product, and for the assignment to such users of such products of rights, and evidence of such rights, entitling them to obtain such products in precedence to other classes of users not similarly entitled, without the prior approval of Congress."

I think that the Administrator has the power to ration now, but not under this act. It is under the Petroleum Allocation Act, so this does nothing.

Mr. KETCHUM. I think perhaps the gentleman suffers from what we all do. I do not think any of us know exactly what the Executive can do right now.

Mr. HUNT. Mr. Chairman, will the gentleman yield?

Mr. KETCHUM. Mr. Chairman, I yield to the gentleman from New Jersey.

Mr. HUNT. Mr. Chairman, is the gentleman simply saying that what he wants this body to do, this House of Representatives, is to assume some responsibility for its own acts?

Mr. KETCHUM. Precisely and exactly, and about time, I might add.

Mr. HUNT. Mr. Chairman, I am a little bit naive. I just cannot comprehend this body doing this, and that is one of the reasons why this amendment should be put in force. For once in our lives, we are going to have to stand up and be counted. I tell the Members most sincerely that what the gentleman from California and the gentleman from Maryland (Mr. BAUMAN) have said, is absolutely correct. The sooner this Congress stands on its own two feet and recognize its own inability to do this, but to exert its own power now, the better off this country will be. Let us get something in the law that simply says that there will be no rationing of petroleum resources.

Mr. KETCHUM. Mr. Chairman, I completely concur with the gentleman's comments, and I believe the people of the United States do also.

Mr. ECKHARDT. Mr. Chairman, I rise to speak against the amendment.

Mr. BROWN of Michigan. Mr. Chairman, will the gentleman yield?

Mr. ECKHARDT. Mr. Chairman, I yield to the gentleman from Michigan.

Mr. BROWN of Michigan. Mr. Chairman, I would like to thank the gentleman for yielding to me. I completely concur with him. He is absolutely right in saying that this amendment does nothing.

Mr. Chairman, if the gentleman who has offered the amendment wishes to have the Congress stand on its own two feet, he has got to amend his amendment to say that nothing in this, that or the other law shall permit rationing.

Mr. ECKHARDT. And, if he does that, of course, he makes the amendment subject to the germaneness objection that was applied to the amendment offered by the gentleman from New York (Mr. ROSENTHAL).

Mr. BROWN of Michigan. The gentleman is absolutely right.

Mr. ECKHARDT. So, this is an act of futility.

Members, whenever we write language in the law that can have no logical meaning, we do great mischief, because the courts must consider this body as an intelligent body.

The English language is our native tongue, and when we write it in such a way that it means nothing, the courts have to try to invent meanings, because they impute to this body an intent to write language which intends a meaningful change in existing law.

Let me read you the language of the amendment.

It says:

> Provided that none of the powers or functions granted to the administrator under the terms of this act shall permit promulgation of . . . rationing.

Now, we had a colloquy yesterday that took up some 10 minutes among the ranking minority member, the chairman of the committee and myself with respect to section 5, and everybody agreed, even before the Holifield amendment, that section 5 did not extend any rights at all—relative to rationing or anything else.

So that when the gentleman says that we are not granting the Administrator the right of rationing under the authority of this act, it is just like saying that we are not going to let the President order the troops to invade Cambodia under the provisions of the act, or we are not going to let the HEW cut off school funds for busing under the authority of this act, or what have you.

It is another one of these provisions that has absolutely no meaning, because it takes away an authority that was never granted under this act.

The mischief is, though, that a court is going to have to try to find some meaning in language that was added to this act which otherwise has absolutely, in all logic, no meaning.

Mr. SYMMS. Mr. Chairman, will the gentleman yield?

Mr. ECKHARDT. I yield to the gentleman from Idaho.

Mr. SYMMS. Mr. Chairman, my question is this:

If the energy czar, who is set up under this act, does not have the authority to put rationing on the people of this country, who would have that authority? Would it be the Secretary of Agriculture or the Secretary of the Interior, or what other agency would be able to do it?

Mr. ECKHARDT. Mr. Chairman, he has the authority, but his authority stems from the Petroleum Allocation Act. Now, if the gentleman wants to attack that authority, he should say that rationing cannot be permitted under the provisions of this or any other act.

However, when he limits it to this act, the authority does not stem from this act; it stems from the Allocation Act.

I have had an exchange of correspondence with Mr. Simon or his chief counsel on this very point, and I pointed out that the Allocation Act does, in fact, give rationing authority to him, and the counsel for the FEO said in effect—

> Your arguments are perfectly logical and well based on the history of the act, but I still don't want to make up my mind on it unless you tell us again.

Clearly, if there is authority, it does not stem from this act; it stems from the Allocation Act. Since this exception is solely directed as a limitation upon this act, it does not touch top, side, or bottom of the Allocation Act, and it does not change the law one scintilla.

Mr. DINGELL. Mr. Chairman, will the gentleman yield?

Mr. ECKHARDT. I yield to the gentleman from Michigan.

Mr. DINGELL. Mr. Chairman, further reinforcing the comments made by my friend, the gentleman from Texas, the section amended relates to functions that would be transferred to the Administrator. It does not amend the Allocations Act to which we referred.

If the section referred to in the amendment did refer to the Allocations Act or to the amendment portion of the section referred to here, which did in turn treat of an amendment to the Allocations Act, then the amendment offered by the gentleman might have meaning.

However, as the gentleman from Texas points out, it does not amend anything. It simply says that this act does not give such power, which the act does not give in the first place. It is a restatement of the obvious.

Mr. ECKHARDT. Mr. Chairman, the gentleman from Michigan is absolutely right.

Mr. FRENZEL. Mr. Chairman, will the gentleman yield?

Mr. ECKHARDT. I yield to the gentleman from Minnesota.

Mr. FRENZEL. Mr. Chairman, I thank the gentleman for his explanation.

I have exactly the same feeling that the gentleman does in this respect: that some judge in the future must exercise his discretion in respect to this language. I consider also that the amendment offered by the gentleman is germane, but it is meaningless.

I appreciate the gentleman's explanation, and I hope the amendment is defeated.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Maryland (Mr. BAUMAN).

The question was taken, and on a division (demanded by Mr. BAUMAN) there were—ayes 25, noes 58.

RECORDED VOTE

Mr. BAUMAN. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 160, noes 241, not voting 29, as follows:

[Roll No. 65]

AYES—160

Abdnor
Andrews, N. Dak.
Archer
Arends
Armstrong
Ashbrook
Bafalis
Baker
Bauman
Beard
Bevill
Blackburn
Bowen
Bray
Brinkley
Broomfield
Brotzman
Brown, Calif.
Brown, Ohio
Broyhill, Va.
Burgener
Burke, Fla.
Burleson, Tex.
Camp
Carter
Casey, Tex.
Chamberlain
Clancy
Clausen, Don H.
Clawson, Del
Cleveland
Cochran
Collier
Collins, Tex.
Conlan
Crane
Daniel, Dan
Daniel, Robert W., Jr.
Daniels, Dominick V.
Davis, Wis.
de la Garza
Dennis
Derwinski
Devine
Dickinson
Dorn
Esch
Eshleman
Findley
Fish
Forsythe
Frey
Froehlich
Gettys
Goldwater
Gonzalez
Goodling
Gray
Griffiths
Gross
Grover
Gude
Gunter
Guyer
Haley
Hammerschmidt
Hanrahan
Harsha
Hays
Helstoski
Hillis
Hinshaw
Hogan
Holt
Huber
Hudnut
Hungate
Hunt
Hutchinson
Ichord
Johnson, Pa.
Kazen
Kemp
Ketchum
King
Kluczynski
Landgrebe
Latta
Lott
Lujan
McCollister
McEwen
McSpadden
Madigan
Maraziti
Mathis, Ga.
Melcher
Michel
Miller
Mizell
Moorhead, Calif.
Myers
Natcher
Nelsen
Nichols
O'Brien
Parris
Poage
Powell, Ohio
Price, Tex.
Quie
Railsback
Rarick
Regula
Rinaldo
Robinson, Va.
Roe
Roncallo, N.Y.
Rousselot
Roy
Runnels
Ruth
Ryan
St Germain
Sandman
Scherle
Schneebeli
Sebelius
Shipley
Shoup
Shriver
Shuster
Snyder
Spence
Stanton, J. William
Steelman
Steiger, Ariz.
Steiger, Wis.
Stubblefield
Studds
Symms
Talcott
Taylor, Mo.
Teague
Thomson, Wis.
Thone
Tiernan
Towell, Nev.
Veysey
Wampler
Whitten
Williams
Wilson, Bob
Winn
Wylie
Wyman
Young, Fla.
Young, S.C.
Young, Tex.
Zion

NOES—241

Abzug
Adams
Addabbo
Alexander
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Ashley
Aspin
Badillo
Barrett
Bell
Bennett
Bergland
Biaggi
Biester
Bingham
Boggs
Boland
Bolling
Brademas
Breaux
Breckinridge
Brooks
Brown, Mich.
Broyhill, N.C.
Buchanan
Burke, Calif.
Burke, Mass.
Burlison, Mo.
Butler
Byron
Carney, Ohio
Cederberg
Chappell
Chisholm
Clark
Clay
Cohen
Conable
Conte
Conyers
Corman
Cotter
Coughlin
Cronin
Culver
Danielson
Davis, Ga.
Davis, S.C.
Delaney
Dellenback
Denholm
Dent
Diggs
Dingell
Donohue
Downing
Drinan
Dulski
Duncan
du Pont
Eckhardt
Edwards, Ala.
Edwards, Calif.
Eilberg
Erlenborn
Evans, Colo.
Evins, Tenn.
Fascell
Fisher
Flood
Flowers
Flynt
Foley
Ford
Fountain
Fraser
Frelinghuysen
Frenzel
Fulton
Fuqua
Gaydos
Giaimo
Gibbons
Gilman
Ginn
Grasso
Green, Oreg.
Green, Pa.
Hamilton
Hanley
Hanna
Hansen, Idaho
Hansen, Wash.
Harrington
Hastings
Hechler, W. Va.
Heckler, Mass.
Heinz
Henderson
Hicks
Holifield
Holtzman
Horton
Hosmer
Howard
Jarman
Johnson, Calif.
Johnson, Colo.
Jones, N.C.
Jones, Tenn.
Jordan
Kastenmeier
Koch
Kuykendall
Kyros
Landrum
Lehman
Lent
Litton
Long, La.
Long, Md.
McClory
McCloskey
McCormack
McDade
McFall
McKay
McKinney
Macdonald
Madden
Mahon
Mallary
Mann
Martin, Nebr.
Martin, N.C.
Mathias, Calif.
Matsunaga
Mayne
Mazzoli
Meeds
Metcalfe
Mezvinsky
Milford
Minish
Mink
Mitchell, Md.
Mitchell, N.Y.
Moakley
Mollohan
Moorhead, Pa.
Morgan
Mosher
Moss
Murtha
Nedzi
Nix
Obey
O'Hara
Owens
Passman
Patman
Patten
Pepper
Perkins
Pettis
Peyser
Pickle
Pike
Podell
Preyer
Price, Ill.
Pritchard
Quillen
Rangel
Rees
Reid
Reuss
Rhodes
Riegle
Robison, N.Y.
Rodino
Rogers
Roncalio, Wyo.
Rooney, Pa.
Rose
Rosenthal
Roush
Roybal
Ruppe
Sarasin
Sarbanes
Satterfield
Schroeder
Seiberling
Sikes
Sisk
Skubitz
Slack
Smith, Iowa
Smith, N.Y.
Staggers
Stanton, James V.
Steele
Stephens
Stokes
Stuckey
Sullivan
Symington
Taylor, N.C.
Thompson, N.J.
Thornton
Udall
Ullman
Van Deerlin
Vander Jagt
Vander Veen
Vanik
Vigorito
Waggonner
Waldie
Walsh
Ware
Whalen
White
Widnall
Wiggins
Wilson, Charles H., Calif.
Wilson, Charles, Tex.
Wolff
Wright
Wyatt
Wydler
Yates
Yatron
Young, Alaska
Young, Ga.
Young, Ill.
Zablocki
Zwach

NOT VOTING—29

Annunzio
Blatnik
Brasco
Burton
Carey, N.Y.
Collins, Ill.
Dellums
Gubser
Hawkins
Hébert
Jones, Ala.
Jones, Okla.
Karth
Leggett
Mills
Minshall, Ohio
Montgomery
Murphy, Ill.
Murphy, N.Y.
O'Neill
Randall
Roberts
Rooney, N.Y.
Rostenkowski
Stark
Steed
Stratton
Treen
Whitehurst

So the amendment was rejected.

The result of the vote was announced as above recorded.

AMENDMENT OFFERED BY MR. DINGELL

Mr. DINGELL. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DINGELL: Page 19 at the end of line 7 strike the semicolon and add the following: "The Administrator, in exercising the functions transferred by this Act, may not fix the price for domestic crude oil higher than the price prevailing in the United States on May 15, 1973, plus $1.30 per barrel; or $5.25 per barrel plus 35 per centum thereof, if he finds it consistent with the purposes of this Act."

POINT OF ORDER

Mr. HORTON. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. HORTON. Mr. Chairman, this amendment amends a section of the Economic Stabilization Act that is not involved in this bill. For that reason and the other reasons I have previously stated, I make the point of order that this amendment is nongermane.

The CHAIRMAN. Does the gentleman from Michigan desire to be heard on the point of order?

Mr. DINGELL. I do, Mr. Chairman.

Mr. Chairman, the question before us is, what is the nature of the amendment and to what statute does the amendment apply. The amendment is first of all, Mr. Chairman, a limitation on the powers which may be exercised.

As the Chair will observe, the amendment relates to section 5, which is entitled, "Functions," which appears in line 10 on page 18. The Chair will note that in the sections transferred under section 5 at line 3, page 19, the administrator shall, and then he is directed to do the following:

> (5) Promote stability in energy prices to the consumer, promote free and open competition in all aspects of the energy field, prevent unreasonable profits within the various segments of the energy industry, and promote free enterprise;

Mr. Chairman, to recapitulate briefly, this amendment relates to functions which are transferred to the administrator from other agencies in Government. It refers specifically only to the powers which are vested in him by the transfers accomplished under this bill.

Referring to page 19, line 3, the administrator would have the duty transferred to him, and I am now quoting section 5:

> Promote stability in energy prices to the consumer, promote free and open competition in all aspects of the energy field, prevent unreasonable profits within the various segments of the energy industry, and promote free enterprise;

Now, the administrator in exercising these functions as listed above would not be able to fix prices for domestic crude oil higher than the price prevailing in the United States on May 15, 1973, plus the additional limitations which he could add if he were to feel that it were to be consistent with the purposes of the act.

Mr. Chairman, the amendment here is a limitation of the functions to be transferred and the powers which would be transferred. Clearly, this would then be a germane amendment because the amendment does not add, but rather subtracts, limits and restricts the functions and powers and prerogatives which would be vested in the administrator. It adds nothing that is not in the bill now, but rather limits significantly the powers which would be vested in the administrator.

For that reason, I submit to the Chair that the amendment is germane.

Mr. HOLIFIELD. Mr. Chairman, I rise in support of the point of order.

Mr. Chairman, in my opinion this amendment, by the use of the word "shall," imposes a mandate upon the Administrator. The authors have tried to draw this in the form of a limiting amendment. However, it actually says, "shall." It says, "Shall fix the price for domestic crude oil," and then it goes on and says no higher than a certain amount and by a certain date and $1.30 per barrel plus 35 percent of $5.25, if he finds it consistent with the act. Therefore, actually, it mandates a duty upon the Administrator and it interferes, in my opinion, with the general mandate that he should stabilize the functions where the bill promotes stability in energy prices to the consumer.

That is the general statement of the objective, but it does not tell the Administrator how to do it. This tells the Administrator how to do it, and also imposes upon him certain limitations as to what he can do.

The CHAIRMAN (Mr. FLYNT). The Chair is prepared to rule.

The gentleman from Michigan (Mr. DINGELL) has offered an amendment to section 5 of the bill.

The gentleman from New York (Mr. HORTON) has made a point of order against the amendment on the ground that it is not germane to the section under consideration. The gentleman from California, speaking in support of the point of order, has stated that the amendment mandates certain action by the Administrator.

The Chair has carefully studied the language of the amendment and does not interpret any portion thereof as a mandate to set a certain price, because the language of the amendment, as read and to be printed in the RECORD at this point, does not say, "shall," but, rather, uses the words, "may not." Nor does the amendment amend existing law—the Economic Stabilization Act—as has been suggested.

Section 5 is a section that includes a broad range of functions and duties. It is clear that functions or duties enumerated therein could be limited by way of amendment.

The language of this amendment appears to limit the functions stated in section 5 of the bill, and the Chair, therefore, overrules the point of order.

The gentleman from Michigan (Mr. DINGELL) is recognized for 5 minutes in support of his amendment.

Mr. DINGELL. Mr. Chairman, my colleagues will recall that just recently we had on the floor of the House a vote involving the question of a rollback of crude oil prices. This is an attempt to fix the crude prices at approximately the same levels at which those prices would have been fixed by the vote taken recently on the Energy Emergency Act conference report.

The Members will remember that by a very significant vote, the House endorsed the rollback of prices. Under this amendment the prices would be fixed at a little more than $7 per barrel.

I believe that crude oil prices have risen in this country to a scandalous level. They are causing excessive fuel prices to consumers, and they are causing grotesque and outrageous profits for the petroleum industry.

Recently this Congress tried to put a cap on the gross and excessive profits to the oil industry. Today these are approaching a 100-percent increase over the levels of 1972, a year in which Federal Trade Commission studies found those prices to be high.

Mr. Chairman, if the Members want to see to it that the consumers are fairly treated, if the Members want to see to it that prices are fair, and if the Members want to see to it that profits are rolled back slightly so as no longer to be so gross and excessive, then they should support the amendment.

We must remember that it has been pointed out by the President, by his officials, in the Federal Energy Office, Mr. Simon and Mr. Sawhill, and also by the Arab sheiks that it is to be anticipated that the ultimate prices of crude oil per barrel will run around $7. This would allow the prices of crude oil to rise to a level slightly higher than that.

Mr. DENNIS. Mr. Chairman, will the gentleman yield?

Mr. DINGELL. I yield to the gentleman from Indiana.

Mr. DENNIS. Mr. Chairman, I want to thank the gentleman for his clarification of the amendment which he has offered, because if I understand the gentleman, he is doing what I rather thought he was doing: He is essentially writing into this bill the rollback provision which we passed here the other day.

Mr. DINGELL. Mr. Chairman, the gentleman is correct. That is precisely what I am trying to do, roll back these outrageous prices.

I hope the gentleman from Indiana will support me.

Mr. DENNIS. Mr. Chairman, if the gentleman will yield further, as the gentleman knows, that, of course, was and is a very controversial matter, and it has led, as I understand it, to a statement by the President that the bill will be vetoed.

We have a bill here which as I had thought, was essentially merely to create a new bureau to manage whatever we did pass here in the way of energy legislation. I am wondering whether it is really a good idea to try to turn it into a price control bill and maybe have it vetoed also for the same reason.

Mr. DINGELL. I thank the gentleman for his very helpful comments. I point out that the President just vetoed the action of the Congress, overwhelmingly taken, rolling back the price of crude oil. We have a chance, by reason of this amendment, to accomplish that same goal here, in this legislation. Shortly I hope, we will have a chance to do something similar when we bring up that most unwise veto to be overridden. However, we have a chance to address ourselves to that problem here, and it is my hope we will adopt this amendment.

Mr. HAYS. Will the gentleman yield?

Mr. DINGELL. I yield to the gentleman.

Mr. HAYS. I agree with everything the gentleman from Michigan (Mr. DINGELL) has said.

The gentleman from Indiana makes a point that this legislation might be vetoed. Well, if it does not have anything in it for the benefit of the consumer, it had better be vetoed.

I do not know whether the gentleman from Indiana or anybody else read the morning paper, but there was a story in there which said that 58 of the top officials down in Mr. Simon's office are from the oil companies.

We had an election in Ohio yesterday and we took a district, that had been Republican 68 out of the last 72 years, mainly because the Congress and the President are not doing anything about protecting the consumers from the rapacity of the oil companies.

Let me just say that the people are getting this message. They know the reason why they are not being protected is because the minority in the House has stood beside the President on his vetoes of legislation that would be for the benefit of the people. They are getting the message, I would say to the gentleman from Indiana.

Mr. DINGELL. I thank the gentleman from Ohio.

Mr. HOLIFIELD. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I ask unanimous consent that the amendment may be rereported.

Mr. HORTON. If the gentleman will yield, there is confusion about this amendment, and perhaps it would be well if it is read again.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

The Clerk reread the amendment.

Mr. HOLIFIELD. Mr. Chairman, I learned a long time ago that after the ruling it is of little avail on that particular issue to criticize it in any way, but I want to present this thought to the Chairman and to the Members:

When an amendment is written in this form, where it is no longer permissive, then it is mandatory in that it removes from the administrator the power of discretion.

On the propane amendment offered by the gentleman from Arkansas (Mr. ALEXANDER) it was permissive because it said that the Administrator may do certain things. This amendment says that he may not. There is a great difference between the "may" and the "may not." "May" is permissive, but "may not" is a limitation on the discretion of the Administrator.

Therefore for future rulings I would respectfully request that this be looked at in the nature of a limitation on discretion, not a granting of discretion, as was true in the amendment offered by the gentleman from Arkansas (Mr. ALEXANDER).

Mr. Chairman, getting to the merits of this question, there is no doubt in my mind that this amendment prescribes a limitation on prices as of a certain date, May 15; that it allows an additional cost of $1.30 a barrel; or alternatively $5.25 per barrel plus 35 percent thereof. Under the ruling of the Chair, the language of the amendment becomes a mandate.

How many Members in this House can arise and say that $5.25 per barrel is the correct price?

How many Members can rise and say that $1.30 a barrel is the correct increment? How many Members can rise and say that $5.25 per barrel plus 35 percent thereof is the correct price? Are you willing in your own judgment to put this restriction on the administrator? Maybe it is right. Maybe it should be more, maybe it should be less, but when he does publish a price he publishes reasons therefor. So it becomes necessary for the administrator to have latitude or discretion to set a price he considers is current, and which is adjusted to the reality of the times. How many of the Members want to take it upon themselves to make this particular judgment?

I do not have the knowledge to say that it should be $5.25 per barrel plus 35 percent thereof. I do not have figures at hand, I do not know what the price should be.

Mr. BROWN of Ohio. Mr. Chairman, will the gentleman yield for the purpose of making a parliamentary inquiry?

Mr. HOLIFIELD. I yield to the gentleman from Ohio.

PARLIAMENTARY INQUIRY

Mr. BROWN of Ohio. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN. The gentleman will state his parliamentary inquiry.

Mr. BROWN of Ohio. Mr. Chairman, when a copy of this amendment was presented to the minority desk the amendment in fact said, "may." Now I understand as it was read, it says "may not."

Mr. HOLIFIELD. If I may interrupt the gentleman from Ohio, the copy I have originally said "shall fix the price," and the "shall" was stricken in the amendment that went to the Clerk's desk, and "may not" was put in, and the word "no" was also stricken.

So the amendment as it was sent to the majority and the minority desks apparently was not the amendment read by the Clerk. I say that is not the way we should legislate. How can we base this legislation on an improper copy of an amendment?

Mr. BROWN of Ohio. Mr. Chairman, may I inquire of the Chair when the Chair made its ruling what the Chair ruled on? Because I am confused as to whether the Chair ruled on the copy as we received it, or as it was read by the Clerk.

The CHAIRMAN (Mr. FLYNT). The Chair will state in answer to the parliamentary inquiry of the gentleman from Ohio (Mr. BROWN) that the Chair had before it at the time the Chair ruled the amendment as it was presented at the Clerk's desk, and as it was read by the Clerk. The Chair had no access to the copies that were sent to the ranking minority member or to the chairman.

Mr. BROWN of Ohio. So that the Chair ruled that the language "may not" is permissive. Is that correct?

The CHAIRMAN. The Chair will state in response to the inquiry of the gentleman from Ohio (Mr. BROWN) that the Chair ruled that the language of the amendment was a limitation above which the Administrator could not go in exercising certain functions transferred to it under the provisions of this act.

Mr. BROWN of Ohio. I thank the Chair, and I subscribe to the views as expressed by the chairman of the committee, the gentleman from California (Mr. HOLIFIELD).

Mr. HOLIFIELD. Mr. Chairman, I would like to make the point that I do not think there was a deliberate deception on the part of my good friend, the gentleman from Michigan (Mr. DINGELL) but I do say that we were furnished one copy of the amendment that was different from the amendment sent to the Chairman, and upon which the Chairman made his ruling.

Then, Mr. Chairman, I get to the merits, and let me ask the Members again, do you want to take these prices and these percentages, and say that is what they should be?

The CHAIRMAN. The time of the gentleman has expired.

Mr. MOSS. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, my good friend and chairman, the gentleman from California (Mr. HOLIFIELD), said, "Who can say that $5.25 is a fair price?"

Let me tell the Members who has said it. This House by an overwhelming vote and the other body by an overwhelming vote said that $5.25 is a fair price.

On national television on January 6 Administrator Simon said:

> I think $5.25 at this point for a barrel of crude is sufficient to give the incentive for additional exploration and production.

As a matter of fact, he said that they would review it in the spring and they would look for a rollback rather than an advance.

Then the National Petroleum Council in reporting in December of 1972 the National Petroleum Congress reported to this Congress that in order to achieve the greatest feasible level of domestic self-sufficiency, the domestic price of crude oil would have to rise from $3.18 a barrel in 1970 to $3.65 a barrel in 1975.

The Administrator took it to $4.25. This amendment allows $5.25 with a permissive additional increment of 35 percent or a figure of $7.09.

As to the legislative procedures that are being followed here, if they were not totally consistent with the rules of this House governing its conduct in the Committee of the Whole, they would be subject to a point of order. I am quite certain that on both sides of the aisle, knowing the diligence of the ranking minority member and the chairman of the Committee on Government Operations, that the point of order would have been made, and knowing the impartial manner in which the gentleman in the chair conducts himself, if in fact a point of order were in order, he would sustain the point of order. So we are legislating here in keeping with both traditions and with the rules of the House of Representatives.

The amendment was reported. The Members were listening to the Clerk of the House as they should have been listening. Upon the reporting of the amendment, they heard the language, and if there had been disparity between what was reported and what was ruled upon, a further point of order would have been made.

So, to recapitulate, who says that $5.25 is fair? The U.S. Congress, after weeks of deliberation in the committees of the House and of the other body, after weeks in conference between the other body's representatives and managers on the part of this House, and upon an affirmation by the House and the other body in adoption of the conference report. They said $5.25 is a fair and a reasonable price, and if we need flexibility, we will get it in this 35 percent that can be added above that to $7.09.

So the Administrator said it, remember, on January 6, and the Petroleum Council said it.

Mr. HOLIFIELD. Mr. Chairman, will the gentleman yield?

Mr. MOSS. I yield to the gentleman from California.

Mr. HOLIFIELD. I thank the gentleman.

The gentleman by his own argument makes a very convincing argument. It is up to $5.25. This amendment allows them to go $1.94 higher, so what the gentleman has quoted the Administrator as saying, $5.25, does not contain the $1.94 which the 35 percent adds to it, which brings it up to $7.09.

Mr. MOSS. The gentleman again was not listening. If he had, he would have heard me state $5.25 plus the flexibility which is permitted by an additional incremental increase of 35 percent, or $7.09.

Now, I tried to be extremely careful here not to make any misstatement to the members of this Committee.

The CHAIRMAN. The time of the gentleman from California has expired.

(By unanimous consent, Mr. Moss was allowed to proceed for an additional 1 minute.)

Mr. MOSS. Believe me when I say the groups I have cited, the Administrator and the National Petroleum Council have in the documents cited, concurred in the statements I have made to this Committee.

Mr. ROSENTHAL. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, I do not want to repeat the very effective arguments made by my distinguished colleague from California (Mr. Moss) but I do really simply want to restate my view of where we are and where we ought to be.

This is a very, very important amendment. It is absolutely urgent that this Committee adopt this amendment this afternoon. We have all heard what is happening throughout the country and there is no question, I do not think anyone debates the issue that oil company profits have been outrageous, that American consumers have been taken for a sleigh ride. They have been up and down the roller coaster so badly that they cannot even tolerate the situation any more. The single biggest thing that some of us have not even appreciated is that the billions of dollars added on to the American consumer directly by the additional cost of gasoline and fuel oil and propane has a rippling effect throughout the entire economy; that what we have seen in the last 3 or 4 months has probably added somewhere between $5 billion and $8 billion on to the cost of the consumer economy.

Mr. MOSS. Mr. Chairman, would the gentleman yield?

Mr. ROSENTHAL. I yield to the gentleman from California.

Mr. MOSS. I want to say that just 4 days ago in California I waited for 3½ hours in a line for gasoline for the privilege of paying 69 cents a gallon.

Mr. ROSENTHAL. The cost to the American consumer has been something that they simply have not been able to bear. We should not be misled. There are oil company profits and other profits intervening that have permitted this to happen. We are not naive. We know the original cost of exploration increases and it is not unusual to pass it on; but that something that has been passed on is something unconscionable, unbearable, and that should not happen.

To report this bill from this committee today without including this very significant amendment would be a serious mistake.

Let me once again address myself to the comments of my distinguished chairman from California. This is an organizational bill; but organization without substance is meaningless. Congress has the power, it has the responsibility, it has the duty, it has the obligation to act in a fashion that this amendment indicates. If we do not do that, if we do not adopt this amendment, then many of us will have to think seriously about voting for this bill, because we would be reporting to the American people that we are giving them an organization of shambles without any substance. That would be the most inadequate job we have done so far this year.

Mr. PRICE of Texas. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I have seen this body since before Christmas try to legislate oil and gas out of the ground. There are many people here who profess to be experts, who have never been around an oilfield, who have never drilled an oil well, who have never invested in the oil business.

I do not question the motives of any Member, but I say to the gentlemen and the ladies of this body that we are not going to legislate oil out of the ground by rolling prices back from $9 to $5.25.

We can legislate from now till kingdom come, but that is not going to bring one drop of oil and gas out of the ground. When we get through with this monkey business and then go home and tell the American public, "Look at what we have done. We have rolled oil and gas prices back for you," are you also going to admit that all we have done is make the lines at gas stations longer and put an unbearable burden upon the administration to try to administer something like this?

Do the Members realize that something like 80 percent of the oil and gas is drilled by the independent oil and gas producers and not by the major companies? Do the Members realize that the people in this country who own stock in the oil and gas industries are paying taxes on the dividends which they earn? And yet some Members try to make this body believe that some big giant conglomerate is out here robbing and gouging everyone including taxpayers, consumers, and the Government.

Name a few major companies that are owned by an individual, someone that has taken advantage; name a few. These companies are owned by the American people who put down $35 and $50 and $100 bills to buy stock into these companies. These fellow Americans—your and my neighbors—pay their taxes on this money that they earn.

We are not going to get oil out of the ground at $5.25.

Drillers and producers are going to stack their rigs, and the gas station lines are going to get longer.

Some here are going to try to fool the American people, and they are not going to be fooled. Sure, go home and tell them, "We took care of you; we beat the big oil businesses and conglomerates." But by "taking care" of the people, the only thing we are going to give them is longer gas lines.

How many Members know what it costs to drill a well? How many know what it costs per foot? The break-even point of drilling today is around $5 per barrel, and we want to roll prices back to $5.25. No way. No way are we going to get oil out of the ground by punishing producers.

Only after this body quits this monkey-business of trying to legislate oil out of the ground, then and then only are we going to stimulate the private industries in this country, especially the small producers who drill 80 percent of the oil wells in this country, to go out and invest $40,000 to $150,000 to drill an oil and gas well.

If the Members will check the facts, they will find that this is the truth. As far as the President is concerned, we just gave him a bill. He vetoed it and we will consider it, probably tomorrow. The bill authorizes him to raise the price to $7 plus a barrel, and then we can point at him and say, "Look what he did, he sold out to the big majors of this country," and heap some more criticism upon him. But that is not going to get us any more gas or any more oil.

I say to the Members of the House: My friends, the producers will just stack their rigs. How many rigs does the Government have? None. How much expertise does the Government have in drilling oil and gas wells? None to speak of. The private enterprise people of this country, the investors, the American people, are the ones who have drilled and made it possible for us to be 85 percent self-sufficient. Government is not going to produce one drop of oil and it is not going to drill for it because it does not have the expertise nor the rigs.

Let us quit trying to fool the people. Let us give the producers the incentive they need to drill these wells and build these rigs.

The CHAIRMAN. The time of the gentleman from Texas has expired.

(By unanimous consent, Mr. PRICE of Texas was allowed to proceed for 1 additional minute.)

Mr. MILFORD. Mr. Chairman, will the gentleman yield?

Mr. PRICE of Texas. Mr. Chairman, I yield to the gentleman from Texas.

Mr. MILFORD. Mr. Chairman, I would like to congratulate my colleague from Texas. He has laid it on the line just as it is.

Perhaps he can inform some of our other colleagues concerning tertiary recovery from old oil wells that were going to be shut down.

Mr. PRICE of Texas. Mr. Chairman, I estimate that at least 11,000 wells are going to be shut down if there is a rollback, the so-called stripper wells that produce 10 barrels a day or less.

Do the Members want to know why propane is not available? It is because one-third of a barrel of oil usually goes into propane, and this is not being produced because the producers are selling it to the manufacturers of synthetics, for use in carpets and pantyhose and the like.

Those Members from the North and South are going to lose their synthetics industries if these industries do not start getting some gas and oil so that they can make these products. Do the Members know where these firms are going to go? They are going to come to my State and district where they can get the uncommitted gas to build these industries and to make carpets and pantyhose and the like and we welcome them.

The Members from the South had better start thinking about some of these things if they do not wish to lose their industries.

AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. ECKHARDT TO THE AMENDMENT OFFERED BY MR. DINGELL

Mr. ECKHARDT. Mr. Chairman, I offer an amendment in the nature of a substitute to the amendment.

The Clerk read as follows:

Amendment in the nature of a substitute offered by Mr. ECKHARDT to the amendment offered by Mr. DINGELL: On page 20, after line 2, add the following: "In exercising the functions provided in item (5), above, the Administration shall take the following action:

"(A) Immediately upon the enactment of this Act, the Administrator shall issue an order to establish a ceiling on prices of crude oil and petroleum products at levels not greater than the highest levels pertaining to a substantial volume of actual transactions by each business enterprise or other person during the fourteen-day period ending January 19, 1974, for like or similar commodities, or if no transactions occurred during such period, then the highest applicable level in the nearest preceding fourteen-day period.

"(B) The ceiling on prices required under subsection (a) shall be applicable to all retail prices and to wholesale prices for unfinished, or processed goods.

"(C) As soon as practicable, but not later than thirty days after the date of enactment of this section, the Administrator shall by written order stating in full the considerations for his actions, roll back prices for crude oil and petroleum products to levels no higher than those prevailing in the seven-day period ending November 1, 1973, in order to reduce inflation. Price increases announced after November 1, 1973, and made retroactive to dates prior to November 1, 1973, shall not be considered as having been in effect prior to such date for purposes of this subsection. The Administrator may make specific exceptions from the rollback by written order to compensate for increased costs for crude oil and petroleum products produced and refined outside the United States, but in no event shall such exceptions allow more than a passthrough for increases in the costs of such commodities. Such orders shall state procedure and adequate public notice of any price exceptions and shall disallow any profit margins on any crude petroleum or petroleum products in excess of the margin applicable in the seven-day period ending November 1, 1973.

"(D) The Administrator shall by written order, issue rules to insure that all corporations or other entities engaging in sales of crude petroleum at the refinery level or petroleum products at the wholesale level reflect, in sales to any purchaser, the average costs of its foreign and domestic crude oil and petroleum products.

"(E) Notwithstanding the provisions of this section, any producer of new crude petroleum who, together with all persons who control, or are controlled by or under common control with such producer, produces net to his working interests not more than 30,000 barrels of crude oil per day, may sell that new crude petroleum without respect to the ceiling price. However, if the amount of crude petroleum produced and sold in any month subsequent to the effective date of this section is less than the base production control level for that property for that month, any new crude petroleum produced from that property during any subsequent month may not be sold pursuant to this paragraph until an amount of the new crude petroleum equal to the difference between the amount of crude petroleum actually produced from that property during the earlier month and the base production control level for that property for the earlier month has been sold at or below its ceiling price.

"(2) For the purpose of this subsection,

"(A) the term 'base production control level' for a particular month for a particular property means:

"(i) if crude petroleum was produced and sold from that property in every month of 1972, the total number of barrels of domestic crude petroleum produced and sold from that property in the same month of 1972;

"(ii) if crude petroleum was not produced and sold from that property in every month of 1972, the total number of barrels of domestic crude petroleum produced and sold from that property in 1972 divided by 12.

"(B) the term 'property' means the right which arises from a lease or from a fee interest to produce domestic crude petroleum.

"(C) the term 'new crude petroleum' means the total number of barrels of domestic crude petroleum produced and sold from a property in a specific month less the base production control level for that property."

Mr. ECKHARDT (during the reading). Mr. Chairman, I ask unanimous consent that the amendment in the nature of a substitute be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

Mr. HAYS. Mr. Chairman, I object.

Mr. CHAIRMAN. Objection is heard.

Mr. ECKHARDT (during the reading). Mr. Chairman, I ask unanimous consent that the amendment in the nature of a substitute be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

Mr. RONCALIO of Wyoming. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

Mr. ECKHARDT (during the reading). Mr. Chairman, I ask unanimous consent that further reading of the amendment be dispensed with and that it be printed at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

Mr. HORTON. Mr. Chairman, reserving the right to object, I want to make a point of order against the amendment and I do not want to lose my right to make that point of order, so I do not think the amendment ought to be considered as read.

The CHAIRMAN. Dispensing with further reading of the amendment to the amendment would not in any way infringe on the rights of the gentleman with regard to his point of order, and the Chair assures the gentleman that he will protect him in that right.

Is there objection to the request of the gentleman from Texas?

There was no objection.

POINT OF ORDER

Mr. HORTON. Mr. Chairman, I make a point of order against the amendment.

The CHAIRMAN. The gentleman will state his point of order.

Mr. HORTON. Mr. Chairman, I make a point of order against the amendment and offer that the amendment is nongermane to this bill under rule XVI, clause 7.

The amendment deals with subjects not included in this bill and also affecting policy which is not the subject of section 5 but, rather, other matters like petroleum products.

Mr. Chairman, without reiterating the same arguments I made in the past, I would again set forth those arguments here and ask that the Chair rule this amendment to the Dingell amendment is nongermane.

The CHAIRMAN. Does the gentleman from Texas desire to be heard on the point of order?

Mr. ECKHARDT. I do, Mr. Chairman.

Realizing, of course, that germaneness, like beauty, is in the eyes of the beholder, nevertheless, it seems to me to be clear that, when an amendment is before this body which amendment would have the effect of rolling back the price of crude oil, all of it, without any attention as to whether or not that oil is new oil produced at high prices or older oil produced at relatively low prices, it simply must be germane to the original amendment to put in a limitation with respect to that amendment to provide that there be reason respecting the rollback and that the rollback should not be applicable in such a way as to prohibit the production of new discoveries.

I am not arguing the merits of my amendment, but the choice must be available to this body.

If the amendment is germane, if the amendment itself is germane, it has opened up the whole question as to what is equitable and what is effective and what is likely to bring about a good result with respect to holding back prices and at the same time to bring a good result with respect to encouraging new production by producers of under 30,000 barrels per day. Under 30,000 barrels per day is where the discovery group is located. Those producing under 30,000 barrels per day are those who go out and spend a great deal of money to produce oil.

I will not get into the details of the amendment, but I think it is absolutely essential with respect to the point of order to point out that, once this question is opened up simply to permit something to be considered by this body merely because it is framed in terms of "the administrator may not" but which, as the chairman actually points out, really tells the administrator, "Mr. Administrator, you must cut back prices to not more than $7.09 per barrel"—if that is before this body and if it is before this body properly and if it is germane, then if there is any reason left within the rules, there must be the opportunity to say by a substitute to that amendment that it is a roll forward with respect to old oil and it should be taken in that respect; that it is not a rollback with respect to production of new oil which, therefore, would discourage further production.

We may balance these oils, and we may say we are cutting back on old oil to the date of November 1, 1973, but with respect to new oil produced by those speculative factors in the business, those who produce under 30,000 barrels a day, this cutback will not apply.

Of course, I realize that once you open the question, once you open the question of a rollback there is no way to treat that question intelligently unless you have an opportunity to distinguish between the factors in the industry. If our rules prohibit a substitute, clearly germane to the amendment itself, clearly germane to the amendment which is presently offered, so as to give only the choice of an unqualified amendment which would do grave harm, then there is something wrong. Clearly it seems to me if the matter may be opened it must be opened for this in order to have justice and equity.

That is the ground upon which I submit this substitute. And I quickly state that I think that the question of whether or not the substitute is now germane, is a reasonably germane approach as a substitute for the amendment, is not precisely the same question as to whether or not the substitute had been introduced initially as an initial amendment whether it would have been germane or not. Clearly it is germane to the amendment, and clearly it is a choice the parties should be permitted to make.

The CHAIRMAN (Mr. FLYNT). The Chair is prepared to rule.

The gentleman from Texas (Mr. ECKHARDT) has offered a substitute for the amendment offered by the gentleman from Michigan (Mr. DINGELL). The opening lines of the substitute for the amendment read as follows:

In exercising the functions so provided in item 5 above, the Administrator shall take the following action: (a) immediately upon the enactment of this act the Administrator shall issue an order to establish a ceiling on prices of crude oil and petroleum products at levels not greater than the highest levels pertaining to substantial volume of actual transactions.

The gentleman from New York (Mr. HORTON) has made a point of order against the substitute amendment on the ground that it is not germane to the amendment offered by the gentleman from Michigan (Mr. DINGELL).

The Chair rules that in order to qualify as a substitute for an amendment such substitute must treat in equal manner the same subject matter carried by the amendment for which proposed. The pending amendment offered by the gentleman from Michigan (Mr. DINGELL), and the Chair reads from the language of that amendment, pertains only to the price for domestic crude oil. The substitute for the amendment goes beyond the scope of the amendment offered by the gentleman from Michigan (Mr. DINGELL) and goes beyond the subject matter contained in the amendment.

For the reasons given by the gentleman from New York (Mr. HORTON) in support of his point of order and for the reasons stated, the Chair sustains the point of order to the substitute for the amendment.

AMENDMENT OFFERED BY MR. ECKHARDT TO THE AMENDMENT OFFERED BY MR. DINGELL

Mr. ECKHARDT. Mr. Chairman, I offer an amendment to the amendment.

The Clerk read as follows:

Amendment offered by Mr. ECKHARDT to the amendment offered by Mr. DINGELL: Amend the amendment by adding at the end thereof the following: "; *provided however,* That no limitation on mandate contained herein shall apply to or affect any producer of new crude petroleum who, together with all persons who control, or are controlled by or under common control with such producer, produces net to his working interests not more than 30,000 barrels of crude oil per day, so as to prevent such producer from selling that new crude petroleum without respect to the ceiling price. However, if the amount of crude petroleum produced and sold in any month subsequent to the effective date of this section is less than the base production control level for that property for that month, any new crude petroleum produced from that property during any subsequent month may not be sold pursuant to this paragraph until an amount of the new crude petroleum equal to the difference between the amount of crude petroleum actually produced from that property during the earlier month and the base production control level for that property for the earlier month has been sold at or below its ceiling price.

"(2) For the purposes of this subsection, (A) the term 'base production control level' for a particular month for a particular property means:

"(i) if crude petroleum was produced and sold from that property in every month of 1972, the total number of barrels of domestic crude petroleum produced and sold from that property in the same month of 1972;

"(ii) if crude petroleum was not produced and sold from that property in every month of 1972, the total number of barrels of domestic crude petroleum produced and sold from that property in 1972 divided by 12.

"(B) the term 'property' means the right which arises from a lease or from a fee interest to produce domestic crude petroleum.

"(C) the term 'new crude petroleum' means the total number of barrels of domestic crude petroleum produced and sold from a property in a specific month less the base production control level for that property."

Mr. ECKHARDT (during the reading). Mr. Chairman, I ask unanimous consent that further reading of the amendment be dispensed with and that it be printed in the RECORD at this point.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

Mr. DINGELL. Mr. Chairman, reserving the right to object, I reserve a point of order.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

POINT OF ORDER

Mr. HORTON. Mr. Chairman, I make a point of order against the amendment.

The CHAIRMAN. The gentleman will state his point of order.

Mr. HORTON. Mr. Chairman, I make a point of order against the amendment for the same reasons that I stated before. The amendment offered by the gentleman from Texas (Mr. ECKHARDT) is nongermane to the bill under rule XVI, clause 7. It deals with subject matter which is not in the bill and with policy also which is not the purpose of this section.

The CHAIRMAN. Does the gentleman from Michigan desire to make a point of order?

Mr. DINGELL. Mr. Chairman, I would reserve my point of order until the conclusion of the gentleman's explanation, but I will address myself to it now if the Chair so desires.

The CHAIRMAN. The Chair is going to rule that a point of order having been made, the gentleman cannot further reserve his point of order but must make it at this time.

Mr. DINGELL. Mr. Chairman, I make a point of order that the amendment does precisely the same thing as the amendment just briefly offered. It seeks to accomplish the same thing. I would go further and state that it goes far beyond the sweep of the amendment. It issues new categories and classes of producers. It imposes whole new judgments upon the administrator far beyond those which are included in the limitations previously imposed, and it imposes these additional judgments and responsibilities on him in terms of dividing the different kinds of producers into classes and categories.

Essentially it requires acts going beyond action of the original sweep of the amendment and also beyond the legislation before us. For that reason it is no longer a limitation on the authority proposed but rather, on the contrary, is making whole new law.

The CHAIRMAN. Does the gentleman from Texas desire to be heard on the point of order?

Mr. ECKHARDT. Mr. Chairman, this amendment is quite different from the original amendment. As a matter of fact, the original amendment would, I think, have been greatly preferable, but in deference to the Chair's ruling, this amendment does nothing whatsoever to the Dingell limitation on the authority of the administrator, which limitation prohibits the administrator from cutting back the price of oil any less, I think, than $7.09, which sounds like a strange, negative limitation. But at least that is what it does.

This further limits the administrator in such action not to affect those producing 30,000 barrels or less.

The Dingell amendment has the effect of telling the administrator: You have got to, or you cannot do anything else but, provide a limitation on price that will not exceed the total of $7.09.

What this says is that when we do so, we may not put any limitation on new oil produced by producers of 30,000 barrels or less; so this is an additional limitation in addition to what has been called the Dingell limitation.

I submit that this is entirely in accord with the ruling or holding of the Dingell amendment valid as an amendment on this bill.

I might add, too, that this does not deal with other oil than domestic crude.

The CHAIRMAN. The Chair is prepared to rule. The gentleman from Texas (Mr. Eckhardt) has offered an amendment to the amendment previously offered by the gentleman from Michigan (Mr. Dingell).

The gentleman from New York makes a point of order against the amendment to the amendment on the grounds that the amendment to the amendment is not germane to the bill or to the amendment to which it is offered.

The Chair has carefully examined the language of the amendment to the amendment and the Chair rules that since the amendment to the amendment is simply for the purpose of exempting certain specified producers from the limitation of authority established by the amendment offered by the gentleman from Michigan, it is within the scope of and covers the same subject matter as the amendment offered by the gentleman from Michigan. The amendment offered by the gentleman from Texas is, therefore, germane as an amendment to the amendment and the Chair overrules the point of order.

The gentleman from Texas (Mr. Eckhardt) is recognized for 5 minutes.

Mr. ECKHARDT. I thank the chairman. It has been a long struggle.

I would like to bring these matters to the attention of my colleagues, both those who come from areas where oil is produced and those who come from areas where oil is not produced, those who are concerned with the welfare of producers and those who are concerned with the welfare of the consumer who purchases the oil from the producers; these interests are not always antagonistic.

I should much have preferred to be here arguing in favor of my original amendment, because that amendment would have rolled the price of old oil all the way back to $4.25; but it would have permitted new oil produced by independents to go to whatever the market will pay for that oil. Of course, such would be, in turn, limited, however, by competition with old oil and by production of new oil by large oil companies.

I could not do that, so what is done here because my substitute was knocked out by the point of order is simply to accept the proposition, as the Dingell amendment provides—which is essentially the same proposition that existed in the energy bill—that all oil will be rolled back to approximately $5.25 per barrel and that then there will be permission for a percentage increase under conditions justifying that increase, so that oil whether it is old or new oil could go up conceivably to $7.09 a barrel.

I think that is something of a windfall for old oil. I think it is something of a windfall for big producers. I think it is a windfall for the very big oil companies that got us in this mess in the first place. But I accept that because my substitute could not be offered.

This is what is done under the Dingell amendment but I would amend it to take out one of the harms that was contained in the energy bill. The energy bill also rolled back the price of new oil from somewhere around say $10 per barrel to $7.09.

Now, if we roll back the price of new oil in that manner, we remove the encouragement for production of that oil which is hard to get.

My amendment would affect only a relatively small portion of the total amount of oil used and ultimately put into gasoline and fuel oil and so forth. Between 70 to 75 percent of the total oil, that is, that which would be controlled by the amendment offered by the gentleman from Michigan, Mr. Dingell, would still be subject to the rollback by virtue of the fact that it is old oil.

If my amendment to his amendment goes on, new oil produced by independent producers, or those producing 30,000 or less barrels per day, would be exempted. We would be opening this area—or keeping it open—for earnings to generate additional capital in order to explore for new oil to those producers who do most of the exploration and run most of the risk—independents.

The exemption does not apply to old oil, but only applies to that oil costing a lot of money to bring up; where, for instance, they have to go out offshore to get it or drill deep wells. It only applies to those who produce 30,000 barrels per day or less. This cuts out all of the majors. They are in a good enough position anyway. About 75 percent of their total production is old oil, and they are making a killing on that according to the statistics we have. Their increases in profits are in many cases as much as 100 percent from the year 1972 to the year 1973.

Their explorations can be well financed when they are earning up to $5.25, or even $7.09 under the Dingell amendment, for oil. That is enough for them. They can explore and they have got enough money to explore.

On the other hand, the independents are not in that position. Most of what they are producing is much more expensive to produce. So, all this amendment does is to open the price up on new oil products by independents to encourage and accumulate the necessary capital for exploration for new oil.

The CHAIRMAN. The time of the gentleman from Texas has expired.

(At the request of Mr. Roncalio of Wyoming, and by unanimous consent, Mr. Eckhardt was allowed to proceed for an additional 2 minutes.)

Mr. RONCALIO of Wyoming. Mr. Chairman, will the gentleman yield?

Mr. ECKHARDT. Mr. Chairman, I yield to the gentleman from Wyoming.

Mr. RONCALIO of Wyoming. Mr. Chairman, would the exceptions the gentleman mentions cover the marginal or independent operator who seeks to expand old, existing fields with stripper wells?

Mr. ECKHARDT. Yes, it becomes new oil if he is producing more from a well, of course.

Mr. RONCALIO of Wyoming. Would it cover the man restoring or improving secondary recovery techniques in fields?

Mr. ECKHARDT. That is what is intended. I must say to the gentleman in all candor that I would feel safer if the total substitute amendment were before the body, but at least what has been offered here takes care of the major problem. If there be problems of the nature he is raising, I would be the first to urge that they be ironed out in conference.

Mr. RONCALIO of Wyoming. And this price would be whatever the market may bring above $7.09?

Mr. ECKHARDT. That is correct.

Mr. RONCALIO of Wyoming. Mr. Chairman, I thank the gentleman from Texas.

Mr. HORTON. Mr. Chairman, I rise in opposition to the substitute amendment.

Mr. Chairman, I will not take the full 5 minutes, but I do want to point out that this is a very complicated amendment. It is an amendment which is not within the purview of the Committee on Government Operations. This substitute amendment and the amendment offered by the gentleman from Michigan (Mr. Dingell) both ought to be before the Committee on Interstate and Foreign Commerce.

This particular amendment offered by the gentleman from Texas is a very complicated amendment. I have just talked briefly with the staff, who have been very familiar with the Emergency Energy Act, and there is some question as to what the ramifications of this amendment are. It was indicated that hearings should be held on this, and it would be important to have people testify who have specific knowledge with regard to this type of amendment.

Mr. Chairman, I would hope that the House is not going to act upon this on the basis of just the brief comments that have been made by Members on the floor at this time. So, I would urge that this amendment be defeated.

Mr. WRIGHT. Mr. Chairman, I rise in support of the substitute amendment offered by the gentleman from Texas (Mr. Eckhardt) to the amendment offered by the gentleman from Michigan (Mr. Dingell).

Mr. Chairman, it seems to me that the amendment offered by the gentleman from Texas (Mr. Eckhardt) offers us something that all of us could in good conscience embrace and support.

Probably this bill is not the proper vehicle for legislating prices. I tend to agree with Chairman Holifield in that regard. But if we are to legislate prices, let us be very careful that in the process we avoid discouraging exploration.

What the gentleman from Michigan (Mr. Dingell) seeks to do is to say to the American public and to the petroleum industry that we are sick and tired of the great big international companies increasing their prices and showing exorbitant increases in profits over and above the returns they had been making before the energy shortage.

I think that needs to be said.

At the same time, Mr. Chairman, we run a very grave risk when we apply our restrictions indiscriminately so as to include all domestic crude oil production without any differentiation between the big producer and the small producer and without any differentiation between old oil produced at relatively lower prices and new oil that is going to cost an enormous amount of money to find and recover.

Here is the risk that we run: That we may discourage exploration for oil. I think many of the Members are aware that there are in the oil industry two very different segments. One is what we might call the exploiting segment, consisting of the big integrated companies which buy a lot of their oil, incidentally, from the independents and which sell that oil at whatever the tariff will bear.

I have no particular brief for them, and neither does the gentleman from Texas (Mr. ECKHARDT).

The other end of the industry is the one upon which all of us are depending for a solution to this energy crisis. That is the small independent producer.

Let us distinguish if we can between the disease and the symptom. The disease is a shortage of oil. We are going to run out of known oil reserves in this country, and that includes the Alaska fields, in 12 or 14 years at our present rate of consumption, if we do not find more oil. So our only solution is to encourage exploration.

Seventy-five percent of exploration has been conducted by the independents, principally small companies and individuals operating on borrowed capital, people who are in a very high-risk business. And that is why the majors in large part have let them have that end of the business, to go out and look for the oil, because eight out of every nine exploratory wells have been dry holes, and it is often very hard to get that venture money.

Apparently most of the remaining oil that is to be found lies not in shallow fields, but in deep strata. It is harder than ever to get the risk capital to go out and find it. And it is going to cost increasingly more to produce it.

Let us therefore make this differentiation: Let us say that the big integrated oil company that is buying its oil abroad or producing its oil abroad or investing its money abroad is not going to be saved from its responsibility to the public under this legislation. Let us make them come to terms at reasonable prices. But let us not in the process, because we are angry at the goose for not laying more eggs, kill all the goslings. That would only make sure that there will be even fewer eggs in the future.

Our impelling need today is to encourage, not to discourage, exploration for new oil. The only way to do that is to encourage the little guy, who is willing to take a risk with borrowed capital, a rabbit's foot in his pocket and a smattering of geology in his mind, to go out and look for the oil. And if he finds some oil, let us make sure he can get a price for it that will make it possible for him to produce it. If we do not do this, we are going to dry up the well.

I know a great many Members are very anxious to go on record with some kind of a price rollback. I would go on record now for a reasonable limit on excess profits. Or I would support a requirement that any profit over and above the profit made last year by a big company would have to be plowed back into exploration. I would vote, even as I have suggested on this House floor, for a severance tax on this irreplaceable national wealth, and plow the proceeds of that tax back into exploration.

But for goodness sakes, let us not go out in the dark of night thinking we are slaying a dragon and wake up the next morning and find out we have shot the family cow. That is what we easily could do if we do not accept the Eckhardt substitute.

Mr. ROY. Mr. Chairman, I rise in support of the substitute amendment offered by the gentleman from Texas (Mr. ECKHARDT).

Mr. Chairman, I wish to congratulate the gentleman from Texas (Mr. ECKHARDT) for bringing this amendment before us, and I wish to associate myself with his remarks and with the remarks of the gentleman from Texas (Mr. WRIGHT).

I faced a very difficult vote on section 110 of the energy bill, which provided a rollback on prices, because I felt this was indeed a rather gross way of saying to the President and to the American people that we must have some control on prices charged by the big oil companies. But I felt there was certainly a potential for a detrimental effect, especially on the independent oil operator who must struggle to retrieve oil from marginal fields and upon whom we rely for discovering new sources of oil and gas.

The Eckhardt amendment accomplished the same goal as my amendment to the Energy Emergency Act to exempt the small independent oil operator from the restriction on windfall profits. This amendment failed by a narrow 5 votes just before Christmas.

I think it is absolutely necessary that we produce more oil. It has been stated very accurately that it is the small independent operator who holds out to us the hope of producing more oil. In my own State of Kansas the majors are not drilling now and have not been drilling for a number of years. We have to depend on the independent operator to bring that oil out of the ground.

The Eckhardt amendment, by exempting the small operator from the rollback in prices and a restriction on the prices for new oil, will indeed accomplish this objective of more oil for the American people.

At the same time, as has been said by several people in several ways today, we cannot tolerate pricing the oil of already pumping wells, other than stripper wells, so high that we have to spend an excessive amount for the petroleum products with the result being great windfall profits to the major oil companies.

For that reason I support the amendment and urge that we adopt the Eckhardt substitute to the Dingell amendment.

Mr. BROYHILL of North Carolina. Mr. Chairman, I rise in opposition to the Dingell amendment.

Mr. Chairman, I am opposed to the Dingell amendment on the basis that it does not belong in this bill.

The purpose of this bill is to give some statutory life to the Federal Energy Office. As we all know, this Office is presently operating under an Executive order. We very badly need to create by law a Federal Energy Office.

As I understand it, there is no new pricing authority granted to this Federal Energy Office in this bill. Yes, there may be some oil pricing authorities that are transferred to this office from other acts, but there is not any new pricing authority granted to it under the terms of this bill. This amendment actually goes to an authority under this act, so probably the amendment offered by the gentleman from Michigan is not effective, because this act does not contain any prior authority.

However, if it does have any force and effect, then the bill may be vetoed.

I hold in my hand the message from the President of the United States in returning the energy emergency bill passed last week, and, as the Members know, I supported that legislation on this floor. All of the work that went into the preparation of that bill was for naught. This is no way to legislate, to do it all over again, in other words, to create a bill which is going to be vetoed again.

We have all expressed ourselves on that legislation and on this particular issue. I happen to believe a ceiling should be set, but I do not think this is the place to do it. The place to do that is in legislation that comes from the proper legislative committee.

Mr. Chairman, as far as the amendment offered by the gentleman from Texas is concerned, I do not know what it really means. I do not know what the amendment would do and what the force and effect of that amendment is. I would hope that further explanation of his amendment and its relationship to the Dingell amendment could be made. It may perfect the Dingell amendment in such a way that would not mean a veto. If not, then we would have to start all over again in the legislative committee and in a much calmer atmosphere in the committee to work out the proper pricing section and not do it in this bill and in this short amount of time.

Mr. JOHNSON of Colorado. Will the gentleman yield?

Mr. BROYHILL of North Carolina. I yield to the gentleman.

Mr. JOHNSON of Colorado. I have heard it said in the last couple of days that this administrator does not have the authority to invoke prices or rationing. Will the gentleman explain to me the meaning of this language in section 5(5) that says "The administrator shall prevent unreasonable profits within the various segments of the energy industry"?

How can he do that unless he has the authority given him to actually exercise this power some way, or unless we give him some authority?

Mr. BROYHILL of North Carolina. Mr.

Chairman, I will yield to the gentleman from New York (Mr. HORTON) to explain the meaning of that language, and particularly in comparison with the language of the amendment that was adopted yesterday in committee.

Will the gentleman from New York respond to that inquiry?

Mr. HORTON. Mr. Chairman, will the gentleman yield?

Mr. BROYHILL of North Carolina. I yield to the gentleman from New York.

Mr. HORTON. Yesterday we adopted an amendment which was offered by the chairman of the committee, the gentleman from California (Mr. HOLIFIELD) that indicated, or in which that amendment said that the Administrator would have no new authority. The only authority he would have would be the authority which he now has under the existing acts, or under the existing programs that are in existence.

Mr. BROYHILL of North Carolina. I might add that the authorities that are transferred to him include the Emergency Petroleum Allocation Act, and under that act those petroleum products that are allocated he has the authority to price.

Mr. HORTON. The gentleman is correct.

Mr. BROYHILL of North Carolina. But that is not included in this act.

Mr. HORTON. That is right. This act does not give him any new authorities other than those already in existence in existing laws.

Ms. ABZUG. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, the original amendment that we are considering, and as amended by the gentleman from Texas (Mr. ECKHARDT), is a rollback based on a price of roughly $7.02. In the minds of many of us that is not a sufficient rollback.

I was very shocked to hear the discussion on this floor suggesting that if we should pass such a rollback, insufficient as it is to the average consumer in this country, that the oil companies would go out of business, that we would have no oil, and that conditions would grow worse.

So I thought that it was important that I indicate to my colleagues that there is a very interesting report issued by the National City Bank of Minneapolis, written by Walter W. Heller and George L. Perry, which indicates the facts to be just the contrary to what was suggested here on the floor that not only will the oil wells stop pumping but that some of us would not have any pantyhose to look forward to.

The fact is that if we have a rollback at the figure of $7.02, it is estimated that the jump in petroleum profits will be breathtaking. The arithmetic is quite illuminating. At the rollback price of $7.02 per barrel, the annual increase in cash flow to the petroleum industry will amount to between $13 and $16 billion—$13 billion if we enact a windfall excise tax and $16 billion without such a tax. The projected increase in cash flow for 1974 is approximately triple the industry's present domestic earnings.

Now I would like to know how that, in any way, makes it impossible for oil companies to function in this country. If they cannot afford to produce what is needed in this country at three times the highest profit they have ever made then we may have to consider another method of production of oil for the people of this country.

Mr. Chairman, I am in opposition to the amendment offered by the gentleman from Texas (Mr. ECKHARDT) to the amendment offered by the gentleman from Michigan (Mr. DINGELL). The reason I oppose the Eckhardt amendment is that it is being played as though these were small, unimportant, struggling oil companies he is seeking to exempt. Actually, these men produce 30,000 barrels a day, which is a minimum of $210,000 a day, and a minimum of $75 million a year. I find it very difficult to deal with some of the understandable special interests that people have on this floor. But we must address ourselves to the total problems of the total country, and the total consumers—the persons whom we were elected to represent.

So I oppose the Eckhardt amendment, and I support the amendment offered by the gentleman from Michigan (Mr. DINGELL) although I think it does not effect enough of a rollback. I think there will be more than ample profit for the petroleum industry to continue to roll out the oil and to roll out their profits. I believe that the rollback proposed in the Dingell amendment is the very least that this House should do. I oppose the Eckhardt amendment; I support the Dingell amendment with reservations, as we say, but I do support it.

Mr. MOSS. Mr. Chairman, will the gentlewoman yield?

Ms. ABZUG. I yield to the gentleman from California.

Mr. MOSS. I thank the gentlewoman for yielding. I asked that she yield because I do not think she would want to do an injustice to a colleague. I have worked for a number of years with the gentleman from Texas, and I can assure the gentlewoman that I have never seen any evidence of his playing the role of spokesman for special interests, even though there is normally that connotation attached to some members of oil-producing State delegations. The gentleman from Texas has been, in my judgment, one of the most objective and fairest members of the Committee on Interstate and Foreign Commerce.

Ms. ABZUG. I would agree.

Mr. MOSS. I have been in disagreement with him on occasions, but I have never seen evidence to raise a question of his representing or speaking for special interests.

Ms. ABZUG. I would agree with the gentleman from California, and I said understandable special interests. It may be that they are understandable to some people, but I do not think they are in terms of the total interests of the country. I agree with the gentleman from California with respect to his comments about the gentleman from Texas (Mr. ECKHARDT). I value his work and energies and commitment as a colleague. I disagree with him in this instance; that is all.

Mr. FRENZEL. Mr. Chairman, will the gentlewoman yield?

Ms. ABZUG. I yield to the gentleman from Minnesota.

Mr. FRENZEL. I thank the gentlewoman for yielding.

What is the date of the Heller-Perry report, please?

Ms. ABZUG. January 1974.

Mr. FRENZEL. Does not that report presuppose a world price of $7.50 per barrel?

Ms. ABZUG. No, it does not.

Mr. FRENZEL. I will introduce the report later.

Ms. ABZUG. I have it right here, and it presupposes a $7 price.

The CHAIRMAN. The time of the gentleman has expired.

Mr. RONCALIO of Wyoming. Mr. Chairman, I rise in support of the Eckhardt amendment. I should like to state that I support the position taken by the gentleman from Texas. I should like to express my admiration for his acute judicial discernment and ability as a legislative general in drafting amendments to bring about the inducement we need to do in this very difficult field between the mass producer, the major, and the many thousands who are in the marginal economics area of producing oil.

In the last week or so I have learned a good deal about marginal production in Casper, Wyo., and I feel complete sympathy for the man who has committed hundreds of thousands of dollars into old fields where he may be able to produce as high as 30,000 or 40,000 barrels from an oil field before it is exhausted. To cut him back to $7.09 would be a loss to him, to the people, to the production of the oil, and everything we are trying to serve well. Therefore, I think the Eckhardt amendment would do justice across the board.

I commend the gentleman from Texas for it, and particularly for his colleagues' expressions which have been brought out.

Its attachment to the Dingell amendment at least makes the entire matter palatable. But in view of the fact of several conferees expressing deep concern that we will have any bill at all now that last weeks Staggers bill has been vetoed, and the veto sustained by the Senate, it may be that a vote against both the Dingell and Eckhardt positions leaves us with the best chance for a bill this administration will accept.

Mr. MILFORD. Mr. Chairman, I rise in support of the Eckhardt amendment.

Mr. Chairman, I do not believe we have quite gotten across one very important point to everyone here. I know the Members are as concerned with their constituents as we are concerned about ours. First, you want to obtain adequate fuel; and, second, you want a fair price. Texans do not want to pay high prices for gasoline any more than folks in New Jersey and New York. I had commissioned a study, which is not yet completed, made of some Texas oil production situations that deal particularly with stripper wells and old oil fields these involve fields wherein producers are trying to reclaim additional production by secondary and tertiary recovery methods. I can say this: In the preliminary findings of this study, there are at least 300,000 barrels of oil per day going out of Texas to your States that are coming from these expensive secondary and tertiary recovery methods and from stripper wells. The cost for getting this additional oil out of the ground exceeds $9 per barrel.

Mr. Chairman, if the ceiling price specified in these amendments is placed on this oil, then 300,000 barrels per day will stop going to the Members' districts. We are simply trying to tell the Members, please, if they place ceilings, use care where and how they place those ceilings. Otherwise, they are going to do away with the very thing that we are trying to accomplish.

Mr. ECKHARDT's amendment at least is partially protective of this situation. I plead with the Members to be careful how they levy price ceilings on crude oil, because the cost of getting oil out of the ground varies with every individual well.

If we place the ceiling at a lower price than it takes to get that oil out of the ground, we have simply stopped production.

Mr. DINGELL. Mr. Chairman, will the gentleman yield?

Mr. MILFORD. I yield to the gentleman from Michigan.

Mr. DINGELL. I think that the figures set by my colleague from Texas should be a little bit more; but I must confess it probably helps me in a major problem with the amendment. I think the amendment offered by the gentleman from Texas (Mr. ECKHARDT) and which my friend and colleague is supporting at this time, is a valuable one. It helps the amendment and it should be adopted.

Mr. MILFORD. Even Mr. ECKHARDT's amendment is inadequate, because he was prevented from getting a proper one introduced due to points of order. I hope his amendment somewhere down the line will have some more work done on it. Otherwise it will damage all of us.

Please remember this all-important fact: The cost of getting a barrel of oil out of the ground is different at every well. Records are kept, by all producers, on each well. At any point in time that the cost of production exceeds the market price, the well is capped.

My colleagues, I would think it over. If you vote for this price ceiling, you will immediately stop production at several thousand wells. This will mean that several hundred thousands of barrels of oil will no longer flow into your districts.

Mr. HOLIFIELD. Mr. Chairman, I take just 1 minute to say that I feel constrained to oppose both the Eckhardt amendment and the Moss amendment and will vote accordingly.

Mr. HAYS. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I am going to support the Eckhardt amendment because I think it gives some flexibility, but I would like to answer one argument that my friend from California (Mr. HOLIFIELD) made in his speech which was a long time ago earlier in the afternoon, in which he said, "Who knows what the right price is?"

Well, I will tell the Members something. I do not know exactly what the right price is, but I would rather have the Congress say within limitations what it is than I would have Mr. Simon and 58 oil company executives say what it is.

I think the Congress would be more likely to hit it on a more fair approach for everybody concerned, including the producer and the consumer, than I think Mr. Simon and his 58 oil company executives are going to hit it, because he goes on television about every day and the sum and substance of what he says is that, "I think the price of gasoline ought to go up."

Every time he says that, it goes up, and every time it goes up the profits of the big seven go up along with it—59 percent, 69 percent, 100 percent, 159 percent in the case of one over last year.

As I said earlier, the people back home are getting the message. All I can say, I have a high regard for the chairman. I have served with him here many, many years, and he has been right about 99 percent of the time; but I think in this one instance when he says, "Who knows best?" I will take the Congress over Mr. Simon.

I might say in conclusion that one of the big arguments we hear around here is that the Congress is giving away its authority. Well, when we create an agency like this and give men like Mr. Simon the total authority to say what is what, that is an abdication of the Congress. If the polls are right and the people are holding the Congress in low repute, it is because we do abdicate our authority to people like Mr. Simon and do not keep it for ourselves and bite the bullet and face up to the problem.

I support the amendment of Mr. ECKHARDT and I hope it prevails.

Mr. STAGGERS. Mr. Chairman, I move to strike the last word. I rise in support of the amendment.

I rise in view of the fact that I do respect, such as every Member of the House does, the chairman of this great committee.

I think this, that the Dingell amendment must be in the bill so that the House will have some input of what is going on in the oil industry.

We might say, well, we have passed a bill and it is back here now. The President has vetoed it. This is true; the Members of the Senate doubt very much that they will prevail in overriding the President's veto. I do not know what will happen here.

I believe we should have some input, some limitation to say to those in charge of administering the program as to what the intentions of the Members of this Congress are.

I have heard many statements made today by men who say we should listen to these arguments, that we are not experts. We have been listening to the arguments of experts for a long time.

As the gentleman from California said, they have confused us thoroughly, but we have listened to them. There are so many Members whom I have heard talking who say, "This is true, that is true," but I have not seen them in the meetings. We have certainly tried to do what we thought was best for America.

We come down to the fact that just 9 months ago oil was selling—all oil in America of all kinds—for $3.86 a barrel. Now, they are getting $9 and $10 per barrel. Where are we going to stop, because the demand is far greater than the supply? Will we stop at $40 a barrel? $100 a barrel, or where?

Mr. Chairman, I think it is our duty to set some kind of limitation. If we do get a chance to vote on the veto, I would say fine, but I think it is so important. Since the gentleman from Michigan (Mr. DINGELL) indicated that he would be for the substitute amendment offered by Mr. ECKHARDT, I would be constrained to go along, but I have said this: We are getting into the big producers when we get to 30,000 barrels per day, and it is those which we considered when we brought the first bill to the House. Those who produce 10 barrels or less per day produce 30 percent of the oil produced in America.

Mr. Chairman, I am just trying to talk a little bit about the justice of it. From the time it was $3.86, the Cost of Living Council said, "Let this go up a dollar, and then to $5.25," the committee said that this is enough, and it was enough, and there was testimony that it was enough.

Now, we say, "Let us not put any restrictions on them whatsoever," and that is the reason why I am hopeful that this amendment does go into the bill. They talk about it, that for years and years this Congress has given a depletion allowance for an incentive. Now they want something else beyond that. We are willing to do that, but we do not want to say that all the people's money in the world belongs to them.

Mr. Chairman, I think we were sent here strictly to represent the broad spectrum of America, to protect those who cannot afford protection, those who do not have big lawyers and the money. That is what I think I was sent here for, but not to be unfair to those who have the money and the lawyers; try to be fair, but I think we were sent here to represent those who have no money, who do not have lawyers or have someone before the courts who can speak with authority.

Mr. HOLIFIELD. Mr. Chairman, will the gentleman yield?

Mr. STAGGERS. Mr. Chairman, I yield to the gentleman from California.

Mr. HOLIFIELD. Mr. Chairman, I want to thank the chairman for the kind things he has said about me. I do not have to call it to his attention, but I want to remind the Members on the floor of the House that I supported the gentleman's bill.

Mr. STAGGERS. Mr. Chairman, the gentleman sure did.

Mr. HOLIFIELD. Because I thought it was a fair bill, a well thought out bill. Now, we are faced in this House with these two amendments which take the price far and above the gentleman's price.

Mr. STAGGERS. No, let me explain that. The Cost of Living Council has set the price of old oil at $5.25 a barrel, and that has been upheld by Mr. Simon and the administration.

Mr. HOLIFIELD. I understand. How about the 35-percent raise?

Mr. STAGGERS. That is allowed only where they can make a case that it is needed, and we did that for the stripper wells.

Mr. HOLIFIELD. Was that in the gentleman's bill?

Mr. STAGGERS. That is right.

Mr. HOLIFIELD. And the 35 percentum?

Mr. STAGGERS. Yes.

Mr. HOLIFIELD. Was the elimination of the companies going up to 30,000 barrels in the bill?

Mr. STAGGERS. No, we did not because I think we are getting up into big production.

Mr. GROSS. Mr. Chairman, I move to strike the necessary number of words.

Mr. Chairman, I take this time simply to ask the gentleman from West Virginia (Mr. STAGGERS), if the price of coal has not doubled or more than doubled, and whether coal is in this bill.

Mr. STAGGERS. Mr. Chairman, if the gentleman would yield, let me say to the gentleman from Iowa that while I do not imagine he knows, we do know that the oil companies of this land control about 90 to 96 percent of the coal in America.

Mr. GROSS. Mr. Chairman, would the gentleman care to answer the question? Is coal in this bill?

Mr. STAGGERS. It is not, but I did not offer any amendment. It was offered by a gentleman from the gentleman's side to eliminate it.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas (Mr. ECKHARDT) to the amendment offered by the gentleman from Michigan (Mr. DINGELL).

The question was taken; and on a division (demanded by Mr. HORTON) there were ayes 55, noes 16.

Mr. HORTON. Mr. Chairman, I demand a recorded vote.

A recorded vote was refused.

So the amendment to the amendment was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan (Mr. DINGELL) as amended.

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. MOSS. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 218, noes 175, answered "present" 3, not voting 34, as follows:

[Roll No. 66]

AYES—218

Abdnor
Abzug
Adams
Addabbo
Alexander
Anderson, Calif.
Andrews, N.C.
Andrews, N. Dak.
Ashley
Aspin
Badillo
Bafalis
Bennett
Bergland
Bevill
Biaggi
Biester
Bingham
Boland
Bowen
Brademas
Breckinridge
Brinkley
Broomfield
Brown, Calif.
Broyhill, N.C.
Burke, Calif.
Burke, Fla.
Burke, Mass.
Burlison, Mo.
Carney, Ohio
Carter
Chisholm
Clancy
Clark
Clay
Cleveland
Cohen
Conte
Conyers
Cotter
Coughlin
Cronin
Culver
Daniels, Dominick V.
Danielson
Davis, Ga.
Delaney
Denholm
Dent
Diggs
Dingell
Donohue
Downing
Drinan
Dulski
du Pont
Eckhardt
Edwards, Calif.
Eilberg
Eshleman
Evins, Tenn.
Fish
Flood
Flowers
Foley
Ford
Forsythe
Fountain
Fraser
Frey
Froehlich
Fulton
Gaydos
Giaimo
Gilman
Ginn
Grasso
Green, Pa.
Grover
Gude
Gunter
Guyer
Hanley
Hanrahan
Hansen, Wash.
Harrington
Harsha
Hays
Hechler, W. Va.
Heckler, Mass.
Heinz
Helstoski
Henderson
Hicks
Holtzman
Howard
Hungate
Hunt
Ichord
Johnson, Calif.
Jones, Ala.
Jones, N.C.
Jones, Tenn.
Jordan
Kastenmeier
King
Kluczynski
Koch
Kyros
Latta
Leggett
Lehman
Lent
Litton
Long, La.
Lujan
McCormack
McDade
McFall
Macdonald
Madden
Madigan
Maraziti
Mathis, Ga.
Matsunaga
Mazzoli
Meeds
Metcalfe
Mezvinsky
Miller
Minish
Mink
Mitchell, Md.
Mitchell, N.Y.
Moakley
Mollohan
Morgan
Mosher
Moss
Murtha
Natcher
Nedzi
Nichols
Nix
Obey
O'Hara
Owens
Patten
Peyser
Pike
Preyer
Price, Ill.
Price, Tex.
Rangel
Rees
Regula
Reid
Reuss
Riegle
Rinaldo
Rodino
Roe
Rogers
Roncalio, N.Y.
Rooney, Pa.
Rose
Rosenthal
Roush
Roy
Roybal
St Germain
Sandman
Sarasin
Sarbanes
Scherle
Schroeder
Seiberling
Shuster
Sikes
Slack
Smith, N.Y.
Snyder
Staggers
Stanton, J. William
Stanton, James V.
Stark
Steele
Stokes
Stubblefield
Stuckey
Studds
Sullivan
Symington
Taylor, N.C.
Thompson, N.J.
Thomson, Wis.
Thone
Tiernan
Udall
Vander Veen
Vanik
Vigorito
Waldie
Walsh
Wampler
Whalen
Whitten
Williams
Wilson, Charles H., Calif.
Wolff
Wydler
Wylie
Yates
Yatron
Young, Ga.
Zablocki
Zwach

NOES—175

Anderson, Ill.
Archer
Arends
Armstrong
Ashbrook
Baker
Bauman
Beard
Blackburn
Boggs
Bolling
Bray
Breaux
Brooks
Brotzman
Brown, Mich.
Brown, Ohio
Broyhill, Va.
Buchanan
Burgener
Burleson, Tex.
Butler
Byron
Camp
Casey, Tex.
Cederberg
Chamberlain
Chappell
Clausen, Don H.
Clawson, Del
Cochran
Collier
Collins, Tex.
Conlan
Corman
Crane
Daniel, Dan
Daniel, Robert W., Jr.
Davis, S.C.
Davis, Wis.
de la Garza
Dellenback
Dennis
Derwinski
Devine
Dickinson
Dorn
Duncan
Edwards, Ala.
Erlenborn
Esch
Evans, Colo.
Fascell
Findley
Fisher
Flynt
Frelinghuysen
Frenzel
Fuqua
Gettys
Gibbons
Gonzalez
Goodling
Green, Oreg.
Griffiths
Gross
Gubser
Haley
Hamilton
Hammerschmidt
Hanna
Hansen, Idaho
Hastings
Hillis
Hinshaw
Hogan
Holifield
Holt
Horton
Hosmer
Huber
Hudnut
Hutchinson
Jarman
Johnson, Colo.
Johnson, Pa.
Kazen
Kemp
Ketchum
Kuykendall
Landgrebe
Landrum
Long, Md.
Lott
McClory
McCloskey
McCollister
McEwen
McSpadden
Mahon
Mallary
Mann
Martin, Nebr.
Martin, N.C.
Mathias, Calif.
Mayne
Melcher
Michel
Milford
Mizell
Moorhead, Calif.
Moorhead, Pa.
Myers
O'Brien
Parris
Passman
Patman
Pepper
Perkins
Pettis
Pickle
Poage
Pritchard
Quie
Quillen
Railsback
Rarick
Rhodes
Robinson, Va.
Robison, N.Y.
Roncalio, Wyo.
Rousselot
Runnels
Ruppe
Ruth
Satterfield
Schneebeli
Sebelius
Shipley
Shoup
Shriver
Sisk
Smith, Iowa
Spence
Steed
Steelman
Steiger, Ariz.
Steiger, Wis.
Stephens
Symms
Talcott
Taylor, Mo.
Teague
Thornton
Towell, Nev.
Ullman
Vander Jagt
Veysey
Waggonner
Ware
White
Widnall
Wiggins
Wilson, Bob
Wilson, Charles, Tex.
Winn
Wright
Wyatt
Wyman
Young, Alaska
Young, Fla.
Young, Ill.
Young, S.C.
Young, Tex.
Zion

ANSWERED "PRESENT"—3

Bell
Ryan
Van Deerlin

NOT VOTING—34

Annunzio
Barrett
Blatnik
Brasco
Burton
Carey, N.Y.
Collins, Ill.
Conable
Dellums
Goldwater
Gray
Hawkins
Hébert
Jones, Okla.
Karth
McKay
McKinney
Mills
Minshall, Ohio
Montgomery
Murphy, Ill.
Murphy, N.Y.
Nelsen
O'Neill
Podell
Powell, Ohio
Randall
Roberts
Rooney, N.Y.
Rostenkowski
Skubitz
Stratton
Treen
Whitehurst

So the amendment, as amended, was agreed to.

[Mr. VANIK addressed the House. His remarks will appear hereafter in the Extensions of Remarks.]

AMENDMENT OFFERED BY MR. GUNTER

Mr. GUNTER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GUNTER: Page 20, after line 2, add the following new subsection:

"(13) develop a program for the use of waste oil from all motor vehicle fleets of any government agency.

Mr. GUNTER. Mr. Chairman, my second amendment asks that the Administrator of the Federal Energy Administration develop a program for the use of waste oil from all motor vehicle fleets of any Government agency, 1 calendar year from the date of enactment of this act

The purpose is obvious. Facts and data developed through the diligence of our colleague, Mr. VANIK of Ohio, a member of the Ways and Means Committee, has established a shocking volume of oil that is now simply wasted, which could be recycled and reused if the effort were made.

Because the Government ought to take the lead itself in setting an example for the rest of the country in conserving energy, I urge the adoption of this amendment to mandate development of a plan for sharply reducing this wastage by increasing use of recycled oil.

The House Ways and Means Committee is considering legislation to encourage expansion of the oil recycling industry. This amendment anticipates such action. It is a second example of the need to plan, rather than to react, to the energy problems we face.

Mr. VANIK. Mr. Chairman, will the gentleman yield?

Mr. GUNTER. Mr. Chairman, I yield to the gentleman from Ohio.

Mr. VANIK. Mr. Chairman, I want to commend the gentleman from Florida for his proposal. I think it is a very fine proposal.

Mr. Chairman, I rise in support of the amendment of the gentleman from Florida (Mr. GUNTER) to begin to establish within the Federal Government a comprehensive waste oil recovery program. For the past 3 years, I have sponsored legislation to initiate a national program to recycle our waste oil. Each year over 1 billion gallons of this potentially valuable resource are carelessly disposed. As a result, we not only lose this potential resource, we also seriously degrade our environment.

On November 14, 1973, I wrote to Mr. Arthur Sampson, Administrator of the General Services Administration, to inquire into the status of the Federal Government's program for recycling the waste oil generated by the Federal fleet of automobiles and trucks. I was shocked by the GSA's response. Although the GSA collects extensive data on the Federal fleet, the agency was not able to give me rudimentary information on the amount of waste oil generated by the Federal Government or any clear indication of the fate of that oil. Assistant Administrator Allen G. Kaupinen wrote to me:

> The General Services Administration does not maintain the type of data on the Federal fleet which would be required to provide precise answers to all the questions you pose.

To its credit, I understand that the GSA is now taking steps to remedy this situation. On January 17, 1974 the GSA published in the Federal Register a bulletin recommending the establishment in each agency of a program for the proper disposal of waste oil. It is my hope that the Federal Energy Administrator will provide added impetus to these efforts to insure that further positive steps are taken by the Federal Government to exercise leadership in the reclamation of waste oil.

Today we are dumping into the streams and waterways of America about a billion gallons of used oil which can be recycled. The Ways and Means Committee today tentatively approved legislation which would reduce the tax on recycled oil, take a 6-cent tax off the oil to help facilitate the business of recycling.

The proposal which the gentleman has made provides for a Government policy with respect to the used oil which is developed by the Government itself. I think it would be a good example and not only create a supplementary source of oil, but it would help protect the environment by preventing the outflow of waste oil into our sewage systems and streams of America.

Mr. Chairman, I think it is a very fine amendment and I certainly hope the committee would accept it.

Mr. GUNTER. Mr. Chairman, I thank the gentleman from Ohio for his favorable comment.

Mr. HOLIFIELD. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I regret that I have to oppose this amendment. We can agree with the purpose of any kind of program of conservation, but there is no point in trying to convert this bill with all sorts of ideas, interesting or otherwise, for recovering waste fuel. Why not a legislative mandate to weatherstrip windows and doors and for many other protective and conservation measures?

Mr. Chairman, we must assume that the administrator will use good sense and good judgment and be alert to using usable ideas for energy conservation. Undoubtedly, he will read the legislative record we are making today and take notice of the proposals involved in the amendment.

It is neither necessary nor wise to nail it down in the law and make it mandatory. We cannot tell in advance whether the program is even cost effective.

Mr. GUNTER. Mr. Chairman, will the gentleman yield?

Mr. HOLIFIELD. Mr. Chairman, I yield to the gentleman from Florida.

Mr. GUNTER. Mr. Chairman, is the gentleman from California indicating by his comments that this type of conservation measure should be considered in a program developed for the future?

Mr. HOLIFIELD. Mr. Chairman, I certainly think it is within the realm of possibility to be used, and I think it should be used if it is proven to be a conservation measure. I am not opposing the amendment as a possibility. I am opposing the fact that we are trying to nail down one factor in this field as to what the Administrator can do. He can do many things to conserve oil and the use of energy.

Mr. GUNTER. Mr. Chairman, may we state that this colloquy between the gentleman from California and myself and the comments of the distinguished gentleman from Ohio (Mr. VANIK) would serve as encouragement for that action?

Mr. HOLIFIELD. On the condition that it is cost effective, I would advise the Administrator to pursue this matter to its conclusion.

Mr. GUNTER. Mr. Chairman, may we then conclude from your remarks for the purpose of stating legislative intent that the Administrator of the Federal Energy Administration be directed to consider as a conservation measure a program for the recycling of waste oil from motor vehicle fleets of the U.S. Government.

Mr. HOLIFIELD. It surely is.

Mr. GUNTER. Mr. Chairman, on that basis I would ask unanimous consent to withdraw my amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Florida?

There was no objection.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

> SEC. 6. (a) There are hereby transferred to and vested in the Administrator all functions of the Secretary of the Interior, the Department of the Interior, and officers and components of that Department—
>
> (1) as relate to or are utilized by the Office of Petroleum Allocation;
>
> (2) as relate to or are utilized by the Office of Energy Conservation;
>
> (3) as relate to or are utilized by the Office of Energy Data and Analysis; and
>
> (4) as relate to or are utilized by the Office of Oil and Gas.
>
> (b) There are hereby transferred to and vested in the Administrator all functions of the Chairman of the Cost of Living Council, the Executive Director of the Cost of Living Council, and the Cost of Living Council, and officers and components thereof as relate to or are utilized by the Energy Division of the Cost of Living Council.
>
> (c) For a period of three months from the effective date of this Act, the President shall have the authority to transfer to the Administrator, by complying with the procedures established by sections 901 through 913 of title 5, United States Code, if he determines that such transfer would further the accomplishment of the intent and purposes of this Act, any functions of the Department of the Treasury, the Department of the Interior, the Department of Agriculture, or the Department of Commerce, or of any officer or organizational entity thereof, which relate primarily to energy functions as provided in this Act.

Mr. HOLIFIELD (during the reading). Mr. Chairman, I ask unanimous consent that section 6 be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

AMENDMENT OFFERED BY MR. HECHLER OF WEST VIRGINIA

Mr. HECHLER of West Virginia. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

> Amendment offered by Mr. HECHLER of West Virginia: Page 20, strike line 22 and all that follows through line 7, page 21.

Mr. HECHLER of West Virginia. Mr. Chairman, section 6(c) of the bill, at the bottom of page 20 and the top of page 21, grants authority to the President to transfer to the Administrator any energy-related functions in four major departments: Treasury, Interior, Agriculture, and Commerce. This is sweeping, unprecedented grant of power to the President, which I believe would be subject to abuse if unchecked.

Let us examine the text of the provision which is now in the bill in order to appreciate the magnitude and scope of the tremendous grant of authority. Section 6(c) now reads:

> For a period of three months from the effective date of this Act, the President shall have the authority to transfer to the Administrator, by complying with the procedures established by sections 901 through 913 of title 5, United States Code, if he determines that such transfer would further the accomplishment of the intent and purposes of this Act, any functions of the Department of the Treasury, the Department of the Interior, the Department of Agriculture, or the Department of Commerce, or of any officer or organizational entity thereof, which relate primarily to energy functions as provided in this Act.

We need coal for energy. At the same time, we desperately need manpower to open up new mines and expand existing mines. There is tremendous pressure at the present time to weaken the Federal Coal Mine Health and Safety Act of 1969 in the name of increased production. If you weaken mine safety at a time when we need thousands of new miners, I dare say you will neither get the new miners nor even be able to mine at the existing rate because the coal miners of this Nation will not stand still for another weakening of mine safety standards.

Under the provisions of section 6(c) as now included in the pending bill, the President could transfer the functions of the Mining Enforcement and Safety Administration to FEA and thereby weaken the enforcement of the vital Federal Coal Mine Health and Safety Act of 1969 in the name of expanding coal production. I for one do not intend to allow this to happen, despite the many pressures on the part of the coal industry—and its owners, the oil industry—to relax those safety standards which they contend are burdensome or which slow down production. Of course, safety is expensive; of course, safety is burdensome; but this is no time to play politics with human lives, and if these coal companies would analyze the production process they would come to the sound conclusion that high safety standards result in higher production as well as making it easier to get and keep the necessary manpower to operate the mines.

Under the authority of section 6(c) as now written, the President could transfer the Rural Electrification Administration to the FEA. The Forest Service could be stripped of its authority over the minerals in our national forests. The President could also transfer the oil, gas, and coal functions of the U.S. Geological Survey and the Bureau of Land Management to become tools of energy in the FEA. This could give FEA the authority to speed up leasing of oil shale and coal deposits on Federal lands. It could also give FEA authority over leasing of the Santa Barbara Channel and the Continental Shelf for oil exploration and development. In addition, the various energy functions of the Bonneville Power Administration, the Southwestern Power Administration, the Bureau of Mines and the Bureau of Reclamation could be transferred.

But above all, these unprecedented grants of power and transfer would be in effect the abdication of Congress of its authority and control over functions which have been well-defined and developed down through the years. I hope that my amendment which deletes this entire section 6(c) of the bill will be adopted.

Mr. HORTON. Mr. Chairman, will the gentleman yield?

Mr. HECHLER of West Virginia. I will gladly yield to my friend, the gentleman from New York.

Mr. HORTON. Mr. Chairman, I have discussed this amendment with my colleagues on this side, and we are willing to accept the amendment.

Mr. HOLIFIELD. Mr. Chairman, will the gentleman from West Virginia yield?

Mr. HECHLER of West Virginia. I yield to the chairman of the committee, the able gentleman from California?

Mr. HOLIFIELD. Mr. Chairman, we have looked at the amendment carefully, and we think it is a good amendment. We accept the amendment on this side.

Mr. HECHLER of West Virginia. I commend the gentleman from California and the gentleman from New York for their courtesy and consideration in accepting my amendment. Mr. Chairman, may I ask one further question of the chairman of the committee?

Referring to page 23, lines 18 to 20, I propose to introduce a further amendment which deletes section 7(j) which now reads:

> The Administrator shall perform such other activities as may be necessary for the effective fulfillment of his duties and functions.

The CHAIRMAN. The Chair will state to the gentleman that we have not reached that point.

Mr. HECHLER of West Virginia. Mr. Chairman, I am merely making an inquiry of the gentleman from California on my time. I am not submitting the amendment at this time. I am simply attempting, while I hold the floor, to solicit some support for the amendment which I hope to offer when we reach section 7 on page 23. I hope the gentleman from California will be equally generous in accepting my amendment to delete section 7(j) when we reach that point in the bill.

Mr. HOLIFIELD. Mr. Chairman, if the gentleman from West Virginia will yield, I will state to the gentleman that I believe that is an effective amendment, and when we get to that page, the gentleman may offer it.

Mr. HECHLER of West Virginia. Mr. Chairman, I thank the gentleman from California who has made a double display of his wisdom in accepting my two amendments. It seems to me that these two sections of the present bill confer far too much unrestricted power on the Administrator of the FEA, with a comparable abandonment of congressional responsibility. I am very pleased that the chairman of the committee has voiced his agreement with my views by accepting these two amendments.

The CHAIRMAN. The question is on the amendment offered by the gentleman from West Virginia (Mr. HECHLER).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. HORTON

Mr. HORTON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

> Amendment offered by Mr. HORTON: Page 20, insert after line 21 the following:
>
> (c) If S. 2589, 93d Congress (popularly known as the Emergency Energy Act) is enacted, then effective on the later of the effective date of this Act or the date of enactment of the Energy Emergency Act, all functions of the Administrator of the Federal Energy Emergency Administration (created by the Energy Emergency Act) are transferred to and vested in the Administrator of the Federal Energy Administration (created by this Act).

Mr. HORTON. Mr. Chairman, this is a conforming amendment to merge the Federal Energy Emergency Administration established by the Jackson-Staggers bill, S. 2589, into the Federal Energy Administration established by the present bill. In this respect, it carries out the intent of the Jackson-Staggers bill and the conferees that the FEEA provided by that bill was to be a first step toward a single agency to deal with the energy emergency.

Section 103(d) of the Jackson-Staggers bill makes clear that the FEEA was to be established "until May 15, 1975, unless superseded by law." The conference report said:

> The conferees wish to emphasize that the creation of a temporary Federal Energy Emergency Administration under this Act does not remove the necessity of the Congress acting upon the legislation reported by the House and Senate Government Operations Committees. The need for statutory creation of an administrative office within the Executive Branch which consolidates energy policy related functions of government remains real and immediate. This Act provides the basic authority to initiate the establishment of such an administrative office.

The proposed amendment makes the necessary technical change to merge the two agencies as contemplated. I urge its adoption.

Mr. HOLIFIELD. Mr. Chairman, will the gentleman yield?

Mr. HORTON. I yield to the gentleman from California.

Mr. HOLIFIELD. Mr. Chairman, I have not had a chance to confer with my colleagues. As I understand it, that bill has been vetoed at the present time.

Is the gentleman aware of what action has been taken?

Mr. HORTON. Mr. Chairman, I have no information with regard to what action has been taken, but I believe it appropriate that we take this action at this time on the bill.

Mr. HOLIFIELD. Mr. Chairman, I see no harm in the amendment. If something happens which I cannot predict, if something happens in the House with regard to that bill, we can remove it in conference.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York (Mr. HORTON).

The amendment was agreed to.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

ADMINISTRATIVE PROVISIONS

> SEC. 7. (a) The Administrator may appoint, employ, and fix the compensation of such officers and employees, including attorneys, as are necessary to perform the functions vested in him and prescribe their authority and duties.
>
> (b) The Administrator may employ experts, expert witnesses, and consultants in accordance with section 3109 of title 5 of the United States Code, and compensate such persons at rates not in excess of the maximum daily rate prescribed for GS-18 under section 5332 of title 5 of the United States Code for persons in Government service employed intermittently.
>
> (c) The Administrator is authorized to establish advisory boards, in accordance with the provisions of the Federal Advisory Committee Act (Public Law 92-463), to advise with and make recommendations to the Administrator on legislation, policies, administration, research and other matters,

and compensate members thereof other than those employed by the Federal Government at rates not in excess of the maximum daily rate prescribed for GS–18 under section 5332 of title 5 of the United States Code for each day they are engaged in the actual performance of their duties (including traveltime) as members of a committee and pay such persons travel expenses and per diem in lieu of subsistence at rates authorized by section 5703 of title 5 of the United States Code for persons in Government service employed intermittently. The Administrator, pursuant to this subsection, shall establish and consult with an advisory board of State public utility commissioners, selected in consultation with the national organization of State commissions, regarding proposed policies and programs directly affecting their regulatory jurisdiction.

(d) The Administrator may promulgate such rules, regulations, and procedures as may be necessary to carry out the functions vested in him.

(e) The Administrator may utilize, with their consent, the services, personnel, equipment, and facilities of Federal, State, regional, local, and private agencies and instrumentalities, with or without reimbursement therefor, as determined by the Administrator, and transfer funds made available pursuant to this Act to Federal, State, regional, local, and private agencies and instrumentalities as reimbursement for utilization of such services, personnel, equipment, and facilities.

(f) The Administrator may accept voluntary and uncompensated services, except where such services involve administrative proceedings, investigations, or enforcement powers notwithstanding the provisions of section 3679 of the Revised Statutes of the United States (31 U.S.C. 665).

(g) The Administrator shall cause a seal of office to be made for the Administration of such design as he shall approve, and judicial notice shall be taken of such seal.

(h) The Administrator may accept unconditional gifts or donations of money or property, real, personal, or mixed, tangible or intangible.

(i) The Administrator may enter into and perform contracts, leases, or cooperative agreements with any public agency or instrumentality or with any person, firm, association, corporation, or institution.

(j) The Administrator shall perform such other activities as may be necessary for the effective fulfillment of his duties and functions.

(k) The Administrator shall study and report to the Congress within two months from the effective date of this Act on fair and equitable administrative procedures needed to assure that all persons and business concerns will receive equitable treatment under actions of the Administration: *Provided, however,* That, pending the adoption of such procedures, the administrative procedures established in sections 207 and 211 of the Economic Stabilization Act of 1970 (12 U.S.C. 1904 note) shall be applicable to all actions and activities of the Administration.

Mr. HORTON (during the reading). Mr. Chairman, I ask unanimous consent that section 7 be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

AMENDMENT OFFERED BY MR. HORTON

Mr. HORTON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HORTON: On page 23, line 25, strike the colon and insert a period in lieu thereof.

On page 24, strike lines 1 through 5.

Mr. HORTON. Mr. Chairman, this is also a conforming amendment. The House and Senate, of course, have passed S. 2589 to enact the Energy Emergency Act. That bill includes a number of significant changes in the administrative procedures governing fuel pricing and allocation and other programs provided by that bill.

The amendment I have proposed recognizes and conforms to those changes by deleting a conflicting provision in the bill now before us. That provision would continue without change the current administrative procedures applicable to the fuel allocation and pricing programs and therefore would conflict with the changes provided in the Jackson-Staggers bill.

By adopting the amendment I propose, the present bill will be compatible regardless of what happens to S. 2589. If that bill is signed, the present bill will automatically conform to the administrative procedures in that bill. If it is vetoed, the present bill will automatically conform to the administrative procedures provided by existing law.

In any case, under the remaining provisions of the present bill, the administration will be required to make a report within 2 months with recommendations for changes in administrative procedures to assure fairness and equity. At that time, those recommendations will be considered by the appropriate committees of jurisdiction and Congress can make any changes in administrative procedures.

Mr. HECHLER of West Virginia. Mr. Chairman, will the gentleman yield?

Mr. HORTON. I yield to the gentleman.

Mr. HECHLER of West Virginia. Do I understand the gentleman's amendment also deletes lines 18 to 20 on page 23?

Mr. HORTON. No. That is not in the amendment.

Mr. HECHLER of West Virginia. I thank the gentleman.

AMENDMENT OFFERED BY MR. BROYHILL OF NORTH CAROLINA AS A SUBSTITUTE FOR THE AMENDMENT OFFERED BY MR. HORTON

Mr. BROYHILL of North Carolina. Mr. Chairman, I offer an amendment as a substitute for the amendment offered by the gentleman from New York (Mr. HORTON).

The Clerk read as follows:

Amendment offered by Mr. BROYHILL of North Carolina as a substitute for the amendment offered by Mr. HORTON: On page 23, lines 21–25, and page 24, lines 1–5, delete the text beginning with "The Administrator" and ending with "Administration" and substitute therefor the following:

"(i) (A) Subject to paragraphs (B), (C), and (D) of this subsection, the provisions of subchapter II of chapter 5 of title 5, United States Code, shall apply to any rule, regulation or order (including any rule, regulation or order of a state or local government or officer thereof) issued pursuant to Sections 5 and 7 of this title or pursuant to any function, action or activity thereunder.

(B) Notice of any proposed rule, regulation or order described in paragraph (A) shall be given by publication of such proposed rule, regulation or order in the Federal Register. In each case, a minimum of ten days following such publication shall be provided for opportunity to comment; except that the requirements of this paragraph as to time of notice and opportunity to comment may be waived where strict compliance is found to cause serious harm or injury to the public health, safety or welfare, and such findings are set out in detail in such rule, regulation or order. In addition, public notice of all rules, regulations or orders promulgated by officers of a State or local government pursuant to this Act shall to the maximum extent practicable be achieved by publication of such rules, regulations or orders in a sufficient number of newspapers of statewide circulation calculated to receive widest possible notice.

(C) In addition to the requirements of paragraph (B), if any rule, regulation or order described in paragraph (A) is likely to have a substantial impact on the Nation's economy or large numbers of individuals or businesses, an opportunity for oral presentation of views, data, and arguments shall be afforded. To the maximum extent practicable, such opportunity shall be afforded prior to the issuance of such rule, regulation or order, but in all cases such opportunity shall be afforded no later than 45 days after the issuance of any such rule, regulation or order. A transcript shall be kept of any oral presentation.

(D) Any officer or agency authorized to issue rules, regulations or orders described in paragraph (A) shall provide for the making of such adjustments, consistent with the other purposes of this Act, as may be necessary to prevent special hardships, inequity, or an unfair distribution of burdens and shall in rules prescribed by it establish procedures which are available to any person for the purpose of seeking an interpretation, modification, or rescission of, or an exception to or exemption from, such rules, regulations and orders. If such person is aggrieved or adversely affected by the denial of a request for such action under the preceding sentence, he may request a review of such denial by the officer or agency and may obtain judicial review in accordance with subsection (ii) when such denial becomes final. The officer or agency shall, in rules prescribed by it, establish appropriate procedures, including a hearing where deemed advisable, for considering such requests for action under this paragraph.

(E) In addition to the requirements of section 552 of title 5, United States Code, any agency authorized by this Act to issue rules, regulations or orders shall make available to the public all internal rules and guidelines which may form the basis, in whole or in part, for any rule, regulation or order with such modifications as are necessary to insure confidentiality protected under such section 552. Such agency shall, upon written request of a petitioner filed after any grant or denial of a request for exception or exemption from rules or orders, furnish the petitioner with a written opinion setting forth applicable facts and the legal basis in support of such grant or denial. Such opinions shall be made available to the petitioner and the public within thirty days of such request and with suoh modifications as are necessary to insure confidentiality of information protected under such section 552.

(ii) (A) Judicial review of administrative rulemaking of general and national applicability done under this Act may be obtained only by filing a petition for review in the United States Court of Appeals for the District of Columbia within thirty days from the date of promulgation of any such rule or regulation, and judicial review of administrative rulemaking of general, but less than national, applicability done under this Act may be obtained only by filing a petition for review in the United States Court of Appeals for the appropriate circuit within thirty days from the date of promulgation of any such rule or regulation, the appropriate circuit being defined as the circuit which contains the area or the greater part of the area within which the rule or regulation is to have affect.

(B) Notwithstanding the amount in controversy, the district courts of the United States shall have exclusive original jurisdiction of all other cases or controversies arising under this Act, or under regulations or orders issued thereunder, except any actions taken to implement or enforce any rule or order by any officer of a State or local government under section 5(3) of this Act except that nothing in this section affects the power of any court of competent jurisdiction to consider, hear, and determine in any proceeding before it any issue raised by way of defense (other than a defense based on the constitutionality of this title or the validity of action taken by any agency under this Act). If in any such proceeding an issue by way of defense is raised based on the constitutionality of this Act or the validity of action under this Act, the case shall be subject to removal by either party to a district court of the United States in accordance with the applicable provisions of chapter 89 of title 28, United States Code. Cases or controversies arising under any rule, regulation or order of any officer of a State or local government may be heard in either (1) any appropriate State court, and (2) without regard to the amount in controversy, the district courts of the United States.

(iii) The Administrator may by rule prescribe procedures for State or local governments which carry out functions under this Act. Such procedures shall apply to such governments in lieu of subsection (i), and shall require that prior to taking any action, such governments shall take steps reasonably calculated to provide notice to persons who may be affected by the action, and shall afford an opportunity for presentation of views (including oral presentation of views where practicable) at least 10 days before taking the action.

EXPLANATION OF AMENDMENT TO H.R. 11793

The primary purpose of the proposed amendment is to establish administrative procedures comparable to those adopted without controversy by both the Senate and the House in the pending emergency energy legislation (S. 2589 and H.R. 11450) for the Administrator to follow in carrying out the functions vested in him by Sections 5 and 7 of the bill. A secondary purpose is to resolve a direct conflict that currently exists in the bill between sections 7(k) and 9(g) and that will create vast confusion unless clarified.

As currently drafted H.R. 11793 does contain an administrative procedures provision, but it is inadequate and ignores concurrent developments in connection with other pending energy legislation. Section 7(k) provides that the Administrator shall study and report to Congress on the appropriate procedures that should be applicable to the exercise of the Administrator's functions under the Act. This section also provides that in the interim pending adoption of the recommended procedures, the procedures of the Economic Stabilization Act shall apply.

Such a provision—including the reguirement for a study—would be appropriate in the absence of the work done by both Houses on administrative procedures for the energy crisis in connection with S. 2589. The Economic Stabilization Act procedures have not been formally reviewed by Congress since enactment in 1970, and they have in fact proved to be highly unsatisfactory because they provide wholly inadequate rights to hearing and judicial review. In short, they do require study. But Congress has given plenary consideration to, and adopted without controversy, specific administrative procedures in S. 2589 that are designed specially to deal with the energy crisis and the needs of the Administrator to respond thereto. There is, in other words, no need for further study; the necessary consideration has already been given to the issues. If these procedures ultimately do prove unworkable, there will be ample time to prescribe new ones. H.R. 11793 is only a temporary measure anyway, and the procedures can be reconsidered when and if H.R. 11793 is revisited in two years.

The second reason for the amendment is to eliminate a direct conflict between Section 7(k) and 9(g). Section 9(g) provides that functions transferred to the Administrator pursuant to Section 6 of the bill should be exercised pursuant to the administrative procedures currently applicable to those functions. This is appropriate to prevent disruption of on-going proceedings. The different procedures contained in the proviso to Section 7(k), however, are expressly made applicable to "*all* actions and activities of the Administration" (emphasis added.) The amendment makes it clear that the procedures provided therein apply to functions under Section 5 and 7 of the Act, not transferred functions under Section 6. The amendment proposes the procedures of S. 2589 rather than the Economic Stabilization Act procedures because, as noted above, the former procedures have been fully considered recently by both Houses in acting upon S. 2589, while the Economic Stabilization Act procedures, which have proved highly unsatisfactory because they provide wholly inadequate rights to hearing and judicial review, have not been formally reviewed by Congress since enactment.

Mr. BROYHILL of North Carolina (during the reading). Mr. Chairman, I ask unanimous consent that the amendment offered as a substitute for the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. HOLIFIELD. Mr. Chairman, if the gentleman will yield, I would ask the gentleman from North Carolina in what way his amendment expands or deletes the procedures from the Standard Administrative Procedures Act.

Mr. BROYHILL of North Carolina. Mr. Chairman, let me explain to the gentleman from California that, as reported from committee, H.R. 11793 creates an important and powerful regulatory agency. The bill as reported gives to its Administrator a wide range of functions in sections 5 and 7(j) and an extremely broad grant of rulemaking authority in section 7(d). In addition, functions of other agencies are transferred to this agency under the provisions of section 6 while their procedures appear to be transferred in section 9(g). Under these powers the Administrator can "prevent unreasonable profits," "promote stability in energy prices," "develop and oversee—mandatory energy programs," in addition to the transfers under section 6. In regard to the promulgation of rules, regulations, and orders by the Administrator, the bill seems to provide several different procedures. There are, however, three basic possible alternatives as to what procedures will govern:

First. The bill as reported contains provision for a 2-month study period and report to Congress on fair and equitable "administrative procedures." In the interim the provisions of sections 207 and 211 of the Economic Stabilization Act would apply. This is a totally unsatisfactory approach. The many problems caused by actions taken under the Economic Stabilization Act without suitable administrative procedures are the strongest arguments to oppose the applicability of those provisions in the crucial initial 2 months of Federal Energy Administration existence.

Second. It is possible that the procedures of whatever agency transfers authority to FEA would apply. This would lead to an inconsistency in rulemaking proceedings of FEA. Some proceedings of transferor agencies are not geared to actions taken in an emergency atmosphere. One individual might partake in three proceedings before FEA, all being conducted under different rules of procedure. This can only result in confusion and ineffectiveness.

Third. The amendment before the House which parallels the provisions contained in the Emergency Energy Act is a carefully thought out procedure geared to be utilized in the context of the emergency nature of actions required.

It allows the Administrator to act immediately where such action is required but at the same time affords an opportunity for prior to implementation input and after implementation review.

Section 19 of the act provides for an expiration date 2 years from the effective date. We are all aware that this legislation may be around for a considerably longer time. The powers of the FEA may grow tremendously, either from amendment or transfer of authority. It is essential, therefore, that the bill contain from the beginning the best possible procedural safeguards.

The probability of Presidential veto of the Emergency Energy Act, S. 2589, raises even further the possibility that the Administrator will be able to exercise independently the functions and rulemaking authority contained in H.R. 11793.

Section 5 containing the functions of the Administrator and section 7 with its rulemaking authority are not to be lightly regarded. The former enumerates 12 distinct areas in which the Administrator is authorized to act. The latter provides for a rulemaking authority similar to that in which other agencies have issued broad substantive rules.

If S. 2589 is vetoed, a successor bill may be passed without satisfactory procedural safeguards, making it all the more essential to amend section 7(k) in H.R. 11793.

THE NEED FOR ADMINISTRATIVE DUE PROCESS

Legislation which in the past has attempted to meet emergency or crisis situations has failed to provide for suitable Administrative Procedural provisions. The goal of procedures in this type of legislation should be to provide orderly process for affected individuals and corporations while at the same time providing the greatest degree of safeguards to those individuals and corporations affected by the actions of the agency consistent with the necessity for prompt agency actions.

Actions taken by the Administrator in carrying out the functions under this bill will have a deep and far-reaching effect. The amendment provides that a publication in the Federal Register will give at least 10 days notice of a proposed rule, regulation or order and shall provide an opportunity for comment. In the past agencies such as the Cost of Living Council have acted without having the benefit of those who will be most affected by an action. Often the prior views of those knowledgeable in the field being regulated could have prevented an ill-conceived plan or rule from going into effect—a plan or rule which often had to be subsequently altered. The functions of the agency can best be carried out by an Administrator who issues rules, regulations, or orders which emanate from the greatest possible data base. The provision in this amendment allowing a period of comment prior to implementation goes a long way toward achieving that goal.

Instances may occur where to achieve the purposes of the act immediate action is required on the part of the Administrator. The amendment provides that the provisions for notice and opportunity to comment may be waived where strict compliance is found to cause serious impairment to the operation of the program. In order to insure that this provision for waiver is not abused by the Administrator, his findings requiring the necessity of the waiver must be set out in the rule, regulation, or order.

The Administrator will likely promulgate rules, regulations, or orders which will have a substantial impact on the Nation's economy or on large numbers of individuals or business. Under the procedures of the Economic Stabilization Act such important actions have been taken with little or no opportunity for presentation of views. Promulgations of such monumental import should at the least be accomplished after affected parties are afforded the basic right to orally present their views. This will result in better actions by the agency and allow individuals and corporations an opportunity for a face-to-face hearing and to suggest modifications where they have reason to believe that a proposal will unduly burden them. Such modification may bring about an equally effective result without causing a severe hardship to any one party or group. Where possible the amendment provides for oral comment prior to implementation but in no event later than 45 days after implementation.

In many instances actions taken by an agency have had results on individuals, corporations, or segments of the economy which have proved disastrous. This amendment establishes a standard of review whereby adjustment can be made to prevent special hardships, inequity or unfair distribution of burdens.

The procedures contained in the amendment are entirely consistent with the emergency nature of the legislation. They provide basic safeguards, while at the same time allowing the Administrator to act immediately where circumstances require that he do so.

The primary purpose of the proposed amendment is to establish administrative procedures comparable to those adopted without controversy by both the Senate and the House in the pending emergency energy legislation (S. 2589 and H.R. 11450) for the Administrator to follow in carrying out the functions vested in him by sections 5 and 7 of the bill. A secondary purpose is to resolve a direct conflict that currently exists in the bill between sections 7(k) and 9(g) and that will create vast confusion unless clarified.

As currently drafted H.R. 11793 does contain and administrative procedures provision, but it is inadequate and ignores concurrent developments in connection with other pending energy legislation. Section 7(k) provides that the Administrator shall study and report to Congress on the appropriate procedures that should be applicable to the exercise of the Administrator's functions under the act. This section also provides that in the interim pending adoption of the recommended procedures, the procedures of the Economic Stabilization Act shall apply.

Such a provision—including the requirement for a study—would be appropriate in the absence of the work done by both Houses on administrative procedures for the energy crisis in connection with S. 2589. The Economic Stabilization Act procedures have not been formally reviewed by Congress since enactment in 1970, and they have in fact proved to be highly unsatisfactory because they provide wholly inadequate rights to hearing and judicial review.

In short, they do require study. But Congress has given consideration to, and adopted without controversy, specific administrative procedures in S. 2589 that are designed specially to deal with the energy crisis and the needs of the Administrator to respond thereto. There is, in other words, no need for further study; the necessary consideration has already been given to the issues. If these procedures ultimately do prove unworkable, there will be ample time to prescribe new ones. H.R. 11793 is only a temporary measure anyway, and the procedures can be reconsidered when and if H.R. 11793 is revisited in 2 years.

The second reason for the amendment is to eliminate a direct conflict between section 7(k) and 9(g). Section 9(g) provides that functions transferred to the Administrator pursuant to section 6 of the bill should be exercised pursuant to the administrative procedures currently applicable to those functions. This is appropriate to prevent disruption of ongoing proceedings. The different procedures contained in the proviso to section 7(k), however, are expressly made applicable to "all actions and activities of the Administration." The amendment makes it clear that the procedures provided therein apply to functions under section 5 and 7 of the act, not transferred functions under section 6. The amendment proposes the procedures of S. 2589 rather than the Economic Stabilization Act procedures because, as noted above, the former procedures have been fully considered recently by both Houses in acting upon S. 2589, while the Economic Stabilization Act procedures, which have proved highly unsatisfactory because they provide wholly inadequate rights to hearing and judicial review, have not been formally reviewed by Congress since enactment.

Mr. HOLIFIELD. Mr. Chairman, will the gentleman yield?

Mr. BROYHILL of North Carolina. I would be delighted to yield to the Chairman, the gentleman from California.

Mr. HOLIFIELD. I thank the gentleman for yielding.

I will say to the gentleman that this is a long amendment. There are a number of pages. Neither Mr. Horton nor I have had a chance to study it. I, therefore, feel that we had better put this thing on ice. When the gentleman leaves the well, therefore, I am going to move that the Committee do now rise so that we can study this over night and know what we are doing.

Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. Flynt, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 11793) to reorganize and consolidate certain functions of the Federal Government in a new Federal Energy Administration in order to promote more efficient management of such functions, had come to no resolution thereon.

PROPOSED IMPROVEMENT IN THE POSTAL REORGANIZATION ACT

(Mr. HANLEY asked and was given permission to address the House for 1 minute, to revise and extend his remarks and include extraneous matter.)

Mr. HANLEY. Mr. Speaker, the across-the-board increases in postal rates which went into effect last Saturday dramatize an issue which needs to be thoroughly aired during the coming months: That the move toward a break-even concept of postal operations presages continued increases in postal rates and possibly continued reductions in the quality of service which the American people expect and deserve.

During the past year, the Subcommittee on Postal Service, which I have the honor to chair, has conducted an extensive series of investigations and hearings into many aspects of the operations of the Postal Service. We are now in the final stages of a report on these studies, so I will not go into detail here.

The work of the subcommittee, however, has led me to the conclusion that we must substantially subsidize the Postal Service if we are to maintain quality service at reasonable rates.

The Postal Reorganization Act of 1970 established the principle that ultimately the Postal Service should break even; that in most cases the users should pay the full cost. While we still appropriate a fairly substantial sum of money to the Postal Service, this figure is scheduled to drop yearly until it reaches a point of virtual insignificance in 1984.

It would be far too simple to assert that the Postal Reorganization Act turned its back on history by asserting that the Postal Service should at least break even.

The debate as to the nature of Postal Service has seesawed back and forth throughout our history between those who felt that the users should pay the total costs of the service provided them and those who felt that the unique nation-building aspect of the mail was of sufficient general value to warrant at least some payments from the general revenue.

But while the argument has raged, historical practice has fairly consistently come down on the side of some nature of subsidy.

The old Washington, D.C., Post Office bears an inscription which, in flowery language, sums up America's early image of our nationwide mail system. Thus, the Post Office was the:

Message of Sympathy and Love
Servant of Parted Friends
Consoler of the Lonely
Band of the Scattered Family
Enlarger of the Common Life
Carrier of News and Knowledge
Instrument of Trade and Industry
Promoter of Mutual Acquaintance
Of Peace and Good Will Among Men and Nations.

Throughout the 19th century, this image was taken most seriously. In many ways the mail was the glue which held together a vast and often querulous nation. The mail brought commerce, industry, goods, news, entertainment, and personal messages to people in all walks of life in all areas of a rapidly expanding nation.

While other modes of communication have partially replaced the social and economic function of the mail, the tremendous Postal Service network is still the most important communications system in the country. Our commerce and industry, our intellectual life, and much of our social life would be radically altered for the worse without the mail.

It is within this context that we should develop and review postal policy. When we talk of first-class letter mail, we should not view it merely as personal letters, bills, financial documents, etc., but as the bond which holds much of our social and economic life together. When we talk of advertising mail, we should not narrowly define it as mail which is expected to profit the sender or the recipient. It is also an essential vehicle by which a significant portion of our commerce is conducted, information on issues is disseminated, and funds for the charitable institutions are raised. When we look at magazines and newspapers, we should not think only of the publishing giants but also of the thousands of nonprofit publications, opinion journals, hometown newspapers, cultural magazines, rural weeklies, religious publications, academic periodicals, professional journals, and other printed material which, as a group, are the guardians of our cultural heritage and a principal means by which knowledge is transmitted and expanded. We could make similar statements about every class and type of mail.

The simple truth is that the mail taken as a whole is more important than the sum total of its constituent parts. An individual letter, newspaper, circular, or package going from Peoria is, in a sense, more significant than the information it transmits from the sender to the recipient. It is an act of communication. And when the billions of such communications yearly are put together, they represent a priceless national asset which benefits directly or indirectly every man, woman, and child in the country.

Thus, it is far too simple to say emphatically that the users of the Postal Service should pay the full cost of operating the mail system, as the Postmaster General has often asserted. The current fetish on the part of many postal officials that every effort should be made to break even will ultimately work great mischief on the service which people expect to get from their post office. But even more important, it could have deleterious effects on the economy as a whole.

We need a business-like operation of the Postal Service. We also need, however, the understanding that the Postal Service is far more than a business, and we must recognize that the Federal Treasury should, therefore, subsidize many aspects of the Postal Service.

If we continue to follow a hard break even concept, postage rates will continue to skyrocket and "noneconomic" but important services could become a thing of the past.

I know that no one in the Postal Service wants any of this to happen; nor do they feel that their obsession will have these consequences. But that does not make them right. We cannot afford to wait until events have proven them wrong.

In the very near future, I plan to offer a bill which will contain a series of amendments to the Postal Reorganization Act. The most significant feature of the bill will be a provision authorizing substantially increased appropriations to the Postal Service to provide for an adequate level of public service and to help keep postal rates down to a manageable level.

I have also expressed my willingness to the Postmaster General to begin a public dialog on the need for continued appropriations. I hope that this bill will serve the purpose. So far, the response from the Postal Service has not been overwhelming. But the sooner the Postal Service, Congress, and the public recognize this basic fact, the sooner we can all join together and get down to making mail service what it should be.

TRIBUTE TO PERLE MESTA, THE "HOSTESS WITH THE MOSTEST"

(Mr. JARMAN asked and was given permission to address the House for 1 minute, to revise and extend his remarks and include extraneous matter.)

Mr. JARMAN. Mr. Speaker, I rise at this time to pay tribute to Perle Mesta and to welcome her back to Oklahoma City. It is a real pleasure to honor a fellow Oklahoman who has contributed so much to the image of our State.

Perle Mesta is famous for her parties, her political and charitable activities, and her appointment as Minister to Luxembourg. She is know as the "Hostess with the Mostest."

Perle was born in Sturgis, Mich., lived in Texas as a child and moved to Oklahoma City in 1907. A daughter of William Skirvin, oilman and founder of two of the State's finest hotels, she was educated at finishing schools and the Sherwood School of Music in Chicago. She was a dramatic soprano and once described herself as "more dramatic than soprano." On her 11th birthday, she gave her first party. She organized it herself and invited the neighborhood children. The party was a great success and she then and there decided that giving parties was even more fun than going to them.

While studying piano and voice in Chicago, she auditioned to sing with the John Phillip Sousa band and they offered her a contract. Her father refused to let her accept, but did allow her to go to New York to continue her musical studies. It was in New York during the spring of 1916 that she was introduced to George Mesta, a young millionaire from Pittsburgh, owner of the Mesta Machine Co. They were married in 1917.

During World War I, George Mesta was a dollar-a-year man in Washington, where Mrs. Mesta received her introduction to the Capital's society and directed the Washington Stage Door Canteen. After the war and until his sudden death in 1929, Mesta took his wife abroad with him on more than 20 occasions, most of them business trips, and made her a member of the board of directors of the Mesta Machine Co. Although she was not active in the management of the company, which manufactured steel rolling mills, she did a great deal to help better the working conditions of the employees. Perle persuaded her husband to put in a hospital and cafeteria for his employees and to give the apprentices time off with pay. She also helped the workers' wives organize a nursery, and would herself work in the nursery when time permitted.

The Mestas were very close during their married life and were never apart. His sudden death came as a terrible shock to Perle and the period following was a difficult and unsettled period for her.

Active participation in politics began in the mid-1930's. It was then that she first became a member of the National Women's Party, in which she served for a time as chairman of the public relations committee and then as a council member. Her rise to the position of Washington's most important unofficial hostess began in 1941 after she had changed her allegiance from the Republicans to the Democrats. She saw Senator Harry Truman of Missouri as a man destined for a greater future and, when he was scheduled to give a speech in Oklahoma City, she arranged a party in his honor at the Hotel Skirvin which is said to have been one of the most elaborate ever held there. She worked for the Democrats in the 1944 campaign and, when Truman became Vice President, Perle was the first to entertain him. In 1948–49, she was cochairman of the Jefferson-Jackson Day Dinners and proved to be a valuable fundraiser.

She was cochairman of President Harry S. Truman's Inaugural Ball in 1949. In that year, she was one of the 15 members of the Assay Commission appointed by the President to see that the coins produced by the mint in Philadelphia met with the prescribed standards.

Perle was appointed Minister to Luxembourg by President Truman and remained in that post for 4 years. As Minister to that storybook country, she had no set policy other than to ask herself "What can I do today that will help my country and will help Luxembourg?" She had continual disagreements with a few State Department officials in Washington and with some of the foreign service officers on the Legation staff as she did not always follow their advice and they seemed to resent the fact that she was a political appointee and had not come up through the diplomatic ranks. They had figured her to be a social butterfly, who would spend most of her time chasing around Europe, but were sadly mistaken. Madam Minister took her assignment seriously and did honor to her post.

During her tenure in Luxembourg, she gave parties at her own expense for American GI's every Saturday of every month, entertaining some 25,000 men and women in our Armed Forces. While in Luxembourg she initiated a program of personally sponsoring the education in American colleges of worthy students from that country and around the world. The only strings she ever attached to her assistance was that the students must return to their own country to put to work the benefits from their education.

On her last day as Madam Minister, she was given a touching farewell. Two hundred orphan children dressed in their best clothes, with faces scrubbed, came to the Legation to present a gift—two farewell poems they had written themselves—to their American "Auntie." She then dried her eyes and drove off toward London for the coronation of Queen Elizabeth II.

In spite of some pretty sharp gibes, she enjoyed the musical comedy "Call Me Madam", a satire on how a certain Washington hostess had earned her way to a high diplomatic post by throwing parties for President Truman and many other Democrats. Perle commented that she couldn't take offense, because in too many cases the shoe fit—she said that although she was once a hopeful dramatic soprano, she could not sing like Ethel Merman, she did not fall in love with the foreign minister like the fictional lady ambassador in the musical, but she did earn her diplomatic post through service to the Democratic Party. She admitted that she did bypass channels and go directly to the President when she wanted to get things done and that she loved to give parties—lots of them.

Perle Mesta is a woman of affable charm, gracious and knowledgeable in the ways of pleasant living. Her parties are legendary and her guests included the mighty and the famous from around the world. Most of her parties had a purpose. She knew that socializing brings people together and that getting people together promotes better understanding of common problems. She mixed government officials, diplomats, businessmen and professional people. She liked to have guests who were in the thick of things, and large or small the parties of Washington's No. 1 hostess were never dull or boring.

Unfortunately, Mrs. Mesta broke her hip in 1972 and is temporarily confined to the Wendemere Retirement Hotel in Oklahoma City, but will soon make her home with her brother, William Skirvin. It is our great pleasure and pride to again have as a resident of our State "Madam Minister" who is truly the "Hostess with the Mostest."

NO VA DISABILITY BENEFITS FOR INJURIES SUSTAINED IN ARMED ROBBERIES

(Mr. TALCOTT asked and was given permission to address the House for 1 minute, to revise and extend his remarks and include extraneous matter.)

Mr. TALCOTT. Mr. Speaker, recently, the Administrator of the Veterans' Administration, and the VA itself, drew considerable unwarranted criticism from some so-called Vietnam veterans in Los Angeles who contended their claims for service-connected disability and medical care benefits were wrongly denied by the VA.

To achieve their objective, they "sat-in" and "fasted" in Senator CRANSTON's Los Angeles office and for days obtained reels and reams of sympathetic coverage from the media.

Undoubtedly, the Administrator and the VA have not handled this confrontation perfectly, but some of the goading, misrepresentations and frustrations have not been reported, and it should be known that the claim of one of their "leaders" is outrageous and should not be honored.

By an unusual coincidence, I happened to remember that a leader of the "sit-inners" was a Michael Dennis Inglett. He may have served in Vietnam and he may have sustained minor injuries; but I recall that he was once stationed at Fort Ord, in my district near my home; and while a.w.o.l., he tried to hold up a liquor store in Moss Landing; he was caught in the act with a gun and stolen money, by the owner or a clerk, and in the melee was shot in the neck, which caused the principal disability for which he is seeking VA disability benefits now.

Store robbing is not yet "service-connected."

The VA serves over 1,200,000 inpatients, and 14,974,000 outpatients each year—mostly with competence, compassion and promptness.

Of course in any agency this large, serving so many persons in trouble, there will be numerous complaints, and some justified.

Legitimate complaints of deserving veterans should be quickly rectified. But for injuries sustained while robbing a liquor store, there should be no VA disability benefits.

We can all sympathize with Mr. Inglett's paraplegic condition. We can be sincerely sorry for him. We can understand the compassion the press can generate for him and the anger that can be engendered against the VA.

But the law does not, and should not, allow the VA to pay disability benefits to even bona fide Vietnam veterans whose disability was incurred in an armed holdup while a.w.o.l.

My files are replete with unsolicited letters, even testimonials, from grateful veterans, and their families, for the superior benefits, the exceptional programs, the compassionate service and the extraordinary efforts made by the VA, from the Administrator through the newest employee in a regional facility, to provide the best service to veterans ever provided for any veteran in any country at any time.

There is a joy, as well as grief, in the tumult—if anyone wants to listen.

AMENDMENTS TO BE OFFERED TO H.R. 11035, METRIC CONVERSION ACT, BY CONGRESSMAN SPARK M. MATSUNAGA

(Mr. MATSUNAGA asked and was given permission to address the House for 1 minute, to revise and extend his remarks and include extraneous matter.)

Mr. MATSUNAGA. Mr. Speaker, when H.R. 11035, the metric conversion bill, is considered by the House tomorrow or sometime thereafter, I propose to offer the following amendments:

1. Change Conversion Period to 15, rather than 10 years.

On page 4, line 9, and on page 6, line 15, strike out "ten" and insert "fifteen". Also on page 1, amend the title of the bill accordingly.

2. Conversion assistance to workers.

On page 4, line 14, strike out the semicolon and insert in lieu thereof the following: ", except as provided in this Act; and"

On page 10, at the end of sec. 10(j), add the following new subsections:

"(k) formulate as part of the comprehensive plan required under section 11 of this Act a program of grants to individuals to defray non-reimbursable expenses which must be incurred by them for the purpose of acquiring tools or instruments which are customarily used in their respective occupations, which they are in fact using therein, and which are required as a result of the grant shall not exceed 90 per cent of the first five hundred dollars ($500) of the actual costs of acquiring such tools or instruments, and shall not exceed eighty per cent of such costs in excess of five hundred dollars ($500).

"(l) formulate as part of the comprehensive plan required under section 11 of this Act a program to encourage and facilitate the acquisition by workers of metric skills required as a direct result of the comprehensive plan. Such a program shall deal with at least the following:

(1) costs borne by the worker for instructional materials;

(2) value of workers' time, if metric instruction is scheduled during non-work hours; and

(3) actual travel expenses incurred by workers in order to attend metric instruction classes.

"(m) (1) formulate as part of the comprehensive plan required under section 11 of this Act a program of assistance to individuals or groups of individuals who—

(A) have become totally or partially separated;

(B) are threatened to become totally or partially separated; or

(C) are employed by firms or appropriate subdivisions of firms whose sales or production have decreased as a direct result of conversion to metric according to the comprehensive plan required under section 11 of this Act, either by the firm or subdivision employing such individual or group, or its competitors.

(2) Such a program shall include at least weekly payments to the affected individuals in lieu of wages for an appropriate period of time not to exceed 52 weeks, employment services provided under any other Federal law, manpower training, and job search and relocation allowances."

3. Conversion assistance to small business.

On page 16, at the end of section 19, add the following new section and amend the title of the bill accordingly:

"CONVERSION ASSISTANCE TO SMALL BUSINESS

"SEC. 20. Section 7(b) of the Small Business Act is amended by adding after paragraph (7) a new paragraph as follows:

"(8) to make such loans (either directly or in cooperation with banks or other lending institutions through agreements to participate on an immediate or deferred basis) as the Administration, in consultation with the Secretary of Commerce, determines to be necessary or appropriate to assist any business concern to make changes in its equipment, facilities, or methods of operation to conform to the national plan of metric conversion submitted under the Metric Conversion Act of 1973, if the Administration determines that such concern is likely to suffer substantial economic injury without assistance under this paragraph."

Amend the title of the bill accordingly.

The first amendment is intended to give small business and workers who must provide their own tools and equipment five additional years in which to convert to the metric system. This amendment has the endorsement of the Department of Commerce and would obviously be acceptable to both small business and workers alike.

The second amendment is intended to render assistance to individual workers and groups of workers, who must provide their own tools and equipment, to purchase new tools and equipment in converting to the metric system. Where it becomes necessary for any worker to be retrained because of conversion, he would be provided assistance in obtaining the necessary training, and where conversion forces him into partial or total unemployment, Federal assistance would be provided under this amendment.

The third amendment will assist any small business concern to make changes in its equipment, facilities, or methods of operation to conform to the national plan of metric conversion, by authorizing loans under the Small Business Act to such concern, where it would likely suffer substantial economic injury without such assistance.

All three amendments are designed to make the act more workable, without causing anyone undue economic hardship, and I urge the support of my colleagues.

THE NEED FOR ELK HILLS NAVAL PETROLEUM RESERVE

The SPEAKER pro tempore (Mr. DANIELSON). Under a previous order of the House, the gentleman from California (Mr. BELL) is recognized for 60 minutes.

Mr. BELL. Mr. Speaker, we are announcing an effort to discharge from the House Armed Services Committee House Joint Resolution 846 which authorizes increased production of petroleum from the Elks Hills Naval Petroleum Reserve in Kern County, Calif.

For the record I want to begin by saying that I am a former president and chairman of the board of Bell Petroleum Co. of California, and while I am not at the present time directly involved in the management of the company, I continue to own substantial stock in the corporation.

There is absolutely no business or personal advantage to me or to Bell Petroleum in a revision of Government production policy at the Elks Hills Reserve.

Standard Oil, which could benefit, has been a long-time business competitor.

Bell Petroleum Co. which does no business with them is, of course, a small independent.

And anyone who is familiar with the oil business in the United States knows the intense rivalry which exists between the major and the independent segments of the industry.

My views about production at Elk Hills transcends personal or business associations and deal solely with the public interest at a time when oil shortages are causing critical problems in this Nation.

My special concerns with Elk Hills are especially acute because I know well the area and its potential.

Bell Petroleum has had production in Kern County for almost 25 years.

Just last Friday I flew over and inspected the 46,000-acre Naval Reserve.

Including oil available from secondary production, there is probably 3 billion barrels in reserve at Elk Hills, about double the amount that is most commonly mentioned in press reports.

It is an oil field which might provide major production from 15 to 25 years.

The President recommended last year that production at Elk Hills be significantly increased.

The Senate has passed such legislation.

We are now waiting on the House Armed Services Committee and, unless special action is taken by House Members, I fear that we will wait forever.

It is my belief that the basic argument for a strategic military oil reserve in a nation like the United States is wrong because in a military emergency all oil produced here would be available to the military.

But even presuming the need for such a reserve, I believe we are being misled by the existence of Elk Hills in its present form.

It is true that Elk Hills production could very quickly be stepped up to 160,000 or more barrels a day.

But the facilities for storage and for large-scale transportation are not presently adequate to handle this production and, in my judgment, would take more than a year to build.

The Navy also has estimated oil reserves of 15 billion barrels in the North Slope of Alaska and another 16 billion barrels in reserve in oil shale.

Both of these sources could be producing within the lifetime of the Elk Hills field even under fullest production.

Stepped-up production at Elk Hills could contribute to the present 700,000 barrels of oil which the U.S. military withdraws from inventories each day.

War time military requirements are about 1,100,000 barrels a day. Total production in the United States is about 11 million barrels a day.

As you can see, military requirements can be more than adequately met by current civilian production. This historically has been the source of most of their petroleum supplies in war time as well as peace time.

As a matter of practical fact the Navy has no refinery and, therefore, must sell its production to commercial refineries. I assume that they then buy fuel oil, gasoline, and other petroleum products from private oil companies to supply their own needs.

As far as our Nation's petroleum energy needs, we produce 11 million barrels a day in this country and we require 17 million barrels a day. We currently import about 4 million barrels a day, which leaves us a short fall of about 2 million barrels a day.

I am suggesting that for 1 year we make the Elk Hills increased production available for military use so that they will no longer have to call on equivalent barrels of civilian production which can then be used to meet some of our energy needs.

We recognize that the Navy cannot reach the 160,000 barrels a day requested by House Joint Resolution 846 immediately, but with the improvement of some production facilities and the construction of additional pipelines we hope this production figure can be reached within a year's time.

And even if the Middle East market opens up to us tomorrow, consideration involving balance of payments would seem to me to be sufficient to justify full production at Elk Hills.

For these reasons, I am signing the discharge petition which will allow consideration of this subject by the full House.

And I am urging my colleagues of both parties to join with me.

Mr. COUGHLIN. Mr. Speaker, I rise in strong support of House Joint Resolution 846, which would authorize increased production of petroleum from the Elk Hills Naval Petroleum Reserve. The necessity for this measure has been heard, the funds have been appropriated, and yet this legislation still is being held up in the Armed Services Committee.

As many of my colleagues will recall, 2 weeks ago I proposed a six-point program requiring both legislative and executive action to help alleviate the immediate effects of the energy shortage. Included among my six proposals was the recommendation to authorize increased production from Elk Hills.

I acknowledge the need to maintain a substantial amount of fuel to protect our country should an emergency arise. Indeed, I would be foolhardy and irresponsible to support a motion which would serve to drain our Nation's vital military resources.

However, I feel that we can still maintain ample petroleum for our national defense while at the same time affording relief to millions of Americans who have been forced to endure the aggravation of long service station lines. The public, as all my colleagues are well aware, is angry and disgusted with the lack of positive action by both the legislative and executive branches in handling the energy crisis. Americans have a right to be irate—answers to their questions have been slow in coming and measures to ease their hardships have been even slower.

Here is an opportunity to demonstrate to the people that the Congress is aware of the problem and is trying to do something to help each and every individual. The Congress must be responsive—and I urge all of you to act responsibly by pushing for immediate action on this important legislation.

Mr. DRINAN. Mr. Speaker, I urge all Members of the House to sign the discharge petition presently at the Speaker's table to increase production at the Elk Hills Naval Petroleum Reserve to help alleviate our energy shortages.

Energy shortages in this country have been acute. The causes of present energy shortages have been difficult to assess. Yet, there is no excuse for a resource such as that at Elk Hills to be producing 3,000 to 5,000 barrels per day when it has a potential production capability of 160,000 to 260,000 barrels per day. Full production from the Elk Hills facility can reduce our Nation's fuel shortages by as much as 5 or 10 percent.

The Armed Services Committee, apparently operating on a belief that the Elk Hills Naval Petroleum Reserve should be retained for a possible military emergency, has tried to block the passage of this resolution. I, along with others of my colleagues who have signed the discharge petition at the Speaker's table, believe in the vital necessity of opening Elk Hills to alleviate petroleum shortages. The Elk Hills Naval Petroleum Reserve has an estimated 1.2 billion barrels of oil.

I sponsored a resolution to open the Elk Hills Naval Petroleum Reserve on December 6, 1973. The resolution will open Elk Hills for 1 year to alleviate to some degree our present energy crisis. The Navy must look after the fuel needs of our fleet. Opening the Elk Hills Naval Petroleum Reserve will provide within 60 to 90 days approximately 180,000 barrels a day for the fleet. This will reduce the Navy's demand on domestic supplies by a like amount, which will then become available for necessary domestic uses.

Mr. Speaker, the Senate has already passed legislation similar to that before us. They have acted to use a portion of the more than 1.2 billion barrels and known recoverable oil. We must do the same.

We all owe a debt of gratitude to the gentleman from California (Mr. KETCHUM) within whose congressional district the Elk Hills Reserve lies. His leadership in this matter has been commendable. I commend also my distinguished colleague from Massachusetts (Mr. CONTE) for his leadership in this matter. In this day of petroleum shortages, the Elk Hills Reserve represents one of our best sources of domestic petroleum, and should not be permitted to go unused.

In order for production at the Elk Hills Reserve to be increased, the Secretary of the Navy must find that such production is in the national defense, the President must concur with his finding, and a joint resolution must be passed by both Houses of Congress. The first two steps of this process have been completed, and the Senate has passed a joint resolution. It is imperative that the Congress move immediately to complete the authorization. Every day that the Elk Hills Reserve remains closed means that the American people are denied 7½ million gallons of gasoline fuel. The resolution which I have sponsored provides for a 1-year opening of Elk Hills, and further provides that funds received from the sale of Elk Hills crude oil be used to develop and explore the huge Naval Petroleum Reserve No. 4 in Alaska. I urge the Congress to take a leadership role in the development of this vitally needed source of petroleum.

WAGE AND PRICE CONTROLS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. ROUSSELOT) is recognized for 60 minutes.

Mr. ROUSSELOT. Mr. Speaker, wage and price controls have been an economic disaster. Inflation is running rampant and shortages of vital commodities are emerging in all sectors of our domestic economy. There is no way that controls can deal with the real causes of inflation, and there is no way that controls can provide the incentive for growth and investment that is needed to stimulate production.

Inflation is generated by the Federal Government, and the new budget for fiscal year 1975 offers no relief. It is estimated that the budget will operate at a deficit of $18.1 billion in Federal funds for fiscal year 1974, and at a deficit of $17.9 billion in fiscal year 1975. In addition, total projected outlays for fiscal year 1975 have swollen to $304.4 billion in 1975, which is an increase of approximately $29.7 billion over fiscal year 1974. This continued tendency of the Federal Government to increase spending for goods and services financed through heavy deficits, coupled with the Federal Reserve Board's creation of new money, is the cause of the inflation we are currently experiencing. It is obvious that controls can do nothing to remedy this situation, but we in Congress can. We can approve legislation to bring the budget under control, we can approve legislation calling for a balanced budget, we can reduce Federal spending, and we can exercise our constitutional prerogative to control the Fed's creation of new money. The responsibility is clearly ours.

In a discussion of the controls, an editorial in the Wall Street Journal on February 14, 1974, states:

> They [the controls] have distorted market forces in a fantastically complex economy, inhibited expansion, masked overstimulation of demand, created shortages, worsened inflationary pressures and created disatisfactions over wages among working people.

Controls do not encourage production—this can only be done by the free market.

Price controls ignore the innate ability of the supply and demand cycle to allocate products and encourage production. Free of intervention, price operates as the barometer of the economy. When the price of a product rises, production is encouraged, but this same high price discourages consumption. When a product drops in price, production is discouraged and consumption encouraged. Free market forces bring demand in balance with supply through the operation of the price mechanism. When price controls are introduced, the controls hold prices at levels that have no relationship to the current supply and demand levels. The shortages we are now experiencing are an example of just one of the results of controls.

American industry and American workers are crying out for relief and urging Congress not to extend the Economic Stabilization Act.

The National Association of Manufacturers in an industry survey on wage and price controls advises:

> Our conclusion, then, is a very simply one: Controls have caused tremendous disruptions and dislocations; controls have not only failed to contain inflation, they have helped to fuel its fires.
>
> Our recommendation is equally simple: Eliminate all wage and price controls immediately and let this experience have taught us a valuable lesson so that we may never again go down this reckless road.

In a statement by the AFL–CIO Executive Council, February 21, 1974, on "the so-called stabilization program," the council takes the position:

> The Administration's control program has created economic imbalance, confusion and chaos. This unfair and unjust program should be ended now. The present legislation, which gave the President power to control the economy, expires on April 30, 1974. It must not be renewed in any guise.

The National-American Wholesale Grocers' Association, whose membership services retail food stores which account for more than one-third of the Nation's food sales, states in a January 31, 1974, letter:

> Sub-group measurements in the Consumer Price Index reveal concentration of high rates of increase in those areas where controls have influenced decisions to breed, plant or process. Prominent are red meats, grain, poultry and fruits and vegetables. We

are concerned that the impact of controls on these commodities and the impact of these commodities on the total index is not generally acknowledged. We are concerned that influences outside the control mechanism will continue to affect prices more than controls themselves, negating the potential for controls.

We believe that controls have been given an adequate opportunity. We shared that hope that these current controls might be the first in history to be labeled successful. We believe that opportunity has passed.

A front page article which appeared in the Wall Street Journal, March 4, 1974, written by Ralph E. Winter, describes the changing attitude of corporate executives toward controls, and that "interviews now turn up an almost universal disillusionment among businessmen that any type of controls can work." The article goes on to point out:

> In addition, business leaders say controls really do all the horrible things that conservative economists said they would—everything from discouraging investment and drying up supplies to creating black markets and generally disrupting orderly business.

Mr. Winter also discusses the costs to industry and the Federal Government generated by the paperwork and enforcement burden of the control program.

"Just the paperwork and other direct expense of complying with controls have cost industry between $721 million and $2 billion, according to studies cited by John T. Dunlop, who heads the controls program. The Government has spent nearly $200 million enforcing controls," he says.

Americans must bear the burden of these reporting costs as consumers through higher prices, and as the taxpayers who finance the Federal Government's spending.

If some of you still believe that selective or standby controls are necessary, I ask you to review the testimony of Dr. C. Jackson Grayson, Jr., Chairman of the Price Commission during phase II, before the Senate Banking Committee's Subcommittee on Production and Stabilization on January 31, 1974. Dr. Grayson makes the point that, among other reasons selective decontrol is dangerous because it distorts the interrelationship among industries which provide related services and products. The following is an edited version of Dr. Grayson's statement which has been published by Wyly Corp. and University Computing Co.:

End Wage and Price Controls Now

Some people believe that wage/price controls are necessary and here to stay. They would extend the controls and even create a permanent stabilization agency.

It is my conviction that controls have limited short-term benefits, have now passed their usefulness, have become counter-productive in our economic system, and, before it is too late, should be discontinued in order to return to the competitive market system.

Moreover, I recommend against establishment of the proposed stand-by wage/price monitoring agency.

CONTROLS DISTORT FREE MARKETS AND COLLECTIVE BARGAINING

Examine the flaws in these proposals:

All controls, if kept on for very long, tend to distort free markets and collective bargaining. The longer they are in, the greater the distortions, and the greater the danger the economic system will shift from one that is market-driven to one that is centrally directed.

The longer controls exist, the more the dependency on controls to "save us" from inflation rather than on tackling underlying causes.

There will always be some reason for keeping controls on "a little longer." It is better to get out as soon as their short-range usefulness has been exhausted.

CONTROLS BECOME MORE DANGEROUS . . . THE LONGER THEY LAST

I held these views in late 1972, as Chairman of the Price Commission, and I hold them even more vigorously today. Controls become more dangerous for the future of our economic system the longer they last.

When controls are removed, I agree there will be some wage and price increases—some large and some very fast—as the market moves to the adjustment levels necessary to attract capital and labor and to ration scarce resources.

But who will be sending these prices up?

The market. Industrial and consumer purchasers will be signalling "more" or "less" of a particular good or service, and the market will be sending resources to the most efficient users.

LONG-RANGE CONTROLS HURT THE POOR

There are contentions that price increases following de-control will hurt the poor much more than the rich. By definition this is true. Price increases do hurt the poor. But, if society wishes to aid those with lower incomes, it should do so by means other than wage and price controls. Long term controls directly hurt the poor by driving low markup items from the shelves, by affording those with higher incomes opportunities to beat the system, and by increased unemployment for marginal workers.

Wage and price controls are a dangerous method to work on the income distribution problem.

CONTROLS CAN'T SOLVE SHORTAGES

Shortages (fuel, paper, steel, oils, fiber, etc.) are being used as reasons for continued controls. But the perpetuation of controls is not going to solve these problems. If anything, they will prolong the shortages because of the lack of incentives to invest and expand.

I believe that energy prices, too, should be de-controlled. Yes, prices will increase. (They are going to increase anyway, *with* controls.) Yes, price increases will be more rapid without controls. But I also believe the *solution* to energy shortages will also come faster as incentives are increased for supply of energy, and as price serves its function of rationing.

SELECTIVE DECONTROL? NO. NO INDUSTRY IS AN ISLAND UNTO ITSELF

Selective de-control is also a dangerous alternative. This technique not only increases distortions among industries and services of different sizes, but increases the distortion of the flow of capital and labor due to the effects of substitution, inter-dependencies and administrative lags among controlled and non-controlled sectors.

No industry is an island unto itself. Through wage/price controls and selective de-control, the government is affecting the allocation process with blunt tools as opposed to letting the market decide where the most efficient utilization lies.

THE CASE AGAINST A "STAND-BY" WAGE/PRICE AGENCY

Consider the creation of a stand-by wage/price agency. If such an agency were created, it would certainly be subject to continual political pressure to reimpose controls over this or that industry or union. The "responsibility" for inflation control would be thought to be in the hands of this agency instead of at the more fundamental levels of fiscal and monetary policy, increased productivity, structural form to increase competition and individual responsibility.

Secondly, the temptation of such an agency to "fine-tune" the wage/price mechanism would well nigh be irresistible. When government interventions are necessary in the economic marketplace, then these should be subject to Congressional debate and specific laws, not administrative determination.

Finally, the mere existence of such an agency would encourage price increases and discourage decreases. One unfortunate lesson learned by business and labor during the various Phases is that you had better get wage and price increases when you can, rather than exercise restraint. The "good guys" were hurt by not getting increases as fast as possible. Many businessmen have told me that they will not reduce prices for fear that a new freeze will catch them with their prices down.

ON THE ROAD TO A CENTRALLY MANAGED ECONOMY

There is no question that, under the aegis of controlled wage and price behavior, the government would find itself deciding what products and services companies, industries and regions can produce, and at what level. It would assure that the nation is squarely on the road to a centrally managed economic system.

I believe that wage/price controls can help attack inflation in the short run if controls are exercised vigorously, fairly and broadly. But any favorable impact is always short-lived (as Europe and we have shown). And when their usefulness has ended, controls should be abandoned.

It is easy to get in, but so hard to get out, as we are witnessing now.

Let's get out now.

Mr. Speaker, when the House considered the most recent extension of ESA last April, I offered the motion to recommit this legislation back to the House Banking and Currency Committee. Unfortunately, my motion was defeated. As one who has opposed the use of controls ever since this discretionary authority was first given to President Nixon in 1970, I sincerely believe that if Congress had recognized the fallacy of using controls as a means to curtail inflation, American consumers would not now be faced with continually rising costs for just about all commodities that are necessary to our very existence. My colleagues, Congressman Ben Blackburn, Congressman Clair Burgener, Congressman Philip Crane, and Congressman John Conlan, joined with me in filing supplemental views that were included in the House report—House Report 93-114—on the legislation enacted last session extending the Economic Stabilization Act of 1970 through April 30, 1974. In these views we warned that widespread shortages would continue to emerge if controls were extended.

The House Banking and Currency Committee started hearings this morning on legislation extending the control authority for another year. The Congress must take the lead to restore economic stability, and the first step is to allow the controls to expire completely—with no authorization for selective or standby controls.

I am today reintroducing House Resolution 881, a resolution which makes it the sense of the House that the Economic Stabilization Act should not be extended beyond its current expiration date of April 30, 1974.

Mr. MATHIAS of California. Mr. Speaker, today, I have joined with a number of my colleagues in introducing a resolution which, upon passage, will declare that it is the sense of Congress to dissolve the Cost of Living Council and put it out of business. Our Nation achieved its economic greatness under the free enterprise system. National growth was the result of competition in a free marketplace, unshackled by governmental control. Labor contracts were negotiated without limits of government as to the maximum a worker could earn after collective bargaining. Supply and demand controlled the price of a commodity.

It takes but a few examples in my congressional district in central California to show that the economists failed to understand the practicalities of the marketplace.

At the present time, the Cost of Living Council is interfering with a naval orange marketing order which was created under the law and has been operative, without complaint, for many years. In the past 2 weeks, the price the producer gets for a carton of oranges has dropped 35 cents, which means that they now receive less than it costs to produce that same carton of fruit. The reason for the drop in price is that the CLC ordered shipments from California of an excessive number of railroad cars of oranges and flooded the market. The consumer, on the other hand is not receiving an appreciable benefit. Last year, the CLC cost the lemon industry $1.5 million while saving the east coast consumer 1 cent per dozen lemons.

The CLC frankly admits that it is opposed to all marketing orders even though historically, marketing orders have assured the consumers good quality products at reasonable prices while the farmer was able to make a reasonable profit. Agricultural strength is essential to assure that we are able to feed ourselves as a nation and have sufficient excess which we can trade overseas to pay for the imports we need such as oil. Summarily opposing all marketing orders can only lead to reduced production and a lower quality of production. Thus, the Cost of Living Council's policy is contrary to the stated purpose of the Economic Stabilization Act.

In California, there is a critical shortage of baling wire. Without wire, producers of alfalfa cannot market the hay to provide feed for the dairy industry. Thus, due to short supply, the cost of milk and milk products will skyrocket. The cause of this problem is controls on the steel industry. By limiting the prices for manufactured steel products, the steel mills only produced high profit items. Wire is not a high profit product and thus was not manufactured. Although the limit was recently lifted, this will not help California where one producer of wire went out of business because of losses. The price of the available wire now is more than triple that of a year ago.

Last year's meat shortage and high prices, this year's fertilizer shortage, problems in recruiting skilled and well trained medical providers and many other economic ills are the direct result of unrealistic economic manipulations by the Cost of Living Council.

Mr. Speaker, the experiment with economic controls has infected the free enterprise system. Elimination of the Cost of Living Council is phase I of the necessary treatment.

Mr. STEELMAN. Mr. Speaker, the time for debate on the merits of wage and price controls has now long since passed. The failure of the Economic Stabilization Act is apparent to manufacturers, wholesalers, retailers, and above all, working people.

Treasury Secretary George Shultz, Cost of Living Council Director John T. Dunlop, and C. Jackson Grayson, Jr., who served for 15 months as head of the Price Commission in phase II of the economic stabilization program, have all advocated the partial or complete removal of controls.

Given the administration's change of heart, constituent dissatisfaction, and dislocations within the economy, debate seems academic.

Wage and price controls must go by April 30, or the competitive, private enterprise system will continue to diminish.

The workingman to date has been largely forgotten when the scrapping of controls is considered. Yet, he is the hardest hit, bearing the brunt of the burden. He cannot be expected to pay any more.

Here is an article by Peter Milius that appeared in the Washington Post which shows how rising prices are outdistancing pay checks:

Prices Rose Faster Than Pay, United States Says

(By Peter Milius)

The government said yesterday that rising labor costs began putting added upward pressure on prices in the last quarter of last year—but that compensation per hour still did not keep up with rising prices.

The Labor Department said that output per man-hour declined in the last quarter of the year at an annual rate of 1.3 per cent.

But the department said compensation per man-hour continued to increase, at an annual rate of 8.0 per cent for the quarter.

That combination produced an even greater increase in so-called unit labor costs, the labor costs per unit of production, which are an important index of inflationary pressures in the economy.

These unit labor costs rose at an annual rate of 9.3 per cent for the quarter, as against only 6.9 per cent in the quarter before.

At the same time, however, real compensation per man-hour—pay and benefits after allowing for inflation—declined at an annual rate of 1.7 per cent over the three months.

The statistics suggest that wage increases were not much of a factor in inflation last year; they did not keep up with prices. A number of experts have predicted that they could become a factor this year, though, as labor tries to make up the lost ground.

The decline in output per man-hour in the fourth quarter had been generally experienced. Such a decline usually comes at the end of a boom, when factories are straining to increase production but are already running close to capacity.

The Commerce Department yesterday suggested, moreover, that no great further increase in production is in sight for now.

The department said its index of leading economic indicators, a supposed harbinger of the economic future, rose only 0.1 per cent in December.

Of the eight leading indicators available for the month, the department said, five pointed downward, one was unchanged from the month before, and only two pointed upward.

Those two, moreover, were both reflections of inflation as much as growth in output—industrial-materials prices and the price-labor cost ratio.

The five indicators that pointed downward were initial claims for unemployment insurance, new orders for durable goods, contracts and orders for new plant and equipment, stock prices and building permits. The average work week was unchanged.

The Labor Department said that output per man-hour—or productivity, as it is also called—has now failed to rise appreciably for three quarters in a row. It went up at an annual rate of 5.8 per cent in the first quarter of last year, but fell by 1.2 per cent in the second and rose at a rate of only 0.4 per cent in the third.

For the year as a whole, it rose 2.9 per cent, about average for the U.S. economy.

The department said that, for the year, compensation per man-hour rose 7.8 per cent, and real compensation per hour rose 1.4 per cent. That includes fringe benefits as well as wages.

Unit labor costs rose 4.7 per cent for the year, the department said. What are known as "union non-labor payments," the part of the pie that includes profits, rose 6.4 per cent.

Mr. HUBER. Mr. Speaker, we are all aware of the disastrous consequences of economic controls. Since the Economic Stabilization Act came into effect, the rate of inflation has reached an all-time high. I do not see how, in any way, we could possibly want our economy stabilized at these unprecedented levels. And yet, based on present evidence, if we continue the Economic Stabilization Act, we will insure the American public further inflation. This will be due, in large part, to more and more shortages.

We all know that if a company cannot make a legitimate profit, it will fold. Obviously, with rampant inflation, it is essential that companies be allowed to raise their prices. Unfortunately, with controls, they cannot and, if past years are any indication, more and more companies are going to go out of business. The result will be even higher unemployment levels. It is no wonder that groups as diverse as the AFL–CIO and the U.S. Chamber of Commerce are opposed to controls.

Last January 31, 1974, the former Chairman of the Price Commission, Mr. C. Jackson Grayson, Jr., testified before the Subcommittee on Productivity and Stabilization of the Senate Banking, Housing and Urban Development Committee on the issue of controls. Mr. Grayson's comments are worthy of attention, and I would now like to insert a brief, edited version of his remarks before the Senate subcommittee:

End Wage and Price Controls Now

Some people believe that wage/price controls are necessary and here to stay. They would extend the controls and even create a permanent stabilization agency.

It is my conviction that controls have limited short-term benefits, have now passed their usefulness, have become counter-productive in our economic system, and before it is too late, should be discontinued in order to return to the competitive market system.

Moreover, I recommend against establishment of the proposed stand-by wage/price monitoring agency.

Controls distort free markets and collective bargaining.

Examine the flaws in these proposals:

All controls, if kept on for very long, tend to distort free markets and collective bargaining. The longer they are in, the greater the distortions, and the greater the danger the economic system will shift from one that is market-driven to one that is centrally directed.

The longer controls exist, the more the dependency on controls to "save us" from inflation rather than on tackling underlying causes.

There will always be some reason for keeping controls on "a little longer." It is better to get out as soon as their short-range usefulness has been exhausted.

Controls become more dangerous . . . the longer they last.

I held these views in late 1972, as Chairman of the Price Commission, and I hold them even more vigorously today. Controls become more dangerous for the future of our economic system the longer they last.

When controls are removed, I agree there will be some wage and price increases—some large and some very fast—as the market moves to the adjustment levels necessary to attract capital and labor and to ration scarce resources.

But who will be sending these prices up?

The market. Industrial and consumer purchasers will be signalling "more" or "less" of a particular good or service, and the market will be sending resources to the most efficient users.

LONG-RANGE CONTROLS HURT THE POOR

There are contentions that price increases following de-control will hurt the poor much more than the rich. By definition this is true. Price increases do hurt the poor. But, if society wishes to aid those with lower incomes, it should do so by means other than wage and price controls. Long term controls directly hurt the poor by driving low markup items from the shelves, by affording those with higher incomes opportunities to beat the system, and by increased unemployment for marginal workers.

Wage and price controls are a dangerous method to work on the income distribution problem.

CONTROLS CAN'T SOLVE SHORTAGES

Shortages (fuel, paper, steel, oils, fiber, etc.) are being used as reasons for continued controls. But the prepetuation of controls is not going to solve these problems. If anything, they will prolong the shortages because of the lack of incentives to invest and expand.

I believe that energy prices, too, should be de-controlled. Yes, prices will increase. (They are going to increase anyway, *with* controls.) Yes, price increases will be more rapid without controls. But I also believe the *solution* to energy shortages will also come faster as incentives are increased for supply of energy, and as price serves its function of rationing.

SELECTIVE DECONTROL? NO, NO INDUSTRY IS AN ISLAND UNTO ITSELF

Selective de-control is also a dangerous alternative. This technique not only increases distortions among industries and services of different sizes, but increases the distortion of the flow of capital and labor due to the effects of substitution, interdependencies and administrative lags among controlled and non-controlled sectors.

No industry is an island unto itself. Through wage/price controls and selective de-control, the government is affecting the allocation process with blunt tools as opposed to letting the market decide where the most efficient utilization lies.

THE CASE AGAINST A "STAND-BY" WAGE/PRICE AGENCY

Consider the creation of a stand-by wage/price agency. If such agency were created, it would certainly be subject to continual political pressure to reimpose controls over this or that industry or union. The "responsibility" for inflation control would be thought to be in the hands of this agency instead of at the more fundamental levels of fiscal and monetary policy, increased productivity, structural form to increase competition and individual responsibility.

Secondly, the temptation of such an agency to "fine-tune" the wage/price mechanism would well nigh be irresistible. When government interventions are necessary in the economic marketplace, then these should be subject to Congressional debate and specific laws, not administrative determination.

Finally, the mere existence of such an agency would encourage price increases and discourage decreases. One unfortunate lesson learned by business and labor during the various Phases is that you had better get wage and price increases when you can, rather than exercise restraint. The "good guys" were hurt by not getting increases as fast as possible. Many businessmen have told me that they will not reduce prices for fear that a new freeze will catch them with their prices down.

ON THE ROAD TO A CENTRALLY MANAGED ECONOMY

There is no question that, under the aegis of controlled wage and price behavior, the government would find itself deciding what products and services companies, industries and regions can produce, and at what level. It would assure that the nation is squarely on the road to a centrally managed economic system.

I believe that wage/price controls can help attack inflation in the short run if controls are exercised vigorously, fairly and broadly. But any favorable impact is always short-lived (as Europe and we have shown). And when their usefulness has ended, controls should be abandoned.

It is easy to get in, but so hard to get out, as we are witnessing now.

Let's get out now.

Mrs. HOLT. Mr. Speaker, for 2½ years, our economic system has been saddled with a variety of wage-price controls. After four phases and several freezes, the time has come to consider the future of these policies and assess what we have learned from this national experiment.

Historically, the rapid economic growth of the United States has been accomplished by reliance on the forces of supply and demand not by bureaucratic decisionmaking to determine the proper levels of wages and prices. Our national experience with economic regulations during World War II, the Korean war, and the post Vietnam era, have indicated that while controls may be effective during the short run, the bureaucracy cannot manage a complex economic system efficiently for long periods of time.

At some point, controls begin to do a disservice to consumers, business and Government. There is abundant evidence that continued Government intervention in the economy has resulted in an intensification of problems rather than a reduction. The cost of living in 1973 went up 8.8 percent. Many basic commodities such as gasoline, lumber, and beef have been in short supply and high demand. All of this has occurred while our economy has been subjected to the economic stabilization program.

Long run stabilization of the economy will be best served by a return to a free market economy. After more than 2 years of controls, public support and confidence have been severely eroded by frequent and confusing changes in guidelines and regulations, recurring shortages and continued rise in prices. The time has come to eliminate controls completely and dissolve the Cost of Living Council.

Mr. STEIGER of Arizona. Mr. Speaker, it is because of my concern for the economy of this Nation that I join with the gentleman from California in urging my colleagues in the House to allow the ill-conceived Economic Stabilization Act of 1970 to expire.

For some time now, I have called for the repeal of this act. In April of last year, I voted against extending the act. It is my firm belief, Mr. Chairman, that this piece of legislation has not helped to solve our economic problems; in fact, it has added to our economic woes.

The original purpose of the act was to protect the consumer from the rising cost of living through temporary tight Federal controls over our traditional free enterprise system in determining wages and prices. The act has failed miserably. Wage and price controls have not halted inflation; instead, they are contributing to it.

I believe that the American economy will fare much better under the free enterprise system and the law of supply and demand. Only a free functioning economy will bring us out of the serious economic dilemma we are faced with today. I again urge my colleagues to allow the Economic Stabilization Act to be phased out as quickly as possible.

Mr. BURKE of Florida. Mr. Speaker, I thank my colleague from California for yielding to me.

Mr. Speaker, in August of 1971, President Nixon, in an abortive effort to halt the inflationary spiral that really commenced just prior to President Kennedy's assassination and then really ignited as a "skyrocket" under the Johnson "guns and butter" philosophy, instituted wage and price controls. We did this because of the continual demand of many in the Congress for this action.

I personally reject the interference by the Government in our Nation's marketplaces, unless such regulation is essential to prevent a fair and equal distribution of essential goods to the people. Price controls, or Government interference of a free market has not proved successful in the past. Instead Government control and regulation has caused black market operations and shortages of what otherwise might have been an adequate supply of the regulated goods to our Nation's consumers.

Whatever happened to the economic thinking of the past, where the principles of supply and demand were the regulatory forces that governed our free markets? Sensible free enterprise approaches have given away to our great liberal planners, whose aim is toward more socialism by cradle to the grave legislation. Under this philosophy a handful of elite bureaucratic planners will ultimately substitute their ideas for those which we enjoy today as free people.

The truth of the matter is that these planners are able to convince many, by promising more while actually giving less. Let us take some of our so-called cost-of-living increases. The truth is that these raises always lag behind the cost of living, and create higher tax brackets for those who earn more money. In other words, the American worker and taxpayer is being duped, not helped, by the phoney mumblings of today's socialist planners and the bureaucratic hodgepodge that has been created.

The real tragedy is that unfortunately the people fail to see that our Government is becoming more socialistic because of the spread of liberal control in the Congress. It is our socialist planners, with their continual trial and error schemes and deficit spending approaches, that is responsible for today's deficits and for the continual erosion of our freedoms.

Those that say socialism is good for us, either don't know what socialism is or they do not want to know. Everytime someone promises that the Government is giving you something you should remember that you are the Government—you the people.

On February 21 of this year the President proposed legislation which purports to provide for an orderly transition from mandatory controls and for monitoring the economy until the end of 1975.

If passed by Congress the aforementioned Economic Stabilization Act Amendments of 1974 would authorize the President to:

First, monitor compliance with commitments made by firms in connection with sector-by-sector decontrol actions;

Second, review the programs and activities of Federal departments and agencies and the private sector which may have adverse effects on supply and cause increases in prices and make recommendations for changes to increase supply and restrain prices;

Third, review industrial capacity, demand, and supply in various sectors of the economy, working with the industrial groups concerned and appropriate governmental agencies to encourage price restraint;

Fourth, work with labor and management in the various sectors of the economy having special economic problems, as well as with appropriate government agencies, to improve the structure of collective bargaining and the performance of those sectors in restraining prices;

Fifth, improve wage and price data bases for the various sectors of the economy to improve collective bargaining and encourage price restraint;

Sixth, conduct public hearings where appropriate to provide for public scrutiny of inflationary problems in various sectors of the economy;

Seventh, focus attention on the need to increase productivity in both the public and private sectors of the economy; and,

Eighth, monitor the economy as a whole by requiring, as appropriate, reports on wages, costs, productivity, prices, sales, profits, imports, and exports.

Mr. Speaker, although I am happy that the President too, recognizes the failure of the previous controls and the need to remove the mandatory controls from our economy, I do not believe that this can be done in stages, as has been suggested for the reason that I do not believe that all will be treated fairly under the President's proposal, no matter how well intended. The truth of the matter is, that I am convinced that we would all be better off without controls. In fact, I am a cosponsor of H.R. 881, which if enacted, would declare it the sense of Congress that the Economic Stabilization Act of 1970 should not be extended beyond its present termination date as set forth in the law, namely on midnight of April 30, 1974.

Our Nation's economy, and the American people, are troubled enough with inflation, the energy crisis and the continued daily interference of the Federal Government in our daily lives, and it will therefore give me great pleasure to be able to consign the Cost of Living Council to history as the failure it was, and to trust our destinies to the natural economic forces of a free market in accordance with our American tradition.

Mr. ARCHER. Mr. Speaker, we have experienced the effect of price-and-wage controls since August 15, 1971, when these controls were suddenly imposed on our economy. An analysis of the effect of these controls after 2½ years leads to one conclusion: these controls have not worked.

Centuries ago the Roman Emperor Diocletian faced the problem of inflation and rising prices in the Roman Empire. He issued an edict in 301 A.D. to stabilize the economy by fixing prices and wages. A black market soon developed. Taxes greatly increased and became more and more oppressive. Finally, the government had to adopt more and more measures to control the lives and occupations of individual citizens in order to bring some order out of the economic chaos. Dissatisfaction increased and the economy grew more troublesome for Diocletian and his successors.

Throughout history various governments have imposed controls over their respective economies. These controls were designed to solve some specific economic problem, to provide a better distribution of economic resources, or make the economy perform more efficiency. These have been noble goals but economic reform for the nations which have tried them.

The failure of economic controls on a market economy is self-evident. The economy of each nation responds to supply and demand, a process brought about by the decisions of consumers for certain goods. When government bureaucrats attempt to substitute their judgment for the free decisions of the consumers in the marketplace, the result has been economic chaos and confusion. Economic controls fail not only to improve the performance of the economy but lead to a whole series of new problems. The misallocation of resources distorts the operation of the market resulting in severe economic difficulties.

We need to study our recent venture into this field. The price and wage controls have failed to halt inflation and have been unsuccessful in stabilizing our economy.

Inflation is caused by an increase in the money supply which has resulted from the Federal Government spending more money than it has received in revenue. When we consider the cause of inflation, economic controls are actually an abdication of fiscal responsibility, not an exercise in fiscal problem solving. Controls treat symptoms and not causes.

Economic stability has not been achieved. We are experiencing serious dislocations in our economy resulting in shortages. When prices are held at an artificially low level, it causes consumers to buy at bargain prices on these controlled commodities while some sellers may be tempted to hold back supplies until they can receive higher prices. Some sellers find it more advantageous to get a more competitive price by exporting their goods. Eventually, prices below a market level discourage production and low profits discourage capital investment. Shortages will disrupt any economy. In the long run manufacturers, workers, and consumers are all hurt by a controlled economy.

We are presently experiencing shortages in items ranging from steel to paper. The outlook for plastics and synthetic fibers does not look encouraging. We may soon experience severe shortages of cement, aluminum, fertilizer, and synthetic rubber.

I have supported legislation to repeal the Economic Stabilization Act earlier in this Congress. I have joined as a cosponsor of Mr. ROUSSELOT's resolution expressing the sense of the House that these controls should not be extended beyond their present expiration date of April 30, 1974. We must not extend these economic controls. If we do extend them, we are asking for severe problems in our economy. We need to return to a free market economy in order to achieve a sound economy.

Mr. ASHBROOK. Mr. Speaker, I am pleased to join with Congressman JOHN ROUSSELOT in urging that the Economic Stabilization Act of 1970 not be extended when it expires on April 30. Our Nation cannot afford a continuation of wage and price controls.

Phases I through IV have brought chaos to our economy—shortages, business closures and high interest rates. The problem of inflation, however, continues to plague our Nation.

I have fought against wage and price controls every step of the way. I opposed these controls when they were first introduced, I voted against their extension and I am now cosponsoring bills for their repeal.

It is time for Congress to rectify its mistake. Wage and price controls do not work. It is time they were allowed to die.

Mr. CRANE. Mr. Speaker, it is high time that wage and price controls were ended. Such controls are the cause of many of our current economic difficulties, not the cure for them.

President Nixon, in his 1968 campaign, went to great lengths to make it clear that he would not impose such controls if elected. He declared that:

> The imposition of price and wage controls during peacetime is an abdication of fiscal responsibility. Such controls treat symptoms and not causes. Experience has indicated that they do not work, can never be administered equitably and are not compatible with a free economy.

Despite this insight, such controls have been imposed. By this time it should be clear to all that controls do not stop inflation, for inflation is caused by an increase in the money supply which has proceeded during the past period as the Government has been spending far more money than it has received in revenue and has, in fact, recorded the hugest deficits in our history.

While controls do nothing to stop inflation, they do a great deal to cause serious dislocations in our entire economy. The policy of price controls on natural gas, for example, has increased the demand for petroleum products, just as keeping the price of electricity and other forms of power artificially low has also increased that demand. At the same time that Government kept the price of energy artificially low, it also limited the demand through artificial import quotas. These, not the Arab boycott, are the real components of our current energy crisis.

Now, Americans are becoming aware of the fact that many other shortages are developing in our economy. One of these is in the area of paper products. Shoppers in many parts of the country are finding it harder than ever to buy paper products and magazine publishers are scouring the world for enough stock to get through 1974. Commercial printers of catalogs and telephone books are running out of inventories and Government paper supplies are the lowest in history.

The reason for this situation is that paper manufacturers, operating under restrictive price controls, are dropping less profitable lines and hope to export more of their products overseas.

Price controls have caused low rates of return for paper sold in the United States, particularly for cheaper grades. Low profits in the paper industry for the past several years have discouraged capital investment, just as import quotas on petroleum discouraged the building of new refineries. Now that demand—in both the paper and the energy field—is climbing, we are feeling the lack of capital investment in recent years which has been directly caused by Government controls. In addition, the cost of environmental cleanup programs have hit papermakers very hard and other shortages, also caused by controls, such as chlorine for bleaching, caustic soda for pulp processing and starch to give paper firmness—have caused added difficulties.

Paper industry spokesmen declare that Government controls have resulted in a "two-tiered" pricing system in which exported pulp and paper bring considerably higher prices than that sold in the domestic market.

Discussing the paper shortage, Joseph P. Tonelli, president of the United Paperworkers Union, notes that the paper crisis is caused solely by Government controls which make it possible for pulp to be exported at twice the domestic price. The cure advocated by both the paper companies and the Paperworkers Union is simple. Mr. Tonelli declares that the Cost of Living Council—

> Must decontrol wages and prices—Prices of pulp and paper products should be allowed to rise in a free market. Paper companies need profit levels that will permit them to generate internal cash. A higher rate of return on investment is essential in order to attract new additional capital if present needs are to be met.

The policy of controls is also leading to a number of other scarce items. Steel, for example, is now in very short supply and may become scarcer in the days ahead. Plastics, which are derived basically from natural gas and petroleum, present a dim outlook, as do synthetic fibers. Shortages also loom ahead for aluminum, cement, fertilizer and synthetic rubber.

Unless controls are ended, Americans may become accustomed to the repeated shortages faced by those who live under other managed economies.

It is important to remember that the imposition of wage and price controls is directly responsible for our current fuel problems.

An analysis prepared by the Senate Committee on Government Operations revealed that by September 1970, the shortage had begun to take effect. The National Petroleum Council warned that the country faced a deficit of 250,000 barrels per day of fuel oil during the winters of 1970 and 1971. A House subcommittee investigated the fuel crisis and heard, from Government and industry witnesses, a number of suggested reasons for the short supply: tougher environmental regulations were requiring utilities to burn larger quantities of cleaner fuels; atomic energy was far behind schedule; demand for energy was shooting up; international disruptions were decreasing crude oil imports.

What did we do in response to this situation? The President imposed wage and price controls on the economy. Thus, fuel oil prices were frozen at off-season lows and gasoline prices at seasonal highs. The result was to discourage the refining of fuel oil.

While Government price controls have kept the cost of oil artificially low, thereby increasing demand, the general inflation of the economy has made the cost of finding oil increasingly high. Between 1960 and 1970, the cost of drilling an average well in the United States rose from $55,000 to almost $95,000. Today, drilling the average off-shore well costs more than $500,000, and the average well in Alaska will run to more than $2 million. In addition, the chances of hitting a productive well are only 1 in 8. If Government continues to interfere in the economy, businessmen will have little incentive to make the huge investments necessary.

What began with a total freeze of wages and prices on August 15, 1971, has evolved through a set of numbered phases into a highly complex system of regulations that is keeping thousands of lawyers, bureaucrats, and accountants busy. What it has accomplished, however, is largely negative. With controls during the past several years we have seen consumer prices rise more than 8 percent, retail food prices rise more than 16 percent and wholesale prices rise more than 17 percent.

Inflation cannot be solved by controls, but can only be compounded by them. Economist Hans Senholz notes that:

> Inflation is the creation of new money by monetary authorities. In more traditional terminology, it is the creation of money that visibly raises goods prices and lowers the purchasing power of money. . . . It may take the form of 'simple inflation,' in which case the proceeds of the new money issues accrue to the government for deficit spending. Or it may appear as 'credit expansion,' in which case the authorities channel the newly created money into the loan market. . . . Both forms are inflation in the broader sense and as such are willful and deliberate policies conducted by government.

The fact is that Government alone is strictly accountable for inflation because Government alone determines the money supply. If Congress continues to spend more money than it has, no amount of "controls" on wages and prices within the economy can solve the inflation problem.

The only way to achieve a sound economy, as President Nixon once seemed to understand, is to permit the free market to work. Perhaps our current shortages and high prices will help to educate Americans to the fact that Government manipulation of the economy is the cause of our current dilemma—and that only Government withdrawal from economic controls can point in the direction of a real solution.

Mr. BAKER. Mr. Speaker, all of us here in the House of Representatives are aware of the heavy toll that the current rate of inflation is taking on the American taxpayer. Some people thought that the Economic Stabilization Act would help in controlling this rate of inflation.

This act—enacted over President Nixon's opposition in 1970 and extended by Congress in May 1971—has furnished the statutory authority for the various price control and freeze periods we have undergone for the last 2½ years. Mr. Speaker, I believe it is time for the Members of this body to face the facts. Regulation of prices at a level where it is insufficiently profitable to produce the particular product can only cause artificial shortages. The shortage of beef in 1973 is an excellent example. This is what happens when the Federal Government dabbles with the economy. For a graphic illustration I would like to call the fold-out cover of the current Newsweek to the attention of my colleagues.

In 1973 I voted against the 1-year extension of this act because it can only hurt our economy. When our economy falters, the American consumer pays the price. Mr. Speaker, this year I would again vote against any extension of the act. Setting maximum price ceilings over any product is certainly no way to assure adequate production. I appeal to my colleagues to consider the basic economic law of supply and demand before they vote on any measure which may be temporarily attractive, but which can only stifle the economy. It is certainly time for this country to get back to our basic free enterprise system.

Mr. LANDGREBE. Mr. Speaker, anyone who still believes that price controls can stop inflation is, I am afraid, beyond help. All one has to do is examine the facts. On a 6-month average of the Consumer Price Index during 1970, before the imposition of wage and price controls, the Consumer Price Index moved downward and continued to do so until controls where inflicted upon the economy in August of 1971. In the midst of the tough phase II era, during 1972, the Consumer Price Index shifted to upward heights and continued to rise to higher levels—far ascending those plains reached in the preceding uncontrolled economy.

Solely on the basis of the graph [graph not printed in RECORD] one would have to conclude that the implementation of price controls have failed to extinguish inflation, but conversely have added fuel to inflation. Perhaps this conclusion is oversimplified, because since mid-1972 there have been other inflationary pressures working upon the economy, such as an increasing Federal budget deficit and an expanding money supply of roughly 7.4 percent.

The proponents of wage and price controls have stood in this very Chamber for almost 4 years and have argued that controls are the panacea to stopping the rise in prices. Their medicine has not only been counterproductive in halting inflation, but has created severe shortages throughout the marketplace. Within the last year, my constituents have been flooding my office with letters telling me of the material shortages they have been experiencing in everything from fertilizers to petrochemicals, not to mention other oil products. These shortages have resulted in periodic layoffs and unemployment during a period of an unprecedented rise in the cost of living index.

Whenever tight controls are imposed upon the economy, shortages and dislocations are bound to appear. Controls induce shortages by inflicting artificial price ceilings on products and materials which make these items more economically attractive on the international market, thereby stimulating exports. Consequently, we have witnessed the exporting of many materials to all parts of the world because they bring higher prices, when there is a vital need for these products in this country. Controls also provide no economic incentive to reinvest, research and develop, as has been so clearly illustrated with the oil and natural gas industries. As economy with no economic incentive is an economy with no economic opportunity, which means no new jobs and unemployment for thousands of marginal workers.

It is the Congress that is to be blamed for the present state of our economy, inflation, shortages and the energy crisis. We must begin acting as responsible legislators and start undoing some of the measures and other mischief which have generated these problems. Our attempt to rewrite the basic laws of economics is akin to lowering the freezing point of water by legislation. We must allow the market mechanisms of labor and business to restore the needed equilibrium to the economy, instead of leaving it up to an army of Washington bureaucrats. The only way to do this is to totally end all authority to impose wage and price controls by letting the Economic Stabilization Act expire on April 30, 1974.

A NATIONAL TRANSPORTATION POLICY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Washington (Mr. ADAMS), is recognized for 30 minutes.

Mr. ADAMS. Mr. Speaker, this week the Transportation Subcommittee of the House Committee on Appropriations is having hearings on our national transportation policy, and what it should be. Chairman MCFALL is to be commended for these worthwhile hearings, which I hope will encourage DOT to come forward, at long last with a national transportation policy, and that the House will unify its approach to transportation.

I suggest the following policy be established: A single national rate and regulation policy.

The Nation's transportation policy should be directed toward creating and maintaining a privately owned and operated intermodal, interstate system regulated by the Federal Government in the public interest. The regulations should be uniform for all modes and the degree of regulation should vary with the degree of monopolization existing at any particular point in the system. Government regulations should thus take into account the importance of both transportation and shipping units in a particular market, with competition allowed to set individual prices above costs where neither shippers nor the industry have power to control rates and quality of service. Otherwise the rates will all be set publicly by governmental regulation. The ICC should be given a period of time to demonstrate whether it can overcome its present regulatory lag; if not then the regulatory system should be restructured so as to produce prompt and fair regulation.

A UNIFIED TRANSPORTATION BUDGET

A unified transportation budget would show, for example, not only what the Coast Guard and the St. Lawrence Seaway Development Corporation are spending as agencies, but what each transportation mode is receiving on a functional basis, what it is recommended to receive under a coordinated systemwide approach, and what steps are being taken to achieve that result. Further, budget planners should look not at theoretical economic models but at how Federal expenditures help or could help coordination of the various transport modes. Transportation is a competitive industry but much of it is regulated by the Federal Government. Such regulation, along with financial assistance, must be evenhanded, innovative and with an eye toward coordination.

A Select Committee on Transportation or, in the alternative, a blue-ribbon Commission on Transportation policy. I am aware that most Commission reports end up on remote shelves in public libraries and secondly, that most select committees wind up being permanent committees with large staffs and even larger budgets. But such is not always the case. President Johnson's Crime Commission—the challenge of crime in a free society—performed extremely valuable work and made important contributions. Its efforts paved the way and led directly to the 1968 Safe Streets Act and other anticrime legislation. I hope that the same would be true of the recommendations of a new committee or Commission on Transportation. A select committee, for example could consist of the transportation experts on each of the relevant House committees.

A single trust fund for transportation. At present, we have an airport and airways trust fund and a highway trust fund and direct funding for waterways. The trust funds consist of revenues generated by users of the particular system and this system has led to intensive capital development of parts of our transportation while other parts have languished.

The trouble with single purpose allocations is that they generate such momentum and interest group support that they become self-perpetuating. Further, and more costly to transportation as a whole, they benefit certain segments of the transportation industry at the expense of an integrated, coordinated transport system. The Interstate Highway System, for example, has nearly put the eastern railroads out of business: One year the New Haven Railroad made a lot of money hauling sand, gravel, and cement; shortly thereafter the same sand, gravel, and cement was used to build a superhighway that helped propel the railroad into bankruptcy.

A single transportation trust fund, which would likely have to include new user charges—perhaps on shippers, rail passengers and others—would not end revenue problems in transportation. But it would lead to rational decisions on which mode, which function, which types of transport vehicles and which functions should be assisted financially. It would also lead to decisions on a basis that would result in coordinated movement of people and goods. The piecemeal approach must be ended.

CONCLUSION

Mr. Speaker, I believe these recommendations if carried out would bring an end to the present slightly chaotic regulatory and legislative system we have for dealing with our national transportation network. I hope they will be given serious consideration by all my colleagues interested in the future of American transportation.

NONRECIPROCAL TRADE ACT

The SPEAKER. pro tempore. Under a previous order of the House, the gentleman from Pennsylvania (Mr. DENT) is recognized for 60 minutes.

Mr. DENT. Mr. Speaker, ever since the first hearings held in 1960 by the Committee on the Impact of Imports and Exports on American Employment, I have personally tried to warn the Congress of the United States, and anybody that would listen, about the grave dangers in our international trade posture.

Our trade policies are supposedly delineated first in the original Reciprocal Trade Agreements sponsored by the then Secretary of State, Cordell Hull, and later in the amendments to this act, known as the Kennedy Round of Reciprocal Trade Agreements.

The original trade agreements and the Kennedy Round were described in glowing terms and held out promises of expanding job opportunities for American workers. At the same time these agreements would serve to build a structure for world peace inasmuch as freer trade among nations would eliminate the friction that prevented all men from being brothers.

Well, we have been over that route now for 40 years and the harvest we have reaped does not fulfill its rosy promises. Instead we have seen one major and two minor wars, costly in both lives and money, unrest at home and abroard, a 400 percent increase in the numbers of mouths being fed in whole or in part from the public treasury, and more actual unemployment than at any point in the last 40 years.

The little "fringe benefits" we have received from this idiotic trade policy include the greatest national debt in our history; the lowest dollar value in our history; Government payrolls greater than a majority of the total budgets of the nations making up the United Nations; a dangerous dependency upon foreign nations for hundreds of items in daily use; and an insufficiency of fuels and minerals serious enough to present substantial inconvenience in peacetime and to pose a serious disaster if at war.

All through these many years of my committee's work in this field, we have been laughed at, ridiculed and pictured as Neanderthal thinkers because some of us failed to see how these trade policies would bring fulfillment of the rosy promises.

For the RECORD this day, I want to point out, as well as insert excerpts from the latest thinking on the part of the AFL–CIO Executive Board, individual observations and historical facts, in an effort to again draw to the attention of this Congress and the people, that the real seed of our destruction lies in our foreign trade policy.

I never thought that I would like to see the day when I would read in the Wall Street Journal, as I did today, a lead headline as follows: "Energy Experts Warn of Costs and Dangers in U.S. Independence." Evidently they feel that sitting in line for gasoline, being inconvenienced by shortages—artificial or otherwise—is too much of a price to pay for reasserting American independence.

In less than 2 years we are slated to celebrate the Bicentennial of the Declaration of Independence. Our experts would change all that and celebrate the first anniversary on July 4, 1976 with a "Declaration of Dependence" upon all nations that sell us anything.

Not long ago I spoke on international trade and used as my theme a three-legged stool. Allow me to read excerpts from the text of that speech. I believe it has a message of some importance for all of us."

INTERNATIONAL TRADE

"A THREE-LEGGED STOOL"

After many years of holding hearings, making observations and on-site inspections in many foreign countries and within the United States, I have come to the conclusion that most problems have answers that stem from a very simple solution.

No one in his right mind would attempt to prove that the problems of free trade, protectionism, balance of payments, quotas, restrictions, dollar values and volume of goods, which are part of foreign trade, lend themselves to an easy solution. However, we must start by considering a nation's economy during a period when it was under protective agreements, of one kind or another, and then study that same nation when it was not protected by tariffs or restrictions.

A long time ago a small farmer milked his cow to produce milk to sell in his neighborhood, in order to get the necessary cash to buy the items he needed for his farm and family. In those days, a farmer never milked his cow to sell that milk to another farmer who had cows to milk. But, instead, he sold his milk to the harness maker, wheat miller, and the other people in his community who could use his milk and give him their services or products in exchange.

Farmers used to milk their cows on a clay or mud floor. It was quite a chore because the stool would tip on the uneven floors; and, you could never count on "Ole Bessy" standing still. Then by accident or design one farmer developed a three-legged stool. The three legs gave the stool stability, which is needed. The three-legged stool comes to mind, when I think of stabilizing our economy. It is a perfect example of stabilization, when you have an uneven floor from which to work. Conditions change our economy. Products change so demands change and, therefore, costs and taxes often change. The floor of our economy is never even, so I believe a sound formula must be based on economic stability. The three-legged stool of economy is production, distribution, and consumption.

Production, either in a barn on the farm, or in factories or mining jobs, is the basic seed money that affects the entire economy. Distributors cannot survive without production and consumption cannot be fed without distribution. If we do not consume what we produce, we do not have true production. This is the simple formula.

Now we have put a fourth leg on our three-legged stool. This leg represents the importation of products that displace American-made products, which in turn flow into the channels of distribution and consumption. This importation causes us to lose our stability because we are losing jobs in production, distribution, and consumption. I do not believe that it was ever the goal of International trade to have trading nations ships pass each other, both loaded down with the same product. As the President of a large corporation once said "Everyone is carrying kumquats to Khartoum!"

Orderly trade means dealing with a product or products a nation needs and does not have in sufficient quantity. One nation imports a product line it does not have and needs, and exports a product line it has an over abundance of to a nation that needs that particular item or items. We are not doing that. We import unneeded products which pollute our marketplace for our own products. At this rate we can't and won't last. It's like having a tiger by the tail—you better not let go until you have some kind of a fence between you and the cat.

I know, you know, and everyone else knows that if we were to do what we must (start gradually taking back the American marketplace with American-made products), we would see the love that many nations profess for us disappear over-night.

We started helping the dependent nations to become sound and independent, but now our problem is, how many of their products can we be expected to take and still remain independent, while allowing them to maintain their independence. The common market was created to make these nations independent and strong—both economically and militarily. In the meantime, however, these same nations have practically closed their doors to our products or have put up large trade barriers, while at the same time they ship their products into our marketplace without barriers. We must seek to restore competitive conditions by equalizing the different parities of cost between trading nations.

We need the restoration of the same competitive conditions that fostered the development of the industrial leadership achieved by this country in the past 75 years. The present system of production and distribution in this country represents a sharp departure, not only from our past system, but also from our economic forebearers in Europe.

While the Industrial Revolution, which brought great industrial changes to England, predated our industrial development, our subsequent adoption of mass production in the Twentieth Century as an off-spring of a dynamic technology, soon moved us far afield from our earlier industrial heritage.

Particularly noteworthy among the basic supporting factors in our great departure were (1) a recognition of competition as an incentive to effort by producers to merit consumer favor as a producer reward, (2) perception of the independence of mass production on mass purchased power, and (3) appreciation of the role of employee compensation as the predominant ingredient of buying in the marketplace.

Pursuit of production in this framework, guarded by laws against monopoly, by laws designed to prevent erosion of purchasing power through low-wage competition, such as outlawing of child labor and sweatshop operation, plus minimum wage laws, and laws in support of collective bargaining, led to an amazing proliferation of production of a vast variety of consumer goods far beyond the level of necessities—propelled by the profit motive.

Because of dependence of production on consumption, and the propensity of consumers to respond to the condition or anticipated condition of their pocketbook, trade became a sensitive subject. With this in mind, we recognized that we had to give a wage to the worker that would enable him to buy his own productivity. We were looking inward to sales and consumption—not outwards.

I sincerely believe that we must go back to the simple formula of production, distribution and consumption. If we want free trade, as it is practiced in the world today, we must make a decision as to whether or not the failure to increase foreign wages to anywhere near the United States wage standard will allow us to become competitive in the common marketplace. For free trade to be fair trade all factors must be alike. Wages of all nations should be similar, including fringe benefits. Nations should import what they need and export to other nations who need it, their excesses. In order for a country to maintain its democracy it must be allowed to compete.

I have proposed that we take our country's full employment years and ascertain what and how much our imports were from various countries. That should be our goal! We should measure the number of years, the increase in any import, and the resulting decline in our economy. Then we should start percentage-wise reducing the import until we are at the level where we had the best economy.

We proved, with wheat, grains and other items, that by selling them at world market prices (where everyone else was selling at reasonably close prices) people bought our wheat.

I believe that if a nation wants a low-waged industry they should not be permitted to exploit our high-priced market and our high-waged workers. For example: we can not hope to compete with the Far East where workers are paid 3¢ an hour and up. Another example is Europe where wages run about $1.35–$1.40 an hour. Even with quotes on imports, they will do us no good unless wages paid to foreign workers approximate those paid to American workers. I would not allow a product to be exploited. I would put the difference in cost between a foreign-made product and a similar American-made product into a separate fund which would be used for paying our producers the differential between these products and their exports. If they want to trade on this basis we will not need walls, tariffs, or customs. All we will need is a lot of men for the factories that will open up.

The achievement of full employment and the maintenance of a growing and diversified product base in the United States is essential to the promotion of foreign policy and domestic tranquality.

Domestic industries must be given forgiveness for certain production costs, not necessarily production-based, made under domestic protection laws on all products which we ship overseas. This will keep us more competitive. Practically all nations do this now, for their exports, in one form or another.

Even in a trade system based on quotas, we should never buy at a price that does not allow a foreign worker to receive the same wages that his counterpart gets producing the same product in another country. This would stop evidenced exploitation of low-waged workers and be honest free trade.

History will record that nation which, by one pretext or another, has exploited workers for the affluence in its society.

When an American worker, earning an average wage, demands the economic right to buy products as a consumer from a foreign worker being paid from 3¢ to less than $2.00 an hour, we're engaging in some kind of economic slavery. That low-paid foreign worker can't buy the American workers products. This is not valid free trade.

Mr. Speaker, the problems involved in international trade have been aggravated by the spread of internationalism among corporations of all kinds. At the urging of this Government, it has caused a massive exportation of American money, technology, business and industrial knowhow, and above all, patriotism. One major American corporate executive proudly pointed out that his company did not view itself as solely American any longer.

These organizations are treated as favorite sons while American based industry and production facilities are inundated by taxes, guidelines and regulations that are normally reserved for stepchildren. Domestic industries—those not multinational in scope—are being treated as the unwanted and hard-pressed Cinderella. No need to go into the many details but certain facts stand out.

At a very recent meeting of the top labor leaders in the country, a high level decision spelled out the facts and fears of these leaders, who have never been known to be protectionists, and who have been strong advocates of freer trade all over the world. They know that there comes a time when the truth must be simply stated for all to understand and comprehend.

It is my opinion that Mr. Meany, the respected head of the AFL–CIO, will lead that movement into a vigorous and direct drive to revive our job potential and to bring back the jobs that have been exported for the sole aggrandizement of the profiteering importers and exporters, many of whom are tied to the production of multinational corporations. Even the United Auto Workers President, Leonard Woodcock, and his group have called for an embargo on all imported cars during this great emergency in which we find ourselves. For the first time, the UAW has admitted that imports do indeed affect jobs. The boldness of the American automobile corporations that spend most of their advertising money publicizing their foreign-made cars is something to behold.

Directly and indirectly, the multinational corporations tied to the free trade movement have caused adverse conditions to come to such a point that practically every person in the United States who has an understanding and regard for the rights of workers and their families must consider the following pertinent observations made by the AFL–CIO Executive Council.

INTERNATIONAL TRADE AND INVESTMENT

The international economic structure has been seriously shaken. Normal trade patterns are being shattered. National currencies are in disarray. Nations with once-comfortable trade balances are desperately seeking larger export markets to earn the price of oil for industrial survival.

Much of the blame can be laid to the staggering price increases levied by the oil-producing nations, which have further fueled a global inflation carrying with it the possibility of worldwide recession and unemployment of crushing proportions.

These events have made the Administration's so-called Trade Reform Act of 1973 totally obsolete. Its provisions bear no relation to the events of the day. Indeed, the bill passed by the House late last year and now pending before the Senate Finance Committee is worse than no bill at all. A total reexamination of U.S. trade and investment needs is in order, utilizing the realities of the Seventies—particularly 1974—and abandoning the dead and unworkable dogmas of the past.

The energy crisis comes on the American economy at a time when it already is in deep distress, much of it traceable to the nation's misguided and misapplied foreign trade and investment policies. The American worker, consumer and businessman are all suffering from a deepening erosion of the U.S. industrial base. A tide of imports has wiped out more than a million jobs as products and whole industries have been engulfed. The export of technology and capital at reckless rates have funneled American production and productivity abroad, costing the U.S. economy not only badly-needed new jobs and job opportunities but the benefits of more efficient production means. Multinational corporations, manipulating U.S. tax laws, have transferred jobs and production overseas at the expense of the American economy, costing the nation badly-needed tax revenue.

The Administration's trade bill fails to address itself to these problems. In addition to granting the President unprecedented and sweeping new powers which he could use to permanently alter the structure of foreign trade and the structure of the U.S. economy, the bill contains these serious deficiencies:

It provides no specific machinery to regulate the suffocating, flow of imports or to curb the export of materials in short supply at home.

It does not deal with the export of U.S. technology and capital to other parts of the world where corporations—mainly American-based multinationals—can maximize profits and minimize costs at the expense of U.S. jobs and production.

It does nothing to close the lucrative tax loopholes for multinationals which make it more profitable for them to locate and produce abroad.

It does nothing to repeal Items 806.30 and 807 of the Tariff Code, which encourage U.S. firms to locate abroad and take advantage of low-wage foreign production and a special low tariff rate on goods exported to the U.S.

It fails to assure action against unfair trade practices of other nations.

It does not assure adequate U.S. responses against new and old barriers to U.S. products raised by other nations, particularly at a time when nations of the world are reexamining these barriers with an eye to greater self protection.

It encourages the entry of goods from low-wage nations of the world at special or zero tariffs.

It ensures the further heavy erosion or stunted growth of badly-hit U.S. industries such as steel, apparel, chemical and allied products, rubber, shoes, stone, clay and glass, autos, aircraft and electronics.

It ignores the fact that America's industrial base and productive strength have been weakened by current foreign trade and investment policies, and makes no provisions for restoring the nation's critically needed industrial health.

For these reasons Congress should reject the bill now before it and write a new trade bill which will contain legislative provisions that are comprehensive, flexible and realistic.

The new legislation should:

1. Regulate U.S. imports and exports as a means of establishing an orderly flow of international trade. Specific flexible legislative machinery is needed to control imports. This flexible mechanism should also be applied as a restraint on the excessive exports of farm goods, crucial raw materials and other products in short supply domestically. Exports, imports and U.S. production should be linked in relation to needs for supplies, production and job opportunities in the U.S.

Shortages of raw materials in the U.S. and new demands by countries which have those raw materials have led to new problems. Many raw material producers are requiring companies to use those raw materials within their borders. This interchange has led to a new threat to the American industrial system. As long as the U.S. has a policy of freedom of investment abroad and other countries have policies to seek their own rapid industralization, the shortages of raw materials here will be used as an excuse to help industry to move abroad and further undermine production facilities within the U.S.

Interwoven into this problem is the recent change in the value of each nation's money. The values of the yen, the franc and other currencies have become lower. Many countries are competing to export as much as possible to improve their balance of trade and balance of payments. Imports from any part of the globe into the U.S. can shoot up very rapidly and the U.S. has no system to prepare for the rapid influx of any product from any part of the world.

2. Modernize trade provisions and other U.S. laws to regulate the operations of multinational corporations. Regulation of mutinational firms, including banks, is necessary because these concerns are the major

exporters and importers of U.S. farm products, crude materials and manufactured products. They use U.S. tax, trade and other laws in combination for their worldwide advantage. They export production facilities, money and jobs and juggle prices and credit to maximize their own worldwide company advantage. They license the newest technology for use abroad and combine in joint ventures with foreign companies and governments regardless of the impact on the U.S. need for jobs, production or supplies.

3. Eliminate U.S. tax subsidies and other advantages for corporations investing abroad. Specifically, the tax laws should eliminate tax deferral of income earned abroad and foreign tax credits. These provisions allow U.S. corporations to pay no income on the profits of their foreign subsidiaries until these profits are brought home—if ever—and the foreign tax credit permits corporations to credit taxes paid foreign governments, dollar for dollar, against their U.S. tax liability. These provisions contribute to the export of jobs, the erosion of the U.S. industrial base, the denial of needed raw materials and components for U.S. production and job needs, and encourage foreign governments to change their rules to the disadvantage of the U.S. The present provision in the tax laws allowing the establishment of Domestic International Sales and Corporations (DISCs) should also be repealed. This provision now gives the largest multinational firms and banks windfall tax breaks on their exports.

The annual cost to the U.S. Treasury of these tax loopholes amounts to at least $3 billion in needed revenue.

4. Repeal flagrant incentives and subsidies to encourage U.S. firms to move or expand abroad. These are Items 806.30 and 807 of the Tariff Code, which encourage the foreign production and foreign assembly of goods for sale in the U.S. These provisions are used to shift production to cheap labor markets for the profits of the multinational corporations. Imports under these provisions have risen from $1 billion in 1967 to $3.4 billion in 1972; in the first ten months of 1973, imports under these provisions were 55 percent higher than in the like period of 1972.

5. Re-examine and limit the operations of the Export-Import Bank which provides loans at interest rates much lower than those paid by American businesses, consumers and home buyers. These loans help U.S.-based multinationals expand foreign branches and assist foreign governments, including the Soviet Union and other Communist countries, in getting America's newest production facilities. Particular emphasis should be given to the impact on U.S. jobs, and potential cost to the U.S. taxpayer.

6. Clear provisions should be written into new legislation to regulate exports of capital and new technology. Other nations are demanding only the newest kind of U.S. technological facilities and U.S. firms are licensing or producing America's newest inventions abroad with the help of U.S. and foreign governments.

7. Multilateral trade agreements with other nations, such as the textile multifiber agreements, should be administered in keeping with the flexible machinery devised to regulate imports and exports. This flexible machinery would be a safeguard against a misunderstanding of America's intent and assure continued U.S. sovereignty over its trade and other domestic laws.

8. Since almost any federal, state or local law can be considered a non-tariff barrier to trade, any legislative provision to authorize negotiation on non-tariff barriers should be limited and should require specific Congressional approval for the removal of any barrier, with full information about the products affected. U.S. tax laws, consumer protection, laws and other social legislation, including occupational health and safety standards, should be barred from such negotiations.

9. New provisions are needed to speed and assure action against foreign dumping of products on the U.S. market—the sale of these goods at a price artificially lower than in home countries—or other subsidized imports into the U.S. These provisions should emphasize U.S. producer and worker needs and rights to participate in proceedings.

10. Clear labeling on imports of products and components to mark the country of origin of the product and the components within it is needed. Advertisers also should be required to designate the country of origin of products they handle. All consumer protection legislation should be strictly enforced on imports.

11. Trade with Communist countries should not be viewed as ordinary commercial exchange. The U.S. should end the extension of low-interest loans and insurance of private loans by U.S. government agencies to Communist countries. Senate legislation must contain the restrictions on Soviet trade written into the House bill over the opposition of the Administration.

12. The need for improved U.S. statistics on imports, exports and production has become urgent. Neither the U.S. government nor interested U.S. producers and workers can obtain adequate statistics in sufficient detail on the impact of imports or exports of industrial commodities. A comprehensive system of reporting on investment abroad, licensing of production and other technology flows is needed. Firms which operate within the U.S. should be required to segment their U.S. and foreign production in reporting to Government agencies.

The energy crisis has demonstrated that over-dependency on foreign sources of any material can be costly and perhaps fatal. It also has demonstrated that nations, when faced with a choice, are quick to act in their own self-interest. And it has graphically demonstrated that multinational corporations hold corporate allegiance above national allegiance. New trade legislation must recognize these factors.

By every test, the House-passed trade bill fails to relate to the realities of the Seventies. The Senate now has an opportunity and an obligation to fully re-examine U.S. trade and investment policies and write legislation that meets America's needs.

Mr. Speaker, for the first time that I can remember, the labor movement joined hands with those Members of the Congress in the fight on the floor to try to defeat this most unusual demand by the President for more power and more freedom to destroy not the American labor movement but the American people.

RURAL HEALTH CARE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. RAILSBACK) is recognized for 5 minutes.

Mr. RAILSBACK. Mr. Speaker, there are still some very real health problems in rural America. In my congressional district in Illinois, one small town has a large sign hung over the main street which proclaims, "Nauvoo Needs a Doctor." In Mercer County, a rather large geographical area encompassing about 20,000 persons, there are only four doctors, two of whom would retire if the demands upon them were not so heavy. My own brother-in-law is a doctor, and he has told me he receives at least 15 calls a day he simply cannot handle. Unfortunately, such stories are typical in most rural areas.

From what I have observed, one of the most serious problems in rural health is that of adequate delivery. The uneven distribution of medical services has resulted in many counties having no physician at all. And, even in counties where there are doctors, these individuals must work strenuously long hours to take care of their patients. One doctor in Adams County tried for years to attract another physician to his clinic, and, by the time an interested person was found, the caseload had increased to such an extent that still another doctor was needed.

While we, in Government, have been increasingly aware of the problems of rural areas, I am convinced we just have not done enough. Certainly, the National Health Service Corps has assisted with its professionals in rural areas, and the emergency medical services system has insured a higher percentage of funds for rural areas. However, such efforts are too often piecemeal.

What is desperately needed is a Federal agency charged with the responsibility for developing, coordinating, and delivering programs to people in rural areas. It is specifically for that reason I joined Congressman CARTER in sponsoring legislation establishing an Office of Rural Health within the Department of Health, Education, and Welfare. The office would be administered and headed by a Director who would be a health professional. Funds would be provided for experimental and developmental rural health care delivery models and/or components, which are required to become financially self-sustaining within 3 years, and which have the promise of being transferable or adaptable to other rural areas. The legislation authorizes $75 million for fiscal year 1974, $100 million for fiscal year 1975, and $125 million for fiscal year 1976 in grants and contracts.

In addition, H.R. 11319 sets up a Rural Health Care Advisory Committee to work with the Director and report on the accomplishments of the legislation in meeting the goal of increasing the availability of health care in rural areas.

Mr. Speaker, as a member of the Health Task Force, I have heard compelling testimony which has lead me to believe that a new approach to rural health is essential. My bill, which provides coordination, direction, and support will be a first step in assuring our rural residents that their needs will be met. I hope action on H.R. 11319 will be forthcoming.

At a time when everyone is concerned about health care and many are proclaiming that every citizen has a right to health care, I want to be absolutely certain the people in rural America are not overlooked.

THE 17TH ANNIVERSARY OF GHANA

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. Conable) is recognized for 5 minutes.

Mr. CONABLE. Mr. Speaker, the nation of Ghana today is observing the 17th anniversary of its independence. Ghana was the first black African country to obtain its independence from European control and as such has been a leader among the new African nations for self-determination and progress.

As a new nation, Ghana has been concerned with development of its roads and hospitals and towns and schools and other public services. It has succeeded in making significant agricultural and economic advancement at the same time, however, diversifying and seeking greater self-reliance.

I am pleased that we have maintained friendly economic and cultural relations with Ghana during its period of development. Mutual trade has increased and there are growing exchanges of students and visitors.

As is expected, Ghana has attempted to build effective links with its neighbors through the Organization of African Unity and other regional groups. It has participated actively in the United Nations, as well, however, in support of efforts to raise the living standards of people of all nations and to maintain peace among them. We look forward to continued cooperation and friendship with this youthful and vigorous nation.

RONCALLO ANSWERS THE MAIL

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. Grover) is recognized for 10 minutes.

Mr. GROVER. Mr. Speaker, lest any public official think he or she can ignore the youth of our country with impunity, I would refer him to John Pascal's "Long Island Diary" column, which appeared in Newsday on March 4.

Briefly, 11th grade students at Berner High School in Massapequa, Long Island, wrote to officeholders at various levels of government on a variety of current issues and then graded the replies, if any. I was privileged to represent Massapequa for many years and commend the students and their teacher, Mr. Albert Midura, Jr., for their initiative.

Massapequa now forms part of New York's Third District and is ably represented in Congress by my dear friend and colleague Angelo Roncallo. That the gentleman from New York (Mr. Roncallo) has a great respect for the young people of his district is evident from the results of the survey. He received a grade of "B" from the students—higher than any other official who had been sent more than a single letter. He did not send form letters. He was not condescending. Instead he extended to students the respect that all constituents deserve: A personal reply on the substance of the request. All Members, and indeed all holders of the public trust, would do well to profit from the fine example set by the gentleman from New York (Mr. Roncallo).

CONGRESSMAN PEYSER DISCLOSES FINANCIAL STATUS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. Peyser) is recognized for 5 minutes.

Mr. PEYSER. Mr. Speaker, because of the concern with the financial status of all public officials expressed by the media as well as certain public groups, I am disclosing at this time pertinent segments of my 1972 income tax.

My total income for 1972 was $61,339.20. Of this $42,500 comes from my congressional salary. $16,889 comes from life insurance renewals—renewals represent a commission on life insurance policies that I sold prior to becoming a Member of the U.S. Congress. The earnings on these renewals will decrease every year. I earned $1,950 from honorariums. In Federal, State, and local taxes I paid $18,102.38. I contributed $863.15 to charity. I had congressional expenses not compensated for by the Federal Government of $5,369.37. I had personal expenses directly related to my job as a Congressman—namely the maintenance of an apartment in Washington while my family still lives in our home in New York, food, travel, et cetera—of $5,500 for which I am not compensated. I do receive $3,000 deduction from my total income for my expenses incurred living in Washington. I own no tax-free bonds or other securities. I have filed a full report of my earnings and sources of earnings with the Clerk of the House every year I have been in Congress.

THE CRISIS OF CANCER

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New Jersey (Mr. Minish), is recognized for 10 minutes.

Mr. MINISH. Mr. Speaker, recent crises in Government, energy, pollution and numerous worldwide problems tend to divert our attention from a crisis that has inflicted untold grief upon mankind for centuries—the crisis of cancer.

This year, some 355,000 Americans—men, women and children—will die of the disease, 14,000 of them in my home State of New Jersey. There will be 655,000 new cases in the United States, making cancer our second largest killer. In spite of great advances in research, better diagnosis and treatment, and the general improvement of patient care, the cancer toll increases yearly.

The American Cancer Society is one of the foremost volunteer health agencies fighting cancer today. Its accomplishments and three-fold program of research, education and service have been cited previously in the Congressional Record.

At this time, I would like to pay tribute to my own New Jersey Division of the Society and, in particular, to two men who have played a stellar role in its founding and growth during the last quarter century. I refer to George E. Stringfellow, the division's first president and first honorary life member, and to Dr. Joseph I. Echikson, the division's second honorary life member who received this accolade at a recent meeting of the organization's board of trustees. I think it appropriate to quote Mr. Stringfellow's remarks during the award presentation to Dr. Echikson:

> It's always a pleasure for me to join my many old friends and associates at meetings of the New Jersey Division. This afternoon, it's a *special* pleasure and, indeed, an *honor* to present this Honorary Life Membership to a very dear friend, a volunteer of many years' service and a truly great man.
>
> I could not possibly list all the training, positions and honors bestowed upon Doctor Joseph I. Echikson—unless, of course, you wish to listen to me for several hours. I shall mention only a few:
>
> A graduate of New York University, Doctor Echikson received his medical degree from the College of Physicians and Surgeons at Columbia University. A noted cardiologist and internist, he has been closely associated with the major hospitals in Essex County and is a member of numerous professional organizations. He has been president of the Essex County Medical Society and the Academy of Medicine of New Jersey. In 1959, he received the Edward J. Ill Award from the Academy. He was also the recipient of the B'nai B'rith "Americanism Award" as outstanding citizen of Maplewood and South Orange. As most of you know, he also received the American Cancer Society's Bronze Medal in 1953, the highest award given to Divisions by the National Society.
>
> Doctor Joe, as we affectionately call him, has served the New Jersey Division since its earliest days and has held numerous offices in the Essex County Unit, the Division and on the National Board of Directors. I won't even attempt to list his many titles and accomplishments. No award or citation is the true measure of a man like Doctor Joe. We love and respect him, not only for his countless good deeds and accomplishments, but for his goodness as a man. Is there one here tonight who has not been touched by his kindness, thoughtfulness and gentle nature? I think not.
>
> And so, Doctor Joe, I present to you this symbol of service which reads:
>
> "American Cancer Society, New Jersey Division, Inc. this is to certify that Joseph I. Echikson, M.D. is elected an Honorary Life Member in recognition of his outstanding contributions to the control of cancer. Done in the township of Union on this thirteenth day of December, nineteen hundred and seventy-three. Signed, Joan K. Beldon, President: Elaine Solomon, Secretary."
>
> I'm sure your many friends here tonight and throughout the entire Society rejoice with me in making this presentation. I'm sure, too, that they join me in wishing you good health and good cheer.
>
> We thank you for your loyalty and devotion to a great organization.

I mention the award presentation to Dr. Echikson, not as a single act of volunteer involvement in a humanitarian cause, but as one example of what thousands of men and women throughout the Nation are doing to help conquer cancer. Each is contributing in his or her own way—as physician, fundraiser, research scientist, volunteer driver, and so forth—toward the eventual end of this devastating disease.

I hope the recent action of the Society's New Jersey division will serve to remind us that we can and must keep the crisis of cancer a top priority in our legislation to improve the Nation's health. As the American Cancer Society says, "We want to wipe out cancer in your lifetime."

Lastly, Mr. Speaker, I am today introducing legislation to extend the National Cancer Act of 1971 for 3 additional fiscal years. I urge the House to take speedy action on this crucial legislation.

MOST CITIES TO GAIN FROM NEW TITLE I FORMULA

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Indiana (Mr. BRADEMAS) is recognized for 5 minutes.

Mr. BRADEMAS. Mr. Speaker, the House is scheduled to vote shortly on H.R. 69, a bill to extend and amend the Elementary and Secondary Education Act of 1965.

One of the most important features of the bill is the section which updates the formula for distributing title I funds, the major Federal program of compensatory education. The updated formula, which enjoyed strong bipartisan support in the Education and Labor Committee, is one which, I believe, provides for the most equitable possible nationwide distribution of Federal compensatory education funds and is one which will help all educationally deprived children who live in school districts with concentrations of poor families.

Mr. Speaker, some persons have inaccurately charged that every major city and urban area in the United States would be hurt under the updated formula. But, of course, Mr. Speaker, the title I program was not designed to help or hurt any city or area or State. Rather, the program was intended to help educationally deprived children.

Nonetheless, because Members may, understandably, be interested in the amount of title I money that may flow to the cities they represent, I would note that although a few cities do lose some money, a comparison of projected allocations under the new formula with allocations under the present formula for fiscal 1973 and fiscal 1974 shows that most cities can expect to receive significant increases in title I funds next year.

I must point out, however, that even the few cities that do lose money under the new formula do so only when compared to fiscal 1974 allocations. The reason for this result is that most of these cities experienced significant increases in title I funds between fiscal 1973 and fiscal 1974 as a consequence of the shift from 1960 to 1970 census data. This shift in census data resulted in great distortions in the allocations under the formula because there was a significant decline in the number of census children counted under the $2,000 low-income level while at the same time the number of AFDC children count remained constant. As a result, some school districts whose allocations were based predominantly on AFDC children experienced very significant increases in title I funds in fiscal 1974. A comparison of the projected allocations for these cities with 1973 allocations shows that title I funds for most of these districts will not drop below the fiscal 1973 levels.

Mr. Speaker, H.R. 69 will be the major education bill to be voted on by the 93d Congress. I think it important that all Members be fully informed about this measure, and I would, therefore, like to insert in the RECORD at this point a chart which compares these title I allocations for the 100 largest cities in the country. A study of the table will show that most major cities would gain under the updated title I formula adopted by the committee. The table follows:

TITLE I ALLOCATIONS IN H.R. 69, THE ELEMENTARY AND SECONDARY EDUCATION AMENDMENTS OF 1974—COUNTY LOCAL EDUCATIONAL AGENCIES (LEA) ENTITLEMENTS ONLY

				Percent increase/decrease of	
100 larges cities	1973	1974	H.R. 69	Fiscal year 1974 over fiscal year 1973	H.R. 69 over fiscal year 1974
New York	134, 030, 268	154, 373, 065	131, 217, 035	+15	−15
Bronx	37, 044, 787	46, 234, 075	39, 298, 944	+25	−15
Kings	57, 204, 807	67, 172, 700	57, 096, 768	+17	−15
New York	27, 045, 188	26, 020, 783	22, 117, 648	−4	−15
Queens	10, 890, 022	12, 786, 676	10, 868, 670	+17	−15
Richmond	1, 845, 465	2, 158, 831	1, 835, 005	+17	−15
Chicago (Cook)	43, 707, 229	51, 866, 527	52, 866, 976	+19	+2
Los Angeles	44, 943, 483	49, 867, 494	52, 746, 880	+11	+6
Philadelphia	20, 643, 019	27, 131, 272	24, 852, 704	+31	−8
Detroit (Wayne)	22, 136, 000	25, 933, 205	28, 942, 496	+17	+12
Houston (Harris)	6, 281, 395	8, 019, 010	11, 024, 061	+28	+37
Baltimore City County	10, 535, 957	12, 921, 187	11, 053, 777	+23	+9
Dallas	4, 146, 734	5, 110, 172	7, 327, 188	+23	+43
District of Columbia	10, 042, 676	11, 196, 398	10, 352, 664	+12	−8
Cleveland (Cuyahoga)	9, 741, 004	12, 448, 365	10, 581, 106	+28	−15
Indianapolis (Marion)	3, 062, 105	3, 169, 235	4, 361, 574	+4	+38
Milwaukee	5, 012, 385	6, 349, 363	7, 724, 952	+27	+22
San Francisco	4, 765, 937	4, 312, 040	4, 887, 120	−10	+13
San Diego	5, 376, 368	6, 643, 338	8, 825, 213	+21	+33
San Antonio (Bexer)	5, 149, 849	5, 797, 673	9, 231, 729	+13	+59
Boston (Suffolk)	7, 476, 341	8, 329, 899	7, 907, 340	+11	−5
Memphis (Shelby)	3, 789, 533	5, 489, 690	8, 399, 540	+45	+53
St. Louis	5, 047, 776	5, 678, 370	6, 824, 879	+13	+20
New Orleans (Orleans)	4, 284, 298	5, 960, 408	9, 416, 467	+39	+58
Phoenix (Maricopa)	3, 538, 338	3, 516, 739	6, 258, 400	−1	+78
Columbus (Franklin)	3, 588, 571	4, 099, 531	4, 342, 047	+16	−6
Seattle (King)	3, 709, 141	4, 417, 045	4, 989, 411	+19	+13
Jacksonville (Duval)	2, 185, 584	2, 585, 155	5, 411, 000	+18	+11
Pittsburgh (Alleghany)	8, 451, 271	8, 651, 181	10, 680, 184	+2	+16
Denver	3, 239, 429	3, 435, 624	3, 811, 680	+6	+11
Kansas City, Mo. (Jackson)	2, 261, 480	2, 562, 563	3, 633, 353	+13	+42
Atlanta (Fulton-Dekalb)	4, 514, 348	5, 968, 175	6, 803, 157	+32	+14
Buffalo (Erie)	8, 495, 066	8, 732, 161	8, 189, 803	+3	−6
Cincinnati (Hamilton)	4, 170, 298	4, 060, 561	5, 376, 877	−3	+32
Nashville (Davidson)	1, 465, 684	1, 716, 491	2, 831, 153	+17	+65
San Jose (Santa Clair)	4, 283, 769	4, 973, 262	5, 324, 957	+14	+7
Minneapolis (Hennepin)	4, 381, 434	5, 149, 435	4, 899, 424	+18	−5
Fort Worth (Torrant)	2, 214, 254	2, 433, 508	3, 435, 181	+10	+41
Toledo (Lucas)	2, 088, 423	2, 149, 538	2, 365, 344	+3	+10
Portland (Midtenomoh)	2, 543, 724	2, 640, 706	3, 542, 131	+4	+34
Newark (Essex)	10, 938, 289	13, 220, 988	12, 588, 581	+21	−5
Oklahoma	2, 336, 745	2, 826, 913	3, 027, 421	+21	+7
Oakland (Alameda)	6, 159, 904	6, 120, 938	7, 415, 999	−1	+21
Louisville (Jefferson)	3, 180, 234	5, 031, 569	4, 276, 831	+58	−15
Long Beach					
Omaha (Douglas)	1, 946, 045	2, 244, 586	1, 959, 922	+15	−13
Miami	3, 599, 793	4, 330, 621	8, 513, 516	+20	+97
Tulsa (Tulsa)	1, 668, 945	1, 869, 674	2, 278, 298	+12	+22
Honolulu (Oahu)	2, 955, 720	3, 419, 497	4, 326, 469	+16	+27
El Paso	1, 570, 140	1, 921, 119	4, 477, 087	+22	+133
St. Paul, Minn. (Ramsey)	2, 176, 450	2, 395, 789	2, 388, 145	+10	−0
Norfolk	3, 172, 933	3, 100, 406	3, 249, 185	−2	+5
Birmingham (Jefferson)	3, 619, 136	4, 447, 988	6, 192, 006	+23	+39
Rochester (Monroe)	4, 710, 346	5, 665, 322	4, 815, 521	+20	−15
Tampa (Hillsborough)	1, 854, 995	1, 710, 489	4, 125, 428	−8	+141
Wichita (Sedgwick)	1, 697, 699	1, 937, 900	2, 062, 449	+14	+6
Akron (Summit)	1, 902, 593	2, 237, 573	2, 380, 511	+18	+6
Tucson (Pima)	1, 172, 071	1, 380, 397	2, 498, 036	+18	+81
Jersey City (Hudson)	4, 950, 713	6, 086, 389	6, 356, 360	+23	+4
Sacramento	3, 831, 005	4, 613, 718	5, 218, 670	+20	+13
Austin (Travis)	1, 052, 790	952, 542	1, 844, 306	−10	+94
Richmond	2, 291, 787	2, 450, 360	2, 511, 893	+7	+3
Albuquerque (Bernalillo)	1, 354, 259	1, 667, 013	2, 933, 095	+23	+76
Dayton (Montgomery)	2, 157, 238	2, 353, 612	2, 512, 649	+9	+7
Charlotte (Mecklenburg)	1, 611, 209	2, 448, 123	2, 400, 399	+52	−2
St. Petersburg (Pinellas)	1, 050, 687	1, 061, 733	2, 269, 755	+1	+114
Corpus Christi (Nueces)	1, 874, 737	1, 696, 219	2, 941, 918	−10	+73
Yonkers (Westchester)	5, 496, 127	6, 201, 274	5, 271, 080	+13	−15
Des Moines (Polk)	1, 214, 720	1, 560, 867	1, 326, 736	+29	−15
Grand Rapids (Kent)	2, 003, 231	2, 545, 322	3, 285, 607	+27	+29
Syracuse (Onondaga)	3, 122, 871	2, 884, 164	3, 103, 298	−8	+8
Flint (Genesee)	2, 665, 673	3, 325, 702	3, 920, 738	+25	+18
Mobile	1, 866, 731	3, 037, 523	4, 249, 565	+63	+40
Shreveport (Caddo)	1, 640, 742	1, 484, 466	3, 249, 908	−10	+119
Warren (Wayne)—See Detroit.					
Providence	3, 545, 993	3, 595, 579	4, 622, 130	+1	+29
Fort Wayne (Allen)	961, 870	977, 700	1, 112, 682	+2	+14
Worcester, Mass					
Salt Lake City (Salt Lake)	1, 657, 294	1, 975, 077	2, 352, 189	+19	+19
Gary (Lake)	2, 904, 556	3, 566, 029	3, 361, 370	+23	−6
Knoxville (Knox)	1, 238, 178	1, 277, 118	2, 028, 267	+3	+59
Madison (Dane)	751, 142	959, 055	1, 297, 255	+28	+35
Virginia Beach	30, 524	906, 866	1, 174, 534	+2, 871	+30
Spokane	1, 180, 227	1, 380, 542	1, 838, 184	+17	+33
Kansas City (Wyandotte)	1, 309, 972	1, 592, 036	1, 563, 168	+22	−2
Anaheim (Orange)	3, 575, 289	4, 423, 958	5, 762, 646	+24	+30
Fresno	4, 197, 369	4, 061, 527	6, 266, 109	−3	+54
Baton Rouge (East Baton Rouge)	1, 082, 957	1, 264, 284	2, 599, 325	+17	+106
Springfield					
Hartford	3, 571, 400	4, 207, 121	4, 770, 409	+18	+13
Santa Ana (Orange)—See Anaheim.					
Bridgeport					
Tacoma (Pierce)	1, 608, 467	2, 040, 594	2, 645, 912	+27	+30
Columbus (Muscogee)	962, 152	1, 327, 209	1, 761, 556	+38	+33
Jackson (Hinds)	1, 621, 749	2, 356, 830	3, 162, 964	+45	+34
Lincoln (Lancaster)	416, 413	390, 269	471, 308	−6	+21
Lubbock, Tex	752, 231	839, 472	2, 782, 607	+12	+112
Rockford, Ill. (Winnebago)	1, 309, 127	1, 338, 899	1, 542, 849	+2	+15
Paterson, N.J. (Passaic)	3, 442, 231	4, 166, 031	3, 817, 208	+21	−8
Greensboro (Guifford)	1, 172, 448	1, 675, 956	1, 678, 158	+43	0
Riverside, Calif	2, 757, 415	3, 079, 943	4, 148, 912	+12	+35
Youngstown (Mahoning)	1, 110, 798	1, 220, 582	1, 344, 934	+10	+10
Fort Lauderdale (Broward)	1, 379, 747	1, 453, 948	3, 134, 085	+5	+116
Evansville (Vanderboro)	734, 392	664, 475	835, 810	−10	+26
Newport News	777, 588	1, 016, 433	1, 236, 715	+30	+22

LABOR-FAIR WEATHER FRIEND—V

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. Gonzalez) is recognized for 5 minutes.

Mr. GONZALEZ. Mr. Speaker, in a great organization one of the most difficult of all problems is to keep headquarters in contact with the field. Big companies go to great lengths to know what is happening with their field operations, because they know that if headquarters does not know what is happening, mistakes that create huge losses can be made, without the headquarters people knowing about it until after disaster has struck. The same is true in labor.

Business and labor alike hold all kinds of meetings and conventions to try to keep the communications lines open; after all they share the common problem of trying to keep the penthouse informed, and the field folks likewise informed.

But this does not always work.

In the case that I have been discussing in the last few days, big labor attacked me without informing itself of just how folks down in the field thought about it, and in fact without trying to ascertain the facts for itself, or even assuring itself that the attack had been authorized by the particular board responsible. It was the kind of mistake that can be made when an organization is too big, or seized in the grip of hubris.

When people in the Texas labor movement heard about this, they asked the logical question: Did not anybody up there in headquarters know that Henry Gonzalez was their friend, and had not anybody bothered to check with him, or at least give him a chance to state his case?

One puzzled inquiry was from the San Antonio Building & Construction Trades Council, and it read like this:

San Antonio Building and
Construction Trades Council,
San Antonio, Tex., January 3, 1974.

Mr. Richard Murphy,
C.O.P.E. & Legislative Director, S.E.I.U. Committee on Political Education, Washington, D.C.

Dear Mr. Murphy: I am writing this letter with regard to correspondence between your office and the office of Congressman Henry B. Gonzales concerning the Farah strike in San Antonio.

Labor in San Antonio has in Henry B. Gonzales one of the best friends possible. I have never had the occasion to ask him for assistance in any form that I was refused, if he felt that it was in the best interest of the working people.

There are organizations in San Antonio that have been out to get Henry ever since he has held a political office. While Henry has been around all of these years these people have been able to be a parasite from one organization to another through Federal grants and any and all type of programs where free money was available.

To fully understand the San Antonio situation one must almost have to live here to be able to see the manipulations that are made in order to put him in a situation whereby he would be an open target for them.

I only wish that your office would have first contacted Henry and at least given him a chance to state his feelings.

Labor in San Antonio hopes the accusations made do not hinder our relations with this man.

Fraternally,
W. F. Keller,
President, San Antonio Building & Construction Trades Council.

I do not know if this inquiry was ever answered or not; if it was, I never received a copy of the reply.

But the San Antonio council was not the only one that wondered what was going on. The Texas AFL–CIO officers also wanted to know what had happened; they hoped that the Labor Council for Latin American Advancement had not hung me and then decided to hold a trial later. In fact, that is exactly what happened.

Here is what the Texas AFL–CIO officers had to say:

Texas AFL–CIO,
Austin, Tex., January 3, 1974.

Mr. Ray Mendoza,
Chairman, Labor Council for Latin American Advancement, Washington, D.C.

Dear Brother Mendoza: We just read your press release dated December 19, 1973, vigorously condemning Congressman Henry B. Gonzalez for his union-busting attitude in regards to his supposed stand with Willie Farah and the Farah Pants Manufacturing Company.

As you know, Congressman Gozalez has always been a close friend of Labor with an excellent voting record and a strong supporter of working people, in general. We would like to know if Congressman Gonzalez has been contacted in regards to this matter and what is his explanation.

While we certainly don't condone anyone attacking the Farah strikers, and we support their causes 100%, it is difficult for us to believe that Congressman Gonzalez would do anything detrimental to union members or take exceptions with the leaders of the Catholic Church.

We would think, with the outstanding past of Congressman Gonzalez, a full explanation from him would be in order before this press release was released. Hoping this was the case, any documentary evidence you have to substantiate these charges would be appreciated by us for our own personal understanding.

Fraternally,
Harry Hubbard, *President.*
Sherman Fricks, *Secretary-treasurer.*

As far as I know, this letter was never answered, either, or if it was, I never got a copy.

So I was not and am not alone in trying to penetrate the penthouse mentality that resulted in this unfortunate attack on me.

Those in labor who know me best have tried to defend me; not because they have been asked, but because they sensed from the very beginning that something was wrong, and that I had been the victim of an unfair and unwarranted attack. But as far as I know, these friends have not received any more consideration than I have.

Labor's penthouse commands a fine view of the White House. The location was chosen I am sure because it helps symbolize the AFL–CIO's wish to be associated with the power of the White House; to remind tenants of the White House that George Meany is there, and expects to be remembered, and to remind visitors that nobody has offices closer to the Oval Office than he does, not even the captains of industry. It's all very impressive. But I have come to wonder if the arrogance that brought Richard Nixon so low has not also penetrated into the penthouse of labor; whether labor has also become so enamored of power that it cannot recognize the difference between an independent friend and a fanatic who can only bring harm to all he touches. Maybe the penthouse mentality has seized the house of labor too; maybe its moguls do not really know any more who their true friends are. That could explain why in this case the tail wagged the dog. I will remember that; I will remember for a long time who my friends have been, and who they are. I wish that the moguls who seem not to have listened to their own members would have remembered who their friend was.

GHANA'S 17TH INDEPENDENCE ANNIVERSARY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Michigan (Mr. Diggs) is recognized for 5 minutes.

Mr. DIGGS. Mr. Speaker, it gives me great pleasure to congratulate the people of Ghana on this 17th Anniversary of their independence. I well remember the pride I experienced as a black American when Ghana took its place among the sovereign states of the world. It was an honor for me to have been present on that occasion as part of the official U.S. delegation, under the leadership of then Vice President Richard Nixon. In the years since then, I have visited Ghana several times, most recently in March of 1972. The sincere friendship between the American people and the people of Ghana has been evidenced by the warm reception I have received on all these visits. In fact, America has consistently enjoyed good relations with Ghana.

I am sure that I speak for all Americans in extending warmest greetings to the people of Ghana as they celebrate this anniversary of a momentous event in their history. It is our sincere hope that Ghana will continue to move forward in its efforts to become self-reliant and economically viable, and that America will continue to be a partner in that effort.

I wish to insert, Mr. Speaker, for the information of my colleagues, the statement issued by the Embassy of Ghana on this 17th birthday.

The statement follows:

Ghana Is Seventeen Years Today—6th March, 1974

Since independence seventeen years ago, Ghana has made remarkable progress in all fields of development. She has built roads, hospitals, new townships, developed rural electrification and has supplied her people with pipe borne water, and other social amenities. New schools have been built and the old educational system has been changed to reflect the needs of our society.

The Government of the National Redemption Council, led by Colonel Ignatius Kutu Acheampong, has shown practical understanding of our problems by injecting strict discipline into the economy. Imports have been controlled to appreciable levels and every effort has been made to boost exports in textiles, wood products, aluminium alloys, processed cocoa products, etc. This has yielded positive results; the high price of cocoa, timber and gold on the world market has also added more inputs into the economy and, as a result, unemployment, inflation and high prices show a downward trend. The third phase of "Operation Feed Yourself" was launched in Northern Ghana recently with the object of increasing agricultural production of food and industrial crops and diversifying Ghana's economy in order to reduce over dependence on cocoa and timber. Ghanaians are determined to make the nation self-reliant and economically viable.

Ghana's economic and industrial policies provide for viable foreign investment and partnership in certain economic areas. The Capital Investments Board provides incentives and liberal concessions to prospective investors who are willing to co-operate with us on equal terms in prescribed areas of operation.

The expansion of Ghana's trade with the United States and other North and South American countries, including the Caribbean, will be vigorously pursued by the National Redemption Council.

With regard to Foreign Affairs, Ghana has continued to build effective links with her neighbours, worked towards a Common Market in West Africa and supported vigorously the Organization of African Unity, the United Nations and its Specialized Agencies, the Third World, the Non-aligned Group and other regional groups in their efforts to free Africa from colonialism and racialism. Within these organizations, Ghana will continue to join all peace-loving nations in their programmes to raise the living standards of peoples all over the world.

It is our hope and belief that the current achievements of the National Redemption Council will continue to inspire Ghanaians in all walks of life so that Ghana shall be a shining example to all lovers of peace, freedom, justice and human progress.

The Embassy of Ghana.

Washington, D.C.

SUPPLEMENTAL SECURITY INCOME—AN ADDED BURDEN OF MEDICAID?

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. Rostenkowski), is recognized for 5 minutes.

Mr. ROSTENKOWSKI. Mr. Speaker, it has been recently brought to my attention that as a result of certain corrective amendments that the Congress has made to the supplemental security income program, many States are going to experience a significant increase in their share of the costs for medicaid payments.

The legislation, which transferred about 3 million aged, blind, and disabled persons from the State welfare rolls to the Federal system, was originally designed to ease both the financial and administrative burden imposed by these categories on the States. In effect, however, the program, as amended by Public Law 93–66, and Public Law 93–233, will cost most States more than before the Federal Government stepped in.

I think it is important for the Congress to evaluate the SSI program as it is being implemented to insure that it is taking the direction we intended when we incorporated it in H.R. 1 during the last Congress. While I understand that financial relief for the States was certainly not the primary consideration involved in the decision to federalize these categories, it is equally clear that it was not the intention of the Congress to greatly increase the States' costs.

Since the problem of increased States' costs of medicaid is complex in its origin as well as in its potential solution, I would like to insert in the Record an analysis of the problem as it was presented to me by the Illinois Department of Public Aid.

While this analysis did suggest some possible solutions to this rapid increase in medicaid expenses, I have excluded these from the Record because I feel that it is important that the Committee on Ways and Means first evaluate the problem. If the Committee on Ways and Means determines that this situation was not intended by the legislation as it was enacted, then it would be proper for the committee to evaluate what steps might be necessary to lessen this unexpected financial burden.

I would therefore like to insert the summary of the Illinois medicaid problem in the Record for my colleagues' attention. If the Illinois situation appears to be the rule rather than the exception, I urge my colleagues on the committee to take the necessary steps to evaluate the impact of this matter on all the States.

The summary follows:

[Illinois Department of Public Aid]

The State Cost Explosion in Medicaid for the Aged, Blind, and Disabled: A Proposal for Relief

The federalized program of basic maintenance aid for the aged, blind, and disabled (Supplementary Security Income program, or SSI), enacted October 30, 1972 and effective January 1, 1974, has generated a series of financial shocks for the States instead of the substantial fiscal relief originally claimed.

In its Report 92–1230, issued September 26, 1972—slightly more than a month prior to enactment of the Bill providing for federalization (H.R. 1 which became Public Law 92–603)—the Senate Finance Committee projected savings for Fiscal 1974 in State maintenance grant outlays totaling $853.1 million. This projection assumed that all the States having a higher level for their assistance programs for this category than the Federal floor of $130 ($195 for a couple) would continue these current levels through supplementation of the Federal program, even though such supplementation under the Bill was entirely optional with the States. The savings projected for Illinois in this Senate Report for Fiscal 1974 was $20 million.

So far as Medicaid for SSI beneficiaries was concerned, the Congress made no specific provision in Public Law 92–603 except for a negative provision to the effect that no State would be required to provide Medicaid to any beneficiary of the federalized program unless such beneficiary would have been eligible under the State's Medicaid program in effect on January 1, 1972, or after incurring medical care expenses had reduced his income and other resources so that they were not in excess of the State's medical assistance standard in effect on that date.

In both the area of maintenance aid and the area of Medicaid, the Congress—and the Federal Department of Health, Education, and Welfare which assisted the Congress in planning the details of the federalized program—miscalculated the extent to which the former State-Federal program for the aged, blind, and disabled provided better protection and coverage for the majority of aged, blind, and disabled individuals than the federalized program which was to take over January 1, 1974 and—in the words of the Senate Finance Committee—"largely replace the payments now being paid to the needy aged, blind, and disabled under State public assistance programs for people in these categories". Actually, in terms of State standards in effect for July 1972 for determining eligibility for financial aid for maintenance needs, the new program "replaced" the old program in less than one half of the States. Even in the remainder, as was discovered later, some individuals receiving State grants for special or emergency needs were better off under the old program than they would be under the new.

The Congress (with the planning assistance of HEW) has now corrected these deficiencies in the federalized program, but not at the expense of the Federal government. Rather, the expense of the corrections is to be borne by the States:

1. The first correction came in the area of supplementation of the Federal floor payment for basic maintenance needs. Through Public Law 93–66 enacted July 9, 1973, the Congress mandated that each State had to supplement each individual on its AABD rolls in December 1973 whose grant plus income under the old program exceeded the SSI payment plus income. Unless this mandated supplement is provided, the penalty to the State is loss of all Federal matching funds for its Medicaid program. In the case of Illinois, this mandated supplement involves some 41,000 receipients and will cost $9.3 million in State dollars for the period January through June 1974 (the last half of Fiscal 1974). Although Illinois has entered into an agreement for Federal administration of the mandatory supplement, there will be no Federal participation in the cost, unless at some future date the State opts for Federal administration of a supplementary program covering *the entire SSI caseload* (with more liberal eligibility conditions), and State costs under this arrangement exceed the State's total outlay in Calendar 1972 (but counting only payments at standards in effect in January 1972). The Federal government will pick up only the costs above this 1972 outlay.

2. The second correction was for the Medicaid oversight. Here, through H.R. 11333 approved January 3, 1974, the Congress has mandated that the State *must* provide Medicaid coverage:

a) to all persons included in the mandated maintenance supplement (for Illinois, the 41,000 referred to in item 1), *and*

b) to all other SSI beneficiaries who would qualify for Illinois Medicaid under Medicaid standards in effect as of January 1972 (for Illinois, HEW estimates this figure at 120,000). At its option, a State may move above this minimum requirement, with Federal matching, if it provides Medicaid for all SSI beneficiaries plus persons who would, except for their income, qualify as SSI beneficiaries (that is, persons receiving a State supplement only because their maintenance needs and special needs, if any, under State standards exceed the Federal eligibility level.)

It is in the area of the mandated Medicaid coverage of SSI recipients that Illinois, as well as most of the other States, faces its greates financial shock.

In the case of Illinois, for the last half of Fiscal 1974 (January through June 1974) Medicaid for SSI recipients will total $183,996,000. At the present Federal matching formula for Illinois, the State must carry 50 percent of this cost, or $91,998,000. Of this total figure of $183,996,000 for the remainder of this fiscal year, the *new* Medicaid obligation imposed as a result of the federalized program for *new* SSI beneficiaries who will meet State standards for Medicaid is $30,580,000, or a State additional cost of $15,290,000 under present matching arrangements.

For Fiscal Year 1975, the AABD Medicaid tab under H.R. 11333 will total $20,622,000, with the State's share under present arrangements at $210,311,000. Of the total of $420,622,000, the cost for the new SSI beneficiaries will be $110,102,000, with the State's portion of the outlay under present arrangements at $55,051,000.

Considering only the *new* SSI beneficiaries mandated for Medicaid coverage by H.R. 11333, the additional cost to the State of Illinois is as follows: $15.3 million for the remainder of Fiscal 1974; $55.1 million for Fiscal 1975, or a total of $70.4 million *additional cost to Illinois for Medicaid as a result of federalization of the AABD program than F.Y. 1975.*

This $70.4 million additional cost more than wipes out the $20 million "savings" projected by the Senate Finance Committee in September 1972. In fact, considering only the remainder of FY '74, the $15.3 million additional Medicaid cost for the *new* SSI beneficiaries plus the $9.3 million in the maintenance supplement mandated by Public Law 93–66 more than wipes out the projected "savings" for Fiscal 1974.

The additional cost to Illinois and the other States for the mandated Medicaid coverage of *new* SSI cases is obviously the result of the federalized program with its expanded caseload due to more liberal eligibility conditions and the attractiveness of an income maintenance level guaranteed by the Federal government and financed by that government. But without Medicaid, the *new* SSI cases would obviously be less well off than their counterparts covered by the former State-administered program. The answer supplied: compel the States to supply at least 50 percent of the cost of correcting the gap in the original legislation!

The States have every reason to protest this method of rectifying an oversight in the original Federal program at such high cost to the States. Further, the States have also every reason to protest the *forced* continuation of their Medicaid costs for former State AABD cases transferred to the Federal program receiving the mandated supplement for basic maintenance needs. Adoption of the federalized program—under the basic premise of Federal acceptance of responsibility for providing a nationwide floor for basic maintenance of the aged, blind, and disabled—*has as its corrollary Federal responsibility for meeting at least the same proportionate part of Medicaid requirements for these people.*

Proposal for Relief

While a case might well be made that the States should be relieved entirely of the Medicaid responsibility for SSI recipients—since the need for Medicaid for this group arises solely as a result of shortcomings in the established Federal Medicare program—it is doubtful that the Congress, for fiscal and other reasons, could move rapidly enough on this basis to provide the fiscal relief *that the States need immediately* as a result of the mandated Medicaid coverage of SSI recipients contained in H.R. 11333.

FINANCING ELECTIONS: MAKING PUBLIC OFFICIALS AND THOSE WHO SEEK PUBLIC OFFICE MORE RESPONSIVE TO THE PEOPLE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Hawaii (Mr. MATSUNAGA) is recognized for 20 minutes.

Mr. MATSUNAGA. Mr. Speaker, the 1st session of the 93d Congress saw dozens of major bills being considered in both the House and the Senate. The spate of energy legislation passed by the House of Representatives in the past few weeks is indicative of the pace and importance of these efforts.

Nonetheless, it is the legislation proposing structural changes in our political process which have the longest lasting impact. We recently passed and sent to the Senate a bill to reform the congressional budget processes, which may well turn out to be the most important measure passed by the House in 1973.

Perhaps the most important bill the House will pass in 1974 will be legislation to reform campaigns for Federal elective office—specifically, the Presidency and the Congress. The Committee on House Administration has completed hearings on the entire subject of campaign finance reform. I understand that markup will soon begin, and it is hoped to have a bill on the floor of the House sometime in the next few weeks.

In this connection, I am taking three actions which bear on this vital issue:

First, I am signing the statement of basic principles of campaign reform, which outlines in general a number of steps which should be taken to reform present practices.

Second. I am introducing my own bill on the subject, which I believe gathers together some of the more thoughtful ideas on campaign reform.

Third. I am publicly declaring my support for H.R. 7612, the so-called Anderson-Udall bill, to demonstrate my basic agreement with the principles to which that bill is addressed.

A NEW PROPOSAL

For the last several years, I have been pleased to play a major role in moving toward a more rational, more democratic method of electing our Federal officials. I was a member of a bipartisan steering group which developed a consensus resulting, in large part, in the enactment of the 1971 Federal Election Campaign Act. That was good legislation, and has served a useful purpose. One of the clearest indicators of how much of an improvement it was over the old law was the rush of activity by so many people to transact business before the effective date of the 1971 amendments.

But too many loopholes remain. We need to offer even more encouragement to small campaign contributors. We need to establish a clear line of authority for enforcing all campaign laws. We need to prevent outlandishly large contributions by individuals to any candidate, and limit the use of untraceable cash wherever possible. We need make free broadcast time available to Presidential candidates without clogging the airwaves with numerous sideshow candidates. Perhaps most importantly, Mr. Speaker, we need to extend present spending limitations to include all types of expenditures, and provide some system of public financing of campaigns for Federal offices.

My bill comes to grips with each of these needs, in what I believe to be a most reasonable and practical way.

INDEPENDENT ELECTION COMMISSION

As a badly needed first step, I propose the establishment of an independent seven-member Federal Elections Commission, to enforce all of the Federal election laws. Under the present setup, the General Accounting Office is responsible for enforcing the laws as applied to Presidential candidates; in the House, its Clerk is responsible; in the Senate, its Secretary. Many have observed that permitting the enforcement of laws applying to Members of Congress by officials who serve at the pleasure of those Members gives the appearance, at least, of providing the potential for abuse. The General Accounting Office, for its part, has been uncomfortable in the role of Presidential candidate watchdog, a task with ultimate political implications. Moreover, none of these agencies can operate in a truly independent way. All apparent violations of law must be referred to the Justice Department. Asking the Justice Department to seek indictments against offenders from the party in power presents, again, the appearance of a potential for abuse.

So my bill would establish an independent commission, with guaranteed bipartisan membership, to oversee the campaign and election laws, issue subpenas and seek injunctions where appropriate, even initiate criminal action against alleged violators.

This provision is similar to that already passed by the Senate as part of S. 372.

PRESIDENTIAL "EQUAL TIME" REPEAL

Almost everyone agrees that eliminating the "equal time" requirement for Presidential candidates would be a good thing. It would permit the networks to offer free time to major candidates without flooding the air with fringe personalities. My bill would repeal that requirement, but would for the time being retain it for congressional candidates. This is not because I do not favor free broadcast time for major congressional candidates; I do, very strongly. In my State of Hawaii, in fact, I arranged during the 1972 campaign to debate my Republican opponent on Hawaii's public television channel, which graciously provided the air time without charge. But many doubts have been expressed about overburdening TV outlets in some major markets, and about the fairness that might be expected toward minor but legitimate candidates in some areas of the country. These are sincere reservations, in my opinion, and my bill responds to them by requiring a special study by the Federal Communications Commission on the issue of repealing the "equal time" provision for congressional candidates.

Before mandating that the Federal Government buy broadcast time and give it to candidates, as some have suggested, I believe we should permit broadcasters to demonstrate how they will respond to the opportunity to provide this vital public service as part of their legal duty to serve "the public interest and convenience." In this connection I must pay my sincere compliments to television stations KGMB–TV in Honolulu for its pioneering effort to make free time available to opposing candidates for the higher offices during the 1972 general elections. Mr. Cec Heftel, owner and president of KGMB-TV, has provided an example in public service for others to follow. To a lesser degree stations KHON-TV and KIKU-TV provided the same public service. To all these stations I express gratitude for their demonstrated leadership in serving the public.

ENCOURAGING SMALL CONTRIBUTORS

I believe that the enactment of the income tax deduction and credit for small political contributions was a substantial forward step. The existing law permits a deduction of up to $50 for political contributions—$100 for couples filing jointly. More important for middle-income taxpayers, many of whom do not itemize deductions, they can simply subtract $12.50—$25 for joint returns—from their final tax bill credit to $50 for individuals, and $100 for couples filing jointly. The deduction would remain unchanged, but would be unused. Thus all taxpayers rich and poor, would have the same incentive to contribute.

INDIVIDUAL CONTRIBUTION LIMITS

Big money—that is, really big money, has now become commonplace in American politics, especially at the Presidential level. I speak not only of spending, which I will discuss later, but also of contributions from individuals. One recent compilation reveals that one man and his wife have given more than $7 million to Republican candidates since 1968. I do not condemn them; in fact, I regret that they did not give that money to Democrats instead.

They were attempting, in a perfectly legal way, to bring their ideals to fruition through contributions to the campaigns of those who agree with them philosophically. However, it was the free flow of over-abundant campaign funds from wealthy individuals that led to Watergate and related incidents. Much of the illegal and unethical campaign activities could not have been carried on if funds had been limited. There is no question that big money tends to corrupt our democratic institutions and processes.

Therefore, my bill would limit the amount any person may contribute to any one candidate to $3,000 per year. Total contributions to all candidates in any year could not exceed $25,000. That limitation would apply to all contributions except those to and by the national committees, and the national congressional committees, of the major parties. Contributions to those entities could total another $25,000 each year. Another current loophole would be closed by requiring that any contribution by a minor must be attributed to a parent or guardian.

LIMIT USE OF CASH

Checks and money orders leave traceable records, which ease the burden of enforcing contribution and expenditure laws. Cash does not. We have seen dramatic recent instances where very large amounts of cash have been used for what can at best be described as questionable practices. My bill, therefore, would ban any cash contribution or political expenditure larger than $100.

SPENDING LIMITATIONS

A simple way to lower the amount of money spent in campaigns is to impose ceilings above which spending is prohibited. My bill imposes such ceilings. But great care must be taken when legislating in this area, for it is fraught with danger. If the limit is set too high, it is useless. If it is set too low, it becomes a sort of "Incumbents' Protection Act," because incumbents almost always have higher name recognition than their challengers, a difficulty that can be overcome in a short time only by launching into expensive advertising. There is also the difficulty of enforcement, which is made more difficult as limits are lowered, because of increased pressures to evade the statutory limit.

The limits in my bill apply only to congressional races. Presidential campaign spending limits are implicit in the mechanism which provided the existing $1 checkoff from individual income taxes.

Senate candidates, or House candidates in States with only one House seat, would be permitted to spend up to 70 cents per registered voter, or $250,000, whichever is greater. Other House candidates could spend 70 cents per registered voter or $150,000, whichever is greater. These limits would include both primary and general elections. The combining of funds subject to limitation would give the candidate greater flexibility in applying the resources where they are needed, a factor which varies from State to State, even from race to race within a State. In the event of a runoff, additional sums would be authorized.

It should be noted that I have based my calculations on the number of registered voters, rather than voting age population. My purpose is to encourage candidates to work for high voter registration figures.

In a typical House campaign, these limitations would work out to about $165,000 to $170,000 overall. While those limits are low enough to curb the "super media blitz" which we have all seen and deplored, they are certainly high enough to permit a challenger to get his story across to the public.

PARTIAL PUBLIC FINANCING

I have publicly advocated, and introduced legislation to provide, public financing of campaigns for Federal offices for many years. I strongly believe that now is the time for action on this issue. It is a necessary complement to my bill's restrictions of individual contributions and overall spending limitations.

I know that many of my colleagues shrink from, in effect, voting themselves campaign subsidies from the Treasury. But public financing gives money to campaigns only incidentally to achieving its principle purpose—assuring competitive races in a wider number of contests than is now the case. In 60 to 80 House races every other year, no opposition candidate even bothers to file against the incumbent. In another 250 or so races, the opposition is only token. The American people have no stake in advancing the career of any politician; they have a great stake, however, in assuring sufficient money for vigorous elections in as many instances as possible.

Although many people agree that partial building financing would serve solid principles, they doubt whether it is possible to solve all of the practical problems involved—who gets the money, how much, and when? When does a fringe candidate become a "minor party" candidate? And who decides these questions? My bill offers modest suggestions about what I believe is a workable plan.

Primaries. As a matter of principle I believe that public financing of primary elections is a necessary step. It is in this process where many congressional races are decided as a practical matter. But it is also a practical matter that financing for primaries is not, in my judgment, an attainable goal in the 93d Congress. Since the principle of public financing is the single most important thing, I have limited my proposal to general elections, with a view toward expansion at some future point, once the principle is established.

General elections. After posting a bond equal to the amount of payment requested, any candidate on the ballot could receive up to 10 cents per registered voter, or $20,000, whichever is greater—$30,000 in the case of Senate races. If a candidate failed to receive at least 10 percent of the total vote, he would forfeit a portion of a bond required to be posted before the initial payment could be made.

Taken together with the limits on overall spending and individual contributions, I believe that this plan for partial public financing has the potential for breaking what appears to be the inevitable cycle under the present system: Big money and unlimited budgets discourage the poor and middle-income people from contributing; and as long as small contributions are not available in very large numbers, politics continues to be tainted—some would say dominated—by big money.

None of these proposals is new, Mr. Speaker. All have appeared either in other current bills or in bills I have introduced myself in previous Congresses. But I believe that my bill draws together the best, if you will, of the various proposals, in a workable, enactable piece of legislation.

Also, Mr. Speaker, my bill includes a provision legalizing contributions by corporations subject to the same limitations as apply to individuals. This parallels a provision in the campaign reform legislation which went into effect in my State of Hawaii on January 1, 1974.

My purpose is to stop the devious subterfuges by which corporate money now finds its way into campaign coffers. It will help corporate executives to make honest, above-board contributions to candidates and political parties of their choice.

Watergate has revealed the widespread abuse of the current law. Whether my proposal is enacted or not, corporate funds, like booze during the Prohibition era, will continue to flow into campaigns. It is time we legalized corporate contributions, but in limited amounts and fully reported, so that the publnc will know what corporations support what candidates.

I trust that members of the House Administration Committee, and other House Members, will find this bill a useful tool as we work toward passage of campaign reform legislation.

DEFICIENCIES IN THE FOOD STAMP PROGRAM FOR PUERTO RICO

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. Rangel) is recognized for 5 minutes.

Mr. RANGEL. Mr. Speaker, in the implementation of the food stamp program for Puerto Rico, three very serious deficiencies have been brought to my attention by the recent Agriculture Department announcement of its plans in this regard.

First, the Agriculture Department has apparently chosen to delay implementation of the program in many parts of the island until the latter part of this year and in San Juan—the area where the most needy people are—until March 1975. It appears that USDA has embarked upon a course that indicates a very serious disregard for the will of Congress as set forth in the August 1973 amendments to the Food Stamp Act. In those amendments Congress required the Department to establish the program in every political subdivision of the United States by June 30, 1974, unless it was impossible or impracticable to do so by that date. Congress was motivated by the rapid disappearance of food surpluses in the United States which meant that the surplus commodity distribution programs would no longer be able to meet the nutritional needs of poorer people in places such as Puerto Rico. Because of the critical importance of food to a family's survival, the deadline was made mandatory—except, of course, for the two provisions. Despite this clear statement of congressional intent, however, USDA has made no finding of impossibility or impracticability and has still chosen to delay the program. I find this shocking.

To carry out its responsibilities USDA must implement the program in all locations on the island by June 30, 1974, even if that means acting through municipal governments, other government agencies, or even private organizations. Its only justification for delay can be a showing of impossibility or impracticability, but it bears the burden of proof in such matters and its showing would have to be both affirmative and convincing.

If it does make such a showing, however, that still does not mean that it can delay until March. It remains obligated to implementation at the earliest possible moment.

Second, and of equally vital concern is the decision by the Agriculture Department to set food stamp allotment levels at amounts lower than those prevailing in the United States—at a level which will not, I believe, permit poor families to purchase the same diets as in the mainland. If I am correct, then poor families in Puerto Rico are being denied their rights under the act.

The act requires the Secretary to set Puerto Rican coupon allotments at a level that will allow recipients there to be on an equal footing with those in the mainland—providing only that allotments for the islands are not set any higher than those in the mainland.

I do not know what process the Secretary used to derive the recently announced figures but if, as I have been told, food prices are measurably higher than those in the mainland areas then the poor people of Puerto Rico are being treated illegally. What the Agriculture Department should do, if it has not done so already, is cost out the economy diet plan's food items in Puerto Rico and determine just what it would cost to purchase a month's worth of those foods on the island. The economy diet plan foods are the yardstick used on the mainland and fairness requires that they be the same yardstick on the island. The use of different, cheaper foods on the island as a basis for cost measurements would simply penalize the poor people for their past reliance upon inadequate diets.

Third, the Secretary has established lower income-eligibility guidelines for Puerto Rico than are used on the mainland. For example, he has slated $407 as the maximum monthly income for a family of four which compares to $473 for a mainland family of four. This discrimination indicates that he wholly failed to carry out the requirement in the statute that eligibility be determined by multiplying the island's per capita income by the number of people in each household.

ABORTION PROHIBITION: IT WILL NOT WORK

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from New York (Ms. Abzug) is recognized for 20 minutes.

Ms. ABZUG. Mr. Speaker, last year the U.S. Supreme Court issued an historic decision asserting the constitutional right of women to choose abortion as a method of birth control. We are now in the midst of a high pressure and highly emotional and well-organized campaign to undermine that decision, even though polls show that a majority of Americans support the Court's decision.

Several constitutional amendments proclaiming the "right to life" have been introduced, and today hearings on these proposals were opened by the Constitutional Amendments Subcommittee of the Senate Judiciary Committee. I was pleased to have an opportunity to testify before the subcommittee and at this point I should like to include in the Record the text of my remarks:

Testimony of Bella S. Abzug Before the Constitutional Amendments Subcommittee of the Senate Judiciary Committee, March 6, 1974

I thank you for this opportunity to testify against approval of abortion prohibition amendments to the Constitution, which potentially could affect every woman of childbearing age in the United States.

I appear before you as a member of Congress, but also as a woman who is aware that in the consideration of this proposal, the fate of women is once again to be decided by men. I recognize that views both for and against the right to abortion are found in both sexes. The fact remains, however, that these are amendments aimed exclusively at women which have been introduced by men and submitted to a legislative body consisting entirely of men.

In the other body, women number only 16 out of 435 members, and if an abortion prohibition should be approved by the Congress, which I certainly hope will never happen, it would then be submitted to legislatures that are now about 93% male in composition.

Women are at your mercy, as they were during their one hundred year struggle to win suffrage. I remind you of the inequities in the present legislative situation *not* to make any sweeping prejudgments as to where individual members of the Senate may stand on this issue, but so that you may be conscious of your particular responsibility also to represent women, who in this setting have no franchise.

I find it significant that not one Senator spoke out against the Buckley Amendment to the Social Security Amendments of 1973, which would bar the use of Medicaid funds for abortion. This was a blatant act of discrimination against poor women, as are all anti-abortion laws, but to my knowledge no Senator is on record as opposing this kind of class legislation.

The Buckley anti-Medicaid amendment, like other amendments attached to other bills for the purpose of limiting use of federal funds for abortion, is an attempt to undermine the U.S. Supreme Court's historic decision of January 22, 1973 upholding the Constitutional right to abortion. Now we see a more frontal attack on the Supreme Court decision in these legislative attempts to change the Constitution itself, and in so doing to violate the spirit and language of the Constitution and the principles of tolerance and respect for individual freedom upon which our society is based.

As Justice Holmes said in his dissent in *Lochner v. New York* (198 U.S. 45, at p. 76) the Constitution "is made for people of fundamentally differing views," but the Buckley and Helms amendments seek to impose one view upon an entire people. They would substitute uniformity for diversity and compulsion for the right of the individual to choose. They might impose a particular religious or moral ethic upon a nation that at its inception, by adopting the First Amendment, rejected any dogma or creed as mandatory for all.

I am opposed to compulsory abortion. I am opposed to compulsory sterilization. I am also opposed to compulsory pregnancy.

Under the Supreme Court decision, no woman anywhere in the United States can be forced to have an abortion. Neither can she be forced to have a baby. She is free to decide, under certain limitations specified by the Supreme Court, whether she should give birth to a child.

Man and woman are equal in the act of conception, but after that single act has occurred, it is the woman's body that carries and nurtures the embryo and the fetus.

It is the woman who experiences the physical and psychological changes of pregnancy.

It is the woman who has the discomforts and sometimes the medical complications that accompany pregnancy.

It is the woman who feels the pain of childbirth. It is the woman who may have the postpartum depression.

And in our society it is the woman who bears the major responsibility of caring for and raising the child and who often must leave school or her work to do so.

Childbearing and childraising is a great experience for most women. For some it is not. For some it is sometimes. The point is that it is a totally individual experience, the most highly personal process in a women's life.

And yet the Buckley and Helms amendments might mobilize the full power and authority of the state and its legal apparatus to interfere in this private process, to dictate to the individual citizen who is a woman what she is to do with her body and with her life.

I oppose these amendments because I believe they might create insoluble conflicts within the Constitution. They could inflict upon us arbitrary legal definitions of physical processes for which there is no universarily agreed upon medical definition. They would produce legal chaos. And they would not work.

Let us start with the last point first. This nation has already had the bitter experience of another kind of national prohibition as mandated by the 18th amendment to the Constitution. We know that not only did that Prohibition fail to accomplish its avowed highly moral purposes, but was responsible for the lawless and violent era of the bootlegger and gangster, and the rise of organized crime which still plagues our society.

We do not have to speculate about whether a similar failure would result from the adoption of a Constitutional prohibition of abortion because we already have the answer.

Until the U.S. Supreme Court issued its decision last year, most states had anti-abortion laws. Prior to 1830 there were no statutes in the U.S. prohibiting abortion. Between 1830 and 1956, however, virtually every state adopted laws which prohibited abortion unless necessary to preserve the life of the woman.

The main reason for enactment of these laws was that under 19th Century conditions, before aseptic surgical techniques were developed, abortions were extremely dangerous and sometimes fatal, even when performed by physicians. Protection of the health of the woman was the major concern behind the enactment of these laws. Today, however, with a variety of techniques available and with abortions more available to women in the early stages of their pregnancy, an abortion is safer than childbirth.

Even though abortion was outlawed in most of the states, at least until five or six years ago, abortions were performed, and they will continue to be performed whether the Constitution is amended or not. This is a fact that no amount of moral wishing can overcome.

It has been generally estimated that all throughout the period when anti-abortion laws were on the books, about one million American women were having abortions each year. Illegal abortions were so common and profitable they were said to be the third largest source of criminal revenue, following only narcotics and gambling. (D. Lowe, *Abortion and the Law*, cited in *The Rights of Americans*, edited by Norman Dorsen, p. 360).

Until some of the states began reforming their abortion laws, only about 10,000 of these one million women succeeded each year in having abortions performed legally in a hospital. Most of these, inevitably, were white, midle class or rich women who had the money and access to physicians willing to make the necessary arrangements.

What about the others, the 990,000 young girls and women, married and unmarried, who could not obtain legal abortions? Each one has had to go through the individual trauma of facing an unwanted pregnancy, frantically seeking in secrecy for a bootleg abortionist, paying exorbitant fees, or in many cases having to rely on a quack, a neighbor, a midwife or a home remedy, usually unsuccessful and often dangerous. Others have had to go abroad, as in the celebrated case more than 10 years ago of Sherry Finkbein, a young pregnant married woman who had taken the drug thalidomide and was forced to journey to Scandinavia to obtain an abortion of what proved to be a badly deformed fetus.

Each year, before the Supreme Court decision was handed down, physicians had to treat about 350,00 women suffering from complications arising from illegal abortions. Each year, it has also been estimated some 400 to 1,000 women died as a result of illegal, out-of-hospital abortions. Sometimes months of intensive care would be required to save a woman's life.

In contrast, the experience in New York State which has had legalized abortion for more than three years shows a decline in deaths associated with abortions, a decline in the maternal death rate, a steep decrease in the number of infant deaths, and a striking decline in the numbers of women hospitalized due to botched abortions.

The New York experience has also shown a 25 percent decline in the birthrate between 1970 and 1972, a 12 percent decline in the number of out-of-wedlock births, and a 56 percent decline in the rate of newborn infants left for placement or simply abandoned in the hallways, doorsteps and other places.

A report by Planned Parenthood Federation of America, issued December 10, 1973, which I would like to submit along with other documents as part of my testimony, says:

"Elimination of dangerous illegal abortion removed the main single case of maternal deaths. And women for whom childbirth would be a high risk—the very young, women who have had many previous pregnancies or are nearing menopause, and women with medical handicaps—now have an alternative. Of course, availability of abortion alone doesn't account for declines in the National Maternal Mortality rates. Effective use of contraception is another factor. In fact, the New York evidence suggests that contraceptive practice improved markedly, perhaps related to the contraceptive counseling provided by facilities performing abortions."

As a result of the legalization of abortion in some states, more women have been able to procure abortions during the first 12 weeks of pregnancy, the safest period. A one-year study of almost 73,000 abortions performed in hospitals in five states showed that 75 percent took place during the first 12 weeks of pregnancy and less than three percent took place after the 20th week. The study shows that late abortions have been mostly frequent among women under the age of 18, mothers of six or more children, black women, and patients in public hospitals. These are the women who as a result of legalization of abortion now have the personal security of access to safe procedures and to contraceptive counseling.

Perhaps the most significant finding in the Planned Parenthood report was that "about seven in ten of the legal abortions of New York residents would have taken place anyway—most of them illegally—in the absence of the new law. In other words, the primary impact of legalizing abortion is to make safer, less expensive and more open a procedure which would have taken place anyway."

Those who would overrule *Roe v. Wade* (410 U.S., 113 (1973)) would ignore our experience with the practical consequences of attempting to prohibit abortion and the benefits we have seen in terms of improved maternal and infant health resulting from legalized abortion. Those who would impose a ban on abortion in the name of protecting the rights of the unborn would deprive recognized citizens of their rights under the First Amendment, which guarantees secular supremacy, and their Constitutional right to privacy.

In its historic *Roe v. Wade* decision last year, written by Justice Blackmun and concurred in by six other justices, the Supreme Court said that although the right of privacy is not explicitly mentioned in the Constitution, the court has recognized that such a right does exist under the Constitution, in a line of decisions going back perhaps as far as *Union Pacific R. Co. v. Botsford*, 141 U.S. 250 251 (1891).

In varying contexts, the decision said, the Court or individual justices have found at least the roots of that right in the First Amendment, in the Fourth and Fifth Amendments, in penumbras of the Bill of Rights in the Ninth Amendment, or in the concept of liberty guaranteed by the first section of the Fourteenth Amendment.

In its decision, the Supreme Court held: "This right of privacy, whether it be founded in the Fourteenth Amendment's concept of personal liberty and restrictions upon state action, as we feel it is, or, as the District Court determined, in the Ninth Amendment's reservation of rights to the people, is broad enough to encompass a woman's decision whether or not to terminate her pregnancy." (410 U.S. at 153).

The court went on to discuss the hardships a state could impose upon a pregnant woman by denying her this choice:

"Specific and direct harm medically diagnosable even in early pregnancy may be involved. Maternity, or additional offspring, may force upon the woman a distressful life and future. Psychological harm may be imminent. Mental and physical health may be taxed by child care. There is also the distress, for all concerned, associated with the unwanted child, and there is the problem of bringing a child into a family already unable, psychologically and otherwise, to care for it. In other cases . . . the additional difficulties and continuing stigma of unwed motherhood may be involved. All these are factors the woman and her responsible physican necessarily will consider in consultation." (410 U.S. at 153).

The Court also held that although the right of personal privacy includes the abortion decision, "this right is not unqualified and must be considered against important state interests in regulation." It said a state may properly assert important interests in safeguarding health, in maintaining medical standards, and in protecting potential life. "At some point in pregnancy," the court continued, "these respective interests become sufficiently compelling to sustain regulation of the factors that govern the abortion decision."

Accordingly, the court held that for the first three months of pregnancy, the abortion decision must be left to the woman's physician. In the next stage, approximately the second trimester, the state, "in promoting its interest in the health of the mother, may, if it chooses, regulate the abortion procedure in ways that are reasonably related to maternal health." (410 U.S. at 164). It is not until the stage subsequent to viability, which is usually defined as the time when the born fetus can sustain life outside the womb of the mother that, according to the Supreme Court, "the State in promoting its interest in the potentiality of human life may, if it chooses, regulate, and even proscribe, abortion except where it is necessary, in appropriate medical judgment, for the preservation of the life or health of the mother." (410 U.S. at 164–165).

The high Court's recognition of the rights of the woman might be submerged under the Helms Amendment by language which states that due process and equal protection shall be afforded an individual "from the moment of conception." Would we have to become a nation of Solomons in choosing between the rights of the woman and the rights of the unborn embryo or fetus?

The Buckley amendment states that the word "person" as used in the Fifth and Fourteenth Amendments (covering the conception that no person shall be deprived of life, liberty or property without due process of law) shall apply to all human beings, "including their unborn offspring at every stage of their biological development, irrespective of age, health, function, or condition of dependency."

The Buckley amendment would contradict the rights of citizens provided by other sections of the Constitution, but it also contains an internal contradiction. It would allow an exception "in an emergency, when a reasonable medical certainty exists that continuation of pregnancy will cause the death of the mother." In Senator Buckley's view, the unborn offspring has an equal right to life, but it is less equal than that of the mother's right to life.

This leniency on the part of Senator Buckley does not extend to concern for the health, as distinguished from the life, of the mother nor for the quality of life the offspring will have when it is born. Both of these factors are taken into consideration in abortion reform laws adopted by some 15 states in recent years. In these states abortions have been permitted under one or more specified circumstances, including pregnancies resulting from rape or incest, danger to the physical or mental health of the mother, and the possibility of fetal deformation.

The proposed amendments, however, with the single exception conceded by Senator Buckley, would ignore the multitude and diversity of individual circumstances and reasons that might require a woman to decide to have an abortion. Women anywhere from the ages of 10 to 11 to past 50 are physically capable of bearing children. Under these amendments a young child could herself be forced to bear a child. A woman approaching menopause could be forced to bear a child. A woman who is seriously ill or psychologically disturbed could be forced to bear a child. A woman who is raped or who is too young to know how to cope with sexual advances could be forced to bear a child. A woman who is poor or without a husband or without enough food or clothing for her existing family or who is in circumstances where her entire life would be drastically and unacceptably changed by having a child would be forced to give birth. Women with no access to contraceptives or who use contraceptives that fail would be forced to bear children against their will. And women exposed to drugs, diseases or inborn genetic traits that would result in the birth of badly deformed, chronically ill or even fatally ill babies would be forced to bear them even though medical science has developed techniques such as amniocentesis that in some cases makes it possible to detect before birth a defective fetus.

What happens even to the well baby born to a scared, unmarried teenage girl, herself virtually a child? What happens to the child born into abysmal poverty or into a family already too large? Or to the child born to a sick or disturbed mother?

Although it is certainly not inevitable that the child unwanted at birth will be rejected and unloved in life, research into the etiology of mental illness, criminality and mental retardation has singled out parental deprivation as perhaps the most important single causal factor. The number of grossly deprived, abused, and neglected children is so large that for every child who may be helped by the intervention of child welfare agencies, hundreds go undetected until it is too late. Child abuse, in which children are beaten, tortured, maimed or even killed by their parents has become such a widespread problem in our society that we have even had to enact a national law to attempt to deal with it.

Unfortunately, we are not a child-oriented society and respect for the right to life does not necessarily extend beyond the time when the child emerges from the womb. Millions of children in our country have malnutrition, grow up in poverty, are abandoned, or left to vegetate in foundling homes. Millions go without proper medical care. Seriously handicapped babies and children are consigned to institutions where they exist under horrible conditions that are periodically exposed in the press or on TV and then promptly forgotten. A comprehensive child care and development bill enacted by the Congress was vetoed by President Nixon, and even the totally inadequate child care facilities that we have are under attack and have been cut back by Presidential and Congressional act.

None of these factors is taken into consideration in the proposed amendments, which assume a reverence for life that resolutely ignored the problems of the real world or the quality of life.

The core of these amendments is the concept that the zygote, embroyo or fetus is a human being indistinguishable from humans who have been born. The significance of birth itself might be wiped out by these amendments, with staggering implications for our society. Both amendments seek to define the unborn as a person. Helms would stretch this definition to the "moment of conception," and the Buckley amendment more circuitously speaks of "unborn offspring at every stage of their biological development." In attempting to write language into the constitution which determines when a human being becomes a human being, the authors of both amendments rush in where wiser persons have feared to tread.

The Supreme Court decision says on this point: "We need not resolve the difficult question of when life begins. When those trained in the respective disciplines of medicine, philosophy and theology are unable to arrive at any consensus, the judiciary, at this point in the development of man's knowledge, is not in a position to speculate as to the answer."

Yet if these amendments were adopted, the courts would be involved in unending speculation on this very question. Does Senator Buckley's phrase about every stage of biological development take us back to the sperm and the egg? It very well might. When does the "moment of conception" referred to by Senator Helms take place? Does it begin with fertilization or the process of implantation in the uterus, which occurs some five to eight days after the process of fertilization has been completed? And how could one possibly ascertain that legally? The state of pregnancy itself cannot be determined with certainty until some three weeks after implantation has occurred.

There can be no sensible or generally accepted legal determination of what the Supreme Court called in its decision "this most sensitive and difficult question." It pointed out that there has always been strong support for the view that life does not begin until live birth. This was the belief of the Stoics and it appears to be the predominant, though not the unanimous, attitude of the Jewish faith. It is the belief widely held by large segments of the Protestant community. Common law held that abortion performed before quickening—the first recognizable movement of the fetus *in utero*, appearing usually from the 16th to the 18th week of pregnancy—was not an indictable offense. Physicians often focus upon the point at which the fetus becomes "viable", that is, sufficiently well developed to live outside the mother's womb, albeit with artificial aid. Aristotle held a three-stage theory of life, in which the vegetable stage was reached at conception, the animal stage at animation, and the rational stage soon after live birth. St. Augustine, who made a distinction between *embryo inanimatus*, not yet endowed with a soul, and *embryo animatus*, at one point expressed the view that human powers cannot determine the point during fetal development at which the critical change occurs.

These theories of "mediate animation" and ensoulment held sway throughout the Middle Ages and the Renaissance in Europe and was official Roman Catholic dogma until the 19th Century. The belief that life begins from the moment of conception is now the official view of the Catholic Church and it is also held by many others on moral rather than religious grounds.

One can respect the right of the Catholic Church and many other sincere and earnest Americans to hold this belief without writing it into the basic secular law of our land. Indeed, if the Buckley and Helms views were to be accepted as mandates, we would have to call upon medical science to develop electronic spies or other devices, possibly placed within the body of the woman, to determine precisely when the sperm fertilized the egg, when the egg attaches itself to the wall of the uterus, and so forth. This would, of course, be the utimate invasion of privacy, but one can ask what is the point of making a constitutional reference to the "moment of conception" without considering how that is to be determined.

The Supreme Court decision held that a fetus is not a person within the meaning of the Fourteenth Amendment. It noted that those sections of the Constitution which refer to "person" have application only postnatally. "None indicates, with any assurance," said the Court, "that it has any possible prenatal application."

In view of this firm high court decision, the Buckley and Helms amendments are intended to change the constitution and to confer some uncertain measure of personhood upon the zygote, embryo or fetus in accordance with their vague definitions.

As a lawyer, I can assure you that if either amendment were added to the Constitution, our entire system of laws would become a chaotic mess and the only ones who would benefit would be the army of fetal protection lawyers that would undobutedly rush to the courts with thousands of mischievous lawsuits.

Let us consider some of the possibilities.

All Americans could claim that they have instantly aged by seven to nine months. This would affect everything from birth certificates to death certificates, age of majority, entrance into school, voting age, eligibility for Congress and the Presidency, retirement, pension systems, Social Security, insurance policies, actuarial tables, and every aspect of our very complex society in which age is a factor.

Moreover, if the fetus is to be recognized as a human being, the census would have to be retaken and all laws and practices that relate in any way to size of population would have to be changed, for example. The "one man, one vote" principle would have to be changed, for example. The pregnant woman would count for two, but vote for one. The entire nation would have to be redistricted for purposes of Congressional representation, and this would have to be done repeatedly as the rates of pregnancy declined or rose.

Revenue sharing, formula grants, school taxes and all federal laws in which taxation or appropriations or allocations are related to the number of human beings involved would all have to be changed.

In criminal law, the possible complications are as infinite as the ingenuity of a lawyer's mind. Would anyone committing a lesser crime that incidentally results in the miscarriage of a woman be guilty of murder under the so-called felony murder rule which classifies as murder the killing of a person in the course of a lesser crime? Would anyone charged with criminal recklessness that resulted in a miscarriage be found guilty also of the crime of manslaughter?

What about the responsibility of the pregnant woman? Could a pregnant woman be sent to prison for any reason if this would result in the incarceration of the presumably innocent fetus person? Would she have to account legally for any action she took that might result in a miscarriage? Would the woman be prevented from using a contraceptive such as the intrauterine device (IUD) which may have the effect of dislodging a fertilized egg?

The consequences to every pregnant woman have been spelled out in a memorandum on the Helms-Hogan amendment prepared by attorney Harriet Pilpel. "If the fetus were a person entitled to constitutional guarantees from the moment of conception, every pregnant woman would constantly be acting at her peril. . . . Presumably the state could enjoin a safety regimen on every woman from the moment she conceived (assuming anyone could figure out what that moment was) and could hold her accountable criminally and civilly for any injury the fetus suffered. . . . Perhaps every woman would be required to register the fact of her pregnancy with an appropriate fetus-protective state authority. Every aspect of her life would be the potential subject of state inspections, regulation and control. For pregnant women living under (this) amendment, the conditions described in George Orwell's *1984* would be a paradise of freedom by comparison."

In general tort law, chaos would also ensue. If a pregnant woman were in an automobile or airplane accident, could the fetus sue for negligence? Could the fetus sue for negligence if the mother contracted German measles, took a harmful drug or had an accident? Could totally unrelated persons have themselves declared "guardians" of the fetus, as happened in the *Byrn* case in New York State, and interfere in the personal lives of pregnant woman?

What about inheritance? As legal persons, unborn fetuses might inherit property, even if never born alive. This could increase estate taxes, since property passing through the fetal estate might be taxable. Estate tax returns might have to be filed on behalf of fetuses that have miscarried. Increased risks to the life of a pregnant woman might result because doctors might hesitate to use life-saving medical procedures that might abort the pregnancy.

Other legal disputes would develop. Would the fetus be counted as a dependent for tax purposes? How would the Internal Revenue Service determine the validity of such a claimed deduction? What would be the status of a fetus conceived in the United States by non-citizens? As the law now stands children born in the United States to aliens, even those here temporarily, are citizens. Would this have to be extended to include all children whom the parents claim were conceived in the United States? Could a pregnant woman be deported if the "moment of conception" occurred in this country?

These are only a few of the questions raised by constitutional lawyers. Some may seem absurd, but all of them stem logically from these ambigously worded proposed Constitutional amendments and would create the utmost confusion at every level of our legal system and involve us in a nightmare of endless litigation.

I make these points not to question or impugn the motives of those proposing or supporting these so-called "right to life" amendments, but to point out that their moral and religious concerns are not subjects that can be reasonably or appropriately dealt with in legal terms.

We are all concerned with the right to life. We must also be concerned with preserving the essence of our democratic society which allows all viewpoints to flourish and compete for support.

Those who agree with Senators Buckley and Helms are perfectly free to model their own lives on these precepts. They are also free to state their views publicly, to argue, to seek to persuade other Americans of the rightness of their morality or dogma. But they have no right to demand that all Americans conform to their particular beliefs.

And they have given us no reason to believe that a ban on abortions would be any more workable than a ban on sexual intercourse. The only result would be to turn women unwillingly into lawbreakers.

We have already seen the tragic results of laws that deny women access to legal, safe abortions. We also know that over the years millions of women have been forced to resort to abortion because men and women were denied access to contraception. Even now, many states have laws proscribing the sale of contraceptives to teen-agers. These laws exists even though it is generally recognized that we must have population control if our planet is to be able to sustain life.

I believe that abortion is the latest desirable method of birth control. No woman prefers it. It is generally regarded as a method of last resort. Hopefully, there will be fewer abortions as women and men gain more familiarity with and access to contraceptives. But safe and legal abortion must be available to any woman who finds herself pregnant and for any one of a multitude of reasons does not want to have a child then. It must be available to the poor and to the very young, who traditionally have been the main victims of anti-abortion laws.

The Supreme Court has held that the Constitution liberates women from the indignities, terrors and dangers to their health of illegal abortions. We also recognize the hypocrisy of mandating anti-abortion laws which are only randomly enforced but that make women feel like criminals. To propose, in this year of 1974, that women be delivered back into the hands of bootleg abortionists and extortionists is unconscionable, and I urge you to reject these amendments.

GENERAL LEAVE

Mr. FRENZEL. Mr. Speaker, I ask unanimous consent that all Members have 5 legislative days to extend their remarks on the special orders today of the gentleman from California (Mr. ROUSSELOT) and the gentleman from California (Mr. BELL).

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. DELLUMS (at the request of Mr. O'NEILL), for today, on account of illness.

Mr. MCKINNEY (at the request of Mr. RHODES), after 3:30 today and for March 7, on account of death in the family.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. BAFALIS), to revise and extend their remarks, and to include extraneous matter:)

Mr. RAILSBACK, for 5 minutes today.
Mr. CONABLE, for 5 minutes, today.
Mr. GROVER, for 10 minutes, today.
Mr. PEYSER, for 5 minutes, today.
Mr. HANNA, for 15 minutes today.

(The following Members (at the request of Mr. GINN) and to revise and extend their remarks and include extraneous matter:)

Mr. MINISH, for 10 minutes today.
Mr. BRADEMAS, for 5 minutes, today.
Mr. GONZALEZ, for 5 minutes, today.
Mr. DIGGS, for 5 minutes, today.
Mr. ROSTENKOWSKI, for 5 minutes today.
Mr. MATSUNAGA, for 20 minutes, today.
Mr. RANGEL, for 5 minutes, today.
Ms. ABZUG, for 20 minutes, today.
Mr. FASCELL, for 60 minutes, on April 11.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

(The following Members (at the request of Mr. BAFALIS) and to include extraneous matter:)

Mr. ESHLEMAN.
Mr. SANDMAN.
Mr. SHOUP.
Mr. HOGAN.
Mr. HUDNUT.
Mr. QUIE.
Mr. SARASIN.
Mr. CLEVELAND.
Mr. KEMP.
Mr. SMITH of New York.
Mr. HOSMER in two instances.
Mr. WYMAN in two instances.
Mr. SEBELIUS.
Mr. SYMMS.
Mr. DERWINSKI in two instances.
Mr. MARAZITI.
Mr. YOUNG of South Carolina.
Mr. GOODLING.
Mr. PARRIS in four instances.
Mr. HUBER in two instances.

(The following Members (at the request of Mr. GINN) and to include extraneous matter:)

Mr. CULVER in six instances.
Mr. TEAGUE in six instances.
Mrs. BOGGS.
Mr. FRASER in five instances.
Mr. GONZALEZ in three instances.
Mr. RARICK in three instances.
Mr. DIGGS in three instances.
Mr. ROYBAL.
Mr. EVINS of Tennessee.
Mr. SHIPLEY.
Mr. BROWN of California in 10 instances.
Mr. LEGGETT.
Mr. EDWARDS of California.
Mr. GAYDOS in 10 instances.
Mr. MURTHA.
Mr. HENDERSON.
Mr. OBEY in three instances.

Mr. Milford in three instances.
Mr. Reid in two instances.
Mr. Conyers.
Mr. Harrington in two instances.

ENROLLED BILL SIGNED

Mr. HAYS, from the Committee on House Administration, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H.R. 8245. An act to amend Reorganization Plan Numbered 2 of 1973, and for other purposes.

ADJOURNMENT

Mr. GINN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 27 minutes p.m.), the House adjourned until tomorrow, Thursday, March 7, 1974, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1991. A letter from the President of the United States, transmitting a proposed supplemental appropriation for fiscal year 1974 for the Federal Trade Commission (H. Doc. 93–227); to the Committee on Appropriations and ordered to be printed.

1992. A letter from the President of the United States, transmitting proposed supplemental appropriations for fiscal year 1974 for the Department of Justice (H. Doc. No. 93–228); to the Committee on Appropriations and ordered to be printed.

1993. A letter from the President of the United States, transmitting a proposed supplemental appropriation for fiscal year 1974 for the U.S. Information Agency (H. Doc. No. 93–229); to the Committee on Appropriations and ordered to be printed.

1994. A letter from the Assistant Secretary of the Navy (Installations and Logistics), transmitting a report of the facts and justification for the transfer of the Fleet Missile Systems Analysis and Evaluation Group, Corona, Calif., pursuant to section 613(a) of Public Law 89–568 (10 U.S.C. 2662, note); to the Committee on Armed Services.

1995. A letter from the Administrator, U.S. Small Business Administration, transmitting a draft of proposed legislation to amend the Small Business Act; to the Committee on Banking and Currency.

1996. A letter from the Administrator, Small Business Administration, transmitting a draft of proposed legislation to clarify the authority of the Small Business Administration and for other purposes; to the Committee on Banking and Currency.

1997. A letter from the Secretary of Health, Education, and Welfare, transmitting a draft of proposed legislation to amend the Juvenile Delinquency Prevention Act to establish a new program of research and demonstrations, with particular emphasis on problems of runaway children, and for other purposes; to the Committee on Education and Labor.

1998. A letter from the Secretary of the Interior, transmitting a report on study of a 90-mile segment of the Clarion River in Pennsylvania recommending against its inclusion in the National Wild and Scenic Rivers System, pursuant to 82 Stat. 906; to the Committee on Interior and Insular Affairs.

1999. A letter from the Commissioner, Immigration and Naturalization Service, Department of Justice, transmitting copies of orders entered in the cases of certain aliens under the authority contained in section 13(b) of the act of September 11, 1957, pursuant to section 13(c) of the act [8 U.S.C. 1255b(c)]; to the Committee on the Judiciary.

2000. A letter from the Secretary of Commerce, transmitting the Annual Report of the Economic Development Administration for fiscal year 1973, pursuant to 42 U.S.C. 3217; to the Committee on Public Works.

2001. A letter from the Fiscal Assistant Secretary of the Treasury, transmitting the third annual report on the financial condition and results of the operation of the Airport and Airway Trust Fund, pursuant to section 208(e)(1) of the Airport and Airway Revenue Act of 1970, as amended (H. Doc. No. 93–230); to the Committee on Ways and Means and ordered to be printed.

Received From the Comptroller General

2002. A letter from the Comptroller General of the United States, transmitting a report on the supply and demand conditions for teachers and the implications for Federal programs; to the Committee on Government Operations.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ANDERSON of California:

H.R. 13271. A bill to amend the Occupational Safety and Health Act of 1970; to the Committee on Education and Labor.

By Mr. CAREY of New York (for himself, Mr. Badillo, Mr. Bafalis, Mr. Bell, Mr. Brown of California, Mr. Clay, Ms. Collins of Illinois, Mr. Cronin, Mr. de Lugo, Mr. Eilberg, Mr. Fascell, Mr. Ford, Ms. Green of Oregon, Mr. Hawkins, Mr. Helstoski, Mr. Hicks, Ms. Holtzman, Mr. Koch, Mr. Madden, Mr. Moakley, Mr. Murphy of New York, Mr. Murtha, Mr. Pepper, Mr. Rosenthal, and Mr. Sarbanes):

H.R. 13272. A bill to amend the Public Health Service Act to provide for the establishment of a National Institute of Aging to the Committee on Interstate and Foreign Commerce.

By Mr. CAREY of New York (for himself, Ms. Grasso, Mr. Stokes, Mr. Tiernan, Mr. Walsh, Mr. Wolff, Mr. Won Pat, and Mr. Yatron):

H.R. 13273. A bill to amend the Public Health Service Act to provide for the establishment of a National Institute of Aging; to the Committee on Interstate and Foreign Commerce.

By Mr. COLLIER:

H.R. 13274. A bill to exempt parts and accessories to be used on local transit buses from Federal excise tax; to the Committee on mittee on Veterans' Affairs.

By Mr. DORN:

H.R. 13275. A bill to amend title, 38 United States Code, to extend eligibility for automobile adaptive equipment to certain additional veterans; to the Committee on Veterans' Affairs.

H.R. 13276. A bill to amend title 38, United States Code, to provide an annual clothing allowance to certain veterans who, because of a service-connected disability, wear a prosthetic appliance or appliances which tend to wear out or tear their clothing; to the Committee on Veterans' Affairs.

H.R. 13277. A bill to amend title 38, United States Code, to liberalize the provisions for payment of educational assistance benefits to certain disabled veterans; to the Committee on Veterans' Affairs.

H.R. 13278. A bill to amend title 38, United States Code, to liberalize the provisions for special emphasis in employment of disabled veterans; to the Committee on Veterans' Affairs.

By Mr. HANSEN of Idaho:

H.R. 13279. A bill to suspend for a temporary period of time the provisions of section 27 of the Merchant Marine Act, 1920, in order to permit, under certain circumstances, vessels of foreign registry to transport fertilizer necessary to the production of agricultural commodities from Alaska to the west coast of the United States; to the Committee on Merchant Marine and Fisheries.

By Mr. HENDERSON:

H.R. 13280. A bill to insure that recipients of veterans' pension and compensation will not have the amount of such pension or compensation reduced, or entitlement thereto discontinued, because of increases in monthly social security benefits; to the Committee on Veterans' Affairs.

By Mr. KEMP:

HR.. 13281. A bill to amend the Natural Gas Act to extend its application to the direct sale of natural gas in interstate commerce, and to provide that provisions of the act shall not apply to certain sales in interstate commerce; to the Committee on Interstate and Foreign Commerce.

H.R. 13282. A bill to amend the Internal Revenue Code of 1954 to eliminate the percentage depletion allowance and the option to deduct intangible drilling and development costs in the case of any oil or gas well located outside the United States, and to deny a foreign tax credit with respect to the income derived from any such well; to the Committee on Ways and Means.

By Mr. LEHMAN:

H.R. 13283. A bill to amend the Internal Revenue Code of 1954 to provide a 20-percent tax credit for individuals for home improvements, home repairs, furnishings and appliances; to the Committee on Ways and Means.

By Mr. MINISH:

H.R. 13284. A bill to amend the Public Health Service Act to improve the national cancer program and to authorize appropriations for such program for the next 3 fiscal years; to the Committee on Interstate and Foreign Commerce.

By Mr. MOAKLEY:

H.R. 13285. A bill to amend title 4, chapter 4, section 4–904 of the District of Columbia Code in order to eliminate additional uncompensated work time of the officers of the Metropolitan Police Department; to the Committee on the District of Columbia.

By Mr. OBEY:

H.R. 13286. A bill to remove Senators and Representatives from the application of section 225 of the Federal Salary Act of 1967 pertaining to the Commission on Executive, Legislative, and Judicial Salaries, to provide for cost-of-living adjustments in the salaries of such officials, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. PEPPER:

H.R. 13287. A bill to amend title 38, United States Code, to increase the limitations with respect to direct loans to veterans from $21,000 to $25,000; to the Committee on Veterans' Affairs.

H.R. 13288. A bill to expand the authority of the Veterans' Administration to make direct loans to veterans where private capital is unavailable at the statutory interest rate; to the Committee on Veterans' Affairs.

By Mr. REID:

H.R. 13289. A bill to provide financial asassistance to the States for improved educational services for handicapped children; to the Committee on Education and Labor.

By Mr. REUSS:

H.R. 13290. A bill to provide that the money designated on 1972 tax returns to be made available to a specified political party which (after such designation) has been directed by law to be used otherwise, shall remain in the general fund of the Treasury unless redesignated to the Presidential Election Campaign Fund by the taxpayer; to the Committee on Ways and Means.

By Mr. ROUSH:

H.R. 13291. A bill to amend the Internal Revenue Code of 1954 to allow the rapid depreciation of expenditures to rehabilitate low-income rental housing incurred after December 31, 1974; to the Committee on Ways and Means.

By Mr. ROYBAL:

H.R. 13292. A bill to amend title II of the Social Security Act to increase to $3,600 the amount of outside earnings which (subject to further increases under the automatic adjustment provisions) is permitted each year without any deductions from benefits thereunder; to the Committee on Ways and Means.

By Ms. SCHROEDER (for herself and Mr. Evans of Colorado):

H.R. 13293. A bill to provide that the project referred to as the Chatfield Dam and Lake on the South Platte River, Colo., shall hereafter be known and designated as the "Edwin C. Johnson Dam and Lake"; to the Committee on Public Works.

By Mr. STEELMAN:

H.R. 13294. A bill to amend the Federal Food, Drug, and Cosmetic Act to clarify the authority of the Secretary of Health, Education, and Welfare with respect to foods for special dietary use; to the Committee on Interstate and Foreign Commerce.

By Mr. STEED:

H.R. 13295. A bill to amend the Public Works and Economic Development Act of 1965 to extend the authorizations for a 5-year period, and for other purposes; to the Committee on Public Works.

By Mrs. SULLIVAN (for herself, Mr. Clark, Mr. Ashley, Mr. Dingell, Mr. Downing, Mr. Stubblefield, Mr. Murphy of New York, Mr. Jones of North Carolina, Mr. Anderson of California, Mr. Kyros, Mr. Eckhardt, Mr. Ginn, Mr. Studds, Mr. Grover, Mr. Mosher, Mr. Lott, and Mr. Pritchard):

H.R. 13296. A bill to authorize appropriations for the fiscal year 1975 for certain maritime programs of the Department of Commerce; to the Committee on Merchant Marine and Fisheries.

By Mr. SYMMS (for himself, Mr. Teague, Mr. Sebelius, Mr. Flynt, Mr. Devine, Mr. Collins of Texas, Mr. Bauman, Mr. Steiger of Arizona, Mr. Price of Texas, Mr. Ichord, Mr. Baker, Mr. Zion, Mr. Brinkley, Mr. Moorhead of California, Mr. Froehlich, Mr. Lujan, Mr. Blackburn, Mr. Dan Daniel, Mr. Young of South Carolina, Mr. Satterfield, Mr. Collier, Mr. Snyder, Mr. Shuster, Mr. Taylor of Missouri, and Mr. Del Clawson):

H.R. 13297. A bill to repeal the Occupational Safety and Health Act; to the Committee on Education and Labor.

By Mr. TIERNAN (for himself, Mr. Badillo, Mr. Bergland, Ms. Collins of Illinois, Mr. Corman, Mr. Edwards of California, Mr. Hogan, Ms. Holtzman, Mr. Moakley, Mr. Pfpper, Mr. Riegle, Mr. St Germain, Mr. Sarbanes, Ms. Schroeder, and Mr. Vigorito):

H.R. 13298. A bill to protect the environment and conserve natural resources by stimulating the recovery, reuse, and recycling of waste materials and by decreasing the quantity of materials moved in commerce which must be disposed of ultimately as waste; to promote and regulate commerce by identifying and establishing standards and guidelines for the proper management of waste which poses a substantial hazard to human health or the environment, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. TIERNAN (for himself, Mr. Badillo, Mr. Buchanan, Ms. Collins of Illinois, Mr. Corman, Mr. Edwards of California, Mr. Hogan, Mr. Pepper, Mr. Riegle, Mr. St Germain, Mr. Sarbanes, Ms. Schroeder, Mr. Symington, and Mr. Vigorito):

H.R. 13299. A bill to protect the environment and conserve natural resources by stimulating the use of recycled or recyclable materials by effecting rate changes in the movement of these materials by common carrier, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. STUBBLEFIELD:

H.R. 13300. A bill to amend the Federal Trade Commission Act (15 U.S.C. 41) to provide that under certain circumstances exclusive territorial arrangements shall not be deemed unlawful; to the Committee on Interstate and Foreign Commerce.

By Mrs. BOGGS:

H.R. 13301. A bill to establish a trust fund in the Treasury of the United States to be known as the National Elderly and Handicapped Housing Load Fund, and for other purposes; to the Committee on Banking and Currency.

By Mr. COLLINS of Texas:

H.R. 13302. A bill to amend section 1201 of title 18 of the United States Code to impose penalties on the acceptance of a benefit extorted through kidnaping and on assisting in the distribution of such a benefit; to the Committee on the Judiciary.

By Mr. KOCH:

H.R. 13303. A bill to amend title 5, United States Code, to provide that persons be given access to records concerning them which are maintained by Government agencies; to the Committee on Government Operations.

H.R. 13304. A bill to amend title 5, United States Code, to provide that persons be given access to records concerning them which are maintained by Government agencies; to the Committee on Government Operations.

By Mr. MOORHEAD of Pennsylvania:

H.R. 13305. A bill to authorize the disposal of graphite from the national stockpile and the supplemental stockpile; to the Committee on Armed Services.

By Mr. NIX:

H.R. 13306. A bill to amend the Food Stamp Act of 1964, as amended, and for other purposes; to the Committee on Agriculture.

H.R. 13307. A bill to require filing of domestic food price impact statement in connection with exports of U.S. commodities; to the Committee on Banking and Currency.

By Mr. REID:

H.R. 13308. A bill to investigate the relationships between those persons engaged in the provision of accounting services to major oil companies and said companies, to require integrated major oil companies to file with the Federal Trade Commission accounting reports for each and any of their four levels of operation, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. ROE:

H.R. 13309. A bill to amend the Small Business Act to expand the definition of small business concern to include agribusinesses; to the Committee on Banking and Currency.

By Mr. HOSMER:

H.R. 13310. A bill to establish a national policy for a comprehensive program of research and development in energy sources and energy utilization technologies; to the Committee on Interior and Insular Affairs.

By Mr. HUBER (for himself, Mr. Devine and Mr. Guyer):

H. Con. Res. 441. Concurrent resolution expressing the sense of Congress with respect to the missing in action in Southeast Asia; to the Committee on Foreign Affairs.

By Mr. DIGGS:

H. Res. 957. Resolution to provide funds for the expenses of the investigations and studies authorized House Resolution 162; to the Committee on House Administration.

By Mr. McKINNEY:

H. Res. 958. Resolution disapproving the recommendations of the President with respect to the rates of pay of Federal officials transmitted to the Congress in the budget for the fiscal year ending June 30, 1975; to the Committee on Post Office and Civil Service.

MEMORIALS

Under clause 4 of rule XXII, memorials were presented and referred as follows:

368. By the SPEAKER: Memorial of the Legislature of the Senate of Colorado, relative to the observance of Veterans Day on November 11; to the Committee on the Judiciary.

369. Also, memorial of the Legislature of the State of Georgia, relative to a constitutional amendment guaranteeing legal protection to the unborn; to the Committee on the Judiciary.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. STUBBLEFIELD:

H.R. 13311. A bill for the relief of Yan Kwong Yuen; to the Committee on the Judiciary.

By Mr. DOWNING:

H.J. Res. 931. Joint resolution restoring citizenship posthumously to Gen. R. E. Lee; to the Committee on the Judiciary.

SENATE—*Wednesday, March 6, 1974*

The Senate met at 10 a.m. and was called to order by Hon. Sam Nunn, a Senator from the State of Georgia.

PRAYER

The Chaplain, the Reverend Edward L. R. Elson, D.D., offered the following prayer:

Eternal God, our Father, in these strange and troublous days, demanding great leadership, may we in this place be very conscious of the clear and unmistakable leadership of Thy spirit. When we are unsure, may we seek Thy guidance and inwardly hear Thee say, "This is the way, walk ye in it." And hearing Thy voice grant us the will to obey Thee. Help us always as servants of all the people to choose the highway which leads to justice and peace. May we come to the close of the day with a richer experience of Thy presence, a surer mastery of ourselves and a deeper sympathy with struggling humanity.

In Christ's name we pray. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. EASTLAND).

The second assistant legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, D.C., March 6, 1974.

To the Senate:

Being temporarily absent from the Senate on official duties, I appoint Hon. SAM NUNN, a Senator from the State of Georgia, to perform the duties of the Chair during my absence.

JAMES O. EASTLAND,
President pro tempore.

Mr. NUNN thereupon took the chair as Acting President pro tempore.

THE JOURNAL

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the reading of the Journal of the proceedings of Tuesday, March 5, 1974, be dispensed with.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Berry, one of its reading clerks, informed the Senate that, pursuant to the provisions of section 1, Public Law 86–42, the Speaker had appointed Mr. MORGAN, chairman, Mr. JOHNSON of California, Mr. RANDALL, Mr. KYROS, Mr. STRATTON, Mr. MEEDS, Mr. CULVER, Mr. MCEWEN, Mr. HORTON, Mr. WINN, Mr. DU PONT, and Mr. MALLARY as members of the U.S. delegation of the Canada-United States Interparliamentary Group, on the part of the House.

The message also informed the Senate that, pursuant to the provisions of section 1, Public Law 86–420, the Speaker had appointed Mr. NIX, chairman, Mr. WRIGHT, Mr. GONZALEZ, Mr. DE LA GARZA, Mr. KAZEN, Mr. UDALL, Mr. WALDIE, Mr. WIGGINS, Mr. LUJAN, Mr. BROOMFIELD, Mr. BURKE of Florida, and Mr. CONLAN as members of the U.S. delegation of the Mexico-United States Interparliamentary Group, on the part of the House.

COMMITTEE MEETINGS DURING SENATE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that all committees may be authorized to meet during the session of the Senate today.

The ACTING PRESIDENT pro tempore. Without objection it is so ordered.

GHANA'S 17TH YEAR OF INDEPENDENCE

Mr. MANSFIELD. Mr. President, today marks the 17th year of independence for the nation of Ghana. Since independence 17 years ago, Ghana has made remarkable progress in all fields of development. She has built roads, hospitals, new townships, developed rural electrification, and has supplied her people with pipe-borne water and other social amenities. New schools have been built and the old educational system has been changed to reflect the needs of Ghana's society.

The Government of Ghana has shown practical understanding of its problems by injecting strict discipline into its economy. Imports have been controlled to appreciable levels. Every effort has been made to boost exports in textiles, wood products, aluminum alloys, processed cocoa products, and so forth.

All this has yielded positive results. One of the achievements of the program has been a decrease in unemployment and inflation and high prices. Ghana's economic and industrial policies provide for viable foreign investment and partnership in certain economic areas.

It happens that Ghana's trade with the United States and other North and South American countries, including the Caribbean, is being vigorously pursued by the National Redemption Council Government.

The Senate of the United States congratulates Ghana on its 17th year of independence and wishes it well in the years, the decades, and the centuries ahead.

Mr. HUGH SCOTT. Mr. President, will the distinguished majority leader yield to me?

Mr. MANSFIELD. I am happy to yield to the Republican leader.

Mr. HUGH SCOTT. Mr. President, since independence 17 years ago, Ghana has made remarkable progress in all fields of development. She has built roads, hospitals, new townships, developed rural electrification, and has supplied her people with pipe-borne water, and other social amenities. New schools have been built and the old educational system has been changed to reflect the needs of her society.

The Government of the National Redemption Council, led by Col. Ignatius Kutu Acheampong, has shown practical understanding of its problems by injecting strict discipline into the economy. Imports have been controlled to appreciable levels and every effort has been made to boost exports in textiles, wood products, aluminum alloys, processed cocoa products, and so forth. This has yielded positive results; the high price of cocoa, timber, and gold on the world market has also added more inputs into the economy and, as a result, unemployment, inflation, and high prices show a downward trend. The third phase of "Operation Feed Yourself" was launched in northern Ghana recently with the object of increasing agricultural production of food and industrial crops and diversifying Ghana's economy in order to reduce overdependence on cocoa and timber. Ghanaians are determined to make the nation self-reliant and economically viable.

Ghana's economic and industrial policies provide for viable foreign investment and partnership in certain economic areas. The Capital Investments Board provides incentives and liberal concessions to prospective investors who are willing to cooperate with it on equal terms in prescribed areas of operation.

The expansion of Ghana's trade with the United States and other North and South American countries, including the Caribbean, will be vigorously pursued by the National Redemption Council.

With regard to foreign affairs, Ghana has continued to build effective links with her neighbors, worked toward a common market in west Africa and supported vigorously the Organization of African Unity, the United Nations, and its specialized agencies, the third world, the nonalined group, and other regional groups in their efforts to free Africa from colonialism and racialism. Within these organizations, Ghana will continue to join all peace-loving nations in their programs to raise the living standards of peoples all over the world.

It is our hope and belief that the current achievements of the National Redemption Council will continue to inspire Ghanaians in all walks of life so that Ghana shall be a shining example to all lovers of peace, freedom, justice and human progress.

Mr. President, I yield back my own time.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the Senate by Mr. Heiting, one of his secretaries.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Berry, one of its reading clerks, announced that the House had passed the bill (S. 1866) to provide increases in certain annuities payable under chapter 83 of title 5, United States Code, and for other purposes, with an amendment, in which it requested the concurrence of the Senate.

The message also announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H.R. 2544. An act to authorize the Secretary of the Interior to sell reserved mineral interests of the United States in certain land located in the State of California to the record owners of the surface thereof;

H.R. 3901. An act to convey the mineral rights in certain real property located in Seminole County, Fla., to the record owners of the surface;

H.R. 9440. An act to provide for access to all duly licensed psychologists and optometrists without prior referral in the Federal employee health benefits program; and

H.R. 13025. An act to increase the period during which benefits may be paid under title XVI of the Social Security Act on the basis of presumptive disability to certain individuals who received aid, on the basis of disability, for December 1973, under a State plan approved under title XIV or XVI of that act.

The message further announced that the House had agreed to the amendments of the Senate to the bill (H.R. 8245) to amend Reorganization Plan No. 2 of 1973.

HOUSE BILLS REFERRED

The following bills were severally read twice by their titles and referred, as indicated:

H.R. 2544. An act to authorize the Secretary of the Interior to sell reserved mineral interests of the United States in certain land located in the State of California to the record owners of the surface thereof; and

H.R. 3901. An act to convey the mineral rights in certain real property located in Seminole County, Fla., to the record owners of the surface. Referred to the Committee on Interior and Insular Affairs.

H.R. 9440. An act to provide for access to all duly licensed psychologists and optometrists without prior referral in the Federal employee health benefits program. Referred to the Committee on Post Office and Civil Service.

H.R. 13025. An act to increase the period during which benefits may be paid under title XVI of the Social Security Act on the basis of presumptive disability to certain individuals who received aid, on the basis of disability, for December 1973, under a State plan approved under title XIV or XVI of that act. Referred to the Committee on Finance.

PAY RECOMMENDATIONS OF THE PRESIDENT

The Senate resumed the consideration of the resolution (S. Res. 293) to disapprove pay recommendtions of the President with respect to rates of pay for Members of Congress.

The ACTING PRESIDENT pro tempore. The Chair lays before the Senate, Senate Resolution 293, which will be stated.

The assistant legislative clerk read as follows:

> A resolution (S. 293) to disapprove pay recommendations of the President with respect to rates of pay for Members of Congress.

The ACTING PRESIDENT pro tempore. Under the previous order, the time between now and 11 a.m. will be equally divided and controlled by the Senator from Montana (Mr. MANSFIELD) and the Senator from Pennsylvania (Mr. HUGH SCOTT).

Mr. MANSFIELD. Mr. President, I yield the time under my control to the distinguished Senator from Wyoming (Mr. MCGEE).

Mr. HUGH SCOTT. Mr. President, I yield the time under my control to the distinguished Senator from Alaska (Mr. STEVENS).

I suggest the absence of a quorum and ask that the time be charged equally to both sides.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. STEVENS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. STEVENS. Mr. President, I have amendments at the desk, and I will address those later, without regard to the outcome of the pending motion.

I see that the distinguished majority leader is in the Chamber. I want him to understand that I have very high and personal regard for him, as he knows; but I have some substantial questions about the procedure that has been invoked in this instance.

I am now continuing the third minute of my "filibuster." We have the strange situation that a cloture motion was filed before the measure was actually taken up. I understand that the reason why it was filed was that originally we thought that the expiration date for the pay raises under the existing law, the Salary Act of 1967, was tonight at midnight. Last Thursday, we were informed that it was on Saturday the ninth, at 12 p.m.

A cloture motion was filed, and, through the courtesy of the majority leader, the vote is being taken this morning at 11 o'clock, instead of at 11 o'clock yesterday morning. But the fact still remains that this cloture motion was filed and that there have been but 4 hours of debate on the subject of the pay raises for the executive branch, the legislative branch, and the judicial branch of government, under the Salary Act of 1967. This hour which is set aside for debate on the cloture motion will be the fifth hour.

We have a commission in being which was appointed pursuant to an act of Congress which was passed during the previous administration, under a system that everyone at that time acclaimed as being the system to take pay raises out of politics. I feel that as a result of the actions that have been taken in this body and in Congress this year, the pay raises have been put back into politics.

We do not have to go too far to find out what is going on on the other side of the aisle. I am certain that everyone knows—at least, I have heard—that there was a caucus of the majority party last week at which this subject was discussed; and I take it that I am an embarrassment to the majority party, in trying to insist that at least some portions of these pay raises should go into effect, because I take it that the determination was made that this matter should be disposed of very quickly.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. STEVENS. I am happy to yield.

Mr. MANSFIELD. Mr. President, the Senator has been raising some questions directly and indirectly which I think deserve answers.

I believe it was last Friday that the assistant majority leader was able to come to an agreement relative to a unanimous-consent request in which the Senator from Alaska concurred. Am I correct in that?

Mr. STEVENS. That is correct; but the Senator from Alaska also understood that that arrangement would be made so that the amendments that other members of the Committee on Post Office and Civil Service had could be presented. As a matter of fact, that was the reason for the extra day on this cloture motion.

I have served for 5 years on the Committee on Post Office and Civil Service, and so far I have had 2 minutes to discuss this bill on the floor of the Senate.

Mr. MANSFIELD. Mr. President, will the Senator yield further?

Mr. STEVENS. Yes, sir.

Mr. MANSFIELD. If the Senator has had only 2 minutes I would say that it is his own fault because there has been plenty of time and had the Senator desired to speak we would have stayed in session to make sure he had all the time he wanted.

Furthermore, the Senator from Alaska raised a question about the caucus held by the Democrats last Wednesday to discuss a pay raise. A caucus was held and a discussion was conducted; no decision was sought; no decision was achieved; and the purpose of that caucus, and I must take the responsibility for calling it, was to lay before the Democrats in conference what the situation was vis-a-vis the pay raise and to let them arrive at their own conclusions.

So I would hope that the Senator from Alaska would not have any idea that there was anything "underhanded" going on on this side of the aisle because that is not the way the Senator from Montana operates.

Mr. STEVENS. If the Senator from Montana inferred that from what I said I certainly want to apologize on the RECORD.

What I am saying is I feel the matter was discussed and has been discussed elsewhere than here on the floor because it is an election year, and I think this applies to Senators on both sides of the aisle; that it is a matter of political expediency to brush this under the rug as quickly as possible and not explore fully the possibility of compromise to place in effect a portion of these pay raises for the positions covered by the recommendations of the Commission.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. STEVENS. I yield.

Mr. MANSFIELD. The purpose is not to push this matter under the rug but to dispose of it one way or another as rapidly as possible.

And may I say that I am not in favor of increases in pay of Supreme Court Justices. I am not in favor of increases in the pay of district and appellate judges or for members of the Cabinet. I am not in favor of increases in pay for those in the 16, 17, and 18 grade ranks in civil service because I think if you are going to have a pay raise you better make sure that Congress is on a par with the Supreme Court, with some of these 16's, 17's, and 18's, who, if this goes through, would go beyond congressional pay at the present time.

I think a Member of Congress is just as important and deserves just as much pay as a member of the Supreme Court, or a member of the Cabinet, or some of the civil servants who will get more compensation if this goes through, and if Congress is excluded, than Members of Congress are getting.

As far as I am concerned, I think it is ill timed. We have unions coming on the line and they are talking about a 10-percent request as an increase this year.

It is time for Congress to furnish an example to the rest of the country and I would hope that what Congress does would achieve that objective. There is no politics, as far as I am concerned or as far as my colleagues on this side of the aisle are concerned. It is too bad this is an election year, which raises the possiblity of that allegation, but I would deny that politics is behind the mood of the Senate, and I think the RECORD should be made clear in that respect.

Mr. STEVENS. I thank the majority leader for his comments, and I am certain those are his views.

I would say to my friend from Montana that that may well be and it is his meaning, but the practical effect of this action is that because it is a pay raise presented to Congress in an election year that people who do not have a chance to vote here, those people who are by law prevented from being involved in elections are the ones who are going to be asked to put their finger in the dike when the water is spilling over it.

Mr. MANSFIELD. If the Senator will yield, they can participate in elections because they are voters.

Mr. STEVENS. Yes, and I hope they remember to vote and exercise their prerogatives as far as this instance is concerned because I could not feel more strongly that we are asking the middle management of Government and those members of the bar who have gone on the bench to set an example to try to deter the great unions of this country from seeking a pay raise. I do not think it will work. They have gone 5 years and they have seen 5 years of increases annually. There has been an erosion of their ability to provide for their families; and we are saying to them by the action I anticipate here today, "You should put your finger in the dike; you should stem inflation."

If we are going to set an example with respect to inflation, do not penalize those in the Federal service. If you want to cut out Congress, do so. I voted for that. I think it is wrong, and I believe the distinguished majority leader feels it is wrong.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. STEVENS. I yield.

Mr. MANSFIELD. My heart bleeds for the position in which the Federal judiciary finds itself. In every State lawyers are lined up to take positions in the Federal judiciary. These judges pay nothing toward retirement; they are in for life; they get paid this salary for life even when they retire. As far as the bureaucracy of this country remembering us if we do not vote in their behalf, I would hope that they would remember the country first and the condition in which we are at the present time. As far as Members of the Senate and Congress are concerned, they do not have to keep this job if they do not want it; they can retire; and there will be hundreds waiting to take our places, just as there are hundreds waiting to take the places of the members of the judiciary who are complaining so much and who have been putting on such a tremendous lobby at this time and over the past several weeks.

That is all I have to say.

Mr. HUGH SCOTT. Mr. President, will the Senator yield?

Mr. STEVENS. I am happy to yield.

Mr. HUGH SCOTT. Mr. President, the distinguished Senator from Alaska knows that I have expressed my first preference for the approach by which payments to Members of Congress would be deferred for 1 year and a cost-of-living increase be made to all other officers involved. I realize that that is not particularly fair. It was a concession to those Members of Congress who cannot bring themselves to say they are worth receiving an amount equal to the increase due to inflation and cost of living just received in other segments of the economy. Of course, we are all aware of the fact that some Members of this body and the other body who will vote against the pay raise sincerely hope one will be enacted, but I think that they may well have made that impossible.

The position of the distinguished majority leader has been very clear throughout. He, as a matter of conscience, has made it very clear he is opposed to any pay raise at all, and I respect that position. But I think that in the course of searching for such advantages with the voters as may be had by a vote here, probably the advantage is in casting a vote which says very positively "I do not want an increase." Yet I would safely predict that 80 percent of the Members of this body want that increase, and I would say 80 percent of the Members of the other body, at least, want that increase. Therefore, I think it is a great pity that we cannot face up to these things and say, with courage and candor, that when there has been a 30-percent shortfall in the value of one's payment for one's service, some part of that should be made up, or if none of that catchup is to be made up, that at least some cost-of-living allowance be made.

I am aware that there are judges who are planning to retire if this measure is defeated, particularly one in my city who has already retired because he could not support a family on the present pay. I am aware of the fact that many of the level 5 employees of the Federal Government, and those just below level 5, are planning to leave employment in the Government because Congress is unwilling to take care of them.

Now, what is going to happen? What is going to happen is that if we vote this down, the pressures are not going to let up. Every man and woman who is affected by this measure in the executive and judicial branches of the Government is going to continue to cite the hardships on him or her, and Congress is only going to have to, at some future point, rectify this injustice.

It would be a more popular thing for me to stand here, as a Senator, or party leader, or whatever, and simply go along with the idea and say, "We do not want the pay increase." To my mind that is not what Senators are saying here in the cloakroom. That is not what is being felt in many quarters. And I think we ought to stand up and say that we are either worth what we are receiving or we are not worth it.

I have never known a Member of Congress to be defeated in running for Congress for voting for a pay increase for Federal employees, including his own. He has to stand up and prove he is worth it. I am a member of the board of directors of this Republic, and I represent 12 million stockholders. They have every right to hold me strictly to account, and indeed they do, but I think they want me to be fair to the employees. I think they would say, "Well, if you are going to defer your own pay increase for a year, that is a foolish thing to do, but it is all right with us. We do not care when you get paid, but we do care when we get paid." I think we are really working a colossal injustice on those whom we propose to pay, or whom the commission proposes to permit to recoup some of their losses.

When the last pay increase went through, gasoline was about 35 cents in different parts of the country for the level 5 employees, for example, and everybody else. Many cuts of meat were sold at 60 cents, 80 cents, and 90 cents, as against $3 and $4 a pound now. Milk was about two-thirds what it is now. I think some of the Betty Crocker products in the cake line have not gone up very much. So what we are saying is that because prices for milk, gasoline, meat, and other things have gone up, but cake has not gone up so much, let them eat cake.

I am not going to be a party to this. I am getting used to being criticized. I am getting used to being on the unpopular side so much lately that I guess taking one more burden on my back is not going to sink me. I think it is wrong, and, by golly, I am going to say so. I am going to say it out loud. I was tempted to sit here and let the Senator from Alaska and the Senator from Hawaii take the heat, but I am not going to do it.

Mr. STEVENS. Mr. President, will the Senator yield?

Mr. HUGH SCOTT. I yield.

Mr. STEVENS. I do not want to leave the impression that I am taking any heat. I agree with what the Senator is saying. I know the Senator from Montana believes what he is saying. He has been very open and public about his feeling. What has disturbed me about some of our people, not only this time but in 1969, is that they said they wanted it but that they could not vote for it. That is Watergate. That was because people said one thing and did another and others stood by and did not say a word about it. Some time we are going to get away from the concept of political expediency.

The Senator from Montana says, "You know, anyone can go home." I may end up going home because of some of the things I am going to do in the next 4 or 4½ years, but I am not going to go along with a concept on the floor of the Senate which is based upon the fact that some people want you to do something and urge you to do it but do not have the guts to do it themselves. That is going to have to stop, because the American people are going to realize what they are doing. That is why we are rated at 21 percent. It is not because we stand up and say that we think we ought to have a pay raise. Others, like the Senator from Montana, say they do not deserve it. I have great respect for his opinion. I happen to disagree with it.

I think we ought to have the best brains that come out of the law schools of this country on the bench. I do not think we are going to get them without a pay increase after 5 years of inflation in this country. I do not think we would have competent men on a public corporation for the exploration of oil and gas, which has been proposed, at the same time the Senate takes action which, in effect, says that no public servant is worth more than $36,000 a year. I disagree with that. If a public oil exploration corporation were created, it would have to compete with international oil companies, under the one proposal that has been made. We have a railroad that we started, or at least are keeping going, and not one of the men in that organization is, in the opinion of those who oppose these raises is worth more than $36,000 a year, despite inflation.

Mr. HUGH SCOTT. Mr. President, if the Senator will yield further, I want to put some realism in this thing if I can. I want to restate my position. If Members of Congress are fearful of what the public will do because they have their pay raised, let it go over until next year. I think it is the wrong thing to do, but let it go over. That is all right. But at least let us be fair to the rest of the people. Let us see them get at least some recoupment for all they have lost for 6 years.

What is involved here? Under the Senator from Alaska's proposal, it is $4.2 million for this fiscal year. Not long ago, just a few weeks ago, a rocket went up, misfired, and fell back to earth——

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. HUGH SCOTT. I just want to point out that it cost $18 million for that rocket. This is less than one-fourth of the cost of one missile that we pooped away. That is what we are talking about for the fiscal year—$4.2 million. We blew $18 million in about 5 minutes. And in the Vietnam war we blew away every day enough to pay for many things, and in 4 days we fired up enough to pay everybody for the increase in this particular year.

Now I am prepared to yield to the Senator from Montana.

Mr. MANSFIELD. I wanted to ask the Senator whether he said $4 million or $4 billion.

Mr. HUGH SCOTT. $4.2 million for this year.

Mr. MANSFIELD. Does the Senator recall what the total civilian payroll for the Government is?

Mr. HUGH SCOTT. I do not have that figure before me now.

Mr. MANSFIELD. $64 billion, and that includes——

Mr. HUGH SCOTT. That includes the Armed Forces, of course.

Mr. MANSFIELD. Of course. Exclusive of the Armed Forces, I think the figure would be somewhere around $34 billion. I think those figures mean something.

I would point out that, despite all the oratory on the part of those who are in favor of the pay raise, they are not the only ones wearing white hats. I for one do not find fault with the judgment of any Member of the Senate, be he for or against the pay raise, because I do not think any Senator is so craven in his thinking.

Mr. STEVENS. Mr. President, may I inquire what the time situation is?

Mr. HUGH SCOTT. I will not use any more time. I think I have made my point to the Senator from Alaska. What I am really saying is we will have to do this all over again if we do not do it now.

The ACTING PRESIDENT pro tempore. The Senator from Alaska has 4 minutes remaining. The Senator from Idaho has 15 minutes.

Mr. HUGH SCOTT. Mr. President, I thank the Senator from Alaska for yielding to me.

Mr. CHURCH. Mr. President, the distinguished minority leader has said that at least 70 percent of the Senators would like to have a pay raise.

Mr. HUGH SCOTT. Mr. President, the Senator is very modest. I would say that it would be 80 percent.

Mr. CHURCH. I would say perhaps 100 percent or something very close to it.

I have no disposition to argue the point. I would like to have a pay raise too. But I do not believe that is the issue at hand. And I do not think that Senators who vote against the pay raise, even if they might like to have it for themselves, should be branded as hypocrites. The fact of the matter is that there are other considerations besides whether or not we would like higher pay.

The Senator from Pennsylvania says that the proposal of the Senator from Alaska would only cost $4.2 million. However, that is for congressional pay costs alone. The Senator does not take into account the cost of the pay raise for the judicial and executive branches which would be over $30 million. And he does not take into account the principal effect of lifting the lid, which is to permit all Federal salaries to rise.

The total cost of such an action is not to be counted in the millions of dollars, but in the billions of dollars.

Mr. STEVENS. Mr. President, would the Senator yield?

Mr. CHURCH. I would like to finish my statement first, and then I will yield.

Mr. STEVENS. The Senator has made an inaccurate statement that I would like to correct.

Mr. CHURCH. In that event, I yield to the Senator from Alaska.

Mr. STEVENS. The Senator from Pennsylvania is exactly correct. The cost of my amendment for this year would be $4.2 million for all officers covered. I have placed the figures on the cost of this proposal on the desk of each Senator. The cost would be $4.2 million for 1974, $25.8 million for 1975, and $44.2 million for 1976 and thereafter.

Mr. CHURCH. Mr. President, I am glad to have those figures clarified. However, they do not go to my major point which has to do with the indirect costs that inevitably follow, once we lift the lid off the top salaries in Government.

The question is, given the state of the economy today, given an inflation that is out of control, and given the continuing deficit spending by the Federal Government which fuels that inflation, can we at this time justify lifting the lid on the entire Federal payroll? For that is what we would be doing.

I say that we cannot. If that is "politics," as the Senator from Alaska has charged, then I say it is high time we put the question of top-pay raises back into politics. It is, after all, a political question.

I have served in the Senate for nearly 18 years. I have seen precious little self-restraint displayed in either the Senate or the House of Representatives when it comes to the size of our own offices and our own staff payrolls.

The only restraint I have noticed is a brick-and-mortar restraint. Our staffs would be even larger, and the payroll even bigger, if we had the space in which to put the people. It is only the fact that there is no more space left that imposes a modicum of restraint on Congress in this regard. Parkinson's law rules on the Hill as it does downtown, except as it may be affected by the lack of space—not because of the reluctance Congress. And the same can be said for the way in which we treat the Federal bureaucracy.

I cited the other day an analysis that has been made of the Federal payroll. Congress has been most generous to the Federal bureaucracy. Every time a pay raise comes before us, we grant it. As a matter of fact, in the last 10 years Federal pay scales have more than doubled, rising well ahead of the pace of the inflation. And, except for the very highest officials in the Government, where we will never achieve comparability, Federal pay scales now are not only comparable with the pay of people outside the Government, but generally better than the pay being received in private business for comparable work.

So, can it honestly be said that we are depriving the best-paid people in Government of their just deserts, that we are being unfair to them?

I recognize that the people at the top face inflation, like everyone else. But these people are already getting an income in the top percentage of the incomes received by the people of the country; these people who are already receiving better pay than 99 percent of the American people.

Mr. President, in addition to the job security, civil servants have very generous pensions and many other fringe benefits. So, if we take the position, as some of us do, that in view of the precarious state of the economy, now is the time for Congress to exercise some restraint, and hold the line on the salaries being paid to the topmost officials in the Government, I think there is a good reason for it.

It has been charged, in the course of this debate, by the proponents of higher pay that we who oppose them are succumbing to politics. I would like to examine that argument for a moment.

I disagree with the Senator from Alaska in his assessment of the reasons why the Presidency and Congress are today held in such low esteem by the people. I assure the Senator that it is not because the people feel that we are afraid to pay ourselves more money. It is because the people feel that neither the Congress nor the Nixon administration is effectively coming to grips with their problems. It is because the people feel that we have not earned more pay.

For the last 2 years, those engaged in the dialog concerning popular disenchantment with Government, liberals and conservatives alike, have endlessly pointed to the unresponsiveness of Government, its insensitivity to the felt needs of the people, its remoteness, its indifference, indeed its arrogance.

How many times have we seen in the polls that the people feel helpless, because they sense that the Government is not paying any attention to them?

Certainly that is true of the Federal bureaucracy, so entrenched in its own security that it becomes increasingly indifferent to administration for the convenience of the people.

Certainly it is true of the White House where the exclusive concern centers on keeping Mr. Nixon in office against the rising tide. Even the silliest of spats between Federal agencies go unresolved because there is no executive direction left.

Still, we are told, in the face of this, that to oppose increasing our own pay and that of the best paid people in Government is succumbing to politics.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. CHURCH. I yield.

Mr. MANSFIELD. Mr. President, ever since the time of the French Revolution, we have heard the press referred to as "the fourth estate." I am afraid that the bureaucracy of this country is becoming so large and so overwhelming that it is impossible for any administration or any Congress to be able to determine just what is going on among the permanent officials in that fourth branch of the Government, and the result is that there are highly paid people down there, who would come under this bill, who are able to determine by their own definition the intent and the application of a law passed by Congress.

I think that the Federal bureaucracy is getting out of hand. It is too big. It is too widespread. It has too many tentacles spreading into every State of the Union, and I think it is about time that we started to bring about a diminution of that overgrown body of personnel, costing the Government in excess of $10 billion a year.

I point out that one way a reduction in the civil service could be brought about, and I have suggested this to the last three Presidents, is to decrease the number when resignations, retirements, or deaths occur, so that there would be no filling of the vacancies there are.

The Senator from Idaho is correct. Parkinson's law applies not only up here—as it certainly does—but it applies downtown. They have been building empires on empires. And compared with their counterparts here, I think they come out ahead.

When I first came to Congress 32 years ago that was not the case, but I think comparability has gone out of bounds, and what we have lost sight of is the doctrine of equality, which was the intent of Congress when this program began, to bring about an achievement of equality between employment in and outside the Government.

So I do not think this is politics. I think the people expect us to set an example, and I think 5 years ago we set a poor example when we raised the salaries of the Justices of the Supreme Court and the Cabinet officers way beyond the salaries of Members of Congress.

In my opinion, the Members of Congress, outside the President, are the most important members of this Government. Why? Because we have to go home and face the people. We have to give them an accounting. We have to make the laws and we are accountable to our constituencies.

I do not want to see Congress, especially the Senate, sold short, but I do think that we have an obligation at this particular time of high inflation, increasing unemployment, and the energy crisis, and difficulty within the administration based on Watergate, to furnish some kind of an example. If Congress will not furnish that example to the people of this country, who will?

Mr. CHURCH. That is the question, Mr. President. Who will? Is there any branch of Government left that remains responsive to the public feeling? Let there be no doubt about it: Go out among the people, where the median income is less than $10,000 a year, and tell them about the hardship which forces us to increase our salaries, when we are already in the first percentile of incomes in the country, and you will soon find out how the public feels. And they are waiting for someone in Government to give some credence to their feelings.

If that be politics, make the most of it.

I thought that was what this Government was all about. I thought that was what Congress was all about, that our primary responsibility was to the people, not to the bureaucracy, or the executive, or the courts, but to the people who send us here to keep their interests in mind. If we do not do so, rest assured that no one else will.

The ACTING PRESIDENT pro tempore. The time of the Senator from Idaho has expired.

Mr. STEVENS. Mr. President, in the short time remaining, I can only say that my colleagues from Idaho and Montana have demonstrated why there should not be cloture, why we should not be voting to shut off debate on a bill which affects so many people in so many varied ways.

It is an interesting thing to hear a Senator say, as the Senator from Idaho says, that we should represent the people—the people who sent us here and sent our predecessors here who voted for this bill in 1967. They were representing the people, and they passed this new mechanism to take the pay raises out of politics, to take them out of election-year demagoguery.

When it comes right down to it, I think the odds are that this debate will cease, that there will be no change, and that the resolution of the Senator from Idaho disapproving all pay raises will go into effect.

What happens then? The next President will appoint a commission—because I am certain this President will not appoint another one if his recommendations are turned down. I would not, if I were he. That commission will report back, and 1978, once again in an election year, Congress will face the question of a pay raise for the executive, legislative and judicial branches.

Our colleague from Hawaii (Mr. FONG) attempted to answer the point the Senator from Idaho raised yesterday, and raised again today, that we are taking the lid off. But I think the important thing for the people of this country to look at is what the Senator from Montana said.

He said,

> We have unions out there that are going to look for pay raises this year.

The Senator from Idaho says there are people below these people in grades 16 and 17 that are going to want pay raises, that if we bring about justice for those who for 5 years have not had any pay raises, they are going to ask for justice, too.

I say to my good friend from Idaho, I thought that is what this country was all about, equality and justice for everybody. We have passed four pay raises for people in civil service, but there are people in grades 18, 17, 16, and now 15 who have not received those pay raises we passed for the last 4 years. Why? Because of an arbitrary level established by Congress that brings about compression. Now there are 127,000 people in GS–12, 99,600 in 13, and 46,000 in 14, all of whom will be affected by compression before the Senate can act on this matter, unless we allow the Salary Act of 1967 to work.

I, unfortunately, have no ability to separate, as I am informed now, the resolution of the Senator from Idaho. I thought that I had, but I find I have not, and if cloture passes, there is only one thing to do, and that is again to try to seek a compromise. But, again stating my respect for the Senator from Montana, I say again, the decision not to have this matter fully explored on the floor, the decision to have a cloture vote after 4 hours of debate, represents, in my opinion, for the first time in the whole tradition of the Senate, when not more than two Senators have been able to speak substantively as members of the committee which handled the bill on the floor of the Senate and then for a total of only 4 hours. We have had two amendments, by Senators McGEE and FONG, and that is all. That is the only exploration we have made, so far as any attempt to reach a compromise is concerned.

Mr. McGEE. Mr. President, the Director of the Bureau of the Census, the Chief of the U.S. Forest Service, the Director of the National Park Service, Director of the Smithsonian Institution, Director of the Bureau of Mines, Commissioner of Labor Statistics, and the Associate Administrator for Manned Space Flight of the National Aeronautics and Space Administration all have something in common. They are Level V Government executives.

As such, they are paid at an annual rate of $36,000. So, too, are many of their subordinates in the career service at grades GS–16, 17, and 18, and even at the top of GS–15. Right there, we see the possibility of having five reporting levels in one office all being paid at the same rate and constituting what I believe any competent management analyst would agree is an administrative and motivational quagmire.

What is more, these men are underpaid. Certainly, those who administer programs of major social, scientific and economic importance are, in terms of the marketplace, being paid significantly less than similar responsibilities would earn them in the private sector. But they are captives to the system that ties their pay to that of the Congress. Or, as the Washington Star-News put it in an editorial just yesterday:

> The unfortunate thing about it is that the pay of 10,000 top Federal career officials is hostage to the silly and somewhat hypocritical antics Senate and House members go through every time the subject of congressional pay comes up.

Already, the quadrennial review of executive, legislative, and judicial salaries which has so unnecessarily occupied the time and attention of the Senate is a year late. The effect of the White House's delay in appointing the commission to make the study has been to thrust the issue into an election year and thus make the reluctant even more so.

But, Mr. President, the truth is that we have a problem in Government service with regard to fair and comparable pay for individuals assigned major responsibilities. Like Members of the Senate and the House, their pay last was raised 5 long years ago. Their real income has dwindled and eroded under the pressure of inflation and rising prices. Sure, $36,000 a year—or $42,500 a year for that matter—is by most standards a handsome salary. But it is not what it was 5 years ago, in 1969.

The Star-News, in its editorial, suggests legislation be passed separating the pay of top careerists from that of Members on a permanent basis. Others, myself among them, also are examining the effect of unifying the systems. In both instances, the idea is to get some rationality into the salary system for high Government posts. Our actions so far this week would indicate that rationality is sorely needed.

The Star-News—and I thank its editors—also suggests that a one-shot 5.5-percent raise, equal to the Federal wage guideline for private employers, could stand as a reasonable alternative at this time. As my colleagues are aware, I thought so, too, until Monday afternoon at any rate.

Mr. President, I ask unanimous consent that the Star-News editorial I have referred to in these remarks be printed in the Record.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

[From the Washington Star-News, Mar. 5, 1974]

Pay Raises

> By midnight Saturday, members of Congress will either have a pay raise or they won't, depending on whether their desire for more money prevails over their traditional reluctance to fatten their paychecks during an election year. The unfortunate thing about it is that the pay of 10,000 top federal career officials is hostage to the silly and somewhat hypocritical antics Senate and House members go through everytime the subject of congressional pay comes up.
>
> At least 95 percent of the members want a pay raise and believe they are justified in having one. Yet the presumed or real fear of losing votes back home creates all sorts of maneuvers. Some oppose any raise. A few brave souls stand up and declare they are deserving. Others want to compromise, figuring that a little something extra won't stir the voters too much.
>
> The fact is that Congress hasn't had a pay raise for five years and the full increase proposed by President Nixon (22.5 percent spread over the next three years in 7.5 percent increments) doesn't seem out of line. If they can't bring themselves to approve that much eight months before the fall elections, Senator McGee's one-shot 5.5 percent proposal (the federal wage guideline for private employes) is a reasonable alternative. Voters could hardly object to that, even though polls indicate they don't think much of Congress these days.
>
> If congressmen decide to scrub their own raises altogether, they ought at least to find some way to increase the $36,000 limit now imposed on top federal career executives. Not only has the cost of living increased tremendously the past several years, but their pay has fallen behind salaries for comparable jobs in the private sector.
>
> It is unreasonable to expect these deserving careerists to wait another year for a pay raise. It also is unreasonable to keep salary adjustments for them tied to congressional pay increases, which carry their own set of special political considerations. Legislation ought to be passed permanently separating the two.

Mr. McGEE. Mr. President, the two votes on Monday in which the Senate overwhelmingly defeated compromise amendments on Federal pay offered by Senator Fong and by me represents, in my view, a rejection on the part of the Senate of reasonable means of solving the present pay dilemma. It is obvious for whatever reasons, that the Congress does not wish to come to grips with this question at this time.

The few Members who spoke in support of Senator Fong's amendment and my own outlined very clearly the havoc which is being wreaked upon the Federal pay structure by the unwillingness of Members to budge an inch in granting even a token pay increase to Federal officials who have seen their disposable income diminish year by year since 1969 as inflation has substantially diminished the purchasing power of their salaries.

If the Senate had chosen to allow the one-time, 5.5-percent cost-of-living increase which I proposed, it would have, in effect, been providing only 1.1 percent per year since 1969 for those officials involved, a pittance when compared with the ordinary cost-of-living raises to which every wage earner has become accustomed in recent years.

I will not cite the figures indicating the cost-of-living increases since 1969, running well over 30 percent, which have been received in the private sector and by some employees of the Federal Government. These telling figures and the patent unfairness of denying a pay increase now were clearly spelled out in Monday's debate. So I will not labor that point. I can only express my deep disappointment over the results of those two votes, my thanks to those who voted to give some relief to Federal officials relying upon the Congress, and my determination to continue this fight until equity is achieved.

On February 25, I warned the Senate that however the matter of the President's pay recommendations was disposed of, the basic problem would remain. It is a problem which will not go away. I am particularly determined, after seeing the results of Monday's vote, to do everything I possibly can to bring relief to those who are suffering under pay-setting procedures which are unfair, unjust, and apparently intractable to any rational resolution as long as the present mood of the Senate prevails.

To emphasize my warning to the Senate, I introduced S. 3049, a bill to provide a unified system of pay adjustments for civilian officials and employees of the Government. As Members are aware, statutory employees, under the comparability principle, usually receive every year pay adjustments following by 6 months the pay adjustments of the private sector. Members of Congress, Federal judges, and Cabinet and subcabinet officials are accorded pay consideration only once every 4 years. As the pay of the latter group lags, compression builds up in the upper reaches of the general schedule and a totally intolerable pay situation has come to exist—a situation in which significant groups of high-echelon Federal officials, reporting one to another, all receive the same pay. We have been warned of the results of this—Federal employees in the executive branch are leaving in appreciable numbers, retiring and finding jobs with no income ceilings; Federal judges are foregoing liberal retirement benefits and moving into private practice; and, even here on Capitol Hill, we are seeing some top staff seek greener pastures elsewhere.

My bill would combine these two separate and conflicting pay procedures. It would provide that comparability pay adjustments for statutory employees would continue each fall, and the President would also recommend each year at the same time appropriate pay recommendations for Members of Congress, Federal judges, and Cabinet and subcabinet officials.

The comparability principle does not apply to the latter group. Accordingly, the President's recommendations would be based largely upon cost-of-living increases. Thus, a way out of the compression dilemma will be opened. I am not wedded to the provisions of this bill. Should executive, judicial, and legislative salaries come up for consideration every year? Should their pay be tied to the cost of living? Perhaps some salaries should be subject to collective bargaining. Perhaps Members of Congress should no longer be included in Presidential recommendations and their pay set catch-as-catch-can by regular congressional pay hikes as in the old days. I have my own position on some of these questions, but in public hearings, I intend to solicit the views of every responsible individual or institution willing to testify—taxpayer groups, Members of the Senate and House who believe that certain segments of the Federal Government population must be singled out for frugality and sacrifice, labor organizations, organizations of lawyers and others interested in viable pay scales for the Federal judiciary, and citizens who are horror stricken by the idea that a Member of Congress is worth more than $42,500 a year. I expect to elicit the testimony of the Civil Service Commission, the Office of Management and Budget, individual employees in grade GS–18 who have been denied a pay increase for 5 years, and, possibly, even middle-management employees who can see little benefit in being promoted into positions of higher responsibility which offer no monetary inducement.

I will be particularly interested in the views of those who say the folks back home unalterably oppose pay increases for Members of Congress. I would like to ask them whether they will work with the committee in arriving at a long-term solution to a question which, at the moment, is highly charged and fraught with emotion. It is my strong hope that in the end, reason will prevail and that there will emerge from the Senate a rational and workable measure voted upon in a spirit of accommodation and in recognition that this problem simply cannot be postponed much longer.

ENERGY EMERGENCY ACT—VETO MESSAGE FROM THE PRESIDENT (S. DOC. NO. 93–61)

The ACTING PRESIDENT pro tempore (Mr. NUNN). The Chair lays before the Senate a veto message from the President of the United States on S. 2589, the Energy Emergency Act, which will be spread upon the Journal and will be considered by the Senate at 3 p.m. today pursuant to the previous unanimous-consent agreement.

The text of the President's message is as follows:

To the Senate of the United States:

It is with a deep sense of disappointment that I return the Energy Emergency Act to the Congress without my approval.

For almost four months the Congress has considered urgently needed legislation to deal with the Nation's energy problem. After all the hearings and speeches, all the investigations, accusations and recriminations, the Congress has succeeded only in producing legislation which solves none of the problems, threatens to undo the progress we have already made, and creates a host of new problems.

I share the sense of frustration and discouragement which must be felt by the many conscientious legislators who spent so many laborious hours trying to draft a responsible bill, only to see their efforts wasted.

ROLLING BACK GAS SUPPLIES

The Energy Emergency Act would set domestic crude oil prices at such low levels that the oil industry would be unable to sustain its present production of petroleum products, including gasoline. It would result in reduced energy supplies, longer lines at the gas pump, minimal, if any, reduction in gasoline prices, and worst of all, serious damage to jobs in America. Unemployment would go up, and incomes would go down.

Certainly everyone shares the goal of increasing energy supplies, and our present policies are directed toward this end.

We now have a system for controlling crude oil prices at a level consistent with maintaining and increasing production. To do this, we are permitting higher prices for "new" crude oil in order to encourage greater domestic production.

Our experience in administering the crude oil allocation program passed by the Congress last fall has shown how difficult it can be if enough flexibility is not provided by statute. It is our hope that we can work with the Congress in the coming weeks to develop a more flexible allocation program.

The net effect of the price provision of the Energy Emergency Act would be to cut the supply of gasoline and other oil products, and make compulsory rationing of gasoline much more likely. I am sure the vast majority of Americans want to avoid an expensive gasoline rationing program which would do nothing to increase the supply, would cost $1.5 billion a year to manage, would require a bureaucracy of as many as 17,000 people, and would create problems of fairness and enforcement.

The rollback would not only cut domestic oil production, but would also retard imports since in the present environment oil companies are reluctant to import oil and gasoline that would have to be sold at prices far above the domestic prices.

Further, the effects of the price rollback would not be confined to the immediate situation. The longer-run consequences could be even more serious. If we are to achieve energy independence, hundreds of billions of private dollars will have to be invested in the development of energy from U.S. sources. This money will not be invested if investors do not have reasonable assurance of being able to earn a return in the marketplace. To make the price of oil a political football, as this act does, would be a serious setback for Project Independence.

As we call upon industry to provide these supplies, I feel very strongly that we must also insure that oil companies do not benefit excessively from the energy problem. I continue to believe that the most effective remedy for unreasonably high profits is the windfall profits tax which I have proposed. That tax would eliminate unjust profits for the oil companies, but instead of reducing supplies, it would encourage expanded research, exploration and production of new energy resources. The Congress is holding hearings on this proposal, and I hope it will move rapidly toward passage. I urge the Congress to enact this windfall profits tax as quickly as possible.

OBJECTIONABLE PROGRAM FOR UNEMPLOYMENT

Beyond the rollback provision, the Energy Emergency Act is also objectionable because it would establish an unworkable and inequitable program of unemployment payments. Under it, the Government would be saddled with the impossible task of determining whether the unemployment of each of the Nation's jobless workers is "energy related." In addition, eligibility for these benefits would not take into account the availability of jobs in the area. There is no excuse for shoveling out the taxpayer's money under a standard so vague and in a fashion so arbitrary.

The correct answer to the problem of those who become temporarily unemployed for any reason, energy or otherwise, is to strengthen our regular unemployment insurance program, extend it to workers not now covered, and provide additional benefits to those who lose jobs in areas where high unemployment rates show that other jobs will be hard to find. I asked the Congress to strengthen and extend the unemployment insurance system last year. I recently expanded this request to provide additional benefits in areas of high unemployment.

I urge the Congress to enact this latest, expanded proposal.

LOW INTEREST LOANS

In addition, this legislation contains authority for the Department of Housing and Urban Development and the Small Business Administration to make low interest loans to homeowners and small businesses to finance insulation, storm windows and heating units. If every eligible homeowner and small businessman took advantage of this section, the result could be an outlay for federally-guaranteed, low interest loans of many billions of dollars. The actual energy savings produced by these vast expenditures would not justify such an enormous loan program.

FACING UP TO OUR NEEDS

The energy shortage has been a pressing problem for the American people for several months now. We have made every effort to soften the impact of this problem. We have come through this winter without serious hardship due to heating oil shortages. We have tried to distribute gasoline shortages equally. Many are concerned about rising costs of such energy supplies as propane, and we have taken action to reduce these prices while continuing to increase supplies. Above all, we have tried to insure that basic industries would not be severely affected and that unemployment due to the energy shortage would be kept to a minimum. We have been largely successful in these endeavors. But we must be able to approach this situation in a systematic fashion that aims not at symptoms, but at solutions to the problem itself.

The time has passed for political debate and posturing that raise false hopes. It's time for all of us to face up to this problem with a greater sense of realism and responsibility.

Unfortunately, there are some who have chosen to capitalize on the Nation's energy problems in an effort to obtain purely political benefits. Regrettably, the few who are so motivated have managed to produce the delays, confusion, and finally the tangled and ineffective result which is before me today. The amendments, counter-amendments, and parliamentary puzzles which have marked the stumbling route of this bill through the Congress must well make Americans wonder what has been going on in Washington while they confront their own very real problems. We must now join together to show the country what good government means.

We need the authority to require energy conservation measures. We need the direct authority to ration gasoline if, and only if, rationing becomes necessary, which it has not. We need the authority to require conversion of power plants, where possible, to permit the use of our abundant coal reserves. We need a well-conceived Federal Energy Administration capable of managing national energy programs and not the woefully inadequate Federal Energy Emergency Administration mandated in S. 2589.

We must, above all else, act to increase our supplies of energy. To meet this important goal, I have submitted to the Congress a comprehensive package of legislative initiatives which I have repeatedly urged the Congress to pass. I have offered every possible kind of cooperation with the Congress in shaping this vital legislation.

In addition to my requests for a windfall profits tax and unemployment insurance plan, the Congress has many other Administration proposals before it, including:

—Mandatory reporting of energy information, a proposal which requires energy companies to report on inventories, production, cost, and reserves with information to be made public in most cases.

—The Natural Gas Supply Act to allow competitive pricing of new gas supplies and encourage exploration.

—A resolution permitting limited production of oil from Naval Petroleum Reserve # 1 (Elk Hills) and providing funds for further exploration and development of Reserve # 1 and exploration of Reserve # 4 (Alaska).

—The Mined Area Protection Act, establishing standards that would permit mining of coal to go forward while minimizing environmental impact.

—The Deepwater Port Facilities Act, authorizing the Secretary of the Interior to grant permits for the construction and operation of ports beyond the three-mile limit.

—The Minerals Leasing Act, placing all mineral exploration and mining activities on Federal lands under a modernized leasing system.

—A drilling investment tax credit to provide an incentive for exploratory drilling for new oil and gas fields.

—Creation of a Federal Energy Administration to deal with the current energy problem and to carry out major new activities in energy resource development, energy information and energy conservation.

—Creation of an Energy Research and Development Administration to provide a central agency for Federal energy research and development programs.

—Creation of a Department of Energy and Natural Resources to provide a new Cabinet department for the comprehensive management of energy and natural resource programs.

Further key measures will be proposed to the Congress in the very near future, including a set of amendments to our environmental legislation that would provide the flexibility necessary to acquire and use our fuel resources most efficiently in times of shortage. I will continue to propose legislative initiatives in order to respond to the changing needs and priorities generated by the energy problem.

In enacting this Energy Emergency Act after long months of waiting by the American people, the Congress has sadly failed in its responsibility. I believe the Nation expects better. It deserves better.

In returning this bill, I pledge once again the full cooperation of my Administration in the effort to provide energy legislation which is responsive to the problems we face and responsible in its impact on the economy and on the American people.

RICHARD NIXON.

THE WHITE HOUSE, *March 6, 1974.*

CLOTURE MOTION ON SENATE RESOLUTION 293

The ACTING PRESIDENT pro tempore (Mr. NUNN). Under the rules of the Senate, the Senate will now proceed to the cloture vote. The clerk will state the cloture motion.

The legislative clerk read as follows:

CLOTURE MOTION

We, the undersigned Senators, in accordance with the provisions of Rule XXII of the Standing Rules of the Senate, hereby move to bring to a close the debate upon Senate Resolution 293, to disapprove the pay recommendation of the President with respect to rates of pay for Members of Congress.

Mike Mansfield, Quentin Burdick, Frank Church, George D. Aiken, Harold E. Hughes, William Proxmire, Gaylord Nelson, Robert Packwood, Peter H. Dominick, Robert C. Byrd, Henry M. Jackson, James A. McClure, William Roth, Jennings Randolph, Harry F. Byrd, Jr., George McGovern.

CALL OF THE ROLL

The ACTING PRESIDENT pro tempore. Pursuant to rule XXII, the Chair now directs the clerk to call the roll to ascertain the presence of a quorum.

The legislative clerk called the roll and the following Senators answered to their names:

[No. 53 Leg.]

Aiken
Allen
Baker
Bellmon
Byrd, Harry F., Jr.
Byrd, Robert C.
Church
Eagleton
Ervin
Fong
Griffin
Helms
Hruska
Mansfield
McClure
McGee
Metzenbaum
Mondale
Nelson
Nunn
Randolph
Ribicoff
Scott, Hugh
Stafford
Stevens
Taft
Talmadge
Thurmond
Tower

The ACTING PRESIDENT pro tempore. A quorum is not present.

Mr. MANSFIELD. Mr. President, I move that the Sergeant at Arms be directed to request the presence of absent Senators.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the motion of the Senator from Montana.

The motion was agreed to.

The ACTING PRESIDENT pro tempore. The Sergeant at Arms will execute the order of the Senate.

After a delay, the following Senators entered the Chamber and answered to their names:

Abourezk
Bartlett
Bayh
Beall
Bennett
Bentsen
Bible
Biden
Brock
Brooke
Buckley
Burdick
Case
Chiles
Clark
Cook
Cotton
Cranston
Curtis
Dole
Domenici
Dominick
Eastland
Fannin
Fulbright
Goldwater
Gravel
Gurney
Hansen
Hart
Hartke
Haskell
Hatfield
Hathaway
Hollings
Huddleston
Hughes
Humphrey
Inouye
Jackson
Javits
Johnston
Kennedy
Long
Magnuson
Mathias
McClellan
McGovern
McIntyre
Metcalf
Montoya
Moss
Muskie
Packwood
Pastore
Pearson
Pell
Percy
Proxmire
Roth
Schweiker
Scott, William L.
Sparkman
Stennis
Stevenson
Symington
Tunney
Williams
Young

Mr. ROBERT C. BYRD. I announce that the Senator from Nevada (Mr. CANNON) is necessarily absent.

Mr. GRIFFIN. I announce that the Senator from Connecticut (Mr. WEICKER) is absent due to death in the family.

The ACTING PRESIDENT pro tempore. A quorum is present.

VOTE

The ACTING PRESIDENT pro tempore. Pursuant to rule XXII, a rollcall has been had, and a quorum is present.

The question before the Senate now is, Is it the sense of the Senate that debate on Senate Resolution 293, a resolution to disapprove pay recommendations of the President with respect to rates of pay for Members of Congress, shall be brought to a close?

The yeas and nays are mandatory.

The clerk will call the roll.

Mr. ROBERT C. BYRD. Mr. President, may we have order in the Senate during this rollcall?

The ACTING PRESIDENT pro tempore. Senators will please take their seats. Those Senators carrying on conversations will please go the cloakroom. The Senate will be in order.

The clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Nevada (Mr. CANNON) is necessarily absent.

I further announce that, if present and voting, the Senator from Nevada (Mr. CANNON) would vote "yea."

Mr. GRIFFIN. I announce that the Senator from Connecticut (Mr. WEICKER) is absent due to death in the family.

The yeas and nays resulted—yeas 67, nays 31, as follows:

[No. 54 Leg.]

YEAS—67

Abourezk
Aiken
Allen
Bartlett
Bayh
Bellmon
Bentsen
Bible
Biden
Burdick
Byrd, Harry F., Jr.
Byrd, Robert C.
Chiles
Church
Clark
Cook
Cranston
Curtis
Dole
Domenici
Dominick
Eagleton
Eastland
Ervin
Fulbright
Goldwater
Gurney
Hansen
Hartke
Haskell
Hatfield
Hathaway
Helms
Hollings
Hruska
Hughes
Humphrey
Jackson
Johnston
Long
Magnuson
Mansfield
Mathias
McClure
McGee
McGovern
McIntyre
Metzenbaum
Mondale
Montoya
Muskie
Nelson
Nunn
Packwood
Pastore
Pell
Percy
Proxmire
Randolph
Ribicoff
Roth
Schweiker
Stennis
Stevenson
Symington
Taft
Talmadge

NAYS—31

Baker
Beall
Bennett
Brock
Brooke
Buckley
Case
Cotton
Fannin
Fong
Gravel
Griffin
Hart
Huddleston
Inouye
Javits
Kennedy
McClellan
Metcalf
Moss
Pearson
Scott, Hugh
Scott, William L.
Sparkman
Stafford
Stevens
Thurmond
Tower
Tunney
Williams
Young

NOT VOTING—2

Cannon
Weicker

The ACTING PRESIDENT pro tempore. On this vote the yeas are 67 and the nays are 31. Two-thirds of the Senators present and voting having voted in the affirmative, the motion is agreed to.

Each Senator has 1 hour of debate.

The Senator from Wyoming is recognized.

Mr. McGEE. Mr. President, what is the parliamentary situation in regard to the procedure after cloture has been voted?

The ACTING PRESIDENT pro tempore. The pending question is on agreement to the amendment of the Senator from Idaho.

Mr. McGEE. Mr. President, I want to make one declaration here in behalf of the Post Office and Civil Service Committee. In my judgment the Senate has expressed its will at all levels. Everyone has had a chance to be counted on all issues present in this question.

I want to say now, therefore, that the Post Office and Civil Service Committee will very soon, this spring, begin a series of hearings on this question. We will look toward revising the law, updating the law, abolishing the law, enriching the law, or doing whatever is required to come to grips with this question.

I do not have to repeat the shortcomings we find ourselves in this morning. I would hope that we would have out of the legislative committee a frontal attack on the apparent problems so that they might be resolved, no later than next January. It is the hope that anyone with any expertise, bias, or druthers on the matter will have testified before the committee.

We intend to have people from the Office of Management and Budget, the administration, the Civil Service Commission, consumer groups, taxpayer groups, and our constituents. We want input. We are looking now for what we should do, because it will be worse next year and the year after than this year with respect to the problem of the Federal pay structure. We are asking for your help. We will undertake very substantial studies and hopefully make legislative recommendations on this problem.

Mr. FONG. Mr. President, will the Senator yield?

Mr. McGEE. I yield to the Senator from Hawaii.

Mr. FONG. Mr. President, as the ranking minority member of the Post Office and Civil Service Committee, I join with my distinguished chairman in saying that I will do everything possible to have hearings held on the pay issue. What I am concerned about is the 28,000 Government employees that will be hitting the ceiling by 1978 if we do not do anything now. At the present time 9,704 Government employees are at the ceiling. If we want to keep our own pay out of the matter, that is perfectly all right, as Members of the Congress.

There are 9,704 Government employees at three levels who all receive pay of $36,000. In other words, boss No. 1, boss No. 2, and boss No. 3 all receive $36,000. If we do not do anything now, it will be another 4 years before we will have a quadrennial commission recommend a salary increase to the President and the Congress. By that time there will be another 19,000 Government employees in the statutory system who will be hitting the ceiling of $36,000. In other words, at that particular time, 4 years hence, when the quadrennial commission recommends a salary increase, instead of three levels of supervisory employees receiving $36,000, we will have six levels. We will have almost all of the GS–15, 16, 17, and 18 receiving $36,000 plus some GS–14's. For example in the Patent Office, the Patent Commissioner appeared before the Judiciary Committee for his confirmation hearing. We asked him how many of his assistants are receiving the same pay as he is receiving. He said that there were 50 of his assistants who are receiving $36,000, the same pay he is getting.

This is the problem of compression. And I think that if we do not do something now, we will have a crisis in the Federal statutory pay system.

I, therefore, join my distinguished colleague in asking for a quick review of the present situation.

Mr. HUGH SCOTT. Mr. President, I ask recognition on my own time.

Mr. McGEE. Mr. President, I have the floor.

The ACTING PRESIDENT pro tempore. The Senator from Wyoming has the floor.

Mr. McGEE. Mr. President, I am not going to use much time. I only wish to suggest that those who believe that the law on the books now is unwise in any way will not move simply to repeal the law, if that is their wish. I hope that they start quickly to help us find a new approach. This law was honestly calculated to provide an honest judgment and take out all emotional factors.

Any number of Senators have expressed the desire to determine for themselves the congressional pay level. They, therefore, are opposed to the Commission recommendations to the President. It is not enough just to wipe it out. We have to be able to say what we are going to do, how we are going to attack this question. It is not going to be easy just to be against it. We have to come up with something if we are indeed to restore responsibility, the responsibility that goes with the Office of a Senator of the United States.

I think we ought to think of it in those terms. It is the Office that is at stake. And if we are not worth it, the people ought to send someone else here.

Mr. HUGH SCOTT. Mr. President, will the Senator yield?

Mr. McGEE. I yield.

Mr. HUGH SCOTT. Mr. President, I think the flaw in our situation has now been demonstrated. We have failed to do justice to others, because of our fear to do justice to ourselves. That is a pity, and it is a tragic situation. I hope that the committee, which has done a splendid job here, will work out a situation whereby justice can be done all around, fairly and equally.

We are saying to the public employees that we are not going to let them have a pay raise because it will look bad if we try to get one for ourselves. And even if we defer it for ourselves, it will still look bad. Therefore, the public employees cannot have it even though they are entitled to it.

Mr. FONG. Mr. President, if the Senator will yield, we do not tell all the Government employees that they will not get a raise. We tell the lower- and middle-level Government employees that we will give them a raise. However, we tell those employees who are in GS–15, 16, 17, and 18 that we will not give them a raise even though all of their salaries are at the $36,000 level. We are saying to all Government employees from GS–1 to GS–14 that they will be given a raise. However, we are telling the employees from GS–15 through GS–18 that they will not get a raise.

What kind of comparability system will we have?

If we are to have comparability, let us not just have comparability for the lower and middle echelons and not for the upper echelons.

Mr. HUGH SCOTT. The Senator is saying that the Senate has screwed up the system. And we have done it through an expertise by which we have denied the obvious and avoided justice and postponed the inevitable. This is good Senate procedure. I have been here for 16 years. There are days when I wonder exactly whom we are misleading.

In any event, I hope that the committee will consider it carefully and I hope that they will consider the cost-of-living increase at all levels.

Mr. STEVENSON. Mr. President, will the Senator yield?

Mr. HUGH SCOTT. I will yield in a moment. I believe that this situation is not going to go away. The sooner that the committee can act on this matter the better it will be. We have to find some way of doing this that will permit Senators to stand up and face the situation that confronts us and then do justice to it and go home and take their chances.

Mr. McGEE. Mr. President, I think we have to decide, in our legislative efforts, whether we separate the cost-of-living factor from the salary equity procedure. They are two different things.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. McGEE. In just a moment I will yield to the majority leader.

The point of it is that we drafted the existing law on the books in 1967. In those tender years the full impact of the inflationary consequences of the war in Vietnam, and so on, had not really caught up with us and, therefore, we are addressing ourselves to the principle of pay equity in the Federal structure, as well as comparability.

Meanwhile, since 1969, when the last Presidential adjustment was adopted, inflation has run away with everybody's salary position, except that cost-of-living increases were approved by this body for every sector, totaling nearly 44 percent in both the private sector and the public sector since 1969, except for the top echelon.

It is that inequity that now is pressing down on those with administrative responsibilities, on the Members of this body, on the office that we here occupy, and we are asking for help in time to resolve this kind of a counterproductive direction of the forces at work, first comparability, and second, now, the consequences of 4 years, or almost 5, of inflationary erosion of what once was equity within the system. We have to reestablish the equities, even as we account for the erosions of inflation.

Whether we do that through separate legislation, whether we do it with an automatic formula that goes into effect no matter what happens, as it does with all other segments, or whether we tie it into the pay structure, those are the questions we are going to have to resolve. We are not going to resolve them by waiting until next January, and we are not going to resolve them by looking the other way and leaving it to the committee, because the committee tried to do its work. We tried to be responsible, and our efforts did not square with the judgment and the timing of this present moment.

Mr. BAKER. Mr. President, will the Senator yield?

Mr. McGEE. I have promised first to yield to the majority leader.

Mr. MANSFIELD. Mr. President, let me say first that the committee is to be complimented. This is not the easiest piece of legislation to face up to, and certainly a solution is most difficult to come by. No matter what the chairman and the ranking minority member of the committee did, they were bound to receive a lot of flak.

But I note that the distinguished Republican leader and also the chairman of the committee and others have mentioned the possibility of an increase tied to the cost of living. I would think that would be the most logical, the most feasible, and the most easily attainable way, and I would suggest most respectfully that in view of the fact that the recommendations of the Commission have been turned down, consideration should be given to the abolishment of that Commission, and that the Committee on Post Office and Civil Service consider the enactment of legislation, statutory legislation which all Members of both Houses would have to face up to, for increases based on the cost of living.

I do not see how anyone in any fashion could find fault with that, and it might be a solution to which the distinguished chairman might wish to give consideration.

Mr. McGEE. I thank the majority leader for his comments. We are still stuck with a 30-percent lag already since 1969. We would have to figure out whether that is an historic factor or not, but it does suggest the complexity of the problem.

I yield to the Senator from Tennessee.

Mr. BAKER. Mr. President, I suspect that the Senator from Alaska may know the answer to the question I am about to put to the Senator from Wyoming. My question is, what do we do next?

Before putting the question, let me say that I think the whole matter of Congress setting its own salary is an abomination. I think it is the granddaddy conflict of interest of all time. I think our Founding Fathers who established this Nation were in fact inspired young leaders, but I think they goofed when they set up a system where we have to set our own salaries. I hope the committee will seek to set up a means of solution of this dilemma which we find ourselves repeatedly facing.

But I ask the chairman of the committee, what do we do next in seeking to solve this problem?

Mr. McGEE. Mr. President, before responding, I yield to the Senator from Alaska, to see whether he can shed any light on the question.

Mr. STEVENS. Mr. President, I do not know whether I can shed any light or not. I think the discussion now taking place indicates rather strongly why the Senate should not vote cloture after 4 hours of debate. Now, apparently, we are going back to the committee and once again seek to do what some members of the Post Office and Civil Service Committee might want to do, or what the majority leader might suggest.

I have two amendments at the desk which have not yet been considered. I do not know whether I will offer them or not, because there is one thing you learn early in politics, and that is how to count.

The Senate today, for the first time in history, has closed off debate after 4 hours, without considering one amendment offered by any member of the committee other than the two ranking members. I think I shall wait and see how many other Senators want to offer amendments before I offer mine, and see whether there is any basis at all for compromise here. There were legitimate areas for compromise on the recommendations of the Executive Commission on Judicial and Legislative Salaries. We explored two. We now have before us a resolution for complete disapproval, from a Senator who is not on the committee, which of course it is entirely his right to offer, but it seems to me that as a member of the committee, if I am going to go back and sit with the chairman again and listen to testimony again, I think we ought to know we are going to have a chance to be heard on this floor before we have a cloture motion and before debate is shut off. I think this is the worst thing I have seen done in the Senate since I have been here. I think every junior Member wants to consider his position on the floor of the Senate, as to whether it really is true that we are equal here in the Senate and everyone's voice is the same.

I cannot answer the question of the Senator from Tennessee. I want to see if anyone else wants to offer amendments, and whether those who have previously supported my position will do so after cloture being voted under these rather strange circumstances.

I note to my friends from the South that this is the first time I have ever seen Senators from the South vote for cloture on the first vote after 4 hours of debate. I think there will be many of us who will remember that for a great length of time.

Mr. McGEE. Mr. President, in response to the remarks of my colleague from Alaska, a distinguished member of the committee, I say there is no intention to suppress other amendments. As the Senator knows, we only took a reading on two, to try to arrive at some kind of compromise, hopefully, over the weekend, which could be obtained by an up or down vote.

The remarks I have just made should not be construed to preclude any kind of amendment. I was only outlining a course ahead, because whatever the Senator offers by way of amendments will not solve the whole question. It will have to be an expedient to help solve part of it, and I think the whole problem is much more complex than we can resolve here, no matter how lengthy the debate. And in all fairness to the balance that will be necessary in examining the various legislative pitfalls, as well as the directions we may go, it will require a thorough study also, in addition to whatever amendments the Senator has to offer or may offer.

Mr. STEVENS. I will say to the Senator from Tennessee, if the Senator will yield further——

Mr. McGEE. I yield.

Mr. STEVENS. That if he will put himself in my place and the chairman's, he knows we are going back to committee and explore whether we ought to scrap the whole system.

The majority leader announces that maybe we shoud go on the concept of a cost-of-living increase. Would you offer an amendment to seek a compromise to see whether it is possible to make the Commission's recommendations fly at all? Would you do it right now?

Mr. McGEE. I would be prepared to offer soon a cost-of-living formula and see whether this body would be interested in that. I say to my colleague, that the measure of the Commission formula, I thought, was tested in the straight up and down vote we just had here. Even on the temporary compromises we tried, we got 17 votes on one approach and 26 votes on the second approach. We had five or six absentees that day that would have swelled the total from 26 to 31 or 32. Perhaps it would have to be done with some other approach which, I must say, I fail to see, but I am willing to consider whatever the Senator from Alaska would be interested in submiting.

Mr. STEVENS. Had it not been for cloture that might have been possible. It might have been possible to see whether the Commission, which was, really, the creature of former President Lyndon B. Johnson, was one of the great things that Mike Monroney thought he had, which was adopted on the floor of the Senate, which was to bring about the establishment of a commission to take us out of this hassle.

I say to the Senator from Wyoming that what he is suggesting is that maybe we should get back in there. As bad as it is, it is better than it is now. Which reminds me of a story about Sam Goldwyn, which I will tell the Senator about later.

I tell my friend again, that I say, as one who sits down at the table from the two ranking members on the committee, that when the chairman announces we are going back to the committee before amendments have been offered by junior members, so that they are not brought up, I think maybe we had better examine some of the procedures of this body. I think maybe there may be more people on the floor of the Senate in the future than there have been in the past, because I do not think we would have had this if they knew what was going on in the Senate—knew how little we have been able to discuss this matter so far.

Again, this is just one man's little revolt that may be coming, but I am disturbed at the action taken by the Senate today.

Mr. President, I ask unanimous consent to have printed in the RECORD an editorial published in the Washington Star-News for March 5, 1974, entitled "Pay Raises."

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

PAY RAISES

By midnight Saturday, members of Congress will either have a pay raise or they won't, depending on whether their desire for more money prevails over their traditional reluctance to fatten their paychecks during an election year. The unfortunate thing about it is that the pay of 10,000 top federal career officials is hostage to the silly and somewhat hypocritical antics Senate and House members go through everytime the subject of congressional pay comes up.

At least 95 percent of the members want a pay raise and believe they are justified in having one. Yet the presumed or real fear of losing votes back home creates all sorts of maneuvers. Some oppose any raise. A few brave souls stand up and declare they are deserving. Others want to compromise, figuring that a little something extra won't stir the voters too much.

The fact is that Congress hasn't had a pay raise for five years and the full increase proposed by President Nixon (22.5 percent spread over the next three years in 7.5 percent increments) doesn't seem out of line. If they can't bring themselves to approve that much eight months before the fall elections, Senator McGee's one-shot 5.5 percent proposal (the federal wage guideline for private employes) is a reasonable alternative. Voters could hardly object to that, even though polls indicate they don't think much of Congress these days.

If congressmen decide to scrub their own raises altogether, they ought at least to find some way to increase the $36,000 limit now imposed on top federal career executives. Not only has the cost of living increased tremendously the past several years, but their pay has fallen behind salaries for comparable jobs in the private sector.

It is unreasonable to expect these deserving careerists to wait another year for a pay raise. It also is unreasonable to keep salary adjustments for them tied to congressional pay increases, which carry their own set of special political considerations. Legislation ought to be passed permanently separating the two.

Mr. McGEE. Mr. President, may I respond to my colleague for one moment and to the ranking minority member, and then I will yield to my colleague Mr. HANSEN who has been waiting to ask a question also—or to say something.

I want to say that the Senator is one of the committee members who stayed through the entire process, trying to write legislation to achieve a compromise judgment. He voted every time on each of the suggestions posed in turn. He stood up and was counted. He took what, legislatively at least, was the unpopular side, as did the ranking minority member and the chairman of the committee. We sorted those out as best we could in the committee sessions. All told, we had four or five alternatives. We submitted our outcome here to the floor as the only vehicle that could command five votes to get it out of committee. That was the one we should seriously consider because it was demeaning to this body. It excluded Congress from any kind of formula. We started from that. Then we took the measure as the other votes had been. That seemed to concentrate in larger numbers around the two alternatives that surfaced here and we presented them only in that light. It is subject to additional amendment. No one is excluded from any amendments, including the options of the Senator from Alaska. They should be considered without prejudice.

Mr. STEVENS. I understand.

Mr. McGEE. There is plenty of air to be let into the rules of the Senate. There is plenty of light in the Senate all over the place, God knows, with the complexities of the question of equitable salaries. So if the Senator from Alaska thinks he has been pinched off, disqualified, shoved back, to whatever he alludes to as "juniority," I should like to hear about it.

Mr. STEVENS. Mr. President, I should like to say to my colleague from Wyoming that I was here all day Monday and most of Tuesday. I am only saying this because of the fact that there are people in the judicial branch, in the executive branch, and I think many in the legislative branch, who wanted to see something good come out of this Commission. I think the Senator from Wyoming has announced the death sentence for the Commission. I say to the Senator most respectfully that I think you did it prematurely, before we could explore the possibilities whether any amendments we have now could fly. I do not think they can now. I have got to check with some of my colleagues to see whether they can fly. But, they should have. That is the point. Before cloture, there should have been some opportunity for others than just the ranking Members on each side to explore——

Mr. ERVIN. Mr. President, will the Senator from Wyoming yield for a question?

Mr. McGEE. I promised to yield to my colleague from Wyoming first.

Mr. HANSEN. Mr. President, I thank my distinguished colleague, the chairman of the committee, for his courtesy in yielding to me.

First, let me say that I think this committee is due an expression of appreciation from all of us for the tough job it has had to do, and the very statesmanlike manner in which it tried to seek out a workable solution because of the extremely tough and extremely trying difficult problem it was trying to solve.

There is no question at all but that it is a fact there are inequities in the present pay scales. That has been demonstrated on the floor time and again.

As a consequence of the facts, and others, the junior Senator from Wyoming was extremely hard pressed to know how to vote a little bit ago when he cast, along with others, a vote that has resulted in cloture being invoked.

Let me say that, basic to the problem, to the dilemma that faces each Member of this Congress, is the fact that by other derelictions on our part, our failure to balance budgets, putting more money into the economy than was contributed by a comparable contribution on the basis of goods and services, we have put many things out of balance.

Certainly Members of Congress are not overpaid as we contemplate the erosion of our purchasing power in the past few years. The same can be said with equal truthfulness about those civil service employees who are now bunched up, as the distinguished Senator from Hawaii (Mr. FONG) pointed out to us only a few moments ago.

Thus, I would hope that we might, in seeking a better solution to the problem—which so far seems to have been suggested—we contemplate also the great benefit, the great good merit that I believe would come about if we could, somehow, get a handle on inflation; because it certainly is true that there are many millions of Americans who live on incomes that have not reflected increases comparable to the increased cost of living in America. There are plenty of people whose purchasing power has been eroded by the inflationary fires contributed so significantly to by the actions of Congress. This is part of the problem. This is why I think I can say, without fear of contradiction, that a great number of people throughout America today are saying, Well, why raise your salary? Why take care of the situation which faces those civil service employees, admitting that it is true, that they are overpaid today, when we do not address in a more responsive fashion than we have so far the erosive force and character of inflation upon all jobs and purchasing power everywhere?

I do not have any solution to offer. I, too, share with my good friend the senior Senator from Wyoming (Mr. MCGEE), and the other members of his committee, a very deep appreciation, along with all my other colleagues, for the good job they have done.

I hope that we can find an answer. I should hope that as we search out ways to find the answer to this extremely tough problem, we would not exclude taking a more positive position on trying to control inflation.

I thank my colleague from Wyoming very much.

Mr. McGEE. I thank the Senator for his comments.

The simplest way, in hindsight, was to freeze all wages and prices and everything at the beginning. But we did not go that route. The President did not go that route. The result was that we ended up with everybody having been increased—except for those who are caught at the top. Inflation is just as real at 30 percent, whatever the level, and its consequences, administratively, are very serious.

That is why it seems inequitable and unjust to impose a freeze at this late stage of the game, after 4 years of allowing this steady cost-of-living adjustment in all of the private sector, where labor is involved and management is involved and all the governmental sectors except at the top are involved. We were being ridiculous in arguing that this was an inflationary process at this stage, when the total cost of the money allowed here for congressional pay was about $6 million, in a trillion dollar gross national product economy, in a $300 billion budgetary request. It has to be the utter element of the ridiculous to argue this is an inflationary process at this very late hour in the whole complex of our economic problems of the last 2 years.

I yield to the distinguished Senator from North Carolina.

Mr. ERVIN. In the absence of a vote, would not the recommendation of the President, which was based upon the findings of the Commission, automatically have gone into force sometime very soon?

Mr. McGEE. Yes. Without any kind of action in this body or the other body, it would have gone into effect on midnight Saturday.

Mr. ERVIN. And today is the 6th of March.

Mr. McGEE. That is right.

Mr. ERVIN. The distinguished Senator from Wyoming has been here long enough to know that it is very easy to filibuster for 3 days, in the absence of a cloture vote. Does not the Senator from Wyoming believe that it would have been very easy to have filibustered for 3 days and thereby automatically put the recommendations of the President into effect?

Mr. McGEE. It is always possible. Anything is possible in this body, I have discovered long since. That was not my intention, but it is irrelevant. That is a possibility.

Mr. ERVIN. I do not believe it is irrelevant. I think the people of the United States are opposed to any salary increase at this time, not only for Congress but also for the Federal judges and for highly paid Federal civil employees. So cloture was the only way that one opposed to the whole proposition could be certain he would be given a right to voice his sentiments. Otherwise, it would have gone into effect automatically in about 3 days.

Mr. McGEE. I think that is a realistic statement. I would suppose that there is not going to be any great groundswell among the people for an adjustment even next year or the next year or the next year or the next year. Thus, we are contributing to making it worse, because we are ducking the question.

Mr. ERVIN. I have always been glad that I voted against the bill to establish the commission. I think the best way for Congress to bring itself into the favor of the people is for the Members of Congress to stand up like men and perform their constitutional duties, and fix their own salaries, just as the Constitution contemplates they should do. So I would favor the abolition of the commission, because I opposed it originally and have always been proud that I did. I always thought that we should fix our own salaries, just as the Constitution contemplates; and if we do not like to do so, we can quit running for Congress.

Mr. McGEE. I thank the Senator.

Mr. FONG. Mr. President, will the Senator yield?

Mr. McGEE. I yield.

Mr. FONG. Mr. President, after listening to the remarks of the distinguished majority leader, I am quite sure that the last few days have not been fruitless. I think we have convinced him now of the inequity of the present pay situation. When the majority leader said that he thinks we should follow some method in which cost-of-living increases may be cranked into the salary system, he has given way to the very adamant position he had taken in the beginning, that there should be no increases. I think what we have done over the past few days has been to carry on an educational process on the floor of the Senate.

I have been a member of the Post Office and Civil Service Committee for 15 years, and for the past 50 years the salaries of Federal blue collar workers have been based on the principle of comparability. It has worked so well that we have incorporated that principle of comparability into the Federal statutory pay system.

Under the blue collar wage structure, the country is divided into 39 geographic areas, and every year there is a survey made of the salaries in private industry within each area. If the pay for comparable jobs in private industry in that area are more than the wages paid to Federal blue collar workers, they receive an increase in wages. Almost every year there has been an adjustment in the Federal blue collar wages. It has worked so well that in 1962 the Congress incorporated that principle into the Federal statutory pay system, so that our white collar workers are being paid comparable salaries to private industry.

The last few days, we have been talking about the ceiling which has been imposed upon the people who are supposed to receive a salary comparable with that of their counterparts in private industry. We have shown that a middle GS white collar worker and a lower GS white collar worker will be receiving a comparable salary as time goes on. As the salary increases in the private sector, that will be made comparable for these people in the public sector.

Now that we have carried on this educational process on the floor of the Senate, I am sure we have changed the attitude that has persisted in the Senate that there should be no increases whatsoever.

The distinguished junior Senator from Wyoming says that now he understands and sees that there has been some inequity because of the erosion of the purchasing power.

The majority leader is willing to look into the matter of changing our salaries by tying it somewhat to the cost-of-living. With that in mind, I think we in the committee can work out something to the satisfaction of the majority leader. The majority leader, as we know, has tremendous influence on the floor of the Senate; and by his statement that something should be done in that regard, I think we have at least broken the dike somewhat and we can go back to the committee and work on a solution acceptable to the Senate.

Mr. PROXMIRE. Mr. President, will the Senator yield?

Mr. McGEE. I yield.

Mr. PROXMIRE. I simply want to make a unanimous consent request, and I will tell the distinguished Senator from Wyoming what it is for.

On February 25, I submitted an amendment to what was then the pending measure, which was the Dominick amendment. The Dominick amendment is not now pending; it is the Church substitute.

Mr. McGEE. The Church-Dominick measure.

Mr. PROXMIRE. I have been informed by the Parliamentarian that my amendment is not in order now because it was offered to an amendment which was not before the Senate and therefore was not involved in the action we took on the cloture motion a few moments ago.

For that reason, I have to get unanimous consent to have the identification changed so that this applies to the pending measure, the Church substitute, not to the Dominick measure, which would just take the amendment out of consideration.

Mr. McGEE. May I ask what the amendment is about?

Mr. PROXMIRE. The amendment provides that the Senate will have a chance to stand up and be counted on whether or not we can separate the salary increase provisions for Members of Congress on the one hand and for the judicial and executive personnel on the other.

I think the Senator from Hawaii and others have made a devastating case that this compression is insufferable, unfair, inequitable, and not intended. Therefore, I wanted my amendment to be before the Senate for consideration, just on the basis of giving the Senate an opportunity to vote on it. I believe it has great merit. I hope the Senate will have an opportunity to vote on it.

Several Senators addressed the Chair.

Mr. PROXMIRE. The Senator from Wyoming has the floor.

Mr. McGEE. If I may respond quickly, the position we have explored here as we have gone along is that that would not be in order at this stage, having voted cloture. That kind of amendment would be a substantive change in the intent of the law. We would have to go the legislative route. Of course, we can do anything by unanimous consent but I would be rather moved to object only on the legislative ground.

Mr. PROXMIRE. Mr. President, I put the amendment in in good faith on February 25, long before the cloture motion was suggested. Now, to be ruled out on a technicality, although it is germane to what we are considering, and Congress should have an opportunity to vote on it, it seems to me is unfair. It is unfair to knock this out on a technicality, which is what would be done if there is an objection.

Mr. McGEE. The Senator from Michigan has a comment, I believe.

Mr. GRIFFIN. I personally will not object to the unanimous-consent request. I have an amendment I plan to offer, and frankly I would like to have a vote on it before we vote on the three branches separately. My amendment provides that the recommendations of the Commission would go into effect with the exception of U.S. Senators. I think that the Senate has demonstrated its will that there are many who feel, as the Senator from North Carolina feels, that we should consider and vote on our pay raises as a separate matter. I do not think we should impose our judgment on the other House of Congress. I think they should be free to make their own decision.

Mr. PROXMIRE. I would be happy to defer consideration of my amendment.

Mr. GRIFFIN. But I personally think it is disgraceful and outrageous for us not to recognize the merit of raises for district judges and others and the serious problem of civil service employees at the highest level who are being discriminated against. I think that we should give the Senate a chance to take itself out of this and decide later what to do about the Senate.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. McGEE. I have control of the floor. I yield.

Mr. MANSFIELD. Why does the Senator call up that amendment, and keep in mind at the same time that as far as the judges are concerned, there are long lines waiting for any vacancy which may occur, that the judges pay nothing whatsoever toward their retirement; when they are in, they are in for life; they have no campaigns to conduct, and no outside expenses. All this should be kept in mind because, as the Senator knows, the ABA has been conducting quite a campaign for an increase in the pay for judges.

They are in for life, they are fully independent, they have no campaigns to conduct. If they want to resign, let them because there are hundreds and thousands equally qualified and who are ready, willing, and able.

Mr. GRIFFIN. I am ready to call up the amendment if I can get the floor.

Mr. McGEE. I would have to say that the moment you start taking that approach, at that moment you are further contorting the system. We have generally agreed to have to start over again and see how to put it together. We cannot take one part on the judges or the under assistant secretary and still achieve equity. This would be a patchwork approach.

I am sure you will find a long list of people waiting to run for the Senate, by the same token, and we cannot legislate meaningfully and constructively on this matter in that way.

If it requires unanimous consent on the proposal that is made, because of its legislative content I would have to object reluctantly because I think it properly belongs in the context of the procedures of the committee that is going to carry out its work, but I do not like to use that phrase, by going directly to the job at hand without delay.

Mr. PROXMIRE. What my good friend from Wyoming is doing by objecting is to prohibit the Senate from having a chance on vote on separability. We can act on separability by having Congress stand up and vote on our increases now. We can also permit the compression problem to be solved now. We all understand what this is doing to the legislative branch of Congress. But it is a ridiculous situation when in one department 50 or 150 persons are making the same salary as their superiors. It is not right to hold them hostage until Congress gives itself a pay raise. It seems to me that that is absolutely wrong. But whether it is right or wrong, the Senate ought to have an opportunity to stand up and vote on the question.

Mr. McGEE. I would object, as chairman of the committee, only as to the legislative procedure. There is great merit in what the Senator from Wisconsin says. But considering how very close we came on this legislation, this is not the way to approach it, now that the Senate has expressed its will in a very general way. I do not agree with that, but I will abide by it. I do not think we should be legislating in that way. If we are going to come to grips with the question in committee, let us do so.

Mr. PROXMIRE. The Parliamentarian has informed me that there will be an opportunity later to vote on the question when it comes before the Senate, even with the cloture provisions in effect, by voting no on the Church amendment. Senators can then vote yes on the resolution. This will stop a pay increase for Members of the Congress but permit it for the executive and judicial employees.

Mr. McGEE. I thought the Senator was offering it now. That is the reason for my objection.

Mr. President, I am prepared to yield the floor.

Mr. HART. Mr. President, will the Senator yield?

Mr. McGEE. I yield to the Senator from Michigan, who has been waiting to be heard.

Mr. HART. It goes back to a comment made earlier. The suggestion was made that this is a complex question. I suggest that we have a clearer understanding of what is involved than we have on 99 percent of the business we do here. Let us not extend the kidding exercise still further by suggesting that the question is complex.

Mr. McGEE. Mr. President, I have no further questions.

Mr. GRIFFIN. Mr. President, may I be recognized?

Mr. McGEE. Just a moment. I have not yielded.

Mr. STEVENS. Mr. President, does the junior Senator from Michigan seek recognition in his own right?

Mr. GRIFFIN. I would like to have recognition.

Mr. McGEE. I yield the floor.

The PRESIDING OFFICER. The Chair recognizes the junior Senator from Michigan.

Mr. GRIFFIN. Mr. President, I have an amendment to the resolution at the desk which I now call up.

The PRESIDING OFFICER. The amendment will be stated.

The second assistant legislative clerk read as follows:

> Amendment by Mr. GRIFFIN to S. Res. 293: Beginning with "for" after "rates of pay" strike out through the comma following "Congress" and insert "for U.S. Senators, such recommendations having been".

Mr. GRIFFIN. Mr. President, this is a very simple amendment. It will give the Senate an opportunity to allow the President's pay recommendations to go into effect for all those affected except U.S. Senators.

The mood—the will—of the Senate is very obvious. Senators do not want to vote themselves a pay raise.

This amendment recognizes the arguments that have been made, over and over again, on the Senate floor in the course of this debate.

Perhaps more time—and hearings are needed to determine when and whatever the salary of Senators should be adjusted But, so far as I am concerned, I do not believe more time is needed to realize that Federal judges and others affected are entitled to, and need, the increase recommended. They have not had a pay raise in 5 years, while the cost of living has gone up 30 percent during that period of time.

Even though Senators may conclude that they should not have a pay raise at this time, I do not believe that judgment should stand in the way of providing a degree of equity and justice for those who do not happen to serve in the Senate.

Mr. President, I will ask for the yeas and nays.

Mr. DOMINICK. Mr. President, a parliamentary inquiry first.

Mr. GRIFFIN. I understand that there are a number of Senators who will not be available to vote for at least an hour because of some responsibilities downtown. Perhaps we could set a vote on this amendment for 1:30.

Mr. MANSFIELD. Mr. President, may I be recognized? We each have 1 hour.

The PRESIDING OFFICER (Mr. HASKELL). The Senator from Montana.

Mr. MANSFIELD. I suggest the absence of a quorum, and I would suggest to the attachés that they get some Senators here so we could get the yeas and nays ordered.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

Mr. GRIFFIN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The Clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the vote on the pending amendment occur at the hour of 1:30.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CHURCH. Mr. President, I surely hope the Senate will turn down the amendment offered by the distinguished Senator from Michigan. I can imagine nothing more demeaning to the Senate than to take the position that the entire top echelon of the Government should receive substantial increases in pay, but the Senate should be excluded.

From the beginning of this debate, I have based my position on the argument that no pay raises, whether for the legislative or the judicial or the executive branch, are justified at this time. If I had felt that such pay raises were justified, I would have favored them for everyone—Senators, Congressmen, Federal judges, Cabinet members, Ambassadors, and all those who occupy the top brackets of the civil service.

It is somewhat chilling to hear the distinguished Senator from Hawaii (Mr. FONG) remind us that there are presently 12,000 employees on the Federal payroll receiving $36,000, the ceiling wage for civil servants. That is nearly as large a force as an entire infantry combat division. I remember a time, some years ago, when General Motors decided to hold a convention at Sun Valley for its top-paid executives. Sun Valley is a big resort, but General Motors had to call off its plans because there was not enough room at Sun Valley, to accommodate all the executives of General Motors receiving $25,000 or more. Where in the world would be ever put the Federal employees who today are receiving $36,000, the top authorized salary in the civil service?

Why do I stress that? Not because I am not aware that there are many positions in Government deserving such pay, but because Congress should be cognizant of the trend within the civil service. If we have any sense of responsibility for controlling Federal pay in the interest of the taxpayers, we must examine the trend.

During the last 5 years, jobs in the lowest five grades of the general pay schedule have declined by 82,000, or 15 percent, while positions in the top five categories have gone up by more than 14 percent, or 55,200 added positions. This is known by those who understand the lexicon as "upward creep," whereby the entire salary level within the civil service is moving in the direction of the highest paid jobs. And their numbers have been increasing so rapidly that, in 5 years alone, more than 55,000 Federal positions have been upgraded into the higher categories.

That is why we are paying $64 billion of the Federal budget for salaries alone; and it will go above $70 billion next year.

Mr. President, if I believed that we were doing an injustice to the Federal judges, the Ambassadors, the Cabinet members, and the others who receive the highest salaries in Government, then I would favor pay increases for all of them. However, in view of the fact that the Federal payroll has more than doubled in the last 10 years; in view of the fact that we have increased the pay faster than inflation; and in view of the fact most employees, at most levels, are getting better pay than others are receiving for comparable work outside the Government—and this is admitted—I fail to see an injustice being done if we say this is not the time to increase pay still further for those at the top.

I suggest, Mr. President, that there are two ways in which one can look at this question and argue a plausible case. One can say that these top salaries in Government have not been adjusted since 1969, and that we should raise the lid now so that all other wages within the Federal pay structure may go up, including those 12,000 positions now frozen at $36,000 a year level. Or one could take the position that this is the worst possible time to raise the lid, in view of the obvious failure of the Government to cope with the peoples' problems, and in view of the low esteem in which the people now hold the Congress and the Nixon administration.

Senators could logically take one position or the other. However, I cannot see how anyone could take the position advocated by the distinguished Senator from Michigan. No matter which way we go, his amendment's way makes no sense.

So I would hope that the Senate would overwhelmingly reject the amendment of the Senator from Michigan.

Mr. GRIFFIN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECESS

Mr. MANSFIELD. Mr. President I move that the Senate stand in recess until the hour of 1:15 p.m.

The motion was agreed to; and at 12:54 p.m. the Senate took a recess until 1:15 p.m.; whereupon the Senate reassembled when called to order by the Presiding Officer (Mr. HATHAWAY).

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. GRIFFIN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. HATHAWAY). Without objection, it is so ordered.

Mr. GRIFFIN. Mr. President, before the Senate votes at 1:30 p.m. under the unanimous-consent agreement I wish to state again for the record what this amendment would do.

Mr. President, this amendment provides that the recommendations submitted by the President, would go into effect, except in the case of U.S. Senators.

It seems clear that the will of the Senate has been registered. There seems to be a strong view among Senators that they do not want to vote themselves a pay increase at this time. That view can be recognized without adversely affecting the entitlement of others to an equitable cost-of-living adjustment.

Mr. President, I am particularly concerned about the situation that confronts Federal district judges. The salary of a Federal judge is $40,000. I am sure that sounds like a lot of money to anyone who makes $10,000 or $15,000. I well appreciate that. But we cannot overlook some facts of life. A Federal judge was making $40,000 5 years ago, and during that 5-year period the cost of living has gone up 30 percent.

Furthermore, it is not uncommon for a top-ranking law student coming out of law school these days to begin work with a salary in the neighborhood of $20,000, one-half the salary of a Federal judge.

Unfortunately, a growing number of Federal judges are leaving the bench and going back to private practice because those who are really able lawyers can make much more than $40,000 a year in the practice of law. Such developments are not in the best interests of the Nation.

At a time when there is great concern about confidence in government, it is more important than ever to attract and hold the best and most able lawyers as judges on the bench.

Accordingly, even though Senators are reluctant to vote themselves a pay raise, surely that is no reason for the Senate to take a much broader step that would weaken the bench and further weaken confidence in the Government.

Some have mentioned that my amendment could bring about an unusual situation in which Members of the House of Representatives could be paid more than U.S. Senators. To be sure, that would be a bit odd and unusual. But I call attention to the fact that after the Senate finally acts today, the House will have plenty of time—between now and midnight Saturday—to take action with respect to salaries of House Members.

My amendment does not refer to House Members because, in accordance with tradition, each House of Congress ordinarily makes such decisions with respect to its own Members.

Mr. RANDOLPH. Mr. President, will the Senator yield?

Mr. GRIFFIN. I am glad to yield to the distinguished Senator from West Virginia.

Mr. RANDOLPH. What would the Senator indicate might be the position of Senators, like me, who believe that there should be no increases at this time in any of the categories that have been mentioned in the $36,000 and above, when we come to face the vote on the Senator's amendment; those of us who genuinely believe there should be no increases at this time?

Mr. GRIFFIN. Of course, the distinguished Senator from West Virginia is free at a later point to vote for the Church substitute, which would deny the pay raise for all, as I understand. I would not presume to tell the Senator what he should vote, of course.

Mr. PERCY. Mr. President, I support the Griffin amendment as a reasonable way out of our current impasse over the pay raise issue. Although I feel that some pay raise for all Members of Congress is justified, if for no other reason than to compensate for the 30-percent cumulative rate of inflation over the past 4 years, I will vote for this amendment which would exclude Senators but give pay raises to the judiciary and the executive branch.

It is vital that we be able to attract and retain able men and women in the judiciary and in the high levels of Government service. Therefore, I support this amendment. Not to find some way of increasing salaries for the judiciary and executive branch will either result in able people leaving such positions and making it difficult to attract the most able men and women in the future, or, will result in a continuing gross inequity to some of the ablest and most valuable men and women in the Federal Government.

The PRESIDING OFFICER. The time of 1:30 has arrived. Under the previous order, the question is on the amendment of the Senator from Michigan (Mr. Griffin). The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Nevada (Mr. Cannon) is necessarily absent.

I further announce that, if present and voting, the Senator from Nevada (Mr. Cannon) would vote "nay."

Mr. GRIFFIN. I announce that the Senator from Connecticut (Mr. Weicker) is absent due to death in the family.

The result was announced—yeas 18, nays 80, as follows:

[No. 55 Leg.]

YEAS—18

Abourezk
Baker
Cotton
Fong
Griffin
Hart
Hartke
Hruska
Javits
Kennedy
Long
McGee
Metcalf
Percy
Roth
Stevens
Taft
Tunney

NAYS—80

Aiken
Allen
Bartlett
Bayh
Beall
Bellmon
Bennett
Bentsen
Bible
Biden
Brock
Brooke
Buckley
Burdick
Byrd, Harry F., Jr.
Byrd, Robert C.
Case
Chiles
Church
Clark
Cook
Cranston
Curtis
Dole
Domenici
Dominick
Eagleton
Eastland
Ervin
Fannin
Fulbright
Goldwater
Gravel
Gurney
Hansen
Haskell
Hatfield
Hathaway
Helms
Hollings
Huddleston
Hughes
Humphrey
Inouye
Jackson
Johnston
Magnuson
Mansfield
Mathias
McClellan
McClure
McGovern
McIntyre
Metzenbaum
Mondale
Montoya
Moss
Muskie
Nelson
Nunn
Packwood
Pastore
Pearson
Pell
Proxmire
Randolph
Ribicoff
Schweiker
Scott, Hugh
Scott, William L.
Sparkman
Stafford
Stennis
Stevenson
Symington
Talmadge
Thurmond
Tower
Williams
Young

NOT VOTING—2

Cannon
Weicker

So Mr. Griffin's amendment was rejected.

The PRESIDING OFFICER. The question recurs on the amendment of the Senator from Idaho.

Mr. CHURCH. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Idaho. On this question the yeas and nays have been ordered.

Mr. STEVENS. Mr. President——

The PRESIDING OFFICER. The Senator from Alaska is recognized.

Mr. STEVENS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state his parliamentary inquiry.

Mr. STEVENS. Mr. President, I have an amendment at the desk. Is it possible for a Senator to modify an amendment pending at the time cloture was voted and before the yeas and nays have been ordered?

The PRESIDING OFFICER. Not without unanimous consent.

Mr. STEVENS. Mr. President, I do have an hour. I will not take the hour. However, let me explain what I am trying to do.

This morning the majority leader suggested that we should take the cost-of-living element and tie any increases in salary to the cost of living. I have an amendment pending that would permit the increases recommended by the Commission in the executive, legislative, and judicial salaries to the extent of 5.5 percent each year. I seek to modify that amendment so that we would disapprove any increase recommended by the Commission and submitted to the Congress by the President to the extent that any increase would exceed the increase in the cost of living as certified by the Bureau of Labor Statistics in the year preceeding the effective date of the raise recommended by the Commission.

That takes the suggestion of the majority leader and ties it directly to the Commission recommendation. It could be effective now.

I seek to modify my amendment which was pending so as to permit a vote on that proposition.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Alaska?

Mr. DOMINICK. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state his parliamentary inquiry. quiry.

Mr. DOMINICK. Mr. President, it is my understanding that we voted on substantially the same amendment when it was offered by the Senator from Wyoming on Monday. Do we vote on it again?

The PRESIDING OFFICER. I do not think the pending amendment that is now proposed to be modified by the Senator from Alaska is sufficiently different to be a different amendment.

Mr. STEVENS. Mr. President, I might state that 5.5 percent is the cost-of-living guideline for increases in wages. This proposal would tie any increases recommended by the Commission to the actual increase in the cost of living and state that the lower of the two would govern.

If the Commission recommended less than the increase in the cost of living, that would go into effect, and we would disapprove any raise that would be in excess of the increase in the cost of living in the 12 months preceding the effective date of the raise as recommended by the Commission.

The PRESIDING OFFICER. Is there objection to the proposed modification?

Mr. CHURCH. Mr. President, I must object.

The PRESIDING OFFICER. Objection is heard.

Mr. COTTON. Mr. President——

The PRESIDING OFFICER. The Senator from Alaska has the floor.

Mr. STEVENS. Was there objection, Mr. President?

The PRESIDING OFFICER. There was objection to the proposed modification.

AMENDMENT NO. 996

Mr. STEVENS. Then I call up my 5.5 percent amendment. It is the amendment which I filed, and should be printed and at the desk.

The PRESIDING OFFICER. There are two amendments of the Senator from Alaska pending and at the desk.

Mr. STEVENS. It is amendment No. 996.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk proceeded to read the amendment.

Mr. STEVENS' amendment (No. 996) is as follows:

Immediately after "pay for" on line 2, strike all the balance of the resolution and insert in lieu thereof: "all offices and positions referred to in subsection (f) of section 225 of the Federal Salary Act of 1967 and transmitted to the Congress on February 4, 1974, for which increases have been requested by the President in excess of approximately 5.5 percent per annum in any calendar year included in such recommendations, and therefore disapproves any recommendation to increase the rates of pay for executive, legislative, and judicial offices and positions within the purview of subparagraphs (A), (B), (C), and (D) of that subsection (f) to the extent such rate would exceed the following rates:

	1974	1975	1976
"For offices and positions under the executive schedule in subchapter II of chapter 53 of title 5, United States Code, as follows:			
Positions at level I[1]	$60,000	$63,000	$63,300
Positions at level II	44,838	47,304	49,906
Positions at level III	42,200	44,521	46,970
Positions at level IV	40,090	42,295	44,621
Positions at level V	37,980	40,069	42,273
For Senators, Members of the House of Representatives, and the Resident Commissioner from Puerto Rico	44,838	47,304	49,906
For other offices and positions in the legislative branch as follows:			
Comptroller General of the United States	44,838	47,304	49,906
Deputy Comptroller General of the United States	42,200	44,521	46,970
The Public Printer, Librarian of Congress, Architect of the Capitol, and General Counsel of the General Accounting Office	40,090	42,295	44,621
The Deputy Public Printer, Deputy Librarian of Congress, and Assistant Architect of the Capitol	37,980	40,069	42,273
For Justices, judges, and other personnel in the judicial branch, as follows:			
Chief Justice of the United States	62,500	65,938	65,938
Associate Justices of the Supreme Court	60,000	63,300	63,300
Judges, Circuit Court of Appeals; judges, Court of Claims; judges, Court of Military Appeals; judges, Court of Customs and Patent Appeals	44,838	47,304	49,906
Judges, District Courts; judges, Customs Court; judges, Tax Court of the United States; Director of the Administrative Office of the U.S. Courts	42,200	44,521	46,970
Deputy Director of the Administrative Office of the U.S. Courts; Commissioners, Court of Claims; referees in bankruptcy, full-time (maximum)	37,980	40,069	42,273
Referees in bankruptcy, part-time (maximum)	18,990	20,034	21,136".

[1] Except as provided in Public Law 93-178.

Mr. DOMINICK. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. DOMINICK. On last Monday, we voted on a 5.5-percent increase proposed by the Senator from Wyoming. Are we to vote on the same thing again? Is that in order?

The PRESIDING OFFICER. The Chair has not read the pending amendment, and does not have before him the one the Senate acted upon last Monday. As soon as the Chair receives that, he will rule.

Mr. STEVENS. Will the Chair restate the inquiry?

Mr. DOMINICK. The inquiry, I will say to my friend from Alaska, was that the senior Senator from Wyoming offered a 5.5-percent increase proposal last Monday, which was voted down by the Senate, and the question was whether this amendment, covering the same ground, was in order.

The PRESIDING OFFICER. The Chair will state that the amendment under consideration is in order.

Mr. DOMINICK. Will the Chair enlighten this unenlightened Senator as to why it is in order, if we have already voted on it once?

The PRESIDING OFFICER. The Chair will state that the amendment not only provides for an increase, but it also provides a schedule of rates at the end of the amendment, which, to the Chair's way of thinking, makes it sufficiently different from the amendment previously proposed.

Mr. DOMINICK. I thank the Chair.

Mr. STEVENS. Mr. President, I am sorry not to have informed the Senator from Colorado that it was my intention not to seek a vote on this amendment.

I think had we been able to vote on the suggestion made by the majority leader, we might have had an opportunity to have a successful vote, because I think he made a very valuable suggestion this morning, and that is, that we should seek as members of the committee to explore some way to have this proposed pay increase tied strictly to cost-of-living increases. Unfortunately, the cloture vote prevents the consideration of that.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. STEVENS. I yield.

Mr. PASTORE. I compliment the Senator from Alaska in not pursuing this proposal. I am afraid it is becoming pretty much a charade; I think we know pretty much what the feeling of the membership of the Senate is. I think we ought to vote on the Church-Dominick amendment and have it over with, and let the committee itself work this thing out next year.

Mr. STEVENS. I agree with the Senator from Rhode Island. As I said this morning, the one thing we have to do is learn how to count. It is not a very complex subject; as the Senator from Michigan says, it is a matter of addition and subtraction in terms of pay raises. We certainly ought to know what the votes are and where they are on something like this.

I am sorry we cannot pursue the majority leader's recommendations. After the exchange that took place here this morning, and the conversation that I had with the chairman of our committee, we went back and did, in fact, work out a proposal representing what, in fact, was substantial agreement among Senators present here on the floor this morning, that if we would only put pay raises totally within the framework of adjustments in the cost of living, then perhaps we would have a solution.

Mr. McGEE. Mr. President, will the Senator yield?

Mr. STEVENS. I yield to the Senator from Wyoming.

Mr. McGEE. I think the distinction the Senator makes there is an important one that we understand for sure, and that is that there is a difference between the Cost of Living Council's guidelines, which in January were 5.5 percent, and the cost of living rise, which is quite a different thing over the past year. It is a higher figure than 5.5 percent.

There were several who raised questions to make sure that we drew that distinction. I thought that was the point of the amendment.

Mr. STEVENS. That is correct, but if we do not want it to go into effect next year, we can get together, cooperate, and cut inflation down, and there will be no increase. But it would be tied entirely to the cost-of-living increases prospectively.

So I think the majority leader made a suggestion that should be explored, and I was prepared to explore it.

Mr. President, I think some of us have some commitments here that we would like to explore just briefly. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. McGEE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered. The Senate will be in order.

Mr. McGEE. Mr. President, I would like to propound a proposal for consideration, after consultation with the Senator from Alaska, to resolve this current situation, because of some commitments that were made to our colleagues who are in committee sessions elsewhere around town, that is, with the bureaus, that we try to reach a time certain this afternoon on an up or down vote on the Church-Dominick resolution, and then, if we can agree upon that time, we could proceed to do other things, have colloquies and things like that, that Senators have requested, but still have the time certain for the vote.

What has been advocated is that we agree, if it is acceptable, to an up or down vote on the Church-Dominick amendment back to back with the 5 o'clock vote that is now agreed upon, since everyone is in focus on that approach as to the time. So I would make that unanimous-consent request.

Mr. BAYH. Mr. President, reserving the right to object—which way does the back go? Are we placing it before or after?

Mr. McGEE. It would have to follow—after.

Mr. BAYH. Then, with all due respect, I would object.

The PRESIDING OFFICER (Mr. HATHAWAY). Objection is heard.

Mr. BAYH. I think maybe some Senators here, if we put the vote before, would have no objection.

Mr. McGEE. I do not think that is a factor in terms of the discussion here. Let me rephrase the unanimous-consent request. I am trying to protect those who are taking the 5 o'clock vote as a sacred commitment without other votes. We would like to come as close to that time as we can. Shall we say 4:45?

Mr. BAYH. I have no objection to anything that will not delay the vote past 5 o'clock.

Mr. McGEE. Mr. President, I ask unanimous consent that we agree to a front to back vote at 4:45 p.m., up and down, on the Church-Dominick resolution.

Mr. GRIFFIN. Mr. President, reserving the right to object—and I do not know that I shall—but it should be understood that if the Church-Dominick substitute prevails, which I rather suspect will be the case, then the resolution as amended by Church-Dominick would then be the question. Would there be a vote on that?

Mr. STEVENS. That would be at 4:30?

Mr. CHURCH. Mr. President, this would have to go to a final vote, and any unanimous-consent agreement would have to accommodate the final vote on this question.

Mr. BAYH. Mr. President, reserving the right to object, if that is necessary, I suggest to the distinguished Senator from Wyoming that we have it at 4:30 p.m., with the understanding that the other vote will then proceed, and that the length of the vote will be such that it will not delay the hour at which we have already agreed on to vote, at 5 o'clock.

Mr. McGEE. Let me try one more time. I ask unanimous consent that——

Mr. GRIFFIN. Would the Senator withhold that request—I do not want to object—but I will have to say at this time that I could not agree to it without checking with some of those who are primarily concerned with the 5 o'clock vote on the override of the veto.

Mr. McGEE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. HELMS). The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. McGEE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. McGEE. Mr. President, I yield to the Senator from New Hampshire (Mr. COTTON) who has a matter he would like to call to the attention of the committee.

Mr. COTTON. Mr. President, I was waiting just for a moment because I was hoping that the Senator from Hawaii (Mr. FONG), the ranking minority member of the Post Office and Civil Service Committee——

Mr. McGEE. In private colloquy beforehand, he agreed to leave with me his proxy for the colloquy.

Mr. COTTON. I will be very happy to join in the colloquy and to make it very brief, I reassure the Senator.

Mr. McGEE. Perhaps the Senator can propound his question at this point.

Mr. COTTON. Mr. President, in order to make the record clear, it was sometime during the latter part—I would now like the attention of the Chairman, and the ranking minority member, who has now come into the Chamber—sometime during the latter part of the last session I conferred with the chairman of the committee, the Senator from Wyoming, and the ranking minority member, the distinguished Senator from Hawaii, on a point that I felt was a matter of ordinary justice to many members of our staffs on the Hill as well as those in upper grades downtown.

Something more is involved here than the matter of salary. For several years now—4 or 5 years—there have been increases on paper, so to speak, in the compensation for these people, and they have been denied those increases because there has been, as everyone knows, a ceiling; so that the least experienced and the younger people on our staffs and the staffs downtown have been getting cost-of-living increases from time to time, while those experienced people—take our own staffs, for example—who have borne the brunt of the work through the years have been frozen at the $36,000 level.

My proposal, which I took up with the distinguished Senator from Wyoming and the distinguished Senator from Hawaii before the close of the last session, as I had hoped to have action then, was simply this: There should be no increase in pay, but those whose salary advances have been frozen while the lower grades and the less experienced and the younger people on our staffs had been getting these raises should have the option to pay from their own pockets toward their retirement fund the amount they would have paid had they not been barred from receiving the advances that had been accorded all those in the lower grades.

The Senator from Wyoming and the Senator from Hawaii, as always, were kindly and sympathetic. But they felt that it would cause them confusion to make that attempt last session, when the whole matter of the pay raise was going to be taken up immediately in this session. They indicated that if the whole pay raise situation was advanced and was adjusted, it might not be necessary. I agreed with that and made no effort to get action on this bill.

Now the situation is different. Once more we have apparently marched up the hill and marched down again, and it does not look as though a raise at this time is going to take effect for these people.

This is my important point, and this is the point to which I should like to direct the attention of the Senator from Wyoming, particularly. In his remarks after the vote on cloture, the Senator from Wyoming said that it would be the purpose of the Committee on Post Office and Civil Service to go into this whole matter, start from the beginning, and review the whole situation, which has been so unsatisfactory and has worked out so unfortunately, and try, not later than the first of next January, to come back to the Senate with some kind of new proposal that would try to bring this matter into line. That is a sentiment with which I thoroughly sympathize, and I commend him for it. However, it leaves the people about whom the Senator from New Hampshire and some others are particularly concerned out in the cold.

For example, to be perfectly frank about this, as everyone knows, the Senator from New Hampshire is retiring from the Senate the first of next January. I have on my staff three or four people who have been with me nearly 25 years. They had not received the last two or three increases because their salaries have been frozen. I know that others are in that situation. I know that there are people downtown in the upper grades in that situation. I feel that they should not be frozen out, because that is exactly what would happen if nothing were done about this until the first of January of 1975.

Mr. President, this would work both ways in the matter of economy. In the last few months we have lost some rather valuable people from the committee staffs, from the committees on which I serve, who I think would have remained with us if by doing so their retirement would have been increased somewhat. They at least would have waited until the end of this year and perhaps the end of next year to retire. On the other hand, there are many who would like to retire and are planning to retire in the not far distant future, and they would be more likely to retire if they were able to receive even the small additional retirement for which they would be paying from their own pockets, from their frozen salaries.

My purpose is to appeal to the distinguished Senator from Wyoming, the chairman of the committee, and the distinguished Senator from Hawaii, the ranking minority member, and ask them if they would consider this matter immediately. I realize that there are problems connected with it—the question of whether we go back to January, whether we go back to the last raise, and other questions that have to be considered. For that reason, I did not file an amendment at the desk to bring up after cloture and try to bring this matter to a head.

In view of that fact, in view of the fact that this, in the opinion of this Senator, is at least just plain, ordinary justice for a group of people who have been and will be shut out and discriminated against if we wait until next January, I should like to appeal to them on this point, as to whether they would be willing to take it up immediately and, if possible, get some action which could be retroactive at least to the 1st day of January, 1974.

Mr. McGEE. I say to the Senator from New Hampshire that we would indeed guarantee that we would separate that from whatever ongoing action we would be considering for next January, if that were the time, and that we will get at this right away. I cannot promise the Senator what the decision may be, because of the complications to which he alludes; but we would not tie it in with the delay until next January, for understandable reasons. We would give it every consideration and report to him as well as to this body as quickly as we could arrive at a decision.

Mr. COTTON. Should the Senator from New Hampshire put this in the form of a bill, introduced and referred for that purpose?

Mr. McGEE. It is in the committee at the present time. At the end of last year, as the Senator will recall, he first advanced this proposal. So we were prepared to consider it in the light of whatever the legislative language ought to be, if it were to be covered adequately before passing judgment.

Mr. COTTON. It is not in the form of a bill presently before the committee.

Mr. McGEE. No, it would be a bill structured by the committee staff in light of the dimensions of the problem, which vary somewhat.

Mr. COTTON. And the Senator from New Hampshire and others would be given the opportunity to discuss it?

Mr. McGEE. To be heard; exactly.

Mr. FONG. Mr. President, in answer to the distinguished Senator from New Hampshire concerning this problem, he has discussed this matter with me and with the chairman of the committee at great length, trying to make up some equity for those who have been denied comparable pay. As of today a GS–18 has lost $11,557 from comparable pay he would have gotten if the ceiling had not been in effect over the past 3 years.

Under the pay comparability principle with that in the private sector this GS–18 should be receiving $43,926. This is the amount his counterpart in industry is receiving today. But by placing the ceiling of his pay at $36,000, he has been deprived of $7,926 in annual salary as of today.

This GS–18 employee during the years 1971 through 1973 has lost an aggregate of $11,557. So, Mr. President, you can see that this question raised by the distinguished Senator from New Hampshire merits very serious consideration. This is particularly true when one looks at it from the standpoint of retirement pay. Because the GS–18 lost $11,557 over the past 3 years, from the standpoint of retirement and assuming this employee retired today at age 55 with a life expectancy of about 19.3 more years, this employee would be losing $44,100 in retirement annuity.

So I would say that I, for one, as the minority member of this committee would look into this matter seriously because I think it deserves every consideration. How we are going to do it, I do not know.

Mr. COTTON. I thank the Senator from Hawaii, but I want to hasten to add one admonition. These figures he has been reading frighten me somewhat and I think they may frighten the committee. I want the Record to show clearly that as far as the Senator from New Hampshire is concerned he is not suggesting for one single moment, first, that any of this salary be paid——

Mr. FONG. I brought that matter up only from the standpoint of the great injustice that has been done.

Mr. COTTON. I understand. Second, the Senator from New Hampshire is not even suggesting that the individuals in question be allowed to pay up the difference in contributions over this full time but only at their option back to such time, if it is only to last January, to make up for what happened today. One objection was placed, which will be raised again, and that was that all must be compelled; there should be no exception; they would be compelled to pay it. Otherwise it would cause too much work, trouble, and bookkeeping downtown in the Civil Service Department. That does not cause me to shed any tears in the first place. This all stops the first day of January, 1975, if we are only involved for 1 year. We might give them more but it is 1 year. Some employees might not be financially able to make this investment and to protect themselves, and therefore not do it.

In the first place, it is not a continuing bookkeeping problem. I do not believe it would be an unnecessary burden on the civil service department downtown to take care of this matter if the committee, the Senate, and the House decide in favor of this one small step toward bringing justice to people because of their long service and because of their age, and perhaps because of changes in circumstances, such as the fact that their Senators and Representatives decided to terminate their service by January 5, 1975.

So I hope that will not be considered against us. I wanted to make the Record clear.

Mr. FONG. The Senator has my assurance we will look into the matter seriously.

Mr. COTTON. And be as generous as possible?

Mr. FONG. Yes, we will try.

Mr. COTTON. Will you try hard?

Mr. FONG. Very hard.

Mr. COTTON. I detect much more reluctance on the part of my good, distinguished minority leader on the committee than I did from the Democratic chairman. I wanted to get him in line, if I could.

Mr. McGEE. It is only a matter of realism. The majority of the committee has to be brought in.

Mr. COTTON. The Senator from Wyoming has a very warm heart.

Mr. McGEE. Mr. President, the Senator from Montana has a request.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the vote on the Church-Dominick amendment occur at the hour of 2:40 p.m., that the first vote take the usual 15 minutes, to be followed immediately by a vote on final passage, that vote to take 10 minutes; and after that vote then to immediately take up the President's veto message on the energy emergency bill.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. McGEE. Mr. President, I yield to the Senator from Alaska.

The PRESIDING OFFICER. The Senator from Alaska is recognized.

Mr. STEVENS. Mr. President, I wish to state to my good friend from Wyoming that I have checked the several efforts made on the matter and have seen the outcome of the votes on the amendment by the Senator from Michigan (Mr. Griffin). It is apparent there is no reason to proceed with these amendments, but I would like to have some indication of what the timing would be by the committee to explore this process. I still have great fear we are going through another year of inflation and that we will be back next year when the second year of these recommendations would come into effect. We may be so far out of line we will actually see the total decay of the civil service system.

I pointed out the other day the number of people leaving from middle management, a 43-percent increase in retirements and departures of middle management from the executive branch.

I think we ought to have some understanding of the timetable involved in the committee's further explorations as to the solution of the problem.

Mr. McGEE. I would want to respond, and my colleague (Mr. Fong) would want to respond that, in the light of the leadership of the Senator from Alaska on this question, and his pressing for responsibility on the part of the Senate in regard to it, and the expressions manifested here in the colloquies this morning, they would certainly require the committee chairman to commit himself to the earliest possible action on the cost-of-living mechanism formula rather than hold that up in a package until next January, as intimated in earlier remarks. I think there is surfacing a real sense in this body of the realism of that and its equities and something that the individual voters and taxpayers likewise understand as the cost of living.

So it would be our hope that we could have hearings and committee action that would consume only a matter of weeks, rather than a matter of months, and proceed without any intentional or parliamentary delays.

Mr. STEVENS. Is it the Senator from Wyoming's and the Senator from Hawaii's feeling that the committee could get to this matter so that we could assure the people who would be affected by the pay raises which are now going to be disapproved that, if they stay with their careers, we will do all we can to see that some type of increase, hopefully something like the wage board automatic increases, would be within the realm of reasonable anticipation for the next fiscal year?

Mr. McGEE. I would think that they would be within the realm of reasonable anticipation. Long since have we learned not to be absolute in our predictions. I have not been in touch with Jimmy the Greek to see what the odds are, but those odds will be enhanced by the grim determination of both the ranking Republican member of the committee and the chairman to expedite it in any way within reason.

Mr. FONG. Mr. President, I will say to the Senator from Alaska that originally I was pessimistic as to what the committee would do even if it went back to committee for further consideration, but after the colloquy this morning and after hearing the majority leader say that, somehow, the cost of living could be tied into the pay matter we were discussing, I am now quite optimistic. If we go back to the committee and report out a reasonable solution I believe the majority leader may be willing to accept it.

So with that optimistic tone, I would urge the distinguished Senator from Wyoming, who is chairman of the committee, to proceed with haste on this matter. I will help him in every respect to have the matter resolved in committee.

Mr. STEVENS. Mr. President, I am grateful to the Senator from Wyoming and the Senator from Hawaii for their comments. We all know when we have had the count of 10, and we have certainly had a full count on this resolution. Again, I can only express my real concern that we may have shelved the only real mechanism for bringing about equity in an area that is absolutely fraught with total pressures on those who are involved in the elective process.

I felt, when I first came here, that this was a real solution to the problem of facing up to the concepts of adjustments in compensation for those who are on the levels in the Government that are represented by the commission's jurisdiction. I hope we are not seeing the time when we are going to go back to the concept of getting around to look at this matter every 10 or 15 years and towards the concept that we would take up pay increases only in nonelection years. I for one would advocate it whether it is in an election or nonelection year, whether I am up for election or the Senator is up for election. I think equity requires the concept of comparable pay for comparable work and that it should be the guideline for Federal pay.

Mr. FONG. I will say to the Senator from Alaska he should not be pessimistic and should not be depressed because, in view of the debate we have carried on in the way of enlightenment and education, I think we have educated and have enlightened many of our colleagues who did not understand the basic principle of how this pay adjustment was made. I think now they are beginning to realize there is a gross inequity for those in the upper echelons covered by this resolution. They are now beginning to feel something must be done. After listening to the words of the distinguished majority leader, the Senator from Wyoming, or, I should say, the Senator from Montana——

Mr. McGEE. I heard the Senator the first time.

Mr. FONG. I hope some day the distinguished Senator from Wyoming will be the majority leader, but after hearing the distinguished majority leader say that, somehow, we should consider tying the cost-of-living increase to the salaries which now exist, I have taken heart, and I think, we can go back to committee and work out a reasonable solution. I hope the majority leader will accept the recommendation of the committee and something will be done for the 10,000 top echelon employees who are now at the ceiling and who have no prospect of any increase for the next 4 years if nothing is done by us. I do hope we will be able to work out a solution.

Mr. STEVENS. Mr. President, I thank the Senator.

I withdraw all my amendments.

The PRESIDING OFFICER. The amendments of the Senator from Alaska are withdrawn.

Mr. CURTIS. Mr. President——

Mr. McGEE. Mr. President, I have the floor. We have a unanimous-consent agreement to vote in 3 minutes. I promised to respond to the Senator from Vermont, who wanted to ask a question about the pay commission.

Mr. AIKEN. How was the commission which makes these recommendations made up?

Mr. McGEE. The commission established in 1967 is made up of 9 members, 3 of them appointed by the President, one of whom being designated as chairman by the President; two members appointed by the President of the Senate; two appointed by the Speaker of the House of Representatives; and two appointed by the Chief Justice of the United States.

Mr. AIKEN. Why did Congress transfer its responsibility to an agency which we might say is more associated with the executive branch? Why did not Congress itself undertake this responsibility?

Mr. McGEE. Congress had four of its Members on the commission.

Mr. AIKEN. Out of 11.

Mr. McGEE. Two from the Senate and two from the House. There was a commission level as the legislation was drawn, but it was established as a result of previous experience, namely, to try to get an outside group to make a judgment, so that the Congress would not be accused of feathering its own nest or carrying its own water—whatever you want to call it. Those recommendations were to be submitted to the President, who would submit them to Congress. Congress reserved to itself the right to disallow them. But the reason for the formula was that Congress ought not to do it.

Mr. AIKEN. How much better would it be to have Federal judges on the commission than to have Congress fixing its own salaries.

The PRESIDING OFFICER. The time of the Senator has expired. The question is on agreeing——

Mr. AIKEN. Because a large part of those salaries now proposed relate to salaries on the judiciary system.

Mr. ABOUREZK. Mr. President, there is another element of this pay raise which I believe merits Senate recognition and debate. While it is my understanding that this particular measure is immune from amendment except for specific provisions in the resolution itself, I nonetheless believe that a comment ought to be made here in regard to the thousands of Federal employees who are receiving military retirement pay in addition to their regular salaries.

Most experts estimate that there are currently about 100,000 military pensioners holding Federal jobs—all of whom received their fourth pay raise in a year last January 1.

While most Federal workers and retired military people got two raises in a year, the estimated 100,000 so-called double-dippers got four because they are on the Federal payroll and military pension at the same time.

In two reports issued by the National Taxpayers Union, W. Sidney Taylor, the national research director, called the Dual Compensation Act of 1964 an "outrageous raid" on the U.S. Treasury. According to the NTU reports, there are some 300 "unretired retireds" who could be affected by this pay raise and are now making over $50,000 a year—while their colleagues who are sitting at the next desk are limited to $36,000 annually.

According to a Civil Service Commission study, the average military pension is about $6,000. About half of the military pensioners earn $12,000 to $21,000 at their Federal jobs and receive their pensions in addition.

Taking the current estimate, however, of 100,000 "double-dippers" at the average pension of $6,000; this Government is currently spending over $600 million—over half of a billion dollars—annually to fatten up the pockets of thousands who no more need their pensions than we need a cold.

The NTU study also claims that there are even "double-dippers" in the White House and in the Congress. According to the report, there are at least 45 pensioners in the White House and another 15 in the Congress. Even more Congressmen are now holding Reserve commissions.

Mr. President, the NTU study makes a very profound argument in their charges that the double dippers take jobs from the unemployed, stymie promotions and give the military too much control over other Federal civilian agencies.

This is not meant to put the blame on the military pensioners. In fact, the retired regular officers are not permitted to take their full pensions while serving in their Federal jobs. In addition, there are many military retirees who require their pensions and who are in the lower levels of our government bureaucracy. But, certainly there is a point where the excess pension money needs to be revoked.

I believe that at least those military pensioners receiving $36,000 per year should be the first to be considered in a stricter dual compensation law.

I sincerely hope that in the months ahead, my colleagues in the Senate will express their views on this matter in an effort to give this question the full debate which it is entitled to.

I ask unanimous consent that the reports of the National Taxpayers Union be inserted into the Record.

There being no objection, the reports were ordered to be printed in the Record, as follows:

Taxpayers Oppose Congressional Pay Raises

Wahington, D.C. February 19, 1974.—In a letter to Congressman Thaddeus J. Dulski, Chairman of the House Post Office and Civil Service Committee, the National Taxpayers Union today strongly opposed the White House proposal for a 22% pay raise (over 3 years) for Senators, Congressmen, Presidential appointees, Federal judges and supergrade (GS–16 and up) Federal employees.

Some of the key points made by Sid Taylor, Research Director for the NTU were:

"This special pay raise for the 11,400 Federal officials or employees at $36,000 a year and higher salaries lacks "legislative accountability". As submitted, it constitutes "deceptive democracy". It will automatically become law in 30 days and without any *recorded vote* by Congress. Nobody will know who voted for or against it. This introduces a new trend towards "painless spending" in Washington. This type of legislative malpractice ignores the inflationary pain—being passed on to the American taxpayer. This is not merely a distortion of law making. It is a real threat to representative government in America. Congress should have the courage and integrity to stand up and vote on its own pay raise. It should not abdicate this important function to the White House."

"This pay raise introduces serious questions as to the propriety and constitutionality (separation of powers) of having the Executive Branch raising the salaries of the Legislative Branch of government. In view of possible impeachment action by Congress, this White House pay raise proposal for Congress is somewhat like a defense attorney giving the jury a pay raise in the middle of the trial."

"A serious defect in the analysis preceding this pay raise proposal is the fact that it overlooks the number of *retired military* now in high grade ($36,000 a yr and up) Federal jobs who also collect dual compensation. Some Senators and Congressmen fall into this category (Double Dippers). NTU estimates that there are now about 300 Federal officials or employees at the supergrade and above pay levels who are collecting dual compensation. With the new pay scales, many of these so called Double Dippers will be collecting well over $50,000 a year (combined pay and pension while "retired" on the Federal payroll. This windfall for the professional retired military was made possible by the Pentagon sponsored Dual Compensation Act of 1964 (PL 88–448)."

"This Act permits the professional military as an exclusive group (no other Federal retirees are allowed to do this including Civil Service and Social Security retirees) to collect their full Federal pay and Federal pension while "retired" on the Federal payroll. It is an outrage against the American taxpayer who is being made to pay "double" to militarize his own Federal government in Washington. Giving these officials or employees at $36,000 a year salaries and up—who also collect dual compensation—a 22% pay raise is like sending food stamps to J. Paul Getty or Howard Hughes."

"We are not against hiring retired military in high grade Federal jobs if they are capable and competitively selected. We are against paying them 'double' while on the Federal payroll. With an all time record Federal budget of $304 billion and a possible $22 billion deficit for FY 75—the continuance of dual compensation for Federal officials is not only inflationary and a form of Pentagon Fat—it is a 'high crime' against the American taxpayer."

"Outdated Federal pay raise legislation has created an 'Inflation Frankenstein' in Washington. Endless, automatic combined military and civilian pay increases are a primary source of American inflation—and reason for the swollen Pentagon budget of $85 billion. American business and industry cannot compete with, nor the taxpayer support, a self-pay raising Federal bureaucracy of 5,054,261 personnel (military and civilian) with a payroll cost to the taxpayer of $56 billion a year. Inflationary pay raises are providing statistics (Bureau of Labor Statistics) that justify another cycle of even more Federal pay raises. Pay raises are creating pay raises."

"The American taxpayer is also being kept in the dark about the approximately 100,000 Federal employees (below supergrade or $36,000 a yr) who as professional military retirees are also collecting dual compensation. This new and expensive breed of double-pay, unretired-retired, Federal bureaucrat just received a 5.5% military pension increase on 1 Jan. 1974. They are also scheduled for a new Federal military-civilian pay raise in Oct 1974. In hidden defense payroll/pension costs, the Dual Compensation Act windfall is now costing the American taxpayer about $600 million a year!"

"When Harry Truman was President, military retirees were limited to a dual compensation 'ceiling' (combined Federal pay and pension) of $3,000 per year. Under President Eisenhower this was raised to $10,000 a year. Under President Lyndon Johnson, the ceiling was completely removed and today about 95,000 military retirees on the Federal payroll have *unlimited* dual compensation. Even welfare and social security recipients are not allowed this windfall. The only exception is retired regular officers (only 5% of the 100,000) who are limited to about 60% of their pension. It may be historically significant that LBJ who signed the Dual Compensation Act into law was a reserve Navy Commander himself."

"A danger exists in the growth 'Pentagon Connection' of having professional military retirees collecting dual compensation in key Federal jobs throughout the government. Some are now in key positions in the White House, the Senate, the House of Representatives, the General Accounting Office, the Civil Service Commission and even supporting units of the Supreme Court."

"In summary, and as anti-inflation measures, the NTU recommends:

1. All Federal pay raise or spending legislation from now on should be enacted into law only by a *recorded vote* by the members of Congress.

2. If a Congressional pay raise is enacted into law, it should be limited to 7% (instead of the proposed 22%).

3. As part of the Congressional pay raise legislation, an amendment should be made to the Dual Compensation Act of 1964 (PL 88–448) as follows: "No Federal official or employee (including members of Congress) shall be permitted to collect dual compensation while on the Federal payroll in any Federal job or position with a salary or pay scale that exceeds $36,000 per year."

4. Congressional hearings should be held, before Oct. 1974, date of next Federal military-civilian pay raise) to investigate the costs, impact and dangers of the Dual Compensation Act of 1964."

Double Dippers Dipping Deeper

Washington, D.C., December 28, 1973.—"As of 1 January 1974, more than 100,000 military retirees now collecting 'dual compensation' in jobs on the Federal payroll will also get a cost of living increase of 5.5%. Officers with regular commissions will also get a 'dual compensation exemption increase from $2895 to $3054 a year according to Sid Taylor, Research Director of the National Taxpayers Union." Taylor a World War II veteran (infantry and Air Force) also said:

"The Dual Compensation Act of 1964 (PL 88–448) which permits this raid on the U.S. Treasury is an outrage against the American taxpayer who is being made to pay 'double' to militarize his own Federal government in Washington."

"Some Double Dippers in Federal jobs now have a combined pay-pension income of over $50,000 a year. Social Security retirees, Civil Service retirees or un-retired veterans of Viet Nam, Korea or WWII are not allowed dual compensation while on the Federal payroll."

"There are even 15 military retiree "Double Dippers" in Congress itself. These include such notables as Congressman Carl Albert, Speaker of the House (a retired Army Colonel) and Senators Barry Goldwater, Howard Cannon and Strom Thurmond—three retired Major Generals. There are also an estimated 45 Double Dippers on the White House staff. Retired Army General Alexander M. Haig, Jr. is the highest placed Double Dipper in the Executive Branch. In Congress, Speaker of the House Carl Albert qualifies as the 'Big Dipper' with a combined pay/pension of $66,270 a year. General Haig in the White House as Assistant to the President by comparison struggles along on a Federal salary of $42,500 per year plus a dual compensation military pension of $14,400 a year."

"Pension increases for military retirees now collecting 'dual compensation' in Federal jobs is a kind of Reverse Robin Hood. It is not only taxing the poor to aid the rich, it is like sending food stamps and extra welfare checks to all Cadillac owners."

"Dual compensation for some members of Congress, in an era of soaring inflation, government deficits and oppressive taxation, casts a shadow of impropriety over the entire legislative branch of government. Double Dippers on the White House payroll raises a question of the ability of the Executive Branch to combat inflation or control government spending."

"A deadly side effect of the Dual Compensation Act is that it is using taxpayer's money to subsidize and create a 'Pentagon Junta' of military retirees in almost every office and Agency of the Federal government today. Federal Agencies such as Defense, Dept. of Transportation, Treasury, VA, NASA, Interior, Commerce, Labor, HUD, HEW and even the Civil Service Commission are being loaded down with Double Dippers in key jobs. Nobody knows how many are in the CIA, FBI, NSA, GAO or other special agencies such as the Postal Service. Even the new Office of Petroleum Allocation in the Interior Dept was headed until recently by a retired Admiral (Eli Reich). The Washington Metro Subway System (a $3 billion taxpayer disaster area) is managed by a retired Army General collecting dual compensation. This militarization of almost all Federal

Agencies directly stems from the dual compensation windfall for the military brass."

"Like farm subsidies where the farmer gets paid for NOT farming, the professional Pentagon military now get paid for NOT retiring. This is creating an entirely new and expensive breed of Federal bureaucrat—the 'unretired retired' who get paid double while on the Federal payroll. This special pay/pension subsidy almost insures a completely militarized Federal Civil Service by 1984."

"We are not against hiring retired military in Federal jobs if they are fairly and competitively selected. We are against paying them double. We are also against 'stealing' Federal jobs through the Pentagon Buddy System of collusive hiring and promotion. We are also against loopholes that allow military retirees to raid the Civil Service Retirement Fund by pension recomputation after 5 years on the Federal payroll. This Fund has an unfunded liability of over $68 billion. The military retirement fund is even worse off with an unfunded liability around $137 billion."

"The Pentagon 'Buddy System' of hiring and promotion—fueled by the Dual Compensation Act of 1964—is creating the biggest Federal job 'spoils system' in Civil Service history. This time it's the military and not the politicians that are raiding the system. NTU estimates that 1 out of every 5 Federal job hirings or promotions involving military retirees are done in violation of public laws or Civil Service regulations prescribing merit promotion, competitive selection or equal employment opportunity. Ironically, thousands of unemployed or unretired veterans are among the victims of these lost or stolen Federal job opportunities."

To reduce government costs and avoid the peril of a "militarized" Congress, Sid Taylor proposes that:

1. President Nixon as Commander in Chief should terminate the *military reserve commissions* of:

(a) All *members* of Congress (Senators or Congressmen) while they are in public office and voting on defense legislation or military benefits or spending.

(b) All *employees* of the Legislative Branch—particularly key Congressional staff aides and General Accounting Office (GAO) analysts who are directly involved in preparing or reviewing defense legislation or military spending.

2. The 15 members of Congress now receiving "dual compensation" in military retirement pensions from the Pentagon should voluntarily relinquish these monies while they are in public office.

3. The President, Congress and the American taxpayer should insist upon full scale Congressional investigation and hearings into the costs and dangers of the Dual Compensation Act of 1964.

Mr. JAVITS. Mr. President, a deep sense of being treated unfairly as to salaries prevails among the Federal court judges. This has been vividly and sincerely expressed in a letter to me from 24 of the 29 district court judges in the southern district of New York.

Mr. President, I ask unanimous consent to have the letter printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

FEBRUARY 7, 1974.

Hon. JACOB K. JAVITS,
Senate Office Building,
Washington, D.C.

DEAR SENATOR JAVITS: Federal judges, now slated (along with members of Congress and others) for a 7.5% pay increase in each of three successive years, have had no increases in five years. Anyone who deserves to be on the bench in this area could earn at least three or four times his current salary in private practice. While it is not suggested that judicial salaries should be comparable, the modest adjustment now proposed (still leaving us below the earnings of junior partners in law firms) seems minimal.

In these circumstances, we, the undersigned district judges, respectfully suggest that those opposing the increase do not adequately appreciate the problem as it affects the judges of the lower federal courts. If members of the Congress mean this opposition for themselves alone, the position may be different. As to judges, however, whose freedom to earn extra money is (as it should be) sharply circumscribed, there is no justification whatever for withholding the long overdue adjustment. Salaries of judges have been frozen at 1969 levels while most federal employees have enjoyed cost-of-living increases almost annually with the result that their current compensation is approximately 30% above 1969 rates.

We take the liberty of urging, earnestly and respectfully, that you resist the efforts to veto the increase as it applies to judges.

Very truly yours,

David N. Edelstein, Marvin E. Frankel, Morris E. Lasker, Kevin Thomas Duffy, Constance Baker Motley, John M. Cannella, Robert J. Ward, Dudley B. Bonsal, Murray I. Gurfein, Thomas P. Griesa, Lawrence W. Pierce, Whitman Knapp.

Lloyd F. MacMahon, Milton Pollack, Edmund L. Palmieri, Frederick vP. Bryan, William C. Conner, Arnold Bauman, Irving Ben Cooper, Charles H. Tenney, Robert L. Carter, Charles M. Metzner, Inzer B. Wyatt, Harold R. Tyler, Jr.

Mr. JAVITS. Also I believe that the top officials of the executive and legislative branches have a fair case for the increase recommended by the President's Commission. There has not been a pay adjustment for these people in 5 years when the Consumer Price Index has risen 29.5 percent. In addition the salaries in private enterprise have risen from 25 to 30 percent for comparable jobs. The recommendation of the President's Commission are consistent with cost of living guidelines and are necessary if the Federal Government is to continue to attract and keep top talent. This is certainly money well spent and I do not believe it would be wise to further defer these increases.

Mr. BUCKLEY. Mr. President, we have heard a lot of pieties uttered during the course of this debate. Let us be frank, and admit that our reluctance to allow the proposed pay raises to go into effect is motivated not by a concern for the budget. not by any real doubt that the raise is justified by objective standards, but by political cowardice; and in the process, we are holding hostage recommended raises affecting more than 15,000 Federal judges and senior civil servants.

Since the pay levels were established for these men and women 5 years ago, the cost-of-living index has risen by 29.3 percent. During the intervening years, average hourly earnings in the nonfarm economy have risen 29.5 percent, and the executive pay in private enterprise has risen between 25 and 30 percent. Over the past several years, we have routinely voted cost-of-living adjustments for every other category of Federal employees. Why the Senate now balks at a proposal that would result, over the next 3 years, in a 22.5-percent adjustment is beyond me. If we assume a 5-percent rate of inflation between now and 1977, the proposed adjustments would mean that over the 8-year period since the last pay adjustment in 1969, all of us—the Congress, Federal judges, senior public servants—will have experienced a net 22½-percent reduction in the purchasing power of our pay.

There are those who will say, I know, that we have all been overpaid in the first instance. To this I will make just two comments: The first is that in my own State, there are well over a hundred individuals on the New York State payroll who are receiving more than we are now, and I understand that this number is due to double in the next year or so. Many of these New Yorkers are currently receiving substantially more than the amount we would be receiving after the third incremental increase became effective in 1976. Second, the base pay scale was set below the levels recommended 5 years ago by an independent commission that made a careful comparison between the pay received by Members of Congress, judges, and senior Federal executives, and the pay received in comparable jobs elsewhere in the country.

What concerns me most about the adoption of the Church-Dominick amendment, which will process the pay scales at the levels set in 1967, is that it will become increasingly difficult to attract to the Federal Government the kind of talent we need. I personally have found that a number of highly qualified lawyers are disqualifying themselves from service as Federal judges, because of the financial sacrifices that would be entailed if they took the jobs. To attract qualified individuals, the salaries must be commensurate with those paid in the private sector.

Mr. President, on the merits, the case for a pay raise is undeniable. That the political qualms of Members of this body will cause a rejection of the proposed increases is all too apparent. But it is not my understanding that decisions should be made here on the basis of politics, but on the basis of merit. Therefore, I will vote against the Church-Dominick amendment.

CONGRESSIONAL PAY INCREASE NOT JUSTIFIED

Mr. EAGLETON. Mr. President, as Senators we have been chosen to represent, to the best of our abilities, the hopes and aspirations of the American people.

We will succeed in solving the serious problems that confront our Nation only when we engender the confidence of the citizens we represent. In 1974, cynicism has replaced confidence in every corner of this land.

As Americans sit in gas lines, they wonder if Senators and Congressmen and

Government executives are also sitting in gas lines.

As Americans pay as much as 20 percent more than they did last year, they wonder if Senators and Congressmen and Government executives feel the same pinch on their weekly budgets.

As Americans wait for the solutions to their economic problems, they wonder if Senators and Congressmen and Government executives can really know and understand their plight.

The most important domestic concern for the American people today is inflation. Hardly a day goes by without some new announcement about economic crisis—about the cost of living increasing or wholesale prices going up. There are no easy answers involving fiscal and monetary manipulations.

Today we not only experience galloping inflation, we also have economic stagnation which may cause a fall off in the gross national product by as much as 4 percent in the first quarter. A new word has even been coined to describe the current condition—"stagflation."

It is an important time for those of us in positions of responsibility to demonstrate that sacrifice must be made if we are to pull America out of its economic tailspin. This pay increase being requested by the administration is perhaps only a drop in the bucket compared to the vast spending that takes place on the Federal level.

But our pay has come to symbolize the plight of the average workingman, and it is up to us to make the sacrifice.

Mr. President, I am sorry that we have had to spend so much time debating the subject of our own proposed pay increase. But in these extraordinary times, the subject we discuss today may well bear on the ability of Government itself to retrieve the confidence of the people.

If such is the case, and if we act as we properly should to reject this ill-timed proposal, the time we have spent on the floor of the Senate this week may well contribute to the beginning of the end of cynicism in this country.

Mr. STEVENS. Mr. President, one of the most consistent comments I have received lately on the entire question of pay increases deals with the merits of the matter. The Washington Post's astute observer on the Federal scene, Mike Causey, addresses himself to the question of merit in a recent column. I ask unanimous consent that this column be printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

MERITS OF PAY RAISE ARE IGNORED

(By Mike Causey)

The legislative rain dance over a "congressional" pay raise is embarrassing, stupid and has almost nothing to do with the merits—or demerits—of the case.

Because of the bad political timing of Mr. Nixon's belated pay proposals our elected officials, saints and snakes, liberals and conservatives, family men, churchgoers, statesmen and hacks have all had to act like eleven-year-old boys sneaking a smoke in the washroom.

House members who are champions of a more honest and open government last week skulked away from a Post Office-Civil Service Committee meeting so they would not be forced to cast an honest and open vote on a politically loaded question which is, what are they worth?

Yesterday, the counterpart Senate committee voted 6–3 to exclude any members of Congress from raises for the next two years, although most congressmen want it and are already planning ways to get it come next January.

Most of the public ire and press attention over the administration-backed pay raises has been directed at the 535 members of Congress who would receive a 7.5 per cent raise next month, their first in five years. They would get another 7.5 per cent next year, and a final 7.5 per cent in 1976. The cost would equal the money "lost" to the taxpayers when the government shut down here because of a 2-inch snowfall.

Waiting in the wings, while Congress decides what it should do about a $2,200 per member raise (from the current $42,500) are 842 federal judges and court officials, 600 political appointees and 10,000 top career executives, VA medical personnel and Foreign Service officeers.

The political appointees and judges are held down because of the congressional pay ceiling, and career federal civil servants in turn are held down by the political salary lid.

The complicated federal-executive salary system is based on a law that says the President, Chief Justice and leaders of Congress should appoint an outside panel every four years to study pay. That panel is supposed to report to the President who in turn is supposed to pass along his recommendations as part of the next federal budget.

To avoid exactly what has happened this week, the law was set up so that the pay recommendations are made in non-election years. President Nixon threw that out of whack when he did not appoint his panel members in time, so that the recommendations could have been made in early 1973.

That action of the Senate Committee yesterday, if upheld by the full Senate, would be to deny—in theory—raises this year next and in 1976 to congressmen while non-elected political officials get them. The Senate is more likely to kill the pay proposals for everybody, which will mean added pay "compression" problems for career federal workers.

Rank-and-file federal pay has gone up from 25 to 31 per cent (depending on whose statistics are at hand) in the past five years. Once officials reach the $36,000 level, however, they are "frozen" because that is the present maximum. Currently there are 10,000 civil servants at that level, although they hold a wide variety of jobs and responsibility.

The General Accounting Office has warned that the lack of pay raises and differentials at the top of the civil service will cause the best officials to retire, and has already caused top talents to refuse promotions because the added responsibility doesn't carry any added money.

Many members of Congress still remember the public beating they took in March 1969, when they permitted themselves a 41 per cent pay raise. It had been five years then since Congress had dared ask the taxpayers for more money, and ten years before that. If Congress keeps putting off a pay raise until it feels the political climate is safe, we may be in for another 41 per cent whopper.

There is an outside chance that the Senate might reverse its Post Office-Civil Service Committee this week, and vote that everybody get a 7.5 per cent raise effective next month. More likely, it will kill the pay raise proposals for itself, for judges and political and career appointees.

If that happens, you can bet there will be a pay raise proposal in 1975 that will make the present three-step 22 per cent raise seem downright modest.

Meantime, more career workers will be bunching in at the same pay levels, more good lawyers will refuse federal judgships and more hard-pressed, nonmillionaire elected officials will dip into their stationery funds and other back-door accounts to help make ends meet.

The PRESIDING OFFICER. The question is on agreeing to the Church-Dominick amendment, No. 991. The yeas and nays have been ordered, and the clerk will call the roll.

The second assistant legislative clerk called the roll.

Mr. METCALF. On this vote I have a pair with the Senator from Nevada (Mr. CANNON). If he were permitted to vote, he would vote "yea." If I were at liberty to vote, I would vote "nay." I withhold my vote.

Mr. ROBERT C. BYRD. I announce that the Senator from Nevada (Mr. CANNON) is necessarily absent.

Mr. GRIFFIN. I announce that the Senator from Connecticut (Mr. WEICKER) is absent due to death in the family.

The result was announced—yeas 69, nays 28, as follows:

[No. 56 Leg.]

YEAS—69

Abourezk
Aiken
Allen
Bartlett
Bayh
Bellmon
Bentsen
Bible
Biden
Burdick
Byrd, Harry F., Jr.
Byrd, Robert C.
Chiles
Church
Clark
Cook
Cranston
Curtis
Dole
Domenici
Dominick
Eagleton
Ervin
Fannin
Fulbright
Goldwater
Gravel
Gurney
Hansen
Hartke
Haskell
Hatfield
Hathaway
Helms
Hollings
Hruska
Humphrey
Jackson
Johnston
Long
Magnuson
Mansfield
McClellan
McClure
McGovern
McIntyre
Metzenbaum
Mondale
Montoya
Moss
Muskie
Nelson
Nunn
Packwood
Pastore
Pell
Randolph
Ribicoff
Roth
Schweiker
Sparkman
Stafford
Stevenson
Symington
Taft
Talmadge
Thurmond
Tower
Young

NAYS—28

Baker
Beall
Bennett
Brock
Brooke
Buckley
Case
Cotton
Eastland
Fong
Griffin
Hart
Huddleston
Hughes
Inouye
Javits
Kennedy
Mathias
McGee
Pearson
Percy
Proxmire
Scott, Hugh
Scott, William L.
Stennis
Stevens
Tunney
Williams

PRESENT AND GIVING A LIVE PAIR, AS PREVIOUSLY RECORDED—1

Metcalf, against.

NOT VOTING—2

Cannon
Weicker

So the Church-Dominick amendment (No. 991) was agreed to.

SENATOR RANDOLPH OPPOSES PAY RAISES AT THIS TIME

Mr. RANDOLPH. Mr. President, I am opposed, as I have said earlier, to pay raises for legislative, executive, and judicial officers, which also includes senior military officials. This is not an appropriate time for top officials of Government to receive pay raises. We are talking about raising those who presently receive $36,000 or more a year.

Citizens are faced with problems so acute that they cause great anxiety, uncertainty, and a pessimistic mood throughout our Nation. The family food and fuel shoppers are faced with long waiting lines and skyrocketing costs and tempers are wearing short. The mood of the Nation is reflected in some cases by pent up emotions being released in an uncharactistically hostile manner.

More than ever the people are looking for leadership and affirmative action by their Government.

Mr. President, we have had real difficulty in passing legislation to help cope with the fuels and energy crisis. The Congress has not enacted measures to control inflation. These are two vital national problems that impact all citizens, particularly low- and middle-income. Americans generally will be disappointed if the Congress establishes a high priority for the salaries of its Members. They will not be fooled by the easy enactment provisions of the pay raise which go into effect by an unusual procedure of Presidential recommendations becoming law unless disapproved by either House of Congress.

What of the other levels of Government? What are the salaries of our Governors and State officials? We should tighten our belts. There are certain expenses that are allowed for Governors. But in most States their salaries are not adequate, especially when compared to the Congress.

Mr. President, I urge the Senate to disapprove the entire recommendation for pay raises by the President.

We well know we are in an almost unparalleled inflationary economy and when we set a precedent we will surely signal to others to do the same. There are citizens whose salaries we control by legislation and they are more desperate and in greater need. How will we answer them? I speak of the retired Government worker, the handicapped, and disabled. Will we tell them that our salaries come first?

I call attention to information compiled by the Council of State Governments. This information was current as of late 1973.

The only States paying their Governors more than a Member of Congress receives are:

California	$49, 100
Georgia	50, 000
Illinois	50, 000
Michigan	45, 000
New Jersey	50, 000
New York	85, 000
Ohio	50, 000
Texas	63, 000

Mr. President, I am convinced that the case against pay raises, at this time is strong. The Senate, I believe, will register its disapproval by a large majority.

Mr. STEVENS. Mr. President, as this body knows, I strongly support the concept of fair and equitable pay for those who govern and administer this Nation. We will soon again be debating various resolutions dealing with the President's pay proposal for the executive, judicial, and legislative branches. Two of this Nation's most esteemed newspapers, the Chicago Tribune and the New York Times have recently expressed their opinions in editorials. I ask unanimous consent that these editorials be printed at this point in the Record.

There being no objection, the editorials were ordered to be printed in the Record, as follows:

[From the Chicago Tribune, Feb. 11, 1974]

Faces—Shudder—A Pay Raise

The above editorial suggests why Congress may do something few would expect of it—reject a pay raise.

President Nixon has proposed a three-step raise for federal judges, members of Congress, cabinet officers, and government administrators which would amount to about 7.5 per cent a year for the next three years.

District court judges would go from $40,000 to $49,700 a year by 1976. Members of Congress and appeals court judges would go from $42,500 to $52,800. The $36,000 a year ceiling on civil service administrators' salaries would be increased to $44,700.

Cabinet officers and Supreme Court justices would have their salaries raised from $60,000 to $64,500 by next year.

Under the law, Congress does not have to take any affirmative action for the raises to go thru, but it can reject them. Many senators and congressmen, jittery about an anti-incumbent sentiment prevalent in the country, feel that their constituents will not stand for another raise for lawmakers, especially after the howl that greeted the 42 per cent increase they received in 1969. Consequently, congressional rejection of the raises now seems probable.

This is unfortunate in many ways, for a case can be made for the increases, especially those for judges and civil service officials. If the raises are rejected, there will not be another chance for them until 1977, meaning that all those concerned would be without a raise for eight years.

Few wage earners can claim to have suffered that indignity.

The law ties all these salary schedules together in fixed ratios. Judges' salaries cannot be raised unless those for congressmen and civil service officials are, too. If Congress blocks its own pay raise, it will automatically block those for the others.

Yet there is need for an inducement for good judges, and at the existing salary scales many of them could do better in private practice.

The $36,000-a-year ceiling for administrators is not only unrealistic in these inflationary times, but has kept many of them at the same pay level as subordinates who have regularly been receiving cost of living increases.

The congressmen will have to thrash the matter out in their own consciences, but it would be a shame if the legitimate needs of the judiciary and the executive were sacrificed because of the lawmakers' political fears.

Whatever the congressmen decide, the fixed-ratio system ought to be junked. It is a form of "equal treatment" that is not equitable at all.

[From the New York Times, Mar. 1, 1974]

Games Congress Plays

What with Watergate causing widespread public disenchantment with governmental performance at all levels, Congressmen are showing unaccustomed reticence about accepting the pay increase President Nixon wants them to start getting next year.

Congressional salaries were last increased in 1969, when they went up from $30,000 a year to the present $42,500. The effect of inflation entitles the legislators to another pay raise now, though it is questionable that it ought to be at the 7.5 per cent rate the President has proposed for each of the next three years.

So long as workers generally are still subject, at least theoretically, to the old Pay Board guidepost of 5.5 per cent, Congress would be well advised to go along with the suggestion of Chairman McGee of the Senate Post Office and Civil Service Committee that it hold its own projected increase within that figure.

Instead, parliamentary maneuvers in both House and Senate seem likely to create an impasse that not only will kill any action this year to boost Congressional pay but also will deprive Federal judges and all other top-level Federal officials of increases the President and his salary commission had decided they deserved.

In truth, raising executive pay within the Federal service without raising the salaries of Senators and Representatives would create unjustifiable distortions in the whole structure of governmental compensation. Congress and the White House have an urgent and essential task to fulfill in combating inflation—a task neither is performing with distinction—but denying legislators, judges and executives pay adjustments in line with those of other salaried workers is not the fair way to get on with that job.

Mr. PROXMIRE. Mr. President, I ask for the yeas and nays on final passage.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the resolution (S. Res. 293) as amended.

On this question the yeas and nays have been ordered and the clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Nevada (Mr. Cannon) and the Senator from Rhode Island (Mr. Pell) are necessarily absent.

I further announce that, if present and voting, the Senator from Nevada (Mr. Cannon) and the Senator from Rhode Island (Mr. Pell) would each vote "yea."

Mr. GRIFFIN. I announce that the Senator from Connecticut (Mr. Weicker) is absent due to death in the family.

The result was announced—yeas 71, nays 26, as follows:

[No. 57 Leg.]

YEAS—71

Abourezk
Aiken
Allen
Bartlett
Bayh
Bellmon
Bentsen
Bible
Biden
Brock
Burdick
Byrd,
  Harry F., Jr.
Byrd, Robert C.
Chiles
Church
Clark
Cook
Cranston
Curtis
Dole
Domenici
Dominick
Eagleton
Eastland
Ervin
Fannin
Fulbright
Goldwater
Gurney
Hansen
Hartke
Haskell
Hatfield
Hathaway
Helms
Hollings
Hruska
Humphrey
Jackson
Johnston
Long
Magnuson
Mansfield
McClellan
McClure
McGovern
McIntyre
Metzenbaum
Mondale
Montoya
Moss
Muskie
Nelson

Nunn
Packwood
Pastore
Proxmire
Randolph
Ribicoff
Roth
Schweiker
Sparkman
Stafford
Stennis
Stevenson
Symington
Taft
Talmadge
Thurmond
Tower
Young

NAYS—26

Baker
Beall
Bennett
Brooke
Buckley
Case
Cotton
Fong
Gravel
Griffin
Hart
Huddleston
Hughes
Inouye
Javits
Kennedy
Mathias
McGee
Metcalf
Pearson
Percy
Scott, Hugh
Scott, William L.
Stevens
Tunney
Williams

NOT VOTING—3

Cannon
Pell
Weicker

So the resolution (S. Res. 293), as amended, was agreed to, as follows:

S. Res. 293

Resolution to disapprove pay recommendations of the President with respect to rates of pay for Members of Congress

Resolved, That the Senate disapproves all the recommendations of the President with respect to rates of pay transmitted to the Congress in the budget for the fiscal year 1975 pursuant to section 225(h) of the Federal Salary Act of 1967.

Mr. CHURCH. Mr. President, I move to reconsider the vote by which the resolution was agreed to.

Mr. JACKSON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. PELL. Mr. President, I was present and voted several times today on a cloture vote and on amendments to the resolution regarding pay increases for officials of the executive, judicial and legislative branches. On each vote I voted against such raises. However, on the vote on final passage of the resolution, I was delayed in reaching the floor, because I was between offices occupied with constituent business, and unfortunately arrived too late to cast my vote. I regret missing that vote, and wish to state for the Record that I would have voted in favor of the resolution disapproving the President's recommended pay raises for Members of the Congress.

MESSAGE FROM THE HOUSE—ENROLLED BILL SIGNED

A message from the House of Representatives by Mr. Berry, one of its reading clerks, announced that the Speaker had affixed his signature to the enrolled bill (H.R. 8245) to amend Reorganization Plan No. 2 of 1973, and for other purposes.

The enrolled bill was subsequently signed by the Acting President pro tempore (Mr. Nunn).

ENERGY EMERGENCY ACT—VETO

The PRESIDING OFFICER (Mr. Helms). Pursuant to the previous order, the Chair now lays before the Senate the President's veto message on S. 2589, the Energy Emergency Act, which the clerk will state.

The legislative clerk read as follows:

A veto message on S. 2589, the National Energy Emergency Act.

The Senate proceeded to reconsider the bill.

The PRESIDING OFFICER. The question is, Shall the bill pass, the objections of the President of the United States to the contrary notwithstanding? The Constitution requires that the vote shall be determined by yeas and nays.

Under the agreement, the time between now and 5 p.m. will be equally divided between and controlled by the Senator from Arizona (Mr. Fannin) and the Senator from Washington (Mr. Jackson).

Mr. JACKSON. Mr. President, I ask unanimous consent that during the reconsideration of S. 2589 the following individuals have the privilege of the floor:

William Van Ness, Jr., Arlon Tussing, James Barnes, Jerry Verkler, Lorraine Maestas, Harrison Loesch, David Stang, Winfred Craft, Jr., Nolan McKean, Margaret Lane, Maureen Finnerty, Ron Frank, and Mike Hathaway.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUDDEN INFANT DEATH SYNDROME ACT OF 1974

Mr. KENNEDY. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on S. 1745.

The PRESIDING OFFICER (Mr. Helms) laid before the Senate the amendment of the House of Representatives to the bill (S. 1745) to provide financial assistance for research activities for the study of sudden infant death syndrome, and for other purposes, which was to strike out all after the enacting clause, and insert:

That this Act may be cited as the "Sudden Infant Death Syndrome Act of 1974".

Sec. 2. Part B of title III of the Public Health Service Act is amended by inserting after section 318 the following new section:

"SUDDEN INFANT DEATH SYNDROME COUNSELING, INFORMATION, EDUCATION, AND STATISTICAL PROGRAMS

"Sec. 319. (a) The Secretary shall carry out a program to develop public information and professional educational information materials relating to sudden infant death syndrome and to disseminate such information and materials to persons providing health care, public safety officials, and to the public generally.

"(b)(1) The Secretary may make grants to public and nonprofit private entities, and enter into contracts with public and private entities, for projects which include both—

"(A) the collection, analysis, and furnishing of information (derived from post mortem examinations and other means) relating to the causes of sudden infant death syndrome; and

"(B) the provision of information and counseling to families affected by sudden infant death syndrome.

No grant may be made or contract entered into under this subsection for an amount in excess of $50,000.

"(2) No grant may be made or contract entered into under this subsection unless an application therefor has been submitted to and approved by the Secretary. Such application shall be in such form, submitted in such manner, and contain such information, as the Secretary shall by regulation prescribe.

"(3) Payments under such grants may be made in advance or by way of reimbursement, and at such intervals and on such conditions, as the Secretary finds necessary.

"(4) Contracts under this subsection may be entered into without regard to sections 3648 through 3709 of the Revised Statutes (31 U.S.C. 529; 44 U.S.C. 5).

"(5) For the purpose of making payments pursuant to grants and contracts under this subsection, there are authorized to be appropriated $2,000,000 for the fiscal year ending June 30, 1974, $2,000,000 for the fiscal year ending June 30, 1975, and $2,000,000 for the fiscal year ending June 30, 1976.

"(c) The Secretary shall submit, within two years following the date of the enactment of this section, a comprehensive report to the Committee on Labor and Public Welfare of the Senate and the Committee on Interstate and Foreign Commerce of the House of Representatives respecting the administration of this section and the results obtained from the programs authorized by it."

Mr. KENNEDY. Mr. President, I move that the Senate agree to the amendment of the House to the bill to provide financial assistance for research activities for the study of sudden infant death syndrome, and for other purposes, with an amendment in the nature of a substitute. I send the amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk proceeded to read the amendment.

Mr. KENNEDY. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered; and, without objection, the amendment will be printed in the Record.

The substitute amendment is as follows:

In lieu of the matter proposed to be inserted by the House, insert the following:

SHORT TITLE

Section 1. This Act may be cited as the "Sudden Infant Death Syndrome Act of 1974'.'

SUDDEN INFANT DEATH SYNDROME RESEARCH

Sec. 2. (a) Section 441 of the Public Health Service Act is amended by striking out "an institute" and inserting in lieu thereof "the National Institute of Child Health and Human Development".

(b)(1) Such section 441 is further amended by inserting "(a)" after "Sec. 441." and by adding at the end thereof the following:

"(b) The Secretary shall carry out through the National Institute of Child Health and Human Development the purposes of section 301 with respect to the conduct and support of research which specifically relates to sudden infant death syndrome."

(2) Section 444 of such Act is amended (1) by striking out "The Surgeon General" each place it occurs and inserting in lieu thereof "The Secretary", and (2) by striking out "the Surgeon General shall, with the approval of the Secretary" in the first sentence and inserting in lieu thereof "the Secretary shall, in accordance with section 441(b),".

(c)(1) Within 90 days following the close of the fiscal year ending June 30, 1975, and the close of each of the next two fiscal years, the Secretary shall report to the Committees on Appropriations of the Senate and the House of Representatives and to the Committee on Labor and Public Welfare of the Senate and the Committee on Interstate and Foreign Commerce of the House of Representatives the following information for such fiscal year:

(A) The (i) number of applications approved by the Secretary in the fiscal year reported on for grants and contracts under the Public Health Service Act for research which relates specifically to sudden infant death syndrome, (ii) total amount requested under such applications, (iii) number of such applications for which funds were provided in such fiscal year, and (iv) total amount of such funds.

(B) The (i) number of applications approved by the Secretary in such fiscal year for grants and contracts under the Public Health Service Act for research which relates generally to sudden infant death syndrome, (ii) total amount requested under such applications, (iii) number of such applications for which funds were provided in such fiscal year, and (iv) total amount of such funds.

Each such report shall contain an estimate of the need for additional funds for grants or contracts under the Public Health Service Act for research which relates specifically to sudden infant death syndrome.

(2) Within five days after the Budget is transmitted by the President to the Congress for the fiscal year ending June 30, 1976, and for each of the next two fiscal years, the Secretary shall transmit to the Committees on Appropriations of the House of Representatives and the Senate, the Committee on Labor and Public Welfare of the Senate, and the Committees on Interstate and Foreign Commerce of the House of Representatives an estimate of the amount requested for the National Institutes of Health for research to sudden infant death syndrome and a comparison of that amount with the amount requested for the preceding fiscal year.

COUNSELING, INFORMATION, EDUCATIONAL AND STATISTICAL PROGRAMS

Sec. 3. (a) Title XI of the Public Health Service Act is amended by adding at the end thereof the following new part:

Part C—Sudden Infant Death Syndrome

"SUDDEN INFANT DEATH SYNDROME COUNSELING, INFORMATION, EDUCATIONAL, AND STATISTICAL PROGRAMS

"Sec. 1121. (a) The Secretary, through the Assistant Secretary for Health, shall carry out a program to develop public information and professional educational materials relating to sudden infant death syndrome and to disseminate such information and materials to persons providing health care, to public safety officials, and to the public generally.

"(b) (1) The Secretary may make grants to public and nonprofit private entities, and enter into contracts with public and private entities, for projects which include both—

"(A) the collection, analysis, and furnishing of information (derived from post mortem examinations and other means) relating to the causes of sudden infant death syndrome; and

"(B) the provision of information and counseling to families affected by sudden infant death syndrome.

"(2) No grant may be made or contract entered into under this subsection unless an application therefor has been submitted to and approved by the Secretary. Such application shall be in such form, submitted in such manner, and contain such information as the Secretary shall by regulation prescribe. Each applicant shall—

"(A) provide that the project for which assistance under this subsection is sought will be administered by or under supervision of the applicant;

"(B) provide for appropriate community representation in the development and operation of such project;

"(C) set forth such fiscal controls and fund accounting procedures as may be necessary to assure proper disbursement of and accounting for Federal funds paid to the applicant under this subsection; and

"(D) provide for making such reports in such form and containing such information as the Secretary may reasonably require.

"(3) Payments under grants under this subsection may be made in advance or by way of reimbursement, and at such intervals and on such conditions, as the Secretary finds necessary.

"(4) Contracts under this subsection may be entered into without regard to sections 3648 through 3709 of the Revised Statutes (31 U.S.C. 529; 44 U.S.C. 5).

"(5) For the purpose of making payments pursuant to grants and contracts under this subsection, there are authorized to be appropriated $2,000,000 for the fiscal year ending June 30, 1975, $3,000,000 for the fiscal year ending June 30, 1976, and $4,000,000 for the fiscal year ending June 30, 1977.

"(c) The Secretary shall submit, not later than January 1, 1976, a comprehensive report to the Committee on Labor and Public Welfare of the Senate and the Committee on Interstate and Foreign Commerce of the House of Representatives respecting the administration of this section and the results obtained from the programs authorized by it."

(b) The title of such title XI is amended by adding at the end thereof "And Sudden Infant Death Syndrome".

Mr. KENNEDY. Mr. President, I am delighted to bring before the Senate for final action S. 1745, the Sudden Infant Death Syndrome Act of 1974. The amendment that Senator Mondale and I offer on behalf of the Labor Committee has broad bipartisan cosponsorship. This amendment has been worked out with the members of our counterpart committee in the House, which is chaired by my friend and colleague, Paul Rogers of Florida. I understand that this amendment is acceptable to the House.

Mr. President, the Health Subcommittee which I chair and the Subcommittee on Children and Youth which Senator Mondale chairs conducted public hearings on this legislation last fall. At that time all of the witnesses who testified favored the enactment of S. 1745, except the administration.

SIDS claims 10,000 babies each year. It is the leading cause of death in infancy after the first month of life. No one yet knows what causes this tragic killer and that is why it is essential to expand the research program into the causes of this disease. The bill calls upon the National Institute of Child Health and Human Development at NIT to carry out this research program. And the bill requires the Department of HEW to report to the Congress on the scope and magnitude of this research program.

In addition, Mr. President, our hearings revealed that SIDS counseling, information, and educational programs are woefully inadequate. Accordingly the bill authorizes the Assistant Secretary for Health of HEW to carry out a program to develop public information and professional education materials relating to SIDS. In this respect the Secretary is authorized to make grants and enter into contracts. And for these purposes the bill will authorize a total of $9 million over the next 3 years. Mr. President, I strongly support this legislation. I believe it is needed. I know Senator Mondale strongly supports it. And I want to take this opportunity to compliment him on the leadership he continues to demonstrate in this area. He is a tireless worker in this vital area.

Mr. MONDALE. Mr. President, I am very pleased that the Senate has agreed today to consider a series of amendments to the Sudden Infant Death Syndrome Act of 1974, and I hope that we will be able to pass the bill and send it on to the House and the President for his signature.

The legislation before us today is the outgrowth of 2 years of active Senate interest in and study of the problem of crib death or sudden infant death syndrome.

In this time, we have learned a lot about this phenomenon which strikes so unexpectedly and so tragically:

Although crib death touches at least 10,000 American families each year, most Americans know little about it.

Although medical researchers have explored a variety of hypotheses on the causes of crib death, none of them has been confirmed.

Although the National Institute of Child Health and Human Development calls it the largest cause of death in infants from 1 to 12 months old, SIDS is not even mentioned in Government statistics on infant mortality.

And, although SIDS was finally identified and described as a specific disease in 1969, large numbers of medical and legal authorities are not up to date on the research findings and implications of SIDS.

Perhaps the most shocking and disturbing aspect of this problem is what happens to the families whose children die of SIDS. Because the child dies suddenly and no medical explanation can be found, parents are sometimes unjustly accused by law enforcement authorities or even friends and neighbors—of responsibility for the child's death.

One young couple who lost a child told us that they had to move to another city because their neighbors were so suspicious that the child died because of some sort of negligence on the part of the parents.

As I mentioned, the Senate has taken an active interest in helping these families and in working to discover the cause of SIDS for more than 2 years. In January of 1972, my Subcommittee on Children and Youth held a hearing on SIDS. Following that hearing I introduced Senate Joint Resolution 206, which was passed by the Senate by a vote of 72 to 0 on June 7 of that year. The resolution was not acted on by the House. I request unanimous consent that the text of Senate Joint Resolution 206 be printed at this point in the Record.

There being no objection, the joint resolution was ordered to be printed in the Record, as follows:

S.J. Res. 206

Joint resolution relating to sudden infant death syndrome

Whereas sudden infant death syndrome kills more infants between the age of one month and one year than any other disease; and

Whereas the cause and prevention of sudden infant death syndrome are unknown; and

Whereas there is a lack of adequate knowledge about the disease and its effects among the public and professionals who come into contact with it: Therefore be it

Resolved by the Senate and House of Representatives of the United States of

America in Congress assembled, That it is the purpose of this joint resolution to assure that the maximum resources and effort be concentrated on medical research into sudden infant death syndrome and on the extension of services to families who lose children to the disease.

SEC. 2. The National Institute of Child Health and Human Development, of the Department of Health, Education, and Welfare, is hereby directed to designate the search for a cause and prevention of sudden infant death syndrome as one of the top priorities in intramural research efforts and in the awarding of research and research training grants and fellowships; and to encourage researchers to submit proposals for investigations of sudden infant death syndrome.

SEC. 3. The Secretary of Health, Education, and Welfare is directed to develop, publish, and distribute literature to be used in educating and counseling coroners, medical examiners, nurses, social workers, and similar personnel and parents, future parents, and families whose children die, to the nature of sudden infant death syndrome and to the needs of families affected by it.

SEC. 4. The Secretary of Health, Education, and Welfare is further directed to work toward the institution of statistical reporting procedures that will provide a reliable index to the incidence and distribution of sudden infant death syndrome cases throughout the Nation; to work toward the availability of autopsies of children who apparently die of sudden infant death syndrome and for prompt release of the results to their parents; and to add sudden infant death syndrome to the International Classification of Disease.

Mr. MONDALE. I introduced a resolution, rather than a bill, in 1972 because representatives of the Department of Health, Education, and Welfare testified that they were deeply concerned already about SIDS and that no new authorizing legislation would be necessary to intensify their efforts.

Early in 1973, as a vehicle for further discussion and investigation into the problem, I introduced S. 1745, "to provide financial assistance for research activities for the study of sudden infant death syndrome, and for other purposes." I am deeply grateful to Senator KENNEDY, chairman of the Health Subcommittee, for his active role in developing this legislation and for his willingness to hold a joint hearing with the Subcommittee on Children and Youth on SIDS.

Our 1973 hearing, on September 20, focused on the need for humane and sensitive treatment of families whose children die of SIDS. Among the witnesses were Mr. and Mrs. John Smiley of California, who were jailed for 2 days in connection with the death of their infant daughter. They were released from jail and charges against them dropped after they received the assistance of an attorney from a national organization that works with families whose children die of SIDS.

During that hearing we also received testimony from officials of the Department of Health, Education, and Welfare. They testified that in the year and a half since they last appeared before the Senate, no efforts had been undertaken to provide assistance to families who lose children. No funds had been devoted to the training of social workers, coroners, nurses and other personnel who must be informed if they are to work sensitively with families of SIDS victims. And only $601,000 was spent in fiscal year 1973 on research directly related to finding a cause and cure for SIDS.

We decided, on the basis of this disappointing record, that we could not wait any longer for this initiative to come from HEW. The Senate approved a more comprehensive, stronger version of S. 1745 on December 11 of 1973. On January 21 of this year, the House approved a different version of the bill.

The legislation before us today is what I believe will be an effective compromise between the House and Senate bills.

Before I explain the changes, I request permission to insert in the RECORD an excerpt from the Senate Labor and Public Welfare Committee report on S. 1745.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

I. PURPOSE

The purpose of S. 1745 is to provide financial assistance to identify the causes and preventive measures needed to eliminate Sudden Infant Death Syndrome and to provide information and counseling services to families affected by Sudden Infant Death Syndrome and to personnel who come in contact with the victims or their families.

II. LEGISLATIVE HISTORY

On May 8, 1973, S. 1745 was introduced in the Senate.

The Subcommittees on Children and Youth and on Health of the Committee held a joint hearing on S. 1745 on September 20, 1973. At that hearing, testimony was offered by representatives of the Department of Health, Education, and Welfare; representatives of organizations that serve parents who lose children to SIDS; parents who have lost children to SIDS; and medical examiners and other experts on dealing with SIDS cases. With the exception of the administration, all of the witnesses testified to the need for legislation respecting Sudden Infant Death Syndrome.

On October 10, 1973, the bill was favorably ordered reported with amendments by the Committee.

III. NEED FOR LEGISLATION

At least 10,000 babies die of SIDS each year in this country. The disease is the largest killer of infants between the age of one month and 12 months. No cause and no prevention are known for SIDS.

Because of the lack of public and professional knowledge about the disease, families who lose children suffer acute guilt feelings and other problems of readjustment to normal life.

Thus the need for this legislation falls into three major categories: research, services to families and statistics.

1. *Scientific research.*—At the committee's hearing, Dr. John S. Zapp, Deputy Assistant Secretary for Legislation at HEW, testified:

"The National Institute of Child Health and Human Development is now supporting 72 research projects aimed at understanding the Sudden Infant Death Syndrome * * * Research in related areas is critical to the development and clarification of our knowledge of S.I.D.S. and represents the best investment of our research funds at this time. Therefore, 11 research grants and contracts are specifically concerned with SIDS, and 61 grants and contracts are for studies related to the syndrome. FY 1973 support approximates $4.1 million compared with $3.5 million in fiscal year 1972.

"In fiscal year 1972, 21 research grant applications directly related to SIDS were reviewed by the National Advisory Child Health and Human Development Council. Seven were recommended for approval; two have been funded. Funding of three is anticipated this month; two will not be funded because of low scientific merit."

At the hearing, Dr. Russell Fisher, Chief Medical Examiner of the State of Maryland, stated that research efforts "might be made more responsive to the Sudden Infant Death Syndrome problem by earmarking funds for this special problem."

Saul Goldberg, president of the International Guild for Infant Survival, submitted to the Subcommittee a statement he presented in August to the House Subcommittee on Public Health and Environment. In this paper he said:

"This lack of substantial funding is further explained by government officials by a lack of 'meritorious research ideas' or 'qualified researchers.' Yet there are several potential researchers ready and willing to investigate SIDS in new and promising directions * * *"

The Committee believes it is clear that no permanent solution to the problem of SIDS can be found without a focused, concentrated, continuing medical research effort. Until the cause and cure for this disease are found, thousands of families will continue to suffer the tragedy of suddenly losing an apparently thriving baby.

2. *Information and counseling services.*—S.J. Res. 206, which was passed 72–0 by the Senate June 7, 1972 contains the following passage:

"The Secretary of Health, Education and Welfare is directed to develop, publish and distribute literature to be used in educating and counseling coroners, medical examiners, nurses, social workers and similar personnel and parents, future parents and families whose children die, to the nature of sudden infant death syndrome and to the needs of families affected by it."

The Committee believes that this is an accurate description of the types of programs required to respond humanely to families who lose children to SIDS. Information submitted to the Committee by HEW shows that $75,000—an increase of only about $8,000 over the previous year—would be spent on professional and public information and education activities relating to SIDS in 1974. Dr. Zapp testified that no funds have been spent on directly training medical examiners and other personnel who come into contact with SIDS cases.

The Committee believes that it is essential to provide training to these personnel in order to minimize the grief suffered by families who lose children and to maximize the results of research efforts.

At the hearing, Mr. and Mrs. John Smiley of California described an ordeal in which they were charged with manslaughter of their infant daughter who was later found to have died of SIDS. They were jailed for two days and charges against them were eventually withdrawn after they received the assistance of a lawyer from a national organization that works with families whose children die of SIDS. If law enforcement and medical personnel received adequate training in the diagnosis of SIDS; and in how to deal with parents whose child had recently died, experiences like that of the Smileys would be less likely to occur.

Mrs. Smiley testified that she had not known about SIDS until after her baby died. The Committee suggests that substantial feelings of guilt and misunderstanding could be alleviated if prospective parents were provided with information about SIDS.

Dr. Abraham Bergman, the recipient of a grant from the National Institute of Child Health and Human Development of NIH to study the handling of SIDS cases and president of the National Foundation for Sudden Infant Death, cited examples of several cases in which parents were jailed before the cause of their child's death was diagnosed as SIDS.

"I do not want to give the Committee the impression that it is common practice to throw parents into jail when their babies die of crib death. I am aware of six such cases in the past year. There are probably more of which I am not aware, but even so it is a small percentage of the approximate eight thousand families who lost children to SIDS last year. This tip of the iceberg, however, is indicative of the ignorance about SIDS in the United States. The sad part is it is all so unnecessary. By the expenditure of a small amount of funds * * * and just the semblance of some action on the part of HEW, the human aspects of SIDS which cause an enormous toll of mental illness could be solved within two years."

Dr. Bergman also outlined the need for regional centers to deal with SIDS:

"A community wide system must be established for dealing with all cases of sudden unexpected infant death. It is not practical to expect every community to have the resources necessary to provide proper services. By proper services, I mean (a) performance of autopsies on all cases of sudden unexpected infant death (b) notification of the family by telephone or letter within 24 hours of the result of the autopsy, (c) the use of SIDS on the death certificate, (d) information and counseling about SIDS by a knowledgeable health professional. Small communities which lack trained pathologists cannot be expected to provide adequate service."

S. 1745 provides that "The Secretary, through the Assistant Secretary for Health and Scientific Affairs may make grants to public and nonprofit private entities for the establishment of regional centers for sudden infant death syndrome counseling, information, educational and statistical programs."

In most cases, the Committee suggests, research into SIDS could fruitfully be coordinated through these regional centers—one in each of the 10 regions currently designated by HEW. It is hoped that if all research within a given region is not specifically conducted by the regional center, that efforts will be made to establish the center as a focal point for information and services related to SIDS within that region.

3. *Statistics.*—The "statistical programs" referred to in Sec. 1121(a)(1) of the Committee bill would be expected to consist of compilation of the most comprehensive, reliable statistics possible concerning the incidence of SIDS within the region.

The Committee's bill also provides that the National Center for Health Statistics of the Department of HEW make a special effort to assure the comparability of local and state statistics relating to Sudden Infant Death Syndrome.

In that respect Dr. Bergman testified that the survey of the management of SIDS showed the need for development of standardized terminology and statistics on the disease.

"An incredible variety of terms were found on death certificates to describe presumed crib death. Only half of the 421 parents interviewed were told their baby died of SIDS or crib death. Eighty-three percent said that the verbal explanation provided at the time of death varied with the death certificate diagnosis, understandably leading to much confusion and bitterness."

IV. CURRENT RESEARCH AND STATISTICAL PROGRAMS

The National Institute of Child Health and Human Development has principal responsibility for federally-sponsored research on sudden infant death syndrome. Since its establishment in 1963 the NICHD has been increasingly concerned with the syndrome and has directed its efforts to enlarge our understanding of it. But progress had been slowed by two critical factors: (1) Few applications dealing with S.I.D.S. had been submitted to the NICHD for consideration, and (2) the lack of a code for the syndrome in the International Classification of Diseases made accurate mortality rates difficult to collect.

During the past two years, the NICHD has intensified its program of research to increase understanding of underlying mechanisms of the syndrome, to discover its probable cause(s), to identify infants at risk of becoming its victims, to explore preventive approaches, to inform the scientific community and public about the sudden infant death syndrome, and to stimulate scientists to direct their investigative efforts toward finding the solution to this complex problem. The Institute's program also includes plans (1) to learn more about the current status of management of S.I.D.S. cases in the United States; (2) to develop guidelines for use by coroners, medical examiners, and pathologists in reporting these cases; (3) to support interdisciplinary educational and research conferences and workshops concerned with the sudden infant death syndrome; and (4) to prepare and distribute scientific publications and public information documents.

In FY 1973, the NICHD supported 72 grants and contracts related to S.I.D.S. with a total budget of $4.1 million. In fiscal year 1974, it is projected that approximately $3.5 million will be obligated for S.I.D.S. research. This program has developed an investigation into the etiology of the syndrome and the psychological consequences of the event on parents and siblings. Seven priority areas are highlighted. These include:

1. Abnormal sleep patterns related to breathing and circulation and other functions essential to life.

2. Respiratory, cardiac, and circulatory responses to such stimuli as excess carbon dioxide in the blood or oxygen deficiency, which may make some babies likely to die of S.I.D.S.

3. The body's system for temperature regulation and its response to environmental conditions existing at the time of death from S.I.D.S.

4. The baby's developing immune system and how defects in development may predispose an infant to S.I.D.S.

5. The distribution of S.I.D.S. within the population and characteristics surrounding its occurrence in order to identify infants at high risk and to try to determine causes.

6. Studies of the structural and functional changes in tissues and organs which may be involved in S.I.D.S.

7. The psychological stresses experienced by the family and the community in which S.I.D.S. occurs.

These areas of emphasis grew out of a research planning workshop sponsored by the NICHD in August 1971. The workshop brought together investigators with scientific expertise in areas which could have a direct or contributing influence upon the cause of death in S.I.D.S. This meeting served to stimulate research in S.I.D.S. because many of those who met had not previously been directly involved in research on S.I.D.S., nor had they considered the relevance of their scientific work to S.I.D.S.

To further enhance this expanded program of research, the institute, between May and September 1972, sponsored five workshops relevant to the seven priority areas. The purpose of these workshops was to consider the problem at hand, to identify new approaches to the study of S.I.D.S., and to highlight specific research questions in need of in-depth study. A summary report for each workshop was prepared for publication. A seventh workshop, "Voids in Pathology in the Sudden Infant Death Syndrome," was held in the Spring of 1973. As a result of these conferences, a number of specific researchable questions were raised, and areas in need of further study and clarification were identified.

Immunologic Factors and Infectious Diseases Related to S.I.D.S.—A recent NICHD-supported study has suggested that viruses may act as "triggering agents" in some cases of S.I.D.S. A review of previously published research in the S.I.D.S. area has revealed a mild elevation of the antibody Immunoglobulin M (IgM) in association with the syndrome. This antibody is often found associated with recovery from a viral infection. Although this research suggests association of viral infection with S.I.D.S., no specific agent has been identified with the syndrome.

Studies are required to learn if S.I.D.S. might result from an inappropriate or overviolent response of the baby's defense system to a challenge by a virus or other stimuli. Endotoxins—poisons released from certain bacteria—are known to cause illnesses. However, little is known about the relationship between maternal endotoxin effects during pregnancy and infant reactions. Research may clarify whether S.I.D.S. may be the result of an allergy to endotoxin acquired before birth.

In addition, the workshops revealed that there is a significant lack of research concerning the development of the baby's immunologic system both before birth and shortly after birth. Such work is fundamental to identifying the relationship between infectious diseases, and S.I.D.S.

Heart and Lung Factors in S.I.D.S.—NICHD-supported research with an animal model suggests that S.I.D.S. might result from a failure to recover from a normal oxygen-conserving response—a reflex which includes a temporary halt in breathing, a slowing of heartbeat, and constriction of blood vessels.

The role of breathing and circulation in S.I.D.S., however, is still far from clear. Scientists attending one of the workshops suggested that although heart stoppage is probably not a primary factor in S.I.D.S., more research should be carried out to learn the potential effects of an immature heart adversely reacting to a wide variety of stimuli, including low oxygen in the surroundings and high carbon dioxide levels in the blood. Similar stimuli could also adversely affect the still-developing respiratory system.

Relatively little research has been done on the development of swallowing, vocalization, and breathing in the infant. It is conceivable, according to scientists, that uncoordinated activity in these three modalities could lead to respiratory obstruction and consequent lack of oxygen supply.

Other significant voids in our knowledge about S.I.D.S. warrant further attention. For example, much more needs to be learned about changes, at a microscopic level, in the tissues of the kidney, nasopharynx, larynx, and heart of S.I.D.S. victims.

Neurologic factors in S.I.D.S.—Many studies, including several supported by NICHD, have reported that most S.I.D.S. deaths occur during sleep and that death does not seem to involve an outward, violent struggle.

A great deal of research remains to be done in order to understand the complex relationships among sleep, the developing nervous system, and the maturing respiratory system and how they might be involved in S.I.D.S.

Sleep deprivation and the occurrence of S.I.D.S. following such an experience should be clarified, since it has been reported that immature animals may die in the sleep period immediately following sleep deprivation. It is known that increased rapid eye movement (REM) sleep, or periods of "light, active" sleep accompany sleep deprivation. It has been hypothesized that babies may die of S.I.D.S. during such periods of active sleep because their immature nervous, respiratory, and circulatory systems have a low tolerance for such circumstances.

Epidemiologic research in S.I.D.S.—Current epidemiologic data fails to differentiate S.I.D.S. from other causes of infant death and few risk factors have been elucidated which are specific for S.I.D.S. In addition, epidemiologic studies to date have been retrospective or "after-the-fact"; prospective studes are now needed. These could include studies relating maternal factors and events occurring at birth or just after birth to later occurrence of S.I.D.S.

There is need, according to workshop participants, for an internationally accepted definition of S.I.D.S. and uniformity in identifying as S.I.D.S. on death certificates, all sudden, unexplained, and unexpected deaths of infants.

Behavioral aspects of S.I.D.S.—A recently supported study by NICHD has indicated that one of the unsolved problems with S.I.D.S. is the lack of understanding extended to families of victims. Frequently, the study showed, parents are accused wrongly of neglect or child abuse and suffer deep feelings of guilt.

At present, very little is known about the personal, emotional, or social characteristics of parents who lost a child to S.I.D.S. It is not known to whom parents turn for help, nor the response they are likely to receive. The response of the community or community organizations to a death from S.I.D.S. and individual grief has not been investigated in depth. Studies need to be conducted to learn if problems of grief can best be handled by counseling from health professionals, through voluntary parents' organizations, or by other means.

Although much research has been undertaken to learn about response to death following long-term illness, little is known about the impact of an unexpected childhood death. In addition, studies need to be carried out to learn about the response of other children in a family which has lost an infant to S.I.D.S.

Classification.—The Department (NICHD and National Center for Health Statistics) has worked with the World Health Organization to create a separate category for S.I.D.S. in the 9th edition of the International Classification of Diseases.

V. COMMITTEE VIEWS

The Committee believes it has become essential to enact legislation specifically respecting SIDS in order to assure that programs of research, counseling, information and public education be effectively implemented.

On June 7, 1972 the Senate passed Senate Joint Resolution 206 relating to SIDS by a vote of 72–0. The basic purpose of that Resolution was to assure that the maximum resources and effort, through the Department of HEW, be concentrated on research into SIDS and on the extension of services to families who lose children to the disease. A copy of S.J. Res. 206 is included as Appendix 1.

It has been 19 months since the passage of S.J. Res. 206. And the Committee is disappointed and not satisfied with the magnitude and the scope of the SIDS program administered by DHEW. In its testimony before the Committee the Administration testified that it has only 11 research grants and contracts for studies specifically concerned with SIDS. These grants and contracts amount to $603,575. Furthermore, the Administration's testimony makes clear that HEW makes virtually no effort in respect to counseling information, public education and statistical effort respecting SIDS, which is most unfortunate given the clear intent of the Committee and the Senate as expressed in S.J. Res. 206 regarding the need for an increased effort in these areas.

The Committee, therefore, rejects the Administration position on S. 1745, which states, "The authority proposed by S. 1745 for support of research in SIDS duplicates the broad and flexible authorities that are already available under the PHS Act. Under existing authority the NICHD and other DHEW programs are aggressively moving toward the goal of understanding the causes of SIDS and dealing with the problems it presents. As outlined above, we have identified the critical factors hindering our understanding of the problem and have made much progress in removing these obstacles. Additional authorities, such as those proposed in S. 1745 would provide no advantages to the effective activities already under way within the Department. Accordingly, we recommend against enactment of S. 1745."

VI. TABULATION OF VOTES CAST IN COMMITTEE

Pursuant to section 133(b) of the Legislative Reorganization Act of 1949, as amended, the following is a tabulation of votes in Committee:

There were no rollcall votes cast in the Committee. The motion to favorably report the bill to the Senate carried unanimously by voice vote.

VII. COST ESTIMATES PURSUANT TO SECTION 252 OF THE LEGISLATIVE REORGANIZATION ACT OF 1970

In accordance with Section 252(a) of the Legislative Reorganization Act of 1970 (Public Law 91–510, 91st Congress) the Committee estimates that the cost which would be incurred in carrying out this bill is as follows:

[In thousands]

	1974	1975	1976	Total
Biomedical research	7,000	8,000	9,000	24,000
Counseling, education, and statistical programs	3,000	4,000	5,000	12,000
Total	10,000	12,000	14,000	36,000

VIII. SECTION-BY-SECTION ANALYSIS

Section 1—Short title

Designates the title of this Act as the "Sudden Infant Death Syndrome Act of 1973."

Section 2—Statement of purpose

Cites the purpose of the Act as follows: (1) to provide financial assistance for research into the causes and prevention of sudden infant death syndrome, and (2) to provide information and counseling services to families and personnel involved with suddent infant death syndrome.

Section 3—Authorization of appropriations

This section describes technical amendments to Section 441 of the Public Health Service Act (42 U.S.C. 201) including the addition of the following subsection:

Section 441(b)(1). Designates the Secretary of the Department of Health, Education and Welfare through the National Institute of Child Health and Human Development to carry out research programs on sudden infant death syndrome.

(2) Authorizes appropriations under this subsection amounting to: $7 million for fiscal year 1974; $8 million for fiscal year 1975; and $9 million for fiscal year 1976.

Section 4—Amendment to Public Health Service Act

This section cites two amendments to title XI of the Public Health Service Act:

(1) amends title XI by adding the words, "and Perinatal Biology and Infant Mortality," to the title.

(2) amends title XI by adding at the end thereof the following new part:

PART C—SUDDEN INFANT DEATH SYNDROME

Sudden Infant Syndrome Counseling, Information, Educational, and Statistical Programs.

Section 1121. (a)(1) Authorizes the Secretary of the Department of Health, Education and Welfare to make grants to public and non-profit entities through the Assistant Secretary for Health and Scientific Affairs to establish regional centers for counseling, information, educational, and statistical programs on sudden infant death syndrome.

(2) Authorize the Secretary of the Department of Health, Education and Welfare through the Assistant Secretary for Health and Scientific Affairs to establish an information and educational program on sudden infant death syndrome including the development of public and professional educational materials relating to the syndrome and the dissemination of such materials to the involved persons. This program may be carried out through grants to public and nonprofit private entities or contracts with public and private entities and individuals.

(b) Authorizes appropriations under this section amounting to: $3 million for fiscal year 1974; $4 million for fiscal year 1975; and $5 million for fiscal year 1976.

Application; administration of grant and contract program

Section 1122. Requires applicants for grants under this title to:

(1) Insure that programs for which assistance is sought will be administered by or under the supervision of the applicant.

(2) Provide for appropriate community representation in the development and operation of programs under this title.

(3) Establish procedures to control and account for all Federal funds paid to applicants under this title.

(4) Provide for making such reports as the Secretary may reasonably require.

Reports

Section 1123. (a) Directs the Secretary of the Department of Health, Education and Welfare to submit comprehensive reports each year to the President for transmittal to the Congress on the administration of this title.

(b) Authorizes the Secretary to recommend additional legislation regarding this title as he deems necessary.

Section 5—Health Survey and Studies

This section amends Section 305(b) of the Public Health Service Act by the insertion at the end of that section the following phrase, "specifically including statistics relating to sudden infant death syndrome."

IX. CHANGES IN EXISTING LAW

In compliance with subsection 4 of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no changes is proposed is shown in roman):

PUBLIC HEALTH SERVICE ACT

* * * * *

THE NATIONAL HEALTH SURVEYS AND STUDIES

SEC. 305. (a) The Surgeon General is authorized, (1) to make, by sampling or other appropriate means, surveys and special studies of the population of the United States to determine the extent of illness and disability and related information such as: (A) the number, age, sex, ability to work or engage in other activities, and occupation or activities of persons afflicted with chronic or other disease or injury or handicapping condition; (B) the type of disease or injury or handicapping condition of each person so afflicted; (C) the length of time that each such person has been prevented from carrying on his occupation or activities; (D) the amounts and types of services received for or because of such conditions; (E) the economic and other impacts of such conditions;

(F) health care resources; (G) environmental and social health hazards; and (H) family formation, growth, and dissolution; and (2) in connection therewith, to develop and test new or improved methods for obtaining current data on illness and disability and related information. No information obtained in accordance with this paragraph may be used for any purpose other than the statistical purposes for which it was supplied except pursuant to regulations of the Secretary; nor may any such information be published if the particular establishment or person supplying it is identifiable except with the consent of such establishment or person.

(b) The Secretary is authorized, directly or by contract, to undertake research, development, demonstration, and evaluation, relating to the design and implementation of a cooperative system for producing comparable and uniform health information and statistics at the Federal, State, and local levels *specifically including statistics relating to sudden infant death syndrome.*

* * * * *

PART E—INSTITUTES OF CHILD HEALTH AND HUMAN DEVELOPMENT AND OF GENERAL MEDICAL SCIENCES

ESTABLISHMENT OF INSTITUTE OF CHILD HEALTH AND HUMAN DEVELOPMENT

SEC. 441. (*a*) The Surgeon General is authorized, with the approval of the Secretary, to establish in the Public Health Service an institute for the conduct and support of research and training relating to maternal health, child health, and human development, including research and training in the special health problems and requirements of mothers and children and in the basic sciences relating to the process of human growth and development, including prenatal development.

(b) (1) The Secretary, through the National Institute of Child Health and Human Development, shall carry out research programs specifically relating to sudden infant death syndrome.

(2) There are authorized to be appropriated to carry out the purposes of this subsection $7,000,000 for the fiscal year ending June 30, 1974, $8,000,000 for the fiscal year ending June 30, 1975, and $9,000,000 for the fiscal year ending June 30, 1976.

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TITLE -I—GENETIC BLOOD DISORDERS—*AND PRENATAL BIOLOGY AND INFANT MORTALITY*

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PART B—COOLEY'S ANEMIA PROGRAMS

COOLEY'S ANEMIA SCREENING, TREATMENT, AND COUNSELING, RESEARCH, AND INFORMATION AND EDUCATION PROGRAMS

SEC. 1111. (a) (1) The Secretary may make grants to public and nonprofit entities, and may enter into contracts with public and private entities, for projects for the establishment and operation, primarily through other existing health programs, of Cooley's anemia screening, treatment, and counseling programs.

(2) The Secretary may make grants to public and nonprofit private entities, and may enter into contracts with public and private entities and individuals, for projects for research in the diagnosis, treatment, and prevention of Cooley's anemia, including projects for the development of effective and inexpensive tests which will identify those who have the disease or carry the trait.

(3) The Secretary shall carry out a program to develop information and educational materials relating to Cooley's anemia and to disseminate such information and materials to persons providing health care and to the public generally. The Secretary may carry out such program through grants to public and nonprofit private entities or contracts with public and private entities and individuals.

(b) (1) For the purpose of making payments pursuant to grants and contracts under subsection (a) (1), there are authorized to be appropriated $1,000,000 for the fiscal year ending June 30, 1973, and for each of the next two fiscal years.

(2) For the purpose of making payments pursuant to grants and contracts under subsection (a) (2), there are authorized to be appropriated $1,700,000 for the fiscal year ending June 30, 1973, and for each of the next two fiscal years.

(3) For the purpose of carrying out subsection (a) (3), there are authorized to be appropriated $1,000,000 for the fiscal year ending June 30, 1973, and for each of the next two fiscal years.

VOLUNTARY PARTICIPATION

SEC. 1112. The participation by any individual in any program or portion thereof under this part shall be wholly voluntary and shall not be a prerequisite to eligibility for or receipt of any other service or assistance from, or to participation in, any other program.

APPLICATIONS; ADMINISTRATION OF GRANT AND CONTRACT PROGRAMS

SEC. 1113. (a) A grant under this part may be made upon application to the Secretary at such time, in such manner, containing and accompanied by such information, as the Secretary deems necessary. Each application shall—

(1) provide that the programs and activities for which assistance under this part is sought will be administered by or under the supervision of the applicant;

(2) provide for strict confidentiality of all test results, medical records, and other information regarding screening, counseling, or treatment of any person treated, except for (A) such information as the patient (or his guardian) consents to be released, or (B) statistical data compiled without reference to the identity of any such patient;

(3) provide for appropriate community representation in the development and operation of any program funded by a grant under this part;

(4) set forth such fiscal control and fund accounting procedures as may be necessary to assure proper disbursement of and accounting for Federal funds paid to the applicant under this part; and

(5) provide for making such reports in such form and containing such information as the Secretary may reasonably require.

(b) (1) In making any grant or contract under this title, the Secretary shall (A) take into account the number of persons to be served by the program supported by such grant or contract and the extent to which rapid and effective use will be made of funds under the grant or contract; and (B) give priority to programs operating in areas which the Secretary determines have the greatest number of persons in need of the services provided under such programs.

(2) The Secretary may make a grant under section 1111(a) (1) or a screening, treatment, and counseling program when he determines that the screening provided by such program will be done through an effective and inexpensive Cooley's anemia screening test.

PUBLIC HEALTH SERVICE FACILITIES

SEC. 1114. The Secretary shall establish a program within the Public Health Service to provide for voluntary Cooley's anemia screening, counseling, and treatment. Such program shall utilize effective and inexpensive Cooley's anemia screening tests, shall be made available through facilities of the Public Health Service to any person requesting screening, counseling, or treatment, and shall include appropriate publicity of the availability and voluntary nature of such programs.

REPORTS

SEC. 1115. (a) The Secretary shall prepare and submit to the President for transmittal to the Congress on or before April 1 of each year a comprehensive report on the administration of this part.

(b) The report required by this section shall contain such recommendations for additional legislation as the Secretary deems necessary.

Part C—Sudden Infant Death Syndrome

Sudden infant death syndrome counseling, information, educational, and statistical programs

Sec. 1121. (a) (1) The Secretary through the Assistant Secretary for Health and Scientific Affairs may make grants to public and nonprofit private entities, for the establishment of regional centers for sudden infant death syndrome counseling, information, educational, and statistical programs.

(2) The Secretary through the Assistant Secretary for Health and Scientific Affairs shall carry out a program to develop public information and professional educational materials relating to sudden infant death syndrome and to disseminate such information and materials to persons providing health care, public safety officials, and to the public generally. The Secretaary may carry out such program through grants to public and nonprofit private entities or contracts with public and private entities and individuals.

(b) For the purpose of making payments pursuant to grants and contracts under this section, there are authorized to be appropriated $3,000,000 for the fiscal year ending June 30, 1974, $4,000,000 for the fiscal year ending June 30, 1975, and $5,000,000 for the fiscal year ending June 30, 1976.

Application; Administration of grant and contract programs

Sec. 1122. A grant under this part may be made under application to the Secretary at such time, in such manner, containing and accompanied by such information, as the Secretary deems necessary. Each applicant shall—

(1) provide that the program and activities for which assistance under this part is sought, will be administered by or under supervision of the applicant;

(2) provide for appropriate community representation (with special consideration given to groups previously involved with sudden infant death syndrome) and the development and operation of any program funded by a grant under this part;

(3) set forth such fiscal controls and fund accounting procedures as may be necessary to assure proper disbursement of and accounting for Federal funds paid to the applicant under this part; and

(4) provide for making such reports in such form and containing such information as the Secretary may reasonably require.

Reports

Sec. 1123. (a) The Secretary shall prepare and submit to the President for transmittal to the Congress within one year after the date of enactment of this Act and annually thereafter a comprehensive report on the administration of this Act with regard to Sudden Infant Death Syndrome.

(b) The report required by this section shall contain such recommendations for additional legislation as the Secretary deems necessary.

X. APPENDIX I

[S.J. Res. 206, 92d Cong., 2d sess.]

Calendar No. 796

[Report No. 92–830]

Joint resolution relating to sudden infant death syndrome

Whereas sudden infant death syndrome kills more infants between the age of one month and one year than any other disease; and

Whereas the cause and prevention of sudden infant death syndrome are unknown; and

Whereas there is a lack of adequate knowledge about the disease and its effects among the public and professionals who come into contact with it: Therefore be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That it is the purpose of this joint resolution to assure that the maximum resources and effort be concentrated on medical research into sudden infant death syndrome and on the extension of services to families who lose children to the disease.

SEC. 2. The National Institute of Child Health and Human Development, of the Department of Health, Education, and Welfare, is hereby directed to designate the search for a cause and prevention of sudden infant death syndrome as one of the [top] *highest* priorities in intramural research efforts and in the awarding of research and research training grants and fellowships; and to encourage researchers to submit proposals for investigations of sudden infant death syndrome.

SEC. 3. The Secretary of Health, Education, and Welfare is directed to develop, publish, and distribute literature to be used in educating and counseling coroners, medical examiners, nurses, social workers, and similar personnel and parents, future parents, and families whose children die, to the nature of sudden infant death syndrome and to the needs of families affected by it.

SEC. 4. The Secretary of Health, Education, and Welfare is further directed to work toward the institution of statistical reporting procedures that will provide a reliable index to the incidence and distribution of sudden infant death syndrome cases throughout the Nation; to work toward the availability of autopsies of children who apparently die of sudden death syndrome and for prompt release of the results to their parents; and to add sudden infant death syndrome to the International Classification of Disease.

Mr. MONDALE. The bill approved by the Senate authorized the Secretary of HEW, through the Assistant Secretary for Health and Scientific Affairs, to establish regional centers for counseling, information, educational and statistical programs on SIDS. Authorizations for this program in the Senate bill were $3 million for fiscal 1974; $4 million for 1975; and $5 million for 1976. The House version authorized $2 million each for the 3 years.

The bill before us today provides authorizations of $2 million for 1974; $3 million for 1975 and $4 million for 1976. It also includes language from the House bill specifying more clearly the purposes for which grants and contracts awarded under the program can be used. These activities are "the collection, analysis and furnishing of information—derived from post mortem examinations and other means—relating to the causes of sudden infant death syndrome; and "the provision of information and counseling to families affected by sudden infant death syndrome."

Language concerning the creation of regional centers for these activities has been deleted to provide for maximum flexibility in grant programs. It is our intention not to preclude the creation of regional centers, but to make it possible for a variety of approaches to counseling, education, information and statistical activities to be tried. In many cases, commonsense might suggest that creation of a regional center would be the most economical and efficient way of dealing with these concerns; as well as for coordinating research efforts.

The other major section of this bill deals with research. The Senate bill provided for a SIDS research program to be carried out through the National Institute of Child Health and Human Development. Authorizations were $7 million for fiscal 1974; $8 million for 1975; and $9 million for 1976. The bill passed by the House contained no research authorization.

We have adopted the following compromise language:

> The Secretary, through the National Institute of Child Health and Human Development, shall carry out research programs specifically relating to sudden infant death syndrome.

In addition, the bill before us requires a detailed annual report to Congress on the extent of the research conducted each year and on the number and amount of research and grant contract applications which have not been funded. In the Senate Labor and Public Welfare Committee, we have had a continuing debate with NICHD about what constitutes research on SIDS. Our contention is that the scope and seriousness of this disease require a focused, concentrated research effort. However, close examination of past research efforts showed us that most funds attributed to "SIDS" research were not specifically targeted on that disease, but on broader categories. For example, in fiscal 1973, NICHD reported an expenditure of $4.1 million on SIDS research but only $603,575 of that could be characterized as "primary" SIDS research.

The purpose of the research section of this bill is to encourage NICHD to significantly expand and focus its research program.

In closing, I would like to express my deep gratitude to Senator KENNEDY, chairman of the Health Subcommittee; and to Representative PAUL ROGERS, chairman of the House Subcommittee on Public Health and Environment, for their invaluable assistance in moving this legislation through the Congress.

I request unanimous consent that a copy of S. 1745, as passed by the Senate, be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1745

A Bill to provide financial assistance for research activities for the study of sudden infant death syndrome, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Sudden Infant Death Syndrome Act of 1973".

STATEMENT OF PURPOSE

SEC. 2. It is the purpose of this Act to provide financial assistance to identify the causes and preventive measures needed to eliminate sudden infant death syndrome, to provide information and counseling services to families affected by sudden infant death syndrome and to personnel engaged in research for the prevention of sudden infant deaths.

AUTHORIZATION OF APPROPRIATIONS

SEC. 3. Section 441 of the Public Health Service Act (42 U.S.C. 201) is amended by inserting the subsection designation "(a)" immediately before the first sentence and by adding at the end thereof the following new subsection:

"(b)(1) The Secretary, through the National Institute of Child Health and Human Development, shall carry out research programs specifically relating to sudden infant death syndrome.

"(2) There are authorized to be appropriated to carry out the purposes of this subsection $7,000,000 for the fiscal year ending June 30, 1974, $8,000,000 for the fiscal year ending June 30, 1975, and $9,000,000 for the fiscal year ending June 30, 1976.".

AMENDMENT TO TITLE XI OF THE PUBLIC HEALTH SERVICE ACT

SEC. 4. (a) The title of title XI is amended by adding thereto the words "AND PERINATAL BIOLOGY AND INFANT MORTALITY".

(b) Title XI of the Public Health Service Act is amended by adding at the end thereof the following new part:

"PART C—SUDDEN INFANT DEATH SYNDROME

"SUDDEN INFANT DEATH SYNDROME COUNSELING, INFORMATION, EDUCATIONAL, AND STATISTICAL PROGRAMS

"SEC. 1121. (a)(1) The Secretary through the Assistant Secretary for Health and Scientific Affairs may make grants to public and nonprofit private entities, for the establishment of regional centers for sudden infant death syndrome counseling, information, educational, and statistical programs.

"(2) The Secretary through the Assistant Secretary for Health and Scientific Affairs shall carry out a program to develop public information and professional educational materials relating to sudden infant death syndrome and to disseminate such information and materials to persons providing health care, public safety officials, and to the public generally. The Secretary may carry out such program through grants to public and nonprofit private entities or contracts with public and private entities and individuals.

"(b) For the purpose of making payments pursuant to grants and contracts under this section, there are authorized to be appropriated $3,000,000 for the fiscal year ending June 30, 1974, $4,000,000 for the fiscal year ending June 30, 1975, and $5,000,000 for the fiscal year ending June 30, 1976.

"APPLICATION; ADMINISTRATION OF GRANT AND CONTRACT PROGRAMS

"SEC. 1122. A grant under this part may be made under application to the Secretary at such time, in such manner, containing and accompanied by such information, as the Secretary deems necessary. Each applicant shall—

"(1) provide that the program and activities for which assistance under this part is sought will be administered by or under supervision of the applicant;

"(2) provide for appropriate community representation (with special consideration given to groups previously involved with sudden infant death syndrome) and the development and operation of any program funded by a grant under this part;

"(3) set forth such fiscal controls and fund accounting procedures as may be necessary to assure proper disbursement of and accounting for Federal funds paid to the applicant under this part; and

"(4) provide for making such reports in such form and containing such information as the Secretary may reasonably require.

"REPORTS

"SEC. 1123. (a) The Secretary shall prepare and submit to the President for transmittal to the Congress within one year after the date of enactment of this Act and annually thereafter a comprehensive report on the administration of this Act with regard to sudden infant death syndrome.

"(b) The report required by this section shall contain such recommendations for additional legislation as the Secretary deems necessary.".

HEALTH SURVEY AND STUDIES

SEC. 5. Section 305(b) of the Public Health Service Act is amended by inserting immediately before the period at the end thereof the following: "specifically including statistics relating to sudden infant death syndrome".

Mr. JAVITS. Mr. President, I urge my colleagues to support the proposed substitute for the House amendment to S. 1745—Sudden Infant Death Syndrome Act of 1974—which I believe that the House will accept.

This measure will allow us to begin to establish an appropriate national commitment to adequately fund appropriate biomedical research and develop appropriate information and counseling services to respond humanely to families who lose children to SIDS.

The scope of the problem of "crib death," as the sudden infant death syndrome is often called, is the unexpected demise of an infant not known to have had a serious disease and whose death remains unexplained after complete autopsy. Based upon findings from several epidemiologic studies, both in the United States and abroad, it appears that the mortality rate from SIDS is about 3 per 1,000 live births. In this country, we estimate that some 7,000 to 10,000 infants die each year as a result of this syndrome, which is the leading cause of death in infancy—up to 1 year—after the first month of life. In the majority of cases, the baby is apparently in good health and feeds without difficulty. While there may be evidence of a slight cold or stuffy nose, there is usually no history of a serious upper respiratory infection. Often, the infant is placed in his or her crib for a nap or for the night, and several hours later is found dead.

This bill authorizes a total of $9 million over 3 years to establish the necessary public and professional informational and educational programs and requires the Secretary to report to Congress on the research being carried out and the need for additional research funding as it relates specifically to sudden infant death syndrome.

I urge my colleagues to support this bill so that we may move aggressively toward the goal of understanding the causes of SIDS and dealing with the resulting problems of this tragic disease.

The PRESIDING OFFICER. The question is on the motion of the Senator from Massachusetts (Mr. KENNEDY) to concur in the House amendment with an amendment in the nature of a substitute.

The motion was agreed to.

ENERGY EMERGENCY ACT—VETO

The Senate continued with the reconsideration of the bill (S. 2589), the Energy Emergency Act.

Mr. JACKSON. Mr. President, I wonder if the time could be equally divided.

The PRESIDING OFFICER. Is there objection?

Mr. FANNIN. I have no objection.

The PRESIDING OFFICER. Without objection, the time will be equally divided.

Mr. JACKSON. Mr. President, I will proceed now with an opening statement and then yield to my colleague, if that is all right.

The PRESIDING OFFICER. The Senator may proceed.

Mr. JACKSON. Mr. President, the President's veto of the Energy Emergency Act is a flagrant show of contempt for the impact of fuel shortages and soaring fuel prices on the American people.

The President's veto message contains nothing new.

He defends and advocates higher oil prices.

He opposes unemployment compensation for the thousands of Americans who have lost their jobs.

He opposes low-interest loans to homeowners and to small businesses.

He ignores the fact that the energy emergency bill contains every reasonable authority to deal with the shortage that the administration has requested, and much essential authority which was not requested.

Over a period of 4 months, the Congress has worked diligently to provide the executive branch with adequate authority to manage energy shortages and control soaring fuel prices.

Congress has acted on its own initiative from the outset. While the executive branch agreed in principle with the need for such action, it has never submitted specific legislation and provided little, if any, serious assistance to the Congress in developing an effective Energy Emergency Act.

Earlier this year, the Energy Emergency Act passed both the House and Senate by overwhelming majorities. As it was sent to the President, the act gave him essential authority to promulgate energy conservation plans, institute rationing if necessary, convert powerplants to coal and thereby conserve petroleum supplies, and provide additional unemployment assistance benefits to those unemployed because of the energy shortage.

But what the administration could not stand, above all, in the Emergency Act, was the congressional determination that crude oil and petroleum prices be held at reasonable levels.

The President asserts that the price rollback in the Energy Emergency Act would "result in reduced energy supplies," that "the oil industry would be unable to sustain its present production."

That assertion is preposterous. In February 1973, the domestic oil industry was producing 9.4 million barrels of crude oil per day at an average price of $3.40. In February 1974, it produced 9.2 million barrels a day at an average price of $6.95. So it is obvious that production was 200,000 barrels a day less than a year ago.

Mr. President, crude oil prices have doubled, and crude oil production has not increased one whit. It is down.

Let us look at the largest exempt category of crude oil. In February 1973, production from stripper wells in the United States was 1.17 million barrels per day, at an average price of $3.40. In February 1974, stripper well production was 1.15 million barrels, at an average price of $10.35. Prices have nearly tripled, and production is no higher than it was 1 year ago.

Mr. President, the price rollback provision of the Energy Emergency Act is very moderate. Many Members feel that even $5.25 per barrel is not justified—either by increased costs or by the need for incentives. But the Congress has been exceedingly cautious in this legislation, lest there by any chance that a price rollback might reduce future production. We have provided a general price ceiling 54 percent higher than the average price of 1 year ago, and have permitted the administration to increase this ceiling for reasonable categories of production—like stripper wells—to an average of $7.09—more than twice the price of 1 year ago.

Mr. President, the failure to override this veto will cost the American consumer—and I think of all those propane users in particular—$20 million per day, $600 million per month, and $7.3 billion this year. These excess prices are not an incentive to increase exploration and development, which are today at the highest levels we can reasonably expect, given the acreage under lease, the supply of drilling rigs, materials, and skilled personnel. These excess prices are pure windfalls; they are both a stimulus to cost inflation and a drag on the economy. With inflation raging at record rates and the Nation on the brink of a recession, this veto is the height of economic irresponsibility.

Mr. President, I reserve the remainder of my time.

Mr. FANNIN. Mr. President, we have reached the final round on the Energy Emergency Act after struggling with this bill for more than 4 months.

Many of us have spoken at length on the infirmities of this legislation, particularly the price rollback provision. It is regrettable that the chairman of the Interior Committee insisted that this section remain in the bill.

Basic economics dictates that the supply of energy is significantly elastic to price. Higher prices stimulate greater production efforts, and consequently increased supply. FPC regulation of natural gas prices—which resulted in artificially inflated demand and depressed the supply of natural gas—is a good example of what can be expected from Government control of petroleum prices. In light of current shortages, how can Senators responsibly support a measure which will almost certainly inhibit development of energy supply?

By the same token, how can Senators support a measure which undoubtedly will result in higher prices to the consumer over the long run? Let me assure you that every barrel of domestic oil that the industry cannot afford to produce at $5.25 or even $7.09 or $9 or $10 a barrel will be imported—and we are all too familiar with the stratospheric prices of foreign oil today. Consumers will end up paying more, not less, for fuel. Our balance of payments will deteriorate rapidly.

If we reject this bill and let our domestic oil industry work, it will be in the interest of the consumer and our international economic position. It will mean more jobs and more tax revenue.

To avoid short-term windfalls, it would be wise to adopt proposals of the type recently proposed by the administration. This should include a provision for crediting against the tax the reinvestment of additional revenues in domestic energy producing projects. A measure such as that would not only avoid excess profits, but also encourage development of increased supplies.

On the other hand, rolling back prices as provided for in the Energy Emergency Act will lead to longer lines at the gasoline pumps. Consumer prices will rise as the higher cost of importing petroleum to replace the domestic production lost due to reduced prices is passed through to the consumer. It is the independent producer, rather than the major oil companies, who will suffer because marginal wells are the ones most vulnerable to the effects of lower prices. Our economy will experience an unnecessary drain of billions of dollars annually for foreign oil. How can Senators responsibly support a measure which will produce such potentially disastrous results?

Mr. President, when we took that rollback proposal up at the beginning of this session there were hearings which were called hastily and which were held in an atmosphere of near hysteria. When this bill came to the floor, the Senate did not have the facts necessary to deal with this provision. During debate on the bill, the distinguished chairman of the Senate Committee on Interior and Insular Affairs made a great number of claims as to what the rollback provision would do. It is my belief that the chairman's arguments were not and are not based on facts. I think he was receiving information that was not factual. I would like to go over some of the points of the previous debate, recalling what Senator JACKSON said.

Senator JACKSON said:

> The unregulated and artificially high price of domestic crude oil is counter-productive. It is retarding exploration for and development of new oil discoveries. Instead of encouraging the development of new wildcat acreage, the present price structure does the opposite. It encourages the drilling of new wells on old reservoirs that are already in production.

That is absolutely wrong.

The facts are that higher prices are stimulating production. New oil is either production from wells drilled since 1972, or incremental production—over and above—the level of product in the comparable month of 1972—the base year. If a new well were drilled next to an old well, production from the old well would decline and offset the credit for the new production, unless the total amount produced from the lease increased over the level of 1972. Only the cumulative increase counts as "new" oil, and that is the whole idea—to increase total U.S. crude oil production. To qualify as a totally "new" well, it must be in another lease, not just next to an old well.

Senator JACKSON said that—

> Respected oil analysts . . . say that these (current) price levels will not buy increased supply.

The facts are that, due to existing prices, the U.S. petroleum industry plans to invest over $19½ billion in 1974—$19,531,000,000—of which $12,134,000,000 is for exploration and production of petroleum. Funds budgeted for drilling and exploration—$7,669,000,000—represent a 16-percent increase over 1973. These investments would not be made unless the industry expected to be able to increase supply. A price rollback would result in investment cutbacks and thereby decreases in production.

Senator JACKSON said that—

> Doubling of prices has failed to elicit any new supply.

The facts are that Senator JACKSON went on to admit that a small increase—34,000 barrels per day—had taken place. What he failed to admit is that for several years the trend of crude oil production has been downward. What these higher prices have done is to stem that downtrend and turn the corner toward increased production.

That is what we are talking about. That is what we want.

In addition, the $1 extra incentive was only granted in December 1973, and has had little time to have an impact yet. There is some timelag between increased recovery efforts and the oil reaching markets. It is also true that congressional threats of a price rollback have served to scare off investors and make expensive well workovers more risky. The investment climate is very uncertain, and few operators or drillers are willing to gamble that oil which is economically producible at $8 per barrel, might end up in the "red" because of a price cut.

Senator JACKSON said:

> . . . these artificial cartel price levels serve no economic purpose. They are, in fact, counter-productive. They reduce longer term supply. They compel cynical and foolish distortions in the allocation of capital, machinery, and labor.

The facts are that Senator JACKSON in his own hearings in January admitted that he could find no evidence of collusion or price fixing. There are over 6,000 independent crude oil producers in 39 States. The 16 largest U.S. producers accounted only for two-thirds of 1972 production, considerably less concentrated than autos, or steel, for example. As for allocations of capital, material, and labor, it is these things which are needed to increase domestic production. If producers get higher prices, they can bid labor, materials, and capital away from other sectors of the economy, to ease the shortages of these things which Senator JACKSON charged earlier were the cause of the shortage. In fact, it is just this "economic purpose" which higher prices serve.

I am not talking about the higher prices of the end product at the service stations. In fact, we are talking about lower prices there.

Senator JACKSON said:

> This administration is still committed to the nineteenth century notion that the way to deal with the energy shortage is to limit demand by raising consumer prices.

The facts are that this country's economic strength is based upon a recognition that the profit motive is what makes the marketplace work. Higher crude prices stimulate greater production as well as tend to curb demand. Lower prices or rationing will not stimulate supply, and will encourage waste of energy. In addition, gasoline is only a portion of the cost of operating an automobile. For example, a car which gets 15 miles per gallon, and uses gasoline which costs 50 cents a gallon, has a cost per mile of gasoline of 3.33 cents per mile. Many studies done by the Department of Transportation suggest that the total cost of operating a car are in the range of 10 cents per mile to 15 cents per mile, including gasoline. Thus a 1-cent-per-gallon change in price of gasoline has almost no effect on the total cost per mile of operating a motor vehicle.

Senator JACKSON said:

> The real constraint on supply today is not price. . . . The constraints today are shortages: . . . manpower, tubular goods, drilling rigs. . . .

The facts are that higher selling prices for crude enable oil producers to "bid" steel, manpower, and other materials away from other sectors of the economy. This price mechanism is the most efficient allocator of resources of any kind.

On February 26, 1974 the Cost of Living Council removed oil field machinery from price controls, which should permit higher prices for such equipment. The result is that manufacturers of such equipment can now make a profit on the manufacture of that equipment, which should help ease the material shortages Senator JACKSON alluded to.

On the need to tighten price loopholes, Senator JACKSON said:

> . . . Loopholes enable the unscrupulous to take advantage to double the value of their "old" oil—their presently producing fields—by simply drilling and pumping the oil through new wells.

The facts are that this is not true. "New" production must be from a new or different lease, not only from a new well, unless the total production from the lease is greater than the rate of production in 1972, month for month. Only the excess of current production over the base period is "new" oil, from any given lease. Furthermore, excess or incremental production credits not used in any given lease may not be credited to another lease. The incentive to produce new crude is not a loophole. Before any benefit can be derived, new oil must in fact be produced.

Senator JACKSON said:

> Pursuit of this loophole enriches owners of producing fields. It does not produce more oil.

The facts are that if no more oil is produced that during the base year, it is still price-controlled at a ceiling of $1.35 above the posted price on May 15, 1973, so no "enrichment" can occur. The production of additional oil proves the allegation to be false.

Senator JACKSON said that the administration has exempted—

> . . . Three major categories of crude from price controls.

The facts are that at least 70 percent of domestic crude is still under price controls. Stripper wells account for about 12 percent of domestic crude and were exempted by an act of Congress. New and released crude account for about 7 percent each, so that the total for that which is not under price controls is about 26 percent.

Concerning the cost to consumers, Senator JACKSON said that—

> An increase of 34,000 barrels per day . . . is what the American consumer is getting in the way of new supply at a cost of $20 million a day.

The facts are that about 30 percent of total production is free of price controls. If it all were selling at $10.35 per barrel, which it is not, and were rolled back to $5.25 per barrel, or cut $5.10, the so-called saving would be $16.6 million. This might reduce pump prices by 1 cent per gallon, but would have considerable negative impact on future supply expectations. The American consumer already spends over $140 million every day on gasoline alone, of which State and Federal taxes amount to over $33 million per day.

Regarding stripper well production, Senator RANDOLPH said:

> . . . In the State of West Virginia, when we talk about the maximum for stripper production it would come to approximately $8 a barrel rather than $7.09 that is frequently referred to (by Senator Jackson) . . . There is flexibility in this provision, section 110, to deal with the special situation regarding stripper wells and secondary and tertiary recovery . . .

Senator JACKSON said:

> The Senator (Mr. Randolph) is correct.

The facts are that the price of stripper well crude under S. 2589 would be limited to $5.25 per barrel unless raised to $7.09, except for Pennsylvania grade crude such as is produced in West Virginia. Thus, the "flexibility" referred to by Senator RANDOLPH and agreed to by Senator JACKSON is limited to Pennsylvania grade crude production. In November of 1973 Pennsylvania grade production was only 36,200 barrels a day, as contrasted to the total of 9,144,000 barrels a day produced within the United States. The crude to which the "flexibility" in price was referred to by Senator RANDOLPH applies to only .04 percent of total national production. Thus, for all practical purposes the price ceiling on U.S. crude production established by S. 2589 would be $5.25 per barrel with a possible upward adjustment to $7.09—not $8 per barrel as otherwise alleged.

Concerning propane, Senator JACKSON said:

> I had the words "including propane" added to the provision so as to remove any question about having it covered. Specifically, we estimate a rollback of about 50 percent in the price of propane if this conference report is adopted. Where the average national price is now about 42 cents, it would go back to about 22 cents.

The facts are that Secretary William Simon stated that:

> Section 110 of the Conference Report . . . which calls for a rollback of crude prices to $5.25 per barrel with a ceiling of $7.09 per barrel would have little impact if any in further reducing the price of propane. We feel the action we have already taken should be sufficient to protect American consumers who are dependent upon propane.

The House has now acted on propane prices, but I did want the Senate to realize that only about one-third or less of the total amount of propane comes from crude oil.

What Senator JACKSON failed to state is that 68 percent of the propane produced in the United States comes from natural gas wells, all of which are not covered by S. 2589. The act accordingly applies to only 32 percent of U.S. propane supplies. Most of this 32 percent is used as refinery fuel and therefore never reaches the consumer. Thus, if crude prices were set at $7.09 per barrel the decrease in propane prices would be only a fraction of a cent, not 20 cents.

Mr. President, I cannot believe that if the Senate knew and understood all the facts last February 19 this body would have voted for the rollback in the first place. Now we have a chance to undo this damaging legislation.

The price rollback is not the only provision of this bill which would exacerbate the fuel shortage rather than relieve it. Mr. Simon—who would administer this legislation should it be enacted—has termed "unworkable" both the employment assistance provision and the section creating a Federal Energy Administration. The provision for low-interest loans to small businesses and homeowners has been predicted to cost the Government up to $75 billion while yielding proportionally small energy savings.

As Mr. Simon pointed out before the Senate approved the conference report on February 19th, this legislation contains very few needed authorities. It imposes costly requirements that hinder rather than help Government efforts to deal effectively with the energy shortages. Every important provision is addressed in separate and more reasonable legislation already in the congressional process.

Mr. Simon has made it clear that in order to deal successfully with the shortages we face today, he must have greater flexibility than is provided in this legislation. The provisions of this bill—particularly the price rollback—are dangerous enough to necessitate a Presidential veto. Senators voting to override that veto will help to guarantee for their constituents and for all other Americans, continued shortages, higher prices, and unemployment. I urge my colleagues to consider carefully the long range implications of their vote on this legislation.

Mr. President, there are other problems in the bill that I will not cover at this time. I reserve the remainder of my time.

The PRESIDING OFFICER (Mr. HELMS). Who yields time?

Mr. JACKSON. Mr. President, I yield such time as he may desire to the distinguished Senator from Colorado (Mr. HASKELL).

Mr. HASKELL. Mr. President, I thank the distinguished Senator from Washington for yielding to me.

Mr. President, on November 8, 1973, the President of the United States addressed the Nation on the effect of the energy crisis. At that time he announced that he would request the Congress to act to give him the necessary emergency authority so that the effects of the crisis could be softened wherever possible.

Due to the foresightedness of the chairman of the Interior Committee (Mr. JACKSON), legislation which would give the President the authority he requested had been introduced 3 weeks before—October 18, 1973.

The Congress has been struggling with the energy emergency situation for some 4 months now trying to work out an equitable solution which would meet the needs of the country in these difficult times.

As my colleagues know, we finally worked out a compromise which was satisfactory to more than two-thirds of the Members of Congress and sent it to the President for his approval.

He has now sent that bill back to us saying—

> . . . the Congress has succeeded only in producing legislation which solves none of the problems, threatens to undo the progress we have already made, and creates a host of new problems.

He went on further to accuse—

> Unfortunately, there are some who have chosen to capitalize on the Nation's energy problems in an effort to obtain purely political benefits. Regrettably, the few who are so motivated have managed to produce the delays, confusion, and finally the tangled and ineffective result which is before me today.

Mr. President I resent both of those statements. As a member of the Committee on Interior and Insular Affairs I personally have labored hard and long over this piece of legislation. My colleagues who were conferees have spent countless hours and often worked far into the night to try to work out an equitable compromise we could all live with. Now the President of the United States is calling this compromise politically motivated to obtain purely political benefits. That statement could not be further from the truth.

Let us examine his first accusation—that this legislation solves none of the problems and, in fact, creates new ones.

A simple look at the table of contents of the bill disproves that statement. Title I provides authority to establish the Federal Energy Emergency Administration; to implement rationing of gasoline if necessary; to establish new energy conservation measures; to provide for conversion to coal facilities where necessary; to allocate scarce materials—just to name a few. Title II sets up the necessary machinery to suspend certain provisions of the Clear Air Act if necessary to meet the needs of the Nation in the crisis situation. Title III requires the various Federal agencies and departments affected by the legislation to report back to us on problems they have with the actions required by the legislation.

I cannot see how one can possibly justify that this legislation "solves none of the problems" facing the Nation in this period of energy shortages.

The second accusation made against the bill is that our motivation for passing it has been "purely political" and that those who are so motivated "have managed to produce the delays, confusion, and finally the tangled and ineffective result which is before me—the President—today."

Once again the case as stated is inaccurate. The administration has to be the single most important factor in contributing to the delay of enacting the legislation. Had the administration spokesmen been more willing to work with us in a spirit of compromise, had they been able to agree among themselves about the key provisions of the legislation, and had they not urged their friends on the Hill to work to kill the bill we would have been able to act months ago.

Lest I be accused of being inaccurate in my assertion let me cite one example of the inability of the administration spokesmen to agree or to have a solution.

The Senate Interior Committee members joined with the conferees on the Energy Emergency Act in holding hearings on price rollback legislation.

Two representatives from the Federal Energy Office appeared before us. The Assistant Secretary of Treasury for Economy Policy, Mr. Fiedler, appeared, along with Mr. Gerald Parsky, Executive Assistant to the Administrator of the Federal Energy Office.

I asked Mr. Fiedler:

> How far would you roll back the present price that I gather today is $10.25 on new oil?

He replied:

> My concern is primarily with the price of all oil because this is a function of conservation that depends on the price consumers are paying and they are paying a price of imported and domestic, not only new, but the old as well and stripper.
>
> I don't have a specific number in mind, but I think that the $5.25 price that Senator Jackson mentioned earlier, rolling all oil prices back to that level, would be disastrous.

I then asked Mr. Fiedler:

> Sen. HASKELL. To what level?

Mr. Fiedler replied:

> To the $5.25 Senator Jackson mentioned earlier.

I then asked Mr. Fiedler:

> Do you have any opinion at all as to where it should be rolled back to?

Mr. Fiedler replied:

> Not any specific number.

I interpret that as an indication that Mr. Fiedler—one of those responsible for determining the Administration's policy with respect to oil prices—has no opinion whatsoever as to what those oil prices should be.

Let me contrast his statement of no opinion with the statement made by Mr. Parsky:

> Mr. PARSKY. "We would agree that the average price of $9.50 or so is too much too fast, no question about that. We are now in the process of studying the pricing situation and trying to carefully assess the economics of secondary and tertiary recovery as well as the economics of operating stripper wells in order to come up with an accurate level that can continue to increase supply."

Later on in the same hearing he stated:

> The intention at this point would be, or at least all indication that we have are the $5.25 on old oil is sufficient.

I cannot stress too strongly that the Administration's designated spokesmen, in an appearance before the Interior and Insular Affairs Committee, testified that a price of $5.25 on old oil—the price contained in the Conference Report—is sufficient.

Now the bill has been sent back to us with a complaint that—

> The price roll back provision . . . would set domestic crude oil prices at such low levels that the oil industry would be unable to sustain its present production of petroleum products, including gasoline.

Section 110 of the conference report version of the legislation provides for an average ceiling price of $5.25 per barrel on crude oil supplies. The President is empowered to recommend to the Congress that where necessary crude oil prices be raised to an average price of $7.09 per barrel.

It is clearly the intent of the Congress that there would be a two-tiered pricing system. I discussed this very matter with the distinguished chairman of the Interior Committee during debate on adoption of the conference report. I believe in the necessity of encouraging new oil supplies. I would support a two-tier pricing system if recommended by the President. But the ceiling price of $7.09 per barrel is sufficient to insure those new supplies. A study by the National Petroleum Council on oil and gas availability, prepared in December 1973, indicated that for maximum attainable self-sufficiency by 1980 the average revenue per barrel of crude would have to be $3.65 per barrel assuming a 15-percent rate of return or $4.32 per barrel assuming a 20-percent rate of return in 1975. Those prices increase to $6.69 per barrel and $7.87 per barrel respectively by 1985.

As the Petroleum Independent put it in November 1973:

> There's no doubt that prospects are for increased drilling. Everybody I know is planning on it. With new oil prices from $5.30 to $6.00 per barrel, there's incentive now to go looking for oil.

Either the President of the United States has been misinformed about the true situation with respect to oil prices, or he is deliberately misleading the American people.

It is simply impossible to substantiate his statement that:

> The Energy Emergency Act would set domestic crude oil prices at such low levels that the oil industry would be unable to sustain its present production of petroleum products.

Once again I intend to vote in favor of S. 2589, the Energy Emergency Act. It is sound legislation. It is necessary legislation. We simply cannot afford to bow to those who want to let oil prices skyrocket for the benefit of the oil industry and to the lasting detriment of the American consumer.

I thank the Senator from Washington.

Mr. JACKSON. Mr. President, I commend the distinguished Senator from Colorado for an excellent statement. I think he has analyzed the problem from every angle, especially as it pertains to the economics of the industry.

I would point out to Senators that he has been conducting an in-depth study of the industry, both from the standpoint of its structural implications and the standpoint of its impact on the marketplace and on our economy as a whole. I commend him for the ongoing effort he is making. His statement here today obviously reflects that in-depth study, which he has had underway now for several months.

Mr. HASKELL. I thank the distinguished Senator.

Mr. McCLURE. Mr. President, will the Senator from Colorado yield for a question?

Mr. HASKELL. The Senator from Washington has the floor.

Mr. JACKSON. I yield 1 minute.

Mr. McCLURE. I wanted to make sure I understood one of the statements made by the Senator from Colorado. I understood him to say that under the conference report, if the President felt there was a price increase justified, that would be reported to Congress; is that correct? Is that what the Senator said?

Mr. HASKELL. I do not know what I said, but I will answer the Senator's question. My understanding is that under the conference report, the price was set at $5.25, but under special categories of oil, at the recommendation of the President, it can go up to an average of as high as but no higher than $7.09. It was the intent of Congress, as developed on the floor when the conference report was before us, that for certain categories of stripper wells the price would go higher, and for certain categories of new oil it would go higher.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. JACKSON. I yield 1 additional minute. Let me supplement that comment by referring to page 11 of the conference report, under section 110:

> (B) Every price proposed to be specified pursuant to this subsection which specifies a different price or manner for determining the price for domestic crude oil provided for in paragraph (3) of this subsection, and every price specified for (or every prescribed manner for determining the ceiling price of) residual fuel oil and refined petroleum products, shall be transmitted to the Congress and shall be accompanied by a detailed analysis

Setting forth the various required findings that appear on page 12.

Mr. McCLURE. Will the Senator yield for a comment, on that point only?

Mr. JACKSON. I yield 1 minute.

Mr. McCLURE. I do not want any misapprehension as to the procedures required under the conference report in regard to pricing changes.

I had understood the Senator from Colorado to say that it had to be sent to Congress, and the Senator from Washington (Mr. JACKSON) indicated that that was true. But is it not a fact that it is subject to the Administrative Procedure Act with respect to heating pricing changes and not subject to congressional action?

Mr. JACKSON. The President has to make findings pursuant to the Administrative Procedure Act.

Mr. McCLURE. That is correct.

Mr. JACKSON. And he must submit them to Congress, as set forth in the conference report, section 110(b); and they must be supported by a preponderance of the evidence.

Mr. McCLURE. By substantial evidence.

Mr. JACKSON. A preponderance of the evidence.

Mr. McCLURE. That is correct. A court proceeding is necessary to change the price in accordance with the course of events.

Mr. JACKSON. A court challenge is possible, yes, if the findings have no basis in fact or are arbitrary and capricious.

Mr. President, I yield 5 minutes to the distinguished Senator from Alaska.

Mr. GRAVEL. I wonder if the Senator from Washington would be willing to answer some questions for me, since he has been generous in responding to the questions of others.

I did not quite get the figures for 1973.

Mr. JACKSON. It is $3.40, and it rose in 1973.

Mr. GRAVEL. It is $3.40, and it rose to——

Mr. JACKSON. To $6.94, the national average.

Mr. GRAVEL. That means that anybody who had a pool of oil that had a substantial accretion of value, without any additional cost—and that is included in the reasoning for the rollback——

Mr. JACKSON. That is correct.

Mr. GRAVEL. What would be the other part?

Mr. JACKSON. We have not reached the bottom price. The 29 percent of the domestic crude oil being produced today is no longer regulated, as I pointed out under the law, as we have interpreted it under the Mandatory Allocation Act. I think it is illegal. I think there is a requirement that the President put a ceiling on everything except stripper wells.

But the point is that the word we had from the administration was that by the end of this year the total amount decontrolled would run about 42 percent of domestic production. So the price has been and is going up every week.

Mr. GRAVEL. I do not choose to quarrel with the Senator on that matter. I would like to get to the fundamentals, because we can become lost in numbers.

When we get down to numbers, I think that what the Senator objects to is that if somebody owns a pool of oil, and then the Arabs increase their price of oil, which raises the umbrella anew, he enjoys that economic benefit.

Mr. JACKSON. The Senator seems to agree with my position.

Mr. GRAVEL. I just pointed out——

Mr. JACKSON. I want to understand what we are talking about. Under my rationale, it is very simple. Prices have gone way up, but production has not moved.

Mr. GRAVEL. Let us talk about values. Suppose I own a pool of oil. I have not done one thing to it. But because the Arabs have raised the price of oil, it is worth twice as much as it was before. The Senator now wants to——

Mr. JACKSON. I just want to object to a windfall profit.

Mr. GRAVEL. I am not quarreling about that. I want to be sure of what the Senator is talking about. If I have a million barrels of oil, and they are worth $5.50 a barrel, and the price goes to $6.50, the Senator is arguing that I should not enjoy the $6.50.

Mr. JACKSON. Obviously, the whole thrust of the price increase argument is to bring in the new production.

Mr. GRAVEL. That is another argument.

Mr. JACKSON. What argument is the Senator making?

Mr. GRAVEL. Suppose the Senator from Washington owns a duplex, and real estate values go up, but he has not done a thing to the duplex. Suppose he rents the duplex. Under the same philosophical approach, would he not be amenable to passing a law so that the increased value could be added to what an individual would have to pay?

Mr. JACKSON. Now look, let us not compare duplex apartments with the oil industry. The oil industry is a business affecting the public interest.

Mr. GRAVEL. My colleague says that land is the most vital part of the economic system. He implies that we can turn around and destroy the economic values in oil, but that it is different in regard to land.

Mr. JACKSON. We argued that the last time, with wheat and meat in February. My wife and I stopped eating meat, but can we stop using gas? We are talking about two totally different things.

Mr. GRAVEL. We can sooner live with less gasoline than we can with less meat, because we need a certain amount of meat in order just to be able to walk around. So what comes first is food. Now I want to get the record clear——

Mr. JACKSON. Is there a substitute for gasoline?

Mr. GRAVEL. I want to get the record clear that philosophically it is OK to roll back economic gains in the oil industry, but it is not OK to do it with land; is that correct?

Mr. JACKSON. The Senator knows it is absurd to try to compare two different situations. The point is that the oil industry is a business affecting the public interest. It goes to the very lifeblood of the economy of the country. The public has learned to get by without meat. We have had our meatless days, as the Senator knows. But can we, in this country, go for long without petroleum? To do so would bring the economy to a grinding halt. But we could go without meat, or change to eating fish or other proteins, but we cannot go from oil to something comparable to oil and still get the energy we need. It is that simple.

Mr. GRAVEL. The point I have made with the Senator from Washington is the crux of this entire matter; and that is, for some unknown reason we throw away the economics book with respect to oil. But when it comes to food and other areas we use a different standard.

I submit that if we really want to stop inflation—and I hope that is the motivation of my colleagues—the way to do it is not by government edict. If we could do it in oil, if we could pass a law to roll back prices on oil, then why not do it in other areas. Let us roll back this ungodly inflation that afflicts us all. Why not do it?

Mr. JACKSON. Did the Senator not vote for the Economic Stabilization Act?

Mr. GRAVEL. Yes; and I made a mistake. I hope that we have the opportunity to repeal that Act. You know something, Senator, I not only made that mistake, but I voted for your Allocations Act, and that was an even bigger mistake. [Laughter.] Because if there is anything that has fouled up this country since——

Mr. JACKSON. Well now, if the Senator will yield—

Mr. GRAVEL. Let me finish. We have a beautiful example here. We in the United States have the opportunity to let the market clear itself and, thereby, provide people with energy. But what did we do? We turned around and jumped into the marketplace and established these allocations.

In Germany, they did not do that, and today there are no lines in Germany waiting for gasoline. The price is up there, as it is here. So if that does not prove one thing about the idiocy of the Government's going into the marketplace and destroying the semblance of sanity we have left, I do not know what does.

So what have we done here in this country? We have put the lines in. It was the Government that created the lines waiting at the gas stations. We talk about the cost. What does it cost the average taxpayer to wait in line, spending an hour or 2 hours or 3 hours a week? Figure that out. Say they work for $5 or $10 an hour—compute that—that is about three times what his gasoline is costing him. So I think it would be cheaper to double the price of the gasoline. He would still be better off.

So we put him in the lines. The price of gasoline still goes up. But if we could pass a law to stop inflation, we would have done that a long time ago.

What the President is referring to—and I find myself very few times in agreement with President Nixon—unfortunately, his travail these days will prevent him from really stating the point strongly, but he stated it correctly when he said: "This will cause inflation."

I should therefore like to ask my colleague from Washington, why would he, or why would I, as an investor, turn around and invest any money to find oil in this country when we can find oil abroad and then sell it back to ourselves at twice the price? I ask my colleague, would he invest his money that way?

Mr. JACKSON. I have no interest in oil or indeed in any stocks. Let me point out to my good friend that when the country sees the first quarter earnings reports of the oil companies for 1974, they will get the shock of their lives. The profits in this industry are so scandalous that the word is around in Wall Street that the industry is looking for all sorts of diversification. The industry wants to buy up non-oil industries. They are going into real estate—anything to get depreciation, or writeoffs, or artificial losses, to shelter their huge earnings from oil.

Mr. GRAVEL. Well, I ask my colleague, why would they do that if oil is so good? They would keep their money there. But they are going into real estate because it is no good.

Mr. JACKSON. The Gulf Oil Co. wants to buy the Ringling Brothers Circus.

Mr. GRAVEL. Right, because it is no good in oil. They might as well run a circus, particularly when we are managing it. [Laughter.]

The PRESIDING OFFICER (Mr. Helms). The Senator from Washington (Mr. Jackson) has the floor.

EXEMPTION OF MAJOR CATEGORIES OF CRUDE OIL FROM PRICE CEILINGS UNDER THE ALLOCATION ACT IS CONTRARY TO LAW

Mr. JACKSON. Mr. President, on February 2, 1974, I wrote to Mr. Simon, the Administrator of the Federal Energy Office, concerning the President's authority to decontrol oil prices.

The purpose of that letter was to point out that section 4 of the Emergency Petroleum Allocation Act which was signed into law on November 27, 1973, requires that the President promulgate a regulation providing for the allocation of crude oil at equitable prices. In effect, the Allocation Act mandates that all crude oil be placed under some form of reasonable and equitable price ceilings.

I have yet to receive an answer to my letter. The administration has yet to cite any legal authority which authorizes the exemptions of new oil, released oil or State royalty oil from the price ceiling requirement of the Allocation Act. Yet, this is what the administration has done.

Instead, the President purports to justify his disregard of the pricing provisions of the Allocation Act by vetoing the Energy Emergency Act because it imposes reasonable price ceilings.

Mr. President, the administration's failure to impose price ceilings in accord with the Allocation Act is irresponsible. They have had 1 month in which to present any justification for this action. None has been presented.

Today's veto of the Emergency Act does not and cannot undo the price ceiling requirements of the Petroleum Allocation Act.

Mr. President, the administration's action in exempting major categories of crude oil from all price ceilings is, in my view, illegal. It violates the clear and plain meaning of the law.

It is apparent that if the law is to be enforced, Congress will have to take specific action to set and establish reasonable price ceilings.

This is what the Congress did in adopting section 110 of the Emergency Energy Act.

The issue now before the Senate is whether the Congress is going to roll over and play dead.

Are we going to permit actions which are in clear violation of the law to take place?

Are we going to allow the Arab cartel to set domestic oil prices?

Are we going to ignore the needs of the American consumer?

In short, is Congress going to exercise independent judgment in making national energy policy?

Mr. President, I ask unanimous consent that a letter and a statement discussing the President's authority to exempt categories of crude oil from price ceilings under the Allocation Act appear in the Record.

Mr. President, I further ask that the Record include the communication Senator Fannin sent the Members yesterday commenting upon my statements on the floor debate February 18 and 19, together with my point-by-point reply to his comments.

There being no objection, the material was ordered to be printed in the Record, as follows:

February 2, 1974.

Hon. William E. Simon,
Administrator, Federal Energy Office, Washington, D.C.

Dear Mr. Simon: At the conclusion of the testimony of Administration witnesses at the Committee's hearings on Friday, February 1, 1974, on S. 2885, a bill I introduced to roll back and establish price ceilings for crude oil and refined petroleum products, questions were raised concerning the Administrator's authority to exempt new oil, released oil, and State royalty oil from the regulations implementing the price ceiling provisions of the Emergency Petroleum Allocation Act.

Legal Counsel to the Committee has advised me that the Administration is in apparent violation of the pricing requirements of Section 4 of the Allocation Act. Section 4(a) of the Act provides that "the President *shall* promulgate a regulation providing for the mandatory allocation" of crude oil and petroleum products "in amounts . . . and at prices specified in (or determined in a manner prescribed by) such regulation" (emphasis added).

Section 4(b)(1)(F) provides that the regulation "*shall* provide for" . . . "equitable distribution of crude oil, residual fuel oil, and refined petroleum products at *equitable prices* among all regions and areas of the United States and sectors of the petroleum industry . . . " (emphasis added).

Section 4(e) provides one exception to this requirement that all oil prices be placed under price ceilings. Section 4(e)(2) provides that the regulation promulgated under Section 4(a) on allocations and on prices "shall not apply to the first sale of crude oil . . ." from stripper wells.

Section 4(e)(1) provides a procedure for suspending allocation authority *if* the President makes and transmits to the Congress a finding that mandatory allocation is no longer needed to achieve the purposes of the Act. This procedure *does not* permit suspension of the Act's requirement that oil prices be "specified in (or determined in a manner prescribed by)" the regulation required under section 4(a) of the Act.

I would appreciate it if you would furnish me with a report and a legal memorandum on this matter. I am specifically interested in your views as to the legal authority for exempting new oil, released oil, and State royalty oil from the price requirements of the Emergency Petroleum Allocation Act.

As I understand it, the Administration's position on allowing major exemptions to price ceilings may be based in part upon an interpretation of the Conference Report on the Allocation Act which was contained in a letter of November 13, 1973, to me from Dr. John T. Dunlop, Director of the Cost of Living Council. Dr. Dunlop's letter dealt with his understanding of provisions of the Report dealing with stripper wells, pricing and personnel. In connection with the adoption of the Conference Report, I had Dr. Dunlop's letter together with other materials printed in the Congressional Record and indicated general concurrence in Dr. Dunlop's interpretation.

On further review of the clear meaning of the Act and Dr. Dunlop's November 13 interpretation it is my view that the Act does not permit these exceptions to the price requirements of the Act. To the extent I expressed concurrence in Dr. Dunlop's interpretation of the pricing authority and directive in the Act I was in error. In any event, the concurrence of any single member of Congress in an interpretation of the law does not change the meaning or requirements of the law.

I do concur in Dr. Dunlop's statement in his letter that " . . . the administering agency which has been delegated price control authority under both statutes would be obligated to comply with the provisions of both."

I appreciate your assistance in this matter and I assure you of my cooperation and assistance in achieving a new level of stability and reasonableness in petroleum prices. As you know, the Conference Committee will meet on Monday on S. 2589, the Energy Emergency Act, to work out a resolution of the controversy over the windfall profit provisions of the Conference Report. As you know, I and other members of the Conference Committee will be proposing language to mandate a price ceiling for oil which has been exempted from price controls. I have directed the Committee staff to meet with representatives of your office to discuss how this can best be achieved. Meetings were held last night and a further meeting is scheduled at noon today.

With best regards,
Sincerely yours,
Henry M. Jackson, *Chairman*.

Senator Jackson's Reply to Senator Fannin's March 5 Letter

THE RELATIONSHIP OF PRICES AND PRODUCTION

Senator Jackson said that:

Respected oil analysts . . . say that these [current] price levels will not buy increased supply.

Senator Fannin says that:

Due to existing prices the U.S. petroleum industry plans to invest over 19.5 billion dollars in 1974 (19,531,000,000), of which $12,134,000,000 is for exploration and production of petroleum. Funds budgeted for drilling and exploration ($7,669,000,000) represent a 16 percent increase over 1973. These investments would not be made unless the industry expected to be able to increase supply. A price rollback would result in investment cutbacks and thereby decreases in production.

The fact is that:

Neither Senator Fannin nor anyone else has presented any evidence or analysis to show that 1974 investment in domestic oil exploration would be greater with crude oil prices at $10 per barrel than they would at $7.09 or even $5.25. Mr. Simon has repeatedly said that a price of about $7 will bring forth as much effort "as we reasonably can expect to get."

CONSTRAINTS ON SUPPLY

Senator Jackson said:

The real constraint on supply today is not price . . . the constraints today are shortages . . . manpower, tubular goods, drilling rigs . . .

Senator Fannin says that:

Higher selling prices for crude enable oil producers to "bid" steel, manpower, and other materials away from other sectors of the economy. This price mechanism is the most efficient allocator of resources of any kind. On February 26, 1974, the Cost of Living Council removed oil field machinery from price controls, which should permit higher prices for such equipment. The result is that manufacturers of such equipment can now make a profit on the manufacture of that equipment, which should help ease the material shortages Senator Jackson alluded to.

The facts are that:

Supplies of certain critical equipment and materials for drilling are in absolutely short supply that no price increases can remedy. Order backlogs for tubular drilling goods average at least one year. Neither Mr. Fannin nor anyone else has offered any evidence or analysis showing that the supply of these inputs would be greater with $10 crude oil than at $7.09 or $5.25.

THE NEED TO TIGHTEN PRICE "LOOPHOLES"

Senator Jackson said:

. . . loopholes enable the unscrupulous to take advantage to double the value of their "old" oil—their presently producing fields—by simply drilling and pumping the oil through new wells.

Senator Fannin says that:

This is not true. "New" production must be from a new or different lease, not only from a new well, unless the total production from the lease is greater than the rate of production in 1972 (month-for-month). Only the excess of current production over the base period is "new" oil, from any given lease. Furthermore, excess or incremental production credits not used in any given lease may not be credited to another lease. The incentive to produce new crude is not a loophole. Before any benefit can be derived new oil must in fact be produced."

The facts are that:

The same producing field often lies under more than one "property" or lease. It is indeed possible to produce "new" oil from such fields at the expense of "old" oil, either by draining them from neighboring previously undrilled leases, or by increasing production from wells on some leases on the field at the expense of others.

More importantly, Professors Franklin Fisher and Edward Erickson have shown that even small increases in field prices reduce success rates in exploratory drilling by shifting drilling effort from the risky search for large reservoirs in new areas to the more certain development of small reservoirs in old fields. Where inputs to drilling are in limited supply, very large price increases can be expected to result in small short term production gains from more intensive drilling of old fields, but at a substantial cost in new discoveries. It is not obvious whether that large price increase for crude oil (such as the doubling and tripling that has taken place in the last year) would actually increase rather than decrease production one year from now.

THE ENERGY EMERGENCY ACT AND THE U.S. CONSUMER

Senator Jackson said that:

An increase of 34,000 barrels per day . . . is what the American consumer is getting in the way of new supply at a cost of $20 million a day.

Senator Fannin says that:

About 30% of total production is free of price controls. If it all were selling at $10.35 per barrel, which it is not, and were rolled back to $5.25 per barrel, or cut $5.10, the so-called saving would be $16.6 million. This might reduce pump prices by one cent per gallon, but would have considerable negative impact on future supply expectations. The American consumer already spends over $140 million every day on gasoline alone, of which State and Federal taxes amount to over $33 million per day.

The facts are that:

The savings from rolling back all domestic oil to $5.25 would be:

February 1974, $16.3 million per day; December 1974, $24.5 million per day.

February 1974, $2.4 cents per gallon; December 1974, $3.0 cents per gallon.

The savings from rolling back "new" and stripper well oil to $7.09, released oil to $5.25 would be:

February 1974, $11.5 million per day; December 1974, $21.4 million per day.

February 1974, $1.7 cents per gallon; December 1974, $2.6 cents per gallon.

The basis of the foregoing calculations is as follows:

	1974 (million barrels per day)		
	February	December	Price
Imports	5.1	8.0	$10.35
Stripper oil	1.4	1.4	10.35
New oil	1.2	2.0	10.35
Released oil	.6	1.4	10.35
Controlled oil	7.7	6.1	5.25

THE PRICES TO BE PAID FOR STRIPPER WELL PRODUCTION UNDER S. 2589

Senator Randolph said:

. . . in the State of West Virginia, when we talk about the maximum for stripper production it would come to approximately $8.00 a barrel rather than $7.09 that is frequently referred to [by Senator Jackson]. . . . There is flexibility in this provision, Section 110, to deal with the special situation regarding stripper wells and secondary and tertiary recovery . . .

Senator Jackson said:

The Senator (Mr. Randolph) is correct.

Senator Fannin says that:

The price of stripper well crude under S. 2589 would be limited to $5.25 per barrel unless raised to $7.09, except for Pennsylvania grade crude such as is produced in West Virginia. Thus, the "flexibility" referred to by Senator Randolph and agreed to by Senator Jackson is limited to Pennsylvania grade crude production. In November of 1973, Pennsylvania grade crude production was only 36,200 barrels a day as contrasted to the total of 9,144,000 barrels a day produced within the United States. The crude to which the "flexibility" in price referred to by Senator Randolph applies to only .04 percent of total national production. Thus, for all practical purposes, the price ceiling on U.S. crude production established by S. 2589 would be $5.25 per barrel, with a possible upward adjustment to $7.09—not $8.00 per barrel as otherwise alleged.

The fact is that:

Both the $5.25 and $7.09 figures are *average* price ceilings, not absolute ceilings. The ceiling provided by paragraph (3) of the rollback provision is "the sum of—

"(A) the highest posted price at 6:00 a.m., local time, May 15, 1973, for that grade of crude oil at that field, or if there are no posted prices in that field, the related price for that grade of crude oil which is most similar in kind and quality at the nearest field for which prices are posted; and

"(B) a maximum of $1.35 per barrel."

This provision results in an average price of $5.25, but it provides prices across the nation ranging from about $3.30 to $6.50, depending upon the grade and location of the crude oil.

Paragraph (5)(A) provides that no ceiling price "shall exceed the ceiling price provided in paragraph (3) . . . by more than 35 percent."

This provision would permit an average price no higher than $7.09, but the ceiling for individual grades of crude oil in certain fields might be as high as $8.50.

PROPANE PRICES

Senator Jackson said:

I had the words "including propane" added to the provision so as to remove any question about having it covered. Specifically, we estimate a rollback of about 50 percent in the price of propane if this conference report is adopted. Where the average national price is now about 42 cents, it would go back to about 22 cents.

Senator Fannin says that:

Secretary William Simon stated that "Section 110 of the conference report . . . which calls for a rollback of crude prices to $5.25 per barrel with a ceiling of $7.09 per barrel would have little impact if any in further reducing the price of propane. We feel the action we have already taken should be sufficient to protect American consumers who are dependent upon propane."

What Senator Jackson failed to state is that 68 percent of the propane produced in the United States comes from natural gas wells, all of which are not covered by S. 2589. The Act, accordingly, applies to only 32 percent of U.S. propane supplies. Most of this 32 percent is used as refinery fuel and therefore never reaches the consumer. Thus, if crude prices were set at $7.09 per barrel, the decrease in propane prices would be only a fraction of a cent, not 20 cents.

The facts are:

The principal reason for high propane prices is that the Cost of Living Council and the Federal Energy Office have not attempted to control the price of propane produced from natural gas liquids. They have authority to do so under the Economic Stabilization Act and are directed to do so under the Emergency Petroleum Allocation Act. One of the purposes of Senator Jackson's colloquy quoted by Senator Fannin was to call the attention of FEO to Congress' intention that the price of natural gas liquids, lease condensate, and propane derived from them be covered by price regulations.

Mr. JACKSON. Mr. President, I reserve the remainder of my time.

Mr. BARTLETT. Mr. President, will the Senator from Arizona yield me some time?

Mr. FANNIN. Mr. President, I yield 4 minutes to the Senator from Oklahoma.

The PRESIDING OFFICER. The Senator from Oklahoma is recognized for 4 minutes.

Mr. BARTLETT. Mr. President, I should like to point out that the conference committee report, if it is adopted into final law and the veto is overridden, will result in a reduced amount of money for the exploration of oil and gas. A number of companies have testified that they would reduce their efforts this year by one-third.

Commenting on the statement by the distinguished chairman that production has continued to drop, I have here the quarter production for February 1, 1974, which shows 9,179,000 barrels, which represents an increase of 26,000 barrels a day. There has been a bottoming out and a slight turnaround. We have the possibility of continuing this momentum that now exists to increase our supplies, or we have the opportunity to stop it and to stop it in its tracks.

It makes no sense to me to become more dependent on unreliable foreign oil——

Mr. JACKSON. Mr. President, will the Senator yield out of my time?

Mr. BARTLETT. I yield.

Mr. JACKSON. I think the Senator might be interested in the Oil and Gas Journal for March 4, which is a pretty good source, where it says that the 4-week average of domestic production ending February 22, the latest week, was 9,195 million barrels, 13,000 less than the week before, and 183,000 less than a year ago. The change from a year earlier is a fall of 1.96 percent.

Mr. BARTLETT. I agree with the distinguished chairman that the comparison with a year ago is down. I know that he agrees with me that the comparison of the last week is up. I was refuting his statement saying that progress at the present time is decreasing rather than increasing in production.

But the important thing is that today we are 22 percent—1973—ahead of 1971 in the number of wells being drilled. The distinguished chairman knows that the results of drilling are in direct relationship to the amount of drilling done. He knows that the amount of drilling planned for 1974 is large and a significant increase over that of 1973, but that these plans will not be consummated if he is successful today and the House is successful in overriding the presidential veto. The same thing will happen again as has happened before, that by controlling prices we will reduce the supplies available domestically. We will increase reliance on foreign oil and we will be that much more subject to harassment by them, either with high prices or embargoes or both. So I think that a vote with the distinguished chairman is a vote for continued long lines at the filling stations. It will be a vote for more unemployment. It is a vote for less productivity in this country, less opportunity for this country to be competitive with foreign countries, and less opportunity for us to increase our gross national product, to increase the standard of living, and to remain the No. 1 power.

I think it is vital that we realize that we are at the crossroads, that we do have the opportunity now to bring on additional resources. With the prices that now exist, we can have an opportunity to develop the liquefaction and gasification of coal.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. BARTLETT. May I have 1 additional minute?

Mr. FANNIN. I yield the Senator 1 additional minute.

Mr. BARTLETT. We have an opportunity to have extraction of oil from shale and tar sands. But this will go out the window if the veto by the President is overridden today.

It seems strange to me that there seems to be a preference by many people to buy oil and gas from foreigners rather than to buy it from domestic producers and to pay a higher price to foreigners than to domestic producers. As a matter of fact, they are dissatisfied at the present time with paying American producers 61 percent of what they are willing to pay foreign producers, and they want to reduce that to the neighborhood of 50 percent.

I should like to point out to the distinguished chairman that the exploratory locations compared to a year ago are up 33 percent, and the development locations are up 25 percent.

Mr. President, the conference report on Senate bill 2589 contains provisions which continue the policies that the majority of Congress has advocated for the past 20 years. Those policies, more than anything else, have gotten us into the critical situation in which we find ourselves today.

If this bill becomes law, rationing of gasoline and higher and higher prices will most likely be inevitable, for we will be discouraging the production of relatively cheap domestic crude oil and encouraging more imports of higher priced foreign oil—if available at all.

The majority of Congress has long favored policies of Government controls that have led to the current energy crisis. It may be good politics—but it is not good economics for the benefit of the consumer.

The direct and indirect regulation of the price of natural gas at the wellhead and oil has caused dwindling supplies of refined products; and more recently, the policy of allocating the shortages and trying to force rationing upon the public have done nothing to increase supplies of energy for the consumer.

Now, the same congressional leaders seem to advocate paying foreigners for their natural gas and crude oil rather than buying from domestic producers.

The leadership of Congress has been "investigating to death" the petroleum industry. Almost every committee of Congress has a subcommittee on energy. Almost daily some form of harassment of the industry, either by innuendo or inaccurate or misleading facts, comes out of the Congress.

Congress is not facing up to the problem of shortages. Congress, seemingly, is not concerned about how to get from here to there—to get from a condition of shortages to a condition of sufficient energy.

During the late fifties and early sixties shortfall profits, domestically, drove the multinational companies overseas—in search for cheaper and more profitable oil. Congressional leaders, ignoring the high prices and the embargo of foreign oil resulting from overdependence on foreign sources of supply, are favoring once again controlled and reduced domestic prices of oil which will once again drive multinational companies overseas—in search for more profitable oil.

By overriding the President's veto, these same people are assuring the need for more imports of foreign crude oil and products. The Congress is again encouraging the development of foreign resources rather than our own domestic resources. On the average, Congress is not willing to continue to pay an American oil producer 61 percent of the price of oil that they are willing to pay a foreign producer. They only want to pay the American producer 50 percent of what they are willing to pay a foreign producer on the average. Why?

During the 1960's there were many advocates for opening up the gates to cheap imports. The Government, during the 1960's followed a policy of controlled prices for natural gas and depressed prices for crude oil because of threats by various administrations to import more cheap foreign oil.

So far, Congress continues to follow the same policies, except in an even more restrictive manner, that have gotten us into this energy mess. Congress continues to advocate controlling the wellhead price of natural gas, and even rolling back in the law the price for domestic crude oil, plus the importation of larger amounts of expensive and unreliable foreign oil.

Congressional policies continue to exacerbate the domestic energy supply situation by holding down prices while advocating paying higher prices for foreign crude oil.

Congress is advocating less productivity and less ability for this Nation to compete with foreign countries at a time of domestic and worldwide shortages.

We may as well ask the Arabs to run our domestic oil industry, too. It seems the leadership of Congress has more faith in the foreign oil producing countries than it does in our own domestic oil industry.

Mr. President, these are the same policies that got us where we are today, and they are the same policies that will lead us to long lines at the service stations, more unemployment, higher inflation, rationing, and greater dependence upon unreliable sources of crude oil to the extent that we will become a second-rate world power.

In my opinion, a vote for this measure is a vote to make the United States become a weak and stumbling giant, and the main concern that other nations will have for us is that we do not hurt them in our fall.

The PRESIDING OFFICER. Who yields time?

Mr. FANNIN. I yield 4 minutes to the distinguished Senator from Texas.

Mr. TOWER. I thank the Senator.

Mr. President, I associate myself with the remarks of the distinguished Senator from Oklahoma. He is absolutely right.

I should like to read for the benefit of the Senate an item that appeared on the UPI wire the day before yesterday:

> The price rollback feature of the emergency energy bill which President Nixon has threatened to veto would cost the Nation 11.5 billion gallons of domestic oil within a year; a leading independent producer said today.
>
> President George Mitchell of the Texas Independent Producers and Royalty Owners Association told the West Central Texas Oil and Gas Association that oil price controls likely will prevent the drilling of 3,000 new wells in the United States as it is. He estimated that at least 275 million barrels of oil production probably would be discovered in those wells that will not be drilled, and he said the oil price rollback, if it stands, will styme efforts to produce substantial amounts of marginal oil from existing wells.

Mr. President, if we fail to sustain this veto, what we are going to do is probably wipe out approximately 12 percent of our domestic crude production that is marginal production. To try to make scapegoats of the major oil companies or try to roll back prices for some cosmetic effect is not going to solve the shortage. As a matter of fact, it is going to exacerbate the shortage.

With respect to all this talk about oil company profits, the oil companies buy their crude from independent producers. So what we are talking about is the oil companies as customers. This does not affect their profit picture at all. It might be that they will have to pass along higher prices to the consumer. But it will also mean that even higher priced crude will not have to be imported in greater quantities.

I cannot understand why the Members of the Senate would prefer that we buy foreign crude oil, Middle Eastern crude oil, at a greater price than buy domestic crude at a lesser price, albeit a higher price than we are accustomed to pay. It does not make any sense.

There is another aspect of this bill that should cause it to fall, and that is the provision known as section 108, which would transfer the conservation functions of the States to Federal officials in the executive branch, because it would permit these officials to second guess so-called MER, or maximum efficient rate of production. That could result in taking conservation management out of the hands of State authorities who are well experienced and familiar with the problem and placing it in the hands of Federal administrators who do not know what they are doing. If the Federal Government forces these wells to produce at above the maximum efficient rate for immediate short-term gain, in terms of additional supplies of crude, we will be selling ourselves down the river in the future, from the standpoint of trying to maintain some reasonable degree of self-sufficiency in crude oil in the United States.

I do not understand the apparent love feast between some Members of this body and the Arabs. Rather than buy domestic oil, they would buy Arabian oil and pay a higher price for it. The same syndrome is apparent in their refusal to support measures to deregulate the price of natural gas. Let the mechanism of the marketplace work its will.

The PRESIDING OFFICER. The time of the Senater has expired.

Mr. FANNIN. I yield the Senator 1 additional minute.

Mr. TOWER. We pay more for our natural gas that we produce in Texas than people pay in the Northeast, because they get it at an artificially low price as a result of regulation. We do not complain about it in our State. We are delighted to have the gas.

What I am saying now is that if Senators want a source of energy in this country that is secure—that is to say, largely a domestic source—they had better vote to sustain the President on this bill, or I promise that they will destroy marginal production in this country and will stifle new drilling in the process.

Mr. BARTLETT. Mr. President, will the Senator yield?

Mr. TOWER. I yield.

Mr. BARTLETT. I believe that 4 of the 5 largest producers of oil and gas are in the 14 largest consumer State categories of all the States. Texas is one, Oklahoma is one, California is one, and Louisiana is the fourth.

Mr. TOWER. The Senator is correct. There is a lesson to be learned there.

Mr. FANNIN. Mr. President, I reserve the remainder of my time.

The PRESIDING OFFICER. Who yields time?

Mr. JACKSON. Mr. President, I yield 10 minutes to the distinguished Senator from West Virginia.

SENATOR RANDOLPH URGES OVERRIDE OF PRESIDENT'S VETO OF ENERGY EMERGENCY ACT

Mr. RANDOLPH. Mr. President, in vetoing the Energy Emergency Act, President Nixon is wrong in his purposes and in error in his reasoning. As suggested by a March 3, 1974, editorial in the Washington Post, this action provides "somber evidence of the degree to which the President has now removed himself from the concerns of his fellow citizens, and the isolation in which he wraps himself."

Shortages have dealt a deft blow to the American consumer who has been subjected to energy shortages, to threatened strikes, and in many instances, to unemployment and to higher prices. After being called on to institute voluntary energy conservation actions by lowering the thermostats, by driving autos and trucks slower, by carpooling, and by many other self-motivated conservation initiatives—the American people are now being told by the President's veto message that they are going to have to pay more, that they are not going to be eligible for special unemployment compensation, and that they are not going to be assured of the minimum supply that rationing can provide.

Mr. President, let us examine the validity of some of the reasons used by President Nixon to justify his veto of the Energy Emergency Act.

PRICE ROLLBACK

Speaking of price rollbacks the President said—

> The Energy Emergency Act would set domestic crude oil prices at such low levels that the oil industry would be unable to sustain its present production of petroleum products, including gasoline. It would result in reduced energy supplies, longer lines at the gas pump, minimal, if any, reduction in gasoline prices, and worst of all, serious damage to jobs in America. Unemployment would go up, and incomes would go down.

The Chief Executive added—

> The rollback would not only cut domestic oil production, but would also retard imports since in the present environment oil companies are reluctant to import oil and gasoline that would have to be sold at prices far above the domestic prices.

So says the President. I do not agree with his argument. He added further—

> As we call on industry to provide these supplies, I feel very strongly that we must also insure that oil companies do not benefit excessively from the energy problem. I continue to believe that the most effective remedy for unreasonably high profits is the windfall profits tax which I have proposed. That tax would eliminate unjust profits for the oil companies, but instead of reducing supplies, it would encourage expanded research, exploration and production of new energy resources.

But let us examine the facts. In mandating a rollback in the price of crude oil and refined petroleum products, the Congress is simply directing the President to exercise authority he already has under the Economic Stabilization Act of 1970 and the Emergency Petroleum Allocation Act of 1973.

The President also is incorrect in his assumption that shortages are going to vanish overnight simply because crude oil prices are allowed to rise. Between January 1973, and January 1974, the average domestic price has doubled from $3.40 to $6.75 a barrel. Yet domestic production has climbed by less than one-third of 1 percent—34,000 barrels out of a total 10,893,000 barrels per day during this period.

The real constraint is not oil prices but shortages of trained manpower, tubular goods, drilling rigs, and many other materials needed by this high-technology industry.

The legislation guarantees a minimum domestic average price of about $5.25 with a ceiling price of about $7.09 a barrel. These prices seem realistic for the next year compared to investment requirements. Senator JACKSON in Senate debate on the conference report recalled that in January 1974 the Federal Energy Office noted—

> No one knows exactly what the long-term supply price is, as no one can predict in the future that clearly. Our best estimate is that it would be in the neighborhood of $7 per barrel within the next few years.

In December 1973 the Department of the Treasury said—

> The long-term supply price of bringing in the alternate sources of energy in this country, as well as drilling in the Outer Continental Shelf and the North Slope—is $7 a barrel, current 1973 dollars.

Currently the average international oil price is $10 per barrel but the majority of this is a tax that goes to the producing countries not to the international oil companies.

Should domestic oil prices climb to this artificial price, there will be unprecedented profits to oil companies borne on the shoulders of the American consumer, without any substantial increase in supplies.

It is more in the public's interest to prevent excessive profits before they occur rather than tax them after the fact—as suggested by the President. Under such an approach, the consumer still must bear the expenditure of high-cost energy supplies, while profits are drained into general tax revenues.

UNEMPLOYMENT COMPENSATION

After admitting that unemployment will occur because of the energy crisis, the President's second major premise is that—

> The Energy Emergency Act is also objectionable because it would establish an unworkable and inequitable program of unemployment payments. Under it, the Government would be saddled with the impossible

> task of determining whether the unemployment of each of the Nation's jobless workers is "energy related."

Mr. President, I call to the Senate's attention the expressed concern over the coverage of this provision is unwarranted. Under the conference report on S. 2639 the President by regulation is given total discretion to define the nature of the criteria or formulas to be followed by States before they would be entitled to receive grants in aid for energy-related unemployment compensation. Sufficient flexibility would be available within the authority to restrict coverage sufficiently to overcome President Nixon's expressed concerns.

This authority is being provided as an interim measure for 1 year pending enactment of long-term legislation to strengthen our regular unemployment insurance program. As an emergency action it must be emphasized that such coverage could not exceed 1 year. The President's accusation that this program is a "shoveling out the taxpayer's money under a standard so vague and in a fashion so arbitrary," it seems to me unwarranted.

A MATTER OF PERSPECTIVE

I agree with the President's statement that—

> The energy shortage has been a pressing problem for the American people for several months now. We have made every effort to soften the impact of this problem. We have come through this winter without serious hardship due to heating oil shortages.

However, Mr. President, there is no question but that this was due principally to the voluntary actions of American citizens and the blessing of a much warmer winter than anticipated. The administration's mandatory petroleum allocation is only a few weeks old.

I am convinced that the United States faces a deepening energy crisis and extraordinary steps are needed to assure millions of citizens that steady energy supplies will be available.

On November 7, 1973, President Nixon made a major address to the American people on the energy emergency facing our country. On the next day a special message was sent to the Congress proposing that—

> The Administration and the Congress join forces and together, in a bipartisan spirit, work to enact an emergency energy bill.

It was the President's expressed hope that—

> By pushing forward together, we can have new emergency legislation on the books before the Congress recesses in December.

Despite renewed assurances from the President, the full cooperation of the administration with the Congres has not been witnessed.

In the President's own words—

> Unfortunately, there are some who have chosen to capitalize on the Nation's energy problems in an effort to obtain purely political benefits. Regrettably, the few who are so motivated have managed to produce the delays, confusion, and finally the tangled and ineffective result which is before me today. The amendments, counter-amendments, and parliamentary puzzles which have marked the stumbling route of this bill through the Congress must well make Americans wonder what has been going on in Washington while they confront their own very real problems. We must now join together to show the country what good government means.

Unfortunately this statement portrays the Congress as the obstacle to the enactment of necessary energy emergency legislation. The Congress was prepared to act last December, if it had not been for administration opposition and an implied veto that took us back to House-Senate conference.

Then, last month, the Senate and the House of Representatives overwhelmingly endorsed the conference report on S. 2589.

Mr. President, among the needed authorities in the conference report is a provision creating a temporary Federal Energy Emergency Administration. Until more permanent authority is enacted, this authority is needed for the effective administration of the mandatory allocation program currently operated by the Federal Energy Office.

The Federal Energy Office is functioning under Executive Order 11748 of December 4, 1973. All the Federal Energy Office's employees are on loan from other Federal agencies and there is little if any authority to hire the necessary personnel to effectively administer these programs.

This authority is needed so that direct appropriations can be provided for these vital programs. As expressed last week by John Sawhill, Deputy Administrator of the Federal Energy Office, at hearings before the Senate Interior Committee:

> I wish the Congress would give us a bill (to provide the necessary resources, particularly of personnel) so we had statutory base for our organization, so we could have some of the people onboard in the Chicago office, I don't know what the figures are, but we probably have 90 people detailed in from other agencies. How are we going to make a process work when yesterday somebody was a chicken inspector and today they are supposed to be running an allocation program.

Mr. President, the necessary authority for a temporary Federal Energy Administration is contained in the Energy Emergency Act, until such time as the Federal Energy Emergency Act is enacted.

This is one example of the numerous authorizations and mandatory provisions in this legislation which are needed to cope with the immediate energy crisis.

In his veto message President Nixon speaks to the need for emergency energy legislation. Among the needed authorities identified in his veto message are—

> We need the authority to require energy conservation measures. We need the direct authority to ration gasoline if, and only if, rationing becomes necessary, which it has not. We need the authority to require conversion of power plants, where possible, to permit the use of our abundant coal reserves.

I must stress, Mr. President, that these are the authorities and, vitally needed authorities, contained in the conference report on S. 2589. I will vote to override the President's veto.

Mr. President, we will decide this issue in a few minutes. I am certain that each Member will vote his conviction. I doubt that there is a sufficient number of Senators to provide the necessary two-thirds majority to override the President's veto. It will be demonstrated, however, that a substantial majority of the Members of this body disagree with the action of the Chief Executive.

Mr. FANNIN. Mr. President, I yield 4 minutes to the Senator from Arizona.

Mr. GOLDWATER. Mr. President, it was very difficult for all of us in Congress to believe last fall that we actually faced and were in the middle of a fuel crisis in this country. I know from trips home that the people at home find it difficult to believe and that they no longer do.

What the American people are looking to us for is some relief. I suggest that the American people want fuel, the American people want gasoline, the American people want everything needed that comes from petroleum to provide heat, propulsion, and the other things we get from petroleum products. They do not want more regulation.

I asked the distinguished leader of this bill before we departed for the Christmas vacation to name for me where 1 additional gallon of gasoline was coming from the 32 bills we discussed, none of which had been passed. I did not get any answer except the Alaskan pipeline, and I suggested that had nothing to do with the present legislation.

Nor did the Elk Hills opening in northern California have anything to do with it. And I still claim the emergency measures we have taken have not given to the American people one thimbleful of gasoline for their cars. To sit here and debate day after day after day how we are going to regulate the oil companies, how we are going to cut down on their profits, how we are going to regulate and control, even down to the gasoline station operations, to me is senseless. I do not think the American people approve of it.

For instance, we need new domestic sources. For years—I would say 40 years—we have made those who engaged in fuel exploration almost criminals. We have discouraged such a person. We have talked against him. We have passed prohibitive regulations in the field of natural gas, and in my State we depend on natural gas to produce 52 percent of the copper produced in this country.

We want more fuel. That is what Americans want. When they look at what foreigners have to pay for gasoline, they realize how lucky we have been in this country year after year. They do not like to wait for hours in line for gasoline. I think Americans would be glad to pay a little more if they thought it was going to relieve fuel supplies. We need new domestic sources.

Do my colleagues know what we are going to do if this piece of legislation becomes law? We are going to discourage every small driller that can produce 10 or 12 barrels a day, who might produce 20 barrels, from producing anything. And at the present time that is the only place we are going to get additional petroleum.

We need refineries. I am told by people whose expertise I respect that we need 80 refineries now—not 5 or 10 years from now, but now. They tell me we have enough crude oil to make gasoline, but, again, we have discouraged this kind of investment in the past, and now that we need them, I do not know who is building the new refineries. We are talking about building one in Arizona, and I hope we will be able to go ahead with it. Instead of talking about regulating and excess profits and that sort of thing, we could have interested people to go ahead and invest and build refineries.

Another thing we need in this country and do not have—in fact, I think we have one, and that is off Long Beach, Calif., and it is not a modern facility—is the ability to offload the large modern tanker. Neither do we make the large modern tanker. They are being made in other places in the world. I was in Iran recently and saw at one loading dock 13 tankers of over 200,000 tons. Not one of those tankers could be unloaded in the United States, because we have not built the facilities. Again, instead of spending our time talking about regulation, and so forth, why have we not done something to make it a little encouraging for companies or people to build those badly needed offload facilities? We are not looking even at 200,000 ton tankers. In Iran they are providing for unloading 500,000 ton tankers, and we have no place in the United States now that can begin to take care of an offload like that.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. GOLDWATER. Mr. President, I will vote to sustain the President's veto because the bill is pure, unadulterated, 100 percent hogwash.

Mr. FANNIN. Mr. President, I reserve the remainder of my time.

Mr. JACKSON. Mr. President, I yield 10 minutes to the Senator from Maine (Mr. Muskie).

The PRESIDING OFFICER. The Senator from Maine is recognized for 10 minutes.

Mr. MUSKIE. Mr. President, with respect to the comments just made by the distinguished Senator from Arizona (Mr. Goldwater), let me read from the President's veto message his view about the importance of the legislation which we are considering, and I read the following paragraph:

> We need the authority to require energy conservation measures. We need the direct authority to ration gasoline if, and only if, rationing becomes necessary, which it has not. We need the authority to require conversion of power plants, where possible, to permit the use of our abundant coal reserves.

These three needs which the President describes even now in a message vetoing the bill are essential national policy, he tells us.

Mr. President, he told us the same things last December, and it was in response to his urging and that of his administration that we in the Senate, and the two Houses in conference worked long days and long hours to iron out our differences and produce this kind of authority.

At that time there were just two hangups: One, the nature of the conservation authority we should give to the Energy Administrator, Mr. Simon; and two, the question of what we should do with respect to whatever windfall profits might be generated from the current situation by the oil companies.

The House was adamant on the so-called windfall profits provisions last December. There was no way to persuade the House to recede. And finally I offered an amendment which suspended the House provisions until January 1975, thus giving us a year to work out those problems.

In addition, I did my best to give the President flexibility with respect to the conservation authority that would be given to Mr. Simon.

When that work was all done, my impression was that, although there were some differences remaining, everybody concerned could live with it—the Senate conferees, the House conferees, and the administration advisers.

But, no; when the bill hit the floor, a filibuster was launched against those suspended windfall profits provisions, and the bill was killed in the closing hours of that session.

So when we came back in this session, we went through the same exercise again; succeeded in persuading the House to substitute, for its windfall profits provisions, the rollback provisions incorporated in the pending bill. And again those provisions were tailored to comments which had been made by Mr. Simon in behalf of the administration. He had said over and over again that he felt the price of crude oil should ultimately settle at about $7 per barrel. Using that figure, and indeed 9 cents more—$7.09 a barrel—the Senate and House conferees wrote in this rollback provision.

Indeed, this rollback provision is attacked from the other side as permitting too much of an increase in the price of petroleum products. Because it is attacked from both sides, I suggest perhaps the provision we have pending before us is a reasonable one.

How high does the administration now think the price of domestic crude should go? We are not told, but on top of page 2 of the mimeographed copy of the veto message there is language which may give us a clue, and I read:

> The rollback would not only cut domestic oil production, but would also retard imports since in the present environment oil companies are reluctant to import oil and gasoline that would have to be sold at prices far above the domestic prices.

Is the President telling us in this language that he believes the price for domestic crude should rise to the levels set by the Arab oil-producing countries? That is what he seems to be saying. What he seems to be saying, therefore, is that if one consents to his veto message and drops the rollback provisions, we can expect that the price for American domestic crude will rise to meet the levels set in the international market by the Arab oil-producing states.

I cannot think of any other way of interpreting that language in the President's veto message.

It was because of the threat—that an arbitrary price would become the market price for domestic crude—that the House and Senate conferees felt impelled to write these rollback provisions into the bill.

I would like to say, Mr. President, that I will vote to override the President's veto because I feel that to abandon this effort to control prices will place those prices in the hands of an administration which seems to be pointing in the direction of the cartel prices set overseas.

Mr. President, I refer to the language at the top of page 2 of the President's veto message to indicate the reason for my position.

It was at the urging of the President that we give him the authority to require energy conservation measures and to ration gasoline, if necessary, that I was willing to work with my colleagues in this body and in the House in order to loosen up some of the environmental safeguards in our environmental law.

I felt that if Americans were going to be asked to conserve heating oil and gasoline by turning down their thermostats and by driving slower and by driving less and all of the other means by which we have been asked to conserve heating oil and gasoline that it was not unreasonable for those of us interested in environmental values to make some small sacrifice, provided that it did not mean the abandonment of our environmental goals.

If these authorities are so unnecessary at the present time that the President is impelled to veto this bill, then I would say to the President that, for one, I will take another look at any further request on his part to modify the environmental laws before I make a decision.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. JACKSON. Mr. President, I yield 1 further minute to the Senator from Maine.

The PRESIDING OFFICER (Mr. William L. Scott). The Senator from Maine is recognized for an additional minute.

Mr. MUSKIE. Mr. President, I have one other concern. I have the concern that the President may have an unstated reason for vetoing the bill, and that would be that he would want a more complete relaxation of the environmental laws than the bill provides. I refer to a story in the Washington Post under the date of March 5. The article is entitled "Ecology Act Waiver Splits White House." The article is written by George C. Wilson. The first paragraph of the article reads as follows:

> A split has developed within the Nixon administration over a propsal to let the federal government approve a wide range of energy projects without explaining how they would affect the environment.

Mr. President, I ask unanimous consent that the article from which I have read and a similar article from the Wall Street Journal, also under date of March 5, 1974, be printed in the Record.

There being no objection, the articles were ordered to be printed in the Record, as follows:

ECOLOGY ACT WAIVER SPLITS WHITE HOUSE

(By George C. Wilson)

A split has developed within the Nixon administration over a proposal to let the federal government approve a wide range of energy projects without explaining how they would affect the environment.

The idea was advanced at a White House meeting Wednesday night by Richard M.

Fairbanks, an associate director of President Nixon's Domestic Council, in the form of suggested changes in the National Environmental Policy Act.

That act, called NEPA, is the one environmental groups have used to challenge a number of projects in the past—including the Alaska pipeline.

Administrator Russell E. Train of the Environmental Protection Agency, according to informed sources, told Fairbanks and others at the White House meeting that waiving the NEPA provisions was a bad idea.

Train, both as EPA administrator and former chairman of Mr. Nixon's Council on Environmental Quality, has argued that environmental opposition has been unfairly blamed for holding up power projects more often caused by engineering difficulties and other management problems.

At the Wednesday meeting, Train asked whether the President's Council on Environmental Quality had been consulted on the proposal to waive the National Environmental Policy Act on certain energy projects and thus deny outside groups the right to sue on grounds environmental impact statements were not filed or were inadequate.

The White House officials replied that the council had not been consulted, according to informed sources, and the meeting adjourned with the understanding that the council's views would be sought before the proposal went further.

Fairbanks left the impression with at least one official at the meeting that President Nixon himself wanted to minimize the chance of court challenges to energy-producing projects by narrowing the application of the environmental act.

But Fairbanks himself said last night that "we're a long way" from making a formal recommendation and are instead "fleshing out" various agency positions on the impact of the National Environmental Policy Act on energy projects.

He added that "we would be remiss" not to do so. He said there is not yet an official White House position on the proposal to waive the act's provisions.

Besides Fairbanks, the White House was represented in the discussion by William E. Simon, the President's energy chief; Frank G. Zarb, an associate director in the Office of Management and Budget, and Glenn Schleede of the Domestic Council staff.

Simon reportedly took a relatively neutral stance on the environmental act proposal at the meeting while OMB and Domestic Council representatives indicated they supported it.

Right now, strip mining on government land in the West and atomic power plants, as well as refineries and other facilities which require federal permits—such as dumping rights from the Army Corps of Engineers—are subject to the National Environmental Policy Act of 1969 since there is federal involvement. Such projects require filing "look-before-you-leap" environmental impact statements.

The Council on Environmental Quality, in a memo to the White House, opposed waiving the impact statement requirement. Russell W. Peterson, chairman of the council, has opposed wide-open approval of energy projects, arguing, "I'm responsible to the next generation." He pushed through the Delaware legislature the bill banning refineries on that state's coast.

Congress last year, in a controversial vote, barred further National Environmental Policy Act challenges to the Alaska pipeline, stating in the bill that the project had met that law's requirement. Backers of that waiver said at the time that this would be a one-time exception—not a precedent for waivers of the act on other projects.

Richard Ayres, a National Resources Defense Council lawyer who argues environmental cases, said last year that the proposed waiver represents "another over-reaction to the energy crisis."

He said since state conventional power plants and other energy facilities off federal property are not covered by the 1969 act, its impact on energy nationwide is relatively small.

"The administration is striking out at anything it sees as standing in the way of energy," Ayres said.

NIXON OFFICIALS APPEAR DIVIDED ON ENERGY PLAN

(By Burt Schorr)

WASHINGTON.—The Nixon administration appears sharply split over a legislative package that the President will likely offer Congress in place of the emergency energy bill he plans to veto this week.

Most details of the package, which will include standby authority for gasoline rationing, are in line with previous statements of Nixon energy officials. The controversy, however, is centered on a much broader revision of the Clean Air Act than originally sought by Mr. Nixon.

One administration official clearly unhappy with the apparent thrust of the coming Clean Air Act proposals is Environmental Protection Agency Administrator Russell Train. Asked to comment on the Clean Air Act changes, which were broached at a White House briefing for about a dozen newsmen, Mr. Train said that he couldn't support many of them. "I've made that pretty damned clear," he said in an interview after the briefing, which he didn't attend.

The EPA chief said his agency has said all along that some Clean Air Act revisions are needed, but he fears the President's package is "going to become a sort of Christmas tree" for suggested amendments that could be "disastrous" for the environmental law.

The rationing proposal would appear to conflict with a Nixon promise to the Young Republicans last week "that we aren't going to have and we shouldn't have" compulsory gasoline rationing. A White House spokesman said the speech "could be interpreted two ways." What the President intended, though, was the idea that the mandatory oil-price rollback required by the emergency energy bill he won't sign would discourage domestic crude production, worsen the oil shortage and make rationing inevitable, the spokesman explained.

The proposed Clean Air Act amendments currently under consideration, as listed by White House staff member Richard Fairbanks, include two previous recommendations: retention of the interim automobile emission-control ceilings, currently due in 1975 models, for an additional two years through 1977; and authorization for oil-fired power plants to convert to coal for relatively long periods to provide an incentive for the necessary capital investment.

The additional recommendations probably will include a request to ease the requirement that heavily polluted metropolitan areas begin transportation controls aimed at limiting use of the automobile. With such authority, the EPA might allow a particularly troubled city like Los Angeles "an indefinite period" beyond the current 1977 deadline to develop public transportation, Mr. Fairbanks said.

Although transportation controls mesh with the administration's desire to reduce auto use for fuel-conservation purposes, even the EPA believes the extent of their use required by the current law is too severe. To make Los Angeles air clean in summer months, for example, could require an 80% reduction in gasoline use—clearly a severe economic blow to a city so dependent on motor vehicles.

The White House also is likely to seek definite legislative backing for tall stacks and favorable meteorological conditions as accepted techniques for dispersing pollutants such as sulphur dioxide.

According to Mr. Fairbanks, the legislative authority is needed even if the limited use of such "intermittent controls" currently allowed by the EPA is to survive a court challenge. As seen by Mr. Train, though, the tentative proposal would be a major setback for EPA policy requiring use of stack scrubbers for control of sulphur emissions—a technology the coal and utility industries bitterly insist is still unproven.

Mr. Train said he's further concerned that the President might propose to give "economic and social" effects of air-pollution control equal standing with the health benefits. Currently, the EPA actually does weigh factors such as loss of jobs and factory closedowns when it writes regulations, but it generally gives more weight to protection of public health.

Yet another proposed amendment said by Mr. Train to be under study is relaxation of the clean air standards themselves. These set the maximum levels for major pollutants such as carbon monoxide and soot and, according to some critics, are unnecessarily strict.

Another measure the President has before him is a proposal to seek broad energy conservation powers, Mr. Fairbanks said. This would give the administration a free hand in ordering steps from reduced use of outdoor lighting to specifying service station hours.

Mr. Nixon intends to veto the emergency energy bill passed by Congress because of a provision that would limit the price of nearly all domestic oil to $5.25 a barrel. Currently, only "old" oil produced at pre-1972 levels is subject to this ceiling price. "New" oil above 1972 levels and oil from "stripper" wells, those extracting less than 10 barrels a day, are exempt. This oil, amounting to about 25% of domestic production, sold as high as $10.25 a barrel in January, the government said.

Mr. MUSKIE. We already know what the administration wanted to do to environmental laws under the guise of the energy emergency. In early November 1973 representatives of the administration submitted an informal text of legislation that was printed for the use of the Senate Interior Committee on November 6, 1973.

A blanket gutting of the Clean Air Act was proposed in section 203, which reads in part:

> The President may—
>
> (4) acting through the Administrator of the Environmental Protection Agency, exempt, by order and without the necessity for hearing, any fuel-burning stationary source of air pollutant emissions from any emissions limitation in any regulation promulgated under the Clean Air Act or any State air quality statute or local regulation, which limitation may apply to such source in a manner which restricts the source's ability to use any fuel either allocated to it pursuant to this Act, or approved for use by it in conformity with the purposes of this Act; such exemptions shall be granted for a period not to exceed the duration of the energy emergency or as necessary to comply with section 203(3);

The same section called for exceptions from a Clean Water Act, even though the regulations to be waived had not even been proposed:

> The President may—
>
> (5) acting through the Administrator of the Environmental Protection Agency, exempt, by order and without the necessity for hearing, any refinery or other installation producing or finishing any fuel and any elec-

trical generating facilities from any discharge limitations or other requirements in Federal Water Pollution Control Act (33 U.S.C. 1251 et seq), or any State water quality statute, and from any discharge or other limitations in any waste water discharge permit issued by any State or Federal agency pursuant to section 402 of the Federal Water Pollution Control Act (33 U.S.C. 1342), or any State water quality statute, whenever he determines that such exemption is necessary to assure adequate production of fuels or energy or to effectuate the purposes of this Act; such exemptions shall be granted for a period not to exceed the duration of the energy emergency or as necessary to comply with section 203(c);

(6) enter into appropriate understandings, arrangements, or agreements with concerned domestic interests, foreign states or foreign nationals, or international organizations, to adjust and allocate imports of fossil fuels, or take such other action, and for such time, as he deems necessary, with respect to trade in fossil fuels, in order to achieve the purposes of this Act.

Mr. President, I include the entire administration proposal printed November 6, 1973, at the end of my remarks.

Mr. President, there must be those in the administration who would use this veto as a way to get wider authority to undermine the environmental law. And, for that reason, I urge those of us who are concerned with me in the environment to vote to override the President's veto.

There being no objection, the proposal was ordered to be printed in the Record, as follows:

Draft of the Emergency Energy Act
Administration Proposal

TITLE I—FINDINGS AND PURPOSE

Sec. 101. Findings and Declarations.—The Congress hereby finds and declares that:

(1) Adequate energy supplies are essential to the security of the Nation and the maintenance of its defenses at home and abroad.

(2) The availability of clean, reasonably priced supplies of energy are equally critical to the maintenance of the health, safety, and welfare of the American people in insuring adequate supplies of food, shelter, health, education, employment, and emergency services.

(3) As the population increases and the demands for a better living environment increase, the American people will require increasing quantities of clean energy supplies.

(4) Responding to the demands for increasing quantities of clean energy will require more efficient utilization of available energy supplies and both the development of new domestic resources and, at least in the next decade, increased levels of imports of energy supplies from abroad.

(5) Disruptions in the availability of imported energy supplies, particularly crude oil and petroleum products, pose a serious risk to national security, economic well-being, and the health and welfare of the American people.

(6) It is necessary that the United States maintain the freedom to pursue a foreign policy independent of and unrestricted by the possible need to obtain supplies of natural resources including fossil fuels and other forms of energy from foreign states.

(7) Potential interruptions of important energy supplies, both in the near term and in the future, will require emergency measures to reduce energy consumption, increase domestic production of energy resources, provide for equitable distribution of available supplies to all Americans, and take appropriate international action to promote sharing of foreign supplies of fuels.

(8) The most effective use and development of domestic resources and imports of energy sources from abroad will require coordination of interstate and foreign commerce related to energy as well as a comprehensive national program which will take into account the diversity of needs, climate, and available fuel resources in different parts of the United States.

(9) The development of a comprehensive energy policy to serve all of the people of the United States necessitates the regulation of intrastate delivery and use of energy resources in order to insure the effective regulation of foreign and interstate commerce in energy service delivery.

Sec. 102. Purposes.—The purposes of this Act are to—

(1) Provide the President with such authority as may be needed to meet any emergency deficiency in energy supplies, including emergencies resulting from foreign restrictions on the exportation of energy resources and the limitations of domestic supply and to insure the best use of existing resources consistent with the national security and the requirements of the health, safety, and welfare of the American people.

(2) Insure that measures taken to meet existing emergencies are consistent, as nearly as possible, with existing national commitments to protect and improve the environment in which we live.

(3) Minimize the adverse effects of such shortages or dislocations on the economy and industrial capacity of the Nation, including employment, to preserve the independent sectors of the domestic energy industries.

TITLE II

Sec. 201. Declaration of Emergency.—

(1) If the President determines that there is an actual or threatened shortage of essential supplies of fuel, including fossil fuels of any kind or description, or of energy, including electrical energy supplies which may impair the national security, economic well-being, health, or welfare of the American people, he shall proclaim the existence of an energy emergency, and shall in addition to other authority conferred by law, take such of the following actions as he deems necessary to deal with the actual or threatened shortage.

(2) The declaration of an energy emergency shall, for the purposes of this Act, terminate one year after the date of its proclamation, unless it shall have been terminated earlier by the President. The President may extend the declaration of an energy emergency for additional periods not exceeding one year. Prior to any such extension, the President shall provide notice to the Congress of his intention to proclaim such an extension.

Sec. 202. Authority.—During any energy emergency proclaimed by the President pursuant to this Act, the President may exercise any authority vested in him on date of enactment of this Act by the Defense Production Act of 1950, as amended, the Economic Stabilization Act of 1970, as amended, and the Export Administration Act of 1969, as amended, and the Export Administration Act of 1970, as amended, to accomplish the purposes of this Act notwithstanding any prior expiration of any of those Acts.

Sec. 203. Emergency Fuel Distribution Actions.—In addition to the authority conferred by section 202 of this Act, the President is authorized during any energy emergency to establish priorities of use, allocation systems for wholesale purchasers and rationing systems to end users and, notwithstanding any other provision of State or Federal law. In exercising this authority, the President may—

(1) allocate all supplies of fuels among all producers, refiners, gas plant operators, wholesale marketers, jobbers, suppliers, distributors, terminal operators, or any person, firm, or corporation supplying or purchasing, wholesale or retail, or using any fuel of any derivation, including coal, natural gas, or petroleum of any condition, including crude or refined, or quality, including heating value and chemical content;

(2) require any person, firm, or corporation having in its possession or having contracted for or having the capability to produce any supplies of fuel to distribute or redirect the distribution of such supplies, by such quantity and quality as he may specify, to whatever wholesale or retail purchasers of fuel he may designate on a fair and equitable basis.

(3) order the owner or operator of any fuel-burning installation having the capability, as determined under regulations prescribed by the President and after consultation with the Federal Power Commission with respect to matters under its jurisdiction, to convert or preclude from converting from the use of one fuel to the use of another or alternative fuel and to effectuate such conversion; any installation so converted or precluded from conversion will be permitted to continue to use such fuel for at least one year;

(4) acting through the Administrator of the Environmental Protection Agency, exempt, by order and without the necessity for hearing, any fuel-burning stationary source of air pollutant emissions from any emissions limitation in any regulation promulgated under the Clean Air Act or any State air quality statute or local regulation, which limitation may apply to such source in a manner which restricts the source's ability to use any fuel either allocated to it pursuant to this Act, or approved for use by it in conformity with the purposes of this Act; such exemptions shall be granted for a period not to exceed the duration of the energy emergency or as necessary to comply with section 203(3);

(5) acting through the Administrator of the Environmental Protection Agency, exempt, by order and without the necessity for hearing, any refinery or other installation producing or finishing any fuel and any electrical generating facilities from any discharge limitations or other requirements in any regulations adopted pursuant to the Federal Water Pollution Control Act (33 U.S.C. 1251 et seq.), or any State water quality statute, and from any discharge or other limitations in any waste water discharge permit issued by any State or Federal agency pursuant to section 402 of the Federal Water Pollution Control Act (33 U.S.C. 1342), or any State water quality statute, whenever he determines that such exemption is necessary to assure adequate production of fuels or energy or to effectuate the purposes of this Act; such exemptions shall be granted for a period not to exceed the duration of the energy emergency or as necessary to comply with section 203(c);

(6) enter into appropriate understandings, arrangements, or agreements with concerned domestic interests, foreign states or foreign nationals, or international organizations, to adjust and allocate imports of fossil fuels, or take such other action, and for such time, as he deems necessary, with respect to trade in fossil fuels, in order to achieve the purposes of this Act.

Sec. 204. Emergency Actions To Reduce Energy Consumption.—

(1) During an energy emergency, the President is authorized to impose emergency restrictions on public or private activities which involve or result in the use of fuel or energy resources which may include, but are not limited to: transportation control plans; restrictions against the use of fuel or energy for decorative lighting, outdoor advertising, recreational activities or other nonessential uses of energy; limitations on operating hours of commercial establish-

ments and public services, such as schools; temperature restrictions in office and public buildings, including wholesale and retail business establishments, and other structures; and a requirement that the States adopt restrictions on speed limits.

(2) The President may initiate and carry out voluntary energy conservation programs such as public education programs and voluntary reductions in energy use.

(3) To encourage the use of funds authorized by the Federal-Aid Highway Act of 1973 for mass transit capital improvements, the Federal matching share ceiling shall be increased to an amount not to exceed 80 per centum on nonhighway public mass transit projects involving the construction of fixed rail facilities or the purchase of passenger equipment including rolling stock for any mode of mass transit, or both, when such projects are funded pursuant to section 142 of title 23, United States Code, and to further insure the equitable use of such funds, section 164(a) and section 165(b) of the Federal-Aid Highway Act of 1973 are hereby repealed.

(4) Energy control fees: In order to deter consumption of energy resources or encourage the use of alternate fuels, the President may impose fees on energy consumption, at either the wholesale or retail level, at rates not to exceed —— per centum of a representative market value of the item involved.

Sec. 205. Emergency Actions To Increase Energy Supplies.—During an emergency the President is authorized to—

(1) (a) Require production of the developed oil and gas resources from any national petroleum reserves, including the naval petroleum reserves, at the maximum rate which could be sustained without detriment to the ultimate recovery of oil and gas under sound engineering and economic principles. Such production is attributable to, and shall meet the needs of production for "national defense purposes", as used in section 7422, title 10, United States Code, as amended, and related sections. Production shall be required under this section only if the energy emergency requires such production to satisfy national security requirements, as determined by the President.

(b) Require expeditious exploration and further development of these reserves to determine the amount of oil and gas reserves located thereon; and

(2) Regulate the conservation and production of crude oil and natural gas. Those regulations shall take precedence over State regulations or crude oil and natural gas which are inconsistent with the regulations of the President.

Sec. 206. Relation to Environmental Requirements.—(1) No action taken under this Act shall, for a period of one year after the initiation of such action, be deemed a major Federal action significantly affecting the quality of the human environment within the meaning of the National Environmental Policy Act of 1969 (83 Stat. 852). However, prior to taking any action if practicable or in any event within sixty days after taking or initiating any action that has potentially significant impact on the environment, an environmental evaluation, with analysis equivalent to that required under section 102(2)(c) of the National Environmental Policy Act to the extent practicable within the time constraints, shall be prepared and circulated to appropriate Federal, State, and local government agencies and to the public: *Provided, however,* That such an environmental evaluation shall not be required where the action in question has been preceded by preparation and issuance of an environmental impact statement under section 102(2)(c) of the National Environmental Policy Act. If any such action is to be continued beyond one year from the date of its initiation, the requirements of the National Environmental Policy Act shall apply in full to any such action to wihch they would otherwise apply.

TITLE III—RESPONSIBILITIES OF FEDERAL REGULATORY AGENCIES

Sec. 301. It is the sense of Congress that the public interest requires that governmental actions relating to energy control and transportation policies be coordinated with a comprehensive national energy policy that will insure the development and conservation of existing energy resources to meet the energy needs of the Nation in the future. Consistent with their existing statutory responsibilities, executive agencies as defined in section 105 of title 5, United States Code, shall take into account the effect of their proposed actions on the deevlopment and conservation of foreign and domestic energy resources of the United States, and shall take such emergency action as may be necessary to develop and conserve energy during an energy emergency declared by the President.

Sec. 302. During an energy emergency the designated regulatory agencies shall have the following emergency authorities:

(1) The Federal Power Commission may, without notice or hearing, suspend for the duration of such emergency, the applicability of sections 4 and 7 of the Natural Gas Act, as amended, to sales to pipelines which sales would, but for such suspension, otherwise be subject to the provisions of such sections. In order to protect the interests of consumers, the Federal Power Commission is authorized, for the duration of the energy emergency, to monitor the wellhead prices of such natural gas sales under contracts subject to these provisions, and, if necessary establish ceilings as to future rates or charges for such sales. In determining whether to establish such ceilings and in setting their level, that Commission shall take the following factors into account:

(A) the current and projected price of other fuels at the point of utilization, adjusted to reflect a comparable heating value;

(B) the premium nature of natural gas and its environmental superiority over many other fuels;

(C) current and projected prices for the importation of liquefied natural gas and the manufacture of synthetic gaseous fuels; and

(D) the adequacy of these prices to provide necessary incentive for exploration and production of domestic reserves of natural gas and the efficient end-use of such supplies.

(2) In any proceeding under the Atomic Energy Act of 1954, as amended, for which a hearing is required to grant or amend any operating license for a nuclear power reactor, the Commission may issue a temporary operating license under the authority of this Act in advance of the conduct of such hearing: *Provided, however,* That in all other respects the requirements of that Act including, but not limited to, matters of public health and safety, shall be met. No such temporary operating license may be issued for a period in excess of eighteen months.

(3) The Interstate Commerce Commission, the Civil Aeronautics Board, and the Federal Maritime Commission shall have, for the duration of any national emergency, in addition to their existing powers the authority to review and adjust a carriers operating authority in order to conserve fuel. This authority includes but is not limited to adjusting the level of operations, altering points served, shortening distance traveled, and reviewing or adjusting rate schedules accordingly. Actions taken pursuant to this paragraph may be taken, notwithstanding any other provision of law, after summary hearings under procedures prescribed by the regulatory agency but any person adversely affected by an action shall be entitled to a full hearing, as prescribed by law, if petition is filed with the agency within ——— days. Consistent with the purposes of this Act, the Interstate Commerce Commission may enlarge, modify, or remove the various categories of exempt carriage under the Interstate Commerce Act.

(4) All agencies under subsection 302 of this title shall report to the Congress within ninety days of the proclamation of an energy emergency by the President the actions taken by them pursuant to this title. They shall submit additional reports every ninety days thereafter for the duration of the emergency.

TITLE IV—GENERAL PROVISIONS

Sec. 401. The President is authorized to delegate the responsibility vested in him by this Act (other than the authority to proclaim energy emergencies) to any officer or agency of the Federal Government or any State or local government.

Sec. 402. Penalties.—Any person who—

(a) Willfully violates any order or regulation issued pursuant to this Act shall be guilty of a misdemeanor and upon conviction shall be punishable by a fine not to exceed $——— for each violation.

(b) Violates any order or regulation issued pursuant to this Act shall be subject to a civil penalty of not more than $——— for each day he is in violation of this Act.

Sec.403. Injunctive Relief.—The United States district courts for the districts in which a violation of this Act or regulations issued pursuant thereto occur, or are about to occur, shall have jurisdiction to issue a temporary restraining order, preliminary or permanent injunction to prevent such violation. Such injunction may be issued upon application of the Attorney General in compliance with the Federal Rules of Civil Procedure.

Sec. 404. Jurisdiction of State Courts.—Violations of State orders or regulations issued pursuant to the requirements of this Act shall be punishable upon conviction in appropriate courts of the several States, the District of Columbia, the Commonwealth of Puerto Rico, or territories. Such courts shall have authority to impose civil penalties or grant injunctive or other relief, consistent with the jurisdiction, with respect to actions which are taken or threatened to be taken in violation of State orders or regulations issued pursuant to the requirements of this Act.

Sec. 405. Authorizations.—There are hereby authorized to be appropriated such funds as are necessary to carry out the provisions of this Act, and during an energy emergency, such funds may be expended without regard to fiscal year limitations.

Sec. 406. Relation to Other Legislation.—Except as expressly provided in this Act, nothing in this Act shall be deemed to limit or restrict any authority conferred by any other Act.

Sec. 407. Administrative Provisions.—Sections 205, 206, 207, 211(a), 212(a), 212(e), 212(f), 212(g), and 213 of the Economic Stabilization Act of 1970 (as in effect on the date of enactment of this Act), shall apply to the administration of any regulations promulgated under this Act, and to any action taken by the President (or his delegate) under this Act, as if such regulation had been promulgated, such order had been issued, or such action had been taken under the Economic Stabilization Act of 1970; except that the expiration of authority to issue and enforce orders and regulations under section 218 of such Act shall not affect any authority to amend and enforce the regulation or to issue and enforce any order under this Act.

Sec. 408. This Act expires on June 31, 19—.

Mr. JACKSON. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state his parliamentary inquiry.

Mr. JACKSON. Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. The Senator from Washington has 4 minutes remaining.

Mr. JACKSON. Mr. President, I yield myself 1 minute in which to take the opportunity to again extend my deep appreciation to the Senator from Maine for the hours, days, weeks, and months he has spent on this bill. He was a mainstay in our efforts throughout the inception of the legislation. I am deeply grateful for his excellent statement. I think that he has stated the case very well.

I also, Mr. President, express my appreciation to the distinguished chairman of the committee, the Senator from West Virginia (Mr. Randolph), for his ongoing contributions since the inception of the pending bill that is now before the Senate.

Mr. FANNIN. Mr. President, I yield 3 minutes to the Senator from New York.

Mr. BUCKLEY. Mr. President, 3 weeks ago I spoke on this floor against the adoption of the Energy Emergency Act because of its extremely adverse impact on the consumers of the country. I pointed out that our consumers are having their natural gas supply interrupted, and that they are forced to line up in the longest automobile lines in the country because we are particularly subject to the Arab embargo.

I pointed out that the oil rollback on prices would, at best, save New York 2.5 cents per gallon and remove those incentives required in order to enable us to work our way out of the shortages.

I also pointed out that we had the unanimous testimony of five economists, ignored by the conference committee, who stated that it would be irresponsible to roll back prices unless we wanted to place ourselves in perpetual bondage to the Arab States.

I had hoped that some of our arguments would be reported in the press so that the public might be able to understand better some of the issues involved. Unfortunately, in the next day's New York Times, my comments and the comments of several other Senators were dismissed lightly. I know that the New York Times is never wrong. And to my astonishment, I find that New York is an oil-producing State.

Let me tell the Senate what I have found. New York State has 5,300 wells that in the aggregate are producing 2,700 barrels a day, or an average of half a barrel a day for each well. We are producing about 1 million cubic feet of gas a day.

Then, out of curiosity I decided to find out what happened to oil production and exploration in New York State. I checked in Albany. I found that the price of gas in New York State has risen from 40 cents a thousand cubic-feet to 45 cents. I found also that in September of last year new oil was deregulated prior to May 1973, less than one rig was working per month in New York State. In October 1973, the figure rose to 1.8 rigs. In November it was 5.3 rigs. In February of this year, it was 5.3 rigs.

In New York we have seen an expansion amounting to 400 percent. Reservoirs that had been abandoned two and three decades ago are now being brought back into production and are being used simply because the economics of the situation have been changed.

I submit that if this is the experience of New York State, it is bound to be the experience in the rest of the country. If the price incentive is causing people to risk large sums of money to look for deeper horizons, to bring every last drop of oil out of reservoirs that have long since been abandoned, the interests of consumers of the country are being served.

Mr. President, I will vote to sustain the President's veto.

Mr. President, the farmers of America know about economics, and they want assured supplies of oil. That is why the American Farm Bureau Federation urged the President to veto this legislation. I ask unanimous consent, Mr. President, to print in the Record at this point the statement of the American Farm Bureau Federation regarding the Energy Emergency Act.

There being no objection, the statement was ordered to be printed in the Record, as follows:

STATEMENT OF THE AMERICAN FARM BUREAU FEDERATION REGARDING THE ENERGY EMERGENCY ACT, MARCH 6, 1974

Based on policy Farm Bureau consistently has opposed price controls and rollbacks as a matter of principle. Meeting this week in Chicago, the Board of Directors of the American Farm Bureau Federation affirmed this position and urged the President to veto the Energy Emergency Act, particularly because it contains a provision which would roll back crude oil prices and thus aggravate current shortages. The Board called upon the Congress to sustain the Presidential veto.

WILLIAM J. KUHFUSS,
President.

Mr. FANNIN. Mr. President, I yield 3 minutes to the Senator from Idaho.

Mr. McCLURE. Mr. President, I rise in opposition to the effort to override the President's veto, and I urge Members of the Senate to vote to sustain the President's veto.

Mr. President, we have heard a lot on the floor of the Senate about this measure. We have heard it said that this measure will protect the consumers and get the prices down. As a matter of fact, for more than one reason if we adopt this measure, the price of petroleum products to the consumers of the United States will go up and not down, because it will increase our dependency upon imported products which are highly priced, more so than the domestically produced products that now go into the market.

It is also said that this will create, by some magic alchemy, an independence within our own country. I say this measure will create a greater dependence on imported oil, for the immediate future and for the longer range future.

It has been said that this measure is somehow anti-big business, anti-major oil company. Mr. President, that is an anomaly, because those who speak in favor of this measure say they are in favor of reduced profits to big oil companies, but quietly serve the best interests of the big oil companies because their major profits are derived from imports and not domestic production. So the big oil companies like this measure; it serves their interests and increases their profits. The little independent oil companies of this country are opposed to this measure.

Mr. GRAVEL. Mr. President, will the Senator let me underscore that? Will not the Senator agree that it will result in driving American capital abroad?

Mr. McCLURE. The Senator from Alaska is absolutely correct. It has been said that this measure will save the consumer 5 cents a gallon at the gasoline pump. But I will say that if the price goes back to $5.25 a barrel on old oil and $7.09 on new oil, the customer will save only seven-tenths of 1 cent a gallon, and if the price of all of it were rolled back to $5.25, he would save 1 1/10 cents a gallon at the pump, and not the larger amounts claimed by the proponents of this measure.

If we are concerned about profits in the oil industry, there is a much better way of dealing with the problem than by this clumsy measure, and that is to deal with profits directly. I have submitted a proposal which would accomplish that, a measure which would increase the supply and reduce profits, rather than result in a scarcity.

Mr. FANNIN. Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. The Senator has 5 minutes remaining.

Mr. FANNIN. I yield 1 minute to the Senator from Alaska.

Mr. GRAVEL. Mr. President, I just want to underscore what my colleague from Idaho has said very briefly: that this measure will cause inflation, not reduce inflation. It will drive capital abroad, which will create a scarcity here. If we buy more abroad, we will give more control to foreigners, who have essentially caused the inflation we have experienced in the past year. I cannot think of anything more nonsensical, or more inimical to our domestic interests.

One cannot, by edict, turn back the clock. I tried to make that point with my colleague from Washington with respect to real estate values and rentals. But whether it is food or whether it is oil, the principle is the same. For some reason, we think we are going to be able to do it with oil, but I say it would mean disaster to the most fundamental parts of our society.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. FANNIN. I yield 2 minutes to the Senator from Wyoming.

Mr. HANSEN. Mr. President, I do not think anything new can be added to the debate. All the issues have been explored in great detail. If I can be helpful at all, the only thing I can do is summarize what we have been talking about.

It ought to be evident to all Americans now that despite our best intentions, we cannot repeal the law of supply and demand. That is manifest from what is happening in Europe. There are no gas lines over there. They have no energy crunch, for obvious reasons. If we want more oil, and I am sure most Americans do, because our economy is geared to energy, and energy comes almost 80 percent from oil and gas, we have got to have oil and gas. The question then arises, are we going to get it from other parts of the world, from Arab nations, from the Middle East, or do we want to get more of it here? Events in the Middle East have underscored the fact that if we want to have the latitude that Americans demand, and that indeed in the interests of world peace we must have, then I think it is important that we have a greater degree of self-sufficiency now, in being able to supply oil and gas domestically, than we have had in the past.

The issue is as simple as that. This act will not produce a single additional barrel of domestic oil.

The price rollback can result only in continued reliance on those who control most of the world's oil at their own price.

The only solution to a shortage is more supply.

The petroleum industry has already responded to more realistic crude oil prices and higher profits. The economics department of McGraw-Hill publications reports that the petroleum industry plans to invest $7.68 billion in 1974 which is 42 percent higher than last year and double the increase planned last October.

So a vote to override the President's veto would reverse the trend toward the only real solution of our energy problem—development of domestic self-sufficiency.

We can do that very simply by doing what the Senator from Alaska has suggested, and that is rejecting this ill-starred, poorly conceived, economically foolish measure that would have become law had not the President of the United States vetoed it.

Let us do that. Let us reject it, because not too long ago we passed another emergency bill that has now come back to haunt us. And that was the Emergency Petroleum Allocation Act which now must be amended because it was pushed through as a consumer protection bill when in practice it has caused nothing but trouble and longer lines at the gas pump.

The PRESIDING OFFICER. The time of the Senator from Wyoming has expired. The Senator from Arizona has 2 minutes remaining.

Mr. JACKSON. Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. The Senator has 3 minutes.

Mr. JACKSON. Mr. President, I think it is important for the Members of the Senate to keep in mind that there is something more to the legislation that is pending before this body than the subject of rollback. All I want to say on the subject of rollback of the price is that we are not talking about a free market. We are talking about a cartel market.

Mr. President, we have asked the Arab countries to roll back their prices, we have asked Canada to roll back its prices, and now, if this override fails, we are not going to roll back our prices, but instead we are talking about fixing our prices—and that is what it amounts to—at the Arab price level.

I point out that the bill also provides for the coverage of those who are unemployed by reason of the energy crisis. Let me point out just this one fact: over the ticker, a few minutes ago, the Bureau of Labor Statistics came out with the latest unemployment statistics. They are, as of today, 292,000 people out of work directly as a result of the energy crisis, bringing the total to 2,643,000. This is up 40,000 over last week.

Mr. President, the President dismisses this situation in a rather cynical manner. He dismisses in a cynical manner an opportunity to help the small businessman to obtain long-term loans, and homeowners' long-term loans in order to provide for a more effective means of dealing with energy problems through appropriate insulation programs.

He says nothing about a requirement in the bill here which is crucial: that the oil companies make a full disclosure of their assets and their resources.

We have provisions in here for safeguards on antitrust. We have grants to the States to implement this program. We have provision for the protection of franchise dealers, both branded and nonbranded. We have a provision for control of exports, and we have a provision for conservation and rationing.

This is a comprehensive bill, and I hope the Senate will vote to override the veto measure of the President of the United States.

Mr. FANNIN. I yield my remaining 2 minutes to the Senator from Texas.

Mr. TOWER. Mr. President, the issue of major oil company profits is probably about the phoniest issue we could bring up in connection with the rollback on the price of domestic crude. Approximately 75 to 80 percent of the domestic exploration in this country is undertaken by independent operators, not by the major oil companies. The major oil companies are the customers of the independents. When you roll back the price of crude, you do not change the profit picture of the major oil companies; what you do is discourage the independents. You discourage marginal production in this country, which amounts to about 12.5 percent of the production in this country. If we fail to sustain the veto of the President of the United States, we will wipe out about 12.5 percent of the oil and gas production in this country.

The Senator talks about unemployment. Mr. President, we will have a lot more unemployment if this undesirable piece of legislation is sustained by this vote and subsequently sustained by the House of Representatives. Make no mistake about that.

Furthermore, we are going to deny ourselves the prospect of drilling for an additional 275 million barrels of oil in this country this year, if this law is allowed to stand.

Further, yes, there is something else in the bill and that is section 108 which prescribes the regulation of maximum efficient production—MERP, as it is called—and that will go into the hands of the Federal Government and out of the hands of competent State authorities and can destroy future sources of oil for this country for years to come.

Mr. HANSEN. Mr. President, on behalf of the Senator from Colorado (Mr. DOMINICK) I ask unanimous consent to have printed in the RECORD an editorial published in the Rocky Mountain News of February 7, 1974.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

ROLLING BACK OIL

Congress, which knows a live issue when it sees one, seems hell bent on rolling back the price of some domestic crude oil.

This may be good politics, but it is wretched economics. What is more, it comes at a very bad time.

For the first time in years, U.S. crude oil output has started to climb. The steady decline in domestic production was reversed by one thing: freeing the price of newly discovered crude, which encouraged wildcatting and bringing marginal wells back into production.

So by putting an arbitrary ceiling on "new" crude, Congress may look good to the voters, but in reality it will be acting to discourage output and in the long run cause higher prices and gasoline rationing.

At present about three quarters of domestic crude is classed as "old" (pre-1972 production rate) oil and price-fixed at $5.25 a barrel. A bill moving through Congress with powerful support would roll back new crude to that figure and then, as costs go up, let it rise precisely to $7.09 a barrel.

While our admiration for congressmen is boundless, we still fail to understand how they know to the penny the optimum future price of crude. Nor does Treasury Secretary George P. Shultz understand the logic of their rollback.

To do so, he warned, would be a "fundamental mistake." Consumers "would be spared a few cents a gallon for a few months." But the principal effect would be to dampen investment here "and shift profits from the U.S. abroad," since we would have to import more foreign oil.

Since Shultz is well-known as a free-enterprise economist, we doubt that Congress will pay much attention.

If this country really wanted to become self-sufficient in energy in the least possible time, it would gradually decontrol the price of crude, and it would be pleasantly surprised how fast market forces would get the oil out of the ground.

And if Congress feels the present crisis cannot be allowed to pass without its tinkering with the law, it ought to rejigger those complicated tax clauses that make it more profitable for the industry to explore for oil abroad instead of in this country.

It's quite clear by now that most oil Americans find overseas will be confiscated fairly soon by sheikhs and shahs, used against us for political reasons and offered for sale only at exorbitant prices. The place to solve our oil shortage is at home.

Mr. BELLMON. Mr. President, the Energy Emergency Act with the crude oil price rollback provision is a bad piece of legislation and the President did the right thing by vetoing it. I feel strongly the veto should be sustained for these reasons:

It would further weaken the domestic energy industry at a time when drilling activity is beginning to pick up.

It would create a greater dependence on imports from other countries at higher prices.

It would not relieve the shortage of fuel, because it would not produce a single extra barrel of oil.

It would not produce any significant effect on propane prices, because about

two-thirds of all propane is produced from natural gas.

It would not reduce the price of gasoline more than about 1 cent per gallon, and these savings would soon be wiped out by high-cost imported fuel.

It would be another step toward Government control of private industry.

It would allow the Federal Government to take over conservation functions now carried out by State regulatory agencies.

It would probably be declared unconstitutional, because it would be the first time in history that Congress set a price on one commodity for one industry.

This rollback bill would be a setback for every consumer in the United States.

Mr. STEVENSON. Would the distinguished Senator from Washington yield briefly for some questions on the rollback section of the bill, section 110?

Mr. JACKSON. I would be happy to yield to the Senator.

Mr. STEVENSON. Last weekend I had the opportunity to meet with several independent producers in Illinois who expressed some concern over this section and some confusion over what would happen if the provision were enacted. They thought that as soon as the bill was enacted the price of all oil—even that of new oil—would immediately be rolled back to $5.25 per barrel. Some of these producers thought they might be able to live with a price of $7.09, but not a price of $5.25 for new oil, but they believed that the price would immediately roll back to $5.25 and that there would probably be a delay of several months before various hurdles could be passed and the $7.09 price instituted.

Senator, as a conferee I understood that what this legislation actually envisions is a 30-day freeze after the bill is enacted, in other words, a 30-day period within which the President could act to free various classes of oil from the $5.25 per barrel level up to the $7.09 per barrel level. During that 30-day period, however, prices would remain what they were on the day of enactment, or about $5.25 for old oil and over $10 for the so-called new oil. It would only be after the 30-day period, and unless the President had not acted to raise prices beyond the $5.25 level for certain classes of oil, that the price of all oil would be rolled back to $5.25 per barrel.

Am I correct in my understanding of the provisions of section 110?

Mr. JACKSON. The Senator from Illinois is essentially correct. The only caveat I would add is that if the President chose to act before the expiration of the 30-day period he could set prices for any class of oil at a price over $5.25 and up to $7.09, but not above that price. But essentially we have a 30-day freeze on present prices, and then a rollback, a rollback which would be to $5.25 for all oil—and $5.25 is not even a rollback for old oil—unless the President acted within that time frame to exempt certain classes of oil from the $5.25 price, in which case he could raise those classes up to a maximum of $7.09. The authority to raise the price up to $7.09 is with the President.

Mr. STEVENSON. Thank you. Senator Jackson, it is also my understanding that the procedural provisions of section 110 would not cause a serious delay. There would be a 10-day period required for comments on any action the President proposes to take, but even that could be waived with the hearing to follow after a price above $5.25 is instituted. And the bill rules out any temporary restraining orders or preliminary injunctions by the courts. The courts could only act by issuing a final order ruling the President's action unlawful because it is based on a lack of substantial evidence. Is my understanding on these points correct?

Mr. JACKSON. The Senator is correct. The President can act as quickly as he deems fit. The procedural mechanisms which are placed in the act are for the protection of the public—the independent producers as well as the consumer—from arbitrary actions by the administration. The independent producer can challenge the President's prices as being too low and, therefore, inequitable if the price is below $7.09.

Mr. STEVENSON. But the proceedings need not drag on months or even weeks?

Mr. JACKSON. How long any proceedings "drag on" depends on the administration. The only period the bill provides is a 10-day period for comments, and even that period can be waived. And once the price is in effect it stays in effect until a court finally determines that it is inequitable.

Mr. STEVENSON. And am I correct in stating that the $7.09 price could apply to all new oil and to oil from stripper wells?

Mr. JACKSON. The Senator is correct.

Mr. STEVENSON. And since the administration was seeking a higher level than $7.09, is it not probable that the administration would move quickly to permit $7.09 for all new oil and oil from stripper wells?

Mr. JACKSON. That would be my expectation.

Mr. STEVENSON. I thank the Senator for that clarification of this legislation. It should be reassuring to independent producers throughout the country, whom we want to aid, as well as to those in Illinois.

Mr. WILLIAMS. Mr. President, I am very disturbed about President Nixon's decision to veto the Emergency Energy Act passed by Congress.

The Washington Post, on March 3, had a provocative editorial about the decision to veto the bill. While I do not concur with all of the Post's conclusions, I think it is worthwhile for Congress to review several of the arguments presented. Particularly important are the issues of how many important features the bill does contain, and the fact that the American consumer should not be in the position of paying exorbitant fuel prices at levels far above true equilibrium.

I strongly agree with the editorial that Congress does have the obligation to override that veto.

I ask unanimous consent that excerpts from the Washington Post editorial in this matter be printed at this place in the Record.

There being no objection, the excerpts were ordered to be printed in the Record, as follows:

The Veto and the Energy Bill

President Nixon is wrong in his decision to veto the Emergency Energy Bill. He is wrong in his purpose and wrong in his reasoning. It is a broad and valuable piece of legislation, addressing a great range of issues that the oil shortage raises. This veto would give somber evidence of the degree to which the President has now removed himself from the concerns of his fellow citizens, and the isolation in which he wraps himself.

To see the price that we are all being asked to pay for Mr. Nixon's veto, it is necessary to look at the other sections of the bill. In addition to the rollback provision, it contains additional unemployment compensation for those who lose their jobs in the shortage. There is protection in this bill for service station operators against arbitrary cancellation of their franchises by the oil companies. There are requirements for the orderly collection of the statistics that the government now notoriously lacks. There are rules to govern an orderly conversion of power plants for coal without the present bypassing, and perhaps violation, of the Clean Air Act. There is the authority for the President to impose gasoline rationing. All of these provisions ought to be law now, but they are all in the bill that the President intends to veto.

The rollback provision is less than perfect. But, with its defects, it serves a purpose that Mr. Nixon evidently does not acknowledge. It sets a certain limit to the heights to which crude oil prices will be permitted to soar. A few numbers are helpful in following the argument. About half of the country's oil supply is under price controls at $5.25 a barrel. About a third is foreign oil, currently selling at a bit over $10 a barrel. The dispute is over the remaining one-sixth of the supply which, being uncontrolled, has leaped up to the world price of $10. The Emergency Energy Bill would roll it back to the controlled price and then, where production costs justified it, authorize Mr. Nixon to let it go up as high as $7.09. Writing numerical price ceilings into law is a bad practice, particularly in a time of rapid inflation. But this fault is mitigated by the temporary nature of the law, which would run only 14 months. To judge whether the rollback is reasonable, remember that the price of all American oil was around $3.40 a barrel one year ago. Seven dollars is a price beyond the wildest dreams of oil men at any time up until last fall. At that price, incidentally, exploration and production go forward at the industry's full capacity. Beyond that figure, higher prices do not increase production incentives enough to justify the cost to the consumer.

Prices are obviously going to keep rising in this country. In the end, they will come to rest when supply equals demand. But the purpose of wise government policy would be to use controls and rationing to get us through the transition without letting the price suddenly shoot up to panic levels that would certainly be much higher than any true equilibrium. In Germany, a country where mass transportation is good and commuting long distances by car is rare, the government can afford to view gasoline as almost a luxury. In this country it is a basic necessity for a very large number of people, by no means all of whom are well to do. The passage to higher prices of scarcer fuel needs to be a gradual affair. If Mr. Nixon vetoes the Emergency Energy Bill, Congress will have a clear responsibility to override that veto.”

Mr. BAYH. Mr. President, I shall vote to override the President's unwise and illogical veto of the Energy Emergency Act and urge strongly that my colleagues join me in passing this crucial legislation despite the President's shortsighted action.

This is President Nixon's 42d veto, and it is as unjustified as any of the preceding 41. Once again, the President has vetoed legislation passed overwhelmingly by both the Senate and House of Representatives. Once again we are faced with the necessity of legislating, not by a majority but by two-thirds of the Senate and House.

The veto of the Energy Emergency Act is ironic, since the President and spokesmen for his administration have repeatedly chided the Congress for not moving fast enough on energy legislation. The fact is this important bill would have been enacted before the Christmas recess were it not for stalling tactics supported by the administration, and in January were it not for an initial recommittal of the conference report accomplished with the full support of the administration.

The President offers three reasons for his veto. None are well-taken and, in fact, all fly in the face of the best interests of the American people.

PRICE ROLLBACK

The President opposes section 110 of the bill which would lower crude oil and refined petroleum product prices. He argues that the rollback in prices would reduce the supply of available gasoline by discouraging oil exploration.

This is wrong. The bill permits the President to raise the price of so-called new oil, that is oil produced in excess of early 1973 production, to as much as $7.09 a barrel. This is 35 percent above the basic price of $5.25 a barrel. What the President fails to acknowledge, as he adopts the same arguments made by the oil industry when it lobbied against passage of the bill, is that as late as last fall the oil industry agreed that a price of about $7 a barrel was enough to justify new drilling and production.

We are faced, Mr. President, with a remarkable situation in which the oil industry chooses to raise the minimum acceptable price for new oil production to new and higher levels after every price increase is granted. Such unjustified price increases smack of profiteering and place a totally unreasonable burden on American consumers already reeling under inflation which came close to 9 percent last year.

To gain a better perspective on the $7.09 a barrel price to be allowed on new oil, this is fully twice the average domestic price of crude oil just 1 year ago, and $1.84 a barrel more than the basic price of domestic oil.

Rather than support the price rollback, which would provide desperately needed relief for American consumers, the President offers what he insists on calling a windfall profits tax. But no matter what the President calls his proposal, it really is an excise tax, the burden of which will be carried by consumers as the major oil companies—whose profits were up 50 percent last year—continue to rake in record profits.

Mr. President, the rollback in crude oil and refined petroleum product prices is one of the important provisions of the Energy Emergency Act. It is something that has the understandable support of the American people. Rather than serving to justify a Presidential veto, it provides good cause for us to override that veto.

UNEMPLOYMENT COMPENSATION

The second reason cited by the President for his veto is section 116, the provision for expanded and extended unemployment compensation for workers who lose their jobs due to the energy crisis. Since section 116 follows very closely an amendment I suggested to the distinguished Senator from Washington (Mr. JACKSON), I obviously have a deep concern about this provision.

The President's abrupt dismissal of this section as "arbitrary" and "vague" shows remarkable insensitivity to the tens of thousands of American workers who have already lost their jobs due to the energy crisis. These workers, and their families, are not buoyed by the overly optimistic fundamentally inaccurate statements by high administration spokesmen that the energy crisis will not play a major role in expanding unemployment.

In my own State of Indiana, the energy crisis has already created grave unemployment, as high as 10 percent in Elkhart. This unemployment is not always directly attributable to a specific governmental response to the energy crisis. Sometimes jobs are lost indirectly due to fuel prices and fuel allocations. Or, as is the case in Elkhart where the recreational vehicle industry has experienced major shutdowns, the unemployment results from consumer reluctance to buy a new recreational vehicle, automobile, or other product, because of legitimate uncertainty about the availability of fuel in coming months.

This is why section 116 takes into account all unemployment resulting from the energy crisis. The President's objection to this provision ignores reality as clearly as do his other statements that the energy crisis is over and we will not have a recession. The President would like to wish away our energy crisis and coming recession, but all his wishing will not put food on the table of families, in Indiana and across the country, in which the breadwinners have been thrown out of work.

I have no patience for the callous opposition of the President to the improved unemployment compensation provisions of the Energy Emergency Act. This is a most basic need, for which we can wait no longer, and further argues for a vote to override this veto.

ENERGY CONSERVATION LOANS

The third reason given by the President for his veto is the section which authorizes low interest loans to homeowners and small businessmen to improve insulation. This proposal is designed to meet our energy problem in one of the quickest and most effective ways available.

Even as we explore ways to increase our energy supply, we should be taking the necessary steps to reduce energy demand, and improved insulation will have a major effect in cutting demand.

The President talks about conserving energy, yet he is unwilling to even lend—not give—American homeowners and small businessmen the money needed to conserve significant amounts of energy. All his lip service will not buy a single storm window, and I disagree fully with his argument against the low-interest loan provision of the act.

Mr. President, having addressed myself to the three specific issues raised by the President in his veto message, I would like to summarize other important and desirable provisions of the Energy Emergency Act. All of these provisions, which follow, have been carefully considered in the Senate and House, and by the conferees in several different sessions, and deserve passage despite the President's veto:

Authority to limit the export of coal, petroleum products and petrochemical feedstocks is given to the Administrator of the new Federal Energy Emergency Administration. Also, the Secretary of Commerce would be required to use his authority to limit exports of these vital products if the Administrator deems it necessary to meet the energy emergency. For more than 3 months I have been trying to get the Secretary of Commerce to use his existing authority to limit petrochemical exports. Domestic industry, especially small businesses, has been hurt severely by the shortage of petrochemical feedstocks and the inaction of the Secretary is deplorable. At last, this bill provides a solution to that inaction.

Recognizing that there are limits to which we can balance energy supply and demand by increasing supplies in the short term, the bill gives the administration needed authority to limit energy demand through mandatory conservation methods. Such conservation may be our best hope for avoiding economic disaster due to the energy crisis.

In a further effort to avoid energy waste, the bill instructs the regulatory agencies to revise their regulations to permit fuel savings in interstate commerce.

Since end-use gasoline rationing may become necessary, the bill creates the necessary authority for rationing.

As part of the overall program of energy conservation the bill provides Federal assistance to States and localities in developing carpool programs.

Since the major, integrated oil companies have used the fuel shortage as a tool against gasoline service station operators who do not follow the company line, the bill contains needed protections for the franchise rights of these small businessmen.

The bill has tough, effective antitrust rules to make certain the oil companies do not act improperly in concert in responding to the energy crisis.

Mr. President, I know the President's veto of the Energy Emergency Act has brought glee to the boardrooms of the major, international companies. But it has brought sorrow to American consumers. I hope sincerely that the Congress will override this veto, here in the Senate and in the House of Representatives, and in that way show that we are far more concerned with the well-being of the average American family than with the earnings of the multinational oil giants.

Mr. HELMS. Mr. President, President Nixon has, as Senators are aware, vetoed the so-called "Emergency Energy Act." I voted against this legislation when final passage was considered by the Senate, and I will vote to sustain a veto. This act would create yet another Federal bureaucracy to manufacture "redtape" and harass the American people—those it presumably would exist to aid, all at a cost borne by the taxpayer and consumer.

Everyone is properly concerned about the energy crisis with its shortages of gasoline, fuel oil, and gas. Many portions of the country have felt the heavy burden of long lines at service stations and an inadequate supply of fuel generally. I am convinced that my State has borne the brunt of this situation as heavily as any.

Our people are justly concerned. Many businesses have been adversely affected. Everyone's daily life has been pervaded by the ever present necessity of searching for small quantities of fuel to meet essential and immediate needs.

Nonetheless, the American people remain unconvinced that our fuel situation is so extreme as to merit the extraordinary remedies that have been mentioned from time to time. According to a recent Gallup poll, 53 percent of Americans oppose gasoline rationing: a clear majority. Reasons advanced in opposition to the establishment of such a rationing program are: first the involvement of bureaucratic "redtape," which it is feared would render the program more of a burden than an advantage; two, the inability of the Government to accurately forecast the fuel needs of the various segments of our society so as to structure the program in an equitable manner; and three, the fear that it would encourage "black marketeering."

Furthermore, Mr. William Simon, Administrator of the Federal Energy Office, recently acknowledged that he basically just does not think that rationing would work.

It is evident that the American people do not want gasoline rationing. It is equally evident that the American people believe the Government to be incapable of establishing a fair and workable rationing program. We are compelled to the conclusion that our citizenry would prefer to trust the free enterprise system to provide for their needs. In this conclusion, I entirely agree.

The American people recall all too well the dismal failures of other governmental attempts to improve upon free enterprise. We all remember that we tried price controls on meat, and the result was an almost immediate shortage of meat. Some have advocated a price rollback. Many, however, see this purported panacea for the idle dream that it is. Only through production and competition in the marketplace can we hope to enjoy a more abundant supply of the goods we need and—in the long run—more equitable prices for the goods we buy. Price controls create negative incentives for production. We cannot afford further interference with the business sector in a time of acute shortage.

I cannot support a gasoline rationing program, and I urge the removal of all price controls from the economy so that the market can return to a normal supply-and-demand situation.

I certainly share the general concern regarding the current fuel shortage, but we must not allow this transitory hardship to bring about a further erosion of our free enterprise system and our traditional American economic structure.

Mr. President, I ask unanimous consent that a news article reciting the results of the latest Gallup poll concerning mandatory gasoline rationing be printed in the RECORD at the conclusion of my remarks.

There being no objection, the article was ordered to be printed in the RECORD as follows:

THE GALLUP POLL: GAS RATIONING HEAVILY OPPOSED

(By George Gallup)

PRINCETON, N.J.—By the margin of 53 to 37 percent, the American people vote against gas rationing, with current views virtually the same as those recorded in an early January survey.

The chief reason for opposing such a law is the belief on the part of some that the fuel shortage is not serious enough to warrant the rationing of gasoline. Others worry that rationing would involve too much red tape, or that such a law would not work in an equitable manner. Still others fear that rationing might encourage black marketeering.

Those in favor of a gas-rationing law maintain that this would be the only fair way of distributing gas. Others feel that such a law would eliminate the present long lines of motorists waiting for gas and would bring order out of chaos. Still others express the hope that rationing might reduce the price of gas.

Following is the question asked:

"Do you favor or oppose a law requiring gas rationing?"

Here are the latest results:

FEBRUARY

	Percent
Favor	37
Oppose	53
No opinion	10

By way of comparison, here are earlier findings based on the January survey:

JANUARY

	Percent
Favor	34
Oppose	56
No opinion	10

A standby gas rationing plan was announced by the Federal Energy Office earlier this year. Under that plan, an average of 32 to 35 gallons per month would be allowed for each driver 18 years old or older—the distribution formula depending on gas supplies, where the driver lives, the availability of public transportation, and other factors. Each licensed driver 18 or over, would be mailed a card that can be used to pick up coupons. A charge of $1 for each monthly packet of coupons would be imposed, to help cover the estimated $1.4 billion annual cost of running the rationing system.

Although some energy and economic advisers feel that gas rationing is the best quick solution, federal energy chief William E. Simon does not hold this view.

Here are findings, region by region, based on the question: "What do you think is the most important problem facing this country today?"

EAST

	Percent
Energy crisis/fuel shortage	46
High cost of living	25
Dissatisfaction with/lack of trust in government	16
Corruption in government/Watergate	7
Unemployment	4
All others	24
No opinion	3
	125*

MIDWEST

	Percent
Energy crisis/fuel shortage	47
High cost of living	23
Dissatisfaction with/lack of trust in government	17
Corruption in government/Watergate	8
Moral decline/lack of religion	5
All others	23
No opinion	2
	125*

SOUTH

	Percent
Energy crisis/fuel shortage	49
High cost of living	28
Dissatisfaction with/lack of trust in government	11
Corruption in government/Watergate	5
Unemployment	5
All others	27
No opinion	5
	130*

WEST

	Percent
Energy crisis/fuel shortage	38
High cost of living	24
Dissatisfaction with/lack of trust in government	19
Unemployment	10
Corruption in government/Watergate	8
All others	30
No opinion	3
	132*

* Totals add to more than 100 percent since some persons named more than one problem.

Mr. CRANSTON. Mr. President, I rise to express my deep regret that President Nixon has vetoed the Energy Emergency Act (S. 2589) and to urge my colleagues to vote today to override this unfortunate veto.

In his veto message, President Nixon stated that section 110 of S. 2589, which would rollback the price of domestically produced crude oil would "set domestic crude oil prices at such low levels that the oil industry would be unable to sustain its present production of petroleum products, including gasoline."

Mr. President, this statement is difficult to believe. The rollback provision would simply require that all crude oil produced in the United States—with the exception of stripper wells—would be subject to the current controlled price level of $5.25 a barrel. Currently, 75 percent of all domestic crude oil is subject to this price ceiling. The rollback would affect less than 25 percent of the domestic crude oil—that which is now averaging the world price of $10 a barrel. But to be sure that there is ample incentive to maximize production from current wells and to explore for new oil, the President would have the authority under the rollback provision to raise the price of "new" oil to $7.09 a barrel if he found that such price increases were necessary in order to stimulate new production.

This veto is based to a large extent on the feeble and erroneous argument that we must have uncontrolled, inflation-feeding fuel prices in order to stimulate new production. Even the oil industry admits that $10 a barrel oil is not economically justifiable. In December 1973, the National Petroleum Council said:

> For maximum attainable self-sufficiency by 1980 a price of $4.05 would give a 10 percent rate of return, while a price of $5.74 would give a 20 percent return.

We should not forget, too, that in the past 12 months, crude oil prices have doubled. In January of 1973, the average price per barrel was $3.40. In January of 1974, that average had jumped to $6.75. But even with this supposed incentive, crude oil production during the same period increased by a mere 34,000 barrels—from 10,859,000 barrels a day to 10,893,000 barrels a day.

The facts simply do not support President Nixon's contention that we must allow the price of crude oil to skyrocket in order to encourage the oil companies to produce more oil.

But the President has vetoed far more than a rollback of fuel prices.

By once again acting to protect the interests of the oil companies, President Nixon has sacrificed the interests of the American people.

He has vetoed unemployment assistance benefits of $500 million that would be available as grants-in-aid to the States to provide at least 6 months additional unemployment compensation to individuals left jobless as a result of energy shortages.

He has vetoed new legal rights and judicial remedies for service station owners to protect them from arbitrary and unreasonable actions by large oil companies.

He has vetoed a provision which would have, for the first time, required the mandatory disclosure by the oil companies of reliable data and information on reserves, production levels, refinery runs, stock levels, imports, prices, and other information essential to understanding the scope of the energy crisis.

He has vetoed stringent antitrust safeguards designed to insure that the agreements among the oil companies to deal with shortages do not result in permanent violations of the antitrust laws.

He has vetoed authority for a wide range of actions designed to conserve scarce energy resources, particularly authority to ration gasoline and to require regular operating hours for gas stations.

And he has vetoed authority for the Department of Housing and Urban Development and the Small Business Administration to provide low-interest loan assistance to homeowners and small businesses to finance insulation, storm windows, and improved heating units. I am particularly disappointed that this has been vetoed, because in his message, President Nixon claimed:

> The actual energy savings produced by these vast expenditures would not justify such an enormous loan program.

I find this a difficult pill to swallow. In other messages, President Nixon has told the American people that they must conserve energy, that they must turn their thermostats down and turn off lights and make other sacrifices in order to save fuel. His action today amounts to another message that the people must bear the brunt of rising fuel costs, with no hope of assistance in the form of loans from the Federal Government.

And it is incorrect to imply that these conservation measures will have an insignificant impact on our overall energy budget. Currently, the residential sector uses about 20 percent of all the energy consumed, with 70 percent of this amount being consumed by only two household uses—space heating and water heating. The Rand Corp. of Santa Monica, Calif., has done considerable work in estimating the potential energy savings from measures to eliminate energy waste. I ask unanimous consent that two tables prepared by Rand be inserted in the RECORD at this point.

There being no objection, the tables were ordered to be printed in the RECORD, as follows:

TABLE 1—SHORT-TERM ENERGY CONSERVATION POTENTIAL, RESIDENTIAL SECTOR—CALIFORNIA

[Conservation measure and estimated maximum savings—equivalent barrels of oil per day]

1. Reduce thermostat settings—space heating, 80,000 to 104,000 and water heating, 12,000 to 14,000.
2. Weatherstrip households, 35,000 to 58,000.
3. Keeping heating plant maintained, 13,000 to 20,000.
4. Turn out unneeded lights, use lower wattage light bulbs, 8,000 to 11,000.

TABLE 2—ADDITIONAL SAVINGS WITHIN 18–24 MONTHS CALIFORNIA *

[Sector, Conservation measures, and estimated maximum savings—equivalent barrels per day]

Residential—Insulate water heaters and hot water lines, 14,000 to 18,000; insulate existing homes and small commercial, 22,000 to 36,000; convert pilot lights to electric ignition systems, 24,000 to 45,000; and replace incandescent with florescent lighting, 5,000 to 6,000.

Industry—Increase thermal management programs, 67,000 to 134,000.

Government—Replace incandescent with "discharge" street lighting, 2,000 to 3,000.

Total additional potential savings *, 98,000 to 170,000.

Total potential savings * (including short-term savings) *, 440,000 to 710,000.

Mr. CRANSTON. The first table illustrates the immediate savings in the residential sector of California that can be achieved by simple conservation measures. The second table illustrates savings that can be achieved in California with 18 to 24 months, including the savings from adding insulation to existing homes and small commercial establishments. These are not insignificant savings, Mr. President, and I protest President Nixon's insensitivity to these homeowners and small businesses that want to make energy-conserving improvements.

The real message of this veto, Mr. President, is that the President of the United States intends to place the primary burden of the energy crisis on the shoulders of the individual consumers. He is saying to the American people that they must swallow rhetoric instead of action and pay higher and higher fuel costs while the oil companies continue to line their pockets with record profits. I urge the Senate to override this veto.

The PRESIDING OFFICER (Mr. WILLIAM C. SCOTT). The hour of 5 o'clock having arrived, and all time having expired, the question is, Shall the bill (S. 2589) pass, the objections of the President of the United States to the contrary notwithstanding?

The yeas and nays are mandatory under the Constitution. The clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Nevada (Mr. CANNON) is necessarily absent.

I further announce that, if present and voting, the Senator from Nevada (Mr. CANNON) would vote "yea."

Mr. GRIFFIN. I announce that the Senator from Connecticut (Mr. WEICKER) is absent due to death in the family.

The yeas and nays resulted—yeas 58, nays 40, as follows:

[No. 58 Leg.]

YEAS—58

Allen
Baker
Bayh
Bible
Biden
Brooke
Burdick
Byrd, Harry F., Jr.
Byrd, Robert C.
Case
Chiles
Church
Clark
Cook
Cranston
Eagleton
Ervin
Fulbright
Griffin
Hart
Hartke
Haskell
Hathaway
Hollings
Huddleston
Hughes
Humphrey
Inouye
Jackson
Javits
Kennedy
Magnuson
Mansfield
Mathias
McGovern
McIntyre
Metcalf
Metzenbaum
Mondale
Moss
Muskie
Nelson
Nunn
Packwood
Pastore
Pell
Proxmire
Randolph
Ribicoff
Schweiker
Stafford
Stevens
Stevenson
Symington
Talmadge
Tunney
Williams
Young

NAYS—40

Abourezk
Aiken
Bartlett
Beall
Bellmon
Bennett
Bentsen
Brock
Buckley
Cotton
Curtis
Dole
Domenici
Dominick
Eastland
Fannin
Fong
Goldwater
Gravel
Gurney
Hansen
Hatfield
Helms
Hruska
Johnston
Long
McClellan
McClure
McGee
Montoya
Pearson
Percy
Roth
Scott, Hugh
Scott, William L.
Sparkman
Stennis
Taft
Thurmond
Tower

NOT VOTING—2

Cannon
Weicker

The PRESIDING OFFICER (Mr. METZENBAUM). Two-thirds of the Senators present and voting not having voted in the affirmative, the bill, on reconsideration, fails of passage.

FAIR LABOR STANDARDS AMENDMENTS OF 1974

Mr. MANSFIELD. Mr. President, what is the pending business?

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* Corrected for non-additive effects.

The PRESIDING OFFICER. The Chair lays before the Senate the unfinished business, which will be stated by title.

The legislative clerk read as follows:

A bill (S. 2747) to amend the Fair Labor Standards Act of 1938 to increase the minimum wage rate under that act, to expand the coverage of the Act, and for other purposes.

INVALIDATION OF CLOTURE MOTION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the cloture motion which was presented on yesterday be invalidated.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. CURTIS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the time consumed by the distinguished Senator from Nebraska not be charged against either side on the bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE PLIGHT OF CATTLE PRODUCERS AND CATTLE FEEDERS

Mr. CURTIS. Mr. President, the cattle producers and the cattle feeders are facing the most severe crisis probably in this century. Every action possible must be taken immediately to reverse the situation.

It was but a few days ago that a country banker informed me that one of his feeders was going to have to sell his land to take care of the losses from his cattle feeding operation. Many feeders are losing from $150 to $200 per head. This disaster is striking large operators and small operators.

A few days ago, I received a telephone call from one Nebraskan who with his two sons was operating a feeding business. They had 2,000 head of cattle. In the week prior to his telephone call, the cattle market had gone down some $100 per head. This is a $200,000 loss.

Mr. President, I could go on with accounts related to me by telephone and by letters.

I am happy to announce that the chairman of the Committee on Agriculture and Forestry of the Senate has agreed to call a hearing. This hearing will be next week. It will go into all of the facets of this tragic situation.

It was brought to light recently that in one of the last weeks of February the retail price on beef went up 6 cents per pound and in that very same week the price for carcass beef paid by the retailer went down 15 cents per pound.

Mr. President, the answer to this situation may be complex. Every avenue must be pursued. The Government is not without blame for this situation.

The Government outlawed the use of Diethylstilbestrol commonly called DES, which was used in the cattle feeding process. This increased the cost for cattle feeders by a sizable percentage.

The Cost of Living Council wrongfully and stubbornly placed a ceiling on beef. The Council stubbornly kept the ceiling on for months after every person in Government who is knowledgeable in agricultural matters advised its removal. The dislocations caused by beef ceilings have not disappeared and they have cost countless farmers and feeders thousands and thousands of dollars.

Price ceilings and standby authority for price ceilings disrupted the market and worked to the disadvantage of both the producers and consumers. The Economic Stabilization Act ought to be repealed.

The fuel shortage has added to the problems for the cattle producers and feeders. Many packing plants were unable to get sufficient truck transportation to transport meat from the plants to meet market demand. Some meat packing plants closed entirely. Congress made a mistake in enacting a speed law of 55 miles per hour. There is evidence that in the overall it is not saving fuel. In many places, it is openly violated. It ought to be repealed.

Mr. President, throughout this period of selective price ceilings and turmoil, it has given some retailers an opportunity for unfair practices. Earlier I mentioned the fact that in a week when the cost of carcass beef went down 15 cents, the retail price went up 6 cents. It would not be right to condemn all retailers and I do not. I do say the matter must be looked into.

We do know that some retail grocery chains have been dishonest and untruthful. Not many months ago the Giant Food chain, which operates here in Washington, lied to the public in full page newspaper ads. The public was told that the increase in the price of beef at that time was caused by the fact that there were no ceiling prices on livestock. This statement of the Giant Food chain was totally false. At that very time they were buying carcass beef cheaper than they were when ceilings were originally imposed in phase I.

The Giant Food stores advised customers not to buy beef. Actions of this kind have misled the public. They have lessened the demand for the best beef available anywhere in the world. They have poisoned the minds of consumers and have created hostility toward those who produce the food that we eat.

Mr. President, I ask unanimous consent that my statement made before the Livestock and Grains Subcommittee of the House Committee on Agriculture, Tuesday, April 11, 1972, in which I documented the dishonesty of the Giant Food stores be made a part of this Record.

There being no objection, the material was ordered to be printed in the Record, as follows:

Before the Livestock and Grains Subcommittee of the House Committee on Agriculture, Tuesday, April 11, 1972, on the Subject of Meat Prices

Mr. Chairman, I am grateful to you and to the distinguished members of your Subcommittee for permitting me to testify in these important hearings. I will be brief and to the point.

The issue before you is the deliberate misrepresentation of vital consumer information to the buying public by a consumer affairs specialist for a chain food corporation through the medium of mass advertising, and the adverse effects that such misrepresentation can produce on a segment of the economy.

I have with me a copy of the advertisement published March 22, 1972, in the Washington Post. The same advertisement was printed in the March 21, 1972, Washington Evening Star.

Across the top of the page in bold capital letters are the words: "You Have The Right to Be Informed About Meat Prices!"

Underneath that heading is this message: (Quote) "Meat prices are high and from all predictions will remain high. Beef is near the highest level since the end of the Korean War. Why are they so high?" (End Quote)

Then comes this message in bold capital letters: (Quote) "It Begins At The Source." (End Quote)

And this further explanation: (Quote) "Livestock prices were not and are not now controlled under the present economic program. Less meat is reaching the market. Prices from our suppliers have skyrocketed. Because of all these reasons, you will find higher prices on almost all fresh meats." (End Quote)

Then there is another message in bold type, saying: (Quote) "We consumers can help bring prices down. Buy less meat. Use other forms of protein. Buy Something Else." (Unquote)

Now, Mr. Chairman and distinguished Subcommittee members, let's analyze what actually had been occurring on the wholesale market where Giant Food, Inc., was buying its beef. Let's take a look at what the chain stores and all the other big buyers of beef were paying by the carcass.

I have here the "yellow sheets" which are called the "Bible" of the livestock buying business. These are reports of the National Provisioner Daily Market Service. I have these reports for the month of March this year and for the month of August when the wage-price freeze went into effect across the nation last year.

Mr. Joseph B. Danzansky, the president of Giant Food, Inc., stated publicly the other day that his firm buys "top choice" beef. The company also buys some prime beef.

On August 13, 1971, the last market day before the August 15 wage-price freeze was invoked by President Nixon, the wholesale or carcass price of top choice beef was 54 cents a pound f.o.b. Midwest river points. The price of prime beef carcasses the same day also was 54 cents a pound.

On March 21, the day that Giant Food, Inc., ran its first advertisement attacking fresh meat prices and advising consumers to "buy something else," the wholesale price of top choice beef was 53 cents a pound and the wholesale price of prime beef was 53½ cents a pound. The next day, when the advertisement appeared the second time, top choice carcasses had dropped to 52½ cents and prime carcasses to 53 cents a pound.

And Mrs. Esther Peterson, the consumer adviser for Giant Food, Inc., was telling the public in full-page ads that (Quote) "prices from our suppliers have skyrocketed" (Unquote) because livestock prices are not subject to the current economic controls.

If that advice wasn't misleading, it was downright deceitful.

The "yellow sheets" provide us with some additional pertinent facts.

They show that on 16 out of 22 market days last August, the wholesale prices for prime and top choice beef were higher than when Giant Food proclaimed in its March 21–22 advertising that (Quote) "prices from our suppliers have skyrocketed" because of non-controls.

The "yellow sheets" also show that within seven market days after the August 15 freeze, beef wholesale prices began a slight downward trend despite the fact that livestock prices were exempt from economic controls.

And, more interestingly, they show that the day Giant Food, Inc., began its anti-meat crusade was in fact the 18th day of a continuous downward trend in beef wholesale prices, including prime as well as top choice carcasses.

Think of it! Wholesale beef prices had been going down for 18 days straight in March when Mrs. Peterson proclaimed in Giant Food advertising that (Quote) "Meat prices are high and from all predictions will remain high." (Unquote) On their face, the advertisements were untruthful.

Assistant Secretary of Agriculture Dick Lyng, who has consumer affairs as one of his principal responsibilities, spotted the discrepancies and contacted the president of Giant Food. Mr. Lyng met with Mr. Danzansky and Mrs. Peterson, and confronted them with market facts similar to those which I have presented here. I talked with Mr. Lyng and re-verified this information just yesterday.

The president of Giant Food subsequently issued a press release, dated March 23, which I did not read in any newspaper. In the press release, a copy of which I now have in my possession, Mr. Danzansky said: (Quote) "The price of meat is a complicated question, and it is neither fair nor accurate to point fingers at any segment of our economy as the culprits. No single element in our economy, be it farmers, processors, labor, retailers, consumers or government, is solely to blame for high meat prices, and no single element can bring those prices down by itself."

Why, then, did this big Eastern chain store compound and perpetuate a wrong by continuing to publish deceitful advertising on the subject?

I have here an April 6 advertisement proclaiming that "Beef Prices Are Down!" and declaring: (Quote) "Aren't You Glad We Started It All . . . We Are!" (Unquote)

Yes, sir; wholesale beef prices had been going down for 18 days straight when Mrs. Peterson and Mr. Danzansky decided to tell the consumers that prices had risen out of reach; and now Mrs. Peterson and Mr. Danzansky are answering curtain calls, one after another, bowing before their audience of cheering consumers and patting themselves on the back, taking credit for forcing reductions in meat prices when such reductions already were a well-established trend.

And on April 7 there was another full-page advertisement, this one reprinting an entire editorial from the Washington Post, which editorial in turn had been based on the distorted and untrue information contained in Giant Food's March 21–22 ads. The editorial praised Giant Food for advising us all that meat costs too much, and for suggesting that people "buy less meat . . . buy something else."

It is an interesting and yet a tragic game of film-flammery. On their face, the advertising statements and claims are false and fraudulent, in my judgment. The Federal Trade Commission should investigate and make a test case out of it. I am glad the Price Commission is looking into the possibility of price manipulations in violation of law.

I have here a page out of the last annual report of Giant Food, Inc., to its shareholders. This report seems rather clearly to indicate that rising costs at the retail level are more responsible for the high cost of meat than any evidence of cost increases at the livestock producer or wholesaler levels. The report states, and I quote:

"Financially, Giant achieved record sales in fiscal 1971 of $476.9 million. Costs, however, continued to rise sharply as a result of inflation as evidenced by a labor contract settlement which boosted wages 13 per cent. As anticipated, net earnings for the quarter in which we went discount and settled the labor contract showed a deficit which adversely affected earnings for the year. . . . Profits again began a steady upturn during the third quarter and continued through the balance of the fiscal year. At year's end we had matched the earnings of the last 16 weeks of the previous fiscal year. Net earnings for the year were $4.2 million." (Unquote)

Then, looking ahead to the current year, the report states: (Quote) "In order to offset the cost of the wage settlement, maintain the lower profit margins inherent to a discount policy, and in anticipation of an additional $8 million wage increase during fiscal 1972, we made the difficult decision to discontinue our successful Top Value trading stamp promotion. . . ." (End quote).

Where does all this leave the farmers and ranchers, as well as the meat wholesalers?

They are already operating on such small margins that they can't afford to lose the millions of dollars that the type of false and fraudulent advertising under study here today may ultimately cost them.

Not only are cattle prices at stake. Live hog prices, which were in a slump at the time of the freeze last August, had made a pretty good recovery by the third week in March this year. Now they have been driven downward by the anti-meat crusade until today the producer is lucky if he can break even.

It is an economic fact that producers can't cover their added costs by simply increasing their markup. They don't even have a markup as the retailer knows it. They have to take what the market will give them within a relatively short time period in which they are forced to sell their products. They are more subject to victimization in the market than are the buyers and sellers of securities on the stock exchange.

Perhaps we at the legislative level should consider giving the Department of Agriculture some added authority and responsibility for protecting the producer in his marketplace. Perhaps this protection should guard the producer against price manipulations through false or deceptive advertising of the type done in recent weeks by Giant Food, Inc., under the guise of consumerism, just as the Securities and Exchange Commission constantly monitors the stock market for manipulators. I believe stock growers are entitled to the same degree of protection as stockholders. I think we should explore the feasibility and practicality of legislating in this area. The economy of a large part of our country depends on it. Thank you.

Mr. CURTIS. Mr. President, I want to express my gratitude to Chairman TALMADGE of the Committee on Agriculture and Forestry for scheduling some hearings to go into this matter. I invite my colleagues to join in these hearings. I urge the executive branch to take every step that can be taken to relieve this crisis.

The problem is so serious that some kind of urgent help is needed for feeders to keep them from being driven out of business. The Farmers Home Administration should make "disaster loans" available. This would be helpful to cattle feeders, the local banks, and the economy of the country at large.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. CURTIS. I am happy to yield.

Mr. MANSFIELD. I was back home in Montana last week and I want to corroborate what the distinguished Senator from Nebraska has said about the difficulties in which the feedlot operators find themselves at the present time. I, too, have requested the distinguished Senator from Georgia (Mr. TALMADGE) to hold hearings on this matter, and I am delighted he has consented to call a meeting for the purpose of finding out what the situation is relative to the feedlot operators, which I think is becoming cataclysmic in some instances.

If something is not done, many of them are going to go broke. I hope that out of these hearings will come quick action so that the difficulties confronting the feedlot operators can be considered, tended to, and cured.

Mr. CURTIS. When the ceilings were on beef, the price of choice steer was $57 a hundred. Today it is near $40.

Mr. MANSFIELD. Around January 15 of last year it was $64, and the price now is what?

Mr. CURTIS. Around $40.

Mr. MANSFIELD. Around $40, which is lower than the highest price 20 years ago, in January 1951, I believe, when the figure was about $40.50. Not until January of last year, 1973, was that figure exceeded. Now, it once again is below the January 1951 price.

Mr. CURTIS. I thank the distinguished majority leader.

Mr. HRUSKA. Mr. President, will the Senator yield?

Mr. CURTIS. I yield.

Mr. HRUSKA. Mr. President, as a postscript to the remarks just made by the majority leader, the cost of raising and marketing it is about twice as much as 20 years ago.

My colleague is to be commended for bringing these facts to the attention of the Senate and others who are interested.

In the past week there have been meetings in Washington of the board of directors of the American National Cattlemen's Association. They assembled here from six or eight States. They are very substantial operators, each in his own right, in the cattle business. They brought news from their respective homes and from their respective locations which is distressing, and even more distressing, if it could be, than the news the Senator brings to our attention this afternoon.

I commend the Senator and join him in the happiness he has expressed that hearings will be held to bring out the facts here which will indicate that so much of the criticism which has been directed or leveled against the farmer and the cattleman is not warranted and is totally out of place. It is to be hoped that hearings will develop something which will be helpful in the situation.

Mr. CURTIS. I thank the distinguished senior Senator from Nebraska.

Mr. HANSEN. Mr. President, will the Senator yield?

Mr. CURTIS. I yield.

Mr. HANSEN. Mr. President, I wish to join others in complimenting the distinguished Senator from Nebraska for the very cogent and important remarks he has just made. The same economic facts apply in the raising of cattle and producing beef as apply in the field of energy. It is just that simple. Americans are going to find out if this condition continues, if it is not corrected, that there will not be more beef available for Americans to eat, despite the lower prices which would seem to indicate more people would be able to buy it; but rather there will be less because the facts are that in the last few months a number of important feeders in this country, people who buy feeder cattle and feed them high-priced feed, and feeds are high-priced now, have lost between $150 and $200 a head.

I remarked several weeks ago that the Washington Post published a front-page story on what was, or I should say what was not happening in the State of Iowa. Here was a big feedlot and the farmer who owned it said his father would turn over in his grave if he were to know that for the first time in the history of that farm there were no cattle in that feedlot. They were not there for one very simple reason. It has not been a good year for feeders, having experiencd as many have, a loss of $150 to $250 per head, the typical farmer wisely concluded he had better sell his corn, he had better sell his hay and his grain at less than he might have been able to have earned on those farm products in a normal feeding year than to take the risk inherent in the situation now.

I can say that in the West today the feeder market is absolutely demoralized. Let me give the Senate a personal example. In my area, feeder calves last August were being offered and were being asked for at 80 cents a pound. A number of the people in western Wyoming sold later for 65 cents a pound. The market has now dropped to around 45 to 50 cents a pound. That shows how these prices backup all the way to the first producer.

The important thing to keep in mind is that if we want more of anything, we do not get more of anything by paying less for it.

During World War II, when there was serious question as to the ability of this Nation to produce an adequate amount of food for our fighting forces and to make the contribution we hoped we could make around the world, the Congress of the United States very wisely decided that the best way was to put a price on the grain that would guarantee farmers a profit.

Despite the fact that the ranks of labor on the farms of America then were at an all-time low, the farmer, his wife, and his children responded to the incentive that the Government held out for them through a guaranteed price. As a consequence, there was a great outpouring of grain in that year—wheat, and other cereals that got the job done, that enabled us to win the war.

I think the Senator from Nebraska has called our attention, in a very timely manner, to the need of examining a very important section of our agricultural economy, to find what the facts are; and that is what he is talking about here this afternoon. If we do that and then if we are guided by what those facts indicate must be done, I am convinced that this problem can be turned around; that American agriculture can continue to offer the backbone of support to the American economy that will make better days ahead for all Americans and assure at the same time an adequate supply of food, meat, and fiber.

But the time is late. Farmers have had some very serious experiences, and it is not too soon at all to examine the facts, as the Senator from Nebraska has proposed, to take cognizance of what the issues are at this critical time for agriculture, and then to take appropriate action. I look forward to these hearings and to hearing further from the distinguished Senator from Nebraska, who has made a very important contribution here this afternoon.

Mr. CURTIS. Mr. President, I thank the distinguished Senator.

I yield now to the distinguished Senator from Kansas (Mr. DOLE).

Mr. DOLE. Mr. President, I will just take a minute to express my thanks to the Senator from Nebraska, and also to call attention to the amendment I plan to offer tomorrow. This amendment to S. 2747 would assure the citizens of this country a sufficient and economic supply of meat. It would direct the Cost of Living Council to devise and implement regulations which will require retail grocers to limit their gross margin markup in the sale of meat products to a level not exceeding the level that which grocers were using during the period April 1, 1972 to March 31, 1973. That amendment will be offered some time tomorrow.

Let me underscore what the Senator from Nebraska said. Last Friday it was my pleasure to address some 800 cattlemen in Manhattan, Kans. They made the same comments and the same statements about losses. They made the same comments about the high retail prices.

So, I would hope that the hearings and the other emphasis we may place on these problems by way of hearings or amendments or otherwise would do two things: First of all, emphasize that the livestock producer is losing between $50 and $100 a head; second, that for some reason—I do not look for a scapegoat—retail beef prices are high now when cattle prices are much lower than they were a year ago.

One example was given in a recent edition of the Washington Post, which showed that hamburger is selling for $1.19 a pound and live cattle are selling for about $44 a hundred pounds. A year ago, hamburger was selling for 90 cents a pound and cattle were selling for some $55 a hundred pounds. It indicates that somewhere along the line there is an inconsistency which should be looked into.

I commend the Senator from Nebraska and will, of course, join with him, as a member of the Agriculture Committee, in making certain that we can determine the facts.

Mr. President, I ask unanimous consent that the remarks I made in Manhattan, Kans., last Saturday, be printed in the RECORD at this point.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

Remarks By Senator Bob Dole, Cattlemen's Day, Kansas State University

It's a pleasure to have this opportunity to address you today. In recent weeks, we have heard reports that justify a mild and cautious optimism about what's in store for the livestock industry. The more negative developments of the past several months have been framed against a backdrop of increasing Federal involvement, most of which has stifled and restricted the industry. Although it looks like we can expect some healthy changes in this trend, the lesson of the past year is clear and simple. Cattlemen must be always prepared to contend with and guard against the advocates of greater control and the mischief they can get us all into.

WHO GAINS FROM INCREASED CONTROLS

These advocates of greater regulation seem to want it for its own sake, as an expansion of power perhaps, because they never ask the basic question, who really gains from these unnecessary government controls?

The farmers lose, we know that!

The consumers lose, we know it and the public does too.

For the public learned a lesson the past year since the meat boycott. The consumer has learned that he cannot have plenty of meat at artificially low prices. He now knows that higher and more realistic prices stimulate more meat production and that without adequate price margins, cattlemen will have to curtail production.

BOYCOTT COUNTERPRODUCTIVE

It started with the housewives' boycott effort. When supplies fell off, they may have thought the cattlemen were merely retaliating for the boycott by reducing shipments. But they have finally begun to learn that these cattlemen had tremendous investments, and that a cattleman's bankers have a much greater influence over the replacement of cattle and the assurance of continued supply than any misguided consumer crusade for cheap meat can ever have.

Cheap meat could mean no meat!

GREATEST PROBLEM WITH PRICE CONTROLS

The severe winter of 1972–73 created some difficulties for the industry. But the Economic Stabilization Program has been a far greater disaster for the beef cattle industry. In spite of warnings by many of us in Congress who have supported the free market cattle system, ceilings were imposed on red meat prices at the end of March 1973. All of this, of course, was the result of the clamor to roll back meat prices during the debate on the renewal of the Economic Stabilization Act. As if this wasn't bad enough, the problem was compounded in July 1973 when ceiling prices were removed on all red meat except beef. In spite of the best efforts of some of us, beef ceiling prices were not lifted until early September. In short, a market already economically distorted in early 1973 was thrown further out of line by the political effort to keep consumer prices unrealistically low.

The housewives know the prices of meat in the grocery store . . . but some of them still think, mistakenly, that cattlemen are responsible for it and that cattlemen are still getting the prices for cattle that they got last summer.

Back then, Washington supermarkets were selling hamburger for 85–90 cents per pound. Yesterday in Washington, the price of hamburger hit $1.19 per pound. One store sells five-pound rolls of hamburger which just yesterday were priced over $5.00 for the first time—at $5.25. Hamburger was not featured in a single newspaper ad this week. It's no wonder why.

Last summer when they were selling hamburger for 85 cents a pound, live cattle brought 55 cents a pound. Today, when live cattle are going for 44 cents per pound, they are selling hamburger for $1.19 per pound.

Grocers like any other businessmen are entitled to a fair profit. But this is ridiculous. Especially so when cattlemen are losing from $50 to $100 a head on every animal they sell to the packer. The price of live cattle has fallen over nine cents a pound since last August. But over the same time period, hamburger has gone up 29 cents and steaks and roasts, in fact all cuts of beef, have gone up or at least held constant. None have gone down.

Hamburger—a staple in most American households—is not even featured in any advertisements in Washington papers any more, since it went over $1.00 per pound.

Steak prices have fluctuated more . . . but are seldom featured items in newspaper grocery ads.

All these price distortions point up the fact that a very finely tuned machine—our cattle and beef production and distribution system—has been thrown off kilter. We haven't recovered from it yet and now energy problems and trucker protests have further delayed a return to anything like a normal situation.

ECONOMY LOSES

The entire economy loses when the government tampers with the markets. Why should you expand your operation when, at any moment, the government might step in and change the whole picture.

This uncertainty about the market ultimately hurts the consumer. Beef supplies simply won't be there unless there is an incentive to increase production.

The only solution for the upset market is to get out and stay out from under price controls. I hope consumers are learning that you can't just order prices to fall and get away with it. If we want lower prices, we must forget price controls and concentrate on increasing the supply.

Obviously, the current Economic Stabilization Program for food must be terminated. The Economic Stabilization Act expires on April 30, and it should not be extended. Unless it is allowed to lapse, there will always be the temptation to tamper with the market place again for reasons of political expediency.

FEDERAL INTERFERENCE

As if interference by EPA, FOA and COLC was not enough, we now all know that the Packers and Stockyards Administration is getting into the act.

METHOD, NOT ISSUES

I am not necessarily quarreling with the issues these agencies raise. No cattleman would want to produce beef which is not fit for human consumption. Nobody wants polluted streams and lakes and certainly no one wants to be cheated out of a fair profit by market manipulation. What I am opposed to is oppressive government controls and a maze of Federal regulations through which no cattleman can find his way.

The cattle industry has traditionally been free of regulation and I see no reason why cattlemen cannot continue to run a fair and honest business without being registered and regulated and harassed by several giant Federal bureaucracies.

PUBLIC PRESSURE

Of course, I cannot deny that pressure groups exert considerable influence. For example, the EPA is being sued right now by an environmentalist group to require the registration of all livestock owners as potential pollution sources. It is clearly unreasonable to require the registration of every cattle operation in the state of Kansas, regardless of size. But this is exactly what could happen if EPA loses this lawsuit. It would be intolerable for the thousands of farmers and small ranchers owning a few head. You may be sure I shall suggest corrective legislation if that's what it takes to rectify the situation. But again, popular public opinion has an effect on Congress as well as the government and could be a limiting factor.

POSITIVE ROLE FOR GOVERNMENT

Although many Federal measures have been harmful or counterproductive, I feel the government can take a positive role for the cattle industry. Such a role would be supportive rather than regulatory.

One beneficial area would be in animal health research. Last year in hearings before the Senate Agriculture Committee, we heard testimony on the millions of dollars in losses due to shipping fever and other diseases.

The Veterinarian School here at Kansas State University has taken a leading role in animal research. As many of you know, the school was left out on a limb in the middle of an expansion program by the cut-off of federal funds.

ANIMAL HEALTH RESEARCH BILL

I have asked Senator Talmadge, Chairman of the Senate Agriculture Committee, that the Animal Health Research Bill passed by the House of Representatives last month be brought before the Committee promptly for consideration. This bill would provide funds for the Veterinarian School here at K-State and for several other research programs. Hopefully, the Committee will report this bill to the Senate for a vote in the near future.

EXPORT POTENTIAL

The government's assistance in developing export markets for our meat could be a great support to the cattle industry.

Expanded worldwide consumption of protein has stimulated a new interest in grain fed beef, and the U.S. is the leader in production of this beef and in related technologies. If our government would devote its effort to helping the industry sell this beef, our domestic markets and demand would stabilize after the recent dislocations caused by economic controls and energy shortages.

It is interesting to note that our exports of livestock products have increased over fifty percent the past year from fifty million pounds to eighty million pounds. At the same time our imports of beef from other countries have essentially stabilized. 1973 beef imports were less than one-half of one percent higher than 1972. Total meat imports decreased two percent from 1972 to 1973.

A major cause for this, of course, is the devaluation of the dollar and the resulting change in the relationship of our prices to those in other nations. Australia, Guatemala and other nations from whom we traditionally imported beef are now looking at potential markets throughout the world that offer $5.00 to $10.00 a pound of beef.

Commercial attaches in foreign nations should start to investigate how we can reduce or eliminate many trade barriers—from meat inspection to tariffs, quotas and levies. With these barriers removed, and a little assistance in trade fairs, I am confident the cattle industry could expand markets worldwide, to the benefit of all American citizens from the cattleman to the consumer.

Such federal support is the proper responsibility of our government and would be far more appropriate and productive than the environmental and economic bullying to which the industry is repeatedly subjected.

Our nation was built on the concept of an unrestricted economy. That system has been operational for nearly 200 years. During that period the advancement has been great. Why change it now and inhibit further promises of the future. Let's let the system work.

COMPARISON PRICES

	1967	1970	1972	Summer 1973	February 1974
Choice steers Omaha, hundredweight	$25.27	$29.34	$35.83	$53.61	$44.25
Hamburger, per pound	.60	.72	.79	.90	1.19
Round steak, per pound	.99	1.17	1.35	1.69	1.69
Chuck roast, per pound	.64	.75	.85	1.17	1.19

Source: USDA Economic Research Service.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. METZENBAUM). Without objection, it is so ordered.

ORDER FOR ADJOURNMENT TO 10 A.M.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in adjournment until the hour of 10 a.m. tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR ADJOURNMENT FROM THURSDAY TO FRIDAY AT 11 A.M.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business on tomorrow, it stand in adjournment until the hour of 11 a.m. on Friday.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR ADJOURNMENT FROM FRIDAY TO MONDAY NEXT

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business on Friday, it stand in adjournment until the hour of 12 noon on Monday.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER TO CONSIDER UNFINISHED BUSINESS (S. 2747) TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that after the two leaders or their designees have been recognized under the standing order on tomorrow, the Senate proceed to the consideration of the unfinished business, S. 2747.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR PRINTING OF 200 ADDITIONAL COPIES OF H.R. 2

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that there be printed 200 additional copies of H.R. 2, the pension reform bill, as it passed the House of Representatives.

The PRESIDING OFFICER. Without objection, it is so ordered.

INDEFINITE POSTPONEMENT OF SENATE RESOLUTION 276

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that Calendar Order No. 656 (S. Res. 276), the Dominick pay resolution, be indefinitely postponed.

The PRESIDING OFFICER. Without objection, it is so ordered.

PERIOD FOR TRANSACTION OF ROUTINE MORNING BUSINESS

Mr. ROBERT C. BYRD. Mr. President, has there been a period for transaction of routine morning business today?

The PRESIDING OFFICER. There has not been.

Mr. ROBERT C. BYRD. I ask unanimous consent that there now be a period for the transaction of routine morning business, with statements limited therein to 5 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. METZENBAUM). Without objection, it is so ordered.

THE CONGRESSIONAL BUDGET ACT OF 1974

Mr. ROBERT C. BYRD. Mr. President, the Committee on Rules and Administration is today filing its report on S. 1541, the Congressional Budget Act of 1974. The bill was reported to the Senate on February 21, with an amendment in the nature of a substitute. By unanimous consent of the Senate, the committee was authorized to delay the report until today.

Let me emphasize that this bill basically is a Government Operations Committee bill. It is not a Rules Committee bill. The bill that was reported from Government Operations on November 20, 1973 so affected the Standing Rules of the Senate that it was necessary that the Committee on Rules and Administration study it. It was, therefore, referred to the Rules Committee on November 30, 1973. The distinguished Chairman of the Government Operations Committee (Mr. ERVIN), the Ranking Minority Member, (Mr. PERCY), the Senator from Maine (Mr. MUSKIE) and the Senator from Montana (Mr. METCALF) and others who made major contributions to the original bill fully cooperated in the referral to the Rules Committee. They then kept in close touch with us and agreed to revise the dates, from time to time, on which the committee was to report the bill back to the Senate.

The Subcommittee on Standing Rules of the Senate, with the understanding of the chairman of the Rules Committee (Mr. CANNON), conducted a hearing on the bill during the recess between the first and second sessions of the 93d Congress.

The Senator from Michigan (Mr. GRIFFIN) and I heard testimony on January 15 from eight witnesses. The hearing was well attended and it lasted throughout an entire day. The witnesses included the Senator from Montana (Mr. METCALF), the Senator from Tennessee (Mr. BROCK), Mr. Staats, the Comptroller General of the United States, Mr. Ash, the Director of Office of Management and Budget, Mr. Charles Schultze, a former Budget Director, Mrs. Alice Rivlin, from the Brookings Institution and Mr. Robert Wallace, a consultant to the Government Operations Committee.

Based largely upon that hearing, it was determined that there were a good many areas of the bill that ought to be studied further and possibly revised. I asked the Staff Director of the Rules Committee, Mr. William Cochrane, to enlist the cooperation of staff people from various standing committees of the Senate in reviewing the questions which had been raised.

Mr. President, all standing committees of the Senate were invited to submit views to the Committee on Rules and to assign staff to work with us. Staff people from ten of the committees of the Senate, from four joint committees and from the House Appropriations Committee were made available to help. Staff from the Congressional Research Service, the Senate Legislative Counsel's Office and the Parliamentarian's Office provided invaluable assistance. There were over 2,000 man-hours of staff work put into the 25 working sessions that the staff group held after the day of hearing.

I believe the staff effort and study is certainly one of the finest examples I have seen during my 16 years of service in the Senate of staff cooperation and performance. The product that is described in this committee report on S. 1541 is the result of a great deal of work on the part of those dedicated staff people.

I spent many hours with the Parliamentarian and met with some of the staff people at four working sessions, two of which went through the entire day. Those working sessions were conducted during the Lincoln's Day recess. We went through the whole bill and found that it had been greatly simplified by the staff during their working sessions. Most of the suggestions for change made to the committee were accommodated in some way. But this was done without departing from the basic structure and purposes of the Government Operations Committee bill.

I have never seen such a dedicated effort on the part of so many staff people, representing so many Senators and so many committees of the Senate, each of whom had some strong views about this bill. The bill represents a resolution among those many divergent viewpoints. It required the giving up of strongly held views on the part of many of the staff members, representing their Senators or their committees. But they shared an interest in bringing to the committee a bill which, as nearly as possible, represents a consensus among all of those who participated.

Mr. President, we have here a bill which is still complex—and which may not work as well as we hope it might. But I think we have to act on this vital matter. A political decision has already been made by the public, and probably by ourselves, that some action needs to be taken in this area. We must provide Congress the tools to handle the overall budget policy decisions—involving revenues, expenditures, appropriations, and debt. This will make meaningful the concept that the Congress is the keeper of the public purse. But it will also elevate the level of economic discourse in the Congress. We cannot afford to abdicate to the President on matters of economic policy.

The Committee on Rules and Administration reviewed the recommendations of the staff group on February 19 and 20. With some further changes it reported the bill by unanimous vote. All of the committee members have asked to cosponsor this legislation.

We hope that we have reported a bill which is: enactable; workable; and useful. When the bill is called up, I am sure there will be Senators who will question it; some will possibly oppose it. But I have a feeling that we can and we will enact a bill along the lines of the committee amendment.

If the new congressional budget process is to succeed, it must be workable. It must be adapted to the accustomed methods of our committees and Members. But it must add a new dimension to our work—a comprehensive budgetary policy framework. I think the bill can do both.

So we hope this is a bill that is not only enactable, but that it is workable. Finally, it must also be useful. If it does not improve the quality of our policymaking, it may not be worth the cost. But I believe the bill contains the new structures and procedures which can strengthen the role of Congress in budget and fiscal policymaking.

Mr. President, I want to emphasize that strengthening our capacity in these new policymaking areas should not derogate in any way from the roles of the Appropriations Committee, or the Finance Committee, or the other standing committees. All must participate fully if the Congress is to live up to its constitutional responsibilities. I hope and believe that the bill and the report make it clear that this is our intent. The bill is not perfect, but I think it is the best we could possibly produce.

I hope all Members will carefully study the bill and report. We have failed before in setting up a congressional budget process. I would not like to see us fail again. We need the contributions and cooperation of all Senators.

Mr. PERCY. Mr. President, I have listened with great interest to the remarks of the distinguished acting majority leader. It is not my intention to address myself to the substance of the important legislation that the Senator from West Virginia has discussed, S. 1541.

It is my purpose this evening to express on behalf of the Senator from North Carolina (Mr. Ervin), the chairman of the Government Operations Committee, myself as the ranking minority member, and all the membership of the committee our very deep appreciation to the Senator from West Virginia (Mr. Robert C. Byrd), the chairman of the subcommittee of the Committee on Rules and Administration, and the Senator from Michigan (Mr. Griffin), the ranking minority member of the subcommittee, for the distinguished work they have done on this piece of legislation.

We have, of course, had the total cooperation of the chairman of the Committee on Rules and Administration, the Senator from Nevada (Mr. Cannon), and the Senator from Kentucky (Mr. Cook), the ranking minority member, both of whom have also contributed a great deal to this legislation.

I think that the Senator from Michigan (Mr. Griffin) would join with me in saying that this piece of work that was done over the holidays and that has been done ever since this particular session of the Congress began by the Senator from West Virginia (Mr. Robert C. Byrd) is very typical of many of the characteristics he has demonstrated throughout the years to his colleagues in the Senate and, before, in the House of Representatives. When he goes after a matter, he does it with a thoroughness that brings forth admiration from all of us.

The Senator from West Virginia is a master of not only the principle and the objective and the goal of getting the total picture of a piece of legislation, but he is also willing to undertake the detailed work which finally turns out a piece of legislation that is perfected in every detail.

As the Senator from West Virginia has said, this piece of legislation and no other piece of legislation is ever perfect. Always, after one works with something, he will find ways to modify it. However, I believe that, although the Government Operations Committee reported out a piece of legislation that we thought was as near perfect as we could make it, we now recognize that through the many things that have been done by the subcommittee and by the Committee on Rules and Administration in working it over, they have once again found ways to improve substantially the work that we have intended to accomplish.

They have gone about the work thoroughly. They have been extraordinarily careful, and they have drawn—Senator Byrd particularly—upon their unparalleled knowledge of the operations of the Congress of the United States. Certainly such knowledge was not available to the Senator from Illinois when he worked on it. The 7 years I have put in in the Senate would not qualify me. I have not served in the House of Representatives, but I have been long enough in Congress to recognize immediately that many of these knotty problems we worked on were perceived for what they were—problems that could be further refined and solved—and the legislation that is now before the Senate is far better than I think it would have been otherwise. We are deeply grateful for the work that has been done.

I think we will all agree, as we look at this legislation now—it has really been my dream since I entered the Senate to see that the business portion of the work of the Congress of the United States and the Government of the United States is approached in a businesslike, thorough manner—that this legislation comes at a most opportune time, when today, before our Government Operations Committee Subcommittee on Investigations, seven mayors of seven major cities in the United States said the No. 1 problem in the minds of the people is not just gasoline and energy, it is not Watergate—the No. 1 problem is inflation and rising prices, the eroding income they have experienced, and the erosion of their own paychecks that every day rising prices bring about.

So certainly the legislation comes at a perfect time to face up to the No. 1 problem people have—inflation and rising prices—and will enable Congress to put under control its fiscal house. As Arthur Burns has said, if we can do that, it will do more to restore the integrity of the dollar and dampen down inflation than any other single action that could be taken.

Also at this time, when Congress is held in low esteem, along with many other institutions in the country, by the people, to have us put our fiscal house in order and improve our procedures now in the most dramatic way that has happened since the Reorganization Act of 1954——

The PRESIDING OFFICER. The Senator's time has expired.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that statements during morning business be limited to 10 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PERCY. Mr. President, I shall be very brief, and simply conclude by saying that the timing is perfect, and with the very broad-based support that this measure has found, I think every American family should understand that we, like a family here in the Congress of the United States managing the purse strings of the Federal Treasury, in a sense, are now going to reassert our authority, are going to take back the responsibility that the Constitution gives to us, and work through, in this budget reform bill, a new procedure to enable us to perform the function that the people of the United States expect Congress to perform.

I join, as I know Senator Ervin, if he were present, would want me to express on his behalf as well, in expressing deep gratitude to the Committee on Rules and Administration, and particularly to Senator Byrd, the chairman of the subcommittee, and Senator Griffin, the ranking minority member, for the extraordinary work they have put into this measure, that has given us, now, a bill that is reported out to the Senate ready for debate.

There certainly is room for discussion and argument, but we shall be far better prepared to send forth a bill that we deeply believe in. There will be some modification and amendments, without question, that will be considered. But we have had wonderful cooperation from the staff and extraordinary help from the Parliamentarian and other officers of the Senate, and I think that we are now prepared to fully debate a measure that affects every single Member of Congress and every Senator in this body. I think we will make them feel a great deal better about the procedures under which we operate in the future, as a result of the passage of this bill.

Mr. ROBERT C. BYRD. Mr. President, the distinguished Senator has been overly generous in his compliments and his comments with respect to my efforts in connection with this bill. It was the Government Operations Committee, and he is a member of that committee, that reported out the bill initially, and I think that every reason exists for giving that committee and the members thereof great credit for the genesis of this legislation.

I am particularly grateful to the staff people on the House Appropriations Committee who participated in our work. I am also grateful to Mr. Ash and his associates, because we worked with them and attempted to get their support, particularly, for the changing of the fiscal year from July 1–June 30 to October 1–September 30, and we made certain modifications in the bill in order to achieve the workability that we thought was possible by virtue of certain suggestions made by Mr. Ash and his people.

Having the participation on the part of the House Appropriations staff encourages me to believe that the bill can really be workable—more so than I had thought ealier. With the kind of cooperation that we received, which indicated to me a certain strong determination on the part of the Appropriations Committee on the other side of the Capitol, I feel very much encouraged about the prospect, not only for enactment of this legislation now, but for its workability.

The distinguished Senator from Illinois has been most gracious throughout this long period subsequent to the initial reporting of the bill from his committee. He has been most understanding, as have Mr. Muskie, Mr. Ervin, Mr. Metcalf, and the other members of the Government Operations Committee. Without that kind of understanding and cooperation, the Subcommittee on Standing Rules would not have been able to work its will as it did. Certainly, without the input of Senator Percy's people and the staff members representing the other Senators mentioned and the various committees, we could not have accomplished what we did.

It is still an imperfect bill. It will be thus when it is enacted. But we have done our best.

I think it was Mark Twain who said he could live 2 weeks off a good compliment. Perhaps it was 2 months. But whatever length of time it was, I likewise can live a long time off the kind words the Senator from Illinois has spoken today.

I look forward to the debate on this measure. I think for once that I would not favor a time limitation agreement on this bill—at least for the first 2 or 3 days. It is of such far-reaching importance, and it is a difficult bill and I am hopeful that there will come a time when those of us who made some contributions to it will be able to look back and say it was the most important piece of legislation that was enacted in this Congress, or perhaps during our service. If it works, and achieves the objective we seek—when I say "we" I mean all the members of the Government Operations Committee and the Rules Committee—I think I can say without any reservation that it will be certainly one of the most if not the most important piece of legislation that has been enacted during my 22 years on the Hill. If it works, and I think it can work, and if it achieves the objectives desired, I think that is the way most of us will look back and feel about this bill. I do not need to state here the reasons why this kind of legislation is so greatly needed.

I thank the distinguished Senator and, as I say, for the first couple of days at least, I will not be seeking any time agreement because I think the Senate should put its best talents into the bill. We should give our full attention to the measure and debate it thoroughly so that if mistakes have been made they can be corrected. If the bill can be further improved, it ought to be done.

PETITIONS

Petitions were laid before the Senate and referred as indicated:

By Mr. TALMADGE:

A letter from Allen Victor Hayes seeking a redress of grievances. Referred to the Committee on the Judiciary.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. MAGNUSON, from the Committee on Commerce, without amendment:

H.R. 5450. An act to amend the Marine Protection, Research, and Sanctuaries Act of 1972, in order to implement the provisions of the Convention on the Prevention of Marine Pollution by Dumping of Wastes and Other Matter, and for other purposes (Rept. No. 93–726).

EXECUTIVE REPORTS OF COMMITTEES

As in executive session, the following favorable reports of nominations were submitted:

By Mr. EASTLAND, from the Committee on the Judiciary:

Carla Anderson Hills, of California, to be an Assistant Attorney General; and

Hosea M. Ray, of Mississippi, to be U.S. attorney for the northern district of Mississippi.

(The above nominations were reported with the recommendation that the nominations be confirmed, subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

Thomas E. Stagg, Jr., of Louisiana, to be U.S. district judge for the western district of Louisiana.

By Mr. WILLIAMS, from the Committee on Labor and Public Welfare:

Ethel Weinberg, of Pennsylvania, to be a member of the Board of Regents, National Library of Medicine, Public Health Service; and

Joseph Francis Volker, of Alabama, to be a member of the Board of Regents, National Library of Medicine, Public Health Service.

(The above nominations were reported with the recommendation that the nominations be confirmed, subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first time and, by unanimous consent, the second time, and referred as indicated:

By Mr. HART (for himself, Mr. MONDALE, and Mr. CRANSTON):

S. 3115. A bill to provide, on a demonstration basis, emergency relief for the general welfare and security of the United States by preventing the loss of existing housing units through the phenomenon of housing abandonment, to protect the health and living standards in communities and neighborhoods threatened by abandonment, to protect the interests of the United States in connection with certain mortgage transactions, to assist local public bodies in the development and redevelopment of well-planned, integrated, residential neighborhoods and in the development and redevelopment of communities, and for other purposes. Referred to the Committee on Banking, Housing and Urban Affairs.

By Mr. HATFIELD:

S. 3116. A bill to protect the individual's right to privacy by prohibiting the sale or distribution of certain information. Referred to the Committee on the Judiciary.

By Mr. SPARKMAN (by request):

S. 3117. A bill to authorize appropriations for the Department of State and for other purposes;

S. 3118. A bill to authorize appropriations for the United States Information Agency, and for other purposes; and

S. 3119. A bill to amend the Department of State Appropriations Authorization Act of 1973 and the Foreign Service Buildings Act, 1926. Referred to the Committee on Foreign Relations.

By Mr. SPARKMAN (for himself and Mr. HARTKE):

S. 3120. A bill to bring certain employees of the Department of Defense within the purview of the competitive civil service, and for other purposes; and

S. 3121. A bill to amend title 5, United States Code, to include as creditable service for purposes of the civil service retirement system certain periods of service of civilian employees of nonappropriated fund positions in special services recreation and morale programs of the Armed Forces. Referred to the Committee on Post Office and Civil Service.

By Mr. INOUYE:

S. 3122. A bill for the relief of Miss Sovita Fano. Referred to the Committee on the Judiciary.

By Mr. HUMPHREY:

S. 3123 A bill to establish a universal food service program for children. Referred to the Committee on Agriculture and Forestry.

By Mr. BAKER (by request):

S. 3124. A bill to increase the size of the Executive Protective Service. Referred to the Committee on Public Works.

By Mr. STEVENSON:

S. 3125. A bill to amend section 4(s) of title I of article I of the District of Columbia Income and Franchise Tax Act of 1947, as amended. Referred to the Committee on the District of Columbia.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. HART (for himself, Mr. MONDALE, and Mr. CRANSTON):

S. 3115. A bill to provide, on a demonstration basis, emergency relief for the general welfare and security of the United States by preventing the loss of existing housing units through the phenomenon of housing abandonment, to protect the health and living standards in communities and neighborhoods threatened by abandonment, to protect the interests of the United States in connection with certain mortgage transactions, to assist local public bodies in the development and redevelopment of well-planned, integrated, residential neighborhoods and in the development and redevelopment of communities, and for other purposes. Referred to the Committee on Banking, Housing and Urban Affairs.

ABANDONMENT DISASTER DEMONSTRATION RELIEF ACT

Mr. HART. Mr. President, I introduce for Senator CRANSTON, Senator MONDALE, and myself the Abandonment Disaster Demonstration Relief Act.

While it is impossible to get exact figures on the total number of abandoned housing units in the country, estimates indicated that the total runs into the hundreds of thousands.

It is possible, however, to be more exact in determining the number of units which have been acquired by the Department of Housing and Urban Development and the Veterans' Administration through foreclosure.

As of December 31, 1973, HUD reported owning 75,269 repossessed units nationally, including about 12,000 in Detroit, and 5,971 units in Los Angeles. The figure for HUD-related abandoned units is probably higher because HUD has not yet taken actual ownership of some abandoned units.

As of December 31, 1973, the VA owned 11,046 repossessed units, including 776 in Detroit and 2,588 in Los Angeles.

During the lengthy period between abandonment and securing of title by a Federal agency, many of the units are severely damaged. As a result, the abandonment problem creates urban blight, often encourages further deterioration of neighborhoods, eliminates badly needed units from existing housing stocks, and reduces tax revenues.

Many different reasons have been given for the abandonment problem, but it is difficult to deny that the Federal Government is not at least partially responsible for the problem.

For the best of intentions, persons who could not afford housing were allowed to buy units.

Little or no counseling for families buying a house for the first time was provided.

As evidenced by results of criminal investigations, kickback schemes and gougings, sometimes involving HUD personnel, played a part.

Usually, an insured mortgage was sold on the secondary market. As a result, there was no real financial incentive to help the homebuyer make good on mortgage commitments.

For whatever reason, the abandonment problem has become a disaster in many cities and smaller communities across the country.

If a natural disaster had wiped out many thousands of housing units, Federal aid would have been available to assist rebuilding efforts. And as happened following some natural disasters, the rebuilding effort could offer an opportunity to improve the stricken community over what it had been.

Recognizing that the Federal Government had a hand in creating the abandonment disaster, and recognizing that the Federal Government has a strong interest in the quality of housing, generally, and specifically, in protecting the housing for which it has insured or guaranteed mortgages, Senator CRANSTON and I are introducing a bill to establish a special Government-sponsored corporation to deal with the problem of abandoned housing units.

The agency, to be called the Neighborhood Corporation, would be able:

To secure possession and ownership of many abandoned housing units quickly to prevent deterioration of the unit and to stem the spread of abandonment in a neighborhood.

To renovate and rent or sell abandoned units and to originate mortgages at interest rates below the going market rate.

To hold land for redevelopment and to construct new housing in accordance with a city's community development or housing plan.

In addition, housing units now owned by the Department of Housing and Urban Development and the Veterans' Administration would be turned over to the corporation. The corporation would pay HUD and A the amount remaining on the foreclosed mortgage or the fair market value, whichever is less. However, the corporation would pay off the balance of the mortgage on property taken after it is formed.

The corporation would be authorized to operate 5-year demonstration programs in three metropolitan housing areas. If the approach works, the life and activities of the corporation could be extended by Congress.

Program areas would be selected on the basis of the seriousness of their abandonment problems and of the proposals of the major city in the market area to work with the corporation. However, the corporation would be authorized to work with any suburban communities in the housing area which have an abandonment problem.

We have proposed a demonstration program fully aware that experience has taught us the wisdom of testing a concept before launching a massive effort.

The proposal is modeled, in part, after the Home Owners Loan Corporation, which helped families avoid foreclosure on mortgages during the 1930's. The HOLC went out of business in 1951, showing a small profit.

The Neighborhood Corporation would be funded through issuance of $35 million worth of stock which the Secretary of the Treasury would be requested to buy.

Additional capital would be raised through issuance of debt obligations in the private capital market not to exceed $350 million. The Treasury would be authorized but not obligated to purchase these obligations.

The backup authority of the Treasury, similar to the approach which has enabled the Federal National Mortgage Association and other Government-sponsored organizations to raise money, and the guarantee of at least 10 percent equity capital would encourage investors to purchase the corporation's debt obligations.

Because the obligations sold by the corporation would not be debt obligations of the United States, the corporation's funding would not be affected by any Federal debt ceiling.

Certainly people can legitimately question why another Federal-type agency should be established to solve a problem created, at least in part, by an existing Government department.

The question implies either that the problem should be turned over to the affected communities or left to HUD. We reached a different conclusion because we believe the problem demanded an agency which:

First. Would have authority to greatly reduce the period a house stands empty between the time of abandonment and foreclosure;

Second. Would be flexible in its approach so communities could take advantage of what has been a disaster to rebuild as well as rehabilitate;

Third. Provide cities afflicted with housing abandonment extra money to deal with the problem rather than to force them to make do with normal housing or community development funds;

Fourth. Would insure a steady flow of money so a sound program could be planned, which meant taking the Agency out of the normal Federal appropriations process. However, we doubted if Congress would give such Federal support for funding to individual local agencies.

HUD, or at least FHA, traditionally has been a lender-oriented agency and clearly has lost the confidence of many of the people who would be served by an abandonment disaster relief program. For such a program to work, the agency must gain the confidence of the people served. A new agency directed to solving a particular problem staffed by people who know their assignment from the start has a better chance of building that confidence, as evidenced by the HOLC.

Further, to better coordinate rehabilitation and rebuilding activities and to ease any relocation problem, it makes sense to have the abandoned units in a geographic area under control of a single entity. This does not preclude, of course, the corporation turning over numbers of units to a city, State or other type of organization which has a sound plan. In fact, the bill specifically authorizes such action.

And finally, we believed it would be extremely difficult for any city, particularly some of the smaller suburban communities, to take effective control of large numbers of abandoned housing units at one time even with additional financial help.

The bill establishes criteria for determining whether a unit is abandoned. At the request of the corporation, a U.S. district court judge or a U.S. magistrate can issue an order for the corporation to take possession of a unit meeting the criteria. A hearing must be held within 30 days to determine whether title shall pass to the corporation. If it is found that the building was incorrectly taken, the court can order the corporation to pay legal fees, costs, and damages.

A residential property whose mortgage is federally insured or guaranteed or held by a federally related institution would be considered abandoned if the mortgagor has vacated the property and has defaulted on the mortgage.

A multifamily building would be considered abandoned when the mortgagor had reduced operating services substantially below an adequate level, and defaulted on the mortgage and was more than 6 months in arrears on real property tax payments.

However, for a "conventional" mortgage to come under the authority of the act, the mortgage must be held by a federally related financial institution whose liquidity is affected because of the number of mortgages in default it holds.

Activities of the corporation are covered by the Uniform Relocation Act.

I grant that the proposal, even limited to a 5-year, three-city demonstration program, is ambitious, but I think that even a short visit to neighborhoods blighted by abandonment would convince a rational person that special help, even if not the form we proposed today, is needed and justified.

I ask unanimous consent that a report on the number of abandoned units prepared by the Library of Congress, a chart showing the number of abandoned housing units in various cities, a memorandum explaining the rationale and details of the proposal in more detail, and the bill be printed in the CONGRESSIONAL RECORD.

Before concluding, I would like to thank Senator CRANSTON and Ms. Deena Sosson, of his staff, for the leadership they have taken in developing this legislation. Also, an equally warm expression of gratitude must go to Dr. Henry Schechter, of the Library of Congress, who was a constant source of ideas and knowledge about the housing industry and housing program.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

FIGURES ON URBAN HOUSING ABANDONMENT

In response to your request for figures on housing abandonment we have compiled the two enclosed tables. The first presents the results of a mail questionaire survey based on various city surveys of vacant buildings. Conducted in early 1971 by the National Association of Housing and Redevelopment officials, it includes only cities that reported two percent or more of their housing stock as being abandoned. Supplementing this table are some more recent data for selected major cities, the figures for which are drawn from several studies.

It should be noted that the accuracy of most current figures on the magnitude of housing abandonment may be suspect, since this problem has received relatively little hard analysis, quantification, or even a broadly acceptable definition. Some surveys count as abandoned structures only those standing buildings that appear deteriorated and vacant of tenantry.[1] Other studies include structures that have been demolished due to the owner's fears of continued economic loss. In this view abandonment is synonymous with "housing loss occurring as a result of a failing local housing market which, for the most part, is incapable of regeneration."[2] Still others maintain that when a building is only temporarily unoccupied or is to be demolished for another socially or economically useful purpose, it cannot be considered finally abandoned.[3]

When this inconsistency in basic definition is coupled with the confusion over classifying immediate causes of housing loss, accuracy of data is further suspect. New York City readily admits that accurate figures on its abandonment levels simply do not exist, pointing to the problem of frequent "double counting" of housing losses that can be due to fire, public improvement sites, urban renewal projects, highway rights of way and private demolition for new construction as well as abandonment. These problems in the counting of abandoned buildings may help explain the disparity between surveys that show New York City losing as few as 15,000 units a year and others showing as many as 50,000 units a year.

Nevertheless, it is believed that the figures can be used to indicate the magnitudes of housing abandonments in localities and nationwide.

CONGRESSIONAL RESEARCH SERVICE

HOUSING ABANDONMENT LEVELS NATIONALLY IN 1971

City and location	Total number	Dwelling units number abandoned	Percent abandoned
NORTHEAST			
Paterson, N.J	49,335	18,119	36.6
Utica, N.Y	32,770	9,820	28.0
Allegheny County, Pa	533,196	[1] 13,380	2.5
Baltimore, Md	305,464	10,000	3.2
Erie, Pa	42,677	4,743	11.0
Monessen, Pa	5,320	165	3.1
Philadelphia, Pa	673,390	[1] 23,833	3.5
SOUTHEAST			
Jacksonville, Fla	174,189	15,000	8.6
Owensboro, Ky	16,927	666	3.9
Winston-Salem, N.C	44,899	1,850	4.1
MIDWEST			
Cincinnati, Ohio	172,000	4,500	2.6
Toledo, Ohio	121,000	9,100	7.5
Joplin, Mo	15,934	360	2.2
St. Louis, Mo	238,441	9,000	3.7
SOUTHWEST			
Oklahoma City, Okla	138,378	6,000	4.3
Tucson, Ariz	89,256	9,400	10.5
WEST COAST			
Oakland, Calif	147,000	5,738	3.9
San Jose, Calif	150,211	17,069	11.3
Portland, Oreg	152,043	4,550	2.9

[1] This figure represents number of buildings and is a better approximation of number of dwelling units the lower is the housing density, i.e the closer it conforms to single family dwellings.

Sources: Mail questionnaire survey of abandoned housing conducted by the National Association of Housing and Redevelopment Officials 1971 and U.S. Census of Housing and Population 1970. "Experimental Approaches to the Amelioration of Housing Abandonment and Neighborhood Decline," by Philip H. Friedly, Office of the Assistant Secretary for Research and Technology, U.S. Department of Housing and Urban Development, Washington, D.C. December 1971.

HOUSING ABANDONMENT LEVELS FOR ADDITIONAL SELECTED MAJOR CITIES

Year of survey, city, and level of abandonment

1973, Baltimore, 12,000 units.

1971, Birmingham, 800 units demolished; another 2,300 scheduled for demolition.

1971, Boston, 800 to 1,000 structures.

1973, Chicago, 1,100 structures, 5,000 units; Woodlawn and Lawndale sections—20% of units.

1971, Cleveland, 2,400 units a year.

1971, Detroit, 2,000 to 3,000 structures.

1973, New York City, 100,000 units.

1973, Philadelphia, 30,000 units.

1973, St. Louis, 3,500 structures, 10,000 units; most afflicted areas—16% of units.

1972, Washington, D.C., 1,634 structures, 3,260 units.

SOURCES: "The Central City Problem and Urban Renewal Policy", Committee Print, 93rd Congress, 1st Session, Senate Committee on Housing and Urban Affairs, p. 107, 1973.

"Abandoned Housing Research: A Compendium", Dept. of Housing and Urban Development, p. 5, US GPO, Wash. D.C., 1973.

Final Report on Housing Abandonment in Washington, D.C., Linton, Mields and Coston, Inc., p. 4, June 1972.

"Papers Submitted to Subcommittee on Housing Panels", Committee Print, 92nd Cong., 1st Session, House Committee on Banking and Currency, p. 36, 1971.

"The National Survey of Housing Abandonment", The National Urban League, April, 1971.

Repossessed homes held by FHA as of December 31, 1973

Nationwide	75,269
New York	2,943
Atlanta	656
Detroit	12,000
Los Angeles	5,971

Repossessed homes held by VA as of December 31, 1973

Nationwide	11,046
Los Angeles	2,588
Cleveland	1,151
Detroit	776
Houston	667
Atlanta	653
Waco	482
Chicago	443
Newark, N.J	439
Wichita	359
St. Louis	347
San Francisco	309
Indianapolis	302
Seattle	296

MEMORANDUM—ABANDONED DISASTER DEMONSTRATION RELIEF ACT

I. THE PROBLEM

It is impossible to get exact figures on the total number of abandoned housing units in the country because no complete inventory has been made. For example, the Library of Congress estimates that there are 100,000 abandoned units in New York City alone.

However, it is possible to be more exact in determining the number of units acquired by the Department of Housing and Urban Development and the Veterans' Administration through foreclosure.

As of December 31, 1973, HUD reported owning 75,269 repossessed units nationally, including about 12,000 in Detroit, and 5,971 units in Los Angeles. The figure for HUD-related abandoned units is probably higher because HUD has not yet taken actual ownership of some abandoned units.

As of December 31, 1973, the VA owned 11,046 repossessed units, including 776 in Detroit and 2,588 in Los Angeles.

During the lengthy period between abandonment and securing of title by a Federal agency, many of the units are severely damaged. As a result, the abandonment problem creates urban blight, often encourages further deterioration of neighborhoods, eliminates badly needed units from existing housing stocks, and reduces tax revenues.

There are many different reasons given for the abandonment problem, but it is difficult to deny that the Federal Government is not at least partially responsible for the problem.

For the best of intentions, persons who could not afford housing were allowed to buy units.

Little or no counseling for families buying a house for the first time was provided.

As evidenced by results of criminal investigations, kickback schemes and gougings, sometimes involving HUD personnel, played a part.

Usually, an insured mortgage was sold on the secondary market. As a result, there was no real financial incentive to help the homebuyer make good on mortgage commitments.

II. A SOLUTION TO THE PROBLEM

The problem suggests a program which would:

1. Be able to secure possession and ownership of abandoned houses quickly to prevent deterioration of the unit and stem the spread of abandonment in the neighborhood.
2. Be able to renovate and rent or sell abandoned units.
3. Recognizing that some units should be razed, be able to hold blocks of land for redevelopment in accordance with a community's development or housing plan.
4. Be responsible for bringing units it sells or rents up to code (except for units used in a homesteading program), be responsible on a continuing basis for the condition of the units it rents, and be responsible for servicing (including counseling on money ar. home management matters) the mortgages of the units it sells.
5. Provide new money over and above any federal money coming to a community and be able to ensure the flow of money against any budgetary cutback either by Congress or an administration.
6. Be operated by an agency dedicated solely to solving the problem and which could gain the support of the communities it serves.
7. Encourage lenders to cooperate with the program to forestall possible foreclosures.

III. THE HART-CRANSTON PROPOSAL BASED ON THESE GOALS

The Abandonment Disaster Demonstration Relief Act works this way.

A. Neighborhood Protection Corporation.

1. The bill establishes the Neighborhood Protection Corporation, which will be an independent, government-sponsored agency. The president, vice president and directors of the corporation shall be nominated by the President and confirmed by the Senate.

B. Demonstration Program.

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[1] Linton, Mields & Coston, "A Study of the Problems of Abandoned Housing and Recommendations for Action by the Federal Government and Localities," Washington, D.C. 1971 mimeo, pp. 19–20.

[2] Sterlieb George, and Burchell, R. W. "Residential Adandonment", Rutgers University, Brunswick, New Jersey, 1973, p. 277.

[3] National Urban League, "The National Survey of Housing Abandonment", New York, 1971, p. 12.

1. To test the feasibility of the program, the corporation will operate in three metropolitan housing areas with substantial abandonment problems. In selecting the three cities, the corporation will judge, in part, applications from cities on the basis of proposals to work with the corporation on the problem.

2. Unless continued by Congress, the corporation will not be able to acquire any property after five years from the date of enactment, and will then proceed to put itself out of business. The board will make a recommendation on whether the corporation's activities and life should be extended at the end of the fourth year of operation.

3. The corporation's program must comply with the community's development and/or housing plan (as will be defined in the Community Development bill now before the Senate and House Banking, Housing and Urban Affairs Committees).

C. FUNCTIONS OF THE CORPORATION

1. Securing abandoned housing.

a. Definition of abandoned housing.

(1) A residential property whose mortgage is federally insured or guaranteed or is held by a federally-related institution is considered abandoned when the mortgagor occupying unit has vacated the property and has defaulted on the mortgage.

(2) An apartment is considered abandoned when the mortgagor has reduced operating services substantially below an adequate level, has defaulted on the mortgage and is more than six months in arrears on real property tax payments.

(3) However, for a conventional mortgage to come under authority of the act, the mortgage must be held by a federally-related financial institution whose liquidity is affected because of the number of foreclosed mortgages it holds.

b. Taking title of abandoned property.

(1) If the corporation believes a unit meets an abandonment definition, it can ask a U.S. District Court judge or a U.S. Magistrate for an order to take possession of the property. If the court decides grounds for such a order exist, the corporation takes possession. Within 30 days, the court will hold a hearing to determine if the property should be forfeited to the corporation. If title passes to the corporation, the corporation shall pay off all financial interests existing on the property, as determined at the hearing. If the court decides that the property was incorrectly seized, the court shall fix costs, counsel fees and expenses to be paid by the corporation to the affected person.

2. HUD and VA-owned units.

a. The corporation shall acquire for the fair market price or the unpaid balance of the mortgage (but never more than the mortgage balance) all residential properties held by HUD and the VA.

3. Housing activities.

a. The corporation may, by contract or otherwise, repair, construct, or raze residential property; hold property for redevelopment, and condemn, with the approval of the appropriate local body, property for redevelopment. (Again, these activities must comply with community development plans.)

b. The corporation may buy, rent, lease, insure, maintain, exchange and sell real and residential properties.

c. Provisions of the Uniform Relocation Act apply to the corporation, which, of course, may use housing it owns to relocate families forced to move.

4. Originating and servicing mortgages.

a. The corporation may sell mortgages it originates, but it must continue to service, including counseling where appropriate, all mortgages it originates.

D. FUNDING OF CORPORATION

1. Equity capital.

a. Equity capital for the corporation would be obtained through the issuance of stock in an amount of up to $35 million to the Secretary of the Treasury who would be required to accept it. The Board of Directors of the corporation could require payments for the stock as it needed funds.

2. Additional capital.

a. Larger amounts of working capital to finance operations of the corporation would be raised through issuance of its debt obligations in the private capital market; the amounts, timing, maturities and interest rates of security issuances would all be subject to prior approval by the Secretary of the Treasury. The aggregate amount of corporate obligations outstanding at any one time could not exceed 10 times the amount of capital stock issued. This would place a statutory ceiling of $350 million on corporate borrowing authority. The latter amount, plus the $35 million in capital stock authorization would provide a total of $385 million in corporate funding. The fact that the corporation would have an equity capital safety cushion equal to 10 percent or more of outstanding debt obligations would encourage investors to buy the debt obligations. Debt obligations issued by the corporation would *not* be guaranteed by the U.S. Government.

3. Treasury back-up authority.

a. The Secretary of the Treasury is authorized to purchase up to $350 million of obligations issued by the corporation. With such Treasury back-up authority for obligations of a government corporation, there would be a moral obligation for the Treasury to make in effect, a Government loan to the corporation, to enable it to redeem its securities in the event that it did not have funds when payment was due. Similar authority has enabled FNMA and other Government-sponsored organizations to sell their securities in the capital market. In the event that Treasury found it necessary to raise funds in order to lend money to the corporation, by buying securities issued by the corporation, Treasury could sell its own (U.S. Government) bonds under authority of the Second Liberty Bond Act which is made applicable for this purpose.

It should be noted that any corporation bonds sold in the private market do not constitute a debt obligation of the United States and would not be counted under any debt ceilings. If purchases of corporation obligations by the Treasury become necessary, however, the net outlays by the Government that might be involved in any purchase and sale of such securities would become part of the U.S. public debt, subject to any existing debt ceiling.

E. TAXATION OF CORPORATION

1. The corporation is exempt from all taxes, but real and residential property held by the corporation shall be subject to the taxes of the jurisdictions in which they are located.

F. EXCLUDED FROM THE BUDGET

1. Corporation receipts and disbursements shall not be included in the budget and will be exempt from any annual budget or lending limits.

IV. PRECEDENT

A. In a sense, the Neighborhood Protection Corporation is modeled after the old Home Owners Loan Corporation, which helped home owners from defaulting on mortgages during the depression. The Home Owners Loan Corporation went out of business in 1951, showing a small profit. Hart and Cranston hope the Neighborhood Protection Corporation would do the same.

V. THE OVERALL GOAL

The idea for our approach comes from the realization that if a natural disaster had wiped out many thousands of housing units, federal aid would have been available to assist rebuilding efforts. And as had happened following some natural disasters, the rebuilding effort offered a chance to improve the community over what it had been.

That is the goal of this program . . . to help those communities suffering from the abandonment disaster to stop the spread of the disaster, to upgrade the existing housing which can be saved, and to expand the supply of new housing, with special attention paid to the needs of moderate- and low-income families.

S. 3115

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Abandonment Disaster Demonstration Relief Act."

DECLARATION OF POLICY AND STATEMENT OF PURPOSE

SEC. 2. (a) The Congress finds and declares that—

(1) the abandonment of residential housing in the United States substantially burdens the flow of interstate commerce and impedes the effective utilization of the Nation's housing stock, and the health and welfare of the people of the United States is damaged by the resulting loss of housing units in many urban areas;

(2) the abandonment of such housing acts as a contagious disease when it spreads unchecked throughout neighborhoods and entire communities, resulting in the abandonment of standard as well as substandard housing in many cases;

(3) certain mortgage guaranty and insurance programs administered by agencies of the United States are relied upon by the holders of mortgages on abandoned residential properties and discourage such holders from taking reasonable corrective actions at the earliest practicable time, thereby imposing a substantial financial burden on the agencies involved in such programs; and

(4) the continued unchecked spread of housing abandonment may, in some cases, impair the financial position and liquidity of Federally-related financial institutions, and thereby result in an even greater financial burden on agencies of the United States.

(b) It is the purpose of this Act to establish a Neighborhood Protection Corporation which will have the authority, on a demonstration basis, to enter and take possession of abandoned residential properties in order to prevent the continued deterioration and destruction of neighborhoods and communities and to hold and assemble parcels of land for the orderly development and redevelopment of neighborhoods and communities.

DEFINITIONS

SEC. 3. For the purpose of this Act—

(1) The term "residential property" means any real property (including improvements) which is designed for occupancy by one or more families and—

(A) which is subject to a mortgage which is insured or guaranteed by an agency of the United States; or

(B) which is subject to a mortgage held by any Federally-related financial institution.

(2) The term "Federally-related financial institution" means—

(A) any bank the deposits of which are insured by the Federal Deposit Insurance Corporation;

(B) any savings and loan association the accounts of which are insured by the Federal Savings and Loan Insurance Corporation;

(C) any thrift or home financing institution which is a member of a Federal home loan bank; and

(D) any credit union the accounts of which are insured by the Administrator of the National Credit Union Administration.

(3) A residential property shall be deemed to be abandoned if—

(A) in any case where the mortgage covering the property was executed in connection with the mortgagor's occupancy of the property, that mortgagor (i) has vacated such property, and (ii) has defaulted on the mortgage secured by the property; or

(B) in any case where the mortgage covering the property was not executed in connection with the mortgagor's occupancy of the property, that mortgagor has substantially reduced the level of operating services or other services below an adequate level, and that mortgagor (i) has defaulted on the mortgage secured by the property; and (ii) is more than six months in arrears in payment of real property taxes on such property. (4) The term "Corporation" means the Neighborhood Protection Corporation established under section 4.

ESTABLISHMENT OF NEIGHBORHOOD PROTECTION CORPORATION

SEC. 4. (a) There is established a corporation to be known as the "Neighborhood Corporation," which shall be an independent agency of the United States. Neither the Corporation nor any of its functions, powers, or duties, shall be transferred to or consolidated with any other department, agency, or establishment of the Federal Government. The Corporation shall maintain its principal office in the District of Columbia and shall be deemed, for purposes of venue in civil actions, to be a resident thereof. Agencies or offices may be established by the Corporation in such other place or places as it may deem necessary or appropriate in the conduct of its business.

(b) There shall be a President of the Corporation, who shall be appointed by the President of the United States, by and with the advice and consent of the Senate, and who shall serve as chief executive officer of the Corporation. There shall be a First Vice-President of the Corporation, who shall be appointed by the President of the United States, by and with the advice and consent of the Senate, and who shall serve as President of the Corporation during the absence or disability of or in the event of a vacancy in the office of the President of the Corporation, and who shall at other times perform such functions as the President of the Corporation may from time to time prescribe.

(c)(1) There shall be a Board of Directors of the Corporation consisting of the President of the Corporation who shall serve as the Chairman, the First Vice-President, who shall serve as Vice-Chairman, the Secretary of Housing and Urban Development, the Secretary of Agriculture, the Administrator of Veterans' Affairs, and four additional persons appointed by the President of the United States, by and with the advice and consent of the Senate. Of the nine members of the Board, not more than five shall be members of any one political party. The terms of the Directors shall be at the pleasure of the President of the United States, and the Directors, in addition to their duties as members of the Board, shall perform such additional duties and may hold such other offices in the Corporation as the President of the Corporation may from time to time prescribe. A majority of the Board of Directors shall constitute a quorum. The Board of Directors shall adopt, and may from time to time amend, such by-laws as are necessary for the proper management and functioning of the Corporation.

(2) The members of the Board who are not otherwise employed by the United States shall receive compensation for service as members at the rate provided for individuals occupying a position under level II of the Executive Schedule (5 U.S.C. 5313).

(3) No director, officer, attorney, agent, or employee of the Corporation shall in any manner, directly, or indirectly, participate in the deliberation upon, or the determination of, any question affecting his personal interests, or the interests of any corporation, partnership, or association in which he has a direct or indirect personal interest.

DEMONSTRATION PROGRAM

SEC. 5. (a) In order to provide for an effective demonstration program, the Corporation shall carry out its functions in three metropolitan housing market areas. In selecting the areas for the purpose of such demonstration, the Board of Directors should take into account the necessity for local cooperation and assistance and the extent to which appropriate local officials in any area being considered for selection have demonstrated an interest in cooperating with and assisting the Corporation in carrying out its functions. The Board of Directors shall establish policies which require the officers and employees of the Corporation to consult, on a continuing basis, with local officials and affected residents of a selected area with respect to matters of mutual interest and concern.

(b) The Corporation shall, for the purpose of the demonstration program, limit its activities to metropolitan housing market areas where the abandonment of residential property as defined in section 3 is substantial.

(c) In carrying out its functions under section 6, notwithstanding the provisions of such section, the Corporation shall

(1) comply with any applicable community development plan or program;

(2) comply with any applicable housing plan or program; and

(3) hold public hearings in any case where condemnation proceedings or a change in land use is proposed by the Corporation if such hearings are not required by local law in such a case.

(d) Upon the expiration of 5 full calendar years following the date of enactment of this Act, the Corporation may not exercise its power to acquire real property, except in the case of an acquisition in connection with a default on a mortgage held by it.

FUNCTIONS OF THE CORPORATION

SEC. 6. (a) Whenever the Corporation has probable cause to believe that a residential property is abandoned, the Corporation is authorized, on its own motion or at the request of a Government agency or a federally-related financial institution having an interest in such property, to institute proceedings in accordance with the provisions of this section to protect the interests of the United States.

(b)(1) In the case of abandoned residential property subject to a mortgage which is insured or guaranteed by an agency of the United States, the Corporation may file in the United States District Court wherein the property is located an action for forfeiture of such property to the United States, and an application for an order to seize and take possession of such property as the receiver of the court. An order to seize and take possession shall be issued only on affidavits which are sworn to before a United States District Court Judge or a United States Magistrate, and which establish the grounds for issuing the order. If the judge or magistrate finds that grounds for the application exist, or that there is probable cause to believe that they exist, he shall enter an order appointing the Corporation as the court's receiver, and directing the Corporation to seize and take possession of the property. The order shall state the grounds or probable cause for its issuance and the names of the persons whose affidavits have been taken in support thereof. The order may be executed and a return made to the court only within ten days after the date of issuance. The Corporation shall execute the order and leave with any person at the premises a copy thereof and a receipt for any property taken. The Corporation shall also post a copy of the order and a receipt for any property taken. The return shall be made promptly and shall be accompanied by a written inventory of any property taken. The inventory shall be made in the presence of the applicant for the order and any person at the premises, or in the presence of at least one credible person other than the applicant for the order, and shall be verified. The court shall, upon request, deliver a copy of the inventory to any person claiming an interest in any property taken and to the applicant for the order.

(2) In addition to any notice by publication, actual notice of the commencement of any such action and of the date of the hearing required by paragraph (3) shall be given by the Corporation, in such manner as the court shall direct, to (A) the person who holds title to the property, and (B) any person who has recorded an interest in the property, unless after search by the Corporation satisfactory to the court, any such person is not found.

(3) Not later than 30 days after the issuanceof an order under paragraph (1), the court shall hold a hearing on the merits to determine whether forfeiture should be ordered. If at such hearing, the court determines that the residential property has been abandoned, and that the abandonment of such property tends to constitute a danger to the community or neighborhood, the court shall order that the property be forfeited to the United States and all right, title, and interest therein shall pass to the Corporation. Any such order shall be subject to the payment of just compensation by the Corporation of an amount equal to the value of the interest of any person claiming an interest in the property as established in the hearing on forfeiture by persons or agencies having an interest. In any case in which the person or agency having such an interest is an agency of the United States, the payment by the Corporation shall be in the form of obligations issued by it.

(4) If the court finds, in any hearing on forfeiture, that a person (other than an agency of the United States) who has an interest in the property failed to protect the interests of the United States by knowingly permitting the continued deterioration of an abandoned property in which it has an interest while having the authority under law or contract to prevent such continuation, it shall give notice of such finding to any agency of the United States which has an insurance or other similar obligation with respect to the property or with respect to the person who has an interest in the property so that such agency can take appropriate action to protect the interest of the United States.

(5) If at a hearing under paragraph (3) the court determines that the residential property was not abandoned, or that the abandoned property did not tend to create a danger to the community or neighborhood, or that probable cause for an order issued pursuant to paragraph (1) did not exist, the court shall fix and allow to any person with an interest in the property, to be paid by the Corporation, the costs, counsel fees, expenses, and damages as a result of the issuance of the order to seize and take possession of the property.

(c) In the case of an abandoned residential property which is not subject to a mortgage insured or guaranteed by an agency of the United States, the Corporation may take action in accordance with subsection (b) with respect to such property only if it determines—

(1) that the mortgagee is a federally related financial institution;

(2) that the mortgagee holds a substan-

tial number of mortgages covering abandoned residential properties; and

(3) after consultation with the appropriate Federal regulatory agency, that the liquidity of the mortgagee may be affected.

(d) The Corporation shall acquire in exchange for obligations issued by it residential properties to which title is held by the Secretary of Housing and Urban Development or the Administrator of Veterans' Affairs at the fair market value of the property as of the date the title is passed to the Corporation, and the Secretary of Housing and Urban Development and the Administrator of Veterans' Affairs are authorized and directed to accept such obligations in exchange for such properties. The fair market value of the properties to be exchanged shall be determined by an appraisal made by the Corporation, but in no event shall the fair market value of the property exceed the unpaid balance of the mortgage.

(e) The Corporation may acquire real or residential properties by condemnation for the purpose of redeveloping a community or neighborhood, except that before instituting such proceedings, the Corporation shall secure the approval by resolution or ordinance of the governing body of the affected community.

(f) With respect to any real or residential properties the Corporation has acquired pursuant to this section, the Corporation may, by contract or otherwise—

(1) make plans, surveys, and investigations;

(2) demolish structures or otherwise dispose of any improvements on real or residential property;

(3) hold and assemble real and residential property for purposes of redevelopment;

(4) construct, erect, remodel, repair, and rehabilitate structures on residential property;

(5) procure necessary materials, supplies, articles, equipment, and machinery;

(6) provide approaches, utilities, and necessary community facilities;

(7) convey without cost to States and political subdivisions and instrumentalities thereof real property for streets and other public thoroughfares and easements for public purposes; and

(8) rent, lease, insure, maintain, exchange, convey, sell for cash or credit, or otherwise dispose of real or residential property, improvement or interest therein, except that if the disposition of such property involves a change in its use, the Corporation shall secure the approval by resolution or ordinance of the governing bodies of the affected units of government. Any instrument executed by the Corporation purporting to convey any right, title, or interest in any real or residential property disposed of pursuant to this subsection shall be conclusive evidence of compliance with the provisions thereof insofar as title or other interest of any bona fide purchasers, lessees, or transferees of such property is concerned.

(g) Except where the property is being disposed of in conjunction with an urban homesteading program, the Corporation shall determine that the homes it sells are in decent, safe and sanitary condition at the time of sale. In the event of a sale which does not meet this requirement, the Corporation may make expenditures to correct, or to compensate the purchaser of any dwelling for occupancy by fewer than five families for, structural or other defects which seriously affect the use and liveability of any one- to four- family dwelling, if (1) the dwelling was sold by the Corporation, (2) the purchaser requests assistance from the Corporation not later than one year after the sale, and (3) the defect is one that existed on the date of the sale and is one that a proper inspection could reasonably be expected to disclose.

(h) The Corporation may acquire in exchange for obligations issued by it, real properties, residential properties, mortgages on residential properties and other obligations and liens secured by residential properties (including the interest of a vendor under a purchase money mortgage or contract) recorded or filed in the proper office, and in connection with any such exchange, the Corporation may make advances in cash to pay the taxes and assessments on the residential property, to provide for necessary maintenance and make necessary repairs, to meet the incidental expenses of the transaction, and to pay such amounts to the holder of the mortgage, obligation, or lien acquired as may be the difference between the face value of the obligations exchanged plus accrued interest thereon and the purchase price of the mortgage, obligations, or lien, but in no event shall the purchase price of the mortgage, obligation, or lien exceed the unpaid balance thereon. Each mortgage on residential property or other obligation or lien so acquired shall be carried as a first lien or refinanced as a mortgage by the Corporation, and shall be amortized by means of monthly payments sufficient to retire the interest and principal within a period not to exceed thirty years. Interest on the unpaid balance of the mortgage shall be at a rate determined by the Corporation. The Corporation may at any time grant an extension of time to any mortgagor for the payment of any installment of principal or interest owed to the Corporation if, in the judgment of the Corporation, the circumstances of the mortgagor justifies such extension.

(i) The Corporation shall provide directly or by contract counseling on household management, property management, budgeting, and related counseling services which would assist low- and moderate-income families who purchase homes from the Corporation in improving their living conditions and housing opportunities, and in meeting the responsibilities of home ownership.

(j) Whenever the Corporation sells property improved by dwellings for occupancy by fewer than five families to a purchaser, the Corporation may originate and service the mortgage covering such property. The Corporation may sell, deal in or otherwise dispose of the mortgages it originates, but it shall continue to service all of the mortgages it originates, and may service other mortgages on properties it sells.

(k) Whenever the Corporation sells property improved for occupancy by more than four families, the Corporation may provide the services referred to in subsection (i) to low- and moderate-income families who occupy such housing, and originate and service the mortgage covering such property. The Corporation may sell, deal in, or otherwise dispose of the mortgages it originates, but it shall continue to service all of the mortgages it originates, and may service other mortgages on properties it sells. From time to time, but not less than semi-annually, the Corporation shall review the management and maintenance of any project covered by a mortgage originated by it.

POWERS OF THE CORPORATION

SEC. 7. (a) The Corporation is authorized—

(1) to sue and be sued in its own name and appear by its own counsel in any legal proceedings brought by or against it;

(2) to issue capital stock and other obligations subject to the provisions of section 8;

(3) to refinance any mortgage, obligation, or lien, and to grant an extension of time to any mortgagor for the payment of any installment of principal or interest owed to the Corporation;

(4) to employ and fix the compensation of such officers, employees, attorneys, or agents as shall be necessary for the performance of its duties under this Act, without regard to the provisions of other laws applicable to the employment or compensation of officers, employees, attorneys, or agents of the United States, except that no such officer, employee, attorney, or agent shall be paid compensation at a rate in excess of the rate provided for members of the Board;

(5) to impose charges or fees for its services where necessary with the objective that all costs and expenses of it operation shall be fully self-supporting;

(6) to issue such regulations, orders, and reports as may be necessary to carry out the provisions of this Act; and

(7) to take such other actions such as may be necessary to enable it to carry out its duties under the provisions of this Act.

CAPITALIZATION OF THE CORPORATION

SEC. 8. (a) The Board shall determine the minimum amount of capital stock in the Corporation and is authorized to increase such capital stock from time to time in such amount as may be necessary, but not to exceed in the aggregate $35,000,000. The Corporation is authorized and directed to issue and deliver to the Secretary, and the Secretary of the Treasury is authorized and directed to accept, the capital stock of the Corporation. Payments for such capital stock shall be subject to call in whole or in part by the Board and shall be made at such time or times as the Secretary of the Treasury deems advisable. The Corporation shall issue to the Secretary of the Treasury receipts for payments by him for or on account of such stock, and such receipts shall be evidence of the stock ownership of the United States.

(b) For the purposes of this section, the Corporation is authorized to issue, upon the approval of the Secretary of the Treasury, and have outstanding at any one time, obligations having such maturities and bearing such rate or rates of interest as may be determined by the Corporation, with the approval of the Secretary of the Treasury, to be redeemable at the option of the Corporation before maturity in such manner as may be stipulated in such obligations; but the aggregate amount of the obligations of the Corporation under this subsection outstanding at any one time shall not exceed 10 times the sum of the capital stock issued by the Corporation. In no event shall any such obligation be issued if, at the time of such proposed issuance, and as a consequence thereof, the resulting aggregate amount of its outstanding obligations under this subsection would exceed the amount of the Corporation's interests pursuant to this Act free from any liens or encumbrances, or property, cash, mortgages or other security holdings, and obligations issued or guaranteed by the United States, or obligations, participations, or other instruments which are lawful investments for fiduciaries, trusts, or public funds. The Corporation shall insert appropriate language in all of its obligations issued under this subsection clearly indicating that such obligation, together with the interest thereon, is not guaranteed by the United States and does not constitute a debt or obligation of the United States or any agency or instrumentality thereof other than the Corporation. The Corporation is authorized to purchase in the open market any of its obligations outstanding under this subsection at any time and at any price.

(c) The Secretary of the Treasury is authorized in his discretion to purchase any obligations issued pursuant to subsection (b) of this section, and for such purpose the Secretary of the Treasury is authorized to use as a public debt transaction the proceeds of the sale of any securities hereafter issued under the Second Liberty Bond Act, and the purposes for which securities may be issued under the Second Liberty Bond Act are extended to include such purchases. The Secretary of the Treasury shall not at any time purchase any obligations under this subsection if such purchase would increase the aggregate principal amount of his then outstanding holdings of such obligations under this subsection to an amount greater than $350,000,000. Each purchase of obligations by the Secretary of the Treasury under this subsection shall be upon such terms and conditions as to yield a return at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the making of such purchase. The Secretary of the Treasury may, at any time, sell, upon such terms and conditions and at such price or prices that he shall determine, any of the obligations acquired by him under this subsection. All redemptions, purchases, and sales by the Secretary of the Treasury of such obligations under this subsection shall be treated as public debt transactions of the United States.

TAXATION OF THE CORPORATION

SEC. 9. The Corporation, including its franchise, capital, reserve, surplus, and income shall be exempt from all taxation now or hereafter imposed by the United States or any district, territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority. Any residential or other real property of the Corporation shall be subject to taxation to the same extent, according to its value, as other residential or other real property.

RECEIPTS AND DISBURSEMENTS OF CORPORATION EXCLUDED FROM THE BUDGET

SEC. 10. The receipts and disbursements of the Corporation in the discharge of its duties shall not be included in the totals of the budget of the United States Government and shall be exempt from any annual expenditure and net lending (budget outlays) limitations imposed on the budget of the United States Government. In accordance with the provisions of the Government Corporation Control Act, the President shall transmit annually to the Congress a budget for program activities and for administrative expenses of the Corporation, which budget shall also include the estimated annual net borrowing by the Corporation from the United States Treasury. The President shall report annually to the Congress the amount of net lending of the Corporation, including any net lending created by the net borrowing from the United States Treasury, which would be included in the total of the budget of the United States Government if the Corporation's activites were not excluded from those totals as a result of this section.

RETIREMENT OF OBLIGATIONS

SEC. 11. The Corporation shall retire and cancel its bonds and stock when its purposes under this Act have been accomplished. Upon the retirement of such stock, the reasonable value thereof as determined by the Board shall be paid into the Treasury of the United States and the receipts issued therefor shall be cancelled. The Board shall proceed to liquidate the Corporation and shall pay any surplus or accumulated funds into the Treasury of the United States. The Corporation may declare and pay such dividends to the United States as may be earned and as in the judgment of the Board it is proper for the Corporation to pay.

SEVERABILITY

SEC. 12. If any provision of this Act or any part thereof, or the application of any such provision or part to any person or circumstance, is held invalid, the remainder of the Act or provision, or the application of such provison or part to other persons or circumstances, shall not be affected thereby.

ANNUAL REPORT

SEC. 13. (a) The Corporation shall transmit to the Congress not later than March 31 of each year a detailed report on its operations and activities during the preceding calendar year.

(b) In its fourth annual report, the Corporation shall include its recommendations with respect to whether the demonstration authorized under this Act should be continued, expanded, or terminated. If the Corporation recommends a termination of the demonstration, it shall include in such report a detailed plan for the transfer of the assets, liabilities, and functions of the Corporation and for its dissolution.

Mr. CRANSTON. Mr. President, the Department of Housing and Urban Development last year published a study entitled "Abandoned Housing Research: A Compendium."

HUD states:

> The very scale of the problem now demands priority consideration by both public and private officials concerned with the problems of urban areas . . . without significant public commitment to conserve neighborhoods, abandonment will worsen considerably and seriously reduce the housing and public amenities available to lower-income families.

The Department's priority consideration for housing abandonment was demonstrated early this year when HUD canceled its first and only experimental programs on housing abandonment in Baltimore, Philadelphia, and Kansas City, Mo.

The problem is too serious to put off. Abandonments sweep through urban areas leaving behind desolate and dangerous areas. According to a 1971 study by the National Urban League and Center for Community Change—

> Entire central city neighborhoods housing hundreds of thousands of people are in advanced stages of being abandoned by their owners.

Yet we have no specific program to stop the housing abandonment wave from gaining momentum in city after city or to repair the destruction abandonment leaves in its wake.

My distinguished colleague from Michigan (Mr. HART) and I are today introducing specific legislation, the Abandonment Disaster Demonstration Relief Act, aimed at the housing abandonment problems.

Definitions of abandonment differ depending upon the study, Senator HART and I chose a specific, functional definition: a house is abandoned when the owner-occupant has moved out and has defaulted on his mortgage payment. A multifamily building is abandoned when the owner has reduced the level of operating services beyond an adequate level, when he has defaulted on the mortgage, and when he has not paid his property taxes in more than 6 months. Both definitions contain the common element that the owner has foresaken the use or care of his property.

Exact figures for the number of abandoned units under any definition are not at hand. The Congressional Research Service of the Library of Congress has supplied estimates, which while rough, nevertheless indicate the magnitude of the problem.

Mr. President, I ask unanimous consent that the housing abandonment figures from the Library of Congress be printed in the RECORD at this point.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

EXHIBIT "A"

HOUSING ABANDONMENT LEVELS NATIONALLY IN 1971

City and location	Total number	Dwelling units numbers abandoned	Percent abandoned
Northeast:			
Paterson, N.J	49,335	18,119	36.6
Utica, N.Y	32,770	9,820	28.0
Allegheny County, Pa	533,196	[1] 13,380	2.5
Baltimore, Md	305,464	10,000	3.2
Erie, Pa	42,677	4,743	11.0
Monessen, Pa	5,320	165	3.1
Philadelphia, Pa	673,390	[1] 23,833	3.5
Southeast:			
Jacksonville, Fla	174,189	15,000	8.6
Owensboro, Ky	16,927	666	3.9
Winston-Salem, N.C	44,899	1,850	4.1
Midwest:			
Cincinnati, Ohio	172,000	4,500	2.6
Toledo, Ohio	121,000	9,100	7.5
Joplin, Mo	15,934	360	2.2
St. Louis, Mo	238,441	9,000	3.7
Southwest:			
Oklahoma City, Okla	138,378	6,000	4.3
Tucson, Ariz	89,256	9,400	10.5
West Coast:			
Oakland, Calif	147,000	5,738	3.9
San Jose, Calif	150,211	17,069	11.3
Portland, Oregon	152,043	[1] 4,550	2.9

[1] "This figure represents number of buildings and is a better approximation of number of dwelling units the lower is the housing density, i.e., the closer it conforms to single family dwellings." [Sic]

HOUSING ABANDONMENT LEVELS FOR ADDITIONAL SELECTED MAJOR CITIES

Year of survey, city, and level of abandonment

1973: Baltimore, 12,000 units.

1971: Birmingham, 800 units demolished; another 2,300 scheduled for demolition.

1971: Boston, 800 to 1,000 structures.

1973: Chicago, 1,100 structures, 5,000 units; Woodlawn and Lawndale sections, 20% of units.

1971: Cleveland, 2,400 units a year.

1971: Detroit, 2,000 to 3,000 structures.

1973: New York City, 100,000 units.

1973: Philadelphia, 30,000 units.

1973: St. Louis, 3,500 structures, 10,000 units; most afflicted areas, 16% of units.

1972: Washington, D.C., 1,634 structures, 3,260 units.

Mr. CRANSTON. Mr. President, even precise figures, however, would fall short of describing the full magnitude of the housing abandonment problem, a problem of social and human dimensions. Housing abandonment is a problem of poor people concentrated in overcrowded unsafe, and unsanitary housing units; of streets scarred by vandalism and fire; of neighborhoods shunned by businesses and investors; of cities with dying central cores.

The bill I offer with Senator HART does not have remedies to all these problems. Our bill does offer an approach to their solution. We propose to test a new mechanism for acquiring and disposing of abandoned property and to provide in the course of this experiment, new financial and personnel resources to localities afflicted by the disaster of large scale housing abandonment.

The new mechanism is the Neighborhood Protection Corporation, an independent agency of the United States. Its mission is to provide standard housing in place of abandoned units and healthy neighborhoods in place of blighted ones. It is also charged with the responsibility of stemming abandonment in its beginning stages.

The Corporation's field personnel will operate in localities that have requested Corporation abandonment aid. Three metropolitan areas—a major city or a central city and its suburbs—with serious abandonment problems, whose local officials evidence interest in obtaining assistance from the Corporation and who demonstrate a willingness to cooperate with the Corporation will be chosen.

The Corporation's redevelopment activities must, in return, conform with the community development or housing plans for the area. Further, if the Corporation proposes to condemn a parcel of land or modify its use, the Corporation is required to hold public hearings, should hearings not be required of the local governing body. Employees of the Corporation will consult on a continuing basis with local officials and residents in the areas where the Corporation is active.

These requirements should assure that the Corporation's activities mesh with local housing and redevelopment plans and are responsive to residents living in the abandonment disaster area.

I expect that cities with large numbers of abandoned units will want to obtain the Corporation's aid since it will supplement their own housing and community development funds and, thus, stretch the value of dollars committed to the recovery of battered central city areas.

A Neighborhood Protection Corporation against abandonment has not been tested before. In view of this, Senator Hart and I limit the Corporation to a 5-year life and authorize it to operate on a demonstration basis. Congress can extend the Corporation's life after the fifth year, if it chooses.

At the end of 1973, the Veterans' Administration and the Department of Housing and Urban Development together held title to 86,315 homes. The VA owned 11,046 units; HUD, 75,269.

HUD and the VA have many other functions to perform besides maintaining the condition of and marketing foreclosed property. Officials of several California cities, most recently Los Angeles, Duarte, and Lynwood, have complained to me that Government-owned properties are poorly maintained and are a blight on the neighborhood.

I believe HUD and the VA try hard to keep up homes they have acquired through foreclosure but their resources are spread thin. A single purpose agency would not have that problem. It can move quickly to find new owners or new uses for vacant units before they become run down and before they run down a neighborhood.

HUD takes, for example, an average of 8½ months to put a property it acquires into salable condition. In the meantime, it expends $3,270 to maintain the property. But that is not the only cost. Between the time that a mortgagor has defaulted on the mortgage and the time HUD acquires the property through foreclosure, vandalism ruins many FHA insured houses. The vandalized house is an eyesore, attractive only to further vandalism and crime. To put the home back in salable condition takes a costly job of rehabilitation.

This month HUD turned over 4,901 homes to city governments for urban homesteading and other municipal purposes that were each costing HUD $4 a day to maintain and would have taken an average of $8,000 each to fix up.

Under this legislation, HUD and the VA will be divested of the responsibility of taking back property which they insured or have guaranteed. The Corporation will step in before foreclosure—but after abandonment—to ask a U.S. district court or U.S. magistrate for permission to seize the property.

Within 30 days, a court hearing would be held to determine if the property was truly abandoned and if it tends to constitute a danger to the community or neighborhood. If the court decides this is so, the Corporation obtains title to the property and pays off all persons or agencies having an interest in the property in the form of bonds issued by it. Thus, the bill establishes procedures by which the Corporation seizes and takes title to VA guaranteed or FHA insured property which is abandoned but not yet foreclosed. The Corporation—not VA or HUD—pays off the lender directly with a corporate-issued bond, bearing, in all likelihood, the FHA debenture rate.

The Corporation also has the responsibility of assuming ownership of VA and HUD properties which the agencies have acquired through foreclosure. The following table is useful to illustrate the volume of units that would be turned over to the Corporation by HUD and the VA:

Area	HUD owned	VA owned
1. Detroit	15,789	776
2. Los Angeles	5,839	2,588
3. Seattle	9,481	296
4. Philadelphia	3,998	----------
5. Atlanta	3,537	653
6. Chicago	2,479	443
7. Newark	1,348	439

These figures are current as of December 31, 1973.

In exchange for title to a VA guaranteed or FHA insured home, the Corporation would give the agency a bond issued by it in an amount equal to the fair market value of the property, but in no case greater than the unpaid balance of the mortgage.

In Detroit, and Philadelphia too, HUD is the largest single owner of single family homes. But in New York City only a fraction of the 100,000 abandoned units are FHA insured. The bulk of the residential debt in New York belongs to financial institutions—savings and loan associations, mutual savings banks, commercial banks, and life insurance companies.

A 1973 study on the central city and urban renewal by the Congressional Research Service of the Library of Congress states that—

> Any analysis of the reserve and surplus positions of these institutions indicates that the impact of any large-scale loan default on central city properties would be to place financial institutions in grave danger of illiquidity.

Since thousands of abandoned units are neither FHA insured or VA guaranteed and because lending institutions that hold these mortgages may be endangered, the Corporation is authorized to seize and take title to conventionally financed residential property.

The Corporation can act, however, only if the mortgagee is a federally related institution whose liquidity may be affected by its holding of substantial number of mortgages on abandoned residential units.

The procedures for seizing and taking title to conventionally financed units are the same as those prescribed for FHA and VA property.

I foresee that in many cases financial institutions that hold mortgages in dead real estate market areas will approach the Corporation in order to transfer title and receive in exchange a corporate-issued bond. On the other hand, I expect that the Corporation will carefully gage the number of mortgages it accepts, relating the volume to its ability to find new buyers and new borrowers.

If the Corporation has incorrectly seized property, the bill requires the Corporation to pay costs, counsel fees, and damages to any person having an interest in the property.

What does the Corporation do with the property it obtains? The Corporation can itself perform or contract with others to perform a broad variety of activities.

One example: The Corporation can convey to cities residential property for that city's urban homesteading program; or it can take title to city-owned property and repair, rehabilitate, rent, lease, or sell that property.

The Corporation can tear down and construct or assemble vacant land for redevelopment.

The Corporation can originate and service mortgages, foster types of ownership, such as tenant cooperatives, and counsel buyers and tenants in Corporation assisted housing on property maintenance, budgeting, and other household matters.

Senator Hart and I expect the Corporation to work closely with local organizations and institutions in carrying out these activities. The Corporation's effectiveness will, I believe, be measured in good part by how much local activity spins off from the Corporation. In some areas, neighborhood development corporations and other civic groups exist that can build, renovate, and manage units. The Corporation can strengthen these efforts. In other areas, no local organization may be in place. But hopefully there too, the Corporation will generate momentum for redevelopment that will be self-sustaining.

The Abandonment Disaster Demonstration Relief Act calls for $385 million to finance the Corporation's operations, including administrative costs. The equity capital comes from the issuance of

$35 million in stock which the Secretary of the Treasury is required to buy. The Corporation is authorized to raise an additional $350 million by selling bonds in the private market. The bonds are taxable and are not guaranteed by the Federal Government; however, the Secretary of Treasury is authorized to purchase up to $350 million of the Corporation's bonds.

Investors in the Corporation's bonds will have the confidence of Treasury backup authority. Borrowers will have the benefit of a financing approach that may enable the Corporation to make below-market interest rate mortgage loans.

During its life, the Corporation will seek to repair the fabric of neighborhoods torn by housing abandonment and to stabilize those areas where abandonment is incipient. It will not be able to accomplish these goals singlehandedly.

Arresting neighborhood decline and rebuilding decayed neighborhoods are complex problems involving many players: the Federal Government, local officials, lenders, renewal and housing agencies, civic organizations, and others. The Abandonment Disaster Demonstration Relief Act is really aimed at seeing whether a single-purpose agency on abandonment can be a structure that can bring these players together and produce a cooperative effort for improving urban life.

By Mr. HATFIELD:

S. 3116. A bill to protect the individual's right to privacy by prohibiting the sale or distribution of certain information. Referred to the Committee on the Judiciary.

THE MAILING LIST BILL AND PROTECTING PRIVACY

Mr. HATFIELD. Mr. President, privacy is a very subtle concept. Not everyone agrees on what does and does not constitute an individual's right to privacy. Not everyone agrees on how to define privacy. When we have it, we take it for granted; and we place the greatest value on it when it is gone.

A $45 billion a year industry is buying and selling information about Americans. Most people do not even know this industry exists and if they do, they do not know what to do to extricate themselves from it. This is the direct mail industry which relies on the purchase and rental of lists of names to keep in buisness. Some people believe that the purchase and rental of these lists, done without the consent or knowledge of those on the list, is a violation of privacy. I am one of those who share this belief.

If you are an average American you are on an estimated 40 to 50 lists. These, in turn, are broken down into incredibly sophisticated categories and subcategories so that mail campaigns can be directed with almost frightening complex objectives. Computers have made this possible. A recent article in the Wall Street Journal pointed out that one mailing list industry catalog describes more than 22,000 available lists of great sophistication—

> One company offers a list of 10,000 biochemists and other people believed to be hot prospects for "books on amino acids, peptides, chromatography and electrophoresis." Another offers a list of 56,000 people who have responded to "Fat Legs?" ads by sending $2 for a booklet on how to make legs shapelier; presumably these individuals will be receptive to a lot more products.

The lists are compiled from every imaginable source—telephone books, magazine subscription lists, credit card lists, church rosters, club membership booklets, Government agencies, newspaper announcements of birth, death, graduation, and so forth. Mailing list brokerage companies compile the lists and market them for $25 to $45 per 1,000 names. They are able to supply the would-be mail advertiser with anything he needs. The computer can instantaneously produce lists of trout fishermen or art collectors.

This computer sophistication can backfire, however, and there are a host of stories about the Little Sisters of the Poor getting mail beginning "Dear Mrs. Little." And the famous story about the letter to the Dow Jones Co., which began—

> DEAR MR. JONES: How would you and the rest of the Jones family like to see a brand-new car parked in front of the Jones household at 22 Cortlandt Street? (22 Cortlandt Street is corporate headquarters for Dow Jones.)

Generally the whole process goes something like this: A company wants to advertise its product or service to a particular consumer market so it hires a direct-mail advertising firm to map a campaign. The mailing house in turn hires a mailing list broker who is an expert at getting specialized mailing lists. These rosters are usually owned by list compilers who rent or barter for one-time use. In some cases they are sold. A check is instituted to insure that the list is only used once. This is done by including dummy names and addresses on the list. If these "planted" names and addresses receive more than one mailing, the compiler knows he is being cheated.

Second only to television as an advertising medium, direct mail advertising employs about a million people directly and accounts for about 24 percent of the mail. The largest single class of mailings, accounting for slightly less than 10 percent of the total, is magazine subscription offers.

Earlier legislation put controls on sexually oriented advertisements through the mail. A person can specify in advance that he does not wish to receive this kind of mail. The law provides a penalty for mailing such advertisements to any person who has been on the Postal Service list for more than 30 days.

Additionally, the Direct Mail Advertising Association, Inc., makes a list of people who want to be removed from mailing lists. They will also put you on lists, which you can select by writing to them at 230 Park Avenue, New York, N.Y. 10017. Last year, they report, 20,396 people asked to have their names removed, and another 5,306 wanted their names added. Although this service is commendable, it does not seem to be widely known. It takes persistence and intelligence to get off mailing lists and it takes absolutely nothing to get on one.

The Wall Street Journal quoted a New York list broker who gave the following advice on how to get off mailing lists:

> You have to move and leave no forwarding address. Then you have to be very careful. You can't buy a car, you can't have a phone in your own name, you can't own a house, you can't join a club, you can't join a church, you can't open a charge account. . . . He goes on and on and concludes, "You just have to fade away.

Not everyone is equally incensed over the practice of selling mailing lists. There are people who like to get "junk" mail and to shop by mail. Others do not. One gentleman, Mr. Norman W. Shibley, president of the Cleveland Bar Association, recently filed a class action suit against American Express, Playboy magazine, and others. He contends that the selling of his name and address to others constitutes an invasion of privacy and unjust enrichment to the seller.

The Secretary of Health, Education, and Welfare's Advisory Committee on Automated Personal Data Systems recently published an excellent study of the entire privacy question. In their discussion of mailing lists, they suggested that a system be implemented which would allow a person to give consent for his name to be sold or rented. This could easily be done on application forms, registration forms, and similar items, by placing a box which the individual could use to indicate whether he was willing to have information about himself, given in that particular transaction, sold or rented for other purposes without permission.

In February 1971 I introduced legislation to require the consent of the individual in order to sell or rent information about him. Today I am reintroducing the bill. With the new respectability given to the privacy issue through the determined efforts of Senator SAM ERVIN and the Senate Judiciary Committee and the attention focused by President Nixon, I am hopeful that prompt action can be taken on this bill. This simple measure could do much to restore an individual's right to control what is known about him. It could be simply implemented. It would not apply to newspapers, telephone books, or information used for law enforcement or national security purposes. In other words, true societal needs for lists could not be curtailed. As James J. Kilpatrick said in a recent editorial on the subject of privacy:

> The object ought not to be to cripple government, or to deny public agencies the technological tools they need. The object should be simply to keep Big Brother in his place.

Big brother, both in the public and private realms, is becoming more real all the time. My mailing list bill is one small way to begin to pin the giant down.

Mr. President, I ask unanimous consent that the text of my bill be printed in the RECORD at the end of these remarks.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 3116

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) title 18, United States Code, is amended by inserting after chapter 87 a new chapter as follows:

"Chapter 88.—PRIVACY

"Sec.

"1801. Sale or distribution of personal information.

"§ 1801. SALE OR DISTRIBUTION OF PERSONAL INFORMATION.

"(a) Whoever, by any facility of interstate or foreign commerce or the mails, knowingly sells or distributes, or offers or attempts to sell or distribute—

"(1) a list of names or addresses, or names and addresses, of individuals;

"(2) information concerning the personal or financial condition or activities of an individual; or

"(3) information concerning the personal or real property of an individual;

without the consent of any individual to whom such list or information relates, shall be fined not more than $1,000 or imprisoned not more than one year, or both.

"(b) This section shall not apply to—

"(1) any such sale, distribution, or such offer or attempt, if a Federal statute specifically authorizes the sale or distribution of that type of list or information;

"(2) any such sale, distribution, or such offer or attempt, to any department or agency of the United States Government or of any State or local government if that list or information is to be used only for law enforcement or national security purposes;

"(3) any such sale, distribution, or such offer or attempts, if the list or information constitutes only an insubstantial portion of a document, publication, newspaper, writing or other means of communication;

"(4) any such distribution of, or offer or attempt to distribute, a telephone directory which contains only names, addresses, and telephone numbers, and which is published (A) by a regulated telephone utility company (if that company does not list in such directory the name, address, or telephone number of any individual who has requested that such information not be listed), (B) by a person engaged in interstate or foreign commerce (if that person does not list in such directory the name, address, or telephone number of any individual who is not an officer or employee of that person), or (C) by a department or agency of the United States Government or of a State or local government (if that department or agency does not list in such directory the name, address, or telephone number of any individual who is not an officer or employee of a department or agency of any such government)."

(b) The table of chapters of part I of such title is amended by inserting after item 87 the following new item:

"88. Privacy ---------------------- 1801".

By Mr. SPARKMAN (by request):

S. 3117. A bill to authorize appropriations for the Department of State and for other purposes. Referred to the Committee on Foreign Relations.

Mr. SPARKMAN. Mr. President, by request I introduce for appropriate reference a bill to authorize fiscal year 1975 appropriations for the Department of State and for other purposes.

The bill has been requested by the Department of State and I am introducing it in order that there may be a specific bill to which Members of the Senate and the public may direct their attention and comments.

I reserve my right to support or oppose this bill, as well as any suggested amendments to it, when the matter is considered by the Committee on Foreign Relations.

I ask unanimous consent that, at the end of my remarks, the bill be printed in the RECORD together with the letter from the Acting Assistant Secretary of State to the President of the Senate dated February 20, 1974, and the State Department's section-by-section analysis of the bill. I should point out that the original letter from the State Department transmitted only a five-section bill; representatives of the State Department subsequently requested, however, that a sixth section be added. This has been included in the bill I now introduce.

There being no objection, the bill and material were ordered to be printed in the RECORD, as follows:

S. 3117

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Department of State Appropriations Authorization Act of 1974".

AUTHORIZATION OF APPROPRIATIONS

SEC. 2. There are authorized to be appropriated for the Department of State for the fiscal year 1975, to carry out the authorities, functions, duties, and responsibilities in the conduct of the foreign affairs of the United States, including trade negotiations, and other purposes authorized by law, the following amounts:

(1) for the "Administration of foreign affairs", $376,135,000;

(2) for "International organizations and conferences", $229,604,000;

(3) for "Internation commissions", $112,407,000; of which $94,575,000 is authorized to be appropriated for the United States Section, International Boundary and Water Commission, to undertake such measures as may be required to carry out the agreement with Mexico entitled "Permanent and Definitive Solution to the International Problem of the Salinity of the Colorado River";

(4) for "Educational exchange", $64,914,000;

(5) for "Migration and refugee assistance", $9,470,000.

SEC. 3. Appropriations made under section 2 of this Act are authorized to remain available until expended.

CERTAIN ADDITIONAL AUTHORIZATIONS OF APPROPRIATIONS

SEC. 4. In addition to amounts authorized by section 2 of this Act, there are authorized to be appropriated for the Department of State for the fiscal year 1975 such additional amounts as may be necessary for increases in salary, pay, retirement, or other employee benefits authorized by law which arise subsequent to the date of enactment of this Act.

SEC. 5. In addition to the authorization contained in section 4 of this Act, there is authorized to be appropriated not to exceed 5 per centum of each amount otherwise authorized in section 2 of this Act for urgent requirements which arise subsequent to the date of enactment of this Act.

LIMITATION ON PAYMENTS

SEC. 6. There are hereby authorized to be appropriated funds for payment prior to January 1, 1975, of United States expenses of membership in the United Nations Educational, Scientific and Cultural Organization, the International Civil Aviation Organization, and the World Health Organization notwithstanding that such payments are in excess of 25 per centum of the total annual assessment of such organizations.

FEBRUARY 20, 1974.

Hon. GERALD R. FORD,
President of the Senate,
U.S. Senate.

DEAR MR. PRESIDENT: In accordance with Section 407(b) of the Foreign Assistance Act of 1971, there is transmitted herewith proposed legislation that would authorize appropriations for the Department of State to carry out its authorities, and responsibilities in the conduct of foreign affairs of the United States during Fiscal Year 1975.

The bill provides for authorization of appropriations for (a) "Administration of Foreign Affairs", which relates to the operation of United States diplomatic and consular posts abroad and of the Department of State in the United States; (b) "International Organizations and Conferences" including contributions to meet obligations of the United States to international organizations pursuant to treaties, conventions or specific acts of Congress; (c) "International Commissions" which enables the United States to fulfill treaty and other international obligations; (d) "Educational Exchange" which is a program administering the cultural and educational exchange activities of the United States, and (e) "Migration and Refugee Assistance" which includes the United States annual contribution to the International Committee of the Red Cross and refugee assistance programs.

The Department has been informed by the Office of Management and Budget that there is no objection to the presentation of this proposed legislation to the Congress and that its enactment would be in accord with the program of the President.

Respectfully,

STANTON D. ANDERSON,
Acting Assistant Secretary for Congressional Relations.

SECTION-BY-SECTION ANALYSIS

Section 2.—This section provides an authorization of appropriations for the Department of State in accordance with the provisions of Section 407(b) of the Foreign Assistance Act of 1971. Funds are authorized to be appropriated under this legislation for the fiscal year 1975.

This section contains the authorizations for appropriations by category for fiscal year 1975. Apart from the amounts, this section corresponds to subsection 2 of Public Law 93–126, and excludes authorization for the acquisition, operation and maintenance of buildings abroad which is being submitted as separate legislation.

Paragraph (1) authorizes appropriations under the heading "Administration of Foreign Affairs" to provide the necessary funds for the salaries, expenses and allowances of officers and employees of the Department, both in the United States and abroad. It includes funds for executive direction and policy formulation, conduct of diplomatic and consular relations with foreign countries, conduct of diplomatic relations with international organizations, domestic public information activities, central program services, and administrative and staff activities. Further, it provides funds for relief and repatriation loans to United States citizens abroad and for other emergencies of the Department; and payments to the Foreign Service Retirement and Disability Fund.

Paragraph (2) authorizes appropriations under the heading "International Organizations and Conferences". This category provides the necessary funds for United States contributions of its assessed share of the expenses of the United Nations, eight specialized agenices and the International Atomic Energy Agency, six Inter-American organizations, six Regional organizations and seventeen other international organizations. The United States membership in these organizations, which has been authorized by treaties, conventions or specific Acts of Congress, constitutes an obligation for payment of its share of the assessed budgets pursuant to the basic statutes or constitutions of the international agencies. Also included are the necessary funds for the missions which represent the United States at the headquarters of certain international organizations in which the United States has membership or participates pursuant to treaties, conventions or specific Acts of Congress. These missions maintain liaison with the international secretariats and with the delegations of other member governments at the organizations' headquarters. In addition, provision is made for funding of official United States Government participation in regularly scheduled or planned multilateral intergovernmental conferences, meetings and related activities, including international trade negotiations, and for contributions to new or provisional organizations. Included also are the expenses of Congressional delegations to international parliamentary meetings. This subsection does not include the authorization of appropriations for voluntary contributions to international organizations which are provided for in other Congressional enactments.

Paragraph (3) authorizes appropriations under the heading "International Commissions" which provides funds to enable the United States to fulfill its treaty and other international obligations with Mexico, including the expenses and operations of the American Section of the International Boundary and Water Commission, United States and Mexico; project investigations and construction on the United States-Mexican border. Most prominent among the appropriations to the U.S. Section, International Boundary and Water Commission, are those funds to be used for the resolution of the international problem of the salinity of the Colorado River. Resolution was reached in the agreement Minute No. 242 of the Commission concluded under the 1944 Water Treaty and entitled "Permanent and Definitive Solution to the International Problem of the Salinity of the Colorado River", dated August 30, 1973. This agreement settles an issue plaguing United States and Mexican relations for the past twelve years. The authorization requested provides that the U.S. Section be responsible for carrying out the provisions of the agreement, since it is the agency charged with the administration of the treaty.

Specifically, the appropriation proposed for authorization in the section would be used to:

(a) Construct a desalting complex, including a desalting plant within the boundaries of the United States and a bypass drain for the discharge of the reject stream from the plant and certain other drainage water to the Santa Clara Slough in Mexico, with the part in Mexico to be constructed by the appropriate agencies of the Government of Mexico with funds transferred through this Commission.

(b) Accelerate cooperative water management programs in the Wellton-Mohawk Irrigation and Drainage District to reduce the quantity of drain water pumped by the District and thereby enable reduction in the size and cost of the desalting complex. The measures include assistance to farmers in installing onfarm improvements to enhance irrigation efficiencies and

(c) Acquire, to the extent necessary, to further reduce the quantity of drainage flow, lands or interest in lands within the Wellton-Mohawk Division, Gila Project, to reduce the 75,000 irrigable acres authorized by the Act of July 30, 1947 (61 Stat. 628). In consideration of the purchase of irrigable lands and the associated increased cost of operation and maintenance of the irrigating system, repayment obligations of the irrigation district to the United States under existing contracts will be appropriately reduced.

The above measures will be designed and operated with the objective of carrying out the obligations under Minute No. 242 at the least overall cost to the United States.

Also included are the authorization of funds for American Sections, International Commissions, in accordance with existing treaties, for expenses of the American Section of the International Boundary Commission and the International Joint Commission, which are concerned respectively with maintenance of the United States-Canadian border, and environmental and other joint problems involving the United States and Canada. Appropriations are also authorized for expenses, including contributions, to enable the United States to meet its obligations in connection with participation in international fisheries commissions pursuant to treaties or conventions, and implementing Acts of Congress.

Paragraph (4) authorize appropriations under the heading "Educational Exchange" which provides funds to enable the Secretary of State to carry out his functions under the provisions of the Mutual Educational and Cultural Exchange Act of 1961, as amended, and the Act of August 9, 1939. Funds appropriated under this authorization provide for the educational and cultural program of the Department of State, including the exchange of persons, aid to American sponsored schools abroad, and cultural presentations. Included also is the authorization of funds to enable the Secretary of State to provide for carrying out the provisions of the Center for Cultural and Technical Interchange Between East and West Act of 1960 by grant to the State of Hawaii. The Center provides grants, fellowships and scholarships to qualified persons from Asia and the Pacific and Americans who work jointly on problems of mutual concern.

Paragraph (5) authorizes appropriations under the heading "Migration and Refugee Assistance" to enable the Secretary of State to provide assistance to migrants and refugees, both on a multilateral basis through contributions to organizations such as the Intergovernmental Committee for European Migration and the United Nations High Commissioner for Refugees, and on a unilateral basis through assistance to refugees designated by the President, as authorized by law. Also included is an authorization of funds for a contribution to the International Committee of the Red Cross pursuant to existing legislation. This subsection does not include the authorization of appropriations for special and emergency refugee relief assistance which is provided for in other Congressional enactments.

Section 3.—This section provides for the customary extension of the availability of funds beyond the end of the fiscal year, to the extent provided for in appropriation Acts, for such appropriations of the Department as "International Boundary and Water Commission, United States and Mexico—Construction", and "Migration and Refugee Assistance". This authority is required to enable the Department to retain funds appropriated for construction projects, the completion of which extends beyond a single fiscal year, and to enable the Department to meet completely the calendar year 1975 program needs for Migration and Refugee Assistance.

Section 4.—This section provides an authorization of appropriations for an expense difficult to determine in advance. Its purpose is to provide authorization of appropriations for increases in salary, pay, retirement or other employee benefits authorized by law which occur from time to time and require supplemental appropriations. The Department is requesting the flexibility to meet such additional mandatory costs without returning for increased authorizations of appropriations prior to the submission of a request for additional or supplemental appropriations.

Section 5.—This section provides authorization of appropriations for urgent activities which arise during the year and which are difficult to determine in advance. Experience has shown that unexpected international events of vital interest to the United States may necessitate urgent requests for additional appropriated funds which may be delayed because of lack of authorization. One recent example is the Middle East War and the resulting Middle East Peace Conference. Similarly, appropriations to support certain initiatives in foreign affairs such as opening a new post in East Berlin could not be obtained this past year because of lack of authorization. The limitation of 5 percent of the amounts previously authorized for each subparagraph in section 2 would allow flexibility to respond to fast-moving world events.

Section 6.—This section is needed to authorize an appropriation for and to permit payment of the United States contributions as assessed for the calendar year 1974 by the International Civil Aviation Organization (ICAO), the United Nations Educational, Scientific and Cultural Organization (UNE SCO), and the World Health Organization (WHO). Although the language in Public Law 92-544 provided sufficient time to obtain a reduction of the U.S. assessment to 25 percent in the United Nations itself, in the Food and Agricultural Organization and in the International Center for the Study of the Preservation and Restoration of Cultural Property, special circumstances necessitate a request for an exception for one year in the case of ICAO, UNESCO, and WHO. During the debate over the 25 percent issue at the United Nations, the U.S. Delegate agreed that the United States would seek the reduction of its assessment rate in the UN Specialized Agencies 1) through the use of existing procedures and 2) by means that would not result in the increases of the percentage contributions of the members of the Specialized Agencies. As a result of this commitment, it became impossible to reduce the U.S. assessment rates to 25 percent in ICAO, UNESCO and WHO for the calendar year 1974 although progress was made.

In the case of ICAO, calendar year 1974 was the final year of a triennial assessment scale that had been adopted in 1971. Following existing procedures meant that the new assessment scale would be established in calendar year 1974 for the 1975–1977 triennium. The organization did decide, however, at an Extraordinary Assembly to set a ceiling of 25 percent "as a matter of principle" in determining its future scales of assessment.

In the case of UNESCO the biennial assessment scale for calendar years 1973 and 1974 was adopted in November 1972, before action was taken in the United Nations. Following proper procedures in UNESCO will therefore require that the reduction of 25 percent be sought in calendar year 1974 when the assessment scale for the 1975–76 biennium is under consideration.

WHO uses the latest UN scale as the basis for determining its own scale of assessments. The World Health Assembly adopted the scale of assessments for calendar year 1974 in May 1973 and therefore based its rates on the latest UN scale then available which assessed the United States at 31.52 percent. However, the U.S. assessment was reduced from 30.82 to 29.18 percent because of the admission of North Korea and East Germany following action by the Assembly to accept a 25 percent ceiling on assessments as a matter of principle. At the next World Health Assembly in May 1974 the WHO will have the UN scale at hand and will be able to apply toward reducing the U.S. rate the percentage points resulting from the admission of new members and from relative increases in national income as evidenced by the UN scale.

By Mr. SPARKMAN (by request):

S. 3118. A bill to authorize appropriations for the U.S. Information Agency, and for other purposes. Referred to the Committee on Foreign Relations.

Mr. SPARKMAN. Mr. President, by request I introduce for appropriate reference a bill to authorize fiscal year 1975 appropriations for the U.S. Information Agency.

The bill has been requested by the Department of State and I am introducing it in order that there may be a specific bill to which Members of the Senate and the public may direct their attention and comments.

I reserve my right to support or oppose this bill, as well as any suggested amendments to it, when the matter is considered by the Committee on Foreign Relations.

I ask unanimous consent that the bill be printed at this point in the RECORD, together with USIA's section-by-section analysis of the bill.

There being no objection, the bill and analysis were ordered to be printed in the RECORD, as follows:

S. 3118

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, that this Act may be cited as the "United States Information Agency Appropriations Authorization Act of 1974."

SEC. 2. (a) There are authorized to be appropriated for the United States Information Agency for fiscal year 1975, to carry out international informational activities and programs under the United States Information and Educational Exchange Act of 1948, the Mutual Educational and Cultural Exchange Act of 1961, and Reorganization Plan Number 8 of 1953, and other purposes authorized by law, the following amounts:

(1) $231,468,000 for "Salaries and Expenses" and "Salaries and Expenses (special foreign currency program)," except that so much of such amount as may be appropriated for "Salaries and Expenses (special foreign currency program)" may be appropriated without fiscal year limitation;

(2) $6.770,000 for "Special international exhibitions;" and

(3) $4,400,000 for "Acquisition and construction of radio facilities."

Amounts appropriated under paragraphs (2) and (3) of this subsection are authorized to remain available until expended.

(b)(1) In addition to amounts authorized in subsection (a) of this section, there are authorized to be appropriated for the United States Information Agency such additional amounts as may be necessary for increases in salary, pay, retirement, or other employee benefits authorized by law which arise subsequent to the date of enactment of this Act.

(2) In addition to the authorization contained in Section 2(b)(1), there is authorized to be appropriated not to exceed five percentum of each amount otherwise authorized in Section 2(a) for urgent requirements which arise subsequent to the date of enactment of this Act.

SECTION-BY-SECTION ANALYSIS

Section 1.—Provides that the Act may be cited as the "United States Information Agency Appropriations Authorization Act of 1974."

Section 2.—*Subsection 2(a)(1)*. Authorizes appropriations to be made for salaries and expenses necessary to carry out international informational activities and programs under the United States Information and Educational Exchange Act, the Mutual Educational and Cultural Exchange Act, and Reorganization Plan No. 8 of 1953, for the fiscal year ending June 30, 1975. The portion appropriated pursuant to the special foreign currency program would be available until expended. The $231,468,000 requested is the amount now included in the President's budget for fiscal year 1975.

Subsection 2(a)(2). Authorizes appropriations to be made for expenses necessary to carry out functions under Section 102(a)(3) of the Mutual Educational and Cultural Exchange Act, to remain available until expended, for the fiscal year ending June 30, 1975. The $6,770,000 requested is the amount now included in the President's budget for fiscal year 1975.

Subsection 2(a)(3). Authorizes appropriations to be made for the purchase, rent, construction, and improvement of facilities for radio transmission and reception and the purchase and installation of necessary equipment for radio transmission and reception; and acquisition of land and interests in land by purchase, lease, rental or otherwise, to remain available until expended. The $4,400,000 is the amount included in the President's budget for fiscal year 1975 for present action. The request will cover maintenance and repair of existing facilities; modification of the antennas at the Agency's West Coast plants; and continued technical research.

Subsection 2(b)(1). Federal pay raises and other laws or Executive Orders will require increased costs on the part of the Agency. In order to provide funds for such requirements, Section 2(b)(1) authorizes increases in appropriations.

Subsection 2(b)(2). Authorizes an amount not to exceed five per centum of each amount otherwise authorized to be appropriated by Section 2(a) in order to meet urgent requirements arising subsequent to the date of enactment of this Act. For example, it is anticipated that the present worldwide petroleum difficulties may result in substantial increases in costs to the Agency for which additional funds will be necessary.

Section 3.—Amends section 1008 of the United States Information and Educational Exchange Act of 1948 to require annual reports to the Congress. Semi-annual reports are required at present.

By Mr. SPARKMAN (by request):

S. 3119. A bill to amend the Department of State Appropriations Authorization Act of 1973 and the Foreign Service Buildings Act, 1926. Referred to the Committee on Foreign Relations.

Mr. SPARKMAN. Mr. President, on January 21, Senator FULBRIGHT introduced by request two bills, S. 2872 and S. 2873, to authorize supplemental fiscal year 1974 appropriations for the State Department and Foreign Service Buildings. Subsequently, the administration forwarded still another fiscal year 1974 supplemental authorization request for the State Department to cover the increased payments into the Foreign Service Retirement and Disability Fund required by recently enacted law. For purposes of simplicity and clarity, the staff of the Committee on Foreign Relations has combined all of these requests into a single bill, which I am now introducing for referral to the committee. This combined bill includes all of the fiscal year 1974 supplemental administration requests relating to the State Department and Foreign Service Buildings. Its unity will enable the committee to deal with these requests more expeditiously.

I ask unanimous consent that the bill be printed at this point in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 3119

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Department of State Appropriations Authorization Act of 1973 (87 Stat. 451) is amended as follows:

(1) In section 2(a)(1) thereof, providing authorization of appropriations for the "Administration of Foreign Affairs", strike out "$282,565,000", and insert in lieu thereof "$304,568,000".

(2) In section 2(a)(2) thereof, providing authorization of appropriations for "International Organizations and Conferences", strike out "$211,279,000" and insert in lieu thereof "$212,777,000".

(3) In section 2(b)(1) thereof, providing authorization of appropriations for increases in salary, pay, retirement or other employee benefits authorized by law, strike out "$9,328,000" and insert in lieu thereof "$16,711,000".

SEC. 2. (a) Section 5315 of title 5, United States Code, is amended by adding at the end thereof the following:

"(98) Assistant Secretary for Oceans and International Environmental and Scientific Affairs, Department of State."

(b) Section 5316(109) of such title 5 is repealed.

SEC. 3. Subsection (g) of section 4 of the Foreign Service Buildings Act, 1926 (22 U.S.C. 295), is amended as follows:

(1) In subparagraph (1)(A), strike out "$590,000" and insert in lieu thereof "$631,000".

(2) In subparagraph (1)(C), strike out "$160,000" and insert in lieu thereof "$204,000".

(3) In subparagraph (1)(E), strike out "$2,218,000" and insert in lieu thereof the figure "$2,287,000".

(4) In subparagraph (2), strike out "$45,800,000" and "$21,700,000" and insert in lieu thereof "$48,532,000" and "$23,066,000", respectively.

By Mr. SPARKMAN (for himself and Mr. HARTKE):

S. 3120. A bill to bring certain employees of the Department of Defense within the purview of the competitive civil service, and for other purposes; and

S. 3121. A bill to amend title 5, United States Code, to include as creditable service for purposes of the civil service retirement system certain periods of service of civilian employees of nonappropriated fund positions in special services recreation and morale programs of the Armed Forces. Referred to the Committee on Post Office and Civil Service.

Mr. SPARKMAN. Mr. President, for Senator HARTKE and myself, I introduce for appropriate reference two bills, together with a section-by-section analysis of each bill. I ask unanimous consent that each of these bills, together with the section-by-section analyses, be printed in the RECORD.

There being no objection, the bills and analyses were ordered to be printed in the RECORD, as follows:

S. 3120

A bill to bring certain employees of the Department of Defense within the purview of the competitive civil service, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of Defense shall provide a program (hereinafter referred to as the "special services program") for the morale, recreation, welfare, and mental, physical, and cultural improvement of personnel of the Armed Forces.

Sec. 2. (a) The Secretaries of the military departments shall employ the personnel (hereinafter referred to as "special services employees") necessary to carry out the special services program in accordance with appropriate regulations.

(b) Paragraph (14) of section 5102(c) of title 5, United States Code, is amended by inserting "(other than special services employees of the Department of Defense)" immediately following the word "employees" where first occurring in such paragraph.

Sec. 3. To the maximum extent possible special services employees shall be paid from funds appropriated for the purpose of payment of their rates of basic pay. Payment of personnel from available nonappropriated funds to supplement personnel paid from appropriated funds is recognized as a practice which may be used to support the special services program.

Sec. 4. Section 8332(c) of title 5, United States Code, shall not apply to special services employees paid from nonappropriated funds, past or present. Nothing in this Act shall be construed to apply to the other employees of the Federal instrumentalities enumerated in section 2105(c) of title 5, United States Code, or to employees engaged in other retail sales activities, or self-supporting activities.

Sec. 5. (a) Special services employees who have had at least three years on nonappropriated funds and have an eligible rating on appropriate civil service registers and are recommended by authorities of the employing agency, may transfer to a position of the same level of duties and responsibilities in the competitive civil service and be placed in the appropriate grade of the General Schedule at basic pay rates determined as follows: The rate of basic pay to which the employee is entitled beginning on the date of the transfer shall be adjusted as follows:

(1) If the rate of basic pay to which the employee was entitled on the day before the date of the transfer is the same as a rate of the grade of the General Schedule in which the position is placed, the employee shall receive that rate.

(2) If the rate of basic pay to which the employee was entitled on the day before the date of the transfer falls between two rates of the grade of the General Schedule in which the position is placed, the employee shall receive the higher rate.

(3) If the rate of basic pay to which the employee was entitled on the day before the date of the transfer is higher than the highest rate of the grade in which his position is placed, the employee shall continue to receive the rate to which he was entitled on the day before such date.

(b) The rates of basic pay of employees whose respective rates on the day before the date of their transfers were less than the minimum scheduled rate of the grade in which their positions are placed, and of employees appointed on or after the date of enactment of this Act, shall be determined in accordance with chapter 51 and subchapter III of chapter 53 of title 5, United States Code, relating to classification and General Schedule pay rates.

(c) In determining whether an employee is entitled to a step-increase or increases under section 5335 of title 5, United States Code, service as a special services employee prior to the date of enactment of this Act is deemed Federal service. Nothing in this Act shall be construed so as to reduce the rate of basic pay of any employee.

Sec. 6. For the purposes of subchapter I (relating to annual and sick leave) of chapter 63 of title 5, United States Code, service as a special services employee paid from nonappropriated funds prior to the date of enactment of this Act shall be included in computing the rate of accrual of annual leave, and the annual and sick leave to the credit of the employee shall be transferred to his credit in accordance with the regulations governing crediting of leave upon transfer from a different leave system.

Sec. 7. Service rendered prior to the date of enactment of this Act as a special services employee shall be included in computing length of creditable service for the purposes of subchapter III (relating to civil service retirement) of chapter 83 of title 5, United States Code, when—

(1) the employee has to his credit a total period of not less than three years of allowable service under such subchapter III, including service allowable under this section; and

(2) the employee shall have deposited, with interest into the Civil Service Retirement and Disability Fund an amount computed in accordance with section 8334(c) of title 5, United States Code.

Sec. 8. Credit for years of service performed as a special services employee paid from nonappropriated funds will be computed for purposes of seniority toward promotion and appointment to higher levels of responsibility in the military services morale, recreation, and welfare programs.

Sec. 9. Special services personnel paid from nonappropriated funds will be eligible to participate in career and/or referral programs established for Librarians (GS 1410), and Specialists in Sports (GS 030 series), Arts and Crafts (GS 1056 series), Music (GS 1051 series), Theater (GS 1054 series), Recreation (GS 188 series), and Outdoor Recreation Planning (GS 023 series). As careerists they may be considered for job referrals and priority placement to vacant positions for which they are eligible on appropriate civil service registers.

Sec. 10. The United States Civil Service Commission shall issue regulations to carry out the purposes of this Act in behalf of special services personnel of the Armed Forces.

Section-by-Section Analysis

Section 1—Directs the Secretary of Defense to provide a program for the morale, recreation, welfare, and mental, physical, and cultural improvement of personnel of the Armed Forces. Provides that such program be referred to as the "special services program".

Section 2—Directs the Secretaries of the military departments to employ the necessary personnel to carry out the purposes of this program in accordance with appropriate regulations. Extends the Civil Service Pay and Allowance classification system to the employees of the special services program (amends 5 U.S.C. 5102(c) (14)).

Section 3—Requires to the maximum extent possible that special services employees shall be paid from funds appropriated for the purpose of payment of their rates of basic pay but recognizes as a practice which may be used to support the special services program the payment of personnel from available nonappropriated funds to supplement the program.

Section 4—Provides that 5 U.S.C. 8332c (creditable service for military service for Civil Service retirement purposes) shall not apply to special services program employees paid from nonappropriated funds, past or present. Provides that nothing shall be construed to apply to the other employees of the Federal instrumentalities enumerated in 5 U.S.C. 2105(c) or to employees engaged in other retail sales, activities, or self-supporting activities. [employees enumerated in 5 U.S.C. 2105(c) and not applicable to this Act are as follows:

"Employees paid from nonappropriated funds of the Army and Air Force Exchange Service, Army and Air Force Motion Picture Service, Navy Ships States Ashore, Navy Exchanges, Marine Corps Exchanges, Coast Guard Exchanges, and other instrumentalities of the United States under the jurisdiction of the Armed Forces conducted for the comfort, pleasure, contentment and mental and physical improvement of personnel of the armed forces]."

Section 5—Permits employees under the program established by this bill who have had at least 3 years and an eligible rating on appropriate civil service registers and are recommended by authorities of the employing agency to transfer to a position of the same level of duties and responsibilities in the competitive civil service and be placed in the appropriate grade of the General Schedule at basic pay rates determined as follows:

(1) If the rate of basic pay to which the employee was entitled on the day before the date of the transfer is the same as a rate of the grade of the General Schedule in which the position is placed, the employee shall receive that rate.

(2) If the rate of basic pay to which the employee was entitled on the day before the date of the transfer falls between two rates of the grade of the grade of the General Schedule in which the position is placed, the employee shall receive the higher rate.

(3) If the rate of basic pay to which the employee was entitled on the day before the date of the transfer is higher than the highest rate of the grade in which his position is placed, the employee shall continue to receive the rate to which he was entitled on the day before such date.

Section 5(b)—Provides that the rates of basic pay of employees whose respective rates on the day before the date of their transfers were less than the minimum scheduled rate of the grade in which their positions are placed, and of employees appointed on or after the date of enactment of this Act, shall be determined in accordance with the provisions of title 5 of the United States Code relating to classification and General Schedule pay rates.

Section 5(c)—Deems as Federal service any service as a special services employee prior to the date of enactment of this Act for the purposes of determining whether such employee is entitled to a step-increased or increases under 5 U.S.C. 5335.

Section 6—Provides that service as a special services employee paid from nonappropriated funds prior to the date of enactment of this Act shall be included in computing the rate of accrual of annual leave for civil service employees. Provides that the annual and sick leave to the credit of the employee shall be transferred to his credit in accordance with the regulations governing crediting of leave upon the transfer from a different leave system.

Section 7—Provides that service rendered prior to the date of the enactment of this Act as a special services employee shall be included in computing length of creditable services for purposes of the civil service retirement system if: 1) the employee has to his credit a period not less of 3 years of allowable service; and 2) the employee deposits the necessary contributions in accordance with 5 U.S.C. 8334(c).

Section 8—Provides that credit for years of service performed as a special services employee paid from nonappropriated funds will be computed for purposes of seniority toward promotion and appointment to higher levels of responsibility in the military services morale, recreation, and welfare programs.

Section 9—Makes special services personnel paid from nonappropriated funds eligible to participate in career and/or referral programs established for Librarians (GS 1410) and Specialist in Sports (GS 030 series), Arts and Crafts (GS 1056 series), Music (GS 1051 series), Theater (GS 1054 series), Recreation

(GS 188 series), and Outdoor Recreation Planning (GS 023 series). Permits such employees to be considered for job referrals and priority placement to vacant positions for which they are eligible on appropriate civil service registers.

Section 10—Directs the Civil Service Commission to issue regulations to carry out the purposes of this Act in behalf of the special services personnel of the Armed Forces.

S. 3121

A bill to amend title 5, United States Code, to include as creditable service for purposes of the civil service retirement system certain periods of service of civilian employees of nonappropriated fund positions in special services recreation and morale programs of the Armed Forces

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 2105(c) of title 5, United States Code (relating to the exemption from laws administered by the Civil Service Commission of civilian employees of nonappropriated fund instrumentalities under the Armed Forces), is amended by striking out "An employee paid from nonappropriated funds" and inserting in lieu thereof "Except as provided in subchapter III of chapter 83 of this title, an employee paid from nonappropriated funds".

SEC. 2. Section 8332(b) of title 5, United States Code (relating to creditable service for civil service retirement purposes), is amended—

(1) by striking out the word "and" at the end of paragraph (8);

(2) by striking out the period at the end of paragraph (9) and inserting in lieu of the period a semicolon and the word "and"; and

(3) by adding immediately below paragraph (9) the following new paragraph:

"(10) subject to sections 8334(c) and 8339(1) of this title, service—

"(A) performed by an employee paid from nonappropriated funds to conduct off-duty special services recreation and morale programs of arts and crafts, drama and music, library service, sports and recreation (service clubs, youth activities and outdoor recreation) for the constructive development, relaxation, and mental and physical improvement of personnel of the Armed Forces; and

"(B) not constituting 'employment' for purposes of title II of the Social Security Act.".

SECTION-BY-SECTION ANALYSIS

Section 1—This section is a technical amendment to 5 U.S.C. 2105(c) (relating to the exemption from laws administered by the Civil Service Commission of civilian employees of nonappropriated fund instrumentalities under the Armed Forces) so as to permit creditable service to such employees as provided by specific sections in subchapter III of chapter 83 of title 5 (relating to civil service retirement creditable service, 5 U.S.C. 8301–8348).

Section 2—Makes 3 amendments to 5 U.S.C. 8332(b) which relates to creditable services for civil service retirement purposes.

Amendment No. 1—this amendment is a technical amendment. It strikes out the word "and" after clause (8) of 5 U.S.C. 8382(b).

Amendment No. 2—this amendment is only a technical amendment. It strikes out the period at the end of clause (9) and inserts in lieu thereof a semicolon and the word "and".

Amendment No. 3—adds after clause (9) a new clause (10). Extends creditable service for the civil service retirement system to all service performed by an employee paid from nonappropriated funds to conduct off-duty special services, recreation and morale programs of arts and crafts, drama and music, library services, sports and recreation (service clubs, youth activities, and outdoor recreation) for the constructive development, relaxation and mental and physical improvement of personnel of the Armed Services. Provides that this Act does not constitute "employment" for purposes of title II of the Social Security Act (Federal Old-Age, Survivors, and Disability Insurance Benefits).

By Mr. HUMPHREY:

S. 3123. A bill to establish a universal food service program for children. Referred to the Committee on Agriculture and Forestry.

A UNIVERSAL CHILD NUTRITION PROGRAM

Mr. HUMPHREY. Mr. President, I offer for introduction today the Child Nutrition Act of 1974, a bill to establish a universal food service and nutrition education program for children.

This is a truly comprehensive bill. It would provide that every child attending a school or child care program would receive at least one nutritious meal a day without cost. The same child who is now entitled to free transportation to school, free textbooks, and free instruction in all manner of subjects would be likewise entitled to a free lunch at school.

Passage of this bill would eliminate once and for all the degrading procedure of singling out certain children as eligible for a free lunch, and certain other children as eligible for a reduced price lunch, while still others, because of higher family incomes, are required to pay the full price. Further, in this procedure we are, in effect, requiring school officials to perform a welfare function when their real business is education. And, the paperwork and administrative costs of sending out application forms to all parents, and processing and evaluating the applications, has become enormously time consuming and expensive.

The first major purpose of the bill, therefore, is to provide that all children have access to the food they need for good nutrition and good health.

The second purpose of the bill, and equally important, is to provide for the establishment of a sound nutrition education program in all of our schools across the country. The health and nutritional experts from throughout this country have concluded, based upon scientific studies and surveys, that income alone is no guarantee of good child nutrition. Children from well-to-do homes often suffer as much from malnutrition as do children from low-income families.

Furthermore, the importance of good nutrition can be seen in the impact it has on the ability of students to learn, to maintain better health, to reduce absenteeism and lower the dropout rate.

There is little question that the teaching of the principles of good nutrition has been largely neglected in the Nation's educational system. We find poor diets or less than adequate diets prevalent in all segments of the population, regardless of income. To correct the situation, there is an urgent need to incorporate nutrition education in various phases of the educational system. It need not be a separate course of instruction but can be given appropriate attention in hygiene classes, the home economics class, geography class, physical education, and so on.

Clearly, it is time that Congress should express national leadership in stimulating and encouraging a positive program to eliminate one major cause of poor nutrition—simple ignorance of the basic principles of good nutrition and its importance to good health.

The bill I am introducing today is a logical extension of S. 2593, which I introduced in the 92d Congress, and S. 1063, introduced about a year ago. While those bills proposed important improvements in the Child Nutrition and School Lunch Acts, the bill I introduce today takes the long-overdue full stride to establish a truly universal school food and nutrition education program.

Among its chief provisions, this bill would:

Provide for pilot programs in at least 10 school systems during the first year the act was in effect.

Establish a National Advisory Council on Child Nutrition, composed of 19 members from all phases of the school nutrition field, including State and local program administrators, parents and students, and representatives of the Department of Agriculture.

Provide $200 million per year for agricultural commodity purchases to be distributed through the program, and $100 million for school food service equipment and facilities.

Provide for establishment of child nutrition education services within each State education agency, as part of a full-scale nationwide program to teach our children about proper food and nutrition.

Provides the mechanics for the universal free school lunch program itself, in all public schools and to the greatest extent possible in the private, nonprofit schools as well.

In the past, we have elected to have "free" public education, "free" textbooks, and "free" schoolbuses, because they are regarded as components of a vital public interest. But clearly, none of these are free—they are paid for from taxes collected on property and incomes.

The public interest now demands that the nutrition needs of all our children be served. There is no reason whatever that proper nutrition for children cannot also be financed through public revenues.

In closing, I would like to quote from a respected professor of nutrition, Dr. George M. Briggs of the University of California, on the subject of a universal food service and nutrition education program for children:

> I consider our nation's school food service programs to be the first line of defense in the battle against malnutrition—at least until the time when some of the other lines of defense can be better drawn.
>
> Until all the recommendations of the recent White House Conference on Food, Nutrition and Health can be fulfilled, we have no better alternative, it seems to me, than to provide "free" food services for all of our nation's 50 million children in our schools. This should be provided as part of the total educational experience in quiet lunchrooms, with adequate facilities and staffs, and with far more interest and cooperation of teachers, administrators, and

parents. I feel that the cost to society of free school lunches, in the long run, is far less than the costs of poor health and development of children when lunches are not provided.

By Mr. BAKER (by request):

S. 3124. A bill to increase the size of the Executive Protective Service. Referred to the Committee on Public Works.

Mr. BAKER. Mr. President, I send to the desk for appropriate referral legislation proposing to enlarge the Executive Protective Service.

The Executive Protective Service was established by Congress in 1970 with the passage of Public Law 91–217. That law broadened the mission of the old, 250-man White House police force, expanding both its manpower to 850 and its responsibility to take in protection of foreign embassies. Until adoption of Public Law 91–217, embassies had been protected by the Metropolitan Police Force of the District of Columbia.

This bill, which I am introducing at the request of the Department of the Treasury, would increase the Executive Protective Service's authorized manpower level to 1,200. According to the transmittal letter from Treasury Secretary Shultz, the increase in size is needed to augment protection of foreign embassies. Such an improvement could also lead, the letter indicates, to better protection for our own embassies abroad.

The points made by the administration merit the attention of the Congress, and I know that the Committee on Public Works will give this proposal careful attention.

I ask unanimous consent that a copy of the bill, together with the administration's letter, be printed at this point in the Congressional Record.

There being no objection, the bill and letter were ordered to be printed in the Record, as follows:

S. 3124

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That subsection (a) of section 203 of title 3, United States Code, is amended by striking out "eight hundred and fifty" and inserting in lieu thereof "twelve hundred".

The Secretary of the Treasury,
Washington, D.C., November 27, 1973.
Hon. James O. Eastland,
President pro tempore of the Senate,
Washington, D.C.

Dear Mr. President: There is transmitted herewith a draft bill, "To increase the size of the Executive Protective Service."

The purpose of the proposed legislation is to increase the limit on the numerical strength of the Executive Protective Service from 850 to 1200 members.

Public Law 91–217, approved March 19, 1970, changed the name of the White House Police force to the Executive Protective Service and added to its responsibilities the protection of foreign diplomatic missions located in the Washington metropolitan area and foreign diplomatic missions located outside the metropolitan area on case-by-case basis as the President may direct. Public Law 91–217 also increased the size of the force to its present limit of 850 members to meet the new responsibilities. The addition of the protection of foreign diplomatic missions to the duties of the force and the increase in its size were in recognition of the obligation of the United States as the host government, under international law and practice, to take reasonable precautions to assure the safety of foreign diplomatic officials and embassies of foreign governments.

The protection of foreign diplomatic missions became operational during 1970 soon after that function was vested in the Executive Protective Service. At the time, it was considered that a force of 850 uniformed police could fulfill the existing responsibilities and the added responsibility of the protection of foreign diplomatic missions. However, shortly thereafter an increasing number of foreign governments expressed their concern over the degree of protection afforded their diplomatic personnel and their missions. Within a year, requests for protective service had risen so rapidly that it was not possible to fulfill the demands with the existing force. The trend has continued and from 1971 to 1973 requests from the State Department for protective services have increased as follows: fixed posts, 72 to 168; Blair House, 8 to 14; short beats, 9 to 24; special protective attention, 92 to 171; and diplomatic receptions, 132 to 427.

The growth in the requests for the services of the Executive Protective Service is directly related to the increasing number of world-wide politically motivated terrorist acts, and to some extent, the number of criminal acts victimizing embassies and personnel in the Washington area. To illustrate, the following criminal incidents were reported by the foreign embassies in the metropolitan area during the period from August 20, 1970 to August 31, 1973: 25 breaking and enterings; 4 bombings; 92 bomb threats; 6 assaults; and 24 larcenies. During this same period, the world experienced the assassination of members of the Israeli Olympic Team, the murder of two of our diplomats in Sudan, the shooting of Colonel Josef Alon, and a rash of politically motivated kidnappings. As the host country, we must do our utmost to prevent the victimization of foreign missions and their personnel and the proposed increase in the size of the Executive Protective Service is designed to assist in accomplishing that goal.

The cost of the proposed legislation is estimated at approximately $3,500,000 for the remainder of fiscal year 1974, $7,500,000 in fiscal year 1975, and $8,000,000 for each of the succeeding three fiscal years.

It would be appreciated if you would lay the draft bill before the Senate. An identical bill has been transmitted to the Speaker of the House of Representatives.

The Department has been advised by the Office of Management and Budget that there would be no objection to the presentation of this legislation to the Congress and that its enactment would be consistent with the Administration's objectives.

Sincerely yours,

George P. Shultz.

By Mr. STEVENSON:

S. 3125. A bill to amend section 4(s) of title I of article I of the District of Columbia Income and Franchise Tax Act of 1947, as amended. Referred to the Committee on the District of Columbia.

Mr. STEVENSON. Mr. President, I am today introducing legislation to amend the District of Columbia Income and Franchise Tax Act to close an apparent loophole in the definition of a "resident" subject to the District income tax.

Most Americans were shocked last December when Mr. Nixon revealed the data relating to his taxes. He, the President of the United States, making a salary alone of $200,000 paid $792 in income tax for 1970. That amount of tax is comparable to what a single person whose adjusted gross income is just over $4,400 pays.

Several questions have been raised in regard to Mr. Nixon's Federal taxes, and some of those questions are now before the Joint Committee on Internal Revenue Taxation.

But most outrageous of all was Mr. Nixon's failure to pay a California or a District of Columbia income tax. Mr. Nixon, although he claims to be domiciled in California, apparently claimed that he was not a domiciliary of California for purposes of its State income tax. This was confirmed for him by a February 1 ruling by Martin Huff of California's Franchise Tax Board. In the District, Mr. Nixon escaped income taxes by a loophole in the District's tax code.

The Congress cannot speak for the State of California and its jurisdiction over Mr. Nixon's taxes. But the Congress does have responsibility for the tax code of the District of Columbia. I am therefore introducing legislation to close this loophole in the District's tax code, Mr. Nixon's loophole. I regret the necessity of this legislation. Most, if not all, other elected officials residing in the District permit no question to arise about their compliance with the laws of the States. They pay income taxes in their home States.

The scheme of the District's tax law is as follows: the District taxes only a "resident," and it basically defines a "resident" as "every individual domiciled within the District on the last day of the taxable year, and every other individual who maintains a place of abode within the District for more than 7 months of the taxable year." And although there are other sections of the D.C. Code which affect "nonresident" corporations, estates, and trusts which have income originating in the District, nonresident individuals are not taxed. Thus the Virginian or Marylander who works in the District is not subject to the District's income tax.

If the above sentence relating to the District Code definition of "resident" were all there were to the definition, then Mr. Nixon would have been subject to the tax, because he "maintains a place of abode within the District for more than 7 months of the taxable year"—the White House. But there are certain exceptions to the definition. The code goes on to state that:

> The word "resident" shall not include any elective officer of the Government of the United States or any employee on the staff of an elected officer in the legislative branch of the Government of the United States if such employee is a bona fide resident of the State of residence of such elected officer, or any officer of the executive branch of such Government whose appointment to the office held by him was by the President of the United States and subject to the confirmation by the Senate of the United States and whose tenure of office is at the pleasure of the President of the United States, unless such officers are domiciled within the District on the last day of the taxable year.

Mr. Nixon, of course, presently fits into the first exception, for he is an "elective officer of the United States."

It seems to me that Congress intent was clear when enacting the exceptions: it recognized there were people who came to the District to represent a constituency, and that they should be allowed to keep their identification with that constituency unless they chose otherwise. In this case the identification was a domicile for income tax purposes. Thus, if a Senator from Illinois—who of course had to keep his domicile in Illinois—wished also to pay his income tax in Illinois, he could do so. Likewise for employees of Senators and Congressmen, but only if they were bona fide residents of the State their employer resided in. And likewise for certain high level executive branch employees brought to Washington to serve at the pleasure and will of the President. It should be pointed out that if under the law any individual in these excepted classes chose the District as his domicile, that individual would lose his exemption from the D C. income tax.

A corollary of this congressional intent must have been that these classes of excepted or exempted people would be subject to the income tax laws of the State they chose as their domicile. This would apply even if the State had no income tax, for if it didn't, then the exempted individual would be treated no differently by it than any other domiciliary of that State under that State's laws.

It was not intended, in my opinion, to allow anyone to escape both the District's income tax and the income tax of the "other" jurisdiction by using the exception to avoid the D.C. tax and then use D.C. residency as a means of avoiding the income tax of another jurisdiction.

I doubt if others have taken advantage of this loophole as has Mr. Nixon. I have not. And from my conversations with D.C. accountants and Members of the Congress it would seem that few, if any, have ever entertained such a devious notion.

Whatever the extent of tax evasion in the District, the loophole should be closed.

To close it, I would add one sentence to the District's definition of "resident." This sentence would not allow the exceptions to operate as to those elective or appointive officers, or the enumerated employees, who were domiciled in a State which had an income tax but which did not subject the affected officer or employee to that income tax.

This change would not affect those officers or employees presently excepted who are domiciled in a State which does not have an income tax.

It also would not affect those who are or would be excepted who come from a State which has an income tax and who are subject to that tax.

It would affect those who want it both ways—no tax either in the District or the State of their supposed domicile.

As Mr. Nixon himself stated in a tax message he sent to Congress in 1969:

> Special preferences in the law permit far too many Americans to pay less than their fair share of taxes. Too many others bear too much of the tax burden.

I agree. This law will require Mr. Nixon—and any others like him—to pay if not a "fair share" at least some State taxes. That is not so much to expect of the President of the United States.

Mr. President, I ask unanimous consent that a copy of the bill be printed in the RECORD at this point.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 3125

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 4(s) of title I of article I of the District of Columbia Income and Franchise Tax Act of 1947, as amended (D.C. Code, sec. 47–1551c (s)), is amended by adding at the end thereof the following new sentences: "The preceding sentence shall not apply, for any taxable year, to any such elective or appointive officer, or employee referred to therein, who during such taxable year, is domiciled in a State which imposes a tax on the personal income of individuals domiciled therein but with respect to which such officer or employee is not subject during that taxable year."

SEC. 2. The provisions of the first section of this Act shall be effective with respect to taxable years commencing on or after January 1, 1974.

ADDITIONAL COSPONSORS OF BILLS

S. 147

At the request of Mr. INOUYE, the Senator from Delaware (Mr. BIDEN) was added as a cosponsor of S. 147, to amend chapter 34 of title 38, United States Code, to extend the time period within which veterans may be entitled to educational assistance under such chapter after their discharge or release from active duty.

S. 1419

At the request of Mr. DOMENICI, the Senator from New Mexico (Mr. MONTOYA) was added as a cosponsor of S. 1419, to designate the Aldo Leopold Wilderness, Gila National Forest, N. Mex.

S. 2650

At the request of Mr. CRANSTON, the Senator from Wisconsin (Mr. NELSON) was added as a cosponsor of S. 2650, the Solar Home Heating and Cooling Demonstration Act of 1973.

S. 2658

At the request of Mr. MOSS, the Senator from New Mexico (Mr. MONTOYA) was added as a cosponsor of S. 2658, directing the National Aeronautics and Space Administration to provide, in cooperation with other Federal agencies, for the early commercial demonstration of the technology of solar heating and for the development and commercial demonstration of technology for combined solar heating and cooling.

S. 2662

At the request of Mr. FULBRIGHT, the Senator from Oregon (Mr. PACKWOOD) was added as a cosponsor of S. 2662, a bill to authorize appropriation for U.S. participation in the International Ocean Exposition '75.

S. 2690

At the request of Mr. MUSKIE, the Senator from California (Mr. TUNNEY) and the Senator from New York (Mr. JAVITS) were added as cosponsors of S. 2690, a bill to amend title XVIII of the Social Security Act to liberalize the conditions under which posthospital home health services may be provided under part A thereof, and home health services may be provided under part B thereof.

S. 2801

At the request of Mr. PROXMIRE, the Senator from Florida (Mr. GURNEY) was added as a cosponsor of S. 2801, the bill to amend the Food, Drug, and Cosmetic Act.

S. 2868

Mr. FULBRIGHT. Mr. President, it is with great pleasure that I join the distinguished Senator from Idaho (Mr. CHURCH) in cosponsoring the Older Americans Tax Counseling Assistance Act, S. 2868.

Anyone who prepares a tax return, regardless of his age or intelligence, is likely to encounter some difficulty. But for older Americans, these problems are usually intensified.

In general, they are likely to be subject to new and more complicated rules than younger Americans. Typically during their preretirement years their income consisted almost exclusively of wages and some interest.

But upon reaching age 65, the elderly taxpayer may receive a pension from his employer. This, in turn, may cause complicated computations beyond his comprehension, especially if he has had little or no experience in tax matters. It may be necessary, for example, to determine his "expected return," which may be based upon annuity life expectancy tables. He must then determine the taxable portion of his annuity.

The net impact is that many older Americans are literally overwhelmed by the tax law.

It is no wonder that large numbers overpay their taxes each year. In fact, some leading witnesses have informed the Senate Committee on Aging that perhaps one-half of all older Americans pay more taxes than the law requires.

Since many aged persons are already struggling on limited incomes, they can ill afford to make these costly errors.

And, this is why I consider it crucial that an Older Americans Tax Counseling Assistance Act be enacted as soon as possible.

A major purpose of this legislation is to build upon the enormously successful tax-aide for the elderly project, which is now conducted jointly by the National Retired Teachers Association, the American Association of Retired Persons, and the Internal Revenue Service.

Under this arrangement local NRTA and AARP coordinators select elderly tax consultants, who receive intensive training under the direction of the Internal Revenue Service.

These tax consultants then counsel other elderly taxpayers on tax relief measures—such as the medical expense deduction, the excludable portion of a gain on the sale of a personal residence, the retirement income credit, and many others—which can save them precious dollars.

In my own State of Arkansas, there are 252,000 persons 65 or older, or 12.7 percent of our entire population. Arkansas now ranks second in the United States in terms of percentage of persons in the 65-plus age category.

We regard our elderly population as a great resource. And above all, we believe that they should be entitled to every legitimate deduction, credit, and exemption which the law allows.

The Older Americans Tax Counseling Assistance Act would be an important step to assure that this goal becomes a reality.

For these reasons, I urge prompt approval of this urgently needed measure.

S. 2900

At the request of Mr. MONTOYA, the Senator from California (Mr. CRANSTON) was added as a cosponsor of S. 2900, a bill to improve the safety of motor vehicle fuel systems.

S. 2992

At the request of Mr. HUMPHREY, the Senator from Colorado (Mr. HASKELL) was added as a cosponsor of S. 2992, the Modern Congress Act of 1974.

S. 3006

At the request of Mr. PROXMIRE, the Senator from Oregon (Mr. PACKWOOD) was added as a cosponsor of S. 3006, a bill to require that certain bills and joint resolutions introduced in the Senate or received by the Senate from the House of Representatives be printed with a "fiscal note."

S. 3073

At the request of Mr. MOSS, the Senator from Texas (Mr. BENTSEN) and the Senator from Kansas (Mr. DOLE) were added as cosponsors of S. 3073, a bill to amend the Higher Education Act of 1965 with respect to certain determinations concerning expected family contributions for basic educational opportunity grants.

S. 3096

At the request of Mr. CRANSTON, the Senator from Wisconsin (Mr. NELSON) and the Senator from Rhode Island (Mr. PELL) were added as cosponsors of S. 3096, a bill to amend the Small Business Act to provide for loans to small business concerns affected by the energy shortage.

DISAPPROVAL OF PAY RECOMMENDATIONS OF THE PRESIDENT—AMENDMENT

AMENDMENT NO. 998

(Ordered to be printed and to lie on the table.)

Mr. STEVENS submitted an amendment intended to be proposed by him to the resolution (S. Res. 293) to disapprove pay recommendations of the President with respect to rates of pay for Members of Congress.

FAIR LABOR STANDARDS ACT AMENDMENTS OF 1974—AMENDMENTS

AMENDMENTS NOS. 999 AND 1001

(Ordered to be printed and to lie on the table.)

Mr. DOLE submitted two amendments intended to be proposed by him to the bill (S. 2747) to amend the Fair Labor Standards Act of 1938 to increase the minimum wage rate under that act, to expand the coverage of the act, and for other purposes.

DEPARTMENT OF DEFENSE SUPPLEMENTAL APPROPRIATION AUTHORIZATION, 1974—AMENDMENT

AMENDMENT NO. 1000

(Ordered to be printed and referred to the Committee on Armed Services.)

Mr. KENNEDY. Mr. President, I am introducing, on behalf of myself and my distinguished colleague from Kansas, Senator PEARSON, an amendment to S. 2999, the Department of Defense Supplemental Appropriation Authorization for fiscal year 1974.

Mr. President, the purpose of this amendment is to halt the back-door financing this year of more military supplies to the South Vietnamese Army.

Last year the Congress acted to cut the administration's massive $1.5 billion request for military aid to South Vietnam by $700 million—reducing it to $900 million. Now, if the Defense Department has its way, that decision of Congress will be circumvented by simply authorizing the transfer of $474 million in unobligated funds in order to ship more arms to South Vietnam. This additional nearly half billion dollars for 1974 comes on the heels of the announced request for next year of another $1.6 billion.

I believe the American people would be shocked to learn that 1 year after the ceasefire, we continue to fuel the conflict in South Vietnam to the tune of $2 billion in military and economic aid each year. In light of our other commitments abroad, and our pressing domestic needs here at home, this massive expenditure is fiscally irresponsible.

Mr. President, America's true remaining obligations in Indochina are today less with governments than to people—to the millions of war victims and other disadvantaged by years of war who cry out for our help in relief and rehabilitation. Yet, the administration's priorities in Indochina apparently remain with funding the arms of war than with assistance to heal the wounds of war.

HOUSING AND COMMUNITY DEVELOPMENT ACT OF 1974—AMENDMENT

AMENDMENT NO. 1002

(Ordered to be printed and to lie on the table.)

Mr. HATHAWAY. Mr. President, I am introducing today an amendment to S. 3066, the Housing and Community Development Act of 1974. The amendment would set up a demonstration program under the Farmers Home Administration to provide housing for low-income rural families not served by existing housing programs, at minimal additional cost to the Federal Government.

The amendment would extend home ownership subsidies under Farmers Home Administration loan programs by authorizing the Secretary to permit deferral of repayment on a portion of the mortgages loan for varying periods of years, depending on changes in family income. The Secretary would defer whatever percentage of the mortgage he deemed advisable, except that in no case could he defer more than 50 percent of the loan. Used in conjunction with Farmers Home's authority to subsidize interest rates on housing loans down as low as 1 percent, this new program would bring homeownership within the reach of many rural families whose incomes are too low for them to qualify for regular FmHA subsidized loans. And the only additional cost to the Federal Government would be the small amount of interest not paid on that portion of the loan on which repayment had been deferred.

The need for a more extensive subsidy program for rural housing is evident and pressing. Whereas only about one-third of the U.S. population lives in rural areas, 44 percent of the substandard housing in the country is located in rural areas. Furthermore, almost two-thirds of the rural families living in substandard housing have annual incomes of less than $4,000. Farmers Home Administration figures for fiscal year 1972 indicated that subsidized housing programs covered only families with a median income of $6,400. With the continual rise in land and construction costs in rural as well as urban areas—estimated 76-percent increase in cost of rural homes since 1968—the problem of housing low-income rural families becomes still more critical.

The deferred repayment plan I am proposing would reach people at a lower income level, where the greatest need exists. Take, for example, a $16,000 FmHA mortgage loan, for a term of 33 years. With a 1 percent interest credit, the family's annual payment would be $570. With deferral of 50 percent of the principal and interest, the annual cost would go down to $290. This means, by FmHA standards, that a four-member family with an income of $4,000 could qualify for such a loan, or a two-member family with an income of $3,368. If the deferral were 20 percent, the annual cost would be $460—covering a four-member family with a $4,895 income or a two-member family making $4,265.

I have inserted a number of safeguards into the amendment, to insure that this program will be used on a demonstration basis only and that it will be administered in the most responsible way and at the lowest possible cost to the American taxpayer. The amendment includes the following stipulations:

No more than 15 percent of the subsidized housing loans made by the Farmers Home Administration in any fiscal year shall be available for use under this program.

The Secretary shall make loans under this program only to families which he determines are able to meet the payments and maintain the housing.

There must be inspections to ascertain that the house is in good enough condition to last for the projected period of the mortgage.

The Secretary must review yearly the income of families covered under this program and adjust the amount of principal required to be paid, until such time as the family is paying off the full amount of the mortgage.

The Secretary is required to report to the Congress within 6 months regarding implementation of the program, and within 1 year after that regarding the effectiveness of the program as implemented.

Based on the Farmers Home Administration's experience to date, the extended subsidiaries should be necessary only on a short-term basis, even though potentially they could extend for a period of up to 66 years—twice the maximum term of an FmHA mortgage. Under its current subsidy programs, Farmers Home reports that 36 percent of borrowers receiving interest subsidies are completely off the subsidy within 2 years, while another 38 percent have their subsidy reduced within 2 years. The agency estimates that 50 percent of those with interest subsidy loans go completely off the subsidy after only 5 years. The general pattern is that family income tends to rise once people have the opportunity to live in decent housing. Add to this the fact that the average life of a Farmers Home Administration mortgage is about 15 years, and it becomes obvious that the Congress would not be committing the Federal Government to decades-long extended subsidies by passing this amendment.

Programs of the sort proposed here have been used in European countries, notably in Norway, in the post-World War II period. They have brought about a growth in housing production and have provided homes to people who otherwise would not have afforded them.

Mr. President, I ask that the text of the amendment be printed in the Record, followed by materials on the Norwegian program and on the Farmers Home Administration's experience with subsidized housing programs.

There being no objection, the amendment and material were ordered to be printed in the Record, as follows:

Amendment No. 1002

On page 230, line 21, strike out the quotation marks.

On page 230, between lines 21 and 22, insert the following new subsection: "(3) (A) When necessary in order to enable a person of low income to provide adequate housing and related facilities for himself and his family, the Secretary may make or insure a loan under section 502 or 517 or under paragraph (1) of this subsection in terms which, with respect to a portion of the loan not to exceed 50 per centum, shall—

"(i) bear interest after but not before it becomes due under clause (ii) or is reamortized under clause (iii) of this paragraph;

"(ii) become due upon expiration of the amortization period or upon full payment of the balance of the loan or in the event that without the Secretary's written consent or approval, the mortgaged property or any interest therein is transferred to or ceases to be occupied by the borrower or default occurs with respect to any obligation under the loan or mortgage, whichever occurs earliest; and

"(iii) on becoming due, be amortized for payment of principal and interest in installments over a period not exceeding thirty-three years.

"(B) In carrying out his functions under this subsection, the Secretary shall—

"(i) limit the benefits of this subsection to mortgagors able to meet the responsibilities under the mortgage and to maintain the housing acquired thereunder;

"(ii) require reasonable inspections to assure that the expected remaining life of a property subject to a mortgage under this subsection is equal to or exceeds the expected maximum term of such mortgage;

"(iii) review at intervals of one year the income of each mortgagor subject to this subsection for the purpose of making adjustments in the amount of principal which is currently amortized and payable; and

"(iv) report to the Congress not later than six months from the date of enactment of this paragraph (3) regarding the implementation of this paragraph, and not later than 18 months from such date of enactment regarding the effectiveness of the program implemented under this paragraph, in meeting the housing needs of lower income rural families.

"(C) Not more than 15 per centum of the loans which are made in any fiscal year in accordance with paragraph (1) shall be available for the loan terms provided in this paragraph (3)."

On page 231, line 2, after the period, insert the following:

"In addition, there shall be reimbursed to the fund by annual appropriations such sums as may be necessary to carry out the provision of paragraph (3) of subsection (A)."

Explanation of Deferred Principal Loan Program

EVOLUTION OF THE NORWEGIAN PROGRAM

The deferred principal loan program proposed in this amendment has its roots in the post war housing policies of Norway, where it was featured as one of the primary techniques for subsidizing new home construction for lower income families from 1946 until the mid 1960's. The noninterest bearing, deferred second loan program was employed by the government of Norway as an emergency measure to meet the great post war demand for housing and to revive the home construction industry in that war ravaged country.

In 1946, the Norwegian Government established the State Housing Bank to serve as a primary source of housing credit. For about 20 years, roughly 70 percent of Norway's housing production was financed publicly, either through the State Housing Bank or the Small Holding and Housing Bank (Norway's equivalent of Farmers Home). Under these publicly financed housing assistance programs, both state banks offered low interest loans to individual borrowers covering a certain portion of the total cost, plus a "capital subsidy" in the form of a second loan which was noninterest bearing and not to be amortized for a specified number of years. More than 50 percent of the state housing banks' loans contained such capital subsidies. The program was aimed primarily at stimulating individual and cooperative home ownership. The second or "support" loan was a device for enabling lower income families to obtain homes of their own at subsidized monthly rates. No large grants were involved, since interest was merely waived on the second loan until the family could afford to repay the entire cost of the house. There is no indication that the program was plagued by high default rates or other problems associated with the deferred or "dry" loan program. In fact, coverage under the program was expanded during the immediate post war period to eventually include a majority of the Norwegian population.

By the mid-1960's, Norwegian building industries were sufficiently strengthened and the most pressing part of the post war housing crisis passed, so that the government housing policies and programs were altered. The state banks continue to serve as the primary source of low interest housing credit, but the original capital subsidy has been replaced by a system of dual loans with varying rates of interest and repayment periods. The full employment economy of Norway and higher incomes of most families today permitted the modification in the former program.

During the nearly 20 years of operation, the deferred payment loan program was responsible for a large part of the phenomenal growth in annual housing production, up from 5,000 houses in the early 1940's to 30,000 to 35,000 houses a year in the mid-1950's, the peak of Norway's building boom. The determination of the Norwegians to provide effective homeownership opportunities to all citizens during this period, and the adoption of an effective subsidy mechanism such as the deferred principal plan, contributed to the nation's role as a leader in the production of decent housing.

RELEVANT FARMERS HOME EXPERIENCE

During the committee discussion of this amendment, considerable concern was expressed about the length of time which would be required before the first and second loans were fully repaid. Here, the Norwegian experience is of little value, since the period of time the second or "support" loan was held was determined by statute and not dependent upon changes in the borrower's income. However, Farmers Home has had considerable experience in the administration of a subsidized homeownership program (Sec. 502 Interest Credits), and that experience may be quite instructive. The evidence suggests that when lower income FmHA borrowers are recertified subsequent to receiving subsidized loans, a large percentage are found to have improved their situation so that subsidy can either be reduced or eliminated.

According to testimony presented last year by the National Association of Home Builders, 36 percent of the families recertified for the first time by Farmers Home were no longer eligible for subsidy (interest credits), and an additional 38 percent had subsidy reductions. Similar figures from HUD reveal that government payments have been reduced in about 60 percent of all section 235 cases upon recertification. Farmers Home's own testimony before the Senate Housing Subcommittee last year confirms the estimates as to the length of time subsidy assistance is necessary. According to FmHA estimates, the number of interest credit borrowers will be reduced by 50 percent within the first 5 years as a result of income recertification.

Similarly, available figures indicate that the natural rate of turnover or resale of homes would have an impact on the duration of subsidy arrangements. Farmers Home's past experience shows that the average duration of an FmHA mortgage is 13 years. As a result, cost estimates regarding the amount of public subsidy involved in the proposed Hathaway amendment are based on a deferral of interest and principal for an average of 13 years.

AMENDMENT NO. 1003

(Ordered to be printed and to lie on the table.)

Mr. MONTOYA. Mr. President, the Indian housing situation is acute. Of the 92,000 existing housing units on Indian lands, 62 percent, or more than 56,000 units, are substandard. At least 58 percent of those substandard units, 32,000 units require replacement because their condition is beyond renovation. An additional 15,000 units are needed to provide housing for families who have no homes of their own. The total current new housing need, according to the latest Bureau of Indian Affairs' housing survey, is more than 47,000 units, which does not include at least 1,500 units each year required to keep up with population growth and deterioration of existing housing units.

The Indian housing situation is particularly critical because of the very low incomes that prevail. More than 47 percent of the families living in rural, Indian areas have incomes that fall below the Federal poverty level. Widespread poverty, high unemployment, and special Indian land status isolate Indians from housing finance resources that are available to most other citizens. Instead, Indians must rely on the flexibility and deep subsidy mechanism that the Federal public housing program offers.

In 1969, the Department of Housing and Urban Development signed an agreement with the BIA and the Indian Health Service, pledging HUD to the development of 30,000 units of Indian housing in a 5-year period under the various public housing programs. This agreement recognized the Federal responsibility for overcoming the substantial Indian housing problem. Though substantial progress has been made, there is much more to accomplish. The 1969 agreement will expire this fiscal year, with 4,700 units uncommitted and no HUD assurances for future participation in Indian housing development.

To insure that the deplorable housing conditions of Indians will be overcome, Senators Abourezk, Metcalf, and myself will offer an amendment to the Housing and Community Development Act of 1974, S. 3066, which will authorize under the public housing programs, the expenditure of $15,000,000 yearly on Indian housing for fiscal years 1975 and 1976. This amount will provide for approximately 7,500 units yearly, or an amount equal to the 6,000 units to which HUD was committed in 1969, and an additional 1,500 units to keep up with continuing housing deterioration and population growth.

We feel that this amendment will continue, in law, the sense of the HUD commitment made in 1969, and assure that Indian people, who must rely on public housing, will continue to be served by our Federal housing programs.

I ask unanimous consent that the text of the proposed amendment be printed at this point in the Record.

There being no objection, the amendment was ordered to be printed in the Record, as follows:

Amendment No. 1003

On page 131, line 11, after the period, insert the following:

"Of the aggregate amount of contracts for annual contributions authorized under this section to be entered into on or after July 1, 1974, not less than $15,000,000 per annum, which amount shall be increased by not less than $15,000,000 per annum on July 1, 1975, shall be available only for low-income housing for persons who are members of any Indian tribe, band, pueblo, group, or community of Indians or Alaska natives which is recognized by the Federal Government as eligible for service from the Bureau of Indian Affairs."

NOTICE OF HEARINGS ON STATE DEPARTMENT AUTHORIZATION BILLS

Mr. SPARKMAN. Mr. President, I wish to announce that the Foreign Relations Committee will hold hearings next week on the three bills I have today introduced. On March 11, the committee will hear testimony on the fiscal year 1975 State Department authorization bill; and on March 12, the committee will hear testimony on the fiscal year 1975 USIA authorization bill and the fiscal year 1974 supplemental authorization bill for the State Department and Foreign Service buildings. These hearings will be held in room 4221 of the Dirksen Senate Office Building; and sessions will convene at 10 a.m. and 2:30 p.m. on both days. Anyone wishing to offer testimony should contact Mr. Arthur Kuhl, chief clerk of the committee, at 225-4615.

ANNOUNCEMENT OF HEARINGS—BARRIERS TO HEALTH CARE FOR OLDER AMERICANS

Mr. MUSKIE. Mr. President, as chairman of the Subcommittee on Health of the Elderly of the Special Committee on Aging, I would like to announce that the committee will hold hearings on the potential effects on the elderly of the administration's national health insurance proposal, the comprehensive health insurance plan. The hearings will be held in room 5110, Dirksen Senate Office Building at 10 a.m., March 12 and 13.

These hearings are the eighth and ninth in the subcommittee's series of hearings on "Barriers to Health Care for Older Americans."

ADDITIONAL STATEMENTS

WITHDRAW FROM SEATO

Mr. ROBERT C. BYRD. Mr. President, the Senate Foreign Relations Committee is currently reviewing the U.S. commitment to the Southeast Asian Treaty Organization. As one who believes the time has come for the United States to withdraw from SEATO, I submitted a statement today expressing this viewpoint to the Foreign Relations Committee for insertion in the hearings.

I ask unanimous consent that the statement be printed in the Record.

There being no objection, the statement was ordered to be printed in the Record, as follows:

Statement by Senator Robert C. Byrd

Mr. Robert C. Byrd: Mr. Chairman, I appreciate this opportunity to submit my views regarding United States participation in the Southeast Asia Collective Defense Treaty, or, as the treaty is more commonly called, SEATO. As a co-sponsor of the Senate Resolution 174, which calls for this review to determine the advisability of United States renunciation of the SEATO pact, I am keenly interested in the conclusions that might arise from these hearings.

It is my belief that SEATO is an anachronism, and that the Treaty is an obstacle to a realistic and progressive United States policy in Asia. There is considerable doubt in my mind whether the SEATO pact ever promoted American interests and objectives in Asia. There is no doubt in my mind that currently, it does not.

Twenty years ago, when the Senate gave its advice and consent to U.S. membership in SEATO, the situation in southeast Asia was markedly different to the conditions that obtain today. In the mid-1950's, the entire area appeared to be threatened by Communist expansion, sponsored by Soviet Russia and the People's Republic of China. The reasonable judgment was made that a collective security agreement among certain southeast Asian nations—backed by concerned Western powers—would be an effective tool for maintaining regional security. The recent diplomatic overtures made by the United States to the People's Republic, and the policy of detente with the Soviet Union, have substantially reduced the Communist threat in Asia, and have further reduced the usefulness of the SEATO agreement.

Our SEATO allies have shown little enthusiasm for their treaty obligations, and have done little for regional security. France has withdrawn from Asia, and has been a very inactive member of SEATO. Only token British forces remain in Asia. Pakistan gave official notice in November of 1972 that it was disassociating itself from the treaty. Australian and New Zealand leaders have criticized the pact, and have sharply questioned its usefulness, as have the Philippines and Thailand. The consensus of the signatories makes it clear that the pact has outlived any usefulness that it may have enjoyed, and that, although U.S. policy toward Asia has not been well articulated, it is time to scrap SEATO and redirect American efforts and resources into more realistic and productive channels. The primary U.S. objective in Asia is peace. SEATO was formed in large part to help maintain the peace, and, as events of the past twelve years proved conclusively, it failed. There is far less reason to believe that SEATO would provide today a significant hedge against the outbreak of war in southeast Asia than it did in the years from 1954 up to the beginnings of the Vietnam War.

Belatedly, the United States recognized that the People's Republic of China is a major force in Asia, and that it must be drawn into cooperative involvement in Asian programs. SEATO, which was created in part to contain and isolate the People's Republic, is an unnecessary barrier to such cooperation. There can be no meaningful role for the People's Republic as long as two Asian countries, two Pacific island countries, and three western powers are linked by treaty to an overall policy that is inimical to Chinese interests and future development within the community of nations.

The Soviet Union and Japan are practically ignored by SEATO. It is wholly unrealistic for the United States to maintain alliances that ignore the interests, and preclude the constructive involvement of three major powers in Asia. A continued U.S. involvement in the Southeast Asian Collective Defense Treaty, however meaningless its provisions may have become, is an obstruction in the path of the best interests of the United States in Asia.

A renunciation of the treaty by the United States would not mean that we have abandoned our support of the southeast Asian states, or that we no longer associate ourselves with their aspirations for political, social, and economic well-being. We will continue to offer our good offices in their efforts to achieve freedom from tyranny and political corruption, freedom from hunger and disease, and freedom from the shackles of illiteracy and inadequate technology. In these vital fields, SEATO is very poorly equipped to help. It is primarily a mechanism of defense, and is not geared to administrative help and self-help programs. There are other international agencies that are infinitely better equipped to render the assistance that the countries of southeast Asia desperately need, and American help should be channeled through such organizations.

I firmly believe that the treaty, the membership, the organization, and the basic purpose of the Southeast Asia Collective Defense Treaty are inappropriate to the problems of southeast Asia today. I further believe that the financial commitment to SEATO by the

United States, amounting to more than half-a-million dollars annually, is wholly unjustified in the light of the treaty's lack of usefulness to the United States, and its inviability as a peacekeeping instrument in southeast Asia.

I submit that the United States should withdraw from our commitment to this outmoded and outdated international agreement.

Mr. Chairman, I thank you, and the members of the Committee on Foreign Relations for giving me this opportunity to present my views.

GHANA—17TH ANNIVERSARY

Mr. AIKEN. Mr. President, I would like to call to the attention of the Senate that today marks the 17th anniversary of the creation and independence of the country of Ghana.

We know that Ghana—an ancient name for a large portion of West Africa—was chosen 17 years ago as the name of the new African country.

Ghana has not forgotten the traditions of her ancient and honorable past in her development as a vibrant nation in modern Africa—where, by the way, some of the most creative work in forming self-government is still taking place.

Since Ghana's independence from the United Kingdom in 1957, progress has been made in all fields of development.

The details of this progress are set forth in the brief informational release issued by the Embassy of Ghana and I ask that it be printed in the RECORD for all Members of the Senate to read.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

GHANA IS 17 YEARS TODAY, MARCH 6, 1974

Since independence seventeen years ago, Ghana has made remarkable progress in all fields of development. She has built roads, hospitals, new townships, developed rural electrification and has supplied her people with pipe borne water, and other social amenities. New schools have been built and the old educational system has been changed to reflect the needs of our society.

The Government of the National Redemption Council, led by Colonel Ignatius Kutu Acheampong, has shown practical understanding of our problems by injecting strict discipline into the economy. Imports have been controlled to appreciable levels and every effort has been made to boost exports in textiles, wood products, aluminum alloys, processed cocoa products, etc. This has yielded positive results; the high price of cocoa, timber and gold on the world market has also added more inputs into the economy and, as a result, unemployment, inflation and high prices show a downward trend. The third phase of "Operation Feed Yourself" was launched in Northern Ghana recently with the object of increasing agricultural production of food and industrial crops and diversifying Ghana's economy in order to reduce over dependence on cocoa and timber. Ghanaians are determined to make the nation self-reliant and economically viable.

Ghana's economic and industrial policies provide for viable foreign investment and partnership in certain economic areas. The Capital Investments Board provides incentives and liberal concessions to prospective investors who are willing to co-operate with us on equal terms in prescribed areas of operation.

The expansion of Ghana's trade with the United States and other North and South American countries, including the Caribbean, will be vigorously pursued by the National Redemption Council.

With regard to Foreign Affairs, Ghana has continued to build effective links with her neighbors, worked towards a Common Market in West Africa and supported vigorously the Organization of African Unity, the United Nations and its Specialized Agencies, the Third World, the Non-aligned Group and other regional groups in their efforts to free Africa from colonialism and racialism. Within these organizations, Ghana will continue to join all peace-loving nations in their programmes to raise the living standards of peoples all over the world.

It is our hope and belief that the current achievements of the National Redemption Council will continue to inspire Ghanians in all walks of life so that Ghana shall be a shining example to all lovers of peace, freedom, justice and human progress.

THE PRESIDENT'S PROPOSALS FOR CAMPAIGN FINANCING REFORM

Mr. KENNEDY. Mr. President, I welcome the President's decision to submit proposals on campaign financing reform to Congress later this week. Coming as it does on the eve of Senate debate on the landmark public financing legislation proposed by the Rules Committee, the decision to submit concrete proposals to Congress is a clear step forward from the administration's past position on the issue, which was limited essentially to a proposal for a study commission to investigate the problem.

I also see the White House decision as a hopeful new sign of movement within the administration on the issue, a sign that the administration is now prepared to work with Congress in debating and resolving the issues of campaign financing, including the central question of the role of public financing.

A strong bipartisan majority of the Senate is already on record in favor of comprehensive public financing for Federal elections, and the Senate Rules Committee has done an outstanding job in reporting the pending bill to the full Senate. And, as the attached table on the results of the dollar checkoff indicates, nearly 3 million taxpayers have already voted on their tax returns this year for public financing of the 1976 Presidential elections. Certainly, we cannot turn back the clock on this obvious, effective, and widely popular response to Watergate.

I ask unanimous consent to have the table printed in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

RESULTS OF DOLLAR CHECKOFF

1973 returns filed in 1974	Returns using checkoff for 1973		
	Number	Percent	Amount
Through Jan. 18	43, 198	10.7	$60, 066
Week of Jan. 25	120, 202	14.0	171, 984
Week of Feb. 1	251, 312	14.7	365, 777
Week of Feb. 8	396, 287	14.3	585, 519
Week of Feb. 15	553, 806	14.1	820, 986
Week of Feb. 22	692, 823	15.1	930, 641
Week of Mar. 1	766, 586	14.6	1, 136, 250
Cumulative:			
Jan. 25	163, 400	13.0	232, 050
Feb. 1	414, 712	14.0	597, 827
Feb. 8	810, 999	14.1	1, 183, 346
Feb. 15	1, 364, 805	14.1	2, 004, 332
Feb. 22 (13,963,000)[1]	1, 994, 628	14.4	2, 934, 973
Mar. 1 (19,141,000)[1]	2, 761, 214	14.5	4, 071, 223

[1] Total returns processed. 81,000,000 returns expected by Apr. 15, 1974: as of Mar. 1, 31,169,000 returns had been filed, or about 43 percent of the returns expected to be filed. The figures in the table are based on returns processed.

1973 returns filed in 1974	Returns using checkoff for 1972		
	Number	Percent	Amount
Through Jan. 18	21, 580	5.3	30, 461
Week of Jan. 25	59, 360	6.9	85, 998
Week of Feb. 1	120, 088	7.0	177, 418
Week of Feb. 8	186, 534	6.7	280, 093
Week of Feb. 15	258, 172	6.6	390, 459
Week of Feb. 22	294, 289	7.1	443, 390
Week of Mar. 1	359, 690	6.9	544, 809
Cumulative:			
Jan. 25	80, 940	6.4	116, 459
Feb. 1	201, 028	6.8	293, 877
Feb. 8	387, 562	6.8	573, 970
Feb. 15	645, 734	6.7	964, 429
Feb. 22	940, 023	6.8	1, 407, 819
Mar. 1	1, 299, 713	6.8	1, 952, 628

HOUSING AND COMMUNITY DEVELOPMENT ACT OF 1974

Mr. TOWER. Mr. President, in the next few days the Senate will begin consideration of S. 3066, the "Housing and Community Development Act of 1974."

This legislation is one of the most complex housing and community development bills which the Senate has ever considered and represents many, many months of concerted effort by the members and staff of the Senate Banking, Housing, and Urban Affairs Committee.

As Senator BROCK, Senator PACKWOOD, and I pointed out in our supplemental views, although the bill is needed and has many good points, it also contains a number of basic flaws.

One of the matters which gives me the greatest trouble is the chapter dealing with community development. Under the provisions of the proposal submitted by the administration entitled "The Better Communities Act," $2.3 billion in community development funds would have been distributed to communities across the country, primarily on the basis of a "needs" formula composed of objectively determinable factors, such as population, housing overcrowding, and poverty. Thus communities would have received funds according to their objectively determined needs in relation to those of other communities. This would have been entitlement funding that was not subject to the discretion of the Secretary of Housing and Urban Development.

Under S. 3066, however, the "needs" factor has been completely abandoned, and the only communities which would receive an entitlement would be those communities which have had past program experience in certain community development activities. In effect, S. 3066 rewards past grantsmanship for the foreseeable future. All other communities must apply to the Department of Housing and Urban Development for a portion of the remaining funds and must rely on the Secretray's discretion.

This matter causes me considerable difficulty because, under the provisions of the Better Communities Act, my hometown of Wichita Falls would have received $442,000 in the first year of the program and $1,494,000 in the fifth year of the program based on a "needs" formula; but under the provisions of S. 3066, without such a formula, my hometown would receive no direct entitlement at all.

Furthermore, under the Better Communities Act, the city of Houston would have received $12,992,000 in the first year of the program and $21,729,000 in the fifth year of the program. Under S. 3066, Houston will receive $12,992,000 for the first 2 years of the program; but for the 2 years immediately following that, based on the Secretary's discretion Houston could receive anywhere between 80 to 120 percent of the $12,992,000. Under the best of circumstances, Houston's funding could reach $18,708,000 during the fifth year, significantly less than what they could have anticipated under the "needs" formula of the Better Communities Act.

A similar situation exists in Dallas. Under S. 3066, the city of Dallas will receive an entitlement share of $2,630,000 for the first 2 years of the program, and after that, it will be up to HUD's discretion to set an allocation figure within the 80 to 120 percent range of what Dallas had received in the preceding funding period. Under the "needs" formula of the Better Communities Act, however, Dallas would have received $4,208,000 in the first year, $8,428,000 in the second year, $14,233,000 in the fifth year, and a 5-year total of $53,662,000.

With the thought that my colleagues would be interested, I asked the Department of Housing and Urban Development to prepare a list of those metropolitan cities and urban counties which would have received a direct entitlement based on the "needs" formula of the Better Communities Act, but which receive no direct entitlement under the provisions of S. 3066.

Mr. President, I ask unanimous consent that the listing prepared by the Department of Housing and Urban Development be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

METROPOLITAN CITIES AND URBAN COUNTIES ELIGIBLE FOR A DISTRICT ENTITLEMENT UNDER THE "NEEDS" FORMULA OF THE ADMINISTRATION'S BETTER COMMUNITIES ACT, BUT WHICH ARE EXCLUDED FROM A DIRECT ENTITLEMENT UNDER S. 3066, THE HOUSING AND COMMUNITY DEVELOPMENT ACT OF 1974

ALABAMA

Urban counties

Jefferson.

ARIZONA

Cities

Mesa.

CALIFORNIA

Cities

Alameda, Alhambra, Anaheim, Bakersfield, Bellflower, Buena Park, Burbank, Carson, Chula Vista, Concord, Costa Mesa, Daly City, Downey, El Cajon, El Monte, Fairfield, Freemont, Fullerton, Garden Grove, Glendale, Hawthorne, Huntington Beach, Lakewood, Lompoc, Monterey, Mountain View, Norwalk, Ontario, Orange, Palo Alto, Pico Rivera, Pomona, Redwood City, San Leandro, Santa Ana, Simi Valley, South Gate, West Covina, Westminster, and Whittier.

Urban counties

Alameda, Contra Costa, Fresno, Kern, Orange, Santa Clara, Riverside, Sacramento, San Bernardino, San Diego, and San Mateo.

COLORADO

Cities

Aurora, Boulder, and Lakewood.

DELAWARE

Urban counties

New Castle.

FLORIDA

Cities

Boca Raton, Clearwater, Cocoa, Gainesville, Hialeah, Winter Haven, Hollywood, Lakeland, Miami Beach, Pensacola, and West Palm Beach.

Urban counties

Broward, Hillsborough, Pinellas, Orange, and Palm Beach.

GEORGIA

Urban counties

De Kalb.

HAWAII

Urban counties

Honolulu.

ILLINOIS

Cities

Arlington Heights, Aurora, Berwyn, Champaign, Cicero, Des Plaines, Elgin, Evanston, Moline, Normal, Oaklawn Oak Park, Rantoul, Skokie, Urbana, and Waukegan.

Urban counties

Cook, Du Page, Lake, Madison, and St. Clair.

INDIANA

Cities

Lafayette, Muncie, and West Lafayette.

Urban counties

Lake.

IOWA

Cities

Cedar Falls and Council Bluffs.

KANSAS

Cities

Overland Park.

KENTUCKY

Cities

Owensboro.

LOUISIANA

Cities

Alexandria and Lafayette.

Urban counties

Jefferson Parish.

MARYLAND

Urban counties

Anne Arundel and Baltimore.

MASSACHUSETTS

Cities

Leominster and Medford.

MICHIGAN

Cities

Battle Creek, Dearborn, Dearborn Heights, East Lansing, Kalamazoo, Livonia, Portage, Roseville, Royal Oak, Southfield, Sterling Heights, Taylor, Westland, and Wyoming.

Urban counties

Macomb, Oakland, and Wayne.

MINNESOTA

Cities

Bloomington and Rochester.

Urban counties

Hennepin.

MISSOURI

Cities

Columbia and Florissant.

MONTANA

Cities

Billings and Great Falls.

NEBRASKA

Cities

Lincoln.

NEW JERSEY

Cities

Bloomfield, Millville, Passaic, and Sayreville.

Urban counties

Bergen, Burlington, Camden, Essex, Hudson, Middlesex, Monmouth, Morris, and Union.

NEW YORK

Urban counties

Erie, Monroe, Nassau, Onondaga, Rockland, Suffolk, and Westchester.

OHIO

Cities

Cleveland Heights, Euclid, Kettering, Lakewood, Lima, Marietta, and Parma.

Urban counties

Cuyahoga, Franklin, Hamilton, Montgomery, Stark, and Summit.

OKLAHOMA

Cities

Norman.

OREGON

Cities

Springfield.

PENNSYLVANIA

Urban counties

Beaver, Berks, Bucks, Chester, Delaware, Lancaster, Luzerne, Montgomery, Washington, Westmoreland, and York.

RHODE ISLAND

Cities

Cranston City and Warwick City.

TEXAS

Cities

Abiline, Amarillo, Arlington, Beaumont, Brownsville, Bryan, College Station, Denison, Garland, Harlingen, Irving, Killeen, McAllen, Mesquite, Midland, Odessa, Orange, Pasadena, Pharr, San Angelo, San Benito, Sherman, Temple, Tyler, and Wichita Falls.

Urban counties

Dallas, Harris, and Tarrant.

UTAH

Cities

Orem.

Urban counties

Salt Lake.

VIRGINIA

Cities

Colonial Heights and Virginia Beach.

Urban counties

Fairfax.

WASHINGTON

Cities

Bellevue, Everett, Kennewick, Richland, Spokane, and Yakima.

Urban counties

King, Pierce, and Snohomish.

WEST VIRGINIA

Cities

Weirton.

WISCONSIN

Cities

Appleton, Kenosha, Oshkosh, Racine, Wauwatosa, and West Allis.

Urban counties

Milwaukee and Waukesha.

Cities

PUERTO RICO

Guaymamo.

Mr. TOWER. Mr. President, while the committee struggled long and hard with the issue of trying to arrive at an equitable means of distributing community development funds, we did not, in my view, arrive at a successful solution to the problem. Since we were unable to resolve the issue successfully in committee, it does not seem fruitful to try to resolve it on the Senate floor. I can only hope that, with the help of the other body, we shall find a better method of distributing community development funds before the legislation is finally sent to the President.

SEVENTEENTH ANNIVERSARY OF GHANA

Mr. McGEE. Mr. President, as the ranking Democrat on the African Affairs Subcommittee of the Senate Foreign Relations Committee, I want to take this opportunity to pay tribute to the nation of Ghana which is celebrating her 17th anniversary of independence today.

Ghana is a nation of unlimited potential. Having traveled to that country on study missions, I can attest to the fact that she has a vast wealth of human resources. One does not come away from Ghana without being excited over her highly talented and skilled civil service and the remarkable capabilities to be found in the private sector as well.

Since independence 17 years ago, Ghana has made remarkable progress in all fields of development. Recognizing that a significant amount of foreign exchange earnings comes from her agricultural sector, the Ghanian Government has launched a sustained and continuing program of enhancing the quality of life for her rural citizens. These projects include rural health services, rural electrification, and education. Roads, hospitals, new townships, the Akasombo Dam, and other infrastructure projects have been instrumental in improving the quality of life for an ever increasing number of Ghanians.

The government of the National Redemption Council, led by Col. Ignatius Kutu Acheampong, has shown a practical understanding of Ghana's problems by injecting strict discipline into the economy. Imports have been controlled to appreciable levels and every effort has been made to boost exports in textiles, wood products, aluminum alloys, processed cocoa products, and other raw and processed materials. The results have been very encouraging. The higher prices of cocoa, timber, and gold on the world market have added more inputs into the economy. As a result, unemployment, inflation, and high prices show a downward trend.

Last month, the third phase of "Operation Feed Yourself" was launched in northern Ghana. This unique project is aimed at increasing agricultural production of food and industrial crops and at diversifying Ghana's economy in order to reduce her dependence on cocoa and timber as major foreign exchange earners. It is very evident that Ghanians were determined to make their nation self-reliant and economically viable.

Ghana's economic and industrial policies provide for viable foreign investment and partnership in certain economic areas. The Capital Investments Board provides incentives and liberal concessions to prospective investors who are willing to cooperate with Ghanians on equal terms in prescribed areas of operation.

The National Redemption Council has made it very clear that it will pursue the expansion of trade with the United States, and other North and South American countries, including the Caribbean.

Thus, I pay tribute to Ghana as she celebrates her 17th anniversary of independence. Her future is bright and her potential unlimited, for Ghana's greatest strength is her people. I want to wish Ghanians continued success in their achievements.

AMERICAN PARENTS COMMITTEE PROGRAM

Mr. HUMPHREY. Mr. President, each year the American Parents Committee performs a valuable service for the people, particularly the children, of this Nation. By careful study and formulation of positions on legislation before the Congress, the committee focuses attention on issues that might otherwise fail to get as much careful attention as they deserve.

The committee's Washington Report on Federal Legislation for Children, issued periodically, provides a cogent summary of the position of the organization on bills that are before Congress. George Hecht, chairman of the committee and publisher of Parents' magazine, noted in a letter to me that the committee's board of directors has voted unanimously to take the positions outlined in the report on "1974 Federal Legislative Goals on Behalf of Children."

I believe it is worth the time of each Member of Congress to familiarize himself with the committee's goals.

Mr. President, I ask unanimous consent that The American Parents Committee's 1974 Federal Legislative Goals on Behalf of Children be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

THE AMERICAN PARENTS COMMITTEE'S 1974 FEDERAL LEGISLATIVE GOALS ON BEHALF OF CHILDREN

The following statement of 1974 Federal Legislative Goals on Behalf of Children was adopted unanimously by the Board of Directors of the American Parents Committee, Inc., at a well-attended meeting on January 31, 1974, in New York City.

The order of presentation of the following goals has no significance. In general, the APC works for Congressional action on behalf of children with which few, if any, other non-governmental agencies concern themselves. Also, because of its limited staff and funds, the APC concentrates on measures that it believes are attainable and not on measures upon which it can have little influence. It invites the cooperation of other organizations and groups in attaining any or all of these goals.

OF OVERALL IMPORTANCE

In a year in which economists agree that "recession" conditions will prevail, the American Parents Committee is pledged to vigorously oppose administration or congressional attempts to seek relief for the federal treasury by reducing expenditures for programs for children and youth.

We will continue to work for appropriations that closely approximate authorizations for these programs, and we will urge Congress to exercise the prerogative of overriding a Presidential veto, rather than making concessions which will make likely a Presidential signature but which hinder the implementation of health, education and welfare services for children and their families.

Knowing that Congressional appropriations committees are seriously understaffed, and that many individual members of Congress have little information about how social welfare programs actually operate, we shall attempt to assist Congress in maintaining vigilant oversight of program administration. We also intend to oppose any administrative regulations which impede provision of Congressionally mandated programs.

The American Parents Committee also will work (1) for enforcement of court orders barring impoundment of funds appropriated by Congress for children's programs, and (2) for specific mechanisms in appropriations bills which will thwart impoundment.

We continue to support the concept of categorical grants as the only means to target federal funds to specific needs. We do not believe revenue-sharing or bloc grants are appropriate mechanisms for social welfare programs.

We shall oppose "budget reform" legislation which would pre-empt the authority of the appropriations committees to recommend to Congress how federal funds should be spent. "Budget Reform" proposals already enacted, and scheduled for House-Senate conference reconciliation early in the new session, would enhance the power of the most conservative elements in the House and Senate to channel funds away from human services programs.

We shall monitor any welfare legislation which emerges. All so-called welfare reform proposals will be closely examined both as to their proximate impact on children, as well as their long-term effects on children and youth, in terms of their effect on our entire society. It is possible that the American Parents Committee, along with a few other organizations, may be required to fight against all so-called "welfare proposals" if, upon examining them, we find them to be detrimental to children or to their parents.

The APC continues to support the concept of income maintenance for families, but only at levels of genuine adequacy and without punitive or discriminatory eligibility, work, or other requirements.

We support the legislation to create a national computerized adoption exchange twice passed by the senate. We urge increased efforts by DHEW and the Congress to recognize the right of every child to a permanent family and to facilitate this right with increased attention and funding for services to return removed children to their original familes where possible, and where not, facilitate early adoptive placement.

We will continue to monitor and examine proposals intended to improve the efficacy of the human services delivery system from the point of view of the recipient children and families.

CHILD WELFARE

After two years of stasis, Congress increased the appropriation under the Social Security Act Title IV–B for child welfare services from $46 million to $50 million. (The increase resulted from Senate appropriation of $61 million, which was reduced to $50 million in conference with the House, where no change from the present $46 million appropriation had been recommended.) It should be noted that authority granted the President in the conference report to reduce expenditures for any HEW-Labor program by 5 per cent, would wipe out practically all of the $4 million increase, leaving only $1.5 million in additional funds, or a $47.5 million total. Considering that the authorization for these programs is $211 million for fiscal year 1974, this small increase is hardly a great victory, but it does represent an expansion of awareness in the Congress of the importance of the services provided under Title IV–B: protective services, foster care, adoption and others. The American Parents Committee will attempt to build on this relatively small base in order to achieve a larger increase in the appropriation for fiscal year 1975.

We will devote particular attention to obtaining adequate appropriations for the Child Abuse and Prevention Act which has recently passed the House and Senate.

The American Parents Committee also will seek House passage of (and appropriations for) legislation passed by the Senate authorizing $36 million over three years for research on the Sudden Infant Death Syndrome (SIDS) through grants to public and nonprofit private agencies.

Social Services: In the first session of the 93rd Congress the American Parents Committee was actively involved in efforts to safeguard the scope, financing and objectives of Title IV–A social services. We will continue this effort in the second session, directing specific attention to the need for appropriation of the full $2.5 billion allowed under the ceiling enacted by Congress in 1972. We will insist upon maintenance and enforcement of high federal standards for services, and liberal eligibility criteria.

Homemaker Service: The APC renews its commitment to expansion of homemaker service in order to enable children to remain in or return to their own homes, rather than be committed to foster homes or institutional care. We also will seek reinstatement of the requirement that these services meet strong national quality standards. Only through the provision of homemaker service, in accord with national standards, can the well-being of the vulnerable families and children served be protected.

Day Care Licensing Codes: Model day care licensing codes developed by HEW after several controversial regional meetings whose representative attendance was widely questioned, have been issued by the HEW Department to governors of the states, with the suggestion that the codes be enacted by state legislatures. We will work with other organizations to examine the need for truly "model" day care licensing codes, and we will oppose any attempts by the Administration to promulgate codes which are inadequate.

Headstart: Headstart renewal will be the subject of extended Congressional consideration in 1974. The American Parents Committee will urge Congress to continue the program with a low fee schedule allowing a broad socio-economic mix of children and substantial funding. We believe that representatives of the children who are subjects of the research should be included in an Advisory Board that would oversee the design and implementation of the research.

Supplementary Security Income (SSI): Starting on January 1, 1974, aged, blind and disabled persons are eligible for federalized income supplements, under a new program enacted by Congress in 1972, growing out of H.R. 1, the "welfare reform" proposal. The Social Security Administration which is charged with administering the program, expected to extend benefits to a quarter- to a half-million disabled children. However, in order to make these cash benefits available, procedures are being instituted to define child disabilities. The American Parents Committee intends to press for successful implementation of this program for children one of its principal efforts in 1974 and to see that outreach efforts are sufficient to draw in every qualified child. It will work for federal policies which assist the States to supplement benefits where necessary without impairing the child's federal entitlement.

The APC urges the Congress and the Administration to take appropriate steps to fully finance domestic programs in Vietnam to provide health and welfare programs to rehabilitate Vietnamese children and their families who have suffered immeasurably from the war.

CHILD HEALTH

With the anticipated introduction by the Administration of a new National Health Insurance proposal early in the new session of Congress, that issue will again command close scrutiny. The American Parents Committee will support legislation which provides the most comprehensive care for children, under the most equitable financing arrangement. We believe that consolidation of Medicaid into a national program principally shaped around employer contributions would arbitrarily jeopardize accessibility of health care for children of poor unemployed mothers.

Another major health measure scheduled for early consideration by the Congress would consolidate six expiring programs into a health revenue-sharing program. These are: the Community Mental Health Centers Act; the Family Planning and Population Research Act; the Developmental Disabilities Amendments to the Developmental Disabilities Services and Facilities Construction Act; amendments to Title V of the Public Health Service Act, authorizing migrant health programs; and Title III, authorizing neighborhood health centers; and Comprehensive Health Services. While we will support the six individual health programs which would be consolidated in the bill, we will oppose the health revenue-sharing proposal.

Maternal and Child Health: These programs have been of special concern to the American Parents Committee for many years. Last year we testified vigorously against Administration efforts to drastically reduce these services by eliminating the project grants which fund programs in urban areas. Decimation of the program was averted, but were it not for an obscure amendment authorizing a supplemental appropriation, available funds would barely have covered cost of living increases. Recognizing that food and energy shortages pose a threat to infant health, we will work for more adequate appropriations for maternal and child health programs. Unmet needs of adults usually have a temporary effect. Unmet needs of children are frequently growth-stunting and, therefore, lead to lifelong damage.

The American Parents Committee also will support full appropriations for the *Emergency Health Personnel Amendments of 1972; the Communicable Disease Control Amendments of 1972; the National Institute of Child Health and Human Development; and the National Health Service Corps* and its scholarship program.

Early and Periodic Screening, Diagnosis and Treatment program: The Office of Child Development has announced plans for limited implementation of the EPSDT program authorized by Congress under the Medicaid amendments of 1967. Initially, only children in Headstart programs who are Medicaid-eligible will be entitled to the services. American Parents Committee believes eligibility should be extended beyond children in Headstart; we will work for inclusion of all Medicaid children in the program.

Drug Abuse: The American Parents Committee will work for adequate appropriations for the recently extended Drug Abuse Education Act. But we will register strong opposition to any legislation which authorizes use of drugs or behavior modification techniques in the schools. These measures pose constitutional threats to students' rights and misdirect attention from efforts to deal with *causes* of disciplinary problems.

EDUCATION

Elementary and Secondary Education Act: Education subcommittees of the House and Senate are expected to complete their intensive examination of the ESEA early in the next session of Congress. The ESEA, a landmark of the Johnson Administration, has for eight years funneled money to children otherwise least likely to experience maximum education opportunities. We shall encourage Congress to maintain this focus by retaining the categorical grant system utilized in the ESEA.

Education of the Handicapped: Also to be considered with the Elementary and Secondary Education Act are amendments extending for three years the Education of the Handicapped Act (P.L. 91–230), which include authorization of $75 million for early childhood education, and $27.5 million for special programs for children with specific learning disabilities. The American Parents Committee fully supports extension of this legislation, and will work for full appropriations for programs which it authorizes for handicapped children. We urge retention of AFDC as one of the factors included in devising the formula for fund allocation. Allocation to the various States should be based on 1970 census figures.

Compulsory Attendance Age: The failure of the public schools to meet the needs of many students has given rise to recommendations from several quarters for lowering the age for compulsory school attendance and eligibility for employment during school hours from 16 years to 14 years and for establishing alternatives in some variation of work programs. For a generation that matures earlier but kept in a dependent status longer than previous generations, there is likewise a need for a greater measure of developmental experiences outside of school. Therefore, we will support efforts to modernize school attendance and youth employment legislation that provide the flexibility for maximizing the opportunities for alternatives for those youths needing them, but we shall oppose those changes that will destroy protection against oppressive child labor or will encourage the employment of youth at the expense of adults, including the payment of lower wages. In short, we shall seek to balance increased opportunity with vigilant protection.

Busing: Under the guise of energy conservation, the House approved an amendment to an energy bill which prohibits the allocation of fuel for the transportation "of any public school student to a school farther than the public school closest to his home." The American Parents Committee will urge Senate conferees to reject this amendment, and we will strenuously oppose efforts to attach anti-busing measures to any other legislation.

Vouchers and Performance Contracting: All legislation with an educational impact, including child development programs, must steer clear of the various questionable schemes that have been put forth during the last few years such as: bloc grants, revenue-sharing, vouchers, and performance contracting. Until appropriate legislation is enacted, the American Parents Committee will fight all inadequate substitutes.

NUTRITION

Several major achievements were made last year in child feeding programs: higher eligibility scales for school lunch participation; extension of the school milk program to day care centers; cash-out for schools that are unable to receive commodities; a special appropriation for cafeteria equipment which will enable more schools to participate in the lunch program; funds for free and reduced price meals; expansion of the food stamp program.

However, organizations concerned with child nutrition are all too aware that funds authorized and appropriated by Congress for these purposes often are left unused in the Treasury by the Department of Agriculture. In other instances USDA subverts the intent of Congress by publishing regulations which cripple food programs. The American Parents Committee continues to regard these as despicable practices and pledges to join with other organizations in fighting them.

Implementation of the supplementary feeding program for women, infants and children (WIC) has begun after a delay of nearly 15 months. The American Parents Committee will work for a number of improvements in this crucial program: First, we believe WIC should be administered not by U.S. Dept. of Agriculture, but by HEW, which has the requisite health and diagnostic expertise. Second, WIC should be included under maternal and child health programs as a mandatory project. Third, the program should be shifted from a research to a service orientation. And finally, additional protein foods, such as tuna fish and peanut butter, should be added to eligible items.

The American Parents Committee will support legislation authorizing higher reimbursement rates for school breakfast and lunch programs, which presently are subject to language which inequitably allocates funds. We also will support reinstatement of the "especially needy" program, which makes available extra funds for schools in which almost all students receive free or reduced price meals. These funds, previously provided under the Emergency Food and Medical Service established by the Economic Opportunity Act, were omitted from the School Lunch Act last year.

Supplemental Food Program: The Agricultural and Consumer Protection Act of 1973 (farm bill) requires that, starting July 1, 1974, all counties must switch from commodity food programs to food stamps. The effect of this provision will be cut off from supplemental foods 167,000 pregnant and nursing mothers and their children. Enactment of the WIC program is cited as the reason for abandoning the supplemental program, even though WIC projects have been awarded only to areas where there is no existing supplemental food program. The American Parents Committee will join with other concerned organizations to seek continuation of the supplemental food program; to continue authorizations allowing USDA to buy supplemental commodities at market prices; and to provide funds for administration of supplemental food programs. (These funds previously were provided under the Economic Opportunity Act.)

On a long-term basis, American Parents Committee will support efforts to extend federally-funded food programs to public and private non-profit residential children's institutions.

MISCELLANEOUS

Juvenile Justice: The American Parents Committee will continue to support legislation creating a National Institute for Juvenile Justice, which is scheduled for consideration early in the new session. S. 821, the principal bill, would provide fund authorizations for additional federal-supported training for juvenile court personnel, with special emphasis on upgrading both the quality and quantity of probation officers attached to juvenile courts. It would also be the first national clearinghouse for information on proven-effective programs on the prevention and control of juvenile delinquency.

The American Parents Committee also supports the *Runaway Youth Act*, which may be considered in conjunction with the Juvenile Justice Bill. The Runaway Youth Act would strengthen interstate reporting and interstate services for parents of runaway children; authorize research on the size of the runaway youth problem; and provide establishment. maintenance and operation of temporary housing and counseling services for transient youth.

UNICEF: Because of widespread famine in the African Sahel, and continuing crises in Bangladesh—most recently, flooding—the American Parents Committee will work for appropriation of the full authorization of $18 million as the United States' contribution to the United Nations' Children's Fund (UNICEF). Last minute action by the conference committee last year eliminated the $3 million increase for fiscal year 1974 approved by the Senate, which would have allowed for the $18 million contribution.

Family Planning: The American Parents Committee continues to support renewal of the Family Planning Services and Population Research Act of 1970, which has been continued until June 30, 1974, under a one-year extension. The bill has been under consideration separately in the Senate, but in combination with six other bills in a health revenue-sharing proposal in the House. We shall oppose the revenue-sharing approach, but in the event that it prevails, we will work for retention of all of the provisions of the family planning act.

HEW Reorganization: In concert with other concerned organizations, the American Parents Committee will alert Congress to the apparent violation of congressional intent resulting from the proposed reorganization of programs in HEW affecting children and their families. Plans published in the Federal Register eliminate an identifiable program staff at the regional as well as the federal level for Maternal and Child Health programs and for other programs authorized by the Public Health Service Act. Congress will be asked to appropriate funds for program personnel who will be assigned to other responsibilities. The APC recommends that there be an identifiable administrative unit in each regional office responsible for each program for children and families, and that those units be staffed by an adequate number of competent and experienced professionals.

Because many deplorable conditions affecting children are not easily remedied by legislation, the APC will work closely with organizations engaged in *litigation on behalf of juveniles*, especially where issues of social policy are concerned. Some of the issues are: (1) challenges to statutes which permit the incarceration of children in training schools and reformatories who have not broken the law; (2) the conditions of confinement in juvenile institutions; (3) the enforcement of rights accorded by the landmark case of *In re: Gault*, such as the right to counsel; (4) forcing the State to provide services to children in their own homes before dissolving families; (5) the right of children in foster care and institutions to a permanent family wherever possible, either through expeditious adoptions or return to their families.

This paragraph on Day Care should have been included before Day Care Licensing Codes:

Day Care: Although chances for a good developmental day care bill are slight, the American Parents Committee will, when the timing is most advantageous, work with other organizations for a high-quality program containing comprehensive developmental components, adequate funding, and retention of the 1968 *Federal Interagency Day Care Requirements*. We note with concern a possible trend toward inclusion of day care as an optional service in such legislation as the Comprehensive Manpower Act of 1973, without any requirements as to quality, Again we will insist upon languages requiring enforcement of the 1968 *Federal Interagency Day Care Requirements.*

WHO WILL PROGRAM THE PROGRAMERS?

Mr. GOLDWATER. Mr. President, it was my great pleasure to appear this morning before the Subcommittee on Constitutional Rights chaired by my very good friend, the senior Senator from North Carolina (Mr. ERVIN). The subject of my testimony was privacy and the computer.

In a line of decisions going back as far as 1891, the Supreme Court of the United States has recognized time and again that a fundamental right of personal privacy does exist under the Constitution. It was the theme of my testimony today that as we move closer to a personal data-banked society, privacy must be planned beforehand. It is for us to determine today just how much freedom shall remain for the individual in the future. I urged that we must take action now to program the programers while there is still privacy to cherish.

Mr. President, when one thinks about it, he is immediately aware that a databank society is nearly upon us now. Details of our health, our education, our employment, our taxes, our telephone calls, our insurance, our banking and financial transactions, pension contributions, our books borrowed, our airline and hotel reservations, our professional societies, our family relationships, all are being stored in computer systems at this time; and unless these computers are specifically programed to erase unwanted information, these details from our past can at any time be reassembled to confront us.

Mr. President, I asked the committee to answer the challenge of protecting personal privacy in the computer age by enacting a Federal code of safeguard requirements for automated personal data systems, which would be the first law of its kind in America. In my testimony, I also asked the committee to stop the spread of the social security number as a national population identifier and I called upon the President to take certain immediate steps regarding computers used by Federal agencies which would protect the right of privacy.

Mr. President, the specifics of the safeguards which I have recommended, and the reasons for establishing them, are all set forth in the complete text of the testimony which I offered this morning. In order that all Senators can consider the legislation which I have proposed, I ask unanimous consent that a copy of my testimony together with accompanying footnotes shall be printed in the RECORD.

There being no objection, the testimony was ordered to be printed in the RECORD, as follows:

WHO WILL PROGRAM THE PROGRAMERS?

Testimony by Senator Barry Goldwater before the Senate Subcommittee on Constitutional Rights, March 6, 1974

Mr. Chairman, it is a pleasure to join you today in your latest hearings on the subject of Computers and Privacy, a matter which I believe you investigated extensively in 1971. Though the primary focus of your current hearings is upon the use of criminal justice data banks, I know you are interested in the general subject of personal data bank systems and the ominous trend to national population numbering.

Mr. Chairman, I will devote my testimony to this broader subject because I have introduced legislation, S. 2810, which is now pending before this subcommittee, to establish safeguards for the individual regarding the keeping, use and accuracy of automated personal data systems of all types. The credit for having initiated the bill should honestly fall upon the shoulders of my son, Congressman Goldwater, Jr., who first introduced it in the House last September.

Mr. Chairman, we are not speaking about an alarmist's flight of fantasy. The computer era is already upon us. There are currently 150,000 computers in use in the United States[1] and some 350,000 remote data terminals.[2] Conservative estimates indicate that there will be 250,000 computers and 800,000 terminals by 1975.[3] Over 10% of all business expenditures on new plants and equipment in America is currently spent on the computer and its subsidiary systems.[4]

Revolutionary changes in data storage have taken place or are imminent. Computer storage devices now exist which make it entirely practicable to record thousands of millions of characters of information, and to have the whole of this always available for instant retrieval. For example, the National Academy of Sciences reported in 1972 "that it is technologically possible today, especially with recent advances in mass storage memories, to build a computerized, on-line file containing the compacted equivalent of 20 pages of typed information about the personal history and selected activities of every man, woman, and child in the United States, arranging the system so that any single record could be retrieved in about 30 seconds."[5]

On larger systems today, the basic unit of time measurement is the nanosecond—one billionth of a second. It is hard for us to conceive but one nanosecond is to one second that one second is to 33 years![6]

Distance is no obstacle. Communications circuits, telephone lines, radio waves, even laser beams, can be used to carry information in bulk at speeds which can match the computer's own. Cross-country, trans-Atlantic, and inter-stellar transmission between computer units is not only feasible, but it is being done.

Time sharing is normal. The time sharing systems with which we are familiar today are adequate for up to 200 users who are working at the same time. But we are now hearing of a system whereby it is feasible for there to be several thousands of simultaneous users or terminals.[7]

An international body of experts who surveyed this subject in 1971 concluded that it is likely that, within the next 20 years, most of the recorded information in the world will be on computers and more than half the telephone calls will be communications to and from computers.[8]

What does all this mean to you and me? How are we personally involved or associated with these developments? All we have to do is think of our daily lives.

Details of our health, our education, our employment, our taxes, our telephone calls, our insurance, our banking and financial transactions, pension contributions, our books borrowed, our airline and hotel reservations, our professional societies, our family relationships, all are being handled by computers right now.

As to strictly governmental records, it was calculated in 1967 that there were over 3.1 billion records on individual Americans stored in at least, 1,755 different types of Federal agency files.[9] Need I remind anyone that unless these computers, both government and private, are specifically programmed to erase unwanted history, these details from our past can at any time be reassembled to confront us?

Also, I might mention census data, which most of us think as being sacrosanct. Even census statistics, forbidden by law from disclosure in identifiable form, can be quite revealing.

The Census Bureau operates a popular line of business selling statistical summaries broken down into census tracts covering urban neighborhoods as small as a thousand families each. Any person or any organization can purchase this information which, while not containing specific names, does give a detailed outline of a small sector of the population, with size and type of housing, the way people travel to work, their type of work, their ages and sexes, all in a given neighborhood.[10]

This information could be very valuable to those who would manipulate or influence social conduct. Matching other lists which already exist, relatively simple computing equipment can enable anyone wanting to know to determine the location of all persons in a small category.[11] Thus, we can lose our anonymity without knowing it. Without our awareness, we become vulnerable to the possibility that this information can be put to use by administrative planners or policy makers for purposes of our social manipulation or conditioning.

If this were not enough, I might remind my colleagues that in 1966, the then Bureau of the Budget brought before Congress a comprehensive proposal to create a vast computerized national data center which would serve at least 20 different federal agencies.[12] The people who proposed and evaluated this recommendation for the government, testified at House hearings on the matter that there was no way to avoid keeping records about specific individuals and individual attributes in this data center. Each of the government witnesses admitted that the records that would be included in the central data bank would leave a trail back to particular individuals.[13]

Although this idea was put aside for the moment, after being exposed in the glare of Congressional scrutiny, the time to think about the future is now. We must design the safeguards, and set the standards, of personal privacy now while a national numbering system is still only a mental concept. We must program the programmers while there is still some personal liberty left.

The question we must face was posed by Malcolm Warner and Michael Stone, a behavioral scientist and a computer scientist, who ask in their book, The Data Bank Society:

"If one central source has all the data concerning our life-history, and is bent upon regulating our behavior to conform to the prescribed goals of society, how can this be opposed? Only by the society demanding that sufficient thought be taken before the threat becomes a *fait accompli*."[14]

What these writers recognize is that a welfare-statism society, in order to control its members, needs information. Total control requires total information. On the basis of this information, conclusions can be drawn, plans can be made, for directing us.[15]

Other writers reach the same conclusion. Paul Muller and H. Kuhlmann, writing in the International Social Science Journal, conclude that:

"Integrated information-bank systems, at least looked at from the aspect of privacy, might bring with them the imminent danger of a one-sided alteration of the relationship between institutions and individuals, with the possibility of the individuals' becoming open to scrutiny by the institutions, while the institutions themselves remained as complex and 'inscrutible' as before . . ."[16]

Mr. Chairman, what we must be alert to is that the computer society could come about almost by accident, as computers proliferate and integrate.

We did not start to build a nationwide telegraph network in the 1840's, only independent telegraph links. But it was not long before we had an integrated national network.

We did not start to build a nationwide telephone system in the 1890's. Yet, today we have a highly integrated telephone network.

Automated information systems have the same qualities as communications systems. It is cheaper to share information by tying together independent systems than by building a great number of duplicative systems.[17]

Thus, we are building today the bits and pieces of separate automated information systems in the private and government sectors that closely follow the pattern to the present integrated communications structure. The direction of growth is clear. Increasingly, data stored in computer memory banks is being shared by several users.[18] Independent credit systems built to cover small areas find it economical to cross-connect. Airline systems swap information back and forth to get reservation information on individuals.

It is no wonder that in the summer of 1972, the International Commission of Jurists, in publishing a study on the right to privacy in ten Western nations, concluded that: "The latest and potentially the greatest threat to privacy is the recording, storing, and dissemination of personal information by computers."[19]

Mr. Chairman, it is the theme of my testimony that, as we move closer and closer to a fully data-banked society, privacy must be planned beforehand. It is for us to determine today just how much freedom shall remain for the individual in the future.

Mr. Chairman, I would propose to answer this challenge by legislating into law a Federal code of safeguard requirements for automated personal data systems, the first law of its kind in America.[20]

My proposal is generally consistent with the recommendations of the Secretary's Advisory Committee on Automated Personal Data Systems of the Department of HEW. This landmark report, canvassing the total impact on the individual, is a logical starting point from which Congress can begin to mold its own solutions.

The basic proposals of the Secretary's Committee, as I have incorporated them into S. 2810, are these:

1. There must be no personal data system whose very existence is secret.
2. There must be a way for an individual to find out what information about him is in a record and how that information is to be used.
3. There must be a way for an individual to correct information about him, if it is erroneous.
4. There must be a record of every significant access to any personal data in the system, including the identity of all persons and organizations to whom access has been given.
5. There must be a way for an individual to prevent information about him collected for one purpose from being used for other purposes, without his consent.

The only exception which my bill would make from these general rules is where I believe it is necessary to protect a broader national interest in the public safety, particularly in the categories of classified foreign affairs and defense secrets and criminal justice records which are pertinent to legitimate law enforcement purposes. If the exemptions of my bill are not broad enough, I am willing to make needed changes for the public safety.[21] In this time of highly organized criminal forces who are mobile worldwide, I feel strongly that we should not tie the hands of those who would protect us in back of themselves.[22]

Mr. Chairman, another important provision of my bill would stop the growing use of the social security number as a national population identifier. There already have been issued a total of 160,000,000 social security numbers to living Americans.[23]

These numbers are used not only for the social security program, but for State unemployment insurance programs; for Federal and State taxpayer identification; for identification of all Civil Service employees; for registration of all purchasers of United

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Footnotes at end of article.

States Savings Bonds and other government securities; to identify FAA pilot records; to identify all recipients of State old age assistance and medicare benefits; to identify the retirement records of all Civil Service retirees; for Veterans Administration hospital admission numbers; to locate the medical histories of many Indians; as the Service number of all military personal; to identify all customers of banks, of savings and loan associations, of credit unions, and of brokers and dealers in securities; for use in receiving drivers licenses; to identify all applicants and beneficiaries of public assistance programs; to identify aliens working in the United States; and to identify children in the ninth grade and above in many school systems, among other uses not mentioned.[24]

No statute or administrative rule prohibits use of the account number in other record systems. Indeed, an Executive Order by President Roosevelt is still in effect requiring that any Federal agency establishing a new system for personal identification *must* use the Social Security number.[25]

Mr. Chairman, it is time to halt this drift toward reducing each person to a number. Professor Charles Reich has aptly referred to the idea of giving each person a population number as tying a tin can around him. All the rest of his life, he would have this tin can jangling along behind him. We would all become marked individuals.[26]

A national population number would deprive us of what anonymity we each retain as individuals. Once identifiable to the administrator in government or business, by an exclusive number, we would become vulnerable—to being located wherever we are, to being manipulated, to being conditioned, to being coerced.

It is my belief, Mr. Chairman, that in order for the individual to truly exist, some reserve of privacy must be guaranteed to him. Privacy is vital for the flourishing of the individual personality.[27]

By privacy, I mean the great common law tradition that a person has a right not to be defamed whether it be by a machine or a person. I mean the right "to be let alone"—from intrusions by Big Brother in all his guises.[28] I mean the right to be protected against disclosure of information given by an individual in circumstances of confidence, and against disclosure of irrelevant embarrassing facts relating to one's own private life, both elements having been included in the authoritative definition of privacy agreed upon by the International Commission of Jurists at its world conference of May, 1967.[29]

By privacy I also mean what the Supreme Court has referred to as the embodiment of "our respect for the inviolability of the human personality" [30] and as a right which is "so rooted in the traditions and conscience of our people as to be ranked as fundamental." [31]

Mr. Chairman, I call upon Congress to protect the right of privacy by enacting the safeguards I have proposed. In addition, I call upon the Executive Branch to take the following immediate steps.

First, the President should announce privacy requirements under section 111 of the Federal Property and Administrative Services Act of 1949, which allows him to establish "uniform Federal automatic data processing standards" for all computers used by Federal agencies. Second, a Citizen's Guide to Files should be issued by each government agency, specifying the nature of each of its files containing information about individuals; the class and number of persons covered; the uses to which the file is put; and whether individuals have access to any of their records in the file.[32] Third, the President should cancel the Executive Order of 1943 which now spreads the use of the social security number.

What we must remember, Mr. Chairman, is that privacy in a data bank society must be planned. Privacy, as liberty, is all too easily lost. I urge that you act now while there is still privacy to cherish.

FOOTNOTES

[1] This estimate refers to private and government computers, including mini-computers. Source: Congressional Reference Service, Library of Congress.

[2] M. Warner and M. Stone, *The Data Bank Society*, at 33 (1970).

[3] A. Westin and M. Baker, *Databanks in a Free Society*, National Academy of Sciences Project on Computer Databanks, at 327 (1972).

[4] *The Data Bank Society*, at 41.

[5] *Databanks in a Free Society*, at 320–21. (Emphasis in original.)

[6] *The Data Bank Society*, at 42.

[7] P. Muller and H. Kuhlmann, "Integrated information bank systems, social book-keeping and privacy," XXIV Int'l. Social Sci. J. 584 (1972).

[8] The International Commission of Jurists, "The Legal Protection of privacy: A comparative survey of ten countries," XXIV Int'l. Social Sci. J. 427 (1972).

[9] "Government Dossier (Survey of Information Contained in Government Files)," committee print of Subcommittee on Administrative Practice and Procedure, Comm. on the Judiciary, U.S. Senate, 90th Cong., 1st Sess., at 9 (Nov. 1967).

[10] U.S. Department of Health, Education, and Welfare, "Records Computers and the Rights of Citizens," Report of the Secretary's Advisory Committee on Automated Personal Data Systems, at 293 (July, 1973).

[11] *Id.*, at 293–94.

[12] See generally "The Computer and Invasion of Privacy," Hearings Before a Subcomm. of the Comm. on Govern. Operations, House of Representatives, 89th Cong., 2nd Sess. (1966).

[13] *Id.*, at 96–98, 112.

[14] *The Data Bank Society*, at 73.

[15] *Id.*, at 214–15.

[16] XXIV Int'l Social Sci. 596 (1972).

[17] "The Computer and Invasion of Privacy," at 121–22.

[18] In 1972, a National Academy of Sciences Project on Computer Databanks concluded that: "It is the increased feasibility of data sharing . . . that will be the most important effect of advances in computer technology during the next eight years." *Databanks in a Free Society*, at 342.

[19] XXIV Int'l. Social Sci. J. 578 (1972).

[20] In 1973, Sweden adopted the only existing nationwide statute aimed specifically at the regulation of computerized personal data systems. This law is essentially a licensing program.

[21] In this connection, I suggest that all bills on privacy before the committee be tested against the realities of daily law enforcement activities.

For example, take the case of the police officer who investigated a traffic incident in Peoria, Illinois, when a motorist reported that her car has been side-swiped by another vehicle. The investigating officer found an automobile fitting the description approximately 18 blocks from the scene and immediately ran a computer check on a license plate found hidden under the seat. This check led to information that the drivers of the car were suspects in a homicide case. The individuals later admitted that they had participated in the murder and robbery of a young woman and the theft of her car. Under the language of one of the bills now before the committee, S. 2963, this information could not have been given.

Neither arrest, nor criminal history, record information could have been disclosed in this case because the requesting officer did not arrest, detain, or commence criminal proceedings against the occupants of the car before requesting the information as required by section 202. Since there were no outstanding arrest warrants in this case, not even wanted persons information could have been supplied. (Section 102 (13).)

Unless a very broad interpretation is given to S. 2963, it would also prohibit many other proper inquiries by police officers. I am referring to pre-arrest inquiries made while merely following a car or after a motorist is stopped for a minor traffic matter, perhaps amounting to no more than a warning. I have come across many cases where State Police troopers have used their judgment in these situations to run an information check and have found that the driver of the car was wanted in a city hundreds of miles away on charges of armed robbery, rape, or murder. Also, we must consider the pre-arrest situation where police investigators must be able to determine, before approaching a suspect, whether he may be armed and dangerous.

Both S. 2963 and S. 2964 require that all criminal justice information must be sealed, after specified periods of years, on the basis that the information is "unlikely to provide a reliable guide to the behavior of the individual."

This unverified assumption is ignorant or uncaring of the fact that great numbers of criminal repeaters commit their subsequent crimes after the time periods of the bills. Though access to sealed information may be granted by court warrants, the mechanics of the sealing procedures would often make it impossible for the police to know what files to ask for or to reach the files in time.

The sealing provisions of S. 2963 and and S. 2964 also appear to be based upon an assumption that failure to prosecute or convict an accused within a specified time invariably means that the arrest was unfounded. To the contrary, the LEAA reports that a landmark study now underway will show that non-cooperation from witnesses is responsible for about half the criminal prosecutions that are scrubbed. Destruction of evidence is the cause in a significant number of additional failures.

I would caution that if we are not careful to avoid disruptions of essential law enforcement functions, the effort to prevent a police state may only result in creating an anarchy in which we all are held hostage to the whims of terrorists and kidnappers.

[22] Dr. Donald Michael, Director of the Center for Research on the Utilization of Scientific Knowledge at the University of Michigan, believes: "A federally integrated attack on crime, fully using the ability of the computer to organize and interpret data about criminals and crimes, eventually would free many terrorized people from threats of death or disaster and open business opportunities now preempted by the freewheeling criminal." "The Computer and Invasion of Privacy," at 186.

[23] February, 1974, estimate by Social Security Administration.

[24] "Records, Computers and the Rights of Citizens," at 115–121.

[25] Exec. Order 9397, Nov. 22, 1943.

[26] "The Computer and Invasion of Privacy," at 42.

[27] Based on anthropological and sociological studies, and evidence from the British Psycho-Analytical Society and the Royal College of Psychiatrists, the Committee on Privacy of Great Britain reported in 1972 that the need for privacy is a basic, natural one, important both to individual physical and mental health and to "the imaginativeness and creativity of the society as a whole." Report of the Committee on Privacy, Home Office, Great Britain, at 33–34 (July 1972).

[28] In 1970, I relied upon the right "to be let alone" as the Constitutional basis of an amendment I offered, which became part of the Postal Reform Law, protecting individuals from intrusions of unsolicited smut mail. 39 U.S.C. 3010; P.L. 91–375, § 14, Congressional findings. In this context of privacy,

see *Rowan* v. *United States*, 397 U.S. 728 (1970); *Bread v. Alexandria*, 341 U.S. 622 (1951); *Rent-R-Books, Inc. v. U.S. Postal Service*, 328 F. Supp. 297 (D.C. N.Y. 1971); *Universal Specialties, Inc. v. Blount*, 331 F. Supp. 52 (D.C. Cal. 1971).

[29] Conclusions of the Nordic Conference on the Right to Privacy, 1967, reprinted in XXIV Int'l. Social Sci. J., at 419 (1972).

[30] *Tehan v. Shott*, 382 U.S. 406 (1966).

[31] *Griswold v. Connecticut*, 381 U.S. 497 (1965) See also *Roe v. Wade*, 410 U.S. 113, 153–55 (1973).

[32] I am indebted to the National Academy of Sciences Report on *Databanks In a Free Society* for the idea of a Citizen's Guide to Files. See pp. 362–63.

THE GENOCIDE CONVENTION

Mr. PROXMIRE. Mr. President, I would not be calling the attention of the Senate to the Genocide Convention unless I was convinced that it is as vitally important today as when it was first drafted.

The relevance of the treaty is readily apparent. Last summer I spoke at length regarding the senseless policy of genocide being carried out in the African nation of Burundi. Last Sunday, in an Op-Ed article in the New York Times, Roger Morris detailed the slaughter of the majority tribe, the Hutus, by the ruling minority, the Tutsi. It is my firm conviction that the United States would have been more successful in halting such atrocities if we were a signatory of this convention. As the situation stands today, our protests of moral outrage have a hollow ring.

This then is the reason for ratification. As long as such outrageous acts occur throughout the world, the United States must demonstrate its total opposition to them. Ratifying the Genocide Convention would equip us with the moral leadership that we need. I urge my colleagues to join with me in seeking ratification.

Mr. President, we should have been the first nation to ratify this treaty. We must act before we are the last.

GHANA: 17TH ANNIVERSARY OF INDEPENDENCE

Mr. HARTKE. Mr. President, the Republic of Ghana is celebrating today, March 6, its 17th anniversary of independence, and I wish to congratulate the people of this talented nation on this happy occasion.

Since independence, Ghana has made remarkable progress in all fields of development. She has built roads, hospitals, new townships, developed rural electrification and has supplied her people with pipe-borne water, and other social amenities. New schools have been built and the old educational system has been changed to reflect the needs of their society.

The Government of the National Redemption Council, led by Col. Ignatius Kutu Acheampong, has shown practical understanding of the young nation's problems by injecting strict discipline into the economy. Imports have been controlled to appreciable levels and every effort has been made to boost exports in textiles, wood products, aluminum alloys, processed cocoa products, and so forth. This has yielded positive results; the high price of cocoa, timber, and gold on the world market has also added more inputs into the economy and, as a result, unemployment, inflation and high prices show a downward trend.

Under private and official auspices, there has been an extensive exchange of students; and American tourists are visiting Ghana in increasing numbers. Ghanian professors are encountered frequently on American campuses, and Americans serve on the faculties of Ghana's three universities.

Much of the cocoa consumed in the United States originates in Ghana, where American businessmen and investors play a significant role in the local economy. Throughout Ghana's independent history, we have been a major source of foreign assistance, much of which was employed to construct the Akosombo Dam, whose generators power one of the world's major aluminum smelters.

The National Redemption Council, which celebrated the second anniversary of its rule on January 13, has confronted severe economic problems. Heavy reliance on cocoa receipts, chronic trade and payments deficits, massive inherited debts, and high unemployment, are just a few in a nation where modest growth has been undercut by a rapid rise in population. To overcome these interrelated problems, the National Redemption Council inaugurated in 1972 a self-reliance program designed to encourage greater agricultural self-sufficiency and diversification, as well as import restraint. "Operation Feed Yourself" was launched in Northern Ghana recently with the object of increasing agricultural production of food and industrial crops and diversifying Ghana's economy in order to reduce overdependence in cocoa and timber. Ghanians are determined to make the nation self-reliant and economically viable.

These measures, together with a fortuitous rise in cocoa prices, largely explain the trade and payments surpluses experienced last year, as well as impressive growth in Ghana's foreign reserves. As we salute Ghana's people on this anniversary, we wish their Government success in overcoming the economic problems which afflict the nation, and we congratulate Ghana's leaders on their progress to date.

SEVENTEENTH ANNIVERSARY OF THE INDEPENDENCE OF GHANA

Mr. THURMOND. Mr. President, the country of Ghana today celebrates the 17th anniversary of its independence. In commemoration of this event, I have been asked to insert in the CONGRESSIONAL RECORD a brief statement of the remarkable progress that Ghana has made in the last 17 years.

Accordingly, Mr. President, I ask unanimous consent that this statement, entitled "Ghana Is 17 Years Old Today, March 6, 1974," be printed in the RECORD at the conclusion of my remarks.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

GHANA IS 17 YEARS OLD TODAY, MARCH 6, 1974

Since independence seventeen years ago, Ghana has made remarkable progress in all fields of development. She has built roads, hospitals, new townships, developed rural electrification and has supplied her people with pipe borne water, and other social amenities. New schools have been built and the old educational system has been changed to reflect the needs of our society.

The Government of the National Redemption Council, led by Colonel Ignatius Kutu Acheampong, has shown practical understanding of our problems by injecting strict discipline into the economy. Imports have been controlled to appreciable levels and every effort has been made to boost exports in textiles, wood products, aluminium alloys, processed cocoa products, etc. This has yielded positive results; the high price of cocoa, timber and gold on the world market has also added more inputs into the economy and, as a result, unemployment, inflation and high prices show a downward trend. The third phase of "Operation Feed Yourself" was launched in northern Ghana recently with the object of increasing agricultural production of food and industrial crops and diversifying Ghana's economy in order to reduce overdependence on cocoa and timber. Ghanians are determined to make the nation self-reliant and economically viable.

Ghana's economic and industrial policies provide for viable foreign investment and partnership in certain economic areas. The Capital Investments Board provides incentives and liberal concessions to prospective investors who are willing to co-operate with us on equal terms in prescribed areas of operation.

The expansion of Ghana's trade with the United States and other North and South American countries, including the Caribbean, will be vigorously pursued by the National Redemption Council.

With regard to Foreign Affairs, Ghana has continued to build effective links with her neighbors, worked towards a Common Market in West Africa and supported vigorously the Organization of African Unity, the United Nations and its Specialized Agencies, the Third World, the Non-Aligned Group and other regional groups in their efforts to free Africa from colonialism and racialism. Within these organizations, Ghana will continue to join all peace-loving nations in their programmes to raise the living standards of peoples all over the world.

It is our hope and belief that the current achievements of the National Redemption Council will continue to inspire Ghanians in all walks of life so that Ghana shall be a shining example to all lovers of peace, freedom, justice and human progress.

THE EMBASSY OF GHANA.

USDA PROMULGATES DISCRIMINATORY FOOD STAMP REGULATIONS FOR PUERTO RICO

Mr. CRANSTON. Mr. President, the regulations just promulgated by the Department of Agriculture, setting forth the "eligibility" and "coupon allotment" schedules for the food stamp in Puerto Rico, are in clear violation of the Food Stamp Act and wrongfully discriminate against the people of Puerto Rico. The Department's newly announced coupon allotment provides only $122 monthly to a family of four, instead of the $142 that a mainland family gets, thus harming Puerto Rico's poor and violating our statutory provisions as well. The income guidelines are approximately 14 percent lower than the mainland's and will exclude many hungry people from the program.

According to the Food Stamp Act as amended in 1971, eligibility schedules for the territories are to "reflect the average per capita income" for the territory involved. In Puerto Rico, where the per capita income is $1,713 as of 1972, eligibility would start at that figure for a one-person household and would be increased by that amount for each additional member of the household. This would be the method of determining household eligibility in the Puerto Rican food stamp program, but such eligibility in the Puerto Rican food stamp program, but such eligibility standards would not be permitted to exceed the levels of the mainland standards.

According to the Food Stamp Act coupon allotments are to reflect the "cost of obtaining a nutritionally adequate diet" in the respective territories, although such allotments are not to exceed those in the 50 States. However, where we know that the cost of obtaining food in Puerto Rico is as much as 120 percent of what it is in the continental United States, "coupon allotments" may not be set at a lower level than has been presented for those States. Unfortunately, despite the fact that food costs substantially more in Puerto Rico than it does in the United States, and since therefore the "cost of a nutritionally adequate diet" must be higher on the island than it is on the continent, USDA set lower coupon allotments for Puerto Rico. This clearly is contrary to the Food Stamp Act.

I urge the Secretary to rescind these income-eligibility and coupon allotment schedules which will enable the people of Puerto Rico to fully participate in this vital program. Swift action by the Secretary is necessary. This is because the current law, as amended last August, now requires that the food stamp program be implemented throughout Puerto Rico by the beginning of fiscal year 1975—July 1, 1974. The only exception to this requirement is if the Commonwealth government, like any of the 50 States, clearly demonstrates that it is administratively "impossible or impracticable" to implement the program in any particular political subdivision. Since we expect the Commonwealth to speed up its recently announced timetable and meet the July 1, 1974 deadline, it is necessary for the Agriculture Secretary to act quickly. His regulation should be changed at once.

UNDERSTANDING THE CONSTITUTIONAL REMEDIES OF RESIGNATION AND IMPEACHMENT

Mr. BROOKE. Mr. President, the events of recent months have forced both the Congress and the country to confront squarely the issues of resignation and the impeachment process. Yet, regrettably, many Americans still do not comprehend fully the meaning and significance of these two terms. This confusion has led to an excessive, almost unnatural fear of both resignation and impeachment. Last week, in a speech to the students of Marquette University in Milwaukee, Wis., I sought to analyze these issues within the context of our present situation. Although we must be cognizant of the risks inherent in either resignation or the impeachment process, we must not shirk our constitutional responsibilities merely because the course of action may be difficult. If our country is to remain a nation of law, every citizen must be willing, no matter what the personal sacrifice, to do what must be done.

Mr. President, I ask unanimous consent to have my remarks printed in the RECORD.

There being no objection, the remarks were ordered to be printed in the RECORD, as follows:

REMARKS OF SENATOR EDWARD W. BROOKE

RESPONSIBILITIES INHERENT IN A CONSTITUTIONAL DEMOCRACY

Impeachment! Resignation!

These headline grabbing words instill fear in the hearts of many Americans. Sadly they are widely viewed as unthinkable at best and unspeakable at worst. But events propel these terms into the forefront of the American mind and the American vocabulary. And the people of our nation must neither flinch nor falter at their thought or mention.

Indeed an educational process is in order to dispel the apprehensions; to correct the misconceptions; and to end the numbing confusion. The time has come to meet head on the issues of impeachment and resignation. We must remove the clouds of ambiguity that envelop them!

The events of the past year make it painfully apparent that an extraordinary remedy to the nation's leadership ills must be prescribed. The Watergate revelations have shocked the American people on almost a daily basis. Accounts of criminal misdeeds, unethical conduct, and the attempted subversion of our political processes by members of the President's staff and campaign committee have left America stunned. A chronicling of just the past few months is sufficient to make clear the need for decisive action.

In October, the firing of the first Watergate Special Prosecutor, Archibald Cox, and the resignations of Attorney General Elliot Richardson and Deputy Attorney General William Ruckelshaus enraged the nation. More than one million telegrams were sent to Congress demanding the impeachment or resignation of President Nixon.

In November it was disclosed that two of the subpoenaed tapes that were the objects of extensive litigation during the summer and the fall did not exist. Shortly thereafter it was announced that a third tape had a mysterious eighteen-and-one-half minute gap that coincidentally covered the entire conversation between President Nixon and H. R. Haldeman three days after the Watergate break-in.

And then on January 15, in perhaps the most startling revelation of all, a panel of tapes experts, selected jointly by the White House and the District Court, unanimously concluded that the eighteen-and-one-half minute gap was the result of five, and possibly nine, deliberate erasures.

The Watergate scandal is unprecedented in its scope. Thus far we have witnessed the departure of at least sixteen major Administration officials, including the President's top two White House aides, two Attorneys General, an F.B.I. Director, and the President's counsel.

In addition, twenty members of the Nixon Administration have either been convicted or indicted for criminal offenses. And it is predicted that major indictments are still to come.

All of this has had a devastating effect on the American people's confidence in their political institutions. And, unfortunately, the nation has especially lost its confidence in its President.

This loss of confidence is reflected in all the polls and surveys. The Gallup Poll of February 4th indicated that 64 per cent of those polled do not approve of President Nixon's conduct in office. Those approving dropped to a new low of 26 per cent. The latest Gallup Poll shows a slight increase of those approving to 28 per cent. And, most alarming is that three-fourths of the country believes that the President had some role in the planning or the cover-up of Watergate.

Congress is held in even lesser esteem according to a recent Harris Poll. The poll found only 21 per cent of those polled willing to give Congress a positive rating. I believe this reflects the dissatisfaction of the people with a Congress of which members are quicker to oppose than propose and more inclined to rhetoric than action.

One month ago, in his State of the Union message, President Nixon said that one year of Watergate is enough. In one sense he was absolutely correct—one night of Watergate is too much! But, Watergate and all that has subsequently come under the heading of that umbrella-like word did occur. And, our system of justice cannot rest until the American people have learned the whole truth and those responsible have answered to the law. To accept anything else would be a repudiation of our highest principles.

On November 4th, in response to a question on ABC's Issues and Answers, I stated that I had reluctantly come to the conclusion that it would be in the best interests of the country if President Nixon resigned. Ten days later, at a meeting in the White House, I reviewed my thoughts on resignation with Mr. Nixon personally. And, tonight I continue to believe that the President's resignation would serve the best interests of the country.

The reasons for my advocating resignation are many. Most importantly, the President's resignation would spare the country the prolonged agony of impeachment proceedings, trials, and the dreaded prospect of a crippled presidency.

Unencumbered by Watergate and related matters, a new President, in this instance, Gerald Ford, would be able to devote all of his energies to the resolution of our country's problems. He could concentrate on reconciliation and thus eliminate the atmosphere of confrontation that has so consistently dominated the past twelve months.

A significant consideration in my decision has been the effect of Watergate on the Republican Party. I have long held that the preservation of the two party system is vital to the political stability and vitality of our nation. Our two-party system is now threatened more than at any time in our history.

In the past nine months the popularity of the Republican Party has decreased at an alarming rate. According to recent polls, in congressional races nationwide, the Democrats were preferred over Republicans by a 58–29 margin. Senator Barry Goldwater has released polls that show a 10 per cent drop in support for G.O.P. candidates. Most recently in Michigan's 5th District, held by Republicans since 1910 and by Vice President Ford since 1948, a Democrat was elected over a Republican by a 53%–46% margin. And Watergate was the major issue in the campaign. Another indication of the diminishing strength of the Republican Party is that no fewer than eighteen Republican representatives have already announced that they would not seek re-election. And it is difficult, in too many cases impossible, to recruit Republican candidates for the 1974 congressional races.

If this Republican dilemma continues to exist, or worsens, the result would be an unprecedented disaster for Republicans in 1974 and 1976 and thus for the country, which depends on the balance and restraint of our two party system.

It is for these reasons that I suggest resignation as the proper course of action. As painful as it may be, and despite obvious difficulties, I believe it to be superior to the alternatives available to us. It offers us the most expeditious means of restoring the confidence of the American people in their governmental processes. It would not be a panacea for our ills, but it would offer us an opportunity to begin anew.

Opponents of resignation claim that it is an extra-legal precedent and that it will "destroy the presidency." I believe both arguments are specious.

First, the Constitution explicitly considers resignation in two different sections. Article II, Section I, clearly provides for removal of a President through "Resignation or inability to discharge the Powers and Duties of the Office." The 25th Amendment to the Constitution permits the President to resign if he acknowledges that he is "unable to discharge the powers and duties of his office." Obviously, resignation cannot be deemed unconstitutional or "extra-legal."

Other critics of resignation fear that it would mean that future chief executives would be hounded out of office when enough voters become disenchanted with them.

But, such critics fail to perceive the essential distinction between this case and those of past and perhaps future presidents. This President is not being asked to leave office because of a fundamental disagreement with his policies and a concommitant slump in the polls. On the contrary, resignation is suggested because President Nixon, based on the misdeeds of so many of his chief subordinates, no longer commands the consent of the governed. In the words of Roger Crampton, the Dean of the Cornell Law School, it is doubtful that resignation would set a precedent since in this case there was a "criminal conspiracy emanating from the White House. God help us if it happens again."

But, if, as President Nixon repeatedly suggests, he remains steadfastly opposed to resignation, then we have no recourse but to proceed with the impeachment inquiry in the House of Representatives.

I am not saying that I believe Richard Nixon should be impeached or removed from office. What I am saying is that there is now sufficient evidence before us that warrants, indeed demands, an impeachment investigation. And, we have a constitutional obligation to weigh the sufficiency of evidence as to whether further action is in order.

Americans have an almost preternatural fear of the impeachment process. Raoul Berger, the distinguished constitutional historian, suggests: "Impeachment, to most Americans today, seems to represent a dread mystery, an almost parricidal act, to be contemplated, if at all, with awe and alarm."

Yet, even if, as Lord Bryce once put it, impeachment is the heaviest artillery in the legislative arsenal, it should not instill such unreasonable fear. Though an exceptional remedy, it is not a novel one. The roots of impeachment go back as far as Fourteenth Century England. Impeachment, said the House of Commons in 1679, was the "chief institution for the preservation of government."

Impeachment is mentioned no less than five times in our Constitution. The Founding Fathers were realists. They recognized the fallibility and weakness of human nature. They drafted a Constitution replete with checks and balances to prevent arbitrary action by any one Branch of government.

Perhaps the remedy of impeachment is the harshest provision in the Constitution. But we must remember that above all else the colonists dreaded a chief executive who would exceed the proscribed powers of his office. The impeachment process was to be "a bridle" upon the President, explained the *Federalist Papers*, and it was enacted out of fear of "encroachments of the executive."

Because of the importance they attached to it, impeachment constitutes a deliberate breach in the separation of powers, so that no arguments drawn from that doctrine (such as executive privilege) may apply to the preliminary inquiry by the House or the subsequent trial by the Senate.

And it is herein that I see the greatest portent for a Constitutional confrontation, unsurpassed in its enormity and effect. If through defiance or reluctance, the President seeks to impede or thwart the impeachment investigation he may very well find himself subject to impeachment on these grounds alone. I hope, for the nation's and his sake, that President Nixon will cooperate fully with the House of Representatives without any hesitation or qualifications.

The very idea of a presidency kept in check seems startling to many Americans today. Yet, the Founding Fathers were not radicals; it is we who have built up an almost mystical concept of an "Imperial" presidency.

The framers of the Constitution made impeachment and removal an arduous process. It was not designed to be used frivolously. It was meant to be an extraordinary constitutional proceeding whereby a president suspected of committing criminal acts, abuses of power or serious offenses against the public interest could either be exonerated or removed from office. And, that is precisely the situation we face today.

The term impeachment itself is often misunderstood. Impeachment is not synonymous with the removal of the President. Strictly speaking, impeachment refers solely to the action of the House of Representatives. When the House decides to initiate an impeachment inquiry, it instructs the House Judiciary Committee to investigate reports or charges of executive misconduct. If the Judiciary Committee determines that the President has committed an impeachable offense it draws up Articles of Impeachment and reports them to the full House. The House debates and then votes on the Articles. If a majority of the House votes in favor of the Articles, the President is considered impeached. But this is not a verdict of guilt. Impeachment is more analogous to a grand jury indictment.

The Articles are then filed with the Senate, and the Senate serves them on the accused. The trial in the Senate has the Chief Justice of the United States Supreme Court acting as presiding officer and the Senate acting as judge and jury. A two-thirds majority vote of the Senate is needed to convict. Conviction results in removal from office and a prohibition from running for future public office.

One must concede that the inherent risks involved in pursuing a course of impeachment are real and many. Impeachment proceedings could very well be a long, traumatic, and tortuous experience for the country. Impeachment could cause extreme bitterness and divisions among Americans, leaving the presidency immobilized while it ran its course. And, there is the additional factor that a trial in the Senate resulting in acquittal by slightly more than one-third of the Senators would further diminish the President's already gravely impaired ability to govern.

It is necessary to weigh against the risks of impeachment the inescapable costs of a failure to initiate impeachment proceedings. In my opinion avoidance of the impeachment process at this time would have a far more devastating effect upon the fabric of the American body politic than the impeachment proceedings themselves. For their avoidance would mean the relinquishing of one of this country's most precious heritages—the rule of law.

Yet, instead of confronting the disturbing remedies that the Constitution provides, many Americans are willing to tolerate, or ignore, the present situation. They forget Justice George Sutherland's admonition: "If the provisions of the Constitution be not upheld when they pinch as well as when they comfort, they may as well be abandoned."

A recent Roper Poll amply demonstrates this attitude. According to the Roper Poll, almost eight out of every ten Americans believe that the President has committed a serious crime. The Poll shows that 45 per cent of the people want Mr. Nixon impeached while 44 per cent oppose impeachment—but only 11 per cent oppose impeachment because they think the President is innocent. The other opponents of impeachment simply fear the destructive impact impeachment might have on the nation.

Other surveys underscore this paradox. One poll shows that the majority of the American people do not want President Nixon to stay on as President of the United States for the next three years. Yet, a very definite majority expect that he will.

These polls seems to say that many Americans have not only lost confidence in their leaders and institutions, but in themselves. How long, I wonder, can our democracy survive the degree of equanimity—or perhaps inurement—that seems so prevalent today? For, if the people are willing to tolerate government law-breaking, we will cease to have a government of laws.

As Justice Louis Brandeis stated a half a century ago:

"Decency, security and liberty alike demand that government officials shall be subjected to the same rules of conduct that are commands to the citizen. In a government of laws, existence of the government will be imperiled if it fails to observe the law scrupulously. Our government is the potent, the omnipresent teacher. For good or ill, it teaches the whole people by its example. Crime is contagious. If the government becomes a lawbreaker, it breeds contempt for law; it invites every man to become a law unto himself; it invites anarchy."

The American people must not wallow in apathy. And the Congress cannot shirk its constitutional obligations.

And I believe our institutions are durable. Time and time again our country has proved its resiliency. If once more we are asked to prove it, let us go forth and meet the new challenge. Let us not hold back because the way may be difficult. If it is the right thing to do, let us not proceed with undue trepidation, but with the confidence expected of a free people.

The questions of registration and impeachment, although of crucial importance to the American people, pertain basically to the narrow issues of Watergate culpability and responsibility. It is my hope that whatever the resolution of these issues, we will not ignore the lessons of Watergate.

If Watergate is to have any lasting meaning or significance for the American people, we will have to understand what factors contributed to its inception. Only then will we be able to undertake corrective action and prevent reoccurrences.

Watergate is the result of many complex factors, but perhaps foremost, it represents the culmination of more than four decades of the unchecked expansion of the powers of the American Presidency. Beginning with the Administration of President Franklin Roosevelt, we have stood by, helplessly if not happily, as each successive President usurped more and more of the legislative branch's constitutional prerogatives. Congress, by abdicating many of its responsibilities, was an accomplice in this usurpation.

Executive aggrandizement of power has resulted, quite frankly, in the corruption of the Constitution. The careful structural balance upon which the Constitution rests has been uprooted. And few, liberals or conservatives, have done much to prevent it.

The distortion of the Constitution has manifested itself in many areas besides the excesses of Watergate. Two of the more blatant examples are: the power of the purse and the war power. Congress is making progress regaining these powers. We are about to reform our Congessional budgetary processes and have enacted the War Powers Act, yet as I previously suggested we remain on a collision course with the Executive branch in regard to the doctrine of executive privilege.

Congressional acquiescence, its inability to effectively check the power of the White House had led not so much to the oft talked about arrogance of power, but the power of arrogance. Time and again this arrogance has shown itself in the White House's relationship with Congress, with the Judiciary, and with the press.

For too long those in the White House neither feared nor expected a check upon their arbitrary use of power. This aura of impunity no doubt spurred the as yet unknown architects of the Watergate break-in. Sadly, this disdain for Constitutional restraints remains even in the wake of Watergate.

If our liberties are to be preserved, if future Watergates are to be prevented, we must search for the means to restore the constitutional balance among the three branches of government. "Separation of powers" must once again become stern reality rather than a hollow ringing phrase.

And such a constitutional balance, precluding arbitrary actions by any one branch of the government will mean a government more conservative procedurally.

Shared and balanced powers and responsibilities are apt to be more slowly applied and upheld. A true balance of power compels increased consultation and compromise. Thus, it entails a less hasty more deliberative governmental pace.

To be sure we often chafe at the sometimes plodding Congress, preferring at times the rapid-fire action which we identify as efficiency, characteristic of the White House. But the framers of the Constitution did not intend for us to remove the keystone of our governmental system—the concept of checks and balances—solely for the sake of efficiency.

To them checks and balances were permanent essentials not temporary expedients. And we must understand that as we seek to reapply these constraints to a President, we thus constrain future presidents. And these Constitutional checks must always be neutral in their application. A popular President or a compelling cause must not at some future time be allowed to vitiate our Constitutional safeguards. The lessons of Watergate must be a lasting reaffirmation of the inherent limits and necessary balances of government and above all the inviolable rights of the governed.

This time-tested philosophy applied once again, will insure that ours is a government carefully and constitutionally defined and limited adherence to this philosophy should prevent future Watergates and restore and renew our Constitutional democracy. I know of no more urgent task. I know of no more noble goal.

OMINOUS CHANGES IN THE WORLD'S WEATHER

Mr. HUMPHREY. Mr. President, recently I read an outstanding article by Tom Alexander entitled "Ominous Changes in the World's Weather." In citing the research of Reid Bryson, meteorologist and director of environmental studies at the University of Wisconsin, Mr. Alexander states that "the world's climate is reverting rapidly to its less beneficient norm." A warming trend, which began in 1890, peaked in 1945—and ever since temperatures have been dropping sharply. The most prominent effect of the falling temperatures is to alter the integrated system of winds which sweep around the planet. This in turn has the potential for human disasters of unprecedented magnitude. For example, this new wind pattern has blocked vital monsoon rains from large sections of Africa, Asia, and Central America.

Bryson has predicted the climatic situation will get worse. It could affect "the whole human occupation of the Earth—like a billion people starving." The period from about 1890 to 1945 was merely a short respite from the "little ice age." We are now headed slowly into another major ice age. Global mean temperatures have been as high as they are now for only about 5 percent of the time for the past 700,000 years.

Man's activities have played a significant role in the cooling effect. Dust, both manmade and natural, suspended in the atmosphere produces the fall in temperature because it circumvents the warming effect of sunlight and carbon dioxide. Bryson contends that smoke from slash and burn land clearing, and windblown dust from mechanized agriculture are dangerous human contributions to the air pollution responsible for the global cooling trend.

Mr. President, Dr. Bryson testified this fall during hearings held before my Foreign Agricultural Policy Subcommittee on the "World Food Situation." I believe that his conclusions are important and must be seriously analyzed by all of those who are involved in domestic and world food policy.

I ask unanimous consent that Mr. Alexander's excellent article from the February 1974 issue of Fortune be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

Ominous Changes in the World's Weather

(By Tom Alexander)

For several years now, odd and unpleasant things have been happening to weather around the world. The droughts south of the Sahara, where unknown thousands of persons have died of famine and its associated diseases and millions more have been kept alive only by emergency food shipments, have been well publicized. It is not so well known that the African drought belt is part of a much larger dry-weather pattern extending all the way through the Middle East to India, South Asia, and North China. Drought has struck Central America as well. While these regions were drying up, places as widely scattered as the midwestern U.S., the Philippines, and Italy were submerged in some of their severest floods in centuries. And while low-temperature records were being broken in some northern regions, Siberia for example, others such as European Russia and the northeastern U.S. were enjoying unprecedentedly warm winters.

Not too long ago, if anyone asked whether something was going wrong with the climate, weather scientists answered with a slightly superior, "No." The eminent British meteorologist Hubert Lamb, who heads Europe's only climatic research organization, at the University of East Anglia, says it has always been assumed that climatic change of any significance was something that belonged to the geological past. "It was denied that there was anything other than random fluctuations from year to year or from one little group of years to another." Climatology, the study of long-term weather conditions, was regarded, says Lamb, as "the dullest branch of meteorology."

ARMADILLOS IN RETREAT

In the last decade, however, a number of scientists from several disciplines have concluded that some fairly drastic climate change *is* going on. Their message is that for nearly half of the current century mankind was apparently blessed with the most benign climate of any period in at least a thousand years. During this kindly era the human population more than doubled. But now there's good reason to believe that the world's climate is reverting rapidly to its less beneficent norm.

The changes, which are charted on the facing page, began with a pronounced warming trend after about 1890. Mean temperatures peaked in 1945 and have been dropping sharply ever since. The total drop since the Forties—about 2.7° F.—hardly seems dramatic, but the effects have been substantial. Icelandic fishing fleets that learned to range northward during the warm period have now had to return to traditional waters to the south. For the first time in this century, ships making for Iceland's ports have found navigation impeded by drifting ice. Since the late Fifties, Iceland's per-acre yield of hay has dropped 25 percent.

In North America the armadillo extended its range as far north as Nebraska during the warming trend, and now is beating a retreat southward again. In England, the average growing season is two weeks shorter than it was prior to 1950. As Lamb puts it, "Global temperatures since 1945 constitute, we believe, the longest unbroken trend downward in hundreds of years.."

GRANDPA WASN'T KIDDING

A fair rule of thumb is that *any* climate change is bad; not only armadillos but man and his institutions are adjusted to precisely the weather that prevails. As for the present cooling trend, a number of leading climatologists have concluded that it is very bad news indeed. They say that it is the root cause of a lot of that unpleasant weather around the world and they warn that it carries the potential for human disasters of unprecedented magnitude. The most telling effect of the falling temperatures is to alter the vast, integrated system of winds that sweep about the planet. And the most grievous result of the new wind pattern has been the blocking of vital monsoon rains upon which large sections of Africa, Asia, and Central America depend. Elsewhere in the world there seems to be a return to the more extreme and variable weather conditions—including floods, droughts, and great winter blizzards—that were typical of the nineteenth century. "When Grandpa said the weather was different in his day, he wasn't kidding," remarks one climatologist.

Long-range climate forecasting is still pretty much beyond the grip of science, but in recent months highly respected climatologists have been risking their reputations to predict that things will get worse. Japan's Meteorological Agency has warned its government to expect long-term increasing coldness in the north and drought in western Japan.

In the U.S., the most outspoken perceiver of climatological danger signals is Reid Bryson, director of the Institute for Environmental Studies at the University of Wisconsin. "There is very important climatic change going on right now," he says. "And it's not merely something of academic interest, It is something that, if it continues, will affect the whole human occupation of the earth—like a billion people starving.

The effects are already showing up in rather drastic ways."

"THE MOST ABNORMAL PERIOD"

Bryson drawns upon a broad variety of research performed by himself and others, but his conclusions are molded by his own unusual combination of interests. Originally, he wanted to become an archaeologist. During World War II, however, he was trained in meteorology by the Army Air Corps and became persuaded that this field might provide a unique perspective into the study of man. After the war, he received the thirtieth Ph.D. degree in meteorology ever handed out in the U.S. and went on to found the meteorology department at the University of Wisconsin, now the largest in the country. He has spent much of his scientific career in remote parts of the world gathering hints as to what past climates were like and what might have caused them to change. At the same time, his archaeological interest has kept him unusually conscious of the effects of climate upon man—and vice versa.

From this long-range perspective, Bryson finds it wildly inappropriate that it is the modern era, with its beneficent climate, that meteorologists, by international agreement, define as normal. "It's perfectly obvious," Bryson says, "that this has been the most abnormal period in at least a thousand years." He points, for example, to the fact that from 1918 to 1960 India experienced far fewer droughts than would have been expected from the prior record. The comparable absence of famine in this period, he contends, has played a large role, along with improved medical care, in causing the population of such regions as India to more than double in this century.

Bryson believes that the period from about 1890 to 1945 amounted merely to a brief respite from the "little ice age" that has held the world in its grip ever since the sixteenth century.

THE WHITENING OF GREENLAND

Before the little ice age, grapes were widely cultivated in England, and the French complained of English wine makers dumping their wares in European markets. As early as the tenth century, the Vikings had established prosperous colonies in Greenland, having named the island for its verdant pastures. By the early fifteenth century, however, these colonies were wiped out by cold and hunger and now four-fifths of Greenland lies buried under hundreds of feet of ice cap.

From the evidence found in such things as sea-floor sediments, peat bogs, and tree rings, the earth's long-term climatological history has been as full of rallies and plunges as the stock market. Even the little ice age is really only a minor squiggle in much longer-term oscillations between warm periods and true ice ages. In terms of these cycles, there's fair agreement among researchers that the earth is now heading very slowly into another major ice age such as the one that brought the glaciers deep into North America before it retreated some 10,000 years ago.

One of climatology's more surprising recent conclusions, derived from investigations of sea-floor sediments, is that for at least the past 700,000 years, global mean temperatures have been as high as they are now only about 5 percent of the time. Says Cesare Emiliani, who has been plotting the long-term cycles at the University of Miami, "We used to think intervals as warm as the present lasted 100,000 years or so. Instead, they appear to be short, infrequent episodes." Another surprising finding is that sometimes transitions from one major temperature regime to another have taken place with astounding rapidity, often within a century or so.

What makes the temperature fluctuate at all is a matter of intense debate. Many believe that the long-term cycles have astronomical causes. The earth has a slightly elliptical orbit that brings it closer to the sun at certain times of the year than at others. In addition, the axis upon which the earth spins is tilted. Finally, the earth wobbles slightly upon this axis, like a top. The combination of all these circumstances can, for example, lead to a series of very cool summers during which an unusual proportion of each winter's snow fails to melt in the northern latitudes.

It is known that the world's climate is a delicately balanced system, full of sensitive feedback mechanisms that serve either to amplify or to counter changes that occur. It is also known that the climate depends primarily upon the amount of solar radiation that gets absorbed by the earth and atmosphere. This is determined by the planet's overall "albedo," the measure of its reflectivity. The greater the albedo, the colder the earth. Since white things are highly reflective, clouds are major contributors to the albedo, as are snow and ice.

VOLCANOES THAT DIMMED THE SUN

Clouds can serve to moderate whatever climate trend is under way: if the earth's surface temperature climbs for whatever reason, more water evaporates and may rise to form more cloud cover. This increases the albedo and lowers the rate of heating. Ice and snow, on the other hand, provide positive feedback: if the average year-round temperature decreases, the extent of ice and snow coverage increases and reflects more of the incoming sunlight back to space. The result is to lower the rate of heating still more, particularly in the regions closest to the poles.

There's yet another contributor to the planet's albedo—airborne particles, particularly the extremely fine dust particles that have been carried too high in the atmosphere to be washed out by the precipitation. Many of these particles remain aloft for months or years. It's Reid Bryson's thesis that dust of various kinds initiates short-term cooling trends with characteristic time spans of decades or centuries.

Past cool epochs, he believes, were triggered by increases in volcanic eruptions, which spewed huge quantities of dust into the stratosphere. Historical writings are full of accounts of the dimming of sunlight and the brilliant sunsets that prevailed throughout the world for several years after major eruptions. Scientists who have drilled through many layers of the Greenland and Antarctic ice sheets report evidence of lower temperatures in the same layers in which a lot of volcanic dust is deposited. And most climatologists agree that a diminution of the sunlight as small as 1 percent would suffice to initiate a cool period and perhaps even major glaciation.

During the early parts of the century, when the climate began warming, volcanoes were unusually quiescent. They've been acting up again since 1955, and monitoring stations in places as scattered as the Caucasus Mountains, Mongolia, and Greenland have recorded measurable increases in dust fall, as well as decreases in the transparency of the atmosphere, and in the amount of direct sunlight reaching the earth.

THE HUMAN IMPACT

Bryson calculates, however, that neither volcanic activity nor the lack of it seems sufficient to account for the temperature ups and downs of this century. He is convinced that man's activities have been playing an increasingly significant part.

In agreement with other climatologists, he believes that a substantial increase in carbon dioxide from the burning of fossil fuels contributed to the earlier warming trend, through what's called the "greenhouse effect." Carbon dioxide happens to be quite transparent to light of short, visible wavelengths, which include most of the energy we receive from the sun. After this light penetrates the atmosphere, however, it is converted into heat by the earth and reradiated at the longer infrared wavelengths. Carbon dioxide molecules are not very transparent to infrared wavelengths, so this energy is trapped and reinforces the solar heating effect.

Bryson contends that sometime after 1930, the cooling effect of more dust in the atmosphere began to overpower the warming effect of carbon dioxide. Part of the dust blanket, no doubt, is due to industrial pollution. But Bryson suspects that windblown dust from mechanized agricultural operations and overgrazed arid land, plus smoke from the primitive slash-and-burn land-clearing methods widely practiced in the tropics, may have contributed even more. While all the man-made particles together are probably still outweighed by contributions from nature—volcanic dust, salt particles from evaporated ocean spray, and organic compounds emitted by vegetation—the human contribution is the only part over which man has any control.

Whatever its source, dust has a more pronounced cooling effect on the polar regions than on the tropics. For one thing, sunlight reaching the poles must travel obliquely through the dust layers, and therefore more of it is reflected. Also, there seems to be much less dust over the equator than in middle and higher latitudes.

NATURE'S EFFORT TO EQUALIZE

What makes this variation important is that large-scale circulation of the atmosphere is largely induced by the temperature difference between the equator and the poles. The wind system can be viewed as nature's effort to equalize temperatures around the globe.

One mechanism is the heating and ensuing rise of warm, moist air from the equatorial oceans. In rising, the air sheds much of its moisture on equatorial rainy belts and then, like air above a radiator that spreads along the ceiling to the cooler walls, it travels toward either pole. It reaches only about a third of the way to the poles before it descends again to create the high-pressure belts where most of the world's major deserts are found.

Some of the descended air circulates back toward the equator in the form of the trade winds, while the rest continues on toward the poles. As it does so, it still carries with it much of the speed induced by the earth's east-to-west spin. At the equator, this amounts to about 1,100 mph, while precisely at the poles, of course, the rotational speed is zero. So as the air moves poleward, it blows more and more strongly from the west—the prevailing westerlies at lower altitudes and the jet streams on high.

Eventually the poleward-trending air runs into a barrier of sorts in the form of great caps of heavy, cold air extending outward from either pole. Together the westerly winds and the polar air mass make up what meteorologists call the "circumpolar vortex." It resembles a great skirt whirling around the poles. The lower hem of this skirt is full of waves and turbulence, particularly in the Northern Hemisphere, where there are numerous mountain ranges to perturb the flow of the wind.

Waves along the boundary come in several sizes. The very largest—of which there are normally only from two to six stretching end to end around the earth's temperate zones—tend to remain semistationary. Their location is determined partly by terrain and partly by temperature differences between various parts of the earth's surface.

RAIN ON THE PLAINS

The vagaries of the circumpolar vortex account for most of the weather patterns in the temperate zones. The westerly winds, following the wavy profile, serve to bring warm southern air to northern regions or cold northern air southward. The greater the temperature contrast between the equator and the poles, the deeper and more numerous are the waves in the vortex, as though nature were trying harder to equalize the temperatures.

Long-range meteorologist Jerome Namias of the Scripps Institution of Oceanography says that the peculiarly cold winters in the western U.S. and the warmish winters in the East over the last few years are due to a southward projection of one of these waves, which has now situated itself over the central U.S. Cold air flows down its western boundary, and the return flow warms the East.

Such large waves also establish which places get rain and which don't. Several of Bryson's colleagues at Wisconsin, who detect emerging patterns like those that prevailed during the nineteenth century, predict that one consequence will be a return of heavier rainfall in the western plains and Rocky Mountain states. Many of the forty-niners who made the trek to California recounted that a hazard of crossing the plains was losing sight of the main party amid endless seas of head-high grass—growing in regions that are practically desert today. Climate, Bryson speculates, may have played a greater part than hunters in the disappearance of the huge herds of bison.

SNOW IN AUGUST

But the new weather patterns seem likely to do more harm than good, even in North America. Excessive rain on the plains can contribute to flooding as far away as the Mississippi Valley, where rivers got far out of their banks last spring. In Canada last year, a storm in the middle of August dropped eight inches of snow on the western wheat fields. This is reminiscent of midsummer snows that occasionally devastated New England agriculture early in the nineteenth century.

The grain belt in the U.S. Midwest would probably be less affected, but, even so, production might not measure up to past levels. James McQuigg, a government climatologist at the University of Missouri who specializes in the economic implications of weather, has for some years been analyzing the year-by-year yields of various American crops during the past century and relating these to each year's weather. While conventional wisdom has it that the phenomenal yields of the last fifteen years or so are attributable to improved technology and crop strains, McQuigg concludes that at least as much credit should be given to extremely favorable temperatures and rainfall. "The probability of getting another fifteen consecutive years that good is about one in 10,000," says McQuigg, who also happens to subscribe to Bryson's theories about a deteriorating climate.

Elsewhere in the world, the effects of changes in the circumpolar vortex could be massively tragic. Last year, British meteorologist Derek Winstanley analyzed the persistent droughts in Central Africa, the Middle East, and India. Winstanley concluded that instead of withdrawing northward as the Northern Hemisphere warms up each summer, the lower hem of the vortex has stayed unusually far south. In turn, the great desert-forming belts of descending air have been pushed farther south into heavily populated regions. The outward rush of air from these high-pressure zones has prevented the moisture-laden summer monsoon winds from penetrating into grazing lands that are dry the rest of the year. So the blocked monsoons ended up dropping their precious rainfall into the oceans or into regions that already have too much rain anyway.

IF DESERTS MOVE SOUTH

Winstanley also noted that some areas to the north, on the Mediterranean coast, had been getting unusually heavy rainfall, while farther north still, in the British Isles, for example, rains had been generally scanty in recent years. He concluded that all these weather peculiarities derived from the same general circumstances: namely, the expanding size and the increasing waviness of the circumpolar vortex. If these weather patterns persist, they will shift entire deserts such as the Sahara southward, and all mankind's efforts to halt such climatological encroachment by, for example, planting windbreaks, or irrigation, will be futile.

By now, many experts agree that the circumpolar vortex is behaving in the peculiar way Winstanley describes. Reid Bryson ties this behavior mostly to the global cooling trend and the widening temperature gap between the poles and the equator. In effect, the circumpolar vortex is acting a little as though it were winter all year round, refusing to contract poleward and smooth itself out.

Even though man's increasing production of carbon dioxide has helped to moderate the cooling trend and should continue to do so, Bryson contends that the greenhouse effect may actually be contributing to the troubles in the monsoon belt. Carbon dioxide in the atmosphere warms the earth's surface more than it does the upper air. The effect of a greater ground-to-air temperature differential is to increase the force of the upward movement of air at the equator and therefore the downward rush of air over the deserts.

Some climatologists remain unconvinced by Bryson's theories about the cause of the present cooling trend and the likelihood of its persistence. One of the most prominent of them is J. Murray Mitchell Jr., of the National Oceanic and Atmospheric Administration, who says, "I'm an agnostic. We observe these trends in the Northern Hemisphere, and we've seen they're real. But we can't find the central tendency of the trends or know how long they will last." Mitchell emphasizes that it's impossible to predict volcanic activity, and that climatic change appears to be a random matter. He suspects, though, that the present cooling trend will reverse itself for natural reasons, aided, perhaps by the greenhouse effect. This would ease the blockage of the monsoons.

Other doubters include astronomer Walter Orr Roberts and M.I.T. meteorologist Hurd Willett, who suspect that climatic change is influenced by variations in the sun itself. They are among a number of meteorologists who have long puzzled over an apparent—though disputed—relationship between weather patterns and the eleven-year sunspot cycle. So far, though, no one has much in the way of an acceptable theory as to just how sunspots, which seem to cause only very small changes in solar energy, could exert any observable effect upon the climate.

BAD ODDS FOR OPTIMISTS

Others emphasize that climatological theory as a whole is still far too primitive to predict what the future holds. One of these is Stephen Schneider, who is attempting to construct a mathematical model of climatological change at the National Center for Atmospheric Research in Boulder, Colorado. Schneider believes that there's just as much in the way of physical evidence favoring a future warming trend as there is for continued cooling. Nevertheless, Schneider acknowledges that past experience can at least help to educate guesses about what the future holds: "If you were a gambler looking over the record and saw a temperature peak such as the one we've just been through, you wouldn't gamble that we're going to go back to that again. So Bryson has got his fingers on what is potentially a very serious problem."

A surprising number of respected figures in the field are willing to go along with Bryson's grim scenario—or at least regard it as a plausible outcome, based on present knowledge. Britain's Hubert Lamb, together with colleagues, is completing a study of last year's drought conditions in Africa, Trinidad, and the northern part of South America. Like Bryson and Winstanley, Lamb's group is coming to conclude that the droughts are associated with the cooling trend and particularly with the cooling of the Arctic. "Bryson and I have got an almost identical view of this," says Lamb, "but one must remember that there are quite important fluctuations in a rather short time scale going on all the time, superimposed on this long-term trend, so to speak. Probably 1973 was a particularly bad year."

BANKING FOOD FOR EMERGENCIES

A fervent convert to Bryson's position is Kenneth Hare, of the University of Toronto, former president of Britain's Royal Meteorological Society, and now director general of research on the environment for the Canadian government. "Bryson is the most important figure in climatology today," Hare declares. "I'm naturally a lot more conservative than he is, but I take what he says very seriously indeed." Hare is interested in persuading governments to establish food banks to meet the climatic emergencies that he thinks may come to pass. "I don't believe the world's present population is sustainable if there were more than three years like 1972 in a row," he says.

No one has much idea as to how long the new climatic regime will last or how far it will proceed. At best, though, there's considerable inertia in the climate-generating system in the form of vast depths of ocean water that, once cooled, would take decades, at least, to warm back up again. Lamb's investigations reveal that past cool periods usually lasted for about a century, the minimum being about forty years.

Bryson believes that monsoons will probably not return regularly to regions such as northern India during the remainder of this century. If he is correct, there would seem to be scant prospect that even the present populations of the monsoon belts can be maintained, even if all the arable land in the rest of the world were placed in full production for this purpose.

WHY EMPIRES FELL

Recently, some archaeologists and historians have been revising old theories about the fall of numerous elaborate and powerful civilizations of the past, such as the Indus, the Hittite, the Mycenaean, and the Mali empire in Africa. There is considerable evidence that they may have been undone not by barbarian invaders but by climatic change. Bryn Mawr archaeologist Rhys Carpenter has tied several of these declines to specific global cool periods, major and minor, that affected the global atmospheric circulation and brought wave upon wave of drought to formerly rich agricultural lands.

Refugees from those collapsing civilizations were often able to migrate to better lands. And Bryson speculates that a new rainfall pattern might actually revive agriculture in some once-flourishing regions such as the northern Sahara and the Iranian plateau where Darius's armies fed. But this will be of little comfort to people afflicted by the southward encroachment of the Sahara. The world is too densely inhabited and politically divided now to accommodate mass migrations.

McQuigg at Missouri and several researchers in a food-climate research project under way at Wisconsin's Institute for Environmental Studies are also concerned about the impact of climate change upon the highly specialized crop strains developed in the vaunted green revolution. They suspect that the price that has been paid for the high productivity may be lack of adaptability. The grains have been optimized for the narrow spectrum of temperature and rainfall that has prevailed in recent decades. There's reason to assume, say these researchers, that even though the older strains yield less under optimum conditions, they are more tolerant and likely to yield more under the multiple stresses of climatic change.

Climatologists worry, too, that powerful nations may try to overrule nature through ill-considered engineering projects. In the U.S.S.R., for example, a third of the grain crop comes from the drought-prone virgin lands of Siberia, and there has been talk of diverting some of the great Siberian rivers into vast irrigation projects. These rivers empty into the Arctic Ocean, where the light, fresh water spreads out atop the salt water and permits the arctic seas to freeze over. According to some experiments by a Russian scientist, O. A. Drozdov, and by British meteorologist R. L. Newson, who constructed a mathematical model of winds in the Northern Hemisphere, the paradoxical consequence of preventing the freezing of the Arctic Ocean is likely to be that winters would become colder and drier over many continental areas in middle latitudes. Even some prominent Soviet meteorologists have spoken out against the proposal. But if disastrous, prolonged droughts were to overtake the Siberian wheatlands, Soviet authorities might conclude that there is little to lose in going ahead with the projects.

PLENTY OF MARGIN FOR ERROR

From the anthill perspective of a human lifetime, it is easy to perceive the sand-grain texture of weather but hard to comprehend the rolling topography of climate. Perhaps the most crucial insight to be gained from what the climatologists are learning is not some exact forecast of future climate, but rather that climate is, for calculational purposes, not a constant factor. Rather, it appears to be a wildly fluctuating variable—and a more important problem than others that we know a lot more about. In writing the equations for mankind's survival, we'd better allow plenty of margin for error.

WHO PAYS THE COST OF SOCIAL SECURITY BENEFITS?

Mr. HARTKE. Mr. President, throughout my 15 years in the U.S. Senate, I have consistently fought for increased social security benefits for the retired and disabled of this Nation. These people deserve to live in dignity, and the only way we can assure that is to provide adequate social security benefits.

At the same time, I have pointed out for the past 3 years that we cannot continue to raise benefits without finding new methods of financing those benefits. Lower and middle income workers are being saddled with an ever-increasing tax burden to pay for the benefits of workers already retired. That burden will increase during the coming years as the proportion of older people in our population rises dramatically.

I have proposed that we use general revenues to finance a modest portion of the retirement and health insurance benefits under social security, and that we lower the payroll tax for low-income workers. The essence of my proposals is contained in S. 1838, introduced during the first session of this Congress.

Mr. President, I ask unanimous consent that an article from the January 1 issue of the Washington Post describing the impact which new social security benefits will have on workers' incomes be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

Social Security's Higher Deductions Cut Incomes Today

Higher Social Security taxes beginning today will reduce wages and salary income of millions of Americans, while inflation will erode the buying power of what is left.

In fact, a single worker who earned $12,900 in 1973 and gets a 5.5 per cent pay increase probably will lose $1,659.25 in buying power this year.

Under the new Social Security law, workers pay an additional $105.30 to benefit an estimated 30 million senior citizens, widows and children. The tax would grow an additional $35.10, if President Nixon signs a bill on his desk to provide 11 per cent increases to Social Security beneficiaries.

The tax bill for Social Security is negligible, howevery, when compared with inflation, which is expected to be the primary eroder of buying power if it continues at 8 per cent in 1974 (a lesser rate than the 8.4 per cent through Nov. 30, 1973).

For instance, a couple with two children and 1973 income of $12,900 gets a 5.5 per cent pay boost in 1974. Income after taxes would be $11,357.92 compared with $10,907.20 in 1973. When the 8 per cent inflation factor is added to net income, the couple's buying power is $10,449.28 or $457.92 less than 1973.

The same couple with a 5.5 per cent pay raise from $17,900 to $18,885 would have net income of $15,666.90 in 1974. With the inflation factor, the buying power of $14,413.54 is $616.66 less than the 1973 spendable income of $15,030.20.

An unmarried working man or woman who takes care of a parent or one child would have $11,021.90 in after-tax income with a 5.5 per cent pay increase from 1973 base pay of $12,900. With the inflation factor, take-home pay will buy $441.06 less than the net income of $10,581.20 in 1973.

The same head of a household earning $18,885 after a 5.5 per cent pay increase would have net income of $15,468.95—with buying power $621.77 less than the $14,853.20 of 1973.

A single worker with the same gross earnings would have $14,941.25 in net pay this year with buying power $631.25 less than the $14,337.20 net pay of 1973.

But the hardest burden falls on the single worker who earned $12,900 last year and gets a 5.5 per cent pay increase in 1974.

The Social Security and graduated income taxes will erode the worker's net pay from $10,698.20 to $10,595.60 (the only category in this sample for which net pay is actually less despite a pay boost).

THE FOOD STAMP PROGRAM

Mr. STEVENSON. Mr. President, since its enactment in 1964, the food stamp program has been a most valuable tool in the effort to eradicate hunger and malnutrition. At first, this program was available only in the 50 States. Then, in 1971, Congress amended the act so as to permit Puerto Rico, Guam, and the Virgin Islands to participate. In 1973, Congress made such participation mandatory by June 30, 1974. The Department of Agriculture has now delayed implementation in many parts of the island until later in 1974 and in San Juan until March 1975. This violates Congress mandate. Moreover, the Department of Agriculture has, in apparent violation of the law, promulgated coupon allotment schedules for Puerto Rico which severely limit the benefits of participation.

The size of each eligible household determines the amount of its coupon allotment. Coupon allotments are uniformly set by the Secretary, with the specific instruction that they "reflect the cost of obtaining a nutritionally adequate diet" in the 50 States and the territory involved. This means one thing: a comparison of coupon allotments between a territory and the 50 States is wholly dependent upon a comparison of food prices. Even though allotments in Puerto Rico, Guam, and the Virgin Islands cannot be set at higher levels than the ones used in the 50 States, the benefit levels must be the same as those used in the States if the cost of food is equal to, or higher than, the cost of food in the States. But, the Secretary has failed to follow the law. He has provided only $122 monthly to a four-person family in Puerto Rico while mainland families receive $142 monthly even though food prices are higher than in mainland United States. Poor people throughout the Island, therefore, will be unable to obtain a nutritionally adequate diet.

Finally, the Secretary has issued income guidelines which will exclude many needy families that Congress intended to be included in the program. He did this by ignoring the statutory formula that requires income eligibility to be determined for each family by multiplying the Island's average per capita income by the number of persons in each family.

Discrimination against classes of citizens is an evil, no matter when or where it falls. To see such discrimination inflicted on American citizens by the Department required by Congress to assist them is most disheartening. It is my hope that the Secretary of Agriculture will amend these discriminatory schedules and issue in their place those mandated by law.

JUDGE PHILIP NEVILLE—A GREAT MAN, A GREAT JURIST

Mr. HUMPHREY. Mr. President, last month America lost a great man, Minnesota a great jurist, a family a loving husband and father, and I a close personal friend. On February 13, Federal district judge Philip Neville of Minnesota lost his struggle with leukemia—a struggle which he fought courageously and without complaint.

I could speak at length of the superb qualities that Phil Neville displayed through a legal career that spanned more than 40 years. But I would prefer to point out a few instances of that career which by themselves can far better explain Phil Neville, the man and jurist.

For 5 years early in his career, Judge Neville taught at the Minneapolis College of Law. To him, teaching was more than mere instructing. It was a means of helping develop students to recognize not only their potential but more importantly their responsibility and obligation to others.

Judge Neville spent the rest of his life teaching, although his classroom expanded from that small room at the law school to a courtroom that spanned a U.S. judicial district, the State of Minnesota. As a result of his professorial outlook, it surprised few when upon appointment to the bench to be U.S. district judge in 1967, Judge Neville said:

Court decisions are important in everyday life, whether people realize it or not.

Judge Neville was a humane man who recognized fully and was sensitive to the needs of other human beings. Thus, it was this great man who while president of the Minnesota bar in 1963 encouraged that organization to support a public defender system for the indigent before any law was passed establishing that system. While U.S. district judge, it was Phil Neville who ordered that Minnesota prisoners be provided the constitutional due process guarantees afforded other citizens.

Judge Neville had a private side to his life and it was here that I knew Phil best. Phil always was a most gracious man, a very kind, decent and warm human being. To Phil Neville, his family meant the world. His deep love and devotion for his wife, Maurene, and his two sons and daughter were obvious.

Phil's private life included a sincere interest in his religion and concern for his church. Religion to Judge Neville was more than merely being a loyal supporter and member of the congregation at St. Stephen's Episcopal Church. It meant giving generously and unselfishly of himself not only in the Episcopal diocese of Minnesota but also serving at his own expense as a board member for an Episcopal school in Minnesota.

Mr. President, I miss Phil Neville. I miss that warm kind, and sensitive person who shared with me many personal moments of happiness and tragedy—and who allowed me to share those same moments with him. But I will always remember, as I know his family and friends and many Minnesotans will remember, the lesson that Judge Neville taught us—to live courageously and with love.

NATIONAL STANDARDS FOR WORKMEN'S COMPENSATION

Mr. CRANSTON. Mr. President, California workers can be proud of one of the best State "workmen's comp" programs in the country.

California meets most of the 16 criteria established for good programs by the U.S. Department of Labor. But some States meet only one; others just two or three. Employers in States with poor workmen's comp programs have a competitive advantage over employers in other States who have to contribute more to their better programs. This difference in treatment is unfair to the workers, too.

A farmworker injured in a California field can apply to the State for workmen's compensation; but a farmworker hurt in Texas is out of luck.

An illness caused by working conditions may be compensated in Connecticut, but the same illness in Alabama would not be covered.

Is that fair? Of course not.

To correct this inequity, Senator JACOB JAVITS of New York and Senator HARRISON WILLIAMS of New Jersey have introduced a bill, (S. 2008), which I strongly support, that would set national standards for workmen's compensation.

At Senate Labor Committee hearings in San Francisco last month, many disabled workers described seemingly endless battles to stave off poverty while battling company doctors, insurance adjustors and lawyers to obtain what is rightfully theirs. Spokesmen for organized labor urged early adoption of national compensation standards.

Passage of S. 2008 in the very near future is clearly in our Nation's interest.

RATIFICATION OF THE EQUAL RIGHTS AMENDMENT

Mr. BAYH. Mr. President, one of the questions which has aroused considerable interest in recent months with respect to the ratification of the proposed 27th amendment to the Constitution has been whether a State once it has ratified the amendment may later change its mind and rescind its ratification. The issue was first raised by the State of Nebraska which has now rescinded its earlier ratification. Several other States, in addition, have similar rescission resolutions pending before their State legislatures.

I am firmly convinced that, once a State legislature has exercised the powers given it by article V of the Constitution and ratified an amendment proposed to it by the Congress, it has exhausted its powers in this regard and may not later go back and change its mind. Recently the Indiana Law Journal published an article on this question by Ms. Lynn A. Fishel. After thoroughly researching the congressional and legal precedents, Ms. Fishel concludes that, under both a statutory and constitutional interpretation of the issues involved, attempted rescissions of earlier ratifications are not effective. I ask unanimous consent that the text of Ms. Fishel's articles be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

REVERSALS IN THE FEDERAL CONSTITUTIONAL AMENDMENT PROCESS: EFFICACY OF STATE RATIFICATIONS OF THE EQUAL RIGHTS AMENDMENT

With the Equal Rights Amendment [1] nearing the number of ratifications required [2] for inclusion in the Constitution, both opponents and proponents are intensifying pressure on state legislatures to reverse either earlier ratification or rejection. One state has already passed a resolution rescinding ratification and others are known to be considering similar resolutions.[3] Such state action presents important questions concerning how the votes of rescinding states and states which ratify after votes of rejection will be counted at the close of the ratification period.

The conventional assumption is that once a state has ratified a proposed amendment to the Constitution, that act is irreversible. It is also believed that a state may reconsider its rejection of an amendment, and change its vote to the affirmative at any time within the ratification period set by Congress.[4] However, the validity of these assumptions has never been definitively determined by the Supreme Court. Although the Court addressed reversal issues in the leading case of *Coleman* v. *Miller*,[5] the ambiguous language of that decision left the legal status of these assumptions still in doubt.[6] Therefore, the effectiveness of reversals by state legislatures of their earlier actions concerning the Equal Rights Amendment is uncertain.

There is a critical need for this uncertainty to be eliminated. Proponents and opponents of this amendment and future proposed amendments need reliable guides for their lobbying strategies. In addition, state legislatures which may consider revising prior resolutions on proposed constitutional amendments should be able to reliably predict the efficacy of such a course, so that they might avoid possibly futile actions. The rules by which any proposed amendment is to be ratified must be reliable and stable. Indeed, article V, which governs the amendment process, was designed to ensure such orderly change to the Constitution. It would be ironic if this article should itself be subject to uncertainty. This note examines the sources of the ambiguity in the law governing the ratification process and attempts to suggest avenues toward a much needed resolution.

SOURCES OF AMBIGUITY

Article V

Article V of the Constitution states in pertinent part:

"The Congress, whenever two thirds of both Houses shall deem it necessary, shall propose Amendments to this Constitution . . . which . . . shall be valid to all Intents and Purposes, as part of this Constitution, when ratified by the Legislatures of three fourths of the several States, or by Conventions in three fourths thereof, as the one or the other Mode of Ratification may be proposed by the Congress. . . ." [7]

Determining the efficacy of a ratification which has been passed after a vote of rejection, or the efficacy of a ratification which a state is purporting to rescind, requires interpretation of the words "when ratified" in article V. Three interpretations have been suggested.[8] First, under the *Chandler v. Wise* theory, the initial action of the state legislature concerning a proposed amendment may be considered conclusive and binding on future legislatures, even if it is an act of rejection.[9] Second, according to the "Kansas view," an original vote of rejection may be regarded as not conclusive, although an original vote of ratification would be.[10] Third, under the "lottery theory," neither rejection nor ratification may be considered as final until three-fourths of the states have ratified and the amendment adopted.[11] Historically, the predominant position has been that of the "Kansas view." [12] However, because the Supreme Court declared portions of the ratification process to be political questions in *Coleman v. Miller* [13] and left the issue to Congress, the continued validity of this historical position is open to question.

Coleman v. Miller

Coleman involved a challenge to a ratification of the Child Labor Amendment.[14] The Kansas Supreme Court had upheld the state legislature's ratification which had been passed over a previous rejection.[15] The facts in *Coleman* presented the Supreme Court with the question of whether a state, having rejected an amendment, could later ratify it.[16] The Court stated:

"The question of the efficacy of ratifications by state legislatures, in the light of previous rejection or attempted withdrawal, should be regarded as a political question. . . ." [17]

However, the opinion is confusing and contradictory because it does not stop there.[18] The Court arguably speaks to the merits, citing the traditional congressional pattern of treating ratification, but not rejection, as binding on a state.[19] It is uncertain from the Court's language whether it was approving the congressional precedent on legal grounds or whether it was merely noting its acceptance by the political branches. Despite this ambiguity, commentators have generally assumed that *Coleman* is a political ques-

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Footnotes at end of article.

tion holding[20] and that it therefore provides no judicial precedent for the conventional understanding[21] of the meaning of "when ratified" in article V. Thus, whatever validity these assumptions may have is drawn from congressional precedent.

CONGRESSIONAL PRECEDENT

During the ratification process for the fourteenth, fifteenth and nineteenth amendments, states attempted to reserve both earlier ratifications and rejections. Yet, there was an almost complete lack of explicit discussion by Congress of its own precedent during the ratification process for these amendments. Both congressional action and inaction during these periods are consistent with the view that ratification, but not rejection, is binding. Further, congressional behavior is not consistent with the other two possible interpretations of the article V term "when ratified."[22]

During the adoption of the fourteenth amendment, Congress was involved in several steps of the ratification process.[23] However, the record yields only one discussion on the question of whether it is within the power of a state under the Constitution to reverse prior action concerning ratification. The occasion was receipt by the Senate of an Ohio resolution withdrawing that state's earlier approval of the fourteenth amendment.[24] Among the three senators who spoke, there was no consensus on the permissibility of reversals. The Ohio resolution was merely referred to the Committee on the Judiciary, in effect killing the resolution.[25]

With no direction from Congress, when it appeared that three-fourths of the states had ratified, the Secretary of State issued a proclamation, certifying:

> "[I]f the resolutions of the legislatures of Ohio and New Jersey ratifying the . . . amendment are to be deemed as remaining of full force and effect, notwithstanding the subsequent resolutions of the legislatures of those States, which purport to withdraw the consent of said States . . . then the . . . amendment has been ratified . . . and so has become valid, to all intents and purposes, as part of the Constitution of the United States."[26]

The next day, without debate, both houses passed a concurrent resolution declaring that the fourteenth amendment should be promulgated. The resolution included in the list of ratifying states both those which had attempted to withdraw ratification (Ohio and New Jersey), as well as those which had ratified over prior rejection (North Carolina and South Carolina.[27] The Secretary of State then issued the definitive proclamation declaring the amendment adopted.[28]

During the ratification period for the fifteenth amendment, the debate was much livelier, due to the fact that the readmitted southern states were resuming their representation in Congress. Understandably, the discussions lacked unanimity. More telling was the final inaction of Congress. A joint resolution for congressional declaration of the ratification of the amendment was referred to, but never re-emerged from, the Committee on the Judiciary.[29] Therefore, there was no formal joint congressional action during this entire ratification period.

The Secretary of State, without congressional direction, proclaimed the amendment ratified.[30] He noted that while New York had sought to withdraw its ratification, Georgia had recently ratified. This brought the number of states to the required three-fourths, regardless of which way New York was counted. An attempt in the House to have the issue referred to a special committee failed[31] and, in the end, no action was taken by Congress to clarify the position of New York. No joint resolution was adopted mandating the Secretary to proclaim ratification as had been done for ratification of the fourteenth amendment.[32] Thus, the Secretary's proclamation stood notwithstanding the action by New York, which is now generally considered to be among those states which ratified the amendment.[33]

When the nineteenth amendment was ratified, it was simply promulgated by the Secretary of State, with no question directed to Congress, although both Tennessee which claimed to have rescinded ratification and West Virginia which had ratified over prior rejection were counted among the ratifying states.[34] It seems that the precedent for ignoring reversals was by then well set since no action of any kind was proposed or taken in Congress during this ratification period.

Congressional behavior during these three ratification periods has created precedent consistent only with the theory that ratification is binding, but rejection is not.[35] Had the Congress espoused the *Chandler v. Wise* position,[36] it would have been necessary to declare invalid the ratifications of those states which had first rejected the amendment. Had Congress espoused the lottery theory,[37] it would have been necessary to honor the attempted withdrawals of ratification.

The value of congressional precedent

Having established the substance of congressional precedent on ratification, it is necessary to examine its legal import in order to determine whether legislative precedent can resolve the dilemma for those who need to know the law governing the ratification process.

It is understood that no Congress can bind a future Congress. As Professor Black has put it:

> "[Based] on the most familiar and fundamental principles, so obvious as rarely to be stated . . . no Congress has the power to bind the consciences of its successors, with respect to grave questions of constitutional law. . . ."[38]

Precedents are necessarily less binding than laws since, when change is sought there is no need for formal repeal. In addition, Congress, being elected to represent the people at a particular time, is not as burdened as is the judiciary with the necessity of making its actions appear consistent. However, Congress is apparently cognizant of its own precedents when it confronts issues raised only infrequently, and has accorded them a certain amount of respect in the past.[39]

Regard for congressional precedent permeates the response of the Counsel to the Subcommittee on Constitutional Amendments of the Senate Judiciary Committee to an inquiry from the Nebraska State Senate concerning the permissibility of withdrawing ratification. The Opinion Letter opened:

> "Briefly the judicial opinions and, more importantly, the precedents established by the Congress itself make it clear that once a state has ratified an amendment, it has exhausted the only power conferred on it by Article V of the Constitution, and may not, therefore, validly rescind such action."[40]

The language in *Coleman* was then quoted to the effect that Congress is the final arbitrator of the question of efficacy.[41] The Letter next reviewed congressional precedent. Emphasis was placed on the proclamation of the Secretary of State[42] during the ratification of the fourteenth amendment as clearly posing the issue to Congress of the validity of ratifications which were subsequently rescinded. The congressional response in that case, as well as its response to the same question during the ratification period of the fifteenth amendment, were cited as relevant precedent.[43] The Letter concludes with what is currently the most authoritative statement available on the question of efficacy of ratification.

> "Congress . . . has expressed itself quite definitely on this question. It is my legal opinion as Counsel of the Subcommittee on Constitutional Amendments of the United States Senate that once a State has exercised its only power under Article V of the United States Constitution and ratified an Amendment thereto, it has exhausted such power, and that any attempt subsequently to rescind such ratification is null and void."[44]

However, since no Congress can bind a subsequent Congress, reversal of this precedent without prior notice is still a theoretical possibility, if not a practical probability. Judicial intervention may be necessary to prevent this occurrence and provide stability in the amendment process.

JUSTIFYING JUDICIAL INTERVENTION

At the end of the seven-year ratification period, the Congress which decides which states have effectively ratified the Equal Rights Amendment will not be the same one which proposed it. It can be argued that the proposing Congress acted under the dominant assumption that ratification, but not rejection is final. However, while this view of efficacy will not be legally binding on the Congress presented with the question of which state ratifications to honor, citizen lobbyists, state legislators and even members of Congress have relied on the continuing validity of this consistent legislative precedent.[45] A change in procedure by Congress during the ratification period would leave both opponents and proponents of the Equal Rights Amendment in confusion.[46] If such a change should come when the ratification period has ended, it could severely prejudice the legitimate expectations of whichever side ultimately loses.

The courts may well have a role to play in protecting the reliance interests of the citizenry and the states and ensuring that their efforts at orderly change are not disrupted by unexpected concerning the proper procedures for ratification. The courts can bring to this precedent the necessary finality to make it a reliable guide to present and future actions concerning constitutional amendment. The question arises, however, whether *Coleman v. Miller*[47] forecloses judicial intervention, or whether *Coleman* can be reinterpreted.

There is a constitutional interest in the stability that the courts could provide. The purpose of the Framers in including article V can only have been to provide for the orderly alteration of the Constitution to ensure its responsiveness to future generations. It is anomalous that a strictly construed political question doctrine might become the instrument for the disorder that would ensue from sudden congressional reversal of its own precedent. Such a use would violate the Supreme Court's articulated purpose for the application of the doctrine, that "a tool for maintenance of governmental order will not be so applied as to promote only disorder."[48]

Legal scholars have long recognized the need for finality in the amendment procedure. One commentator has urged that this goal be achieved solely through the courts:

> [S]ince this is the sort of question which the Supreme Court has often decided, and since there are no insuperable obstacles to reaching an accurate decision, the Court should have taken jurisdiction [in *Coleman*] and settled . . . the question . . . and *that can only be done by the Court.*[49]

Another commentator also argued for stability, but believed *Coleman* mandated that:

> "*The rules must be made by Congress*, unless . . . Congress . . . prefers to leave all questions open for decision if and whenever they may arise in connection with the ratification of any given amendment. But surely the law on such a basic matter as amending the Constitution ought to be known in advance; and the judicial branch has here passed full responsibility over to the legislative."[50]

While stability must be achieved, neither of the polar views of justiciability presented

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Footnotes at end of article.

by these commentators will yield the most desirable solution.

The goal for the courts should be to find the middle ground which pays respect to the role of Congress, as sanctioned in *Coleman*, in formulating the rules of ratification, but which at the same time protects the interests of stability and reliance against the possibility of congressional change in the midst of the ratification process.

TOWARD A SPECIAL ARTICLE V DOCTRINE OF JUSTICIABILITY

Any new judicial approach to article V cases must cope with the holding of *Coleman* that ratification issues are political questions and thus reserved exclusively to Congress for decision.[51] A re-examination should be conducted in light of the modern contours of the political question doctrine which has been more clearly defined since *Coleman*. The current law is derived from *Baker v. Carr*[52] which enumerated the factors to be considered in determining the presence of a political question:

"It is apparent that several formulations which vary slightly according to the settings in which the questions arise may describe a political question, although each has one or more elements which identify it as essentially a function of the separation of powers. *Prominent on the surface of any case held to involve a political question is found a textually demonstrable constitutional commitment of the issue to a coordinate political department; or a lack of judicially discoverable and manageable standards for resolving it. . . .*"[53]

Textually Demonstrable Commitment

The language in article V[54] could conceivably give rise to an argument that the powers under it are textually committed to Congress. However, in light of recent redefinition of the term, it would appear difficult to argue that ratification is "textually committed." In *Powell* v. *McCormack*[55] the Court held that the statement in article I, section 5 of the Constitution, "Each House shall be Judge of the . . . Qualifications of its own Members," was not so complete a textual commitment that it prevented the Court from considering issues concerning the seating or expulsion of congressmen.[56] The Court indicated that even if it initially found a textual commitment it would go further and define the scope of the commitment:

"For, as we pointed out in *Baker* v. *Carr*, . . . '[d]eciding whether a matter has in any measure been committed by the Constitution to another branch of government . . . is itself a delicate exercise in constitutional interpretation, and is a responsibility of this Court as ultimate interpreter of the Constitution.' "[57]

To accomplish this the Court was willing to go behind the text to review and analyze the historical context in which the controlling phrase was adopted in order to determine the intent of the Framers.[58] The Court's approach in *Powell* made clear that the notion "textual commitment" is far from absolute.

In order to examine to what extent the ratification process has been textually committed to Congress, it is necessary to determine the meaning of the phrase "when ratified" by looking to the historical background of article V. During the drafting of the article the most controversial portion was the role Congress would play in proposing amendments.[59] In order to balance that role, the states were given particular prominence in the ratification process.[60]

In view of this concern, there would seem to be no reason to conclude that the Framers intended article V to be within the exclusive control of Congress. No historical reasons appears to exclude the Court from its traditional role of interpretating the Constitution. The Court should be able to determine if the states have followed the correct amending procedure, whether this requires an interpretation of article V or of congressional statute or precedent.

Judicially manageable standards

Just as a textual commitment would indicate the presence of a political question, so also would the finding that there is a lack of judicially manageable standards.[61] Although the Supreme Court encountered little difficulty in determining judicially manageable standards for constitutional interpretation in *Powell v. McCormack*,[62] it seems unlikely that the Court meant to foreclose all future inquiry in constitutional cases into whether judicially manageable standards are available. Should the Court seek a source of standards for article V cases, it would find two possibilities which would not require overruling *Coleman*:[63] (1) an article V doctrine which would evolve a special theory of limited justiciability confining the Court's role in ratification cases to assuring that congressional precedent is not altered in the midst of the amendment process; and (2) a statutory construction theory which would limit the Court's intervention to interpretation of the statute which implements article V.[64] Either of these sources would permit the courts to provide stability to the ratification process while at the same time giving Congress a determinative role in formulating the rules for ratification.[65]

(1) Article V Doctrine

The adoption of this doctrine, which would give the courts a limited role in interpreting article V, would require reinterpreting that portion of *Coleman* which dealt with ratification.[66] Instead of being a pure political question holding, the case may have evidenced the continuation of an implicit doctrine followed by the Court in article V cases. Although Chief Justice Hughes in his opinion for the Court stated that "the question of the efficacy of ratifications by state legislatures . . . should be regarded as a political question,"[67] he reviewed congressional action during the ratification of the thirteenth, fourteenth and fifteenth amendments and then, arguably, came to an actual decision on the merits.

"Thus the political departments of the Government dealt with the effect both of previous rejection and of attempted withdrawal and determined that both were ineffectual. . . . This decision by the political departments of the Government . . . has been accepted."[68]

The conclusion that a historic precedent "has been accepted" seems inconsistent with a political question holding, as was pointed out in the concurring opinion of four of the justices:

"To the extent that the Court's opinion in the present case even impliedly assumes a power to make judicial interpretation of the exclusive constitutional authority of Congress ober submission and ratification of amendments, we are unable to agree. . . .

"The Court here treats the amending process of the Constitution in some respects as subject to judicial construction, in others as subject to the final authority of the Congress. . . ."[69]

Further, it seems unlikely that the Court intended a pure political question holding, since it cited several prior Court decisions concerning article V in such a way as to indicate their continuing validity.[70]

The *Coleman* decision, if interpreted as a pure political question holding, must be understood to have reversed a clear trend in which article V questions had been considered uniformly justiciable.[71] In the decade of the Twenties, a great flurry of judicial activity centered around the eighteenth amendment (Prohibition), the nineteenth amendment (Women's Suffrage), and the proposed Child Labor Amendment. Challenges to both the content of the amendments, as well as the procedures by which they had been proposed and ratified, were decided arguably on the merits. These decisions were sufficient to construe the following italicized portions of article V which constitute virtually all of the significant portions of that article:

"The Congress, *whenever two thirds of both Houses shall deem it necessary, shall propose Amendments* to this Constitution, . . . *which . . . shall be valid to all Intents and Purposes, as Part of this Constitution*, when ratified by the *Legislatures* of three fourths of the several States, or by Conventions in three fourths thereof, as the *one or the other Mode of Ratification* may be proposed by the Congress; . . ."[72]

Hawke v. Smith[73] held that a provision in a state constitution allowing legislation to be approved by referendum was inapplicable to ratification of a constitutional amendment because ratification is not a regular legislative act.[74] In reaching this decision, the Court construed the word "Legislatures" as it appears in article V.[75] This was the first time language within the article was construed by the Court. The holding necessarily implied that the choice of the "Mode of Ratification" could not be altered by state action.

The *National Prohibition Cases*[76] also provided an example of the Court's construction of language in article V. These cases established the principle that "two thirds of both Houses" could be interpreted in terms of congressional quorums rather than the total membership of each house for the purpose of determining whether a proposed amendment was "deem[ed] . . . necessary."[77] These cases also defined "Amendments" to include additions to, rather than merely changes in, matters already included in the Constitution.[78] These two portions of article V seem far more explicitly committed to congressional power by the Constitution than is the phrase "when ratified," the phrase which must be construed to ascertain the efficacy of ratifications.

In *Dillion v. Gloss*,[79] the Supreme Court held that the adoption of the eighteenth amendment was completed as of the date of ratification by the last state required, rather than as of the date of promulgation by the Secretary of State.[80] In so doing the Court necessarily construed the clause "which shall be valid to all Intents and Purposes as Part of this Constitution."

These cases can be interpreted in several ways. First, they can be understood as decisions on the merits concerning the meaning of the words of article V which the Court arrived at independent of congressional precedent. This would give the predominant role to the judicial branch in the construction of the article. Second, the cases could be construed as not involving the merits but meaning only that the congressional interpretations were within legislative powers under article V, thus giving the primary role to Congress. Or they may be understood in a third way which yields a cooperative role for the Court and the Congress. This last approach, which shall be called the article V doctrine, views the Court as adopting on the merits past congressional interpretations of article V as definitive constructions of the Constitution.

This third interpretation is the best supported by the evidence. The Court in the article V cases has never contravened a practice adopted by Congress.[81] This is too great a coincidence to be consistent with independent judicial constitutional construction. In addition, none of the pre-*Coleman* article V cases, although not overruled by *Coleman*,[82] appear on their face to be political question holdings consistent with the second approach above. Finally, langauge in *Coleman* itself goes beyond a pure political question holding and is indicative of acceptance of congressional precedent.[83] Chief Justice Hughes' statement that historic congressional precedent "has been accepted."[84]

Footnotes at end of article.

was interpreted by Professor Dowling to support this assertion:

> "The result of it all seems to be: . . . that the Court considers the law already settled by "historic precedent" to the effect that a state can change its vote from No to Yes (the same precedent refused to change from Yes to No). . . .
>
> "[This] itself involves something akin to a decision on the merits. That is to say, when the Court declared that the historic precedent of the Fourteenth Amendment "has been accepted" it was in that very declaration making a pronouncement on the law. . . ." [85]

Coleman, viewed as an acceptance of, rather than a deference to, congressional precedent is consistent with the article V doctrine advanced here as a source of judicially manageable standards. Under this doctrine, once a challenge to an amendment procedure is brought before a court, it will draw the logic for its constitutional interpretation from applicable congressional precedent and declare it henceforth to be the law. The congressional interpretation will thus be endowed with the necessary finality to be a reliable guide to those interested in amending the Constitution, whether they be individual citizens, state legislators or members of Congress itself.

The policies underlying a political question holding are in no way contravened by this doctrine. The role of the legislative branch is preserved by allowing it to interpret article V in the first instance. If congressional precedent on the issue is nonexistent, or should the Court not wish to lock Congress into an interpretation once utilized, it could make clear, as part of the special article V doctrine, that its interpretation will be law only so long as Congress does not pass a prospective general statute changing the amendment rules. Even this lesser role for the Court would protect reliance and stability by preventing congressional change without notice. While the course of judicial action suggested may seem unorthodox, it takes into consideration both the legitimacy of congressional flexibility in the amendment process and at the same time forecloses the possibility of congressional change without warning.

(2) Statutory Construction

As an alternative to applying the article V doctrine as the standard by which to decide ratification questions, the courts could adopt the method of statutory construction, a more conservative source of judicially manageable standards. The only statute concerning the amendment process ever passed by Congress provided as follows:

> "Whenever official notice is received at the Department of State that any amendment proposed to the Constitution of the United States has been adopted, according to the provisions of the Constitution, the Secretary of State shall forthwith cause the amendment to be published, with his certificate, specifying the States by which the same may have been adopted, and that the same has become valid, to all intents and purposes as part of the Constitution of the United States." [86]

As with congressional precedent itself, this statute is consistent only with the theory that rejection can be reversed, but ratification cannot.

The statute gives the Secretary of State (now the Administrator of General Services)[87] authority to act only when an amendment has been adopted. The Secretary's duty is an accounting and publication function with no discretion involved. His power is limited to counting ratifications as they are received from the states and announcing when the required proportion of the states have ratified. There is no provision in the statute for notification of a state's failure to ratify, nor is there any provision for rescinding a notification of ratification after it has been filed with the Secretary. Only once has a Secretary of State sought clarification of whether the ratification of a state attempting to rescind was still in force.[88] Congress responded in the affirmative.[89] by the time of the nineteenth amendment the precedent of ignoring reversals was so well established that the Secretary failed even to mention them in his promulgation.[90] Historic conduct under the statute is consistent solely with the theory which makes both prior rejection and attempted withdrawal null and void, a theory for which it is unnecessary to judge the efficacy of ratifications once official notice has been received.

The pre-*Coleman* article V case of *Leser v. Garnett* [91] in which the Court interpreted the pormulgation statute is consistent with this theory. In *Leser,* the nineteenth amendment was challenged on the ground that it was not ratified by the requisite number of states. Tennessee had voted to rescind earlier ratification. West Virginia's ratification was over prior rejection. Both questions concerning the efficacy of ratification were thus squarely presented to the Supreme Court in *Leser*. Justice Brandeis, for a unanimous Court, noted that the questions could be avoided on the ground that two additional states had since ratified the amendment, which arguably made the questions moot.

Nevertheless the opinion declared:

> "But a broader answer should be given to the contention. The proclamation by the Secretary certified that ... the proposed Amendment was ratified by the legislatures of thirty-six states, and that it "has become valid to all intents and purposes as a part of the Constitution of the United States. ..." As the legislatures of Tennessee and of West Virginia had power to adopt the resolutions of ratification, official notice to the Secretary, duly authenticated, that they had done so, was conclusive upon him, and, being certified to by his proclamation, is conclusive upon the courts." [92]

Thus the Secretary's duty to issue a proclamation of adoption, upon receipt of the requisite number of ratifications, without attempting in any way to judge their merit, was made even clearer. Like congressional precedent itself, the statute evidences only one meaning of the article V words "when ratified." A court could rely on *Leser* [93] and interpret this statute as the congressional decision on the law of ratification which may be held binding until repealed or amended.

The statutory construction approach, like the article V doctrine, would yield judicially manageable standards for determining the law of ratification. Should the courts follow this approach a certain amount of finality would be given to the ratification process upon which concerned citizens and legislatures might rely. At the same time, congressional participation in the process would be recognized. While the law of ratification could still conceivably be changed in the midst of a ratification period by repeal or amendment of the applicable statute, the necessity of formal action by Congress would make the likelihood of reversal of precedent less than if Congress were to remain free to accept or reject state ratifications. Statutory construction would provide greater protection for the interests of reliance and stability than if the courts were to follow a strict political question doctrine, although less than if the courts were to adopt the suggested article V doctrine.

CONCLUSION

The common assumption that ratification of a constitutional amendment is irreversible, but rejection is not, is an open legal question. With ratifications of the Equal Rights Amendment nearing the number required for adoption, there is a crucial need for an authoritative construction of the article V phrase "when ratified." Despite the traditional belief that *Coleman v. Miller,*[94] as a pure political question holding, precluded Court involvement in the amendment process, there is room for both Court and Congress in interpreting article V. The role of each would be preserved by the Court's adopting either the article V doctrine or the statutory construction theory suggested here. There is no need for the Court to substitute its judgment for that of Congress. Congressional intent is abundantly clear from its own precedent and from the promulgation statute. Either approach would serve the paramount purposes of reliance and stability. Moreover, none of the underlying policy considerations of the political question doctrine would be contravened.

Either approach would yield a firm interpretation that the meaning of "when ratified" in article V allows states to reverse rejection and later ratify, but not to rescind ratification.

LYNN ANDRETTA FISHEL.

FOOTNOTES

[1] Sec. 1. Equality of rights under the law shall not be denied or abridged by the United States or by any State on account of sex.

Sec. 2. The Congress shall have the power to enforce, by appropriate legislation, the provisions of this article.

Sec. 3. This amendment shall take effect two years after the date of ratification.

H.R.J. Res. 208, 92d Cong., 2d Sess. (1972); S.J. Res. 8, 92d Cong., 1st Sess. (1971).

[2] As of April, 1973, 30 of the 38 states necessary had ratified. 1 WOMEN'S RIGHTS L. REP., Spring, 1973, at 104.

[3] Nebraska has rescinded; Idaho, Tennessee and Kansas are among the states considering similar action. Letter from J. William Heckman, Counsel, Subcommittee on Constitutional Amendments, Senate Committee on the Judiciary, to State Senator Shirley Marsh, Nebraska State Senate, Feb. 20, 1973, on file with the *Indiana Law Journal* [hereinafter cited as Opinion Letter]; Letter from Donald E. Knickrehm, Idaho Assistant Attorney General, to Patricia L. McDermott, Member of House of Representatives, State of Idaho, Jan. 24, 1973, on file with the *Indiana Law Journal;* Letter from Robert H. Roberts, Tennessee Assistant Attorney General, to Victor H. Ashe, Tennessee State Representative, Mar. 13, 1973, on file with the *Indiana Law Journal;* Letter from Vern Miller, Kansas Attorney General, to Ruth Luzatti, Member of Kansas House of Representatives, Feb. 13, 1973, on file with the *Indiana Law Journal*.

[4] Interview with J. William Heckman, Counsel, Subcommittee on Constitutional Amendments, Senate Committee on the Judiciary, by telephone, October 23, 1973; *see* letters cited note 3 *supra*.

[5] 307 U.S. 433 (1939). *Coleman* dealt with the question of ratification after previous rejection. *See also* Chandler v. Wise, 307 U.S. 474 (1939). *Chandler* was a companion case to *Coleman* which presented the converse situation of withdrawal of ratification and was dismissed for lack of a justiciable question.

[6] *See* text accompanying notes 16–19 *infra*.

[7] U.S. Const. art V.

[8] L. ORFIELD, THE AMENDING OF THE FEDERAL CONSTITUTION 70–72 (1942) [hereinafter cited as ORFIELD].

[9] 307 U.S. 474 (1939). According to Professor Orfield although treating both acceptance and rejectiol as conclusive is logically consistent and would somehow protect minority rights, this position has received little support. *See* ORFIELD, *supra* note 8, at 70.

[10] Coleman v. Miller, 146 Kan. 390, 71 P.2d 518 (1937), *aff'd on other grounds,* 307 U.S. 433 (1939). The argument supporting this theory is that the Constitution creates only the positive power to ratify. Ratification will therefore exhaust the power granted, but

failure to ratify will leave it intact to be exercised at any time within the period set by Congress. It follows from this view of the powers under article V that ratification once given cannot be rescinded. H. Ames, Proposed Amendments to the Constitution, H.R. Doc. No. 353, 54th Cong., 2d Sess., pt. 2, at 299–300 (1897); *see* W. Willoughby, The Constitutional Law of the United States § 329a (1929); J. Jameson, A Treatise on Constitutional Conventions §§ 576–84 (1887) [hereinafter cited as Jameson].

[11] The term designating this theory is original. Professor Orfield seems to favor the position which is based on the argument that ratification should not be more final than rejection. He states:

"[T]here are even stronger practical arguments. It is more democratic to allow the reversal of prior action. A truer picture of public opinion at the final date of ratification is obtained. No great confusion is likely to result from such a rule. . . ."

Orfield, *supra* note 8, at 72. Orfield does not seem to comprehend the practical difficulties this proposed procedure would entail.

[12] *See* notes 3 & 4 *supra*. *See also* text accompanying notes 22–24 *infra* (discussion of congressional precedent).

[13] 307 U.S. 433, 450 (1939).

[14] H.R.J. Res. 184, 68th Cong., 1st Sess., 43 Stat. 670 (1924).

[15] Coleman v. Miller, 146 Kan. 390, 71 P.2d 518, *aff'd on other grounds*, 307 U.S. 433 (1939).

[16] Coleman v. Miller, 307 U.S. 433, 447 (1939). Two other questions, not relevant to the subject of this note, were also presented.

[17] 307 U.S. at 450. Since *Coleman* did not involve the situation presented by a state's attempt to rescind ratification, it could be argued that attempted withdrawal could not properly have been held a political question. But logically, there is no reason to distinguish between reversal of ratification or ratification over previous rejection. This logic is supported by the approach of the *Coleman* Court which dealt with both types of reversal as if they raised the same legal issue. *Id.*

[18] Dowling, *Clarifying the Amending Process*, 1 Wash. & Lee L. Rev. 215, 219 (1940) [hereinafter cited as Dowling]. N Small, The Constitution of the United States of America: Analysis and Interpretation, S. Doc. No. 39, 88th Cong., 1st Sess. 799–803 (1964) [hereinafter cited as Corwin because it is popularly known by the name of the original compiler, Edward S. Corwin].

[19] 307 U.S. at 450.

[20] *See* Clark, *The Supreme Court and the Amending Process*, 39 Va. L. Rev. 621, 635 (1953 [hereinafter cited as Clark]; Dowling, *supra* note 18, at 215; Opinion Letter, *supra* note 3.

[21] *See* note 4 *supra* & text accompanying.

[22] *See* notes 9–11 *supra* & text accompanying.

[23] This itself may have been a break with precedent. Among the first remarks which appear in the record concerning the question of adoption is the assertion by Senator Sumner that "in times past it has been the habit to leave this question to the Secretary of State, who has made an official certificate on the subject. . . ." Cong. Globe, 40th Cong., 2d Sess. 453 (1868) [hereinafter cited as 40th Cong.] Senator Sumner is likely to be dependable on the question of prior practice in this instance as he disagreed with it and was urging the Senate to pass a joint resolution proclaiming the amendment adopted. His joint resolution was referred to the Judiciary Committee without comment on its substance by any other Senator, and no action was taken. *Id.* For the text of the statute authorizing the Secretary of State to so act see text accompanying not 86 *infra*.

[24] 40th Cong., *supra* note 23, at 876–78.

[25] *Id.* at 878.

[26] 15 Stat. 706–07 (1868).

[27] 40th Cong., *supra* note 23, at 4266, 4270.

[28] 15 Stat. 708–11 (1868).

[29] Cong. Globe, 41st Cong., 2d Sess. 1444 (1869) [hereinafter cited as 41st Cong.].

[30] 16 Stat. 1131–32 (1870).

[31] 41st Cong., *supra* note 29, at 2298.

[32] *See* note 27 *supra* & text accompanying.

[33] Opinion Letter, *supra* note 3, at 4.

[34] 41 Stat. 1823 (1920).

[35] Chief Justice Hughes reached the same conclusion. Coleman v. Miller, 307 U.S. 433, 450 (1939).

[36] *See* note 9 *supra* & text accompanying.

[37] *See* note 11 *supra* & text accompanying.

[38] Black, *Amending the Constitution*, 82 Yale L. J. 189, 191–92 (1972).

[39] The most cogent modern example of this practice is the attempt, led by then Representative Ford (D.-Mich.), to impeach Supreme Court Associate Justice Douglas. *See* House Comm. on the Judiciary, 91st Cong., 2d Sess., Final Report by the Special Subcomm. on H. Res. 920 (Comm. Print 1970). Despite Representative Ford's assertion "that an impeachable offense is whatever a majority of the House of Representatives considers it to be at a given moment in history," *id.* at 36, the Special Subcommittee took great pains to go back through all past examples of impeachment attempts, to reconcile apparently conflicting precedents, and to test all the charges against the parameters they were able to develop, and concluded that their search had "not disclosed creditable evidence that would warrant preparation of charges on any acceptable concept of an impeachable offense." *Id.* at 349.

[40] Opinion Letter, *supra* note 3, at 1. The conclusion is based on the following argument of Judge Jameson:

"The language of the Constitution is, that amendments proposed by Congress, in the mode prescribed, 'shall be valid to all intents and purposes, as part of this Constitution, *when ratified by the legislatures of three-fourths of the several states*. . . .' By this language is conferred upon the States, by the national Constitution, a special power; it is not a power belonging to them originally by virtue of rights reserved or otherwise. When exercised, as contemplated by the Constitution, by ratifying, it ceases to be a power, and any attempt to exercise it again must be nullity. But, until so exercised, the power undoubtedly, for a reasonable time at least, remains. . . . When ratified all power is expended. Until ratified the right to ratify remains."

Jameson, *supra* note 10, §§ 579–81, at 628–30 (emphasis in original).

[41] Coleman v. Miller, 307 U.S. 433, 450 (1939).

[42] *See* note 26 *supra*.

[43] Opinion Letter, *supra* note 3, at 4. *See* note 26 *supra* & text accompanying.

[44] *Id.*

[45] *See* authorities cited notes 3 & 4 *supra*.

[46] Just the possibility of change raises questions of central importance which cannot be answered. Is it worth the effort to try to get a rejecting state to ratify? Is it worth the effort to try to get a ratifying state to reverse and attempt to rescind ratification? If a state has passed a rescinding resolution, is the original ratification to be relied on, or should efforts be mounted for re-reversal? How real is the possibility of change by Congress?

[47] 307 U.S. 433 (1939).

[48] Baker v. Carr, 369 U.S. 186, 215 (1962).

[49] Clark, *supra* note 20, at 649 (emphasis added).

[50] Dowling, *supra* note 18, at 220 (emphasis added).

[51] *See* notes 16–19 *supra* & text accompanying.

[52] 369 U.S. 186 (1962).

[53] *Id.* at 207 (emphasis added). The following standards, inapplicable here, were also listed in the opinion:

"[T]he impossibility of deciding without an initial policy determination of a kind clearly for nonjudicial discretion; or the impossibility of a court's undertaking independent resolution without expressing lack of the respect due coordinate branches of government; or an unusual need for unquestioning adherence to a political decision already made; or the potentiality of embarrassment from multifarious pronouncements by various departments on one question."

Id.

[54] *See* text accompanying note 7 *supra*.

[55] 395 U.S. 486 (1969).

[56] *Id.* at 550. Professor Wechsler had listed article 1, § 5 among the few explicit textual commitments in the Constitution. Wechsler, *Toward Neutral Principles of Constitutional Law*, 73 Harv. L. Rev 1, 8 (1959). The text of article 1, § 5 seems much more of a commitment to Congress than the expression "when ratified" from article V which would need to be interpreted in any redetermination of whether ratification is a political question.

[57] 395 U.S. at 521.

[58] *Id.* at 521–48.

[59] Orfield, *supra* note 8, at 2.

[60] *Id.* at 61. Likewise, Clark states:

"In view of the apprehension of the writers of the Constitution caused by giving Congress power to propose amendments, [1 Farrand, Records of the Federal Convention of 1787, 202–203 (1911); 2 *id.* at 629–31] the holding of the *Coleman* case provides an interesting example of the change both in outlook and method of government which has occurred since 1789."

Clark, *supra* note 20, at 651.

[61] *See* text accompanying note 53 *supra*.

[62] 395 U.S. 486, 549 (1969).

[63] Overruling *Coleman* would be unnecessary because the portion of the opinion which found it impossible to fashion judicially manageable standards related solely to the question of the lapse of time since the proposal of the amendment. Coleman v. Miller, 307 U.S. 433, 453 (1939). The absence of standards was not one of the factors which led the Court to conclude that efficacy of ratification was a political question.

[64] That statute is codified at 1 U.S.C. § 106b (1970).

[65] A third possible source of standards would be an independent constitutional construction theory. This theory is not advocated, however, because it would not protect reliance interests. The Court has stated that it does not consider itself bound by the constitutional interpretations of a coordinate branch. Powell v. McCormack, 395 U.S. 486, 549 (1969). Therefore, a court would be free to ignore congressional precedent and adopt any of the three possible interpretations of the article V phrase "when ratified." *See* notes 9–11 *supra* & text accompanying. Another objection to the theory is that it would threaten the separation of powers policies embodied in the political question doctrine. Baker v. Carr, 369 U.S. 186, 217 (1962).

[66] It is the language of Chief Justice Hughes, writing the opinion of the Court, that is capable of reinterpretation. It was not a majority opinion, however, and votes of those who joined in Justice Black's concurring opinion were necessary to reach the result. The concurrence is much more clearly a pure political question holding and therefore not capable of such reinterpretation. *See* Coleman v. Miller, 307 U.S. 433, 456–60 (1939) (concurring opinion).

[67] *Id.* at 450.

[68] *Id.* The Court then stated:

"The precise question as now raised is whether, when the legislature of the State, as we have found, has actually ratified the proposed amendment, the Court should restrain the state officers from certifying the ratification to the Secretary of State, because of an earlier rejection, and thus prevent the question from coming before the political departments. We find no basis in either Constitution or statute for such judicial action.

Article V, speaking solely of ratification, contains no provision as to rejection. Nor has the Congress enacted a statute relating to rejections. . . .

"The statute [now codified at 1 U.S.C. § 106b (1970)] presupposes official notice to the Secretary of State when a state legislature has adopted a resolution of ratification. We see no warrant for judicial interference with the performance of that duty."

Id. at 450–51. Again, the opinion seems to say too much to be completely consistent with a political question holding. The statement could be read to construe both the statute, and article V itself as having nothing to do with rejections. This would provide further support for the argument that the *Coleman* holding, as to efficacy of ratification, should be reexamined and reinterpreted to yield a special article V doctrine.

[69] *Id.* at 458.

[70] The Court's opinion included references to: Leser v. Garnett, 258 U.S. 130 (1922); Dillon v. Gloss, 256 U.S. 368 (1921); Hawke v. Smith, 253 U.S. 221 (1920); National Prohibition Cases, 253 U.S. 350 (1920).

[71] CORWIN, *supra* note 18, at 802; Dowling, *supra* note 18, at 215; Clark, *supra* note 20, at 646. Prior to *Coleman*, the only exception to the presumption of justiciability seems to be Luther v. Borden, 48 U.S. (7 How.) 1, 39 (1849) where the validity of adoption of an amendment is alluded to in dicta as a political question. In an even earlier case, Hollingsworth v. Virginia, 3 U.S. (3 Dall.) 378 (1798), questions as to the legality of an amendment has been assumed to be justiciable and the Court ruled on the merits concerning a step in the process of proposal.

[72] U.S. Const. art. V (emphasis added).

[73] 253 U.S. 221 (1920).

[74] *Id.* at 228.

[75] *Id.* at 227.

[76] 253 U.S. 350 (1920).

[77] *See id.* at 386.

[78] *Id.*

[79] 256 U.S. 368 (1921).

[80] The Court's determination resulted in affirming the denial of a petition for a writ of habeas corpus by a defendant who had been convicted of transporting intoxicating liquor. If, as he had argued, the effectiveness of the amendment depended on the date of promulgation, the amendment would not have been in effect at the time of his arrest. *Id.* at 370, 376.

[81] ORFIELD, *supra* note 8, at 13 n.12.

[82] *See* note 70 *supra* & text accompanying.

[83] Coleman v. Miller, 301 U.S. 433, 450 (1939).

[84] *Id.*

[85] Dowling, *supra* note 18, at 219.

[86] Act of April 20, 1818, ch. § 2, 3 Stat. 439. The statute was amended in 1951, but the only change was to substitute "General Services Administration" for "Department of State" and "Administrator of General Service" for "Secretary of State." Act of October 31, 1951, ch. 655, § 2(b), 65 Stat. 710, *amending* 5 U.S.C. § 160 (1940) (codified at 1 U.S.C. § 106b (1970)).

[87] *See* note 86 *supra.*

[88] 15 Stat. 706–707 (1868) (during ratification of the fourteenth amendment).

[89] 40TH CONG., *supra* note 23, at 4266, 4270.

[90] 41 Stat. 1823 (1920).

[91] 258 U.S. 130 (1922).

[92] *Id.* at 137.

[93] The precedential value of *Leser* may be questioned in light of Coleman v. Miller, 307 U.S. 433 (1939). The commentators are divided as to *Coleman's* effect on prior article V cases. *See* Bonfield, *Proposing Constitutional Amendments by Convention: Some Problems,* 39 NOTRE DAME LAWYER 659 (1964); Dowling, *supra* note 18, at 220.

Nevertheless, *Coleman* cited *Leser* for the following proposition:

"The statute [now U.S.C. § 106b (1970)] presupposes official notice to the Secretary of State when a state legislature has adopted a resolution of ratification. We see no warrant for judicial interference with the performance of that duty."

307 U.S. at 451. Thus, it was clear that *Leser* was not overruled since it was cited as authority for at least a portion of the holding.

[94] 307 U.S. 433 (1939).

ALLOCATION OF FOREIGN ASSISTANCE FUNDS

Mr. INOUYE. Mr. President, section 653 of the Foreign Assistance Act requires that within 30 days after the enactment of any law appropriating funds for foreign assistance the President reports any change in allocation of these funds by country.

Public Law 93–240, making appropriations for foreign assistance and related programs for fiscal year 1974, was enacted on January 2, 1974.

The new allocations of that assistance have been provided as required by law. I ask unanimous consent that a table reflecting these changes for military assistance, economic assistance, and the International Narcotics Control program be printed in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

FISCAL YEAR 1974 COUNTRY ALLOCATIONS OF GRANT MILITARY ASSISTANCE, BUDGET ESTIMATE COMPARED TO REVISED ALLOCATIONS

[In thousands of dollars]

	MAP	Supply OPs	Training	Total[1]	Revised allowance Feb. 5, 1974	Difference
Latin American region:						
Argentina			650	650	600	−50
Bolivia	3,996	250	454	4,700	2,980	−1,720
Brazil			800	800	800	
Chile			1,000	1,000	900	−100
Colombia			800	800	800	
Dominican Republic	796	70	534	1,400	880	−520
El Salvador	400	40	535	975	640	−335
Guatemala	1,080	100	520	1,700	799	−901
Honduras	400	30	535	965	640	−325
Mexico			140	140	140	
Nicaragua	1,023	40	437	1,500	835	−665
Panama	230	20	250	500	420	−80
Paraguay	550	50	500	1,100	850	−250
Peru			900	900	900	
Uruguay	1,000	100	400	1,500	802	−698
Venezuela			1,000	1,000	900	−100
Regional	525		1,210	1,735	400	−1,335
Subtotal	10,000	700	10,665	21,365	14,286	−7,079
European region:						
Austria			30	30	30	
Finland			20	20	20	
Portugal	323	100	477	900	900	
Spain	3,026	2,000	374	5,400	5,400	
Regional			50	50	50	
Subtotal	3,349	2,100	951	6,400	6,400	
African region:						
Ethiopia	10,454	1,200	796	12,450	12,500	+50
Ghana			50	50	40	−10
Liberia			100	100	100	
Mali			50	50	40	−10
Morocco			1,000	1,000	850	−150
Senegal			20	20	20	
Tunisia	2,476	100	324	2,900	1,300	−1,600
Zaire			400	400	350	−50
Regional			80	80	80	
Subtotal	12,930	1,300	2,820	17,050	15,280	−1,770
Near East and South Asia region:						
Afghanistan			215	215	200	−15
India			200	200	200	
Jordan	35,632	3,900	468	40,000	39,950	−50
Lebanon			150	150	150	
Nepal			30	30	25	−5
Pakistan			243	243	235	−8
Saudi Arabia			200	200	200	
Sri Lanka			50	50	15	−35
Turkey	85,501	12,500	2,499	100,500	61,200	−39,300
Regional			50	50	50	
Subtotal	121,133	16,400	4,105	141,638	102,225	−39,413
East Asia and Pacific region:						
Cambodia	167,194	13,500	5,806	186,500	[2] 142,349	−44,151
China, Republic of		5,700	500	6,200	6,100	−100
Indonesia	20,826	2,200	1,974	25,000	19,800	−5,200
Korea	238,789	22,500	2,411	263,700	134,800	−128,900
Malaysia			200	200	200	
Philippines	19,269	2,100	631	22,000	18,900	−3,100
Thailand	55,762	2,700	1,450	59,912	38,473	−21,439
Regional			300	300	300	
Special equipment transfer	28,300			28,300	28,300	
Subtotal	530,140	48,700	13,272	592,112	389,222	−202,890
General costs	24,748		1,187	25,935		−25,935
Grand total	702,300	69,200	33,000	804,500	527,413	−277,087

[1] Represents the President's original congressional request.

[2] This sum does not include the value of military assistance to Cambodia to be furnished under section 506, FAA, as amended.

AGENCY FOR INTERNATIONAL DEVELOPMENT—REVISED FISCAL YEAR 1974 PROGRAM ALLOCATIONS COMPARED WITH FISCAL YEAR 1974 CONGRESSIONAL PRESENTATION BILATERAL PROGRAMS[1]

[In thousands of dollars]

	Fiscal year—		
	Congressional presentation	Revised program allocations	Change
AFRICA			
Ethiopia	17,480	15,382	−2,098
Ghana	13,265	2,864	−10,401
Kenya	10,440	12,920	+2,480
Liberia	3,150	3,148	−2
Morocco	7,617	1,922	−5,695
Nigeria	7,655	4,130	−3,525
Sudan	5,400	5,285	−115
Tanzania	5,840	2,698	−3,142
Tunisia	9,408	2,793	−6,615
Uganda	360	160	−200
Zaire	7,125	1,587	−5,538
Central West Africa regional	37,615	47,808	+10,193
East Africa regional	1,600	928	−672
Southern Africa regional	12,428	15,034	+2,606
Africa regional	18,547	17,213	−1,334
Countries that receive self-help funds only, total	1,800	1,800	
Botswana	(2)	(60)	
Burandi	(2)	(10)	
Cameroon	(2)	(80)	
Central Africa Republic	(2)	(100)	
Chad	(2)	(100)	
Dahomey	(2)	(155)	
Gabon	(2)	(40)	
Gambia	(2)	(40)	
Guinea	(2)	(20)	
Ivory Coast	(2)	(30)	
Lesotho	(2)	(98)	
Malagasy	(2)	(20)	
Malawi	(2)	(90)	
Mali	(2)	(40)	
Mauritania	(2)	(60)	
Mauritius	(2)	(35)	
Niger	(2)	(100)	
Rwanda	(2)	(110)	
Senegal	(2)	(65)	
Seychelles	(2)	(10)	
Sierra Leone	(2)	(85)	
Swaziland	(2)	(85)	
Togo	(2)	(117)	
Upper Volta	(2)	(100)	
Zambia	(2)	(26)	
Undistributed		(124)	
Total, Africa	159,730	135,672	−24,058
LATIN AMERICA			
Argentina	310	0	−310
Bahamas	15	0	−15
Barbados	12	0	−12
Bolivia	23,683	23,359	−324
Brazil	6,100	4,363	−1,737
Chile	647	400	−247
Colombia	63,731	37,037	−26,694
Dominican Republic	10,894	8,032	−2,862
Ecuador	4,661	2,834	−1,827
Guyana	4,174	1,172	−3,002
Haiti	8,900	7,896	−1,004
Jamaica	7,965	8,287	+322
Mexico	375	0	−375
Netherlands Antilles	3	0	−3
Panama	13,082	7,322	−5,760
Paraguay	6,295	7,860	+1,565
Peru	4,028	2,080	−1,948
Uruguay	1,305	909	−396
Venezuela	399	197	−202
Central regional programs (ROCAP)	13,260	1,792	−11,468
Costa Rica	1,065	8,006	+6,941
El Salvador	9,564	8,152	−1,412
Guatemala	12,807	12,645	−162
Honduras	18,026	16,952	−1,074
Nicaragua	18,553	16,909	−1,644
Caribbean regional	5,750	500	−5,250
Latin America regional	23,260	14,725	−8,535
Latin American program	15,800	15,259	−541
Total, Latin America	274,664	206,688	−67,976
ASIA			
Afghanistan	17,887	13,481	−4,406
Bangladesh	55,500	30,500	−25,000
Cambodia	75,000	95,000	+20,000
India	76,500	500	−76,000
Indonesia	101,431	98,668	−2,763
Israel	25,000	50,000	+25,000
Jordan	66,100	55,805	−10,295
Korea	27,011	26,564	−447
Laos	57,410	40,600	−16,810
Lebanon	75	0	−75
Nepal	9,000	9,546	+546
Pakistan	63,542	11,777	−51,765
Philippines	28,981	29,695	+714
Thailand	17,614	9,835	−7,779
Turkey	57,510	9,928	−47,582
Vietnam	476,682	410,560	−66,122
Yemen Arab Republic	7,200	1,917	−5,283
Asia regional	13,140	9,135	−4,005
East Asia regional	9,000	7,086	−1,914
Total, Asia	1,184,583	910,597	−273,986
EUROPE			
Malta	9,500	9,500	
Spain	3,000	3,000	
Total, Europe	12,500	12,500	

Does not include Public Law 480.

[2] In the 1974 Congressional presentation, individual amounts per country were not distributed.

MULTILATERAL PROGRAMS[1]

[In thousands of dollars]

	Fiscal year—		
	Congressional presentation	Revised program allocations	Change
U.N. Food and Agricultural Organization—World:			
Food Program	1,500	1,500	
Indus Basin Loans	2,200	2,000	−200
Indus Basin Grants	15,000	9,000	−6,000
International Atomic Energy	2,000	2,000	
International Secretariat for Voluntary Services	72	72	
U.N. Development Program	90,000	87,226	−2,774
U.N. Children's Fund	15,000	18,000	+3,000
U.N. Fund for Naimibia	50	50	
U.N. Fund for Population Activities	20,000	18,000	−2,000
U.N. Environment Fund	10,000	7,500	−2,500
U.N. Forces in Cyprus	4,200	1,600	−2,600
Organization for Economic Cooperation and Development		50	+50
World Meterological Organization	1,500	1,500	
U.N. Institute for Training and Research	400	400	
U.N. Relief Works Agency	14,300	16,300	+2,000
International Commission for Control and Supervision		7,200	+7,200
U.N. Drug Abuse Control	5,000	0	−5,000
Colombo Plan—Narcotics Program	100	0	−100
Total, multilateral programs	181,322	172,298	−8,924

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[1] Does not include appropriations for the international development banks.

OTHER

[In thousands of dollars]

	Fiscal year 1974—		
	Congressional presentation	Revised program allocations	Change
Interregional programs (including TAB, PHA and operating costs)[1]	167,502	217,721	+50,219
American schools and hospitals abroad	10,000	18,752	+8,752
Administration expenses:			
AID	57,875	43,376	−14,499
State	5,100	4,927	−173
Contingency fund	30,300	4,902	−25,398
Undistributed narcotics program	9,738		−9,738
Disaster relief supplemental		150,000	+150,000
Partners of the Alliance		750	+750
Total, other	280,515	440,428	+159,913
Grand total	2,093,314	1,878,283	−215,031

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[1] Operating costs included in development assistance country totals in the fiscal year 1974 congressional presentation are included in Other Programs category in the Sec. 653 Report of February 1974.

INTERNATIONAL NARCOTICS CONTROL PROGRAM—FISCAL YEAR 1974 CONGRESSIONAL PRESENTATION COMPARED WITH FISCAL YEAR 1974 PROGRAM ALLOCATIONS

[In thousands of dollars]

Country program	Fiscal year 1974— Congressional presentation	Fiscal year 1974— Program allocations	Difference (+) or (−)
Asia:			
Afghanistan	300		−300
Burma		2,500	+2,500
Cambodia		3	+3
Indonesia	18	50	+32
Laos	1,500	1,546	+46
Lebanon	75		−75
Pakistan	50	2,750	+2,700
Philippines	265		−265
Singapore		40	+40
Thailand	1,114	6,615	+5,501
Turkey	15,000	15,029	+29
Vietnam	182	180	−2
Total	18,504	28,713	+10,290
Latin America:			
Argentina	310	180	−130
Bahamas	15		−15
Barbados	12		−12
Bolivia	4	35	+31
Brazil	100	148	+48
Chile	75		−75
Colombia	238	377	+139
Ecuador	300	238	−62
Guyana	2		−2
Jamaica	26	34	+8
Mexico	375	4,635	+4,260
Netherlands Antilles	3		−3
Panama	20	17	−1
Paraguay	22	12	−13
Peru	250	251	+0
Uruguay	135	20	−115
Venezuela	40	43	+3
Total	1,927	5,990	+4,063
Africa:			
Tunisia	50		−50
International organizations:			
UN special fund	5,000	2,000	−3,000
CENTO		19	+19
Colombo	100	99	−1
Total	5,100	2,118	−2,982
Worldwide program costs:			
Training	6,731	5,454	−1,277
International costs	450	225	−225
Total	7,181	5,679	−1,502
Unprogramed	9,738		−9,738
Grand total	42,500	42,500	

MEET THE PRESS

Mr. ROBERT C. BYRD. Mr. President, last Sunday, March 3, I was interviewed on "Meet the Press," a public affairs production of NBC News. The program was moderated by NBC's Edwin Newman, and the panel consisted of Walter Mears of The Associated Press, Jack Germond of the Washington Star-News, Neil MacNeil of Time, and Bill Monroe of NBC News.

I ask unanimous consent that the transcript of that interview be printed in the RECORD.

There being no objection, the transcript was ordered to be printed in the RECORD, as follows:

"MEET THE PRESS"

Mr. NEWMAN. Our guest today on "Meet the Press" is the Senate Democratic Whip, Robert C. Byrd of West Virginia. Senator Byrd came to the Senate in 1958 after three terms in the House of Representatives. He was elected Democratic Whip in 1971.

We will have the first questions now from Bill Monroe of NBC News.

Mr. MONROE. Senator Byrd, the Watergate indictments on Friday said the President attended a meeting at which hush payments were discussed. They say—they suggest—the President did not call such payment wrong as testified by Mr. Haldeman and that hush money payments actually began later the same day of that meeting. Do these factors suggest to you possible criminal participation in the cover-up by the President.

Senator BYRD. They pose serious implications for the President, especially in view of the fact that the Grand Jury submitted to Judge Sirica a secret report, which I think we have good reason to presume bears on the role and conduct of the President.

Mr. MONROE. Should this report submitted to Judge Sirica, apparently with the request of the Grand Jury, that it go on to the Rodino Impeachment Committee, be sent by the Judge, in your opinion, to the committee?

Senator BYRD. In my judgment, it should.

Mr. MONROE. Do these matters in the indictment such as I have referred to earlier raise questions of possible criminal participation in the cover-up by the President?

Senator BYRD. Well, they certainly, as I say, pose serious implications for the President, and I think for the first time the Watergate cover-up has been brought directly to the Oval Office.

Mr. MONROE. Senator, many people want to get the whole Watergate business over with as soon as possible. If we have an impeachment of the President from the House this spring or summer, what about a possible timetable for a trial by the Senate?

Senator BYRD. Well, in the case of Andrew Johnson, the Senate began the trial about two weeks after the House impeached. I see no reason why, if the House impeaches, the Senate could not move rather quickly to the trial. The rules are already stated in the Senate manual, and I think it would be expedited quickly.

Mr. MONROE. And there is a possibility from what you say that the trial could be concluded during the fall.

Senator BYRD. I think there is that possibility, because the impeachment rules preclude filibusters; they are very tight rules, and I think they are calculated to move the trial along.

Mr. GERMOND. Senator, in view of the scope of the Administration and White House involvement in Watergate now revealed 30 or 31 indictments including four of the five or six people closest to the President, do you feel that President Nixon must resign?

Senator BYRD. The President has said he will not resign. Only he can or will determine when or whether he will resign. He certainly will not resign at the urging of Democrats. If he resigns, it will be at the urging of Republicans and based on public opinion; but he says that he will not resign.

Mr. GERMOND. Even if he might not resign at the urging of Democrats, do you think it would be a good thing for the country if he were to resign?

Senator BYRD. He says he won't resign, and I think that the impeachment proceedings will determine for the country whether or not the evidence is there for the removal of the President.

Mr. GERMOND. The Democrats in the Senate have generally taken the position they didn't want to discuss the President's ultimate guilt because they were going to have to vote, if there is an impeachment, vote to convict or not. Leaving aside the narrow questions that might be an impeachment, do you feel the Democrats are fulfilling their rules as loyal opposition in not taking a strong position on the morality of the Administration, its conduct of the stewardship of the government?

Senator BYRD. They are taking a strong position on the morality of the activities of the Administration, but this doesn't mean that they need to publicly proclaim that they are for or against impeachment or for the conviction of the President.

Each Senator, in the event the House impeaches, will have to take an oath that, in all things appertaining to the trial of the impeachment, he will do justice impartially according to the Constitution and the laws. As far as I am concerned, I don't think any Senator—as far as I am concerned, I don't think I should attempt in any way to prejudge the case until the evidence is before me.

Mr. MACNEIL. Senator, are you assuming that under no circumstances will Mr. Nixon resign?

Senator BYRD. No, I am not assuming that. Mr. Agnew said that he would not resign, but he resigned. I would expect that developments could occur that would cause Mr. Nixon to change his mind, but he has said that he will not resign and he gives no indications of that.

Mr. MACNEIL. Well, do you assume then there will be an impeachment and a trial before the Senate?

Senator BYRD. I think that the House is moving inexorably toward an impeachment vote; whether or not the House impeaches remains to be seen. I cannot say whether the votes are there at this time.

Mr. MACNEIL. I would like to know what you as party leader and what the party leaders in the Senate have done by way of preparing for the trial. Has any preliminary work been done?

Senator BYRD. No preliminary work needs to be done now because, as I have indicated already on this program, the rules are specifically set out in the Senate Manual to govern impeachment trials. They are very strict and they are calculated to move the trial along without delay.

Mr. MACNEIL. And there is no confusion in your mind that the Senate itself would understand the processes. There is apparently a good bit of difficulty in the House. The House Judiciary Committee spent almost a year preparing for the impeachment process. You have not done that?

Senator Byrd. I don't think there needs to be any preparation at this time in the Senate. The Chief Justice of the United States would preside; the rules are there; the President may have his own attorneys to defend himself; the House would appoint managers on the part of the House. I see no problem insofar as the Senate impeachment rules are concerned. I see no need for preparation in advance beyond those rules.

Mr. Mears. Senator, whatever the sealed report may show, do you think the President should be held responsible in such proceedings for the actions of people he appoints to his staff and to the Cabinet?

Senator Byrd. I think the President should be held responsible for the actions of his subordinates. Mr. Nixon has indicated that he is responsible for those actions. I think that every public official should be held responsible for the excesses of his subordinates.

Mr. Mears. And you feel that the actions of subordinates are material to impeachment proceedings?

Senator Byrd. To some degree, in that they might reflect upon gross neglect of duty on the part of the President and a gross negligence in the supervision of his subordinates.

Mr. Mears. You said some time ago that without the strong support of public opinion it would be difficult for Members to vote for impeachment. Is there now strong support in public opinion for impeachment?

Senator Byrd. I think public opinion is probably growing in that direction. I think it would be very difficult for Members of the House—and I am not a Member of the House—to vote to impeach the President if there were a solid majority of public opinion against it.

Mr. Mears. Of course the task in the Senate is mathematically more difficult because two-thirds vote is required. Is there any realistic prospect, given the lineup of the Senate now, there would be a two-thirds vote for impeachment?

Senator Byrd. As of today, in my judgment, there would not be a two-thirds vote. I have not talked with any Senator in this regard. No Senator has revealed to me how he would vote, but looking down the list and knowing something about the philosophies of Senators and ideologies and what their positions normally are on political questions, et cetera, I think I have some idea that there would be 15 to 20 perhaps who would vote to convict today. But that doesn't mean that they would not vote to convict at a time in the future when the impeachment trial is before them and they have the evidence before them.

Mr. Monroe. Do you see the President as having any constitutional right to withhold requested evidence, assuming it is relevant, from either the House impeachment process or from a possible later trial in the Senate?

Senator Byrd. I do not. I think that the trial of impeachment stands on the highest of constitutional grounds. I can see no proper invocation of the doctrine of executive privilege in an impeachment proceeding. The Members of the House—and certainly those on the Judiciary Committee—I would assume are cleared for national security. We have Members of the Foreign Relations Committee, the Armed Services Committee, the Appropriations Committee who annually listen to matters that deal with national security and the most sensitive and classified of matters. So I don't think the President could invoke the doctrine of executive privilege in this kind of situation, because this is the highest inquest of the nation and it goes to the very core of our constitutional system of government. I would hope that he would not attempt to invoke that doctrine, and I don't think it would stand up if he did.

Mr. Monroe. Senator, if the President did withhold evidence from the Congress, could that in itself become grounds for impeachment or for conviction?

Senator Byrd. It certainly could. The House could move to hold the President in contempt. I think this psychologically would have a very damaging effect upon the President, and I think it might also sway votes that up to that point might be on the fence.

Mr. Monroe. Are you one of those who believes the Congress can hold the President to account for conduct other than the criminal?

Senator Byrd. I am. Naturally the President and his lawyers are outlining a strategy just now that will reduce the number of impeachable offenses to the lowest common denominator. Every subject of impeachment in American history has sought to do this because it narrows the parameters of impeachable offenses. The criminal law was meant to guide the conduct of every citizen, and it does not address itself to excesses on the part of the President or abuses of presidential power.

I feel that the construction should be a broader one.

Mr. Germond. Let me just follow that, Senator.

Do you feel that the excesses or abuses can only be judged in the context of an impeachment resolution, an impeachment trial of the Senate? Is it possible for you to make a judgment about these things? By "you", I mean the Democratic leadership in the Senate, the Democratic party national leadership aside from that process.

Senator Byrd. I think without and until such time as the facts are all before us, it would not be possible to precisely indicate the nature of impeachable conduct.

Mr. Germond. You think it has to be impeachable conduct though? You don't feel there is any situation at which the Democrats would be acting responsibly by calling for the President to step aside, short of impeachment?

Senator Byrd. I do not. I think that partisan considerations should be thoroughly disentangled from any consideration with respect to impeachment. As a matter of fact, I think as far as purely partisan considerations are concerned, the Democrats would be better off if the President remained in office until the very last minute of his term.

Mr. Germond. One man's partisanship is another man's leadership. Do you have any feeling that the Democratic party is not exerting leadership on this issue?

Senator Byrd. I think there is every indication in the House, where the Democrats are in the leadership, that the Judiciary Committee is moving forward expeditiously and cautiously with the impeachment inquiry.

I don't think that the House leadership is recreant in its duty in this regard at all.

Mr. MacNeil. Senator, let me ask you about the politics of it. How do you read the politics so far?

First off, the election for the Ford seat in Michigan which went to a Democrat in an upset, and next week's election, are the Republicans being as badly hurt in your judgment as it seems?

Senator Byrd. Well, yes, I think so. I think that the ripples of apprehension that ran through the Republican party after Michigan, will become shock waves of apprehension in the event the Democrat wins in the Tuesday Congressional election in Ohio.

I think that more and more, as the voters begin to connect Watergate with the problems that nag their everyday lives—the energy problem, economy, unemployment, inflation, and so on—Watergate is going to become more and more a disaster to Republican candidates in the fall.

Mr. MacNeil. Would you expect the Democrats this fall to be campaigning against this corruption in the Administration?

Senator Byrd. I would expect that the Democrats would campaign against the overall picture of a comedy of errors: the energy problem, the economy, inflation, lack of credibility in government, etc.

Mr. MacNeil. A final question: Do you see the Republicans, in Congress, among your colleagues, weakening in their support of the President as far as voting for impeachment goes?

Do you think they are more inclined to vote for impeachment, with the election results so far?

Senator Byrd. The Republicans in the House may be more inclined as they begin to connect Watergate with their own political fortunes.

Mr. Mears. Senator, for all the Administration's problems the President still enjoys a higher job rating in the polls than does the Congress. There is a Harris survey that says only 21 per cent of the people think Congress is doing a good job. Why should Congress be held in such low esteem, particularly at this point in history?

Senator Byrd. There is a University of Michigan poll taken in January which shows that 45 per cent of the people feel that Congress has done a better job than any other institution of government during the last two years, and only 25 percent of the people felt that the President has done a better job.

26 per cent of the people felt that the Supreme Court had done a better job.

I think that the true record of Congress and the true image of Congress have not gotten across to the voters. I also think that the distrust on the part of the public toward the President results in growing disillusionment toward Congress and all other institutions of government. So I think that Congress bears the brunt of part of the distrust and the disaffection of the voters toward the White House.

Mr. Mears. Why do you think the true image of Congress is not getting across to the voters and what can you do about it?

Senator Byrd. It has not gotten across to the voters because, while the President can speak with one voice and he can command, with the snap of his fingers, all of the television channels, all of the radio networks and all of the print media, Congress speaks with 535 voices, and no person in Congress can command all of this vast communications network.

Additionally, half the members of Congress belong—those belonging to the minority party are, naturally, in a time of divided government going to side with the President when he takes issue with Congress, so you have half of Congress running against Congress, running Congress down, and making war on Congress.

The things we can do are possibly these: We ought to televise the debates in the Senate on a selective basis, and in the House. This would project the image to the American people of exactly what Congress is doing.

We should also pass strong financial disclosure laws and strong campaign reform legislation because these, in themselves, I think, would encourage greater confidence on the part of the people toward their representatives in Congress.

Congress has done a good job, the performance is there, but the record just hasn't gotten across to the people.

Mr. Mears. Given the issues, why hasn't Congress been able to pass such strong campaign disclosures in the reform laws—

Senator Byrd. I think it will pass such legislation. The Senate passed such legislation last year. The Senate included strong financial disclosure legislation last year in the campaign reform bill, which is S. 372. That bill is now in the House of Representatives, and the public climate being what it is, I would hope, and I would believe, that the House of Representatives would pass that legislation, or similar legislation, this year.

Mr. Monroe. Senator Byrd, isn't the Congress just spinning its wheels in sending to the White House, after long debate, an emergency energy bill which the President said in advance he would veto?

Senator Byrd. I would hope not. I don't know whether the votes are there to override a veto, but I think that the President is making a serious mistake in vetoing this legislation. He has been talking about inaction on the part of the Congress; he has talked about the need for legislation. The Congress now has passed legislation, has sent legislation to the President's desk. The ball is in the President's park and it is time for the President to act.

I don't know whether he wants legislation or whether he wants an issue, but the legislation is there and I think the President will make a serious mistake—I don't know how he will explain to the coal miners and to the factory workers and to the poor people who have to drive their cars in order to make a living, why they should have to pay from $2 to $3 or $4 more for a tank of gasoline than they used to have to pay. Which side is he on, Main Street or Wall Street?

Mr. Monroe. Senator, Senator Griffin, one of the Republican leaders, has objected that the bill sent to the White House was a sort of package "all of nothing" bill and so that the President, in order to veto one section that he strongly objects to, has got to veto all the other sections.

Why not break the bill down into separate components so the President doesn't have to veto gas rationing in order to veto the rollback on crude oil prices.

Senator Byrd. The breaking down of the bill into its various components would simply take more time. The President has pointed to one little section of the bill. This is a very important bill; not only does it provide a rollback in prices, but it also provides standby rationing authority for the President—and I oppose rationing except as a last resort just as the President does. There are many other things in this bill which the President hasn't told the American people about. For example, it provides unemployment compensation to those people who lose their jobs because of the energy crisis. It encourages carpools, it encourages planning for better public mass transportation; it provides low interest rate loans for homeowners and businesses that they might put storm windows into their homes and businesses, put new insulation and more efficient heating units in; it provides authority for the President to conserve energy so that it won't continue to be wasted. It also provides for accurate data gathering, and this is something that the Government at the present time is notoriously lacking in having and this would provide for such information so that the government could create feasible and workable energy policies. So there are all these various important things in the bill that I think that the people ought to know about.

Mr. Monroe. What about the President's objection to the rollback of crude oil prices? He says in the long run it might hold prices down on oil but it will result in lesser supplies of oil and gas and in longer lines at the gasoline stations.

Senator Byrd. Well, I think he is mistaken. May I say the bill also provides for increased production on the part of some of our domestic oil fields. Now the President talks about the rollback, but we have to look at this in the context of the fact that the oil companies have enjoyed the largest percentage of increase in profits in history. I am not talking about return on investments, but in the face of these inordinately large increases, percentagewise, in profits, I don't think the American people are going to buy this idea that there shouldn't be a rollback in prices.

Mr. Germond. I'd like to go back, Senator, to the question of the impact of Watergate on politics. Assuming that there is one, which of the Democratic Presidential possibilities is best positioned to take advantage of it?

Senator Byrd. Well, I am not going to get into the business of picking frontrunners today.

Mr. Germond. You don't feel that any candidate is either better—in a better, more advantageous position or less advantageous position to take advantage of Watergate?

Senator Byrd. I wouldn't say that. There may be some who would be in a more or a less advantageous position, but I am not going to get into any discussion of Democratic candidates two and a half years in advance of the Presidential election.

Mr. Newman. Two minutes left.

Mr. MacNeil—

Mr. MacNeil. Senator, there is a substantial pay raise for Congress pending before the Senate right now. Do you think Congress should get that pay raise?

Senator Byrd. I do not. Entirely aside from the merits of a Congressional salary increase, I think that of all times this would be the worst time for Congress to get a salary increase.

Mr. MacNeil. Do you see any impropriety in the way this has been done, that the President has proposed the salary increase?

Senator Byrd. No, the President has——

Mr. MacNeil. At a time when the Congress is really sitting as his juror?

Senator Byrd. No, the President has proposed these recommendations in accordance with the law, but I think that the recommendations are entirely out of order, and I think that the Congress would be making a serious mistake to approve the recommendations, especially at a time when we are asking everybody else to restrain his demands for wage increases.

Mr. Mears. Senator, you mentioned being opposed to gasoline rationing except as a last resort. Didn't you vote for an amendment in the Senate in December to have Congress institute gasoline rationing?

Senator Byrd. I did that because, as many other Senators did, they wanted to send a message to the White House that it ought to seriously consider rationing.

Mr. Mears. That was only a symbolic amendment, you don't feel that Congress would or should impose on its own motion gasoline rationing?

Senator Byrd. I think that the President is in the best position with all of the advice and information at his fingertips to determine when and if gasoline rationing should be imposed.

Mr. Mears. Do you expect to be the next Democratic leader of the Senate?

Senator Byrd. I expect if the opening should occur—and I have no indication such an opening is about to occur—that I would certainly be a candidate for it.

Mr. Mears. Do you feel that you have enough commitments, enough support so you could count on taking that job?

Senator Byrd. I am not seeking commitments. I would expect Senators to use their own best judgment and to determine their judgment on the basis of fairness and objectivity.

Mr. Newman. Sorry to interrupt, our time is up.

Thank you, Senator Byrd, for being with us today on "Meet the Press."

RESOLUTION OF REMEMBRANCE

Mr. BEALL. Mr. President, in the 13 months since the cease-fire agreement took effect in Vietnam our Nation's military forces and our known prisoners of war have been returned from Southeast Asia. We have, however, not been completely successful in our efforts to account for the fate of American servicemen who were listed as missing in action, and 1,200 families across our Nation live with the constant agony of not knowing the true fate of one of their loved ones. In Maryland, 31 families continue to live with this burden even though most Americans are now seeking to place behind them the memories of the trauma of Vietnam.

The Maryland State Senate has recently passed a resolution of remembrance for those families and those men who have suffered in this conflict. I ask unanimous consent, Mr. President, that the text of Senate Resolution No. 20 be printed in the Record at the conclusion of my remarks.

There being no objection, the resolution was ordered to be printed in the Record, as follows:

Senate Resolution No. 20

For the purpose of commemorating the first anniversary of the cease-fire in Viet Nam, January 27, 1973, and remembering with sympathy, the prisoners of war or listed as missing in action, paying tribute to these men through the Maryland Freedom Tree on the State House Grounds as a living memorial and by an annual resolution.

Whereas, It is important that Americans remember and pay tribute to their fellow countrymen who have fought and died in the long war in Southeast Asia with the hope that all men may someday live in peace; and

Whereas, More than 1200 Americans who were captured or listed as missing in action in Southeast Asia have not yet been returned or even accounted for; and

Whereas, Of 42 men with families in Maryland who were listed as prisoners or missing in action at the time of the cease-fire only 11 have returned, leaving 31 unaccounted for; and

Whereas, No information has been provided about these men; including 50 men previously listed as prisoners; the remains of 60 men said to have died in captivity and not yet returned to their families; and the 1200 men listed as missing in action about whom there is still no information; and

Whereas, These 1200 missing Americans account for more than two-thirds of those listed one year ago as prisoners or missing in action and little is being done by the United States government to determine the fate of these men and ease the years-long anguish of their families; now, therefore, be it

Resolved by the Senate of Maryland, That its members express their feelings of greatest sympathy for the more than 1200 families all across this country who continue to live with the incredible agony of not knowing where their husbands, sons and fathers are, and whether they are dead or alive; and be it further

Resolved, That the Senate of Maryland continue to pay tribute to these men through an annual resolution in the Senate and through the Maryland Freedom Tree, now growing on the State House lawn as a living memorial to all prisoners and missing in action; and be it further

Resolved, That copies of this Resolution be sent to Maryland Senators Charles Mathias and J. Glenn Beall; members of the Maryland delegation to the U.S. House of Representatives; the U.S. Secretaries of State and Defense; the U.S. Representative to the United Nations; the Maryland Chapter, National League of Families of American Prisoners of War and Missing in Southeast Asia;

the national office of VIVA (Voices in Vital America); Le Duc Tho of North Viet Nam; M. Phoumi Vongvichit of Laos; and Col. William W. Tombough, Chief of the U.S. Delegation to the Four Power Joint Military Team in Paris, and families of Maryland men who have been prisoners or who are missing in action in Southeast Asia.

RULES OF THE COMMITTEE ON BANKING, HOUSING AND URBAN AFFAIRS

Mr. SPARKMAN. Mr. President, I ask unanimous consent that the rules of the Committee on Banking, Housing and Urban Affairs be printed in the RECORD.

There being no objection, the rules were ordered to be printed in the RECORD, as follows:

RULES OF PROCEDURE FOR THE COMMITTEE ON BANKING, HOUSING AND URBAN AFFAIRS

(Adopted in executive session, Mar. 11, 1971)

RULE 1.—REGULAR MEETING DATE FOR COMMITTEE

The regular meeting day for the Committee to transact its business shall be the last Tuesday in each month; except that if the Committee has met at any time during the month prior to the last Tuesday of the month, the regular meeting of the Committee may be canceled at the discretion of the Chairman.

RULE 2.—COMMITTEE

(a) *Investigations.*—No investigation shall be initiated by the Committee unless the Senate or the full Committee has specifically authorized such investigation.

(b) *Hearings.*—No hearing of the Committee shall be scheduled outside the District of Columbia except by agreement between the Chairman and the Committee and the ranking minority member of the Committee or by a majority vote of the Committee.

(c) *Confidential testimony.*—No confidential testimony taken or confidential material presented at an executive session of the Committee or any report of the proceedings of such executive session shall be made public either in whole or in part by way of summary, unless specifically authorized by the Chairman of the Committee and the ranking minority member of the Committee or by a majority vote of the Committee.

(d) *Interrogation of witnesses.*—Committee interrogation of a witness shall be conducted only by members of the Committee or such professional staff as is authorized by the Chairman or the ranking minority member of the Committee.

(e) *Prior notice of mark-up sessions.*—No session of the Committee or a subcommittee for marking up any measure shall be held unless (1) each member of the Committee or the subcommittee, as the case may be, has been notified in writing of the date, time, and place of such session at least 48 hours prior to the commencement of such session, or (2) the Chairman of the Committee or subcommittee determines that exigent circumstances exist requiring that the session be held sooner.

(f) *Prior notice of first degree amendments.*—It shall not be in order for the Committee or a subcommittee to consider any amendment in the first degree proposed to, and measure under construction by the Committee or subcommittee unless a written copy of such amendment has been delivered to each member of the Committee or subcommittee, as the case may be, and to the office of the Committee at least 24 hours before the meeting of the Committee or subcommittee at which the amendment is to be proposed. This subsection may be waived by a majority of the members of the Committee or subcommittee voting. This subsection shall apply only when at least 48 hours written notice of a session to mark up a measure is required to be given under subsection (e) of this rule.

(g) *Cordon Rule.*—Whenever a bill or joint resolution repealing or amending any statute or part thereof shall be before the Committee or subcommittee, from initial consideration in hearings through final consideration, the Clerk shall place before each member of the Committee or subcommittee a print of the statute or the part or section thereof to be amended or repealed showing by stricken-through type, the part or parts to be omitted, and in italics, the matter proposed to be added. In addition, whenever a member of the Committee or subcommittee offers an amendment to a bill or joint resolution under consideration, those amendments shall be presented to the committee or subcommittee in a like form, showing by typographical devices the effect of the proposed amendment on existing law. The requirements of this subsection may be waived when, in the opinion of the Committee or subcommittee chairman, it is necessary to expedite the business of the Committee or subcommittee.

RULE 3.—SUBCOMMITTEES

(a) *Authorization for.*—A subcommittee of the Committee may be authorized only by the action of a majority of the Committee.

(b) *Membership.*—Membership to subcommittees shall be by nomination of the Chairman and the ranking minority member of the Committee and shall be approved by the majority vote of the Committee.

(c) *Investigations.*—No investigation shall be initiated by a subcommittee unless the Senate or the full Committee has specifically authorized such investigation.

(d) *Hearings.*—No hearing of a subcommittee shall be scheduled outside the District of Columbia without prior consultation with the Chairman and then only by agreement between the Chairman of the Subcommittee and the ranking minority member of the Subcommittee or by a majority vote of the Committee.

(e) *Confidential testimony.*—No confidential testimony taken or confidential material presented at an executive session of the subcommittee or any report of the proceedings of such executive session shall be made public, either in whole or in part or by way of summary, unless specifically authorized by the Chairman of the Subcommittee and the ranking minority member of the Subcommittee or by a majority vote of the Subcommittee.

(f) *Interrogation of witnesses.*—Subcommittee interrogation of a witness shall be conducted only by members of the Subcommittee or such professional staff as is authorized by the Chairman or the ranking minority member of the Subcommittee.

(g) *Special meetings.*—If at least three members of a subcommittee desire that a special meeting of the Subcommittee be called by the Chairman of the Subcommittee, those members may file in the offices of the Committee their written request to the Chairman of the Subcommittee for that special meeting. Immediately upon the filing of the request, the Clerk of the Committee shall notify the Chairman of the Subcommittee of the filing of the request. If, within 3 calendar days after the filing of the request, the Chairman of the Subcommittee does not call the requested special meeting, to be held within 7 calendar days after the filing of the request, a majority of the members of the Subcommittee may file in the offices of the Committee their written notice that a special meeting of the Subcommittee will be held, specifying the date and hour of that special meeting. The Subcommittee shall meet on that date and hour. Immediately upon the filing of the notice, the Clerk of the Committee shall notify all members of the Subcommittee that such special meeting will be held and inform them of its date and hour. If the Chairman of the Subcommittee is not present at any regular, additional, or special meeting of the Subcommittee, the ranking member of the majority party on the Subcommittee who is present shall preside at that meeting.

(h) *Voting.*—No measure or matter shall be recommended from a Subcommittee to the Committee unless a majority of the Subcommittee are actually present. The vote of the Subcommittee to recommend a measure or matter to the Committee shall require the concurrence of a majority of the members of the Subcommittee voting. On Subcommittee matters other than a vote to recommend a measure or matter to the Committee no record vote shall be taken unless a majority of the Subcommittee are actually present. Any absent member of a Subcommittee may affirmatively request that his vote to recommend a measure or matter to the Committee or his vote on any such other matter on which a record vote is taken, be cast by proxy. The proxy shall be in writing and shall be sufficiently clear to identify the subject matter and to inform the Subcommittee as to how the member wishes his vote to be recorded thereon. By written notice to the Chairman of the Subcommittee any time before the record vote on the measure or matter concerned is taken, the member may withdraw a proxy previously given. All proxies shall be kept in the files of the Committee.

RULE 4.—WITNESSES

(a) *Filing of statements.*—Any witness appearing before the Committee or Subcommittee (including any witness representing a Government agency) must file with the Committee or Subcommittee (before noon, 48 hours preceding his appearance) 75 copies of his statement to the Committee or Subcommittee. In the event that the witness fails to file a written statement in accordance with this rule, the Chairman of the Committee or Subcommittee has the discretion to deny the witness the privilege of testifying before the Committee or Subcommittee until the witness has properly complied with the rule.

(b) *Length of statements.*—Written statements properly filed with the Committee or Subcommittee may be as lengthy as the witness desires and may contain such documents or other addenda as the witness feels is necessary to present properly his views to the Committee or Subcommittee. It shall be left to the discretion of the Chairman of the Committee or Subcommittee as to what portion of the documents presented to the Committee or Subcommittee shall be published in the printed transcript of the hearings.

(c) *Fifteen-minute duration.*—Oral statements of witnesses shall be based upon their filed statements but shall be limited to 15 minutes duration. This period may be extended at the discretion of the Chairman presiding at the hearings.

(d) *Subpoena of witnesses.*—Witnesses may be subpoenaed by the Chairman of the Committee or a subcommittee with the agreement of the ranking minority member of the Committee or Subcommittee or by a majority vote of the Committee or Subcommittee.

(e) *Counsel permitted.*—Any witness subpoenaed by the Committee or Subcommittee to a public or executive hearing may be accompanied by counsel of his own choosing who shall be permitted, while the witness is testifying, to advise him of his legal rights.

(f) *Expenses of witnesses.*—No witness shall be reimbursed for his appearance at a public or executive hearing before the Committee or Subcommittee unless such reimbursement is agreed to by the Chairman and ranking minority member of the Committee or by a majority vote of the Committee.

(g) *Limits of questions.*—Questioning of a witness by members shall be limited to 10 minutes duration, except that if a member is unable to finish his questioning in the 10-minute period, he may be permitted further questions of the witness after all members have been given an opportunity to question the witness.

Additional opportunity to question a witness shall be limited to a duration of 10 minutes until all members have been given the opportunity of questioning the witness for a second time. This 10-minute time period per member will be continued until all members have exhausted their questions of the witness.

RULE 5.—VOTING

(a) *Vote to report a measure or matter.*—No measure or matter shall be reported from the Committee unless a majority of the Committee are actually present. The vote of the Committee to report a measure or matter shall require the concurrence of a majority of the members of the Committee who are present.

Any absent member may affirmatively request that his vote to report a matter be cast by proxy. The proxy shall be sufficiently clear to identify the subject matter, and to inform the Committee as to how the member wishes his vote to be recorded thereon. By written notice to the Chairman any time before the record vote on the measure or matter concerned is taken, any member may withdraw a proxy previously given. All proxies shall be kept in the files of the Committee, along with the record of the roll vote of the members present and voting, as an official record of the vote on the measure or matter.

(b) *Vote on matters other than a report on a measure or matter.*—On Committee matters other than the vote to report a measure or matter, a member of the Committee may request that his vote may be cast by proxy.

(c) *Vote to report a measure or matter.*—No measure or matter shall be reported from the Committee unless a majority of the Committee are actually present. The vote of the Committee to report a measure or matter shall require the concurrence of a majority of the members of the Committee who are present.

Any absent member may affirmatively request that his vote to report a measure or matter be cast by proxy. The proxy shall be in writing and shall be sufficiently clear to identify the subject matter, and to inform the Committee as to how the member wishes his vote to be recorded thereon. By written notice to the Chairman any time before the record vote on the measure or matter concerned is taken, any member may withdraw a proxy previously given. All proxies shall be kept in the files of the Committee, along with the record of the rollcall vote of the members present and voting, as an official record of the vote on the measure or matter.

(d) *Vote on matters other than a report on a measure or matter.*—On Committee matters, no record vote shall be taken unless a majority of the Committee are actually present. On any such other matter, a member of the Committee may request that his vote may be cast by proxy. The proxy shall be in writing and shall be sufficiently clear to identify the subject matter, and to inform the Committee as to how the member wishes his vote to be recorded thereon. By written notice to the Chairman any time before the vote on such other matter is taken, the member may withdraw a proxy previously given. All proxies relating to such other matters shall be kept in the files of the Committee.

RULE 6.—QUORUM

No executive session of a Committee or a Subcommittee shall be called to order unless a majority of the Committee or Subcommittee, as the case may be, are actually present. Unless the Committee otherwise provides or is required by the Rules of the Senate, one member shall constitute a quorum for the receipt of evidence, the swearing of witnesses, and the taking of testimony.

RULE 7.—STAFF PRESENT ON DIAS

Only members and the Clerk of the Committee shall be permitted on the dais during public or executive hearings, except that a member may have one staff person accompany him during such public or executive hearing on the dais. If a member desires a second staff person to accompany him on the dais he must make a request to the Chairman for that purpose.

RULE 8.—PUBLIC ATTENDANCE AT MEETINGS

Except in the case of the conduct of hearings (which are provided for in section 112 (a) of the Legislative Reorganization Act of 1970), or in the case of any meeting (other than a hearing) to consider the nomination of an individual submitted by the President to the Senate for its advice and consent, all meetings for the transaction of business, including sessions for marking up bills and resolutions, of the Committee and subcommittees thereof shall be open to the public unless the Committee or subcommittee (as the case may be) in open session and with a quorum present, by majority vote conducted by rollcall, determines that all or part of the remainder of the meeting on that day shall be closed to the public. In the case of any such meeting with respect to a nomination, the Committee or subcommittee in executive session may, with a quorum present and by majority vote conducted by rollcall, determine that the meeting for that day shall be open to the public.

NO WHEAT SHORTAGE

Mr. YOUNG. Mr. President, recently Al Gustin, farm editor of the Meyer Broadcasting Co. at Bismarck, N. Dak., produced an editorial feature on KFYR radio and television stations which did an exceptionally good job of refuting widespread and erroneous claims that we have a shortage of wheat in this country.

This editorial feature, titled "Insight," goes a long way toward putting this whole controversy into the right perspective.

Mr. President, as I have stated any number of times, the alarmist reports, principally by the baking industry, that we could have bread selling at a dollar a loaf just have no substance. The Russian wheat sales were responsible for a very substantial increase in wheat prices and a dramatic reduction in our wheat surpluses, which have had the tendency of holding down farm prices for almost as long as I can remember. I am confident that our present stocks of wheat stored on farms, along with new crop wheat which will start coming to market from Southern States within a period of about 2 months, will be more than adequate to fulfill our export sales commitments and take care of all of our domestic needs.

Mr. President, I ask unanimous consent that Mr. Gustin's editorial feature be printed in the Record as a part of my remarks.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

(By Al Gustin)

I think its time we stop the irrational talk about wheat supplies, wheat prices, bread prices, and bread shortages . . . time we start doing something—if, in fact, anything needs to be done.

A rally was held in Washington yesterday, sponsored by the American Bakers Association, which wants export controls on wheat. The bakers say we are running out of wheat, and, as a result, there will be $1-a-loaf bread . . . and, eventually, bread shortages. This is not a new thing for the bakers. They made the same charge about a month ago.

Parenthetically, it could be noted that since then, the chairman of the American Bakers Association, Bill Mead, sent a statement to the stockholders of his own company. In that statement, Mead said they shouldn't worry because management had anticipated the present situation and had purchased all the wheat they will need.

In other words, while Mead is telling the public about bread shortages, he is telling his own people that the situation is well in hand. If one wanted to carry this situation a little further, it could be surmised that the bakers, by buying all that wheat earlier, were panic buying, intensifying the supposed shortage, and pushing prices higher.

Anyway, the bakers are demanding export controls. The basis for their argument is detailed in a statement sent to farm writers and farm broadcasters this week. In it, they outline the wheat supply and demand situation, indicating a wheat shortage of almost 1-billion bushels by July first. They arrived at that figure by using the highest possible wheat export figure. And since there will be a shortage, they say, exports of wheat should be stopped.

Most vocal of those on the opposite side of this argument is Agriculture Secretary, Earl Butz, who wants no part of export controls. USDA says there will be a carry-over of almost 80-million bushels on July first—slim, but sufficient. That figure is arrived at by using the smallest possible wheat export figure. So we have a disparity here—a difference of opinion—that has resulted in a lot of talk but no action.

The truth of the matter is that neither of those two carry-over figures is correct. Because there will be as much as 300-million bushels of new crop wheat on the market by the first of July. The bakers know that, but they won't admit it. To do so would negate their contention of a wheat shortage. Then they would have no argument to use in their fight for wheat surpluses and depressed prices, so profitable to them.

The July first figure is a statistical leftover which has little relationship to wheat supplies. July first is the traditional beginning of the new crop year. But the wheat harvest begins down south in mid-May. So, what we need is a statistical crop year that coincides with the actual cropping pattern. Senator Milton Young has introduced a bill to do that to some degree by changing the crop year beginning to June first. The agriculture department says it has the power to change the statistical crop year without a congressional mandate. And a USDA spokesman acknowledges such a change should have been been made long ago. The question is . . . why wasn't it? If USDA really believes what it is saying, perhaps they should quit arguing with the bakers and do something to make their figures accurate enough for all of us to understand. And the bakers would do well to tell the truth too.

BATON ROUGE HONORS DOUGLAS MANSHIP, SR.

Mr. LONG. Mr. President, a few days ago on February 14, 1974, the Baton Rouge Chapter of the National Conference of Christians and Jews sponsored its 12th award dinner in honor of Douglas Manship, Sr. This award is presented to an outstanding person whose efforts have resulted in a greater realization of the spirit of true brotherhood.

Doug Manship is the publisher of the Baton Rouge Morning Advocate and

State-Times and owner of a television and radio station in my hometown, Baton Rouge. I have known Doug for many years and he and his lovely wife are good friends of mine.

When he was presented with the 1974 Brotherhood Award plaque, his many contributions to his community were cited. I would like to mention just a few. In addition to his successful career in the media, he has devoted many years to the betterment of race relations, progress in prison reform, and aid in the development of the Goodfellows-Good Samaritan program for children in the area.

Upon receipt of this award, Doug said that:

> We must be able to put aside our desire to use every opportunity that comes along to our selfish advantage. Sometimes the rights of others are equal to our personal goals.

Mr. President, Doug has devoted much of his life to the rights of others and he is much deserving of this honor.

I ask unanimous consent to print in the RECORD Doug Manship's address:

There being no objection, the address was ordered to be printed in the RECORD, as follows:

DOUG MANSHIP'S ADDRESS

Not many people in their lifetime have the opportunity that is mine tonight. That is the opportunity to express in a few words my feelings on brotherhood—at least to me an important aspect of brotherhood—how man might regard his fellowman. But first I must thank all of you—everyone of you—for the honor that you are bestowing on me tonight. I am deeply honored.

Certainly, if I believe in my fellowman, I must say what is on my mind and what is on my mind can be expressed very simply.

We, you and I—all of us—individually and collectively must regain our ability to be outraged at our fellowman. To be shocked when we are rudely or harmfully treated. When we are deliberately defrauded by our fellowman either in the private or social sectors of our lives in our business dealings and most importantly perhaps—in our civic life with one another. We must again believe in and understand genuine outrage, not outrage in order to gain a superior position in a personal relationship or to gain a tactical advantage because of some wrong that an honest apology would right. But outrage when private rights or civil responsibility are callously ignored. We must be able to be outraged when those in offices of public trust take advantage of that trust in order to curry the favor of a few—or to perpetrate themselves in office. We must again begin to express our outrages when those in public or private office use their position to wreck private lives or business careers, or for improper or illegal financial gain.

We must have the courage to stand up and say to that outraged official you can count on me to stand alongside of you while you straighten out this humiliation that has been showered on all of us. For if we fail to rally to any public official's side who is ready to fight for justice who can blame him for not responding the next time if you and I have shown by indifference that we don't care.

We must be able to put aside our desire to use every opportunity that comes along to our selfish advantage. Sometimes the rights of others are equal to our personal goals.

I would suggest that it would be wise to be able to turn our outrage on our own selves whenever we act in disregard of brotherhood. And I would suggest that there is not one person in this room tonight who does not know in their innermost being everytime they should be outraged at themselves. Brotherhood will stop the student assaulting the teacher, or the parent assaulting the teacher or the exclusion of anyone from any opportunity to learn and better themselves without regard for race, creed or color.

Sadly nearly everyone of us violates some fellow human being's dignity from time to time. Couldn't each of us try to practice brotherhood combined with honest outrage a little bit more tomorrow than we did today, and if we didn't practice it today, just why didn't we?

There is a timeless heritage of Christian and Jew alike—for we all acknowledge the same universal spirit—that says respect your fellowman—or as youth puts it so well today—Don't rip him off. How true—Don't rip him off. But if we are ripped off by our neighbor or our grocer, or our judges, or our children, or our political leaders we should be properly outraged and do something about it. And when we do something about it, well then and only then will we begin to have or experience what tonight is all about—brotherhood. The concern for the well being of our fellow human.

All my life I have enjoyed reading—newspapers, magazines, big books, little books, profound books, junky books and just books—even—instructions on cereal boxes and on labels of any kind, in short I like to read—period!

A long, long time ago while reading an article otherwise long since forgotten I ran across a statement that has always stayed with me. I don't know the article's title and its source is really not important. But the statement is important and if some of you will carry this statement out of here tonight in your hearts and remember it tomorrow—well, all of the effort that you have made to be here tonight will have been worthwhile. Here is the statement and listen closely.

Someday when we have mastered the winds, the waves, the tides and gravity we will harness for God the energies of brotherhood and love. And then for the second time man will have discovered fire.

THE OIL EMBARGO

Mr. DOMENICI. Mr. President, I am encouraged by the news that Ahmed Zaki Yamani, Oil Minister of Saudi Arabia, has stated that the Arab oil embargo of the United States "had served its purpose and should be lifted."

I am hopeful that this attitude will prevail among the other Arab oil-producing nations and lead quickly to the termination of the embargo. The benefits to the American consumer and our economy which will result from the lifting of this embargo are substantial and I need elaborate. We need the petroleum and we need it badly. Recognition of these facts caused the Dow-Jones average to shoot up 19 points yesterday just on the strength of Yamani's statement.

This is good news, the best we have had in some time, and I am hopeful it materializes. I want to add a word of caution, however. Our optimism at this point and our relief if the embargo should be ended must not be allowed to detract from our national effort to achieve true energy independence. The same ease with which the embargo was implemented and with which it can be lifted warn us that at any time, for any reason, history can repeat itself and the United States could find itself again in a bind—perhaps one worse than now. So, in the face of optimism and hope, which I share, I still say of operation independence, "full speed ahead." We must never get behind the eight-ball of another embargo of oil or any other commodity we need.

Wisdom dictates this course and it must not be diluted by wishful hoping that this all cannot happen again.

I would add one further point. I hope that the oil-exporting nations will soon reduce their present prices of $11 to $13 a barrel for oil. This price will have profound economic effect on many nations. We in this country may have an economy and petroleum production that will enable us to withstand, if necessary, such a price. However, other developed nations face severe economic curtailments if this price is not lowered. In addition, many of the less-developed countries could face economic disaster. The present price of this oil is simply too high.

DÉTENTE

Mr. THURMOND. Mr. President, a column on détente appeared in the February 28, 1974, issue of the Aiken Standard newspaper in Aiken, S.C.

The column, entitled, "Just How Far Has Our Government Decided To Crawl in Pursuit of Détente?" raises some questions we all should consider.

It appears to me that détente is serving the interests of the Soviets far better than our own. The record is replete with such examples as the grain deal, strategic parity, and trade of U.S. technology.

Mr. President, this column was written by John D. Lofton, Jr., and I request unanimous consent that it be printed in the RECORD following these remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

JUST HOW FAR HAS OUR GOVERNMENT DECIDED TO CRAWL IN PURSUIT OF DÉTENTE?

(By John D. Lofton Jr.)

Just how far our government has decided to crawl in its obsequious pursuit of détente with Russia is starkly illustrated by the shocking fact that nearly two months after the New York Times ran 10,000 words from exiled author Aleksandr Solzhenitsyn's latest book, no substantial quotations from "The Gulag Archipelago" have yet been broadcast by this country's official radio—the Voice of America.

As a matter of fact, a V.O.A. proposal to run significant excerpts from this scorching volume about Soviet mass police terror were turned down by James Keough, director of the United States Information Agency. The V.O.A. is a part of the U.S.I.A.

As I have been able to piece it together from authoritative sources within USIA, events there have transpired as follows:

When the Times broke the story of the new Solzhenitsyn book late last December, the "frantic view" from the USIA was passed to the VOA that excerpts from the book should not be read on the air. This was accepted. But as soon as the Agency received its own copy of the book, the official VOA proposal to the USIA was that as many as a dozen 10-15 minute excerpts from the book should be broadcast and commented on. It was suggested that the series be kicked off by quoting the passage from "Gulag" where Solzhenitsyn describes his own arrest by the Soviet secret police. This proposal was turned down by Keough. One source, who says he's been "yelling and squalling' about this thing for weeks, tells me his principal complaint is not that there hasn't been enough news reporting by the VOA on the book. What angers him is that "we're not been allowed to deal with the substance of the book. There have been no significant portions of this book read on the air." Unable to reach Keough because he was travelling, I did talk with Mrs. Margita White, head of public affairs for USIA. Arguing strongly that the Solzhenitsyn book has been adequately covered by the VOA in its news stories, she did admit that substantial excerpts were not being broadcast. She had heard this idea was "turned down," she said, noting that this would be a general policy question, the kind Keough would ultimately decide.

Incredibly, Mrs. White explained that as regards the Solzhenitsyn book "we're not treating this story any differently than others. Nowhere is there a mandate that substantial excerpts of it must be read," she said.

When I asked her where Keough got his orders, she said he is responsible "only to the President" but is in close touch with the State Department and the National Security Council. Both are headed by Dr. Henry Kissinger.

Former USIA director Frank Shakespeare strongly disagrees with present USIA treatment of Solzhenitsyn and his book. Because of the great substance and symbolism of the entire subject, he told me, the popularity and credibility of the Voice of America are at stake. "The purpose of the VOA is to be a link with the Soviet people not to send messages to the men in the Kremlin," he declared. Since the Voice is the "preeminent voice of the West" in the USSR, he said, Solzhenitsyn and his book should be given "a whole array of the most extensive coverage: excerpts; significant references; commentary; background pieces; and a general setting of a frame of reference." When Soviet listeners hear excerpts of the book on the BBC West German Radio and Radio Liberty but not the VOA, they will construe this muted coverage as evidence that the U.S. is willing to do anything for detent, Shakespeare believes. It will also make listeners wonder if things heard in the past have been watered down, he says.

FOOD STAMP REGULATIONS FOR PUERTO RICO

Mr. KENNEDY. Mr. President, I would like to bring to the attention of this Senate, the recent announcement by the Department of Agriculture concerning food stamp regulations for Puerto Ricans.

The Department of Agriculture has seen fit to issue regulations which, in direct contravention of Federal law, will deny the benefits of the food stamp program to thousands of impoverished Puerto Rican residents and substantially diminish the benefits of all the remaining families on the island who are not denied eligibility. This undue treatment of Puerto Rican Americans as second-class citizens cannot be ignored by the Members of this Congress.

According to last week''s announcement USDA will only provide $122 to a four-person Puerto Rican family instead of the $142 that it provides to a similar mainland family.

Although these illegally low coupon allotments for Puerto Rico are bad, in and of themselves, the method by which the Agriculture Department calculated these figures is equally wrong. The underlying and wrongful principle that the USDA used is that the relative poverty of the Commonwealth, in relation to the 50 States, should be used as the basis for establishing lower benefit levels in Puerto Rico. USDA apparently felt that people in Puerto Rico have cheaper food consumption patterns than people in the United States and, therefore, are in need of less food benefits than people in the 50 States. Although it is axiomatic that people in poorer communities have cheaper food consumption patterns than people in more affluent areas, the food stamp program was designed to help people to enrich their diets rather than follow cheaper nutritional shortcuts due to poverty. Therefore, to base the discriminatory low coupon allotments on the fact that Puerto Ricans eat cheaper foods is completely inconsistent with the purposes of the food stamp program and in direct violation of our legislation.

It is obvious that USDA policies in this respect are contrary to our legislation and purposes. Instead of basing coupon allotments on a comparative dietary consumption basis with the 50 States, we required coupon allotments to be based on comparative food prices between Puerto Rico and the 50 States. Since the statutory standard for coupon allotments, in both the 50 States and Puerto Rico, is the "cost of obtaining a nutritionally adequate diet," any difference in allotments had to reflect different food prices. In this legislative formulation, we did not say that the 50 States should receive a "nutritionally adequate diet" while Puerto Ricans receive a "less nutritionally adequate diet" based on their previous undernourished food patterns. Since food prices, therefore, are the relevant factor, and since food costs more in Puerto Rico, it was unlawful for the U.S. Secretary of Agriculture to establish lower coupon allotments for island residents.

Similarly wrong are the reduced income-eligibility schedules that the Secretary has decided to issue, contrary to the plain meaning of the Food Stamp Act. The schedules, as announced earlier this week, are some 13 to 14 percent lower than those that prevail on the mainland—despite the fact that Puerto Rican families who would be excluded under the Secretary's scheme are in dire need of food assistance. It is quite clear that the Secretary must use the formula contained in the statute and multiply the per capita income for the island by family size to determine income-eligibility for each family.

I urge the Secretary to withdraw these discriminatory schedules and to issue schedules which will enable the impoverished people of Puerto Rico to fully and equally participate in the food stamp program in a manner that is commensurate with congressional design.

THE MINERAL CRISIS

Mr. STEVENS. Mr. President, today I would like to place in the Congressional Record two articles regarding a new crisis. This crisis has already arrived and concerns America's dependence upon foreign sources for the minerals it needs to keep the country running. Mr. President, there are two bills currently in the Senate Interior and Insular Affairs Committee, S. 2917 and S. 2918, which would designate large areas of Alaska as part of the national park, forest, wildlife, or wild and scenic rivers systems. Over 60 million acres of this redesignation would be for single-use purposes. I think that it is essential that the Congress knows exactly what it is committing to single-use purposes in Alaska before any land is so designated under either of these proposals.

There being no objection, the articles were ordered to be printed in the Record, as follows:

[From the Wall Street Journal, Dec. 26, 1973]

What Next? America's Dependence on Imported Metal Seen Leading to New Crisis

(By Richard J. Levine)

Washington.—After the energy crisis could come a metal crisis.

That grim possibility is beginning to haunt officials here as the Arab oil embargo stirs new fears about the nation's growing dependence on foreign supplies of many crucial mineral ores.

At this point, the concern is centered among middle-echelon bureaucrats, private economists and industry executives. But it is starting to spread to the ranks of government policymakers, reaching in recent days the offices of Interior Secretary Rogers Morton, Federal Reserve Board Chairman Arthur Burns and energy czar William Simon.

What worries these men is the possibility that the Arab oil embargo may give dangerous ideas to the less-developed countries in Africa, Asia and Latin America that supply the U.S. with minerals. They are concerned that these so-called third-world nations—viewing the Arabs' use of oil to force Israel withdrawal from occupied lands—may decide to use their mineral wealth not to achieve political ends bus to jack up their economic positions. The results could be skyrocketing prices and dwindling supplies on world markets.

"Recent events are very disturbing," says Mr. Burns. "What happened in oil could happen" in copper and other raw materials, he adds. Mr. Morton suggests that, unless protective steps are taken, such as maintaining stockpiles, the U.S. could face a "minerals crisis and a materials crisis." There is "no reason why the group of countries that supply most of our bauxite (the ore from which aluminum is produced) can't get together the way the (oil-producing) countries got together on the price of oil," he says. Jamaica and Surinam are the original source of about two-thirds of the aluminum used in the U.S., with Canada and Australia also major producers.

INCREASING RELIANCE ON IMPORTS

Perhaps the man most responsible for spreading the word about the metals-dependence problem has been C. Fred Bergsten, an international-economics expert at the Brookings Institution who formerly worked for Henry Kissinger on the National Security Council staff. Mr. Bergsten outlined the problem in an article last summer in Foreign Policy magazine entitled, "The Threat From the Third World." It drew little attention at the time, but then came the oil embargo. Recently, Mr. Bergsten has been busy updating his ideas before congressional committees.

"While the oil situation itself must be the focus of policy attention at the moment, we must recognize its far broader implications for the longer run," he says. "Perhaps the broadest lesson to be learned . . . is that countries will adopt extreme, even wholly irrational, policies when frustrated repeatedly in achieving their most cherished aspirations."

Underlying the concern of Mr. Bergsten and others are some harsh facts about the ever-increasing reliance of the U.S. on foreign metals since it became a net importer in the 1920s.

According to the Interior Department, the U.S. already depends on imports for more than half its supply of six of 13 basic new materials required by an industrialized society (aluminum, chromium, manganese, nickel, tin and zinc). By 1985, the country will also depend on imports for more than half its iron, lead and tungsten. And by the year 2000, its imports will have to supply more than half its copper, potassium and sulphur. The 13th material is phosphorus, which is so abundant in the U.S. that imports even in the year 2000 are expected to be negligible.)

INCREASING DEPENDENCE

Viewed another way, the projections suggest the U.S. may have to import $18 billion of metals a year by 1985 and $44 billion by the turn of the century, up from only $5 billion in 1970. "What kind of an economy can stand that kind of pressure on its balance of payments?" asks an Interior Department planner.

At the department's Bureau of Mines, Paul Zinner, assistant director for planning, says the bureau has seen the metals problem coming for 20 years but has been unable to generate much high-level interest. "Since 1953, we've been saying annually we've got to do something about it. But nothing's happened because there's been no crisis. When you find you can't buy an auto because industry can't get materials, you'll get concerned."

As that concern builds, it is likely to be accompanied by the realization that the increasing dependence on overseas metals supplies must dictate changes in American foreign policy. Most obviously, in the view of some analysts, it will force Washington to lavish more attention and money on the less developed nations than in the past. "When we awaken to an oil crisis," says Mr. Bergsten, "we realize how vital to us are Nigeria, Indonesia, and Ecuador"—countries that have crude for sale.

In recent years, Washington's foreign-policy machinery, under the tight direction of Henry Kissinger, has concentrated on building relations among the big powers—the Soviet Union, China, Japan, the allies in Western Europe. The result has been a slighting of the developing areas of the world, which hold the resources the U.S. will increasingly need. "Our policy institutions aren't adapted to these newly emerging economic realities," says Federal Reserve Chairman Burns.

Many experts believe the U.S. metals-dependence problem will be reflected in rising prices, rather than in a cutoff of supplies. "You wouldn't suddenly find yourself without copper, for example, but you could find the price so high you couldn't afford it," Mr. Zinner says.

Increasing world-wide demand for metals presents suppliers with an opportunity to raise prices, and the oil crisis demonstrates how quickly suppliers can move. Immediately after Iran auctioned crude oil for as much as $17.34 a barrel, Indonesia, Bolivia and Ecuador announced they intended to raise prices, too. "We can't close our eyes to the prices of oil in the last few months," declared Indonesia's minister of mining, Mohammad Sadli.

Earlier this week, six Persian Gulf oil producing countries more than doubled their posted price for crude oil to $11.651 a barrel from $5.11, effective Jan. 1, and more increases may be forthcoming.

THE ALUMINUM OUTLOOK

Predicting how or where a metals crisis might erupt is difficult. John Morgan, acting director of the Bureau of Mines, says only that the U.S. could find itself in trouble in "any one" of the metals it imports heavily.

Right now, the aluminum situation appears particularly threatening. Among the danger signs: reports that the leading bauxite-producing countries plan to meet early next year to discuss establishment of a producer organization similar to the Organization of Petroleum Exporting Countries, or OPEC.

In addition to OPEC, which has shown its muscle in raising oil prices, there is the Intergovernmental Council of Copper Exporting Countries (Chile, Peru, Zambia and Zaire) and the International Tin Council (producing members are Malaysia, Bolivia, Indonesia, Nigeria, Zaire and Australia).

In the long run, some government experts predict, one critical supply problem may be in uranium. "The world resources that are known, assuming that we have access to them, just aren't adequate," an Interior Department analyst says.

UNITED STATES RICH IN RESOURCES

Still, the situation isn't entirely bleak. For one thing, the U.S. remains rich in natural resources. In many instances, American industry has turned to foreign metal supplies because they have been cheaper than remaining domestic supplies.

For example, the U.S. has aluminum-bearing ore in Georgia and Alabama. But methods haven't yet been developed so these low-grade resources can be used economically. The U.S. also possesses much low-grade iron ore.

Some experts also question whether poor countries, lacking the unifying political cause of the Arabs, could actually get together to raise prices and control supplies. The major copper-exporting countries, says a Washington expert, "aren't geographically cohesive." However, such arguments are rejected by Brookings' Mr. Bergsten, who believes that joint action is more likely in some raw materials than it was in oil.

In any case, U.S. officials are talking about ways to conserve metals in the future as well as to increase U.S. production. Some officials, such as Interior Department Chief Morton, also believe it's time to take another look at the administration policy, established last spring in the hopes of lowering metal prices, of disposing of most of the government's huge strategic-materials stockpile.

"What the stockpile has provided," an Interior Department planner says, "is tremendous bargaining power for this country in the international sphere. With it, you don't let these bandits hold you up."

REAL SHORTAGE MAY BE MINERALS

(By John Kuglin)

SPOKANE, WASH.—The nation faces a shortage of minerals more serious than the current energy crisis, federal and mining industry officials have warned.

Assistant Interior Secretary John Kyl and representatives of Consolidation Coal Co. and the American Mining Congress told 1,000 members attending the Northwest Mining Association's convention that environmental controls must be eased and other governmental regulations modified to increase mineral production.

Kyl, a former six-term congressman from Iowa, said power production could be boosted by increased strip mining of coal. Kyl said surface mining was safer for coal miners than underground mining but some environmentalists "get to the point where they are more concerned about a tree than a person."

An amendment to the coal surface mining reclamation bill passed by the Senate will be "disastrous" to plans to meet the energy crisis, the former congressman said. Kyl said the amendment, authorized by Senate Majority Leader Mike Mansfield, D-Mont., would prevent mining of 63 percent of the usable federal coal reserves.

The amendment prohibits surface mining on privately-owned land under which the federal government owns the subsurface mineral rights. The House has yet to pass its version of coal surface mining reclamation legislation.

The Nixon administration is "very much opposed" to the amendment, Kyl said.

Kyl predicted "within five to 10 years this country will have a materials' crisis which will make this energy shortage look like a Sunday school picnic" unless mineral production is greatly expanded. He predicted shale oil in the West will not be developed without federal price guarantees.

J. Allen Overton Jr., Washington D.C., president of the American Mining Congress, said the nation imported $10 billion in minerals in 1972, and a $100 billion deficit between domestic supply and domestic demand is projected for the year 2000.

Overton said land use land planners should recognize "the unique nature of land used for mineral development" because mining can occur only where minerals exist.

William Poundstone, Pittsburg, Pa., a Consolidation Coal Co. vice president, said strip mining reclamation laws, air pollution standards and provisions of the Coal Mine Health and Safety Act which are not essential to health and safety must be eased to meet the nation's coal needs.

Poundstone said "the choice is clear. We will opt for conservation relaxation of environmental standards though neither is attractive to the American public."

The convention is scheduled to end Saturday with briefings on mined land reclamation and Washington's geothermal potential and a speech by Rep. John Melcher, D-Mont.

INDIAN HOUSING—A NATIONAL DISGRACE

Mr. DOMENICI. Mr. President, for many years I have supported most strongly the many programs of the Federal Government which have as their aim at least a partial solution of the Nation's housing problems.

My motivation for that support, as I examine it, is not some lofty philosophical or economic theory; it is simply the homely realization that every man or woman wants, from a deepseated, fundamental hunger, to provide for his or her family the best shelter, the most truly homelike home, it is possible to provide.

I consider that desire to be universal—hence natural to all our citizens.

And I believe no citizen should be neglected when our Government undertakes to provide some benign assistance in filling it.

Yet I find, in the long history of our efforts in this regard, that the special needs of one group of our citizens has been consistently ignored, or at best, only half served.

I refer to our Indian people.

I have asked this body, in a previous speech before it, this simple question: Can the workings of Government which apply to non-Indians be made to fit the diversity of tribes, nations, and pueblos, or do they need special application to these special people?

I ask that question again today—and I will give you my answer, if I may, by saying I believe, and my many Indian friends believe, that they need and require special consideration under the law.

Housing is one preeminent example.

The average American citizen, if he desires to build a home, for example, can, if his income is adequate, deal with a financial institution, mortgaging the home and the land on which he builds it to obtain the funds for its construction.

Can you imagine the consternation in a bank or savings and loan association when an Indian citizen seeks a loan and says, "I do not own the land on which I plan to build; it is held communally by my tribe. If it becomes necessary for you to seek recourse against me, you can reclaim the house but not the land on which it is constructed"?

That is precisely the situation in which most families who live on reservations find themselves, because of the organization of ownership within their tribes and because of the nature of the trust relationship between themselves and our Government.

Yet this same Government, which initiated and maintains this trust relationship, so often forgets these special people when it legislates for all its citizens.

Let me give you another example—one which we in the Southwest find almost grimly humorous.

For centuries we have used as building material what we call adobe—a simple Sun-baked brick, made of our caliche soil and a little straw. It is a humble material, perhaps, but it has served us well; some of you may know the pueblo at Taos or the church at Acoma which are built of adobe and have stood for more than 300 years.

Now, in the 20th century, it appears that adobe does not fulfill the requirements of HUD as a building material, partly because no one has ever done the scientific factgathering to demonstrate that it offers sufficient insulating properties. No one has ever done that, because we know from experience—perhaps the most ultimate scientific proof—that adobe insulates well.

Yet HUD says, "where are your facts, your studies, your proofs?" And HUD is uncomfortable when we can only point to existing buildings and answer, "There."

In this case, with the assistance of my staff, the Pueblo peoples were finally able to convince the Federal Government that their own wisdom was just that—that adobe homes, which have served them for centuries, did not need the 4 inches of asbestos insulation which were required in a split-level, Cape Cod-type home.

You can imagine the frustration which results—and the interminable delays—while Indians try to demonstrate to the Federal Government that they may in fact know what is best for themselves.

For the simple fact is that almost all our legislation is designed, not so much to intentionally exclude our Indian citizens as with a total insensitivity, but with a forgetfulness of their unique but very real needs.

So I rise, to remind our Members once again that our duty requires special consideration of these special people. What applies—in housing legislation, as in many other areas—to the problems of the innercity or the suburbs may not apply in the area between the Navajos' four sacred mountains or in the hills and prairies of the Rosebud.

Yet it is to Indians, in a different manner than to our other citizens, that we have a special obligation—one written into the numberless treaties we have made, and not always honored.

It is time for us to begin reclaiming the past, since we cannot change it, by giving our Indian tribes, nations, and pueblos the special consideration they have for so long been too patient to demand.

So, Mr. President, I am extremely disappointed in the lack of recognition of Indian housing problems I find in relevant housing legislation now in the Senate. My review of these measures discloses no new thrusts of sufficient magnitude or impact to adequately address the plight of our Indians existing in substandard housing.

May I, Mr. President, take this opportunity to implore my colleagues to be receptive to legislative initiatives which will be generated by the lack of relief pending housing legislation would provide for Indian people. We simply cannot continue to refuse to deal with this shameful national disgrace or pretend that it does not exist or may go away. In the coming days I will join other concerned Senators in an effort to achieve equity in housing for Indian people by more directly responding to their unique circumstances.

DEATH OF PERCY HEBERT, SHERIFF OF ST. JOHN THE BAPTIST PARISH, LAPLACE, LA.

Mr. LONG. Mr. President, I would like to express my deep sense of loss at the recent death of Percy D. Hebert, of LaPlace, La.

Sheriff Hebert was serving his ninth consecutive term as sheriff of St. John the Baptist Parish, making him Louisiana's senior sheriff in point of service. He served my State with dignity and honor since joining the Louisiana State Police Force in 1934.

Sheriff Hebert set an example for diligence, hard work and vitality. His sense of duty to his office is an example to all who have known him.

Sheriff Hebert devoted his life to serving Louisiana and his death is a loss not only to those who knew him personally, but to all citizens of Louisiana.

Sheriff Hebert was born at Lions in St. John the Baptist Parish on July 13, 1907. He graduated from the Leon Godchaux High School in Reserve in 1926.

His first job was as a heavy equipment operator for a construction company. He then worked at the Godchaux Sugar Refinery in Reserve and in 1927 and 1928 was an assistant chemist at a sugar refinery in Cuba.

He joined the Louisiana State Police Force in 1934 and served there until he resigned to run for sheriff in 1940. He became sheriff August 3, 1941, the youngest man ever elected to office in his parish. He had been reelected every 4 years since then.

Sheriff Hebert attended the Louisiana State Police Academy and the basic training academy at LSU in Baton Rouge.

During his 32 years of distinguished service, he received numerous awards and citations. He will be most remembered, however, for his compassion and integrity.

Among the hundreds of floral offerings sent in his memory was one from the inmates of the parish jail in LaPlace. The money for this tribute was raised by the inmates pooling their cigarette and stamp funds. The card attached contained this note:

> "To a man who we all thought the world of, and may God remain with him and in him forever."

Mr. President, the news story about Sheriff Hebert's initial election victory in 1941 finished with the statement that he promised good clean government and friendship to all. I can attest that he did both, and I believe the floral wreath from the prisoners in the parish jail give evidence that he also performed his duties with sensitivity. Mr. President, Mrs. Long joins with me in extending our deepest sympathies to Sheriff Hebert's widow and daughter in their time of loss.

Mr. President, I ask unanimous consent to print in the RECORD an editorial from Sheriff Hebert's hometown paper, L'Observateur. Joseph A. Lucia, the editor and publisher, knew him for many years and I believe this editorial captures the essence of the man.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

SHERIFF P. D. HEBERT

In the death of Sheriff Percy D. Hebert, St. John the Baptist Parish has lost one of its most colorful figures and countless parish residents, especially the poor and downtrodden, have lost a true and loyal friend.

We are not going to try to tell you Sheriff Hebert was without fault—few, if any, mortals are—but his good qualities and good deeds far outnumbered any of his deficiencies. He dedicated his life to law enforcement—his ambition always was to be sheriff—and in that capacity he was an outstanding success. He constantly strived to upgrade his office within the limits of his budget and it is no secret that he had succeeded in assembling a staff as good as any in the state.

As a full time staff reporter since 1937 for one of the largest metropolitan daily newspapers in the nation, we have spent most of our lifetime with police officers, sheriffs and their deputies. We never cease to be amazed at the great number of men of superior qualities which we have found among law enforcement officers.

Naturally, like in all professions, we have come across some who were not worthy to wear the badge. They were crooks, liars and cheats and other officers did not care to associate with them because of their lack of scrupples and morals. Those were the officers who, even though they did not last too long, made you appreciate even more the dedicated and trustworthy ones.

We are proud to say that among our very best friends are a large number of law enforcement officers, and very high on that list is Sheriff Hebert, whom we knew and worked with since his days as a member of the state police.

He was truly a man of great compassion, a quality which unfortunately is sadly lacking in many of our leaders of today.

Naturally, as a politician Sheriff Hebert had many critics, a great number of whom ran to him for help when they got in trouble or needed assistance of some kind . . . and he helped them. There are stacks of letters on file in his office from grateful parents and from young people, who, themselves, at one time or another, were picked up and sternly spoken to and then fondly fed, put into clean, new clothes, given a bus ticket and sent home. Those expenses were not covered by the sheriff's office, but came out of his pocket. They are just a few of the things the general public did not know about a sheriff who liked people and liked his job.

Dr. S. J. St. Martin, parish coroner, who by state law has assumed the office of sheriff, is the second parish coroner in this century to become sheriff. Dr. William F. Guillotte, then parish coroner, became sheriff when Sheriff Willie Duhe resigned Feb. 15, 1940. A supervisor from the office of Jerome A. Hayes, then state supervisor of public funds, was sent to Edgard at the time to serve as tax collector. It was that vacancy in the sheriff's office which launched Sheriff Hebert on his long career of public service.

DEPLOYMENT OF SOVIET HELICOPTER GUNSHIP

Mr. THURMOND. Mr. President, in the March 4, 1974 issue of Aviation Week & Space Technology there appears an article entitled, "Soviets Deploy Mil Mi–24 Hind Gunship."

This Soviet helicopter gunship can carry the Sagger antitank missile as part of its armament. Another version of the Hind gunship carries rocket pods.

Since cancellation of the Cheyenne Army helicopter gunship program several years ago, the Army has moved to develop a less expensive attack helicopter. Deployment of this helicopter is some time away and, in the meantime, the Army is depending upon its Cobra gunship which is being modified to carry the Tow antitank missile.

This article clearly demonstrates the Soviets continue to move ahead in all areas of military weapons systems. It is my hope those critics of helicopter gunships will take note of these developments and give serious consideration toward keeping our Army equipped with hardware necessary to give adequate support to the ground soldier.

Mr. President, I ask unanimous consent that this article be printed in the RECORD at the conclusion of my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

SOVIETS DEPLOY MIL MI–24 HIND GUNSHIP

Soviets are deploying their first helicopter gunship, the Mil Mi–24, with units in East Germany (AW&ST Sept. 24, 1973, p. 11). The helicopter, identified by the NATO code-name Hind, can carry Sagger antitank missiles as part of its armament.

Two versions of the Mi–24 have been put into production. Hind A is the antitank version now being deployed. Hind B carries rocket pods, but not the Sagger anti-tank missile.

Two units of approximately squadron size have been deployed in East Germany. The Soviets are apparently developing tactics for the helicopters similar to those developed by the U.S. Army.

The Mi–24 uses the same engines and drive train as the Mil Mi–8 helicopter. It is powered by two Isotov TV2–117A turboshaft engines developing 1,500 shp. each on takeoff and 1,000 shp. in cruise at 1,500 ft. altitude and 120 kt. (AW&ST Aug. 27, 1973, p. 45).

Both versions of the Hind have short, weapons-carrying wings mounted about mid-fuselage, but Hind A wings carry more weapons stations than the wings on Hind B. Both carry about 8–12 troops in addition to their weapons load and both have an automatic weapon mounted in a chin turret. The gun is believed to be a 23-mm. weapon.

Hind A has wings with a pronounced negative dihedral and three weapons stations. Outboard stations carry two Sagger wire-guided antiarmor missiles each and may have the capability of carrying Swatter missiles also. Two inboard pylons carry rocket pods.

Hind B has wings without any dihedral, positive or negative, and the wings have only two weapons pylons each.

Wings on both versions are set at approximately 20 deg. angle of incidence to alleviate wing/rotor interaction problems. Wings also unload the rotor in forward flight and permit higher speeds.

Both versions also have retractable landing gear. Main gear retracts into partial wheel wells aft of the wings and is covered with a fairing that forms a noticeable bulge on the aft underside of the fuselage.

This indicates that there was not a great deal of space available inside the helicopter.

Size, speed and performance capability of the Mi–24 are approximately equal to the Mi–8. Fuselage of the Mi–24 is about 65.5 ft. in length, and wing span is approximately 23.25 ft. Overall length of the Hind, from the forward edge of the rotor disk to the rear edge of the tail rotor disk is slightly more than 83.6 ft. or a little more than the Mi–8. Rotor diameter is 70.25 ft., and tail rotor diameter is approximately 12.5 ft. Height to the top of the tail rotor disk is approximately 20.5 ft.

Maximum speed is estimated to be about 140 kt. at maximum gross weight, and cruise speed at about 122 kt. Normal operating range is estimated at about 260 naut. mi.

WASTE DISPOSAL ALTERNATIVE

Mr. DOMENICI. Mr. President, the depletion of our Nation's natural resources—both renewable and nonrenewable—has rightly become a topic of increasing concern. Our resources must be managed as sensibly and efficiently as technology and the state of the art permits if we are to avoid shortages such as our present one in petroleum products. I believe, Mr. President, that legislation to encourage such management should be an important part of our initiatives during this session of Congress.

In order to further our recognition of the wide range of possibilities in this area which are currently available, I request unanimous consent that a recent article from the Washington Post entitled "Waste Disposal: An Example From Rotterdam" be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

WASTE DISPOSAL: AN EXAMPLE FROM ROTTERDAM

(By Benjamin Ronis)

ROTTERDAM, THE NETHERLANDS.—While jurisdictions in the Washington area continue to bicker about where to dispose of their trash and sewage, an excellent example of regional cooperation—something Washington could certainly use—can be found serving the Rijnmond District that includes this major port city.

Set up in the suburb of Botlek after Rotterdam's older facilities became physically and environmentally inadequate, the district's regional solid and liquid waste processing facility is owned and operated by a quasi-public corporation owned by the 23 collaborating municipalities.

A small portion of the stock in this corporation is held by the Rijnmond Public Authority, which has an overseer role in the operation. The balance of the stock is owned by the City of Rotterdam and the other municipalities in the district. User charges are levied against each municipality or private concern on the basis of type of waste and tonnage.

Like all highly industrialized nations, the Netherlands lately has had to cope with an awesome proliferation of liquid and solid waste from urban development. Concentrations of heavy industry, particularly petrochemicals, in the Rotterdam area have reached the point where dumping of liquid chemical wastes into nearby bodies of water cannot be tolerated.

Coupled with this is the fact that landfill sites in the Netherlands are now virtually impossible to come by. Here in the Rijnmond district, where the population is denser than anywhere else in the country and where the land and water are below sea level, landfills and discharging into public bodies of water are environmentally unacceptable and could endanger ground water supplies and create a large health hazard.

The new incinerator at Botlek is capable of disposing 190,000 tons of domestic urban garbage each year in addition to as much as 440,000 tons of normal solid waste from industrial plants nearby. The regional facility is also designed to handle 70,000 tons yearly of solid and liquid waste from nearby chemical manufacturing, processing and sewage treatment plants, for Rotterdam has the world's largest single concentration of oil refineries and petrochemical plants.

(In this area by contrast, the Blue Plains Sewage Treatment Plant treated 107.2 billion gallons of sewage from the city and parts of the suburbs in fiscal 1973. Of some 800,000 tons of trash generated in the District of Columbia that year, a third was handled by the city and the rest by private haulers.)

Rotterdam's solid and liquid waste disposal complex, of which the incinerator is the major component, also includes a power generating unit and a distillation plant. The entire installation was completed last March for a total cost of $70 million.

Prior to the completion of this facility nondestructible items that could not be handled by Rotterdam's older incinerator had to be hauled by train to the northeast of the Netherlands. Increasing costs and the unavailability of landfill sites made continued hauling almost impossible, however, and in 1968 the Rijnmond Public Authority began planning for the creation of a new multipurpose facility, with maximum resource recovery a major goal.

Ground slag recovered from the system is used for road surfacing. Fly ash is sold to the chemical industry and recycled into products used in construction. Special attention is paid to the handling of chemical wastes, some 70,000 tons of which is processed each year.

The jewel of the resource recovery features in the Rijnmond waste treatment center is the power generation plant. Within the complex are located three turbo-generators, each with a capacity to utilize 125 tons of steam hourly. Under normal conditions, the boilers attached to the roller-grate furnaces generate about 250 tons of steam per hour. This allows for one of the turbo-generators to be kept on standby reserve for use when one of the others is down for repairs or the system is operating above normal capacity. All told, the electric generating system can supply up to 54,000 kilowatts hourly to the national power grid, enough power to heat 3,000 homes.

The turbines were especially designed to service the needs of the companion water distillation plant where five multi-stage evaporators in the system convert salt water into distilled water for industrial usage. Each evaporator can turn 50 tons of steam received every hour into 450 tons of distilled water. The total daily output is almost 13 million gallons, enough to serve the daily domestic needs of a municipality of more than 100,000 people.

The 280-employee plant is situated on the ship channel between Rotterdam and the North Sea. Special unloading facilities with grab cranes were built along the channel to receive refuse brought by water from other areas in the Rijnmond district.

Detectors in the district mounted on tall masts constantly monitor atmospheric conditions such as wind direction and velocity, temperature, pollution index, humidity, atmospheric inversions and other relevant data. This information is relayed to an air-pollution registration center, which analyzes the data and reports periodically to the operators of the waste treatment center. In this manner periodic adjustments can be made to keep air-pollution at a minimum.

A long-term contract with the Netherlands University of Technology will provide continuing research in the ability to extract even greater amounts of hydrochloric and sulfuric acids from the chemical refuse. Judging from the direction of the efforts at the Botlek plant towards maximum resource recovery, new terminology will have to be invented. If the Rijnmond center achieves its goal, almost nothing in the Netherlands will "go to waste."

QUORUM CALL

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR CERTAIN ACTION TO BE TAKEN DURING THE REMAINDER OF THE SESSION

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that for the remainder of this Congress it be in order to refer treaties and nominations on the days when they are received from the President even when the Senate has no executive session that day.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that it be in order for the proper members of the staff to receive bills, resolutions, and amendments at the desk when signed by the respective Senators at any time during the day when no question is raised thereon, and that in accordance with the rules they be appropriately referred, or amendments be ordered to be printed and lie on the table.

Mr. President, I withdraw that request.

Mr. President, I ask unanimous consent that it be in order at any time during the session of the Senate and for the remainder of this Congress for members of the staff at the desk to receive remarks from Senators for insertion in the RECORD when signed by Senators and when presented at the desk by Senators only.

The PRESIDING OFFICER (Mr. HART). Without objection, it is so ordered.

PROGRAM

Mr. ROBERT C. BYRD. Mr. President, the Senate will convene at the hour of 10 a.m. tomorrow.

After the two leaders or their designees have been recognized under the standing order, the Senate will resume the consideration of the unfinished business, S. 2747, to amend the Fair Labor Standards Act of 1938.

There is a time agreement on that bill and on amendments thereto.

Yea-and-nay votes will occur.

It is hoped and believed that final action may occur on that bill tomorrow.

ADJOURNMENT TO 10 A.M.

Mr. ROBERT C. BYRD. Mr. President, if there be no further business to come before the Senate, I move, in accordance with the previous order, that the Senate stand in adjournment until 10 a.m. tomorrow.

The motion was agreed to; and at 6:07 p.m. the Senate adjourned until tomorrow, Thursday, March 7, 1974, at 10 a.m.

NOMINATIONS

Executive nominations received by the Senate March 6, 1974:

IN THE AIR FORCE

The following officers for appointment in the Reserve of the Air Force to the grade indicated, under the provisions of chapters 35, 831, and 837, title 10, United States Code:

To be major general

Brig. Gen. Willard W. Millikan, [redacted]FG, Air National Guard.

Brig. Gen. Valentine A. Siefermann, [redacted]FG, Air National Guard.

To be brigadier general

Col. Doyle C. Beers, [redacted]FG, Air National Guard.

Col. Robert G. Etter, [redacted]FG, Air National Guard.

Col. Eugene G. Gallant, [redacted]FG, Air National Guard.

Col. Joseph H. Johnson, [redacted]FG, Air National Guard.

Col. Lloyd W. Lamb, [redacted]FG, Air National Guard.

Col. Robert B. Maguire, [redacted]FG, Air National Guard.

Col. Donald E. Morris, [redacted]FG, Air Natioanl Guard.

Col. Stanley F. H. Newman, [redacted]FG, Air National Guard.

Col. Richard F. Petercheff, [redacted]FG, Air National Guard.

Col. Darrol G. Schroeder, [redacted]FG, Air National Guard.

Col. Harding R. Zumwalt, [redacted]FG, Air National Guard.

IN THE MARINE CORPS

The following-named officers of the Marine Corps for permanent appointment to the grade of major general:

Kenneth J. Houghton
Frank C. Lang
Robert D. Bohn
Edward J. Miller
James R. Jones
Charles D. Mize
Norman W. Gourley

The following-named officers of the Marine Corps for permanent appointment to the grade of brigadier general:

Albert C. Pommerenk
Herbert L. Wilkerson
Manning T. Jannell
Ernest R. Reid, Jr.
Clarence H. Schmid
Edward A. Wilcox
William L. Smith
Arthur J. Poillon
Kenneth McLennan
Joseph Koler, Jr.
George R. Brier

The following-named officers of the Marine Corps Reserve for permanent appointment to the grade of brigadier general:

Robert E. Friedrich
Paul E. Godfrey
Allan T. Wood

EXTENSIONS OF REMARKS

BOSTON, MY HOMETOWN

HON. THOMAS P. O'NEILL, JR.

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 5, 1974

Mr. O'NEILL. Mr. Speaker, as the city of Boston, the Commonwealth of Massachusetts and, indeed, the entire Nation approach our celebration of the American Revolution Bicentennial, I offer with pleasure a sparkling article on venerable-yet-modern Boston which appeared recently in the Executive magazine.

Its authoress is Beverlee Ahlin, assistant to the vice president for public affairs of Allegheny Airlines and herself a native of the Commonwealth.

I insert this fine example of contemporary writing in RECORD, as follows:

BOSTON EXAMINES ITS IMAGE AND FINDS IT DELIGHTFUL

(By Beverlee Ahlin)

The City of Boston—"The Athens of America"—"The Hub"—"A State of Mind".

Known as each and all of these since colonial times, Boston is today a city of infinite variety. Increasingly, it has become an attraction and a haven for every visitor—the scholar, the businessman, the artist, the tourist and the history buff. And as the well-planned "Boston 200", its Bicentennial celebration, approaches, it will become more fascinating than ever, not alone for Americans but for visitors from every land.

"Boston runs to brains as well as to beans and brown bread," said one such traveler years ago. How true it is!

The city has within its borders and close by one of the finest educational complexes in the world. Boston University, Northeastern University, Simmons College, and just across the river, the towers of prestigious Massachusetts Institute of Technology, Harvard College's "Yard" (never "campus") and the leafy environs of Tufts University, to mention but a few.

These great institutions of learning have contributed down the years not alone to tens of thousands of inquiring young minds but to the solution of the problems of modern business and government and to the daily improvement of America's way of life.

But this "Athens of America" includes as well not alone these groves of Academe but a wealth of other cultural offerings almost beyond count.

No visitor to Boston can afford to miss the city's Symphony Hall and its magnificent orchestra, or its superb Museum of Fine Arts. And it would be unforgivable not to visit the Musuem of Science, the Hayden Planetarium, and—it's breath-taking!—the Gardner Museum, once the impressive home of Isabella Stewart ("Mrs. Jack") Gardner.

"Mrs. Jack", by the way, a beautiful creature, was also a woman of fearless independence, as staid Boston realized the day she appeared on Beacon Street with a leopard on a leash!

Happily, Boston is not a city that neglects its *children's* cultural growth, a fact clearly evident in its Children's Zoo, Children's Art Centre, Children's Museum and, in a travelling "stagemobile", its Children's Theatre.

This reference to children recalls the little Mormon girl in Salt Lake City who, when asked by a visiting Boston lady if she knew where Boston was, replied quickly, "Oh yes, we have a missionary there!"

"Something old, something new—" aptly identifies Boston today. At the very top of Beacon Hill stands the dignified State House, the creation of the talented Charles Bulfinch, while across the Common and the Garden the swan boats continue to glide serenely on a placid pond as they have for decades past.

In the nearby Back Bay there still remain streets that evoke the era of the gaslight and the brougham and lovely Louisburg Square remains an architectural and environmental delight to every eye.

Nearer the harbor, the Old State House still stands somberly overlooking the scene of the Boston Massacre. Faneuil ("Fan'l") Hall, once the site of impassioned patriots' speeches, does double duty as an historic relic and as the center of a bustling market area.

Old Boston, "The Cradle of Liberty", is everywhere evident but the New Boston is overwhelming!

By reason of the imagination and energy of its leading citizens and with the wholehearted support of every resident, the city has quite literally lifted itself up by its bootstraps and, in selected areas, has undergone a magnificent restoration and renewal.

Central to this civic triumph is Boston's spectacular, new City Hall, its architectural style reminiscent of ancient Aztec creations, yet its design as modern as tomorrow.

Recipient of several international awards as "superlative", "outstanding" and "epochal," this splendid public building brings a warm glow of pride to every Bostonian's heart.

Surrounding the spacious "piazza" before the City Hall stands a circle of equally modern government buildings of clean design and attractive facade, each of them a symbol of the Boston of today.

Farther on, over Beacon Hill and toward Back Bay, there tower the Prudential Center and the John Hancock Building, evidence of the determination of Boston's business community to aspire to the best and most useful, just as did their thrifty forebears whose labors created "The Hub".

Yet nothing, perhaps, so melds the antique traditions of Boston and its life today as the Boston 200 Master Plan, its projected celebration of the Bicentennial, for which, as Mayor Kevin White puts it, "The City is the exhibit."

The official "Boston 200" program will begin on April 18, 1975, and last through December, 1976. Meanwhile, the city's planning emphasis is upon five special areas:

1. Citygame—dramatizing Boston's wealth of historical, cultural, educational, scientific and civic institutions; 2. Festival American, which will commemorate historic events of the past and the richness of cultural life today; 3. Physical and Environmental Improvements, transportation and recreational facilities, campaigns for an ever cleaner Boston; 4. Visitor Services in their every aspect and detail; 5. Economic Development, proof positive of the appeal and benefits of living, working and doing business in this old-new city by the sea.

The entertainment highlight of "Boston 200" may well prove to be the Tea Party Weekend! This will include, on December 15–16, 1975, an afternoon tea and an 18th century concert at the Old South Meeting House (where tumultuous gatherings were held just preceding the original Boston Tea Party), a Tea Party Ball, with entertainment of the 18th century, at the Boston Center for the Arts, and then the re-enactment of the first "Tea Party" by the Charlestown Militia and the Massachusetts National Guard.

"But this time", says Harron Ellenson, coordinator of the Tea Party Weekend, "instead of dumping tea and adding to the pollution problems of Boston Harbor, we'll signal our cooperation with local ecology groups to begin a clean up of Boston's waterways!"

Access to Boston and to "Boston 200" will, of course, be available by land transportation in varied forms but nowhere so easily and swiftly as by air to Boston's Logan International Airport.

Described by former Mayor John Collins as "the most important asset Boston has", Logan International this year celebrates its 50th Anniversary, a tribute to those New Englanders who, half a century ago, saw further and saw more clearly than most of the rest of us.

The growing size of Logan, its unrivalled facilities, its 10-minute distance from the heart of the city—all these combine to make it, without question, an asset and an attraction of incalculable value.

Domestic flights alone, in and out of Logan, now exceed 500 per day and the dramatic addition of Allegheny Airlines' non-stop service to Washington and Philadelphia has been hailed as another new dimension of Logan's great passenger and cargo service.

> "And this is good old Boston,
> The home of the bean and the cod,
> Where the Lowells talk only to Cabots
> And the Cabots talk only to God."*

No such frosty exclusiveness characterizes the Boston of today and travellers by air, rail or highway will find here a warm welcome and congenial people of every ethnic mix and measure.

The Boston Brahmin, perhaps more than the Indian, could be called "The Vanishing American" but his imprint remains on the city, to which his children continue to contribute much of enduring value.

To join him have come, during the past century, the Irish, the Italians, the Greeks, the Polish, the Scandinavians, the Chinese, the Armenians and the latter-day English (for Boston is the *most* English of all our cities).

These varied strains of blood and intellect, of skill and talent have combined to make Boston a truly cosmopolitan and genuinely hospitable town.

Nowhere is that hospitality more evident than in its hotels and restaurants. An hotel of the grande dame vintage, such as the Copley Plaza, is joined by the up-to-the-minute Sheraton-Boston in providing cheerful, spacious welcome. The dignified Ritz-Carlton looks obliquely across a corner of the Garden to the dependable Statler-Hilton and elsewhere in the city there is always "room in the inn".

And in innumerable Boston restaurants, Brillat-Savarin, Escoffier and Diamond Jim Brady would find themselves happily at home. Lunching or dining out in Boston is not an occasion—it is a memorable event, as connoisseur and commoner have testified through the years.

Locke-Ober's, the Parker House, Jimmy's Harborside, Anthony's Pier 4, The Union Oyster House, Jake Wirth's, the Rusty Scupper, the Half-Shell, Stella's—they run the delightful, delectable gamut of menus but with each and all placing the accent on fine food and friendly service.

A cynical friend of the writer once remarked, "The way to a man's heart is not through his stomach but through his pride." I wonder, especially when I consider the gustatory persuasions of Boston.

But as life, in the truism, isn't all cakes and ale, so, too, the modern city, whatever its assets and attractions, faces sobering problems. Boston is no exception.

Mayor White and his predecessor, John Collins (now a member of the faculty at M.I.T.) both identify Boston's biggest problems as "the on-going renewal of the city in order to make it a cleaner, healthier, safer place to live."

For a city as old as Boston, urban renewal has been a monumental task and will be a continuing one, but the spirit and the values that made it great are still in abundant supply.

Crime and poverty, unequal rights, improved educational opportunities and facilities, more, and more meaningful, employment—these are the modern crises that afflict this ancient community—as they do every other in the land. But, as one old Yankee put it, "We'll lick 'em, as our fathers did theirs and we have a great advantage—they stood so tall before us."

That determination is everywhere evident—in Boston's energetic and invigorating business climate, in the optimism of its people, in its wonderful old-and-new architecture, in its educational institutions, in its imaginative public leadership, in its favored position in national and world geography, in its, well, in its just being Boston, the Boston of yesterday and today and very certainly, of tomorrow.

When next you visit Boston, go to Bunker Hill ("Don't fire until you see the whites of their eyes!") and be inspired by the scene below and around you. The narrow peninsula, the hilly terrain, the spacious and busy harbor—think then of how it was when first the Pilgrims came and of what has been overcome and achieved since.

Our days are no longer than were theirs, our nights are no darker, and we do have one cherished advantage—that they "stood so tall before us".

This, then, is the message of this "Athens of America", of "The Hub", of this "state of mind", of this pulsing, representative American city, this Boston.

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*To which they replied from Connecticut:
"Here's to the town of New Haven,
The home of the Truth and the Light,
Where God talks to Jones
In the very same tones
He uses with Hadley and Dwight."**

** Former presidents of Yale.

RUSSIAN MILITARY GAINS

HON. STROM THURMOND

OF SOUTH CAROLINA

IN THE SENATE OF THE UNITED STATES

Wednesday, March 6, 1974

Mr. THURMOND. Mr. President, further evidence of Soviet military gains vis-a-vis the United States are reported in the February 22, 1974, column of Ernest Cuneo.

This column appears in the San Diego Union newspaper and raises questions which each American citizen should ponder.

Mr. President, I ask unanimous consent that this article be printed in the Extension of Remarks.

There being no objection, the article was ordered to be printed in the Record, as follows:

Russian Military Gains are Appalling

(By Ernest Cuneo)

Russia has already passed the United States as a military power and, on present projections, will outclass the United States by the early 1980s.

Apparently stampeded by a senseless mass hysteria against a mythical "military-industrial complex," the Congress has recklessly cut and slashed the military budget to the point where the U.S. armed forces in Europe are at the mercy of the Soviet forces in any showdown.

The probable reason that there is no showdown is that the Russian advantage grows by the day as American and North Atlantic Treaty Organization strength dwindles almost literally by the hour.

Russia has a military-industrial complex so huge that the country itself could not sustain it without forced labor and captive satellite contributions.

The Soviet army has just been increased numerically by lengthening the draft term from two to three years, the equivalent of raising the combat level by calling up 50 per cent of the reserves.

In the meantime, the U.S. Army morale has gone to pot. Abused, vilified and denigrated by powerful senators, many officers of the armed services want to get out. The vaunted volunteer plan is a sickening failure. Large numbers of the recruit-volunteers aren't fit for garrison, much less battle duty.

In its quiet way, Russia has capitalized its growing advantages brilliantly. It grabbed off Czechoslovakia ruthlessly in 1968. So that there would be no mistake of its contempt for the U.S. "protection," the Kremlin then announced "the Brezhnev Doctrine," the right to enter anywhere to protect socialist doctrine.

The answer in the U.S. Senate for this challenge was a backdown demand for the withdrawal of half of the U.S. troops in Europe.

Again, following the Israeli victory in the desert war of 1967, the Russians sent a fleet into the Mediterranean. It openly "brushed" the famed U.S. 6th fleet. Today, there are about 80 Russian warships to 60 U.S. Naval vessels in the eastern Mediterranean.

It is debatable, but naval opinion is almost evenly split on the possibilities of the U.S. 6th Fleet remaining in the Mediterranean if war comes.

In the meantime, Russia is on a crash naval building program.

With extreme cunning, Russia backed India against Pakistan, winning the Bangladesh war. This gave Russia the diplomatic preponderance in India. With Russian naval might, this is key to control of the Indian Ocean and the Bay of Bengal.

The American answer to this was a spirited if lumbering dash by Patrick Moynihan, the U.S. ambassador, to give away $2 billion of American debt-dollars from India.

At the same time, his embassy leaked confidential American dispatches to leading India newspapers, extremely embarrassing to the U.S. government. Ambassador Moynihan has been suspiciously lax in pursuit of vigorous investigation of the leak.

In any event, in view of his own Middle East Munich, it is not particularly astonishing that Henry Kissinger is reported ready to promote Moynihan to under-secretary of state, when it is considered that Kissinger himself went to the Middle East to present the Russians with the thread which connects their new and glittering possesion, the Suez Canal.

Indeed, it was the Suez Canal upon which swung the Star of India which was Queen Victoria's lifeline. Whoever would have thought, only six years ago that the Suez lifeline—and the Star of India would be redesigned into the imperial gems of the Kremlin?

And, of all things, by that great team of Harvard professors: Galbraith, Moynihan and Kissinger.

And now, Dr. Kissinger presses on for détente.

By détente, Russia's military might will be multiplied by American goods on American credit.

At the rate American policy is going, Brezhnev's promise to the Russian people will be validated. He has told them that détente is only a ploy in the objective of Communist world domination, and by 1984, Western resistance will be all but impossible.

The idea of Suez under Russian domination would have been laughed at 10 years ago; but it's here.

Who knows? Today, Suez, tomorrow, the English Channel.

In the meantime, Gen. Andrew J. Goodpaster, supreme allied commander of Europe, a first class military officer and a quiet gentleman in the best traditions of the service, has strongly recommended that the United States arm its forces with small atomic weapons.

Small atomic weapons are about the only answer to the vast conventional military superiority which the Soviet army now already possesses in Europe.

Type	United States	U.S.S.R.
ICBM	1,054	1,600
ICBM warheads	1,794	1,700
Nuclear submarine missile tubes	656	700
Warheads on submarine missiles	4,000	700
Long range bombers	505	145
Tactical aircraft	5,000	4,500
Troops	2,200,000	3,400,000
Attack carriers	15	0
Support carriers	7	3
Cruisers and destroyers	160	219

JULIA BUTLER HANSEN

HON. ROBERT L. F. SIKES

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 5, 1974

Mr. SIKES. Mr. Speaker, one of the ablest, most charming and delightful among the distinguished ladies who have served in the U.S. Congress has announced that she will retire at the conclusion of the current term of office.

Somehow, it had never occurred to me that someday we would have to learn to get along in Congress without Julia Butler Hansen of the State of Washington. Not only did she bring to the Congress a wealth of experience in public life, she grew in her role as a Member of Congress, gained prominence in many responsible ways, became the first woman to serve on the House Committee on Appropriations, and rose to the historic position of being the first woman ever to chair a subcommittee of the Appropriations Committee.

As chairman of the Subcommittee on Interior and Related Agencies, Mrs. Hansen left an indelible and very creditable imprint on her beloved America. Her dedication to conservation made her ideal to serve in this post.

I gained particular respect for Julia Hansen when she was named to serve on the Subcommittee on Military Construction which I chair. Despite an incredibly busy and demanding schedule, Mrs. Hansen left an indelible and very creditable present and working on the side of sound national defense and adequate facilities for living, working, and training, for military personnel. In all her work her position always has been based on facts. She never tired of digging deep to get the true picture of what was going on and she is a standout to other Members who have depended upon her for help and guidance and inspiration.

Mrs. Hansen chose a career of public service early in life. There is no doubt she has earned time to rest and to enjoy her family and friends. But I doubt she will rest. Instead, I think she will seek out causes which need a champion and people who need help and advice. There are many who will continue to seek her help and counsel as they have for so many years.

Those of us who have had the honor to serve with her and to work with her in committee and for our Nation know of her great contributions to America. I am equally confident those she has served so well from her ntaive State also know in detail and appreciate the good work of this remarkable woman.

She is in every sense, a credit to her State and Nation. Without her, both would be poorer. Because of her, both are richer and safer.

RETIREMENT OF CONGRESSWOMAN JULIA BUTLER HANSEN

HON. JOSEPH P. ADDABBO

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 5, 1974

Mr. ADDABBO. Mr. Speaker, it is with a sad heart that I join my colleagues in paying tribute to the distinguished Member from Washington State (Mrs. Hansen), who has announced her retirement at the end of this year. Julia Butler Hansen's career has been literally filled with accomplishments and milestones. As Members of this Chamber recall many of the highlights of her 37-year career in elected office at city, State, and Federal levels, I know that her constituents must be very proud of their Representative.

Mrs. Hansen's retirement is not only a loss to her constituents and the State of Washington, but it is a very real loss to the Nation. As chairman of the Interior Appropriations Subcommittee, Mrs. Hansen has been a leader in legislation dealing with the environment, national parks and forest lands, energy resources, fisheries, hydroelectric power and the needs of the Indian people.

Julia Butler Hansen has also been a friend to the residents of New York State and in particular to those living in or near my own Seventh Congressional District. It was Mrs. Hansen's leadership which brought about the appropriations needed to carry on park programs throughout our State of New York and the appropriations to implement the recently enacted Gateway National Park program which opens up unique recreational opportunities for future generations to share the benefits of the Jamaica Bay area. Her retirement is a true loss to New York State.

Mrs. Hansen has always been a compassionate Representative. Her concern for the Indian people and other minority groups produced meaningful programs to improve life and educational opportunities on Indian reservations.

Julia Butler Hansen is also a courageous, independent individual who is not afraid to propose bold new ideas or propose changes in the status quo. Her leadership in chairing the Committee on Organization, Study, and Review of the Democratic Caucus earned her the respect of both sides of the aisle in this Chamber.

I have only touched on a few achievements of this distinguished American, but history will record the full and productive career of our friend and respected colleague. In the meantime I want to join her many friends in wishing Julia Butler Hansen a satisfying and happy retirement period and expressing to her the thanks of the people of the State of New York and an entire nation for the many benefits she has created and inspired during her career in public service and my own personal thanks for her aid, understanding, and friendship.

THE RETIREMENT OF JULIA BUTLER HANSEN

HON. ROBERT N. C. NIX

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 5, 1974

Mr. NIX. Mr. Speaker, after a career of 37 years of dedicated public service, no one has earned a retirement to private life more than our colleague, Julia Butler Hansen. We cannot begrudge her the decision to return with her husband to a quieter life in her beloved hometown of Cathlamet, Wash.

Still, it is with great regret that we see her leave the House of Representatives. She will leave a vacuum in the House that will be very difficult to fill. I think any of us would be hard pressed to find a finer example of what a public servant should be.

Mrs. Hansen's career has included service on her city council and in the Washington State Legislature, as well as in Congress. She has been the first woman to hold a number of important posts. In this House, she was the first woman to be assigned to the Appropriations Committee and the first to hold a subcommittee chairmanship.

In her service in Congress, Mrs. Hansen has compiled an enviable record of service to her constituents of the Third District of Washington and to the Nation. In her post as chairman of the Appropriations Subcommittee on the Interior, she has proven to be an outstanding legislative leader. She has worked long and hard for the interests of the American Indian, for natural resources, for the territories, and for the arts and humanities. She has given of her time to foster such enterprises as Ford's Theater, the Woodrow Wilson International Center for Scholars, the bicentennial celebration, and many others.

We on the Democratic side owe Mrs. Hansen a special debt of gratitude. She has always been active in party affairs, serving for 20 years as chairman of her County Democratic Central Committee. In the House, she has taken on many assignments for the party, including service on the Democratic Steering and Policy Committee. Undoubtedly her most difficult and challenging assignment has been the chairmanship of the Democratic Committee on Organization, Study, and Review. In that post she has implemented a number of important reforms in the way the House operates and has earned, in the process, the respect of her colleagues for her fairness, patience, diligence, and leadership.

Mr. Speaker, it is with sincere regret that we say goodby to Julia Butler Hansen. I can only add my voice to those of my colleagues in wishing her great success in her retirement and in thanking her for making service in this House a happier and more satisfying experience for all of us.

IN SUPPORT OF S. 1866, TO PROVIDE INCREASES IN PAYMENT OF CERTAIN CIVIL SERVICE RETIREMENT ANNUITIES

HON. WILLIAM H. HUDNUT III

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 6, 1974

Mr. HUDNUT. Mr. Speaker, I have supported S. 1866, and am pleased that the House passed this legislation to increase the annuities under the civil service retirement program.

By enacting this measure we are finally correcting an unfair situation that presently exists under the law whereby civil service retirees can be paid an amount less than the minimum social security primary insurance. Since civil service employees are not permitted to participate in the social security program, it seems that simple justice requires that parity with the minimum social security primary insurance be afforded to retired Federal employees.

Presently, approximately 15 percent of the current civil service annuity beneficiaries are receiving less than the minimum social security benefit of $84.50. We are all aware of how little this sum will buy in terms of food, shelter, clothing, medicine, and transportation.

The passage of S. 1866, will help approximately 80 percent of those presently on the civil service annuity rolls. Federal workers who retired prior to October 20, 1969, receive annuities based on earnings during past years of low-salaried employment, which had less liberal benefit levels.

Many are now well advanced in age, and they need more and more services and goods. The flat $300 yearly increase in the annuity of these retirees, as a one-shot equalization, may appear high since it costs $2.8 billion. However, the hardship experienced by those of our elderly Federal retirees, who must struggle to make ends meet on low annuities which will buy less and less today and tomorrow as inflation continues, persuades me to state without equivocation that this legislation is not only worthwhile, but it is a must. Therefore, I was pleased to give it my support.

SPONGING NEIGHBORS CHASTISED

HON. DALE MILFORD

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 6, 1974

Mr. MILFORD. Mr. Speaker, a resident in my district, Mr. Jim DeShong of Arlington, called my attention to an editorial appearing in the February 22, 1974 edition of the Dallas Morning News.

The editorial sums up some mighty strong feelings of people in Texas who believe that other States can invite oil companies into their cities and towns to build refineries.

Since this is an issue I feel strongly about, and it is one shared by many in my home district, I would urge my colleagues in the Congress to read this.

The editorial follows:

No Fuel Garden: Some Are Sponging Off Their Neighbors

(By Fred Pass)

In rural Texas, the way I remember it, when a farm family made a good garden or killed a hog on the first hard freeze of winter, it shared its plenty with neighboring households.

If some of the neighbors had worked hard trying to produce a food supply, but misfortune had wiped out a crop or a man's ability to produce one, the neighbors would share what they had, and be proud to do it.

But let one or two of those neighbors fritter away time in domino halls or fishing holes and the community would take a different look at the matter. The community wouldn't let the loaders starve, but it had a way of putting them down.

"They're sponging off their neighbors," the people would say. And, next to calling a person a common thief, that was about as low a thing as you could say about somebody.

Since the fuel shortage has become critical, there has been a lot of talk about dividing up gasoline supplies.

Sen. Lowell Weicker of Connecticut promises he will attempt legislatively to establish a national gasoline rationing plan. Florida's Gov. Reubin Askew wants his state's allocation base changed from 1972 to 1973, because 1973 was a year when tourists to the state burned more gasoline, and he wants the tourists to continue coming, burning just as much gasoline.

The policy makers all have about the same solution: Divide the shortage.

It seems to me that those Eastern Seaboard states have been sponging off their neighbors. They haven't even tried to have their own fuel garden. Now they want their neighbors in Texas, Louisiana and other oil-producing states to share and share alike.

What is unpardonable is that one federal energy bill now pending in Congress would force Texas oil wells to operate at levels that would be wasteful at least, and possibly would destroy many of the wells.

If they had allowed petroleum exploration in their own offshore areas, many Eastern Seaboard states might have enough oil and gas today to take care of their needs and perhaps have enough to send some to Texas.

Geologists have known for a long time that prospects for finding petroleum in the offshore Atlantic continental shelf are good. The U.S. Geological Survey estimates that this shelf contains about 40 billion barrels of oil and more than 200 trillion cubic feet of gas.

This represents four times the estimated reserves in the Prudhoe Bay Field on the North Slope of Alaska, largest field discovered on the North American continent. Such Atlantic reserves would about equal all of the oil that has been produced in Texas to the present time.

Geologists believe that three offshore areas within the shelf hold most of its oil and gas. One is the Georges Bank Basin which lies from 70 to 100 miles from the New England shores, well out of sight of the mainland. Water depth here is 150 to 450 feet.

It lies south of another basin off the Canadian coast, in which oil has been found and exploration is extensive.

Another area, one that has the greatest promise for petroleum reserves, is the Baltimore Canyon Basin, which lies in water depth of 150 to 300 feet, 50 to 100 miles offshore from Pennsylvania, Delaware and Maryland.

The third area is the Blake Plateau Basin offshore from Georgia and Florida. It is in water depth of 2,400 to 3,000 feet and therefore would be difficult and costly to explore.

Oil companies want to explore the Atlantic continental shelf, but environmentalists and Eastern lawmakers have prevented the search, claiming that possible oil spills would damage the water and soil the beaches. The Council of Environmental Quality has been conducting hearings on the issue and expects to complete a study of environmental hazards from Atlantic production in the spring.

Nobody can say for certain that oil would be found there. But as a farmer never has a garden until the seeds are planted, the populous Eastern Seaboard area will never know whether it can produce its own energy until oilmen spend millions of dollars to find out.

Until then, it seems the area will continue to sponge off its neighbors to fill its energy needs.

SUBCOMMITTEE ON CRIME TO REVIEW RECOMMENDATIONS OF SELECT COMMITTEE ON CRIME

HON. JOHN CONYERS, JR.

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 6, 1974

Mr. CONYERS. Mr. Speaker, I am pleased to announce that the Subcommittee on Crime has scheduled a hearing to review the recommendations of the Select Committee on Crime. The hearing will be held on Wednesday, March 13, 1974, at 10 a.m. in 2226 Rayburn House Office Building.

The former chairman of the crime committee, Representative Claude Pepper, will appear before the Subcommittee on Crime as a witness for the second time in 3 weeks. His first appearance was to present testimony during the subcommittee's fourth hearing on the Community Anticrime Assistance Act.

The hearing will center on the recommendations of the Select Committee on Crime which relate to the responsibilities of the subcommittee including oversight of the Law Enforcement Assistance Administration, street crime, speedy trials, and gun control.

PERCENTAGE GAINS IN BIG BUSINESS PROFITS

HON. CRAIG HOSMER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 6, 1974

Mr. HOSMER. Mr. Speaker, there has been a lot of oh-ing and ah-ing and tut-tut-ing in the venerable CONGRESSIONAL RECORD lately about business profits in the United States. To listen to some people you would almost come to the conclusion that being in business is unpatriotic and making a profit is a sin.

The Nation's universities and schools could and should do a lot better job on that score. It is private enterprise that made this country great and slipping down the road to socialism and so forth by knocking the institution can unmake it. I recall that, before it took that road, Britain was formerly known as Great Britain. So let the educators of this country take note.

But that is only peripheral to the point I want to make which is to dispute some of my colleagues who have continuously cited percentage profit increases as evidence that the evil forces of private enterprise have had their nefarious hands in the cooky jar.

Fifty-four of America's 100 largest corporations increased their profits in 1973 by over 20 percent. Nine of those topped the previous year's profit by over 100 percent. The list is reproduced below. It includes 14 oil companies. But these figures are meaningless unless something is known about the previous year's profit.

The largest jump was by a company that had a 747 percent increase in 1973 profits over 1972. That was a retail outfit, American Stores. It just happened to have had a lousy year in 1972 and even after its 747 percent increase American Stores was still netting only .7 of a cent on a dollar of sales, which was the worst showing of any company on the list of 100.

Although the oil companies are generally maligned by everyone as unconscionable profiteers, their net income as a percent of sales is somewhat below the average for most other types of business. When the truth is ascertained, their higher percentage profits in 1973 over 1972 are due less to good management than the fact that 1972 was a lousy year for profits in their line of endeavor.

The list of 54 follows:

Increase in profits—1973 over 1972

	Percent
American Stores	747.3
Occidental Petroleum	665.6
LTV	464.5
Gulf Oil	306.1
UAL	150.9
Litton Industries	143.9
Weyerhaeuser	120.6
United States Steel	107.5
Republic Steel	101.4
Monsanto	95.2
Boeing	68.4
Georgia-Pacific	66.7
Burlington Industries	65.9
Exxon	59.3
International Paper	55.5
Phillips Petroleum	55.3
Standard Oil (Calif.)	54.2
Bethlehem Steel	53.5
Sun Oil	48.4
Union Oil of Calif	47.8
Mobil Oil	46.8
Kroger	46.8
Dow Chemical	45.7
Champion International	45.7
Texaco	45.4
Englehard Minerals & Chemicals	43.4
Continental Oil	42.6
Armco Steel	42.1
Union Carbide	42.0
E. I. Du Pont de Nemours	41.5
Esmark	38.5
Atlantic Richfield	38.2
National Steel	37.7
Marcor	37.6
Halliburton	37.0
Deere	36.5
Standard Oil (Ind.)	36.4
Ashland Oil	36.4
W. R. Grace	35.5
Sperry Rand	33.5
Ralston Purina	32.4
International Harvester	30.9
Colgate-Palmolive	28.1
Shell Oil	27.7
Travelers	26.7
Honeywell	26.2
Rapid-American	25.8
TRW	24.9
IBM	23.2
S. S. Kresge	22.1
Minnesota Mining & Mfg	21.0
Firestone Tire & Rubber	20.8
Rockwell Int'l.	20.5
Xerox	20.4

ANNOUNCEMENT OF HEARING ON NASA'S EQUAL OPPORTUNITY PROGRAM

HON. DON EDWARDS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 6, 1974

Mr. EDWARDS of California. Mr. Speaker, I wish to announce that the Subcommittee on Civil Rights and Constitutional Rights of the House Committee on the Judiciary has scheduled oversight hearings on NASA's equal opportunity program on March 13 and 14 in room 2237 Rayburn House Office Building at 10 a.m. Recent events have focused attention upon the Agency's equal opportunity commitment, and NASA's equal opportunity record will be reviewed in conjunction with responsibilities of both the Office of Federal Contract Compliance of the Department of Labor and the Office of Federal Equal Employment Opportunity of the Civil Service Commission.

Testifying before the subcommittee in addition to NASA officials will be representatives from such leading civil rights and labor organizations as the Leadership

Conference on Civil Rights, the National Organization of Women, RAZA Association of Spanish Surnamed Americans—RASSA, the American Federation of Government Employees, and Government Employees United Against Racial Discrimination—GUARD.

Testimony from the Office of Federal Contract Compliance and the Civil Service Commission will be heard at a later date in April. Written statements for the record will also be received from the Federally Employed Women—FEW, the Federal Organization of Professional Women—FOPW, and the Urban League.

Persons wishing to submit statements for the record should address their request to House Judiciary Committee, 2137 Rayburn House Office Building, Washington, D.C. 20515.

REVISED LIST OF BLACK ORGANIZATIONS THAT ENDORSE THE EFFORT TO REPEAL THE BYRD AMENDMENT

HON. CHARLES C. DIGGS, JR.

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 6, 1974

Mr. DIGGS. Mr. Speaker, on Wednesday, February 27, I convened a press conference for the purpose of bringing to public attention the united determination of the black community that the Byrd amendment be repealed, thus enabling the United States to observe the United Nations embargo against Southern Rhodesia. With me in that effort were Congressman CHARLES RANGEL of New York, chairman of the Congressional Black Caucus; Congressman LOUIS STOKES of Ohio, former chairman of the caucus; Congressman PARREN MITCHELL of Maryland, and Congresswoman SHIRLEY CHISHOLM of New York.

Our call for the press conference occasioned many expressions of support for our effort. Below are listed the black organizations which endorsed this effort:

Afram Associates, Inc.
African Liberation Support Committee
Africare
African National Council
American Library Association Black Caucus
Associated Master Barbers & Beauticians of America
Black Affairs Center
Black American Law Students Association
Black Presbyterians United
Black Umoja Society, Inc., Dayton, Ohio
Black United Front
Bowie State College Alumni Association
Commission for Racial Justice of the United Church of Christ
Congress of African People
Congressional Black Caucus
Delta Sigma Theta Sorority
Federation of Masons of the World
IFCO "Action"
Independent Funeral Directors Association
Joint Center for Political Studies
National Alliance of Postal & Federal Employees
N.A.A.C.P.
National Association of Black Social Workers
National Association of Colored Women's Clubs
National Black Sisters Conference
National Conference of Black Lawyers
National Conference of Black Political Scientists
National Council of Negro Women
National Dental Association
National Newspaper Publishers Association
National Office for Black Catholics
National Sharecroppers Fund
National Student Lobby Black Caucus
National Tenants Organization
National Welfare Rights Organization
Operation PUSH
Pan-African Liberation Committee
Phi Beta Sigma
R.A.I.N.S. (Relief for Africans in Need in the Sahel)
Southern Cooperative Development Fund
Strategy Workshop
Washington Task Force on Africa
Youth Organization for Black Unity (Y.O.B.U.)
Zeta Phi Beta Sorority
Zimbabwe African National Union (ZANU)

The following individuals were among those present at the meeting:

The following individuals were present at the press conference called to express the determination of the united black community that the United Nations embargo against Southern Rhodesia shall be observed in respect to Chrome and other "strategic" materials:

Goldie A. Baldwin, Executive Secretary, Zeta Phi Beta Sorority.

Geraldine L. Ballard, President, Associated Master Barbers & Beauticians of America.

Canaan Banana, African National Council.

Terry M. Banks, Esq., Washington, D.C.

Paul Brock, Minority Affairs Division, Democratic National Committeee.

Juanita Brown, National Association of Colored Women's Clubs.

Ronald Brown, Washington Bureau of the National Urban League, Inc.

Walter Carrington, Vice President, African American Institute.

Jay Chunn, Vice President, National Association of Black Social Workers.

Delores Crawford, Afram Associates, Inc.

Joseph M. Davis, National Office for Black Catholics.

Jeff R. Donaldson, Executive Director, North American Zone, Second World Black and African Festival of Arts and Culture.

Ofield Dukes, Ofield Duke & Associates.

Willie Edwards, Chairman of the Board, National Student Lobby.

H. Albion Ferrell, Frontiers International.

Frances M. Flippen, Deputy Director, Delta Sigma Theta Sorority.

Gilbert H. Francis, Phi Beta Sigma Fraternity.

Chaipachii Gwishiri, Zimbabwe African National Union (ZANU).

Cheo Hekina, Congress of African People.

Lenox Hinds, National Director, National Conference of Black Lawyers.

Ermon Hogan, National Council of Negro Women.

Jean Holliday, Morgan Community School.

G. C. Horne, National Conference of Black Lawyers.

Leon Hunter, Afram Associates.

Maurice Jackson, D.C. Anti-Imperialist Committee on Solidarity with Africa.

Dr. Elgy Johnson, Acting President, Federal City College.

Rev. A. M. Jones, Temple of the Black Messiah, Inc.

William T. Jones, Jr., D.C. Black Asssembly of the National Black Assembly.

Cedric Joubert, Black American Law Students Asssociation, Inc.

Owusu Kambon, African Liberation Support Committeee.

Mae C. King, National Conference of Black Political Scientists.

H. E. Clinton Knox, former U.S. Ambassador to Haiti.

Hugh W. Lane, Executive Director, National Scholarship Service and Fund for Negro Students (NSSFNS).

Dr. James R. Lawson, President, Fisk University.

The presence at the meeting of members of the African Diplomatic Corps mirrored their strong interest in the outcome of our deliberations:

John Lewis, Washington, Afro-American.

C. Payne Lucas, President, Africare.

Melvin McCaw, Director, Washington Office, African-American Institute.

Rev. Wayne McCoy, Armisted Alliance.

Genna Rae McNeil, Africa Information Service, New York.

Jesse Jai McNeil, Zeta Phi Beta Sorority.

Dan Matthews, Washington Task Force on Africa.

Joyce Mortimer, Washington, D.C.

Sybil Moses, Washington Representative, National Association of Colored Women's Clubs.

Hisani Mweusi, African Liberation Support Committee.

Sterling Owens, Chapman Data Service, Los Angeles, California.

Yvonne Price, Washington Office, N.A.A.C.P.

J. Fletcher Robinson, Sixth Pan-African Congress.

Leona Sanders, National Student Lobby Black Caucus.

Florence Tate, Black Umoja Society, Inc., Dayton, Ohio.

Edward Thompson, American Savings and Loan League.

John C. Twitty, U.S.I.A.

Vincent Vera, Washington, D.C.

Gilpin Walker, Fairmont Block Club, Washington, D.C.

Ronald Walters, Department of Political Science, Howard University, Washington, D.C.

Harvey Webb, Jr., Chairman of the Board, National Dental Association.

Preston Wilcox, Afram Associates.

John A. Wilson, National Sharecroppers Fund.

Leslie Yates, Washington Office, American Committee on Africa.

Eugene Young, Leadership Training Systems.

Joy Zollner, African American Institute.

Members of the Congressional Black Caucus present at the Press Conference:

Congressman Charles Rangel (NY), Chairman of the Caucus.

Congressman Louis Stokes (Ohio), former Chairman of the Caucus.

Congressman Parren Mitchell (MD).

Congresswoman Shirley Chisholm (NY).

The following members of the Diplomatic Corps were present:

The Ambassadors of: Liberia, Swaziland, Lesotho, Kenya, Senegal, Nigeria, Tanzania.

Representatives of the Embassies of: Botswana, Burundi, Cameroon, Central Africal Republic, Dahomey, Niger, Sierra Leone, Somali, Sudan, Togo, Uganda, Zambia.

I would like to add, for the kind consideration of my colleagues, some of the messages of support we have received.

STATEMENT OF ELGY S. JOHNSON, ACTING PRESIDENT, FEDERAL CITY COLLEGE, ON PROPOSED REPEAL OF THE "BYRD AMENDMENT," FEBRUARY 27, 1974

The Byrd amendment, under which the United States defies a United Nations resolution by purchasing chrome from the blatantly racist regime of Rhodesia, not only harms the well-being and the souls of black people everywhere, but is also damaging to the best interests of the United States. As a country with serious commitments to peace and international order, the United States has an abiding interest in promoting and supporting the United Nations. We have recently seen how the UN, in spite of its inadequacies and failures, was able to step in with a peacekeeping force in the Middle East.

Yet, in spite of the millions of dollars we invest yearly in the operation of the UN and the obvious good work it does, in spite of the UN's desperate need for great-power support and the promotion of a true supranational spirit, our government affronts the UN with this racist amendment that supports a racist regime and insults every nonwhite person in the world.

Is the easy availability of chrome more important than the strength and effectiveness of the UN? Can the United States realistically hope for international law and order when it chooses the laws it will and will not honor? With the Byrd amendment, we teach the world not respect for the rule of international law but only the extent of our own hyprocrisy.

STATEMENT OF ELGY S. JOHNSON, FCC

And what underlies this hypocrisy? Not strategic considerations, not the scarcity of chrome, but racism. Again and again, the United States has supported international law, even to the point of taking up arms, when the target was a non-white nation or government. Again and again, we have flouted international law and helped other regimes do so, when they were white.

The Byrd amendment, which contravenes a legal sanction established by the United Nations against trade with the outlaw white racist regime of Rhodesia and which all members of the UN are obliged to obey, is another example of the brute force of racism made legitimate by an act of Congress. While young black men were fighting and dying for this country, supposedly to enforce an international convention on Vietnam, Congress permitted the transfer of $30 million to the Smith regime, one of the worst oppressors of black people in the world.

This blatant injustice can no longer be tolerated. It is up to all black people in America to take effective action now to win nullification of this infamous amendment. And it is up to all Americans who place importance on our founding principles to join in the effort to wipe the Byrd amendment from the books and restore the nation's respect for human rights and international order.

FEDERATION OF
MASONS OF THE WORLD,
Austin, Tex., February 22, 1974.

Hon. CHARLES C. DIGGS, JR.,
Congress of the United States,
House of Representatives,
Washington, D.C.

DEAR HONORABLE DIGGS: The Federation of Masons of the World, Inc. has a membership of 300,000 and we support the efforts for the repeal of the Byrd Amendment by urging the passage of the similar House legislation as passed by Senate Bill 1868.

Fraternally,

M. J. ANDERSON, *President.*

Bowie State College National Alumni Association and 3,500 alumni strongly oppose Byrd amendment and urge immediate repeal.

GLADYS IRVIN,
National President.

Hon. CHARLES DIGGS, Jr.,
The U.S. House of Representatives,
Washington, D.C.

The faculty of the Department of Political Science at Tuskegee Institute has asked me to thank you for introducing H.R. 8005 to reinstate U.S. compliance with sanctions against Rhodesia. We hope and pray that all your endeavors to guide the passage of this bill will be fruitful.

CORNELIUS EJIMOFOR, Ph. D.,
Associate Professor and Head Political Science Department.

I heartily support, however, your efforts on the successful repeal of the Byrd Amendment, and will be doing all I can in Dayton to lend support to you.

Dr. ARTHUR E. THOMAS.

Please be assured that the Division of Church and Society of the National Council of Churches strongly supports the repeal of the Byrd amendment.

LUCIUS WALKER, Jr.,
Associate General Secretary, National Council of Churches.

Rains board joins Representative DIGGS and black leadership call for repealing Byrd amendment. U.S. Sahel efforts cannot be trade-off for retrograde Southern Africa policy. Rains implores Congress and U.S. Government cease immediately all Rhodesian trade and take bold measure to end suffering and oppression in southern and drought affected Africa.

Herschelle Challenor, Anne Douglas and Inez Reid, Elliott Skinner, Lucius Walker, Joy Zollner.

TRIBUTE TO HOWARD MILLER

HON. EDWARD R. ROYBAL

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 6, 1974

Mr. ROYBAL. Mr. Speaker, for more than 14 years, Howard Miller has been instrumental in encouraging the support and concern of local citizens for our men and women in the military service. His latest accomplishment is reflected in the warmly hospitable new center for service personnel in Hollywood—the Bob Hope USO Club. With the assistance of USO volunteers, Howard spearheaded the difficult project to completion. It now stands as the first building USO-Los Angeles area has owned in its 33 years of service to our community. His efforts in providing varied, meaningful services for our military quests is unending. But he has not limited his time and talents to one organization. His name has long been associated in our community with service projects projecting broad and progressive goals.

In recognition of Howard's many years of dedicated community service, the United Service Organization, Inc., has asked me to insert the following biographical sketch into the RECORD:

HOWARD MILLER

Howard Miller is a native of Butte, Montana. He attended the University of Southern California and was elected Phi Beta Kappa. After graduation, he spent two years studying and working in the theatre abroad where he was associated with Andre Bay in Paris and with Max Reinhardt in his production of "A Midsummer Night's Dream" in Florence, Italy.

Following his return to the United States, he became Deputy National Director of the Federal Theatre Project under WPA and held this position until the project was abolished by Act of Congress.

He spent many additional years in the employment of the federal government, his last position being National Administrative Officer of the Food Price Division of the Office of Price Administration.

Following World War II he was Director of Personnel and Industrial Relations for the International Milling Company of Minneapolis. On his return to California, he became Executive Director of the Certified Contractor's Association and for the past 14 years has been Executive Director of the USO-Los Angeles Area Council.

Active in many community affairs, he was, for 8 years, President of the Los Angeles Concert Association. As President, he instituted a program whereby members could enjoy and cultivate their classical music tastes at little financial cost to them. Currently, he is a Board member of the American Youth Symphony. This organization concentrates on providing opportunities for the development of talented, youthful musicians. He is also an active Board member with the East-West Players, a group dedicated toward creating a better understanding and cooperation for members of both communities through the performing arts.

Long an advocate of the United Way philosophy, Howard has actively participated in the Public Information Committee of Region V. In addition, he continually serves as a voice of inspiration and experience for many other non-profit agencies that call on him for counsel.

His interest in the problems of minorities and the economically disadvantaged is well known. He is a founding member of the Interracial Council for Business Opportunity; serves on the Advisory Board of Direction Sports, Inc. and is a member of the Community Relations Council of the Los Angeles Job Corps Training Center for Women.

Howard's interest in local civic affairs is highlighted by his participation on Councilman Stevenson's Hollywood Plan Implementation Committee. He is also involved as a member of the Hollywood Chamber of Commerce and the Rotary Club of Hollywood.

FORMER MANAGER CALLS FOR NIXON TO STEP DOWN

HON. ROBERT L. LEGGETT

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 6, 1974

Mr. LEGGETT. Mr. Speaker, over the years no one has worked longer and harder for Richard Nixon in his home State of California than has Herbert M. Baus. Mr. Baus, a founding partner of Baus and Ross, the political management firm that ran Mr. Nixon's successful 1960 California Presidential campaign, is a Nixon man from beginning to end.

Apparently it is because of, rather than in spite of, his personal loyalty that he now feels it to be in the best interests of the Nation, of the Republican Party, and of Mr. Nixon himself that the President resign. Mr. Baus has expressed his views in a provocative and articulate open letter to Mr. Nixon, which has been reproduced in my hometown newspaper, the Vallejo Times-Herald of February 27, 1974.

I do not agree with all of Mr. Baus' reasoning. But he makes his points with exceptional clarity and unusual insight, and I would like to share his letter with my colleagues by inserting it in the RECORD at this point:

Memo to: Richard Nixon, The White House.
From: Herbert M. Baus, Palm Springs.

As one who supported and rooted for you in every race you've run—and worked for and advised you in many—I suggest the time has come for you to bow out. This is not only the best but now the only way for you to achieve the greatness that has been your constant goal.

Abraham Lincoln started the Republican tradition as its first President. He sustained a nation ruptured by Civil War, serving as a symbol of honor and straightforwardness.

You still have a choice: Whether to depart the scene with honor or to end the Republican tradition as its last elected President, rupturing a nation that has weathered two centuries of storm and strife by seeking to save your job at the cost of becoming a symbol of moral turpitude and duplicity in high office.

Your innocence or guilt is no longer the paramount issue of the unfolding drama that has become the crucial event of your life.

The paramount issue has become whether the country will be ripped apart by your impeachment for a colony of crimes that have become linked to your office—or whether you will go away quietly.

Given the sorry circumstances, my advice—and I speak as an old ally—is that you should resign, for the good of yourself, your party and your country. Let me take them in order:

Yourself. You cannot live with this thing, and you cannot live without it—for it is with and of you 24 hours every day. It will erode your health, your mind, your soul.

Your Party. With a little more Watergate, forget it. Sen. Barry Goldwater, R-Ariz., finds a decisive 10 per cent drop in party support. Vice President Ford's old seat, a Republican sinecure since 1910, fell to a Democrat who had lost all previous elections, but called this one a Watergate referendum and demanded your resignation. Pennsylvania's 12th district, Republican for 25 years, also went down the drain. In the wake of all this, most California Republican gubernatorial hopefuls have run for cover, including your confidant, Robert Finch, because they have been "too close to Nixon." Clearly, with a little more Watergate the GOP could shrivel up, never to see a renaissance.

Your Country. Because of this cancer, you cannot concentrate and you cannot lead. The energy crisis, mounting inflation, a roller-coaster stock market and a world full of countries waiting for the United States to falter—all these could explode from the heat of the Watergate crisis, compounded by its paralysis of the presidency.

I remember with admiration the political miracles of your brilliant career—an underdog repeatedly triumphant. I remember how, in 1946, you emerged from nowhere to unseat a popular congressman, Jerry Voorhis, and, only four years later, trimmed a politically puissant congresswoman, Helen Gahagen Douglas, for a Senate seat. Then Eisenhower made you his running mate. After you narrowly missed the presidency in 1960, I remember how in 1962 you hit bottom when Pat Brown upended your gubernatorial bandwagon, but in 1968 you came roaring back to win the big prize, parlaying that into the huge landslide of 1972.

How did you do it? By fight and drive and grit—and by being "Mr. Republican" all those years. You were everywhere raising money and stumping for GOP congressional, senatorial, gubernatorial and other aspirants. "No man could have done more effective work than you—to return a Republican majority to Congress," Ike said in 1954.

All through the years, you've said—and done—what was right. Surely you remember the Congressman Nixon of 1950 saying, "It's time to quit pussyfooting on the issues. I want the people to know where I stand."

The courageous thing to do now is, above all, to save your country. At last take your people off the spot. Anybody can bring the temple down with him but it takes a hero to go down alone to save the temple.

A massive conspiracy done in your name gives the House no choice but to impeach. Only you can avert a national trauma—by resigning. In this fashion you can resolve your seventh and supreme crisis, and turn your great charge over to a vice president who would assume your office with clean hands and a clear head.

Thus, Richard Nixon, could you win your ultimate victory by triumphing over yourself? In your resignation speech, you might adapt some lines from the 17th-century English poet Richard Lovelace:

I could not love this post so much.
Loved I not honor more.

CITIZEN'S RESOLUTION CALLS FOR BREAKUP OF BIG OIL MONOPOLIES AND ENERGY POLICY REFORMS

HON. JOE L. EVINS

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 6, 1974

Mr. EVINS of Tennessee. Mr. Speaker, an estimated 1,500 residents of the Tennessee Valley met in Fayetteville, Tenn., on February 15, 1974, in an effort to promote reforms in the Nation's energy policies.

I was pleased to attend the rally along with other Members of Congress, including Senator Henry Jackson, Senator John Sparkman, Representative Robert E. Jones, and Representative Frank Stubblefield. Also attending the rally were numerous State legislators, mayors, and county judges from throughout the area.

The Tennessee Valley residents attending the rally approved a resolution calling for reforms in the Nation's energy policies, including the breaking up of the big oil monopolies.

The Herald Chronicle of Winchester, Tenn., in a recent article described events leading to approval of the resolution and reprints the resolution itself in full.

Because of the interest of my colleagues and the American people in this most important matter, I place the article in the Record herewith.

The article follows:

Resolution Spells Out Energy Crisis

The Citizens Energy Committee, which organized last Friday's Tennessee Valleywide energy crisis rally in Fayetteville, has been authorized to spark a broadbased campaign toward national energy reform.

Citizens from throughout the valley gave loud approval to a resolution spelling out action on the energy front.

It lists several goals for work by the Energy Committee, formed jointly by the Elk River and Upper Duck River Development Associations.

These range from a call for a Tennessee Valley Authority type agency that would establish a "yardstick" for oil production to a request that the Federal Trade Commission prosecute vigorously its antitrust complaint against eight major oil companies.

It further calls on TVA to uphold its role as a public power "yardstick" agency and for the government not to "hand over to big syndicates" its nuclear production processes.

The resolution was prepared by a special resolutions committee made up of Morris L. Simon, publisher of The Tullahoma News, Joe Sir, Fayetteville merchant who presided at the rally, James Record, Huntsville, chairman of the meeting steering committee, and Maynard Layman, assistant publisher of the Decatur (Ala.) Daily.

Roy Tipps, Winchester, the Franklin County register of deeds and long-time ERDA official, read the resolution at the close of the session.

Here is the resolution text:

"The welfare of citizens of the Tennessee Valley and the nation is being threatened by shortages of energy supplies—oil, natural gas and coal—and abnormal price increases.

"What has occurred and is taking place gives cause for the American people to be concerned about activities both of Federal agencies and multi-national oil companies—activities which appear to be detrimental to the welfare of our people.

"While the many endure tribulations brought on by shortages and higher prices, a handful of oil companies enjoy huge increases in their profits; a paradox for which the people deserve an explanation.

"Our people have demonstrated they are prepared to sacrifice during this energy crisis, but they should not have to tolerate suffering caused from the desire of anyone to reap bigger profits.

"And the people are rightfully indignant at any forces which would erode the American economy for selfish benefit during an emergency when all should be willing to sacrifice.

"Our people are excited, confused, perplexed, disconcerted and demoralized by dire predictions and warnings from both the oil industry and government energy officials.

"The time is upon us to seek answers, to oppose bureaucratic and monopolistic practices and to right wrongs and abuses.

"To that end, concerned citizens of the Tennessee Valley are assembled in Fayetteville, Tennessee, upon the call of the Citizens Energy Committee, to launch an effort leading to determination of the full extent of the crisis and to advocate measures which may alleviate conditions that are destructive to the welfare of the nation.

"Now therefore:

"Be it resolved, that the Citizens Energy Committee call on the Congress and other agencies of the government to take appropriate action:

"To obtain the facts on all phases of oil industry's activities and any related governmental activiites.

"To investigate whether control of major portions of the coal resources by a few giant energy conglomerates are responsible for inappropriate price increases and sporadic shortages, which have been cited by the Tennessee Valley Authority as factors in the rising cost of TVA power.

"To call upon the TVA to hold fast to its historic mandate for establishing a "yardstick" for electric power production.

"To initiate a "yardstick" for gas and oil production, giving consideration to a TVA-type agency which would establish costs by exploration and production on public lands.

"To make sure that the government does not hand over to big syndicates nuclear production processes for which the government has invested hundreds of millions of dollars—and which—could guarantee us lower power rates a decade from now.

"To compel antitrust actions in all cases where evidence appears of monopolistic practices.

"To guard the public interest by making sure that Federal Trade Commission prosecutes vigorously its antitrust complaint against eight major oil firms until justice is served.

"To consider whether the people's interests are adversely affected when a single oil company controls petroleum from the oil well to the gasoline station—production, refining, transportation and marketing.

"To require that the oil companies pay their fair share of taxes.

"Be it resolved, that the Citizens Energy Committee actively and vigorously support all efforts to identify and develop alternate energy sources.

"Be it resolved, that the committee support all efforts for conservation of fuel and seek to enlist the full cooperation of all citizens.

"Be it resolved, that the Citizens Energy Committee support reasonable measures to protect our environment.

"Be it resolved, that the Citizens Energy Committee urge citizens in other areas of the nation to organize groups with similar objectives.

"Be it further resolved, that this assembly direct the Citizens Energy Committee to make known these petitions and determinations to the President, the Congress, the Federal Trade Commission, the Federal Power

Commission and any other appropriate officials and agencies.

"Be it further resolved, that the Citizens Energy Committee take whatever other steps it deems proper to effectuate this resolution."

IS NO ONE LEFT TO PLAY TAPS?

HON. KEITH G. SEBELIUS

OF KANSAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 6, 1974

Mr. SEBELIUS. Mr. Speaker, I have been worried for some time that in trying to find answers to our country's many and varied problems, we have been traveling down an ill-advised road to more and more big Government. As a result the American people have been paying more, enjoying it less, and we are still confronted with the same basic problems.

I submit to my colleagues in the Congress that big Government, along with punitive and arbitrary Government regulations, does not answer problems, it creates them. In this regard, Dr. Eugene C. Jarus of Ellsworth, Kans., recently wrote a letter to the editor of the Salina Journal that I think merits the attention of my colleagues. I submit this article because it contains food for thought to those who claim "government" is a source of money, jobs, goods, services, and just recently even fuel and energy:

[From the Salina (Kans.) Journal]

IS NO ONE LEFT TO PLAY TAPS?

SIR: It is unfortunate that there are no senators or representatives left in the United States Congress to play taps for the free enterprise system. It is not my purpose to blame the Arabs, Israelis, government or the oil industry for the so-called energy crisis, but it is readily apparent from the line of questioning of last week's Senate investigating committee that the oil industry will be hung with the blame.

Before this drama comes to its final conclusion it will be amazing if the oil industry does not end up with such stringent federal controls as to render them ineffective in the future; thus another step will be taken by the government in its long march to end our free enterprise system.

There are the Nader types who claim this is progress, but it is in reality a march to slavery. My ancestors came to this country lured by the benefits of freedom and reward offered under the free enterprise system. This is the system which has made our country the greatest on earth. We never receive anything for nothing and we must pay a price for every benefit we gain. When the unproductive government is involved this price we pay is part of our freedom because we as slaves must support our government master as well as ourselves.

My profession and the medical profession will soon be lured into the governmental orbit by such plans as the experimental Health Maintenance Organization. We won't call the plan socialized medicine because of the sad experience with these plans in other countries. The word is too unpalatable here. But it will evolve into the same end product.

According to the January 21st issue of U.S. News & World Report the biggest objection to these pilot plans is that this treatment is too impersonal, that you may see a different doctor every time you use the organization's services. Now the bureaucrats didn't think you'd mind surrendering the freedom of choice over who treats you as long as the government was sponsoring the program.

Who is going to get to pay for these governmentally enforced programs? You can bet the employer is going to get to pay more than his fair share. This will be in addition to an already oppressive Social Security tax that will soon rival your income tax in magnitude and will force more employers into bankruptcy.

This is the same Social Security system, incidentally, that started quite innocently in the 30's and has since grown into a Goliath. In either event, as the government intervenes more completely in our lives, the free enterprise system's coffin lid will be more tightly closed.

There are those in my profession and everyone else's profession, business or trade, who will rush to the trough to get their share of the government pie not realizing that they are selling their souls to the gluttonous gobbling government store.

Perhaps we can all celebrate our country's bi-centennial by asking our corner commissar if we can go to the store to receive our tube of tooth paste. Now we aren't going to call our brand of socialism communism; we're too refined for that. But in it's ultimate evolutionary process will it be any different? Is there no one left to play taps?

EUGENE C. JARUS, D.D.S.

DANGERS OF EXTREMISM

HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 6, 1974

Mr. DERWINSKI. Mr. Speaker, an editorial by Chicago's WGN Radio and TV, carried on their February 25 broadcast, is a very practical outlook on the temptation to overreact to the critical problems of the day.

The editorial speaks for itself. I feel that it is a very effective commentary on the present movement that is felt in the Congress.

The editorial follows:

DANGERS OF EXTREMISM

There is the temptation, when facing an extremely critical situation, to propose an equally radical solution. There is an often-easy acceptance of radical response when frustration appears to be unending. Extreme solutions can, however, make matters worse rather than better.

This country is faced with two economic extremes, pressure from the opposite ends of inflation and recession, operating at the same time. On the energy front, the solutions offered are as extreme, at their outside, as are the differences between recession and inflation. At one end of the scale, one can imagine socialization or nationalization of the petroleum industry, on whole, from the well to your car's gas tank, or at any place along the way. At the other extreme, there is full, uncontrolled laissez-faire for the petroleum industry, letting the oil companies do whatever they claim they must to overcome the present shortages of gasoline, heating oil and other products. Neither extreme, of course, offers any assurance of a real solution.

Just as we must guard against accepting extreme solutions, we must be wary of extremism in our political life. Should our present economic and energy discomforts be still further aggravated over the next two years, this nation might be susceptible to a presidential candidate or party platform which smacks of deliverance at the hands of a shining knight on a white horse.

We feel, very sincerely, that extremism can breed extremism. If we move to one of the economic extremes, or if we accept one of the extreme solutions possible in the oil shortage . . . we might be only too willing and only too frustrated . . . to accept political extreme . . . and with it, the loss of democracy and personal liberty.

BIG LABOR FINANCING CERTAIN POLITICAL CANDIDATES

HON. EDWIN D. ESHLEMAN

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 6, 1974

Mr. ESHLEMAN. Mr. Speaker, an article appeared recently in U.S. News & World Report concerning the major financial effort by big labor this year to bankroll certain political candidates.

At a time when we are all faced with questions about the harmful effects of big money in congressional races, I believe this article should be interesting for all my colleagues:

UNIONS' "BIGGEST DRIVE EVER" FOR OUSTING REPUBLICANS

BAL HARBOUR, FLA.—Organized labor's 1974 political drive—aimed at forcing President Nixon out of office and getting more Democrats elected to Congress next autumn—is shaping up as one of the biggest and most ambitious ever attempted by unions.

That is the consensus among top union officials here for the annual meeting of the AFL–CIO executive council February 18–28.

The political strategy, already in motion, will move along side by side with labor's efforts to win extra-large pay boosts this year. The executive council on February 21 declared that workers are entitled to wage increases in 1974 that would match the rise in living costs and gains in productivity. Council economic experts say this adds up to pay boosts of about 12 per cent.

WAYS AND MEANS

Sparking the political maneuvering are the national staffs of the big labor federation and separate committees of many unions both inside and outside the AFL–CIO.

Explanations of how these groups will campaign were given by labor insiders in talks with members of the staff of "U.S. News & World Report."

Cash contributions from union members, to be passed along to favored candidates, will exceed those for previous years, officials predict, on the basis of early collections.

Campaign literature will flow out in huge quantities. The flood has started, with distribution of 4 million leaflets calling for the resignation or impeachment of Mr. Nixon.

Although use of union dues to back particular candidates is illegal, money can be spent for moves such as leaflet distribution that are described as "educational efforts."

Manpower supplied by unions to aid candidates, leaders say, will be far greater than ever before. In a new move, thousands of rank-and-file members are being trained in political techniques to augment the regular union staffers.

The vote-getting drive this time will be aimed beyond the union membership to the general public.

The AFL–CIO has four major goals for this year's political efforts.

1. Impeach or force the resignation of Mr. Nixon.

2. Elect enough friendly candidates to Congress to guarantee that any presidential veto of legislation can be overridden by the required two-thirds vote.

3. End all wage and price controls by April 30, when the present Economic Stabilization Act expires.

4. Push through the present Congress various prolabor measures that were blocked last year.

To accomplish that program, George Meany, AFL–CIO president, and the council are reorganizing their national and regional staffs. City and State AFL–CIO councils are to get more assistance from Washington headquarters on political matters.

SIGNS OF SUCCESS

Union leaders talk of "the start of a Democratic landslide" when they discuss recent special congressional elections in Pennsylvania and Michigan, where the Democratic nominees captured normally Republican seats.

Several political directors of AFL–CIO affiliates said these victories indicate that labor must expand its 1974 efforts in congressional races. Chief "target" districts have been those where the incumbent Congressman won with 55 per cent of the vote or less in 1972. These are considered the "marginal" districts, easiest to capture.

"We're raising our sights," said an official of one union. "There's obviously a better chance now to knock off many more Republicans. The early special elections—especially the one in Michigan—proved that."

Robert Gibson, secretary-treasurer of the Illinois AFL–CIO, put it this way:

"A couple of weeks ago, I'd have said the Democrats stood to gain only one seat in my State. Now, after the Michigan election, every Republican Congressman is in danger.

"At a minimum, we'll gain four Illinois seats in Congress. The only requirement is that Democrats quit fighting each other after the primaries and mount positive campaigns."

The upset victory of Democrat Richard Vander Veen in Vice President Gerald Ford's former district in Michigan came with strong labor support.

AFL–CIO unions also saw a union victory in an earlier Pennsylvania special congressional election, despite the thinness of the victory margin of the Democratic nominee.

Albert J. Zack, AFL–CIO's official spokesman, said the Republican vote in Pennsylvania's election ran 18 per cent behind, and in Michigan, 19 per cent behind that of 1972.

Mr. Zack reported that the goal for the November election set by AFL-CIO's Committee on Political Education (COPE) "is a net gain of seven friends in the Senate and 23 in the House." That, he said, would insure the "vetoproof" Congress the AFL-CIO is seeking.

At COPE planning sessions here, the political directors of affiliated unions were advised repeatedly to emphasize economic problems in their campaigns. Unemployment, the rising cost of living, higher interest rates and similar "gut" issues are to be stressed.

ONE LABOR RESPONSE

Union leaders said they are encouraged by results of a poll taken by the Machinists Union among its 900,000 members in the U.S.

Forty-nine per cent of those responding said President Nixon "should resign for the good of the country." In addition, 23.2 per cent voted "Yes" on a question as to whether "Congress should move to impeach the President so the Senate can conduct a trial."

BACKING CANDIDATES

Several unions say their efforts this year will put more emphasis on appeals to the general public than in past years, when efforts were aimed chiefly at union members.

"Our money and manpower are better spent," one strategist said, "in beefing up the campaign capabilities of candidates rather than printing endorsement lists to give to our own people."

The strategy of the Communications Workers of America, for example, is taking that line. CWA, which represents telephone-industry employes in the majority of States, will conduct its most ambitious political-action drive this year, officials said. It will be directed at voters generally.

About 50 congressional districts are to be CWA targets. Aside from some $500,000 it hopes to raise from its members for contributions to candidates, this union will supply candidates with telephone "banks" manned by its trained telephone workers.

OTHER RECRUITERS

Also going in heavily for rank-and-file political volunteers is the State. County and Municipal Employes Union. That organization is training about 1,000 political experts in more than 20 States for the upcoming campaigns, according to William B. Welsh, who heads the union's political and legislative activities.

Jerry Wurf, president of this public-employe union, reported that the early response from members indicates that a big-scale political campaign will be waged this year by labor.

"People are scared," Mr. Wurf said. "They feel strongly that this nation is in very serious trouble domestically and internationally."

Members of the Machinists Union also are showing great interest in the 1974 campaign, with heavy early contributions. So reported William J. Holayter, director of the Machinists Non-Partisan Political League. Officials expect that voluntary contributions will surpass the Machinists' 1971 record high of $590,000.

The Painters Union also expects "to put out our greatest effort ever in this year's campaign," according to its president, S. Frank Raftery.

Another AFL-CIO group that is beefing up its political crews is the American Federation of Teachers. The union hopes to raise as much as $750,000 in New York State for contributions to congressional and legislative campaigns.

JULIA BUTLER HANSEN

HON. DAWSON MATHIS

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 5, 1974

Mr. MATHIS of Georgia. Mr. Speaker, I rise to join with all my colleagues in expressing my deep regrets upon learning of the decision by the gentlelady from Washington not to return to the 94th Congress. It goes without saying that JULIA BUTLER HANSEN will be missed. Any Member of this body who retires after 16 years of service here will be missed, but this unique lady will be missed more than most. There is no doubt that this Nation is richer for her service, especially as a result of her chairmanship of the Interior Appropriations Subcommittee, where she has displayed her intelligence, legislative skill, devotion and dedication. I extend to this lovely lady every good wish for her retirement years, and I extend sentiments of "good luck" to her successor, whomever that might be. The person who is elected to serve from the Third District of Washington will be following an extremely tough act.

NEW POSTAL SERVICE BEGINNING TO SHOW IMPROVEMENT

HON. DAVID N. HENDERSON

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 6, 1974

Mr. HENDERSON. Mr. Speaker, as Americans know, over the weekend postal rates went up again. While nobody, myself included, enjoys paying more to mail a letter, I think that it is important that more of the Postal Service be looked at—both in light of our overall economy and the mandate which the Congress gave the Postal Service less than 3 years ago in the Postal Reorganization Act.

Over the past few decades, all prices have taken off. In 1934, for example, center cut pork chops were selling for 17 cents a pound in Omaha; today $1.99 is not out of the ordinary. Meat and every other commodity has gone up as well as labor costs—which incidentally account for about 85 percent of the Postal Service's operating costs. I believe that, while nobody wants to pay any more than they have to—for a stamp or anything else—people do understand that rising prices have been a fact of life in recent times. Is it any wonder then that postal costs and postal rates, like other things, have risen?

Despite these cost increases, the Postal Service made a conscious effort to control costs and avoid raising postal rates. I believe they have been partially successful in this since, although the costs of many products, services, and salaries have literally skyrocketed lately, this is the first general postal rate increase in nearly 3 years. In fact, a rate increase planned for January 1973 was deferred until now.

In the area of service, the Postal Service has been meeting and bettering its service standards consistently. By Christmas Eve 1973, all post offices reported they were clear of mail and it was, mailwise, the best Christmas ever—despite the obvious problems created by the energy crisis. For example, with each 1 cent increase in the price of a gallon of fuel, the Postal Service's annual costs are increased by more than $1 million. These costs, coupled with a general unavailability of fuel and a curtailment by the airlines of key, mail-carrying flights, have made the Postal Service's job doubly difficult.

Certainly it is possible to point to isolated instances of mail delay and mishandling, just as it is possible to sit down with one's daily newspaper and pick out typographical errors, but these are the exception whereas once they were the rule. For years before postal reorganization, it was not uncommon for mail to be delayed, misrouted, or not delivered and I sometimes think those who speak of the "good old days" of the mail service have forgotten about the last 10 or 15 years of the Post Office Department and about the ever increasing volume of mail to be handled.

People seem to forget that the Postal Service as such has only been in existence for a few years, and the difficulty of overcoming decades of inadequate facilities, outmoded machinery, and operational concepts is one which cannot be solved overnight.

A quick glance at the 1972–73 annual report of the Postmaster General will evidence that major strides toward efficiences and economies have been made by the 2-year-old Postal Service. During its first year of operation, its net loss was $175 million. During the past fiscal year, that loss was reduced to $13 million. The volume of mail delivered during the year rose to a new peak of 89.7 billion pieces, while at the same time productivity of postal employees increased by 6.4 percent for the year. These improvements were accomplished in a post office system glutted with mail handling plants 60, 70, and even 80 years old. The postal system has more than 30 processing centers constructed in the 19th century, and more than 300 have been in service since before World War I. These are not minor offices in sparsely populated areas, but large offices such as Memphis—1885, Brooklyn—1892, San Francisco—1905 and Atlanta—1910. Much remains to be done, but much has been done in these brief 2 years since reorganization.

One of the ways the Postal Service is turning the system around is through a campaign of instruction and education of present and future mail users. In an effort to teach young mail users about the mails, the Postal Service just published a 24-page workbook which contains stories, information, and facts for elementary schoolchildren. The workbook employs puzzles, cutouts and games, and two pages of United States postage stamps for coloring purposes. All of these are used to develop children's skills and their knowledge of not just the postal system, but also our Nation's history and geography.

An educational kit is being distributed upon request to schools by local postmasters. In addition to the workbook, the kit contains a teacher's guide that suggests other learning projects; a classroom poster that depicts the process through which a letter arrives at its destination; bookmarks that feature American themes as told through stamps; and "junior postman" cards that remind youngsters of good mailing practices.

The costs of printing and all attendant costs, such as production and collating will total approximately $450,000. Some 5 million children will receive the materials at a cost of about 9½ cents each. The total cost of this program represents a mere five-thousandths of 1 percent of the Postal Service's total operating revenue.

Yet recently, this and other initiatives on the part of the Postal Service have been criticized basically because they are new and innovative—notwithstanding their good impact.

Some folks want to return to the days of 17 cents a pound pork chops when mail volume was 21 billion pieces per year as opposed to 90 billion pieces a year today. But since we are not there and it is not foreseeable that we will be there in the near future, I suggest we live in the present. As far as the Postal Service is concerned, they tell me they want to render the very best service they can at reasonable cost. We can help them with our constructive criticism but it must be based on today's world and not the bygone days of the 17-cent pork chop or the million dollar postal pork barrel.

FUTURES SHOCK

HON. GEORGE A. GOODLING

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 6, 1974

Mr. GOODLING. Mr. Speaker, I wish to draw my colleagues' attention to a recent editorial appearing in Barron's concerning H.R. 11955, the Commodities Futures Trading Commission Act. As we will likely be deciding on this measure shortly, it behooves all of us to become fully acquainted with its far reaching ramifications. This article raises some excellent points regarding the bill's ultimate effects on the commodities industry and on the economy as a whole. I recommend it for my colleagues' careful consideration.

The article follows:

Futures Shock: A Legislative Threat Looms to Commodities Trading

Commodities markets have long served the economic needs of farmers, processors and consumers without the dubious benefit of close government supervision. But Washington has chosen futures trading as an all-purpose scapegoat for soaring food prices. And within the next few days, the powerful House Committee on Agriculture will report out H.R. 11955, a measure that would impose full-scale federal regulation.

With a few honorable exceptions, industry spokesmen testifying against the bill made a deplorably weak case—while objecting to this or that provision, most were willing to accept it in principle as something they could "live with" (shades of Wall Street!). As it happens, the most forceful and effective opponent to emerge is Congressman Steven D. Symms (R., Idaho), who warned flatly: "Unless the industry exerts enormous pressure to halt this legislation, the freedom that made the futures system the remarkable success it is will soon be lost."

By contrast, advocates of H.R. 11955 have mobilized some Senatorial big guns—George McGovern (D., S.D.), Hubert Humphrey (D., Minn.) and Philip Hart (D. Mich.), among others. These worthies admit they have no real evidence of hanky-panky. For example, when Senator McGovern introduced a bill calling for stricter controls on futures trading, he alleged food price increases "were speculation." Subsequently, he backed off, saying: "I've had to eat crow on that one."

Senator Humphrey is equally ambivalent and determined. "I'm not saying there has been any nefarious activity," he says. "Don't get me wrong about that. I'm just saying the market as it is today isn't structured to prevent wrongdoings. It's like a time bomb."

Such "reasoning," if one may call it that, rests on the premise that regulation is an infallible cure-all for the presumed ills of the market. Indeed, some influential legislators are urging establishment of an organization like the Securities & Exchange Commission. The logic of this position is hard to grasp, inasmuch as the self-policing commodities trade during its 100-odd years of existence has suffered no major scandals—surely nothing remotely resembling such disastrous frauds as Equity Funding and Four Season Nursing Homes, both of which the SEC has failed to prevent.

Nonetheless, H.R. 11955 calls for the formation of a five-man Commodity Futures Trading Commission (CFTC), which would be granted sweeping policy and police powers under the aegis of the Department of Agriculture. For openers, the commission is to be given authority to determine the location and number of commodities delivery points. This is an immensely complex task, best left to the exchanges. "Wheat delivered in Chicago is more valuable than wheat delivered in Des Moines," notes Rep. Symms. Thus, in cases where multiple delivery points are specified, there are also provisions for discounts to offset transportation differentials and the like. An inexperienced commission could easily gum up the works. However, with every member of the House Committee on Agriculture bucking for delivery points in his constituency, the issue has irresistible political appeal.

The question of how much daily trading a floor broker can undertake for his own and a customer's account is also being turned over to the CFTC. The presumption, along the Potomac at any rate, is that commission merchants are robbing the public blind by executing orders to their own advantage rather than the clients. A look at the record, however, discloses extremely few documented instances of such abuse. Moreover, those in the pits are already under strict control by the exchanges. Since all orders for customers and futures commission merchants are dated and time-stamped, it's a simple matter to monitor such activities. In addition, any hobbling of floor brokers would inevitably reduce market liquidity—as investors in securities have learned the hard way. Floor men's in-and-out trades are an important prop. Without them, trading would be dominated by commercial hedgers—with consequently wider price swings.

The CFTC also is to be granted sweeping injunctive powers, permitting it to close down anyone who "has engaged, is engaging, or is about to engage" in any act that would violate the law. Injunctions could be issued whenever a market or an individual was in a position "to effectuate a squeeze or corner or otherwise restrain trading." Thus, the mere capacity to do "wrong" would be enough to bring on the feds—a provision which on the face of it strikes us an unconstitutional.

Another dismaying provision is that all futures markets would have to be licensed, a key requirement being to demonstrate that specific contracts serve an economic purpose. Obviously (though perhaps not to lawmakers) the best test is success or failure in the marketplace. To illustrate, advances in refrigeration have greatly increased the trading roster of commodities once considered perishable, whereas an attempt to launch a market in turkey futures a few years back was a dismal flop.

More alarming, H.R. 11955 has a section describing circumstances in which the proposed commission could seize control of the futures industry. To wit: "Whenever it has reason to believe that the amount of deliverable supplies, the number of open contracts, the relative size of individual traders' positions, the amount and direction of price movements in cash and futures markets, the impact of government edicts and regulations . . . or any other such market factor that creates a condition which threatens orderly trading."

In other words, the commission itself, rather than free market forces, would decide when the number of open contracts is correct, when traders' positions are balanced, whether cash and/or futures prices are moving in the right direction. There are, of course, no objective yardsticks for determining these conditions, and the CFTC would have to make subjective judgments as to when it had the right and duty to intervene in trading.

Such a body could also direct markets in so-called "market emergencies." These are defined as: ". . . Significant intervention of foreign governments in the futures market, war or other national emergency, price controls, export embargoes, or any other significant disruption of normal commercial processes which can reasonably be deemed to affect futures transactions."

This proviso gives the proposed commission immediate justification to control the commodity futures industry. It could, for example, extend the expiration date of contracts, limit trading, alter delivery dates and even suspend trading.

Other features of H.R. 11955 are equally disturbing; there are, for example, no compelling reasons for continuing the ban on commodities options trading or extending bureaucracy's reach to such previously unregulated international commodities as cocoa, coffee, copper, silver and sugar. But proposals that go for the jugular of a viable free market are potentially more disruptive.

Commodities producers, processors and purchasers need to protect their interests in what is rapidly becoming a shortage economy. To illustrate, by buying a wheat contract, a baker can guard against a sudden jump in his raw materials costs. Likewise, by selling a contract specifying future delivery of wheat at an agreed-upon price, a farmer can assure himself of a profit even if the cash market declines when he harvests his crop.

Farm commodities traditionally have dominated futures markets. But virtually anything subject to volatile price swings can become a candidate for trading. No contract would be viable, however, without participation of individuals whose willingness to speculate on future price trends gives commodities markets liquidity.

On the whole, participants get a far fairer shake than in securities markets. Inside information is rare. Most projections on supply and demand are issued by federal agencies, and all players have access to the same scoreboards.

It is tempting for harried Congressmen to subscribe to the theory that sinister forces are engaged in widespread manipulation. The fact is, however, the price gyrations of last summer and beyond were largely attributable to shortages caused by ill-conceived government programs.

The very size of the business has made it an inviting target. In the fiscal year ended last June 30, some 47 million contracts, worth $399 billion, were bought and sold on the nation's 13 exchanges. Five years earlier, the totals were 20 million contracts worth $81 billion.

Clearly, the public has considerable confidence in the integrity of the current system, which was subject to self-policing 50 years before the Commodity Exchange Authority came into existence. Rep. Symms says it's possible the proposed measure will turn out to be one the industry can live with. But he has doubts. "If this bill is passed," he warns, "we will have yet another example of Congress throwing reason out the window, along with the liberty and economic survival of the American people."

ERIC AIKEN and ROBERT M. BLEIBERG.

STOP THE CONGRESSIONAL PAY RAISE SAYS MARAZITI

HON. JOSEPH J. MARAZITI

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 6, 1974

Mr. MARAZITI. Mr. Speaker, when the Government is trying to stem inflation, we, in Congress, should be the first to set an example by opposing a pay raise for ourselves.

That is why I am calling upon my colleagues in the House to join with me in opposing the proposed increase in congressional salaries from $42,500 to $52,800 in the next 3 years.

This is not the time to raise Government salaries. It is the time to fight inflation by holding the line and rejecting a pay increase or any compromise amendment that might be passed by the Senate and referred to the House. As I said before, we must set the example.

Mr. Speaker, only by rejecting this increase will the people know Congress is sincere in its efforts to halt inflation.

TECHNICAL TRADE WITH SOVIET UNION SOARS

HON. JOHN M. ASHBROOK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 6, 1974

Mr. ASHBROOK. Mr. Speaker, on numerous occasions I have brought to the attention of my colleagues the fact that the United States is exporting its invaluable technology to the Soviet Union. Despite the aggressive policies pursued by the Kremlin in last fall's Mideast war and the Soviet Government's brutal treatment of its own citizens—most recently demonstrated by the arrest and exile of Alexander Solzhenitsyn—technical trade with the Soviet Union continues to expand.

According to Acting Secretary of State William J. Casey, U.S. technical trade with the Soviet Union and other East European countries has "gained significant momentum" since the May 1972 Moscow summit conference and will undoubtedly continue to increase at a gradual rate. The American share of Soviet imports of plant and equipment from the West is now running about 20 percent of the total. It is ironic that while American businessmen are trading hundreds of millions of dollars of plant and equipment to the Soviet Union, the administration is asking for an increased defense budget to meet the Soviet military threat—a threat which, in part, is being built with American technology.

Following is an article from the March 1, 1974 edition of the Washington Star-News on Mr. Casey's remarks:

TECHNICAL TRADE WITH SOVIET UNION SOARS

Acting Secretary of State William J. Casey said yesterday U.S. technical trade with the Soviet Union and other East European countries has "gained significant momentum" since the May 1972 Moscow summit conference and will undoubtedly continue to increase at a gradual rate.

Casey told a meeting of U.S. businessmen interested in exchange of technology with Russia that the American share of Soviet imports of plant and equipment from the west is now running about 20 percent of the total, whereas prior to 1972 the U.S. share of such sales to Russia was only about 5 percent.

"Of total Soviet purchases for such goods of about $3 billion since the beginning of 1972, $600 million has been contracted with U.S. firms, making us second only to Germany as a source," Casey said. "I believe this a remarkable achievement when we recognize France, Germany, Britain and Japan have been in the Soviet market for 10 years, and have the advantage of geographic proximity."

Casey warned businessmen, however, that he expected expansion of technical exchange with the East to be gradual."

He cited several reasons:

Russia's shortage of convertible currencies.

The Soviet economic structure, with its heavy reliance on centralized planning, makes it difficult for that country to introduce rapidly any new technology, particularly foreign.

Russia's lack of personnel experienced in Western production methods and processes.

Continued U.S. restriction on export of technologies which have military as well as civilian uses when the U.S. government considers the security risk unacceptable.

Another major difficulty is the interests of the Soviet Union in including technical assistance as part of any arrangement for purchasing equipment and Moscow's preference for financing any deal by re-exporting a part of the resulting production to the United States firms supplying the equipment.

This does not appeal to many U.S. businessmen, Casey said, because of the "general reluctance" of Russia to permit American participation in the management of the Soviet production which uses U.S. technology.

Some countries in the Communist East European group—Yugoslavia, Romania and Hungary—have overcome these difficulties, Casey said, by permitting the creation of "joint venture arrangements with Western firms," thus enabling the foreign company to have some voice in the management of the production for which it supplied the technology and equipment.

BAN THE HANDGUN—XXVIII

HON. JONATHAN B. BINGHAM

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 6, 1974

Mr. BINGHAM. Mr. Speaker, yesterday in Buffalo a gunman forced his way into a house, shot three children, their mother, and later a taxi driver. One child is dead and the other victims are in critical condition. From cartridges found at the scene of the crime, Buffalo police have confirmed to my office that the weapon used was an automatic pistol.

The majority of Americans want strong gun laws so maniacal shooting sprees such as this could be precluded. The article appearing in the New York Times, March 6, is reprinted herewith:

ONE DEAD, FOUR HURT, IN A SHOOTING SPREE

BUFFALO, March 5.—A gunman forced his way into a house early today, shot three children as their mother watched, then shot her and later a taxi driver, the police said.

Ninety minutes after the shooting, in which one of the children died, the police arrested David L. Benefield, 25 years old, and charged him with murder, assault, robbery and possession of a dangerous weapon. Lieut. Leo J. Donovan, chief of the homicide squad, said robbery appeared to have been the motive.

Daniel G. Pascale, assistant detective chief, said Mr. Benefield had barged into a lower flat of the East Side house occupied by Mrs. Leslie Fitch, 37, and her three children, John Davis, 15, Daryl Benton, 9, and Lisa Benton, 6.

Chief Pascale said Mr. Benefield had ordered the pajama-clad children to lie on their stomachs on a bed, then fired four times. Each child was shot in the rear of his head and one bullet struck John in the side. Chief Pascale said.

Mr. Benefield then demanded money, jewelry and a welfare check from Mrs. Fitch, shot her in the neck and telephoned for a taxicab, the chief added.

The cab driver, Charles Ziegler, 18, was found shot twice in the head beside his cab about three miles from the Fitch house. The police said his pockets and wallet were empty.

Mrs. Fitch was reported in serious condition, and Lisa, John and Mr. Ziegler were in critical condition. Daryl died about four hours after the shooting.

CALIFORNIA PUBLIC HEALTH ASSOCIATION DIVISION SUPPORTS RIGHT TO ABORTION

HON. RONALD V. DELLUMS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 6, 1974

Mr. DELLUMS. Mr. Speaker, I wish to insert in the RECORD a letter from the northern division of the Caifornia Public Health Association that urges opposition to the Buckley and Helms-Hogan proposed amendments to the Constitution that would effectively prohibit legal abortions. As the letter indicates, the CPHA is joined by the American Public Health Association, the California Medical Association, and the American Medical Association in their support for every woman's right to have an abortion.

The numerous civic, religious, medical, and various other local and national groups that have indicated strong support for legalized abortion as is now insured by law, have underlined the importance of maintaining this essential personal freedom. It has become extremely apparent in recent months that the American people would regard any efforts to prohibit legalized abortion as direct infringements on their rights as human beings.

The letter follows:

FEBRUARY 26, 1974.

Re Our Opposition to the Buckley Amendments and Helms-Hogan Amendment.

Hon. RONALD V. DELLUMS,
The House of Representatives,
Longworth House Office Building,
Washington, D.C.

DEAR CONGRESSMAN DELLUMS: The membership of the California Public Health Association, Northern Division, has (along with the membership of the American Public Health Association, the California Medical Association and the American Medical Association) affirmed and reaffirmed that every woman in the United States should continue to have the personal freedom to make, with the physician of her choice, the decision to determine the outcome of a pregnancy.

Attempts to abridge such basic personal freedoms are being seriously pressed by a minority of our citizens. We urge you to vigorously oppose the Buckley and Helms-Hogan proposed amendments to our Constitution that would effectively prohibit legal abortions, and the Buckley proposed amendment to the 1973 Social Security Amendments which would prohibit the use of Medicaid funds to pay for abortions.

Yours very truly,
JAMES T. HARRISON, M.D.,
President.

MY RESPONSIBILITY AS A CITIZEN

HON. GEORGE E. SHIPLEY

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 6, 1974

Mr. SHIPLEY. Mr. Speaker, it is my honor and privilege to insert in the CONGRESSIONAL RECORD the following prize-winning speech by Scott E. Slezak, Danville, Ill., on the theme "My Responsibility as a Citizen."

Scott is the first prize winner for the State of Illinois in the annual Veterans of Foreign Wars Voice of Democracy Contest. He will be competing next week in Washington for the national championship.

I feel that Scott's speech is well worth our attention.

The speech follows:

MY RESPONSIBILITY AS A CITIZEN

(By Scott E. Slezak)

Each of us is a thread in the banner of Democracy. We become interwoven into democracy, just as thread becomes interwoven into cloth, by accepting our responsibilities as citizens of the United States of America. As thread remains useless if not woven into cloth, so the cloth has no vitality without each thread contributing to its beauty and strength. It is the contributions of every individual acting collectively which weave us into the symbol of the most eminent nation in the world.

But just what are my, like every other individual's, responsibilities as a citizen? What is it which constitutes a significant and beneficial contribution to the strength and beauty of the flag?

The most obvious, and most basic, duty is that to vote. It is my responsibility to select those who will lead me. Most important here, though, is the freedom in choosing these leaders. Because the selection of leaders is unabated, I am able to pick the best person to govern me.

It is my accountability to select the quality of the thread.

Another self-evident obligation to America is the maintenance of law and order. It is necessary to obey the laws set forth by my peers, and to originate new laws which are beneficial to my fellow peers, so as to prevent the loss of our many freedoms.

Selecting the type of weave is another of my obligations.

These duties, and similar ones, are not those which set America apart in the world. The most decisive responsibilities are more subtle, more ambiguous than these. But they are not any the less significant.

The first is the right to give constructive criticism. Constructive criticism is one of the greatest single factors which has influenced the shaping of democracy. To be able to find fault, and then demonstrate how it may be corrected, is one of the greatest obligations I have. This provides for the continual improvement upon the workings of democracy. Tandem with this, though, is my duty to accept criticism, respect it, and transform it into action. It is my responsibility to constantly strive for self-improvement within the fabric of democracy.

I must set the pattern in the material, but be open to the thinking of others.

The second major responsibility I have is to prevent transgression upon the rights of others. To respect the freedoms of others is one of the most difficult obligations to fulfill, yet most necessary for the preservation of democracy. When the freedoms of thought, religion, and choice are removed, government by the people no longer exists. As I have the right to express my ideas, so do others. Others must be allowed to weave their bunting much as I am allowed to weave mine.

Finally, it is my duty to be an individual; to carry out unique actions, whether they be for the benefit of all, or solely for the advancement of myself. If all men are not individuals, new ideas could never be introduced. But I must stay within the bounds of reason. Even though separate and distinct from all others, I must still be able to interweave in society.

The aforementioned responsibilities as a citizen are those which I believe to be the most vital; all others are built up around these. But these are not only my obligations. They are the responsibilities which every American citizen carries. To perform these duties is to provide a sound basis on which to establish my trust in America. Failing to fulfill these services would be to flaw the material; a thread which does not prohibit the function of the flag, but detracts from its beauty.

To be a golden thread in the fringe of the banner of the United States of America is the desired goal. One like others, in essence, yet still unique; one which is outstanding, strong, and contributing to the beauty of democracy.

UNIFORM TRUCK WEIGHTS ON INTERSTATE HIGHWAYS

HON. DICK SHOUP

OF MONTANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 6, 1974

Mr. SHOUP. Mr. Speaker, on February 27, 1974, I introduced H.R. 13117 which is designed to make uniform allowable truck weights on interstate highways. Since this issue has in the past been plagued with misconceptions, and because it is important that this measure pass this session of Congress, I would like to submit a few comments about what the bill would and would not do.

The sole purpose of H.R. 13117 is to establish uniformity for truck weight on the entire Interstate Highway System. The bill does not in any way interfere with state jurisdiction over State roads, and the matter of weight is still a matter of State control. All that H.R. 13117 does is remove a 1956 ceiling which is unrealistic and unnecessarily restrictive, set a new maximum and allow any State to place its limit up to or on that point.

The bill would achieve its purpose through the apportionment of appropriated highway funds. It is provided that apportionment is allowed only to those States which restrict weights to 20,000 pounds per axle or 34,000 pounds for tandem axles. The overall weight is determined by the formula for what is commonly called "Bridge Table B."

In further support of the bill, I would submit the following comments which were written and published by my colleague JIM WRIGHT some years ago when this same issue and related issues were under consideration.

Until 1956, Congress had never even had a law concerning the size of trucks. When we created the Interstate System, we adopted temporary ceilings to apply to that system alone. We did this to protect those highways. We admitted that we didn't know exactly what those ceilings should be. We anticipated that the law would need to be revised. So we directed the Bureau of Public Roads to make a careful study and then advise us as to the proper ceilings to protect the highways and the traveling public.

The U.S. Bureau of Public Roads did as Congress directed. It spent $27 million on road tests to find the right formula. The formula in this bill is the one recommended by the Bureau of Public Roads as result of those tests. It is not something dreamed up by the so-called "trucking lobby.

Not to be overlooked in this matter is the energy saving which would result from passage of H.R. 13117. Many States which are now unable to change interstate limits would do so. In fact the majority of Western States already have substantially higher allowances on their noninterstates than they are able to put on the interstates. The increased efficiency of load factors would allow fewer trucks to do the same hauling and more sensible routing would be possible—both resulting in a saving of fuel and either a lowering or stabilizing of rates.

It should also be noted that the overall vehicle weight proposed by H.R. 13117 is determined by a formula which relates weight to length. This is necessary in order to protect bridges and to preclude the concentration of weight in a small area.

Let us therefore give the States this legislation which is of great importance to the public and to the transport industry.

RETIRED POLICE OFFICER ARRESTS THREE ESCAPEES

HON. JOHN P. MURTHA

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 6, 1974

Mr. MURTHA. Mr. Speaker, George Koban is a retired policeman but that does not mean he has lost his interest in law and order.

After completing years on the Philadelphia police force he returned to his home in Ebensburg in Cambria County.

On January 19, 1974, George who learned his crime fighting techniques under the tutelage of former Philadelphia Police Commissioner Frank Rizzo, went on a man hunt of his own to bag three jail escapees who were roaming his property. The three men were awaiting trial on various charges at the Cambria County jail near Johnstown. Carrying a shotgun, George first spotted the threesome walking at the rear of his 156 acre estate and approached them to ask their presence. They replied they were hunting which seemed unlikely to George since they were unarmed. When the trio tried to run away he yelled, "Stop, this is the law." They listened to the authority in his voice, authority bred over the long years and which stood him in good stead before he was retired for disability in 1971.

Koban decided to go "hunting" for the escapees after hearing a State police warning that they had fled custody.

His action is characteristic of dedicated police officers everywhere and I am happy to commend his courageous deed. Although disabled he did not hesitate to accost the band of escapees and to bring them back to custody.

He stands as an eminent example to all of us; and a reminder that our constabulary is comprised of individuals who do not hesitate to put their lives in jeopardy in the interest of their fellow citizens.

PAY RAISE FOR FEDERAL JUDGES

HON. BENJAMIN S. ROSENTHAL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 6, 1974

Mr. ROSENTHAL. Mr. Speaker, I recently received a letter from a number of distinguished judges in the U.S. district court in New York regarding the proposed Federal pay raise.

I am inserting their letter in the RECORD because I believe that the arguments they make for a pay raise for Federal judges are as persuasive as they are timely.

I commend this letter to my colleagues in both Chambers of the Congress:

U.S. DISTRICT COURT,
U.S. COURTHOUSE,
New York, N.Y., February 7, 1974.

Hon. BENJAMIN S. ROSENTHAL,
Rayburn House Office Building,
Washington, D.C.

DEAR CONGRESSMAN ROSENTHAL: Federal judges, now slated (along with members of Congress and others) for a 7.5% pay increase in each of three successive years, have had no increases in five years. Anyone who deserves to be on the bench in this area could earn at least three of four times his current salary in private practice. While it is not suggested that judicial salaries should be proposed (still leaving us below the earnings of junior partners in law firms) seems minimal.

In these circumstances, we, the undersigned district judges, respectfully suggest that those opposing the increase do not adequately appreciate the problem as it affects the judges of the lower federal courts. If members of the Congress mean this opposition for themselves alone, the position may be different. As to judges, however, whose freedom to earn extra money is (as it should be) sharply circumscribed, there is no justification whatever for withholding the long overdue adjustment. Salaries of judges have been frozen at 1969 levels while most federal employees have enjoyed cost-of-living increases almost annually with the result that their current compensation is approximately 30% above 1969 rates.

We take the liberty of urging, earnestly and respectfully, that you resist the efforts to veto the increase as it applies to judges.

Very truly yours,

David N. Edelstein, Marvin E. Frankel, Morris E. Lasker, Kevin Thomas Duffy, Constance Baker Motley, John M. Cannella, Robert J. Ward, Dudley B. Bonsal, Murray I. Gurfein, Thomas P. Griesa, Lawrence W. Pierce, Whitman Knapp, Lloyd F. MacMahon, Milton Pollack, Edmund L. Palmieri, Frederick vP. Bryan, William C. Conner, Arnold Bauman, Irving Ben Cooper, Charles H. Tenney, Robert L. Carter, Charles M. Metzner, Inzer B. Wyatt, Harold R. Tyler, Jr.

MIDEAST WAR'S LESSON FOR THE UNITED STATES

HON. OLIN E. TEAGUE

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 6, 1974

Mr. TEAGUE. Mr. Speaker, the January 14, 1974, issue of the news magazine, U.S. News & World Report, carries an article by Col. William C. Moore, USAF retired, about the Mideast war. Colonel Moore brings up some serious points that we might take to heart. The Mideast situation should remind us of our recent conflicts. Colonel Moore brings up the question, "What do we do if a real crisis arises?" We have seen some problems lately, but we had better think about what we are going to do should a "real crisis" like a Vietnam or a Korea arise again.

I recommend the article to you, my fellow colleagues in Congress, and the general public.

The article follows:

MIDEAST WAR'S LESSON FOR UNITED STATES

(By Col. William C. Moore, U.S. Air Force retired)

(NOTE.—William C. Moore is a commentator on military affairs. A graduate of the U.S. Military Academy, his background includes many years as an analyst on active duty with the Air Force, with service on the Strategic Plans Group of the Joint Chiefs of Staff and at Supreme Headquarters Allied Powers Europe.)

Of the many bits of intelligence emerging from the Yom Kippur war in the Mideast, one is considered by top U.S. military planners to be the most worrisome and far-reaching in implication.

This worry centers on the monumental attrition rates suffered by both sides—Arabs and Israelis—during the relatively short period of fighting.

Although sufficient time has not passed to permit the gathering of final statistics, some planners already conclude that never in the annals of military history has attrition been so severe in 18 days of fighting.

After one week of warfare, Israel's losses were placed at 650 tanks and armored vehicles—about one third of its armored strength at the start of the war. Air losses ranged from one fourth to one third of the initial strength.

In one week Syria lost nearly 800 of 1,300 tanks committed to battle.

So severe were these attrition rates that analysts—given the tempo of fighting in the first week—estimated that Israel's war supplies might last only two additional weeks, Syrian stocks might last less than a week, and Egyptian supplies perhaps 10 days, more or less.

Rough estimates for the entire 18 days of the war show Arab losses to be 1,500 tanks and 450 aircraft, compared with Israel's losses of 500 tanks and 120 aircraft.

To appreciate the enormity of these attrition rates, consider the battle of El Alamein, one of the great showdowns in World War II.

At the start of that battle, which lasted 12 days—Oct. 23 to Nov. 4, 1942—General Montgomery, the British commander, had 1,114 tanks; General Rommel, the German commander, had 600. Montgomery lost 432 of his tanks, Rommel lost 500—a total of 932 for both sides. Compare this with the 2,000 tanks destroyed in the Yom Kippur war.

These staggering attrition rates are what prompted the Soviet Union and the United States to initiate their massive resupply effort.

Resupply of Israel by the U.S. started later than the Russian airlift to the Arabs, but the U.S. soon caught up in the number of tons delivered. Deliveries by U.S. airlift eventually reached a daily peak of between 800 to 1,000 tons, according to the Defense Department.

By the time of the cease-fire, both the U.S. and the Soviet Union had initiated action to supply greater quantities by ships to keep up with the needs of their clients.

Why are U.S. planners so worried about all this? For two reasons:

1. It raises serious doubts about the validity of U.S. war-planning factors on attrition rates in modern combat. These planning factors determine the stocks U.S. armed forces maintain in order to achieve war aims.

2. It raises serious doubts about the capability of the U.S. to fulfill its obligations to client states, as called for by the Nixon Doctrine.

To fulfill obligations to Israel required considerable improvisions by the U.S. Some F–4 warplanes were taken from U.S. operational units and flown nonstop by U.S. pilots to Israel. Other F–4s came directly from the production line.

Tanks came out of stocks earmarked for operational units in Europe. And, although Department of Defense officials are saying very little about this, undoubtedly the U.S. was forced to dip into war reserves in many categories of supplies, such as small ammunition and artillery shells.

When you consider that the U.S. presently has only one tank line in production, producing only 360 tanks a year, the reason for concern at the Pentagon is inescapable.

What worries planners is that the Soviets apparently were not similarly pinched. To the contrary, Representative Samuel S. Stratton (Dem.), of New York, who headed a 21-member subcommittee of the House Armed Services Committee that toured the battle front, reported:

"What the Soviets gave the Arabs was not sophistication but proliferation. It was the vast number of weapons provided the Arabs rather than any exceptional technical capability that took a toll."

In some phases of battle, the Israelis were outnumbered 12 to 1 in tanks, and over-all weapons superiority was 3-to-4 to 1 in favor of the Arabs, the subcommittee reported.

Soviet military doctrine has traditionally emphasized the principle of mass. As a consequence, not only do operational units have a large number of tanks, artillery pieces and aircraft, but great quantities are unquestionably available in reserve stocks to supply Soviet client states.

These facts raise some obvious and ominous questions for the U.S. military planners.

What does the U.S. do if Vietnam continues to get hotter and hotter? And what if, at the same time, the North Koreans initiate militry action to back up their ominous saber-rattling against South Korea? And, as U.S. officials point out, the Mideast is by no means settled; fighting could break out again, placing additional demands on the U.S.

If a real crisis arises, what do we do? Do we rob Peter (United States operational units) to pay Paul (the client states)? Do we dip into reserves which the Mideast war has shown to be less than minimum? Do we equivocate on the Nixon Doctrine? Or do we, in fact, learn some lessons from the Yom Kippur war, and pay the price to correct exposed deficiencies?

These are not easy questions to answer, but answers are being sought.

The alternative to no answers and no action is to permit the Soviet Union to use its vast arsenal of war supplies and client states to achieve local military superiority in several areas of the world.

A FOUR-LETTER WORD

HON. STEVEN D. SYMMS

OF IDAHO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 6, 1974

Mr. SYMMS. Mr. Speaker, I am happy to see that opposition is growing to the Occupational Safety and Health Act—OSHA. Recently an editorial calling for the repeal of this law appeared in the Caldwell News-Tribune, my hometown newspaper in Idaho. I am very pleased that the public is becoming aware of the damage that OSHA is doing to business, especially small businesses, and to the threat to freedom that this law represents, also I'm happy to announce that upon reintroducing my bill to repeal OSHA today 41 Members of the House are now cosponsors.

The editorial, dated March 1, 1974, reads as follows:

A FOUR-LETTER WORD

If you think the Occupational Safety and Health Act is something that exists in Detroit, Cleveland, Seattle, etc. and not in Canyon County, think again.

OSHA inspectors are here and doing their incredible thing in the fashion we've all heard about—forget common sense, we've got to be doing something to justify our jobs and, therefore, our existence.

There is no point in listing all the unbelievable measures demanded by OSHA in the name of "health and safety." If you are a businessman or an employe or friend of one, you know what we are talking about.

We'll say one thing for OSHA. It has scared hell out of a lot of businessmen who showed us examples of visits by the federal people but would prefer not to have their names mentioned. "They will just come back and make it worse on us," is the reason commonly heard.

That, in itself, is reason enough to push for the repeal of OSHA. If a bureaucracy's strength is the public's fear of it, then there must be a change. The best change is to do away with OSHA.

At any rate, try to understand these OSHA gems.

In Nampa, a machine that perforates paper must have a guard on it to prevent injury. Trouble is, with the guard on, the machine won't operate.

A store in Caldwell recently tore up its floor and put down a new one, completely carpeted. The reason: There were two small bumps in the previous tile floor that posed a threat, according to OSHA. That is all well and good except that the bumps were in an area that was never subject to traffic.

A Nampa firm was fined $50 for having a fire extinguisher not located at eye level. OSHA was correct: it wasn't at eye level unless you happen to be 5–8 or taller.

A laundry, at a cost of $9,000, was forced to install safety devices on washers and dryers so they couldn't be opened until they were completely stopped. "The only difference," says the owner, "is that before they shut off when you opened the door and now they can't be opened until you shut them off."

The list could go on but we find one more thing about OSHA just too hard to take. Under the law cities don't have to comply with the regulations.

We applaud that section of the law. Now we need another law that does away with OSHA completely, not just on a selective basis.

OSHA discriminates against private enterprise and it is being administered by an army of idiots who possess no common sense. The sooner OSHA becomes just another four-letter word that is not a law on the books, the better off the country will be.

REAL REFORM DEMANDS ROLE FOR MINORITY

HON. JAMES C. CLEVELAND

OF NEW HAMPSHIRE

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 6, 1974

Mr. CLEVELAND. Mr. Speaker, many of us have observed with great interest the work of the Select Committee on Committees, chaired by our friend from Missouri (Mr. BOLLING), in devising reforms to strengthen the Congress by equipping it to do its job better. I applaud this effort and will have further observations to make on specific proposals at the appropriate time.

It is my purpose today, however, to call to the attention of my colleagues a proposal transmitted to the Select Committee in a joint statement last week by my colleague from Illinois (Mr. MICHEL) and myself. An outgrowth of our work on the House Republican Task Force on Congressional Reform and Minority Staffing, this proposal simply says:

Whenever both the executive and legislative branches are under the control of the same political party, a select committee in the House under the control of the minority party be automatically created, funded, and vested with wideranging investigatory authority.

At a time when independence of the investigatory function is of considerable public interest, and the Select Committee on Committees is rightly concerned with strengthening the oversight function of Congress, I commend this proposal to my colleagues in the hope they will agree that the minority has a legitimate—and potentially pivotal—role in the process. The statement follows:

JOINT STATEMENT OF REPRESENTATIVES ROBERT H. MICHEL OF ILLINOIS AND JAMES C. CLEVELAND OF NEW HAMPSHIRE TO THE SELECT COMMITTEE ON COMMITTEES, FEBRUARY 28, 1974

Mr. Chairman and Members of the Committee, as you pursue your deliberations on your working draft, "Committee Structure and Procedures of the House of Representatives," we request that you consider the following proposal for incorporation in your final report to the House: That when both the Executive and Legislative branches are under the control of the same political party, a Select Committee in the House under the control of the minority party be automatically created, funded and vested with wide-ranging investigatory authority.

We believe this proposal is consistent with both the objectives of the structural and procedural reforms this Select Committee is developing and the larger effort to strengthen the Congress and curb excessive Executive power, to which your work represents a significant contribution. In fact, we are convinced that this proposal is imperative if the other reforms under consideration are to achieve their full potential.

Though a substantial departure from current practice, the concept is not altogether new. It is rooted in the self-evident truth that no Administration can be relied upon to investigate itself. Nor can the majority party in the Congress be relied upon to investigate an Administration of that same party. Whatever the competence, commitment and integrity of those carrying out investigative responsibilities, independence from the subject of their investigation is critical to the confidence of the public in their findings.

Such independence is implicit in our Constitutional system of checks and balances. In recent days, the principle has been reflected in advocacy of a Special Prosecutor to investigate the Watergate affair and support—by Common Cause and others—for a Federal Elections Commission to enforce compliance with election laws.

Nor is it new in practice. In 1923, when the Administration and both Houses of the Congress were under control of the Republican Party, Democratic Sen. Thomas J. Walsh of Montana was prevailed upon by Republican Sen. Robert La Follette to take charge of the Teapot Dome investigation. Walsh was persuaded that the Republican members of the Public Lands Committee had little relish for the task, and accordingly took informal command of the committee. The British Parliamentary system has given effect to the principle for more than a century through the functioning of the Committee of Public Accounts of the House of Commons, under opposition party control.

Finally, it is not new as an organizational proposal. Vice President Ford, while a House member in 1965, proposed in a speech before the National Press Club that when both branches are under control of the same party, the Government Operations Committees of both houses be under the control of the minority. Said Ford at the time: "Here would be a genuine vehicle to assure that the voice of the minority would be heard, that the majority would be constantly on notice that its actions or inactions were subject to effective and critical review. Here would be assurance that the public through (the press) would know that any cover-up or wrongdoing would be improbable if not impossible."

This proposal was incorporated in Cleveland testimony before the Joint Committee on the Organization of Congress on May 24, 1965, and in Michel's legislation, H.R. 9252, introduced on June 21, 1965. It has been reintroduced in succeeding Congresses, the most recent version being H.R. 793, January 3, 1973. It also was the basis for the Michel chapter in "We Propose: A Modern Congress," the report of the House Republican Task Force on Congressional Reform and Minority Staffing under Cleveland chairmanship.

Members of this Select Committee will note, however, that we are proposing a Select Committee on Investigations rather than minority control over the Government Operations Committee. Such a body would assert the principle of a strong minority role in investigations without creating an anomalous situation whereby the minority would control the traditional legislative functions of the Committee on Government Operations. Thus our revised approach would not conflict with your Select Committee's proposals to expand the legislative jurisdiction of the Government Operations Committee in the process of restructuring the functional alignment of all standing committees.

Such a separate investigating committee, indeed, was proposed by former Rep. Florence Dwyer of New Jersey on the basis of her observations of the conduct of the Government Operations Committee, of which she was ranking minority member, in its investigation of the Billie Sol Estes scandal. Largely responsible for prodding the committee into undertaking the probe, Mrs. Dwyer was never satisfied that the investigation, albeit a protracted one, was pursued with sufficient vigor. Here was an instance of a majority party in the Congress investigating an administration of the same party.

Her proposal would have created a Select Committee on Investigations composed of 15 members appointed by the Speaker. Eight of the members, including the chairman would be minority party members selected from a panel of 24 minority party members nominated by the minority leader. The other seven would be members of the majority party. The committee's jurisdiction would be governmentwide, but the committee would be specifically precluded from investigating any subject under active investigation by a standing committee or subcommittee.

Arguing in support of her proposal on July 26, 1966, Mrs. Dwyer said:

"The problem exists regardless of the party in power. It is unrealistic to expect the congressional members of a political party—again, regardless of the party—to subject executive branch officials of the same party to the kind of complete and searching scrutiny required for the proper exercise of congressional oversight authority.

"While it is understandable in human terms that majority party Members of Congress—whatever the party—should be reluctant to expose their opposite numbers in the executive branch to serious political embarrassment, the integrity and constitutional authority of Congress cannot be allowed to be compromised by inaction, however understandable, when abuse of authority, incompetence, inefficiency, or wrongdoing may be involved."

Such skepticism was also inspired by the performance of the Senate in 1964, when proposals to expand the Bobby Baker investigation were opposed by the majority by votes ranging from overwhelming to near unanimous.

Our colleague from Illinois, Mr. Crane, has performed a useful service in calling to Members' attention last July his analysis of seven key votes, including one to block any broadening of the probe to Senators and Senate employees concerning "any financial or business interests or activities, including activities involving the giving or receiving of campaign funds under questionable circumstances." It is significant to note that majority party members, including the leadership and members later to become presidential candidates, and the current majority membership of the Watergate Committee exhibited a determined disinclination to pursue the path from the office of the former Secretary to the Majority wherever it led. This raises serious questions as to whether the Watergate Committee would have been established at all, much less performed with such conspicuous zeal, had the administration under investigation been of the same party.

It can hardly be contended that abuses of the 1972 campaign were a unique creation of the incumbent administration. In his February 20 testimony before the Joint Committee on Congressional Operations, Sen. Mondale spoke of the arrogance of power in the executive branch reflected in Watergate. "This arrogance is not a phenomenon only of this Administration, but is the culmination of a trend which began decades ago. Unless we end the misuse of executive power and gain public respect for and understanding of Congress' role in increasing the accountability of government, we will never reverse the loss of confidence which the polls are now reflecting."

In a similar vein, Democratic Rep. John H. Dent of Pennsylvania, Chairman of the Elections Subcommittee of the Committee on House Administration, said during a hearing on campaign abuses, "We can raise money. If we were in power we would have had the Watergate, what the hell?"

With characteristic candor, Chairman Dent continued: "I do not think we would have had it that bad, but we would have had something. Sure, a party in power can raise an unlimited amount of money, that has been the history whether you are running for squire or county commissioner or anything else."

Thus proposals for an independent investigatory function by the minority, and ample evidence to justify them, have been before us for a decade and more.

To its credit, the Congress is now in the process of enacting many reforms to redress the imbalance of power between the executive and the legislature, including those under consideration by this Select Committee, war powers legislation, budget reforms and curbs on impoundment. We think it significant that many measures proposed or under active consideration were advocated in some form by the Republican Task Force on Congressional Reform. The fascination with Presidential government has gone out of fashion. The Vietnam conflict and Watergate have played a role in highlighting the dangers of excessive executive authority. But it is not unreasonable to suggest that a change of Administrations in 1969 contributed to the evolution of majority sentiment in this area. This is not to attribute the drive for reform to excessive partisanship. To the extent that it is based on an adversary relationship between the Congressional majority and the White House, it is the positive product of our two-party system. Our proposal is merely intended to preserve and strengthen this relationship by lending it organizational standing in the hope that, regardless of who controls the two branches, a momentum for reform will be maintained.

Procedurally, the proposal fits in well with the objective of strengthening the oversight function which this Select Committee has rightly identified as a critical need. While expanding the scope of the Government Operations Committee's jurisdiction, your proposals call also for creation of a subcommittee of each standing committee to perform oversight functions and undertake more long-range planning and anticipation of problems. The existence of a separate investigating body under the control of the minority could well serve as a spur to the functioning of these subcommittees.

As noted in the Michel chapter on minority investigations in "We Propose," such an arrangement "may do much to restore the moral force otherwise lacking and thus secure public acceptance of the fairness and justice of congressional actions. The existence of minority control would be a constant reminder to the official that excessive actions risk legislative inquiry and reversal." For further discussion of the principle, in the context of a Government Operations Committee performing the role, see the full Michel chapter on the subject. "We Propose," though published in 1966, remains available in sufficient quantity for the Committee's examination.

A concluding note. In keeping with the principle of another reform we have advocated, we would support language assuring that the majority party in the Congress, in its minority role on the Select Committee on Investigations, be afforded up to one-third of the funds provided for the appointment of committee staff, such personnel being assigned for duties at the committee minority's discretion.

WE'RE GOING FOR COMPANIES THROATS

HON. EARL F. LANDGREBE

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 6, 1974

Mr. LANDGREBE. Mr. Speaker, last November 30 I introduced a bill to repeal the Consumer Product Safety Act of 1972, H.R. 11717. On December 5 I inserted remarks in the RECORD detailing my reasons for offering such a bill. Since that time, four of my good friends and colleagues have agreed to cosponsor my bill to repeal the Consumer Product Safety Act, and it has been reintroduced as H.R. 12517. I wish to include in the RECORD today an article from Dun's Review, January 1974, which furnishes some more evidence of the threat to a free society posed by the Consumer Product Safety Commission. The article is entitled "We're Going for Companies Throats," a statement made by a member of the Consumer Product Safety Commission, R. David Pittle. The title captures the essence of the Commission's powers and attitude, and unmistakably illustrates the arrogance of this Commission and its hatred of free enterprise.

The article follows:

WE'RE GOING FOR COMPANIES THROATS

Once in a generation, it seems, the United States Congress enacts sweeping legislation that creates a whole new ball game for business. In 1890, it was the Sherman Antitrust Act; in 1914, the Federal Trade Commission Act; and in 1933, the Securities Act. And last year, with very little fanfare, Congress created the Consumer Product Safety Commission—the most powerful business regulatory agency in the nation's history.

From bicycles and bowling equipment to electric appliances and elevators, the five-member CPSC has virtual life-and-death power over practically every major company in the nation. It can not only issue a ukase banning a product without even a court hearing, but executives of companies that violate its statute can actually be sent to jail for a year. "If a company violates our statute," CPSC Chairman Richard Simpson told DUN'S, "we will not concern ourselves with its middle-level executives; we will put the chief executive officer in jail. Once we do put a top executive behind bars, I am sure that we will get a much higher degree of compliance from other companies."

The threat of such a jail sentence was enough to spoil the Thanksgiving dinner of Chairman Charles Bluhdorn of Gulf & Western Industries. Last fall, the Commission learned that G&W's Consolidated Cigar subsidiary had received many complaints about the hazardous nature of its butane lighters. But Consolidated failed either to correct the defect or notify the Commission as required by law. Under his policy of going right to the top, just before Thanksgiving Simpson sent a letter to Bluhdorn informing him of the criminal penalties he could be subject to for not complying with the law. "That letter worked wonders with Bluhdorn," laughs CPSC Commissioner Lawrence Kushner, "but we are far from through with Gulf & Western."

Just a sampler of other major companies that have felt the whiplash of the new Commission since it set up shop last May: Admiral, RCA, Zenith and Philco-Ford, whose color television sets were deemed fire hazards; Tappan Co., whose ovens were found to leak gas; and Minnesota Mining and Manufacturing and Borden, which saw their adhesive sprays suddenly banned on the grounds that they caused genetic defects. "Anytime consumer safety is threatened," insists Commissioner David Pittle, "we're going to go for the company's throat."

Executives of 3M and Borden are particularly irate at what they consider the high-handed manner in which the ban on adhesives was announced. Top executives of both companies were notified around 2 a.m. on a Saturday morning that the ban was in effect and that the wire services were being notified. Both companies immediately stated that they would voluntarily comply with the Commission's order and withdraw the sprays. "We asked that they put the fact that we voluntarily complied in their announcement," complains James T. McCrory, director of government relations for Borden. "But somehow they didn't do it."

AWESOME POWERS?

Adding to the Commission's awesome powers is the fact that Congress purposely insulated it from the pressures that have tamed many a fire-eating regulatory agency in the past. In the first place, its chairman—unlike the chairman of every other regulatory agency—does not serve at the pleasure of the President. Once appointed, he cannot be removed until his term has expired. Second, under its strict conflict-of-interest strictures, no Commission employee at a policy-making level can accept a job with a company that has a matter before the Commission for at least one year after he leaves the CPSC.

Third, and most important, the CPSC budget is specifically exempted from the control of the White House's Office of Management and Budget. Congress has the overriding say in its budget. "Business can't look to the White House for help against the Commission," points out a top Washington lobbyist, "because it isn't in any position to give us any."

Unfettered by the traditional constraints of the OMB, the Commission, plans to ask Congress for a whopping 40% hike in its budget for the next fiscal year. And given the political popularity of consumer safety, it is almost certain to get everything it wants. "No Congressman wants to be put in the position of being against consumer safety," argues David Swit, publisher of Product Safety Letter, a Washington-based newsletter for executives, "so I am sure the Commission will get every dollar it asks for."

Next year, another provision of the law will go into effect that could spell even more trouble for business. Right now, individual consumers are permitted to petition the Commission to bar allegedly unsafe products from the marketplace; the CPSC then has 120 days to either grant or deny the petition. But next year, if the petitioner does not like the ruling he can appeal it to the federal courts. "In the end," points out Thomas Green, minority counsel to the House Subcommittee on Commerce and Finance, "this could be the most important provision in the law. For even if a company has done nothing wrong, the publicity attached to such a suit could be very harmful."

Right now, the basic thrust of the Commission's investigations stems from its National Electronic Injury Surveillance System (NEISS). Under this computerized system, 119 hospitals in thirty states report to the Commission the causes of injuries sustained by patients who have been treated in the previous 24 hours. Using the frequency of injuries under the NEISS system as a basis, the Commission recently published a "priority list" of products that it is going to investigate. Among the targets: bicycles, stairs, doors, cleaning compounds and lawnmowers. "They are hitting everything that is produced in this economy," angrily snaps Robert Buehler, director of government relations for B.F. Goodrich Co. "Why, they could even come to the conclusion that toothpicks are a hazard."

For the hundreds of companies that manufacture these products, the key question, of course, is how much it will cost to correct the problem the Commission might be carping about. "Take our guys who make $50 mowers," argues Dennis Dix, executive director of the Outdoor Power Equipment Institute, a trade association representing some seventy manufacturers. "If they have to add $10 in costs to pay for safety, that is their profit margin. They just might decide that it isn't worth staying in business."

But the Commission's viewpoint is succintly stated by Commissioner David Pittle: "When it involves a product that is unsafe, I don't care how much it costs the company to correct the problem."

Pittle, in fact, could have the most influence of all the Commissioners on the CPSC's future investigations. As former president of the Alliance for Consumer Protection in Pittsburgh, engineer Pittle had some very pronounced ideas about product safety long before he was tapped for the Commission. Under a grant from the National Science Foundation, he spent a year in the laboratory examining the safety characteristics of some sixty products, including drills, ovens, irons and bottles. "It convinced me," admits Pittle, "that the companies that designed these products gave very little thought to the safety aspects. This experience gives me a lot to draw on when we get complaints about these products."

WATCH OUT FOR SIMPSON

Nor, despite his business background, should the views of Chairman Richard Simpson give much comfort to businessmen. The White House tapped Simpson, a self-made millionaire engineer, for the chairmanship after several other businessmen had turned the job down because of strictures prohibiting employment with companies that might have to come before the Commission. Given the CPSC's sweeping mandate, that could conceivably include every major company in the country. The well-heeled Simpson, who had sold his business, was in the enviable position of not having to worry about future employment.

When he was first appointed, Simpson appeared to be the kind of chairman whom business could work with. A registered Republican, the mild-mannered engineer was immediately hailed by business groups as a man who would use discretion in wielding the new agency's awesome powers. But they were wrong. Once he took office, he immediately began to wield the big stick Congress had deliberately put into the Commission's hands. Businessmen, long used to coming into a federal regulatory agency and working out a compromise, quickly got the message that the Consumer Product Safety Commission was giving no quarter. With one eye on the consumer groups that have been calling for more business scalps, Simpson has repeatedly declared that the Commission will rebuff any pressures from business. "Unlike some agencies around Washington," he says, "this one will never become the captive of the industries it regulates. There will be no deals with businessmen," insists Simpson. "We especially don't want to hear from the guy who comes in here and says 'I promise not to produce any more of this if you let me get rid of my inventory.' Furthermore," he warns, "all meetings are on the record."

After naming Simpson chairman, the President selected three other Commission members: Barbara Franklin, a White House personnel recruiter whose task had been to bring more women into government; Constance Newman, a lawyer who had worked in various anti-poverty agencies; and Lawrence Kushner, a chemist who had spent 24 years with the National Bureau of Standards. "The trouble with this crew," complains the Washington director of a major trade association, "is that they have had very little experience with the business system. Consequently, they couldn't possibly understand the problems of businessmen who come before them."

At that point, there was still one vacancy on the Commission. Under heavy pressure from consumer groups and Congress to name a person identified with the consumer movement, the White House at first simply dug in its heels and did nothing. Ultimately, though, the Administration was forced to bow to the pressure. The deciding factor was the Senate's rejection last summer of the President's nomination of Robert H. Morris to the Federal Power Commission. Washington's powerhouse Senator Warren Magnuson, who led the onslaught, argued that Morris was too closely identified with the oil industry and that more representatives of consumer groups should be named to the regulatory commissions.

The White House, which foresaw its future nominees to the regulatory commissions suffering the same fate, indicated to Magnuson that it would be receptive to any suggestion he might have for the fifth spot on the CPSC. It was Pittle. The White House quickly accepted the Carnegie-Mellon University professor, and the nomination breezed through the Senate.

The impetus to create the CPSC was the report of the National Commission on Product Safety, appointed by President Lyndon Johnson just before he left office, that U.S. citizens suffered some 20 million injuries annually because of unsafe products. Goaded by the report and heavy pressure from Ralph Nader and other consumer advocates, the drive for an independent consumer safety agency was spearheaded in the Senate by Magnuson and in the House by California's John Moss. The Administration, acutely aware of what such an independent commission could do to business, attempted to block it by calling for an agency within the Department of Health, Education and Welfare. Such an agency, of course, would have been under the direct control of the White House.

But the strategy backfired. Incensed by the White House's attempt to control the proposed commission, Magnuson and Moss wrote provisions into the statute that created the most independent agency in the history of the United States government. Perhaps recalling the White House's removal last year of Miles Kirkpatrick, the hard-driving Chairman of the Federal Trade Commission, the bill's framers were particularly insistent that the CPSC chairman should not be subject to dismissal by the White House.

CAUGHT NAPPING?

Given the revolutionary powers granted the new commission, it is surprising that the law passed with such little fanfare. Apparently, the Washington representatives of the major corporations and trade associations either did not realize the law's potential or somehow thought it did not have a chance. Says Commissioner Kushner: "My guess is that many business groups failed to attack the bill because they felt that in the end it wouldn't be passed."

Once the bill was passed, the President was besieged by business groups, finally waking up to what was happening, to veto the bill. And OMB Director Roy Ash, irate at the upstart agency's freedom from traditional OMB control, tried to convince the President that this was a dangerous precedent.

Unfortunately for business, the bill hit the President's desk only two weeks before the Presidential election, and he signed it. "No politically minded President," argues Malcolm Jensen, executive director of the Can Manufacturers Institute, "could veto a bill with the words 'consumer' and 'safety' in its title that close to an election."

The creation of the Consumer Product Safety Commission should be an object lesson in elementary civics for every businessman. For while it is doubtful that the measure could have been blocked entirely, many of its landmark provisions might well have been watered down. "That Commission," points out Mississippi's Democratic Congressman Jamie L. Whitten, "has more power than a good man would want or a bad man should have."

ENERGY ACCOUNTING INVESTIGATIONS ACT OF 1974

HON. OGDEN R. REID

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 6, 1974

Mr. REID. Mr. Speaker, today I have introduced the Energy Accounting Investigations Act of 1974. It is, as I see it, one small step towards the goal of a free enterprise and free market economy which functions fairly and efficiently with a minimum of Government interference.

The pattern of accounting services for the oil industry is concentrated in little more than a handful of firms. Seven of them audit the books of the 29 largest oil companies in the United States, as well as scores of so-called oil banks, oil affiliates, and oil company employee benefit funds. A number of recent studies have outlined the abuses of antitrust policy by the major oil companies. The studies also noted the failures of recent administrations in curbing the anticompetitive practices which predominate the oil companies' dealings with one another and with other industries.

One of those is the accounting industry. There are undeniable advantages in the concentration of services provided by a few accounting firms. An industry expertise is developed which can be carried over and applied within the industry to individual firms. There can be a uniformity of approach in which "like things look alike." This standardization provides a floor of understanding which is of considerable value to analysts watching the petroleum industry.

Nevertheless, Mr. Speaker, uniformity of action and approach promotes habits and practices which have historically always worked to the disadvantage of the general and investing public. Many of these practices fall into the gray area of business morality.

Servicing several oil clients may, I believe, cast an accountant's approach into a rigid mold with consequent fear of innovation or independence in auditing concepts. The history of the accounting industry reveals that it required the courts to dislodge them from the concept of "generally accepted accounting principles" to one in which their primary duty was interpreted to "present fairly" the conditions of the firms they audit.

The question of ethics in accounting principles is also at stake when four oil companies over a 9-year period were each able to increase their assets twice as fast as their retained earnings. Three of the four were audited by the same firm.

Servicing a number of firms in the same industry, in my opinion, places the account in the role of management conduit from which there could follow a parallelism of action and approach. Accountants can be conduits for financing practices. In a discussion of top management, how far removed would it be for the conversation to turn to other strategies that are practiced by companies within the same industry? "Helping with problems" implies the application of know-how required in one concern and transmitting it to another.

Mr. Speaker, where is the fine line to be drawn between an innocent professional service and an anticompetitive practice?

Why the concentration of services among only seven firms? There are at least eight others of second-echelon size and equal quality who, if permitted to serve the oil companies, would open up the area of competitive practice.

My bill is designed to investigate the possibility of these and similar abuses. It calls for a Federal Trade Commission investigation into the situation. Following this investigation, the FTC is directed to take the necessary steps to remove barriers to competition in the accounting industry's relations with the energy industries. In addition, the FTC is ordered to promote fair and ethical standards in those relationships.

The measure requires integrated major oil companies to report annually on the accounting methods they use for each and any of their four levels of operation, those being production, refining, transportation, and marketing.

The whole concept of concentration of accounting services within the oil industry is a neglected area of investigation. The normal rules against concentration would seem to be applicable in this polite society of mammoth accounting firms and mammoth oil establishments.

SOUTHERN NEW JERSEY IS DOING ITS PART TO CONSERVE ENERGY

HON. CHARLES W. SANDMAN

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 6, 1974

Mr. SANDMAN. Mr. Speaker, I want to take a moment to report that the people of the Second Congressional District in New Jersey are doing what I consider to be an excellent job of conserving precious oil during the current energy crisis.

Reports I have received from Atlantic, Cape May, Cumberland, Salem, and portions of Ocean and Burlington Counties which I represent in Congress are most encouraging.

With respect to use of the automobile, which is the largest single guzzler of petroleum products, my information is that my constituents have cut their gasoline use by a least 15 percent. Needless to say, it has been difficult and has involved some sacrifices. But the people of southern New Jersey are a sturdy, determined group of individuals who have always been willing to do their share.

With respect to electricity, my entire congressional district is fortunate to be served by a public spirited utility that has always been in the forefront of developments to meet the needs of its customers while at the same time serving the best interests of the country's economy and environment. That utility is the Atlantic City Electric Co.

THE NATION'S FIRST

All of Atlantic City Electric's wholly owned generating stations were designed as coal-firing units. With the growing environmental awareness of recent years, four of the nine units were converted to low-sulfur oil during 1970 through 1972.

In fact, one of the Atlantic City Electric generating units was the first in the entire Nation to convert to low-sulfur crude oil in order to meet the growing concern for improvements of air quality.

When the present oil shortage approached, once again Atlantic City Electric was the first utility in the Nation to convert back to burning coal. Both firsts occurred at the B. L. England generating station at Beesley's Point.

I am very proud of this company's quick reaction to the changing priorities of our economy.

Presently, approximately 80 percent of the electric energy now serving my congressional district is being produced from coal-burning generating units operated by Atlantic City Electric Co.

One important result of this changeover, of course, is that large quantities of crude oil that had been diverted to feed electric generating units can now be refined into gasoline and other petroleum products.

The transition has not been without problems, as can be imagined considering the magnitude of the energy needs of southern New Jersey.

For instance, Atlantic City Electric purchased coal 10 years ago at an average price of $17 per ton. Today, the company is lucky to be able to get some tonnage at $27. Even so, the quality of much of the coal being produced today is so poor that the B. L. England and Deepwater stations cannot be operated at full capacity when using it.

And finally, there is the apparent impasse between the needs for coal as a source of energy on the one hand and the need for air quality standards on the other hand. With the shortage of low-sulfur oil at the present time, it is impossible to have the best of both worlds.

The public will be the final arbitrator of that. I retain confidence that Atlantic City Electric Co. will be able to continue to react promptly in the best interests of the country and its customers.

MACALESTER COLLEGE CELEBRATES CENTENNIAL

HON. DONALD M. FRASER

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 6, 1974

Mr. FRASER. Mr. Speaker, Macalester College, a small, liberal arts college in St. Paul, Minn., celebrated the 100th anniversary of the granting of its charter March 5, 1974, with a special convocation and reception. The centennial celebration continues until March 5, 1975, and will feature programs conducted by individual departments, special seminars, art exhibitions, plays, and concerts.

Macalester College has always played a unique and important role in Twin Cities' cultural and academic life. As an area resident I am grateful for the opportunity to participate in the special centennial activities, and all of us in the Twin Cities wish to extend our congratulations to the college for its 100 years of fine service to students and community.

"PRIDE IN AMERICA"

HON. ANGELO D. RONCALLO

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 6, 1974

Mr. RONCALLO of New York. Mr. Speaker, today's climate is, indeed, a trying one for all Americans. While it is true that we have problems for which there are no hard and fast solutions, I have strong faith in the pioneering spirit and gutsiness of the American people and am confident that we shall pull out of our present situation as we have others in the past.

I know, and I am sure many of you share my belief, that America is the greatest country in the world. In spite of this, we at times seem determined to wear a hair shirt and to throw in the dust what other nations would be proud to acclaim.

Along this line, I want to share with my colleagues the resolution recently received in my office, "Pride in America," as adopted by the U.S. Jaycees. I heartily endorse their statement of positive individual participation in this cause:

RESOLUTION—"PRIDE IN AMERICA"

It is becoming increasingly difficult to appreciate that our country offers more opportunity than any nation in the world . . . because

Today this country's detractors show little regard for our institutions.

Most Americans have strong convictions in these institutions that are the cornerstones of our great country:

Faith in God, brotherhood of man, free enterprise, government by the people, individualism, and service to humanity.

Constantly it is repeated that Americans no longer enjoy individual expression.

The United States Jaycees know better because of their affiliations in 6,700 communities throughout this great country.

History has proven that the American people can unite when threatened! Once again we are threatened but not by outside forces.

Our new threat is one of self-doubt reinforced daily by the repetition of negative examples.

The United States Jaycees are tired of those who daily condemn our society as deteriorating!

The time is now for the sleeping giant of public "Pride" and positive individual participation to awaken.

Unite with the United States Jaycees in rekindling our "Pride In America"—the key is you!

Adopted: February 16, 1974.

CASE FOR A FEDERAL OIL AND GAS CORPORATION—NO. 6

HON. MICHAEL HARRINGTON

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 6, 1974

Mr. HARRINGTON. Mr. Speaker, an article appeared in the March 2 issue of the Lawrence Mass. Eagle Tribune which pointed out a few of the consequences the environment may suffer as a result of our inadequate attempts to alleviate the energy shortage.

For example, many have suggested that a possible measure to ease the shortage would be to allow power plants, which are now using oil and gas as their main fuel sources, to convert to coal. The American Public Health Association estimated that if 60 percent of the powerplants presently in operation converted to coal, a direct result would be 91,000 additional attacks of respiratory disease, and 3,800 deaths from these diseases.

Mr. Speaker, we must not allow the environment and the American people to suffer because of hasty decisions made during a time of crisis. We must take decisive action to alleviate this shortage, but the important priority of observing strict environmental standards must not be relegated to any lesser place of importance.

To provide increased supplies of oil and gas to the American consumer, I have introduced legislation to set up a Federal Oil and Gas Corporation. In addition, as I explained in my extension of remarks in the CONGRESSIONAL RECORD on February 28, this bill provides that all production methods and facilities must be operated and constructed in strict accordance with the National Environmental Policy Act of 1969 and that all directors of the Corporation's board must exhibit a "demonstrable belief in environment protection." Thus, the Corporations' high environmental standards would provide a model for the rest of the industry.

As we all realize, it is imperative that we employ measures to end the energy shortage and insure that future shortages will be avoided. But this must be done with due concern for the environment. I believe the Oil and Gas Corporation would help us strike the desired balance between our energy and environmental goals.

At this point, Mr. Speaker, I insert the Lawrence Eagle-Tribune article of March 2, 1974, in the RECORD:

ENVIRONMENT TO SUFFER MOST

(By Michael J. Conlon)

WASHINGTON.—The energy crisis has already altered life styles and shaken consumer complacency, but its biggest long-range impact may be on the environment.

It is to soon to say whether the result will be more bad than good, although some environmentalists are already talking about the end of this automobile-dominated society and hoping for an era in which hiking will rival highway building as a national priority.

In the meantime there are some immediate consequences of the energy situation which by themselves are not good. The most obvious of these is that the air, in a few sections of the country in particular, is on the way toward getting dirtier.

Specifically:

In January there were more than 550 requests to state environmental agencies from industries wanting to burn dirtier fuel than the 1970 Clean Air Act allows. These requests, if approved at the state level, will be sent to Washington. The requests are almost exclusively from industries on the East Coast—250 of them in Massachusetts alone—and most involved permission to burn industrial fuel oil with sulfur content higher than health limits permit.

The Environmental Protection Agency (EPA), as of January had approved five of the requests which had been passed up from the states. Two are in New York, two in Massachusetts and one in New Jersey. The air in those states and some others will not be as clean. Last winter the EPA approved seven such requests.

There is a strong move underway to let automobile makers delay exhaust control devices scheduled for new cars over the next few years, because antipollution modifications on cars turned out in the last few years have cut gas mileage. President Nixon wants the standards that will be applied to '75 model cars—those appearing in the showrooms next fall—to be extended to the '76 and '77 model years as well, instead of the tougher standards the law currently requires.

A thriving business has developed in some parts of the country by garages that remove pollution control devices from cars and thereby improve gas mileage. The EPA admits it can be done by highly trained experts, but doubts the average shop would know enough to measurably affect fuel economy. It is illegal for a dealer to dismantle the devices but legal for anyone else.

Congress came very close to passing late last year, and is still considering, legislation that would lift air pollution requirements through 1979 for power plants that switch back to coal. Some environmentalists fear that millions of tons of high sulfur coal, now a glut on the market because it is too dirty to burn, will be fed into furnaces in the East during the next few years if that proposal became law.

After months of work the EPA completely scrapped proposals to tax automobile commuters in Boston, Newark, N.J., Washington, D.C., and parts of California in order to discourage driving and help clean up the air. The commuter taxes were an indirect casualty of the energy crisis because legislation to outlaw them had been proposed as a part, though an extraneous one, of energy emergency legislation.

The EPA contends it is almost impossible to know how much dirtier the air is now than it would have been without the energy crisis, but officials have no doubt there are changes occurring.

NORTH MYRTLE BEACH TIMES

HON. EDWARD YOUNG

OF SOUTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 6, 1974

Mr. YOUNG of South Carolina. Mr. Speaker, in the Sixth Congressional District of South Carolina, we are fortunate in having a number of newspapers, radio and television stations who do an outstanding job of keeping the public informed as to what is happening in government, at the National, State, and local level.

One of the newest of these papers has recently observed its third anniversary and I believe that the publisher of this paper deserves special plaudits for what she has meant to the people of her area.

The paper is the North Myrtle Beach Times of North Myrtle Beach, S.C., a weekly publication, and I would like to salute Ms. Polly Lowman for the accomplishments of her paper and for her many personal contributions to the area her paper serves.

FAMILY ASSISTANCE PLAN WOULD WORSEN WELFARE MESS

HON. JOHN M. ASHBROOK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 6, 1974

Mr. ASHBROOK. Mr. Speaker, in the January 25 issue of the CONGRESSIONAL RECORD, I stated that it would be a serious mistake for President Nixon to resurrect his radical and thoroughly discredited family assistance plan.

This guaranteed annual income measure would lead to a substantial increase in welfare coverage and welfare benefits. As an editorial in the January 25 issue of the Arizona Republic warns, Nixon's revived family assistance plan, "should cause American taxpayers to reach protectively for their wallets."

Following is the text of the Arizona editorial:

> Reports that the Nixon administration is prepared to have another go at 'welfare reform' with a third revision of the family assistance plan should cause American taxpayers to reach protectively for their wallets.
>
> Every suggested 'reform' which has come down the pike in recent years, including the original version of FAP, would make the welfare mess considerably worse than it already is. The common feature of these proposals is to expand the coverage of welfare in some fashion and to increase the scope of federal participation.
>
> And these are precisely the ingredients which created the problem in the first place.
>
> By the most liberal official estimates, the number of poor people in this country declined from about 40 million in 1960 to approximately 25 million in 1970. Yet in the same span the number of people on welfare doubled—from 7 million to 14 million.
>
> This development is treated in most of the welfare literature as an inscrutable mystery, but there is really nothing mysterious about it. The simple truth of the matter is that welfare benefits have been raised to such a level that for many people it is more rewarding to go on welfare than to work.
>
> The point is made by Henry J. Aaron in a study for the Brookings Institution. Aaron shows that the interlock of public assistance, food stamps, Medicaid, and subsidized housing provides an array of benefits that would be jeopardized by accepting consistently gainful employment.
>
> Indeed, because the money earned by working would cause a loss of benefits and would also be subject to taxes it is possible to have greater income on welfare than by holding down a steady job.
>
> Such problems have become acute in liberal jurisdictions where welfare outlays are especially generous. The problem will be corrected only when the liberal states cut back on welfare generosity, and this will be accomplished only when they bear the full brunt of their own policies.
>
> If New York taxpayers have to pay for their own welfare population, we may be certain the situation will be corrected in a hurry.

NATIONAL ELDERLY AND HANDICAPPED HOUSING LOAN FUND

HON. LINDY BOGGS

OF LOUISIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 6, 1974

Mrs. BOGGS. Mr. Speaker, today I have introduced H.R. 13301, a bill to establish a trust fund in the Treasury of the United States to be known as the National Elderly and Handicapped Housing Loan Fund, and for other purposes.

For several years Federal Government programs have pursued a policy of enticing private interests to work hand in hand with public agencies for the common good of all. This is true particularly in the area of housing construction for low- and moderate-income families and for the indigent elderly. It also has been true in the field of nursing home construction.

Across the Nation the call was answered as churches and other charitable organizations rose to witness their concern for the needs of their fellow man. Nonprofit housing corporations sprang up and, with the assistance of direct grants and long-term, low-interest loans from the Federal Government, hundreds of thousands of units for low- and middle-income families and elderly soon got underway. In my own District, the Roman Catholic Archdiocese of New Orleans and the Greater N.O. Federation of Churches has been especially active in the field. Through swift action and the appropriation of seed money of its own, the Archdiocese in just a few years has utilized governmental programs to construct 637 townhouses and apartments at a total cost of approximately $11,000,000. Nearly two-thirds of these units have been for elderly citizens, 62 years of age and over. The Archdiocese also has made its building plans and administrative techniques available to other non-profit groups which expressed interest in entering the field. The Greater New Orleans Federation of Churches in New Orleans now has its own housing corporation. Other groups also have been incorporated. It appeared—until recently—that the beginning of a significant movement to relieve a critical shortage of decent housing was underway.

But the initiative now has been stymied by the freeze of Federal funds in the form of grants and loans. The very agency which induced private enterprise to become involved has now withdrawn the tools with which to work.

In my district alone, many charitable and other private organizations have the manpower and expertise to move forward with significant building programs for families and elderly persons. Just this past year, the New Orleans Archdiocese embarked on a $4.4 million capital gifts program from all segments of the local community to provide an additional 1,042 residential units and nursing home beds for the elderly. Total cost of the five-part program will run $21,700,000 of which $11,400,000 will be needed in the form of low interest, Government loans. If the Federal Government does not reinstate its policy of low-interest loans for such construction, this and other programs similar to it across the Nation will collapse.

The monumental task of providing sufficient housing and nursing care facilities for the elderly in this country is now before us. For more than any other reason this has come about because Americans are living longer. Improvements in medical knowledge and technology, education, nutrition, and sanitation are obvious factors in extended life expectancy. At the beginning of this century only about 3 million American were 65 years of age or older. The average life expectancy was then 50 years. By 1940 there were about 9 million elderly citizens in the United States; in 1950, 12 million and in 1960, 16 million. Today there are more than 200 million Americans—some 10 percent of the total population—who are 65 or older. The average life expectancy has surpassed 70 years and is heading steadily toward 80. It is predicted that by the end of this century, when all surviving Americans now 39 or older will be 65 years or above, there will be 30 million elderly persons in the United States.

Lack of money is a painful parallel problem for many people struggling under an accumulation of years. In January of 1973, the Special Committee on Aging of the U.S. Senate disclosed that about 3.1 million elderly Americans—one in six of those 65 and older—were living below the Government-defined poverty line—$2,100 per year for an individual and $2,640 for a couple. An additional 2 million, it was estimated, also would be in that category if the families with which they lived were not above the poverty line. This is true despite an increase of 52 percent in social security payments since 1969. Their ability to earn money completely or substantially gone, their fixed, ongoing income ravaged by inflation, their modest savings necessarily allocated only to the most essential needs, millions of elderly persons find themselves in grave financial situations which social security and governmental welfare and medical care payments only partially alleviate.

A report of The National Council on Aging, Inc. says:

> It is not surprising, that the aged members of our society demonstrate a greater individuality and heterogeneity than any other population group. They have all accumulated numerous, diverse experiences in the course of their long lifetimes. They have all spent many years forming their own distinct lifestyles and attitudes. Together they span the full educational and economic spectrum, yet it is tragic that many of them are poor or becoming poor as they grow older.

Increasing the income of the elderly was among the highest priority of subjects discussed at the White House Conference on Aging in 1971. But, as it has been observed, this would solve only a part of the total complex problem. Medicare and medicaid have assisted dramatically in providing health care for the elderly, but even such massive programs as these cannot be expected to do the whole job. U.S. Government statistics show that of the 19 million older people not institutionalized, some 20 percent—or almost 4 million—were either confined to their houses or needed help to get about. Many of these Americans, more to their own dismay than to anyone else's, have become burdens to their families and friends. Many also are not receiving the medical treatment for chronic as well as acute conditions which might be considered not only desirable but necessary. Pain and discomfort which might be at least partially lifted from them become unremitting ordeals and, in a number of cases, contribute to serious psychological difficulties.

The shortage of nursing home beds nationwide is rapidly becoming acute. Long waiting lists are the rule at most of the better residences which provide care for the elderly. It also can be argued that if there were more and better institutions, the number of applications would be considerably greater. The stigma attached to "old folks homes"—which in some cases have been nothing more than that, with no provision for comprehensive care—has not yet been eradicated. But more and more, the efficiently, professionally operated, modern residential and nursing homes are providing the elderly with the services they require for spending their last years with minimal pain and worry.

In Louisiana, for example, between 1962 and 1966, the number of homes offering skilled and immediate nursing care increased significantly. But since that time there has been a distinct leveling off. During 1972 and 1973 in New Orleans alone, several financially pressed institutions found it impossible to meet U.S. Department of Health, Education, and Welfare standards to continue to qualify as nursing homes. Since New Orleans has only one-half the statewide average of nursing home beds per aged person, attempts were made to relocate these residents in homes in other parts of the State. These attempts were less than successful because of overcrowding and long waiting lists at other homes in Louisiana.

The need is great not only in my district but in every section of our State and our Nation. Private organizations stand ready to continue their partnership with the Federal Government in an area of social concern which is growing more desperate every day. Unless we reinstate and expand our programs to make available to private enterprise the funds they need to construct residential and nursing care facilities for the aged, the Government will be forced to travel the road alone. Should this happen, the Government will be forced to provide not only the funds but the manpower to get the job done. Since these projects then would become Government-owned and operated, there would be no return to the Government in the form of repaid loans which previously were made to private groups.

Housing experts employed by such private organizations will not stand idle while the Government ponders the future. They will, of necessity, move to other fields of endeavor and new persons will have to be trained if and when the Government renews its partnership with church bodies and private groups to provide housing for our elderly citizens. Employment and training of new persons will cause undue delay in providing quality residential and nursing home facilities—facilities which are needed desperately today.

In urging that we take immediate steps to promote programs which would provide new funds for low-interest loans for residential and nursing homes for the elderly and for other housing which is needed by low-income families, I invite your support of this greatly needed legislation. I am grateful to our able colleague in the Senate from New Jersey, HARRISON WILLIAMS, for the text of this legislation, which follows:

H.R. 13301

A bill to establish a trust fund in the Treasury of the United States to be known as the National Elderly and Handicapped Housing Loan Fund, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

ELDERLY HOUSING AUTHORIZATION

SECTION 1. Section 202(a)(4) of the Housing Act of 1959 is amended by striking out the first sentence thereof and inserting the following: "There is authorized to be appropriated for the purposes of this section not to exceed $51,500,000.00."

ELDERLY AND HANDICAPPED HOUSING LOAN FUND

SEC. 2. Section 202 of the Housing Act of 1959 is amended by adding at the end thereof the following:

"(f)(1) There is established in the Treasury of the United States a trust fund to be known as the National Elderly and Handicapped Housing Loan Fund (hereinafter in this subsection referred to as the "fund"). The fund shall consist of—

"(A) amounts repaid by borrowers as principal and interest on loans from the fund;

"(B) proceeds credited to the fund under paragraph (3);

"(C) appropriations to the fund under paragraph (4);

"(D) all amounts repaid by borrowers as principal and interest on loans from the revolving fund established under subsection (a)(4); and

"(E) any amounts contained in the revolving fund established under subsection (a)(4) which are not committed on the date of enactment of this subsection; and

"(F) receipts from any other source.

All receipts, funds, or other assets and all liabilities of the revolving fund established under subsection (a)(4) (including liabilities arising under loans made under such subsection) shall become and be assets and liabilities of the fund established pursuant to this subsection, as if such assets and liabilities had been received or incurred pursuant to this subsection, and shall be paid over, held, and accounted for accordingly.

"(2) Amounts in the fund shall be available to the Secretary for the purpose of making loans under this section. The aggregate loans made under this section in any fiscal year shall not exceed the limits on such lending authority established in the annual appropriations Act for such fiscal year.

"(3) To carry out the purposes of this

subsection, the Secretary is authorized to issue to the Secretary of the Treasury notes or other obligations in an aggregate amount of not to exceed $———, in such forms and denominations, bearing such maturities, and subject to such terms and conditions as may be prescribed by the Secretary of the Treasury. Such notes or other obligations shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average market yield on outstanding marketable obligations of the United States of comparable maturities during the month preceding the issuance of the notes or other obligations. The Secretary of the Treasury is authorized and directed to purchase any notes and other obligations issued hereunder and for that purpose he is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, and the purposes for which securities may be issued under that Act are extended to include any purchase of such notes and obligations. The Secretary of the Treasury may at any time sell any of the notes or other obligations acquired by him under this subsection. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes or other obligations shall be treated as debt transactions of the United States.

"(4) There is authorized to be appropriated to the fund in each fiscal year a sum equal to the difference between the amount of interest paid on obligations issued under paragraph (3) and the amount of interest paid on loans made from the fund. Except in the case of sums appropriated under this subsection, the receipts and disbursements of the fund shall not be included in the total of the budget of the United States Government and shall be exempt from any limitation on annual expenditure or net lending.

"(5) To the maximum extent practicable, the Secretary shall use the services and facilities of the private mortgage industry in servicing mortgage loans made under this section."

FAITH IN THE SYSTEM

HON. HENRY P. SMITH III

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 6, 1974

Mr. SMITH of New York. Mr. Speaker, I am sure all of my colleagues have received letters from constituents who say they just do not believe in our Government any more. In the face of this growing and tragic trend, I found an editorial aired last month by WGR–TV and Radio in Buffalo very inspirational and I believe it represents an attitude more of us should assume. The editorial follows:

FAITH IN THE SYSTEM

In the past few weeks many of us have become nervous hand-wringers. Common answers to questions about the times are, "I just don't know" and "You can't believe anything anymore."

Maybe your faith in individuals has been shaken; have faith in the system. To those who answer "I just don't know" we say you do know. You know who you are; you know who represents and speaks for you in government. Speak to him. You know who the local leaders are. Speak to them. You know that our government has suffered through crises before; you know we will survive this one.

To those who say, "You can't believe anything anymore," we say believe first in yourself. Believe in your God. Believe in our country and its system . . . the survivor of wars . . . the survivor of assassinations . . . survivor of scandals, survivor of a thousand crises.

The system has not let us down yet. We get stronger. We'll celebrate 200 years of that strength in 1976.

OSCAR STRACKBEIN WARNS OF THE DANGERS INHERENT IN EXCESSES BY THE NEWS MEDIA

HON. O. C. FISHER

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 6, 1974

Mr. FISHER. Mr. Speaker, in this day of emotionalism and lack of restraint on the part of some elements of the news media, as related to the impeachment issue, it is imperative that we approach this matter in a purely unbiased and objective manner. With that in mind I include as a part of my remarks a timely and scholarly letter written by Oscar Strackbein to Mr. James Reston of the New York Times. Considering the grave implications involved in impeachment proceedings directed at any President, Mr. Strackbein's message should be read by every Member of the Congress.

The letter follows:

OSCAR ROBERT STRACKBEIN,
January 7, 1974.

Mr. JAMES RESTON,
Vice President, The New York Times, Washington, D.C.

DEAR MR. RESTON: Your opinion as expressed in your column "Mr. Nixon's Last 1,000 Days", January 2, 1974, represents a mixture of intuitive appraisal, personal opinion, and global as well as specific political interpretation that in turn is based on your individual observation of events. Possibly a desire to be true to the editorial policy of the newspaper that employs you, also played its part. The latter, i.e., the Times' policy is, and has been irreconcilably anti-Nixon. Your effort to be fair, showing here and there, appears to be rooted in rather shallow soil. After all, loyalty to the boss is a virtue at times, is it not?

You open the door to Mr. Nixon's exit as if very little were at stake other than his own personal humiliation, which you say would "obviously be bad for Mr. Nixon". You say, "but if he were to go quietly, the Administration would remain in place", etc. I do not know by what logic you arrive at the conclusion that he would go quietly, even if he himself did not raise his voice.

I think there is much more at stake here than you seem to sense. For one thing neither the partisan nor media opposition to Mr. Nixon is in a position to catapult a thousand clean stones into Mr. Nixon's camp. This aspect of the controversy, which is to say the superior moral posture, is probably the most outrageous of all the other aspects of the campaign in its disregard of the fairness doctrine. One does not have to defend the sins of the Administration to feel outraged at the absurdly biased character of the attack.

You say trust is "the first article in the political contract and essential to the moral authority of the Presidency". I trust that you are not going back to Rousseau, Montesquieu, Locke, and the other pioneers of democratic political thought, enlightening as they were (only to be upset by Bentham, John Stuart Mill, Comte and others, themselves not the last word), for to do so would land you in the marshes of ephemeral philosophical speculation.

You also state that "the foreign embassies in Washington and their governments are more concerned about the internal unity of America than about anything else"; but you provide no documentation for the assertion: an intuitive conclusion perhaps!

You follow this by saying that "once a President has lost the confidence of the electorate, resignation is not a bad but a good precedent". I do not know where you find the precedent since no President of the United States has resigned. You seem to be reaching for the parliamentary system of England, by mentioning parliamentary democracies. Fortunately or unfortunately we do not have that system. We do have a means of dealing with the question, and that is impeachment; but meantime the case has in effect been tried by a free-wheeling Senate committee and by the press and other media. Our capacity at self-government is being badly strained by the untidy approach being made to a very serious subject.

Your paragraph about "resignation or dismissal" as being something that "happens in all American institutions or parliamentary democracy when the chief executive fails" seems out of focus when you appear to equate the vacating of the office of the Presidency with the dismissal of a football coach, among other chief executives. I think you are dealing here in different dimensions—quite different. I do not think the point needs laboring.

There is indeed something at stake in the premises that neither you nor any of the eager columnar denigraters of Mr. Nixon appear to appreciate, if they are aware of it at all. This is the question of the function of the media in society as purveyors of news and opinion. The press, as far as any Constitutional function is concerned, has no mandate to *conduct campaigns* that reflect the particular political, social or religious philosophy of the owners.

Because of the wholly one-sided concentration of the means and powers of communication (so far as the private citizen is concerned) in the hands of the press and other media, we have in our midst the components of a contest as bitter and far-reaching as the contest between the Church and State a few centuries ago, and then the further contest between the monarchs and the rights of the people, so clearly deliniated in the writings of Hobbes, Milton and Locke, and echoed by Thomas Paine and our Declaration of Independence.

The public today has no desire to fall under yet another dominance, possibly as bad as any (because it encompasses the source material necessary to the formulation of judgments on great and vital issues). The character of the attack on President Nixon provides an example of the potentials of a tyranny that a freedom-loving people cannot contemplate without deep misgivings and profound worry.

The power of the press has on its side a weaponry unmatched by anything other than that of the government, should the government seek to use its power; and we do not, I am sure, want to feed a temptation that might sprout in the minds of the people in reaction to abuse of the privilege of freedom of the press. As matters stand today powerful media elements seem to be straining to generate just such a temptation. Unrestrained power in the press is the same in its self-justification and disregard of legitimate complaint as in any other form of naked power.

The idea of popular sovereignty, which shaped our Constitution, demands that the people govern themselves through selected spokesmen under the restraint of controls retained in the hands of the people. Such sovereignty is not complete if a powerful source of influence over the people is left to its own devices without responsibility to the people. When this source of influence lies beyond the need to respond the cause of self-government is seriously flawed.

The present object of powerful elements of the press and other media, it appears, is to drive the President from office through the hypnotic power of orchestrated chants of hate, not all of it without a degree of justification.

However, should the campaign succeed the calamity would surpass by far anything of which the President and his Administration have yet been found guilty. It would be an act at once destructive of government of the people, by the people, for the people, while substituting therefor the will of the press and its allies. Thus would be subverted the very integrity of democratic government. The way would be opened to conversion of the voice of the people into the voice of the press.

The danger arises from the explicit and implicit intimidatory power inherent in the very force of publicity or the withholding of it. Not least in this power of intimidation is the freedom of the media to shape publicity at will to produce premeditated effects.

The whole climate so far as public officials, elected or appointed, or aspirants to office, including career politicians, are concerned is one that predisposes them to wariness. They proceed under justified fear of the press and will take care not to offend it lest they incur its ill-will.

They seek to avoid offending those elements of the press which they regard as necessary to their success, and therefore bow to the wishes of those sources of publicity. They do not wish above all to lay themselves open to the variety of attacks available to the owners of the means of publicity, such as vilification, denigration, consignment to oblivion, preferment of opponents through various means of favorable presentation by contrast, such as relative prominence and frequency of mention in the news, headline and position in the newspaper as means of reflecting favor or disfavor; and other well-known devices open to biased reporting.

The same wariness extends to other leaders, those in the private world. Otherwise the practice of public relations counseling and press agentry would not have blossomed as they have—all with an eye on media acceptance and, possibly, manipulation.

Leaders of causes, private associations dedicated to the representation of private interests, be they economic, social, political or religious—all take care to trim their sails to the winds of publicity, concerned to curry the favor of the media and not to offend them. This represents a highly corruptive influence.

As the power of the media grows and expands, the media gain monopolistic power and can come to preside over the destiny of the country and its people. Awareness of this growing and unfenced power is moving rapidly, like a storm-front, into public consciousness; and the media would be well advised to give it heed. The campaign to drive Mr. Nixon out of office is the most eloquent example of journalistic practices that are not entitled to the protection of the highly valued protective injunction of the First Amendment. If it succeeds our democracy will have suffered an alarming defeat.

Be it noted in these premises that the expression of opinion is one thing, an activity that should indeed remain free. Carrying on an orchestrated campaign is something else. It represents an illegitimate activity under the umbrella of the First Amendment.

We have political parties, associations of a variety of interests for that purpose. The media are by way of elbowing their way into that function in an irresponsible role, having to report nothing of their expenditures and answering to no one for their motivation, source of income or identification of their interests.

I have long been a reader of your columns and quite surely have profited from them. I trust that you will receive this letter in the spirit in which it is written, critical, to be sure, but without malice.

Sincerely,

O. R. Strackbein.

LOOKING FOR A SCAPEGOAT

HON. DALE MILFORD

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 6, 1974

Mr. MILFORD. Mr. Speaker, an editorial appeared February 24 in three of the papers in my district.

The eloquence of this article in stating the need for getting off the "witch hunt" of whom to blame for the present energy crisis, and getting on about the business of correcting the problem is of such a nature I think my colleagues should read it.

The editorial which appeared in the Sunday papers—Grand Prairie Daily News, Irving Daily News, and Richardson Daily News—urges a release of the hobbles we have had on the petroleum industry.

The editorial follows:

Looking for a Scapegoat

More than a decade ago, petroleum industry leaders began warning of a trend in national policies and laws, including public utility-type regulation of natural gas producers, that were certain to bring oil and natural gas shortages. Their warnings were disregarded as self-serving.

Now, in the panic over the energy crisis, the hunt is on for a scapegoat. The oil industry is blamed for contriving the shortage, although it has been blocked at every turn for the past several years in attempts to expand reserves and productive resources. Hundreds of miles of pipe at such places as Valdez, Alaska has been rusting away for years while endless arguments over the environment raged in Congress and across the nation. Four years ago, politicians, the environmentalists and the public were deaf to warnings of impending shortages. Even today, the leaders of the witch-hunt for an energy scapegoat refuse to face the implacable facts of life. They have obscured the basic issues of how to cure the energy shortage in a smoke screen of controversy over oil company profits. They talk about putting government into the oil business. The confusion they raise tends to camouflage the truth that, as one energy authority observes, the industry's profits during the past 15 years have been insufficient to fill capital spending needs. Between 1970 and 1985, the oil industry, it is estimated, must spend an incredible $1.3 trillion to meet projected demand, and about $755 billion of this money must come from profits.

The atmosphere in which the oil industry is working today is tragic. Looking for a scapegoat for the petroleum shortage when all of us have had a hand in creating it is the ultimate example of a foolish waste of priceless time. The damage to the nation of public ignorance about one of America's great industries could be of critical proportions.

TAX ANALYSTS AND ADVOCATES CHALLENGES IRS RULING ON THE OIL COMPANIES' USE OF THE FOREIGN TAX CREDIT

HON. CHARLES A. VANIK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 6, 1974

Mr. VANIK. Mr. Speaker, the Ways and Means Committee is presently considering reforms in the tax treatment of oil industry income. At the center of these deliberations is the administration's windfall profits tax proposal. Despite all the testimony that we have heard on this legislation, it is clear that this proposal will do little to correct the tax injustice we now see.

The adminitration's tax plan offers only a weak-kneed approach to a serious problem. We will not achieve tax justice if we continue to try to putty over the gaping loopholes in our tax code with hastily conceived quick-fix proposals. The top priority in this reform must be a thorough examination of our tax treatment of the oil companies' foreign source income. Under our tax laws as they now stand, we have not only enabled the oil companies to eliminate virtually any U.S. tax liability on their foreign operations, we have also encouraged the continued outflow of investment dollars from the United States. In 1963 the largest oil companies spent over 70 percent of their exploration expenditures in the United States. By 1971 they were spending less than half in this country. These investments were geared primarily to develop foreign production for foreign markets, and they proved to be tremendously profitable. In the most recent financial data released by the companies, the profit bulge for most of the major oil companies came in their foreign operations. In short, our tax code has operated to stimulate oil company profits at the expense of the American consumer and taxpayer.

At the heart of the problem is the oil companies abuse of the foreign tax credit. The foreign tax credit has been a part of our tax laws since 1918. It is designed to provide "tax neutrality" for international investment considerations by preventing the double taxation of profits generated in one country by a company located in a second country. Recently, the Subcommittee on Multinational Corporations of the Senate Foreign Relations Committee documented how in the early 1950's the oil companies, representatives of the Treasury Department, and the oil-producing states reached an accommodation in defining oil company payments to the producing countries for the purpose of determining U.S. tax liabilities. The result: The producing countries increased their revenues; the oil companies decreased their U.S. tax payments; and the U.S. Treasury was left holding an empty bag.

An excellent review of the issues surrounding the tax credit controversy is contained in a recent petition filed with the Internal Revenue Service by the public interest group. Tax Analysts and Advocates. The petition seeks to revoke previous IRS revenue rulings which defined oil company payments to the producing countries as eligible for the computation of the foreign tax credit. The text of this petition follows:

TA/A PETITIONS TO BAR CREDIT FOR OIL ROYALTY PAYMENTS

(By Ira L. Tannenbaum)

Tax Analysts and Advocates February 19 petitioned the Internal Revenue Service to revoke revenue rulings which permit American oil companies to credit against domestic income taxes payments to the major oil exporting nations. The payments, TA/A said, are in fact royalties and thus not creditable under States law. TA/A said the IRS also should issue regulations specifically barring a credit for such payments. Following is the text of the petition and the supporting evidence.

This petition is filed pursuant to Reg. Sec. 601.601 (c) of the Statement of Procedural Rules to revoke:

(1) Rev. Rul. 55-296, 1955-1 Cum. Bull. 386, which allows a foreign tax credit for Saudi Arabian "income taxes" imposed by the Royal Decrees of November 4 and December 27, 1950; and

(2) Rev. Rul. 68-552, 1968-2 Cum. Bull. 306, which allows a foreign tax credit for "income taxes" imposed under Article 14(1) (a) of Libyan Petroleum Law No. 25 of 1955, as amended through November 20, 1965.

In addition, all private unpublished rulings issued by the Internal Revenue Service should be revoked which allow foreign tax credits for similar purported "income taxes" imposed by other oil producing countries which, in fact, are pure or almost pure per barrel royalties, and are not bona fide income taxes.[1]

This petition is filed because, as detailed in the following analysis, the current treatment of the taxes covered by these published and private rulings as creditable taxes is patently inconsistent with the explicit relevant language of the Internal Revenue Code.

In place of these published and private rulings, I urge the Internal Revenue Service to issue a regulation under Sections 901 and 903 of the Internal Revenue Code providing that amounts paid to foreign governments which constitute fixed or almost fixed charges per barrel of oil produced in these countries pursuant to concession agreements, are not creditable income taxes for purposes of either Section 901 or 903. As a result, credits would not be available for amounts currently paid in the guise of "income taxes to the principal oil exporting members of the Organization of Petroleum Exporting Countries (OPEC), including at least Saudi Arabia, Iran, Kuwait, Iraq, Abu Dhabi, Qatar, Nigeria, Libya and Venezuela. (These nine countries shall be referred to hereafter in this memorandum as "the principal OPEC nations.") However, the proposed regulation would not deny foreign tax credits for amounts paid as bona fide income taxes imposed on net income derived from foreign petroleum production, such as those income taxes presently imposed by Canada and Australia, as well as the tax to be imposed on income earned from oil produced in Norway.[2]

The tremendous recent increases in the posted prices of crude oil will result in unprecedented billions of dollars of revenues being paid by U.S. oil companies to the principal OPEC nations in the guise of "income taxes" over the next few months. Since the continued creditability of these payments will result in the continued total nonpayment of income tax to the United States by the major U.S. oil companies on their foreign source income, and since the current rulings are patently inconsistent with the revelant statutory requirements, it is respectfully requested that action on this petition be taken on an expedited basis.

I. STATUTORY FRAMEWORK

The relevant United States statutory framework can be summarized briefly. Section 901(b) of the Code allows qualifying United States taxpayers to claim a foreign tax credit for "the amount of any income, war profits, and excess profits taxes paid or accrued during the taxable year to any foreign country or to any possession of the United States."[3] A credit against federal income taxes only can be taken for foreign *income* taxes paid; no credit is allowed for foreign taxes,[4] excise taxes,[5] turnover taxes,[6] or royalties paid to a foreign government. All such taxes and royalties are treated, when appropriate, as ordinary business expenses and therefore can be deducted from gross income, rather than result in tax credits which can offset taxable income on a dollar-for-dollar basis.

Section 903 of the Code provides that ". . . the term 'income, war profits, and excess profits taxes' shall include a tax paid in lieu of a tax on income, war profits or excess profits otherwise generally imposed by any foreign country or by any possession of the United States." Prior to the enactment in 1942 of the predecessor of Section 903, allowance of foreign tax credits generally had been restricted to payment of foreign taxes which closely resembled the United States net income tax law. The legislative history of this provision states that it was enacted to make foreign tax credits available in the very limited set of circumstances where, ". . . a foreign country in imposing income taxation authorized, for reasons growing out of the administrative difficulties of determining net income or taxable basis within that country, a United States dometsic corporation doing business in such country to pay a tax . . . measured, for example, by gross income, gross sales or a number of units produced within the country . . ."[7]

II. BACKGROUND

According to the opening statement of Senator Frank Church, Chairman of the Senate Foreign Relations Subcommittee on Multinational Corporations, at the January 30, 1974 Subcommittee Hearing on International Oil Companies and United States Foreign Policy, the Treasury Department, in the summer of 1950, at the urging of the Department of State, agreed to treat payments denominated as "income taxes" and made to Middle East oil producing nations by United States oil companies as taxes qualifying for the foreign tax credit under Section 90.

As a result of this decision, a pattern developed pursuant to which the principal oil producing nations in the Middle East, North Africa and South America promulgated a series of formal income tax statutes which appeared to impose net income taxes on United States companies producing oil in these foreign nations. In 1955 and 1968, the Internal Revenue Service published rulings that the "income taxes" paid respectively to Saudi Arabia and Libya on oil production income, were creditable taxes.[8] In addition, it is understood that in this post-1950 period, the IRS has issued numerous private, unpublished rulings to U.S. oil companies that payments denominated as income taxes made to the other principal OPEC nations also were creditable taxes under Section 901.

Whatever the merits and correctness of these rulings when they first were issued, it is evident that as important changes have occurred in the method of calculating the "tax" revenues due the principal OPEC nations, the nature of the payments has been transformed so that presently they clearly are not creditable taxes under either Section 901 or Section 903 of the Code.

Presently, amounts paid by United States oil companies to the principal OPEC nations are divided artificially into two categories—a relatively small amount denominated as a "royalty" and a larger amount denominated as an "income tax." The "royalty" payment is the number of barrels produced during the relevant period by a company holding a concession multiplied by a low percentage, generally 12–15% of the posted price for each barrel. The larger part, the "income tax," in general, is the number of barrels of oil produced by a company holding a concession multiplied by a per barrel cost equal to a fixed percentage (around 55–60%) of the posted price reduced by the per barrel production costs and the royalty payment.

The mechanics of the calculation of the OPEC government per barrel revenue is illustrated by the following example based upon the $7.00 "government take" and $11.65 posted price now in effect for the benchmark Persian Gulf crude produced in Saudi Arabia—Arabian light 34° API:

	Per barrel
Posted price	$11.651
Royalty	(1.46)
Production cost	(0.12)
Profit before tax	10.07
Tax at 55%	5.54
Government take (Royalty plus tax)	7.00
Tax paid cost	7.12

[9]

The posted price, which in some countries is called the "tax reference price," is an arbitrary value established by an oil producing nation for a barrel of this crude oil for the purpose of computing the revenues owed that country by the oil companies. For the past several years, posted prices have been set substantially in excess of the actual market price or market value of the crude oil, thereby resulting in payments by the oil companies far in excess of 55% or 60% of their actual net income from the production of the oil on which the payments are made.

Although some minor differences exist in the methods by which the principal OPEC nations calculate their "take," the systems are sufficiently similar for the purpose of determining the creditability of the "taxes" of these countries, as not to require differentiation in this petition.

The following partial text of a December 23, 1973 OPEC press release clearly shows how currently the Persian Gulf OPEC members first determine the precise amount of revenues they will receive in "royalties" and "taxes" under the various concession agreements to which they are parties, and then work backward to set the artificial posted price which will yield these precise per barrel revenues:

"Although the findings of the economic Commission Board as well as direct sales realized by some of the Member Countries indicate a [current world market] price in excess of $17 per barrel, the Ministerial Committee decided to set government take of $7 per barrel for the market crude, Arabian Light 34° API. The relevant posted price for this crude will therefore be $11.651 per barrel. The effective date for this posted price shall be January 1st, 1974 . . ."[10]

The $7.00 rate enunciated in the communique is only for the benchmark 34° API Arabian light crude. Measured from this touchstone crude, the OPEC nations have established various oil fields and countries in the Persian Gulf.

It should be noted that if, in the example on the previous page, production company after tax profit per barrel of the benchmark crude is assumed to be $0.50 (i.e., that each barrel of Arabian light crude can be sold for $7.62 without taking shipping costs into account), the producing company would be

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Footnotes at end of article.

paying Saudi "income taxes" at a rate of over 91% of its taxable income, i.e., $5.54 of tax on $6.04 of pre-tax income ($5.54 plus $0.50).

The $7.00 per barrel revenues are collected by the Saudi government on a monthly basis. Thus, any expenses which enter into the deductible production costs also must be calculated on a monthly basis. Although the Saudi Arabian tax statute applicable to oil production income appears to provide numerous deductions from gross income for items such as capital expenditures and other drilling and exploration costs, the deductions available for production costs apparently are so small compared to the total oil company income calculated on the posted price per barrel basis, that in the recent past, even substantial changes in the gross amount of such deductions would, at a maximum, only alter the deductible per barrel production costs by a negligible amount—a few pennies at most.[11]

However, the language of the December 23, 1973 OPEC press release quoted earlier with respect to the announced $7.00 per barrel Persian Gulf "government take" failed to mention any possibility that these governments would accept anything less than $7.00 per barrel for oil taken under concession agreements. Yet such a result would occur if oil company production costs increased after the posted price was set, and such costs were allowed under local OPEC tax law to reduce taxable income, and therefore to reduce government take. Thus, the mandatory $7.00 per barrel language strongly implies that the principal OPEC nations now will not allow unforeseen high production costs to reduce their receipts below the specified per barrel government revenues. This press release very likely may have signaled the elimination of the last remnants of the system which permitted production costs to even minimally affect the revenues paid the principal OPEC nations. In effect, the principal OPEC nation "income taxes" may have changed from almost fixed per barrel charges to pure fixed per barrel costs.

Since October 1973, posted price increases, such as the $11.65 price set for Persian Gulf crude after January 1, 1974, have been made unilaterally by the principal OPEC nations without prior consent of the concession-holding Western oil companies.[12] This current practice of unilateral posted price increases was preceded by a period in which posted prices were determined by protracted negotiations between the OPEC nations and the international oil companies. The Libyan negotiations of 1970–71 apparently served as the prototype for other OPEC/oil company negotiations during 1970–1973. A recently released chronology of these Libyan negotiations [13] indicates that different oil companies holding oil concessions within Libya each engaged in separate negotiations with the Libyan government. As a result of separate agreements, different concession holders paid taxes at different rates. For example, on December 28, 1970, while the prevailing rate of "tax" paid by oil companies in Libya was 54/55% of the posted price, Aquitaine still was paying "tax" at a 50% rate while Occidental Petroleum was paying "tax" at 58%. Certainly, imposition of "taxes" at different rates on similarly situated taxpayers is inconsistent with the application of true national income taxes; it is much more consistent with royalty negotiations.

FOOTNOTES

[1] For example, it is understood such a private ruling was issued on September 7, 1954, with respect to the tax imposed under Article 35 of the Iranian Income Tax Law of 1949.

[2] For example, Norway does not intend to use a posted price system for its forthcoming North Sea oil production, but will collect a normal royalty from foreign oil companies, and also impose a tax on their net production income determined by arm's length pricing at the same rate as that paid by all other corporations on Norwegian source income (50.6%). Petroleum Intelligence Weekly, July 30, 1973, at 4.

[3] Section 902 enables a domestic corporation to take a credit for foreign income taxes paid by its controlled foreign subsidiaries, at the time the subsidiaries pay dividends to the parent corporation.

[4] *Guantanamo & Western R.R.*, 31 T.C. 842 (1959).

[5] *Keasbey & Mattison Co. & Rothensies*, 133 F. 2d 894 (1943), cert. denied, 320 U.S. 739 (1943).

[6] *Eitington-Schild Co.*, 21 BTA 1163 (1931); Rev. Rul. 56–635, 1956–2, Cum. Bull. 501.

[7] S. Rep. No. 1631, 77th Cong., 2d Sess. 131 (1942), 1942–2 Cum. Bull. 504. 602.

[8] See p. 1 for citations to these rulings. Previously, in 1950, The IRS had published I.T. 4038, 1950–2 Cu. Bull. 54, which permitted taxes imposed on oil production income under Article 31, Chapter XI of the income tax law of Venezuela to be creditable taxes. However, this ruling was declared obsolete by Rev. Rul. 70–243, 1970–1 Cum. Bull. 282.

[9] Petroleum Intelligence Weekly, January 14, 1974, at 6.

[10] Middle East Economic Survey, December 28, 1973, at 3a.

[11] See Adelman, M. A., *The World Petroleum Market* 210 (1972).

[12] Petroleum Intelligence Weekly, December 24, 1973, at 1–2.

NO BREADLINES FOR BEAN SOUP

HON. JOSEPH M. GAYDOS

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 6, 1974

Mr. GAYDOS. Mr. Speaker, it is with heavy heart I inform some of my colleagues that in the near future they may be deprived of one of the benefits of serving in the Congress of the United States. That famous delicacy on the cafeteria menu—bean soup—may be on its way out.

According to a report accredited to the Bureau of Labor Statistics, beans are in danger of becoming extinct as a common food because of cost. Beans are in the same bag as bread and beef. They are endangered by the Nation's present era of emergencies.

BOL notes that in 1 year the price of beans climbed high on the stalk of inflation. A 1-pound bag which sold for 25.7 cents on the average in retail stores last year now sells for 57.2 cents. And, the Department of Agriculture expects the effect of beans in the Nation's diet will worsen before new harvests are ready.

For the first time, the Department has rejected all offers by vendors to sell dry beans to the Federal Government for donation to various programs. It has admitted it cannot afford to buy beans to give to poor people. My colleagues, who enjoy bean soup will not be able to stand in breadlines to get it.

Mr. Speaker, under the circumstances and in light of the season, may I suggest they will find spiritual solace, at least, by giving bean soup up for Lent.

NEW FORMULA WILL DEPRIVE NEEDY COMMUNITIES OF MANPOWER MONEY

HON. DAVID R. OBEY

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 6, 1974

Mr. OBEY. Mr. Speaker, last December, the Congress passed the Comprehensive Employment and Training Act of 1973. Title I of the act established manpower revenue sharing and title II created a public service employment program—PEP—to assist localities with high levels of unemployment.

Because of new methods of determining allocation of funds now being considered by the Department of Labor, much of the money under these programs may not be distributed in an equitable fashion and some of the people who need this assistance the most may be left out altogether. The States of Massachusetts, New Jersey, and Wisconsin, for instance, will receive drastic reductions in manpower moneys as a result of these new methods, and any community in the country which has substantial seasonal employment in tourism or agriculture is likely to receive less money than it should.

The law requires that 37.5 percent of the manpower training money be allocated to States on the basis of their unemployment rate and that virtually all of the public employment money be allocated to local units of government with unemployment rates of more than 6.5 percent on the basis of the estimated number of unemployed in such localities.

In short, unemployment estimates are important in the allocation of manpower revenue sharing money and crucial to the allocation of public employment money.

These estimates are calculated by the Bureau of Labor Statistics—BLS—by two separate methods. The first is used to determine the national rate and consists of a monthly 50,000 household national survey. It is something like a giant Gallup poll. The cost of using surveys in each locality across the country to determine local unemployment rates has been considered prohibitive and in 1960 the Bureau of Labor Statistics developed a different method of estimating local rates by taking the number of people in any given community who are receiving unemployment compensation and adding to it various amounts based on a complex 70-step formula. The 70 steps attempt to estimate the number of workers in a given community who are unemployed but who are not covered by unemployment compensation.

A simplified rule of thumb is that there is about 2 percent more unemployment than is represented by those drawing unemployment compensation. The 70-step formula tries to estimate that figure a little more scientifically.

There are obvious drawbacks, however, in the accuracy of this type of estimate. States with liberal unemployment laws tend to have inflated figures. States with stricter laws tend to underestimate unemployment. Areas with large numbers of agricultural and self-employed workers have far more unemployed not covered by unemployment compensation than the 70-step formula allows for as do areas plagued by persistent long-term unemployment where even those workers who were once covered by unemployment insurance have since had their benefits run out.

Several years ago, the Department of Labor and the Office of Management and Budget directed the Bureau of Labor Statistics to come up with a more accurate method of estimating unemployment on the State and local level.

Although I think an honest effort was made, the end result is worse than the original problem, especially for purposes of distributing PEP money.

The Bureau of Labor Statistics began by taking figures from the 50,000 household national survey—which had never been intended for any use except providing nationwide statistics—and dividing the respondents up by State. In 31 States BLS decided that the number of respondents was too small to provide any information whatever.

BLS, however, felt that it had adequate information to make unemployment estimates in the 19 largest States and in 30 metropolitan areas—mostly within those 19 States. The sample was so small in many of these 19 States, however, that the margin of error in estimating unemployment was 12 to 15 percent, according to BLS. In 30 metropolitan areas BLS decided to substitute survey figures for the 70-step figures altogether. In 7 of the 19 States BLS found the 70-step figures to be consistently different from the survey figures on a statewide basis.

Since BLS had no real data from the survey about unemployment rates within any given locality in a State outside of a major metropolitan area they had to make a critical and I believe inaccurate assumption in order to apply the statewide information to any given locality. The assumption was that 70-step estimates of local unemployment were inaccurate by the same ratio in all communities within a given State.

On the basis of that assumption the unemployment figure for each county in the State was added to or subtracted from by a flat percentage according to the degree of difference between the statewide 70-step estimate and the statewide survey estimate.

This cut applied to suburban communities where an overwhelming portion of the labor force was employed by large manufacturing concerns and almost everybody was covered by unemployment insurance and it applied to small rural counties where there were few jobs and even fewer that were covered by unemployment insurance. Since the BLS survey statistics indicate that the accuracy of the 70-step figures vary from one State to another, it would seem to me that it is really more logical to assume that the accuracy also varies within States than to assume the ratio of error is uniform.

An example of the inequities which this methodology will create if implemented in my own State of Wisconsin. The initial BLS directive required comparison of 1972 statewide 70-step estimates with BLS survey estimates from Wisconsin. The 70-step method estimated 16 percent more unemployment than the survey and BLS ordered a 16-percent cut in unemployment figures for each county in the State.

While most of Wisconsin has enjoyed relatively low unemployment and considerable economic growth in recent years, the extreme northern part of the State has continued to have severe economic problems. The region has been the target of the Upper Great Lakes Regional Development Commission, because the Congress has recognized that this area faces far more difficult employment problems than those found in most American communities.

Seventeen of these counties had an average rate of unemployment for 1973 of over 6.5 percent, the level required by law to qualify for public employment funds. Several counties had unemployment of over 10 percent. In short, this was precisely the kind of area of persistent high unemployment which the Congress had in mind when it passed the public employment program.

Further, these are the kinds of counties in which economists will tell you that the true unemployment problem is underestimated. A relatively small portion of the labor force is covered by unemployment insurance and long-term high unemployment would have caused benefits to lapse for many of the workers who had been covered and discouraged others from actively seeking employment.

Yet, because statewide estimates were believed to be inflated, the rates for these counties were cut 16 percent along with the rest of the State. Furthermore, the Department of Labor is, as of now, planning to use seasonally unadjusted, summer and fall employment statistics, a period during which unemployment drops briefly, because of seasonal jobs in tourism and agriculture. The end result was that none of those 17 counties qualified for public employment funds. Other States will be facing the same inequity.

Now the Department of Labor is planning to use 1973 figures. Interestingly enough, the rate which BLS believes unemployment has been overestimated, on the basis of a 1973 comparison of national survey and 70-step figures, drops to 7 percent in Wisconsin. This is probably explained by the fact that the survey has a 12- to 15-percent margin of error. The Department of Labor is also planning to use more recent months in the base period for determining the level of unemployment.

The 9-point reduction in the amount rates are to be cut for Wisconsin, coupled with the extension of the base period, has improved the situation in Wisconsin somewhat for this year. But the basic inequities of this methodology remain.

A manpower task force of the National Governor's Conference has described the methodology as:

> (a) Not adequately developed or refined to be used in eligibility determination process;
>
> (b) Not being applied on a statistically reliable basis; and
>
> (c) Not being applied on a compatible basis for all potential jurisdictions in the nation.

I think that our experience in Wisconsin shows that those criticisms are accurate. The public employment program was designed to deal with specific local conditions. It makes no sense to use a statistical method which handles every area of the State in the same manner. While seeking ways of providing more accurate labor market information is an important and worthwhile activity for the Department of Labor, new methods should not be implemented for determining the allocation of Federal money until reasonable reassurances can be given that the new methods will provide for a more equitable distribution than the old.

I urge all Members of Congress and particularly those from areas most directly affected, to join me in expressing dissatisfaction with the Department of Labor's intention to implement this methodology and contact the Secretary of Labor to urge him to abandon such changes in the computation of employment data until it can be demonstrated that those changes will more accurately and fairly reflect the unemployment problems of all communities.

11500 BANANAS ON PIKE'S PEAK

HON. CRAIG HOSMER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 6, 1974

Mr. HOSMER. Mr. Speaker, if you want to get cold in the winter and hot in the summer, because coal to power furnaces and air-conditioners is short, you can easily reach this objective by voting for H.R. 11500, mislabeled as a bill to regulate the surface mining of coal. Actually, it is a vehicle to achieve the cherished dreams of the most hard-nosed environmentalists who want to abolish strip mining. If any coal is dug under H.R. 11500, it would be little short of a miracle.

For instance, H.R. 11500 would give all existing surface coal mining operations only 90 days to comply with impossibly strict regulations which would demand that countless operators completely revise their mining plans. Many would have to buy much new equipment which cannot be delivered that soon or for a long time after. H.R. 11500 will not turn the coal industry around. It will turn it off. And, along with it, turn off the lights in parts of America.

That makes about as much sense as trying to grow bananas on Pike's Peak. H.R. 11500 should be replaced by a measure which regulates strip mining effectively, requires reclamation of the mined land, but lets the needed energy resource beneath be removed to power America's energy-dependent society.

REVOLUTION A LA SOLZHENITSYN

HON. ROBERT J. HUBER

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 6, 1974

Mr. HUBER. Mr. Speaker, Solzhenitsyn has recently called upon the Soviet Government to do the unspeakable—abandon communism. Now would that not be a blessing if we could deal with Russia as a nation state instead of a revoluntionary cause bent upon subversion of every existing non-Communist government? Russia, as a nation state, could afford to grant real autonomy or even independence to the many nationalities that have been forcibly incorporated into the Soviet Union since Lenin took over. In my view, Solzhenitsyn has an important message for all of us. The story from the Washington Star-News follows:

Revolution a la Solzhenitsyn

New York.—Alexander I. Solzhenitsyn, the Russian dissident writer, has addressed a long letter to the Soviet leaders, asking them to abandon communism as an alien, unworkable political philosophy, dismantle the Soviet Union and focus on developing Russia proper as a separate state.

The author's 15,000-word proposal of national priorities also urges a halt in the headlong rush into an urbanized, industrial society and a return to the traditional Russian rural way of life, including more settlement of the vast empty reaches of Northern Russia and Siberia.

Solzhenitsyn regards such a radical change in course over the next 10 to 30 years as the only way of instilling a new idealism in cynical youths and of averting what he views as two impending disasters: War with China and the collapse of Russian civilization, together with that of the West, in a polluted environment.

The sweeping proposals, reflecting the writer's penchant for Russian nationalistic values and his distaste for the big noisy cities and other attributes of the modern age, are dated last Sept. 5.

After several months had passed without a reply "or even the hint of one" from the authorities, the author states in a foreword, he decided to make his statement public.

But Solzhenitsyn, after his expulsion from the Soviet Union on Feb. 13, decided to make a number of changes in the original letter for publication in the West. The nature of the revisions could not be ascertained immediately. The modified text is scheduled to be published in English today by the Sunday Times of London and the Russian tomorrow by YMCA-Press, a Paris publishing house.

There was no explanation of why the author found it necessary to change the wording of a message that was already in the hands of the Soviet government in its original form. This article is based on the original version.

Solzhenitsyn's ambitious proposals for remaking Russia as a nation after more than half a century of Communist rule recalled another statement of similar sweep, issued in 1968 by Andrei D. Sakharov, the physicist and dissident leader, in the book "Progress, Coexistence and Intellectual Freedom."

But while Sakharov saw the salvation of the world from nuclear war, pollution, overpopulation and starvation in a "convergence" between the Soviet Union and the West, particularly the United States, Solzhenitsyn would have Russia turn away from the West and look inward for a solution of her problems.

The novelist says that "some of the practical proposals in this letter may cause surprise" and that "they are being put forward with little hope—but not with none."

He sees reason for hope, for example, in the "Khrushchev miracle" of 1955; 56 when, after the death of Stalin, millions of innocent prisoners—Solzhenitsyn has put the figure as high as 12 million—were released from the vast network of labor camps described in "The Gulag Archipelago, 1918–1956," the author's latest book.

Alluding to Nikita S. Khrushchev's de-Stalinization program as giving rise to "the ragged beginnings of a humane code of law," Solzhenitsyn writes:

"This culmination of Khrushchev's activity goes far beyond the political steps he was obliged to take. In its essence, it was hostile to Communist ideology and incompatible with it (which is why it was so hurriedly rejected and systematically abandoned). His reforms were undoubtedly governed by genuine emotion, by penitence and open-heartedness.

"If mercy can once gleam where it seemed ruled out forever, it may yet be repeated. To rule out such a possibility would mean totally shutting the door on any hope for a peaceful evolution of our country."

Solzhenitsyn addresses the leaders of the Soviet Union as Russians, "which almost all of you are by birth," affirming his sense of Russian nationalism in the face of the many other ethnic groups that inhabit the Soviet Union.

"I wish all peoples well," he declares, "and the nearer they are and the more they depend on us, the more so. But what I am chiefly concerned with is the fate of precisely the Russian people, not only because, as the proverb has it, home is where the heart is, but even more deeply because of the unparalleled sufferings Russians have undergone."

The 55-year-old writer declares that he felt entitled to advance his ideas "to the extent that my name has assumed a certain weight in our country and abroad." He says that the letter might never have been written if one or more of the Soviet leaders "out of pure curiosity" had taken a few hours for a private chat to find out what made the author so opposed to the Communist regime and its policies.

MAUDIE D. CUMMINGS

Hon. Yvonne Brathwaite Burke

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 6, 1974

Mrs. BURKE of California. Mr. Speaker, under leave to extend my remarks in the Record, I include the following:

Resolution

Whereas, Maudie D. Cummings has been selected for the signal honor of Woman of the Year by Zeta Phi Beta Sorority, and;

Whereas, Maudie D. Cummings has served her community in innumerable ways as a social worker for Los Angeles County as Founder and President of Women for Good Government, and with many clubs and philanthropic organizations, and;

Whereas, Maudie D. Cummings was recently appointed to the sensitive position of Commissioner for the Los Angeles City Human Relations Commission where she will continue her work in the resolution of young people's problems.

Therefore, be it known this 2nd day of March 1974 that we are in recognition of the dedicated and selfless service given to the community by Maudie D. Cummings, and further direct that this commendation be entered into the Congressional Record.

ESTONIA CELEBRATES INDEPENDENCE

HON. RONALD A. SARASIN

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 6, 1974

Mr. SARASIN. Mr. Speaker, on Sunday, February 24, I joined with Estonian-Americans across this Nation in remembering the 56th anniversary of the independence of the Republic of Estonia. On this date in 1918 the hearty people of Estonia successfully achieved their independence from the Soviet Union. Previously having been subjected to the rule of various powers for nearly 700 years, the people of Estonia are to be commended for their steadfast desire for independence.

Estonian independence was born out of the confusion and terror accompanying World War I. Eleven days after the Armistice bringing an end to the war, Estonia was ruthlessly invaded by the Soviet Union. Together with a single British naval squadron, the courageous people of Estonia successfully defended their homeland and by the end of January 1919 little reminder of Soviet rule remained. The Soviet Union signed the Brest-Litovsh Treaty on March 3, 1918, and granted official recognition of Estonian independence by signing the Treaty of Tartu in February 1920.

The people of Estonia were further subjected to oppressive rule when in World War II the Soviet Union and Nazi Germany divided Poland. A treaty with the Soviet Union permitting the establishment of Russian military bases and the stationing of Russian troops was forced upon the defenseless Estonians. By 1940, Estonia was once again under the tyrannical rule of the Communists.

The Estonian people today are characterized by their yearning for freedom and adamant desire for self-betterment. Collections of their folklore, among the richest in the world, can be found in the Folklore Archives in the university city of Tartu. A particular feature of Estonian national culture is the huge singing festival traditionally held every 5 years. Therefore, I am honored to pay tribute to the proud citizens of Estonia in their undying efforts to free themselves completely from Soviet rule. Their culture and art are testaments to their heritage but more importantly, their perseverance is a virtue through which we can all share in the hope that the people of Estonia will realize the freedom they so richly deserve.

EDWIN C. WHITEHEAD: CONNECTICUT JAYCEES FARMER OF THE YEAR

HON. ELLA T. GRASSO

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 6, 1974

Mrs. GRASSO. Mr. Speaker, Edwin C. Whitehead, a fourth generation dairy farmer from Washington, Conn., and this year's winner of the Connecticut Jaycees Farmer of the Year Award, exemplifies those qualities that have made the American farmer such an important force in today's world.

In a society where the 9-to-5 day is often the rule, Mr. Whitehead rises at 4:30 a.m. to tend to his milking, so that the people of Connecticut and surrounding States can have fresh, wholesome dairy products to eat.

Farming has changed considerably since the days of Edwin's father, his grandfather, and his great-grandfather, but the dedication to basic American ideals and the commitment to the welfare of the community and its people are as important in Edwin's experience as they were in the days of his forebears.

Farming is still hard work, and rising costs for necessary commodities have seriously threatened the livelihood of some farmers, putting many out of business in the past few years. Yet, fortunately for Connecticut residents, Edwin Whitehead continues to live and work on his farm with his wife and children. He has taken the fine education he obtained at the University of Connecticut's School of Agriculture, combined it with the wisdom of his farm heritage and developed a successful formula in a field in which success was never easy.

I would like to congratulate Mr. Whitehead on his marvelous accomplishments, and on the honor bestowed upon him by the Connecticut Jaycees. In choosing such a deserving man as their "Farmer of the Year," the Jaycees have once again made clear their commitment to excellence.

For the benefit of my colleagues, I am inserting in the Record excerpts from the New Milford Times article written about Mr. Whitehead. The article provides an insight into the life of this outstanding young dairy man:

Edwin Whitehead Named State Farmer of the Year

(By Jack Muckstadt)

Edwin C. Whitehead, 32, part owner of the White Ayr Dairy Farm in Washington, Conn., last weekend was named state farmer of the year by the Connecticut Jaycees.

We went to visit Mr. Whitehead, his wife, June and three children Joey, 7, Rachel, 2, and Jason, 11 months, Tuesday morning for breakfast at their old fashioned country farm house.

Breakfast was at 9 a.m., but don't let that fool you. Mr. Whitehead had been up since 4:30 a.m. At that time he just had a cup of coffee, then went out to tend [illegible] his milking.

It was about 12 degrees [illegible]ve outside, Tuesday morning, but warm as toast in the farm house kitchen with its crackling fire in the kitchen fireplace.

Looking east over the cornfield out of the sunlighted window next to the kitchen table, we got the feeling we were on a farm in the Midwest, nothing but snow, with corn stumps breaking through for miles.

Mr. Whitehead looked out over the 800 acres that he and his dad, Robert Whitehead, work and said: "I hope the people of Connecticut aren't short-sighted and allow good productive land go for houses. If they do, as a state we would be relying on all our food supplies being brought in from other parts of the country. We would be at the mercy of disasters, truck strikes and other mishaps."

"To the farmer," Mr. Whitehead said, "the farm is his only heritage to pass on to future generations.

"There are more townspeople, meaning Washington residents, who are getting interested in the preservation of land for agriculture. We need more people all over the state to get on the ball, because we are losing 10 per cent of the dairy ———."

We asked Mr. Whitehead why he wanted to be a farmer. He answered: "I like being my own boss. I like having elbow room. I like working with animals, I get attached to some of them sometimes. I like all the people who are associated with agriculture. They are sincere, hard-working people and independent in making their own way. Finally, I like being a farmer because I like the challenges with nature," he said.

Mr. Whitehead said, "generally in farming, help is one of our biggest problems." On the White Ayr farm there are three farm hands plus Mr. Whitehead and his father, not counting the wives and children.

Mr. Whitehead continued: "Right now a greater problem is that we are in a cost price squeeze. Our milk prices haven't increased with our operating expenses. We need a lot of soy bean meal for protein diet. Most of the soy beans are being shipped out of the country, thus bringing the price up."

Mr. Whitehead told us that the trend in dairy farming right now is for fewer farms but larger ones.

We asked Mr. Whitehead why he is so successful as a dairy farmer, he answered: "Good training from my grandfather and father, they both were successful. I like dairy farming. I get good help from the county agents."

ACTIVITIES OF EIGHTH DISTRICT CLUB IN VIRGINIA

HON. STANFORD E. PARRIS

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 6, 19[illegible]

Mr. PARRIS. Mr. Speaker, it is my custom to publish a financial statement each year and to make public all other financial matters involving my congressional office which may be of consequence of my constituency. Accordingly, I am submitting a brief report on the activities of the Eighth District Club, an organization founded last year.

The club is nonpolitical in nature. Its main function is to facilitate dissemination of information to residents of my congressional district and create direct communication between the membership and myself. Several luncheon and dinner meetings were held last year with a speaker of note attending each.

Membership dues were $200 a year. The funds thus collected were used to defray expenses incurred in the production of newsletters, mailings, and other informational material.

To date the club has collected $6,200, all of which has been expended for the purpose mentioned above.

FOOD STAMPS FOR PUERTO RICO

HON. OGDEN R. REID

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 6, 1974

Mr. REID. Mr. Speaker, I wish to call to the attention of my colleagues the recent regulations issued by the Department of Agriculture concerning the establishment of the food stamp program in Puerto Rico. The USDA has apparently decided to give fewer stamps of less value to Puerto Rican families in spite of the fact that the cost of food in Puerto Rico is higher than on the mainland. This action appears to disregard certain provisions of the Food Stamp Act.

The Food Stamp Act states that food coupon allotments must be set at such a level that would equal the cost of food, though coupon allotments for Puerto Rico cannot exceed the levels allotted on the mainland. Currently a family of four living in the United States can receive $142 worth of food stamps monthly.

However, since food prices are substantially higher in Puerto Rico than the cost of food in the United States, those families who reside on the island need more money to put the same food items on their table than those who live on the mainland. Under the regulations issued by the USDA, an island family of four will receive only $122 worth of food stamps monthly.

Although Congress clearly noted that benefit levels in Puerto Rico or the territories should not be higher than those set for the United States, it based the allotments on the price of food. It did not permit benefits in those territories to be lower if food prices were in fact higher, with the net effect of requiring equal allotments for the islands if food prices were higher. Apparently, the USDA has ignored the requirements of the law, and has set a discriminatorily low standard for the island.

In addition, it appears that the USDA has also violated the law with its delayed implementation of the food stamp program throughout the island. The amendments Congress adopted in August 1973, required implementation of this program in every political subdivision of the United States, including Puerto Rico, by June 30, 1974. The only exception that was provided in the law was if the program was impossible or impractical to implement. The Department of Agriculture has announced, however, that it is instituting the program on a town-to-

town basis, under which only five rural towns will be served by the deadline. San Juan will not receive food stamps until March 1975. Clearly, this is disheartening and unfair—if not illegal.

Unless the USDA and the Commonwealth of Puerto Rico can show why such implementation is impossible, the food stamp program must be instituted by June 30, 1974, throughout the island. If impracticability is not clearly established, the USDA's delayed action will indeed reflect a violation of the law.

Finally, when setting the income-eligibility standards, the USDA appears to have once again ignored the intent of Congress. The Department was instructed by the 1971 amendments to the Food Stamp Act to calculate eligibility by multiplying the number of persons in each household by the per capita income for the island, thus arriving at a maximum figure for each household size. This apparently was not done, for the eligibility standards are approximately 14 percent lower for Puerto Rican households than those in the United States.

The purpose of this program was to help the poor, not to perpetuate their disadvantageous status. At least 500,000 Puerto Rican families of four who are eligible for this program will be receiving $20 less than they are due each month, the equivalent of $10 million a month, or a full $120 million a year. This loss to Puerto Rico violates the purpose and intention of the Food Stamp Act. The unconscionable situation must be rectified.

A SOLAR POST OFFICE IN THE WORKS

HON. PATRICIA SCHROEDER

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 6, 1974

Mrs. SCHROEDER. Mr. Speaker, the Sun produces as much energy in 40 minutes as humankind uses in a year. A post office scheduled to be built soon will take advanatge of some of this bountiful energy source. Assistant Postmaster General Robert E. Isaacs has reported that the post office will be built in Ridley Park, near Chester, Pa. Bids are presently being taken on this project, with a completion date of early 1975. The purpose of this prototype is to provide the U.S. Postal Service with a solar energy program, a successful demonstration model for postal facilities nationwide. Preliminary estimates indicate that the supplemental solar energy supply at the Ridley project will reduce its dependence on conventional energy sources by 20 percent.

Mr. Speaker, as a supporter of the Solar Heating and Cooling Demonstration Act (H.R. 11864), which so recently passed the House, and as a member of the Post Office and Civil Service Committee, I am doubly glad to see the Postal Service make this bright beginning.

GRANTS TO ESTABLISH NEW STATE POSTSECONDARY EDUCATION COMMISSION IS LAUNCHED

HON. ALBERT H. QUIE

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 6, 1974

Mr. QUIE. Mr. Speaker, on March 1 letters were sent by the Commissioner of Education to all Governors explaining how any State that desires can qualify for Federal postsecondary education planning grants by creating a State commission under section 1202 of the Higher Education Act, as amended in 1972.

Many of us have felt that the vast postsecondary education community within each State should be doing a better job of cooperative planning to make each segment and each institution as effective as possible. While competition among public and private, 2-year and 4-year, academic and vocational institutions is healthy, uninformed planning during a period of rather stable enrollment can too easily result in duplication of effort and a waste of resources.

The uniqueness of these so-called 1202 commissions is the requirement that they must be broadly and equitably representative of the general public and all segments—both public and private—of education beyond the high school within the State.

Mr. Speaker, I hope each Member will read the following letter which was sent to the Governors. It gives some of the background of this issue which has generated considerable controversy in the past 18 months. We will all watch with interest to see how well the Governors use the direction now given to them in carrying out the spirit as well as the letter of law. I believe these State commissions will prove useful to the States that choose to create them and hope that Congress will add to the approximately $1 million available for Federal planning grants this fiscal year.

The letter from Commissioner Ottina follows:

DEPARTMENT OF HEALTH, EDUCATION,
AND WELFARE,
Washington, March 1, 1974.

DEAR GOVERNOR: You are perhaps aware that the Labor-HEW Appropriations Act for Fiscal Year 1974 includes the sum of $3 million for Federal support of State Postsecondary Education Commissions. These monies have been made available by the Congress under the appropriation authority contained in Section 1203 of the Higher Education Act of 1965 (as amended in 1972), which provides that State Commissions established pursuant to Section 1202 of the same Act may apply to the U.S. Commissioner of Education for grant funds and/or technical assistance to support ". . . comprehensive inventories of, and studies with respect to all public and private postsecondary educational resources in the State, including planning necessary for such resources to be better coordinated, improved, expanded or altered so that all persons within the State who desire, and who can benefit from postsecondary education may have an opportunity to do so."

In approving the $3 million appropriation which the Administration had requested, Congress recognized that much of the money would need to be obligated to support the Higher Education Facilities Commissions; and, indeed, that some of this money had already been obligated for this purpose under the continuing resolution. At the same time, however, the Congress also stated its intention "that a substantial portion of this appropriation should be made available" for Section 1203 planning grants and/or technical assistance to those States which desire to establish State Postsecondary Education Commissions under Section 1202. And finally, the Congress called upon the U.S. Office of Education "to do whatever is necessary" to see that those States which comply with the criteria for Postsecondary Education Commissions set forth in Section 1202 of the Higher Education Act, as amended, will "get assistance from this appropriation to move ahead in launching the work of these important commissions.

In accordance with Congressional intent, and after a careful review of the work which the Higher Education Facilities Commissions must complete during the remainder of Fiscal Year 1974, we have moved to limit the aggregate total of State allotments for work performed by the facilities commissions to a maximum figure of $2 million, leaving at least $1 million of the Section 1203 appropriation for FY 74 available to fund applications from Section 1202 State Commissions for Section 1203 planning grants and/or technical assistance.

With this action accomplished, we are now confronted with the question of what is necessary to bring about establishment of State Postsecondary Education Commissions which (a) will comply with the criteria set forth in Section 1202(a) of the Higher Education Act, and (b) will thereby qualify to apply for and receive Section 1203 planning grant funds and/or technical assistance from the $1 million which the U.S. Office of Education has reserved for such purposes in accordance with instructions from the Congress.

In reviewing the rather lengthy and substantial record of discussions on this subject, it seems to me that the salient points are as follows:

(1) There is no general Federal requirement that the States establish Section 1202 Commissions. Only those States which desire to receive assistance under the Section 1203 authority, *i.e.*, from the $1 million which is presently reserved to support that authority, are required to establish Commissions which comply with the criteria set forth in Section 1202(a).

(2) If a State desires to receive Section 1203 assistance, and decides to establish a Section 1202 Commission in order to qualify for such assistance, the law implies three options from which the State may choose in meeting the criteria set forth in Section 1202(a): (a) creation of an entirely new Commission which meets the criteria of Section 1202(a), (b) designation of an existing State agency or State Commission, if it meets the Section 1202(a) criteria, or (c) expanding, augmenting, or reconstituting the membership of an existing State agency or State Commission to meet Section 1202(a) criteria.

(3) The only function which Federal law authorizes the designated 1202 Commission to perform, and for which the $1 million is being reserved from the FY 74 appropriation, is planning for postsecondary education. The expectation is that other State agencies and Commissions, local governments, and institutions of postsecondary education would use the results of planning activities undertaken by the State Commission to carry out their respective administrative responsibilities.

(4) In addition, the law provides two options between which the State may choose in providing for continuing State administra-

tion of the Community Services and Continuing Education authority (HEA Section 105), the Equipment for Undergraduate Instruction authority (HEA Section 603) and the Grants for Construction of Undergraduate Academic Facilities authority (HEA Section 704); namely, (a) designation of the Section 1202 Commission to serve as the State agency for purposes of administering any one or more of these program authorities, or (b) maintenance of separate State agencies or Commissions to administer these program authorities.

(5) Finally, and certainly most importantly, whichever option the State chooses to pursue in bringing about the establishment of a Section 1202 Commission, and whatever additional responsibilities the State decides to assign to the Commission beyond the planning responsibilities authorized under Section 1203, Section 1202(a) of the law prescribes that the State Commission *must be "broadly and equitably representative of the general public and public and private nonprofit and proprietary institutions of postsecondary education in the State including community colleges, junior colleges, postsecondary vocational schools, area vocational schools, technical institutes, four-year institutions of higher education and branches thereof."*

This letter is intended as an invitation for you to advise me as to the course of action which will be followed with respect to implementation of Section 1202 and 1203 of the Higher Education Act, as amended, in your State.

If your State *does not* desire to establish a Section 1202 State Commission to apply for a planning grant and/or technical assistance under the FY 74 appropriation for Section 1203 planning activities, it would help us if you could notify the U.S. Office of Education of this fact as soon as possible.

If your State *does* desire to establish a State Commission which meets the "broadly and equitably representative" criteria of Section 1202(a), and thereby qualifying said Commission to apply for and receive Section 1203 planning grants and/or technical assistance from the FY 74 appropriation, the U.S. Office of Education needs to receive the following information from you by April 15, 1974:

(1) Which of the three options for establishing a Section 1202 Commission has your State chosen to follow: (a) creation of a new Commission, (b) designation of an existing State agency or State Commission, or (c) expanding, augmenting or reconstituting the membership of an existing State agency or State Commission?

(2) Which, if any, of the following State-administered program authorities contained in the Higher Education Act has your State chosen to assign to the Section 1202 Commission:

(a) Community Services and Continuing Education (HEA Section 105)?

(b) Equipment for Undergraduate Instruction (HEA Section 603)?

(c) Grants for Construction of Undergraduate Academic Facilities (HEA Section 704)?

(3) What is the Commission's official name, address and telephone number?

(4) What are the names, mailing addresses and terms of office of the Commission's members?

(5) What is the name, title, mailing address, and telephone number of the Commission's principal staff officer?

(6) A letter signed by you explaining how the membership of your State Commission meets the "broadly and equitably representative" requirements of Section 1202(a) at the present moment, and what provisions have been made to insure continuing compliance with these requirements of the law.

We hope you will find the procedure outlined in this letter to be comfortable, convenient, and effective in carrying out the intent of Congress with maximum respect for the prerogatives of the States. Several States have previously communicated with the U.S. Office of Education about some action or another with respect to Section 1202. Since we had not decided which approach or what conditions and criteria would be used to activate the Section 1203 planning grants program, the U.S. Office of Education is not in a position to recognize any correspondence prior to this letter as sufficient evidence of compliance with the procedures now agreed upon and set forth above.

If you have any questions or concerns, please get in touch with me or John D. Phillips, Acting Associate Commissioner for Student Assistance, who can be reached at Area Code 202—245-9436. In the meantime, we will be preparing application materials and funding criteria for the award of Section 1203 planning grants and technical assistance. We expect that planning grants made during this Fiscal Year will remain available for expenditure by the Section 1202 State Commissions through June 30, 1975.

Sincerely,

JOHN OTTINA,
U.S. Commissioner of Education.

TO CREATE AN ENERGY SHORTAGE

HON. LOUIS C. WYMAN

OF NEW HAMPSHIRE

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 6, 1974

Mr. WYMAN. Mr. Speaker, seldom has the Congress passed legislation as ill-considered as the recent conference-reported Energy Emergency Act.

The purpose of this legislation allegedly was to establish, for the first time, a coordinated Federal energy policy aimed at correcting present shortages. If signed into law its effect will be the opposite.

It would assure the continuance of energy shortages and guarantee them into the foreseeable future.

Under the guise of "consumerism," the act would roll back domestic petroleum prices but not foreign and world prices which are beyond its reach. In this country most of the known, easily recovered, relatively inexpensive to drill petroleum deposits have been used up or are on line. The remaining deposits are substantial, but require costly secondary and tertiary recovery technology such as water injection under pressure, and so forth.

Imposing an artificially low price by law—as has been the case with natural gas—merely insures that the costs of secondary recovery cannot be met. This means the oil will stay in the ground. The lines at the gasoline stations will grow longer.

This is not responding to the needs of the consumer.

That our present shortages are in large part due to shortsighted, fragmented Federal energy policies and laws of the past is dramatically emphasized in the following article by Bruce Henderson.

It is the responsibility of the Congress to act to correct these mistakes. We need legislation to avoid the need for gasoline rationing, not legislation that will force us to ration. Such measures as my bill to allow dealers to adjust emissions controls on cars to improve gas mileage where not needed for public health is a specific example of what Congress ought to enact immediately.

Mr. Speaker, the country is looking to Congress for some responsible legislation on energy. It is past time Congress provided it.

The article follows:

TO CREATE AN ENERGY SHORTAGE

NATURAL GAS

Set a ceiling price on natural gas. This discourages exploration and increases use. Keep the prices down in spite of inflation. This amplifies the effect and guarantees a shortage eventually.

COAL

Ban the use of coal with sulfur content. This sharply restricts the supply. Sharply restrict strip mining for cosmetic reasons. This further restricts the supply. Then suddenly impose drastic new safety rules which will substantially cut output from existing mines. Freeze prices so no one can offset cost increase from reduced output or justify further investment.

ATOMIC POWER

Delay construction a matter of years by uncertainty about licensing requirements. Delay operation at full power after construction. Delay start of construction by environmentalist suits.

OIL

With natural gas, coal and atomic power all severely restricted, that leaves only petroleum. First, grossly increase automative consumption of gasoline by requiring drastic reductions in engine efficiency because of pollution related modifications. That alone will insure a severe shortage of energy. Then ban the use of oil containing sulfur. This severely reduces refining capacity. Put into effect new pollution objectives which make refineries far more expensive. At the same time, introduce great uncertainty into the requirements that must be met. That will virtually stop refinery construction or expansion. Eliminate practically all new refinery sites because of environmental legal delaying tactics. Further curtail refinery investment by making supplies of crude oil very uncertain. Block the use of Alaska North Slope oil by arguments on the cosmetic effects in uninhabited and unreachable regions. Stop the use or search for oil offshore in California because of potential leaks. Slow all offshore operations for environmental reasons. For good measre, hold down the price of gasoline to half that in Europe. This encourages large cars.

To be sure that all of the above is misunderstood by the general public, bring a law suit which charges all the largest energy companies with being non-competitive and therefore causing the energy shortage.

The above scenario has actually occurred in the U.S. Each and every action described above has been the result of public policy. Each act had laudable objectives. In the aggregate these actions will prove to be very punishing to the general public for years to come.

Such program management by a private

business would justify charges of gross mismanagement. The whole task of management is optimization of value delivered from the resources available. False weighting of values or misallocation of resources are equal failures.

All the ultimate objectives can, in due course, be achieved by coordination, by scheduling, by value/cost optimization and by resource allocation priorities. That, however, is what management is.

The object of management is optimization of benefits from the use of the available resources. The objectives of public policy also require management to achieve optimum results. Impulsive, extremist, poorly timed and uncoordinated actions produce inevitable frustration, waste, and cures that are worse than the disease.

Whom do we blame when mismanagement in public policy is imposed by the Congress and amplified by the Judiciary? This kind of mismanagement is occurring at all levels of our government in all areas of public policy.

RALPH VILLANI

HON. PETER W. RODINO, JR.

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 6, 1974

Mr. RODINO. Mr. Speaker, all of us in this Chamber and every man and woman in each corner of the world share a common understanding. Each of us has lost or will lose someone close to us during the span of our lifetimes, be it mothers, brothers, sisters, wives, husbands, children of close friends. And, as we look about us, often during a special occasion, we quietly recall to ourselves the person who is not there but whose memory and whose love remains strong in our hearts.

Less than a week ago, Ralph Villani, an individual whose friendship and closeness my wife and I deeply cherished, passed away. His particular loss shall be experienced not only by those who were fortunate enough to have known and loved him well, but by all the people of my Newark, N.J., community whom he served so selflessly and so well.

Ralph Villani knew and understood the needs, hopes, and dreams of Newark's people. And, he spent over four decades in public life working toward the achievement of these ideals. Twenty-four of his 40-year career as an elected city official, he served as municipal judge, city commissioner, councilman, council president, and mayor. As a judge, he was remembered for his compassion. As a city commissioner, he is known for his dedication to preserving the city's department of parks and public property. He concentrated his efforts on building a better environment for all Newark's citizens, and particularly for the children who would some day inherit the legacy of his works. He developed, for example, a citywide "learn to swim" campaign, a comprehensive instruction program for the city's youngsters. He frequently visited Newark's swimming pools, not only watching the children's activities, but sharing with them in their enjoyment and the excitement of their newly learned skills.

He served three terms as commissioner and was responsible for reorganizing the Newark Housing Authority, the city agency serving as the focal point for analyzing, structuring, developing, and handling the city's housing problems. From commissioner, he became city councilman, serving twice as council president. And, as mayor, Ralph Villani drew on all these experiences, insights, and perspectives to best meet the needs so critical to the growth and development of Newark and her people.

Ralph Villani did not let the passage of time or the growing list of his projects and achievements impede his commitment to remain a vital part of Newark's affairs. Only a few days before his death, he attended the Essex County Women's Division of the American Committee on Italian Migration with his wife Marie.

Throughout his lifetime, he served to inspire all who knew him to continue to believe in progress and the ability of Newark's people to create, develop, and improve upon their city's opportunities. He never tired in his efforts; he never stopped for a moment in carrying forth his ideas. His wife, Marie, a dear friend of Ann and me, was unanimously voted into the city council seat her husband had occupied when health prevented him from continuing to serve any longer. And, I am sure that Councilwoman Villani's ideas and plans shall carry forward and augment her husband's good works.

Hannah Senesh has written a few brief lines which perhaps best encapsule Ralph Villani's great gifts to all Newark's people:

> There are stars whose light reaches the earth only after they themselves have disintegrated and are no more. And, there are men whose scintillating memory lights the world after they have passed from it. These lights which shine in the darkest night are those which illuminate for us the path.

CAMELS AND REINDEER DELIVER MAIL IN NORTH AMERICA

HON. BILL ALEXANDER

OF ARKANSAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 5, 1974

Mr. ALEXANDER. Mr. Speaker, I would like to invite my colleagues to request their Junior Postman packet today from the Postal Service and examine Klassen's Folly.

I am told that this million dollar coloring book, under the guise of education, is designed to teach school-age children how to mail a letter.

It includes postage stamps to color, puzzles to work, postal trucks to assemble, official junior postman membership cards, and other countless propaganda.

It also explains how camels and reindeer once carried the mails in North America. From the service we are getting in Arkansas, I dare say they still do.

I would make one suggestion to my colleagues who desire their copy of Junior Postman, however. Have it sent by page if you want it promptly.

ST. GEORGES VILLAGE BOTANICAL GARDENS—A SHOWCASE OF BEAUTY AND COOPERATION

HON. RON DE LUGO

OF THE VIRGIN ISLANDS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 6, 1974

Mr. DE LUGO. Mr. Speaker, I wish to bring to the attention of my colleagues two newspaper articles that emphasize the truly cooperative and constructive spirit of the citizens of St. Croix, United States, Virgin Islands.

The subject of the first article is the St. Georges Village Botanical Gardens of St. Croix, a 13½-acre site that is becoming a showplace for the Caribbean and the world. Although this restoration of historical and natural forms will match any earthly paradise, its most enduring and endearing beauty is embodied in the community spirit of the workers and residents. At the village, you can see young and old, black and white, working together, volunteering their time and energy. You can sense an aura of cooperation and concern that rises from the work of their hands and hearts. There exists a unity of purpose, a positive attitude for the preservation of the culture and nature of the Virgin Islands. As the past is preserved, the present is secured.

The second article profiles a beautiful lady who personifies the lind of the past and future at the village project. Frances Christiansen, a dearly respected member of the St. Croix community, is in the forefront of the creation of the botanical garden. As she recalls her life on St. Croix, Mrs. Christiansen exudes the hope and strength of one who firmly believes that her actions can guarantee a better tomorrow for the people of the Virgin Islands.

At this time, I wish to commend and thank you all of the individuals who are expressing the beauty of their humanity through their efforts to preserve the loveliness of our Virgin Islands.

I respectfully submit the following articles:

[From the Daily News of the Virgin Islands, Nov. 9, 1973]

TWO HUNDRED AND FIFTY CELEBRATE OPEN HOUSE AT ST. GEORGES BOTANICAL

The recent Open House ceremony of the St. George Village Botanical Garden of St. Croix drew a crowd of over 250 people including Walter Phillips of Water Isle, St. Thomas and Sen. Nobel Samuel of St. John who traveled to St. Croix for the occasion.

During the program, an additional 4½ acres of land, including the Village Supervisor's house, sugar factory and corrals, were awarded to the Botanical Garden by Lakeside Manufacturing Company of Milwaukee, Wisconsin, who donated the original nine acres.

Robert Moon, president of the company, said, "There is only one owner of property, and that is God Almighty. Individuals, corporations and people only accept responsibility for property and we are happy to transfer the custody of this property to St. George Village Botanical Garden." Moon said that this award was given to the members of the community and the Botanical Garden who want to assume the responsibility to preserve this priceless heritage for future generations. Mrs. Jean Eastwood, president of the Botanical Garden, accepted the deed to the land and the responsibility of the Botanical Garden.

The 13½ acre site is the only place in the world where a botanical garden is being created within an entire village of a historic era of the island. Picturesquely situated are historic buildings, ruins, a lime kiln; buildings for barrel makers, saddle makers and blacksmith; homes for the sugar cane workers plus a cemetery where some of the forefathers of our friends and relatives were laid to rest.

Speakers on the program also included Mrs. Frances Christiansen who was born in the village and who is now actively helping to create the Botanical Garden, spoke of the early days in St. George's; Priscilla Hilder explained the superb planting plans and John Randal McDonald, architect donating his expertise, described the plans for erecting a "Great Hall" which will enhance the beauty of the garden and at the same time will serve cultural, educational and social needs of the island.

Donations, in addition to those already in use, were numerous. Carib Gas Company, managed by Oscar Seagle, donated a refrigerator, ice maker and kitchen for the new building. Meals for over 200 people can be prepared with this equipment. Mr. & Mrs. Richard Eames donated a tractor with numerous attachments. Felix Pitterson donated three large coppers used in making sugar, in addition to the barbed wire previously given for fencing. Boys and youth clubs offered assistance and their steel band for future entertainments. Many individual donations to help defray costs were graciously given. Schools and organizations offered assistance and showed interest by requesting field trips to the Botanical Garden.

Memberships in the Garden increased, including Senator Samuel, who stated that he will be back many, many times to the Botanical Garden. Pitterson was the first sustaining member; and a person who wishes to remain anonymous obtained a lifetime membership.

Walter Phillips of Water Isle has been extremely helpful in developing the original plans of the St. George Village Botanical Garden. As his invited guests, the group planning the garden in St. Croix observed Phillips' botanical garden. He has given information which has been invaluable to the botanical garden.

Also included in the program were guided tours given by the junior members of the Garden. These youngsters are extremely enthusiastic and have contributed greatly to the development of the garden.

In addition to the large crowd in attendance were Phillips, Senators Samuels, Britain Bryant, Juan Luis and Alex Moorhead. The newly formed Boys' Club of Frederiksted, under the direction of Al Johnson, were in attendance.

[From the St. Croix Journal, Nov. 22, 1973]

PLANTATION CHILD BACK HOME TO HELP ST. GEORGE HISTORY LIVE

ST. GEORGE VILLAGE.—When Frances Christiansen was a little girl growing up on the huge sugar plantation that once dominated the St. George Estate area of St. Croix, she remembers eating family meals under a big plum tree that grew outside their house.

Frances and her family occupied two rooms of a long building built for workers on the plantation, owned then by George Latimer. Frances' father worked for Latimer as a carpenter, mason and cooper, and he assembled the hogsheads and barrels used for sugar and rum.

REMEMBERS HURRICANE

Frances remembers when the hurricane hit St. Croix on Oct. 9, 1916, how she took refuge at Diamond School, but her mother was left at home to hold the door shut against the howling wind. She remembers, too, when Hamilton Jackson led a strike of plantation workers earlier that year, seeking a raise in their wages of $1.00 for a 60-hour work week.

That was in the early 1900s. Last Saturday, Frances Christiansen was back at her girlhood home, wielding a machete and chopping down the thick vines and brush that have grown up around the plantation buildings.

Frances is in the vanguard of a loyal group of St. Croix residents who want to create a botanical garden and outdoor history lesson out of the plantation at St. George's.

Every Saturday since February of this year, an average 35 to 40 people of all ages have devoted their mornings to clearing land, hauling away trash, and cleaning the area around the many stone buildings still standing on the former plantation site.

They and many others are part of the St. George Village Botanical Garden of St. Croix, a non-profit, tax-exempt corporation that since February has been directing development of the 13½-acre site.

BAZAAR PLANNED

Next week, on Nov. 29 and 30, the members who can't chip in on the physical labor are sponsoring a bazaar at the old library in Christiansted, from 8 a.m. to 5 p.m., to raise money for the Garden.

They all have the same dream . . .

Someday, Virgin Islands residents and visitors from all over the world will drive past the stone pillars on Centerline Road and follow an entrance road into the Garden lined with royal palms and rainbow bougainvillea.

The first building they'll see will be a "Great Hall," a Danish-style building of stone that will serve as a conference room, banquet hall, educational center, and backdrop for garden and plant shows.

The hall will have four revolving stages to accommodate changing plant displays, and a dome some 40 feet high, lighted by a skylight, from which plants and flowers will be hung. Underneath it will be a 60,000-gallon cistern.

Flanking it as wings will be two buildings dating back to plantation days. From there, visitors may walk down the "Path of Gold," a line of yellow flowering trees that will be planted along the garden boundaries; take the "frangipani walk"; see an area planted entirely with dozens of varieties of cactus and other succulent plants; admire a terraced display of all the types of hybrid hibiscus in the islands; or visit an "orchid house" and "anthurium house" created from plantation ruins.

One small stone building will be restored as a gift shop, and the old blacksmith's shop is planned for a museum.

LIME KILN

There are many other historical treasures on the site, which the volunteers have been unearthing as they clear away the dense growth. Part of a dam built by the Daines on the property is still standing, as is the original lime kiln where Frances Christiansen remembers that rocks, conch shells and molasses were burned to make a powder used in white-washing buildings; and ashes, sand and gravel were mixed to make a cement substitute.

The path the plantation workers took from their living quarters to the fields still can be seen; so can the huge vats used in the factory to produce the sugar called "muscovado," that Mrs. Christiansen remembers was "like the dark brown sugar Pueblo sells."

All of this heritage is in the hands of a Board of Directors, headed by Mrs. Jean Eastwood, and aided by an army of volunteers and donors. All of the equipment, materials and labor on the Garden project have been donated, including all of the architectural services of John Randal McDonald.

GOVERNMENT HELPS

The V.I. Agriculture Department has donated equipment to cut grass and plow away underbrush, Mrs. Eastwood said, and bee-keepers from the Department have come to clear away bees nests. The Public Works Department has hauled away mountains of brush, trash and abandoned vehicles that had accumulated on the property.

Other local residents who have had almost full-time involvement in the Garden are Jean Brennan, who has handled all of the publicity and public relations for the group, and Mrs. Priscilla Hilder, who is designing all of the planting plans.

Local children have been such a help on Saturdays. Mrs. Eastwood said, that the Board of Directors created a junior membership category, with voting rights, and invited kids to join for $2.00.

DONATED LAND

The Garden project was formally shown to the public last month at an open house attended by some 250 people. Highlight of the event was the announcement by Robert Moon, who donated the original nine acres of the site, that his Lakeside Manufacturing Company in Milwaukee was giving an additional 4½ acres of land to the garden.

But of all the people who have a stake in the St. George Botanical Garden, Frances Christiansen's undoubtedly is the deepest. Her three brothers and a sister are buried in a cemetery on the property, and she can look at the house where she was born in 1908 and remember what the plantation was like in its heyday.

That's why she's out there every Saturday with that machete, chopping away at the growth of time that once threatened to obscure an important part of the island's history.

CONTROLLED SUBSTANCES TRAFFICKING ACT OF 1974

HON. PAUL G. ROGERS

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 6, 1974

Mr. ROGERS. Mr. Speaker, yesterday I introduced at the request of the Drug Enforcement Administration, H.R. 13256, the Controlled Substances Trafficking Act of 1974, which would amend the Comprehensive Drug Abuse Prevention and Control Act of 1970 in several respects. I was joined in introducing this legislation by Mr. HASTINGS, a member of the Subcommittee on Public Health and Environment who has been a leader in fostering drug abuse legislation. Primarily, this bill would provide for mandatory minimum sentences for all narcotic traffickers, and for second offenders involved in other dangerous drug trafficking. It would permit the denial of bail pending trial for certain drug offenders, and it would increase the terms of imprisonment and the fines which may be imposed in certain cases.

I am convinced of the necessity for careful review of these provisions and, thus, feel it is important to get this administration proposal before the public quickly in order to engender as much comment on the legislation as possible. Some of the provisions are controversial, and I emphasize that my introduction does not constitute blanket endorsement of this measure.

The following is a section-by-section analysis of the Controlled Substances Trafficking Act of 1974:

CONTROLLED SUBSTANCES TRAFFICKING ACT OF 1974

TITLE I—INCREASED PENALTIES

SEC. 101. Amends sec. 401(b)(1)(A) of the Comprehensive Drug Abuse Prevention and Control Act of 1970 to increase the first offense penalty for trafficking in a schedule I or II controlled narcotic substance (i.e., heroin, methadone, morphine, cocaine) to a term of imprisonment of not less than three years to fifteen years, or a fine of not more than $50,000, or both. It would also increase the second offense penalty to a term of imprisonment of not less than ten years to 30 years, a fine of not more than $100,000, or both. It would also deny probation to offenders sentenced under this Act. Present law imposes no mandatory minimum sentences nor does it prohibit probation.

SEC. 101b. Amends sec. 401(b)(1)(B) of the Act of 1970 to increase the first offense penalty for trafficking in a non-narcotic controlled substance under Schedules. I, II, or III (i.e., amphetamines, barbiturates, LSD, marihuana) to a term of imprisonment of not more than 10 years, a fine of not more than $30,000, or both. It would also increase the second offense penalty to a term of imprisonment of not less than three years to fifteen years, a fine of not more than $50,000, or both. It would also deny probation to any second offender who had been convicted for any offense relating to controlled substances which was punishable by a term of imprisonment for more than one year under the law of any state. Present law imposes no mandatory minimum sentences nor does it prohibit probation.

SEC. 101(c). Amends sec. 405(a) of the Act of 1970 relating to "Distribution to Persons under Age Twenty-One" to mandate a term of imprisonment of not less than three years for any person over the age of eighteen convicted of distributing a controlled substance to a person under twenty-one years, and increases the fine. Present law imposes no mandatory minimum sentence.

SEC. 101(d). Amends sec. 405(b) of the Act of 1970 to mandate a term of imprisonment of not less than five years for any person over the age of eighteen with a previous conviction for distributing a controlled substance to a minor, and an increased fine. Present law imposes no mandatory minimum sentences.

SEC. 101(e). Amends sec. 405 of the Act of 1970 to add a new subsection which would deny probation to anyone convicted of distributing controlled substances to a person under twenty-one years.

SEC. 102(a). Amends sec. 1010(b)(1) of the Act to increase the first offense penalty for importing or exporting a controlled narcotic substance under Schedule I or II to a term of imprisonment of not less than three years to fifteen years, a fine of not more than $50,000, or both. It would also deny probation to any person convicted under this subsection. Present law imposes no mandatory minimum sentences nor does it deny probation.

SEC. 102(b). Amends sec. 1010(b)(2) of the Act to increase the first offense penalty for importing or exporting a non-narcotic controlled substance under Schedules I or II to a term of imprisonment of not less than ten years, a fine of not more than $30,000, or both. Present law imposes no mandatory minimum sentences.

SEC. 102(c). Amends sec. 1012, "Second or Subsequent Offenses", by increasing the second or subsequent offense penalty for importing or exporting a Schedule I or II controlled narcotic substance to a term of imprisonment of not less than ten years to thirty years, a fine of not more than $100,000, or both. It would increase the second or subsequent offense penalty for importing or exporting a Schedule I or II non-narcotic controlled substance to a term of imprisonment of not less than three years to fifteen years, a fine of not more than $50,000, or both. Second offenders would be denied probation. Present law imposes no mandatory minimum sentences nor does it deny probation.

TITLE II—CONDITIONS OF RELEASE

SEC. 201. Amends Part D of Title II of the Act of 1970 by adding four new sections dealing with release conditions and pre-trial detention of persons charged with either trafficking or importing or exporting a controlled substance in Schedule I or II. Section 412 would provide that the judicial officer shall consider whether the person poses a danger to himself, others, or the community in setting conditions of release. Section 413 would require that a special hearing be held at the time of arraignment to determine whether the person may be released prior to trial if the judicial officer finds that the person is a second offender, is presently free on parole or other conditional release with a conviction or pending charge for any previous felony, is a non-resident alien, has a false passport, is either a fugitive or has been convicted of having been a fugitive. Section 414 would deny release to a person convicted of trafficking, importing or exporting a Schedule I or II controlled substance who is awaiting sentencing or appealing conviction, if that person had been detained prior to trial pursuant to the provisions of section 413. Section 415 defines the term "judicial officer" to mean any person or court authorized to admit to bail or otherwise to release a person before trial, sentencing, or pending appeal.

SEC. 202. Amends the table of contents at the beginning of the Act of 1970 by adding sections 412 through 415.

ATLAS OF AFRICA

HON. CHARLES C. DIGGS, JR.

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 6, 1974

Mr. DIGGS. Mr. Speaker, I would like to invite the attention of my honorable colleagues to the new Atlas of Africa to be published this month by the Free Press, a division of MacMillan Publishing Co. The atlas makes a very interesting and readable presentation of general information on Africa in part I. This section includes some maps of special interest—like the map, "Precolonial Africa," which gives the location of ancient African kingdoms, describes historical trade routes, indicates migratory patterns for major racial groups, and indicates major penetrations into Africa through history. In part II, the atlas furnishes the reader with concisely worded statements on the geography and the economies of individual African States. This is graphically represented in full size maps of all these countries. By omitting current political information, the work achieves a seeming timelessness that should assure its utility for a while to come.

THE PENSION PLAN BILL

HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 6, 1974

Mr. HAMILTON. Mr. Speaker, under leave to extend my remarks in the RECORD, I include my Washington Report entitled "The Pension Plan Bill":

THE PENSION PLAN BILL

Back in the "good old days" an American worker often retired with a gold watch, a smile from the boss and a firm handshake. Today things are much improved with over 30 million employees, or about one-half of all private non-farm workers, covered by private pension plans which have in excess of $150 billion in assets. By 1980, 42 million workers will be covered under plans with assets totalling over $215 billion. Although there is some disagreement about the effectiveness of the pension system, there is no disagreement about the importance of the system to American workers and the economy.

The Congress has worked on a pension protection bill for at least five years, studying in detail thousands of pension plans with the aid of a computer and pension actuaries. Most pension plans are operated in a responsible manner and no further regulation is needed. But there are enough sad stories like the closing of the Studebaker plant in South Bend, Indiana, a decade ago which left thousands of long-term workers with no protection, to persuade just about everybody that pension protection is needed.

About one-half of all employees in private non-agricultural employment are not covered by any plan. Employees often have difficulties collecting adequate or even any pension benefits. Of those who have worked and then left jobs with pension plans over the last 20 years, only about 5% will ever receive any benefits. Accumulated pension credits have often been lost even when the separated employee was within a few months, or even days, of qualifying for retirement. Many pension plans do not accumulate sufficient funds to pay benefits in the future to covered employees. Not all covered employees wind up getting benefits and even those persons covered are not guaranteed a comfortable living (pension industry sources say the average annual benefit paid by private plans to retirees in $1,605). Despite the number of persons involved, the size of the funds and the inadequacies of many of the plans, current law provides only limited safeguards, requiring only disclosure and minimal regulation.

Last September the Senate approved by unanimous vote a pension protection bill and this week the House approved a similar bill by a vote of 375-4. Differences between the two bills must be resolved, but the final approval of major pension plan reform seems assured. Pension plan regulation focuses on these five principal areas:

(1) Vesting is the acquisition of irrevocable rights to at least a part of the pension fund. Current law does not require vesting of pension rights before reaching retirement

age, and workers are covered by plans with a variety of requirements of age and service before vesting. The proposed House bill requires pension plans to meet one of three different vesting formulas (e.g., 100% vesting after 10 years of service, or 25% vesting after 5 years of service, such percentage increasing each year thereafter).

(2) Funding is the accumulation of sufficient assets in a pension plan to assure the availability of funds for payment of pension benefits to workers when the benefits are due. Although current law requires funding for liabilities being created currently, plus interest on unfunded liabilities, it does not require the employer to make payments toward the principle of unfunded accrued liabilities. The proposed House bill would require such payments.

(3) Fiduciary standards for those persons administering the pension funds are, under current law, only general in nature. The proposed bill would establish standards of conduct and accountability for persons exercising power and control over the management of pension funds, and require communication of the contents of the plan to covered workers.

(4) Reinsurance is a system of federal insurance for pension plans designed to protect employees against losses of benefits. No such system now exists, and the bill would require that plans insure liabilities incurred prior to, as well as after, enactment.

(5) Portability is the right of a worker to transfer pension credits earned with one employer to the pension plan of another. The bill does not change current law with regard to transfer from one qualified plan to another, and it would not create a governmental portability fund, although the bill does allow an employee, when he leaves a job, to take the cash equivalent of the benefits to which he is entitled, and put the money into an individual retirement account to which he will gain access only when he retires.

Under the proposed bill no one is compelled to establish a retirement plan, but, if one is established, it will have to meet certain requirements designed to strengthen the retirement system. The bill is based on the premise that it is sound public policy to assure that individuals who have spent their careers in useful and productive work should have adequate income to meet their needs when they retire.

All in all, the passage of the bill takes the retirement system a long way from the gold watch and the firm handshake!

GUGLIELMO MARCONI—HE SHRANK THE WORLD

HON. JAMES R. GROVER, JR.

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 6, 1974

Mr. GROVER. Mr. Speaker, April 25 will mark the 100th anniversary of Guglielmo Marconi's birth. Generations past, present, and to come are indebted to Marconi for his contribtuions to mankind.

Although Marconi was born in Italy, many of his experiments were conducted in Babylon, N.Y., just a few blocks from the place where I was born. So it is with a deep sense of pride that I submit for the RECORD the enclosed biography which was prepared by the Guglielmo Marconi Lodge No. 2232, Order Sons of Italy in America, Islip, N.Y.:

GUGLIELMO MARCONI—HE SHRANK THE WORLD

Due to the proximity of the Village of Babylon, our Lodge was named for the immortal Guglielmo Marconi, who was born on April 25th, 1874 in Bologna, Italy and who died in Rome on July 20th, 1937. At his request, he was buried in the town of his birth.

It is true that many countries owe a debt of gratitude to many of their citizens for contributions they have made in various walks of life. These same contributions have been duplicated in other countries too, and soon, the original contributor goes down into obscurity. Our namesake though, Guglielmo Marconi, is the only man to whom the Whole World will forever be indebted to. Even beyond Magellan, who first knotted the world by circumventing it; our Columbus, who connected two continents; Morse by his wireless; Antonio Meucci with his telephone (later bought out by Alexander Graham Bell and who took all the laurels); the Wright Brothers, Orville and Wilbur with their airplane; and Lindberg who made the world smaller yet, it was the genius of our Guglielmo Marconi who shrank the world to its present size by his invention of the radio. It would be superfluous to list the numerous inventions of which the radio has been a forerunner to or has been its foundation.

Here are a few highlights of his life:

1. Surprisingly, Guglielmo Marconi was not 100% Italian. His father was from Bologna; his mother from County Wexford, Ireland and was bi-lingual from birth.

2. Amongst the many honors received by Guglielmo Marconi were: the Nobel Prize for Physics; created Marchese by the Italian Government and nominated to the Italian Senate; created a Knight of Italy; plus numerous other honors and honorary degrees.

3. Set up the first Vatican Radio with the late Pope Pius XI.

4. To clarify the opening statement, "due to the proximity of the Village of Babylon", Guglielmo Marconi performed many of his experiments from a little shack several blocks south of Main Street in the Village of Babylon, off Fire Island Avenue. This shack is now in the possession of one of our Brother Lodges on the north shore. (As a matter of note, when I asked Mrs. Terry Caputo to design our letterhead, I requested that she incorporate a sending tower and a shack in the design. If you will carefully look at our letterheads and the design on our envelopes, you will note that at the base of the tower, ground level, she included this noted shack).

Guglielmo Marconi's father was Giuseppe Marconi, a retired businessman, landowner and a man of means who had amassed quite a fortune. His mother was Annie Jameson, a pretty Irish girl from County Wexford, Ireland, who was the youngest daughter of a wealthy whiskey distillery owner who happened to be in Italy studying opera. It was through a mutual business friend that the widower Giuseppe met the lovely colleen and it was love at first sight, followed by elopement. Annie and Giuseppe had a son, Alfonso, a year after their marriage. Nine years later, our immortal Guglielmo Marconi was born. He was born in the massive, heavily-shuttered Marescalchi Palace in the city of Bologna.

Guglielmo Marconi grew up with an elder brother and a much older half-brother, and yet, he always tended to be a solitary youngster, absorbed in his own world of science, invention and study. He had very little of formal schooling and never attended a university. His mother taught him religious and musical subjects and she had engaged a private tutor for his other subjects.

Guglielmo disliked formal lessons and felt that he could learn more by reading. He would read for hours and hours and would always wind up trying to invent something.

Guglielmo's father was always at loggerheads with him since he disliked formal schooling and thought he was wasting time. The kindness of his mother caused him to continue to read of and experiment with electricity. As a result of this difference of opinion with his father, Guglielmo became more secretive and determined to know all there was about electricity and the science behind it. As with all novice experimenters, Guglielmo had millions of ideas running through his mind and had almost as many experiments going at one time. Constantly learning. Constantly perfecting. Constantly trying to win over his father who thought him a lazy good-for-nothing since he didn't like school or schooling. Guglielmo had been sending electrical signals further and further, and his experiments kept getting costlier and more sophisticated. During this time of experimenting and learning, Guglielmo Marconi learned the Morse code, which was to be the language he would use in the future, until he was able to substitute dots and dashes with the voice. One day finding himself short of money he sold his shoes to continue his experiments. Finally, he was able to sell himself to his father, a shrewd businessman, and from then on did his father finally acknowledge, with reservations though, the intelligence and ambition of his son. At this era of his life, Guglielmo Marconi, was in his early twenties.

After many years of trials and tribulations, young Guglielmo Marconi finally was able to transmit intelligible signals from a transmitter to a receiver. At first the distances of transmission were short; from one part of the house to another; from the house to various parts of the Marconi Estate and then gradually into longer metres, 10, 20, 30, 40 and farther. Also, the strength of the signals increased from barely audible to strong and determined. When certain of his achievement, and, after conferring with his parents, priest and doctor (as was the custom in those days when seeking advice), Guglielmo Marconi with his intense patriotism and loyalty to his fatherland, approached the Italian Government to inform them of his invention. Due to his youthfulness, he was rebuffed by his government and was never to forget this disappointment. Signora Marconi who never once doubted her son's ability, made arrangements to go to England to further his pursuit. The two of them set off for Ireland on the first leg of their trip to England.

In no time at all, Guglielmo Marconi captured the hearts of all the Irish and English people whom he came into contact with, for himself personally or for his invention. Overnight in England, he became a famous and international figure. Constantly experimenting, he aimed to transmit signals to and at sea. An anecdote in Guglielmo Marconi's biography at this time records the day he was setting up antenna and apparatus atop the Post Office building in England. A man from below watching him, yelled up to him "What are you doing up there?" The reply came back "Why don't you come up and find out?" George Kemp did go up and that was the beginning of a loyal friendship that lasted for many, many years. Kemp, a retired naval petty officer was the first of a band of devoted workers who stayed with our Guglielmo Marconi through all the years ahead. The range of transmission was no longer measured in metres, but in miles, so that finally in May, 1897, Wales and England were bridged by radio.

Italy realized it had turned its back on an outstanding son and to cover up for its error, paid many accolades to Guglielmo Marconi, amongst which were:

1. A plaque on his father's house at Villa Grafone honoring him.

2. Exempted personally by the King of Italy from military service.

3. Appointed as a naval officer attached to the Italian Embassy in London so that he could continue his experiments. Finally, on July 20th, 1897, "The Wireless Telegraph and Signal Co., Ltd." was born in London.

Lest his individuality be sidetracked with all this fame, honor and glory (not to say of money, prestige and knowledge), throughout this era of "blood, sweat, tears and triumph" Guglielmo Marconi lived with his devoted mother in a very humble manner. Guglielmo Marconi hated to give lectures (for which he was constantly hounded) but loved to display his experiments, never once fearing piracy from someone else, so sure was he of his work. After one year's absence from Italy, Guglielmo Marconi was recalled home personally by King Umberto and Queen Margherita to further his work. It was his intense patriotism and loyalty that made him return back home to his native country that just a year or so earlier had shown little enthusiasm for his experiments. This patriotism was to remain with him until his death.

The century is now ending and Guglielmo Marconi is now in his mid-twenties. It would be out of the tome of this column to delve into each and every experiment he performed, along with the failures and successes of each. Suffice it to say at this time that it was at approximately this era that Guglielmo Marconi performed an innumerable number of experiments with his wireless. These experiments included distances (land over land, land to land over water, shore to ship and sea to sea), heights, topography, different styles and sizes of antennae, senders and receivers and times of days and nights. Throughout these and all future experiments, never let it be forgotten that the Morse code was to Guglielmo Marconi, what the word is to the writer and the palette to the artist. Dots and dashes were now a second nature to him as were his breathing and reflexes. Guglielmo Marconi was now universal and many, many people and countries were clamoring for his friendship. He was never an outgoing person and always tended to be reserved. His objections to all these interviews was not his aloofness, but he felt that they held him back from his work. His "Big Thing" as Guglielmo Marconi referred to his work was an obsession and he left his work only for the things he felt were very important. His crude wireless sending and receiving apparatus at this time were installed on many ships and yachts (including the yacht of H.R.H. Queen Victoria). March 27th, 1899 was another historic day, not only for Guglielmo Marconi, but for the world too. It was on that day that the English Channel between England and France (a distance of 32 miles) had been bridged by the wireless. The English Isles and the European mainland now became one through our immortal Guglielmo Marconi. A famous message in the annals of radio broadcasting was sent two days later, when the American journalist Cleveland Moffett radioed from Wimereux, France to his editor the following message: McClure, Dover: Gniteerg Morf Ecnarf Ot Dnalgne Hguorht Eht Rehte, Moffett. In a minute or two came the reply: Moffett, Boulogne, Your Message Received. It Reads All Right. Viva Marconi, McClure. (The above was sent between S. Foreland, near Dover, England and France).

Marconi's schedule of experiments increased in sophistication and distances. His next step was to bridge the Atlantic Ocean (as one of his workers commented later on in years). Only those who worked with Guglielmo Marconi throughout the years can appreciate the wonderful courage and stamina he showed under frequent disappointments; the extraordinary fertility of his mind in constantly inventing new methods to displace other methods found faulty and his willingness to work, often and many times 16 hours per day and more, especially at a time any interesting experiment was being tested.

Guglielmo Marconi made many trips to America and Canada at the turn of the century constantly seeking topography, materials and conditions that would not only advance his experimentation, but to finally perfect his Big Thing. The thought of transmitting and receiving the human voice and sounds through the air obsessed his whole being. Just prior to these frequent trans-Atlantic trips the Marconi International Marine Communications Co., Ltd. came into being and Guglielmo Marconi saw the world's leading navies (led by Great Britain and followed by France, Germany and Italy) outfit their protective (war) and commercial ships with radiophonic equipment. Distances of transmission at this time was now approximately 65 miles. Cable companies now fearing the advent of transmittal competition and of the demise of the cable, started applying pressures to Guglielmo Marconi to discontinue his experiments and to the state and federal legislatures to enact laws outlawing the wireless. Needless to say, both efforts not only failed, but they failed miserably. Guglielmo Marconi finally chose a site in Newfoundland to receive and send signals from a station he had set up in Poldhu, England. Finally on December 12th, 1901 at 12:30 p.m., the first trans-Atlantic transmission was received by Guglielmo Marconi himself, which consisted of a pre-arranged signal of three dots (the Morse code signal for the letter "s"). While it seems to us that such a signal is not much, let it here be noted that this was the first transmittal of any sound over the ocean, and as such, the first, it stands out in the life and times of Guglielmo Marconi and to all in the broadcasting industry, (and there are many many persons in this industry in many many different capacities outside of just broadcasting). As the equipment became more and more refined and advanced, Guglielmo Marconi moved to New York, where he noted, with much satisfaction, the steady progress of his Marconi Wireless Telegraph Company of America. Guglielmo Marconi now concentrated his experiments with voyages at sea. Now the distances of transmission were 2,000 miles.

On January 23rd, 1909, two ships at sea collided off the Atlantic coast of America and the first transmission for marine assistance took place. Guglielmo Marconi's dream of ship-to-shore transmission and receiving was finally realized. The pathetic survivors of the ill fated liner Titanic have Guglielmo Marconi to be thankful for their survival. The liner hit an iceberg on the night of April 14, 1912 with 2206 people aboard. 1503 persons perished and 703 were saved. These survivors marched en masse to honor Guglielmo Marconi at his New York City hotel. Guglielmo Marconi was now revered in every country of the world and spoken of as a genius. Yet, his modesty never left him as he told his daughter: "Do you hear them talking of genius? There is no such thing. Genius, if you like to call it that, is the gift of work continuously applied. That's all it is as I have proved for myself." At this time the range of reception now increased to 6,000 miles, from Clifton, Ireland to Buenos Aires, Argentina. The advent of World War I in 1914 saw Guglielmo Marconi, the loyal patriot, become a major in the Italian Army, in charge of, needless to say, the entire wireless telegraphic system. The first act of World War I was the sending of a wireless message of the British (Admiralty) ultimatum to the German Fleet Commander on the eve of August 3–4, 1914. Appropriately, the last act of World War I was the announcement by Marshall Foch from the Eiffel Tower at 5:40 a.m. on November 11th, 1918, that hostilities were to end at 11:00 a.m. that same day.

After World War I, Guglielmo Marconi began toying with the idea of short waves. It was about this time also that Guglielmo Marconi fulfilled a lifelong ambition; that of owning a yacht! This was to be his own ocean going yacht. (For the nautical minded readers of this Newsletter the yacht was a white, sleek 200 ft. long yacht; 730 ton displacement, high prow, a tall single funnel and a crew of 31). She was fitted as a floating laboratory and was christened Elettra. It was aboard the Elettra that Guglielmo Marconi was able to carry on his experiments "away from curious eyes and distractions". Guglielmo Marconi was now able to float the Atlantic and other seas at will, constantly seeking to "elongate" short waves and perfecting all his equipment to better send and receive signals (and the human voice, which is, in effect, a form of a signal). In 1924, Guglielmo Marconi achieved his second great discovery by having perfected the short wave as a primary means of communications (long waves almost became obsolete) and the cable systems now became a secondary means of communications. That same year, he installed the first short wave radio telephonic system connecting the Vatican in Rome with the Pope's summer residence at Castel Gandolfo, about 15 miles away and the late Pope Pius XI was the first of modern day popes to talk over the radio. In the mid-thirties, Guglielmo Marconi was over 60 years old and he was now physically and mentally worn and his health was failing. He also suffered several heart attacks. Guglielmo Marconi did not abandon his work and fondly held onto the theory that the microwaves that he discovered held within their clutch the secrets of television and radar, just waiting to be released. Guglielmo Marconi was now in Italy for good and while he suffered from crippling angina pectoris, he continued working in spite of doctors orders. The end came peacefully on July 20th, 1937; the worn and weakened heart beat no more. Italy afforded him a state funeral which has never been equalled for anyone, and as mentioned at the beginning of this series, at his own request, Guglielmo Marconi was buried in his native Bologna. It was our own Guglielmo Marconi, more than any other person or inventor of the world, who truly shrank the world.

SUPREME COURT JUSTICE CHARLES J. GAUGHAN

HON. JACK F. KEMP

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 6, 1974

Mr. KEMP. Mr. Speaker, Supreme Court Justice Charles J. Gaughan, a good friend, distinguished jurist, and highly respected State leader died today.

His long and accomplished career spanned more than 30 years, having served as Hamburg supervisor and assistant district attorney before becoming a county judge. His 11 years as a county and supreme court judge earned him a reputation as a diligent worker and fairminded adjudicator.

His passion for work and devotion to the community led him to help organize a committee of town officials in 1961 which accomplished the first major revision in the State's town law since 1933. As an innovator, Judge Gaughan also played a major role in organization of the pioneering traffic violators school for Erie County.

A loyal Republican, Justice Gaughan's lifelong dedication to the county and State GOP prompted many New York Republicans to consider him an ideal running mate with Gov. Malcolm Wilson this fall.

While the death of Justice Gaughan will leave a very real void in the hearts of all New Yorkers who knew him, it is indeed all of New York State that will miss him.

The Buffalo-Courier Express eulogized Justice Charles J. Gaughan in this morning's edition. The eulogy follows:

CHARLES GAUGHAN IS DEAD; A JURIST HERE FOR 11 YEARS

Supreme Court Justice Charles J. Gaughan, 52, died early today in Buffalo General Hospital after suffering a heart attack Tuesday in his Hamburg home.

A native of Buffalo's old First Ward, Justice Gaughan was a self-made man who worked in steel mills and put in a World War II hitch in the Army before embarking on a legal career.

He was a Town of Hamburg supervisor and justice of the peace and an assistant district attorney for 4½ years before he became a county judge in 1952.

During his nearly 11 years on the County Court and State Supreme Court bench, he built a reputation as a hard-working jurist who could trim down overloaded court calendars in a hurry.

He frequently left his own Courtroom to help out in critical judicial areas. He was detached for duty in the New York City area at times in other Western New York counties.

He also helped out with the welter of litigation stemming from the 1971 Attica Prison uprising.

He currently had been under serious consideration by Republicans as a running mate for Gov. Malcolm Wilson in his bid for reelection in this year's state election.

Justice Gaughan was born Sept. 28, 1921. His father, the late Joseph P. Gaughan, was a waterfront grain scooper.

"I grew up in a realistic neighborhood," Justice Gaughan later recalled. "In the First, Second and Third Wards in South Buffalo, you faced reality and you had to battle a lot."

He and his three brothers worked their way to distinguished careers in different fields. A brother, Dr. Lawrence A. Gaughan, is a dentist. Vincent M. Gaughan, an attorney, has risen to a high place in national political circles. He gained wide recognition as a top trouble-shooter for the late President John F. Kennedy.

A third brothr, Francis P., became a deputy commissioner in the Buffalo Police Department, retiring in January, 1971.

Charles Gaughan was a bantamweight football player and trackman at South Park High School and also became a top-notch debater before his graduation in 1940.

He then went to work as a timekeeper at Worthington Pump Corp., and became a laborer for Bethlehem Steel Corp. in 1941.

"I weighed 155 pounds when I went to work in the mills," he recalled, "and I hit 159 before I left and there was no fat."

As a steelworker, he was part of the construction gang for building of Memorial Auditorium. He also started work for a degree as a part-time Canisius College student.

He was thinking about a medical career when he entered the World War II Army in 1943. He was discharged as a sergeant in 1946 after service in the Medical Corps. He said his experience as a medical corpsman turned his interest away from medicine and toward law.

He enrolled in the University of Buffalo and in a whirlwind scholastic career earned his bachelor of arts degree in a year and 8 months.

He was graduated from the UB Law School in 1950 and was admitted to the bar in 1951.

Throughout his college career, he worked to pay his expenses.

Meanwhile, he had taken on the responsibilities of a married man, marrying the former Mary Louise Bawer in 1951.

In private practice, he specialized in criminal law. Between 1953 and 1958, he put in a 4½-year stint as an assistant district attorney.

He was a busy assistant DA, doing much of the City Court and town justice court criminal trial work.

He was elected a Hamburg justice of the peace in 1968. Two years later he won election as Hamburg supervisor, at a time when a supervisor was a county legislator as well as an administrative officer.

In 1961, he helped organize a committee of town officials which drafted the Suburban Town Law passed by the 1973 Legislature, the first major revision of the state's town law since 1933.

He also helped organize and headed a committee of town and municipal representatives which settled tax equalization disputes in the county.

He also was an innovator as a judge, playing a major role in organization of the pioneering Traffic Violators School for Erie County.

On May 1, 1963, Gov. Rockefeller named him County Court judge. When he failed to win Republican organization endorsement for election to the court post that fall, he ran as an independent, winning the GOP nomination and later the election.

On Nov. 25, 1968, Gov. Rockefeller named him to the State Supreme Court. He won election the next year to a full 14-year term.

On both the County and Supreme Court benches, he was known as "a worker." He handled many difficult cases, including a drawn-out litigation over reapportionment of Chautauqua County. It ended last March when Justice Gaughan accepted a final apportionment plan for the county.

Last January, Justice Gaughan was named administrative judge of the 8-county Eighth Judicial District. The job entailed assignment of judges, even though he continued his duties as a trial judge.

Justice Gaughan was affiliated with a long line of fraternal, civic and professional organizations, many of them related to the legal profession and judiciary.

Among his favorite outside activities were as a trustee of Kencore Mercy Hospital and a member of the Men's Club of Emergency Hospital. He was on the Advisory Board of the Columban Sisters.

Justice Gaughan described himself as "a very sentimental man" and on special occasions he often showed his emotions.

He said his hardest judicial role was passing sentence. He made this comment on that duty:

"No more awesome responsibility can fall to any human being than to sit in judgment of his fellow man. Scriptures admonish us: 'Judge not, lest you be judged.'

"To the members of the judiciary, it might be better said: 'Judge well, lest you be judged harshly.' "

WHOM CAN YOU BELIEVE?

HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 6, 1974

Mr. DERWINSKI. Mr. Speaker, as we continue deliberation on the bill to create a new energy agency, I bring to the attention of the Members an editorial in the Suburban Life, of Berwyn, Ill., in its Sunday, February 24 edition.

The editorial directs itself to the question of whether or not, we in Congress, have any interest in the dismantling of the Federal bureaucracy rather than rush into creating a new bureaucratic institution. This editorial is very timely as it relates to pending legislation.

The editorial follows:

WHOM CAN YOU BELIEVE?

The credibility of public officials has probably hit an all time low with the expectation that it can sink still further as far as the public is concerned when new and possibly contrived shortages cause still more demoralization of the people.

An official of and respected local fuel oil dealer has branded the alleged shortage of heating oil as a fake. This dealer says all the heating oil necessary is available from the usual source if you meet the price increases of several cents a gallon that have been occurring lately with almost weekly frequency.

Gasoline station operators are being made the scapegoats of a gasoline shortage while major oil companies conjure up alibis for the distribution system in this metropolitan area that has broken down almost completely.

Some claim with some degree of accuracy that the gasoline shortage doesn't exist except in this and possibly a few other metropolitan areas. Downstate Illinois, Wisconsin and Indiana have not had the gasoline difficulties we have here. The governor of Michigan is inviting Tourists and assuring them that they can get all the gasoline they need.

Price control has been and still is a joke. In less than a year some heating fuel prices have tripled. Gasoline prices have been rising at a rapid rate. Scores of metropolitan area gas stations of major oil companies have closed. Their allocations don't seem to have shifted elsewhere.

One filling station operator, who said he normally pumps 35,000 gallons a month, was cut to 24,000 in January and his February allotment was just 8,000 gallons. The station is leased from a major oil company, and he must be wondering where the non-branded gasoline dealers who sell at a discount are getting their supplies to serve the block-long lines of motorists waiting to get a fill daily.

If there is a shortage of oil and refining capacity, what good is it going to do to raise the price of gasoline and fuel oils? If there isn't any more oil, then why line the pockets of the major oil companies and allow record-breaking profits?

Even efforts of long-established filling station operators to serve their regular customers are now being stymied under a regulation of the Federal Energy Office which bans such practice of preferential sales. It's a violation, carrying a heavy penalty, to sign up a customer to purchase gasoline or fuel oil in advance, a long standing custom.

The city of Berwyn recently was notified that it could only be furnished 10,000 gallons of gasoline a month instead of the 12,000 normally used on a contract basis. There have been hints that even further cuts might be made.

As we said, the credibility of those elected or appointed officials leaves much to be desired. Conflicting pronouncements are almost a daily dose. We should suggest that it would be a good idea for Congressional candidates to be put on the spot before the election on whether or not they favor the dismantling of the federal bureaucracy which is interfering with economics about which they apparently are not informed.

LOOK IN THE MIRROR

HON. DALE MILFORD

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 6, 1974

Mr. MILFORD. Mr. Speaker, many pages of this CONGRESSIONAL RECORD have been printed with discourses naming those industries, institutions, businesses, and individuals that are to blame for the so-called energy crisis.

I frankly detest this body's waste of time in trying to cast blame at a time when positive action is needed. But, if we are to play that game, then let us be sure all sides are heard.

Recently, I learned of an open letter that had been written to the Congress of the United States by Mr. L. G. Shelly of Denver, Colo.

I would like to share that letter with all Members of Congress.

The letter follows:

LOOK IN THE MIRROR

Look in the mirror, Congress of the United States, if you want to see who is the cause of the fuel crisis in this country.

The Federal Power Commission, with your blessing and approval, kept the price of natural gas at unrealistically low prices. This act made it financially foolish to drill for this fuel. Because gas was so cheap, in relation to other fuels, it began to take their place. But now, there is not enough gas to meet current needs, much less the expanding demands.

And since prices were so low—15 to 20 cents per thousand cubic feet to the producers—producers stopped looking for gas except as a by-product. At this time, gas was selling in New York to the consumer for approximately $3 per cubic foot.

Now to remedy the situation, you plan to import liquefied gas from the Arabians—provided they will sell it to us—at a cost of 10 to 20 times what the U.S. producer is getting. Some liquefied gas was recently delivered to New York at a cost of $3.65 per thousand cubic feet. Before the gas gets to the consumer, the price will probably be $5.50 per thousand.

I hope that you are proud to have saved consumers a few pennies per year. You have effectively limited the exploration for gas.

IMPORT POLICIES

You, by import policies of allowing an excessive amount of underpriced foreign oil to be brought into this country to compete with domestic oil, broke or drove out of business 80 per cent of the independent oil producers. (Independent means small oil companies, funds and independent operators.) These are people who entered, or were in the oil business, in the 1950's and 1960's.

Cheap foreign crude kept the price low and limited production of U.S. oil.

Since the refineries were getting foreign oil so much cheaper, they restricted the amount of domestic oil they would buy from U.S. producers. Under these no-profit conditions, even very solvent producers had no incentive to assume the great risk that exploration entails. There can be no comparison of foreign and domestic production costs since the average Middle East well produces in excess of 5000 barrels per day vs. less than 20 barrels per day for the average well in the U.S.

In breaking the independent producers, you effectively stifled domestic oil exploration and development since the independent drills between 80 and 90 per cent of all exploratory wells and discovers 80 per cent of the new onland oil.

From 1966, the number of wells drilled in the U.S. declined from 57,111 to 27,615 in 1972. You had an excellent solution for this: import more cheap oil and further destroy the domestic oil industry. Thank God, we had a few Congressmen among your ranks who stopped you before you completely broke the domestic oil business.

ENVIRONMENTAL POLICIES

You—by your environmental policies of prohibiting drilling off the East and West coasts, of slowing both the building of the Alaska pipeline and the development of oil shale—have slowed down the development of these tremendous reserves by 5 to 10 years.

While you were doing this, the states, which would become the most severely affected by the oil shortage, were prohibiting the building of refineries in their states. It was all right to build refineries in Louisiana or Texas since those crude people have no esthetic values, but not all right to build refineries on the East coast even if that is where fuel is most needed. However, these Eastern states and their Congressmen were the first to blame the oil companies for the lack of refinery capacity.

If you want to blame the major oil companies, accusing them of not developing the oil potential in the United States, then admit your own fault for bringing in excessive amounts of foreign oil. These imports have created the dependence on foreign oil which is the cause of our present crisis.

However, you can't blame oil companies too much since they could import foreign oil at a price of $1 per barrel less than they could purchase domestic oil. These same companies slowed their search in this country for oil because it was costing them much more to find new oil than the $3 (plus or minus) per barrel it was selling for in the U.S.

Here it must be pointed out that large oil companies purchase much more domestic oil than they produce. Therefore, they have been able to keep the price of domestic oil low. The price of domestic oil has remained dormant for almost 20 years, while costs of finding and producing have increased every year.

Suspicions are held, if not proven, that oil companies make most of their money on refining and sales rather than producing except for their profitable foreign operations. The original Standard Oil Company—from which most of our present oil companies evolved—was a refining and marketing company that became an oil producer only to insure a reliable supply of oil.

If the major oil companies are making large profits in their domestic production, it is because most of their oil reserves were found or purchased in the 1920's, 1930's, and 1940's when oil was much easier and cheaper to find. On new reserves, production costs are between $5 and $10 per barrel.

CHALLENGE ISSUED

If you still think the oil business is so profitable, get into it. There have been several extensive studies which tend to verify that much more money has gone into the search for oil in the U.S. by the independent producer than will ever be taken out by him.

From 1970 to 1973, the independent operators have had a cost of over $10 per barrel of proven reserves in the ground. Since my last 44 wells were dry holes, I can assure you that my costs are much greater than this. The first ray of hope independent producers have had is the recent price increase of new oil to a more realistic level. Therefore, if the price of new oil is rolled back or the intangible drilling costs not allowed, or the depletion exemption removed, you will eliminate many of the independents who remain in business despite the fact that for many years the price of oil has been below the cost of finding new oil.

INCENTIVES NEEDED

It is the independent producer who needs these incentives:

1. We need the immediate intangible drilling cost tax write-off. The majors can depreciate this over a period of years. But since ours is such a high risk business, we may be broke in a period of years.

2. We need the depletion allowance to insure ourselves some degree of survival. While a factory has the capability to make more money each year, an oil well is certain to decline production from year to year until ultimate depletion.

An example of what the price increase has done to me personally is that nine months ago I quit the oil business after 24 years. But the price increase brought me back. Recently I bought a lease that should produce 300 to 400 barrels per day which I will drill for $10 per barrel oil. But I doubt if I will drill for $7 per barrel oil. There must be at least 1000 other situations similar to mine in the industry.

CRISIS PROJECTION

All independents are needed to alleviate the energy crisis—remember, it is the independents who find most of the new oil. We can do it if you do not change the rules! If the price of new oil does not decrease, and the intangibles cost and depletion exemptions remain, I feel reasonably sure that production in the U.S. can be increased by a million barrels per day in the next two years—providing we are able to get the drilling rigs, pipe and equipment.

If you change the rules, we will be lucky ever to do this. The question is, do you want to pay $10 for American oil or $20 for foreign oil—if you can get it.

While deciding on an answer, it might behoove you to re-examine your conscience to discover your share of the guilt for the shape of the energy crisis. You are casting many demagogic stones because it is good politics. I can assure you, this demagoguery is unsound economics. It is time for one nice "mea culpa" from you. Then do what is best for the nation, for once, without scourging the innocent.

Very truly yours,

L. G. SHELLY.

JULIA BUTLER HANSEN

HON. JONATHAN B. BINGHAM

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 5, 1974

Mr. BINGHAM. Mr. Speaker, I join with my colleagues in expressing the keenest regret that JULIA BUTLER HANSEN has decided to retire from the House of Representatives.

While I have not had the pleasure of working closely with Mrs. HANSEN on any legislative matters, I have been very much aware of her contributions. Particularly notable was her service as chairperson of the committee established by the Democratic caucus to work for reforms within the caucus and which was so remarkably successful.

To many of us JULIA HANSEN has been a symbol of commonsense and friendliness, qualities that are all too often lacking in the democratic process.

Unfortunately people like JULIA do not often make the headlines. If this were otherwise, the reputation of the House of Representatives would be enhanced.

We wish JULIA HANSEN great happiness and success in whatever she decides to do, but we shall miss her a great deal in the House.